

**SCHOOL EMPLOYEES RETIREMENT SYSTEM  
OF OHIO**

**REPORT ON THE ANNUAL ACTUARIAL  
BASIC BENEFITS VALUATION**

**AND**

**GAIN/LOSS ANALYSIS OF FINANCIAL EXPERIENCE**

**PREPARED AS OF JUNE 30, 2007**

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November 1, 2007

Board of Trustees  
School Employees' Retirement  
System of Ohio  
300 East Broad St., Suite 100  
Columbus, OH 43215-3746

Dear Members of the Board:

Presented in this report are the results of the annual actuarial valuation and the annual gain/loss analysis of financial experience of the basic benefits of the School Employees Retirement System of Ohio. The purpose of the valuation is to measure the System's funding progress and to determine the required actuarial level of contributions for the basic benefits of SERS for the year ending June 30, 2007. The gain/loss analysis details the difference between the actual and the expected unfunded actuarial accrued liabilities and shows the breakdown of the overall gain/loss by economic and non-economic risk areas.

The date of the valuation was June 30, 2007.

The valuation was based upon data, furnished by the Executive Director and the SERS staff, concerning active, inactive and retired members along with pertinent financial information. The complete cooperation of the SERS staff in furnishing materials requested is hereby acknowledged with appreciation.

Your attention is directed particularly to the presentation of contribution rates on page 1 and the comments on page 7 as well as the breakdown of the overall gain (loss) by risk area on pages 10 and 11. Additional gain/loss detail can be found in Schedule E.

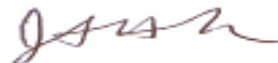
To the best of our knowledge, this report is complete and accurate. The valuation was performed by, and under the supervision of, independent qualified actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board and generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the system, and on actuarial assumptions that are individually and in the aggregate internally consistent and reasonably based on the actual experience of the system.

Respectfully submitted,



Philip Bonanno, A.S.A., E.A.  
Director, Consulting Actuary



Janet H. Cranna, F.S.A., E.A.  
Principal, Consulting Actuary

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## TABLE OF CONTENTS

<u>Section</u>	<u>Item</u>	<u>Page No.</u>
I	Summary of Principal Results	1
II	Membership Data	4
III	Valuation Balance Sheet	5
IV	Comments on Valuation	7
V	Derivation of Experience Gains and Losses	9
VI	Required Contribution Rates	12
VII	Supplemental Disclosure Information	13
 <u>Schedule</u>		
A	Development of Actuarial Value of Assets	18
B	Statement of Actuarial Assumptions and Methods	20
C	Summary of Main Benefit and Contribution Provisions	22
D	Detailed Tabulations of the Data	28
E	Gain/Loss Analysis – Comments and Detailed Tabulations of the Data	39
F	Glossary	50

**REPORT ON THE ANNUAL VALUATION OF THE  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
PREPARED AS OF JUNE 30, 2007**

**SECTION I - SUMMARY OF PRINCIPAL RESULTS**

1. This report, prepared as of June 30, 2007, presents the results of the annual actuarial valuation of the System which values the basic benefit provisions including post-retirement death benefits and Medicare Part-B reimbursements. For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized below.

**SUMMARY OF PRINCIPAL RESULTS**

VALUATION DATE	06/30/07	06/30/06
Active members included in valuation		
Number	123,013	123,266
Annual compensation	\$ 2,603,300,211	\$ 2,553,272,600
Retirees		
Number	63,529	62,521
Annual allowances	\$ 607,386,140	\$ 566,770,892
Deferred Vesteds		
Number	10,681	10,183
Annual deferred allowances	\$ 34,524,698	\$ 31,615,576
Assets (net of Health Care Assets)		
Market related actuarial value	\$ 10,640,426,463	\$ 9,541,787,220
Market value	\$ 11,711,235,288	\$ 9,980,203,361
Unfunded accrued liability	\$ 2,734,441,499	\$ 3,154,886,157
Employer contribution rate		
Normal	3.98%	3.95%
Accrued liability	<u>5.84</u>	<u>6.73</u>
Total	9.82%	10.68 %
Accrued liability payment period	29 years	30 years

2. The Board has set a total contribution rate of 24% of payroll, 14% from employers and 10% from employees. Contributions in excess of those required to support the basic benefits of SERS are allocated to support health care benefits provided SERS retirees.
3. The valuation balance sheet showing the results of the valuation is given in Section III.

4. Comments on the valuation results are given in Section IV, comments on the experience and actuarial gains or losses during the valuation year are given in Section V and the rates of contribution payable by employers are given in Section VI.
5. There were no changes in benefit provisions, actuarial assumptions or methods since the last valuation.
6. Schedule A of this report presents the development of the actuarial value of assets. Schedule B details the actuarial assumptions and methods employed. Schedule C gives a summary of the benefit and contribution provisions of the plan.
7. All historical information and data shown in this report with a valuation date prior to June 30, 2002 were obtained from the previous actuary's valuation reports.
8. Valuations results as of June 30, 2001 were restated by the previous actuary after issuance of the valuation report. This report reflects those restatements.
9. The valuation results produce an employer contribution requirement of 9.82% of payroll. This contribution rate includes an adjustment due to a restatement of health care assets. The value of such restatement, which increases the unfunded accrued liability, is approximately \$71.6 million as of June 30, 2007. Although this amount was credited on a monthly basis to the health care fund through June 2007, annual valuations will recognize this adjustment over the established amortization period of the unfunded accrued liability. This resulted in an increase in the required pension contribution of 0.15% of payroll for this valuation year.
10. The table on the following page provides a history of some pertinent figures.

School Employees Retirement System of Ohio

Comparative Schedule

Valuation Date June 30	Active Members				Retired Lives				Accrued Liability	Valuation Assets	UAAL
					Number		Annual Benefits				
	Number	Payroll \$ Millions	Average Salary		Retired	Active/ Retired	\$ Millions	% of Payroll	\$ Millions		
			\$	% Incr.							
1999	110,175	\$1,768	\$16,048	3.8%	56,632	1.9	\$350.6	19.8%	\$7,535	\$7,332	\$203
2000	113,811	1,866	16,398	2.2	57,824	2.0	376.7	20.2	7,919	8,100	(181)
2001	115,684	1,974	17,065	4.1	58,795	2.0	404.5	20.5	9,257	8,791	466
2002	120,254	2,176	18,093	6.0	59,349	2.0	432.2	19.9	9,986	8,879	1,107
2003	122,315	2,302	18,823	4.0	59,999	2.0	461.2	20.0	10,635	8,772	1,863
2004	123,139	2,394	19,442	3.3	60,569	2.0	491.6	20.5	11,251	8,667	2,584
2005	122,855	2,453	19,963	2.7	61,433	2.0	527.9	21.5	11,961	8,893	3,137*
2006	123,266	2,553	20,714	3.8	62,521	2.0	566.8	22.2	12,627	9,542	3,155*
2007	123,013	2,603	21,163	2.2	63,529	1.9	607.4	23.3	13,303	10,640	2,734*

\* After the adjustment to reflect health care asset restatement.

**SECTION II - MEMBERSHIP DATA**

Data regarding the membership of the System for use as a basis for the valuation were furnished by the System's office. The following tables summarize the membership of the system as of June 30, 2007 upon which the valuation was based. Detailed tabulations of the data are given in Schedule D.

**Active Members**

Number	Payroll	Group Averages		
		Salary	Age	Service
123,013	\$ 2,603,300,211	\$ 21,163	47.5	9.4

The total number of active members includes 77,607 vested members and 45,406 non-vested members.

**Retired Lives**

Type of Benefit Payment	No.	Annual Benefits	Group Averages	
			Benefit	Age
Retirement	54,000	\$ 515,226,330	\$ 9,541	75.0
Disability	5,294	66,210,660	12,507	63.9
Survivor	4,235	25,949,150	6,127	70.7
<b>Total in SERS</b>	<b>63,529</b>	<b>\$607,386,140</b>	<b>\$ 9,561</b>	<b>73.8</b>

This valuation also includes 83,985 inactive members eligible for a contribution refund only (including 40,974 members not reported in the data files who had completed 1 or more years of service before terminating). Their contributions totaled \$106,163,914 as of June 30, 2007. There were also 10,681 terminated vested members with annual deferred pension benefits of \$34,524,698. Included in the "Retirement" numbers in the above table are 7,449 re-employed retirants with account balances of \$39,392,054 (including employer contributions and interest), 182 re-retirees receiving only an annuity from their contributions and their employers' matching contributions, and 219 re-retirees receiving such annuities in addition to their regular pension benefit. The sum of the annual annuity payments attributable to these re-retirees is \$1,130,520.

