

NEW HAMPSHIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT
AS OF JUNE 30, 2010

November 24, 2010

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, 2010

Dear Board Members:

The results of the June 30, 2010 Annual Actuarial Valuation of the New Hampshire Retirement System (NHRS) are presented in this report. The purposes of this valuation were:

- to measure the System's funding progress;
- to estimate the employer contribution rate for Fiscal Years 2014 and 2015 (final employer rates will be computed in the June 30, 2011 actuarial valuation);
- to determine actuarial information for reporting purposes in compliance with Governmental Accounting Standards Statements Nos. 25 and 43 for the 2010 fiscal year.

The results of this valuation may not be applicable for other purposes.

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.

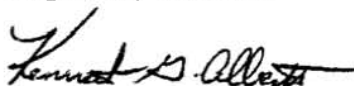
Future actuarial measurements may differ significantly from the current measurements presented in this report due to: actual plan experience differing from assumed; changes in economic or demographic assumptions; changes in funding policy; changes in plan provisions or applicable law; etc. An analysis of the potential range of such future measurements was beyond the scope of this valuation.

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, 2010. 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, are Members of the American Academy of Actuaries (MAAA) as indicated, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Kenneth G. Alberts
KGADTK:bd



David T. Kausch, FSA, EA, MAAA

Table of Contents

	<u>Page</u>
Section A	Introduction
	Executive Summary 1
	Discussion 6
	Development of Actuarial Value of Assets..... 11
	Special Account Reconciliation 14
Section B	Funding Results
	Development of Employer Contribution Rates..... 15
	Development of Pension Actuarial Liabilities 16
	Unfunded Actuarial Accrued Liability 17
	Actuarial Balance Sheet..... 18
	Experience Gain/(Loss) 19
	Pension Solvency Test 20
	Development of Pension Actuarial Liabilities By Division..... 22
Section C	Fund Assets
	Statement of System Assets 26
	Reconciliation of System Assets..... 27
Section D	Accounting Disclosures
	Schedule of Pension Funding Progress 28
	Schedule of Employer Pension Contributions 29
	Notes to Required Supplementary Information (GASB No. 25) 30
	Post-Retirement Health Care 31
	Determination of Unfunded Actuarial Accrued Liability 32
	Notes to Required Supplementary Information (GASB No. 43) 33
	401(h) Cash Flow Projections By Division 34
Section E	Participant Data
	Retirees and Beneficiaries Reconciliation 38
	Retirees and Beneficiaries Age Distribution..... 39
	Active Member by Valuation Division..... 47
	Age and Service Distribution..... 48
	Historical Summary of Active Member Data 53
	Summary of Membership Data by Category 54
	Other Schedules of Interest..... 55
Section F	Methods & Assumptions..... 62
Section G	Plan Provisions
	Pension Plan Provisions 84
	History of Recent Changes 92
	Medical Plan Provisions 96
Section H	Glossary 98

SECTION A
INTRODUCTION

Executive Summary

Covered Group	Employees	Teachers	Police	Fire	Total	Prior Year
I. Number of Participants as of June 30, 2010						
a. Actives	25,987	18,603	4,231	1,646	50,467	51,032
b. Retirees, Disabilities, and Beneficiaries	12,802	9,087	2,702	1,254	25,845	24,501
c. Vested Terminations	836	601	65	13	1,515	1,391
d. Total	39,625	28,291	6,998	2,913	77,827	76,924
e. Total Covered Annual Payroll	\$1,093,147,252	\$1,020,744,780	\$ 258,471,543	\$ 109,020,045	\$ 2,481,383,620	\$ 2,448,287,042
II. Long Range Pension Cost						
a. Actuarial Present Value of Projected Benefits	\$3,839,508,974	\$4,252,262,099	\$2,020,050,394	\$1,016,830,225	\$11,128,651,692	\$10,648,154,722
b. Actuarial Present Value of Future Normal Costs	857,913,787	699,141,973	384,852,898	232,810,688	2,174,719,346	2,173,102,905
c. Actuarial Accrued Liability (AAL): a. – b.	2,981,595,187	3,553,120,126	1,635,197,496	784,019,537	8,953,932,346	8,475,051,817
d. Valuation Assets	1,721,001,986	2,049,650,583	997,325,037	465,860,753	5,233,838,359	4,937,319,506
e. Unfunded Actuarial Accrued Liability (UAAL): c. – d.	1,260,593,201	1,503,469,543	637,872,459	318,158,784	3,720,093,987	3,537,732,311
f. Funded Status	57.7%	57.7%	61.0%	59.4%	58.5%	58.3%
III. Current Cost						
Total Normal Cost (% of Covered Payroll)	9.72%	8.49%	18.89%	21.19%	10.70%	10.72%
UAAL Contribution (% of Payroll)	6.55%	8.32%	14.10%	16.50%	8.50%	8.11%
Total Pension Contribution (% of Payroll)	16.27%	16.81%	32.99%	37.69%	19.20%	18.83%
Fiscal Year 2014						
Member Contributions (% of Payroll)	5.23%	5.00%	9.30%	9.30%	5.75%	
Employer Pension Contribution (% of Payroll)	11.04%	11.81%	23.69%	28.39%	13.45%	
Employer Health Contribution (% of Payroll)	1.56% *	1.80%	5.51%	5.51%	2.00%	
Total Contributions for Fiscal Year 2014						
1. Percent of Payroll	12.60% *	13.61%	29.20%	33.90%	15.45%	
2. Estimated Dollar Amount	\$ 156,949,162	\$ 165,668,696	\$ 90,003,780	\$ 44,072,858	\$ 456,694,496	
Fiscal Year 2015						
Member Contributions (% of Payroll)	5.28%	5.00%	9.30%	9.30%	5.77%	5.74%
Employer Pension Contribution (% of Payroll)	10.99%	11.81%	23.69%	28.39%	13.43%	13.09%
Employer Health Contribution (% of Payroll)	1.56% *	1.80%	5.51%	5.51%	2.00%	1.82%
Total Contributions for Fiscal Year 2015						
1. Percent of Payroll	12.55% *	13.61%	29.20%	33.90%	15.43%	14.91%
2. Estimated Dollar Amount	\$ 163,330,744	\$ 173,123,788	\$ 94,053,950	\$ 46,056,137	\$ 476,564,619	\$ 434,748,729

* Political Subdivision Employees estimated health contribution is 0.49%, Political Subdivision Employees estimated FY2014 and FY2015 total contribution rates are 11.53% and 11.48% respectively.

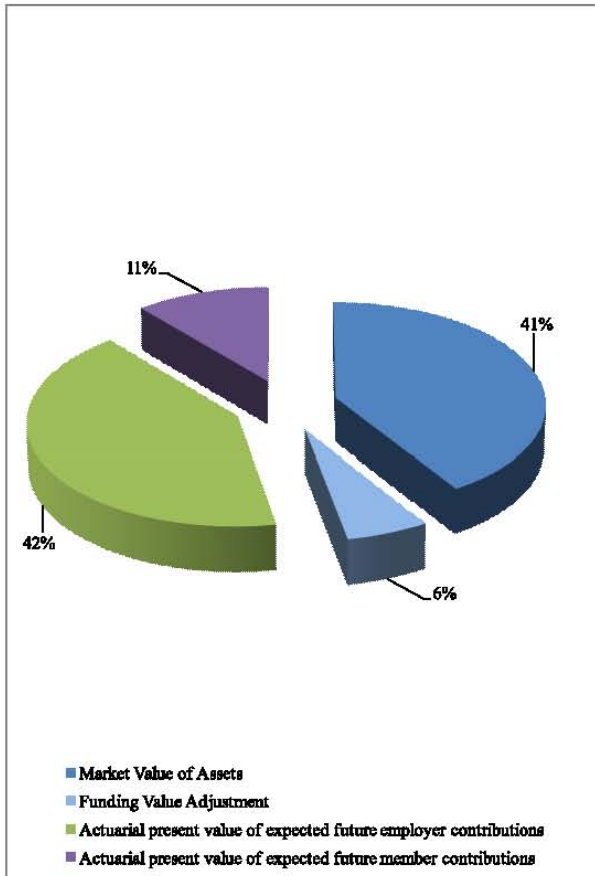
**Executive Summary
(Continued)**

Covered Group	State Employees	Political Subdivision Employees	Teachers	Police and Fire	Grand Total	Prior Year
I. Number of Participants Covered by Post Retirement Health as of June 30, 2010						
a. Actives	-	-	-	5,876	5,876	9,781
b. Retirees, Disabilities, and Beneficiaries	2,197	1,436	4,470	2,489	10,592	10,209
c. Vested Terminations	-	-	-	-	-	11
d. Total	2,197	1,436	4,470	8,365	16,468	20,001
e. Total NHRS Covered Annual Payroll	\$ 520,712,360	\$ 572,434,892	\$ 1,020,744,780	\$ 367,491,588	\$ 2,481,383,620	\$ 2,448,287,042
II. Long Range Post-Retirement Health Cost*						
a. Actuarial Present Value of Projected Benefits	\$ 122,284,859	\$ 100,506,778	\$ 367,482,557	\$ 583,017,926	\$ 1,173,292,120	\$ 720,904,248
b. Actuarial Present Value of Future Normal Costs	-	-	-	139,429,372	139,429,372	47,513,657
c. Actuarial Accrued Liability (AAL): a. - b.	122,284,859	100,506,778	367,482,557	443,588,554	1,033,862,748	673,390,591
d. Valuation Assets	-	33,978,187	7,365,241	16,474,859	57,818,287	176,800,441
e. Unfunded Actuarial Accrued Liability (UAAL): c. - d.	122,284,859	66,528,591	360,117,316	427,113,695	976,044,461	496,590,150
f. Funded Status	0.0%	33.8%	2.0%	3.7%	5.6%	26.3%
III. Health Contributions						
For Fiscal Year 2014						For Fiscal Year 2012
1. Percent of Payroll	1.56%	0.49%	1.80%	5.51%	2.00%	1.82%
2. Estimated Dollar Amount	\$ 9,686,963	\$ 3,344,932	\$ 21,910,628	\$ 24,147,055	\$ 59,089,578	\$ 50,761,525
For Fiscal Year 2015						For Fiscal Year 2013
1. Percent of Payroll	1.56%	0.49%	1.80%	5.51%	2.00%	1.82%
2. Estimated Dollar Amount	\$ 10,122,876	\$ 3,495,454	\$ 22,896,607	\$ 25,233,672	\$ 61,748,609	\$ 53,045,794

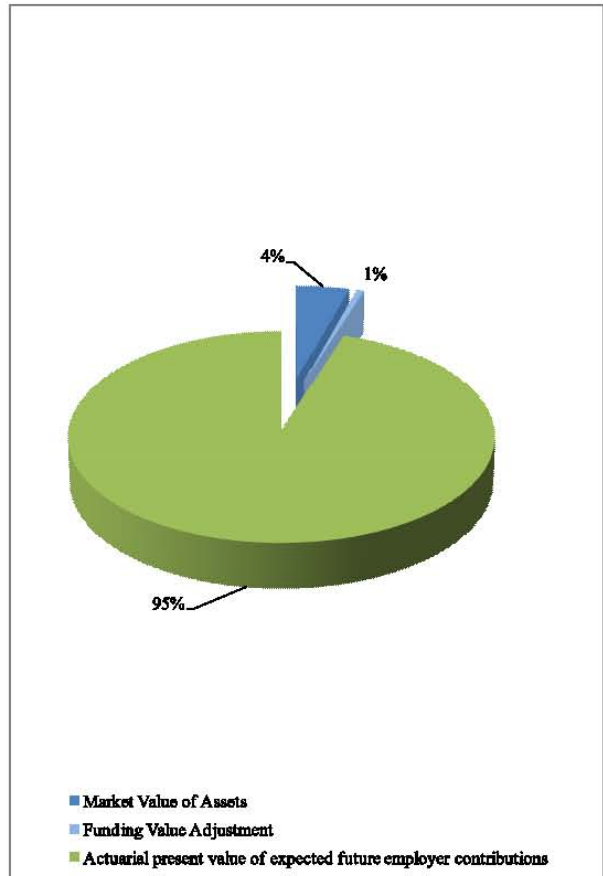
* Post-Retirement Health Cost in this valuation reflects a change in the discount rate from 8.5% to 4.5%.

