



# 2003

## ANNUAL REPORT SUPPLEMENT



Office of the State Comptroller  
Alan G. Hevesi



**New York State and Local Retirement System**

Employees' Retirement System

Police and Fire Retirement System

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**Please Note:**

To reduce printing costs, we have not included detailed lists of the New York State and Local Retirement System’s participating employers and assets. Instead, they can be found in the web version of this 2003 Annual Report Supplement (participating employers on pages 45–72, domestic and international stocks on pages 89–113, bonds on pages 114–122, mortgage holdings on pages 123–126, real estate investments on pages 127–128, alternative investments on pages 129–132 and short term investments on page 132). To see the complete lists, go to [www.osc.state.ny.us/retire/aboutus/aboutus.htm](http://www.osc.state.ny.us/retire/aboutus/aboutus.htm)

# FINANCIAL

## *New York State and Local Retirement System*

*Financial Statements and Required  
Supplementary Information  
Year Ended March 31, 2003 and  
Independent Auditors' Report*

## INDEPENDENT AUDITORS' REPORT

Trustee  
New York State and Local Retirement System:

We have audited the accompanying statement of plan net assets of the New York State and Local Retirement System (the "System") as of March 31, 2003, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the management of the System. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the plan net assets of the System as of March 31, 2003, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

During the year ended March 31, 2003 the System adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and GASB No. 38, *Certain Financial Statements and Note Disclosures*.

The Management's Discussion and Analysis and 2003 Required Supplementary Information as listed in the foregoing table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the System's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 2003 supplementary information. However, we did not audit the information and do not express an opinion on it. The Required Supplementary Information for the years ended March 31, 1998 through 2002 were reported on by other auditors whose report stated that they did not audit this information and did not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2003, on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



June 20, 2003

# NEW YORK STATE AND LOCAL RETIREMENT SYSTEM MANAGEMENT'S DISCUSSION AND ANALYSIS

The following overview of the financial activity of the New York State and Local Retirement System (the "System") for the fiscal year ended March 31, 2003 is intended to provide the reader with an analysis of the System's overall financial position. This Management's Discussion and Analysis (MD&A) should be read in conjunction with the basic financial statements of the System which follow and the 2003 Annual Report of the New York State and Local Retirement System and the Supplement to the Annual Report.

## Financial Highlights

- The net assets of the System held in trust to pay pension benefits was \$97,373 million as of March 31, 2003. This amount reflects a decrease of \$15,352 million from the prior fiscal year. This change is primarily the result of the net depreciation of the fair value of the investment portfolio.
- The System's funding objective is to meet long-term benefit obligations through member and employer contributions and investment earnings.

## Overview of the Financial Statements

The financial statements consist of the statement of plan net assets, statement of changes in plan net assets, and the notes to the financial statements. The required supplementary information that appears after the notes to the financial statements are not a required part of the financial statements but present supplementary information required by the Government Accounting Standards Board.

The statement of plan net assets includes information about the System's assets, liabilities and net assets as of the close of the System's fiscal year. This statement provides information about the fair value and composition of net assets.

The statement of changes in plan net assets presents the changes to the System's net assets for the fiscal year including investment income and losses from the investment portfolio and contributions from members and employers. Benefits paid and administrative expenses paid by the Systems are included under the deductions section of the statement.

The notes to the financial statements and the required supplementary information are an integral part of the basic financial statements and provide additional information about the Plans of the System, significant accounting policies and contributions and reserves to the System.

The required supplementary schedules include information about the aggregate actuarial funding method, which is utilized by the System to maintain a fully funded System, the cost of living adjustment recently made available to pensioners and significant actuarial assumptions used to determine employer contributions. In addition, the funding progress, with the actual employer contributions for the previous six years, is reported.

## Analysis of Overall Financial Position of the Systems

The purpose of the System's investments are to provide for the long-term growth, while also insuring a reliable cash flow that meets the funding requirements of the near-term pension obligation. To achieve these goals, the investments are efficiently allocated to a variety of asset types and strategies so that they meet the current funding needs and future growth requirements of the pension liability. Equity investments are included for their long-term return and growth characteristics, while fixed income assets are added to the allocation for their ability to control investment risk and provide for a reliable cash flow that meets the funding requirements of the pension payments.

## FINANCIAL STATEMENTS

### Statement of Plan Net Assets

as of March 31, 2003 as compared to March 31, 2002 follows:

	(In thousands)		Dollar Change	Percentage Change
	2003	2002		
<b>Assets:</b>				
Investments	\$ 95,598,305	\$ 111,168,496	\$ (15,570,191)	-14.0%
Securities lending collateral, invested	9,037,112	7,719,085	1,318,027	17.1%
Receivables and other assets	2,578,299	2,494,590	83,709	3.4%
Total assets	<u>107,213,716</u>	<u>121,382,171</u>	<u>(14,168,455)</u>	-11.7%
<b>Liabilities:</b>				
Securities lending collateral, due	9,037,112	7,719,085	1,318,027	17.1%
Other liabilities	803,935	938,193	(134,258)	-14.3%
Total liabilities	<u>9,841,047</u>	<u>8,657,278</u>	<u>1,183,769</u>	13.7%
Net assets held in trust for pension benefits	<u>\$ 97,372,669</u>	<u>\$ 112,724,893</u>	<u>\$ (15,352,224)</u>	-13.6%

The plan net assets of the System totaled \$97,372 million as of March 31, 2003, a decrease of \$15,352 million from the prior fiscal year.

The table below shows the detail of the invested assets portion of all plan assets. These invested assets totaled \$95,598 million as of March 31, 2003.

Investment Category	(In thousands)		Dollar Change	Percentage Change
	2003	2002		
Short-term investments	\$ 771,160	\$ 1,428,960	\$ (657,800)	-46.0%
Government bonds	21,732,943	21,959,421	(226,478)	-1.0%
Corporate bonds	10,286,738	9,879,806	406,932	4.1%
Domestic stocks	41,566,093	54,424,461	(12,858,368)	-23.6%
International stocks	9,790,937	11,951,067	(2,160,130)	-18.1%
Alternative investments	5,564,864	5,579,498	(14,634)	-0.3%
Real property	4,161,973	4,316,613	(154,640)	-3.6%
Mortgage loans	1,723,597	1,628,670	94,927	5.8%
Total investments	<u>\$95,598,305</u>	<u>\$111,168,496</u>	<u>\$(15,570,191)</u>	-14.0%

The largest contributor to the decline in invested assets of \$15,570 million was the domestic equity assets, which represented approximately 43% of the total investments and declined \$12,858 million from the previous fiscal year. International equity assets also contributed to the decrease. Representing approximately 10% of the total investments, international equity assets declined \$2,160 million from the previous fiscal year. The decline in these assets is primarily attributable to the continued decline in world equity markets.

## Statement of Changes in Plan Net Assets

for the year March 31, 2003 as compared to March 31, 2002 follows:

	(In thousands)			Percentage Change
	2003	2002	Dollar Change	
Additions:				
Net investment (loss) income	\$ (11,235,815)	\$ 2,730,952	\$ (13,966,767)	-511.4%
Total contributions	980,853	593,414	387,439	65.3%
Net additions	<u>(10,254,962)</u>	<u>3,324,366</u>	<u>(13,579,328)</u>	-408.5%
Deductions:				
Total benefits paid	(5,029,766)	(4,576,372)	(453,394)	9.9%
Administrative expenses	<u>(67,496)</u>	<u>(66,612)</u>	<u>(884)</u>	1.3%
Net deductions	<u>(5,097,262)</u>	<u>(4,642,984)</u>	<u>(454,278)</u>	9.8%
Net decrease	(15,352,224)	(1,318,618)	(14,033,606)	1064.3%
Net assets held in trust for pension benefits, beginning of year	<u>112,724,893</u>	<u>114,043,511</u>	<u>(1,318,618)</u>	-1.2%
Net assets held in trust for pension benefits, end of year	<u>\$ 97,372,669</u>	<u>\$ 112,724,893</u>	<u>\$ (15,352,224)</u>	-13.6%

The increase in total contributions is primarily due to increased contributions from employers for participation in retirement incentive programs and Section 803 costs.

The increase in total benefits paid is due to new retirees as a result of the retirement incentive program and the annual cost of living adjustment to benefits paid.

Offsetting a portion of the equity assets' decline is the increase of fixed income assets from the prior fiscal year. The \$275 million increase in fixed income assets is primarily attributable to the positive performance of the domestic fixed income market. The fixed income assets represent approximately 35% of the total assets.

Although it was a difficult year for equity investments, the fixed income assets added value by providing the cash required by the pension payments. By diversifying its assets, the System was able to meet its near-term obligations despite the negative results experienced by some of the investments.

### Economic Factors and Rates

As displayed by the tables above and related narrative discussion, during the System's 2002-2003 fiscal year, investments (particularly those in the domestic equity category) declined as a result of economic and market conditions. Like many investors, the Common Retirement Fund experienced negative returns for the year with a total return of -10.20%. This year's investment performance reflects uncertainty in the world's securities markets due to the war with Iraq, the corporate and accounting scandals and the continuing global economic slowdown that began two years ago. As an example of this long term slowdown, the S&P 500 Index, a measure of the five hundred largest American companies, lost 40% of its value for the three year period ending March 31, 2003. By diversifying into fixed income and real estate assets, both of which achieved positive returns for the



year, the Fund was able to counteract a portion of the negative returns experienced by the equity assets. Partially offsetting the Fund's domestic equity return of -24.79% last year, the fixed income portfolio returned 16.83%. Negative returns were also experienced by the international equity portfolio and private equity. They returned -22.36% and -9.26% respectively. Positive results were achieved by the real estate portfolio with a 12.68% return for the year.

Employer contribution rates, beginning in fiscal year 2003-2004, will be significantly influenced by recently enacted legislation. On May 14, 2003, Chapter 49 of the Laws of 2003 of the State of New York was enacted which makes the following changes to the System:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1<sup>st</sup> (e.g. billings due December of 2003 are based on the pension fund value as of March 31, 2002).
- Eliminates the State's ability to delay payment of the annual contribution effective in fiscal year 2004-2005.
- Allows one-time financing of State fiscal year 2004-2005 pension costs by permitting local governments to bond, over 5 years, any required contribution in excess of 7% of estimated salaries or to amortize required contributions in excess of 7% over a five year period.

Individual employers are billed based upon various factors including tiers of employees, plans and various options within each plan. However, as a result of this legislation and the pension fund value as of March 31, 2002 (which determines billings for the System's 2004 fiscal year) amounts billed to participating employers will increase.

### **Requests for Information**

This financial report is designed to provide a general overview of the New York State and Local Retirement System finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the New York State and Local Retirement System, 110 State Street, Albany, New York 12236-0001.

# NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

## STATEMENT OF PLAN NET ASSETS

MARCH 31, 2003

(In Thousands)

	Employees' Retirement System	Police and Fire Retirement System	Total
<b>ASSETS</b>			
<b>INVESTMENTS:</b>			
Short-term investments	\$ 652,774	\$ 118,386	\$ 771,160
Government bonds	18,396,582	3,336,361	21,732,943
Corporate bonds	8,707,556	1,579,182	10,286,738
Domestic stocks	35,185,021	6,381,072	41,566,093
Global stocks	8,287,869	1,503,068	9,790,937
Alternative investments	4,710,567	854,297	5,564,864
Real property owned	3,523,042	638,931	4,161,973
Mortgage loans	1,458,997	264,600	1,723,597
Total investments	80,922,408	14,675,897	95,598,305
Securities lending collateral, invested	7,649,768	1,387,344	9,037,112
Forward foreign exchange contracts	197,161	35,757	232,918
<b>RECEIVABLES:</b>			
Employers' contributions	447,128	56,161	503,289
Employees' contributions	19,007	104	19,111
Employees' loans	910,314	1,263	911,577
Accrued interest and dividends	504,538	91,502	596,040
Investment sales	137,292	24,899	162,191
Other	84,404	30,398	114,802
Total receivables	2,102,683	204,327	2,307,010
Other assets	32,480	5,891	38,371
Total assets	90,904,500	16,309,216	107,213,716
<b>LIABILITIES:</b>			
Securities lending collateral, due to borrowers	7,649,768	1,387,344	9,037,112
Forward foreign exchange contracts	196,804	35,692	232,496
Investment purchases	112,380	20,381	132,761
Benefits payable	202,789	24,118	226,907
Other liabilities	187,434	24,337	211,771
Total liabilities	8,349,175	1,491,872	9,841,047
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<u>\$ 82,555,325</u>	<u>\$14,817,344</u>	<u>\$ 97,372,669</u>

See notes to financial statements.

# NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

## STATEMENT OF CHANGES IN PLAN NET ASSETS YEAR ENDED MARCH 31, 2003 (In Thousands)

	Employees' Retirement System	Police and Fire Retirement System	Total
<b>ADDITIONS:</b>			
Investment income (loss):			
Interest income	\$ 1,413,451	\$ 257,298	\$ 1,670,749
Dividend income	677,605	123,348	800,953
Security lending income	144,582	26,321	170,903
Net depreciation in fair value of investments	(11,583,594)	(2,109,460)	(13,693,054)
Other income	77,533	14,114	91,647
	<u>(9,270,423)</u>	<u>(1,688,379)</u>	<u>(10,958,802)</u>
Less securities lending expenses	(126,017)	(22,940)	(148,957)
Less investment expenses	<u>(108,335)</u>	<u>(19,721)</u>	<u>(128,056)</u>
Net investment loss	<u>(9,504,775)</u>	<u>(1,731,040)</u>	<u>(11,235,815)</u>
<b>CONTRIBUTIONS:</b>			
Employers	583,217	68,714	651,931
Employees	214,131	5,061	219,192
Interest on accounts	9,130	797	9,927
Other	94,869	4,934	99,803
Total contributions	<u>901,347</u>	<u>79,506</u>	<u>980,853</u>
Net additions	<u>(8,603,428)</u>	<u>(1,651,534)</u>	<u>(10,254,962)</u>
<b>DEDUCTIONS:</b>			
Benefits paid:			
Retirement allowances	(4,028,327)	(807,879)	(4,836,206)
Death benefits	(132,503)	(15,869)	(148,372)
Other	(41,394)	(3,794)	(45,188)
Total benefits paid	<u>(4,202,224)</u>	<u>(827,542)</u>	<u>(5,029,766)</u>
Administrative expenses	<u>(59,149)</u>	<u>(8,347)</u>	<u>(67,496)</u>
Total deductions	<u>(4,261,373)</u>	<u>(835,889)</u>	<u>(5,097,262)</u>
Net decrease	(12,864,801)	(2,487,423)	(15,352,224)
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS—Beginning of year</b>			
	<u>95,420,126</u>	<u>17,304,767</u>	<u>112,724,893</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS—End of year</b>			
	<u>\$ 82,555,325</u>	<u>\$14,817,344</u>	<u>\$ 97,372,669</u>

See notes to financial statements.

**NEW YORK STATE AND LOCAL RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2003**

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**1. DESCRIPTION OF PLANS**

The Comptroller of the State of New York serves as sole trustee of the Common Retirement Fund (Fund) and administrative head of the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS), and the Public Employees' Group Life Insurance Plan (GLIP). GLIP provides death benefits in the form of life insurance. These entities are collectively referred to as the New York State and Local Employees' Retirement System or the "System". All net assets of the System are held in the Common Retirement Fund which was established to hold all net assets and changes in net plan assets allocated to the System. In these statements, GLIP amounts are apportioned and included in either ERS or PFRS.

System benefits are provided under the provisions of the New York State Retirement and Social Security Law and are guaranteed by the State Constitution. Once a public employer elects to participate in the System, the election is irrevocable. The System cannot be terminated and plan benefits cannot be diminished or impaired. Benefits can be reduced for future members only by an act of the State Legislature.

Generally, members of the System are employees of New York State (the State) and employees of its municipalities, other than New York City. Employees of non-State participating employers constituted approximately 63% for ERS and 84% for PFRS of the April 1, 2002 System' membership.

The ERS and the PFRS are cost-sharing multiple-employer defined benefit pension plans. At March 31, 2003, there were 2,968 participating government employers in the System, including the State.

The number of members and benefit recipients as of April 1, 2002, the date of the most recent actuarial valuation, were:

	<b>ERS</b>	<b>PFRS</b>	<b>Total</b>
Retirees and beneficiaries currently receiving benefits	280,997	25,607	306,604
Inactive members vested	49,447	1,819	51,266
Active members	<u>552,981</u>	<u>33,649</u>	<u>586,630</u>
	<u>883,425</u>	<u>61,075</u>	<u>944,500</u>

Membership, benefits, and employer and employee obligations to contribute are described in the New York State Retirement and Social Security Law and are outlined as follows:

**Membership Tiers**—Pension legislation enacted in 1973, 1976, and 1983 established distinct classes of membership. For convenience, the System use a tier concept to distinguish these groups, generally:

Tier 1—Those persons who last became members of the ERS before July 1, 1973 or PFRS before July 31, 1973.

Tier 2—The ERS – those persons who last became members on or after July 1, 1973, but before July 27, 1976; or PFRS – those persons who became members on or after July 31, 1973.

Tier 3—The ERS – generally those persons who are State correction officers who last became members on or after July 27, 1976, and all others who last became members on or after July 27, 1976, but before September 1, 1983.

Tier 4—The ERS – generally, except for correction officers, those persons who last became members on or after September 1, 1983.

**Vesting**—Members with 5 years or more of service are 100% vested.

**Benefits**—

(1) Tier 1 and Tier 2

Most Tier 1 and Tier 2 members are on a plan with minimum retirement age of 55 which provides for 1.67% of final average salary for each year of service less than 20 years. Generally, the benefit with more than 20 years is 2% of final average salary for each year of service. Tier 2 members retiring between age 55 to age 62, with less than 30 years of service receive reduced benefits. As a result of Article 19 of the Retirement and Social Security Law, eligible Tier 1 and Tier 2 members, whose date of membership is prior to July 27, 1976, will receive an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 months.

(2) Tier 3 and Tier 4

Except for Tier 3 correction officers, generally the benefit is 1.67% of final average salary for each year of service if the service is less than 20 years. For 20 to 30 years service, the benefit is 2% of final average salary. An additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. A member must be age 62 with 5 years of service or at least age 55 with 30 years service to retire with full benefits. Reduced retirement benefits are available if retirement occurs from age 55 to 62.

(3) Special Plans

The 25 Year Plans allow a retirement after 25 years of service of one-half of final average salary and the 20 Year Plans allow a retirement after 20 years of service of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

(4) Ordinary Disability Benefits

Generally, ordinary disability benefits, usually 1/3 of salary, are provided after 10 years of service; in some cases, after 5 years.

(5) Accidental Disability Benefits

For all eligible Tier 1 members and Tier 2 ERS members, the benefit is a pension of 75% of final average salary with offset for any worker's compensation benefits received. For Tier 2 PFRS members, the benefit is a pension of 75% of final average salary with offset for any worker's compensation benefits received and other certain limitations. The Tier 3 and Tier 4 benefit is the ordinary benefit with the years of service eligibility requirement dropped.

## (6) Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times salary. For most members there is also a reduced post-retirement death benefit.

## (7) Post-retirement Benefit Increases

A cost of living adjustment is provided to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners regardless of age who have been retired for five years; and (iv) ERS recipients of an Accidental Death Benefit regardless of age who have been receiving such benefit for five years. This cost of living adjustment is a percentage of the annual retirement allowance of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement allowance. The cost of living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of Accounting***— The accompanying financial statements are prepared using the accrual basis of accounting. Revenue is recognized when earned and liabilities are recognized when incurred. Employer contributions are recognized when billed. The amounts shown on the financial statements are allocated between ERS and PFRS based on each system's equity in the Common Retirement Fund.

***Adoption of New Accounting Standards***—In June 1999, the Government Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments* (GASB 34). In June 2001, the GASB issued Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* (GASB 37), which amended certain provisions of GASB 34 and in June 2001, the GASB issued Statement No. 38, *Certain Financial Statements and Note Disclosures* (GASB 38).

During the fiscal year ended March 31, 2003, the System adopted GASB Statements 34, 37, and 38. The adoption of these GASB Statements required the System to include a presentation of Management's Discussion and Analysis (MD&A). The MD&A is considered to be supplementary information and precedes the financial statements.

The adoption of GASB Statements 34, 37 and 38 did not have an impact on the System's financial statements.

***Investments***—Investments are reported at fair value. Stocks traded on a national or international exchange are reported at market value at current exchange rates. Bonds are reported at market values obtained from independent pricing services. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals made every three years. Investments that do not have an established market are reported at estimated fair value. The Fund trades in foreign exchange contracts in the normal course of its investing activities in order to manage exposure to market risks. Such contracts, which are generally for a period of less than one year, are used to purchase and sell foreign currency at a guaranteed future price. These contracts are recorded at market value using foreign currency exchange rates.

Investments are held by the Fund or its custodial agent in the name of the State Comptroller as trustee. Investments of the Fund are categorized by the level of custodial credit risk (the risk that a counter party to

an investment transaction will not fulfill its obligations). All investments of the Fund, other than those that can not be categorized, are designated as Category 1, the lowest risk, which includes investments that are insured or registered or for which the securities are held by the Fund or its agent in the Fund's name.

**Securities Lending**—Section 177-D of the New York State Retirement and Social Security Law authorizes the Fund to enter into security loan agreements with broker/dealers and New York state or national banks. The Fund has designated its master custodian bank to manage a securities lending program. This program is subject to a written contract between the Fund and the Custodian who acts as Security Lending Agent for the Fund. The Custodian is authorized to lend securities within the borrower limits and guidelines established by the Fund. Types of collateral received from borrowers for securities loaned are cash and government securities. The Custodian is authorized to invest the cash collateral in short term investments that are legal for the Fund. These include domestic corporate and bank notes, U.S. Treasuries, obligations of federal agencies, and repurchase agreements. All rights of ownership to government securities pledged as collateral remain with the borrower except in the event of default. The Fund has not experienced any losses resulting from the default of a borrower or lending agent during fiscal year 2002-2003 or in the history of the program.

The Fund lends domestic fixed income, domestic equity, and international equity securities to brokers/dealers approved by the Fund. Collateral for securities loaned equals 102% of fair market value for domestic securities and 105% for international securities. Investment guidelines provided to the Custodian by the Fund minimize the risk that the cash collateral could be invested in securities which may default. The Custodian acknowledges responsibility to reimburse the Fund for losses which might arise from managing the program in a manner inconsistent with the contract. The Fund manages its credit risk by recording investments at market value daily and maintaining the value of the collateral held by the Fund in excess of the value of the securities loaned. At March 31, 2003, the Fund had no credit risk resulting from Securities Lending.

All security loans can be terminated on demand by either the Fund or borrower. The average term of the open security loans is one day while the overall average term to maturity of invested collateral for the Fund's open loans is 14 days. To provide sufficient liquidity, the policy of the Fund is to maintain a minimum of 10% of collateral in overnight investments.

**Deposits**—Funds are authorized to be deposited in checking accounts or interest bearing accounts including certificates of deposit. Bank deposits are insured or collateralized with securities held by New York State or its agent in the name of the State Comptroller. Collateralization is reviewed by the Office of the State Comptroller on an ongoing basis. The Fund requires collateralization based on average daily available bank balances. The use of average daily available balances to determine collateral requirements results in the available balances being under collateralized at various times during the fiscal year. At March 31, 2003, the Fund bank deposits were fully insured or collateralized.

**Member Loan Programs**—Members are entitled to participate in a loan program that allows them to borrow up to 75% of their member contributions. Repayment of outstanding amounts is generally made through payroll deductions within five years. The interest rate charged for member loans is fixed at 1% below the actuarial interest rate at the time the loan is granted. The current loan rate as of March 31, 2003, was 7%.

**Benefits Payable**—Benefits payable represent payments due on account of death and retirement on or before March 31, 2003, for which final calculations had not been completed and paid as of that date.

**Other Liabilities**—Other liabilities include a cash managed balance maintained on a daily basis which represents disbursements issued on previous business days which are funded when presented for payment at the issuing bank.

**Market Risk Factors**—The System invests in various securities including U.S. Government securities, corporate debt instruments, domestic and international equity investments and various other securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in the values of investment securities could occur in the near term and that such change could materially affect the amounts reported in the statement of net plan assets.

**Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingencies. Estimates also affect the reported amounts of income/additions and expenses/deductions during the reporting period. Actual results could differ from those estimates.

### 3. CONTRIBUTIONS

**Contributions Required**—Participating employers are required under the New York State Retirement and Social Security Law to contribute annually to the System.

**Funding Policy**—The funding of the System is accomplished through member and employer contributions and the investment earnings on these contributions, according to the New York State Retirement and Social Security Law. The aggregate actuarial funding method is used by the System.

Generally, participating employers that have adopted the same benefit plans contribute at the same rate of payroll. The total employer contribution rate as a percentage of salary includes rates for administrative expenses, GLIP, and supplemental benefits. GLIP is a one year term insurance plan. Consequently the GLIP rates are determined so as to pay for the current year's GLIP costs. Similarly, the administrative rates are determined so as to pay the current year's administrative expenses. Employers may make other contributions due to legislation, such as retirement incentives, the 17 year amortization (discussed in (e) below), and deficiency payments (which an employer may incur when joining the System and are payable for up to 25 years). The average employer contribution rates below exclude certain contributions such as the 17 year amortization. The average employer contribution rate for PFRS for fiscal year ended March 31, 2003, was approximately 1.4% of payroll. The average contribution rate for ERS for fiscal year ended March 31, 2003, including incentive contributions, was approximately 1.5% of payroll.

Employer contribution rates, beginning in fiscal year 2003-2004, will be significantly influenced by recently enacted legislation. On May 14, 2003, Chapter 49 of the Laws of 2003 of the State of New York was enacted which makes the following changes to the System:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1<sup>st</sup> (e.g. billings due December of 2003 are based on the pension fund value as of March 31, 2002).
- Eliminates the State's ability to delay payment of the annual contribution effective in fiscal year 2004-2005.
- Allows one-time financing of State fiscal year 2004-2005 pension costs by permitting local governments to bond, over 5 years, any required contribution in excess of 7% of estimated salaries or to amortize required contributions in excess of 7% over a five year period.

Individual employers are billed based upon various factors including tiers of employees, plans and various options within each plan. However, as a result of this legislation and the pension fund value as of



March 31, 2002 (which determines billings for the System's 2004 fiscal year) amounts billed to participating employers will increase.

**Required Contribution Rates**—Tier 3 and 4 members must contribute 3% of their salary. As a result of Article 19, of the Retirement and Social Security Law, eligible Tier 3 and Tier 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with a System, are not required to contribute. Less than 1% of other members are contributory. Members cannot be required to begin making contributions or make increased contributions beyond what was required when membership began.

**Retirement Incentives**—During each of the fiscal years 2000 and 2002, early retirement incentives were offered to members of the System. Employers were allowed to pay the cost immediately or amortize it over 5 years.

**Contributions Receivable**—Employers' contributions receivable are presented net of withdrawals, refunds, advance employer payments, and credits due employers.

Incentive program costs receivable from New York State as of March 31, 2003 totaled \$205 million. As a result of the enactment of Chapter 62, Laws of 1989, employer contributions due from participating employers other than the State for the fiscal years ended March 31, 1989 and 1988, are to be amortized over 17 years, with the initial payment paid December 15, 1989. The net balance of these amounts receivable from participating employers other than New York State is approximately \$16 million. In addition, other receivable amounts include \$200 million for the incentive program, \$2 million for Section 803 costs, and \$64 million for new plan adoptions.

Annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. With regards to the above receivables, for fiscal year ended March 31, 2003, the applicable interest rate was 8%. Interest on amounts amortized over a fixed number of years remains at the fixed rate in effect at the time the payment schedule was established.

#### 4. SYSTEM RESERVES

The legally required reserves maintained by the System are fully funded and are described below:

**Pension Reserve Funds**—The funds from which pensions are paid, totaled \$32,199 million for ERS and \$7,074 million for PFRS, as of March 31, 2003.

**Annuity Reserve Funds**—The fund from which member contribution annuities are paid. The balance at March 31, 2003 for ERS was \$191 million and \$18 million for PFRS.

There are certain other additional funds maintained by the System.

#### 5. CONCENTRATIONS

Section 177 of the New York State Retirement and Social Security Law establishes limits for the various investments held by the Fund. No investments in any one organization represent 5% of Fund net assets.

#### 6. CONTINGENCIES

The System is a defendant in litigation involving individual benefit payments, participant eligibility and other issues arising from its normal activities. Management of the System believes there will be no material adverse effect on the basic financial statements as a result of the outcome of these matters.

**NEW YORK STATE AND LOCAL RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS  
YEAR ENDED MARCH 31, 2003 (UNAUDITED)**

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The System use the aggregate actuarial funding method which does not identify or separately amortize unfunded actuarial liabilities, therefore no schedule of funding progress is provided. The average employer contribution rates below exclude certain contributions such as the 17 year amortization. The average employer contribution rate for PFRS for fiscal year ended March 31, 2003 was approximately 1.4% of payroll. The average contribution rate for ERS for fiscal year ended March 31, 2003, including incentive contributions, was approximately 1.5% of payroll.

Section 78 of the Retirement and Social Security Law provides for a cost of living adjustment to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners regardless of age who have been retired for five years; and (iv) ERS recipients of an Accidental Death Benefit regardless of age who have been receiving such benefit for five years. This cost of living adjustment is a percentage of the annual retirement allowance of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement allowance. The cost of living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor.

Significant actuarial assumptions used in the April 1, 2002 valuation to determine employer contributions for the year ended March 31, 2003 were:

Interest rate		8%
Salary scale	ERS	5.9%
	PFRS	6.9%
Decrement tables	4/1/95-3/31/00 System' experience	
Inflation rate		3.0%

The actuarial asset value for domestic bonds and mortgages is amortized value. Short-term investments are at market value. All other investments use a five year moving average of market values method assuming a 7% rate of expected appreciation. This method immediately recognizes regular investment income (interest and dividends) while phasing in unexpected appreciation/depreciation over a five year period. It treats realized and unrealized gains (or losses) in the same manner.

**NEW YORK STATE AND LOCAL RETIREMENT SYSTEM**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**(UNAUDITED) (In Thousands)**

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**Employees Retirement System  
Employer Contributions**

Year ended March 31	<u>Annual Required Contributions</u>			Percentage Contribution
	New York State	Local Employers	Total	
1998	\$ 68,867	\$ 268,643	\$ 337,510	100%
1999	41,468	193,202	234,670	100%
2000	7,568	74,546	82,114	100%
2001	14,443	111,331	125,774	100%
2002	57,462	196,951	254,413	100%
2003	265,662	317,555	583,217	100%

For fiscal year ended March 31, 2002, the Annual Required Contributions (ARC) exceeded the Employers' Contributions as shown on the statement of Changes in Plan Net Assets due to a prior year adjustment.

**Police and Fire Retirement System  
Employer Contributions**

Year ended March 31	<u>Annual Required Contributions</u>			Percentage Contribution
	New York State	Local Employers	Total	
1998	\$ 10,298	\$ 114,767	\$ 125,065	100%
1999	1,056	50,956	52,012	100%
2000	308	49,387	49,695	100%
2001	1	38,339	38,340	100%
2002	304	35,464	35,768	100%
2003	8,712	60,002	68,714	100%

The ARC includes the employers' normal cost, the GLIP amounts, and other supplemental amounts amortized over the collection period. In addition, due to statutory contribution provisions, State contributions may vary from the ARC to allow for under/over payment of amounts for a one year period.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Trustee  
New York State and Local Retirement System:

We have audited the financial statements of New York State and Local Retirement System (the "System"), as of and for the year ended March 31, 2003, and have issued our report thereon dated June 20, 2003, which contained an explanatory paragraph regarding the adoption of GASB Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Trustee and management and is not intended to be and should not be used by anyone other than these specified parties.