**SECTION III - VALUATION BALANCE SHEET**

The following valuation balance sheet shows the assets and liabilities of the retirement system as of the current valuation date of June 30, 2007 and, for comparison purposes, as of the immediately preceding valuation date of June 30, 2006. The items shown in the balance sheet are present values actuarially determined as of the relevant valuation date. The development of the actuarial value of assets is presented in Schedule A.



**VALUATION BALANCE SHEET  
SHOWING THE ASSETS AND LIABILITIES OF THE  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

<b>ASSETS</b>	<b>JUNE 30, 2007</b>	<b>JUNE 30, 2006</b>
Current actuarial value of assets	\$ 10,640,426,463	\$ 9,541,787,220
Future member contributions	\$ 2,143,707,359	\$ 2,130,474,234
Prospective employers' contributions		
Normal contributions	\$ 788,955,593	\$ 778,213,038
Unfunded accrued liability contributions *	\$ <u>2,662,796,582</u>	\$ <u>3,084,865,936</u>
Total prospective contributions	\$ 3,451,752,175	\$ 3,863,078,974
<b>Total assets</b>	<b>\$ <u>16,235,885,997</u></b>	<b>\$ <u>15,535,340,428</u></b>
<b>LIABILITIES</b>		
Present value of benefits payable on account of present retired members and beneficiaries	\$ 6,413,163,605	\$ 6,006,232,038
Present value of benefits payable on account of active members	9,357,284,234	9,103,422,283
Present value of benefits payable on account of inactive and deferred vested members for service rendered before the valuation date	465,438,158	425,686,107
<b>Total liabilities</b>	<b>\$ <u>16,235,885,997</u></b>	<b>\$ <u>15,535,340,428</u></b>

Included in the retiree liability shown above is the liability attributable to re-retiree annual annuity payments. Such liability amounts to \$10,426,214 for 2007 and \$9,216,710 for 2006.

\* prior to reflecting the restatement of health care assets

## SECTION IV - COMMENTS ON VALUATION

The valuation balance sheet gives the following information with respect to the funds of the System as of June 30, 2007.

### Total Assets

Current actuarial assets as of the valuation date equaled \$10,640,426,463. Future member contributions were valued to be \$2,143,707,359. Prospective employers' contributions were calculated to be \$3,451,752,175, of which \$788,955,593 is attributable to service rendered after the valuation date (normal contributions) and \$2,662,796,582 is attributable to service rendered before the valuation date (unfunded accrued liability contributions).

Therefore, the balance sheet shows the present value of current and future assets of the System to be \$16,235,885,997 as of June 30, 2007.

### Total Liabilities

The present value of benefits payable on account of presently retired members and beneficiaries totaled \$6,413,163,605 as of the valuation date. The present value of future benefit payments on behalf of active members amounted to \$9,357,284,234. In addition, the present value of benefits for inactive members, due to service rendered before the valuation date, was calculated to be \$465,438,158.

Therefore, the balance sheet shows the present value for all prospective benefit payments under the System to be \$16,235,885,997 as of June 30, 2007.

Section 3309.47 of State law requires that active members contribute between 8% and 10% of annual compensation to the System. Since July 1, 2003 the members have been required to contribute 10% of compensation.

Section 3309.49 requires that the employers contribute a certain percentage, not to exceed 14%, of the annual compensation of members to cover the normal contributions and a certain percentage to cover the accrued liability contributions of the System.

The following table provides a breakdown of total and accrued liabilities, and shows the resulting unfunded actuarial accrued liability.

	<b>Total Liability</b>	<b>Accrued Liability</b>
Active Members		
Retirement	\$7,694,225,127	\$ 5,914,205,896
Death	133,235,335	89,487,480
Disability	628,987,180	322,695,363
Termination	736,991,859	(9,921,216)
Medicare Part-B	153,711,025	102,385,442
Death After Retirement	<u>10,133,708</u>	<u>5,768,317</u>
Total	\$9,357,284,234	\$ 6,424,621,282
Retirees		
Retirement/Survivor/Disability	\$6,203,085,775	\$6,203,085,775
Medicare Part-B	188,024,120	188,024,120
Death After Retirement	<u>22,053,710</u>	<u>22,053,710</u>
Total	\$6,413,163,605	\$6,413,163,605
Deferred Vested Members	275,427,311	275,427,311
Inactive Members	<u>190,010,847</u>	<u>190,010,847</u>
Total Actuarial Values	\$ 16,235,885,997	\$ 13,303,223,045
Actuarial Value of Assets		<u>10,640,426,463</u>
Unadjusted Unfunded Actuarial Accrued Liability		\$2,662,796,582
Adjustment for Restatement of Health Care Assets		\$ 71,644,917
Adjusted Unfunded Actuarial Accrued Liability		\$ 2,734,441,499

## SECTION V – DERIVATION OF EXPERIENCE GAINS AND LOSSES

Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is assumed that gains and losses will be in balance over a period of years, but sizable year-to-year fluctuations are common.

The sources of gains and losses are shown in detail on the next two pages. A summary of the overall net actuarial gain or loss for the year ended June 30, 2007 is shown below.

	<u>\$ millions</u>
(1) UAAL* as of June 30, 2006	\$3,154.9
(2) Normal cost from last valuation	103.0
(3) Actual employer contributions	252.4
(4) Interest accrual: $(1) \times .0800 + [(2) - (3)] \times .0392$	246.5
(5) Expected UAAL before changes: $(1) + (2) - (3) + (4)$	3,252.0
(6) Change due to plan amendments	0.0
(7) Change due to new actuarial assumptions	0.0
(8) Change due to new actuarial methods	0.0
(9) Change due to restatement of health care assets	0.0
(10) Expected UAAL after changes: $(5) + (6) + (7) + (8) + (9)$	3,252.0
(11) Actual UAAL as of June 30, 2007	2,734.4
(12) Gain (loss) $(10) - (11)$	\$517.6
(13) Gain (loss) as percent of actuarial accrued liabilities at start of year (\$12,626.7)	4.1%

\* Unfunded actuarial accrued liability.

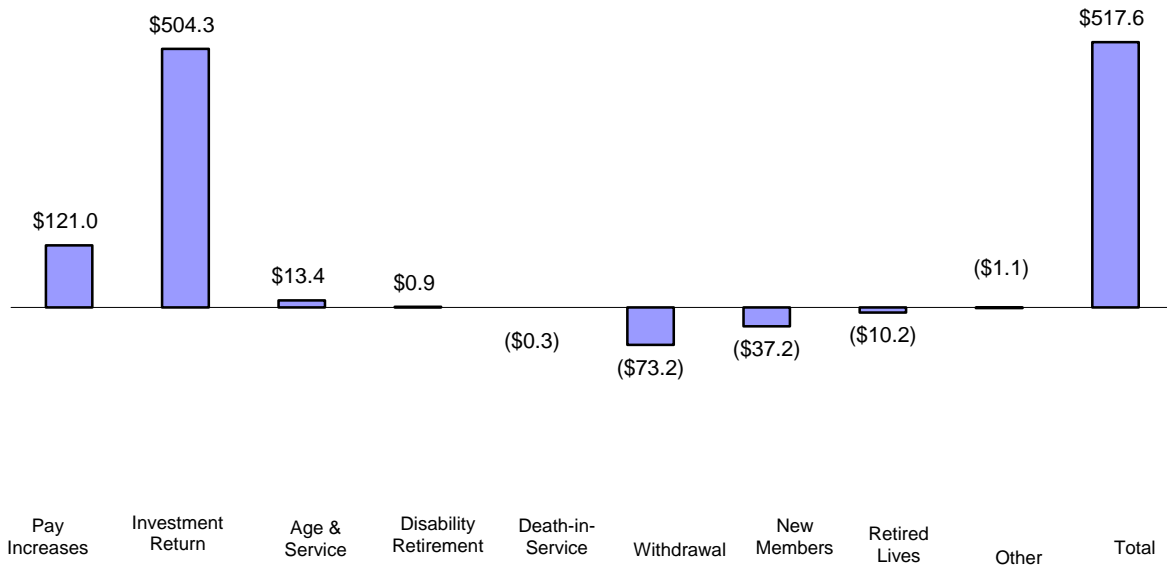
## ANALYSIS OF FINANCIAL EXPERIENCE

### Gains & Losses in Accrued Liabilities Resulting from Differences Between Assumed Experience & Actual Experience As of June 30, 2007 (\$ Millions)