Sources of Funds

Pension

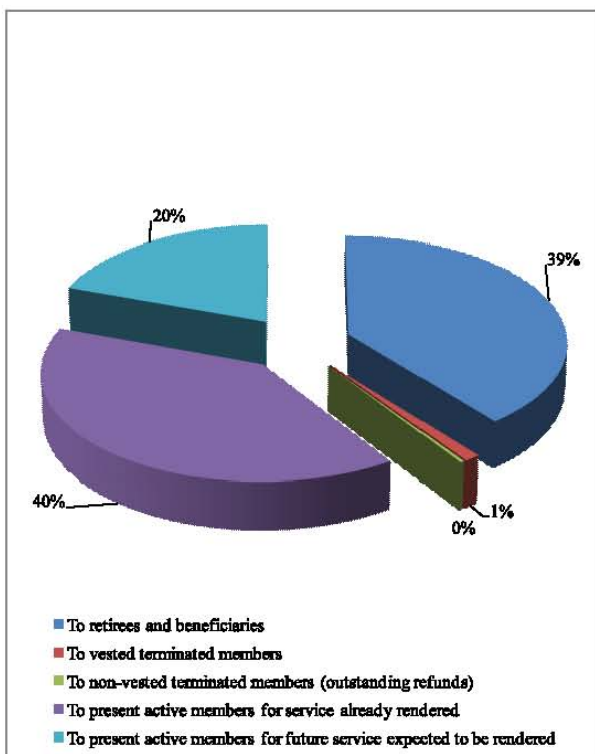


Health

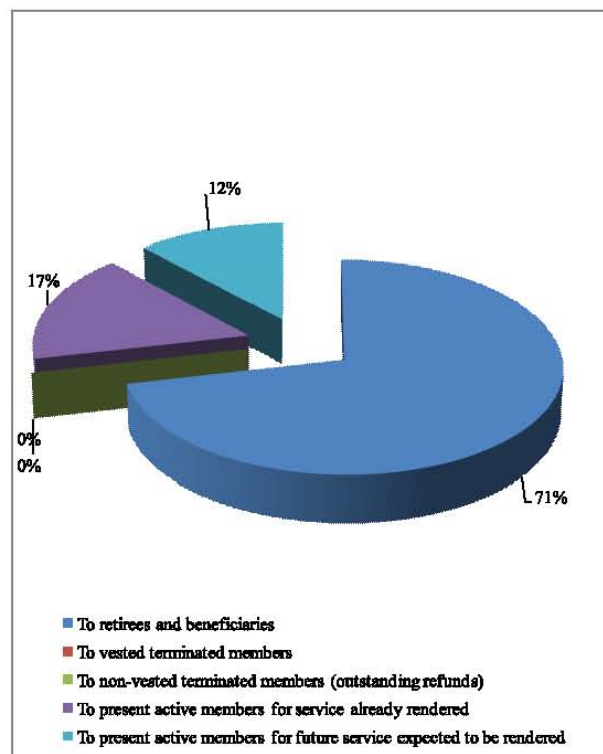


Uses of Funds

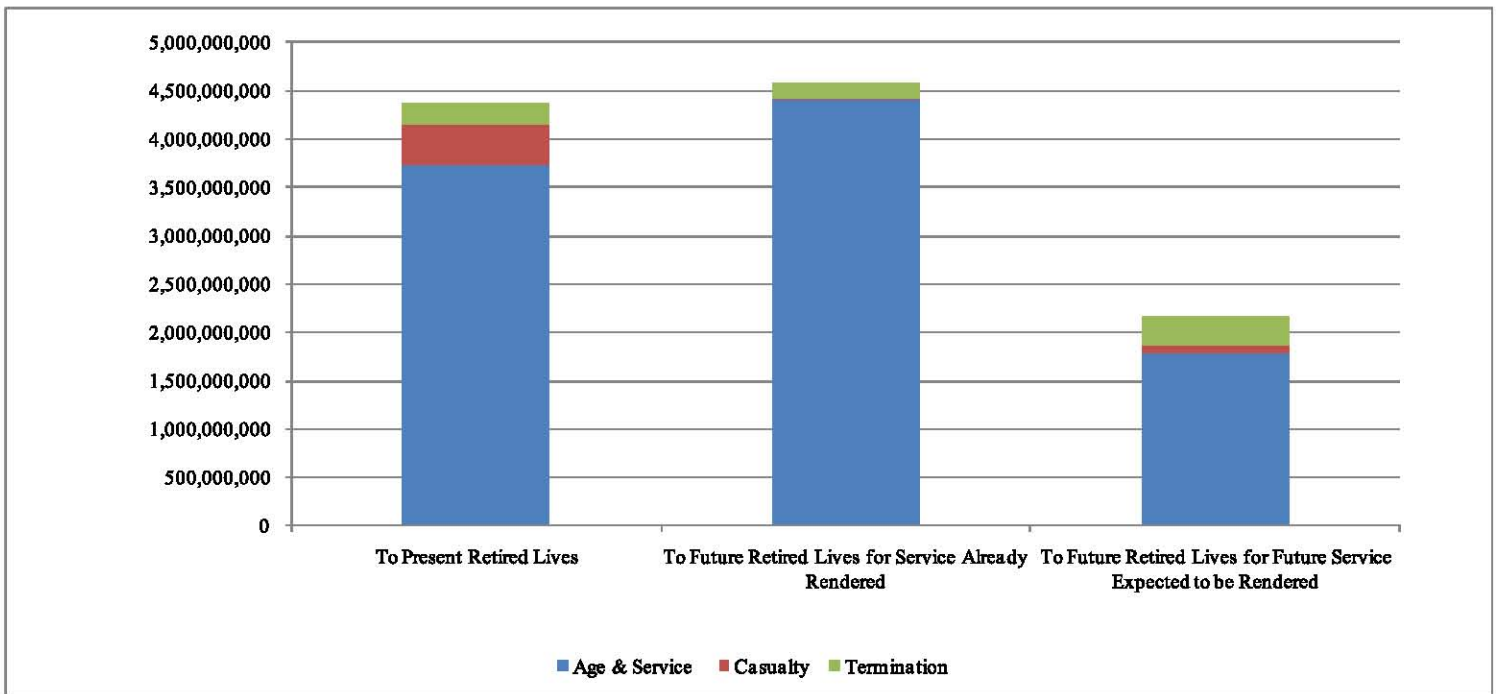
Pension

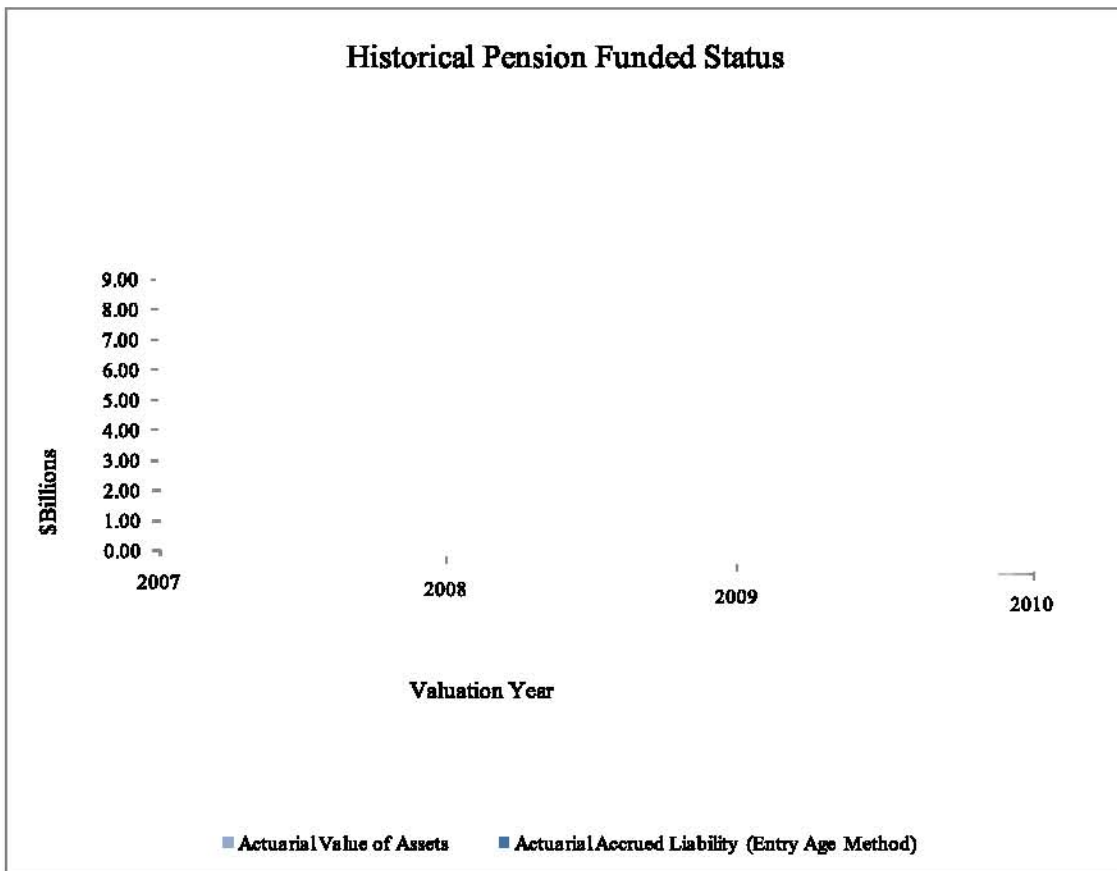


Health



Comparison of Pension Liabilities by Type





Discussion

Actuarial Valuation

This is the actuarial valuation of the New Hampshire Retirement System, prepared as of June 30, 2010. Valuations for certifying contribution rates are prepared biennially, as of June 30 on the odd numbered years (2007, 2009, etc.). The June 30, 2010 valuation is an interim valuation that estimates the contribution rate for Fiscal Years 2014 and 2015. Ultimately, the June 30, 2011 actuarial valuation will establish the FY 2014 and FY 2015 contribution rates.

The primary purposes of the valuation report are to measure the plan's liabilities, to estimate 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% of member compensation for Group I Members (Employees and Teachers) and 9.30% of member compensation for Group II Members (Police and Fire) of member's compensation. The member contribution rate for all Group I state employees who are hired on or after July 1, 2009 is 7.00% of earnable 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 closed 30-year amortization of unfunded actuarial accrued liability in the determination of the employer contributions. The amortization period is 26 years for FY 2014 and 25 years for FY 2015.

We have estimated the pension contribution rates that will satisfy the statute based on the June 30, 2010 valuation to be:

		Employer Contribution Rates				
		Employees	Teachers	Police	Fire	Total
FY 2014	Pension	11.04%	11.81%	23.69%	28.39%	13.45%
FY 2015	Pension	10.99%	11.81%	23.69%	28.39%	13.43%

In order for the statute to be satisfied, this entire rate must be contributed to the pension fund. The statute also requires that employers contribute the lesser of the "solvency rate" or 25% of total employer contributions to the 401(h) account for the medical subsidy. This is equivalent to the lesser of the "solvency rate" or 33 1/3% of employer pension contributions.

The 401(h) plan is split into the following groups: 1) State Employees; 2) Political Subdivision Employees; 3) Teachers and 4) Police/Fire. The table below shows the pension and health subsidy contribution rates for each subgroup.

		Employer Contribution Rates					
		State	Political				
		Employees	Subdivision	Teachers	Police	Fire	Total
		Employees	Employees				
FY 2014	Pension	11.04%	11.04%	11.81%	23.69%	28.39%	13.45%
	Health	1.56%	0.49%	1.80%	5.51%	5.51%	2.00%
	Total	12.60%	11.53%	13.61%	29.20%	33.90%	15.45%
FY 2015	Pension	10.99%	10.99%	11.81%	23.69%	28.39%	13.43%
	Health	1.56%	0.49%	1.80%	5.51%	5.51%	2.00%
	Total	12.55%	11.48%	13.61%	29.20%	33.90%	15.43%

The 401(h) account balance for the State Employees is \$0 as of June 30, 2010. The June 30, 2011 projected 401(h) account balance for Teachers is \$0. The health contribution rates for State Employees and Teachers shown above are the estimated amounts needed for pay-as-you-go financing of the retiree health care subsidy. It is imperative that NHRS monitor collections closely to ensure the necessary funds are collected to provide the benefit.

The Political Subdivision Employees' 401(h) account is projected to reach pay-as-you-go financing in the year ending June 30, 2027, consistent with the prior valuation.

As a result of the Volunteer Correction Program (VCP), the Police and Fire 401(h) account transferred \$90 million to the Special Account. This transfer is reflected at June 30, 2010. As a result of this transfer, the Police and Fire 401(h) account is now projected to reach pay-as-you-go status in the fiscal year ending June 30, 2013. The contribution rate for the 2014-2015 biennium is the level amount needed to replenish any shortfall in FY 2013 to maintain solvency through June 30, 2015.

Contribution Requirement

RSA 100 - A:16 II provides that the State shall pay 25% 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 for Fiscal Year 2011. The State shall pay 35% for Fiscal Year 2012 and each fiscal year thereafter. The table below indicates this breakdown of obligations for these members:

	Employer Contribution Rates											
	Political Subdivision Employees*			Teachers			Police			Fire		
	Political Subdivision	State	Total	Political Subdivision	State	Total	Political Subdivision	State	Total	Political Subdivision	State	Total
Pension	11.04%	0.00%	11.04%	7.68%	4.13%	11.81%	15.40%	8.29%	23.69%	18.45%	9.94%	28.39%
Health	0.49%	0.00%	0.49%	1.17%	0.63%	1.80%	3.58%	1.93%	5.51%	3.58%	1.93%	5.51%
Total	11.53%	0.00%	11.53%	8.85%	4.76%	13.61%	18.98%	10.22%	29.20%	22.03%	11.87%	33.90%

* Political Subdivision Employees estimated FY2015 total contribution rate is 11.48%.

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 6/30/2010	2010/2011 Contribution	UAAL as of 6/30/2011	2011/2012 Contribution	UAAL as of 6/30/2012	Fiscal Year of Final Payment
Employees	Town of Raymond	\$ 15,424	\$ 2,667	\$ 14,068	\$ 2,667	\$ 12,597	2019
	Brookline Public Library	5,141	1,483	3,969	1,483	2,697	2014
	Total	\$ 20,565	\$ 4,150	\$ 18,037	\$ 4,150	\$ 15,294	

Funded Status

As of the valuation date, the Unfunded Actuarial Accrued Liability (UAAL) is \$3,720.1 million (pension only), and the funded ratio (the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability) is 58.5%. This valuation was prepared using the Entry-Age Actuarial Cost Method. The funded ratio as of June 30, 2009 was 58.3% (pension only).

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 more than the Market Value of Assets by \$671 million as of the valuation date (see page 11). This difference will be gradually recognized over the next four years in the absence of future gains/losses.

System Assets include a Special Account reserve of approximately \$263 million (after the COLA transfer described under "benefit provisions" and the VCP asset transfer from the 401(h) account) that is available to finance future pension benefit enhancements such as future COLAs.

Legislation enacted in 2007 precludes any asset gains from being transferred from pension assets to the Special Account until such time as the funded status of NHRS reaches 85%. As a result, no such asset transfer will occur in FY 2011.

Benefit Provisions

Legislation enacted in 2010 is described on page 92 of this report. Those changes (with the exception of the July 1, 2010 COLA) had no impact on the valuation.

The July 1, 2010 post retirement COLA resulted in an increase in accrued liabilities of approximately \$50.9 million. In addition, there were 3 special post retirement Temporary Supplemental Allowances (TSAs) paid out as of July 1, 2010 totaling approximately \$15.0 million. Assets equal to the sum of these two amounts (\$65.9 million) were transferred from the Special Account to the net pension assets as of July 1, 2010. For purposes of the June 30, 2010 valuation, the transfer of \$50.9 was assumed to have occurred on June 30, 2010. The remainder of the transfer occurs July 1, 2010 (see page 14).

Actuarial Assumptions and Methods

Section F summarizes the current assumptions. There were no changes in methods. The assumptions were revised to reflect a decrease in the interest rate from 8.5% to 4.5% for the health valuations for GASB Statement No. 43 reporting purposes to reflect the projected pay-as-you-go status of the 401(h) account after the VCP asset transfer. All other assumptions remained the same.

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 Statements No. 25 and No. 43.

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.

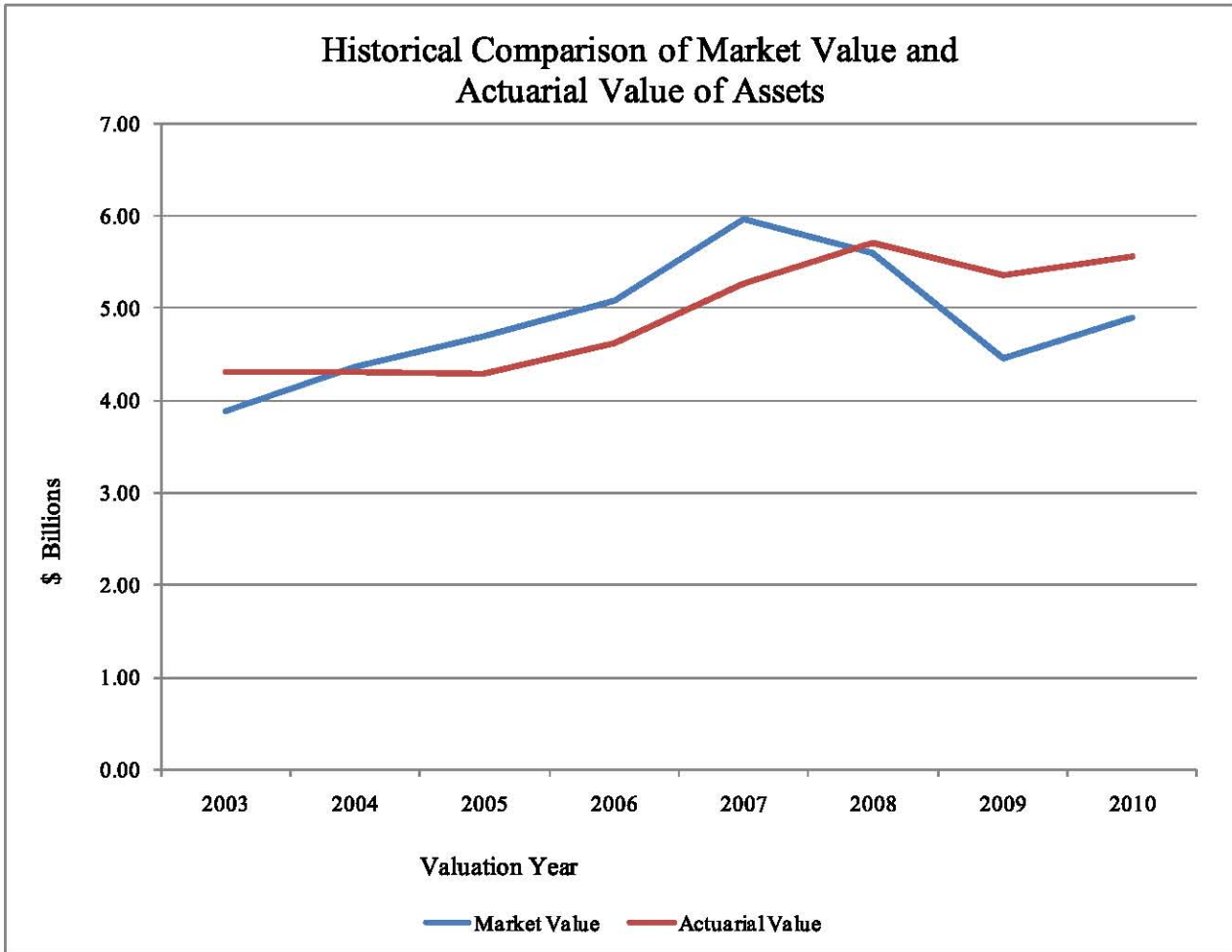
Experience

Experience during the year was less favorable than assumed. The investment return was 6.48% on a funding value basis compared with an assumed return of 8.5%. The primary source of unfavorable experience was the recognition of prior years losses offset by salary gains.

