

Milestones to remember.



New York State and Local Retirement System

Employees' Retirement System
Police and Fire Retirement System

New York State Office of the State Comptroller
Thomas P. DiNapoli

2008 NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

Comprehensive Annual Financial Report

Fiscal Year Ended March 31, 2008

EMPLOYEES' RETIREMENT SYSTEM
POLICE AND FIRE RETIREMENT SYSTEM



Prepared by the staff of the
New York State and Local Retirement System
110 State Street • Albany, NY 12244

2008

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

New York State
and Local Retirement
System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emery

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Public Pension Coordinating Council
Public Pension Standards
2007 Award

Presented to

New York State and Local Retirement System

In recognition of meeting professional standards for
plan design and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

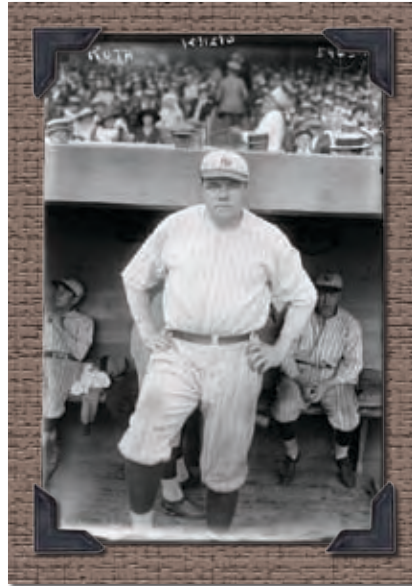
A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

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1921

*59 HRs, 171 RBIs and a
.378 Batting Average —
Statistics speak volumes.*



Babe Ruth

© United States Library of Congress, Prints and Photographs, 92ppm-32385

January 3 New York State Employees' Retirement System established.

February 23 First U.S. Transcontinental air mail arrived in New York City.

July 12 Babe Ruth set record of 137 career home runs.

September 8 First Miss America crowned.

October 15 First World Series radio broadcast.

December 31 Last firehorses retired in San Francisco.



Retirement System Members, 1921

On January 3, 1921, the Retirement System came into existence. The first annual report listed 4,672 members and 43 people drawing benefits. So began the legacy of providing New York's dedicated public servants with the pensions they earn and deserve.

Eighty-seven years later, our members are secure in the knowledge that their retirement benefits will be there when they need them most.





September 2008

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the New York State and Local Retirement System (the System), for the fiscal year ended March 31, 2008. Responsibility for both the accuracy of the data and the completeness and fairness of the report, including all disclosures, rests with the System. All disclosures necessary and required to enable the public and the financial community to gain an understanding of the System's financial activities have been included.

We believe the enclosed financial statements and data are presented fairly in all material respects and are reported in a manner designed to present the financial position and results of the System's operations accurately. Further, this report is intended to provide complete and reliable information as a basis for making management decisions, adhering to and complying with legal provisions, and ensuring responsible stewardship of the System's assets.

The CAFR was prepared to conform with generally accepted accounting principles (GAAP) for governmental units, as set forth by the Governmental Accounting Standards Board (GASB), as well as the reporting requirements prescribed by the Government Finance Officers Association of the United States and Canada (GFOA). GAAP are uniform minimum standards of, and guidelines for, financial accounting and reporting. They are the framework within which financial transactions are recorded and reported, resulting in financial statements that provide comparability between government entities, consistency between accounting periods and reliability of financial statements for both internal and external users.

The System's transactions are reported on the accrual basis of accounting. Sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules.

The System was awarded a Certificate of Achievement for Excellence in Financial Reporting from GFOA for its CAFR for the fiscal year ended March 31, 2007. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports. GFOA awards these certificates to those governments whose comprehensive annual financial reports meet or exceed the association's strict criteria. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards, and which satisfies both generally accepted accounting principles and applicable legal requirements.

The System has received this prestigious award for each of the past four years. We believe that our current report continues to meet the Certificate of Achievement program requirements and are submitting it to the GFOA for consideration again this year.

The System comprises the New York State Employees' Retirement System (ERS), which was established in 1921, and the Police and Fire Retirement System (PFRS), which the New York State Legislature created in 1966. The assets of ERS and PFRS are held in the Common Retirement Fund (the Fund) and managed by the Division of Pension Investment and Cash Management.

With more than one million participants, the System is the second largest retirement system in the nation, and the third largest in terms of asset value. Significantly, while the average public retirement system administers eight plans, the System administers 91.

The System offers retirement benefits for members who reach specific ages or have completed a specified number of years of service, depending on the system and plan in

which they are enrolled. At the end of fiscal year 2007-08, there were a total of 1,035,430 members, retirees and beneficiaries, and 3,021 participating employers.

This letter was also prepared to draw your attention to some of the highlights of the System's operations for the 2007-08 fiscal year, thereby enabling you to gain a reasonable understanding of the System's financial affairs, as well as its internal controls, for this period.

Funding

The System's funding objective is to meet long-term benefit promises through employer contributions that remain level as a percentage of member payroll. Annual employer contributions — which are the greater of a minimum contribution of 4.5 percent of member payroll or actuarial contributions — are determined on an actuarial basis. The System remains well-funded and a detailed discussion of its funding is provided in the Actuarial Section of this report.

Investments

To meet our obligations to pensioners, members and beneficiaries, the Fund's assets are diversified over a number of investments, and a host of different investment strategies are employed to control risk. In the past year, the Fund returned 2.56 percent.

Accounting Practices

My staff is responsible for identifying control objectives relating to the protection of assets and ensuring that all transactions are properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles. We are responsible for the design, implementation and maintenance of adequate internal controls to provide reasonable assurance that control objectives are achieved. The internal control system includes the organization plan, the appropriate segregation of duties and responsibilities, sound practices in the performance of duties and personnel with capabilities commensurate with their responsibilities. We believe the internal controls in effect during the fiscal year ended March 31, 2008, adequately safeguard the System's assets and provide reasonable assurance regarding the proper recording of financial transactions.

GASB requires that the System provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found in the Financial Section immediately following the report of the independent auditors.

Major Initiatives

In 2007, I instituted reforms to improve efficiency, increase transparency and ensure the integrity of the Fund. These reforms will allow us to maintain the Fund's strength and maximize its performance. But more importantly, by adhering to the highest standards of accountability and transparency, our members, pensioners and beneficiaries can be confident that the Fund is being managed wisely and their benefits are secure. We are proud of the steps we have taken toward becoming the most transparent public pension fund in the country.

We are also proud of the progress we have made on other initiatives and programs. Highlights are included in the report from the Deputy Comptroller for the Retirement System.

Acknowledgments

I would like to take this opportunity to express my gratitude to the staff in the Divisions of Retirement Services and Pension Investment and Cash Management. They are instrumental to the operations and financial soundness of the System and without their combined efforts, this report would not be possible. I also wish to recognize and convey my sincere appreciation to members of my advisory councils and committees for their dedicated service, dependability, guidance and commitment to serving the System's members. I appreciate their continued support and trust.

During 2007, we took a fresh look at the goals and duties of this very public pension system and made great strides toward achieving those goals. We look forward to 2008 and continuing the work we have begun.

Sincerely,



Thomas P. DiNapoli
State Comptroller

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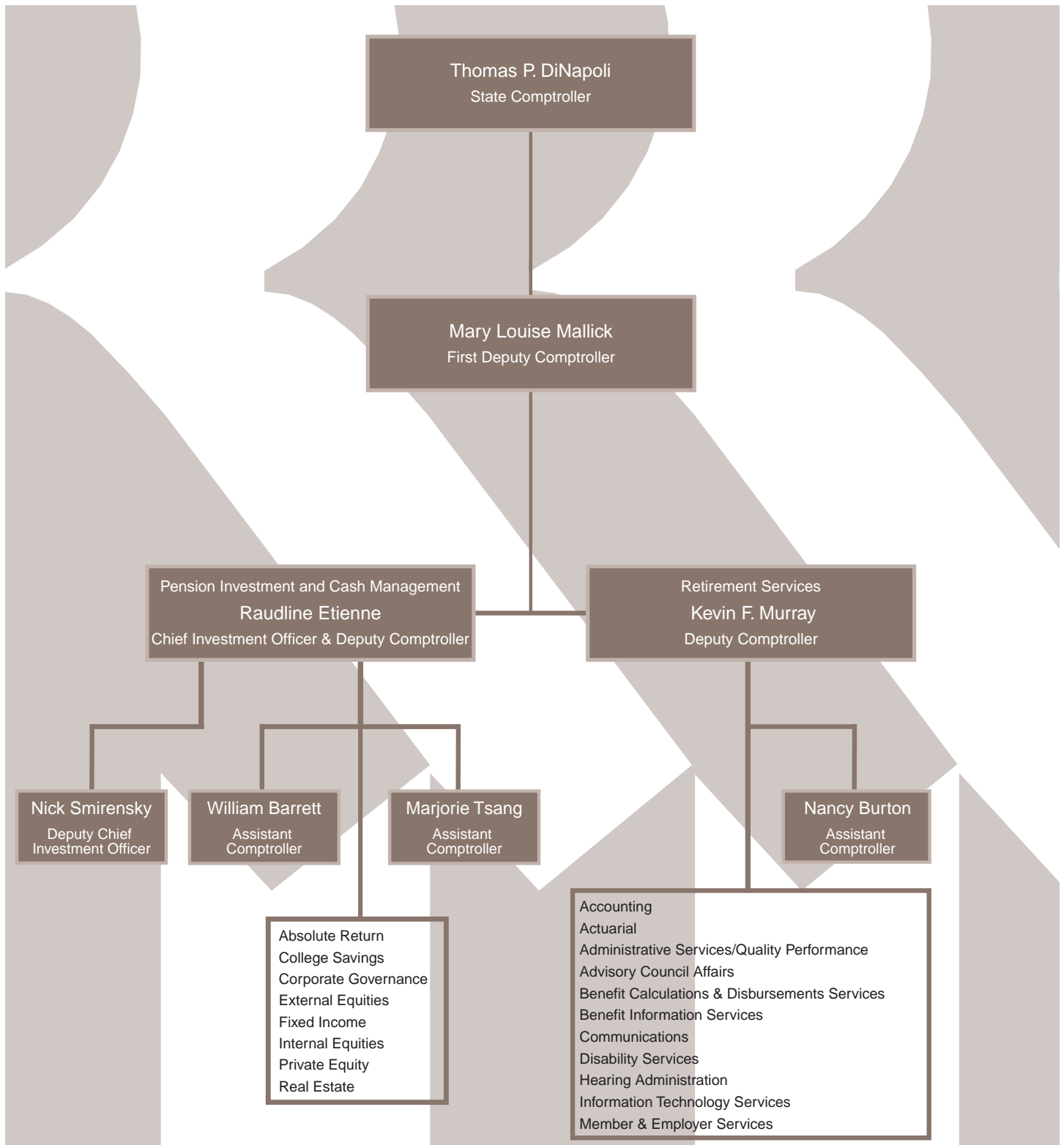
Senior Vice President & Chief Actuary
New York Life Insurance Company

Stanley Talbi

Executive Vice President
Metropolitan Life Insurance

2008

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM Organizational Chart



2008

OVERVIEW OF RETIREMENT OPERATIONS

Report from Deputy Comptroller Kevin F. Murray

As one of the nation's largest retirement systems, our members and pensioners can trust us to deliver on our stated purpose — ensure they will receive their hard-earned retirement benefits and enable them to plan for a financially secure future. We entered into a trust with them from the moment they entered public service, promising to be there for them just as they have been there for New Yorkers. There is no responsibility that we take more seriously.

Each and every day, our staff's driving principle is to do what is best for our members and pensioners. We are committed to putting their needs first, because they are the ones who are giving, or who have given, their all to public service.

And, we want to make a difference in their lives by giving them the tools and resources they need to plan and prepare for the future. We want to be sure they are aware of the services we offer and guidance we can provide on a variety of issues that might affect their benefits. Because participating public employers are critical to our success in achieving these goals, we're always exchanging meaningful information with them, as well, so they can be up-to-date about relevant topics. After all, without the assistance and cooperation of public employers, who we rely on to accurately report information to us, as well as deliver information to our members, we wouldn't be able to provide the best benefits possible to public employees.

What follows is a summary of our efforts to meet our goals during this past fiscal year.

Our Strategic Priorities

Last June, Comptroller DiNapoli announced six agency-wide strategic priorities and charged each division in the Office of the State Comptroller (OSC) with addressing these priorities. By implementing the six strategic priorities, the Retirement System will help further OSC's goal of becoming the finest governmental fiscal operation in the country.

The priorities include: striving for excellence in customer satisfaction; ensuring we reflect the diversity of the people we serve; proactively providing information about the System to employers, members, pensioners and the general public with a goal of finding better ways to promote accountability and transparency; enhancing our education programs to provide customers and staff with a solid foundation in, and a greater awareness of, positive ethical practices; creating a well organized information campaign to increase awareness of the benefits of a well-managed retirement plan; and improving the effectiveness of the services we offer and programs we provide using feedback from customer satisfaction surveys and information from other public retirement systems.

By actively working to help see these goals realized, we are confident we are improving the Retirement System so it can most effectively serve all New Yorkers.

Responding To the Needs of Our Customers

Since one of our six strategic goals is striving for excellence in customer satisfaction, providing accurate, consistent and timely information is of paramount importance to us. We are also committed to being there when our members, pensioners and beneficiaries need us the most.

For example, although most calls we receive are informational in nature, some need immediate attention and require an extra level of compassion and understanding. Following the Labor Day holiday last year, our Call Center's Automated Information Line received a large number of calls from the Buffalo area after the United States Postal Service inadvertently misplaced 191 checks addressed to area pensioners. Our Information Technology Services' Pension Payroll Support Team immediately determined the names and addresses of those pensioners affected. Shortly

thereafter, our Check Control Unit placed stop payment orders on the original checks and issued replacement ones. The Postal Service arranged for overnight delivery, with postal officials personally picking the checks up from our mailroom. Just for good measure, we telephoned those pensioners who were not aware of the situation to advise them about the corrective actions we took.

Obviously, responding in a timely and professional way is important to our customers. Having state of the art technology in place is important, as well. Our Call Center, which is part of our Bureau of Information Services (BIS), receives, on average, 9,000 calls per week. To help us answer these calls more efficiently, in September 2007 BIS installed Business Advocate software. This software automatically routes incoming calls, eliminating time-consuming manual work previously performed by Call Center staff. This change has enabled us to answer more calls and reduce our customers' wait times. In addition, we have had fewer abandoned calls and call backs. Overall, the installation of this software has increased caller satisfaction and improved the quality of our service.

In addition to answering telephone inquiries, BIS is also responsible for ensuring that members can conveniently visit all of our 16 consultation sites. So, after more than six years in midtown, our New York City consultation site moved to 59 Maiden Lane, in lower Manhattan. This location allows us to be closer to the many New York State employees in lower Manhattan and the boroughs of Queens and Brooklyn.

Further, since another of our priorities is making a conscious effort to better service the State's more diverse constituencies, we've made information more accessible to our members whose first language may not be English, translating several of our informational booklets into Spanish. The booklets affected include some of our most widely read publications, all of which can be found on our website.

All of the above contributed to our concerted efforts to offer our members, pensioners and beneficiaries as much access to retirement information as possible. And, though it is impossible to recognize all the individuals on our staff who, on any given day, routinely respond to the needs of our customers in a professional, timely and responsive manner, it's worth noting that this practice is the norm, rather than the exception.

An Employer Focus

A strong relationship with our participating employers is crucial to us. Through our Employer Partnership Initiative, we committed to find ways to make their Retirement System-related work a little easier, as well as provide them with information they want and need.

Over the past year we created a web presentation designed to give both existing employers, as well as those considering participation, a broad understanding of what it means to participate in the System and create expectations of that participation. *What Every Employer Should Know* contains information about the merits of offering a public pension plan, the Comptroller's role as sole trustee of the Common Retirement Fund, the Fund's investment strategies and the impact the Fund's investments have on New York State residents, among others. In addition, the presentation analyzes how contribution rates are determined and how they compare to long-term expected contribution rates. It also discusses factors affecting an employer's total payment and the importance of a funded ratio.

Also, in response to employer requests for more online services, we recently added a new feature to our website—an electronic order form. Employers can use this form to order multiple copies of the various retirement forms and publications they may need. They can fill out the form online and submit it to us electronically. If an employer only needs one or a few copies of a particular form or publication and it is available online, they can print it immediately.

By providing better service to employers, we are providing better service to our members, too. That is the ultimate goal of our Employer Partnership Initiative.

Major Initiatives

Our Redesign Is On The Right Track

For the past several years, we have been taking a close look at the various ways we process our daily work to discover new ways we can do it even better. We created detailed documentation of more than 100 business processes to identify changes we can make now and in the future to improve our service. By redesigning our work processes, we expect to improve customer service and increase our efficiency. But redesigning how we work is just part of the story. We will also install state-of-the-art technology that fully supports our newly redesigned work processes. So over the past year, we continued our preparations to introduce redesigned business processes and a new information system to replace our current computer system.

We also surveyed members and pensioners to determine their customer satisfaction level. For example, after conducting a survey of members who recently applied for loans, we learned that more than 44 percent of respondents downloaded the loan application from our website and two-thirds would have applied online if we offered that service. Responses to this and other surveys we conducted helped us gain a better understanding of our service strengths and opportunities for improvement, and also provided insight into new services our customers want us to provide.

To be a leader among our peers, we felt it wise to see for ourselves how other systems have improved their business processes. Last year we visited the Michigan Office of Retirement Services, the North Carolina Retirement System, the California State Retirement System and Georgia's Teachers Retirement System, among others. We were able to see firsthand how other systems use new technology to automate and support their work, as well as how they prepared for, and managed, a major pension administration system implementation project. The sharing of experiences and best practices will no doubt prove extremely helpful as we continue to develop the future business and technology requirements of the New York State and Local Retirement System.

Retirement Online

Our new self-service application, *Retirement Online*, was launched in 2007. This personalized Internet service permits enrolled members and pensioners to view their own Retirement System information on a secure area of our website. Members can check loan balances, contribution balances and beneficiary designations while pensioners can check the deductions from their latest monthly payments. By giving our members and pensioners secure access to their personal information and, in the future, allowing them to conduct business with us via the Internet, we anticipate that *Retirement Online* will continue to be a very popular program.

Scanning & Imaging

The New York State and Local Retirement System maintains more than two million paper file folders for members and retirees. Since membership in the System continues to be on the rise, storing, accessing and preserving paper records was becoming a formidable task. So, in 2005, we began the transition from paper to electronic records when we launched our Scanning & Imaging initiative. This change addresses our concerns about information degrading and storage limitations, as well as provides greater security for the sensitive information contained in the files.

The pilot program for the Scanning & Imaging project was successfully completed in April 2007, resulting in a system that enables us to scan, store and electronically view membership information. Converting all the folders to electronic images will eventually allow the paper folders to be destroyed. More than 33,000 paper folders have been scanned to date, and we are working on the next phase, called a "Back-File Conversion," to scan all 2.17 million folders into the electronic system.

Notable New Laws Affecting Members and Retirees

World Trade Center Presumption Filing Deadline Extended

Chapter 495 (Laws of 2007) extends by two years, until June 14, 2009, the deadline to file a World Trade Center (WTC) Notice. By filing a notice, eligible members retain the right to file for a WTC Accidental Disability presumption, or convert a service or disability retirement benefit to an accidental disability benefit if they become disabled in the future. It also preserves the rights of certain family beneficiaries to file for an accidental death benefit. Chapters 104 and 93 of the Laws of 2005 provided those brave public employees who participated in the World Trade Center (WTC) rescue, recovery or clean up efforts a presumption that, if they become permanently disabled due to certain qualifying conditions and are unable to perform their jobs, the condition was incurred in connection with the WTC aftermath.

Salary Increase For Special Accidental Death Benefit

Chapter 39 (Laws of 2007) increases the salary used to calculate the special accidental death benefit in cases where the date of death was before 2007. This applies to benefits payable to a surviving spouse and children of certain police and fire personnel.

Maximum Police and Fire Retirement System Service Retirement Benefit Increased

Chapter 625 (Laws of 2007) increases the maximum service retirement benefit for Tier 2 police officers and firefighters. Up to 32 years of service credit can now be used when calculating their retirement benefits. Previously, the maximum was 30 years.

New Way To Purchase Military Service Credit

Chapter 627 (Laws of 2007) allows members to purchase previous or military service credit by pre-tax payroll deduction, if permitted by the System and the Internal Revenue Service.

*C*omprehensive reports such as this one always afford great opportunities to reflect on the work we are doing. As we look back over the past year, we are motivated by the remarkable progress we've made toward our Redesign, and inspired to find even more efficient and effective ways to do our jobs in the future. Our work so far has laid a solid foundation for what lies ahead of us and enables us to move onward with great anticipation. We look forward to sharing our accomplishments with you again next year.

2008

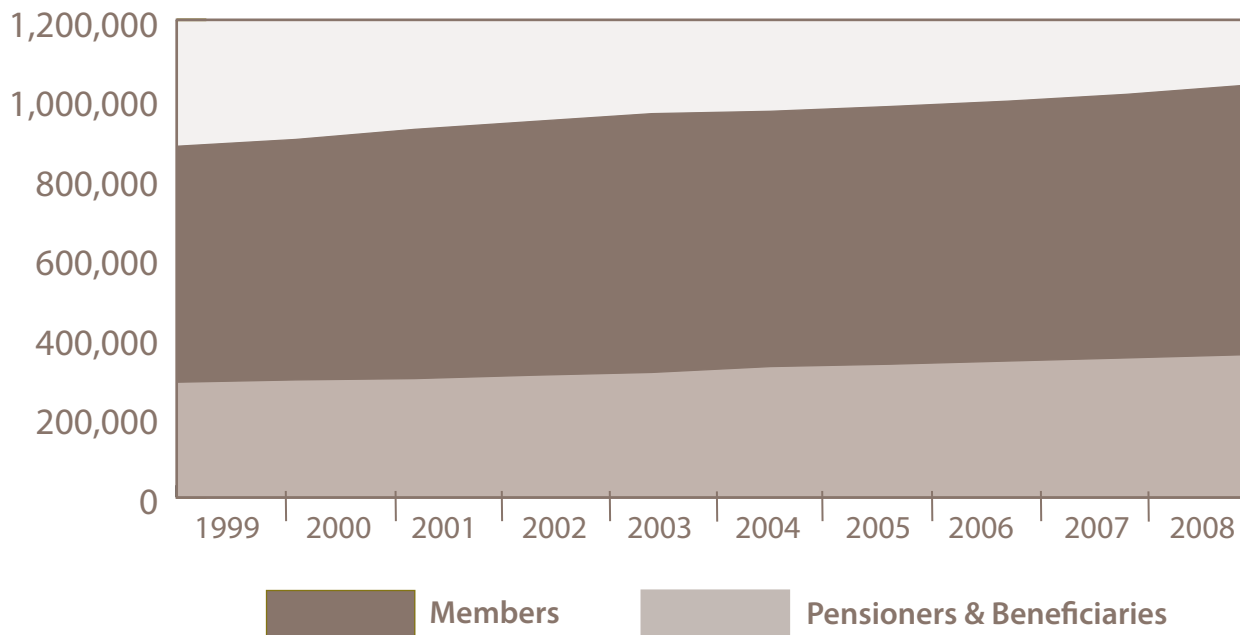
BY THE NUMBERS

Members and Retirees

Overall membership in the System is 1,035,430. This includes 677,321 members and 358,109 retirees and beneficiaries. Both of these numbers continue to climb, with the number of retirees increasing more quickly than members. For example, in 1990, retirees represented 26 percent of the System's members. By fiscal year 2008, that number had increased to approximately 35 percent.

The value of the pension fund's net assets at the end of the fiscal year was \$155.9 billion.

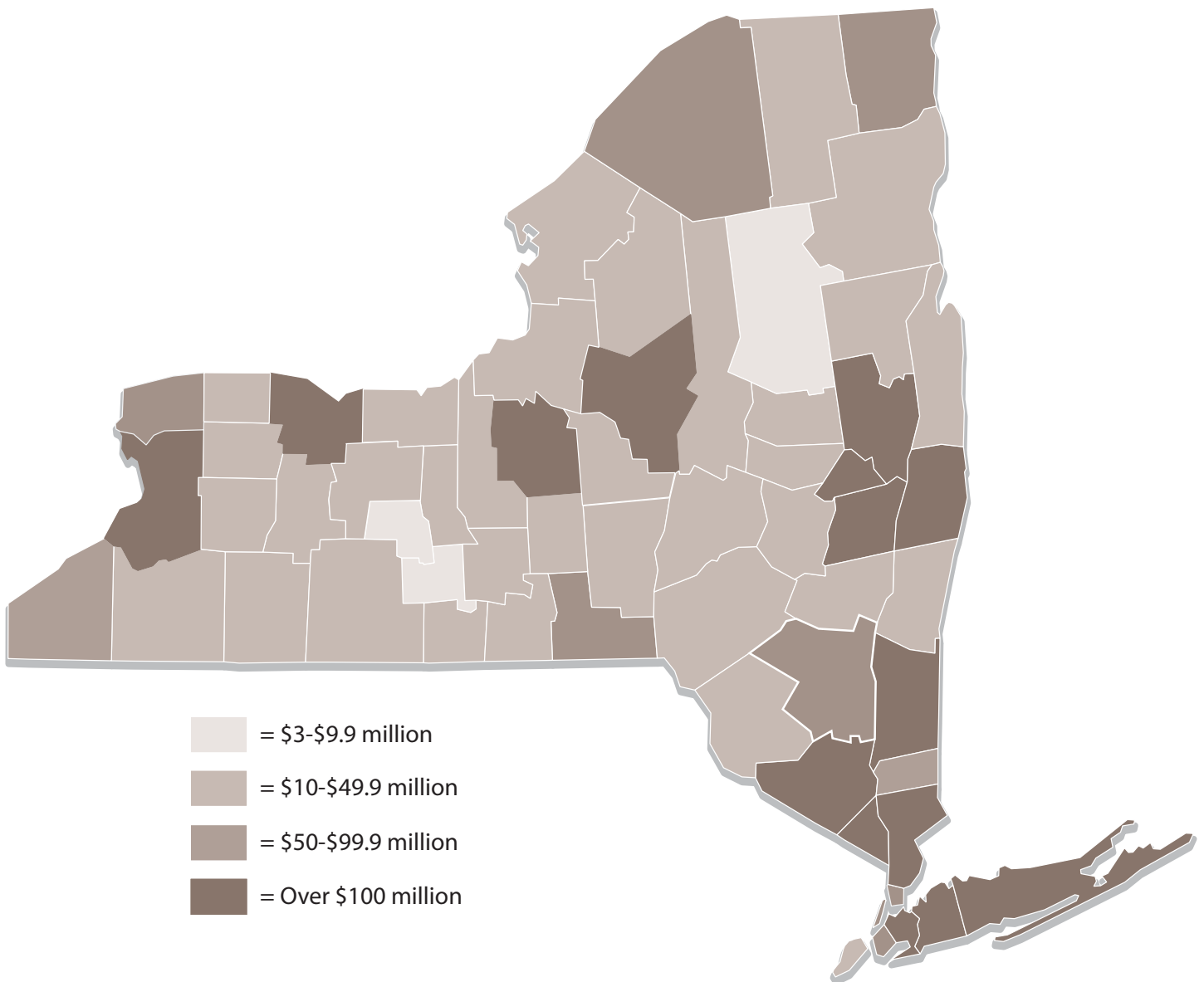
Benefit payments continue to rise, reflecting improvements in final average salaries over the past decades, cost-of-living adjustment (COLA) payments and benefit improvements enacted over the years. For example, in 1999, benefit payments were approaching \$3.5 billion, while this year's payments totaled approximately \$6.9 billion.



2008

RETIREES IN NEW YORK STATE

Of the 358,109 retirees and beneficiaries in the System, 276,112 (77 percent) remain New York State residents. As such, benefit payments surpassing \$5.2 billion this year alone reached the State's communities and businesses, representing the System's greatest impact on the State's economy.



ANNUAL BENEFIT PAYMENTS WITHIN NEW YORK STATE 2008

As of March 31, 2008.

County	Recipients	Annual Payments
Albany	14,587	\$ 328,134,484
Allegany	1,315	17,258,555
Bronx	2,948	58,234,147
Broome	6,119	88,413,519
Cattaraugus	2,731	39,912,194
Cayuga	2,250	37,868,616
Chautauqua	3,641	52,553,183
Chemung	2,747	46,668,786
Chenango	1,589	22,455,898
Clinton	3,013	56,915,979
Columbia	2,303	41,851,671
Cortland	1,340	18,584,066
Delaware	1,522	23,043,995
Dutchess	7,295	143,747,918
Erie	23,775	437,196,224
Essex	1,534	23,929,687
Franklin	1,961	30,744,585
Fulton	1,607	24,173,569
Genesee	1,636	25,038,593
Greene	1,858	33,953,061
Hamilton	352	5,396,591
Herkimer	1,870	25,097,423
Jefferson	2,496	39,762,235
Kings	4,533	96,124,326
Lewis	838	10,176,186
Livingston	2,287	37,371,102
Madison	1,892	27,817,979
Monroe	12,463	204,616,220
Montgomery	1,825	29,371,951
Nassau	18,430	430,443,189
New York	3,919	93,078,616
Niagara	4,643	77,096,950

County	Recipients	Annual Payments
NY Military	2	\$ 23,013
Oneida	7,843	132,101,199
Onondaga	10,264	165,432,741
Ontario	2,535	39,212,383
Orange	6,510	121,830,093
Orleans	1,132	15,484,027
Oswego	3,060	43,831,377
Otsego	1,752	23,957,862
Putnam	1,607	37,118,227
Queens	5,176	113,812,113
Rensselaer	6,526	136,061,167
Richmond	2,051	47,606,558
Rockland	5,373	114,353,866
Saratoga	7,195	152,193,521
Schenectady	6,315	127,683,598
Schoharie	1,200	20,258,436
Schuyler	659	9,425,992
Seneca	1,289	19,744,370
St. Lawrence	3,815	60,460,039
Steuben	2,516	37,593,874
Suffolk	26,745	617,474,875
Sullivan	2,147	38,808,930
Tioga	1,157	14,535,373
Tompkins	2,336	39,107,772
Ulster	4,131	69,008,700
Warren	2,090	35,186,952
Washington	1,967	33,180,910
Wayne	2,546	36,693,904
Westchester	12,815	282,014,504
Wyoming	1,450	24,620,352
Yates	589	7,950,778
Total	276,112	\$ 5,243,799,003

ANNUAL BENEFIT PAYMENTS WITHIN THE UNITED STATES 2008

As of March 31, 2008.

State	Recipients	Annual Payments
Alabama	690	\$ 9,971,482
Alaska	53	622,757
Arizona	2,555	41,553,130
Arkansas	130	1,486,058
California	2,308	29,667,671
Colorado	663	9,054,512
Connecticut	1,765	30,067,301
Delaware	462	8,561,394
Florida	32,762	551,241,911
Georgia	2,771	43,155,018
Guam	1	2,827
Hawaii	114	1,931,004
Idaho	76	1,048,647
Illinois	312	4,270,909
Indiana	257	2,999,989
Iowa	65	684,839
Kansas	98	1,008,889
Kentucky	289	3,587,842
Louisiana	164	2,025,544
Maine	538	7,992,958
Maryland	1,250	18,440,691
Massachusetts	1,327	19,725,752
Michigan	355	4,136,662
Minnesota	123	1,552,512
Mississippi	180	2,474,394
Missouri	217	2,586,747
Montana	87	1,353,902

State	Recipients	Annual Payments
Nebraska	53	\$ 596,091
Nevada	1,302	24,092,138
New Hampshire	527	8,867,622
New Jersey	6,300	166,052,135
New Mexico	429	6,285,877
New York	276,112	5,243,799,003
North Carolina	6,500	109,621,880
North Dakota	14	111,386
Ohio	677	7,905,935
Oklahoma	174	2,086,174
Oregon	255	3,241,518
Pennsylvania	3,526	59,130,818
Puerto Rico	471	5,517,921
Rhode Island	204	2,786,680
South Carolina	3,652	64,778,718
South Dakota	57	912,351
Tennessee	1,057	17,443,886
Texas	1,577	21,033,298
Utah	111	1,315,221
Vermont	557	8,773,703
Virginia	3,355	52,579,042
Washington	408	5,498,997
Washington, D.C.	85	1,286,051
West Virginia	166	2,521,396
Wisconsin	161	2,079,857
Wyoming	53	872,831

ANNUAL BENEFIT PAYMENTS OUTSIDE THE UNITED STATES 2008

As of March 31, 2008.

Total Recipients	Total Annual Payments
714	\$9,201,264

1938

Building bridges.



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Franklin D. Roosevelt

- January 3** March of Dimes established.
- February 4** Disney's *Snow White and the Seven Dwarfs* released.
- August 18** Thousand Islands Bridge, connecting New York State and Canada, dedicated by Franklin D. Roosevelt.
- November 1** Seabiscuit defeated War Admiral by four lengths in legendary horse race.
- November 8** New York State constitution mandated that retirement benefits cannot be diminished.



A staff member with her modern machine, 1938

On November 8, 1938, New York voters ratified an amendment to the State Constitution stating that "retirement benefits shall not be diminished or impaired."

This constitutional guarantee formed the corner stone of trust that Retirement System members rely on for financial security.



INDEPENDENT AUDITORS' REPORT

To the Trustee of
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, 2008, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2008, on our consideration of the System's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and 2008 Required Supplementary Information on pages 31-33 and 46-47 are not a required part of the basic financial statements, but are 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 required supplementary information. However, we did not audit such information and do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The Additional Supplementary Information on pages 48-50 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of the System's management. The Additional Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introduction, investment, actuarial, and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Deloitte & Touche LLP

June 30, 2008

2008

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, 2008 is intended to provide the reader with an analysis of the System's overall financial position. This Management's Discussion and Analysis should be read in conjunction with the basic financial statements of the System, which follow.

Financial Highlights

- The net assets of the System held in trust to pay pension benefits were \$155.846 billion as of March 31, 2008. This amount reflects a decrease of \$779 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.
- Retirement benefits paid this year totaled \$6.835 billion to 358,109 annuitants as compared to \$6.383 billion to 350,066 annuitants for last year. The increase is due to the number of new retirees.
- Contributions from employers decreased from \$2.718 billion last year to \$2.648 billion this year. The decrease is due to the change in the employer billing rate.
- The System's investments reported a total return of 2.56% for the current year and 12.58% for last year.

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 and the additional supplementary information that appear after the notes to the financial statements are not a required part of

the financial statements, but represent supplementary information required by the Governmental Accounting Standards Board.

- The statement of plan net assets reflects the resources available to pay members, retirees, and beneficiaries, at the close of the System's fiscal year. This statement also 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, net appreciation in fair value of the investment portfolio and contributions from members and employers. Benefits and administrative expenses paid by the System are included under the deductions section of the statement.
- The notes to the financial statements are an integral part of the basic financial statements and provide additional information about the plans of the System. Notes include a plan description, significant accounting policies, contributions, funding policy, reserves to the System, investment risk disclosure, security lending program, federal income tax status, commitments, and contingencies.
- The required supplementary schedules include information about funding progress using the entry age normal funding method to approximate the funding status of the System. The aggregate actuarial funding method, which does not identify or separately amortize unfunded actuarial liabilities, is utilized by the System for funding purposes. In addition, employer contributions for the current year and the previous five years are reported.
- The additional supplementary information includes schedules of administrative expenses, investment expenses, and consulting fees.