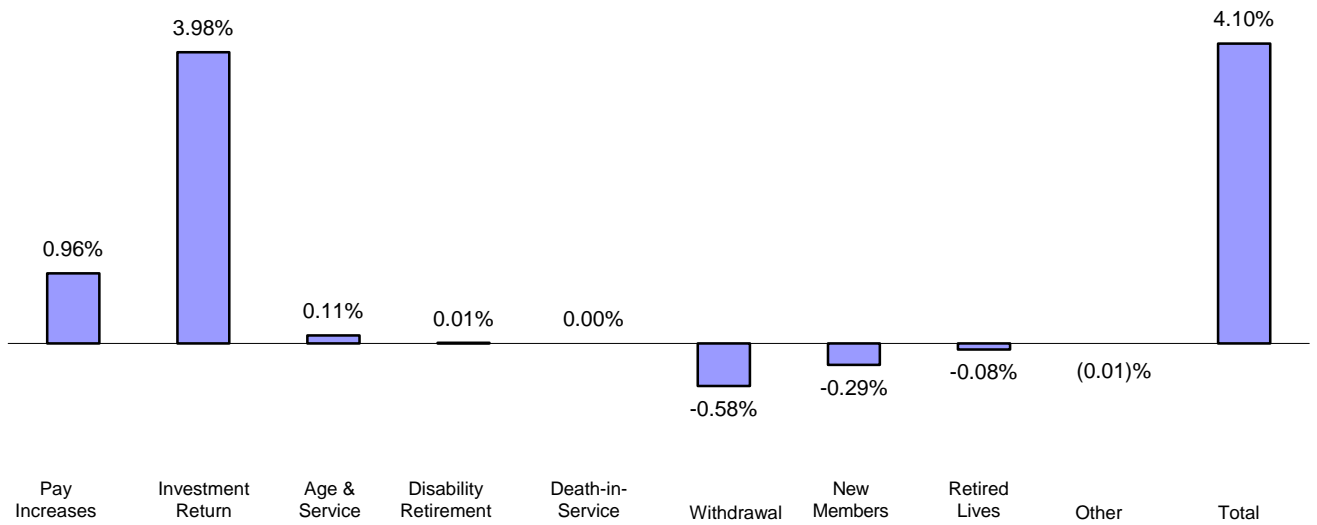
Beginning of Year Accrued Liabilities	\$ 12,626.7	100.0%
		<b>Gain (Loss) as a % of Accrued Liabilities</b>
<b>Type of Risk Area</b>	<b><u>\$ Gain (Loss)</u></b>	
<b><u>Economic Risk Areas</u></b>		
<b>Pay Increases.</b> If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	\$121.0	0.96 %
<b>Investment Income.</b> If there is greater investment income than assumed, there is a gain. If less income, a loss.	504.3	3.98
<b><u>Non-Economic Risk Areas</u></b>		
<b>Age &amp; Service Retirements.</b> If members retire at older ages, there is a gain. If younger ages, a loss.	13.4	0.11
<b>Disability Retirements.</b> If disability claims are less than assumed, there is a gain. If more claims, a loss.	0.9	0.01
<b>Death-in Service Benefits.</b> If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(0.3)	(0.00)
<b>Withdrawal From Employment.</b> If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	(73.2)	(0.58)
<b>New Members.</b> Additional unfunded accrued liability will produce a loss.	(37.2)	(0.29)
<b>Death After Retirement.</b> If retirants live longer than assumed, there is a loss. If not as long, a gain.	(10.2)	(0.08)
<b>Other.</b> Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, etc.	<u>(1.1)</u>	<u>(0.01)</u>
<b>Gain (or Loss) During Year From Financial Experience</b>	\$517.6	4.10 %
<b>Non-Recurring Items.</b> Adjustments for plan amendments, assumption changes, or method changes.	<u>0.0</u>	<u>0.00</u>
<b>Composite Gain (or Loss) During Year</b>	<u>\$517.6</u>	<u>4.10 %</u>

**OHIO SERS  
GAIN (LOSSES) BY RISK AREA  
During the Twelve Months Ended June 30, 2007**

**Type of Risk Area**



**% of Accrued Liabilities**



### SECTION VI – REQUIRED CONTRIBUTION RATES

The valuation balance sheet gives the basis for determining the percentage rates for contributions to be made by employers to the Retirement System. The following table shows the rates of contribution payable by employers as determined from the present valuation for the 2007-2008 fiscal year.

#### BREAKDOWN OF REQUIRED CONTRIBUTIONS

(expressed as percents of payroll)

	<b>Basic Benefits</b>	<b>Post Retirement Death Benefit</b>	<b>Medicare Part-B</b>	<b>Total</b>
Normal Cost				
Service Retirement Benefits	8.59%			
Disability Benefits	1.42			
Survivor Benefits	0.21			
Refunds	<u>3.45</u>			
Total	13.67%	0.02%	0.29%	13.98%
UAAL Payment	5.46	0.01	0.37	5.84
Total Contribution	19.13%	0.03%	0.66%	19.82%
Member Contribution	10.00%	0.00	0.00	10.00%
<b>Employer Contribution</b>	<b>9.13%</b>	<b>0.03%</b>	<b>0.66%</b>	<b>9.82%</b>

**SECTION VII - SUPPLEMENTAL DISCLOSURE INFORMATION**

1. Statement Nos. 25 and 27 of the Governmental Accounting Standards Board (GASB) set forth certain items of information to be disclosed in the financial statements of the System and the employer. One such item is a distribution of the number of employees by type of membership, as follows:

**NUMBER OF ACTIVE AND RETIRED PARTICIPANTS  
AS OF JUNE 30, 2007**

GROUP	NUMBER
Retired participants and beneficiaries currently receiving benefits	63,529
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	94,666
Active Participants	<u>123,013</u>
Total	281,208

2. Another such item is the schedule of funding progress as shown below.

**SCHEDULE OF FUNDING PROGRESS  
(\$ Thousands)**

Plan Year Ended	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)
06/30/98 <sup>^</sup>	\$6,412,649	\$7,037,449	91.1%	\$624,800	\$1,651,883	37.8%
06/30/99+	7,331,692	7,534,903	97.3	203,211	1,768,098	11.5
06/30/00	8,281,286	8,100,427	102.2	(180,859)	1,866,283	(9.7)
06/30/01 <sup>#^</sup>	8,790,858	9,256,656	95.0	465,798	1,974,097	23.6
06/30/02	8,878,760	9,986,306	88.9	1,107,546	2,175,735	50.9
06/30/03 <sup>^</sup>	8,771,784	10,634,474	82.5	1,862,690	2,302,289	80.9
06/30/04	8,666,538	11,250,879	77.0	2,584,341	2,394,125	107.9
06/30/05	8,892,565	11,961,018	74.3	3,136,876*	2,452,535	127.9
06/30/06	9,541,787	12,626,653	75.6	3,154,886*	2,553,273	123.6
06/30/07	10,640,426	13,303,223	80.0	2,734,441*	2,603,300	105.0

<sup>^</sup> After change in benefit provisions.  
<sup>#</sup> After change in actuarial assumptions.

\* After restatement of health care assets  
+ After change in method.



3. The annual required contribution (ARC) of the employer as a percentage of payroll, determined in accordance with the parameters of GASB 25/27, is shown below. The accrued liability rate is based on amortization of the unfunded actuarial accrued liability of \$2,734,441,499 over a 29-year period from the valuation date.

**2007-2008 FISCAL YEAR  
ANNUAL REQUIRED CONTRIBUTION (ARC)  
BASED ON THE VALUATION AS OF JUNE 30, 2007**

ANNUAL REQUIRED CONTRIBUTION (ARC)	RATE
Normal	3.98%
Accrued liability	<u>5.84</u>
Total	9.82%

4. Additional information as of June 30, 2007 follows.

Valuation date	06/30/07
Actuarial cost method	Entry age
Amortization method	Level percent open
Remaining amortization period	29 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return <sup>^</sup>	8.00%
Projected salary increases <sup>*</sup>	4.50 – 24.75%
<sup>^</sup> Includes price inflation at	3.50%
<sup>*</sup> Includes wage inflation at	4.00%
Cost-of-living adjustments	3.00%

### Schedule of Employer Contributions

Fiscal Year 7-1/6-30	Valuation Date 6-30	Annual Required Contribution	Percentage Contributed
1998-99	1998	\$127,195,004	100.0%
1999-00	1999	98,148,589	100.0
2000-01	2000	78,459,360	100.0
2001-02	2001	110,795,693	100.0
2002-03	2002	181,236,112	100.0
2003-04	2003	212,193,468	100.0
2004-05	2004	256,046,087	100.0
2005-06 <sup>*^</sup>	2005	294,035,898	96.5
2006-07 <sup>^</sup>	2006	278,509,373	90.6
2007-08	2007	260,669,755	

\* ARC decreased to \$265,813,818 due to the adoption of the new actuarial assumptions retroactive to July 1, 2005.