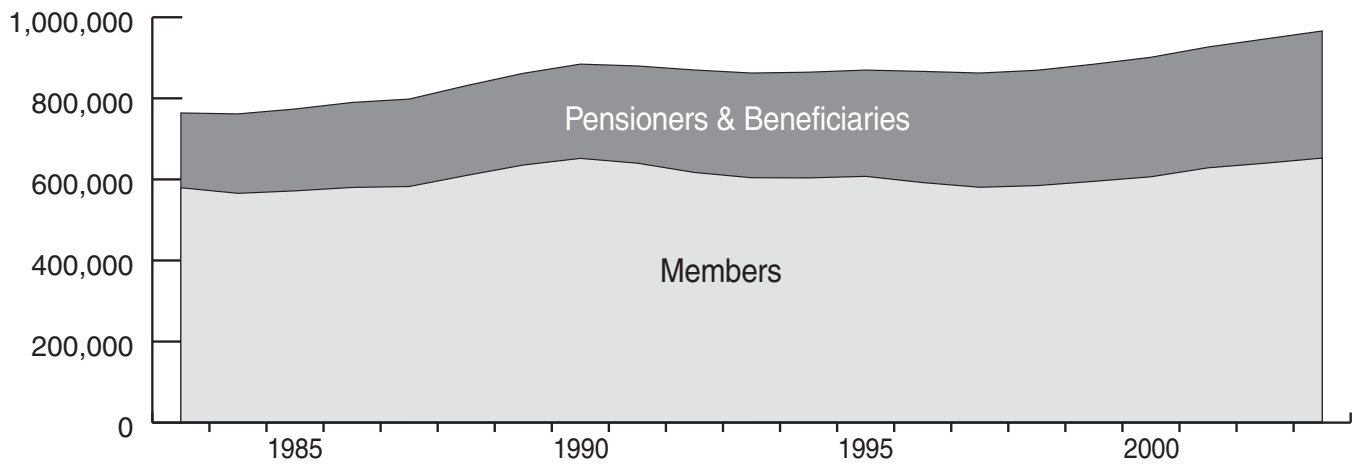


June 20, 2003



# STATISTICAL

## ■ Combined Systems Participants



Fiscal Year	Members	% Changed	Pensioners & Beneficiaries	% Changed	Total Participants	% Changed
1984	563,660	(2)	195,945	6	759,605	*
1985	569,729	1	201,964	3	771,693	2
1986	578,174	1	209,686	4	787,860	2
1987	580,474	*	215,703	3	796,177	1
1988	607,649	5	221,594	3	829,243	4
1989	633,468	4	226,261	2	859,729	4
1990	649,847	3	232,563	3	882,410	3
1991	638,049	(2)	239,835	3	877,884	(1)
1992	615,114	(4)	252,812	5	867,926	(1)
1993	602,133	(2)	258,294	2	860,427	(1)
1994	601,710	*	260,788	1	862,498	*
1995	605,544	1	262,187	1	867,731	1
1996	590,130	(3)	274,330	5	864,460	0
1997	578,566	(2)	281,863	3	860,429	0
1998	582,689	1	284,515	1	867,204	1
1999	593,188	2	289,046	2	882,234	2
2000	604,479	2	294,835	2	899,314	2
2001	626,565	4	298,078	1	924,643	3
2002	637,896	2	306,604	3	944,500	2
2003	650,543	2	313,597	2	964,140	2

\*Less than 1%

# Membership by Age and Years of Service

As of March 31, 2003

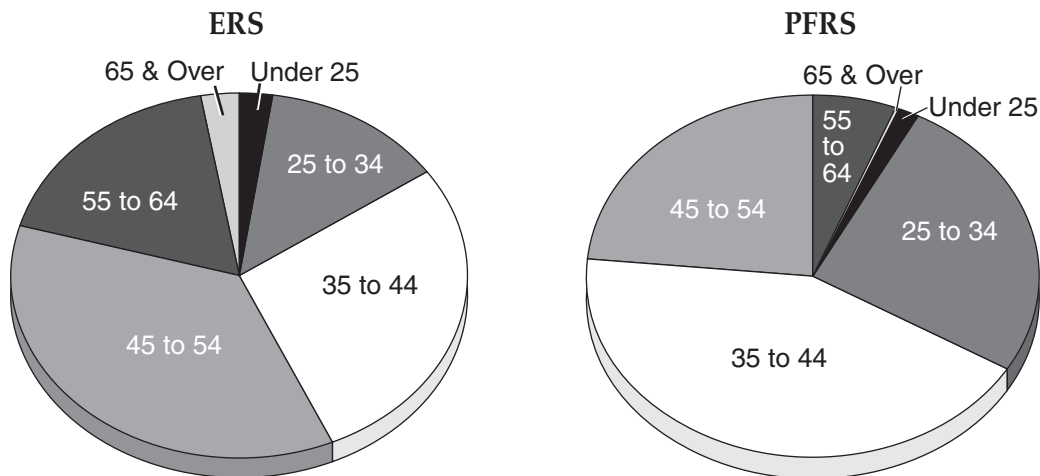
## ERS

Age	Years of Service											
	Total		0-4		5-9		10-19		20-29		30 & Over	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total	614,555	100.00	177,537	28.89	106,462	17.32	196,451	31.97	101,349	16.49	32,756	5.33
Under 25	14,339	2.33	13,939	2.27	400	0.07	0	0.00	0	0.00	0	0.00
25-34	80,036	13.02	51,305	8.35	21,554	3.51	7,177	1.17	0	0.00	0	0.00
35-44	171,718	27.94	54,819	8.92	35,070	5.71	68,187	11.10	13,642	2.22	0	0.00
45-54	221,928	36.11	40,721	6.63	33,203	5.40	76,293	12.41	56,442	9.18	15,269	2.48
55-64	109,791	17.87	14,643	2.38	13,899	2.26	38,730	6.30	27,281	4.44	15,238	2.48
65 & Over	16,743	2.72	2,110	0.34	2,336	0.38	6,064	0.99	3,984	0.65	2,249	0.37

## PFRS

Age	Years of Service											
	Total		0-4		5-9		10-19		20-29		30 & Over	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total	35,988	100.00	7,124	19.80	6,024	16.74	14,333	39.83	6,032	16.76	2,475	6.88
Under 25	558	1.55	555	1.54	3	0.01	0	0.00	0	0.00	0	0.00
25-34	9,304	25.85	4,847	13.47	3,269	9.08	1,188	3.30	0	0.00	0	0.00
35-44	15,463	42.97	1,496	4.16	2,426	6.74	10,633	29.55	908	2.52	0	0.00
45-54	8,450	23.48	184	0.51	264	0.73	2,324	6.46	4,637	12.88	1,041	2.89
55-64	2,146	5.96	39	0.11	50	0.14	179	0.50	483	1.34	1,395	3.88
65 & Over	67	0.19	3	0.01	12	0.03	9	0.03	4	0.01	39	0.11

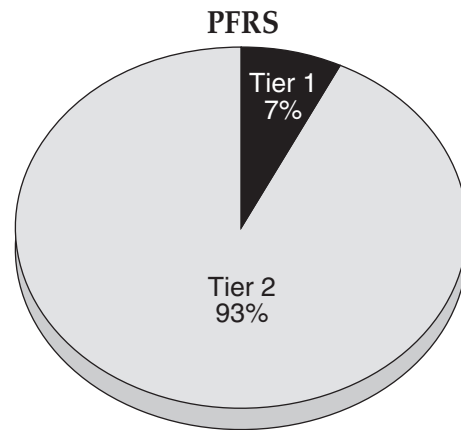
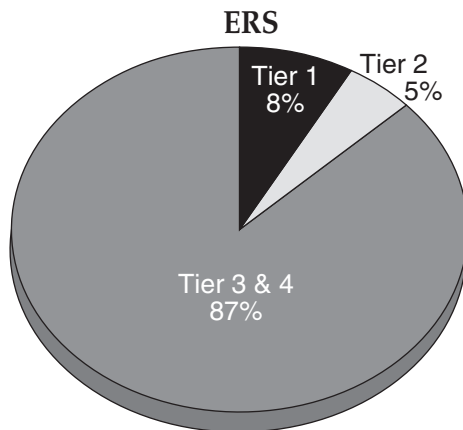
## Chart of Distribution by Age



## ■ Membership by Tier

As of March 31, 2003

	<u>ERS</u>		<u>PFRS</u>		<u>Total</u>	
	Number	Percent	Number	Percent	Number	Percent
Tier 1	50,032	8%	2,597	7%	52,629	8%
Tier 2	30,122	5%	33,391	93%	63,513	10%
Tier 3 & 4	534,401	87%	—	—	534,401	82%
<b>Total</b>	<b>614,555</b>	<b>100%</b>	<b>35,988</b>	<b>100%</b>	<b>650,543</b>	<b>100%</b>



## ■ Membership by Status

	<b>ERS</b>			<b>PFRS</b>		
	Active	Inactive	Total	Active	Inactive	Total
1994	486,485	79,835	566,320	31,083	4,307	35,390
1995	492,006	77,292	569,298	31,733	4,513	36,246
1996	481,901	71,748	553,649	31,874	4,607	36,481
1997	474,697	68,966	543,663	31,735	3,168	34,903
1998	478,508	69,297	547,805	31,912	2,972	34,884
1999	486,781	71,455	558,236	32,067	2,885	34,952
2000	494,545	74,824	569,369	31,955	3,155	35,110
2001	507,037	83,922	590,959	32,220	3,386	35,606
2002	512,209	90,219	602,428	32,321	3,147	35,468
2003	502,872	111,683	614,555	32,419	3,569	35,988

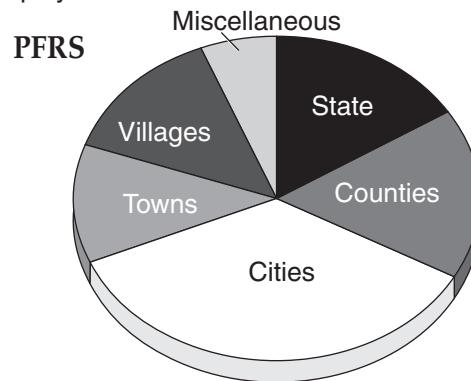
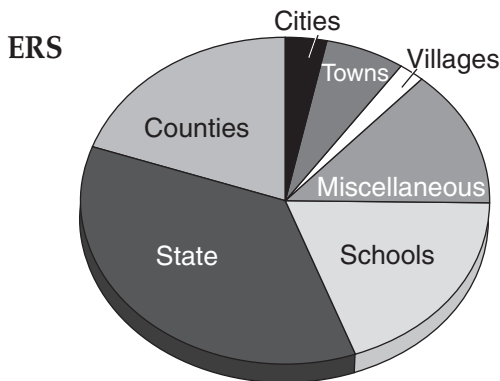


## ■ Membership by Employer Type

As of March 31, 2003

	ERS		PFRS		TOTAL		NUMBER OF EMPLOYERS	
	Total*	Active	Total*	Active	Total*	Active	ERS	PFRS
State	216,005	176,711	5,802	5,223	221,807	181,934	1	1
Counties	119,319	95,705	5,901	5,531	125,220	101,236	57	4
Cities	19,637	15,716	12,541	11,577	32,178	27,293	61	61
Towns	39,395	33,218	4,233	3,750	43,628	36,968	902	203
Villages	12,823	10,453	4,867	3,911	17,690	14,364	487	381
Misc.	85,708	69,005	2,644	2,427	88,352	71,432	735	31
Schools	121,668	102,064	—	—	121,668	102,064	700	0
<b>Total</b>	<b>614,555</b>	<b>502,872</b>	<b>35,988</b>	<b>32,419</b>	<b>650,543</b>	<b>535,291</b>	<b>2,943</b>	<b>681</b>

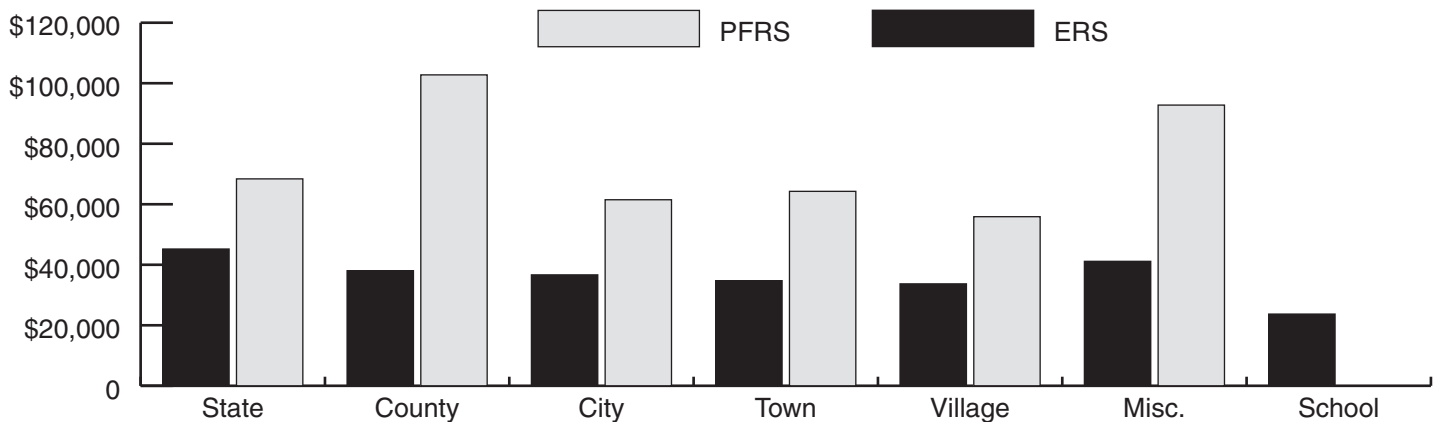
\*Total includes inactive members identified with their last employer as active members.



## ■ Average Salary by Employer Type

Fiscal year ending March 31, 2003

ERS	Average Salary	Members*	Total Salaries	PFRS	Average Salary	Members*	Total Salaries
	State	\$45,207	176,711		\$7,988,607,273	State	\$68,390
Counties	38,036	95,705	3,640,234,985	Counties	102,763	5,531	568,383,582
Cities	36,670	15,716	576,305,920	Cities	61,490	11,577	711,871,241
Towns	34,736	33,218	1,153,851,716	Towns	64,266	3,750	240,996,294
Villages	33,698	10,453	352,249,930	Villages	55,890	3,911	218,585,442
Misc	41,136	69,005	2,838,585,750	Misc	92,779	2,427	225,175,339
Schools	23,703	102,064	2,419,212,881	<b>Total</b>	<b>\$71,631</b>	<b>32,419</b>	<b>\$2,322,214,651</b>
<b>Total</b>	<b>\$37,721</b>	<b>502,872</b>	<b>\$18,969,048,455</b>	*Active members receiving salary.			



## ■ Members and Salaries by Plan: ERS

As of March 31, 2003

	<b>Tier 1</b>	<b>Tier 1 Salaries</b>	<b>Tier 2</b>	<b>Tier 2 Salaries</b>
Age 55/60 Contributory	18	\$558,422	15	\$454,084
Age 55 75-c	183	5,430,184	161	4,815,214
Age 55 75-e	50	1,528,693	50	1,578,098
Age 55 75-g	519	19,765,479	345	14,058,515
Age 55 75-h	16,336	910,684,517	9,968	549,180,983
Age 55 75-i	16,652	777,499,451	11,551	531,725,764
Reg CO/SHTA 3/4 Dis	53	3,433,235	11	729,801
Corr Off 89	638	41,235,841	555	34,372,362
Sheriffs 89-a	20	1,172,610	4	133,164
Sheriffs 89-b	45	3,028,475	18	1,109,836
Sheriffs 89-b(m)	30	1,970,076	8	408,210
Investigators 89-d	1	124,649	2	139,572
Investigators 89-d(m)	10	1,160,902	2	168,833
Sheriffs - 551	6	337,560	23	1230363
Sheriffs - 551e	0	0	4	221,834
Sheriffs - 552	9	507,243	16	899,720
Sheriffs - 553	43	3,112,027	66	4,615,958
Legislators 80-a	92	6,664,350	5	287,519
Unified Crt Pc Off	0	0	299	22,608,887
25-yr CO/Sher/OMH	208	14,756,106	192	13,095,656
25-yr 1/60 PO, AMT, PAR	59	4,864,030	26	2,009,114
	<b>Tier 3 &amp; 4</b>	<b>Tier 3 &amp; 4 Salaries</b>		
Article 14 & 15	407,644	\$14,055,022,479		
Reg CO/SHTA 3/4 Dis	332	16,305,521		
Art 14 Corr Officer	21,131	1,059,972,554		
Sheriffs - 551	350	17182526		
Sheriffs - 551e	41	1,808,466		
Sheriffs - 552	530	25,202,841		
Sheriffs - 553	1,234	72,901,303		
Unified Crt Pc Off	5,196	291,195,487		
25-yr CO/Sher/OMH	7,937	434,127,063		
25-yr 1/60 PO, AMT, PAR	143	9,560,712		
20-yr 1/60 Invest	17	1,705,725		
West. Co. C.I.	24	2,386,414		

## ■ Members and Salaries by Plan: PFRS

As of March 31, 2003

	<b>Tier 1</b>	<b>Tier 1 Salaries</b>	<b>Tier 2</b>	<b>Tier 2 Salaries</b>
Age 55/60 Contributory	3	\$19,636	75	\$647,483
Age 55 375-c	9	259,514	462	6,884,956
Age 55 375-e	0	0	62	760,938
Age 55 375-g	8	453,641	140	2,836,427
Age 55 375-h	32	2,319,898	6	417,287
Age 55 375-i	73	5,930,574	322	10,617,320
Age 55 375-j	2	211,572	9	438,873
State Police 381-b	91	8,059,641	4,382	308,813,277
Reg Park Pol 383-a	19	1,409,134	299	12,981,529
Encon Police 383-b	12	867,139	268	15,822,353
Forest Ranger 383-c	2	131,937	112	6,380,554
25-Yr Contributory	0	0	2	22,750
25-Yr Non-Contributory	16	896,583	128	4,477,455
25-Yr 384(f) Contributory	0	0	0	0
25-Yr 384(f) Non-Contributory	47	3,203,703	208	12,955,354
20-Yr Contributory	0	0	5	55,656
20-Yr Non-Contributory	512	40,254,587	9,555	570,698,243
384-e Contributory	0	0	0	0
384-e Non-Contributory	1,298	136,648,878	14,260	1,166,737,746

## ■ Pensioners and Beneficiaries by Age

As of March 31, 2003

ERS				PFRS			
Age	Pensioners & Beneficiaries	Pensioners	Beneficiaries	Age	Pensioners & Beneficiaries	Pensioners	Beneficiaries
0-25	152	0	152	00-25	13	0	13
26-30	92	0	92	26-30	7	2	5
31-35	209	24	185	31-35	41	32	9
36-40	497	256	241	36-40	195	179	16
41-45	1,357	923	434	41-45	390	363	27
46-50	2,410	1,859	551	46-50	1,246	1,205	41
51-55	6,440	5,595	845	51-55	3,373	3,295	78
56-60	32,509	31,207	1,302	56-60	5,278	5,168	110
61-65	41,927	40,177	1,750	61-65	4,792	4,677	115
66-70	48,431	45,964	2,467	66-70	3,563	3,412	151
71-75	48,723	45,369	3,354	71-75	3,203	3,005	198
76-80	44,787	40,328	4,459	76-80	2,400	2,176	224
81-85	33,123	28,899	4,224	81-85	1,118	943	175
86-90	18,571	15,643	2,928	86-90	474	347	127
91-95	6,702	5,329	1,373	91-95	136	76	60
96-100	1,267	968	299	96-100	23	10	13
100+	144	104	40	100+	4	1	3
<b>Totals</b>	<b>287,341</b>	<b>262,645</b>	<b>24,696</b>	<b>Totals</b>	<b>26,256</b>	<b>24,891</b>	<b>1,365</b>

## ■ Pension Benefits by State of Residence

Total dollars per month as of March 31, 2003

State	Recipients	Benefits	State	Recipients	Benefits	State	Recipients	Benefits
Alabama	519	\$554,222	Louisiana	140	\$139,731	Oklahoma	131	\$108,791
Alaska	38	32,127	Maine	477	522,493	Oregon	209	194,148
Arizona	2,205	2,484,247	Maryland	1,084	1,138,446	Pennsylvania	2,839	3,309,631
Arkansas	128	111,277	Massachusetts	1,238	1,269,692	Puerto Rico	432	365,145
California	2,377	2,078,420	Michigan	305	251,932	Rhode Island	181	182,217
Colorado	595	611,873	Minnesota	126	108,047	South Carolina	2,507	3,181,515
Connecticut	1,492	1,747,422	Mississippi	140	148,314	South Dakota	28	24,563
Delaware	298	388,521	Missouri	213	211,828	Tennessee	711	786,025
Florida	30,750	35,644,201	Montana	79	89,593	Texas	1,202	1,129,007
Georgia	1,721	1,850,082	Nebraska	50	31,386	Utah	95	75,697
Guam	1	225	Nevada	1,092	1,491,397	Vermont	479	575,678
Hawaii	101	131,594	New Hampshire	471	577,680	Virginia	2,799	3,207,550
Idaho	64	56,986	New Jersey	5,453	9,947,600	Washington	335	316,820
Illinois	239	207,494	New Mexico	386	435,992	Washington, D.C.	97	93,576
Indiana	193	163,491	New York	244,948	315,170,582	West Virginia	147	164,312
Iowa	38	22,634	North Carolina	4,637	5,661,248	Wisconsin	121	102,638
Kansas	78	56,882	North Dakota	10	7,181	Wyoming	50	63,980
Kentucky	219	218,348	Ohio	556	455,181	<b>Total</b>	<b>314,283</b>	<b>\$397,105,810</b>

## ■ Benefit Recipients Outside the United States and Territories

As of March 31, 2003

**Total Recipients**

530

**Total Monthly Benefits**

\$451,026

## ■ Pension Benefits by County of Residence

In New York State; total dollars per month as of March 31, 2003

County	Recipients	Benefits	County	Recipients	Benefits	County	Recipients	Benefits
Albany	13,506	\$18,825,486	Herkimer	1,611	\$1,387,723	Richmond	1,810	\$2,774,589
Allegany	1,217	1,152,404	Jefferson	2,056	2,188,215	Rockland	4,712	6,521,622
Bronx	2,673	3,812,845	Kings	4,144	6,167,228	St. Lawrence	3,343	3,614,985
Broome	5,456	5,409,139	Lewis	710	592,576	Saratoga	5,321	7,454,143
Cattaraugus	2,492	2,461,628	Livingston	2,042	2,188,668	Schenectady	5,462	7,157,556
Cayuga	1,996	2,248,237	Madison	1,597	1,660,062	Schoharie	989	1,090,772
Chautauqua	3,236	3,237,296	Monroe	11,060	12,419,400	Schuyler	534	527,447
Chemung	2,403	2,764,289	Montgomery	1,570	1,633,363	Seneca	1,237	1,346,086
Chenango	1,284	1,264,053	Nassau	18,093	29,322,055	Steuben	2,258	2,364,341
Clinton	2,484	3,212,688	New York	3,331	5,654,198	Suffolk	23,970	37,781,772
Columbia	1,944	2,354,795	Niagara	4,160	4,643,908	Sullivan	1,753	2,116,169
Cortland	1,140	1,107,828	Oneida	6,996	7,746,432	Tioga	993	885,719
Delaware	1,833	2,048,241	Onondaga	9,118	9,832,677	Tompkins	2,125	2,700,985
Dutchess	6,399	8,646,392	Ontario	2,034	2,094,179	Ulster	3,406	3,832,740
Erie	21,120	26,004,307	Orange	5,588	6,968,193	Warren	1,179	1,275,425
Essex	1,323	1,404,035	Orleans	976	945,866	Washington	1,749	1,945,585
Franklin	1,654	1,717,938	Oswego	2,571	2,573,619	Wayne	2,247	2,142,796
Fulton	1,367	1,335,750	Otsego	1,567	1,506,244	Westchester	12,184	18,362,157
Genesee	1,408	1,427,961	Putnam	1,369	2,071,036	Wyoming	1,228	1,449,302
Greene	1,545	1,899,768	Queens	4,873	7,482,182	Yates	590	555,444
Hamilton	394	408,632	Rensselaer	5,514	7,445,565	NY Military	4	3,845
						<b>Total</b>	<b>244,948</b>	<b>\$315,170,582</b>



## Service Retirees: PFRS

As of March 31, 2003 — By Age and Years of Service; Number, Average Final Average Salary (FAS), and Average Pen (Pen)

### State

Nearest Age Yrs Service	40-49			50-59			60-69			70 & Over		
	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen
Under 10	0	0	0	0	0	0	6	17,374	2,147	5	25,577	5,383
10 - 14	0	0	0	9	21,487	4,353	26	11,784	2,430	12	4,642	1,205
15 - 19	0	0	0	7	39,422	12,920	12	19,389	6,393	15	16,125	6,635
20 - 24	101	69,586	36,484	364	52,434	29,011	760	31,662	21,165	340	18,612	17,745
25 - 29	9	79,071	47,500	166	63,570	38,591	296	48,229	31,727	205	25,238	22,015
30 - 34	0	0	0	134	73,451	49,871	282	58,950	41,584	118	31,824	27,633
35 & Over	0	0	0	29	86,309	64,388	143	68,732	51,779	57	43,720	37,840
Total	110	70,362	37,386	709	59,877	36,171	1,525	42,908	29,351	752	24,168	21,416

### Counties

Under 10	0	0	0	1	96,529	62,985	1	56,176	4,269	0	0	0
10 - 14	0	0	0	11	30,730	6,188	11	24,131	4,877	2	10,197	3,312
15 - 19	0	0	0	4	39,725	11,116	7	33,305	11,451	3	27,876	11,466
20 - 24	24	95,152	48,886	701	73,216	39,385	749	51,886	31,058	647	22,891	21,132
25 - 29	3	115,349	70,485	238	105,389	64,828	258	76,772	47,885	206	44,719	31,731
30 - 34	0	0	0	358	120,029	83,866	255	99,935	70,235	236	56,704	42,110
35 & Over	0	0	0	92	125,068	93,458	212	116,292	87,522	156	70,733	57,108
Total	27	97,396	51,286	1,405	93,578	58,246	1,493	73,250	48,372	1,250	38,835	31,277

### Cities

Under 10	0	0	0	2	48,566	6,553	4	17,765	6,523	2	17,551	10,352
10 - 14	0	0	0	34	19,654	3,859	38	15,418	3,124	12	9,155	2,487
15 - 19	0	0	0	15	25,654	8,116	35	21,048	6,407	12	10,452	5,066
20 - 24	266	57,564	29,134	1,379	48,431	25,469	1,181	34,274	21,036	814	18,254	15,977
25 - 29	23	73,754	40,622	435	64,496	37,337	564	48,274	29,266	705	23,879	18,467
30 - 34	0	0	0	230	72,991	49,359	618	59,489	40,852	809	31,386	25,373
35 & Over	0	0	0	48	85,759	63,107	351	70,679	52,591	660	38,783	32,976
Total	289	58,852	30,048	2,143	54,548	30,803	2,791	46,819	30,607	3,014	27,522	22,703

### Towns

Under 10	0	0	0	6	19,897	2,269	20	14,124	1,800	24	8,078	1,126
10 - 14	0	0	0	21	22,629	4,505	28	19,831	4,327	13	10,598	2,828
15 - 19	0	0	0	8	34,242	9,431	17	19,880	6,867	10	13,442	4,881
20 - 24	114	67,737	34,274	313	57,489	30,059	249	40,579	24,473	145	22,035	18,268
25 - 29	8	80,838	45,439	98	70,031	39,097	65	53,890	31,710	81	31,264	22,526
30 - 34	0	0	0	46	81,712	55,412	87	75,353	50,569	88	42,673	32,133
35 & Over	0	0	0	10	91,848	66,318	43	83,865	62,348	71	49,506	40,931
Total	122	68,596	35,006	502	60,564	33,139	509	49,007	30,470	432	31,166	23,889

### Villages

Under 10	0	0	0	4	15,445	1,831	33	9,720	1,054	29	7,421	1,092
10 - 14	0	0	0	21	22,295	4,841	43	16,230	3,622	18	10,689	3,172
15 - 19	0	0	0	5	23,376	8,310	18	18,918	6,189	15	15,088	6,772
20 - 24	89	61,970	31,071	360	55,581	28,698	273	38,689	23,309	230	21,003	18,354
25 - 29	2	87,921	43,961	82	66,523	35,128	95	49,314	28,665	146	24,936	18,465
30 - 34	0	0	0	35	89,338	57,947	80	64,477	41,862	113	35,324	27,291
35 & Over	0	0	0	12	83,803	59,975	46	80,086	59,676	63	52,237	42,774
Total	91	62,540	31,354	519	58,273	31,041	588	43,279	26,331	614	26,690	20,987

### Miscellaneous

Under 10	0	0	0	0	0	0	0	0	0	3	26,778	7,894
10 - 14	0	0	0	2	16,487	3,256	11	18,866	3,934	4	15,573	6,735
15 - 19	0	0	0	3	36,722	10,788	0	0	0	1	59,403	29,850
20 - 24	33	98,318	50,604	291	95,456	50,093	129	49,253	30,468	358	21,355	20,985
25 - 29	2	96,819	56,952	84	120,425	72,674	56	79,674	47,033	100	27,496	22,948
30 - 34	0	0	0	33	120,473	82,079	63	101,192	69,461	50	65,882	45,914
35 & Over	0	0	0	2	128,284	93,113	47	105,913	79,273	50	76,547	58,921
Total	35	98,232	50,967	415	101,852	56,905	306	73,124	48,070	566	31,304	26,731

# ■ Disability Retirees: ERS

As of March 31, 2003 — By age and years of service; number, average final average salary (FAS), and average pension (Pen)

<b>State</b>				<b>55-64</b>			<b>65-74</b>			<b>75-84</b>			<b>85 &amp; Over</b>		
<b>Nearest Age</b>															
<b>Yrs Service</b>	<b>Number</b>	<b>Avg FAS</b>	<b>Avg Pen</b>	<b>Number</b>	<b>Avg FAS</b>	<b>Avg Pen</b>	<b>Number</b>	<b>Avg FAS</b>	<b>Avg Pen</b>	<b>Number</b>	<b>Avg FAS</b>	<b>Avg Pen</b>	<b>Number</b>	<b>Avg FAS</b>	<b>Avg Pen</b>
<b>Under 10</b>				285	19,610	9,108	204	18,660	7,939	126	14,361	8,315	8	8,816	13,300
<b>10 - 14</b>				936	25,691	10,415	739	21,231	8,597	347	13,467	8,333	41	10,608	5,070
<b>15 - 19</b>				922	30,117	13,563	625	23,503	12,044	268	15,476	10,019	40	10,165	8,173
<b>20 - 24</b>				789	34,804	17,762	388	24,127	15,348	131	15,535	12,531	20	8,691	9,227
<b>25 - 29</b>				422	35,945	20,367	184	26,041	18,116	81	17,113	15,934	4	13,450	14,364
<b>30 - 34</b>				167	36,248	21,508	55	27,323	20,605	22	18,478	16,430	5	11,991	14,439
<b>35 &amp; Over</b>				29	40,206	26,056	7	35,299	27,196	6	22,769	21,607	7	14,576	24,284
<b>Total</b>				3,550	30,212	14,593	2,202	22,747	11,858	981	14,877	10,242	125	10,413	9,003
<b>Counties</b>															
<b>Under 10</b>				64	18,805	8,681	56	18,158	7,052	37	13,640	6,829	1	7,385	15,453
<b>10 - 14</b>				350	26,610	9,666	263	20,279	7,372	127	14,259	6,866	17	9,165	6,336
<b>15 - 19</b>				309	29,997	12,189	208	24,804	12,051	76	13,990	9,034	5	9,088	8,334
<b>20 - 24</b>				208	35,315	18,062	105	28,144	19,614	33	19,517	14,176	5	6,487	5,175
<b>25 - 29</b>				103	37,807	21,978	51	28,711	19,559	16	14,803	12,116	3	10,676	9,798
<b>30 - 34</b>				28	37,578	22,309	8	32,134	23,797	3	33,420	29,602	0	0	0
<b>35 &amp; Over</b>				4	39,537	25,498	1	58,756	49,973	0	0	0	0	0	0
<b>Total</b>				1,066	30,240	13,558	692	23,475	11,759	292	14,932	8,773	31	8,809	7,100
<b>Cities</b>															
<b>Under 10</b>				21	17,534	9,699	19	19,409	9,074	10	13,912	10,677	1	5,153	11,889
<b>10 - 14</b>				68	22,977	9,717	56	18,053	7,645	33	11,556	6,324	4	8,359	7,004
<b>15 - 19</b>				71	27,665	10,252	59	20,241	9,477	32	12,777	8,393	2	3,947	3,805
<b>20 - 24</b>				58	28,881	14,103	38	21,363	13,954	7	17,889	13,464	3	9,625	6,965
<b>25 - 29</b>				51	33,332	18,443	20	24,199	16,640	10	10,505	11,805	3	6,899	9,983
<b>30 - 34</b>				11	30,944	16,184	7	24,968	20,091	4	14,607	14,692	1	7,592	13,605
<b>35 &amp; Over</b>				1	45,174	35,640	1	23,121	18,615	1	22,668	23,487	1	8,248	12,797
<b>Total</b>				281	27,244	12,685	200	20,338	10,910	97	12,791	9,058	15	7,460	8,317
<b>Towns</b>															
<b>Under 10</b>				16	23,175	10,715	22	17,345	8,646	9	16,313	7,870	0	0	0
<b>10 - 14</b>				78	25,558	10,822	89	20,672	8,157	33	17,914	10,425	1	8,432	6,769
<b>15 - 19</b>				88	33,184	12,463	53	25,293	10,566	18	14,488	10,252	2	10,972	8,799
<b>20 - 24</b>				73	35,565	19,953	48	27,936	18,006	14	23,045	21,058	2	5,952	19,117
<b>25 - 29</b>				59	39,200	22,967	15	23,578	13,143	5	20,945	21,933	0	0	0
<b>30 - 34</b>				19	43,326	29,007	6	23,565	19,070	1	10,049	8,867	0	0	0
<b>35 &amp; Over</b>				2	45,390	31,811	1	18,435	13,548	0	0	0	0	0	0
<b>Total</b>				335	33,157	16,533	234	23,147	11,392	80	17,952	12,659	5	8,456	12,520
<b>Villages</b>															
<b>Under 10</b>				10	16,365	10,050	7	16,446	7,105	8	11,742	8,552	0	0	0
<b>10 - 14</b>				28	22,922	8,061	22	21,484	8,973	16	12,546	7,185	0	0	0
<b>15 - 19</b>				28	28,993	12,765	24	20,788	9,182	12	14,824	11,193	0	0	0
<b>20 - 24</b>				27	29,601	16,925	28	20,901	13,404	6	13,722	9,655	1	5,207	2,757
<b>25 - 29</b>				17	31,277	17,346	10	27,913	18,125	4	23,352	18,625	0	0	0
<b>30 - 34</b>				10	34,735	22,537	5	23,772	18,840	4	22,034	21,641	0	0	0
<b>35 &amp; Over</b>				0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>				120	27,463	13,840	96	21,561	11,649	50	14,729	10,734	1	5,207	2,757
<b>Miscellaneous</b>															
<b>Under 10</b>				32	22,457	8,463	32	20,004	9,123	13	16,744	10,677	1	16,585	3,059
<b>10 - 14</b>				146	28,911	9,610	94	23,506	8,747	31	13,716	7,250	4	7,281	4,610
<b>15 - 19</b>				102	34,428	13,298	58	28,412	11,304	24	20,246	13,268	7	7,182	6,884
<b>20 - 24</b>				63	38,910	15,641	48	24,823	14,724	12	20,719	18,416	3	10,756	8,970
<b>25 - 29</b>				33	36,536	21,083	21	32,134	21,235	6	17,788	17,831	4	14,443	15,697
<b>30 - 34</b>				15	45,406	27,278	15	33,483	24,525	3	28,795	28,263	0	0	0
<b>35 &amp; Over</b>				1	29,425	17,464	1	37,830	31,785	0	0	0	0	0	0
<b>Total</b>				392	32,701	13,107	269	25,665	12,350	89	17,646	12,301	19	9,791	8,389
<b>Schools</b>															
<b>Under 10</b>				57	16,643	5,874	82	15,216	5,586	46	12,466	5,591	3	6,142	10,247
<b>10 - 14</b>				311	23,459	7,373	242	19,123	6,133	139	9,141	4,251	12	6,077	3,506
<b>15 - 19</b>				217	27,911	9,623	146	18,794	8,049	93	11,318	6,827	12	7,378	4,215
<b>20 - 24</b>				99	28,817	12,344	79	19,631	11,102	31	15,828	10,316	4	8,354	5,088
<b>25 - 29</b>				55	31,326	16,938	29	25,811	17,775	14	16,076	11,999	2	17,027	20,683
<b>30 - 34</b>				15	38,399	20,439	6	22,927	19,063	2	20,881	17,950	2	8,823	10,164
<b>35 &amp; Over</b>				1	22,658	15,918	0	0	0	0	0	0	0	0	0
<b>Total</b>				755	25,795	9,526	584	18,932	7,918	325	11,243	6,174	35	7,571	5,870



