

# 2014

New York State and Local Retirement System  
Comprehensive Annual Financial Report  
For Fiscal Year Ended March 31, 2014

A pension trust fund of the State of New York

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



**New York State and Local Retirement System**  
Employees' Retirement System | Police and Fire Retirement System

# 2014 Comprehensive Annual Financial Report

For Fiscal Year Ended March 31, 2014

New York State and Local Retirement System  
Employees' Retirement System  
Police and Fire Retirement System

A pension trust fund of the State of New York



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

# Contents

## Introduction

Professional Awards.....	7
Letter of Transmittal.....	9
Administrative Organization.....	14
Advisory Committees .....	14
New York State and Local Retirement System Organization Chart .....	17
Overview of the New York State & Local Retirement System.....	18
By the Numbers .....	23
Members and Retirees .....	23
Retirees in New York State.....	24
Annual Benefit Payments Within New York State.....	25
Annual Benefit Payments Within the United States .....	26
Annual Benefit Payments Outside the United States.....	26

## Financial

Independent Auditors' Report.....	29
Management's Discussion and Analysis .....	31
Statement of Plan Net Position .....	35
Statement of Changes in Plan Net Position.....	36
Notes to Financial Statements — Year Ended March 31, 2014 .....	37
Required Supplementary Information.....	58
Schedule of Funding Progress .....	58
Schedule of Employer Contributions .....	59
Additional Supplementary Information.....	60
Schedule of Administrative Expenses .....	60
Schedule of Investment Expenses .....	61
Schedule of Consulting Fees.....	62
Independent Auditors' Report on Internal Control.....	63

## Investment

Overview of Investments.....	67
Investment Results .....	78
Investment Summary .....	79
Asset Allocation — March 31, 2014 .....	80

Global Equity Performance.....	81
Domestic Equity Portfolio — Ten Largest Holdings .....	84
Fixed Income Portfolio and Comparison .....	85
Fixed Income Performance .....	86
Fixed Income Portfolio — Ten Largest Holdings .....	87
Real Estate Portfolio.....	88
Alternative Investments Summary.....	89
Domestic Equity Management Fees.....	90
Domestic Equity Commissions.....	91
International Equity Management Fees .....	93
International Equity Commissions.....	94
Fixed Income Management Fees.....	97
Domestic Bond Transactions.....	98
Real Estate Management and Incentive Fees (Expensed).....	99
Real Estate Management and Incentive Fees (Capitalized) .....	100
Private Equity Management Fees (Expensed) .....	101
Private Equity Management Fees (Capitalized).....	102
Absolute Return Strategy Management and Incentive Fees.....	103
Opportunistic Funds Management and Incentive Fees .....	105
Consultant and Advisor Fees.....	106

## Actuarial

Statement of the Actuary .....	109
Actuarial Funding and Valuation .....	111
Elements of the Actuarial Valuation.....	113
Actuarial Valuation Balance Sheets.....	117
Local Government Employers' Final Contribution Rates for Select Plans.....	119
Contribution Rate Trend for Local Governments .....	121
Employer Contributions .....	124
Historical Trends (Rates as a Percentage of Salary, 1974 – 2015).....	126
Changes In Contributions .....	127
Solvency Test.....	128
Schedule of Active Member Data.....	129
Schedule of Retired Members and Beneficiaries .....	130

## Statistical

Schedule of Additions to Plan Net Assets.....	133
Schedule of Investment Income.....	134
Schedule of Deductions from Plan Net Assets.....	135
Schedule of Total Changes in Plan Net Assets.....	136
Service Retirees — ERS.....	138
Service Retirees — PFRS.....	140
Disability Retirees — ERS.....	142
Disability Retirees — PFRS.....	144
New Option Selections.....	146
Option Selection — Total Payments.....	147
Average Pension Benefits Paid During Year Shown.....	148
Average Benefit Pay Types.....	149
New Benefits — Service Retirements by Age and Service.....	151
New Benefits — Accidental and Ordinary Death.....	152
Combined System Participants.....	153
Membership by Age and Years of Service.....	154
Membership by Tier.....	155
Membership by Status.....	156
Number of Employers.....	156
Membership by Employer Type.....	157
Average Salary by Employer Type.....	158
Members and Salaries by Plan — ERS.....	159
Members and Salaries by Plan — PFRS.....	160
Retirees and Beneficiaries by Age.....	162
Retirees and Beneficiaries — ERS.....	163
Retirees and Beneficiaries — PFRS.....	164
Local Government Salaries and Billings — ERS.....	165
Local Government Salaries and Billings — PFRS.....	167
Contributions Recorded, 2005–2014.....	169
20-Year Summary.....	170
Notes to 20-Year Summary.....	172

# Introduction

# Contents

Professional Awards.....	7
Letter of Transmittal.....	9
Administrative Organization.....	14
Advisory Committees .....	14
New York State and Local Retirement System Organization Chart .....	17
Overview of the New York State & Local Retirement System.....	18
By the Numbers .....	23
Members and Retirees .....	23
Retirees in New York State.....	24
Annual Benefit Payments Within New York State.....	25
Annual Benefit Payments Within the United States .....	26
Annual Benefit Payments Outside the United States.....	26





Government Finance Officers Association

**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, 2013**

Executive Director/CEO





Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2013***

Presented to

***New York State and Local Retirement System***

In recognition of meeting professional standards for  
plan funding 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 black ink that reads "Alan H. Winkle". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Alan H. Winkle  
Program Administrator

# Letter of Transmittal



Office of the New York State Comptroller  
**Thomas P. DiNapoli**  
New York State and Local Retirement System  
Employees' Retirement System  
Police and Fire Retirement System  
110 State Street, Albany, New York 12244-0001

Phone: 1-866-805-0990  
518-474-7736  
Fax: 518-402-4433  
Web: [www.osc.state.ny.us/retire](http://www.osc.state.ny.us/retire)



September 30, 2014

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, 2014. Responsibility for 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 fairly presented in all material respects and are reported in a manner designed to present the financial position and results of the System's operations accurately. 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 is presented in five sections: introduction, financial, investment, actuarial and statistical. The introduction includes this transmittal letter, a listing of prominent individuals in financial services, business, government and labor who help ensure the successful operation of the System, an organization chart and an overview of the System's operations.

The financial section 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 establish 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 for both internal and external users of financial statements.

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 the fair presentation of the financial statements and supporting schedules.

The financial section features a Management's Discussion and Analysis (MD&A). GASB requires that the System provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of an 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.

The investment section provides an overview of the System's investment program and other portfolio information. The actuarial section details the System's funding status and presents other information related to risks, uncertainties and long-term trends. Lastly, the statistical section includes financial and demographic information, typically presented on a multiyear basis.

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, 2013. 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 that conforms to program standards and that satisfies both generally accepted accounting principles and applicable legal requirements.

The System has received this prestigious award for each of the past ten 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 and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). The assets of ERS and PFRS are held in the New York State Common Retirement Fund (the Fund) and managed by the Division of Pension Investment and Cash Management in the Office of the State Comptroller.

With more than one million participants, the System is one of the largest public retirement systems in the nation. While the average public system administers eight plans, ours manages 346.

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, as well as disability and death benefits. At the end of fiscal year 2013-14, there were a total of 1,066,064 members, retirees and beneficiaries, and 3,027 participating employers.

This letter highlights some of the System's operations for the 2013-14 fiscal year, in order to enable readers to obtain a reasonable understanding of the System's financial affairs, as well as its internal controls, for this period.

## Funding

The Fund's assets come from three main sources: employee or member contributions, employer contributions and investment income. Over the last two decades, investments have provided approximately 80 percent of the Fund's income.

The System is committed to meeting its long-term benefit obligations prudently and fairly. Member contributions are fixed by law. Annual employer contributions are determined on an actuarial basis and actual employer contributions are the greater of a minimum contribution of 4.5 percent of member payroll or the actuarially required contributions.

There are many factors to take into account when assessing the health of a pension plan, including the plan's investment strategy, the State and participating employers' history of paying required contributions and the plan's funded ratio. A funded ratio is a measure of assets to liabilities. A ratio of 100 percent indicates employer contributions will approximate the expected long-term rates. If a funded ratio is above 100 percent, employer contributions will generally be less than the expected long-term rates; employer contributions will generally be more than the expected long-term rates if a funded ratio is below 100 percent.

The funded ratio is an indicator of a plan's position at one particular point in time. The current funded ratio reflects the System's discipline in collecting the actuarially determined contributions. That is what sets us apart from many other state pension systems and one of the reasons we are so well funded.

On April 1, 2012, the funded ratio of ERS was 87.2 percent, while the funded ratio of PFRS was 87.9 percent. As of April 1, 2013, the funded ratio of ERS was 88.5 percent, while the funded ratio of PFRS was 89.5 percent. So the funded ratios for both of our systems are improving.

When a funded ratio increases, rates generally decrease. After four years of rate increases, the System's announcement last August that the 2014-15 employer contribution rates for ERS and PFRS would decline slightly offered some welcome relief to our participating employers.

A detailed discussion of the System's funding is provided in the actuarial section of this report.

## Investments

As a shareholder in many of America's largest companies, the New York State Common Retirement Fund has taken a leadership role regarding one of today's most important issues – corporate political disclosure. We believe that greater transparency is needed when it comes to corporate political spending. Shareholders have a right to know how the companies in which they have invested are spending their money, especially when such spending may be outside the scope of normal business activities or interests.

That is why, over the last fiscal year, I was especially proud of the shareholder agreements the Fund reached with Comcast Corporation, CF Industries, Peabody Energy and Qualcomm Inc., among others, to disclose their political spending publicly.

The Fund will continue to shine the light on the use of corporate resources to influence the political process.

Our investment policies are designed to obtain optimal risk-adjusted returns. As a result of the strategic application of these policies, our long-term diversified approach to investing and our careful monitoring of market trends, we continue to see steady growth in our investment returns.

We target investments of 30 percent of our portfolio in fixed income assets (bonds and Treasury Inflation-Protected Securities or “TIPS”) and 70 percent in equity, including domestic and international public equities as well as real estate, absolute return strategies, mortgages, opportunistic funds and private equity investments. This diversified strategy protects our members and New York’s taxpayers. We are gratified that our investment policies have proven to be a prudent approach to sustaining the solvency and soundness of the System. At the end of the 2013-14 fiscal year, the annual valuation of the Fund was \$176.8 billion. Prior to the recession, in fiscal year 2006-07, the annual valuation of the Fund was at \$154.6 billion.

Finally, on a personal note, I was greatly honored to receive the Pacesetter Award from the National Association of Securities Professionals (NASP) last year. NASP is committed to promoting the involvement of women and minorities in the securities industry, a mission which helps infuse the industry with new ideas and fresh talent.

Since I became Comptroller seven years ago, the Fund has invested approximately \$8.4 billion with minority and women-owned business enterprises. Ours is also one of the few state pension funds in the country that has a comprehensive emerging managers program designed to expand the diversity of the Fund’s portfolio and promote business development. Ensuring equal opportunity in the investment arena helps the Fund continue to earn strong returns.

## Accounting Practices

My staff is responsible for identifying control objectives relating to the protection of assets and the proper recording of all transactions to permit the preparation of financial statements in accordance with GAAP. Since the objective of internal control is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements, we have designed, implemented and maintained adequate internal controls to provide reasonable assurance that our control objectives are achieved.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the valuation of costs and benefits requires estimates and judgments by management. The internal control system includes the organization plan, the appropriate segregation of duties and responsibilities, the implementation of sound practices in the performance of duties, and the employment of personnel whose capabilities are commensurate with their responsibilities.

Financial information and internal controls are subject to examination by the New York State Department of Financial Services. Additionally, KPMG LLP, an independent certified public accountant, audits the System's financial statements. KPMG's opinion appears on page 29 of this report. Lastly, pursuant to the New York State Government Accountability, Audit and Internal Control Act, the System is subject to an audit of its internal controls every three years.

We believe the internal controls in effect during the fiscal year ended March 31, 2014 adequately safeguard the System's assets and provide reasonable assurance regarding the proper recording of financial transactions.

## Programs and Initiatives

We are preparing to make sweeping changes to the technology that we use to administer Retirement System benefits. A modernization project is underway that will update and improve our computer systems. The work we do over the next several years will produce customer service enhancements that will have a positive impact on our business and our customers for many years to come.

More information about the System redesign, as well as other key programs and initiatives, is highlighted in the Overview of the New York State & Local Retirement System on page 18, and the Overview of Investments on page 67.

## Acknowledgements

I would like to thank the staff members in our Division of Retirement Services and our Division of Pension Investment and Cash Management, who are responsible for preparing this report. Their professionalism, dedication and long hours of assistance are greatly appreciated.

I also wish to thank the members of the Advisory Council for the Retirement System, the Investment Advisory Committee, the Real Estate Advisory Committee, the Actuarial Advisory Committee and the Audit Advisory Committee for their dedicated service and commitment to the System's members and pensioners. Their continued support and counsel are deeply appreciated.

I am confident you will find this report to be a complete and reliable accounting of the System.

Sincerely,



Thomas P. DiNapoli  
State Comptroller

# Administrative Organization

## Advisory Committees

### Advisory Council for the Retirement System

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

Stephen J. Acquario  
Executive Director  
New York State Association of Counties

Peter A. Baynes  
Executive Director  
New York State Conference of Mayors

Jerry Boone  
Commissioner and President  
Civil Service Commission  
New York State Department of Civil Service

Heather Briccetti  
President & CEO  
Business Council of New York State, Inc.

Mario Cilento  
President  
New York State AFL-CIO

Gerry Geist  
Executive Director  
Association of Towns of the State of New York

Honorable Martin J. Golden  
Chair  
Senate Civil Service and Pensions Committee  
New York State Senate

Don Kelly  
Director of Research  
Civil Service Employees Association

Susan M. Kent  
President  
New York State Public Employees Federation

Timothy G. Kremer  
Executive Director  
New York State School Boards Association

Jim Lyman  
Executive Director  
Council 82, AFSCME

Bing Markee  
Legislative Director  
New York State Association of P.B.A.s

Michael McManus  
President  
Professional Fire Fighters Association

Paul Moore  
President  
Retired Public Employees Association, Inc.

Joel H. Moser  
Partner  
Bingham McCutchen, LLP

Andrew Pallotta  
Executive Vice President  
New York State United Teachers

Donn Rowe  
President  
New York State Correctional Officers  
& Police Benevolent Association

Raymond Santander  
Assistant Director  
AFSCME District Council 37

Richard Wells  
President  
Police Conference of New York, Inc.

Barbara Zaron  
President  
New York State Organization of  
Management Confidential Employees

# Administrative Organization

*continued*

## Investment Advisory Committee

Wale F. Adeosun  
CEO & Chief Investment Officer  
Kuramo Capital Management

Amy Chen  
Chief Investment Officer  
Smithsonian Institution

Timothy C. Collins  
CEO & Senior Managing Director  
Ripplewood Holdings, LLC

Jacques Jiha, Ph.D.  
Executive Vice President, COO & CFO  
Earl G. Graves, Ltd./Black Enterprise

Hugh Johnson  
Chairman & Chief Investment Officer  
Hugh Johnson Advisors, LLC

Catherine A. Lynch, CFA  
Chief Executive Officer & Chief Investment Officer  
National Railroad Retirement Investment Trust

Douglas Phillips  
Senior Vice President  
Institutional Resources  
University of Rochester

Raymond D. Potter  
Managing Director, Head:  
International Fixed Income & Emerging Markets Group  
Hapoalim Securities USA, Inc.

R. Charles Tschampion  
Director, Special Projects  
CFA Institute

## Real Estate Advisory Committee

Alice M. Connell  
Principal  
AM Connell Associates, LLC

Louis M. Dubin  
Executive Vice President  
LMD Worldwide, Inc.

G. Gail Edwards  
Chief Financial Officer  
The Minto Group

Jo Ann Hanson  
President  
Avanti Real Estate Corporation

Glenn M. Johnson  
Chief Investment Officer  
Northland Investment Corporation

David H. Peirez, Esq.  
Senior Partner  
Reisman Peirez Reisman & Capobianco, LLP

Barry S. Seidel  
Managing Partner  
Seidel + Partners

Peter Tilles  
Developer



# Administrative Organization

*continued*

## Actuarial Advisory Committee

Bruce W. Boyea  
Chairman, President & Chief Executive Officer  
Security Mutual Life Insurance of New York

Jeremy Brown  
Executive Vice President & Chief Actuary  
Mutual of America Life Insurance Company

Armand DePalo  
(Retired)

Michael Heller  
(Retired)

Teri E. Landin  
(Retired)

Stanley Talbi  
Executive Vice President  
Metropolitan Life Insurance

## Audit Advisory Committee

Eugene Farley  
Professor of Accounting  
Siena College

Jerry Boone  
Commissioner and President  
Civil Service Commission  
New York State Department of Civil Service

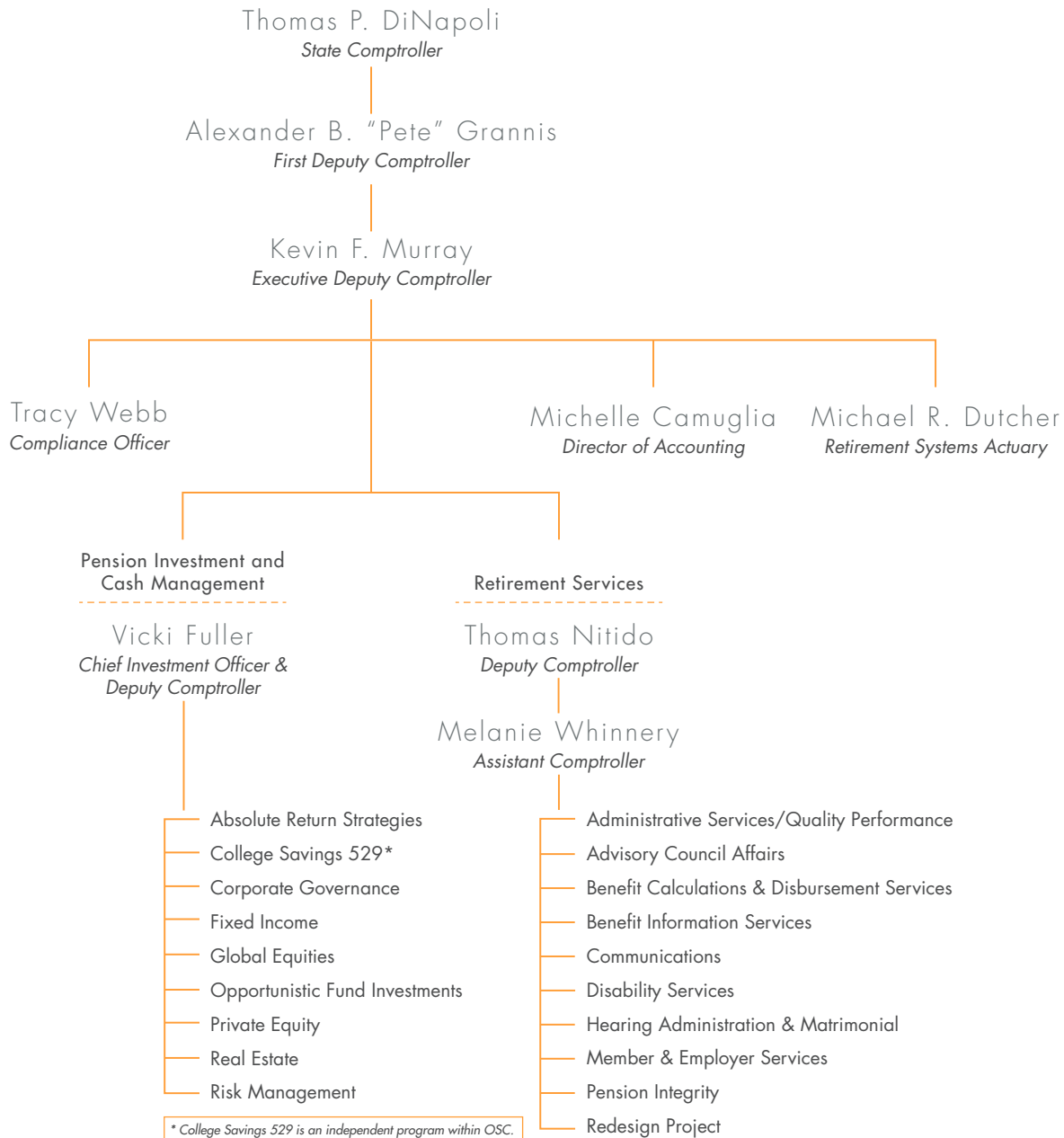
Alan Lubin  
(Retired)

Paul Moore  
President  
Retired Public Employees Association, Inc.

# Administrative Organization

continued

## New York State and Local Retirement System Organization Chart



### Notes:

Information regarding investment managers and consultants can be found in the Investment Section on pages 90, 93, 97 and 99 – 106.  
Information regarding consultants other than investment advisors can be found on page 62 in the Financial Section.

# Overview of the New York State & Local Retirement System

*Report from Executive Deputy Comptroller Kevin F. Murray*

The New York State & Local Retirement System (NYSLRS) was established on January 3, 1921. NYSLRS' mission is the same now as it was then — to fulfill New York's promise of secure retirement benefits for our members and pensioners. Ensuring that the various benefit programs we administer remain properly funded is one of our fundamental commitments.

Providing our members superior customer service is also among our priorities. We want our members and pensioners to receive the benefits they have earned in a timely manner, and we strive to help them understand and manage those benefits. We also want to provide our participating employers with the tools they need to report the service of their employees accurately and efficiently.

I am pleased to have this opportunity to tell you about the work we did during the last fiscal year to help us reach our goals.

## Upgrading for the Future

NYSLRS is currently engaged in a multiyear project to replace the computer systems we use to administer benefits and perform our core business functions. When the project is complete, we will have a 21st century information system that will meet the needs of our members and retirees well into the future.

This new technology will help us achieve our objective of providing exceptional customer service to our members, retirees and employer partners.

The new system will feature a secure web self-service portal to access and manage customer account information. This will eliminate dependency on paper documents, make it easier for members and retirees to understand and manage their benefits, and allow routine transactions to be conducted electronically.

The improvements will streamline NYSLRS' operations and introduce efficiencies that will allow us to better serve our customers.

The new system is expected to be introduced in phases beginning in mid-2015.

## New Pension Accounting and Financial Reporting Standards

The Governmental Accounting Standards Board (GASB) recently released two new standards, Statements No. 67 and 68, relating to pension accounting and financial reporting for state and local governments. The new standards will change how pension plan liabilities are accounted for and disclosed in the financial statements of public pension plans and participating employers. These changes are intended to increase the transparency, consistency and comparability of pension information across governments.

# Overview of the New York State & Local Retirement System

*continued*

## *Report from Executive Deputy Comptroller Kevin F. Murray*

To help prepare participating employers for the accounting and reporting changes, our Accounting, Actuarial and Member & Employer Services bureaus created a new GASB section for our website this past February. Employers can find general information about the new standards, links to resources for additional information and links to the statements.

Statement No.67, *Financial Reporting for Pension Plans*, addresses new financial reporting for state and local government pension plans, including NYSLRS. We will implement this standard in the fiscal year ending March 31, 2015.

Statement No. 68, *Accounting and Financial Reporting for Pensions*, affects the financial statements of NYSLRS's employers. Our participating employers will be required to implement this standard for fiscal years beginning after June 15, 2014. Implementation will vary depending on the individual employer's fiscal year end.

These new standards will not affect or alter how public pensions are funded or how our employers' contribution rates are calculated.

## Broadening the Use of Direct Trustee-to-Trustee Transfers

Retirement service credit is an important component of a retirement benefit. Members earn credit for their public employment. Any service after a member joins is mandatory service. Members may also be able to receive credit for public employment before they joined NYSLRS and/or for military service. This is optional service, and there's usually a cost for such credit.

Since the end of 2001, members have been able to pay for optional service with a trustee-to-trustee transfer from either a deferred compensation (457) or tax-sheltered annuity (403(b)) plan. With a trustee-to-trustee transfer, the plan administrator forwards funds directly to NYSLRS, enabling the member to use pretax dollars to purchase the optional service credit.

In fiscal year 2014, we began accepting direct trustee-to-trustee transfers for the purchase of previously forfeited service credit and credit related to reinstatements to an earlier tier.

We now also accept direct trustee-to-trustee transfers from additional plans, including certain kinds of Individual Retirement Accounts (IRAs) and annuities, as well as qualified defined benefit, contribution and government-sponsored deferred compensation plans.

In addition, members can now pay for optional arrears in either a lump sum or with a direct trustee-to-trustee transfer before their mandatory service credit costs have been paid. Mandatory costs are those that members are required to make for service after their membership date. Previously, members were required to pay mandatory costs in full prior to purchasing optional service. Members benefit from this change because they can avoid the additional interest that would accrue on optional service credit while paying for their mandatory service.

# Overview of the New York State & Local Retirement System

*continued*

*Report from Executive Deputy Comptroller Kevin F. Murray*

## Processing Retirement Applications More Efficiently

Reducing the inventory of service retirement cases and decreasing the time it takes to process them have always been priorities for our Benefit Calculations & Disbursement Services (BCDS) bureau. Last fiscal year, the average time it took to process a retirement benefit was reduced by 23 percent.

BCDS staff was able to maintain this reduction even though the number of retirement applications received this fiscal year increased by approximately 1,500.

## Implementing Paperless Billing

Last July, our Member and Employer Services bureau made the Prior Years' Adjustments report available online. This new online application enables employers to view adjustments made to their employees' salary, service and contribution information during the previous fiscal year. This capability is vital because any adjustments to salary can affect an employer's annual bill.

Making these reports available on the web was the final step in the conversion to a paperless billing process that began three years ago. In September 2011, we unveiled the Employer Projection & Rates application and in 2012, we introduced the Employer Estimate and Annual Invoice applications.

## Embracing Social Media

We are always looking for ways to improve how we serve our members and pensioners. Our blog, New York Retirement News ([NYRetirementNews.com](http://NYRetirementNews.com)), introduced this past March, enables us to give our members and pensioners fresh and unique perspectives on their benefits, useful retirement planning information and all the retirement news they need to know. We also launched a Facebook page and a Twitter feed ([Facebook.com/NYSLRS](https://www.facebook.com/NYSLRS) and [Twitter.com/NYSLRS](https://twitter.com/NYSLRS)).

According to *Financial Advisor Magazine*, a 2013 MassMutual survey found that 71 percent of retirement plan participants "routinely" use one or more social media sites. Through social media, we can provide timely and relevant information and have meaningful and engaging discussions with our members and pensioners. It's what optimal customer service is all about.

## Improving our Service to Pensioners

During the past year, we updated our computer system to enable us to replace a rejected electronic funds transfer (EFT) transaction with another EFT transaction. In the past, our only option was to mail benefit recipients a paper check, and pensioners who received their regular monthly pension payment via EFT — more commonly referred to as direct deposit — often had to wait many days for their replacement payment if their EFT was rejected.

# Overview of the New York State & Local Retirement System

*continued*

*Report from Executive Deputy Comptroller Kevin F. Murray*

Due to this improvement, we can immediately replace the rejected EFT transaction with another EFT, as long as we have the pensioner's correct direct deposit information on file. This means pensioners now receive their replacement payments faster and more securely.

## Responding to our Customers' Needs

Our Benefit Information Services (BIS) bureau comprises two main units: Information Services and the Call Center. Information Services employees provide individual consultations (in person, via telephone or through video conferencing), give pre-retirement presentations and staff information tables at various events. Our Call Center is the primary contact for NYSLRS' members. Employees respond to customer phone and email inquiries, but also provide a variety of other services such as mailing forms and booklets, changing addresses and faxing information to members or their employers.

Over the course of the last fiscal year, BIS employees:

- Answered more than 400,000 calls and responded to more than 17,000 emails from customers;
- Completed more than 19,000 address changes;
- Created more than 38,000 benefit projections;
- Delivered presentations to over 28,000 members at more than 160 benefit fairs; and
- Conducted more than 130 employer presentations at job sites for more than 11,000 members.

## Other Noteworthy Customer Service Improvements

Over the last fiscal year, we made it easier for our members, retirees and beneficiaries to conduct business with us. Improvements have included:

- Accepting copies of Power of Attorney (POA) papers in addition to original documents — previously, we only accepted originals;
- Accepting a New York State driver license issued on or after January 1, 2005 as proof of date of birth;
- Creating a dedicated military email box specifically for members requesting military service credit; and
- Improving our Internet access at several consultation sites through the use of either Ethernet or MiFi units.

# Overview of the New York State & Local Retirement System

*continued*

*Report from Executive Deputy Comptroller Kevin F. Murray*

## New Laws Affecting Members and Retirees

### Larger Lump Sum Payments Allowed

Chapter 523 of the Laws of 2013 allows larger lump sum payments to be made under the Partial Lump Sum (PLS) payment program for members of the New York State Police and Fire Retirement System (PFRS). Eligible PFRS members can now choose a 20 or 25 percent lump sum payment at retirement.

### Ordinary Death Benefits Clarified

Chapter 520 of the Laws of 2013 clarifies the maximum salary that can be used to calculate the ordinary death benefit of members of State public retirement systems.

### Accidental Disability Retirement Benefits

Chapter 416 of the Laws of 2013 provides accidental disability retirement benefits equal to three-quarters of the retiree's Final Average Salary to chief fire marshals, assistant fire marshals, division supervising fire marshals, fire marshals and fire marshal trainees in Nassau County.

### Special Accidental Death Benefits

Chapter 196 of the Laws of 2013 increases by 3 percent certain special accidental death benefits paid to widows, widowers or the children of police officers and firefighters killed in the line of duty.

---

As this report highlights, fiscal year 2014 proved to be especially busy and productive for us. Not only did the technology redesign project move into high gear, but many initiatives designed to improve or enhance customer service and make our work more efficient were set into motion.

NYSLRS looks forward to another year of finding ways to improve its customer service, and reporting the results to you in our next Comprehensive Annual Financial Report.

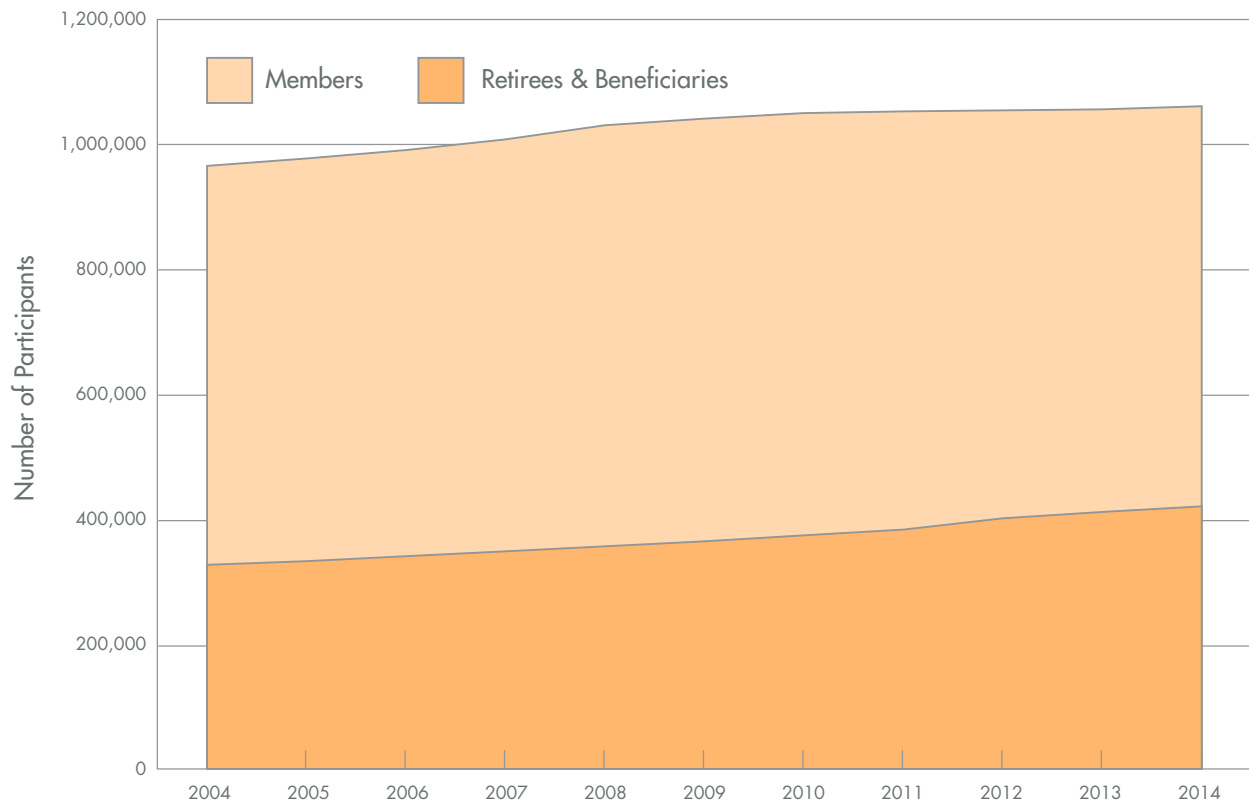
# By the Numbers

## Members and Retirees

Overall membership in the System is 1,066,064. This includes 643,659 members and 422,405 retirees and beneficiaries. The number of retirees is increasing more quickly than members. For example, in 1994, retirees represented 30 percent of the System's members. By FY 2014, that number had increased to approximately 40 percent.

The value of the System's net position at the end of the fiscal year was \$181.28 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, as well as increased number of pensioners. For example, in 1994, benefit payments were approaching \$2.4 billion, while this year's payments totaled nearly \$9.90 billion.








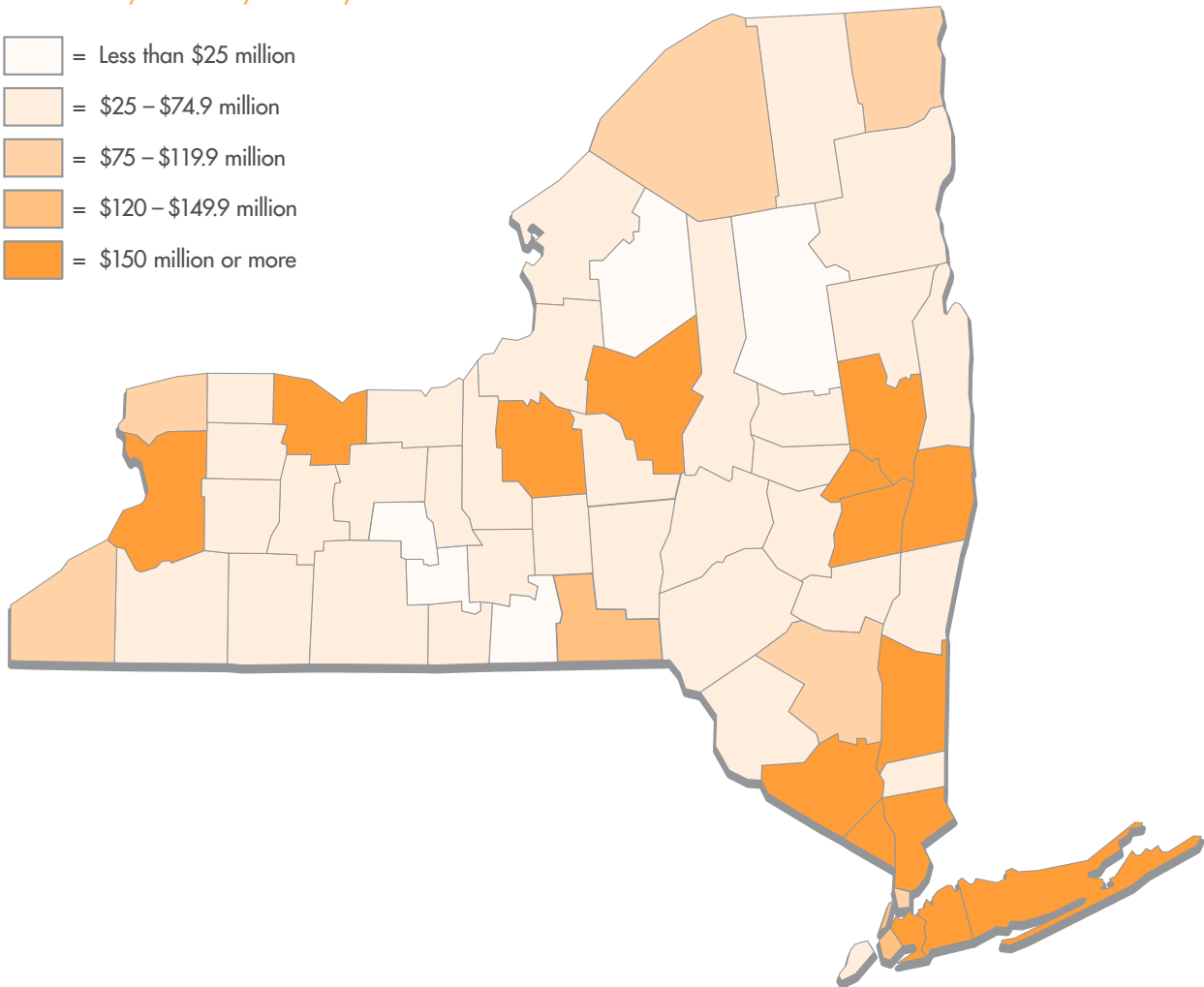


## Retirees in New York State

Of the 422,405 retirees and beneficiaries in the System, 331,324 (78 percent) remain New York State residents. Consequently, benefit payments surpassing \$7.9 billion this year alone reach the State's communities and businesses, representing the System's greatest impact on the State's economy.

### Benefit Payments by County

-  = Less than \$25 million
-  = \$25 – \$74.9 million
-  = \$75 – \$119.9 million
-  = \$120 – \$149.9 million
-  = \$150 million or more



## Annual Benefit Payments Within New York State\*

As of March 31, 2014.

County	Recipients	Annual Payments
Albany	17,286	\$ 489,807,230
Allegany	1,540	26,242,748
Bronx	3,432	84,897,569
Broome	7,210	130,098,530
Cattaraugus	3,187	58,015,611
Cayuga	2,816	57,728,547
Chautauqua	4,309	78,068,236
Chemung	3,366	71,308,540
Chenango	1,895	32,079,015
Clinton	3,843	87,858,829
Columbia	2,793	64,094,966
Cortland	1,594	28,402,197
Delaware	1,746	31,963,027
Dutchess	8,933	226,560,077
Erie	27,947	643,055,751
Essex	1,810	34,855,105
Franklin	2,623	53,882,305
Fulton	2,002	36,386,163
Genesee	2,035	40,085,358
Greene	2,267	51,639,319
Hamilton	405	7,578,901
Herkimer	2,171	36,550,752
Jefferson	3,002	59,390,832
Kings	5,322	142,295,727
Lewis	1,040	16,270,693
Livingston	2,716	56,468,816
Madison	2,276	41,378,949
Monroe	15,024	305,543,705
Montgomery	2,185	44,453,291
Nassau	21,633	647,690,375
New York	4,325	128,461,784
Niagara	5,624	116,119,720

County	Recipients	Annual Payments
NY Military	11	\$ 157,523
Oneida	9,152	194,562,751
Onondaga	12,531	256,184,629
Ontario	3,083	58,259,759
Orange	8,170	195,706,990
Orleans	1,423	26,463,893
Oswego	3,786	67,358,054
Otsego	2,012	34,121,014
Putnam	2,143	60,828,004
Queens	5,872	161,513,658
Rensselaer	8,120	215,240,020
Richmond	2,390	68,696,935
Rockland	6,438	174,632,911
Saratoga	9,258	242,594,155
Schenectady	7,555	194,063,788
Schoharie	1,415	29,560,251
Schuyler	763	14,319,912
Seneca	1,403	26,172,626
St. Lawrence	4,634	93,192,284
Steuben	2,999	55,214,947
Suffolk	32,069	928,151,415
Sullivan	2,700	60,068,863
Tioga	1,449	23,571,520
Tompkins	2,624	50,793,325
Ulster	5,403	115,978,917
Warren	2,620	53,981,105
Washington	2,473	51,071,363
Wayne	3,045	55,214,262
Westchester	14,838	418,271,133
Wyoming	1,851	38,660,221
Yates	737	12,540,311
<b>Total</b>	<b>331,324</b>	<b>\$7,906,379,204</b>

\* The objective of this chart is to show the relative amounts paid to annuitants in the various locations within New York State. The numbers do not match the figures in the basic financial statements because the financial statement figures represent the sum of all benefit payments (including death benefits) made during the fiscal year, in accordance with Generally Accepted Accounting Principles (GAAP). The above numbers represent the sum of the annual benefits payable to all annuitants actively collecting as of the end of the fiscal year. The latter numbers are easier to organize by county than the former.

## Annual Benefit Payments Within the United States\*

As of March 31, 2014.

State	Recipients	Annual Payments
Alabama	760	\$ 12,170,444
Alaska	68	1,059,633
Arizona	2,667	50,624,666
Arkansas	148	1,903,707
California	2,241	35,855,253
Colorado	737	12,279,188
Connecticut	2,109	45,294,927
Delaware	608	13,629,490
Florida	34,374	707,793,223
Georgia	3,378	62,444,951
Guam	2	12,475
Hawaii	110	1,987,544
Idaho	77	1,392,649
Illinois	337	5,038,614
Indiana	268	3,854,522
Iowa	77	1,048,204
Kansas	107	1,329,391
Kentucky	325	4,726,574
Louisiana	173	2,375,096
Maine	576	10,692,461
Maryland	1,376	23,888,989
Massachusetts	1,496	27,145,472
Michigan	342	4,640,404
Minnesota	143	1,811,540
Mississippi	192	3,055,631
Missouri	236	3,297,708
Montana	121	2,241,803

State	Recipients	Annual Payments
Nebraska	57	\$ 697,578
Nevada	1,369	30,119,591
New Hampshire	593	12,415,901
New Jersey	7,136	230,832,851
New Mexico	430	7,521,914
New York	331,324	7,906,379,204
North Carolina	7,974	155,070,181
North Dakota	16	165,297
Ohio	716	10,518,490
Oklahoma	166	2,089,235
Oregon	279	4,550,199
Pennsylvania	4,201	85,092,209
Puerto Rico	493	6,909,248
Rhode Island	247	4,119,615
South Carolina	4,883	102,555,904
South Dakota	73	1,287,189
Tennessee	1,470	29,074,007
Texas	1,954	33,168,477
Utah	131	1,963,516
Vermont	572	10,731,403
Virginia	3,558	64,859,311
Washington	460	7,709,336
Washington, D.C.	114	2,035,008
West Virginia	208	3,483,389
Wisconsin	150	2,316,572
Wyoming	64	1,233,282
<b>Total</b>	<b>421,686</b>	<b>\$9,758,493,466</b>

## Annual Benefit Payments Outside the United States\*

As of March 31, 2014.