<sup>^</sup> The percentage contributed is less than 100% due to contributions made toward the health care adjustment.

Solvency Tests  
(\$ in Millions)

June 30	Actuarial Accrued Liabilities for			Net Assets Available for Benefits	Portions of Accrued Liabilities covered by Assets		
	(1) Accumulated Employee and Inactive Contributions	(2) Retirees and Beneficiaries Currently Receiving Benefits	(3) Active and Inactive Members Employer Financed Portion		(1)	(2)	(3)
1998	\$1,255	\$3,269	\$2,513	\$6,413	100%	100%	75.2%
1999	1,341	3,469	2,725	7,332	100	100	92.6
2000	1,429	3,734	2,937	8,281	100	100	106.2
2001	1,407	4,294	3,556	8,791	100	100	86.9
2002	1,525	4,599	3,862	8,879	100	100	71.3
2003	1,643	4,881	4,110	8,772	100	100	54.7
2004	1,785	5,173	4,293	8,667	100	100	39.8
2005	1,943	5,551	4,467	8,893	100	100	31.3
2006	2,064	6,006	4,557	9,542	100	100	32.3
2007	2,180	6,413	4,710	10,640	100	100	43.5

## Schedule of Active Member Valuation Data

Valuation Date	Active members			
	Number	Annual Payroll (in millions)	Annual Average Pay	% Increase in Average Pay
1998	109,878	\$1,651.9	\$15,456	3.3%
1999	110,175	1,768.1	16,048	3.8
2000	113,811	1,866.3	16,398	2.2
2001	115,684	1,974.1	17,065	4.1
2002	120,254	2,175.7	18,093	6.0
2003	122,315	2,302.3	18,823	4.0
2004	123,139	2,394.1	19,442	3.3
2005	122,855	2,452.5	19,963	2.7
2006	123,266	2,553.3	20,714	3.8
2007	123,013	2,603.3	21,163	2.2

## Schedule of Retirants Added to And Removed From Rolls

Item	Fiscal year ended June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Beginning of Year	54,554	55,563	56,632	57,824	58,795	59,349	59,999	60,569	61,433	62,521
Added	4,174	4,127	4,647	4,051	3,977	3,414	3,013	3,683	3,750	3,596
Removed	(3,165)	(3,058)	(3,455)	(3,080)	(3,423)	(2,764)	(2,443)	(2,819)	(2,662)	(2,588)
End of Year	55,563	56,632	57,824	58,795	59,349	59,999	60,569	61,433	62,521	63,529

For the fiscal year ended June 30, 2007 the annual benefits for the 3,596 members added to the rolls totaled \$44,864,781. The annual benefits for the 2,588 members removed from the rolls totaled \$17,588,777.

## SCHEDULE A

### Development of Actuarial Value of Assets

Valuation Date:	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
A. Actuarial Value Beginning of Year	\$ 9,160,047,000	\$ 9,837,349,153			
B. Market Value End of Year	10,275,765,294	12,097,590,658			
C. Market Value Beginning of Year	9,269,067,708	10,275,765,294			
D. Cash Flow					
D1. Contributions	686,485,096	700,075,227			
D2. Other revenues	70,831,789	91,823,048			
D3. Net transfers	(3,587,709)	(2,873,755)			
D4. Benefit Payments	(855,547,936)	(886,970,001)			
D5. Administrative Expenses	0	0			
D6. Net	(101,818,760)	(97,945,481)			
E. Investment Income					
E1. Market Total: B - C - D6	1,108,516,346	1,919,770,845			
E2. Assumed Rate	8.00%	8.00%			
E3. Amount for Immediate Recognition	728,731,010	783,070,113			
E4. Amount for Phased-In Recognition	379,785,336	1,136,700,732			
F. Phased-In Recognition of Investment Income					
F1. Current Year: 0.25 * E4	94,946,334	284,175,183			
F2. First Prior Year	28,390,611	94,946,334	284,175,183		
F3. Second Prior Year	96,795,920	28,390,611	94,946,334	284,175,183	
F4. Third Prior Year	(169,742,962)	96,795,920	28,390,611	94,946,334	284,175,183
F5. Total Recognized Investment Gain	50,389,903	504,308,048	407,512,128	379,121,517	284,175,183
G. Actuarial Value End of Year: A + D6 + E3 + F5 (not less than 80% or greater than 120% of B)	\$9,837,349,153	\$11,026,781,833			
H. Difference Between Market & Actuarial Values:	438,416,141	1,070,808,825	663,296,698	284,175,183	0
I. Health Care Valuation Assets	295,561,933	386,355,370			
J. Basic Benefits Valuation Assets	\$9,541,787,220	\$10,640,426,463			

The actuarial value of assets recognizes assumed investment income (line E3) fully each year. Differences between actual and assumed investment income (line E4) are phased in over a closed 4-year period. During periods when investment performance exceeds the assumed rate, the actuarial value of assets will tend to be less than market value. During periods when investment performance is less than assumed, the actuarial value will tend to be greater than market value.

## Asset Summary

June 30, 2007

	<u>Market Value</u>	<u>Actuarial Value</u>
1. Assets at June 30, 2006	\$10,275,765,294	\$ 9,837,349,153
2. Contributions and Misc. Revenue	789,024,520	789,024,520
3. Investment Increment	1,919,770,845	1,287,378,161
4. Benefit Payments	(886,970,001)	(886,970,001)
5. Assets at June 30, 2007 (1) + (2) + (3) + (4)	\$ 12,097,590,658	\$ 11,026,781,833
6. Investment Increment/Mean Assets*	18.8%	13.2%

\* Based on the approximation formula:  $I / [.5 \times (A + B - I)]$ , where

I = Investment increment  
A = Beginning of year asset value  
B = End of year asset value

**SCHEDULE B****Statement of Actuarial Assumptions and Methods**

**Interest Rate:** 8.00% per annum, compounded annually (net after all System expenses).

**Salary Increases:** Assumed annual rates of salary increases are as follows:

<b>Service</b>	<b>Base (Economy)</b>	<b>Merit &amp; Seniority</b>	<b>Total Increase</b>
0	4.00%	20.75%	24.75%
1	4.00	13.25	17.25
2	4.00	10.75	14.75
3	4.00	8.75	12.75
4	4.00	7.75	11.75
5	4.00	5.75	9.75
6	4.00	4.75	8.75
7	4.00	3.75	7.75
8	4.00	2.75	6.75
9	4.00	1.75	5.75
10 - 14	4.00	0.75	4.75
15 & Over	4.00	0.50	4.50

Total covered payroll of the entire membership is assumed to increase 4.00% per year in the future.

**Service Retirement:** Representative values of the assumed annual rates of service retirement are as follows:

<b>Age</b>	<b>Male</b>	<b>Female</b>
50	40.0%	33.0%
55	25.0	25.0
60	10.0	20.0
61	10.0	15.0
62	15.0	15.0
63	10.0	10.0
64	10.0	10.0
65	25.0	25.0
70	20.0	20.0
75	100.0	100.0

**Withdrawal Rates:** Representative values of the assumed annual rates of withdrawal are as follows:

<b>Service</b>	<b>Rate</b>
0	55.00%
1	20.00
2	15.00
3	10.00
4	7.50
5	6.50
10	5.00
15	3.75
20	3.50

**Disability Rates:** Representative values of the assumed annual rates of disability are as follows:

Age	Male	Female
30	.1120%	.0075%
35	.3710	.0075
40	.4050	.1570
45	.5060	.1870
50	.8250	.3940
55	.8250	.6080

**Mortality Rates:** Mortality Rates for retirees and survivors are based on the 1994 Group Annuity Mortality table with male ages set back one year and female ages set back one year. Mortality for active members is 60% of the retiree table for males and 50% for females. Mortality for disabled members is developed from experience.

Representative values of the assumed annual rates of retiree mortality are as follows:

**Service Retired Members, Beneficiaries and Survivors**  
**(1994 Group Annuity Mortality Table (-1, -1))**

Age	Male	Female
20	.0484%	.0280%
30	.0779	.0331
40	.0999	.0652
50	.2326	.1310
60	.7090	.3863
70	2.1729	1.2709
80	5.5861	3.5362

**Disability Retired Members**

Age	Male	Female
40	2.3040%	2.0900%
50	2.4040	2.2220
60	3.9060	2.3660
70	4.8610	2.6010
80	7.8120	5.5470

**Marriage Assumption:** 80% married with the husband three years older than his wife.

**Valuation Method:** Entry Age Normal cost method. Entry age is established on an individual basis.

**Asset Valuation Method:** Actuarial value, as developed in Schedule A. Actuarial value of assets is based on a four-year average of adjusted market value returns. The difference between the actual returns at market value for the year and expected returns is determined. Twenty-five percent (25%) of that difference is added to the expected value along with corresponding amounts from each of the prior three years. The actuarial value of assets shall not be less than 80% nor greater than 120% of the market value of assets.



