

ACTUARIAL VALUATION REPORT

as of

JUNE 30, 2014



New York State Teachers' Retirement System

**Office of the Actuary
July 7, 2015**

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

Actuarial Valuation Report as of June 30, 2014

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NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

Actuarial Valuation Report as of June 30, 2014

A. INTRODUCTION

This report presents the results of the annual actuarial valuation of assets and liabilities of the New York State Teachers' Retirement System as of June 30, 2014. The purpose of this report is to summarize the determination of the Employer Contribution Rate which will be applied to member salaries earned during the July 1, 2015 to June 30, 2016 fiscal year and to review the funded status of the Retirement System. Use of the valuation results contained herein for purposes other than those stated above may not be appropriate.

B. EMPLOYER CONTRIBUTION RATE

The Employer Contribution Rate to be applied to member salaries for the July 1, 2015 to June 30, 2016 fiscal year and collected in the fiscal year ending June 30, 2017 consists of four components. These components may be described as follows:

The **Normal Rate** represents the annual cost of accruing active member benefits as well as incorporating actuarial gains and losses. The active member component includes the cost of benefits accruing on account of retirement, withdrawal, disability, death (except for benefits funded by the group life insurance rate) and the cost-of-living benefit provided during retirement.

The **Expense Rate** is a one-year term rate representing the administrative cost of the Retirement System and is set during the budget process.

The **Group Life Insurance Rate** is a one-year term rate representing the cost of the first \$50,000 of member death benefits.

The **Excess Benefit Plan Rate** is a one-year term rate representing the cost of benefit payments in excess of the Internal Revenue Code Section 415 limits.

The actuarially computed Employer Contribution Rate to be applied to the member salaries for the fiscal year ending June 30, 2016 is **13.26%**. The Employer Contribution Rates determined by the actuarial valuations as of June 30, 2014 and June 30, 2013 and the changes between the two are summarized below:

	As of <u>6/30/2014</u>	As of <u>6/30/2013</u>	<u>Change</u>
Normal Rate	12.85%	17.13%	-4.28%
Expense Rate	0.27	0.27	0.00
Group Life Insurance Rate	0.13	0.13	0.00
Excess Benefit Plan Rate	<u>0.01</u>	<u>0.00</u>	<u>+0.01</u>
Employer Contribution Rate	13.26%	17.53%	-4.27%

The actuarial assumptions in use for the June 30, 2014 actuarial valuation were developed primarily based upon Retirement System experience and were adopted by the Retirement Board on October 27, 2011. In accordance with Sections 501, 508 and 517 of the Education Law, the Retirement Board has the authority to adopt the actuarial assumptions as recommended by the Actuary.

As in prior years, the actual employer contributions made by participating employers during the fiscal year ending June 30, 2014 were equal to the employer contributions determined in accordance with the annual actuarial valuation. Additional payments are made by certain participating employers as required by statute for participation in early retirement incentives.

C. GAIN/LOSS IN THE EMPLOYER CONTRIBUTION RATE

The Employer Contribution Rate of 13.26% represents a 427 basis point decrease from the prior year's rate of 17.53%.

NORMAL RATE

The Normal Rate component of the Employer Contribution Rate has decreased by 428 basis points over the prior year's rate. This change may be broken down as follows:

<u>Salary/Service:</u>	This gain is due to salary and service data coming in lower than expected.	-0.51
<u>Net Investment Gain:</u>	The investment return on the actuarial value of assets was approximately 14.60% which was greater than the 8.0% expected return.	-3.52
<u>New Entrants:</u>	New entrants joined the Retirement System as Tier 6 members with a long-term expected normal rate of approximately 4.3% which compares favorably to the current normal rate of 12.85%.	-0.19
<u>Withdrawal:</u>	More members withdrew than expected.	-0.09
<u>Mortality:</u>	Members are living slightly longer than expected and receiving benefits for a longer period.	+0.04
<u>Retirement:</u>	There were more retirements at younger ages than expected.	+0.03
<u>Pension Payments:</u>	Actual payments to retirees were greater than expected.	+0.03
<u>Cost of Living Adjustment:</u>	The actual COLA increase of 1.0% was lower than the expected increase of 1.625%.	-0.07
<u>TOTAL CHANGE IN THE NORMAL RATE</u>		-4.28%

OTHER COMPONENTS

The **Expense Rate** is set during the budget process and is unchanged from the previous year.

The **Group Life Insurance Rate** is unchanged from the previous year. Although the premiums collected have generally been more than sufficient to cover payments over the past several years, this rate is being held constant in anticipation of rising payouts in the future due to Tier 2, 3, 4, 5 and 6 post-retirement death benefits and the inactive death benefit.

The **Excess Benefit Plan Rate** has increased from 0.00% to 0.01%. This rate represents the retirement benefits paid in excess of the Internal Revenue Code Section 415 limits. These payments are made exclusively from the Excess Benefit Plan. This fund was established in accordance with the Excess Benefit Plan which received final IRS approval in August 2001. The rate has been set to 1 basis point in order to replenish the fund and ensure that the fund balance does not go below zero.

D. EMPLOYER CONTRIBUTION RATE HISTORY

The following chart summarizes the Employer Contribution Rate for the last 20 years:

<i>Salary Year</i>	<i>Employer Contribution Rate</i>	<i>Salary Year</i>	<i>Employer Contribution Rate</i>
1996-1997	3.57%	2006-2007	8.60%
1997-1998	1.25	2007-2008	8.73
1998-1999	1.42	2008-2009	7.63
1999-2000	1.43	2009-2010	6.19
2000-2001	0.43	2010-2011	8.62
2001-2002	0.36	2011-2012	11.11
2002-2003	0.36	2012-2013	11.84
2003-2004	2.52	2013-2014	16.25
2004-2005	5.63	2014-2015	17.53
2005-2006	7.97	2015-2016	13.26

The complete Employer Contribution Rate history is presented in Appendix 13.

E. EMPLOYER CONTRIBUTION RATE DECREASE

The Employer Contribution Rate has decreased this year from 17.53% to 13.26%, representing a decrease of approximately 24%. The Normal Rate component equals 12.85%, a decrease of approximately 25% from the prior year's Normal Rate of 17.13%. The rate of return on the System's market value of assets for the fiscal year ending June 30, 2014 was 18.2%, and the System's five-year market value rate of return now stands at 13.8%. With the large 2009 fiscal year loss now out of the five year average, the System experienced a gain on investments in the 2014 valuation and this gain was the primary reason for the decrease in the employer contribution rate.

F. MEMBER DATA

The member data for the valuation was determined as of June 30, 2014. Compared with the previous year, the total number of members decreased slightly from 426,150 to 425,970; the number of active members decreased from 273,328 to 270,039; the number of retired members increased from 147,291 to 150,268; and the number of beneficiaries receiving monthly benefits increased from 5,531 to 5,663.

The number of retirements increased from 6,330 during the 2012-2013 fiscal year to 6,547 during the 2013-2014 fiscal year. There was no early retirement incentive offered in the 2013-2014 fiscal year. The number of retirements over each of the last ten years is as follows:

<i>Fiscal Year</i>	<i>Total Number of Retirements</i>	<i>Fiscal Year</i>	<i>Total Number of Retirements</i>
2004-2005	7,182	2009-2010	5,501
2005-2006	7,281	2010-2011*	8,423
2006-2007	6,900	2011-2012	6,033
2007-2008	6,330	2012-2013	6,330
2008-2009	5,644	2013-2014	6,547

*Denotes an early retirement incentive offered during that fiscal year.

Historical member statistics, including statistics specific to retired members, appear in the appendices to this report. Additional member statistics may also be found in the Retirement System's most recent Comprehensive Annual Financial Report.

G. FUNDED STATUS

As of June 30, 2014, the actuarial value of plan assets was equal to \$90.01 billion. The accrued pension benefit liability calculated in accordance with the Entry Age Normal Cost Method was equal to \$96.90 billion. These two values produced a funded ratio of 92.9% as of June 30, 2014. If the market value of plan assets is used instead of the actuarial value of plan assets, the funded ratio as of June 30, 2014 would be equal to 111.6%.

For purposes of this funded ratio calculation, the plan liabilities have been calculated in accordance with the Entry Age Normal Cost Method as required by Governmental Accounting Standards Board (GASB) Statement No. 67. The Retirement System is funded in accordance with the Aggregate Cost Method. GASB Statement No. 67 requires that the Entry Age Normal Cost Method be used to calculate the accrued liability for purposes of presenting the funded ratio calculation for all plans, regardless of the cost method being used for funding purposes. Both Aggregate and Entry Age Normal are appropriate contribution allocation procedures for purposes of funding this plan on an ongoing basis and are consistent with the plan accumulating sufficient assets to make benefit payments when due.

Future actuarial measurements such as the funded ratio and employer contribution rate may differ significantly from the current measurements presented in this report due to such factors as: future plan experience that differs significantly from that predicted by the actuarial assumptions; changes in the actuarial assumptions; and changes in plan provisions or applicable law.

A history of the Retirement System's funded status is provided in Appendix 4 of this report.

H. ACTUARIAL EXPERIENCE

Each year the Retirement System completes an experience study in order to regularly monitor the reasonableness and appropriateness of the actuarial assumptions used in the actuarial valuation. These assumptions are used to estimate the probability a member will cease teaching due to retirement, withdrawal, disability, or death. In addition, the assumptions are used to

estimate future salary increases, future investment earnings, and the probability of death for retired members and beneficiaries. A summary of the results of the most recent experience study is contained in Appendix 10. The current actuarial assumptions were adopted by the Retirement Board on October 27, 2011, and first effective with the actuarial valuation of the Retirement System's assets and liabilities as of June 30, 2011. Specific details regarding the development of the present actuarial assumptions can be found in the Report on the 2011 Recommended Actuarial Assumptions.

The Retirement Board, in consultation with Retirement System staff and the external investment consultant, annually reviews the asset allocation policy to determine if any changes to the policy are appropriate. According to the System's external investment consultant, the System's asset allocation as of June 30, 2014 produces a long-term (30-year) expected annual geometric rate of return of 7.3%, and an expected annual arithmetic rate of return of 8.2%.

The Retirement System's asset allocation, including targets and ranges, can be found in Appendix 11. Historical rate of return information can be found at the end of Appendix 10. Detailed investment information is available in the System's Comprehensive Annual Financial Report.

I. ACTUARIAL AUDIT

In accordance with the requirements of the Government Finance Officers Association's (GFOA) Best Practices, the Retirement System must undergo an actuarial audit at least once every five years. The purpose of an actuarial audit is to provide an independent evaluation of the actuarial valuation performed by the Office of the Actuary. The most recent actuarial audit was performed by Gabriel, Roeder, Smith and Company (GRS) and was performed on the actuarial valuation as of June 30, 2013. GRS took the System's member data and re-ran the June 30, 2013 actuarial valuation using its valuation software, and based upon its understanding of the System's benefit structure, in order to compare to the System's valuation results.

GRS provided opinions regarding the accuracy and reasonableness for the actuarial valuation as of June 30, 2013 with respect to the following items:

- Validity of Valuation Data

- Actuarial Assumptions
 - Economic
 - Demographic
- Actuarial Funding Method and Asset Valuation Method
 - Application of Methods
 - Appropriateness of Methods
- Replication of Valuation Results (conduct parallel valuation)
 - Present value of benefits
 - Development of employer contribution rate
 - Reconciliation of any major areas of difference
- Compliance with laws and regulations
 - Governmental Accounting Standards Board (GASB)
 - Actuarial Standards of Practice
 - Plan Provisions
 - Applicable federal regulation

The opinion expressed by GRS regarding the funded percentage, the employer contribution rate, the actuarial assumptions and the actuarial cost method indicated all are reasonable and appropriate. Additionally, the independent replication valuation performed by GRS produced a total present value of future benefits within .08% of the present value of future benefits computed by the Office of the Actuary. Furthermore, GRS states that the actuarial valuation generally complies with the Actuarial Standards of Practice and generally accepted actuarial principles and practices.

J. NEW LEGISLATION

There was no legislation signed into law during the 2014 Legislative Session that had a significant financial impact on the Retirement System.

K. STABLE CONTRIBUTION OPTION

Chapter 57 of the Laws of 2013, enacted on March 29, 2013, provided the Retirement System with the ability to offer a seven-year Stable Contribution Option (SCO) to public school districts and BOCES in New York State. Eligible employers had the choice of either continuing to pay the actuarially required contribution (ARC) or electing to participate in the SCO and thereby pay a stable contribution rate for up to seven years and defer payment of the difference between the ARC and the SCO to later years. At a special Retirement Board Meeting held on April 9, 2013, the Retirement Board voted to make the SCO available to eligible employers in accordance with Chapter 57. Ten participating employers elected to participate in the SCO out of 717 that were eligible. Currently, three out of the ten participating employers who elected to participate in the SCO have opted out of the plan.

The following chart summarizes the provisions under the SCO:

Year	Stable Rate¹ (per statute)	Applicable Payroll (school year)	Interest Rate Applied to Deferral³
One	14.0%	2013-14	2.91%
Two	14.0%	2014-15	3.71%
Three	16.0% ²	2015-16	-
Four	16.0%	2016-17	-
Five	18.0% ²	2017-18	-
Six	18.0%	2018-19	-
Seven	18.0%	2019-20	-

¹ Rates shown are base rates as per statute. The actual rate will include a small additional charge to account for the group life insurance rate (currently 0.13%).

² The law grants the Retirement System's Board discretion to increase the rate by up to 2.0% in year three (to a maximum of 16.0%) and year five (to a maximum of 18.0%) if necessary to meet fiduciary obligations.

³ The interest rate is determined based upon the monthly average yield on 10-year U.S. Treasury securities for the 12-month period that precedes August 1 of the deferral year, plus 1%.

Employers electing to participate in the SCO may opt out of the plan at any time. Those opting out will resume payment of the ARC and will be required to begin repaying any deferred amounts plus interest, over a period not to exceed five years. Should the Retirement System's funded status fall below 80%, the SCO will terminate and all participating employers will resume paying the actuarially required contribution. In addition, employers will be required to repay any deferred amounts plus interest, over a period not to exceed five years. The window

period in which eligible employers could opt into the SCO ran from July 1, 2013 to June 30, 2014. Given the very low participation rate, the financial impact of the SCO is minimal.

L. SENSITIVITY ANALYSIS

Included in Appendix 12 is a Sensitivity Analysis. The purpose of this exhibit is to illustrate what the Employer Contribution Rate would have been had various actuarial assumptions been altered. The chart also gives the reader a feel for the significance of the assumptions on the valuation results, and the potential impact of modifying them.

M. FUTURE EXPECTATIONS

The next Employer Contribution Rate will be determined based upon the actuarial valuation as of June 30, 2015. The capital markets overall had an approximately flat return during the fiscal year ending June 30, 2015, with our main domestic equity index (S&P 1500) returning 7.3% for the fiscal year, and the international equity index (ACWI ex-US) returning -5.3% for the fiscal year. The market value rate of return for the Retirement System's entire portfolio, though still only estimated, should be in the neighborhood of 4%. The System's five-year annualized rate of return will decrease somewhat from last year's 13.8% to approximately 12%, meaning the System will again recognize an actuarial gain on investments.

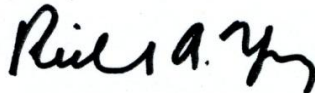
The System is currently working on revising its actuarial assumptions to make them more reflective of recent experience. The actuarial valuation as of June 30, 2015 will be the first one to use these new assumptions. The new assumptions will incorporate the Society of Actuaries new mortality improvement factors, released last year. The combined effect of the new actuarial assumptions will likely be an increase in the employer contribution rate.

Given the unknown cost impact of the revised assumptions, it's not possible to estimate the next employer contribution rate at this point in time.

N. CERTIFICATION

This actuarial valuation relies on member data provided by the participating employers to the Retirement System's administrative staff. The administrative and actuarial staffs review this data for reasonability as well as reconcile it against prior data. In addition, the valuation relies on financial data provided by the Retirement System's Finance Department. All data is reviewed by the Retirement System's independent auditors as part of the annual audit.