Total Recipients	Total Annual Payments
719	\$ 10,440,133

\* The objective of this chart is to show the relative amounts paid to annuitants within the United States and outside the United States. The numbers do not match the figures in the basic financial statements because the financial statement figures represent the sum of all benefit payments (including death benefits) made during the fiscal year, in accordance with Generally Accepted Accounting Principles (GAAP). The above numbers represent the sum of the annual benefits payable to all annuitants actively collecting as of the end of the fiscal year. The latter numbers are easier to organize by country and state than the former.

# Financial

# Contents

Independent Auditors' Report .....	29
Management's Discussion and Analysis .....	31
Statement of Plan Net Position .....	35
Statement of Changes in Plan Net Position.....	36
Notes to Financial Statements — Year Ended March 31, 2014 .....	37
Required Supplementary Information.....	58
Schedule of Funding Progress .....	58
Schedule of Employer Contributions .....	59
Additional Supplementary Information.....	60
Schedule of Administrative Expenses .....	60
Schedule of Investment Expenses .....	61
Schedule of Consulting Fees.....	62
Independent Auditors' Report on Internal Control.....	63

# Independent Auditors' Report



KPMG LLP  
515 Broadway  
Albany, NY 12207-2974

## Independent Auditors' Report

The Trustee  
New York State and Local Retirement System:

We have audited the accompanying statement of plan net position of the New York State and Local Retirement System (the System) as of March 31, 2014, the related statement of changes in plan net position for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the net position of the System as of March 31, 2014, and the changes in its net position for the year then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.



## **Other Matters**

### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the System's basic financial statements. The accompanying additional supplementary information as listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated in all material respects in relation to the basic financial statements 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2014, on our consideration of the System's internal control over financial reporting and on our tests 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

**KPMG LLP**

July 7, 2014

# 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, 2014 is intended to provide the reader with an analysis of the System's overall financial position. The System is comprised 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). 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 position of the System held in trust to pay pension benefits was \$181.28 billion as of March 31, 2014. This amount reflects an increase of \$17.05 billion from the prior fiscal year. This change is primarily the result of the net appreciation of the fair value of the investment portfolio. Investment appreciation for the fiscal years ended March 31, 2014 and 2013 is \$17.43 billion and \$11.59 billion, respectively.
- The System's funding objective is to meet long-term benefit obligations through member and employer contributions and investment earnings. The funded ratio is the ratio of actuarially determined assets against actuarial liabilities. The funded ratio for April 1, 2013 is: ERS 88.5 percent, PFRS 89.5 percent.
- Retirement and death benefits paid this year totaled \$9.90 billion to 422,405 annuitants as compared to \$9.45 billion to 413,436 annuitants for last year. The increase is primarily due to the number of new retirees.
- Contributions from employers increased from \$5.34 billion last year to \$6.06 billion this year. The increase in contributions is attributable to higher billing rates.
- The System's investments reported a positive return of 13.02 percent for the current year and a positive return of 10.38 percent for last year.

## Overview of the Financial Statements

The financial statements consist of the statement of plan net position, statement of changes in plan net position, and the notes to the financial statements. The required supplementary information that appears after the notes to the financial statements is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. The additional supplementary information following the required supplementary information is also not required, but management has chosen to include such information to increase transparency.

The statement of plan net position 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 the System's net position.

The statement of changes in plan net position presents the changes to the System's net position for the fiscal year, including net investment income, net appreciation or depreciation of 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. The financial statement notes include plan descriptions, significant accounting policies, and disclosures related to funded status and funding progress, System reserves, deposit and investment risk, derivatives, securities 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 allocated to a variety of asset types and strategies in order to meet the current funding needs and future growth requirements of the pension liability. Equity-related investments are included for their long-term return and growth characteristics, while fixed income and debt-related investments are included in 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. It is important to note that the change from year to year is due not only to changes in fair values, but also to purchases, sales, and redemptions. Tables 1, 2, and 3 summarize and compare financial data for the current and prior years.

Table 1

Summary schedule of plan net position as of March 31, 2014, as compared to March 31, 2013, follows:

	(In Thousands)			Percentage Change
	2014	2013	Dollar Change	
<b>Assets:</b>				
Investments	\$ 176,835,136	\$ 160,660,829	\$ 16,174,307	10.1%
Securities lending collateral — invested	7,787,775	8,372,067	(584,292)	(7.0)
Receivables and other assets	6,011,311	5,704,399	306,912	5.4
<b>Total assets</b>	<b>190,634,222</b>	<b>174,737,295</b>	<b>15,896,927</b>	<b>9.1</b>
<b>Liabilities:</b>				
Securities lending obligations	7,801,205	8,385,115	(583,910)	(7.0)
Payables and other liabilities	1,557,668	2,130,348	(572,680)	(26.9)
<b>Total liabilities</b>	<b>9,358,873</b>	<b>10,515,463</b>	<b>(1,156,590)</b>	<b>(11.0)</b>
<b>Net position, restricted for pension benefits</b>	<b>\$ 181,275,349</b>	<b>\$ 164,221,832</b>	<b>\$ 17,053,517</b>	<b>10.4%</b>

The plan net position of the System totaled \$181.28 billion as of March 31, 2014, an increase of \$17.05 billion from the prior fiscal year.

**Table 2**

Schedule of invested assets as of March 31, 2014, as compared to March 31, 2013, follows:

	(In Thousands)			Percentage Change
	2014	2013	Dollar Change	
Short-term investments	\$ 6,592,848	\$ 6,461,328	\$ 131,520	2.0%
Government bonds	27,622,941	27,131,218	491,723	1.8
Corporate bonds	13,114,802	10,990,780	2,124,022	19.3
Exchange-traded fixed income funds	672,828	437,474	235,354	53.8
Domestic equity	65,281,392	56,948,897	8,332,495	14.6
International equity	27,910,342	26,100,590	1,809,752	6.9
Private equity	14,369,804	14,072,639	297,165	2.1
Absolute return strategy investments	7,406,113	6,124,694	1,281,419	20.9
Opportunistic funds	480,851	385,081	95,770	24.9
Real estate and mortgage loans	13,383,215	12,008,128	1,375,087	11.5
<b>Total investments</b>	<b>\$ 176,835,136</b>	<b>\$ 160,660,829</b>	<b>\$ 16,174,307</b>	<b>10.1%</b>

The largest percentage increases to the invested assets were in exchange-traded fixed income funds (ETFs), opportunistic funds, and absolute return strategy investments, which represent 0.4 percent, 0.3 percent, and 4.2 percent of the portfolio, respectively. The New York State Common Retirement Fund (the Fund) increased the allocation to the ETFs in the fixed income portfolio. The addition of these funds is in line with the goals set by the strategic plan of the fixed income portfolio. The Fund continued to add capital to both the opportunistic portfolio and the absolute return strategy portfolio to fulfill the asset allocation. This strategy, in conjunction with positive market performance, enabled the Fund to capitalize on the dynamic opportunity set across global markets.

**Table 3**

Summary schedule of changes in plan net position for the year ended March 31, 2014, as compared to the year ended March 31, 2013, follows:

	(In Thousands)			Percentage Change
	2014	2013	Dollar Change	
<b>Additions:</b>				
Net investment income	\$ 20,598,593	\$ 14,717,622	\$ 5,880,971	40.0%
Total contributions	6,538,112	5,737,032	801,080	14.0
<b>Total additions</b>	<b>27,136,705</b>	<b>20,454,654</b>	<b>6,682,051</b>	<b>32.7</b>
<b>Deductions:</b>				
Total benefits paid	(9,977,526)	(9,521,536)	(455,990)	4.8
Administrative expenses	(105,662)	(105,720)	58	(0.1)
<b>Total deductions</b>	<b>(10,083,188)</b>	<b>(9,627,256)</b>	<b>(455,932)</b>	<b>4.7</b>
<b>Net increase</b>	<b>17,053,517</b>	<b>10,827,398</b>	<b>6,226,119</b>	<b>57.5</b>
<b>Net position, restricted for pension benefits — beginning of year</b>	<b>164,221,832</b>	<b>153,394,434</b>	<b>10,827,398</b>	<b>7.1</b>
<b>Net position, restricted for pension benefits — end of year</b>	<b>\$ 181,275,349</b>	<b>\$ 164,221,832</b>	<b>\$ 17,053,517</b>	<b>10.4%</b>

The change in net investment income is primarily attributable to the increase in the net appreciation in fair value of investments from 2013 to 2014. The increase in total contributions is attributable to the change in employer billing rates.

## Economic Factors and Rates of Return

The Fund posted a strong investment performance for the fiscal year ended March 31, 2014, with a net gain of 13.02 percent, reflecting the overall positive performance in the world equity markets. In addition to the Fund's global equity portfolio, the alternative investment portfolio experienced strong performance benefited by the private equity and real estate portfolios. The Fund benefitted from strong global growth, but market volatility and concerns about increasing inflation and political uncertainty across the globe persist. This was the fifth consecutive year of positive performance for the Fund following the fiscal crisis of 2008.

## 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. The report can also be accessed on the Comptroller's website at [www.osc.state.ny.us/pension/cafr.htm](http://www.osc.state.ny.us/pension/cafr.htm).

# Statement of Plan Net Position

As of March 31, 2014.

	(In Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
<b>Assets:</b>			
<b>Investments (notes 2(b), 5 and 6):</b>			
Short-term investments	\$ 5,600,127	\$ 992,721	\$ 6,592,848
Government bonds	23,463,603	4,159,338	27,622,941
Corporate bonds	11,140,034	1,974,768	13,114,802
Exchange-traded fixed income funds	571,517	101,311	672,828
Domestic equity	55,451,614	9,829,778	65,281,392
International equity	23,707,728	4,202,614	27,910,342
Private equity	12,206,064	2,163,740	14,369,804
Absolute return strategy investments	6,290,934	1,115,179	7,406,113
Opportunistic funds	408,447	72,404	480,851
Real estate and mortgage loans	11,368,031	2,015,184	13,383,215
<b>Total investments</b>	<b>150,208,099</b>	<b>26,627,037</b>	<b>176,835,136</b>
<b>Securities lending collateral — invested (note 7)</b>	<b>6,615,127</b>	<b>1,172,648</b>	<b>7,787,775</b>
<b>Forward foreign exchange contracts (note 6)</b>	<b>547,184</b>	<b>96,998</b>	<b>644,182</b>
<b>Receivables:</b>			
Employers' contributions	3,137,432	371,408	3,508,840
Members' contributions	5,554	77	5,631
Member loans	1,094,631	1,969	1,096,600
Investment income	342,556	60,724	403,280
Investment sales	179,413	31,804	211,217
Other	37,779	26,943	64,722
<b>Total receivables</b>	<b>4,797,365</b>	<b>492,925</b>	<b>5,290,290</b>
<b>Capital assets, at cost, net of accumulated depreciation</b>	<b>65,269</b>	<b>11,570</b>	<b>76,839</b>
<b>Total assets</b>	<b>162,233,044</b>	<b>28,401,178</b>	<b>190,634,222</b>
<b>Liabilities:</b>			
Securities lending obligations (note 7)	6,626,535	1,174,670	7,801,205
Forward foreign exchange contracts (note 6)	547,353	97,028	644,381
Accounts payable — investments	463,414	82,148	545,562
Accounts payable — benefits	164,320	21,478	185,798
Other liabilities (note 2(g))	158,059	23,868	181,927
<b>Total liabilities</b>	<b>7,959,681</b>	<b>1,399,192</b>	<b>9,358,873</b>
<b>Net position, restricted for pension benefits</b>	<b>\$ 154,273,363</b>	<b>\$ 27,001,986</b>	<b>\$ 181,275,349</b>

See accompanying notes to financial statements.

# Statement of Changes in Plan Net Position

Year Ended March 31, 2014.

	(In Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
<b>Additions:</b>			
<b>Income from investing activities:</b>			
Net appreciation in fair value of investments	\$ 14,806,910	\$ 2,625,200	\$ 17,432,110
Interest income	1,160,438	205,737	1,366,175
Dividend income	1,272,939	225,683	1,498,622
Other income	722,894	128,164	851,058
Less investment expenses	<u>(488,336)</u>	<u>(86,579)</u>	<u>(574,915)</u>
<b>Total income from investing activities</b>	<b>17,474,845</b>	<b>3,098,205</b>	<b>20,573,050</b>
<b>Income from securities lending activities:</b>			
Securities lending income	11,132	1,974	13,106
Securities lending rebates	12,975	2,300	15,275
Less securities lending management fees	<u>(2,411)</u>	<u>(427)</u>	<u>(2,838)</u>
<b>Total income from securities lending activities</b>	<b>21,696</b>	<b>3,847</b>	<b>25,543</b>
<b>Total net investment income</b>	<b>17,496,541</b>	<b>3,102,052</b>	<b>20,598,593</b>
<b>Contributions:</b>			
Employers	5,137,935	926,198	6,064,133
Members	273,545	7,853	281,398
Interest on accounts receivable	104,059	11,408	115,467
Other	<u>71,618</u>	<u>5,496</u>	<u>77,114</u>
<b>Total contributions</b>	<b>5,587,157</b>	<b>950,955</b>	<b>6,538,112</b>
<b>Total additions</b>	<b>23,083,698</b>	<b>4,053,007</b>	<b>27,136,705</b>
<b>Deductions:</b>			
<b>Benefits paid:</b>			
Retirement benefits	(8,200,112)	(1,494,897)	(9,695,009)
Death benefits	(185,169)	(18,651)	(203,820)
Other, net	<u>(79,780)</u>	<u>1,083</u>	<u>(78,697)</u>
<b>Total benefits paid</b>	<b>(8,465,061)</b>	<b>(1,512,465)</b>	<b>(9,977,526)</b>
<b>Administrative expenses</b>	<b>(92,266)</b>	<b>(13,396)</b>	<b>(105,662)</b>
<b>Total deductions</b>	<b>(8,557,327)</b>	<b>(1,525,861)</b>	<b>(10,083,188)</b>
<b>Net increase</b>	<b>14,526,371</b>	<b>2,527,146</b>	<b>17,053,517</b>
<b>Net position, restricted for pension benefits — beginning of year</b>	<b>139,746,992</b>	<b>24,474,840</b>	<b>164,221,832</b>
<b>Net position, restricted for pension benefits — end of year</b>	<b>\$ 154,273,363</b>	<b>\$ 27,001,986</b>	<b>\$ 181,275,349</b>

See accompanying notes to financial statements.

# Notes to Financial Statements — Year Ended March 31, 2014

## 1. Description of Plans

The Comptroller of the State of New York serves as sole trustee of the New York State 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). The net position of the System is held in the Fund, which was established to hold all net assets and record changes in plan net position allocated to the System. In these statements, GLIP amounts are apportioned to and included in ERS and PFRS.

System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

Generally, members of the System are employees of the State and its municipalities, other than New York City.

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

As of March 31, 2014 and 2013, the number of participating employers for ERS and PFRS consisted of the following:

	ERS		PFRS	
	2014	2013	2014	2013
State	1	1	1	1
Counties	57	57	4	4
Cities	61	61	61	61
Towns	912	912	205	205
Villages	489	489	376	376
School districts	698	700	–	–
Miscellaneous	784	784	34	34
<b>Total</b>	<b>3,002</b>	<b>3,004</b>	<b>681</b>	<b>681</b>

As of March 31, 2014 and 2013, the System membership for ERS and PFRS consisted of the following:

	ERS		PFRS	
	2014	2013	2014	2013
Retirees and beneficiaries currently receiving benefits	389,288	380,899	33,117	32,537
Active members	493,209	498,266	31,218	30,780
Inactive members	116,356	115,664	2,876	2,864
<b>Total members and benefit recipients</b>	<b>998,853</b>	<b>994,829</b>	<b>67,211</b>	<b>66,181</b>

**(a) Membership Tiers**

Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of membership. For convenience, the System uses a tier concept to distinguish these groups, generally:

**ERS**

- Tier 1** Those persons who last became members before July 1, 1973.
- Tier 2** Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3** Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4** Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5** Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6** Those persons who first became members on or after April 1, 2012.

**PFRS**

- Tier 1** Those persons who last became members before July 31, 1973.
- Tier 2** Those persons who last became members on or after July 31, 1973, but before July 1, 2009.
- Tier 3** Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
- Tier 4** N/A
- Tier 5** Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.
- Tier 6** Those persons who first became members on or after April 1, 2012.

**(b) Benefits****Tiers 1 and 2**

**Eligibility:** Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

**Benefit Calculation:** Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

**Tiers 3, 4 and 5**

**Eligibility:** Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

**Benefit Calculation:** Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.



## Tier 6

**Eligibility:** Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

**Benefit Calculation:** Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

## Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) require 10 years of service credit to be 100 percent vested.

## Special Plans

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

## Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

## Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

### 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 the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

### Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. 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 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

## 2. Summary of Significant Accounting Policies

### (a) 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 reported as investments on the financial statements are allocated between ERS and PFRS based on each system's monthly average equity in the Fund.

### (b) Method Used to Value Investments

Investments are reported at fair value. Fair value is defined as the amount that can reasonably be expected to be received for an investment in a current sale between a willing buyer and a willing seller. Due to the nature of investments, it is reasonable that changes in the value of investments will occur in the near future, and such changes could materially affect the amounts reported.

Equity securities traded on a national or international exchange are reported at current quoted market values.

Bonds are primarily reported at fair 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 valued 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.

Private equity, opportunistic funds, and absolute return strategy investments are reported at fair value as determined by the investment manager. Private equity investment managers value nonpublicly traded assets at estimated 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.

## (c) 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 the 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 plan net position. Because of the inherent uncertainty in privately held securities, the fair value may differ from the values that would have been used if a ready market for such securities existed, and the difference can be material. Estimates also affect the reported amounts of income/additions and expenses/deductions during the reporting period. Actual results could differ from these estimates.

## (d) Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement of Governmental Accounting Standards No. 67, *Financial Reporting for Pension Plans — an amendment of GASB Statement No. 25*, and Statement of Governmental Accounting Standards No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27*. GASB Statement No. 67 addresses reporting by pension plans that administer benefits for governments, and will require the System to include more extensive note disclosures and required supplementary information, including information about pension plan governance, investment policies (asset allocation), and the annual money-weighted rates of return on pension plan investments. The System will be subject to the provisions of GASB Statement No. 67 beginning with the fiscal year ending March 31, 2015. GASB Statement No. 67 replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB Statement No. 67 builds upon the existing framework for financial reports of defined benefit pension plans and enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans.

GASB Statement No. 68, which primarily relates to reporting by governments that provide pensions to their employees, is effective for fiscal years beginning after June 15, 2014.

The System is preparing to assist employers with GASB Statement No. 68 implementation and will provide employers with the required amounts and related disclosures.

## (e) Member Loan Programs

Members are entitled to participate in a loan program that allows them to borrow up to 75 percent 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 percent below the actuarial interest rate at the time the loan is granted. The loan rate for loans issued during the fiscal year ended March 31, 2014 was 6.5 percent.

## (f) Benefits Payable

Benefits payable represents payments due on account of death and retirement on or before March 31, 2014, for which final calculations had not been completed nor payments made as of that date.

## (g) 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 \$181.93 million, of which \$79.45 million represents tax withholding payments due to the Internal Revenue Service.

## (h) Capital Assets

Capital assets are capitalized at cost and depreciated on a straight-line basis over the related assets' estimated useful lives.

During the fiscal year ended March 31, 2011, the System began capitalizing outlays associated with its data imaging, filing, and storage system. As of March 31, 2014, capitalized outlays for the project total \$29.1 million. This project is currently ongoing and is expected to be completed in the fiscal year ending 2016, at which time amortization of the capitalized costs will begin. During the fiscal year ended March 31, 2014, the System began capitalizing outlays associated with its pension administration system redesign. As of March 31, 2014, capitalized outlays for the project total \$25.4 million. This project is currently ongoing and is expected to be completed in the fiscal year ending 2018, at which time amortization of the capitalized costs will begin.

## (i) Contributions Required

Participating employers are required under the RSSL to contribute annually to the System. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2014, the applicable interest rate was 7.5 percent.

## (j) System Expenses

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

## (k) Required Contribution Rates

Tier 3, 4 and 5 members must contribute 3 percent 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. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Tier 6 members are required to contribute for all years of service.

## (l) Contributions Receivable

Employers' contributions receivable are presented net of withdrawals, refunds, advance employer payments, and credits due employers. Receivable amounts from participating employers include \$83.88 million for amortization of retirement incentives, new plan adoptions, and retroactive membership. Receivable amounts from the State for other amortizations total \$41.23 million.

The Retirement and Social Security Law includes several provisions related to the amortization of employer contribution amounts. These include:

**Chapter 260 of the Laws of 2004** authorized employers to amortize over ten years, at 5 percent interest, the portion of their annual bill for the fiscal year ended 2005 that exceeded 7 percent of payroll. The amortized amount receivable from the State as of March 31, 2014 is \$45.49 million and from participating employers is \$12.39 million.

**Chapter 260 of the Laws of 2004** authorized employers to amortize over ten years, at 5 percent interest, the portion of their annual bill for the fiscal year ended 2006 that exceeded 9.5 percent of payroll. The amortized amount receivable from the State as of March 31, 2014 is \$38.74 million and from participating employers is \$7.05 million.

**Chapter 260 of the Laws of 2004** authorized local employers to amortize over ten years, at 5 percent interest, the portion of their annual bill for the fiscal year ended 2007 that exceeded 10.5 percent of payroll. The amortized amount receivable from participating employers as of March 31, 2014 is \$8.05 million.

**Chapter 57 of the Laws of 2010** authorized the State and local employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. Amortized amounts will be paid in equal annual installments over a ten-year period including a rate of interest set by the Comptroller annually. Employers may prepay these amounts at any time without penalty. The first payment will be due in the fiscal year following the decision to amortize. Chapter 57 further provides that when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional moneys into reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets.

For the annual bill for the fiscal year ended 2011, the statutory amortization threshold is 9.5 percent of payroll for ERS and 17.5 percent for PFRS. The Comptroller has set an interest rate of 5.00 percent. The amortized amount receivable from the State as of March 31, 2014 is \$187.78 million and from participating employers is \$31.71 million.

For the annual bill for the fiscal year ended 2012, the statutory amortization threshold is 10.5 percent of payroll for ERS and 18.5 percent for PFRS. The Comptroller has set an interest rate of 3.75 percent. The amortized amount receivable from the State as of March 31, 2014 is \$467.67 million and from participating employers is \$171.90 million.

For the annual bill for the fiscal year ended 2013, the statutory amortization threshold is 11.5 percent of payroll for ERS and 19.5 percent for PFRS. The Comptroller has set an interest rate of 3.00 percent. The amortized amount receivable from the State as of March 31, 2014 is \$712.36 million and from participating employers is \$337.54 million.

For the annual bill for the fiscal year ended 2014, the statutory amortization threshold is 12.5 percent of payroll for ERS and 20.5 percent for PFRS. The Comptroller has set an interest rate of 3.67 percent. The amortized amount receivable from the State as of March 31, 2014 is \$939.82 million and from participating employers is \$225.16 million.

The fiscal year 2014 Enacted Budget included an alternate contribution program (the Alternate Contribution Stabilization Program) that provided certain participating employers with a one-time election to amortize slightly more of their required contributions than would be available for amortization under the 2010 legislation. In addition, the maximum payment period was increased from ten years to twelve years. The election was available to counties, cities, towns, villages, BOCES, school districts, and the four public health care centers operated in the counties of Nassau, Westchester, and Erie. The Comptroller has set an interest rate of 3.76 percent. The State was not eligible to participate in the Alternate Contribution Stabilization Program. The amortized amount receivable, including interest, from 29 participating employers as of March 31, 2014 is \$251.18 million.

### 3. 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 the 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 Statements No. 25 and No. 27)*, the 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 actuarial valuation for the fiscal year ended 2014, performed on April 1, 2013, determined employer contributions for the year ended March 31, 2015.

The funded status of the System as of April 1, 2013, 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
<b>ERS</b>						
April 1, 2013	\$ 132,138	\$ 149,281	\$ 17,143	88.5%	\$ 24,405	70.2%
<b>PFRS</b>						
April 1, 2013	\$ 23,147	\$ 25,850	\$ 2,703	89.5%	\$ 3,163	85.5%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear 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, 2013 valuation to determine employer contributions for the year ending March 31, 2015 were as follows:

Interest rate		7.5%
Salary scale	ERS	4.9%
	PFRS	6.0%
Decrement tables	April 1, 2005 – March 31, 2010 System's experience	
Inflation rate		2.7%

The actuarial asset values are determined by applying the assumed return on investments (currently 7.5 percent) to the financial statement plan net position with adjustments for cash flow (contributions and deductions). This smoothing method expects and immediately recognizes the assumed return on assets while phasing in unexpected gains/losses over a five-year period. This method treats realized and unrealized gains in the same manner.

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 bills for the fiscal years ended 2005, 2006 and 2007; 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 are composed of the normal contribution for each fiscal year plus the rates for administration and the Group Life Insurance Program (GLIP). The average contribution rate for ERS for the fiscal year ended March 31, 2014 was approximately 20.9 percent of payroll. The average employer contribution rate for PFRS for the fiscal year ended March 31, 2014 was approximately 28.9 percent of payroll.



#### 4. System Reserves

The legally required reserves, as covered by provisions of the RSSL, are maintained by the System, are fully funded as of March 31, 2014, and are described below:

- Annuity Savings Funds — Funds in which contributions of Tier 1 and Tier 2 members are accumulated.
- Annuity Reserve Funds — Funds from which member contribution annuities are paid.
- Pension Accumulation Funds — Funds in which employer contributions and income from the investments of the System are accumulated.
- Pension Reserve Funds — Funds from which pensions are paid.
- Designated Annuitant Funds — Funds from which beneficiary annuities are paid.
- Loan Insurance Funds — Funds that provide loan insurance coverage for members with existing non-default loan balances at time of death.
- Group Life Insurance Plan Reserve — Reserves that provide group term death benefits not to exceed \$50,000, payable upon the death of eligible members.
- Coescalation (COESC) Contribution Funds — Funds in which contributions are accumulated. These funds are transferred to the Pension Accumulation Fund at retirement.

As of March 31, 2014, the System reserves for ERS and PFRS consisted of the following:

	(In Thousands)	
	ERS	PFRS
Annuity savings	\$ 6,694	\$ 36,577
Annuity reserve	101,830	10,466
Pension accumulation	68,610,447	12,460,516
Pension reserve	76,940,529	14,459,183
Designated annuitant	57,006	21,979
Loan insurance	2,462	103
Group Life Insurance Plan reserve	92,872	2,684
COESC contributions	8,461,523	10,478
<b>Total</b>	<b>\$ 154,273,363</b>	<b>\$ 27,001,986</b>

## 5. Deposit and Investment Risk Disclosure

### (a) 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 (U.S.) markets, are held by 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 that trade in markets outside the U.S. 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 form by a DTC subsidiary or an organization similar to DTC.

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's Division of Pension Investment and Cash Management.

### (b) Custodial Credit Risk for Deposits

Deposits are exposed to custodial credit risk if the deposits are not covered by depository insurance or the 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 in the Office of the State Comptroller 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.

**(c) Interest Rate Risk**

The System has interest rate risk, which is the risk that changes in market interest rates will adversely affect the fair value of the Fund's fixed income securities. Pursuant to the Fund's investment policies and procedures and to address changing economic factors and their impact on various sectors of the economy, the Division's staff meets regularly to discuss the investment strategy for the fixed income portfolio. Several factors are taken into account when formulating this strategy, including sector weightings and the current duration of the portfolio.

The price volatility of the Fund's fixed income holdings is measured by duration. Effective duration is a measure of the price sensitivity of a bond to interest rate movements. Effective duration follows the concept that interest rates and bond prices move in opposite directions.

As of March 31, 2014, the duration of the fixed income portfolio is as follows:

Bond Category	Fair Value (In Thousands)	Percentage of Bond Portfolio	Effective Duration (In Years)
Treasury	\$ 7,304,478	17.6%	5.61
Federal agency	3,591,144	8.7	3.78
Corporate	9,434,936	22.8	5.05
Asset-backed	1,365,885	3.3	2.09
Commercial mortgage-backed	2,178,969	5.3	2.96
Mortgage-backed	6,372,953	15.4	4.16
ETF fixed income	672,828	1.6	5.95
<b>Core Portfolio Average Duration</b>			<b>4.58</b>
Treasury Inflation-Protected Securities (TIPS)	10,194,623	24.6	6.90
Externally managed funds: Smith Graham	294,755	0.7	3.23
<b>Total</b>	<b>\$ 41,410,571</b>	<b>100.0%</b>	

**(d) Credit Risk of Debt Securities**

State statutes and the System's investment policies require that corporate fixed income obligations must be investment grade at the time of their acquisition. A bond is considered investment grade if its credit rating is Baa by Moody's or BBB- by Standard & Poor's. Long-term bond ratings as of March 31, 2014, are as follows (dollars in thousands):

Quality Rating	Fair Value	Percentage of Fair Value
AAA	\$29,801,191	71.97%
AA	2,652,662	6.41
A	5,768,477	13.93
BAA	2,583,587	6.24
BBB	377,214	0.90
BA	66,294	0.16
BB	49,939	0.12
B	52,610	0.13
CAA	58,597	0.14
<b>Total</b>	<b>\$ 41,410,571</b>	<b>100.00%</b>

**(e) Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer.

As of March 31, 2014, the System did not hold any investments in any one issuer that would represent 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from the regulation in the following paragraph.

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 U.S. 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 \$1 billion of the short-term portfolio may be invested in any one commercial paper issuer.
- Simultaneous purchase and sale of U.S. Treasury obligations may be executed with Primary Government Dealers. A maximum of \$200 million may be invested with any one Primary Government Dealer.
- Corporate and Asset-Backed Securities (ABS) that are rated investment grade by two nationally recognized rating services. ABS must have a weighted average life of one year or less.

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 U.S. is pledged to provide payment of principal and interest.
- Obligations payable in U.S. dollars issued by any department, agency, or political subdivision of the U.S. government or issued by any corporation, company, or other issuer of any kind or description created or existing under the laws of the U.S., any state of the U.S., 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 percent of the assets of the Fund or 5 percent of the direct liabilities of the issuer.
- Interest-bearing obligations are payable in U.S. funds at the time the investments are rated in one of the four highest rating grades by each rating service that has rated such obligations. The aggregate amount invested in the obligations of any single issuer may not exceed 1 percent of the assets of the Fund.
- Bonds issued or guaranteed by the State of Israel payable in U.S. dollars, not to exceed 5 percent 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.

#### (f) 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, international private equity investments, and international opportunistic funds. The Fund's asset allocation and investment policies allow for active and passive investments in international securities. 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 U.S. 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 individual investment managers. To address the impact of changes in exchange rates, only forward foreign exchange contracts of one year or less are allowed when used to lessen portfolio volatility or hedge the portfolio's currency exposure.

Foreign investments included in the statement of plan net position as of March 31, 2014 are as follows (in thousands of U.S. dollars):

	Equity	Cash	Real Estate	Private Equity, Opportunistic and Absolute Return Strategy Funds	Total
Angolan Kwanza	\$ -	\$ -	\$ -	\$ 913	\$ 913
Argentine Peso	-	-	1,784	6,127	7,911
Australian Dollar	455,673	1,297	118,640	85,831	661,441
Bahamian Dollar	-	-	3,242	5,792	9,034
Bermudian Dollar	-	-	-	186,665	186,665
Brazilian Real	199,387	1,194	78,588	58,155	337,324
British Pound Sterling	2,480,128	6,289	623,177	990,314	4,099,908
Bulgarian Lev	-	-	-	660	660
Canadian Dollar	237,954	199	1,233	231,092	470,478
Cayman Islands Dollar	-	-	-	2,509,831	2,509,831
Central African CFA Franc	-	-	-	2,885	2,885
Chilean Peso	12,632	(24)	-	3,059	15,667
Chinese Yuan	-	-	263,695	548,775	812,470
Columbian Peso	10,043	-	-	582	10,625
Czech Koruna	3,498	115	11,308	11,938	26,859
Danish Krone	258,769	432	53,575	18,466	331,242
Dominican Peso	-	-	306	368	674
Egyptian Pound	6,950	117	8,568	1,064	16,699
Ethiopian Birr	-	-	3,711	-	3,711
Euro	4,024,368	104,988	1,147,791	1,684,108	6,961,255
Ghanaian Cedi	-	-	-	2,375	2,375
Guatemalan Quetzal	-	-	-	(140)	(140)
Hong Kong Dollar	608,177	1,779	31,981	46,778	688,715
Hungarian Forint	4,932	223	1,705	7,533	14,393
Icelandic Króna	-	-	-	11,344	11,344
Indian Rupee	150,105	941	56,207	191,691	398,944
Indonesian Rupiah	29,055	85	-	38,313	67,453
Israeli Shekel	4,742	11	5,587	17,330	27,670
Japanese Yen	2,037,258	2,041	235,277	180,304	2,454,880
Kazakhstani Tenge	-	-	-	912	912
Kenyan Shilling	-	-	2,863	-	2,863
Libyan Dinar	-	-	-	3,895	3,895
Macanese Pataca	-	-	-	1,913	1,913
Malaysian Ringgit	74,179	635	-	29,159	103,973
Maldivian Rufiyaa	-	-	997	-	997
Mauritian Rupee	-	-	1,049	11,529	12,578

# Notes to Financial Statements

continued

	Equity	Cash	Real Estate	Private Equity, Opportunistic and Absolute Return Strategy Funds	Total
Mexican Peso	\$ 81,485	\$ 65	\$ 25,884	\$ 16,057	\$ 123,491
Mongolian Tögrög	-	-	-	382	382
Moroccan Dirham	653	-	67	-	720
Mozambique Metical	-	-	-	801	801
New Taiwan Dollar	247,766	865	547	(6,477)	242,701
New Zealand Dollar	23,771	14	-	2,822	26,607
Nigerian Naira	-	-	-	1,406	1,406
Norwegian Krone	66,887	147	-	79,855	146,889
Papua New Guinean Kina	-	-	-	(83)	(83)
Peruvian Nuevo Sol	-	1	-	11,956	11,957
Philippine Peso	12,094	-	-	10,385	22,479
Polish Zloty	49,863	277	39,069	16,080	105,289
Romanian Leu	-	-	8,100	(11)	8,089
Russian Ruble	-	-	20,796	44,256	65,052
Singapore Dollar	214,065	547	534	39,244	254,390
South African Rand	96,807	657	6,661	65,002	169,127
South Korean Won	409,844	362	1,616	35,826	447,648
Sri Lankan Rupee	-	-	-	86	86
Swedish Krona	455,223	711	198,345	139,084	793,363
Swiss Franc	1,085,478	800	5,034	133,548	1,224,860
Thai Baht	54,136	-	5,076	(1,996)	57,216
Trinidad and Tobago Dollar	-	-	4,170	-	4,170
Turkish Lira	60,078	229	32,881	51,334	144,522
Ukrainian Hryvnia	-	-	4,907	3,367	8,274
United Arab Emirates Dirham	-	-	6,041	894	6,935
Uruguayan Peso	-	-	87	214	301
Venezuelan Bolivar	-	-	3,148	2,092	5,240
Vietnamese Đông	-	-	-	12,362	12,362
West African CRA Franc	-	-	-	(158)	(158)
Zamibian Kwacha	-	-	-	747	747
Other	-	-	264	(127)	137
<b>Total subject to foreign currency risk</b>	<b>13,456,000</b>	<b>124,997</b>	<b>3,014,511</b>	<b>7,548,509</b>	<b>24,144,017</b>
Commingled international equity in U.S. Dollars	11,277,523	-	-	-	11,277,523
Foreign investments in U.S. Dollars	3,176,819	-	-	2,952,231	6,129,050
<b>Total foreign investments</b>	<b>\$ 27,910,342</b>	<b>\$ 124,997</b>	<b>\$ 3,014,511</b>	<b>\$ 10,500,740</b>	<b>\$ 41,550,590</b>

## 6. Derivatives

A derivative is generally defined as an investment contract or security with a value that depends on, or is derived from, the value of an underlying asset, reference rate, or financial index. The System currently holds derivative instruments in the form of forward currency and spot currency contracts.

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 the trade date. Risk associated with such contracts includes movement in the value of a foreign currency relative to the U.S. dollar. The contracts are valued at forward exchange rates and include net appreciation/depreciation in the statement of plan net position. 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 position.

The table below summarizes the fair value of foreign currency contracts, asset (liability), as of March 31, 2014 (in thousands of U.S. dollars):

Currency	Forward Currency Contracts	Spot Currency Contracts	Totals
Australian Dollar	\$ 29,560	\$ –	\$ 29,560
Brazilian Real	–	(807)	(807)
British Pound Sterling	(4,086)	4,033	(53)
Canadian Dollar	18,716	3,376	22,092
Danish Krone	234	(398)	(164)
Euro	(103,409)	(5,021)	(108,430)
Hong Kong Dollar	(1,259)	(332)	(1,591)
Indian Rupee	(382)	–	(382)
Japanese Yen	9,166	(1,618)	7,548
Malaysian Ringgit	–	(2,200)	(2,200)
Mexican Peso	299	–	299
New Taiwan Dollar	–	(876)	(876)
Polish Zloty	816	–	816
Swiss Franc	(19,862)	(2,351)	(22,213)
Thai Baht	(4,508)	–	(4,508)
U.S. Dollar	74,516	6,190	80,706
<b>Total</b>	<b>\$ (199)</b>	<b>\$ (4)</b>	<b>\$ (203)</b>



## 7. Securities Lending Program

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 obligations of federal agencies. The custodian is authorized to invest the cash collateral in short-term investments that are legal for the Fund. These include domestic corporate and bank notes, U.S. Treasury obligations, obligations of federal agencies, repurchase agreements, and specific asset-backed securities. All rights of ownership to securities pledged as collateral remain with the borrower except in the event of default. As of March 31, 2014, 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, 2014, 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 percent of fair market value for domestic securities and 105 percent 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 that might arise from managing the program in a manner inconsistent with the contract. The Fund manages its market risk by recording investments at fair 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, 2014, the fair value of securities on loan was \$13.40 billion. The associated collateral was \$13.71 billion, of which \$7.90 billion was cash collateral and \$5.81 billion was securities. The cash collateral has been reinvested in other instruments, which had a fair value of \$7.79 billion as of March 31, 2014. The securities lending obligations were \$7.80 billion. The unrealized loss in invested cash collateral on March 31, 2014 was \$13.43 million, which is reported in the statement of changes in plan net position as part of "Net appreciation 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 percent collateral in overnight investments. While the Securities Lending Investment Guidelines allow investments up to a maximum of three years for U.S. Treasury and federal agency obligations and one year for all other investments, the average term of open security loans at March 31, 2014 was 18 days. All loans were open loans. There were no direct matching loans.

On March 4, 2013, a securities lending collateral deficiency was realized in the amount of \$127.14 million and agreed to be repaid to the lending agent through future earnings commencing with revenues earned effective April 1, 2013 and continuing in the future until the deficiency has been reimbursed in full. The securities lending collateral deficiency is due to a loss in the reinvestment of cash collateral. Investment guidelines have been strengthened to mitigate future losses. At March 31, 2014, the balance of the securities lending collateral deficiency was \$101.59 million.

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

## 8. Federal Income Tax Status

ERS and PFRS are qualified defined benefit retirement plans under Section 401(a) of the Internal Revenue Code and are exempt from federal income taxes. ERS and PFRS last received favorable determination letters from the Internal Revenue Service dated July 19, 2012 stating that ERS and PFRS are in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the System's financial statements.

## 9. Commitments

As of March 31, 2014, the System had contractual commitments totaling \$7.16 billion to fund future private equity investments and \$2.13 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.

# Required Supplementary Information

## Schedule of Funding Progress Year Ended March 31, 2014 (Unaudited)

The System uses the aggregate funding method, which does not identify or separately amortize unfunded actuarial liabilities. The aggregate funding method sets the actuarial accrued liability equal to the actuarial value of assets so there is no unfunded actuarial accrued liability. All of the cost comes from the present value of future normal costs; there is no amortization of the unfunded actuarial accrued liability. With the actuarial accrued liability set equal to the actuarial value of assets, there is an implied funding ratio of 100 percent unless disclosed using another method. Therefore, we have provided below a schedule of funding progress using the entry age normal funding method to approximate the funding status of the System. Every April 1st, an actuarial valuation is performed, which determines employer contributions for the year ending the next succeeding March 31st. For example, the fiscal year ending 2014 actuarial valuation performed on April 1, 2013 determined employer contributions for the fiscal year ending March 31, 2015.

1. The average employer contribution rates for ERS for fiscal years ending 2014 and 2015 were approximately 20.9 percent of projected payroll and 20.1 percent of projected payroll, respectively.
2. The average employer contribution rates for PFRS for fiscal years ending 2014 and 2015 were approximately 28.9 percent of projected payroll and 27.6 percent of projected payroll, respectively.
3. These average employer contribution rates are composed of the normal contribution for each fiscal year plus the rates for administration and the Group Life Insurance Program (GLIP).

(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
<b>ERS</b>						
April 1, 2008	\$ 128,916	\$ 120,183	\$ (8,733)	107.3%	\$ 22,779	(38.3)%
April 1, 2009	126,438	125,136	(1,302)	101.0	24,099	(5.4)
April 1, 2010	125,482	133,574	8,092	93.9	24,972	32.4
April 1, 2011	126,395	140,087	13,692	90.2	24,389	56.1
April 1, 2012	125,751	144,170	18,419	87.2	24,291	75.8
April 1, 2013	132,138	149,281	17,143	88.5	24,405	70.2
<b>PFRS</b>						
April 1, 2008	\$ 22,767	\$ 21,072	\$ (1,695)	108.0%	\$ 2,926	(57.9)%
April 1, 2009	22,423	21,597	(826)	103.8	2,970	(27.8)
April 1, 2010	22,230	22,998	768	96.7	3,113	24.7
April 1, 2011	22,205	24,169	1,964	91.9	3,146	62.4
April 1, 2012	22,058	25,096	3,038	87.9	3,191	95.2
April 1, 2013	23,147	25,850	2,703	89.5	3,163	85.5

See accompanying independent auditors' report.