# Disability Retirees: PFRS

As of March 31, 2003 — By age and years of service; number, average final average salary (FAS), and average pension (Pen)

<b>State</b>				<b>40-49</b>			<b>50-59</b>			<b>60-69</b>			<b>70 &amp; Over</b>		
<b>Nearest Age Under 40</b>				<b>40-49</b>			<b>50-59</b>			<b>60-69</b>			<b>70 &amp; Over</b>		
Yrs Service	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen
Under 10	18	43,740	23,184	39	35,504	19,705	38	21,726	15,646	10	10,405	16,970	4	6,996	20,547
10 - 14	7	63,338	31,695	31	44,423	23,633	39	29,913	19,562	47	16,683	17,752	13	10,294	21,060
15 - 19	1	81,644	40,822	29	52,972	27,452	54	38,997	24,849	102	22,224	19,416	23	15,505	18,946
20 - 24	0	0	0	5	65,047	33,797	50	47,041	30,365	74	35,130	27,185	21	18,823	24,011
25 - 29	0	0	0	0	0	0	21	56,598	36,304	34	45,305	32,652	8	23,770	23,985
30 - 34	0	0	0	0	0	0	5	59,777	42,202	15	54,418	40,943	5	33,111	30,618
35 & Over	0	0	0	0	0	0	1	69,765	52,266	5	78,046	58,974	4	49,844	41,860
<b>Total</b>	<b>26</b>	<b>50,474</b>	<b>26,154</b>	<b>104</b>	<b>44,454</b>	<b>23,714</b>	<b>208</b>	<b>38,496</b>	<b>25,208</b>	<b>287</b>	<b>29,622</b>	<b>24,444</b>	<b>78</b>	<b>18,831</b>	<b>23,184</b>
<b>Counties</b>															
Under 10	11	62,868	37,870	18	49,901	29,817	32	27,491	28,835	11	19,811	27,482	7	6,637	21,752
10 - 14	12	82,770	52,884	38	69,306	42,195	136	38,135	30,874	41	27,344	27,563	9	9,842	21,736
15 - 19	5	84,518	50,983	19	83,373	50,675	234	52,960	41,335	86	40,434	34,836	22	17,209	26,848
20 - 24	0	0	0	6	82,988	57,091	210	67,438	51,641	145	55,661	44,128	25	32,139	34,282
25 - 29	0	0	0	0	0	0	35	84,682	63,374	63	66,204	49,762	17	43,000	40,028
30 - 34	0	0	0	0	0	0	6	98,286	69,670	18	77,657	60,708	12	55,665	44,576
35 & Over	0	0	0	0	0	0	2	97,495	73,456	4	97,328	74,856	7	74,641	60,136
<b>Total</b>	<b>28</b>	<b>75,263</b>	<b>46,646</b>	<b>81</b>	<b>69,307</b>	<b>42,537</b>	<b>655</b>	<b>55,525</b>	<b>43,392</b>	<b>368</b>	<b>51,210</b>	<b>41,723</b>	<b>99</b>	<b>32,713</b>	<b>34,666</b>
<b>Cities</b>															
Under 10	22	46,259	28,299	44	38,344	22,366	35	24,142	18,781	12	13,688	20,374	5	4,701	18,116
10 - 14	24	54,180	33,748	86	45,125	26,237	124	27,999	20,030	48	17,675	18,038	13	9,863	13,318
15 - 19	2	49,719	37,289	62	51,803	32,098	170	36,053	25,288	83	25,987	21,170	32	12,716	14,028
20 - 24	0	0	0	25	54,751	34,527	211	45,017	31,283	143	37,199	28,849	58	17,830	22,282
25 - 29	0	0	0	1	77,041	57,780	53	58,969	38,576	133	42,578	30,804	68	24,512	23,053
30 - 34	0	0	0	0	0	0	15	60,640	41,355	61	50,681	36,221	68	30,338	26,392
35 & Over	0	0	0	0	0	0	0	0	0	15	59,886	41,318	26	38,262	33,734
<b>Total</b>	<b>48</b>	<b>50,363</b>	<b>31,398</b>	<b>218</b>	<b>46,906</b>	<b>28,218</b>	<b>608</b>	<b>39,440</b>	<b>27,476</b>	<b>495</b>	<b>36,650</b>	<b>28,119</b>	<b>270</b>	<b>23,398</b>	<b>23,127</b>
<b>Towns</b>															
Under 10	6	40,171	20,784	25	41,425	23,172	7	26,751	19,362	4	13,562	15,826	1	4,729	21,068
10 - 14	8	52,929	35,117	34	54,807	31,293	53	31,801	21,904	20	24,418	20,315	3	8,720	20,264
15 - 19	4	65,184	39,755	15	66,343	37,889	46	37,781	29,036	33	29,646	24,166	9	13,633	21,721
20 - 24	0	0	0	17	66,556	42,469	60	54,257	37,529	36	43,125	33,023	8	25,597	28,603
25 - 29	0	0	0	3	86,326	58,323	16	70,176	46,207	10	64,113	50,342	2	45,684	39,171
30 - 34	0	0	0	0	0	0	4	82,991	51,478	5	82,804	63,279	4	28,062	28,193
35 & Over	0	0	0	0	0	0	0	0	0	1	81,111	60,833	1	105,436	81,245
<b>Total</b>	<b>18</b>	<b>51,400</b>	<b>31,370</b>	<b>94</b>	<b>56,220</b>	<b>33,069</b>	<b>186</b>	<b>44,735</b>	<b>31,339</b>	<b>109</b>	<b>38,621</b>	<b>30,611</b>	<b>28</b>	<b>23,836</b>	<b>27,805</b>
<b>Villages</b>															
Under 10	7	45,308	26,887	28	39,604	22,997	24	20,592	19,025	6	15,349	18,811	1	5,477	19,237
10 - 14	9	70,469	49,129	27	52,639	29,125	40	35,634	24,629	20	19,231	19,256	1	5,469	14,505
15 - 19	3	72,860	36,910	20	57,981	33,660	60	48,244	34,359	27	30,627	25,712	11	13,253	17,057
20 - 24	0	0	0	8	63,316	37,445	46	57,654	40,064	30	43,537	34,048	11	17,589	18,756
25 - 29	0	0	0	1	98,146	73,609	12	75,639	50,706	14	47,864	33,112	5	24,725	19,528
30 - 34	0	0	0	0	0	0	4	81,729	61,690	2	54,992	44,953	8	45,662	35,600
35 & Over	0	0	0	0	0	0	1	84,458	42,229	2	58,263	44,894	2	50,827	44,074
<b>Total</b>	<b>19</b>	<b>61,577</b>	<b>39,005</b>	<b>84</b>	<b>51,125</b>	<b>29,484</b>	<b>187</b>	<b>46,980</b>	<b>33,389</b>	<b>101</b>	<b>34,716</b>	<b>28,286</b>	<b>39</b>	<b>24,123</b>	<b>23,033</b>
<b>Miscellaneous</b>															
Under 10	2	61,099	39,547	16	51,868	30,056	14	35,460	25,568	0	0	0	0	0	0
10 - 14	1	74,396	24,979	14	65,262	35,462	29	53,847	33,239	5	35,223	17,517	0	0	0
15 - 19	0	0	0	11	79,448	49,085	49	60,651	43,074	14	38,509	26,053	6	13,542	17,271
20 - 24	0	0	0	6	92,591	65,437	40	80,662	56,127	12	63,968	46,255	3	24,912	22,216
25 - 29	0	0	0	0	0	0	8	110,188	81,659	4	60,189	35,815	4	48,683	36,810
30 - 34	0	0	0	0	0	0	1	64,854	32,427	2	71,591	55,873	2	95,268	75,039
35 & Over	0	0	0	0	0	0	0	0	0	1	184,455	139,891	2	39,587	34,561
<b>Total</b>	<b>3</b>	<b>65,531</b>	<b>34,691</b>	<b>47</b>	<b>67,511</b>	<b>40,637</b>	<b>141</b>	<b>65,268</b>	<b>45,130</b>	<b>38</b>	<b>53,980</b>	<b>36,902</b>	<b>17</b>	<b>36,496</b>	<b>31,572</b>

## ■ Pensioners and Beneficiaries: ERS

As of 3/31/2003—By year of retirement; annual Option 0 retirement allowance without annual cost-of-living adjustment (COLA), average COLA and total

Year of Retirement	Number	Option 0 Benefit w/o COLA	Average COLA	Total	Year of Retirement	Number	Option 0 Benefit w/o COLA	Average COLA	Total
1942	1	\$424	\$1,961	\$2,385	1973	1,824	3,741	4,408	8,149
1943	0	0	0	0	1974	2,347	\$4,224	\$4,657	\$8,882
1944	1	553	4,720	5,273	1975	2,568	4,339	4,108	8,447
1945	0	0	0	0	1976	3,413	4,734	4,032	8,766
1946	2	437	3,532	3,968	1977	4,322	4,518	3,617	8,136
1947	0	0	0	0	1978	4,372	4,710	3,452	8,162
1948	1	463	3,005	3,468	1979	5,169	5,040	3,352	8,392
1949	1	281	1,656	1,937	1980	5,771	5,066	2,826	7,892
1950	1	218	642	860	1981	6,298	5,364	2,351	7,715
1951	0	0	0	0	1982	7,187	5,804	2,163	7,967
1952	4	621	2,537	3,157	1983	6,506	6,241	2,032	8,274
1953	2	1,295	4,613	5,907	1984	9,825	8,292	2,426	10,718
1954	4	1,483	4,859	6,341	1985	7,703	8,295	2,150	10,445
1955	6	1,066	3,789	4,855	1986	8,660	8,875	2,079	10,953
1956	5	1,590	6,227	7,816	1987	8,493	9,791	2,085	11,877
1957	8	1,835	6,191	8,026	1988	8,226	10,442	1,987	12,428
1958	10	1,624	5,988	7,612	1989	8,885	11,316	1,856	13,172
1959	13	3,890	10,682	14,572	1990	9,564	12,471	1,645	14,116
1960	23	2,070	6,889	8,958	1991	13,932	16,243	1,566	17,809
1961	33	2,157	6,231	8,388	1992	13,105	13,761	1,217	14,977
1962	44	2,133	5,046	7,179	1993	10,133	14,225	1,008	15,233
1963	55	1,943	4,490	6,433	1994	8,725	14,360	815	15,175
1964	84	2,564	5,451	8,016	1995	10,563	15,167	697	15,864
1965	94	2,295	4,941	7,237	1996	17,394	19,581	580	20,161
1966	137	2,495	4,499	6,994	1997	15,406	18,431	316	18,747
1967	194	2,240	4,207	6,447	1998	11,494	16,362	119	16,481
1968	289	2,237	3,729	5,966	1999	12,445	16,025	0	16,025
1969	380	2,654	3,876	6,530	2000	14,469	17,296	0	17,296
1970	619	3,577	4,829	8,406	2001	15,069	20,764	0	20,764
1971	921	3,972	5,098	9,070	2002	12,227	18,973	0	18,973
1972	1,777	4,932	5,921	10,852	2003	12,143	25,148	0	25,148

4,394 of 24,696 beneficiaries are not eligible for COLA.

## ■ Pensioners and Beneficiaries: PFRS

As of 3/31/2003—By year of retirement; annual Option 0 retirement allowance without annual cost-of-living adjustment (COLA), average COLA and total

Year of Retirement	Number	Option 0 Benefit w/o COLA	Average COLA	Total	Year of Retirement	Number	Option 0 Benefit w/o COLA	Average COLA	Total
1942	1	\$2,029	\$18,711	\$20,740	1973	313	\$7,534	\$10,391	\$17,925
1943	0	0	0	0	1974	375	7,800	10,072	17,872
1944	0	0	0	0	1975	274	8,436	9,459	17,895
1945	0	0	0	0	1976	319	9,452	9,155	18,607
1946	0	0	0	0	1977	493	10,578	9,349	19,927
1947	1	2,219	7,200	9,419	1978	491	10,682	8,795	19,478
1948	0	0	0	0	1979	543	11,646	8,325	19,972
1949	0	0	0	0	1980	616	12,155	7,140	19,295
1950	2	2,357	6,942	9,299	1981	547	13,364	6,111	19,475
1951	1	994	5,915	6,909	1982	634	14,749	5,488	20,237
1952	1	2,908	15,577	18,485	1983	700	15,931	5,108	21,039
1953	2	2,524	6,602	9,126	1984	655	17,706	5,001	22,707
1954	3	2,189	11,279	13,468	1985	786	19,243	4,508	23,751
1955	4	2,338	5,960	8,298	1986	1,040	20,806	4,350	25,156
1956	3	2,702	13,866	16,568	1987	1,098	22,892	4,194	27,087
1957	7	3,142	12,956	16,099	1988	1,124	24,535	3,865	28,401
1958	2	2,866	11,764	14,630	1989	1,124	25,104	3,377	28,481
1959	2	2,980	13,959	16,939	1990	1,117	27,421	2,771	30,193
1960	4	2,739	12,794	15,532	1991	1,177	30,915	2,219	33,135
1961	7	2,734	10,458	13,192	1992	1,327	35,082	1,736	36,818
1962	8	4,247	14,581	18,828	1993	1,203	34,224	1,366	35,590
1963	14	3,260	10,744	14,004	1994	1,051	33,131	674	33,805
1964	7	2,612	7,707	10,320	1995	906	37,499	514	38,013
1965	9	4,442	11,447	15,889	1996	882	36,196	416	36,612
1966	21	4,835	9,755	14,590	1997	862	40,104	275	40,379
1967	35	4,252	8,813	13,066	1998	829	39,624	104	39,728
1968	43	4,784	9,716	14,501	1999	832	40,330	0	40,330
1969	60	5,102	8,699	13,801	2000	954	46,872	0	46,872
1970	83	5,516	9,256	14,772	2001	1,153	52,256	0	52,256
1971	116	6,204	9,395	15,600	2002	991	52,749	0	52,749
1972	396	7,274	10,537	17,811	2003	689	59,073	0	59,073

319 of 1,365 beneficiaries are not eligible for COLA.

## ■ Total Benefit Payments 1994–2003

As of March 31, 2003; in millions of dollars

<b>Year Ended March 31,</b>	<b>Retirement Benefits</b>	<b>Death Benefits</b>	<b>Post-Retirement Supplements</b>	<b>Total</b>
<b>1994 Total</b>	\$2,216.6	\$112.0	\$65.1	\$2,393.7
ERS	1,807.1	101.6	55.3	1,964.0
PFRS	409.5	10.4	9.8	429.7
<b>1995 Total</b>	2,357.8	107.3	62.8	2,527.9
ERS	1,917.5	99.4	50.4	2,067.3
PFRS	440.3	7.9	12.4	460.6
<b>1996 Total</b>	2,639.7	140.0	98.1	2,877.8
ERS	2,173.2	131.3	82.0	2,386.5
PFRS	466.5	8.7	16.1	491.3
<b>1997 Total</b>	2,885.3	118.5	118.2	3,121.9
ERS	2,398.6	104.4	93.4	2,596.4
PFRS	486.7	14.0	24.8	525.5
<b>1998 Total</b>	3,071.6	125.7	107.7	3,305.0
ERS	2,551.2	115.0	89.0	2,755.2
PFRS	520.4	10.7	18.7	549.8
<b>1999 Total</b>	3,217.1	123.0	141.9	3,482.0
ERS	2670.2	114.2	116.5	2,900.9
PFRS	546.9	8.8	25.4	581.1
<b>2000 Total</b>	3,415.1	142.8	162.3	3,720.2
ERS	2834.4	125.9	132.5	3,092.8
PFRS	580.7	16.9	29.8	627.4
<b>2001 Total</b>	3,691.9	152.9	336.1	4,181.0
ERS	3,069.7	140.4	272.5	3,482.6
PFRS	622.1	12.6	63.6	698.3
<b>2002 Total</b>	3,872.0	151.8	464.5	4,488.3
ERS	3,220.0	139.1	377.5	3,736.6
PFRS	652.0	12.7	87.0	751.7
<b>2003 Total</b>	4,373.3	148.4	462.9	4,984.6
ERS	3,649.5	132.5	378.8	4,160.8
PFRS	723.8	15.9	84.1	823.8

## ■ Average Pension Benefits Paid During Year Shown

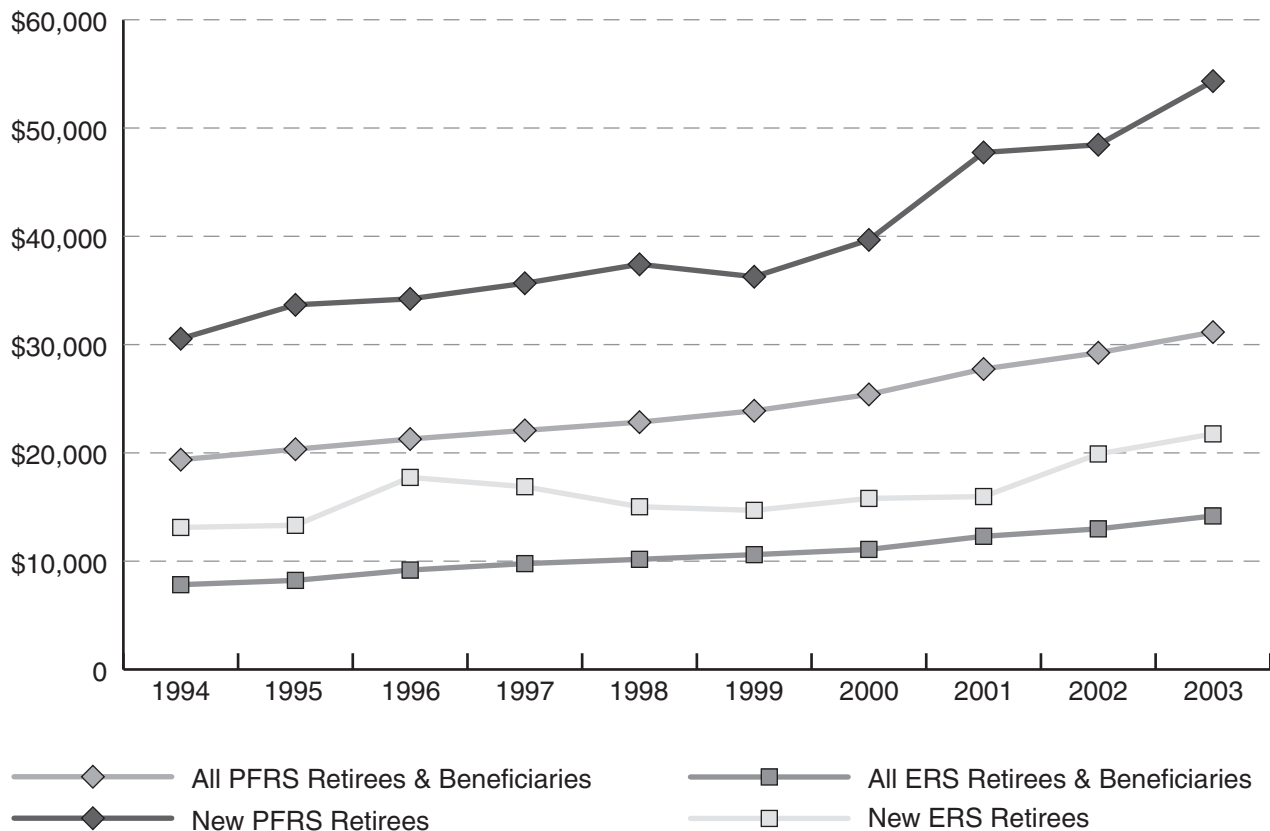
Average benefit payments to all pensioners receiving benefits during the year compared with average benefit payments to new retirees during the year.

### ERS

Year	All Retirees & Beneficiaries	New Retirees
1994	\$7,829	\$13,116
1995	8,226	13,313
1996	9,183	17,735
1997	9,775	16,878
1998	10,171	15,026
1999	10,603	14,693
2000	11,086	15,795
2001	12,299	15,968
2002	12,984	19,899
2003	14,176	21,755

### PFRS

Year	All Retirees & Beneficiaries	New Retirees
1994	\$19,372	\$30,542
1995	20,337	33,670
1996	21,281	34,223
1997	22,077	35,664
1998	22,838	37,413
1999	23,889	36,266
2000	25,098	39,677
2001	27,745	47,744
2002	29,246	48,456
2003	31,154	54,330



## ■ New Benefits: ERS

The following tables show the average unmodified retirement allowance awarded to Employees' Retirement System members retiring during the fiscal year ending March 31, 2003. The average allowances are shown for groupings based on years of service. The allowance is also expressed as a percentage of the average final average salary of the grouping.

### New Service Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	17	\$871	5
5-9	711	2,969	11
10-14	2,230	5,323	19
15-19	1,762	8,707	26
20-24	2,248	16,310	41
25-29	1,988	23,393	52
30-34	2,291	32,352	64
35-39	2,683	41,758	73
40 & Over	1,094	50,346	82
<b>Total</b>	<b>15,024</b>	<b>\$23,545</b>	<b>48</b>

### New Accidental Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$0	0
5-9	4	23,732	68
10-14	2	39,171	74
15-19	6	25,418	57
20-24	7	28,548	58
25-29	12	36,116	75
30-34	5	32,560	75
35-39	1	40,879	75
40 & Over	0	0	0
<b>Total</b>	<b>37</b>	<b>\$31,424</b>	<b>68</b>

### New Ordinary Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	3	\$12,657	33
5-9	11	15,216	36
10-14	255	10,888	31
15-19	233	13,837	32
20-24	186	14,185	35
25-29	79	19,618	45
30-34	74	22,502	53
35-39	22	29,522	60
40 & Over	1	16,831	67
<b>Total</b>	<b>864</b>	<b>\$14,729</b>	<b>36</b>

### New Performance of Duty Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	1	\$21,250	75
5-9	6	28,494	75
10-14	4	33,108	75
15-19	14	34,216	70
20-24	11	36,895	74
25-29	1	38,516	74
30-34	3	42,271	75
35-39	1	44,042	75
40 & Over	0	0	0
<b>Total</b>	<b>41</b>	<b>\$34,607</b>	<b>73</b>

## ■ New Benefits: PFRS

The following tables show the average unmodified retirement allowance awarded to Police and Fire Retirement System members retiring during the fiscal year ending March 31, 2003. The average allowances are shown for groupings based on years of service. The allowance is also expressed as a percentage of the average final average salary of the grouping.

### New Service Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$0	0
5-9	6	2,871	13
10-14	32	4,767	20
15-19	13	12,077	31
20-24	242	36,775	51
25-29	179	53,633	59
30-34	364	72,553	69
35-39	203	78,143	74
40 & Over	15	85,405	80
<b>Total</b>	<b>1,054</b>	<b>\$59,184</b>	<b>62</b>

### New Accidental Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$0	0
5-9	8	49,244	72
10-14	11	49,825	75
15-19	17	53,029	72
20-24	14	49,083	75
25-29	14	64,132	73
30-34	7	61,682	75
35-39	2	57,202	75
40 & Over	0	0	0
<b>Total</b>	<b>73</b>	<b>\$54,448</b>	<b>74</b>

### New Ordinary Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$0	0
5-9	0	0	0
10-14	4	23,053	33
15-19	1	40,822	50
20-24	1	11,846	36
25-29	0	0	0
30-34	0	0	0
35-39	0	0	0
40 & Over	1	50,843	79
<b>Total</b>	<b>7</b>	<b>\$27,960</b>	<b>43</b>

### New Performance of Duty Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$0	0
5-9	3	25,341	50
10-14	8	25,312	50
15-19	15	36,114	50
20-24	10	28,472	50
25-29	5	32,126	50
30-34	1	37,748	50
35-39	0	0	0
40 & Over	0	0	0
<b>Total</b>	<b>42</b>	<b>\$31,032</b>	<b>50</b>

## ■ New Benefits — Service Retirements by Age and Service

During the fiscal year ending March 31, 2003—Number retiring, average Single Life Allowance, average allowance as a percentage of average final average salary

### ERS

Age at Retirement:	55-59*			60-64			65-69			70 & Over		
	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%
<b>Yrs of Service</b>												
Under 5	2	\$1,722	6	5	\$1,811	7	0	\$0	0	10	\$255	4
5-9	237	2,672	10	236	3,236	11	146	3,312	12	92	2,527	12
10-14	1,170	4,216	17	588	6,380	20	293	6,935	20	179	6,448	20
15-19	731	7,436	24	614	9,398	27	285	10,137	28	132	9,443	28
20-24	770	15,084	37	912	16,611	42	393	18,547	43	173	15,100	43
25-29	849	24,273	51	755	22,426	53	261	23,294	53	123	23,459	53
30-34	1,353	33,858	63	635	30,851	64	204	28,908	64	99	28,481	64
35-39	1,986	42,131	73	490	41,501	74	116	40,845	73	91	36,172	74
40 & Over	561	47,552	81	362	53,279	82	94	55,695	84	77	50,384	88
<b>Total</b>	<b>7,659</b>	<b>26,033</b>	<b>51</b>	<b>4,597</b>	<b>\$22,099</b>	<b>47</b>	<b>1,792</b>	<b>\$19,332</b>	<b>42</b>	<b>976</b>	<b>\$18,570</b>	<b>43</b>

\*Does not include any retirees less than age 55.

### PFRS

Age at Retirement:	40-49**			50-54			55-59			60 & Over		
	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%
<b>Yrs of Service</b>												
Under 5	0	\$0	0	0	\$0	0	0	\$0	0	0	\$0	0
5-9	0	0	0	0	0	0	4	2,591	13	2	3,430	12
10-14	0	0	0	0	0	0	27	5,078	20	5	3,209	19
15-19	0	0	0	0	0	0	10	13,162	31	3	8,460	31
20-24	164	36,918	51	62	38,439	52	14	28,228	48	2	33,319	47
25-29	29	48,859	57	99	56,779	60	45	52,332	59	6	34,548	58
30-34	0	0	0	84	72,903	68	227	74,080	70	53	65,460	70
35-39	0	0	0	0	0	0	103	80,073	74	100	76,156	74
40 & Over	0	0	0	0	0	0	0	0	0	15	85,405	80
<b>Total</b>	<b>193</b>	<b>\$38,712</b>	<b>52</b>	<b>245</b>	<b>\$57,666</b>	<b>60</b>	<b>430</b>	<b>\$65,332</b>	<b>64</b>	<b>186</b>	<b>\$68,217</b>	<b>70</b>

\*\*Does not include any retirees less than age 40.

## ■ New Benefits — Ordinary and Accidental Death

During fiscal year ending March 31, 2003

The Employees' Retirement System approved three accidental death benefits, averaging \$20,369 per year. In the Police and Fire Retirement System, seven accidental death benefits, averaging \$38,920 per year, were approved.