Analysis of Overall Financial Position of the System

The purpose of the System's investments is to provide for long-term growth, while also ensuring 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 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. Tables 1, 2, and 3 summarize and compare financial data for current and prior year.

Table 1

Statement of Plan Net Assets as of March 31, 2008, as compared to March 31, 2007, follows:

	(In Thousands)			
	2008	2007	Dollar Change	Percentage Change
Assets:				
Investments	\$ 153,877,718	\$ 154,575,646	\$ (697,928)	(0.5)%
Securities lending collateral — invested	27,834,422	24,846,521	2,987,901	12.0
Receivables and other assets	3,775,582	4,091,483	(315,901)	(7.7)
Total assets	185,487,722	183,513,650	1,974,072	1.1
Liabilities:				
Securities lending obligations	27,947,014	24,846,521	3,100,493	12.5
Other liabilities	1,694,839	2,041,886	(347,047)	(17.0)
Total liabilities	29,641,853	26,888,407	2,753,446	10.2
Net assets held in trust for pension benefits	\$ 155,845,869	\$ 156,625,243	\$ (779,374)	(0.5)%

The plan net assets of the System totaled \$155.846 billion as of March 31, 2008, a decrease of \$779 million from the prior fiscal year.

Table 2

Statement of Invested Assets as of March 31, 2008, as compared to March 31, 2007, follows:

Investment Category	(In Thousands)			
	2008	2007	Dollar Change	Percentage Change
Short-term investments	\$ 6,443,059	\$ 8,551,143	\$ (2,108,084)	(24.7)%
Government bonds	26,096,724	23,712,007	2,384,717	10.1
Corporate bonds	10,474,749	9,824,205	650,544	6.6
Domestic equities	58,582,079	65,297,430	(6,715,351)	(10.3)
International equities	24,571,663	24,822,250	(250,587)	(1.0)
Private equities	12,699,376	10,044,806	2,654,570	26.4
Absolute return strategy investments	5,328,266	4,681,324	646,942	13.8
Real estate and mortgage loans	9,681,802	7,642,481	2,039,321	26.7
Total investments	\$ 153,877,718	\$ 154,575,646	\$ (697,928)	(0.5)%

The largest positive changes to the invested assets were in private equities and real estate, which represented 8% and 6% of the total investments, respectively, and collectively increased \$4.694 billion from the previous fiscal year. Domestic equities, representing 38% of the total investments, suffered the largest decrease. The change in the invested assets is primarily attributable to the negative performance in domestic equity markets, which was offset by positive returns in private equities and real estate.

Table 3

Statement of Changes in Plan Net Assets for the year ended March 31, 2008, as compared to the year ended March 31, 2007, follows:

Investment Category	(In Thousands)			
	2008	2007	Dollar Change	Percentage Change
Additions:				
Net investment income	\$ 3,163,728	\$ 17,416,082	\$ (14,252,354)	(81.8)%
Total contributions	3,030,236	3,100,572	(70,336)	(2.3)
Total additions	6,193,964	20,516,654	(14,322,690)	(69.8)
Deductions:				
Total benefits paid	(6,883,034)	(6,431,731)	(451,303)	7.0
Administrative expenses	(90,304)	(79,772)	(10,532)	13.2
Total deductions	(6,973,338)	(6,511,503)	(461,835)	7.1
Net decrease/increase	(779,374)	14,005,151	(14,784,525)	(105.6)%
Net assets held in trust for pension benefits — beginning of year	156,625,243	142,620,092	14,005,151	9.8 %
Net assets held in trust for pension benefits — end of year	\$ 155,845,869	\$ 156,625,243	\$ (779,374)	(0.5)%

The change in net investment income is primarily attributable to the negative change in the value of the domestic equity portfolio. The change in administrative expenses represents increased staff hiring and consultant fees.

Economic Factors and Rates

The Common Retirement Fund (the Fund) returned 2.56% for fiscal year 2007–08. In the US, the sub-prime mortgage situation and subsequent liquidity crisis, coupled with rising commodity prices and concerns about a recession, all contributed to weak and declining equity markets. The Federal Reserve acted to address these issues by lowering short-term interest rates six times for a total of 3% during our fiscal year. This was not enough to help domestic and international equities. Domestic and international equities returned (6.44)% and 0.55%, respectively. The Fund's fixed income portfolio returned 8.56%, while private equities at 24.84% and real estate at 14.75% generated particularly strong returns.

Requests for Information

This financial report is designed to provide a general overview of the System's finances for all interested parties. 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 12244-0001.

STATEMENT OF PLAN NET ASSETS 2008

Year Ended March 31, 2008.

ASSETS	(In Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
INVESTMENTS: (Note 2)			
Short-term investments	\$ 5,476,040	\$ 967,019	\$ 6,443,059
Government bonds	22,179,948	3,916,776	26,096,724
Corporate bonds	8,902,627	1,572,122	10,474,749
Domestic equities	49,789,677	8,792,402	58,582,079
International equities	20,883,778	3,687,885	24,571,663
Private equities	10,793,366	1,906,010	12,699,376
Absolute return strategy investments	4,528,563	799,703	5,328,266
Real estate and mortgage loans	8,228,690	1,453,112	9,681,802
Total investments	130,782,689	23,095,029	153,877,718
SECURITIES LENDING COLLATERAL — Invested (Note 7)	23,656,840	4,177,582	27,834,422
FORWARD FOREIGN EXCHANGE CONTRACTS	731,199	129,123	860,322
RECEIVABLES:			
Employers' contributions	520,959	189,483	710,442
Members' contributions	20,809	64	20,873
Member loans	921,616	1,529	923,145
Accrued interest and dividends	444,619	78,516	523,135
Investment sales	324,282	57,265	381,547
Other (Note 2)	241,930	86,422	328,352
Total receivables	2,474,215	413,279	2,887,494
Capital assets, at cost, net of accumulated depreciation	23,599	4,167	27,766
Total assets	157,668,542	27,819,180	185,487,722
LIABILITIES:			
Securities lending obligations (Note 7)	23,752,534	4,194,480	27,947,014
Forward foreign exchange contracts	728,115	128,578	856,693
Accounts payable — investments	414,606	73,216	487,822
Accounts payable — benefits	156,070	29,564	185,634
Other liabilities (Note 2)	143,540	21,150	164,690
Total liabilities	25,194,865	4,446,988	29,641,853
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 132,473,677	\$ 23,372,192	\$ 155,845,869

A schedule of funding progress is presented on pages 39–40. (Note 4)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN PLAN NET ASSETS **2008**

Year Ended March 31, 2008.

	(In Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
ADDITIONS:			
Income from investing activities:			
Net depreciation in fair value of investments	\$ (1,093,893)	\$ (193,139)	\$ (1,287,032)
Interest income	1,680,485	295,887	1,976,372
Dividend income	1,751,646	308,417	2,060,063
Other income	498,043	87,692	585,735
Less investment expenses	(245,920)	(43,300)	(289,220)
Total income from investing activities	2,590,361	455,557	3,045,918
Income from securities lending activities:			
Securities lending income	1,135,537	199,937	1,335,474
Securities lending rebates	(1,009,297)	(177,709)	(1,187,006)
Securities lending management fees	(26,068)	(4,590)	(30,658)
Total income from securities lending activities	100,172	17,638	117,810
Total net investment income	2,690,533	473,195	3,163,728
Contributions:			
Employers	2,134,954	513,494	2,648,448
Members	263,098	2,578	265,676
Interest on accounts receivable	35,805	10,081	45,886
Other	62,898	7,328	70,226
Total contributions	2,496,755	533,481	3,030,236
Total additions	5,187,288	1,006,676	6,193,964
DEDUCTIONS:			
Benefits paid:			
Retirement benefits	(5,554,093)	(1,099,727)	(6,653,820)
Death benefits	(169,688)	(12,005)	(181,693)
Other	(45,815)	(1,706)	(47,521)
Total benefits paid	(5,769,596)	(1,113,438)	(6,883,034)
Administrative expenses	(78,849)	(11,455)	(90,304)
Total deductions	(5,848,445)	(1,124,893)	(6,973,338)
NET DECREASE	(661,157)	(118,217)	(779,374)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS — Beginning of year	133,134,834	23,490,409	156,625,243
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS — End of year	\$ 132,473,677	\$ 23,372,192	\$ 155,845,869

The accompanying notes are an integral part of these financial statements.

2008

NOTES TO FINANCIAL STATEMENTS

Year Ended March 31, 2008

1. Description of Plans

The Comptroller of the State of New York serves as sole trustee of the Common Retirement Fund (the 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 Retirement System (the System). All net assets of the System are held in the 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 (RSSL) and are guaranteed by the New York State (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 the State and employees of its municipalities, other than New York City.

The ERS and the PFRS are cost-sharing multiple-employer defined benefit pension plans. The System is a component unit of the State and is included in the State's financial report as a pension trust fund.

As of March 31, 2008 and 2007, the number of participating employers for ERS and PFRS consisted of:

	ERS		PFRS	
	2008	2007	2008	2007
State	1	1	1	1
Counties	57	57	4	4
Cities	61	61	61	61
Towns	909	908	206	206
Villages	491	490	378	378
Schools	699	699	0	0
Miscellaneous	777	767	33	33
Total	2,995	2,983	683	683

As of March 31, 2008 and 2007, the System membership for ERS and PFRS consisted of:

	ERS		PFRS	
	2008	2007	2008	2007
Retirees and beneficiaries currently receiving benefits	328,726	321,113	29,383	28,953
Inactive members vested	53,597	51,821	1,807	1,579
Active members	587,522	575,102	34,395	34,131
Total members and benefit recipients	969,845	948,036	65,585	64,663

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

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

Tier 2 — 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 — 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 — ERS — Generally, except for correction officers, those persons who last became members on or after September 1, 1983.

Vesting — Members with five 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 a 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 ages 55 to age 62, with less than 30 years of service receive reduced benefits. As a result of Article 19 of the RSSL, 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 of service, the benefit is 2% of final average salary for each year of service. 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 five 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 one-third of salary, are provided after ten years of service; in some cases, after five years of service.

(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 workers' compensation benefits received. For Tier 1 and Tier 2 PFRS members, the benefit is a pension of 75% of final average salary with offset for any workers' compensation benefits received. The Tier 3 and Tier 4 ERS 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 ordinary 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 5 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 benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot exceed 3%.

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 due, pursuant to statutory requirements and formal commitments. Member contributions are based on when member salaries are earned and are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment sales and purchases are recorded on a trade-date basis. The amounts shown on the financial statements are allocated between ERS and PFRS based on each system's equity in the Fund.

Method Used to Value Investments — Investments are reported at fair value. Fair value is defined as the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller.

- Stocks traded on a national or international exchange are reported at current market values.
- Bonds are primarily 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.
- Direct investments in real estate are based on independent appraisals made every three years or according to the fund agreement.
- Real estate partnerships are reported at values provided by general partners. These values are based on discounted cash flows, comparative sales, capitalization rates applied to net operating income, or cost, if none of the preceding fit a property's attributes and strategy.

- Publicly traded private equity investments are valued based on quoted market prices. If not publicly traded, the fair value is determined by the investment manager. Financial Accounting Standards Board Statement No.157, Fair Value Measurements, requires private equity investment managers to value non-publicly traded assets at current fair value, taking into consideration the financial performance of the issuer, cash flow analysis, recent sales prices, market comparable transactions, a new round of financing, a change in economic conditions, and other pertinent information. Fair value is determined using the best information available for a hypothetical transaction at the measurement date, not using forced sale or fire sale pricing.
- 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.

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 loan rate as of March 31, 2008 was 7%.

Benefits Payable — Benefits payable represents payments due on account of death and retirement on or before March 31, 2008, for which final calculations had not been completed and paid as of that date.

Other Receivables — Other receivables include a promissory note in the amount of \$245.12 million from a real estate investment that is due and payable in 2013.

Other Liabilities — Other liabilities include a cash managed balance, which represents disbursements issued on previous business days, which are funded when presented for payment at the issuing bank. Other liabilities total \$165 million of which \$94 million represents outstanding checks. In addition, tax withholding payments due the Internal Revenue Service total \$50 million.

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. These estimates are subject to a certain amount of uncertainty in the near term, which could result in changes in the values reported for those assets in the statement of net assets. Estimates also affect the reported amounts of income/additions and expenses/deductions during the reporting period. Actual results could differ from these estimates.

Capital Assets — Capital assets are capitalized at cost and depreciated on a straight-line basis over an estimated useful life of thirty years.

Recent Accounting Pronouncements — In June 2007, the Governmental Accounting Standards Board (GASB) issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, to enhance the comparability of the accounting and financial reporting of such assets among state and local governments. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets and includes guidance on recognition and amortization of such assets. GASB Statement No. 51 is effective for periods beginning after June 15, 2009. The System is currently evaluating the effect, if any, GASB Statement No. 51 may have on its financial statements.

3. Contributions

Contributions Required — Participating employers are required under RSSL to contribute annually to the System. Annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For fiscal year ended March 31, 2008, the applicable interest rate was 8%.

System Expenses — The System receives an allocation from employer contributions, which are designated by law to cover all non-investment related operating expenses. Investment expenses are offset directly by investment income.

Required Contribution Rates — Tier 3 and 4 members must contribute 3% of their salary. As a result of RSSL Article 19, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with

the 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.

Contributions Receivable — Employers' contributions receivable are presented net of withdrawals, refunds, advance employer payments, and credits due employers. Receivable amounts from participating employers include \$72.08 million for new plan adoptions and retroactive membership. Receivable amounts from the State for other amortizations total \$33.58 million.

RSSL Chapter 260 of the Laws of 2004 authorized employers to amortize over ten years, at 5% interest, the portion of their annual bill for fiscal year ended 2005 that exceeded 7% of payroll. The amortized amount receivable from the State as of March 31, 2008 is \$333.64 million and from participating employers is \$95.49 million.

RSSL Chapter 260 of the Laws of 2004 authorized employers to amortize over ten years, at 5% interest, the portion of their annual bill for fiscal year ended 2006 that exceeded 9.5% of payroll. The amortized amount receivable from the State as of March 31, 2008 is \$118.69 million and from participating employers is \$26.42 million.

RSSL Chapter 260 of the Laws of 2004 authorized local employers to amortize over ten years, at 5% interest, the portion of their annual bill for fiscal year ended 2007 that exceeded 10.5% of payroll. The amortized amount receivable from participating employers as of March 31, 2008 is \$22.07 million.

4. Funded Status and Funding Progress

Funding Policy — Funding of the System is accomplished through member and employer contributions and the investment earnings on these contributions, according to RSSL. The System uses the aggregate actuarial funding method, which does not identify or separately amortize unfunded actuarial accrued liabilities. As required under GASB Statement No. 50, *Pension Disclosures (an amendment of GASB No. 25 and No. 27)*, following is a schedule of funding progress using the entry age normal funding method to approximate the funding status of the System as of the most recent actuarial valuation date. This 2008 actuarial valuation performed on April 1, 2007, determined employer contributions for the year ending March 31, 2009.

The funded status of the System as of April 1, 2007, the most recent valuation date, is as follows (In Millions):

Actuarial Valuation Date	Actuarial Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	((b-a)/c)
ERS						
4/1/2007	\$ 121,116	\$ 114,525	\$ (6,591)	105.8%	\$ 22,018	(29.9)%
PFRS						
4/1/2007	\$ 21,379	\$ 20,074	\$ (1,305)	106.5%	\$ 2,825	(46.2)%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Significant actuarial assumptions used in the April 1, 2006 and April 1, 2007 valuations to determine employer contributions for the years ended March 31, 2008 and March 31, 2009 were:

Interest Rate	8.0%
Salary Scale	
ERS	5.4%
PFRS	6.7%
Decrement Tables	4/1/00-3/31/05 System's experience
Inflation Rate	3.0%

The actuarial asset value for domestic bonds and mortgages is amortized value. Short-term investments are at market value. Normally, 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 or unrealized gains (or losses) in the same manner. For fiscal year 2008, the April 1, 2006 valuation reflects a market restart in 2004 and the second year of the phase-in to a full five-year smoothing method. The April 1, 2007 valuation reflects the third year of the phase-in.

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 ten-year amortization of part of their FYE 2005 and 2006 bill, and deficiency payments, which an employer may incur when joining the System and are payable for up to 25 years. The following average employer contribution rates exclude certain contributions such as the ten-year amortization. The average employer contribution rate for PFRS for fiscal year ended March 31, 2008, was approximately 16.6% of payroll. The average contribution rate for ERS for fiscal year ended March 31, 2008, including incentive contributions, was approximately 9.6% of payroll.

5. System Reserves

The legally required reserves, as covered by provisions of RSSL Section 20, are maintained by the System, are fully funded as of March 31, 2008, and are described below:

- **Annuity Savings Funds** — Funds in which contributions of Tier 1 and Tier 2 members are accumulated, totaled \$17.63 million for ERS and \$23.124 million for PFRS.
- **Annuity Reserve Funds** — Funds from which member contribution annuities are paid totaled \$140.33 million for ERS and \$13.11 million for PFRS.
- **Pension Accumulation Funds** — Funds in which employer contributions and income from the investments of the System are accumulated, totaled \$77.318 billion for ERS and \$13.596 billion for PFRS.
- **Pension Reserve Funds** — Funds from which pensions are paid, totaled \$47.448 billion for ERS and \$9.726 billion for PFRS.
- **Tier 3 and 4 Contribution Funds** — Funds in which Tier 3 and 4 contributions are accumulated. These funds are transferred to the Pension Accumulation Fund at retirement. Funds totaled \$7.412 billion for ERS. PFRS has no Tier 3 and 4 funds.

There are certain other additional funds maintained by the System.

6. Deposit and Investment Risk Disclosure

Custodial Credit Risk for Investments — Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fund or are held either by the counterparty or the counterparty's trust department or agent, but not in the name of the Fund.

Equity and fixed income investments owned directly by the Fund, which trade in the United States (US) markets, are held at the Fund's custodian, in separate accounts, in the name of the Comptroller of the State of New York in Trust for the Fund. These securities are typically held in electronic form through the Federal Book Entry System and by the Depository Trust Company (DTC) and its subsidiaries acting as an agent of the Fund's custodian bank. Securities held directly by the Fund, which trade in markets outside the US, are held by a subsidiary of the Fund's custodian bank in the local market, a bank performing custodial services in the local market acting as an agent for the Fund's custodian bank, and in some foreign markets, the securities are held in electronic format by a DTC subsidiary or an organization similar to DTC. Directly held investments include short-term and long-term fixed income and domestic and international equity separately managed accounts. The aforementioned investments have the lowest custodial risk.

Equity investments held indirectly by the Fund via limited partnerships, commingled investment funds, joint ventures, and other similar vehicles are held in custody by an organization contracted by the general partner and/or the investment management firm responsible for the management of each investment organization.

Title to real estate invested in by the Fund is held either by a real estate holding company or a real estate investment fund. Ownership of mortgage assets is documented by the Fund's holding of original mortgage and note documents by the Office of the State Comptroller, Division of Pension Investment and Cash Management.

Custodial Credit Risk for Deposits — Deposits are exposed to custodial credit risk if the deposits are not covered by depository insurance or deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging institution's trust department or agent, but not in the name of the Fund.

In accordance with existing policies and procedures, the Division of Pension Investment and Cash Management monitors deposit balances for the purpose of determining collateralization levels. Collateral sufficient to cover all uninsured deposits is held at the State's custodial bank.

Interest Rate Risk — The risk that changes in interest rates will adversely affect the fair value of the Fund's fixed income securities.

The price volatility of the Fund's fixed income holdings are measured by duration. Macaulay duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. In accordance with existing policies and procedures, the Fund attempts to match the duration of the assets with the duration of the retired lives liabilities.

As of March 31, 2008, the duration of the fixed income portfolio is as follows:

Bond Category	Market Value (In Thousands)	Percentage of Bond Portfolio	Macaulay Duration (In Years)
Treasury	\$ 6,571,601	18.0%	11.02
TIPS	13,139,719	35.9	11.81
Agency	2,667,188	7.3	8.59
Mortgage	5,600,215	15.3	4.30
Corporate	8,592,750	23.5	5.24
Total	\$ 36,571,473	100.0%	8.70

Credit Risk — State statutes and the System's investment policies require that corporate fixed income obligations must be investment grade at the time of their acquisition. Long-term bond ratings as of March 31, 2008, are as follows (In Thousands):

Quality Rating	Fair Value	Percentage of Market Value
AAA	\$ 3,271,259	8.9%
AA	2,835,355	7.8
A	3,311,627	9.1
BAA	1,804,022	4.9
CAA	30,400	0.1
Total credit risk debt securities	11,252,663	30.8
US government fixed income securities (not rated)	25,318,810	69.2
Total fixed income securities	\$ 36,571,473	100.0%

Concentration of Credit Risk — The risk of loss attributed to the magnitude of the Fund's investment in a single issuer.

As of March 31, 2008, the System did not hold any investments in any one issuer that would represent 5% or more of total investments. Investments issued or explicitly guaranteed by the US government and pooled investments are excluded from this regulation.

Issuer limits for investments held by the Fund are established for each investment area by RSSL Article 2, Section 13 and Article 4A, Sections 176, 177, and 313 and policy guidelines adopted by the Division of Pension Investment and Cash Management.

Short-term fixed income investments are generally limited to the following investment types maturing in one year or less:

- Obligations for which the full faith and credit of the US is pledged to provide payment of interest and principal.
- Obligations issued by any federal home loan bank or obligations fully guaranteed as to principal and interest by the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation.
- Commercial paper that has the highest rating by two nationally recognized rating services. A maximum of \$500 million of the short-term portfolio may be invested in any one commercial paper issuer.
- Simultaneous purchase and sale of US Treasury obligations may be executed with Primary Government Dealers. A maximum of \$200 million may be invested with any one Primary Government Dealer.

Fixed income investments are generally limited to the following investment types with maturities longer than one year:

- Obligations for which the full faith and credit of the US is pledged to provide payment of principal and interest.
- Obligations payable in US dollars issued by any department, agency, or political subdivision of the US government or issued by any corporation, company, or other issuer of any kind or description created or existing under the laws of the US, any state of the US, District of Columbia or Commonwealth of Puerto Rico, and obligations of Canada or any province or city of Canada provided each obligation shall be rated investment grade by two nationally recognized rating services. The aggregate investment by the Fund in the

obligations of any one issuer shall not exceed 2% of the assets of the Fund or 5% of the direct liabilities of the issuer.

- Interest-bearing obligations payable in US funds that at the time of investment are rated in one of the four highest rating grades by each rating service, which has rated such obligations. The aggregate amount invested in the obligations of any single issuer may not exceed 1% of the assets of the Fund.
- Bonds issued or guaranteed by the State of Israel payable in US dollars, not to exceed 5% of the assets of the Fund.
- Obligations issued or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, Asian Development Bank, or the African Development Bank.

Foreign Currency Risk — Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Fund has exposure through direct investments in international equities, international equity commingled funds, international real estate investments, international absolute return strategies, and international private equity investments. All of these investments are externally managed. The Fund permits the managers of direct investments in international equities to use forward currency contracts to manage their exposure to foreign currencies relative to the US dollar. Where the Fund participates in commingled funds limited partnerships, or other investment arrangements, the decision whether or not to use forward currency contracts to manage their foreign currency exposure is left up to the fund manager.

Foreign investments included in the Statement of Plan Net Assets as of March 31, 2008 (In Thousands of US dollars):

	Equities	Cash	Real Estate	Private Equities and ARS Funds	Total
Euro	\$ 5,632,443	\$ 24,745	\$ 147,530	\$ 2,150,418	\$ 7,955,136
British Pound Sterling	3,151,782	15,129		291,330	3,458,241
Japanese Yen	3,103,131	8,342		7,050	3,118,523
Swiss Franc	1,223,540	6,789		7,866	1,238,195
Australian Dollar	644,975	2,349		10,305	657,629
Canadian Dollar	369,173	1,414		75,600	446,187
Hong Kong Dollar	343,104	1,424		13,148	357,676
Swedish Krona	323,007	932		11,974	335,913
Norwegian Krone	257,779	355		16,930	275,064
Singapore Dollar	149,685	17,599		8,446	175,730
Danish Krone	102,262	287		90,034	192,583
South Korean Won	75,053	309		14,812	90,174
Taiwan Dollar	55,568	2,680		2,883	61,131
Mexican Peso	46,774	301		25,433	72,508
Turkish Lira New	45,400	1,903		44,108	91,411
Brazilian Real	39,462	387		240	40,089
Thailand Baht	30,014	21		9,722	39,757
Indian Rupee	25,223	6		138,223	163,452
Indonesia Rupiah	16,338	138		4,977	21,453
Polish New Zloty	16,040				16,040
Philippine Peso	15,154	122		227	15,503
Israeli Shekel	12,111	4		193,738	205,853
New Zealand Dollar	11,402	20			11,422
Malaysian Ringgit	8,932	464		1,948	11,344
South African Rand	5,085	177		64,745	70,007
Egyptian Pound	2,837				2,837
Hungarian Forint	1,317	244			1,561
Bermuda Dollar				19,153	19,153
Chinese Renminbi				75,072	75,072
Russian Ruble				101,719	101,719
Argentine Peso				19,628	19,628
Czech Koruna				861	861
Other		2		6,825	6,827
Total subject to foreign currency risk	15,707,591	86,143	147,530	3,407,415	19,348,679
Commingled international equity in US Dollars	9,058,209				9,058,209
Foreign investments in US Dollars	520,290		2,070,595	3,434,053	6,024,938
Total foreign Investments	\$ 25,286,090	\$ 86,143	\$ 2,218,125	\$ 6,841,468	\$ 34,431,826

The System may enter into forward currency contracts to manage exposure to fluctuations in foreign currency exchange rates on portfolio holdings. The System also enters into forward exchange contracts to settle future obligations. A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. A contract is classified as a forward contract when the settlement date is more than two

days after trade date. Risk associated with such contracts includes movement in the value of a foreign currency relative to the US dollar. The contracts are valued at forward exchange rates and include net appreciation/depreciation in the Statement of Plan Assets. Realized gain or loss on forward currency contracts is the difference between the original contract and the closing value of such contract and is included in the Statement of Changes in Plan Net Assets.

The table below summarizes the fair value of foreign currency contracts as of March 31, 2008 (in thousands of US dollars):

Currency	Forward Currency Contracts	Spot Currency Contracts	Totals
US Dollar	\$ 29,417	\$ (17,673)	\$ 11,744
Euro	(123,663)	817	(122,846)
British Sterling Pound	37,719	18,140	55,859
Australian Dollar	106	(10,718)	(10,612)
Swedish Krona	1,004	(284)	720
Taiwan Dollar		14,574	14,574
Swiss Franc	(28,286)		(28,286)
Japanese Yen	1,146		1,146
Hong Kong Dollar	78,928	(2,469)	76,459
Egyptian Pound		(1,160)	(1,160)
Canadian Dollar		(1,196)	(1,196)
Totals	\$ (3,629)	\$ 31	\$ (3,598)

7. Securities Lending Program

Securities Lending — RSSL Section 177-D authorizes the Fund to enter into security loan agreements with broker/dealers and State or national banks. The Fund has designated its master custodian bank (the Custodian) 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, government securities, and federal instrumentalities. 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, US 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. Under the terms of the securities lending agreement, the Securities Lending Agent has agreed to hold the Fund harmless for borrower default from the loss of securities or income.

As of March 31, 2008, there were no violations of legal or contractual provisions. The Fund has not experienced any losses resulting from the default of a borrower or lending agent during the year ended March 31, 2008 or in the history of the program.

The Fund lends fixed income, domestic equity, and international equity securities to approved broker/dealers. Collateral for securities loaned equals 102% of fair market value for domestic securities and 105% for international securities. Credit risk associated with the investment of cash collateral pledged by borrowers is mitigated by the maturity restrictions, percentage limitations, and rating requirements for individual asset classes included in the Fund's reinvestment guidelines. 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 market rate 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.

As of March 31, 2008, the fair value of securities on loan was \$29.219 billion. The associated fair value of the invested collateral was \$29.756 billion of which \$27.834 billion was invested cash collateral. Securities lending obligations at March 31, 2008 were \$27.947 billion. The unrealized loss in invested cash collateral on March 31, 2008 was \$112.592 million, which is reflected in the Statement of Changes in Plan Net Assets, "Net depreciation in fair value of investments."

All open security loans can be terminated on demand by either the Fund or borrower. To provide sufficient liquidity, the policy of the Fund is to maintain a minimum of 10% of collateral in overnight investments. While the Securities Lending Investment Guidelines allow investments up to a maximum of two years, the average term open security loans at March 31, 2008 was 13 days, matching term investments were 39 days and the overall average term to maturity of investment collateral for all loans was 15 days. Approximately 92% of all loans were open loans, while 8% represented direct matching loans.

The collateral pool is valued at market value obtained from independent pricing services.

8. Federal Income Tax Status

Management believes that the System meets the definition of a governmental plan. In the System's communications with the Internal Revenue Service, it has been treated as a qualified plan, and is, therefore, considered exempt from federal income taxes.

9. Commitments

As of March 31, 2008, the System had contractual commitments totaling \$7.372 billion to fund future private equities and \$5.631 billion to fund future real estate investments.

10. 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.

2008

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress — Year Ended March 31, 2008 (Unaudited)

The System uses the aggregate funding method that does not identify or separately amortize unfunded actuarial liabilities. However, following we have provided a schedule of funding progress using the entry age normal funding method to approximate the funding status of the System. The 2007 actuarial valuation performed on April 1, 2006 determined employer contributions for the year ending March 31, 2008. The 2008 actuarial valuation performed on April 1, 2007 determined employer contributions for fiscal year ending March 31, 2009.

1. The average employer contribution rates for ERS for fiscal years ended 2008 and 2009, including incentive

contributions, were approximately 9.6% of projected payroll and 8.5% of projected payroll, respectively.

2. The average employer contribution rates for PFRS for fiscal years ended 2008 and 2009 were approximately 16.6% of projected payroll and 15.8% of projected payroll, respectively.
3. These average employer contribution rates exclude certain contributions such as the 17-year amortization and the ten-year amortization available for fiscal years ended 2005, 2006, and 2007 bills.

Schedule of Funding Progress — (Unaudited) (In Millions)

Actuarial Valuation Date	Actuarial Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	((b-a)/c)
ERS						
4/1/2005	\$ 105,088	\$ 102,224	\$ (2,864)	102.8%	\$ 20,218	(14.2)%
4/1/2006	112,209	107,785	(4,424)	104.1	20,919	(21.1)
4/1/2007	121,116	114,525	(6,591)	105.8	22,018	(29.9)
PFRS						
4/1/2005	\$ 18,657	\$ 17,802	\$ (855)	104.8%	\$ 2,531	(33.8)%
4/1/2006	19,827	18,853	(974)	105.2	2,712	(35.9)
4/1/2007	21,379	20,074	(1,305)	106.5	2,825	(46.2)

Schedule of Employer Contributions – (Unaudited) (In Thousands)

Employees' Retirement System - Employer Contributions

Year ended March 31	Annual Required Contributions			Percentage Contribution
	New York State	Local Employers	Total	
2003	\$ 265,662	\$ 317,555	\$ 583,217	100%
2004	435,404	690,116	1,125,520	100
2005	1,019,389	1,490,114	2,509,503	100
2006	994,328	1,354,393	2,348,721	100
2007	878,920	1,337,167	2,216,087	100
2008	892,480	1,242,474	2,134,954	100

Police and Fire Retirement System - Employer Contributions

Year ended March 31	Annual Required Contributions			Percentage Contribution
	New York State	Local Employers	Total	
2003	\$ 8,712	\$ 60,002	\$ 68,714	100%
2004	19,391	141,544	160,935	100
2005	68,265	387,074	455,339	100
2006	73,596	359,830	433,426	100
2007	109,333	393,131	502,464	100
2008	115,294	398,200	513,494	100

The annual required contributions (ARC) include the employers' normal costs, 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/overpayment of amounts for a one-year period.

ADDITIONAL SUPPLEMENTARY INFORMATION 2008

Schedule of Administrative Expenses Year Ended March 31, 2008 and 2007

(In Thousands)

	2008	2007
PERSONNEL SERVICES:		
Salaries	\$ 45,086	\$ 38,815
Overtime salaries	2,384	1,961
Fringe benefits	21,622	19,095
Total personnel services	69,092	59,871
BUILDING OCCUPANCY EXPENSES:		
Building, lease, and condominium fees	2,968	4,074
Utilities and municipal assessments	439	463
Office supplies and services	263	302
Telephone	1,352	1,144
Total building occupancy expenses	5,022	5,983
COMPUTER EXPENSES:		
IT hardware lease/purchases	1,355	476
IT supplies and maintenance/agency mainframe	6,949	8,272
Total computer expenses	8,304	8,748
PERSONNEL AND OPERATING EXPENSES:		
Training	303	178
Travel and auto expense — includes pre-retirement seminars	994	877
Postage — includes member and retiree communication	1,641	1,393
Printing — includes member and retiree communication	408	357
Subscriptions/memberships	139	74
Total personnel and operating expenses	3,485	2,879
PROFESSIONAL EXPENSES:		
Medical/clinical services	1,334	1,519
Miscellaneous consulting services	3,067	772
Total professional expenses	4,401	2,291
TOTAL	\$ 90,304	\$ 79,772

Schedule of Investment Expenses Year Ended March 31, 2008

(In Thousands)

Investment Expenses	
Investment Management Fees:	
International equities	\$ 92,368
Private equities and ARS funds	78,542
Real estate	54,669
Domestic equities	46,938
Total investment manager fees	\$ 272,517
Investment Related Expenses:	
Legal fees	\$ 4,538
Domestic consulting and monitoring	3,136
In-house investment management fees	2,717
Administrative expenses	2,282
EDP expenses	2,084
Mortgage loan servicing fees	1,121
Real estate consulting and monitoring	408
Fixed income consulting and monitoring	213
Auditor fees	194
Custodial fees	10
Total investment related expenses	16,703
Total investment expenses	\$ 289,220

Schedule of Consulting Fees Year Ended March 31, 2008

(In Thousands)

Consulting Fees (Fees paid to outside professionals other than investment advisors, in excess of \$25,000.)		
	Amount	Nature
Deloitte Consulting LLP	\$ 1,785	System Development
Mayer, Brown, Rowe & Maw LLP	1,611	Legal Services
Morgan, Lewis & Bockius LLP	1,069	Legal Services
Seward & Kissel	831	Legal Services
K&L Gates	294	Legal Services
Foster Pepper PLLC	203	Legal Services
Deloitte & Touche LLP	194	Audit Services
Cox, Castle & Nicholson	138	Legal Services
Hunton & Williams	132	Legal Services
First Choice Evaluations	124	Medical Services
Nixon Peabody LLP	122	Legal Services
Hooper Evaluations	111	Medical Services
EMC Corp.	93	System Development
Mintz Levin Cohn Feris Glovsky & Popeo	84	Legal Services
Austin R Leve MD	70	Medical Services
John S Mazella MD PC	67	Medical Services
Richard S Goodman MD FAAOS	58	Medical Services
Leon Sultan MD	47	Medical Services
Louis Benton	47	Medical Services
Steven Fayer MD	44	Medical Services
Michael J Lynch MD CM	39	Medical Services
Jack Economou	33	Hearing Officer
Pillsbury Winthrop Shaw Pittman LLP	32	Legal Services
Buck Consultants Inc.	32	Actuarial
Edward A Toriello MD	31	Medical Services
Charles F Cacciabauda	31	Hearing Officer
Jeffrey Meyer MD	30	Medical Services
Torys	28	Legal Services
Precise Court Reporting	28	Court Reporters
Associated Reporters International Inc.	26	Court Reporters

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Trustee of
New York State and Local Retirement System:

We have audited the financial statements of the New York State and Local Retirement System (the System) as of and for the year ended March 31, 2008, and have issued our report thereon dated June 30, 2008. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

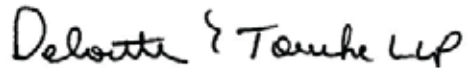
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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, contracts, and grant agreements, 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

June 30, 2008

1967



© National Aeronautics and Space Administration, GPN-2003-00020

Intelsat I satellite nicknamed "Early Bird"

*Innovation and success
share the same orbit.*

January 15 First Super Bowl played (Packers 35, Chiefs 10).

