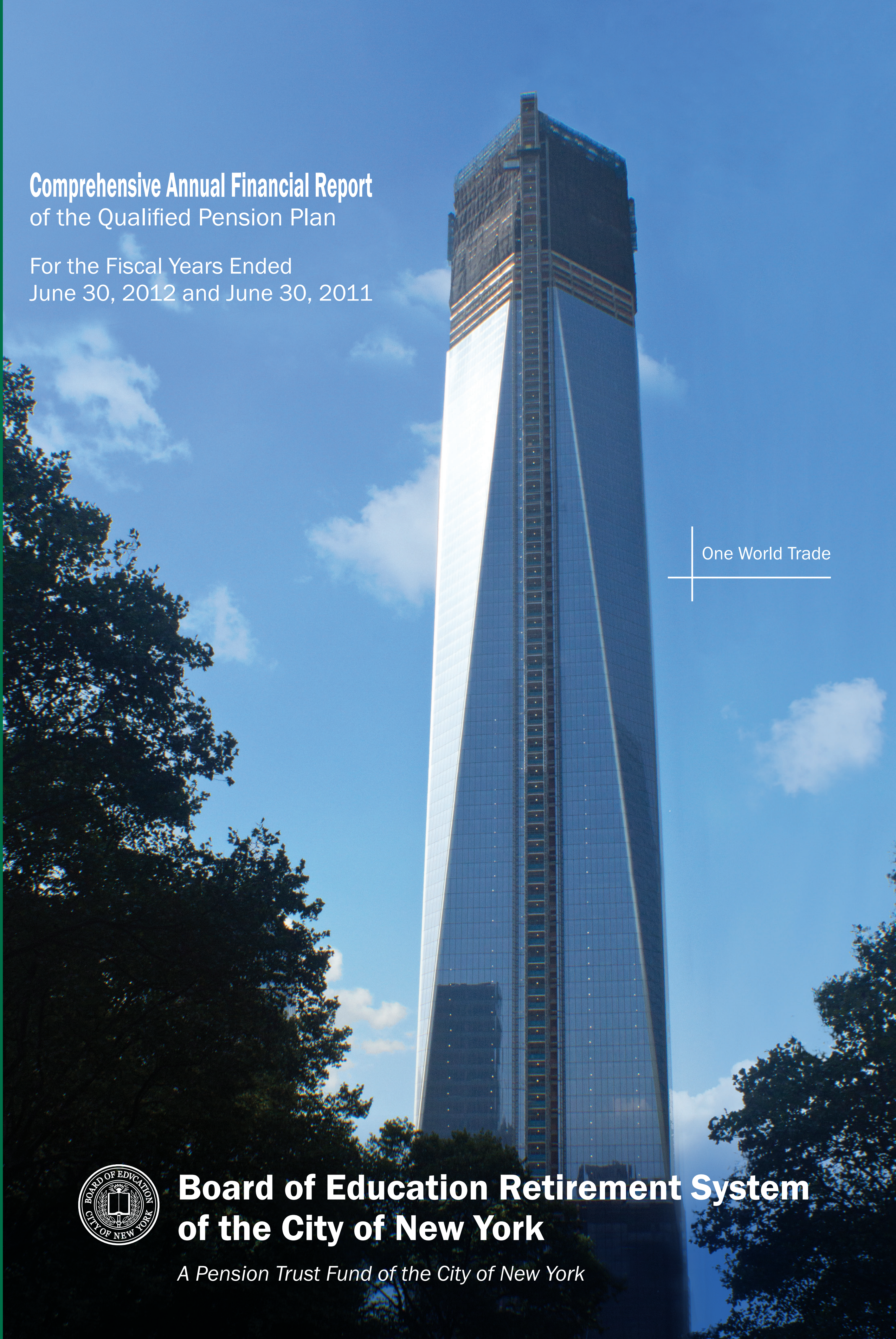
BUILDING THE FUTURE

Comprehensive Annual Financial Report
of the Qualified Pension Plan

For the Fiscal Years Ended
June 30, 2012 and June 30, 2011



Board of Education Retirement System of the City of New York

A Pension Trust Fund of the City of New York

Board of Education Retirement System of the City of New York

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State of New York

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Comprehensive Annual Financial Report
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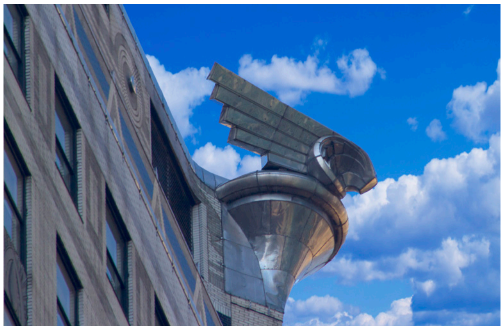

Introductory Section

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BOARD OF EDUCATION RETIREMENT SYSTEM
OF THE CITY OF NEW YORK
65 COURT STREET, 16th FLOOR
BROOKLYN, NEW YORK 11201- 4965

CHRISTINE BAILEY
EXECUTIVE DIRECTOR

718-935-5400
OUTSIDE NEW YORK STATE
1-800-843-5575

December 21, 2012

Board of Trustees
Board of Education Retirement System
City of New York
65 Court Street, 16th Floor
Brooklyn, NY 11201

Ladies and Gentlemen:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the New York City Board of Education Retirement System (BERS) for the fiscal years ended June 30, 2012 and June 30, 2011. The responsibility of the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with BERS. All disclosures necessary to enable the reader to gain an understanding of the system's financial activities have been included.

MAJOR INITIATIVES - July 1, 2011 through June 30, 2012

<u>Chapter 18 of the Laws of 2012</u>: Tier 6 - This act established a revised retirement plan ("Tier 6") for certain New York State and New York City public retirement systems, including BERS. All members who first join BERS as of April 1, 2012 shall be Tier 6 members.

Some of the most significant revisions include the following: Tier 6 members must remit basic member contributions for all years of service. Tier 6 benefits vest after 10 years of service credit. The normal retirement age for Tier 6 is set at 63 years old. The cost of purchasing prior service and military service for Tier 6 members is 6% of salary. Basic Tier 6 contributions range from 3% to 6% of salary, employing a progressive scale that is based on the member's wages.

For Tier 6 members who retire with twenty or more years of service, the retirement allowance for Tier 6 members shall be 35% of Final Average Salary for the first 20 years of service, plus 2% of Final Average Salary for every year thereafter. Certain changes have also been made to the calculation of pensionable income and Final Average Salary whose calculating period was lengthened to 5 years.

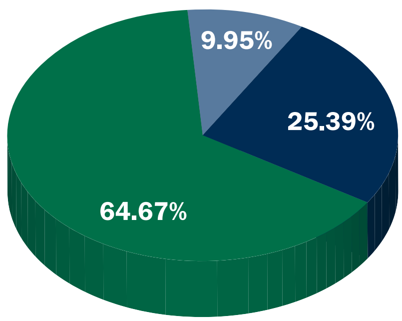
FUNDING

An adequate funding level provides assurance and security for payment of future benefits. In fiscal year 2012, BERS sought to maintain a level of funding within the established guidelines of the Government Accounting Standards Board (GASB). The funds needed to finance retirement benefits are accumulated through employer and member contributions and through income from investments. Funding is discussed in detail in the Notes to the Financial Statements and in the Actuarial Section of this report.

BERS funding ratio is based on a two year lag (2010 for 2012; 2009 for 2011). For the past two years, BERS has maintained a 100% funding ratio.

The chart below summarizes the contribution funding sources for fiscal year 2012.

Funding Sources (In thousands)		
Funds	**Percentage**	**Contribution in Thousands**
Member Contributions	9.95%	$32,867
Employer Contributions	64.67%	$213,651
Investment Income	25.39%	$83,873
Total	**100%**	**$330,391**



Fund Summary

The Board of Education Retirement System total fund increased in value for the fiscal year ending June 2012 with a return of 0.1%, compared to 1.5% for the Board of Education Policy Benchmark, against which it is measured. The market value of the Fund briefly breached the $3 billion mark but ended the fiscal year roughly unchanged at $2.9 billion. Although performance for the year is below our long-term expectation, it should be noted that this follows a 24.2% gain last year. Longer-term returns remain favorable, and the fund leads both its Policy Benchmark and median public fund peer over the trailing five and ten year time periods. The Funds' five year return is 2.1% versus 1.8% for the benchmark index, while the fund's ten-year return is 6.9% versus 6.6%.

INVESTMENTS

Investment Policy

BERS' investment policy statement, ratified by the Board of Trustees in January 2009 addresses investment objectives, investment philosophy and strategy, monitoring and evaluating performance, risk management, security lending protocol and rebalancing investment mix. The investment policy is available upon request.

Investment Valuation

Investments are reported at fair value. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be resold. Fair value is defined as the quoted market value on the last trading day of the period, except for the International Investment funds (the "IIF") and Alternative

Investment funds (the “ALTINVF”). The IIF are private funds of publicly traded securities which are managed by various investment managers on behalf of the Plan. Fair value is determined by Plan management based on information provided by the various investment managers. The investment managers determine fair value using the last available quoted price for each security owned adjusted by any contributions to or withdrawals from the fund during the period. The ALTINVF are Investments for which exchange quotations are not readily available and are valued at estimated fair value as determined in good faith by the General Partner (GP). These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results and other factors deemed relevant by the GP. Fair value is determined by plan management based on information provided by the various GP’s after review by an independent consultant and the custodian bank for the fund.

No investment in any one security represents 5% or more of Plan’s net assets held in trust for benefits.

The Plan’s investments are composed of the assets of two investment programs. These are the fixed income program and the variable investment program (which consists primarily of equity securities). Assets of the fixed income program of the Plan are co-invested with certain assets of the TDA Program, which is funded by voluntary member contributions. Assets of the variable investment program of the Plan are co-invested with certain assets of the TDA Program and of the Teachers Retirement System (TRS). These financial statements reflect the Plan’s proportionate share of the assets and investment activity of each of these programs.

Fund Description

The pension fund is a long-term investment fund structured to provide assets for the payouts needed for the benefits of the participants. The Trustees establish a target asset mix after considering the long-term growth prospects for the diversified group of investments and the cost of the plan participants’ benefits. This asset allocation does not change significantly from year to year, and the fund is rebalanced to the target mix as it pays out benefits and receives contributions. The goal of the broad diversification of the fund is to have some portion of the investments in above average performing segments regardless of the overall market conditions. For more detailed information, please refer to our investment section.

ECONOMIC AND MARKET COMMENT

The US economy continued to exhibit growth but at a relatively muted pace. Gross Domestic Product grew by 2.1% over the trailing fiscal year, compared to 1.9% for the fiscal year ended June 2011. Inflation was constrained, as commodity prices declined in response to signs of decelerating global growth. Consumer Price Index (CPI) grew 1.7%, while core inflation rose 2.2% with the difference indicative of the effects of falling food and energy prices on “headline” inflation. Signs of a job market recovery began to emerge mid-fiscal year when non-farm payroll began to grow by more than 200,000 a month. The optimism it generated proved to be short-lived, however, as non-farm payroll growth averaged less than 70,000 a month during the last three months of the fiscal year. Economists currently estimate that the creation of at least 100,000 jobs per month is required to support population growth and to prevent unemployment from rising. A positive factor during the fiscal year was the drop in the unemployment rate from 9.1% to 8.2%. Although increased payrolls were certainly a factor in the decline, pessimistic markets observers have noted that the methodology used to calculate the data played a significant role in the decline as well, masking the true state of labor market health. These are important indicators of the economic effect on the fund’s investments, and declining indicators of economic health have had a proportionate effect on BERS’ investments.

The US stock market, as measured by the Russell 3000 index, returned 3.8% for the fiscal year ending June 30, 2012, an extreme contrast to the 32.4% for the prior fiscal year weighed by signs of a softening labor market and uncertainty abroad. International stocks fared even worse, as the MSCI EAFE index returned -13.4%. Fiscal concerns continued in Europe, as the Euro zone recorded two consecutive quarters of declining GDP. The aggregate fixed income market, as measured by the Barclays US Aggregate Index, gained 7.5% over the trailing year. Higher quality assets slightly outperformed as indicated by a 9.0% return from Treasuries, compared to sub 7% returns from high-yield securities.

OTHER INFORMATION

Internal Control

The Executive Director is responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance that the assets of the system are safeguarded and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The system's internal control practices are designed to provide reasonable assurance that these objectives are met.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Accounting and Reporting

The accrual basis of accounting is used to record assets, liabilities, revenues and expenses. Fixed income assets and equity investments are recorded at market value. This CAFR has been prepared in conformity with principles of governmental accounting and reporting, promulgated by the GASB, and according to guidelines adopted and published by the Government Finance Officers Association of the United States and Canada (GFOA). The requirements of Statement No. 25 of the GASB, "Financial Reporting for Defined Benefit Pension Plan and Note Disclosures for Defined Contribution Plans" have been adhered to in determining the information reported in the financial statements. Also GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – For State and Local Governments," which mandates that governments amend their financial reporting to provide additional information about their fiscal health, including information about the status of public infrastructure and revised budgetary reporting. In addition, an MD&A is included to provide an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions. It should be noted that since BERS is considered a fund of the City, the only requirement applicable to BERS' CAFR is the MD&A, as all other reporting requirements will be accomplished on a citywide level.

Independent Audit

The five major retirement systems of the City of New York are required to undergo an annual audit by a firm of certified public accountants, in accordance with generally accepted auditing standards. Deloitte & Touche LLP, whose opinion is presented in the Financial Section of this report, conducted the audit of the financial statements of BERS for the fiscal year ended 2012.

The Five New York retirement systems also undergo a five year audit conducted by The State Insurance Office. During the fiscal year 2010, BERS went through an audit covering fiscal year 2004 thru fiscal year 2009.

Professional Services

Buck Consultants and Britten Network are consultants retained by the Retirement Board to perform professional services that are essential to the effective and efficient operations of the BERS.

BERS is going through the process of installing an Enterprise Resource Planning software, Comprehensive Pension Management System (CPMS). It is a 3 year project and the services of Vitech Systems Group Incorporated; GTJZ Consulting; and KPMG LLP have been retained to guide BERS.

The Chief Actuary provides actuarial services for the five major pension systems maintained by the City. His actuarial report and certification are included in this annual report. The New York City Comptroller and the Teachers' Retirement System retain investment managers to assist in the execution of investment policy in accordance with statutory authority, Retirement Board decisions and standard governing fiduciary practices.

Awards

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the BERS for its CAFR for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state and local government finance reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. BERS has received a Certificate of Achievement over the last twenty five consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and it will be submitted to the GFOA.

Acknowledgments

The dedicated service of the managers and staff of BERS made the preparation of this CAFR, on a timely basis, possible. In addition, our appreciation is extended to those members of the staffs of the Bureaus of Accountancy and Asset Management of the New York City Comptroller's Office and the Office of the Actuary who worked closely with the BERS personnel in the compilation of this report. We hope that the members of the Retirement Board, officials of the Department of Education of the City of New York, our members and the citizens of the City will find this report informative and helpful.

Respectfully submitted,

C Bailey

Christine Bailey,
Executive Director

New York City Board of Education Retirement System

For the Fiscal Year Ended June 30, 2012

Prepared By:
Christine Bailey, Executive Director
Rick Hederman, Director of Fiscal Operations

Actuary:
Robert C. North, Jr.,
Chief Actuary

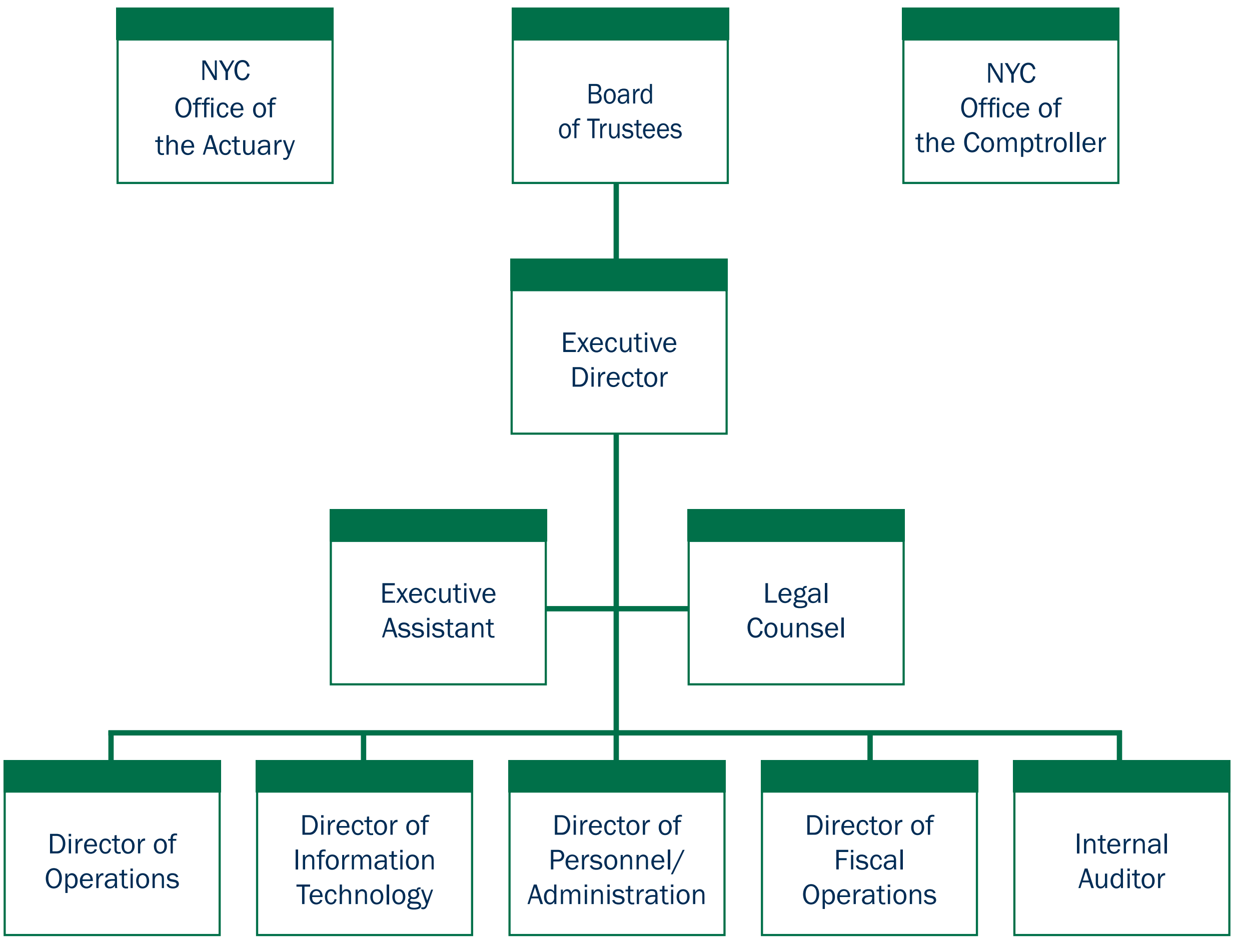
Custodian of the Funds:
John C. Liu,
Comptroller of the City of New York

Headquarters Address:
Board of Education Retirement System
City of New York
65 Court Street, 16th Floor
Brooklyn, New York 11201

New York City Board of Education Retirement System

For the Fiscal Year Ended June 30, 2012

ORGANIZATIONAL CHART



New York City Board of Education Retirement System

For the Fiscal Year Ended June 30, 2012

CONSULTING AND PROFESSIONAL SERVICES

Actuary
Office of the Actuary
75 Park Place, 9th Floor
New York, NY 10013-6301

Auditors
Deloitte & Touche LLP
Two World Financial Center
New York, NY 10281

Custodian of Funds
Office of the Comptroller
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New York, NY 10007

Consultant
Britten Network
434 Main Street
Royersford, PA 19468

Investment Consultant
Buck Investment Consultants
245 Park Avenue, 23rd Floor
New York, NY 10167

CPMS Consultant
Vitech Systems Group, Inc.
401 Park Avenue South, 12th Floor
New York, NY 10016

CPMS Consultant
Gary Tunnicliffe & Jack Ziegler, LLC
321 Union Street, #4A
Brooklyn, NY 11231

CPMS Consultant
KPMG LLP
345 Park Avenue
New York, NY 10154

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Board of Education Retirement System Qualified Pension Plan, New York

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director


Grand Central Terminal
GRAND CENTRAL
TERMINAL

Board of Education Retirement System of the City of New York

A Pension Trust Fund of the City of New York

FINANCIAL

Comprehensive Annual Financial Report
of the Qualified Pension Plan

For the Fiscal Years Ended
June 30, 2012 and June 30, 2011

State of New York

Financial Section

Deloitte.

Deloitte & Touche LLP
Two World Financial Center
New York, NY 10281-1414
USA

Tel: +1 212 436 2000
Fax: +1 212 436 5000
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
New York City Board of Education Retirement System Qualified Pension Plan

We have audited the accompanying statements of plan net assets of the New York City Board of Education Retirement System Qualified Pension Plan (the "Plan") as of June 30, 2012 and 2011, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Plan as of June 30, 2012 and 2011, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the Plan's financial statements, in 2012 certain actuarial assumptions and methods were revised.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule 1, Schedule 2 and Schedule 3, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Plan. The accompanying supplementary information listed as Additional Supplementary Information, in the foregoing table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to

Member of
Deloitte Touche Tohmatsu

the underlying accounting and other records used to prepared the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Additional Supplementary Information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The Introductory, Investment, Actuarial, and Statistical Sections, as listed in the foregoing table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Deloitte & Touche LLP

October 26, 2012

This narrative discussion and analysis of New York City Board of Education Retirement System Qualified Pension Plan's ("Board of Education Retirement System Qualified Pension Plan" or the "Plan"), financial performance provides an overview of the Plan's financial activities for the fiscal years ended June 30, 2012 and 2011. It is meant to assist the reader in understanding the Plan's financial statements by providing an overall review of the financial activities during the years and the effects of significant changes, as well as a comparison with the prior years' activities and results. This discussion and analysis is intended to be read in conjunction with the Plan's financial statements.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The following "discussion and analysis" is intended to serve as an introduction to the Plan's basic financial statements. The basic financial statements are:

- **The Statement of Plan Net Assets** — presents the financial position of the Plan at fiscal year-end. It indicates the assets available for payment of future benefits and any current liabilities that are owed as of the statement date. Investments are shown at fair value. All assets and liabilities are determined on an accrual basis.

- **The Statement of Changes in Plan Net Assets** — presents the results of activities during the year. All changes affecting the assets and liabilities of the Plan are reflected on an accrual basis when the activity occurred, regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net appreciation (depreciation) in fair value of investments.

- **The Notes to Financial Statements** — provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plan's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

Supplementary Information — as required by the Governmental Accounting Standards Board ("GASB") is presented after the notes to the financial statements. The financial statements are prepared in accordance with GASB pronouncements.

FINANCIAL HIGHLIGHTS

Changes in Plan Net Assets

During the fiscal year 2012, the Plan's net assets held in trust for pension benefits decreased to $2.31 billion, a net decrease of $13.02 million or 0.56 % from the fiscal year 2011. The decrease in fiscal year 2012 was due to a lower fair market value of the variable investment which went down by 13.02%.

During the fiscal year 2011, the Plan's net assets held in trust for pension benefits increased to $2.32 billion, a net increase of $537.69 million or 30.11 % from the fiscal year 2010. The increase in fiscal year 2011 was due to an increase in the fair value of the investments which went up by 33.17 %.

Changes In Plan Net Assets
Years Ended June 30, 2012, 2011, and 2010
(In thousands)

	2012	2011	2010
Additions:			
Member contributions	$ 32,866	$ 31,008	$ 31,361
Employer contributions	213,651	180,191	147,349
Net investment income (loss)	83,873	424,419	217,761
Net securities lending income	1,469	1,271	1,111
Net receipts from (payments to) other retirement systems	(141,695)	95,958	38,232
Total	190,164	732,847	435,814
Deductions:			
Benefit payments and withdrawals	194,507	186,265	178,413
Administrative expenses	8,687	8,892	8,047
Total deductions	203,194	195,157	186,460
Net increase (decrease)	(13,030)	537,690	249,354
Plan net assets held in trust for pension benefits:			
Beginning of year	2,323,629	1,785,939	1,536,585
End of year	$ 2,310,599	$ 2,323,629	$ 1,785,939

During fiscal year 2012, member contributions which stood at $32.87 million, increased by 5.99% from the 2011 member contribution amount of $31.01 million. This increase was due to a sharp 27.38% increase in new members joining Tier 4 before the Tier 6 onset of April 1, 2012. During fiscal year 2011, member contributions which stood at $31.01 million, decreased slightly from the 2010 member contribution amount of $31.36 million.

Employer contributions received in fiscal year 2012 were at $213.65 million, an increase of 18.57 % over the fiscal year 2011 figure of $180.19 million. Employer contributions are made on a statutory basis based on the One-Year Lag methodology.

Employer contributions received in fiscal year 2011 were at $180.19 million, an increase of 22.29 % over the fiscal year 2010 figure of $147.35 million. Employer contributions are made on a statutory basis based on the One-Year Lag methodology.

Plan benefits and withdrawals increased from $186.26 million to $194.51 million from fiscal year 2011 to fiscal year 2012 and increased from $178.41 million to $186.26 million from fiscal year 2010 to fiscal year 2011. The increase in the plan benefits and withdrawals in fiscal year 2012 was due to an increase in the amount of loans at retirement.

In 2012, the administrative expenses account showed a net decrease of 2.31% to $8.69 million. In 2011, the administrative expenses account showed a net increase of 10.50% to $8.89 million. The decrease in administrative expenses in fiscal year 2012 was due to a combination of capitalization of expenses towards the ERP project and a lower allocation of expenses to the pension program.

PLAN NET ASSETS

During FY 2012, the Plan experienced a 0.56 % decrease in net assets held in trust for pension benefits. The fair value of the investments decreased by 3.62 % in fiscal year 2012. During FY 2011, the Plan experienced a 30.11 % increase in net assets held in trust for pension benefits. The increase in pension trust funds was attributable to the increase in the fair value of the investments during the year which went up by 33.17%.

Member loans outstanding at fiscal year-ends of 2012 and 2011 were $37.09 million and $34.17 million, respectively. During fiscal year 2012, the amount of QPP loans increased by 8.55%.

The Plan's receivables and payables are primarily generated through the timing differences between the trade and settlement dates for investment securities purchased or sold.

Plan Net Assets
June 30, 2012, 2011, and 2010
(In thousands)

	2012	2011	2010
ASSETS:			
Cash	$ 231	$ 9,966	$ 11,581
Receivables	157,597	86,090	92,355
Investments, at fair value	2,314,388	2,394,495	1,792,613
Collateral from securities lending	198,990	213,327	165,624
Other	691	708	703
Total assets	2,671,897	2,704,586	2,062,876
LIABILITIES:			
Payables	162,308	167,630	111,313
Securities lending transactions	198,990	213,327	165,624
Total liabilities	361,298	380,957	276,937
Plan net assets held in trust for pension benefits	$ 2,310,599	$ 2,323,629	$ 1,785,939

Investment Summary
(In thousands)

Fair Value	June 30, 2012	June 30, 2011	June 30, 2010
Short Term Investments	$ 131,000	$ 126,531	$ 62,936
US Debt Securities	621,445	555,087	492,041
Yankee Bonds	3,109	3,084	2,812
U S Equity Securities	858,515	932,495	709,246
Private Equity Securities	118,810	100,257	39,243
International Equity Securities	515,629	606,351	424,363
Treasury Inflation Protected Securities	53,986	59,160	53,174
Mortgages	11,071	10,595	8,091
Promissory Notes	824	935	707
Security Lending Transactions	198,990	213,327	165,624
Total	$ 2,513,379	$ 2,607,822	$ 1,958,237

Due to the long-term nature of the Plan's liabilities, the Plan's assets are invested with a long-term investment horizon. Assets are invested in a diversified portfolio of capital market securities. Investments in these assets are expected to produce higher returns, but are also subject to greater volatility and may produce negative returns. The Plan's assets decreased by 3.62% in fiscal years 2012 and increased by 30.11% in fiscal year 2011. The 2012 results were due to a decrease in the fair market value of the investments.

CONTACT INFORMATION

This financial report is designed to provide a general overview of The New York City Board of Education Retirement System Qualified Pension Plan's finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Chief Accountant, New York City Board of Education Retirement System Qualified Pension Plan, 65 Court Street, 16th Floor, Brooklyn, New York 11201.

Statements of Plan Net Assets
As Of June 30, 2012 and 2011
(In thousands)

	2012	2011
ASSETS:		
Cash	$ 231	$ 9,966
Receivables:		
Investment securities sold (Note 2)	57,468	47,431
Accrued interest and dividends (Note 2)	52	53
Member loans (Note 5)	37,092	34,168
Other	62,985	4,438
Total receivables	157,597	86,090
Investments — at fair value (Notes 2 and 3):		
Fixed funds:		
Short-term investments:		
Commercial paper	98,190	112,870
Short-term investment fund	21,351	12,250
Discount notes	11,095	943
Debt securities:		
U.S. government and U.S. government agency	350,393	350,008
Corporate	269,186	202,929
Yankee bonds	3,109	3,084
Equities:		
Domestic	825,214	896,385
Private equity	118,809	100,257
Mutual funds:		
International equity	515,629	606,351
Treasury inflation-protected securities	53,986	59,160
Mortgages	11,071	10,595
Promissory notes	824	935
Collateral from securities lending	198,651	210,813
Variable funds:		
Short-term investments	364	468
Debt securities	1,866	2,150
Equities	33,301	36,110
Collateral from securities lending	339	2,514
Total investments	2,513,378	2,607,822
Other assets	691	708
Total assets	2,671,897	2,704,586
LIABILITIES:		
Accounts payable (Note 2)	8,582	8,675
Payable for investment securities purchased (Note 2)	148,387	153,150
Accrued benefits payable (Note 2)	5,339	5,805
Securities lending (Note 2)	198,990	213,327
Total liabilities	361,298	380,957
PLAN NET ASSETS HELD IN TRUST FOR BENEFITS	$ 2,310,599	$ 2,323,629

See notes to financial statements.

FINANCIAL

Statements of Changes in Plan Net Assets
For The Years Ended June 30, 2012 and 2011
(In thousands)

	2012	2011
ADDITIONS:		
Contributions (Note 4):		
Member contributions	$ 32,866	$ 31,008
Employer contributions	213,651	180,191
Total contributions	246,517	211,199
Investment income (Note 2):		
Interest income	25,990	28,462
Dividend income	30,182	29,010
Net appreciation in fair value of investments	33,513	373,410
Total investment income	89,685	430,882
Less — investment expenses	5,812	6,463
Net investment income	83,873	424,419
Securities lending transactions (Note 2):		
Securities lending income	1,497	1,388
Securities lending fees	(28)	(117)
Net securities lending income	1,469	1,271
Net investment income	85,342	425,690
Other — receipts from other retirement systems and other revenues	(141,695)	95,958
Total additions	190,164	732,847
DEDUCTIONS:		
Benefit payments and withdrawals (Note 1)	194,507	186,265
Administrative expenses (Note 7)	8,687	8,892
Total deductions	203,194	195,157
INCREASE IN PLAN NET ASSETS	(13,030)	537,690
PLAN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	2,323,629	1,785,939
End of year	$ 2,310,599	$ 2,323,629

See notes to financial statements.

1. PLAN DESCRIPTION

The City of New York ("The City") maintains a number of pension systems providing benefits for employees of its various agencies (as defined within New York State ("State") statutes and City laws). The City's five major actuarially-funded pension systems are the New York City Board of Education Retirement System-Qualified Pension Plan (the "Plan"), the New York City Employees' Retirement System (NYCERS), the Teachers' Retirement System of The City of New York-Qualified Pension Plan (TRS), the New York City Police Pension Fund (POLICE), and the New York City Fire Department Pension Fund (FIRE). Each pension system is a separate Public Employee Retirement System (PERS) with a separate oversight body and is financially independent of the others.

The Plan is a cost-sharing, multiple-employer PERS. The Plan provides pension benefits for non-pedagogical employees of the Department of Education and certain other specific schools and certain employees of The New York City School Construction Authority (collectively, the "Employer"). Substantially all Department of Education non-pedagogical permanent employees, other than members of TRS, become members of the Plan on the first day of permanent employment. Employees classified as noncompetitive, exempt and provisional by Civil Service are eligible to enroll in the system voluntarily. Membership date is governed by the date of filing.

The Plan functions in accordance with existing State statutes and City laws. It combines features of a defined benefit pension plan with those of a defined contribution pension plan. Contributions are made by the employer and the members.

In June 1991, the Governmental Accounting Standards Board (GASB) issued Statement No. 14, *The Financial Reporting Entity.* The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the Plan considered whether its officials appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Plan. The Plan also considered whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the Plan.

The Plan is included in the Pension and Other Employee Benefit Trust Funds section of The City's Comprehensive Annual Financial Report (CAFR).

Members of the Plan have the option to participate in a Tax Deferred Annuity (TDA) Program, which provides a means of deferring income tax payments on their voluntary tax-deferred contributions until the period after retirement or upon withdrawal of contributions. The TDA Program was created pursuant to the Internal Revenue Code Section 403 (b). Contributions to the TDA Program are made by the members only. The TDA Program is maintained as a separate plan and is not included in these financial statements.

At June 30, 2010 and June 30, 2009, the dates of the Plan's most recent actuarial valuations, the Plan's membership consisted of:

	2010	2009
Retirees and beneficiaries receiving benefits	13,969	13,641
Terminated vested members not yet receiving benefits	199	229
Other inactives*	3,661	3,673
Active members receiving salary	23,324	23,303
Total	41,153	40,846

* Represents members who are no longer on payroll but not otherwise classified.