### Ordinary Death Benefits: ERS

Years of Service	Number Paid	Average Benefit	Percentage of Salary
Under 5	143	\$51,981	192.6
5-9	131	95,816	276.7
10-14	226	84,161	236.5
15-19	188	103,134	251.4
20-24	139	124,943	267.6
25-29	82	144,934	309.2
30-34	57	191,554	410.6
35-39	10	348,481	743.2
40 & Over	3	407,155	595.2
<b>Total</b>	<b>979</b>	<b>\$105,487</b>	<b>265</b>

### Ordinary Death Benefits: PFRS

Years of Service	Number Paid	Average Benefit	Percentage of Salary
Under 5	3	\$75,711	157.2
5-9	4	179,000	300.9
10-14	5	159,800	240.4
15-19	2	183,500	300.8
20-24	3	658,196	850.8
25-29	5	549,963	824.4
30-34	5	874,176	839.1
35-39	3	598,628	730.3
40 & Over	0	0	0.0
<b>Total</b>	<b>30</b>	<b>\$433,343</b>	<b>551</b>



# ■ New Option Selections

## ERS Females

Options	1999		2000		2001		2002		2003	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
Single Life Allowance*	5,509	64,512,908	5,893	71,552,390	4,563	59,508,416	6,452	99,176,118	5,677	96,067,432
Cash Refund	228	3,118,34	256	4,229,646	261	3,338,927	379	7,320,376	331	6,721,903
Joint Allowance-Full	282	2,102,613	395	3,173,518	348	2,805,305	474	4,593,304	468	5,021,081
Joint Allowance-Half	98	1,416,983	112	1,565,004	82	1,203,429	124	2,225,908	140	2,634,771
Five Years Certain	150	1,628,099	154	2,196,755	122	1,668,685	162	2,784,787	172	3,226,648
Ten Years Certain	220	1,959,113	325	3,170,088	273	3,186,206	376	4,978,966	380	5,798,993
Pop-Up-Full	241	2,287,873	431	4,554,438	426	4,563,098	672	9,099,569	640	9,728,746
Pop-Up-Half	348	4,875,620	457	6,899,397	362	6,330,918	581	11,329,223	602	12,501,668
Other (Option-4)	13	122,335	30	357,249	60	869,566	107	1,418,942	152	2,656,713
Total	7,089	\$82,023,878	8,053	\$97,698,485	6,497	\$83,474,550	9,327	\$142,927,193	8,562	\$144,357,955

## ERS Males

Options	1999		2000		2001		2002		2003	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
Single Life Allowance*	2,729	49,868,818	2,761	53,753,892	1,985	36,768,135	2,894	68,716,452	2,548	65,644,897
Cash Refund	245	5,302,880	259	6,560,543	232	5,092,435	326	9,700,379	266	8,278,893
Joint Allowance-Full	1,341	21,204,719	1,498	27,005,312	1,183	21,450,120	1,743	39,038,673	1,593	38,399,014
Joint Allowance-Half	443	11,557,057	396	11,187,268	278	8,298,450	406	13,683,394	423	15,755,710
Five Years Certain	86	1,523,053	87	1,657,522	62	1,266,056	83	2,164,035	70	1,569,497
Ten Years Certain	162	2,425,067	229	3,723,345	197	3,371,337	268	5,870,393	183	4,415,259
Pop-Up-Full	491	6,484,375	827	13,930,498	791	13,744,159	1,297	30,205,030	1,212	30,010,166
Pop-Up-Half	486	10,848,005	561	14,835,873	426	11,786,554	797	26,656,329	798	27,398,620
Other (Option-4)	83	2,049,970	117	3,217,485	136	2,964,676	211	6,330,608	311	11,516,279
Total	6,066	\$111,263,944	6,735	\$135,871,738	5,290	\$104,741,922	8,025	\$202,365,293	7,404	\$202,988,335

## PFRS Females

Options	1999		2000		2001		2002		2003	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
Single Life Allowance*	13	401,893	21	692,914	16	681,034	386	18,597,782	20	914,770
Cash Refund	0	0	0	0	1	36,475	46	2,604,967	0	0
Joint Allowance - Full	1	29,964	0	0	3	74,856	182	7,905,730	2	58,744
Joint Allowance - Half	1	53,933	0	0	0	0	74	4,163,052	0	0
Five Years Certain	0	0	0	0	0	0	7	448,493	2	52,058
Ten Years Certain	5	137,702	2	61,713	2	65,370	46	2,142,703	3	105,411
Pop-Up - Full	0	0	2	61,416	2	67,720	193	7,604,346	4	187,041
Pop-Up - Half	1	63,747	3	84,418	2	72,500	150	8,409,546	2	114,368
Other (Option-4)	0	0	0	0	0	0	64	4,220,282	0	0
Total	21	\$687,239	28	\$900,461	26	\$997,955	\$1,148	56,096,901	33	\$1,432,392

## PFRS Males

Options	1999		2000		2001		2002		2003	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
Single Life Allowance*	419	15,596,969	357	14,107,363	327	15,241,316	386	18,597,782	342	18,258,385
Cash Refund	68	2,996,135	49	2,349,830	59	3,907,362	46	2,604,967	58	3,723,502
Joint Allowance - Full	92	2,742,827	118	4,008,404	124	4,864,840	182	7,905,730	194	8,146,033
Joint Allowance - Half	76	3,057,985	70	3,504,797	59	3,235,217	74	4,163,052	181	11,939,440
Five Years Certain	9	301,483	11	560,426	4	189,972	7	448,493	9	684,330
Ten Years Certain	38	1,410,061	39	1,492,248	46	1,904,061	46	2,142,703	41	2,240,362
Pop-Up - Full	60	1,346,014	88	2,639,376	113	4,169,466	193	7,604,346	172	7,219,838
Pop-Up - Half	84	3,175,212	99	4,242,351	126	6,833,062	150	8,409,546	62	4,067,760
Other (Option-4)	9	455,516	12	753,372	48	3,154,143	64	4,220,282	84	6,180,180
Total	855	\$31,082,202	843	\$33,658,167	906	\$43,499,439	1,148	\$56,096,901	1,143	\$62,459,830

\*Includes Option 0 and 5

# Option Selections — Total Payments

## ERS Females

Options	1999		2000		2001		2002		2003	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
Single Life Allowance*	95,529	767,380,406	98,168	822,970,710	99,265	863,846,706	102,399	944,714,162	104,621	1,020,639,541
Cash Refund	16,153	92,658,335	15,543	93,171,660	14,907	92,825,438	14,396	96,542,914	13,812	99,288,876
Joint Allowance-Full	3,799	21,244,942	4,048	23,582,529	4,213	25,394,842	4,497	29,041,050	4,741	32,760,780
Joint Allowance-Half	2,430	20,588,292	2,451	21,721,497	2,425	22,255,498	2,453	23,823,520	2,497	25,816,131
Five Years Certain	3,840	31,882,617	3,909	33,499,837	3,933	34,417,430	3,974	36,449,354	4,018	38,761,831
Ten Years Certain	4,690	30,638,051	4,881	33,029,956	5,027	35,423,257	5,245	39,384,605	5,446	43,957,429
Pop-Up - Full	3,115	22,558,463	3,492	26,925,295	3,850	31,168,544	4,445	39,777,929	5,003	49,123,842
Pop-Up - Half	5,286	56,424,276	5,658	62,745,764	5,912	68,311,993	6,374	78,733,312	6,869	90,454,887
Other (Option-4)	128	1,482,936	175	1,896,497	580	5,239,458	670	6,530,507	804	9,045,287
<b>Total</b>	<b>134,970</b>	<b>\$1,044,858,318</b>	<b>138,325</b>	<b>\$1,119,543,745</b>	<b>140,112</b>	<b>\$1,178,883,166</b>	<b>144,453</b>	<b>\$1,294,997,353</b>	<b>147,811</b>	<b>\$1,409,848,604</b>

## ERS Males

Options	1999		2000		2001		2002		2003	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
Single Life Allowance*	47,273	666,048,924	47,847	702,603,272	47,398	719,396,532	48,242	771,256,736	48,706	817,069,001
Cash Refund	11,532	118,114,530	10,899	118,821,495	10,307	118,102,186	9,814	122,049,240	9,272	124,429,451
Joint Allowance - Full	18,128	233,044,638	18,728	251,923,615	19,073	265,233,277	19,899	295,383,040	20,548	323,378,306
Joint Allowance - Half	11,396	201,884,780	11,160	206,275,209	10,884	208,268,467	10,714	215,793,664	10,537	224,319,450
Five Years Certain	2,337	33,516,386	2,334	34,232,697	2,313	34,787,620	2,276	35,683,866	2,255	36,238,185
Ten Years Certain	4,267	49,868,932	4,286	51,771,106	4,305	53,825,167	4,381	58,229,496	4,366	60,773,072
Pop-Up - Full	5,460	64,716,856	6,093	77,023,880	6,698	89,179,010	7,772	117,712,669	8,755	145,048,917
Pop-Up - Half	6,764	130,241,978	7,142	142,886,340	7,384	152,200,352	7,985	176,620,355	8,533	200,122,671
Other (Option-4)	794	18,300,704	899	21,261,375	1,442	27,504,268	1,598	33,109,984	1,862	44,047,156
<b>Total</b>	<b>107,951</b>	<b>\$1,515,737,728</b>	<b>109,388</b>	<b>\$1,606,798,989</b>	<b>109,804</b>	<b>\$1,668,496,879</b>	<b>112,681</b>	<b>\$1,825,839,049</b>	<b>114,834</b>	<b>\$1,975,426,209</b>

## PFRS Females

Options	1999		2000		2001		2002		2003	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
Single Life Allowance*	164	3,725,614	184	4,406,929	193	5,027,119	213	5,969,827	232	6,850,636
Cash Refund	5	104,720	5	104,720	5	140,064	5	140,064	5	140,064
Joint Allowance - Full	1	29,964	1	29,964	4	104,820	7	192,573	9	251,350
Joint Allowance - Half	3	88,826	3	88,826	3	90,293	4	117,658	4	117,693
Five Years Certain	3	38,848	3	38,848	3	38,848	4	73,222	6	125,280
Ten Years Certain	13	326,730	15	388,808	17	454,313	18	482,650	21	588,180
Pop-Up - Full	4	98,444	6	159,860	8	227,580	16	503,107	20	691,326
Pop-Up - Half	3	102,797	6	187,215	8	259,715	11	353,626	13	471,293
Other (Option-4)	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>196</b>	<b>\$4,515,943</b>	<b>223</b>	<b>\$5,405,170</b>	<b>241</b>	<b>\$6,342,752</b>	<b>278</b>	<b>\$7,832,727</b>	<b>310</b>	<b>\$9,235,822</b>

## PFRS Males

Options	1999		2000		2001		2002		2003	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
Single Life Allowance*	15,150	340,144,183	15,162	350,559,604	15,173	361,649,048	15,209	375,729,594	15,193	388,818,332
Cash Refund	2,138	49,057,041	2,119	50,445,279	2,113	52,579,862	2,101	54,259,642	2,092	56,821,255
Joint Allowance - Full	1,094	25,475,598	1,190	29,080,830	1,288	33,652,427	1,425	40,692,808	1,572	47,386,659
Joint Allowance - Half	1,197	31,134,871	1,215	33,933,282	1,238	36,588,741	1,265	40,113,400	1,287	43,573,216
Five Years Certain	423	11,175,091	426	11,617,875	422	11,639,068	414	11,709,742	413	12,134,002
Ten Years Certain	1,317	33,011,019	1,325	33,879,941	1,332	34,867,196	1,347	36,349,552	1,359	37,845,908
Pop-Up - Full	465	9,138,315	542	11,628,493	646	15,722,862	825	23,148,637	1,008	31,078,981
Pop-Up - Half	908	27,641,006	993	31,813,411	1,107	38,392,914	1,235	46,678,219	1,397	58,223,028
Other (Option-4)	58	2,111,984	72	2,925,888	118	6,028,624	181	10,410,770	260	16,455,410
<b>Total</b>	<b>22,750</b>	<b>\$528,889,108</b>	<b>23,045</b>	<b>\$555,884,603</b>	<b>23,437</b>	<b>\$591,120,742</b>	<b>24,002</b>	<b>\$639,092,364</b>	<b>24,581</b>	<b>\$692,336,791</b>

\* Includes Option 0 and 5

## Local Government Salaries and Billings: ERS

Contributions include the normal cost of benefits including supplemental pensions and, in some cases, the Retirement Incentive Program, Deficiency Contributions that defray any liabilities an employer brings when it joins the System, the Group Life Insurance Plan (GLIP) and the administrative cost for the fiscal year. Amounts shown are due December 15<sup>th</sup> preceding the fiscal year end.

FYE	Salaries	Contributions	Normal	Deficiency	GLIP	Admin
<b>Counties</b>						
1994	2,944,058,499	23,999,830	17,689,019	0	6,310,811	0
1995	3,109,797,395	24,066,266	17,925,677	0	6,140,589	0
1996	3,163,577,386	81,839,187	64,864,477	0	7,087,183	9,887,527
1997	3,218,571,512	136,275,142	114,221,941	0	12,176,734	9,876,467
1998	3,290,512,685	63,815,472	44,818,131	0	12,310,699	6,686,642
1999	3,317,593,629	71,817,750	52,153,534	0	9,683,998	9,949,052
2000	3,513,663,377	47,550,204	44,089,156	0	3,461,048	0
2001	3,598,319,558	44,904,136	37,440,928	0	7,463,208	0
2002	3,817,914,090	101,316,465	82,773,336	0	7,229,857	11,313,272
2003	3,813,343,496	66,441,940	44,516,791	0	10,418,476	11,506,673
<b>Cities</b>						
1994	479,193,737	3,618,159	2,553,328	0	1,064,831	0
1995	481,688,398	3,571,038	2,553,328	0	1,017,710	0
1996	468,482,983	12,796,945	10,183,620	0	1,090,225	1,523,100
1997	465,938,196	18,773,658	15,453,610	0	1,866,113	1,453,935
1998	483,184,125	9,763,360	6,930,581	0	1,870,253	962,526
1999	510,868,002	8,341,076	5,336,046	0	1,503,222	1,501,808
2000	541,255,927	5,242,065	4,680,415	0	561,650	0
2001	548,044,933	5,945,398	4,797,725	0	1,147,673	0
2002	570,316,356	7,884,399	5,078,809	0	1,089,756	1,715,834
2003	601,802,088	9,912,113	6,344,547	0	1,778,236	1,789,330
<b>Towns</b>						
1994	840,228,796	8,824,859	4,391,990	2,494,603	1,938,265	0
1995	855,048,725	8,399,011	4,635,469	1,962,788	1,782,754	0
1996	883,425,384	24,229,410	18,120,430	1,443,435	1,962,629	2,702,916
1997	893,982,245	34,339,512	26,951,230	1,039,084	3,606,421	2,742,777
1998	924,719,662	16,253,628	9,965,051	835,123	3,605,662	1,847,792
1999	966,516,862	14,095,626	7,685,795	657,842	2,875,778	2,876,211
2000	1,013,354,164	10,047,557	8,538,716	505,798	1,030,043	0
2001	1,055,866,622	11,612,993	9,070,412	400,687	2,141,894	0
2002	1,085,721,959	15,493,134	9,563,447	451,393	2,173,047	3,305,247
2003	1,203,818,756	19,417,971	12,155,338	513,119	3,353,593	3,395,921
<b>Villages</b>						
1994	250,309,600	2,175,981	908,730	689,721	577,530	0
1995	256,190,550	2,111,976	908,730	667,330	535,916	0
1996	265,470,358	6,758,564	4,809,519	548,468	589,626	810,951
1997	267,726,816	9,729,246	7,389,554	426,991	1,086,892	825,809
1998	279,130,832	4,857,232	2,898,474	328,961	1,074,921	554,876
1999	291,877,202	4,408,822	2,370,180	295,755	871,955	870,932
2000	307,420,950	2,926,461	2,412,659	206,686	307,116	0
2001	319,734,235	3,473,281	2,652,633	171,241	649,407	0
2002	334,321,723	4,842,867	3,029,367	151,907	656,935	1,004,658
2003	368,910,087	5,800,458	3,502,984	192,398	1,051,923	1,053,153
<b>Miscellaneous</b>						
1994	1,590,723,113	8,607,476	3,633,324	1,333,826	3,640,326	0
1995	1,672,007,132	8,405,925	3,633,324	1,318,516	3,454,085	0
1996	1,744,697,265	40,069,867	29,192,142	1,370,815	4,031,983	5,474,927
1997	1,692,883,994	65,736,110	52,806,024	863,471	6,796,159	5,270,456
1998	1,771,011,679	39,905,878	28,789,372	820,131	6,771,187	3,525,188
1999	2,007,093,850	31,140,442	18,366,321	991,354	5,901,449	5,881,318
2000	2,119,841,417	14,170,508	11,097,152	817,590	2,255,766	0
2001	2,204,318,973	27,280,907	21,886,029	811,881	4,582,997	0
2002	2,303,685,930	40,850,448	28,831,958	630,188	4,439,975	6,948,327
2003	2,649,751,097	35,373,978	19,246,626	\$672,563	7,719,584	7,735,205
<b>Schools</b>						
1994	1,511,717,128	11,520,774	7,548,209	675,820	3,296,745	0
1995	1,564,159,665	11,398,933	7,563,224	492,340	3,343,369	0
1996	1,629,239,509	41,458,406	32,592,704	307,411	3,567,213	4,991,078
1997	1,698,809,142	60,257,868	48,246,882	230,485	6,673,012	5,107,489
1998	1,787,810,125	31,726,387	21,081,785	124,127	6,969,775	3,550,700
1999	1,900,655,161	24,204,803	12,876,441	93,697	5,605,170	5,629,495
2000	2,044,487,654	14,062,795	11,951,657	62,234	2,048,904	0
2001	2,151,035,909	14,337,947	9,886,159	56,668	4,395,120	0
2002	2,297,785,319	26,100,959	14,739,853	77,255	4,461,655	6,822,196
2003	2,552,514,086	35,552,496	20,821,356	77,980	7,351,551	7,301,609

## Local Government Salaries and Billings: PFRS

Contributions include the normal cost of benefits including supplemental pensions, Deficiency Contributions that defray any liabilities an employer brings when it joins the System, the Group Life Insurance Plan (GLIP) and the administrative cost for the fiscal year. Amounts shown are due December 15<sup>th</sup> preceding the fiscal year end.

FYE	Salaries	Contributions	Normal	Deficiency	GLIP	Admin
<b>Counties</b>						
1994	364,400,351	41,663,651	39,980,907	0	298,331	1,384,413
1995	403,216,007	65,104,358	63,545,035	0	21,508	1,537,815
1996	438,331,957	66,488,055	64,383,417	0	419,529	1,685,109
1997	460,475,667	56,865,391	55,003,997	0	21,817	1,839,577
1998	496,031,494	44,599,945	43,158,593	0	0	1,441,352
1999	543,082,677	20,314,600	18,243,419	0	514,882	1,556,299
2000	545,700,011	21,010,509	20,415,078	0	595,431	0
2001	535,409,526	17,496,569	17,494,960	0	1,609	0
2002	581,374,784	15,619,968	15,090,687	0	529,281	0
2003	593,362,415	15,430,950	14,797,670	0	633,280	0
<b>Cities</b>						
1994	506,990,103	55,245,500	52,694,646	0	484,978	2,065,876
1995	530,638,613	76,193,953	74,010,158	0	7,684	2,176,111
1996	548,848,604	71,583,860	68,780,463	0	544,741	2,258,656
1997	562,547,665	58,283,466	55,930,381	0	8,813	2,344,272
1998	591,399,214	40,148,314	38,356,940	0	0	1,791,374
1999	619,314,622	13,502,022	11,013,745	0	599,107	1,889,170
2000	654,093,495	11,940,326	11,290,231	0	650,095	0
2001	671,218,008	12,948,799	12,937,263	0	11,536	0
2002	693,245,778	13,533,899	12,846,509	0	687,390	0
2003	748,146,539	13,408,241	12,691,514	0	716,727	\$0
<b>Towns</b>						
1994	155,967,480	15,901,478	15,116,639	863	153,776	30,200
1995	166,296,670	19,715,673	19,037,355	0	3,236	75,082
1996	171,631,098	20,388,262	19,502,063	0	172,896	13,303
1997	182,369,269	15,994,158	15,255,565	0	848	37,745
1998	191,780,937	11,966,416	11,382,916	0	0	83,500
1999	201,612,792	3,969,445	2,870,493	0	195,311	03,641
2000	214,222,469	3,663,610	3,451,239	0	212,371	0
2001	220,479,447	2,959,710	2,955,384	0	4,326	0
2002	233,950,431	4,863,621	4,636,856	0	226,765	0
2003	253,409,418	4,449,842	4,201,437	0	248,405	0
<b>Villages</b>						
1994	142,598,876	13,787,258	13,062,258	5,724	139,079	80,197
1995	151,025,511	17,068,986	16,441,759	6,402	3,394	80,197
1996	158,134,644	16,526,084	15,717,425	6,572	154,638	47,449
1997	165,237,098	12,732,047	12,049,570	0	2,170	80,307
1998	173,879,013	8,900,622	8,371,109	0	0	29,513
1999	180,722,032	1,805,998	1,072,239	0	177,239	56,520
2000	195,202,698	2,171,938	1,983,342	0	188,596	0
2001	202,039,062	1,378,614	1,371,915	0	6,699	0
2002	211,413,597	2,090,046	1,881,908	0	208,138	0
2003	229,923,695	2,103,772	1,882,370	0	221,402	0
<b>Miscellaneous</b>						
1994	140,972,235	11,732,355	11,076,028	2,474	127,138	526,715
1995	125,326,690	24,481,994	23,868,262	0	10,786	602,956
1996	133,277,198	19,417,148	18,751,150	0	132,611	533,387
1997	131,223,651	16,328,306	15,758,123	0	905	569,278
1998	126,705,254	11,906,461	11,488,373	0	0	418,088
1999	176,049,026	5,226,713	4,687,996	0	133,835	404,882
2000	153,688,055	7,310,677	7,079,070	0	231,607	0
2001	160,242,257	5,343,741	5,342,721	0	1,020	0
2002	208,867,932	5,508,343	5,379,731	0	128,612	0
2003	237,403,863	7,179,150	6,915,554	0	263,596	0

## ■ Contributions Recorded 1994 – 2003

In millions of dollars

Contributions recorded are the amounts presented in the System's financial statements and include employer costs plus/minus any adjustments in amounts receivable and changes resulting from legislation.

<b>Year ended March 31,</b>	<b>Employer Contributions*</b>	<b>Member Contributions</b>	<b>Year ended March 31,</b>	<b>Employer Contributions*</b>	<b>Member Contributions</b>
<b>1994</b> Total	\$530.1	\$307.5	<b>1999</b> Total	\$291.7	\$399.8
State	163.6		State	91.2	
Local	366.5		Local	200.5	
<b>1995</b> Total	315.1	334.0	<b>2000</b> Total	164.5	422.7
State	42.6		State	10.9	
Local	272.5		Local	153.6	
<b>1996</b> Total	776.9	341.9	<b>2001</b> Total	214.8	319.1
State	289.8		State	51.2	
Local	487.2		Local	163.6	
<b>1997</b> Total	903.5	348.2	<b>2002</b> Total	263.8	319.1
State	406.7		State	64.6	
Local	496.8		Local	199.2	
<b>1998</b> Total	462.6	369.4	<b>2003</b> Total	651.9	219.2
State	104.5		State	274.4	
Local	358.1		Local	377.5	

\* Includes employer premiums to Group Term Life Insurance Plan.

## ■ **Participating Employers**

For the list of Participating Employers, see pages 45–72 on our web version of the 2003 Annual Report Supplement at [www.osc.state.ny.us/retire/aboutus/aboutus.htm](http://www.osc.state.ny.us/retire/aboutus/aboutus.htm)































































## ■ Statement of the Actuary

A commonly held view is that pensions are a form of deferred compensation and an employee's pension should be paid for or funded during the employee's working lifetime. An actuarial funding method is a procedure for allocating such pension costs to given time periods. Benefit security is an integral part of a method's acceptability. Will sufficient assets have been accumulated when an employee begins receiving a benefit?

Future pension costs cannot be determined precisely because they depend on future mortality, investment returns, salary increases, etc. Therefore, in their calculations, actuaries must make assumptions about these uncertainties. The actuary performs experience studies, ascertaining how closely each System's experience is conforming to the assumptions used. If significant differences occur which the actuary believes may indicate differences over a long period of time, the actuary may recommend assumption changes to reduce the expected differences.

Since pension data change over time, e.g., number of employees or amount of service earned, an actuarial valuation is performed each year to ensure that costs are based on the most accurate information.

The April 1, 2002 valuation, for the fiscal year ended March 31, 2003, was performed under my direction and supervision using the assumptions recommended by me and adopted by the Comptroller as of April 1, 2001 and the aggregate actuarial funding method. I am the actuary for the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), a member of the American Academy of Actuaries, and meet its qualification standards for this work. The valuation results, to the best of my knowledge and belief, represent the true financial condition of the System.



Teri E. Landin, M.A.A.A., A.S.A., E.A., M.S.P.A.

Actuary

New York State and Local Employees' Retirement System

New York State and Local Police and Fire Retirement System

# ■ Actuarial Funding and Valuation

## Actuarial Funding

An actuarial funding method is a procedure for allocating the costs of a retirement system to particular time periods. It doesn't determine how much a system will ultimately cost; rather, it determines that portion of the estimated total cost that is to be allocated to a particular year.

For 70 years, the actuarial funding method used by the System was the aggregate method (AGG). Then, Chapter 210 of the Laws of 1990 changed the funding method to a modified projected unit credit (PUC) method beginning in fiscal year ending March 31, 1991 (referred to as fiscal year 1991 here.) This law was challenged and the challenge was upheld by the Supreme Court. On appeal, both the appellate division and the Court of Appeals unanimously agreed with the Supreme Court. These decisions allowed the Comptroller to return to the aggregate funding method, beginning with the 1995 fiscal year. To ease the transition in ERS, i.e., to prevent budget crises amongst participating employers, the Comptroller devised a plan to cap non-GLIP (New York State Public Employees' Group Life Insurance Plan) rates at zero for the 1995 fiscal year and increase the rates by 1.5% per year until 1999, when capping would cease. However, due to excellent investment gains and favorable experience, almost all ERS employer bills were below the cap in 1997, and in 1998 all were below the cap, so that capping ceased in 1998.

## Actuarial Valuation

At the beginning of the fiscal year, the Actuary, by law, determines the actuarial assets and liabilities. The actuarial valuation is important since it determines each year's employer contributions.

Each valuation gives a long-term picture of the System currently and over the coming years. In this, it differs markedly from the March 31, point-in-time snapshot of the System provided by the Financial Statements. The two measurements serve different purposes and use different techniques.

Two examples help make this clear:

- the actuarial assets for valuation purposes include the current value of all the future contributions employers and employees will make on behalf of current members. The Financial Statement balance sheet asset figure includes only contributions paid or incurred through this fiscal year.
- the actuarial assets smooth out the ups and downs of common stock performance by using a multi-year smoothing procedure. Techniques like this are widely practiced and professionally recommended to protect employers from roller coaster contribution rates. The Financial Statements, on the other hand, simply present market values of assets on the last day of the last fiscal year.

## Aggregate Actuarial Funding Method

Actuarial liabilities are the current values (called the actuarial present values) of the benefits the Retirement System expects to pay to current members, pensioners and beneficiaries. The actuarial present value of benefits is calculated by projecting the amount of future retirement, death and disability benefits (based on past and future service) to be paid and then discounting for interest earnings, employee turnover and other contingencies.

The actuarial present value of the contributions that employers must make to the System to fund the projected benefit payment is equal to the actuarial liabilities, minus the actuarial value of present assets.

Under the aggregate funding method, the difference between the actuarial liabilities above and the actuarial value of present assets is funded as a level percentage of salary over the future working lifetimes of current members.

## Elements of the Actuarial Valuation

### Actuarial Assumptions

The current actuarial assumptions were adopted effective April 1, 1996. These assumptions and their predecessors are shown below. All assumptions presume ongoing Systems:

Fiscal Year Ending 3/31	Salary Scale*		Interest Rate		Multiple-Decrement Tables based on System's: experience
	Inflation	Productivity & Merit	ERS	PFRS	
1980-81	3.0%	<u>2.0%</u> 5.0%			4/1/71-3/31/76
1982-85	5.0%	<u>3.5%</u> 8.5%			4/1/76-3/31/81
1986	5.0%	<u>3.5%</u> 8.5%			4/1/76-3/31/81
1987-88	5.0%	<u>2.3%</u> 7.3%			4/1/81-3/31/86
1989-92	5.0%	<u>2.0%</u> 7.0%			4/1/81-3/31/86
1993-96	5.0%	<u>2.0%</u> 7.0%			4/1/86-3/31/91
1997-98	4.75%	<u>1.25%</u> 6.0%	4.75%	4.75%	4/1/90-3/31/95
1999-2000	3.50%	<u>2.50%</u> 6.00%	3.50%	3.00	4/1/90-3/31/95
2001	3.00%	<u>2.50%</u> 5.50%	3.00%	3.00%	4/1/90-3/31/95
2002-03	3.00%	<u>2.90%</u> 5.90%	3.00%	3.90%	4/1/95-3/31/00

\*This is an approximate value. Salary scales vary by age and plan and are based on each System's experience.

### Actuarial Value of Assets

Most of the assets of the ERS, PFRS, and GLIP are pooled in the Common Retirement Fund for investment purposes. The actuarial asset values for bonds and mortgages are amortized values. Short-term investments are at market value. All other investments (stocks, commingled funds, real estate, business investments, etc.) use a five-year moving average of market values method assuming a 7% rate of expected appreciation.

This method immediately recognizes regular investment income (interest and dividends) while phas-

ing in unexpected appreciation/depreciation over a five-year period. Unexpected appreciation is the excess of actual appreciation over expected appreciation (assumed to be 7% of the market value at the beginning of the year, adjusted for the net cash flow during the year). Realized and unrealized gains are treated in the same manner under this method.

The GLIP values investments at market value. For the fiscal year 2003 valuation of the two Systems and

Insurance Plan, the difference between market and actuarial value of smoothed investments was:

	<b>Investment</b> (millions of dollars)
Market Value	\$111,168
Actuarial Value	<u>116,312</u>
Difference	-\$5,144

### Administrative Expenses

The cost of administering the System is borne by the State and local employers on a current disbursement basis. However, legislation allows the administrative expense to be paid from System assets if such payment does not affect the normal contributions for the year. So, for the PFRS, there is no administrative charge for the year 2003.

### Group Life Insurance Plan (GLIP)

GLIP provides for up to \$50,000 of member and certain post-retirement death benefits to be paid as life insurance. All benefits provided are on a one-year term insurance basis. Participating employers are billed each year based on the aggregate of anticipated claims for

the plan year. Premiums are set so that the reserve will, at its lowest amount during any year, be approximately equal to payables. Payables is an estimate of the amount of claims currently being processed, plus claims incurred but not yet reported.

### Deficiency Rates

An employer may also have a deficiency rate. When a new employer joins a System, any past service liability is paid for by separate annual payments over a period of up to 25 years. These payments are not affected by the funding method.

### Rate and Contribution Comparability

For comparability, unless stated otherwise, rates and contributions assume a payment date of December 15 before the fiscal year end. This is the date on which local government bills are paid. Presenting the State rates and contributions as of this payment date provides for comparability of State and local government rates and costs.

## ■ Actuarial Valuation Balance Sheet

For the fiscal year ending March 31; in millions of dollars

### ERS

<b>Actuarial Assets</b>	<b>2002</b>	<b>2003</b>
Actuarial Value of Present Assets:		
Held for Current Pensioners & Beneficiaries	\$27,028	\$29,773
Held for Members	68,628	70,521
Member's Contributions	<u>5,364</u>	<u>5,590</u>
Total	\$101,020	\$105,884
Actuarial Present Value of Prospective Contributions:		
From Employers	\$308	\$949
From Members	<u>736</u>	<u>777</u>
Total	\$1,044	\$1,726
<b>Total Actuarial Assets</b>	<b>\$102,064</b>	<b>\$107,610</b>
<b>Actuarial Liabilities</b>		
Actuarial Present Value of Benefits for Current Pensioners & Beneficiaries:		
Service Retirement Benefits	\$29,862	\$32,627
Disability Retirement Benefits	2,122	2,238
Death Benefits	<u>71</u>	<u>94</u>
Total	\$32,055	\$34,959
Actuarial Present Value of Benefits for Members:		
Service Retirement Benefits	\$66,426	\$68,996
Disability Retirement Benefits	1,788	1,798
Death Benefits	1,249	1,315
Other	<u>546</u>	<u>542</u>
Total	\$70,009	\$72,651
<b>Total Actuarial Liabilities</b>	<b>\$102,064</b>	<b>\$107,610</b>

## PFRS

<b>Actuarial Assets</b>	<b>2002</b>	<b>2003</b>
Actuarial Value of Present Assets:		
Held for Current Pensioners & Beneficiaries	\$6,035	\$6,549
Held for Members	12,363	12,659
Member's Contributions	<u>11</u>	<u>12</u>
Total	\$18,409	\$19,220
Actuarial Present Value of Prospective Contributions:		
From Employers	-\$316	\$192
From Members	<u>0</u>	<u>0</u>
Total	-\$316	\$192
Total Actuarial Assets	\$18,093	\$19,412
<b>Actuarial Liabilities</b>		
Actuarial Present Value of Benefits for Current Pensioners & Beneficiaries:		
Service Retirement Benefits	\$5,606	\$6,072
Disability Retirement Benefits	1,532	1,576
Death Benefits	<u>57</u>	<u>84</u>
Total	\$7,195	\$7,732
Actuarial Present Value of Benefits for Members:		
Service Retirement Benefits	\$9,825	\$10,687
Disability Retirement Benefits	729	794
Death Benefits	284	307
Other	<u>60</u>	<u>55</u>
Total	\$10,898	\$11,680
<b>Total Actuarial Liabilities</b>	<b>\$18,093</b>	<b>\$19,412</b>

## New York Public Employees' Group Life Insurance Plan

	<b>2002</b>	<b>2003</b>
Assets		
Investments	\$64	\$58
Liabilities		
Managed Overdraft (cash)	\$2	\$3
Claims Being Processed	19	18
Claims Unreported	7	8
Reserve for Mortality Fluctuations	<u>36</u>	<u>29</u>
Total Liabilities	\$64	\$58

## Local Government Employers Final Contribution Rates

For the fiscal year ending March 31, 2003. All rates exclude any rate or contribution due to the 17-year amortization payments, prior years' adjustments, deficiency costs, retirement incentive programs, and certain benefits electable by local governments, such as credit for unused sick leave or one-year final average salary.

<b>ERS</b>	<b>RSSL* Section</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tiers 3 &amp; 4</b>
<b>Contributory plans</b>				
Basic, Age 55, Age 60	71-a	0.9	0.9	n/a
Tier 3	Art 14	n/a	n/a	1.2
Tier 4	Art 15	n/a	n/a	1.2
<b>Non-contributory plans</b>				
Non-contributory	75-c	1.2	1.1	n/a
Non-contributory w/guaranteed benefits	75-e	1.2	1.1	n/a
Career	75-g	1.3	1.2	n/a
New career	75-i	1.3	1.2	n/a
<b>25-year plans</b>				
Sheriffs and undersheriffs	89-a	1.1	1.1	n/a
Art 14 sheriffs – 25-yr.	551	1.1	1.1	1
Art 14 sheriffs – 25-yr. + 1/60th	551-e	1.1	1.1	1.1
full service for 1/60th	551-ee	1.1	1.1	1.1
County correction officers	89-e,...	1.2	4.6	n/a
<b>20-year plans</b>				
Sheriffs and undersheriffs	89-b	1.2	1.0	n/a
add'l 1/60th	89-b(m)	1.2	1.1	n/a
Art 14 sheriffs – 20-yr.	552	1.2	1.2	1.1
Art 14 sheriffs – 20-yr. + 1/60th	553	1.2	1.2	1.2
full service for 1/60th	553b	1.2	1.2	1.2
Investigators	89-d	1.2	8.3	n/a
add'l 1/60th	89-d(m)	1.2	8.8	n/a
<b>PFRS</b>				
<b>Contributory plans</b>				
Basic, Age 55, Age 60	371-a	10	10	
<b>25-year plans</b>				
Employer assumes ½ of additional member cost	384	0.1	0.1	
Employer assumes ¾ of additional member cost	384	0.1	0.1	
Employer assumes all additional member cost	384	0.1	0.1	
Additional benefit after 25 years	384(f)	0	0	
<b>20-year plans</b>				
Employer assumes ¾ of additional member cost	384-d	0.1	0.1	
Employer assumes all additional member cost	384-d	0.1	0.1	
<b>Non-contributory plans</b>				
Non-contributory	375-c	0.1	0.1	
Non-contributory w/guaranteed benefits	375-e	0.1	0.1	
Career	375-g	0.1	0.1	
New career	375-i	0.1	0.1	
<b>25-year plans</b>				
With additional benefits after 25 years	384	0.1	0.1	
	384(f)	0.1	0.1	
<b>20-year plans</b>				
With additional benefits after 25 years	384-d	0.1	0.1	
	384-e			
		5.5	1.4	
1990 elections		8.3	1.4	
1991 elections		9.4	1.4	
1992 elections		12.0	1.4	
1993 elections		9.0	2.9	
1994 elections		12.8	2.9	
1995 elections		14.2	2.0	
1996 elections		12.2	2.0	
1997 elections		13.7	2.3	
1998 elections		0.1	0.1	
all other years				

\* Retirement and Social Security Law

## ■ Contribution Rate Trend for Local Governments

Rates are based on a payment date three and one-half months prior to fiscal year end. Each rate is applied to the salary of members covered by that particular plan. Rates for 1994 were calculated under the projected unit credit funding method. Other years were calculated under the aggregate method.