April 1 New York State Common Retirement Fund established.

May 1 Elvis Presley married Priscilla.

June 16 -18 Monterey Pop Festival kick-started the "Summer of Love."

June 25 *Our World*, the first live, international, satellite television broadcast aired worldwide.

November 9 First edition of *Rolling Stone* magazine published.

December 3 First human heart transplant performed.

New file center debuts, 1967



On April 1, 1967, the Common Retirement Fund was established to hold all the assets of the Retirement System. One year later, the market value of the fund was just over \$3 billion. As of March 31, 2008, the market value stood at \$154 billion.

As sole trustee, the Comptroller is responsible for the oversight and management of the Fund. In addition to his own expertise, the Comptroller employs the expertise of skilled advisors, enabling him to make sound investment and allocation choices. This collective approach strategy has consistently made us one of the strongest, best funded systems in the nation.



2008

OVERVIEW OF INVESTMENTS

Overall Objectives and Performance

The Division of Pension Investment and Cash Management is responsible for the management of the assets of the Common Retirement Fund. The Fund's primary objectives are to provide the means to pay benefits to the System's participants and to minimize employer contributions through an investment program designed to protect and enhance the long-term value of the assets. The Fund's asset allocation policy was constructed to meet these objectives by achieving a maximum level of return consistent with policies on liquidity, diversification and investment risk. Investments in domestic, international and private equity, although historically volatile, provide superior performance and growth characteristics, while less volatile fixed income investments provide predictable cash flow to meet the System's funding requirements and pension obligations.

This year's investment performance reflects uncertainty in the world's financial markets that started with concerns over sub-prime mortgages and tightening credit. This, along with volatile commodity prices and declining home prices, caused consumer confidence to fall. The steady rise in oil prices, to above \$110 a barrel, has had a negative effect on the economy and the consumer in particular. The Federal Reserve responded aggressively to the credit and liquidity crisis by cutting short-term interest rates six times, bringing them down a total of 3 percent from 5.25 percent to 2.25 percent. Housing weakness, retail weakness, liquidity concerns and high commodity prices all contributed to the opinion that the U.S. economy was in, or very near to, a recession. All of these factors weighed heavily on the financial markets.

The Fund returned 2.56 percent for fiscal year 2007-08. For the year, domestic equities, which make up 38 percent of the portfolio, produced negative results with a -6.44 percent return and international equities, which make up 16 percent of the portfolio, were slightly positive with a .55 percent

return. Real Estate and private equity continued to produce strong results with 14.75 percent and 24.84 percent returns, respectively. The core fixed income portfolio returned 8.56 percent and Treasury Inflation Indexed Securities returned 14.65 percent. The sound investment framework provided by the Fund's asset allocation and diversification policies continues to generate growth to secure future benefits while providing cash flow to fund current pension payments.

The investment performance information provided in this section of the Comprehensive Annual Financial Report was calculated using a daily time-weighted rate of return.

Domestic Equities

Representing approximately 38 percent of the Fund's total assets, the aggregate domestic equity portfolio returned -6.44 percent for the year, versus -6.06 percent for the domestic equity market as represented by the Russell 3000 Index, a broad market index. Large capitalization strategies, which account for 82 percent of the domestic equity portfolio, returned -6.02 percent, lagging the S&P 500 benchmark return of -5.05 percent. Medium capitalization strategies and small capitalization strategies both provided relative out performance. Medium capitalization strategies, which account for 10 percent of the domestic equity portfolio returned -6.35 percent vs. the S&P 400 Mid Cap benchmark return of -6.98 percent and small capitalization strategies, which account for 8 percent of the total domestic equity portfolio, returned -10.47 percent vs. the Russell 2000 Index return of -13.00 percent.

During the past year, the Fund's staff maintained a style and capitalization neutral investment strategy for the domestic equity portfolio, consistent with the overarching asset allocation. Within domestic equity, 77 percent is managed in passive strategies, 15 percent is managed in

active strategies and 8 percent is managed in enhanced index strategies. The internally managed S&P 500, S&P 400 and S&P 600 Index Funds continue to provide low cost and efficient exposure to the domestic equity markets. 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 35 percent of the total commissions. In addition, the Fund's external equity managers used women and minority-owned brokers for approximately 9 percent of their commission total.

Broadening its reach to small and women and minority owned investment firms, the Fund expanded its domestic equity emerging manager program with the addition of 13 new investment mandates, including 8 new investment relationships. This underscores the Fund's commitment to identify smaller, emerging firms that provide opportunity to add value.

International Equities

International and global equity holdings represented approximately 17 percent of the Fund's total assets at the end of the 2008 fiscal year. In aggregate, international equity investments returned 0.55 percent, trailing the 2.15 percent return of the Morgan Stanley All Country World ex United States (ACWI ex U.S.) Index, a broad benchmark of stock market performance. Core developed markets, the largest portion of the Fund's international equity holdings, provided relative out performance, returning -1.26 percent vs. the MSCI EAFE Index return of -2.70 percent. Comprising a smaller portion of the international portfolio, emerging markets equity investments returned 17.41 percent vs. the MSCI Emerging Markets Index return of 21.33 percent and global equity investments returned -11.95 percent vs. the MSCI All Country World Index return of -0.68 percent.

The Fund continued to pursue an international equity strategy for risk reduction and diversification. Investments in international and global markets have proven to be an integral part of the Fund's portfolio because they provide exposure to an important and growing part of the global economy. As of March 31, 2008, investments in developed non-U.S. markets totaled 13.5 percent of the Fund's investments, emerging markets exposure totaled 2.8 percent and global strategies totaled 0.7 percent of

total assets. Within international equities, 80 percent is managed in core international markets, 4 percent is managed in global equity markets and 16 percent is managed in emerging markets.

Fixed Income

The fixed income portfolio is designed to provide a secure funding stream for the Retirement System's pension liabilities and sufficient liquidity to meet monthly pension payments. The Fund accomplishes these goals by investing in both long-term and short-term assets.

The long-term fixed income portfolio provides a reliable stream of income to help address the cash flow needs of the System's pension liabilities and moderates the greater return volatility of the Fund's equity portfolio, while the short-term fixed income portfolio provides liquidity to meet monthly pension fund payments.

U.S. Treasury Securities and Treasury Inflation Protected Securities (TIPS) make up more than half of the long-term fixed income portfolio. The remainder of the long-term portfolio is comprised of government-sponsored agency debentures, corporate bonds, commercial mortgage-backed securities, mortgages, Yankee bonds (dollar denominated bonds issued by foreign companies or governments) and asset-backed securities. The Fund's short-term fixed income portfolio may be invested in high quality commercial paper, U.S. Treasury Bills and Agency Discount Notes.

Approximately 28.1 percent of the total assets of the Fund were invested in the fixed income portfolio at the end of the fiscal year. The Fund's core long-term fixed income portfolio returned 8.56 percent for the fiscal year ending March 31, 2008, which compares favorably to 7.67 percent for the Lehman Brothers Aggregate Bond Index and 8.46 percent for the SSB New Long Term Pension Fund Index. Short-term cash investments returned 4.70 percent. The Fund manages both the long-term and short-term fixed income portfolios internally with the assistance of a fixed income advisor.

The Fund uses 21 broker-dealer firms to execute trades in the long-term and short-term fixed income portfolios. One-third of these trading partners are women and minority-owned firms. Women and minority-owned firms continue to play a central role in the Fund's long-term and short-term fixed income strategy, executing over 23 percent of all long-term trades and 17 percent of all short-term broker initiated trades.

For the past 22 years, the Fund has generated additional income by lending a portion of its assets to qualified counter-parties. Fixed income, domestic equity and international equity securities are available for loan. The Fund's Securities Lending Program earned \$118 million in revenue for fiscal year 2007-08 as compared to \$39 million for the previous fiscal year. The significant increase in earnings is a direct result of the volatility in the credit markets, where the spreads on the reinvestment of the cash collateral to secure the lent securities widened significantly resulting in increased income.

Real Estate

As of March 31, 2008, equity real estate represented 5.78 percent of the total Fund and produced a total return of 14.8 percent. This one-year return reflects a reversion to the historical performance expectations for institutional real estate, compared to the unusually robust returns from the last few years that were enhanced by excessive market liquidity. Nevertheless, the Fund was able to record gains by selling a significant portion of the portfolio at attractive pricing prior to the credit turmoil in the markets. Additionally, the Fund had no exposure to sub-prime mortgage loans.

The real estate portfolio's primary investment objective is to maximize long-term appreciation return on investments, as well as to earn income. Increased risk and illiquidity in the portfolio is offset by the relatively small allocation to real estate of the Fund's total investments. Portfolio risk is further mitigated by diversification by property type, geography, investment strategy and selection of exceptional joint venture partners and managers. The Fund invested selectively with experienced fund managers that have proven acquisition, leasing, financing, management, development and sales track-records through fluctuating economic cycles. The Fund also invested in joint ventures with operating partners, supported by seasoned advisors, a strategy that has yielded strong long-term returns for the Fund during periods of capital illiquidity.

Strategies include investments in under-managed real estate that will be repositioned and re-leased at increased rental rates; commitments to alternative real estate property types such as self-storage which has demonstrated consistent returns even in weak economic cycles; and focus on geographic markets that still exhibit growth characteristics. Moreover, the Fund's international portfolio provides exposure to expanding and recovering

global economies while select domestic markets still are contracting in the current cycle. Nevertheless, significant investment opportunities in the U.S. markets are anticipated and the Fund's strategy will take advantage of such opportunities when they are presented. Examples of these opportunities include investments in real estate that has been built or renovated to meet "green" standards such as LEED-certification and with emerging managers.

Alternative Investments

Private Equity

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. As of March 31, 2008, private equity accounted for 8.3 percent of the Fund's investments and generated a 24.8 percent one-year return.

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; special situations funds that invest in specific industries, such as energy and power, or follow other 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 has 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.

Absolute Return Strategies

The Fund also invests in funds employing absolute return strategies with an objective of generating performance

comparable to that of long-term equities, while being uncorrelated to the equity and fixed income markets, and with volatility similar to fixed income. These funds follow a multi-strategy and multi-manager approach to diversification thereby reducing overall risk level and correlation to the general markets.

As of March 31, 2008, absolute return strategies accounted for 3.5 percent of the Fund's investments and generated a 1.9 percent return.

Other Programs

New York State Mortgage Pass-Through Program

Since 1981, the Common Retirement Fund has purchased New York only mortgage pools through the New York State Mortgage Pass-Through Program. These investments have allowed the Fund to help provide home ownership opportunities for more than 73,800 New York State residents. Since this program's inception, the Fund has invested \$8.4 billion in New York only mortgages.

Under the current structure, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation create and insure pools of single-family mortgage loans originated by traditional lenders, some of which are located in New York State. In the 2007-2008 fiscal year, the Fund purchased \$565 million in mortgages, which assisted approximately 2,900 New Yorkers in purchasing homes.

Affordable Housing Permanent Loan Program

Since 1991, the Fund has played a major role in improving the lives of thousands of residents while strengthening their neighborhoods. Through programs with the Community Preservation Corporation (CPC) 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 rent affordable housing. By purchasing permanent mortgages, the Fund provides for the production of affordable new multi-family housing and the revitalization of deteriorated or obsolete housing units. Special housing for the State's senior citizens and other constituencies with special needs is also part of the program.

Since inception of this program, 8,524 units have been completed and 3,468 are in the pipeline. The Fund has

committed \$500 million to the CPC program and invested \$429.5 million in mortgages. In fiscal year 2007-08, the Fund invested in affordable housing throughout the State, including Albany, Dutchess, Erie, Fulton, Monroe, Niagara, Onondaga, Ontario, Rensselaer, Saratoga, Suffolk, Ulster and Westchester Counties.

Helping NY/Equity Real Estate Investments

The Fund invests in New York State commercial real estate properties through a mix of investment structures such as joint ventures, commingled funds and club fund investments. The Fund owns shopping centers, office buildings, residential properties and hotels. Through these investment vehicles, the Fund has been able to acquire, develop, release and reposition properties that are in need of upgrading. As a result of such intensive management efforts, property values have been increased.

The Fund invested in the development of a 361-unit rental apartment building that set aside 20 percent of the units for affordable rental housing pursuant to NYC's Housing Preservation and Development's 421-a program. Also, the Fund established an investment fund to make value-added investments in New York State through the Excelsior Real Estate Fund. This fund focuses on multi-family, office, senior housing, retail and other primary property types and is designed to invest in ground-up development, redevelopment and repositioning of commercial property throughout the State. The Fund has also invested with the Phoenix Realty Group's Metropolitan Workforce Housing Fund, which focuses on the development of workforce for-sale housing in the New York State and Tri-State regions.

New York Business Development Corporation (NYBDC) Program

The Fund provides the New York Business Development Corporation with funds to make loans to small businesses for working capital, equipment or real property. NYBDC has a goal of making at least 25 percent 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 2006, the Fund renewed its relationship with NYBDC to provide an additional \$100 million in capital. Since the program began in 1987, NYBDC has made 789 loans totaling \$224.6 million to businesses that employ over

16,000 New Yorkers. During fiscal year 2007-08, NYBDC made 68 loans totaling \$16.9 million.

Financing for Emerging Businesses in New York State

The Fund's private equity portfolio includes investments in 190 New York businesses with a value of \$1.1 billion. 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 more than \$12.2 billion as of September 30, 2007 (the most recent data available). A sample of the New York State companies in the private equity portfolio include: NAMIC/VA in Glens Falls, SmartPill in Buffalo, Threadsmith in Binghamton, Application Security in New York City, Bausch & Lomb in Rochester, Applied Nanoworks in Rensselaer, Advion BioSciences in Ithaca, Climax Manufacturing in Lowville, and the Nasdaq Stock Market in New York City.

In 2000, the Fund initiated the New York State Private Equity Investment Program. The Program 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. By the end of fiscal year 2007-08, the Fund had commitments to sixteen different private equity managers with commitments totaling \$861 million. The \$861 million in commitments is devoted exclusively to New York investment opportunities. The sixteen managers in the program are:

- Ascend Ventures, a technology venture fund located in New York City;
- Ascent Biomedical Ventures NY, a New York City based venture capital fund focusing on life sciences;
- CSFB New York Co-investment Fund, which makes investments alongside other private equity funds investing in New York State;
- DeltaPoint Capital, a growth equity fund located in Rochester;
- Easton Hunt Capital Partners, a New York City based fund that pursues a broad strategy of investing in companies in a wide range of industries and stages of development;
- FA Technology Ventures, a venture capital fund focusing on information and energy technology located in Albany;
- Founders Equity, a New York City based fund that makes growth equity investments;
- Greenhill SAVP New York, a New York City based early-stage applied technology venture firm focused on investing in business information and technology-enabled services companies;
- High Peaks Ventures, a Troy and Saratoga based early stage venture capital fund;
- Hudson River Co-investment Fund, a special fund managed by Hamilton Lane Advisors that provides capital statewide for other private equity managers making investments in New York;
- Milestone Venture Partners, a New York City based fund that focuses on companies providing technology-enhanced businesses services;
- Paladin Homeland Security Fund (NY), a Washington, D.C. fund that opened a New York office to invest in companies that address a broad range of government and commercial security needs;
- SoftBank Capital, a New York City and Buffalo based fund that invests in broadband technology and technologies that leverage broadband;
- Summer Street Capital Partners, a growth equity investment fund located in Buffalo;
- Trillium Lakefront Partners NY, a Rochester based fund that will focus on investing in technology companies in upstate New York; and
- Wheatley Partners, a technology venture fund with a focus on information and medical technology located in New York City and Long Island.

INVESTMENT RESULTS 2008

Based on Market Values as of March 31, 2008.

	Annualized Rate of Return			
	1 Year	3 Years	5 Years	10 Years
Total Fund	2.56%	9.78%	13.09%	7.17%
Domestic Equity	-6.44	5.75	11.97	4.43
International Equity	0.55	15.33	22.42	7.64
Private Equity	24.84	28.56	26.53	15.99
Absolute Return Strategy	1.87	7.33	-	-
Equity Real Estate	14.75	26.90	27.76	20.95
Core Fixed Income	8.56	5.95	5.74	7.10
Treasury Inflation Indexed Securities	14.65	6.24	7.79	-
Short-Term Investments	4.87	4.75	4.08	5.01
Russell 3000	-6.06	6.10	12.07	3.87
MSCI All Country World Index Free ex U.S. (ACWI ex U.S.)	2.15	16.01	23.54	7.68
National Council of Real Estate Investment Fiduciaries (NCREIF)	15.84	17.48	15.13	12.90
Lehman Brothers Aggregate Bond Index	7.67	5.48	4.58	6.04
Salomon Smith Barney LPF Index	8.46	5.89	5.42	6.66
Salomon Smith Barney Inflation Linked Index	14.64	6.75	6.37	-

These figures are for investment management purposes and may not agree with audited statements.
Investment return calculations were prepared using a time-weighted rate of return.

INVESTMENT SUMMARY 2008

The following table summarizes the market values for March 31, 2008 and 2007 (In Thousands):

Asset Type	Market Value March 31, 2008	Percent of Total Market Value	Market Value March 31, 2007	Percent of Total Market Value
Domestic Equities	\$ 58,582,079	38.0%	\$ 65,297,430	42.2%
Private Equities	12,699,376	8.2	10,044,806	6.5
Absolute Return Strategy	5,328,266	3.5	4,681,324	3.0
Real Estate	8,909,383	5.8	6,752,735	4.4
International Equities	24,571,663	16.0	24,822,250	16.1
Fixed Income	36,571,473	23.8	33,536,212	21.7
Mortgage Loans	772,419	0.5	889,746	0.6
Short-term Investments	6,443,059	4.2	8,551,143	5.5
Total Investments	\$ 153,877,718	100.0%	\$ 154,575,646	100.0%

ASSET ALLOCATION — MARCH 31, 2008* 2008

The Fund diversifies its assets among various classes including domestic and international equity, fixed income, inflation indexed securities, real estate, private equity and absolute return strategies. Asset liability studies, conducted periodically with help from an investment consultant, identify the optimal mix of assets to meet the growth requirements of pension obligations while controlling risk as measured by return volatility.

During the 2007–08 fiscal year, the Fund continued to implement the asset allocation policy adopted in June 2003 and updated in June 2005 and again in September 2006. The Fund has formal rebalancing guidelines which ensure a disciplined process for meeting asset allocation goals, as well as allocation ranges for individual asset classes which minimize unnecessary turnover.

Asset Type	Policy Allocation	Maximum Allocation	Actual Allocation
Equity	70%	75%	71.5%
Domestic Equity	35		38.0
Private Equity	8		8.2
Absolute Return	5		3.5
Real Estate	6		5.8
International Equity	16	18	16.0
Bonds, Cash & Mortgages	22.5%	24.5%	20.0%
Inflation Indexed Bonds	7.5%	9.5%	8.5%

*A detailed listing of the New York State and Local Retirement System's assets as of March 31, 2008, is on our website at www.osc.state.ny.us.

DOMESTIC EQUITY PERFORMANCE 2008

For the Fiscal Year Ending March 31, 2008.

	Total Assets (\$ in millions)	Annualized Rate of Return				Since Inception	Inception Date	Benchmark
		1 Year	3 Years	5 Years	10 Years			
Domestic								
Total Portfolio	\$ 58,087.6	-6.44%	5.75%	11.97%	4.43%	10.99%	1/01/91	10.85%
Total Actively Managed	13,433.0	-9.23%	5.03%	12.30%	4.14%	10.88%	1/01/91	10.60%
Russell 3000 Index		-6.06%	6.10%	12.07%	3.87%			
S&P 500 Index		-5.05%	5.86%	11.33%	3.51%			
Total Large Cap Composite	\$ 47,796.7	-6.02	5.57	11.20	3.56	12.04%	2/01/83	12.04%
CRF S&P 500 Index Fund	38,391.5	-4.95	5.88	11.33	3.61	12.41	8/01/78	12.38
Alliance Capital	1,398.1	-7.15	5.60	11.05	3.47	12.92	4/01/80	12.73
Oppenheimer Capital	1,004.9	-21.81	0.78	9.74	3.22	13.24	4/01/80	12.73
Capital Guardian	1,235.1	-10.78	2.87	10.37	5.56	12.82	4/01/85	11.70
Jacobs Levy	998.2	-6.54	4.64	9.91	3.60	10.18	5/01/93	9.71
Chicago Equity	532.4	-8.35	5.16	11.12	----	2.68	6/01/01	2.56
BGI R1000 Alpha Tilts	1,796.2	-9.74	5.07	11.30	----	5.90	11/01/01	5.96
FIS Group	154.9	-2.76	6.15	----	----	7.65	11/01/03	7.70
Aronson+Johnson+Ortiz	281.4	-12.60	5.22	----	----	5.79	12/1/04	6.47
Brandywine Asset	292.1	-8.09	7.18	----	----	7.27	12/1/04	6.47
Franklin Portfolio Associates	558.4	-8.70	5.12	----	----	6.49	5/1/04	7.09
Goldman Sachs	298.9	-8.50	5.93	----	----	6.56	5/1/04	7.09
Quantitative Management	570.2	-7.30	5.90	----	----	7.21	5/1/04	7.09
T. Rowe Price	284.4	-0.68	6.13	----	----	5.36	2/1/05	5.73
S&P 400 Index		-6.98%	7.07%	15.10%	9.02%			
Total Mid Cap Composite	\$ 5,744.5	-6.35	7.22	15.46	8.85	12.74	7/01/91	13.38
CRF S&P 400 Midcap Fund	3,404.5	-6.58	7.24	15.10	8.97	12.73	11/01/91	12.78
Progress Investment	1,399.4	-6.18	8.12	17.31	8.29	13.02	9/01/94	11.80
New Amsterdam Partners	233.2	-6.50	5.41	13.94	8.59	13.36	9/01/94	11.80
Oppenheimer Mid Cap	594.6	-5.08	6.09	14.68	10.53	11.87	6/01/97	11.22
Hoover Mid Cap	112.8	-0.31	----	----	----	8.08	7/01/05	6.46
Russell 2000 Index		-13.00%	5.06%	14.90%	4.96%			
Total Small Cap Composite	\$ 4,546.4	-10.47	5.39	14.78	5.09	10.54	7/01/91	10.30
CRF S&P 600 Index Fund	855.3	-10.24	----	----	----	2.97	10/1/05	2.60
BGI R2000 Index Fund	2,003.3	-12.88	5.11	14.84	----	9.12	11/01/01	9.01
Wells Capital	569.7	-5.68	12.55	18.21	3.93	10.59	8/01/91	6.81
Brown Capital	299.9	-1.00	12.20	14.40	8.66	14.04	9/01/94	8.94
EARNEST Partners	239.7	-6.34	4.05	17.22	----	11.04	6/01/01	9.11
Systematic Financial	335.7	-16.12	5.51	12.70	----	10.31	9/01/02	12.15
Value Line Inc.	133.0	-5.62	6.61	----	----	8.09	5/01/04	6.67
Hoover Investment	109.8	-8.09	6.95	15.42	----	11.03	11/01/99	7.11

The assets under management (at market), time-weighted performance results (at market), and appropriate benchmark for each manager are presented in the table.

DOMESTIC EQUITY PERFORMANCE 2008

For the Fiscal Year Ending March 31, 2008.

	Total Assets (\$ in millions)	Annualized Rate of Return			Since Inception	Inception Date	Benchmark
		1 Year	3 Years	5 Years			
Russell MidCap Index		-8.92%	7.36%	16.31%			
Total Progress Composite	\$ 1,399.4	-6.18	8.12	17.31	13.02%	9/01/94	11.80%
Apex Capital Management	44.3	----	----	----	-1.57	3/01/08	-1.45
Bennett Lawrence	158.4	-1.03	----	----	7.72	7/01/05	7.18
Cardinal Capital Management	164.5	-12.16	6.56	----	12.77	9/01/03	12.02
Channing Capital	89.0	-10.86	----	----	3.67	7/01/05	5.41
Credo Capital Management	44.6	----	----	----	-0.80	3/01/08	-1.45
Denali Advisors	109.0	----	----	----	-0.86	3/01/08	-1.45
Fan Asset Management	121.6	0.44	9.21	14.95	4.00	12/01/99	6.10
Globeflex Capital	179.1	-5.40	9.68	----	14.34	9/01/03	11.84
Holland Capital	116.5	2.77	----	----	6.90	7/01/05	7.40
Rasara Strategies	19.4	-25.21	-4.55	5.39	2.13	6/01/01	1.03
Sasco Capital	194.6	-8.35	----	----	10.71	7/01/05	5.41
Shenandoah Asset Management	124.0	-6.35	----	----	7.94	7/01/05	6.46
Steinberg Asset Management	34.4	1.50	----	----	11.90	7/01/05	6.46
Russell 1000 Index		-5.40%	6.19%	11.86%			
Total FIS Composite	\$ 154.8	-2.76	6.15	----	7.65	11/01/03	7.70
Apex Capital	23.9	-4.31	4.36	----	5.36	11/01/03	5.78
Denali Advisors	26.8	-6.43	7.89	----	11.86	11/01/03	9.53
Mastrapasqua Asset Management	16.8	8.16	----	----	11.83	8/01/06	7.45
Oakbrook Investments	24.4	-1.95	7.47	----	7.47	4/01/05	5.73
Oakbrook Growth	7.5	2.53	----	----	5.61	2/01/06	4.34
Piedmont Capital	8.6	-0.04	8.88	----	8.96	11/01/03	7.70
Profit Investments	14.4	1.28	5.72	----	8.26	11/01/03	7.70
Rutland Dickson	13.9	-5.12	3.29	----	4.24	11/01/03	5.78
Vantage Consulting Group	18.5	-9.10	----	----	1.12	8/01/06	1.23

The assets under management (at market), time-weighted performance results (at market), and appropriate benchmark for each manager are presented in the table.

INTERNATIONAL EQUITY PERFORMANCE 2008

For the Fiscal Year Ending March 31, 2008.

	Total Assets (\$ in millions)	Annualized Rate of Return				Since Inception	Inception Date	Benchmark
		1 Year	3 Years	5 Years	10 Years			
Total International Portfolio	\$26,065.7	0.55%	15.33%	22.42%	7.64%	8.02%	10/01/89	6.78%
MSCI All Country World Free ex U.S.		2.15%	16.01%	23.54%	7.68%			
MSCI All Country World Index Free		-0.68%	11.63%	17.73%	5.53%			
Global Equity Composite	\$ 1,022.3	-11.95	8.72	16.51	7.73	10.76%	9/01/94	8.20
Brandes Investment	1,022.3	-11.95	8.13	19.16	----	10.15	11/01/99	4.15
MSCI All Country World Free ex U.S.		2.15%	16.01%	23.54%	7.68%			
ACWI ex U.S. Equity Composite	\$ 6,981.8	0.63	16.12	----	----	17.88	11/01/04	17.70
Acadian Asset Management	1375.0	0.32	18.64	----	----	20.68	11/01/04	17.70
Brandywine Asset Management	697.1	-5.57	13.31	----	----	14.95	11/01/04	17.70
BGI Global World ex U.S.	3,698.8	2.37	16.27	----	----	17.94	11/01/04	17.70
Goldman Sachs	803.7	1.70	18.48	----	----	18.48	4/01/05	16.01
The Boston Co.	407.2	-4.34	10.72	----	----	10.72	4/01/05	16.01
MSCI EAFE Index		-2.70%	13.32%	21.40%	6.18%			
EAFE Composite	\$ 15,162.2	-1.26	13.76	20.94	6.95	7.71	10/01/89	5.77
Alliance Capital	1,371.8	-1.29	11.36	18.10	6.78	7.75	9/01/89	6.00
Capital Guardian	3,440.8	-1.12	13.76	20.28	8.39	9.56	9/01/89	6.00
Morgan Stanley International A/P	2,661.4	1.90	15.61	21.57	7.64	8.93	8/01/94	6.81
Bank of Ireland	1,133.6	-8.10	10.08	17.61	5.39	6.48	1/01/98	7.46
Templeton Investment	1,432.2	-0.43	15.12	23.83	9.54	10.66	1/01/98	7.46
Mondrian Investment	1,271.9	-0.94	14.69	23.17	10.05	10.94	1/01/98	7.46
Baillie Gifford	1,390.5	2.31	15.39	20.87	----	6.74	2/01/99	6.28
BGI Intl Tilt Fund	993.0	-3.92	13.12	21.94	----	8.13	2/01/99	6.28
Baring International A/P	1,467.0	-3.87	12.71	21.31	----	13.09	4/01/02	12.47
MSCI Emerging Markets Index		21.33%	29.24%	35.53	12.30%			
Emerging Markets Composite	\$ 2,899.4	17.41	28.86	35.06	12.83	12.71	1/01/92	11.12
Cap Guardian Emerging Growth	1,138.4	23.60	33.67	36.56	13.02	14.08	12/20/91	11.79
Templeton Emerging Market	817.2	8.45	21.40	30.06	11.04	8.53	10/01/93	9.60
Morgan Stanley Emerging Market	943.8	18.75	30.82	37.40	14.64	11.19	10/01/93	9.60

The assets under management (at market), time-weighted performance results (at market), and appropriate benchmark for each manager are presented in the table.

DOMESTIC EQUITY PORTFOLIO — TEN LARGEST HOLDINGS* 2008

For the Fiscal Year Ending March 31, 2008.

Company	Shares	Market Value	% of Domestic Equity
Exxon Mobil Corp.	19,902,823	\$1,683,380,769	2.3%
General Electric	37,436,840	1,385,537,448	1.9
AT&T	22,418,528	858,629,622	1.2
Microsoft Corp.	29,823,451	846,389,539	1.2
Procter & Gamble	11,055,362	774,649,215	1.1
Chevron	8,563,859	731,010,982	1.0
Johnson & Johnson	10,369,509	672,670,049	0.9
Bank of America	16,007,650	606,850,012	0.8
IBM	5,262,813	605,960,289	0.8
J.P. Morgan Chase	13,594,388	583,878,965	0.8

*A detailed listing of the New York State and Local Retirement System's assets as of March 31, 2008, is on our website at www.osc.state.ny.us.

FIXED INCOME PORTFOLIO AND COMPARISON 2008

As of March 31, 2008.

Sector	Market Value (Millions)	Market Value Percent	Macaulay Duration	Yield	1 Year Total Return
Treasury	\$ 6,571.6	18.0%	11.02	4.07%	12.91%
TIPS	13,139.7	35.9	11.81	3.84	14.65
Agency	2,667.2	7.3	8.59	4.16	10.02
Mortgages	5,600.2	15.3	4.30	5.51	5.45
Corporates	8,592.7	23.5	5.24	4.98	5.45
Total	\$ 36,571.4	100.0%	8.70	4.44%	10.66%

FIXED INCOME PERFORMANCE 2008

As of March 31, 2008.

	Annualized Rate of Return		
	1 Year	3 Years	5 Years
Common Retirement Fund - Core	8.56%	5.95%	5.74%
Lehman Brothers Aggregate	7.67	5.48	4.58
Salomon Smith Barney LPF Index	8.46	5.89	5.42
Common Retirement Fund - TIPS	14.65	6.24	7.79
Salomon Smith Barney - TIPS Index	14.64	6.75	6.37

FIXED INCOME PORTFOLIO — TEN LARGEST HOLDINGS* 2008

As of March 31, 2008.

Issue	(Millions) Market Value	Percent of Fixed Income
Treasury Inflation Indexed Securities Due 4/15/29	\$ 4,258.2	12.70%
Treasury Inflation Indexed Securities Due 4/15/32	1,638.6	4.89
Treasury Inflation Indexed Securities Due 1/15/25	1,564.8	4.67
Treasury Inflation Indexed Securities Due 4/15/28	1,244.5	3.71
Treasury Inflation Indexed Securities Due 1/15/17	1,143.8	3.41
Treasury Inflation Indexed Securities Due 1/15/10	744.2	2.22
Treasury Inflation Indexed Securities Due 7/15/13	691.6	2.06
Treasury Bond Due 2/15/29	543.6	1.62
Treasury Inflation Indexed Securities Due 4/15/11	456.9	1.36
Treasury Bond Due 2/15/21	409.2	1.22
Total	\$ 12,695.4	37.86%

*A detailed listing of the New York State and Local Retirement System's assets as of March 31, 2008, is on our website at www.osc.state.ny.us.

REAL ESTATE PORTFOLIO 2008

As of March 31, 2008.

	Equity Amount	Percent	Mortgage Amount	Percent
Property Diversification				
Industrial/R&D	\$ 734,246,088	9.3%	\$ -	0.0%
Land For Development	-	0.0	-	0.0
Lodging	852,672,877	10.8	-	0.0
Office	2,534,333,273	32.1	319,945,552	41.6
Other	1,010,575,261	12.8	7,982,154	1.0
Residential	852,672,877	10.8	129,853,588	16.9
Retail	1,910,618,854	24.2	311,462,250	40.5
Total	\$ 7,895,119,230	100.0%	\$ 769,243,544	100.0%
Regional Diversification				
Northeast	\$ 1,965,884,688	24.9%	\$ 671,845,376	87.3%
Mideast	1,018,470,381	12.9	123,020	0.0
Southeast	371,070,604	4.7	1,079,232	0.1
Southwest	513,182,750	6.5	-	0.0
Midwest	265,276,006	3.4	765,311	0.1
Mountain	134,217,027	1.7	51,115,018	6.6
Pacific	1,976,937,855	25.0	44,315,587	5.8
Other	1,650,079,919	20.9	-	0.0
Total	\$ 7,895,119,230	100.0%	\$ 769,243,544	100.0%

	Number of Partnerships	Capital Committed (millions)	Capital Contributed (millions)	Remaining Market Value (millions)	Cumulative Distributions (millions)	Total Value (millions)
Opportunistic Real Estate	71	\$ 10,009.1	\$ 5,676.5	\$ 4,529.5	\$ 3,663.7	\$ 8,193.2

PRIVATE EQUITY INVESTMENTS SUMMARY 2008

As of March 31, 2008.

	Number of Partnerships	Capital Committed	Capital Contributed	Net Asset Value	Cumulative Distributions	Total Value
Venture Capital	41	\$ 3,580,798,060	\$ 2,536,949,611	\$ 1,772,614,126	\$ 1,125,782,838	\$ 2,898,396,964
Corporate Finance	75	11,439,912,355	8,444,368,415	5,281,517,791	8,248,327,282	13,529,845,073
Special Situations	54	6,969,781,802	5,212,080,667	3,239,973,272	4,771,671,110	8,011,644,382
International	40	4,960,228,680	2,957,566,745	2,339,602,953	2,860,108,263	5,199,711,216
Other	N/A	N/A	65,667,874	65,667,874	N/A	65,667,874
Total*	210	\$ 26,950,720,897	\$ 19,216,633,312	\$ 12,699,376,016	\$ 17,005,889,493	\$ 29,705,265,509

*The total figures include all private equity investments, including "other" investments in the New York Business Development Corporation.