Development of Actuarial Value of Assets

Year Ended June 30:	2008	2009	2010	2011	2012	2013	2014
A. Funding Value Beginning of Year	\$5,272,358,059	\$ 5,701,579,805	\$5,353,452,797				
B. Market Value End of Year	5,597,046,574	4,461,210,664	4,898,338,838				
C. Market Value Beginning of Year	5,967,916,108	5,597,046,574	4,461,210,664				
D. Non-Investment Net Cash Flow	(69,582,671)	(130,204,266)	(126,689,841)				
E. Investment Income							
E1. Market Total: B - C - D	(301,286,863)	(1,005,631,644)	563,818,015				
E2. Amount for Immediate Recognition (8.5%)	445,193,171	479,100,602	449,659,170				
E3. Amount for Phased-In Recognition: E1-E2	(746,480,034)	(1,484,732,246)	114,158,845				
F. Phased-In Recognition of Investment Income							
F1. Current Year: 0.20 x E3	(149,296,007)	(296,946,449)	22,831,769				
F2. First Prior Year	86,836,289	(149,296,007)	(183,524,414)	\$ 22,831,769			
F3. Second Prior Year	116,070,964	86,836,289	(149,296,007)	(183,524,414)	\$ 22,831,769		
F4. Third Prior Year	-	116,070,964	86,836,289	(149,296,007)	(183,524,414)	\$ 22,831,769	
F5. Fourth Prior Year	-	-	116,070,965	86,836,289	(149,296,006)	(183,524,414)	\$ 22,831,769
F6. Total Recognized Investment Gain	53,611,246	(243,335,203)	(107,081,398)	(223,152,363)	(309,988,651)	(160,692,645)	22,831,769
G. Preliminary Funding Value End of Year: A + D + E2 + F6	5,701,579,805	5,807,140,938	5,569,340,728				
H. Additional Recognized G/L due to Corridor	-	(453,688,141)	-				
I. Final Funding Value after 20% Corridor	5,701,579,805	5,353,452,797	5,569,340,728				
J. Difference between Market & Funding Value: B-I	(104,533,231)	(892,242,133)	(671,001,890)				
K. Recognized Rate of Return	9.52%	(3.87%)	6.48%				
L. Market Rate of Return	(5.08%)	(18.18%)	12.82%				
M. Ratio of Funding Value to Market Value	101.87%	120.00%	113.70%				

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% nor more than 120% of Market Value of Assets.



Allocation of Assets

	Employees	Teachers	Police	Fire	Total
Allocated Fund Assets (Actuarial Value)	\$ 1,783,132,217	\$ 2,107,635,213	\$ 1,127,851,189	\$ 550,722,109	\$ 5,569,340,728
Less Special Account	(28,152,044)	(50,619,389)	(123,488,703)	(75,423,946)	(277,684,082)
Less 401(h) Account	(33,978,187)	(7,365,241)	(7,037,449)	(9,437,410)	(57,818,287)
Net Pension Valuation Assets	\$ 1,721,001,986	\$ 2,049,650,583	\$ 997,325,037	\$ 465,860,753	\$ 5,233,838,359

Special Account Reconciliation

Classification	Balance As Of June 30, 2009	Benefits Purchased	Balance As Of July 1, 2009	Interest	Asset Gain	Balance As Of June 30, 2010	Estimated July 1, 2010 COLA In Valuation	Preliminary Valuation Assets as of June 30, 2010	Estimated Transfer From 401(h) Account Due to VCP Filing	Final Valuation Assets as of June 30, 2010	Estimated COLA Payable July 1, 2010	Estimated Balance July 1, 2010
Employees												
State	\$ 35,611,476	\$ 13,136,700	\$ 22,474,776	\$ 1,456,365	-	\$ 23,931,141	\$ 10,200,000	\$ 13,731,141		\$ 13,731,141	\$ 3,420,500	\$10,310,641
Political Subd.	28,942,259	9,106,700	19,835,559	1,285,344	-	21,120,903	6,700,000	14,420,903		14,420,903	3,368,900	11,052,003
Teachers	92,277,441	24,640,900	67,636,541	4,382,848	-	72,019,389	21,400,000	50,619,389		50,619,389	5,904,386	44,715,003
Police Officers												
State	20,744,538	2,911,800	17,832,738	1,155,561	-	18,988,299	2,900,000	16,088,299	\$ 12,978,000	29,066,299	212,500	28,853,799
Political Subd.	60,736,940	6,394,900	54,342,040	3,521,364	-	57,863,404	5,600,000	52,263,404	42,159,000	94,422,404	1,109,000	93,313,404
Firefighters												
State	1,383,594	151,000	1,232,594	79,872	-	1,312,466	120,000	1,192,466	998,000	2,190,466	10,000	2,180,466
Political Subd.	46,076,602	4,882,500	41,194,102	2,669,378	-	43,863,480	4,000,000	39,863,480	33,370,000	73,233,480	947,500	72,285,980
Totals	\$285,772,850	\$ 61,224,500	\$224,548,350	\$14,550,732	\$0	\$239,099,082	\$50,920,000	\$188,179,082	\$89,505,000	\$277,684,082	\$14,972,786	\$262,711,296

Estimated Detail of July 1, 2010 COLA

Classification	Estimated Present Value of COLAs Payable July 1, 2010					
	Temporary Supplemental Annuities					Total
	1.5% up to \$30,000	\$1,000 for < \$20,000**	\$500 for less <1993**	\$500 / \$1,000**	Total	
Employees						
State	\$ 10,200,000				\$ 3,420,500	\$ 13,620,500
Political Subd.	6,700,000				3,368,900	10,068,900
Teachers	21,400,000				5,904,386	27,304,386
Police Officers						-
State	2,900,000				212,500	3,112,500
Political Subd.	5,600,000				1,109,000	6,709,000
Firefighters						-
State	120,000				10,000	130,000
Political Subd.	4,000,000				947,500	4,947,500
Totals	\$ 50,920,000	\$7,767,153	\$2,515,633	\$4,690,000	\$14,972,786	\$65,892,786

** Detail not available

SECTION B
FUNDING RESULTS

Development of Employer Contribution Rates

Division:	Employees	Teachers	Police	Fire	Total
Normal Cost					
Age and Service Retirement	7.85%	7.07%	13.73%	18.51%	8.63%
Termination	1.12%	0.93%	3.82%	1.37%	1.34%
Death-in-Service	0.19%	0.13%	0.17%	0.19%	0.16%
Disability	0.21%	0.01%	0.82%	0.77%	0.22%
Expenses	<u>0.35%</u>	<u>0.35%</u>	<u>0.35%</u>	<u>0.35%</u>	<u>0.35%</u>
Total	9.72%	8.49%	18.89%	21.19%	10.70%
UAAL Payment*	<u>6.55%</u>	<u>8.32%</u>	<u>14.10%</u>	<u>16.50%</u>	<u>8.50%</u>
Total Pension Contribution	16.27%	16.81%	32.99%	37.69%	19.20%
Fiscal Year 2014					
Member Contributions	5.23%	5.00%	9.30%	9.30%	5.75%
Employer Pension Contribution	11.04%	11.81%	23.69%	28.39%	13.45%
Employer Health Subsidy Contribution	<u>1.56%</u> **	<u>1.80%</u>	<u>5.51%</u>	<u>5.51%</u>	<u>2.00%</u>
Total Employer Contribution	12.60% **	13.61%	29.20%	33.90%	15.45%
Estimated Dollar Contribution	\$ 156,949,162	\$ 165,668,696	\$ 90,003,780	\$ 44,072,858	\$ 456,694,496
Fiscal Year 2015					
Member Contributions	5.28%	5.00%	9.30%	9.30%	5.77%
Employer Pension Contribution	10.99%	11.81%	23.69%	28.39%	13.43%
Employer Health Subsidy Contribution	<u>1.56%</u> **	<u>1.80%</u>	<u>5.51%</u>	<u>5.51%</u>	<u>2.00%</u>
Total Employer Contribution	12.55% **	13.61%	29.20%	33.90%	15.43%
Estimated Dollar Contribution	\$ 163,330,744	\$ 173,123,788	\$ 94,053,950	\$ 46,056,137	\$ 476,564,619
Contribution Rates from Prior Valuation					
FY 2012#	12.31%	13.95%	25.57%	30.90%	14.93%
FY 2013#	12.26%	13.95%	25.57%	30.90%	14.91%

* *Unfunded Actuarial Accrued Liability, financed over a 26 year period from the contribution effective date – 7/1/2013.*

Computed in June 30, 2009 Actuarial Valuation.

** *Political Subdivision Employees estimated health contribution is 0.49%. Political Subdivision Employees estimated FY 2014 and FY 2015 total rates are 11.53% and 11.48% respectively.*

Development of Pension Actuarial Liabilities June 30, 2010

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	\$ 6,199,651,079	\$ 1,793,628,106	\$ 4,406,022,973
Disability benefits likely to be paid to present active members	43,623,219	45,637,115	(2,013,896)
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	58,052,162	33,285,333	24,766,829
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	297,034,956	302,168,792	(5,133,836)
Benefits likely to be paid to current inactive and vested deferred members	152,085,279	-	152,085,279
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	4,378,204,997	-	4,378,204,997
Total	\$ 11,128,651,692	\$ 2,174,719,346	\$ 8,953,932,346
Actuarial Value of Assets	\$ 5,233,838,359	-	\$ 5,233,838,359
Liabilities to be covered by Future Contributions	\$ 5,894,813,333	\$ 2,174,719,346	\$ 3,720,093,987

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

Fiscal Year Ending Year	Employer Contribution Rates			Projected Payroll	UAAL		
	Total Contribution	Normal Cost	UAAL Payment		Beginning of Year	UAAL Payment	UAAL End of Year
2011	10.70%	5.02%	5.68%	\$ 2,593	\$ 3,720	\$ 147	\$ 3,884
2012	13.11%	5.00%	8.11%	2,710	3,884	220	3,985
2013	13.09%	4.98%	8.11%	2,832	3,985	230	4,085
1 2014	13.45%	4.95%	8.50%	2,959	4,085	252	4,170
2 2015	13.43%	4.93%	8.50%	3,092	4,170	263	4,251
3 2016	13.41%	4.91%	8.50%	3,231	4,251	275	4,326
4 2017	13.39%	4.89%	8.50%	3,377	4,326	287	4,394
5 2018	13.37%	4.87%	8.50%	3,529	4,394	300	4,455
6 2019	13.35%	4.85%	8.50%	3,688	4,455	313	4,507
7 2020	13.33%	4.83%	8.50%	3,854	4,507	328	4,549
8 2021	13.31%	4.81%	8.50%	4,027	4,549	342	4,579
9 2022	13.30%	4.80%	8.50%	4,208	4,579	358	4,596
10 2023	13.28%	4.78%	8.50%	4,397	4,596	374	4,597
11 2024	13.27%	4.77%	8.50%	4,595	4,597	391	4,581
12 2025	13.25%	4.75%	8.50%	4,802	4,581	408	4,545
13 2026	13.24%	4.74%	8.50%	5,018	4,545	427	4,487
14 2027	13.23%	4.73%	8.50%	5,244	4,487	446	4,404
15 2028	13.22%	4.72%	8.50%	5,480	4,404	466	4,293
16 2029	13.21%	4.71%	8.50%	5,727	4,293	487	4,150
17 2030	13.20%	4.70%	8.50%	5,984	4,150	509	3,973
18 2031	13.19%	4.69%	8.50%	6,254	3,973	532	3,757
19 2032	13.18%	4.68%	8.50%	6,535	3,757	555	3,498
20 2033	13.18%	4.68%	8.50%	6,829	3,498	580	3,190
21 2034	13.17%	4.67%	8.50%	7,136	3,190	607	2,829
22 2035	13.17%	4.67%	8.50%	7,458	2,829	634	2,409
23 2036	13.16%	4.66%	8.50%	7,793	2,409	662	1,924
24 2037	13.16%	4.66%	8.50%	8,144	1,924	692	1,366
25 2038	13.15%	4.65%	8.50%	8,510	1,366	723	729
26 2039	13.15%	4.65%	8.50%	8,893	729	756	-

* 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, 2010

Assets and Present Value of Expected Future Contributions

	Pension	Health
A. Present valuation assets		
1. Net assets from system financial statements	\$ 4,847,852,126	\$ 50,486,712
2. Special Account	(277,684,082)	-
3. Funding value adjustment	663,670,315	7,331,575
4. Valuation assets	5,233,838,359	57,818,287
B. Actuarial present value of expected future employer contributions		
1. For normal costs	938,024,990	139,429,372
2. For unfunded actuarial accrued liability	3,720,093,987	976,044,461
3. Total	4,658,118,977	1,115,473,833
C. Actuarial present value of expected future member contributions	1,236,694,356	-
D. Total Present and Expected Future Resources	\$ 11,128,651,692	\$ 1,173,292,120

Present Value of Expected Future Benefit Payments

	Pension	Health
A. To retirees and beneficiaries	\$ 4,378,204,997	\$ 838,192,557
B. To vested terminated members	121,375,620	-
C. To non-vested terminated members (outstanding refunds)	30,709,659	-
D. To present active members		
1. Allocated to service rendered prior to valuation date - actuarial accrued liability	4,423,642,070	195,670,191
2. Allocated to service likely to be rendered after valuation date	2,174,719,346	139,429,372
3. Total	6,598,361,416	335,099,563
E. Total Actuarial Present Value of Expected Future Pension Payments	\$ 11,128,651,692	\$ 1,173,292,120

Experience Gain/(Loss) -- June 30, 2010

	Pension	Health
(1) UAAL* at start of biennium	\$ 3,537,732,311	\$ 496,590,150
(2) Normal cost from last valuation for year 1	273,698,141	7,947,042
(3) Actual contributions (employer and employee) for year 1	419,189,535	32,559,729
(4) Interest accrual: $[(1)+1/2 [(2)-(3)]] \times .085$	294,523,862	41,164,124
(5) Expected UAAL end of year 1: (1)+(2)-(3)+(4)	3,686,764,779	513,141,587
(6) Change from legislation#	-	-
(7) Change from revised actuarial assumptions##	-	342,177,658
(8) VCP Transfer	-	89,505,000
(9) Expected UAAL after changes: (5)+(6)+(7)+(8)	3,686,764,779	944,824,245
(10) Actual UAAL at end of year	3,720,093,987	976,044,461
(11) Gain/(loss) for year 1: (9)-(10)	(33,329,208)	(31,220,216)
(12) Gain/(loss) as percent of actuarial accrued liabilities at start of year	(0.4)%	(4.6)%

* *Unfunded Actuarial Accrued Liabilities.*

An ad-hoc COLA of 1.5% up to \$30,000 for retirees with 20 or more years of service was granted, effective July 1, 2010. In addition, there were three special COLA checks payable as of July 1, 2010. The increase in accrued liabilities attributable to these COLAs was approximately \$65.9 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 \$65.9 million to cover this increase in accrued liabilities.