Actual costs borne by employers are shown in the Statistical Section.

Plan Name (section)	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>ERS</b>										
Non-contributory (75-c)										
Tier 1	0.0	5.3	5.5	3.2	1.0	0.6	0.1	0.2	0.7	1.2
Tier 2	0.2	4.9	5.1	2.9	0.9	0.6	0.1	0.2	0.7	1.1
Guaranteed Benefit (75-e)										
Tier 1	0.0	5.3	5.5	3.2	1.0	0.6	0.1	0.2	0.7	1.2
Tier 2	0.2	4.9	5.1	2.9	0.9	0.6	0.1	0.2	0.7	1.1
Career (75-g)										
Tier 1	0.0	5.6	5.8	3.3	1.0	0.6	0.1	0.2	0.7	1.3
Tier 2	0.2	5.2	5.4	3.0	1.0	0.6	0.1	0.2	0.7	1.2
New Career (75-i)										
Tier 1	-0.1	5.8	6.0	3.5	1.0	0.6	0.1	0.2	0.7	1.3
Tier 2	0.1	5.4	5.6	3.1	1.0	0.6	0.1	0.2	0.7	1.2
Article 14/15 Tier 3	-2.9	4.1	4.1	2.4	0.9	0.6	0.1	0.2	0.7	1.2
Article 15 Tier 4	-2.9	4.1	4.1	2.4	0.9	0.6	0.1	0.2	0.7	1.2
<b>PFRS</b>										
Non-contributory (375-c)										
Tier 1	7.1	8.3	7.7	5.6	3.6	0.4	0.1	0	0.1	0.1
Tier 2	6.3	6.8	6.3	4.4	3.0	0.4	0.1	0	0.1	0.1
Guaranteed Benefit (375-e)										
Tier 1	7.4	8.3	7.7	5.6	3.6	0.4	0.1	0	0.1	0.1
Tier 2	6.3	6.8	6.3	4.4	3.0	0.4	0.1	0	0.1	0.1
Career (375-g)										
Tier 1	7.5	8.8	8.2	6.0	3.8	0.4	0.1	0	0.1	0.1
Tier 2	6.7	7.2	6.7	4.8	3.2	0.4	0.1	0	0.1	0.1
New Career (375-i)										
Tier 1	7.5	8.9	8.3	6.1	3.9	0.4	0.1	0	0.1	0.1
Tier 2	6.8	7.3	6.8	4.8	3.2	0.4	0.1	0	0.1	0.1
25-Year (384)										
Tier 1	8.3	9.5	8.8	6.2	3.9	0.4	0.1	0	0.1	0.1
Tier 2	8.6	8.4	7.8	5.3	3.5	0.4	0.1	0	0.1	0.1
25-Year + 1/60ths (384-f)										
Tier 1	9.1	9.7	9.0	6.3	4.0	0.4	0.1	0	0.1	0.1
Tier 2	8.6	8.7	8.1	5.6	3.6	0.4	0.1	0	0.1	0.1
20-Year (384-d)										
Tier 1	3.8	10.8	10.0	7.1	4.4	0.4	0.1	0	0.1	0.1
Tier 2	11.3	9.8	9.1	6.4	4.0	0.4	0.1	0	0.1	0.1
20-Year + 1/60ths (384-e)										
Tier 1										
1990 Elections	7.3	16.8	16.0	12.8	9.9	5.8	5.5	5.4	5.5	5.5
1991 Elections	8.2	19.6	18.8	15.6	12.7	8.6	8.3	8.2	8.3	8.3
1992 Elections	9.8	20.7	19.9	16.7	13.8	9.7	9.4	9.3	9.4	9.4
1993 Elections	11.5	23.3	22.5	19.3	16.4	12.3	12.0	11.9	12.0	12.0
1994 Elections	n/a	20.3	19.5	16.3	13.4	9.3	9.0	8.9	9.0	9.0
1995 Elections	n/a	n/a	23.3	20.1	17.2	13.1	12.8	12.7	12.8	12.8
1996 Elections	n/a	n/a	n/a	21.5	18.6	14.5	14.2	14.1	14.2	14.2
1997 Elections	n/a	n/a	n/a	n/a	16.6	12.5	12.2	12.1	12.2	12.2
1998 Elections	n/a	n/a	n/a	n/a	n/a	14.0	13.7	13.6	13.7	13.7
all other years	n/a	n/a	n/a	n/a	n/a	0.4	0.1	0	0.1	0.1
Tier 2										
1990-93 Elections	11.7	12.6	11.8	8.6	5.9	2.1	1.7	1.5	1.5	1.4
1994 Elections	n/a	14.2	13.0	10.2	7.6	3.8	3.5	3.2	3.1	2.9
1995 Elections	n/a	n/a	13.3	10.2	7.6	3.8	3.3	3.1	3.1	2.9
1996 Elections	n/a	n/a	n/a	9.2	6.6	2.8	2.3	2.1	2.2	2.0
1997 Elections	n/a	n/a	n/a	n/a	6.8	2.9	2.6	2.4	2.3	2.0
1998 Elections	n/a	n/a	n/a	n/a	n/a	2.9	2.5	2.4	2.5	2.3
all other years	n/a	n/a	n/a	n/a	n/a	0.4	0.1	0	0.1	0.1



## Employer Contributions

Contributions here may differ from those appearing elsewhere in the Actuarial Section because this section deals only with the contributions attributable to the single year shown. Actual contributions may include adjustments due to previous years, such as amortization payments/credits, reconciliation of other years' bills and application of smoothing credits.

### Comparison of Employer Contributions

For fiscal years ending 2002 and 2003; in millions of dollars

#### ERS

	2002 Contributions			2003 Contributions		
	Salary	Contribution	Avg. Rate	Salary	Contribution	Avg. Rate
Tier 1	\$2,324	\$18	0.8	\$1,798	\$25	1.4
Tier 2	1,300	11	0.8	1,184	16	1.3
Tier 3&4	15,136	108	0.7	15,987	192	1.2
Deficiency		1			1	
Incentive		90			59	
<b>Total</b>	<b>\$18,760</b>	<b>\$228</b>	<b>1.2</b>	<b>\$18,969</b>	<b>\$292</b>	<b>1.5</b>

#### PFRS

	2002 Contributions			2003 Contributions		
	Salary	Contribution	Avg. Rate	Salary	Contribution	Avg. Rate
Tier 1	\$266	\$16	6	\$201	\$12	5.8
Tier 2	2,072	21	1	2,122	21	1
<b>Total</b>	<b>\$2,338</b>	<b>\$37</b>	<b>1.6</b>	<b>\$2,322</b>	<b>\$32</b>	<b>1.4</b>

### Final Employer Contributions by Employer Type

Attributable to fiscal year 2003 costs only

Employer	Normal*	Deficiency	Administrative	GLIP	Total
<b>ERS</b>					
State	83		24	22	129
Counties	37		11	10	58
Cities	5		2	2	9
Towns	13	**	3	3	19
Villages	3	**	1	1	5
Misc	20	1	9	9	39
Schools	20	**	7	7	34
<b>Total</b>	<b>181</b>	<b>1</b>	<b>57</b>	<b>54</b>	<b>293</b>
<b>PFRS</b>					
State	**			**	**
Counties	12			1	13
Cities	8			1	9
Towns	3			**	3
Villages	1			**	1
Misc	6			**	6
<b>Total</b>	<b>30</b>			<b>2</b>	<b>37</b>

\* Includes incentives

\*\* Less than 500,000

### Employer Contributions by Tier

In millions of dollars

	2002 (as of 12/15/01)		2003 (as of 12/15/02)	
	Employer Contributions Attributable to Year	%	Employer Contributions Attributable to Year	%
<b>ERS</b>				
Tier 1	18	8.0	25	8.4
Tier 2	11	4.7	16	5.4
Tier 3&4	108	47.2	192	65.5
Deficiency	1	0.6	1	0.5
Incentive	90	39.5	59	20.2
<b>Total</b>	<b>228</b>	<b>100</b>	<b>293</b>	<b>100</b>
<b>PFRS</b>				
Tier 1	16	43.5	12	40
Tier 2	20	56.5	21	60
<b>Total</b>	<b>37</b>	<b>100</b>	<b>33</b>	<b>100</b>

## Member Salaries by Tier

In millions of dollars

	<u>2002</u>		<u>2003</u>	
	Salaries	%	Salaries	%
<b>ERS</b>				
Tier 1	\$2,324	12.4	\$1,798	9.5
Tier 2	1,300	6.9	1,184	6.2
Tier 3&4	15,136	80.7	15,987	84.3
<b>Total</b>	<b>\$18,760</b>	<b>100</b>	<b>\$18,969</b>	<b>100</b>
<b>PFRS</b>				
Tier 1	\$266	11.4	\$201	8.7
Tier 2	2,072	88.6	2,122	91.3
<b>Total</b>	<b>\$2,338</b>	<b>100</b>	<b>\$2,322</b>	<b>100</b>

## Members Earning Salary by Tier

During the fiscal years ending March 31

	<u>2002</u>		<u>2003</u>	
	Numbers	%	Numbers	%
<b>ERS</b>				
Tier 1	46,055	9.0	34,972	7.0
Tier 2	26,614	5.2	23,321	4.6
Tier 3&4	439,540	85.8	444,579	88.4
<b>Total</b>	<b>512,209</b>	<b>100</b>	<b>502,872</b>	<b>100</b>
<b>PFRS</b>				
Tier 1	2,802	8.7	2,124	6.6
Tier 2	29,519	91.3	30,295	93.4
<b>Total</b>	<b>32,321</b>	<b>100</b>	<b>32,419</b>	<b>100</b>

## Members Earning Salary by Employer Type

During the fiscal year ending March 31, 2003

	Salaries (in millions)	Number of Members
<b>ERS</b>		
State	\$7,989	176,711
Counties	3,640	95,705
Cities	576	15,716
Towns	1,154	33,218
Villages	352	10,453
Misc	2,839	69,005
Schools	2,419	102,064
<b>Total</b>	<b>\$18,969</b>	<b>502,872</b>
<b>PFRS</b>		
State	\$357	5,223
Counties	568	5,531
Cities	712	11,577
Towns	241	3,750
Villages	219	3,911
Misc	225	2,427
<b>Total</b>	<b>\$2,322</b>	<b>32,419</b>

## ■ Changes in Contributions

Yearly, the System's experience in many areas (employee salary growth or decrease, investment return, legislative enactments of benefits) is assessed and quantified. Each element exerts an increasing, decreasing or neutral pressure on contributions to be charged for that year.

### Analysis of Changes

By source of change. Experience during one fiscal year producing increase or decrease in contributions for following year. In millions of dollars.

#### ERS

Year	Contributions Billed for Preceding Year	Salary Growth	Return on Investments <sup>(e)</sup>	Funding Method <sup>(a)</sup>	Change in Benefits	Other Adjustments	Projected Contributions For Year Shown <sup>(b)</sup>
1994	-106	-124	-205	87	32	103	-213 <sup>(c)</sup>
1995	-211	12	-54	928	0	140 <sup>(d)</sup>	815
1996	795	-78	-25	n/a	0	131	823
1997	793	-108	-208	n/a	0	47	524
1998	559	-111	-258	n/a	0	81	271
1999	270	-103	-98	n/a	0	148	217
2000	217	-46	-55	n/a	0	34	150
2001	149	n/a	n/a	n/a	n/a	17	166
2002	166	n/a	-57	n/a	n/a	118	227
2003	228	-69	-30	n/a	n/a	172	301

#### PFRS

Year	Contributions Billed for Preceding Year	Salary Growth	Return on Investments <sup>(e)</sup>	Funding Method <sup>(a)</sup>	Change in Benefits	Other Adjustments	Projected Contributions For Year Shown <sup>(b)</sup>
1994	197	-9	-30	-3	0	7	162
1995	172	22	-9	37	0	3	225
1996	222	-8	-8	n/a	0	13 <sup>(d)</sup>	219
1997	217	-3	-28	n/a	0	-12	174
1998	169	-12	-44	n/a	0	16	129
1999	129	0	-94	n/a	0	13	48
2000	48	22	-37	n/a	0	9	42
2001	39	n/a	n/a	n/a	n/a	-5	34
2002	34	n/a	n/a	n/a	n/a	1	35
2003	36	n/a	n/a	n/a	n/a	-1	35

(a) The change to the projected unit credit funding method in 1991 created a surplus, causing a significant decrease in contributions. The 1994 amounts are due to the expected change in size of the surplus. The 1995 amount is due to a change from the projected unit credit funding method back to the aggregate method, and a change in the 5-year asset smoothing method.

(b) This is an estimated figure. Minor adjustments, mostly salary related, result in the final contribution figure for the year as shown in the Contributions Billed Column.

(c) The negative amount does not indicate a refund. The negative contributions can be used to reduce or eliminate certain payments due for the year.

(d) Primarily due to new actuarial decrement tables.

(e) For 1999 and 2000, this represents only a portion of investment gain; the portion necessary to achieve zero normal rates.

## ■ Historical Trends

The State is obligated to pay its bill on March 1, one month before the end of the fiscal year. However, since 1995, the State has paid its bill on September 1, seven months before the end of the fiscal year. Local employers must pay their bills by December 15, three and one-half months before the end of the fiscal year.

For comparability, all rates in the tables below are based on a payment date of December 15 prior to the close of the fiscal year.

### Trends in Employer Contributions

In millions of dollars.

Fiscal Year	ERS			PFRS		
	Salaries	State and Local Contributions Attributable to the Year	Average* Contribution Rate	Salaries	State and Local Contributions Attributable to the Year	Average* Contribution Rate
1994	14,599	96	0.7	1,525	172	11.3
1995	15,232	103	0.7	1,600	222	13.9
1996	15,105	333	2.2	1,673	217	13.0
1997	15,109	559	3.7	1,723	169	9.8
1998	15,556	271	1.7	1,842	129	7.0
1999	16,365	217	1.3	2,018	48	2.4
2000	16,935	149	0.9	2,049	39	1.9
2001	17,981	166	0.9	2,081	34	1.6
2002	18,760	228	1.2	2,338	37	1.6
2003	19,714	301	1.5	2,394	36	1.5

\* Rates reflect actual contributions divided by actual salaries. The salary and contributions depicted here are rounded to the nearest million for readability.



# INVESTMENT

## ■ Investment Results

Based on market values as of March 31, 2003

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>
Total Fund	-10.20%	-5.53%	1.56%
Domestic Equity	-24.79%	-14.07%	-2.60%
International Equity	-22.63%	-18.24%	-5.43%
Global Equity	-24.33%	-13.69%	-0.39%
Emerging Market Equity	-19.20%	-16.92%	-5.74%
Private Equity	-9.26%	-5.09%	7.62%
Equity Real Estate	12.68%	14.57%	14.50%
Fixed Income	16.83%	11.61%	8.47%
Standard & Poor's 500	-24.78%	-16.15%	-3.76%
Standard & Poor's 400	-23.49%	-5.41%	3.26%
Russell 3000	-24.67%	-15.85%	-3.72%
Russell 2000	-26.96%	-11.00%	-4.11%
MSCI All Country World Free	-23.70%	-18.02%	-5.41%
MSCI All Country World Free ex U.S.	-22.18%	-18.72%	-6.53%
Europe Australia Far East (EAFE)	-23.23%	-19.54%	-7.13%
MSCI Emerging Markets	-20.58%	-16.35%	-6.85%
Lehman Brothers Aggregate	11.69%	9.81%	7.51%
Salomon Smith Barney LPF Index	14.98%	10.87%	7.91%

These figures are for investment management purposes and may not agree with audited financial statements.

## ■ Domestic Stock Performance

For the fiscal year ending March 31, 2003

	Total Assets (\$ in millions)	Annual Rate of Return			Since Inception	Inception Date	Benchmark
		1 Year	3 Years	5 Years			
<b>Domestic</b>							
Total Portfolio	41,187.6	-24.79%	-14.07%	-2.60%			
Total Actively Managed	10,447.4	-25.71%	-15.18%	-3.42%			
Russell 3000 Index		-24.67%	-15.85%	-3.72%			
<b>Large Cap S&amp;P 500</b>							
CRF Index Fund	24,609.8	-24.51%	-15.86%	-3.58%	12.64%	8/01/78	12.59%
CRF Value Index Fund	186.1	-24.99%	—	—	-18.88%	2/01/02	-20.16%
CRF Growth Index Fund	76.8	-22.91%	—	—	-22.91%	4/01/02	-23.61%
Alliance Capital	1,627.3	-26.65%	-18.74%	-3.59%	13.33%	4/01/80	13.04%
Oppenheimer Capital	992.8	-29.87%	-8.23%	-2.92%	14.01%	4/01/80	13.04%
Smith Barney	588.8	-22.16%	-13.73%	-3.22%	13.24%	7/01/82	13.53%
Capital Guardian	1,100.0	-25.17%	-11.26%	0.95%	13.51%	4/01/85	11.80%
Jacobs Levy	1,029.4	-23.20%	-14.07%	-2.36%	10.31%	5/01/93	8.87%
Morgan Stanley	211.5	-26.54%	-21.09%	-4.73%	1.73%	3/01/97	2.63%
Chicago Equity	172.6	-22.10%	—	—	-17.22%	6/01/01	-18.01%
BGI R1000 Alpha Tilts	1,227.3	-22.70%	—	—	-11.15%	11/01/01	-12.49%
Wellington Management	194.3	-21.86%	—	—	-16.74%	1/01/02	-16.04%
<b>Medium Cap S&amp;P 400</b>							
CRF S&P Midcap Fund	4,492.8	-23.34%	-5.55%	3.17%	11.71%	11/01/91	11.78%
Progress Investment	684.0	-24.77%	-8.47%	-0.03%	10.60%	9/01/94	9.26%
New Amsterdam Partners	125.9	-19.53%	-5.10%	3.48%	13.02%	9/01/94	9.26%
Oppenheimer Mid Cap	312.3	-14.17%	3.67%	6.54%	9.53%	6/01/97	8.00%
BGI Extended Alpha Tilts	908.9	-21.94%	-12.32%	—	1.91%	11/01/98	-1.09%
<b>Small Cap Russell 2000</b>							
BGI R2000 Index Fund	1,451.5	-26.39%	—	—	-8.90%	11/01/01	-9.45%
Wells Capital	248.3	-25.48%	-24.23%	-8.63%	7.47%	8/01/91	8.15%
Pilgrim, Baxter	290.3	-39.46%	-34.36%	-11.71%	5.88%	8/01/91	8.15%
Brown Capital	293.5	-40.23%	-11.90%	3.21%	13.84%	9/01/94	5.61%
Brandes Investment	170.2	—	—	—	-19.04%	9/01/02	-7.52%
Systematic Financial	193.2	—	—	—	-4.88%	9/01/02	-7.52%

## Ten Largest Holdings of Domestic Stock Managers and Index Funds

For the fiscal year ending March 31, 2003

Company	Shares	Market Value	% of Domestic Stock
Microsoft Corp.	42,090,686	\$1,019,015,508	2.4%
General Electric	34,580,011	\$881,790,281	2.0%
Wal-Mart Stores	16,237,718	\$844,848,468	2.0%
Exxon Mobil Corp	24,161,653	\$844,449,772	2.0%
Pfizer Inc	26,187,755	\$816,010,446	1.9%
Citigroup Inc	21,327,677	\$734,738,473	1.7%
Johnson & Johnson	10,995,514	\$636,310,395	1.5%
American Intl. Group	10,196,631	\$504,223,403	1.2%
International Business Machine	5,811,793	\$455,818,925	1.1%
Merck & Co	7,914,661	\$433,565,130	1.0%

## ■ International Stock Performance

For the fiscal year ending March 31, 2003

	Total Assets (\$ in millions)	Annual Rate of Return			Since Inception	Inception Date	Benchmark
		1 Year	3 Years	5 Years			
<b>Total Portfolio</b>	<b>8,730.8</b>	<b>-22.07%</b>	<b>-18.02%</b>	<b>-5.50%</b>	<b>3.38%</b>	<b>9/01/89</b>	<b>0.84%</b>
Total Actively Managed	7,186.7	-22.07%	-17.89%	-5.36%	3.88%	9/01/89	0.84%
MSCI All Country World Free ex U.S.		-22.18%	-18.72%	-6.53%			
<b>MSCI EAFE Index</b>		<b>-23.23%</b>	<b>-19.54%</b>	<b>-7.13%</b>			
International Composite	7,257.7	-22.63%	-18.24%	-5.43%			
BGI Intl Tilt Fund	368.4	-19.87%	-16.67%	—	-6.39%	2/01/99	-9.41%
BGI EAFE Index	767.0	-22.78%	-19.29%	—	-12.15%	8/01/99	-12.34%
Alliance EAFE Index	355.2	-22.37%	-18.76%	—	-15.01%	12/01/99	-15.65%
Merrill Lynch Enhanced EAFE	53.5	-23.32%	-19.33%	—	-18.27%	3/01/00	-18.07%
Alliance Capital	597.2	-21.47%	-18.74%	-3.46%	4.17%	9/01/89	0.84%
Capital Guardian	1,366.8	-24.63%	-20.55%	-2.33%	5.85%	9/01/89	0.84%
Schroder Capital	288.2	-30.60%	-20.57%	-7.02%	2.63%	5/01/91	1.78%
Bank of Ireland	503.9	-25.91%	-18.57%	-5.57%	-3.14%	1/01/98	-4.33%
Templeton Investment	487.1	-22.20%	-11.18%	-3.10%	-0.59%	1/01/98	-4.33%
Delaware International	372.0	-17.51%	-5.88%	-1.66%	0.43%	1/01/98	-4.33%
Baillie Gifford	538.5	-22.71%	-21.07%	—	-8.05%	2/01/99	-9.41%
Baring International A/P	557.7	-20.37%	—	—	-20.37%	4/01/02	-23.23%
Morgan Stanley International A/P	1,002.2	-20.05%	-15.78%	-4.70%	2.25%	8/01/94	-0.79%
<b>MSCI Emerging Markets Index</b>		<b>-20.58%</b>	<b>-16.35%</b>	<b>-6.85%</b>			
Emerging Markets Composite	1,473.1	-19.20%	-16.92%	-5.74%			
Cap Guardian Emerging Growth	457.4	-23.56%	-19.44%	-6.47%	5.38%	12/20/91	2.54%
Templeton Emerging Market	364.1	-12.86%	-12.41%	-5.19%	-1.33%	10/01/93	-2.15%
Morgan Stanley Emerging Market	195.7	-21.50%	-20.51%	-4.35%	-0.54%	10/01/93	-2.15%
Acadian Asset Management	136.3	-18.48%	-10.31%	-4.14%	-3.26%	04/01/96	-5.82%
BGI Emerging Market	319.6	-18.11%	-15.86%	-3.21%	-2.65%	06/01/96	-6.43%

## ■ Global Equity Performance

For the fiscal year ending March 31, 2003

	Total Assets (\$ in millions)	Annual Rate of Return			Since Inception	Inception Date	Benchmark
		1 Year	3 Years	5 Years			
<b>Global Equity:</b>							
MSCI All Country World Index Free		-23.70%	-18.02%	-5.41%			
Global Equity Composite	\$1,679.1	-24.33%	-13.69%	-0.39%			
Capital Guardian	344.3	-24.40%	-17.86%	-1.52%	6.83%	9/01/94	3.00%
Brandes Investment	425.5	-28.49%	-3.89%	—	-1.82%	11/01/99	-12.95%
Robeco Investment	153.8	-23.13%	-18.79%	—	-13.25%	11/01/99	-12.95%
Morgan Stanley Global	755.5	-22.00%	-14.25%	—	-9.67%	12/01/99	-14.04%



## ■ Domestic Bonds

As of March 31, 2003

### Portfolio And Comparison

Sector	Market Value (in millions)	Percent	Macaulay Duration	Yield
Treasury	\$10,667.0	32.7%	8.26	3.61%
TIPS	\$5,726.0	17.6%	13.46	4.32%
Agency	\$3,170.0	9.7%	3.96	2.63%
Mortgages	\$3,763.0	11.6%	3.15	3.57%
Corporates	\$8,851.0	27.2%	7.35	5.14%
Asset Backed	\$391.0	1.2%	4.32	3.31%
<b>Total</b>	<b>\$32,568.0</b>	<b>100.0%</b>	<b>7.88</b>	<b>4.05%</b>

## ■ Alternative Investments Summary

As of March 31, 2003

	Number of Partnerships	Capital Committed	Capital Contributed	Remaining Market Value	Total Value*
Venture Capital	28	2,497,788,969	1,119,360,810	554,380,323	1,086,635,800
Corporate Finance	54	7,198,644,478	4,421,665,160	2,923,741,831	6,073,092,866
Special Situations	39	3,354,925,239	2,257,377,566	1,385,128,751	3,205,442,159
International	18	1,735,059,500	872,356,856	650,869,874	938,023,208
Opportunistic Real Estate**	23	1,850,141,412	1,352,928,197	882,120,637	1,649,769,632
<b>Total</b>	<b>162</b>	<b>\$16,636,559,598</b>	<b>\$10,023,688,589</b>	<b>\$6,396,241,416</b>	<b>\$12,952,963,665</b>

\* Total Value equals the sum of Remaining Market Value and Distributions received from the partnership to date.

\*\*These investments are classified as Real Estate on the Fund's financial statements.

## ■ Real Estate Portfolio

As of March 31, 2003

Property Diversification	Equity Amount	Percent	Mortgage Amount	Percent
Industrial/R&D	579,857,000	17.80%	95,411,921	6.41%
Land for Development	3,258,000	0.10%	—	—
Office	993,574,000	30.50%	897,705,606	60.31%
Other	—	—	13,842,915	0.93%
Residential	371,369,000	11.40%	189,186,507	12.71%
Retail	1,309,564,000	40.20%	292,338,552	19.64%
<b>Total</b>	<b>3,257,622,000</b>	<b>100.00%</b>	<b>1,488,485,501</b>	<b>100.00%</b>

### Regional Diversification

Northeast	736,224,000	22.60%	1,055,802,901	70.93%
Mideast	446,294,000	13.70%	7,678,191	0.52%
Southeast	475,613,000	14.60%	2,971,840	0.20%
Southwest	583,114,000	17.90%	68,396,292	4.60%
Midwest	205,230,000	6.30%	21,884,222	1.47%
Mountain	114,017,000	3.50%	76,162,149	5.12%
Pacific	693,873,000	21.30%	184,016,491	12.36%
Other	3,257,000	0.10%	71,573,415	4.81%
<b>Total</b>	<b>3,257,622,000</b>	<b>100.00%</b>	<b>1,488,485,501</b>	<b>100.00%</b>

## ■ **Assets**

For detailed lists of the New York State and Local Retirement System's assets, please see our web version of the 2003 Annual Report Supplement at [www.osc.state.ny.us/retire/aboutus/aboutus.htm](http://www.osc.state.ny.us/retire/aboutus/aboutus.htm).

- **Domestic and International Stocks** are on pages 89–113.
- **Bonds** are on pages 114–122.
- **Mortgage Holdings** are on pages 123–126.
- **Real Estate Investments** are on pages 127–128.
- **Alternative Investments** are on pages 129–132.
- **Short-Term Investments** are on page 132.

































































































## ■ Domestic Equity Commissions

Broker	Shares	Commission \$US	Broker	Shares	Commission \$US
Abel Noser Corp	1,788,000	49,951	Croix Securities	24,500	735
ABN Amro Inc	44,100	1,685	Crowell, Weeden & Co	17,000	340
Adams Harkness & Hill, Inc	1,151,100	50,315	CS First Boston Corp	27,101,149	1,236,732
Allen & Company Inc	5,819,000	12,035	Davenport & Co of Virginia	195,000	9,750
Archipelago BCC Capital	586,600	3,621	Davidson, D A & Co Inc	947,700	36,030
Arnhold and S. Bleichroed	332,150	16,608	Davis Mendel & Regenstein	242,750	12,138
Auto Trading Desk Brokerage	985,100	14,777	Dematted Monness LLC	19,400	970
Autranet A Division of Bn	571,350	26,087	Deutsche Bank Securities	29,894,298	794,767
Avian Securities Inc	30,000	1,500	Direct Brokerage Service	93,100	4,655
B Pierce & Co Inc	325,000	16,250	Donaldson Lufkin & Jenret	1,111,720	47,586
B-Trade Services LLC	28,595,804	607,198	Dowling & Partners Securities	81,100	3,018
Baird, Robert W. & Co., Inc	1,363,500	61,996	East/West Securities Co	19,500	585
Banc/America Secur LLC	7,873,722	325,262	Edge Securities Inc	55,100	2,755
Barrington Research Assoc	276,300	13,815	Edwards, A.G. & Sons, Inc	1,103,302	49,268
Beal, M.R. & Co	4,411,800	220,590	Engelman Securities	803,100	22,089
Bear Stearns & Co	35,925,485	1,448,282	Ewing Capital Inc	591,201	29,560
Berean Capital, Inc	365,600	18,017	Factset Data Systems	914,180	42,103
Blackwatch Brokerage Inc	150,200	6,576	Fahnestock & Co., Inc	323,800	15,575
Blair, William & Co	694,700	30,029	Ferris, Baker Watts Inc	31,196	1,653
Blaylock Partners LP	15,272,377	718,475	Fidelity Capital Markets	399,300	11,915
BMO Nesbitt Burns Corp	55,000	2,798	Financial Clearing & Services	36,450	1,823
BNY Clearing Services LLC	1,326,025	61,905	First Albany Corp	5,245,168	256,249
BNY ESI & Co Inc	1,848,900	78,685	First Analysis Securities	180,200	8,752
Boston Institutional Services	190,100	11,343	First Clearing Corp	225,400	6,733
Brean Murray, Foster Securities	112,850	3,358	First Marathon Securities	21,000	1,050
Brick/Div/Gererd Klauer	588,900	25,737	First Tennessee Securities	719,550	35,112
Bridge Trading Co	3,354,067	146,381	First Union Capital Market	8,017,020	398,513
Broadcourt Capital	6,772,879	294,857	Fiserv Securities Inc	4,470,400	180,390
Brown Brothers Harriman	208,550	10,428	Fox-Pitt Kelton Inc	1,251,500	61,310
Buckingham Research	1,275,300	63,473	Frank Russell Securities	9,500	475
CE Unterberg Towbin	150,500	6,787	Friedman Billings & Ramsey	650,841	21,738
CL King & Associates Inc	9,327,610	455,617	Fulcrum Global Partners	78,900	3,464
Canaccord Capital Corp	15,000	825	Gardner Rich & Co	1,368,400	67,105
Cantor, Fitzgerald & Co	8,167,687	314,169	Gerard Klauer Mattison	11,147,491	400,748
Capital Institutional Services	268,809	14,511	Gerson Lehrman Group Brokers	118,575	5,929
Chapman Co. (The)	72,000	3,535	Goldman Sachs & Co	48,921,537	1,478,647
Charles Schwab & Co., Inc	1,770,850	84,603	Goldman Sachs International	103,900	4,115
CIBC Wood Gundy	78,100	3,905	Great Pac Sec Inc	124,600	6,230
CIBC World Markets Corp	5,794,300	266,223	Green Street Advisors Inc	462,300	23,115
Citation Group	359,900	17,995	Greentree Brokerage Services	2,272,750	122,154
Citigroup Global Market Inc	47,683,762	1,836,730	Griswold Company	6,275,800	185,274
CJS Securities	212,500	10,625	Guzman & Co	6,156,600	306,598
Commerzbank Capital Market	19,300	965	Harborside Securities	7,100	169
Correspondent Svcs Corp	4,536,145	163,143	Heflin & Co Inc	454,000	13,998
Credit Research & Trading	271,250	9,555	Hibernia Southcoast Capital	7,700	385

<b>Broker</b>	<b>Shares</b>	<b>Commission \$US</b>
Hoefler & Arnett Inc	10,600	530
Hoenig & Co Inc	548,700	27,435
Howard Weil Div/Legg Mason	731,800	35,692
HSBC Securities Inc	63,075	3,154
Instinet	14,272,895	292,965
Institutional Services	1,775,600	91,429
Invemed Assoc, Inc	63,000	3,150
Investec Ernst & Company	634,080	17,232
Investmnt Technology Group	68,177,318	1,019,502
ISI Group Inc	1,834,050	83,932
Island Execution Services	3,600	36
JP Morgan Chase & Co	62,448	1,392
Jackson Partners	1,809,600	88,016
Jackson Securities Inc	1,608,700	76,367
Janney Montgomery Scott	529,350	24,829
Jefferies & Co	30,517,603	682,978
JMP Securities	9,000	450
Johnson Rice & Co	360,475	15,285
Jones & Associates Inc	2,745,611	96,055
JP Morgan Securities Inc	23,535,743	858,568
Kaufman Brothers	163,200	8,010
Keefe Bruyette & Wood Inc	254,000	12,568
Key Group (The)	34,655	2,079
Kleinworth Wasserstein	1,485,995	62,806
Knight Securities Broadco	9,320,767	121,164
KSH Investment Group Inc	8,400	420
KV Execution Services LLC	252,600	6,887
L H Friend Weinress & Fra	45,900	0
La Branche Financial #2	1,643,300	51,440
La Branche Financial Services	3,281,300	98,439
Ladenburg Thalman & Co	96,800	3,496
Lazard Freres & Co	321,233	13,984
Leerink Swann & Co	91,200	4,270
Legg Mason Wood Walker Inc	2,154,250	100,339
Lehman Brothers Inc	31,350,307	1,101,125
Liquidnet Inc	3,909,430	81,822
Loop Capital Markets LLC	7,666,450	226,574
Lynch Jones & Ryan Inc	446,050	21,298
M Ramsey King Sec Inc	809,900	41,495
Magna Securities Corp	1,657,900	70,073
Maxcor Financial Inc	6,800	204
May Davis Group Inc	950,300	47,515
McConnell Budd & Downes	10,600	0
McDonald & Co Securities	1,065,900	50,665
McMahan Securities Co	8,400	420
Merrill Lynch, Pierce, Fenner	40,943,699	1,787,084
Mesirow Financial, Inc	19,400	945

