

DRAFT

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
ANNUAL ACTUARIAL VALUATION
JUNE 30, 2009

October 27, 2009

The Retirement Board
Public Employees Retirement Association
Santa Fe, New Mexico

Dear Board Members:

This report contains the results of an actuarial valuation of the statutory obligations associated with PERA benefits and their relationship to the Association's statutory funding resources.

The valuation was made as of June 30, 2009 using financial and individual people information furnished by the Association.

The report is divided into parts and sections as follows:

- **Section 1** Purpose of the Valuation, Valuation Results, Comments and Conclusions
- **Section 2** Summary of Financial and People Information
- **Section 3** Summary of Benefit Provisions
- **Section 4** Summary of Actuarial Cost Methods, Estimates of Future Fiscal and People Activities, and Definitions of Technical Terms
- **Section 5** Information for Governmental Accounting Standards Board Statement No. 25

CERTIFICATION: To the best of our knowledge and belief, the actuarial valuation is complete and accurate and the techniques and assumptions used are reasonable. All significant benefits and expenses expected to be paid from Fund assets are included in the actuarial present values and contribution requirements. The estimates of future Fund activities (actuarial assumptions) take into account the net effect of all known events and trends which would, if ignored, have a material effect on future contribution requirements.

One or more of the undersigned 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 herein.

Respectfully submitted,

Kenneth G. Alberts

David T. Kausch, FSA, EA, MAAA

KGA:bd
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SECTION 1

**PURPOSE OF VALUATION, VALUATION RESULTS,
COMMENTS AND CONCLUSIONS**

PURPOSE OF THE ACTUARIAL VALUATION

PERA statutory obligations are:

- pension payments to current and future retired members, vested former members and survivor pension beneficiaries
- refunds of member contributions to non-vested former members
- administrative and investment expenses incurred in the operation of PERA

PERA statutory funding resources are:

- member contributions (fixed statutory rates)
- affiliated public employer contributions (fixed statutory rates)
- investment earnings of PERA assets

The basic funding objective of PERA is to avoid transfers of the cost of statutory obligations between generations of taxpayers. This objective will be realized if the PERA funding resources are sufficient to finance:

- costs allocated to the current year attributable to service rendered by PERA members in the current year (Normal Cost)
- costs allocated to prior years attributable to service rendered by PERA members in prior years (Unfunded Actuarial Accrued Liability)

Board policy is to finance unfunded actuarial accrued liability over a period not to exceed 30 years. This policy was adopted in October 1996. A Funding and Contribution Policy was adopted in October 2008.

The actuarial valuation measures: (1) the relationship between PERA obligations and funding resources to determine if the funding objective is being met; and (2) the contribution rate needed to comply with the 30-year objective for financing the unfunded actuarial accrued liability.

PERA STATUTORY OBLIGATIONS -- JUNE 30, 2009

The statutory obligations of PERA were calculated to have an actuarial present value of \$18,563,874,523 on June 30, 2009. The funding value of PERA assets available to meet these obligations totaled \$12,553,985,916.

	Actuarial Accrued Liability	Present Value of Future Normal Cost	Actuarial Present Value of Statutory Obligations
Retired Members	\$ 8,368,883,149	none	\$ 8,368,883,149
Vested Former Members	225,242,336	none	225,242,336
Active Members	6,314,153,715	\$3,655,595,323	9,969,749,038
Total Actuarial Obligation	\$ 14,908,279,200	\$3,655,595,323	\$18,563,874,523
Less Funding Value of Assets @	\$ 12,553,985,916		
Unfunded Actuarial Accrued Liability	\$ 2,354,293,284		

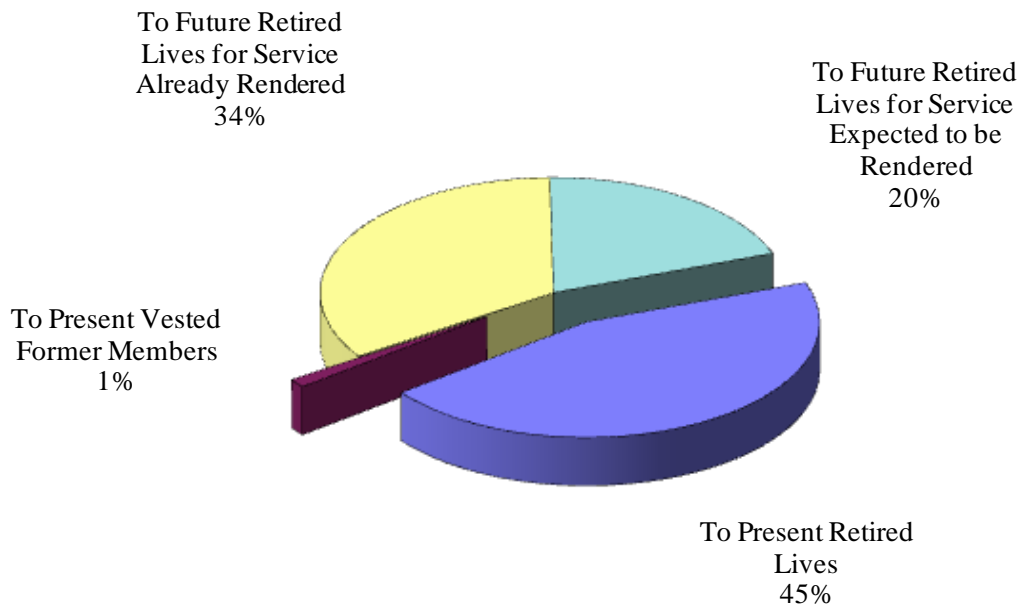
@ Currently, the actuarial value (AV) of assets exceeds the market value by \$3,772,964,916. The AV of assets is based on a smoothing method which phases in the difference between the assumed rate of return and the actual rate of return each year over a 4-year period (see page 18).

Derivation of the funding value of assets (actuarial value of assets) is shown on page 18.

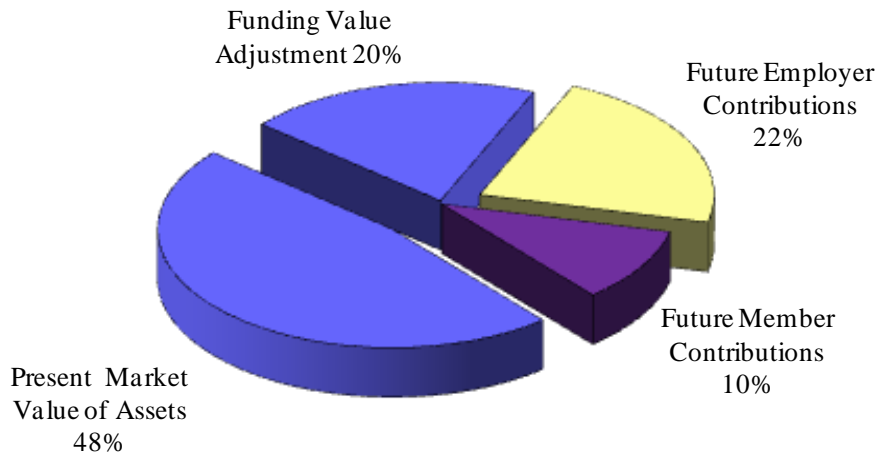
The report excludes reported Legislative Division assets of \$14,797,940 (\$21,156,210 funding value) and the corresponding statutory obligations. An actuarial valuation of Legislative assets and statutory obligations is detailed in a separate report.

STATUTORY OBLIGATIONS AND SOURCES OF FUNDS
JUNE 30, 2009

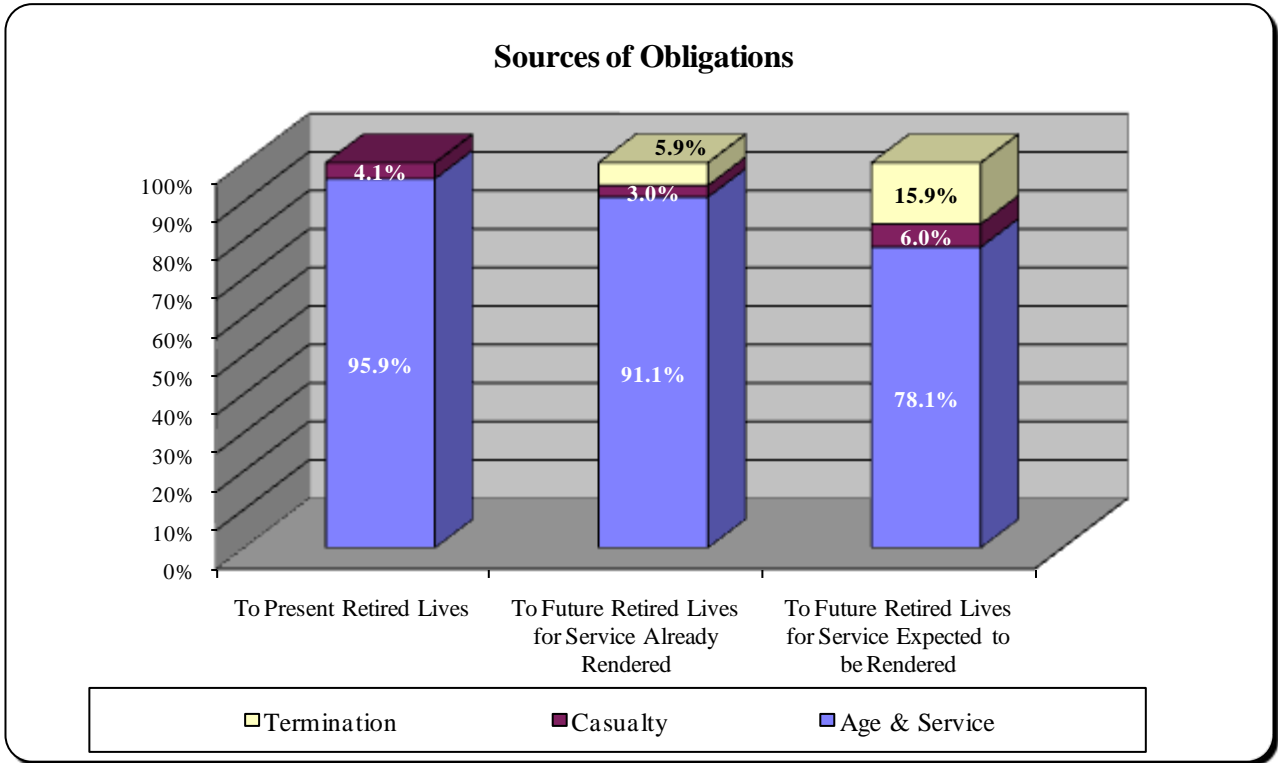
Obligations of Funds



Sources of Funds



**STATUTORY OBLIGATIONS
JUNE 30, 2009**



ACTUARIAL PRESENT VALUE OF STATUTORY OBLIGATIONS BY DIVISION JUNE 30, 2009

The actuarial present value of statutory obligations and funding value of assets, by PERA division, is as follows:

Division and Coverage Plans	Accrued Liability			Future Normal Cost	APV of Statutory Obligations	Funded Percent
	Retired	Active*	Total			
STATEDIVISION						
General coverage plan	\$ 3,758,596,895	\$ 2,976,313,341	\$ 6,734,910,236	\$ 1,414,119,739	\$ 8,149,029,975	77.02%
Less Funding Value of Assets @	3,758,596,895	1,428,642,011	5,187,238,906			
Unfunded Act. Accr. Liab	none	1,547,671,330	1,547,671,330			
Police/Corrections coverage plan	428,702,219	331,354,388	760,056,607	337,553,013	1,097,609,620	119.67%
Less Funding Value of Assets @	428,702,219	480,836,058	909,538,277			
Unfunded Act. Accr. Liab	none	(149,481,670)	(149,481,670)			
MUNICIPAL DIVISION						
General coverage plan	2,389,664,666	2,102,747,156	4,492,411,822	1,042,902,773	5,535,314,595	90.20%
Less Funding Value of Assets @	2,389,664,666	1,662,708,442	4,052,373,108			
Unfunded Act. Accr. Liab	none	440,038,714	440,038,714			
Police coverage plan	1,119,080,749	744,746,377	1,863,827,126	532,631,291	2,396,458,417	86.69%
Less Funding Value of Assets @	1,119,080,749	496,708,799	1,615,789,548			
Unfunded Act. Accr. Liab	none	248,037,578	248,037,578			
Fire coverage plan	672,838,620	384,234,789	1,057,073,409	328,388,507	1,385,461,916	74.64%
Less Funding Value of Assets @	672,838,620	116,207,455	789,046,075			
Unfunded Act. Accr. Liab	none	268,027,334	268,027,334			
PERA TOTALS						
All coverage plans	\$ 8,368,883,149	\$ 6,539,396,051	\$ 14,908,279,200	\$ 3,655,595,323	\$ 18,563,874,523	84.21%
Less Funding Value of Assets @	8,368,883,149	4,185,102,765	12,553,985,914			
Unfunded Act. Accr. Liab	none	\$ 2,354,293,286	\$ 2,354,293,286			

* Including vested former members.