The valuation rate of return assumption for health was changed from 8.5% interest to 4.5% interest, for reporting of liabilities in accordance with GASB 43.

Pension 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 and inactive 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								
(\$ in Thousands)								
Projected Pension Liabilities For								
Fiscal Year	(1)	(2)	(3)	Net Assets Available For Benefits	Percentage of Accrued Liabilities Covered By Net Assets Available			
	Aggregate Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members (Employer Financed Portion)		(1)	(2)	(3)	
2007 *	\$2,228,853	\$3,210,280	\$1,820,582	\$4,862,256	100%	82%	0%	
2008	2,312,069	3,618,118	1,891,129	5,302,034	100%	83%	0%	
2009 *	2,393,635	4,012,274	2,069,143	4,937,320	100%	63%	0%	
2010	2,553,612	4,378,205	2,022,115	5,233,838	100%	61%	0%	

* After reflection of changes in legislation.

Pension Solvency Test -- Comparative Statement
(\$ in Thousands)

Group	Fiscal Year	Projected Pension Liabilities For				Net Assets Available For Benefits	Percentage of Accrued Liabilities Covered By Net Assets Available		
		(1)	(2)	(3)	(1)		(2)	(3)	
		Aggregate Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members (Employer Financed Portion)					
Employees	2007 *	\$ 797,627	\$ 997,992	\$ 528,538	\$ 1,539,196	100%	74%	0%	
Teachers	2007 *	925,813	1,200,541	797,922	1,925,913	100%	83%	0%	
Police	2007 *	344,485	655,803	339,086	934,744	100%	90%	0%	
Fire	2007 *	160,927	355,944	155,036	462,403	100%	85%	0%	
Employees	2008	837,375	1,124,075	581,109	1,696,189	100%	76%	0%	
Teachers	2008	943,611	1,387,605	828,084	2,114,543	100%	84%	0%	
Police	2008	359,611	727,584	339,186	1,014,088	100%	90%	0%	
Fire	2008	171,471	378,854	142,751	477,214	100%	81%	0%	
Employees	2009 *	899,364	1,217,430	666,232	1,600,150	100%	58%	0%	
Teachers	2009 *	926,049	1,608,341	855,367	1,957,103	100%	64%	0%	
Police	2009 *	381,273	790,433	378,409	940,825	100%	71%	0%	
Fire	2009 *	186,949	396,070	169,135	439,241	100%	64%	0%	
Employees	2010	955,735	1,344,902	680,958	1,721,002	100%	57%	0%	
Teachers	2010	998,775	1,770,635	783,710	2,049,650	100%	59%	0%	
Police	2010	397,440	851,136	386,621	997,325	100%	70%	0%	
Fire	2010	201,661	411,532	170,827	465,861	100%	64%	0%	

* After reflection of changes in legislation.

Development of Pension Actuarial Liabilities June 30, 2010

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	\$ 2,292,532,342	\$ 701,755,269	\$ 1,590,777,073
Disability benefits likely to be paid to present active members	12,346,157	19,387,428	(7,041,271)
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	29,359,468	17,295,569	12,063,899
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	84,030,940	119,475,521	(35,444,581)
Benefits likely to be paid to current inactive and vested deferred members	76,338,190	-	76,338,190
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	1,344,901,877	-	1,344,901,877
Total	\$ 3,839,508,974	\$ 857,913,787	\$ 2,981,595,187
Actuarial Value of Assets	\$ 1,721,001,986	-	\$ 1,721,001,986
Liabilities to be covered by Future Contributions	\$ 2,118,506,988	\$ 857,913,787	\$ 1,260,593,201

Development of Pension Actuarial Liabilities June 30, 2010

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	\$ 2,323,642,383	\$ 600,572,360	\$ 1,723,070,023
Disability benefits likely to be paid to present active members	1,050,565	970,584	79,981
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	19,746,767	10,253,180	9,493,587
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	75,054,135	87,345,849	(12,291,714)
Benefits likely to be paid to current inactive and vested deferred members	62,133,607	-	62,133,607
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	1,770,634,642	-	1,770,634,642
Total	\$ 4,252,262,099	\$ 699,141,973	\$ 3,553,120,126
Actuarial Value of Assets	\$ 2,049,650,583	-	\$ 2,049,650,583
Liabilities to be covered by Future Contributions	\$ 2,202,611,516	\$ 699,141,973	\$ 1,503,469,543

Development of Pension Actuarial Liabilities June 30, 2010

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	\$ 1,012,295,924	\$ 284,517,016	\$ 727,778,908
Disability benefits likely to be paid to present active members	21,856,610	16,863,420	4,993,190
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	5,750,470	3,608,181	2,142,289
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	118,119,352	79,864,281	38,255,071
Benefits likely to be paid to current inactive and vested deferred members	10,892,040	-	10,892,040
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	851,135,998	-	851,135,998
Total	\$ 2,020,050,394	\$ 384,852,898	\$ 1,635,197,496
Actuarial Value of Assets	\$ 997,325,037	-	\$ 997,325,037
Liabilities to be Covered by Future Contributions	\$ 1,022,725,357	\$ 384,852,898	\$ 637,872,459

Development of Pension Actuarial Liabilities June 30, 2010

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	\$ 571,180,430	\$ 206,783,461	\$ 364,396,969
Disability benefits likely to be paid to present active members	8,369,887	8,415,683	(45,796)
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	3,195,457	2,128,403	1,067,054
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	19,830,529	15,483,141	4,347,388
Benefits likely to be paid to current inactive and vested deferred members	2,721,442	-	2,721,442
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	411,532,480	-	411,532,480
Total	\$ 1,016,830,225	\$ 232,810,688	\$ 784,019,537
Actuarial Value of Assets	\$ 465,860,753	-	\$ 465,860,753
Liabilities to be Covered by Future Contributions	\$ 550,969,472	\$ 232,810,688	\$ 318,158,784

SECTION C
FUND ASSETS

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

Item	June 30	
	2010	2009
A. Assets		
1. Cash and short-term investments	N/A	N/A
2. Receivables	N/A	N/A
3. Contributions Receivable	N/A	N/A
4. Accrued Interest and Dividends	N/A	N/A
5. Other	N/A	N/A
6. Subtotals (2. + 3. + 4. + 5.)	N/A	N/A
Investments, at fair value		
7. Domestic Investments	N/A	N/A
8. Global Investments	N/A	N/A
9. Other	N/A	N/A
10. Subtotals (7. + 8. + 9.)	N/A	N/A
11. Total Assets (1. + 6. + 10.)	N/A	N/A
B. Liabilities		
1. Payables	N/A	N/A
C. Net System Assets (A11. + B1.)	\$ 4,898,338,838	\$ 4,461,210,664

Reconciliation of System Assets

Item	June 30, 2010				
	Employees	Teachers	Police#	Fire#	Total
A. Market Value of Assets at Beginning of Year	\$ 1,399,861,038	\$ 1,706,117,653	\$ 908,548,785	\$ 446,683,188	\$ 4,461,210,664
B. Revenues and Expenditures					
1. Contributions					
a. Employee Contributions	\$ 59,609,327	\$ 54,238,549	\$ 25,418,630	\$ 10,245,597	\$ 149,512,103
b. Employer Contributions	111,989,746	110,724,300	52,136,669	27,386,446	302,237,161
c. Total	\$ 171,599,073	\$ 164,962,849	\$ 77,555,299	\$ 37,632,043	\$ 451,749,264
2. Investment Return					
a. Interest, Dividends, and Other Income	\$ 34,874,589	\$ 40,914,596	\$ 22,226,434	\$ 10,898,029	\$ 108,913,648
b. Net Realized and Unrealized Gains/(Losses)	151,330,202	180,588,101	97,160,239	47,779,845	476,858,387
c. Investment Expenses	(5,985,468)	(7,026,663)	(3,814,185)	(1,870,182)	(18,696,498)
d. Net Investment Income	\$ 180,219,323	\$ 214,476,034	\$ 115,572,488	\$ 56,807,692	\$ 567,075,537
3. Benefits and Refunds					
a. Refunds	\$ (11,842,800)	\$ (6,147,609)	\$ (3,297,595)	\$ (563,067)	\$ (21,851,071)
b. Regular Monthly Benefits	(157,599,768)	(201,681,164)	(85,285,801)	(43,376,518)	(487,943,251)
c. Partial Lump-Sum Benefits Paid	(1,288,638)	(442,170)	(303,529)	(97,200)	(2,131,537)
d. Medical Premium Subsidy Payments	(17,180,851)	(26,779,134)	(10,273,635)	(5,642,434)	(59,876,054)
e. Total	\$ (187,912,057)	\$ (235,050,077)	\$ (99,160,560)	\$ (49,679,219)	\$ (571,801,913)
4. Administrative Expenses	\$ (2,129,855)	\$ (2,485,108)	\$ (1,356,959)	\$ (665,270)	\$ (6,637,192)
5. Miscellaneous Expenses	\$ (1,043,366)	\$ (1,223,452)	\$ (664,791)	\$ (325,913)	\$ (3,257,522)
6. Transfers	\$ -	\$ -	\$ -	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 1,560,594,156	\$ 1,846,797,899	\$ 1,000,494,262	\$ 490,452,521	\$ 4,898,338,838

401(h) subsidy income and expense reported by NHRS in total for Police and Fire was allocated approximately 60% to Police and 40% to Fire for purposes of this schedule.

SECTION D

ACCOUNTING DISCLOSURES

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the System's financial statements.

Schedule of Pension Funding Progress
(As Required by GASB Statement No. 25)

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*	\$ 4,862,256,315	\$ 7,259,715,170	\$ 2,397,458,855	67.0%	\$ 2,195,339,382	109.2 %
June 30, 2008	5,302,034,006	7,821,316,352	2,519,282,346	67.8%	2,308,320,669	109.1 %
June 30, 2009*	4,937,319,506	8,475,051,817	3,537,732,311	58.3%	2,448,287,042	144.5 %
June 30, 2010	5,233,838,359	8,953,932,346	3,720,093,987	58.5%	2,481,383,620	149.9 %

* After Benefit/Legislative changes.

Schedule of Employer Pension Contributions

Fiscal Year Ending June 30:	GASB No. 25 Annual Required Contribution (ARC)*			Employer Contributions		
	Projected Payroll (\$ Thousands)	ARC as % of Payroll	Projected ARC ^{##} (\$ Thousands)	Actual Payroll (\$ Thousands)	Actual Contribution (\$ Thousands)	% of GASB ARC Contributed
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2008#	\$ 2,294,130	10.52 %	\$ 241,456	\$ 2,308,321	249,898	75 %
2009#	2,397,365	10.52 %	252,321	\$ 2,448,287	261,450	75 %
2010	2,505,247	10.70 %	268,061	\$ 2,481,384	269,677	100 %
2011	2,617,983	10.70 %	280,124			
2012	2,793,902	13.11 %	366,281			
2013	2,919,628	13.09 %	382,179			
2014**	2,959,096	13.45 %	397,998			
2015**	3,092,255	13.43 %	415,290			

* 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. ARC Amounts for 2012 and 2013 are estimated based on the contribution rate in effect in the year indicated and the June 30, 2009 valuation payroll projected at the assumed wage inflation rate of 4.50% per year.

Developed by prior actuary. Actual contributions are based on the ARC % times actual payroll. For FY 2008 and 2009 25% of the total contribution was paid to the 401(h) subtrust and 75% to the pension trust.

ARC is computed as a percent of payroll. Projected dollar amounts are illustrative.

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, 2010
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Equivalent Single Amortization Period	26 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 2014 and 2015	Contributions Expressed as Percents of Payroll				
	State Employees	Political Subdivision Employees	Teachers	Police & Fire	Total
Normal Cost					
Age and Service Retirement	0.00%	0.00%	0.00%	4.79%	0.71%
Termination	0.00%	0.00%	0.00%	0.18%	0.03%
Death-in-Service	0.00%	0.00%	0.00%	0.09%	0.01%
Disability	0.00%	0.00%	0.00%	0.28%	0.04%
Total Normal Cost	0.00%	0.00%	0.00%	5.34%	0.79%
Amortization of Unfunded Actuarial Accrued Liabilities#	1.56%	0.49%	1.80%	4.28%	1.82%
Annual Required Contribution (ARC)	1.56%	0.49%	1.80%	9.62%	2.61%
Fiscal Year 2014 (ARC)					
Percent of Payroll	1.56%	0.49%	1.80%	9.62%	2.61%
Estimated Dollars	\$ 9,686,963	\$3,344,932	\$21,910,628	\$42,158,741	\$77,101,264
Fiscal Year 2015 (ARC)					
Percent of Payroll	1.56%	0.49%	1.80%	9.62%	2.61%
Estimated Dollars	\$10,122,876	\$3,495,454	\$22,896,607	\$44,055,885	\$80,570,822

Accrued Health Liabilities, \$1,033,862,748 were more than applicable assets of \$57,818,287.

The calculations above show the estimated employer's Annual Required Contribution (ARC) for the years ended June 30, 2014 and June 30, 2015.

26-year amortization of UAAL, but not less than solvency rate.

**Determination of Unfunded Actuarial Accrued Liability (Medical)
as of June 30, 2010**

	State Employees	Political Subdivision Employees	Teachers	Police & Fire	Total
A. Present Value of Future Medical Benefits					
1. Retirees and Beneficiaries	\$ 122,284,859	\$ 100,506,778	\$ 367,482,557	\$ 247,918,363	\$ 838,192,557
2. Vested Terminated Members	-	-	-	-	-
3. Active Members	-	-	-	335,099,563	335,099,563
Total Present Value of Future Medical Benefits	122,284,859	100,506,778	367,482,557	583,017,926	1,173,292,120
B. Present Value of Future Employer Normal Costs	-	-	-	139,429,372	139,429,372
C. Present Value of Future Contributions from Current Active Members	-	-	-	-	-
D. Actuarial Medical Accrued Liability (A.-B.-C.)	122,284,859	100,506,778	367,482,557	443,588,554	1,033,862,748
E. 401(h) Subtrust Actuarial Value of Assets	-	33,978,187	7,365,241	16,474,859	57,818,287
F. Unfunded Actuarial Accrued Liability (D.-E.)	\$ 122,284,859	\$ 66,528,591	\$ 360,117,316	\$ 427,113,695	\$ 976,044,461

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.