## Schedule of Employer Contributions (Unaudited)

### Annual Required Contributions Employees' Retirement System

(In Thousands)

Year ended March 31	Annual Required Contributions			Percentage Contribution
	New York State	Local Employers	Total	
2009	\$ 802,655	\$ 1,160,758	\$ 1,963,413	100%
2010	808,129	1,071,080	1,879,209	100
2011	1,659,288	1,963,350	3,622,638	100
2012	1,649,528	2,229,189	3,878,717	100
2013	1,798,608	2,725,787	4,524,395	100
2014	2,197,443	2,940,492	5,137,935	100

### Annual Required Contributions Police and Fire Retirement System

(In Thousands)

Year ended March 31	Annual Required Contributions			Percentage Contribution
	New York State	Local Employers	Total	
2009	\$ 86,575	\$ 406,235	\$ 492,810	100%
2010	89,335	375,678	465,013	100
2011	99,668	442,265	541,933	100
2012	136,064	570,396	706,460	100
2013	151,536	660,114	811,650	100
2014	175,261	750,937	926,198	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.

See accompanying independent auditors' report.

# Additional Supplementary Information

## Schedule of Administrative Expenses Years Ended March 31, 2014 and 2013

(In Thousands)

	2014	2013
<b>Personal services:</b>		
Salaries	\$ 51,131	\$ 52,717
Overtime salaries	2,089	2,523
Fringe benefits	31,530	30,646
<b>Total personal services</b>	<b>84,750</b>	<b>85,886</b>
<b>Building occupancy expenses:</b>		
Building, lease, and condominium fees	3,627	3,713
Utilities and municipal assessments	89	152
Office supplies and services	153	257
Telephone	761	662
<b>Total building occupancy expenses</b>	<b>4,630</b>	<b>4,784</b>
<b>Computer expenses:</b>		
IT hardware lease/purchases	80	628
IT shared services*	10,678	7,797
IT consulting services	15	28
<b>Total computer expenses</b>	<b>10,773</b>	<b>8,453</b>
<b>Personal and operating expenses:</b>		
Training	48	114
Travel and auto expense — includes pre-retirement seminars	947	942
Postage — includes member and retiree communication	1,689	1,996
Printing — includes member and retiree communication	414	494
Subscriptions/memberships	129	122
<b>Total personal and operating expenses</b>	<b>3,227</b>	<b>3,668</b>
<b>Professional expenses:</b>		
Medical/clinical services	1,340	1,673
Miscellaneous consulting services	942	1,256
<b>Total professional expenses</b>	<b>2,282</b>	<b>2,929</b>
<b>Total</b>	<b>\$ 105,662</b>	<b>\$ 105,720</b>
* The System is implementing a shared service IT model within the Office of the State Comptroller, wherein all IT costs, including personal services, will be incorporated into the IT shared services and reflected as non-personal service expenditures.		

See accompanying independent auditors' report.

## Schedule of Investment Expenses Years ended March 31, 2014 and 2013

(In Thousands)

	2014	2013
<b>Investment expenses:</b>		
Investment management and incentive fees:		
Absolute return strategy funds	\$ 245,796	\$ 163,248
Private equity	124,600	120,869
International equity	77,071	71,813
Real estate	55,954	62,351
Domestic equity	38,940	27,353
Opportunistic funds	9,515	8,423
Fixed income	313	—
<b>Total investment management and incentive fees</b>	<b>552,189</b>	<b>454,057</b>
<b>Investment-related expenses:</b>		
Legal fees*	6,128	1,915
Data Processing expenses/licenses	3,843	2,855
Mortgage loan servicing fees	2,835	2,914
Real estate consulting and monitoring	2,727	591
Private equity consulting and monitoring	2,213	2,120
Absolute return strategy consulting and monitoring	1,601	1,011
General consulting	1,388	520
Administrative expenses	994	935
Fixed income consulting and monitoring	250	500
Global equity consulting	245	575
Audit and audit-related fees**	228	1,051
Custodial fees	209	645
Domestic equity consulting and monitoring	65	63
<b>Total investment-related expenses</b>	<b>22,726</b>	<b>15,695</b>
<b>Total investment expenses</b>	<b>\$ 574,915</b>	<b>\$ 469,752</b>
* Includes attorneys' fees, disbursements, and other expenses paid in connection with a significant litigation recovery.		
** For 2013, "Audit and audit-related fees" include expenses incurred for the System's fiduciary review. The report can be accessed on the Comptroller's website at <a href="http://www.osc.state.ny.us/pension/cafr.htm">www.osc.state.ny.us/pension/cafr.htm</a>		

See accompanying independent auditors' report.

## Schedule of Consulting Fees Year Ended March 31, 2014

Fees in excess of \$25,000 paid to outside professionals other than investment advisors.

	Amount	Nature
Entwistle & Cappucci, LLP*	\$ 3,956,812	Legal
Lieff, Cabraser, Heimann & Bernstein, LLP	731,180	Legal
Foster Pepper & Shefelman, PLLC	375,615	Legal
Morgan, Lewis & Bockius, LLP	336,407	Legal
FCME Management, Inc.	306,415	Medical Services
KPMG LLP	227,985	Auditor
Hunton & Williams, LLP	170,295	Legal
D & D Medical Associates, PC	169,885	Medical Services
Nixon Peabody, LLP	120,246	Legal
Seward & Kissel, LLP	101,402	Legal
Jeffrey M. Meyer MD, PLLC	76,773	Medical Services
Jackson Walker, LLP	76,706	Legal
John S Mazella MD, PC	64,350	Medical Services
Regional Orthopaedics, PLLC	56,050	Medical Services
K&L Gates, LLP	55,444	Legal
Buck Consultants, LLC	44,500	Actuarial Consultant
CEM Benchmarking, Inc.	40,000	Industry Measurement Survey
DALCO Reporting, Inc.	39,393	Court Reporting
Groom Law Group	38,876	Tax Consultant
Precise Court Reporting Services, Inc.	38,409	Court Reporting
Louis Benton, MD	37,750	Medical Services
Grant & Eisenhofer, PA	37,495	Legal
Riverside Orthopaedic & Sports Medicine Assoc.	34,525	Medical Services
Simaren Corp	34,164	Security Services
Sanford Lewis, Attorney	33,558	Legal
Seyfarth Shaw, LLP	31,536	Legal
Syracuse Orthopedic Specialists, PC	29,800	Medical Services
AMF Reporting Services, Inc.	27,771	Court Reporting
Edwards Wildman Palmer, LLP	27,500	Legal

\*Includes attorneys' fees, disbursements, and other expenses paid in connection with a significant litigation recovery.

See accompanying independent auditors' report.

# Independent Auditors' Report on Internal Control



KPMG LLP  
515 Broadway  
Albany, NY 12207-2974

## **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***

The Trustee  
New York State and Local Retirement System:

We have audited, in accordance with the 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, the financial statements of the New York State and Local Retirement System (the System), which comprise the statement of plan net position as of March 31, 2014, and the related statement of changes in plan net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 7, 2014.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the System's financial statements are free from 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.





**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

July 7, 2014

# Investment

# Contents

Overview of Investments.....	67
Investment Results .....	78
Investment Summary .....	79
Asset Allocation — March 31, 2014 .....	80
Global Equity Performance.....	81
Domestic Equity Portfolio — Ten Largest Holdings .....	84
Fixed Income Portfolio and Comparison .....	85
Fixed Income Performance .....	86
Fixed Income Portfolio — Ten Largest Holdings .....	87
Real Estate Portfolio .....	88
Alternative Investments Summary.....	89
Domestic Equity Management Fees.....	90
Domestic Equity Commissions.....	91
International Equity Management Fees .....	93
International Equity Commissions.....	94
Fixed Income Management Fees.....	97
Domestic Bond Transactions.....	98
Real Estate Management and Incentive Fees (Expensed).....	99
Real Estate Management and Incentive Fees (Capitalized) .....	100
Private Equity Management Fees (Expensed) .....	101
Private Equity Management Fees (Capitalized).....	102
Absolute Return Strategy Management and Incentive Fees.....	103
Opportunistic Funds Management and Incentive Fees .....	105
Consultant and Advisor Fees.....	106

# 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). 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 equities, although historically volatile, provide superior long-term performance and growth characteristics, while fixed-income investments provide more predictable cash flow to meet the System's funding requirements and pension obligations.

The Fund posted a strong investment performance for the fiscal year ended March 31, 2014, with a net gain of 13.02 percent, reflecting the global growth momentum in the financial markets during that time. This was the fifth year of positive performance for the Fund following the financial crisis of 2008.

The Fund's positive performance reflects gains across all asset classes with the exception of fixed income. The global equity portfolio returned 20.0 percent, the real estate portfolio returned 18.7 percent, the private equity portfolio returned 17.5 percent and the absolute return strategies portfolio returned 9.9 percent. The core fixed-income portfolio returned (0.5) percent and Treasury Inflation Protected Securities (TIPS) returned (6.2) percent.

The sound investment framework provided by the Fund's asset allocation and diversification policies enabled it to generate strong positive returns as the economy continued to recover. With its long-term investment approach, the Fund remains positioned to continue to provide sufficient cash flow to fund pension payments.

While the Fund benefitted from strong growth in the global economy last year, market volatility and concerns about the global economy continued to exist — including the general concern over interest rates, the slow recovery of jobs and housing in the U.S. and the continued political tensions in Europe and the Middle East.

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

## Pension Risk Management

The Fund has a dedicated Pension Risk Management (PRM) program. Created in the 2011 reporting period, the PRM program has the goals of enabling multi-dimensional risk analysis and risk mitigation, fostering greater transparency and utilization of critical risk intelligence to integrate risk awareness throughout the investment process. Over the last two years, PRM staff has implemented a suite of risk tools and reports to assist staff in monitoring exposures across the Fund. In addition, PRM staff coordinates periodic discussions with investment staff to help establish a risk mindset in daily fund investment practices, review total plan and asset class risk reports, perform simulations of portfolio performance under various stress scenarios and support staff with independent reviews of new manager commitments.

## Global Equities

The primary objective of the equity portion of the Fund's portfolio is to provide long-term capital appreciation and secondly to generate a stream of dividend income. The allocation to equity investments is intended to provide a risk-adjusted total return that facilitates the long-term growth of principal needed to meet the future liabilities of the New York State and Local Retirement System.

For the fiscal year ended March 31, 2014, the Fund's global equity portfolio posted a 20.0 percent return versus a 16.6 percent return for the MSCI All Country World Index. The global equity program continues to enhance its approach to the overall equity allocation and continues to emphasize the use of internal passive investment vehicles in the more efficient segments of the equity markets. This allows the Fund to maintain broad market exposure, but at a reduced cost. Staff will continue to focus on active manager opportunities in U.S. small and mid cap, global and emerging markets.

U.S. Equities, the largest asset allocation in the Fund at 37.7 percent, produced the best returns of all asset classes for the fiscal year ending March 31, 2014, up 22.3 percent. Investors continued to push equity prices higher despite mixed economic results, a change in leadership at the Federal Reserve, a systematic reduction in Federal support for the economy, as well as global political turmoil in Syria and the Ukraine. U.S. mid cap and small cap equities continued to lead the overall equity markets' higher returns, with returns of 21.9 percent and 26.4 percent respectively.

The Fund's non-U.S. equity portfolio returned a strong 13.2 percent for the fiscal year, beating the MSCI ACWI ex U.S. benchmark return of 12.3 percent. The Global Equity portfolio, primarily utilizing active managers with purely global mandates, benchmarked to the MSCI ACWI Index, returned 25.1 percent. The Fund's investments in emerging markets were the poorest equity performer, returning a negative 0.3 percent, but still beating its benchmark return of negative 1.1 percent. Emerging Markets, which had led in the post-crisis years, suffered from a weakening growth outlook in China and higher volatility. Long-term growth expectations in Emerging Markets remain attractive.

The Fund continued to use minority- and women-owned brokerage service providers when trading internally managed assets. For the fiscal year, these brokers accounted for approximately 38 percent of the total commissions.

## Fixed Income

The fixed-income portfolio is designed to provide a consistent flow of income to help address the cash flow needs of the Fund and to provide downside protection against the volatility of the Fund's equity-like strategies. The Fund accomplishes these goals by investing in both long-term and short-term assets.

During the fiscal year ended March 31, 2014, staff methodically positioned the long-term fixed income portfolio in anticipation of rising interest rates in an effort to mitigate the interest-rate risk. The Fund uses the Barclays Aggregate Index as a benchmark and seeks to add value through sector weights and security selection, and also through duration management. The short-term fixed income portfolio provides liquidity to meet monthly pension fund liabilities as well as cash to fund investments in all the Fund's other asset classes.

The long-term fixed-income portfolio consists of U.S. treasury securities, government sponsored agency debentures, corporate bonds, commercial mortgage-backed securities, mortgages, and asset-backed securities. The Fund also has a large allocation to treasury inflation protected securities (TIPS). The Fund's short-term fixed income portfolio may be invested in high quality commercial paper, U.S. treasury bills, bank certificates of deposit, agency discount notes, and short corporate and asset-backed securities.

The Fund's core long-term fixed-income portfolio (excluding TIPS) returned (0.5) percent for the year, versus (0.1) percent for the Barclays Aggregate Bond Index. Commercial mortgage-backed securities were the best performing sector in the core portfolio, followed by corporate bonds. The Fund's TIPS portfolio, which assists in hedging U.S. inflation risk, returned (6.2) percent, compared to the Salomon Smith Barney TIPS Index of (6.8) percent. Short-term cash investments returned 0.3 percent for the fiscal year. The Fund has 22 approved broker-dealer firms to execute trades in the long-term and short-term fixed-income portfolios. Almost one-quarter 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 25 percent of all long-term trades and 14 percent of all short-term broker initiated trades.

The Fund participates in a securities lending program by lending a portion of its fixed income and equity securities to qualified counter-parties providing incremental income to the Fund. The securities lending program earned the Fund \$26 million in revenue for the fiscal year.

## Real Estate

The real estate program's primary investment objective is to increase the overall performance of the Fund over multi-year periods with reduced volatility and lower risk. Other goals are to take advantage of the Fund's knowledge of the marketplace, and leverage its experience in partnering with operators, managers and advisors when seeking opportunities and strategies that provide growth and scale to the Fund.

As of March 31, 2014, equity real estate asset allocation represented 6.9 percent of the total Fund and produced a total return of 18.7 percent. During the fiscal year ending March 31, 2014, the real estate market fundamentals continued to stabilize for most major property types, with multifamily leading this momentum. This marked the fourth full year of recovery for the Fund's real estate portfolio.

This recovery in real estate market fundamentals was driven by the availability of debt financing, but at lower amounts than in the past, along with the willingness of lenders to restructure debt, and the increase in property values across all the property types. The Fund capitalized on market momentum and structured investment transactions to enhance the performance of the portfolio. As a broader economic recovery continues, the current Fund's real estate portfolio is strategically positioned to continue to increase in value given the strong fundamentals of the existing properties.

Looking forward, the Real Estate Bureau will continue to invest new capital and to take advantage of the current market improvement under the following investment strategies: core, value-added and opportunistic strategies.

Core strategies include well-located, well-leased, and well-maintained properties whose primary purpose in the portfolio is to provide a reliable source of current income, along with value appreciation commensurate with the surrounding market. These assets are often in irreplaceable locations and are of "trophy" quality. Currently, a significant percentage of the real estate portfolio assets are located in markets that have demonstrated tenant demand for high "institutional quality" assets in prime locations in gateway cities.

Value-added investments include under-managed real estate that will be repositioned and re-leased as the economy recovers. Opportunistic investments include strategies such as development or substantial renovation.

In addition, the Real Estate Bureau will continue reinforcing its investment strategy on green investments. Real estate assets are, by their nature, long-term investments, and the movement toward green investments is a sound investment policy. Many of the Fund's assets are LEED certified. LEED (Leadership in Energy and Environmental Design) is a set of objective standards by which owners and managers can measure the efficiency of assets. Staff understands that certain tenants prefer to lease assets in LEED certified buildings, justifying the focus on this objective.

In terms of risk management, the Real Estate portfolio risk is mitigated by diversification by property type, geography, investment strategy and selection of best in class joint venture partners and managers, as well as consultants and advisors. In order to achieve long-term appreciation and sustainable investment returns, the Real Estate Bureau will continue to effectively manage the current portfolio investments and maximize the existing relationships with investment managers.

Finally, the Fund recognizes the talent and expertise of small and minority managers in the real estate arena. Subject to meeting the Fund's fiduciary duties to the members, retirees and beneficiaries, investing with these up and coming managers is a focus for the Real Estate Bureau, which is expected to be rewarded over the years by excellent performance.

## Alternative Investments

### Private Equity

The Fund's private equity portfolio is designed to generate long-term returns that exceed those of public equities. As of March 31, 2014, the private equity program generated a one-year time-weighted return of 17.5 percent.

The Fund seeks to participate in private equity investments primarily through private equity partnerships, which are pooled funds managed by specialized investment managers for the purpose of making investments in private companies. Private equity investments are generally held for long-term appreciation and are less liquid than publicly-traded securities.

The Fund seeks to partner with the very best private equity investors, including emerging and diverse managers, across various investment strategies such as leveraged buyouts, growth equity, venture capital, distressed debt, turnarounds, restructurings, and other special situations. The Fund will commit capital to private equity at a disciplined pace to ensure the diversification of the portfolio over time. In addition, the Fund seeks to commit capital across various geographies, including to international managers who have the expertise to source attractive investment opportunities in global emerging markets and industries that show high potential for economic growth and capital appreciation which will further enhance the diversification of the portfolio. Because private equity investments involve long-term contractual commitments to a manager, the Fund will seek to invest with private equity managers who have the ability to consistently deliver superior returns. The Fund can better achieve such superior returns through active portfolio management, which requires frequent and direct interaction with investment managers to monitor performance and ensure proper alignment of interests between manager and investor. The private equity program is currently engaged in establishing a co-investment program that will seek to exploit those long-term commitments and alignment of interests by making additional investments alongside select managers on improved economic terms.



## Absolute Return Strategies

The investment goals for the absolute return strategies program are to provide diversification benefits to the overall portfolio, to achieve superior risk-adjusted returns, and to enhance the Fund's long-term total return. The absolute return strategies portfolio invests with hedge fund managers on a global basis across securities and asset classes. The portfolio values long-term partnerships with investment managers who have shown an ability to consistently deliver top-quartile returns and who partner with the CRF to better align investor and fund manager interests.

The portfolio, as of March 31, 2014, consists of roughly 25 core investments across strategies including hedged equity, credit, global macro, managed futures, distressed debt and emerging markets. The portfolio seeks diversification through a multi-manager and multi-strategy approach, typically investing in vehicles which generate uncorrelated returns and those which can lower the overall risk and volatility of the Fund. Additionally, the absolute return strategies portfolio includes a \$220 million allocation to the Rock Creek Group for an emerging manager hedge fund program that focuses on newer firms with assets under management of less than \$750 million and on women- and minority-owned fund managers.

As of March 31, 2014, the absolute return strategies portfolio generated a return of 9.9 percent for the fiscal year versus the HFRX Global Hedge Fund Index return of 5.6 percent.

## Opportunistic

The opportunistic portfolio invests across a broad range of investment strategies that do not fit neatly into the definition of traditional asset classes, or share characteristics of multiple asset classes. Additionally, the portfolio looks to take advantage of short- to medium-term market dislocations. The portfolio's objectives are to provide diversification to the overall Fund portfolio, preserve investment capital, increase total portfolio return, and/or reduce the risk of the overall Fund portfolio by investing in strategic opportunities that:

- Have resulted from market dislocations, regulatory reforms, capital shortages, and distress among asset owners;
- Exhibit lower risk and higher current income than the Fund's more traditional asset classes;
- Provide a source of capital to investment ideas that do not fit neatly into existing asset categories or that span multiple categories;
- Afford the Fund the opportunity to capture returns in advance of heavy institutional asset flows (early mover advantage) or have preferential position in situations that are capacity constrained; and
- Allow the Fund to invest more flexibly across asset classes, geographies and capital structures.

The structures of these investments will vary greatly depending on the opportunity, and may range from broad strategic partnerships where Fund staff is able to leverage the resources of an institution to invest across a wide number of asset classes or

strategies, to a more targeted approach that may include investments through various vehicles, including limited partnerships, direct investment, co-investments, registered vehicles, commingled vehicles, and separate accounts. As of March 31, 2014, the portfolio has generated a one-year time-weighted return of 7.8 percent.

## Green Strategic Investment Program

The Fund established the Green Strategic Investment Program in the fiscal year ending March 31, 2009, committing to invest \$500 million in environmentally-focused investment strategies across all asset classes. Companies that have developed and adhere to sustainable business practices strengthen their competitive position in the market which enhances the potential for increased returns for the Fund.

In public equity, the Fund continues to invest in two index funds focusing on sustainability and climate change. The HSBC Climate Change Index Fund and the FTSE Environmental Technology 50 invest in companies finding solutions to the challenges of climate change and energy scarcity. The Fund's investment in Generation, a leading provider of sustainable investment solutions, ended the fiscal year with \$812 million under management.

The Fund continues to invest in World Bank green bonds, which support projects in the World Bank's member countries that meet specific criteria for low carbon development. Purchasing these bonds provided a rare opportunity for the Fund to support climate change solutions within its fixed income portfolio at competitive prices.

## Affordable Housing Permanent Loan Program

In 1991, the Fund developed a program to support the rehabilitation and development of affordable housing in New York State. Under the program, the Fund's designated manager, the Community Preservation Corporation (CPC) originates affordable long-term housing mortgages across New York State. CPC provides the construction financing and, when construction is completed, CPC sells the permanent loans to the Fund. All mortgages are 100 percent insured by SONYMA.

Through this program with CPC, 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 multifamily housing and the revitalization of deteriorated or obsolete housing units.

Since inception of this program, 16,921 units for over \$665.5 million have been completed and 1,738 are in the pipeline. In fiscal year 2013-14, the Fund invested in affordable housing throughout the State, including Dutchess, Erie, Nassau, Onondaga, Orange and Westchester Counties. In March 2014, the Fund committed another \$200 million to a similar program with CPC. The Fund remains dedicated to working with CPC and SONYMA to provide New York State residents with opportunities in affordable housing, as long as the investment structures and potential returns fulfill the fiduciary mandate of the overall pension fund to the beneficiaries and retirees.

## Helping NY/Equity Real Estate Investments

Beyond the CPC program discussed above, 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 with the goal of increasing property values. New York properties, particularly those that are in central business districts, have rebounded in value from the recent economic downturn as investors seek to buy stabilized, in-fill assets in gateway cities such as New York.

Examples of investments in the New York portfolio are as follows: 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 New York City Department of 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 Funds. These funds focused on multifamily, office, senior housing, retail and other primary property types and were designed to invest in ground-up development, redevelopment and repositioning of commercial property throughout the State.

The Fund has also invested in the development of workforce-for-sale housing in the New York State and Tri-State regions. Together with the New York City pension funds, the Fund invested in a club fund with a mandate to invest across all real estate asset classes, including office, multifamily residential and retail within the five boroughs. The Fund is committed to evaluate investment opportunities in New York, provided the investments meet the diversification and actuarial needs of the portfolio.

## New York Business Development Corporation

The Fund seeks to diversify its investments and achieve a risk-adjusted rate of return through a commitment to the New York Business Development Corporation (NYBDC). NYBDC underwrites loans to small businesses in New York State, often with guarantees from the Small Business Administration, for working capital, equipment, the acquisition of real property, capital improvements and the re-financing of existing loans. NYBDC has successfully completed loans to a wide range of business enterprises including retailers, restaurants, small manufacturers and a variety of other service businesses across the State. By focusing exclusively on small business lending, NYBDC can frequently offer more favorable terms than other lenders. NYBDC has a goal of making at least 25 percent of its loans to women- or minority-owned businesses.

The Fund has been an investor in NYBDC since 1987, with commitments totaling \$400 million. In 2010, the Fund approved a fourth \$100 million commitment to support NYBDC's small business loan program. Since this program began in 1987, NYBDC has made 1,042 loans totaling \$346 million to businesses that employ over 21,000 New Yorkers. During the fiscal year ending March 31, 2014, NYBDC made 48 loans totaling \$23.0 million.

## Financing for Businesses in New York State

In 2000, the Fund initiated the New York State Private Equity Investment Program (In-State Program). The In-State Program is designed to generate a market rate of return consistent with the risk of private equity while increasing the diversification of the Fund's investment portfolio and expanding the availability of capital for New York State businesses. By making sound strategic investments in new and expanding New York companies, and making equity capital available to small businesses often overlooked by investment professionals in this asset class, the program is also proving to be an important contributor to the State's economy. The In-State Program provides a model for how the pension fund can identify profitable investment opportunities and generate market-rate returns, while supporting business development and job growth in New York State.

On March 31, 2014, the Fund's private equity portfolio included investments in over 200 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 \$23 billion as of September 30, 2013 (the most recent data available). Included in the Fund's New York State portfolio are: Flat World Knowledge in Ossining, PACS Industries in Bethpage, AccuMed in Buffalo, Auburn Armature Inc. in Auburn, Movable Ink in New York City, Vnomics in Rochester, Advion BioSciences in Ithaca, and Climax Manufacturing in Lowville.

In addition, as of March 31, 2014, the Fund had commitments totaling \$1.1 billion to eighteen different private equity managers. These commitments are devoted exclusively to New York State investment opportunities. The eighteen 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*, a fund that makes investments alongside other private equity funds investing in New York State;
- *Contour Venture Partners*, an early stage venture fund based in New York City;
- *DeltaPoint Capital*, a growth equity fund located in Rochester;
- *DFJ Gotham*, a New York City-based fund focused on early-stage venture capital investments;
- *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;
- *Tribeca Venture Partners (fka 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*, an Albany-based early-stage venture capital fund;
- *Hudson River Co-Investment Fund*, a special situations fund managed by Hamilton Lane Advisors that makes investments alongside other private equity managers 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.-based fund that opened a New York office to invest in companies that address a broad range of government and commercial security needs;
- *SoftBank Capital NY*, a New York City and Buffalo-based fund that invests in digital media 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 focuses 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.

## Corporate Governance

Comptroller DiNapoli's role as a fiduciary keeps him engaged in discussions and negotiations with management and boards of directors of companies in the Fund's portfolio regarding corporate governance and accountability. During the fiscal year ended March 31, 2014, the corporate governance staff monitored the Common Retirement Fund's portfolio companies for compliance with industry best practices to assure that: (i) the Fund's investments were not subject to undue risks; and (ii) the Fund's portfolio companies were being managed in a sustainable fashion to help ensure long-term value. Further, the Fund actively sought reforms that aimed to enhance corporate risk oversight and management, transparency and accountability. Staff also voted proxies in-house for the Fund's shares at over 1,900 U.S. and international corporations.

The following shareholder engagements were initiated during the 2013-14 fiscal year:

- **Board Accountability:** The Comptroller continued to file proposals requesting that boards adopt best practices that make them more accountable to shareholders. The Fund filed 11 proposals on issues including requiring annual election of directors, promoting diversity in board selection, improving executive compensation practices and the repeal of dual-class shares. Three of the proposals were withdrawn with agreement and two proposals achieved majority support of votes cast (excluding abstentions and broker non-votes).

- **Environmental Management:** Six resolutions were also filed with companies on the issue of climate change management, five of which were withdrawn with agreements with the companies. An additional four proposals filed by the Fund asked companies to enhance their sustainability reporting, two of which were withdrawn with agreements with the company.

The Fund filed two resolutions with oil and mining companies, asking those companies to commit to placing independent directors with environmental expertise on their boards, and the Fund engaged a natural gas company on its reporting metrics related to the risks of hydraulic fracturing.

- **Global Labor Standards/Workers' Rights:** The Fund continued its participation in an international engagement on workers' rights coordinated by the United Nations' Principles for Responsible Investment (PRI) campaign. In addition, the Fund submitted and subsequently withdrew with agreement three resolutions to portfolio companies designed to promote improved labor and environmental standards in their overseas operations and those of their significant suppliers.
- **Political Spending Disclosure:** Resolutions were filed at 29 portfolio companies asking for annual disclosure of political contributions made with corporate funds. Resolutions at three companies were withdrawn when the companies agreed to make the requested disclosures, while two other resolutions garnered majority shareholder support (excluding abstentions and broker non-votes). Building on the Fund's 2012-2013 Books and Records request successes, whereby Qualcomm established a new policy on disclosure of political contributions, demand letters seeking disclosure of political spending have been prepared for an additional five companies.
- **Sexual Orientation:** The Comptroller filed shareholder resolutions with four Fortune 500 and Fortune 1000 companies in the Fund's portfolio asking them to implement non-discrimination policies based on sexual orientation and gender identity. One of these companies responded to the initiative by agreeing to put anti-discrimination policies in place.

# Investment Results

Based on Market Values as of March 31, 2014.

	Annualized Rate of Return			
	1 Year	3 Years	5 Years	10 Years
<b>Total Fund</b>	<b>13.02%</b>	<b>9.75%</b>	<b>13.78%</b>	<b>7.26%</b>
Global Equity	20.02	11.89	20.03	7.40
Private Equity	17.45	12.44	13.54	14.53
Real Estate	18.68	15.75	7.26	9.95
Absolute Return Strategy	9.85	5.94	7.65	–
Treasury Inflation-Indexed Securities	(6.17)	5.57	6.28	5.29
Core Fixed Income	(0.45)	4.25	5.71	5.30
Short-Term Investments	0.34	0.34	0.45	1.98
<b>Benchmarks</b>				
MSCI All Country World Index Free	16.55	8.55	17.80	6.97
Cambridge U.S. Private Equity Index	20.77	15.18	15.84	14.96
National Council of Real Estate Investment Fiduciaries (NCREIF)	10.99	11.92	5.68	8.63
HFRX Global Hedge Fund Index	5.62	0.24	3.86	1.00
Salomon Smith Barney Inflation Linked Index	(6.78)	3.52	4.94	4.54
Barclays Capital Aggregate Bond Index	(0.10)	3.75	4.80	4.46

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. Private Equity and Real Estate are reported on a three-month lag and Absolute Return Strategy on a one-month lag (adjusted by cash flows).

# Investment Summary

The following table summarizes the market values for March 31, 2014 and 2013 (In Thousands):

Asset Type	Market Value March 31, 2014	Percentage of Total Market Value*	Market Value March 31, 2013	Percentage of Total Market Value*
Domestic Equity	\$ 65,281,392	36.9%	\$ 56,948,897	35.5%
International Equity	27,910,342	15.8	26,100,590	16.2
Private Equity	14,369,804	8.1	14,072,639	8.8
Absolute Return Strategy	7,406,113	4.2	6,124,694	3.8
Opportunistic Funds	480,851	0.3	385,081	0.2
Real Estate	12,529,309	7.1	11,195,421	7.0
Core Fixed Income	41,410,571	23.4	38,559,472	24.0
Mortgage Loans	853,906	0.5	812,707	0.5
Short-Term Investments	6,592,848	3.7	6,461,328	4.0
<b>Total Investments</b>	<b>\$ 176,835,136</b>	<b>100.0%</b>	<b>\$ 160,660,829</b>	<b>100.0%</b>

\* This table reflects percentages derived from financial statement figures and may differ slightly from the asset allocation figures because certain investments have been reclassified.



## Asset Allocation — March 31, 2014\*

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. In the fiscal year ended March 31, 2010, the Fund completed an asset liability analysis and adopted a new Long-Term Policy Allocation, as reflected in the schedule below. As part of the new policy, the Fund added an opportunistic portfolio and a real asset portfolio. The opportunistic portfolio is meant to provide greater flexibility to take advantage of opportunities that may not fit under traditional asset categories. The real assets portfolio will invest in inflation-hedging strategies such as commodities, infrastructure, natural resource energy and timberland. These real asset investments are also intended to provide a diversification benefit to the overall Fund. In addition, to limit some long-term volatility, the new Long-Term Policy Allocation reduces exposure to domestic and international equities.

As implementation of the new Long-Term Policy Allocation is expected to take several years, the Fund established an Interim Policy Allocation for the transition period.

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	Long-Term Policy Allocation	Allocation as of March 31, 2014	Current Interim Policy
<b>Equity</b>			
Domestic Equity	30.0%	37.7%	36.0%
International Equity	13.0	16.8	15.5
<b>Alternatives</b>			
Private Equity	10.0%	7.9%	9.0%
Real Estate	6.0	6.9	6.0
Absolute Return	4.0	3.2	3.0
Opportunistic Funds	4.0	0.3	1.0
Real Asset	3.0	0.0	0.0
<b>Bonds, Cash &amp; Mortgages</b>	22.0%	21.4%	21.0%
<b>Inflation-Indexed Bonds</b>	8.0%	5.8%	8.5%

\* A detailed listing of the New York State and Local Retirement System's assets as of March 31, 2014 is on our website at [www.osc.state.ny.us](http://www.osc.state.ny.us).

# Global Equity Performance

For the Fiscal Year Ending March 31, 2014.

	Total Assets (\$ In Millions)	Annualized Rate of Return				Inception Date	Since Inception Performance	Benchmark Performance*
		1 Year	3 Years	5 Years	10 Years			
<b>Total Global Equity</b>	<b>\$ 96,035.3</b>	<b>20.02%</b>	<b>11.89%</b>	<b>20.03%</b>	<b>7.40%</b>			
<b>MSCI All Country World Index Free</b>		<b>12.31%</b>	<b>4.15%</b>	<b>15.52%</b>	<b>7.12%</b>			
<b>Total Large Cap Composite</b>								
Total Large Cap Composite	\$ 49,002.7	21.78%	14.57%	21.07%	7.30%	2/1/83	11.30%	11.29%
CRF S&P 500 Index Fund	47,364.5	21.67	14.55	21.03	7.44	8/1/78	11.72	11.69
Aronson+Johnson+Ortiz	1,183.5	26.21	17.08	22.56	–	12/1/04	8.43	7.11
Piedmont Investment Advisors	454.7	21.73	12.83	–	–	3/1/10	14.04	16.59
<b>S&amp;P 500 Index</b>		<b>21.86%</b>	<b>14.66%</b>	<b>21.16%</b>	<b>7.42%</b>			
<b>Total Mid Cap Composite</b>								
Total Mid Cap Composite	\$ 7,719.4	21.91%	13.58%	24.45%	9.92%	7/1/91	12.34%	12.93%
CRF S&P 400 Midcap Fund	4,557.5	21.52	13.32	24.66	10.28	11/1/91	12.46	12.49
Progress Investment	1,650.9	22.54	13.60	23.85	9.49	9/1/94	12.16	11.48
New Amsterdam Partners	429.2	18.08	12.96	24.13	10.05	9/1/94	12.92	11.48
GlobeFlex Capital	412.1	21.99	15.70	26.78	11.68	9/1/03	12.71	11.23
Sasco Capital	421.2	25.92	16.58	25.70	–	7/1/05	10.99	9.08
First Pacific	248.5	15.44	–	–	–	11/1/12	16.55	30.50
<b>S&amp;P 400 Index</b>		<b>17.83%</b>	<b>15.12%</b>	<b>9.85%</b>	<b>12.45%</b>			
<b>Total Small Cap Composite</b>								
Total Small Cap Composite	\$ 8,475.2	26.38%	14.61%	25.50%	9.24%	7/1/91	10.96%	10.60%
CRF S&P 600 Index Fund	1,665.3	27.17	15.42	25.60	–	10/1/05	9.28	9.21
BGI R2000 Index Fund	3,550.1	25.19	13.40	24.55	8.69	11/1/01	10.05	10.17
Brown Capital	808.9	29.77	17.99	29.58	13.85	9/1/94	15.44	9.69
EARNEST Partners	766.4	25.88	14.62	24.18	9.26	6/1/01	10.85	9.39
Systematic Financial	625.1	31.87	14.96	27.86	9.20	9/1/02	11.38	10.87
Lombardia Capital Partners	329.7	24.65	14.19	26.55	–	5/1/08	12.98	9.27
PENN Capital	321.5	–	–	–	–	9/1/13	7.45	9.47
Artisan Partners	333.5	–	–	–	–	8/28/13	15.47	13.74
Ariel Microcap	74.7	–	–	–	–	11/1/13	1.60	9.59
<b>Russell 2000 Index</b>		<b>24.90%</b>	<b>13.18%</b>	<b>24.31%</b>	<b>8.53%</b>			
<b>Total Long-Only Alpha Composite</b>								
Steinberg Asset Management	\$ 190.6	19.03%	12.86%	23.44%	–%	7/1/05	8.41%	7.02%
<b>Russell 3000 Index</b>		<b>22.61%</b>	<b>14.61%</b>	<b>21.93%</b>	<b>7.86%</b>			
<b>Total Long-Only Alpha Composite</b>								
Total Long-Only Alpha Composite	\$ 892.0	24.61%	–%	–%	–%	9/1/11	23.01%	7.00%
Valueact Capital Partners II, LP	499.2	28.81	–	–	–	9/1/11	24.55	7.00
Triam Partners Strategic Fund I, LP	242.3	19.69	–	–	–	10/1/11	22.20	9.94
Triam Partners Strategic Fund II, LP	150.5	18.43	–	–	–	1/1/13	20.37	12.47
<b>HFRI Equity Hedge Index</b>		<b>5.88%</b>	<b>3.74%</b>	<b>2.28%</b>	<b>6.52%</b>			

\*Benchmarks for all accounts will vary according to mandate.

# Global Equity Performance

continued

For the Fiscal Year Ending March 31, 2014.

	Total Assets (\$ In Millions)	Annualized Rate of Return			Inception Date	Since Inception Performance	Benchmark Performance*
		1 Year	3 Years	5 Years			
Total Progress Composite	\$ 1,650.9	22.54%	13.60%	23.85%	9/01/94	12.16%	11.48%
Apex Capital Management	96.0	29.72	16.44	28.65	3/01/08	14.03	11.39
Bennett Lawrence	276.8	27.97	13.65	24.28	7/01/05	9.48	9.47
Cardinal Capital Management	228.4	17.87	13.27	21.58	9/01/03	11.67	11.33
Channing Capital	155.9	25.48	16.28	23.70	7/01/05	8.89	9.08
Decatur Capital Management	104.7	–	–	–	8/01/13	6.03	13.69
Denali Advisors	188.4	28.81	17.50	27.49	3/01/08	11.87	10.47
GW Capital	123.2	19.89	14.08	27.42	5/01/08	10.77	10.19
Hahn Capital Management	190.2	–	–	–	8/01/13	9.10	14.23
Holland Capital	201.6	21.39	14.20	22.70	7/01/05	9.28	9.54
Monarch Partners	85.7	–	–	–	8/01/13	15.81	13.42
<b>Russell MidCap Index</b>		<b>23.51%</b>	<b>14.39%</b>	<b>25.55%</b>			
Total FIS Composite	\$ 956.1	–%	–%	–%	10/01/13	9.24%	8.47%
Athena Global Investors	117.4	–	–	–	10/01/13	15.96	13.16
BRC Investment	117.8	–	–	–	10/01/13	13.14	13.33
Decatur Capital Management	78.5	–	–	–	10/01/13	15.69	11.67
Vision Capital Management	75.3	–	–	–	10/01/13	8.43	11.67
Lombardia Capital Management	89.6	–	–	–	10/01/13	10.57	6.41
Cheswold Lane Asset Management	86.6	–	–	–	10/01/13	3.26	6.41
Global Alpha Capital Management	16.4	–	–	–	10/01/13	15.51	9.46
Chautauqua Capital Management	82.0	–	–	–	10/01/13	6.18	5.30
Ativo Capital Management	43.8	–	–	–	10/01/13	3.34	1.39
Somerset Capital Management	42.4	–	–	–	10/01/13	(1.00)	1.39
Consilium Investment Management	13.8	–	–	–	10/01/13	0.08	14.44
FIS Global Tactical Account	192.5	–	–	–	10/01/13	8.83	–
<b>MSCI All Country World Index Free</b>		<b>16.55%</b>	<b>8.55%</b>	<b>17.80%</b>			

\*Benchmarks for all accounts will vary according to mandate.

# Global Equity Performance

continued

For the Fiscal Year Ending March 31, 2014.

	Total Assets (\$ In Millions)	Annualized Rate of Return				Inception Date	Since Inception Performance	Benchmark Performance*
		1 Year	3 Years	5 Years	10 Years			
Brandes Investment	\$ 1,266.0	25.50%	11.41%	18.14%	5.57%	11/01/99	7.39%	4.47%
Generation Investment	812.0	22.60	12.89	20.44	–	4/08/09	20.44	17.47
Templeton Investment	2,456.0	26.90	14.54	–	–	3/01/11	14.04	8.87
T. Rowe Price	791.8	26.66	10.97	–	–	3/01/11	10.96	8.87
FIS Group	956.2	–	–	–	–	10/01/13	9.24	8.47
FTSE Environmental Technology 50	114.5	37.81	3.00	–	–	11/01/09	4.36	3.99
HSBC Climate Change ex Nuclear	129.5	24.11	4.43	–	–	11/01/09	7.81	6.37
<b>MSCI All Country World Index Free</b>		<b>16.55%</b>	<b>8.55%</b>	<b>17.80%</b>	<b>6.97%</b>			
Acadian Asset Management	\$ 1,520.0	17.14%	6.80%	17.78%	–%	11/01/04	8.20%	7.18%
Blackrock ACWI ex U.S.	8,011.5	12.60	4.44	15.83	–	11/01/04	7.47	7.18
The Boston Company	501.4	16.91	3.83	14.58	–	4/01/05	5.87	6.21
<b>MSCI All Country World Free ex U.S.</b>		<b>12.31%</b>	<b>4.15%</b>	<b>15.52%</b>	<b>7.12%</b>			
Capital Guardian	\$ 1,907.6	19.42%	8.64%	16.55%	7.00%	9/01/89	8.00%	5.00%
Morgan Stanley International A/P	2,523.2	16.28	6.21	15.70	7.56	8/01/94	7.04	5.31
Mondrian Investment	1,506.6	23.17	9.08	15.57	8.01	1/01/98	7.89	5.40
Baillie Gifford	1,965.7	18.12	10.75	21.26	9.36	2/01/99	6.42	4.55
Baring International A/P	1,210.5	18.64	8.07	17.13	7.56	4/01/02	8.37	7.09
<b>MSCI EAFE Index</b>		<b>17.56%</b>	<b>7.21%</b>	<b>16.02%</b>	<b>6.53%</b>			
Cap Guardian Emerging Growth	\$ 430.8	(1.30)%	(4.89)%	12.17%	10.30%	12/01/91	10.06%	8.78%
Morgan Stanley Emerging Market	953.5	(0.88)	0.56	16.09	10.37	10/01/93	8.02	6.58
Genesis Investment Management	657.4	1.45	–	–	–	3/01/12	3.30	(1.38)
Quantitative Management Associates	1,022.2	(1.08)	–	–	–	2/01/12	3.46	1.36
Rock Creek Emerging Markets Fund	495.4	–	–	–	–	10/01/13	(1.06)	–
<b>MSCI Emerging Markets Index</b>		<b>(1.43)%</b>	<b>(2.86)%</b>	<b>14.48%</b>	<b>10.11%</b>			
Cevian Capital II, LP	\$ 448.6	19.41%	–%	–%	–%	9/01/11	20.85%	7.00%
<b>HFRI Equity Hedge Index</b>		<b>10.38%</b>	<b>3.70%</b>	<b>9.53%</b>	<b>5.09%</b>			

\*Benchmarks for all accounts will vary according to mandate.