@ Currently, the funding value (FV) of assets exceeds the market value by \$3,772,964,916. The AV of assets is based on a smoothing method which phases in the difference between the assumed rate of return and the actual rate of return each year over a 4-year period (see page 18).

STATUTORY CONTRIBUTION RATES

PERA member and employer contribution rates are defined by statute in terms of percents of active member payroll.

The following rates were in effect on June 30, 2009:

Division and Coverage Plan	Contribution Rates	
	Member	Employer
STATE DIVISION		
General Coverage Plan 3	8.92 %	15.09 %
Police and Adult Corrections Plan 1	9.10	23.60
Hazardous Duty (Juvenile Correctional Officers) Plan 2	6.28	24.22
Weighted average for Police/Corrections*	8.70	23.69
MUNICIPAL DIVISION		
General Coverage Plans		
Plan 1	7.00	7.00
Plan 2	9.15	9.15
Plan 3	13.15	9.15
Plan 4	15.65	11.65
Detention Officers Plan 1	16.65	16.65
Weighted average*	12.04	9.40
Police Coverage Plans		
Plan 1	7.00	10.00
Plan 2	7.00	15.00
Plan 3	7.00	18.50
Plan 4	12.35	18.50
Plan 5	16.30	18.50
Weighted average*	15.58	18.17
Fire Coverage Plans		
Plan 1	8.00	11.00
Plan 2	8.00	17.50
Plan 3	8.00	21.25
Plan 4	12.80	21.25
Plan 5	16.20	21.25
Weighted average*	15.96	21.04

* PERA financial records do not provide an asset breakdown by coverage plan which necessitates the use of a weighted average contribution rate for the purpose of comparing assets to the actuarial accrued liability and determining the financing period for the unfunded actuarial accrued liability. Contribution rates are weighted by payroll.

UTILIZATION OF STATUTORY CONTRIBUTION RATES -- JUNE 30, 2009

STATE DIVISION

The following schedule indicates utilization of the member and employer funding resource in meeting the actuarial present value of PERA statutory obligations and the financing period applicable to the unfunded actuarial accrued liability.

	General	Police/Corrections
FUNDING RESOURCE		
Members	8.92%	8.70%
Affiliated Public Employers	15.09%	23.69%
Total Funding Resource (Weighted Average)	24.01%	32.39%
UTILIZATION OF FUNDING RESOURCE		
Normal Cost:		
Age & Service	17.46%	28.49%
Disability	0.67%	1.64%
Pre-Retirement Survivors	0.47%	1.14%
Refunds	1.05%	0.68%
Total Normal Cost	19.65%	31.95%
Unfunded Actuarial Accrued Liability	4.36%	0.44%
Total Utilized	24.01%	32.39%
UNFUNDED ACTUARIAL ACCRUED LIABILITY		
FINANCING PERIOD*		
Current Valuation	Infinite	# years
Last Year's Valuation	29 years	# years
Change Since Last Year's Valuation	+ years**	+ years**
FUNDING POLICY OBJECTIVE@		
	4.13%	0.00%
* The number of years required to fund the unfunded actuarial accrued liability based on current statutory contribution rates and allocation of liability to accrued service in accordance with the individual entry-age actuarial cost method.		
@ The additional percent-of-payroll funding resource needed to finance the unfunded actuarial accrued liability over 30 years.		
# There was no unfunded actuarial accrued liability in the Police/Corrections division.		
** Change is not measurable - only direction of change can be determined (i.e., positive or negative).		

UTILIZATION OF STATUTORY CONTRIBUTION RATES -- JUNE 30, 2009
MUNICIPAL DIVISION

The following schedule indicates utilization of the member and employer funding resource in meeting the actuarial present value of PERA statutory obligations and the financing period applicable to the unfunded actuarial accrued liability.

	General	Police	Fire
FUNDING RESOURCE			
Members	12.04%	15.58%	15.96%
Affiliated Public Employers	9.40%	18.17%	21.04%
Total Funding Resource (Weighted Average)	21.44%	33.75%	37.00%
UTILIZATION OF FUNDING RESOURCE			
Normal Cost:			
Age & Service	15.22%	28.76%	29.21%
Disability	0.66%	0.79%	0.42%
Pre-Retirement Survivors	0.66%	0.50%	0.55%
Refunds	1.62%	0.98%	0.56%
Total Normal Cost	18.16%	31.03%	30.74%
Unfunded Actuarial Accrued Liability	3.28%	2.72%	6.26%
Total Utilized	21.44%	33.75%	37.00%
UNFUNDED ACTUARIAL ACCRUED LIABILITY			
FINANCING PERIOD*			
Current Valuation	25 years	Infinite	Infinite
Last Year's Valuation	# years	12 years	47 years
Change Since Last Year's Valuation	27 years	+ years**	+ years**
FUNDING POLICY OBJECTIVE@			
	0.00%	4.14%	7.22%

* The number of years required to fund the unfunded actuarial accrued liability based on current statutory contribution rates and allocation of liability to accrued service in accordance with the individual entry-age actuarial cost method.

@ The additional percent-of-payroll funding resource needed to finance the unfunded actuarial accrued liability over 30 years.

There was no unfunded actuarial accrued liability in the General division.

** Change is not measurable-only direction of change can be determined (i.e. positive or negative)

FUNDING PROGRESS

No all-encompassing measure of funding progress and funded status exists. The schedule on the next page shows four indicators. It is important to keep the *Interpretive Note* in mind when assessing the indicators for prior years.

First Indicator - The trend in the financing period for the unfunded actuarial accrued liability. The financing period is expected to remain steady or slowly decrease in the absence of benefit enhancements.

Second Indicator – Prior to 1999, the ratio of assets available to finance benefits to the actuarial present value of credited projected benefits (APVCPB). The APVCPB is independent of the actuarial cost method selected to implement the PERA basic funding objective and was the basis of the Pension Benefit Obligation used for financial reporting under Statement No. 5, Governmental Accounting Standards Board. Beginning in 1999, the actuarial accrued liability (AAL) based on the entry-age actuarial cost method is used for funding purposes rather than the APVCPB. This is in conformance with Statement No. 25 of the Governmental Accounting Standards Board, which supersedes Statement No. 5.

The ratio is expected to remain steady or slowly increase in the absence of benefit enhancements.

Third Indicator - The ratio of the unfunded actuarial accrued liability (UAAL) to active member payroll. Under the PERA basic funding objective, the UAAL is controlled in terms of inflation-adjusted dollars and should not increase in relationship to active member payroll in the absence of benefit enhancements or a diminishing work force size.

Fourth Indicator - The experience gain (loss) realized during the year preceding the actuarial valuation, expressed as a percent of the actuarial accrued liability at the beginning of the year. Gains and losses are expected to offset each other over long periods of time.

Interpretive Note - *PERA benefits have undergone a long series of legislated enhancements. Each time benefits were enhanced the funded status of PERA was diminished because the benefit obligation was immediately increased but the offsetting assets were only gradually increased by the higher contributions of members and/or affiliated public employers. A similar diminishment occurs each time a previously legislated coverage plan is adopted by an affiliated public employer.*

FUNDING PROGRESS INDICATORS -- HISTORICAL COMPARISON
(DOLLAR AMOUNTS IN THOUSANDS)

Valuation Date	FIRST INDICATOR	Funding Value of Assets	SECOND INDICATOR		THIRD INDICATOR		FOURTH INDICATOR	
	Financing Period #		Percent Funded	UAAL	Valuation Payroll	Payroll Ratio	Experience Gain (Loss)	
1988	55	\$ 1,447,499	\$ 1,937,662	75%	\$ 490,163	\$ 644,664	76%	
1989	63	1,649,238	2,207,009	75	557,771	682,245	82	(1.9) %
1990	57	1,865,707	2,472,000	75	606,294	760,639	80	(1.3)
1991	57	2,104,450	2,730,199	77	625,749	825,006	76	0.2
1992	50	2,399,346	2,981,655	80	582,309	843,915	69	2.7
1993	40	2,696,511	3,202,244	84	505,733	909,242	56	1.7
1994	43	2,974,816	3,641,320	82	666,504	943,330	71	(1.6)
1995	38	3,364,452	4,240,843	79	876,391	1,043,575	84	(0.9)
1996	40	3,845,138	4,688,085	82	842,947	1,098,636	77	2.2
1997	30	4,560,312	5,171,481	88	611,169	1,102,082	55	5.3
1998	13	5,487,476	5,604,745	98	117,269	1,146,991	10	10.5
1999	9	6,490,295	6,548,103	99	57,808	1,200,565	5	9.7
2000	4	7,522,348	7,112,380	106	(409,968)	1,253,305	(33)	6.4
2001	7	8,302,820	7,876,575	105	(426,245)	1,318,275	(32)	2.4
2002	10	8,763,444	8,498,752	103	(264,692)	1,396,209	(19)	(3.3)
2003**	17	8,971,081	9,215,945	97	244,864	1,437,357	17	(6.4)
2004	21	9,267,268	9,950,224	93	682,956	1,499,069	46	(5.1)
2005***	16	9,997,485	10,902,769	92	905,284	1,607,839	56	0.3
2006	16	10,850,217	11,781,722	92	931,505	1,774,918	52	(0.5)
2007	13	12,032,215	12,962,480	93	930,265	1,908,520	49	0.3
2008	13	12,816,218	13,740,335	93	924,117	1,965,064	47	0.1
2009***	111	12,553,986@@	14,908,279	84	2,354,293	2,081,259	113	(9.2)

* No actuarial valuation performed.

** Plan Change.

*** Assumption Changes.

In calculating this aggregate number, only assets up to the accrued liabilities for each division were considered.

@ Present value of credited projected benefits prior to 1999.

@@ Currently, the actuarial value (AV) of assets exceeds the market value by \$3,772,964,916. The AV of assets is based on a smoothing method which phases in the difference between the assumed rate of return and the actual rate of return each year over a 4-year period (see page 18).

COMMENT A – EXPERIENCE

In aggregate, fund experience was less favorable than expected, producing a large experience loss for the year ending June 30, 2009. The primary source of losses was investment return less than assumed [(1.2)% vs. 8.0%]. Other experience losses consisted of retiree mortality, turnover and retirement and were partially offset by gains on pay increases.

In aggregate, the system had an experience loss of \$1,257 million (or approximately 9.15% of beginning of year accrued liability). The investment loss was \$1,149 million and the liability loss was \$108 million.

COMMENT B – GENERAL LOOK AHEAD

Looking ahead to next year we can see we have a net loss of \$1.24 billion for past investment losses scheduled to flow into the recognized gain/loss in next year's actuarial value of assets. Essentially this means that if the fund earns exactly 8% on funding value of assets (10% on market) during the 2009/2010 fiscal year and incurs no other liability gains or losses (an unlikely situation) then the June 30, 2010 valuation results will show a loss of approximately \$1.24 billion. This will have a downward impact on the funded status of the fund and lengthen the amortization period in the next valuation.

COMMENT C – DATA

Reported data remained consistent with last year. Reported actives increased by 2.6%. In the event that active population declines due to the current economic environment, contribution rates may need to be increased more quickly.

COMMENT D – FUNDING POLICY

The Board adopted a Contribution and Funding Policy in October 2008. One aspect of this policy is to recommend an increase in contribution rates for a division with an amortization period that exceeds policy by 15 or more years for two consecutive years. The Municipal Fire Division falls into this category (47 year amortization in 2008, infinite in 2009). The total contribution rate increase needed for Municipal Fire is 20.14% of payroll, from 37.00% to 57.14% of payroll.

COMMENT E – LOOK AHEAD SPECIFICALLY FOCUSED ON RECENT MARKET PERFORMANCE

First quarter results have been very positive, with the fund recovery approximately \$1 billion of the previous year’s loss in this one quarter. If the remainder of the current fiscal year returns is similar to the first quarter, the funded status of the plan will again grow stronger.

Recent negative market experience may put additional strain on the future funded status of the plan. A reasonable indicator of future funding status and amortization period is to compare what this year’s valuation results would have been using market value of assets.

With market value of assets, the June 30, 2009 funded status would decrease from 84% to 59% and the remaining amortization period for PERA as a whole would increase from 111 years to an infinite amortization period.

COMMENT F – CONTRIBUTION RATE SUMMARY

	Employer Only		
	Current Statutory Rate	30-year Rate	Difference
State General	15.09%	19.22%	4.13%
State Police/Hazardous Duty	23.69%	N/A	0%
Municipal General	9.40%	N/A	0%
Municipal Police	18.17%	22.31%	4.14%
Municipal Fire	21.04%	28.26%	7.22%
Total	13.97%	16.04%	2.07%

For purposes of GASB Statement No. 25, the annual required contribution (ARC) is 16.04%.

RECOMMENDATIONS

GRS recommends that the Municipal Fire Division's contribution rate be increased by 2% of payroll according to the terms of the Board's Contribution and Funding Policy adopted in October 2008.