Under the One-Year-Lag Methodology (OYLM) in effect for Fiscal Years beginning 2006, the actuarial valuation determines the employer contribution for the second following Fiscal Year. June 30, 2010, and June 30, 2009 are the dates used for calculating Fiscal Year 2012 and Fiscal Year 2011 employer contributions, respectively.

The State Constitution provides that pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, 1976, 1983 and 2012, significant amendments made to the State Retirement and Social Security Law (RSSL) modified certain benefits for employees joining the Plan on or after the effective date of such amendments. As such, benefits under the Plan fall into various categories based on the year when an employee joined the Plan. A brief overview follows:

- Members who joined prior to July 1, 1973 ("Tier 1") are entitled to service retirement benefits of 55% of "final salary" (as defined within State statutes and City laws) after 25 years of qualified service and attainment of age 55, a portion of which is provided from member contributions. Additional benefits equal to a specified percentage per year of service of "final salary" are payable for years in excess of the 25 year minimum. These additional benefits are increased, where applicable, by an annuity attributable to accumulated member contributions in excess of the minimum required balance and by any benefits attributable to the Increased-Take-Home Pay (ITHP) contributions accumulated after the 25th year of member qualifying service. ITHP represents amounts contributed by The City in lieu of members' own contributions. These amounts reduce the contributions that members would have to make to the Plan during their service and thereby increase their take-home pay. Members have the choice of waiving their ITHP reduction, which would reduce their take-home pay, but provide them with increased benefits upon retirement.

  In addition, these same members could elect a service retirement benefit with no minimum service requirement which provides an annual benefit for each year of service equal to a specified percentage (as described within State statutes and City laws) of "final salary", payable upon attainment of age 55. This benefit is increased, where applicable, by an annuity attributable to the member contributions and ITHP contributions.

- Members who joined after July 1, 1973 and before July 27, 1976 ("Tier 2") have provisions similar to Tier 1, except that the eligibility for retirement and the salary base for benefits are different and there is a limitation on their maximum benefit. This maximum benefit limitation was subsequently eliminated under Chapter 574 of the Laws of 2000 for all Tier 2 members who retired after December 8, 2000.

  For members enrolled in the Plan prior to July 27, 1976, ITHP contributions made on their behalf as well as their own contributions are invested, at their election, in either the fixed or variable investment programs or 50% of such contributions in each. These investment elections can be changed every two years. The Plan guaranteed a 7.5% return on member contributions or ITHP contributions to the fixed income program until June 30, 1982, increased the guaranteed return to 8% as of July 1, 1982, and 8.25% as of July 1, 1988, for members who enrolled in the Plan prior to July 27, 1976 (5% on member contributions for members enrolled on or after July 27, 1976). The variable investment program includes only member contributions and ITHP contributions made on their behalf as described above and is expressed in terms of units, which are valued monthly, based on investment experience.

  At retirement, monthly annuities attributable to member contributions and ITHP contributions can be paid in both fixed and variable amounts based on the member's election, which can be changed every two years. Other benefits are paid only in fixed amounts. Variable annuities are not fixed in amount, but are based on investment experience through the preceding month.

- Members who joined the Plan on or after July 27, 1976 and prior to September 1, 1983 ("Tier 3") were later mandated into the Tier 4 plan. However, these members retain their Tier 3 rights. Tier 3 requires member contributions of 3% of salary for a period not to exceed 30 years and have benefits reduced by one half of the primary social security benefit attributable to service with the employer and provides an annual cost-of-living escalator in pension benefits of not more than 3%. Effective October 1, 2000, these members are not required to make contributions after the 10th anniversary of their membership date or completion of 10 years of credited service, whichever is earlier.

- Members who joined the Plan on or after September 1, 1983 and prior to April 1, 2012 ("Tier 4") were required to make contributions of 3% of salary until termination of service. As of October 1, 2000, these members are not required to make contributions after the tenth anniversary of their membership date or completion of ten years of credited service, whichever is earlier (Chapter 126 of Laws of 2000). The annual benefit is 1.67% of "final average salary" per year of service for members with less than 20 years of service and 2% of "final average salary" per year of service for members with 20 to 30 years of service, plus a 1.5% addition of "final average salary" per year of service for service in excess of 30 years of service. Certain members retiring prior to the age of 62 without 30 years of credited service experience an age-reduction factor in their retirement allowance. Effective February 27, 2008, active members were eligible to enroll in a 55 retirement age minimum and 25 credited years of service retirement option enabling them to eliminate any

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age-reduction factor in their retirement allowance. Those choosing the age 55 retirement option are required to make additional contributions of 1.85% of salary from February 28, 2008 until June 29, 2008, or until they have accumulated 25 years of credited service, whichever is later. Members joining after February 27, 2008, are automatically enrolled in a 55 retirement age minimum and 27 credited years of service retirement program ("55/27 retirement program"). These members are required to make additional plan contributions of 1.85% of salary until they have accumulated 27 years of credited service.

After December 10, 2009 and prior to April 1, 2012, new members under the 55/27 retirement program, who are represented by the United Federation of Teachers (UFT), are required to make contributions of 4.85% of salary until they have 27 years of credited service and contributions of 1.85% of salary thereafter.

- During March 2012, the Governor signed Chapter 18 of the Laws of 2012 ("Chapter 18/12") that placed certain limitations on the Tier 3 and Tier 4 benefits available to participants in most New York State PERS who join a System on and after April 1, 2012, including BERS. Known as Tier 6, in general, these changes increase the age requirement to 63 for most non-uniformed employees to retire and receive a full pension, require member contributions for all years of service for non-uniformed employees, institute progressive member contributions for non-uniformed employees, lengthen the final average salary (FAS) period from 3 to 5 years, cap FAS for non-uniformed employees to an amount equal to the Governor's salary, extend and harmonize the Tier 3 benefits for POLICE and FIRE to other uniformed forces and to DA Investigators and offer an optional defined-contribution plan to certain non-represented employees.

- Under all service retirement categories, annuities attributable to member contributions are reduced on an actuarial basis for any loans with unpaid balances outstanding at the date of retirement.

- Subject to certain conditions, members become fully vested as to benefits upon the completion of five years of service, ten years for 55/27 members and ten years for Tier 6 members.

- The Plan provides death benefits and retirement benefits on the occurrence of accidental or ordinary disability. Certain retirees also receive supplemental benefits.

- Certain members who joined the Plan on or after June 28, 1995, must pay additional contributions for improved early retirement benefits. These improved early retirement benefits are also available for Tier 2 or Tier 4 members who joined the Plan prior to that date.

- During the spring 2000 session, the State Legislature approved and the State Governor ("Governor") signed laws that provide automatic Cost-of-Living Adjustments (COLA) for certain retirees and beneficiaries (Chapter 125 of the Laws of 2000). It also provides additional service credits for certain Tier 1 and Tier 2 members and reduced member contributions for certain Tier 3 and Tier 4 members (Chapter 126 of the Laws of 2000).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Basis of Accounting — The Plan uses the accrual basis of accounting where the measurement focus is on a flow of economic resources. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Contributions from members are recognized when the employer makes payroll deductions from Plan's members. Employer contributions are recognized when due, and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investment Valuation — Investments are reported at fair value. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be resold. Fair value is defined as the quoted market value on the last trading day of the period, except for the Short-Term Investment fund (STIF) (a money market fund), International Investment funds (IIF) and Alternative Investment funds (ALTINVF). The IIF are private funds of publicly traded securities which are managed by various investment managers on behalf of the Plan. Fair value is determined by Plan management based on information provided by the various investment managers. The investment managers determine fair value using the last available quoted price for each security owned adjusted by any contributions to or withdrawals from the fund during the period. The ALTINVF are investments for which exchange quotations are not readily available and are valued at estimated fair value as determined in good faith by the General Partner (GP). These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results and other factors deemed relevant by the GP. Fair value is determined by plan management based on information provided by the various GP's after review by an independent consultant and the custodian bank for the fund.

Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

No investment in any one security represents 5% or more of Plan's net assets held in trust for benefits.

The Plan does not possess an investment risk policy statement nor does it actively manage Plan assets to specified risk targets. Rather, investment risk management is an inherent function of our asset allocation process. Plan assets are diversified over a broad range of asset classes and encompass multiple investment strategies aimed at limiting concentration risk.

Investment Programs — The Plan's investments are composed of the assets of two investment programs. These are the fixed income program and the variable investment program (which consists primarily of equity securities). Assets of the fixed income program of the Plan are co-invested with certain assets of the TDA Program, which is funded by voluntary member contributions. Assets of the variable investment program of the Plan are co-invested with certain assets of the TDA Program and of TRS. These financial statements reflect the Plan's proportionate share of the assets and investment activity of each of these programs.

Income Taxes — Income earned by the Plan is not subject to federal income tax.

Accounts Payable — Accounts payable is principally comprised of amounts owed to the Plan's banks for overdrawn bank balances. The Plan's practice is to fully invest cash balances in most bank accounts on a daily basis. Overdrawn balances result primarily from outstanding benefit checks that are presented to the banks for payment on a daily basis and these balances are routinely settled each day.

Securities Lending Transactions — State statutes and the Board of Trustees' policies permit the Plan to lend its investments (the underlying securities) to broker-dealers and other entities for collateral, with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodian lends the following types of securities: short-term securities, common stocks, long-term corporate bonds, U. S. Government and U. S. Government agency bonds, asset-backed securities and international equities and bonds held in collective investment funds. In return, it receives collateral in the form of cash and Treasury and U. S. Government agency securities at 100% to 105% of the principal plus accrued interest for reinvestment. At June 30, 2012, management believes the Plan has no credit risk exposure to borrowers because the amounts the Plan owed the borrowers equaled or exceeded the amounts the borrowers owed the Plan. The contracts with the Plan custodian require borrowers to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities loaned. The Plan is also indemnified for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand within a period specified in each agreement by either the Plan or the borrowers. Cash collateral is invested in the lending agents' short-term investment pools, which have a weighted average maturity of 90 days. The underlying fixed income securities in these pools have an average maturity of ten years.

The securities lending program in which the Plan participates only allows pledging or selling securities in the case of borrower default.

GASB Statement No.28, *Accounting and Financial Reporting for Securities Lending Transactions,* requires that securities loaned as assets and related liabilities be reported in the statements of plan net assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are also reported as assets if the government entity has the ability to pledge or sell them without a borrower default. Accordingly, the Plan recorded the investments purchased with the cash collateral as collateral from securities lending with a corresponding liability for securities lending. Securities on loan are carried at market value, the values as of June 30, 2012 and 2011 are $270.1 million and $294.5 million, respectively. As of balance sheet date the maturities of the investments made with cash collateral on average exceed the maturities of the securities loans by approximately 30 days.

New Accounting Standard Adopted — In fiscal year 2011, the Plan adopted one new statement on financial accounting standards issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 59, *Financial Instruments Omnibus* updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The Plan has determined that GASB Statement No. 59 had no impact on the Plan's financial statements as a result of the implementation.

New Accounting Standard Issued but Not Yet Effective — In June of 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans.* This Statement establishes financial reporting standards for state and local governmental pension plans, defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements in which: (1) contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable (2) pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms and (3) pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members. For defined benefit pension plans, this statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Distinctions are made regarding the particular requirements depending upon the type of pension plan administered. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and Statement No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of Statement No. 67 are effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged. The Plan has not completed the process of evaluating the impact of Statement No. 67 on its financial statements.

3. INVESTMENTS AND DEPOSITS

The Comptroller of The City of New York (the "Comptroller") acts as an investment advisor to the Plan. In addition, the Plan employs an independent investment consultant as an investment advisor. The Plan utilizes several investment managers to manage the long-term debt and equity portfolios. The managers are regularly reviewed, with regard to both their investment performance and their adherence to investment guidelines.

Concentration of Credit Risk — The Plan does not have any investments in any one entity that represent 5% or more of the Plan's net assets.

The legal requirements for Plan investments are as follows:

a. Fixed income, equity and other investments may be made as permitted by New York State RSSL §§ 176-178(a) and Banking Law § 235, the New York City Administrative Code, and the Legal Investments for New York Savings Banks list as published by The New York State Banking Department, subject to Note 3(b).

b. Investments up to 25% of total pension fund assets may be made in instruments not expressly permitted by the State RSSL.

Bank of New York Mellon ("BNYM") is the primary custodian for substantially all of the securities of the Plan.

Cash deposits are insured by the Federal Deposit Insurance Corporation for up to $250,000 per Plan member and are, therefore, fully insured.

The information reflected in the credit ratings and in the Years to Maturity is derived from the Custodian's Risk and Performance Analytics Reporting System. Such information is prepared as a result of the Custodian's Risk Management Analysis.

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Credit Risk — Portfolios other than U.S. Government and related portfolios have credit rating limitations. Investment grade portfolios are limited to mostly ratings of BBB and above except that they are also permitted a 10% maximum exposure to BB & B rated securities. While non-investment grade managers are primarily invested in BB & B rated securities, they can also invest up to 7% of their portfolio in securities rated CCC. Non-rated securities are considered to be non-investment grade. The quality ratings of investments, by percentage of the rated portfolio, as described by nationally recognized statistical rating organizations, are as follows:

Investment Type* June 30, 2012	S&P Quality Ratings AAA	AA	A	BBB	BB	B	CCC & Below	Short Term	Not Rated	Total
U.S. Government	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %
Corporate bonds	1.43	4.01	14.64	18.49	11.63	13.11	3.14	-	2.25	68.70
Yankee bonds	-	0.05	0.45	0.29	-	-	-	-	-	0.79
Short term:										
Commercial paper	-	-	-	0.19	-	-	-	-	24.87	25.06
Pooled fund	-	-	-	-	-	-	-	-	5.45	5.45
U.S. Agencies	-	-	-	-	-	-	-	-	-	-
U.S. Treasuries	-	-	-	-	-	-	-	-	-	-
Portfolio	1.43%	4.06%	15.09%	18.97%	11.63%	13.11%	3.14%	- %	32.57%	100.00%

Investment Type* June 30, 2011	S&P Quality Ratings AAA	AA	A	BBB	BB	B	CCC & Below	Short Term	Not Rated	Total
U.S. Government	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %
Corporate bonds	2.41	4.74	14.50	17.00	10.09	9.38	2.41	-	1.28	61.81
Yankee bonds	-	0.06	0.17	0.19	-	-	-	-	0.02	0.44
Short term:										
Commercial paper	-	-	-	-	-	-	-	34.05	-	34.05
Pooled fund	-	-	-	-	-	-	-	-	3.70	3.70
U.S. Agencies	-	-	-	-	-	-	-	-	-	-
U.S. Treasuries	-	-	-	-	-	-	-	-	-	-
Portfolio	2.41%	4.80%	14.67%	17.19%	10.09%	9.38%	2.41%	34.05%	5.00%	100.00%

* U.S. Treasury bonds, notes and treasury-inflation protected securities are obligations of the U.S. government or explicitly guaranteed by the U.S. government and therefore not considered to have credit risk and are not included above.

Custodial Credit Risk — Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name.

Consistent with the Plan's investment policy, the investments are held by the Plan's custodian and registered in the Plan's name.

All of the Plan's deposits are insured and are collateralized by securities held by a financial institution separate from the Plan's depository financial institution.

All of the Plan's securities are held by the Plan's custodial bank in the Plan's name.

Interest Rate Risk —Interest rate risk is the risk that the fair value of investments could be adversely affected by the change in interest rates. Duration limits are used to control the portfolios exposure to interest rate changes. In the investment grade core, Fixed Income portfolios duration is limited to a range of -1 to .75 years versus the duration of the benchmark indices. Duration range is a measure of the overall portfolio, while statements of the stated maturity reflect the specific maturities of the individual securities held. The Plan has no formal risk policy. The lengths of investment maturities (in years), as shown by the percent of the rated portfolio, are as follows:

Years to Maturity		**Investment Maturities**			
Investment Type June 30, 2012	**Fair Value**	**Less Than One Year**	**One to Five Years**	**Six to Ten Years**	**More Than Ten Years**
U.S. Government	46.51 %	- %	0.84 %	8.71 %	36.96 %
Corporate bonds	35.73	0.37	8.99	15.44	10.93
Yankee bonds	0.42	0.03	0.27	0.07	0.05
Short term:					
Commercial paper	13.04	13.04	-	-	-
Pooled fund	2.83	2.83	-	-	-
U.S. Agencies	0.27	0.27	-	-	-
U.S. Treasuries	1.20	1.20	-	-	-
Percent of rated portfolio	100.00 %	17.74 %	10.10%	24.22 %	47.94 %

Years to Maturity		**Investment Maturities**			
Investment Type June 30, 2011	**Fair Value**	**Less Than One Year**	**One to Five Years**	**Six to Ten Years**	**More Than Ten Years**
U.S. Government	51.24 %	- %	2.22 %	9.08 %	39.94 %
Corporate bonds	30.03	0.87	7.48	11.74	9.94
Yankee bonds	0.22	0.06	0.14	0.02	-
Short term:					
Commercial paper	16.54	16.54	-	-	-
Pooled fund	1.80	1.80	-	-	-
U.S. Agencies	0.17	0.17	-	-	-
U.S. Treasuries	-	-	-	-	-
Percent of rated portfolio	100.00 %	19.44 %	9.84 %	20.84 %	49.88 %

Foreign Currency Risk — Foreign currency risk is the risk that changes in the exchange rates will adversely impact the fair value of an investment. Currency risk is present in underlying portfolios that invest in foreign stocks and/or bonds. The currency markets have proven to be good diversifiers in a total portfolio context; therefore, the Plan has numerous managers that invest globally. In general, currency exposure is viewed as a benefit for its diversification reasons and not as an inherent risk within the portfolio. The Plan has no formal risk policy.

In addition to investments in foreign stocks and/or bonds, the Plan invests in foreign currencies. The Plan's foreign currency holdings as of June 30, 2012 and 2011 are as follows (amounts in U.S. dollars, in thousands):

Trade Currency	2012	2011
Euro Currency	$ 79,694	$ 96,122
British Pnd Sterling	76,805	91,504
Japanese Yen	62,875	76,065
Swiss Franc	41,719	47,709
Hong Kong Dollar	28,816	44,469
Australian Dollar	23,257	25,579
South Korean Won	20,565	26,108
Swedish Krona	19,315	23,704
Brazilian Real	17,379	13,451
Renminbi Yuan	15,866	376
South African Rand	14,773	14,689
Singapore Dollar	13,513	13,688
New Taiwan Dollar	9,966	11,382
Indian Rupee	9,369	5,195
Danish Krone	8,489	7,845
Russian Ruble	6,936	4,039
Canadian Dollar	5,576	6,335
Turkish Lira	3,786	5,518
Thai Baht	3,175	3,831
Mexican Nuevo Peso	3,092	4,143
Nuevo Sol	2,459	-
Indonesian Rupiah	2,328	2,424
Malaysian Ringgit	2,276	2,113
Philippines Peso	1,780	1,174
Hungarian Forint	1,246	1,577
Norwegian Krone	679	23
Chilean Peso	366	404
Polish Zloty	281	3,321
Colombian Peso	249	186
Naira	74	-
Czech Koruna	65	1,811
Egyptian Pound	61	706
Moroccan Dirham	12	18
Total	**$ 476,842**	**$ 535,510**

Notes to Financial Statements
Years Ended June 30, 2012 and 2011
(Cont'd)

Securities Lending Transactions:

Credit Risk — The quality ratings of investments held as collateral for Securities Lending are as follows:

Investment Type and Fair Value of Securities Lending Transactions (In thousands)	S&P Quality Ratings									
June 30, 2012	AAA	AA	A	BBB	BB	B	CCC & Below	Short Term	Not Rated	Total
U.S. government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,326	$ 6,326
Corporate bonds	27,322	51,919	42,271	-	-	661	-	-	963	123,136
Yankee bonds	-	-	-	-	-	-	-	-	-	-
Short term:										
Commercial paper	-	-	4,201	-	-	-	-	-	-	4,201
Mutual funds	-	-	-	-	-	-	-	-	-	-
Money market	-	-	-	-	-	-	-	-	-	-
Bank notes	-	-	-	-	-	-	-	-	-	-
Reverse repurchase agreements	-	-	-	-	-	-	-	-	46,722	46,722
Repurchase agreements	-	-	-	-	-	-	-	-	318	318
Certificates of deposit	-	-	18,514	-	-	-	-	-	-	18,514
Certificates of deposit — floaters	-	-	-	-	-	-	-	-	-	-
Time deposit	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	(227)	(227)
Total	$ 27,322	$ 51,919	$ 64,986	$ -	$ -	$ 661	$ -	$ -	$ 54,102	$ 198,990
Percent of securities lending portfolio	13.73 %	26.09 %	32.66 %	- %	- %	.33%	- %	- %	27.19 %	100.00 %

Investment Type and Fair Value of Securities Lending Transactions (In thousands)	S&P Quality Ratings									
June 30, 2011	AAA	AA	A	BBB	BB	B	CCC & Below	Short Term	Not Rated	Total
U.S. government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Corporate bonds	41,010	63,044	53,129	-	-	-	-	-	-	157,183
Yankee bonds	-	-	-	-	-	-	-	-	-	-
Short term:										
Commercial paper	-	-	698	-	-	-	-	-	-	698
Mutual funds	-	-	-	-	-	-	-	-	-	-
Money market	-	-	-	-	-	-	-	-	37	37
Bank notes	-	-	-	-	-	-	-	-	-	-
Reverse repurchase agreements	-	-	-	-	-	-	-	-	45,894	45,894
Repurchase agreements	-	-	-	-	-	-	-	-	1,922	1,922
Certificates of deposit	-	-	3,745	-	-	-	-	-	-	3,745
Certificates of deposit — floaters	-	-	-	-	-	-	-	-	-	-
Time deposit	504	-	3,344	-	-	-	-	-	-	3,848
Other	-	-	-	-	-	-	-	-	-	-
Total	$ 41,514	$ 63,044	$ 60,916	$ -	$ -	$ -	$ -	$ -	$ 47,853	$ 213,327
Percent of securities lending portfolio	19.46 %	29.55 %	28.56 %	- %	- %	- %	- %	- %	22.43 %	100.00 %

Interest Rate Risk — The lengths of investment maturities (in years) of the collateral for Securities Lending are as follows:

Years to Maturity Investment Type (In thousands) June 30, 2012	Fair Value	Investment Maturities Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. government	$ 6,326	$ 1,370	$ 4,956	$ -	$ -
Corporate bonds	123,136	85,543	37,593	-	-
Yankee bonds	-	-	-	-	-
Short term:					
Commercial paper	4,201	4,201	-	-	-
Mutual fund	-	-	-	-	-
Money market	-	-	-	-	-
Bank notes	-	-	-	-	-
Reverse repurchase agreements	46,722	46,722	-	-	-
Repurchase agreements	318	318	-	-	-
Certificates of deposit	18,514	18,514	-	-	-
Certificates of deposit — floaters	-	-	-	-	-
Time deposit	-	-	-	-	-
Other	(227)	(227)	-	-	-
Total	$ 198,990	$ 156,441	$ 42,549	$ -	$ -
Percent of securities lending portfolio	100.00 %	78.62 %	21.38 %	- %	- %

Years to Maturity Investment Type (In thousands) June 30, 2011	Fair Value	Investment Maturities Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. government	$ -	$ -	$ -	$ -	$ -
Corporate bonds	157,183	90,127	17	67,039	-
Yankee bonds	-	-	-	-	-
Short term:					
Commercial paper	698	698	-	-	-
Mutual fund	-	-	-	-	-
Money market	37	37	-	-	-
Bank notes	-	-	-	-	-
Reverse repurchase agreements	45,894	45,894	-	-	-
Repurchase agreements	1,922	1,922	-	-	-
Certificates of deposit	3,745	3,745	-	-	-
Certificates of deposit — floaters	-	-	-	-	-
Time deposit	3,848	3,848	-	-	-
Other	-	-	-	-	-
Total	$ 213,327	$ 146,271	$ 17	$ 67,039	$ -
Percent of securities lending portfolio	100.00 %	68.57 %	0.01 %	31.43 %	- %

FINANCIAL

4. CONTRIBUTIONS AND ACTUARIAL ASSUMPTIONS

The financial objective of the Plan is to fund members' retirement benefits during their active service and to establish employer contribution rates which, expressed as a percentage of annualized covered payroll, will remain approximately level from year to year. The employer contributes amounts that, together with member contributions and investment income, would ultimately be sufficient to accumulate assets to pay benefits when due.

Member Contributions — Members who joined prior to July 27, 1976, contribute by salary deductions on the basis of a normal rate of contribution which is assigned by the Plan at membership. The member normal rate, which is dependent upon age and actuarial tables in effect at the time of membership, is determined so as to provide approximately one-fourth of the service retirement allowance at the earliest age for service retirement. For age at membership equal to 20, the member normal rate ranges from 5.7% to 8.5%. For age at membership equal to 40, the member normal rate is equal to 4.65%.

Members who joined on or after July 27, 1976, are mandated to contribute 3% of salary. Effective October 1, 2000, these members are not required to make contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. In addition, certain members who joined on or after June 28, 1995, must contribute an additional 4.35% or 6.33% (2.85% or 4.83% after January 1, 1998, 1.85% or 3.83% after December 1, 2001) for improved early retirement benefits. This is optionally available for Tier 2 or Tier 4 members who joined prior to that date.

Effective February 27, 2008, certain members were eligible to enroll in a 55 retirement age minimum and 25 credited years of service retirement option ("55/25 retirement option") enabling them to eliminate any age-reduction factor in their retirement allowance. Those choosing the age 55/25 retirement option are required to make additional contributions of 1.85% of salary from February 28, 2008 until June 29, 2008, or until they have accumulated 25 years of credited service, whichever is later. Members joining after February 27, 2008, are automatically enrolled in a 55 retirement age minimum and 27 credited years of service retirement program ("55/27 retirement program"). These members are required to make additional plan contributions of 1.85% of salary until they have accumulated 27 years of credited service. Chapter 504 of the Laws of 2009 ("Chapter 504/09") provides that individuals joining the Plan after December 10, 2009, who are represented by the United Federation of Teachers (UFT) and who participate in the 55/27 retirement program, are required to make pension contributions of 4.85% of salary until they have 27 years of credited service and contributions of 1.85% of salary thereafter. These members become vested after ten years of credited service.

Members who join the plan on and after April 1, 2012 (Tier 6) are required to make Basic Member Contributions (BMC) until they separate from service or until they retire. The BMC rate is dependent on annual wages earned during a plan year and ranges from 3% for salaries less than $45,000 to 6% for salaries greater than $100,000. These members become vested after ten years of service.

Employer Contributions — Statutorily-required contributions ("Statutory Contributions") to the Plan, determined by the Plan's Chief Actuary of the Office of the Actuary (the "Actuary") in accordance with State statutes and City laws, are generally funded by the employer within the appropriate fiscal year.

The June 30, 2010 (Lag) actuarial valuation used to determine the Fiscal Year 2012 Employer Contribution was based on revised actuarial assumptions and methods proposed by the Actuary (the "2012 A&M"). Where required, the Board of Trustees of the Plan adopted those changes to the actuarial assumptions and methods that required Board approval. The State Legislature and the Governor were expected to enact enabling legislation prior to June 30, 2012 and are now expected, upon the Legislature reconvening, to enact a Chapter Law to provide for those changes in actuarial assumptions and methods that require legislation, including the Actuarial Interest Rate (AIR) assumption of 7.0% per annum, net of expenses, the Entry Age Actuarial Cost Method and the amortization of Unfunded Actuarial Accrued Liabilities.

The June 30, 2009 (Lag) actuarial valuation was used to determine the Fiscal Year 2011 Employer Contribution. There were no changes in actuarial assumptions and methods from the prior actuarial valuation.

Beginning with the June 30, 2010 (Lag) actuarial valuation under the 2012 A&M, the Entry Age Actuarial Cost Method (EAACM) of funding is utilized by the Plan's Actuary to calculate the contribution required of the Employer.

Under this method, the Actuarial Present Value (APV) of Benefits (APVB) of each individual included in the actuarial valuation is allocated on a level basis over the earnings (or service) of the individual between entry age and assumed exit age(s). The employer portion of this APV allocated to a valuation year is the Normal Cost. The portion of this APV not provided for at a valuation date by the APV of Future Normal Costs or future member contributions is the Actuarial Accrued Liability (AAL).

The excess, if any, of the AAL over the Actuarial Asset Value (AAV) is the Unfunded Actuarial Accrued Liability (UAAL).

Under this method, actuarial gains (losses), as they occur, reduce (increase) the UAAL and are explicitly identified and amortized.

Increases (decreases) in obligations due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized.

Previously, the Frozen Initial Liability Actuarial Cost Method was utilized by the Actuary to calculate the contributions from the Employer. Under this actuarial cost method, the Initial Liability was reestablished by the Entry Age Actuarial Cost Method as of June 30, 1999, but with the Unfunded Actuarial Accrued Liability (UAAL) not less than zero. The excess of the Actuarial Present Value (APV) of projected benefits of members as of the valuation date, over the sum of the Actuarial Asset Value (AAV) plus UAAL, if any, and the APV of future employee contributions, was allocated on a level basis over the future earnings of members who were on the payroll as of the valuation date. Actuarial gains and losses were reflected in the employer normal contribution rate.

Chapter 85 of the Laws of 2000 ("Chapter 85/00") reestablished the UAAL and eliminated the Balance Sheet Liability (BSL) for actuarial purposes as of June 30, 1999. The schedule of payments toward the reestablished UAAL provides that the UAAL, if any, be amortized over a period of 11 years beginning Fiscal Year 2000, where each annual payment after the first equals 103% of its preceding annual payment.

The concept in use for the Actuarial Asset Valuation Method (AAVM) for actuarial valuations on and after June 30, 2012 is the same as that in use for the June 30, 2009 (Lag) actuarial valuation.

In accordance with this AAVM, actual Unexpected Investment Returns (UIR) for Fiscal Years 2012, 2013, etc. are phased into the Actuarial Asset Value (AAV) beginning June 30, 2012, June 30, 2013, etc. at rates of 15%, 15%, 15%, 15%, 20% and 20% per year (i.e., cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

The Actuary reset the Actuarial Asset Value to the Market Value of Assets (MVA) as of June 30, 2011 (i.e., "Market Value Restart").

For the June 30, 2010 (Lag) actuarial valuation, the AAV is defined to recognize Fiscal Year 2011 investment performance. The June 30, 2010 AAV is derived as equal to the June 30, 2011 MVA, discounted by the AIR assumption (adjusted for cash flow) to June 30, 2010.

For assets of the variable-return programs, current market value is used.

Chapter 125 of the Laws of 2000 ("Chapter 125/00") provided eligible retirees and eligible beneficiaries with increased Supplementation as of September 2000 and with automatic COLA beginning September 2001. Chapter 125/00 also provided for a five-year phase-in schedule for funding the additional actuarial liabilities created by the benefits provided by this law. Chapter 278 of the Laws of 2002 ("Chapter 278/02") required the Actuary to revise the methodology and timing for determining the Statutory Contributions on account of the additional actuarial liabilities attributable to the benefits provided under Chapter 125/00 by extending the phase-in period for funding these liabilities from five years to ten years.

The impact of the ten-year phase-in of Chapter 278/02 was to postpone funding of the additional actuarial liabilities attributable to Chapter 125/00 resulting in greater employer contributions in later years.

Chapter 152 of the Laws of 2006 ("Chapter 152/06") eliminated the ten-year phase-in. All actuarial liabilities attributable to Chapter 125/00 are now recognized in the actuarial valuation.

Fiscal Year 2012 employer contributions to the Plan are equal to those recommended by the Actuary (Actuarial Contributions) and approved by the Board of Trustees of the Plan. The Actuarial Contributions are expected to represent the Statutory Contributions for Fiscal Year 2012. Technically, as of October 2012, the representation of Fiscal Year 2012 employer contributions as Statutory Contributions still requires the enactment of certain pending enabling legislation. The delay in the pending legislation was due to a technical problem and not due to substantive opposition. The pending legislation is expected to be enacted when the New York State Legislature next reconvenes.

Statutory Contributions for Fiscal Year 2011 were equal to the amounts calculated by the Actuary.

Funded Status and Funding Progress — One measure of the funded status of the Plan as of June 30, 2010, the most recent actuarial valuation date, based on the Entry Age Actuarial Cost Method, the plan's revised funding method, is as follows (dollar amounts in thousands):

Actuarial Value of Assets (a)	Actuarial Accrued Liability ("AAL") (b)	Unfunded AAL ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
$ 2,056,452	$ 3,558,251	$ 1,501,799	57.8 %	$ 912,290	164.6 %

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liabilities (AAL) for benefits under the Plan's Actuarial Cost Method.

An additional schedule of funding progress, presented as supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to AALs for benefits under the Entry Age Actuarial Cost Method.

Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2010 (Lag)
Actuarial Cost Method	Entry Age
Amortization Method	
Initial Unfunded	Increasing Dollar
Post-2010 Unfundeds	Level Dollar
Remaining Amortization Period	
Initial Unfunded	22-Years (Closed)
Post-2010 Unfundeds	NA
Actuarial Asset Valuation Method	6-Year Smoothed Market#
Actuarial Assumptions	
Projected Salary Increases *	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per annum.
Investment Rate of Return *	7.0% per annum, net of Investment Expenses.
COLAs *	1.5% per annum.

With the June 30, 2010 Actuarial Asset Value defined to recognize Fiscal Year 2011 investment performance.

* Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per annum.

5. MEMBER LOANS

Members are permitted to borrow up to 75% of their own contributions, including accumulated interest. The balance of member loans receivable at June 30, 2012 and 2011 is $37.09 million and $34.17 million, respectively. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions including accumulated interest, less any loans outstanding.

6. RELATED PARTIES

The Comptroller has been appointed by law as custodian for the assets of the Plan. Fixed income program securities are held by certain banks under custodial agreements with the Comptroller. The Comptroller also provides cash receipt and cash disbursement services to the Plan. Actuarial services are provided to the Plan by the Office of the Actuary employed by the Boards of Trustees of

The City's main pension systems. The City's Corporation Counsel provides legal services to the Plan. Other administrative services are also provided by The City. Costs of $1.03 million and $0.94 million were incurred on behalf of the Plan by other City agencies, primarily the Comptroller's Office for 2012 and 2011, respectively. The Plan's fixed investment program assets are co invested with those of the TDA Program. The Plan's variable investment program assets are co invested with those of the TDA Program and of TRS (see Note 2). TRS holds the assets of the variable investment programs.

7. ADMINISTRATIVE AND INVESTMENT EXPENSES

In Fiscal Years 2012 and 2011, as per Chapter 307 of the New York State Laws of 2002, the City provided the Plan with Corpus funding for administrative expenses in the amount of $8.69 million and $8.89 million, respectively.

8. CONTINGENT LIABILITIES AND OTHER MATTERS

Contingent Liabilities — The Plan has claims pending against it and has been named as a defendant in lawsuits and also has certain other contingent liabilities. Management of the Plan, on the advice of legal counsel, believes that such proceedings and contingencies will not have a material effect on the Plan's net assets or changes in the Plan's net assets. Under the existing State statutes and City laws that govern the functioning of the Plan, increases in the obligations of the Plan to members and beneficiaries ordinarily result in increases in the obligations of the employers to the Plan.

Other Matters — During Fiscal Year 2012 and 2011, certain events described below took place, which, in the opinion of Plan's management, could have the effect of increasing the obligations of the Plan to the members and/or their beneficiaries. The effect of such events has not been fully quantified. However, it is the opinion of Plan's management that such developments would not have a material effect on the Plan's net assets held in trust for pension benefits or cause changes in the Plan's net assets held in trust for pension benefits.

Actuarial Audit — Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems ("NYCRS") are conducted every two years.

The most recently completed study was published by The Hay Group (Hay), dated December 2011, and analyzed experience for Fiscal Years 2006 through 2009. Hay made recommendations with respect to the actuarial assumptions and methods based on their analysis.

The previously completed study was published by The Segal Company (Segal), dated November 2006, and analyzed experience for Fiscal Years 2002 through 2005. Segal made recommendations with respect to the actuarial assumptions and methods based on their analysis.

Revised Actuarial Assumptions and Methods — In accordance with the ACNY and with appropriate practice, the Boards of Trustees of the five actuarially-funded NYCRS are to periodically review and adopt actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions.

Based, in part, upon a review of the Segal and Hay studies, the Actuary issued a February 10, 2012 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2011 for the New York City Board of Education Retirement System" ("February 2012 Report").

Where required, the Board of Trustees of the Plan adopted those changes to actuarial assumptions that required Board approval. The State Legislature and the Governor are expected to enact legislation to provide for those changes to the actuarial assumptions and methods that require legislation, including the AIR assumption of 7.0% per annum, net of expenses.

GASB 50 – In May 2007, the Governmental Accounting Standards Board issued Statement No. 50 ("GASB 50") – Pension Disclosures. This statement amends note disclosure and required supplementary information (RSI) of GASB Statements No. 25 and No. 27. The additional note disclosures required by GASB 50 are included effective with fiscal year ended June 30, 2008. There is no financial impact as a result of the implementation of GASB 50.

New York State Legislation (Only Significant Laws Included) — Chapter 104 of the Laws of 2005, as amended by Chapter 93 of the Laws of 2005, created a presumptive eligibility for accidental disability in connection with the World Trade Center attack on September 11, 2001.

Chapter 105 of the Laws of 2005 states that a member killed in the US Armed Forces on and after June 14, 2005, is deemed a Line-of-Duty death while on active payroll.

Chapter 152/06 provided for the changes in actuarial assumptions and methods that require legislation, including the continuation of the AIR assumption of 8.0% per annum and continuation of the current Frozen Initial Liability (FIL) Actuarial Cost Method and the existing Unfunded Actuarial Accrued Liability (UAAL). In addition, Chapter 152/06 provides for elimination of the use of the ten-year phase-in of Chapter 278/02 for funding the additional actuarial liabilities created by the benefits provided by Chapter 125/00.

Chapter 445 of the Laws of 2006 ("Chapter 445/06") created a presumptive eligibility of accidental death benefits in conjunction with the World Trade Center attack on September 11, 2001.

Chapter 5 of the Laws of 2007 amended Chapter 445/06 to clarify the World Trade Center accidental disability benefits payable to retirees who die in the first 25 years of retirement. It also amended Chapter 445/06 to include World Trade Center deaths as presumptive accidental death benefits in the Line-of-Duty.

Chapter 260 of the Laws of 2007 is a reopener of the Chapter 96/95 Age 55 optional retirement program for Tier II and Tier IV members in the loader and handler job titles.

Chapter 19 of the Laws of 2008 established retirement programs to permit certain Tier 2 and Tier 4 members to elect to retire between ages 55 and 62 without reduction provided they have 25 years of service, by paying an additional contribution of 1.85% of future pay. New members after February 28, 2008 are mandated into this plan and are required to have 27 years of service.

Chapter 489 of the Laws of 2008 expanded and redefined the eligibility provisions of the accidental disability and accidental death benefits that arise in connection with the World Trade Center attack on September 11, 2001.

Chapter 211 of the Laws of 2009 continued the valuation and other interest rates for one year to June 30, 2010 from June 30, 2009.

Chapter 504 of the Laws of 2009 provides that individuals joining the Plan after December 10, 2009, who are represented by the United Federation of Teachers (UFT) and who participate in the 55/27 retirement program, are required to make pension contributions of 4.85% of salary until they have 27 years of credited service and contributions of 1.85% of salary thereafter. These members become vested after ten years of credited service.

Also, under Chapter 504/09, all members of the Plan represented by the UFT who participate in the Tax Deferred Annuity Program (TDA), will receive an interest rate of 7.0% per annum credited to their TDA fixed funds accounts beginning December 10, 2009.

Chapter 157 of the Laws of 2010 provided that members who were laid off from the School Construction Authority (SCA) on or after December 1, 2002 and who returned to work prior to January 8, 2008, can buy back their layoff time for retirement purposes. Similarly, members who were laid off from the SCA on after December 1, 2002 and retired prior to July 7, 2010, may purchase services for the layoff period.

Chapter 265 of the Laws of 2010 continued the valuation and other interest rates for one year to June 30, 2011 from June 30, 2010.

Chapter 180 of the Laws of 2011 continued the valuation and other interest rates for one year to June 30, 2012 from June 30, 2011.

Chapter 18 of the Laws of 2012 placed certain limitations on Tier 3 and Tier 4 benefits available to participants hired on or after April 1, 2012 in most New York State PERS, including BERS. These changes are sometimes referred to as Tier 6.

Schedule 1

SCHEDULE OF FUNDING PROGRESS
(IN CONFORMITY WITH THE PLAN'S FUNDING METHOD)
(In thousands)

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date June 30	Actuarial Asset Value (AAV) (A)	Actuarial Accrued Liability (AAL)* (A)&(B)	Unfunded AAL (UAAL) (C) (2)-(1)	Funded Ratio (1)÷(2)	Covered Payroll	UAAL as a Percentage of Covered Payroll (3)÷(5)
2010 (Lag)#	$ 2,056,452	$ 3,558,251	$ 1,501,799	57.8 %	$ 912,290	164.6%
2009 (Lag)	1,963,719	1,963,719	0	100.0	910,609	0.0
2008 (Lag)	2,084,116	2,084,116	0	100.0	852,106	0.0
2007 (Lag)	1,983,714	1,985,613	1,899	99.9	777,626	0.2
2006 (Lag)	1,830,338	1,833,996	3,658	99.8	749,963	0.5
2005 (Lag)	1,841,041	1,846,327	5,286	99.7	715,078	0.7

* Effective June 30, 2010, based on Entry Age Actuarial Cost Method ("EAACM"). Previously, based on the Frozen Initial Liability Actuarial Cost Method.

\# Reflects revised actuarial assumptions and methods based on experience review.

Notes:

A. For the June 30, 2010 (Lag) actuarial valuation, the AAV is defined to recognize Fiscal Year 2011 investment performance. The June 30, 2010 AAV is derived as equal to the June 30, 2011 MVA, discounted by the AIR assumption (adjusted for cash flow) to June 30, 2010.

For the June 30, 2011 (Lag) actuarial valuation, the AAV is reset to the MVA (i.e., "Market Value Restart").

The Actuarial Asset Valuation Method (AAVM) in use for actuarial valuations after the June 30, 2011 (Lag) actuarial valuation is unchanged from the AAVM in use for the June 30, 2009 (Lag) actuarial valuation.

Beginning with the June 30, 2004 (Lag) actuarial valuation, the Actuarial Asset Valuation Method (AAVM) was changed to a method which resets the AAV to Market Value (i.e. "Market Value Restart") as of June 30, 1999. As of each June 30 thereafter the AAVM recognizes investment returns greater or less than expected over a period of six years.

Under this revised AAVM, any Unexpected Investment Returns (UIR) for Fiscal Years 2000 and later are phased into the AAV beginning June 30, 2000, at rates of 15%, 15%, 15%, 15%, 20% and 20% per year (or cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

The UIR for Fiscal Years 2000 to 2004 under the revised AAVM was set equal to the UIR under the prior AAVM.

The prior AAVM was changed as of June 30, 1999, to reflect a market basis for investments held by the Plan.

B. To effectively assess the funding progress of the Plan, it is necessary to compare the AAV and the AAL calculated in a manner consistent with the Plan's funding method over a period of time. The AAL is the portion of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future employer normal costs and future member contributions.

C. The UAAL is the excess of the AAL over the AAV. Under the EAACM, actuarial gains (losses), as they occur, reduce (increase) the UAAL and are explicitly identified and amortized. Increases (decreases) in obligations due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized.

(Schedule of Funding Progress Concluded)

Schedule 2

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(In thousands)

Fiscal Year Ended June 30	Annual Required Contribution ("ARC")	Percentage of ARC Contributed
2012	$213,651	100.0 %
2011	180,191	100.0
2010	147,349	100.0
2009	134,225	100.0
2008	143,100	100.0
2007	129,820	100.0

Under the requirements of Governmental Accounting Standards Board Statement Number 25 ("GASB 25"), as amended by GASB Statement No. 50 ("GASB 50"), the Annual Required Contribution (ARC) is determined through an actuarial valuation reflecting all liabilities of the Plan. The employer contribution to the Plan is determined in accordance with statute (i.e., Statutory Contribution).

The Fiscal Year 2012 ARC was determined in accordance with New York State legislation that is pending but expected to be enacted when the Legislature next reconvenes.

FINANCIAL

Schedule 3

SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of June 30, 2010 (Lag) and June 30, 2009 (Lag). These actuarial valuations were used to determine Employer Contributions for Fiscal Years 2012 and 2011, respectively. Additional information as of the last two actuarial valuations follows:

	June 30, 2010 (Lag)[1]	June 30, 2009 (Lag)[1]
Actuarial cost method	Entry Age.	Frozen Initial Liability.[2]
Amortization method for Unfunded Actuarial Accrued Liabilities Initial Unfunded Post-2010 Unfundeds	 Increasing Dollar. Level Dollar.	 NA NA
Remaining amortization period Initial Unfunded Post-2010 Unfundeds	 22-years for reestablished UAAL. NA.	 NA NA
Actuarial asset valuation method	Modified 6-year moving average of market values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AAV is defined to recognize Fiscal Year 2011 investment performance.	Modified 6-year moving average of market values with a "Market Value Restart" as of June 30, 1999.
Actuarial assumptions: Investment rate of return	7.0% per annum[3] net of Investment Expenses.	8.0% per annum[3], gross of Investment Expenses.
Post-retirement mortality	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2006.
Active service: withdrawal, death, disability, service retirement	Tables adopted by Board of Trustees during Fiscal Year 2012.	Tables adopted by Board of Trustees during Fiscal Year 2006.
Salary increases	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per annum.[3]	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per annum.[3]
Cost-of-living adjustments	1.5% per annum.[3]	1.3% per annum.[3]

[1] Under the One-Year Lag Methodology, the actuarial valuation determines the Employer Contribution for the second following Fiscal Year.

[2] Under this Actuarial Cost Method, the Initial Liability was reestablished as of June 30, 1999 by the Entry Age Actuarial Cost Method but with the UAAL not less than $0. The financial results using this Frozen Initial Liability Actuarial Cost Method differ minimally from those that would be produced using the Aggregate Actuarial Cost Method.

[3] Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per annum.

SCHEDULE OF MANAGEMENT EXPENSES

INVESTMENT MANAGER	INVESTMENT TYPE	MGMT FEE
Fixed Investment Expenses:		
STATE STREET	Fixed Income	30,071
PIMCO	Fixed Income	112,117
PRUDENTIAL	Fixed Income	61,002
TAPLIN, CANIDA	Fixed Income	50,786
LOOMIS SAYLES	Fixed Income	178,693
SEIX	Fixed Income	71,031
SECURITIES LENDINGS	Fixed Income	112
		$ 503,812
FAIRVIEW PRIVATE EQUITY FD	Private Equity	101,010
MESIROW PARTNERS FUND III	Private Equity	320,352
MESIROW PARTNERS FUND IV	Private Equity	167,432
MESIROW PARTNERS FUND V	Private Equity	244,450
WARBURG PINCUS XI	Private Equity	34,422
PRE FRANKLIN TEMP	Private Equity	785,780
NEW YORK FAIRVIEW	Private Equity	(137,009)
		$ 1,516,437
LASALLE US PROPERTY Fd	Private Real Estate	47,853
UBS TRUMBULL PROPERTY	Private Real Estate	320,476
		$ 368,329
WELLINGTON MGMT MCC	Domestic Equity	315,907
DARUMA ASSET MGMT SMALL	Domestic Equity	119,583
STATE STREET GA S&P 400	Domestic Equity	1,777
ZEVENBERGEN	Domestic Equity	83,150
ARONSON JOHNSON	Domestic Equity	147,994
F I S FUND MANAGEMENT	Domestic Equity	190,670
TOTAL PROGRESS TRUST	Domestic Equity	293,807
BLACK ROCK	Domestic Equity	17,320
		$ 1,170,208
BAILLIE	Int'l Equity	650,427
SPRUCEGROVE	Int'l Equity	422,463
BLACKROCK	Int'l Equity	57,316
STATE STREET	Int'l Equity	434,633
		$ 1,564,839
PIMCO	TIPS	39,434
ACCESS RBC	ETI	8,637
AFL CIO	ETI	38,338
		$ 86,409
Fixed Investment Expenses:	Sub-Total	**$ 5,210,034**
Variable Investment Expenses:		**$ 83,596**
Consultant Expenses:		
ABEL NOSER		12,055
ALCARAZ		63
COURTLANDT PARTNERS,LTD		4,177
SR BATIBOI		15,429
TORREY COVE		22,252
NIXON PEABODY,LLP		396
BUCK CONSULTANTS		151,805
BRITTEN NETWORK		162,574
PRUDENTIAL INSURANCE		149,414
KPMG		258,829
VITECH SYSTEMS GROUP, INC		2,204,147
GARY TUNNICLIFFE AND JACK ZIEGLER, LLC		445,125
DONATO PASCALI		7,285
Sub-Total		**$ 3,433,551**
Total Management Expenses for FY 2012:		**$ 8,727,181**

FINANCIAL

SCHEDULE OF DIRECT PAYMENTS TO CONSULTANTS

INDIVIDUAL OR FIRM NAME	NATURE OF SERVICES	AMOUNT
Buck Investment Services 245 Park Avenue, 23rd Floor New York, NY 10167	Investment Consultation	$ 151,805
Britten Network Co. 434 Main Street Royersford, PA 19468	Investment Consultation	162,574
Prudential Insurance Co. 200 Wood Ave South Iselin, NJ 08830	Professional Services	149,414
KPMG 345 Park Avenue New York, NY 10154	CPMS Consultants*	258,829
Vitech Systems Group, Inc. 401 Park Avenue South, 12th Floor New York, NY 10016	CPMS Consultants	2,204,147
Gary Tunnicliffe & Jack Ziegler, LLC 321 Union Street, #4A Brooklyn, NY 11231	CPMS Consultants	445,125
Donato Pascali 2215 E 74th Street Brooklyn, NY 11234	CPMS Consultants	7,285
Total Consulting Fees for FY 2012		**$ 3,379,179**

* Comprehensive Pension Management System

SCHEDULE OF ADMINISTRATIVE EXPENSES
(In thousands)

EXPENSE TYPE		AMOUNT
Administrative Expenses:		
Salaries paid to Plan Personnel		$ 5,237
Consumable Supplies and Materials		90
Furniture and Equipment		65
General Services		86
Contractual services		3,209
	Sub-Total	**8,687**
Miscellaneous Expenses:		
Related Parties Administrative Expenses (Adm expenses made by the Comptroller on our behalf. Charged on investment)		**1,033**
Total Administrative Expenses for FY 2012:		**$ 9,720**

Woolworth Building

Board of Education Retirement System of the City of New York

A Pension Trust Fund of the City of New York

Comprehensive Annual Financial Report
of the Qualified Pension Plan

For the Fiscal Years Ended
June 30, 2012 and June 30, 2011

State of New York

INVESTMENT

Investment Section

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buckconsultants A Xerox Company

Date: October 25, 2012

To: New York City Board of Education Retirement System

From: Michael C. Wright

Re: ***Report on Investment Activity***

Dear Members of the New York City Board of Education Retirement System:

Fund Summary

The Board of Education Retirement System total fund increased in value for the fiscal year ending June 2012 with a return of 0.1%, compared to 1.5% for the Board of Education Policy Benchmark[1], against which it is measured. The market value of the fund briefly breached the $3 billion mark but ended the fiscal year roughly unchanged at $2.9 billion. Although performance for the year is below our long-term expectation, it should be noted this follows a 24.2% gain last year. Longer-term returns remain favorable, and the Fund leads both its Policy Benchmark and median public fund peer over the trailing five- and ten-year time periods. The Fund's five year return is 2.1% versus 1.8% for the benchmark index, while the Fund's ten-year return is 6.9% versus 6.6%.

Economic and Market Comment

The US economy continued to exhibit growth but at a relatively muted pace. Gross Domestic Product grew by 2.1% over the trailing fiscal year, compared to 1.9% for the fiscal year ended June 2011. Inflation was constrained, as commodity prices declined in response to signs of decelerating global growth. CPI grew 1.7%, while core inflation rose 2.2% with the difference indicative of the effects of falling food and energy prices on "headline" inflation. Signs of a job-market recovery began to emerge mid-fiscal year when non-farm payrolls began to grow by more than 200,000 a month. The optimism it generated proved to be short-lived, however, as non-farm payroll growth averaged less than 70,000 a month during the last three months of the fiscal year. Economists currently estimate that the creation of at least 100,000 jobs per month is required to support population growth and to prevent unemployment from rising. A positive factor during the fiscal year was the drop in the unemployment rate from 9.1% to 8.2%. Although increased payrolls were certainly a factor in the decline, pessimistic market observers have noted that the methodology used to calculate the data played a significant role in the decline as well, masking the true state of labor market health. These are important indicators of the economic effect on the funds' investments, and declining indicators of economic health have had a proportionate effect on BERS investments.

[1] The Board of Education Policy Benchmark is a custom index representing the weighted average return of the benchmarks for each major investment program in the Plan. The Policy Benchmark as of 6/30 consisted of: 40.81% Russell 3000, 21% MSCI EAFE, 4% MSCI Emerging Markets, 2.58% Russell 3000+500bps, 22% NYC Core+5 fixed income, 3% Barclays Capital US TIPS, and 5% Citigroup BB&B Index.

245 Park Avenue • New York, NY 10167-0002
212.330.1000 • 212.695.4185 (fax)

The U.S. stock market, as measured by the Russell 3000 stock index, returned 3.8% for the fiscal year ending June 30, 2012, an extreme contrast to the 32.4% for the prior fiscal year weighed by signs of a softening labor market and uncertainty abroad. International stocks fared even worse, as the MSCI EAFE Index returned -13.4%. Fiscal concerns continued in Europe, as the Euro zone recorded two consecutive quarters of declining GDP. The aggregate fixed income market, as measured by the Barclays Capital US Aggregate Index, gained 7.5% over the trailing year. Higher-quality assets slightly outperformed as indicated by a 9.0% return from Treasuries, compared to sub 7% returns from high-yield securities.

Fund Description

Asset allocation is a major contributor to the Board of Education Retirement System fund's historical returns. The Trustees establish a target asset mix after considering the long-term growth prospects for the diversified group of investments and the cost of the plan participants' benefits. This asset allocation does not change significantly from year to year, and the fund is rebalanced to the target mix as it pays out benefits and receives contributions. The fund's target asset mix is 70% stocks (including non-US stocks, private equity, and real estate) and 30% bonds. Over the long investment future of the pension fund, we expect stocks to outperform bonds by a substantial margin. That was not the case this year as the total equity portion of the fund returned -3.1%. Within US equities, all of the fund's active managers experienced difficulties and underperformed their respective benchmarks. In the non-U.S. equity programs, the developed market managers produced near double-digit losses but at least outperformed their benchmarks.

In contrast to equity, the total domestic fixed income segment did relatively well during the year with an 8.0% return. Most of the managers outperformed their respective benchmarks. The best absolute returns came from the fund's government and TIPS portfolio, which both produced double-digit gains, having benefited from the flight-to-quality that characterized the final quarter.

Within fiscal year 2012, a new asset allocation was implemented for the fund. The broader 70%/30% equity/fixed income mix remain unchanged, but modifications were made within each asset class. Within equity, the changes included a reduction in exposure to international equity and upward adjustments to higher expected-returning asset classes of private equity, private real estate, and emerging markets. Within fixed income, exposure to core-plus was reduced in favor of TIPS and the implementation of a new allocation to bank loan securities as part of the enhanced yield allocation. The moves were implemented with the goal of improving the efficiency of the fund, i.e., enhancing the expected rate of return per unit of risk. Over the past 15-years, the return on the total fund has averaged 6.1% per year, nearly in-line with that of its median peer public fund return. This is compared to a policy benchmark return of 5.8%. All returns are calculated using a time-weighted rate of return and fully accrued market values. Data is collected by the fund custodian and presented, to the degree possible, in conformance with industry presentation standards. The pension fund is a long-term investment fund structured to provide assets for the payouts needed for the benefits of the participants. The fund is measured over time periods consistent with those future requirements. Historically, the fund has had a higher allocation to U.S. equities and a lower allocation to private market alternatives, such as private equity and real estate, compared to its peers. As the Plan continues to fund its allocation to private market and real-estate investments, we expect its results to improve relative to peers in terms of both return and risk.

An uncertain market environment lies ahead given a lackluster US labor market, deceleration in global economic growth, the lack of resolution to the European fiscal situation, and the looming "fiscal cliff" that threatens US economic growth prospects. We expect volatility to continue in the capital markets, and

buckconsultants

October 25, 2012

we take active steps with investment diversification and selection to mitigate the effects on the fund. We will continue to monitor market conditions and fund performance in order to accomplish the goal of providing the plan benefits as promised.

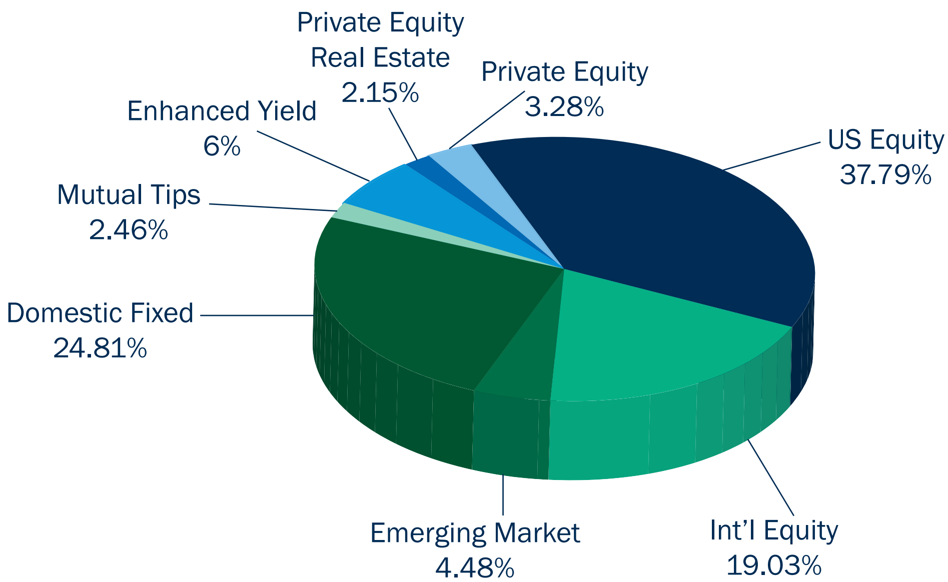
Sincerely,

Michael C. Wright
Principal and Investment Consultant

MCW: AF

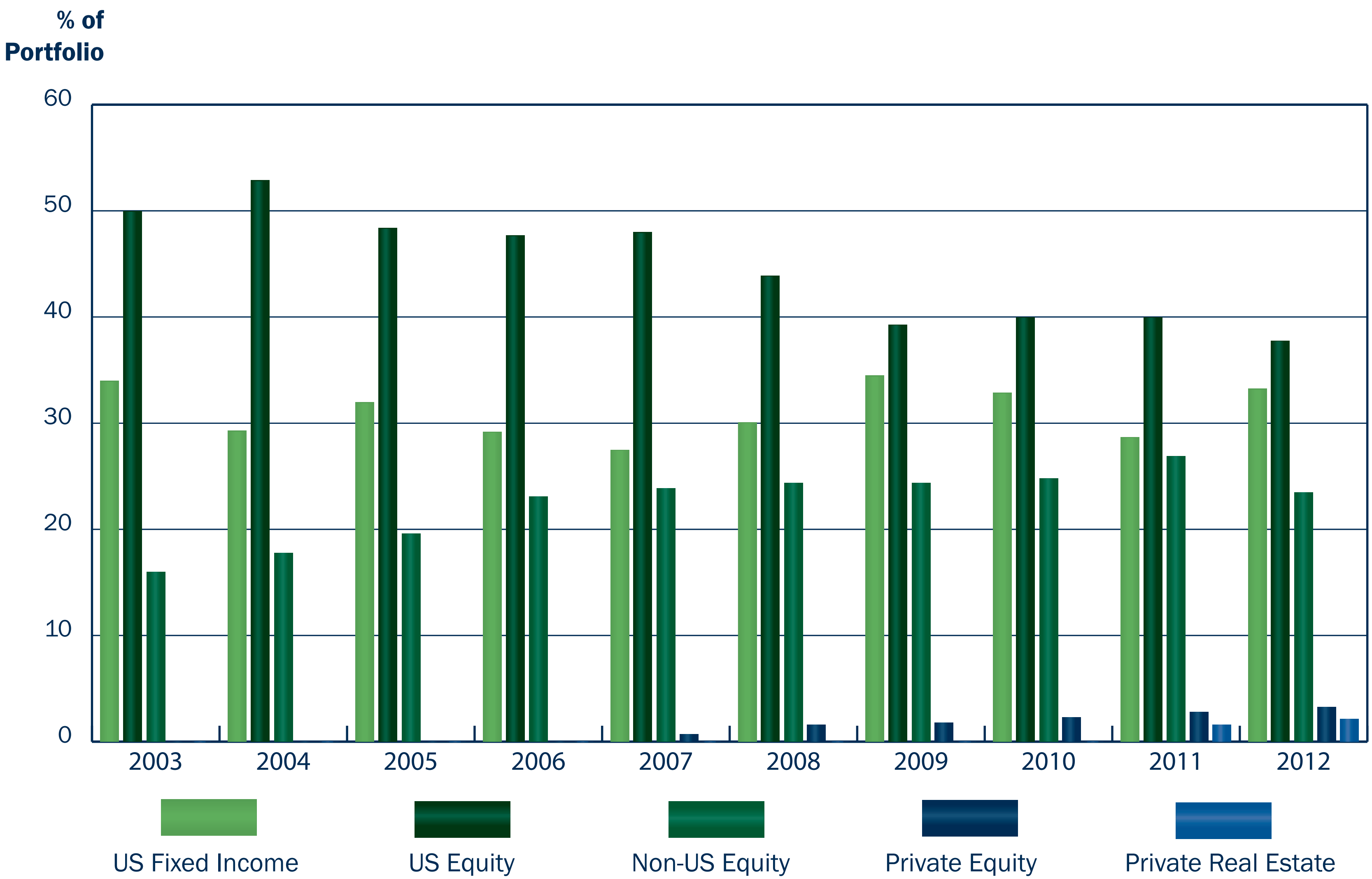
buckconsultants

Asset Allocation
Fiscal Year Ended June 30, 2012



Years	US Equity	Int'l Equity	Emerging Market	Domestic Fixed	Mutual TIPS	Enhanced Yield	Private Equity Real Estate	Private Equity
6/30/2003	47.79	14.21	7.12	28.67	0.00	2.21	0.00	0.00
6/30/2004	44.78	14.14	9.33	30.49	0.00	1.26	0.00	0.00
6/30/2005	39.80	15.65	8.94	33.39	0.00	2.22	0.00	0.00
6/30/2006	39.16	18.05	4.50	36.32	0.00	1.97	0.00	0.00
6/30/2007	47.90	19.30	4.50	20.40	2.80	4.40	0.00	0.70
6/30/2008	36.49	19.57	16.38	20.62	2.69	2.95	0.00	1.30
6/30/2009	34.28	20.48	11.00	26.06	2.73	3.94	0.00	1.51
6/30/2010	36.22	21.67	8.46	25.27	2.72	3.66	0.00	2.00
6/30/2011	39.97	21.51	5.37	22.63	2.62	3.43	1.66	2.81
6/30/2012	37.79	19.03	4.48	24.81	2.46	6.00	2.15	3.28

Asset Allocation
Fiscal Year Ended June 30, 2012
(Cont'd)



INVESTMENT

Investment Summary
Fiscal Year Ended June 30, 2012
(In thousands)

Type of Investments	Market Value	Percentage
Short Term Investments:	**$ 130,999**	**5.21 %**
Fixed Income Debt Securities:		
U.S. Government Bonds	352,259	14.02
Corporate Bonds	269,186	10.71
Yankee Bonds	3,109	0.12
Total Fixed Income Debt Securities:	**624,554**	**24.85**
Total Fixed Income:	**755,553**	**30.06**
Equity Securities:		
Common Stock	858,515	34.16
Private	118,810	4.73
Total Equity Securities:	**977,325**	**38.88**
Mutual Funds:		
International Investment Fund-Equities	515,629	20.52
Treasury Inflation-Protected Securities	53,986	2.15
Mortgages	11,071	0.44
Total Mutual Funds:	**580,686**	**23.10**
Promissory Notes:	**824**	**0.03**
Collateral From Securities Lending:	**198,990**	**7.92**
Total Investments	**$ 2,513,378**	**100.00 %**

Schedule of Investment Return (Unaudited)
Annualized Investments Results
Fiscal Year Ended June 30, 2012

Assets $K	Assets %		3 Mos Apr-12 Jun-12 %	6 Mos Jan-12 Jun-12 %	1 Yr Jul-11 Jun-12 %	3 Yrs Jul-09 Jun-12 %	5 Yrs Jul-07 Jun-12 %	10 Yrs Jul-02 Jun-12 %
944,024	**38.10**	**U.S. Equities**	**-3.94**	**8.99**	**1.32**	**16.02**	**0.11**	**5.80**
		Russell 3000 Index	-3.15	9.32	3.84	16.73	0.39	5.81
515,629	**20.81**	**Total International Equities**	**-6.92**	**4.28**	**-11.66**	**10.97**	**-1.79**	**8.48**
417,410	**16.85**	**Int'l. Equities-Developed Markets**						
		MSCI EAFE	-7.13	2.96	-13.83	5.96	-6.10	5.14
		International Equity Median	-6.75	4.82	-12.70	8.22	-3.92	6.80
98,219	**3.96**	**Int'l. Equities-Emerging Markets**						
		MSCI Emerging Markets Free	-8.77	4.12	-15.67	10.09	0.21	14.42
		Emerging Market Median	-8.14	4.54	-15.43	10.67	0.88	14.91
1,459,653	**58.92**	**Total Equities - Public & Private**	**-4.29**	**7.13**	**-3.08**	**14.31**	**-0.44**	**6.59**
688,569	**27.79**	**U.S. Fixed Income**	**1.97**	**3.65**	**7.99**	**9.18**	**7.39**	**6.78**
350,393	**14.14**	Total Government	6.16	3.33	18.70	10.37	10.27	7.62
338,176	**13.65**	Total Corporate	2.42	4.62	9.75	10.95	6.71	7.00
198,651	**8.02**	**Securities lending**						
130,636	**5.27**	**Short-term Investments**	**0.21**	**0.27**	**0.54**	**0.64**	**1.82**	**2.39**
2,477,509	**100.00**	**Total Portfolio**	**-2.29**	**5.96**	**0.10**	**12.66**	**2.07**	**6.88**

Yield data were obtained from the NYCBERS Performance Overview as of June 30, 2012

These returns are calculated using a time weighted rate of return based on the market value of the portfolio, (QPP) for time periods greater than one year the returns are annualized.

