

**REVISED**

**REPORT ON THE TWENTY-SECOND REGULAR  
ACTUARIAL VALUATION AND THE  
JUNE 30, 2003 AND JUNE 30, 2004  
FORECAST VALUATIONS OF THE  
NEW HAMPSHIRE RETIREMENT SYSTEM  
PREPARED AS OF JUNE 30, 2001**

DOC:V02323JC.DOC

June 18, 2002

Board of Trustees  
New Hampshire Retirement System  
4 Chenell Drive  
Concord, New Hampshire 03301-8509

Ladies and Gentlemen:

RSA 100-A:14, Paragraph X, of the law governing the New Hampshire Retirement System provides in part that the actuary is to make periodic valuations of the contingent assets and liabilities of the funds of the retirement system.

The twenty-second regular actuarial valuation of the system, prepared as of June 30, 2001, has now been completed and the results are presented in this report, along with the results of the June 30, 2003 and June 30, 2004 forecast valuations.

The valuations were based on the open group aggregate funding method required under RSA 100:A-16 as revised in 1992 and on revised long-term actuarial assumptions adopted by the Board of Trustees in 2001 and which are discussed in Section IV. In addition, the new entrant distributions were modified to reflect recent experience and the overall workforce size assumptions and future salaries were modified to reflect anticipated future experience through the projection period. These assumptions project zero population growth for Employees, Policemen and Firemen, and a 1% per year population growth until 2006 for Teachers and no excess salary increases.

The Board of Trustees in June, 2002 adopted revised target funding assumptions. The target funding goal is based on a funding target of 115% over a 20 year time horizon using an 8% interest rate.

The valuation and the forecast valuations reflect various amendments effective since June 30, 1999. The more significant changes, in brief, provide certain cost-of-living increases and provides postretirement medical coverage for certain employee and teacher members. Please refer to Section I of the report for an outline of all pertinent legislation.

The valuation reflects legislation which provides that the State's portion of the unfunded accrued liability for past due contributions which were being funded through an additional normal contribution will be paid in full.

As requested by the Board, the valuation results will be reviewed based on asset information as of June 30, 2002.

Board of Trustees  
June 18, 2002  
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The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

(Signed) LISA A. WITLEN

Lisa A. Witlen  
Principal, Consulting Actuary

(Signed) JANET H. CRANNA

Janet H. Cranna  
Principal, Consulting Actuary

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REPORT ON THE TWENTY-SECOND REGULAR ACTUARIAL VALUATION  
AND THE JUNE 30, 2003 AND JUNE 30, 2004  
FORECAST VALUATIONS OF THE  
NEW HAMPSHIRE RETIREMENT SYSTEM  
PREPARED AS OF JUNE 30, 2001  
SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding regular valuations are summarized below:

GROUP I

ITEM	EMPLOYEES		TEACHERS	
	6/30/2001	6/30/1999	6/30/2001	6/30/1999
Valuation Date				
Number of active members	24,413	22,519	17,718	16,034
Annual compensation*	\$ 676,535,624	\$ 588,290,143	\$ 700,360,649	\$ 609,275,409
Average compensation	\$ 27,712	\$ 26,124	\$ 39,528	\$ 37,999
Number of inactives**	2,282	1,760	1,522	1,314
Number of beneficiaries on the roll	8,406	7,928	4,518	4,289
Annual allowances	\$ 72,024,704	\$ 61,501,394	\$ 69,035,716	\$ 61,300,629
Number of vested terminated members	319	297	305	279
Total assets	\$ 1,145,555,615	\$ 1,072,804,943	\$ 1,524,528,306	\$ 1,311,157,838
Special Account value	(117,110,897)	(184,250,876)	(145,311,076)	(120,888,819)
Net assets for valuation <sup>o</sup>	\$ 1,028,444,718	\$ 888,554,067	\$ 1,379,217,230	\$ 1,190,269,019
Normal contribution rate:#				
State	-	-	1.20%	1.39%
Employing subdivisions	-	-	2.24	2.88
Total	5.12% <sup>o</sup>	4.44% <sup>o</sup>	3.44%	4.27%
Target rate #	5.90%	3.78%	4.06%	3.47%
Unfunded accrued liability payments:				
State	\$ 0	\$ 0	\$ 56,623	\$ 56,623
State additional normal contribution	0	61,760	0	63,777
Employing subdivisions	8,900	24,006	0	0
Total	\$ 8,900	\$ 85,766	\$ 56,623	\$ 120,400

\* Compensation earned in the year ending on the valuation date.

\*\* Includes those members who were reported as inactive as well as those members who were reported as active but did not have any compensation reported for the last two fiscal years.

# Includes a loading for expenses for the employing subdivisions of .30% for 1999.

<sup>o</sup> Applicable to compensation of each employer's participating employees.

<sup>oo</sup> Includes receivable contributions.

## GROUP II

Valuation Date	POLICEMEN		FIREMEN	
	6/30/2001	6/30/1999	6/30/2001	6/30/1999
Number of active members	4,125	3,600	1,433	1,339
Annual compensation*	\$ 171,488,591	\$ 137,981,320	\$ 67,484,614	\$ 58,081,607
Average compensation	\$ 41,573	\$ 38,328	\$ 47,093	\$ 43,377
Number of inactives**	116	96	13	10
Number of beneficiaries on the roll	1,586	1,369	906	781
Annual allowances	\$ 38,290,093	\$ 30,490,101	\$ 20,422,158	\$ 15,786,547
Number of vested terminated members	25	22	4	6
Total assets	\$ 689,877,009	\$ 614,294,979	\$ 362,762,970	\$ 321,189,560
Special Account value	(61,437,051)	(69,096,575)	(62,199,688)	(58,684,787)
Net assets for valuation <sup>6</sup>	\$ 628,439,958	\$ 545,198,404	\$ 300,563,282	\$ 262,504,773
Normal contribution rate:#				
State	3.66%	2.87%	5.04%	3.56%
Employing subdivisions	6.81	5.63	9.37	6.91
Total	10.47%	8.50%	14.41%	10.47%
Target rate#	12.11%	5.47%	20.68%	10.32%
Unfunded accrued liability payments:				
State	\$ 261,968	\$ 261,968	\$ 140,362	\$ 140,362
State additional normal contributions	0	316,394	0	84,734
Employing subdivisions	0	0	0	0
Total	\$ 261,968	\$ 578,362	\$ 140,362	\$ 225,096

\* Compensation earned in the year ending on the valuation date.

\*\* Includes those members who were reported as inactive as well as those members who were reported as active but did not have any compensation reported for the last two fiscal years.

# Includes a loading for expenses for the employing subdivisions of .30% for 1999.

<sup>6</sup> Includes receivable contributions.

2. Comments on the regular valuation results as of June 30, 2001 are given in Section V. Section VI presents the bases and results of the forecast valuations. Section VII discusses the contribution requirements for fiscal years 2004 and 2005 and Section VIII discusses the postretirement medical coverage valuation results.
3. The 2001 valuations were prepared on the basis of the open group aggregate funding method\*, revised actuarial assumptions for all membership classifications adopted in 2001 and revised short term projection assumptions as to workforce size, new entrant distributions and salary increases. These assumptions and methods are discussed in Section IV. A summary of the actuarial assumptions for each membership classification is set forth in Schedule B along with a description of the various methods employed in the valuations. Included in the current assumptions is an interest assumption of 9% compounded annually and an average annual salary increase assumption of 6%, as adopted by the Board of Trustees in August, 1993 and reaffirmed in June, 2001.
4. The Board of Trustees in June, 2002 adopted revised target funding assumptions. The target funding goal is based on a funding target of 115% over a 20 year time horizon using an 8% interest rate.
5. The 2001 actuarial valuation and the forecast valuations reflect the following legislation which was enacted since July 1, 1999. Legislation was enacted in the 2000 legislative session which:
  - Chapter 263 - Extends the Group II 401(h) insurance subsidy to active or retired policemen and firemen who became members after June 30, 1995 and prior to July 1, 1997, and to Group II employees who became members during the period July 1, 1995 to July 1, 2000 and

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\*Certain unfunded accrued liability charges are still assessed.

subsequently become disabled as the natural and proximate result of injuries suffered while in the performance of duty at any time in the future.

- Chapter 266 - Provides 401(h) postretirement medical premium effective January 1, 2001 for the following Group I Members:
  - Employee members of political subdivisions and spouses (or beneficiaries including disabled children) who retire on or before July 1, 2004 at age 60 with at least 20 years of creditable service or at age 55 through 59 with at least 30 years of creditable service on a service or ordinary disability retirement.
  - Surviving spouses and children of employee members of political subdivisions who die as the natural and proximate result of injuries suffered while in the performance of duty. Payment of the subsidy ceases when (i) the dependent child attains age 18 or age 23, if attending school on a full-time basis or (ii) the spouse remarries.
  - Vested terminated employee members of political subdivisions and spouses who completed at least 20 years of creditable service and prior to July 1, 2004 receives an allowance and who subsequently attains age 60.
  - Teacher members and employee members of political subdivisions and spouses who retire after completing at least 20 years of creditable service and who subsequently attains age 60 before July 1, 2004 or after completing at least 30 years of creditable service and who subsequently attains age 55 before July 1, 2004.
  - Spouses of teacher members and employee members of political subdivisions who died in active service after attaining the eligibility requirements for the subsidy, and who elected a refund of contributions.



- Chapter 120 - Provides for certain Group II members who retired on or before July 1, 1998 under a service retirement allowance with at least 20 years of Group II creditable service or under a disabled retirement a one-time supplemental allowance equal to the greater of a supplemental allowance or a \$10,000 annual benefit. The supplemental allowance is as follows:

<b>Annual Benefit</b>	<b>Percentage Increase</b>
Less than \$9,300	Applicable percentage to reach \$10,000
\$9,300 to \$11,699	7.5%
\$11,700 to \$13,699	5.5%
\$13,700 to \$15,699	4.0%
\$15,700 to \$17,699	3.0%

The annual benefits shown above are prorated by the ratio of the beneficiary's retirement allowance to the member's retirement allowance to determine the applicable percentage increase to be applied to the benefit payable to the beneficiary.

- Chapter 37 - Grants one-half of one year of service for each full year of job-sharing service for the purposes of calculating creditable service for eligibility for medical benefits under RSA 100-A:52a.
- Chapter 17 - Provides the following to currently retired Group II members who retired before April 1, 1987 on service retirement allowance with at least 20 years of creditable service or an ordinary disability benefit:
  - A 50% spousal allowance upon the death of a currently or previously retired group II member of the NHRS or predecessor system,
  - The health insurance subsidy to surviving spouses of deceased group II members who retire prior to April 1, 1987 and who are not entitled to a monthly allowance under RSA 100-A:12 or RSA 100-A:13.

In addition, this legislation would allow eligible retirees who originally elected and are receiving the 100 percent joint and survivorship option or the 100 percent joint and survivorship pop up option to elect a 50 percent joint and survivorship option, 50 percent joint and survivorship pop up option, or the maximum allowance otherwise payable, prospectively. The legislation would also allow eligible retirees who elected and are receiving a 50 percent joint and survivorship option or 50 percent joint and survivorship pop up option to continue their option or elect the maximum allowance otherwise payable, prospectively.

- Chapter 129 - Will allow a person named as a beneficiary of an optional allowance elected by a member of the System to voluntarily renounce his or her right to a future benefit.
- Chapter 127 - Will allow a Group II retired member of the System to receive a deferred vested benefit at any time after attaining age 60.

Legislation was enacted in the 2001 legislative session which:

- Chapter 105 - Allows the Director of Safety Services to maintain Group II status if he/she was a Group I member for at least 10 years prior to the appointment as Director and allows unclassified and non-classified State employees to withdraw from NHRS membership and receive a service retirement pension without being subject to restoration to service limitations.
- Chapter 116 - Provides a supplemental allowance which would increase all Group I members who retired prior to July 1, 1991 under a full service retirement with at least 20 years of creditable service or under a disability retirement to a minimum annual pension of \$8,500. Beneficiaries of eligible members would also be eligible for the supplemental allowance except

the specified amount of \$8,500 shall be multiplied by a ratio of the beneficiary's annual retirement allowance to the member's annual retirement allowance.

- Chapter 165 - Allows the director or assistant director of Police Standards and Training to maintain Group II status if he/she has been a Group II member for at least 10 years.
- Chapter 166 - Allows county corrections personnel to purchase prior Group I service in any county corrections facility.
- Chapter 175 - Allows retirees whose spouse predeceases them to designate a new spouse as their beneficiary.
- Chapter 158 - Abolishes the administrative cost assessment to employers by authorizing the administrative costs of the System to be drawn from the System funds and allows the Board of Trustees to make decisions concerning the budget for the System and the services of outside legal counsel. In addition, provides the 401(h) postretirement medical premium effective January 1, 2002 for the following Group I members:
  - Employee members of the State and spouses (or beneficiaries including disabled children) who retire on or before July 1, 2004 at age 60 with at least 20 years of creditable service or at age 55 through 59 with at least 30 years of creditable service on a service or ordinary disability retirement.
  - Surviving spouses and children of employee members of the State who die as the natural and proximate result of injuries suffered while in the performance of duty. Payment of the subsidy ceases when (i) the dependent child attains age 18 or age 23, if attending school on a full-time basis or (ii) the spouse remarries.

- Vested terminated employee members of the State and spouses who completed at least 20 years of creditable service and prior to July 1, 2004 receives an allowance and who subsequently attains age 60.
- Employee members of the State and spouses who retire after completing at least 20 years of creditable service and who subsequently attains age 60 before July 1, 2004 or after completing at least 30 years of creditable service and who subsequently attains age 55 before July 1, 2004.
- Employee members of the State who died in active service after attaining the eligibility requirements for the subsidy, and who elected a refund of contributions.
- Chapter 264 - Extends 401(h) postretirement medical premium to the following Group I members:
  - Teacher members and employee members of political subdivisions and spouses (or beneficiaries including disabled children) who retire on or before July 1, 2008 at age 60 with at least 20 years of creditable service or at age 55 through 59 with at least 30 years of creditable service on a service or ordinary disability retirement.
  - Surviving spouses and children of teacher members and employee members of political subdivisions who die as the natural and proximate result of injuries suffered while in the performance of duty. Payment of the subsidy ceases when (i) the dependent child attains age 18 or age 23, if attending school on a full-time basis or (ii) the spouse remarries.
  - Vested terminated teacher members and employee members of political subdivisions and spouses who completed at least 20 years of creditable service and prior to July 1, 2008 receives an allowance and who subsequently attains age 60.

- Teacher members and employee members of political subdivisions and spouses who retire after completing at least 20 years of creditable service and who subsequently attains age 60 before July 1, 2008 or after completing at least 30 years of creditable service and who subsequently attains age 55 before July 1, 2008.
- Spouses of teacher members and employee members of political subdivisions who died in active service after attaining the eligibility requirements for the subsidy, and who elected a refund of contributions.
- Chapter 275 - Extends the Group II 401(h) insurance subsidy to active or retired policemen and firemen prior to July 1, 2000, and to Group II employees who became members prior to July 1, 2002 and subsequently become disabled as the natural and proximate result of injuries suffered while in the performance of duty at any time in the future. Makes a bonded appropriation for the payment of the unfunded accrued liability which is paid through additional normal rates. Allows a member to go to the Board to request inclusion of severance pay as earnable compensation past the 120 day limitation, if such pay was delayed by no fault of the member. Finally, allows those retiring on disability 120 days following the Board's approval of their disability benefits to change their option selection.

In addition, as provided for Chapter 191 of the Laws of 1993, the following COLAs were granted during the 2000 and 2001 fiscal years:

- a) A 4.5% COLA for employees, teachers, policemen and firemen who retired prior to July 1, 1999, effective July 1, 2000.
- b) A 3.5% COLA for employees, teachers, policemen and firemen who retired prior to July 1, 2000, effective July 1, 2001.

Chapter 191 of the Laws of 1993 provides that on July 1, 1994 and each July 1 thereafter, any retired member who has been retired for at least two years will receive a COLA between 1% and 5% increments of ½% based on fiscal committee approval and subject to availability of funds in the Special Account. Chapter 287 of the Laws of 1998 extends COLA eligibility to members retired at least 12 months on their anniversary date and makes the COLA retroactive from July 1 to their anniversary date.

#### SECTION II - EMPLOYEE DATA

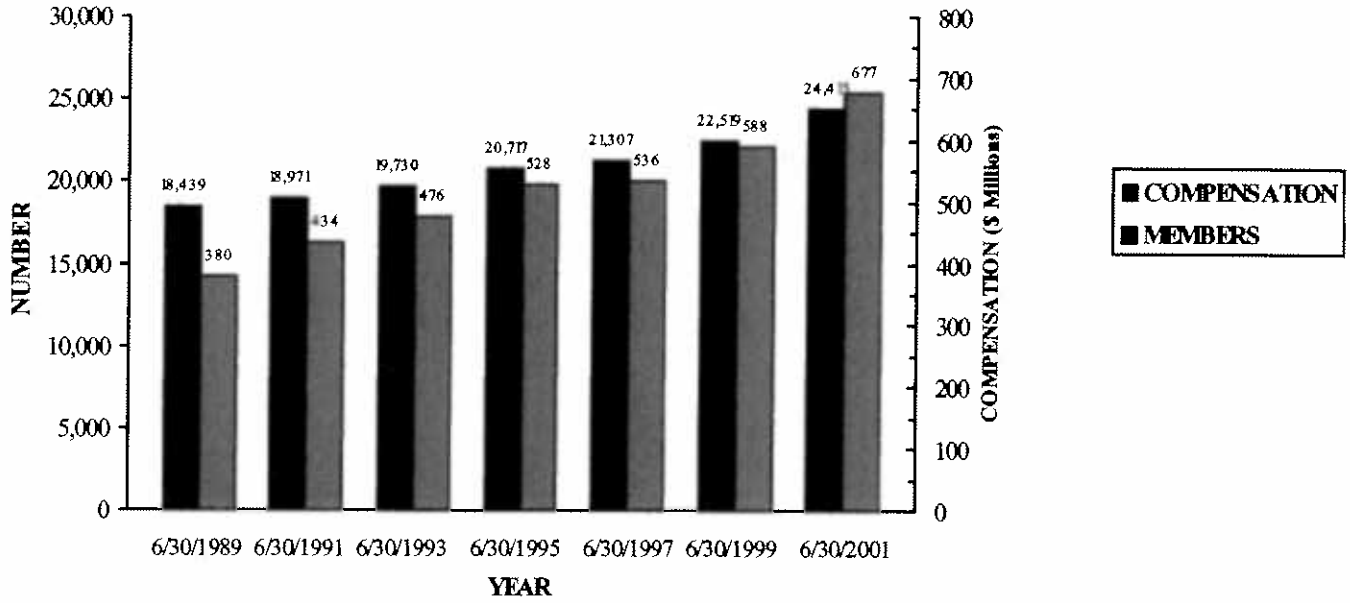
1. The valuation results are based on employee data furnished by the Executive Director of the Retirement System. Tables 1 to 8 of Schedule D show the distributions, by fifth age and service, of the total active members included in the valuation, while Tables 9 to 12 show details of the distribution, by fifth age, of the different categories of beneficiaries and dependents in receipt of benefits on the valuation date.
2. The following Table I and Graph I summarize the number and annual earnable compensation of active members as of June 30, 2001. Table II and Graph II, which follow, summarize the number and annual retirement allowances currently payable to beneficiaries on the roll as of June 30, 2001. In addition, there are 319 former employees, 305 former teachers, 25 former policemen and 4 former firemen entitled to deferred vested retirement allowances who were included in the valuation.

TABLE I

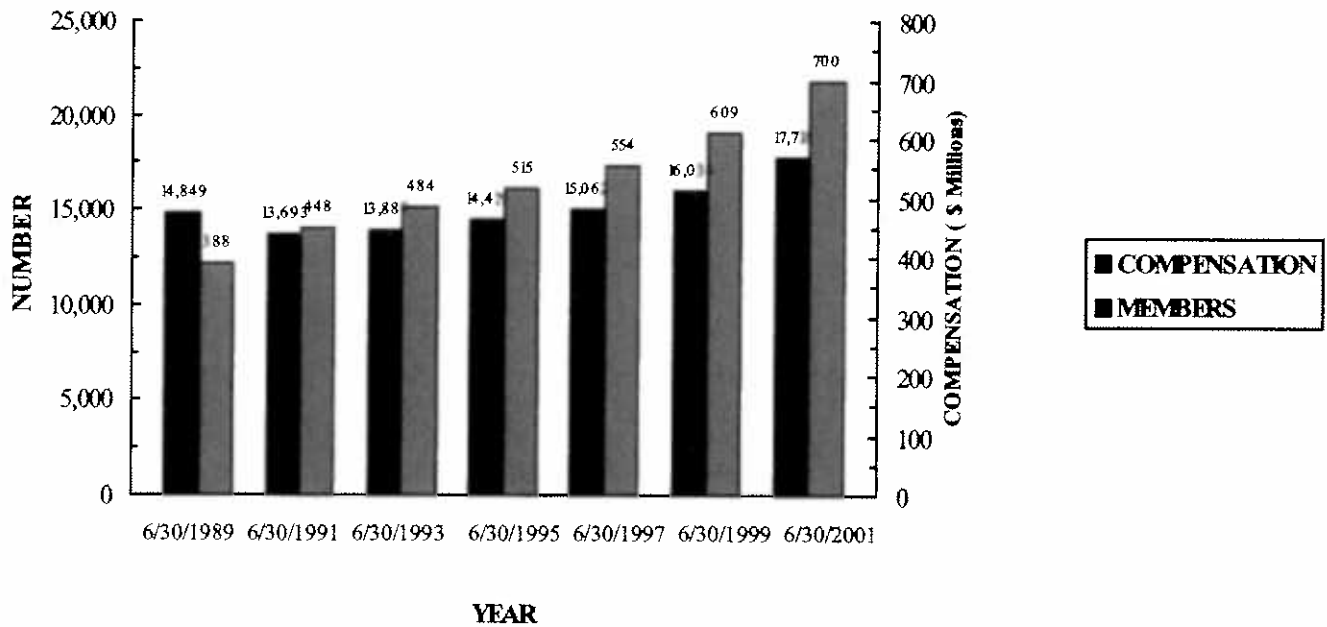
THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF  
ACTIVE MEMBERS AS OF JUNE 30, 2001

GROUP	NUMBER	COMPENSATION
Employees:		
State:		
Men	5,042	\$ 168,053,611
Women	6,155	174,372,500
Subtotal	11,197	\$ 342,426,111
Political subdivisions:		
Men	5,080	\$ 153,299,013
Women	8,136	180,810,500
Subtotal	13,216	\$ 334,109,513
Total	24,413	\$ 676,535,624
Teachers:		
Men	4,415	\$ 188,817,108
Women	13,303	511,543,541
Total	17,718	\$ 700,360,649
Policemen:		
Men	3,646	\$ 155,032,436
Women	479	16,456,155
Total	4,125	\$ 171,488,591
Firemen:		
Men	1,404	\$ 66,331,261
Women	29	1,153,353
Total	1,433	\$ 67,484,614
Grand Total	47,689	\$ 1,615,869,478

### NHRS EMPLOYEES NUMBER AND ANNUAL COMPENSATION

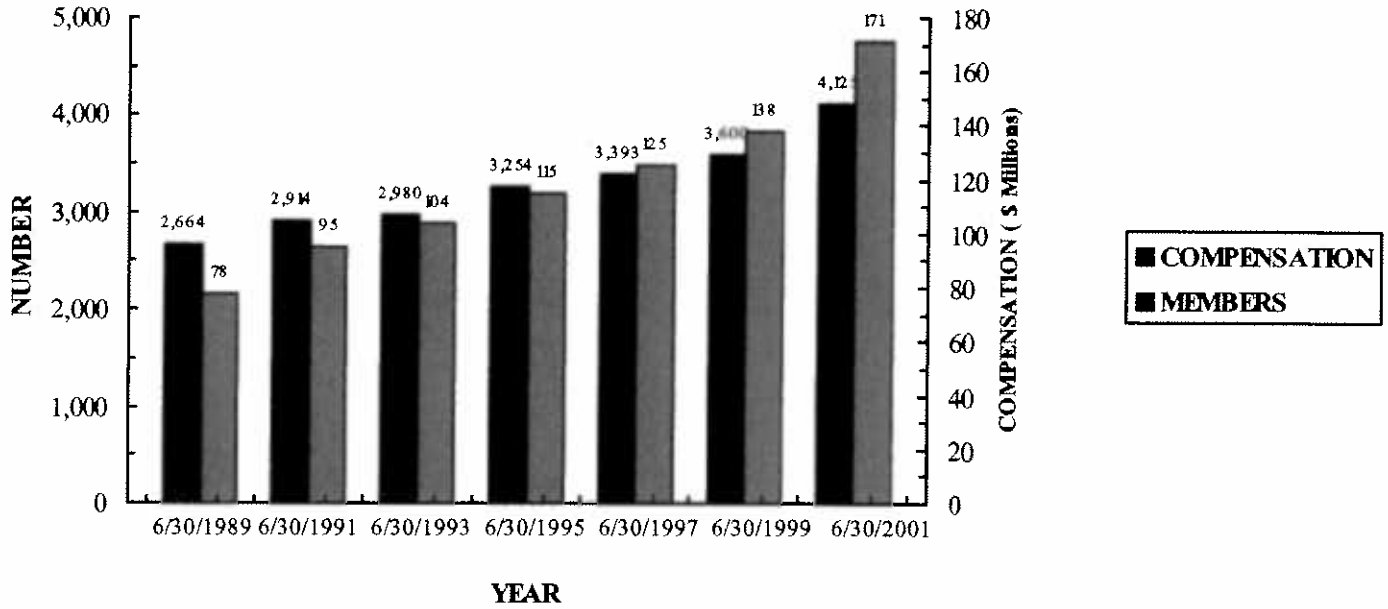


### NHRS TEACHERS NUMBER AND ANNUAL COMPENSATION





## NHRS POLICEMEN NUMBER AND ANNUAL COMPENSATION



## NHRS FIREMEN NUMBER AND ANNUAL COMPENSATION

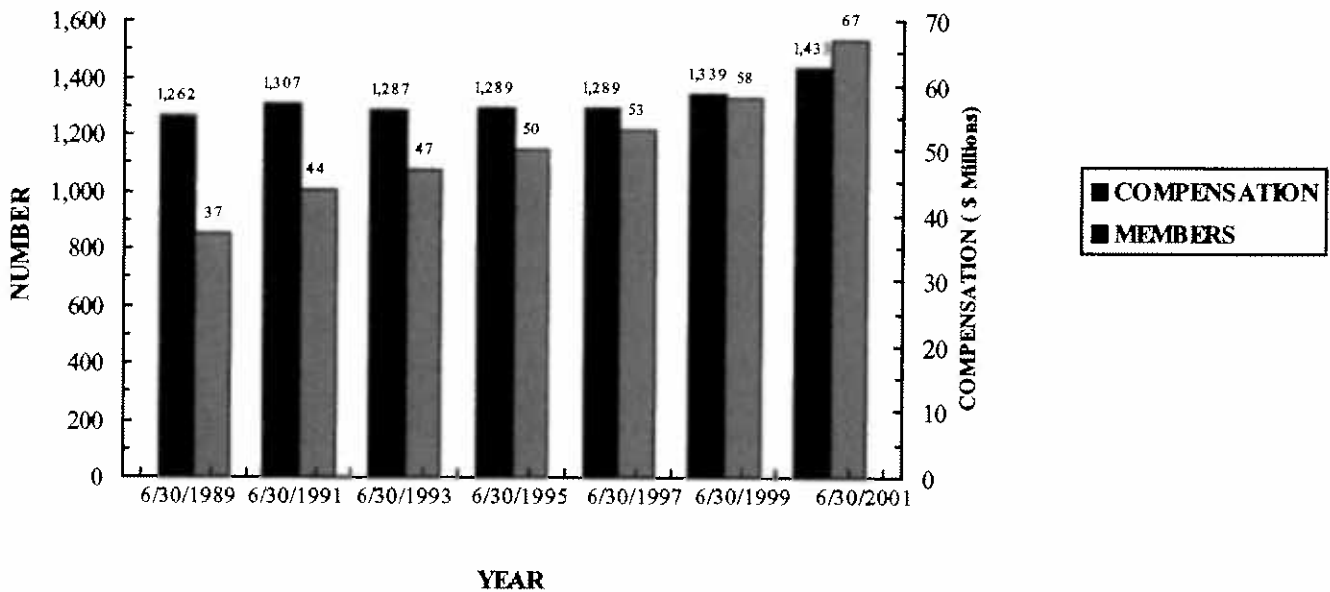


TABLE II

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES  
CURRENTLY PAYABLE TO BENEFICIARIES ON THE ROLL  
AS OF JUNE 30, 2001

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES*	
<u>Service Retirements</u>			
Employees:			
Men	3,512	\$	36,296,111
Women	3,510		23,657,091
Subtotal	7,022	\$	59,953,202
Teachers:			
Men	1,283	\$	24,900,688
Women	2,901		39,989,845
Subtotal	4,184	\$	64,890,533
Policemen:			
Men	1,006	\$	27,734,500
Women	128		1,790,568
Subtotal	1,134	\$	29,525,068
Firemen:			
Men	571	\$	15,167,278
Women	20		221,440
Subtotal	591	\$	15,388,718
<u>Disability Retirements</u>			
Employees:			
Men	309	\$	3,439,275
Women	301		3,035,138
Subtotal	610	\$	6,474,413
Teachers:			
Men	45	\$	669,652
Women	114		1,374,497
Subtotal	159	\$	2,044,149
Policemen:			
Men	250	\$	5,765,831
Women	22		438,600
Subtotal	272	\$	6,204,431
Firemen:			
Men	131	\$	2,664,851
Women	2		54,702
Subtotal	133	\$	2,719,553

\*Includes COLA increases.

