

NEW HAMPSHIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT
AS OF JUNE 30, 2007

December 5, 2007

Board of Trustees
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301-8509

Re: New Hampshire Retirement System Actuarial Valuation as of June 30, 2007

Dear Board Members:

The results of the June 30, 2007 Annual Actuarial Valuation of the New Hampshire Retirement System (NHRS) are presented in this report. The purpose of the valuation was to measure the System's funding progress and to determine the employer contribution rate for Fiscal Years 2010 and 2011.

The valuation was based upon information, furnished by NHRS staff, concerning Retirement System benefits, financial transactions, and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data.

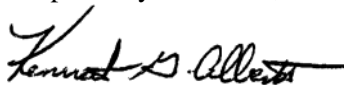
The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. We believe that the assumptions and methods used in this report are reasonable and appropriate for the purpose for which they have been used. However, other assumptions and methods could also be reasonable and could result in materially different results. In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

If there is other information that you need in order to make an informed decision regarding the matters discussed in this report, please contact us.

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the New Hampshire Retirement System as of June 30, 2007. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

The undersigned actuaries are independent of the plan sponsor and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

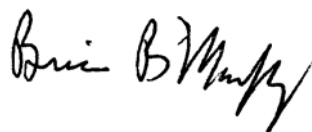
Respectfully submitted,



Kenneth G. Alberts



David T. Kausch, FSA, EA, MAAA



Brian B. Murphy, FSA, EA, MAAA

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SECTION A
EXECUTIVE SUMMARY

Executive Summary

Covered Group	Employees	Teachers	Police	Fire	Total
I. Number of Participants as of June 30, 2007					
a. Actives	26,474	18,477	4,263	1,588	50,802
b. Retirees, Disabilities, and Beneficiaries	10,859	6,928	2,293	1,168	21,248
c. Vested Terminations	528	480	38	3	1,049
d. Total	37,861	25,885	6,594	2,759	73,099
e. Total Covered Annual Payroll	\$942,318,644	\$922,308,092	\$233,348,112	\$97,364,534	\$2,195,339,382
II. Long Range Pension Cost					
a. Actuarial Present Value of Projected Benefits	\$3,107,149,385	\$3,584,708,122	\$1,679,870,123	\$881,740,692	\$9,253,468,322
b. Actuarial Present Value of Future Normal Costs	775,603,118	655,295,445	335,300,229	209,494,508	1,975,693,300
c. Actuarial Accrued Liability (AAL): a. – b.	2,331,546,267	2,929,412,677	1,344,569,894	672,246,184	7,277,775,022
d. Valuation Assets	1,476,474,795	1,841,418,900	872,425,768	421,936,852	4,612,256,315
e. Unfunded Actuarial Accrued Liability (UAAL): c. – d.	855,071,472	1,087,993,777	472,144,126	250,309,332	2,665,518,707
f. Funded Status	63.3%	62.9%	64.9%	62.8%	63.4%
III. Long Range Post-Retirement Health Cost					
a. Actuarial Present Value of Projected Benefits	\$234,429,412	\$363,092,859	\$417,444,450	\$212,017,226	\$1,226,983,947
b. Actuarial Present Value of Future Normal Costs	5,619,914	15,040,950	135,158,600	91,944,372	247,763,836
c. Actuarial Accrued Liability (AAL): a. – b.	228,809,498	348,051,909	282,285,850	120,072,854	979,220,111
d. Valuation Assets	27,622,160	19,880,115	63,280,663	46,193,555	156,976,493
e. Unfunded Actuarial Accrued Liability (UAAL): c. – d.	201,187,338	328,171,794	219,005,187	73,879,299	822,243,618
f. Funded Status	12.1%	5.7%	22.4%	38.5%	16.0%
IV. Current Cost					
Total Normal Cost (% of Covered Payroll)	9.80%	8.78%	18.05%	20.86%	10.77%
Member Contributions (% of Payroll)	5.00%	5.00%	9.30%	9.30%	5.66%
Employer Normal Cost (% of Payroll)	4.80%	3.78%	8.75%	11.56%	5.11%
UAAL Contribution (% of Payroll)	4.86%	6.32%	10.76%	13.57%	6.49%
Total Employer Pension Contribution (% of Payroll)	9.66%	10.10%	19.51%	25.13%	11.60%
Total Employer Health Contribution (% of Payroll)	3.22%	3.37%	6.50%	8.38%	3.87%
Contributions for Fiscal Year 2010					
1. Percent of Payroll	12.88%	13.47%	26.01%	33.51%	15.47%
2. Estimated Dollar Amount	\$138,504,065	\$141,772,659	\$69,261,759	\$37,232,662	\$386,771,145
Contributions for Fiscal Year 2011					
1. Percent of Payroll	12.88%	13.47%	26.01%	33.51%	15.47%
2. Estimated Dollar Amount	\$144,736,747	\$148,152,429	\$72,378,538	\$38,908,132	\$404,175,846

Discussion

Actuarial Valuation

This is the actuarial valuation of the New Hampshire Retirement System, prepared as of June 30 2007. Valuations are prepared biennially, as of June 30. The June 30, 2007 valuation determines the contribution rate for Fiscal Years 2010 and 2011.

The primary purposes of the valuation report are to measure the plan's liabilities, to determine the required employer contribution rate in accordance with actuarial standards and the New Hampshire State Statute, and to analyze changes in NHRS' actuarial position.

In addition, the report provides information in connection with Governmental Accounting Standards Board Statement No. 25 and No. 43 (GASB No. 25 and GASB No. 43), and it provides summaries of the member data, financial data, plan provisions, and actuarial assumptions and methods.

Financing Objectives

NHRS is supported by member contributions, employer contributions, and net earnings on the investments of the fund. The member contribution rate is set by statute at 5.00% for Group I Members (Employees and Teachers) and 9.30% for Group II Members (Police and Fire) of member's compensation. The employer contributions are determined in accordance with statute by an actuarial valuation. Legislation was enacted in 2007 which requires the use of the entry-age actuarial cost method and a 30-year amortization of unfunded actuarial accrued liability in the determination of the employer contributions.

We have determined that the following pension contribution rates satisfy the statute based on the June 30, 2007 valuation:

	Employer Contribution Rates				
	Employees	Teachers	Police	Fire	Total
Pension	9.66%	10.10%	19.51%	25.13%	11.60%

In order for the statute to be satisfied, this entire rate must be contributed to the pension fund. The statute also requires that 25% of the contributions collected from the employers must be contributed to the 401(h) account for the medical subsidy. In order to satisfy both sections of the statute (pension funding and post-retirement medical funding), the contributions must be increased by 33% so that after the 401(h) contributions, the rates above are contributed to the pension fund. The total contribution rates are shown in the table below:

	Employer Contribution Rates				
	Employees	Teachers	Police	Fire	Total
Pension	9.66%	10.10%	19.51%	25.13%	11.60%
Health	3.22%	3.37%	6.50%	8.38%	3.87%
Total	12.88%	13.47%	26.01%	33.51%	15.47%

Contribution Requirement

RSA 100 - A:16 II provides that the State shall pay 35% of the computed contribution (referred to in statute as the “normal contribution”) for all political subdivision employers who have members in the Teachers, Police and Fire divisions. The table below indicates this breakdown of obligations for these members:

	Employer Contribution Rates											
	Employees			Teachers			Police			Fire		
	Political Subdivision	State	Total	Political Subdivision	State	Total	Political Subdivision	State	Total	Political Subdivision	State	Total
Pension	9.66%	0.00%	9.66%	6.57%	3.53%	10.10%	12.68%	6.83%	19.51%	16.33%	8.80%	25.13%
Health	3.22%	0.00%	3.22%	2.19%	1.18%	3.37%	4.23%	2.27%	6.50%	5.45%	2.93%	8.38%
Total	12.88%	0.00%	12.88%	8.76%	4.71%	13.47%	16.91%	9.10%	26.01%	21.78%	11.73%	33.51%

In addition, there are two political subdivisions that are completing an initial buy-in to NHRS. Their remaining buy-in contributions are as follows:

Fund	Agency	UAAL as of 6/30/2007	2007/2008 Contribution	UAAL as of 6/30/2008	2008/2009 Contribution	UAAL as of 6/30/2009	Fiscal Year of Final Payment
Employees	Town of Raymond	18,888	2,667	17,826	2,667	16,674	2019
	Brookline Public Library	8,135	1,483	7,217	1,483	6,221	2014
	Total	27,023	4,150	25,043	4,150	22,895	

Funded Status

As of the valuation date, the Unfunded Actuarial Accrued Liability (UAAL) is \$2,665.5 million (pension only), and the funded ratio (the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability) is 63.4%. This valuation was prepared using the Entry-Age Actuarial Cost Method. The prior valuation (June 30, 2005) used the Open Aggregate Actuarial Cost Method. The prior method did not produce an accrued liability. Therefore, there is no consistent measure of unfunded actuarial accrued liability and funded status from the prior valuation. The actuarial cost method was changed by legislation enacted in 2007.

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Actuarial Value of Assets

The Actuarial Value of Assets of the System is less than the Market Value of Assets by \$696 million as of the valuation date (see page 6). This difference will be gradually recognized over the next four years in the absence of offsetting losses/gains.

System Assets include a Special Account reserve of approximately \$503 million (actuarial value) that is available to finance future pension benefit enhancements such as future COLAs and a 401(h) subtrust of approximately \$157 million (actuarial value) that is available to finance retiree medical premium subsidies.

Legislation enacted in 2007 precludes any asset gains from being transferred to the Special Account until such time as the funded status of NHRS reaches 85%. This year, approximately \$204 million dollars would have been transferred into the Special Account had the new law not been enacted.

Benefit Provisions

Legislation enacted in 2007 provided the following changes in plan provisions:

- A post-retirement COLA equal to 2.25% for all retirees retired for at least 12 months as of July 1, 2007;
- A maximum retirement benefit equal to 100% of the member's highest year of earnable compensation;
- Repealing of the option to purchase nonqualified service credit in the System.

The post retirement COLA resulted in an increase in accrued liabilities of approximately \$66.6 million. Assets equal to this amount were transferred from the Special Account to the net pension assets as of July 1, 2007. For purposes of the June 30, 2007 valuation, the transfer was assumed to have occurred on June 30, 2007.

Actuarial Assumptions and Methods

Section F summarizes the current assumptions. The following changes in methods and assumptions were made with this valuation:

- The wage inflation assumption has been explicitly set at 4.5%. The remaining merit and longevity salary scale assumptions for each group have been reduced by 0.5% so long as the combined increase (merit and longevity plus wage inflation) was not less than 4.5%.
- The assumption that all Group II retirees will have a 50% spousal allowance paid has been changed to reflect actual experience and reported data.
- The assumption that all retirees retire at mid-year has been changed for the Teacher group only to reflect that all Teachers are assumed to retire at the beginning of each fiscal year.
- Normal cost has been loaded to account for administrative expenses paid directly out of the NHRS fund.
- The funding value of assets method was changed to a method that does not rely on the book value.

We believe the assumptions are internally consistent and are reasonable, based on the actual experience of NHRS. These actuarial assumptions and methods comply with the parameters for disclosure in GASB Statement No. 25.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates, and amortization periods.

Development of Actuarial Value of Assets

Year Ended June 30:	2007	2008	2009	2010	2011
A. Funding Value Beginning of Year	\$4,647,972,589				
B. Market Value End of Year	5,967,916,108				
C. Market Value Beginning of Year	5,112,256,446				
D. Non-Investment Net Cash Flow	25,324,266				
E. Investment Income					
E1. Market Total: B - C - D	830,335,396				
E2. Amount for Immediate Recognition (8.5%)	396,153,951				
E3. Amount for Phased-In Recognition: E1-E2	434,181,445				
F. Phased-In Recognition of Investment Income					
F1. Current Year: 0.20 x E3	86,836,289				
F2. First Prior Year	116,070,964	\$ 86,836,289			
F3. Second Prior Year	0	116,070,964	\$ 86,836,289		
F4. Third Prior Year	0	0	116,070,964	\$ 86,836,289	
F5. Fourth Prior Year	0	0		116,070,964	\$ 86,836,289
F6. Total Recognized Investment Gain	202,907,253	202,907,253	202,907,253	202,907,253	86,836,289
G. Preliminary Funding Value End of Year: A + D + E2 + F6	5,272,358,059				
H. Difference between Market & Funding Value: B-G	695,558,049				
I. Final Funding Value after 20% Corridor	5,272,358,059				
J. Recognized Rate of Return	12.85%				

The Funding Value of Assets recognizes assumed investment income (line E2) fully each year. Differences between actual and assumed investment income (line E3) are phased in over a closed 5 year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than market value. The Funding Value of Assets is unbiased with respect to Market Value. At any time it may be either greater or less than Market Value. If assumed rates are exactly realized for 4 consecutive years, it will become equal to Market Value. Final Funding Value of Assets may not be less than 80% or more than 120% of Market Value of Assets.