2008

CORPORATE GOVERNANCE

In his capacity as sole Trustee of the New York State Common Retirement Fund (the Fund), Comptroller DiNapoli has a fiduciary duty to protect the Fund's investments for the benefit of the members, beneficiaries and retirees of the New York State and Local Retirement System. Consistent with that fiduciary duty, Comptroller DiNapoli's Bureau of Corporate Governance has continued its tradition of monitoring the corporate behavior and accountability of the Fund's portfolio companies. Since the Fund's investments are made on a long-term horizon, Comptroller DiNapoli seeks to assure to the greatest extent possible that the companies in which the Fund is invested perform in a responsible, sustainable fashion in order to enhance long-term profitability.

Throughout the fiscal year 2007–08, the Bureau of Corporate Governance has continued its work by:

- Engaging corporate management and boards of directors on a variety of governance issues;
- Co-filing shareholder resolutions at six portfolio companies;
- Voting by proxy the Fund's shares for approximately 2,200 companies;
- Lobbying Congress and the Securities and Exchange Commission on climate issues;
- Collaborating with other institutional investors on various shareholder issues; and
- Continuing the Fund's active involvement in membership entities including the Council of Institutional Investors, Ceres, and the Investor Network on Climate Risk.

An important initiative of the Corporate Governance bureau's work this past year was in assisting Comptroller DiNapoli as he developed strategies pertaining to companies that

do business with, or have a presence in, countries that are accused of supporting terror — specifically, Sudan and Iran. As the national debate surrounding this issue increased, Comptroller DiNapoli sought to implement policies that would protect the Fund's investments by reducing exposure, if any, to undue risk arising from geo-political instability.

In May 2007, Comptroller DiNapoli announced that the Fund would implement a three-phased program aimed at increasing pressure on the Sudanese government to end the genocide in Darfur. During Phase 1, the Fund undertook extensive research to identify those portfolio companies that might be engaging in objectionable practices in Sudan. The Comptroller also communicated with the Fund's outside managers, indicating his preference that, when consistent with sound investment strategy, comparable Sudan-free investments take precedence over new investments in Sudan-related companies. During Phase 2, the Fund actively engaged, both individually and collaboratively with other investors, the companies in its portfolio identified as engaging in objectionable practices in Sudan. In Phase 3, Comptroller DiNapoli will develop strategies of divestiture, consistent with his fiduciary duty, to deal with those portfolio companies that, following engagement, have failed to take substantial action to end their objectionable practices in Sudan.

In November 2007, Comptroller DiNapoli unveiled a similar three-phased plan for Iran-related investments to address the unique risks posed by the Iranian president's pro-genocide comments, coupled with that nation's quest for nuclear technology. The Iran strategy specifically targeted companies involved in Iran's energy and defense sectors, paralleling programs enacted by other public pension funds. As with the Sudan-related investments program, in Phase 1, the Fund identified those of its portfolio companies that have business

operations in Iran that are related to that nation's energy or defense sectors. During Phase 2, each company identified in Phase 1 will be asked to provide: a detailed description and history of its business activities in Iran; an explanation as to how these activities are consistent with a sound and prudent long-term investment strategy; and a report on any steps that have been taken to mitigate investment risks posed by its business in Iran. Finally, during Phase 3, Comptroller DiNapoli will evaluate responses received in Phase 2 to determine what steps, if any, these companies have taken to minimize risk to the Fund's investments. With respect to those companies that have failed to mitigate risk, Comptroller DiNapoli, consistent with his fiduciary duty, may withhold additional or new investments, or decline to renew existing investments, or may choose to divest Fund investments.

Additionally, the Corporate Governance Bureau, acting on Comptroller DiNapoli's "green" agenda, continued its support of, and involvement with, the Coalition for Environmentally Responsible Economies (Ceres) and the Investor Network on Climate Risk (INCR). In February, Comptroller DiNapoli served as a convener of, and speaker at, the third Investor Summit on Climate Risk cosponsored by Ceres, INCR, the United Nations Foundation and the United Nations Fund for International Partnership. The Summit brought together investors controlling \$20 trillion and focused on how investors can advance solutions to climate change, with a particular emphasis on the benefits of energy efficiency. The Bureau of Corporate Governance participated with other institutional investors in drafting the "Investor Action Plan" unveiled at the Summit which established goals for investors to incorporate climate change risks and opportunities into investment actions.

Domestic Equity Management Fees

AllianceBernstein LP	\$ 2,405,139
Apex Capital Management, Inc.	76,375
Aronson + Johnson + Ortiz LP	891,071
Barclays Global Investors	5,603,839
Bear Stearns Asset Management, Inc.	448,007
Bennett Lawrence Management LLC	887,878
Brandywine Asset Management LLC	1,114,215
Brown Capital Management Inc.	2,411,131
Capital Guardian Trust Company	1,742,781
Cardinal Capital Management LLC	629,803
Channing Capital Management LLC	287,590
Chicago Equity Partners LLC	1,541,536
Credo Capital Management	14,021
Denali Advisors	113,415
Earnest Partners LLC	1,035,850
Fan Asset Management	511,696
FIS Group Inc.	491,120
Franklin Portfolio Assoc. LLC	1,018,729
Globeflex Capital LP	670,327
Goldman Sachs Asset Management LP	598,065
Holland Capital Management LP	368,238
Hoover Investment Management LLC	1,211,595
Jacobs Levy Equity Management	3,371,383
Mastrapasqua Asset Management, Inc.	59,566
New Amsterdam Partners LLC	685,207
OakBrook Investments LLC	111,981
Oppenheimer Capital LLC	3,229,592
Piedmont Investment Advisors LLC	32,551
Profit Investment Management	47,749
Progress Investment Management	3,367,784
Quantitative Management Associates LLC	1,052,821
Rasara Strategies, Inc.	383,958
Rutland Dickson Asset Management, Inc.	37,951
SASCO Capital, Inc.	491,525
Schneider Asset Management Corp.	864,038
Shenandoah Asset Management LLC	381,522
Steinberg Asset Management LLC	199,322
Systematic Financial Management LP	2,357,138
T. Rowe Price Associates	1,064,091
Value Line, Inc.	643,206
Vantage Consulting Group, Inc.	63,537
Wells Capital Management, Inc.	4,421,062
Total	\$ 46,938,405

Domestic Equity Commissions

For the Fiscal Year ending March 31, 2008.

Broker	Shares	Commission \$ US
Abel Noser Corp.	1,392,900	\$ 52,070
Access Securities, Inc.	1,139,735	31,813
ADP Clearing & Outsourcing	885,692	24,317
Albert Fried & Company	13,500	540
American Technology Research, Inc.	2,200	88
Arcadia Investment Corp.	3,500	140
Avian Securities, LLC	803,900	18,112
Avondale Partners LLC	560,071	22,373
Baird Robert W & Co., Inc.	5,172,139	204,729
Balentine & Company	19,300	869
Banc/America Securities LLC	15,945,148	660,728
Barrington Research Assoc.	73,700	3,685
Battenkill Capital, Inc.	156,400	7,365
Baypoint Trading LLC	567,575	14,683
Bear Stearns & Co.	27,523,979	909,754
Benchmark Company LLC	11,801	472
Blaylock & Partners	2,879,950	115,198
Bloomberg Tradebook LLC	16,796,144	326,403
Bluefin Research Partners	2,800	112
BMO Capital Markets	1,137,024	41,130
BNP Paribas Securities	329,700	6,594
BNY Brokerage	5,253,836	192,485
BNY Direct Execution	2,693,594	90,056
Boe Securities, Inc.	502,637	20,015
Brean Murray Foster Securities	431,400	15,519
Broadcourt Capital	6,118,266	98,017
Brown Brothers Harriman & Co.	6,720	214
Buckingham Research Group	1,312,159	51,759
Burnham Securities, Inc.	3,800	114
C E Unterberg Towbin	605,600	22,710
C L King & Associates, Inc.	5,282,545	192,676
Cabrera Capital Markets	653,164	25,721
Canaccord Adams, Inc.	580,237	20,775
Cantor Fitzgerald & Co.	9,833,882	296,745
Capital Institutional Services	2,231,690	99,377
Chapdelaine Institutional	215,396	7,370
Cheevers & Co.	370,850	14,834
CIBC World Markets Corp.	3,019,936	114,020
Citation Group	5,749,634	152,013
Citigroup Global Markets	31,157,408	812,502
CJS Securities	181,600	9,051
Coker Palmer Phillips & Mullen, Inc.	583,683	11,674
Collins Stewart, Inc.	157,400	1,159

Domestic Equity Commissions

continued

Broker	Shares	Commission \$ US
Cowen & Co. LLC	4,413,860	163,226
Craig-Hallum	1,288,069	50,064
Credit Lyonnais Securities, Inc.	177,100	7,084
Credit Research & Trading	78,600	2,358
Credit Suisse Securities	36,571,643	859,226
Cuttone & Company	897,300	22,433
Dahlman Rose & Company	42,900	2,145
Davenport & Co. of Virginia	449,750	16,843
Davidson, D A & Co., Inc.	326,800	13,495
Dematted Monness LLC	213,144	8,685
Deutsche Bank Securities	22,500,789	714,880
Direct Trading Institutional, Inc.	4,022,295	32,265
Divine Capital Markets LLC	684,528	24,543
Donaldson, Lufkin & Jenrette	114,000	4,097
Dougherty & Company LLC	119,700	5,387
Dowling & Partners	506,225	11,111
Dundee Securities Corp.	62,800	3,235
E*Trade Securities, Inc.	44,900	1,305
Edgetrade, Inc.	4,311,863	50,622
Edwards A G & Sons, Inc.	108,969	4,952
EMP Research Partners LLC	2,700	108
Ewing Capital, Inc.	237,700	8,320
Federal Home Loan Mortgage Corp.	70,400	2,816
Fidelity Capital Markets	3,288,068	48,658
Firefly Capital, Inc.	3,650	37
First Albany Corp.	2,270,794	82,567
First Analysis Securities	722,283	25,043
First Clearing Corp.	340,700	16,525
Fox-Pitt Kelton, Inc.	336,897	13,402
Friedman Billings & Ramsey	3,233,402	111,268
Gardner Rich & Co.	1,379,673	28,097
Gerson Lehrman Group Brokerage Service	28,400	1,136
Goldman Sachs & Co.	33,979,383	827,235
Goldsmith & Harris	4,100	205
Gordon, Haskett & Company	187,650	9,383
Green Street Advisors	4,300	172
Griffiths Mcburney & Partners	8,500	282
Griswold Company	4,928,975	147,869
Guzman & Co.	8,412,363	242,802
Heflin & Co. LLC	1,020,523	34,541
Hibernia Southcoast Capital, Inc.	79,100	3,855
Howard Weil, Inc.	525,076	21,967
HSBC Securities, Inc.	1,900	76

Broker	Shares	Commission \$ US
ICAP Group	2,770	97
Imperial Capital LLC	411,700	14,410
Instinet	27,491,872	497,294
Institutional Services	373,850	14,954
Invemed Assoc., Inc.	5,200	260
Investment Technology Group	137,789,534	1,367,581
ISI Group, Inc.	4,789,192	196,147
Jackson Partners	319,480	11,782
Jackson Securities	28,274	1,131
Janco Partners, Inc.	430,800	16,750
Janney Montgomery Scott	170,000	6,829
Jefferies & Co.	12,650,598	479,569
JMP Securities	848,025	32,594
JNK Securities, Inc.	313,500	6,270
Johnson Rice & Co.	206,769	8,271
Jonestrading Institutional	2,758,639	72,410
JP Morgan Securities, Inc.	20,399,794	651,450
KCCI Ltd.	88,500	885
Keefe Bruyette & Wood, Inc.	2,716,895	111,381
Kellogg Partners	283,044	11,496
Knight Equity Markets Lp	2,287,170	60,736
La Branche Financial #2	2,301,408	57,851
Lazard Capital Markets LLC	118,600	3,036
Leerink Swann & Co.	1,078,239	43,778
Lehman Brothers, Inc.	30,697,094	867,637
Liquidnet, Inc.	37,668,342	795,105
Longbow Securities LLC	278,985	13,949
Loop Capital Markets LLC	14,669,994	404,362
Lynch Jones & Ryan, Inc.	131,926	4,049
M Ramsey King Securities, Inc.	2,168,921	80,866
Magna Securities Corp.	5,523,925	165,502
Matrix USA, LLC	3,400	136
Maxim Group	123,300	4,932
McDonald & Co Securities	1,514,275	64,885
Melvin Securities LLC	318,198	11,967
Merrill Lynch Pierce Fenner	17,345,645	494,069
Merrill Lynch Professional Clearing Corp.	18,701,343	585,345
Merriman Curhan Ford & Co.	924,000	36,676
Midwest Research Securities	869,275	36,835
Miller Tabak & Company	298,511	2,985
Mogavero Lee & Co., Inc.	770,920	26,317
Morgan Keegan & Co., Inc.	312,471	13,089
Morgan Stanley & Co., Inc.	23,983,980	683,614

Domestic Equity Commissions

continued

Broker	Shares	Commission \$ US
MR Beal & Company	7,465,392	291,397
Muriel Siebert & Co., Inc.	3,207,600	96,228
Natexis Bleichroeder Inc.	112,200	5,610
National Financial Services Corp.	1,660,700	35,002
NBCN Clearing, Inc.	3,400	136
Needham & Company	3,021,052	120,701
Nollenberger Capital Partners, Inc.	212,660	5,258
Nomura Securities International, Inc.	356,700	13,237
Northeast Securities, Inc.	118,800	2,376
Nutmeg Securities	509,600	25,480
Nyfix Transaction Service	2,610,920	42,806
O'Connor & Company LLC	5,300	80
O'Neil William & Co., Inc.	1,438,092	61,078
Oppenheimer & Co., Inc.	924,962	34,457
Pacific American Securities LLC	3,794,757	109,594
Pacific Crest Securities	256,500	11,444
Pacific Growth Equities	141,795	5,078
Pali Capital, Inc.	46,025	2,301
PCS Dunbar Securities	389,400	19,470
PCS Securities, Inc.	352,650	13,260
Penson Financial Services	676,005	8,911
Pershing LLC	242,010	7,657
Pickering Energy Partners	70,350	3,518
Pipeline Trading Systems	2,879,780	43,825
Piper Jaffray	4,681,441	182,499
Podesta & Co.	16,600	581
Polcari/Weicker	289,200	11,568
Pritchard Capital Partner	84,950	3,590
Prudential Equity Group	839,000	30,598
Pulse Trading LLC	867,795	23,838
Punk Ziegel & Knoell	98,700	4,521
Raymond James & Associate	2,498,514	99,511
RBC Capital Markets	6,095,959	381,832
Reynders, Gray & Co.	128,100	6,405
Robbins & Henderson LLC	4,300	129
Robert Van Securities	34,700	1,388
Rochdale Securities Corp.	2,750,700	80,299
Rosenblatt Securities, Inc.	275,400	5,508
Roth Capital Partners, Inc.	305,300	12,017
Samuel A Ramirez & Co.	8,578,753	293,164

Broker	Shares	Commission \$ US
Sanders Morris Harris	326,000	15,251
Sandler O'Neill & Partner	362,500	13,504
Sanford Bernstein & Co.	8,289,225	238,543
Santander Investment Securities, Inc.	3,300	132
SBK-Brooks Investment Corp.	5,050	172
Schonfield Securities	217,800	5,028
Scotia Capital, Inc.	121,200	4,312
Scott & Stringfellow, Inc.	1,922,803	81,215
SG Americas Securities, LLC	1,636,900	51,635
Sidoti & Company LLC	1,534,047	62,514
Simmons & Co. Intl.	144,300	7,271
SMH Capital, Inc.	1,900	38
Soleil Securities Corp.	154,473	6,323
Sprott Securities Limited	65,000	2,304
Standford Group Co.	438,300	17,532
State Street Global Market	1,200,428	36,836
Stephens, Inc.	637,407	29,813
Sterne Agee & Leach, Inc.	45,050	1,802
Stifel Nicolaus & Co., Inc.	3,480,561	139,601
Stonehaven LLC	32,800	656
Suntrust Capital Markets	3,930,728	151,188
Thinkequity Partners LLC	619,501	23,780
Thomas Weisel Partners	5,125,460	196,203
Toussaint Capital Partners	401,950	4,020
Tribeca Securities	7,400	222
Tristone Capital	87,100	4,355
UBS Securities LLC	23,432,038	645,734
UNX, Inc.	308,428	5,963
Utendahl Capital Partners	7,416,201	296,648
Vandham Securities Corp.	524,000	6,083
Veritas Securities	918,900	27,567
Wachovia Capital Markets	6,865,311	266,704
Wedbush Morgan Sec., Inc.	973,530	37,140
Weeden & Co.	12,685,508	440,333
Westminster Research Assoc.	3,286,135	131,797
William Blair & Co.	3,559,997	144,034
Williams Capital Group	8,891,901	331,418
WJ Bonfanti, Inc.	10,900	327
Zack's & Company	134,800	4,930
Total	822,377,619	\$ 21,802,857

International Equity Management Fees

Acadian Asset Management, Inc.	\$ 5,049,147
AllianceBernstein LP	3,846,028
Baillie Gifford Overseas Ltd.	4,085,302
Bank of Ireland Asset Management	3,018,540
Barclays Global Investors, NA	4,739,262
Baring Asset Management	4,304,427
Brandes Investment Partners LP	4,349,079
Brandywine Asset Management LLC	2,976,539
Capital Guardian Emerging Markets	6,990,658
Capital Guardian Trust Company	12,098,801
Goldman Sachs Asset Management LP	3,797,834
Mondrian Investment Partners, Inc.	4,116,546
Morgan Stanley Emerging Markets	8,207,568
Morgan Stanley Investment Management, Inc.	7,189,057
Templeton Emerging Markets	11,082,809
Templeton Investment Counsel LLC	4,639,108
The Boston Company LLC	1,877,400
Total	\$92,368,106

International Equity Commissions

Broker	Shares	Commission \$ US
ABN Amro, Inc.	33,505,791	\$ 498,216
Arnhold & S. Bleichroeder, Inc.	391,371	5,263
Banc/America Securities	374,510	13,678
Banco Santander	85,882	5,783
Bank Am Bellevue	431,393	65,943
Bank J. Vontobel	104,255	14,042
Beal, M.R. & Co.	84,519	4,938
Bear Stearns Securities	10,078,203	352,978
Bloomberg Tradebook	7,403,743	86,774
Bloxham Stockbrokers	59,809	3,875
BMO Capital Markets	589,900	25,964
BNP Paribas Securities	2,027,687	21,017
Brockhouse & Cooper, Inc.	7,489,242	106,280
C I Nordic Securities AB	346,000	4,047
Cabrera Capital Markets	20,100	657
Calyon Financial Securities	3,618,970	35,945
Canaccord Adams, Inc.	118,800	4,598
Cantor Fitzgerald & Co.	3,874,554	45,678
Capital Institutional Services, Inc.	1,066,869	26,316
Carnegie Fondkommission	2,307,851	56,303
Cazenove & Co.	6,639,087	173,956
Cenkos Securities	58,600	4,092
Cheuvreux	943,464	87,442
China International Corp.	224,000	858
CIBC World Markets Corp.	542,100	17,819
Citibank	1,313,673	46,286
Citigroup Global Markets	79,629,185	1,195,290
Collins Stewart, Inc.	5,879,297	84,180
Cowen & Co. LLC	226,960	8,756
Credit Agricole Indosuez	741,884	101,973
Credit Lyonnais Securities	7,679,586	100,869
Credit Suisse Securities	128,986,591	1,454,980
Daiwa Securities America	9,812,321	170,194
Davy Stockbrokers	1,366,628	38,697
Deutsche Bank Securities	62,331,858	701,769
Deutsche Morgan Grenfell	28,800	1,099
Deutsche Securities Asia	3,700,398	36,835
Donaldson Lufkin & Jenrette	50,640	2,026
Dresdner Bank	912,685	14,332
Dresdner Kleinworth Wasse	11,330,127	302,914
Eden Group	5,958,507	24,898
Electronic Securities Process	199,537	2,494
Enskilda	33,820	1,107
Euromobiliare Limited	992,600	9,472
Exane, Paris	334,509	18,575

International Equity Commissions

continued

Broker	Shares	Commission \$ US
Execution Ltd.	7,595,255	124,627
Findentiis Equities S.V.	843,500	29,825
Fortis International	1,031,100	75,991
Fox-Pitt Kelton, Inc.	3,693,543	97,449
Friedman Billings & Ramsey	211,856	7,609
G-Trade Services Hamilton	21,924,829	143,688
Gardner Rich	20,800	416
Genuity Capital Markets	61,700	2,658
Goldman Sachs & Co.	111,632,615	723,160
Goodbody Stockbrokers	1,335,973	41,742
Handelsbanken	369,505	10,231
Helvea SA	173,606	24,104
HSBC Securities, Inc.	6,255,271	91,131
ICAP Corporates LLC	19,016	1,694
ING Barings LLC	2,601,350	31,847
Ingalls & Snyder	3,622	231
Instinet	68,355,708	266,252
Institutional Services Unlimited	43,000	9,856
Intermonte Securities Milan	420,004	16,741
Investment Technology Group	46,122,452	355,164
ISI Group, Inc.	92,200	2,766
Ivy Securities	316,606	16,756
J & E Davy	1,869,553	69,707
J B Were & Son, Inc.	211,183	1,680
Jefferies & Co.	403,570	14,266
Jonestrading Institutional LLC	112,600	4,578
JP Morgan Securities, Inc.	36,137,870	698,565
KBC Financial Products	1,416,392	23,100
Keefe Bruyette & Wood, Inc.	1,245,210	69,370
Kepler Equities	1,624	537
Kim Eng Securities	85,400	770
Knight Equity Markets LP	7,153,202	43,896
Lehman Brothers, Inc.	49,924,014	842,415
Liquidnet, Inc.	4,999,991	113,981
M M Warburg & Co.	58,500	10,589
Macquarie Equities Ltd.	11,791,621	153,374
Magna Securities Corp.	162,480	1,416
Mainfirst Bank AG	141,994	19,316
Melvin Securities	30,314	1,213
Merrill Lynch Pierce Fenner	206,407,968	1,467,179

Broker	Shares	Commission \$ US
Merrion Capital Group	644,714	37,334
Mint-London	522,258	19,207
Mirabaud Securities	330,966	13,506
Mitsubishi Finance International	5,471,942	87,599
Mizuho Securities	958,423	34,329
Mizuro International	492,320	12,910
MLPFS London	235,398	5,369
Mogavero Lee & Co., Inc.	419,001	8,380
Morgan Stanley & Co., Inc.	73,877,216	1,088,659
MR Beal & Company	230,823	12,694
Natexis Bleichroeder	127,660	9,199
National Bank Financial	116,300	5,167
NCB Stockbroker	1,442,547	49,643
Nesbitt Thomson Securities	739,192	34,335
Nikko Citigroup Ltd.	3,577,376	121,252
Nomura Securities International	48,266,497	345,042
Numis Securities Ltd.	46,600	374
Nutmeg Securities	17,200	597
Oddo Securities	51,380	3,260
Pali Capital, Inc.	55,630	9,869
Portales Partners LLC	251,921	9,592
Portware	2,828,906	36,779
Princeton Securities	99,492	1,990
Prudential Equity Group	29,700	891
RBC Capital Markets	531,400	19,604
Redburn Partners LLP	1,750,634	63,439
Samsung Securities	8,306	1,815
Sanford Bernstein & Co. LLC	9,869,777	200,666
Santander Investment Securities	124,225	3,738
Scotia Capital Markets	345,500	14,200
SG Cowen Securities Corp.	2,450,131	89,707
Societe Generale Securities Corp.	54,658,970	382,141
Spear Leeds & Kellogg Capital Markets	96,578	966
State Street Global Market	8,911,157	24,530
Svenski International Equities	272,524	11,691
Toronto Dominion	1,337,300	56,634
UBS Securities LLC	119,392,789	1,312,109
Uob Kay Hian	834,000	2,176
Warburg Securities	2,540,346	107,220
Weeden & Co.	274,781	9,214
Total	1,343,405,183	\$ 15,836,925

Domestic Bond Transactions

Fiscal Year to Date as of March 31, 2008.

Summarized by Broker or Direct Issuer.

Long-Term Broker	Par \$ US
Banc/America Securities	\$ 303,916,000
Bear Stearns & Co.	161,500,000
Citigroup Global Markets	374,765,000
Credit Suisse Securities	474,957,964
Deutsche Bank Securities, Inc.	154,500,000
Federal National Mortgage Association	499,760,302
Goldman Sachs & Co.	407,635,000
Guzman & Co.	103,000,000
JP Morgan Securities, Inc.	326,134,000
Lehman Brothers, Inc.	253,205,000
Morgan Stanley & Co., Inc.	729,720,000
SBK-Brooks Investment Corp.	874,779,000
UBS Financial Services, Inc.	215,000,000
Utendahl Capital Partners	513,758,000
Wachovia Capital Markets	165,015,000
Williams Capital Group	213,350,000
Total	\$ 5,770,995,266
Short-Term Broker	Par \$ US
American Express Credit	\$ 1,050,000,000
Banc/America Securities	1,853,597,000
Bear Stearns & Co.	200,000,000
BNP Paribas Securities Corp.	7,534,656,000
Chevron	200,000,000
Citigroup Global Markets	11,576,952,000
Credit Suisse Securities	4,361,476,000
Deutsche Bank Securities, Inc.	4,505,879,000
General Electric Capital Corp.	3,938,178,000
General Motors Acceptance	350,000,000
Goldman Sachs & Co.	6,793,518,000
HSBC Securities, Inc.	1,378,020,000
J.P. Morgan Securities, Inc.	215,956,000
Lehman Brothers, Inc.	8,003,264,000
Merrill Lynch Pierce Fenner & Smith, Inc.	482,387,000
Morgan Stanley & Co., Inc.	475,093,000
Prudential Funding	1,367,635,000
Toronto Dominion	3,484,459,000
Toyota Motor Credit	2,490,647,000
UBS Securities	4,592,463,000
Utendahl Capital Partners	17,228,940,000
Williams Capital Group	19,994,204,000
Total	\$ 102,077,324,000

Real Estate Management Fees (Expensed)

Blackstone Group	\$ 16,102,020
Colony Capital Asia Limited	661,390
Heitman Capital Management LLC	9,674,681
ING Clarion	17,322,647
Morgan Stanley Group	4,043,177
Rockpoint Real Estate Fund	3,034,414
UHY Advisors NY, Inc.	2,000
Westbrook Realty Management	3,828,276
Total	\$ 54,668,605

Real Estate Management Fees (Capitalized)

ACA Advisors (Aetos)	\$ 1,499,035
Apollo Management LP	1,055,512
BCP Strategic Partners (Beacon)	2,948,148
Canyon-Johnson	135,848
Carlyle Group	5,884,924
CB Richard Ellis Investors S.A.R.L.	1,489,002
Cherokee Advisers LLC	2,467,348
CIF-H GP LLC (Cayuga)	3,406,593
CIM Group, Inc.	4,659,169
City Investment Fund Associates	2,812,500
Colony Capital LP	6,078,528
Cypress Grove International Management	980,481
Heitman Capital Management LLC	8,215,803
ING Clarion	130,524,957
J.P. Morgan Investment Management, Inc.	3,927,296
Kimex	30,073
LSP (Lone Star)	1,547,511
Noble Investment Management, LLC	787,500
Olympus Real Estate Fund GP Partners	283,264
ORG NY (Lake Hempstead/Success)	642,123
Phoenix Real Estate Group (Metropolitan Workforce)	2,634,240
Praedium	3,022,467
PRIMA Capital	346,250
Redwood Grove International Management LLC	2,311,644
RREEF	2,281,584
Stockbridge Real Estate Partners	854,140
Warburg Pincus LLC	999,017
Total	\$ 191,824,957

Private Equity Management Fees (Expensed)

Access US General Partner LP	\$ 2,605,302
Aldus Capital LLC	1,130,091
Blackstone Group	3,420,334
Cypress Group	891,034
DLJMB Fund, Inc.	670,433
Fairview Capital Partners (+ NY CRF)	1,582,642
GE Asset Management, Inc.	2,059
GKM Newport	2,500,000
Hamilton Lane Advisors LLC	4,754,585
JLL Partners, Inc.	165,587
Mohawk River	3,969,000
Pacific Corporate Group LLC	284,443
Renaissance Private Equity Partners LP	281,219
Strategic Co-Investment Partners Management LLC	6,235,727
Thomas H. Lee Company	1,021,838
Total	\$ 29,514,293

Private Equity Management Fees (Capitalized)

ABV, LLC (Ascent)	\$ 375,000
ACOF Operating Manager (Ares)	1,926,925
Aisling Capital LLC (+ Perseus-Soros)	877,449
Apax Partners (Europe, US + SKM)	3,726,958
Apollo Management LP	2,295,501
Ascend Ventures Management LLC	687,500
Avenue Capital Management	2,980,304
Beacon Partners, Inc.	105,939
Blum Strategic Advisors	1,320,410
Brait Capital Partners Ltd. (S. Africa)	783,011
Brazos	288,648
Bridgepoint Capital Ltd.	1,431,365
Carlyle Group	7,614,222
Cerberus Capital Management II, L.P.	752,599
Charterhouse Capital Partners	2,660,927
Cinven Limited	858,547
Clessidra	2,322,451
Credit Suisse (CSFB)	670,433
CVC Capital Partners	2,229,854
Cypress Group	853,383
DeltaPoint Capital	552,579
EHNY (Easton Hunt)	762,500
EQT Partners	2,132,646
Ethos	570,384
Fairview Capital Partners (+ NY CRF)	2,586,877
First Albany Companies (FA Technology)	649,220
Founders NY	462,378
Freeman, Spogli & Co. (FS Equity)	790,339
Goldberg Lindsay & Co. LLC	1,213,201
Green	586,988
Greenhill Venture Partners (GSAV)	500,000
Hamilton Lane Advisors LLC (+ Hudson River)	750,000
HarbourVest Partners LLC (+ Mohawk)	9,968,684
Hellman & Friedman Investors, Inc.	324,282
Heritage Partners	36,809
High Peaks Venture Partners	610,227
HM Capital Partners I LP (Sector)	397,835
Horsley Bridge Partners	427,903
InterMedia Advisors	475,996
J.P. Morgan	5,949,117
J.P. Morgan Partners LLC (+ Chase)	1,148,587
JPMIM Investment Manager Agreement	1,028,831

Private Equity Management Fees (Capitalized) *continued*

JPMIM Monitoring Agreement	950,000
Kohlberg, Kravis, Roberts & Co.	1,390,503
Lion Capital Partners	3,750,672
Madison Dearborn Partners, Inc.	562,500
Markstone Investment Management	6,250,000
MeriTech Capital Partners	187,633
Milestone Managers LLC	310,073
New Mountain Capital LLC	1,477,064
Olympus Advisory Partners, Inc.	6,230
Pacific Corporate Group, Inc. (New York State Retirement Co-Investment)	284,443
Paladin Capital Management	733,607
Palladium Equity Partners	700,000
Performance Equity Management	2,653,462
Providence Equity Partners	3,141,386
Quadrangle	1,471,906
Renaissance Private Equity Partners	281,219
SB Asia (SAIF)	772,226
SOFTBANK	538,628
Strategic Co-Investment Partners Management LLC	1,523,456
Summer Street Capital Fund NYS Advisors	1,032,808
TA Associates	2,355,440
Thomas H. Lee Company	505,404
TLP Management	585,938
TPG Partners (T3)	1,873,448
Venture Capital Fund of America	2,180,439
Vestar Associates	428,164
Vista Equity Partners	1,419,937
Warburg Pincus LLC	5,326,454
Wheatley NY Partners LLC	763,974
WJM Partners IV, LLC (Syndicated Communications)	130,090
Yucaipa	2,210,231
Total	\$ 112,484,144

Absolute Return Strategy Management Fees

Caspian Select Credit Ltd.	\$ 546,757
Coast Asset Management	4,988,983
East Avenue Offshore Ltd.	16,720
Finisterre Global OP Fund	23,118
Galleon Diversified Fund	41,456
Gramercy Group	57,736
Guggenheim Advisors	5,115,464
Hunt Financial Ventures	1,683,139
Liberty Oak Capital Fund	6,227,131
Mariner Investment Group	4,674,144
Mezzacappa Investors	3,102,651
North Sound Legacy International	38,227
Och-Ziff Capital Management	3,773,560
Olympia Capital Management	7,939,795
Pequot Capital Management	2,276,748
Permal Asset Management	4,893,968
Petra Offshore Fund Ltd.	3,485
Ramius Advisors	3,510,151
Schultze Offshore Fund	28,176
Scottwood Fund Ltd.	37,489
Southpoint Offshore Fund	48,498
Total	\$ 49,027,394

Consultant & Advisor Fees

Ark Asset Management Company, Inc.	\$ 212,500
Consulting Services Group LLC	260,118
Hamilton Lane Investment Holdings	400,000
J.P. Morgan Investment Management, Inc.	1,946,264
Pacific Corporate Group LLC	162,500
Stockbridge Risk Management, Inc.	23,486
Strategic Investment Solutions, Inc.	250,000
Townsend Group	378,253
Wilshire Associates, Inc.	117,400
Total	\$ 3,750,521

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Pushing Boundaries.

1973



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Skylab

January 3 George Steinbrenner III purchased the NY Yankees for \$12 million.

May 3 Sears Tower opened in Chicago.

May 14 Skylab, the United State's first space station, launched.

July 1 Tier 2 of the New York State Retirement System created.

August 1 *American Graffiti*, directed by George Lucas, released.

September 20 Billie Jean King defeated Bobby Riggs in landmark tennis match.



Data Entry Unit, 1973

On July 1, 1973, Tier 2 was created, marking the first time any new member group was formed (Tier 3 and 4 were created in later years).

The writing was on the wall. Membership numbers were on the rise. The creation of Tier 2, and those that followed, was a move to contain costs through the restructuring of benefits. The result? Equitable benefits provided to all members at a reasonable cost. It all underscores an absolute commitment to fiscal responsibility.



2008

STATEMENT OF THE ACTUARY

June 2008

As the actuary for the Employees' Retirement System (ERS) and the Police and Fire Retirement System (PFRS), it is my duty to ensure that the New York State and Local Retirement System (the System) properly funds the retirement benefits of members, retirees and beneficiaries in order to ensure that adequate assets are being accumulated to pay benefits as they become due. The System has a funding objective of employer contributions that, over time, are a level percent of payroll.

We annually perform actuarial valuations which determine the annual contributions required of employers. A valuation relies on data for current active and retired members and beneficiaries as of a given date, called the valuation date. Some of the required data to perform a valuation for active members includes dates of birth, salary and credited service. For retired members and beneficiaries, dates of birth, monthly benefits and benefit options are some of the required data elements. In preparation for the valuation, we extensively validate the System's data by running reasonableness tests and account for every individual on a year-to-year basis. Also, we review the information contained in the financial statements.

For active members, the valuation projects expected benefits at retirement, death and withdrawal based on estimated pay and service, as well as the member's plan benefit formula. For retirees, the valuation determines the present value of payments expected to be made for the retiree's and beneficiary's lifetimes.