TABLE II

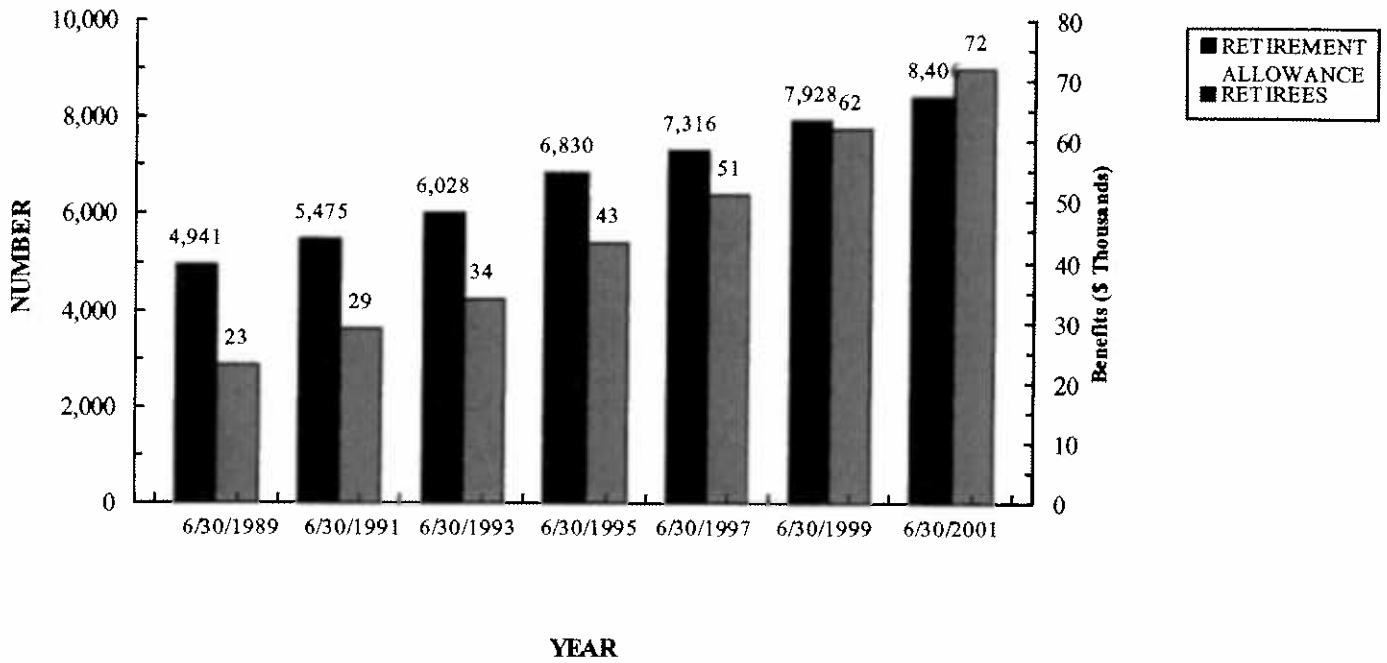
THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES  
CURRENTLY PAYABLE TO BENEFICIARIES ON THE ROLL  
AS OF JUNE 30, 2001  
(continued)

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES*
<u>Dependents of Deceased Members and Beneficiaries</u>		
Employees:		
Men	88	\$ 487,174
Women	686	5,109,915
Subtotal	774	\$ 5,597,089
Teachers:		
Men	43	\$ 380,627
Women	132	1,720,407
Subtotal	175	\$ 2,101,034
Policemen:		
Men	22	\$ 354,322
Women	158	2,206,272
Subtotal	180	\$ 2,560,594
Firemen:		
Men	27	\$ 309,923
Women	155	2,003,964
Subtotal	182	\$ 2,313,887
Grand Total	15,416	\$ 199,772,671

\*Includes COLA increases.

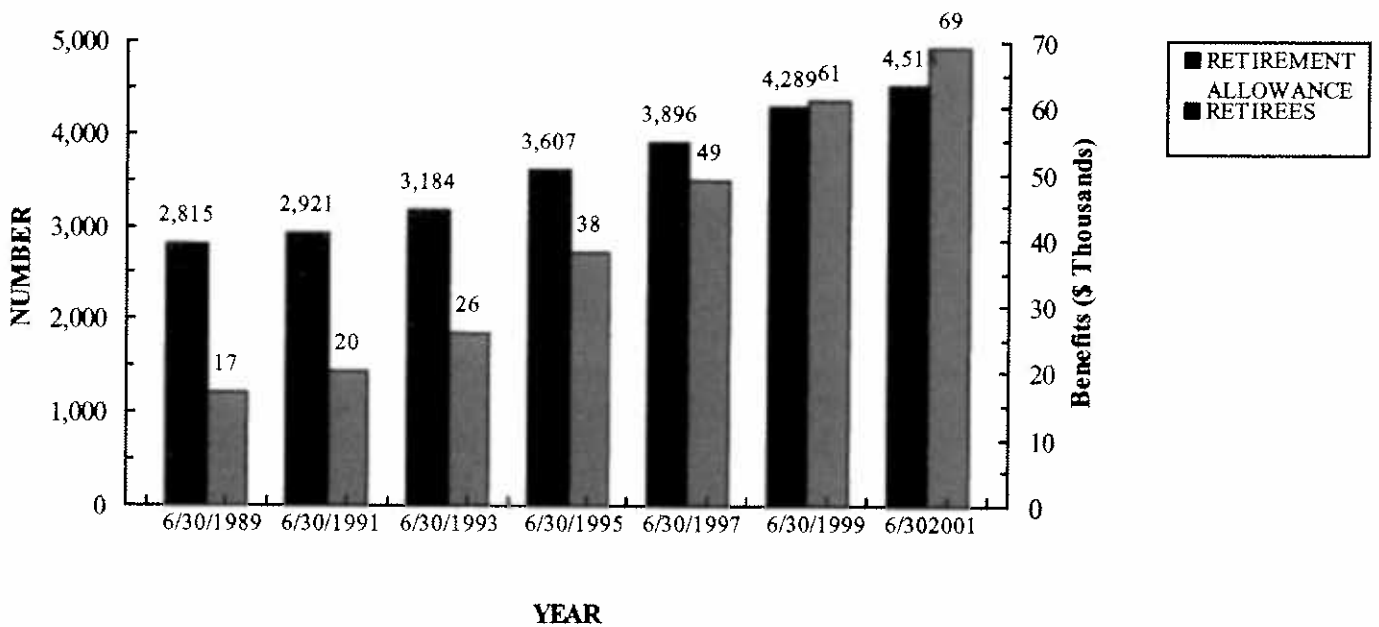
### NHRS EMPLOYEES

#### NUMBER AND ANNUAL RETIREMENT ALLOWANCES

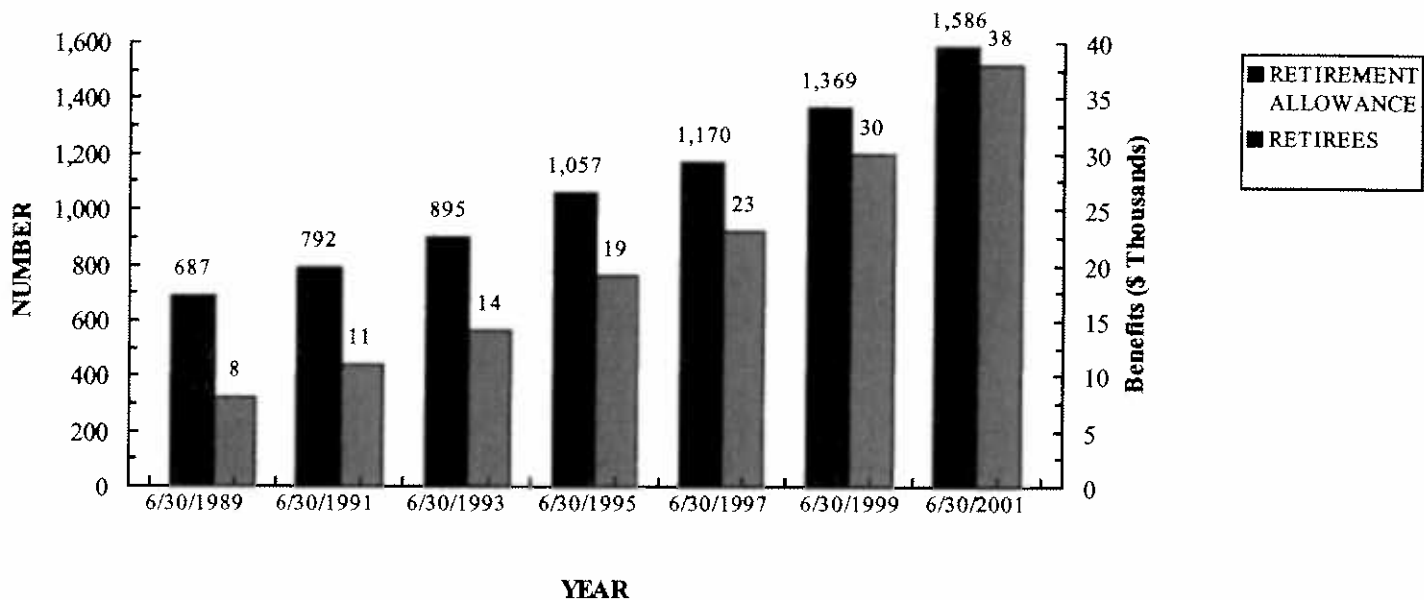


### NHRS TEACHERS

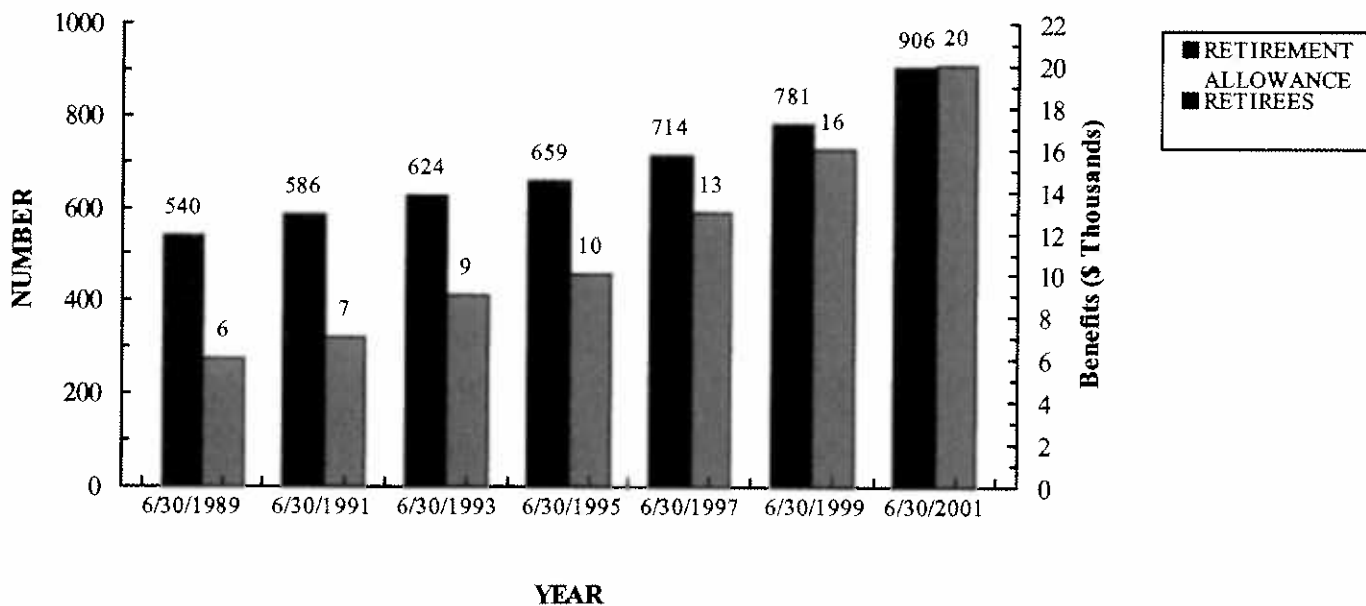
#### NUMBER AND ANNUAL RETIREMENT ALLOWANCES



### NHRs POLICEMEN NUMBER AND ANNUAL RETIREMENT ALLOWANCES



### NHRs FIREMEN NUMBER AND ANNUAL RETIREMENT ALLOWANCES



SECTION III - ASSETS

1. The amount of assets taken into account in this valuation is based principally on information reported by the Retirement System Director of Finance.
2. In accordance with RSA 100-A:16, the assets of the Retirement System are credited into three main funds. The Member Annuity Savings Fund is credited with all contributions made by members, together with interest thereon. The State Annuity Accumulation Fund is credited with the non-medical contributions made by the State and by the employing subdivisions, and is debited by all retirement allowances made to retired members and to beneficiaries of deceased members. Assets equal to the medical contributions made by the State and the employing subdivisions are transferred from the Medical Special Account to the State Annuity Accumulation Fund to make it whole. The 401(h) Subtrust Fund is credited with the medical contributions made by the State and by the employing subdivisions and is debited by the payment of postretirement medical premiums for certain Group I and Group II retirees up to a prescribed maximum. Each of the three main funds is subdivided on account of the four member classifications.
3. For actuarial purposes the aggregate assets of the system are valued on the basis of a five-year moving market average valuation method. The operation of the method is outlined in Schedule E of the valuation report prepared as of June 30, 1976 and is briefly summarized in Schedule B of this report. Schedule G of this report shows the determination of actuarial value of assets as of June 30, 2001. It should be noted that once the five-year average is determined, as directed by the Board of Trustees, this value is compared with the book and market values of assets and the middle of these three values is used for funding purposes.
4. As part of the valuation procedure, investment earnings for the past two years have been analyzed. Based on the procedures used and certain approximations, the total rate of return on the aggregate assets of the system has been determined as being 16.99% and 3.72% for the

years ended June 30, 2000 and June 30, 2001, respectively, including realized and unrealized appreciation and depreciation to the extent recognized in the asset valuation method. The assumed annual long term rate of return was 9%. These results may be compared with the rate of return on market value which equaled 12.43% and (7.61)% in the years ended June 30, 2000 and June 30, 2001, respectively.

#### SECTION IV - ACTUARIAL ASSUMPTIONS AND METHODS

1. As approved by the Board, the postretirement mortality tables for firemen and teachers and the demographic assumptions for all membership classification used for valuation purposes were revised from those used in connection with the previous valuation as of June 30, 1999. The forecast or short-term projection assumptions were also revised in line with the past two years' experience and to anticipate the latest information as to the expected workforce size, new entrant hiring patterns and rates of salary increase. In particular, the new entrant distributions were modified to reflect recent experience. The present and revised assumptions and methods are discussed briefly in paragraphs 2 through 5 below. The actuarial assumptions are summarized in Schedule B.
2. The present actuarial funding method is the open group aggregate funding method as required under Chapter 55 of the Laws of 1992. This method develops a normal contribution rate for each membership classification based on present members and future new members. The assumptions for the future new entrants are shown in Schedule B. Under this method, actuarial gains and losses are spread over the future working lifetime of current active and future active members. It should be noted that for equity reasons, the remaining unfunded accrued liabilities as of June 30, 1991 continue to be charged to their respective sponsors so that the new method will determine a contribution equal to the sum of a normal contribution and an accrued liability contribution until these accrued liabilities are fully funded.

3. The economic assumptions have been reviewed in the experience study completed as of June 30, 2001. The results of this study were presented to the Board of Trustees at a special meeting in June, 2002. The interest rate used remains equal to 9% per year and the salary increase assumption continues to anticipate an average annual salary increase of about 6%. These assumptions in combination are reasonable, although aggressive, and will continue to be closely monitored in comparison with developing experience.
4. For membership classifications that are not well funded the calculated normal rates may not be less than the rates determined using a target funding goal based on a funded ratio of 115% over a 20 year horizon using an 8% interest rate. This limitation is designed to help insure the future security of the system's benefit obligation.
5. The forecast assumptions were revised to reflect the most recent hiring patterns. For teachers we have assumed a 1% increase in active employees until 2006.

#### SECTION V - COMMENTS ON THE REGULAR VALUATION

1. The results of the regular valuation as of June 30, 2001 are presented in Schedule A in the form of four valuation balance sheets, one for each classification of members included in the system. The balance sheets reflect the value of the member annuities which are expected to be provided by future contributions of the members, as well as the value of their present contributions. The balance sheet results are illustrated graphically in the latter half of Schedule A.
2. For each membership classification, the liabilities are shown separately for all beneficiaries of the system who are currently in receipt of benefits or entitled to deferred retirement allowances, for current active and inactive members and for future active members. The liabilities for current active and future active members include the value of benefits expected to be earned for service rendered after the valuation date.



3. In accordance with Paragraph II(e) of RSA 100-A:16, an unfunded accrued liability was determined as of June 30, 1968 for each member classification. The amount of accrued liability contribution was then computed as the level amount required to discharge such unfunded liability over a 20-year period from June 30, 1968. Both the unfunded accrued liability and the accrued liability contribution have been adjusted from time to time since 1968 to reflect changes in the actuarial assumptions, as a result of special legislation authorizing additional transfers of members from one of the predecessor systems or between groups in the new system and to reflect certain improvements in the benefit provisions. In addition, new unfunded accrued liabilities are established as additional sponsors join the system and grant past service credit to their employees.
4. Table XII in Section VII contains a breakdown of the unfunded accrued liability of the system as of June 30, 2003 and of the annual contributions required to amortize its different elements over the balance of 20-year periods (or other initial period) from their dates of establishment. The amounts of unfunded accrued liability created in prior years have been adjusted to reflect the progress that has been made toward their funding.
5. Since the accrued liability contributions are fixed amounts and the members' contributions are fixed by the Statutes, the present value of future normal contributions payable by the State and employing subdivisions represents the balancing item on each valuation balance sheet. The Statutes provide for the State to pay 35% of the required future normal contributions and the remaining 65% to be paid by the employing subdivision. With regard to employee members, the employer, whether the State or a local subdivision, pays 100% of the required normal contribution for its employees.
6. Based on the results of the current valuation of the system, we have determined that the following rates of normal contribution would be appropriate as of June 30, 2001 to maintain the actuarial balance of the system:

TABLE III

MEMBERSHIP CLASSIFICATION	NORMAL CONTRIBUTION RATES <sup>ø</sup>		
	State's Portion	Employing Subdivision Portion	Total
Employees*	N/A	N/A	5.12%
Teachers	1.20%	2.24%	3.44
Policemen	3.66	6.81	10.47
Firemen	5.04	9.37	14.41

\* Normal rate applied to the respective payrolls of each employer.

<sup>ø</sup> Without regard to minimum normal contribution rates required by target funding.

- 7. The total contribution rates may be compared to the regular valuation results as of June 30, 1999 and to the forecast valuation results as of June 30, 2001 as follows:

TABLE IV

MEMBERSHIP CLASSIFICATION	NORMAL CONTRIBUTION RATES		
	Regular Valuation June 30, 1999	Forecast Valuation June 30, 2001	June 30, 2001
Employees	4.14%	4.14%	5.12%
Teachers	3.97	3.97	3.44
Policemen	8.20	8.20	10.47
Firemen	10.17	10.17	14.41

8. The change in the calculated normal contribution rates for each membership classification from 1999 to 2001 reflects assumption changes and the experience of the system with regard to that classification during the period. Actuarial gains generated by favorable experience reduce the normal rate and actuarial losses due to unfavorable experience increase the normal rate.
9. The actuarial value of assets was less than anticipated generating losses for all membership classifications. Salary increases were less than expected and resulted in actuarial gains for teachers whereas salary increases were greater than expected for policemen and firemen resulting in actuarial losses. Salary experience had no impact on employees. Current new entrant experience generated gains for all membership classifications.
10. The experience with regard to active service turnover and postretirement mortality experience has been unfavorable for each membership classification.
11. The assumption changes generated losses for employees, policemen and firemen and generated gains for teachers.
12. The details of the (gain)/loss analysis based on the open group aggregate funding method for each group are shown below:

TABLE V

ITEM	EFFECT OF (GAIN) OR LOSS			
	EMPLOYEES	TEACHERS	POLICEMEN	FIREMEN
Actual Normal Rate as of 6/30/1999	4.14%	3.97%	8.20%	10.17%
Decremental experience	.13	.04	.32	.38
Pensioners' experience	.03	.01	.04	.12
Excess salary increases	.00	(.10)	.37	.57
Assets different than expected	.20	.25	.60	.67
Current new entrants	(.05)	(.07)	(.06)	(.06)
Amendments	.00	.00	.00	.00
Assumption changes*	.72	(.70)	1.24	2.67
Balancing item	(.05)	.04	(.24)	(.11)
Actual Normal Rate as of 6/30/2001	5.12%	3.44%	10.47%	14.41%

\*Includes assumption and new entrant population changes.

SECTION VI - COMMENTS ON THE FORECAST VALUATIONS

1. The forecast valuations are prepared as an aid to the Trustees and the Executive Director in budgeting for the system costs over the ensuing biennium. The technique consists of estimating the system costs based on projected population for each year of the next biennium. These populations reflect realistic short-term assumptions as to future experience. These short-term projection assumptions are summarized in Schedule B.
2. The following Table VI and Graph III show the projected number and annual compensation of active members for the fiscal years ending June 30, 2004 and June 30, 2005 based on the projection assumptions.

TABLE VI

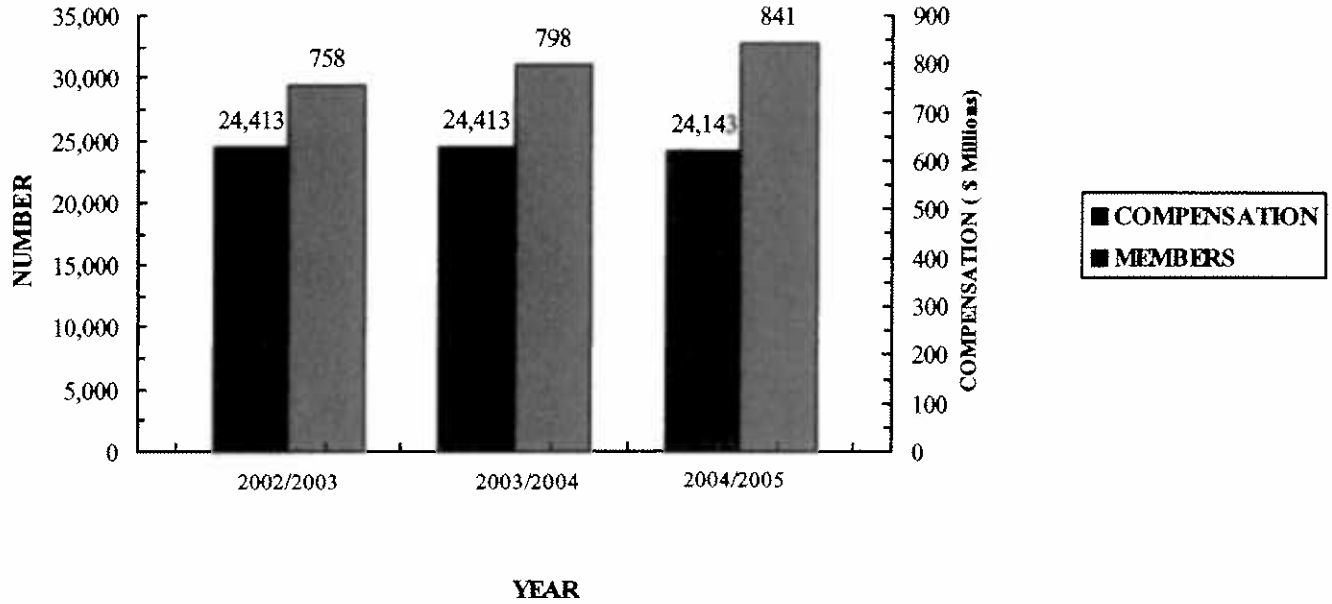
THE NUMBER AND ANNUAL EARNABLE COMPENSATION OF  
PROJECTED ACTIVE\* MEMBERS

MEMBERSHIP CLASSIFICATION	2003/2004		2004/2005	
	Number	Compensation	Number	Compensation
Employees	24,413	\$ 798,308,405	24,413	\$ 840,837,678
Teachers	18,255	795,985,832	18,439	831,450,600
Policemen	4,125	200,916,362	4,125	211,400,185
Firemen	1,433	77,314,989	1,433	80,760,068
Total	48,226	\$ 1,872,525,588	48,410	\$ 1,964,448,531

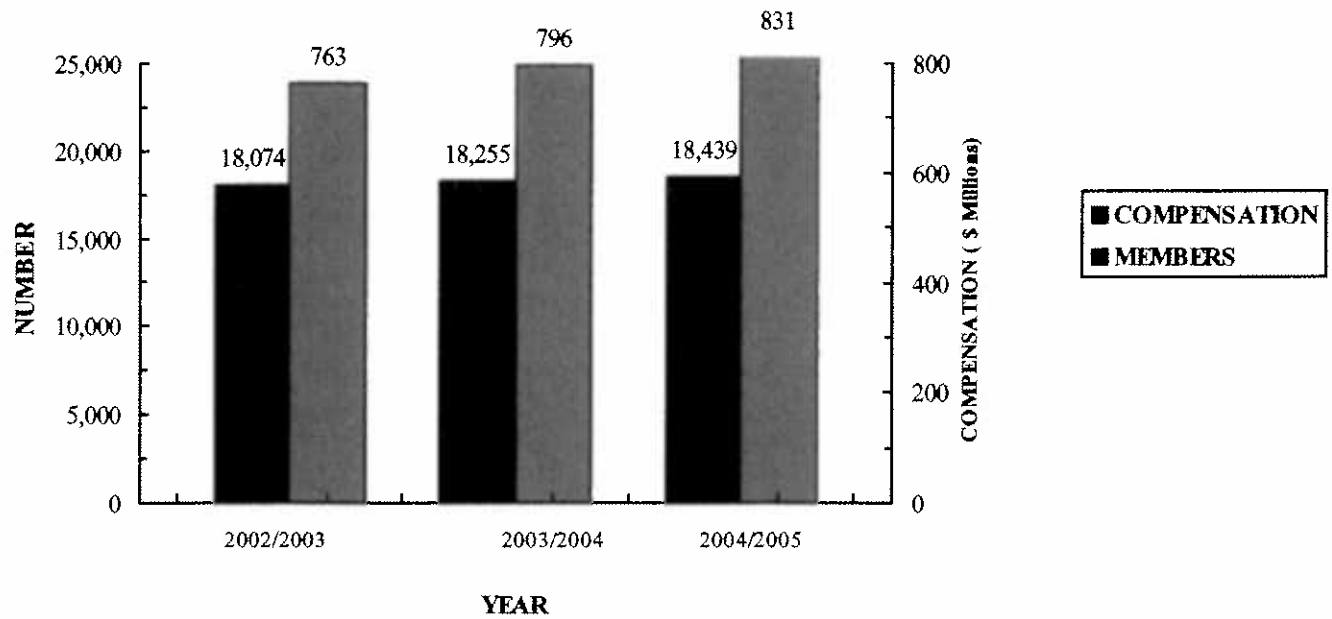
\*Inactive members are excluded from these statistics.