<b>Broker</b>	<b>Shares</b>	<b>Commission \$US</b>
Midwest Research Securities	151,603	7,095
Miller Tabak & Company	11,300	565
Moors & Cabot Inc/IPO Tra	118,000	4,834
Morgan Keegan & Co., Inc	564,960	23,937
Morgan Stanley & Co., Inc	35,504,348	1,363,400
Multitrade Securities LLC	57,700	1,731
Muriel Siebert	2,300,400	69,012
National Financial Servic	2,551,700	57,879
NDB Capital Markets Inc	191,600	0
Needham & Co	2,310,030	85,260
Neuberger & Berman	5,232,332	193,271
New Japan Securities Int	4,304	65
Nutmeg Securities	6,637,085	150,818
O'Neil, William & Co Inc	533,900	26,773
Ormes Capital Markets Inc	4,221,600	210,596
Pacific American Securities	3,070,729	138,503
Pacific Crest Securities	78,550	3,928
Pacific Growth Equities	59,200	2,960
Paribas Corp	9,600	480
Parker/Hunter Inc	15,400	770
PCS Securities Inc	1,275,850	33,638
Penson Financial Services	2,367,944	31,329
Pershing Div of Donaldson	115,000	3,540
Petrie Parkman & Co	218,550	10,553
Polcari/Weicker	126,700	3,801
Prudential Securities, Inc	14,227,100	672,470
Pryor McLendon	49,600	2,480
Pulse Trading LLC	162,200	4,866
Punk Ziegel & Knoell	14,900	745
Putnam Lovell Securities	247,800	9,583
Ragen Mackenzie, Inc	16,700	835
Ramirez & Co	2,775,900	138,318
Raymond James & Assoc	1,669,472	70,432
RBC Dain Rauscher Inc	2,908,200	132,599
RBC Dominion Sec., Inc	33,400	1,670
Refco Securities, Inc	6,600	330
Reinheimer Nordbrg, Inc	1,450	73
Robert Van Securities Inc	1,066,600	53,330
Robertson, Stephens & Co	355,200	5,280
Robinson Humphrey	543,200	27,359
Rochdale Sec Corp	44,200	2,210
Rockhouse Securities LLC	58,200	1,164
Roth Capital Partners Inc	37,200	790
Ryan Beck & Co	157,600	4,179
SBS Financial Group	22,800	570
Samuel A Ramirez & Company	3,498,580	167,544
Sanders Morris Mundy	1,457,300	72,624

<b>Broker</b>	<b>Shares</b>	<b>Commission \$US</b>
Sandler O'Neill & Partner	375,463	17,559
Sanford Bernstein & Co	4,452,379	213,597
Scotia Capital Markets	214,400	10,780
Scott & Stringfellow Inc	997,400	47,972
Seslia Securities	2,065,000	93,250
SG Cowen Securities Corp	6,995,356	326,765
Shields & Co	32,450	1,623
Sidoti and Company LLC	174,000	8,700
Simmons & Co International	115,600	5,214
Soundview Technology Group	3,194,800	126,943
Southwest Securities Inc	72,000	3,600
Spear, Leeds & Kellogg	967,825	37,769
Standard & Poors Securities	1,664,950	64,363
State Street Global Market	427,400	12,781
Stephens, Inc	58,250	2,469
Stifel Nicolaus & Co., Inc	129,700	6,485
Sturdivant & Co	37,500	1,875
Sunbelt Securities	332,800	7,174
Suntrust Capital Markets	731,264	34,114
Thinkequity Partners LLC	6,800	301
Thomas Weisel Partners	6,694,677	304,424

<b>Broker</b>	<b>Shares</b>	<b>Commission \$US</b>
Thomson Institutional Services	16,500	890
Tradition Asiel Securities	24,800	496
US Bancorp Piper Jaffray	3,742,425	177,560
US Clearing Corp	49,800	2,055
UBS Paine Webber Inc	4,378,805	218,890
UBS Warburg LLC	22,476,472	1,021,086
United Capital Group Inc	130,900	6,545
US Clearing Institutional	1,414,300	42,678
Utendahl Capital Partners	8,281,265	374,582
Vandham Securities Corp	3,550,742	165,746
Veritas Securities	1,274,450	46,745
Vickers Da Costa Securities	325,400	13,276
W R Hambrecht & Co	14,300	135
Waterhouse Securities Inc	35,000	1,925
Wedbush Morgan Sec., Inc	287,000	13,338
Weeden & Co.	5,188,404	196,781
Wells Fargo Van Kasper Inc	281,700	9,875
Wexford Clearing Services	77,600	1,726
Williams Capital Group LP	23,266,413	1,054,635
Wilshire Associates, Inc	594,400	21,977
<b>Total</b>	<b>822,842,511</b>	<b>\$29,270,509</b>



## ■ International Equity Commissions

Broker	Shares	Commission \$US	Broker	Shares	Commission \$US
ABG Securities	3,008,442	6,400	Deutsche Bank Securities	30,160,990	267,562
ABN Amro Bank	1,132,932	24,260	Deutsche Securities Asia	6,635,800	86,693
ABN Amro Inc	11,397,299	151,440	Dexia Securities	122,295	3,099
Amstel Securities	350,000	2,241	DMG Securities Australia	13,959	125
Amsterdams Effectenkantoo	20,130	691	Dominion Securities Pitfi	27,884	1,446
B-Trade Services LLC	244,400	3,666	Dresdner Bank	4,291,093	74,024
Banc/America Secur LLC	628,831	15,212	Edge Securities Inc	4,077,480	81,986
Banca Imi Securities Corp	236,540	1,037	Enskilda	869,840	34,900
Banco Bilbao Viscaya	144,550	2,984	Euromobiliare Limited	279,130	2,714
Banco Santander	246,023	5,312	Exane, Paris	617,763	24,361
Bank Julius Baer	65,078	3,974	Execution Ltd	130,453	3,706
Bank Nationale De Paris	173,046	13,449	First Energy Capital Corp	4,800	184
Bank of America Securities	68,550	1,652	First Tennessee Securities	1,587,200	47,616
Bank of American Int'L Ln	2,091,955	32,627	Fox-Pitt Kelton Inc	1,149,124	27,129
Bank Salomon Oppenheim Jr	4,068	762	G-Trade Services Hamilton	33,389	1,366
Baring Securities Ltd	28,739	2,155	G.K. Goh Stockbrokers Pte	179,000	2,800
Barnard Jacobs Mellet & C	25,500	679	Garban Equities Ltd	41,109	135
Bear Stearns & Co	6,126,622	111,184	Goldman Sachs & Co	25,046,840	392,521
Bear Stearns Securities	390,780	4,520	Goodbody Stockbrokers	562,954	12,757
Bloomberg Tradebook	12,000	87	Guzman & Co	91,000	4,550
BMO Nesbitt Burns	940,500	32,310	Handelsbanken	78,302	4,904
BNP Securities	1,309,154	53,397	Hong Kong Shanghai Bank	486,870	6,111
BNY Clearing Services LLC	274,000	13,700	HSBC Securities	10,755,377	145,212
BNY Esi & Co Inc	45,100	2,255	Indosuez W I Carr	178,000	1,784
BPI Draler	122,105	2,044	Ing Barings LLC	125,400	559
Broadcourt Capital	613,448	30,672	Instinet	700,538	7,863
Brockhouse & Cooper Inc	2,079,005	10,619	Inter Mobiliare	105,540	3,591
C I Nordic Securities Ab	11,800	273	Intermonte Securities Mil	172,476	4,001
Carnegie Fondkommission	137,955	7,887	Investec Ernst & Company	17,900	132
Cazenove & Co	3,252,358	30,839	Investec Henderson Crosth	71,000	547
CDC Bourse	29,653	7,473	Investmnt Techngy Grp	497,955	6,024
Charles Schwab & Co., Inc	757,388	2,115	J & E Davy	842,460	17,160
Chevroux	846,766	74,759	J B Were & Son Inc	4,530,876	46,028
Cibc World Markets Corp	819,330	30,851	J P Morgan Chase & Co	1,747,839	35,515
Citibank	141,293	7,570	Jefferies & Co	204,877	8,639
Citigroup Global Market	17,709,483	314,879	JP Morgan Securities Inc	212,108	10,124
Collins Stewart	346,920	9,833	JPP Eurosecurities	5,100	1,666
Commerz Securities (Japan)	31,010	3,450	K A S Associate	158,001	10,974
Commerzbank Frankfurt	96,464	8,309	KB For Credit Harvest Cap	272,400	7,062
Credit Agricole Indosuez	2,413,326	86,392	Kempen Capital Mgmt	93,990	4,867
Credit Lyonnais Securities	4,060,234,875	485,489	Kleinworth Wasserstein Se	18,332,757	182,141
Credit Suisse First Boston	16,550,596	138,700	Lehman Brothers Inc	33,985,180	400,199
CS First Boston Corp	1,394,525,406	391,067	M Ramsey King Sec Inc	352,000	17,600
Daiwa Securities America	1,348,800	14,578	Macquarie Equities Ltd	622,700	13,888
Davy Stockbrokers	744,895	18,710	Mainfirst Bank Ag	159,516	10,262

<b>Broker</b>	<b>Shares</b>	<b>Commission \$US</b>
Maxwell Y Espinosa	27,185	2,800
McDonald & Co Securities	110,800	4,432
Merrill Lynch, Pierce, Fe	641,665,342	655,422
Merrion Capital Group	210,700	5,151
Mizuho Securities	358,900	2,706
Mizuro International	694,000	3,187
Moors & Cabot Inc/IPO Tra	136,000	4,080
Morgan Grenfell Asia Secs	7,164,757	70,672
Morgan Stanley & Co., Inc	291,045,868	498,804
Morgan, J.P. Sec., Inc	10,625,754	239,274
National Bank Financial	468,240	18,591
National City Brokers	273,900	6,691
NCB Stockbroker	406,221	10,625
Nesbitt Thomson Securities	118,200	4,538
Nikko Citigroup Ltd	1,935,500	24,334
Nomura Securities Interna	5,326,532	71,887
Nordea	4,238	266
Oddo Securities	37,840	4,088
Ormes Capital Markets Inc	12,007,500	145,331
Paribas Corp.	176,935	15,611
Peel Hunt & Co Ltd	58,916	660
Pereire-Tod (Rep)	9,550	993
Petercam Brussels	87,200	2,180
Pictet & Co	58,185	10,569
Prudential Securities, In	639,900	29,419
Rabo Securities	257,884	5,600
RBC Dominion Sec., Inc.	1,057,000	13,984
Robert Fleming And Co	6,700	84
Robertson, Stephens & Co.	43,600	2,616

<b>Broker</b>	<b>Shares</b>	<b>Commission \$US</b>
Ryan Beck & Co	61,000	3,050
Salomon Brothers, Inc.	1,026,118,961	133,669
Sanders Morris Mundy	303,400	15,170
Sanford Bernstein & Co LI	5,599,415	152,727
Schloter & Reidock	35,960	5,343
Schroders Salomon Smith B	5,291,557	145,258
Scotia Capital Markets	1,327,230	39,945
SG Cowen Securities Corp	304,690	12,188
SG Securities Asia	424,301	22,239
Sigeco	283,220	2,711
Smith Barney, Harris Upha	272,823	12,434
Societe Generale Sec Corp	6,159,249	38,222
State Street Global Marke	3,300	165
Stuart Frankel	128,902	3,867
Svenska Int'L Equities	142,700	4,701
TD Newcrest	165,980	5,212
Teather And Greenwood	19,120	202
Thomas Weisel Partners	21,829	1,091
Toronto Dominion	222,800	2,069
Tullet & Tokyo Liberty Eq	179,014	407
UBS Securities, Inc.	220,732	5,471
UBS Warburg LLC	149,497,204	570,584
United Capital Group Inc	270,800	13,540
Utendahl Capital Partners	89,500	4,475
Warburg Securities	300,245,904	233,986
Weeden & Co.	86,200	4,310
West LB Securities	82,850	4,826
Williams Capital Group	7,919,051	220,583
Yorkton Securities Inc	8,600	327
<b>Total</b>	<b>8,162,908,019</b>	<b>\$7,692,401</b>

## ■ Domestic Bond Transactions

Fiscal year to date as of March 31, 2003; summarized by broker or direct issuer

<b>Long-Term Broker</b>	<b>Par \$ US</b>	<b>Short-Term Broker</b>	<b>Par \$ US</b>
Bank of America Securities	55,000,000	American Express Credit	2,296,945,000
Bear Stearns & Co	1,180,270,000	Banc/America Secur LLC	1,554,888,000
Blaylock Partners LP	753,670,000	Bear Stearns & Co	1,874,955,000
Citigroup Global Market	561,400,000	Chevron	70,800,000
CS First Boston Corp	25,000,000	Citigroup Global Market	4,036,923,000
Deutsche Bank Securities	391,610,000	CS First Boston Corp	4,488,691,000
Development Corp for Israel	10,000,000	Deutsche Bank Securities	4,018,079,000
FHLMC	70,002,446	Exxon Asset Management	1,801,155,000
FNMA	144,371,680	Ford Motor Credit	177,715,000
Goldman Sachs & Co	315,200,000	General Electric Capital	5,638,039,000
Lehman Brothers Inc	275,130,000	General Motors Acceptance	1,833,760,000
Morgan Stanley & Co., Inc	183,000,000	Goldman Sachs & Co	2,798,445,000
Ormes Capital Markets Inc	981,870,000	Household Finance	700,070,000
Utendahl Capital Partners	1,059,652,000	IBM Credit Corp	25,000,000
Williams Capital Group	559,090,000	Lehman Brothers Inc	2,864,144,000
<b>Total</b>	<b>6,565,266,126</b>	Merrill Lynch, Pierce, Fenner	2,476,883,000
		Morgan Stanley & Co., Inc	998,978,000
		Prudential Funding	1,081,255,000
		Toronto Dominion	508,655,000
		Wells Fargo	1,571,690,000
		Williams Capital Group	221,401,000
		<b>Total</b>	<b>41,038,471,000</b>

## ■ Fees

### Domestic Equity Manager Fees

Alliance Capital Management Corp	\$1,672,496
Ariel Capital Management	584,480
Barclays Global Investors	7,980,630
Brandes Partners	687,780
Brown Capital Management	2,368,171
Capital Guardian Trust Company	2,811,141
Chicago Equity Partners	563,909
Earnest Partners	395,072
Fan Asset Management	283,103
Fortaleza Asset Management	187,743
Fuller & Thaler Asset Management	440,183
Hoover Capital Management	675,126
Jacobs Levy Equity Management	3,020,183
JP Morgan Investment Management	1,044,578
Montgomery Asset Management	2,051,884
Morgan Stanley Investment Management	631,905
New Amsterdam Partners	441,620
Nichols Asset Management	174,418
Oppenheimer Capital	2,379,731
Piedra Capital Ltd	341,820
Pilgrim, Baxter and Associates	2,072,695
Progress Investment Management	1,814,363
Rasara Strategies	189,941
Salomon Smith Barney Inc	974,989
Schneider Capital Management	510,054
Systematic Financial	665,383
Wellington Management	662,333
<b>Total</b>	<b>\$35,625,731</b>

### International Equity Manager Fees

Acadian Asset Management	\$900,821
Alliance Capital Management Corp	1,840,156
Baillie Gifford Overseas Ltd	2,245,715
Bank of Ireland Asset Management	1,657,077
Barclays Global Investors	2,551,680
Baring International Investment Ltd.	1,745,425
Brandes Investment Partners	1,834,446
Capital Guardian Trust Company	9,124,242
Delaware International Advisors	1,245,593
Merrill Lynch Asset Management	206,327
Morgan Stanley Investment Management	9,099,375
Robeco Institutional Asset Management	655,049
Schroder Investment Management	1,049,638
Templeton Investment Counsel	6,342,098
<b>Total</b>	<b>\$40,497,642</b>

### Alternative Investments Fees

Angelo Gordon & Co.	\$302,474
Apax Europe	4,654,155
Apollo Advisors	3,189,837
Apollo Real Estate Advisors	1,996,514
Ascend	349,952
Bastion Partners	140,668
Beacon Group	195,863
Behrman Capital	1,805,810
Blackstone Group	6,210,029
Blum Capital	1,699,537
Boston Ventures	563,964
Brait Capital	376,327
Bridgepoint Capital (Formerly Natwest)	1,998,862
Canyon-Johnson	702,468
Charterhouse Capital Partners	551,147
Cinven	795,520
Colony Investors	1,130,270
CVC Capital Partners	2,330,793
Cypress Merchant Banking Partners	3,642,745
Equitable/Alliance Capital	13,602
Ethos	541,537
Fairview Capital	2,635,028
First Albany	625,000
Freeman Spogli & Co.	772,972
GE Investment Management	77,345
GM Investment Management Corp.	900,000
Goldberg, Lindsay & Co.	831,859
Golder, Thoma, Cressey, Rauner	375,682
Goldman Sachs	548,093
Hamilton Lane Advisors	5,091,465
HarbourVest Partners	10,410,939
HealthCare Ventures	305,699
Hellman & Freidman	1,877,804
Heritage Partners	1,743,350
Horsley Bridge Partners	427,902
Joseph Littlejohn & Levy	1,259,578
JP Morgan Investment Management Co.	5,331,851
JP Morgan Partners (Chase Capital)	4,556,089
Kelso Investment Associates	2,365,036
KKR	3,131,447
Landmark Partners	210,069
Lazard Freres Real Estate Investors	1,255,630
Lexington Capital	1,435,095
Madison Dearborn	1,319,538
Menlo Ventures	72,025
Meritech Capital	542,852

Morgan Stanley Real Estate	1,343,913
Oaktree Capital Management	2,812,115
Olympus Partners	786,680
Olympus Real Estate Partners	2,876,882
Pacific Corporate Group	1,500,000
Patricof & Co.	2,607,040
Perseus - Soros	527,644
Praedium	370,875
Providence Equity Partners	4,415,934
Saunders, Karp, and Megrue	841,315
Sprout Capital	613,194
Stonington Partners	567,276
Summer Street Capital	651,043
Syndicated Communications Venture Partners	403,700
TA Associates	2,751,014
TCW/Latin America Private Equity Partners	884,270
Thomas H. Lee Equity Advisors	5,272,719
TPG Partners	1,364,794
TSG Capital Group	780,458
Vestar Capital Partners	1,071,786
Warburg Pincus	10,637,550
Welsh, Carson, Anderson and Stowe	2,813,821
Westbrook Real Estate	2,164,392
Wheatley NY Partners	287,500
Yucaipa	3,500,000
<b>Total</b>	<b>\$133,140,337</b>

### Real Estate Fees

Aetna	\$24,765
CIGNA	434,748
Clarion Partners	5,384,774
Community Preservation Corporation	233,287
GMAC Commercial Mortgage	240,522
Heitman Capital Management	5,448,044
JP Morgan Investment Management	5,002,163
Key Bank	149
Lend Lease (Capmark)	39,488
NYSTRS	45,687
RREEF	4,520,702
Sentinel Realty Advisors	3,129,184
ULLICO	49,472
<b>Total</b>	<b>\$24,552,985</b>

### Consultant & Advisor Fees

Ark Asset Management	\$425,000
Ayer Consultants	80,000
Hamilton Lane	400,000
Stockbridge Risk Management, Inc.	17,731
JP Morgan Investment Management	2,454,089
Rogers Co.	40,000
Russell Real Estate Advisors	501,500
Stategic Investment Solutions	225,000
Wilshire	91,800
<b>Total</b>	<b>\$4,235,120</b>

Total Fees	\$238,051,815
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Total Commissions	\$36,962,910
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<b>Total Fees and Commissions</b>	<b>\$275,014,725</b>
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## ■ Investor Responsibility

### Proxy Voting

As the sole trustee of the New York State Common Retirement Fund, the Comptroller has a fiduciary duty to vote by proxy shares held by the Fund at annual shareholder meetings and special meetings that may be called to resolve corporate issues that occasionally arise. Proxy voting is an important responsibility that allows shareholders to have their investment interests counted by the company. As a shareholder on behalf of the Fund, the Comptroller exercises his voting power in elections for directors to company boards, for proposed resolutions included on the ballot submitted by management, and for proposed resolutions submitted by other shareholders.

Equally, the Comptroller has the right as a shareholder to submit proposed resolutions on issues that he feels need to be addressed by the company. While shareholder resolutions are not binding even if they win a majority or supermajority vote, companies are obligated to consider adopting them. Despite their non-binding nature, shareholder resolutions can be used to send a strong message to directors and executives of companies about how investors want to see a company managed.

### Committee on Corporate Governance

The majority of proposed resolutions presented on corporate ballots are sponsored by management. They may address routine matters, such as ratifying a company's auditing firm, or more controversial matters such as a proxy contest for control of a board of directors.

In cases where a proposed management or shareholder resolution is presented, where a voting recommendation has not been previously established by the Proxy Voting Guidelines, the *Committee on Corporate Governance* consisting of the First Deputy Comptroller, the Deputy Comptroller for Pension Investment and Public Finance, an Assistant Comptroller in the Division of Pension Investment and Public Finance, the Director of Corporate Governance and one other staff member of the Corporate Governance Unit shall meet to recommend voting policy for consideration by the Comptroller. The Committee may consult with analyst

services provided by *Institutional Shareholder Services* and the *Investor Responsibility Research Center* to reach a voting recommendation. Other outside consultants may be used from time to time as deemed necessary to ensure the best possible voting strategy to maximize shareholder value and good corporate citizenship.

### Proxy Voting Procedure

In accordance with his fiduciary duty, on behalf of the New York State Common Retirement Fund, the Comptroller votes by proxy for all of its portfolio companies. For companies based in the United States and those that are listed as American Depositary Receipts (ADRs), the Fund votes directly. The Director of Corporate Governance, who holds a power of attorney for the Comptroller, directs a Corporate Governance Unit staff member on the recommendation for each vote. The staff member then submits the votes, ordinarily electronically, or by paper ballot via facsimile or mail.

For companies based outside the U.S., the Fund contracts with its asset managers to vote the proxies. Managers are expected to vote in accordance with the principles presented in the Fund's U.S. proxy voting guidelines, and report quarterly to Fund staff.









# 2003 ANNUAL REPORT



Office of the State Comptroller  
Alan G. Hevesi



**New York State and Local Retirement System**

Employees' Retirement System

Police and Fire Retirement System



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This Annual Report is accompanied by a Supplement that contains the System's Financial Statements, detailed statistical and actuarial data, investment lists and related information. The Report and Supplement are also available on our website, [www.osc.state.ny.us/retire/aboutus/aboutus.htm](http://www.osc.state.ny.us/retire/aboutus/aboutus.htm).

To reduce the costs of printing, please let us know if your name should be deleted from our mailing list or if your mailing address should be updated. To contact us, you can:

- call (518) 474-1386,
- e-mail [comnews@osc.state.ny.us](mailto:comnews@osc.state.ny.us), or
- write to:  
NYSLRS  
Retirement Communications Office  
110 State St.  
Albany, NY 12244-0001

To request additional hard copies of these documents, call our OSC Service Desk at (518) 474-3438.





## Introduction

### **A Message from State Comptroller Alan G. Hevesi**

Ensuring that the Common Retirement Fund is protected for our members and retirees is the highest priority of this Office. While corporate scandals have been harmful to New York State's economy, the Fund remains strong and secure.

We have been at the forefront of several class action lawsuits, seeking to recover billions of dollars from corporations lost as a result of the scandals. The securities litigation also seeks to address the accounting and investment banking firms that aided the fraud. A coalition of institutional investors is in formation to help safeguard against future scandals through stronger corporate governance.

The Pension Reform Plan was enacted this year, requiring a minimum contribution rate for employers and changing their billing cycle. This means that employers such as counties, cities, towns and villages, will have additional time to build the costs of pensions into their budgets. Through this same legislation, New York State is required to make its full contribution to the Fund by March 1 of each year, beginning in 2005. In previous years, the State deferred payment on the difference between the amount owed and the amount budgeted for up to two years. Now, all State contributions will be made on time. With these improvements, the Common Retirement Fund will be protected.

In addition to strengthening and securing the Fund, we have focused on investing in numerous projects throughout New York State: building affordable housing complexes for seniors, enabling companies to expand and create more jobs for New Yorkers. Investing in New York businesses and projects is one of the best ways to help the State's economic recovery.

The members of the New York State and Local Retirement Systems are dedicated public servants whose work benefits millions of New Yorkers and visitors to New York. I will continue to work to ensure that the Common Retirement Fund remains secure for all of our retirees.

## The State Comptroller and the New York State and Local Retirement System

As fiduciary, the Comptroller has the duty to act in the best interests of System members and pensioners.

The State Comptroller is administrative head and sole trustee of the Retirement System. As fiduciary, the Comptroller has the duty to act in the best interests of System members and pensioners. In meeting these responsibilities, the Comptroller is supported by two deputy comptrollers and their professional staff. As a statewide elected official, the Comptroller is directly accountable to the public for his stewardship of the System.

Under the Comptroller's guidance, the System functions within a comprehensive legal framework based on the State Constitution and federal and State statutes designed to protect the interests of the members and the public. There are also formal policies and procedures that guide both the investment and administrative processes. In addition, a series of official New York State Rules and Regulations, promulgated by the Comptroller, govern many of the System's actions and procedures.

Every aspect of the Retirement System is subject to audit. The internal auditor of the Office of the State Comptroller

examines the System's policies and practices and reports to the Comptroller as to their adequacy and any possible improvements. The System also retains an independent external auditor who reviews the System's financial statements and expresses an opinion that the financial statements present fairly, in all material respects, the Fund's net assets and any changes to those assets.

Similarly, every five years, the State Insurance Department conducts an on-site examination of the actuarial valuations, accounting procedures and reports for the preceding five years.

The Comptroller meets regularly with hundreds of well-informed and deeply involved individuals including government officials, leaders and members of employee and retiree groups. The Comptroller also receives and acts upon advice on the management of the System and the Common Retirement Fund from numerous committees of experts and lay advisors, whose members are listed on pages 5-7.

## ■ Advisory Committees

### Advisory Council for the Retirement System

Hon. Peter J. Abbate, Jr.  
Chairman  
Assembly Governmental Employees  
Committee  
New York State Assembly

Roger E. Benson  
President  
NYS Public Employees Federation

Edward C. Farrell  
Executive Director  
Conference of Mayors

Jeff Frayler  
President  
NYS Association of PBAs

Robert R. Gregory  
Executive Director  
Association of Counties

Edward W. Guzdek  
President  
Police Conference of New York, Inc.

G. Jeffrey Haber  
Executive Director  
Association of Towns

Richard Harcrow  
President  
NYSCOPBA

Denis Hughes  
President  
NYS AFL-CIO

Tim Kremer  
Executive Director  
NYS School Boards Association

Louis J. LaCapra  
Chief Administrative Officer  
Port Authority of New York and New  
Jersey

Howard Li  
Chairman & CEO  
Waitex International Co., Ltd.

Alan Lubin  
Executive Vice President  
NYS United Teachers

Kathy B. McCormack  
Legislative Director  
AFSCME Council 82

Michael McManus  
Secretary/Treasurer  
Professional Fire Fighters Association

Joel H. Moser  
Partner  
Fulbright & Jaworski, LLP

Hon. Joseph E. Robach  
Chairman, Senate Civil Service  
Committee  
New York State Senate

Lillian Roberts  
Executive Director  
AFSCME District Council 37

Joel Schwartz  
CSEA/AFSCME Local 1000

Brian Shanagher  
President  
NYSCOPBA

George C. Sinnott  
President  
Civil Service Commission

Daniel B. Walsh  
President  
Business Council of New York State,  
Inc.

Cynthia Wilson  
President  
Retired Public Employees'  
Association

Barbara Zaron  
President  
NYS Organization of Management  
Confidential Employees

## Investment Advisory Committee

Robert E. Angelica  
Chairman and CEO  
AT&T Investment Management  
Corporation

Brent D. Baird  
Private Investor

Hughlyn F. Fierce  
Senior Vice President (retired)  
Chase Manhattan Bank

Joe Grills  
Assistant Treasurer (retired)  
IBM

Graham Harrison  
Vice President & CEO (retired)  
Howard Hughes Medical Institute

George F. Keane  
President Emeritus  
The Common Fund

Martin Liebowitz  
Vice Chairman & CIO  
Teachers Insurance and Annuity  
Association - College Retirement  
Equities Fund

W. Allen Reed  
President & CEO  
General Motors Investment  
Management Corporation

Dr. Robert G. Smith  
Smith Affiliated Capital Corp.

Arthur Ziekkel (retired)  
Merrill Lynch Asset Management



## Real Estate Advisory Committee

Louis M. Dubin  
President & CEO  
The Athena Group

Thomas C. Garbutt  
Managing Director  
Teachers Insurance and Annuity  
Association - College Retirement  
Equities Fund

Steven W. Goldmark, R.A.  
Senior Investment Manager  
IBM Retirement Fund

Jo Ann Hanson  
President  
Avanti Real Estate Advisors, N.C.

William F. Heitmann  
Senior Vice President & Treasurer  
Verizon Communications, Inc.

Glenn M. Johnson  
Senior Consultant  
New England Pension Consultants

Jin K. Lee  
Chief Investment Officer  
Manchester Real Estate &  
Construction

Everett B. Miller, III  
Board of Directors  
Common Fund Realty, Inc.

Richard G. Ruben  
Chief Investment Officer  
Lawrence Ruben Company

J. Stanley Shaw, Esq.  
Senior Partner  
Shaw, Licitra, Bohner, Esernio,  
Schwartz & Pfluger, P.C.

Alan C. Sullivan  
Senior Vice President  
The DeMatteis Organization

## Actuarial Advisory Committee

Armand M. de Palo  
Senior Vice President & Chief Actuary  
Guardian Life Insurance Company

Selig Ehrlich  
Senior Vice President & Chief  
Actuary  
Equitable Life Assurance Company

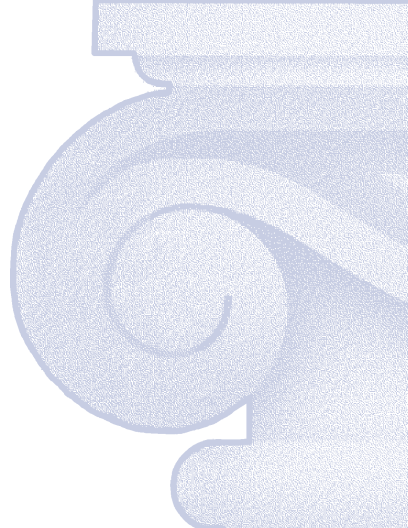
Michael Heller  
Vice President of Actuarial Pension  
Operations  
Teachers Insurance and Annuity  
Association - College Retirement  
Equities Fund

Michael Slipowitz  
Chief Actuary  
MONY Life Insurance Company

Joel Steinberg  
Chief Actuary  
New York Life Insurance Company

Stanley Talbi  
Chief Actuary  
Metropolitan Life Insurance  
Company





# The Retirement System

## New Leaders of the Retirement System

### Alan G. Hevesi, Comptroller

On January 1, 2003, Alan G. Hevesi assumed his role as New York State Comptroller and the sole trustee of the New York State and Local Retirement System. Comptroller Hevesi possesses a wealth of knowledge and invaluable experience gained from serving the citizens of this State for more than 30 years.

Prior to becoming State Comptroller, Mr. Hevesi served with distinction as New York City's Comptroller for eight years. Among his many accomplishments:

- Doubling the assets of New York City's five pension funds, thereby ensuring secure pension benefits for nearly 600,000 members and retirees.
- Doubling the number of audits conducted by his Office that resulted in multi-million dollar savings to local taxpayers.

- Blocking the sale of New York City's water system and delaying a \$2.2 billion watershed agreement until he won substantial improvements to the water system. With those improvements, Comptroller Hevesi ensured City residents are supplied with safe, clean water for many years to come.
- Fighting all forms of bigotry and developing policies to improve the lives of the City's residents.

Comptroller Hevesi also served for 22 years in the New York State Assembly. While there, he authored 108 laws and fought tirelessly for affordable health care, education reform and the rights of the disabled. He was also a faculty member of Queens College for 26 years and an adjunct professor at Fordham Law School and the School of International and Public Affairs at Columbia University.

**Comptroller Hevesi possesses a wealth of knowledge and invaluable experience gained from serving the citizens of this State for more than 30 years.**

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## Diana Jones Ritter, Executive Deputy Comptroller

Diana Jones Ritter was appointed Executive Deputy Comptroller in January 2003. She is responsible for overseeing the operations of several bureaus within the Office of the State Comptroller (OSC), including the Division of Retirement Services. Since becoming Executive Deputy Comptroller, Ms. Ritter has made it her priority to ensure the Division focuses on improving its services for members.