Allocation of Assets

	Employee	Teachers	Police	Fire	Total
Allocated Fund Assets (Actuarial Value)	\$ 1,630,323,141	\$ 2,031,344,094	\$ 1,061,122,271	\$ 549,568,553	\$ 5,272,358,059
Less Special Account	(126,226,186)	(170,045,079)	(125,415,840)	(81,438,146)	(503,125,251)
Less Medical Special Account*	-	-	-	-	-
Less 401(h) Account	(27,622,160)	(19,880,115)	(63,280,663)	(46,193,555)	(156,976,493)
Net Pension Valuation Assets	\$ 1,476,474,795	\$ 1,841,418,900	\$ 872,425,768	\$ 421,936,852	\$ 4,612,256,315

* Now included in Special Account.

SECTION B
FUNDING RESULTS

Development of Employer Contribution Rates

Division:	Employees	Teachers	Police	Fire	Total
Normal Cost					
Age and Service Retirement	7.81%	7.17%	13.73%	18.53%	8.67%
Termination	1.24%	1.12%	2.98%	1.01%	1.36%
Death in Service	0.19%	0.13%	0.19%	0.21%	0.17%
Disability	0.21%	0.01%	0.80%	0.76%	0.22%
Expenses	<u>0.35%</u>	<u>0.35%</u>	<u>0.35%</u>	<u>0.35%</u>	<u>0.35%</u>
Total	9.80%	8.78%	18.05%	20.86%	10.77%
Member Contributions	5.00%	5.00%	9.30%	9.30%	5.66%
Employer Normal Cost	4.80%	3.78%	8.75%	11.56%	5.11%
UAAL Payment*	<u>4.86%</u>	<u>6.32%</u>	<u>10.76%</u>	<u>13.57%</u>	<u>6.49%</u>
Total Employer Pension Contribution	9.66%	10.10%	19.51%	25.13%	11.60%
Total Health Subsidy Contribution	<u>3.22%</u>	<u>3.37%</u>	<u>6.50%</u>	<u>8.38%</u>	<u>3.87%</u>
Total Employer Contribution	12.88%	13.47%	26.01%	33.51%	15.47%
Fiscal Year 2010 Contributions					
Percent of Payroll	12.88%	13.47%	26.01%	33.51%	15.47%
Estimated Dollars	\$ 138,504,065	\$ 141,772,659	\$ 69,261,759	\$ 37,232,662	\$ 386,771,145
Fiscal Year 2011 Contributions					
Percent of Payroll	12.88%	13.47%	26.01%	33.51%	15.47%
Estimated Dollars	\$ 144,736,747	\$ 148,152,429	\$ 72,378,538	\$ 38,908,132	\$ 404,175,846
Contribution Rates from Prior Valuation#					
FY 2008	8.74%	8.93%	18.21%	24.49%	10.52%
FY 2009	8.74%	8.93%	18.21%	24.49%	10.52%

* *Unfunded Actuarial Accrued Liability, financed over a 30 year period from the contribution effective date -- 7/1/2009.*

Computed by prior actuary.

Development of Actuarial Liabilities

June 30, 2007

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 5,600,546,360	\$ 1,626,835,951	\$ 3,973,710,409
Disability benefits likely to be paid to present active members	40,233,097	41,299,660	(1,066,563)
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	53,069,782	30,748,130	22,321,652
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	264,761,124	276,809,560	(12,048,436)
Benefits likely to be paid to current inactive and vested deferred members	84,577,898	-	84,577,898
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	3,210,280,062	-	3,210,280,062
Total	\$ 9,253,468,323	\$ 1,975,693,301	\$ 7,277,775,022
Actuarial Value of Assets	\$ 4,612,256,315	-	\$ 4,612,256,315
Liabilities to be covered by Future Contributions	\$ 4,641,212,008	\$ 1,975,693,301	\$ 2,665,518,707

NHRS Total
Unfunded Actuarial Accrued Liability Payoff Projection*
(\$Millions)

Year	Year Ending	Employer Contribution Rates			Projected Payroll	UAAL		
	June 30,	Total Contribution	Normal Cost	UAAL Payment		Beginning of Year	UAAL Payment	End of Year
	2008	10.52%	5.11%	5.41%	\$ 2,294	\$ 2,666	\$ 124	\$ 2,763
	2009	10.52%	5.11%	5.41%	2,397	2,763	130	2,862
1	2010	11.60%	5.11%	6.49%	2,505	2,862	163	2,936
2	2011	11.60%	5.11%	6.49%	2,618	2,936	170	3,009
3	2012	11.60%	5.11%	6.49%	2,736	3,009	178	3,080
4	2013	11.60%	5.11%	6.49%	2,859	3,080	186	3,148
5	2014	11.60%	5.11%	6.49%	2,988	3,148	194	3,214
6	2015	11.60%	5.11%	6.49%	3,122	3,214	203	3,276
7	2016	11.60%	5.11%	6.49%	3,262	3,276	212	3,333
8	2017	11.60%	5.11%	6.49%	3,409	3,333	221	3,386
9	2018	11.60%	5.11%	6.49%	3,563	3,386	231	3,433
10	2019	11.60%	5.11%	6.49%	3,723	3,433	242	3,473
11	2020	11.60%	5.11%	6.49%	3,891	3,473	252	3,505
12	2021	11.60%	5.11%	6.49%	4,066	3,505	264	3,528
13	2022	11.60%	5.11%	6.49%	4,249	3,528	276	3,541
14	2023	11.60%	5.11%	6.49%	4,440	3,541	288	3,542
15	2024	11.60%	5.11%	6.49%	4,640	3,542	301	3,529
16	2025	11.60%	5.11%	6.49%	4,848	3,529	315	3,501
17	2026	11.60%	5.11%	6.49%	5,067	3,501	329	3,456
18	2027	11.60%	5.11%	6.49%	5,295	3,456	344	3,392
19	2028	11.60%	5.11%	6.49%	5,533	3,392	359	3,306
20	2029	11.60%	5.11%	6.49%	5,782	3,306	375	3,196
21	2030	11.60%	5.11%	6.49%	6,042	3,196	392	3,059
22	2031	11.60%	5.11%	6.49%	6,314	3,059	410	2,892
23	2032	11.60%	5.11%	6.49%	6,598	2,892	428	2,692
24	2033	11.60%	5.11%	6.49%	6,895	2,692	447	2,455
25	2034	11.60%	5.11%	6.49%	7,205	2,455	468	2,176
26	2035	11.60%	5.11%	6.49%	7,529	2,176	489	1,852
27	2036	11.60%	5.11%	6.49%	7,868	1,852	511	1,477
28	2037	11.60%	5.11%	6.49%	8,222	1,477	534	1,047
29	2038	11.60%	5.11%	6.49%	8,592	1,047	558	555
30	2039	11.60%	5.11%	6.49%	8,979	555	583	-

* This projection does not reflect the impact of any potential gain sharing when the funded status exceeds 85%.

Actuarial Balance Sheet as of June 30, 2007

Assets and Present Value of Expected Future Contributions

	Pension	Health
A. Present valuation assets		
1. Net assets from system financial statements	\$ 5,500,213,158	\$ 172,310,744
2. Market value adjustment	(887,956,843)	(15,334,251)
3. Valuation assets	4,612,256,315	156,976,493
B. Actuarial present value of expected future employer contributions		
1. For normal costs	867,166,213	247,763,836
2. For unfunded actuarial accrued liability	2,665,518,707	822,243,618
3. Total	3,532,684,920	1,070,007,454
C. Actuarial present value of expected future member contributions	1,108,527,087	-
D. Total Present and Expected Future Resources	\$ 9,253,468,322	\$ 1,226,983,947

Present Value of Expected Future Benefit Payments

	Pension	Health
A. To retirees and beneficiaries	\$ 3,210,280,062	\$ 723,988,715
B. To vested terminated members	70,556,304	6,727,187
C. To non-vested terminated members (outstanding refunds)	14,021,594	-
D. To present active members		
1. Allocated to service rendered prior to valuation date - actuarial accrued liability	3,982,917,062	248,504,209
2. Allocated to service likely to be rendered after valuation date	1,975,693,300	247,763,836
3. Total	5,958,610,362	496,268,045
E. Total Actuarial Present Value of Expected Future Pension Payments	\$ 9,253,468,322	\$ 1,226,983,947

Experience Gain/(Loss) -- June 30, 2007

	Pension	Health
(1) UAAL* at start of biennium	N/A**	N/A**
(2) Normal cost from last valuation for year 1	196,303,943	N/A
(3) Actual contributions (employer and employee) for year 1	318,642,041	61,448,686
(4) Interest accrual: [(1)+1/2 [(2)-(3))] x .085	N/A	N/A
(5) Expected UAAL end of year 1: (1)+(2)-(3)+(4)	N/A	N/A
(6) UAAL* at start of biennium	N/A**	N/A**
(7) Normal cost from last valuation for year 2	205,137,620	N/A
(8) Actual contributions (employer and employee) for year 2	451,008,381	58,200,720
(9) Interest accrual: [(6)+1/2 [(7)-(8))] x .085	N/A	N/A
(10) Expected UAAL end of year 2: (6)+(7)-(8)+(9)	N/A	N/A
(11) Change from benefit improvements#	0	0
(12) Change from revised actuarial assumptions##	N/A	N/A
(13) Expected UAAL after changes: (10)+(11)+(12)	N/A	N/A
(14) Actual UAAL at end of year	2,665,518,707	822,243,618
(15) Gain (loss): (13)-(14)	N/A	N/A
(16) Gain (loss) as percent of actuarial accrued liabilities at start of year (N/A)	N/A	N/A

* *Unfunded Actuarial Accrued Liabilities.*

** *The prior valuation used a funding method that did not directly produce an accrued liability. Therefore, there was no measurement of the UAAL at the beginning of the year.*

An ad-hoc COLA of 2.25% was granted, effective July 1, 2007. The increase in accrued liabilities attributable to this COLA was approximately \$66.6 million. An amount equal to the increase in accrued liabilities was transferred from the Special Accounts to the net assets available for pension of approximately \$66.6 million to cover this increase in accrued liabilities.

Several changes were made since the last valuation as detailed on page 5, including a change in actuary and a change in funding method. We have estimated that the biennial pension experience would have resulted in a gain of approximately \$9 million for NHRS in total resulting from experience losses in the Employee and Fire funds and gains in the Teacher and Police Funds. Our estimate was based on estimated unfunded actuarial accrued liabilities and normal cost computations as of June 30, 2005 made for the Replication Valuation.

Solvency Test

The New Hampshire Retirement System funding objective is to meet long-term benefit promises through contributions that remain approximately level from year-to-year as a percent of member payroll. If the contributions to the System are level in concept and soundly executed, the System will pay all promised benefits when due -- the ultimate test of financial soundness.

A *solvency test* is one means of checking a system's progress under its funding program. In a solvency test, the plan's present assets (cash and investments) are compared with:

- 1) Active member contributions on deposit;
- 2) The liabilities for future benefits to present retired lives;
- 3) The liabilities for service already rendered by active members.

In a System that has been following the discipline of level percent-of-payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the System.