3. For projection purposes retired members were assumed to die in accordance with the postretirement mortality tables adopted by the Board. In addition, active members were brought onto the retired roll or terminated during the projection period in accordance with the active service tables adopted by the Board for valuation purposes.

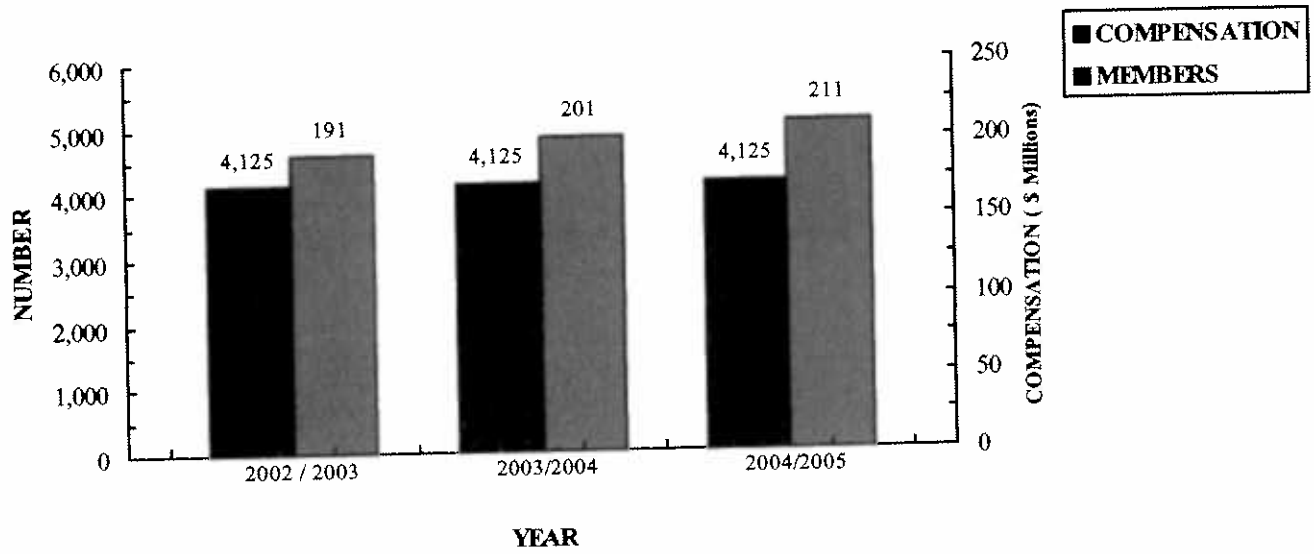
### NHS EMPLOYEES NUMBER AND ANNUAL COMPENSATION



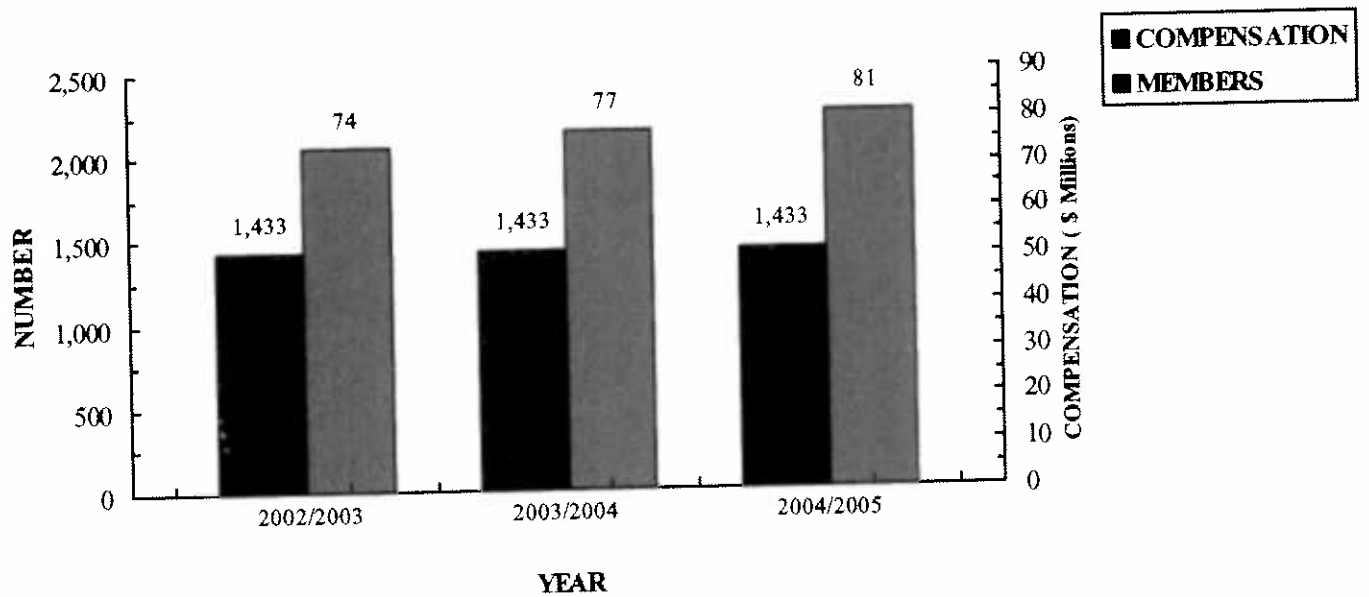
### NHS TEACHERS NUMBER AND ANNUAL COMPENSATION



### NHRs POLICEMEN NUMBER AND ANNUAL COMPENSATION



### NHRs FIREMEN NUMBER AND ANNUAL COMPENSATION



4. For purposes of the forecast valuation it has been assumed that the adjusted assets of the system as of June 30, 2001 plus the future annual net cash flow would realize a total rate of return equal to 9% per annum.
5. Based on this rate of return and taking into account the expected annual cash flow within each membership classification the total projected adjusted asset values as of June 30, 2003 and June 30, 2004 are as follows:

**TABLE VII**  
**PROJECTED ADJUSTED ASSETS\* OF THE SYSTEM**  
**AS OF JUNE 30, 2003 AND JUNE 30, 2004**

MEMBERSHIP CLASSIFICATION	TOTAL ADJUSTED ASSET VALUE	
	June 30, 2003	June 30, 2004
Employees	\$ 1,177,261,289	\$ 1,276,464,964
Teachers	1,592,199,376	1,705,974,843
Policemen	714,515,449	770,625,449
Firemen	335,272,383	362,154,290
Total	\$ 3,819,248,497	\$ 4,115,219,546

\*Excludes assets from the Special Account and the 401(h) Subtrust Fund assets.

6. Based on the results of the forecast valuations, the normal contribution rates necessary to maintain the actuarial balance of the system in fiscal 2003/2004 and 2004/2005 were calculated as shown on the following table:



TABLE VIII

MEMBERSHIP CLASSIFICATION	NORMAL CONTRIBUTION RATE FOR FISCAL YEARS 2003/2004 AND 2004/2005 <sup>ø</sup>
Employees	5.12%
Teachers	3.44
Policemen	10.47
Firemen	14.41

<sup>ø</sup> Without regard to minimum normal contribution rate.

7. For membership classifications that are not well funded the Board has recommended that the minimum normal contribution rate not be less than the rates determined using target funding with a funding goal of 115% over a 20 year horizon and an 8% interest rate. The following table shows the funding level and target rate for each membership classification:

TABLE IX

Membership Classification	Funded Ratio as of June 30, 2001*	Target Funding Rate <sup>ø</sup>
Employees	91.27%	5.90%
Teachers	103.36	4.06
Policemen	104.88	12.11
Firemen	90.20	20.68

<sup>ø</sup> Based on an 8% target funding discount rate.

\* Excludes postretirement medical assets and liabilities.

As can be seen in Table IX, all the membership classifications are not considered to be well funded, therefore, the target funding rates should be used to determine future contribution levels since they are greater than the rates determined under the valuation funding method.

SECTION VII - APPROPRIATIONS

1. In the case of employees, the State contributes on the basis of the full rate for its employees and the employing subdivisions contribute on the basis of the full rate for their respective employees. With regard to the other membership classifications the State contributes on the basis of 35% of the indicated rates, while the employing subdivisions contribute on the basis of the remaining 65% of the indicated rates.
2. Applying the respective rates (after reflecting the minimum normal contribution rates) to the projected payrolls, the State's estimated normal contribution requirements for the next two years are as follows:

TABLE X

MEMBERSHIP CLASSIFICATION	ESTIMATED STATE NORMAL CONTRIBUTION REQUIREMENTS FOR FISCAL:*	
	2003/2004	2004/2005
Employees	\$ 24,029,083	\$ 25,309,214
Teachers	11,302,999	11,806,599
Policemen	8,518,854	8,963,368
Firemen	5,597,605	5,847,029
Total	\$ 49,448,541	\$ 51,926,210

\* Actual contributions are determined as normal rates times monthly payrolls.

3. The following rates should be used to determine the normal contribution requirements based on compensation levels for fiscal years 2003/2004 and 2004/2005:

TABLE XI

MEMBERSHIP CLASSIFICATION	NORMAL CONTRIBUTION RATE FOR EMPLOYING SUBDIVISION	NORMAL CONTRIBUTION RATE FOR THE STATE
Employees	5.90%	5.90%
Teachers	2.64%	1.42%
Policemen	7.87%	4.24%
Firemen	13.44%	7.24%

4. In addition to the required normal contributions, certain employers, including the State, should continue to make annual payments towards the amortization of the unfunded accrued liabilities. For each new participating employer a separate determination will need to be made as of the date of participation assuming past service credit is granted. Table XII shows the reconciliation of the unfunded accrued liabilities from June 30, 2001 to June 30, 2003. Table XIII shows a breakdown of the unfunded accrued liabilities at June 30, 2003 and the required contributions necessary to fund these amounts.

TABLE XII

RECONCILIATION OF UNFUNDED ACCRUED LIABILITIES FROM  
JUNE 30, 2001 TO JUNE 30, 2003

MEMBER- SHIP CLASSI- FICATION	ITEM	UNFUNDED ACCRUED LIABILITY AS OF JUNE 30, 2001	2001/2002 ACCRUED LIABILITY CONTRI- BUTION <sup>ø</sup>	UNFUNDED ACCRUED LIABILITY AS OF JUNE 30, 2002	2002/2003 ACCRUED LIABILITY CONTRI- BUTION <sup>ø</sup>	UNFUNDED ACCRUED LIABILITY AS OF JUNE 30, 2003
Employees	Amherst School District	\$ 18,087	\$ 6,233*	\$ 13,201	\$ 6,233*	\$ 7,876
	Town of Raymond	23,353	2,667**	22,788	2,667**	22,172
	Subtotal	\$ 41,440	\$ 8,900	\$ 35,989	\$ 8,900	\$ 30,048
Teachers	Special legislation - 1983	199,950	56,623	156,226	56,623	108,567
Policemen	Special legislation - 1983	925,088	261,968	722,801	261,968	502,308
Firemen	Special legislation - 1983	495,658	140,362	387,273	140,362	269,133
Total		\$ 1,662,136	\$ 467,853	\$ 1,302,289	\$ 467,853	\$ 910,056

<sup>ø</sup> Payable at beginning of fiscal year unless otherwise noted.

\* Payable monthly.

\*\* Payable at end of fiscal year.

TABLE XIII

UNFUNDED ACCRUED LIABILITIES AT  
JUNE 30, 2003 AND REQUIRED CONTRIBUTIONS

MEMBERSHIP CLASSIFICATION	ITEM	UNFUNDED ACCRUED LIABILITY AS OF JUNE 30, 2003	ANNUAL ACCRUED LIABILITY CONTRIBUTION <sup>ø</sup>	FISCAL YEAR IN WHICH FUNDING OF UNFUNDED ACCRUED LIABILITY WILL BE COMPLETED
Employees	Amherst School District Town of Raymond	\$ 7,876	\$ 6,233*	2005
		22,172	2,667**	2019
	Subtotal	\$ 30,048	\$ 8,900	
Teachers	Special legislation - 1983	\$ 108,567	\$ 56,623	2005
Policemen	Special legislation - 1983	\$ 502,308	\$ 261,968	2005
Firemen	Special legislation - 1983	\$ 269,133	\$ 140,362	2005
Total		\$ 910,056	\$ 467,853	

<sup>ø</sup> Payable at beginning of fiscal year unless otherwise noted.

\* Payable monthly.

\*\* Payable at end of fiscal year.

SECTION VIII - 401(h) SUBTRUST FUND FOR POSTRETIREMENTMEDICAL BENEFITS

1. RSA100-A:52 provides for the payment of a specified level of postretirement medical premiums for certain retired Group I and Group II members and beneficiaries. The monthly premium level for members younger than age 65 provided through the system for single coverage is limited to \$236.66 as of July 1, 2001 and increases each July 1 by 8%. The corresponding monthly premium for coverage for the spouse and the member is \$473.32 as of July 1, 2001. For members older than age 65, the monthly premium level for single coverage is limited to \$149.22 as of July 1, 2001 and increases each July 1 by 8%. The corresponding monthly premium for the member and spouse over age 65 is \$298.44 as of July 1, 2001.
2. Under Section 401(h) of the Internal Revenue Code qualified retirement plan trusts may pay for medical premiums due for retirees. These payments are funded through contributions of the employer which may not exceed 33-1/3% of the normal cost for the respective membership classification. For this reason we have separately analyzed the cost of the medical coverage provided in RSA100-A:52 and the results are shown in Table XIV.
3. The four portions of Table XIV present the results of the postretirement medical valuations for employees, teachers, policemen and firemen, respectively. Based on these results, 33-1/3% of the normal cost for the respective membership classification may be allocated to the 401(h) Subtrust Fund.
4. Under the financing terms of RSA100-A:53, a Medical Special Account in the amount of \$52.8 million was established as of July 1, 1988 for Group II, a Medical Special Account in the amount of \$89.1 million was established as of July 1, 1999 for teachers and a Medical Special Account in the amount of \$36.4 million was established as of January 1, 2002 for employees. Assets equal to the annual postretirement medical contributions are transferred to the State

Annuity Accumulation Fund from the Medical Special Account. After the initial Medical Special Account has been adjusted for earnings and for transfers to the State Annuity Accumulation Fund, the remaining balances based on the actuarial value in the Medical Special Account as of June 30, 2001 are \$115,212,969, \$119,683,276, \$113,060,842, \$60,649,974 for employees, teachers, policemen and firemen, respectively.

5. The 401(h) Subtrust Fund receives assets from the contributions from the State and the employing subdivisions. The annual premiums are paid from the 401(h) Subtrust Fund. The actual market value of the 401(h) Subtrust Fund as of June 30, 2001 as reported by the trustee was \$1,951,147, \$5,708,291, \$38,704,522 and \$25,719,450 for employees, teachers, policemen and firemen, respectively.

TABLE XIV

## NEW HAMPSHIRE RETIREMENT SYSTEM - GROUP I EMPLOYEES

## RESULTS OF THE POSTRETIREMENT MEDICAL VALUATIONS

	2001/2002	2003/2004	2004/2005
1. Projected liabilities			
(a) For active members	\$ 25,529,651	\$ 29,601,458	\$ 31,226,772
(b) For pensioners and beneficiaries	105,443,544	106,994,290	107,377,260
(c) Total	\$ 130,973,195	\$136,595,748	\$ 138,604,032
2. Projected assets (five-year moving market average)	\$ 1,894,984	\$ 5,345,822	\$ 11,636,947
3. Projected future normal cost [1.(c) - 2.]	\$ 129,078,211	\$131,249,926	\$ 126,967,085
4. Projected normal contribution rate (without regard to limitations)	2.09%	1.95%	1.81%
5. Normal contribution (without regard to limitations)	\$ 14,986,257	\$ 15,567,014	\$ 15,219,162
6. Allowable normal contribution	\$ 9,895,232	\$ 15,567,014	\$ 15,219,162
7. Accrued liability	\$ 130,973,195	\$136,595,748	\$ 138,604,032
8. Total earmarked assets (401(h) market value plus Medical Special Account as of beginning of year)	\$ 120,578,778	\$124,246,142	\$ 125,142,961
9. Funded ratio (8./7.)	92.1%	91.0%	90.3%



TABLE XIV

**NEW HAMPSHIRE RETIREMENT SYSTEM - GROUP I TEACHERS**  
**RESULTS OF THE POSTRETIREMENT MEDICAL VALUATIONS**

		2001/2002	2003/2004	2004/2005
1.	Projected liabilities			
	(a) For active members	\$ 65,361,027	\$ 76,569,907	\$ 81,795,547
	(b) For pensioners and beneficiaries	127,929,431	132,081,117	133,763,515
	(c) Total	\$ 193,290,458	\$ 208,651,024	\$ 215,559,062
2.	Projected assets (five-year moving market average)	\$ 5,484,494	\$ 7,019,265	\$ 7,034,953
3.	Projected future normal cost [1.(c) - 2.]	\$ 187,805,964	\$ 201,631,759	\$ 208,524,109
4.	Projected normal contribution rate (without regard to limitations)	3.21%	3.25%	3.25%
5.	Normal contribution (without regard to limitations)	\$ 23,475,558	\$ 25,869,540	\$ 27,022,145
6.	Allowable normal contribution	\$ 9,653,501	\$ 10,745,809	\$ 11,224,583
7.	Accrued liability	\$ 193,290,458	\$ 208,651,024	\$ 215,559,062
8.	Total earmarked assets (401(h) market value plus Medical Special Account as of beginning of year)	\$ 130,275,286	\$ 133,782,697	\$ 133,952,586
9.	Funded ratio (8./7.)	67.4%	64.1%	62.1%

TABLE XIV

**NEW HAMPSHIRE RETIREMENT SYSTEM - GROUP II POLICEMEN  
RESULTS OF THE POSTRETIREMENT MEDICAL VALUATIONS**

		2001/2002	2003/2004	2004/2005
1.	Projected liabilities			
	(a) For active members	\$ 165,918,296	\$ 196,460,013	\$ 213,221,808
	(b) For pensioners and beneficiaries	68,969,862	71,443,958	72,492,848
	(c) Total	\$ 234,888,158	\$ 267,903,971	\$ 285,714,656
2.	Projected assets (five-year moving market average)	\$ 37,268,085	\$ 44,191,922	\$ 50,272,771
3.	Projected future normal cost [1.(c) - 2.]	\$ 197,620,073	\$ 223,712,049	\$ 235,441,885
4.	Projected normal contribution rate (without regard to limitations)	12.50%	13.15%	13.35%
5.	Normal contribution (without regard to limitations)	\$ 22,638,561	\$ 26,420,502	\$ 28,221,925
6.	Allowable normal contribution	\$ 4,944,262	\$ 8,117,021	\$ 8,540,567
7.	Accrued liability	\$ 148,450,699	\$ 165,207,626	\$ 173,775,640
8.	Total earmarked assets (401(h) market value plus Medical Special Account as of beginning of year)	\$ 156,123,106	\$ 174,324,154	\$ 183,715,697
9.	Funded ratio (8./7.)	105.2%	105.5%	105.7%

TABLE XIV

**NEW HAMPSHIRE RETIREMENT SYSTEM - GROUP II FIREMEN  
RESULTS OF THE POSTRETIREMENT MEDICAL VALUATIONS**

	2001/2002	2003/2004	2004/2005
1. Projected liabilities			
(a) For active members	\$ 78,943,849	\$ 93,439,951	\$ 101,373,397
(b) For pensioners and beneficiaries	38,023,816	39,367,005	39,949,171
(c) Total	\$ 116,967,665	\$ 132,806,956	\$ 141,322,568
2. Projected assets (five-year moving market average)	\$ 25,925,792	\$ 29,982,756	\$ 34,827,994
3. Projected future normal cost [1.(c) - 2.]	\$ 91,041,873	\$ 102,824,200	\$ 106,494,574
4. Projected normal contribution rate (without regard to limitations)	13.54%	14.41%	14.49%
5. Normal contribution (without regard to limitations)	\$ 9,570,642	\$ 11,141,090	\$ 11,702,134
6. Allowable normal contribution	\$ 2,396,195	\$ 5,327,003	\$ 5,564,369
7. Accrued liability	\$ 80,474,854	\$ 89,449,847	\$ 94,063,319
8. Total earmarked assets (401(h) market value plus Medical Special Account as of beginning of year)	\$ 85,886,714	\$ 95,879,679	\$ 101,071,836
9. Funded ratio (8./7.)	106.7%	107.2%	107.5%

SECTION IX - EXPERIENCE

1. Records are maintained with regard to the developing experience of the system as compared to the anticipated experience based on the current assumptions adopted by the Board of Trustees. Significant deviations are noted and revisions in assumptions are recommended periodically so that the funding requirements of the system can be properly anticipated. Tables XV and XVI summarize the aggregate active experience results for the past two years for each of the groups. Schedule E illustrates the experience graphically for each of the groups.
2. Our memorandum submitted to the Board of Trustees at the meeting in June, 2002 reviewed the latest six year experience and resulted in significant changes in the basic valuation assumptions as of June 30, 2001.
3. Schedule F illustrates graphically the projected benefit payouts over the period from July 1, 2001 to June 30, 2010. The expected results are based on the regular valuation assumptions only.

TABLE XV  
SEPARATIONS FROM ACTIVE SERVICE  
JULY 1, 1999 TO JUNE 30, 2001\*

GROUP AND TYPE OF SEPARATION	EXPECTED SEPARATIONS	ACTUAL SEPARATIONS	RATIO OF ACTUAL TO EXPECTED
Employees			
Withdrawals	2505.7	2,396	.956
Deaths	72.7	74	1.018
Disability Retirements	101.8	103	1.012
Service Retirements	1033.2	1,052	1.018
Teachers			
Withdrawals	1012.3	978	.966
Deaths	33.1	24	.725
Disability Retirements	19.3	17	.881
Service Retirements	544.3	517	.950
Policemen			
Withdrawals	261.6	278	1.063
Ordinary Death	7.7	6	0.779
Accidental Death	0.7	0	-
Ordinary Disability	6.1	6	0.984
Accidental Disability	23.1	15	0.649
Service Retirements	157.9	172	1.089
Firemen			
Withdrawals	23.6	13	0.551
Ordinary Death	2.1	2	0.952
Accidental Death	0.5	0	-
Ordinary Disability	4.4	2	0.455
Accidental Disability	9.9	5	.505
Service Retirements	79.0	95	1.203

\*Expected amounts are based on long-term valuation assumptions.

TABLE XVI  
SALARY INCREASE EXPERIENCE JULY 1, 1999 TO JUNE 30, 2001

GROUP	EXPECTED ANNUAL SALARIES	ACTUAL ANNUAL SALARIES	RATIO OF ACTUAL SALARIES TO EXPECTED SALARIES
Employees	\$ 565,517,961	\$ 565,742,643	1.000
Teachers	618,118,418	606,058,170	.980
Policemen	137,563,775	144,270,964	1.049
Firemen	58,691,792	62,113,999	1.058

SECTION X - PLAN FUNDING STATUS AND PROGRESS

1. The system determines the annual required contribution using the open group aggregate funding method. This method does not identify or separately amortize unfunded actuarial liabilities. However, the Board of Trustees monitors the funding progress by reviewing the funded ratios of the system each June 30th. The funded ratio is determined by dividing the net assets held in trust for benefits by the liabilities of the system.
2. The relevant information which follows on Table XVII is shown separately for each membership classification and in total for fiscal years ending June 30, 2001, June 30, 2002, June 30, 2003 and June 30, 2004. The actuarial present value of vested and nonvested accrued benefits is based on an interest rate of 9%.
3. The pension benefit obligation (PBO) for each retiree and beneficiary is the present value of benefits payable as of the measurement date. For active members, the PBO is determined by calculating the benefits for each probable cause of termination (withdrawal, death, disability, service retirement) on the basis of total service as of the measurement date and final average compensation at an expected future date of retirement. In the case of a benefit payable equal to the member's projected accumulated contributions, the accrued benefit is equal to the value of the accumulated contributions on the measurement date. The sum of the present values of these projected accrued benefits measures the PBO for each active member.
4. Assets are determined on the same basis as that used in the actuarial valuation. The Group I and Group II liabilities exclude the postretirement medical benefit liabilities.

**NEW HAMPSHIRE RETIREMENT SYSTEM  
COMPARATIVE PENSION BENEFIT OBLIGATION  
EXCLUDING POST RETIREMENT MEDICAL INSURANCE SUBSIDY**

**Based on 9% Interest Assumption  
Employees**

	2001	2002	2003	2004
<b>A. Pension Benefit Obligation</b>				
1. Retirees & Beneficiaries Currently Receiving Benefits & Term. Employees Not Yet Entitled	\$599,749,324	\$628,023,628	\$658,818,971	\$697,654,579
	<u>\$689,235,380</u>	<u>\$750,115,233</u>	<u>\$818,504,756</u>	<u>\$888,553,437</u>
2. Current Employees				
a. Accumulated Employee Contributions With Interest	505,941,313	544,873,428	587,998,681	632,118,080
b. Employer Financed Vested	48,633,288	52,651,350	61,897,929	70,836,491
c. Employer Financed Nonvested	<u>134,660,779</u>	<u>152,590,455</u>	<u>168,608,146</u>	<u>185,598,866</u>
3. Total Pension Benefit Obligation	\$1,288,984,704	\$1,378,138,861	\$1,477,323,727	\$1,586,208,016
<b>FUNDING STATUS AT MARKET VALUE OF ASSETS</b>				
<b>B. Net Assets</b>				
Market Value of Assets	\$1,299,966,542	\$1,395,749,751	\$1,499,856,368	\$1,628,093,600
Less: Undesignated Special Account	117,110,897	127,650,878	139,139,457	151,662,008
Less: Account for Medical Insurance Subsidy	<u>120,578,778</u>	<u>122,655,287</u>	<u>124,246,142</u>	<u>125,142,961</u>
Market Value of Assets Available for Benefits*	\$1,062,276,867	\$1,145,443,586	\$1,236,470,769	\$1,351,288,631
<b>C. Unfunded Pension Benefit Obligation</b>	\$226,707,837	\$232,695,275	\$240,852,958	\$234,919,385
<b>C. Percent Funded</b>	82.41%	83.12%	83.70%	85.19%
Payroll	\$676,535,624	\$717,045,778	\$757,814,548	\$798,308,405
Unfunded / Payroll	33.51%	32.45%	31.78%	29.43%
<b>FUNDING STATUS AT ACTUARIAL VALUE OF ASSETS</b>				
<b>D. Net Assets</b>				
Actuarial Value	\$1,145,555,615	\$1,227,441,841	\$1,316,400,746	\$1,428,126,972
Less: Special Account	<u>117,110,897</u>	<u>127,650,878</u>	<u>139,139,457</u>	<u>151,662,008</u>
Net Assets Available for Benefits*	\$1,028,444,718	\$1,099,790,963	\$1,177,261,289	\$1,276,464,964
<b>E. Unfunded Pension Benefit Obligation</b>	\$260,539,986	\$278,347,898	\$300,062,438	\$309,743,052
<b>E. Percent Funded</b>	79.79%	79.80%	79.69%	80.47%
Payroll	\$676,535,624	\$717,045,778	\$757,814,548	\$798,308,405
Unfunded / Payroll	38.51%	38.82%	39.60%	38.80%

\* Includes all receivable contributions.