The benefits recognized in this actuarial valuation are prescribed by New York State statute (Article 11 of the Education Law and Articles 11, 14, 15, 18, 19, and 20 of the Retirement and Social Security Law), and are summarized in Appendix 17. All benefits are included in the actuarial valuation. The actuarial methods, calculations, and actuarial assumptions are in accordance with standards of practice prescribed by the Actuarial Standards Board and generally accepted actuarial principles and procedures. The assumptions used in determining the liabilities and costs are internally consistent and reasonably related to actual and anticipated future experience of the Retirement System. The undersigned meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.



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New York State Teachers' Retirement System
Office of the Actuary
July 7, 2015

APPENDIX 1

RECONCILIATION OF THE ACTUARIAL VALUE OF ASSETS

From June 30, 2013 to June 30, 2014

	Actuarial Value* (in thousands)
1. Actuarial Value of Assets as of June 30, 2013	\$82,531,752
2. Contributions and Transfers	
Employer contributions	1,686,603
Member contributions	113,034
Net transfers (in/out)	<u>1,366</u>
Subtotal	1,801,003
3. Net Investment Income/(Loss)	11,770,719
4. Distributions	
Benefit payments	6,310,775
Return of member contributions	<u>18,991</u>
Subtotal	6,329,766
5. Actuarial Value of Assets as of June 30, 2014 ¹	<u>\$89,773,708</u>
6. Market Value of Assets as of June 30, 2014	\$108,155,083

*Totals may not add due to rounding.

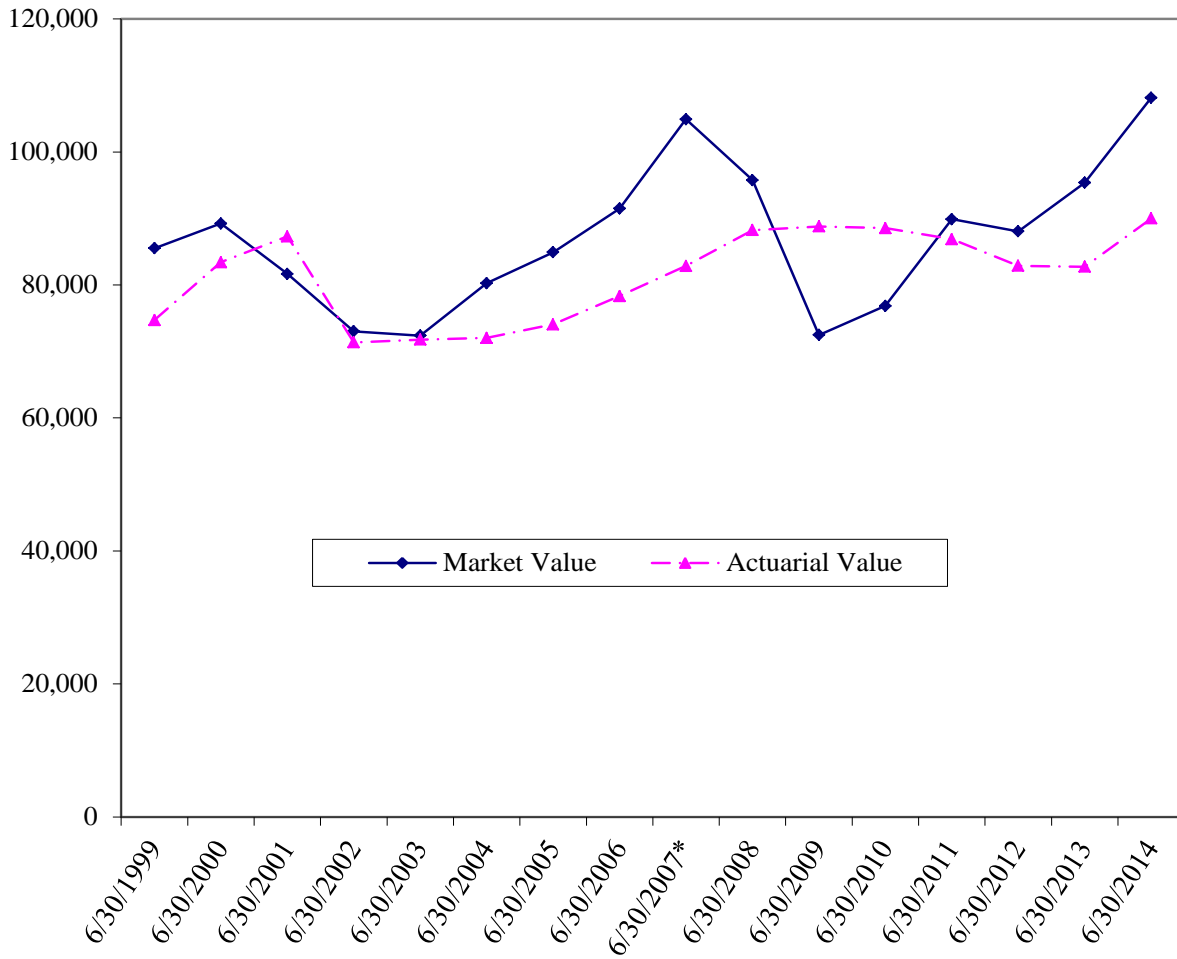
¹ Actuarial value of assets used in determining the Normal Rate, and excludes the net asset value of the Group Life Insurance Fund.

APPENDIX 2

COMPARISON OF MARKET VALUE TO ACTUARIAL VALUE OF ASSETS
(in Millions)

Fiscal Year Ending	Market Value	Actuarial Value	Fiscal Year Ending	Market Value	Actuarial Value
6/30/1999	\$ 85,514.4	\$ 74,721.1	6/30/2007*	\$104,912.9	\$ 82,858.9
6/30/2000	89,247.3	83,421.8	6/30/2008	95,769.3	88,254.7
6/30/2001	81,664.2	87,295.3	6/30/2009	72,471.8	88,805.5
6/30/2002	73,041.2	71,374.4	6/30/2010	76,844.9	88,544.4
6/30/2003	72,391.5	71,780.4	6/30/2011	89,889.7	86,892.2
6/30/2004	80,276.2	72,044.4	6/30/2012	88,056.3	82,871.4
6/30/2005	84,908.5	74,074.3	6/30/2013	95,367.0	82,742.5
6/30/2006	91,492.2	78,335.8	6/30/2014	108,155.1	90,007.1

Market Value vs. Actuarial Value
(in Millions)



*Effective June 30, 2007, the Retirement System's asset valuation method was changed.

APPENDIX 3

ACTUARIAL PRESENT VALUE OF FUTURE BENEFITS

as of June 30, 2014 and June 30, 2013
(in Thousands)

Each year an actuarial valuation determines the actuarial present value of future benefits (PVB), which is the present value of retirement and ancillary benefit payments that the Retirement System can expect to pay in the future to current retirees and members. The PVB is based upon both service and salary projected to retirement. The results of the two most recent actuarial valuations are displayed in the following table.

	2014	2013
Present Value of Benefits Currently Being Paid:		
Service Retirement Benefits.....	\$53,207,739	\$51,807,853
Disability Retirement Benefits.....	287,227	286,285
Death Benefits.....	3,039	2,375
Survivor Benefits.....	778,357	733,317
Cost-of-Living Allowance.....	<u>4,695,873</u>	<u>4,665,647</u>
Total Present Value of Benefits Presently Being Paid	58,972,236	57,495,477
Present Value of Benefits Payable in the Future to Current Active Members:		
Service Retirement Benefits.....	49,824,429	49,065,090
Disability Retirement Benefits.....	228,420	223,852
Termination Benefits.....	1,823,736	1,806,612
Death and Survivor Benefits.....	448,673	442,672
Cost-of-Living Allowance.....	<u>1,027,072</u>	<u>1,024,222</u>
Total Active Member Liabilities	53,352,330	52,562,450
Present Value of Benefits Payable in the Future to Current Inactive (Vested) Members:		
Retirement Benefits.....	265,413	246,725
Death Benefits.....	359	331
Cost-of-Living Allowance.....	<u>5,471</u>	<u>5,150</u>
Total Vested Liabilities	271,243	252,206
Unclaimed Funds.....	12,687	11,057
Total Actuarial Present Value of Future Benefits	\$112,608,496	\$110,321,190

Note: Totals may not sum due to rounding

APPENDIX 4

FUNDING PROGRESS

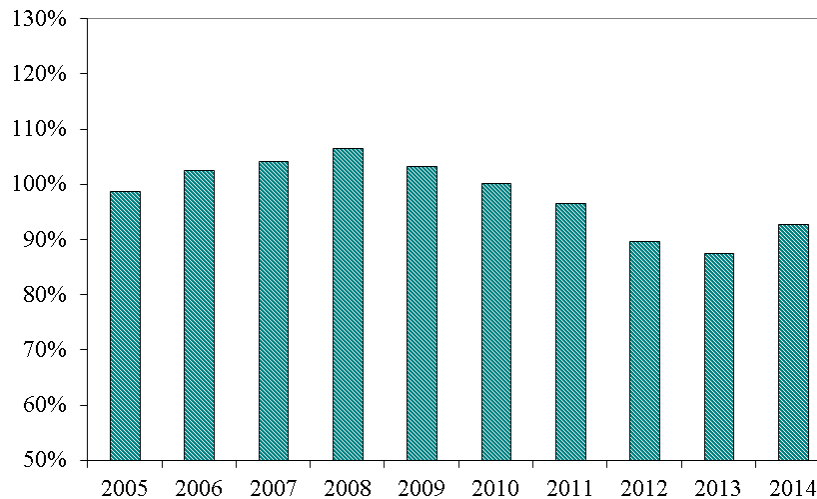
The portion of the actuarial present value of future benefits that is attributed to service rendered as of the valuation date is known as the actuarial accrued liability. In order to effectively assess the funding progress of a retirement system, it is necessary to compare the actuarial value of assets and the actuarial accrued liabilities over a period of time.

The Retirement System's funding method has allowed the accumulation of assets appropriate for the funding of its liabilities in a systematic and reasonable manner.

Analysis of Funding Progress (in Millions)

Fiscal Year Ending	Actuarial Value of Assets ¹	Actuarial Accrued Liability ²	Percent Funded
2005	\$74,074.3	\$74,961.1	98.8%
2006	78,335.8	76,353.0	102.6
2007	82,858.9	79,537.2	104.2
2008	88,254.7	82,777.5	106.6
2009	88,805.5	86,062.0	103.2
2010	88,544.4	88,318.8	100.3
2011	86,892.2	89,824.9	96.7
2012	82,871.4	92,250.9	89.8
2013	82,742.5	94,583.8	87.5
2014	90,007.1	96,904.5	92.9

Percent Funded



¹ Effective June 30, 2007, the Retirement System's asset valuation method was changed.

² Effective June 30, 2006, the Actuarial Accrued Liability is calculated under the Entry Age Normal Cost Method as was required by Governmental Accounting Standards Board (GASB) Statement No. 50 prior to its replacement by GASB Statement No. 67. NYSTRS is funded in accordance with the Aggregate Cost Method. GASB Statement No. 50 required that the Entry Age Normal Cost Method be used to calculate the accrued liability for purposes of presenting the funded percentage.

APPENDIX 5

EMPLOYER CONTRIBUTION RATE

2014 Valuation

8.00% Interest

Normal Rate	12.85%
Group Life Insurance Rate	0.13
Excess Benefit Plan Rate	0.01
Expense Rate	0.27
Computed Contribution Rate as of June 30, 2014	13.26%

NORMAL RATE CALCULATION

2014 Valuation

8.00% Interest

Liabilities**Active Tier 1**

Service Pension	\$597,531,148
Disability Pension	0
Vested Pension	0
Active Death over \$50,000	6,934,476
Death Benefit After 10-Yr Withdrawal over \$50,000	0
Annuity Savings Fund	2,430,530
COLA	8,498,061
Total	\$615,394,215

Active Tier 2

Service Pension	\$857,899,690
Post Retired Death over \$50,000	819,754
Disability Pension	2,990
Post Disabled Death over \$50,000	79
Vested Pension	25,060
Active Death over \$50,000	3,118,033
Death Benefit After 10-Yr Withdrawal over \$50,000	4
COLA	14,751,857
Total	\$876,617,467

Active Tier 3

Service Pension	\$3,886,260,129
Post Retired Death over \$50,000	3,093,614
Disability Pension	466,701
Post Disabled Death over \$50,000	7,961
Refund on Active Death	3,207,758
Active Death over \$50,000	11,389,261
Refund on Quit	299,570
Vested Pension	2,990,904
Death Benefit After 10-Yr Withdrawal over \$50,000	499
Refund on Death after Vested Withdrawal	250
COLA	79,656,171
Total	\$3,987,372,818

NORMAL RATE CALCULATION (Cont'd.)

2014 Valuation

8.00% Interest

Liabilities (Cont'd.)**Active Tier 4**

Service Pension	\$43,168,954,576
Post Retired Death over \$50,000	69,539,435
Disability Pension	220,217,255
Post Disabled Death over \$50,000	6,503,492
Refund on Active Death	36,931,757
Active Death over \$50,000	279,103,113
Refund on Quit	120,501,669
Vested Pension	1,602,856,593
Death Benefit After 10-Yr Withdrawal over \$50,000	2,873,466
Refund on Death after Vested Withdrawal	1,289,524
COLA	897,818,000
Total	\$46,406,588,880

Active Tier 5

Service Pension	\$582,392,483
Post Retired Death over \$50,000	1,574,509
Disability Pension	4,729,712
Post Disabled Death over \$50,000	153,044
Refund on Active Death	2,233,499
Active Death over \$50,000	6,636,932
Refund on Quit	28,481,930
Vested Pension	29,233,558
Death Benefit After 10-Yr Withdrawal over \$50,000	98,053
Refund on Death after Vested Withdrawal	75,662
COLA	11,051,001
Total	\$666,660,383

Active Tier 6

Service Pension	\$331,994,234
Post Retired Death over \$50,000	970,480
Disability Pension	2,972,983
Post Disabled Death over \$50,000	94,507
Refund on Active Death	2,572,014
Active Death over \$50,000	5,053,094
Refund on Quit	19,266,440
Vested Pension	14,328,619
Death Benefit After 10-Yr Withdrawal over \$50,000	57,446
Refund on Death after Vested Withdrawal	60,784
COLA	6,956,133
Total	\$384,326,734

APPENDIX 5 (Cont'd.)

NORMAL RATE CALCULATION (Cont'd.)

2014 Valuation

8.00% Interest

Liabilities (Cont'd.)**Retirees**

Retired Pension	\$53,076,535,455
Retired Annuity	131,203,559
Disability Pension	286,521,324
Disability Annuity	705,784
Beneficiary Pension	764,441,520
Beneficiary Annuity	8,314,052
DBA Pension	5,249,825
DBA Annuity	351,899
Escalation	4,533,552
Post Retired Death over \$50,000	1,908,715
COLA	4,199,590,286
Catch-Up & Prior §532 Supp	491,749,411
Total	\$58,971,105,382

Vesteds

Inactive Vested	\$265,412,933
Death Benefit After 10-Yr Withdrawal over \$50,000	359,113
Active Vested	393,801,189
Death Benefit After 10-Yr Withdrawal over \$50,000	1,260,586
COLA*	13,587,488
Total	\$674,421,309

TIAA

Service Pension	\$3,165,306
Disability Pension	29,874
Vested Pension	35,687
Active Death over \$50,000	6,157
COLA	223,930
Total	\$3,460,954

Miscellaneous

Incurred Death but not Paid	\$9,860,415
Unclaimed Non-Member Funds	12,687,068
Total	\$22,547,483

Total Liabilities	\$112,608,495,625
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*Approximated using ratio of COLA liabilities to service pension liabilities for active members.

APPENDIX 5 (Cont'd.)

NORMAL RATE CALCULATION (Cont'd.)