List of 50 Largest Equity Holdings (Fixed)
Fiscal Year Ended June 30, 2012

	NAME OF STOCKS HOLDINGS	PAR VALUE	MARKET VALUE
1	APPLE INC COM	$ 5,231,615.36	$ 31,474,680.00
2	EXXON MOBIL CORP	13,676,560.26	25,402,652.48
3	CHEVRON CORPORATION	6,768,201.99	13,915,133.50
4	MICROSOFT CORP COM	8,391,857.05	13,104,786.59
5	AT&T INC	8,289,725.07	12,317,498.90
6	GENERAL ELECTRIC CO	10,030,882.24	12,290,598.40
7	WELLS FARGO & CO NEW	9,248,774.11	11,313,052.96
8	INTERNATIONAL BUSINESS MACHINES CORP	3,651,905.91	11,109,139.58
9	PFIZER INC COM	7,496,566.46	10,806,205.00
10	GOOGLE INC CL A	6,409,356.97	9,527,649.75
11	JPMORGAN CHASE & CO	8,359,939.32	9,473,202.09
12	JOHNSON & JOHNSON COM	4,530,304.11	8,859,413.04
13	PHILIP MORRIS INTL INC	3,092,416.75	8,712,561.96
14	INTEL CORPORATION	4,069,536.77	8,297,903.90
15	PROCTER & GAMBLE CO COM	4,083,962.28	8,012,970.00
16	COCA-COLA CO	3,798,211.14	7,765,752.61
17	MERCK & CO INC NEW	4,857,959.48	7,329,630.00
18	VERIZON COMMUNICATIONS INC	4,771,707.66	7,152,262.48
19	BERKSHIRE HATHAWAY INC DEL	6,916,403.60	7,086,216.54
20	QUALCOMM INC	3,154,082.96	6,488,223.36
21	ORACLE CORPORATION	2,251,427.73	6,279,975.90
22	AMAZON COM INC	1,810,041.70	6,187,599.95
23	CISCO SYS INC	4,302,300.78	5,736,823.23
24	WAL MART STORES INC	2,456,511.54	5,649,132.72
25	CONOCOPHILLIPS	3,118,363.73	5,567,883.20
26	PEPSICO INC COM	2,512,958.14	5,366,556.34
27	CITIGROUP INC	10,438,803.21	5,333,876.36
28	COMCAST CORP NEW CL A	3,012,179.99	5,179,235.91
29	ABBOTT LABORATORIES	2,335,099.49	4,938,015.18
30	MC DONALDS CORPORATION COMMON	1,614,122.77	4,790,446.83
31	CVS CAREMARK CORP	2,563,483.93	4,702,580.09
32	BANK OF AMER CORP	9,765,964.81	4,314,622.80
33	DISNEY (WALT) COMPANY .	1,704,729.68	4,280,804.00
34	US BANCORP DEL	2,685,857.57	4,256,987.04
35	SCHLUMBERGER LIMITED COM	4,851,543.45	4,140,998.36
36	EMC CORP(MASS)	2,535,930.02	4,097,673.14
37	PRICELINE COM INC	1,541,374.18	4,048,920.36
38	VISA INC	2,759,176.48	3,971,366.49
39	UNITED HEALTH GROUP INC	1,428,675.00	3,936,874.50
40	ALTRIA GROUP INC	1,372,143.26	3,900,418.60
41	HOME DEPOT INC USD 0.05	1,392,489.78	3,876,748.40
42	CATERPILLAR INC	1,905,779.60	3,621,496.41
43	SXC HEALTH SOLUTIONS CORP	2,236,124.81	3,530,090.22
44	UNION PACIFIC CORP	1,368,564.22	3,468,103.08
45	UNITED TECHNOLOGIES CORP	1,463,828.39	3,391,825.71
46	OCCIDENTAL PETROLEUM CORPORATION COMMON	1,166,094.11	3,347,345.79
47	AMERICAN EXPRESS COMPANY	1,277,202.65	3,313,953.51
48	KRAFT FOODS INC	1,939,584.74	3,275,362.20
49	3M CO	1,802,529.50	3,199,884.80
50	AMGEN INC	1,751,175.48	3,102,520.08

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

List of 50 Largest Bond Holdings (Fixed)
Fiscal Year Ended June 30, 2012

	NAME OF BOND HOLDINGS	PAR VALUE	MARKET VALUE
1	FEDERAL NAT'L MTGE ASSN POOL # 995939	$ 27,506,820.86	$ 30,304,814.68
2	GNMA I TBA 30YR SFM 05.00% JUL	23,000,000.00	25,307,187.50
3	FEDERAL NAT'L MTGE ASSN POOL # AO2970	19,999,991.90	20,555,791.68
4	FEDERAL NAT'L MTGE ASSN POOL # AK7344	19,769,284.33	20,318,672.74
5	FEDERAL NAT'L MTGE ASSN POOL # AB5230	15,999,996.46	16,517,116.35
6	FHLMC TBA 30YR GOLD SFM 4.00%	14,000,000.00	14,829,062.50
7	FEDERAL NAT'L MTGE ASSN POOL #AH0527	13,459,081.40	14,347,246.18
8	FED'L HOME LOAN MTGE CORP GRP # Q00804	12,182,930.93	13,051,086.59
9	FNMA TBA 15YR SFM 04.00% JUL	10,000,000.00	10,634,375.00
10	FEDERAL NAT'L MTGE ASSN POOL # 931034	9,310,343.49	10,215,215.77
11	FNMA TBA 30YRS SFM 05.0% JULY	9,000,000.00	9,739,687.50
12	FNMA TBA 30YR SFM 04.50% AUG	8,000,000.00	8,575,000.00
13	GNMA I TBA SFM 3.50% 30YR AUG	7,000,000.00	7,464,843.75
14	UNITED STATES TREAS BDS	5,460,000.00	6,318,243.75
15	U S TREASURY BONDS	4,450,000.00	5,478,367.19
16	GNMA I TBA 30YR SFM 04.50% JUL	5,000,000.00	5,466,406.25
17	UNITED STATES TREAS NTS	4,800,000.00	5,455,500.00
18	U S TREASURY BONDS	3,500,000.00	5,268,865.00
19	FNMA TBA 15YR SFM 03.00% JUL	5,000,000.00	5,238,281.25
20	GOV'T NAT'L MTGE ASSN II POOL # 4713	4,577,528.99	5,057,894.88
21	UNITED STATES TREAS NTS	4,400,000.00	5,009,125.00
22	UNITED STATES TREAS NTS	4,325,000.00	4,753,780.50
23	UNITED STATES TREAS NTS	4,500,000.00	4,747,500.00
24	UNITED STATES TREAS NTS	4,000,000.00	4,717,500.00
25	FEDERAL NAT'L MTGE ASSN POOL # AO3068	4,388,836.70	4,510,802.48
26	FED'L HOME LOAN MTGE CORP GRP # G01820	4,088,487.42	4,475,626.29
27	FEDERAL NAT'L MTGE ASSN POOL # MA1044	4,230,692.15	4,348,263.09
28	FHLMC TBA 30YR GOLD SFM 05.00% JUL	4,000,000.00	4,299,375.00
29	UNITED STATES TREAS NTS	3,810,000.00	4,228,223.70
30	FNMA TBA 15YRS SFM 02.50% AUG	4,000,000.00	4,112,500.00
31	UNITED STATES TREAS NTS	3,400,000.00	3,982,522.00
32	GNMA TBA 30 YR 6.00% JUL	3,000,000.00	3,367,968.75
33	U S TREASURY BONDS	2,500,000.00	3,357,812.50
34	FEDERAL NAT'L MTGE ASSN POOL # AO6296	3,081,093.00	3,180,673.93
35	FNMA TBA 15YR SFM 03.50% JUL	3,000,000.00	3,169,687.50
36	FEDERAL NAT'L MTGE ASSN POOL # AO4323	3,067,893.75	3,153,150.51
37	FEDERAL NAT'L MTGE ASSN POOL # AO0530	3,000,000.00	3,096,960.00
38	FEDERAL NAT'L MTGE ASSN POOL # AO4096	2,999,999.87	3,083,369.87
39	FED'L HOME LOAN MTGE CORP GRP # G04692	2,794,919.49	3,063,064.06
40	U S TREASURY BONDS	1,750,000.00	2,864,531.25
41	GOV'T NAT'L MTGE ASSN POOL # 782520	2,513,063.02	2,790,279.00
42	UNITED STATES TREAS BDS	2,000,000.00	2,671,250.00
43	FEDERAL NAT'L MTGE ASSN POOL # MA1085	2,578,706.29	2,650,368.53
44	UNITED STATES TREAS NTS	2,180,000.00	2,571,718.75
45	UNITED STATES TREAS BDS	1,800,000.00	2,489,906.25
46	FEDERAL NAT'L MTGE ASSN POOL # 889334	2,220,412.96	2,446,895.08
47	UNITED STATES TREAS BDS	1,750,000.00	2,439,335.94
48	CHS / CMNTY HEALTH SYS INC	2,275,000.00	2,422,875.00
49	U S TREASURY STRIPPED	2,800,000.00	2,415,672.00
50	FNMA TBA 30YR SFM 06.00% AUG	2,100,000.00	2,307,375.00

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

List of 50 Largest International Equity Holdings
Fiscal Year Ended June 30, 2012

	NAME OF INT'L STOCKS HOLDINGS	PAR VALUE	MARKET VALUE
1	ATLAS COPCO AB NPV RFD	$ 7,388,778.83	$ 10,774,438.96
2	ADIDAS AG NPV	7,373,627.35	10,615,112.39
3	BANCO SANTANDER SA EUR 0.5	18,609,568.32	10,332,354.68
4	CIE FINANCIERE RICHEMONT SA CHF 1.0	6,355,424.95	10,243,643.11
5	NYC CUSTOM STIF	10,085,076.73	10,085,076.73
6	NOVARTIS AG CHF 0.5	8,360,890.57	10,080,853.49
7	INDITEX SA EUR 0.15	6,119,596.19	9,835,874.78
8	BHP BILLITON PLC U	9,955,039.27	9,802,398.65
9	RAKUTEN INC	5,661,663.71	9,701,918.55
10	SMC CORP/JAPAN NPV	6,225,854.44	9,265,227.28
11	NOVO NORDISK A/S DKK 1.0	4,638,117.41	9,086,015.50
12	L'OREAL SA EUR 0.2	8,020,355.20	8,758,467.95
13	BRITISH AMERICAN TOBACCO P GBP 0.25	5,579,038.42	8,697,999.81
14	PRUDENTIAL PLC ORD GBP 0.05	7,126,109.64	8,392,619.10
15	ROLLS-ROYCE HOLDINGS PLC 20P	5,283,170.64	8,183,038.20
16	STANDARD CHARTERED PLC USD 0.5	9,988,341.14	8,111,837.15
17	BAIDU INC NPV ADR	2,773,091.27	7,973,991.78
18	PPR EUR 4.0	6,500,886.46	7,965,277.43
19	SYNGENTA AG CHF 0.1	6,344,038.81	7,448,332.02
20	TENCENT HOLDINGS LTD HKD 0.0001	4,508,591.95	7,371,394.74
21	HSBC HOLDINGS HONGKONG REG	8,750,643.03	7,285,252.51
22	ARM HOLDINGS PLC 0P	7,826,695.01	6,882,539.77
23	ROYAL DUTCH SHELL PLC-B SHS	5,868,481.03	6,829,627.04
24	SVENSKA HANDELSBANKEN-A SHS	4,991,657.19	6,331,794.83
25	FORTESCUE METALS GROUP LTD	5,850,433.36	6,221,701.67
26	SAMSUNG ELECTERS	3,113,552.15	6,165,982.52
27	NESTLE SA CHF 0.1	3,091,863.58	6,162,505.62
28	WOODSIDE PETROLEUM LTD	7,527,309.93	5,947,608.96
29	MEGGITT PLC	4,700,522.38	5,833,187.14
30	TOTAL SA EUR 2.5	6,330,991.34	5,790,683.58
31	CRH EUR 0.32	6,516,918.45	5,460,215.99
32	CANON INC NPV	5,504,575.33	5,445,736.57
33	ESSILOR INTL SA CIE GEN D'OPTIQUE	3,493,973.50	5,395,618.53
34	GEBERIT AG CHF 0.1	3,717,463.87	5,309,806.63
35	WOOLWORTHS LTD NPV	4,527,771.60	5,065,473.02
36	CARNIVAL PLC USD 1	5,352,178.81	5,030,188.86
37	HONDA MOTOR CO LTD NPV	4,211,911.66	4,992,048.44
38	GREE INC NPV	6,030,117.77	4,856,439.58
39	HOYA CORP	5,076,806.61	4,822,924.97
40	SABMILLER PLC USD	2,734,271.05	4,576,700.14
41	TESCO PLC	5,381,093.88	4,558,475.33
42	SANDVIK AB NPV	5,452,357.26	4,535,658.83
43	BRAMBLES LTD NPV	5,756,625.87	4,452,946.91
44	CHINA MOBILE LTD HKD 0.1	3,772,481.98	4,372,001.26
45	KEYENCE CORP	3,101,458.75	4,370,456.45
46	AUSTRALIA AND NZ BANKING GROUP	3,355,300.45	4,219,471.11
47	BG GROUP PLC 10P	4,214,060.92	4,137,056.24
48	BAYERISCHE MOTOREN WERKE AG EUR 1.0	2,457,942.72	4,119,472.19
49	FIAT SPA EUR 3.58	4,504,737.49	3,979,920.23
50	SHIN-ETSU CHEMICAL CO LTD NPV	3,508,079.63	3,946,411.61

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

List of Largest Tips Holdings
Fiscal Year Ended June 30, 2012

	NAME OF LARGEST TIPS HOLDINGS	PAR VALUE	MARKET VALUE
1	TIPS POSITION HELD AT PIMCO	$ 68,359,181.07	$ 72,548,373.11

INVESTMENT

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

List of 50 Largest Economically Targeted Investment Holdings
Fiscal Year Ended June 30, 2012

	NAME OF ECONOMICALLY TARGETED INVESTMENTS	PAR VALUE	MARKET VALUE
1	FEDERAL NAT'L MTGE ASSN POOL # 3490	$ 235,383.30	$ 248,008.75
2	FEDERAL NAT'L MTGE ASSN POOL # AO3388	117,837.74	118,909.59
3	FEDERAL NAT'L MTGE ASSN POOL # AK6714	114,637.43	115,922.91
4	GOV'T NAT'L MTG ASSN POOL# 0738395	105,146.37	108,245.22
5	FEDERAL NAT'L MTGE ASSN POOL # 3485	100,530.90	103,409.75
6	GOV'T NATL MTG ASSN II POOL# 770735	95,110.34	99,535.26
7	FEDERAL NAT'L MTGE ASSN POOL # AH8883	83,657.23	89,561.10
8	FEDERAL NAT'L MTGE ASSN POOL # 3484	75,237.30	79,332.63
9	CPC#10920 20 NORTH 5TH ST BROOKLYN,NY	71,519.22	77,871.63
10	FEDERAL NAT'L MTGE ASSN POOL # AI6570	73,964.49	77,418.62
11	LIIF#2 405 WILLIAMS CPC#10993	72,406.71	72,444.48
12	FEDERAL NAT'L MTGE ASSN POOL # AI8876	67,944.42	71,062.15
13	GOV'T NAT'L MTG ASSN POOL# 0770388	58,685.77	60,834.64
14	GOV'T NAT'L MTG ASSN POOL# 741058	57,901.97	59,907.14
15	FEDERAL NAT'L MTGE ASSN POOL # 7106	56,913.25	59,615.70
16	CARVER #006 107-109 W 37TH STREET	52,571.09	54,579.66
17	CCD #0008 AKA CPC #11252, 267 EAST BURN	53,500.00	53,552.93
18	CCD#0006AKACPC#11210 518 W146TH ST ET AL	52,467.00	52,762.39
19	FED'L HOME LOAN MTGE CORP GRP # A80305	46,863.01	50,546.08
20	FEDERAL NAT'L MTGE ASSN POOL # AE2514	43,113.97	45,527.30
21	FEDERAL NAT'L MTGE ASSN POOL # AE2480	41,164.46	42,120.90
22	FEDERAL NAT'L MTGE ASSN POOL # AE7615	40,299.40	41,744.06
23	FEDERAL NAT'L MTGE ASSN POOL # AO3389	40,566.52	40,666.96
24	CCD #0016 AKA CPC #11250, 110-42 MERRICK	40,000.00	40,011.77
25	FEDERAL NAT'L MTGE ASSN POOL # 966194	32,055.11	34,659.54
26	GOV'T NATL MTG ASSN II POOL# 763246	31,503.78	33,754.10
27	CCB #1 938 ST NICHOLAS	29,955.06	33,388.19
28	FED'L HOME LOAN MTGE CORP GRP # A93203	29,749.56	30,403.22
29	FED'L HOME LOAN MTGE CORP GRP # A93202	28,701.30	29,899.30
30	FEDERAL NAT'L MTGE ASSN POOL # AE4796	28,797.76	29,879.03
31	FEDERAL NAT'L MTGE ASSN POOL # 3494	29,002.67	29,732.92
32	FEDERAL NAT'L MTGE ASSN POOL # MC0601	28,979.63	29,361.80
33	FEDERAL NAT'L MTGE ASSN POOL # 1845	27,608.78	29,230.57
34	FEDERAL NAT'L MTGE ASSN POOL #AE6847	28,175.19	29,224.29
35	FEDERAL NAT'L MTGE ASSN POOL # 5866	27,148.96	28,511.48
36	FEDERAL NAT'L MTGE ASSN POOL # AD9611	26,561.43	27,781.06
37	FED'L HOME LOAN MTGE CORP GRP # A80608	25,063.66	27,659.98
38	FEDERAL NAT'L MTGE ASSN POOL # 3493	26,279.85	27,556.60
39	GOV'T NAT'L MTG ASSN POOL# 698161	26,045.73	27,040.90
40	FED'L HOME LOAN MTGE CORP GRP # A77241	24,692.23	26,789.71
41	FEDERAL NAT'L MTGE ASSN POOL # 899920	24,612.33	26,557.11
42	FEDERAL NAT'L MTGE ASSN POOL # AD9592	24,641.29	25,857.82
43	FEDERAL NAT'L MTGE ASSN POOL # 5551	23,286.85	25,737.11
44	LIIF #1 451 48TH ST CPC #10598	25,189.52	25,535.33
45	FEDERAL NAT'L MTGE ASSN POOL # 5552	22,450.04	24,283.43
46	FEDERAL NAT'L MTGE ASSN POOL # AD7241	22,281.03	23,650.72
47	CPC #10386 2 WEST 129TH STREET	21,211.08	23,492.32
48	FEDERAL NAT'L MTGE ASSN POOL # 135	21,053.01	23,072.26
49	FEDERAL NAT'L MTGE ASSN POOL # AE5858	22,039.38	22,917.70
50	FED'L HOME LOAN MTGE CORP GRP # A93391	22,484.53	22,867.67

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

List of 50 Largest Emerging Market Investments
Fiscal year Ended June 30, 2012

	NAME OF EMERGING MARKET INVESTMENTS	PAR VALUE	MARKET VALUE
1	SAMSUNG ELECTRONICS CO L KRW 5000.0	$ 761,533.35	$ 883,356.79
2	TAIWAN SEMICONDUCTOR MANUF TWD 10.0	476,136.77	513,154.33
3	CHINA MOBILE LTD HKD 0.1	453,809.36	506,208.78
4	ISHARES MSCI TURKEY INVSTBLE	407,535.00	412,778.59
5	AMERICA MOVIL SA SER L NPV(L/VTG) L	390,143.92	389,414.25
6	CHINA CONSTRUCTION	418,551.81	380,571.74
7	GAZPROM O A O NPV ADR	407,125.87	312,898.91
8	VALE SA-PREF	400,337.50	309,404.95
9	PETROL BRASILEIROS PREF BRL0.12	453,123.01	299,087.83
10	CNOOC LTD HKD 0.02	290,493.46	278,552.06
11	INDUSTRIAL + COMME	334,968.33	278,087.58
12	ITAU UNIBANCO BANCO MULTIPLO SA PFD	340,083.54	244,948.72
13	HYUNDAI MOTOR CO KRW 5000.0	212,015.88	234,205.91
14	TENCENT HOLDINGS LTD HKD 0.0001	193,976.49	225,560.04
15	CIA DE BEBIDAS DAS AME-PREF	188,160.10	222,259.47
16	BANK OF CHINA LTD	246,030.74	222,011.88
17	MTN GROUP LTD ZAR 0.0001	222,012.83	221,533.84
18	SBERBANK RUSSIA NPV ADR	257,340.77	219,817.29
19	BANCO BRADESCO SA PFD RFD	257,832.93	218,709.48
20	PETROL BRASILEIROS	345,593.90	211,017.53
21	HON HAI PRECISION INDUSTRY TWD 10.0	219,493.62	207,580.10
22	SASOL LTD NPV	226,008.67	195,800.78
23	VALE SA NPV	255,912.10	185,220.07
24	POSCO KRW 5000.0	182,445.98	158,221.28
25	NASPERS LTD ZAR 0.02	154,249.47	156,593.48
26	OIL CO LUKOIL RUB	166,436.22	156,115.57
27	CHINA LIFE INS	176,863.04	148,540.22
28	INFOSYS TECHNOLOGIES ORD INR5	194,122.80	147,008.86
29	RELIANCE INDUSTRIES LTD INR 10.0	190,402.32	138,911.02
30	FOMENTO ECON MEXIC UNITS (REP 1 SER	98,097.66	133,157.54
31	KIA MOTORS CORP KRW 5000.0	120,405.49	131,019.93
32	STANDARD BANK GROUP LTD ZAR 0.1	125,006.31	125,558.67
33	HYUNDAI MOBIS KRW 5000.0	136,796.34	124,944.24
34	CHINA PETROLEUM +	143,895.44	123,387.64
35	ECOPETROL SA NPV	102,947.40	119,124.33
36	HDFC BANK LTD INR 2.0	112,775.04	118,169.45
37	NOVATEK JT STK CO NPV GDR	139,875.18	115,864.37
38	SHINHAN FINANCIAL GROUP KRW 5000.0	128,819.92	112,632.91
39	ASTRA INTERNATIONAL TBK PT IDR 50.0	107,623.25	111,849.52
40	WALMART DE MEXICO-SER V	114,518.65	109,745.88
41	PING AN INSURANCE	114,449.41	106,422.68
42	SAMSUNG ELECTRONICS CO LTD PFD	89,567.19	102,458.52
43	ANGLOGOLD LIMITED ZAR 0.25	131,988.11	100,339.20
44	CHINA SHENHUA ENER	122,100.76	100,167.06
45	HOUSING DEVELOPMENT FINANCE INR 2.0	114,896.81	98,084.55
46	CHUNGHWA TELECOM CO LTD TWD 10.0	92,031.61	92,076.89
47	CIMB GROUP SDN BHD	94,282.33	90,783.82
48	KB FINANCIAL GROUP INC KRW 5000.0	115,427.77	90,634.55
49	LG CHEM LTD KRW 5000.0	112,268.77	89,504.02
50	GPO MEXICO SA SER B	95,797.30	89,202.02

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

INVESTMENT

Largest Domestic Equity Holdings "Variable A" Program
Fiscal Year Ended June 30, 2012

NAME OF DOMESTIC EQUITY HOLDINGS "VARIABLE A" PROGRAM	PAR VALUE	MARKET VALUE

This data was not available at time of printing.
Reporting delays were experienced as a result of Hurricane Sandy.

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

Schedule of Payments of Commissions to Brokers
Fiscal Year Ended June 30, 2012

INDIVIDUAL OR BROKERAGE FIRM	NATURE OF SERVICES	# OF SHARES TRADED	COMMISSION	COMMISSION PAID (In $)
AMERICAN PORTFOLIOS FINANCIAL	Equity	2,355.00	0.04	$ 94.20
AMERICAN TECHNOLOGY RESEARCH	Equity	375.00	0.04	15.00
AQUA SECURITIES L.P.	Equity	2,430.00	0.02	48.60
ASSENT LLC	Equity	1,185.00	0.03	41.10
AURIGA USA LLC	Equity	838.00	0.02	16.76
AVONDALE PARTNERS, LLC	Equity	22,547.00	0.04	861.32
B RILEY AND CO INC.	Equity	5,821.00	0.02	116.42
B.RILEY AND CO,LLC	Equity	66.00	0.02	1.32
BAIRD ROBERT W & CO INC	Equity	153,913.00	0.04	5,817.94
BARCLAYS CAPITAL INC/LE	Equity	65,255.00	0.03	1,842.00
BARCLAYS CAPITAL LE	Equity	548,633.00	0.01	7,540.38
BARRINGTON RESEARCH ASSOCS INC	Equity	2,585.00	0.04	103.40
BAYPOINT TRADING LLC	Equity	69,805.00	0.03	2,221.28
BLAIR WILLIAM & COMPANY LLC	Equity	130,110.00	0.04	5,194.75
BLAYLOCK & CO INC	Equity	9,430.00	0.03	268.63
BLUEFIN RESEARCH PARTNER INC.	Equity	17,850.00	0.04	714.00
BMO NESBITT BURNS CORP	Equity	19,115.00	0.04	764.60
BNP PARIBAS BROKERAGE SEC INC	Equity	5,600.00	0.04	224.00
BNY BROKERAGE INC	Equity	21,491.00	0.03	666.98
BNY CONVERGEX EXEC SOLUTIONS	Equity	6,839.00	0.03	223.61
BNY/MELLON TR OF NEW ENGLAND	Equity	900.00	-	-
BOE SECS INC/BROADCORT CAP	Equity	280,937.00	0.03	8,428.11
BOENNING AND SCATTERGOOD INC.	Equity	2,230.00	0.04	89.20
BREAN MURRAY CARRET& CO. LLC	Equity	14,472.00	0.04	558.84
BROCKHOUSE & COOPER INC	Equity	800.00	0.02	16.00
BUCKINGHAM RESEARCH GROUP INC	Equity	4,974.00	0.04	198.96
BURKE & QUICK PARTNERS LLC	Equity	1,825.00	0.04	73.00
CABRERA CAPITAL MARKETS	Equity	192,832.00	0.03	5,335.74
CITIGROUP GLOBAL MARKETS INC	Equity	1,793,320.00	0.00	6,516.00
CJS SECURITIES INC.	Equity	787.00	0.02	15.74
CLEARVIEW CORRESPONDENT SVCS	Equity	11,017.00	0.04	386.82
COLLINS STEWART LLC	Equity	12,115.00	0.04	484.60
COWEN & CO LLC	Equity	54,019.00	0.04	1,996.18
CRAIG - HALLUM	Equity	10,382.00	0.02	240.04
CREDIT AGRICOLE SEC USA	Equity	26,600.00	0.04	1,064.00
CREDIT SUISSE FIRST BOSTON	Equity	455,760.00	0.01	5,368.25
CREDIT SUISSE SECS USA LLC	Equity	8,161.00	0.04	325.52
CUTTONE & CO. INC	Equity	5,490.00	0.02	123.53
DAHLMAN ROSE & COMPANY, LLC	Equity	1,300.00	0.04	52.00
DAVENPORT & COMPANY LLC	Equity	3,686.00	0.04	147.44
DAVIDSON D.A & CO INC NSCC	Equity	30,767.00	0.04	1,119.34
DEUTSCHE BANC SECURITIES INC.	Equity	1,643,999.00	0.01	15,357.58
ABEL NOSER CORPORATION	Equity	33,300.00	0.01	270.25
CANACCORO ADAMS INC	Equity	33,511.00	0.04	1,245.08
CANTOR FITZGERALD & CO . INC	Equity	164,908.00	0.04	5,934.67
CANTOR FITZGERALD/CASTLEOAK	Equity	65,030.00	0.03	1,950.90
CAP INSTL SVCS INC-EQUITIES	Equity	5,163.00	0.05	258.15
CARIS AND COMPANY INC.	Equity	725.00	0.03	19.50
CASH MERGER	Equity	214,130.00	-	-
CHARLES SCHWAB & CO.	Equity	103,219.00	0.01	859.20
CHEEVERS & CO INC	Equity	266,159.00	0.03	8,567.35

INVESTMENT

Schedule of Payments of Commissions to Brokers
Fiscal Year Ended June 30, 2012
(Cont'd)

INDIVIDUAL OR BROKERAGE FIRM	NATURE OF SERVICES	# OF SHARES TRADED	COMMISSION	COMMISSION PAID (In $)
CITIBANK N.A.	Equity	500.00	-	$ -
DIRECT ACCESS PARTNERS LLC	Equity	27,367.00	0.03	936.49
DISTRIBUTION	Equity	8,624.00	-	-
DIVIDEND REINVESTMENT	Equity	777.00	-	-
DIVINE CAPITAL MARKETS LLC - E	Equity	36,771.00	0.02	735.42
DOUGHERTY COMPANY	Equity	25,089.00	0.04	955.58
DOWLING & PARTNERS	Equity	4,525.00	0.04	181.00
EVERCORE GROUP LLC	Equity	1,370.00	0.04	54.80
FIDELITY CAPITAL MARKETS	Equity	570.00	0.03	17.10
FIRST CLEARING, LLC	Equity	1,474.00	0.04	58.96
FRIEDMAN, BILLINGS & RAMSEY	Equity	55,257.00	0.04	2,210.28
GARDNER RICH AND COMPANY	Equity	12,485.00	0.03	382.55
GLOBAL HUNTER SECURITIES LLC	Equity	806.00	0.02	16.12
GLOBAL HUNTER SECURITIES, LLC	Equity	4,310.00	0.04	158.10
GOLDMAN SACHS AND CO	Equity	554,219.00	0.01	7,558.61
GOLDMAN SACHS EXECUTION & CL	Equity	27,605.00	0.01	173.48
GREENTREE BROKERAGE SERVICES	Equity	98,951.00	0.03	2,853.85
GUGGENHEIM CAPITAL MARKETS LLC	Equity	4,480.00	0.04	161.20
GUZMAN & COMPANY	Equity	33,590.00	0.02	671.80
GUZMAN AND COMPANY	Equity	34,225.00	0.02	684.50
HEFLIN & CO LLC	Equity	8,350.00	0.04	334.00
HEIGHT SECURITIES, LLC	Equity	14,530.00	0.04	581.20
HOWARD WEIL INCORPORATED	Equity	1,772.00	0.04	70.88
HSBC BROKERAGE (USA) INC	Equity	1,300.00	0.04	52.00
HUDSON SECURITIES, INC	Equity	1,699.00	0.02	33.98
INSTINET CLEARING SERVICES INC	Equity	3,461.00	0.00	8.65
INSTINET CORPORATION	Equity	643,377.00	0.02	13,077.70
INVESTMENT TECHNOLOGY GROUP	Equity	318,730.00	0.01	3,786.26
ISI GROUP, INC.	Equity	92,480.00	0.02	1,969.10
ISLAND TRADER SECURITIES INC	Equity	66,994.00	0.04	2,633.32
IVY SECURITIES, INC	Equity	28,515.00	0.03	855.45
J.P MORGAN SECURITIES INC.	Equity	252,983.00	0.03	6,906.30
J.P. MORGAN CLEARING CORP.	Equity	89,607.00	0.00	22.46
JANNEY MONTGOMERY SCOTT INC.	Equity	42,271.00	0.04	1,690.84
JEFFERIES & COMPANY, INC.	Equity	131,854.00	0.04	4,821.63
JMP SECURITIES	Equity	27,119.00	0.04	1,105.02
JNK SECURITIES INC	Equity	78,000.00	0.02	1,560.00
JOHNSON RICE & CO	Equity	8,663.00	0.04	316.14
JONESTRADING INST SVCS LLC	Equity	48,738.00	0.02	1,056.26
KEEFE BRUYETTE & WOODS INC.	Equity	42,642.00	0.04	1,593.89
KEYBANC CAPITAL MARKETS INC.	Equity	54,512.00	0.04	2,016.54
KING, CL, & ASSOCIATES	Equity	60,870.00	0.03	1,668.22
KNIGHT CLEARING SERVICES LLC	Equity	59,842.00	0.00	287.95
KNIGHT EQITY MARKETS L.P.	Equity	32,715.00	0.02	730.82
LADENBURG THALMAN & CO	Equity	1,993.00	0.02	39.86
LAZARD FRERES & COMPANY	Equity	37,868.00	0.04	1,415.11
LEERINK SWANN AND COMPANY	Equity	22,033.00	0.04	854.18
LIQUIDNET INC	Equity	248,350.00	0.02	4,447.86
LONGBOW SECURITIES LLC	Equity	26,238.00	0.04	1,038.56
LOOP CAPITAL MARKETS	Equity	409,517.00	0.03	11,730.65
LYNCH JONES & RYAN INC	Equity	41,562.00	0.01	243.24