**NEW HAMPSHIRE RETIREMENT SYSTEM  
COMPARATIVE PENSION BENEFIT OBLIGATION  
EXCLUDING POST RETIREMENT MEDICAL INSURANCE SUBSIDY**

**Based on 9% Interest Assumption  
Teachers**

	2001	2002	2003	2004
<b>A. Pension Benefit Obligation</b>				
1. Retirees & Beneficiaries Currently Receiving Benefits & Term. Employees Not Yet Entitled	\$610,375,716	\$660,990,179	\$720,659,426	\$791,245,184
2. Current Employees	<u>\$911,050,826</u>	<u>\$973,288,952</u>	<u>\$1,033,133,565</u>	<u>\$1,088,178,657</u>
a. Accumulated Employee Contributions With Interest	656,208,374	707,256,876	757,281,993	805,395,319
b. Employer Financed Vested	123,988,271	138,737,556	148,220,469	155,538,113
c. Employer Financed Nonvested	<u>130,854,181</u>	<u>127,294,520</u>	<u>127,631,103</u>	<u>127,245,225</u>
3. Total Pension Benefit Obligation	\$1,521,426,542	\$1,634,279,131	\$1,753,792,991	\$1,879,423,841
<b>FUNDING STATUS AT MARKET VALUE OF ASSETS</b>				
<b>B. Net Assets</b>				
Market Value of Assets	\$1,716,573,138	\$1,851,226,796	\$1,993,011,931	\$2,142,860,528
Less: Undesignated Special Account	145,311,076	158,389,073	172,644,090	188,182,058
Less: Account for Medical Insurance Subsidy	<u>130,275,286</u>	<u>132,446,892</u>	<u>133,782,697</u>	<u>133,952,586</u>
Market Value of Assets Available for Benefits*	\$1,440,986,776	\$1,560,390,831	\$1,686,585,144	\$1,820,725,884
<b>C. Unfunded Pension Benefit Obligation</b>	\$80,439,766	\$73,888,300	\$67,207,847	\$58,697,957
<b>C. Percent Funded</b>	94.71%	95.48%	96.17%	96.88%
Payroll	\$700,360,649	\$731,325,800	\$763,028,735	\$795,985,832
Unfunded / Payroll	11.49%	10.10%	8.81%	7.37%
<b>FUNDING STATUS AT ACTUARIAL VALUE OF ASSETS</b>				
<b>D. Net Assets</b>				
Actuarial Value	\$1,524,528,306	\$1,641,897,929	\$1,764,843,466	\$1,894,156,901
Less: Special Account	<u>145,311,076</u>	<u>158,389,073</u>	<u>172,644,090</u>	<u>188,182,058</u>
Net Assets Available for Benefits*	\$1,379,217,230	\$1,483,508,856	\$1,592,199,376	\$1,705,974,843
<b>E. Unfunded Pension Benefit Obligation</b>	\$142,209,312	\$150,770,275	\$161,593,615	\$173,448,998
<b>E. Percent Funded</b>	90.65%	90.77%	90.79%	90.77%
Payroll	\$700,360,649	\$731,325,800	\$763,028,735	\$795,985,832
Unfunded / Payroll	20.31%	20.62%	21.18%	21.79%

\* Includes all receivable contributions.



**NEW HAMPSHIRE RETIREMENT SYSTEM  
COMPARATIVE PENSION BENEFIT OBLIGATION  
EXCLUDING POST RETIREMENT MEDICAL INSURANCE SUBSIDY**

**Based on 9% Interest Assumption  
Policemen**

	2001	2002	2003	2004
<b>A. Pension Benefit Obligation</b>				
1. Retirees & Beneficiaries				
Currently Receiving Benefits & Term. Employees Not Yet Entitled	\$363,661,910	\$388,648,618	\$416,480,482	\$447,561,845
2. Current Employees	<u>\$352,735,745</u>	<u>\$381,660,610</u>	<u>\$411,826,039</u>	<u>\$443,242,896</u>
a. Accumulated Employee Contributions With Interest	210,062,975	226,141,409	242,227,225	258,628,024
b. Employer Financed Vested	36,059,110	40,587,525	46,233,394	51,710,690
c. Employer Financed Nonvested	<u>106,613,660</u>	<u>114,931,676</u>	<u>123,365,420</u>	<u>132,904,182</u>
3. Total Pension Benefit Obligation	\$716,397,655	\$770,309,228	\$828,306,521	\$890,804,741
<b>FUNDING STATUS AT MARKET VALUE OF ASSETS</b>				
<b>B. Net Assets</b>				
Market Value of Assets	\$872,426,667	\$936,129,663	\$1,004,396,059	\$1,086,595,314
Less: Undesignated Special Account	61,437,051	66,966,386	72,993,361	79,562,763
Less: Account for Medical Insurance Subsidy	<u>156,123,106</u>	<u>165,101,725</u>	<u>174,324,154</u>	<u>183,715,697</u>
Market Value of Assets Available for Benefits*	\$654,866,510	\$704,061,552	\$757,078,544	\$823,316,854
<b>C. Unfunded Pension Benefit Obligation</b>	\$61,531,145	\$66,247,676	\$71,227,977	\$67,487,887
<b>C. Percent Funded</b>	91.41%	91.40%	91.40%	92.42%
Payroll	\$171,488,591	\$181,108,489	\$190,838,274	\$200,916,362
Unfunded / Payroll	35.88%	36.58%	37.32%	33.59%
<b>FUNDING STATUS AT ACTUARIAL VALUE OF ASSETS</b>				
<b>D. Net Assets</b>				
Actuarial Value	\$689,877,009	\$737,150,536	\$787,508,810	\$850,188,212
Less: Special Account	<u>61,437,051</u>	<u>66,966,386</u>	<u>72,993,361</u>	<u>79,562,763</u>
Net Assets Available for Benefits*	\$628,439,958	\$670,184,150	\$714,515,449	\$770,625,449
<b>E. Unfunded Pension Benefit Obligation</b>	\$87,957,697	\$100,125,078	\$113,791,072	\$120,179,292
<b>E. Percent Funded</b>	87.72%	87.00%	86.26%	86.51%
Payroll	\$171,488,591	\$181,108,489	\$190,838,274	\$200,916,362
Unfunded / Payroll	51.29%	55.28%	59.63%	59.82%

\* Includes all receivable contributions.

**NEW HAMPSHIRE RETIREMENT SYSTEM  
COMPARATIVE PENSION BENEFIT OBLIGATION  
EXCLUDING POST RETIREMENT MEDICAL INSURANCE SUBSIDY**

**Based on 9% Interest Assumption**

**Firemen**

	2001	2002	2003	2004
<b>A. Pension Benefit Obligation</b>				
1. Retirees & Beneficiaries Currently Receiving Benefits & Term. Employees Not Yet Entitled	\$189,466,269	\$202,589,581	\$216,895,547	\$232,786,289
2. Current Employees	<u>\$193,328,685</u>	<u>\$206,657,545</u>	<u>\$220,310,518</u>	<u>\$234,135,194</u>
a. Accumulated Employee Contributions With Interest	109,762,419	117,584,951	125,335,908	133,184,960
b. Employer Financed Vested	24,442,361	27,285,242	30,768,340	33,318,994
c. Employer Financed Nonvested	<u>59,123,905</u>	<u>61,787,352</u>	<u>64,206,270</u>	<u>67,631,240</u>
3. Total Pension Benefit Obligation	\$382,794,954	\$409,247,126	\$437,206,065	\$466,921,483
<b>FUNDING STATUS AT MARKET VALUE OF ASSETS</b>				
<b>B. Net Assets</b>				
Market Value of Assets	\$445,775,344	\$475,892,167	\$507,798,835	\$550,208,122
Less: Undesignated Special Account	62,199,688	67,797,660	73,899,449	80,550,399
Less: Account for Medical Insurance Subsidy	<u>85,886,714</u>	<u>90,810,474</u>	<u>95,879,679</u>	<u>101,071,836</u>
Market Value of Assets Available for Benefits*	\$297,688,942	\$317,284,033	\$338,019,707	\$368,585,887
<b>C. Unfunded Pension Benefit Obligation</b>	\$85,106,012	\$91,963,093	\$99,186,358	\$98,335,596
<b>C. Percent Funded</b>	77.77%	77.53%	77.31%	78.94%
Payroll	\$67,484,614	\$70,684,210	\$73,951,988	\$77,314,989
Unfunded / Payroll	126.11%	130.10%	134.12%	127.19%
<b>FUNDING STATUS AT ACTUARIAL VALUE OF ASSETS</b>				
<b>D. Net Assets</b>				
Actuarial Value	\$362,762,970	\$385,408,679	\$409,171,832	\$442,704,689
Less: Special Account	<u>62,199,688</u>	<u>67,797,660</u>	<u>73,899,449</u>	<u>80,550,399</u>
Net Assets Available for Benefits*	\$300,563,282	\$317,611,019	\$335,272,383	\$362,154,290
<b>E. Unfunded Pension Benefit Obligation</b>	\$82,231,672	\$91,636,107	\$101,933,682	\$104,767,193
<b>E. Percent Funded</b>	78.52%	77.61%	76.69%	77.56%
Payroll	\$67,484,614	\$70,684,210	\$73,951,988	\$77,314,989
Unfunded / Payroll	121.85%	129.64%	137.84%	135.51%

\*Includes all receivable contributions.

**NEW HAMPSHIRE RETIREMENT SYSTEM  
COMPARATIVE PENSION BENEFIT OBLIGATION  
EXCLUDING POST RETIREMENT MEDICAL INSURANCE SUBSIDY**

**Based on 9% Interest Assumption  
Total**

	2001	2002	2003	2004
<b>A. Pension Benefit Obligation</b>				
1. Retirees & Beneficiaries				
Currently Receiving Benefits & Term. Employees Not Yet Entitled	\$1,763,253,219	\$1,880,252,006	\$2,012,854,426	\$2,169,247,897
	<u>\$2,146,350,636</u>	<u>\$2,311,722,340</u>	<u>\$2,483,774,878</u>	<u>\$2,654,110,184</u>
2. Current Employees				
a. Accumulated Employee Contributions With Interest	1,481,975,081	1,595,856,664	1,712,843,807	1,829,326,383
b. Employer Financed Vested	233,123,030	259,261,673	287,120,132	311,404,288
c. Employer Financed Nonvested	<u>431,252,525</u>	<u>456,604,003</u>	<u>483,810,939</u>	<u>513,379,513</u>
3. Total Pension Benefit Obligation	\$3,909,603,855	\$4,191,974,346	\$4,496,629,304	\$4,823,358,081
<b>FUNDING STATUS AT MARKET VALUE OF ASSETS</b>				
<b>B. Net Assets</b>				
Market Value of Assets	\$4,334,741,691	\$4,658,998,377	\$5,005,063,193	\$5,407,757,564
Less: Undesignated Special Account	386,058,712	420,803,997	458,676,357	499,957,228
Less: Account for Medical Insurance Subsidy	<u>492,863,884</u>	<u>511,014,378</u>	<u>528,232,672</u>	<u>543,883,080</u>
Market Value of Assets Available for Benefits*	\$3,455,819,095	\$3,727,180,002	\$4,018,154,164	\$4,363,917,256
<b>C. Unfunded Pension Benefit Obligation</b>	\$453,784,760	\$464,794,344	\$478,475,140	\$459,440,825
<b>C. Percent Funded</b>	88.39%	88.91%	89.36%	90.47%
Payroll	\$1,615,869,478	\$1,700,164,277	\$1,785,633,545	\$1,872,525,588
Unfunded / Payroll	28.08%	27.34%	26.80%	24.54%
<b>FUNDING STATUS AT ACTUARIAL VALUE OF ASSETS</b>				
<b>D. Net Assets</b>				
Actuarial Value	\$3,722,723,900	\$3,991,898,985	\$4,277,924,854	\$4,615,176,774
Less: Special Account	<u>386,058,712</u>	<u>420,803,997</u>	<u>458,676,357</u>	<u>499,957,228</u>
Net Assets Available for Benefits*	\$3,336,665,188	\$3,571,094,988	\$3,819,248,497	\$4,115,219,546
<b>E. Unfunded Pension Benefit Obligation</b>	\$572,938,667	\$620,879,358	\$677,380,807	\$708,138,535
<b>E. Percent Funded</b>	85.35%	85.19%	84.94%	85.32%
Payroll	\$1,615,869,478	\$1,700,164,277	\$1,785,633,545	\$1,872,525,588
Unfunded / Payroll	35.46%	36.52%	37.94%	37.82%

\*Includes all receivable contributions.

5. The following table presents historical trend information (in millions of dollars) for fiscal years 1987 through 2001 for the system as a whole. Estimated results are shown for the three years following. Results for fiscal years ending 1990 and prior are based on an 8% interest assumption and results for fiscal years ending 1991 and later are based on a 9% interest assumption.

TABLE XVIII  
TOTAL OF GROUPS

Fiscal Year Ending	Net Assets Available For Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation As A Percentage of Covered Payroll
1987	\$ 792.6	\$ 798.3	99.3%	\$ 5.7	\$ 638.7	.9%
1988	\$ 866.7	\$ 870.7	99.5%	\$ 4.0	\$ 695.7	.6%
1989	\$ 1,114.6	\$ 1,332.1	83.7%	\$ 217.5	\$ 883.3	24.6%
1990	\$ 1,245.7	\$ 1,471.9	84.6%	\$ 226.1	\$ 962.4	23.5%
1991	\$ 1,348.7	\$ 1,482.2	91.0%	\$ 133.5	\$ 1,020.6	13.1%
1992	\$ 1,517.2	\$ 1,600.5	94.8%	\$ 83.3	\$ 1,040.4	8.0%
1993	\$ 1,674.3	\$ 1,797.3	93.2%	\$ 123.0	\$ 1,111.1	11.1%
1994	\$ 1,830.9	\$ 1,954.2	93.7%	\$ 123.3	\$ 1,161.0	10.6%
1995	\$ 2,004.7	\$ 2,225.0	90.1%	\$ 220.3	\$ 1,207.5	18.2%
1996	\$ 2,172.4	\$ 2,418.9	89.8%	\$ 246.5	\$ 1,227.8	20.0%
1997	\$ 2,387.2	\$ 2,677.0	89.2%	\$ 289.8	\$ 1,267.3	22.9%
1998	\$ 2,607.9	\$ 2,924.7	89.2%	\$ 316.8	\$ 1,294.7	24.5%
1999	\$ 2,886.5	\$ 3,229.2	89.4%	\$ 342.7	\$ 1,393.6	24.6%
2000	\$ 3,109.7	\$ 3,460.3	89.9%	\$ 355.1	\$ 1,459.7	24.0%
2001	\$ 3,336.7	\$ 3,909.6	85.4%	\$ 572.9	\$ 1,615.9	35.5%
2002*	\$ 3,571.1	\$ 4,192.0	85.2%	\$ 620.9	\$ 1,700.2	36.5%
2003*	\$ 3,819.2	\$ 4,496.6	84.9%	\$ 677.4	\$ 1,785.6	37.9%
2004*	\$ 4,115.2	\$ 4,823.4	85.3%	\$ 708.2	\$ 1,872.5	37.8%

\*Projected estimates.

6. In the past, the auditors for the State and the system have sought information on the actuarial present value of accrued benefits as determined under Statement No. 35 of the Financial Accounting Standards Board. We have determined these values based on the current valuation and the forecast valuations. The actuarial value of vested and nonvested accrued benefits was based on an interest rate of 9%.
7. The following tables present these results separately for each membership classification and in total for fiscal years ending June 30, 2001, June 30, 2002, June 30, 2003 and June 30, 2004. Results are shown both including and excluding postretirement medical liabilities and assets.

**NEW HAMPSHIRE RETIREMENT SYSTEM  
COMPARATIVE ACCUMULATED PLAN BENEFIT INFORMATION**

**Based on 9% Interest Assumption  
Employees**

	2001	2002	2003	2004
Vested Benefits				
Participants Currently Receiving Payments	\$590,128,085	\$617,708,443	\$647,869,941	\$686,177,432
Other Participants	<u>564,195,840</u>	<u>607,839,963</u>	<u>660,845,640</u>	<u>714,431,718</u>
Total Vested	\$1,154,323,925	\$1,225,548,406	\$1,308,715,581	\$1,400,609,150
Nonvested Benefits	<u>9,522,568</u>	<u>10,279,348</u>	<u>11,250,728</u>	<u>12,588,116</u>
Total Pension Liabilities	\$1,163,846,493	\$1,235,827,754	\$1,319,966,309	\$1,413,197,266
Market Value of Assets	\$1,299,966,542	\$1,395,749,751	\$1,499,856,368	\$1,628,093,600
Less: Undesignated Special Account	117,110,897	127,650,878	139,139,457	151,662,008
Less: Account for Medical Insurance Subsidy	<u>120,578,778</u>	<u>122,655,287</u>	<u>124,246,142</u>	<u>125,142,961</u>
Market Value of Assets Available for Benefits*	\$1,062,276,867	\$1,145,443,586	\$1,236,470,769	\$1,351,288,631
Funded Ratio for Pension Liability	91.27%	92.69%	93.67%	95.62%
Actuarial Present Value of Post Retirement Medical Liabilities				
Active	\$25,529,651	\$27,639,610	\$29,601,458	\$31,226,772
Retired	<u>105,443,544</u>	<u>106,345,591</u>	<u>106,994,290</u>	<u>107,377,260</u>
Actuarial Present Value of Post Retirement Medical Liabilities	\$130,973,195	\$133,985,201	\$136,595,748	\$138,604,032
Total Actuarial Present Value of Accrued Benefits	\$1,294,819,688	\$1,369,812,955	\$1,456,562,057	\$1,551,801,298
Market Value of Assets Available for Benefits*	\$1,182,855,645	\$1,268,098,873	\$1,360,716,911	\$1,476,431,592
Overall Funded Ratio	91.35%	92.57%	93.42%	95.14%

\* Includes all receivable contributions.

**NEW HAMPSHIRE RETIREMENT SYSTEM  
COMPARATIVE ACCUMULATED PLAN BENEFIT INFORMATION**

**Based on 9% Interest Assumption  
Teachers**

	2001	2002	2003	2004
Vested Benefits				
Participants Currently Receiving Payments	\$600,110,103	\$650,033,323	\$709,127,466	\$779,214,414
Other Participants	<u>790,462,258</u>	<u>856,951,288</u>	<u>917,034,422</u>	<u>972,964,202</u>
Total Vested	\$1,390,572,361	\$1,506,984,611	\$1,626,161,888	\$1,752,178,616
Nonvested Benefits	<u>3,582,506</u>	<u>4,305,629</u>	<u>4,749,526</u>	<u>5,138,144</u>
Total Pension Liabilities	\$1,394,154,867	\$1,511,290,240	\$1,630,911,414	\$1,757,316,760
Market Value of Assets	\$1,716,573,138	\$1,851,226,796	\$1,993,011,931	\$2,142,860,528
Less: Undesignated Special Account	145,311,076	158,389,073	172,644,090	188,182,058
Less: Account for Medical Insurance Subsidy	<u>130,275,286</u>	<u>132,446,892</u>	<u>133,782,697</u>	<u>133,952,586</u>
Market Value of Assets Available for Benefits*	\$1,440,986,776	\$1,560,390,831	\$1,686,585,144	\$1,820,725,884
Funded Ratio for Pension Liability	103.36%	103.25%	103.41%	103.61%
Actuarial Present Value of Post Retirement Medical Liabilities				
Active	\$65,361,027	\$71,001,571	\$76,569,907	\$81,795,547
Retired	<u>127,929,431</u>	<u>130,131,859</u>	<u>132,081,117</u>	<u>133,763,515</u>
Actuarial Present Value of Post Retirement Medical Liabilities	\$193,290,458	\$201,133,430	\$208,651,024	\$215,559,062
Total Actuarial Present Value of Accrued Benefits	\$1,587,445,325	\$1,712,423,670	\$1,839,562,438	\$1,972,875,822
Market Value of Assets Available for Benefits*	\$1,571,262,062	\$1,692,837,723	\$1,820,367,841	\$1,954,678,470
Overall Funded Ratio	98.98%	98.86%	98.96%	99.08%

\* Includes all receivable contributions.

**NEW HAMPSHIRE RETIREMENT SYSTEM  
COMPARATIVE ACCUMULATED PLAN BENEFIT INFORMATION**

**Based on 9% Interest Assumption  
Policemen**

	2001	2002	2003	2004
Vested Benefits				
Participants Currently Receiving Payments	\$363,293,216	\$388,253,592	\$416,056,657	\$447,106,523
Other Participants	<u>246,490,779</u>	<u>267,123,960</u>	<u>288,884,444</u>	<u>310,794,036</u>
Total Vested	\$609,783,995	\$655,377,552	\$704,941,101	\$757,900,559
Nonvested Benefits	<u>14,628,736</u>	<u>16,415,346</u>	<u>18,530,864</u>	<u>19,992,855</u>
Total Pension Liabilities	\$624,412,731	\$671,792,898	\$723,471,965	\$777,893,414
Market Value of Assets	\$872,426,667	\$936,129,663	\$1,004,396,059	\$1,086,595,314
Less: Undesignated Special Account	61,437,051	66,966,386	72,993,361	79,562,763
Less: Account for Medical Insurance Subsidy	<u>156,123,106</u>	<u>165,101,725</u>	<u>174,324,154</u>	<u>183,715,697</u>
Market Value of Assets Available for Benefits*	\$654,866,510	\$704,061,552	\$757,078,544	\$823,316,854
Funded Ratio for Pension Liability	104.88%	104.80%	104.65%	105.84%
Actuarial Present Value of Post Retirement Medical Liabilities				
Active	\$79,480,837	\$86,481,010	\$93,763,668	\$101,282,792
Retired	<u>68,969,862</u>	<u>70,257,791</u>	<u>71,443,958</u>	<u>72,492,848</u>
Actuarial Present Value of Post Retirement Medical Liabilities	\$148,450,699	\$156,738,801	\$165,207,626	\$173,775,640
Total Actuarial Present Value of Accrued Benefits	\$772,863,430	\$828,531,699	\$888,679,591	\$951,669,054
Market Value of Assets Available for Benefits*	\$810,989,616	\$869,163,277	\$931,402,698	\$1,007,032,551
Overall Funded Ratio	104.93%	104.90%	104.81%	105.82%

\* Includes all receivable contributions.



**NEW HAMPSHIRE RETIREMENT SYSTEM  
COMPARATIVE ACCUMULATED PLAN BENEFIT INFORMATION**

**Based on 9% Interest Assumption  
Firemen**

	2001	2002	2003	2004
Vested Benefits				
Participants Currently Receiving Payments	\$189,410,342	\$202,528,621	\$216,829,101	\$232,713,863
Other Participants	<u>134,260,707</u>	<u>144,931,153</u>	<u>156,170,694</u>	<u>166,576,380</u>
Total Vested	\$323,671,049	\$347,459,774	\$372,999,795	\$399,290,243
Nonvested Benefits	<u>6,369,749</u>	<u>7,095,724</u>	<u>7,754,980</u>	<u>8,202,600</u>
Total Pension Liabilities	\$330,040,798	\$354,555,498	\$380,754,775	\$407,492,843
Market Value of Assets	\$445,775,344	\$475,892,167	\$507,798,835	\$550,208,122
Less: Undesignated Special Account	62,199,688	67,797,660	73,899,449	80,550,399
Less: Account for Medical Insurance Subsidy	<u>85,886,714</u>	<u>90,810,474</u>	<u>95,879,679</u>	<u>101,071,836</u>
Market Value of Assets Available for Benefits*	\$297,688,942	\$317,284,033	\$338,019,707	\$368,585,887
Funded Ratio for Pension Liability	90.20%	89.49%	88.78%	90.45%
Actuarial Present Value of Post Retirement Medical Liabilities				
Active	\$42,451,038	\$46,190,179	\$50,082,842	\$54,114,148
Retired	<u>38,023,816</u>	<u>38,721,366</u>	<u>39,367,005</u>	<u>39,949,171</u>
Actuarial Present Value of Post Retirement Medical Liabilities	\$80,474,854	\$84,911,545	\$89,449,847	\$94,063,319
Total Actuarial Present Value of Accrued Benefits	\$410,515,652	\$439,467,043	\$470,204,622	\$501,556,162
Market Value of Assets Available for Benefits*	\$383,575,656	\$408,094,507	\$433,899,386	\$469,657,723
Overall Funded Ratio	93.44%	92.86%	92.28%	93.64%

\* Includes all receivable contributions.

**NEW HAMPSHIRE RETIREMENT SYSTEM  
COMPARATIVE ACCUMULATED PLAN BENEFIT INFORMATION**

**Based on 9% Interest Assumption  
Total**

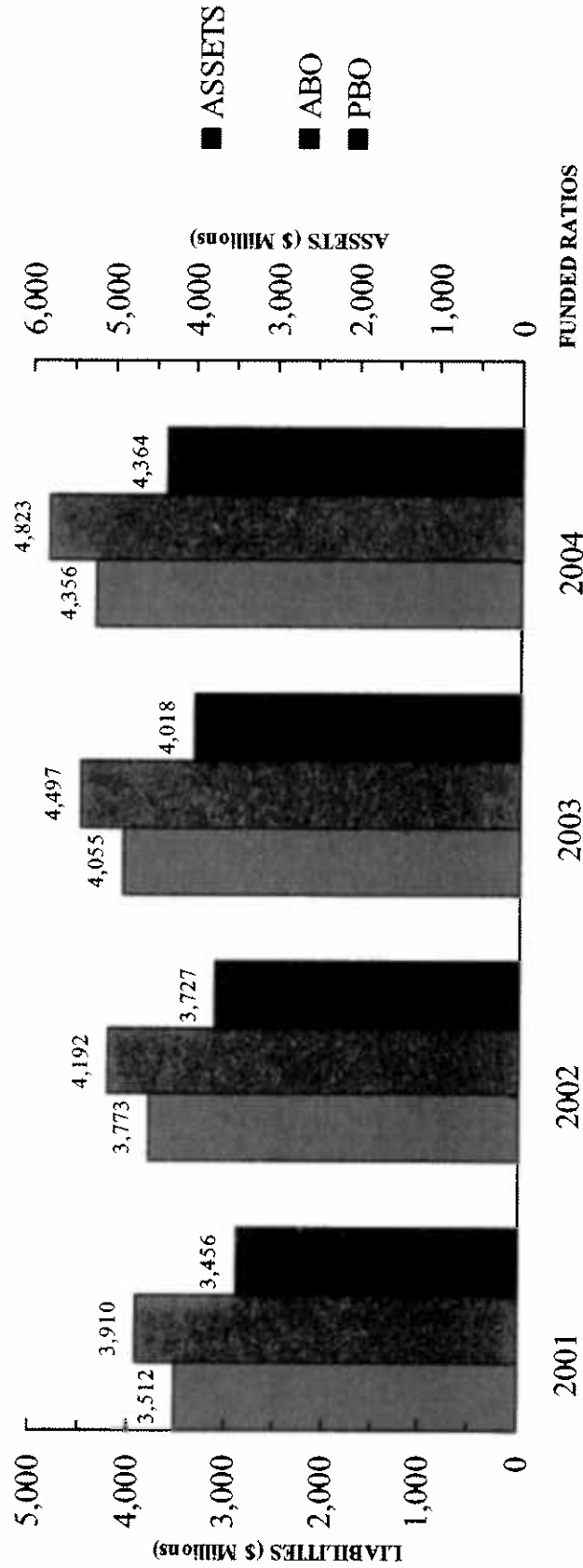
	2001	2002	2003	2004
Vested Benefits				
Participants Currently Receiving Payments	\$1,742,941,746	\$1,858,523,979	\$1,989,883,165	\$2,145,212,232
Other Participants	<u>1,735,409,584</u>	<u>1,876,846,364</u>	<u>2,022,935,200</u>	<u>2,164,766,336</u>
Total Vested	\$3,478,351,330	\$3,735,370,343	\$4,012,818,365	\$4,309,978,568
Nonvested Benefits	<u>34,103,559</u>	<u>38,096,047</u>	<u>42,286,098</u>	<u>45,921,715</u>
Total Pension Liabilities	\$3,512,454,889	\$3,773,466,390	\$4,055,104,463	\$4,355,900,283
Market Value of Assets	\$4,334,741,691	\$4,658,998,377	\$5,005,063,193	\$5,407,757,564
Less: Undesignated Special Account	386,058,712	420,803,997	458,676,357	499,957,228
Less: Account for Medical Insurance Subsidy	<u>492,863,884</u>	<u>511,014,378</u>	<u>528,232,672</u>	<u>543,883,080</u>
Market Value of Assets Available for Benefits*	\$3,455,819,095	\$3,727,180,002	\$4,018,154,164	\$4,363,917,256
Funded Ratio for Pension Liability	98.39%	98.77%	99.09%	100.18%
Actuarial Present Value of Post Retirement Medical Liabilities				
Active	\$212,822,553	\$231,312,370	\$250,017,875	\$268,419,259
Retired	<u>340,366,653</u>	<u>345,456,607</u>	<u>349,886,370</u>	<u>353,582,794</u>
Actuarial Present Value of Post Retirement Medical Liabilities	\$553,189,206	\$576,768,977	\$599,904,245	\$622,002,053
Total Actuarial Present Value of Accrued Benefits	\$4,065,644,095	\$4,350,235,367	\$4,655,008,708	\$4,977,902,336
Market Value of Assets Available for Benefits*	\$3,948,682,979	\$4,238,194,380	\$4,546,386,836	\$4,907,800,336
Overall Funded Ratio	97.12%	97.42%	97.67%	98.59%

\*Includes all receivable contributions.