CONCLUSIONS

Our conclusions based on the June 30, 2009 annual actuarial valuation of PERA are as follows:

- PERA funding status declined sharply during the year ended June 30, 2009, with the aggregate funding ratio of accrued valuation assets to accrued liabilities at 84%. This is the measure used by Governmental Accounting Standards Board Statement No. 25 for financial reporting.
- In order to reinforce PERA's actuarial balance between resources and obligations, the Municipal Fire Divisions contribution rate should be increased by 20% of payroll. State General and Municipal Police may face increase with the 2010 valuation absent a strong market recovery.
- Future ability to properly monitor PERA's actuarial balance is dependent upon continued diligence with respect to data quality and a period of benefit stability permitting derivation of underlying benefit utilization patterns.
- The plan's ARC for GASB 25 is 16.04% and exceeds the statutory contribution rate of 13.97% of payroll.

STATUTORY RESERVE TRANSFERS

NMSA 10-11-126.B. provides:

- B. Each year following receipt of the report of the annual actuarial valuation, the excess, if any, of the reported actuarial present value of pensions being paid and likely to be paid to retired members and survivor pension beneficiaries and residual refunds likely to be paid to refund beneficiaries of retired members and to survivor pension beneficiaries over the balance in the retirement reserve fund (RRF) shall be transferred to the retirement reserve fund from the employers accumulation fund (EAF).

Division	Reported Fund Balances**	Actuarial Present Value of Pensions Being Paid	Transfer
STATE GENERAL			
MCF*	\$ 778,454,953		
EAF	1,284,178,941		\$ (2,192,960,469)
RRF	1,565,636,426	\$ 3,758,596,895	2,192,960,469
STATE POLICE/CORRECTIONS			
MCF	51,976,907		
EAF	376,699,203		(221,191,950)
RRF	207,510,269	428,702,219	221,191,950
MUNICIPAL GENERAL			
MCF	919,259,180		
EAF	958,998,012		(1,433,445,687)
RRF	956,218,979	2,389,664,666	1,433,445,687
MUNICIPAL POLICE			
MCF	226,520,464		
EAF	400,813,184		(616,232,933)
RRF	502,847,816	1,119,080,749	616,232,933
MUNICIPAL FIRE			
MCF	143,289,802		
EAF	105,657,272		(369,878,888)
RRF	302,959,732	672,838,620	369,878,888
TOTAL	\$ 8,781,021,140		

* *Members contribution fund.*

** *At market value.*

EXPERIENCE GAIN (LOSS) -- YEAR ENDED JUNE 30, 2009
(DOLLAR AMOUNTS IN THOUSANDS)

DERIVATION	State Division		Municipal Division			Totals
	General	Pol / H.D.	General	Police	Fire	
(1) UAAL at start of year	\$ 903,501	\$(179,596)	\$(23,573)	\$ 61,286	\$ 162,498	\$ 924,116
(2) Normal Cost for year (NC x Pays from 2008 val'n x 1.045)	174,917	21,983	140,772	54,267	29,247	421,186
(3) EE and ER contributions	(231,161)	(25,739)	(165,840)	(63,308)	(37,989)	(524,037)
(4) Interest Accrual	70,030	(14,518)	(2,889)	4,541	12,650	69,814
(5) Expected UAAL before changes	917,287	(197,870)	(51,530)	56,786	166,406	891,079
(6) Effect of assumption changes	105,402	(17,966)	75,667	23,966	19,143	206,212
(7) Effect of benefit changes	0	0	0	0	0	0
(8) Effect of Asset Method Restart	0	0	0	0	0	0
(9) Expected UAAL after changes	1,022,689	(215,836)	24,137	80,752	185,549	1,097,291
(10) Actual UAAL	1,547,671	(149,482)	440,039	248,038	268,027	2,354,293
(11) Gain/(Loss)	(524,982)	(66,354)	(415,902)	(167,286)	(82,478)	(1,257,002)
(12) As % of beginning of year AAL	(8.44%)	(8.91%)	(10.14%)	(9.79%)	(8.51%)	(9.15%)

AAL represents actuarial accrued liability.

UAAL represents unfunded actuarial accrued liability.

Note: Numbers may not add due to rounding to nearest \$1,000s.

**SUMMARY OF PENSION EXPERIENCE BY DIVISION
JULY 1, 2008 – JUNE 30, 2009 - \$ IN MILLIONS****

DETAILED GAIN(LOSS) ANALYSIS WILL BE INCLUDED IN FINAL REPORT

SECTION 2

SUMMARY OF FINANCIAL AND PEOPLE INFORMATION USED FOR THE VALUATION

SUMMARY OF FISCAL INFORMATION FURNISHED FOR THE VALUATION

	6-30-09	6-30-08
Fund balance beginning of year	\$ 11,960,186,623	\$ 13,111,049,064
Post valuation audit adjustment	(23,689,951)	9,267,269
Revised balance beginning of year	11,936,496,672	13,120,316,333
Revenues		
a. Member contributions	208,978,072	196,144,985
b. Employer contributions	311,081,925	302,447,063
c. Purchases of service	6,471,080	6,952,520
d. Investment Income		
1. Adjustments of inv. to market value	(1,432,334,808)	(2,362,316,383)
2. Interest, dividends, etc.	200,588,960	349,056,090
3. Realized gains/(losses)	(1,668,744,050)	1,037,733,034
e. Other Income	(102,386,724)	(65,846,981)
f. Total revenues	(2,476,345,545)	(535,829,672)
Expenditures		
a. Pensions paid	604,103,397	557,190,284
b. Refunds of member contributions	31,668,788	31,404,570
c. Administrative and investment expenses	28,559,862	35,705,184
d. Total expenditures	664,332,047	624,300,038
Fund balance end of year (Market value)	\$ 8,795,819,080	\$ 11,960,186,623

ASSETS AND LIABILITIES**6-30-09**

Cash & Receivables	38,294,242
Property & Equipment	20,119,973
Building	0
Short Terms & Accruals	1,329,557,496
US Gov't. & Agency Securities	1,249,012,615
Corporate Bonds	1,206,956,926
Corporate Stocks	2,915,248,182
International Stocks	1,536,362,839
Venture Capital and Partnerships	880,149,299
Alternatives	269,848,861
Other Investments	53,383,936
Security Lending	757,152,429
Accounts Payable	1,460,267,718
Net Assets	\$8,795,819,080

Fiscal information was furnished by PERA prior to availability of audited financial statements and may differ from information contained in the audited financial statements.

DERIVATION OF FUNDING VALUE OF RETIREMENT SYSTEM ASSETS

	Fiscal Years Ending June 30,				
	2005	2006	2007	2008	2009
A. Funding Value Beginning of Year	\$ 9,287,742,499	\$ 10,008,511,489	\$ 10,863,894,951	\$ 12,049,357,827	\$ 12,836,217,447
B. Market Value End of Year	10,120,102,418	11,215,016,116	13,111,049,064	11,960,186,622	8,795,819,080
C. Market Value Beginning of Year	9,287,742,499	10,119,069,868	11,215,016,116	13,120,316,333	11,936,496,672
D. Non-Investment Net Cash Flow	(57,160,949)	(70,869,509)	(89,510,821)	(83,050,286)	(109,241,108)
E. Investment Income					
E1. Market Total: B - C - D	889,520,868	1,166,815,757	1,985,543,769	(1,077,079,425)	(3,031,436,484)
E2. Amount for Immediate Recognition	740,732,962	797,846,139	865,531,163	960,626,615	1,022,527,751
E3. Amount for Phased-In Recognition: E1-E2	148,787,906	368,969,618	1,120,012,606	(2,037,706,040)	(4,053,964,235)
F. Phased-In Recognition of Investment Income					
F1. Current Year: 0.25 x E3	37,196,977	92,242,405	280,003,152	(509,426,510)	(1,013,491,059)
F2. First Prior Year	-	37,196,977	92,242,405	280,003,152	(509,426,510)
F3. Second Prior Year	-	-	37,196,977	92,242,405	280,003,152
F4. Third Prior Year	-	-	-	37,196,975	92,242,403
F5. Total Recogn. Phased-In Investment Gain	37,196,977	129,439,382	409,442,534	(99,983,978)	(1,150,672,014)
G. Audit Adjustment	-	(1,032,550)		9,267,269	(23,689,950)
H. Funding Value End of Year: A + D + E2 + F5 +G	10,008,511,489	10,863,894,951	12,049,357,827	12,836,217,447	12,575,142,126
Difference between Market & Funding Value	111,590,929	351,121,165	1,061,691,237	(876,030,825)	(3,779,323,046)
I. Recognized Rate of Return	8.40%	9.29%	11.78%	7.24%	(1.19%)

Asset information was furnished by PERA prior to availability of audited financial statements and may differ from information contained in the audited financial statements. The funding value of assets was reset to market value and the smoothing method was restarted July 1, 2005.

ALLOCATION OF FUNDING VALUE OF ASSETS BY DIVISION -- JUNE 30, 2009

Fund information was furnished by PERA prior to availability of audited financial statements and may differ from information contained in the audited financial statements.

	State Division			Municipal Division			PERA Totals	PERA Totals w/o Legislative
	General	Police	Legislative	General	Police	Fire		
Member Contribution Fund	\$ 778,454,953	\$ 51,976,907	\$ 688,329	\$ 919,259,180	\$ 226,520,464	\$143,289,802	\$ 2,120,189,635	\$ 2,119,501,306
Employer Accumulation Fund	1,284,178,941	376,699,203	17,185,939	958,998,012	400,813,184	105,657,272	3,143,532,551	3,126,346,612
Retirement Reserve Fund	1,565,636,426	207,510,269	(3,076,328)	956,218,979	502,847,816	302,959,732	3,532,096,894	3,535,173,222
Total Fund Balances	3,628,270,320	636,186,379	14,797,940	2,834,476,171	1,130,181,464	551,906,806	8,795,819,080	8,781,021,140
Funding Value Adjustment	1,558,968,586	273,351,898	6,358,270	1,217,896,937	485,608,084	237,139,269	3,779,323,046	3,772,964,776
Total Funding Value of Assets	\$5,187,238,906	\$909,538,277	\$21,156,210	\$4,052,373,108	\$1,615,789,548	\$789,046,075	\$12,575,142,126	\$12,553,985,916

The funding value adjustment is the difference between the funding value of assets derived on page 18 and the total fund balance at market value. It was allocated to funding groups in proportion to the Total Fund Balances.

SUMMARY OF RETIRED MEMBER AND SURVIVOR PENSION BENEFICIARY INFORMATION

There were 22,376 retired members and 3,417 survivor beneficiaries reported for the June 30, 2009 valuation, involving an annual pension payroll of \$615,918,510. The distribution by division and group was:

STATE DIVISION	Retired Members			Survivor Pension Benefit		
	No.	Annual Pension	Avg. Age	No.	Annual Pension	Avg. Age
General	10,851	\$267,498,169	67.3	1,591	\$21,352,382	69.6
Police/Haz Duty	972	27,286,426	60.9	136	2,452,223	60.0
Totals	11,823	294,784,595	66.8	1,727	23,804,605	68.8
MUNICIPAL DIVISION						
General	7,203	161,685,614	66.5	1,330	16,561,888	68.7
Police	2,072	69,244,548	57.5	226	4,155,219	63.0
Fire	1,278	42,641,431	59.5	134	3,040,610	67.1
Totals	10,553	273,571,593	63.9	1,690	23,757,717	67.8
PERA TOTALS	22,376	\$568,356,188	65.4	3,417	\$47,562,322	68.3

Retired member and survivor pension beneficiaries added during the year ended June 30, 2009 and included in the preceding schedule totaled 1,353 with an annualized pension payroll of \$36,545,361. The distribution by division and group was:

STATE DIVISION	Retired Members			Survivor Pension Benefit		
	No.	Annual Pension	Avg. Age	No.	Annual Pension	Avg. Age
General	581	\$ 15,590,603	58.8	18	\$ 294,849	46.5
Police/Haz Duty	70	2,100,973	50.0	1	27,806	20.5
Totals	651	17,691,576	57.9	19	322,655	45.1
MUNICIPAL DIVISION						
General	493	12,358,436	58.2	17	281,145	45.8
Police	110	3,669,990	49.0	3	56,302	49.9
Fire	60	2,165,257	48.9	0	0	0.0
Totals	663	18,193,683	55.8	20	337,447	46.4
PERA TOTALS	1,314	\$35,885,259		39	\$660,102	

**RETIRED MEMBERS AND SURVIVOR PENSION BENEFICIARIES
HISTORICAL DEVELOPMENT OF PENSION PAYROLL**

June 30	Pension Recipients		Pension Payroll		
	Number	Percent Increase ⁽¹⁾	Annual Amount	Percent Increase ⁽¹⁾	Average Amount
1955	217	n.a.%	\$ 251,900	n.a.%	\$ 1,161
1960	593	22.3	717,200	23.3	1,209
1965	1,072	12.6	1,440,800	15.0	1,344
1970	1,730	10.0	2,949,300	15.4	1,705
1975	2,883	10.8	6,885,000	18.5	2,388
1980	4,252	8.1	12,896,700	13.4	3,033
1985	6,698	9.5	37,478,500	23.8	5,595
1990	10,216	8.8	92,567,196	19.8	9,061
1995	13,028	5.0	158,150,864	11.3	12,139
1996	13,400	4.5	169,346,648	10.6	12,638
1997	14,631	5.5	201,694,430	12.4	13,785
1998	15,440	6.1	226,128,019	13.2	14,646
1999	16,370	5.7	253,914,635	12.3	15,511
2000	17,181	5.7	280,495,600	12.1	16,326
2001	18,037	6.1	309,090,461	12.8	17,136
2002	18,724	5.1	337,043,554	10.8	18,001
2003	19,630	4.9	371,097,620	10.4	18,905
2004	20,730	4.8	412,515,097	10.2	19,899
2005	21,396	4.5	437,138,216	9.3	20,431
2006	22,562	4.6	480,396,949	9.2	21,292
2007	23,700	4.8	525,546,474	9.3	22,175
2008	24,763	4.8	570,001,781	9.0	23,018
2009	25,793	4.5	615,918,510	8.3	23,879

(1) Average annual rate of increase during the preceding 5 years.