Since benefit security is the System's primary objective, all obligations, rates of interest and other factors must be determined on the basis of reasonable actuarial assumptions and methods. The types of assumptions that must be made include both demographic (rates of employee mortality, disability, turnover and retirement)

and economic (interest rates, inflation and salary growth). Therefore, in their calculations, actuaries must make assumptions about these uncertainties.

The actuary performs annual experience studies, ascertaining how closely the System's experience is conforming to the assumptions used. If significant differences occur that the actuary believes may indicate permanent shifts, the actuary may recommend assumption changes to reduce the expected differences.

The System retains an external auditor to independently review its financial records every year. Furthermore, an Actuarial Advisory Committee meets annually to review the actuarial assumptions and the results of the actuarial valuation. The System also engages the services of an outside actuarial consultant to perform a review every five years; similarly, every five years, the System is audited by the New York State Department of Insurance. Lastly, the Comptroller of the State of New York, in his role as sole trustee of the System, established an Office of Internal Audit to help fulfill his fiduciary objectives.

There were no significant benefit improvements enacted during fiscal year (FY) 2007. The April 1, 2006 valuation for determining 2008 employer bills was performed under my direction and supervision, using the assumptions recommended by me and adopted by the Comptroller as of April 1, 2006.

The April 1, 2007 valuation is the latest actuarial valuation completed. In FY 2008, which ended March 31, 2008, legislation was enacted which increased benefits for members of the New York State & Local Police and Fire Retirement System with more than 30 years of service. Actuarial assumptions were modified from the previous year for members covered by local 20-year retirement plans.

Our assumptions and methods meet the GASB 25 standards and a summary is included later in this section. I am responsible for all of the valuation results and other actuarial calculations contained in this report. I prepared the Schedule of Funding Progress but, while I prepared the employer contribution rates that determined the 2008 employer billing, I did not prepare the Schedule of Employer Contributions.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial practices, which are consistent with the principles prescribed by the Actuarial Standards Board, as well as the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries, of which I am a member.

A handwritten signature in cursive script that reads "Teri E. Landin".

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

New York State and Local Employees'
Retirement System

New York State and Local Police and Fire
Retirement System

2008

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 does not 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 FYE 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 among participating employers, the Comptroller devised a plan to phase-in non-GLIP (New York State Public Employees' Group Life Insurance Plan) rates beginning in the 1995 fiscal year when the rates were zero. The rates increased by 1.5 percent per year until 1999, when the transition would cease. However, due to excellent investment gains and favorable experience, almost all ERS employer bills were below the transition rates in 1997, and in 1998, all were below the transition rates, so the transition 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. Chapter 49 of the Laws of 2003 mandates that the actuarial valuation undertaken on the first day of a fiscal year be used to determine contribution rates for the next succeeding fiscal year.

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 volatile contribution rates. The Financial Statements, on the other hand, simply present market values of assets on the last day of the 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 2008

Actuarial Assumptions

The actuarial assumptions for Fiscal Year Ended 2008 were adopted effective April 1, 2006. These assumptions and their predecessors are shown below. All assumptions presume ongoing Systems:

Fiscal Year Ended 3/31	Salary Scale*			Interest Rate	Multiple-Decrement Tables Based on Systems'
	Inflation	Productivity & Merit			
1987-88		5.0%		8.00%	4/1/81-3/31/86 experience
		<u>2.3%</u>			
		7.3%			
1989-92		5.0%		8.75%	4/1/81-3/31/86 experience
		<u>2.0%</u>			
		7.0%			
1993-96		5.0%		8.75%	4/1/86-3/31/91 experience
		<u>2.0%</u>			
		7.0%			
		ERS	PFRS		
1997-98		4.75%	4.75%	8.50%	4/1/90-3/31/95 experience
		<u>1.25%</u>	<u>1.75%</u>		
		6.00%	6.50%		
1999-2000		3.50%	3.50%	8.50%	4/1/90-3/31/95 experience
		<u>2.50%</u>	<u>3.00%</u>		
		6.00%	6.50%		
2001		3.00%	3.00%	8.00%	4/1/90-3/31/95 experience
		<u>2.50%</u>	<u>3.00%</u>		
		5.50%	6.00%		
2002-04		3.00%	3.00%	8.00%	4/1/95-3/31/00 experience
		<u>2.90%</u>	<u>3.90%</u>		
		5.90%	6.90%		
2005		3.00%	3.00%	8.00%	4/1/95-3/31/00 experience
		<u>2.40%</u>	<u>3.90%</u>		
		5.40%	6.90%		
2006		3.00%	3.00%	8.00%	4/1/95-3/31/00 experience with subsequent adjustments
		<u>2.40%</u>	<u>3.90%</u>		
		5.40%	6.90%		
2007-08		3.00%	3.00%	8.00%	4/1/00-3/31/05 experience
		<u>2.40%</u>	<u>3.70%</u>		
		5.40%	6.70%		

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

Selected Actuarial Assumptions used in the April 1, 2006 Valuation

These illustrations are used to determine the number of people we anticipate will be dying, retiring, becoming disabled, withdrawing, etc. Demographic assumptions below show central rates of decrement per 10,000 members, not necessarily probabilities. Assumptions are computed by the Actuary and adopted by the Comptroller. They are based on recent member experience.

Service Retirement — ERS

	Age	Service (in years)		
		<20	20–20.99	30+
Tier 1	55	1,515	2,442	4,836
	60	1,298	1,917	2,732
	65	3,154	3,683	3,223
Tier 2-4	55	552	924	3,285
	60	662	1,250	2,690
	65	2,210	3,683	3,223

Disability Retirement — Ordinary and Accidental

Age	ERS Ord	ERS Acc	PFRS Ord*	PFRS Acc
35	7	2	15	22
40	14	2	21	35
45	23	2	28	40
50	39	2	35	40

*includes performance of duty.

Service Retirement — PFRS

Service	20-year	20-year with add'l 60ths	
	(both tiers)	Tier 1	Tier 2
20	1,912	643	643
25	767	479	479
30	691	1,482	2,842

Ordinary Death

Age	ERS	PFRS
35	6	5
40	9	5
45	13	8
50	19	12

Service Retirees — Mortality

Age	Male Clerk	Female Clerk	PFRS
55	46	33	43
60	64	49	65
70	159	117	174
80	413	316	502

Withdrawal — ERS

(Ten-year ultimate rates)

Age	ERS
35	273
40	222
45	182
50	137

Withdrawal — PFRS

Service	PFRS
5	130
10	73
15	33

Disability Retirees — Mortality

Age	Male	Female	PFRS
30	35	12	4
40	111	96	24
60	259	224	110
80	812	472	739

Salary Scale — Annual Percent Increase

Age	ERS	PFRS
25	9.24	16.25
35	6.62	6.89
45	5.40	5.76
55	4.75	6.09

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. Normally, all other investments (stocks, commingled funds, real estate, business investments, etc.) use a five-year moving average of market values method assuming a 7 percent rate of expected appreciation. For fiscal year 2008, the April 1, 2006 valuation reflects a market restart in 2004 and we are in the second year of the phase-in to a full five-year smoothing method.

The GLIP values investments at market value. For fiscal year 2008, the April 1, 2006 valuation of the System and Insurance Plan, the difference between market and actuarial value of smoothed investments, was:

	Investment (millions)
Market Value	\$ 140,453
Actuarial Value	129,735
Difference	(\$ 10,718)

Administrative Expenses

The cost of administering the System is borne by the State and local employers on a current disbursement basis.

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 Costs

An employer may also have a deficiency contribution. 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 February 1 before the fiscal year end. 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 SHEETS 2008

Used to determine employer contributions for the fiscal year ending March 31; in millions of dollars, as calculated April 1, 2005 and April 1, 2006.

	2007		2008
	In Millions		
ERS			
Actuarial Assets			
Actuarial Value of Present Assets:			
Held for Current Pensioners & Beneficiaries	\$ 45,679		\$ 48,601
Held for Members	52,935		56,816
Members' Contributions	6,474		6,792
Total	\$ 105,088		\$ 112,209
Actuarial Present Value of Prospective Contributions:			
From Employers	\$ 17,397		\$ 16,192
From Members	878		892
Total	\$ 18,275		\$ 17,084
Total Actuarial Assets	\$ 123,363		\$ 129,293
Actuarial Liabilities			
Actuarial Present Value of Benefits for Current Pensioners & Beneficiaries:			
Service Retirement Benefits	\$ 42,878		\$ 45,608
Disability Retirement Benefits	2,698		2,884
Death Benefits	104		109
Total	\$ 45,680		\$ 48,601
Actuarial Present Value of Benefits for Members:			
Service Retirement Benefits	\$ 74,386		\$ 77,352
Disability Retirement Benefits	1,623		1,620
Death Benefits	1,200		1,239
Other	474		481
Total	\$ 77,683		\$ 80,692
Total Actuarial Liabilities	\$ 123,363		\$ 129,293
PFRS			
Actuarial Assets			
Actuarial Value of Present Assets:			
Held for Current Pensioners & Beneficiaries	\$ 9,473		\$ 10,169
Held for Members	9,166		9,637
Members' Contributions	18		21
Total	\$ 18,657		\$ 19,827
Actuarial Present Value of Prospective Contributions:			
From Employers	\$ 4,442		\$ 4,563
From Members	0		0
Total	\$ 4,442		\$ 4,563
Total Actuarial Assets	\$ 23,099		\$ 24,390
Actuarial Liabilities			
Actuarial Present Value of Benefits for Current Pensioners & Beneficiaries:			
Service Retirement Benefits	\$ 7,738		\$ 8,271
Disability Retirement Benefits	1,702		1,800
Death Benefits	93		98
Total	\$ 9,533		\$ 10,169
Actuarial Present Value of Benefits for Members:			
Service Retirement Benefits	\$ 11,992		\$ 12,586
Disability Retirement Benefits	1,227		1,278
Death Benefits	271		285
Other	76		72
Total	\$ 13,566		\$ 14,221
Total Actuarial Liabilities	\$ 23,099		\$ 24,390

New York Public Employees' Group Life Insurance Plan

Actuarial Assets	2007		2008
	(In Millions)		
Assets			
Investments	\$120		\$114
Liabilities			
Managed Overdraft (cash)	4		4
Claims Being Processed	24		26
Claims Unreported	8		12
Reserve for Mortality Fluctuations	84		72
Total Liabilities	\$120		\$114

LOCAL GOVERNMENT EMPLOYERS 2008

Final Contribution Rates For Select Plans

For the fiscal year ending March 31, 2008, assuming a February 1, 2008 payment.

All rates exclude any contribution rates due to 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. All rates include Group Life Insurance.

	Plan ID	Percentage of Payroll		
		Tier 1	Tier 2	Tiers 3 & 4
ERS				
Age-based plans				
Basic, Age 55, Age 60 Contributory	71-a	6.0	5.7	n/a
Tier 3	A14	n/a	n/a	8.8
Tier 4	A15	n/a	n/a	8.8
Non-contributory	75-c	10.9	9.9	n/a
Non-contributory w/Guaranteed Benefits	75-e	10.9	9.9	n/a
Career	75-g	11.5	10.5	n/a
New Career	75-h/75-i	12.0	11.0	n/a
25-year plans				
Sheriffs and Deputies	89-a	13.9	13.5	n/a
Art 14B Sheriffs - 25-yr.	551	13.4	13.1	11.9
Art 14B Sheriffs - 25-yr. + 1/60th	551-e	13.9	13.8	12.6
full service for 1/60th	551-ee	14.5	14.3	13.1
County Law Enforcement	89-e, etc.	14.5	17.8	11.5
election on or after 4/1/98	89-p, etc.	14.5	14.3	11.0
20-year plans				
Sheriffs and Deputies	89-b	15.4	13.1	n/a
add'l 1/60th	89-b(m)	15.7	13.7	n/a
Art 14B Sheriffs - 20-yr.	552	15.5	15.4	14.1
Art 14B Sheriffs - 20-yr. + 1/60th	553	16.0	15.8	14.7
full service for 1/60th	553b	16.6	16.4	15.2
Detective Investigators	89-d	15.2	22.3	n/a
add'l 1/60th	89-d(m)	15.5	23.0	n/a
PFRS				
Age-based plans				
Basic, Age 55, Age 60 Contributory	371-a	7.5	6.6	
Non-contributory	375-c	11.9	9.7	
Non-contributory w/Guaranteed Benefits	375-e	11.9	9.7	
Career	375-g	13.0	10.7	
New Career	375-i	13.5	10.9	
Improved Career	375-j	13.5	10.9	
25-year plans				
Non-contributory	384	13.3	13.2	
add'l 1/60th	384(f)	13.8	13.3	
20-year plans				
Contributory				
employer assumes 1/2 of additional member cost	384-d	8.9	8.8	
employer assumes all of additional member cost	384-d	12.6	12.5	
Non-contributory				
add'l 1/60th	384-e	15.5	14.7	
1990 elections		21.3	16.6	
1991 elections		24.2	16.6	
1992 elections		25.3	16.6	
1993 elections		27.9	16.6	
1994 elections		24.9	17.4	
1995 elections		28.7	17.8	
1996 elections		30.1	16.9	
1997 elections		28.1	16.8	
1998 elections		29.6	16.8	
all other years		15.9	15.7	

CONTRIBUTION RATE TREND 2008 FOR LOCAL GOVERNMENTS

Rates, prior to 2006, are based on a payment date of December 15. Beginning in 2006, the rates are based on a February 1 payment date. Each rate is applied to the salary of members covered by that particular plan. Rates were calculated under the aggregate method. All rates include Group Life Insurance and administrative rates.

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

Plan Name (Section)	Percentage of Payroll									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
ERS										
Non-contributory (75-c)										
Tier 1	0.6	0.1	0.2	0.7	1.2	4.9	15.8	13.7	12.0	10.9
Tier 2	0.6	0.1	0.2	0.7	1.1	4.9	13.2	11.7	10.9	9.9
Guaranteed Benefit (75-e)										
Tier 1	0.6	0.1	0.2	0.7	1.2	4.9	15.8	13.7	12.0	10.9
Tier 2	0.6	0.1	0.2	0.7	1.1	4.9	13.2	11.7	10.9	9.9
Career (75-g)										
Tier 1	0.6	0.1	0.2	0.7	1.3	4.9	16.6	14.4	12.7	11.5
Tier 2	0.6	0.1	0.2	0.7	1.2	4.9	14.1	12.5	11.6	10.5
New Career (75-i)										
Tier 1	0.6	0.1	0.2	0.7	1.3	4.9	17.2	15.0	13.2	12.0
Tier 2	0.6	0.1	0.2	0.7	1.2	4.9	14.7	13.0	12.1	11.0
Article 14/15 Tier 3	0.6	0.1	0.2	0.7	1.2	4.9	11.4	10.2	9.7	8.8
Article 15 Tier 4	0.6	0.1	0.2	0.7	1.2	4.9	11.4	10.2	9.7	8.8
PFRS										
Non-contributory (375-c)										
Tier 1	0.4	0.1	0	0.1	0.1	4.6	12.7	11.6	12.2	11.9
Tier 2	0.4	0.1	0	0.1	0.1	4.6	10.5	9.3	10.1	9.7
Guaranteed Benefit (375-e)										
Tier 1	0.4	0.1	0	0.1	0.1	4.6	12.7	11.6	12.2	11.9
Tier 2	0.4	0.1	0	0.1	0.1	4.6	10.5	9.3	10.1	9.7
Career (375-g)										
Tier 1	0.4	0.1	0	0.1	0.1	4.6	13.8	12.6	13.4	13.0
Tier 2	0.4	0.1	0	0.1	0.1	4.6	11.4	10.2	11.1	10.7
New Career (375-i)										
Tier 1	0.4	0.1	0	0.1	0.1	4.6	14.3	13.0	13.8	13.5
Tier 2	0.4	0.1	0	0.1	0.1	4.6	11.7	10.4	11.3	10.9
25-Year (384)										
Tier 1	0.4	0.1	0	0.1	0.1	4.6	14.1	12.8	13.5	13.3
Tier 2	0.4	0.1	0	0.1	0.1	4.6	13.3	12.1	13.4	13.2
25-Year + 1/60ths (384(f))										
Tier 1	0.4	0.1	0	0.1	0.1	4.6	14.4	13.1	14.0	13.8
Tier 2	0.4	0.1	0	0.1	0.1	4.6	14.1	12.8	13.6	13.3
20-Year (384-d)										
Tier 1	0.4	0.1	0	0.1	0.1	4.6	16.0	14.8	15.7	15.5
Tier 2	0.4	0.1	0	0.1	0.1	4.6	15.2	14.2	15.0	14.7
20-Year + 1/60ths (384-e)										
Tier 1										
1990 elections	5.8	5.5	5.4	5.5	5.5	10.0	22.1	20.8	21.5	21.3
1991 elections	8.6	8.3	8.2	8.3	8.3	12.8	24.9	23.7	24.4	24.2
1992 elections	9.7	9.4	9.3	9.4	9.4	13.9	26.0	24.8	25.5	25.3
1993 elections	12.3	12.0	11.9	12.0	12.0	16.5	28.6	27.4	28.1	27.9
1994 elections	9.3	9.0	8.9	9.0	9.0	13.5	25.6	24.4	25.1	24.9
1995 elections	13.1	12.8	12.7	12.8	12.8	17.3	29.4	28.2	28.9	28.7
1996 elections	14.5	14.2	14.1	14.2	14.2	18.7	30.8	29.6	30.3	30.1
1997 elections	12.5	12.2	12.1	12.2	12.2	16.7	28.8	27.6	28.3	28.1
1998 elections	14.0	13.7	13.6	13.7	13.7	18.2	30.3	29.1	29.8	29.6
all other years	0.4	0.1	0	0.1	0.1	4.6	16.7	15.4	16.1	15.9
Tier 2										
1990-1993 elections	2.1	1.7	1.5	1.5	1.4	5.9	17.5	16.3	17.1	16.6
1994 elections	3.8	3.5	3.2	3.1	2.9	7.4	18.7	17.3	17.9	17.4
1995 elections	3.8	3.3	3.1	3.1	2.9	7.4	19.0	17.7	18.5	17.8
1996 elections	2.8	2.3	2.1	2.2	2.0	6.5	18.2	16.8	17.5	16.9
1997 elections	2.9	2.6	2.4	2.3	2.0	6.5	18.0	16.6	17.4	16.8
1998 elections	2.9	2.5	2.4	2.5	2.3	6.8	18.1	16.8	17.5	16.8
all other years	0.4	0.1	0	0.1	0.1	4.6	16.3	15.1	16.0	15.7

EMPLOYER CONTRIBUTIONS 2008

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 and reconciliation of other years' bills. In addition, in 2005 and 2006, employers could amortize a portion of their contributions. The following amounts show their total obligation. The contributions and average rates below include normal, administrative, Group Life Insurance, incentive and deficiency contributions.

Comparison of Employer Contributions*

For fiscal years ending 2007 and 2008 (In Millions)

	2008 Contribution			2007 Contribution		
	Salary	Contribution	Avg. Rate	Salary	Contribution	Avg. Rate
ERS						
Tier 1	\$ 988	\$ 120	12.2%	\$ 1,183	\$ 158	13.4%
Tier 2	966	109	11.2	1,042	129	12.4
Tier 3 & 4	20,825	1,924	9.2	19,793	2,017	10.2
Deficiency		2			2	
Incentive		27			51	
Total	\$ 22,779	\$ 2,182	9.6%	\$ 22,018	\$ 2,357	10.7%
PFRS						
Tier 1	\$ 78	\$ 20	26.2%	\$ 94	\$ 24	25.4%
Tier 2	2,848	466	16.4	2,731	457	16.7
Total	\$ 2,926	\$ 486	16.6%	\$ 2,825	\$ 481	17.0%

*Numbers may not add up due to rounding.

Final Employer Contributions by Employer Type Attributable to fiscal year 2008 costs only (In Millions of Dollars)

Employer	Normal*	Deficiency	Administrative	GLIP	Total
ERS					
State	\$ 856		\$ 38	\$ 26	\$ 919
Counties	389		17	11	417
Cities	57		3	2	61
Towns	122	\$1	6	4	133
Villages	36	**	2	1	39
Misc.	309	1	14	11	335
Schools	257	**	12	9	278
Total	\$ 2,025	\$2	\$ 91	\$ 64	\$ 2,182
PFRS					
State	\$ 87		\$ 2	\$ 1	\$ 89
Counties	118		2	1	121
Cities	139		3	1	143
Towns	48		1	0	50
Villages	38		1	0	39
Misc.	44		1	0	46
Total	\$ 475		\$ 9	\$ 3	\$ 486

*Includes incentive.
**Less than \$500,000.

Employer Contributions by Tier* (In Millions of Dollars)

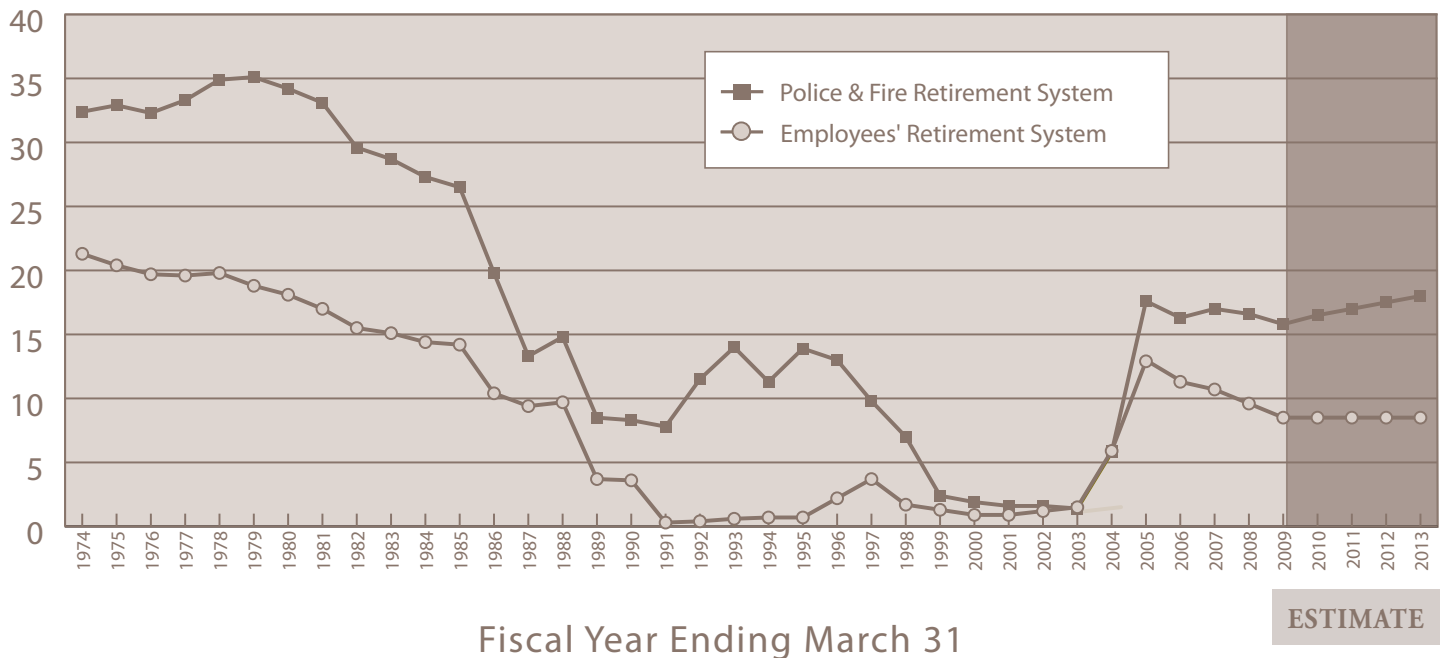
	2008 (as of 2/1/08)		2007 (as of 2/1/07)	
	Employer Contributions Attributable to Year	%	Employer Contributions Attributable to Year	%
ERS				
Tier 1	\$ 120	5.5	\$ 158	6.7
Tier 2	109	5.0	129	5.5
Tier 3 & 4	1,924	88.2	2,017	85.6
Deficiency	2	0.1	2	0.1
Incentive	27	1.2	51	2.2
Total	\$ 2,182	100	\$ 2,357	100
PFRS				
Tier 1	\$ 20	4.1	\$ 24	5.0
Tier 2	466	95.9	457	95.0
Total	\$ 486	100	\$ 481	100

*Numbers may not add up due to rounding.

HISTORICAL TRENDS 2008

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 prior to this March 1 deadline. Through 2004, local employers paid their bills by December 15, three and one-half months before the end of the fiscal year. Beginning in 2005, the payment date for local employers was changed to February 1.

Trends in Employer Contributions



CHANGES IN CONTRIBUTIONS 2008

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)

Experience during one fiscal year produces the increase or decrease in contributions for the following year.
(In Millions)

	Contributions Billed for Preceding Year	Salary Growth	Return on Investments ^(a)	Funding Method	Change in Benefits	Other Adjustments	Projected Contributions for Year Shown ^(b)
ERS							
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
2004	292	n/a	n/a	680	n/a	188	1,160
2005	1,157	-300	1,881	n/a	n/a	-85	2,653
2006	2,652	124	-746	23	n/a	399	2,452
2007	2,395	112	51	n/a	n/a	-191	2,367
2008	2,316	93	-147	n/a	n/a	-91	2,171
PFRS							
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
2004	32	n/a	n/a	102	n/a	8	142
2005	144	-28	339	n/a	n/a	-1	454
2006	446	21	-119	4	n/a	80	432
2007	430	21	6	n/a	n/a	16	473
2008	476	22	-24	n/a	n/a	12	486

(a) For 2005, this amount is the investment loss relative to the minimum contribution of 2004.

(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.

SOLVENCY TEST 2008

The System is funded in accordance with the aggregate method. The following solvency test is one means of checking the System's funding progress. In this test, the System's actuarial value of assets is compared to: (1) member contributions on deposit, (2) the liabilities for future benefits to persons who have retired and (3) the employer financed liabilities for service already rendered by active members. The accrued liabilities in this chart are calculated in accordance with the entry age normal method.

Valuation Date	Accrued Liability				Actuarial Assets	Portion of Actuarial Accrued Liabilities Covered by Actuarial Assets		
	Member Contributions (1)	Retiree (2)	Active (3)	Total (1) + (2) + (3)		(1)	(2)	(3)
ERS								
4/1/05	\$ 6,474	\$ 45,679	\$ 50,071	\$ 102,224	\$ 105,088	100.0%	100.0%	105.7%
4/1/06	\$ 6,792	\$ 48,601	\$ 52,392	\$ 107,785	\$ 112,209	100.0%	100.0%	108.4%
4/1/07	\$ 7,112	\$ 51,231	\$ 56,182	\$ 114,525	\$ 121,116	100.0%	100.0%	111.7%
PFRS								
4/1/05	\$ 18	\$ 9,533	\$ 8,251	\$ 17,802	\$ 18,657	100.0%	100.0%	110.4%
4/1/06	\$ 21	\$ 10,169	\$ 8,663	\$ 18,853	\$ 19,827	100.0%	100.0%	111.2%
4/1/07	\$ 22	\$ 10,638	\$ 9,414	\$ 20,074	\$ 21,379	100.0%	100.0%	113.9%

SCHEDULE OF ACTIVE MEMBER DATA 2008

FYE Mar 31	Active Members	Annual Member Payroll (In Millions)	% Increase in Annual Member Payroll	Average Salary
ERS				
1998	478,508	\$ 15,556	3.0%	\$ 32,509
1999	486,781	16,365	5.2	33,618
2000	494,545	16,935	3.5	34,243
2001	507,037	17,981	6.2	35,463
2002	512,209	18,760	4.3	36,626
2003	502,872	18,969	1.1	37,721
2004	507,241	19,575	3.2	38,591
2005	508,856	20,218	3.3	39,733
2006	513,016	20,919	3.5	40,776
2007	519,203	22,018	5.3	42,408
PFRS				
1998	31,912	\$ 1,842	6.9%	\$ 57,721
1999	32,067	2,018	9.6	62,931
2000	31,955	2,049	1.5	64,131
2001	32,220	2,081	1.6	64,591
2002	32,321	2,338	12.3	72,346
2003	32,419	2,322	-0.7	71,631
2004	32,359	2,459	5.9	75,987
2005	32,388	2,531	2.9	78,149
2006	32,469	2,712	7.1	83,518
2007	32,811	2,825	4.2	86,099

SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES **2008**

Added to and Removed from Benefit Payroll

Fiscal Year	Number of Retired Members and Beneficiaries		Annual Benefits of Retired Members and Beneficiaries		Total Number of Retired Members and Beneficiaries	Total Annual Benefit	Percentage Increase in Total Annual Benefits	Average Annual Benefit
	Added During the Year	Removed During the Year	Added During the Year	Removed During the Year				
ERS								
1998	12,815	10,477	\$ 202,588,948	\$ 84,268,657	260,751	\$ 2,869,421,254	4.30%	\$ 11,004
1999	15,073	10,925	294,058,436	86,971,166	264,899	3,076,508,524	7.22	11,614
2000	16,838	11,404	274,448,074	98,079,525	270,333	3,252,877,073	5.73	12,033
2001	13,807	10,993	492,276,739	99,260,472	273,147	3,645,893,340	12.08	13,348
2002	19,523	11,673	430,043,721	123,115,462	280,997	3,952,821,599	8.42	14,067
2003	18,197	11,853	426,684,543	132,184,921	287,341	4,247,321,222	7.45	14,781
2004	25,929	11,742	664,359,794	133,836,233	301,528	4,777,844,783	12.49	15,845
2005	16,902	11,899	359,819,587	140,495,573	306,531	4,997,168,797	4.59	16,302
2006	20,121	12,815	444,562,616	142,494,586	313,837	5,299,236,827	6.04	16,885
2007	19,780	12,504	453,890,020	144,683,098	321,113	5,608,443,749	5.83	17,466
PFRS								
1998	875	561	\$ 33,831,147	\$ 9,658,984	23,764	\$ 561,188,938	4.50%	\$ 23,615
1999	987	604	51,306,942	10,353,226	24,147	602,142,654	7.30	24,937
2000	992	637	40,480,562	11,345,767	24,502	631,256,722	4.84	25,763
2001	1,044	615	106,445,661	11,333,671	24,931	726,368,713	15.07	29,135
2002	1,372	696	70,026,198	15,920,481	25,607	780,474,430	7.45	30,479
2003	1,297	648	76,534,113	15,646,434	26,256	841,362,108	7.80	32,045
2004	1,248	675	75,509,272	16,735,085	26,829	900,136,295	6.99	33,551
2005	1,588	697	91,631,714	18,120,868	27,720	973,647,141	8.17	35,124
2006	1,404	716	85,412,810	18,880,308	28,408	1,040,179,643	6.83	36,616
2007	1,230	685	74,195,781	18,847,992	28,953	1,095,527,432	5.32	37,838

Annual benefits are based on option 0 benefits plus COLA.

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1993



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Nelson Mandela

Vision and commitment.

January 18 Martin Luther King Jr. Day observed in all 50 states for the first time.

April 30 World Wide Web created.

May 17 Intel's new Pentium processor unveiled.

June 7 Groundbreaking for the Rock and Roll Hall of Fame.

November 16 New York State Retirement System funding method affirmed.

December 10 Nelson Mandela awarded Nobel Peace Prize.

Early days of the call center, 1993



On November 16, 1993, the State Court of Appeals affirmed that the aggregate funding method is the best way for the System to meet its obligations and ensure that assets adequate to pay benefits are accumulated.

As of April 1, 2007, the System was fully funded with assets sufficient to cover more than 105 percent of projected obligations. Since a reported 77 percent of public pension systems in the U.S. are underfunded, our ratio is proof there really is **Strength in Numbers**.



SCHEDULE OF ADDITIONS TO PLAN NET ASSETS 2008

(In Thousands)

Year Ending	Member Contributions	Employer Contributions	Contributions % of Payroll	Other Income*	Investment Income*	Total
2008	\$ 265,676	\$ 2,648,448		\$ 116,112	\$ 3,163,728	\$ 6,193,964
ERS	263,098	2,134,954	9.6%	98,703	2,690,533	5,187,288
PFRS	2,578	513,494	16.6%	17,409	473,195	1,006,676
2007	\$ 250,158	\$ 2,718,551		\$ 131,863	\$ 17,416,082	\$ 20,516,654
ERS	247,237	2,216,087	10.7%	110,929	14,803,498	17,377,751
PFRS	2,921	502,464	17.0%	20,934	2,612,584	3,138,903
2006	\$ 241,173	\$ 2,782,147		\$ 94,556	\$ 17,615,876	\$ 20,733,752
ERS	237,686	2,348,721	11.3%	79,731	14,959,666	17,625,804
PFRS	3,487	433,426	16.3%	14,825	2,656,210	3,107,948
2005	\$ 227,308	\$ 2,964,842		\$ 122,769	\$ 9,679,978	\$ 12,994,897
ERS	224,459	2,509,503	12.9%	82,462	8,211,547	11,027,971
PFRS	2,849	455,339	17.6%	40,307	1,468,431	1,966,926
2004	\$ 221,871	\$ 1,286,455		\$ 77,148	\$ 27,334,752	\$ 28,920,226
ERS	217,335	1,125,520	5.9%	71,830	23,154,279	24,568,964
PFRS	4,536	160,935	5.8%	5,318	4,180,473	4,351,262
2003	\$ 219,192	\$ 651,931		\$ 109,730	\$ -11,235,815	\$ -10,254,962
ERS	214,131	583,217	1.5%	103,999	-9,504,775	-8,603,428
PFRS	5,061	68,714	1.4%	5,731	-1,731,040	-1,651,534
2002	\$ 210,202	\$ 263,846		\$ 119,366	\$ 2,730,952	\$ 3,324,366
ERS	206,018	214,592	1.2%	105,013	2,307,773	2,833,396
PFRS	4,184	49,254	1.6%	14,353	423,179	490,970
2001	\$ 319,063	\$ 214,766		\$ 116,361	\$ -11,170,822	\$ -10,520,632
ERS	317,351	165,791	0.9%	106,643	-9,424,415	-8,834,630
PFRS	1,712	48,975	1.6%	9,718	-1,746,407	-1,686,002
2000	\$ 422,743	\$ 164,547		\$ 139,758	\$ 19,276,908	\$ 20,003,956
ERS	422,023	100,379	0.9%	131,183	16,263,868	16,917,453
PFRS	720	64,168	1.9%	8,575	3,013,040	3,086,503
1999	\$ 399,820	\$ 291,682		\$ 110,803	\$ 9,224,752	\$ 10,027,057
ERS	398,705	239,670	1.3%	84,344	7,776,526	8,499,245
PFRS	1,115	52,012	2.4%	26,459	1,448,226	1,527,812

*Includes interest earned on member loans, interest on accounts receivable and transfers from other systems.