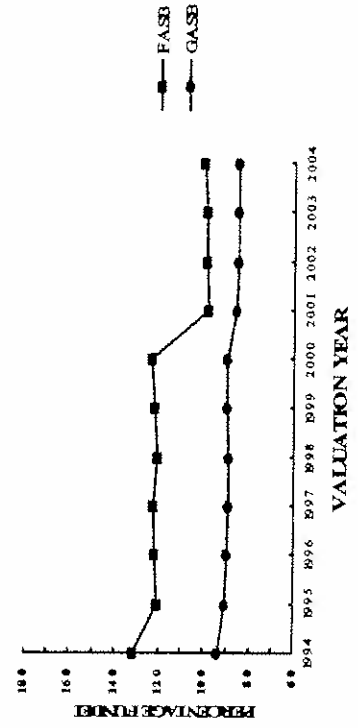
# NEW HAMPSHIRE RETIREMENT SYSTEM

## FUNDED RATIOS

### WITHOUT POSTRETIREMENT MEDICAL

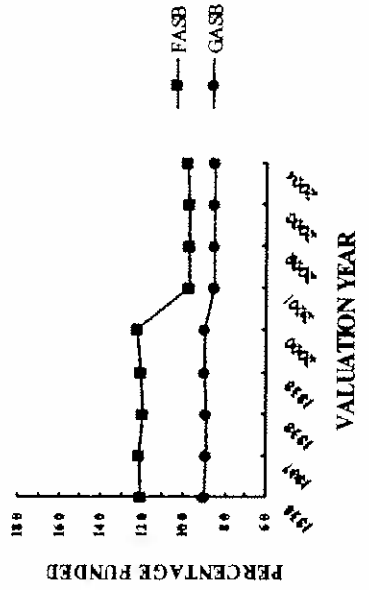
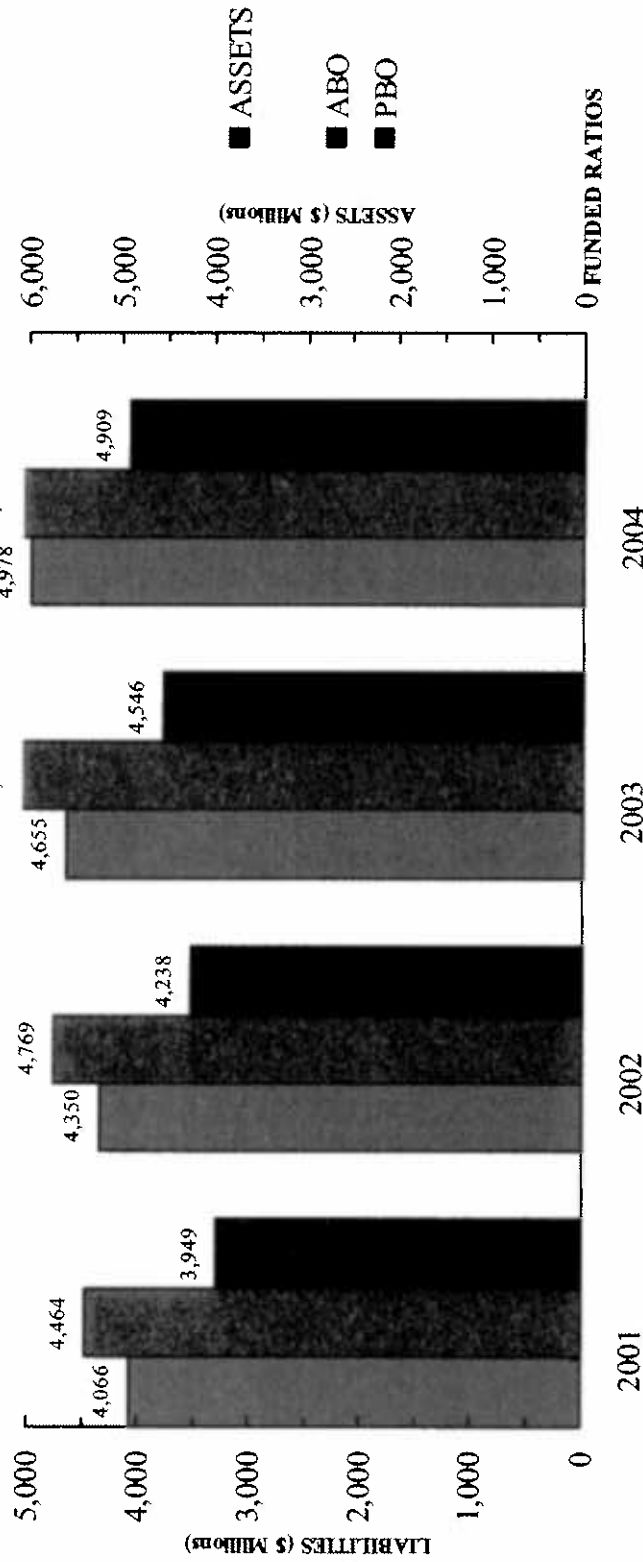


## YEAR



# NEW HAMPSHIRE RETIREMENT SYSTEM WITH POSTRETIREMENT MEDICAL

## FUNDED RATIOS



SCHEDULE A

REGULAR VALUATION BALANCE SHEETS

VALUATION BALANCE SHEET  
GROUP EMPLOYEES

	June 30, 2001	June 30, 1999
<b>ASSETS</b>		
Actuarial value of present assets:		
(a) Credited to the membership classification		
(i) Member Annuity Savings Fund (Market value)	\$ 521,051,618	\$ 434,944,707
(ii) State Annuity Accumulation Fund**	624,503,997	637,860,236
(b) Special Account	(117,110,897)	(184,250,876)
Total present assets	<u>\$ 1,028,444,718</u>	<u>\$ 888,554,067</u>
Present value of future member contributions:		
(a) Current members	\$ 309,162,028	\$ 271,637,513
(b) Future members	<u>550,418,227</u>	<u>416,851,388</u>
Present value of future employer contributions:		
(a) Towards the unfunded accrued liability	\$ 18,087	\$ 42,987
(b) Normal contributions		
(i) Current members	316,581,903	224,915,850
(ii) Future members	<u>563,764,027</u>	<u>345,837,163</u>
Total assets	<u>\$ 880,364,017</u>	<u>\$ 570,796,000</u>
	<u>\$ 2,768,388,990</u>	<u>\$ 2,147,838,968</u>
<b>LIABILITIES</b>		
Present value of allowances payable to beneficiaries currently on the roll and former members entitled to deferred allowances	\$ 599,749,324	\$ 509,432,826
Present value of benefits expected to become payable on account of current active and inactive members	1,257,170,374	999,694,867
Present value of benefits expected to become payable on account of future active members	<u>\$ 911,469,292</u>	<u>\$ 638,711,275</u>
Total liabilities	<u>\$ 2,768,388,990</u>	<u>\$ 2,147,838,968</u>

\*Excludes 401(h) Subtrust and postretirement medical liabilities.

\*\*Includes receivable for the State's unfunded accrued liability payment for 2001 and 1999.

VALUATION BALANCE SHEET SHOWING ASSETS AND LIABILITIES\*  
GROUP OF TEACHERS

	June 30, 2001	June 30, 1999
<b>ASSETS</b>		
Actuarial value of present assets:		
(a) Credited to the membership classification		
(i) Member Annuity Savings Fund (Market value)	\$ 672,281,201	\$ 568,678,088
(ii) State Annuity Accumulation Fund**	852,247,105	742,479,750
Special Account	<u>(145,311,076)</u>	<u>(120,888,819)</u>
Total present assets	\$ 1,379,217,230	\$ 1,190,269,019
Present value of future member contributions:		
(a) Current members	\$ 292,938,761	\$ 293,768,793
(b) Future members	<u>507,509,148</u>	<u>403,982,735</u>
Present value of future employer contributions:		
(a) Current members	\$ 131,002,207	\$ 151,614,067
(b) Future members	<u>227,065,769</u>	<u>208,693,533</u>
Present value of future state contributions:		
(a) Towards the unfunded accrued liability	\$ 199,950	\$ 276,864
(b) Normal contributions		
(i) Current members	70,539,650	81,638,344
(ii) Future members	<u>122,266,183</u>	<u>112,373,441</u>
Total assets	\$ 193,005,783	\$ 194,288,649
	<u>\$ 2,730,738,898</u>	<u>\$ 2,442,616,796</u>
<b>LIABILITIES</b>		
Present value of allowances payable to beneficiaries currently on the roll and former members entitled to deferred allowances	\$ 610,375,716	\$ 536,751,779
Present value of benefits expected to become payable on account of current active and inactive members	1,412,901,081	1,311,890,547
Present value of benefits expected to become payable on account of future active members	<u>707,462,101</u>	<u>593,974,470</u>
Total liabilities	\$ 2,730,738,898	\$ 2,442,616,796

\*Excludes 401(h) Subtrust Fund and postretirement medical liabilities.

\*\*Includes receivable for the State's unfunded accrued liability payment for 2001 and 1999.

VALUATION BALANCE SHEET SHOWING ASSETS AND LIABILITIES\*  
GROUP POLICEMEN

	June 30, 2001	June 30, 1999
<b>ASSETS</b>		
Actuarial value of present assets:		
(a) Credited to the membership classification		
(i) Member Annuity Savings Fund (Market value)	\$ 212,470,361	\$ 179,420,375
(ii) State Annuity Accumulation Fund**	477,406,648	434,874,604
Special Account	(61,437,051)	(69,096,575)
Total present assets	\$ 628,439,958	\$ 545,198,404
Present value of future member contributions:		
(a) Current members	\$ 146,923,800	\$ 108,286,182
(b) Future members	260,120,239	188,513,504
Present value of future assessments upon Subdivisions employing Group II members:		
(b) Normal contributions		
(i) Current members	107,562,139	62,079,539
(ii) Future members	190,381,353	108,126,156
Present value of future State contributions:		
(a) Towards the unfunded accrued liability	\$ 925,088	\$ 1,280,934
(b) Normal Contributions		
(i) Current members	57,918,075	\$ 33,427,444
(ii) Future members	102,513,036	58,221,776
Total assets	\$ 1,494,783,688	\$ 1,105,133,939
<b>LIABILITIES</b>		
Present value of allowances payable to beneficiaries currently on the roll and former members entitled to deferred allowances	\$ 363,661,910	\$ 291,816,511
Present value of benefits expected to become payable on account of current active and inactive members	657,366,202	491,314,312
Present value of benefits expected to become payable on account of future active members	473,755,576	322,003,116
Total liabilities	\$ 1,494,783,688	\$ 1,105,133,939

\*Excludes 401(h) Subtrust Fund and postretirement medical liabilities.

\*\*Includes receivable for the State's unfunded accrued liability payment for 2001 and 1999.



## VALUATION BALANCE SHEET SHOWING ASSETS AND LIABILITIES\*

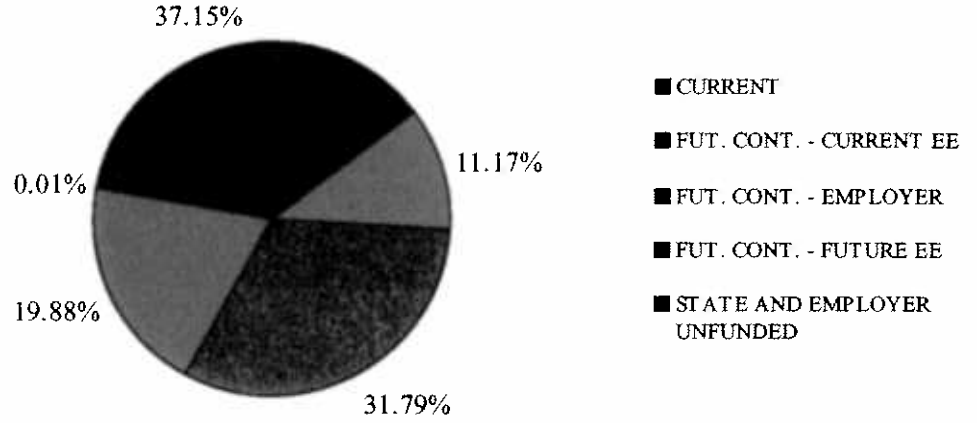
GROUP FIREMEN

	June 30, 2001	June 30, 1999
<b>ASSETS</b>		
Actuarial value of present assets:		
(a) Credited to the membership classification		
(i) Member Annuity Savings Fund (Market value)	\$ 110,660,255	\$ 98,508,132
(ii) State Annuity Accumulation Fund**	252,102,715	222,681,428
Special Account	<u>(62,199,688)</u>	<u>(58,684,787)</u>
Total present assets	\$ 300,563,282	\$ 262,504,773
Present value of future member contributions:		
(a) Current members	\$ 62,422,313	\$ 50,135,020
(b) Future members	<u>85,103,435</u>	<u>72,554,839</u>
Present value of future assessments upon Subdivisions employing Group II members:		
(a) Current members	\$ 62,983,549	\$ 35,719,196
(b) Future members	<u>85,671,182</u>	<u>51,592,575</u>
Present value of future State contributions:		
(a) Towards the unfunded accrued liability	\$ 495,658	\$ 686,320
(b) Normal contributions		
(i) Current members	33,914,219	19,233,413
(ii) Future members	<u>46,130,637</u>	<u>27,780,618</u>
Total assets	\$ 80,540,514	\$ 47,700,351
	<u>\$ 677,284,275</u>	<u>\$ 520,206,754</u>
<b>LIABILITIES</b>		
Present value of allowances payable to beneficiaries currently on the roll and former members entitled to deferred allowances	\$ 189,466,269	\$ 143,587,243
Present value of benefits expected to become payable on account of current active and inactive members	326,682,938	251,929,265
Present value of benefits expected to become payable on account of future active members	<u>161,135,068</u>	<u>124,690,246</u>
Total liabilities	\$ 677,284,275	\$ 520,206,754

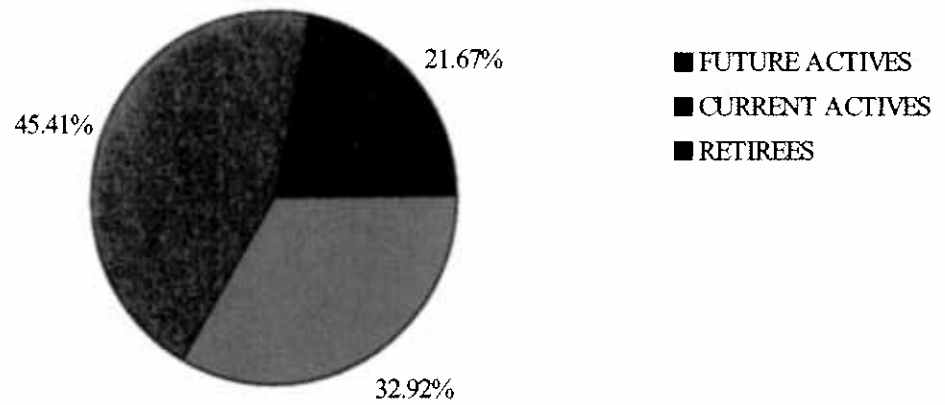
\*Excludes 401(b) Subtrust Fund and postretirement medical liabilities.

\*\*Includes receivable for the State's unfunded accrued liability payment for 2001 and 1999.

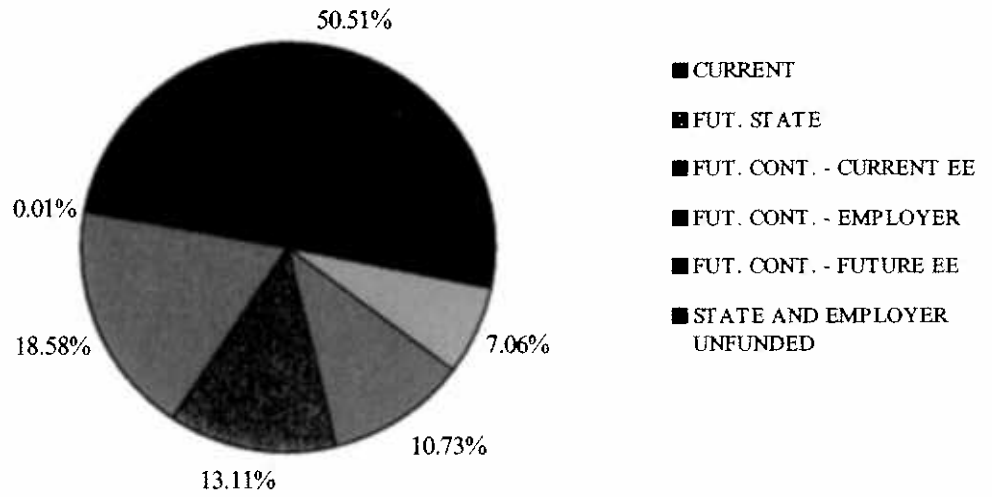
### NHRS EMPLOYEES ASSETS - JUNE 30, 2001



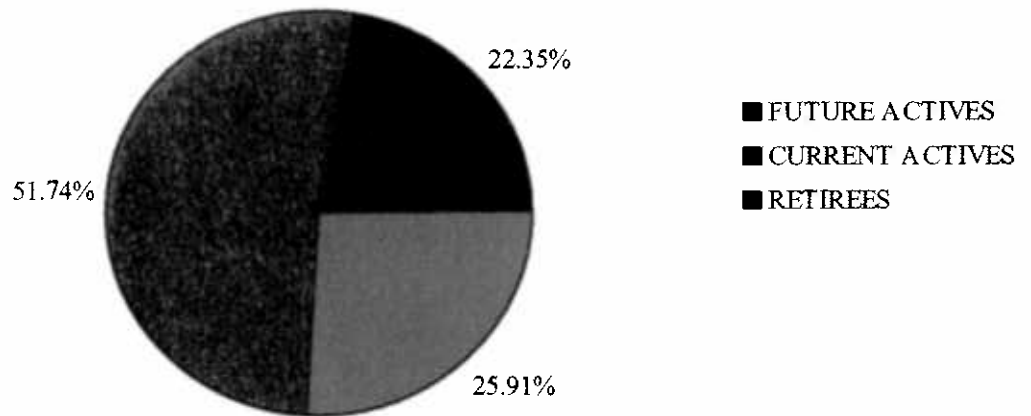
### NHRS EMPLOYEES LIABILITIES - JUNE 30, 2001



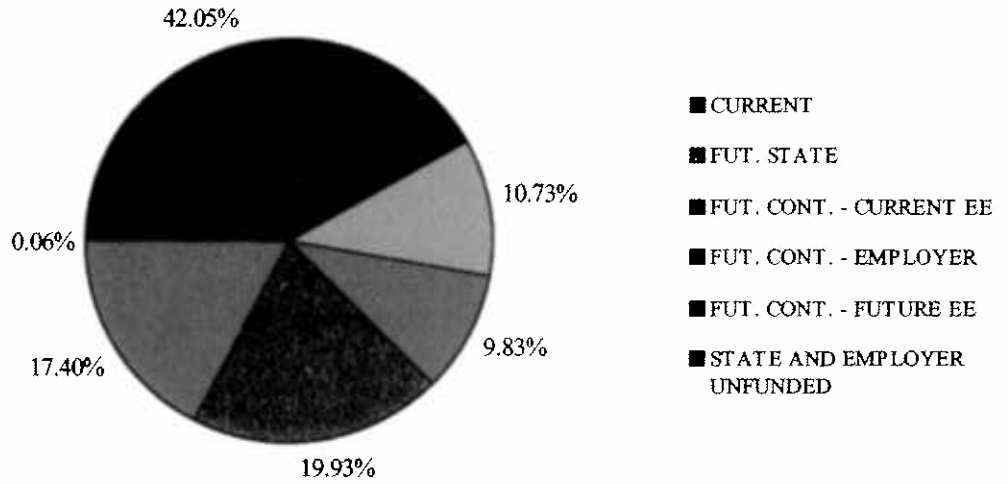
### NHRS TEACHERS ASSETS - JUNE 30, 2001



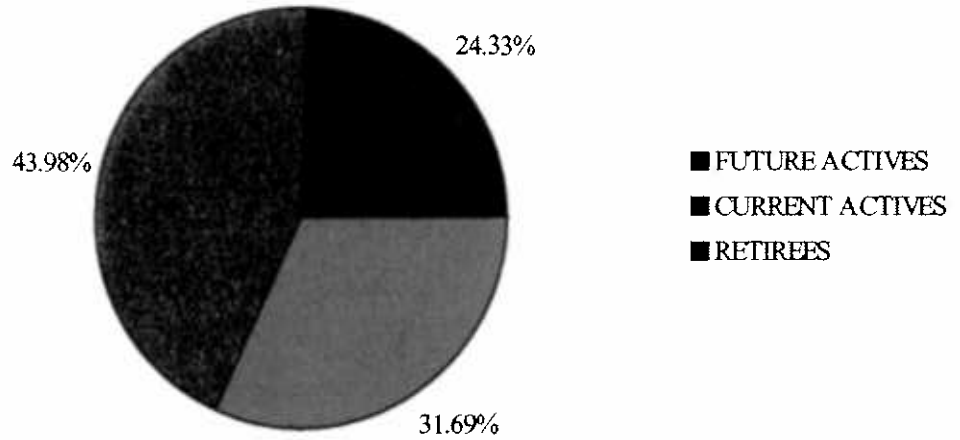
### NHRS TEACHERS LIABILITIES - JUNE 30, 2001



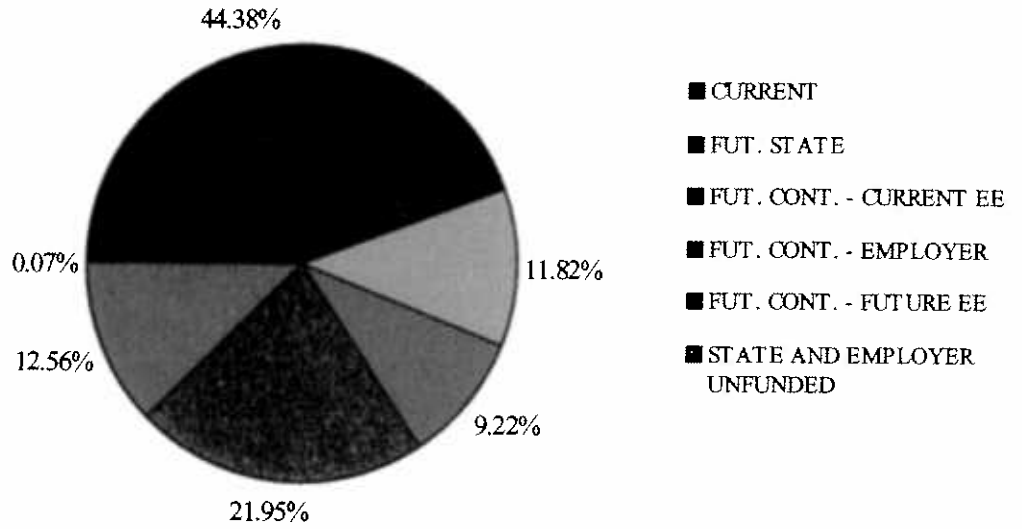
### NHRS POLICEMEN ASSETS - JUNE 30, 2001



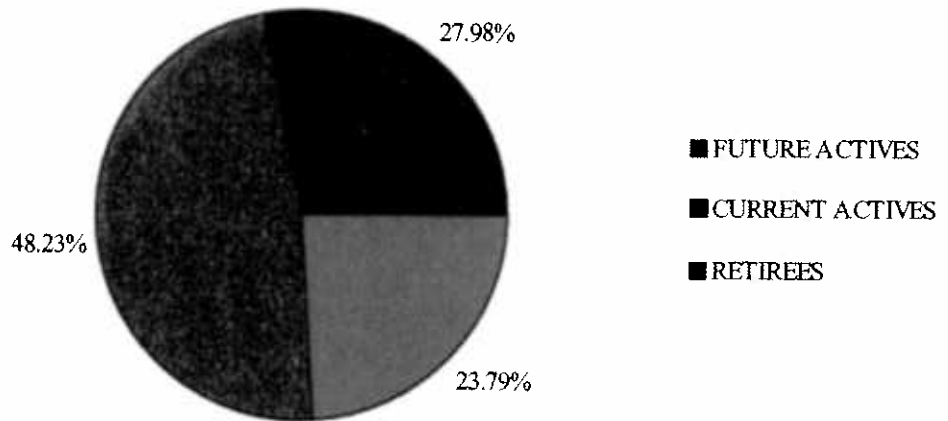
### NHRS POLICEMEN LIABILITIES - JUNE 30, 2001



### NHRS FIREMEN ASSETS - JUNE 30, 2001



### NHRS FIREMEN LIABILITIES - JUNE 30, 2001



**SCHEDULE B**

**OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS**

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS  
GROUP I - EMPLOYEES

INTEREST RATE: 9% per annum, compounded annually.  
9% per annum, compounded annually on employee contributions.  
(includes a 3.5% inflation component)

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and vesting, death, disability, early retirement and normal retirement are as follows:

<u>Age</u>	<u>Annual Rate of</u>					
	<u>Withdrawal and Vesting<sup>φ</sup></u>		<u>Death<sup>θ*</sup></u>		<u>Disability<sup>**</sup></u>	
	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>
25	10.00%	11.00%	.06%	.02%	.03%	.02%
30	9.00	9.00	.06	.02	.03	.05
35	7.00	7.00	.06	.02	.04	.10
40	5.00	6.00	.06	.03	.10	.10
45	5.00	5.00	.10	.04	.20	.15
50	5.00	5.00	.15	.05	.30	.20
55	5.00	4.00	.20	.25	.35	.20
59	5.00	4.00	.28	.33	.35	.24

<u>Age</u>	<u>Annual Rate of</u>			
	<u>Early Retirement</u>		<u>Normal Retirement</u>	
	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>
55	3.50%	4.00%		
58	6.20	7.60		
61			13.00%	12.00%
64			22.00	18.00
67			25.00	20.00
70			100.00	100.00

- <sup>φ</sup> Withdrawal rates for the first two years of employment are multiplied by 2.0.  
<sup>\*</sup> 98% are assumed to be ordinary death and 2% are assumed to be accidental death.  
<sup>\*\*</sup> 50% are assumed to be ordinary disability and 50% are assumed to be accidental disability.

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows:

<u>Age</u>	<u>Annual Rate of Salary Increases</u>
25	13.75%
30	9.25
35	8.25
40	6.85
45	6.65
50	6.45
55	6.25
60	6.05
64	5.89

**DEATHS AFTER RETIREMENT:** According to the 1995 Buck Mortality Table set forward 1 year for men and women. A special mortality table was used for the period after disability retirement.

**VALUATION METHOD:** Open group aggregate. Gains and losses are spread over the average future careers of both current and future active members. If the funded ratio is less than 130%, the minimum normal contribution rate shall not be less than the rate determined using the target funding method with a funding goal of 130% over a 20 year horizon and an 8% interest rate.

**ASSET VALUATION METHOD:** Five-year moving average of market values based on unit values. Under this method an artificial unit value is established as a starting point, and based on that value the starting number of units is determined. The increase in the number of units is determined by converting the net cash flow, excluding realized and unrealized gains and losses, into additional units based on the unit value at the beginning of the measurement period. At the end of the measurement period the number of units is divided into the market value of the fund to determine the new unit value. The average unit value over the past five years is multiplied by the number of units available at the valuation date to determine the value of assets at the valuation date. The actual value of assets used in the valuation is the middle value among book, market and the five-year average value, however, it cannot be lower than the five-year average value.

**PERCENTAGE MARRIED:** 80% of active members are assumed to be married and eligible for spouse's benefit with the husband assumed to be three years older than the wife. Of the married members 80% are assumed to elect spousal coverage for postretirement coverage.

**SEVERANCE PAY:** The valuation recognizes 100% of the effect of severance pay.

**EXPENSES:** None.

**PROJECTION ASSUMPTIONS:** The following additional assumptions were used in projecting the workforce. All other assumptions for projection purposes were identical to the valuation assumptions outlined above.

Workforce Size: Constant

New Entrant Distribution: The new entrants are assumed to be 40% male and 60% female distributed by age as follows:

Age	Percent	Male	Percent	Female
		2001 Compensation Level*		2001 Compensation Level*
20	5.0%	\$ 18,000	5.0%	\$ 14,000
25	10.0	21,000	15.0	18,000
30	15.0	25,000	15.0	19,000
35	15.0	26,000	15.0	20,000
40	15.0	26,000	15.0	20,000
45	15.0	27,000	15.0	20,000
50	10.0	27,000	10.0	21,000
55	10.0	27,000	5.0	21,000
60	5.0	27,000	5.0	21,000

\*Increases at 5.0% per annum.