## Domestic Equity Portfolio — Ten Largest Holdings\*

For the Fiscal Year Ending March 31, 2014.

Company	Shares	Market Value	Percentage of Domestic Equity
Apple, Inc.	2,644,985	\$ 1,419,669,249	2.2%
Exxon Mobil Corp.	12,722,996	1,242,782,249	1.9
Microsoft Corp.	23,431,326	960,450,053	1.5
Google, Inc.	823,867	918,208,010	1.4
Johnson & Johnson	7,990,292	784,886,383	1.2
General Electric	28,963,279	749,859,293	1.1
Wells Fargo & Co.	14,446,229	718,555,430	1.1
J.P. Morgan Chase & Company	11,324,042	687,482,590	1.1
Chevron Corp.	5,764,502	685,456,902	1.1
Pfizer, Inc.	20,940,726	672,616,119	1.0

\* A detailed listing of the New York State and Local Retirement System's assets as of March 31, 2014 is on our website at [www.osc.state.ny.us](http://www.osc.state.ny.us).

# Fixed Income Portfolio and Comparison

As of March 31, 2014.

Sector	Market Value (Millions)	Market Value Percentage	Effective Duration	Current Yield
Treasuries	\$ 7,304.5	23.6%	5.61	1.75%
Agencies	3,591.1	11.6	3.78	1.59
Corporate	9,434.9	30.5	5.05	2.31
Asset-Backed	1,365.9	4.4	2.09	0.88
Commercial Mortgage-Backed	2,179.0	7.0	2.96	2.07
Mortgage-Backed	6,373.0	20.6	4.16	0.76
ETFs	672.8	2.2	5.95	0.53
<b>Totals</b>	<b>\$ 30,921.2</b>	<b>100.0%</b>	<b>4.58</b>	<b>1.70%</b>
TIPS	\$ 10,194.6		6.90	2.27%
Smith Graham	\$ 294.8		3.23	1.28%

# Fixed Income Performance

As of March 31, 2014.

	Annual Rate of Return		
	1 Year	3 Years	5 Years
Common Retirement Fund – Core	(0.45)%	4.25%	5.71%
Treasuries	(2.76)	5.22	3.86
Agencies	(1.22)	3.41	4.48
Mortgages	0.20	2.83	3.95
CMBS	1.48	5.65	15.95
Corporates	0.46	4.61	6.99
Barclays Capital Aggregate Bond Index	(0.10)	3.75	4.80
Common Retirement Fund – TIPS	(6.17)	5.57	6.28
Salomon Smith Barney – TIPS Index	(6.78)	3.52	4.94

## Fixed Income Portfolio — Ten Largest Holdings\*

As of March 31, 2014.

Issue	Market Value (Millions)	Percentage of Fixed Income
Treasury Inflation-Indexed Securities Due 1/15/25	\$ 1840.3	4.48%
Treasury Inflation-Indexed Securities Due 1/15/17	1,243.7	3.03
Treasury Inflation-Indexed Securities Due 4/15/29	1,242.7	3.02
Treasury Inflation-Indexed Securities Due 4/15/17	783.5	1.91
Treasury Inflation-Indexed Securities Due 1/15/19	699.5	1.70
Treasury Inflation-Indexed Securities Due 7/15/18	676.7	1.65
Treasury Inflation-Indexed Securities Due 4/15/28	663.5	1.61
Treasury Inflation-Indexed Securities Due 1/15/29	661.5	1.61
Treasury Inflation-Indexed Securities Due 7/15/19	630.4	1.53
Treasury Inflation-Indexed Securities Due 4/15/32	591.0	1.44
<b>Total</b>	<b>\$ 9,032.7</b>	<b>21.97%</b>

\* A detailed listing of the New York State and Local Retirement System's assets as of March 31, 2014 is on our website at [www.osc.state.ny.us](http://www.osc.state.ny.us).



# Real Estate Portfolio

As of March 31, 2014.

	Equity Amount*	Percentage	Mortgage Amount	Percentage
<b>Property Diversification</b>				
Industrial/R&D	\$ 970,853,782	7.7%	\$ –	0.0%
Land for Development	–	0.0	–	0.0
Lodging	1,487,051,589	11.8	–	0.0
Office	3,614,640,601	28.8	84,978,304	10.0
Other	2,140,148,570	17.0	–	0.0
Residential	1,509,658,792	12.0	427,941,344	50.1
Retail	2,837,204,002	22.6	340,986,088	39.9
<b>Total</b>	<b>\$ 12,559,557,336</b>	<b>100.0%</b>	<b>\$ 853,905,736</b>	<b>100.0%</b>
<b>Regional Diversification</b>				
Northeast	\$ 3,090,907,060	24.6%	\$ 853,844,674	100.0%
Mideast	997,228,852	7.9	–	0.0
Southeast	704,591,167	5.6	–	0.0
Southwest	903,032,172	7.2	–	0.0
Midwest	410,697,525	3.3	61,062	0.0
Mountain	366,739,074	2.9	–	0.0
Pacific	2,596,060,501	20.7	–	0.0
Other	3,490,300,984	27.8	–	0.0
<b>Total</b>	<b>\$ 12,559,557,336</b>	<b>100.0%</b>	<b>\$ 853,905,736</b>	<b>100.0%</b>

\*Note: Based on NYSCRF full real estate portfolio market value.

These figures may not agree with the audited statements due to timing and classification differences made for investment management purposes.

## Opportunistic Real Estate

Number of Active Partnerships	Capital Committed (Millions)	Capital Contributed (Millions)	Current Market Value (Millions)	Cumulative Distributions (Millions)	Total Value / Exposure (Millions)
76	\$ 12,311.0	\$ 10,269.9	\$ 6,668.7	\$ 4,851.5	\$ 11,520.2

These figures may not agree with the audited statements due to timing and classification differences made for investment management purposes.



# Alternative Investments Summary

As of March 31, 2014.

	Number of Partnerships	Capital Committed	Capital Contributed	Net Asset Value	Cumulative Distributions	Total Value
<b>Private Equity Funds</b>						
Buyout	152	\$23,431,743,348	\$18,165,076,289	\$10,242,184,429	\$18,642,928,811	\$28,885,113,240
Distressed/Turnaround	28	2,743,060,000	1,960,913,932	1,138,698,633	1,607,743,231	2,746,441,864
Growth	34	3,551,388,256	2,411,779,503	1,005,223,010	3,041,748,370	4,046,971,380
Other Opportunistic	6	473,051,891	460,592,113	61,586,696	581,390,959	642,977,655
Venture	44	3,633,298,060	3,381,185,508	1,849,431,990	2,395,468,608	4,244,900,598
Other	N/A	N/A	72,679,085	72,679,085	N/A	72,679,085
<b>Total*</b>	<b>264</b>	<b>\$ 33,832,541,555</b>	<b>\$ 26,452,226,430</b>	<b>\$ 14,369,803,843</b>	<b>\$ 26,269,279,979</b>	<b>\$ 40,639,083,822</b>
<b>ARS Funds</b>						
Equity Long-Bias	4	N/A	N/A	1,340,582,794	N/A	1,340,582,794
Equity Long-Short	8	N/A	N/A	1,426,926,491	N/A	1,426,926,491
Event Driven	20	N/A	N/A	1,587,429,103	N/A	1,587,429,103
Fund of Funds	5	N/A	N/A	738,427,214	N/A	738,427,214
Quantitative	1	N/A	N/A	117,226,750	N/A	117,226,750
Relative Value	4	N/A	N/A	809,773,775	N/A	809,773,775
Structured Credit	2	N/A	N/A	367,971,295	N/A	367,971,295
Tactical Trading	6	N/A	N/A	1,017,775,411	N/A	1,017,775,411
<b>Total</b>	<b>50</b>			<b>\$ 7,406,112,833</b>		<b>\$ 7,406,112,833</b>
<b>Opportunistic Funds</b>	<b>6</b>	<b>\$ 1,480,000,000</b>	<b>\$ 614,663,128</b>	<b>\$ 480,851,370</b>	<b>\$ 275,692,997</b>	<b>\$ 756,544,367</b>
*The total figures include the Fund's private equity investments and other investments through the New York Business Development Corporation (NYBDC).						

# Domestic Equity Management Fees

For the Fiscal Year Ended March 31, 2014.

Apex Capital Management, Inc.	\$ 126,135
Ariel Investments, LLC	278,694
Aronson + Johnson + Ortiz, LP	2,111,745
Artisan Partners, LP	1,782,296
Bennett Lawrence Management, LLC	350,297
BlackRock Institutional Trust Company, NA	660,486
BRC Investment Management, LLC	69,168
Brown Capital Management, Inc.	5,671,914
Cardinal Capital Management, LLC	260,260
Channing Capital Management, LLC	122,924
Credo Capital Management, LLC	2,181
Denali Advisors, LLC	141,133
Earnest Partners, LLC	2,625,913
Edgar Lomax Company	70,164
Fan Asset Management, LLC	6,510
First Pacific Advisors, LLC	1,600,679
FIS Group, Inc.	3,177,890
Globeflex Capital, LP	1,210,981
GW Capital, Inc.	59,119
Herndon Capital Management, LLC	111,887
Holland Capital Management, LP	163,236
Lombardia Capital Partners, LLC	1,402,517
Mastrapasqua Asset Management, Inc.	2,240
New Amsterdam Partners, LLC	947,290
OakBrook Investments, LLC	147,162
PENN Capital Management Company, Inc.	864,919
Piedmont Investment Advisors, LLC	1,153,779
Profit Investment Management, LLC	55,647
Progress Investment Management Company	7,765,935
SASCO Capital, Inc.	1,401,795
Seizert Capital Partners, LLC	135,786
Steinberg Asset Management, LLC	1,004,489
Stux Capital Management, LLC	104,396
Systematic Financial Management, LP	3,350,418
<b>Total</b>	<b>\$ 38,939,985</b>

# Domestic Equity Commissions

For the Fiscal Year Ended March 31, 2014.

Broker	Shares	Commission \$ U.S.
Abel Noser Corp.	14,691,696	\$ 146,391
Academy Securities, Inc.	163,845	2,736
Access Securities, Inc.	42,600	1,065
Albert Fried & Company, LLC	387,510	18,915
American Portfolios Financial Services, Inc.	52,968	2,119
Ancora Securities, Inc.	145,669	6,468
Aqua Securities, LP	40,800	816
Avondale Partners, LLC	137,363	5,085
B Riley & Company, LLC	81,770	2,566
Baird Robert W. & Company, Inc.	4,207,468	154,030
Banc of America Securities, LLC	33,000	1,320
Barclays Capital, Inc.	19,486,048	394,498
Baypoint Trading, LLC	9,046,680	283,403
Benchmark Company, LLC	273,614	10,616
Blaylock & Company, Inc.	2,677,163	59,264
Bloomberg Tradebook, LLC	6,452,857	124,185
BMO Capital Markets	1,285,702	41,453
BNY Brokerage	16,564,147	477,254
BOE Securities, Inc.	379,436	11,232
Broadcort Capital Corp.	611,325	12,227
Buckingham Research Group, Inc.	760,327	26,823
C I King & Associates, Inc.	12,356,425	223,164
Cabrera Capital Markets, Inc.	7,514,645	171,869
Cantor Fitzgerald & Company	15,993,403	427,479
Capital Institutional Services, Inc.	3,277,382	110,604
Cheevers & Company	1,475,563	44,180
Citation Group	1,986,451	59,594
Citigroup Global Markets, Inc.	6,367,325	155,210
Collins Stewart, LLC	422,904	17,098
Compass Point Research & Trading, LLC	249,152	9,122
Cowen & Company, LLC	539,616	19,078
Craig-Hallum Capital Group, LLC	1,205,067	36,173
Credit Research & Trading Capital Group, LLC	62,680	1,880
Credit Suisse Securities, Ltd.	15,112,010	348,353
CSI U.S. Institutional Desk	23,220	464

Broker	Shares	Commission \$ U.S.
Cuttone & Company, Inc.	14,200	\$ 284
Davenport & Company of Virginia	82,528	3,032
Dematted Monness, LLC	21,994	1,100
Deutsche Bank Alex Brown	203,420	8,748
Deutsche Bank Securities, Inc.	16,020,320	229,922
Direct Access Partners, LLC	1,191,820	48,964
Divine Capital Markets, LLC	104,347	4,174
Donaldson, Lufkin & Jenrette	271,990	10,880
Dougherty & Company, LLC	105,742	3,368
Fidelity Capital Markets	346,329	5,323
First Clearing Corp.	2,219,014	50,139
Fox River Execution Technology, LLC	365,200	3,652
Frank Russell Securities, Inc.	621,674	24,461
Friedman Billings & Ramsey	726,227	24,060
Global Hunter Securities, LLC	100	4
Goldman Sachs & Company	11,774,602	303,246
Gordon, Haskett & Company	301,510	10,371
Great Pacific Securities, Inc.	4,219,700	84,394
Greentree Brokerage Services, Inc.	347,320	6,946
Guzman & Company	9,615,442	184,415
Hibernia Southcoast Capital, Inc.	67,168	2,647
HSBC Brokerage (USA), Inc.	3,203,100	64,062
Instinet	38,610,408	700,427
Invemed Associates, Inc.	20,900	640
Investment Technology Group	47,978,736	678,853
ISI Group, Inc.	1,720,029	59,127
Island Trader Securities, Inc./ Telsey Advisory Group	545,500	6,407
Ivy Securities	412,540	16,502
Janney Montgomery Scott, Inc.	358,773	15,243
Jefferies & Company, Inc.	11,269,755	345,575
JMP Securities	177,432	7,328
JNK Securities, Inc.	1,110,715	17,779
Johnson Rice & Company, LLC	268,401	10,011
Jones Trading Institutional Services, LLC	11,658,005	382,304
J.P. Morgan Securities, Inc.	9,792,795	269,804

# Domestic Equity Commissions

continued

Broker	Shares	Commission \$ U.S.
Keefe Bruyette & Wood, Inc.	804,121	\$ 26,979
Knight Equity Markets, LP	3,620,099	70,213
Lazard Capital Markets, LLC	107,563	4,927
Leerink Swann & Company	130,100	4,478
Liquidnet, Inc.	42,257,218	624,516
Longbow Securities, LLC	768,960	29,250
Loop Capital Markets, LLC	17,641,082	382,386
Lynch Jones & Ryan, Inc.	246,776	5,421
M Ramsey King Securities, Inc.	1,491,311	57,168
Macquarie Securities (USA), Inc.	342,572	13,461
Maxim Group	9,528	476
McDonald & Company Securities, Inc.	1,422,380	56,935
Merrill Lynch Pierce Fenner & Smith, Inc.	8,403,358	232,193
Midwood Securities, Inc.	150,610	4,518
Miller Tabak & Company, LLC	69,300	3,465
Mischler Financial Group, Inc.	996,939	32,685
MKM Partners, LLC	540,513	20,208
Mogavero Lee & Company, Inc.	121,950	4,268
Morgan Stanley & Company, Inc.	10,152,118	284,587
MR Beal & Company	4,597,899	108,088
National Financial Services Corp.	3,204,778	64,096
Native One Institutional Trading, LLC	1,070,700	10,707
Needham & Company	940,970	31,173
North South Capital, LLC	1,627,462	65,098
Oppenheimer & Company, Inc.	1,806,913	63,983
Penserra Securities, Inc.	331,684	3,317
Percival Financial Partners, Ltd.	13,720	412
Pickering Energy Partners, Inc.	243,328	8,415
Piper Jaffray	1,716,335	50,413
Pulse Trading, LLC	6,030,981	60,310
Raymond James & Associates, Inc.	3,559,137	125,238
RBC Capital Markets	4,351,517	142,436
Rosenblatt Securities, LLC	3,490,890	46,571
Samuel A Ramirez & Company, Inc.	3,991,512	66,218
Sandler O'Neill & Partners, LP	518,312	17,146
Sanford C Bernstein & Company, LLC	7,515,015	182,439
Scotia Capital, Inc.	549,469	21,440

Broker	Shares	Commission \$ U.S.
Scott & Stringfellow, Inc.	812,002	\$ 26,424
Security Capital Brokerage, Inc.	8,999	270
SG Americas Securities, LLC	17,218,383	164,376
Sidoti & Company, LLC	679,372	26,094
Simmons & Company International	106,140	4,246
State Street Global Markets, LLC	2,963,943	59,668
Stephens, Inc.	659,585	28,767
Sterne Agee & Leach, Inc.	2,884,961	69,744
Stifel Nicolaus & Company, Inc.	4,932,705	163,927
Strategas Securities, LLC	385,609	11,844
Sturdivant and Company, Inc.	4,304,807	92,275
SunTrust Capital Markets, Inc.	1,999,278	73,072
Topeka Capital Markets, Inc.	1,254,728	21,048
UBS Securities, LLC	4,904,304	156,121
USCA Securities, LLC	26,110	914
Wedbush Morgan Securities, Inc.	917,723	35,822
Weeden & Company	5,189,324	111,068
Wells Fargo Securities, LLC	2,972,664	98,764
Western International Securities, Inc.	42,390	1,060
William Blair & Company	407,861	15,808
Williams Capital Group, LP	11,510,606	258,291
Wunderlich Securities, Inc.	346,754	13,870
<b>Total</b>	<b>519,220,935</b>	<b>\$ 11,350,033</b>

# International Equity Management Fees

For the Fiscal Year Ended March 31, 2014.

Acadian Asset Management, LLC	\$ 4,757,954
Baillie Gifford Overseas, Ltd.	5,016,764
Baring Asset Management	3,927,356
BlackRock Institutional Trust Company, NA	2,909,157
Boston Company, LLC	1,981,076
Brandes Investment Partners, LP	4,354,295
Capital Guardian Emerging Markets	4,374,509
Capital Guardian Trust Company	6,018,041
Generation Investment Management, LLP	8,569,915
Genesis Investment Management, LLP	4,564,244
Mondrian Investment Partners, Inc.	4,226,412
Morgan Stanley Emerging Markets Fund, Inc.	7,931,882
Morgan Stanley Investment Management, Inc.	6,998,128
Quantitative Management Associates, LLC	2,754,302
T. Rowe Price Associates, Inc.	3,582,564
Templeton Investment Counsel, LLC	5,104,797
<b>Total</b>	<b>\$ 77,071,397</b>

# International Equity Commissions

For the Fiscal Year Ended March 31, 2014.

Broker	Shares	Commission \$ U.S.
ABG Securities	243,837	\$ 7,602
ABN AMRO, Inc.	5,314	363
Academy Securities, Inc.	73,000	1,745
Agora (Rio De Janeiro)	11,100	214
Allen & Company, Inc.	203,700	6,490
Ancora Securities, Inc.	88,200	3,528
Antique Stock Broking, Ltd.	9,015	609
Auerbach Grayson & Company, Inc.	149,140	373
B-Trade Services, LLC	16,210	122
Baird Robert W. & Company, Inc.	149,300	5,535
Banca Imi Securities Corp.	6,025	122
Banco Bilbao Viscaya	2,017,966	6,955
Banco Bradesco S.A.	351,400	5,736
Banco Itau	1,864,083	21,610
Banco Pactual S.A.	1,485,300	11,744
Banco Santander	518,534	17,520
Bank Am Bellevue	1,741	1,105
Bank Berenberg	33,486	3,802
Bank Vontobel AG	20,036	1,186
Banque Nationale Du Canada Montreal	23,100	784
Barclays Capital, Inc.	106,506,693	634,855
Baypoint Trading, LLC	59,100	1,182
Beacon Capital	27,300	1,092
Berenberg Bank	1,680,118	54,608
Blaylock & Company, Inc.	66,600	2,167
Blaylock & Partners	49,300	1,972
Bloomberg Tradebook, LLC	5,519,659	38,845
BMO Capital Markets	566,493	20,239
BNP Paribas Securities, Corp.	15,045,279	80,454
BNY Brokerage	6,220,145	45,551
Boci Securities, Ltd.	145,800	831
Brockhouse & Cooper, Inc.	11,475,635	31,480
BTIG, LLC	7,316,287	57,305
Buckingham Research Group, Inc.	300	12
Cabrera Capital Markets, Inc.	2,778,456	19,366
Canaccord Adams, Inc.	287,688	3,072

Broker	Shares	Commission \$ U.S.
Canadian Imperial Bank	75,600	\$ 2,235
Cantor Fitzgerald & Company	1,457,293	5,741
Carnegie Fondkommission	55,674	1,673
Cheevers & Company	1,244,600	903
Chevreurx	243,574	15,970
China International Corp.	419,000	2,299
CIBC World Markets Corp.	240,770	4,845
CIMB Securities	1,693,490	5,163
Citibank	1,003,461	11,530
Citigroup Global Markets, Inc.	260,102,469	778,890
Collins Stewart, Inc.	97,000	193
Commerzbank Capital Markets Corp.	92,524	1,656
Cowen & Company, LLC	19,545,640	674
Credit Agricole Indosuez Cheuvreux	1,950,831	46,709
Credit Lyonnais Securities, Inc.	28,671,054	227,050
Credit Research & Trading Capital Group, LLC	8,100	324
Credit Suisse Securities, Ltd.	97,633,948	764,950
Daewoo Securities	80,305	2,154
Daiwa Securities America, Inc.	27,171,738	53,178
Danske Securities	415,965	5,337
Davy Stockbrokers	522,489	15,950
Dematted Monness LLC	22,100	884
Den Danske Bank	4,659	277
Deutsche Bank Securities, Inc.	198,413,506	764,155
Dexia Securities	5,035	617
Divine Capital Markets, LLC	67,700	2,031
DNB (Norway)	30,716	1,793
Dougherty & Company, LLC	136,700	5,468
Dowling & Partners	6,000	217
Edelweiss Securities	79,915	2,151
Enskilda	229,464	4,659
Euroclear	4,850	340
Exane, Paris	2,249,040	46,758
Execution, Ltd.	8,858,195	24,871
Findentis Equities S.V.	2,415,612	12,620

# International Equity Commissions

continued

Broker	Shares	Commission \$ U.S.
Fox River Execution Technology, LLC	999,576	\$ 16,787
Friedman Billings & Ramsey	6,600	264
G-Trade Services, LLC	37,742,944	56,923
GBM Grupo Bursatil Mexicano	10,000	847
Genuity Capital Markets	21,140	268
Global Hunter Securities, LLC	4,800	192
Goldman Sachs International, Ltd.	205,749,431	985,337
Goodbody Stockbrokers	407,919	8,173
Green Street Advisors, Inc.	13,877	2,551
Guggenheim Securities, LLC	193,000	7,720
Handelsbanken	30,780	367
Helvea S.A.	932,895	28,517
Hibernia Southcoast Capital, Inc.	16,200	648
Hong Kong Shanghai Bank	8,304,848	29,587
Howard Weil, Inc.	76,100	3,044
HSBC Bank Plc London	522,600	2,371
HSBC Brokerage (USA), Inc.	293,787,489	690,827
HSBC Securities (Asia), Inc.	370,000	261
HSBC Securities (USA), Inc.	2,906,850	1,429
HSBC Securities, Inc.	892,870	12,500
ICAP Corporates, LLC	308,400	2,824
IM Trust S.A. Corredores De Bolsa	8,198	17
India Infoline, Ltd.	1,174,325	16,237
ING Barings, LLC	19,006	1,563
Instinet	42,528,313	238,384
Investec Henderson Crosthwaite	1,262,425	22,699
Investment Technology Group	26,751,660	198,613
ISI Group, Inc.	1,410,746	47,794
Island Trader Securities, Inc.	23,331	933
IXIS Corporate & Investment Bank	1,263	434
J & E Davy	171,221	3,141
Janney Montgomery Scott, Inc.	32,800	1,312
Jefferies & Company, Inc.	7,725,162	134,337
JM Financial Institutional Securities	34,010	1,096
JNK Securities, Inc.	5,000	200
Jones & Associates, Inc.	545,341	10,983
JonesTrading Institutional Services, LLC	356,540	1,507

Broker	Shares	Commission \$ U.S.
J.P. Morgan Securities (Asia Pacific), Ltd.	1,947,800	\$ 761
J.P. Morgan Securities (Far East), Ltd.	33,000	1,184
J.P. Morgan Securities Australia, Ltd.	8,400	40
J.P. Morgan Securities, Inc.	193,521,316	545,802
J.P. Morgan Securities, Ltd.	783,775	4,493
Keefe Bruyette & Wood, Inc.	5,130,246	70,222
Kempen & Company	126,732	4,954
Kepler Equities	688,782	25,535
KeyBanc Capital Markets, Inc.	45,200	1,808
Knight Equity Markets, LP	215,897	4,368
Korea Investment & Securities, Ltd.	12,100	341
Kotak Securities, Ltd.	405,615	960
Lazard Capital Markets, LLC	40,900	1,565
Leerink Swann & Company	9,300	372
Liberum Capital, Ltd.	186,547	1,274
Liquidnet, Inc.	7,110,224	45,573
Loop Capital Markets, LLC	18,156,299	75,270
M & B Capital Markets	237,960	2,786
M. M. Warburg & Company	17,499	1,957
Macquarie Equities, Ltd.	82,178,710	235,936
Macquarie Securities (USA), Inc.	2,618,473	27,803
MainFirst Bank AG	405,534	29,904
McDonald & Company Securities, Inc.	18,900	579
Mediobanca S.p.A.	6,602,440	5,075
Merrill Lynch Pierce Fenner & Smith, Inc.	162,279,027	772,939
Mischler Financial Group, Inc.	119,000	595
Mitsubishi Finance International	638,000	8,816
Mizuho Securities	3,256,370	40,104
Montrose Securities International	19,900	796
Morgan Stanley & Company, Inc.	369,144,657	914,357
Motilal Oswal Securities, Ltd.	418,688	2,937
Natexis Bleichroeder, Inc.	27,015	1,694
National Bank Financial, Inc.	21,500	749
National Financial Services Corp.	94,525	2,836
Needham & Company	1,700	68
Nikko Citigroup, Ltd.	86,000	1,235
NMAS1 Equities S.A.	1,577,396	13,646



# International Equity Commissions

*continued*

Broker	Shares	Commission \$ U.S.
Nomura Securities International	3,456,400	\$ 44,906
Northeast Securities, Inc.	33,500	1,340
Numis Securities, Ltd.	1,814,418	5,105
Oddo Securities	65,425	1,643
Oriel Securities	22,898	834
Pacific Crest Securities	467,133	16,591
Parel Paris	3,300	46
Penserra Securities, Inc.	15,300	306
Pershing, LLC	3,544,979	17,606
Petercam NV (Brussels)	19,235	1,437
Piper Jaffray	157,953	7,690
Princeton Securities	43,800	876
Pulse Trading, LLC	258,068	2,581
Rabo Securities	56,087	3,760
Raymond James & Associates, Inc.	209,798	8,266
RBC Capital Markets	5,120,889	73,918
Redburn Partners, LLP	4,186,816	60,788
Robert Fleming & Company	1,314,322	56,144
Rosenblatt Securities, Inc.	2,400	96
Royal Bank of Canada Dominion Securities	1,636,589	6,691
Samsung Securities	15,257	1,598
Sanford C. Bernstein & Company, LLC	89,829,443	453,564
Santander Investment Securities, Inc.	590,860	8,453
Scotia Capital, Inc.	320,455	4,655
SEB Copenhagen	59,089	4,126
SG Americas Securities, LLC	1,834,844	21,910
SG Cowen Securities Corp.	97,851	3,830
Shenyin & Wanguo Securities Company	259,281	847
Simmons & Company International	172,000	6,880
SIS SegalInterSettle AG (Zurich)	2,948	20
Societe Generale Securities Corp.	36,323,805	137,260
Standard Chartered Bank	628,765	7,608
State Street Global Markets, LLC	1,313,166	5,348
Stephens, Inc.	13,700	548
Sterne Agee & Leach, Inc.	1,700	68
Stifel Nicolaus & Company, Inc.	664,604	27,193
SunTrust Capital Markets, Inc.	18,400	736

Broker	Shares	Commission \$ U.S.
Susquehanna Partners	129,600	\$ 3,908
Svenska International Equities	182,550	6,464
Toronto Dominion Bank	113,500	3,865
Tudor, Pickering, Holt & Company	29,300	1,172
UBS Securities, LLC	281,314,309	831,684
Wachovia Capital Markets, LLC	24,300	243
Wedbush Securities, Inc.	511,730	10,244
Weeden & Company	2,289,129	19,744
Wells Fargo & Company	572,692	16,881
Wells Fargo Investments, LLC	28,300	283
William Blair & Company, LLC	249,483	11,683
Williams Capital Group, LP	236,700	7,361
Wolfe Trahan Securities	20,100	804
Wood & Company	41,369	813
Wunderlich Securities, Inc.	14,600	584
XP Investimentos	163,900	2,118
Yuanta Core Pacific Securities	609,460	506
<b>Total</b>	<b>2,754,903,944</b>	<b>\$ 11,198,087</b>

# Fixed Income Management Fees

For the Fiscal Year Ended March 31, 2014.

Smith Graham & Company Investment Advisers, LP	\$ 312,767
<b>Total</b>	<b>\$ 312,767</b>

# Domestic Bond Transactions

For the Fiscal Year Ended March 31, 2014.

Summarized by Broker or Direct Issuer

Long-Term Broker	Par \$ U.S.
Bank America Merrill Lynch	\$ 941,780,046
Barclays Capital, Inc.	1,350,654,298
BNP Paribas Securities	35,000,000
BNY Brokerage	180,800,000
Cabrera Capital Markets, Inc.	3,000,000
CastleOak Securities, LP	671,582,401
CIBC World Markets Corp.	3,050,000
Citigroup Global Markets, Inc.	1,073,896,511
Credit Suisse Securities, Ltd.	35,473,657
Deutsche Bank Securities, Inc.	428,287,001
Development Corp. for Israel	50,000,000
First Tennessee Securities	1,500,000
Goldman Sachs & Company	1,284,611,591
Great Pacific Securities, Inc.	1,450,915,408
Greenwich Capital	3,000,000
HSBC Securities, Inc.	455,000,000
Janney Montgomery Scott, Inc.	1,530,000
Jefferies & Company, Inc.	9,805,000
J.P. Morgan Securities, Inc.	1,441,551,982
Loop Capital Markets, LLC.	6,915,000
Morgan Stanley & Company, Inc.	1,957,460,642
Muriel Siebert & Company, Inc.	829,329,119
RBC Capital Markets	808,798,000
Susquehanna Partners	6,190,000
Wells Fargo & Company	1,223,229,118
Williams Capital Group, LP	565,866,044
<b>Total</b>	<b>\$ 14,819,225,818</b>

Short-Term Broker	Par \$ U.S.
Bank America Merrill Lynch	\$ 9,148,915,000
Barclays Capital, Inc.	1,730,939,000
BNP Paribas Securities	3,954,990,000
Branch Banking & Trust	550,000,000
CastleOak Securities, LP	41,497,000
Citigroup Global Markets, Inc.	9,212,216,512
Credit Suisse Securities, Ltd.	2,571,333,000
Deutsche Bank Securities, Inc.	2,776,179,000
Exxon Asset Management Company	978,760,000
General Electric Capital Corp.	2,113,704,000
Goldman Sachs & Company	4,958,764,000
Great Pacific Securities, Inc.	7,796,204,000
J.P. Morgan Securities, Inc.	21,234,746,509
Morgan Stanley & Company, Inc.	3,040,839,465
Muriel Siebert & Company, Inc.	426,959,000
Prudential Funding	315,000,000
RBC Capital Markets	143,738,238
Toronto Dominion Bank	2,737,044,000
Toyota Motor Credit Corp.	2,021,389,000
Wells Fargo & Company	439,388,588
Williams Capital Group, LP	2,533,259,000
<b>Total</b>	<b>\$ 78,725,865,311</b>

# Real Estate Management and Incentive Fees (Expensed)

For the Fiscal Year Ended March 31, 2014.

	Management Fees	Incentive Fees	Total
Artemis Real Estate Partners, LLC	\$ 2,113,870	\$	\$ 2,113,870
BCP Strategic Partners (Beacon)	5,000,000		5,000,000
Blackstone Real Estate Advisors	11,312,138		11,312,138
Carlyle Group	3,749,509		3,749,509
Cherokee Advisers, LLC	465,232		465,232
CIF-H GP, LLC (Cayuga Lake Fund, LP)	2,731,765		2,731,765
CIF-V GP, LLC (Seneca Lake Fund, LP)	870,872		870,872
CIM Group, LP	2,680,250		2,680,250
Clarion Partners	5,036,449	1,752,572	6,789,021
Colony Capital Asia, Ltd.	122,682		122,682
Cypress Grove International Management, LLC	885,890		885,890
Franklin Templeton Institutional, LLC (Lake Montauk)	633,660		633,660
Genesis Workforce Housing Fund II, LLC	254,462		254,462
Heitman Capital Management, LLC	7,439,577	100,000	7,539,577
J.P. Morgan Investment Management, Inc.	1,344,030	100,000	1,444,030
Kimex	158,820		158,820
Lake Hempstead Fund, LP	261,292		261,292
Lake Success Fund, LP	266,118		266,118
LaSalle Investment Management, Inc.	1,262,572		1,262,572
Metropolitan Workforce Housing Fund, LLC	696,221		696,221
Morgan Stanley Group	1,599,485		1,599,485
Redwood Grove International Management, LLC	606,607		606,607
Rockpoint Real Estate Funds	2,359,339		2,359,339
Westbrook Realty Management	2,150,587		2,150,587
<b>Total</b>	<b>\$ 54,001,427</b>	<b>\$ 1,952,572</b>	<b>\$ 55,953,999</b>

# Real Estate Management and Incentive Fees (Capitalized)

For the Fiscal Year Ended March 31, 2014.

	Management Fees	Incentive Fees	Total
ACA Advisors (Aetos)	\$ 502,956	\$	\$ 502,956
ARES Management	2,869,542		2,869,542
BCP Strategic Partners (Beacon)	1,695,911		1,695,911
CBRE Global Investors Luxembourg S.à.r.l.	567,571		567,571
City Investment Fund Associates, LLC	960,817		960,817
Colony Advisors, LLC	4,040,667		4,040,667
Cypress Grove International Management, LLC (CGI Co-Investment Fund)	49,823		49,823
Genesis Workforce Housing Fund II, LLC	84,221		84,221
Heitman Capital Management, LLC	1,543,056		1,543,056
J.P. Morgan Investment Management, Inc.	1,651,241		1,651,241
Landmark Partners	6,318		6,318
LSP (Lone Star)	567,994		567,994
Metropolitan Workforce Housing Fund, LLC	186,482		186,482
Noble Investment Management, LLC	1,105,496		1,105,496
Praedium	1,548,800		1,548,800
Redwood Grove International Management B, LLC (RGI Co-Investment Fund)	182,039		182,039
RREEF America, LLC	299,789		299,789
Stockbridge Real Estate Funds	3,719,695		3,719,695
Warburg Pincus, LLC	373,373		373,373
<b>Total</b>	<b>\$ 21,955,791</b>	<b>\$ 0</b>	<b>\$ 21,955,791</b>

# Private Equity Management Fees (Expensed)

For the Fiscal Year Ended March 31, 2014.

57 Stars, LLC	\$ 184,921
Access Capital Advisors, LLC	1,453,495
ACON Investments, LLC	1,943,326
Affinity Equity Partners	3,467,736
Aisling Capital, LLC	1,277,311
Apax Partners U.S.	67,757
Apollo Management, LP	6,788,441
Ares Management, LP	3,610,296
Ascent Biomedical Ventures	818,146
Asia Alternatives Management, LLC	931,231
Banc of America Capital Investors, LP	601,644
Blackstone Group, LP	3,973,128
Brait Capital Partners, Ltd.	386,156
Carlyle Group	2,739,622
CCMP Capital Advisors, LLC	109,527
Centerbridge Partners, LP	1,434,849
Charterhouse Capital Partners	535,934
Cinven Capital Management, Ltd.	2,948,914
Clearlake Capital Group, LP	358,841
Contour Venture Partners	200,000
Credit Suisse	723,307
CVC Capital Partners	1,393,852
DeltaPoint Capital Management, LLC	703,041
Draper Fisher Jurvetson	307,392
EQT Partners	566,369
Ethos Private Equity	391,287
Fairview Capital Partners, Inc.	970,425
Falcon Investment Advisors, LLC	413,727
Farol Asset Management, LP	1,250,000
FountainVest Partners (Asia), Ltd.	1,500,000
Freeman, Spogli & Company	1,241,094
GCM Grosvenor Capital Management, LP	239,872
GenNx360 Capital Partners	2,919,215
Gilde, LP	216,264
Goldman, Sachs & Company	85,810
GSO Capital Partners, LP	116,422
Hamilton Lane Advisors, LLC	3,847,518
HarbourVest Partners, LLC	1,462,500
Hellman & Friedman Investors, Inc.	4,929,307
High Peaks Venture Partners	734,247

Hony Capital	\$ 1,968,288
Hudson Capital GP, LLC	2,300,342
InterMedia Advisors, LLC	737,245
Irving Place Capital Advisors	449,865
J.P. Morgan Partners, LLC	4,225,580
JMI Equity	493,714
Kelso & Company	3,750,001
KKR & Company, LP	6,361,367
KSL Capital Partners, LLC	1,751,723
Leonard Green & Partners, LP	2,311,510
Levine Leichtman Capital Partners, Inc.	474,952
Lindsay Goldberg & Company, LLC	4,409,468
Lion Capital, LLP	413,388
Madison Dearborn Partners, Inc.	275,323
Markstone Capital Group	1,147,980
Milestone Managers, LLC	84,375
Muller & Monroe Asset Management, LLC	1,400,000
New Mountain Capital, LLC	128,894
Paladin Capital Group	111,364
Palladium Equity Partners	1,993,318
Patria Invetimentos	1,500,000
Performance Equity Management, LLC	450,493
Pine Brook Road Partners, LLC	3,492,121
Providence Equity Partners, LLC	3,396,716
Quadrangle Group	455,805
Searchlight Capital Partners	2,700,000
Snow Phipps Group, LLC	1,779,404
SoftBank Capital	1,135,374
StepStone Group, LLC	95,017
Summer Street Capital Partners, LLC	1,657,009
TFSI Management	676,768
Thomas H. Lee Partners, LP	239,227
TLP Management, LLC	331,172
TPG Capital, LLC	4,855,814
Tribeca Venture Partners	660,444
Vista Equity Partners	4,740,318
Warburg Pincus, LLC	1,333,667
Wheatley NY Partners, LLC	230,469
Yucaipa Companies, LLC	2,238,656
<b>Total</b>	<b>\$ 124,600,095</b>

# Private Equity Management Fees (Capitalized)

For the Fiscal Year Ended March 31, 2014.

Apax Partners U.S.	\$ 19,285
Apollo Management, LP	922,347
Avenue Capital Group	1,848,855
Blum Capital Partners, LP	302,237
Bridgepoint Capital, Ltd.	2,123,939
Cerberus Capital Management, LP	266,275
Charterhouse Partners, Ltd.	10,743
Cinven Capital Management, Ltd.	15,150
Clearwater Capital Partners	2,075,359
Cypress Associates, LLC	87,785
Easton Capital Investment Group	84,000
Fairview Capital Partners, Inc.	132,631
First Albany Companies, Inc.	329,429
HarbourVest Partners, LLC	2,960,861
Horsley Bridge Partners, Inc.	243,884
Institutional Venture Partners	1,142,485
Lexington Partners	164,576
NCH Capital, Inc.	1,003,796
Oaktree Capital Management, LP	3,090,034
RRJ Capital II, Ltd.	5,060,429
SAIF Partners	2,715,816
Softbank Capital Managers New York, LLC	221,659
StepStone Group, LLC	210,941
TA Associates	4,038,235
TPG Capital, LP	998,641
Venture Capital Fund of America	770,235
Warburg Pincus, LLC	5,256,375
<b>Total</b>	<b>\$ 36,096,002</b>

# Absolute Return Strategy Management and Incentive Fees

For the Fiscal Year Ended March 31, 2014.