Notes to Required Supplementary Information (As Required by GASB Statement No. 43)

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, 2010
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Equivalent Single Amortization Period	19 Years*
Valuation Asset Method	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return @	4.50%
Projected Salary Increase @	4.50% to 16.25%
@ Includes Price Inflation at	3.50%
Rate of Payroll Growth	4.50%
Increase in Medical Supplement	4.0% beginning in Fiscal Year 2012

* The ARC is based on the greater of a 26 year amortization or the amount necessary to meet cash flow.

NHRS - 401(h) Cash Flow Projections
June 30, 2010
State Employees

Year Ending	Valuation Pay	Employer Contributions			Benefits Paid	Solvency Assets
		Rate – Total	Rate – Health	Dollars – Health		
6/30/2010	\$ 520,712,360					\$ -
6/30/2011	544,144,416	11.05%	1.96%	\$ 10,665,231	\$10,287,780	-
6/30/2012	568,630,915	12.31%	1.60%	9,098,095	9,721,378	-
6/30/2013	594,219,306	12.26%	1.60%	9,507,509	9,548,331	-
6/30/2014	620,959,175	12.60%	1.56%	9,686,963	9,362,369	-
6/30/2015	648,902,338	12.55%	1.56%	10,122,876	9,183,629	-
6/30/2016	678,102,943	12.27%	1.33%	9,005,312	9,005,312	-
6/30/2017	708,617,575	12.14%	1.24%	8,805,516	8,805,516	-
6/30/2018	740,505,366	12.01%	1.16%	8,593,494	8,593,494	-
6/30/2019	773,828,107	11.89%	1.08%	8,368,307	8,368,307	-
6/30/2020	808,650,372	11.78%	1.01%	8,132,325	8,132,325	-
6/30/2021	845,039,639	11.66%	0.93%	7,882,488	7,882,488	-
6/30/2022	883,066,423	11.55%	0.86%	7,620,820	7,620,820	-
6/30/2023	922,804,412	11.46%	0.80%	7,342,767	7,342,767	-
6/30/2024	964,330,611	11.36%	0.73%	7,044,607	7,044,607	-
6/30/2025	1,007,725,488	11.26%	0.67%	6,724,339	6,724,339	-
6/30/2026	1,053,073,135	11.18%	0.61%	6,389,474	6,389,474	-
6/30/2027	1,100,461,426	11.09%	0.55%	6,045,838	6,045,838	-
6/30/2028	1,149,982,190	11.02%	0.50%	5,698,282	5,698,282	-
6/30/2029	1,201,731,389	10.94%	0.44%	5,339,151	5,339,151	-
6/30/2030	1,255,809,302	10.88%	0.40%	4,994,764	4,994,764	-
6/30/2031	1,312,320,721	10.81%	0.35%	4,639,679	4,639,679	-
6/30/2032	1,371,375,153	10.75%	0.31%	4,282,283	4,282,283	-
6/30/2033	1,433,087,035	10.70%	0.27%	3,938,522	3,938,522	-
6/30/2034	1,497,575,952	10.65%	0.24%	3,604,068	3,604,068	-
6/30/2035	1,564,966,870	10.61%	0.21%	3,281,151	3,281,151	-

NHRS - 401(h) Cash Flow Projections
June 30, 2010
Political Subdivision Employees (8.5% Interest Assumption)

<u>Year Ending</u>	<u>Valuation Pay</u>	<u>Employer Contribution</u>			<u>Benefits Paid</u>	<u>Solvency Assets</u>	<u>Estimated Employer Rate with 20% Margin</u>
		<u>Rate -- Total</u>	<u>Rate -- Health</u>	<u>Dollars -- Health</u>			
6/30/2010	\$ 572,434,892					\$ 29,669,626	
6/30/2011	598,194,462	9.16%	0.07%	\$ 418,736	\$7,511,779	24,797,047	0.07%
6/30/2012	625,113,213	11.09%	0.38%	2,375,430	7,116,864	21,961,851	0.38%
6/30/2013	653,243,308	11.04%	0.38%	2,482,325	6,942,124	19,179,267	0.38%
6/30/2014	682,639,257	11.53%	0.49%	3,344,932	6,816,740	17,190,145	0.49%
6/30/2015	713,358,024	11.48%	0.49%	3,495,454	6,750,917	15,257,488	0.49%
6/30/2016	745,459,135	11.43%	0.49%	3,652,750	6,699,720	13,377,907	0.49%
6/30/2017	779,004,796	11.39%	0.49%	3,817,124	6,674,035	11,536,700	0.49%
6/30/2018	814,060,012	11.33%	0.48%	3,907,488	6,636,386	9,672,443	0.49%
6/30/2019	850,692,713	11.29%	0.48%	4,083,325	6,593,845	7,877,384	0.49%
6/30/2020	888,973,885	11.25%	0.48%	4,267,075	6,544,547	6,172,697	0.49%
6/30/2021	928,977,710	11.21%	0.48%	4,459,093	6,479,252	4,591,361	0.49%
6/30/2022	970,781,707	11.17%	0.48%	4,659,752	6,396,868	3,170,683	0.49%
6/30/2023	1,014,466,884	11.14%	0.48%	4,869,441	6,293,123	1,956,003	0.49%
6/30/2024	1,060,117,894	11.11%	0.48%	5,088,566	6,165,915	999,127	0.49%
6/30/2025	1,107,823,199	11.07%	0.48%	5,317,551	6,015,679	356,254	0.49%
6/30/2026	1,157,675,243	11.05%	0.48%	5,556,841	5,845,633	85,470	0.48%
6/30/2027	1,209,770,629	11.01%	0.47%	5,654,399	5,654,399	-	0.45%
6/30/2028	1,264,210,307	10.95%	0.43%	5,438,676	5,438,676	-	0.42%
6/30/2029	1,321,099,771	10.89%	0.39%	5,202,421	5,202,421	-	0.39%
6/30/2030	1,380,549,261	10.84%	0.36%	4,950,405	4,950,405	-	0.35%
6/30/2031	1,442,673,978	10.78%	0.32%	4,686,497	4,686,497	-	0.31%
6/30/2032	1,507,594,307	10.73%	0.29%	4,408,205	4,408,205	-	0.28%
6/30/2033	1,575,436,051	10.69%	0.26%	4,124,239	4,124,239	-	0.25%
6/30/2034	1,646,330,673	10.64%	0.23%	3,835,957	3,835,957	-	0.22%
6/30/2035	1,720,415,553	10.61%	0.21%	3,541,769	3,541,769	-	0.20%

**NHRS - 401(h) Cash Flow Projections
June 30, 2010**

Teachers

<u>Year Ending</u>	<u>Valuation Pay</u>	<u>Employer Contributions</u>			<u>Benefits Paid</u>	<u>Solvency Assets</u>	<u>Estimated Employer Rate with 20% Margin</u>
		<u>Rate – Total</u>	<u>Rate – Health</u>	<u>Dollars – Health</u>			
6/30/2010	\$ 1,020,744,780					\$ 6,431,301	
6/30/2011	1,066,678,295	10.70%	1.32%	\$ 14,080,153	\$25,878,690	(5,322,013)	2.25%
6/30/2012	1,114,678,818	13.95%	2.44%	27,198,163	24,549,144	(3,012,782)	2.15%
6/30/2013	1,164,839,365	13.95%	2.44%	28,422,081	23,896,188	1,449,375	2.00%
6/30/2014	1,217,257,136	13.61%	1.80%	21,910,628	23,303,067	-	1.89%
6/30/2015	1,272,033,707	13.61%	1.80%	22,896,607	22,938,817	-	1.77%
6/30/2016	1,329,275,224	13.52%	1.71%	22,786,960	22,786,960	-	1.68%
6/30/2017	1,389,092,609	13.44%	1.63%	22,692,459	22,692,459	-	1.61%
6/30/2018	1,451,601,776	13.37%	1.56%	22,626,364	22,626,364	-	1.53%
6/30/2019	1,516,923,856	13.30%	1.49%	22,640,341	22,640,341	-	1.47%
6/30/2020	1,585,185,430	13.24%	1.43%	22,663,285	22,663,285	-	1.41%
6/30/2021	1,656,518,774	13.18%	1.37%	22,687,927	22,687,927	-	1.35%
6/30/2022	1,731,062,119	13.12%	1.31%	22,659,287	22,659,287	-	1.29%
6/30/2023	1,808,959,914	13.06%	1.25%	22,563,101	22,563,101	-	1.23%
6/30/2024	1,890,363,110	12.99%	1.18%	22,395,020	22,395,020	-	1.16%
6/30/2025	1,975,429,450	12.93%	1.12%	22,151,585	22,151,585	-	1.10%
6/30/2026	2,064,323,775	12.87%	1.06%	21,829,883	21,829,883	-	1.04%
6/30/2027	2,157,218,345	12.80%	0.99%	21,427,705	21,427,705	-	0.97%
6/30/2028	2,254,293,171	12.74%	0.93%	20,943,747	20,943,747	-	0.91%
6/30/2029	2,355,736,364	12.67%	0.86%	20,375,886	20,375,886	-	0.85%
6/30/2030	2,461,744,500	12.61%	0.80%	19,726,799	19,726,799	-	0.78%
6/30/2031	2,572,523,003	12.55%	0.74%	19,001,795	19,001,795	-	0.72%
6/30/2032	2,688,286,538	12.49%	0.68%	18,202,861	18,202,861	-	0.66%
6/30/2033	2,809,259,432	12.43%	0.62%	17,335,955	17,335,955	-	0.60%
6/30/2034	2,935,676,106	12.37%	0.56%	16,408,671	16,408,671	-	0.54%
6/30/2035	3,067,781,531	12.31%	0.50%	15,430,122	15,430,122	-	0.49%

NHRS - 401(h) Cash Flow Projections
June 30, 2010

Police and Fire (8.5% Interest Rate Assumption)

Year Ending	Valuation Pay	Employer Contributions			Benefits Paid	Solvency Assets	Estimated Employer Rate with 20% Margin
		Rate – Total	Rate – Health	Dollars – Health			
6/30/2010	\$ 367,491,588					\$ 14,385,785	
6/30/2011	384,028,709		2.17%	\$ 8,333,423	\$16,346,517	7,254,926	2.17%
6/30/2012	401,310,001		2.65%	10,634,715	17,164,723	1,064,062	3.20%
6/30/2013	419,368,951	N/A	2.65%	11,113,277	18,560,884	(6,609,623)	4.45%
6/30/2014	438,240,554	N/A	5.51%	24,147,055	20,023,881	(2,873,032)	4.53%
6/30/2015	457,961,379	N/A	5.51%	25,233,672	21,505,959	768,900	4.69%
6/30/2016	478,569,641	N/A	5.04%	24,119,910	22,985,612	2,016,762	4.79%
6/30/2017	500,105,275	N/A	5.04%	25,205,306	24,501,232	2,922,184	4.88%
6/30/2018	522,610,012	N/A	5.04%	26,339,545	26,032,349	3,490,821	4.96%
6/30/2019	546,127,463	N/A	5.04%	27,524,824	27,672,451	3,633,640	5.05%
6/30/2020	570,703,199	N/A	5.04%	28,763,441	29,372,979	3,307,056	5.13%
6/30/2021	596,384,843	N/A	5.04%	30,057,796	31,013,773	2,591,549	5.17%
6/30/2022	623,222,161	N/A	5.04%	31,410,397	32,521,827	1,653,165	5.18%
6/30/2023	651,267,158	N/A	5.04%	32,823,865	33,827,866	747,013	5.15%
6/30/2024	680,574,180	N/A	5.04%	34,300,939	34,912,902	172,538	5.08%
6/30/2025	711,200,018	N/A	5.04%	35,844,481	35,820,434	212,273	4.98%
6/30/2026	743,204,019	N/A	4.92%	36,554,587	36,554,587	-	4.86%
6/30/2027	776,648,200	N/A	4.78%	37,137,083	37,137,083	-	4.72%
6/30/2028	811,597,369	N/A	4.63%	37,583,194	37,583,194	-	4.57%
6/30/2029	848,119,251	N/A	4.46%	37,867,062	37,867,062	-	4.40%
6/30/2030	886,284,617	N/A	4.29%	38,003,441	38,003,441	-	4.22%
6/30/2031	926,167,425	N/A	4.10%	37,994,870	37,994,870	-	4.04%
6/30/2032	967,844,959	N/A	3.91%	37,862,884	37,862,884	-	3.85%
6/30/2033	1,011,397,982	N/A	3.72%	37,606,310	37,606,310	-	3.65%
6/30/2034	1,056,910,891	N/A	3.52%	37,224,886	37,224,886	-	3.46%
6/30/2035	1,104,471,881	N/A	3.33%	36,777,892	36,777,892	-	3.27%

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	\$ 73,490	913	\$ 12,081	21,248	357,763	9.87%	16,837
2008	2,216	53,600	594	10,923	22,870	400,440	3.99%	17,509
2009	2,152	51,234	521	8,349	24,501	443,325	3.34%	18,094
2010	2,161	50,732	817	12,002	25,845	482,055	3.08%	18,652

* 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 Age Distribution Employees

SERVICE RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
40 - 44				1	\$ 5,349	\$ 5,349
45 - 49	5	\$ 191,167	\$38,233	14	164,098	11,721
50 - 54	51	853,554	16,736	88	905,448	10,289
55 - 59	317	6,332,333	19,976	333	4,691,263	14,088
60 - 64	928	18,367,957	19,793	1,228	17,407,309	14,175
65 - 69	1,105	16,512,822	14,944	1,519	15,387,562	10,130
70 - 74	874	11,401,145	13,045	1,023	9,179,173	8,973
75 - 79	701	9,130,605	13,025	773	6,611,601	8,553
80 - 84	474	5,742,760	12,116	543	4,321,422	7,958
85 - 89	246	2,607,637	10,600	319	2,267,425	7,108
90 - 94	75	648,393	8,645	106	611,562	5,769
95 - 99	10	109,814	10,981	21	183,967	8,760
100 & Over	3	16,167	5,389	3	11,890	3,963
TOTAL	4,789	\$71,914,354	\$15,017	5,971	\$61,748,069	\$ 10,341

DISABILITY RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
30 - 34				2	\$ 24,874	\$12,437
35 - 39	4	\$ 42,062	\$ 10,516	2	23,176	11,588
40 - 44	14	210,616	15,044	15	181,570	12,105
45 - 49	25	306,573	12,263	36	437,714	12,159
50 - 54	58	856,164	14,761	56	710,716	12,691
55 - 59	77	1,039,719	13,503	109	1,416,567	12,996
60 - 64	93	1,265,854	13,611	100	1,165,978	11,660
65 - 69	66	915,224	13,867	71	829,881	11,688
70 - 74	35	349,005	9,972	28	357,892	12,782
75 - 79	22	280,388	12,745	19	264,721	13,933
80 - 84	6	94,405	15,734	9	91,796	10,200
85 - 89	4	73,257	18,314	4	50,250	12,563
90 - 94				1	13,745	13,745
95 - 99						
100 & Over						
TOTAL	404	\$5,433,267	\$13,449	452	\$5,568,880	\$12,321