		Total of all Groups					
		Projected Liabilities For					
		(1)	(2)	(3)	Percentage of Accrued Liabilities Covered By Net Assets Available		
Fiscal Year	Aggregate Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members (Employer Financed Portion)	Net Assets Available For Benefits	(1)	(2)	(3)
2007	2,228,853	3,210,280	1,838,642	4,612,256	100%	74%	0%

Solvency Test -- Comparative Statement

(\$ in Thousands)

Group	Fiscal Year	Projected Liabilities For			Net Assets Available For Benefits	Percentage of Accrued Liabilities Covered By Net Assets Available		
		(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)		(1)	(2)	(3)
Employees	2007	797,627	997,992	535,927	1,476,475	100%	68%	0%
Teachers	2007	925,813	1,200,541	803,058	1,841,419	100%	76%	0%
Police	2007	344,485	655,803	344,282	872,426	100%	81%	0%
Fire	2007	160,927	355,944	155,376	421,937	100%	73%	0%

Development of Actuarial Liabilities

June 30, 2007

Employees

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 1,939,621,998	\$ 625,531,246	\$ 1,314,090,752
Disability benefits likely to be paid to present active members	11,532,739	17,317,160	(5,784,421)
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	26,090,378	15,586,408	10,503,970
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	92,922,613	117,168,304	(24,245,691)
Benefits likely to be paid to current inactive and vested deferred members	38,989,367	-	38,989,367
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	997,992,290	-	997,992,290
Total	\$ 3,107,149,385	\$ 775,603,118	\$ 2,331,546,267
Actuarial Value of Assets	\$ 1,476,474,795	-	\$ 1,476,474,795
Liabilities to be covered by Future Contributions	\$ 1,630,674,590	\$ 775,603,118	\$ 855,071,472

Development of Actuarial Liabilities June 30, 2007

Teachers

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 2,247,405,267	\$ 551,985,870	\$ 1,695,419,397
Disability benefits likely to be paid to present active members	889,290	871,409	17,881
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	18,446,195	9,499,238	8,946,957
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	77,851,721	92,938,928	(15,087,207)
Benefits likely to be paid to current inactive and vested deferred members	39,574,370	-	39,574,370
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	1,200,541,279	-	1,200,541,279
Total	\$ 3,584,708,122	\$ 655,295,445	\$ 2,929,412,677
Actuarial Value of Assets	\$ 1,841,418,900	-	\$ 1,841,418,900
Liabilities to be covered by Future Contributions	\$ 1,743,289,222	\$ 655,295,445	\$ 1,087,993,777

Development of Actuarial Liabilities June 30, 2007

Police

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 912,721,264	\$ 260,055,005	\$ 652,666,259
Disability benefits likely to be paid to present active members	19,994,061	15,376,743	4,617,318
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	5,457,594	3,545,488	1,912,106
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	80,507,659	56,322,993	24,184,666
Benefits likely to be paid to current inactive and vested deferred members	5,386,697	-	5,386,697
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	655,802,848	-	655,802,848
Total	\$ 1,679,870,123	\$ 335,300,229	\$ 1,344,569,894
Actuarial Value of Assets	\$ 872,425,768	-	\$ 872,425,768
Liabilities to be covered by Future Contributions	\$ 807,444,355	\$ 335,300,229	\$ 472,144,126

Development of Actuarial Liabilities

June 30, 2007

Fire

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 500,797,830	\$ 189,263,829	\$ 311,534,001
Disability benefits likely to be paid to present active members	7,817,007	7,734,348	82,659
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	3,075,615	2,116,996	958,619
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	13,479,131	10,379,335	3,099,796
Benefits likely to be paid to current inactive and vested deferred members	627,464	-	627,464
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	355,943,645	-	355,943,645
Total	\$ 881,740,692	\$ 209,494,508	\$ 672,246,184
Actuarial Value of Assets	\$ 421,936,852	-	\$ 421,936,852
Liabilities to be covered by Future Contributions	\$ 459,803,840	\$ 209,494,508	\$ 250,309,332

SECTION C
FUND ASSETS

Statement of System Assets
(Assets at Market or Fair Value)

Item	June 30	
	2007	2006
A Assets		
1. Cash and short-term investments	\$ 807,393,749	\$ 832,081,938
2. Receivables	\$ 118,428,688	\$ 161,446,977
3. Contributions Receivable	35,952,687	35,141,274
4. Accrued Interest and Dividends	13,862,772	14,370,798
5. Other	79,407	56,379
6. Subtotals (2. + 3. + 4. + 5.)	\$ 168,323,554	\$ 211,015,428
Investments, at fair value		
7. Domestic Investments	\$ 4,098,499,564	\$ 3,507,938,467
8. Global Investments	1,135,674,908	806,016,209
9. Other	688,984,250	825,381,372
10. Subtotals (7. + 8. + 9.)	\$ 5,923,158,722	\$ 5,139,336,048
11. Total Assets (1. + 6. + 10.)	\$ 6,898,876,025	\$ 6,182,433,414
B Liabilities		
1. Payables	\$ (930,959,917)	\$ (1,070,176,968)
C Net System Assets (A11. + B1.)		
	\$ 5,967,916,108	\$ 5,112,256,446

Reconciliation of System Assets

Item	June 30, 2007				
	Employees	Teachers	Police	Fire	Total
A. Market Value of Assets at Beginning of Year	\$ 1,563,138,093	\$ 2,005,034,080	\$ 1,028,266,652	\$ 515,817,621	\$ 5,112,256,446
B. Revenues and Expenditures					
1. Contributions					
a. Employee Contributions	\$ 102,562,064	\$ 101,569,795	\$ 52,020,999	\$ 16,216,686	\$ 272,369,544
b. Employer Contributions	66,533,792	53,626,551	36,059,770	22,418,722	178,638,835
c. Total	\$ 169,095,856	\$ 155,196,346	\$ 88,080,769	\$ 38,635,408	\$ 451,008,379
2. Investment Return					
a. Interest, Dividends, and Other Income	\$ 43,758,840	\$ 55,290,721	\$ 28,856,965	\$ 14,336,590	\$ 142,243,116
b. Net realized and Unrealized Gains/(Losses)	222,103,922	280,474,443	146,596,990	72,797,043	721,972,398
c. Investment Expenses	(7,882,000)	(9,949,386)	(5,198,251)	(2,579,973)	(25,609,610)
d. Net Investment Income	\$ 257,980,762	\$ 325,815,778	\$ 170,255,704	\$ 84,553,660	\$ 838,605,904
3. Benefits and Refunds					
a. Refunds	\$ (16,900,871)	\$ (12,463,760)	\$ (4,027,442)	\$ (688,151)	\$ (34,080,224)
b. Regular Monthly Benefits	(112,307,703)	(132,536,181)	(62,845,017)	(34,800,310)	(342,489,211)
c. Partial Lump-Sum Benefits Paid	(1,408,711)	(498,575)	(408,386)	(46,400)	(2,362,072)
d. Medical Premium Subsidy Payments	(15,821,181)	(17,259,612)	(8,673,746)	(4,998,067)	(46,752,606)
e. Total	\$ (146,438,466)	\$ (162,758,128)	\$ (75,954,591)	\$ (40,532,928)	\$ (425,684,113)
4. Administrative and Miscellaneous Expenses	\$ (2,546,056)	\$ (3,212,856)	\$ (1,678,649)	\$ (832,947)	\$ (8,270,508)
5. Transfers	\$ -	\$ -	\$ -	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 1,841,230,189	\$ 2,320,075,220	\$ 1,208,969,885	\$ 597,640,814	\$ 5,967,916,108

SECTION D
ACCOUNTING DISCLOSURES

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b)-(a)]/(c)
June 30, 2007	\$4,612,256,315	\$7,277,775,022	\$2,665,518,707	63.4%	\$2,195,339,382	121.4 %

Schedule of Employer Contributions

Fiscal Year Ending June 30:	GASB No. 25 Annual Required Contribution (ARC)		Employer Contributions		% of GASB ARC Contributed [(5)/(3)]
	Projected Payroll	Projected ARC	Actual Payroll	Actual Contribution	
	(\$ Thousands)	(\$ Thousands)	(\$ Thousands)	(\$ Thousands)	
(1)	(2)	(3)	(4)	(5)	(6)
2008	\$ 2,294,130	\$ 241,456			
2009	2,397,365	252,321			
2010	2,505,247	290,609			
2011	2,617,983	303,686			

** ARC Amounts for 2008 through 2011 are estimated based on the contribution rate in effect in the year indicated and the June 30, 2007 valuation payroll projected at the assumed wage inflation rate of 4.50% per year.*

Notes to Required Supplementary Information (As Required by GASB Statement No. 25)

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

Valuation Date	June 30, 2007
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Equivalent Single Amortization Period	30 Years
Valuation Asset Method	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return *	8.50%
Projected Salary Increase *	4.50% to 16.25%
* <i>Includes Price Inflation at</i>	3.50%
Rate of Payroll Growth	4.50%
Cost-of-Living Adjustments	None

Post-Retirement Health Care
GASB Statement No. 43 Reporting

Determination of the Annual Required Contribution for Fiscal Years 2010 and 2011	Contributions Expressed as Percents of Payroll				
	Employees	Teachers	Police	Fire	Total
Normal Cost					
Age and Service Retirement	0.00%	0.00%	8.11%	11.41%	1.37%
Termination	0.00%	0.00%	0.45%	0.23%	0.06%
Death-in-Service	0.00%	0.00%	0.17%	0.17%	0.03%
Disability	0.00%	0.00%	0.49%	0.53%	0.08%
Total Normal Cost	0.00%	0.00%	9.22%	12.34%	1.53%
Amortization of Unfunded Actuarial					
Accrued Liabilities (Amortized over 30 years)	1.15%	1.93%	6.04%	5.16%	2.18%
Annual Required Contribution (ARC)	1.15%	1.93%	15.26%	17.50%	3.71%
Fiscal Year 2010 Contributions					
Percent of Payroll	1.15%	1.93%	15.26%	17.50%	3.71%
Estimated Dollars	12,366,434	20,313,380	40,635,695	19,444,094	92,759,603
Fiscal Year 2011 Contributions					
Percent of Payroll	1.15%	1.93%	15.26%	17.50%	3.71%
Estimated Dollars	12,922,924	21,227,482	42,464,301	20,319,078	96,933,785

Accrued Health Liabilities, \$979,220,111 were more than applicable assets of \$156,976,493.

The calculations above show the employer's annual required contribution (ARC) for the years ended June 30, 2010 and June 30, 2011.

**Determination of Unfunded Actuarial Accrued Liability (Medical)
as of June 30, 2007**

	Employees	Teachers	Police	Fire	Total
A. Present Value of Future Medical Benefits					
1. Retirees and Beneficiaries	\$ 215,738,942	\$ 263,338,362	\$ 154,822,839	\$ 90,088,572	\$ 723,988,715
2. Vested Terminated Members	1,700,798	5,026,389	-	-	6,727,187
3. Active Members	16,989,672	94,728,108	262,621,611	121,928,654	496,268,045
Total Present Value of Future Medical Benefits	234,429,412	363,092,859	417,444,450	212,017,226	1,226,983,947
B. Present Value of Future Employer Normal Costs	5,619,914	15,040,950	135,158,600	91,944,372	247,763,836
C. Present Value of Future Contributions from Current Active Members	-	-	-	-	-
D. Actuarial Medical Accrued Liability (A.-B.-C.)	228,809,498	348,051,909	282,285,850	120,072,854	979,220,111
E. 401(h) subtrust Actuarial Value of Assets	27,622,160	19,880,115	63,280,663	46,193,555	156,976,493
F. Unfunded Actuarial Accrued Liability (D.-E.)	\$ 201,187,338	\$ 328,171,794	\$ 219,005,187	\$ 73,879,299	\$ 822,243,618

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year under GASB Statement No. 43 and does not appear in the System's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the System's financial statements.

SECTION E
PARTICIPANT DATA

Retirees and Beneficiaries Reconciliation
(In Thousands)

Fiscal Year	Added to Rolls		Removed from Rolls		Rolls End of Year		Average Annual	
	No.**	Annual Allowances*	No.	Annual Allowances	No.	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
2005					18,950	\$ 296,354		\$ 15,639
2007	3,211	\$ 68,586	913	\$ 12,081	21,248	\$ 352,859	9.12%	\$ 16,607

* Includes additional COLA allowances. The benefit amounts shown are the monthly benefits as of the valuation date annualized and are not the actual benefits paid during the fiscal year.

** Includes beneficiaries in receipt but excludes deferred vested terminations.

Retirees and Beneficiaries by Types of Benefits Being Paid*

June 30, 2007
(In Thousands)

Fiscal Year	Type of Benefit	Employees	Teachers	Police Officers	Fire-fighters	Total
2007	Service & Early Retirements	\$97,652	\$124,382	\$54,833	\$29,778	\$306,645
	Ordinary Disability Retirements	3,374	2,486	840	457	7,157
	Accidental Disability Retirements	6,284	332	7,678	2,814	17,108
	Ordinary Death in Active Service	129	288	36	73	526
	Accidental Death in Active Service	199	63	334	314	910
	Beneficiaries**	8,791	4,652	3,880	3,190	20,513
	Outstanding Refunds	6,550	5,761	1,492	219	14,022
	Total	\$122,979	\$137,964	\$69,093	\$36,845	\$366,881
	Postretirement Medical Premium Subsidies	17,368	18,658	9,610	5,478	51,114

* Includes COLA allowances.