	Management Fees	Incentive Fees	Total
Angelo, Gordon & Company, LP	\$ 1,860,473	\$ 3,879,173	\$ 5,739,646
Apollo Value Advisors, LP	0	293,600	293,600
Apollo Value Management, LP	4,046	0	4,046
Avenue Europe International Management, LP	228,321	0	228,321
BlueCrest Capital Management, LP	4,347,763	0	4,347,763
Brevan Howard Offshore Management, Ltd.	5,006,968	2,900,827	7,907,795
Brigade Capital GP, LLC	0	2,788,916	2,788,916
Brigade Capital Management, LLC	2,935,413	0	2,935,413
Brookside Capital, LLC	1,615,582	1,832,469	3,448,051
Cevian Capital (Malta)	3,036,365	0	3,036,365
Cevian Capital II GP, Ltd.	0	25,960,140	25,960,140
Cevian Capital, Ltd.	3,036,365	0	3,036,365
COMAC Capital, LLP	1,521,185	0	1,521,185
D.E. Shaw & Company, LP	10,787,421	5,523,744	16,311,165
Discovery Capital Management, LLC	4,525,399	6,009,081	10,534,480
Drawbridge Special Opportunities Advisors, LLC	917,489	0	917,489
Drawbridge Special Opportunities GP, LLC	0	1,820,382	1,820,382
Elm Ridge Capital Management, LLC	1,970,253	0	1,970,253
Elm Ridge Partners, LLC	0	1,479,334	1,479,334
Galton Capital Group, LLC	0	142,365	142,365
GoldenTree Asset Management, LP	65,571	0	65,571
Guggenheim Advisors, LLC	542	0	542
HBK Capital, LP	0	1,880,477	1,880,477
HBK Investment, LP	2,549,088	0	2,549,088
HealthCor Capital, LP	0	1,192,787	1,192,787
HealthCor Management, LP	460,227	0	460,227
Highfields Associates, LLC	0	10,671,647	10,671,647
Highfields Capital Management, LP	3,615,442	0	3,615,442
Highland Capital Management, LP	271	0	271
King Street Capital Management, LP	3,128,765	4,841,711	7,970,476
Knighthood Capital Management, LLC	277,397	0	277,397
Landsdowne Partners, Ltd. Partnership	3,130,198	10,878,271	14,008,469
Marathon Asset Management, LP	75,907	0	75,907
Mariner Investment Group, LLC	4,302,877	4,150,865	8,453,742
Marshall Wace (GPI), Ltd.	0	3,458,383	3,458,383
Marshall Wace, LLP	3,654,739	0	3,654,739



# Absolute Return Strategy Management and Incentive Fees

*continued*

	Management Fees	Incentive Fees	Total
Meditor Group, Ltd.	\$ 2,921,209	\$ 4,191,687	\$ 7,112,896
Mezzacappa Investors II, LLC	95,655	0	95,655
OxFORD Asset Management, LP	1,170,774	0	1,170,774
OZ Advisors, LP	0	7,017,357	7,017,357
OZ Management II, LP	5,680,327	0	5,680,327
Pennant Capital Management, LLC	1,895,320	0	1,895,320
Pennant General Partner, LLC	0	3,271,887	3,271,887
Perella Weinberg Partners Xerion Capital, LP	360,679	0	360,679
Pharo Global Advisors, Ltd.	2,461,557	6,106,257	8,567,814
Pine River Domestic Management, LP	4,669,714	5,229,793	9,899,507
Schultze Asset Management, LLC	110,714	0	110,714
Schultze Management Group, LLC	0	16,440	16,440
SR Financial, LLC	95,404	0	95,404
St. James Bank & Trust Company, Ltd.	10,000	0	10,000
The Rock Creek Group, LP	2,874,468	0	2,874,468
Tilden Park Management I, LLC	937,500	0	937,500
Trian Partners Strategic Investment Fund GP, LP	0	6,261,482	6,261,482
Trian Fund Management, LP	5,322,022	0	5,322,022
Trian Partners Strategic Investment Fund II GP, LP	0	9,877,242	9,877,242
ValueAct Capital Management, LP	4,647,303	0	4,647,303
Viking Global Investors, LP	4,893,606	0	4,893,606
Viking Global Performance, LLC	0	12,357,302	12,357,302
York European Opportunities Offshore Holdings, LLC	561,621	0	561,621
<b>Total</b>	<b>\$ 101,761,940</b>	<b>\$ 144,033,619</b>	<b>\$ 245,795,559</b>

# Opportunistic Funds Management and Incentive Fees

For the Fiscal Year Ended March 31, 2014.

	Management Fees	Incentive Fees	Total
Blackstone Tactical Opportunities Advisors, LLC	\$ 25,890	\$ 0	\$ 25,890
Finisterre Capital, LLP	2,614,353	2,087,695	4,702,048
Invesco Institutional (N.A.), Inc.	440,293	0	440,293
Investco Mortgage Recovery Master Associates, LLC	0	272,994	272,994
Oaktree/Arctic Slope PPIP Private Fund GP, LP	14,258	2,174,762	2,189,020
Pine Street Alternative Asset Management, LP	1,306,452	0	1,306,452
TPG Opportunities III Management, LLC	548,630	0	548,630
York Distressed Mortgage Holdings, LLC	29,260	0	29,260
<b>Total</b>	<b>\$ 4,979,136</b>	<b>\$ 4,535,451</b>	<b>\$ 9,514,587</b>

# Consultant and Advisor Fees

For the Fiscal Year Ended March 31, 2014.

Albourne America, LLC	\$ 405,419
Bank of New York Mellon	1,195,805
Cutter Associates, LLC	328,198
Cynthia Simon	49,721
Hewitt EnnisKnupp, Inc.	440,000
J.P. Morgan Investment Management, Inc.	2,143,433
LP Capital Advisors, LLC	1,792,763
Pension Consulting Alliance, Inc.	420,000
RV Kuhns & Associates, Inc.	517,500
Smith Graham & Company Investment Advisors, LP	250,000
Stockbridge Risk Management, Inc.	17,356
Townsend Group	565,731
Wilshire Associates, Inc.	65,377
<b>Total</b>	<b>\$ 8,191,302</b>

# Actuarial

# Contents

Statement of the Actuary .....	109
Actuarial Funding and Valuation .....	111
Elements of the Actuarial Valuation.....	113
Actuarial Valuation Balance Sheets.....	117
Local Government Employers' Final Contribution Rates for Select Plans.....	119
Contribution Rate Trend for Local Governments.....	121
Employer Contributions .....	124
Historical Trends (Rates as a Percentage of Salary, 1974 – 2015).....	126
Changes In Contributions .....	127
Solvency Test.....	128
Schedule of Active Member Data.....	129
Schedule of Retired Members and Beneficiaries .....	130

# Statement of the Actuary

September 30, 2014

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 percentage of payroll.

We annually perform actuarial valuations which determine the annual contributions required of employers. The most recent valuation was performed on April 1, 2013 and will determine the employer contribution rates for 2015. 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. We also 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 any 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, at least once every five years, the System is examined by the New York State Department of Financial Services. Lastly, the Comptroller of the State of New York, in his role as trustee of the System, established an Office of Internal Audit to help fulfill his fiduciary objectives.

The April 1, 2012 valuation for determining 2014 employer contribution rates was performed under my direction and supervision, using the assumptions adopted by the Comptroller as of April 1, 2010.

Our assumptions and methods meet the Governmental Accounting Standards Board 25 standards; 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 calculated the employer contribution rates that determined the 2014 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.



Michael Dutcher, E.A., A.S.A., M.A.A.A.

Actuary

New York State and Local Employees' Retirement System

New York State and Local Police and Fire Retirement System

# Actuarial Funding and Valuation

## Actuarial Funding

An actuarial funding method is a procedure for allocating the costs of a retirement system to particular time periods. It 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 the fiscal year ending March 31, 1991 (referred to as fiscal year 1991). 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 the Employees' Retirement System (ERS), and to help 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 System's 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 multiyear 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, retirees 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 described above and the actuarial value of present assets is funded as a level percentage of salary over the future working lifetimes of current members.

# Elements of the Actuarial Valuation

## Actuarial Assumptions

The actuarial assumptions for employer contribution rates for the fiscal year ending 2014 were adopted effective April 1, 2010. 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' Experience	
		ERS	PFRS		
1987-88	Inflation Productivity & Merit	5.00% <u>2.30%</u> 7.30%		8.00%	4/1/81-3/31/86 experience
1989-92	Inflation Productivity & Merit	5.00% <u>2.00%</u> 7.00%		8.75%	4/1/81-3/31/86 experience
1993-96	Inflation Productivity & Merit	5.00% <u>2.00%</u> 7.00%		8.75%	4/1/86-3/31/91 experience
		ERS	PFRS		
1997-98	Inflation Productivity & Merit	4.75% <u>1.25%</u> 6.00%	4.75% <u>1.75%</u> 6.50%	8.50%	4/1/90-3/31/95 experience
1999-2000	Inflation Productivity & Merit	3.50% <u>2.50%</u> 6.00%	3.50% <u>3.00%</u> 6.50%	8.50%	4/1/90-3/31/95 experience
2001	Inflation Productivity & Merit	3.00% <u>2.50%</u> 5.50%	3.00% <u>3.00%</u> 6.00%	8.00%	4/1/90-3/31/95 experience
2002-04	Inflation Productivity & Merit	3.00% <u>2.90%</u> 5.90%	3.00% <u>3.90%</u> 6.90%	8.00%	4/1/95-3/31/00 experience
2005	Inflation Productivity & Merit	3.00% <u>2.40%</u> 5.40%	3.00% <u>3.90%</u> 6.90%	8.00%	4/1/95-3/31/00 experience
2006	Inflation Productivity & Merit	3.00% <u>2.40%</u> 5.40%	3.00% <u>3.90%</u> 6.90%	8.00%	4/1/95-3/31/00 experience with subsequent adjustments
2007-11	Inflation Productivity & Merit	3.00% <u>2.40%</u> 5.40%	3.00% <u>3.70%</u> 6.70%	8.00%	4/1/00-3/31/05 experience with subsequent adjustments
2012-14	Inflation Productivity & Merit	2.70% <u>2.20%</u> 4.90%	2.70% <u>3.30%</u> 6.00%	7.50%	4/1/05-3/31/10 experience

\* 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, 2012 Valuation

The tables illustrate the assumptions used to determine the number of people we anticipate will be dying, retiring, becoming disabled, withdrawing, etc. The demographic assumptions below show counts per 10,000 members. 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 – 29.99	≥ 30
<b>Tier 1</b>			
55	1,566	2,977	5,586
60	982	1,600	1,930
65	2,050	2,553	2,321
<b>Tier 2–4</b>			
55	592	821	4,185
60	489	781	1,994
65	1,576	2,579	2,775
<b>Tier 5</b>			
55	477	662	821
60	393	630	781
65	1,576	2,579	2,775

### Service Retirement — PFRS

Service	20-year (All Tiers)	20-year with additional 60ths (All Tiers)
20	2,165	847
25	1,188	541
30	945	1,681

### Service Retirees — Mortality

Age	Male Clerk	Female Clerk	PFRS
55	61	32	38
60	59	55	49
70	136	123	126
80	352	301	445

### Disability Retirees — Mortality

Age	Male	Female	PFRS
30	10	10	6
40	16	15	7
60	212	233	63
80	761	532	510

# Elements of the Actuarial Valuation

*continued*

## Disability Retirement — Ordinary and Accidental

Age	ERS Ordinary	ERS Accidental	PFRS Ordinary*	PFRS Accidental
35	7	0	13	18
40	15	1	25	38
45	23	1	31	47
50	38	1	47	43

\* Includes performance of duty.

## Ordinary Death

Age	ERS	PFRS
35	7	4
40	9	4
45	11	6
50	16	9

## Withdrawal — ERS (Ten-year ultimate rates)

Age	ERS
35	222
40	183
45	162
50	125

## Withdrawal — PFRS

Service	PFRS
5	121
10	55
15	43

## Salary Scale — Annual Percentage Increase

Service	ERS	PFRS
5	5.92	7.41
10	4.86	4.85
15	4.40	4.41
20	4.06	4.42
25	3.81	4.22

## Actuarial Value of Assets

Most of the assets of the ERS, PFRS, and Group Life Insurance Plan (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 valued 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 2014, the April 1, 2012 valuation reflects a full five-year smoothing method. The GLIP values investments at market value.

In the April 1, 2012 valuation of the System and Insurance Plan for fiscal year 2014, the difference between market and actuarial values of smoothed investments, was:

	Investments (In Millions)
Market Value	\$ 150,659
Actuarial Value	145,170
Difference	\$ (5,489)

## 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

Used to determine employer contributions for the fiscal year ending March 31; in millions of dollars, as calculated April 1, 2011 and April 1, 2012.

	2013	2014
	(In Millions)	
<b>ERS</b>		
<b>Actuarial Assets</b>		
<b>Actuarial Value of Present Assets:</b>		
Held for Current Retirees & Beneficiaries	\$ 67,412	\$ 75,210
Held for Members	50,769	42,310
Members' Contributions	8,214	8,168
Total	\$ 126,395	\$ 125,688
<b>Actuarial Present Value of Prospective Contributions:</b>		
From Employers	\$ 36,909	\$ 41,028
From Members	1,221	1,248
Total	\$ 38,130	\$ 42,276
<b>Total Actuarial Assets</b>	<b>\$ 164,525</b>	<b>\$ 167,964</b>
<b>Actuarial Liabilities</b>		
<b>Actuarial Present Value of Benefits for Current Retirees &amp; Beneficiaries:</b>		
Service Retirement Benefits	\$ 63,751	\$ 71,398
Disability Retirement Benefits	3,548	3,700
Death Benefits	113	112
Total	\$ 67,412	\$ 75,210
<b>Actuarial Present Value of Benefits for Members:</b>		
Service Retirement Benefits	\$ 93,301	\$ 89,496
Disability Retirement Benefits	1,810	1,741
Death Benefits	1,185	1,173
Other	816	343
Total	\$ 97,112	\$ 92,753
<b>Total Actuarial Liabilities</b>	<b>\$ 164,524</b>	<b>\$ 167,963</b>

# Actuarial Valuation Balance Sheets

continued

	2013	2014
	(In Millions)	
<b>PFRS</b>		
<b>Actuarial Assets</b>		
<b>Actuarial Value of Present Assets:</b>		
Held for Current Retirees & Beneficiaries	\$ 13,383	\$ 14,060
Held for Members	8,793	7,948
Members' Contributions	29	2
<b>Total</b>	<b>\$ 22,205</b>	<b>\$ 22,009</b>
<b>Actuarial Present Value of Prospective Contributions:</b>		
From Employers	\$ 7,541	\$ 8,578
From Members	32	51
<b>Total</b>	<b>\$ 7,573</b>	<b>\$ 8,629</b>
<b>Total Actuarial Assets</b>	<b>\$ 29,778</b>	<b>\$ 30,638</b>
<b>Actuarial Liabilities</b>		
<b>Actuarial Present Value of Benefits for Current Retirees &amp; Beneficiaries:</b>		
Service Retirement Benefits	\$ 10,735	\$ 11,245
Disability Retirement Benefits	2,513	2,673
Death Benefits	134	142
<b>Total</b>	<b>\$ 13,382</b>	<b>\$ 14,060</b>
<b>Actuarial Present Value of Benefits for Members:</b>		
Service Retirement Benefits	\$ 14,441	\$ 14,734
Disability Retirement Benefits	1,595	1,557
Death Benefits	285	286
Other	74	2
<b>Total</b>	<b>\$ 16,395</b>	<b>\$ 16,579</b>
<b>Total Actuarial Liabilities</b>	<b>\$ 29,777</b>	<b>\$ 30,639</b>

## New York Public Employees' Group Life Insurance Plan

Actuarial Assets	2013	2014
	(In Millions)	
<b>Assets</b>		
Investments	\$ 137	\$ 134
Premiums Receivable	-	-
<b>Total Assets</b>	<b>\$ 137</b>	<b>\$ 134</b>
<b>Liabilities</b>		
Managed Overdraft (cash)	4	5
Claims Being Processed	33	36
Claims Unreported	15	16
Reserve for Mortality Fluctuations	85	77
<b>Total Liabilities</b>	<b>\$ 137</b>	<b>\$ 134</b>

# Local Government Employers' Final Contribution Rates for Select Plans

For the fiscal year ending March 31, 2014, assuming a February 1, 2014 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	Tier 5	Tier 6
<b>ERS</b>						
<b>Age-based plans</b>						
Basic, Age 55, Age 60 Contributory	71-a	13.9	12.9	n/a	n/a	n/a
Article 14	A14	n/a	n/a	20.8	n/a	n/a
Article 15	A15	n/a	n/a	20.8	16.7	11.3
Guaranteed Benefits	75-e	25.8	23.3	n/a	n/a	n/a
Career	75-g	27.3	24.9	n/a	n/a	n/a
New Career	75-h/75-i	28.5	26.0	n/a	n/a	n/a
<b>25-year plans</b>						
Sheriffs and Deputies	89-a	30.8	29.0	n/a	n/a	n/a
Article 14B Sheriffs – 25-year	551	28.8	28.3	25.4	22.7	16.1
Article 14B Sheriffs – 25-year + 1/60th	551-e	30.8	30.6	27.5	24.2	17.5
full service for 1/60th	551-ee	32.1	31.8	28.6	25.1	18.2
County Law Enforcement	89-e, etc.	31.2	30.9	22.4	19.6	13.2
<b>20-year plans</b>						
Sheriffs and Deputies	89-b	36.0	29.4	n/a	n/a	n/a
additional 1/60th	89-b(m)	36.3	31.0	n/a	n/a	n/a
Article 14B Sheriffs – 20-year	552	36.2	35.9	32.7	29.0	22.3
Article 14B Sheriffs – 20-year + 1/60th	553	36.2	35.9	33.0	29.7	23.2
full service for 1/60th	553b	37.6	37.3	34.3	30.9	24.1
Detective Investigators	89-d	35.2	34.9	n/a	n/a	n/a
additional 1/60th	89-d(m)	35.4	35.1	n/a	n/a	n/a



# Local Government Employers' Final Contribution Rates for Select Plans

*continued*

	Plan ID	Percentage of Payroll				
		Tier 1	Tier 2	Tier 3	Tier 5*	Tier 6*
<b>PFRS</b>						
<b>Age-based plans</b>						
Basic, Age 55, Age 60 Contributory	371-a	14.2	12.4	12.4	7.6	2.6
Guaranteed Benefits	375-e	22.1	18.1	18.1	13.0	7.3
Career	375-g	24.1	19.7	19.7	14.5	8.6
New Career	375-i	24.9	20.3	20.3	15.1	8.9
Improved Career	375-j	24.9	20.3	20.3	15.1	8.9
<b>25-year plans</b>						
Contributory	384	n/a	n/a	n/a	18.4	12.3
additional 1/60th	384(f)	n/a	n/a	n/a	20.2	13.8
Non-Contributory	384	24.0	23.9	23.9	22.9	20.4
additional 1/60th	384(f)	26.1	25.9	25.9	24.7	22.0
<b>20-year plans</b>						
Contributory	384-d	n/a	n/a	n/a	22.7	16.0
additional 1/60th	384-e	n/a	n/a	n/a	23.0	16.3
Non-Contributory	384-d	29.2	28.4	27.5	27.1	24.1
additional 1/60th	384-e	29.6	28.8	27.5	27.5	24.4
* Age-based plans in Tier 5 and Tier 6 are contributory.						

# Contribution Rate Trend 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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>ERS</b>										
<b>Guaranteed Benefits (75-e)</b>										
Tier 1	15.8	13.7	12.0	10.9	9.7	8.4	13.8	19.4	22.9	25.8
Tier 2	13.2	11.7	10.9	9.9	8.8	7.6	12.5	17.5	20.7	23.3
<b>Career (75-g)</b>										
Tier 1	16.6	14.4	12.7	11.5	10.3	8.9	14.6	20.4	24.1	27.3
Tier 2	14.1	12.5	11.6	10.5	9.4	8.1	13.3	18.6	22.0	24.9
<b>New Career (75-i)</b>										
Tier 1	17.2	15.0	13.2	12.0	10.7	9.2	15.2	21.3	25.2	28.5
Tier 2	14.7	13.0	12.1	11.0	9.8	8.5	13.9	19.5	23.0	26.0
<b>Article 14/15 – Tier 3</b>	11.4	10.2	9.7	8.8	7.9	6.9	11.2	15.6	18.4	20.8
<b>Article 15 – Tier 4</b>	11.4	10.2	9.7	8.8	7.9	6.9	11.2	15.6	18.4	20.8
<b>Article 15 – Tier 5</b>								12.6	14.9	16.7
<b>Article 15 – Tier 6</b>									9.9	11.3

# Contribution Rate Trend for Local Governments

continued

Plan Name (Section)	Percentage of Payroll									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>PFRS</b>										
<b>Guaranteed Benefits (375-e)</b>										
Tier 1	12.7	11.6	12.2	11.9	11.2	10.8	13.2	16.1	19.6	22.1
Tiers 2 & 3	10.5	9.3	10.1	9.7	9.5	9.2	11.1	13.0	16.2	18.1
Tier 5*								9.3	11.8	13.0
Tier 6*									7.0	7.3
<b>Career (375-g)</b>										
Tier 1	13.8	12.6	13.4	13.0	12.3	11.8	14.4	17.6	21.3	24.1
Tiers 2 & 3	11.4	10.2	11.1	10.7	10.4	10.0	12.1	14.2	17.6	19.7
Tier 5*								10.4	13.1	14.5
Tier 6*									8.2	8.6
<b>New Career (375-i)</b>										
Tier 1	14.3	13.0	13.8	13.5	12.7	12.2	14.9	18.1	22.1	24.9
Tiers 2 & 3	11.7	10.4	11.3	10.9	10.7	10.3	12.5	14.6	18.1	20.3
Tier 5*								10.8	13.6	15.1
Tier 6*									8.5	8.9
<b>25-Year (384) – Contributory</b>										
Tiers 1, 2 & 3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 5								13.7	16.5	18.4
Tier 6									11.4	12.3
<b>25-Year + 1/60ths (384(f)) – Contributory</b>										
Tiers 1, 2 & 3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 5								15.0	18.0	20.2
Tier 6									12.8	13.8
<b>25-Year (384) – Non-Contributory</b>										
Tier 1	14.1	12.8	13.5	13.3	12.5	11.9	14.7	17.7	21.2	24.0
Tiers 2 & 3	13.3	12.1	13.4	13.2	12.5	11.9	14.7	17.6	21.2	23.9
Tier 5								16.9	20.4	22.9
Tier 6									18.4	20.4
<b>25-Year + 1/60ths (384(f)) – Non-Contributory</b>										
Tier 1	14.4	13.1	14.0	13.8	12.9	12.4	15.2	19.2	23.1	26.1
Tiers 2 & 3	14.1	12.8	13.6	13.3	12.7	12.2	15.0	19.0	22.9	25.9
Tier 5								18.3	21.9	24.7
Tier 6									19.9	22.0

\* Age-based plans in Tier 5 and Tier 6 are contributory.

# Contribution Rate Trend for Local Governments

*continued*

Plan Name (Section)	Percentage of Payroll									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>20-Year (384-d) – Contributory</b>										
Tiers 1 & 2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 3								n/a	n/a	n/a
Tier 5								16.7	20.1	22.7
Tier 6									14.6	16.0
<b>20-Year + 1/60ths (384-e) – Contributory</b>										
Tiers 1 & 2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 3								n/a	n/a	n/a
Tier 5								17.0	20.5	23.0
Tier 6									14.9	16.3
<b>20-Year (384-d) – Non-Contributory</b>										
Tier 1	16.0	14.8	15.7	15.5	14.9	14.2	17.4	21.5	25.7	29.2
Tier 2	15.2	14.2	15.0	14.7	14.5	13.8	16.8	20.9	25.1	28.4
Tier 3								20.4	24.2	27.5
Tier 5								20.0	24.1	27.1
Tier 6									21.6	24.1
<b>20-Year + 1/60ths (384-e) – Non-Contributory</b>										
Tier 1										
1990-1998 elections (avg.)	27.4	26.2	26.9	26.7	20.5	19.9	23.1	21.8	26.1	29.6
all other years	16.7	15.4	16.1	15.9	15.1	14.5	17.7	21.8	26.1	29.6
Tier 2										
1990-1998 elections (avg.)	18.3	16.9	17.7	17.1	15.9	15.3	18.4	21.2	25.4	28.8
all other years	16.3	15.1	16.0	15.7	15.0	14.4	17.5	21.2	25.4	28.8
Tier 3								20.4	24.2	27.5
Tier 5								20.3	24.4	27.5
Tier 6									22.0	24.4

# Employer Contributions

Contributions shown 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 2005, 2006 and 2007, employers could amortize a portion of their contributions. Employers who opted into either of the Contribution Stabilization Programs (Ch. 57 Laws of 2010 and Laws of 2013) are allowed to amortize a portion of their contribution. The following amounts show their total obligation. The average rates below are for normal, administrative and Group Life Insurance contributions.

## Comparison of Employer Contributions\*

For fiscal years ending 2013 and 2014 (In Millions)

	2014 Contribution			2013 Contribution		
	Salary	Contribution	Avg. Rate	Salary	Contribution	Avg. Rate
<b>ERS</b>						
Tier 1	\$ 273	\$ 78	28.7%	\$ 326	\$ 83	25.4%
Tier 2	315	83	26.3	381	89	23.3
Tiers 3 & 4	21,226	4,558	21.5	21,857	4,167	19.1
Tier 5	1,431	247	17.3	1,480	228	15.4
Tier 6	1,116	132	11.8	361	41	11.3
<b>Total</b>	<b>\$ 24,361</b>	<b>\$ 5,099</b>	<b>20.9%</b>	<b>\$ 24,405</b>	<b>\$ 4,607</b>	<b>18.9%</b>
<b>PFRS</b>						
Tier 1	\$ 14	\$ 5	33.0%	\$ 19	\$ 6	29.6%
Tier 2	3,022	887	29.3	3,017	781	25.9
Tier 3	11	3	26.4	12	3	23.4
Tier 5	99	24	23.9	91	19	21.3
Tier 6	86	14	16.6	24	4	15.3
<b>Total</b>	<b>\$ 3,233</b>	<b>\$ 932</b>	<b>28.8%</b>	<b>\$ 3,163</b>	<b>\$ 813</b>	<b>25.7%</b>

Deficiency contributions for FY2014 (as of 2/1/14) totaled \$1,771,348.

Incentive contributions for FY2014 (as of 2/1/14) totaled \$63,379,617.

\* Numbers may not add up due to rounding.

# Employer Contributions

continued

## Final Employer Contributions by Employer Type\*

Attributable to fiscal year 2014 costs only (In Millions)

Employer	Normal	Administrative	GLIP	Total
<b>ERS</b>				
State	\$ 2,083	\$ 30	\$ 36	\$ 2,149
Counties	901	13	15	929
Cities	132	2	3	137
Towns	299	5	6	310
Villages	92	1	2	95
Miscellaneous	774	12	16	802
Schools	654	10	13	677
<b>Total</b>	<b>\$ 4,935</b>	<b>\$ 73</b>	<b>\$ 90</b>	<b>\$ 5,099</b>
<b>PFRS</b>				
State	\$ 168	\$ 2	\$ 0	\$ 170
Counties	210	3	0	213
Cities	268	4	0	271
Towns	101	1	0	102
Villages	81	1	0	83
Miscellaneous	91	1	0	93
<b>Total</b>	<b>\$ 919</b>	<b>\$ 13</b>	<b>\$ 0</b>	<b>\$ 932</b>

## Employer Contributions by Tier\*

(In Millions)

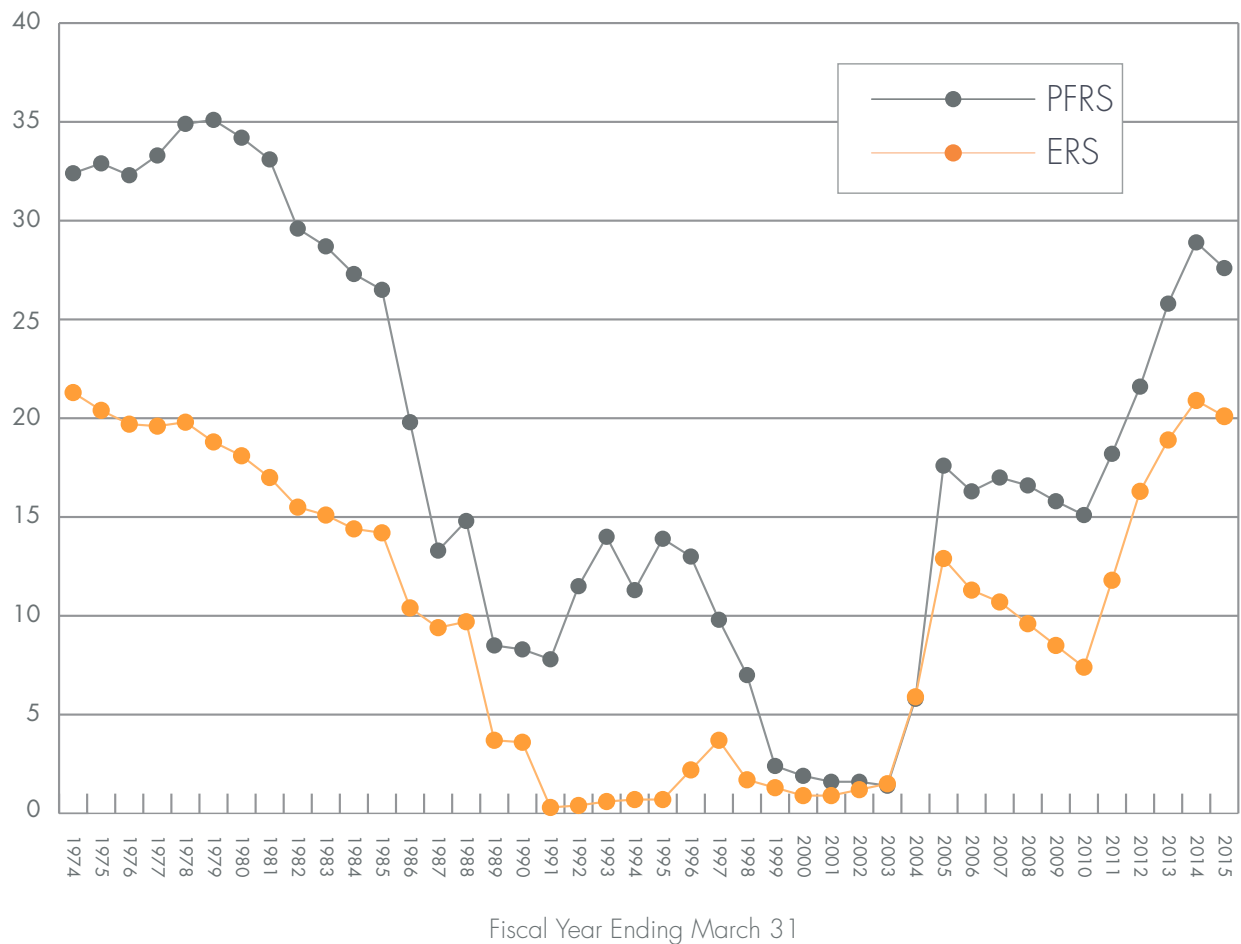
	2014 (as of 2/1/14)		2013 (as of 2/1/13)	
	Employer Contributions Attributable to Year	Percentage	Employer Contributions Attributable to Year	Percentage
<b>ERS</b>				
Tier 1	\$ 78	1.5%	\$ 83	1.8%
Tier 2	83	1.6	89	1.9
Tiers 3 & 4	4,558	89.4	4,167	90.4
Tier 5	247	4.8	228	5.0
Tier 6	132	2.6	41	0.9
<b>Total</b>	<b>\$ 5,099</b>	<b>100.0%</b>	<b>\$ 4,607</b>	<b>100.0%</b>
<b>PFRS</b>				
Tier 1	\$ 5	0.5%	\$ 6	0.7%
Tier 2	887	95.1	781	96.1
Tier 3	3	0.3	3	0.4
Tier 5	24	2.5	19	2.4
Tier 6	14	1.5	4	0.4
<b>Total</b>	<b>\$ 932</b>	<b>100.0%</b>	<b>\$ 813</b>	<b>100.0%</b>

\* Numbers may not add up due to rounding.

# Historical Trends (Rates as a Percentage of Salary, 1974 – 2015)

The State is obligated to pay its bill on March 1, one month before the end of the fiscal year. 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

The System's experience in many areas (employee salary growth or decrease, investment return, legislative enactments of benefits) is assessed and quantified yearly. 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)

Fiscal Year Valuation Date	Fiscal Year Bill Date	Contributions Billed for Preceding Year	Salary Growth	Return on Investments <sup>(a)</sup>	Assumption Changes	Change in Benefits	Other Adjustments	Projected Contributions for Year Shown <sup>(b)</sup>
<b>ERS</b>								
2004	2006	1,157	(300)	1,881	n/a	n/a	(85)	2,653
2005	2007	2,652	124	(746)	23	n/a	399	2,452
2006	2008	2,395	112	51	n/a	n/a	(191)	2,367
2007	2009	2,316	93	(147)	n/a	n/a	(91)	2,171
2008	2010	2,018	88	(192)	n/a	n/a	(79)	1,835
2009	2011	1,854	135	1,098	(75)	n/a	130	3,142
2010	2012	3,029	89	782	417	n/a	(71)	4,246
2011	2013	3,948	15	570	202	n/a	(81)	4,654
2012	2014	4,627	119	870	(9)	n/a	(343)	5,264
2013	2015	5,243	97	521	(539)	n/a	(182)	5,140
<b>PFRS</b>								
2004	2006	144	(28)	339	n/a	n/a	(1)	454
2005	2007	446	21	(119)	4	n/a	80	432
2006	2008	430	21	6	n/a	n/a	16	473
2007	2009	476	22	(24)	n/a	n/a	12	486
2008	2010	487	26	(29)	8	n/a	(1)	491
2009	2011	474	31	152	(13)	n/a	(42)	602
2010	2012	576	10	117	22	n/a	(31)	694
2011	2013	693	18	93	(8)	n/a	53	849
2012	2014	827	25	142	(1)	n/a	(36)	957
2013	2015	936	3	79	(83)	n/a	(18)	917

(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

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 (In Millions)				Actuarial Assets (In Millions)	Portion of Actuarial Accrued Liabilities Covered by Actuarial Assets		
	Member Contributions (1)	Retiree (2)	Active (3)	Total (1) + (2) + (3)		(1)	(2)	(3)
<b>ERS</b>								
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
4/1/08	7,430	54,945	57,808	120,183	128,916	100.0	100.0	115.1
4/1/09	7,718	57,419	59,999	125,136	126,438	100.0	100.0	102.2
4/1/10	7,979	62,692	62,903	133,574	125,482	100.0	100.0	87.1
4/1/11	8,214	67,412	64,461	140,087	126,395	100.0	100.0	78.8
4/1/12	8,177	75,210	60,783	144,170	125,751	100.0	100.0	69.7
4/1/13	8,336	78,743	62,202	149,281	132,138	100.0	100.0	72.4
<b>PFRS</b>								
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
4/1/08	22	11,156	9,894	21,072	22,767	100.0	100.0	117.1
4/1/09	26	11,588	9,983	21,597	22,423	100.0	100.0	108.3
4/1/10	27	12,891	10,080	22,998	22,230	100.0	100.0	92.4
4/1/11	29	13,383	10,757	24,169	22,205	100.0	100.0	81.7
4/1/12	33	14,060	11,003	25,096	22,058	100.0	100.0	72.4
4/1/13	38	14,948	10,864	25,850	23,147	100.0	100.0	75.1

## Schedule of Active Member Data

Fiscal Year Ending March 31	Active Members	Annual Member Payroll (In Millions)	Percentage Increase in Annual Member Payroll	Average Salary
<b>ERS</b>				
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
2008	528,435	22,779	3.5	43,106
2009	530,023	24,099	5.8	45,468
2010	529,466	24,972	3.6	47,164
2011	513,092	24,389	(2.3)	47,534
2012	505,575	24,291	(0.4)	48,046
2013	498,266	24,405	0.5	48,979
<b>PFRS</b>				
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
2008	33,089	2,926	3.6	88,440
2009	33,052	2,970	1.5	89,854
2010	32,449	3,113	4.8	95,934
2011	31,659	3,146	1.0	99,357
2012	31,024	3,191	1.4	102,850
2013	30,780	3,163	(0.9)	102,754

# Schedule of Retired Members and Beneficiaries

*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				
<b>ERS</b>								
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
2008	20,787	13,174	538,291,047	156,937,687	328,726	5,989,797,109	6.80	18,221
2009	21,585	14,038	565,713,502	173,445,214	336,273	6,382,065,397	6.55	18,979
2010	22,885	14,052	604,707,420	181,343,790	345,106	6,805,429,027	6.63	19,720
2011	22,733	13,899	683,435,574	186,508,676	353,940	7,302,355,926	7.30	20,632
2012	31,906	14,378	990,541,993	198,660,208	371,468	8,094,237,711	10.84	21,790
2013	23,424	13,993	627,992,358	207,014,141	380,899	8,515,215,928	5.20	22,356
<b>PFRS</b>								
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
2008	1,157	727	73,592,416	20,604,380	29,383	1,148,515,468	4.84	39,088
2009	1,270	748	85,132,844	21,203,012	29,905	1,212,445,300	5.57	40,543
2010	1,606	814	106,721,728	25,637,123	30,697	1,293,529,905	6.69	42,139
2011	1,184	790	80,517,204	24,073,826	31,091	1,349,973,282	4.36	43,420
2012	1,403	788	97,599,791	23,890,471	31,706	1,423,682,602	5.46	44,903
2013	1,629	798	120,115,279	25,836,637	32,537	1,517,961,244	6.62	46,653
ERS — Annual benefits are based on option 0 benefits plus COLA.								
PFRS — Annual benefits are based on option 0 benefits (prior to option selection and partial lump sum distribution) plus COLA.								