Retirees and Beneficiaries Age Distribution Employees

BENEFICIARIES OF DECEASED MEMBERS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
Under 20				1	\$ 5,065	\$ 5,065
20 - 24				1	5,913	5,913
25 - 29	4	\$ 12,078	\$ 3,020			
30 - 34	1	13,510	13,510			
35 - 39				4	22,065	5,516
40 - 44	6	17,085	2,848	12	133,562	11,130
45 - 49	6	28,228	4,705	18	101,205	5,623
50 - 54	10	44,319	4,432	28	340,430	12,158
55 - 59	24	113,152	4,715	61	730,432	11,974
60 - 64	18	153,321	8,518	80	862,999	10,787
65 - 69	11	61,467	5,588	102	1,297,798	12,724
70 - 74	27	220,883	8,181	140	1,722,643	12,305
75 - 79	19	177,619	9,348	191	2,002,791	10,486
80 - 84	19	135,063	7,109	176	1,593,826	9,056
85 - 89	8	42,304	5,288	141	1,246,777	8,842
90 - 94	3	19,931	6,644	56	383,439	6,847
95 - 99				16	116,534	7,283
100 & Over				3	22,578	7,526
TOTAL	156	\$1,038,960	\$ 6,660	1,030	\$10,588,057	\$ 10,280

Retirees and Beneficiaries Age Distribution Teachers

SERVICE RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
45 - 49		\$ 0	\$ 0	2	\$ 31,920	\$15,960
50 - 54	14	207,293	14,807	32	363,901	11,372
55 - 59	206	5,478,354	26,594	609	13,515,662	22,193
60 - 64	845	22,918,996	27,123	1,963	44,805,928	22,825
65 - 69	645	15,225,550	23,606	1,368	26,308,659	19,231
70 - 74	397	9,967,115	25,106	773	14,738,996	19,067
75 - 79	282	6,927,499	24,566	496	9,752,083	19,661
80 - 84	136	2,996,433	22,033	303	5,231,303	17,265
85 - 89	51	863,823	16,938	195	2,914,677	14,947
90 - 94	18	260,598	14,478	131	1,542,810	11,777
95 - 99	1	1,420	1,420	45	473,928	10,532
100 & Over				9	96,401	10,711
TOTAL	2,595	\$64,847,081	\$24,989	5,926	\$119,776,268	\$20,212

DISABILITY RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
40 - 44				1	\$ 14,163	\$ 14,163
45 - 49				4	45,466	11,367
50 - 54	3	\$ 46,515	\$15,505	6	87,190	14,532
55 - 59	5	76,886	15,377	22	353,589	16,072
60 - 64	8	155,513	19,439	28	457,190	16,328
65 - 69	12	249,272	20,773	25	414,335	16,573
70 - 74	5	94,232	18,846	15	245,708	16,381
75 - 79	11	207,023	18,820	8	127,788	15,974
80 - 84	3	36,314	12,105	5	61,164	12,233
85 - 89	3	42,518	14,173	7	80,530	11,504
90 - 94				4	57,225	14,306
95 - 99						
100 & Over						
TOTAL	50	\$908,273	\$18,165	125	\$1,944,348	\$ 15,555

Retirees and Beneficiaries Age Distribution Teachers

BENEFICIARIES OF DECEASED MEMBERS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
20 - 24		\$ 0	\$ 0	1	\$ 13,182	\$13,182
25 - 29	1	4,741	4,741			
30 - 34	2	20,234	10,117	2	7,987	3,994
35 - 39	2	24,253	12,127	1	3,154	3,154
40 - 44	4	38,263	9,566	2	17,111	8,556
45 - 49	4	36,195	9,049	2	15,605	7,803
50 - 54	4	53,754	13,439	9	128,870	14,319
55 - 59	6	69,775	11,629	25	390,764	15,631
60 - 64	24	402,365	16,765	44	864,121	19,639
65 - 69	16	153,789	9,612	41	922,170	22,492
70 - 74	18	288,669	16,037	40	860,943	21,524
75 - 79	16	222,091	13,881	44	934,363	21,236
80 - 84	8	129,453	16,182	29	594,405	20,497
85 - 89	7	108,891	15,556	18	205,688	11,427
90 - 94	2	20,877	10,439	17	192,181	11,305
95 - 99	1	17,704	17,704	1	13,847	13,847
100 & Over						
TOTAL	115	\$1,591,054	\$13,835	276	\$5,164,391	\$18,712

Retirees and Beneficiaries Age Distribution Police

SERVICE RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
40 - 44				5	\$ 21,229	\$ 4,246
45 - 49	200	\$ 9,745,476	\$48,727	36	1,003,857	27,885
50 - 54	324	15,111,400	46,640	55	1,212,474	22,045
55 - 59	315	13,573,354	43,090	57	1,215,964	21,333
60 - 64	345	13,229,721	38,347	48	958,686	19,973
65 - 69	231	7,102,575	30,747	45	672,195	14,938
70 - 74	161	4,666,390	28,984	19	284,668	14,983
75 - 79	103	2,471,235	23,993	20	313,729	15,686
80 - 84	62	1,629,315	26,279	5	83,590	16,718
85 - 89	9	191,187	21,243	3	25,605	8,535
90 - 94	10	272,088	27,209	2	18,108	9,054
95 - 99	2	32,774	16,387	1	12,396	12,396
100 & Over	1	17,828	17,828			
TOTAL	1,763	\$68,043,343	\$38,595	298	\$5,840,413	\$19,599

DISABILITY RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
30 - 34	2	\$ 47,624	\$23,812			
35 - 39	4	138,973	34,743	1	\$ 30,165	\$30,165
40 - 44	18	664,128	36,896	2	30,771	15,386
45 - 49	35	1,095,538	31,301	3	84,424	28,141
50 - 54	41	1,368,684	33,383	9	276,343	30,705
55 - 59	42	1,360,070	32,383	5	147,347	29,469
60 - 64	51	1,483,418	29,087	14	351,330	25,095
65 - 69	44	1,307,943	29,726	2	48,561	24,281
70 - 74	18	485,872	26,993	2	25,529	12,765
75 - 79	13	315,459	24,266	1	21,995	21,995
80 - 84	5	122,703	24,541			
85 - 89	3	56,745	18,915			
90 - 94	2	24,380	12,190			
95 - 99						
100 & Over						
TOTAL	279	\$8,503,016	\$30,477	39	\$1,016,465	\$26,063

Retirees and Beneficiaries Age Distribution Police

BENEFICIARIES OF DECEASED MEMBERS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
Under 20	2	\$ 21,642	\$ 10,821	1	\$ 30,418	\$ 30,418
20 - 24						
25 - 29						
30 - 34						
35 - 39				4	59,695	14,924
40 - 44	4	53,197	13,299	1	15,929	15,929
45 - 49	2	16,678	8,339	6	141,967	23,661
50 - 54	2	16,222	8,111	10	260,345	26,035
55 - 59	3	96,266	32,089	15	301,458	20,097
60 - 64	5	60,350	12,070	31	665,331	21,462
65 - 69	1	11,452	11,452	38	734,052	19,317
70 - 74	3	8,176	2,725	53	618,910	11,678
75 - 79	3	21,970	7,323	40	625,600	15,640
80 - 84	6	67,905	11,318	46	552,975	12,021
85 - 89				29	355,551	12,260
90 - 94	1	12,498	12,498	14	140,246	10,018
95 - 99				3	34,525	11,508
100 & Over						
TOTAL	32	\$ 386,356	\$ 12,074	291	\$ 4,537,002	\$ 15,591

Retirees and Beneficiaries Age Distribution Fire

SERVICE RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
35 - 39				1	\$ 2,284	\$ 2,284
40 - 44				1	11,679	11,679
45 - 49	40	\$ 1,885,882	\$47,147	8	150,569	18,821
50 - 54	136	6,728,821	49,477	10	182,001	18,200
55 - 59	216	9,926,883	45,958	19	252,431	13,286
60 - 64	150	6,249,527	41,664	8	166,075	20,759
65 - 69	118	4,363,676	36,980	5	55,353	11,071
70 - 74	80	2,632,936	32,912	3	43,112	14,371
75 - 79	50	1,333,215	26,664			
80 - 84	38	1,016,839	26,759	1	25,849	25,849
85 - 89	15	396,955	26,464			
90 - 94	5	83,693	16,739			
95 - 99	2	41,480	20,740			
100 & Over						
TOTAL	850	\$34,659,907	\$40,776	56	\$889,353	\$15,881

DISABILITY RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
35 - 39	2	\$ 57,414	\$28,707			
40 - 44	2	63,528	31,764			
45 - 49	8	274,020	34,253	1	\$31,795	\$31,795
50 - 54	13	443,683	34,129	2	67,353	33,677
55 - 59	19	574,901	30,258			
60 - 64	16	484,964	30,310			
65 - 69	21	584,128	27,816			
70 - 74	19	476,763	25,093			
75 - 79	9	228,078	25,342			
80 - 84	7	175,136	25,019			
85 - 89	5	90,954	18,191			
90 - 94	1	18,993	18,993			
95 - 99						
100 & Over						
TOTAL	122	\$3,472,562	\$28,464	3	\$99,148	\$33,049

Retirees and Beneficiaries Age Distribution Fire

BENEFICIARIES OF DECEASED MEMBERS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
Under 20	1	\$ 5,913	\$ 5,913			
20 - 24	1	5,913	5,913		\$ 0	\$ 0
25 - 29						
30 - 34						
35 - 39	2	26,396	13,198			
40 - 44				2	80,834	40,417
45 - 49				2	15,944	7,972
50 - 54				9	180,053	20,006
55 - 59				15	263,814	17,588
60 - 64				19	490,858	25,835
65 - 69				23	420,821	18,297
70 - 74	1	15,853	15,853	26	511,931	19,690
75 - 79				26	457,051	17,579
80 - 84	3	58,824	19,608	40	736,388	18,410
85 - 89				39	616,494	15,808
90 - 94				12	170,318	14,193
95 - 99				1	13,362	13,362
100 & Over				1	13,733	13,733
TOTAL	8	\$112,899	\$14,112	215	\$3,971,601	\$18,473

Active Members by Valuation Division

Valuation Group	Active Members	Valuation Payroll	Average		
			Age	Service	Pay
Employees:					
Male	10,046	\$ 479,437,343	48.4	10.9	\$47,724
Female	15,941	613,709,909	48.3	9.8	38,499
Total	25,987	1,093,147,252	48.3	10.2	42,065
Teachers:					
Male	4,175	244,695,264	45.5	12.9	58,610
Female	14,428	776,049,516	45.6	12.1	53,788
Total	18,603	1,020,744,780	45.6	12.3	54,870
Police:					
Male	3,697	229,932,379	39.1	11.0	62,194
Female	534	28,539,164	39.1	8.9	53,444
Total	4,231	258,471,543	39.1	10.7	61,090
Fire:					
Male	1,600	106,352,406	40.6	12.7	66,470
Female	46	2,667,639	40.7	9.9	57,992
Total	1,646	109,020,045	40.6	12.6	66,233
Total:					
Male	19,518	1,060,417,392	45.4	11.5	54,330
Female	30,949	1,420,966,228	46.9	10.8	45,913
Grand Total	50,467	\$2,481,383,620	46.3	11.1	\$49,168

Valuation Group	Active Members	Valuation Payroll
Employees:		
State	10,816	\$ 520,712,360
Political Subdivisions	15,171	572,434,892
Subtotal	25,987	1,093,147,252
Teachers:	18,603	1,020,744,780
Police:		
State	1,160	71,224,953
Political Subdivisions	3,071	187,246,590
Subtotal	4,231	258,471,543
Fire:		
State	64	3,800,142
Political Subdivisions	1,582	105,219,903
Subtotal	1,646	109,020,045
Total	50,467	\$ 2,481,383,620

Age and Service Distribution

Employees
June 30, 2010

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	14							14	\$ 306,325
20-24	562	9						571	15,119,834
25-29	1,102	268	3					1,373	43,550,026
30-34	844	523	168					1,535	58,311,961
35-39	895	586	392	100	8			1,981	81,117,659
40-44	1,186	754	499	294	209	21		2,963	123,447,971
45-49	1,386	1,081	695	404	430	165	32	4,193	178,169,863
50-54	1,315	1,249	834	519	480	271	245	4,913	212,449,311
55-59	1,014	995	841	532	539	277	364	4,562	207,520,109
60-64	547	703	527	361	390	164	210	2,902	132,302,309
65-69	111	232	165	94	88	34	47	771	33,218,446
70+	22	71	49	31	19	10	7	209	7,633,438
TOTAL	8,998	6,471	4,173	2,335	2,163	942	905	25,987	\$ 1,093,147,252

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

Age: 48.3 years
Service: 10.2 years
Annual Pay: \$42,065

Age and Service Distribution

Teachers
June 30, 2010

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	217							217	\$ 7,435,649
25-29	1,385	283						1,668	65,335,373
30-34	840	1,203	162					2,205	100,981,575
35-39	515	662	790	78	3			2,048	106,603,814
40-44	563	543	578	392	97			2,173	119,530,854
45-49	484	558	477	329	415	120	2	2,385	135,288,778
50-54	365	566	578	333	435	433	133	2,843	167,267,865
55-59	212	393	598	494	490	402	554	3,143	195,538,664
60-64	125	189	278	265	266	182	323	1,628	103,659,691
65-69	23	30	38	43	53	33	45	265	17,423,877
70+	6	4	6	5	1	2	4	28	1,678,640
TOTAL	4,735	4,431	3,505	1,939	1,760	1,172	1,061	18,603	\$ 1,020,744,780

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: 12.3 years
Annual Pay: \$54,870

Age and Service Distribution

Police
June 30, 2010

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	179							179	\$ 7,335,731
25-29	451	129						580	29,535,357
30-34	211	368	86	1				666	38,778,413
35-39	154	232	340	90	3			819	51,008,199
40-44	108	125	194	240	131	16		814	53,367,439
45-49	53	90	78	118	164	69	4	576	39,362,668
50-54	26	51	44	58	68	57	17	321	21,799,031
55-59	20	38	23	27	38	15	12	173	10,836,236
60-64	6	13	12	26	12	6	9	84	5,223,962
65-69	1		4	6	4	2	1	18	1,147,295
70+				1				1	77,212
TOTAL	1,209	1,046	781	567	420	165	43	4,231	\$258,471,543

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

Age: 39.1 years
Service: 10.7 years
Annual Pay: \$61,090

Age and Service Distribution

Fire
June 30, 2010

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	55	1						56	\$ 2,688,859
25-29	113	41						154	8,017,749
30-34	64	117	39					220	13,141,775
35-39	53	102	92	22	1			270	16,723,315
40-44	37	100	93	91	71	2		394	26,752,122
45-49	11	48	42	42	104	31	1	279	20,478,404
50-54	4	20	22	22	40	52	24	184	14,341,971
55-59	1	8	11	9	12	13	18	72	5,419,066
60-64	2	1	1	1	1	2	6	14	1,220,525
65-69					2			2	131,509
70+							1	1	104,750
TOTAL	340	438	300	187	231	100	50	1,646	\$109,020,045

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

Age: 40.6 years
Service: 12.6 years
Annual Pay: \$66,233

Age and Service Distribution

Total
June 30, 2010

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	14							14	\$ 306,325
20-24	1,013	10						1,023	32,580,073
25-29	3,051	721	3					3,775	146,438,505
30-34	1,959	2,211	455	1				4,626	211,213,724
35-39	1,617	1,582	1,614	290	15			5,118	255,452,987
40-44	1,894	1,522	1,364	1,017	508	39		6,344	323,098,386
45-49	1,934	1,777	1,292	893	1,113	385	39	7,433	373,299,713
50-54	1,710	1,886	1,478	932	1,023	813	419	8,261	415,858,178
55-59	1,247	1,434	1,473	1,062	1,079	707	948	7,950	419,314,075
60-64	680	906	818	653	669	354	548	4,628	242,406,487
65-69	135	262	207	143	147	69	93	1,056	51,921,127
70+	28	75	55	37	20	12	12	239	9,494,040
TOTAL	15,282	12,386	8,759	5,028	4,574	2,379	2,059	50,467	\$2,481,383,620

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

Age: 46.3 years
Service: 11.1 years
Annual Pay: \$49,168

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
2008	50,988	0.2%	2,308,320,669	5.1%	45,272	4.8%	45.7	10.6
2009	51,032	0.0%	2,448,287,042	6.1%	47,976	6.0%	46.0	10.9
2010	50,467	(0.6%)	2,481,383,620	1.4%	49,168	2.5%	46.3	11.1

* Average annual increase.