**RETIRED MEMBERS AND SURVIVOR PENSION BENEFICIARIES
DISPLAYED BY TYPE OF PENSION BEING PAID -- JUNE 30, 2009**

Type of Pension	Number	Pension	Average
<i>Normal Retirement Pensions</i>			
Single life pension terminating on death	9,316	\$235,730,860	\$25,304
Two life 100% survivor pension			
Retired member recipient	8,894	230,467,326	25,913
Survivor recipient	1,631	26,772,470	16,415
Two life 50% survivor pension			
Retired member recipient	3,256	87,177,319	26,774
Survivor recipient	654	6,392,403	9,774
Single life with temporary child survivor pension			
Retired member recipient	152	4,715,187	31,021
Child recipient	2	44,005	22,003
Total Normal Retirement Pensions	23,905	\$591,299,570	\$24,735
<i>Disability Retirement Pensions</i>			
Single life pension terminating on death	208	\$ 2,778,047	\$13,356
Two life 100% survivor pension			
Retired member recipient	456	6,115,833	13,412
Survivor recipient	167	2,118,677	12,687
Two life 50% survivor pension			
Retired member recipient	84	1,240,031	14,762
Survivor recipient	21	125,044	5,954
Single life with temporary child survivor pension			
Retired member recipient	10	131,584	13,158
Child recipient	4	46,571	11,643
Total Disability Retirement Pensions	950	12,555,787	13,217
<i>Pre-retirement Survivor Pensions</i>			
Spouse recipient	901	11,796,397	13,093
Child recipient	37	266,756	7,210
Total Pre-retirement Survivor Pensions	938	12,063,153	12,861
Total Pensions Being Paid	25,793	\$615,918,510	\$23,879

**RETIRED MEMBERS AND SURVIVOR BENEFICIARIES
DISPLAYED BY ATTAINED AGE - JUNE 30, 2009**

Attained Ages	State Division		Municipal Division		Totals	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions
Under 20	24	\$ 220,776	31	\$ 270,574	55	\$ 491,350
20-24	7	116,214	13	196,185	20	312,399
25-29	20	280,945	13	184,449	33	465,394
30-34	26	294,057	13	158,307	39	452,364
35-39	38	535,892	62	1,153,241	100	1,689,133
40-44	119	2,651,301	292	8,998,142	411	11,649,443
45-49	568	16,166,833	962	29,700,579	1,530	45,867,412
50-54	1,110	31,771,396	1,390	42,553,078	2,500	74,324,474
55-59	1,708	51,514,855	1,696	50,611,657	3,404	102,126,512
60-64	2,406	67,598,104	1,957	54,401,753	4,363	121,999,857
65-69	2,328	52,266,817	1,930	43,195,929	4,258	95,462,746
70-74	1,908	39,539,172	1,493	29,605,136	3,401	69,144,308
75-79	1,406	27,675,428	1,086	18,912,572	2,492	46,588,000
80-84	1,005	16,881,496	780	11,837,746	1,785	28,719,242
85-89	604	8,655,857	356	4,156,944	960	12,812,801
90-94	217	2,069,905	131	1,110,872	348	3,180,777
95-99	46	330,801	26	170,212	72	501,013
100 & Over	10	19,351	12	111,934	22	131,285
Grand Total	13,550	\$318,589,200	12,243	\$297,329,310	25,793	\$615,918,510

**RETIRED MEMBERS AND SURVIVOR BENEFICIARIES
DISTRIBUTION OF RETIREES BY YEARS OF SERVICE - JUNE 30, 2009**

State General

Years Credited Service

2009	<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>	<u>Total</u>
Service								
Average monthly benefit	\$1,935	\$705	\$1,033	\$1,456	\$2,050	\$2,556	\$2,361	\$1,935
Average final average salary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of retired members	1,094	1,126	1,484	1,463	1,806	4,519	950	12,442

* Includes 971 members who did not have service reported.

State Police\Corrections

Years Credited Service

2009	<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>	<u>Total</u>
Service								
Average monthly benefit	\$2,001	\$1,368	\$1,392	\$1,942	\$2,569	\$3,017	\$3,110	\$2,237
Average final average salary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of retired members	379	93	92	100	168	209	67	1,108

* Includes 330 members who did not have service reported.

**RETIRED MEMBERS AND SURVIVOR BENEFICIARIES
DISTRIBUTION OF RETIREES BY YEARS OF SERVICE - JUNE 30, 2009**

Municipal General

Years Credited Service

2009	<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>	<u>Total</u>
Service								
Average monthly benefit	\$1,677	\$607	\$934	\$1,452	\$2,051	\$2,482	\$2,274	\$1,741
Average final average salary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of retired members	974	1,046	1,162	1,147	1,225	2,636	343	8,533

* Includes 829 members who did not have service reported.

Municipal Police

Years Credited Service

2009	<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>	<u>Total</u>
Service								
Average monthly benefit	\$2,354	\$1,378	\$1,591	\$2,550	\$2,955	\$2,789	\$2,992	\$2,662
Average final average salary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of retired members	315	74	117	465	1,160	129	38	2,298

* Includes 273 members who did not have service reported.

Municipal Fire

Years Credited Service

2009	<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>	<u>Total</u>
Service								
Average monthly benefit	\$2,354	\$1,591	\$2,009	\$2,588	\$2,934	\$2,444	\$2,378	\$2,696
Average final average salary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of retired members	112	30	84	269	801	70	46	1,412

* Includes 105 members who did not have service reported.

**FORMER MEMBERS DISPLAYED BY DIVISION
JUNE 30, 2009**

Division	Number	Average (in years)	
		Age	Service
State Division			
General	1,701	52.4	9.5
Police/Corrections	75	50.6	11.8
Total State Division	1,776	52.3	9.6
Municipal Division			
General	1,092	52.4	10.2
Police	96	45.8	10.9
Fire	30	47.0	9.7
Total Municipal Division	1,218	51.7	10.3
Total PERA	2,994	52.1	9.9

ACTIVE MEMBERS DISPLAYED BY DIVISION AND COVERAGE PLAN JUNE 30, 2009

Divisions/Coverage Plan	Number			Payroll		Averages*					
	2009	2008	Increase	2009	2008	Age		Service		Pay	
						2009	2008	2009	2008	2009	2008
State Division											
General	22,479	22,237	1.1 %	\$ 935,865,642	\$ 894,630,779	44.5	44.2	8.7	8.5	\$ 41,633	\$ 40,232
Police	525	474	10.8 %	33,907,281	32,016,804	37.7	38.3	9.7	12.6	64,585	67,546
Adult Corrections	1,225	1,203	1.8 %	47,837,447	47,161,012	36.4	36.5	6.8	8.8	39,051	39,203
Juvenile Corrections	337	296	13.9 %	13,458,235	10,834,085	39.6	40.0	6.3	6.6	39,935	36,602
Total State Division	24,566	24,210	1.5 %	1,031,068,605	984,642,680	43.9	43.7	8.6	8.5	41,971	40,671
Municipal Division											
General Cov. Plan 1	2,031	1,871	8.6 %	37,503,131	34,969,045	39.5	39.0	3.4	3.7	18,465	18,690
General Cov. Plan 2	6,407	6,194	3.4 %	194,057,959	187,887,940	43.5	43.4	6.6	6.6	30,288	30,334
General Cov. Plan 3	13,496	13,145	2.7 %	477,937,546	446,220,449	43.0	42.8	8.3	8.2	35,413	33,946
General Cov. Plan 4	868	803	8.1 %	24,801,616	21,392,986	43.3	43.3	6.4	6.7	28,573	26,641
Detention Officers Plan 1	646	619	4.4 %	28,328,135	23,794,112	37.3	37.5	6.4	6.2	43,852	38,440
Total General	23,448	22,632	3.6 %	762,628,387	714,264,532	42.7	42.5	7.2	7.3	32,524	31,560
Police Cov. Plan 1	174	159	9.4 %	6,216,063	5,611,118	40.4	38.5	5.8	5.3	35,725	35,290
Police Cov. Plan 2	83	91	(8.8)%	2,450,490	3,039,656	38.8	38.1	7.0	6.3	29,524	33,403
Police Cov. Plan 3	68	78	(12.8)%	2,840,657	3,170,777	38.4	37.6	6.7	6.6	41,774	40,651
Police Cov. Plan 4	155	151	2.6 %	6,761,891	6,297,338	39.4	39.2	7.6	8.4	43,625	41,704
Police Cov. Plan 5	3,221	3,102	3.8 %	167,228,830	154,464,690	37.0	37.1	9.0	9.0	51,918	49,795
Total Police	3,701	3,581	3.4 %	185,497,931	172,583,579	37.3	37.3	8.7	8.6	50,121	48,194
Fire Cov. Plan 1	70	55	27.3 %	1,984,629	1,764,409	33.8	33.6	2.6	2.9	28,352	32,080
Fire Cov. Plan 2	10	9	11.1 %	339,708	354,530	28.9	26.9	4.7	5.2	33,971	39,392
Fire Cov. Plan 3	11	11	0.0 %	530,200	497,540	38.0	35.8	6.6	5.4	48,200	45,231
Fire Cov. Plan 4	14	8	75.0 %	395,658	236,924	36.6	36.0	6.9	8.4	28,261	29,616
Fire Cov. Plan 5	1,942	1,895	2.5 %	98,814,380	90,719,966	36.2	36.3	9.0	8.9	50,883	47,873
Total Fire	2,047	1,978	3.5 %	102,064,575	93,573,369	36.1	36.1	8.7	8.7	49,861	47,307
Total Municipal Division	29,196	28,191	3.6 %	1,050,190,893	980,421,480	41.6	41.4	7.5	7.6	35,970	34,778
Total PERA	53,762	52,401	2.6 %	\$2,081,259,498	\$1,965,064,160	42.6	42.5	8.0	8.0	\$ 38,712	\$ 37,501