SCHEDULE OF INVESTMENT INCOME 2008

(In Thousands)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Net Change in Fair Value of Investments	\$ -1,287,032	\$13,538,322	\$14,449,770	\$6,603,713	\$24,279,817	\$-13,693,054	\$ -12,473	\$-13,896,942	\$15,452,703	\$5,787,075
Interest	1,976,372	1,816,416	1,474,863	1,388,250	1,474,952	1,670,749	1,807,163	1,885,603	2,527,905	2,458,374
Dividends	2,060,063	1,563,627	1,308,358	1,236,598	1,018,810	800,953	700,280	702,557	773,985	758,533
Real Estate and Mortgages	8,872	176,456	279,002	392,734	544,184	317,197	319,072	355,331	315,561	217,005
Alternative	150,360	170,689	137,393	188,346	154,397	64,910	63,929	70,530	140,769	87,411
Security Lending Income	1,335,474	1,248,865	811,972	318,612	122,074	170,903	382,589	757,080	542,067	465,420
International	379,185	276,755	270,128	119,595	32	17	0	0	0	0
Other Included Prior Year Adjustment	47,318	8,551	-158,570	-89,315	-11,327	-290,477	-15,268	-168,939	171,791	-1,006
Security Lending Expenses	-1,217,664	-1,209,216	-772,192	-293,477	-103,326	-148,957	-355,202	-721,571	-510,382	-435,993
Investment Expenses	-289,220	-174,383	-184,848	-185,078	-144,861	-128,056	-159,138	-154,471	-137,491	-112,067
Net Investment Income	\$ 3,163,728	\$17,416,082	\$17,615,876	\$9,679,978	\$27,334,752	\$-11,235,815	\$2,730,952	\$-11,170,822	\$19,276,908	\$9,224,752

SCHEDULE OF DEDUCTIONS FROM PLAN NET ASSETS 2008

(In Thousands)

Year Ending	Retirement Allowances	Post-Retirement Supplements	Death Benefits	Separation from Service	Administrative Expenses	Other Expenses	Total
2008	\$ 6,142,751	\$ 511,069	\$ 181,693	\$ 29,841	\$ 90,304	\$ 17,680	\$ 6,973,338
ERS	5,135,670	418,423	169,688	27,919	78,849	17,896	5,848,445
PFRS	1,007,081	92,646	12,005	1,922	11,455	-216	1,124,893
2007	\$ 5,722,875	\$ 495,908	\$ 164,632	\$ 29,331	\$ 79,772	\$ 18,985	\$ 6,511,503
ERS	4,777,587	405,264	153,660	27,034	69,893	18,363	5,451,801
PFRS	945,288	90,644	10,972	2,297	9,879	622	1,059,702
2006	\$ 5,388,590	\$ 479,128	\$ 161,249	\$ 27,320	\$ 78,506	\$ 16,581	\$ 6,151,374
ERS	4,498,131	390,703	149,847	25,691	68,836	17,164	5,150,372
PFRS	890,459	88,425	11,402	1,629	9,670	-583	1,001,002
2005	\$ 5,041,053	\$ 471,796	\$ 161,857	\$ 30,705	\$ 65,324	\$ -14,546	\$ 5,756,189
ERS	4,216,367	384,666	151,265	29,187	56,748	-16,833	4,821,400
PFRS	824,686	87,130	10,592	1,518	8,576	2,287	934,789
2004	\$ 4,722,003	\$ 468,144	\$ 157,314	\$ 29,849	\$ 69,612	\$ 46,967	\$ 5,493,889
ERS	3,931,334	382,305	149,473	27,572	61,129	45,595	4,597,408
PFRS	790,669	85,839	7,841	2,277	8,483	1,372	896,481
2003	\$ 4,373,342	\$ 462,864	\$ 148,372	\$ 22,863	\$ 67,496	\$ 22,325	\$ 5,097,262
ERS	3,649,565	378,762	132,503	21,586	59,149	19,808	4,261,373
PFRS	723,777	84,102	15,869	1,277	8,347	2,517	835,889
2002	\$ 3,871,910	\$ 464,545	\$ 151,796	\$ 30,677	\$ 66,612	\$ 57,444	\$ 4,642,984
ERS	3,219,973	377,464	139,058	29,262	56,527	54,191	3,876,475
PFRS	651,937	87,081	12,738	1,415	10,085	3,253	766,509
2001	\$ 3,691,890	\$ 336,128	\$ 152,941	\$ 41,707	\$ 57,806	\$ 44,742	\$ 4,325,214
ERS	3,069,748	272,509	140,381	40,435	49,080	43,370	3,615,523
PFRS	622,142	63,619	12,560	1,272	8,726	1,372	709,691
2000	\$ 3,415,155	\$ 162,235	\$ 142,780	\$ 27,211	\$ 50,653	\$ 39,707	\$ 3,837,741
ERS	2,834,404	132,479	125,881	26,093	44,220	37,924	3,201,001
PFRS	580,751	29,756	16,899	1,118	6,433	1,783	636,740
1999	\$ 3,217,170	\$ 141,850	\$ 122,961	\$ 30,487	\$ 52,606	\$ 58,017	\$ 3,623,091
ERS	2,670,237	116,490	114,161	28,991	46,059	56,434	3,032,372
PFRS	546,933	25,360	8,800	1,496	6,547	1,583	590,719

SCHEDULE OF TOTAL CHANGES IN PLAN NET ASSETS 2008

(In Thousands)

Year Ending	Member Contributions	Employer Contributions	Other Income	Investment Income	Total	Retirement Allowances
2008	\$ 265,676	\$ 2,648,448	\$ 116,112	\$ 3,163,728	\$ 6,193,964	\$ 6,142,751
ERS	263,098	2,134,954	98,703	2,690,533	5,187,288	5,135,670
PFRS	2,578	513,494	17,409	473,195	1,006,676	1,007,081
2007	\$ 250,158	\$ 2,718,551	\$ 131,863	\$ 17,416,082	\$ 20,516,654	\$ 5,722,875
ERS	247,237	2,216,087	110,929	14,803,498	17,377,751	4,777,587
PFRS	2,921	502,464	20,934	2,612,584	3,138,903	945,288
2006	\$ 241,173	\$ 2,782,147	\$ 94,556	\$ 17,615,876	\$ 20,733,752	\$ 5,388,590
ERS	237,686	2,348,721	79,731	14,959,666	17,625,804	4,498,131
PFRS	3,487	433,426	14,825	2,656,210	3,107,948	890,459
2005	\$ 227,308	\$ 2,964,842	\$ 122,769	\$ 9,679,978	\$ 12,994,897	\$ 5,041,053
ERS	224,459	2,509,503	82,462	8,211,547	11,027,971	4,216,367
PFRS	2,849	455,339	40,307	1,468,431	1,966,926	824,686
2004	\$ 221,871	\$ 1,286,455	\$ 77,148	\$ 27,334,752	\$ 28,920,226	\$ 4,722,003
ERS	217,335	1,125,520	71,830	23,154,279	24,568,964	3,931,334
PFRS	4,536	160,935	5,318	4,180,473	4,351,262	790,669
2003	\$ 219,192	\$ 651,931	\$ 109,730	\$ -11,235,815	\$ -10,254,962	\$ 4,373,342
ERS	214,131	583,217	103,999	-9,504,775	-8,603,428	3,649,565
PFRS	5,061	68,714	5,731	-1,731,040	-1,651,534	723,777
2002	\$ 210,202	\$ 263,846	\$ 119,366	\$ 2,730,952	\$ 3,324,366	\$ 3,871,910
ERS	206,018	214,592	105,013	2,307,773	2,833,396	3,219,973
PFRS	4,184	49,254	14,353	423,179	490,970	651,937
2001	\$ 319,063	\$ 214,766	\$ 116,361	\$ -11,170,822	\$ -10,520,632	\$ 3,691,890
ERS	317,351	165,791	106,643	-9,424,415	-8,834,630	3,069,748
PFRS	1,712	48,975	9,718	-1,746,407	-1,686,002	622,142
2000	\$ 422,743	\$ 164,547	\$ 139,758	\$ 19,276,908	\$ 20,003,956	\$ 3,415,155
ERS	422,023	100,379	131,183	16,263,868	16,917,453	2,834,404
PFRS	720	64,168	8,575	3,013,040	3,086,503	580,751
1999	\$ 399,820	\$ 291,682	\$ 110,803	\$ 9,224,752	\$ 10,027,057	\$ 3,217,170
ERS	398,705	239,670	84,344	7,776,526	8,499,245	2,670,237
PFRS	1,115	52,012	26,459	1,448,226	1,527,812	546,933

SCHEDULE OF TOTAL CHANGES IN PLAN NET ASSETS 2008

(continued)

Post-Retirement Supplement	Death Benefits	Separation from Service	Administrative Expenses	Other Expenses	Total	Net Increase/Decrease
\$ 511,069	\$ 181,693	\$ 29,841	\$ 90,304	\$ 17,680	\$ 6,973,338	\$ -779,374
418,423	169,688	27,919	78,849	17,896	5,848,445	-661,157
92,646	12,005	1,922	11,455	-216	1,124,893	-118,217
\$ 495,908	\$ 164,632	\$ 29,331	\$ 79,772	\$ 18,985	\$ 6,511,503	\$ 14,005,151
405,264	153,660	27,034	69,893	18,363	5,451,801	11,925,950
90,644	10,972	2,297	9,879	622	1,059,702	2,079,201
\$ 479,128	\$ 161,249	\$ 27,320	\$ 78,506	\$ 16,581	\$ 6,151,374	\$ 14,582,378
390,703	149,847	25,691	68,836	17,164	5,150,372	12,475,432
88,425	11,402	1,629	9,670	-583	1,001,002	2,106,946
\$ 471,796	\$ 161,857	\$ 30,705	\$ 65,324	\$ -14,546	\$ 5,756,189	\$ 7,238,708
384,666	151,265	29,187	56,748	-16,833	4,821,400	6,206,571
87,130	10,592	1,518	8,576	2,287	934,789	1,032,137
\$ 468,144	\$ 157,314	\$ 29,849	\$ 69,612	\$ 46,967	\$ 5,493,889	\$ 23,426,337
382,305	149,473	27,572	61,129	45,595	4,597,408	19,971,556
85,839	7,841	2,277	8,483	1,372	896,481	3,454,781
\$ 462,864	\$ 148,372	\$ 22,863	\$ 67,496	\$ 22,325	\$ 5,097,262	\$ -15,352,224
378,762	132,503	21,586	59,149	19,808	4,261,373	-12,864,801
84,102	15,869	1,277	8,347	2,517	835,889	-2,487,423
\$ 464,545	\$ 151,796	\$ 30,677	\$ 66,612	\$ 57,444	\$ 4,642,984	\$ -1,318,618
377,464	139,058	29,262	56,527	54,191	3,876,475	-1,043,079
87,081	12,738	1,415	10,085	3,253	766,509	-275,539
\$ 336,128	\$ 152,941	\$ 41,707	\$ 57,806	\$ 44,742	\$ 4,325,214	\$ -14,845,846
272,509	140,381	40,435	49,080	43,370	3,615,523	-12,450,153
63,619	12,560	1,272	8,726	1,372	709,691	-2,395,693
\$ 162,235	\$ 142,780	\$ 27,211	\$ 50,653	\$ 39,707	\$ 3,837,741	\$ 16,166,215
132,479	125,881	26,093	44,220	37,924	3,201,001	13,716,452
29,756	16,899	1,118	6,433	1,783	636,740	2,449,763
\$ 141,850	\$ 122,961	\$ 30,487	\$ 52,606	\$ 58,017	\$ 3,623,091	\$ 6,403,966
116,490	114,161	28,991	46,059	56,434	3,032,372	5,466,873
25,360	8,800	1,496	6,547	1,583	590,719	937,093

SERVICE RETIREES — ERS 2008

As of March 31, 2008 — By age and years of service, number, average final average salary (Avg FAS) and average option 0 plus COLA (Avg Pen).

Nearest Age	Under 55			55 - 64			65 - 74			75 - 84			85 & over		
Years of 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
State															
Under 10	0	0	0	731	33,787	3,466	966	31,599	3,753	681	21,901	3,243	1,116	12,829	2,514
10-14	0	0	0	4,700	26,974	4,632	5,389	29,997	5,957	4,902	26,072	6,187	2,531	16,606	5,184
15-19	0	0	0	2,747	35,591	8,637	4,520	35,701	10,140	4,039	28,686	9,797	2,205	18,049	7,721
20-24	0	0	0	3,365	45,816	17,836	6,848	41,954	18,682	5,962	33,046	17,002	2,524	20,543	13,230
25-29	825	68,317	33,987	4,511	53,835	27,186	7,271	45,495	25,735	4,583	35,663	22,751	1,582	22,401	18,091
30-34	44	69,621	42,366	6,755	57,375	36,447	7,015	49,108	32,836	3,353	39,308	29,234	1,193	24,655	23,819
35 & Over	8	73,862	50,432	12,057	59,394	44,488	7,575	54,955	43,034	3,513	47,481	40,208	1,314	32,180	33,088
Total	877	68,433	34,557	34,866	50,191	29,062	39,584	43,766	24,074	27,033	33,945	19,125	12,465	20,468	13,386
Counties															
Under 10	0	0	0	705	31,153	3,100	906	30,167	3,658	417	19,529	2,969	813	11,361	2,242
10-14	0	0	0	2,612	27,047	4,552	3,533	28,067	5,570	3,250	22,315	5,273	1,567	14,633	4,555
15-19	0	0	0	1,617	34,452	8,185	2,832	33,170	9,358	2,842	25,572	8,734	1,387	16,946	7,158
20-24	174	59,475	30,797	1,906	43,202	17,337	3,647	37,596	16,806	3,060	29,783	14,926	1,154	20,540	12,176
25-29	214	70,490	36,697	1,809	50,266	25,411	3,053	42,233	23,611	2,033	32,888	20,603	643	21,554	16,475
30-34	21	70,499	42,520	2,525	53,517	33,819	2,227	46,394	30,843	1,064	35,885	26,168	326	23,396	21,056
35 & Over	0	0	0	3,480	59,121	43,807	2,057	54,116	42,471	864	42,081	35,501	271	28,133	27,941
Total	409	65,805	34,486	14,654	45,207	23,486	18,255	38,407	18,566	13,530	28,521	13,989	6,161	17,608	9,409
Cities															
Under 10	0	0	0	119	28,794	2,768	151	24,190	2,848	91	16,055	2,401	161	9,736	1,895
10-14	0	0	0	497	23,446	4,006	567	25,210	5,149	563	19,851	4,663	290	12,922	3,961
15-19	0	0	0	300	30,988	7,499	437	29,403	8,295	511	22,185	7,729	266	13,880	6,077
20-24	0	0	0	297	38,319	14,232	527	34,750	15,400	546	24,768	12,524	242	16,088	9,897
25-29	0	0	0	259	43,425	21,333	532	36,575	20,911	495	26,138	17,090	204	17,584	14,149
30-34	0	0	0	416	47,872	30,331	516	40,709	27,396	348	29,305	22,144	120	17,382	16,917
35 & Over	0	0	0	765	51,901	38,526	502	42,786	33,767	298	33,639	29,166	112	21,746	23,053
Total	0	0	0	2,653	40,189	21,264	3,232	34,360	17,730	2,852	24,775	13,495	1,395	15,060	9,293
Towns															
Under 10	0	0	0	247	25,116	2,613	430	25,792	3,114	200	16,970	2,320	180	10,615	2,051
10-14	0	0	0	580	26,801	4,546	1,125	25,797	5,122	1,049	22,080	5,112	453	14,896	4,358
15-19	0	0	0	454	32,072	7,659	916	31,773	8,938	846	24,638	8,188	344	17,668	7,039
20-24	0	0	0	411	41,110	15,554	1,088	36,565	16,098	992	29,205	14,566	373	18,985	11,179
25-29	2	57,593	30,322	353	45,502	22,243	913	40,285	22,532	633	31,323	19,217	225	19,295	13,889
30-34	0	0	0	540	52,361	33,167	773	44,400	29,479	412	33,128	23,844	123	20,277	16,645
35 & Over	0	0	0	1,002	61,461	45,954	665	51,383	39,911	285	38,889	32,126	81	26,162	24,638
Total	2	57,593	30,322	3,587	44,362	23,685	5,910	36,256	17,378	4,417	27,378	13,210	1,779	17,297	9,051
Villages															
Under 10	0	0	0	73	25,550	2,746	123	26,131	3,254	66	17,047	2,329	72	9,439	1,742
10-14	0	0	0	209	25,586	4,210	352	25,597	5,077	327	20,373	4,773	181	12,466	3,796
15-19	0	0	0	140	35,074	8,402	290	30,556	8,716	298	21,956	7,489	143	14,368	6,144
20-24	0	0	0	139	41,195	15,557	320	36,854	16,574	318	26,399	12,912	123	17,331	9,848
25-29	0	0	0	116	47,219	23,217	309	39,354	22,056	234	29,592	18,264	69	18,442	13,800
30-34	0	0	0	192	46,577	29,183	246	42,248	28,219	133	32,047	23,322	31	16,822	14,576
35 & Over	0	0	0	297	58,302	43,455	240	50,473	39,527	127	34,841	29,618	28	27,279	25,303
Total	0	0	0	1,166	42,526	21,974	1,880	35,929	17,693	1,503	25,506	12,767	647	14,961	7,751
Miscellaneous															
Under 10	0	0	0	501	40,893	4,073	609	35,098	4,196	196	25,270	3,455	272	13,377	2,483
10-14	0	0	0	1,437	34,831	5,775	1,869	34,076	6,790	1,428	27,109	6,256	515	15,853	4,874
15-19	0	0	0	1,017	44,300	10,390	1,536	39,383	11,034	1,009	28,527	9,473	452	18,841	7,846
20-24	0	0	0	1,099	52,976	19,605	1,735	45,541	19,797	1,212	33,066	16,338	421	23,264	13,741
25-29	0	0	0	816	59,553	28,646	1,391	50,156	27,795	921	39,887	24,603	342	24,557	18,960
30-34	0	0	0	1,132	66,219	41,409	1,208	57,900	38,372	720	43,941	31,964	218	26,466	24,400
35 & Over	0	0	0	1,902	71,193	52,965	1,357	66,153	51,474	704	51,517	42,746	205	36,671	36,021
Total	0	0	0	7,904	54,754	27,004	9,705	46,785	22,814	6,190	35,083	18,536	2,425	21,361	13,074
Schools															
Under 10	0	0	0	872	19,534	1,984	1,467	18,208	2,220	944	11,019	1,655	1,094	6,894	1,443
10-14	0	0	0	1,918	22,607	3,757	4,465	21,470	4,234	4,462	16,113	3,798	2,209	9,055	2,951
15-19	0	0	0	1,724	26,796	6,293	3,491	26,155	7,396	3,600	17,795	6,150	2,073	10,482	4,703
20-24	0	0	0	1,807	33,430	12,675	4,331	29,946	13,275	4,032	20,081	9,977	1,636	12,508	7,245
25-29	0	0	0	1,182	37,113	18,537	3,277	31,310	17,495	2,690	23,030	14,188	823	14,741	10,596
30-34	0	0	0	966	42,757	27,248	1,803	35,462	23,320	1,198	26,271	18,819	334	17,805	14,668
35 & Over	0	0	0	875	50,221	37,222	959	41,926	32,307	625	30,729	25,571	169	20,500	19,980
Total	0	0	0	9,344	31,690	13,216	19,793	27,804	11,915	17,551	19,370	8,978	8,338	10,947	5,600

SERVICE RETIREES — PFRS 2008

As of March 31, 2008 — By age and years of service, number, average final average salary (Avg FAS) and average option 0 plus COLA (Avg Pen).

Nearest Age	40 – 49			50 – 59			60 – 69			70 & Over		
	Years of Service	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS
State												
Under 10	0	0	0	2	26,624	2,978	5	28,613	3,738	8	19,368	4,144
10-14	0	0	0	8	26,000	4,925	30	19,798	4,112	17	5,984	1,598
15-19	0	0	0	6	39,053	10,509	14	32,297	10,403	19	16,435	6,810
20-24	135	93,333	48,852	312	71,623	38,287	629	39,940	25,649	576	23,168	19,896
25-29	8	103,158	59,650	182	87,805	53,260	292	54,622	35,493	267	33,622	26,802
30-34	0	0	0	117	95,690	63,148	343	71,585	49,890	186	44,861	35,463
35 & Over	0	0	0	16	93,889	67,829	192	83,828	63,270	87	53,466	43,941
Total	143	93,883	49,456	643	80,125	47,000	1,505	55,089	37,239	1,160	30,936	25,194
Counties												
Under 10	0	0	0	1	26,690	3,799	2	61,377	33,273	0	0	0
10-14	0	0	0	10	32,923	7,088	22	29,149	5,968	4	16,943	4,389
15-19	0	0	0	4	53,459	14,871	11	40,576	11,352	7	27,397	10,553
20-24	92	125,967	65,003	301	93,362	49,671	917	63,375	36,890	738	30,599	25,098
25-29	2	132,808	77,568	159	119,432	74,182	301	92,801	58,427	268	54,450	37,564
30-34	0	0	0	249	140,233	96,601	535	119,933	84,537	275	67,186	50,066
35 & Over	0	0	0	55	157,691	117,564	445	134,914	101,485	180	85,589	68,468
Total	94	126,113	65,271	779	117,140	73,684	2,233	94,697	63,648	1,472	48,449	37,210
Cities												
Under 10	0	0	0	0	0	0	6	42,505	8,743	4	16,762	6,657
10-14	0	0	0	32	23,316	4,565	71	19,252	3,857	17	11,050	3,129
15-19	0	0	0	12	34,119	9,847	35	26,574	8,245	19	13,226	5,252
20-24	319	75,509	38,287	1,194	59,465	30,855	1,347	42,013	25,023	1,082	23,497	18,727
25-29	6	86,147	47,539	482	79,455	45,804	587	59,875	36,256	718	30,925	22,545
30-34	0	0	0	309	85,497	56,253	669	70,415	48,065	840	40,974	31,834
35 & Over	0	0	0	62	88,227	64,249	425	86,284	64,375	662	47,177	39,169
Total	325	75,705	38,458	2,091	68,074	38,521	3,140	56,710	36,662	3,342	34,047	26,721
Towns												
Under 10	0	0	0	6	21,401	2,564	19	22,159	2,999	28	9,667	1,490
10-14	0	0	0	13	30,228	5,284	45	22,543	4,845	22	17,733	4,730
15-19	0	0	0	6	33,859	9,253	18	30,052	9,422	13	13,649	5,130
20-24	157	88,910	44,713	355	71,481	36,822	330	50,002	29,146	186	26,756	20,993
25-29	3	82,173	48,028	146	87,284	48,877	89	66,121	38,090	88	38,672	26,848
30-34	0	0	0	78	100,524	67,054	138	85,268	58,009	99	52,552	38,857
35 & Over	0	0	0	9	104,762	77,128	107	99,694	74,056	61	58,660	47,927
Total	160	88,784	44,775	613	77,696	42,858	746	62,729	39,386	497	36,215	26,660
Villages												
Under 10	0	0	0	7	19,259	1,894	24	12,947	1,480	38	8,313	1,159
10-14	0	0	0	14	27,591	5,604	63	20,737	4,457	26	12,453	3,727
15-19	0	0	0	9	27,715	7,566	28	25,942	8,591	14	14,625	6,856
20-24	132	78,628	39,568	336	66,130	33,832	337	48,775	27,945	269	25,521	20,727
25-29	4	134,343	67,172	93	78,462	41,577	108	60,765	34,390	144	31,398	22,539
30-34	0	0	0	40	97,498	60,800	105	84,059	55,388	125	46,277	34,103
35 & Over	0	0	0	16	104,231	75,590	89	101,479	75,118	74	63,767	51,222
Total	136	80,266	40,380	515	69,621	36,962	754	57,296	34,734	690	32,948	24,799
Miscellaneous												
Under 10	0	0	0	2	58,211	6,329	0	0	0	2	34,540	9,732
10-14	0	0	0	4	38,255	7,490	9	18,960	3,738	8	17,546	4,915
15-19	0	0	0	3	55,525	16,523	5	39,316	13,658	1	59,403	31,164
20-24	22	114,815	58,752	227	107,966	56,955	209	86,599	47,458	334	24,226	23,184
25-29	1	49,617	27,417	120	142,798	87,264	88	108,987	66,754	92	38,700	28,521
30-34	0	0	0	62	163,007	110,232	89	137,738	95,536	69	79,666	55,801
35 & Over	0	0	0	10	133,285	99,910	43	129,270	96,509	72	87,527	67,576
Total	23	111,980	57,390	428	125,045	73,192	443	103,554	64,442	578	41,038	33,171

DISABILITY RETIREES — ERS 2008

As of March 31, 2008 — By age and years of service, number, average final average salary (Avg FAS) and average option 0 plus COLA (Avg Pen).

Nearest Age	Under 55			55 – 64			65 – 74			75 – 84			85 & over			
	Years of 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
State																
Under 10	373	26,865	11,644	351	21,799	10,592	214	19,077	9,613	147	16,802	7,271	30	10,604	10,716	
10–14	810	34,514	13,666	1,073	30,098	12,148	727	24,899	10,185	409	17,778	9,170	88	12,408	9,067	
15–19	703	39,832	16,168	1,102	35,027	15,527	781	28,402	13,425	320	20,121	12,717	72	10,993	8,911	
20–24	456	43,642	18,158	915	39,644	18,785	568	30,730	17,846	160	20,520	16,399	31	12,504	11,525	
25–29	145	46,764	23,754	485	41,244	22,036	270	32,973	21,382	89	19,681	17,591	16	12,450	14,600	
30–34	48	47,157	26,640	240	40,899	24,133	89	33,541	24,138	24	23,251	19,154	4	19,224	24,471	
35 & Over	10	52,711	30,992	67	43,785	27,784	9	38,032	30,336	1	31,061	29,341	3	15,740	20,884	
Total	2,545	37,505	15,753	4,233	34,863	16,393	2,658	27,859	14,401	1,150	18,959	11,798	244	11,936	10,296	
Counties																
Under 10	75	31,746	14,099	77	21,747	9,786	52	18,788	8,920	37	15,357	6,759	8	10,144	5,827	
10–14	300	41,057	17,208	370	30,234	10,995	294	24,771	8,813	152	16,401	7,781	31	11,144	6,350	
15–19	274	46,811	20,186	364	35,338	14,633	250	29,122	12,690	105	19,637	11,954	18	11,493	9,654	
20–24	163	51,472	24,066	294	39,297	18,593	124	33,894	21,316	48	22,551	17,508	5	10,053	7,446	
25–29	53	44,174	20,614	152	45,198	24,846	66	31,418	21,592	16	22,724	18,876	2	6,679	9,406	
30–34	20	50,889	28,684	74	47,091	28,487	16	34,024	23,967	1	36,981	32,605	1	15,837	19,055	
35 & Over	2	40,488	24,401	17	47,308	30,029	0	0	0	1	58,756	51,287	0	0	0	
Total	887	44,368	19,604	1,348	35,932	16,328	802	27,882	13,315	360	18,513	10,873	65	10,969	7,574	
Cities																
Under 10	14	22,378	7,889	23	22,332	9,764	17	19,763	9,732	16	17,213	9,934	3	13,855	11,565	
10–14	60	30,074	10,046	81	27,311	9,839	61	20,716	9,028	31	15,167	8,653	11	9,957	5,568	
15–19	41	37,206	12,273	86	33,876	12,134	66	26,445	10,983	34	17,578	10,731	7	8,746	6,641	
20–24	25	36,403	13,680	60	34,896	15,400	48	25,017	14,870	16	21,297	17,164	1	12,236	7,891	
25–29	10	37,741	18,393	57	35,535	18,394	39	29,268	18,275	7	14,159	13,653	4	7,896	10,716	
30–34	3	41,440	22,589	22	38,716	22,021	4	26,610	15,105	8	15,787	14,804	0	0	0	
35 & Over	0	0	0	3	43,810	26,344	1	45,174	36,954	1	22,668	24,801	0	0	0	
Total	153	33,039	11,831	332	32,354	13,858	236	24,741	12,563	113	17,098	11,553	26	9,851	7,430	
Towns																
Under 10	19	28,767	10,443	20	24,287	13,016	14	18,458	9,101	14	16,319	9,884	2	11,197	7,176	
10–14	83	35,085	12,141	81	31,388	12,822	80	25,389	9,479	47	18,292	9,621	5	15,423	9,717	
15–19	87	42,453	14,199	112	37,042	13,900	64	31,264	12,224	27	20,269	11,023	4	11,713	9,767	
20–24	46	47,644	17,892	94	40,413	19,721	52	31,308	20,026	21	24,115	20,667	2	5,952	20,179	
25–29	22	50,287	23,737	56	43,940	23,600	34	34,667	22,417	3	20,740	23,203	2	21,252	23,256	
30–34	10	56,426	32,258	32	47,671	28,844	10	30,809	24,724	2	21,275	18,202	0	0	0	
35 & Over	2	78,615	48,476	6	59,394	40,239	1	30,632	19,826	1	18,435	14,567	0	0	0	
Total	269	41,529	15,636	401	38,200	17,944	255	29,160	14,661	115	19,696	12,546	15	13,385	12,592	
Villages																
Under 10	6	25,334	8,772	5	21,967	12,794	10	15,801	8,529	5	11,727	8,393	1	12,994	18,909	
10–14	25	35,594	12,319	28	23,418	10,351	22	25,591	10,080	14	19,267	8,009	1	6,482	3,041	
15–19	17	44,274	14,494	32	34,602	14,281	29	27,727	11,858	13	19,918	12,554	2	14,571	6,792	
20–24	17	46,989	16,978	23	35,516	16,817	21	27,797	17,792	12	20,099	16,103	0	0	0	
25–29	7	58,101	25,182	16	40,331	19,417	16	29,737	18,224	3	30,106	28,613	1	41,924	35,130	
30–34	4	52,457	27,348	12	58,355	34,332	8	29,656	22,154	4	28,223	26,686	0	0	0	
35 & Over	1	90,585	54,200	0	0	0	0	0	0	0	0	0	0	0	0	
Total	77	42,863	16,045	116	34,787	16,554	106	26,621	14,089	51	20,230	13,787	5	18,108	14,133	
Miscellaneous																
Under 10	45	31,100	10,790	32	23,212	10,190	27	20,806	8,324	23	20,851	8,889	3	15,996	8,490	
10–14	136	39,633	13,361	188	35,905	11,392	120	28,836	10,179	51	18,368	8,410	12	11,630	6,631	
15–19	116	42,943	14,289	199	39,555	13,838	91	33,669	13,020	31	22,208	13,687	4	12,746	9,450	
20–24	67	49,572	17,737	109	46,435	18,092	46	31,635	15,824	21	25,347	18,879	2	10,646	8,294	
25–29	30	49,911	21,803	61	46,806	23,875	26	35,923	24,386	8	24,330	21,462	3	13,875	22,252	
30–34	11	58,072	31,124	21	57,052	33,680	12	42,255	28,995	6	36,983	28,448	0	0	0	
35 & Over	2	55,280	32,738	6	46,356	33,054	1	28,043	19,716	1	37,830	33,099	0	0	0	
Total	407	42,602	15,259	616	40,190	15,512	323	30,992	13,501	141	21,925	12,976	24	12,560	9,424	
Schools																
Under 10	28	23,764	8,619	49	18,939	7,416	62	16,087	6,241	49	13,604	5,723	10	8,424	9,168	
10–14	173	29,578	9,800	321	24,988	7,991	302	22,485	7,082	142	13,494	5,635	36	6,066	4,114	
15–19	86	32,603	10,605	287	30,076	10,283	201	25,853	9,544	88	14,015	7,172	32	8,966	7,332	
20–24	54	38,317	14,001	127	31,579	12,906	111	25,342	12,310	37	17,332	12,257	9	10,800	8,624	
25–29	25	41,382	18,082	66	34,582	16,622	48	26,905	16,507	15	25,324	20,175	3	10,921	14,696	
30–34	6	50,541	25,555	32	42,557	23,354	6	39,725	23,772	4	20,076	19,442	2	8,823	10,928	
35 & Over	1	40,350	23,464	5	48,678	29,298	1	22,658	17,114	0	0	0	0	0	0	
Total	373	32,261	11,351	887	28,725	10,721	731	23,734	9,251	335	14,679	7,599	92	8,012	6,717	

DISABILITY RETIREES — PFRS 2008

As of March 31, 2008 — By age and years of service, number, average final average salary (Avg FAS) and average option 0 plus COLA (Avg Pen).

Nearest Age	Under 40			40 - 49			50 - 59			60 - 69			70 & Over			
	Years of 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
State																
Under 10	13	57,760	33,127	37	41,804	23,796	35	27,027	17,726	25	16,970	16,875	5	7,647	21,601	
10-14	1	82,506	41,253	28	59,298	32,715	34	37,736	22,919	51	20,694	19,090	21	12,605	20,495	
15-19	0	0	0	36	74,669	43,778	40	48,810	28,098	87	28,886	22,520	55	17,086	20,464	
20-24	0	0	0	10	86,741	63,620	20	62,689	36,323	84	41,784	31,439	39	25,190	24,907	
25-29	0	0	0	0	0	0	19	87,520	58,958	39	53,159	37,252	12	34,123	28,868	
30-34	0	0	0	0	0	0	4	104,436	74,655	12	63,090	46,822	11	44,907	37,724	
35 & Over	0	0	0	0	0	0	0	0	0	10	86,520	65,394	5	60,096	49,416	
Total	14	59,528	33,708	111	60,924	36,114	152	49,446	30,716	308	36,357	28,130	148	23,169	24,620	
Counties																
Under 10	11	93,698	63,859	20	56,401	33,106	20	40,190	30,451	28	22,434	30,542	7	13,234	25,580	
10-14	10	104,668	78,557	63	89,067	58,843	66	45,818	34,886	108	33,905	31,169	14	17,979	23,850	
15-19	3	122,281	81,687	53	100,955	69,979	90	62,995	47,451	217	47,863	39,986	30	22,955	29,496	
20-24	0	0	0	28	111,439	77,617	73	86,813	63,986	270	62,495	49,683	45	43,881	40,064	
25-29	0	0	0	2	107,410	80,669	29	110,703	79,727	60	75,431	56,805	38	54,279	46,109	
30-34	0	0	0	0	0	0	11	122,028	89,142	22	115,282	82,290	21	70,138	56,804	
35 & Over	0	0	0	0	0	0	0	0	0	15	123,020	92,879	8	71,861	59,048	
Total	24	101,841	72,211	166	92,921	62,727	289	70,545	52,407	720	56,191	45,728	163	43,669	40,602	
Cities																
Under 10	13	53,985	36,426	53	47,024	28,977	39	31,972	21,720	21	16,948	20,732	6	4,622	18,226	
10-14	13	62,181	39,893	93	56,202	34,223	115	36,305	23,642	81	23,724	21,065	24	12,606	18,652	
15-19	2	65,614	49,210	93	64,382	41,069	153	45,310	30,139	115	32,257	25,797	55	18,600	17,916	
20-24	0	0	0	32	67,656	42,662	156	55,214	35,963	210	41,964	32,241	83	26,150	25,543	
25-29	0	0	0	2	62,389	38,722	68	69,826	46,888	110	50,932	36,855	105	30,294	26,107	
30-34	0	0	0	0	0	0	25	70,785	49,403	49	59,922	40,156	90	38,033	31,468	
35 & Over	0	0	0	0	0	0	3	72,082	49,429	11	72,954	50,400	26	47,277	38,642	
Total	28	58,621	38,949	273	58,595	36,559	559	49,556	32,843	597	40,437	30,906	389	29,195	26,325	
Towns																
Under 10	5	40,697	27,376	19	43,289	25,636	18	37,311	23,042	6	19,507	20,000	1	8,006	16,924	
10-14	5	92,133	66,115	35	60,758	37,294	40	39,601	25,701	41	27,550	21,923	5	12,154	22,535	
15-19	0	0	0	30	77,234	50,462	33	51,175	34,533	52	36,983	30,107	14	15,813	20,593	
20-24	0	0	0	12	84,361	60,153	61	66,445	44,133	53	51,578	38,981	14	33,020	30,003	
25-29	0	0	0	0	0	0	23	76,939	52,710	14	67,970	49,727	4	49,883	43,293	
30-34	0	0	0	0	0	0	3	68,399	45,195	9	88,280	59,414	6	44,994	40,165	
35 & Over	0	0	0	0	0	0	0	0	0	2	125,656	94,242	1	81,111	62,147	
Total	10	66,415	46,746	96	65,399	41,959	178	56,024	37,205	177	44,637	34,292	45	28,956	29,206	
Villages																
Under 10	7	55,627	36,005	20	47,427	27,462	29	30,520	21,712	14	17,409	21,333	1	9,571	13,117	
10-14	5	71,701	49,842	36	73,739	48,111	34	42,126	27,877	33	27,612	21,547	7	17,747	20,729	
15-19	1	83,519	62,639	41	79,196	51,786	45	56,234	35,655	54	40,133	31,726	15	21,429	23,407	
20-24	0	0	0	17	75,938	51,082	38	70,467	47,575	39	50,292	36,447	22	31,478	28,674	
25-29	0	0	0	1	90,616	45,308	16	73,318	48,793	11	70,583	50,367	11	34,542	26,917	
30-34	0	0	0	0	0	0	1	85,819	64,364	4	81,729	62,743	9	50,694	40,395	
35 & Over	0	0	0	0	0	0	0	0	0	2	85,971	54,200	4	54,545	45,843	
Total	13	63,955	43,376	115	71,580	46,245	163	53,893	35,796	157	41,776	32,215	69	31,915	28,742	
Miscellaneous																
Under 10	5	80,515	57,745	15	62,910	37,826	16	46,078	29,750	6	28,608	26,161	0	0	0	
10-14	6	107,828	80,871	21	92,833	61,621	29	61,318	37,749	13	41,429	27,195	1	32,219	15,009	
15-19	0	0	0	5	119,845	89,991	38	74,516	50,577	33	51,833	39,151	10	22,111	21,227	
20-24	0	0	0	9	134,691	89,589	48	92,940	63,467	26	79,403	58,743	4	28,093	28,707	
25-29	0	0	0	0	0	0	20	131,277	95,973	9	96,254	70,558	5	59,867	41,456	
30-34	0	0	0	0	0	0	3	132,083	99,146	3	128,873	91,436	3	101,660	79,680	
35 & Over	0	0	0	0	0	0	0	0	0	0	0	0	3	87,876	70,985	
Total	11	95,413	70,359	50	94,092	62,354	154	83,312	56,857	90	63,757	47,101	26	47,448	38,515	

NEW OPTION SELECTIONS 2008

The \$ Amount column represents payments after the option selection.