By Valuation Group (Valuation Payroll in Thousands)

	Fiscal Year	Active Members#	Valuation Payroll	Average Compensation	% Inc.*
Employees	2010	25,987	\$1,093,147	\$42,065	2.72 %
Teachers		18,603	1,020,745	54,870	2.30 %
Police		4,231	258,472	61,090	2.27 %
Fire		1,646	109,020	66,233	1.67 %
Total		50,467	\$2,481,384	\$49,168	2.49 %

	Fiscal Year	Active Members#	Valuation Payroll	Average Compensation	% Inc.*
Employees	2009	26,352	\$ 1,079,157	\$40,952	7.47 %
Teachers		18,709	1,003,514	53,638	3.73 %
Police		4,318	257,934	59,735	5.92 %
Fire		1,653	107,682	65,144	10.25 %
Total		51,032	\$2,448,287	47,976	5.97 %

Excludes temporary inactive members.

* Average annual increase.

Summary of Membership Data by Category

	June 30	
	2010	2009
Active Members		
Number	50,467	51,032
Average age (years)	46.3	46.0
Average service (years)	11.1	10.9
Average salary	\$ 49,168	\$ 47,976
Total payroll supplied, annualized	\$ 2,481,383,620	\$ 2,448,287,042
Vested Inactive Members		
Number	1,515	1,391
Average age (years)	52	52
Non-Vested Inactive Members		
Number	5,677	5,353
Service Retirees		
Number	22,248	21,044
Average age (years)	68	68
Total annual benefits	\$ 427,718,788	\$ 392,110,215
Average annual benefit	\$ 19,225	\$ 18,633
Disability Retirees		
Number	1,474	1,455
Average age (years)	61	61
Total annual benefits	\$ 26,945,959	\$ 26,002,365
Average annual benefit	\$ 18,281	\$ 17,871
Beneficiaries		
Number	2,123	2,002
Average age (years)	73	73
Total annual benefits	\$ 27,390,320	\$ 25,211,604
Average annual benefit	\$ 12,902	\$ 12,593
Total Covered Lives	83,504	82,277

**Other Schedules of Interest
Distribution of Retirees by Years of Service**

Service	Employees							Total
	0 - 4 yrs.*	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.	20 - 24 yrs.	25 - 29 yrs.	30 or more yrs.	
Average monthly benefit	\$ 335	\$ 386	\$ 561	\$ 822	\$ 1,110	\$ 1,495	\$ 2,222	\$ 1,017
Average final average salary	\$32,068	\$35,498	\$37,739	\$41,663	\$44,745	\$50,812	\$60,543	\$45,062
Number of retired members	900	1,291	3,169	2,059	2,091	1,213	2,079	12,802 **

* Includes 161 members who did not have service reported.

** Includes 8,088 members who did not have FAS reported.

Service	Teachers							Total
	0 - 4 yrs.*	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.	20 - 24 yrs.	25 - 29 yrs.	30 or more yrs.	
Average monthly benefit	\$ 417	\$ 478	\$ 664	\$ 1,005	\$ 1,435	\$ 1,847	\$ 2,656	\$ 1,781
Average final average salary	\$50,790	\$52,875	\$44,197	\$51,833	\$57,897	\$62,372	\$68,973	\$60,970
Number of retired members	171	203	1,040	965	1,793	1,570	3,345	9,087 **

* Includes 72 members who did not have service reported.

** Includes 5,182 members who did not have FAS reported.

Service	Police							Total
	0 - 4 yrs.*	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.	20 - 24 yrs.	25 - 29 yrs.	30 or more yrs.	
Average monthly benefit	\$ 942	\$ 1,352	\$ 1,483	\$ 2,034	\$ 2,845	\$ 3,940	\$ 5,114	\$ 2,724
Average final average salary	\$44,656	\$50,016	\$45,342	\$57,278	\$70,960	\$85,452	\$93,848	\$72,439
Number of retired members	218	145	305	241	1,140	482	171	2,702 **

* Includes 129 members who did not have service reported.

** Includes 1,814 members who did not have FAS reported.

Service	Fire							Total
	0 - 4 yrs.*	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.	20 - 24 yrs.	25 - 29 yrs.	30 or more yrs.	
Average monthly benefit	\$ 1,020	\$ 1,487	\$ 1,607	\$ 2,041	\$ 2,592	\$ 3,770	\$ 4,749	\$ 2,871
Average final average salary	\$55,668	\$47,729	\$50,024	\$62,405	\$71,694	\$86,042	\$89,392	\$78,232
Number of retired members	80	28	73	109	530	304	130	1,254 **

* Includes 62 members who did not have service reported.

** Includes 946 members who did not have FAS reported.

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

Employees

		June 30, 2010																	
		Type of Retirement**							Option Selected #										
Amount of Monthly Benefit	Number of Retirees*	1	2	3	4	5	6	7	No Option	1	2	3	4	5	6	7	8	9	Other&
\$1 - \$500	4,160	3,427	48	2	5	-	504	174	2,467	230	280	73	759	166	10	1	-	-	174
501 - 1,000	3,905	2,968	249	140	7	2	348	191	2,184	162	250	92	746	267	9	4	-	-	191
1,001 - 1,500	2,446	1,751	63	223	5	4	132	268	1,145	100	179	77	469	204	2	2	-	-	268
1,501 - 2,000	1,354	1,052	18	74	4	2	68	136	563	45	120	50	331	106	2	1	-	-	136
2,001 - 2,500	746	621	4	21	-	2	49	49	277	16	74	35	227	66	1	1	-	-	49
2,501 - 3,000	446	387	2	7	1	1	33	15	160	13	53	17	127	61	-	-	-	-	15
3,001 - 3,500	243	228	1	1	-	-	11	2	81	6	31	14	77	32	-	-	-	-	2
3,501 - 4,000	164	156	1	1	-	-	5	1	51	3	22	11	58	18	-	-	-	-	1
Over 4,000	174	170	1	-	1	-	2	-	34	3	30	19	60	26	1	1	-	-	-
Totals	13,638	10,760	387	469	23	11	1,152	836	6,962	578	1,039	388	2,854	946	25	10	-	-	836

Teachers

		June 30, 2010																	
		Type of Retirement**							Option Selected #										
Amount of Monthly Benefit	Number of Retirees*	1	2	3	4	5	6	7	No Option	1	2	3	4	5	6	7	8	9	Other&
\$1 - \$500	1,078	927	-	-	-	-	58	93	516	52	63	23	252	70	4	5	-	-	93
501 - 1,000	1,432	1,210	48	-	1	-	92	81	790	128	68	28	271	60	6	-	-	-	81
1,001 - 1,500	1,603	1,186	67	5	4	-	75	266	683	74	101	39	331	108	1	-	-	-	266
1,501 - 2,000	1,501	1,317	21	6	4	1	51	101	616	64	109	45	418	141	1	6	-	-	101
2,001 - 2,500	1,466	1,347	16	5	-	1	42	55	584	48	103	54	443	174	2	3	-	-	55
2,501 - 3,000	1,159	1,115	5	1	2	-	31	5	452	40	106	39	367	145	1	4	-	-	5
3,001 - 3,500	813	798	1	-	1	-	13	-	342	26	75	31	250	84	1	4	-	-	-
3,501 - 4,000	398	387	-	-	1	-	10	-	147	19	39	16	129	48	-	-	-	-	-
Over 4,000	238	234	-	-	-	-	4	-	98	7	22	8	74	29	-	-	-	-	-
Totals	9,688	8,521	158	17	13	2	376	601	4,228	458	686	283	2,535	859	16	22	-	-	601

See Page 58 for footnotes.

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

Police																			
June 30, 2010																			
		Type of Retirement**							Option Selected #										
Amount of Monthly Benefit	Number of Retirants*	1	2	3	4	5	6	7	No Option	1	2	3	4	5	6	7	8	9	Other&
\$1 - \$500	152	112	1	-	-	2	29	8	92	1	6	16	6	23	-	-	-	-	8
501 - 1,000	285	148	5	-	-	2	119	11	213	4	10	12	14	21	-	-	-	-	11
1,001 - 1,500	293	165	20	12	-	2	82	12	193	15	12	10	16	35	-	-	-	-	12
1,501 - 2,000	292	181	18	38	-	1	34	20	156	17	8	23	16	51	1	-	-	-	20
2,001 - 2,500	352	249	6	74	-	2	13	8	161	25	11	44	22	81	-	-	-	-	8
2,501 - 3,000	333	241	-	70	-	1	17	4	134	18	7	62	15	93	-	-	-	-	4
3,001 - 3,500	268	227	-	32	1	3	4	1	92	14	1	72	7	81	-	-	-	-	1
3,501 - 4,000	223	201	-	15	-	-	6	1	73	10	2	47	9	81	-	-	-	-	1
Over 4,000	569	537	-	27	-	1	4	-	143	13	6	178	11	218	-	-	-	-	-
Totals	2,767	2,061	50	268	1	14	308	65	1,257	117	63	464	116	684	1	-	-	-	65

Fire																			
June 30, 2010																			
		Type of Retirement**							Option Selected #										
Amount of Monthly Benefit	Number of Retirants*	1	2	3	4	5	6	7	No Option	1	2	3	4	5	6	7	8	9	Other&
\$1 - \$500	39	22	-	1	-	2	13	1	27	-	2	-	2	7	-	-	-	-	1
501 - 1,000	84	28	1	-	-	-	54	1	74	-	2	1	1	5	-	-	-	-	1
1,001 - 1,500	147	58	7	12	-	5	63	2	110	11	8	6	5	5	-	-	-	-	2
1,501 - 2,000	129	70	8	14	-	2	31	4	76	9	6	13	9	12	-	-	-	-	4
2,001 - 2,500	178	116	3	27	1	3	24	4	89	16	7	22	6	34	-	-	-	-	4
2,501 - 3,000	157	122	2	25	-	-	7	1	65	9	4	25	11	42	-	-	-	-	1
3,001 - 3,500	138	123	1	11	-	1	2	-	36	6	2	31	1	62	-	-	-	-	-
3,501 - 4,000	110	101	-	7	-	1	1	-	32	6	2	22	2	46	-	-	-	-	-
Over 4,000	285	266	-	6	1	-	12	-	83	12	-	66	3	119	1	1	-	-	-
Totals	1,267	906	22	103	2	14	207	13	592	69	33	186	40	332	1	1	-	-	13

See Page 58 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%

** Excluding Vested members with a future benefit.
& Elections for Vested members are made at the time of commencement.*

**Other Schedules of Interest
Distribution of Retirees by Years of Service
Medical Benefits**

Service	State Employees							<u>Total</u>
	<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 or more yrs.</u>	
Average monthly benefit	\$ 411	\$ 483	\$ 432	\$ 412	\$ 376	\$ 381	\$ 412	\$ 400
Annual Benefits	\$789,405	\$405,955	\$487,783	\$212,754	\$2,559,991	\$1,858,335	\$4,238,332	\$10,552,555
Number of retired members	160	70	94	43	567	406	857	2,197

* Includes 76 members who did not have service reported.

Service	Political Subdivision Employees							<u>Total</u>
	<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 or more yrs.</u>	
Average monthly benefit	\$ 367	\$ 338	\$ 424	\$ 373	\$ 428	\$ 424	\$ 502	\$ 446
Annual Benefits	\$65,985	\$44,665	\$60,991	\$17,881	\$3,406,946	\$1,689,244	\$2,404,823	\$7,690,535
Number of retired members	15	11	12	4	663	332	399	1,436

* Includes 8 members who did not have service reported.

Service	Teachers							<u>Total</u>
	<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 or more yrs.</u>	
Average monthly benefit	\$ 332	\$ 376	\$ 566	\$ 474	\$ 438	\$ 449	\$ 532	\$ 492
Annual Benefits	\$27,890	\$4,507	\$20,382	\$11,368	\$5,334,533	\$5,139,796	\$15,865,603	\$26,404,079
Number of retired members	7	1	3	2	1,016	954	2,487	4,470

* Includes 7 members who did not have service reported.

Service	Police and Fire							<u>Total</u>
	<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 or more yrs.</u>	
Average monthly benefit	\$ 447	\$ 472	\$ 481	\$ 460	\$ 548	\$ 557	\$ 540	\$ 533
Annual Benefits	\$343,140	\$509,409	\$1,038,333	\$987,831	\$7,695,267	\$3,823,520	\$1,516,304	\$15,913,804
Number of retired members	64	90	180	179	1,170	572	234	2,489

* Includes 17 members who did not have service reported.

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

State Employees

June 30, 2010					
Monthly Benefit	No. of Retirees	1 Person		2 Person	
		Pre-65	Post-65	Pre-65	Post-65
\$1-\$500	1,821	135	1,649	0	37
501-1,000	372	31	162	147	32
1,001-1,500	3	0	2	0	1
1,501-2,000	1	0	0	1	0
Over 2,000	0	0	0	0	0
Total	2,197	166	1,813	148	70

Political Subdivision Employees

June 30, 2010					
Monthly Benefit	No. of Retirees	1 Person		2 Person	
		Pre-65	Post-65	Pre-65	Post-65
\$1-\$500	1,073	141	931	0	1
501-1,000	343	88	141	97	17
1,001-1,500	18	1	1	14	2
1,501-2,000	2	1	0	0	1
Over 2,000	0	0	0	0	0
Total	1,436	231	1,073	111	21

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

Teachers

June 30, 2010					
Monthly Benefit	No. of Retirees	1 Person		2 Person	
		Pre-65	Post-65	Pre-65	Post-65
\$1-\$500	2,955	608	2,326	7	14
501-1,000	1,336	364	394	420	158
1,001-1,500	165	24	18	94	29
1,501-2,000	14	4	0	10	0
Over 2,000	0	0	0	0	0
Total	4,470	1,000	2,738	531	201

Police and Fire

June 30, 2010					
Monthly Benefit	No. of Retirees	1 Person		2 Person	
		Pre-65	Post-65	Pre-65	Post-65
\$1-\$500	1,330	370	938	18	4
501-1,000	1,128	108	200	807	13
1,001-1,500	27	6	4	16	1
1,501-2,000	4	1	0	3	0
Over 2,000	0	0	0	0	0
Total	2,489	485	1,142	844	18

SECTION F
METHODS & ASSUMPTIONS

Valuation Methods

Pension

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 26 years from the contribution effective date (Fiscal Year 2014).