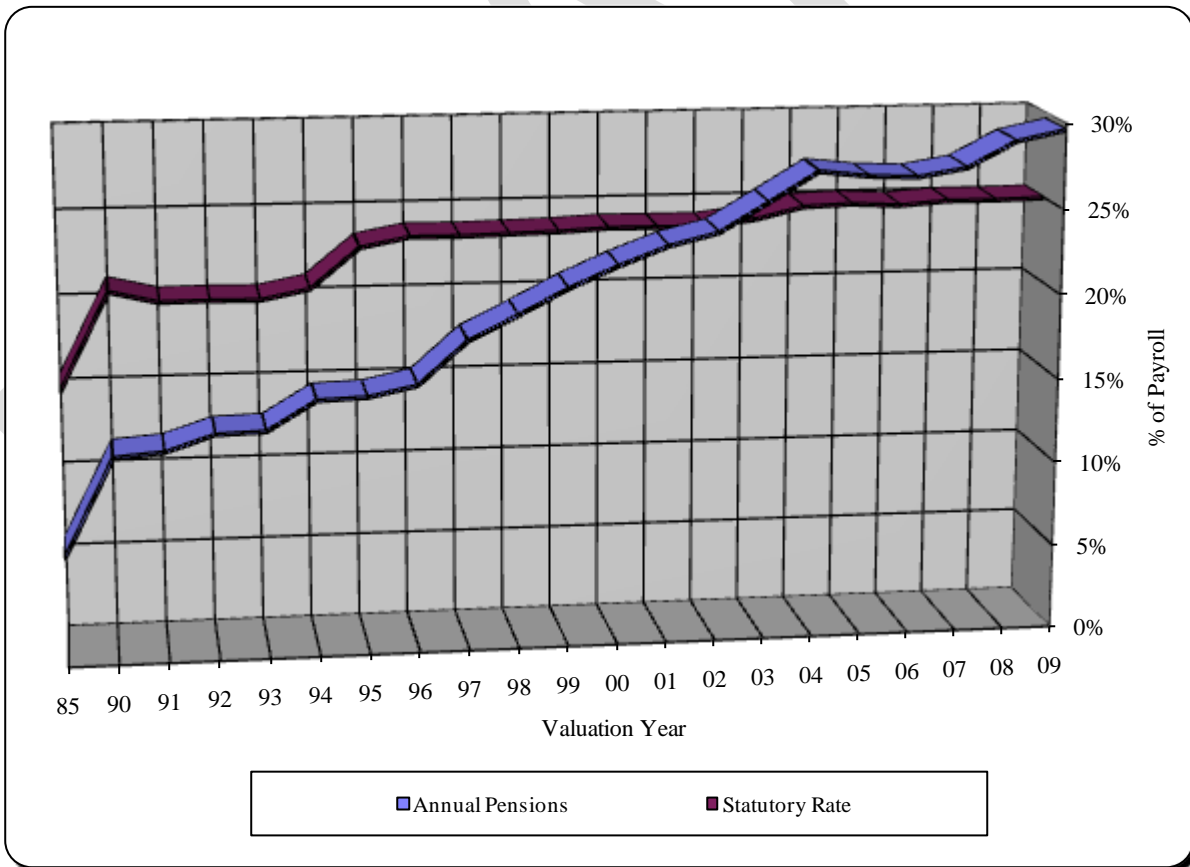
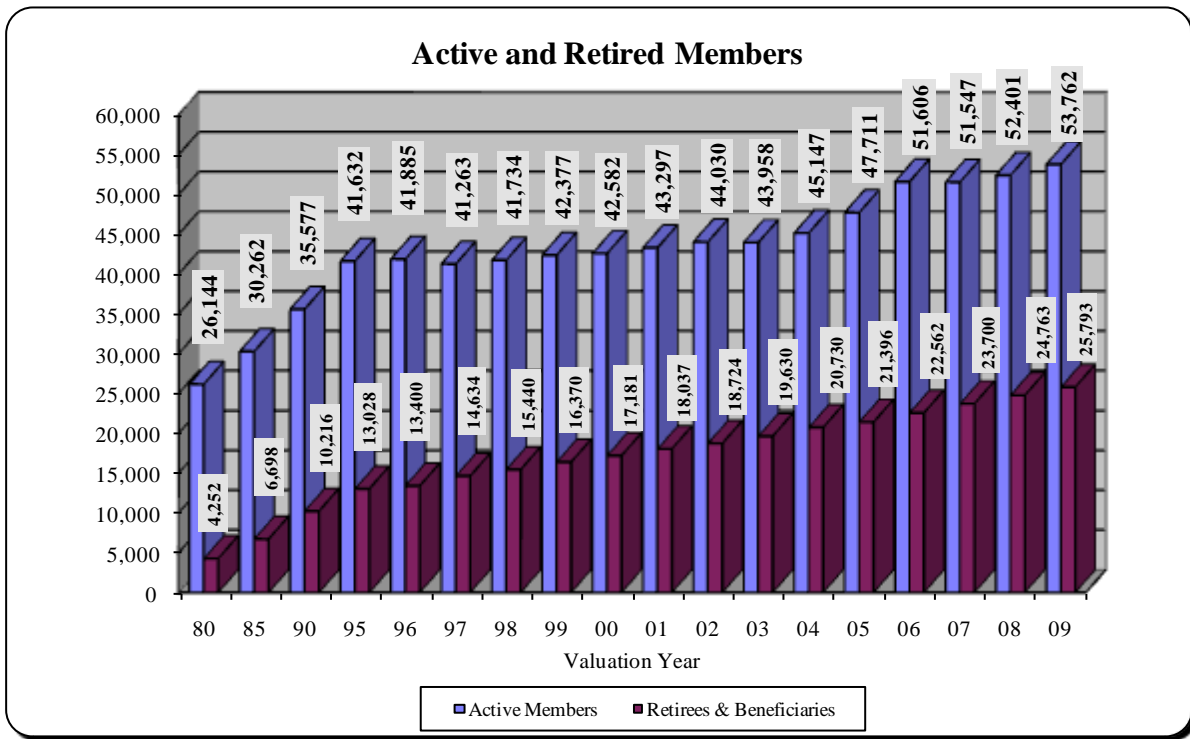
* Averages are shown because of general interest. The valuation process utilizes individual information.

ACTIVE MEMBERS -- HISTORICAL DEVELOPMENT

June 30	Number	Payroll	Averages*		
			Age	Service	Pay
1972	18,148	\$ 127,685,808	n.a.	n.a.	\$ 7,036
1976	24,713	208,275,180	n.a.	n.a.	8,428
1980	26,144	317,301,000	39.2	6.9	12,137
1981	27,499	375,226,000	39.1	7.0	13,645
1982	27,251	416,655,000	39.6	7.4	15,290
1983	28,232	465,053,000	39.4	7.3	16,473
1984	28,071	485,408,000	39.2	7.4	17,292
1985	30,262	584,280,000	39.2	7.5	19,307
1986	31,092	572,685,000	39.9	7.5	18,419
1987#					
1988	32,620	644,663,769	39.3	7.2	19,763
1989	33,400	682,244,826	39.4	7.2	20,426
1990	35,577	760,639,320	39.6	7.4	21,380
1991	36,642	825,005,795	39.8	7.5	22,515
1992	37,439	843,978,100	39.9	7.5	22,543
1993	39,275	909,241,989	40.5	7.6	23,151
1994	40,495	943,330,328	40.6	7.7	23,295
1995	41,632	1,043,574,707	40.7	7.9	25,067
1996	41,885	1,098,635,667	41.1	8.3	26,230
1997	41,263	1,102,082,081	41.2	8.3	26,708
1998	41,692	1,146,991,018	41.3	8.2	27,511
1999	42,377	1,200,564,605	41.4	8.2	28,331
2000	42,582	1,253,305,021	41.6	8.3	29,433
2001	43,297	1,318,274,516	41.8	8.3	30,447
2002	44,030	1,396,209,000	42.1	8.4	31,710
2003	43,958	1,437,357,206	42.4	8.6	32,698
2004	45,147	1,499,069,439	42.6	8.5	33,204
2005	47,711	1,607,838,716	42.6	7.9	33,700
2006	51,606	1,774,918,446	42.3	7.5	34,394
2007	51,547	1,908,519,615	42.3	8.0	37,025
2008	52,401	1,965,064,160	42.5	8.0	37,501
2009	53,762	2,081,259,498	42.6	8.0	38,712

* Averages are shown because of general interest. The valuation process utilizes individual information.

No actuarial valuation was performed.



ACTIVE MEMBERS
STATE DIVISION BY ATTAINED AGE AND YEARS OF SERVICE
JUNE 30, 2009

Nearest Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Up	No.	Valuation Payroll
15-19	22	-	-	-	-	-	-	22	\$ 460,028
20-24	748	12	-	-	-	-	-	760	19,314,281
25-29	1,636	424	7	-	-	-	-	2,067	66,670,779
30-34	1,326	784	265	10	-	-	-	2,385	90,545,343
35-39	2,501	881	692	258	13	-	-	4,345	169,322,517
40-44	984	760	556	602	247	4	-	3,153	139,401,787
45-49	946	810	572	658	578	90	1	3,655	163,813,130
50-54	865	717	529	569	468	104	18	3,270	150,628,614
55-59	630	609	466	535	394	68	16	2,718	127,050,903
60	107	99	75	94	77	9	2	463	21,982,865
61	88	97	80	68	43	4	4	384	17,856,535
62	97	91	57	81	51	7	-	384	18,657,177
63	76	63	52	45	19	5	1	261	12,268,419
64	42	40	35	22	22	4	1	166	7,907,868
65	29	33	23	18	15	2	2	122	6,143,609
66	32	29	17	16	11	4	-	109	5,309,542
67	17	27	14	20	5	4	3	90	3,773,360
68	12	19	2	8	7	2	1	51	2,714,262
69	7	9	11	6	5	1	-	39	1,813,917
70	6	3	7	3	2	1	-	22	1,006,026
71	6	2	6	3	2	1	1	21	918,913
72	9	5	4	3	1	1	-	23	1,084,279
73	4	3	1	2	1	-	-	11	413,749
74	3	3	2	2	1	-	1	12	512,576
75	4	3	-	1	2	-	-	10	644,081
76	1	-	-	-	-	-	-	1	39,257
77	2	2	-	-	-	-	-	4	136,693
78	1	2	-	-	-	-	-	3	121,595
79	4	2	4	2	-	2	1	15	556,500
Totals	10,205	5,529	3,477	3,026	1,964	313	52	24,566	\$ 1,031,068,605

**ACTIVE MEMBERS STATE DIVISION
JUNE 30, 2009**

Service Years	Active Member Count			Active Member Pays	
	Males	Females	Total	Total	Average
0	749	1,880	2,629	\$ 74,721,055	\$28,422
1	938	1,534	2,472	85,014,517	34,391
2	737	1,182	1,919	72,079,253	37,561
3	642	1,085	1,727	65,371,062	37,852
4	624	834	1,458	59,417,471	40,753
5	495	746	1,241	51,119,534	41,192
6	550	646	1,196	52,080,377	43,545
7	514	609	1,123	47,082,413	41,926
8	449	543	992	43,521,491	43,872
9	448	529	977	43,485,634	44,509
10	428	491	919	41,504,307	45,162
11	326	436	762	33,965,580	44,574
12	263	345	608	28,742,524	47,274
13	244	279	523	24,870,208	47,553
14	323	342	665	31,845,215	47,888
15 & Up	2,600	2,755	5,355	276,247,964	51,587
Totals	10,330	14,236	24,566	\$1,031,068,605	\$41,971

ACTIVE MEMBERS
MUNICIPAL DIVISION BY ATTAINED AGE AND YEARS OF SERVICE
JUNE 30, 2009

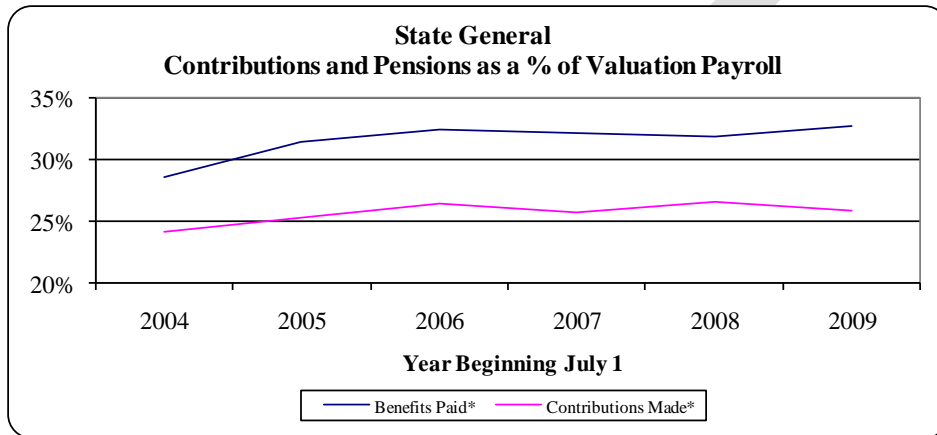
Nearest Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Up	No.	Valuation Payroll
15-19	301	-	-	-	-	-	-	301	\$ 2,390,520
20-24	1,480	26	-	-	-	-	-	1,506	36,525,156
25-29	2,247	569	20	-	-	-	-	2,836	93,415,772
30-34	1,752	1,018	395	16	-	-	-	3,181	119,780,059
35-39	4,122	906	938	366	13	-	-	6,345	192,939,506
40-44	1,084	806	738	728	318	17	-	3,691	156,352,787
45-49	1,104	686	593	600	549	97	1	3,630	149,914,193
50-54	946	623	502	520	447	98	20	3,156	126,505,421
55-59	722	487	380	393	313	73	37	2,405	95,695,614
60	123	81	75	73	49	7	14	422	16,420,586
61	94	76	63	67	48	18	3	369	15,112,074
62	101	68	56	53	46	16	4	344	13,626,196
63	65	44	35	41	23	8	4	220	8,288,805
64	47	33	15	19	8	5	4	131	4,547,125
65	38	36	28	18	8	3	3	134	4,571,994
66	39	24	19	11	7	1	1	102	3,246,276
67	28	9	13	11	7	-	1	69	2,283,547
68	21	18	15	4	5	-	-	63	2,037,462
69	27	13	8	4	3	2	1	58	1,567,722
70	19	9	6	3	3	1	1	42	975,414
71	14	7	7	1	1	-	-	30	538,101
72	19	5	6	1	3	-	-	34	902,647
73	16	3	1	3	-	-	1	24	451,560
74	11	1	2	-	3	2	-	19	437,457
75	13	4	1	2	1	-	-	21	396,268
76	13	4	4	-	-	-	-	21	325,266
77	3	1	-	2	-	-	-	6	133,650
78	5	6	-	-	-	-	2	13	210,576
79	7	8	4	3	-	-	1	23	599,139
Totals	14,461	5,571	3,924	2,939	1,855	348	98	29,196	\$ 1,050,190,893