INDIVIDUAL OR BROKERAGE FIRM	NATURE OF SERVICES	# OF SHARES TRADED	COMMISSION	COMMISSION PAID (In $)
M. RAMSEY KING SECURITIES	Equity	13,836.00	0.03	$ 396.48
MACQUARIE SECS USA INC	Equity	8,823.00	0.04	352.92
MADISON WILLIAMS AND COMPANY	Equity	545.00	0.02	10.90
MAXIM GROUP	Equity	190.00	0.02	3.80
MELVIN SECURITIES	Equity	3,100.00	0.02	46.50
MERGER	Equity	22,293.00	-	-
MERRILL LYNCH BROADCOURT CAP	Equity	775.00	0.04	31.00
MERRILL LYNCH PIERCE FENNER	Equity	393,111.00	0.02	8,532.93
MERRILL LYNCH PROFESSIONAL	Equity	55,655.00	0.03	1,900.70
MERRIMAN CURHAN FORD & CO	Equity	753.00	0.02	15.06
MIDWOOD SECURITIES	Equity	9,892.00	0.04	395.68
MILLER,TABAK, HIRSCH & CO	Equity	24,716.00	0.04	955.92
MISCHLER FINANCIAL GROUP, INC	Equity	46,223.00	0.03	1,262.51
MIZUHO SECURITIES USA INC	Equity	3,640.00	0.04	145.60
MKM PARTNERS LLC	Equity	12,680.00	0.04	507.20
MONTROSE SECURITIES EQUITIES	Equity	166,450.00	0.04	6,658.00
MORGAN KEEGAN & COMPANY, INC.	Equity	17,873.00	0.05	833.14
MORGAN STANLEY & CO	Equity	414,792.00	0.02	8,835.68
MR BEAL & COMPANY	Equity	215,864.00	0.03	6,602.87
NATL FINANCIAL SERVICES CORP	Equity	38,582.00	0.04	1,470.34
NEEDHAM & CO	Equity	78,956.00	0.04	3,013.94
NOBLE INTL INVESTMENTS INC	Equity	353.00	0.02	7.06
NOMURA SECURITIES INTL INC	Equity	179,235.00	0.02	3,648.95
NORTH SOUTH CAPITAL LLC	Equity	158.00	0.03	4.74
NORTHERN TRUST CO-TRUST	Equity	2,600.00	-	-
NORTHLAND SECURITIES INC.	Equity	6,094.00	0.02	133.98
OPPENHEIMER AND CO INC	Equity	67,482.00	0.04	2,529.04
PACIFIC AMERICAN SECS LLC	Equity	4,273.00	0.03	128.19
PACIFIC CREST SECS	Equity	51,638.00	0.04	2,025.02
PACIFIC CREST SECURITIES	Equity	35,395.00	0.04	1,303.80
PERCIVAL FINANCIAL PARTNERS	Equity	3,526.00	0.03	105.78
PERSHING & COMPANY	Equity	18,873.00	0.04	672.23
PICKERING ENERGY PARTNERS INC	Equity	14,320.00	0.04	572.80
PIPELINE TRADING SYSTEMS LLC	Equity	3,025.00	0.01	30.25
PIPER JAFFRAY & CO	Equity	93,595.00	0.04	3,459.12
PULSE TRADING LLC	Equity	1,650.00	0.02	26.50
PURCHASE OFFER	Equity	75,342.00	-	-
R B C DOMINION SECURITIES CORP	Equity	3,324.00	-	-
RAYMOND, JAMES & ASSOC., INC.	Equity	134,412.00	0.04	5,262.24
RBC CAPITAL MARKETS CORP	Equity	233,511.00	0.03	7,661.32
RODMAN & RENSHAW LLC	Equity	914.00	0.02	18.28
ROSENBLATT SECURITIES LLC	Equity	252,100.00	0.01	2,620.00
ROTH CAPITAL PARTNERS, LLC	Equity	1,850.00	0.04	74.00
SALE OF RIGHTS	Equity	500.00	-	-
SAMUEL A RAMIREZ & COMPANY INC	Equity	1,510.00	0.03	45.30
SANDLER O'NEILL & PARTNERS LP	Equity	4,087.00	0.04	155.48
SANFORD C BERNSTEIN & CO.,LLC	Equity	132,694.00	0.03	3,515.71
SESLIA SECURITIES	Equity	872.00	0.03	26.16
SG AMERICAS SECURITIES LLC	Equity	1,061,000.00	0.01	10,074.50
SIDOTI & COMPANY, LLC	Equity	61,511.00	0.03	2,108.66
SIMMONS & CO	Equity	9,340.00	0.04	373.60

Schedule of Payments of Commissions to Brokers
Fiscal Year Ended June 30, 2012
(Cont'd)

INDIVIDUAL OR BROKERAGE FIRM	NATURE OF SERVICES	# OF SHARES TRADED	COMMISSION	COMMISSION PAID (In $)
STATE ST GLOBAL MARKETS LLC	Equity	2,200.00	0.03	$ 66.00
STATE STREET BANK & TRUST CO.	Equity	29,700.00	-	-
STATE STREET BANK AND TRUST NY	Equity	400.00	-	-
STEPHENS, INC.	Equity	21,026.00	0.04	844.04
STERNE AGEE & LEACH INC	Equity	43,808.00	0.04	1,729.74
STIFEL NICHOLAUS & CO, INC	Equity	151,006.00	0.04	5,535.06
STOCK ELECTION	Equity	13.00	-	-
STRATEGAS SECURITIES LLC	Equity	9,280.00	0.04	371.20
SUNTRUST CAPITAL MARKETS, INC	Equity	21,323.00	0.04	804.14
THE BENCHMARK CO LLC	Equity	5,970.00	0.04	238.80
THE WILLIAMS CAPITAL GROUP LP	Equity	122,917.00	0.03	3,125.99
THINKEQUITY PARTNERS LLC	Equity	12,678.00	0.04	448.76
UBS SECURITIES LLC	Equity	197,392.00	0.02	4,658.59
VANDHAM SECURITIES CORP	Equity	11,106.00	0.03	285.12
WEDBUSH MORGAN SECURITIES,INC.	Equity	37,562.00	0.03	1,221.98
WEEDEN & CO	Equity	27,423.00	0.03	746.07
WELLS FARGO SECS LLC	Equity	55,042.00	0.04	2,133.98
WJB CAPITAL GROUP, INC.	Equity	39,829.00	0.04	1,529.68
WUNDERLICH SECURITIES INC.	Equity	23,556.00	0.04	942.24
BARCLAYS CAPITAL FIXED INCOME	Fixed	1,120,000.00	-	-
BARCLAYS CAPITAL INC FIXED	Fixed	770,000.00	-	-
BNP PARIBAS BROKERAGE SEC INC	Fixed	890.00	0.04	35.60
BNP PARIBAS SEC CORP/BONDS	Fixed	740,000.00	-	-
BNY CAPITAL MARKETS INC	Fixed	2,182,000.00	-	-
CANTOR FITZGERALD & CO.	Fixed	2,421,000.00	-	-
CITIGROUP GLOBAL MKTS/SALOMON	Fixed	4,255,000.00	-	-
CREDIT SUISSE FIRST BOSTON	Fixed	11,705,000.00	-	-
DEUTSCHE BANC SECURITIES INC.	Fixed	4,010,000.00	-	-
GOLDMAN SACHS AND CO	Fixed	4,835,000.00	-	-
GREENWICH CAPITALMKT	Fixed	950,000.00	-	-
J.P. MORGAN CLEARING CORP.	Fixed	40,000.00	-	-
J.P. MORGAN SECURITIES LLC	Fixed	18,560,000.00	-	-
JEFFERIES & COMPANY, INC.	Fixed	4,328,000.00	-	-
KEYBANC CAPITAL MARKETS INC.	Fixed	85,000.00	-	-
MACQUARIE CAPITAL USA INC	Fixed	500,000.00	-	-
MERRILL LYNCH PIERCE FENNER	Fixed	9,871,400.00	0.00	116.00
MILLER,TABAK, HIRSCH & CO	Fixed	170,000.00	-	-
MITSUBISHI UFJ SECS (USA) INC	Fixed	311,000.00	-	-
MORGAN STANLEY & CO	Fixed	6,485,000.00	-	-
NOMURA FIX	Fixed	1,385,000.00	-	-
NOMURA SECURITIES INTL INC	Fixed	10,000.00	-	-
NOMURA SECURITIES/FIX INCOME	Fixed	25,000.00	-	-
OPPENHEIMER AND CO INC	Fixed	115,000.00	-	-
PENSON FINANCIL SER INC./RIDGE	Fixed	145,000.00	-	-
PERSHING & COMPANY	Fixed	3,828,000.00	-	-
PURCHASE OFFER	Fixed	1,736,000.00	-	-
RBC CAPITAL MARKETS CORP	Fixed	1,154,000.00	-	-
SOUTHWEST SECURITIES, INC.	Fixed	425,000.00	-	-
STERNE AGEE & LEACH INC	Fixed	4,500.00	-	-
TORONTO DOMINION SECURITIES	Fixed	455,000.00	-	-
UBS SECURITIES LLC	Fixed	3,230,000.00	-	-

INDIVIDUAL OR BROKERAGE FIRM	NATURE OF SERVICES	# OF SHARES TRADED	COMMISSION	COMMISSION PAID (In $)
WELLS FARGO SECS LLC	Fixed	2,111,000.00	-	$ -
BANCO PACTUAL SA, RIO DE JANEIRO	International	18,096.33	0.02	335.59
BANK VONTOBEL AG, ZURICH	International	2,696.35	0.28	760.75
BATLIVALA AND KARANI SEC INDIA	International	172.67	1.29	222.80
BERENBERG BANK, HAMBURG	International	286,043.58	0.00	1,051.36
BROCKHOUSE AND COOPER MONTREAL CANA	International	95,720.77	0.01	825.90
BROCKHOUSE COOPER SA PTY	International	399.79	0.12	47.34
CIBC WORLD MARKETS INC	International	33,789.60	0.04	1,351.58
CITIBANK MAILAND AT CREDIT AGR CHVR	International	224,459.41	0.01	2,247.03
CITIGROUP GLOBAL MARKETS INC	International	3,935.20	0.51	2,001.57
CITIGROUP GLOBAL MARKETS LTD, LDN	International	224,949.14	0.02	3,742.42
CITIGROUP GLOBAL MARKETS UK EQ LTD	International	121,678.43	0.01	1,629.43
CLSA LTD, HONG KONG	International	41,268.23	0.07	2,867.25
CREDIT AGRICOLE	International	1,175.41	1.70	1,993.89
CREDIT AGRICOLE SEC USA INC	International	2,786.16	0.04	111.45
CREDIT SUISSE 1ST BOSTON CORP, NY	International	121,863.53	0.01	1,552.55
CREDIT SUISSE F B CHASE NYC F B	International	15,264.60	0.02	293.25
CREDIT SUISSE FIRST BOSTON	International	224,114.95	0.01	1,671.62
DAIWA CAPITAL MARKET AMERICA INC	International	29,047.20	0.04	1,161.89
DAIWA SECURITIES AMERICA	International	447.57	3.76	1,682.67
DAIWA SECURITIES SMBC HK LTD	International	86,663.72	0.02	1,476.39
DBS VICKERS SECURITIES (S) PTE LTD	International	17,181.63	0.01	165.19
DEUTSCHE BANC/ALEX BROWN	International	60,060.18	0.04	2,148.05
DEUTSCHE BANK AG, LONDON	International	344,024.88	0.03	9,291.14
DEUTSCHE BANK SECURITIES INC	International	269,030.38	0.02	6,697.71
G-TRADE SERVICES LTD	International	110,405.27	0.01	1,039.09
INSTINET CLEARING SERVICES INC	International	71,879.96	0.02	1,437.60
INSTINET EUROPE LIMITED LONDO	International	858,919.69	0.00	2,264.73
INSTINET SINGAPORE SERVICES PTE LTD	International	110,982.65	0.01	686.54
INVESTMENT TECHN GROUP, DUBLIN	International	84,569.96	0.02	2,020.41
ITG HOENIG LIMITED, HONG KONG	International	4,001.54	0.00	13.29
J.P. MORGAN CLEARING CORP.	International	65,420.26	0.01	686.28
JEFFRIES INTERNATIONAL LTD LONDON	International	291,503.54	0.01	1,466.53
JP MORGAN INDIA PRIVATE LTD, MUMBAI	International	19,245.81	0.67	12,924.02
JP MORGAN SECS AUST LTD PID 2972	International	242,635.32	0.01	2,673.24
JP MORGAN SECS INC NEW YORK	International	65,123.60	0.02	1,403.64
JP MORGAN SECS LTD LONDON	International	330,208.90	0.01	3,855.84
JPMORGAN SECURIT (ASIA PACIFIC), HK	International	381.57	0.10	36.85
KEMPEN AND CO NV AMSTERDAM	International	24,258.82	0.03	632.21
MACQUARIE EQUITIES LTD SYDNEY	International	43,976.05	0.01	507.67
MAINFIRST BANK AG, FRANKFURT	International	57,418.58	0.06	3,375.54
MERRILL LYNCH INTL LTD EQUIT SETTL	International	915,163.68	0.01	5,235.88
MERRILL LYNCH PIERCE FENNER	International	51,099.36	0.04	2,043.98
MERRILL LYNCH,PIERCE, FENNER, SMITH	International	108,368.58	0.05	4,894.75
MITSUBISHI UFJ SECS LONDON	International	6.35	90.89	577.13
MORGAN STANLEY	International	6,916.48	0.24	1,675.13
MORGAN STANLEY AND CO	International	24,950.69	0.03	707.18
MORGAN STANLEY AND CO INTL, SEOUL	International	1.94	535.50	1,038.87
MORGAN STANLEY CO INC NEW YORK	International	322,728.49	0.01	4,255.03
MORGAN STANLEY SECURITIES, LONDON	International	1,059,624.51	0.00	4,521.27
NOMURA SECURITIES INTL INC NY	International	243.88	12.03	2,933.52

Schedule of Payments of Commissions to Brokers
Fiscal Year Ended June 30, 2012
(Cont'd)

NDIVIDUAL OR BROKERAGE FIRM	NATURE OF SERVICES	# OF SHARES TRADED	COMMISSION	COMMISSION PAID (In $)
PATRIA FINANCE AS PRAGUE	International	0.80	16.49	$ 13.19
PEREIRE-TOD LTD LONDON	International	167,934.54	0.00	540.07
PERSHING AND COMPANY	International	38,445.40	0.05	1,872.16
RBC DOMINION SECURITIES TORONTO	International	23,555.65	0.02	365.98
REDBURN PARTNERS LLP	International	116,586.60	0.01	1,326.52
SANFORD C. BERNSTEIN LONDON	International	62,967.99	0.03	1,876.44
SOCIETE GENERALE PARIS, ZURICH	International	4,933.33	0.38	1,860.69
STATE STREET BANK AND TRUST COMPANY	International	1,709.06	0.02	35.39
UBS AG	International	35,693.99	0.06	2,149.90
UBS SECURITIES LLC	International	91,312.48	0.01	813.00
UBS AG LONDON EQUITIES	International	1,795,209.64	0.00	7,639.91


Lipstick Building

Flatiron Building

Board of Education Retirement System of the City of New York

A Pension Trust Fund of the City of New York

Comprehensive Annual Financial Report
of the Qualified Pension Plan

For the Fiscal Years Ended
June 30, 2012 and June 30, 2011

State of New York

Actuarial Section

The City of New York

OFFICE OF THE ACTUARY

255 GREENWICH STREET • 9TH FLOOR
NEW YORK, NY 10007
(212) 442-5775 • FAX: (212) 442-5777

ROBERT C. NORTH, JR.
CHIEF ACTUARY

November 16, 2012

Board of Trustees
New York City Board of Education
Retirement System
65 Court Street
Brooklyn, NY 11201

Re: Actuarial Information for the Comprehensive Annual Financial Report ("CAFR") for the Fiscal Year Ended June 30, 2012

Dear Members:

The financial objective of the New York City Board of Education Retirement System - Qualified Pension Plan ("BERS" or the "Plan") is to fund members' retirement benefits during their active service and to establish employer normal contribution rates that, expressed as a percentage of active member annualized covered payroll, would remain approximately level over the future working lifetimes of those active members and, together with member contributions and investment income, are intended to ultimately be sufficient to accumulate assets to pay benefits when due.

An actuarial valuation of the Plan is performed annually as of the second June 30 preceding each fiscal year to determine the Employer Contributions to be paid for that fiscal year (i.e., June 30, 2010 (Lag) actuarial valuation to determine Fiscal Year 2012 Employer Contributions).

Employers are required to contribute statutorily-required contributions ("Statutory Contributions") and these contributions are generally funded by Employers within the appropriate fiscal year.

For Fiscal Year 2012, the Employer Contributions to BERS, based on the June 30, 2010 actuarial valuation, are equal to those recommended by the Actuary for the New York City Retirement Systems (the "Actuary") and are expected to represent the Statutory Contributions. Technically, this representation of the Fiscal Year Employer Contributions to BERS still (as of November 2012) require the enactment of certain enabling legislation that is expected when the New York State Legislature next reconvenes.

Employer Contributions for Fiscal Year 2012 were equal to the Annual Required Contributions as defined under the Governmental Accounting Standards Board ("GASB") Statement Number 25 ("GASB 25") as amended by GASB No. 50 ("GASB 50").

The Annual Required Contributions, computed in accordance with GASB 25 as amended by GASB 50, are consistent with generally accepted actuarial principles.

Actuarial Assumptions and Methods

Provided in this Actuarial Section of the CAFR is a "Summary of Actuarial Assumptions and Methods in Effect for the June 30, 2010 (Lag) Actuarial Valuation." These actuarial assumptions and methods were first employed in the June 30, 2010 (Lag) actuarial valuation that was used to determine Fiscal Year 2012 Employer Contributions to the Plan (the "2012 A&M").

These actuarial assumptions and methods differ from those employed in the June 30, 2009 (Lag) actuarial valuation that was used to determine Fiscal Year 2011 Employer Contributions to the Plan.

After reviewing the results of independent actuarial studies dated December 2011 by The Hay Group ("Hay") and November 2006 by The Segal Company ("Segal") in accordance with Section 96 of the New York City Charter, the Actuary issued a February 10, 2012 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2011 for the New York City Board of Education Retirement System, ("February 2012 Report").

The Board of Trustees of the Plan adopted those changes in actuarial assumptions that required Board approval. The State Legislature and the Governor are expected to enact legislation to provide for those changes to the actuarial assumptions and methods that require legislation, including the Actuarial Interest Rate ("AIR") assumption of 7.0% per annum, net of expenses.

Benefits and Census Data

A summary of the benefits applicable to Plan members included in the June 30, 2010 (Lag) actuarial valuation is shown later in this Actuarial Section of the CAFR.

Included in the summary of benefits are benefit provisions that have been passed by the New York State Legislature and enacted as Chapter 504 of the Laws of 2009. These benefit provisions became applicable to certain members who join the Plan on and after December 10, 2009.

Not included in the summary of benefits are the benefit provisions applicable to certain members who join the Plan on and after July 1, 2011.

Census data are submitted by the Plan's administrative staff and by the employers' payroll facilities and are reviewed by the Office of the Actuary ("OA") for consistency and reasonability.

A summary of the census data used in the June 30, 2010 (Lag) actuarial valuation is included in this CAFR. A summary of the census data used in the June 30, 2009 (Lag) actuarial valuation of the Plan is available in the June 30, 2011 CAFR.

Funded Status

The Funded Status of the Plan is usually expressed in various relationships of Assets to Liabilities.

With respect to the Funded Status of the Plan, included in the Financial Section of the CAFR is a Schedule of Funding Progress (Schedule 1).

Included in the Actuarial Section of the CAFR is a Solvency Test (i.e., Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets) as prescribed by the Government Finance Officers Association ("GFOA"). This Solvency Test represents an alternative approach to describing progress toward funding objectives.

In addition to the Schedule of Funding Progress and the Solvency Test, included for informational purposes in the Actuarial Section of the CAFR (following the Solvency Test) is an Additional Discussion of Plan Funding and Other Measures of Funded Status that provides different comparisons between the Assets and Liabilities of the Plan. Included in this Other Measures of Funded Status discussion is information consistent with the disclosure requirements of GASB 50.

Presentation Style and Sources of Information

The actuarial information herein is being presented in a manner believed to be consistent with the requirements of the GFOA and, where applicable, with GASB 25 which was adopted for financial reporting purposes beginning Fiscal Year 1995 and with GASB 50 which was adopted for financial reporting purposes beginning Fiscal Year 2008.

The Additional Discussion of Plan Funding and Other Measures of Funded Status represents information provided by the Actuary to assist those users who desire additional disclosures.

As prescribed by GASB 25, as amended by GASB 50, included in the Financial Section of the CAFR are the following schedules prepared by the OA:

- Schedule of Funding Progress.
- Schedule of Employer Contributions.
- Schedule of Actuarial Assumptions and Methods.

The following schedules in the Actuarial Section of the CAFR were prepared by the OA:

- Summary of Actuarial Assumptions and Methods in Effect for the June 30, 2010 (Lag) Actuarial Valuation.
- Active Member Valuation Data.
- Funded Status Based on Entry Age Actuarial Cost Method.
- Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets - Solvency Test.

- Additional Discussion of Plan Funding and Other Measures of Funded Status.
- Retirants and Beneficiaries Added to and Removed from Rolls.
- Statutory vs. Annual Required Contributions.
- Summary of Plan Provisions (Not updated for Tier 6).

The following information and schedules in other sections of the CAFR were prepared by the OA:

- Summary of Plan Membership.
- Schedule of Participating Employers.

If you have any questions about any of the information in this Actuarial Section or any of the actuarial information elsewhere presented in this CAFR, please do not hesitate to contact Mr. John R. Gibney, Jr., Mr. Edward Hue or me.

Acknowledgment of Qualification

A Statement of Actuarial Opinion ("SAO"), acknowledging the qualification of the Actuary to render the actuarial opinion contained herein, appears at the end of this Actuarial Section.

Respectfully submitted,

Robert C. North, Jr., FSA, MAAA
Chief Actuary

RCN/srh

Att.

cc: Ms. C.A. Bailey
Mr. J.R. Gibney
Mr. E. Hue
Mr. S.H. Rumley

284L:srh

(1) Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems ("NYCRS") are conducted every two years.

The most recently completed study was published by The Hay Group (Hay), dated December 2011, and analyzed experience for Fiscal Years 2006 through 2009. Hay made recommendations with respect to the actuarial assumptions and methods based on their analysis.

The previously completed study was published by The Segal Company (Segal), dated November 2006, and analyzed experience for Fiscal Years 2002 through 2005. Segal made recommendations with respect to the actuarial assumptions and methods based on their analysis.

In accordance with the Administrative Code of the City of New York ("ACNY") and with appropriate practice, the Boards of Trustees of the five actuarially-funded NYCRS are to periodically review and adopt actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions.

Based, in part, upon a review of the Segal and Hay studies, the Actuary issued a February 10, 2012 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2011 for the New York City Board of Education Retirement System" ("February 2012 Report").

The Board of Trustees of the Plan adopted those changes to actuarial assumptions that required Board approval. The State Legislature and the Governor are expected to enact legislation to provide for those changes to the actuarial assumptions and methods that require legislation, including the Actuarial Interest Rate ("AIR") assumption of 7.0% per annum, net of expenses, the Entry Age Actuarial Cost Method and the amortization of Unfunded Actuarial Accrued Liabilities.

(2) The investment rate of return assumption is 7.0% per annum, net of expenses (4.0% per annum for benefits payable under the Variable Annuity Program). Previously, the investment rate of return assumption was 8.0% per annum, gross of expenses (4.0% per annum for benefits payable under the Variable Annuity Program).

(3) The mortality tables for service and disability pensioners were developed from an experience study of the Plan's pensioners. Sample probabilities are shown in Table 1A. Mortality tables for beneficiaries were developed from experience review. Sample probabilities are shown in Table 1B.

(4) Active Service tables are used to estimate various withdrawals from active service. Sample probabilities are shown in Table 2A for members withdrawing from active service due to death or disability who did not elect an improved retirement program and Table 2B for members electing an improved retirement program, in Table 3 for members withdrawing for other than death or disability or retirement, and in Table 4 for members withdrawing from active service after eligibility for service retirement.

(5) A Salary Scale is used to estimate salaries at termination, retirement or death. Sample percentage increases are shown in Table 5. The Salary Scale includes a General Wage Increase ("GWI") assumption of 3.0% per annum.

(6) The economic assumptions (i.e., the assumed investment return rate, GWI rate and Cost-of-Living Adjustments ("COLA")) were developed assuming a long-term Consumer Price Inflation ("CPI") assumption of 2.5% per annum. The COLA assumption is 1.5% per annum (previously 1.3% per annum).

(7) The valuation assumes a closed group of members. Salaries of members on the valuation date are assumed to increase in accordance with the Salary Scale.

(8) Beginning with the June 30, 2010 (Lag) actuarial valuation, the Entry Age Actuarial Cost Method ("EAACM") of funding is utilized by the Plan's Actuary to calculate the contribution required of the Employer.

Under this method, the Actuarial Present Value ("APV") of Benefits ("APVB") of each individual included in the actuarial valuation is allocated on a level basis over the earnings (or service) of the individual between entry age and assumed exit age(s). The employer portion of this APV allocated to a valuation year is the Employer Normal Cost. The portion of this APV not provided for at a valuation date by the APV of Employer Future Normal Costs or future member contributions is the Actuarial Accrued Liability ("AAL").

The excess, if any, of the AAL over the Actuarial Asset Value ("AAV") is the Unfunded Actuarial Accrued Liability ("UAAL").

Under this method, actuarial gains (losses), as they occur, reduce (increase) the UAAL and are explicitly identified and amortized.

Increased (decreases) in obligations due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized.

Previously, the Frozen Initial Liability Actuarial Cost Method was utilized by the Plan's Actuary to calculate the employer contributions. Under this Actuarial Cost Method, the Initial Liability was reestablished under the Entry Age Actuarial Cost Method as of June 30, 1999 but with the UAAL not less than $0.

Under this method, the excess of the Actuarial Present Value ("APV") of projected benefits of members as of the valuation date, over the sum of the Actuarial Asset Value ("AAV") plus UAAL, if any, and the APV of future member contributions, is allocated on a level basis over the future earnings of members who are on payroll as of the valuation date. Actuarial gains and losses are reflected in the employer normal contribution rate.

All outstanding components of the UAAL were being amortized over closed periods.

Chapter 85 of the Laws of 2000 ("Chapter 85/00") reestablished the UAAL and eliminated the Balance Sheet Liability ("BSL") for actuarial purposes as of June 30, 1999.

The schedule of payments toward the reestablished UAAL provides that the UAAL, if any, be amortized over a period of 11 years beginning Fiscal Year 2000, where each annual payment after the first annual payment equals 103% of its preceding annual payment. However, the initial UAAL as of June 30, 1999 equaled $0 and no amortization period was required.

Chapter 69 of the Laws of 2002 established a UAAL as of June 30, 2003 for an Early Retirement Incentive (Part A only). This UAAL was amortized on a level basis over a period of five years beginning Fiscal Year 2004.

(9) One-Year Lag Methodology ("Lag" or "OYLM") uses a June 30, 2010 valuation date to determine Fiscal Year 2012 Employer Contributions.

This methodology requires technical adjustments to certain components used to determine Fiscal Year 2012 Employer Contributions as follows:

- Present Value of Future Salary ("PVFS").

  The PVFS at June 30, 2010 is reduced by the value of salary projected to be paid during Fiscal Year 2011.

- Salary for Determining Employer Contributions.

  Salary used to determine the employer Normal Cost is the salary projected to be paid during Fiscal Year 2012 to members on payroll at June 30, 2010.

- UAAL Payments.

  For determining the UAAL payments for Fiscal Year 2012, and to be consistent with OYLM, the UAAL as of June 30, 2010 is adjusted by the discounted value of employer contributions paid during Fiscal Year 2011.

(10) Beginning with the June 30, 2004 (Lag) actuarial valuation, the Actuarial Asset Valuation Method ("AAVM") was changed to a method that reset the Actuarial Asset Value ("AAV") to Market Value (i.e., "Market Value Restart") as of June 30, 1999. As of each June 30 thereafter, the AAVM recognizes investment returns greater or less than expected over a period of six years.

Under this revised AAVM, any Unexpected Investment Returns ("UIR") for Fiscal Years 2000 and later are phased into the AAV beginning the following June 30 at a rate of 15%, 15%, 15%, 15%, 20% and 20% per year (or cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

These revised averaging factors were applied against the UIR computed under the prior five-year AAVM used for Fiscal Years 2000 to 2004.

The revised AAVM was utilized for the first time in the June 30, 2004 (Lag) actuarial valuation to determine the Fiscal Year 2006 Employer Contribution in conjunction with the One-Year Lag Methodology and the revised economic and noneconomic assumptions.

The AAVM in effect for the June 30, 2009 (Lag) actuarial valuation was unchanged from the AAVM used in the June 30, 2008 (Lag) actuarial valuation.

The concept in use for the AAVM for actuarial valuations on and after June 30, 2012 is the same as that in use for the June 30, 2009 (Lag) actuarial valuation.

In accordance with this AAVM, actual Unexpected Investment Returns ("UIR") for Fiscal Years 2012, 2013, etc. are phased into the Actuarial Asset Value ("AAV") beginning June 30, 2012, 2013, etc. at rates of 15%, 15%, 15%, 15%, 20% and 20% per year (i.e., cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

The Actuary reset the Actuarial Asset Value to the Market Value of Assets ("MVA") as of June 30, 2011 (i.e., "Market Value Restart").

For the June 30, 2010 (Lag) actuarial valuation, the AAV is defined to recognize Fiscal Year 2011 investment performance. The June 30, 2010 AAV is derived as equal to the June 30, 2011 MVA, discounted by the AIR assumption (adjusted for cash flow) to June 30, 2010.

(11) The Actuarial Present Value of Future Benefits ("APVB") as of June 30, 2010, used to determine Fiscal Year 2012 Employer Contributions, includes estimates of liabilities for:

- World Trade Center Disability Benefits.
- World Trade Center Death Benefits.

(12) The actuarial assumptions and methods generally differ from those used in the June 30, 2009 (Lag) actuarial valuation.

Table 1A

DEATHS AMONG SERVICE AND DISABILITY PENSIONERS
Percentage of Pensioners Dying within Next Year

	Service Pensioners		Disability Pensioners	
Age	Males	Females	Males	Females
40	.1021%	.0493%	1.3736%	1.3502%
45	.2982	.0845	1.4166	1.3932
50	.4534	.1538	1.4646	1.4412
55	.6227	.2919	1.5176	1.4942
60	.7906	.5143	1.8782	1.6692
65	1.1438	.7339	2.3097	2.0464
70	1.6956	1.1757	2.7412	2.5358
75	2.3912	1.7747	3.5479	2.9979
80	4.4180	2.9858	5.1537	4.0595
85	7.5225	5.0839	7.5395	6.7921
90	12.1869	9.2180	12.2049	12.0106
95	22.1828	16.7157	22.2018	20.5966
100	33.6045	23.1601	33.6045	24.5034
105	39.7886	29.3116	39.7886	29.3116
110	100.0000	100.0000	100.0000	100.0000

Table 1B

DEATHS AMONG BENEFICAIRIES
Percentage of Pensioners Dying within Next Year

Years of Service	Males	Females
40	.1021%	.0591%
45	.2684	.1014
50	.3401	.1846
55	.5880	.3893
60	.8400	.7716
65	1.3072	1.1533
70	1.8086	1.5676
75	2.7100	2.2479
80	5.3016	3.7819
85	8.4627	6.3549
90	15.2335	11.5224
95	24.6664	19.5152
100	33.6045	23.1881
105	39.7886	29.3116
110	100.0000	100.0000

Table 2A

WITHDRAWALS FROM ACTIVE SERVICE (DUE TO DEATH OR DISABILITY)
MEMBERS WHO DO NOT ELECT AN IMPROVED RETIREMENT PROGRAM

Percentage of Active Members Separating within Next Year

	Accidental Disability		Ordinary Disability		Death	
Age	Males	Females	Males	Females	Males	Females
20	.04%	.02%	.20%	.20%	.040%	.030%
25	.04	.02	.20	.20	.040	.030
30	.04	.02	.20	.20	.060	.040
35	.04	.02	.30	.20	.080	.050
40	.04	.02	.40	.25	.100	.060
45	.04	.02	.50	.30	.150	.100
50	.04	.02	.60	.50	.200	.150
55	.04	.02	.70	.70	.300	.200
60	.04	.02	.70	.70	.400	.250
65	.04	.02	.70	.70	.500	.300
70	NA	NA	NA	NA	NA	NA

Table 2B

WITHDRAWALS FROM ACTIVE SERVICE (DUE TO DEATH OR DISABILITY)
MEMBERS WHO ELECTED AN IMPROVED RETIREMENT PROGRAM

Percentage of Active Members Separating within Next Year

	Accidental Disability		Ordinary Disability		Death	
Age	Males	Females	Males	Females	Males	Females
20	.04%	.02%	.20%	.20%	.040%	.030%
25	.04	.02	.20	.20	.040	.030
30	.04	.02	.20	.20	.060	.040
35	.04	.02	.30	.20	.080	.050
40	.04	.02	.40	.25	.100	.060
45	.04	.02	.50	.30	.150	.100
50	.04	.02	.60	.50	.200	.150
55	.04	.02	.70	.70	.300	.200
60	.04	.02	.70	.70	.400	.250
65	.04	.02	.70	.70	.500	.300
70	NA	NA	NA	NA	NA	NA

Table 3

WITHDRAWALS FOR OTHER THAN DEATH OR DISABILITY OR RETIREMENT

Percentage of Active Members Withdrawing within Next Year

	Probability of Withdrawal	
Years of Service	Males	Females
0	6.00%	4.00%
5	4.00	3.00
10	2.50	2.00
15	1.50	1.50
20	1.00	1.00
25	1.00	1.00

Table 4

WITHDRAWALS FROM ACTIVE SERVICE (AFTER ELIGIBILITY FOR SERVICE RETIREMENT)

Percentage of Eligible Active Members Retiring Within Next Year

		With Unreduced Benefit*					
		Members not Electing Optional Retirement Program			Members Electing Optional Retirement Program		
		Years of Service Since First Elig.			Years of Service Since First Elig.		
Age	With** Reduced Benefits	0-1	1-2	2+	0-1	1-2	2+
50	0.00%	20.00%	15.00%	10.00%	40.00%	20.00%	15.00%
55	2.00	20.00	15.00	10.00	40.00	20.00	15.00
60	4.00	20.00	15.00	10.00	40.00	20.00	15.00
65	0.00	30.00	25.00	20.00	60.00	25.00	25.00
70	NA	100.00	100.00	100.00	100.00	100.00	100.00

* Separate probabilities of Service Retirement are applicable to those active members who elected an Optional Retirement Program such as Chapter 96 of the Laws of 1995 or Chapter 19 of the Laws of 2008.