** Beneficiaries of deceased members who retired on a service or disability allowance.

Retirees and Beneficiaries Age Distribution Employees

SERVICE RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
40 - 44		\$	\$	3	\$ 15,893	\$ 5,298
45 - 49				10	57,374	5,737
50 - 54	58	915,640	15,787	52	602,530	11,587
55 - 59	270	4,770,994	17,670	311	3,915,528	12,590
60 - 64	775	13,112,941	16,920	957	10,719,806	11,201
65 - 69	866	11,414,581	13,181	1,104	9,668,137	8,757
70 - 74	828	10,202,945	12,322	880	7,033,192	7,992
75 - 79	686	7,907,654	11,527	670	4,923,234	7,348
80 - 84	425	4,399,979	10,353	491	3,523,310	7,176
85 - 89	204	1,853,724	9,087	255	1,466,312	5,750
90 - 94	51	411,581	8,070	81	474,190	5,854
95 - 99	15	133,097	8,873	19	117,728	6,196
100 & Over				1	12,653	12,653
TOTAL	4,178	\$ 55,123,136	\$ 13,194	4,834	\$ 42,529,887	\$ 8,798

DISABILITY RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
25 - 29		\$	\$	1	\$ 12,890	\$ 12,890
30 - 34	1	12,674	12,674	3	33,061	11,020
35 - 39	4	38,192	9,548	7	79,053	11,293
40 - 44	15	198,669	13,245	24	303,414	12,642
45 - 49	28	381,069	13,610	37	386,016	10,433
50 - 54	63	836,426	13,277	69	803,278	11,642
55 - 59	86	1,045,032	12,152	102	1,101,543	10,799
60 - 64	77	1,050,064	13,637	82	937,825	11,437
65 - 69	58	644,331	11,109	53	624,891	11,790
70 - 74	27	314,296	11,641	22	285,287	12,968
75 - 79	16	194,753	12,172	10	99,692	9,969
80 - 84	5	113,469	22,694	7	70,778	10,111
85 - 89	2	20,873	10,437	4	51,285	12,821
90 - 94						
95 - 99				1	9,513	9,513
100 & Over				1	9,374	9,374
TOTAL	382	\$ 4,849,848	\$ 12,696	423	\$ 4,807,900	\$ 11,366

Retirees and Beneficiaries Age Distribution Employees

BENEFICIARIES OF DECEASED MEMBERS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
Under 20		\$	\$	1	\$ 4,844	\$ 4,844
20 - 24						
25 - 29	4	11,549	2,887			
30 - 34	1	12,920	12,920	3	17,602	5,867
35 - 39	3	7,268	2,423	2	6,962	3,481
40 - 44	4	22,305	5,576	11	85,313	7,756
45 - 49	7	12,897	1,842	17	125,153	7,362
50 - 54	12	61,144	5,095	23	214,810	9,340
55 - 59	14	84,444	6,032	62	618,904	9,982
60 - 64	6	43,608	7,268	57	650,801	11,418
65 - 69	16	86,521	5,408	85	914,139	10,755
70 - 74	14	127,689	9,121	159	1,607,625	10,111
75 - 79	16	125,548	7,847	177	1,824,235	10,306
80 - 84	11	63,699	5,791	171	1,284,921	7,514
85 - 89	5	20,017	4,003	106	695,833	6,564
90 - 94	2	3,948	1,974	42	300,033	7,144
95 - 99				9	71,445	7,938
100 & Over				2	12,120	6,060
TOTAL	115	\$ 683,557	\$ 5,944	927	\$ 8,434,740	\$ 9,099

Retirees and Beneficiaries Age Distribution Teachers

SERVICE RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
40 - 44						
45 - 49	2	\$ 15,603	\$ 7,802	1	\$ 8,046	\$ 8,046
50 - 54	5	80,790	16,158	47	450,698	9,589
55 - 59	239	5,215,982	21,824	519	9,810,891	18,903
60 - 64	628	15,400,507	24,523	1,247	24,371,507	19,544
65 - 69	444	10,459,326	23,557	900	16,235,273	18,039
70 - 74	338	8,034,164	23,770	620	11,341,809	18,293
75 - 79	205	4,664,021	22,751	389	6,596,416	16,957
80 - 84	95	1,747,559	18,395	277	4,310,376	15,561
85 - 89	47	720,816	15,337	231	2,946,479	12,755
90 - 94	17	192,051	11,297	118	1,107,686	9,387
95 - 99	2	24,840	12,420	59	561,361	9,515
100 & Over				11	84,783	7,708
TOTAL	2,022	\$ 46,555,659	\$ 23,025	4,419	\$ 77,825,325	\$ 17,612

DISABILITY RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
40 - 44		\$	\$	3	\$ 29,341	\$ 9,780
45 - 49				2	28,319	14,160
50 - 54	3	45,522	15,174	14	214,968	15,355
55 - 59	9	144,247	16,027	28	454,261	16,224
60 - 64	7	153,257	21,894	25	386,178	15,447
65 - 69	12	238,045	19,837	21	345,084	16,433
70 - 74	8	160,817	20,102	7	92,000	13,143
75 - 79	8	96,075	12,009	12	154,071	12,839
80 - 84	4	54,735	13,684	12	119,969	9,997
85 - 89				6	67,903	11,317
90 - 94				2	22,845	11,423
95 - 99				1	10,252	10,252
100 & Over						
TOTAL	51	\$ 892,698	\$ 17,504	133	\$ 1,925,191	\$ 14,475

Retirees and Beneficiaries Age Distribution Teachers

BENEFICIARIES OF DECEASED MEMBERS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
20 - 24	1	\$ 4,534	\$ 4,534	1	\$ 12,607	\$ 12,607
25 - 29	1	3,105	3,105	1	4,534	4,534
30 - 34	2	19,261	9,631	2	6,121	3,061
35 - 39	1	7,267	7,267			
40 - 44	3	19,905	6,635	1	7,267	7,267
45 - 49	5	40,132	8,026	3	54,140	18,047
50 - 54	3	51,279	17,093	6	87,336	14,556
55 - 59	7	57,126	8,161	28	488,726	17,455
60 - 64	8	109,851	13,731	24	507,540	21,148
65 - 69	10	129,697	12,970	35	633,756	18,107
70 - 74	13	145,071	11,159	37	815,426	22,039
75 - 79	10	189,069	18,907	34	795,884	23,408
80 - 84	11	172,778	15,707	21	266,969	12,713
85 - 89	2	21,358	10,679	23	240,302	10,448
90 - 94	3	36,896	12,299	6	66,205	11,034
95 - 99				1	9,737	9,737
100 & Over						
TOTAL	80	\$ 1,007,329	\$ 12,592	223	\$ 3,996,550	\$ 17,922

Retirees and Beneficiaries Age Distribution Police

SERVICE RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
40 - 44		\$	\$	5	\$ 18,776	\$ 3,755
45 - 49	194	7,921,601	40,833	29	644,837	22,236
50 - 54	272	11,095,249	40,791	45	918,224	20,405
55 - 59	278	10,625,716	38,222	39	784,473	20,115
60 - 64	279	9,236,303	33,105	41	593,910	14,486
65 - 69	194	5,505,275	28,378	28	402,548	14,377
70 - 74	128	3,104,596	24,255	23	348,185	15,138
75 - 79	90	2,139,811	23,776	8	102,619	12,827
80 - 84	25	675,438	27,018	5	88,932	17,786
85 - 89	21	489,953	23,331	4	35,676	8,919
90 - 94	5	72,898	14,580	1	11,855	11,855
95 - 99	1	17,049	17,049			
100 & Over						
TOTAL	1,487	\$ 50,883,889	\$ 34,219	228	\$ 3,950,035	\$ 17,325

DISABILITY RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
30 - 34	2	\$ 45,175	\$ 22,588	1	\$ 28,848	\$ 28,848
35 - 39	8	320,147	40,018	1	6,907	6,907
40 - 44	21	626,847	29,850	1	33,447	33,447
45 - 49	29	884,143	30,488	4	128,685	32,171
50 - 54	41	1,319,550	32,184	5	136,895	27,379
55 - 59	54	1,594,206	29,522	12	317,634	26,470
60 - 64	52	1,434,213	27,581	7	149,014	21,288
65 - 69	27	631,073	23,373	1	12,597	12,597
70 - 74	19	450,552	23,713	2	32,852	16,426
75 - 79	12	249,824	20,819			
80 - 84	4	54,415	13,604			
85 - 89	3	49,003	16,334			
90 - 94						
95 - 99	1	11,595	11,595			
100 & Over						
TOTAL	273	\$ 7,670,743	\$ 28,098	34	\$ 846,879	\$ 24,908

Retirees and Beneficiaries Age Distribution Police

BENEFICIARIES OF DECEASED MEMBERS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
Under 20	2	\$ 20,696	\$ 10,348	1	\$ 31,491	\$ 31,491
20 - 24						
25 - 29						
30 - 34						
35 - 39				2	46,149	23,075
40 - 44	1	35,775	35,775	1	15,234	15,234
45 - 49	1	11,754	11,754	2	69,692	34,846
50 - 54	2	73,066	36,533	15	371,275	24,752
55 - 59	2	33,189	16,595	20	427,834	21,392
60 - 64				27	608,407	22,534
65 - 69	2	4,536	2,268	30	404,011	13,467
70 - 74	4	45,434	11,359	38	558,878	14,707
75 - 79	3	37,042	12,347	37	529,103	14,300
80 - 84	4	31,555	7,889	44	524,257	11,915
85 - 89				22	267,759	12,171
90 - 94	1	11,952	11,952	9	84,573	9,397
95 - 99				1	5,927	5,927
100 & Over						
TOTAL	22	\$ 304,999	\$ 13,864	249	\$ 3,944,590	\$ 15,842

Retirees and Beneficiaries Age Distribution Fire

SERVICE RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
40 - 44		\$	\$	1	\$ 4,235	\$ 4,235
45 - 49	55	2,416,706	43,940	7	108,814	15,545
50 - 54	165	6,986,934	42,345	14	164,243	11,732
55 - 59	169	6,935,101	41,036	9	110,463	12,274
60 - 64	145	5,268,108	36,332	10	169,989	16,999
65 - 69	91	3,098,127	34,045	3	41,265	13,755
70 - 74	63	1,784,629	28,327	1	4,629	4,629
75 - 79	49	1,342,806	27,404	1	24,720	24,720
80 - 84	40	986,339	24,658			
85 - 89	11	212,502	19,318			
90 - 94	6	117,934	19,656			
95 - 99						
100 & Over						
TOTAL	794	\$ 29,149,186	\$ 36,712	46	\$ 628,358	\$ 13,660

DISABILITY RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
30 - 34	1	\$ 27,981	\$ 27,981			
35 - 39	1	26,925	26,925			
40 - 44	6	197,650	32,942			
45 - 49	8	269,902	33,738	1	39,549	39,549
50 - 54	16	471,537	29,471	1	25,298	25,298
55 - 59	18	475,369	26,409			
60 - 64	17	414,496	24,382			
65 - 69	23	564,698	24,552			
70 - 74	15	399,277	26,618			
75 - 79	7	169,151	24,164			
80 - 84	4	99,579	24,895			
85 - 89	5	74,098	14,820			
90 - 94	1	16,132	16,132			
95 - 99						
100 & Over						
TOTAL	122	\$ 3,206,795	\$ 26,285	2	\$ 64,847	\$ 32,424

Retirees and Beneficiaries Age Distribution Fire

BENEFICIARIES OF DECEASED MEMBERS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
35 - 39	2	\$ 25,322	\$ 12,661	1	\$ 43,406	\$ 43,406
40 - 44				2	38,075	19,038
45 - 49				1	19,910	19,910
50 - 54				14	264,273	18,877
55 - 59				7	110,168	15,738
60 - 64				17	464,003	27,294
65 - 69				17	273,656	16,097
70 - 74	1	15,161	15,161	28	525,558	18,770
75 - 79				33	602,190	18,248
80 - 84	3	56,255	18,752	38	589,858	15,523
85 - 89	1	14,446	14,446	28	430,118	15,361
90 - 94	1	3,916	3,916	7	67,816	9,688
95 - 99	1	6,493	6,493	2	25,868	12,934
100 & Over						
TOTAL	9	\$ 121,593	\$ 13,510	195	\$ 3,454,899	\$ 17,717

Active Members by Valuation Division

Valuation Group	Active Members	Valuation Payroll	Average		
			Age	Service	Pay
Employees:					
Male	10,245	\$420,382,104	47.4	10.2	\$41,033
Female	16,229	\$521,936,540	46.9	8.7	\$32,161
Total	26,474	\$942,318,644	47.1	9.3	\$35,594
Teachers:					
Male	4,350	\$232,246,139	45.8	13.5	\$53,390
Female	14,127	\$690,061,953	45.6	12.3	\$48,847
Total	18,477	\$922,308,092	45.6	12.6	\$49,917
Police:					
Male	3,732	\$208,675,674	38.5	10.4	\$55,915
Female	531	\$24,672,438	38.7	8.3	\$46,464
Total	4,263	\$233,348,112	38.5	10.1	\$54,738
Fire:					
Male	1,545	\$95,026,229	39.7	11.9	\$61,506
Female	43	\$2,338,305	38.1	8.9	\$54,379
Total	1,588	\$97,364,534	39.7	11.8	\$61,313
Total:					
Male	19,872	\$956,330,146	44.8	11.1	\$48,125
Female	30,930	\$1,239,009,236	46.1	10.3	\$40,058
Grand Total	50,802	\$2,195,339,382	45.6	10.6	\$43,214