**ACTIVE MEMBERS MUNICIPAL DIVISION
JUNE 30, 2009**

Service Years	Active Member Count			Active Member Pays	
	Males	Females	Total	Total	Average
0	1,866	3,696	5,562	\$ 97,569,346	\$ 17,542
1	1,715	1,248	2,963	87,390,920	29,494
2	1,402	914	2,316	77,420,606	33,429
3	1,199	771	1,970	69,082,860	35,067
4	1,024	626	1,650	60,130,896	36,443
5	858	531	1,389	51,760,548	37,265
6	726	358	1,084	42,104,239	38,842
7	654	362	1,016	40,475,504	39,838
8	715	376	1,091	45,280,872	41,504
9	654	337	991	41,298,852	41,674
10	586	265	851	37,162,014	43,669
11	586	274	860	38,164,536	44,377
12	503	225	728	32,107,762	44,104
13	524	222	746	34,313,022	45,996
14	495	244	739	34,016,466	46,030
15 & Up	3,560	1,680	5,240	261,912,450	49,983
Totals	17,067	12,129	29,196	\$ 1,050,190,893	\$35,970

State General Division

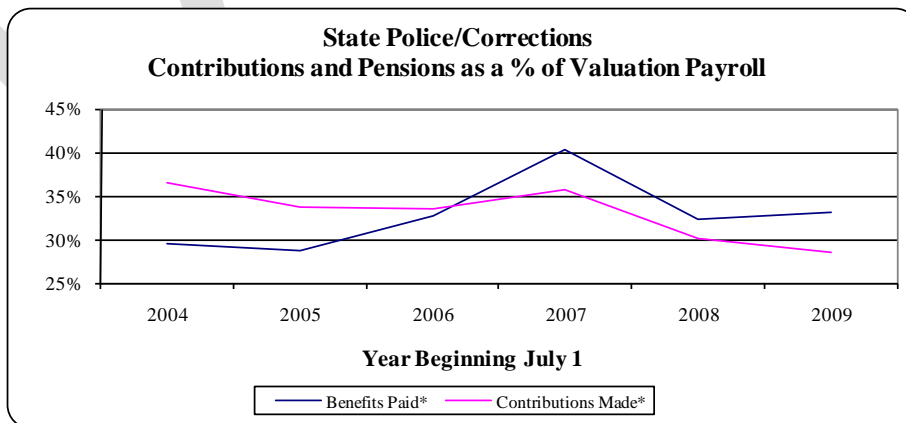
Year Ending June 30,	Prior June 30 Valuation Payroll	Benefits Paid*		Contributions Made*	
		Dollars	% of Val Pay	Dollars	% of Val Pay
2004	\$704,491,713	\$201,855,101	28.65%	\$170,732,489	24.23%
2005	693,532,722	218,761,852	31.54%	176,158,121	25.40%
2006	728,031,257	236,545,725	32.49%	192,756,943	26.48%
2007	795,195,389	255,716,706	32.16%	204,694,020	25.74%
2008	854,098,263	273,306,882	32.00%	227,167,817	26.60%
2009	894,630,780	293,346,275	32.79%	231,160,882	25.84%



*Benefits paid include refunds. Contributions made include service purchases.

State Police/Corrections Division

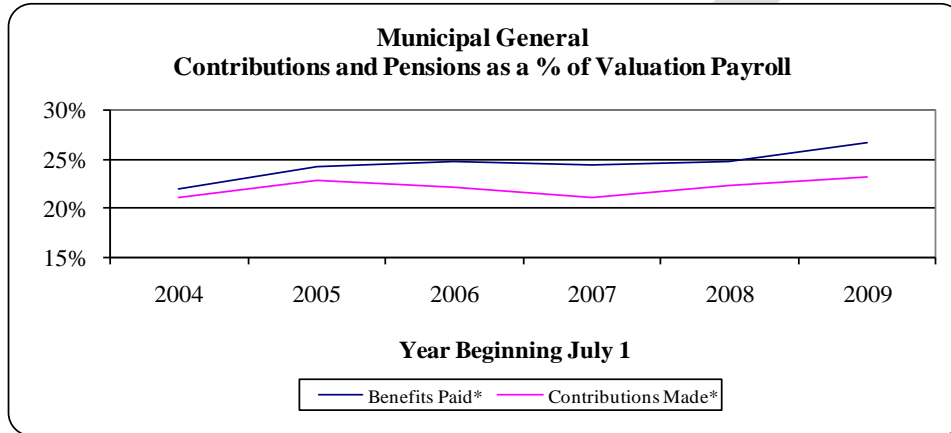
Year Ending June 30,	Prior June 30 Valuation Payroll	Benefits Paid*		Contributions Made*	
		Dollars	% of Val Pay	Dollars	% of Val Pay
2004	\$57,130,556	\$16,889,948	29.56%	\$20,856,272	36.51%
2005	63,863,426	18,347,735	28.73%	21,498,902	33.66%
2006	65,026,576	21,278,852	32.72%	21,845,988	33.60%
2007	61,422,860	24,779,624	40.34%	21,997,235	35.81%
2008	83,460,844	27,040,920	32.40%	25,246,160	30.25%
2009	90,011,901	29,751,724	33.05%	25,738,601	28.59%



*Benefits paid include refunds. Contributions made include service purchases.

Municipal General Division

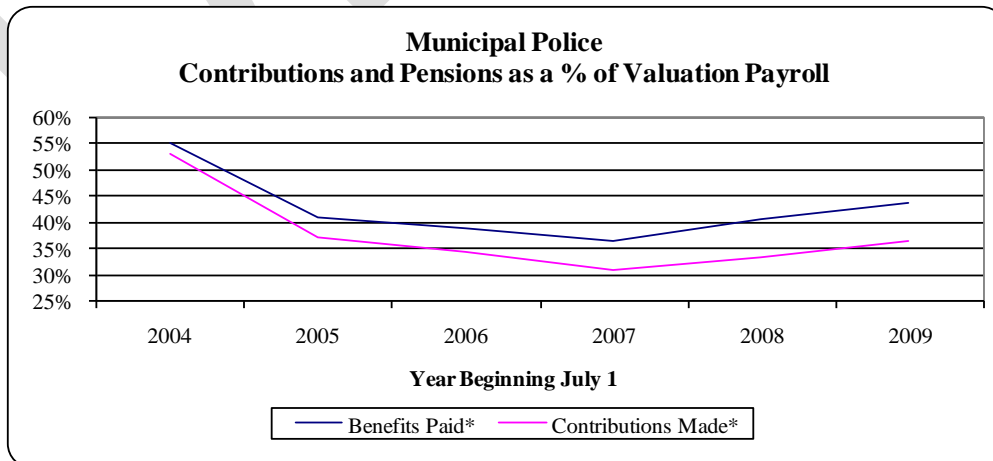
Year Ending June 30,	Prior June 30 Valuation Payroll	Benefits Paid*		Contributions Made*	
		Dollars	% of Val Pay	Dollars	% of Val Pay
2004	\$ 543,994,722	\$ 119,879,152	22.04%	\$ 114,719,362	21.09%
2005	548,960,756	133,443,529	24.31%	125,084,256	22.79%
2006	592,445,696	146,094,158	24.66%	130,559,843	22.04%
2007	668,632,511	162,599,178	24.32%	140,623,460	21.03%
2008	705,762,182	174,616,388	24.74%	157,950,875	22.38%
2009	714,264,532	189,944,772	26.59%	165,839,770	23.22%



*Benefits paid include refunds. Contributions made include service purchases.

Municipal Police Division

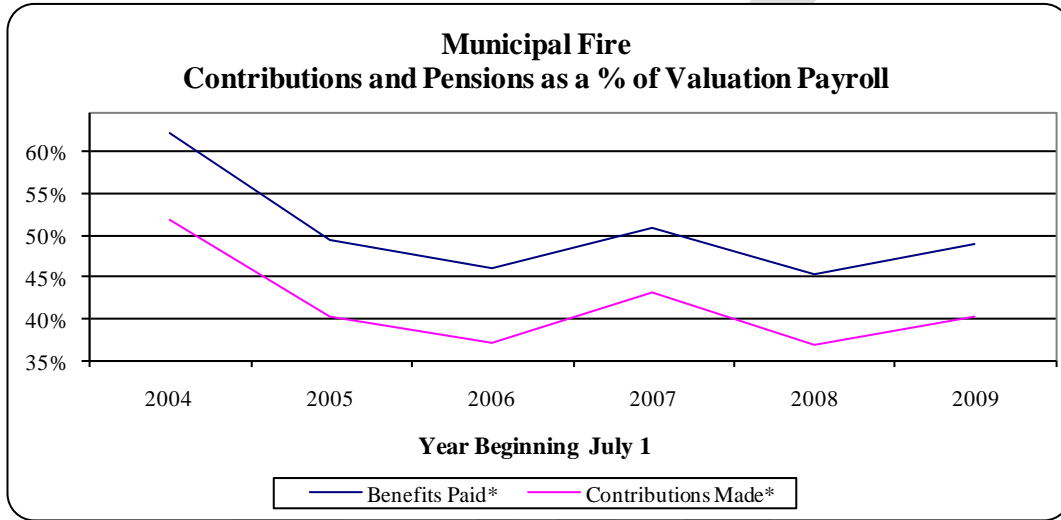
Year Ending June 30,	Prior June 30 Valuation Payroll	Benefits Paid*		Contributions Made*	
		Dollars	% of Val Pay	Dollars	% of Val Pay
2004	\$ 83,789,775	\$ 46,268,096	55.22%	\$ 44,517,533	53.13%
2005	126,208,845	51,914,495	41.13%	47,013,031	37.25%
2006	145,849,480	56,943,806	39.04%	50,235,313	34.44%
2007	173,833,995	63,345,737	36.44%	54,038,433	31.09%
2008	171,701,391	69,806,457	40.66%	57,658,395	33.58%
2009	172,583,578	75,261,779	43.61%	63,307,538	36.68%



*Benefits paid include refunds. Contributions made include service purchases.

Municipal Fire Division

Year Ending June 30,	Prior June 30 Valuation Payroll	Benefits Paid*		Contributions Made*	
		Dollars	% of Val Pay	Dollars	% of Val Pay
2004	\$47,950,440	\$30,059,862	62.69%	\$25,060,585	52.26%
2005	66,503,690	33,239,561	49.98%	26,982,626	40.57%
2006	76,485,708	35,617,457	46.57%	28,637,643	37.44%
2007	75,833,692	38,927,897	51.33%	32,992,754	43.51%
2008	93,496,935	42,817,036	45.80%	34,867,718	37.29%
2009	93,573,370	46,344,179	49.53%	37,989,488	40.60%



**Benefits paid include refunds. Contributions made include service purchases.*

SECTION 3

SUMMARY OF BENEFIT PROVISIONS

DRAFT

SUMMARY OF BENEFIT PROVISIONS - - JUNE 30, 2009

NORMAL RETIREMENT ELIGIBILITY CONDITIONS

Applicable to all members:

Any age with 25 or more years of credited service; or
Age 60 or older with 20 or more years of credited service; or
Age 61 or older with 17 or more years of credited service; or
Age 62 or older with 14 or more years of credited service; or
Age 63 or older with 11 or more years of credited service; or
Age 64 or older with 8 or more years of credited service; or
Age 65 or older with 5 or more years of credited service.

Applicable to police and fire members under one of the following coverage plans:

Municipal Police Coverage Plan 3
Municipal Police Coverage Plan 4
Municipal Police Coverage Plan 5
Municipal Fire Coverage Plan 3
Municipal Fire Coverage Plan 4
Municipal Fire Coverage Plan 5

Any age with 20 or more years of credited service.

NORMAL RETIREMENT PENSION AMOUNT

The amount of normal retirement pension is based on:

- Final average salary, which is the average of salary for the 36 consecutive months of credited service producing the largest average;
- Credited service (years and months); and the
- Coverage plan.

The pension accrual factor and maximum pension, as a percent of final average salary, under each coverage plan are:

Coverage Plan	Pension Factor Per Year of Credited Service	Maximum Pension as Percent of Final Average Salary
State General Member Coverage Plan 3	3.0%	80%
State Police and Adult Corrections Officers Member Coverage Plan 1	3.0	80
Hazardous Duty (Juvenile Corrections Officer) Coverage Plan 2	3.0	100
Municipal General Member Coverage Plan 1	2.0	60
Coverage Plan 2	2.5	75
Coverage Plan 3	3.0	80
Coverage Plan 4	3.0	80
Municipal Detention Officer Coverage Plan 1	3.0	80
Municipal Police Member Coverage Plan 1	2.0	60
Coverage Plan 2	2.5	100
Coverage Plan 3	2.5	100
Coverage Plan 4	3.0	80
Coverage Plan 5	3.5	80
Municipal Fire Member Coverage Plan 1	2.0	60
Coverage Plan 2	2.5	100
Coverage Plan 3	2.5	100
Coverage Plan 4	3.0	80
Coverage Plan 5	3.5	80

VESTED TERMINATION OF MEMBERSHIP (EMPLOYMENT)

Termination of employment and membership with at least 5 years of credited service. Accumulated member contributions must be left on deposit. Payment of the pension is available upon eligibility for normal retirement. In addition, certain disability and survivor pension provisions apply.

NORMAL AND OPTIONAL FORMS OF PAYMENT

The normal form of payment is for life. Optional contingent survivor beneficiary forms of payment are available on an actuarial equivalent basis. Pension payments can never aggregate less than the member's accumulated contributions.