** Applicable to members whose benefits will be reduced upon retiring prior to the date eligible for unreduced Service Retirement.

Table 5

SALARY SCALE

Years of Service	Assumed Annual Percentage Increases Within Next Year*
0	9.00%
5	5.00
10	4.50
15	4.50
20	4.25
25	4.00
30	4.00
35	4.00
40	4.00

* Salary Scale includes a General Wage Increase assumption of 3.0% per annum

Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Salary	Percentage Increase (Decrease) in Average Salary
6/30/99	22,933	$592,168,563	$25,822	3.9%
6/30/00	24,720	666,033,084	26,943	4.3
6/30/01	24,651	694,178,952	28,160	4.5
6/30/02	25,253	736,741,106	29,174	3.6
6/30/03	21,678	651,032,658	30,032	2.9
6/30/04*	20,899	624,883,613	29,900	(0.4)
6/30/05 (Lag)	23,005	715,077,619	31,084	4.0
6/30/06 (Lag)	23,095	749,962,525	32,473	4.5
6/30/07 (Lag)	21,947	777,626,307	35,432	9.1
6/30/08 (Lag)	22,729	852,105,791	37,490	5.8
6/30/09 (Lag)	23,303	910,609,483	39,077	4.2
6/30/10 (Lag)**	23,324	912,290,136	39,114	0.1

* Same amounts apply for June 30, 2004 (Lag) Actuarial Valuation.

** The annualized covered payroll as of June 30, 2010 used for the Fiscal Year 2012 Employer Contributions is based on revised actuarial assumptions and methods.

Funded Status Based on Entry Age Actuarial Cost Method (As shown in the Financial Statement for Fiscal Year Ended June 30, 2012) (Dollar Amounts in Thousands)

This Schedule is being provided by the Actuary for the Plan to improve the transparency and decision usefulness of this financial report.

Prior to the June 30, 2010 (Lag) Actuarial Valuation, the Actuarial Cost Method ("ACM") used to develop the funding requirements for the Plan is the Frozen Initial Liability ("FIL") ACM. Under this ACM, following establishment of any Initial Unfunded Actuarial Accrued Liabilities ("UAAL"), actuarial gains and losses are financed over the working lifetimes of active participants and are not identified as separate UAAL.

The funding status and funding progress information provided in this Schedule has been prepared using the Entry Age ACM where the Actuarial Present Value ("APV") of any obligations of the Plan not provided by the APV of Future Contributions (Employer and Employee), as determined under the Entry Age ACM, equals the Actuarial Accrued Liability ("AAL"). Under the Entry Age ACM, the UAAL equals the AAL minus the Actuarial Value of Assets.

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) - Entry Age (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/ c)
June 30, 2010 (Lag)*	$2,056,452	$3,558,251	$1,501,799	57.8%	$912,290	164.6%
June 30, 2009 (Lag)	1,963,719	2,858,115	894,396	68.7	910,609	98.2
June 30, 2008 (Lag)	2,084,116	2,721,629	637,513	76.6	852,106	74.8
June 30, 2007 (Lag)	1,983,714	2,591,773	608,059	76.5	777,626	78.2
June 30, 2006 (Lag)	1,830,338	2,502,127	671,789	73.2	749,963	89.6
June 30, 2005 (Lag)	1,841,041	2,361,255	520,214	78.0	715,078	72.7

Note: This schedule is based on actuarial assumptions used for determining Employer Contributions.

* Reflects revised actuarial assumptions and methods based on experience review, including an AIR assumption of 7.0% per annum, net of expenses.

Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets

SOLVENCY TEST

(Dollar Amounts in thousands)

As of June 30	Aggregate Accrued Liabilities For: Accumulated Member Contributions	Aggregate Accrued Liabilities For: Current Retirants and Beneficiaries	Aggregate Accrued Liabilities For: Active Members' Employer Financed Portion	Actuarial Value of Assets	Percentage of Actuarial Values Covered by Actuarial Value of Assets		
	(A)	(B)	(C)	(D)	(A)	(B)	(C)
1999	$201,855	$ 707,681	$493,231*	$1,705,424	100%	100%	100%
2000	225,604	825,066	585,044*	1,749,405	100	100	100
2001	238,052	860,142	618,938*	1,781,702	100	100	100
2002	320,182	897,094	689,951*	1,835,770	100	100	90
2003	291,168	1,024,724	675,042	1,833,798	100	100	77
2004	289,999	1,086,068	667,724	1,822,740	100	100	67
2004 (Lag)	289,999	1,092,068	674,381	1,843,786	100	100	68
2005 (Lag)	301,021	1,131,335	742,368	1,841,041	100	100	55
2006 (Lag)	317,544	1,181,666	809,206	1,830,338	100	100	41
2007 (Lag)	319,153	1,233,708	839,993	1,983,714	100	100	51
2008 (Lag)	337,821	1,262,046	904,890	2,084,116	100	100	54
2009 (Lag)	359,122	1,303,453	965,681	1,963,719	100	100	31
2010 (Lag)	388,082	1,627,094	1,306,868	2,056,452	100	100	3

* Amounts shown were revised in the Fiscal Year 2004 CAFR from amounts published earlier to include annuitization of Variable Funds.

Also, see following "SOLVENCY TEST – NOTES."

SOLVENCY TEST - NOTES

The ultimate test of financial soundness in a retirement system is its ability to pay all of its promised benefits when due. The retirement system's progress in accumulating assets to pay all promised benefits can be measured by comparing the Actuarial Value of Assets of the retirement system with the Aggregate Accrued Liabilities for:

(A) Accumulated Member Contributions;
(B) Current Retirants and Beneficiaries; and
(C) Active Members' Employer Financed Portion.

The Aggregate Accrued Liabilities are the APV of projected benefits produced by the projected benefit attribution approach prorated on service. The Aggregate Accrued Liabilities were calculated in accordance with Governmental Accounting Standards Board Statement No. 5 ("GASB 5").

This comparative summary allocated assets as if they were priority groups, somewhat similar to (but not identical to) the priority categories of Section 4044 of the Employee Retirement Income Security Act of 1974 ("ERISA").

The values in the table are dependent upon census data, benefit levels (which have changed on occasion over the past years), and the actuarial assumptions and methods employed at each valuation date. The two most recent changes in assumptions and methods occurred in the June 30, 2004 (Lag) valuation use to compute the Employer Contribution for Fiscal Year 2006 and in the June 30, 2010 (Lag) valuation used to compute the employer contribution for Fiscal Year 2012. These underlying bases can be found within the Comprehensive Annual Financial Report for each respective year.

To fully evaluate trends in financial soundness, changes in assumptions need to be evaluated. For the valuation dates appearing in the table, the Actuarial Interest Rate and General Wage Increase assumptions were all equal to 8.0% per annum, gross of expenses, and 3.0% per annum, respectively, through the June 30, 2009 (Lag) actuarial valuation. Beginning with the June 30, 2010 (Lag) actuarial valuations, the Actuarial Interest Rate assumption equals 7.0% per annum, net of expenses, and the General Wage Increase assumption equals 3.0% per annum.

ON-GOING FUNDING OF THE PLAN

Under the basic equation of pension funding, Contributions plus Investment Earnings pay for Benefits plus Expenses.

There are three major sources for financing those Benefits and Expenses paid from the Plan.

First, Member Contributions are established by statute and paid as percentages of member salaries.

Second, Investment Earnings reflect the rates of return achieved on the amounts of assets held in different asset classes in the Trust.

Third, Employer Contributions are determined by actuarial methodology to finance the Benefits payable by the Plan that are not provided by either Member Contributions or Investment Earnings and for the Administrative and Investment Expenses of the Plan.

This actuarial methodology includes demographic and certain tabular assumptions recommended by the Actuary and adopted by the Board of Trustees, and certain economic assumptions and financing methods recommended by the Actuary, supported by the Board of Trustees and, where required, enacted into law by the New York State Legislature and Governor.

Employer Contributions are particularly responsive to Investment Earnings and increase (decrease) on a smoothed basis whenever Investment Earnings are less (more) than expected.

For example, during Fiscal Years 2001 to 2003, the Assets of the Plan decreased because they earned less than expected. Consequently, over the following several years, the actuarial methodology responded by increasing Employer Contributions in order to bring the overall financial status of the Plan back into balance.

The New York City Charter requires an independent actuary to conduct an experience review of the Plan every two years. The Actuary utilizes this information and regularly proposes changes in actuarial assumptions and methods, most recently during Fiscal Year 2012.

These most recent changes, approved by the Board of Trustees and implemented during Fiscal Year 2012, include (1) updated demographic assumptions, (2) updated economic assumptions, (3) employing the Entry Age Actuarial Cost Method, (4) establishing Unfunded Actuarial Accrued Liabilities, their payment periods and payment methods, (5) resetting the Actuarial Asset Value to Market Value (i.e., “Market Value Restart”) as of June 30, 2011 and (6) defining the AAV as of June 30, 2010 to recognize Fiscal Year 2011 investment performance.

The ongoing process of actuarial rebalancing and periodic reviews of actuarial assumptions and methods by the Actuary and the Board of Trustees, coupled with a financially responsible, long-duration employer like the City of New York (the "City") and other participating Employers that can afford some variability of Employer Contributions, help provide financial security for the Plan and its participants and reasonable intergenerational budget equity for taxpayers.

With the City and other participating Employers that have always paid and are expected to continue to pay the statutorily-required Employer Contributions as calculated by the Actuary and approved by the Board of Trustees, changes in Employer Contributions represent the source for rebalancing the basic equation of pension funding.

OTHER MEASURES OF FUNDED STATUS

Measures of Funded Status of the Plan are determined at specific points in time and are usually expressed in various relationships of Assets to Obligations. Assets as percentages of Obligations are referred to as Funded Ratios.

Comparisons of Funded Status over time provide insight into the evolving financial condition of the Plan.

The Other Measures of Funded Status presented herein provide somewhat different insights into the financial condition of the Plan and comparisons amongst these Other Measures of Funded Status can provide even more.

As noted, there are multiple, possible definitions of the Plan's Assets and Obligations. Some of these definitions of and comments on Assets and Obligations are set forth immediately hereafter. Additional observations about the meanings and usefulness of and the relationships amongst certain of the Funded Ratios are provided following the table of Funded Ratios.

DEFINITION OF AND COMMENTS ON ASSETS

With respect to Assets, both the Market Value of Assets ("MVA") and the Actuarial Value of Assets (or Actuarial Asset Value ("AAV")) are used to determine Funded Ratios.

In the case of the Plan, the AAVM currently in use provides for smoothing of the MVA by phasing any Unexpected Investment Returns (i.e., Investment Earnings greater or less than those expected under the actuarial interest rate assumption each year) into the AAV over a period of six years.

The advantage of using MVA is that it represents the tradable value of the Assets of the Plan at any point in time.

The advantage of using AAV is that it is smoothed to remove the volatility of MVA. The disadvantage of AAV is that it is not the tradable value of Assets in the marketplace and, therefore, does not show the volatility of the Assets.

DEFINITION OF AND COMMENTS ON OBLIGATIONS

With respect to Obligations, the Actuarial Accrued Liability ("AAL") under any particular Actuarial Cost Method ("ACM") is that portion of the APV of projected benefits which is not provided by future normal costs (employer and employee).

With respect to the Plan, where, prior to Fiscal Year 2012, the ACM was the Frozen Initial Liability ("FIL") ACM, the AAL mathematically can be recast as the Unfunded AAL ("UAAL") plus the AAV. To the extent that the UAAL does not change much year to year, then the related AAL remained relatively consistent in value with the AAV each year.

With respect to the ongoing funding of the Plan, the use of the FIL ACM provided for amortizing actuarial gains and losses over the future working lifetimes of active employees. As used by the Plan, the FIL ACM generally resulted in funding that was more conservative (i.e., greater Employer Contributions) than that of most other Public Pension Plans.

The Entry Age Accrued Liability ("EAAL") is defined as the APV of projected benefits less the sum of the APV of future employee contributions and the APV of future employer entry age normal costs.

The EAAL is a required disclosure in accordance with Governmental Accounting Standards Board ("GASB") Statement Number 43 ("GASB 43") and GASB Statement Number 45 ("GASB 45") for Other Post-Employment Benefits ("OPEB") under certain ACMs.

In accordance with GASB Statement Number 50 ("GASB 50"), beginning with Fiscal Year 2008, the EAAL is a required disclosure for Public Pension Plans that determine employer contributions using the Aggregate ACM.

The Entry Age ACM is the most-commonly utilized ACM for funding Public Pension Plans.

Beginning with the June 30, 2010 (Lag) actuarial valuation (i.e., Fiscal Year 2012 Employer Contributions), the Entry Age ACM is being used for the on-going funding of the Plan.

The Projected Benefit Obligation ("PBO") is defined as the proportion of APV of all benefits attributed by the Plan's benefit formula to employee service rendered prior to the valuation date. The PBO was required reporting under GASB Statement Number 5 ("GASB 5") prior to its replacement by GASB 25 and GASB 27.

The Accumulated Benefit Obligation ("ABO") is determined in a manner comparable to the PBO but with salaries determined as of the valuation date and without assuming future salary increases.

The Market Value Accumulated Benefit Obligation ("MVABO") is determined in the same manner as an ABO using the same actuarial assumptions except that projected benefit payments are discounted using annual yields on U.S. Treasury securities of like duration. The MVABO is sometimes described as a Mark-to-Market measure of Obligations or a Market Value of Liabilities ("MVL").

TABLE OF ASSETS AND OBLIGATION VALUES

The following table presents the values of Assets and Obligations used to calculate alternative Funded Ratios.

Component Measures of Funded Status
(DOLLAR AMOUNTS IN MILLIONS)

Valuation Date June 30	Market Value of Assets (MVA)	Actuarial Asset Value (AAV)#	Actuarial Accrued Liability (AAL)*	Entry Age Accrued Liability (EAAL)**	Projected Benefit Obligation (PBO)**	Accumulated Benefit Obligation (ABO)**	Market Value Accumulated Benefit Obligation (MVABO)***	MVABO Equivalent Discount Yield (Per Annum)	MVABO Weighted Average Duration (Years)
1999	$1,705.4	$1,705.4	$1,705.4	$1,461.8	$1,402.8	$1,220.2	$1,468.4	6.0%	10.4
2000	1,771.6	1,749.4	1,749.4	1,726.8	1,635.7	1,466.6	1,770.2	6.0	11.1
2001	1,546.4	1,781.7	1,781.7	1,862.8	1,717.1	1,526.3	1,903.5	5.7	10.8
2002	1,438.4	1,835.8	1,835.8	2,086.7	1,907.2	1,702.5	2,120.9	5.7	10.5
2003	1,410.6	1,833.8	1,842.0	2,144.1	1,990.9	1,808.6	2,561.2	4.6	11.5
2004	1,594.5	1,822.7	1,829.5	2,030.3	2,043.8	1,873.5	2,379.6	5.5	10.6
2004 (Lag)	1,594.5	1,843.8	1,850.6	2,221.9	2,056.4	1,860.1	2,366.1	5.5	10.8
2005 (Lag)	1,685.5	1,841.0	1,846.3	2,361.3	2,174.7	1,943.1	2,886.7	4.2	12.6
2006 (Lag)	1,809.4	1,830.3	1,834.0	2,502.1	2,308.4	2,055.4	2,657.2	5.4	11.6
2007 (Lag)	2,179.5	1,983.7	1,985.6	2,591.8	2,392.9	2,105.7	2,792.4	5.2	11.7
2008 (Lag)	2,021.9	2,084.1	2,084.1	2,721.6	2,504.8	2,202.5	3,201.4	4.5	12.0
2009 (Lag)	1,536.6	1,963.7	1,963.7	2,858.1	2,628.3	2,318.3	3,519.2	4.1	12.1
2010 (Lag)##	1,785.9	2,056.5	3,558.3	3,558.3	3,322.0	2,983.4	4,487.7	3.7	13.5

\# The AAV used for the June 30, 1999 to June 30, 2009 actuarial valuations assumes the AAV was reset to MVA as of June 30, 1999. As of each June 30 thereafter, the AAV recognizes Investment Returns greater or less than expected over a period of five years (six years beginning with the June 30, 2004 (Lag) actuarial valuation). The AAV as of June 30, 2011 was reset in the MVA. The AAV as of June 30, 2010 was defined to recognize Fiscal Year 2011 investment performance.

* Calculated in accordance with the Actuarial Cost Method and actuarial assumptions used for determining Employer Contributions.

** Calculated based on actuarial assumptions used for determining Employer Contributions.

*** Calculated based on actuarial assumptions used for determining Employer Contributions except that projected benefit payments are discounted using annual yields derived from U.S. Treasury Spot Rates as published by the U.S. Department of the Treasury Office of Thrift Supervision in its Selected Asset and Liability Price Tables. Also shown are the related MVABO Equivalent Discount Yield and the MVABO Weighted Average Duration.

\#\# The June 30, 2010 (Lag) figures are based on revised census data and actuarial assumptions and methods used to develop Fiscal Year 2012 employer contributions, including the EAACM and an AIR assumption of 7.0% per annum, net of expenses.

TABLE OF FUNDED RATIOS

The following table presents alternative Funded Ratios comparing Assets to Obligations, including: (1) AAV divided by AAL, (2) AAV divided by EAAL, (3) MVA divided by EAAL, (4) AAV divided by PBO, (5) MVA divided by PBO, (6) AAV divided by ABO, (7) MVA divided by ABO and (8) MVA divided by MVABO.

Funded Ratios								
Valuation Date	AAV/ AAL	AAV/ EAAL	MVA/ EAAL	AAV/ PBO	MVA/ PBO	AAV/ ABO	MVA/ ABO	MVA/ MVABO
6/30/99	100%	117%	117%	122%	122%	140%	140%	116%
6/30/00	100	101	103	107	108	119	121	100
6/30/01	100	96	83	104	90	117	101	81
6/30/02	100	88	69	96	75	108	84	68
6/30/03	100	86	66	92	71	101	78	55
6/30/04	100	90	79	89	78	97	85	67
6/30/04 (Lag)	100	83	72	90	78	99	86	67
6/30/05 (Lag)	100	78	71	85	78	95	87	58
6/30/06 (Lag)	100	73	72	79	78	89	88	68
6/30/07 (Lag)	100	77	84	83	91	94	104	78
6/30/08 (Lag)	100	77	74	83	81	95	92	63
6/30/09 (Lag)	100	69	54	75	58	85	66	44
6/30/10 (Lag)	58	58	50	62	54	69	60	40

COMMENTS ON FUNDED RATIOS AND FUNDING METHODOLOGY

With respect to the different Funded Ratios shown in the preceding table, the ratio of AAV/AAL is from the Schedule of Funding Progress (Schedule 1) presented in the Financial Section of this CAFR. Due to the mathematics of the FIL ACM where AAL equals AAV plus UAAL, the AAV/AAL Funded Ratios prior to Fiscal Year 2012 tended to remain relatively constant from year to year and provided limited insight into the ongoing financial performance of the Plan.

The Other Measures of Funded Status shown in the preceding table provide different relationships between the Assets and Obligations of the Plan and are designed to offer additional insight into the Funded Status of the Plan that the Actuary believes useful to some users.

The ratios of AAV/EAAL reflect information that is now a required disclosure for certain Public Pension Plans that utilize the Aggregate ACM. This requirement also exists for certain OPEB plans under GASB 43 and GASB 45.

The ratios of AAV/PBO present information that was previously required under GASB 5 and is a comparable but somewhat different representation of the information shown in the Solvency Test presented earlier in this Section of the CAFR.

The ratios of MVA/MVABO provide information on Funded Status that is (1) independent of the asset allocation of the Plan, (2) exclusive of any advance recognition of expected asset risk premia (e.g., equity risk premium) and (3) absent any smoothing of asset values.

Inherent in its design, the MVA/MVABO Funded Ratio is expected to be volatile due to the impact of asset gains and losses without smoothing and the impact of changes in interest rates in the economy. Such volatility is a reflection of markets and can provide useful disclosure information. However, such volatility is not consistent with the needs of budgeting. Those budgeting needs are met by the actuarial assumptions and ACM currently in use to determine Employer Contributions.

Comparing the MVA/EAAL to AAV/EAAL, MVA/PBO to AAV/PBO or MVA/ABO to AAV/ABO provides an opportunity to evaluate the degree of smoothing provided by the Actuarial Asset Valuation Method.

Comparing Funded Ratios based on the same Assets (i.e., MVA or AAV) but different definitions of Obligations (e.g., EAAL versus PBO versus ABO) provides an opportunity to evaluate the differences in those different definitions of Obligations.

Comparing AAV/PBO with AAV/ABO provides insight into the impact of expected salary growth on the value of benefits earned to date.

Comparing MVA/ABO with MVA/MVABO provides an opportunity to compare the impact of alternative interest rates on discounting the ABO.

It should also be noted that Measures of Funded Status are best examined with more consideration of their trends over time than their values at any given point in time.

Finally, over time, it should be noted that as the City and other participating Employers pay into the Plan the actuarially-determined Employer Contributions, all Funded Ratios can be expected to increase from their current levels.

Retirants and Beneficiaries Added To and Removed From Rolls

Year Ended	Added to Rolls		Removed from Rolls		Rolls End of Year		% Increase In Annual Allowances	Average Annual Allowances
	Number	Annual Allowances*	Number	Annual Allowances	Number	Annual Allowances**		
6/30/99	536	$ 6,876,212	272	$2,262,330	9,058	$ 87,724,653	5.6%	$ 9,685
6/30/00	673	7,000,476	324	2,652,306	9,407	92,072,823	5.0	9,788
6/30/01	711	13,847,963	280	2,815,207	9,838	103,105,579	12.0	10,480
6/30/02	693	7,712,942	256	3,039,034	10,275	107,779,487	4.5	10,489
6/30/03	1,068	16,795,369	360	3,581,174	10,983	120,993,682	12.3	11,016
6/30/04***	995	11,412,512	353	3,527,249	11,625	128,878,945	6.5	11,086
6/30/05	779	8,763,397	431	3,995,277	11,973	133,647,065	3.7	11,164
6/30/06	1,066	12,053,392	466	3,414,306	12,573	142,286,151	6.5	11,317
6/30/07	958	10,886,720	540	3,850,151	12,991	149,322,720	4.9	11,494
6/30/08	667	8,148,653	462	4,350,475	13,196	153,120,898	2.5	11,604
6/30/09	936	10,879,798	491	4,135,086	13,641	159,865,610	4.4	11,719
6/30/10	850	10,705,737	522	4,700,094	13,969	165,871,253	3.8	11,874

* Allowances shown in table are those used in the actuarial valuation as of the Year Ended date and are not adjusted for anticipated changes due to finalization of benefit calculation or contract settlements.

** Balancing Item – Amounts shown include changes due to benefit finalization, change in benefit type (e.g., Service to Accident Disability), COLA increases and other changes.

*** Same amounts apply for June 30, 2004 (Lag) actuarial valuation

Fiscal Year Ended	Statutory Contribution*	Annual Required Contribution	Employer Rate of Contribution**
6/30/00	$ 9,514,029	$ 9,514,029	1.607%
6/30/01	39,202,604	52,070,363	5.886
6/30/02	56,547,710	66,660,509	8.146
6/30/03	70,215,171	87,924,410	9.531
6/30/04	84,054,254	95,004,623	12.911
6/30/05	96,648,286	106,358,977	15.467
6/30/06	90,838,671	90,838,671	14.926
6/30/07	129,820,109	129,820,109	18.641
6/30/08	143,100,327	143,100,327	19.627
6/30/09	134,224,615	134,224,615	17.766
6/30/10	147,348,563	147,348,563	17.822
6/30/11	180,191,397	180,191,397	20.461
6/30/12***	213,650,880	213,650,880	24.293

* Represents total employer contributions accrued for fiscal year.

The Statutory Contributions for Fiscal Years 2001 and 2002 were computed in accordance with Chapter 125/00 which provided for a five-year phase-in of the additional actuarial liabilities attributable to Chapter 125/00.

The Statutory Contributions for Fiscal Years 2003 through 2005 were computed in accordance with Chapter 278/02 which extended from five to ten years the phase-in period for the funding of the additional actuarial liabilities attributable to Chapter 125/00.

Beginning Fiscal Year 2006, the Statutory Contributions were computed using a One-Year Lag Methodology in accordance with Chapter 152/06 which also eliminated the use of ten-year phase-in of Chapter 278/02 for funding the additional actuarial liabilities attributed to Chapter 125/00.

** The Employer Rate of Contribution equals the Statutory Contribution as a percentage of the salaries of members who were on payroll or projected to be on payroll (under One-Year Lag Methodology) as of the preceding June 30 and adjusted, where applicable, to be consistent with collective bargaining agreements estimated to be achieved.

*** (3) For Fiscal Year Ended June 30, 2012, the Employer Contributions to the Plan based on the June 30, 2010 actuarial valuation are equal to those recommended by the Actuary for the New York City Retirement Systems (the “Actuary”) and are expected to represent the Statutory Contributions. Technically, this representation of the Fiscal Year Employer Contribution to the Plan still (as of November 2012) requires the enactment of certain enabling legislation that is expected when the New York State Legislature next reconvenes.

Summary of Plan Provisions

This Summary of Plan Provisions is applicable to Plan members included in the June 30, 2010 (Lag) actuarial valuation.

A. MEMBERSHIP

Membership in the New York City Board of Education Retirement System – Qualified Pension Plan is available to all non-temporary employees in education service, regardless of part-time or full-time status, other than persons eligible to participate in the New York City Teachers' Retirement System – Qualified Pension Plan.

All such persons holding permanent civil service positions are required to become members of the New York City Board of Education Retirement System – Qualified Pension Plan.

B. BRIEF HISTORY

The Board of Education Retirement System was established as of September 1, 1921 and originally provided for its members a fractional retirement plan (i.e., age 60-1/140th). Subsequently, additional fractional plans were made available (i.e., the age 55-1/120th and the age 55-1/100th). These plans are known as the Old Service Fraction Plans.

Amendments in 1968 to the Rules and Regulations of the Board of Education Retirement System substantially revised the benefit structure by establishing two new retirement plans effective July 1, 1968. Members who joined the System on or after the effective date were required to choose either one of the two plans, namely (1) the Career Pension Plan ("Plan A"), or (2) the 55-Year Increased-Service-Fraction Plan ("Plan B"). A member who joined the System prior to the effective date could continue under his/her existing plan, or could elect one of these new plans, providing such election was made prior to July 1, 1970. Members who elected one of these new plans are referred to as Tier I members.

Chapter 1046 of the Laws of 1973 imposed certain limitations on the benefits available to members joining the System after June 30, 1973. For members who joined the System between July 1, 1973 and June 30, 1976 (Tier II members), two plans were available: the Modified Career Pension Plan ("Plan C"); and the Modified 55-Year-Increased-Service-Fraction Plan ("Plan D").

Chapter 890 of the Laws of 1976 established a new statewide pension plan, the Coordinated Escalator ("CO-ESC") Retirement Plan, covering all employees joining on or after July 1, 1976 (Tier III members). However, the New York Court of Appeals on May 31, 1988 held, in Civil Service Employees' Association vs. Regan, that persons who became members between July 1, 1976 and July 26, 1976 are considered Tier II (i.e., Plans C and D) members.

Chapter 414 of the Laws of 1983 established the Coordinated Retirement Plan, effective September 1, 1983, superseding the CO-ESC plan for most employees joining the System on or after July 27, 1976 (Tier IV members). This plan set a normal retirement age of 62, and mandated a 3% contribution by the member for all years of membership. Members who joined July 27, 1976 through August 31, 1983, however, are entitled to receive a benefit from either the CO-ESC or Coordinated Plan, whichever provides a greater benefit.

Chapter 749 of the Laws of 1992 set forth pension rights, including retroactive rights, to part-time employees.

Chapter 96 of the Laws of 1995 ("Chapter 96/95") established an Optional Retirement Program effective during Fiscal Year 1996. This Program increased early retirement benefits and required additional member contributions. This Program is optional for those hired prior to the effective date of the legislation and mandatory for those hired after.

Chapter 442 of the Laws of 1997 reduced from 4.35% to 2.85% the Additional Member Contributions for Tier II and Tier IV members participating in the Chapter 96/95 Optional Retirement Program.

Chapter 266 of the Laws of 1998 improved benefits for Tier IV members who had at least 20 years of service but less than 25 years of service and permitted certain Tier III retirees to elect to receive Tier IV benefits.

Chapter 388 of the Laws of 1998 provided a pre-retirement death benefit for certain vested members of the Plan.

Chapter 389 of the Laws of 1998 allowed certain members of the Plan to become vested after five years of service.

Chapter 390 of the Laws of 1998 ("Chapter 390/98") provided additional benefits for cost-of-living increases for certain retirees of the Plan. An initial increase for members who retired on or before Calendar Year 1992 is effective as of September 1998 as enacted by the City Council on August 27, 1998. A subsequent increase for members who retired on or before Calendar Year 1993 is effective as of September 1999 as enacted by the City Council on August 27, 1998.

Chapter 644 of the Laws of 1998 provided that any active member with ten or more years of service and within three years of retirement may purchase up to three years of member service credit for U.S. Military Service during a period of war.

Chapter 646 of the Laws of 1999 provided active and future members the right to reinstate earlier membership by repaying prior member contributions with 5% interest.

Chapter 659 of the Laws of 1999 reduced to five years the amount of service credit needed for Tier III/IV vested members to receive benefits at age 55.

Chapter 110 of the Laws of 2000 amended the language of the legislation that later became Chapter 126 of the Laws of 2000 which provides for benefit enhancements for certain members.

Chapter 125 of the Laws of 2000 ("Chapter 125/00") provided eligible retirees with annual automatic Cost-of-Living Adjustments. It also provided for a five-year phase-in for the funding of the additional actuarial liabilities.

Chapter 126 of the Laws of 2000 provided for benefit enhancements (i.e., elimination of employee basic contributions for Tier III/IV members with more than 10 years of membership, additional service credit for Tier I/II members of up to a maximum of 24 months, and allows Tier III/IV members to retire at age 55 with reduced benefits under the same formula as used for Tier II members) for certain members of the New York City Retirement Systems.

Chapter 553 of the Laws of 2000 permitted Tier IV members to retire early with a reduced benefit beginning at age 55 provided they have at least 5 years of credited service and are not members of the 25 Year Early Retirement Program or the Age 57 Retirement Program.

Chapter 554 of the Laws of 2000 provided that Tiers II, III and IV members who joined prior to January 1, 2001 and who elected Death Benefit One will receive the greater of Death Benefit One or Death Benefit Two coverage. New members on and after January 1, 2001 will only receive coverage under Death Benefit Two.

Chapter 509 of the Laws of 2001 reduced from 2.85% to 1.85% the Additional Member Contribution rate for Tier II and Tier IV members participating in the Chapter 96/95 Optional Retirement Programs.

Chapter 69 of the Laws of 2002 provided an Early Retirement Incentive ("ERI") program for certain members.

Chapter 278 of the Laws of 2002 ("Chapter 278/02") revised the phase-in schedule of Chapter 125/00 for Fiscal Year 2003 and later by extending from five to ten years the phase-in period for the funding of the additional actuarial liabilities attributable to Chapter 125/00.

Chapter 307 of the Laws of 2002 provided Corpus Funding of administrative expenses for the Plan commencing July 1, 2002 and allows for the appointment of an Executive Director for the Plan.

Chapter 623 of the Laws of 2004 provided for an Excess Benefit Plan to be established which would provide benefits to those pensioners whose annual retirement benefits are limited because those benefits exceed the limitations set by IRC Section 415 (b). The law is retroactive to July 1, 2000.

Chapter 104 of the Laws of 2005, as amended by Chapter 93 of the Laws of 2005, created a presumptive eligibility for accidental disability in connection with the World Trade Center attack on September 11, 2001.

Chapter 105 of the Laws of 2005 states that a member killed in the U.S. Armed Forces on and after June 14, 2005 is deemed a Line-of-Duty death while on active payroll.

Chapter 133 of the Laws of 2005 continued the valuation and other interest rates for one year to June 30, 2006 from June 30, 2005.

Chapter 152 of the Laws of 2006 ("Chapter 152/06") provided for the changes in actuarial assumptions and methods that require legislation, including the continuation of the AIR assumption of 8.0% per annum and continuation of the current Frozen Initial Liability ("FIL") Actuarial Cost Method and the existing Unfunded Actuarial Accrued Liability ("UAAL"). In addition, Chapter 152/06 provided for the elimination of the use of the ten-year phase-in of Chapter 278/02 for funding the additional actuarial liabilities created by the benefits provided by Chapter 125/00.

Chapter 445 of the Laws of 2006 ("Chapter 445/06") created a presumptive eligibility of accidental death benefits in conjunction with the World Trade Center attack on September 11, 2001.