SCHEDULE C

**SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**  
**Summary of Benefit and Contribution Provisions**  
**as of June 30, 2007**

<b>Contributions for Basic Benefits</b>	Members contribute 10% of pay and employers contribute 14% of pay. Employer contributions not required to finance basic benefits are allocated to the health care program.
<b>Final Average Salary</b>	Average annual salary over the member's three highest years of service.
<b>Normal Retirement</b>	
Condition for Retirement	Attainment of age 65 with at least five years of creditable service, or completion of 30 years of creditable service, regardless of age.
Amount of Allowance	<p>The annual retirement allowance payable shall not be greater than 100% of final average salary, and is the greater of:</p> <ol style="list-style-type: none"> <li>1. Money Purchase - the greater of : The sum of: <ol style="list-style-type: none"> <li>a. An annuity based on the value of the member's accumulated contributions at retirement</li> <li>b. A pension equal to the annuity</li> <li>c. \$40 multiplied by the member's years of service prior to 9/1/1937.</li> </ol> <p>or:</p> <li>d. For members who have 10 or more years of service credit prior to 10/1/1956, an annual benefit of \$180.</li> </li></ol> <li>2. Defined Benefit - the greater of: The sum of: <ol style="list-style-type: none"> <li>a. 2.2% of final average salary multiplied by the member's years of service up to 30,</li> <li>b. 2.5% of final average salary multiplied by the member's years of service in excess of 30,</li> </ol> <p>or:</p> <li>c. \$86 multiplied by the years of service.</li> </li>

**Early Retirement**

## Condition for Retirement

Not eligible for unreduced service retirement but has attained age 55 with at least 25 years of service, or age 60 with five years of service.

## Amount of Allowance

Normal retirement allowance accrued to the date of early retirement. The Defined Benefit amount determined above is adjusted by the following percentages based on attained age or years of service:

<u>Attained Age</u>	<u>Years of Ohio Service Credit</u>	<u>Percentage</u>
58	25	75%
59	26	80
60	27	85
61		88
	28	90
62		91
63		94
	29	95
64		97

**Disability Retirement**

## Condition for Retirement

An allowance is paid upon becoming permanently disabled after completion of at least 5 years of total service credit.

## Amount of Allowance

1. For those who were active members prior to July 29, 1992 and did not elect the benefit structure outlined below, an allowance based on service to date of disablement, plus, if the age at disablement is less than 60, continuous service to age 60. The allowance is computed in the same manner as the defined benefit service retirement allowance, subject to a minimum of 30% of FAS and a maximum of 75% of FAS. It is payable for life, unless terminated.
2. For those who became active members after July 28, 1992, and for those who were active members prior to July 29, 1992 who so elected, an allowance equal to the greater of (i) 45% of FAS, or (ii) the lesser of 60% of FAS, or the allowance computed in the same manner as the defined benefit service retirement allowance. The allowance will continue until:
  - a. The date the member is granted a service retirement benefit, or
  - b. The date the allowance is terminated, or
  - c. The later of the date the member attains age 65 or the date the disability allowance has been paid for the minimum duration in accordance with the following schedule:

<u>Age at Disability</u>	<u>Minimum Duration In Months</u>
60 and earlier	60
61	60
62	48
63	48
64	36
65	36
66	24
67	24
68	24
69 and older	12

### Death Benefits Prior to Retirement

#### Death While Eligible to Retire

If a member dies in service after becoming eligible to retire with a service allowance and leaves a surviving spouse or other sole dependent beneficiary, the survivor may elect to receive the same amount that would have been paid had the member retired the last day of the month of death and elected the 100% joint and survivor form of payment.

#### Survivor (Death-in-Service) Allowances

##### Condition for Benefit

Upon the death of a member with at least 1½ years of Ohio service credit and with at least ¼ year of Ohio contributing service credit within 2½ years prior to the date of death, the survivor allowances are payable as follows:

1. **Qualified Spouse:** A monthly allowance commencing at age 62, except that the benefit is payable immediately if: (1) the qualified deceased member had 10 or more years of Ohio service credit; or (2) is caring for a surviving child, or (3) is incompetent.
2. **Qualified Child:** An allowance is payable to the qualified child of a deceased member who is under age 18, under age 22 and in school, or incompetent.
3. **Qualified Parent's Allowance:** A monthly allowance is payable to a dependent parent age 65 or more.

##### Amount of Allowances

Except when survived by a dependent child(ren), upon the death of a member prior to retirement, the accumulated contributions of the member without interest is payable. Alternatively, the beneficiary may elect the following amounts, payable monthly while eligible:

<u>Number of Qualified Survivors</u>	<u>Annual Benefit as Percent of Member's FAS</u>	<u>Minimum Monthly Allowance</u>
1	25%	\$96
2	40	186
3	50	236
4	55	236
5 or more	60	236

If the deceased member had attained at least 20 years of service, the total benefits payable to all qualified survivors are not less than:

<u>Years of Service</u>	<u>Annual Benefit as Percent of Member's FAS</u>
20	29%
21	33
22	37
23	41
24	45
25	48
26	51
27	54
28	57
29 or more	60

### Termination Benefits

#### Refund of Members' Accumulated Contributions

In the event a member leaves service before any monthly benefits are payable on his behalf, his accumulated contributions, without interest, may be refunded.

#### Deferred Benefits

If a member with at least 5 years of contributing service credit leaves service before being eligible for an immediate monthly allowance and does not withdraw any part of his accumulated contributions, he will be entitled to a deferred allowance at age 60. The amount of the allowance is based on his credited service and final average salary at termination of employment.

### Normal Form of Benefit

Single Life Annuity

### Optional Forms of Benefit

A member upon retirement may elect to receive his allowance in one of the following forms that are computed to be actuarially equivalent to the applicable retirement allowance:

Upon the death of a retiree, 50%, 100%, or some other percentage of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further

guarantee of payment to the pensioner, his beneficiary or his estate for a specified number of years certain.

A member can select a partial lump-sum option at retirement. Under this option, the partial lump-sum shall not be less than 6 times and not more than 36 times the unreduced monthly benefit, and the monthly benefit will be actuarially reduced. In addition, the monthly benefit payable cannot be less than 50% of the unreduced amount.

#### **Post-Retirement Death Benefit**

Regardless of the form of benefit selected, a lump sum benefit of \$1,000 is paid at the death of the retiree.

#### **Post-Retirement Increases**

On each anniversary of the initial date of retirement, the allowances of all retirees and survivors are increased by 3% of the base benefit.

#### **Medicare Part B**

Each recipient of a service retirement benefit, a disability benefit or a survivor benefit who was credited with at least 10 years of service and is covered under Medicare Part-B is reimbursed \$45.50 per month for premiums for that coverage.

#### **Re-Employed Retirants**

##### **Eligibility**

Effective July 1, 1991, service retirees of SERS, or service or disability retirees of one of the other four Ohio retirement systems who are employed in a SERS covered position are required to contribute to a money purchase annuity, a type of defined contribution plan.

##### **Amount of Allowance**

Upon termination of employment, a re-employed retirant who has attained age 65 is eligible to receive an annuity based on the amount of his/her accumulated contributions, and an equal amount of employer contributions, plus interest to the effective date of retirement. Effective July 1, 2006 the amount of employer contributions will be determined by the Board. Interest is granted on the re-employed retirant's prior fiscal year account balance, calculated using a rate determined by the SERS Board, compounded annually. The benefit is payable as a lump sum or as an annuity if the amount of such annuity is at least \$25. Upon termination of employment, a re-employed retirant who has not attained age 65 may request a lump sum refund of his/her own contributions; there is no payment of employer contributions or interest.

##### **Benefits Payable Upon Death**

If a re-employed retirant dies while employed, a lump sum payment of the monthly annuity, discounted to the present value using the current actuarial assumption rate of interest, will be paid to his beneficiary.

If a re-employed retirant dies while receiving a monthly annuity, a lump sum payment will be made to a beneficiary in an amount equal to the excess, if any, of the lump sum payment the re-employed retirant would have received at the effective date of retirement over the sum of the annuity

payments received by the re-employed retirant to the date of death.

Member Contributions

Each re-employed retirant is required to contribute 10% of his pay by payroll deductions.

Employer Contributions

Employer contributions are expressed as percents of member covered payroll. Employers are required to contribute 14% of payroll.

Other Benefits

Re-employed retirant members of SERS are not eligible to receive any of the other benefits provided to regular SERS members.