SURVIVOR PENSIONS - DEATH IN THE LINE OF DUTY

Pensions are paid to the eligible spouse and eligible children if survivor coverage has not been elected under the Elective Survivor Pension Beneficiary provision. The amount of pension payable for life to an eligible spouse is the greater of 1) 50% of final average salary, or 2) the accrued normal retirement pension reduced for option B election. The amount of pension payable to each eligible child is an equal share of 25% of final average salary. If there is not an eligible spouse or the eligible spouse dies, and if there are 2 or more eligible children, the amount of pension payable to each eligible child is an equal share of 50% of final average salary. An eligible child is an unmarried natural or adopted child who is under age 18 years. A child's pension terminates upon death, marriage or reaching age 18. The pension of any remaining eligible children is recalculated whenever a child's pension is terminated.

DEATH NOT IN THE LINE OF DUTY

Requires 5 years of credited service. Benefit applies to members and vested former members who have not elected coverage under the Elective Survivor Pension Beneficiary provision. Pensions are paid to an eligible spouse OR eligible children. The amount of pension payable for the life of an eligible spouse is the greater of 1) 30% of final average salary, or 2) accrued normal retirement pension reduced for option B election. An eligible child pension is paid if there is not an eligible spouse or following the death of an eligible spouse. The amount of pension payable to each eligible child is an equal share, with each other child, of 25% of final average salary, or, if greater, 50% of accrued normal retirement pension. An eligible child is an unmarried natural or adopted child who is under age 18 years. A child's pension terminates upon death, marriage or reaching age 18. The pension of any remaining eligible children is recalculated whenever a child's pension is terminated.

ELECTIVE SURVIVOR BENEFICIARY PENSION

Applicable to members with 5 or more years of credited service and vested former members who have elected option B and designated a survivor pension beneficiary who has an insurable interest. The amount of pension is the amount of accrued normal retirement pension under optional form of payment B (100% continuation to beneficiary).

DISABILITY RETIREMENT

Applicable to members and vested former members with 5 or more years of credited service. The 5 year credited service requirement is waived if the disability is incurred in line of duty. The amount of disability pension is the accrued normal retirement pension at time of disability retirement. If the disability is in line of duty, the credited service used is the amount that would have been acquired when first eligible for normal retirement.

COST-OF-LIVING INCREASES

Pensions are increased each July 1 by 3% if retirement has been in effect for at least 2 full calendar years. If retired on account of disability or if at least age 65, the 2 calendar year waiting period is reduced to 1 full calendar year.

SERVICE CREDIT

Members in the State Police and Adult Corrections Officers Coverage Plan and members in the Municipal Detention Officers Coverage Plan receive 1.2 years of credited service for each year of service rendered.

CONTRIBUTIONS BY MEMBERS AND EMPLOYERS

Contributions by members and affiliated public employers are at the following rates.

	Percent of Salary Member	Contribution Rate Employer
State General Member Coverage Plan 3*	8.92%	15.09%
State Police Member and Adult Correctional Officer Member Coverage Plan 1*	9.10	23.60
Hazardous Duty (Juvenile Corrections) Member Coverage Plan 2*	6.28	24.22
Municipal General Member Coverage Plan 1	7.00	7.00
Municipal General Member Coverage Plan 2	9.15	9.15
Municipal General Member Coverage Plan 3	13.15	9.15
Municipal General Member Coverage Plan 4	15.65	11.65
Municipal Detention Officer Member Coverage Plan 1	16.65	16.65
Municipal Police Member Coverage Plan 1	7.00	10.00
Municipal Police Member Coverage Plan 2	7.00	15.00
Municipal Police Member Coverage Plan 3	7.00	18.50
Municipal Police Member Coverage Plan 4	12.35	18.50
Municipal Police Member Coverage Plan 5	16.30	18.50
Municipal Fire Member Coverage Plan 1	8.00	11.00
Municipal Fire Member Coverage Plan 2	8.00	17.50
Municipal Fire Member Coverage Plan 3	8.00	21.25
Municipal Fire Member Coverage Plan 4	12.80	21.25
Municipal Fire Member Coverage Plan 5	16.20	21.25

Interest is credited to member contributions, on each June 30, at the rates set annually by the Retirement Board. The current rate is 5.25%.

** Includes a temporary 1.5% of pay shift from the employer statutory rate to the member statutory rate effective July 1, 2009. This contribution shift is currently effective for 2 years.*

SECTION 4

DESCRIPTION OF ACTUARIAL COST METHODS
SUMMARY OF ESTIMATES OF FUTURE
EXPERIENCE USED FOR THE VALUATION AND
DEFINITIONS OF TECHNICAL TERMS

ACTUARIAL COST METHODS USED FOR THE VALUATION

An actuarial cost method is a procedure for allocating the actuarial present value of benefits and expenses to time periods. The method used for the PERA valuation is known as the individual entry-age actuarial cost method, and has the following characteristics:

- (i) The annual normal costs for each individual active member are sufficient to accumulate the value of the member's pension at time of retirement.
- (ii) Each annual normal cost is a constant percentage of the member's year-by-year projected pensionable compensation.

The individual entry-age actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's pensionable compensation between the entry age of the member and the pattern of projected exit ages.

The portion of the actuarial present value allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the actuarial accrued liability. Deducting accrued assets from the actuarial accrued liability determines the unfunded actuarial accrued liability. The period of time needed to finance the unfunded actuarial accrued liability with current statutory contribution rates is determined using a level percent of payroll amortization technique.

Active member payroll was projected to increase 4.5% a year for the purpose of determining the financing period. This estimate is consistent with the base rate of increase in salaries used to calculate actuarial present values.

The valuation assets used for funding purposes is derived as follows: prior year valuation assets are increased by contributions and expected investment income and reduced by refunds, benefit payments and expenses. To this amount 25% of the difference between expected and actual investment income net of expenses for each of the previous four years is added. The funding value of assets for each division is allocated in proportion to the total fund balances.

ESTIMATES FOR FUTURE PERA EXPERIENCE USED FOR THE VALUATION

Funding objective contribution requirements and actuarial present values are calculated by applying estimates of future plan activities (actuarial assumptions) to the benefit provisions and people information of PERA, using the actuarial cost methods described on the previous page.

The principal areas of activity which require estimates are:

- (i) long-term rates of investment return to be generated by the assets of PERA.
- (ii) patterns of pay increases to members.
- (iii) rates of mortality among members, retired members, and beneficiaries.
- (iv) rates of withdrawal of active members.
- (v) rates of disability among active members.
- (vi) the age patterns of actual retirements.

In making a valuation, the monetary effect of each activity is calculated for as long as a present covered person survives - - - a period of time which can be as long as a century.

Actual activities of PERA will not coincide exactly with estimated activities due to the nature of the activities. Each valuation provides a complete recalculation of estimated future activities and takes into account the effect of past differences between estimated and actual activities. The result is a continual series of adjustments (usually small). From time to time, one or more of the estimates are modified to reflect experience trends (but not random or temporary year-to-year fluctuations).

Assumed Rate of Investment Return. 8% of net administrative and investment expenses.

The estimates of future INFLATION, REAL INVESTMENT RETURN in excess of inflation and SALARY INCREASES were first used for the June 30, 2005 actuarial valuation. The fiscal estimates are used in combination with the demographic estimates to determine the present value of amounts expected to be paid in the future.

Price Inflation. 4% per annum, compounded annually. This is the rate at which growth in the supply of money and credit is assumed to exceed growth in the supply of goods and services. It may be thought of as the rate of depreciation of the purchasing power of the dollar. There are a number of indices for measuring the inflation rate. The recent inflation rate, as measured by the Consumer Price Index, has been:

Year Ended June 30					Average for		
2009	2008	2007	2006	2005	Last 5 Yrs.	Last 10 Yrs.	Last 30 Yrs.
(1.4)%	5.0 %	2.7 %	4.3 %	2.5 %	2.6 %	2.6 %	3.7 %

Real Investment Return. 4% over price inflation (3.5% over wage growth). This is the rate of return (net of administrative and investment expenses) to be produced by investing a pool of assets in an inflation-free environment.

Salary Increases. Salary increases occur in recognition of (i) individual merit and longevity, (ii) inflation-related depreciation of the purchasing power of salaries, and (iii) other factors such as productivity gains and competition from other employers for personnel. A schedule of long-term rates of increase is used to project salaries from valuation salaries to final average salaries upon which pensions are based. Sample rates follow:

Attributable to:	Annual Rates of Salary Increase for Sample Years of Service					Ref
	1	5	10	15	20	
General Increase in Wage Level Due to:						
Inflation	4.0%	4.0%	4.0%	4.0%	4.0%	
Other Factors	0.5	0.5	0.5	0.5	0.5	
Increase Due to Merit/Longevity:						
State General	8.0	2.0	0.5	0.5	0.5	162
State Police	13.5	9.0	6.8	4.5	2.3	604
State Corrections	15.0	3.5	3.5	3.5	3.5	14
Municipal General	2.5	1.5	0.5	0.5	0.5	152
Municipal Police	9.5	4.0	2.8	2.0	1.8	318
Municipal Fire	10.0	5.5	2.7	1.3	1.5	319

In the following schedules, State Corrections includes Adult Corrections Officers and Juvenile Corrections Officers and Municipal General includes Municipal Detention Officers.

Mortality Table. The 2000 Group Annuity Mortality Table (1971 GAM projected), set back 3 years for men and 7 years for women for healthy lives. Special disabled mortality is used for disabled lives. All deaths-in-service are assumed to be non-duty.

Present values and life expectancies are shown for sample ages in the following schedule. Note that sex distinct mortality rates are used solely for determining PERA funded status and contribution rate adequacy. All benefit amounts are based on merged gender mortality rates.

Retired Life Non-Disabled Mortality Table						
Sample Ages	Present Value of		Present Value of		Future Life	
	\$1 Monthly for Life		\$1.00/Mo. for Two Years		Expectancy Years	
	Men	Women	Increasing 3%/Yr. Thereafter	Men	Women	Men
40	\$144.46	\$147.07	\$199.85	\$206.58	40.37	44.22
45	140.12	143.69	189.77	197.99	35.61	39.41
50	134.44	139.09	177.83	187.52	30.97	34.67
55	127.43	133.15	164.26	175.25	26.53	30.06
60	118.84	125.85	148.97	161.34	22.32	25.67
65	108.26	116.89	131.76	145.67	18.33	21.50
70	95.83	105.91	113.19	128.13	14.67	17.57
75	82.60	93.21	94.74	109.43	11.48	13.99
80	69.10	79.97	77.06	91.19	8.78	10.91
85	56.19	66.37	61.13	73.63	6.60	8.29

Retired Life Disabled Mortality Table						
Sample Ages	Present Value of		Present Value of		Future Life	
	\$1 Monthly for Life		\$1.00/Mo. for Two Years		Expectancy Years	
	Men	Women	Increasing 3%/Yr. Thereafter	Men	Women	Men
40	\$118.90	\$118.93	\$154.36	\$156.55	26.19	28.52
45	115.65	117.01	147.56	152.22	23.65	26.48
50	110.58	113.71	138.32	145.93	20.89	24.18
55	104.12	109.63	127.39	138.62	18.11	21.85
60	96.18	105.28	114.90	130.98	15.36	19.61
65	86.79	100.60	101.11	122.91	12.71	17.45
70	76.18	95.11	86.48	113.80	10.25	15.26
75	64.75	88.02	71.65	102.78	8.02	12.98
80	53.12	77.97	57.36	88.61	6.09	10.52
85	41.98	65.22	44.34	72.12	4.48	8.06

Rates of Retirement. These rates are used to measure the probability of an eligible member retiring at the indicated ages or indicated service.

Percents Retiring at Indicated Ages (by Coverage Plan)								
Retirement Ages	State General		State	State	Municipal General		Municipal	Municipal
	Male	Female	Police	Corrections	Male	Female	Police	Fire
60	40%	40%	50%	25%	40%	35%	50%	30%
61	50	50	50	20	50	50	40	30
62	45	50	50	20	40	35	30	65
63	45	40	75	30	35	35	25	20
64	35	40	75	45	45	35	25	20
65	40	35	100	40	35	30	40	20
66	22	30		40	20	15	40	20
67	25	30		40	20	18	40	100
68	25	15		40	18	18	40	
69	20	25		40	15	20	40	
70	25	35		100	15	18	100	
71	15	35			15	15		
72	20	30			15	25		
73	20	20			20	18		
74	20	20			30	50		
75	40	40			30	50		
76	40	40			30	50		
77	50	40			30	50		
78	50	40			40	50		
79	50	40			40	50		
80	100	100			100	100		
Ref	1701	1702	1009	1705	1714	1715	1721	1723

Percents Retiring at Indicated Service (by Coverage Plan)								
Service	State	State	State	Municipal	Municipal Police		Municipal Fire	
	General	Police*	Corrections	General	Plans 1, 2	Plans 3, 4, 5	Plans 1, 2	Plans 3, 4, 5
20		20%	25%	30%		35%		22%
21		25	25	30		35		20
22		8	25	30		35		30
23		8	30	30		30		30
24		8	30	30		20		20
25	50%	8	30	45	25%	25	15%	15
26	40	20	30	35	20	20	20	20
27	35	20	30	25	25	25	15	15
28	20	20	30	15	25	25	18	18
29	20	50	40	20	15	15	18	18
30	20	100	45	20	50	50	20	20
31	15		45	15	50	50	15	15
32	10		100	10	100	100	20	20
33	10			10			50	50
34	15			15			100	100
35	20			20				
36	20			20				
37	20			20				
38	40			50				
39	40			50				
40	75			100				
41	75							
42	75							
43	75							
44	75							
45	100							
Ref	1703	1708	1706	1713	1720	1719	1726	1725

* Includes Adult Corrections Officers and Municipal Detention Officers.