2014 Valuation
8.00% Interest

Assets for Valuation

Current Total Assets		\$105,671,560,226
Less:	Expense Fund	<u>58,398,079</u>
	Sub-total	\$105,613,162,147
Less:	5 Year Smoothing Adjustment	<u>15,606,037,589</u>
	Assets for Valuation Purposes	\$90,007,124,558
Less:	Group Life Insurance Fund Net Asset Value	<u>233,416,697</u>
	Assets for Normal Rate Valuation Purposes	\$89,773,707,861

Receivables

Assets receivable from Normal Rate in 2014-2015 fiscal year (2013-2014 paybase)(2012 Normal Rate)(1.08) ^{-7/24} (14,771,300,611)(0.1585)(1.08) ^{-7/24}		\$2,289,282,602
Assets receivable from Normal Rate in 2015-2016 fiscal year (2014-2015 paybase)(2013 Normal Rate)(1.08) ^{-1 7/24} (14,919,000,000)(0.1713)(1.08) ^{-1 7/24}		\$2,313,794,189
Assets receivable from the amortization of Article 18		\$0
Present Value of Future Member Contributions		
(Tier 4 Present Value of Future Employee Contributions)(1.08) ^{-7/24} (212,085,801)(1.08) ^{-7/24}		\$207,378,151
(Tier 5 Present Value of Future Employee Contributions)(1.08) ^{-7/24} (202,588,887)(1.08) ^{-7/24}		\$198,092,039
(Tier 6 Present Value of Future Employee Contributions)(1.08) ^{-7/24} (214,618,881)(1.08) ^{-7/24}		\$209,855,005
Assets receivable from Retirement Incentive Payments		
Chapter 105 of the Laws of 2010		
Receivable in 2014-2015 (9,955,606)(1.08) ^{-7/24}		\$9,734,622
Receivable in 2015-2016 (9,993,502)(1.08) ^{-1 7/24}		<u>\$9,047,849</u>
	Total Receivables	\$5,237,184,457

APPENDIX 5 (Cont'd.)

NORMAL RATE CALCULATION (Cont'd.)

2014 Valuation
8.00% Interest

Present Value of Future Salaries

	<u>Total PVFS</u>		
Tier 1	\$279,872,943		
Tier 2	439,057,219		
Tier 3	2,149,338,710		
Tier 4	128,077,386,890		
Tier 5	5,077,540,688		
Tier 6	4,022,990,999		
	<hr/>		
	\$140,046,187,449	$\times (1.08)^{-7/24} =$	\$136,937,594,605

Normal Rate

$$\frac{\text{Total Liabilities - (Assets + Receivables)}}{\text{Present Value of Future Salaries}}$$

$$\frac{\$17,597,603,307}{\$136,937,594,605} = 12.8508\%$$

12.85% (rounded)

APPENDIX 5 (Cont'd.)

GROUP LIFE INSURANCE FUND

2014 Valuation

8.00% Interest

A) Calculation of June 30, 2014 Balance

Actuarial Value as of July 1, 2013		\$263,014,452
Interest	[263,014,452 x .08]	\$21,041,156
October 15, 2013 actual premium	\$19,036,341	
October 15, 2013 deferred premium	<u>(\$19,441,500)</u>	
Premium Gain/(Loss)		(\$405,159)
Interest	[(405,159) x (1.08 ^{8.5/12} -1)]	(\$22,700)
Death Benefits paid in 2013-2014		(\$13,771,063)
Interest	[(13,771,063) x (1.08 ⁻⁵ -1)]	(\$540,245)
October 15, 2016 deferred premium [from B]		\$19,607,900
Interest discount	[19,607,900 x (1.08 ^{-(2+3.5/12)} -1)]	<u>(\$3,170,430)</u>
Actuarial Value as of June 30, 2014		\$285,753,911

B) Calculation of Required Premium, GLIF Rate and Deferred Premium

Death benefits	[13,771,063 x 1.08 ^{2+9.5/12}]	\$17,071,648
Interest	[(21,041,156) x 1.08 ^{2+3.5/12}]	(\$25,099,537)
Premium Loss/(Gain)	[405,159 x 1.08 ³]	\$510,384
Adjustment to the GLIF reserve		<u>\$27,125,405</u>
Total required premium		\$19,607,900
GLIF Rate =	$\frac{\text{Required premium}}{\text{Estimated 2015-2016 paybase}}$	
	=	$\frac{\$19,607,900}{\$15,083,000,000}$
	=	0.13%
October 15, 2016 deferred premium	[15,083,000,000 x 0.0013]	\$19,607,900

C) Summary of Deferred Premiums

	<u>Deferred Premium</u>	<u>Present Value as of 6/30/2014</u>
Due October 15, 2014	\$18,710,900	\$18,295,576
Due October 15, 2015	\$19,444,100	\$17,604,168
Due October 15, 2016	\$19,607,900	<u>\$16,437,470</u>
		\$52,337,214

D) GLIF Net Asset Value (A - C)

\$285,753,911 - \$52,337,214 = \$233,416,697

APPENDIX 5 (Cont'd.)

EXCESS BENEFIT PLAN FUND*
2014 Valuation

Balance as of July 1, 2014 (Cash Basis)	\$2,936,376
plus Final Adjustment for the 2014 Fiscal Year	\$180,246
plus Employer contribution (paid 10/15/2014) [0.0000 X \$14,771,300,611 (6/30/2012 Excess Benefit Plan rate of 0.00% times 2013 - 2014 paybase)]	\$0
less Annual Estimated Payments	<u>\$600,000</u>
Expected Balance as of June 30, 2015	\$2,516,622
plus Employer contribution (payable 10/15/2015) [0.0000 X \$14,919,000,000 (6/30/2013 Excess Benefit Plan rate of 0.00% times est'd. 2014 - 2015 paybase)]	\$0
less Annual Estimated Payments	<u>\$600,000</u>
Expected Balance as of June 30, 2016	\$1,916,622

* Fund is in a zero-interest checking account

APPENDIX 5 (Cont'd.)

The Administrative Rate and Employer Contributions¹

The administrative portion (Rate) of the employer contribution rate is adopted annually by the Retirement Board in the amount necessary to defray Retirement Administration related expenses for the following fiscal year. The first step in determining the rate is to divide the projected Retirement Administration related expenses by the projected member salary base. Consideration is also given to the overall status of the fund balance.

It is anticipated that there will be no change to the Rate in 2016-17 and projected to be sustained for at least five years at 0.27% of member salary base.

Employer Contributions to the Administrative Fund

Member Salary Base		Rate (%)	Employer Contributions (Net of Billing Adjustments)		Increase/Decrease in Contributions to the Administrative Fund
Year	Amount		Year Collected	Amount	Percent
2016-17	\$15,272,000,000 *	0.27 *	2017-18	\$41,234,000 *	1.25% *
2015-16	15,083,000,000 *	0.27	2016-17	40,724,000 *	1.10% *
2014-15	14,919,000,000 *	0.27	2015-16	40,281,000 *	1.00% *
2013-14	14,771,300,611	0.27	2014-15	39,883,000	0.84%
2012-13	14,647,829,530	0.27	2013-14	39,551,017	0.05%
2011-12	14,640,764,000	0.27	2012-13	39,530,000	(0.68%)
2010-11	14,732,895,000	0.27	2011-12	39,802,000	(15.98%)

*Estimated.

Estimated Member Salary Base

The member salary base is actuarially determined; it increases as new members join the System and as members receive pay increases from their employers. Annual retirements and other forms of separation from service mitigate this increase. The member salary base is projected to increase 1.1% on average per year from 2015 through 2017.

The Proposed Administrative Rate Calculation (2016 – 17)

Several factors are considered when anticipating expenses used in calculating the administrative rate, which include general price increases, an estimated 15% increase in ERS and capital asset additions.

$$\frac{\text{Projected 2016-17 Administrative Expenses}}{\text{Estimated 2015-16 Member Salary Base}} = \frac{\$45,497,977}{\$15,083,000,000} = 0.30\%$$

$$\text{Proposed Administrative Rate for 2016-17 Collections:} = 0.27\%$$

¹ From the NYSTRS 2015-16 Operating Budget Report.

APPENDIX 5 (Cont'd.)

**ASSET VALUATION METHOD
DEVELOPMENT OF SMOOTHING ADJUSTMENT**

<u>FYE</u>	<u>Market Value</u>	<u>Contributions</u>	<u>Benefit Payments</u>	<u>Average Market Value¹</u>
6/30/2009	71,249,898,676	1,357,000,550	5,217,944,754	
6/30/2010	75,829,228,763	1,260,000,256	5,399,946,740	69,442,425,487
6/30/2011	88,414,049,393	1,072,744,659	5,751,514,083	73,713,332,522
6/30/2012	86,303,987,073	1,479,186,529	5,979,984,123	86,471,814,456
6/30/2013	93,531,255,172	1,765,812,556	6,194,057,011	84,457,742,461
6/30/2014	105,671,560,226	1,858,234,634	6,399,153,913	91,647,927,748

<u>FYE</u>	<u>Actual Gain²</u>	<u>3.0% Expected Gain³</u>	<u>Unexpected Gain⁴</u>	<u>Smoothing Adjustment⁵</u>
6/30/2009	(21,516,277,258)			
6/30/2010	6,776,647,973	2,083,272,765	4,693,375,208	
6/30/2011	15,395,104,554	2,211,399,976	13,183,704,578	
6/30/2012	659,956,804	2,594,154,434	(1,934,197,630)	
6/30/2013	9,635,631,237	2,533,732,274	7,101,898,963	
6/30/2014	14,601,733,266	2,749,437,832	11,852,295,434	15,606,037,589

¹ Average Market Value = Market Value_(previous yr) - (.5 x Benefit Payments) + ((8.5/12) x Contributions)

² Actual Gain = Net Appreciation (Realized and Unrealized)

³ Expected Gain = 3.0% x Average Market Value

⁴ Unexpected Gain = Actual Gain - Expected Gain

⁵ Smoothing Adjustment = (.20 x Unexpected Gain 6/30/2011)
+ (.40 x Unexpected Gain 6/30/2012)
+ (.60 x Unexpected Gain 6/30/2013)
+ (.80 x Unexpected Gain 6/30/2014)

APPENDIX 6

MEMBER RECONCILIATION

ACTIVE MEMBERS:

	<u>Male</u>	<u>Female</u>	<u>Total</u>
June 30, 2013.....	65,110	208,218	273,328
Changes During Year:			
Added.....	2,106	6,963	9,069
Withdrawn.....	1,473	4,173	5,646
Retired.....	1,420	5,127	6,547
Died.....	58	107	165
June 30, 2014.....	64,265	205,774	270,039

MEMBERS RETIRED FOR:

	<u>Service*</u>			<u>Disability</u>			<u>Total</u>		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
June 30, 2013.....	50,279	94,925	145,204	513	1,574	2,087	50,792	96,499	147,291
Changes During Year:									
Retired.....	1,401	5,031	6,432	19	96	115	1,420	5,127	6,547
Died.....	1,326	1,955	3,281	35	78	113	1,361	2,033	3,394
Lump Sum.....	29	143	172	0	0	0	29	143	172
Restored to Active Membership....	0	0	0	2	2	4	2	2	4
June 30, 2014.....	50,325	97,858	148,183	495	1,590	2,085 **	50,820	99,448	150,268

BENEFICIARIES OF DECEASED:

	<u>Service Annuitants</u>			<u>Disability Annuitants</u>			<u>Active Members</u>			<u>Total</u>		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
June 30, 2013.....	1,118	3,984	5,102	91	169	260	29	140	169	1,238	4,293	5,531
Changes During Year:												
Added.....	119	324	443	6	7	13	0	0	0	125	331	456
Died.....	78	220	298	2	6	8	1	17	18	81	243	324
June 30, 2014.....	1,159	4,088	5,247	95	170	265	28	123	151	1,282	4,381	5,663

SUMMARY:

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Active Members.....	64,265	205,774	270,039
Retired Members.....	50,820	99,448	150,268
Beneficiaries.....	1,282	4,381	5,663
Total.....	116,367	309,603	425,970

*Also includes vested retirees.

**Includes 34 males and 52 females retired for disability who receive a service benefit.

APPENDIX 7

DISTRIBUTION OF ACTIVE MEMBERS

Distribution by Age as of June 30, 2014

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Total Members</u>
15-19	12	25	37
20-24	1,221	4,320	5,541
25-29	6,564	21,041	27,605
30-34	9,123	28,027	37,150
35-39	10,050	28,329	38,379
40-44	10,215	29,277	39,492
45-49	8,968	27,770	36,738
50-54	7,529	27,274	34,803
55-59	5,674	21,982	27,656
60-64	3,395	13,674	17,069
65-69	1,098	3,252	4,350
70-74	285	605	890
75-79	89	154	243
80-84	33	36	69
85 or older	<u>9</u>	<u>8</u>	<u>17</u>
Total	64,265	205,774	270,039

Average Male age is 42 years 9 months

Average Female age is 43 years 5 months

APPENDIX 7 (Cont'd.)

Distribution by Age and Tier of Membership as of June 30, 2014

<u>Age</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>	<u>Tier 5</u>	<u>Tier 6</u>	<u>Total Members</u>
15-19	0	0	0	0	2	35	37
20-24	0	0	0	363	779	4,399	5,541
25-29	0	0	0	13,231	8,910	5,464	27,605
30-34	0	0	0	31,686	3,224	2,240	37,150
35-39	0	0	0	35,459	1,576	1,344	38,379
40-44	0	0	0	36,782	1,419	1,291	39,492
45-49	0	0	4	34,421	1,208	1,105	36,738
50-54	0	3	712	32,456	919	713	34,803
55-59	7	149	4,535	21,901	598	466	27,656
60-64	347	1,399	2,179	12,576	348	220	17,069
65-69	777	219	258	2,929	103	64	4,350
70-74	214	27	48	551	29	21	890
75-79	62	9	14	147	6	5	243
80-84	24	4	2	35	3	1	69
85 or older	8	0	1	8	0	0	17
Total	1,439	1,810	7,753	222,545	19,124	17,368	270,039
Average Age (yrs. – mos.)	67-3	62-6	58-4	44-2	33-10	32-1	43-3

APPENDIX 7 (Cont'd.)

Distribution of Active Members by Age and New York State Service as of June 30, 2014

Male

<u>Age</u>	<u>Less Than 10 Years New York State Service</u>	<u>10 or More Years New York State Service</u>	<u>Total New York State Service</u>
15-19	12	0	12
20-24	1,221	0	1,221
25-29	6,564	0	6,564
30-34	7,937	1,186	9,123
35-39	4,249	5,801	10,050
40-44	2,741	7,474	10,215
45-49	2,069	6,899	8,968
50-54	1,686	5,843	7,529
55-59	1,290	4,384	5,674
60-64	901	2,494	3,395
65-69	430	668	1,098
70-74	153	132	285
75-79	55	34	89
80-84	20	13	33
85 or older	4	5	9
Total	29,332	34,933	64,265

Female

<u>Age</u>	<u>Less Than 10 Years New York State Service</u>	<u>10 or More Years New York State Service</u>	<u>Total New York State Service</u>
15-19	25	0	25
20-24	4,320	0	4,320
25-29	21,038	3	21,041
30-34	24,546	3,481	28,027
35-39	13,206	15,123	28,329
40-44	10,420	18,857	29,277
45-49	9,764	18,006	27,770
50-54	8,143	19,131	27,274
55-59	5,003	16,979	21,982
60-64	2,552	11,122	13,674
65-69	791	2,461	3,252
70-74	215	390	605
75-79	70	84	154
80-84	15	21	36
85 or older	2	6	8
Total	100,110	105,664	205,774

APPENDIX 7 (Cont'd.)

Distribution of Active Members by Total Service as of June 30, 2014

<u>Years of Service</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
0-4	17,630	56,295	73,925
5-9	11,127	41,067	52,194
10-14	12,699	41,226	53,925
15-19	10,343	29,649	39,992
20-24	5,606	17,442	23,048
25-29	4,090	13,280	17,370
30-34	1,890	5,362	7,252
35 or more	<u>880</u>	<u>1,453</u>	<u>2,333</u>
Total	64,265	205,774	270,039

Average Male has 12 Years of Total Service

Average Female has 11 Years of Total Service

APPENDIX 7 (Cont'd.)