Options	2004		2005		2006		2007		2008	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
ERS Females										
Single Life Allowance*	8,243	149,496,797	5,247	81,636,306	6,127	100,520,151	5,864	102,317,059	5,964	118,346,336
Cash Refund	420	8,894,146	241	4,693,912	285	4,857,133	239	3,991,555	190	5,129,706
Joint Allowance – Full	641	8,048,890	491	4,764,930	597	6,435,361	586	6,693,402	488	6,365,435
Joint Allowance – Half	143	3,004,288	101	1,812,815	110	2,274,697	119	2,581,317	109	2,636,357
Five Year Certain	222	4,557,326	122	2,024,282	159	3,083,804	141	2,310,622	158	3,525,255
Ten Year Certain	462	7,596,080	301	4,246,617	313	4,491,506	320	4,737,306	310	5,606,643
Pop-Up – Full	1,006	15,502,992	774	10,668,170	923	13,574,002	891	13,379,759	959	17,243,940
Pop-Up – Half	911	20,663,873	549	11,210,370	645	13,869,323	629	14,338,482	647	17,161,986
Other (Option 4)	319	7,655,101	221	4,698,885	278	6,025,680	322	7,848,459	378	9,125,777
Total	12,367	225,419,493	8,047	125,756,287	9,437	155,131,657	9,111	158,197,965	9,203	185,141,439
ERS Males										
Single Life Allowance*	4,000	111,058,334	2,368	53,450,027	2,625	63,450,940	2,590	61,660,389	2,729	76,452,207
Cash Refund	306	10,077,292	152	4,060,743	164	4,246,547	120	3,337,509	89	2,637,239
Joint Allowance – Full	2,225	59,373,089	1,438	29,008,270	1,675	36,636,109	1,714	39,625,966	1,747	48,379,335
Joint Allowance – Half	570	22,133,780	276	9,283,088	300	9,492,506	260	8,705,376	285	11,052,440
Five Year Certain	98	2,872,636	46	1,085,860	64	1,291,652	69	1,621,189	74	1,998,467
Ten Year Certain	345	9,282,052	204	3,742,888	216	5,351,743	239	5,313,750	210	5,349,517
Pop-Up – Full	1,897	49,956,113	1,165	25,286,952	1,312	31,381,092	1,399	34,099,516	1,649	45,693,790
Pop-Up – Half	1,236	44,375,187	527	17,164,397	605	20,716,621	570	19,984,133	649	25,701,013
Other (Option 4)	606	23,024,243	342	11,256,158	454	16,581,404	487	15,261,361	590	23,803,742
Total	11,283	332,152,726	6,518	154,338,380	7,415	189,148,614	7,448	189,609,195	8,022	241,067,755
PFRS Females										
Single Life Allowance*	25	1,291,734	33	1,413,658	49	2,370,164	38	1,946,275	51	2,802,664
Cash Refund	0	0	1	42,100	0	0	0	0	0	0
Joint Allowance – Full	3	93,926	4	139,093	2	71,119	5	264,852	3	136,946
Joint Allowance – Half	0	0	1	40,776	1	38,129	0	0	3	112,741
Five Year Certain	1	45,711	0	0	0	0	0	0	1	42,848
Ten Year Certain	4	196,304	1	36,215	3	112,107	11	702,482	6	387,521
Pop-Up – Full	5	203,594	9	393,649	13	611,518	15	806,456	8	410,995
Pop-Up – Half	3	122,261	3	119,647	11	546,366	9	349,816	5	333,212
Other (Option 4)	3	199,565	0	0	1	44,363	2	166,534	3	192,078
Total	44	2,153,095	52	2,185,138	80	3,793,766	80	4,236,416	80	4,419,007
PFRS Males										
Single Life Allowance*	340	17,659,393	467	24,401,509	375	20,229,044	319	18,147,428	295	17,010,732
Cash Refund	36	2,140,713	31	1,727,413	14	794,591	11	636,736	6	596,715
Joint Allowance – Full	157	7,122,604	220	10,391,581	195	9,435,344	159	7,663,839	149	8,066,867
Joint Allowance – Half	68	4,258,224	62	3,945,060	54	3,566,583	35	2,321,650	37	2,783,481
Five Year Certain	2	41,229	4	254,391	11	794,403	4	183,555	5	285,106
Ten Year Certain	35	1,649,243	44	2,490,755	43	2,485,652	22	1,271,061	32	2,182,349
Pop-Up – Full	179	8,624,795	227	10,233,926	229	10,657,635	217	9,834,709	189	8,891,580
Pop-Up – Half	168	10,972,757	209	12,818,275	136	9,004,309	122	7,399,364	96	6,313,488
Other (Option 4)	78	5,759,184	115	8,258,561	105	7,882,923	89	5,856,766	88	6,220,685
Total	1,063	58,228,142	1,379	74,521,471	1,162	64,850,484	978	53,315,110	897	52,351,006

*Includes Option 0 and 1/2.

OPTION SELECTION — TOTAL PAYMENTS 2008

The \$ Amount column represents payments after the option selection.

Options	2004		2005		2006		2007		2008	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
ERS Females										
Single Life Allowance*	109,422	1,150,128,802	111,208	1,209,514,511	113,896	1,287,314,770	116,359	1,366,477,072	118,702	1,458,630,907
Cash Refund	13,462	104,808,828	12,862	105,543,520	12,328	106,061,585	11,799	105,849,175	11,233	106,845,568
Joint Allowance – Full	5,168	39,392,798	5,433	42,506,428	5,824	47,487,945	6,194	52,462,664	6,485	57,467,900
Joint Allowance – Half	2,525	27,958,816	2,519	28,970,918	2,529	30,332,912	2,544	32,140,256	2,529	33,838,436
Five Year Certain	4,121	42,440,866	4,095	43,268,104	4,139	45,572,419	4,130	46,820,065	4,145	49,302,699
Ten Year Certain	5,741	50,259,750	5,855	53,324,494	5,983	56,532,545	6,094	59,844,239	6,211	63,919,023
Pop-Up – Full	5,906	63,994,049	6,571	73,926,385	7,369	86,845,612	8,135	99,271,557	8,952	115,433,815
Pop-Up – Half	7,660	110,073,323	8,072	120,040,088	8,560	132,637,310	9,022	145,279,269	9,500	160,985,966
Other (Option 4)	1,108	16,594,148	1,299	21,046,670	1,551	26,800,459	1,843	34,353,728	2,178	43,018,662
Total	155,113	1,605,651,380	157,914	1,698,141,118	162,179	1,819,585,557	166,120	1,942,498,030	169,935	2,089,442,976
ERS Males										
Single Life Allowance*	50,692	907,947,398	51,081	941,586,810	51,726	984,558,164	52,433	1,025,470,309	53,261	1,080,255,794
Cash Refund	8,868	128,481,686	8,345	126,777,793	7,861	124,944,940	7,446	123,366,960	7,010	120,976,748
Joint Allowance – Full	21,751	371,768,536	22,225	389,414,355	22,944	414,365,423	23,709	441,987,740	24,445	476,994,615
Joint Allowance – Half	10,614	239,819,822	10,358	241,988,502	10,147	244,245,794	9,915	245,585,927	9,695	248,706,015
Five Year Certain	2,254	37,952,604	2,177	37,662,497	2,142	37,959,476	2,116	38,419,966	2,078	39,004,652
Ten Year Certain	4,504	68,063,497	4,483	69,454,942	4,470	72,482,210	4,495	75,653,931	4,490	78,566,298
Pop-Up – Full	10,423	192,863,128	11,328	215,299,672	12,363	243,669,655	13,507	274,914,771	14,836	316,493,717
Pop-Up – Half	9,517	240,742,988	9,818	254,477,336	10,184	271,055,808	10,486	287,086,053	10,867	308,589,951
Other (Option 4)	2,405	66,175,228	2,696	76,667,052	3,079	92,171,848	3,489	106,450,494	3,981	128,321,850
Total	121,028	2,253,814,887	122,511	2,353,328,959	124,916	2,485,453,318	127,596	2,618,936,155	130,663	2,797,909,640
PFRS Females										
Single Life Allowance*	254	8,089,776	284	9,463,139	329	11,731,461	365	13,669,830	417	16,561,340
Cash Refund	5	140,064	6	182,164	6	182,164	5	171,250	5	171,250
Joint Allowance – Full	12	345,634	16	484,727	17	518,377	22	787,733	24	872,771
Joint Allowance – Half	4	117,693	5	158,469	6	196,598	6	197,296	9	310,139
Five Year Certain	7	171,412	7	171,412	7	171,412	7	171,412	8	214,260
Ten Year Certain	25	785,192	26	821,407	29	934,395	40	1,639,307	46	2,026,829
Pop-Up – Full	25	896,179	34	1,290,977	47	1,904,665	62	2,732,578	70	3,144,358
Pop-Up – Half	16	595,149	19	718,092	30	1,258,388	39	1,610,867	45	2,024,834
Other (Option 4)	3	199,565	3	200,193	4	244,556	6	411,090	9	603,168
Total	351	11,340,664	400	13,490,580	475	17,142,016	552	21,391,365	633	25,928,949
PFRS Males										
Single Life Allowance*	15,195	401,359,170	15,304	420,485,132	15,282	434,522,645	15,239	446,579,958	15,165	457,465,829
Cash Refund	2,059	57,736,722	2,024	58,238,028	1,988	58,055,303	1,950	57,708,676	1,895	57,109,254
Joint Allowance – Full	1,695	53,764,144	1,873	63,187,682	2,021	71,067,388	2,141	77,876,210	2,261	85,342,889
Joint Allowance – Half	1,315	47,079,067	1,336	50,253,762	1,357	53,126,026	1,345	54,358,973	1,346	56,170,373
Five Year Certain	405	11,969,026	401	11,960,544	403	12,497,527	396	12,343,089	390	12,378,454
Ten Year Certain	1,374	39,107,855	1,390	40,838,034	1,413	42,853,814	1,412	43,579,306	1,418	45,200,765
Pop-Up – Full	1,175	39,254,067	1,390	49,236,437	1,598	59,211,288	1,801	69,058,966	1,976	77,545,484
Pop-Up – Half	1,541	68,595,031	1,729	80,856,780	1,845	89,560,050	1,946	96,338,817	2,013	101,783,001
Other (Option 4)	332	21,944,909	440	29,949,741	542	37,784,097	625	43,439,577	708	49,392,734
Total	25,091	740,809,991	25,887	805,006,140	26,449	858,678,138	26,855	901,283,575	27,172	942,388,784

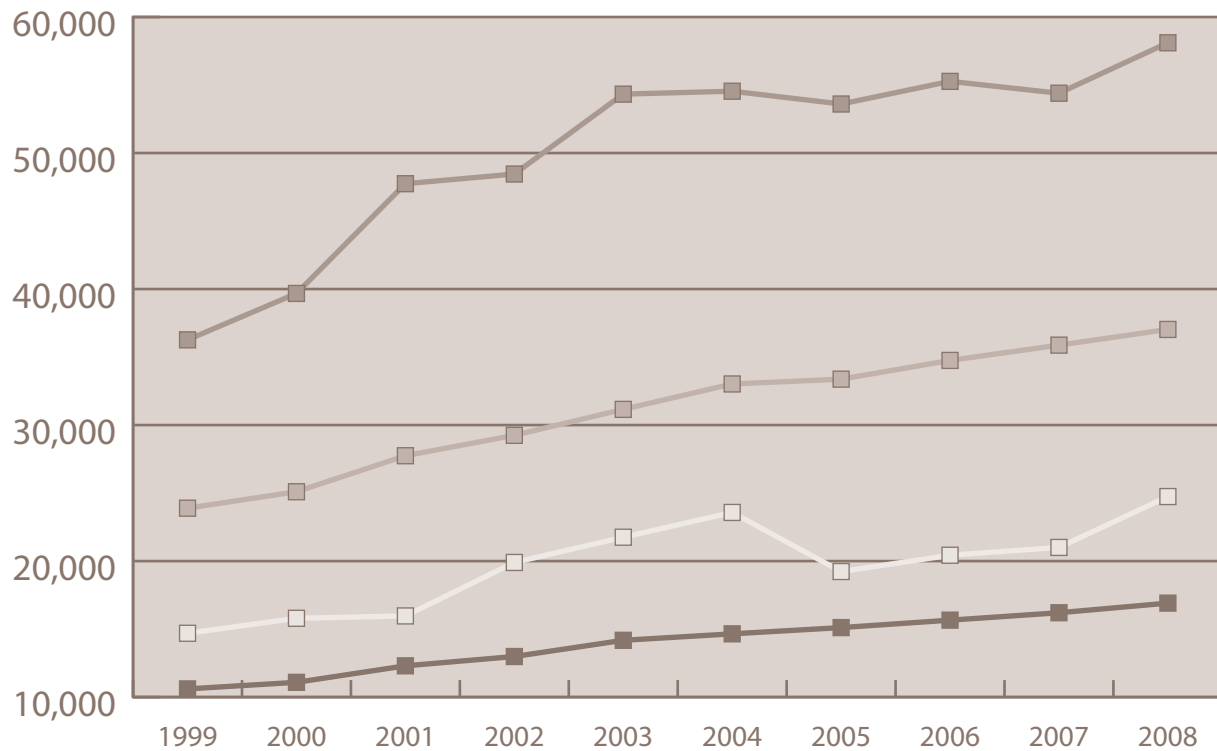
*Includes Option 0 and 1/2.

AVERAGE PENSION BENEFITS PAID DURING YEAR SHOWN 2008

Average benefit payments to all retirees and beneficiaries receiving benefits during the year compared with average benefit payments to new retirees during the year. The benefit consists of actual payments (after option selection), plus COLA.

Year	All Retirees & Beneficiaries	New Retirees
ERS		
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
2004	14,651	23,576
2005	15,110	19,231
2006	15,657	20,430
2007	16,202	21,004
2008	16,909	24,744

Year	All Retirees & Beneficiaries	New Retirees
PFRS		
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
2004	33,022	54,545
2005	33,375	53,604
2006	34,753	55,269
2007	35,877	54,397
2008	37,030	58,106



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AVERAGE BENEFIT PAY TYPES 2008

New Benefits: ERS

These tables show the average unmodified retirement allowance awarded to Employees' Retirement System members retiring during the fiscal year ending March 31, 2008. 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 (FAS) of the grouping.

New Service Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	16	\$ 977	6
5 – 9	1,056	3,538	11
10 – 14	2,276	6,108	18
15 – 19	1,827	10,213	26
20 – 24	2,725	19,474	41
25 – 29	2,604	29,437	51
30 – 34	2,163	38,110	63
35 – 39	2,865	49,023	74
40 & Over	895	57,105	80
Total	16,427	\$ 26,787	46

New Accidental Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	1	\$ 36,116	75
5 – 9	0	0	0
10 – 14	1	42,993	75
15 – 19	1	37,436	75
20 – 24	5	30,872	58
25 – 29	1	19,860	38
30 – 34	3	47,359	75
35 – 39	3	53,102	75
40 & Over	0	0	0
Total	15	\$ 39,476	67

New Ordinary Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	8	\$ 9,200	33
5 – 9	11	8,610	31
10 – 14	138	12,365	30
15 – 19	246	14,126	32
20 – 24	168	16,708	35
25 – 29	115	20,102	43
30 – 34	42	28,838	54
35 – 39	15	45,275	61
40 & Over	1	28,953	76
Total	744	\$ 16,650	36

New Performance of Duty Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$ 0	0
5 – 9	1	35,653	75
10 – 14	6	45,256	70
15 – 19	18	47,734	69
20 – 24	6	56,616	74
25 – 29	8	52,475	74
30 – 34	0	0	0
35 – 39	0	0	0
40 & Over	0	0	0
Total	39	\$ 49,382	71

New Benefits: PFRS

These tables show the average unmodified retirement allowance awarded to Police and Fire Retirement System members retiring during the fiscal year ending March 31, 2008. 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 (FAS) of the grouping.

New Service Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$ 0	0
5 – 9	7	5,979	16
10 – 14	18	5,209	20
15 – 19	11	11,780	30
20 – 24	343	49,365	51
25 – 29	165	63,710	58
30 – 34	160	74,530	65
35 – 39	112	91,405	74
40 & Over	18	105,506	80
Total	834	\$ 62,075	58

New Accidental Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	1	\$ 19,552	50
5 – 9	4	66,481	75
10 – 14	12	70,262	73
15 – 19	30	67,702	74
20 – 24	21	78,800	75
25 – 29	8	86,835	75
30 – 34	5	64,136	73
35 – 39	2	74,021	75
40 & Over	0	0	0
Total	83	\$ 72,023	74

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	2	21,082	33
15 – 19	3	38,394	44
20 – 24	0	0	0
25 – 29	0	0	0
30 – 34	0	0	0
35 – 39	0	0	0
40 & Over	0	0	0
Total	5	\$ 31,469	40

New Performance of Duty Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$ 0	0
5 – 9	3	36,324	50
10 – 14	8	39,507	50
15 – 19	18	37,545	50
20 – 24	19	46,762	50
25 – 29	5	43,319	50
30 – 34	2	45,247	50
35 – 39	0	0	0
40 & Over	0	0	0
Total	55	\$ 41,752	50

NEW BENEFITS — 2008

SERVICE RETIREMENTS BY AGE AND SERVICE

During the fiscal year ending March 31, 2008, the number of members retiring, their average Single Life Allowance, and the average allowance as a percentage of the average final average salary (FAS).

Years of Service	Age at Retirement											
	50 – 59			60 – 64			65 – 69			70 & Over		
	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%
ERS												
Under 5	2	\$ 1,314	6	6	\$ 658	5	3	\$ 1,411	5	5	\$ 981	9
5 – 9	370	3,194	9	336	3,649	12	230	3,939	12	120	3,520	12
10 – 14	1,121	4,804	16	604	7,362	19	389	7,451	20	162	7,231	20
15 – 19	737	7,843	23	534	11,740	27	387	12,029	28	169	11,569	28
20 – 24	786	16,915	36	1,085	19,873	42	627	21,083	43	227	21,987	43
25 – 29	1,042	30,426	48	978	28,467	52	429	29,774	53	155	27,982	54
30 – 34	1,292	38,658	63	590	38,279	63	198	36,110	63	83	33,136	64
35 – 39	2,040	47,871	74	605	53,505	74	149	49,706	74	71	42,481	74
40 & Over	356	50,387	79	340	59,562	80	124	65,823	82	75	63,436	86
Total	7,746	\$ 28,775	49	5,078	\$ 26,891	46	2,536	\$ 22,545	41	1,067	\$ 21,937	42

Years of Service	Age at Retirement											
	40 – 49*			50 – 54			55 – 59			60 & Over		
	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%
PFRS												
Under 5	0	\$ 0	0	0	\$ 0	0	0	\$ 0	0	0	\$ 0	0
5 – 9	0	0	0	0	0	0	3	3,198	13	4	8,066	18
10 – 14	0	0	0	0	0	0	17	4,694	19	1	13,966	34
15 – 19	0	0	0	0	0	0	11	11,780	30	0	0	0
20 – 24	247	48,501	51	72	51,668	52	24	51,343	52	0	0	0
25 – 29	18	54,377	55	82	64,733	59	59	66,621	58	6	49,112	60
30 – 34	0	0	0	19	75,810	64	116	75,617	65	25	68,514	64
35 – 39	0	0	0	0	0	0	53	88,497	73	59	94,018	75
40 & Over	0	0	0	0	0	0	0	0	0	18	105,506	80
Total	265	\$ 48,900	51	173	\$ 60,512	56	283	\$ 66,586	59	113	\$ 84,070	70

*Does not include any retirees less than age 40.

NEW BENEFITS — 2008

ORDINARY AND ACCIDENTAL DEATH

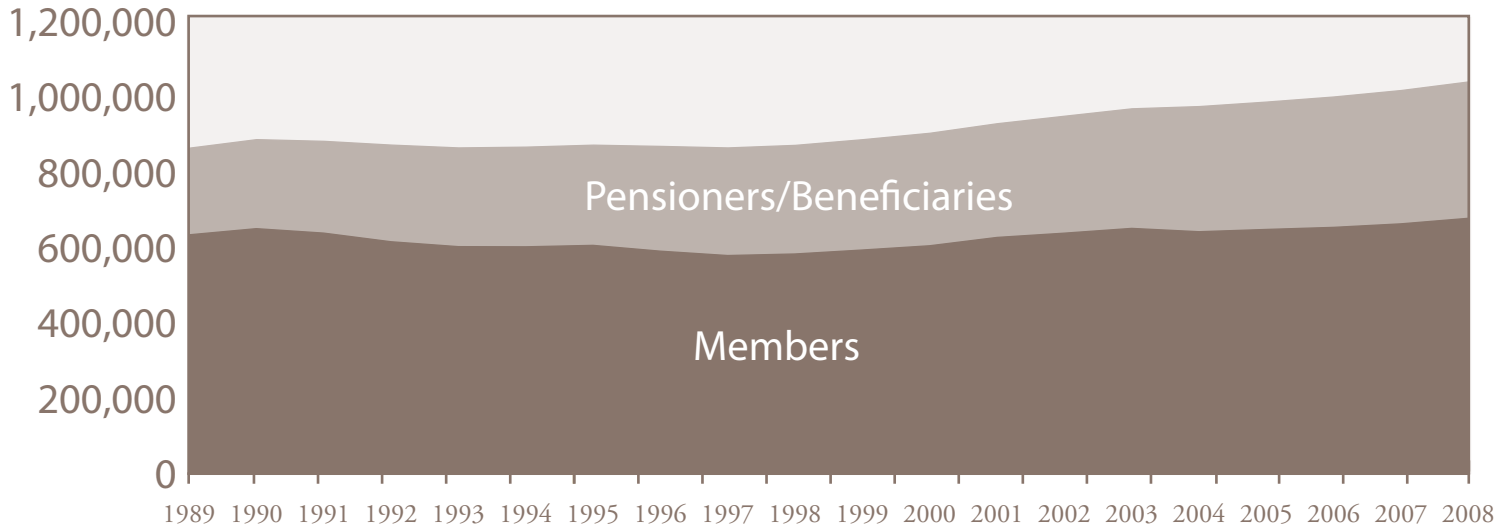
During fiscal year ending March 31, 2008, the Employees' Retirement System approved four accidental death benefits, each of which averaged \$21,539 per year. In the Police and Fire Retirement System, five accidental death benefits were approved, averaging \$39,724 per year.

Ordinary Death Benefits

Years of Service	Number Paid	Average Benefit	Percentage of Salary
ERS			
Under 5	138	\$ 59,852	189.0
5 – 9	193	113,849	283.5
10 – 14	197	87,236	221.2
15 – 19	172	119,769	263.0
20 – 24	139	146,197	281.9
25 – 29	83	159,825	288.8
30 – 34	41	231,195	375.4
35 – 39	29	418,420	606.6
40 & Over	3	403,653	698.5
Total	995	\$ 125,054	269.2

Years of Service	Number Paid	Average Benefit	Percentage of Salary
PFRS			
Under 5	0	\$ 0	0.0
5 – 9	2	366,500	253.7
10 – 14	5	143,600	210.7
15 – 19	2	349,500	284.2
20 – 24	4	768,442	604.8
25 – 29	4	779,023	742.4
30 – 34	2	943,104	872.2
35 – 39	0	0	0.0
40 & Over	0	0	0.0
Total	19	\$ 538,214	487.5

COMBINED SYSTEM PARTICIPANTS 2008



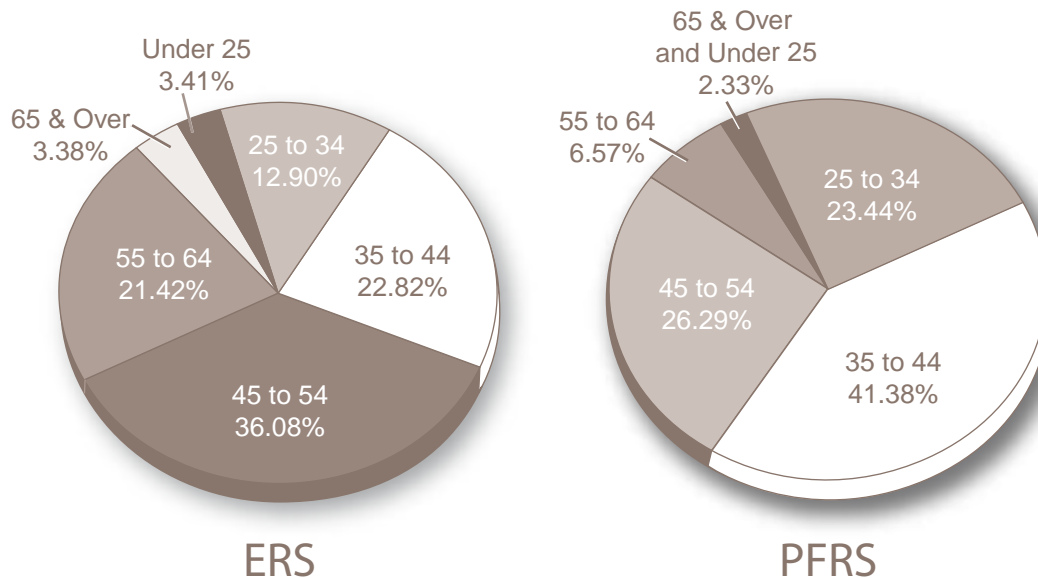
Fiscal Year	Members	% Changed	Pensioners/ Beneficiaries	% Changed	Total Participants	% Changed
1989	633,468	4	226,261	2	859,729	4
1990	649,847	3	232,563	3	882,410	3
1991	638,049	-2	239,835	3	877,884	-1
1992	615,114	-4	252,812	5	867,926	-1
1993	602,133	-2	258,294	2	860,427	-1
1994	601,710	0	260,788	1	862,498	0
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
2004	641,721	-1	328,357	5	970,078	1
2005	647,758	1	334,251	2	982,009	1
2006	653,291	1	342,245	2	995,536	1
2007	662,633	1	350,066	2	1,012,699	2
2008	677,321	2	358,109	2	1,035,430	2

MEMBERSHIP BY AGE AND YEARS OF SERVICE 2008

As of March 31, 2008.

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
ERS												
Total	641,119	100.00	211,626	33.01	121,022	18.88	163,834	25.55	111,792	17.44	32,845	5.12
Under 25	21,837	3.41	21,674	3.38	163	0.03	0	0.00	0	0.00	0	0.00
25-34	82,682	12.90	59,936	9.35	19,540	3.05	3,206	0.50	0	0.00	0	0.00
35-44	146,293	22.82	54,870	8.56	36,462	5.69	45,234	7.06	9,727	1.52	0	0.00
45-54	231,322	36.08	50,523	7.88	41,794	6.52	68,832	10.74	59,336	9.26	10,837	1.69
55-64	137,303	21.42	20,984	3.27	19,683	3.07	39,999	6.24	37,360	5.83	19,277	3.01
65 & Over	21,682	3.38	3,638	0.57	3,380	0.53	6,563	1.02	5,369	0.84	2,731	0.43
PFRS												
Total	36,202	100.00	8,621	23.81	6,043	16.69	11,476	31.70	8,151	22.52	1,911	5.28
Under 25	773	2.14	769	2.12	4	0.01	0	0.00	0	0.00	0	0.00
25-34	8,484	23.44	5,167	14.27	2,693	7.44	624	1.72	0	0.00	0	0.00
35-44	14,982	41.38	2,196	6.07	2,733	7.55	8,417	23.25	1,636	4.52	0	0.00
45-54	9,516	26.29	378	1.04	542	1.50	2,260	6.24	5,860	16.19	476	1.31
55-64	2,379	6.57	98	0.27	65	0.18	168	0.46	653	1.80	1,395	3.85
65 & Over	68	0.19	13	0.04	6	0.02	7	0.02	2	0.01	40	0.11

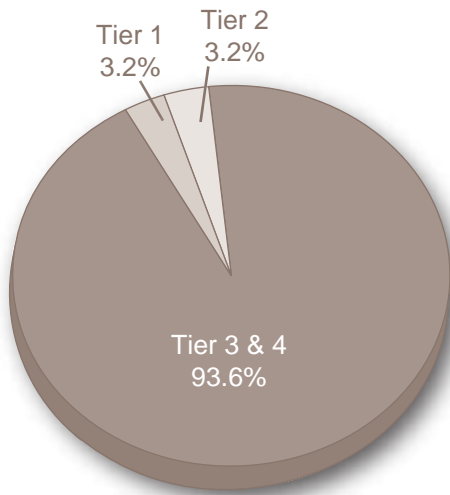
Chart of Distribution by Age



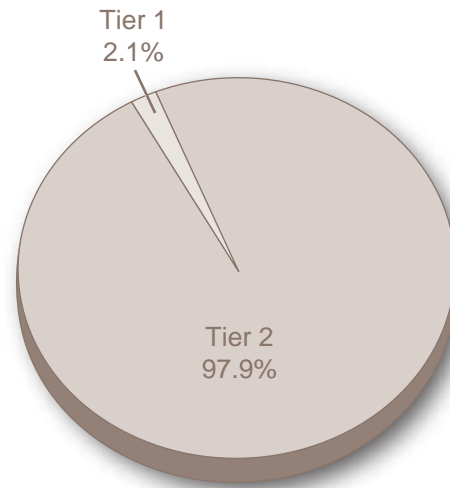
MEMBERSHIP BY TIER 2008

As of March 31, 2008.

	ERS		PFRS		Total	
	Number	Percent	Number	Percent	Number	Percent
Tier 1	20,513	3.2	745	2.1	21,258	3.1
Tier 2	20,315	3.2	35,457	97.9	55,772	8.2
Tier 3 & 4	600,291	93.6	0	0.0	600,291	88.7
Total	641,119	100.0	36,202	100.0	677,321	100.0



ERS



PFRS

MEMBERSHIP BY STATUS 2008

	Active	Inactive	Total
ERS			
1999	486,781	71,455	558,236
2000	494,545	74,824	569,369
2001	507,037	83,922	590,959
2002	512,209	90,219	602,428
2003	502,872	111,683	614,555
2004	507,241	98,914	606,155
2005	508,856	103,554	612,410
2006	513,016	104,973	617,989
2007	519,203	107,720	626,923
2008	528,435	112,684	641,119

	Active	Inactive	Total
PFRS			
1999	32,067	2,885	34,952
2000	31,955	3,155	35,110
2001	32,220	3,386	35,606
2002	32,321	3,147	35,468
2003	32,419	3,569	35,988
2004	32,359	3,207	35,566
2005	32,388	2,960	35,348
2006	32,469	2,833	35,302
2007	32,811	2,899	35,710
2008	33,089	3,113	36,202

NUMBER OF EMPLOYERS 2008

As of March 31, 2008.

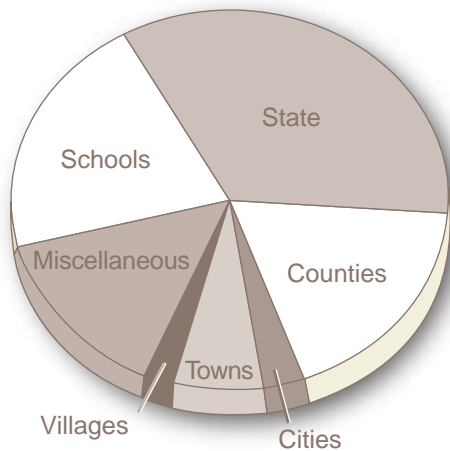
Category	ERS	PFRS
State	1	1
Counties	57	4
Cities	61	61
Towns	909	206
Villages	491	378
Miscellaneous	777	33
Schools	699	0
Total	2,995	683

MEMBERSHIP BY EMPLOYER TYPE* 2008

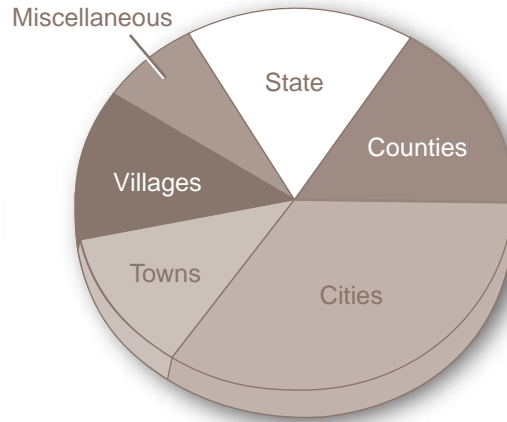
As of March 31, 2008.

	ERS		PFRS		Total	
	Total**	Active	Total**	Active	Total**	Active
State	220,216	187,242	6,223	5,683	226,439	192,925
Counties	117,084	94,322	5,898	5,674	122,982	99,996
Cities	18,992	15,273	12,414	11,488	31,406	26,761
Towns	43,203	35,518	4,364	3,906	47,567	39,424
Villages	13,891	11,059	4,621	3,799	18,512	14,858
Miscellaneous	95,601	75,816	2,682	2,539	98,283	78,355
Schools	132,132	109,205	0	0	132,132	109,205
Total	641,119	528,435	36,202	33,089	677,321	561,524

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



ERS



PFRS

*A detailed listing of employers as of March 31, 2008, is on our website at www.osc.state.ny.us/retire/employers/index.htm.