Health

Liabilities are determined under the entry-age actuarial cost method.

Contribution rates to the 401(h) sub-trust are determined as the lesser of 25% of the employers' total contributions or the actuarial required contribution rate that is projected to keep the medical subsidy sub-trust solvent (the "solvency rate").

Valuation Methods

Actuarial Value of Assets - The Actuarial Value of Assets recognizes assumed investment return 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.

The actuarial value of assets, net of the Special Account, was allocated to the pension and health plans based on the market value of those plans, net of the special account. The actuarial value of assets was then further allocated to each fund (either pension or health) based on the market value of those funds, net of the Special Account.

For purposes of determining the solvency rate, the market value of assets was used for all group funds due to the short time horizon before these closed group funds become pay-as-you-go with a declining annual obligation. The assets used for the Annual Required Contribution under GASB Statement No. 43 are the Actuarial Value of Assets.

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 26 year period beginning on July 1, 2013. This UAAL payment reflects any payments expected to be made and interest to be accrued 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 2007 and June 30, 2009 valuations 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 investment return rate* assumed in the health valuations is 4.50% per year, compounded annually (net after investment expenses) for purposes of computing accrued liabilities and other disclosures required by GASB statement 43 (where applicable). However, for determining the solvency contribution rate for the health subsidy account, the investment return rate assumption was 8.5%, where applicable.

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 macroeconomic 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 pages 62, 66, 70 and 74. 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 macroeconomic 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.

Salary Increase Assumptions For an Individual Member			
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 standard mortality table for death after retirement was the table 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 prior to retirement at sample attained ages were as follows:

Sample Ages	Probability of Occurrence Next Year			
	Death Before Retirement		Disabled Death	
	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	
	Normal	Early	Normal	Early
45		2.53%		2.52%
46		2.62%		2.61%
47		2.72%		2.71%
48		2.82%		2.81%
49		2.92%		2.90%
50		3.01%		3.00%
51		3.11%		3.00%
52		3.21%		3.00%
53		3.31%		3.00%
54		3.40%		3.00%
55		3.50%		3.00%
56		4.40%		4.00%
57		5.50%		5.00%
58		7.70%		7.00%
59		10.00%		10.50%
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	1386	1387	1387

Valuation Assumptions

Employees (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	% 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.

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 standard mortality table for death after retirement was the table 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 Before Retirement		Disabled Death	
	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	
	Normal	Early	Normal	Early
45		1.83%		1.00%
46		1.87%		1.00%
47		1.90%		1.00%
48		1.93%		1.00%
49		1.97%		1.00%
50		2.00%		1.00%
51		2.00%		1.60%
52		2.75%		2.20%
53		3.50%		2.80%
54		4.25%		3.40%
55		5.00%		4.00%
56		8.00%		5.00%
57		10.00%		7.00%
58		13.00%		9.00%
59		18.00%		13.00%
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	1388	1389	1389

Valuation Assumptions

Teachers (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	% 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.

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 standard mortality table for death after retirement was the table 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						Disabled Death			
	Death Before Retirement									
	Men		Women		Men	Women				
	Ordinary	Duty	Ordinary	Duty						
20	0.04%	0.01%	0.04%	0.01%	4.83%	4.83%				
25	0.05%	0.01%	0.05%	0.01%	4.83%	4.83%				
30	0.06%	0.01%	0.06%	0.01%	3.62%	3.62%				
35	0.07%	0.01%	0.07%	0.01%	2.78%	2.78%				
40	0.10%	0.01%	0.10%	0.01%	2.82%	2.82%				
45	0.14%	0.01%	0.14%	0.01%	3.22%	3.22%				
50	0.16%	0.01%	0.16%	0.01%	3.83%	3.83%				
55	0.24%	0.01%	0.24%	0.01%	4.82%	4.82%				
Ref	494	x 1	495	x 1	494	x 1	495	x 1	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	% of Active Members Retiring Within Next Year
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 standard mortality table for death after retirement was the table 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 Before Retirement				Disabled Death									
	Men		Women		Men	Women								
	Ordinary	Duty	Ordinary	Duty										
20	0.03%	0.02%	0.03%	0.02%	4.83%	4.83%								
25	0.03%	0.02%	0.03%	0.02%	4.83%	4.83%								
30	0.04%	0.02%	0.04%	0.02%	3.62%	3.62%								
35	0.05%	0.02%	0.05%	0.02%	2.78%	2.78%								
40	0.07%	0.02%	0.07%	0.02%	2.82%	2.82%								
45	0.10%	0.02%	0.10%	0.02%	3.22%	3.22%								
50	0.11%	0.02%	0.11%	0.02%	3.83%	3.83%								
55	0.17%	0.02%	0.17%	0.02%	4.82%	4.82%								
Ref:	496	x	1.00	497	x	1.00	496	x	1.00	497	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	% of Active Members Retiring Within Next Year
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, 2010 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 for all groups 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. In other words, it is assumed that if a member is vested at termination of employment, the member will receive a vested benefit when the member reaches normal retirement eligibility.
<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 2030. This effect was not included in the valuation and was judged to be small due to the length of time before gain sharing 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, 2010.
<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; 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 $1/66^{\text{th}}$ 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.

Maximum Benefit

Members hired before July 1, 2009: 100% x AFC.

Members hired on or after July 1, 2009: \$120,000 annually.

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

State employees who were hired prior to July 1, 2009 and employees of political subdivision employers: 5.0% of earnable compensation.

State employees who are hired on or after July 1, 2009: 7.0% of earnable 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, 2010.
<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; 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 the member's final compensation at the date of the member's disability.

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 the member's annual rate of earnable compensation at the date of the member's death.

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.

Maximum Benefit

Members hired before July 1, 2009: 100% x AFC.

Members hired on or after July 1, 2009: \$120,000 annually.

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

2010 Legislative Session:

Legislation enacted in the 2010 legislative session is summarized below:

- (a) **Special Session House Bill 1: COLA, TSA approved** Provides cost-of-living adjustments (COLAs) and temporary supplemental allowances (TSAs) for eligible retirees or beneficiaries;
- (b) **Senate Bill 504: “Spiking” provision deferred** Extends the effective date of the 2008 legislation creating the so-called “spiking” provision (125% assessment) from July 1, 2010 to July 1, 2011. A study commission continues to evaluate proposals for the assessment methodology;
- (c) **House Bill 1668: State health insurance for Group II members [RSA 21-I30]** Requires Group II (Police and Fire) members whose service with a state agency or department began on or after July 1, 2010, complete at least 20 years of creditable service with the state in order to qualify for post-retirement state health insurance coverage.

History of Recent Changes in Plan Provisions

2009 Legislative Session:

Legislation enacted in the 2009 legislative session is summarized below:

- (a) **Member Contribution Rates for Group I Employee Members (Effective June 30, 2009)** [RSA 100-A:16, I(a)] The member contribution rate for Group I state employees who were hired prior to July 1, 2009, and for Group I employees of political subdivision employers (such as cities, towns, school districts, and other local government employers) remains at 5.0% of earnable compensation. However, the member contribution rate for all Group I state employees who are hired on or after July 1, 2009, is 7.0% of earnable compensation. This rate change does not apply to employees of political subdivisions;
- (b) **Employer Contributions for Teacher, Firefighter, and Police Officer Members** [RSA 100-A:16, II(b)-(c)] Historically, political subdivision employers paid 65% of the total NHRS employer cost (“employer contributions”) for their teacher, firefighter, and police officer members. The State of New Hampshire paid the remaining 35% of the total employer cost. With the passage of House Bill 2, the State’s share of the political subdivision employers’ cost is reduced from 35% to 30% for the state fiscal year 2010, and to 25% for the state fiscal year 2011. The State’s share reverts back to 35% for the state fiscal year 2012 and each fiscal year thereafter;
- (c) **Definition of “Extra or Special Duty”** [RSA 100-A:1, XXXII] “Extra or special duty” means member work activities or details for which the employer bills or charges another entity for the work activities provided;
- (d) **Employer Reporting of Extra or Special Duty Compensation** [RSA 100-A:16, VI] For fiscal years beginning on or after July 1, 2009, political subdivision employers must report monthly to NHRS all extra or special duty compensation paid to Group II firefighter and police officer members. Employers are also required to include in their billing to the entity for whom the extra or special duty is provided, the full amount of employer contributions required under RSA 100-A:16, II(b), which are applicable to the extra or special duty compensation paid to Group II members. If the contributions are not paid by the entity, employers are required to pay 100% of the employer contributions attributable to all extra or special duty compensation paid to Group II members;
- (e) **Retiree Health Insurance Premium Contribution** [RSA 100-A:54, III] Effective July 1, 2009, NHRS is required to deduct from the monthly pension benefit of retired Group I and Group II state employees, the amount of \$65.00 for each retiree and each spouse who are under age 65 and receiving healthcare coverage through the State of New Hampshire. The total deduction may not exceed \$130.00;

History of Recent Changes in Plan Provisions

- (f) **Re-certification of State and Political Subdivision Employer Contribution Rate (Effective June 1, 2009)** [RSA 100-A:16, III] NHRS was required to re-certify employer contribution rates for fiscal years 2010 and 2011, based upon a July 1, 2009, state employee group other post-employment benefit (OPEB) state medical plan subtrust balance of \$0.00, and as a result of the reduced State share of employer contributions on behalf of political subdivisions, described above;
- (g) **House Bill 223, Chapter 4, Effective August 29, 2008** [RSA 100-A:16,III-a] This law delays from August 29, 2008, until July 1, 2010 the implementation of RSA 100-A:16, III-a, which addresses the funding of dramatic increases in the pensions of NHRS members resulting from excessively high end-of-career earnable compensation payments made to a retiring employee by an employer. Known as the “spiking provision” or the “125% calculation provision”, RSA 100-A:16, III-a provides that employers assume financial responsibility for the funding costs associated with those increased pension amounts;
- (h) **House Bill 420, Chapter 158, Effective July 1, 2009** [RSA 100-A:6, III(b)] This law removes the application of the gainful occupation reductions to accidental disability retirement pensions paid to retired Group II members who have attained age 45, and whose total years of service as a Group II member plus their years of accidental disability retirement total at least 20 years;
- (i) **House Bill 633, Chapter 12, Effective April 17, 2009** [RSA 100-A:52-a, I(c)] This law provides medical subsidy benefits for certain Group I teacher and political subdivision employee members who retired on or before July 1, 2009, if: (1) they were eligible to retire as of July 1, 2008, either prior to age 60 with at least 20 years of service, or prior to age 55 with at least 30 years of service, and (2) subsequent to July 1, 2008, they attain the applicable age, 60 or 55, respectively;
- (j) **House Bill 685, Chapter 164, Effective July 8, 2009** [RSA 100-A:52-a, I(b)] This law provides a medical subsidy benefit for certain Group I teacher and political subdivision employee members who retired with a vested deferred retirement pension on or before July 1, 2009, if they were eligible to retire as of July 1, 2008, either: (1) with at least 20 years of Group I creditable service and had attained age 60, or subsequently attained age 60; or (2) with at least 30 years of Group I creditable service and had attained age 55, or subsequently attained age 55;
- (k) **Senate Bill 200, Chapter 324, Effective August 7, 2009** [RSA100-A:XXXII and RSA 100-A:9,II] This bill provides that ordinary death benefits paid to a surviving spouse in the form of an annuity will not terminate upon the remarriage of such surviving spouse. In accordance with the federal Heroes Earnings Assistance and Relief Tax (HEART) Act of 2008, this law also defines “qualified military service” and provides ordinary death benefits for beneficiaries of NHRS members who die on or after January 1, 2007 while performing qualified military service.

History of Recent Changes in Plan Provisions

2008 Legislative Session:

Legislation was enacted in the 2008 legislative session which:

- (a) Eliminates the post-retirement health subsidy increases scheduled for July 1, 2008, July 1, 2009, July 1, 2010, and July 1, 2011. Beginning July 1, 2012, and on each July 1 thereafter, establishes an annual 4% compound increase in the post-retirement health subsidy payment;
- (b) Transfers \$250 million from the Special Account reserve to net pension assets;
- (c) Establishes contributions to the 401(h) sub-trust to be the lesser of 25% of the employers' contributions or the actuarial required contribution rate that keeps the medical subsidy subtrust solvent (the "solvency rate");
- (d) Allows non-vested employees who leave employment (for reasons other than death or retirement) to leave their money in the system and continue to earn 2% below the actual rate of return on their funds for the period they are out of the system. These accumulated contributions shall be returned within three months of a former member filing a written request for such payment with the system. In the event a former member returns to membership status after a break in service, his or her previous service shall count toward that member's creditable service to the extent that his or her accumulated contributions have remained in the system;
- (e) Allows Employee and Teacher members of political subdivisions who are eligible to retire as of July 1, 2008, have at least 20 years of credited service as of July 1, 2008 and who actually retire on or before July 1, 2009 (extended from July 1, 2008) to be eligible for the medical subsidy. Members with less than 30 years of credited service are eligible to begin receiving subsidy benefits at age 60, members with 30 or more years of service are eligible to begin receiving subsidy benefits at age 55;
- (f) Establishes certain COLA payments, payable after June 30, 2008 and funded from the Special Account;
- (g) Incurs an anti-spiking surcharge to employers who allow employees to spike salaries at the end of their careers;
- (h) Establishes that the maximum retirement benefit granted under RSA 100-A:5 or RSA 100-A:6 for members hired after June 30, 2009 shall not exceed \$120,000 annually.

Medical Plan Provisions

Subsidy Benefits as of July 1, 2010 are as follows:

	Monthly Amounts	
	Pre-65	Post-65
Single	\$375.56	\$236.84
Couple	\$751.12	\$473.68

The above amounts will increase by July 1 each year in accordance with the following table:

July 1	Annual Increase %
2010	0%
2011	0%
2012 and after	4%

The following Group I members and their qualified spouses are eligible for coverage under the postretirement medical plan:

- Employee and teacher members of political subdivisions who are eligible to retire as of July 1, 2008, on Service, Early Service or Ordinary Disability, have at least 20 years of credited service as of July 1, 2008 and who actually retire on or before July 1, 2009 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 are eligible to retire as of July 1, 2008, on Vested Deferred retirement and who actually retire on or before July 1, 2009 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 are eligible to retire as of July 1, 2008 and who actually retire on or before July 1, 2009, 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.

Medical Plan Provisions

- 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.
- 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 the dependent child attains age 18 or age 23, if attending school on a full-time basis.
- 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.
- 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:

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>Solvency Rate</i>	The minimum contribution necessary to prevent insolvency (a fund balance less than \$0) during or after the biennium in which contributions are being calculated. If fund balances are projected to be less than \$0 prior to the beginning of the biennium (due to the lag between the valuation date and contribution certification), then the solvency rate is the minimum contribution necessary to bring the balance back to \$0 by the end of the biennium. After the fund balance reaches \$0, the solvency rate is becomes the pay-as-you-go rate.
<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.