Chapter 5 of the Laws of 2007 amended Chapter 445/06 to clarify the World Trade Center accidental disability benefits payable to retirees who die in the first 25 years of retirement. It also amended Chapter 445/06 to include World Trade Center deaths as presumptive accidental deaths in the Line of Duty.

Chapter 260 of the Laws of 2007 is a reopener of the Chapter 96/95 Optional Retirement Program for Tier II and Tier IV members in the Loader and Handler job titles.

Chapter 19 of the Laws of 2008 established retirement programs to permit certain Tier 2 and Tier 4 members to elect to retire between ages 55 and 62 without reduction provided they have 25 years of service, by paying an additional contribution of 1.85% of future pay. New members after February 27, 2008 are mandated into this plan and are required to be age 55 and have 27 years of service to retire without reduction.

Chapter 489 of the Laws of 2008 expanded and redefined the eligibility provisions of the accidental disability and accidental death benefits that arise in connection with the World Trade Center attack on September 11, 2001.

Chapter 211 of the Laws of 2009 continued the valuation and other interest rates for one year to June 30, 2011 from June 30, 2009.

Chapter 504 of the Laws of 2009 ("Chapter 504/09") provides that individuals joining the Plan after December 10, 2009, who are represented by the United Federation of Teachers ("UFT") and who participate in the 55/27 retirement program, will be required to make pension contributions of 4.85% of salary until they have 27 years of credited service and contributions of 1.85% of salary thereafter. These members will become vested after ten years of credited service.

Also, under Chapter 504/09, all members of the Plan represented by the UFT who participate in the Tax Deferred Annuity Program ("TDA"), will receive an interest rate of 7.0% per annum credited to their TDA Fixed Funds accounts beginning December 10, 2009.

Chapter 157 of the Laws of 2011 provided that members who were laid off from the School Construction Authority ("SCA") on or after December 1, 2002 and who returned to work prior to January 8, 2008, can buy back their layoff time for retirement purposes.

Chapter 265 of the Laws of 2011 continued the valuation and other interest rates for one year to June 30, 2011 from June 30, 2010.

Chapter 180 of the Laws of 2011 continued the valuation and other interest rates for one year to June 30, 2012 from June 30, 2011.

Following is a description of the principal benefit provisions of the System, preceded by simplified definitions of the technical terms used therein.

C. COORDINATED RETIREMENT PLAN

ARTICLE 15 OF THE RETIREMENT AND SOCIAL SECURITY LAW ("RSSL")

I. Definitions

Final Average Salary ("FAS") - The average salary earned during any three consecutive years which provides the highest average salary. If the salary earned during any year included in the three-year period, however, exceed that of the average of the previous two years by more than 10%, the amount in excess of 10% will be excluded from the computation of FAS.

Salary - The regular compensation earned by and paid to a member.

II. Benefits Under The Coordinated Retirement Plan

A member whose date of membership is July 27, 1976 or later, belongs to the Coordinated Retirement Plan.

a. SERVICE RETIREMENT

1. Normal Service Retirement

(a) Payability Date depends on Plan as follows:

(1) Age 62 and 5 years of service;
(2) Age 57 and 5 years of service;
(3) Age 55 and 25 years of service; or
(4) Age 55 and 27 years of service.

(b) (1) Pension payable for members with fewer than 20 years of service (25 for members in Optional Retirement Plans): 1/60 times FAS times years of service.

(2) Pension payable for members with at least 20 years of service (25 for members in Optional Retirement Plans), but fewer than 30 years of service: 1/50 times FAS times years of service.

(3) Pension payable for members with 30 or more years of service: 1/50 times FAS for each of the first thirty years of service, plus 3/200 times FAS for each additional year.

2. Early Service Retirement:

Commencing as early as age 55, requires completion of five years of credited service. Benefit is equal to the Service Retirement benefit reduced depending on the number of months prior to age 62.

3. Deferred Vested Benefit

A member who has five or more years of service upon termination of employment (ten years if hired after December 10, 2009) is entitled to a deferred vested benefit payable starting at age 62. The benefit formulas are the same as those set forth under Normal Service Retirement.

b. DISABILITY RETIREMENT

1. Requirements

A member is eligible for ordinary disability retirement if:

(a) he/she has completed ten or more years of service and,

(b) he/she is incapacitated from performance of gainful employment.

If the disability is judged to be the result of an accident in the performance of duty, the service requirement is waived.

2. Benefit Payable

The benefit is the greatest of:

(a) ⅓ of FAS,
(b) 1/60 times FAS times years of credited service, or
(c) the service retirement allowance but only if member has met the eligibility requirements for Service Retirement.

c. ORDINARY DEATH BENEFIT

Upon the death of a member in active service, a benefit is payable to his/her designated beneficiary. Under legislation effective July 26, 1986, the death benefits are the same as those applicable to members who joined the System between July 1, 1973 and July 26, 1976 (described in Section D.II.e of this Summary Of Plan Provisions).

d. ACCIDENTAL DEATH BENEFIT

1. Requirements

A beneficiary is entitled to the benefit if the member died before the effective date of retirement as a natural and proximate result of an accident sustained in the performance of duty, and the accident was not caused by the member's own willful negligence.

2. Pension Payable

The beneficiary receives a pension equal to 50% of wages earned during the last year of actual service (must be applied for within two years of death) and within 60 days if member joined after August 31, 1983.

3. Other Provisions

(a) If the eligible beneficiary becomes ineligible to continue to receive the benefit, it shall be continued to the next eligible class of beneficiaries, and if none, to each successive class.

(b) If the benefits paid do not exceed the amount of the ordinary lump sum benefit because of the absence of eligible beneficiaries, the difference is to be paid to the last eligible beneficiary, or if none, to the member's estate.

e. DESIGNATION OF BENEFICIARY

Beneficiaries are dealt with differently for ordinary death and accidental death benefits. For the ordinary death benefit, the latest named beneficiary, duly designated on a System form filed with the System will receive the death benefit. If none is designated, the benefit is paid to the member's estate.

For the accidental death benefit, beneficiaries are prescribed in the following order:

1. a surviving spouse who has not renounced survivorship rights in a separation agreement until remarriage;

2. surviving children, until age 25;

3. dependent parents whose eligibility shall be determined in accordance with regulations promulgated by the Board of Trustees; and,

4. any other person who qualified as a dependent on the final federal income tax return of the member filed in the year immediately preceding the year of death, until such person reaches 21 years of age.

D. PLANS FOR MEMBERS JOINING PRIOR TO JULY 27, 1976

I. Definitions

ACCUMULATED DEDUCTIONS - The total contributions made by a member to his annuity savings account, with regular and special interest, or increment thereon.

FINAL SALARY - (1) For a member who joined prior to July 1, 1973, salary earnable by the member in the year ending on the date of retirement or alternatively, the average annual compensation during any three calendar years designated by the member. (2) For a member who joined after June 30, 1973, the average salary earned during any three consecutive years which provides the highest average salary. However, if the salary earned during any year included in this three year period exceeds the average of the previous two years by more than 20%, the amount in excess of 20% is excluded from the computation.

MINIMUM ACCUMULATION - The amount of normal contributions accumulated with interest to the date on which a member either completed or could have completed 25 years of Career Pension Plan service, less the amount of the reserve for Increased-Take-Home-Pay on such date.

PAYABILITY DATE - For members who elected the Career Pension Plan, the date on which the service retirement allowance begins, which is the latest of (1) the date on which the member retires, (2) the date on which he/she attains the age 55 (age 50 for members in physically taxing positions for at least 25 years of service), or (3) the date on which he/she could have completed 25 years of service had he/she

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remained in Educational City Service. Except that for a member who last joined the System prior to July 1, 1959, the payability date is the date of retirement, regardless of age, provided such member has completed 35 years of service. For all other members, the retirement allowance begins on the date of retirement.

PHYSICALLY TAXING POSITION - Any career pension plan position which has been included as physically taxing by the List Administrator.

RESERVE-FOR-INCREASED-TAKE-HOME-PAY - A reserve of 2 percent, 2.5 percent, 4 percent or 5 percent of the member's salary, pursuant to the provisions of Section 28 of the Rules and Regulations, accumulated with regular and additional interest, or increment thereon.

II. Benefits

a. SERVICE RETIREMENT

1. Career Pension Plan - (i) A member who joined prior to July 1, 1973 who elected the career pension plan (Plan A) is eligible to retire after having completed 20 years of career pension plan qualifying service, with benefits to begin on the payability date. Regardless of the number of years of service, however, a member who has elected the career pension plan and who is at least 55 years of age may retire with benefits payable immediately by canceling his election of the career pension plan, thereby becoming eligible for the benefits under the 55 year-increased-service-fraction plan which is described in paragraph (2) below. (ii) In order for a member who joined after June 30, 1973 (Plan C) to be eligible for retirement, he must (a) have attained age 55 and (b) have rendered five years of credited service, in addition to the aforementioned requirements.

   The service retirement allowance is the sum of (a) 2.2% of final salary, multiplied by the number of years of career pension plan service not in excess of 25, reduced by an annuity which is the actuarial equivalent of the Minimum Accumulation, (b) an annuity which is the actuarial equivalent of the accumulated deductions, and (c) for all years of service other than the first 25 years of career pension plan service, (i) a pension for increased-take-home-pay made in each year and (ii) 1.2% of final salary for each such year prior to July 1, 1968 and 1.7% of final salary for each year beginning on or after that date.

2. 55-Year-Increased-Service-Fraction Plan - (i) A member who joined prior to July 1, 1973 (Plan B) and who elected the 55-year-increased-service-fraction plan may retire after having attained age 55 with benefits payable immediately upon retirement. (ii) In order for a member who joined after June 30 1973, (Plan D) to be eligible for retirement, he must have rendered five years of credited service, in addition to the aforementioned requirement.

The service retirement allowance consists of a pension for service, a pension for increased-take-home-pay and an annuity. The pension for service is equal to 1.2% of final salary multiplied by each year of service prior to July 1, 1968, plus 1.53% of final salary multiplied by each year of service after June 30, 1968; the pension for increased-take-home-pay is the actuarial equivalent of the reserve for increased-take-home-pay; and the annuity is the actuarial equivalent of the member's accumulated deductions.

Any Plan C or D member who did not join the Optional Retirement Programs and who retires prior to age 62 will have his pension for service reduced by 0.5% for each of the first 24 months that the payability date precedes age 62, and by 0.25% for each such additional month.

b. ORDINARY DISABILITY RETIREMENT

Regardless of the plan elected, a member, who has completed 10 or more years of city service immediately preceding the occurrence of disability from causes other than accident in the actual performance of duty, is entitled to an ordinary disability retirement allowance.

If upon becoming disabled, the member could have retired for service with benefits payable immediately, the ordinary disability allowance is the same as the service retirement allowance. For all other members, the ordinary disability allowance is computed in the same manner as though the member had been eligible for service retirement under the 55-year-increased-service-fraction plan with benefits payable immediately regardless of age and without reduction for age.

c. ACCIDENT DISABILITY RETIREMENT

Upon the occurrence of disability caused by an accident in the actual performance of duty, a member is entitled to an accident disability retirement allowance consisting of a pension equal to three-fourths of final compensation, a pension for increased-take-home-pay which is the actuarial equivalent of the reserve for increased-take-home-pay, and an annuity purchased with the member's accumulated deductions. The pension is subject to reduction because of Worker's Compensation benefits granted on account of the accident.

d. CHANGING RETIREMENT PLAN

1. A member in Plan A (Plan C) may change to Plan B (Plan D) at any time after his first year of coverage under Plan A (Plan C).

2. A member who elected Plan B (Plan D) can change to Plan A (Plan C) at any time.

3. A member in an Old Service Fraction Plan can change to Plan A, B, C or D.

4. A Plan A (Plan C) member who intends to leave city service who has at least 5 years but less than 20 years of service credit, and who wishes to vest his rights must elect Plan B (Plan D) by filing with the Retirement System an affidavit withdrawing from Plan A (Plan C), prior to resignation.

e. ORDINARY DEATH BENEFIT

Upon the death of a member from causes other than an accident in the actual performance of duty, a benefit is paid to the member's estate or to such person as the member shall have nominated.

With respect to a member who joined before July 1, 1973, and total number of years of allowable service less than ten, the benefit is equal to the compensation earnable by the member in the six months immediately preceding death and, if the total number of years of allowable service is greater than ten, but less than twenty, the benefit is equal to the compensation earnable during the twelve months immediately preceding death. If the total number of years of allowable service is greater than twenty, the benefit is equal to twice the compensation earnable during the twelve months immediately preceding death.

In addition, the member's accumulated deductions and the reserve for increased-take-home-pay are paid to the member's estate or to the member's designated beneficiary. The benefit payable on account of such a member who at the time of death would have been eligible for service retirement is either the benefit described above or an amount equal to the reserve on the retirement allowance which would have been payable had the member retired on the day before death, whichever is larger.

A member who joins after June 30, 1973 must choose between the following two death benefits which cannot be changed; upon death, a benefit is paid pursuant to such election.

Death Benefit 1: One month's salary for each year of service up to a maximum of three years' salary. In addition, the member's accumulated deductions are payable. If the member would have been eligible to receive an unreduced retirement allowance at the time of death, the benefit is the reserve on the retirement allowance which would have been payable had the member retired on the day before his death, if greater.

Death Benefit 2: In addition to a refund of the member's accumulated deductions, one year's salary for each year of service up to a maximum of three years' salary. The maximum benefit declines after age 60 at the rate of 5% per year, to a minimum of 50% of the benefit in effect at age 60.

A benefit is also payable upon death after retirement, which benefit is expressed as a percent of the benefit in force immediately before retirement as follows: If death occurs in the first year after retirement, 50% of such benefit; if death occurs in the second year following retirement, 25%; upon death occurring subsequently, 10%. If retirement occurred after age 60, the minimum death benefit payable after retirement is 10% of the death benefit in force at age 60.

The Rules and Regulations adopted by the Board of Trustees in accordance with Chapter 581 of the Laws of 1970 provide that the first $50,000 of each benefit on account of death in active service is payable from the group term life insurance plan. Only the amount in excess of $50,000, if any, is payable by the retirement system.

f. ACCIDENTAL DEATH

The benefit is payable upon the death of a member which occurs as a result of an accident sustained in the performance of duty.

The accidental death benefit is a lump sum equal to the reserve for increased-take-home-pay and a pension equal to one-half of final average salary, payable to the surviving spouse until remarriage or death, or if there is no surviving spouse, to a child or children until the attainment of age 18 of the youngest child, or if there is no surviving spouse or child to the dependent parents. In addition, the member's accumulated deductions are paid to his/her estate or to the designated beneficiary. The pension is subject to reduction because of Worker's Compensation benefits granted on account of the accidental death.

g. TERMINATION OF EMPLOYMENT

A member who either resigns or is dismissed with fault receives a benefit equal to his accumulated deductions. At resignation with at least 5 years of service the member may elect, in lieu of a return of his accumulated deductions, to receive an allowance computed in the same manner as the retirement allowance for retirement under the 55-year-increased-service-fraction plan, except that the allowance is deferred to age 55. Should a member with less than 10 years of service who elected to receive a deferred retirement allowance die before the attainment of age 55, the benefit consists of the accumulated deductions. If a member who at resignation had at least 10 years of service and elected to receive a deferred retirement allowance dies before the attainment of age 55, the benefit is one-half of the ordinary death benefit.

A member not eligible for service retirement and who is removed from service without fault or delinquency and has not less than one-half year of service in the year immediately preceding the date of termination or who is so removed from a position in the competitive or labor class, regardless of service, is entitled to the return of his accumulated deductions in a lump sum payment or to a pension whose present value is equal to the pension he would have received at his earliest payability date, based on his service to date of termination. If the member has attained age 50 and has completed at least 20 years of service, an additional pension is payable equal to one-half the difference between the pension so computed and the pension payable at his earliest age for service retirement. In addition, he receives a pension which is the actuarial equivalent of his reserve for increased-take-home-pay and an annuity of such amount as his accumulated deductions will purchase.

h. AUTOMATIC ANNUAL COST-OF-LIVING ADJUSTMENTS ("COLA")

COLA are payable to members who are either (1) at least age 62 and have been retired for at least 5 years or (2) at least age 55 and have been retired for at least 10 years. Additionally, COLA are payable to members who retired for disability after being retired for 5 or more years and beneficiaries receiving accidental death benefits who have been receiving them for at least 5 years.

Starting with benefits for September 2001, COLA are 50% of the increase in the CPI-U based on the year ending March 31, rounding to the next higher .1%, not less than 1% nor greater than 3% of the first $18,000 of the sum of the maximum retirement allowance and prior COLA.

COLA are payable during the life of the retired member. One half of the amount is also payable after the member's death and during the life of the spouse beneficiary if such retired member had elected one of the options under the Administrative Code which provides that benefits are to be continued for the life of such spouse after the death of the retired member, and where the death of such retired member occurred or occurs more than thirty days after the effective date of the retirement of such member.

E. OPTIONS ON RETIREMENT OR DEATH

No Option (Maximum Retirement Allowance)

A member upon retirement may receive the basic maximum retirement allowance payable in monthly installments throughout life with all payments ending at death.

Alternatively, a member may elect to receive an actuarial equivalent benefit in any one of the following optional forms.

With respect to plans other than the Coordinated Retirement Plan (Article 15):

Option 1 (Cash Refund)

With respect to members who joined prior to July 1, 1973, a cash refund allowance under which reduced payments will be made during life with a provision that in case of death before such payments have equaled the present value of the retirement allowance at date of retirement, the balance shall be paid to the designated beneficiary or estate. With respect to members who joined after June 30, 1973, this option is only available with respect to the benefits derived from employee contributions (annuity).

Option 2 (Joint and 100% Survivor Allowance)

Option 3 (Joint and 50% Survivor Allowance)

A joint and survivor allowance under which reduced payments will be made during life with a provision that at the death of the member the same payments (Option 2) or one half of such payments (Option 3) shall be continued throughout the life of such other person as the member shall have designated.

Option 4

Such other form of benefit which is the actuarial equivalent as may be certified by the Actuary and approved by the Board of Trustees. By resolution, the Board of Trustees has approved an option under which reduced payments will be made during life with a provision that upon his/her death, a sum specified by the member at the time of retirement shall be paid to the designated beneficiary or estate.

Option 4-2 and 4-3

Option 4-2 and Option 4-3 are known as the "Pop-Up" options. These are called "Pop-Ups" because they are variations of Options 2 and 3 that provide if a joint and survivor option is elected and the beneficiary predeceases the retiree, then the retirement allowance will increase (pop-up) to the level of the maximum retirement allowance.

Ten-Year (or Five-Year) Certain and Life

Ten-year (or five-year) certain and life allowance under which reduced payments will be made during the lifetime of the member with a provision that in case of death within ten (five) years of retirement, the remaining benefit that would have been payable had the member survived for ten (five) years shall be paid to the designated beneficiary or estate for the balance of the ten (five) years.

With respect to Article 15, the options are as follows:

a. A five-year or ten-year certain and life option, the same as described above.

b. A joint and survivor option under which reduced payments will be made during life with a provision that at the death of the member, 100%, 75%, 50% or 25% of such payments shall be continued throughout the life of such other person as the member shall have designated.

c. A pop-up option as described above.

F. CONTRIBUTIONS

The benefits of the system are financed by employee and employer contributions and from investment earnings of the System.

I. Employee Contributions

Under Article 15 of the RSSL a member was mandated to contribute 3% of Salary. Effective October 1, 2000, these members are not required to make contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. For those who elected or were mandated into the Optional Retirement Plans, Additional Member Contributions ("AMC") are required.

A member who joined prior to July 27, 1976 contributes by salary deductions on the basis of a normal rate of contribution which is assigned by the System at the time he/she elects his/her plan. The normal rate, which is dependent upon the member's age and plan, as well as the tables in effect for that purpose at the time he/she became a member, is determined so as to provide approximately one-third of the benefit on account of the first 25 years of service.

In the plans which permit retirement for service at age 55, the normal contribution rate is calculated so as to provide an annuity equal to 1% of final salary for each year of service at the earliest age for service retirement. For such plans, the contribution rate for members who enter at age 55 or over is the rate applicable to a member entering at age 54.

Member contributions are accumulated with interest on individually maintained ledger accounts. Except under Article 15, upon retirement, the amount to his/her credit (i.e., accumulated deductions) is used to purchase an annuity on the basis of the tables adopted by the Board of Trustees. Upon death in service, the accumulated deductions are paid to the beneficiary.

Beginning July 1, 1960, on a year to year basis, the normal rates of contribution of members who joined before July 27, 1976 were reduced by an increased-take-home-pay rate equal to two and one-half percentage points and equal to five percentage points beginning July 1, 1961. Between July 1, 1968 and December 31, 1975, an increased-take-home-pay rate of four percentage points was effective for all members. On January 1, 1976, an increased-take-home-pay rate of two percentage points became effective for all members. Following is a table showing the effective periods and increased-take-home-pay rate.

Period	Increased-Take-Home-Pay Rate
07-01-1960 - 06-30-1961	2.5%
07-01-1961 - 06-30-1968	5%
07-01-1968 - 12-31-1975	4%
01-01-1976 and after	2% for non-Article 14 & 15 Members
	0% for Article 14 & 15 Members

At present the reduction is two percentage points for members other than members in the Coordinated Retirement Plan. In general, the retirement and death benefits payable to or on account of members are supplemented by the reserve for increased-take-home-pay, accumulated from City contributions equal to the increased-take-home-pay rate times salary so that in general, the total benefit is equal to the benefit which would have been paid if the members' rates of contribution had not been reduced. However, the reserve for increased-take-home-pay is not payable upon death of a member who joins after June 30, 1973.

II. Purchase Of Prior Service

A member is eligible to purchase credit for city service rendered prior to membership date by an additional contribution based on salary and periods of service being purchased.

In the case of any member in BERS prior to July 1, 1968, who has purchased service, the amount of purchased service can be used toward the twenty-five years needed for retirement eligibility under Plan A, provided such service was continuous and immediately preceded membership.

III. Loans

a. After three years of membership in the Retirement System, a member may borrow up to 75% of accumulated deductions.

b. A member may take three loans during any twelve month period.

c. Loans are repaid through payroll deduction of not less than 5% of gross salary.

Beginning 90 days after the inception of the loan, the unpaid portion is insured without limitation. Should the borrower retire before the loan is repaid, the actuarial equivalent of the amount outstanding is deducted from his/her retirement allowance.

IV. Employer Contributions

The Entry Age Actuarial Cost Method is utilized by the Plan's Actuary to calculate the contribution from the employers.

Employer contributions are accrued by the Plan and are funded by the employers on a current basis.

G. VARIABLE ANNUITY PROGRAM

Beginning July 1, 1970, members were given the option to participate in a Variable Annuity Program, thereby providing a means which can reasonably be expected to protect a portion of their retirement income against the effect of increases in the cost of living. The monthly variable annuity payment is a fixed number of units, the value of which varies each month to reflect the financial experience of the investments which are almost entirely in common stocks. A member may elect to place part or all of his/her contributions and the City's contributions for increased-take-home-pay in the variable annuity program. The remaining portion of the retirement allowance which is provided by the City must be paid in fixed dollar amounts. Subject to certain prescribed limitations, a member may periodically elect either to participate in the variable annuity program or to revoke a previous election.

An individual account of the member's own contributions is maintained in the Variable Annuity Savings Fund. Another individual account based on the City's contribution for increased-take-home-pay is maintained in the Variable Pension Accumulation Fund. Deposits in these accounts are credited in terms of units, the value of which is determined at the beginning of each month and remains unchanged during that month. On July 1, 1970, the effective date of the program, a unit was assigned an arbitrary value of $10. Each month, thereafter, the unit value changed reflecting the investment experience of the common stock fund during the preceding month.

H. TAX-DEFERRED ANNUITY PROGRAM

Beginning January 1, 1970, members were given the option to participate in a tax-deferred annuity program, thereby providing a means of deferring income tax payments on their tax deferred contributions until the period after retirement. Each calendar year, a member may elect to contribute to the Tax-Deferred Annuity Program any amount not in excess of the maximum permissible amount under Section 403 (b) of the Internal Revenue Code. The City makes no contributions to the Tax-Deferred Annuity Program, but if elected by members, will guarantee the benefit payments to retired members. A member has the option either to have his/her contributions accumulate at regular and special interest per annum, or to have his/her contributions invested in variable funds.

The Tax-Deferred Annuity Program is maintained as a separate account within the Board of Education Retirement System. An individual account of the member's fixed dollar contributions is maintained in the Tax-Deferred-Annuity Savings Fund if he/she elected to have his/her benefit paid in fixed dollars; otherwise, in the Tax-Deferred Variable Annuity Savings Fund.

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NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2012

ACKNOWLEDGEMENT OF QUALIFICATION

I, Robert C. North, Jr., am the Chief Actuary for the New York City Retirement Systems. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Robert C. North, Jr., FSA, FSPA, FCA, MAAA, EA
Chief Actuary
New York City Retirement Systems
November 16, 2012

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ACTUARIAL

Surrogate Court Building

Board of Education Retirement System of the City of New York

A Pension Trust Fund of the City of New York

Comprehensive Annual Financial Report
of the Qualified Pension Plan

For the Fiscal Years Ended
June 30, 2012 and June 30, 2011

State of New York

Statistical Section

STATISTICAL

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INTRODUCTION:

The Statistical section presents three sets of data. The first group of data is comprised of five (5) schedules and accompanying graphs that provide a comparative horizontal base of the financials over a ten year spread. The second group of data offers an analysis of the BERS benefit payments based on demographic information. The third and final group gives a comparative analysis of the contributors based on their salary and their provenance.

The schedules and graphs of the first group are:

a) Revenue by source
b) Expenses by type
c) Refunds by type
d) Schedule of changes in net assets
e) Benefit expenses by type

The second group of data is comprised of the following:

a) Age and service retirement
b) Ordinary disability retirement
c) Accidental disability retirement
d) Accidental death retirement
e) Other beneficiaries
g) All pensioners and beneficiaries

The third group of data is comprised of the following:

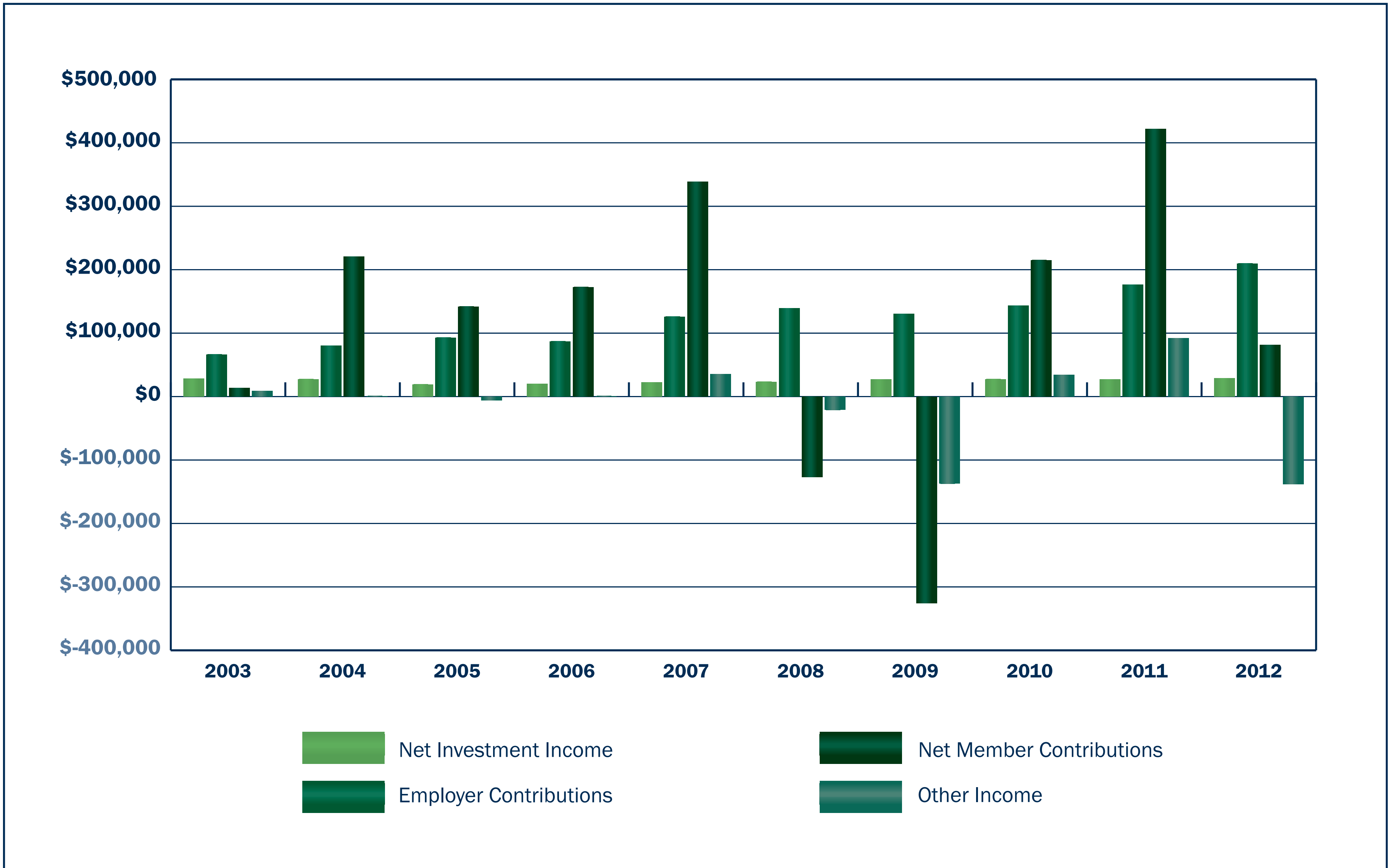
a) Summary of activities by Age and Service
b) Average annual benefit payments
c) Participating Employers

Revenue by Source
(In thousands)

Fiscal Year Ended June 30	Net Member Contributions	Employer Contributions	Net Investment Income	Other Income	Total	Employer Contributions as % of Payroll
2003	$32,285	$70,200	$17,326	$12,652	**$132,463**	9.5
2004	$31,347	$84,054	$224,385	$4,770	**$344,556**	12.9
2005	$23,087	$96,650	$145,767	($9,746)	**$255,758**	15.5
2006	$23,810	$90,839	$176,320	($2,378)	**$288,591**	15.0
2007	$26,148	$129,820	$342,656	$39,148	**$537,772**	18.2
2008	$27,109	$143,100	($130,569)	($24,831)	**$14,809**	19.1
2009	$30,971	$134,225	($329,365)	($141,090)	**($305,259)**	17.3
2010	$31,361	$147,349	$218,872	$38,232	**$435,814**	17.3
2011	$31,008	$180,191	$425,690	$95,958	**$732,847**	19.8
2012	$32,867	$213,651	$85,342	($141,694)	**$190,165**	23.4

The table offers a horizontal comparison base for the revenue sources of the Plan for the past 10 years. It particularly stresses the importance of employer contributions that have steadily increased over the years.

Revenue by Source
(In thousands)
(Cont'd)

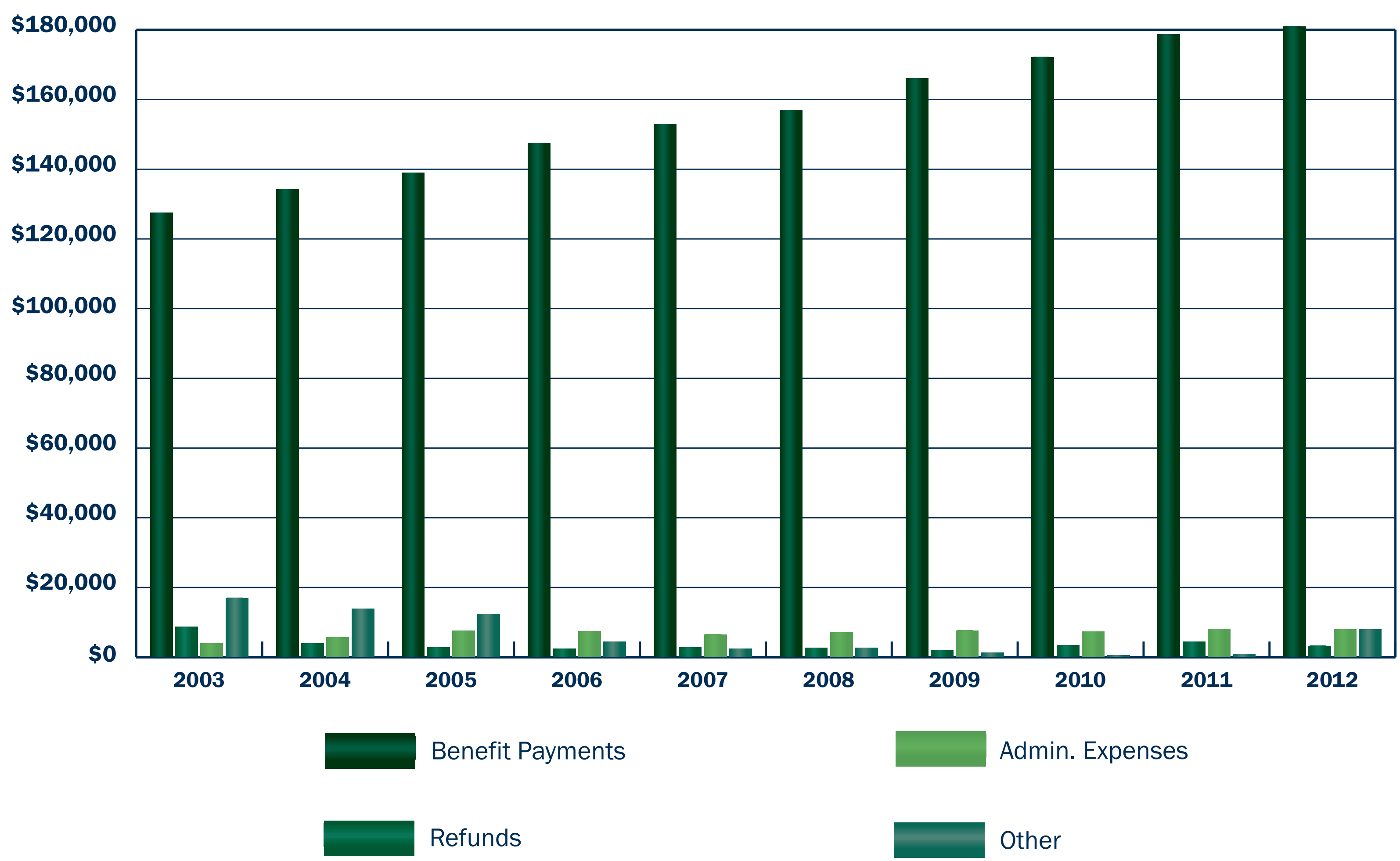


Expenses by Type
(In thousands)

Fiscal Year Ended June 30	Benefit Payments				Administrative Expenses	Total
	Death	Retirement	Refunds	Other		
2003	$8,738	$119,502	$9,528	$17,725	$4,744	**$160,237**
2004	$7,143	$127,772	$4,676	$14,601	$6,419	**$160,611**
2005	$7,640	$132,075	$3,533	$13,164	$8,364	**$164,776**
2006	$7,656	$140,626	$3,145	$5,083	$8,195	**$164,705**
2007	$6,326	$147,399	$3,534	$3,191	$7,281	**$167,731**
2008	$3,827	$153,886	$3,395	$3,448	$7,854	**$172,410**
2009	$7,544	$159,262	$2,768	$2,018	$8,413	**$180,006**
2010	$8,548	$164,362	$4,207	$1,296	$8,047	**$186,460**
2011	$6,686	$172,680	$5,237	$1,662	$8,892	**$195,158**
2012	$6,827	$181,735	$4,009	$1,936	$8,687	**$203,194**

The table offers a horizontal comparison base for the expense groups of the Plan for the past 10 years.