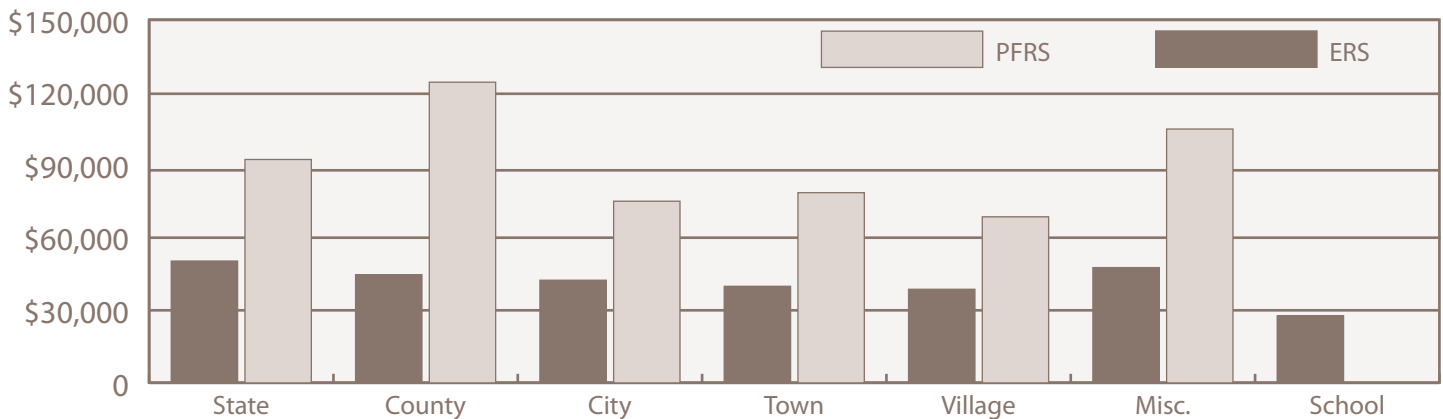
AVERAGE SALARY BY EMPLOYER TYPE 2008

Fiscal year ending March 31, 2008.

	Average Salary	Members*	Total Salaries
ERS			
State	\$ 50,352	187,242	\$ 9,428,082,985
Counties	44,703	94,322	4,216,431,448
Cities	42,430	15,273	648,030,537
Towns	39,916	35,518	1,417,734,241
Villages	38,687	11,059	427,837,810
Miscellaneous	47,643	75,816	3,612,129,644
Schools	27,734	109,205	3,028,664,942
Total	\$ 43,106	528,435	\$ 22,778,911,607
PFRS			
State	\$ 92,324	5,683	\$ 524,676,060
Counties	124,267	5,674	705,089,617
Cities	75,079	11,488	862,509,038
Towns	78,612	3,906	307,058,433
Villages	68,627	3,799	260,713,345
Miscellaneous	104,906	2,539	266,355,184
Total	\$ 88,440	33,089	\$ 2,926,401,677

*Active members receiving salary.

Average Salary by Employer Type



MEMBERS AND SALARIES BY PLAN — ERS 2008

As of March 31, 2008.

	Tier 1	Tier 1 Salaries	Tier 2	Tier 2 Salaries
Age 55/60 Contributory	11	\$ 347,817	15	\$ 457,750
Age 55 75-c	62	2,047,537	92	3,428,445
Age 55 75-e	25	947,542	26	859,588
Age 55 75-g	185	7,998,453	188	8,730,289
Age 55 75-h	7,321	474,682,185	6,980	443,854,436
Age 55 75-l	8,828	469,548,261	8,187	452,562,348
Reg CO/SHTA ¾ Disability	11	1,006,119	6	488,342
Correction Officers 89	175	13,229,422	262	19,508,138
Sheriffs 89-a	9	672,213	1	51,000
Sheriffs 89-b	8	649,757	3	164,394
Sheriffs 89-b(m)	2	121,564	3	171,775
Investigators 89-d	0	0	0	0
Investigators 89-d(m)	5	742,371	2	204,221
Sheriffs – 551	0	20,891	8	620,738
Sheriffs – 551e	0	0	5	325,114
Sheriffs – 552	4	270,004	11	610,968
Sheriffs – 553	17	1,598,156	27	2,366,633
Legislators 80-a	31	2,400,410	5	268,245
Unified Court Peace Officers	0	0	193	16,708,562
25-Yr Correction Officers/Sheriffs/OMH	91	7,989,131	109	9,649,358
25-Yr 1/60th Peace Officers, Amb Med Tech, Paramedics	31	3,224,053	16	1,521,490

	Tier 3 & 4	Tier 3 & 4 Salaries
Article 14 & 15	454,738	\$18,324,422,940
Reg CO/SHTA ¾ Disability	471	31,904,834
Art 14 Correction Officers	22,613	1,306,341,647
Sheriffs – 551	353	20,403,784
Sheriffs – 551e	61	2,939,053
Sheriffs – 552	518	28,311,391
Sheriffs – 553	1,765	125,145,391
Unified Court Peace Officers	5,810	401,374,478
25-Yr Correction Officers/Sheriffs/OMH	8,944	569,279,001
25-Yr 1/60th Peace Officers, Amb Med Tech, Paramedics	158	13,463,012
20-Yr 1/60th Investigators	21	2,643,489
Westchester County Criminal Investigators	28	2,634,865

MEMBERS AND SALARIES BY PLAN — PFRS 2008

As of March 31, 2008.

	Tier 1	Tier 1 Salaries	Tier 2	Tier 2 Salaries
Age 55/60 Contributory	2	\$ 16,437	75	\$ 673,589
Age 55 375-c	5	184,072	312	4,667,810
Age 55 375-e	0	0	55	881,876
Age 55 375-g	1	200,065	94	1,569,004
Age 55 375-h	9	928,771	3	357,449
Age 55 375-l	42	4,538,441	471	13,203,381
Age 55 375-j	1	153,591	6	400,939
State Police 381-b	8	961,683	4,898	465,560,019
Reg Park Police 383-a	7	637,382	326	18,940,216
EnCon Police 383-b	4	364,420	299	22,790,204
Forest Ranger 383-c	0	0	129	14,135,916
25-Yr Contributory	0	0	0	0
25-Yr Non-contributory	3	165,969	79	2,639,309
25-Yr 384(f) Contributory	0	0	0	0
25-Yr 384(f) Non-contributory	7	648,480	120	10,246,484
20-Yr Contributory	0	0	2	75,977
20-Yr Non-contributory	145	14,854,239	10,105	740,691,634
384-e Contributory	0	0	0	0
384-e Non-contributory	395	54,238,395	15,486	1,551,675,925

PENSIONERS AND BENEFICIARIES BY AGE 2008

As of March 31, 2008.

Age	Pensioners & Beneficiaries	Pensioners	Beneficiaries
ERS			
0 – 25	186	0	186
26 – 30	138	0	138
31 – 35	211	12	199
36 – 40	430	118	312
41 – 45	1,143	690	453
46 – 50	2,898	2,183	715
51 – 55	5,221	4,198	1,023
56 – 60	39,970	38,398	1,572
61 – 65	57,622	55,241	2,381
66 – 70	56,193	53,406	2,787
71 – 75	49,512	45,936	3,576
76 – 80	44,530	40,311	4,219
81 – 85	36,757	31,951	4,806
86 – 90	22,451	18,949	3,502
91 – 95	9,249	7,519	1,730
96 – 100	1,980	1,515	465
101+	235	171	64
Total	328,726	300,598	28,128

Age	Pensioners & Beneficiaries	Pensioners	Beneficiaries
PFRS			
0 – 25	17	0	17
26 – 30	5	1	4
31 – 35	29	17	12
36 – 40	152	139	13
41 – 45	660	637	23
46 – 50	1,413	1,362	51
51 – 55	2,450	2,367	83
56 – 60	5,165	5,019	146
61 – 65	6,062	5,886	176
66 – 70	4,711	4,535	176
71 – 75	3,281	3,074	207
76 – 80	2,674	2,452	222
81 – 85	1,795	1,574	221
86 – 90	721	574	147
91 – 95	208	147	61
96 – 100	36	20	16
101+	4	1	3
Total	29,383	27,805	1,578

PENSIONERS AND BENEFICIARIES — ERS 2008

As of March 31, 2008 — by fiscal year of retirement: annual option 0 retirement benefit 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	\$ 2,125	\$ 2,549	1976	1,827	\$ 4,970	\$ 4,545	\$ 9,515
1943	0	0	0	0	1977	2,434	4,725	4,192	8,917
1944	0	0	0	0	1978	2,622	4,989	4,021	9,010
1945	0	0	0	0	1979	3,197	5,122	3,850	8,972
1946	0	0	0	0	1980	3,683	5,189	3,311	8,500
1947	0	0	0	0	1981	4,164	5,428	2,802	8,230
1948	0	0	0	0	1982	4,944	5,947	2,667	8,613
1949	1	281	1,801	2,082	1983	4,678	6,363	2,531	8,894
1950	0	0	0	0	1984	7,250	8,450	3,048	11,497
1951	0	0	0	0	1985	5,934	8,398	2,762	11,160
1952	2	550	2,611	3,161	1986	6,831	8,905	2,683	11,589
1953	0	0	0	0	1987	6,931	9,840	2,737	12,577
1954	1	1,607	9,047	10,654	1988	6,766	10,697	2,682	13,378
1955	1	2,107	5,853	7,960	1989	7,493	11,511	2,577	14,088
1956	2	1,145	4,266	5,411	1990	8,162	12,653	2,381	15,035
1957	5	2,278	7,720	9,998	1991	12,206	16,570	2,444	19,013
1958	3	3,169	11,603	14,772	1992	11,516	13,927	2,006	15,933
1959	8	2,455	8,278	10,733	1993	9,080	14,431	1,799	16,231
1960	6	3,217	10,467	13,684	1994	7,887	14,578	1,605	16,183
1961	6	1,321	3,232	4,553	1995	9,618	15,326	1,524	16,851
1962	10	2,203	6,141	8,345	1996	16,165	19,863	1,546	21,409
1963	10	1,647	4,047	5,694	1997	14,416	18,591	1,234	19,825
1964	20	3,279	7,134	10,413	1998	10,775	16,535	891	17,426
1965	25	2,145	5,526	7,672	1999	11,771	16,200	740	16,940
1966	40	2,617	5,040	7,656	2000	13,697	17,496	610	18,106
1967	68	2,663	5,228	7,891	2001	14,478	20,976	507	21,483
1968	82	2,512	3,924	6,435	2002	11,914	19,068	326	19,394
1969	132	3,049	4,632	7,681	2003	25,257	27,617	166	27,783
1970	236	3,871	5,292	9,163	2004	12,818	19,291	0	19,291
1971	346	4,223	5,537	9,760	2005	15,400	21,250	0	21,250
1972	688	4,823	6,182	11,005	2006	16,822	22,131	0	22,131
1973	841	4,142	5,001	9,143	2007	17,292	24,448	0	24,448
1974	1,097	4,386	5,066	9,452	2008	10,453	26,854	0	26,854
1975	1,260	4,494	4,494	8,989					

5,354 of the 28,128 beneficiaries are not eligible for COLA and are not included in the above counts.

PENSIONERS AND BENEFICIARIES — PFRS 2008

As of March 31, 2008 — by fiscal year of retirement: annual option 0 retirement benefit 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	\$20,025	\$22,054	1976	224	\$ 9,591	\$10,430	\$20,021
1943	0	0	0	0	1977	369	10,562	10,474	21,036
1944	0	0	0	0	1978	387	10,695	9,968	20,662
1945	0	0	0	0	1979	437	11,688	9,522	21,211
1946	0	0	0	0	1980	502	12,301	8,385	20,686
1947	0	0	0	0	1981	440	13,445	7,203	20,648
1948	0	0	0	0	1982	524	14,914	6,641	21,555
1949	0	0	0	0	1983	584	15,869	6,283	22,152
1950	0	0	0	0	1984	543	17,595	6,201	23,796
1951	0	0	0	0	1985	661	19,237	5,719	24,956
1952	0	0	0	0	1986	909	20,858	5,578	26,436
1953	1	3,090	8,737	11,827	1987	971	22,964	5,437	28,401
1954	1	2,357	13,269	15,626	1988	1,023	24,695	5,118	29,813
1955	2	2,482	6,895	9,377	1989	1,048	25,066	4,637	29,704
1956	3	2,702	14,965	17,667	1990	1,033	27,494	4,092	31,586
1957	5	3,287	15,039	18,326	1991	1,137	30,967	3,577	34,543
1958	2	2,866	12,568	15,434	1992	1,261	35,030	3,081	38,111
1959	1	2,249	11,523	13,772	1993	1,145	34,059	2,717	36,776
1960	2	2,686	13,599	16,284	1994	1,005	33,109	2,332	35,441
1961	4	2,637	10,102	12,740	1995	870	37,517	1,925	39,442
1962	3	4,484	19,395	23,879	1996	851	36,338	1,614	37,952
1963	9	3,466	12,504	15,969	1997	840	40,238	1,311	41,549
1964	3	2,568	8,019	10,588	1998	808	39,750	887	40,637
1965	4	5,050	15,086	20,136	1999	818	40,570	692	41,262
1966	9	5,726	12,843	18,569	2000	942	46,836	542	47,378
1967	21	4,550	10,326	14,876	2001	1,139	52,496	448	52,944
1968	26	4,751	10,619	15,370	2002	983	52,841	270	53,112
1969	38	4,959	9,428	14,387	2003	1,315	60,389	139	60,528
1970	52	5,763	10,720	16,483	2004	1,231	57,584	0	57,584
1971	67	6,393	10,541	16,934	2005	1,117	58,079	0	58,079
1972	265	7,173	11,598	18,771	2006	1,121	59,112	0	59,112
1973	204	7,536	11,426	18,962	2007	1,108	59,897	0	59,897
1974	255	8,030	11,480	19,510	2008	542	61,755	0	61,755
1975	186	8,484	10,642	19,126					

331 of the 1,578 beneficiaries are not eligible for COLA and are not included in the above counts.

LOCAL GOVERNMENT SALARIES AND BILLINGS — ERS 2008

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 February 1st preceding the fiscal year end.

FYE	Salaries	Contributions	Normal	Deficiency	GLIP	Admin
Counties						
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
2004	3,795,141,457	322,153,335	293,543,167	0	13,356,806	15,253,362
2005	3,975,524,112	525,026,378	498,617,747	0	14,529,793	11,878,838
2006	3,973,182,698	464,679,243	438,815,394	0	13,890,586	11,973,263
2007	4,082,673,936	447,024,967	417,028,835	0	17,682,805	12,313,327
2008	4,216,431,872	422,160,637	394,084,911	0	11,157,933	16,917,793
Cities						
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
2004	583,920,060	38,393,995	33,655,003	0	2,331,779	2,407,213
2005	587,616,268	78,322,434	74,067,881	0	2,431,174	1,823,379
2006	612,669,624	68,193,077	63,955,140	0	2,421,685	1,816,252
2007	625,077,477	65,850,318	60,796,905	0	3,158,385	1,895,028
2008	648,030,721	61,051,722	56,528,107	0	1,938,692	2,584,923
Towns						
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
2004	1,207,515,635	72,030,307	61,780,774	577,779	4,866,863	4,804,891
2005	1,265,154,689	157,705,823	148,275,368	655,228	5,013,542	3,761,685
2006	1,318,853,035	143,799,692	134,049,741	678,480	5,182,369	3,889,102
2007	1,356,019,116	140,466,376	128,916,495	696,150	6,782,132	4,071,599
2008	1,417,734,849	131,248,138	120,766,233	677,721	4,200,582	5,603,602
Villages						
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
2004	370,581,719	21,180,783	18,035,178	193,720	1,476,242	1,475,643
2005	381,930,243	48,209,003	45,295,775	205,354	1,547,360	1,160,514
2006	396,489,726	43,514,076	40,517,640	232,514	1,579,370	1,184,552
2007	411,425,147	42,088,503	38,567,121	240,460	2,050,581	1,230,341
2008	427,838,001	39,705,557	36,476,385	243,599	1,279,527	1,706,046
Miscellaneous						
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
2004	2,965,176,890	190,554,899	165,913,695	704,728	11,993,022	11,943,454
2005	3,072,429,398	388,716,948	365,761,361	1,236,040	12,411,163	9,308,384
2006	3,318,406,341	362,539,880	338,428,405	1,038,366	13,184,634	9,888,475
2007	3,452,844,188	351,765,032	323,252,763	1,090,110	17,138,851	10,283,308
2008	3,612,130,156	333,088,130	307,009,697	1,016,328	10,741,056	14,321,049
Schools						
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
2004	2,552,215,506	137,535,816	117,151,107	83,999	10,099,716	10,200,994
2005	2,638,325,172	324,251,317	305,400,864	82,793	10,724,381	8,043,279
2006	2,804,610,717	295,369,803	276,074,953	76,738	10,981,781	8,236,331
2007	2,892,495,432	295,496,975	272,049,180	87,908	14,599,932	8,759,955
2008	3,028,665,963	276,852,420	255,641,659	94,016	9,050,047	12,066,698

LOCAL GOVERNMENT SALARIES AND BILLINGS — PFRS 2008

Contributions include the normal cost of benefits including supplemental pensions, the Group Life Insurance Plan (GLIP) and the administrative cost for the fiscal year. Amounts shown are due February 1st preceding the fiscal year end.

FYE	Salaries	Contributions	Normal	Deficiency	GLIP	Admin
Counties						
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
2004	610,067,673	39,836,533	36,912,877	0	550,206	2,373,450
2005	637,722,466	117,568,271	115,040,396	0	0	2,527,875
2006	669,734,523	111,831,299	109,868,889	0	0	1,962,410
2007	686,235,014	121,577,173	118,828,521	0	0	2,748,652
2008	705,089,650	120,646,667	117,816,582	0	707,521	2,122,564
Cities						
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
2004	751,505,609	48,737,822	45,020,390	0	724,846	2,992,586
2005	758,899,191	147,817,338	144,668,066	0	0	3,149,272
2006	788,096,235	131,076,054	128,739,253	0	0	2,336,801
2007	803,949,506	142,751,818	139,481,125	0	0	3,270,693
2008	862,509,071	142,311,942	138,966,064	0	836,467	2,509,411
Towns						
1999	201,612,792	3,969,445	2,870,493	0	195,311	903,641
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
2004	256,399,657	15,954,403	14,694,751	0	246,013	1,013,639
2005	268,098,727	47,286,150	46,217,472	0	0	1,068,678
2006	281,549,923	45,712,713	44,877,786	0	0	834,927
2007	293,260,663	50,495,562	49,326,214	0	0	1,169,348
2008	307,058,431	51,073,666	49,853,332	0	305,084	915,250
Villages						
1999	180,722,032	1,805,998	1,072,239	0	177,239	556,520
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
2004	228,232,646	12,613,728	11,474,812	0	223,124	915,792
2005	236,766,570	39,044,844	38,088,252	0	0	956,592
2006	245,318,712	37,677,735	36,941,498	0	0	736,237
2007	251,789,449	40,309,964	39,301,296	0	0	1,008,668
2008	260,713,425	40,875,275	39,828,283	0	261,751	785,241
Miscellaneous						
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
2004	196,674,046	17,859,051	16,667,270	0	242,166	949,615
2005	221,530,945	39,079,882	38,249,624	0	0	830,258
2006	230,403,597	40,016,217	39,322,040	0	0	694,177
2007	245,010,928	42,931,506	41,968,985	0	0	962,521
2008	266,355,184	44,355,212	43,330,386	0	256,207	768,619

2008

CONTRIBUTIONS RECORDED 1999–2008

In Millions.

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.

Year ended 3/31	Employer Contributions*	Member Contributions
1999 Total	\$ 291.7	\$ 399.8
State	91.2	
Local	200.5	
2000 Total	\$ 164.5	\$ 422.7
State	10.9	
Local	153.6	
2001 Total	\$ 214.8	\$ 319.1
State	51.2	
Local	163.6	
2002 Total	\$ 263.8	\$ 210.2
State	64.6	
Local	199.2	
2003 Total	\$ 651.9	\$ 219.2
State	274.4	
Local	377.5	
2004 Total	\$ 1,286.5	\$ 221.9
State	454.8	
Local	831.7	
2005 Total	\$ 2,964.8	\$ 227.3
State	1,087.7	
Local	1,877.1	
2006 Total	\$ 2,782.1	\$ 241.2
State	1,067.9	
Local	1,714.2	
2007 Total	\$ 2,718.5	\$ 250.2
State	988.2	
Local	1,730.3	
2008 Total	\$ 2,648.5	\$ 265.7
State	1,007.8	
Local	1,640.7	

*Includes employer premiums to Group Term Life Insurance Plan.

2008

NOTES TO 20-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) 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) Beginning in the 2006 fiscal year, all rates assume a February 1 payment date prior to the close of the fiscal year. Previous years assume rates based on a December 15 payment date. Contributions include normal, administrative, retirement incentive and deficiency 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 System 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.

20-Year Summary*	2008	2007	2006	2005	2004	2003	2002	2001	2000
Total Participants	1,035,430	1,012,699	995,536	982,009	970,078	964,140	944,500	924,643	899,314
Number of Members	677,321	662,633	653,291	647,758	641,721	650,543	637,896	626,565	604,479
ERS (a)	641,119	626,923	617,989	612,410	606,155	614,555	602,428	590,959	569,369
State	220,216	215,296	211,041	208,899	207,641	216,005	216,507	222,343	216,347
Counties	117,084	115,944	115,472	118,006	117,514	119,319	118,318	119,638	115,576
Cities	18,992	18,843	18,891	18,979	18,933	19,637	19,671	19,551	19,148
Towns	43,203	41,989	41,393	40,561	39,841	39,395	38,063	37,121	35,882
Villages	13,891	13,597	13,388	13,106	12,878	12,823	12,360	11,969	11,509
Miscellaneous	95,601	92,736	90,879	86,791	85,732	85,708	81,752	69,968	67,212
Schools	132,132	128,518	126,925	126,068	123,616	121,668	115,757	110,369	103,695
PFRS (a)	36,202	35,710	35,302	35,348	35,566	35,988	35,468	35,606	35,110
State	6,223	6,219	5,955	6,038	5,898	5,802	5,679	5,534	5,279
Counties	5,898	5,873	5,850	5,833	5,814	5,901	6,029	6,176	6,267
Cities	12,414	12,206	12,147	12,113	12,374	12,541	12,612	12,781	12,660
Towns	4,364	4,295	4,261	4,217	4,231	4,233	4,191	4,180	4,163
Villages	4,621	4,591	4,641	4,653	4,732	4,867	4,795	4,805	4,727
Miscellaneous	2,682	2,526	2,448	2,494	2,517	2,644	2,162	2,130	2,014
Members By Tier (b)									
ERS Tier 1	20,513	25,053	29,492	34,980	39,622	50,032	56,541	60,736	57,657
ERS Tier 2	20,315	22,458	24,263	25,938	27,398	30,122	31,981	32,914	32,641
ERS 3 & 4	600,291	579,412	564,234	551,492	539,135	534,401	513,906	497,309	479,071
PFRS Tier 1	745	924	1,143	1,503	2,076	2,597	3,260	3,927	4,469
PFRS Tier 2	35,457	34,786	34,159	33,845	33,490	33,391	32,208	31,679	30,641
Pensioners & Beneficiaries	358,109	350,066	342,245	334,251	328,357	313,597	306,604	298,078	294,835
ERS	328,726	321,113	313,837	306,531	301,528	287,341	280,997	273,147	270,333
PFRS	29,383	28,953	28,408	27,720	26,829	26,256	25,607	24,931	24,502
Employers	3,021	3,010	3,001	2,993	2,985	2,968	2,922	2,897	2,860
ERS	2,995	2,983	2,974	2,967	2,959	2,943	2,917	2,890	2,853
PFRS	683	683	685	684	684	681	679	678	678
Benefit Payments (c)	\$ 6,835.6	\$ 6,383.4	\$ 6,028.9	\$ 5,674.7	\$ 5,347.5	\$ 4,984.6	\$ 4,488.3	\$ 4,181.0	\$ 3,720.2
Retirement Allowances	6,142.8	5,722.9	5,388.6	5,041.0	4,722.1	4,373.3	3,872.0	3,619.9	3,415.1
Death Benefits (Lump Sum)	181.7	164.6	161.2	161.9	157.3	148.4	151.8	152.9	142.8
COLA Payments	511.1	495.9	479.1	471.8	468.1	462.9	464.5	336.1	162.3
# of Service Retirements	17,261	16,390	16,827	14,533	23,655	16,078	17,499	11,640	14,470
# of Death Benefits Paid	1,014	832	932	1,041	1,025	1,019	1,068	1,005	1,026
# of Disability Retirements	941	1,227	1,267	1,463	1,103	1,064	1,038	1,079	1,189
Employer Contributions	\$ 2,648.4	\$ 2,718.6	\$ 2,782.2	\$ 2,964.8	\$ 1,286.5	\$ 651.9	\$ 263.8	\$ 214.8	\$ 164.5
ERS	2,073.5	2,116.0	2,271.4	2,434.5	1,052.3	525.5	179.1	131.0	83.0
PFRS	510.6	502.5	433.4	455.3	158.4	66.3	47.3	49.0	62.0
Group Life Insurance Plan	64.3	100.1	77.3	75.0	75.8	60.1	37.4	34.8	19.5
Rate (as a % of Salary) (d)									
ERS	9.6%	10.7%	11.3%	12.9%	5.9%	1.5%	1.2%	0.9%	0.9%
PFRS	16.6%	17.0%	16.3%	17.6%	5.8%	1.4%	1.6%	1.6%	1.9%
Employee Contributions	\$ 265.7	\$ 250.2	\$ 241.2	\$ 227.3	\$ 221.9	\$ 219.2	\$ 210.2	\$ 319.1	\$ 422.7
ERS	263.1	247.2	237.7	224.5	217.4	214.1	206.0	317.4	422.0
PFRS	2.6	2.9	3.5	2.8	4.5	5.1	4.2	1.7	0.7
Investments (e)	\$ 153,877.7	\$ 154,575.5	\$ 140,453.3	\$ 126,083.5	\$ 119,245.0	\$ 95,598.3	\$ 111,168.5	\$ 112,432.9	\$ 127,138.9
Equities	83,153.7	90,119.7	88,550.9	80,917.2	74,876.5	51,357.0	66,375.5	63,661.7	82,733.6
Fixed Income	36,571.4	33,536.2	28,889.0	29,310.8	29,691.2	32,019.7	31,839.2	35,305.7	31,764.3
Commercial Mortgages	772.4	889.7	1,162.7	1,281.9	1,530.0	1,723.6	1,628.7	1,835.8	1,318.6
Short-term Investments	6,443.1	8,551.1	6,619.3	2,602.5	1,879.1	771.2	1,429.0	992.0	2,238.3
Private Equity	12,699.4	10,044.8	8,284.8	6,832.4	6,738.8	5,564.8	5,579.5	5,941.6	5,385.9
Equity Real Estate	8,909.4	6,752.7	5,430.7	4,634.0	4,529.4	4,162.0	4,316.6	4,696.0	3,698.1
Absolute Return Strategy	5,328.3	4,681.3	1,516.0	504.7	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rate of Return	2.6%	12.6%	14.6%	8.5%	28.8%	-10.2%	2.8%	-8.7%	17.8%
Fixed Income Investments	8.6%	6.0%	1.7%	3.0%	8.9%	16.8%	4.3%	14.1%	1.3%
Equity Investments	0.9%	15.0%	19.1%	10.6%	42.8%	-24.3%	2.9%	-20.3%	25.3%
Administrative Cost	\$ 90.3	\$ 79.8	\$ 78.5	\$ 65.3	\$ 69.6	\$ 67.5	\$ 66.6	\$ 57.8	\$ 50.7
Financial Statement Assets	\$ 155,845.9	\$ 156,625.2	\$ 142,620.1	\$ 128,037.7	\$ 120,799.0	\$ 97,372.7	\$ 112,724.9	\$ 114,043.5	\$ 128,889.4

1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
882,234	867,204	860,429	864,460	867,731	862,498	860,427	867,927	877,884	882,410	859,729
593,188	582,689	578,566	590,130	605,544	601,710	602,133	615,114	638,049	649,847	633,468
558,236	547,805	543,663	553,649	569,298	566,320	567,223	580,158	602,433	614,392	598,381
216,380	214,628	216,084	225,771	238,760	239,412	241,538	247,209	260,156	268,947	262,648
113,856	112,792	115,904	118,055	120,517	120,186	120,819	125,168	129,158	130,614	126,729
18,966	18,907	18,909	19,410	20,283	20,699	20,792	21,890	22,982	23,530	23,109
35,056	34,764	33,949	33,997	34,349	34,316	34,474	35,413	36,251	36,615	35,472
11,279	11,087	10,942	10,939	11,057	11,067	11,137	11,388	11,671	11,867	11,636
64,218	62,176	58,128	58,582	59,080	58,057	56,906	56,456	57,292	57,420	54,657
98,481	93,451	89,747	86,895	85,252	82,583	81,557	82,634	84,923	85,399	84,130
34,952	34,884	34,903	36,481	36,246	35,390	34,910	34,956	35,616	35,455	35,087
5,232	5,195	5,230	5,793	5,866	5,692	5,787	5,603	5,689	5,586	5,424
6,338	6,332	6,277	6,542	6,278	5,904	5,565	5,715	6,089	6,211	6,486
12,552	12,579	12,538	12,923	12,919	12,761	12,682	12,808	12,992	12,999	12,855
4,149	4,139	4,095	4,170	4,077	4,050	3,987	3,989	3,965	3,862	3,725
4,699	4,683	4,743	4,967	4,967	4,862	4,922	4,874	4,853	4,747	4,540
1,982	1,956	2,020	2,086	2,139	2,121	1,967	1,967	2,028	2,050	2,057
64,173	69,942	75,166	84,015	96,299	101,254	107,383	115,086	129,525	139,420	149,243
34,296	36,061	37,739	41,631	45,716	47,778	49,846	52,871	56,040	58,958	60,798
459,767	441,802	430,758	428,003	427,283	417,288	409,994	412,201	416,868	416,014	388,340
4,997	5,537	6,087	6,872	7,439	8,005	9,009	10,204	11,601	12,734	13,908
29,955	29,347	28,816	29,609	28,807	27,385	25,901	24,752	24,015	22,721	21,179
289,046	284,515	281,863	274,330	262,187	260,788	258,294	252,813	239,835	232,563	226,261
264,899	260,751	258,413	251,442	239,727	238,729	237,059	232,484	220,579	214,206	208,791
24,147	23,764	23,450	22,888	22,460	22,059	21,235	20,329	19,256	18,357	17,470
2,843	2,809	2,786	2,779	2,765	2,752	2,731	2,724	2,743	2,715	2,670
2,836	2,813	2,782	2,773	2,760	2,748	2,727	2,720	2,708	2,687	2,638
679	678	676	675	674	672	672	669	666	658	656
\$ 3,482.0	\$ 3,305.0	\$ 3,122.0	\$ 2,877.9	\$ 2,527.9	\$ 2,393.7	\$ 2,267.9	\$ 2,067.7	\$ 1,834.2	\$ 1,670.4	\$ 1,579.1
3,217.1	3,071.6	2,885.3	2,639.8	2,357.8	2,216.6	2,082.5	1,884.8	1,647.5	1,485.2	1,359.3
123.0	125.7	118.5	140.0	107.3	112.0	115.1	105.2	103.9	99.0	101.2
141.9	107.7	118.2	98.1	62.8	65.1	70.3	77.7	82.8	86.2	118.6
12,675	11,932	15,324	19,578	9,613	9,651	11,409	19,573	12,703	12,201	11,255
956	974	965	1,092	1,068	1,062	1,033	1,162	1,306	1,155	1,266
1,356	938	1,016	1,235	1,183	1,413	1,367	1,445	1,647	1,328	1,190
\$ 291.7	\$ 462.6	\$ 903.5	\$ 776.9	\$ 315.1	\$ 530.1	\$ 369.8	\$ 356.8	\$ -72.4	\$ 412.2	\$ 759.4
193.2	280.1	668.8	521.8	47.2	337.2	140.9	181.2	-188.2	284.5	573.7
50.1	125.1	177.9	219.3	237.8	158.2	198.9	175.6	91.8	82.6	139.2
48.4	57.4	56.8	35.9	30.1	34.7	30.0	0.0	24.0	45.1	46.5
1.3%	1.7%	3.7%	2.2%	0.7%	0.7%	0.6%	0.4%	0.3%	3.6%	3.7%
2.4%	7.0%	9.8%	13.0%	13.9%	11.3%	14.0%	11.5%	7.8%	8.3%	8.5%
\$ 399.8	\$ 369.4	\$ 348.2	\$ 341.9	\$ 334.0	\$ 307.5	\$ 284.1	\$ 287.0	\$ 255.3	\$ 229.9	\$ 194.7
398.7	368.8	347.7	338.5	331.6	306.0	282.8	284.2	254.3	228.6	193.2
1.1	0.6	0.5	3.5	2.4	1.5	1.3	2.8	1.0	1.3	1.5
\$111,008.7	\$104,921.8	\$ 82,333.8	\$ 74,827.9	\$ 63,406.6	\$ 58,416.8	\$ 56,428.9	\$ 51,925.8	\$ 48,945.5	\$ 45,189.3	\$ 40,280.6
66,397.8	63,348.7	45,827.4	42,818.4	34,775.2	31,357.7	29,953.5	25,480.2	23,751.5	21,120.3	18,478.6
34,307.9	32,451.7	27,373.5	25,709.5	22,771.6	21,279.0	20,788.5	20,452.4	19,192.6	18,383.1	16,445.4
1,509.5	1,635.0	1,506.3	1,736.3	1,836.6	1,932.3	2,120.7	2,314.8	2,612.9	2,460.4	2,595.2
2,541.8	1,927.0	3,011.2	1,092.8	983.8	1,036.5	937.5	1,128.0	1,049.6	1,472.3	1,506.8
3,159.8	2,671.7	2,122.9	2,067.3	1,937.0	1,664.0	1,554.7	1,343.6	1,263.7	786.6	631.7
3,091.8	2,887.7	2,492.5	1,403.6	1,102.4	1,147.3	1,074.0	1,206.7	1,075.2	966.6	623.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8.8%	30.4%	10.9%	21.8%	8.8%	6.9%	12.5%	10.7%	11.7%	13.9%	13.4%
6.6%	15.6%	4.3%	12.9%	4.8%	9.0%	9.2%	9.0%	9.3%	9.2%	10.2%
10.1%	47.2%	15.0%	29.7%	12.4%	5.1%	15.3%	11.5%	14.0%	17.7%	18.0%
\$ 52.6	\$ 49.1	\$ 47.6	\$ 46.6	\$ 43.8	\$ 39.7	\$ 36.9	\$ 36.6	\$ 36.7	\$ 34.0	\$ 30.7
\$ 112,723.1	\$ 106,319.2	\$ 83,947.5	\$ 77,452.8	\$ 65,413.3	\$ 60,121.7	\$ 58,049.7	\$ 53,711.2	\$ 50,538.7	\$ 47,147.0	\$ 42,867.5

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New York State and Local Retirement System

Employees' Retirement System
Police and Fire Retirement System

New York State Office of the State Comptroller
Thomas P. DiNapoli