**Investments:** The total realized rate of return on adjusted assets was 9% per annum during the projection period.



OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS  
GROUP I - TEACHERS

INTEREST RATE: 9% per annum, compounded annually.  
9% per annum, compounded annually on employee contributions.  
(includes a 3.5% inflation component)

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and vesting, death, disability, early retirement and normal retirement are as follows:

Age	<u>Annual Rate of</u>					
	<u>Withdrawal and Vesting<sup>ø</sup></u>		<u>Death*</u>		<u>Disability**</u>	
	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>
25	5.00%	5.00%	.06%	.03%	.01%	.01%
30	5.00	5.00	.06	.03	.01	.01
35	4.00	5.00	.06	.03	.01	.01
40	3.00	3.00	.06	.05	.01	.01
45	3.00	2.00	.06	.05	.02	.02
50	4.00	4.00	.12	.10	.05	.05
55	5.00	4.00	.18	.15	.20	.10
59	6.00	5.00	.18	.15	.20	.01

Age	<u>Annual Rate of</u>			
	<u>Early Retirement</u>		<u>Normal Retirement</u>	
	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>
55	5.00%	5.00%		
58	11.00	14.00		
61			17.00%	22.00%
64			23.00	28.00
67			26.00	32.00
70			100.00	100.00

ø Withdrawal rates for first year of employment are multiplied by 3.0 and for second year of employment are multiplied by 2.0. In addition, we assumed for postretirement medical coverage that 80% of the deferred vested terminations will elect to receive a return of member contributions in lieu of an allowance.

\* 98% are assumed to be ordinary death and 2% are assumed to be accidental death.

\*\* 92% are assumed to be ordinary disability and 8% are assumed to be accidental disability.

**SALARY INCREASES:** Representative values of the assumed rates of future salary increases are as follows:

<u>Age</u>	<u>Annual Rate of Salary Increases</u>
25	8.50%
30	6.50
35	5.75
40	5.00
45	4.25
50	4.00
55	3.75
60	3.50
64	3.50

**DEATHS AFTER RETIREMENT:** According to the 1995 Buck Mortality Table set back 1 year for men and women. A special mortality table was used for the period after disability retirement.

**VALUATION METHOD:** Open group aggregate. Gains and losses are spread over the average future careers of both current and future active members. If the funded ratio is less than 130%, the minimum normal contribution rate shall not be less than the rate determined using the target funding method with a funding goal of 130% over a 20 year horizon and an 8% interest rate.

**ASSET VALUATION METHOD:** Five-year moving average of market values based on unit values. Under this method an artificial unit value is established as a starting point, and based on that value the starting number of units is determined. The increase in the number of units is determined by converting the net cash flow, excluding realized and unrealized gains and losses, into additional units based on the unit value at the beginning of the measurement period. At the end of the measurement period the number of units is divided into the market value of the fund to determine the new unit value. The average unit value over the past five years is multiplied by the number of units available at the valuation date to determine the value of assets at the valuation date. The actual value of assets used in the valuation is the middle value among book, market and the five-year average value, however, it cannot be lower than the five-year average value.

**PERCENTAGE MARRIED:** 80% of active members are assumed to be married and eligible for spouse's benefit with the husband assumed to be three years older than the wife. Of the married members 80% are assumed to elect spousal coverage for postretirement coverage.

**SEVERANCE PAY:** The valuation recognizes 100% of the effect of severance pay.

**EXPENSES:** None.

PROJECTION ASSUMPTIONS: The following additional assumptions were used in projecting the workforce. All other assumptions for projection purposes were identical to the valuation assumptions outlined above.

Workforce Size: Increasing 1% per year until 2006 and constant thereafter.

New Entrant Distribution: The new entrants are assumed to be 25% male and 75% female distributed by age as follows:

<u>Age</u>	<u>Percent</u>	<u>Male</u>	<u>Percent</u>	<u>Female</u>
		<u>2001 Compensation Level*</u>		<u>2001 Compensation Level*</u>
25	25.0%	\$ 29,000	30.0%	\$ 29,000
30	20.0	31,000	20.0	30,000
35	15.0	32,000	10.0	31,000
40	15.0	35,000	10.0	33,000
45	10.0	36,000	15.0	34,000
50	10.0	39,000	10.0	36,000
55	5.0	42,000	5.0	36,000

\*Increases at 5.0% per annum.

Investments: The total realized rate of return on adjusted assets was 9% per annum during the projection period.

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS  
GROUP II - POLICEMEN

INTEREST RATE: 9% per annum, compounded annually.  
9% per annum, compounded annually on employee contributions.  
(includes a 3.5% inflation component)

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal, vesting, death, disability, and retirement are as follows:

<u>Age</u>	<u>Withdrawal and Vesting</u>	<u>Death</u>		<u>Annual Rate of Disability</u>		<u>Retirement</u>
		<u>Ordinary</u>	<u>Accidental</u>	<u>Ordinary</u>	<u>Accidental</u>	
25	6.00%	.05%	.01%	.01%	.01%	
30	5.00	.06	.01	.02	.01	
35	4.00	.07	.01	.02	.15	
40	3.00	.10	.01	.06	.20	
45	3.00	.14	.01	.24	.25	20.00%
50	3.00	.16	.01	.20	.30	22.08
55	2.00	.24	.01	.36	.35	24.17
60	2.00	.30	.01	1.38	.40	26.25
64		.40	.01	2.19	.40	27.92
67						29.17
70						100.00

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows:

<u>Age</u>	<u>Annual Rate of Salary Increases</u>
25	13.25%
30	8.75
35	7.50
40	6.25
45	6.25
50	6.25
55	6.25
60	6.25
64	6.25

DEATHS AFTER RETIREMENT: According to the 1995 George B. Buck Mortality Table set forward 1 year for men and women. A special mortality table was used for the period after disability retirement.

NORMAL RETIREMENT: Age 45 with 20 years of service or age 60 if earlier.

**VALUATION METHOD:** Open group aggregate. Gains and losses are spread over the average future careers of both current and future active members. If the funded ratio is less than 130%, the minimum normal contribution rate shall not be less than the rate determined using the target funding method with a funding goal of 130% over a 20 year horizon and an 8% interest rate.

**ASSET VALUATION METHOD:** Five-year moving average of market values based on unit values. Under this method an artificial unit value is established as a starting point, and based on that value the starting number of units is determined. The increase in the number of units is determined by converting the net cash flow, excluding realized and unrealized gains and losses, into additional units based on the unit value at the beginning of the measurement period. At the end of the measurement period the number of units is divided into the market value of the fund to determine the new unit value. The average unit value over the past five years is multiplied by the number of units available at the valuation date to determine the value of assets at the valuation date. The actual value of assets used in the valuation is the middle value among book, market and the five-year average value, however, it cannot be lower than the five-year average value.

**PERCENTAGE MARRIED:** 50% of active members are assumed to be married and eligible for spouse's benefit with the husband assumed to be three years older than the wife. 40% of active members are assumed to be married and elect spousal coverage for postretirement medical benefits.

**SEVERANCE PAY:** The valuation recognizes 100% of the effect of severance pay.

**EXPENSES:** None.

**PROJECTION ASSUMPTIONS:** The following additional assumptions were used in projecting the workforce. All other assumptions for projection purposes were identical to the valuation assumptions outlined above.

Workforce Size: Constant.

New Entrant Distribution: The new entrants are assumed to be all males distributed by age as follows:

<u>Age</u>	<u>Percent</u>	<u>2001 Compensation Level*</u>
20	5.0%	\$ 27,000
25	30.0	30,000
30	25.0	32,000
35	15.0	32,000
40	10.0	32,000
45	5.0	33,000
50	5.0	36,000
55	5.0	32,000

\*Increases at 5.0% per annum.

Investments: The total realized rate of return on adjusted assets was 9% per annum during the projection period.

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS  
GROUP II - FIREMEN

INTEREST RATE: 9% per annum, compounded annually.  
9% per annum, compounded annually on employee contributions.  
(includes a 3.5% inflation component)

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and vesting, death, disability, and retirement are as follows:

<u>Age</u>	<u>Annual Rate of</u>					
	<u>Withdrawal and Vesting</u>	<u>Death</u>		<u>Disability</u>		<u>Retirement</u>
		<u>Ordinary</u>	<u>Accidental</u>	<u>Ordinary</u>	<u>Accidental</u>	
25	1.00%	.04%	.02%	.02%	.05%	
30	1.00	.04	.02	.02	.07	
35	1.00	.05	.02	.02	.09	
40	1.00	.07	.02	.02	.20	
45	1.00	.10	.02	.02	.25	15.00%
50	1.00	.11	.02	.02	.30	15.00
55	1.00	.17	.02	.02	.35	25.00
60		.21	.02	.02	.40	30.00
64		.28	.02	.02	.40	26.00
67						25.00
70						100.00

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows:

<u>Age</u>	<u>Annual Rate of Salary Increases</u>
25	8.37%
30	7.54
35	6.71
40	6.25
45	6.25
50	6.25
55	6.25
60	6.25
64	6.25

DEATHS AFTER RETIREMENT: According to the 1989 George B. Buck Mortality Table setback 3 years for males. A special mortality table was used for the period after disability retirement.

NORMAL RETIREMENT: Age 45 with 20 years of service or age 60 if earlier.

**VALUATION METHOD:** Open group aggregate. Gains and losses are spread over the average future careers of both current and future active members. If the funded ratio is less than 130%, the minimum normal contribution rate shall not be less than the rate determined using the target funding method with a funding goal of 130% over a 20 year horizon and an 8% interest rate.

**ASSET VALUATION METHOD:** Five-moving average of market values based on unit values. Under this method an artificial unit value is established as a starting point, and based on that value the starting number of units is determined. The increase in the number of units is determined by converting the net cash flow, excluding realized and unrealized gains and losses, into additional units based on the unit value at the beginning of the measurement period. At the end of the measurement period the number of units is divided into the market value of the fund to determine the new unit value. The average unit value over the past five years is multiplied by the number of units available at the valuation date to determine the value of assets at the valuation date. The actual value of assets used in the valuation is the middle value among book, market and the five-year average value, however, it cannot be lower than the five-year average value.

**PERCENTAGE MARRIED:** 50% of active members are assumed to be married and eligible for spouse's benefit with the husband assumed to be three years older than the wife. 40% of active members assumed to be married and elect spousal coverage for postretirement medical benefits.

**SEVERANCE PAY:** The valuation recognizes 100% of the effect of severance pay.

**EXPENSES:** None.

**PROJECTION ASSUMPTIONS:** The following additional assumptions were used in projecting the workforce. All other assumptions for projection purposes were identical to the valuation assumptions outlined above.

Workforce Size: Constant.

New Entrant Distribution: The new entrants are assumed to be all males distributed by age as follows:

<u>Age</u>	<u>Percent</u>	<u>2001 Compensation Level*</u>
20	5.0%	\$ 32,000
25	20.0	33,000
30	30.0	33,000
35	25.0	33,000
40	10.0	33,000
45	10.0	32,000

\*Increases at 5.0% per annum.

Investments: The total realized rate of return on adjusted assets was 9% per annum during the projection period.

SCHEDULE C

**BRIEF SUMMARY OF PRINCIPAL PLAN PROVISIONS  
AS INTERPRETED FOR VALUATION PURPOSES**



BRIEF SUMMARY OF PRINCIPAL PLAN PROVISIONS  
AS INTERPRETED FOR VALUATION PURPOSES

1 - GENERAL

Plan Name	New Hampshire Retirement System.
Effective Date	July 1, 1967.
Membership	Prospectively, any employee, teacher, permanent policeman or permanent fireman becomes a member as a condition of employment; except in the case of elected officials or officials appointed for fixed terms, membership is optional.
Average Final Compensation (AFC)	Average annual compensation during highest 3 years.

2 - BENEFITS

GROUP I MEMBERS (EMPLOYEES AND TEACHERS)

Service Retirement	
Eligibility	Age 60.
Amount of Benefit	<p>A member annuity equal to the actuarial equivalent of the member's accumulated contributions plus a state annuity.</p> <p>Prior to the member's attainment of age 65, the state annuity, together with the member annuity, shall be equal to 1/60 of AFC multiplied by years of service.</p> <p>After attainment of age 65, the state annuity, together with the member annuity, shall be equal to 1/66 of AFC multiplied by years of service.</p>
Reduced Service Retirement	
Eligibility	Age plus service of at least 70, provided the member has at least 20 years of service or age 50 with at least 10 years of service.
Amount of Benefit	Service retirement benefit reduced by the following percents for each month that benefits commence prior to age 60.

<u>Years of Service at Retirement</u>	<u>Monthly Percent Reduction</u>
35 or more	1/8 of 1%
30 - 35	1/4 of 1%
25 - 30	1/3 of 1%
20 - 25	5/12 of 1%
less than 20	5/9 of 1%

#### Ordinary Disability Retirement

Eligibility 10 years of service and permanent disability.

Amount of Benefit Service retirement benefit if age 60, otherwise a member annuity plus a state annuity which together equals 1.5% of AFC multiplied by the number of years of creditable service at the time of disability; provided that the benefit shall not be less than 25% of AFC.

#### Accidental Disability Retirement

Eligibility Permanently disabled due to accident occurring while in the performance of duty.

Amount of Benefit Service retirement benefit if age 60, otherwise a member annuity plus a state annuity which together equals 50% of AFC; provided that the benefit shall not be less than 50% of AFC.

#### Ordinary Death Benefit

Eligibility Death, other than accidental death.

Amount of Benefit

(a) If 10 years of service or if eligible for service retirement and,

(i) if survived by a spouse, 50% of the service retirement benefit payable until death or remarriage;

(ii) if no surviving spouse or member designated a beneficiary other than his spouse, a lump sum equal to the greater of \$3,600 or the member's annual compensation.

- (b) If less than 10 years of service and if not eligible for service retirement, a lump sum equal to the greater of \$3,600 or the member's annual compensation.

#### Accidental Death Benefit

Eligibility

Accidental death occurring while in the performance of duty.

Amount of Benefit

Benefit equal to 50% of AFC.

#### Vested Deferred Retirement

Eligibility

10 years of service, if no withdrawal of contributions.

Amount of Benefit

Payable at age 60, a member annuity plus a state annuity which together equals the service retirement benefit that would be payable after age 60. The benefit changes at age 65 as for service retirement. At any time after attainment of age 50, a member may have his benefit commence early, however, the benefit will be reduced for early commencement using the same early retirement reduction factors as described under reduced service retirement.

#### Return of Members' Contributions

- (a) Upon termination of service other than for retirement or death, and if vested deferred retirement has not been elected, the member's accumulated contributions are returned to him.
- (b) Upon accidental death or upon other death for which no surviving spouse's benefit is payable, the member's accumulated contributions will be paid to the member's beneficiary or estate.
- (c) Upon death prior to age 60 of a member on deferred vested retirement, the member's accumulated contributions will be paid to the member's beneficiary or estate.
- (d) Upon death of a retired member (or the survivor of a retired member, if an optional benefit was

elected), the excess of his accumulated contributions at retirement over the benefits received by the retired member (and, in the case of election of an optional benefit, the benefits received by the survivor) will be paid to the beneficiary or estate of the member.

Special Provisions Applicable  
to Certain Members Transferred  
from the Employees' Retirement  
System of the State of New  
Hampshire

Certain employee members transferred to the New Hampshire Retirement System effective January 1, 1976 have elected to have their benefits calculated on the basis of the provisions of the Predecessor System.

## GROUP II MEMBERS (POLICEMEN AND FIREMEN)

## Service Retirement

Eligibility Age 45 and 20 years service or age 60 if earlier (age 65 before July 1, 1989) regardless of the number of years of service.

Amount of Benefit A member annuity equal to the actuarial equivalent of the member's accumulated contributions plus a state annuity which together with the member annuity is equal to 2-1/2% of AFC times years of service, but not more than 40 years. Effective July 1, 1992, if a member retires on a full service retirement, the minimum annual benefit (prior to reduction for optional form of payment) is \$5,200. The minimum annual benefit is reduced for benefits payable from Social Security and from any public body benefits.

## Ordinary Disability Retirement

Eligibility 10 years service and permanent disability.

Amount of Benefit A member annuity plus a state annuity which together equals the service retirement benefit; provided that the benefit shall not be less than 25% of the member's annual compensation.

## Accidental Disability Retirement

Eligibility Permanent disability occurring while in the performance of duty.

Amount of Benefit A member annuity as for service retirement plus a state annuity which together with the member annuity is equal to 2/3 of AFC. If a member has completed more than 26-2/3 years of service, then a supplemental disability allowance will also be paid equal to 2-1/2% of AFC multiplied by service in excess of 26-2/3 years but not in excess of 40 years.

## Ordinary Death Benefit

Eligibility Death other than accidental death.

Amount of Benefit

- (a) If 10 years of service or if eligible for service retirement and,
  - (i) if survived by a spouse, 50% of the service retirement benefit payable until death or remarriage.
  - (ii) if no surviving spouse or member designated a beneficiary other than his spouse, a lump sum equal to the greater of \$3,600 or member's annual compensation.
- (b) If less than 10 years of service and not eligible for service retirement, a lump sum equal to the greater of \$3,600 or the member's annual compensation.

Accidental Death Benefit

Eligibility

Accidental death occurring while in the performance of duty.

Amount of Benefit

50% of the annual rate of compensation payable first to spouse until death or remarriage, then to children under age 18 or if no spouse or children, to dependent parent.

Death after Retirement

Retirement Prior to April 1, 1987

Lump sum of \$3,600 unless accidental disability retirement, then surviving spouse receives 50% of the retired member's disability benefits payable until death or remarriage.

Retirement on or after April 1, 1987

Benefit payable to surviving spouse until death or remarriage equal to 50% of the member's service, ordinary disability or accidental disability retirement allowance if member was married on the date of retirement plus a lump sum. The lump sum shall be equal to:

If retired prior to July 1, 1988:	\$ 3,600
If retired on or after July 1, 1988:	
If Group II member as of June 30, 1988	\$10,000

If becomes a Group II member  
after June 30, 1988 and prior  
to July 1, 1993 \$ 3,600

Special Death Benefit - Old Firemen's  
System

Continuance of duty-connected disability benefits to spouse of deceased retired member payable until death or remarriage.

Vested Deferred Retirement

Eligibility 10 years of service, if no withdrawal of contributions.

Amount of Benefit A benefit determined as for service retirement payable when the member would be age 45 with 20 years of service or age 60 if earlier.

Return of Members'

Contributions

- (a) Upon termination of service other than for retirement or death, and if vested deferred retirement has not been elected, the member's accumulated contributions are returned to the member.
- (b) Upon accidental death or upon other death for which no surviving spouse's benefit is payable, the member's accumulated contributions will be paid to the member's beneficiary or estate.
- (c) Upon death of a member on vested deferred retirement prior to the time benefits commence, the member's accumulated contributions will be paid to the member's beneficiary or estate.
- (d) Upon death of the survivor of a member retired on accidental disability and his spouse in receipt of the accidental disability survivor benefit, the excess of the member's accumulated contributions at retirement over the benefits received by the member and his spouse will be paid to his beneficiary or estate.

- (e) Upon death of a retired member (or the survivor of a retired member, if an optional benefit was elected), the excess of accumulated contributions at retirement over the benefits received by the retired member (and, in the case of election of an optional benefit, the benefits received by the survivor) will be paid to the beneficiary or estate of the member.

#### Benefits for Call Firemen

Accidental Disability	Annual benefit not to exceed \$1,250 if permanently disabled while in the performance of duty.
Accidental Death	Annual benefit not to exceed \$1,250 if death as a result of injury received while in the performance of duty. Paid to spouse until death or remarriage, then to children until age 18 or if no spouse or children under 18, to the dependent parent.
Death after Accidental Disability	Upon death of a call fireman receiving accidental disability benefits, the benefit will continue to be paid to the spouse until death or remarriage, then to children under age 18.

### 3 - CONTRIBUTIONS

#### GROUP I MEMBERS (EMPLOYEES AND TEACHERS)

By Members	5.00% of compensation.
By Employer	
For Employee Members	100% of the normal contribution rate for their employees plus accrued liability contributions, if any.
For Teacher Members	65% of the normal contribution rate for their employees plus 65% of the accrued liability contributions, if any.



By the State

For Employee Members

100% of the normal contribution rate for its employees plus accrued liability contributions, plus any delinquent accrued liability contributions.

For Teacher Members

35% of the normal contribution rate for the employees of the employing subdivisions plus 35% of the accrued liability contributions, if any, plus any delinquent accrued liability contributions. In the case of teacher members employed by the state, the state shall pay 100% of both the normal and accrued liability contributions, if any.

**GROUP II MEMBERS (POLICEMEN AND FIREMEN)**

By Members

Policemen and Firemen

9.30% of compensation.

Call Firemen

\$6 per year (not refundable).

By Employing Subdivisions

65% of the normal contribution rate for their employees plus 65% of the accrued liability contributions, if any.

By the State

35% of the normal contribution rate for the employees of the employing subdivision plus 35% accrued liability contributions, if any, plus any delinquent accrued liability contributions. In the case of Group II members employed by the state, the state shall pay 100% of both the normal and accrued liability contributions, if any.

**SCHEDULE D**

**TABLES OF EMPLOYEE DATA**

**TABLE J**  
**Number and Annual Compensation of Male Employees**  
**By Fifth Age and Service Category**  
**as of June 30, 2001**

Age	Service														Total		
	1	5	10	15	20	25	30	35	40	45	50	55	59				
20	137	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	145
	1,994,441	177,192	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,171,633
25	366	121	2	0	0	0	0	0	0	0	0	0	0	0	0	0	489
	6,254,728	3,149,241	53,248	0	0	0	0	0	0	0	0	0	0	0	0	0	9,457,217
30	395	307	92	10	0	0	0	0	0	0	0	0	0	0	0	0	804
	7,346,131	8,603,477	2,869,071	310,208	0	0	0	0	0	0	0	0	0	0	0	0	19,128,887
35	346	326	221	170	3	0	0	0	0	0	0	0	0	0	0	0	1,066
	7,298,766	10,286,221	7,576,691	6,056,416	82,841	0	0	0	0	0	0	0	0	0	0	0	31,300,935
40	389	367	267	255	89	7	0	0	0	0	0	0	0	0	0	0	1,374
	8,421,953	11,528,043	9,655,331	9,809,974	3,196,970	235,561	0	0	0	0	0	0	0	0	0	0	42,847,832
45	396	370	318	273	188	109	2	0	0	0	0	0	0	0	0	0	1,656
	8,317,412	11,753,686	11,508,359	10,488,376	7,521,027	4,371,445	60,203	0	0	0	0	0	0	0	0	0	54,020,508
50	317	381	305	270	162	204	80	0	0	0	0	0	0	0	0	0	1,719
	7,240,238	12,745,148	11,298,717	10,360,416	6,849,230	8,548,590	3,495,621	0	0	0	0	0	0	0	0	0	60,537,960
55	271	289	236	235	120	184	160	31	0	0	0	0	0	0	0	0	1,526
	6,041,883	9,529,987	8,865,359	9,386,855	4,984,645	7,950,765	8,034,643	1,446,987	0	0	0	0	0	0	0	0	56,241,124
60	188	197	149	204	79	81	55	30	10	0	0	0	0	0	0	0	993
	4,197,720	5,806,382	5,460,742	7,664,305	3,167,446	3,635,888	2,653,970	1,652,438	448,009	0	0	0	0	0	0	0	34,686,900
63	34	48	52	30	15	9	4	5	1	0	0	0	0	0	0	0	198
	719,950	1,451,662	1,692,148	1,158,016	546,784	427,242	190,967	240,591	70,123	0	0	0	0	0	0	0	6,497,483
66	17	15	21	9	2	1	1	0	1	1	0	0	0	0	0	0	68
	326,538	385,029	695,366	343,861	52,170	40,625	27,175	0	36,307	41,423	0	0	0	0	0	0	1,948,494
70	11	21	14	10	2	1	1	0	1	0	0	0	0	0	0	0	61
	173,933	643,058	414,349	316,273	55,823	81,100	30,670	0	30,851	0	0	0	0	0	0	0	1,746,057
74	2	4	5	3	3	3	2	1	0	0	0	0	0	0	0	0	23
	23,042	121,081	198,050	73,507	121,192	87,588	112,705	30,477	0	0	0	0	0	0	0	0	767,642
Total	2,869	2,454	1,682	1,469	663	599	305	67	13	1	0	0	0	0	0	0	10,122
	58,356,755	76,180,207	60,287,431	55,968,207	26,578,128	25,378,804	14,605,954	3,370,493	585,290	41,423	0	0	0	0	0	0	321,352,672

TABLE

**Number and Annual Compensation of Female Employees  
By Fifth Age and Service Category  
as of June 30, 2001**

Age	Service														Total		
	1	5	10	15	20	25	30	35	40	45	50	55	59				
20	223	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	234
	2,612,315	248,958	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,861,273
25	590	138	0	0	0	0	0	0	0	0	0	0	0	0	0	0	728
	8,398,294	3,112,158	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,510,452
30	588	379	129	10	0	0	0	0	0	0	0	0	0	0	0	0	1,106
	10,113,570	9,309,461	3,612,029	283,620	0	0	0	0	0	0	0	0	0	0	0	0	23,318,680
35	578	425	284	169	7	0	0	0	0	0	0	0	0	0	0	0	1,463
	9,587,997	10,697,698	8,399,180	5,135,512	220,262	0	0	0	0	0	0	0	0	0	0	0	34,040,649
40	742	611	353	242	113	10	0	0	0	0	0	0	0	0	0	0	2,071
	12,167,998	15,293,842	10,563,172	8,060,700	3,775,701	309,622	0	0	0	0	0	0	0	0	0	0	50,171,035
45	773	766	460	328	151	99	8	0	0	0	0	0	0	0	0	0	2,585
	13,267,718	18,681,758	13,661,980	10,453,961	5,656,706	3,475,602	278,651	0	0	0	0	0	0	0	0	0	65,476,376
50	558	649	522	396	162	109	65	3	0	0	0	0	0	0	0	0	2,464
	10,272,123	16,548,760	15,672,393	11,984,576	5,854,366	4,119,970	2,412,485	94,810	0	0	0	0	0	0	0	0	66,959,483
55	336	421	430	407	202	115	62	23	1	0	0	0	0	0	0	0	1,997
	6,416,202	10,797,356	12,431,278	11,653,097	6,564,446	4,297,098	2,516,237	899,236	33,157	0	0	0	0	0	0	0	55,608,107
60	165	227	243	275	173	102	43	14	6	1	0	0	0	0	0	0	1,249
	2,980,819	5,651,667	6,805,418	7,777,125	5,714,406	3,292,194	1,592,807	566,848	221,240	24,523	0	0	0	0	0	0	34,627,047
63	25	38	70	56	26	16	2	2	0	0	0	0	0	0	0	0	235
	491,714	904,322	1,729,877	1,655,282	848,504	493,482	90,083	45,589	0	0	0	0	0	0	0	0	6,258,853
66	3	15	14	15	11	8	1	1	1	0	0	0	0	0	0	0	69
	72,213	338,891	360,488	387,553	380,116	212,307	25,605	27,205	25,433	0	0	0	0	0	0	0	1,829,811
70	4	5	16	19	7	7	4	2	0	0	0	0	0	0	0	0	65
	114,239	105,802	464,397	585,291	203,451	163,453	135,741	69,047	0	0	33,735	0	0	0	0	0	1,875,156
74	2	4	6	4	5	2	2	0	0	0	0	0	0	0	0	0	25
	29,955	102,269	157,767	96,245	129,965	44,775	85,054	0	0	0	0	0	0	0	0	0	646,030
Total	4,587	3,689	2,527	1,921	857	468	187	45	8	1	0	0	0	0	0	0	14,291
	76,525,157	91,792,942	73,857,979	58,072,962	29,347,923	16,408,503	7,136,663	1,702,735	279,830	24,523	33,735	0	0	0	0	0	355,182,952

**TABLE**  
**Number and Annual Compensation of Male Teachers**  
**By Fifth Age and Service Category**  
**as of June 30, 2001**