Expenses by Type
(In thousands)
(Cont'd)

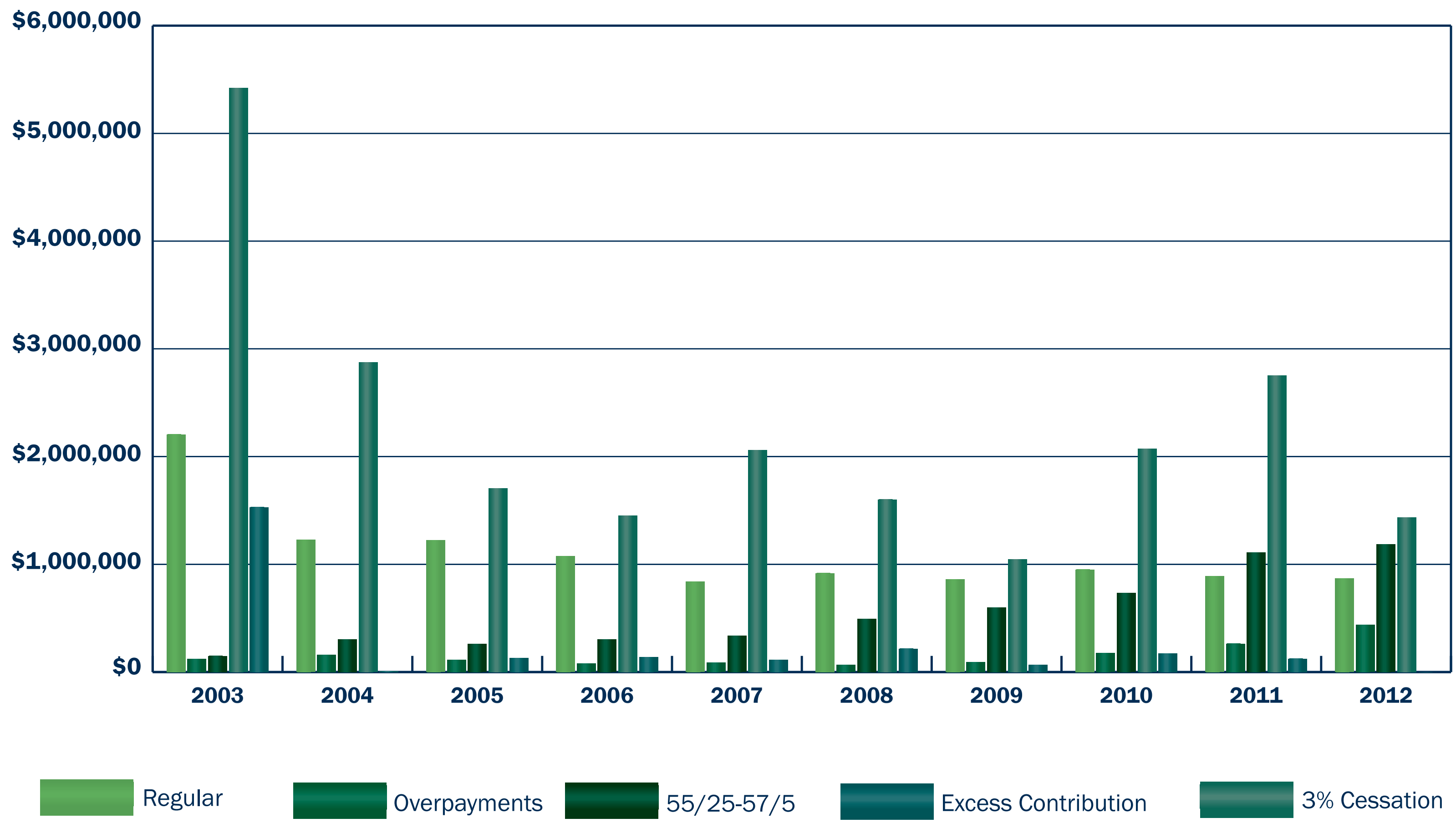


Refunds by Type
(In thousands)

Fiscal Year Ended June 30	Refunds					
	Regular Resignation	Add Pension 55/25-57/5	Excess Contribution	3% Cessation	Other Overpayments	Total
2003	$2,225	$169	$5,441	$1,550	$143	**$9,528**
2004	$1,248	$324	$2,894	$29	$181	**$4,676**
2005	$1,242	$281	$1,726	$150	$134	**$3,533**
2006	$1,095	$323	$1,473	$157	$98	**$3,145**
2007	$859	$356	$2,079	$133	$106	**$3,534**
2008	$937	$514	$1,622	$236	$85	**$3,395**
2009	$879	$620	$1,067	$88	$113	**$2,768**
2010	$971	$754	$2,092	$193	$197	**$4,207**
2011	$909	$1,129	$2,772	$144	$283	**$5,237**
2012	$888	$1,206	$1,456	n/a	$458	**$4,009**

The table offers a horizontal comparison base for the refund segment of the expense groups of the Plan for the past 10 years.
The refund segment is broken down by type. It shows that excess contribution based refunds are more significant than resignation from the system.

Refunds by Type (Cont'd)



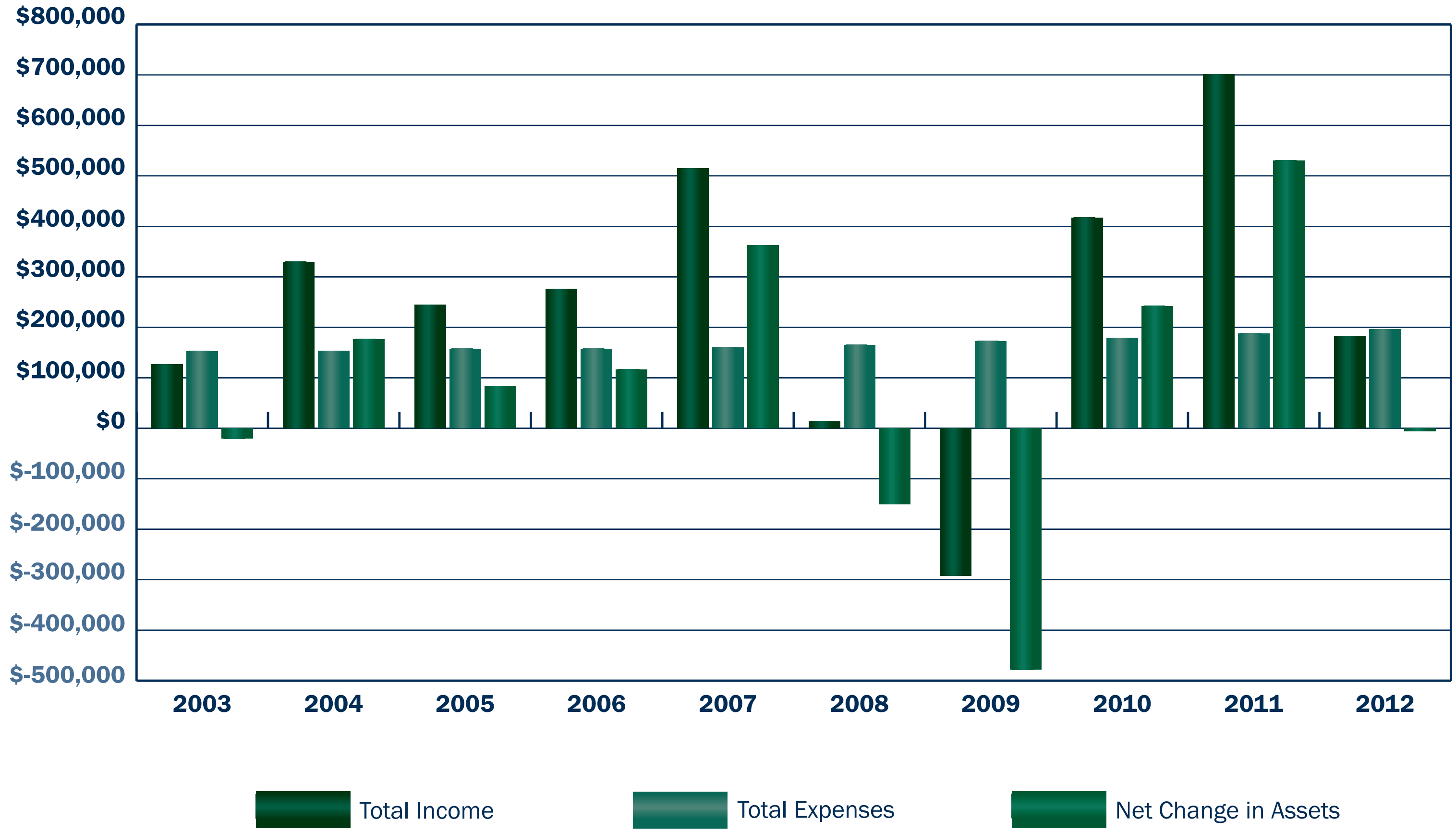
Schedule of Changes in Net Assets
(In thousands)

Year Ended	Member Contributions	Employer Contributions	Net Investment Income	Other Income	Total Income	Benefit Payments				Administrative Expenses	Total Expenses	Net Change in Assets
						Death	Refund	Retirement	Other			
2003	$32,285	$70,200	$17,326	$12,652	**$132,463**	$8,738	$9,528	$119,502	$17,725	$4,744	**$160,237**	($27,774)
2004	$31,347	$84,054	$224,385	$4,770	**$344,556**	$7,143	$4,676	$127,772	$14,601	$6,419	**$160,611**	$183,945
2005	$23,087	$96,650	$145,767	($9,746)	**$255,758**	$7,640	$3,533	$132,075	$13,164	$8,364	**$164,776**	$90,982
2006	$23,810	$90,839	$176,320	($2,378)	**$288,591**	$7,656	$3,145	$140,626	$5,083	$8,195	**$164,705**	$123,886
2007	$26,148	$129,820	$342,656	$39,148	**$537,772**	$6,326	$3,534	$147,399	$3,191	$7,281	**$167,731**	$370,041
2008	$27,109	$143,100	($130,569)	($24,831)	**$14,809**	$3,827	$3,395	$153,886	$3,448	$7,854	**$172,410**	($157,601)
2009	$30,971	$134,225	($329,365)	($141,090)	**($305,259)**	$7,544	$2,768	$159,262	$2,018	$8,413	**$180,006**	($485,265)
2010	$31,361	$147,349	$218,872	$38,232	**$435,814**	$8,548	$4,207	$164,362	$1,296	$8,047	**$186,460**	$249,354
2011	$31,008	$180,191	$425,690	$95,958	**$732,847**	$6,686	$5,237	$172,680	$1,662	$8,892	**$195,158**	$537,689
2012	$32,867	$213,651	$85,342	($141,694)	**$190,165**	$6,827	$4,009	$181,735	$1,936	$8,687	**$203,194**	($13,030)

The table offers a 10 year horizontal comparison base for the operations of the BERS.

It shows that over the years, revenues had more impact on the changes of net assets than the expenses

Schedule of Changes in Net Assets
(In thousands)
(Cont'd)



Benefit Expenses by Type
(In thousands)

Fiscal Year Ended June 30	Age And Service Retirement Benefits	Disability Retirement Benefits		Lump Sum Payments			Total
		Duty	Non-Duty	Survivors	Death In Service	Death After Retirement	
2003	$116,880	$1,297	$2,725	$7,570	$7,941	$814	**$137,227**
2004	$115,356	$1,376	$2,890	$8,030	$6,198	$1,795	**$135,645**
2005	$120,113	$1,480	$3,108	$8,636	$7,600	$687	**$141,624**
2006	$122,753	$1,592	$3,343	$9,288	$6,172	$1,064	**$144,212**
2007	$147,399	$1,712	$3,595	$1,167	$4,678	$481	**$159,032**
2008	$148,179	$1,841	$3,866	$1,226	$2,318	$284	**$157,715**
2009	$153,124	$1,980	$4,158	$1,288	$6,188	$68	**$166,806**
2010	$157,760	$2,130	$4,472	$1,624	$6,887	$37	**$172,910**
2011	$165,580	$2,291	$4,810	$1,280	$5,328	$77	**$179,366**
2012	$174,099	$2,464	$5,173	$1,782	$5,035	$10	**$188,562**

The table offers a horizontal comparison base for the benefit segment of the expense groups of the Plan across the past 10 years.
The benefit segment is broken down by type.

AGE AND SERVICE RETIREMENT

Age	Men		Women	
	Number Of Retirants	Average Annual Allowance	Number Of Retirants	Average Annual Allowance
49 & Under	0	$0	0	$0
50 - 54	3	20,322	0	0
55 - 59	83	33,218	288	12,353
60 - 64	299	32,474	1,214	10,187
65 - 69	483	26,930	1,990	9,396
70 - 74	486	26,571	1,878	8,085
75 - 79	423	23,349	1,609	7,807
80 - 84	363	24,823	1,580	7,127
85 - 89	199	21,967	1,011	7,320
90 & OVER	70	18,405	456	7,145
Totals	**2,409**	**$26,150**	**10,026**	**$8,407**

ORDINARY DISABILITY (NON-DUTY) RETIREMENT

Age	Men		Women	
	Number Of Retirants	Average Annual Allowance	Number Of Retirants	Average Annual Allowance
49 & Under	13	$18,679	13	$12,765
50 - 54	25	13,170	42	10,356
55 - 59	35	15,905	72	9,684
60 - 64	34	16,984	135	9,359
65 - 69	29	13,918	130	8,554
70 - 74	16	12,371	66	8,484
75 - 79	16	13,828	20	7,826
80 - 84	7	15,470	9	6,649
85 - 89	2	5,755	3	7,045
90 & Over	3	8,262	1	4,918
Totals	**180**	**$14,853**	**491**	**$9,116**

NOTE: This schedule is based on 2010 data (LAG)

Retired Members by Type of Benefit (Cont'd)

ACCIDENTAL DISABILITY (DUTY) RETIREMENT

Age Of Retirants	Men		Women	
	Number Of Retirants	Average Annual Allowance	Number Of Retirants	Average Annual Allowance
49 & Under	3	$15,618	2	$7,072
50 - 54	8	14,879	8	9,800
55 - 59	8	14,890	9	8,564
60 - 64	9	17,185	14	7,908
65 - 69	6	18,402	13	5,910
70 - 74	11	24,846	16	6,861
75 - 79	2	37,595	7	6,536
80 - 84	8	24,324	5	7,214
85 - 89	1	26,114	3	7,021
90 & Over	0	0	0	0
Totals	**56**	**$19,987**	**77**	**$7,400**

ACCIDENTAL DEATH (DUTY) RETIREMENT

Age Of Retirants	Men		Women	
	Number Of Retirants	Average Annual Allowance	Number Of Retirants	Average Annual Allowance
49 & Under	0	$0	0	$0
50 - 54	0	0	1	5,801
55 - 59	0	0	0	0
60 - 64	0	0	0	0
65 - 69	0	0	0	0
70 - 74	0	0	0	0
75 - 79	0	0	1	8,665
80 - 84	0	0	0	0
85 - 89	0	0	0	0
90 & Over	0	0	0	0
Totals	**0**	**$0**	**2**	**$7,233**

NOTE: This schedule is based on 2010 data (LAG)

OTHER BENEFICIARIES

Age Of Retirants	Men		Women	
	Number Of Retirants	Average Annual Allowance	Number Of Retirants	Average Annual Allowance
49 & Under	19	$5,673	39	$5,558
50 - 54	10	3,221	14	5,195
55 - 59	8	6,588	28	12,034
60 - 64	14	4,951	39	13,514
65 - 69	16	6,608	50	17,267
70 - 74	23	5,564	75	17,137
75 - 79	13	6,014	89	19,476
80 - 84	15	6,892	112	15,993
85 - 89	10	12,023	82	15,703
90 & Over	6	4,474	66	12,070
Totals	**134**	**$6,152**	**594**	**$15,002**

ALL PENSIONERS AND BENEFICIARIES

Age Of Retirants	Men		Women	
	Number Of Retirants	Average Annual Allowance	Number Of Retirants	Average Annual Allowance
49 & Under	35	$11,356	54	$7,349
50 - 54	46	11,771	65	9,106
55 - 59	134	26,012	397	11,761
60 - 64	356	29,526	1,402	10,177
65 - 69	534	25,519	2,183	9,505
70 - 74	536	25,210	2,035	8,422
75 - 79	454	22,580	1,726	8,404
80 - 84	393	23,962	1,706	7,706
85 - 89	212	21,364	1,099	7,944
90 & Over	79	16,962	523	7,762
Totals	**2,779**	**$24,330**	**11,190**	**$8,781**

NOTE: This schedule is based on 2010 data (LAG)

Summary of Actives by Age and Service
Male

DATA USED IN THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION FOR DETERMINING FISCAL YEAR 2012 EMPLOYER CONTRIBUTIONS

Age \ Svc	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	All Years
Number:										
Under 20	0	0	0	0	0	0	0	0	0	0
20 To 24	61	1	0	0	0	0	0	0	0	62
25 To 29	162	24	2	0	0	0	0	0	0	188
30 To 34	233	117	28	2	0	0	0	0	0	380
35 To 39	271	182	70	15	1	0	0	0	0	539
40 To 44	243	200	139	57	26	0	0	0	0	665
45 To 49	243	186	166	117	105	21	3	0	0	841
50 To 54	184	187	170	136	184	70	16	1	0	948
55 To 59	127	131	145	93	153	85	53	13	0	800
60 To 64	78	119	77	72	78	40	27	12	2	505
65 To 69	30	46	34	27	27	19	9	8	5	205
70 & Up	18	24	31	10	19	8	4	6	3	123
Total	**1,650**	**1,217**	**862**	**529**	**593**	**243**	**112**	**40**	**10**	**5,256**

Age \ Svc	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	All Years
Salaries (In thousands):										
Under 20	0	0	0	0	0	0	0	0	0	0
20 To 24	2,112	45	0	0	0	0	0	0	0	2,156
25 To 29	6,803	926	62	0	0	0	0	0	0	7,791
30 To 34	13,033	6,305	1,368	104	0	0	0	0	0	20,809
35 To 39	17,135	11,314	4,279	733	33	0	0	0	0	33,495
40 To 44	15,207	13,035	9,107	3,898	1,529	0	0	0	0	42,777
45 To 49	13,730	11,099	11,592	8,095	8,145	1,481	222	0	0	54,363
50 To 54	9,941	10,701	10,908	8,745	14,559	5,333	1,788	79	0	62,053
55 To 59	7,095	6,632	8,550	6,274	12,067	7,610	5,196	1,103	0	54,527
60 To 64	3,695	5,406	4,232	4,606	6,178	2,913	2,730	1,005	217	30,982
65 To 69	1,111	1,862	1,972	1,477	1,917	1,314	750	547	464	11,413
70 & Up	489	746	1,249	420	1,197	595	278	553	257	5,783
Total*	**$90,349**	**$68,069**	**$53,320**	**$34,353**	**$45,625**	**$19,247**	**$10,963**	**$3,286**	**$938**	**$326,149**

Age \ Svc	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	All Years
Average Salaries: **										
Under 20	0	0	0	0	0	0	0	0	0	0
20 To 24	34,618	44,589	0	0	0	0	0	0	0	34,779
25 To 29	41,993	38,581	30,986	0	0	0	0	0	0	41,440
30 To 34	55,934	53,886	48,867	51,891	0	0	0	0	0	54,762
35 To 39	63,230	62,163	61,133	48,882	33,012	0	0	0	0	62,142
40 To 44	62,581	65,173	65,519	68,391	58,822	0	0	0	0	64,326
45 To 49	56,501	59,673	69,828	69,189	77,571	70,531	73,892	0	0	64,641
50 To 54	54,025	57,224	64,165	64,300	79,125	76,185	111,730	78,782	0	65,456
55 To 59	55,866	50,622	58,968	67,467	78,867	89,533	98,037	84,843	0	68,159
60 To 64	47,369	45,427	54,960	63,974	79,210	72,828	101,112	83,743	108,550	61,351
65 To 69	37,025	40,471	57,991	54,686	70,991	69,173	83,358	68,356	92,871	55,674
70 & Up	27,149	31,080	40,301	42,049	62,986	74,335	69,410	92,128	85,512	47,014
Total	**$54,757**	**$55,931**	**$61,856**	**$64,939**	**$76,939**	**$79,204**	**$97,886**	**$82,157**	**$93,799**	**$62,053**

Note: Age is last birthday. Service is completed years.

* Total may not add up due to rounding.

** Average based on actual unrounded salary.

DATA USED IN THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION FOR DETERMINING FISCAL YEAR 2012 EMPLOYER CONTRIBUTIONS

Age \ Svc	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	All Years
Number:										
Under 20	1	0	0	0	0	0	0	0	0	1
20 To 24	57	5	0	0	0	0	0	0	0	62
25 To 29	352	59	4	0	0	0	0	0	0	415
30 To 34	510	283	40	0	0	0	0	0	0	833
35 To 39	554	406	186	25	1	0	0	0	0	1,172
40 To 44	733	585	344	121	32	1	0	0	0	1,816
45 To 49	928	983	638	209	92	44	0	0	0	2,894
50 To 54	827	1,063	999	365	204	89	22	4	0	3,573
55 To 59	569	872	916	531	358	92	52	33	4	3,427
60 To 64	273	521	623	471	394	93	25	17	11	2,428
65 To 69	81	183	235	196	184	46	11	4	5	945
70 & Up	28	61	112	112	131	38	12	5	3	502
Total	**4,913**	**5,021**	**4,097**	**2,030**	**1,396**	**403**	**122**	**63**	**23**	**18,068**

Age \ Svc	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	All Years
Salaries (In thousands):										
Under 20	10	0	0	0	0	0	0	0	0	10
20 To 24	2,062	150	0	0	0	0	0	0	0	2,212
25 To 29	16,137	2,400	114	0	0	0	0	0	0	18,652
30 To 34	24,916	14,468	1,659	0	0	0	0	0	0	41,043
35 To 39	21,129	18,435	8,935	1,282	79	0	0	0	0	49,860
40 To 44	22,581	19,147	12,273	5,995	1,835	62	0	0	0	61,893
45 To 49	25,822	28,919	19,653	8,015	4,450	2,721	0	0	0	89,580
50 To 54	23,533	30,336	28,166	12,182	8,748	5,885	1,729	290	0	110,867
55 To 59	16,311	23,621	25,020	16,344	12,646	5,266	3,196	1,926	151	104,480
60 To 64	7,138	13,567	16,094	13,246	13,057	4,407	1,158	1,032	737	70,437
65 To 69	2,144	4,299	5,725	5,063	5,502	1,841	585	122	308	25,588
70 & Up	634	1,277	2,431	2,301	3,157	974	469	196	79	11,517
Total*	**$162,417**	**$156,618**	**$120,070**	**$64,427**	**$49,475**	**$21,156**	**$7,136**	**$3,566**	**$1,275**	**$586,141**

Age \ Svc	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	All Years
Average Salaries: **										
Under 20	10,402	0	0	0	0	0	0	0	0	10,402
20 To 24	36,175	29,915	0	0	0	0	0	0	0	35,670
25 To 29	45,844	40,684	28,519	0	0	0	0	0	0	44,943
30 To 34	48,855	51,124	41,484	0	0	0	0	0	0	49,272
35 To 39	38,139	45,407	48,035	51,293	79,297	0	0	0	0	42,543
40 To 44	30,806	32,730	35,677	49,542	57,352	62,474	0	0	0	34,082
45 To 49	27,825	29,419	30,804	38,349	48,375	61,841	0	0	0	30,954
50 To 54	28,456	28,538	28,194	33,375	42,880	66,119	78,575	72,524	0	31,029
55 To 59	28,666	27,088	27,314	30,779	35,325	57,239	61,457	58,353	37,722	30,487
60 To 64	26,147	26,041	25,834	28,123	33,141	47,385	46,327	60,710	67,002	29,010
65 To 69	26,469	23,490	24,363	25,831	29,900	40,024	53,160	30,493	61,609	27,078
70 & Up	22,635	20,933	21,707	20,544	24,097	25,621	39,088	39,213	26,371	22,943
Total	**$33,059**	**$31,193**	**$29,307**	**$31,738**	**$35,440**	**$52,495**	**$58,495**	**$56,600**	**$55,438**	**$32,441**

Note: Age is last birthday. Service is completed years.

* Total may not add up due to rounding.

** Average based on actual unrounded salary.

STATISTICAL

Summary of Actives by Age and Service
Male and Female

DATA USED IN THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION FOR DETERMINING FISCAL YEAR 2012 EMPLOYER CONTRIBUTIONS

Age \ Svc	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	All Years
Number:										
Under 20	1	0	0	0	0	0	0	0	0	1
20 To 24	118	6	0	0	0	0	0	0	0	124
25 To 29	514	83	6	0	0	0	0	0	0	603
30 To 34	743	400	68	2	0	0	0	0	0	1,213
35 To 39	825	588	256	40	2	0	0	0	0	1,711
40 To 44	976	785	483	178	58	1	0	0	0	2,481
45 To 49	1,171	1,169	804	326	197	65	3	0	0	3,735
50 To 54	1,011	1,250	1,169	501	388	159	38	5	0	4,521
55 To 59	696	1,003	1,061	624	511	177	105	46	4	4,227
60 To 64	351	640	700	543	472	133	52	29	13	2,933
65 To 69	111	229	269	223	211	65	20	12	10	1,150
70 & Up	46	85	143	122	150	46	16	11	6	625
Total	**6,563**	**6,238**	**4,959**	**2,559**	**1,989**	**646**	**234**	**103**	**33**	**23,324**
Salaries (In thousands):										
Under 20	10	0	0	0	0	0	0	0	0	10
20 To 24	4,174	194	0	0	0	0	0	0	0	4,368
25 To 29	22,940	3,326	176	0	0	0	0	0	0	26,442
30 To 34	37,949	20,773	3,028	104	0	0	0	0	0	61,853
35 To 39	38,264	29,749	13,214	2,016	112	0	0	0	0	83,355
40 To 44	37,788	32,181	21,380	9,893	3,365	62	0	0	0	104,670
45 To 49	39,551	40,018	31,244	16,110	12,595	4,202	222	0	0	143,943
50 To 54	33,474	41,037	39,074	20,927	23,307	11,218	3,516	369	0	172,920
55 To 59	23,406	30,252	33,570	22,618	24,713	12,876	8,392	3,029	151	159,007
60 To 64	10,833	18,973	20,326	17,852	19,236	7,320	3,888	2,037	954	101,420
65 To 69	3,255	6,160	7,697	6,539	7,418	3,155	1,335	669	772	37,002
70 & Up	1,122	2,023	3,681	2,721	4,353	1,568	747	749	336	17,300
Total *	**$252,767**	**$224,687**	**$173,390**	**$98,780**	**$95,100**	**$40,402**	**$18,100**	**$6,852**	**$2,213**	**$912,290**
Average Salaries: **										
Under 20	10,402	0	0	0	0	0	0	0	0	10,402
20 To 24	35,370	32,361	0	0	0	0	0	0	0	35,225
25 To 29	44,630	40,076	29,341	0	0	0	0	0	0	43,851
30 To 34	51,075	51,932	44,524	51,891	0	0	0	0	0	50,992
35 To 39	46,381	50,594	51,616	50,389	56,155	0	0	0	0	48,717
40 To 44	38,718	40,995	44,265	55,578	58,011	62,474	0	0	0	42,189
45 To 49	33,776	34,233	38,861	49,418	63,936	64,649	73,892	0	0	38,539
50 To 54	33,109	32,829	33,425	41,770	60,068	70,551	92,535	73,776	0	38,248
55 To 59	33,630	30,162	31,640	36,247	48,362	72,748	79,921	65,839	37,722	37,617
60 To 64	30,863	29,646	29,038	32,877	40,754	55,037	74,773	70,241	73,394	34,579
65 To 69	29,322	26,901	28,614	29,324	35,158	48,544	66,749	55,735	77,240	32,175
70 & Up	24,401	23,798	25,738	22,306	29,023	34,093	46,668	68,076	55,941	27,680
Total	**$38,514**	**$36,019**	**$34,965**	**$38,601**	**$47,813**	**$62,542**	**$77,349**	**$66,525**	**$67,062**	**$39,114**

Note: Age is last birthday. Service is completed years.

* Total may not add up due to rounding.

** Average based on actual unrounded salary.

Annual Average Benefit Payment Amounts

Fiscal Year Ended June 30	Service Retirement Benefits			Ordinary (Non-Duty) Disability Benefits			Accidental (Duty) Disability Benefits			Survivor Benefits		
	Number	Average Annual Allowance	Average Monthly Allowance	Number	Average Annual Allowance	Average Monthly Allowance	Number	Average Annual Allowance	Average Monthly Allowance	Number	Average Annual Allowance	Average Monthly Allowance
2000	8,570	$9,707	$809	230	$9,062	$755	94	$10,553	$879	513	$11,325	$944
2001	8,927	$10,359	$863	273	$9,558	$797	97	$12,242	$1,020	541	$12,630	$1,053
2002	9,286	$10,362	$864	325	$9,566	$797	99	$12,355	$1,030	565	$12,785	$1,065
2003	9,898	$10,938	$912	399	$9,785	$815	104	$12,294	$1,025	582	$12,968	$1,081
2004	10,450	$11,018	$918	454	$9,881	$823	118	$12,295	$1,025	603	$12,942	$1,079
2004 (Lag)	10,450	$11,018	$918	454	$9,881	$823	118	$12,295	$1,025	603	$12,942	$1,079
2005 (Lag)	10,723	$11,106	$926	495	$9,802	$817	125	$12,555	$1,046	628	$12,956	$1,080
2006 (Lag)	11,246	$11,260	$938	543	$9,967	$831	127	$12,501	$1,042	657	$13,168	$1,097
2007 (Lag)	11,618	$11,440	$953	565	$10,131	$836	141	$12,354	$1,030	667	$13,497	$1,125
2008 (Lag)	11,820	$11,556	$963	575	$10,278	$857	133	$12,614	$1,051	668	$13,382	$1,115
2009 (Lag)	12,176	$11,665	$972	627	$10,547	$879	118	$13,036	$1,086	720	$13,448	$1,121
2010 (Lag)	12,435	$11,844	$987	671	$10,655	$888	133	$12,700	$1,058	730	$13,356	$1,113

Participating Employers
As Of June 30, 2010 (Lag)

Employer	As of June 30, 2010 (Lag)		As of June 30, 2002	
	Number of Employees*	Annual Payroll*	Number of Employees*	Annual Payroll*
NYC Board of Education **	22,763	$ 860,607,760	24,787	$704,159,466
NYC Schools Construction Authority	544	$ 50,972,214	466	$ 32,581,640
Charter Schools#				
Beginning with Children	5	$ 157,507	0	0
KIPP Academy	0	$ -	0	0
Renaissance	12 17	$ 552,655 $ 710,162	0 0	0
Total	**23,324**	**$ 912,290,136**	**25,253**	**$ 736,741,106**

* The Number of Employees and their corresponding salaries (Annual Payroll) include only current active members receiving salary as of June 30th.

** A limited number of these employees have been reported as employed by employers other than those listed in the table.
For actuarial valuation purposes these employees are included with the NYC Department of Education pending confirmation of status.

Charter Schools did not exist as of June 30, 2002.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