Distribution of Active Members by Total Service and Tier of Membership as of June 30, 2014

<u>Years of Service</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>	<u>Tier 5</u>	<u>Tier 6</u>	<u>Total</u>
0-4	131	54	51	37,422	18,948	17,319	73,925
5-9	64	80	169	51,695	155	31	52,194
10-14	111	131	372	53,286	16	9	53,925
15-19	120	135	507	39,218	4	8	39,992
20-24	163	238	665	21,982	0	0	23,048
25-29	225	366	1,151	15,627	1	0	17,370
30-34	185	242	3,536	3,288	0	1	7,252
35 or more	440	564	1,302	27	0	0	2,333
Total	1,439	1,810	7,753	222,545	19,124	17,368	270,039
Average Service (yrs. – mos.)	26-5	27-1	28-5	12-2	1-6	0-6	11-4

APPENDIX 7 (Cont'd.)

Total and Average Earnings by Tier of Membership
for Active Members as of June 30, 2014

	<u>Total Earnings</u>	<u>Average Earnings*</u>
Tier 1	\$117,974,756	\$95,064
Tier 2	\$157,446,320	\$97,611
Tier 3	\$701,778,615	\$97,442
Tier 4	\$12,934,541,271	\$72,178
Tier 5	\$370,965,212	\$31,247
Tier 6	<u>\$313,569,428</u>	<u>\$20,526</u>
Total	\$14,596,275,602	\$67,448

*Average earnings calculated using only those active members with earnings during the 2013-14 school year.

APPENDIX 8

HISTORICAL MEMBER STATISTICS

Active Members and Annuitants 1925-2014

<u>As of June 30</u>	<u>Active Members</u>	<u>Retirees & Beneficiaries</u>
1925	29,057	1,815
1930	39,663	2,732
1935	45,031	3,919
1940	48,193	4,771
1945	52,359	5,637
1950	56,504	6,374
1955	71,273	7,897
1960	99,555	10,796
1965	129,543	16,043
1970	186,914	22,700
1975	227,038	35,252
1980	203,330	46,812
1985	178,516	57,366
1990	195,194	69,127
1995	199,398	82,459
2000	224,986	100,839
2005	260,356	125,325
2010	285,774	141,716
2014	270,039	155,931

Number of Active Members by Tier

<u>As of June 30</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>	<u>Tier 5</u>	<u>Tier 6</u>	<u>Total</u>
1995	64,093	17,012	25,206	93,087	--	--	199,398
1996	58,850	16,596	24,546	100,926	--	--	200,918
1997	53,502	16,186	23,861	110,167	--	--	203,716
1998	49,266	15,860	23,302	120,652	--	--	209,080
1999	50,859	15,776	20,726	128,906	--	--	216,267
2000	47,234	15,700	20,159	141,893	--	--	224,986
2001	41,169	15,472	19,914	157,795	--	--	234,350
2002	35,601	15,121	19,674	172,438	--	--	242,834
2003	28,327	14,463	19,083	185,374	--	--	247,247
2004	22,986	13,947	18,835	198,747	--	--	254,515
2005	17,901	13,210	18,535	210,710	--	--	260,356
2006	13,621	12,084	18,173	220,532	--	--	264,410
2007	10,838	10,178	17,743	231,286	--	--	270,045
2008	8,630	8,171	17,007	241,093	--	--	274,901
2009	6,943	6,752	16,111	250,532	--	--	280,338
2010	5,582	5,706	14,942	255,966	3,578	--	285,774
2011	3,814	4,137	12,690	247,530	12,264	--	280,435
2012	2,756	3,253	11,180	239,199	19,969	916	277,273
2013	1,968	2,447	9,450	231,258	19,452	8,753	273,328
2014	1,439	1,810	7,753	222,545	19,124	17,368	270,039

APPENDIX 9

RETIREMENT STATISTICS

RETIREMENT STATISTICS 2013-14 MEMBERS RETIRED FOR:

	Service*	Disability
Number Retired.....	6,433	114
Age at Retirement:		
Average.....	61 yrs., 0 mos.	51 yrs., 0 mos.
Median.....	61 yrs., 2 mos.	51 yrs., 4 mos.
Years of Service:		
Average.....	25 yrs., 4 mos.	18 yrs., 3 mos.
Median.....	27 yrs., 0 mos.	17 yrs., 1 mo.
**Benefit:		
Average.....	\$44,978	\$26,705
Median.....	\$45,231	\$23,691
Final Average Salary (FAS):		
Average.....	\$84,545	\$75,903
Median.....	\$83,776	\$69,879
***Benefit as % of FAS:		
Average.....	47.68%	34.49%
Median.....	52.00%	33.33%

2013-14 MEMBERS RETIRED FOR SERVICE* WITH:

	Less Than 20 Yrs. N.Y.	Between 20 Yrs. N.Y. and 35 Yrs. Total	35 Yrs. Total or More
Number Retired.....	1,583	4,067	783
Age at Retirement:			
Average.....	61 yrs., 3 mos.	60 yrs., 8 mos.	62 yrs., 6 mos.
Median.....	61 yrs., 6 mos.	60 yrs., 11 mos.	61 yrs., 9 mos.
Years of Service:			
Average.....	12 yrs., 1 mo.	28 yrs., 0 mos.	39 yrs., 1 mo.
Median.....	12 yrs., 1 mo.	29 yrs., 0 mos.	38 yrs., 2 mos.
**Benefit:			
Average.....	\$9,634	\$50,724	\$86,588
Median.....	\$7,134	\$50,487	\$83,276
Final Average Salary (FAS):			
Average.....	\$49,796	\$92,181	\$115,138
Median.....	\$43,858	\$89,396	\$112,789
***Benefit as % of FAS:			
Average.....	17.88%	54.03%	74.97%
Median.....	17.41%	56.67%	76.22%

*Also includes vested retirees.

**The Maximum, even though the member may have chosen an option.

***The average and median of individual benefits as percentages of final average salary.

APPENDIX 9 (Cont'd.)

RETIREMENT STATISTICS ALL RETIREES AS OF JUNE 30, 2014 RETIRED FOR:

	Service*	Disability
Number Retired.....	148,269	1,999
Age at Retirement:		
Average.....	58 yrs., 6 mos.	49 yrs., 6 mos.
Median.....	57 yrs., 4 mos.	50 yrs., 4 mos.
Age at June 30, 2014:		
Average.....	71 yrs., 8 mos.	64 yrs., 8 mos.
Median.....	69 yrs., 10 mos.	64 yrs., 7 mos.
Years of Service:		
Average.....	28 yrs., 3 mos.	18 yrs., 6 mos.
Median.....	30 yrs., 5 mos.	18 yrs., 0 mos.
**Benefit:		
Average.....	\$40,140	\$19,208
Median.....	\$39,963	\$17,592
Final Average Salary (FAS):		
Average.....	\$67,589	\$52,478
Median.....	\$66,828	\$50,954
***Benefit as % of FAS:		
Average.....	54.89%	35.83%
Median.....	60.67%	33.33%

ALL RETIREES AS OF JUNE 30, 2014 RETIRED FOR SERVICE* WITH:

	Less Than 20 Yrs. N.Y.	Between 20 Yrs. N.Y. and 35 Yrs. Total	35 Yrs. Total or More
Number Retired.....	24,850	87,939	35,480
Age at Retirement:			
Average.....	58 yrs., 9 mos.	58 yrs., 3 mos.	58 yrs., 10 mos.
Median.....	57 yrs., 1 mo.	57 yrs., 0 mos.	58 yrs., 3 mos.
Years of Service:			
Average.....	13 yrs., 8 mos.	28 yrs., 7 mos.	37 yrs., 4 mos.
Median.....	14 yrs., 0 mos.	30 yrs., 0 mos.	36 yrs., 8 mos.
**Benefit:			
Average.....	\$7,960	\$39,661	\$63,866
Median.....	\$5,961	\$38,754	\$60,102
Final Average Salary (FAS):			
Average.....	\$37,242	\$68,836	\$85,751
Median.....	\$30,594	\$66,999	\$81,389
***Benefit as % of FAS:			
Average.....	21.01%	56.66%	74.23%
Median.....	19.70%	59.78%	73.56%

*Also includes vested retirees.

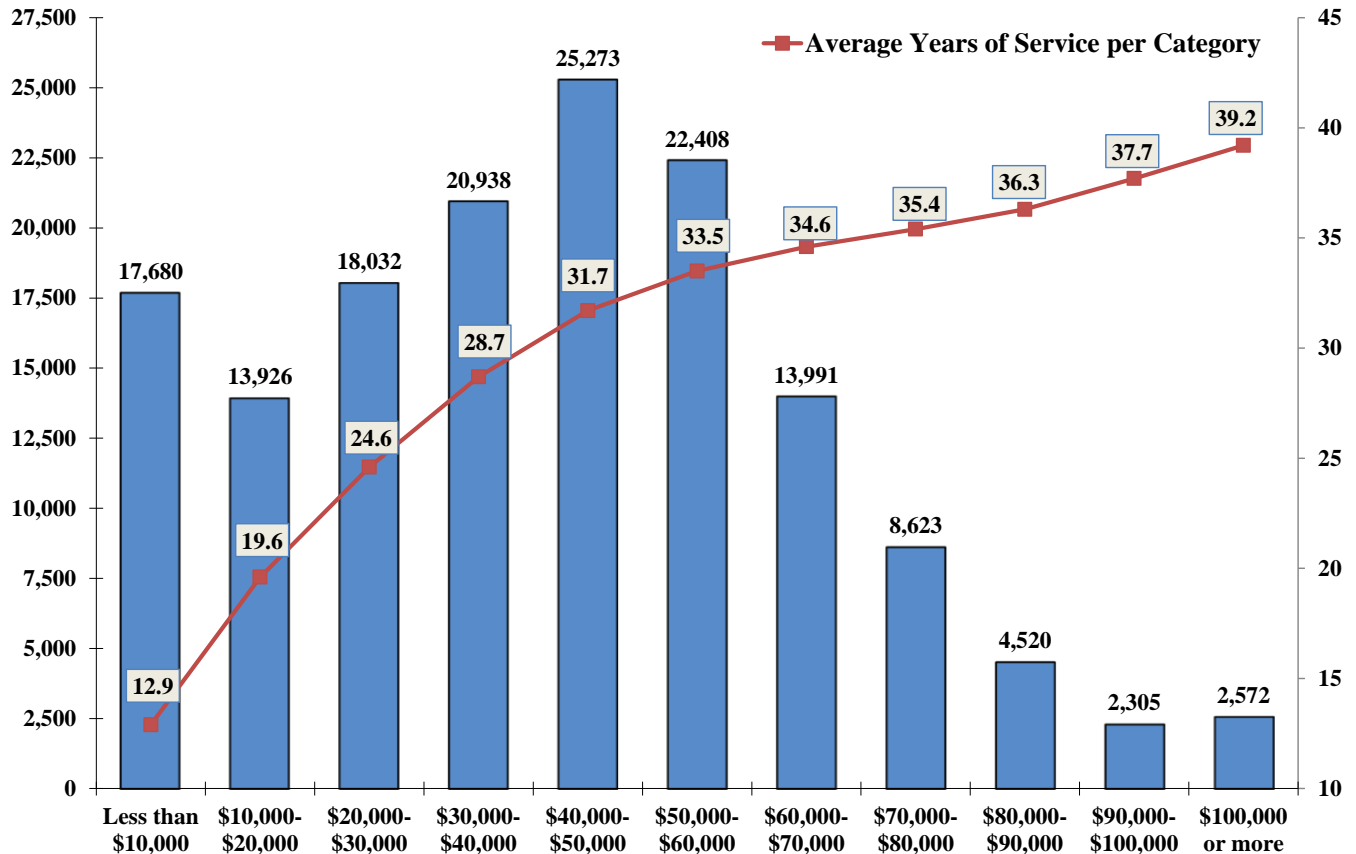
**The Maximum, even though the member may have chosen an option.

***The average and median of individual benefits as percentages of final average salary.

**Retired Members' Characteristics¹
By Year of Retirement**

Retired in Fiscal Year Ended	Number of Retired Members	Average Age at Retirement (yrs.- mos.)	Average Service at Retirement (yrs.- mos.)	Average Final Average Salary	Average Maximum Annual Benefit
2005	7,182	57-10	28-6	\$72,126	\$45,394
2006	7,281	58-4	28-2	71,840	43,914
2007	6,900	58-7	28-1	74,185	44,204
2008	6,330	58-11	27-8	77,066	45,779
2009	5,644	59-6	27-7	78,050	46,061
2010	5,501	60-0	27-5	79,615	46,489
2011	8,423	60-3	28-7	85,010	51,200
2012	6,033	60-9	26-3	82,461	45,759
2013	6,330	60-10	25-6	81,987	44,768
2014	6,547	61-0	25-4	84,545	44,978

Distribution of the Annual Benefit² of All Retired Members



¹ Averages are for service and vested retirees.

² Maximum annual retirement benefit as of June 30, 2014 including supplementation and COLA.

APPENDIX 10

2010 – 2014 EXPERIENCE STUDY
 NUMBER OF SERVICE RETIREMENTS
 TIER 1 AND TIERS 2, 3, 4 AT LEAST AGE 62 OR WITH 30 YEARS OF SERVICE
 AND TIER 5 AT LEAST AGE 62
 EXPOSURE BASED ON ACTIVE TEACHERS
 ASSUMPTIONS ADOPTED OCTOBER 2011

AGE	EXPOSURES	MALE			FEMALE			RATIO OF ACTUAL TO EXPECTED	
		ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED	EXPOSURES	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED	
50	7	0	0.00	N/A	16	0	0.00	N/A	
51	31	0	0.00	N/A	71	0	0.00	N/A	
52	266	0	0.00	N/A	557	0	0.00	N/A	
53	704	0	0.00	N/A	1,550	4	0.00	N/A	
54	1,198	53	0.00	N/A	2,689	90	0.00	N/A	
55	1,625	499	506.60	0.985	3,665	1,203	1,142.65	1.053	
56	1,577	460	400.91	1.147	3,512	1,052	876.59	1.200	
57	1,649	389	308.40	1.261	3,390	866	554.89	1.561	
58	1,756	459	353.36	1.299	3,557	948	615.64	1.540	
59	1,676	485	365.33	1.328	3,776	1,004	669.01	1.501	
60	1,583	480	357.02	1.344	3,740	1,043	712.77	1.463	
61	1,379	460	314.22	1.464	3,525	1,006	721.47	1.394	
62	3,255	831	688.06	1.208	11,892	3,093	2,639.62	1.172	
63	2,310	533	411.37	1.296	8,293	1,905	1,508.09	1.263	
64	1,695	328	228.40	1.436	5,785	1,215	924.73	1.314	
65	1,288	284	224.47	1.265	4,092	1,013	820.69	1.234	
66	919	194	181.86	1.067	2,840	717	539.06	1.330	
67	640	145	73.95	1.961	1,969	475	318.08	1.493	
68	470	96	59.41	1.616	1,414	291	239.79	1.214	
69	338	62	32.17	1.927	1,068	257	168.61	1.524	
70	248	46	33.31	1.381	786	183	132.91	1.377	
71	183	21	24.31	0.864	542	122	93.97	1.298	
72	159	29	13.28	2.184	374	62	46.36	1.337	
73	118	20	7.19	2.782	283	54	35.72	1.512	
74	91	15	12.78	1.174	232	44	27.56	1.597	
75	67	8	11.09	0.721	177	34	27.16	1.252	
76	286	36	286.00	0.126	531	98	531.00	0.185	
TOTAL	25,518	5,933	4,893.49	1.212	70,326	16,779	13,346.37	1.257	

APPENDIX 10 (Cont'd.)