Age	Service														Total	
	1	5	10	15	20	25	30	35	40	45	50	55	59			
25	198	60	1	0	0	0	0	0	0	0	0	0	0	0	0	239
30	5,072,186	1,803,411	35,028	0	0	0	0	0	0	0	0	0	0	0	0	6,910,625
35	184	263	22	0	0	0	0	0	0	0	0	0	0	0	0	469
40	4,972,219	8,689,398	803,083	0	0	0	0	0	0	0	0	0	0	0	0	14,464,700
45	101	189	130	27	1	0	0	0	0	0	0	0	0	0	0	448
50	2,903,601	6,750,153	5,243,246	1,158,270	40,450	0	0	0	0	0	0	0	0	0	0	16,095,720
55	99	111	98	146	30	0	0	0	0	0	0	0	0	0	0	484
60	2,906,131	4,158,562	4,200,001	6,790,656	1,494,339	0	0	0	0	0	0	0	0	0	0	19,549,689
63	90	88	73	122	117	52	0	0	0	0	0	0	0	0	0	542
66	2,762,724	3,335,170	3,172,076	5,849,541	5,860,433	2,607,308	0	0	0	0	0	0	0	0	0	23,587,252
70	86	127	91	115	152	244	91	0	0	0	0	0	0	0	0	906
74	2,873,335	5,121,706	4,278,639	5,621,327	7,777,030	12,556,604	4,861,460	0	0	0	0	0	0	0	0	43,090,101
Total	1,597,621	3,295,477	3,187,725	5,544,624	4,668,509	6,849,996	16,304,493	3,752,858	0	0	0	0	0	0	0	45,201,303
	20	32	28	35	25	39	66	82	15	0	0	0	0	0	0	342
	644,600	1,443,672	1,412,292	1,699,586	1,289,957	2,095,211	3,751,766	4,570,678	847,040	0	0	0	0	0	0	17,754,802
	3	0	3	2	4	3	5	4	4	0	0	0	0	0	0	28
	149,988	0	143,788	122,227	242,831	142,505	240,702	215,762	237,347	0	0	0	0	0	0	1,495,150
	2	0	0	2	1	2	0	0	1	0	0	0	0	0	0	8
	79,231	0	0	73,867	55,188	120,224	0	0	88,446	0	0	0	0	0	0	416,956
	1	0	0	1	0	0	1	0	1	1	0	0	0	0	0	5
	32,173	0	0	44,620	0	0	67,756	0	41,190	65,071	0	0	0	0	0	250,810
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	832	951	515	563	425	476	475	156	21	1	0	0	0	0	0	4,415
	23,993,809	34,597,549	22,475,878	26,904,718	21,428,737	24,371,848	25,226,177	8,539,298	1,214,023	65,071	0	0	0	0	0	188,817,108

**TABLE**  
**Number and Annual Compensation of Female Teachers**  
**By Fifth Age and Service Category**  
**as of June 30, 2001**

Age	Service														Total		
	1	5	10	15	20	25	30	35	40	45	50	55	59				
20	45,882	32,346	0	0	0	0	0	0	0	0	0	0	0	0	0	3	78,228
25	718	247	0	0	0	0	0	0	0	0	0	0	0	0	0	0	965
	18,223,950	7,049,526	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25,273,476
30	495	837	118	0	0	0	0	0	0	0	0	0	0	0	0	0	1,450
	13,011,829	24,902,509	4,130,132	0	0	0	0	0	0	0	0	0	0	0	0	0	42,044,470
35	276	409	355	104	0	0	0	0	0	0	0	0	0	0	0	0	1,144
	7,342,068	12,891,040	12,727,301	4,280,852	0	0	0	0	0	0	0	0	0	0	0	0	37,241,261
40	301	372	264	419	96	0	0	0	0	0	0	0	0	0	0	0	1,452
	8,711,200	12,423,593	10,325,396	17,719,207	4,220,114	0	0	0	0	0	0	0	0	0	0	0	53,399,510
45	365	563	346	417	344	126	0	0	0	0	0	0	0	0	0	0	2,161
	11,174,190	19,477,553	13,922,539	18,332,581	15,777,715	6,063,252	0	0	0	0	0	0	0	0	0	0	84,747,830
50	309	527	501	571	336	488	189	0	0	0	0	0	0	0	0	0	2,921
	9,738,205	19,069,528	20,475,943	25,510,297	15,827,200	23,395,439	9,138,845	0	0	0	0	0	0	0	0	0	123,155,457
55	145	270	327	525	345	245	385	80	0	0	0	0	0	0	0	0	2,322
	4,594,001	10,427,292	13,545,451	23,452,510	16,658,486	12,032,229	19,084,997	3,993,494	0	0	0	0	0	0	0	0	103,788,460
60	38	52	73	163	145	126	83	50	15	0	0	0	0	0	0	0	745
	1,461,049	2,094,600	2,941,872	7,271,256	6,884,959	6,425,424	4,286,583	2,896,065	810,900	0	0	0	0	0	0	0	35,072,708
63	3	4	10	15	21	19	11	4	0	0	0	0	0	0	0	0	87
	105,827	159,890	429,623	703,662	1,028,221	942,114	502,495	233,754	0	0	0	0	0	0	0	0	4,105,586
66	0	2	2	6	6	8	3	1	2	0	0	0	0	0	0	0	30
	0	83,149	84,339	295,318	291,632	409,562	168,311	47,137	108,387	0	0	0	0	0	0	0	1,487,835
70	0	0	1	2	6	2	4	2	1	0	0	0	0	0	0	0	18
	0	0	35,607	100,671	296,389	94,498	240,456	103,331	68,689	0	0	0	0	0	0	0	939,641
74	1	0	0	0	2	1	1	0	0	0	0	0	0	0	0	0	5
	23,278	0	0	0	90,105	48,690	47,006	0	0	0	0	0	0	0	0	0	209,079
Total	2,653	3,284	1,997	2,222	1,301	1,015	676	137	18	0	0	0	0	0	0	0	13,303
	74,431,479	108,611,026	78,618,203	97,666,354	61,074,821	49,411,208	33,468,693	7,273,781	987,976	0	0	0	0	0	0	0	511,543,541

TABLE 3

**Number and Annual Compensation of Male Policemen  
By Fifth Age and Service Category  
as of June 30, 2001**

Age	Service														Total		
	1	5	10	15	20	25	30	35	40	45	50	55	59				
20	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	41
	765,746	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	765,746
25	307	98	0	0	0	0	0	0	0	0	0	0	0	0	0	0	405
	7,780,417	3,913,257	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,693,674
30	249	376	94	0	0	0	0	0	0	0	0	0	0	0	0	0	719
	7,424,086	15,882,333	4,268,068	0	0	0	0	0	0	0	0	0	0	0	0	0	27,574,487
35	152	188	270	130	0	0	0	0	0	0	0	0	0	0	0	0	740
	4,226,110	7,671,860	13,217,972	6,870,211	0	0	0	0	0	0	0	0	0	0	0	0	31,986,153
40	100	86	134	277	81	2	0	0	0	0	0	0	0	0	0	0	680
	2,634,416	3,249,574	6,039,486	15,342,049	4,804,506	120,276	0	0	0	0	0	0	0	0	0	0	32,190,307
45	59	74	65	114	158	53	1	0	0	0	0	0	0	0	0	0	524
	1,581,965	2,983,352	2,967,398	6,079,577	9,339,272	3,484,448	69,012	0	0	0	0	0	0	0	0	0	26,505,024
50	48	53	39	38	50	46	14	0	0	0	0	0	0	0	0	0	288
	1,319,027	2,076,061	1,625,312	1,888,802	2,890,730	2,954,354	902,748	0	0	0	0	0	0	0	0	0	13,657,034
55	31	33	33	37	17	14	14	0	0	0	0	0	0	0	0	0	179
	898,075	1,364,080	1,236,336	1,701,424	847,596	796,160	933,014	0	0	0	0	0	0	0	0	0	7,776,685
60	9	14	11	15	5	5	1	0	0	0	0	0	0	0	0	0	61
	271,326	545,195	406,726	600,290	143,668	318,174	41,624	93,048	0	0	0	0	0	0	0	0	2,420,051
63	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	3
	0	0	82,046	0	0	56,598	0	0	0	0	0	0	0	0	0	0	138,644
66	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	3
	44,327	35,717	0	42,067	0	0	0	0	0	0	0	0	0	0	0	0	122,111
70	0	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	2
	0	0	41,666	0	0	75,031	0	0	0	0	0	0	0	0	0	0	116,697
74	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	85,823
Total	997	923	649	612	311	122	30	1	0	0	0	0	0	0	0	0	3,646
	26,945,495	37,721,429	29,885,010	32,524,420	18,025,772	7,805,041	1,946,398	93,048	0	0	0	0	0	0	0	0	155,032,436

TA 6

**Number and Annual Compensation of Female Policemen  
By Fifth Age and Service Category  
as of June 30, 2001**

Age	Service														Total
	1	5	10	15	20	25	30	35	40	45	50	55	59		
20	7	0	0	0	0	0	0	0	0	0	0	0	0	7	
	92,339	0	0	0	0	0	0	0	0	0	0	0	0	92,339	
25	41	15	0	0	0	0	0	0	0	0	0	0	0	56	
	967,182	554,777	0	0	0	0	0	0	0	0	0	0	0	1,521,959	
30	43	40	4	0	0	0	0	0	0	0	0	0	0	87	
	970,128	1,597,339	189,528	0	0	0	0	0	0	0	0	0	0	2,756,995	
35	27	24	14	11	0	0	0	0	0	0	0	0	0	76	
	783,040	961,459	568,622	608,131	0	0	0	0	0	0	0	0	0	2,921,252	
40	29	18	5	18	9	0	0	0	0	0	0	0	0	79	
	873,394	684,044	228,116	909,856	397,301	0	0	0	0	0	0	0	0	3,092,711	
45	27	10	12	6	11	2	0	0	0	0	0	0	0	68	
	752,828	315,712	466,668	299,854	502,851	74,180	0	0	0	0	0	0	0	2,412,093	
50	18	9	8	6	5	2	0	0	0	0	0	0	0	48	
	561,428	317,158	315,180	240,221	257,032	75,202	0	0	0	0	0	0	0	1,766,221	
55	22	6	5	3	2	0	0	0	0	0	0	0	0	38	
	663,536	203,056	182,242	93,979	91,083	0	0	0	0	0	0	0	0	1,233,896	
60	7	5	1	2	1	2	1	0	0	0	0	0	0	19	
	201,144	158,397	57,508	61,732	38,653	66,656	37,868	0	0	0	0	0	0	621,958	
63	1	0	0	0	0	0	0	0	0	0	0	0	0	1	
	36,731	0	0	0	0	0	0	0	0	0	0	0	0	36,731	
66	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
70	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
74	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	222	127	49	46	28	6	1	0	0	0	0	0	0	479	
	5,901,750	4,791,942	2,007,864	2,213,773	1,286,920	216,038	37,868	0	0	0	0	0	0	16,456,155	





**TA. 3**  
**Number and Annual Compensation of Female Firemen**  
**By Fifth Age and Service Category**  
**as of June 30, 2001**

Age	Service										Total				
	1	5	10	15	20	25	30	35	40	45	50	55	59		
20	0	0	0	0	0	0	0	0	0	0	0	0	0		
25	1	0	0	0	0	0	0	0	0	0	0	0	1		
	39,004	0	0	0	0	0	0	0	0	0	0	0	39,004		
30	2	3	2	0	0	0	0	0	0	0	0	0	7		
	41,518	121,694	82,174	0	0	0	0	0	0	0	0	0	245,386		
35	2	3	3	1	0	0	0	0	0	0	0	0	9		
	53,237	125,371	140,260	45,869	0	0	0	0	0	0	0	0	364,737		
40	2	4	3	1	0	0	0	0	0	0	0	0	10		
	39,388	157,983	128,247	46,691	0	0	0	0	0	0	0	0	372,309		
45	0	0	0	0	0	1	0	0	0	0	0	0	1		
	0	0	0	0	0	67,391	0	0	0	0	0	0	67,391		
50	0	0	0	1	0	0	0	0	0	0	0	0	1		
	0	0	0	64,526	0	0	0	0	0	0	0	0	64,526		
55	0	0	0	0	0	0	0	0	0	0	0	0	0		
60	0	0	0	0	0	0	0	0	0	0	0	0	0		
63	0	0	0	0	0	0	0	0	0	0	0	0	0		
66	0	0	0	0	0	0	0	0	0	0	0	0	0		
70	0	0	0	0	0	0	0	0	0	0	0	0	0		
74	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total	7	10	8	3	0	1	0	0	0	0	0	0	29		
	173,147	405,048	350,681	157,086	0	67,391	0	0	0	0	0	0	1,153,353		

TABLE 9

THE NUMBER AND ANNUAL ALLOWANCES  
OF RETIRED MEMBERS DISTRIBUTED  
BY FIFTH AGE AS OF JUNE 30, 2001

## EMPLOYEES

AGE GROUP	MALES		FEMALES	
	NUMBER	AMOUNT	NUMBER	AMOUNT
SERVICE RETIREMENTS				
43-47	2	\$ 11,367	5	\$ 18,875
48-52	18	100,380	17	115,705
53-57	84	1,018,486	96	797,701
58-62	297	3,978,871	340	2,749,132
63-67	769	9,155,018	780	5,805,991
68-72	856	9,526,703	750	5,119,233
73-77	687	6,358,541	652	4,397,918
78-82	440	3,717,072	479	2,602,197
83-87	248	1,631,425	249	1,294,955
88-92	90	635,329	105	541,097
93-97	18	157,539	29	177,883
98-102	3	5,380	8	36,404
TOTAL	3,512	\$ 36,296,111	3,510	\$ 23,657,091

## DISABILITY RETIREMENTS

28-32	1	\$ 8,908	1	\$ 10,659
33-37	3	27,414	10	102,653
38-42	12	152,362	24	237,214
43-47	30	314,888	24	262,976
48-52	42	517,849	51	519,439
53-57	61	708,002	66	625,528
58-62	65	751,997	50	505,023
63-67	43	390,476	29	304,814
68-72	29	306,721	21	231,581
73-77	14	183,015	12	110,536
78-82	5	43,186	7	72,970
83-87	3	25,891	2	17,241
88-92	1	8,566	1	8,680
93-97			3	25,824
TOTAL	309	\$ 3,439,275	301	\$ 3,035,138

TABLE 9

CONTINUED

THE NUMBER AND ANNUAL ALLOWANCES  
OF RETIRED MEMBERS DISTRIBUTED  
BY FIFTH AGE AS OF JUNE 30, 2001

## EMPLOYEES

AGE GROUP	MALES		FEMALES	
	NUMBER	AMOUNT	NUMBER	AMOUNT
BENEFICIARIES OF DECEASED MEMBERS				
23-27	1	\$ 11,788	1	\$ 2,000
28-32			1	11,788
33-37	2	16,254	2	12,529
38-42	2	1,721	5	20,519
43-47	6	29,843	4	23,178
48-52	13	69,288	12	77,536
53-57	5	16853	25	182,910
58-62	7	41,984	32	381,453
63-67	5	52,507	78	693,770
68-72	12	100,515	122	1,157,824
73-77	14	62,955	138	864,953
78-82	10	37,445	129	820,809
83-87	5	18,623	81	474,190
88-92	4	14,649	39	281,239
93-97	1	4,209	14	79,336
98-102	1	8,540	3	25,881
TOTAL	88	\$ 487,174	686	\$ 5,109,915

TABLE 10

THE NUMBER AND ANNUAL ALLOWANCES  
OF RETIRED MEMBERS DISTRIBUTED  
BY FIFTH AGE AS OF JUNE 30, 2001

## TEACHERS

AGE GROUP	MALES		FEMALES	
	NUMBER	AMOUNT	NUMBER	AMOUNT
SERVICE RETIREMENTS				
48-52	4	\$ 52,238	8	\$ 69,212
53-57	93	1,522,072	117	1,549,478
58-62	240	5,069,501	420	6,791,763
63-67	340	7,477,336	651	10,638,123
68-72	276	5,857,785	453	7,098,543
73-77	167	2,887,548	343	5,041,446
78-82	105	1,365,608	319	3,637,623
83-87	41	501,029	279	2,800,354
88-92	13	150,590	206	1,645,836
93-97	4	16,981	93	662,849
98-102			12	54,618
TOTAL	1,283	\$ 24,900,688	2,901	\$ 39,989,845

## DISABILITY RETIREMENTS

33-37			1	\$ 13,672
43-47	1	\$ 10,303	1	9,779
48-52	3	22,741	10	119,275
53-57	6	109,045	15	216,427
58-62	9	152,308	20	291,402
63-67	10	181,444	16	226,259
68-72	9	114,476	14	152,527
73-77	7	79,335	10	99,678
78-82			15	144,202
83-87			5	41,902
88-92			3	22,686
93-97			4	36,688
TOTAL	45	\$ 669,652	114	\$ 1,374,497

TABLE 10

CONTINUED

THE NUMBER AND ANNUAL ALLOWANCES  
OF RETIRED MEMBERS DISTRIBUTED  
BY FIFTH AGE AS OF JUNE 30, 2001

## TEACHERS

AGE GROUP	MALES		FEMALES	
	NUMBER	AMOUNT	NUMBER	AMOUNT
BENEFICIARIES OF DECEASED MEMBERS				
23-27	2	\$ 12,533	1	\$ 2,805
33-37			2	13,132
38-42	2	10,826		
43-47	2	34,656	4	59,988
48-52	2	9,452	6	28,200
53-57	3	20,772	7	62,903
58-62	3	14,737	18	264,258
63-67	7	66,845	20	398,625
68-72	6	89,277	14	289,783
73-77	4	32,806	19	250,334
78-82	6	49,737	17	158,606
83-87	3	25,980	15	134,407
88-92	3	13,006	3	14,913
93-97			4	26,664
98-102			2	15,789
TOTAL	43	\$ 380,627	132	\$ 1,720,407

TABLE 11

THE NUMBER AND ANNUAL ALLOWANCES  
OF RETIRED MEMBERS DISTRIBUTED  
BY FIFTH AGE AS OF JUNE 30, 2001

## POLICEMEN

AGE GROUP	MALES		FEMALES	
	NUMBER	AMOUNT	NUMBER	AMOUNT
SERVICE RETIREMENTS				
38-42			1	\$ 5,028
43-47	48	\$ 1,444,197	12	185,204
48-52	159	5,449,267	18	228,168
53-57	191	6,443,623	21	338,138
58-62	206	5,939,336	23	359,289
63-67	149	3,436,101	22	287,846
68-72	116	2,208,731	18	219,979
73-77	66	1,577,517	7	100,955
78-82	42	773,493	4	49,996
83-87	14	261,192	2	15,965
88-92	13	175,353		
93-97	2	25,690		
TOTAL	1,006	\$ 27,734,500	128	\$ 1,790,568

## DISABILITY RETIREMENTS

28-32	1	\$ 25,726		
33-37	8	194,244	1	\$ 6,186
38-42	16	415,896	1	25,969
43-47	26	776,271	5	136,787
48-52	35	879,838	9	171,303
53-57	49	1,168,642	3	58,291
58-62	38	925,718	1	11,105
63-67	24	506,951	1	10,418
68-72	25	474,430	1	18,541
73-77	12	201,795		
78-82	11	137,596		
83-87	3	37,896		
88-92	2	20,828		
TOTAL	250	\$ 5,765,831	22	\$ 438,600

TABLE 11

CONTINUED

THE NUMBER AND ANNUAL ALLOWANCES  
OF RETIRED MEMBERS DISTRIBUTED  
BY FIFTH AGE AS OF JUNE 30, 2001

## POLICEMEN

AGE GROUP	MALES		FEMALES	
	NUMBER	AMOUNT	NUMBER	AMOUNT
BENEFICIARIES OF DECEASED MEMBERS				
18-22	1	\$ 27,760		
33-37	1	31,537	1	\$ 13,428
38-42			1	25,970
43-47	2	41,396	7	200,037
48-52	2	44,486	4	58,308
53-57	1	18,870	8	214,664
58-62			11	207,557
63-67			27	439,623
68-72	3	35,561	24	295,280
73-77	4	54,999	29	298,184
78-82	3	23,024	21	188,461
83-87	3	19,206	21	220,154
88-92	1	21,668	1	5,408
93-97			3	39,198
98-102	1	35,815		
TOTAL	22	\$ 354,322	158	\$ 2,206,272



TABLE 12

THE NUMBER AND ANNUAL ALLOWANCES  
OF RETIRED MEMBERS DISTRIBUTED  
BY FIFTH AGE AS OF JUNE 30, 2001

## FIREMEN

AGE GROUP	MALES		FEMALES	
	NUMBER	AMOUNT	NUMBER	AMOUNT
SERVICE RETIREMENTS				
38-42			1	\$ 14,403
43-47	25	\$ 839,283	2	15,768
48-52	102	3,069,465	7	76,150
53-57	104	2,952,278	5	51,661
58-62	90	2,743,765	2	16,318
63-67	80	2,063,757	1	21461
68-72	53	1,180,978		
73-77	62	1,325,737	2	25679
78-82	31	620,549		
83-87	18	291,019		
88-92	6	80,447		
93-97				
TOTAL	571	\$ 15,167,278	20	\$ 221,440

## DISABILITY RETIREMENTS

33-37	2	\$ 50,077		
38-42	2	42,135	1	\$ 33,362
43-47	11	298,322	1	21,340
48-52	14	322,402		
53-57	16	328,241		
58-62	27	520,334		
63-67	18	397,265		
68-72	12	238,392		
73-77	12	223,439		
78-82	10	141,439		
83-87	5	62,652		
88-92	2	40,153		
TOTAL	131	\$ 2,664,851	2	\$ 54,702

TABLE 12

CONTINUED

THE NUMBER AND ANNUAL ALLOWANCES  
OF RETIRED MEMBERS DISTRIBUTED  
BY FIFTH AGE AS OF JUNE 30, 2001

## FIREMEN

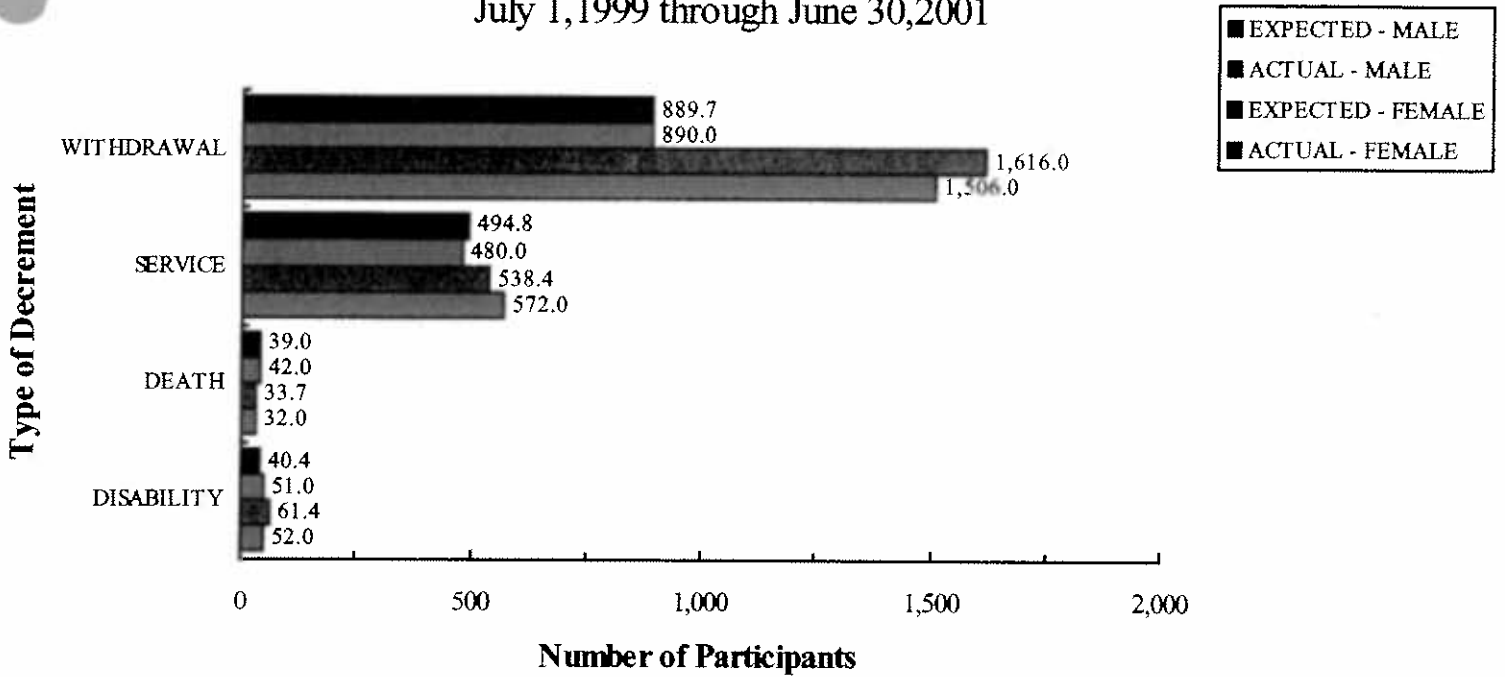
AGE GROUP	MALES		FEMALES	
	NUMBER	AMOUNT	NUMBER	AMOUNT
BENEFICIARIES OF DECEASED MEMBERS				
38-42			1	\$ 2,783
43-47	1	\$ 15,995	4	28,370
48-52			3	20,737
53-57	1	10,198	8	186,331
58-62	1	12,379	4	51,954
63-67	3	36,813	15	262,406
68-72	1	14,507	21	307,349
73-77	8	93,431	31	344,949
78-82	4	55,286	34	426,362
83-87	4	16,998	26	296,249
88-92	2	33,889	4	44,484
93-97	2	20,427	4	31,990
TOTAL	27	\$ 309,923	155	\$ 2,003,964

**SCHEDULE E**

**EXPERIENCE GRAPHS**

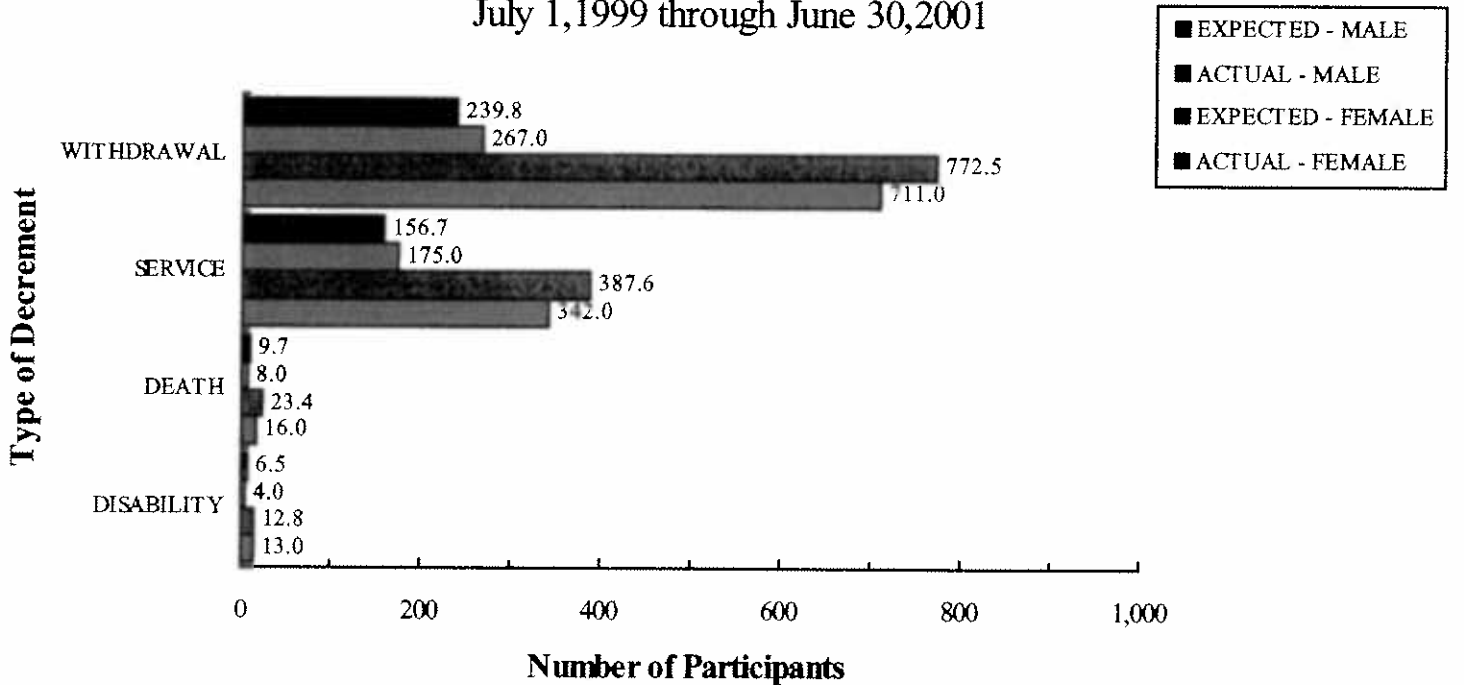
## ACTIVE SERVICE EXPERIENCE - EMPLOYEES