Ms. Ritter is no stranger to OSC or helping to improve the lives of New Yorkers. Prior to her latest appointment, Ms. Ritter spent more than eight years at OSC. Between March 2001 and January 2003, she served as Deputy Comptroller for Administration, and was Assistant Deputy Comptroller for the Division of Management Audit and State Financial Services from October 1995 until March 2001.

Before joining OSC, Ms. Ritter gained a broad range of executive-level management experience by working in the areas of health, finance and government. She served as Executive Deputy Director for the Office of Public Health for the NYS Department of Health, Associate Commissioner of Administration and Quality Executive for the NYS Office of Mental Retardation and Developmental Disabilities and Associate Budget Examiner for the NYS Division of the Budget. Ms. Ritter has been in public service since 1984, when she participated in a fellowship program within the NYS Division of the Budget. Her extensive management skills and background in public service make Ms. Ritter well suited to implement new and enhanced customer service initiatives for the Division of Retirement Services.

Ms. Ritter holds a B.S. in Psychology from Morgan State University. She is active in many community and professional organizations, which include the Association of Government Accountants; the Institute of Internal Auditors; the National Association of State Auditors, Comptrollers and Treasurers; and the New York State Academy for Public Administration. She is also a Certified Government Financial Manager.

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## Laura Anglin, Deputy Comptroller

Comptroller Hevesi named Laura Anglin Deputy Comptroller for the Division of Retirement Services shortly after he took office.

Deputy Comptroller Anglin's career in State service spans more than 13 years. During the past six years, she was a Senior Policy Advisor to the Speaker of the Assembly, Sheldon Silver. She has also worked for the Department of Environmental Conservation, Department of Taxation and Finance and was Budget Director for the Assembly Ways and Means Committee where she gained considerable experience in retirement-related issues. Ms. Anglin's productive relationships with the leadership in the Senate, Assembly and the Governor's Office make her an effective advocate for the New York State and Local Retirement System.

Educated at the State University of New York, Ms. Anglin earned both a bachelor's and master's degree in Economics. She was born in New York City and raised on Long Island. Ms. Anglin has spent the last 20 years living and working in the Capital District.

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**Ms. Ritter has made it her priority to ensure the Division focuses on improving its services for members.**

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**Ms. Anglin's productive relationships with the leadership in the Senate, Assembly and the Governor's Office make her an effective advocate for the New York State and Local Retirement System.**

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## The Division of Retirement Services

Under the leadership of State Comptroller Alan Hevesi, the Division of Retirement Services oversees and administers all aspects of the New York State and Local Retirement System (NYSLRS), the second largest public pension system in the country. It consists of the Employees' Retirement System (ERS) and the Police and Fire Retirement System (PFRS).

During the past year, Retirement Services has expanded its efforts to improve service levels and standards in an effort to meet the needs of our members. While doing so, we continue to implement provisions of laws enacted in the past few years that improved benefits for virtually every current and future retiree of our System.

Making sure that members take advantage of these benefit improvements has been, is, and will continue to be a primary administrative goal for our Division. In addition, a retirement incentive was enacted in 2002 that included a new feature to allow almost any Tier 2, 3 or 4 member, age 55 or older, with at least 25 but less than 30 years of service, to retire without benefit reductions. Many members, given the opportunity to take the incentive, were faced with making important choices and plans on short notice. Our staff worked with as many members as possible to help them make the best decisions for themselves. Between June 2002 and April 2003, we processed about 13,000 incentive retirements.

This incentive made our efforts in providing employers with retirement information more important than ever. We constantly look for new ways of getting information to employers so they can get retirement information into the hands of our members. We have upgraded our website to include more information, started a monthly E-newsletter, produced several videos and CDs on retirement benefits, created new publications for employers to distribute to their employees, and launched a toll-free number for our Call Center.

A recent survey conducted by the Employee Benefits Research Institute suggested that employers could do a lot to encourage their members to save for their retirement. Almost half of the respondents said that the availability of a retirement plan at work motivated them to save money. Forty percent of those interviewed stated that the educational material given to them by their employers led them to start saving or resume saving for retirement. Keeping these facts in mind, we will continue to try and find ways of helping employers help their employees.

We have also stepped up our efforts to reach our members directly via mail and through the Internet. In the following pages, we highlight some of these initiatives as well as other projects we have worked on in FYE 2002-03.

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**During the past year, Retirement Services has expanded its efforts to improve service levels and standards in an effort to meet the needs of our members.**

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## Major Initiatives

### Passage of Comptroller Hevesi's Pension Reform Plan

During the past two decades, employer contribution rates have both risen and declined. Rates in the 1970s were high, as a result of major Tier 1 benefit improvements made in the late 1960s. Tier 4 was created in 1983 with an anticipated employer contribution rate of close to 10 percent, and rates throughout the 1980s remained consistent with this projection. In the 1990s, rates reached an abnormally low level due to the phenomenal growth of Retirement System investments. This growth allowed for large savings to be passed on to employers. In fact, for several years, employers contributed little or nothing to the Common Retirement Fund.

Unfortunately, the events of September 11<sup>th</sup> and the subsequent economic slowdown, along with numerous corporate scandals, led to a stock market downturn over the past few years. Consequently, this loss, coupled with multiple benefit improvements, has resulted in employer contribution rates returning to more normal levels and are projected to

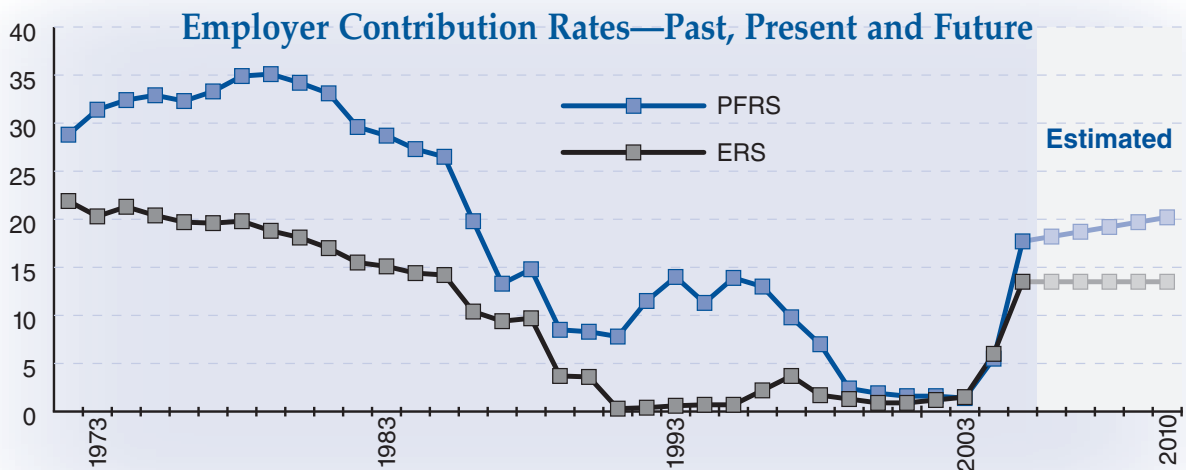
stay there for the foreseeable future (see chart below).

To protect the benefits of the Retirement System's more than 964,000 members, retirees and their beneficiaries, Comptroller Hevesi developed a four-tiered reform plan that was signed into law earlier this year (Chapter 49, Laws of 2003).

In developing this milestone reform plan, Comptroller Hevesi worked with members of the State Legislature, local governments, unions and retirees. The law protects current and future retirees by strengthening the pension fund. It also provides a more rational, stable approach for collecting payments from the State and local governments, and will save the State and local governments \$1.6 billion in the fiscal year ending (FYE) 2004.

A major component of the law requires employers to make a minimum contribution of 4.5 percent of payroll every year, including years in which the investment performance of the Fund would make a lower contribution possible. The plan changes the billing cycle to match employers' budget cycle. The contribu-

Tier 4 was created in 1983 with an anticipated employer contribution rate of close to 10 percent



tion for a given fiscal year will be based on the value of the pension fund on the prior April 1<sup>st</sup> instead of the following April 1<sup>st</sup>, so employers will have plenty of time to build the costs of pensions into their budgets.

The law also eliminates the State's ability to delay payments when the amounts owed are greater than the amounts budgeted (effective in FY 2004–05). In addition, in FY 2004–05, there will be two alternative one-time financing options to provide for transitional financing to help local governments meet their obligations.

## 2002 Retirement Incentive Program

The enactment of the 2002 Retirement Incentive Program (Chapter 69, Laws of 2002) featured two major components. Part A, the Targeted Incentive Program, provided one month of additional service credit for each year of service credited at the time of retirement for members whose positions were targeted by their employers. The maximum amount of additional credit that could be provided by the program was 36 months. This incentive was adopted by 607 employers, including 141 school districts and 395 local governments and authorities. All told, 5,537 State and 7,191 non-State employees took advantage of this Incentive.

Part B, the Age 55/25-Year Retirement Incentive Program, permitted Tier 2, 3 and 4 members who were at least 55 and who had 25 or more years of service credit to retire without benefit reductions. Although it didn't provide eligible members with any additional service credit, 384 State employees and 481 local employees did retire under this program.

Due to the Incentive Program, the Division of Retirement Services saw sig-

nificant increases in its retirement processing workload. For example, over a six-month time frame, staff from the Division's Benefit Calculation & Disbursement Services Bureau received an average of 2,000 new retirement applications each month. Combined with their existing workload, each examiner was assigned 400–500 cases to process, 70–80 percent of which first required estimates (compared to approximately 50 percent in the past).

Similarly, usage of our Interactive Voice Response (IVR) system increased from an average of 67,000 calls per month to almost 80,000 calls a month, and calls to the Call Center rose from 33,000 per month to 40,000 per month, after the Incentive was enacted.

To help members get the information they needed to make such an important decision, the Division's Communications Office wrote and produced a packet containing a CD with a video describing the incentive programs, as well as electronic versions of the incentive forms, a VCR video tape and hard copy versions of all relevant forms and fliers, which were distributed to employers for dissemination to their employees.

## New Toll-Free Phone Number

On November 29, 2002, the Division of Retirement Services implemented toll-free telephone service (1-866-805-0990) that has already been used by more than one million people throughout the country, Puerto Rico, Canada and the Virgin Islands.

During FYE 2003, an astounding 1,292,152 calls were placed to the automated menu, up from 711,404 the previous fiscal year. Of these, 427,878 were relayed to our Call Center/Benefit Information Services staff, while a total of

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**All told, nearly 5,500 State and about 7,000 non-State employees took advantage of the 2002 Incentive program.**

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**The first one of its kind among public retirement systems in the country, the RIR program now generates 465 monthly reports to NYSLRS.**

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864,274 calls were made to our IVR system, which allows callers to order loan applications, check account information or learn whether they were eligible for the 2002 Incentive Program. Thanks to new hardware and software upgrades, the increasingly popular IVR system is expected to expand its service capabilities even further in the future.

### **E-News**

In 2003, the Division of Retirement Services launched a monthly electronic newsletter, E-News, directed to employers and their member employees. It features tips and valuable advice on making good financial and retirement decisions, as well as important information for personnel and payroll offices. Designed to provide members and employers with all the retirement information they require in a quick and timely manner, issues of E-News started being sent to a list of more than 8,000 employer contacts in April 2003. Subsequently, approximately 8,300 new e-mail addresses of employers and members have been added.

### **Website Benefit Calculator**

This is one of the Division's fastest growing services on the web. It allows members to estimate their retirement allowance by entering in different retirement dates, service credit and final average salary figures. They can also see if buying military or other previous public service credit would enhance their pension. In FY 1999, there were a total of 11,207 hits; by the end of FY 2003, 461,036 had already visited the calculator. Until this past year, only Employees' Retirement System members could use this calculator. Now, it has been modified to also allow Police and Fire Retirement System members covered by certain 20-year plans

(Sections 384-d, 384-e and 381-b) to project their retirement allowances on our website.

### **Retirement Internet Reporting**

For FYE 2003, 343 employers reported their employees' salary and service information via the Division's Retirement Internet Reporting (RIR) service, as compared to 191 as of August 2002. The first one of its kind among public retirement systems in the country, the RIR program now generates 636 monthly reports to NYSLRS. The Member & Employer Services Bureau increased its RIR outreach efforts to interested employers by producing a comprehensive RIR information program. It debuted before a trial group of employers and received rave reviews.

### **Members' Status Mailing**

The Division of Retirement Services' Member & Employer Services Bureau, in concert with the Information Technology Services Bureau, completed a project in which 31,000 letters were sent out apprising individuals of their membership status. The mailing included letters to vested members regarding their eligibility for current or future retirement benefits, as well as notification to non-vested members of impending or actual membership termination, and the options available for receiving a refund of contributions. Withdrawal applications were enclosed with over 19,000 letters and nearly 2,000 members eligible to retire received retirement applications.

### **New Performance Database**

A Performance Results Measurement Database was established to measure the Division of Retirement Services' progress in assisting its members. The data in this program is used to strengthen accountability and improve customer service.



## Retirement Legislation Enacted in 2003

In addition to Comptroller Hevesi's Pension Reform Program (see Major Initiatives), several other retirement-related bills were signed into law. The following were signed at the time this report went to press.

**Chapter 48**, effective May 14, 2003, extends for one year provisions relating to health benefits for retired employees of school districts and certain boards which prohibit the diminution of health insurance benefits provided to such retired employees unless there is a corresponding diminution of benefits or contributions for the current active group of employees.

**Chapter 91**, effective July 1, 2003, extends Tier 2 provisions to all police and fire personnel who become members of PFRS on or after July 1, 2003, but prior to July 1, 2005.

**Chapter 92**, effective July 1, 2003, extends temporary retirement plan benefits and supplementation programs for two years to any member of a public retirement system of New York State (including the right of members to negotiate for improved benefits not requiring approval by the Legislature). There is no

increase in employer contributions over current levels for any participating employer.

**Chapter 106**, formally known as the Patriot Plan, offers a broad array of protections for public employees called to active military duty and their families. In addition to ensuring that all NYS public employees called to active duty in the war against terrorism suffer no loss of salary as a result of their service, it allows us to defer Retirement System loan repayments until they return, without fear of default. (Various provisions are effective on different dates.)

**Chapter 136**, effective July 22, 2003, provides that Tier 2 retirees who return to State service and complete at least two additional years of service will receive credit for that service.

**Chapter 139**, effective July 1, 2003, increases the salary used in the computation of the special accidental death benefit in cases where the date of death was before 2003; applies to surviving spouse and child benefits of certain police and fire personnel.

## Members and Retirees

Overall membership in the New York State Local Retirement System (NYSLRS) exceeds 964,000. It includes almost 651,000 members currently employed or vested, and more than 313,000 retirees and beneficiaries.

As these numbers continue to climb, we constantly strive to find new methods of reaching out to our diverse membership and new ways to improve our services. We try to balance the demands for maximum value and service with the need for fiscal restraints and maximum efficiency. The world of e-commerce is becoming more and more valuable in providing information and services to our members. Retirees living throughout the country and around the world are now only a click away from receiving the latest information about their retirement system.

Technology is not the only thing to change. Our membership is also different. While our currently employed member population is rising, the percentage of our retiree population is also increasing more

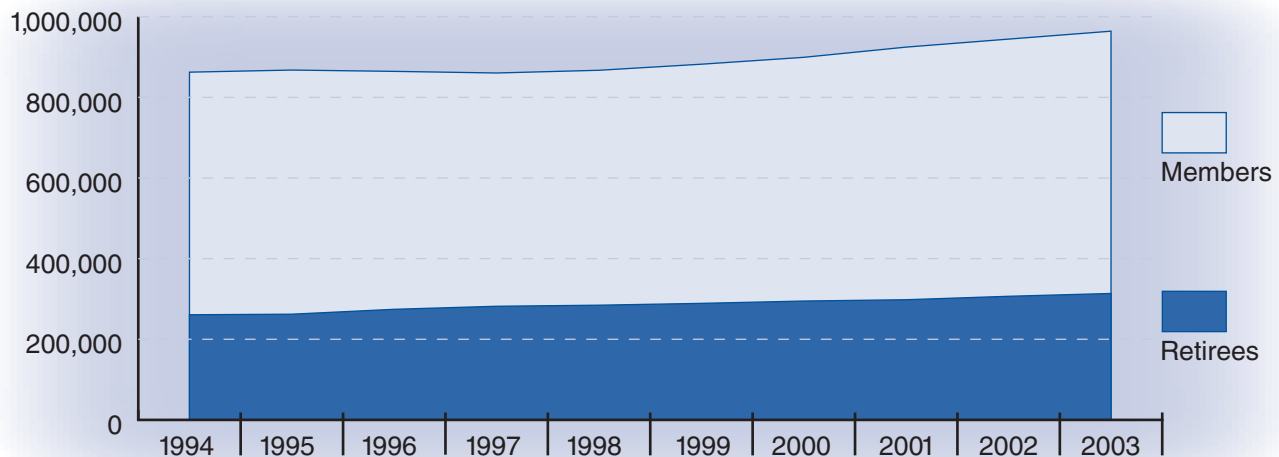
quickly. In 1990, retirees represented 26 percent of our membership, while, in 2003, that number rose to 32 percent.

As the number of retirees continues to increase, benefit payments continue to rise. This increase also reflects improvements in final average salaries over the past decade, COLA payments and benefit improvements enacted in the last four years. Total benefit payments in 1982, for example, reached \$755.8 million. By 1992, benefits rose to just over \$2 billion, and approached \$5 billion in 2003.

The average annual pension benefit for all retirees and beneficiaries in the Employees' Retirement System has risen from \$7,829 10 years ago to \$14,176 this year. New retirees this year were receiving an average annual pension of \$21,756 compared to \$13,116 in 1994.

In the Police and Fire System, the average annual pension was \$19,372 in 1994 and \$31,154 this year, with new retirees during the fiscal year averaging \$54,330 in benefits compared to \$30,542 in 1994.

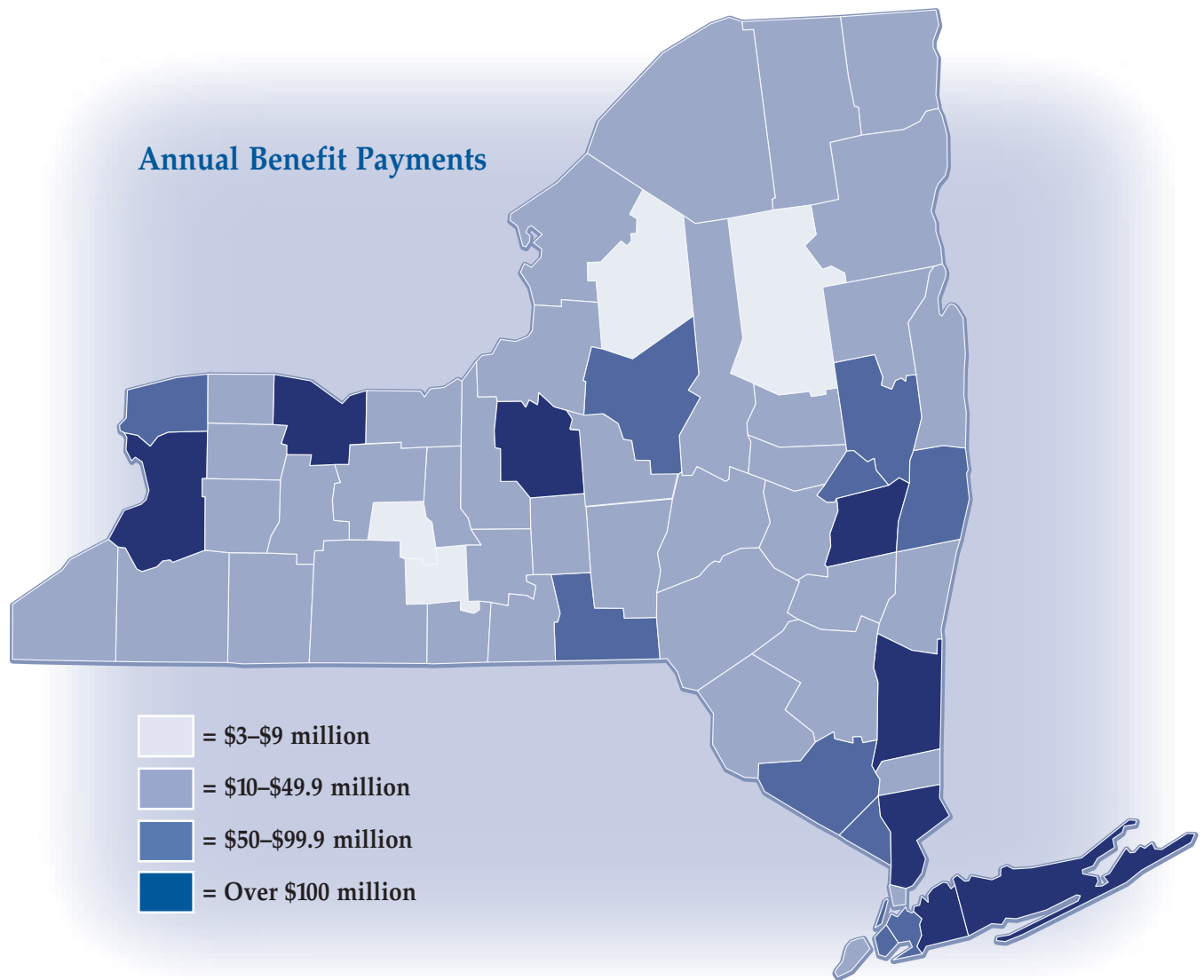
**Total benefit payments in 1982, for example, reached \$755.8 million. By 1992, it had risen to just over \$2 billion, and approached \$5 billion in 2003.**



## Retirees in New York State

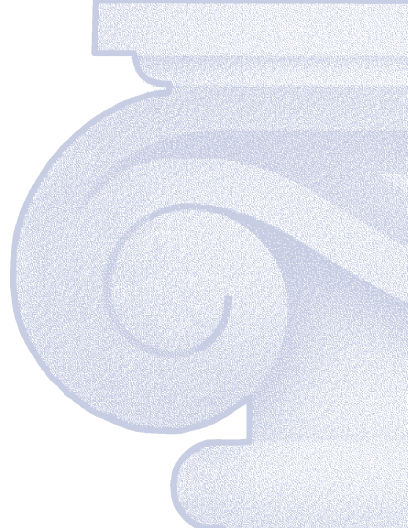
Of the 313,597 retirees and beneficiaries in the System, 244,948 (78 percent) remain New York State residents. As such, benefit payments approaching \$3.8 billion

this year alone are distributed throughout the State's communities and businesses, representing the System's greatest impact on the State's economy.



## Annual Benefit Payments

County	Recipients	Annual Payments	County	Recipients	Annual Payments
Albany	13,506	\$225,905,835	Oneida	6,996	\$92,957,188
Allegany	1,217	13,828,848	Onondaga	9,118	117,992,124
Bronx	2,673	45,754,141	Ontario	2,034	25,130,147
Broome	5,456	64,909,663	Orange	5,588	83,618,312
Cattaraugus	2,492	29,539,532	Orleans	976	11,350,388
Cayuga	1,996	26,978,842	Oswego	2,571	30,883,431
Chautauqua	3,236	38,847,551	Otsego	1,567	18,074,925
Chemung	2,403	33,171,472	Putnam	1,369	24,852,436
Chenango	1,284	15,168,637	Queens	4,873	89,786,186
Clinton	2,484	38,552,254	Rensselaer	5,514	89,346,785
Columbia	1,944	28,257,538	Richmond	1,810	33,295,070
Cortland	1,140	13,293,934	Rockland	4,712	78,259,464
Delaware	1,833	24,578,892	St. Lawrence	3,343	43,379,818
Dutchess	6,399	103,756,700	Saratoga	5,321	89,449,713
Erie	21,120	312,051,683	Schenectady	5,462	85,890,674
Essex	1,323	16,848,424	Schoharie	989	13,089,259
Franklin	1,654	20,615,257	Schuyler	534	6,329,370
Fulton	1,367	16,028,997	Seneca	1,237	16,153,033
Genesee	1,408	17,135,527	Steuben	2,258	28,372,091
Greene	1,545	22,797,213	Suffolk	23,970	453,381,263
Hamilton	394	4,903,584	Sullivan	1,753	25,394,034
Herkimer	1,611	16,652,680	Tioga	993	10,628,630
Jefferson	2,056	26,258,583	Tompkins	2,125	32,411,820
Kings	4,144	74,006,741	Ulster	3,406	45,992,883
Lewis	710	7,110,912	Warren	1,179	15,305,095
Livingston	2,042	26,264,020	Washington	1,749	23,347,018
Madison	1,597	19,920,746	Wayne	2,247	25,713,549
Monroe	11,060	149,032,806	Westchester	12,184	220,345,888
Montgomery	1,570	19,600,353	Wyoming	1,228	17,391,622
Nassau	18,093	351,864,655	Yates	590	6,665,326
New York	3,331	67,850,376	NY Military	4	46,142
Niagara	4,160	55,726,896	<b>Total</b>	<b>244,948</b>	<b>\$3,782,046,979</b>



## The Common Retirement Fund

### The Role of The Division of Pension Investment and Public Finance

The Division of Pension Investment and Public Finance manages the assets of the New York State Common Retirement Fund, with the goals of growing the assets to meet the System's growing pension liability and ensuring a reliable cash flow that provides for the funding requirements of the near-term pension obligation. To achieve these goals, the Division allocates the Fund's assets to a variety of asset types and strategies. Generally, equity investments are included for their long-term return and growth characteristics, while fixed income assets are added for their ability to control investment risk and provide for a reliable cash flow that meets the funding requirements of the pension payments. In achieving the long-term goals of growth and the ability to fund near-term pension benefits, the Division is able to control the cost of the pension benefit for contributing employers and employees, while securing a

sound funding source for current and future retirees.

In the long run, the Fund's publicly traded equity holdings have provided significant growth, returning 11.74 percent on an annualized basis since 1983. To mitigate potential losses during periods of significant market downturns, the Fund's total assets are prudently diversified. By diversifying into fixed income, real estate and commercial mortgage assets, all of which enjoyed positive returns for the year, the Fund was able to counteract a portion of the negative returns experienced by the equity assets. In addition, cash flows from the fixed income assets allowed the Fund to pay in excess of \$4.8 billion in pension benefits to its retirees during the year, despite the negative return.

There were several significant changes to the investment operation dur-

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**There were several significant changes to the investment operation during the year, as the Fund continues to improve the methods it uses to manage assets and find more efficiency in conducting its business.**

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ing the year, as the Fund continues to improve the methods it uses to manage assets and find more efficiency in conducting its business. This year, the Fund made the following changes:

- Enhanced the actively managed domestic and international equity portfolios by eliminating managers whose performance lagged expectations and redeploying the assets to those managers that were meeting their performance goals.
- Improved the creditworthiness of the fixed income portfolio by selling corporate bonds that were experiencing credit difficulties.
- Enhanced the real estate portfolio by adding select joint venture development programs to fill niches in the

multi-family product, both nationally and within New York State.

- Initiated a search for additional private equity consultants to expand the resources available to the staff.
- Improved the efficiency of the private equity portfolio by seeking fee reductions and other concessions from the general partners where appropriate, and reviewing the existing portfolio structure to ensure that it contains the optimal mix of strategies and managers.
- Continued to seek out private equity managers who focus on New York State investments.
- Began a review of the brokerage firms that service the internally managed assets of the Fund.

## Rate of Return

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The Common Retirement Fund experienced negative growth during FY 2002–03. With an annualized return of –10.2 percent, the Fund achieved results well below its 10-year, annual total return of 8.01 percent. Most of the negative results reflect the continued downturn in the world’s equity markets, which have been experiencing difficulty since 2000. As an example, the S&P 500 Index, a measure of the 500 largest American companies, lost 40 percent of its value for the three-year period ending March 31, 2003. The last time the S&P 500 Index experienced losses of this magnitude for an extended period of time occurred when it lost 41 percent of its value in the period from 1972 through 1973.

This year’s investment performance reflects uncertainty in the world’s securities markets due to the war with Iraq, the corporate accounting scandals and the continuing global economic slowdown that began two years ago. It also marks the third year of negative returns for the publicly traded equity market. Despite the three-year declines in the world’s stock markets, the Fund continues to enjoy positive growth over the long-term as

reflected by the five-year and 10-year performance of 1.56 percent and 8.01 percent, respectively.

The U.S. publicly traded markets experienced mixed results. The domestic equity portfolio, which represents 43 percent of the Fund’s total assets, returned –24.79 percent for the year. The fixed income portfolio, the Fund’s other major asset category, represented 36 percent of the assets and enjoyed returns of 16.83 percent for the year, somewhat offsetting the poor performance in the U.S. stock market.

International equity markets also experienced negative returns during the year. The Fund’s international and global equity portfolio, which represents 10.8 percent of the portfolio, returned –22.63 percent for the year.

The private equity portfolio, which represents 6.7 percent of the Fund’s assets, experienced a difficult period and returned –9.26 percent for the year. Equity real estate, which represents 3.3 percent of the Fund’s assets, enjoyed strong results with a return of 12.68 percent.

## Asset Allocation

Asset allocation is one of the biggest decisions investors make in determining the amount of investment risk and return they are willing to take. Which asset classes to invest in and how much to allocate to each asset class are much more important, over the long term, than market timing and individual security selection. Investment studies indicate that about 90 percent of the variance of an investment portfolio's returns is explained by the asset allocation decision.

During FY 2002-03, the Fund continued to implement the asset allocation policy that was adopted in 2000. With an overall allocation of 70 percent to equity and 30 percent to fixed income, the Fund's asset allocation addresses the long-term growth needs of the pension liability while controlling risk and providing reliable cash flow to meet the benefit obligations.

The Fund maintains its asset allocation by employing a flexible rebalancing discipline to meet the overall asset targets. Ranges have been established for the

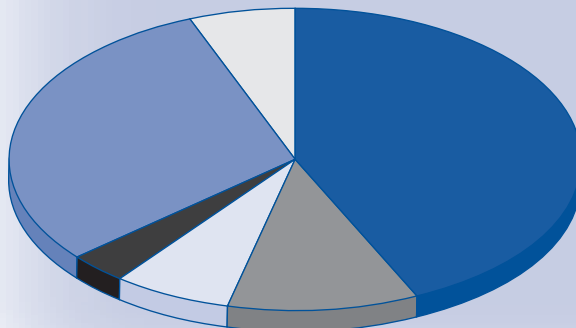
overall equity and fixed income allocation to minimize unnecessary security turnover, thereby reducing the Fund's trading costs.

The 2000 policy was implemented prior to the significant decline in the global equity markets and the benefit enhancements enacted later that year. Because of the significant changes that occurred to the anticipated risks and returns of the assets and the future growth and funding requirements of the benefits since that policy was implemented, the Fund began another review of its asset allocation in the last quarter of FY 2002-03. With the assistance of an external investment consultant, the review will address the investment risk and return expectations in light of the current market conditions. The new asset allocation policy will provide a blueprint for the Fund's investment strategy over the next three years.

The following chart displays the actual asset allocation as of March 31, 2003.

The new asset allocation policy will provide a blueprint for the Fund's investment strategy over the next three years.

### Asset Allocation



#### Equities Total: 63.8%

- Domestic: 43.0%
- International: 10.8%
- Private Equity: 6.7%
- Real Estate: 3.3%

#### Fixed Income Total: 36.2%

- Bonds, Cash, Mortgages: 30.2%
- Inflation Indexed Bonds: 6.0%



## Domestic Equity

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The Fund's domestic equity portfolio was the largest contributor to the 2003 fiscal year's negative performance. Representing approximately 43 percent of the total assets, the Fund's domestic equity portfolio returned -24.79 percent for the year, versus -24.67 percent for the domestic equity market as represented by the Russell 3000 Index—a broad market index. Only those domestic equity strategies that invested in medium sized companies were able to outperform the market, which were down -22.89 percent compared with -24.67 percent for the broader market. Large capitalization strategies, which account for 77 percent of the domestic equity portfolio, declined -24.75 percent and small capitalization strategies returned -30.74 percent.

During the past year, the Fund's staff continued to implement the current domestic equity structure strategy that resulted from the most recent best practices study. Within domestic equity, 74

percent is managed in passive strategies, 20 percent is managed in active strategies and six percent is managed in enhanced index strategies.

The internally managed S&P 500 and S&P 400 Index Funds continue to provide low cost and efficient exposure to the domestic equity markets for the Fund. With the expanded use of trade crossing networks and alternative trading systems, the Fund continued to lower trading costs.

The Fund also continued to use minority and women-owned brokerage service providers when trading for the internally managed assets. For the fiscal year, these brokers accounted for approximately 38 percent of the total commissions. In addition, the Fund's external equity managers used women and minority-owned brokers for 16 percent of their commission total.

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**The Fund also continued to use minority and women-owned brokerage service providers when trading for the internally managed assets.**

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## International Equities

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**Given the continued uncertainty of the current investment environment, the Fund's broadly diversified portfolio structure continues to be the appropriate strategy.**

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The Fund's international and global equity holdings represented approximately 10.8 percent of the total assets at the end of the fiscal year. The established economies of the international stock market, as measured by the Morgan Stanley Europe, Australia and the Far East Index, returned -23.23 percent. Because of its international equity structure, which employs a variety of active and passive investment strategies, the Fund's international equity portfolio outperformed the market with a return of -22.63 percent for the same period. The world's emerging economies, as measured by the Morgan Stanley Emerging Market Index, returned -20.58 percent versus the Fund's -19.20 percent.