# Statistical

# Contents

Schedule of Additions to Plan Net Assets.....	133
Schedule of Investment Income.....	134
Schedule of Deductions from Plan Net Assets.....	135
Schedule of Total Changes in Plan Net Assets.....	136
Service Retirees — ERS.....	138
Service Retirees — PFRS.....	140
Disability Retirees — ERS.....	142
Disability Retirees — PFRS.....	144
New Option Selections.....	146
Option Selection — Total Payments.....	147
Average Pension Benefits Paid During Year Shown.....	148
Average Benefit Pay Types.....	149
New Benefits — Service Retirements by Age and Service.....	151
New Benefits — Accidental and Ordinary Death.....	152
Combined System Participants.....	153
Membership by Age and Years of Service.....	154
Membership by Tier.....	155
Membership by Status.....	156
Number of Employers.....	156
Membership by Employer Type.....	157
Average Salary by Employer Type.....	158
Members and Salaries by Plan — ERS.....	159
Members and Salaries by Plan — PFRS.....	160
Retirees and Beneficiaries by Age.....	162
Retirees and Beneficiaries — ERS.....	163
Retirees and Beneficiaries — PFRS.....	164
Local Government Salaries and Billings — ERS.....	165
Local Government Salaries and Billings — PFRS.....	167
Contributions Recorded, 2005–2014.....	169
20-Year Summary.....	170
Notes to 20-Year Summary.....	172

# Schedule of Additions to Plan Net Assets

(In Thousands)

Year Ending	Member Contributions	Employer Contributions	Contributions Percentage of Payroll	Other Income*	Investment Income	Total
2014	\$ 281,398	\$ 6,064,133		\$ 192,581	\$ 20,598,593	\$ 27,136,705
ERS	273,545	5,137,935	20.9%	175,677	17,496,541	23,083,698
PFRS	7,853	926,198	28.9%	16,904	3,102,052	4,053,007
2013	\$ 269,134	\$ 5,336,045		\$ 131,853	\$ 14,717,622	\$ 20,454,654
ERS	264,788	4,524,395	18.9%	122,931	12,496,378	17,408,492
PFRS	4,346	811,650	25.8%	8,922	2,221,244	3,046,162
2012	\$ 273,247	\$ 4,585,178		\$ 157,625	\$ 7,868,313	\$ 12,884,363
ERS	268,545	3,878,717	16.3%	134,821	6,681,603	10,963,686
PFRS	4,702	706,461	21.6%	22,804	1,186,710	1,920,677
2011	\$ 286,199	\$ 4,164,571		\$ 127,709	\$ 19,339,896	\$ 23,918,375
ERS	284,486	3,622,638	11.9%	101,730	16,427,023	20,435,877
PFRS	1,713	541,933	18.2%	25,979	2,912,873	3,482,498
2010	\$ 284,291	\$ 2,344,222		\$ 81,981	\$ 28,422,361	\$ 31,132,855
ERS	282,791	1,879,209	7.4%	76,466	24,145,393	26,383,859
PFRS	1,500	465,013	15.1%	5,515	4,276,968	4,748,996
2009	\$ 273,316	\$ 2,456,223		\$ 155,918	\$ (40,428,820)	\$ (37,543,363)
ERS	268,991	1,963,413	8.5%	89,042	(34,368,280)	(32,046,834)
PFRS	4,325	492,810	15.8%	66,876	(6,060,540)	(5,496,529)
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

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

# Schedule of Investment Income

(In Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Change in Fair Value of Investments	\$ 17,432,110	\$ 11,592,363	\$ 4,958,927	\$ 16,740,555	\$ 25,631,185	\$(43,720,432)	\$(1,287,032)	\$ 13,538,322	\$ 14,449,770	\$ 6,603,713
Interest	1,366,175	1,394,442	1,379,423	1,426,941	1,540,095	1,722,343	1,976,372	1,816,416	1,474,863	1,388,250
Dividends	1,498,622	1,512,908	1,405,870	1,269,009	1,202,421	1,531,091	2,060,063	1,563,627	1,308,358	1,236,598
Real Estate and Mortgages	353,821	382,315	239,038	97,844	155,974	194,517	8,872	176,456	279,002	392,734
Alternative Investments	259,960	377,664	170,225	234,940	109,603	49,646	150,360	170,689	137,393	188,346
Security Lending Income	28,381	32,617	33,323	31,328	62,224	545,934	1,335,474	1,248,865	811,972	318,612
International	220,090	146,314	153,157	46,127	5,748	23,223	379,185	276,755	270,128	119,595
Other Included Prior Year Adjustment	17,187	(247,988)	(44,790)	(57,241)	81,669	(44,810)	47,318	8,551	(158,570)	(89,315)
Security Lending Expenses	(2,838)	(3,261)	(3,332)	(2,744)	(2,080)	(367,584)	(1,217,664)	(1,209,216)	(772,192)	(293,477)
Investment Expenses	(574,915)	(469,752)	(423,528)	(446,863)	(364,478)	(362,748)	(289,220)	(174,383)	(184,848)	(185,078)
<b>Net Investment Income</b>	<b>\$ 20,598,593</b>	<b>\$ 14,717,622</b>	<b>\$ 7,868,313</b>	<b>\$ 19,339,896</b>	<b>\$ 28,422,361</b>	<b>\$ (40,428,820)</b>	<b>\$ 3,163,728</b>	<b>\$ 17,416,082</b>	<b>\$ 17,615,876</b>	<b>\$ 9,679,978</b>

# Schedule of Deductions from Plan Net Assets

(In Thousands)

Year Ending	Retirement Allowances	Post-Retirement Supplements	Death Benefits	Separation from Service	Administrative Expenses	Other Expenses	Total
2014	\$ 9,098,453	\$ 596,556	\$ 203,820	\$ 29,972	\$ 105,662	\$ 48,725	\$ 10,083,188
ERS	7,702,970	497,142	185,169	28,439	92,266	51,341	8,557,327
PFRS	1,395,483	99,414	18,651	1,533	13,396	(2,616)	1,525,861
2013	\$ 8,669,843	\$ 586,209	\$ 194,170	\$ 29,265	\$ 105,720	\$ 42,049	\$ 9,627,256
ERS	7,339,678	487,100	177,113	28,294	92,134	43,221	8,167,540
PFRS	1,330,165	99,109	17,057	971	13,586	(1,172)	1,459,716
2012	\$ 8,109,356	\$ 568,466	\$ 184,960	\$ 29,789	\$ 100,649	\$ 45,260	\$ 9,038,480
ERS	6,845,843	470,310	172,340	28,866	87,232	44,949	7,649,540
PFRS	1,263,513	98,156	12,620	923	13,417	311	1,388,940
2011	\$ 7,717,007	\$ 555,255	\$ 192,265	\$ 27,745	\$ 101,333	\$ 27,951	\$ 8,621,556
ERS	6,520,651	457,931	179,301	26,653	87,760	29,328	7,301,624
PFRS	1,196,356	97,324	12,964	1,092	13,573	(1,377)	1,319,932
2010	\$ 6,931,780	\$ 548,321	\$ 183,023	\$ 25,805	\$ 100,029	\$ 29,943	\$ 7,818,901
ERS	5,807,070	451,277	170,188	23,940	86,769	29,318	6,568,562
PFRS	1,124,710	97,044	12,835	1,865	13,260	625	1,250,339
2009	\$ 6,497,135	\$ 534,487	\$ 180,491	\$ 31,680	\$ 99,229	\$ 21,706	\$ 7,364,728
ERS	5,431,840	439,000	173,580	29,577	86,727	23,775	6,184,499
PFRS	1,065,295	95,487	6,911	2,103	12,502	(2,069)	1,180,229
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



# Schedule of Total Changes in Plan Net Assets

(In Thousands)

Year Ending	Member Contributions	Employer Contributions	Other Income	Investment Income	Total
2014	\$ 281,398	\$ 6,064,133	\$ 192,581	\$ 20,598,593	\$ 27,136,705
ERS	273,545	5,137,935	175,677	17,496,541	23,083,698
PFRS	7,853	926,198	16,904	3,102,052	4,053,007
2013	\$ 269,134	\$ 5,336,045	\$ 131,853	\$ 14,717,622	\$ 20,454,654
ERS	264,788	4,524,395	122,931	12,496,378	17,408,492
PFRS	4,346	811,650	8,922	2,221,244	3,046,162
2012	\$ 273,247	\$ 4,585,178	\$ 157,625	\$ 7,868,313	\$ 12,884,363
ERS	268,545	3,878,717	134,821	6,681,603	10,963,686
PFRS	4,702	706,461	22,804	1,186,710	1,920,677
2011	\$ 286,199	\$ 4,164,571	\$ 127,709	\$ 19,339,896	\$ 23,918,375
ERS	284,486	3,622,638	101,730	16,427,023	20,435,877
PFRS	1,713	541,933	25,979	2,912,873	3,482,498
2010	\$ 284,291	\$ 2,344,222	\$ 81,981	\$ 28,422,361	\$ 31,132,855
ERS	282,791	1,879,209	76,466	24,145,393	26,383,859
PFRS	1,500	465,013	5,515	4,276,968	4,748,996
2009	\$ 273,316	\$ 2,456,223	\$ 155,918	\$ (40,428,820)	\$ (37,543,363)
ERS	268,991	1,963,413	89,042	(34,368,280)	(32,046,834)
PFRS	4,325	492,810	66,876	(6,060,540)	(5,496,529)
2008	\$ 265,676	\$ 2,648,448	\$ 116,112	\$ 3,163,728	\$ 6,193,964
ERS	263,098	2,134,954	98,703	2,690,533	5,187,288
PFRS	2,578	513,494	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	110,929	14,803,498	17,377,751
PFRS	2,921	502,464	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	79,731	14,959,666	17,625,804
PFRS	3,487	433,426	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	82,462	8,211,547	11,027,971
PFRS	2,849	455,339	40,307	1,468,431	1,966,926

# Schedule of Total Changes in Plan Net Assets

*continued*

Retirement Allowances	Post-Retirement Supplement	Death Benefits	Separation from Service	Administrative Expenses	Other Expenses	Total	Net Increase / Decrease
\$ 9,098,453	\$ 596,556	\$ 203,820	\$ 29,972	\$ 105,662	\$ 48,725	\$ 10,083,188	\$17,053,517
7,702,970	497,142	185,169	28,439	92,266	51,341	8,557,327	14,526,371
1,395,483	99,414	18,651	1,533	13,396	(2,616)	1,525,861	2,527,146
\$ 8,669,843	\$ 586,209	\$ 194,170	\$ 29,265	\$ 105,720	\$ 42,049	\$ 9,627,256	\$ 10,827,398
7,339,678	487,100	177,113	28,294	92,134	43,221	8,167,540	9,240,952
1,330,165	99,109	17,057	971	13,586	(1,172)	1,459,716	1,586,446
\$ 8,109,356	\$ 568,466	\$ 184,960	\$ 29,789	\$ 100,649	\$ 45,260	\$ 9,038,480	\$ 3,845,883
6,845,843	470,310	172,340	28,866	87,232	44,949	7,649,540	3,314,146
1,263,513	98,156	12,620	923	13,417	311	1,388,940	531,737
\$ 7,717,007	\$ 555,255	\$ 192,265	\$ 27,745	\$ 101,333	\$ 27,951	\$ 8,621,556	\$ 15,296,819
6,520,651	457,931	179,301	26,653	87,760	29,328	7,301,624	13,134,253
1,196,356	97,324	12,964	1,092	13,573	(1,377)	1,319,932	2,162,566
\$ 6,931,780	\$ 548,321	\$ 183,023	\$ 25,805	\$ 100,029	\$ 29,943	\$ 7,818,901	\$ 23,313,954
5,807,070	451,277	170,188	23,940	86,769	29,318	6,568,562	19,815,297
1,124,710	97,044	12,835	1,865	13,260	625	1,250,339	3,498,657
\$ 6,497,135	\$ 534,487	\$ 180,491	\$ 31,680	\$ 99,229	\$ 21,706	\$ 7,364,728	\$ (44,908,091)
5,431,840	439,000	173,580	29,577	86,727	23,775	6,184,499	(38,231,333)
1,065,295	95,487	6,911	2,103	12,502	(2,069)	1,180,229	(6,676,758)
\$ 6,142,751	\$ 511,069	\$ 181,693	\$ 29,841	\$ 90,304	\$ 17,680	\$ 6,973,338	\$ (779,374)
5,135,670	418,423	169,688	27,919	78,849	17,896	5,848,445	(661,157)
1,007,081	92,646	12,005	1,922	11,455	(216)	1,124,893	(118,217)
\$ 5,722,875	\$ 495,908	\$ 164,632	\$ 29,331	\$ 79,772	\$ 18,985	\$ 6,511,503	\$ 14,005,151
4,777,587	405,264	153,660	27,034	69,893	18,363	5,451,801	11,925,950
945,288	90,644	10,972	2,297	9,879	622	1,059,702	2,079,201
\$ 5,388,590	\$ 479,128	\$ 161,249	\$ 27,320	\$ 78,506	\$ 16,581	\$ 6,151,374	\$ 14,582,378
4,498,131	390,703	149,847	25,691	68,836	17,164	5,150,372	12,475,432
890,459	88,425	11,402	1,629	9,670	(583)	1,001,002	2,106,946
\$ 5,041,053	\$ 471,796	\$ 161,857	\$ 30,705	\$ 65,324	\$ (14,546)	\$ 5,756,189	\$ 7,238,708
4,216,367	384,666	151,265	29,187	56,748	(16,833)	4,821,400	6,206,571
824,686	87,130	10,592	1,518	8,576	2,287	934,789	1,032,137

# Service Retirees — ERS

As of March 31, 2014 — by age and years of service, number, average final average salary (Avg FAS) and average option 0 (prior to option selection) plus COLA (Avg Pen).

Years of Service	Nearest Age														
	Under 55			55 – 64			65 – 74			75 – 84			85 & Over		
	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
<b>State</b>															
Under 10	0	0	0	1,112	41,891	3,996	1,700	38,800	4,659	702	30,420	4,055	613	16,809	2,994
10 – 14	1	46,344	5,765	3,866	35,277	5,670	7,013	33,514	6,566	4,396	30,531	6,982	2,753	22,338	6,299
15 – 19	2	61,970	9,537	2,360	43,415	9,793	4,733	41,638	11,506	3,760	34,965	11,347	2,257	24,413	9,767
20 – 24	3	58,803	15,554	2,715	55,636	20,613	7,634	51,068	22,179	5,807	40,136	19,937	3,063	28,849	16,859
25 – 29	1,468	78,881	39,099	5,594	67,347	33,150	9,023	56,367	30,626	5,354	43,411	26,873	2,060	31,444	22,570
30 – 34	133	89,033	44,129	8,865	70,565	44,008	10,435	58,964	38,553	4,465	47,471	34,166	1,460	34,548	28,847
35 & Over	3	48,679	26,325	10,270	67,733	50,650	15,513	63,821	49,769	4,473	55,116	45,640	1,712	44,023	40,618
<b>Total</b>	<b>1,610</b>	<b>79,585</b>	<b>39,390</b>	<b>34,782</b>	<b>61,365</b>	<b>34,535</b>	<b>56,051</b>	<b>53,556</b>	<b>30,837</b>	<b>28,957</b>	<b>41,821</b>	<b>23,917</b>	<b>13,918</b>	<b>29,160</b>	<b>18,035</b>
<b>Counties</b>															
Under 10	0	0	0	985	37,362	3,634	1,612	34,936	4,113	590	28,262	3,872	400	14,210	2,680
10 – 14	2	53,413	6,145	2,467	33,932	5,449	4,381	32,420	6,310	3,001	26,936	6,158	1,739	19,097	5,345
15 – 19	2	47,638	7,679	1,443	40,601	9,202	3,156	39,109	10,720	2,503	31,287	10,139	1,614	21,875	8,770
20 – 24	241	72,632	37,824	1,999	50,222	19,357	4,428	46,487	20,409	3,099	35,681	17,654	1,559	26,481	15,031
25 – 29	365	91,085	46,348	2,096	62,229	30,755	3,910	51,310	27,811	2,363	39,996	24,481	922	29,527	20,627
30 – 34	16	89,234	48,614	3,453	63,032	39,581	3,683	54,043	35,359	1,441	43,021	30,738	466	32,475	26,084
35 & Over	1	78,632	58,974	3,552	64,767	48,422	4,546	63,240	49,120	1,202	51,467	42,727	411	37,123	34,039
<b>Total</b>	<b>627</b>	<b>83,666</b>	<b>42,898</b>	<b>15,995</b>	<b>53,618</b>	<b>27,641</b>	<b>25,716</b>	<b>47,238</b>	<b>24,139</b>	<b>14,199</b>	<b>35,549</b>	<b>17,913</b>	<b>7,111</b>	<b>24,342</b>	<b>13,095</b>
<b>Cities</b>															
Under 10	0	0	0	151	34,693	3,356	253	30,046	3,458	118	21,972	2,919	83	11,993	2,355
10 – 14	0	0	0	409	30,373	4,765	719	29,008	5,700	469	23,360	5,395	304	17,057	4,659
15 – 19	0	0	0	245	33,930	7,705	493	36,086	9,944	381	27,223	8,866	282	18,925	7,743
20 – 24	0	0	0	279	46,924	16,782	597	42,044	18,111	433	31,684	15,768	268	22,326	12,653
25 – 29	0	0	0	215	54,028	25,177	572	46,073	25,070	430	34,312	21,709	242	23,721	17,400
30 – 34	0	0	0	607	57,267	35,999	675	49,755	32,652	340	38,500	28,006	148	25,684	21,813
35 & Over	0	0	0	739	59,181	44,226	932	54,572	42,525	324	40,293	34,052	133	27,528	26,981
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,645</b>	<b>48,838</b>	<b>26,077</b>	<b>4,241</b>	<b>42,949</b>	<b>22,801</b>	<b>2,495</b>	<b>31,478</b>	<b>17,222</b>	<b>1,460</b>	<b>21,030</b>	<b>12,475</b>
<b>Towns</b>															
Under 10	0	0	0	309	29,936	3,005	698	27,999	3,366	328	24,812	3,300	142	13,973	2,286
10 – 14	0	0	0	579	34,186	5,572	1,237	30,784	6,027	1,004	25,306	5,698	487	18,671	5,019
15 – 19	0	0	0	428	38,711	8,944	995	37,077	10,183	870	29,796	9,540	432	21,844	8,266
20 – 24	0	0	0	438	49,683	18,049	1,271	45,231	19,697	977	35,710	17,416	427	26,443	14,764
25 – 29	1	58,615	29,307	353	58,369	27,441	1,018	49,474	26,848	754	38,607	23,194	282	28,897	19,392
30 – 34	2	86,386	36,513	842	64,854	40,696	1,005	52,759	34,469	547	41,933	29,666	160	30,774	23,789
35 & Over	0	0	0	1,342	72,921	55,042	1,341	61,405	47,828	421	46,842	38,318	123	36,005	31,191
<b>Total</b>	<b>3</b>	<b>77,129</b>	<b>34,111</b>	<b>4,291</b>	<b>56,035</b>	<b>31,160</b>	<b>7,565</b>	<b>44,644</b>	<b>22,615</b>	<b>4,901</b>	<b>33,896</b>	<b>16,724</b>	<b>2,053</b>	<b>24,017</b>	<b>12,545</b>

# Service Retirees — ERS

continued

Years of Service	Nearest Age														
	Under 55			55-64			65-74			75-84			85 & Over		
	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
<b>Villages</b>															
Under 10	0	0	0	98	30,410	2,984	193	28,864	3,469	99	22,585	3,055	39	12,630	1,978
10-14	0	0	0	203	32,388	5,148	370	30,240	5,898	308	25,562	5,794	198	16,862	4,629
15-19	0	0	0	111	37,456	8,768	306	39,701	10,921	250	29,505	9,524	168	19,127	7,509
20-24	1	61,803	11,652	142	49,360	17,798	343	46,957	20,269	306	34,157	16,886	143	21,636	11,946
25-29	0	0	0	109	54,232	25,123	305	51,227	27,675	239	37,044	22,663	112	26,766	17,868
30-34	0	0	0	227	59,901	37,388	349	50,571	32,940	177	38,404	27,755	48	30,687	23,919
35 & Over	0	0	0	335	68,712	51,619	410	59,895	46,765	130	43,355	36,222	65	34,728	32,089
<b>Total</b>	<b>1</b>	<b>61,803</b>	<b>11,652</b>	<b>1,225</b>	<b>51,632</b>	<b>27,229</b>	<b>2,276</b>	<b>45,187</b>	<b>22,960</b>	<b>1,509</b>	<b>32,621</b>	<b>16,351</b>	<b>773</b>	<b>21,819</b>	<b>11,900</b>
<b>Miscellaneous</b>															
Under 10	0	0	0	807	47,713	4,571	1,201	41,271	4,803	361	34,355	4,491	181	16,956	2,972
10-14	1	29,295	3,138	1,581	45,018	7,238	2,640	40,012	7,745	1,546	32,778	7,394	697	22,118	5,977
15-19	1	73,064	11,825	1,132	54,535	12,199	2,101	47,145	12,918	1,185	36,173	11,451	548	24,266	9,406
20-24	2	77,602	21,076	1,461	62,828	22,527	2,941	55,472	23,744	1,370	42,215	20,016	622	29,555	16,523
25-29	0	0	0	1,040	69,951	32,637	2,344	61,860	32,956	1,029	48,085	28,950	489	33,679	23,341
30-34	3	60,353	29,759	2,153	78,158	48,932	1,973	66,914	43,090	847	53,386	37,598	324	39,077	31,398
35 & Over	2	86,228	45,366	1,999	78,267	58,552	2,588	74,010	57,423	880	64,350	52,556	342	47,114	41,622
<b>Total</b>	<b>9</b>	<b>67,897</b>	<b>26,347</b>	<b>10,173</b>	<b>64,945</b>	<b>31,278</b>	<b>15,788</b>	<b>56,116</b>	<b>27,493</b>	<b>7,218</b>	<b>43,655</b>	<b>22,434</b>	<b>3,203</b>	<b>29,788</b>	<b>17,470</b>
<b>Schools</b>															
Under 10	0	0	0	1,338	23,386	2,299	2,453	20,376	2,420	1,128	16,868	2,312	767	8,530	1,600
10-14	0	0	0	2,118	26,930	4,393	4,623	25,105	4,880	4,258	20,338	4,608	2,529	12,436	3,528
15-19	2	25,765	4,042	1,577	31,167	7,172	3,984	29,300	8,044	3,272	24,095	7,857	2,237	13,723	5,669
20-24	0	0	0	1,996	38,538	14,481	5,771	36,328	15,775	3,862	26,827	13,291	2,252	16,647	9,343
25-29	1	101,218	35,215	1,290	44,428	21,274	4,143	39,651	21,509	2,872	28,419	17,468	1,350	19,450	13,415
30-34	1	71,030	33,470	1,373	53,447	33,585	2,416	42,909	27,905	1,483	32,636	23,028	544	23,878	18,672
35 & Over	0	0	0	1,083	59,557	44,542	1,574	49,185	37,990	808	37,702	31,024	306	29,196	26,609
<b>Total</b>	<b>4</b>	<b>55,944</b>	<b>19,192</b>	<b>10,775</b>	<b>38,014</b>	<b>16,185</b>	<b>24,964</b>	<b>33,560</b>	<b>14,738</b>	<b>17,683</b>	<b>25,366</b>	<b>11,800</b>	<b>9,985</b>	<b>15,459</b>	<b>8,040</b>

# Service Retirees — PFRS

As of March 31, 2014 — by age and years of service, number, average final average salary (Avg FAS) and average option 0 (prior to option selection and partial lump sum distribution) plus COLA (Avg Pen).

Years of Service	Nearest Age														
	Under 40			40–49			50–59			60–69			70 & Over		
	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen
<b>State</b>															
Under 10	0	0	0	0	0	0	1	20,139	1,860	4	27,290	3,303	9	22,784	4,600
10–14	0	0	0	0	0	0	13	44,413	9,255	26	31,562	6,656	26	11,775	2,888
15–19	0	0	0	0	0	0	3	41,591	12,321	13	38,145	10,886	18	25,172	10,642
20–24	0	0	0	152	117,324	62,113	392	95,970	51,271	346	57,677	33,394	861	29,926	23,586
25–29	0	0	0	41	134,204	80,252	298	120,586	73,931	265	81,596	50,222	373	44,226	32,844
30–34	0	0	0	0	0	0	159	133,420	90,532	356	100,580	68,464	333	56,396	43,057
35 & Over	0	0	0	0	0	0	14	134,186	90,000	157	109,441	79,093	183	70,854	56,202
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>193</b>	<b>120,910</b>	<b>65,967</b>	<b>880</b>	<b>110,647</b>	<b>65,845</b>	<b>1,167</b>	<b>82,257</b>	<b>53,112</b>	<b>1,803</b>	<b>41,583</b>	<b>31,886</b>
<b>Counties</b>															
Under 10	0	0	0	0	0	0	1	90,011	13,742	5	47,265	16,568	0	0	0
10–14	0	0	0	0	0	0	5	74,678	14,605	21	32,523	7,036	11	26,039	5,995
15–19	0	0	0	0	0	0	1	73,636	18,900	12	45,329	13,487	8	35,529	13,150
20–24	0	0	0	96	148,154	76,654	248	131,450	69,379	608	77,798	44,349	985	45,700	31,835
25–29	0	0	0	7	179,508	109,115	216	162,830	99,323	320	120,582	75,803	350	70,268	47,318
30–34	0	0	0	0	0	0	60	171,594	116,299	733	140,773	98,627	398	92,237	67,959
35 & Over	0	0	0	0	0	0	2	175,184	130,425	466	166,061	124,831	360	119,247	92,590
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>103</b>	<b>150,285</b>	<b>78,861</b>	<b>533</b>	<b>148,131</b>	<b>86,312</b>	<b>2,165</b>	<b>123,752</b>	<b>84,101</b>	<b>2,112</b>	<b>70,937</b>	<b>51,359</b>
<b>Cities</b>															
Under 10	0	0	0	0	0	0	3	28,266	3,803	6	65,144	9,166	6	19,286	8,968
10–14	0	0	0	0	0	0	27	38,799	7,621	88	25,837	5,772	40	16,213	3,964
15–19	0	0	0	0	0	0	19	49,949	13,814	36	42,883	14,908	32	21,429	7,665
20–24	0	0	0	444	94,112	47,933	1,258	81,321	42,048	1,394	53,094	29,971	1,405	31,776	23,060
25–29	0	0	0	24	109,389	61,872	499	101,253	59,618	717	77,944	46,541	771	42,510	29,421
30–34	0	0	0	0	0	0	182	118,532	78,156	798	87,473	58,527	880	53,982	40,412
35 & Over	0	0	0	0	0	0	9	100,408	64,852	477	96,323	70,308	681	66,037	52,850
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>468</b>	<b>94,895</b>	<b>48,648</b>	<b>1,997</b>	<b>88,826</b>	<b>49,041</b>	<b>3,516</b>	<b>71,063</b>	<b>44,508</b>	<b>3,815</b>	<b>44,914</b>	<b>33,314</b>
<b>Towns</b>															
Under 10	0	0	0	0	0	0	7	33,651	3,860	24	26,784	4,051	31	14,593	2,181
10–14	0	0	0	0	0	0	9	35,985	6,606	42	29,392	5,872	37	22,339	5,948
15–19	0	0	0	0	0	0	3	62,406	14,935	16	37,450	11,389	22	25,438	9,665
20–24	0	0	0	142	100,321	50,762	473	89,988	45,901	342	62,290	34,421	284	38,354	26,544
25–29	0	0	0	9	109,291	58,032	126	106,210	59,214	168	83,583	48,101	93	48,356	31,852
30–34	0	0	0	0	0	0	43	112,238	69,275	202	101,240	68,738	133	68,764	49,544
35 & Over	0	0	0	0	0	0	3	128,744	72,243	123	115,173	83,802	98	83,153	65,077
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>151</b>	<b>100,856</b>	<b>51,195</b>	<b>664</b>	<b>93,232</b>	<b>48,944</b>	<b>917</b>	<b>78,995</b>	<b>48,606</b>	<b>698</b>	<b>49,460</b>	<b>34,338</b>

# Service Retirees — PFRS

continued

Years of Service	Nearest Age														
	Under 40			40-49			50-59			60-69			70 & Over		
	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen
<b>Villages</b>															
Under 10	0	0	0	0	0	0	17	25,876	2,666	23	23,311	2,739	40	9,909	1,367
10-14	0	0	0	0	0	0	15	31,049	5,748	61	26,263	5,581	46	17,662	4,513
15-19	0	0	0	0	0	0	9	42,905	11,103	27	29,983	9,629	26	21,389	9,213
20-24	0	0	0	158	93,127	46,934	390	82,260	41,529	363	60,319	33,024	358	35,164	25,261
25-29	0	0	0	11	127,994	71,511	109	109,185	58,587	138	79,365	43,948	145	40,251	27,469
30-34	0	0	0	0	0	0	36	117,489	70,249	131	108,683	70,653	140	58,387	41,998
35 & Over	0	0	0	0	0	0	3	138,485	76,449	113	119,584	86,847	90	83,544	65,978
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>169</b>	<b>95,396</b>	<b>48,534</b>	<b>579</b>	<b>86,216</b>	<b>44,166</b>	<b>856</b>	<b>74,237</b>	<b>44,141</b>	<b>845</b>	<b>42,465</b>	<b>29,995</b>
<b>Miscellaneous</b>															
Under 10	0	0	0	0	0	0	2	58,834	5,996	2	58,211	6,634	1	101,364	8,700
10-14	0	0	0	0	0	0	2	59,868	12,982	7	37,302	7,646	10	18,605	4,541
15-19	0	0	0	0	0	0	2	114,488	32,739	7	45,760	13,669	4	64,478	24,839
20-24	0	0	0	9	107,512	54,307	132	123,374	64,740	319	102,357	55,835	283	36,218	29,092
25-29	0	0	0	0	0	0	84	152,266	92,041	195	135,349	83,619	84	67,734	44,351
30-34	0	0	0	0	0	0	33	179,704	123,821	159	162,906	111,847	75	96,314	68,973
35 & Over	0	0	0	0	0	0	1	223,062	156,179	48	150,257	110,519	84	100,183	78,163
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>107,512</b>	<b>54,307</b>	<b>256</b>	<b>139,435</b>	<b>80,558</b>	<b>737</b>	<b>125,993</b>	<b>77,840</b>	<b>541</b>	<b>59,378</b>	<b>44,087</b>

# Disability Retirees — ERS

As of March 31, 2014 — by age and years of service, number, average final average salary (Avg FAS) and average option 0 (prior to option selection) plus COLA (Avg Pen).

Years of Service	Nearest Age														
	Under 55			55 – 64			65 – 74			75 – 84			85 & Over		
	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
<b>State</b>															
Under 10	210	32,458	16,250	352	24,679	11,026	264	21,420	11,181	125	18,440	8,981	54	15,129	7,364
10 – 14	546	42,443	17,952	1,063	36,063	13,692	865	29,132	12,047	450	22,422	10,483	128	16,443	10,023
15 – 19	485	48,387	20,657	1,018	40,644	16,352	918	33,569	16,010	394	26,033	14,809	109	16,617	12,608
20 – 24	374	54,093	23,891	916	46,161	20,199	732	38,447	20,997	263	25,890	19,047	53	17,235	14,992
25 – 29	191	59,354	32,295	569	52,381	27,299	401	39,237	23,829	113	28,371	22,140	27	15,924	16,768
30 – 34	31	58,422	30,867	224	48,776	28,863	149	39,095	25,762	40	30,738	26,301	5	20,015	21,691
35 & Over	0	0	0	46	48,406	30,556	33	41,259	28,933	4	39,262	32,286	0	0	0
<b>Total</b>	<b>1,837</b>	<b>47,271</b>	<b>21,390</b>	<b>4,188</b>	<b>41,461</b>	<b>18,383</b>	<b>3,362</b>	<b>33,532</b>	<b>17,189</b>	<b>1,389</b>	<b>24,516</b>	<b>14,663</b>	<b>376</b>	<b>16,427</b>	<b>11,731</b>
<b>Counties</b>															
Under 10	54	49,472	28,346	73	29,491	13,186	59	23,066	12,328	30	17,372	8,055	15	15,669	5,842
10 – 14	259	49,951	22,700	380	38,054	14,617	344	29,628	11,022	166	21,134	8,994	51	12,905	7,702
15 – 19	249	59,742	28,706	389	43,856	18,638	302	34,394	14,829	131	27,208	14,296	23	14,041	10,200
20 – 24	185	71,476	38,048	347	53,043	25,843	211	37,889	20,650	64	31,274	24,544	9	19,896	16,928
25 – 29	70	64,151	35,339	214	54,666	29,585	88	41,054	25,716	33	29,334	22,332	5	17,453	13,440
30 – 34	12	64,656	33,418	74	54,513	33,467	26	49,398	34,004	8	35,793	29,148	1	15,837	20,495
35 & Over	0	0	0	10	53,884	34,086	9	57,948	41,261	0	0	0	1	58,756	52,727
<b>Total</b>	<b>829</b>	<b>59,076</b>	<b>29,519</b>	<b>1,487</b>	<b>45,965</b>	<b>21,441</b>	<b>1,039</b>	<b>34,026</b>	<b>16,240</b>	<b>432</b>	<b>25,115</b>	<b>14,232</b>	<b>105</b>	<b>14,829</b>	<b>9,598</b>
<b>Cities</b>															
Under 10	6	34,135	12,099	22	25,431	9,733	19	22,113	11,089	10	20,511	11,622	4	15,738	11,401
10 – 14	43	42,631	14,404	78	32,242	10,775	72	29,118	11,182	43	18,601	8,653	9	9,387	8,130
15 – 19	29	40,441	13,519	98	39,055	13,812	74	32,544	12,437	27	21,631	11,757	6	11,348	8,361
20 – 24	26	46,648	16,993	54	37,633	15,648	49	31,907	16,664	18	20,403	17,676	5	20,262	16,019
25 – 29	8	52,357	23,090	54	42,578	20,323	40	34,639	20,894	13	28,035	19,367	2	11,002	14,321
30 – 34	5	70,898	35,723	20	43,436	24,922	9	32,771	19,866	1	29,964	20,428	4	14,769	16,434
35 & Over	1	59,183	34,810	3	45,259	28,314	0	0	0	0	0	0	1	22,668	26,241
<b>Total</b>	<b>118</b>	<b>44,543</b>	<b>16,305</b>	<b>329</b>	<b>37,196</b>	<b>14,997</b>	<b>263</b>	<b>31,060</b>	<b>14,324</b>	<b>112</b>	<b>20,988</b>	<b>12,465</b>	<b>31</b>	<b>13,567</b>	<b>11,924</b>
<b>Towns</b>															
Under 10	18	33,796	12,353	17	33,103	13,777	15	25,322	14,113	15	17,546	7,648	4	16,636	11,587
10 – 14	55	40,075	13,818	103	37,412	13,082	78	29,831	12,240	42	20,604	9,539	13	16,490	10,519
15 – 19	67	48,709	16,601	121	42,898	15,857	96	34,936	13,600	27	31,308	12,892	11	16,239	11,492
20 – 24	53	59,517	21,512	107	47,841	19,901	57	39,519	23,102	30	28,573	20,455	8	24,602	24,356
25 – 29	28	68,636	30,480	67	52,167	24,803	47	42,471	27,485	8	28,062	17,145	2	14,972	21,641
30 – 34	7	76,854	39,523	33	53,850	31,959	17	44,232	30,220	4	27,078	25,800	1	23,018	22,265
35 & Over	0	0	0	7	64,068	39,391	2	44,998	34,691	2	24,534	18,519	0	0	0
<b>Total</b>	<b>228</b>	<b>51,273</b>	<b>19,144</b>	<b>455</b>	<b>44,937</b>	<b>18,949</b>	<b>312</b>	<b>35,741</b>	<b>18,153</b>	<b>128</b>	<b>25,101</b>	<b>13,707</b>	<b>39</b>	<b>18,188</b>	<b>14,613</b>

# Disability Retirees — ERS

continued

Years of Service	Nearest Age														
	Under 55			55 – 64			65 – 74			75 – 84			85 & Over		
	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
<b>Villages</b>															
Under 10	3	26,627	10,667	8	34,129	11,769	6	19,456	11,433	3	10,608	14,487	1	12,994	20,349
10 – 14	21	42,872	14,685	33	35,418	13,575	24	25,753	10,178	14	20,513	10,568	3	12,530	8,286
15 – 19	11	51,751	17,684	34	44,595	16,475	25	34,192	15,338	8	18,150	9,744	2	22,692	22,625
20 – 24	9	46,556	17,083	34	52,037	21,075	19	31,832	19,149	16	24,525	15,905	0	0	0
25 – 29	5	69,159	29,861	20	53,169	24,595	15	35,416	20,541	8	28,226	21,159	1	41,924	36,570
30 – 34	2	67,705	34,168	15	61,754	35,223	7	43,062	29,035	5	27,876	24,308	2	34,662	34,854
35 & Over	0	0	0	1	58,962	36,104	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>51</b>	<b>48,032</b>	<b>17,770</b>	<b>145</b>	<b>46,731</b>	<b>19,829</b>	<b>96</b>	<b>31,532</b>	<b>16,370</b>	<b>54</b>	<b>22,626</b>	<b>15,086</b>	<b>9</b>	<b>23,024</b>	<b>21,860</b>
<b>Miscellaneous</b>															
Under 10	23	33,725	12,102	47	30,447	11,657	31	26,383	10,762	19	21,107	11,295	5	17,362	3,746
10 – 14	93	43,826	15,110	224	43,675	14,084	169	36,775	12,051	62	24,375	10,275	14	12,758	9,108
15 – 19	93	51,723	17,412	221	45,552	15,642	184	38,081	14,321	34	27,675	13,074	9	16,956	15,936
20 – 24	67	59,488	21,877	164	51,871	19,256	76	42,101	18,882	25	25,043	16,131	5	27,237	19,274
25 – 29	40	58,522	25,337	104	52,515	25,010	33	41,944	25,085	15	39,504	29,782	4	23,562	24,580
30 – 34	5	61,847	31,165	47	57,356	32,259	11	46,924	30,106	7	42,241	33,335	0	0	0
35 & Over	0	0	0	6	48,583	34,451	2	31,490	24,170	1	37,830	34,539	0	0	0
<b>Total</b>	<b>321</b>	<b>50,771</b>	<b>18,499</b>	<b>813</b>	<b>47,032</b>	<b>18,009</b>	<b>506</b>	<b>37,950</b>	<b>15,114</b>	<b>163</b>	<b>27,027</b>	<b>14,810</b>	<b>37</b>	<b>17,526</b>	<b>13,091</b>
<b>Schools</b>															
Under 10	15	23,174	8,644	44	18,823	7,203	52	18,862	7,804	43	14,697	6,190	15	10,710	8,319
10 – 14	150	33,294	11,306	369	28,939	9,119	333	25,559	8,030	155	20,760	7,446	49	9,361	4,893
15 – 19	59	40,983	13,805	275	32,941	11,058	305	31,158	10,904	93	19,434	9,394	43	12,715	8,622
20 – 24	64	47,709	17,523	183	37,401	14,373	96	30,302	14,163	46	21,833	12,717	8	19,545	12,552
25 – 29	35	53,316	23,343	83	44,592	20,119	55	31,731	18,160	18	26,965	18,988	7	20,597	18,446
30 – 34	6	52,423	27,828	34	48,053	25,823	13	47,484	28,375	2	20,270	15,366	1	18,084	21,764
35 & Over	0	0	0	6	51,893	32,364	0	0	0	1	22,658	18,524	0	0	0
<b>Total</b>	<b>329</b>	<b>39,495</b>	<b>14,424</b>	<b>994</b>	<b>33,256</b>	<b>12,168</b>	<b>854</b>	<b>28,415</b>	<b>10,694</b>	<b>358</b>	<b>20,140</b>	<b>9,134</b>	<b>123</b>	<b>12,071</b>	<b>8,021</b>



# Disability Retirees — PFRS

As of March 31, 2014 — by age and years of service, number, average final average salary (Avg FAS) and average option 0 (prior to option selection and partial lump sum distribution) plus COLA (Avg Pen).

Years of Service	Nearest Age														
	Under 40			40–49			50–59			60–69			70 & Over		
	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen
<b>State</b>															
Under 10	10	83,313	51,622	25	59,052	37,052	41	37,570	23,445	36	23,249	18,249	11	10,334	18,962
10–14	4	93,731	46,866	17	72,942	42,346	34	51,681	29,977	31	33,367	23,148	50	16,911	20,664
15–19	2	117,967	72,176	20	99,391	61,483	45	66,482	39,531	45	41,666	27,854	100	22,344	22,499
20–24	0	0	0	6	110,469	78,512	43	95,643	63,457	41	52,386	34,520	73	36,721	30,751
25–29	0	0	0	2	137,540	103,155	23	107,656	71,647	26	76,352	49,739	34	44,836	34,735
30–34	0	0	0	0	0	0	5	114,787	80,211	17	105,212	74,349	13	50,745	42,168
35 & Over	0	0	0	0	0	0	1	138,251	103,688	7	95,154	71,745	8	72,633	58,287
<b>Total</b>	<b>16</b>	<b>90,249</b>	<b>53,002</b>	<b>70</b>	<b>80,601</b>	<b>50,760</b>	<b>192</b>	<b>70,782</b>	<b>45,003</b>	<b>203</b>	<b>50,906</b>	<b>34,988</b>	<b>289</b>	<b>29,894</b>	<b>27,446</b>
<b>Counties</b>															
Under 10	1	87,067	66,539	24	88,730	55,106	22	53,945	35,020	29	29,044	31,345	17	20,363	30,686
10–14	6	126,519	84,353	57	107,460	75,509	48	80,837	53,547	121	38,998	34,000	44	27,405	30,624
15–19	0	0	0	70	123,670	88,303	61	101,149	69,446	197	54,142	44,872	94	40,372	38,022
20–24	0	0	0	36	135,434	90,027	100	125,525	87,278	174	71,671	56,618	154	55,980	47,007
25–29	0	0	0	6	145,762	97,961	41	143,639	98,388	47	103,760	77,922	67	63,842	51,856
30–34	0	0	0	0	0	0	2	170,775	128,621	39	127,124	91,396	18	79,079	64,627
35 & Over	0	0	0	0	0	0	0	0	0	12	142,164	107,779	15	105,049	82,856
<b>Total</b>	<b>7</b>	<b>120,883</b>	<b>81,808</b>	<b>193</b>	<b>117,419</b>	<b>81,018</b>	<b>274</b>	<b>109,563</b>	<b>75,167</b>	<b>619</b>	<b>65,005</b>	<b>52,075</b>	<b>409</b>	<b>51,942</b>	<b>45,386</b>
<b>Cities</b>															
Under 10	6	83,622	48,414	45	56,696	36,735	54	46,692	29,653	37	27,865	22,297	11	11,544	21,544
10–14	11	73,787	46,690	89	67,498	41,061	105	54,064	34,613	123	31,964	23,955	50	17,552	20,829
15–19	2	67,969	42,409	85	78,078	48,305	149	63,279	40,885	143	37,251	28,440	93	26,353	24,501
20–24	0	0	0	43	97,046	62,667	149	78,791	49,517	224	48,598	34,845	142	36,602	31,784
25–29	0	0	0	2	116,109	74,173	64	95,651	61,694	95	65,460	44,104	137	40,457	33,003
30–34	0	0	0	0	0	0	19	92,812	59,531	57	75,246	51,851	93	46,411	36,647
35 & Over	0	0	0	0	0	0	1	194,708	146,031	15	76,757	47,500	28	60,584	46,998
<b>Total</b>	<b>19</b>	<b>76,281</b>	<b>46,784</b>	<b>264</b>	<b>74,244</b>	<b>46,426</b>	<b>541</b>	<b>69,217</b>	<b>44,235</b>	<b>694</b>	<b>47,312</b>	<b>33,864</b>	<b>554</b>	<b>36,477</b>	<b>31,256</b>
<b>Towns</b>															
Under 10	5	91,752	64,135	17	58,527	38,194	26	46,665	29,028	9	28,578	21,028	5	14,020	19,331
10–14	3	96,686	56,556	28	76,550	49,946	40	63,665	37,912	47	33,652	24,574	20	23,226	23,694
15–19	0	0	0	32	93,366	57,846	34	73,506	47,972	40	41,294	32,802	35	30,841	28,324
20–24	0	0	0	17	101,238	65,062	67	92,997	62,718	60	60,745	43,829	35	43,097	36,270
25–29	0	0	0	1	159,247	79,624	25	100,040	61,286	21	77,680	57,132	13	60,802	48,532
30–34	0	0	0	0	0	0	5	132,994	71,360	13	109,204	79,599	8	74,387	53,501
35 & Over	0	0	0	0	0	0	0	0	0	1	108,517	82,288	3	134,508	102,648
<b>Total</b>	<b>8</b>	<b>93,602</b>	<b>61,293</b>	<b>95</b>	<b>84,277</b>	<b>53,522</b>	<b>197</b>	<b>79,471</b>	<b>50,727</b>	<b>191</b>	<b>53,899</b>	<b>39,806</b>	<b>119</b>	<b>41,273</b>	<b>35,279</b>

# Disability Retirees — PFRS

continued

Years of Service	Nearest Age														
	Under 40			40–49			50–59			60–69			70 & Over		
	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen
<b>Villages</b>															
Under 10	3	58,955	33,617	18	61,457	37,279	27	39,294	24,604	22	23,350	22,844	5	12,932	18,302
10–14	3	90,217	61,328	29	81,670	54,091	42	63,280	40,418	34	38,316	28,232	23	21,075	21,951
15–19	0	0	0	36	92,988	56,797	52	76,432	49,185	54	48,279	36,999	32	30,556	27,009
20–24	0	0	0	12	106,467	66,637	52	83,830	54,266	46	64,442	46,419	33	38,218	33,427
25–29	0	0	0	0	0	0	7	104,988	72,209	24	85,572	55,746	17	49,022	39,462
30–34	0	0	0	0	0	0	2	127,709	63,855	7	111,393	80,601	6	56,041	42,935
35 & Over	0	0	0	0	0	0	0	0	0	4	83,403	47,720	5	75,685	54,001
<b>Total</b>	<b>6</b>	<b>74,586</b>	<b>47,472</b>	<b>95</b>	<b>85,261</b>	<b>53,516</b>	<b>182</b>	<b>71,663</b>	<b>46,014</b>	<b>191</b>	<b>55,261</b>	<b>40,255</b>	<b>121</b>	<b>35,838</b>	<b>31,093</b>
<b>Miscellaneous</b>															
Under 10	3	88,513	67,116	12	75,633	46,389	15	57,338	36,657	15	39,001	30,420	0	0	0
10–14	4	109,255	59,291	29	116,623	84,947	27	85,652	57,056	27	56,780	37,747	3	37,116	16,157
15–19	1	126,001	95,552	18	125,360	82,577	20	103,273	71,720	50	63,290	47,234	16	35,771	29,963
20–24	0	0	0	4	121,105	85,574	52	126,784	89,263	58	93,893	67,599	15	57,455	44,226
25–29	0	0	0	1	86,433	43,217	24	134,333	96,889	21	122,578	87,695	6	56,611	40,437
30–34	0	0	0	0	0	0	0	0	0	9	128,756	95,952	2	121,573	96,115
35 & Over	0	0	0	0	0	0	0	0	0	2	150,438	113,260	3	87,876	72,425
<b>Total</b>	<b>8</b>	<b>103,570</b>	<b>66,758</b>	<b>64</b>	<b>111,203</b>	<b>76,438</b>	<b>138</b>	<b>109,093</b>	<b>76,027</b>	<b>182</b>	<b>81,111</b>	<b>58,734</b>	<b>45</b>	<b>53,154</b>	<b>40,965</b>

# New Option Selections

The \$ Amount column represents payment after the option selection and partial lump sum distribution.\*

Options	2010		2011		2012		2013		2014	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
<b>ERS Females</b>										
Single Life Allowance**	6,470	135,699,269	6,357	157,233,622	9,847	244,526,001	7,066	145,987,536	6,795	143,422,357
Cash Refund	137	3,440,980	68	1,726,027	69	1,813,098	26	931,274	20	473,751
Joint Allowance — Full	605	8,179,336	606	9,213,038	861	14,148,043	699	9,574,166	763	11,629,185
Joint Allowance — Half	130	2,857,915	125	3,341,251	189	5,485,019	132	3,476,859	128	3,073,482
Five Year Certain	174	4,035,895	143	3,654,514	211	5,788,347	149	3,346,546	112	2,345,998
Ten Year Certain	344	6,447,082	311	5,943,014	419	9,708,694	296	5,513,983	296	5,363,546
Pop-Up — Full	1,220	23,267,795	1,154	25,707,695	1,600	36,193,577	1,194	22,353,822	1,239	25,390,149
Pop-Up — Half	768	21,443,099	830	25,014,603	1,131	36,260,986	705	19,919,224	693	20,361,320
Other (Option 4)	513	14,718,088	559	18,639,606	804	27,448,210	526	15,976,185	590	17,789,997
<b>Total</b>	<b>10,361</b>	<b>220,089,463</b>	<b>10,153</b>	<b>250,473,374</b>	<b>15,131</b>	<b>381,371,979</b>	<b>10,793</b>	<b>222,079,599</b>	<b>10,636</b>	<b>229,849,789</b>
<b>ERS Males</b>										
Single Life Allowance**	3,073	87,195,113	3,131	104,062,350	4,739	153,233,477	3,314	91,200,227	3,328	96,281,163
Cash Refund	46	1,575,785	27	928,824	33	1,638,041	16	777,752	9	236,241
Joint Allowance — Full	1,788	49,472,665	1,730	53,676,380	2,555	80,606,825	1,798	45,969,725	1,738	46,047,124
Joint Allowance — Half	269	11,005,428	306	13,377,569	429	19,451,402	236	8,353,592	244	9,002,641
Five Year Certain	86	2,226,857	94	2,714,802	120	3,952,047	93	2,575,856	77	2,024,955
Ten Year Certain	238	6,195,158	246	7,362,695	324	9,913,276	208	5,481,097	193	4,696,445
Pop-Up — Full	1,943	56,611,837	1,723	55,839,349	2,537	83,585,224	1,726	49,381,516	1,724	50,437,559
Pop-Up — Half	697	27,219,634	757	32,626,784	1,069	44,906,134	616	23,124,767	624	23,815,933
Other (Option 4)	704	27,006,569	794	34,497,279	1,262	57,034,571	768	30,476,297	857	34,791,727
<b>Total</b>	<b>8,844</b>	<b>268,509,049</b>	<b>8,808</b>	<b>305,086,035</b>	<b>13,068</b>	<b>454,321,001</b>	<b>8,775</b>	<b>257,340,833</b>	<b>8,794</b>	<b>267,333,792</b>
<b>PFRS Females</b>										
Single Life Allowance**	74	4,376,135	42	2,657,247	57	3,496,158	105	6,768,155	65	4,294,738
Cash Refund	1	123,250	0	0	0	0	0	0	0	0
Joint Allowance — Full	9	312,730	3	228,283	3	90,382	5	202,829	4	196,548
Joint Allowance — Half	1	51,482	0	0	2	168,563	3	256,284	3	150,200
Five Year Certain	1	53,097	1	134,929	2	152,893	1	93,215	1	75,517
Ten Year Certain	9	500,229	8	477,772	6	442,145	9	764,107	5	248,602
Pop-Up — Full	12	637,082	10	553,586	11	595,115	11	696,482	10	500,175
Pop-Up — Half	6	322,506	4	321,162	5	262,928	4	176,756	5	214,516
Other (Option 4)	4	243,421	3	209,089	2	210,532	4	236,218	4	388,118
<b>Total</b>	<b>117</b>	<b>6,619,935</b>	<b>71</b>	<b>4,582,071</b>	<b>88</b>	<b>5,418,718</b>	<b>142</b>	<b>9,194,052</b>	<b>97</b>	<b>6,068,418</b>
<b>PFRS Males</b>										
Single Life Allowance**	445	26,893,720	311	19,885,227	423	25,769,728	456	30,408,806	409	26,754,924
Cash Refund	7	467,321	6	401,003	1	44,596	1	78,836	2	239,734
Joint Allowance — Full	190	10,876,836	148	8,289,809	161	9,062,001	167	12,048,353	156	9,699,880
Joint Allowance — Half	54	3,831,638	41	2,978,684	52	4,154,005	67	5,694,946	52	4,013,396
Five Year Certain	12	794,519	5	261,642	6	372,945	11	810,791	6	338,162
Ten Year Certain	39	2,333,741	20	1,218,286	26	1,729,546	47	2,801,198	36	2,689,781
Pop-Up — Full	273	13,319,717	174	9,127,129	211	10,693,161	219	12,422,440	226	12,069,140
Pop-Up — Half	139	10,487,412	94	6,026,504	136	10,128,505	166	11,990,873	108	7,075,973
Other (Option 4)	133	10,739,374	105	8,679,910	117	8,982,280	144	11,388,742	143	11,641,329
<b>Total</b>	<b>1,292</b>	<b>79,744,284</b>	<b>904</b>	<b>56,868,198</b>	<b>1,133</b>	<b>70,936,772</b>	<b>1,278</b>	<b>87,644,989</b>	<b>1,138</b>	<b>74,522,324</b>
* In 2014, 127 PFRS pensioners selected partial lump sum distributions which totaled \$12,992,491.										
** Includes Option 0 and ½.										