2010-2014 EXPERIENCE STUDY
 NUMBER OF SERVICE RETIREMENTS
 TIERS 2,3,4 LESS THAN AGE 62 AND WITH LESS THAN 30 YEARS OF SERVICE
 EXPOSURE BASED ON ACTIVE TEACHERS
 ASSUMPTIONS ADOPTED OCTOBER 2011

AGE	EXPOSURES	MALE			FEMALE			
		ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED	EXPOSURES	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED
50	6,181	1	0.00	N/A	22,828	1	0.00	N/A
51	6,084	2	0.00	N/A	22,715	3	0.00	N/A
52	5,752	2	0.00	N/A	22,368	4	0.00	N/A
53	5,329	2	0.00	N/A	21,219	6	0.00	N/A
54	4,893	33	0.00	N/A	20,135	114	0.00	N/A
55	4,591	147	158.97	0.925	19,500	669	822.57	0.813
56	4,105	131	123.13	1.064	18,511	666	681.85	0.977
57	3,760	123	108.37	1.135	17,667	687	621.28	1.106
58	3,511	165	133.18	1.239	16,639	779	665.94	1.170
59	3,163	170	109.32	1.555	15,061	854	636.57	1.342
60	2,738	165	129.10	1.278	13,045	879	632.55	1.390
61	2,380	179	127.00	1.409	10,818	939	678.82	1.383
TOTAL	52,487	1,120	889.07	1.260	220,506	5,601	4,739.58	1.182

APPENDIX 10 (Cont'd.)

2010-2014 EXPERIENCE STUDY
 NUMBER OF SERVICE RETIREMENTS
 TIER 5 LESS THAN AGE 62 AND WITH LESS THAN 30 YEARS OF SERVICE
 EXPOSURE BASED ON ACTIVE TEACHERS
 ASSUMPTIONS ADOPTED OCTOBER 2011

AGE	EXPOSURES	MALE			FEMALE			RATIO OF ACTUAL TO EXPECTED	
		ACTUAL	EXPECTED	EXPECTED	EXPOSURES	ACTUAL	EXPECTED	EXPECTED	
50	86	0	0.00	N/A	343	0	0.00	N/A	
51	85	0	0.00	N/A	300	0	0.00	N/A	
52	83	0	0.00	N/A	298	0	0.00	N/A	
53	71	0	0.00	N/A	272	0	0.00	N/A	
54	73	0	0.00	N/A	262	0	0.00	N/A	
55	79	0	1.37	0.000	234	0	4.94	0.000	
56	87	0	1.30	0.000	184	0	3.39	0.000	
57	74	0	1.07	0.000	170	0	2.99	0.000	
58	71	0	1.35	0.000	151	0	3.02	0.000	
59	68	0	1.18	0.000	136	0	2.87	0.000	
60	59	0	1.39	0.000	118	0	2.86	0.000	
61	48	0	1.28	0.000	97	0	3.04	0.000	
TOTAL	884	0	8.94	0.000	2,565	0	23.11	0.000	

APPENDIX 10 (Cont'd.)

2010-2014 EXPERIENCE STUDY
 NUMBER OF SERVICE RETIREMENTS
 TIER 6
 EXPOSURE BASED ON ACTIVE TEACHERS
 ASSUMPTIONS ADOPTED OCTOBER 2011

AGE	MALE				FEMALE			
	EXPOSURES	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED	EXPOSURES	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED
50	23	0	0.00	N/A	65	0	0.00	N/A
51	12	0	0.00	N/A	56	0	0.00	N/A
52	11	0	0.00	N/A	61	0	0.00	N/A
53	14	0	0.00	N/A	52	0	0.00	N/A
54	9	0	0.00	N/A	51	0	0.00	N/A
55	15	0	0.26	0.000	31	0	0.65	0.000
56	14	0	0.21	0.000	33	0	0.61	0.000
57	13	0	0.19	0.000	33	0	0.58	0.000
58	8	0	0.15	0.000	24	0	0.48	0.000
59	11	0	0.19	0.000	35	0	0.74	0.000
60	5	0	0.12	0.000	29	0	0.70	0.000
61	4	0	0.11	0.000	11	0	0.35	0.000
62	8	0	0.21	0.000	10	0	0.31	0.000
63	7	0	2.18	0.000	8	0	2.49	0.000
64	3	0	0.76	0.000	7	0	1.75	0.000
65	2	0	0.37	0.000	4	0	0.65	0.000
66	2	0	0.40	0.000	2	0	0.35	0.000
67	5	0	1.09	0.000	0	0	0.00	N/A
68	5	0	1.13	0.000	2	0	0.38	0.000
69	2	0	0.46	0.000	4	0	0.82	0.000
70	1	0	0.21	0.000	1	0	0.22	0.000
71	3	0	0.53	0.000	0	0	0.00	N/A
72	0	0	0.00	N/A	0	0	0.00	N/A
73	0	0	0.00	N/A	2	0	0.40	0.000
74	0	0	0.00	N/A	0	0	0.00	N/A
75	0	0	0.00	N/A	0	0	0.00	N/A
76	3	0	3.00	0.000	0	0	0.00	N/A
TOTAL	180	0	11.57	0.000	521	0	11.48	0.000

APPENDIX 10 (Cont'd.)

2010-2014 EXPERIENCE STUDY
 NUMBER OF DEATHS AMONG ACTIVE MEMBERS
 EXPOSURE BASED ON ACTIVE TEACHERS
 ASSUMPTIONS ADOPTED OCTOBER 2011

CENTRAL AGE	MALE			FEMALE		
	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED
20	0	0.14	0.000	1	0.28	3.571
25	9	3.38	2.663	4	6.71	0.596
30	10	7.60	1.316	20	14.88	1.344
35	15	12.68	1.183	14	21.49	0.651
40	16	17.83	0.897	22	31.19	0.705
45	28	22.81	1.228	43	44.08	0.975
50	28	23.93	1.170	70	60.14	1.164
55	38	29.81	1.275	84	77.88	1.079
60	38	37.16	1.023	89	78.23	1.138
65	25	21.36	1.170	29	31.60	0.918
70	13	9.80	1.327	9	10.13	0.888
75	5	3.16	1.582	8	2.86	2.797
TOTAL	225	189.66	1.186	393	379.47	1.036

APPENDIX 10 (Cont'd.)

2010-2014 EXPERIENCE STUDY
 NUMBER OF DISABILITY RETIREMENTS
 EXPOSURE BASED ON ACTIVE TEACHERS
 ASSUMPTIONS ADOPTED OCTOBER 2011

CENTRAL AGE	MALE			FEMALE		
	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED
30	0	0.24	0.000	0	1.24	0.000
35	4	1.41	2.837	9	8.10	1.111
40	15	5.49	2.732	29	28.93	1.002
45	12	15.63	0.768	51	62.45	0.817
50	33	32.86	1.004	111	139.19	0.797
54	13	17.33	0.750	61	78.59	0.776
TOTAL	77	72.96	1.055	261	318.50	0.819

APPENDIX 10 (Cont'd.)

2010-2014 EXPERIENCE STUDY
 COMPARISON OF SALARY SCALE TO ACTUAL SALARY INCREASES
 ASSUMPTIONS ADOPTED OCTOBER 2011

MALE

CENTRAL <u>AGE</u>	<u>ACTUAL SALARIES</u>	<u>EXPECTED SALARIES</u>	<u>RATIO OF ACTUAL TO EXPECTED</u>
20	22,748,726	20,845,090	1.091
25	741,614,441	733,414,233	1.011
30	1,964,345,391	2,004,288,274	0.980
35	3,008,926,762	3,075,942,842	0.978
40	3,522,070,550	3,594,161,707	0.980
45	3,132,746,004	3,192,103,655	0.981
50	2,697,672,700	2,743,592,706	0.983
55	2,526,683,167	2,578,941,673	0.980
60	1,744,300,297	1,783,329,985	0.978
65	503,665,809	518,460,245	0.971
70	90,758,057	93,672,730	0.969
75	31,934,470	32,934,057	0.970
TOTAL	19,987,466,374	20,371,687,197	0.981

APPENDIX 10 (Cont'd.)

2010-2014 EXPERIENCE STUDY
 COMPARISON OF SALARY SCALE TO ACTUAL SALARY INCREASES
 ASSUMPTIONS ADOPTED OCTOBER 2011

FEMALE

CENTRAL <u>AGE</u>	ACTUAL <u>SALARIES</u>	EXPECTED <u>SALARIES</u>	RATIO OF ACTUAL TO <u>EXPECTED</u>
20	85,202,170	72,355,538	1.178
25	2,462,042,099	2,442,145,752	1.008
30	5,668,689,605	5,800,747,269	0.977
35	7,340,658,090	7,488,165,338	0.980
40	8,333,926,910	8,485,363,466	0.982
45	7,871,991,585	8,021,671,523	0.981
50	7,997,941,245	8,152,061,277	0.981
55	7,985,116,904	8,135,184,834	0.982
60	5,688,520,032	5,801,650,869	0.981
65	1,372,859,652	1,402,511,599	0.979
70	231,694,978	236,972,367	0.978
75	56,999,898	58,103,001	0.981
TOTAL	55,095,643,168	56,096,932,833	0.982

APPENDIX 10 (Cont'd.)

2010-2014 EXPERIENCE STUDY
 NUMBER OF WITHDRAWALS
 EXPOSURE BASED ON ACTIVE TEACHERS
 ASSUMPTIONS ADOPTED OCTOBER 2011

CENTRAL AGE	MALE			FEMALE		
	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED
20	408	403.78	1.010	1,099	1,273.79	0.863
25	3,464	2,845.99	1.217	10,903	9,164.12	1.190
30	2,664	1,995.88	1.335	8,582	7,430.63	1.155
35	1,579	1,286.41	1.227	5,806	5,531.30	1.050
40	1,131	1,057.12	1.070	4,451	4,168.23	1.068
45	959	892.27	1.075	3,915	3,473.72	1.127
50	849	767.01	1.107	3,623	3,106.02	1.166
54	292	279.54	1.045	1,143	1,029.33	1.110
TOTAL	11,346	9,528.00	1.191	39,522	35,177.14	1.124

APPENDIX 10 (Cont'd.)

2010-2014 EXPERIENCE STUDY
 NUMBER OF DEATHS AMONG MEMBERS RETIRED FOR DISABILITY
 MORTALITY ADOPTED OCTOBER 2011

CENTRAL AGE	MALE			FEMALE		
	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED
30	0	0.00	0.000	0	0.00	0.000
35	3	0.35	8.571	5	1.32	3.788
40	6	2.92	2.055	8	5.07	1.578
45	2	3.61	0.554	21	13.64	1.540
50	9	14.75	0.610	37	39.49	0.937
55	16	12.56	1.274	57	65.70	0.868
60	15	19.06	0.787	60	67.14	0.894
65	26	23.81	1.092	43	54.80	0.785
70	16	20.13	0.795	30	31.69	0.947
75	19	15.03	1.264	31	20.79	1.491
80	11	14.64	0.751	36	23.89	1.507
85	13	12.55	1.036	17	25.11	0.677
90	4	5.38	0.743	13	18.65	0.697
95	1	0.64	1.563	5	5.90	0.847
100	0	0.00	0.000	4	2.10	1.905
105	0	0.00	0.000	1	1.09	0.917
110	0	0.00	0.000	0	0.00	0.000
TOTAL	141	145.43	0.970	368	376.38	0.978

APPENDIX 10 (Cont'd.)

2010-2014 EXPERIENCE STUDY
 NUMBER OF DEATHS AMONG MEMBERS RETIRED FOR SERVICE
 MORTALITY ADOPTED OCTOBER 2011

CENTRAL <u>AGE</u>	MALE			FEMALE		
	<u>ACTUAL</u>	<u>EXPECTED</u>	RATIO OF ACTUAL TO <u>EXPECTED</u>	<u>ACTUAL</u>	<u>EXPECTED</u>	RATIO OF ACTUAL TO <u>EXPECTED</u>
55	26	15.53	1.674	46	39.81	1.155
60	160	155.83	1.027	237	290.26	0.817
65	399	482.84	0.826	568	631.17	0.900
70	596	625.73	0.952	647	707.99	0.914
75	826	846.16	0.976	792	831.52	0.952
80	1,282	1,310.19	0.978	1,252	1,292.04	0.969
85	1,360	1,419.01	0.958	1,741	1,769.64	0.984
90	1,013	968.83	1.046	1,950	1,906.83	1.023
95	416	371.91	1.119	1,400	1,269.74	1.103
100	71	63.71	1.114	505	375.21	1.346
105	4	4.24	0.943	87	53.32	1.632
110	0	0.00	0.000	2	0.67	2.985
TOTAL	6,153	6,263.98	0.982	9,227	9,168.20	1.006

APPENDIX 10 (Cont'd.)

2010-2014 EXPERIENCE STUDY
 NUMBER OF DEATHS AMONG BENEFICIARIES
 MORTALITY ADOPTED OCTOBER 2011

CENTRAL AGE	MALE			FEMALE		
	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED	ACTUAL	EXPECTED	RATIO OF ACTUAL TO EXPECTED
5	0	0.00	0.000	0	0.00	0.000
10	0	0.00	0.000	0	0.00	0.000
15	0	0.00	0.000	0	0.00	0.000
20	0	0.00	0.000	0	0.00	0.000
25	0	0.00	0.000	0	0.00	0.000
30	0	0.00	0.000	0	0.00	0.000
35	0	0.03	0.000	0	0.00	0.000
40	0	0.05	0.000	0	0.02	0.000
45	0	0.06	0.000	0	0.07	0.000
50	0	0.17	0.000	0	0.18	0.000
55	1	0.42	2.381	0	0.85	0.000
60	5	1.63	3.067	4	3.28	1.220
65	8	5.57	1.436	16	10.89	1.469
70	9	9.61	0.937	35	24.76	1.414
75	25	18.77	1.332	62	51.89	1.195
80	50	45.69	1.094	135	111.65	1.209
85	96	76.87	1.249	212	219.97	0.964
90	105	103.40	1.015	325	314.01	1.035
95	60	75.72	0.792	216	187.01	1.155
100	12	15.91	0.754	66	51.46	1.283
105	0	0.38	0.000	7	8.18	0.856
110	0	0.00	0.000	2	1.38	1.449
TOTAL	371	354.28	1.047	1,080	985.60	1.096

APPENDIX 10 (Cont'd.)

Investment Rate of Return¹
on
Market and Actuarial Value of Assets
as of June 30, 2014

Annualized rates of return over the last:

	<u>Based Upon Market Value of Assets</u>	<u>Based Upon Actuarial Value of Assets²</u>
1 Year:	18.2%	14.6%
3 Years:	11.4%	6.6%
5 Years:	13.8%	5.6%
10 Years:	7.7%	7.8%
15 Years:	6.0%	6.2%
20 Years:	9.1%	
25 Years:	9.2%	

Annualized inflation over the last:

	<u>Inflation Assumption</u>		<u>COLA Benefit</u>	
	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected³</u>
1 Year:	1.51%	3.0%	1.0 %	1.625%
3 Years:	1.88%	3.0%	1.1%	1.625%
5 Years:	2.12%	3.0%	1.2%	1.625%

¹ The interest rate for valuation purposes is a level 8.0%.

² Effective June 30, 2007, the Retirement System's asset valuation method was changed.

³ The annual percentage for estimating future COLA benefit payments is 1.625%. The COLA percentage is one-half of the increase in the CPI with a floor of 1.0% and a cap of 3.0%. Therefore the estimate of inflation for the COLA benefit is the result of analyzing available CPI data with percentages bounded between 2.0% and 6.0%, and reduced by 50%. The COLA benefit was first initiated in 2001.

APPENDIX 11

ASSET ALLOCATION

The table below displays the Retirement System's asset allocation targets, actual allocation percentages, and ranges as of June 30, 2014.