Valuation Group	Active Members	Valuation Payroll
Employees:		
State	11,076	\$ 435,007,492
Political Subdivisions	15,398	507,311,152
Subtotal	26,474	942,318,644
Teachers:	18,477	922,308,092
Police:		
State	1,257	65,012,472
Political Subdivisions	3,006	168,335,640
Subtotal	4,263	233,348,112
Fire:		
State	65	3,009,307
Political Subdivisions	1,523	94,355,227
Subtotal	1,588	97,364,534
Total	50,802	\$ 2,195,339,382

Age and Service Distribution

Employees
June 30, 2007

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No	Valuation Payroll
15-19	53							53	\$ 503,732
20-24	821	7						828	14,472,754
25-29	1,241	243	2					1,486	37,224,604
30-34	999	456	91	5				1,551	47,203,928
35-39	1,237	687	352	166	10			2,452	83,779,312
40-44	1,494	829	464	412	197	16		3,412	122,035,060
45-49	1,735	1,112	588	468	313	192	33	4,441	159,728,304
50-54	1,532	1,104	717	611	375	310	220	4,869	183,991,261
55-59	1,124	873	624	606	402	262	324	4,215	170,111,348
60-64	549	535	365	350	255	156	182	2,392	94,984,638
65-69	113	171	93	70	67	30	45	589	22,087,127
70+	47	45	32	21	16	11	14	186	6,196,576
TOTAL	10,945	6,062	3,328	2,709	1,635	977	818	26,474	\$942,318,644

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

Age: 47.1 years
Service: 9.3 years
Annual Pay: \$35,594

Age and Service Distribution

Teachers
June 30, 2007

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No	Valuation Payroll
20-24	207							207	\$ 6,039,076
25-29	1,556	248	1					1,805	62,970,106
30-34	850	997	109					1,956	79,842,539
35-39	580	726	567	52				1,925	87,600,234
40-44	568	524	369	366	113	5		1,945	95,938,538
45-49	612	627	385	331	480	97	5	2,537	128,141,267
50-54	458	624	514	426	414	491	195	3,122	168,172,922
55-59	269	402	476	502	457	421	835	3,362	195,058,915
60-64	105	126	172	217	269	208	357	1,454	88,827,258
65-69	18	24	16	19	23	26	25	151	8,999,124
70+	3	2		3	1	1	3	13	718,113
TOTAL	5,226	4,300	2,609	1,916	1,757	1,249	1,420	18,477	\$922,308,092

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

Age: 45.6 years
Service: 12.6 years
Annual Pay: \$49,917

Age and Service Distribution

Police
June 30, 2007

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No	Valuation Payroll
15-19	2							2	\$ 31,638
20-24	209							209	6,130,770
25-29	471	137	1					609	27,551,681
30-34	265	348	104	7				724	37,846,862
35-39	177	246	307	100	4			834	46,945,221
40-44	110	142	147	234	142	19		794	48,141,408
45-49	67	61	70	115	138	86	5	542	35,267,008
50-54	56	53	34	57	45	44	17	306	18,092,494
55-59	23	24	30	39	22	21	12	171	9,475,307
60-64	9	12	15	11	6	5	7	65	3,496,384
65-69		1	2		2			5	262,200
70+				1	1			2	107,139
TOTAL	1,389	1,024	710	564	360	175	41	4,263	\$233,348,112

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

Age: 38.5 years
Service: 10.1 years
Annual Pay: \$54,738

Age and Service Distribution

Fire
June 30, 2007

Attained Age	Years of Service to Valuation Date							Totals		
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No	Valuation Payroll	
20-24	58							58	\$ 1,847,935	
25-29	109	47						156	7,410,153	
30-34	83	113	23	1				220	11,882,295	
35-39	86	122	82	48	1			339	20,220,292	
40-44	39	73	54	108	85	1		360	23,678,572	
45-49	24	31	24	59	75	45	3	261	18,311,395	
50-54	5	16	9	21	34	37	13	135	9,788,713	
55-59	2	2	6	3	10	11	15	49	3,586,554	
60-64		2	1	1	2			1	7	447,819
65-69	1	1						1	3	190,806
70+										
TOTAL	407	407	199	241	207	94	33	1,588	\$ 97,364,534	

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

Age: 39.7 years
Service: 11.8 years
Annual Pay: \$61,313

Age and Service Distribution

Total
June 30, 2007

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No	Valuation Payroll
15-19	55							55	\$ 535,370
20-24	1,295	7						1,302	28,490,535
25-29	3,377	675	4					4,056	135,156,544
30-34	2,197	1,914	327	13				4,451	176,775,624
35-39	2,080	1,781	1,308	366	15			5,550	238,545,059
40-44	2,211	1,568	1,034	1,120	537	41		6,511	289,793,578
45-49	2,438	1,831	1,067	973	1,006	420	46	7,781	341,447,974
50-54	2,051	1,797	1,274	1,115	868	882	445	8,432	380,045,390
55-59	1,418	1,301	1,136	1,150	891	715	1,186	7,797	378,232,124
60-64	663	675	553	579	532	369	547	3,918	187,756,099
65-69	132	197	111	89	92	56	71	748	31,539,257
70+	50	47	32	25	18	12	17	201	7,021,828
TOTAL	17,967	11,793	6,846	5,430	3,959	2,495	2,312	50,802	\$2,195,339,382

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

Age: 45.6 years
Service: 10.6 years
Annual Pay: \$43,214

Historical Summary of Active Member Data

Total

Valuation Date	Active Members		Covered Payroll		Average Salary		Average	
	No.	% Inc.*	\$ Amount	% Inc.*	\$ Amount	% Inc.*	Age	Service
2005	51,060	N/A	\$2,043,568,262	N/A	\$40,023	N/A	45.2	9.9
2007	50,802	(0.3%)	2,195,339,382	3.6%	43,214	3.9%	45.6	10.6

* Average annual increase.

By Valuation Group (valuation payroll in thousands)

	Fiscal Year	Active Members#	Valuation Payroll	Average Compensation	% Inc.*
Employees	2007	26,474	\$942,319	\$35,594	3.40 %
Teachers		18,477	\$922,308	\$49,917	4.06 %
Police		4,263	\$233,348	\$54,738	6.32 %
Fire		1,588	\$97,364	\$61,312	3.78 %
Total		50,802	\$2,195,339	\$43,214	3.91 %

	Fiscal Year	Active Members#	Valuation Payroll	Average Compensation	% Inc.*
Employees	2005	26,414	\$879,419	\$33,294	N/A
Teachers		18,474	\$851,664	\$46,101	N/A
Police		4,573	\$221,456	\$48,427	N/A
Fire		1,599	\$91,029	\$56,929	N/A
Total		51,060	\$2,043,568	\$40,023	N/A

Excludes temporary inactive members.

* Average annual increase.

Summary of Membership Data by Category

	June 30	
	2007	2005
Active Members		
Number	50,802	51,060
Average age (years)	45.6	45.2
Average service (years)	10.6	9.9
Average salary	\$ 43,214	\$ 40,023
Total payroll supplied, annualized	\$2,195,339,382	\$2,043,568,262
Vested Inactive Members		
Number	1,049	617
Average age (years)	52	53
Non-Vested Inactive Members		
Number	4,717	9,880
Service Retirees		
Number	18,008	15,959
Average age (years)	68	N/A
Total annual benefits	\$343,468,413	\$255,499,585
Average annual benefit	\$ 19,073	\$ 16,010
Disability Retirees		
Number	1,420	1,346
Average age (years)	60	N/A
Total annual benefits	\$27,791,306	\$22,373,570
Average annual benefit	\$ 19,571	\$ 16,622
Beneficiaries		
Number	1,820	1,645
Average age (years)	72	N/A
Total annual benefits	\$26,320,657	\$18,481,241
Average annual benefit	\$ 14,462	\$ 11,235
Total Covered Lives	73,099	70,627

Other Schedules of Interest

Distribution of Retirees by Years of Service

Service	Employees										Total
	<u>0 - 4 yrs.*</u>	<u>5 - 9 yrs.</u>	<u>10 - 14 yrs.</u>	<u>15 - 19 yrs.</u>	<u>20 - 24 yrs.</u>	<u>25 - 29 yrs.</u>	<u>30 - 34 yrs.</u>	<u>35 - 39 yrs.</u>	<u>40 - 44 yrs.</u>	<u>45 or more yrs.</u>	
Total Retirees	685	1,240	2,745	1,885	1,666	966	987	513	142	30	10,859
Annual Benefits	\$2,547,875	\$4,944,987	\$16,687,328	\$16,677,011	\$20,310,465	\$15,727,839	\$20,971,919	\$13,767,415	\$3,966,705	\$827,524	\$116,429,068
Avg. Monthly Benefit	\$310	\$332	\$507	\$737	\$1,016	\$1,357	\$1,771	\$2,236	\$2,328	\$2,299	\$893

* Includes 81 members who did not have service reported.

Service	Teachers										Total
	<u>0 - 4 yrs.*</u>	<u>5 - 9 yrs.</u>	<u>10 - 14 yrs.</u>	<u>15 - 19 yrs.</u>	<u>20 - 24 yrs.</u>	<u>25 - 29 yrs.</u>	<u>30 - 34 yrs.</u>	<u>35 - 39 yrs.</u>	<u>40 - 44 yrs.</u>	<u>45 or more yrs.</u>	
Total Retirees	103	163	842	855	1,390	1,245	1,477	745	101	7	6,928
Annual Benefits	\$484,780	\$801,426	\$6,074,213	\$9,378,766	\$22,089,437	\$25,885,052	\$39,082,461	\$24,656,149	\$3,467,980	\$282,488	\$132,202,752
Avg. Monthly Benefit	\$392	\$410	\$601	\$914	\$1,324	\$1,733	\$2,205	\$2,758	\$2,861	\$3,363	\$1,590

* Includes 37 members who did not have service reported.

Service	Police										Total
	<u>0 - 4 yrs.*</u>	<u>5 - 9 yrs.</u>	<u>10 - 14 yrs.</u>	<u>15 - 19 yrs.</u>	<u>20 - 24 yrs.</u>	<u>25 - 29 yrs.</u>	<u>30 - 34 yrs.</u>	<u>35 - 39 yrs.</u>	<u>40 - 44 yrs.</u>	<u>45 or more yrs.</u>	
Total Retirees	162	130	264	225	959	411	122	13	5	2	2,293
Annual Benefits	\$1,661,296	\$1,893,334	\$4,507,094	\$5,138,209	\$30,307,511	\$16,669,404	\$6,258,686	\$761,482	\$330,337	\$73,782	\$67,601,135
Avg. Monthly Benefit	\$855	\$1,214	\$1,423	\$1,903	\$2,634	\$3,380	\$4,275	\$4,881	\$5,506	\$3,074	\$2,457

* Includes 74 members who did not have service reported.

Service	Fire										Total
	<u>0 - 4 yrs.*</u>	<u>5 - 9 yrs.</u>	<u>10 - 14 yrs.</u>	<u>15 - 19 yrs.</u>	<u>20 - 24 yrs.</u>	<u>25 - 29 yrs.</u>	<u>30 - 34 yrs.</u>	<u>35 - 39 yrs.</u>	<u>40 - 44 yrs.</u>	<u>45 or more yrs.</u>	
Total Retirees	67	22	73	108	488	297	86	23	4	0	1,168
Annual Benefits	\$742,989	\$337,650	\$1,332,871	\$2,455,117	\$13,783,762	\$12,337,194	\$4,211,638	\$1,224,904	\$199,553	\$0	\$36,625,678
Avg. Monthly Benefit	\$924	\$1,279	\$1,522	\$1,894	\$2,354	\$3,462	\$4,081	\$4,438	\$4,157	N/A	\$2,613

* Includes 47 members who did not have service reported.