**SCHEDULE D****DETAILED TABULATIONS OF THE DATA****Annuity and Pension Reserve Fund  
Retirants and Beneficiaries****June 30, 2007****Type of Benefit, Annual Amount, and Basic Benefit Actuarial Liabilities**

Group	Number	% of Current Total Benefit			Current Total Benefit	Actuarial Liabilities
		Base Allowances	H.B. 204 and 284	Retirement Increases		
<b>Superannuation Retirement</b>						
<b>Straight Life Allowance - Benefit Terminating at Death</b>						
Males	4,279	77.0%	0.0%	23.0%	\$ 52,256,038	\$ 457,528,159
Females	<u>26,024</u>	77.7%	0.0%	22.3%	<u>214,002,596</u>	<u>2,034,129,970</u>
Total	30,303				\$266,258,634	\$2,491,658,129
<b>Option II Allowance - Joint and Survivor Benefits</b>						
Males	6,955	81.3%	0.0%	18.7%	\$100,826,817	\$1,206,344,891
Females	<u>10,584</u>	84.6%	0.0%	15.4%	<u>108,283,551</u>	<u>1,282,795,478</u>
Total	17,539				\$209,110,368	\$2,489,140,369
<b>Option III Allowance - Life Benefits With Guaranteed Benefits</b>						
Males	347	77.0%	0.0%	23.0%	\$3,436,762	\$30,776,985
Females	<u>892</u>	77.0%	0.0%	23.0%	<u>6,388,934</u>	<u>63,539,741</u>
Total	1,239				\$9,825,696	\$94,316,726
<b>Allowance to Survivor Beneficiary of Deceased Superannuation Retirant Who Elected Option II – Life Benefit</b>						
Males	1,106	70.5%	0.1%	29.4%	\$4,081,913	\$30,150,214
Females	<u>3,759</u>	63.4%	0.1%	36.5%	<u>25,607,144</u>	<u>203,644,706</u>
Total	4,865				\$29,689,057	\$233,794,920

Note that the actuarial liabilities include annual pension allowances and lump sum death benefits, but exclude Medicare Part-B supplement.

**Annuity and Pension Reserve Fund  
Retirants and Beneficiaries  
June 30, 2007  
Type of Benefit, Annual Amount, and Basic Benefit Actuarial Liabilities  
(continued)**

Group	Number	% of Current Total Benefit			Current Total Benefit	Actuarial Liabilities
		Base Allowances	H.B. 204 and 284	Post Retirement Increases		
<b>Allowance to Survivor Beneficiary of Deceased Superannuation Retirant Who Elected Option III - Guaranteed Period Only</b>						
Males	20	81.5%	0.0%	18.5%	\$163,805	\$581,731
Females	<u>34</u>	80.0%	0.0%	20.0%	<u>178,770</u>	<u>777,591</u>
Total	54				\$342,575	\$1,359,322
<b>Total for Superannuation Allowances Being Paid</b>						
Males	12,707	79.5%	0.0%	20.5%	\$160,765,335	\$1,725,381,980
Females	<u>41,293</u>	78.8%	0.0%	21.2%	<u>354,460,995</u>	<u>3,584,887,486</u>
Total	54,000				\$515,226,330	\$5,310,269,466
<b>Disability Retirement Straight Life Allowance - Benefit Terminating at Death</b>						
Males	1,630	79.6%	0.0%	20.4%	\$29,194,968	\$268,056,511
Females	<u>3,664</u>	79.6%	0.0%	20.4%	<u>37,015,692</u>	<u>386,916,313</u>
Total	5,294				\$66,210,660	\$654,972,824
<b>Total Benefits Being Paid From Annuity and Pension Reserve Fund</b>						
Males	14,337	79.5%	0.0%	20.4%	\$189,960,303	\$1,993,438,491
Females	<u>44,957</u>	78.9%	0.0%	21.1%	<u>391,476,687</u>	<u>3,971,803,799</u>
Total	59,294				\$581,436,990	\$5,965,242,290



**Annuity and Pension Reserve Fund**  
**Retirants as of June 30, 2007**  
**Current Annual Total Benefits by Attained Age**

Attained Age	Superannuation		Disability		Totals	
	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits
Under 20						
20-24						
25-29						
30-34			2	\$ 26,632	2	\$ 26,632
35-39			24	345,714	24	345,714
40-44			97	1,666,111	97	1,666,111
45-49	59	\$ 1,848,005	299	5,590,958	358	7,438,963
50-54	431	13,150,421	664	11,181,770	1,095	24,332,191
55-59	1,337	33,028,244	930	14,493,296	2,267	47,521,540
60-64	5,292	68,042,291	1,064	13,676,676	6,356	81,718,967
65-69	9,275	104,540,985	788	8,807,955	10,063	113,348,940
70-74	9,653	98,640,078	585	5,135,007	10,238	103,775,085
75-79	8,918	77,296,961	407	2,982,074	9,325	80,279,035
80-84	7,360	52,378,743	287	1,663,361	7,647	54,042,104
85-89	4,646	27,196,290	123	566,513	4,769	27,762,803
90-94	1,740	7,683,816	19	59,070	1,759	7,742,886
95-99	340	1,287,710	4	13,198	344	1,300,908
100	16	61,933	1	2,325	17	64,258
101	7	17,327			7	17,327
102	1	3,046			1	3,046
103	2	5,252			2	5,252
104	2	4,962			2	4,962
105 & Over	2	8,634			2	8,634
<b>Total</b>	<b>49,081</b>	<b>\$ 485,194,698</b>	<b>5,294</b>	<b>\$ 66,210,660</b>	<b>54,375</b>	<b>\$ 551,405,358</b>

**Annuity and Pension Reserve Fund  
Survivors of Retirants as of June 30, 2007  
Current Annual Total Benefits by Attained Age**

Attained Age	Life Annuities		Periods Certain		Totals	
	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits
Under 20	1	\$ 2,971	1	\$ 1,047	2	\$ 4,018
20-24	2	3,344			2	3,344
25-29	8	44,572			8	44,572
30-34	4	10,200	1	8,308	5	18,508
35-39	9	60,395			9	60,395
40-44	7	26,442			7	26,442
45-49	26	123,656	5	58,517	31	182,173
50-54	61	416,459	1	6,318	62	422,777
55-59	87	570,039	3	17,082	90	587,121
60-64	157	1,363,380	7	24,034	164	1,387,414
65-69	325	2,366,807	12	83,860	337	2,450,667
70-74	587	4,392,800	12	60,026	599	4,452,826
75-79	1,004	6,903,566	7	31,557	1,011	6,935,123
80-84	1,176	7,052,966	4	48,487	1,180	7,101,453
85-89	918	4,323,582	1	3,339	919	4,326,921
90-94	392	1,618,056			392	1,618,056
95-99	93	391,321			93	391,321
100	5	14,519			5	14,519
101						
102	1	864			1	864
103	1	968			1	968
104						
105 & Over	1	2,150			1	2,150
<b>Total</b>	<b>4,865</b>	<b>\$29,689,057</b>	<b>54</b>	<b>\$342,575</b>	<b>4,919</b>	<b>\$30,031,632</b>

**Survivor Benefit Fund**  
**Beneficiaries as of June 30, 2007**  
**Annual Amount, and Basic Benefit Actuarial Liabilities**

Group	Number	% of Current Annual Benefit			Current Annual Benefits	Actuarial Liabilities
		Base Allowances	HB 204 and 284	Post - Retirement Increases		
<b>Benefits Being Paid From Survivor Benefit Fund</b>						
Males	1,792	83.4%	0.0%	16.6%	\$ 8,995,197	\$ 106,417,248
Females	<u>2,443</u>	76.0%	0.0%	24.0%	<u>16,650,027</u>	<u>153,479,947</u>
Total	4,235	78.5%	0.0%	21.5%	\$25,949,150	\$ 259,897,195

Note that actuarial liabilities are calculated for pension allowances for all survivors, including contingent (multiple) beneficiaries and beneficiaries in blackout; excluded are liabilities for the Medicare Part-B supplement. The total benefit amounts include those amounts for all contingent (multiple) beneficiaries although they are excluded from the total number of survivors reported.