Rates of Separation From Active Membership. The rates are used to measure probabilities of active members terminating that status for a reason other than disability or death. The rates do not apply to members who are within the retirement rate range. Separation rates are presumed to be service related during the first 5 to 8 years of employment and age related thereafter.

Percents of Active Members Terminating During Year											
Sample Ages	Years of Service	State General	State Police	State Corrections		Municipal General		Municipal Police		Municipal Fire	
				Men	Women	Men	Women	Men	Women	Men	Women
All	0	39.0%	8.0%	35.0%	28.0%	38.0%	40.0%	28.0%	30.0%	18.0%	30.0%
	1	20.0	8.0	21.0	35.0	20.0	21.0	13.0	15.0	10.0	22.5
	2	13.0	5.0	17.0	13.0	13.0	15.0	9.0	10.0	6.0	15.0
	3	10.0	6.8	12.0	10.0	11.0	13.0	8.0	7.5	4.3	7.5
	4	8.5	4.5	7.0	13.0	8.5	11.0	7.5	4.5	3.5	7.0
	5			n/a	13.0	7.0	8.5				
	6			n/a	13.0						
	7			n/a	8.0						
	Over Select Period										
	20	12.0	4.1	7.0	0.0	6.0	13.2	4.9	3.0	3.8	3.8
	25	9.1	4.9	7.0	5.0	6.0	10.2	4.9	3.0	3.8	3.8
	30	5.9	4.2	7.0	6.0	6.0	6.9	4.2	3.0	3.4	3.4
	35	3.9	3.3	5.7	7.5	4.7	5.1	3.1	3.0	2.5	2.5
	40	3.3	2.8	4.9	9.0	3.4	4.0	2.4	3.0	2.1	2.1
	45	2.9	2.7	4.4	7.0	3.0	3.4	2.1	3.0	2.1	2.1
	50	2.8	2.7	3.9	5.0	3.0	3.2	2.1	3.0	2.1	2.1
	55	3.0	1.6	4.2	0.0	3.0	3.1	2.1	3.0	2.1	2.1
	60	3.4	1.5	3.6	0.0	3.0	3.0	2.1	3.0	2.1	2.1
	65	4.2	1.5	0.0	0.0	3.0	3.0	2.1	3.0	2.1	2.1
Service	Ref	700	703	701	702	704	705	706	707	708	709
Age	Ref	100	15	1079	740	123	77	133	61	122	122
Multiplier		0.60	0.50	1.00	2.00	0.75	0.60	0.70	1.50	0.60	0.60

Rates of Disability. The rates are used to measure the probabilities of active members becoming disabled. Rates for sample ages follow. All disabilities are assumed to be non-duty.

Percents Becoming Disabled at Indicated Ages (by Coverage Plan)								
Sample Ages	State General		State Police	State Corrections	Municipal General		Municipal Police	Municipal Fire
	Male	Female			Male	Female		
20	0.00%	0.01%	0.05%	0.13%	0.03%	0.04%	0.06%	0.02%
25	0.02%	0.02%	0.05%	0.14%	0.04%	0.04%	0.07%	0.02%
30	0.02%	0.02%	0.09%	0.16%	0.08%	0.04%	0.08%	0.02%
35	0.06%	0.06%	0.14%	0.21%	0.12%	0.04%	0.12%	0.02%
40	0.09%	0.09%	0.35%	0.27%	0.17%	0.06%	0.17%	0.08%
45	0.14%	0.15%	0.42%	0.46%	0.25%	0.14%	0.26%	0.08%
50	0.36%	0.37%	0.69%	0.90%	0.39%	0.25%	0.42%	0.33%
55	0.59%	0.53%	1.59%	1.39%	0.65%	0.39%	0.73%	0.33%
60	0.72%	0.58%	0.00%	0.00%	0.80%	0.51%	1.22%	1.17%
65	0.00%	0.58%	0.00%	0.00%	0.82%	0.59%	1.32%	0.00%
ref	61	232	74	71	993	142	16	29
mult	1.10	0.80	2.25	0.90	1.00	0.90	0.40	0.40

Administrative and Investment Expenses. All expenses are deducted from gross investment income.

Active Member Group Size. The valuation is based on a stationary group size.

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

JUNE 30, 2009

Marriage Assumption:	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses.
Pay Increase Timing:	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.
Decrement Timing:	Retirements are assumed to occur at the beginning of the fiscal year. All other decrements are assumed to occur at the end of the fiscal year.
Eligibility Testing:	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.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability and mortality decrements do not operate during the first 5 years of service. Neither disability nor withdrawal decrements operate during retirement eligibility.
Loads:	Retiree liabilities were increased by 1% to account for the pop-up provision.
Incidence of Contributions:	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.
Normal Form of Benefit:	A straight life payment is the assumed normal form of benefit.
Benefit Service:	Exact fractional service is used to determine the amount of benefit payable.
Optional Forms of Payment:	Based on valuation interest and a unisex blend of valuation mortality.
Data Changes:	For missing dates of birth for active members, the member was assumed to enter the system at the average entry age. For retiree records with a joint and survivor option and a missing beneficiary date of birth, the beneficiary was assumed to be 3 years younger if the member was male and 3 years older if the member was female.

DEFINITIONS OF TECHNICAL TERMS

Accrued Service. Service credited under the system which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability. The difference between the actuarial present value of future benefits payments and the actuarial present value of future normal costs. Also referred to as “accrued liability” or “prior service liability.”

Actuarial Experience Estimates. Estimates of expected future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Demographic estimates (rates of mortality, disability, turnover and retirement) are generally based on past experience, modified for projected changes in conditions. Fiscal estimates (salary increases, inflation and real investment return) consist of the underlying rates in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future benefit payments” between future normal cost and actuarial accrued liability. Sometimes referred to as the “actuarial valuation cost method.”

Actuarial Equivalent. A single amount or series of amounts of equal actuarial present value to another single amount or series of amounts computed on the basis of appropriate actuarial experience estimates.

Actuarial Present Value. The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment. Also referred to as “present value.”

Actuary. A person who is trained in the applications of probability and compound interest to problems in business and finance that involve payment of money in the future, contingent upon the occurrence of future events.

Amortization. Paying off an interest-discounted amount with periodic payments of interest and principal - - as opposed to paying off with a lump sum payment.

Experience Gain (Loss). The difference between actual actuarial costs and anticipated actuarial costs -- during the period between two valuation dates.

Normal Cost. The actuarial cost allocated to the current year by the actuarial cost method. Sometimes referred to as “current service cost.”

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and the funding value of assets. Sometimes referred to as “unfunded past service liability,” “unfunded accrued liability” or “unfunded supplemental present value.”

Most retirement systems have an unfunded actuarial accrued liability. An amount arises each time new benefits are added, an affiliated public employer adopts a new coverage plan, and an experience loss occurs.

The existence of an unfunded actuarial accrued liability is not in itself bad, any more than a mortgage on a house is bad. An unfunded actuarial accrued liability does not represent a debt that is payable today. What is important is control of the amount of unfunded actuarial accrued liability and the trend in the amount (after due allowance for devaluation of the dollar from inflation and deliberate actions affecting the amount).

SECTION 5

DISCLOSURES AND SUPPLEMENTARY INFORMATION REQUIRED BY STATEMENT NO. 25 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

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

ACTUARIAL ACCRUED LIABILITY

The actuarial accrued liability is a measure intended to help users assess (i) a pension fund's funded status on a going concern basis, and (ii) progress being made toward accumulating the assets needed to pay benefits as due. Allocation of the actuarial present value of projected benefits between past and future service was based on service using the individual entry-age actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the System's level percent of payroll annual required contribution between entry-age and assumed exit age. Entry-age was established by subtracting credited service from current age on the valuation date.

The preceding methods comply with the financial reporting standards established by the Governmental Accounting Standards Board.

The entry age actuarial accrued liability was determined as part of an actuarial valuation of the plan as of June 30, 2009. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8.00% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually (4.0% attributable to inflation and 0.5% attributable to productivity), and (c) additional projected salary increases of 0.0% to 14.5% per year attributable to seniority/merit.

Actuarial Accrued Liability:

Active members	\$ 6,314,153,715
Retired members and beneficiaries currently receiving benefits	8,368,883,149
Vested terminated members not yet receiving benefits	225,242,336
Total Actuarial Accrued Liability	14,908,279,200
Actuarial Value of Assets (market value was \$8,781,021,140)	12,553,985,914
Actuarial Accrued Liability in excess of Assets	\$ 2,354,293,286

During the year ended June 30, 2009, the Plan experienced a net change of \$1,167,943,879 in the actuarial accrued liability. Of this change, \$206,212,011 was due to changes in actuarial assumptions and \$0 was due to plan changes.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended June 30,	Actuarial Valuation Date	Annual Required Contribution
2001	6/30/2000	\$196,544,110
2002	6/30/2001	204,734,125
2003	6/30/2002	213,712,566
2004	6/30/2003	206,835,702
2005	6/30/2004	219,163,952
2006	6/30/2005	235,066,020
2007	6/30/2006	256,298,224
2008	6/30/2007	292,578,920
2009	6/30/2008	302,068,680
2010	6/30/2009*	348,856,554

* Projected amount: Actual required contribution dollar amount will be based on the computed ARC of 16.04% and the actual pensionable payroll for the period.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
6/30/2000	\$ 7,522,348,007	\$ 7,112,379,662	\$(409,968,345)	105.8%	\$ 1,253,305,021	-
6/30/2001	8,302,819,833	7,876,574,893	(426,244,939)	105.4%	1,318,274,517	-
6/30/2002	8,763,443,681	8,498,751,682	(264,691,999)	103.1%	1,396,209,000	-
6/30/2003*	8,971,080,804	9,215,945,484	244,864,680	97.3%	1,437,357,206	17.0%
6/30/2004	9,267,268,071	9,950,224,296	682,956,225	93.1%	1,499,069,439	45.6%
6/30/2005#	9,997,484,609	10,902,768,775	905,284,166	91.7%	1,607,838,716	56.3%
6/30/2006	10,850,217,103	11,781,722,238	931,505,135	92.1%	1,774,918,446	52.5%
6/30/2007	12,032,214,874	12,962,480,229	930,265,355	92.8%	1,908,519,615	48.7%
6/30/2008	12,816,218,012	13,740,335,321	924,117,309	93.3%	1,965,064,160	47.0%
6/30/2009	12,553,985,916	14,702,067,189	2,148,081,273	85.4%	2,081,259,498	103.2%
6/30/2009#*	12,553,985,916 @	14,908,279,200	2,354,293,284	84.2%	2,081,259,498	113.1%

* Plan Change.

Assumption Changes.

@ Currently, the actuarial value (AV) of assets exceeds the market value by \$3,772,964,916. The AV of assets is based on a smoothing method which phases in the difference between the assumed rate of return and the actual rate of return each year over a four year period (see page 18).

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Valuation Date	June 30, 2009
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period#	30 years
Asset Valuation Method	4-year smoothed market
Actuarial Assumptions:	
Investment Rate of Return*	8.00%
Projected Salary Increases*	4.50% - 19.00%
*Includes Price Inflation at	4.00%
Cost-of-Living Adjustments	3.00%

The ARC is based on normal cost plus a 30-year amortization of UAAL. The current statutory employer rate is less than the ARC and results in a 111 year amortization.

October 27, 2009


Mr. Terry Slattery
Executive Director
New Mexico PERA
33 Plaza la Prensa
Santa Fe, New Mexico 87507

Dear Mr. Slattery:

Enclosed are 30 copies of the following June 30, 2009 actuarial valuation reports:

Public Employees Retirement Association (PERA)
Judicial Retirement Fund (JRF)
Magistrate Retirement Fund (MRF)
Volunteer Firefighters Retirement Fund (VFRF)
Legislative Retirement Fund (LRF)

Sincerely yours,



Kenneth G. Alberts

KGA:bd
Enclosures

cc: Mr. Kurt Weber, Deputy Executive Secretary (+ 1 report copy)
Ms. Mary Frederick, Deputy Executive Secretary (+ 1 report copy)
Ms. Susan Pittard, General Council (+ 1 report copy)
Ms. Renae Herndon, Comptroller (+ 1 report copy)
Moss Adams LLP (+ 1 report copy)
Attn: Ms. Julie Alliman
6100 Uptown Blvd., NE, Suite 400
Albuquerque, NM 87110