# Option Selection — Total Payments

The \$ Amount column represents payment after the option selection and partial lump sum distribution.\*

Options	2010		2011		2012		2013		2014	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
<b>ERS Females</b>										
Single Life Allowance**	123,418	1,651,966,005	125,963	1,778,387,368	131,577	1,986,711,063	134,734	2,097,523,060	137,143	2,199,495,808
Cash Refund	9,959	104,714,788	9,353	102,351,848	8,758	100,233,102	8,205	97,167,869	7,611	93,452,340
Joint Allowance — Full	7,134	68,984,032	7,473	75,659,051	8,052	87,382,895	8,472	94,438,499	8,947	103,313,062
Joint Allowance — Half	2,541	36,993,044	2,571	39,574,808	2,655	44,160,312	2,694	46,678,830	2,718	48,593,182
Five Year Certain	4,154	54,120,480	4,112	56,118,973	4,142	60,318,191	4,133	62,301,500	4,041	62,599,394
Ten Year Certain	6,396	72,182,741	6,462	76,116,358	6,644	83,605,226	6,669	86,834,748	6,687	89,939,370
Pop-Up — Full	10,900	156,246,377	11,880	180,512,529	13,289	214,674,185	14,280	234,957,928	15,285	258,136,457
Pop-Up — Half	10,546	195,702,899	11,174	218,408,531	12,074	252,090,560	12,537	269,247,425	12,955	285,932,247
Other (Option 4)	2,962	66,540,138	3,468	84,453,806	4,227	111,203,138	4,692	126,307,424	5,218	142,916,829
<b>Total</b>	<b>178,010</b>	<b>2,407,450,508</b>	<b>182,456</b>	<b>2,611,583,271</b>	<b>191,418</b>	<b>2,940,378,671</b>	<b>196,416</b>	<b>3,115,457,282</b>	<b>200,605</b>	<b>3,284,378,690</b>
<b>ERS Males</b>										
Single Life Allowance**	54,939	1,191,967,692	55,942	1,266,672,453	58,582	1,389,716,674	59,788	1,449,117,701	60,859	1,511,993,719
Cash Refund	6,196	114,530,603	5,774	110,133,454	5,389	106,841,326	5,043	102,915,632	4,667	97,809,143
Joint Allowance — Full	25,965	544,500,819	26,627	582,284,424	28,084	645,917,503	28,746	673,789,024	29,291	699,932,285
Joint Allowance — Half	9,316	255,647,747	9,144	260,218,588	9,130	271,792,548	8,876	270,583,032	8,743	271,788,909
Five Year Certain	2,025	40,538,860	1,990	41,634,759	2,000	44,325,066	2,003	45,773,736	1,958	45,763,720
Ten Year Certain	4,485	85,236,946	4,525	89,931,374	4,633	96,940,848	4,643	99,670,379	4,589	100,426,526
Pop-Up — Full	17,843	414,379,167	19,180	464,337,060	21,269	541,371,444	22,536	584,081,845	23,761	625,938,791
Pop-Up — Half	11,578	348,976,024	12,033	375,880,652	12,781	414,558,462	13,052	430,283,454	13,309	445,943,369
Other (Option 4)	5,072	173,735,025	5,775	206,388,513	6,945	261,383,004	7,600	289,382,235	8,336	321,539,065
<b>Total</b>	<b>137,419</b>	<b>3,169,512,887</b>	<b>140,990</b>	<b>3,397,481,277</b>	<b>148,813</b>	<b>3,772,846,875</b>	<b>152,287</b>	<b>3,945,597,038</b>	<b>155,513</b>	<b>4,121,135,528</b>
<b>PFRS Females</b>										
Single Life Allowance**	543	24,173,859	583	26,779,606	638	30,248,414	743	37,098,117	803	41,227,459
Cash Refund	5	293,594	5	293,595	5	295,261	5	295,261	5	295,261
Joint Allowance — Full	34	1,212,278	37	1,441,268	39	1,495,342	44	1,698,300	47	1,887,708
Joint Allowance — Half	12	473,968	12	473,968	13	569,194	16	825,479	20	1,034,320
Five Year Certain	9	267,357	10	402,287	12	555,181	13	648,397	14	723,914
Ten Year Certain	59	2,746,242	66	3,187,109	72	3,631,250	80	4,307,112	85	4,551,912
Pop-Up — Full	91	4,206,801	101	4,791,269	112	5,388,537	123	6,086,218	133	6,586,394
Pop-Up — Half	57	2,624,952	61	2,946,302	66	3,228,967	70	3,410,624	74	3,594,146
Other (Option 4)	16	1,003,261	19	1,214,436	21	1,426,365	25	1,662,583	29	2,050,867
<b>Total</b>	<b>826</b>	<b>37,002,316</b>	<b>894</b>	<b>41,529,840</b>	<b>978</b>	<b>46,838,511</b>	<b>1,119</b>	<b>56,032,092</b>	<b>1,210</b>	<b>61,951,983</b>
<b>PFRS Males</b>										
Single Life Allowance**	15,221	492,714,408	15,134	505,331,446	15,157	524,509,183	15,210	547,056,375	15,209	566,215,055
Cash Refund	1,780	55,450,594	1,720	54,117,611	1,653	52,698,493	1,601	51,632,893	1,521	49,735,195
Joint Allowance — Full	2,489	100,979,665	2,595	108,224,229	2,710	115,847,369	2,825	126,043,453	2,929	134,264,050
Joint Allowance — Half	1,357	60,695,908	1,338	61,942,344	1,352	65,139,874	1,381	69,844,520	1,392	72,447,011
Five Year Certain	384	13,146,036	383	13,227,537	379	13,342,340	377	13,799,772	368	13,765,390
Ten Year Certain	1,418	47,687,360	1,403	48,264,086	1,397	49,099,834	1,409	51,045,019	1,407	52,696,182
Pop-Up — Full	2,407	99,335,964	2,557	107,908,349	2,748	118,181,382	2,940	129,993,076	3,133	141,182,490
Pop-Up — Half	2,213	119,330,744	2,285	124,898,266	2,397	134,364,179	2,517	144,819,757	2,587	150,482,065
Other (Option 4)	923	66,855,781	1,016	74,869,627	1,129	83,685,215	1,269	95,023,807	1,404	106,245,733
<b>Total</b>	<b>28,192</b>	<b>1,056,196,465</b>	<b>28,431</b>	<b>1,098,783,495</b>	<b>28,922</b>	<b>1,156,867,868</b>	<b>29,529</b>	<b>1,229,258,672</b>	<b>29,950</b>	<b>1,287,033,170</b>

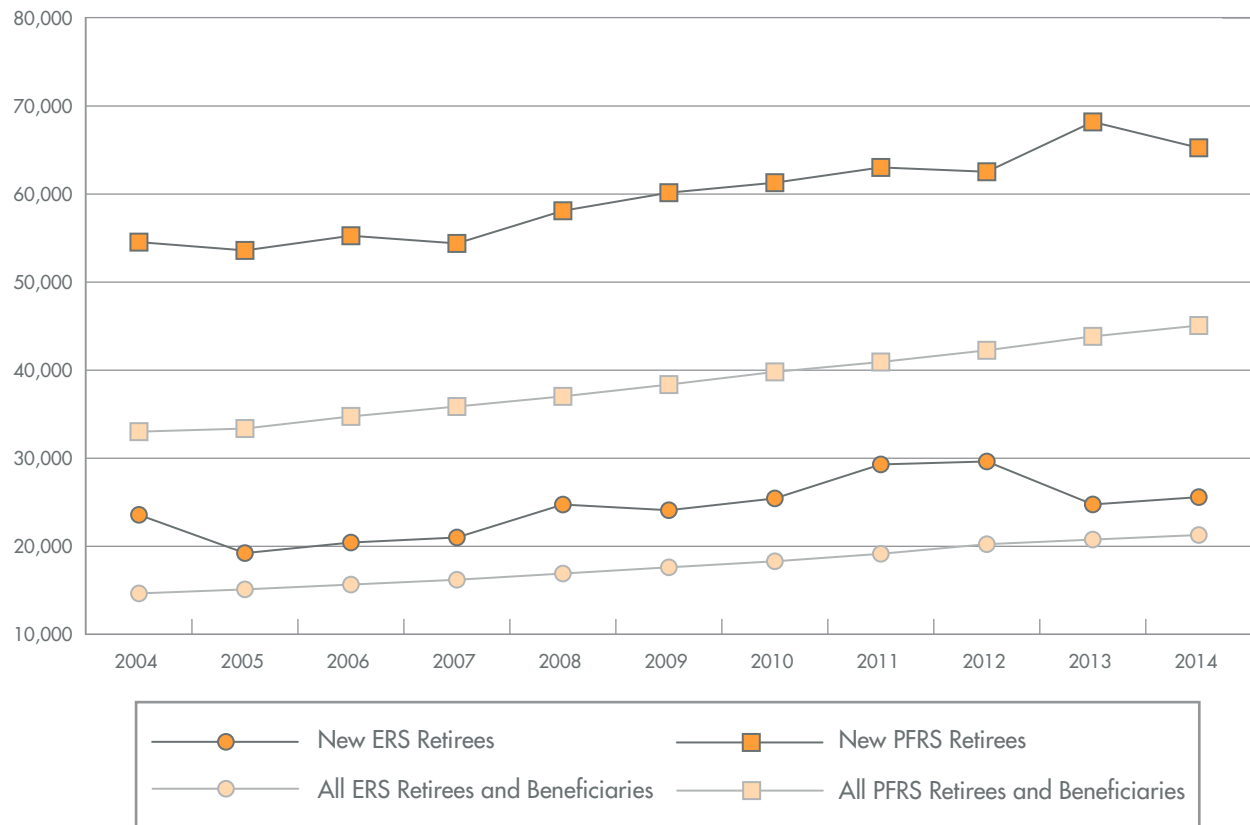
\* In the six years since this program began, 822 PFRS pensioners have selected partial lump sum distributions which totaled \$80,994,754.

\*\*Includes Option O and ½.

# Average Pension Benefits Paid During Year Shown

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

Year	ERS		PFRS	
	All Retirees & Beneficiaries	New Retirees	All Retirees & Beneficiaries	New Retirees
2004	\$ 14,651	\$23,576	\$ 33,022	\$ 54,545
2005	15,110	19,231	33,375	53,604
2006	15,657	20,430	34,753	55,269
2007	16,202	21,004	35,877	54,397
2008	16,909	24,744	37,030	58,106
2009	17,615	24,100	38,367	60,158
2010	18,300	25,441	39,808	61,295
2011	19,151	29,300	40,932	63,026
2012	20,241	29,636	42,259	62,535
2013	20,766	24,756	43,844	68,197
2014	21,285	25,588	45,074	65,256



# Average Benefit Pay Types

## New Benefits: ERS

These tables show the average annual unmodified retirement allowance (prior to option selection) awarded to Employees' Retirement System members retiring during the fiscal year ending March 31, 2014. 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	Percentage of FAS
Under 5	15	\$ 816	4
5 – 9	1,592	4,176	11
10 – 14	2,940	7,646	18
15 – 19	2,124	11,872	25
20 – 24	2,879	22,636	40
25 – 29	3,374	34,180	50
30 – 34	3,426	44,672	62
35 – 39	1,547	51,340	70
40 & Over	718	61,782	80
<b>Total</b>	<b>18,615</b>	<b>\$27,487</b>	<b>42</b>

### New Accidental Disability Retirements

Years of Service	Number Granted	Average Allowance	Percentage of FAS
Under 5	0	\$ 0	0
5 – 9	0	0	0
10 – 14	0	0	0
15 – 19	0	0	0
20 – 24	0	0	0
25 – 29	0	0	0
30 – 34	1	56,621	74
35 – 39	0	0	0
40 & Over	0	0	0
<b>Total</b>	<b>1</b>	<b>\$56,621</b>	<b>74</b>

### New Ordinary Disability Retirements

Years of Service	Number Granted	Average Allowance	Percentage of FAS
Under 5	4	\$ 14,279	33
5 – 9	13	14,666	33
10 – 14	214	14,121	30
15 – 19	176	17,088	32
20 – 24	147	20,587	36
25 – 29	142	25,365	44
30 – 34	43	33,616	51
35 – 39	2	40,205	60
40 & Over	0	0	0
<b>Total</b>	<b>741</b>	<b>\$ 19,475</b>	<b>36</b>

### New Performance of Duty Disability Retirements

Years of Service	Number Granted	Average Allowance	Percentage of FAS
Under 5	1	\$34,557	75
5 – 9	6	58,218	75
10 – 14	11	59,432	70
15 – 19	15	58,234	70
20 – 24	20	63,031	73
25 – 29	17	75,006	73
30 – 34	3	76,382	73
35 – 39	0	0	0
40 & Over	0	0	0
<b>Total</b>	<b>73</b>	<b>\$ 64,055</b>	<b>72</b>

# Average Benefit Pay Types

continued

## New Benefits: PFRS

These tables show the average annual unmodified retirement allowance (prior to option selection or partial lump sum distribution) awarded to Police and Fire Retirement System members retiring during the fiscal year ending March 31, 2014. 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	Percentage of FAS
Under 5	0	\$ 0	0
5 – 9	17	4,168	13
10 – 14	29	10,117	22
15 – 19	20	21,221	30
20 – 24	378	54,014	51
25 – 29	323	77,419	59
30 – 34	213	92,474	67
35 – 39	68	93,083	67
40 & Over	39	114,303	77
<b>Total</b>	<b>1,087</b>	<b>\$ 70,558</b>	<b>57</b>

### New Accidental Disability Retirements

Years of Service	Number Granted	Average Allowance	Percentage of FAS
Under 5	0	\$ 0	0
5 – 9	8	69,019	75
10 – 14	14	76,378	72
15 – 19	23	90,097	74
20 – 24	13	91,115	75
25 – 29	10	99,955	74
30 – 34	5	69,016	75
35 – 39	1	146,031	75
40 & Over	0	0	0
<b>Total</b>	<b>74</b>	<b>\$ 86,065</b>	<b>74</b>

### New Ordinary Disability Retirements

Years of Service	Number Granted	Average Allowance	Percentage of FAS
Under 5	0	\$ 0	0
5 – 9	0	0	0
10 – 14	3	29,446	39
15 – 19	2	38,785	42
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
<b>Total</b>	<b>5</b>	<b>\$ 33,182</b>	<b>40</b>

### New Performance of Duty Disability Retirements

Years of Service	Number Granted	Average Allowance	Percentage of FAS
Under 5	1	\$ 16,824	50
5 – 9	4	51,321	50
10 – 14	12	41,831	50
15 – 19	22	48,162	50
20 – 24	14	46,933	50
25 – 29	11	50,135	50
30 – 34	4	51,699	51
35 – 39	1	64,885	50
40 & Over	0	0	0
<b>Total</b>	<b>69</b>	<b>\$ 47,302</b>	<b>50</b>

## New Benefits — Service Retirements by Age and Service

During the fiscal year ending March 31, 2014, the number of members retiring, their average Single Life Allowance (prior to option selection or partial lump sum distribution) 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	%
<b>ERS</b>												
Under 5	0	\$ 0	0	7	\$ 1,381	6	3	\$ 327	3	5	\$ 319	3
5 – 9	537	3,490	9	475	4,449	11	394	4,878	12	186	3,969	12
10 – 14	1,028	5,822	14	905	8,467	19	686	9,209	20	321	7,835	20
15 – 19	706	9,255	20	719	12,740	27	487	14,021	28	212	12,704	28
20 – 24	738	18,741	33	1,186	23,325	43	696	25,141	43	259	23,851	43
25 – 29	1,219	35,945	46	1,294	33,411	52	648	33,434	53	213	31,014	53
30 – 34	1,823	44,963	62	1,074	45,593	62	387	42,020	62	142	41,190	63
35 – 39	866	48,507	70	472	55,458	70	145	53,780	71	64	53,783	71
40 & Over	174	56,062	79	329	62,262	79	155	65,424	81	60	66,329	86
<b>Total</b>	<b>7,091</b>	<b>\$ 29,019</b>	<b>43</b>	<b>6,461</b>	<b>\$ 28,706</b>	<b>44</b>	<b>3,601</b>	<b>\$ 24,558</b>	<b>40</b>	<b>1,462</b>	<b>\$ 21,889</b>	<b>38</b>

Years of Service	Age at Retirement											
	40 – 49			50 – 54			55 – 59			60 & Over		
	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%
<b>PFRS</b>												
Under 5	0	\$ 0	0	0	\$ 0	0	0	\$ 0	0	0	\$ 0	0
5 – 9	0	0	0	0	0	0	9	3,112	10	8	5,356	15
10 – 14	0	0	0	0	0	0	24	8,612	19	5	17,345	34
15 – 19	0	0	0	0	0	0	16	16,259	27	4	41,072	45
20 – 24	241	55,693	51	94	52,600	52	33	50,378	51	10	38,849	48
25 – 29	50	77,706	58	169	79,064	60	80	78,368	59	24	62,079	58
30 – 34	0	0	0	32	91,208	65	125	93,044	67	56	91,925	68
35 – 39	0	0	0	0	0	0	13	87,026	64	55	94,515	67
40 & Over	0	0	0	0	0	0	0	0	0	39	114,303	77
<b>Total</b>	<b>291</b>	<b>\$ 59,475</b>	<b>53</b>	<b>295</b>	<b>\$ 71,949</b>	<b>58</b>	<b>300</b>	<b>\$ 70,629</b>	<b>55</b>	<b>201</b>	<b>\$ 84,459</b>	<b>64</b>



# New Benefits — Accidental and Ordinary Death

## Accidental Death Benefits

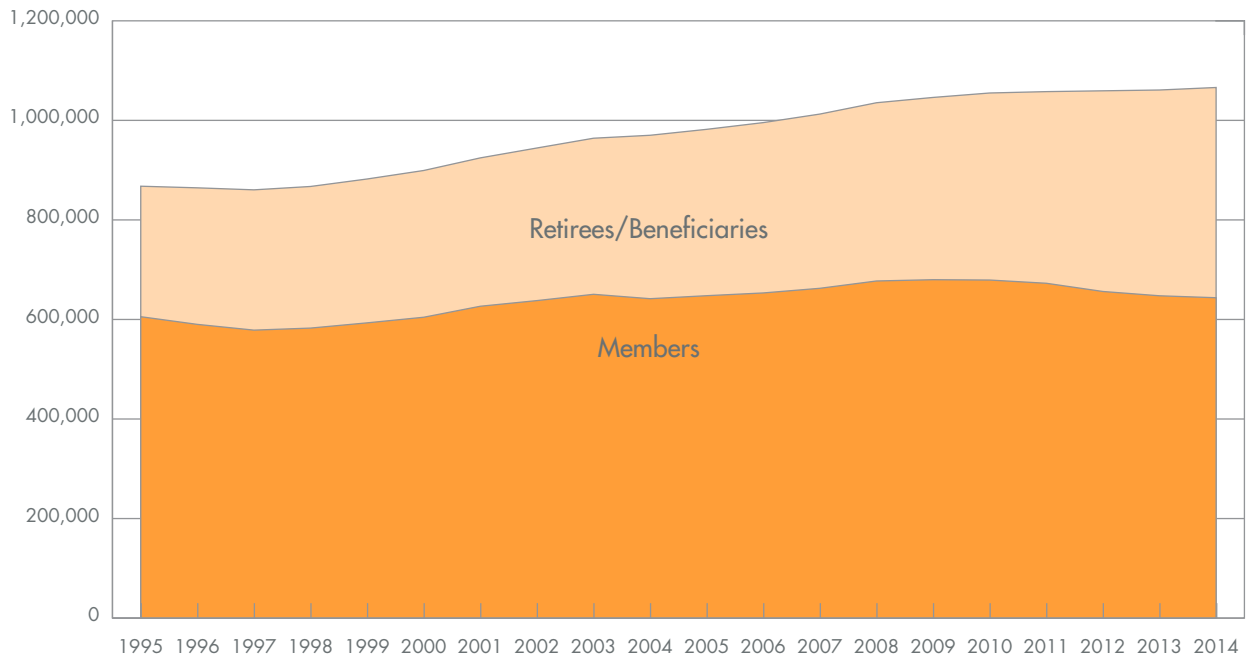
During the fiscal year ending March 31, 2014, the Employees' Retirement System approved three accidental death benefits, which averaged \$18,508. The Police and Fire Retirement System approved two accidental death benefits, which averaged \$52,612.

## Ordinary Death Benefits

Years of Service	ERS			PFRS		
	Number Paid	Average Benefit	Percentage of Salary	Number Paid	Average Benefit	Percentage of Salary
Under 5	97	\$ 80,928	204.8	1	\$ 125,000	301.8
5 – 9	157	124,832	280.3	2	358,000	276.0
10 – 14	175	115,684	236.7	4	199,319	300.6
15 – 19	106	130,993	243.6	5	304,400	285.6
20 – 24	105	159,488	267.2	3	691,483	656.5
25 – 29	72	182,227	289.6	7	1,438,768	774.7
30 – 34	35	204,987	294.0	3	1,229,526	832.7
35 – 39	21	188,790	281.1	1	845,499	759.4
40 & Over	11	418,461	580.2	0	0	0
<b>Total</b>	<b>779</b>	<b>\$ 137,596</b>	<b>260.1</b>	<b>26</b>	<b>\$ 763,084</b>	<b>543.6</b>

# Combined System Participants

Fiscal Year	Members	Percentage Changed	Retirees/ Beneficiaries	Percentage Changed	Total Participants	Percentage Changed
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
2009	679,908	0	366,178	2	1,046,086	1
2010	679,217	0	375,803	3	1,055,020	1
2011	672,723	(1)	385,031	2	1,057,754	0
2012	656,224	(2)	403,174	5	1,059,398	0
2013	647,574	(1)	413,436	3	1,061,010	0
2014	643,659	(1)	422,405	2	1,066,064	0

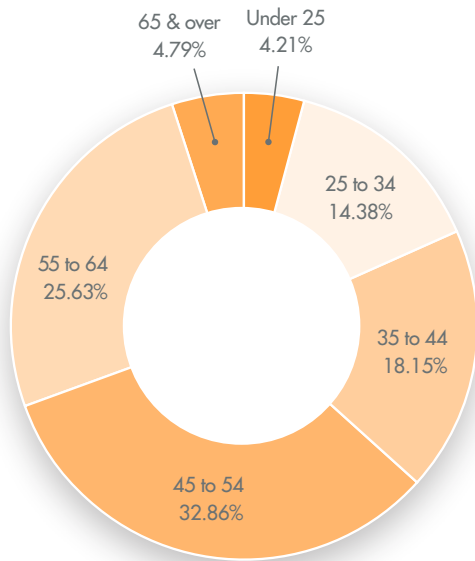


# Membership by Age and Years of Service

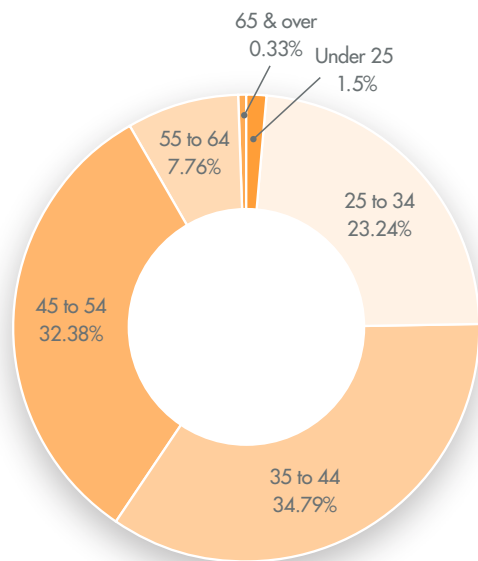
As of March 31, 2014.

Age	Years of Service											
	Total		0 – 4		5 – 9		10 – 19		20 – 29		30 & Over	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
<b>ERS</b>												
<b>Total</b>	<b>609,565</b>	<b>100.00</b>	<b>181,112</b>	<b>29.71</b>	<b>128,057</b>	<b>21.01</b>	<b>167,672</b>	<b>27.51</b>	<b>98,930</b>	<b>16.23</b>	<b>33,794</b>	<b>5.54</b>
Under 25	25,634	4.21	25,446	4.17	188	0.03	0	0	0	0	0	0
25 – 34	87,652	14.38	57,869	9.49	24,864	4.08	4,919	0.81	0	0	0	0
35 – 44	110,608	18.15	35,979	5.9	32,575	5.34	38,007	6.24	4,047	0.66	0	0
45 – 54	200,286	32.86	37,314	6.12	40,441	6.63	65,029	10.67	47,877	7.85	9,625	1.58
55 – 64	156,217	25.63	20,302	3.33	25,294	4.15	50,191	8.23	40,041	6.57	20,389	3.34
65 & Over	29,168	4.79	4,202	0.69	4,695	0.77	9,526	1.56	6,965	1.14	3,780	0.62
<b>PFRS</b>												
<b>Total</b>	<b>34,094</b>	<b>100.00</b>	<b>6,247</b>	<b>18.32</b>	<b>6,627</b>	<b>19.44</b>	<b>11,102</b>	<b>32.56</b>	<b>8,287</b>	<b>24.31</b>	<b>1,831</b>	<b>5.37</b>
Under 25	510	1.5	507	1.49	3	0.01	0	0	0	0	0	0
25 – 34	7,923	23.24	4,038	11.84	3,182	9.33	703	2.06	0	0	0	0
35 – 44	11,863	34.79	1,235	3.62	2,611	7.66	7,132	20.92	885	2.6	0	0
45 – 54	11,041	32.38	370	1.09	676	1.98	2,966	8.7	6,526	19.14	503	1.48
55 – 64	2,645	7.76	75	0.22	147	0.43	286	0.84	868	2.55	1,269	3.72
65 & Over	112	0.33	22	0.06	8	0.02	15	0.04	8	0.02	59	0.17

**ERS**



**PFRS**

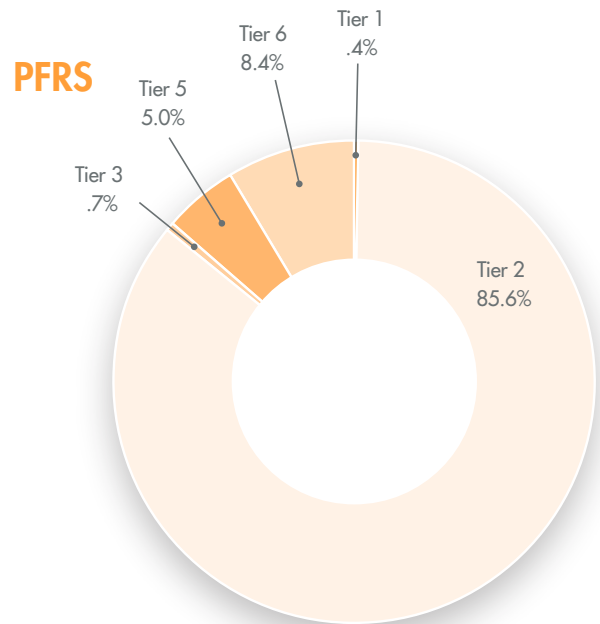
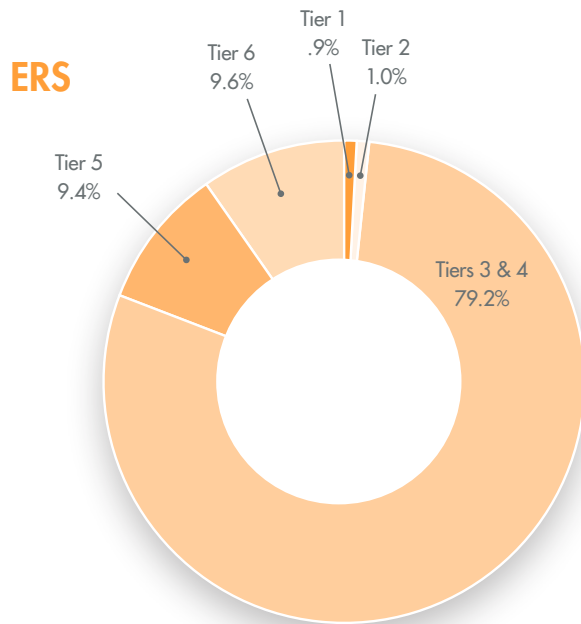


# Membership by Tier

As of March 31, 2014.

	ERS		PFRS		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Tier 1	5,249	0.9	123	0.4	5,372	0.8
Tier 2	6,297	1.0	29,188	85.6	35,485	5.5
Tiers 3 & 4 *	482,520	79.2	223	0.7	482,743	75.0
Tier 5	57,229	9.4	1,699	5.0	58,928	9.2
Tier 6	58,270	9.6	2,861	8.4	61,131	9.5
<b>Total **</b>	<b>609,565</b>	<b>100.0</b>	<b>34,094</b>	<b>100.0</b>	<b>643,659</b>	<b>100.0</b>

\* There is no Tier 4 in the Police and Fire Retirement System.  
 \*\* Total may not add up to 100% due to rounding.



## Membership by Status

	ERS			PFRS		
	Active	Inactive	Total	Active	Inactive	Total
2005	508,856	103,554	612,410	32,388	2,960	35,348
2006	513,016	104,973	617,989	32,469	2,833	35,302
2007	519,203	107,720	626,923	32,811	2,899	35,710
2008	528,435	112,684	641,119	33,089	3,113	36,202
2009	530,023	113,677	643,700	33,052	3,156	36,208
2010	505,575	116,532	622,107	31,024	3,093	34,117
2011	513,092	124,829	637,921	31,659	3,143	34,802
2012	505,575	116,532	622,107	31,024	3,093	34,117
2013	498,266	115,664	613,930	30,780	2,864	33,644
2014	493,209	116,356	609,565	31,218	2,876	34,094

## Number of Employers

As of March 31, 2014.

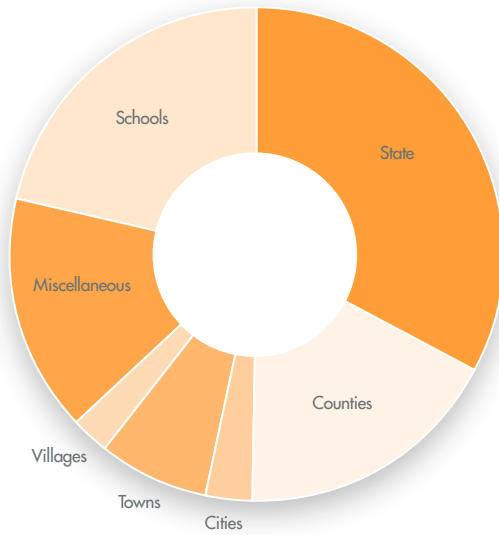
Category	ERS	PFRS
State	1	1
Counties	57	4
Cities	61	61
Towns	912	205
Villages	489	376
Miscellaneous	784	34
Schools	698	0
<b>Total</b>	<b>3,002</b>	<b>681</b>

# Membership by Employer Type\*

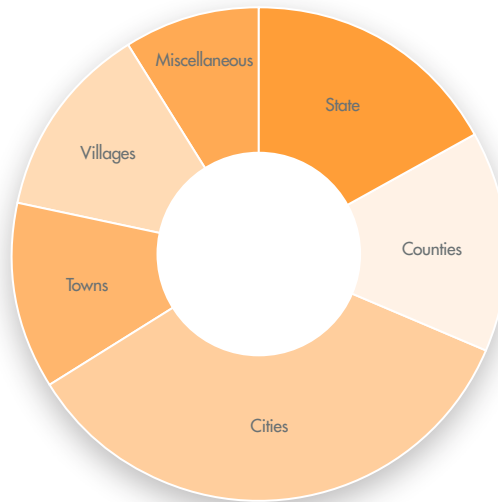
As of March 31, 2014.

	ERS		PFRS		Total	
	Total	Active	Total	Active	Total	Active
State	201,192	168,453	5,792	5,421	206,984	173,874
Counties	106,688	85,369	5,003	4,815	111,691	90,184
Cities	18,182	14,392	11,812	10,912	29,994	25,304
Towns	44,676	35,560	4,162	3,707	48,838	39,267
Villages	14,073	10,887	4,330	3,516	18,403	14,403
Miscellaneous	94,396	72,525	2,995	2,847	97,391	75,372
Schools	130,358	106,023	0	0	130,358	106,023
<b>Total</b>	<b>609,565</b>	<b>493,209</b>	<b>34,094</b>	<b>31,218</b>	<b>643,659</b>	<b>524,427</b>

ERS



PFRS



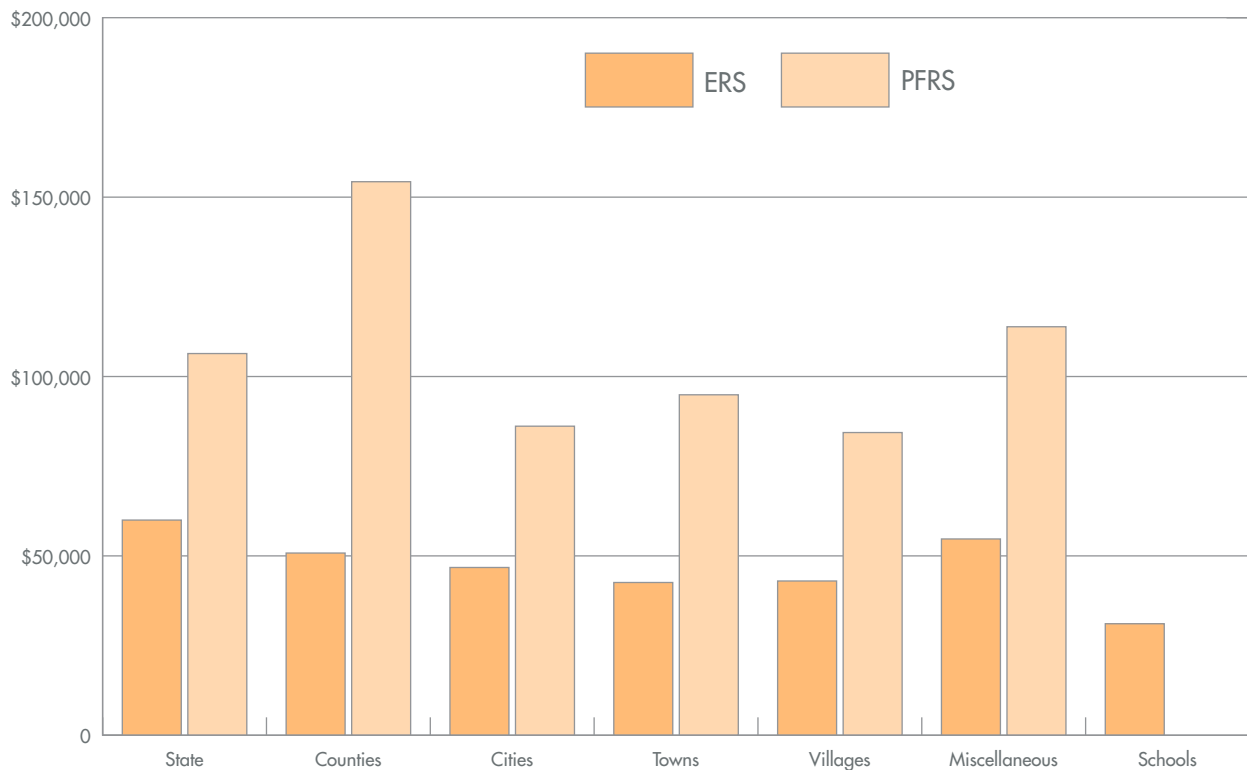
\* A detailed listing of employers as of March 31, 2014 is on our website at [www.osc.state.ny.us/retire/employers/index.php](http://www.osc.state.ny.us/retire/employers/index.php).

# Average Salary by Employer Type

Fiscal year ending March 31, 2014.

	Average Salary	Total Members*	Total Salaries
<b>ERS</b>			
State	\$ 59,985	168,453	\$ 10,104,579,524
Counties	50,795	85,369	4,336,302,165
Cities	46,768	14,392	673,091,752
Towns	42,584	35,560	1,514,279,262
Villages	43,003	10,887	468,173,331
Miscellaneous	54,719	72,525	3,968,529,077
Schools	31,086	106,023	3,295,865,742
<b>Total</b>	<b>\$ 49,392</b>	<b>493,209</b>	<b>\$ 24,360,820,853</b>
<b>PFRS</b>			
State	\$ 106,402	5,421	\$ 576,806,231
Counties	154,300	4,815	742,952,964
Cities	86,155	10,912	940,121,906
Towns	94,907	3,707	351,821,250
Villages	84,382	3,516	296,688,289
Miscellaneous	113,874	2,847	324,198,536
<b>Total</b>	<b>\$ 103,549</b>	<b>31,218</b>	<b>\$ 3,232,589,177</b>

\* Active members receiving salary.



# Members and Salaries by Plan — ERS

As of March 31, 2014.