**Survivor Benefit Fund**  
**Survivors of Deceased Active Members as of June 30, 2007**  
**Current Annual Total Benefits by Attained Age**

Attained Age	Totals	
	Number	Annual Benefits
Under 20	62	\$ 439,824
20-24	14	85,930
25-29	1	10,333
30-34	9	69,108
35-39	21	226,761
40-44	58	628,349
45-49	115	1,032,926
50-54	191	1,762,390
55-59	256	2,436,348
60-64	472	3,251,243
65-69	639	4,042,135
70-74	716	4,175,554
75-79	689	3,555,731
80-84	541	2,437,881
85-89	301	1,229,731
90-94	118	465,114
95-99	28	84,849
100	2	8,217
101	1	3,867
102		
103		
104		
105 & Over	1	2,859
<b>Total</b>	<b>4,235</b>	<b>\$25,949,150</b>

**All Pensioners Receiving a Benefit  
Male and Female Demographic Breakdown  
June 30, 2007**

Attained Age	Number of		Total
	Males	Females	Number
Under 20	31	33	64
20-24	7	9	16
25-29	4	5	9
30-34	8	8	16
35-39	24	30	54
40-44	74	88	162
45-49	230	274	504
50-54	587	761	1,348
55-59	998	1,615	2,613
60-64	1,701	5,291	6,992
65-69	2,707	8,332	11,039
70-74	2,966	8,587	11,553
75-79	2,827	8,198	11,025
80-84	2,225	7,143	9,368
85-89	1,282	4,707	5,989
90-94	383	1,886	2,269
95-99	68	397	465
100	4	20	24
101		8	8
102		2	2
103	1	2	3
104		2	2
105 & Over	2	2	4
<b>Total</b>	<b>16,129</b>	<b>47,400</b>	<b>63,529</b>

**SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**  
**Total Active Member Data as of June 30, 2007**  
**Tabulated by Attained Age and Years of Service**

Attained Age	Years of Service to Valuation Date							Totals	
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 plus	No.	Valuation Payroll
Under 20	706							706	\$ 3,902,083
20 - 24	4,554	115						4,669	41,094,430
25 - 29	4,511	1,075	59					5,645	86,177,849
30 - 34	4,210	1,903	446	26				6,585	119,494,350
35 - 39	6,094	3,695	1,102	398	38			11,327	212,629,002
40 - 44	7,127	6,170	2,522	1,051	622	128		17,620	350,107,353
45 - 49	6,427	7,286	4,749	2,265	1,279	955	95	23,056	507,481,494
50 - 54	4,322	5,193	4,537	3,456	2,231	1,170	464	21,373	519,212,274
55 - 59	3,046	3,033	2,561	3,016	2,920	1,502	516	16,594	415,678,405
60	509	547	393	470	553	383	146	3,001	74,412,201
61	318	326	204	280	353	273	99	1,853	46,073,212
62	277	273	220	236	289	255	110	1,660	40,433,428
63	243	297	200	187	243	208	122	1,500	35,304,061
64	256	281	185	194	248	222	131	1,517	35,904,098
65	206	189	119	133	173	150	116	1,086	24,077,865
66	186	154	95	87	123	128	102	875	18,595,016
67	154	137	71	72	92	93	101	720	14,760,964
68	144	102	61	63	79	84	88	621	12,404,179
69	147	100	45	61	69	62	92	576	10,949,275
70 & Over	420	435	245	181	196	199	353	2,029	34,608,672
<b>Totals</b>	<b>43,857</b>	<b>31,311</b>	<b>17,814</b>	<b>12,176</b>	<b>9,508</b>	<b>5,812</b>	<b>2,535</b>	<b>123,013</b>	<b>\$ 2,603,300,211</b>

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 47.5 years  
Service: 9.4 years  
Annual Pay: \$ 21,163

**SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**  
**Male Active Member Data as of June 30, 2007**  
**Tabulated by Attained Age and Years of Service**

Attained Age	Years of Service to Valuation Date							Totals	
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 plus	No.	Valuation Payroll
Under 20	387							387	\$ 2,274,665
20 - 24	2,233	61						2,294	21,642,943
25 - 29	1,983	484	26					2,493	41,097,071
30 - 34	1,475	609	202	12				2,298	48,414,620
35 - 39	1,660	821	389	190	13			3,073	76,023,319
40 - 44	1,868	993	516	388	315	70		4,150	111,599,388
45 - 49	1,921	1,183	646	486	538	529	54	5,357	159,639,114
50 - 54	1,679	1,162	686	548	572	511	271	5,429	168,455,572
55 - 59	1,291	938	554	491	476	325	192	4,267	130,437,262
60	251	226	122	93	69	60	28	849	24,132,402
61	161	131	64	58	63	45	10	532	15,190,773
62	133	122	72	75	52	32	16	502	14,113,208
63	140	135	69	42	52	28	19	485	12,827,476
64	136	134	79	53	64	29	13	508	13,557,149
65	112	110	48	45	42	19	15	391	9,672,071
66	102	96	42	23	25	12	13	313	6,990,766
67	80	81	32	25	25	8	7	258	5,671,351
68	70	62	31	21	19	13	8	224	4,768,406
69	75	48	20	21	17	8	4	193	3,886,464
70 & Over	213	214	127	82	52	32	27	747	13,886,545
<b>Totals</b>	<b>15,970</b>	<b>7,610</b>	<b>3,725</b>	<b>2,653</b>	<b>2,394</b>	<b>1,721</b>	<b>677</b>	<b>34,750</b>	<b>\$ 884,280,565</b>

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 46.2 years  
Service: 8.3 years  
Annual Pay: \$25,447

**SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**  
**Female Active Member Data as of June 30, 2007**  
**Tabulated by Attained Age and Years of Service**

Attained Age	Years of Service to Valuation Date							Totals	
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 plus	No.	Valuation Payroll
Under 20	319							319	\$ 1,627,418
20 - 24	2,321	54						2,375	19,451,487
25 - 29	2,528	591	33					3,152	45,080,778
30 - 34	2,735	1,294	244	14				4,287	71,079,730
35 - 39	4,434	2,874	713	208	25			8,254	136,605,683
40 - 44	5,259	5,177	2,006	663	307	58		13,470	238,507,965
45 - 49	4,506	6,103	4,103	1,779	741	426	41	17,699	347,842,380
50 - 54	2,643	4,031	3,851	2,908	1,659	659	193	15,944	350,756,702
55 - 59	1,755	2,095	2,007	2,525	2,444	1,177	324	12,327	285,241,143
60	258	321	271	377	484	323	118	2,152	50,279,799
61	157	195	140	222	290	228	89	1,321	30,882,439
62	144	151	148	161	237	223	94	1,158	26,320,220
63	103	162	131	145	191	180	103	1,015	22,476,585
64	120	147	106	141	184	193	118	1,009	22,346,949
65	94	79	71	88	131	131	101	695	14,405,794
66	84	58	53	64	98	116	89	562	11,604,250
67	74	56	39	47	67	85	94	462	9,089,613
68	74	40	30	42	60	71	80	397	7,635,773
69	72	52	25	40	52	54	88	383	7,062,811
70 & Over	207	221	118	99	144	167	326	1,282	20,722,127
<b>Totals</b>	<b>27,887</b>	<b>23,701</b>	<b>14,089</b>	<b>9,523</b>	<b>7,114</b>	<b>4,091</b>	<b>1,858</b>	<b>88,263</b>	<b>\$ 1,719,019,646</b>

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 48.0 years  
Service: 9.9 years  
Annual Pay: \$19,476



**SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

**Active Member as of June 30, 2007**

**By Annual Pay**

Annual Pay	Number of Active Members			Portion of Total Number	
	Men	Women	Totals	Group	Cumulative
Less than \$1,000	215	305	520	0.4%	0.4%
\$1,000 - 1,999	1,082	1,338	2,420	2.0%	2.4%
2,000 - 2,999	1,975	2,142	4,117	3.3%	5.7%
3,000 - 3,999	1,778	2,433	4,211	3.4%	9.1%
4,000 - 4,999	1,385	2,577	3,962	3.2%	12.3%
5,000 - 5,999	1,073	2,502	3,575	2.9%	15.2%
6,000 - 6,999	875	2,526	3,401	2.8%	18.0%
7,000 - 7,999	733	2,600	3,333	2.7%	20.7%
8,000 - 8,999	710	2,489	3,199	2.6%	23.3%
9,000 - 9,999	608	2,553	3,161	2.6%	25.9%
10,000 - 11,999	1,243	5,157	6,400	5.2%	31.1%
12,000 - 13,999	1,165	5,910	7,075	5.8%	36.9%
14,000 - 15,999	1,169	7,303	8,472	6.9%	43.8%
16,000 - 17,999	1,170	7,187	8,357	6.8%	50.6%
18,000 - 19,999	1,047	6,242	7,289	5.9%	56.5%
20,000 - 24,999	2,139	11,447	13,586	11.0%	67.5%
25,000 - 29,999	2,561	7,837	10,398	8.5%	76.0%
30,000 - 35,799	3,750	6,598	10,348	8.4%	84.4%
35,800 and over	10,072	9,117	19,189	15.6%	100.0%
<b>Totals</b>	<b>34,750</b>	<b>88,263</b>	<b>123,013</b>		