Other Schedules of Interest
Schedule of Retired Members by Type of Benefits

Employees

		June 30, 2007																
		Type of Retirement**							Option Selected #									
Amount of Monthly Benefit	Number of Retirants	1	2	3	4	5	6	7	No Option	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	Option 9
\$1 - 250	1,534	1,254	7	-	3	-	269	1	999	116	123	23	224	45	3	1	-	-
251 - 500	2,207	1,948	48	1	2	-	208	-	1,335	171	137	46	422	91	4	1	-	-
501 - 750	1,800	1,471	148	25	1	1	154	-	1,077	90	118	48	345	116	4	2	-	-
751 - 1,000	1,569	1,166	94	140	4	2	163	-	901	122	99	46	294	105	2	-	-	-
1,001 - 1,250	1,042	809	34	136	2	1	59	1	577	64	76	43	195	87	-	-	-	-
1,251 - 1,500	751	622	13	63	-	2	47	4	354	52	71	34	158	79	2	1	-	-
1,501 - 1,750	538	454	5	36	2	1	32	8	253	23	54	22	143	42	1	-	-	-
1,751 - 2,000	376	315	6	19	-	2	22	12	180	13	45	17	98	23	-	-	-	-
Over 2,000	1,570	973	7	23	-	2	63	502	861	43	133	59	348	124	1	1	-	-
Totals	11,387	9,012	362	443	14	11	1,017	528	6,537	694	856	338	2,227	712	17	6	-	-

Teachers

		June 30, 2007																
		Type of Retirement**							Option Selected #									
Amount of Monthly Benefit	Number of Retirants	1	2	3	4	5	6	7	No Option	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	Option 9
\$1 - 250	219	194	-	-	-	-	23	2	123	11	10	8	48	16	-	3	-	-
251 - 500	525	496	-	-	-	-	29	-	307	68	27	7	91	22	2	1	-	-
501 - 750	556	519	5	-	1	-	31	-	326	67	36	3	98	25	1	-	-	-
751 - 1,000	663	560	62	-	-	-	41	-	355	116	23	24	114	29	2	-	-	-
1,001 - 1,250	606	533	41	2	4	-	26	-	337	54	40	16	117	41	1	-	-	-
1,251 - 1,500	616	563	19	3	-	1	30	-	287	42	47	19	160	61	-	-	-	-
1,501 - 1,750	613	574	14	3	2	-	20	-	262	45	50	16	180	55	1	4	-	-
1,751 - 2,000	643	607	7	3	2	1	22	1	294	27	53	25	172	70	-	2	-	-
Over 2,000	2,967	2,395	20	5	4	1	65	477	1,541	135	194	90	730	272	-	5	-	-
Totals	7,408	6,441	168	16	13	3	287	480	3,832	565	480	208	1,710	591	7	15	-	-

See Page 47 for footnotes.

Other Schedules of Interest
Schedule of Retired Members by Type of Benefits

Police																		
June 30, 2007																		
		Type of Retirement**							Option Selected #									
Amount of Monthly Benefit	Number of Retirants	1	2	3	4	5	6	7	No Option	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	Option 9
\$1 - 250	57	50	1	-	-	1	4	1	31	-	5	8	5	8	-	-	-	-
251 - 500	92	47	-	-	-	2	43	-	67	1	1	8	3	12	-	-	-	-
501 - 750	94	60	2	-	-	-	32	-	69	4	4	5	4	8	-	-	-	-
751 - 1,000	153	82	14	8	-	3	46	-	112	7	7	7	5	15	-	-	-	-
1,001 - 1,250	143	92	11	2	-	-	38	-	91	6	6	9	9	22	-	-	-	-
1,251 - 1,500	120	72	11	9	-	1	27	-	76	6	4	4	13	17	-	-	-	-
1,501 - 1,750	126	88	7	17	-	1	13	-	68	10	5	10	7	25	1	-	-	-
1,751 - 2,000	152	103	4	33	-	-	12	-	90	10	3	18	9	22	-	-	-	-
Over 2,000	1,394	1,121	4	184	1	7	40	37	528	74	24	292	52	424	-	-	-	-
Totals	2,331	1,715	54	253	1	15	255	38	1,132	118	59	361	107	553	1	-	-	-

Fire																		
June 30, 2007																		
		Type of Retirement**							Option Selected #									
Amount of Monthly Benefit	Number of Retirants	1	2	3	4	5	6	7	No Option	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	Option 9
\$1 - 250	9	6	-	1	-	1	1	-	5	-	-	1	1	2	-	-	-	-
251 - 500	24	14	-	-	-	3	7	-	18	-	2	-	1	3	-	-	-	-
501 - 750	43	14	-	-	-	-	29	-	39	-	-	1	1	2	-	-	-	-
751 - 1,000	45	18	1	-	-	-	26	-	38	-	2	2	-	3	-	-	-	-
1,001 - 1,250	80	28	5	4	-	5	38	-	65	5	3	1	3	3	-	-	-	-
1,251 - 1,500	72	35	2	11	-	1	23	-	48	7	6	5	2	4	-	-	-	-
1,501 - 1,750	84	52	6	7	-	3	16	-	49	9	3	9	6	8	-	-	-	-
1,751 - 2,000	71	40	4	13	-	1	13	-	39	8	5	4	6	9	-	-	-	-
Over 2,000	743	633	5	65	2	4	31	3	259	40	14	144	18	267	-	1	-	-
Totals	1,171	840	23	101	2	18	184	3	560	69	35	167	38	301	-	1	-	-

See Page 47 for footnotes.

****Type of Retirement**

- 1-Service & early retirement
- 2-Ordinary disability retirement
- 3-Accidental disability retirement
- 4-Ordinary death in active service
- 5-Accidental death in active service
- 6-Beneficiaries of deceased members who retired on a service or disability allowance
- 7-Vested member with future benefit

#Option Selected

- No option - Straight life
- Option 1 - Cash refund
- Option 2 - 100% Joint & Survivorship
- Option 3 - 50% Joint & Survivorship
- Option 4 - 100% Pop-Up
- Option 5 - 50% Pop-Up
- Option 6 - Other % Joint & Survivorship
- Option 7 - Other % Pop-Up
- Option 8 - Fixed amount to Beneficiaries
- Option 9 - Widow's benefit (accidental disability) 50%

SECTION F
METHODS & ASSUMPTIONS

Valuation Methods

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gain/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities were amortized by level (principal & interest combined) percent-of-payroll contributions over 30 years from the contribution effective date (Fiscal Year 2010).

Valuation Methods

Actuarial Value of Assets - The Actuarial Value of Assets recognizes assumed investment income fully each year. Differences between actual and assumed investment income are phased in over a closed 5 year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than Market Value. The Funding Value of Assets is unbiased with respect to Market Value. At any time it may be either greater or less than Market Value. If assumed rates are exactly realized for 4 consecutive years, it will become equal to Market Value. Funding Value was limited to a 20% corridor around the Market Value.

Development of Amortization Payment

The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The unfunded actuarial accrued liability (UAAL) was determined using the funding value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL amortization payment (one component of the contribution requirement), is the level percent of pay required to fully amortize the UAAL over a 30 year period beginning on July 1, 2009. This UAAL payment reflects any payments expected to be made between the valuation date and the date contributions determined by this report are scheduled to begin. It was assumed that the entire pension contribution as calculated in the June 30, 2005 valuation would be contributed to the net pension assets.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section.

Economic Assumptions

The investment return rate assumed in the valuations is 8.50% per year, compounded annually (net after investment expenses).

The **Wage Inflation Rate** assumed in this valuation was 4.50% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

No specific **Price Inflation** assumption is required to perform this valuation, since there are no benefits that are linked to price increases. However, a price inflation assumption on the order of 3.5% would be consistent with the other economic assumptions.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed total wage growth rate. Considering other economic assumptions, the 8.50% investment return rate translates to an assumed real rate of return over wage inflation of 4.00%. The assumed real rate of return over price inflation would be higher – on the order of 5.0%, considering both an inflation assumption and an average expense provision.

The active member population is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at the wage inflation rate – 4.50% per year.

Pay increase assumptions for individual active members are shown for sample ages on page 52. Part of the assumption for each age is for merit and/or seniority increase, and the other 4.50% recognizes wage inflation, including price inflation, productivity increases, and other macro economic forces.

Valuation Assumptions

Employees

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Sample Ages	% Increase in Salary at Sample Ages		
	Merit & Seniority	Base (Economy)	Increase Next Year
20	11.75%	4.50%	16.25%
25	8.75%	4.50%	13.25%
30	4.25%	4.50%	8.75%
35	3.25%	4.50%	7.75%
40	1.85%	4.50%	6.35%
45	1.65%	4.50%	6.15%
50	1.45%	4.50%	5.95%
55	1.25%	4.50%	5.75%
60	1.05%	4.50%	5.55%
Ref:	271 - 0.5%		

Valuation Assumptions

Employees (Continued)

The mortality table was the same table as used by the prior actuary. Sample rates are shown below.

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
35	0.076%	0.047%	46.65	51.20
40	0.102%	0.062%	41.82	46.32
45	0.151%	0.099%	37.02	41.46
50	0.235%	0.155%	32.28	36.65
55	0.387%	0.226%	27.64	31.92
60	0.735%	0.360%	23.14	27.25
65	1.408%	0.779%	18.92	22.71
70	2.485%	1.562%	15.12	18.52
75	4.176%	2.566%	11.81	14.83
80	6.934%	4.195%	9.02	11.53
Ref:	470	x 1.00	471	x 1.00

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Disabled pension mortality was based on PBGC Disabled Mortality tables. For active members dying before retirement, 98% percent are assumed to be ordinary death and 2% percent are assumed to be accidental death. The probabilities of dying at sample attained ages were as follows:

Sample Ages	Probability of Occurance Next Year			
	Death		Disability	
	Men	Women	Men	Women
20	0.06%	0.02%	4.83%	4.83%
25	0.06%	0.02%	4.83%	4.83%
30	0.06%	0.03%	3.62%	3.62%
35	0.06%	0.04%	2.78%	2.78%
40	0.06%	0.07%	2.82%	2.82%
45	0.10%	0.10%	3.22%	3.22%
50	0.15%	0.14%	3.83%	3.83%
55	0.20%	0.18%	4.82%	4.82%
Ref	490	x 1.00	491	x 1.00
			250	250

Valuation Assumptions

Employees (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement Ages	% of Active Members Retiring Within Next Year	
	Male	Female
60	12.50%	13.00%
61	15.00%	15.00%
62	17.00%	17.00%
63	19.00%	18.00%
64	21.00%	18.50%
65	24.00%	19.00%
66	26.00%	19.50%
67	24.00%	19.00%
68	22.00%	18.00%
69	20.00%	17.00%
70	100.00%	100.00%
Ref.	1386	1387

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	% of Active Members Separating Within Next Year	
	Male	Female
25	7.00%	8.00%
30	6.50%	7.00%
35	5.50%	6.00%
40	4.50%	5.00%
45	4.00%	4.00%
50	3.50%	3.50%
55	3.00%	3.00%
60	2.20%	2.60%
Ref.	949	950

Withdrawal rates for the first two years of employment are multiplied by 2.0.

Valuation Assumptions

Employees (Concluded)

Rates of disability among active members. 50% are assumed to be ordinary disability and 50% are assumed to be accidental disability.

Sample Ages	% of Active Members Becoming Disabled Within Next Year	
	Men	Women
20	0.03%	0.02%
25	0.04%	0.02%
30	0.05%	0.02%
35	0.10%	0.05%
40	0.18%	0.08%
45	0.22%	0.12%
50	0.27%	0.18%
55	0.29%	0.22%
Ref	489	490

Valuation Assumptions

Teachers

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Salary Increase Assumptions For an Individual Member			
Sample Ages	Merit & Seniority	Base (Economy)	Increase Next Year
20	3.75%	4.50%	8.25%
25	3.75%	4.50%	8.25%
30	2.00%	4.50%	6.50%
35	1.50%	4.50%	6.00%
40	1.00%	4.50%	5.50%
45	0.50%	4.50%	5.00%
50	0.00%	4.50%	4.50%
55	0.00%	4.50%	4.50%
60	0.00%	4.50%	4.50%
Ref:	272 - 0.5%		

Valuation Assumptions

Teachers (Continued)

The mortality table was the same table as used by the prior actuary. Sample rates are shown below.