During the past year, the Fund's staff continued the implementation of the international equity structure recommendations adopted as a result of last year's best practices study. Within international equities, 70 percent is managed in the core international markets, 16 percent is managed

in the global equity markets and 14 percent is managed in the emerging markets.

The Fund has continued to pursue an international equity strategy for the diversification it provides. The Fund's investments in the international and global markets have proven to be an integral part of the portfolio because it provides a full range of investment possibilities and many unique opportunities overseas. As of March 31, 2003, investments in developed non-U.S. markets totaled 7.6 percent, emerging markets exposure totaled 1.5 percent and global strategies totaled 1.7 percent.

Given the continued uncertainty of the current investment environment, the Fund's broadly diversified portfolio structure continues to be the appropriate strategy. The active core non-U.S. and emerging markets components of the Fund continue to outperform the benchmarks mainly through stock selection capabilities throughout the regions.

## Fixed Income

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The Fund utilizes the services of a fixed income advisor to manage both the long- and short-term fixed-income portfolios. The long-term fixed-income portfolio, which represented approximately 36 percent of total assets, moderates the greater return volatility of the Fund's equity holdings and serves as a reliable funding source for the System's pension liabilities. The short-term portfolio provides steady monthly cash flow for pension payments and funding for investments in other asset classes.

The stagnant U.S. economy and fear of deflation induced the Federal Reserve to reduce rates from 1.75 percent to 1.25 percent during the year. The Fund's long duration portfolio benefited from the rate reductions, returning 16.83 percent for the year, well ahead of both the Lehman Brothers Aggregate Bond Index (11.69 percent) and Salomon Long Pension Fund (14.98 percent). Corporate holdings experienced further credit deterioration over the year, but investors' quest for yield led to strong corporate-bond performance. The Fund took advantage of the strong

performance of the corporate-bond market to remove distressed securities from the portfolio.

Treasury Inflation Protected Securities (TIPS) purchases early in the year, combined with strong price appreciation, resulted in a fiscal year-end TIPS position of almost six percent of the total portfolio, slightly above the five percent target established by the last Asset/Liability study. TIPS outperformed all other fixed income sectors returning 20.57 percent last year.

The Fund continued to rely on qualified women and minority owned firms in implementing both the long- and short-term fixed income strategy. Women and minority owned firms executed 53 percent of all long-term trades and less than one percent of all short-term trades.

The Fund's securities-lending program earned \$22 million in revenue for FY 2002-03. The majority of income, over \$12 million, was generated by fixed-income loans. Income decreased from last year, a reflection of the difficulty of lending securities in a low interest-rate environment.

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## Real Estate

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**Despite softening fundamentals in the real estate industry, the Fund's diversification by property types and geography enhanced the performance of the real estate portfolio.**

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The real estate portfolio provided a total return of 12.68 percent, and represented 3.3 percent of the Fund's assets.

The real estate equity portfolio continues to enhance over-all investment returns while providing a level of asset allocation diversification to domestic equity investments. The real estate portfolio consists of the assets accumulated through joint venture relationships and the Fund's directly-owned real estate.

Notwithstanding the robust demand for institutional-quality product in FY 2002-03, the Fund was the beneficiary of enhanced access to the real estate markets and was able to acquire several trophy assets in the office and retail sectors through its joint venture relationships. The Fund took advantage of the increased demand for real estate from domestic and institutional investors by selling non-strategic assets, taking profits and improving the over-all quality of the portfolio.

Despite softening fundamentals in the real estate industry, the Fund's diversification by property types and geography enhanced the performance of the real estate portfolio. In 2002, the Fund added two joint venture relationships, concentrating in the multi-family sector and in New York State investments. Through its existing relationships and selective additions to the joint venture program, the Fund is well positioned to lease and upgrade its existing real estate portfolio, maximize sales opportunities and respond quickly to attractive acquisition proposals.

Real estate mortgage investments contribute to enhancing the long-term investment return of the Fund's fixed income portfolio. This portfolio consists of \$1.5 billion secured by a diversified commercial real estate portfolio and represents 1.53 percent of the Fund's assets.

## Private Equity Investments

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The Fund's private equity portfolio accounted for 6.7 percent of the total assets and experienced a -9.26 percent return for the year. This compares favorably with the industry-wide performance of -11 percent as represented by the Venture Economics Private Equity Performance Index. The private equity portfolio was largely protected from the declines experienced by venture capital investors during the year, since the Fund focuses its investments in larger corporate finance funds, which do not experience the same volatility as venture capital.

The Fund's private equity portfolio is designed to provide returns that exceed those of public equities. The added return is accompanied by increased risk and illiquidity; as a result, private equity makes up a relatively small portion of the Fund's total investments.

Private equity generally involves investments in companies that are not publicly traded. Strategies include investments in new companies, which are categorized as venture capital; established companies seeking capital for expansion, which are categorized as corporate finance; real estate opportunity funds that invest in real estate with an objective of

capital gains; special situations funds that invest in specific industries, such as telecommunications, or follow other unique strategies; finally, the Fund's international portfolio includes both venture capital and corporate finance strategies in companies located outside of the United States.

The Fund also invests in funds-of-funds, which are pooled investments in a portfolio of private equity funds. The fund-of-funds strategy had two primary objectives, each of which helps the Fund overcome limited staff resources: to expand the broad diversification objective and to supplement the core private equity portfolio with small funds.

The Fund employs a broadly diversified strategy for its private equity portfolio to reduce risk. Investments are made in a variety of strategies, with a number of different private equity managers and in funds that were initiated at different points in time. This approach reduces the risk to the Fund when a given strategy under-performs; the Fund, for example, had relatively little exposure to recent venture capital funds that performed poorly following the decline in technology stocks.

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## Corporate Governance

As a long-term investor, the Comptroller promotes policies that will allow companies and communities to thrive together in symbiotic relationships.

The Common Retirement Fund is the second largest public pension fund in the United States. As sole trustee, the Comptroller is responsible for managing, preserving and growing the assets of the Fund. In order to meet his obligations to the 964,140 pensioners, members and beneficiaries of the New York State Common Retirement Fund, the Fund is invested in a number of asset classes to maximize returns, including bonds and stocks of publicly traded companies in the U.S. and abroad.

Comptroller Hevesi's role as sole trustee and fiduciary keeps him engaged in discussions and negotiations with management and boards of directors of companies in the Fund's portfolio regarding corporate governance and accountability. Profitability and social responsibility of corporations must strike a fine balance in order to maximize investment rewards over time. As a long-term investor, the Comptroller promotes policies that will allow companies and communities to thrive together in symbiotic relationships. Since he took Office in January of this year, Comptroller Hevesi has confronted corporations about their business practices ranging from environmental and labor principles to accounting and executive compensation standards and what those things mean to shareholder value.

In recent years, as corporate scandals contributed to a downward spiraling market, the U.S. Congress acted by presenting investors and corporations with the Sarbanes-Oxley Act of 2002, by Senator Paul Sarbanes of Maryland and

Congressman Michael Oxley of Ohio, in a major effort to reform corporate behavior. The Securities and Exchange Commission has the responsibility of enforcing the new rules it has created to implement the corporate governance standards that the new legislation demands of corporations. Comptroller Hevesi has offered his comments to the Commission as well as the Financial Accounting Standards Board during this time of analysis for rule makers with regard to corporate governance reform. As a shareholder representing the Fund, Comptroller Hevesi has similarly aligned his proxy-voting guidelines to the Sarbanes-Oxley Act, keeping expectations high for companies' responsiveness to the new corporate governance standards.

As a former New York City Comptroller, Mr. Hevesi already has a unique and important network of established relationships within the investor community. In addition to reaching out to other State Treasurers and Comptrollers to debate good corporate governance policies, he has kept the New York State Common Retirement Fund an active member of the *Council of Institutional Investors* where institutional investors, both public and private, productively exchange ideas on investment policies and shareholder rights.

As a shareholder activist in FY 2003, Comptroller Hevesi:

- Continues to co-sponsor with the New York City Comptroller representing the New York City Teachers' Retirement System, the New York City Police Pension Fund, and the

New York City Fire Department Pension Fund, proposed shareholder resolutions asking *Claire's Stores Inc.*, *TJX Companies, Inc.*, and *Interpublic Group of Companies, Inc.* to implement the MacBride Principles (affirmative action guidelines for U.S. companies doing business in Northern Ireland to promote equal employment opportunities).

- Initiated the National Coalition for Corporate Reform (NCCR) bringing together people in the investment community to challenge corporate corruption and restore confidence in the financial markets. NCCR unites institutional and individual investors, labor leaders, corporate CEOs, elected officials and community leaders in support of a program of corporate governance reforms, regulation and legislation. The goal is to promote a program of reform that will build a strong, growing economy that benefits all.
- Performed a study to quantify the losses of the NYSCRF that are directly attributable to corporate corruption. The study estimates that the Fund suffered losses of \$9 billion. The many recent corporate scandals have imposed huge costs on the national economy and on all Americans. Investors have lost billions of dollars, including funds many were depending on for retirement. Public pension fund losses have required governments to substantially increase their contributions, forcing them to reduce services or raise taxes. Private pension funds have sapped business resources as well. Workers have lost jobs not just

in the scandal-ridden companies, but also at their suppliers and at other businesses dependant on those companies. Communities have lost companies that were critical parts of their economies. This study was in large part the inspiration to initiate the National Coalition for Corporate Reform.

- Was named lead plaintiff in February 2003, in a derivative action that settled the New York State Common Retirement Fund's claims against one of its portfolio companies, *Columbia/HCA, Inc.* The Fund filed claims against certain former *HCA, Inc.* senior executive officers and members of HCA's Board of Directors. The action sought to hold the individuals responsible for allowing *HCA, Inc.* to commit the largest health care fraud in history. As a settlement the company agreed to overhaul its corporate governance through a plan that would raise accountability for executives. The settlement includes more stringent corporate governance guidelines than those spelled out in the Sarbanes-Oxley Act of 2002 and in the listing standards proposed by the New York Stock Exchange.
- Was named lead plaintiff in March 2003, representing the New York State Common Retirement Fund in a class action suit filed against the bankrupt WorldCom in connection with Salomon Smith Barney for fraud. The Fund lost an estimated \$300 million invested in the telecommunications company, and hopes to partly recover its damages from the lawsuit.

- Joined a shareholder voting campaign led by California State Treasurer Philip Angelides asking *Tyco International Ltd.* to reincorporate the company back in the United States from Bermuda. Corporate governance laws outside the United States are unpredictable and do not definitively provide for shareholder rights. Companies can use foreign corporate law to enact policies that are profoundly detrimental to shareholders' long-term economic interests.
- Made the New York State Common Retirement Fund a member of the *Coalition for Environmentally Responsible Economies* (CERES). Adopting and practicing sound environmental policies not only preserves natural resources, but also makes good business sense. Over the long term, responsible environmental practices are cost-efficient and improve corporate profitability.



## Helping New York State's Economy

Investments in New York State have helped further the Retirement System's goal of getting the maximum return on investments and providing pension payments and benefits at the lowest possible cost to employers, employees and taxpayers. For many years, the Common Retirement Fund has made sound investments throughout the State and continues that investment policy this year.

The sole requirement for such investment is that they have return and risk characteristics at least as good as those of any comparable investments. Comptroller Hevesi has invested millions of dollars in New York State in real estate, private equity, commercial loans, home mortgages and equity investments in New York companies.

### Investing in New York

The Fund's investments in New York State are made through a number of housing and economic development programs, several of which are described as follows:

#### **NYS Mortgage Pass-Through Program**

The Common Retirement Fund's NYS Mortgage Pass-Through Program, established in 1981, generates a market rate of return while providing home ownership opportunities for residents of the State. To date, the Fund has invested \$6.2 billion in New York State mortgages, funding single-family home purchases for more than 59,000 State residents. In FY 2002-03 alone, the Fund invested \$214 million through the program, which al-

lowed 1,602 New York State families and individuals to purchase homes.

The New York State single-family mortgage loans are originated by traditional mortgage lenders and then pooled and insured by the Federal National Mortgage Corporation (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) for delivery to the Fund. Last year, FNMA and FHLMC New York State product generated a return of 10.25 percent for the Fund.

#### **Affordable Housing Permanent Loan Program**

Since 1991, the Common Retirement Fund has played a major role in improving the lives of thousands of residents, while strengthening their neighborhoods. Through agreements with the Community Development Corporation and the JP Morgan Chase Community Development Corporation, the Fund has been able to provide moderate income and low-income families across the State with the opportunity to own or rent affordable housing. By purchasing permanent mortgages at a market rate, the Fund finances the production of affordable, new multi-family housing units and the revitalization of existing deteriorated and abandoned housing. Special housing for the State's senior citizens is part of the program. Since inception of this program, 5,475 units have been completed and 2,570 are in the pipeline. To date, the Fund has invested \$147.2 million in mortgages and committed an additional \$116.4 million. In FY 2002-03, the Fund invested in affordable housing throughout the State,

including Albany, Dutchess, Nassau, Oswego, Saratoga, Warren, Washington and Westchester Counties.

### **New York Business Development Corporation (NYBDC) Program**

The Common Retirement Fund provides NYBDC with funds to make loans to small businesses for working capital, equipment, or real property. NYBDC has a goal of making at least one-third of its loans to woman or minority-owned businesses. With its focus on small-business lending, NYBDC can frequently offer more favorable terms than other lenders.

In 1998, the Common Retirement Fund renewed its relationship with NYBDC to provide an additional \$100 million in capital. Since the program began in 1987, NYBDC has made 530 loans totaling \$149.1 million to businesses that employ over 10,000 New Yorkers. During FY 2002-03, NYBDC made 32 loans totaling \$13 million.

### **Financing for Emerging Businesses**

The Common Retirement Fund's private equity portfolio includes investments in 182 New York businesses with a value of \$390 million. This figure reflects only the Fund's share of these investments; the total value of New York companies held by the Fund's partnerships was \$4.6 billion as of September 30, 2002 (the most recent data available). Companies in the private equity portfolio include: The NASDAQ Stock Market in New York City; USA Datanet in Syracuse; GlobalSpec in Troy; Key Components in Tarrytown; and Pacific Pools in Albany.

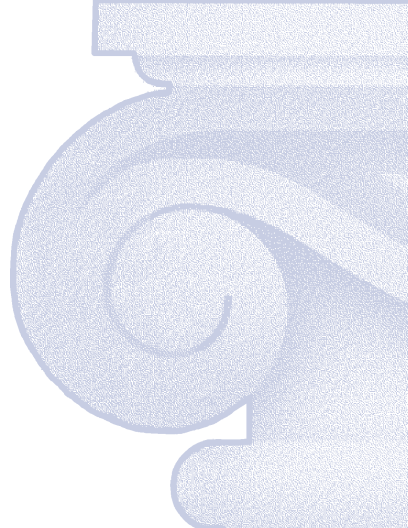
In 2000, the Common Retirement Fund initiated the New York Venture Capital Investment Program. The Pro-

gram is designed to provide investment returns consistent with the risk of private equity investing while also expanding the availability of capital for New York businesses. To date, CRF has made five commitments under the program totaling \$140 million. The five funds currently in the program are:

- Summer Street Capital Partners, a growth equity investment fund located in Buffalo;
- FA Technology Ventures, a venture capital fund focusing on information and energy technology located in Albany;
- Ascend Ventures, a technology venture fund located in New York City;
- Wheatley Partners, a technology venture fund with a focus on information and medical technology located in New York City and Long Island; and
- DeltaPoint Capital, a growth equity fund located in Rochester.

### **Equity Real Estate Investments**

The Common Retirement Fund has invested in commercial real estate throughout New York State and owns 16 office buildings, shopping centers and storage facilities. Under the real estate joint venture program, the Fund has been able to acquire properties that are in need of re-leasing, repositioning and upgrading. As a result of such intensive management efforts, property values have increased. In 2002, the Fund added a new joint venture program that focuses on development and re-development projects within New York State. In-state real estate investment has contributed to the Fund's overall performance returns.



## Twenty-Year Summary

### Notes to Twenty-Year Summary

- \* Combined Systems unless noted; \$ in millions; data as of March 31 fiscal year end.
  - (a) Includes active members and inactive members identified with their last employer.
  - (b) Beginning in the 2002 fiscal year, Tier 3 and 4 membership statistics are combined.
  - (c) Total does not include Employee Contributions Refunded or Other Benefits found in the Financial Statements.
  - (d) All rates assume a December 15 payment date prior to the close of the fiscal year. While the State pays on March 1 prior to fiscal year end, the December date is used for comparability. Contributions include Retirement Incentives and other costs.
  - (e) Investments for 1995 and later years are shown at (and rate of return is calculated on) market value as required by GASB 25, which the Systems adopted that year. Pre-1995 fixed income investments are shown at book value, all others at market. Pre-1995 rates of return also reflect this valuation.

	2003	2002	2001	2000	1999	1998	1997	1996	1995
Total Participants	964,140	944,500	924,643	899,314	882,234	867,204	860,429	864,460	867,731
Number of Members	650,543	637,896	626,565	604,479	593,188	582,689	578,566	590,130	605,544
<b>ERS (a)</b>	<b>614,555</b>	<b>602,428</b>	<b>590,959</b>	<b>569,369</b>	<b>558,236</b>	<b>547,805</b>	<b>543,663</b>	<b>553,649</b>	<b>569,298</b>
State	216,005	216,507	222,343	216,347	216,380	214,628	216,084	225,771	238,760
Counties	119,319	118,318	119,638	115,576	113,856	112,792	115,904	118,055	120,517
Cities	19,637	19,671	19,551	19,148	18,966	18,907	18,909	19,410	20,283
Towns	39,395	38,063	37,121	35,882	35,056	34,764	33,949	33,997	34,349
Villages	12,823	12,360	11,969	11,509	11,279	11,087	10,942	10,939	11,057
Misc.	85,708	81,752	69,968	67,212	64,218	62,176	58,128	58,582	59,080
Schools	121,668	115,757	110,369	103,695	98,481	93,451	89,747	86,895	85,252
<b>PFRS (a)</b>	<b>35,988</b>	<b>35,468</b>	<b>35,606</b>	<b>35,110</b>	<b>34,952</b>	<b>34,884</b>	<b>34,903</b>	<b>36,481</b>	<b>36,246</b>
State	5,802	5,679	5,534	5,279	5,232	5,195	5,230	5,793	5,866
Counties	5,901	6,029	6,176	6,267	6,338	6,332	6,277	6,542	6,278
Cities	12,541	12,612	12,781	12,660	12,552	12,579	12,538	12,923	12,919
Towns	4,233	4,191	4,180	4,163	4,149	4,139	4,095	4,170	4,077
Villages	4,867	4,795	4,805	4,727	4,699	4,683	4,743	4,967	4,967
Misc.	2,644	2,162	2,130	2,014	1,982	1,956	2,020	2,086	2,139
<b>Members By Tier (b)</b>									
ERS Tier 1	50,032	56,541	60,736	57,657	64,173	69,942	75,166	84,015	96,299
ERS Tier 2	30,122	31,981	32,914	32,641	34,296	36,061	37,739	41,631	45,716
ERS 3 & 4	534,401	513,906	497,309	479,071	459,767	441,802	430,758	428,003	427,283
PFRS Tier 1	2,597	3,260	3,927	4,469	4,997	5,537	6,087	6,872	7,439
PFRS Tier 2	33,391	32,208	31,679	30,641	29,955	29,347	28,816	29,609	28,807
<b>Pensioners &amp; Beneficiaries</b>	<b>313,597</b>	<b>306,604</b>	<b>298,078</b>	<b>294,835</b>	<b>289,046</b>	<b>284,515</b>	<b>281,863</b>	<b>274,330</b>	<b>262,187</b>
ERS	287,341	280,997	273,147	270,333	264,899	260,751	258,413	251,442	239,727
PFRS	26,256	25,607	24,931	24,502	24,147	23,764	23,450	22,888	22,460
<b>Employers</b>	<b>2,968</b>	<b>2,922</b>	<b>2,897</b>	<b>2,860</b>	<b>2,843</b>	<b>2,809</b>	<b>2,786</b>	<b>2,779</b>	<b>2,765</b>
ERS	2,943	2,917	2,890	2,853	2,836	2,813	2,782	2,773	2,760
PFRS	681	679	678	678	679	678	676	675	674
<b>Benefit Payments (c)</b>	<b>\$4,984.6</b>	<b>\$4,488.3</b>	<b>\$4,181</b>	<b>\$3,720.2</b>	<b>\$3,482.0</b>	<b>\$3,305.0</b>	<b>\$3,122.0</b>	<b>\$2,877.9</b>	<b>\$2,527.9</b>
Retirement Allowances	4,373.3	3,872.0	3,619.9	3,415.1	3,217.1	3,071.6	2,885.3	2,639.8	2,357.8
Death Benefits (Lump Sum)	148.4	151.8	152.9	142.8	123.0	125.7	118.5	140.0	107.3
COLA Payments	462.9	464.5	336.1	162.3	141.9	107.7	118.2	98.1	62.8
# of Service Retirements	16,078	17,499	11,640	14,470	12,675	11,932	15,324	19,578	9,613
# of Death Benefits Paid	1,019	1,068	1,005	1,026	956	974	965	1,092	1,068
# of Disability Retirements	1,064	1,038	1,079	1,189	1,356	938	1,016	1,235	1,183
<b>Employer Contributions</b>	<b>\$651.9</b>	<b>\$263.8</b>	<b>\$214.8</b>	<b>\$164.5</b>	<b>\$291.7</b>	<b>\$462.6</b>	<b>\$903.5</b>	<b>\$776.9</b>	<b>\$315.1</b>
ERS	525.5	179.1	131.0	83.0	193.2	280.1	668.8	521.8	47.2
PFRS	66.3	47.3	49.0	62.0	50.1	125.1	177.9	219.3	237.8
Group Life Insurance Plan	60.1	37.4	34.8	19.5	48.4	57.4	56.8	35.9	30.1
<b>Rate (as a % of Salary) (d)</b>									
ERS	1.5%	1.2%	0.9%	0.9%	1.3%	1.7%	3.7%	2.2%	0.7%
PFRS	1.4%	1.6%	1.6%	1.9%	2.4%	7.0%	9.8%	13.0%	13.9%
<b>Employee Contributions</b>	<b>\$219.2</b>	<b>\$210.2</b>	<b>\$319.1</b>	<b>\$422.7</b>	<b>\$399.8</b>	<b>\$369.4</b>	<b>\$348.2</b>	<b>\$341.9</b>	<b>\$334.0</b>
ERS	214.1	206.0	317.4	422.0	398.7	368.8	347.7	338.5	331.6
PFRS	5.1	4.2	1.7	0.7	1.1	0.6	0.5	3.5	2.4
<b>Investments (e)</b>	<b>\$95,598.3</b>	<b>\$111,168.5</b>	<b>\$112,432.9</b>	<b>\$127,138.9</b>	<b>\$111,008.7</b>	<b>\$104,921.8</b>	<b>\$82,333.8</b>	<b>\$74,827.9</b>	<b>\$63,406.6</b>
Equities	51,357.0	66,375.5	63,661.7	82,733.6	66,397.8	63,348.7	45,827.4	42,818.4	34,775.2
Fixed Income	32,019.7	31,839.2	35,305.7	31,764.3	34,307.9	32,451.7	27,373.5	25,709.5	22,771.6
Commercial Mortgages	1,723.6	1,628.7	1,835.8	1,318.6	1,509.5	1,635.0	1,506.3	1,736.3	1,836.6
Short-term Investments	771.2	1,429.0	992.0	2,238.3	2,541.8	1,927.0	3,011.2	1,092.8	983.8
Alternative Investments	5,564.8	5,579.5	5,941.6	5,385.9	3,159.8	2,671.7	2,122.9	2,067.3	1,937.0
Equity Real Estate	4,162.0	4,316.6	4,696.0	3,698.1	3,091.8	2,887.7	2,492.5	1,403.6	1,102.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Rate of Return</b>	<b>-10.2%</b>	<b>2.76%</b>	<b>-8.65%</b>	<b>17.8%</b>	<b>8.8%</b>	<b>30.4%</b>	<b>10.9%</b>	<b>21.8%</b>	<b>8.8%</b>
Fixed Income Investments	16.8%	4.3%	14.1%	1.3%	6.6%	15.6%	4.3%	12.9%	4.8%
Equity Investments	-24.3%	2.9%	-20.3%	25.3%	10.1%	47.2%	15.0%	29.7%	12.4%
<b>Administrative Cost</b>	<b>\$67.5</b>	<b>\$66.6</b>	<b>\$57.8</b>	<b>\$50.7</b>	<b>\$52.6</b>	<b>\$49.1</b>	<b>\$47.6</b>	<b>\$46.6</b>	<b>\$43.8</b>
<b>Financial Statement Assets</b>	<b>\$97,372.7</b>	<b>\$112,724.9</b>	<b>\$114,043.5</b>	<b>\$128,889.4</b>	<b>\$112,723.1</b>	<b>\$106,319.2</b>	<b>\$83,947.5</b>	<b>\$77,452.8</b>	<b>\$65,413.3</b>

1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
862,498	860,427	867,927	877,884	882,410	859,729	829,243	796,177	787,860	771,693	759,605
601,710	602,133	615,114	638,049	649,847	633,468	607,649	580,474	578,174	569,729	563,660
<b>566,320</b>	<b>567,223</b>	<b>580,158</b>	<b>602,433</b>	<b>614,392</b>	<b>598,381</b>	<b>573,152</b>	<b>546,772</b>	<b>545,851</b>	<b>537,567</b>	<b>531,400</b>
239,412	241,538	247,209	260,156	268,947	262,648	253,836	244,250	233,851	233,401	229,821
120,186	120,819	125,168	129,158	130,614	126,729	119,679	112,838	107,375	106,044	107,599
20,699	20,792	21,890	22,982	23,530	23,109	22,648	21,814	21,018	21,386	22,119
34,316	34,474	35,413	36,251	36,615	35,472	33,714	32,055	30,795	30,656	30,991
11,067	11,137	11,388	11,671	11,867	11,636	11,174	10,634	10,078	10,124	10,312
58,057	56,906	56,456	57,292	57,420	54,657	50,824	47,288	43,513	41,151	40,757
82,583	81,557	82,634	84,923	85,399	84,130	81,277	77,893	74,301	75,324	76,779
<b>35,390</b>	<b>34,910</b>	<b>34,956</b>	<b>35,616</b>	<b>35,455</b>	<b>35,087</b>	<b>34,497</b>	<b>33,702</b>	<b>32,323</b>	<b>32,162</b>	<b>32,260</b>
5,692	5,787	5,603	5,689	5,586	5,424	5,229	4,966	4,367	4,243	4,286
5,904	5,565	5,715	6,089	6,211	6,486	6,459	6,441	6,010	6,201	6,277
12,761	12,682	12,808	12,992	12,999	12,855	12,721	12,585	12,447	12,488	12,592
4,050	3,987	3,989	3,965	3,862	3,725	3,604	3,440	3,297	3,222	3,173
4,862	4,922	4,874	4,853	4,747	4,540	4,444	4,250	4,026	3,959	3,928
2,121	1,967	1,967	2,028	2,050	2,057	2,040	2,020	1,820	1,730	1,697
101,254	107,383	115,086	129,525	139,420	149,243	158,387	167,478	179,104	193,131	206,974
47,778	49,846	52,871	56,040	58,958	60,798	62,421	63,942	67,956	73,879	81,278
417,288	409,994	412,201	416,868	416,014	388,340	352,344	315,352	298,791	270,558	243,148
8,005	9,009	10,204	11,601	12,734	13,908	15,201	16,375	17,588	18,962	19,879
27,385	25,901	24,752	24,015	22,721	21,179	19,296	17,327	14,735	13,200	12,381
<b>260,788</b>	<b>258,294</b>	<b>252,813</b>	<b>239,835</b>	<b>232,563</b>	<b>226,261</b>	<b>221,594</b>	<b>215,703</b>	<b>209,686</b>	<b>201,964</b>	<b>195,945</b>
238,729	237,059	232,484	220,579	214,206	208,791	205,051	200,175	195,175	188,470	183,025
22,059	21,235	20,329	19,256	18,357	17,470	16,543	15,528	14,511	13,494	12,920
2,752	2,731	2,724	2,743	2,715	2,670	2,630	2,647	2,633	2,636	2,628
2,748	2,727	2,720	2,708	2,687	2,638	2,617	2,610	2,600	2,595	2,587
672	672	669	666	658	656	653	654	627	650	647
<b>\$2,393.7</b>	<b>\$2,267.9</b>	<b>\$2,067.7</b>	<b>\$1,834.2</b>	<b>\$1,670.4</b>	<b>\$1,579.1</b>	<b>\$1,381.9</b>	<b>\$1,275.8</b>	<b>\$1,157.0</b>	<b>\$1,063.4</b>	<b>\$940.5</b>
2,216.6	2,082.5	1,884.8	1,647.5	1,485.2	1,359.3	1,234.2	1,130.0	1,012.5	929.3	840.9
112.0	115.1	105.2	103.9	99.0	101.2	96.5	92.1	87.0	84.3	62.4
65.1	70.3	77.7	82.8	86.2	118.6	51.2	53.7	57.5	49.8	37.2
9,651	11,409	19,573	12,703	12,201	11,255	11,063	12,036	13,109	11,323	16,864
1,062	1,033	1,162	1,306	1,155	1,266	1,357	1,161	1,284	1,305	1,248
1,413	1,367	1,445	1,647	1,328	1,190	1,075	978	905	813	808
<b>\$530.1</b>	<b>\$369.8</b>	<b>\$356.8</b>	<b>(\$72.4)</b>	<b>\$412.2</b>	<b>\$759.4</b>	<b>\$1,321.3</b>	<b>\$1,174.1</b>	<b>\$1,276.9</b>	<b>\$1,610.5</b>	<b>\$1,496.1</b>
337.2	140.9	181.2	(188.2)	284.5	573.7	1,102.6	978.4	1,026.6	1,289.4	1,196.2
158.2	198.9	175.6	91.8	82.6	139.2	180.3	150.0	206.5	260.8	251.8
34.7	30.0	0.0	24.0	45.1	46.5	38.4	45.6	43.8	60.3	48.1
0.7%	0.6%	0.4%	0.3%	3.6%	3.7%	9.7%	9.4%	10.4%	14.2%	14.4%
11.3%	14.0%	11.5%	7.8%	8.3%	8.5%	14.8%	13.3%	19.8%	26.5%	27.3%
<b>\$307.5</b>	<b>\$284.1</b>	<b>\$287.0</b>	<b>\$255.3</b>	<b>\$229.9</b>	<b>\$194.7</b>	<b>\$188.5</b>	<b>\$151.2</b>	<b>\$132.3</b>	<b>\$116.0</b>	<b>\$97.6</b>
306.0	282.8	284.2	254.3	228.6	193.2	187.0	151.0	132.0	115.7	97.0
1.5	1.3	2.8	1.0	1.3	1.5	1.5	0.2	0.3	0.3	0.6
<b>\$58,416.8</b>	<b>\$56,428.9</b>	<b>\$51,925.8</b>	<b>\$48,945.5</b>	<b>\$45,189.3</b>	<b>\$40,280.6</b>	<b>\$35,812.5</b>	<b>\$35,621.8</b>	<b>\$29,781.6</b>	<b>\$23,953.8</b>	<b>\$20,540.4</b>
31,357.7	29,953.5	25,480.2	23,751.5	21,120.3	18,478.6	16,333.9	18,297.2	14,217.1	9,008.5	6,772.1
21,279.0	20,788.5	20,452.4	19,192.6	18,383.1	16,445.4	14,600.4	12,729.5	11,892.5	11,095.2	10,116.3
1,932.3	2,120.7	2,314.8	2,612.9	2,460.4	2,595.2	2,647.9	2,660.6	2,614.0	2,589.1	2,300.9
1,036.5	937.5	1,128.0	1,049.6	1,472.3	1,506.8	1,577.5	1,278.0	679.9	1,127.1	1,242.0
1,664.0	1,554.7	1,343.6	1,263.7	786.6	631.7	0.0	0.0	0.0	0.0	0.0
1,147.3	1,074.0	1,206.7	1,075.2	966.6	623.0	216.4	38.4	34.4	33.4	48.6
0.0	0.0	0.0	0.0	0.0	0.0	436.4	618.1	343.6	100.4	60.6
<b>6.9%</b>	<b>12.5%</b>	<b>10.7%</b>	<b>11.7%</b>	<b>13.9%</b>	<b>13.4%</b>	<b>1.6%</b>	<b>17.8%</b>	<b>24.0%</b>	<b>13.7%</b>	<b>7.9%</b>
9.0%	9.2%	9.0%	9.3%	9.2%	10.2%	9.6%	10.2%	10.4%	10.3%	9.7%
5.1%	15.3%	11.5%	14.0%	17.7%	18.0%	-8.6%	24.9%	39.2%	19.4%	4.5%
<b>\$39.7</b>	<b>\$36.9</b>	<b>\$36.6</b>	<b>\$36.7</b>	<b>\$34.0</b>	<b>\$30.7</b>	<b>\$31.8</b>	<b>\$34.4</b>	<b>29.3</b>	<b>\$24.4</b>	<b>\$16.8</b>
<b>\$60,121.7</b>	<b>\$58,049.7</b>	<b>\$53,711.2</b>	<b>\$50,538.7</b>	<b>\$47,147.0</b>	<b>\$42,867.5</b>	<b>\$38,508.2</b>	<b>\$38,239.9</b>	<b>\$33,068.0</b>	<b>\$27,386.1</b>	<b>\$23,904.9</b>

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