	Target	Actual	Range
Domestic Equity	37%	39.3%	32-42%
International Equity	18%	20.1%	14-22%
Real Estate	10%	10.5%	6-14%
Private Equity	<u>7%</u>	<u>8.0%</u>	4-12%
<i>Total Equities</i>	72%	77.9%	
Domestic Fixed Income	17%	14.2%	13-22%
Global Bonds	2%	1.0%	0-3%
Mortgages	8%	4.9%	5-11%
Cash Equivalents	<u>1%</u>	<u>2.0%</u>	0-4%
<i>Total Fixed Income</i>	28%	22.1%	

APPENDIX 12

SENSITIVITY ANALYSIS

Valuation results are highly dependent on the actuarial assumptions used to project future events. If actual experience emerges differently from the assumptions used in the valuation process, actuarial gains or losses will result, and future Employer Contribution Rates will be higher or lower. In this section, results of a sensitivity analysis are presented in order to illustrate how deviations in specific assumptions would have changed the current Employer Contribution Rate of 13.26%.

It is important to note that the results displayed here, with the exception of those for the investment return, are the consequence of altering each assumption individually without accounting for possible correlation between assumptions. Therefore, these results are presented in order to provide an illustration as to the order of magnitude that a variation in key assumptions could have on valuation results. There is no guarantee that future experience will be consistent with either our current or the following alternative set of assumptions.

<u>Assumption</u>	<u>Adjustment Made</u>	<u>Calculated Employer Contribution Rate</u>
Current Assumptions		13.26%
Investment Return¹	Decrease from 8.0% to 7.75%	15.40%
Investment Return¹	Decrease from 8.0% to 7.5%	17.55%
Investment Return¹	Decrease from 8.0% to 7.0%	22.07%
Salary Scale	Decrease of 10%	11.83%
Salary Scale	Increase of 10%	14.69%
Service Retirement Rates	Decrease of 10%	12.34%
Service Retirement Rates	Increase of 10%	14.12%
Healthy Annuitant Mortality	Decrease of 10%	14.61%
Healthy Annuitant Mortality	Increase of 10%	12.01%
Active Mortality	Decrease of 10%	13.27%
Active Mortality	Increase of 10%	13.25%

¹ In the event that a change to the long term investment return assumption would be warranted, it is likely that a related change to the salary scale assumption would also be necessary in order for these assumptions to remain consistent with overall inflation. Therefore, for the results presented here, the salary scale assumption was decreased by one-half of the reduction in the investment return assumption.

APPENDIX 13

HISTORY OF THE EMPLOYER CONTRIBUTION RATE

<u>Salary Year</u>	<u>Employer Contribution Rate</u>	<u>Salary Year</u>	<u>Employer Contribution Rate</u>	<u>Salary Year</u>	<u>Employer Contribution Rate</u>
1921-22	5.10 %	1956-57	10.90 %	1991-92	6.64 %
1922-23	5.10	1957-58	11.20	1992-93	8.00
1923-24	5.20	1958-59	13.40	1993-94	8.41
1924-25	5.20	1959-60	14.00	1994-95	7.24
1925-26	5.20	1960-61	18.35	1995-96	6.37
1926-27	5.20	1961-62	18.55	1996-97	3.57
1927-28	5.20	1962-63	19.55	1997-98	1.25
1928-29	5.30	1963-64	21.13	1998-99	1.42
1929-30	5.50	1964-65	17.67	1999-00	1.43
1930-31	5.50	1965-66	17.70	2000-01	0.43
1931-32	5.50	1966-67	17.72	2001-02	0.36
1932-33	5.50	1967-68	18.50	2002-03	0.36
1933-34	5.50	1968-69	18.80	2003-04	2.52
1934-35	5.60	1969-70	18.60	2004-05	5.63
1935-36	5.70	1970-71	18.80	2005-06	7.97
1936-37	5.80	1971-72	18.80	2006-07	8.60
1937-38	5.93	1972-73	18.80	2007-08	8.73
1938-39	6.03	1973-74	18.80	2008-09	7.63
1939-40	6.13	1974-75	18.80	2009-10	6.19
1940-41	6.23	1975-76	19.40	2010-11	8.62
1941-42	6.33	1976-77	19.40	2011-12	11.11
1942-43	6.43	1977-78	20.40	2012-13	11.84
1943-44	6.53	1978-79	21.40	2013-14	16.25
1944-45	7.10	1979-80	22.49	2014-15	17.53
1945-46	7.20	1980-81	23.49	2015-16	13.26
1946-47	7.50	1981-82	23.49	Average	10.96 %
1947-48	7.80	1982-83	23.49		
1948-49	8.00	1983-84	22.90		
1949-50	8.40	1984-85	22.80		
1950-51	8.80	1985-86	21.40		
1951-52	9.60	1986-87	18.80		
1952-53	9.90	1987-88	16.83		
1953-54	9.90	1988-89	14.79		
1954-55	10.30	1989-90	6.87		
1955-56	10.40	1990-91	6.84		

HISTORY OF THE MEMBER CONTRIBUTION RATE

<u>Year of Membership</u>	<u>Required Contribution</u>
1921	4%
1948	5% (new members - 1948 and after)
1948	Voluntary 4% <u>could</u> be contributed (all members eligible)
1951	If member elected special retirement allowance: 4% went to 6.5%, 5% went to 8% (all members eligible)
1957	If member elected 1/120th plan: 6.5% went to 9%, 8% went to 11% (all members eligible)
1968	0%
1976	3% (new members - 1976 and after)
2000	3% employee contribution ceases after ten years of service or membership
2010	3.5% throughout career for members joining 1/1/2010 – 3/31/2012
2012	Throughout career for members joining on or after 4/1/2012: <ul style="list-style-type: none"> - 3.0% if salary less than or equal to \$45,000 - 3.5% if salary greater than \$45,000 and less than or equal to \$55,000 - 4.5% if salary greater than \$55,000 and less than or equal to \$75,000 - 5.75% if salary greater than \$75,000 and less than or equal to \$100,000 - 6.0% if salary greater than \$100,000 and less than or equal to \$179,000

As of August 1, 1921, when the Retirement System was established, members contributed 4% of salary. These contributions were used to fund a separate annuity, over and above the regular pension. New members on or after July 1, 1948 were required to contribute 5% of salary. Additional contributions, not in excess of 4% of salary, were permitted during the five-year period beginning July 1, 1948.

Under the provisions of a law passed in 1950, members could elect before July 1, 1951, or within one year of their date of membership, if later, to contribute towards a special service retirement allowance that would allow them to retire up to five years earlier. If their rate of contribution had been 4%, their new rate would be 6.5%. If their rate of contribution had been 5%, their new rate would be 8%. In 1956, an amendment was passed which provided additional benefits for service in excess of 25 years, but not in excess of 35 years, for those members who elected to contribute an additional 2.5% or 3% of their salaries. This increased the rate of contribution to 9% or 11% depending on whether the member's rate of contribution had been 6.5% or 8%.

Throughout the 1960's the advent of the "take-home pay" program effectively reduced the required contribution rate to zero for many members. As of July 1, 1968, all members were no longer required to make contributions, nor permitted to make voluntary contributions unless they had been making them previously.

HISTORY OF THE MEMBER CONTRIBUTION RATE (Cont'd.)

The law that created Tier 3 in 1976 reinstated member contributions and required members who joined the System after July 26, 1976 to contribute 3% of their annual salary. This money, however, helps fund the member's pension and does not fund a separate annuity as before. Effective October 1, 2000, however, in accordance with Chapter 126 of the Laws of 2000, the 3% required member contribution ceases upon the attainment of the earlier of 10 years of service credit or 10 years of membership.

In accordance with Tier 5, enacted in 2009, members joining on or after January 1, 2010 and prior to April 1, 2012 must contribute 3.5% of salary throughout their working career towards the funding of their pension. Tier 6, enacted in 2012, requires members joining on or after April 1, 2012 to contribute between 3.0% and 6.0% of salary throughout their working career towards the funding of their pension. The contribution percentage for Tier 6 members can vary during their working career depending on the salary received.

ACTUARIAL VALUATION INFORMATION1. Actuarial Cost Method

The cost method used to determine the liabilities and normal cost in this valuation is the Aggregate Cost Method. This funding method is required by statute, specifically Section 517 of the New York State Education Law.

Each year a normal rate percentage is developed as a level percentage of total member compensation. This percentage equals the portion of the actuarial present value of projected benefits which exceeds the actuarial value of assets divided by one percent of the present value of future compensation of the active members, as of the valuation date.

The cost of active member death benefits up to \$50,000, Retirement System administrative expenses, and benefits in excess of the IRC §415 limits are each determined using a one-year term cost method.

Each year, actuarial gains and losses will occur because actual experience will vary from the actuarial assumptions. All gains and losses are automatically amortized as part of the normal rate, over the expected future working lifetime of active members.

The average expected working lifetime for our active population as determined by the actuarial valuation as of June 30, 2014 is 15.21 years.

2. Asset Valuation Method

The actuarial value of assets is determined by recognizing each year's realized and unrealized appreciation, in excess of (or less than) an assumed inflationary gain of 3%, at a rate of 20% per year, until fully recognized after five years.

The valuation rate of interest assumption is 8.0%. If the actual rate of return on plan assets is exactly 8.0% for the next five years, our asset valuation method will result in the actuarial value of assets being less than the market value of assets at the end of the period. Therefore, a characteristic of this asset valuation method is that, over time, it is more likely to produce an actuarial value of assets that is less than the market value of assets.

3. Actuarial Assumptions

The withdrawal rates are the assumed rates of termination of employment from all causes other than death, disability or retirement. The withdrawal rates vary by gender, age and service. The service retirement rates for Tier 1 members are used for the withdrawal rates for active members age 55 and older.

The healthy annuitant mortality rates are the assumed rates of death for service and deferred retired members and beneficiaries. The healthy annuitant mortality

ACTUARIAL VALUATION INFORMATION (Cont'd.)

rates vary by gender and age. In order to anticipate future mortality improvement a static projection using Society of Actuaries Mortality Projection Scale AA was incorporated into all rates.

The salary scale is the assumed annual rate of increase in compensation. The rates are based upon salary experience for members, and vary by age and gender. Cost-of-living, merit and productivity increases are included in these rates.

PRESENT ACTUARIAL ASSUMPTIONS

Actuarial assumptions have been developed based upon actual member experience. Various actuarial and graduation techniques are applied to experience data and tables are developed. An experience study is performed annually and assumptions are revised when warranted. The current actuarial assumptions were adopted by the Retirement Board on October 27, 2011. Specific details regarding the development of the present actuarial assumptions can be found in the Report on the 2011 Recommended Actuarial Assumptions.

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APPENDIX 16 (Cont'd.)

Mortality Rates
for Active Members

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	0.000042	20	0.000040
21	0.000092	21	0.000050
22	0.000107	22	0.000057
23	0.000136	23	0.000068
24	0.000139	24	0.000072
25	0.000147	25	0.000086
26	0.000156	26	0.000102
27	0.000163	27	0.000117
28	0.000178	28	0.000118
29	0.000191	29	0.000119
30	0.000200	30	0.000142
31	0.000229	31	0.000148
32	0.000242	32	0.000163
33	0.000260	33	0.000175
34	0.000279	34	0.000176
35	0.000291	35	0.000186
36	0.000313	36	0.000202
37	0.000330	37	0.000212
38	0.000352	38	0.000222
39	0.000373	39	0.000239
40	0.000394	40	0.000257
41	0.000430	41	0.000277
42	0.000453	42	0.000300
43	0.000513	43	0.000334
44	0.000576	44	0.000361
45	0.000616	45	0.000388
46	0.000656	46	0.000411
47	0.000683	47	0.000432
48	0.000702	48	0.000465
49	0.000721	49	0.000482
50	0.000747	50	0.000511
51	0.000787	51	0.000544
52	0.000800	52	0.000587
53	0.000835	53	0.000622
54	0.000869	54	0.000658

APPENDIX 16 (Cont'd.)

Mortality Rates
for Active Members
(cont'd.)

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
55	0.000937	55	0.000683
56	0.001093	56	0.000724
57	0.001293	57	0.000762
58	0.001416	58	0.000816
59	0.001588	59	0.000895
60	0.001747	60	0.000954
61	0.001897	61	0.001051
62	0.002111	62	0.001114
63	0.002412	63	0.001199
64	0.002892	64	0.001303
65	0.003396	65	0.001458
66	0.003811	66	0.001625
67	0.004599	67	0.001782
68	0.005510	68	0.002011
69	0.006500	69	0.002252
70	0.007502	70	0.002532
71	0.008523	71	0.003019
72	0.009511	72	0.003310
73	0.010552	73	0.003811
74	0.011521	74	0.004123
75	0.012798	75	0.004599

APPENDIX 16 (Cont'd.)

Disability Retirement Rates
for Active Members

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
30	0.000005	30	0.000005
31	0.000010	31	0.000018
32	0.000015	32	0.000032
33	0.000020	33	0.000046
34	0.000027	34	0.000054
35	0.000033	35	0.000080
36	0.000038	36	0.000090
37	0.000045	37	0.000089
38	0.000061	38	0.000113
39	0.000085	39	0.000174
40	0.000109	40	0.000220
41	0.000152	41	0.000300
42	0.000210	42	0.000387
43	0.000272	43	0.000440
44	0.000340	44	0.000482
45	0.000405	45	0.000545
46	0.000490	46	0.000589
47	0.000602	47	0.000675
48	0.000747	48	0.000773
49	0.000917	49	0.000992
50	0.001051	50	0.001222
51	0.001180	51	0.001430
52	0.001290	52	0.001575
53	0.001380	53	0.001675
54	0.001440	54	0.001725

APPENDIX 16 (Cont'd.)