July 1, 1999 through June 30, 2001



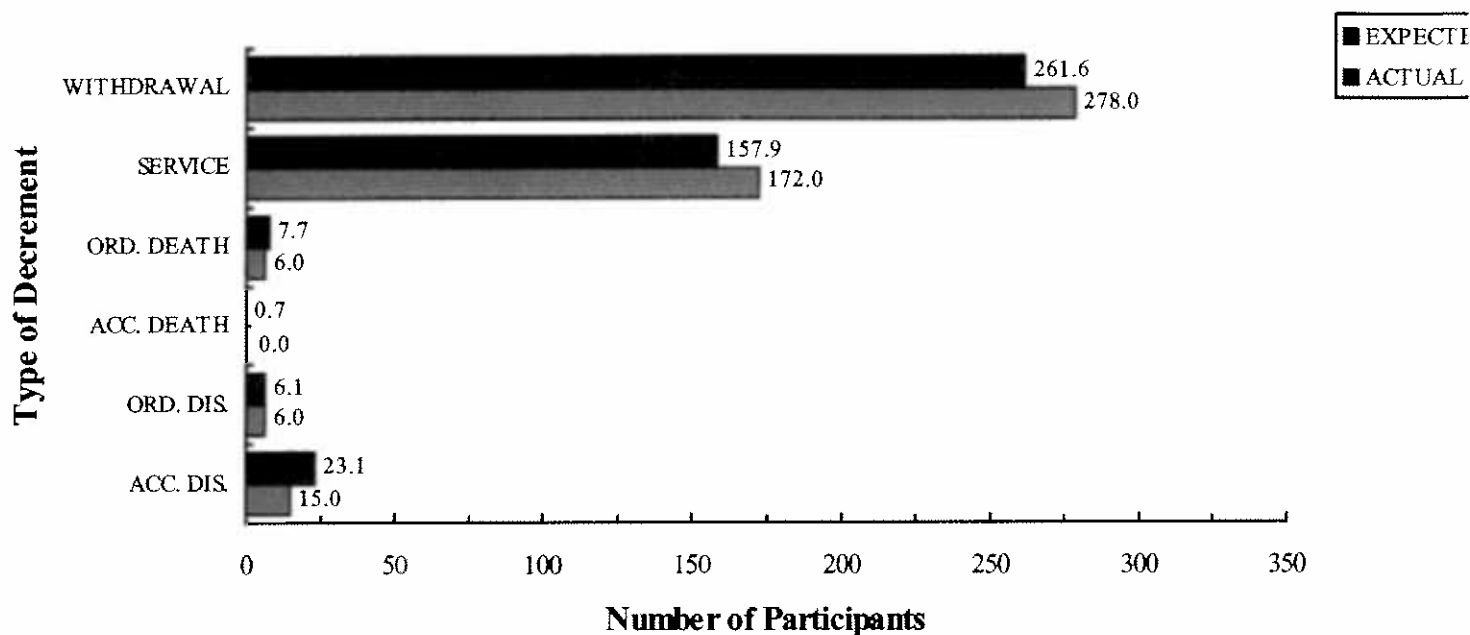
## ACTIVE SERVICE EXPERIENCE - TEACHERS

July 1, 1999 through June 30, 2001



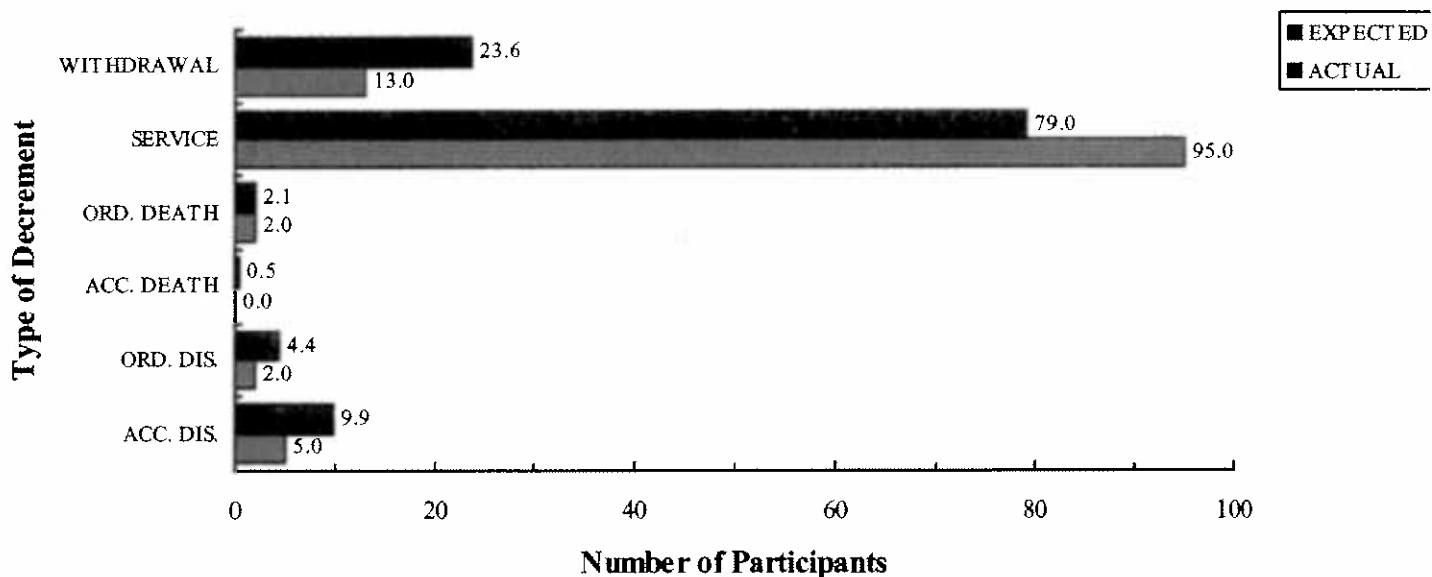
## ACTIVE SERVICE EXPERIENCE - POLICEMEN

July 1, 1999 through June 30, 2001



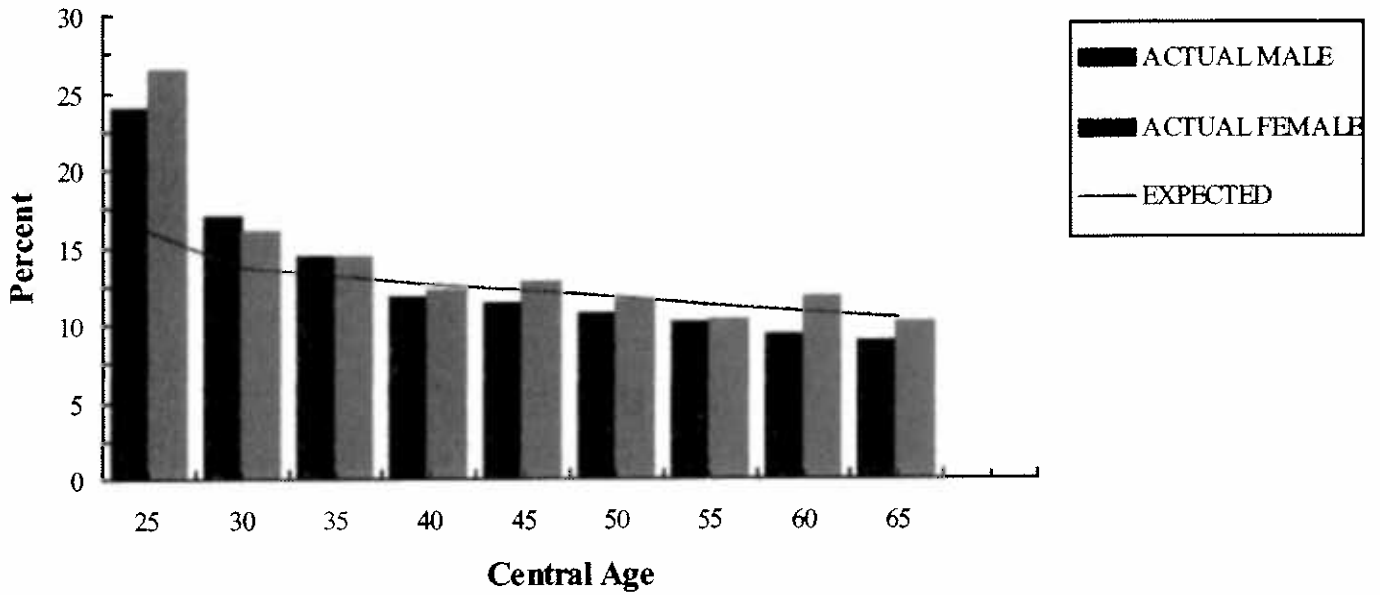
## ACTIVE SERVICE EXPERIENCE - FIREMEN

July 1, 1999 through June 30, 2001



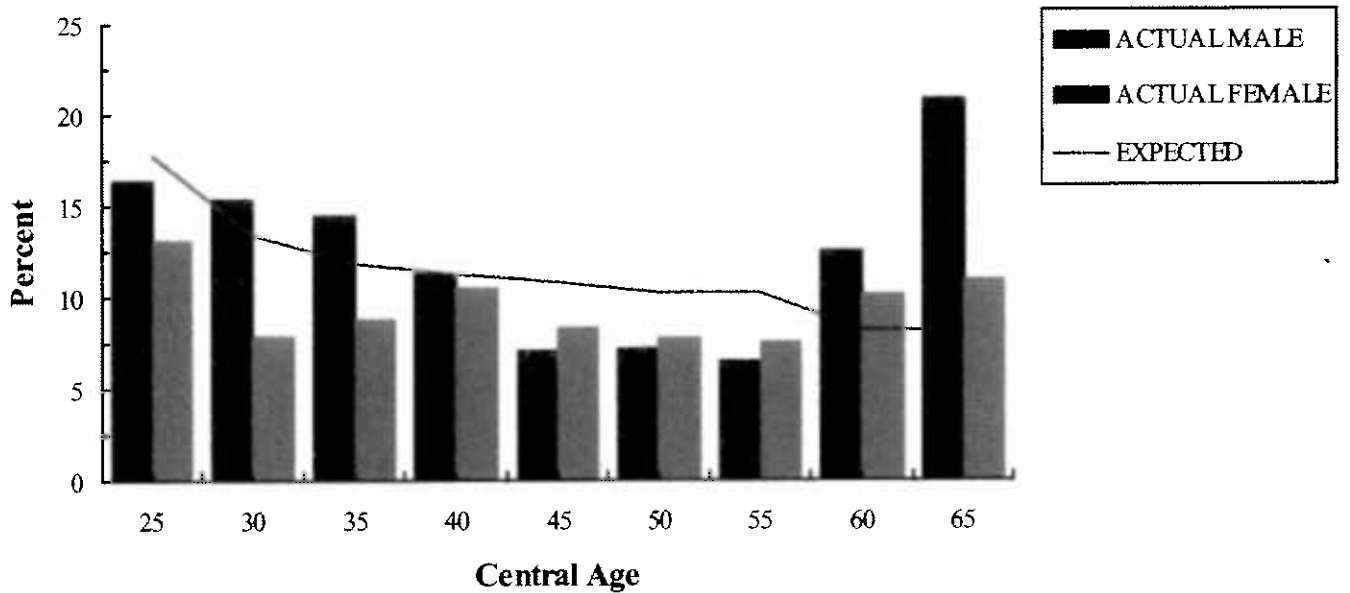
## SALARY EXPERIENCE - EMPLOYEES

July 1, 1999 through June 30, 2001



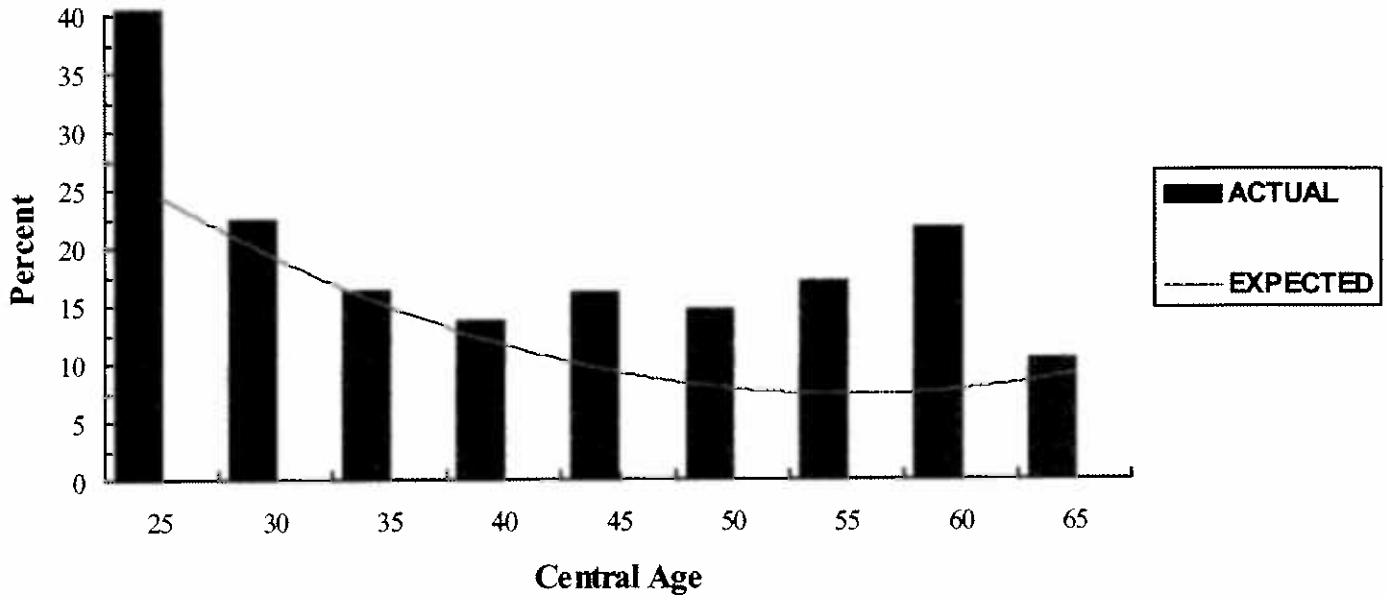
## SALARY EXPERIENCE - TEACHERS

July 1, 1999 through June 30, 2001



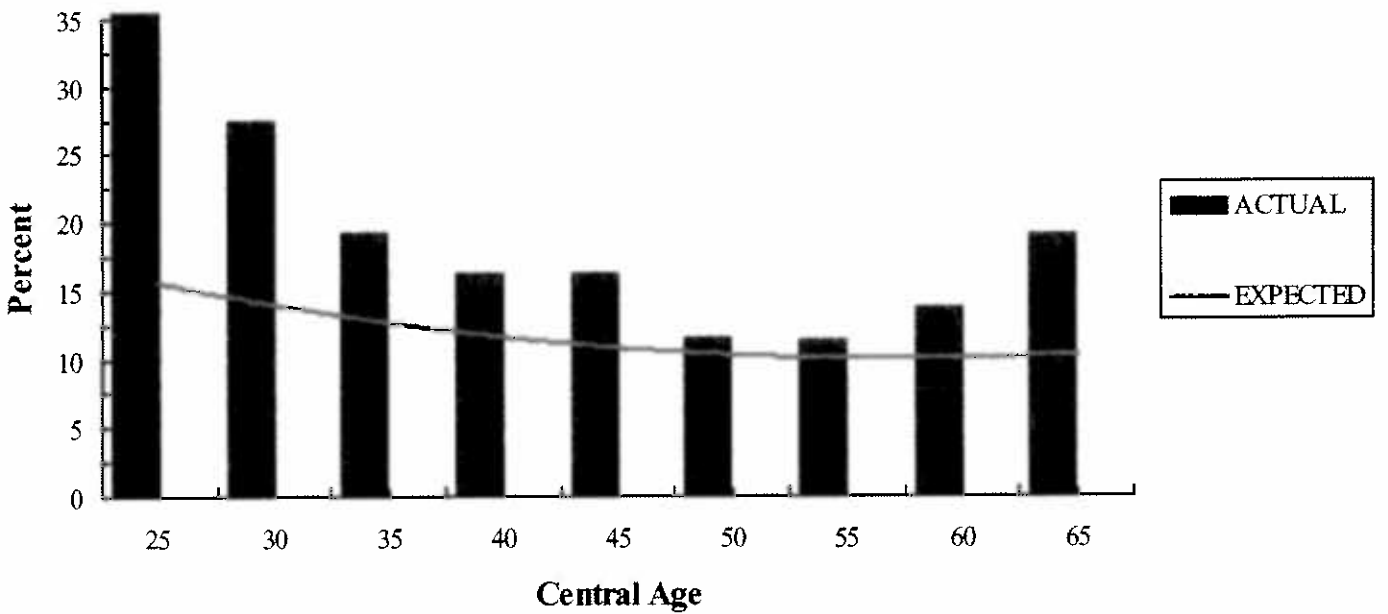
### SALARY EXPERIENCE - POLICEMEN

July 1, 1999 through June 30, 2001



### SALARY EXPERIENCE - FIREMEN

July 1, 1999 through June 30, 2001



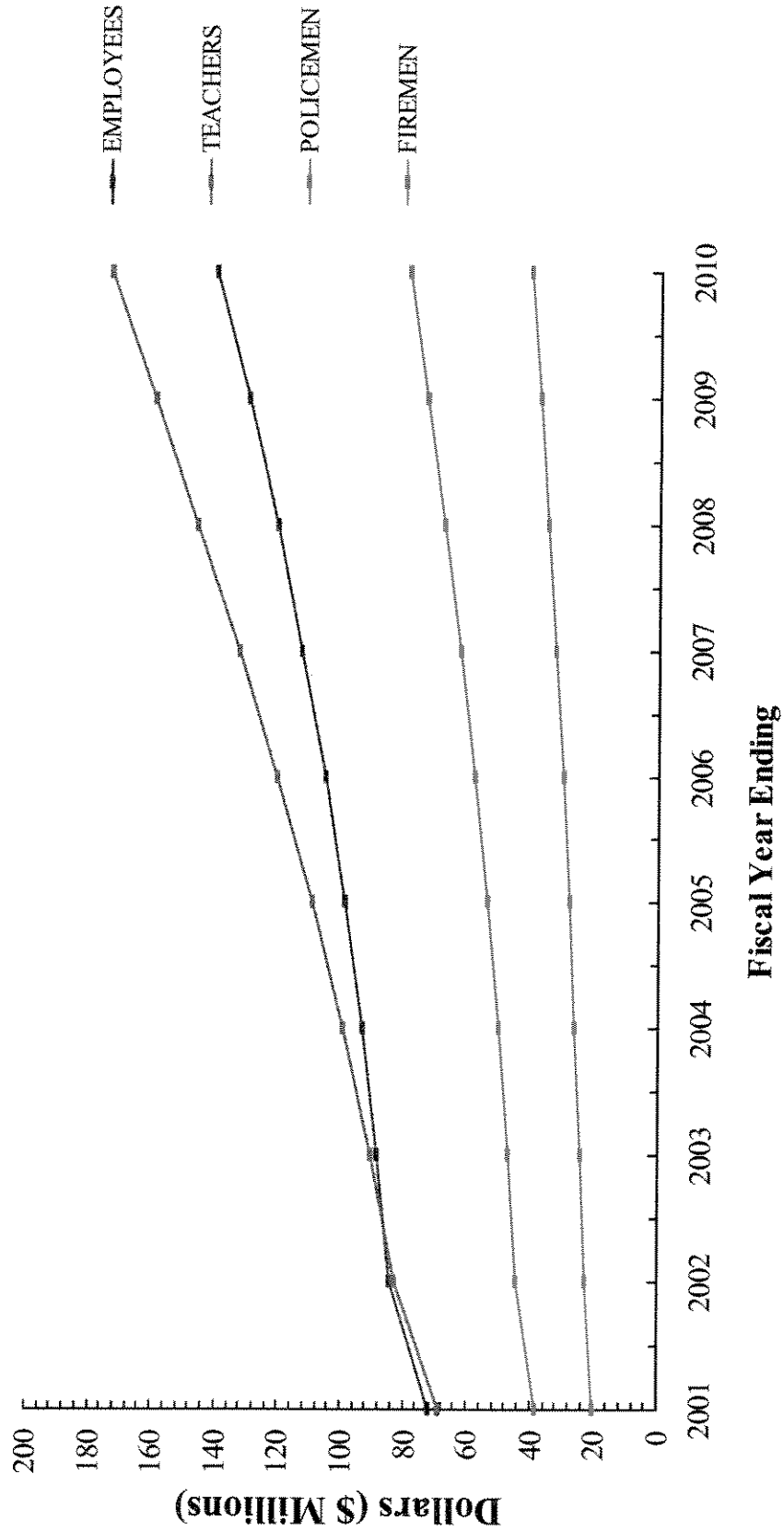
**SCHEDULE F**

**PROJECTED BENEFIT PAYOUTS**



# NEW HAMPSHIRE RETIREMENT SYSTEM

Projected Benefit Payouts for the Period  
July 1, 2001 through June 30, 2010



**SCHEDULE G**

**DEVELOPMENT OF ASSET VALUES**

**NEW HAMPSHIRE RETIREMENT SYSTEM**  
**Five Year Moving Market Value**

Valuation Date (VD)	<u>06/30/97</u>	<u>06/30/98</u>	<u>06/30/99</u>	<u>06/30/00</u>	<u>06/30/01</u>
Market Value at VD	3,278,854,716	3,788,347,741	4,257,607,615	4,735,152,851	4,314,075,602
Contributions	119,758,613	135,932,859	142,384,484	156,531,138	167,119,978
Investment Income	78,544,297	90,899,735	98,246,013	101,761,016	122,866,514
Disbursements	146,967,517	161,239,152	178,993,379	205,097,274	230,165,486
Cash Flow	51,335,393	65,593,442	61,637,118	53,194,880	59,821,006
Units Acquired	211,788	234,976	194,931	152,124	155,743
Units Held	11,745,770	11,980,746	12,175,677	12,327,801	12,483,544
Unit Value	279.15	316.20	349.68	384.10	345.58
5 Year Average Unit Value	221.21	247.18	280.21	314.30	334.94
Preliminary Value	2,598,281,782	2,961,400,796	3,411,746,452	3,874,627,854	4,181,238,227
Book Value	2,694,843,359	3,204,690,307	3,543,619,091	4,092,995,534	4,073,812,303
Valuation Assets	2,694,843,359	3,204,690,307	3,543,619,091	4,092,995,534	4,181,238,227
Return on Valuation Assets					
Investment Increase	322,785,859	535,153,241	375,537,679	597,942,579	151,288,201
Return	13.53%	19.95%	11.79%	16.99%	3.72%
Actuarial Gain (Loss)	96,143,903	280,318,364	72,941,585	263,601,525	(235,066,076)
Excess Over Assumed	4.03%	10.45%	2.29%	7.49%	-5.78%

\* After the adjustment for the asset write up.  
For 6/30/97, excludes receivable contributions of \$16,634,621.  
For 6/30/98, excludes receivable contributions of \$17,074,286.  
For 6/30/99, excludes receivable contributions of \$17,597,232.  
For 6/30/00, excludes receivable contributions of \$19,131,036.  
For 6/30/01, excludes receivable contributions of \$20,666,089

**NEW HAMPSHIRE RETIREMENT SYSTEM  
VALUATION ASSETS AVAILABLE FOR PENSION BENEFITS AS OF JUNE 30, 2001**

	<u>EMPLOYEES</u>	<u>TEACHERS</u>	<u>POLICEMEN</u>	<u>FIREMEN</u>	<u>TOTAL</u>
Allocated Valuation Assets	1,258,627,252	1,638,928,501	835,961,044	447,721,430	4,181,238,227
- Special Account	117,110,897	145,311,076	61,437,051	62,199,688	386,058,712
- Medical Special Account	115,212,969	119,683,276	113,060,842	60,649,974	408,607,061
- 401(b) Actuarial Value of Assets	1,894,984	5,484,494	37,268,085	25,925,792	70,573,355
+ Receivable contribution	4,036,316	10,767,575	4,244,892	1,617,306	20,666,089
<b>Net Assets Available for Pension Benefits</b>	<b>1,028,444,718</b>	<b>1,379,217,230</b>	<b>628,439,958</b>	<b>300,563,282</b>	<b>3,336,665,188</b>

NEW HAMPSHIRE RETIREMENT SYSTEM

SPECIAL ACCOUNT RECONCILIATION AS OF JUNE 30, 2001  
(IN MILLIONS \$)

Classification	Balance as of June 30, 2000	Interest	Asset Gain	Benefits Purchased*	Balance as of June 30, 2001
Employees	\$ 281.3	\$ 9.0	\$ 0.0	\$ 173.2	117.1
Teachers	234.7	7.6	0.0	97.0	145.3
Policemen	125.5	3.6	0.0	67.7	61.4
Firemen	90.1	2.8	0.0	30.7	62.2
	\$ 731.6	\$ 23.0	\$ 0.0	\$ 368.6	386.0

\* Benefits purchased for legislation enacted on or before June 30, 2001 (in millions):

Classification	Effective Date	Chapter 191 <sup>ø</sup> July 1, 2000 COLA	Chapter 17 Group II Spousal Benefits	Chapter 263 Group II Medical Benefits	Chapter 266 Group I Medical	Chapter 191 Group I COLA	Chapter 275 Group I Medical Benefits	Chapter 264 Group I Medical Benefits	Chapter 116 Group I Medical Benefits	Chapter 158 Group I Medical	Total
Employees	\$ 21.7	\$ 0.0	\$ 0.0	\$ 0.0	\$ 36.4	\$ 18.1	\$ 0.0	\$ 7.0	\$ 10.3	\$ 79.7	173.2
Teachers	23.1	0.0	0.0	0.0	16.8	19.7	0.0	35.0	2.4	0.0	97.0
Policemen	12.9	9.0	8.5	0.0	0.0	11.1	26.2	0.0	0.0	0.0	67.7
Firemen	6.3	7.2	2.8	0.0	0.0	5.4	9.0	0.0	0.0	0.0	30.7
	\$ 64.0	\$ 16.2	\$ 11.3	\$ 53.2	\$ 54.3	\$ 35.2	\$ 42.0	\$ 12.7	\$ 79.7	\$ 368.6	

ø Laws of 1993.

øø Discounted to July 1, 2002

NEW HAMPSHIRE RETIREMENT SYSTEM

SPECIAL ACCOUNT RECONCILIATION AS OF JUNE 30, 2001  
(IN MILLIONS \$)

Classification	Balance as of June 30, 2000	Interest	Asset Gain	Benefits Purchased*	Balance as of June 30, 2001
Employees	\$ 281.3	\$ 9.0	\$ 0.0	\$ 173.2	117.1
Teachers	234.7	7.6	0.0	97.0	145.3
Policemen	125.5	3.6	0.0	67.7	61.4
Firemen	90.1	2.8	0.0	30.7	62.2
	\$ 731.6	\$ 23.0	\$ 0.0	\$ 368.6	386.0

\* Benefits purchased for legislation enacted on or before June 30, 2001 (in millions):

Classification	Effective Date	Chapter 191 <sup>ø</sup> COLA	Chapter 17 Group II Spousal Benefits	Chapter 263 Group II Medical Benefits	Chapter 266 Group I Medical	Chapter 191 <sup>ø</sup> Group I COLA	Chapter 275 Group I Medical Benefits	Chapter 264 Group I Medical Benefits	Chapter 116 Group I Medical Benefits	Chapter 158 Group I Medical	Total
Employees	\$ 21.7	\$ 0.0	\$ 0.0	\$ 36.4	\$ 18.1	\$ 0.0	\$ 7.0	\$ 10.3	\$ 79.7	173.2	
Teachers	23.1	0.0	0.0	16.8	19.7	0.0	35.0	2.4	0.0	97.0	
Policemen	12.9	9.0	8.5	0.0	11.1	26.2	0.0	0.0	0.0	67.7	
Firemen	6.3	7.2	2.8	0.0	5.4	9.0	0.0	0.0	0.0	30.7	
	\$ 64.0	\$ 16.2	\$ 11.3	\$ 53.2	\$ 54.3	\$ 35.2	\$ 42.0	\$ 12.7	\$ 79.7	368.6	

ø Laws of 1993.

øø Discounted to July 1, 2001