	Tier 1	Tier 1 Salaries	Tier 2	Tier 2 Salaries
Age 55/60 Contributory	7	\$ 214,624	4	\$ 193,025
Age 55 75-c	26	869,579	45	1,862,981
Age 55 75-e	10	425,769	15	425,312
Age 55 75-g	63	2,834,580	80	3,467,084
Age 55 75-h	1,685	130,526,301	1,939	144,028,276
Age 55 75-i	2,479	132,044,081	2,743	152,408,087
Regular Correction Officers/SHTA ¾ Disability	2	217,639	1	68,757
Correction Officers 89	27	2,510,951	60	5,435,060
Sheriffs 89-a	1	125,182	0	0
Sheriffs 89-b	0	0	1	59,674
Sheriffs 89-b(m)	1	75,975	1	69,589
Investigators 89-d	0	0	0	0
Investigators 89-d(m)	3	482,392	1	102,445
Sheriffs — 551	0	0	2	181,434
Sheriffs — 551e	0	0	0	0
Sheriffs — 552	2	160,221	1	73,972
Sheriffs — 553	2	216,876	6	535,918
Legislators 80-a	5	381,858	1	62,248
Unified Court Peace Officers	0	0	33	3,239,058
25-Year Correction Officers/Sheriffs/Office of Mental Health	20	1,721,065	29	2,496,434
25-Year 1/60 Peace Officers, Amb Med Techs, Paramedics	2	213,404	2	211,561

	Tier 3 & 4	Tier 3 & 4 Salaries	Tier 5	Tier 5 Salaries	Tier 6	Tier 6 Salaries*
Article 14 & 15	351,774	\$ 18,509,935,436	40,939	\$ 1,317,950,364	51,971	\$ 1,009,621,954
Regular Correction Officers/SHTA ¾ Disability	417	35,799,729	9	368,191	39	1,554,720
Article 14 Correction Officers	17,168	1,348,712,985	844	49,192,818	2,123	71,092,047
Sheriffs — 551	315	23,882,067	8	318,418	26	720,877
Sheriffs — 551e	57	3,442,426	4	198,558	7	180,349
Sheriffs — 552	453	32,297,899	34	1,389,873	39	1,072,522
Sheriffs — 553	1,545	133,193,279	139	7,848,283	105	3,698,026
Unified Court Peace Officers	5,926	477,395,852	211	11,675,240	159	3,205,582
25-Year Correction Officers/Sheriffs/Office of Mental Health	7,670	635,369,591	763	40,948,174	905	25,075,791
25-Year 1/60 Peace Officers, Amb Med Techs, Paramedics	163	14,911,255	7	246,159	0	0
20-Year 1/60 Investigators	18	2,769,266	1	105,079	0	0
Westchester County Criminal Investigators	23	3,690,511	1	112,446	2	96,461
Nassau County Fire Marshalls	40	4,431,559	5	375,655	0	0

\* Reportable Tier 6 salaries are capped at the Governor's salary, which was \$179,000 for fiscal year 2014.



# Members and Salaries by Plan — PFRS

As of March 31, 2014.

	Tier 1	Tier 1 Salaries	Tier 2	Tier 2 Salaries	Tier 3	Tier 3 Salaries
Age 55/60 Basic	0	\$ 0	43	\$ 559,697	2	\$ 28,990
Age 55 375-c	2	147,049	147	3,003,800	1	6,722
Age 55 375-e	0	0	40	750,614	0	12,839
Age 55 375-g	0	0	45	1,010,338	2	16,453
Age 55 375-h	1	106,668	1	100,525	0	0
Age 55 375-i	12	1,602,901	187	10,637,384	4	77,054
Age 55 375-j	0	0	4	406,023	0	0
State Police 381-b	1	142,415	4,179	491,512,095	5	320,365
Reg Park Police 383-a	0	0	200	18,340,138	1	67,893
EnCon Police 383-b	0	0	263	25,114,141	0	0
Forest Ranger 383-c	0	0	109	10,012,196	0	0
25-Year 384	0	0	51	2,109,412	15	1,143,122
25-Year 384(f)	2	250,641	92	9,950,181	66	4,705,676
20-Year 384-d	19	2,638,106	8,026	788,891,664	54	2,935,506
20-Year 1/60 384-e	57	9,476,102	13,213	1,659,613,910	26	2,148,712

# Members and Salaries by Plan — PFRS

*continued*

Tier 5 Contributory	Tier 5 Contributory Salaries	Tier 5 Non- Contributory	Tier 5 Non-Contributory Salaries	Tier 6 Contributory	Tier 6 Contributory Salaries*	Tier 6 Non- Contributory	Tier 6 Non-Contributory Salaries*
11	\$ 93,009	0	\$ 0	9	\$ 42,061	0	\$ 0
24	301,860	0	0	33	271,538	0	0
14	199,211	0	0	8	46,047	0	0
4	58,029	0	0	7	62,031	0	0
0	0	0	0	0	0	0	0
16	630,414	0	0	45	707,240	0	0
0	0	0	0	0	0	0	0
43	2,683,017	0	0	516	23,791,499	0	0
3	162,388	0	0	53	1,847,996	0	0
1	61,431	0	0	27	1,549,871	0	0
1	65,335	0	0	17	928,257	0	0
15	575,938	1	41,331	25	510,025	0	0
4	345,657	9	687,729	4	179,025	4	231,291
613	34,826,888	147	8,926,074	862	23,249,745	10	584,207
544	42,569,038	87	6,576,695	1,148	30,287,044	43	1,657,921

\*Reportable Tier 6 salaries are capped at the Governor's salary, which was \$179,000 for fiscal year 2014.

There may be plans with no member count and salary greater than zero. Members who work for multiple employers may have salary under multiple plans but will only be counted once under their primary plan.

# Retirees and Beneficiaries by Age

As of March 31, 2014.

Age	ERS			PFRS		
	Retirees & Beneficiaries	Retirees	Beneficiaries	Retirees & Beneficiaries	Retirees	Beneficiaries
0 – 25	191	0	191	16	0	16
26 – 30	181	0	181	4	0	4
31 – 35	302	10	292	21	13	8
36 – 40	417	79	338	87	70	17
41 – 45	897	365	532	477	450	27
46 – 50	2,351	1,615	736	2,035	1,975	60
51 – 55	6,914	5,703	1,211	3,112	3,015	97
56 – 60	36,818	34,835	1,983	3,893	3,756	137
61 – 65	70,830	67,953	2,877	5,847	5,627	220
66 – 70	81,722	77,835	3,887	6,161	5,891	270
71 – 75	63,191	58,747	4,444	4,832	4,540	292
76 – 80	47,542	42,877	4,665	3,020	2,751	269
81 – 85	37,214	32,545	4,669	2,022	1,802	220
86 – 90	25,592	21,402	4,190	1,161	955	206
91 – 95	11,755	9,527	2,228	371	279	92
96 – 100	2,997	2,355	642	56	35	21
101+	374	270	104	2	1	1
<b>Total</b>	<b>389,288</b>	<b>356,118</b>	<b>33,170</b>	<b>33,117</b>	<b>31,160</b>	<b>1,957</b>

## Retirees and Beneficiaries — ERS

As of March 31, 2014 — by fiscal year of retirement: average annual option 0 retirement benefit (prior to option selection) without annual cost-of-living adjustment (COLA), average COLA and total.

Year of Retirement	Number	Average Option 0 Benefit w/o COLA*	Average COLA	Total
1942	1	\$ 424	\$ 2,318	\$ 2,742
1943	0	0	0	0
1944	0	0	0	0
1945	0	0	0	0
1946	0	0	0	0
1947	0	0	0	0
1948	0	0	0	0
1949	0	0	0	0
1950	0	0	0	0
1951	0	0	0	0
1952	0	0	0	0
1953	0	0	0	0
1954	0	0	0	0
1955	1	2,107	6,424	8,531
1956	2	1,145	4,682	5,827
1957	0	0	0	0
1958	1	2,142	12,568	14,710
1959	2	2,145	5,890	8,035
1960	2	4,397	11,425	15,822
1961	0	0	0	0
1962	2	3,195	7,334	10,529
1963	3	2,379	8,812	11,191
1964	5	3,045	6,385	9,430
1965	6	4,717	12,822	17,539
1966	12	3,949	7,488	11,436
1967	8	2,647	6,613	9,260
1968	16	2,832	5,126	7,958
1969	31	2,594	4,004	6,598
1970	57	2,810	4,073	6,882
1971	79	4,361	5,486	9,847
1972	152	4,312	5,391	9,703
1973	238	4,808	5,580	10,388
1974	301	4,931	5,832	10,763
1975	391	5,191	5,307	10,498
1976	664	5,286	5,101	10,387
1977	910	5,235	4,954	10,189
1978	1,048	5,518	4,787	10,305

Year of Retirement	Number	Average Option 0 Benefit w/o COLA*	Average COLA	Total
1979	1,311	\$ 5,656	\$ 4,672	\$10,329
1980	1,639	5,580	3,942	9,522
1981	1,998	5,630	3,326	8,956
1982	2,446	6,238	3,269	9,507
1983	2,455	6,512	3,108	9,620
1984	3,909	8,630	3,714	12,344
1985	3,457	8,544	3,409	11,954
1986	4,313	9,068	3,366	12,435
1987	4,568	9,911	3,454	13,365
1988	4,674	10,863	3,414	14,277
1989	5,358	11,613	3,326	14,939
1990	6,015	13,022	3,194	16,217
1991	9,389	16,973	3,391	20,365
1992	8,923	14,294	2,879	17,173
1993	7,173	14,749	2,663	17,413
1994	6,475	14,823	2,460	17,284
1995	8,060	15,694	2,414	18,108
1996	13,934	20,394	2,573	22,967
1997	12,616	18,984	2,226	21,210
1998	9,540	16,874	1,809	18,683
1999	10,482	16,564	1,648	18,212
2000	12,452	17,858	1,533	19,392
2001	13,281	21,330	1,504	22,834
2002	11,084	19,405	1,293	20,697
2003	23,846	28,049	1,240	29,290
2004	12,032	19,464	885	20,349
2005	14,567	21,539	745	22,284
2006	16,003	22,365	596	22,961
2007	16,666	24,710	460	25,170
2008	17,149	26,455	303	26,758
2009	15,908	26,489	161	26,649
2010	18,223	28,062	0	28,062
2011	28,022	34,406	0	34,406
2012	18,010	27,220	0	27,220
2013	18,003	26,893	0	26,893
2014	14,719	27,636	0	27,636

\*6,656 of the 33,170 beneficiaries are not eligible for COLA and are not included in the above counts.

## Retirees and Beneficiaries — PFRS

As of March 31, 2014 — by fiscal year of retirement: average annual modified option 0 retirement benefit without annual cost-of-living adjustment (COLA), average COLA and total. Modified option 0 is the amount after reduction for a partial lump sum distribution.

Year of Retirement	Number	Average Option 0 w/o COLA*	Average COLA	Total
1942	1	\$ 2,029	\$ 21,465	\$ 23,494
1943	0	0	0	0
1944	0	0	0	0
1945	0	0	0	0
1946	0	0	0	0
1947	0	0	0	0
1948	0	0	0	0
1949	0	0	0	0
1950	0	0	0	0
1951	0	0	0	0
1952	0	0	0	0
1953	0	0	0	0
1954	1	2,357	14,561	16,918
1955	2	2,482	7,554	10,036
1956	1	3,614	21,249	24,863
1957	0	0	0	0
1958	0	0	0	0
1959	0	0	0	0
1960	1	3,478	18,980	22,458
1961	1	2,435	6,689	9,124
1962	0	0	0	0
1963	3	3,462	13,494	16,956
1964	1	4,864	17,660	22,524
1965	2	5,365	17,688	23,052
1966	3	8,511	15,565	24,076
1967	7	5,505	12,889	18,394
1968	9	4,689	11,672	16,361
1969	19	4,832	10,082	14,914
1970	27	5,999	12,420	18,419
1971	26	6,357	11,012	17,369
1972	125	7,224	12,814	20,038
1973	99	7,548	12,799	20,347
1974	146	8,015	12,904	20,919
1975	103	8,653	11,909	20,562
1976	137	9,691	11,666	21,357
1977	241	10,522	11,796	22,318
1978	240	10,778	11,396	22,175

Year of Retirement	Number	Average Option 0 w/o COLA*	Average COLA	Total
1979	307	\$ 11,365	\$ 10,711	\$ 22,076
1980	328	12,234	9,679	21,913
1981	299	13,258	8,490	21,748
1982	396	14,805	7,974	22,779
1983	433	15,715	7,553	23,268
1984	414	17,698	7,533	25,231
1985	505	19,180	7,010	26,191
1986	723	20,792	6,917	27,709
1987	762	22,985	6,794	29,778
1988	868	24,668	6,440	31,108
1989	906	25,029	5,995	31,024
1990	921	27,581	5,433	33,014
1991	1,026	30,865	4,934	35,799
1992	1,135	35,155	4,383	39,538
1993	1,052	34,125	4,040	38,165
1994	925	33,096	3,648	36,744
1995	810	37,726	3,227	40,953
1996	804	36,403	2,935	39,338
1997	793	40,594	2,641	43,235
1998	751	39,656	2,211	41,867
1999	775	40,712	2,058	42,770
2000	914	46,985	1,753	48,738
2001	1,110	52,853	1,634	54,487
2002	959	52,871	1,360	54,232
2003	1,279	60,575	1,144	61,718
2004	1,211	57,935	938	58,873
2005	1,100	58,317	646	58,963
2006	1,117	59,378	468	59,847
2007	1,109	60,403	344	60,747
2008	1,134	62,745	210	62,955
2009	1,077	65,999	127	66,125
2010	1,112	67,972	0	67,972
2011	1,262	68,419	0	68,419
2012	1,220	69,779	0	69,779
2013	1,226	68,407	0	68,407
2014	775	71,753	0	71,753

\*384 of the 1,957 beneficiaries are not eligible for COLA and are not included in the above counts.

# Local Government Salaries and Billings — ERS

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

FYE	Salaries	Contributions	Normal	Deficiency	GLIP	Administrative
<b>Counties</b>						
2005	\$ 3,975,524,112	\$ 525,026,378	\$ 498,617,747	\$ -	\$ 14,529,793	\$ 11,878,838
2006	3,973,182,698	464,679,243	438,815,394	-	13,890,586	11,973,263
2007	4,082,673,936	447,024,967	417,028,835	-	17,682,805	12,313,327
2008	4,216,431,872	422,160,637	394,084,911	-	11,157,933	16,917,793
2009	4,377,722,306	386,066,989	357,016,093	-	11,534,099	17,516,797
2010	4,440,975,009	348,633,573	319,242,145	-	15,718,947	13,672,481
2011	4,400,173,486	559,214,523	525,419,127	-	15,589,216	18,206,180
2012	4,443,930,817	776,404,451	748,265,831	-	14,983,770	13,154,850
2013	4,373,201,590	869,913,388	836,809,946	-	15,242,472	17,860,970
2014	4,336,303,275	971,029,407	932,736,131	-	15,028,728	13,264,548
<b>Cities</b>						
2005	587,616,268	78,322,434	74,067,881	-	2,431,174	1,823,379
2006	612,669,624	68,193,077	63,955,140	-	2,421,685	1,816,252
2007	625,077,477	65,850,318	60,796,905	-	3,158,385	1,895,028
2008	648,030,721	61,051,722	56,528,107	-	1,938,692	2,584,923
2009	669,808,943	54,817,726	50,114,905	-	2,015,498	2,687,323
2010	672,358,993	49,473,203	44,600,856	-	2,784,205	2,088,142
2011	660,882,586	78,687,818	73,186,068	-	2,750,875	2,750,875
2012	663,784,626	107,570,937	102,977,843	-	2,624,624	1,968,470
2013	657,761,044	124,229,355	118,894,947	-	2,667,204	2,667,204
2014	673,091,884	137,981,259	133,304,614	-	2,672,375	2,004,270
<b>Towns</b>						
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
2009	1,465,224,022	120,574,358	109,598,831	695,659	4,404,475	5,875,393
2010	1,483,730,590	108,762,029	97,393,459	717,958	6,084,843	4,565,769
2011	1,483,142,934	174,236,832	161,410,776	687,246	6,068,074	6,070,736
2012	1,499,756,171	243,005,724	232,009,841	701,186	5,881,293	4,413,404
2013	1,523,144,059	282,487,748	269,746,224	730,975	6,003,677	6,006,872
2014	1,514,279,860	320,436,350	308,991,586	729,377	6,121,687	4,593,700

# Local Government Salaries and Billings — ERS

*continued*

FYE	Salaries	Contributions	Normal	Deficiency	GLIP	Administrative
<b>Villages</b>						
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
2009	444,961,775	36,293,410	32,947,899	231,780	1,334,454	1,779,277
2010	452,674,761	32,980,639	29,491,939	243,794	1,854,239	1,390,667
2011	453,586,842	53,044,335	49,083,776	251,569	1,854,495	1,854,495
2012	456,923,176	75,242,014	71,732,124	359,252	1,800,376	1,350,262
2013	464,343,459	84,603,712	80,734,045	210,055	1,829,806	1,829,806
2014	468,173,558	96,707,532	93,193,118	224,737	1,879,811	1,409,866
<b>Miscellaneous</b>						
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
2009	3,877,365,154	307,150,742	279,817,198	1,031,567	11,272,265	15,029,712
2010	4,053,679,047	288,402,076	258,729,069	1,396,742	16,157,869	12,118,396
2011	4,009,081,340	476,258,246	441,882,050	1,123,038	16,626,579	16,626,579
2012	4,074,206,349	705,637,232	676,397,501	1,117,975	16,069,562	12,052,194
2013	3,971,661,743	749,635,292	716,057,300	835,444	16,371,274	16,371,274
2014	3,968,529,764	826,997,637	797,752,084	791,616	16,258,823	12,195,114
<b>Schools</b>						
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
2009	3,179,510,771	258,982,162	236,727,573	107,511	9,491,589	12,655,489
2010	3,277,959,694	237,870,801	214,479,105	111,442	13,303,002	9,977,252
2011	3,299,608,584	387,560,100	360,157,255	414,165	13,494,340	13,494,340
2012	3,363,257,728	530,456,512	507,067,857	433,238	13,117,370	9,838,047
2013	3,295,559,464	623,154,200	595,786,408	426,060	13,470,866	13,470,866
2014	3,295,866,762	685,241,928	661,805,954	135,753	13,314,400	9,985,821

# Local Government Salaries and Billings — PFRS

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 December 15th preceding the fiscal year end.

Fiscal Year	Salaries	Contributions	Normal	Deficiency	GLIP	Administrative
<b>Counties</b>						
2005	\$ 637,722,466	\$ 117,568,271	\$ 115,040,396	\$ -	\$ -	\$ 2,527,875
2006	669,734,523	111,831,299	109,868,889	-	-	1,962,410
2007	686,235,014	121,577,173	118,828,521	-	-	2,748,652
2008	705,089,650	120,646,667	117,816,582	-	707,521	2,122,564
2009	705,233,176	117,939,533	115,751,728	-	-	2,187,805
2010	691,324,895	113,345,262	109,684,666	-	-	3,660,596
2011	774,589,528	128,266,705	124,105,246	-	693,576	3,467,883
2012	741,170,663	165,977,875	162,848,546	-	-	3,129,329
2013	750,476,797	186,487,909	182,070,522	-	736,230	3,681,157
2014	742,952,940	215,606,426	212,605,235	-	-	3,001,191
<b>Cities</b>						
2005	758,899,191	147,817,338	144,668,066	-	-	3,149,272
2006	788,096,235	131,076,054	128,739,253	-	-	2,336,801
2007	803,949,506	142,751,818	139,481,125	-	-	3,270,693
2008	862,509,071	142,311,942	138,966,064	-	836,467	2,509,411
2009	878,117,139	151,071,141	148,374,256	-	-	2,696,885
2010	898,507,065	146,455,535	141,869,364	-	-	4,586,171
2011	896,261,192	171,091,657	165,609,925	-	913,625	4,568,107
2012	919,665,789	202,376,328	198,704,804	-	-	3,671,524
2013	904,451,691	242,732,696	237,147,463	-	930,870	4,654,363
2014	940,121,957	270,589,638	266,868,512	-	-	3,721,126
<b>Towns</b>						
2005	268,098,727	47,286,150	46,217,472	-	-	1,068,678
2006	281,549,923	45,712,713	44,877,786	-	-	834,927
2007	293,260,663	50,495,562	49,326,214	-	-	1,169,348
2008	307,058,431	51,073,666	49,853,332	-	305,084	915,250
2009	321,618,843	53,509,018	52,550,766	-	-	958,252
2010	324,877,420	52,903,830	51,226,025	-	-	1,677,805
2011	333,981,112	60,280,009	58,310,352	-	328,283	1,641,374
2012	345,481,241	74,297,961	72,943,723	-	-	1,354,238
2013	344,465,630	90,102,480	88,024,012	-	346,422	1,732,046
2014	351,821,273	101,830,050	100,430,452	-	-	1,399,598



# Local Government Salaries and Billings — PFRS *continued*

Fiscal Year	Salaries	Contributions	Normal	Deficiency	GLIP	Administrative
<b>Villages</b>						
2005	\$ 236,766,570	\$ 39,044,844	\$ 38,088,252	\$ -	\$ -	\$ 956,592
2006	245,318,712	37,677,735	36,941,498	-	-	736,237
2007	251,789,449	40,309,964	39,301,296	-	-	1,008,668
2008	260,713,425	40,875,275	39,828,283	-	261,751	785,241
2009	271,083,935	41,155,426	40,339,680	-	-	815,746
2010	279,110,145	41,046,994	39,630,908	-	-	1,416,086
2011	284,144,385	49,801,862	48,105,170	-	282,784	1,413,908
2012	288,899,267	61,448,733	60,286,366	-	-	1,162,367
2013	289,479,125	72,871,202	71,130,551	-	290,108	1,450,543
2014	296,688,354	83,549,031	82,367,874	-	-	1,181,157
<b>Miscellaneous</b>						
2005	221,530,945	39,079,882	38,249,624	-	-	830,258
2006	230,403,597	40,016,217	39,322,040	-	-	694,177
2007	245,010,928	42,931,506	41,968,985	-	-	962,521
2008	266,355,184	44,355,212	43,330,386	-	256,207	768,619
2009	278,364,071	44,753,630	43,917,335	-	-	836,295
2010	276,719,595	44,766,923	43,309,191	-	-	1,457,732
2011	277,823,751	51,630,642	49,951,567	-	279,846	1,399,229
2012	305,193,545	60,344,419	59,216,144	-	-	1,128,275
2013	303,608,075	77,558,504	75,734,743	-	303,957	1,519,804
2014	324,198,568	88,966,389	87,744,530	-	-	1,221,859

# Contributions Recorded, 2005–2014

(In Millions)

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

Year Ended 3/31	Employer Contributions*	Member Contributions
<b>2005</b>		
<b>Total</b>	<b>\$ 2,964.8</b>	<b>\$ 227.3</b>
State	1,087.7	
Local	1,877.1	
<b>2006</b>		
<b>Total</b>	<b>\$ 2,782.1</b>	<b>\$ 241.2</b>
State	1,067.9	
Local	1,714.2	
<b>2007</b>		
<b>Total</b>	<b>\$ 2,718.5</b>	<b>\$ 250.2</b>
State	988.2	
Local	1,730.3	
<b>2008</b>		
<b>Total</b>	<b>\$ 2,648.5</b>	<b>\$ 265.7</b>
State	1,007.8	
Local	1,640.7	
<b>2009</b>		
<b>Total</b>	<b>\$ 2,456.2</b>	<b>\$ 273.3</b>
State	889.2	
Local	1,567.0	
*Includes employer premiums to Group Life Insurance Plan.		

Year Ended 3/31	Employer Contributions*	Member Contributions
<b>2010</b>		
<b>Total</b>	<b>\$ 2,344.2</b>	<b>\$ 284.3</b>
State	897.5	
Local	1,446.7	
<b>2011</b>		
<b>Total</b>	<b>\$ 4,164.6</b>	<b>\$ 286.2</b>
State	1,759.0	
Local	2,405.6	
<b>2012</b>		
<b>Total</b>	<b>\$ 4,585.2</b>	<b>\$ 273.2</b>
State	1,785.6	
Local	2,799.6	
<b>2013</b>		
<b>Total</b>	<b>\$ 5,336.0</b>	<b>\$ 269.1</b>
State	1,950.1	
Local	3,385.9	
<b>2014</b>		
<b>Total</b>	<b>\$ 6,064.1</b>	<b>\$ 281.4</b>
State	2,372.7	
Local	3,691.4	
*Includes employer premiums to Group Life Insurance Plan.		

# 20-Year Summary\*

	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Total Participants</b>	<b>1,066,064</b>	<b>1,061,010</b>	<b>1,059,398</b>	<b>1,057,754</b>	<b>1,055,020</b>	<b>1,046,086</b>	<b>1,035,430</b>	<b>1,012,699</b>	<b>995,536</b>
<b>Number of Members</b>	<b>643,659</b>	<b>647,574</b>	<b>656,224</b>	<b>672,723</b>	<b>679,217</b>	<b>679,908</b>	<b>677,321</b>	<b>662,633</b>	<b>653,291</b>
<b>ERS (a)</b>	<b>609,565</b>	<b>613,930</b>	<b>622,107</b>	<b>637,921</b>	<b>643,875</b>	<b>643,700</b>	<b>641,119</b>	<b>626,923</b>	<b>617,989</b>
State	201,192	202,570	203,274	213,089	216,582	219,741	220,216	215,296	211,041
Counties	106,688	108,302	111,051	114,111	115,722	116,515	117,084	115,944	115,472
Cities	18,182	18,176	18,420	18,667	18,897	18,893	18,992	18,843	18,891
Towns	44,676	44,407	44,644	44,416	44,361	43,403	43,203	41,989	41,393
Villages	14,073	14,040	14,051	14,165	14,150	14,000	13,891	13,597	13,388
Miscellaneous	94,396	95,199	97,225	98,115	97,960	97,272	95,601	92,736	90,879
Schools	130,358	131,236	133,442	135,358	136,203	133,876	132,132	128,518	126,925
<b>PFRS (a)</b>	<b>34,094</b>	<b>33,644</b>	<b>34,117</b>	<b>34,802</b>	<b>35,342</b>	<b>36,208</b>	<b>36,202</b>	<b>35,710</b>	<b>35,302</b>
State	5,792	5,630	5,548	5,579	5,973	6,222	6,223	6,219	5,955
Counties	5,003	5,076	5,372	5,499	5,560	5,841	5,898	5,873	5,850
Cities	11,812	11,868	11,974	12,137	12,289	12,433	12,414	12,206	12,147
Towns	4,162	4,153	4,178	4,205	4,249	4,340	4,364	4,295	4,261
Villages	4,330	4,370	4,433	4,512	4,547	4,592	4,621	4,591	4,641
Miscellaneous	2,995	2,547	2,612	2,670	2,724	2,780	2,682	2,526	2,448
<b>Members by Tier (b)</b>									
ERS Tier 1	5,249	6,230	7,551	10,718	13,395	16,829	20,513	25,053	29,492
ERS Tier 2	6,297	7,538	9,222	12,911	15,651	18,097	20,315	22,458	24,263
ERS Tiers 3 through 6	598,019	600,162	605,334	614,292	614,829	608,774	600,291	579,412	564,234
PFRS Tier 1	123	172	230	304	393	576	745	924	1,143
PFRS Tier 2	29,188	30,295	31,830	33,091	34,261	35,632	35,457	34,786	34,159
PFRS Tiers 3, 5 & 6	4,783	3,177	2,057	1,407	688	0	0	0	0
<b>Retirees &amp; Beneficiaries</b>	<b>422,405</b>	<b>413,436</b>	<b>403,174</b>	<b>385,031</b>	<b>375,803</b>	<b>366,178</b>	<b>358,109</b>	<b>350,066</b>	<b>342,245</b>
ERS	389,288	380,899	371,468	353,940	345,106	336,273	328,726	321,113	313,837
PFRS	33,117	32,537	31,706	31,091	30,697	29,905	29,383	28,953	28,408
<b>Employers</b>	<b>3,027</b>	<b>3,029</b>	<b>3,040</b>	<b>3,039</b>	<b>3,035</b>	<b>3,026</b>	<b>3,021</b>	<b>3,010</b>	<b>3,001</b>
ERS	3,002	3,004	3,016	3,016	3,011	3,001	2,995	2,983	2,974
PFRS	681	681	682	681	681	683	683	683	685
<b>Benefit Payments (c)</b>	<b>\$ 9,898.8</b>	<b>\$ 9,450.2</b>	<b>\$ 8,862.8</b>	<b>\$ 8,464.6</b>	<b>\$ 7,663.1</b>	<b>\$ 7,212.1</b>	<b>\$ 6,835.6</b>	<b>\$ 6,383.4</b>	<b>\$ 6,028.9</b>
Retirement Allowances	9,098.4	8,669.8	8,109.3	7,717.0	6,931.8	6,497.1	6,142.8	5,722.9	5,388.6
Death Benefits (Lump Sum)	203.8	194.2	185.0	192.3	183.0	180.5	181.7	164.6	161.2
COLA Payments	596.6	586.2	568.5	555.3	548.3	534.5	511.1	495.9	479.1
# of Service Retirements	19,702	19,962	28,259	19,092	19,193	17,979	17,261	16,390	16,827
# of Death Benefits Paid	810	844	879	984	955	935	1,014	832	932
# of Disability Retirements	963	1,026	1,161	844	1,421	1,020	950	1,227	1,267
<b>Employer Contributions (d)</b>	<b>\$ 6,064.1</b>	<b>\$ 5,336.1</b>	<b>\$ 4,585.2</b>	<b>\$ 4,164.5</b>	<b>\$ 2,344.2</b>	<b>\$ 2,456.2</b>	<b>\$ 2,648.4</b>	<b>\$ 2,718.6</b>	<b>\$ 2,782.2</b>
ERS	5,045.6	4,435.6	3,790.6	3,525.8	1,785.5	1,898.7	2,073.5	2,116.0	2,271.4
PFRS	926.3	808.5	706.4	538.8	465.0	492.8	510.6	502.5	433.4
Group Life Insurance Plan	92.2	92.0	88.2	99.9	93.7	64.7	64.3	100.1	77.3
<b>Rate (as a % of Salary) (e)</b>									
ERS	20.9%	18.9%	16.3%	11.9%	7.4%	8.5%	9.6%	10.7%	11.3%
PFRS	28.9%	25.8%	21.6%	18.2%	15.1%	15.8%	16.6%	17.0%	16.3%
<b>Employee Contributions</b>	<b>\$ 281.4</b>	<b>\$ 269.1</b>	<b>\$ 273.2</b>	<b>\$ 286.2</b>	<b>\$ 284.3</b>	<b>\$ 273.3</b>	<b>\$ 265.7</b>	<b>\$ 250.2</b>	<b>\$ 241.2</b>
ERS	273.5	264.8	268.5	284.5	282.8	269.0	263.1	247.2	237.7
PFRS	7.9	4.3	4.7	1.7	1.5	4.3	2.6	2.9	3.5
<b>Investments (f)</b>	<b>\$ 176,835.1</b>	<b>\$ 160,660.8</b>	<b>\$ 150,658.9</b>	<b>\$ 147,237.0</b>	<b>\$ 132,500.2</b>	<b>\$ 108,960.7</b>	<b>\$ 153,877.7</b>	<b>\$ 154,575.5</b>	<b>\$ 140,453.3</b>
Equities	93,191.7	83,049.5	79,059.2	79,945.0	72,674.0	47,871.0	83,153.7	90,119.7	88,550.9
Core Fixed Income	41,410.6	38,559.5	33,440.5	31,037.9	33,726.1	36,541.6	36,571.4	33,536.2	28,889.0
Commercial Mortgages	853.9	812.7	803.0	851.3	845.7	710.2	772.4	889.7	1,162.7
Short-Term Investments	6,592.8	6,461.3	7,397.7	8,360.2	3,086.1	3,826.7	6,443.1	8,551.1	6,619.3
Private Equity	14,369.8	14,072.6	14,925.9	14,620.4	12,584.0	10,563.7	12,699.4	10,044.8	8,284.8
Equity Real Estate	12,529.3	11,195.4	9,339.5	7,631.0	5,551.1	7,066.5	8,909.4	6,752.7	5,430.7
Absolute Return Strategy	7,406.1	6,124.7	5,165.7	4,215.5	3,553.3	2,381.0	5,328.3	4,681.3	1,516.0
Opportunistic Funds	480.9	385.1	527.4	575.7	479.9	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
<b>Rate of Return</b>	<b>13.0%</b>	<b>10.4%</b>	<b>6.0%</b>	<b>14.6%</b>	<b>25.9%</b>	<b>(26.4)%</b>	<b>2.6%</b>	<b>12.6%</b>	<b>14.6%</b>
Core Fixed Income	(0.5)%	4.7%	9.0%	8.0%	7.4%	2.4%	8.6%	6.0%	1.7%
Equity Investments	19.1%	12.5%	4.9%	17.1%	41.3%	(30.8)%	0.9%	15.0%	19.1%
Administrative Cost	\$ 105.7	\$ 105.7	\$ 100.6	\$ 101.3	\$ 100.0	\$ 99.2	\$ 90.3	\$ 79.8	\$ 78.5
Financial Statement Assets	\$ 181,275.3	\$ 164,221.8	\$ 153,394.4	\$ 149,548.6	\$ 134,251.7	\$ 110,937.8	\$ 155,845.9	\$ 156,625.2	\$ 142,620.1

# 20-Year Summary\*

continued

2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
982,009	970,078	964,140	944,500	924,643	899,314	882,234	867,204	860,429	864,460	867,731
647,758	641,721	650,543	637,896	626,565	604,479	593,188	582,689	578,566	590,130	605,544
612,410	606,155	614,555	602,428	590,959	569,369	558,236	547,805	543,663	553,649	569,298
208,899	207,641	216,005	216,507	222,343	216,347	216,380	214,628	216,084	225,771	238,760
118,006	117,514	119,319	118,318	119,638	115,576	113,856	112,792	115,904	118,055	120,517
18,979	18,933	19,637	19,671	19,551	19,148	18,966	18,907	18,909	19,410	20,283
40,561	39,841	39,395	38,063	37,121	35,882	35,056	34,764	33,949	33,997	34,349
13,106	12,878	12,823	12,360	11,969	11,509	11,279	11,087	10,942	10,939	11,057
86,791	85,732	85,708	81,752	69,968	67,212	64,218	62,176	58,128	58,582	59,080
126,068	123,616	121,668	115,757	110,369	103,695	98,481	93,451	89,747	86,895	85,252
<b>35,348</b>	<b>35,566</b>	<b>35,988</b>	<b>35,468</b>	<b>35,606</b>	<b>35,110</b>	<b>34,952</b>	<b>34,884</b>	<b>34,903</b>	<b>36,481</b>	<b>36,246</b>
6,038	5,898	5,802	5,679	5,534	5,279	5,232	5,195	5,230	5,793	5,866
5,833	5,814	5,901	6,029	6,176	6,267	6,338	6,332	6,277	6,542	6,278
12,113	12,374	12,541	12,612	12,781	12,660	12,552	12,579	12,538	12,923	12,919
4,217	4,231	4,233	4,191	4,180	4,163	4,149	4,139	4,095	4,170	4,077
4,653	4,732	4,867	4,795	4,805	4,727	4,699	4,683	4,743	4,967	4,967
2,494	2,517	2,644	2,162	2,130	2,014	1,982	1,956	2,020	2,086	2,139
34,980	39,622	50,032	56,541	60,736	57,657	64,173	69,942	75,166	84,015	96,299
25,938	27,398	30,122	31,981	32,914	32,641	34,296	36,061	37,739	41,631	45,716
551,492	539,135	534,401	513,906	497,309	479,071	459,767	441,802	430,758	428,003	427,283
1,503	2,076	2,597	3,260	3,927	4,469	4,997	5,537	6,087	6,872	7,439
33,845	33,490	33,391	32,208	31,679	30,641	29,955	29,347	28,816	29,609	28,807
0	0	0	0	0	0	0	0	0	0	0
<b>334,251</b>	<b>328,357</b>	<b>313,597</b>	<b>306,604</b>	<b>298,078</b>	<b>294,835</b>	<b>289,046</b>	<b>284,515</b>	<b>281,863</b>	<b>274,330</b>	<b>262,187</b>
306,531	301,528	287,341	280,997	273,147	270,333	264,899	260,751	258,413	251,442	239,727
27,720	26,829	26,256	25,607	24,931	24,502	24,147	23,764	23,450	22,888	22,460
<b>2,993</b>	<b>2,985</b>	<b>2,968</b>	<b>2,922</b>	<b>2,897</b>	<b>2,860</b>	<b>2,843</b>	<b>2,809</b>	<b>2,786</b>	<b>2,779</b>	<b>2,765</b>
2,967	2,959	2,943	2,917	2,890	2,853	2,836	2,813	2,782	2,773	2,760
684	684	681	679	678	678	679	678	676	675	674
<b>\$ 5,674.7</b>	<b>\$ 5,347.5</b>	<b>\$ 4,984.6</b>	<b>\$ 4,488.3</b>	<b>\$ 4,181.0</b>	<b>\$ 3,720.2</b>	<b>\$ 3,482.0</b>	<b>\$ 3,305.0</b>	<b>\$ 3,122.0</b>	<b>\$ 2,877.9</b>	<b>\$ 2,527.9</b>
5,041.0	4,722.1	4,373.3	3,872.0	3,619.9	3,415.1	3,217.1	3,071.6	2,885.3	2,639.8	2,357.8
161.9	157.3	148.4	151.8	152.9	142.8	123.0	125.7	118.5	140.0	107.3
471.8	468.1	462.9	464.5	336.1	162.3	141.9	107.7	118.2	98.1	62.8
14,533	23,655	16,078	17,499	11,640	14,470	12,675	11,932	15,324	19,578	9,613
1,041	1,025	1,019	1,068	1,005	1,026	956	974	965	1,092	1,068
1,463	1,103	1,064	1,038	1,079	1,189	1,356	938	1,016	1,235	1,183
<b>\$ 2,964.8</b>	<b>\$ 1,286.5</b>	<b>\$ 651.9</b>	<b>\$ 263.8</b>	<b>\$ 214.8</b>	<b>\$ 164.5</b>	<b>\$ 291.7</b>	<b>\$ 462.6</b>	<b>\$ 903.5</b>	<b>\$ 776.9</b>	<b>\$ 315.1</b>
2,434.5	1,052.3	525.5	179.1	131.0	83.0	193.2	280.1	668.8	521.8	47.2
455.3	158.4	66.3	47.3	49.0	62.0	50.1	125.1	177.9	219.3	237.8
75.0	75.8	60.1	37.4	34.8	19.5	48.4	57.4	56.8	35.9	30.1
12.9%	5.9%	1.5%	1.2%	0.9%	0.9%	1.3%	1.7%	3.7%	2.2%	0.7%
17.6%	5.8%	1.4%	1.6%	1.6%	1.9%	2.4%	7.0%	9.8%	13.0%	13.9%
<b>\$ 227.3</b>	<b>\$ 221.9</b>	<b>\$ 219.2</b>	<b>\$ 210.2</b>	<b>\$ 319.1</b>	<b>\$ 422.7</b>	<b>\$ 399.8</b>	<b>\$ 369.4</b>	<b>\$ 348.2</b>	<b>\$ 341.9</b>	<b>\$ 334.0</b>
224.5	217.4	214.1	206.0	317.4	422.0	398.7	368.8	347.7	338.5	331.6
2.8	4.5	5.1	4.2	1.7	0.7	1.1	0.6	0.5	3.5	2.4
<b>\$ 126,083.5</b>	<b>\$ 119,245.0</b>	<b>\$ 95,598.3</b>	<b>\$ 111,168.5</b>	<b>\$ 112,432.9</b>	<b>\$ 127,138.9</b>	<b>\$ 111,008.7</b>	<b>\$ 104,921.8</b>	<b>\$ 82,333.8</b>	<b>\$ 74,827.9</b>	<b>\$ 63,406.6</b>
80,917.2	74,876.5	51,357.0	66,375.5	63,661.7	82,733.6	66,397.8	63,348.7	45,827.4	42,818.4	34,775.2
29,310.8	29,691.2	32,019.7	31,839.2	35,305.7	31,764.3	34,307.9	32,451.7	27,373.5	25,709.5	22,771.6
1,281.9	1,530.0	1,723.6	1,628.7	1,835.8	1,318.6	1,509.5	1,635.0	1,506.3	1,736.3	1,836.6
2,602.5	1,879.1	771.2	1,429.0	992.0	2,238.3	2,541.8	1,927.0	3,011.2	1,092.8	983.8
6,832.4	6,738.8	5,564.8	5,579.5	5,941.6	5,385.9	3,159.8	2,671.7	2,122.9	2,067.3	1,937.0
4,634.0	4,529.4	4,162.0	4,316.6	4,696.0	3,698.1	3,091.8	2,887.7	2,492.5	1,403.6	1,102.4
504.7	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>8.5%</b>	<b>28.8%</b>	<b>(10.2)%</b>	<b>2.8%</b>	<b>(8.7)%</b>	<b>17.8%</b>	<b>8.8%</b>	<b>30.4%</b>	<b>10.9%</b>	<b>21.8%</b>	<b>8.8%</b>
3.0%	8.9%	16.8%	4.3%	14.1%	1.3%	6.6%	15.6%	4.3%	12.9%	4.8%
10.6%	42.8%	(24.3)%	2.9%	(20.3)%	25.3%	10.1%	47.2%	15.0%	29.7%	12.4%
<b>\$ 65.3</b>	<b>\$ 69.6</b>	<b>\$ 67.5</b>	<b>\$ 66.6</b>	<b>\$ 57.8</b>	<b>\$ 50.7</b>	<b>\$ 52.6</b>	<b>\$ 49.1</b>	<b>\$ 47.6</b>	<b>\$ 46.6</b>	<b>\$ 43.8</b>
\$ 128,037.7	\$ 120,799.0	\$ 97,372.7	\$ 112,724.9	\$ 114,043.5	\$ 128,889.4	\$ 112,723.1	\$ 106,319.2	\$ 83,947.5	\$ 77,452.8	\$ 65,413.3

## Notes to 20-Year Summary

\* Combined Systems (ERS and PFRS) 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 thru 6 membership statistics are combined. Tier 6 was enacted on April 1, 2012.
- (c) Total does not include Employee Contributions Refunded or Other Benefits found in the Financial Statements.
- (d) Employer Contributions reflect increased employer billing rates from the fiscal year ended March 31, 2010 and costs associated with retirement incentives offered to members of ERS under RSSL Chapter 105 of the Laws of 2010.
- (e) 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.
- (f) 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.

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

New York State and Local Retirement System



Employees' Retirement System  
Police and Fire Retirement System