Withdrawal Rates
for Active Members

Males

<u>Age</u>	<u>0 Years of Service</u>	<u>1 Year of Service</u>	<u>2 Years of Service</u>	<u>3 Years of Service</u>	<u>4 Years of Service</u>	<u>5 Years of Service</u>	<u>6 Years of Service</u>	<u>7 Years of Service</u>	<u>8 Years of Service</u>	<u>9 Years of Service</u>	<u>10 or more Years of Service</u>
20	0.259944	0.093433	0.064593	0.048649	0.037015	0.022000	0.012711	0.010469	0.009177	0.008490	0.007368
21	0.259944	0.093433	0.064593	0.048649	0.037015	0.022000	0.012711	0.010469	0.009177	0.008490	0.007368
22	0.259944	0.093433	0.064593	0.048649	0.037015	0.022000	0.012711	0.010469	0.009177	0.008490	0.007368
23	0.259944	0.093433	0.064593	0.048649	0.037015	0.022000	0.012711	0.010469	0.009177	0.008490	0.007368
24	0.272583	0.093433	0.064593	0.048649	0.037015	0.022000	0.012711	0.010469	0.009177	0.008490	0.007368
25	0.285222	0.100846	0.064593	0.048649	0.037015	0.022000	0.012711	0.010469	0.009177	0.008490	0.007368
26	0.297861	0.108259	0.070858	0.048649	0.037015	0.022000	0.012711	0.010469	0.009177	0.008490	0.007368
27	0.310500	0.115672	0.077123	0.051379	0.037015	0.022000	0.012711	0.010469	0.009177	0.008490	0.007368
28	0.323138	0.123086	0.083389	0.054108	0.039868	0.024169	0.012711	0.010469	0.009177	0.008490	0.007368
29	0.335777	0.130499	0.089654	0.056838	0.042721	0.026338	0.013989	0.010469	0.009177	0.008490	0.007368
30	0.348416	0.137912	0.095919	0.059567	0.044623	0.028507	0.016544	0.011635	0.009177	0.008490	0.007368
31	0.344014	0.138382	0.095492	0.062415	0.045574	0.030677	0.019100	0.013968	0.011002	0.008490	0.007368
32	0.339612	0.138851	0.095065	0.065263	0.046525	0.032846	0.021655	0.016300	0.012828	0.008884	0.007368
33	0.335210	0.139321	0.094638	0.068111	0.047476	0.035015	0.024210	0.018633	0.014653	0.010462	0.007368
34	0.330808	0.139790	0.094211	0.070958	0.048426	0.037184	0.026766	0.020965	0.016479	0.012040	0.007368
35	0.326406	0.140260	0.093783	0.073806	0.049377	0.039353	0.029321	0.023297	0.018304	0.013303	0.007368
36	0.325430	0.138801	0.094647	0.074514	0.051198	0.040652	0.030587	0.024116	0.018515	0.014313	0.007506
37	0.324454	0.137343	0.095511	0.075223	0.053018	0.041951	0.031853	0.024934	0.018726	0.015323	0.007645
38	0.323478	0.135885	0.096374	0.075931	0.054839	0.043250	0.033119	0.025753	0.018936	0.016333	0.007783
39	0.322502	0.134426	0.097238	0.076640	0.056659	0.044548	0.034386	0.026571	0.019147	0.017343	0.007922
40	0.321526	0.132968	0.098101	0.077348	0.058480	0.045847	0.035652	0.027390	0.019358	0.018353	0.008061
41	0.315621	0.136402	0.101321	0.077187	0.058465	0.044883	0.035483	0.029326	0.020588	0.018597	0.008304
42	0.309716	0.139835	0.104541	0.077025	0.058451	0.043919	0.035314	0.031262	0.021819	0.018842	0.008547
43	0.303810	0.143269	0.107761	0.076864	0.058437	0.042954	0.035145	0.033198	0.023049	0.019087	0.008790
44	0.297905	0.146703	0.110981	0.076702	0.058423	0.041990	0.034976	0.035134	0.024280	0.019331	0.009033
45	0.292000	0.150136	0.114201	0.076541	0.058409	0.041026	0.034807	0.037070	0.025510	0.019576	0.009276
46	0.290773	0.154527	0.116641	0.080859	0.059296	0.043021	0.036045	0.039363	0.026291	0.019590	0.008957
47	0.289546	0.158918	0.119082	0.085177	0.060184	0.045016	0.037284	0.041656	0.027071	0.019603	0.008638
48	0.288320	0.163308	0.121523	0.089495	0.061071	0.047011	0.038522	0.043949	0.027851	0.019617	0.008319
49	0.287093	0.167699	0.123964	0.093813	0.061959	0.049007	0.039760	0.046242	0.028631	0.019631	0.008000
50	0.285866	0.172090	0.126404	0.098131	0.062847	0.051002	0.040998	0.048535	0.029412	0.019645	0.007681
51	0.284639	0.176480	0.128845	0.102449	0.063734	0.052997	0.042236	0.050828	0.030192	0.019658	0.007362
52	0.283413	0.180871	0.131286	0.106767	0.064622	0.054992	0.043475	0.053121	0.030972	0.019672	0.007043
53	0.282186	0.185262	0.133727	0.111085	0.065509	0.056988	0.044713	0.055414	0.031753	0.019686	0.006724
54	0.280959	0.189652	0.136168	0.115403	0.066397	0.058983	0.045951	0.057707	0.032533	0.019699	0.006405

APPENDIX 16 (Cont'd.)

Withdrawal Rates
for Active Members

Females

<u>Age</u>	<u>0 Years of Service</u>	<u>1 Year of Service</u>	<u>2 Years of Service</u>	<u>3 Years of Service</u>	<u>4 Years of Service</u>	<u>5 Years of Service</u>	<u>6 Years of Service</u>	<u>7 Years of Service</u>	<u>8 Years of Service</u>	<u>9 Years of Service</u>	<u>10 or more Years of Service</u>
20	0.246985	0.093652	0.057894	0.046566	0.049651	0.040533	0.040279	0.031433	0.030269	0.029859	0.023495
21	0.246985	0.093652	0.057894	0.046566	0.049651	0.040533	0.040279	0.031433	0.030269	0.029859	0.023495
22	0.252705	0.093652	0.057894	0.046566	0.049651	0.040533	0.040279	0.031433	0.030269	0.029859	0.023495
23	0.264144	0.100160	0.057894	0.046566	0.049651	0.040533	0.040279	0.031433	0.030269	0.029859	0.023495
24	0.275583	0.106668	0.057894	0.046566	0.049651	0.040533	0.040279	0.031433	0.030269	0.029859	0.023495
25	0.287022	0.113175	0.065741	0.046566	0.049651	0.040533	0.040279	0.031433	0.030269	0.029859	0.023495
26	0.298461	0.119683	0.073589	0.051834	0.049651	0.040533	0.040279	0.031433	0.030269	0.029859	0.023495
27	0.309900	0.126190	0.081437	0.057103	0.049651	0.040533	0.040279	0.031433	0.030269	0.029859	0.023495
28	0.321339	0.132698	0.089285	0.062371	0.049651	0.040533	0.040279	0.031433	0.030269	0.029859	0.023495
29	0.332779	0.139205	0.097132	0.067640	0.057959	0.048790	0.044087	0.031433	0.030269	0.029859	0.023495
30	0.344218	0.145713	0.104980	0.072908	0.063498	0.057047	0.047896	0.033283	0.031649	0.029859	0.023495
31	0.337149	0.143990	0.102994	0.076587	0.066267	0.065304	0.051704	0.036984	0.034408	0.029859	0.023495
32	0.330080	0.142268	0.101008	0.080267	0.069037	0.068562	0.055512	0.040686	0.038771	0.030520	0.023495
33	0.323011	0.140545	0.099023	0.083946	0.071806	0.071482	0.059321	0.044387	0.043134	0.033165	0.023495
34	0.315943	0.138822	0.097037	0.087625	0.074576	0.072579	0.063129	0.048088	0.047165	0.035810	0.023495
35	0.308874	0.137100	0.095051	0.091304	0.077345	0.071809	0.066937	0.051790	0.051195	0.038455	0.022675
36	0.301485	0.131968	0.093169	0.085419	0.072583	0.067681	0.061670	0.048941	0.041891	0.036339	0.021034
37	0.294097	0.126836	0.091287	0.079533	0.067822	0.063553	0.056403	0.046092	0.038337	0.034223	0.019393
38	0.286709	0.121704	0.089405	0.073647	0.063060	0.059425	0.051135	0.043243	0.034782	0.032107	0.017752
39	0.279321	0.116572	0.087522	0.067761	0.058298	0.055298	0.047553	0.040394	0.031227	0.029991	0.016111
40	0.271932	0.111440	0.085640	0.061875	0.053536	0.051170	0.043971	0.037545	0.027672	0.027875	0.014471
41	0.272086	0.112626	0.084583	0.062068	0.053566	0.048726	0.041349	0.035634	0.027143	0.026346	0.013501
42	0.272240	0.113812	0.083526	0.062260	0.053596	0.046282	0.038726	0.033722	0.026614	0.024818	0.012531
43	0.272393	0.114998	0.082468	0.062452	0.053626	0.043838	0.036103	0.031810	0.026085	0.023289	0.011560
44	0.272547	0.116185	0.081411	0.062644	0.053656	0.041395	0.033481	0.029899	0.025555	0.021760	0.010590
45	0.272700	0.117371	0.080354	0.062837	0.053686	0.038951	0.030858	0.027987	0.025026	0.020231	0.009620
46	0.276387	0.119587	0.083107	0.064476	0.053600	0.040789	0.031262	0.028348	0.025804	0.020103	0.009440
47	0.280073	0.121803	0.085860	0.066116	0.053514	0.042628	0.031667	0.028708	0.026581	0.019974	0.009259
48	0.283759	0.124019	0.088614	0.067756	0.053428	0.044466	0.032071	0.029069	0.027359	0.019846	0.009079
49	0.287445	0.126235	0.091367	0.069395	0.053342	0.046304	0.032476	0.029429	0.028136	0.019717	0.008899
50	0.291131	0.128450	0.094120	0.071035	0.053256	0.048143	0.032880	0.029790	0.028914	0.019589	0.008718
51	0.294817	0.130666	0.096873	0.072674	0.053170	0.049981	0.033284	0.030151	0.029691	0.019461	0.008538
52	0.298503	0.132882	0.099627	0.074314	0.053084	0.051820	0.033689	0.030511	0.030469	0.019332	0.008357
53	0.302189	0.135098	0.102380	0.075954	0.052997	0.053658	0.034093	0.030872	0.031246	0.019204	0.008177
54	0.305876	0.137314	0.105133	0.077593	0.052911	0.055496	0.034498	0.031232	0.032024	0.019075	0.007996

APPENDIX 16 (Cont'd.)

Service Retirement Rates
 For Tier 1 Members and Tier 2, 3, and 4 Members
 at Least Age 62 or with 30 Years of Service
 and Tier 5 Members at Least Age 62

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
55	0.311756	55	0.311774
56	0.254224	56	0.249599
57	0.187021	57	0.163685
58	0.201230	58	0.173078
59	0.217976	59	0.177174
60	0.225532	60	0.190579
61	0.227859	61	0.204671
62	0.211386	62	0.221966
63	0.178082	63	0.181851
64	0.134752	64	0.159849
65	0.174277	65	0.200559
66	0.197891	66	0.189809
67	0.115544	67	0.161544
68	0.126412	68	0.169583
69	0.095163	69	0.157879
70	0.134313	70	0.169101
71	0.132847	71	0.173372
72	0.083523	72	0.123957
73	0.060934	73	0.126204
74	0.140439	74	0.118774
75	0.165500	75	0.153458

APPENDIX 16 (Cont'd.)

Service Retirement Rates
 For Tier 2, 3, and 4 Members Less Than Age 62
 and with Less Than 30 Years of Service

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
55	0.034627	55	0.042183
56	0.029994	56	0.036835
57	0.028821	57	0.035166
58	0.037932	58	0.040023
59	0.034563	59	0.042266
60	0.047151	60	0.048490
61	0.053363	61	0.062749

APPENDIX 16 (Cont'd.)

Service Retirement Rates
 For Tier 5 Members Less Than Age 62
 and with Less Than 30 Years of Service

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
55	0.017313	55	0.021092
56	0.014997	56	0.018418
57	0.014411	57	0.017583
58	0.018966	58	0.020012
59	0.017281	59	0.021133
60	0.023575	60	0.024245
61	0.026682	61	0.031375

APPENDIX 16 (Cont'd.)

Service Retirement Rates
 For Tier 5 Members Less Than Age 62
 and with 30 Years of Service

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
55	0.017313	55	0.021092
56	0.014997	56	0.018418
57	0.311756	57	0.311774
58	0.254224	58	0.249599
59	0.187021	59	0.163685
60	0.201230	60	0.173078
61	0.217976	61	0.177174

APPENDIX 16 (Cont'd.)

Service Retirement Rates
For Tier 6 Members

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
55	0.017313	55	0.021092
56	0.014997	56	0.018418
57	0.014411	57	0.017583
58	0.018966	58	0.020012
59	0.017281	59	0.021133
60	0.023575	60	0.024245
61	0.026682	61	0.031375
62	0.026682	62	0.031375
63	0.311756	63	0.311774
64	0.254224	64	0.249599
65	0.187021	65	0.163685
66	0.201230	66	0.173078
67	0.217976	67	0.177174
68	0.225532	68	0.190579
69	0.227859	69	0.204671
70	0.211386	70	0.221966
71	0.178082	71	0.181851
72	0.134752	72	0.159849
73	0.174277	73	0.200559
74	0.197891	74	0.189809
75	0.115544	75	0.161544

APPENDIX 16 (Cont'd.)

Mortality Rates for Service
and Deferred Annuitants and Beneficiaries
(Also used in calculating the benefits pursuant to
Subdivision b.3 of Section 512 of the Education Law)

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
1	0.000485	1	0.000435
2	0.000327	2	0.000283
3	0.000272	3	0.000212
4	0.000212	4	0.000158
5	0.000194	5	0.000143
6	0.000186	6	0.000134
7	0.000178	7	0.000126
8	0.000164	8	0.000112
9	0.000159	9	0.000107
10	0.000161	10	0.000107
11	0.000167	11	0.000109
12	0.000174	12	0.000113
13	0.000183	13	0.000118
14	0.000196	14	0.000127
15	0.000208	15	0.000137
16	0.000219	16	0.000144
17	0.000232	17	0.000152
18	0.000244	18	0.000155
19	0.000255	19	0.000155
20	0.000266	20	0.000154
21	0.000279	21	0.000152
22	0.000290	22	0.000154
23	0.000304	23	0.000158
24	0.000315	24	0.000164
25	0.000328	25	0.000171
26	0.000349	26	0.000182
27	0.000357	27	0.000189
28	0.000367	28	0.000200
29	0.000385	29	0.000211
30	0.000415	30	0.000231

APPENDIX 16 (Cont'd.)

Mortality Rates for Service
and Deferred Annuitants and Beneficiaries
(Also used in calculating the benefits pursuant to
Subdivision b.3 of Section 512 of the Education Law)
(cont'd.)

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
31	0.000466	31	0.000275
32	0.000525	32	0.000314
33	0.000590	33	0.000349
34	0.000656	34	0.000380
35	0.000722	35	0.000409
36	0.000786	36	0.000437
37	0.000845	37	0.000464
38	0.000889	38	0.000494
39	0.000929	39	0.000528
40	0.000968	40	0.000576
41	0.001011	41	0.000631
42	0.001061	42	0.000695
43	0.001119	43	0.000764
44	0.001187	44	0.000839
45	0.001264	45	0.000904
46	0.001336	46	0.000970
47	0.001414	47	0.001038
48	0.001496	48	0.001122
49	0.001583	49	0.001213
50	0.001673	50	0.001330
51	0.001890	51	0.001490
52	0.002030	52	0.001668
53	0.002220	53	0.001875
54	0.002433	54	0.002116
55	0.002538	55	0.002355
56	0.002780	56	0.002509
57	0.003056	57	0.002672
58	0.003370	58	0.002843
59	0.003709	59	0.003041
60	0.004093	60	0.003267

APPENDIX 16 (Cont'd.)

Mortality Rates for Service
and Deferred Annuitants and Beneficiaries
(Also used in calculating the benefits pursuant to
Subdivision b.3 of Section 512 of the Education Law)
(cont'd.)

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
61	0.004551	61	0.003527
62	0.005047	62	0.003826
63	0.005638	63	0.004168
64	0.006278	64	0.004561
65	0.007004	65	0.005012
66	0.007867	66	0.005529
67	0.008804	67	0.006122
68	0.009816	68	0.006803
69	0.011014	69	0.007584
70	0.012307	70	0.008480
71	0.013835	71	0.009459
72	0.015565	72	0.010631
73	0.017524	73	0.011914
74	0.019741	74	0.013446
75	0.022362	75	0.015125
76	0.025213	76	0.017127
77	0.028581	77	0.019517
78	0.032405	78	0.022155
79	0.036746	79	0.025174
80	0.041671	80	0.028627
81	0.047254	81	0.032576
82	0.053580	82	0.037089
83	0.060435	83	0.042242
84	0.068492	84	0.048122
85	0.077205	85	0.055103
86	0.086987	86	0.063094
87	0.098446	87	0.072230
88	0.111338	88	0.082248
89	0.125188	89	0.094083
90	0.141337	90	0.107017

APPENDIX 16 (Cont'd.)

Mortality Rates for Service
and Deferred Annuitants and Beneficiaries
(Also used in calculating the benefits pursuant to
Subdivision b.3 of Section 512 of the Education Law)
(cont'd.)

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
91	0.158600	91	0.121632
92	0.178646	92	0.133966
93	0.199938	93	0.147979
94	0.223410	94	0.162252
95	0.250439	95	0.176070
96	0.270403	96	0.187908
97	0.288938	97	0.199611
98	0.311066	98	0.209895
99	0.325777	99	0.221434
100	0.339933	100	0.231938
101	0.358628	101	0.244834
102	0.371685	102	0.254498
103	0.383040	103	0.266044
104	0.392003	104	0.279055
105	0.397886	105	0.293116
106	0.400000	106	0.307811
107	0.400000	107	0.322725
108	0.400000	108	0.337441
109	0.400000	109	0.351544
110	0.400000	110	0.364617

APPENDIX 16 (Cont'd.)