## **SCHEDULE E**

### **GAIN/LOSS ANALYSIS COMMENTS AND DETAILED TABULATIONS OF THE DATA**

#### **COMMENTS**

1. Regular actuarial valuations measure the Retirement System's present financial position and contributions adequacy by calculating and financing the liabilities created by the present benefit program. This process involves discounting to present values the future benefit payments on behalf of present active and retired members and their survivors. However, valuations do not produce information regarding the amount of increases or decreases in unfunded actuarial accrued liabilities (UAAL) -- gain/loss analyses do.
2. The overall gain/loss to the Retirement System is the difference between the actual UAAL and the expected UAAL. A gain/loss analysis shows the breakdown of the overall system gain/loss by economic and non-economic risk areas. The economic risk areas are investment return and pay increases. The non-economic risk areas are service retirement, disability retirement, death in active service, termination (vested and non-vested), retiree mortality, and new members. Gains and losses resulting from data adjustments, timing of financial transactions, etc. are included separately as a miscellaneous item.
3. It is expected that actual experience will not coincide with assumed experience. It is assumed that gains and losses will be in balance over a period of years, but sizable year to year fluctuations are common. Changes in actuarial assumptions should be made for risk areas when the differences between actual and expected experience are consistently sizable over a period of years. Differences over a relatively short period of time may or may not be indicative of long-term trends, which are the basis of actuarial assumptions.
4. The actuarial assumptions used in this analysis were adopted by the Board in May 2006.

5. Any historical information and data shown in the report with a valuation date prior to June 30, 2002 were obtained from the previous actuary's report.
  
6. Results as of June 30, 2001 were restated by the previous actuary after issuance of their report. This report reflects those restatements.

**School Employees Retirement System of Ohio**

**Experience Gains & Losses By Risk Area**

**Comparative Schedule**

(\$ Millions)

Year Ending June 30	Gain (Loss) by Risk Area									\$	% of AAL
	Economic		Non-Economic								
	Pay Increases	Investments	Age & Service Retirement	Disability	Death In Service	Withdrawal	New Members	Retired Lives	Other *		
1998	\$50.5	\$486.6	\$20.1	\$(0.2)	\$(0.0)	\$(20.0)	^	\$(1.3)	\$(75.9)	\$459.8	7.1%
1999	47.3	487.7	24.4	2.7	(0.7)	(18.0)	^	1.0	(84.6)	459.8	6.5
2000	(22.8)	465.6	27.4	0.5	(0.4)	(5.7)	^	14.4	(136.2)	342.8	4.6
2001	51.3	(13.0)	32.4	7.3	(0.9)	68.0	^	(3.3)	(76.6)	57.8	0.7
2002	(151.3)	(533.6)	41.5	0.2	1.6	(9.8)	(38.6)	44.1	35.5	(610.4)	(6.6)
2003	28.0	(781.4)	(29.7)	(0.3)	(0.3)	38.8	(37.1)	30.0	(24.7)	(776.7)	(7.8)
2004	83.6	(763.8)	(45.2)	0.0	0.5	56.6	(48.6)	23.3	(0.4)	(694.0)	(6.5)
2005	101.6	(397.4)	(82.6)	2.1	(0.7)	52.7	(42.7)	12.4	(81.7)	(436.3)	(3.9)
2006	76.4	44.7	37.9	1.2	0.2	(52.9)	(36.7)	15.8	(145.4)	(58.8)	(0.5)
2007	121.0	504.3	13.4	0.9	(0.3)	(73.2)	(37.2)	(10.2)	(1.1)	517.6	4.1

\* Includes effect of changes in data, timing of financial transactions, etc.

^ Included in "Other" risk area.

The market related actuarial value of assets is based on a four-year average of adjusted market value returns. The difference between the actual returns at market value for the year and expected returns is determined. Twenty-five percent (25%) of that difference is added to the expected value along with corresponding amounts from each of the prior three years.

The actuarial value of assets for the basic benefits as of June 30, 2007 was \$10,640,426,463. The value for the previous year was \$9,541,787,220.

**School Employees Retirement System of Ohio**  
**Development of Gain (Loss) for Basic Benefits**  
**From Investment Return**  
**For the Year Ended June 30, 2007**

		<u>\$ Millions</u>
1.	Actuarial value of assets as of June 30, 2006	\$ 9,541.8
2.	Actuarial value of assets as of June 30, 2007	
	a. Actual	10,640.4
	b. If 8.00% assumed investment return was achieved for all phased-in years recognized in the asset method	10,136.1
3.	Gain (Loss): 2a minus 2b	<u>\$504.3</u>

**Pay Increases During the 2006-2007 Valuation Year  
To Members Active at Beginning and End of Year**

Central Age Group Beginning of Year	Number	Pay Increases	
		Actual	Expected
Under 25	1,394	-3.84%	18.79%
25	3,371	7.52	14.25
30	4,428	5.71	11.52
35	7,725	6.24	10.03
40	12,723	6.17	8.80
45	19,655	5.08	7.56
50	21,100	4.44	6.69
55	16,826	3.42	6.22
60	11,261	3.15	6.04
65 & Over	7,672	2.57	6.02
Total	106,155	4.47%	7.47%

**Members Who Became Age & Service Retirees During Valuation Year 2006-2007  
(Retirement With Allowance Beginning Immediately)**

Attained Age	Years of Service to Valuation Date							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30 plus	
Under 50						22	15	37
50						11	10	21
51						7	14	21
52						11	17	28
53						4	19	23
54						5	25	30
55					1	29	17	47
56					6	29	16	51
57					2	35	30	67
58					5	26	20	51
59					4	26	22	52
60		17	22	47	65	53	37	241
61	1	18	18	28	39	37	28	169
62		24	15	25	29	36	22	151
63		18	20	32	35	44	31	180
64	2	14	11	15	25	42	32	141
65		20	20	24	31	42	41	178
66	2	24	14	24	36	34	24	158
67	1	11	12	16	20	23	23	106
68	1	8	12	10	18	14	31	94
69		6	9	7	12	25	15	74
70 & over	1	48	35	31	54	59	85	313
<b>Totals</b>	<b>8</b>	<b>208</b>	<b>188</b>	<b>259</b>	<b>382</b>	<b>614</b>	<b>574</b>	<b>2,233</b>

Average Age: 63.9

Average Service: 23.2

Note that this table excludes active members who worked less than one-quarter of the fiscal year for the last two years. These members are deemed inactive members by the System.

**Members Who Died in 2006-2007 Valuation Year  
With a Death-in-Service Allowance Payable**

Central Age Group	Number
Under 25	
25	
30	
35	2
40	4
45	11
50	17
55	19
60	13
65	15
70 & over	12
Total	93

Average Age: 58.1  
Average Service: 13.5



**Members Who Died in 2006-2007 Valuation Year  
and Received a Refund of Contributions**

Central Age Group	Number
Under 25	1
25	2
30	
35	1
40	2
45	1
50	8
55	8
60	6
65	7
70 & over	7
Total	43

Average Age: 57.1  
Average Service: 13.8

**Members Who Became Disability Retirees  
During the 2006-2007 Valuation Year**

Central Age Group	Number
Under 25	
25	
30	
35	9
40	14
45	39
50	78
55	82
60	24
65	13
70 & over	3
Total	262

Average Age: 54.1  
Average Service: 15.8

**Members Receiving a Refund of Contributions  
or Becoming Inactive Without a Refund in  
the 2006-2007 Valuation Year  
(Non-vested Terminations)**

Central Age Group	Number
Under 25	2,147
25	1,945
30	1,337
35	1,599
40	1,807
45	1,727
50	1,235
55	820
60	368
65	348
70 & over	250
Total	13,583

Average Age: 39.7  
Average Service: 3.0

**Members Who Became Inactive  
in the 2006-2007 Valuation Year  
with a Deferred Allowance  
(Vested Terminations)**

Central Age Group	Number
Under 25	4
25	28
30	57
35	84
40	120
45	195
50	184
55	155
60	34
65	19
70 & over	17
Total	897

Average Age: 48.5  
Average Service: 9.7

## **SCHEDULE F**

### **GLOSSARY**

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability".

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method".

Actuarial Equivalent. A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Experience Gain (Loss). A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost". Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

(concluded on next page)

**GLOSSARY  
(concluded)**

Plan Termination Liability. The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for future service and salary. The termination liability will generally be less than the liabilities computed on a "going concern" basis and is not normally determined in a routine actuarial valuation.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability".

Valuation Assets. The value of current plan assets recognized for valuation purposes. Generally based on book value plus a portion of unrealized appreciation or depreciation.