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
35	0.068%	0.044%	43.75	50.23
40	0.085%	0.058%	38.94	45.34
45	0.118%	0.090%	34.17	40.49
50	0.180%	0.143%	29.48	35.70
55	0.283%	0.211%	24.91	30.98
60	0.494%	0.319%	20.56	26.33
65	0.959%	0.661%	16.58	21.84
70	1.787%	1.389%	13.07	17.75
75	3.062%	2.335%	10.07	14.14
80	5.129%	3.789%	7.63	10.93
Ref:	470	x 1.00	471	x 1.00

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Disabled pension mortality was based on PBGC Disabled Mortality tables. For active members dying before retirement, 98% percent are assumed to be ordinary death and 2% percent are assumed to be accidental death. The probabilities of dying at sample attained ages were as follows:

Sample Ages	Probability of Dying Next Year			
	Death		Disability	
	Men	Women	Men	Women
20	0.02%	0.03%	4.83%	4.83%
25	0.02%	0.03%	4.83%	4.83%
30	0.03%	0.03%	3.62%	3.62%
35	0.04%	0.03%	2.78%	2.78%
40	0.05%	0.05%	2.82%	2.82%
45	0.06%	0.05%	3.22%	3.22%
50	0.12%	0.10%	3.83%	3.83%
55	0.18%	0.15%	4.82%	4.82%
Ref	492	x 1.00	493	x 1.00
			250	250

Valuation Assumptions

Teachers (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement Ages	% of Active Members Retiring Within Next Year	
	Male	Female
60	20.50%	15.00%
61	22.00%	18.00%
62	23.00%	20.00%
63	24.00%	23.00%
64	25.00%	24.00%
65	26.00%	25.00%
66	27.00%	26.00%
67	28.00%	27.00%
68	29.00%	28.00%
69	30.00%	29.00%
70	100.00%	100.00%
Ref.	1388	1389

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	% of Active Members Separating Within Next Year	
	Male	Female
25	4.50%	4.50%
30	4.00%	4.00%
35	3.50%	3.50%
40	2.75%	3.00%
45	2.75%	2.00%
50	3.50%	2.50%
55	4.00%	3.50%
60	4.40%	3.90%
Ref.	951	952

Withdrawal rates for the first year of employment are multiplied by 3.0 and for the second year of employment are multiplied by 2.0.

Valuation Assumptions

Teachers (Concluded)

Rates of disability among active members. 92% percent are assumed to be ordinary disability and 8% percent are assumed to be accidental disability.

Sample Ages	% of Active Members Becoming Disabled Within Next Year	
	Male	Female
20	0.005%	0.005%
25	0.005%	0.005%
30	0.005%	0.005%
35	0.005%	0.005%
40	0.005%	0.005%
45	0.015%	0.015%
50	0.050%	0.045%
55	0.200%	0.100%
Ref	491	492

Valuation Assumptions

Police

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Salary Increase Assumptions For an Individual Member			
Sample Ages	Merit & Seniority	Base (Economy)	Increase Next Year
20	7.75%	4.50%	12.25%
25	7.75%	4.50%	12.25%
30	3.25%	4.50%	7.75%
35	2.00%	4.50%	6.50%
40	0.75%	4.50%	5.25%
45	0.75%	4.50%	5.25%
50	0.75%	4.50%	5.25%
55	0.75%	4.50%	5.25%
60	0.75%	4.50%	5.25%
Ref:	273 - 0.5%		

Valuation Assumptions

Police (Continued)

The mortality table was the same table as used by the prior actuary. Sample rates are shown below.

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
35	0.076%	0.047%	46.65	51.20
40	0.102%	0.062%	41.82	46.32
45	0.151%	0.099%	37.02	41.46
50	0.235%	0.155%	32.28	36.65
55	0.387%	0.226%	27.64	31.92
60	0.735%	0.360%	23.14	27.25
65	1.408%	0.779%	18.92	22.71
70	2.485%	1.562%	15.12	18.52
75	4.176%	2.566%	11.81	14.83
80	6.934%	4.195%	9.02	11.53
Ref:	470	x 1.00	471	x 1.00

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Disabled pension mortality was based on PBGC Disabled Mortality tables. For active members dying before retirement and disabled retirees, the probabilities of dying at sample attained ages were as follows:

Sample Ages	Probability of Dying Next Year			
	Death		Disability	
	Men	Women	Men	Women
20	0.04%	0.04%	4.83%	4.83%
25	0.05%	0.05%	4.83%	4.83%
30	0.06%	0.06%	3.62%	3.62%
35	0.07%	0.07%	2.78%	2.78%
40	0.10%	0.10%	2.82%	2.82%
45	0.14%	0.14%	3.22%	3.22%
50	0.16%	0.16%	3.83%	3.83%
55	0.24%	0.24%	4.82%	4.82%
Ref:	494	x 1.00	494	x 1.00
			250	250

Valuation Assumptions

Police (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement	
Ages	Percent
45	27.00%
46	27.60%
47	28.20%
48	28.80%
49	29.40%
50	30.00%
51	30.60%
52	31.20%
53	31.80%
54	32.40%
55	33.00%
56	30.00%
57	28.75%
58	28.00%
59	27.50%
60	27.00%
61	26.67%
62	27.08%
63	27.50%
64	27.92%
65	28.33%
66	28.75%
67	29.17%
68	29.58%
69	30.00%
70	100.00%
Ref.	1390

Valuation Assumptions

Police (Concluded)

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating Within Next Year	
		Male	Female
25	5 & Over	5.50%	5.50%
30		4.50%	4.50%
35		3.50%	3.50%
40		3.00%	3.00%
45		3.00%	3.00%
50		3.00%	3.00%
55		2.00%	2.00%
60		2.00%	2.00%
Ref.		953	953

Rates of disability among active members.

Sample Ages	% of Active Members Becoming Disabled within Next Year	
	Ordinary	Accidental
20	0.00%	0.01%
25	0.01%	0.01%
30	0.02%	0.01%
35	0.02%	0.15%
40	0.06%	0.20%
45	0.14%	0.25%
50	0.20%	0.30%
55	0.36%	0.35%
Ref.	493	494

Valuation Assumptions

Fire

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Salary Increase Assumptions For an Individual Member			
Sample Ages	Merit & Seniority	Base (Economy)	Increase Next Year
20	9.00%	4.50%	13.50%
25	8.00%	4.50%	12.50%
30	5.00%	4.50%	9.50%
35	3.00%	4.50%	7.50%
40	1.25%	4.50%	5.75%
45	1.25%	4.50%	5.75%
50	1.25%	4.50%	5.75%
55	1.25%	4.50%	5.75%
60	1.25%	4.50%	5.75%
Ref:	274 - 0.5%		

Valuation Assumptions

Fire (Continued)

The mortality table was the same table as used by the prior actuary. Sample rates are shown below.

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
35	0.098%	0.054%	41.11	49.22
40	0.100%	0.067%	36.33	44.36
45	0.128%	0.084%	31.61	39.52
50	0.207%	0.123%	27.03	34.69
55	0.338%	0.227%	22.59	29.95
60	0.560%	0.444%	18.42	25.36
65	1.024%	0.864%	14.67	21.04
70	1.927%	1.555%	11.48	17.10
75	3.425%	2.593%	8.87	13.58
80	5.542%	4.325%	6.77	10.52
Ref:	326	x 1.00	327	x 1.00

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Disabled pension mortality was based on PBGC Disabled Mortality tables. For active members dying before retirement and disabled retirees, the probabilities of dying at sample attained ages were as follows:

Sample Ages	Probability of Dying Next Year			
	Death		Disability	
	Men	Women	Men	Women
20	0.03%	0.03%	4.83%	4.83%
25	0.03%	0.03%	4.83%	4.83%
30	0.04%	0.04%	3.62%	3.62%
35	0.05%	0.05%	2.78%	2.78%
40	0.07%	0.07%	2.82%	2.82%
45	0.10%	0.10%	3.22%	3.22%
50	0.11%	0.11%	3.83%	3.83%
55	0.17%	0.17%	4.82%	4.82%
Ref	496	x 1.00	496	x 1.00
			250	250

Valuation Assumptions

Fire (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement	
Ages	Percent
45	15.00%
46	15.00%
47	15.00%
48	15.00%
49	15.00%
50	15.00%
51	15.00%
52	15.00%
53	15.00%
54	15.00%
55	25.00%
56	26.00%
57	27.00%
58	28.00%
59	29.00%
60	30.00%
61	29.00%
62	28.00%
63	27.00%
64	26.00%
65	25.00%
66	25.00%
67	25.00%
68	25.00%
69	25.00%
70	100.00%
Ref.	1391

Valuation Assumptions

Fire (Concluded)

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating Within Next Year		
		Male	Female	
25	5 & Over	1.00%	1.00%	
30		1.00%	1.00%	
35		1.00%	1.00%	
40		1.00%	1.00%	
45		1.00%	1.00%	
50		1.00%	1.00%	
55		1.00%	1.00%	
60		1.00%	1.00%	
Ref.			151	151

Rates of disability among active members.

Sample Ages	% of Active Members Becoming Disabled within Next Year	
	Ordinary	Accidental
20	0.02%	0.05%
25	0.02%	0.05%
30	0.02%	0.07%
35	0.02%	0.09%
40	0.02%	0.20%
45	0.02%	0.25%
50	0.02%	0.30%
55	0.02%	0.35%
Ref	274	496

Miscellaneous and Technical Assumptions

<i>Administrative & Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the prior year's administrative expenses. Assumed administrative expenses are added to the Normal Cost, and were 0.35% of payroll in the June 30, 2007 valuation.
<i>Benefit Service</i>	Exact Fractional service is used to determine the amount of benefit payable.
<i>COLA</i>	None assumed.
<i>Decrement Operation</i>	Disability decrements do not operate during retirement eligibility. Only withdrawal operates in the select withdrawal period.
<i>Decrement Timing</i>	Normal and early retirement decrements for the Teachers group are assumed to occur at the beginning of the year. All other decrements were assumed to occur mid-year.
<i>Eligibility Testing</i>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<i>Forfeitures</i>	None.
<i>Gain Sharing</i>	When the plan becomes 85% funded, current statutes provide that 100% of investment return above 10.5% is to be transferred to the Special Account. Projections based on valuation assumptions suggest that this may begin to occur in approximately 2029. This effect was not included in the valuation and was judged to be small due to the length of time before gainsharing occurs. This is based upon current statutes.
<i>Incidence of Contributions</i>	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

<i>Liability Adjustments</i>	Normal, early and vesting retirement liabilities are increased by 7.5%, 8.5%, 10.6% and 11.2% for Employees, Teachers, Police and Fire respectively to account for lump sum payouts.
<i>Marriage Assumption</i>	Group I: 80% of males and 80% of females are assumed to be married for purposes of death-in-service benefits. Group II: 50% of males and 50% of females are assumed to be married for purposes of death-in-service and death after retirement benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<i>Normal Form of Benefit</i>	Group I: The assumed normal form of benefit is a straight life benefit. Group II: The assumed normal form of benefit is straight life for single members and joint and 50% survivor for married members.
<i>Pay Increase Timing</i>	Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<i>Service Credit Accruals</i>	It is assumed that members accrue one year of service credit per year.

SECTION G
PLAN PROVISIONS

Plan Provisions – Group I

<i>Statute</i>	Amended and Restated under New Hampshire Revised Statutes Annotated (RSA) Chapter 100-A. Most recently amended under legislation passed in the year ending June 30, 2007.
<i>Effective Date</i>	July 1, 1967
<i>Plan Year</i>	July 1 through June 30
<i>Type of Plan</i>	Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single plan for financial reporting purposes.
<i>Eligibility Requirements</i>	Any employee or teacher becomes a Group I member as a condition of employment. Membership is optional for elected officials, officials appointed for fixed terms, unclassified state employees or employees of the general court.
<i>Creditable Service</i>	Service measured from date of employment to date of retirement or prior termination plus service credited under one or more of the predecessor systems.
<i>Earnable Compensation</i>	Full base rate of compensation paid plus any overtime pay, holiday and vacation pay, sick pay, longevity or severance pay, cost of living bonus, additional pay for extracurricular and instructional activities or for other extra or special duty, and other compensation paid to the member by the employer, plus the fair market value of non-cash compensation such as meals or living quarters if subject to federal income tax. Earnable compensation in the final 12 months prior to termination shall be limited to 1 ½ times the higher of the earnable compensation in the 12 month period preceding the final 12 months or the highest compensation year excluding the final 12 months.
<i>Average Final Compensation (AFC)</i>	Average annual earnable compensation during the highest 3 years of creditable service.

Plan Provisions – Group I

Service Retirement

Eligibility: Age 60 years.

Benefit: A member annuity that is the actuarial equivalent of the member's accumulated contributions plus a state annuity.

Prior to age 65, the state annuity, together with the member annuity, shall be equal to $1/60^{\text{th}}$ of AFC times creditable service.

After age 65, the state annuity, together with the member annuity, shall be equal to $1/60^{\text{th}}$ of AFC times creditable service.

Normal Form: straight life annuity.

Early Retirement

Eligibility: Completion of 20 years of creditable service and age plus service at least 70, or attainment of age 50.

Benefit: Service Retirement Benefit accrued to date of retirement, reduced for each month prior to age 60 by $1/8$ of 1% if the member has 35 years or more of creditable service, by $1/4$ of 1% if the member has 30 years but less than 35, by $1/3$ of 1% if the member has at least 25 years but not 30, by $5/12$ of 1% if the member has at least 20 years but not 25, and by $5/9$ of 1% if the member has less than 20 years of creditable service.