Mortality Rates for
Disabled Annuitants

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
30	0.021045	30	0.037191
31	0.022268	31	0.039790
32	0.025123	32	0.041804
33	0.030890	33	0.042036
34	0.035471	34	0.044687
35	0.040060	35	0.046087
36	0.045043	36	0.047456
37	0.051671	37	0.048137
38	0.057059	38	0.049542
39	0.060136	39	0.050006
40	0.066075	40	0.051448
41	0.072010	41	0.053712
42	0.081075	42	0.056153
43	0.088267	43	0.058391
44	0.095107	44	0.059102
45	0.098034	45	0.060023
46	0.098073	46	0.061115
47	0.096203	47	0.061499
48	0.092171	48	0.062033
49	0.090039	49	0.061267
50	0.088106	50	0.059644
51	0.085180	51	0.059103
52	0.082046	52	0.058019
53	0.077567	53	0.057648
54	0.069299	54	0.056312
55	0.059562	55	0.053003
56	0.050222	56	0.050651
57	0.043923	57	0.044260
58	0.040994	58	0.039761
59	0.040370	59	0.036583

APPENDIX 16 (Cont'd.)

Mortality Rates for
Disabled Annuitants
(cont'd.)

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
60	0.040254	60	0.034142
61	0.039865	61	0.033041
62	0.039284	62	0.031701
63	0.038507	63	0.032287
64	0.037749	64	0.032367
65	0.038009	65	0.032588
66	0.039816	66	0.034360
67	0.042679	67	0.034616
68	0.045317	68	0.034773
69	0.045826	69	0.035903
70	0.049085	70	0.036463
71	0.050661	71	0.037256
72	0.052953	72	0.038447
73	0.055112	73	0.040345
74	0.058231	74	0.042217
75	0.060057	75	0.045375
76	0.062590	76	0.048144
77	0.063405	77	0.051458
78	0.065189	78	0.052913
79	0.069245	79	0.055751
80	0.075091	80	0.060605
81	0.086987	81	0.070429
82	0.098446	82	0.080934
83	0.111338	83	0.090446
84	0.125188	84	0.100878
85	0.141337	85	0.120011
86	0.158600	86	0.138088
87	0.178646	87	0.147979
88	0.199938	88	0.162252
89	0.223410	89	0.176070

APPENDIX 16 (Cont'd.)

Mortality Rates for
Disabled Annuitants
(cont'd.)

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
90	0.250439	90	0.187908
91	0.270403	91	0.199611
92	0.288938	92	0.209895
93	0.311066	93	0.221434
94	0.325777	94	0.231938
95	0.339933	95	0.244834
96	0.358628	96	0.254498
97	0.371685	97	0.266044
98	0.383040	98	0.279055
99	0.392003	99	0.293116
100	0.397886	100	0.307811
101	0.400000	101	0.322725
102	0.400000	102	0.337441
103	0.400000	103	0.351544
104	0.400000	104	0.364617
105	0.400000	105	0.376246
106	0.400000	106	0.386015
107	0.400000	107	0.393507
108	0.400000	108	0.398308
109	0.400000	109	0.400000
110	0.400000	110	0.400000

APPENDIX 16 (Cont'd.)

Salary Scale

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	1.1203	20	1.1198
21	1.1201	21	1.1177
22	1.1198	22	1.1162
23	1.1184	23	1.1139
24	1.1152	24	1.1101
25	1.1091	25	1.1035
26	1.1018	26	1.0954
27	1.0909	27	1.0857
28	1.0841	28	1.0770
29	1.0777	29	1.0720
30	1.0748	30	1.0684
31	1.0718	31	1.0660
32	1.0691	32	1.0644
33	1.0665	33	1.0636
34	1.0646	34	1.0630
35	1.0627	35	1.0626
36	1.0615	36	1.0622
37	1.0611	37	1.0614
38	1.0593	38	1.0602
39	1.0576	39	1.0591
40	1.0561	40	1.0582
41	1.0545	41	1.0572
42	1.0532	42	1.0562
43	1.0524	43	1.0553
44	1.0517	44	1.0546
45	1.0504	45	1.0539
46	1.0485	46	1.0530
47	1.0469	47	1.0523
48	1.0456	48	1.0516
49	1.0448	49	1.0506

APPENDIX 16 (Cont'd.)

Salary Scale
(cont'd.)

<u>Males</u>		<u>Females</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
50	1.0440	50	1.0497
51	1.0433	51	1.0485
52	1.0428	52	1.0474
53	1.0422	53	1.0461
54	1.0415	54	1.0449
55	1.0401	55	1.0442
56	1.0388	56	1.0435
57	1.0382	57	1.0424
58	1.0374	58	1.0416
59	1.0372	59	1.0413
60	1.0364	60	1.0410
61	1.0352	61	1.0402
62	1.0347	62	1.0393
63	1.0338	63	1.0386
64	1.0316	64	1.0383
65	1.0294	65	1.0376
66	1.0263	66	1.0367
67	1.0249	67	1.0352
68	1.0250	68	1.0341
69	1.0254	69	1.0329
70	1.0259	70	1.0328
71	1.0247	71	1.0326
72	1.0241	72	1.0325
73	1.0241	73	1.0322
74	1.0239	74	1.0309
75	1.0238	75	1.0308

Valuation Rate of Interest Assumption

The interest rate for valuation purposes is a level 8.0%. This valuation rate of interest is made up of a 3.0%¹ annual rate of inflation and a 5.0% real rate of return.

The valuation rate of interest assumption represents our best estimate of the anticipated annual rate of return on plan assets over a very long-term horizon.

The valuation rate of interest assumption is developed based upon the Retirement System's specific asset allocation, and capital market assumptions, based upon recommendations from Hewitt Ennis Knupp, the System's investment consultant. Using expected returns and standard deviations for each asset class, and including anticipated correlation between the classes, a long-term anticipated rate of return is developed. As of June 30, 2014, Hewitt Ennis Knupp has estimated the geometric annual rate of return to be 6.8%, and the arithmetic annual rate of return to be 7.6%, given the System's asset allocation. This analysis is performed annually, and intended to be over a 10-year time horizon. Additionally, Hewitt Ennis Knupp performed an asset/liability study in 2011 in which stochastic simulation was used to project over one thousand future investment outcomes over a 40-year period based on the Retirement System's asset allocation. The resulting distribution of the 40-year annualized returns had a mean of 8.1% and a median of 8.2%.

For a complete explanation of the reasons behind the System's valuation rate of interest assumption, please see pages 24 through 28 of the Report on the 2011 Recommended Actuarial Assumptions.

Projected COLA Assumption

The annual percentage for estimating future COLA benefit payments is 1.625%.²

¹ The average annual rate of increase in the Consumer Price Index (CPI) for 1925 – 2014 was 2.98%.

² The COLA percentage is one-half of the increase in the CPI with a floor of 1.0% and a cap of 3.0%. Therefore the estimate of inflation for the COLA benefit is the result of analyzing available CPI data with percentages bounded between 2.0% and 6.0%, and reduced by 50%.

SUMMARY OF BENEFIT PROVISIONS1. Membership

Membership is mandatory for all full-time New York State public school teachers, outside New York City, except those employed under the Comprehensive Employment and Training Act (CETA). Membership is optional for teachers employed on other than a full-time basis and for certain employees of the State University of New York, community colleges, and the State Education Department. Generally, the membership of any person credited with less than 5 years of service will terminate when seven years have elapsed since (s)he last rendered at least 20 days of credited service in a school year.

Tiers are determined by a member's most recent date of membership in the Retirement System as follows:

Tier 1:	Membership prior to 7/1/1973;
Tier 2:	Membership 7/1/1973 – 7/26/1976;
Tier 3:	Membership 7/27/1976 – 8/31/1983;
Tier 4:	Membership 9/1/1983 – 12/31/2009;
Tier 5:	Membership 1/1/2010 – 3/31/2012;
Tier 6:	Membership on or after 4/1/2012.

Tier 3 members are entitled to receive the benefits of either Tier 3 or Tier 4, however, they may not mix the provisions of the two tiers. For valuation purposes, Tier 3 members are assumed to receive the Tier 4 benefit at retirement, as that is generally always the larger benefit.

2. Service Retirement

The service retirement benefits are payable for life generally as follows:

Tier 1:Non-Contributory Plan

For Tier 1 members with a date of membership prior to July 1, 1970 the benefit is generally calculated as:

For New York State service prior to 7/1/1959 and all out-of-state service:

$1/100^{\text{th}}$ of final average salary (FAS) per year for each of the first 25 years of service, plus $1/120^{\text{th}}$ of FAS per year for each of the next 10 years of service, plus $1/140^{\text{th}}$ of FAS per year for each year of NYS service in excess of 35, *plus*

For New York State service subsequent to 7/1/1959:

$1/50^{\text{th}}$ of final average salary (FAS) per year for each of the first 25 years of NYS service, plus $1/60^{\text{th}}$ of FAS per year for each of the next 10 years of NYS service, plus $1/70^{\text{th}}$ of FAS per year for each year of NYS service in excess of 35.

APPENDIX 17 (Cont'd.)

Non-Contributory Plan members generally may retire at:

- Age 55 with 20 years of total service or
- Any age with 35 years of total service.

Career Plan

If 20 or more years of NYS service: 2% of final average salary (FAS) per year of NYS service after July 1, 1959, plus 1.8% of FAS per year of NYS service prior to that date, plus 1% of FAS per year of out-of-state service. Out-of-state service is allowed only up to a maximum of 10 years, and only to the extent that it does not raise the total service credit to greater than 35 years. The maximum pension permitted is 75% of FAS.

If less than 20 years of NYS service, the above formula is used except the benefit is reduced by 5% for each year of service less than 20, subject to a maximum reduction of 50%.

Career Plan members generally may retire at:

- Age 55 with 2 years of NYS service or
- Any age with 35 years of total service.

The provisions of Article 19 of the Retirement and Social Security Law, effective July 11, 2000, provides to eligible Tier 1 and 2 members additional service credit of one-twelfth of a year of service for each year of retirement credit as of the date of retirement or death, up to a maximum of two additional years. The maximum pension, as a result of Article 19, can be 79% of FAS.

Tier 2: Computed under the Tier 1 Career Plan formula, but may be reduced for early retirement, as noted below.

Tier 2 members generally may retire at:

- Age 62 with 5 years of service,
- Age 55 with 30 years of service, or
- Age 55 with 5 years of service, with benefit reduced by 6% for each of the first 2 years under age 62 and 3% for each of the next 5 years.

Tier 3: $1\frac{2}{3}\%$ of FAS per year of NYS service (if less than 20 years) or 2% of FAS per year of NYS service (if 20 to 30 years). There is no additional benefit for more than 30 years of service. At age 62 the benefit is reduced by 50% of the primary Social Security benefit accrued while in NYS public employment. A member may be eligible for automatic cost-of-living adjustments.

Tier 3 members generally may retire at:

- Age 62 with 5 years of service,
- Age 55 with 30 years of service, or
- Age 55 with 5 years of service, with benefit reduced by 1/15th for each of the first 2 years under age 62 and 1/30th for each of the next 5 years.

APPENDIX 17 (Cont'd.)

Tier 4: $1\frac{2}{3}\%$ of FAS per year of NYS service (if less than 20 years), or 2% of FAS per year of NYS service (if 20 to 30 years), plus $1\frac{1}{2}\%$ of FAS per year of NYS service in excess of 30 years.

Tier 4 members generally may retire at:

- Age 62 with 5 years of service,
- Age 55 with 30 years of service, or
- Age 55 with 5 years of service, with benefit reduced by 6% for each of the first 2 years under age 62 and 3% for each of the next 5 years.

Tier 5: $1\frac{2}{3}\%$ of FAS per year of NYS service (if less than 25 years), or 2% of FAS per year of NYS service (if 25 to 30 years), plus $1\frac{1}{2}\%$ of FAS per year of NYS service in excess of 30 years.

Tier 5 members generally may retire at:

- Age 62 with 10 years of service,
- Age 57 with 30 years of service, or
- Age 55 with 10 years of service, with benefit reduced by $6\frac{2}{3}\%$ for each of the first 2 years under age 62 and 5% for each of the next 5 years.

Tier 6: $1\frac{2}{3}\%$ of FAS per year of NYS service (if less than 20 years), 1.75% of FAS per year of NYS service (if credited with 20 years) or 35% plus 2% per year of NYS service in excess of 20 years (if beyond 20 years).

Tier 6 members generally may retire at:

- Age 63 with 10 years of service,
- Age 55 with 10 years of service, with benefit reduced by 6.5% for each year under age 63.

3. Disability Retirement

Generally a member with at least 10 years of service may qualify for a disability retirement benefit of the smaller of 1) $1\frac{2}{3}\%$ of FAS per year of projected service to age 60 or 2) $\frac{1}{3}$ of FAS; but the benefit shall not be less than $1\frac{2}{3}\%$ of FAS per year of completed service.

4. Death Benefits

a) Active Service

The Tier 1 death benefit is generally equal to the greater of 1) 3 times annual salary after 36 years of service (proportionately reduced for less than 36 years) or 2) for members who are at least age 55 with 20 years of service, the pension reserve calculated under a prior, lower service retirement formula.

APPENDIX 17 (Cont'd.)

The death benefit for Tier 2, 3, 4, 5 and 6 members is generally equal to one of the following two options based on the member's election at entry: 1) 3 times annual salary after 3 years of service (proportionately reduced for service under 3 years) or 2) the greater of (1) above or the Tier 1 death benefit.

b) Not in Active Service

The death benefit for members of all tiers with at least ten years of service credit who die when not in active service is equal to one-half the active member death benefit.

5. Deferred Retirement

Tiers 1-4:

A member with at least 5 years of credited service who ceases teaching has a vested right to receive a deferred service retirement benefit. A member with at least five, but less than ten years of service credit, has the choice of receiving a refund of their member contributions with interest or a deferred service retirement benefit. A member with ten or more years of service credit will receive the deferred service retirement benefit.

Tiers 5 and 6:

A member with at least 10 years of credited service who ceases teaching has a vested right to receive a deferred service retirement benefit. Members with less than 10 years of credited service who cease teaching may receive a refund of their member contributions with interest.

6. Member Contributions

Certain Tier 1 and 2 members may elect to contribute in order to receive an additional benefit upon retirement. Tier 3 and 4 members are required to contribute 3% of pay to fund a portion of their benefit. Effective October 1, 2000, such contributions cease upon the attainment of the earlier of 10 years of service credit or 10 years of membership. Tier 5 members are required to contribute 3.5% of their salary throughout their active membership.

Tier 6 members are required to contribute throughout their active membership. From 4/1/2012 through 3/31/2013, all Tier 6 members were required to contribute 3.5%. Beginning 4/1/2013 members are required to contribute in accordance with the following schedule:

<u>Salary</u>	<u>Contribution Rate</u>
\$45,000 and less	3.00%
More than \$45,000 to \$55,000	3.50%
More than \$55,000 to \$75,000	4.50%
More than \$75,000 to \$100,000	5.75%
More than \$100,000 to \$179,000 (the limit currently equal to the NYS governor's salary)	6.00%

APPENDIX 17 (Cont'd.)

For purposes of administration, a Tier 6 member's contribution rate in any given year is based on regular compensation earned two years prior. During the member's first three years of membership, he/she will contribute a percentage based on a salary projection provided by the employer.

7. Cost-of-Living Adjustment (COLA)

A permanent, annually-adjusted cost-of-living benefit is provided to both current and future retired members. This benefit was first paid commencing September 2001, and is increased every September thereafter, to retired members who meet one of the following eligibility criteria:

- Age 62 and retired for 5 years,
- Age 55 and retired for 10 years, or
- Retired for 5 years under a disability retirement.

The annual COLA percentage is equal to 50% of the increase in the annual CPI; not to exceed 3% nor be lower than 1%. It is applied to the first \$18,000 of annual benefit. Additionally, commencing September 2000, members retired before 1997 are eligible for a "Catch-Up" supplemental benefit upon satisfaction of the above eligibility criteria.