Ordinary Disability

Eligibility: 10 or more years of creditable service.

Benefit: Service Retirement Benefit if at least age 60. Under age 60, a member annuity plus state annuity that shall be equal to 1.5% times AFC times years of creditable service. The disability retirement allowance shall not be less than 25% of AFC.

Accidental Disability

Eligibility: Permanently disabled in the performance of duty.

Benefit: Service Retirement Benefit if at least age 60, not less than 50% of AFC. Under age 60, a member annuity plus state annuity that shall be equal to 50% times AFC.

Plan Provisions – Group I

Accidental Death Benefits

Eligibility: Accidental death in the performance of duty.

Benefit: 50% times AFC.

Ordinary Death Benefits

Eligibility: Death other than accidental death

Benefit: If 10 years creditable service or eligible for service retirement, surviving spouse receives 50% of the service retirement benefit until death or remarriage. If no surviving spouse, designated beneficiary receives a lump sum equal to the greater of \$3,600 or the member's annual compensation.

If less than 10 years creditable service and not eligible for service retirement, the member's spouse or designated beneficiary receives a lump sum equal to the greater of \$3,600 or the member's annual compensation.

Post Retirement Death

Not applicable.

Optional Forms

Each of the following options shall be of equivalent actuarial value to the allowance payable in the absence of election of an option.

Option 1. Full cash refund.

Option 2. 100% Joint and Survivor.

Option 3. 50% Joint and Survivor.

Option 4. Other Joint and Survivor.

Vested Termination

If a member terminates with less than 10 years of service, the Member's own contributions are refunded. If a Member terminates with 10 or more years of service, the Member either receives his service retirement or reduced early service retirement benefit beginning at any age after age 50 or the member may apply for a refund of accumulated contributions.

Plan Provisions – Group I

Refunds

1. Termination for reasons other than retirement or death and the member has not elected a vested deferred retirement benefit.
2. Upon death in service other than accidental death described above, the member's accumulated contributions are payable to the beneficiary or estate.
3. Upon death prior to age 60 of a member electing vested deferred retirement, the member's accumulated contributions are payable to the beneficiary or estate.
4. Upon death of a retired member prior to electing an optional allowance, any excess of the member's accumulated contributions at retirement over the sum of retirement allowance payments received.

Member Contributions

5% of compensation

Employer Contributions

As prescribed in RSA 100-A:16.

Cost of Living Increases

Provided annually by the legislature out of a special reserve (Special Account) pursuant to RSA 100-A:41-a.

Other Ancillary Benefits

There are no ancillary benefits - retirement type benefits not required by statutes but which might be deemed a liability if continued beyond the availability of funding by the current funding source.

Plan Provisions – Group II

<i>Statute</i>	Amended and Restated under New Hampshire Revised Statutes Annotated (RSA) Chapter 100-A. Most recently amended under legislation passed in the year ending June 30, 2007.
<i>Effective Date</i>	July 1, 1967
<i>Plan Year</i>	July 1 through June 30
<i>Type of Plan</i>	Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single plan for financial reporting purposes.
<i>Eligibility Requirements</i>	Any permanent policeman or permanent fireman becomes a Group II member as a condition of employment.
<i>Creditable Service</i>	Service measured from date of employment to date of retirement or prior termination plus service credited under one or more of the predecessor systems.
<i>Earnable Compensation</i>	Full base rate of compensation paid plus any overtime pay, holiday and vacation pay, sick pay, longevity or severance pay, cost of living bonus, additional pay for extracurricular and instructional activities or for other extra or special duty, and other compensation paid to the member by the employer, plus the fair market value of non-cash compensation such as meals or living quarters if subject to federal income tax. Earnable compensation in the final 12 months prior to termination shall be limited to 1 ½ times the higher of the earnable compensation in the 12 month period preceding the final 12 months or the highest compensation year excluding the final 12 months.
<i>Average Final Compensation (AFC)</i>	Average annual earnable compensation during the highest 3 years of creditable service.

Plan Provisions – Group II

Service Retirement

Eligibility: Age 45 and 20 years of creditable service or age 60.

Benefit: A member annuity that is the actuarial equivalent of the member's accumulated contributions plus a state annuity.

The state annuity, together with the member annuity, shall be equal to 2-1/2% of AFC times creditable service up to 40 years.

A member retiring at age 45 with 20 years of service shall receive a minimum annual service retirement allowance of \$10,000.

Normal Form: straight life annuity (with surviving spouse's benefit payable as described under post-retirement death benefit).

Ordinary Disability

Eligibility: 10 or more years of creditable service.

Benefit: Service Retirement Benefit. The disability retirement allowance shall not be less than 25% of AFC.

Accidental Disability

Eligibility: Permanently disabled in the performance of duty.

Benefit: A member annuity plus state annuity that shall be equal to 2/3 of AFC. If a member has more than 26-2/3 years of service, a supplemental disability benefit equal to 2-1/2% of AFC times years of creditable service in excess of 26-2/3 years but not in excess of 40 years.

Accidental Death Benefits

Eligibility: Accidental death in the performance of duty.

Benefit: 50% times AFC.

Plan Provisions – Group II

Ordinary Death Benefits

Eligibility: Death other than accidental death

Benefit: If 10 years creditable service or eligible for service retirement, surviving spouse receives 50% of the service retirement benefit until death or remarriage. If no surviving spouse, designated beneficiary receives a lump sum equal to the greater of \$3,600 or the member's annual compensation.

If less than 10 years creditable service and not eligible for service retirement, the member's spouse or designated beneficiary receives a lump sum equal to the greater of \$3,600 or the member's annual compensation.

Post Retirement Death

Retired prior to April 1, 1987, lump sum of \$3,600 or in the case of accidental disability, 50% of the accidental disability benefit payable to surviving spouse.

Retired 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 plus a lump sum as defined below.

Retired on or after April 1, 1987, but before July 1, 1988, hired before July 1, 1988, lump sum of \$3,600.

Retired on or after July 1, 1988, hired before July 1, 1988, lump sum of \$10,000.

Retired on or after July 1, 1988, hired on or after July 1, 1988 but before July 1, 1993, lump sum of \$3,600.

Optional Forms

Each of the following options shall be of equivalent actuarial value to the straight life allowance payable in the absence of election of an option.

Option 1. Full cash refund.

Option 2. Not applicable.

Option 3. 50% Joint and Survivor.

Option 4. Other Joint and Survivor, not to exceed 50%.

Vested Termination

If a member terminates with less than 10 years of service, the Member's own contributions are refunded. If a Member terminates with 10 or more years of service, the Member either receives his service retirement at any age after age 45 provided the member would have completed 20 years of creditable service or age 60 or the member may apply for a refund of accumulated contributions.

Plan Provisions – Group II

Refunds

1. Termination for reasons other than retirement or death and the member has not elected a vested deferred retirement benefit.
2. Upon death in service other than accidental death described above, the member's accumulated contributions are payable to the beneficiary or estate.
3. Upon death prior to commencement of benefits of a member electing vested deferred retirement, the member's accumulated contributions are payable to the beneficiary or estate.
4. Upon death of a survivor of a member retired on accidental disability with spouse receiving accidental disability survivor benefits, the excess of the member's accumulated contributions at retirement over the sum of payments received.
5. Upon death of a retired member prior to electing an optional allowance, any excess of the member's accumulated contributions at retirement over the sum of retirement allowance payments received.

Member Contributions

9.3% of compensation

Employer Contributions

As prescribed in RSA 100-A:16.

Cost of Living Increases

Provided annually by the legislature out of a special reserve (Special Account) pursuant to RSA 100-A:41-a.

Other Ancillary Benefits

There are no ancillary benefits - retirement type benefits not required by statutes but which might be deemed a liability if continued beyond the availability of funding by the current funding source.

History of Recent Changes in Plan Provisions

2007 Legislative Session:

Legislation was enacted in the 2007 legislative session which:

- (a) Establishes that the maximum retirement benefit granted under RSA 100-A:5 or RSA 100-A:6 shall not exceed 100 percent of the member's highest year of earnable compensation.
- (b) Adds one person representing management in local government to the System's Board of Trustees.
- (c) Establishes that seven trustees constitute a quorum for the transaction of any business and that the Board chairman shall be a non-voting member except in the event of a tie vote.
- (d) Changes the System's actuarial funding methodology from open group aggregate to entry age normal.
- (e) Changes the amortization period for the System's unfunded accrued liability from 20 years to 30 years or the maximum period allowed by the Governmental Accounting Standards Board.
- (f) Restricts any assets from being transferred to the Special Account until such time as the actuary determines that the funded ratio of the consolidated retirement system as of June 30 of any given year is equal to or greater than 85%. Upon achievement of the 85% funded ratio, only returns in excess of 10 and one half percent will be allocated to the Special Account.
- (g) Removes a provision in RSA 100-A:16 II(h) that restricted the granting of additional benefits, other than COLA's, from being funded by Special Account assets unless there were reserves in the Special Account sufficient to pay for three years of COLA's at 5.0% per year.
- (h) Establishes that effective July 1, 2008, and as calculated each year thereafter, the annual employer contribution requirements shall not be less than the employee contribution rates specified under RAS 100-A-16, I(a).
- (i) Provided a 2.25% COLA for Employees, Teachers, Police Officers and Firefighters who retired prior to July 1, 2006, effective July 1, 2007.
- (j) Established a commission to make recommendations to ensure the long-term viability of the System.
- (k) Repealed the option to purchase nonqualified service credit in the System.

Medical Plan Provisions

The following Group I members and their qualified spouses are eligible for coverage under the postretirement medical plan. Any certifiably dependent child with a disability living in the household and being cared for by the qualified retired member, member's spouse, or qualified surviving spouse would also qualify:

- Employee and teacher members of political subdivisions who retire on or before July 1, 2008, on Service, Early Service, Vested Deferred or Ordinary Disability retirement would become eligible for the medical subsidy at age 60 with at least 20 years of creditable service; or as early as age 55 with at least 30 years of creditable service.
- Employee and teacher members of political subdivisions who retired on Accidental Disability Retirement on or before July 1, 2004.
- Employee members of the State who retired on or before July 1, 2004, on Service, Ordinary Disability or Vested Deferred Retirement would become eligible for the medical subsidy at age 60 with at least 20 years of creditable service; or as early as age 55 with at least 30 years of creditable service.
- Employee and teacher members of political subdivisions who retire on or before July 1, 2008, on Service, Early Service, Vested Deferred or Ordinary Disability retirement after completing at least 20 years of creditable service and who subsequently attain age 60 or after completing at least 30 years of creditable service and who subsequently attain age 55.
- Surviving spouses of deceased employee and teacher members of political subdivisions who die while in service, provided that such surviving spouse was covered as the member's spouse in the employer-sponsored plan before the member's death and is entitled to a monthly allowance under Accidental Death, Ordinary Death, or an Optional Allowance.
- Surviving spouses and children of employee and teacher members of political subdivisions who die as the natural and proximate result of injuries suffered while in the performance of duty. Eligibility for the medical subsidy ceases when the dependent child attains age 18 or age 23, if attending school on a full-time basis, or upon the spouse's remarriage.
- Surviving spouses and children of employee members of the State who died 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.
- Surviving spouses of deceased employee members of the State who died while in service on or before July 1, 2004, provided that such surviving spouse was covered as the member's spouse in the employer-sponsored plan before the member's death and is entitled to a monthly allowance under Accidental Death, Ordinary Death, or an Optional Allowance.

The following Group II members are eligible for the postretirement medical premium subsidy:

- Active or Retired Group II police officer members (or beneficiaries) as of June 30, 2000.
- Active or Retired Group II firefighter members (or beneficiaries) as of June 30, 2000.
- Persons who prior to July 1, 1988 had completed at least 20 years of Group II service and are eligible as of July 1, 1993 for a vested deferred retirement benefit.
- Group II members retired as of July 1, 1991 with a split benefit under RSA 100-A:19-c who have at least 10 years of Group II service.
- Group II members as of June 30, 2005 who subsequently became disabled while in the performance of duty at any time in the future.
- Surviving spouses of deceased Group II members who retired prior to April 1, 1987 and who are not receiving a monthly allowance.

The System subsidy covers the retired member's spouse and any of the retired member's certifiably dependent and disabled children.

SECTION H
GLOSSARY

Glossary

<i>Actuarial Accrued Liability (AAL)</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value (APV)</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits (APVFB)</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB Statement No. 25, such as the Funded Ratio and the Annual Required Contribution (ARC).
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution (ARC).

Glossary

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution (ARC)</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB Statement No. 25. The ARC consists of the Employer Normal Cost and Amortization Payment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

Glossary

<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 25 and GASB No. 27</i>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.