

# **The Employees' Retirement System of Rhode Island**



## **Comprehensive Annual Financial Report**

*For the Fiscal Year Ending June 30, 2010*

**2010**

# **Employees' Retirement System Of Rhode Island**

**Comprehensive Annual Financial Report**  
*For the Fiscal Year Ended June 30, 2010*

**Prepared by:** Finance Department  
Employees' Retirement System  
of Rhode Island  
40 Fountain St., First Floor  
Providence, RI 02903

[www.ersri.org](http://www.ersri.org)

Frank J. Karpinski, Executive Director  
Zachary J. Saul, Director of Finance



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**Employees' Retirement System of Rhode Island**  
*Comprehensive Annual Financial Report*

**Introductory**  
**Section**









The Honorable Lincoln D. Chafee, Governor, State of Rhode Island and Providence Plantations  
Gordon D. Fox, Speaker of the House  
M. Teresa Paiva Weed, President of the Senate  
A. Ralph Mollis, Secretary of State  
State House  
Providence, R.I.

In accordance with Rhode Island General Laws, 36-8-8 and 45-21-34, enclosed is the Seventy-fourth Annual Financial Report of the Employees' Retirement System and the Fifty-first Annual Financial Report of the Municipal Employees Retirement System of the State of Rhode Island for transmittal to the General Assembly.

This report also contains an accounting of the State Police Retirement Plan and the Judicial Retirement Plan.

The report covers the fiscal year ending June 30, 2010.

Respectfully submitted,

**Employees' Retirement System of Rhode Island Board**

# ERSRI Board

The 15-member State Retirement Board oversees the Employees' Retirement System of Rhode Island. The Board handles administrative tasks such as voting on investment rate of return assumptions, approving disability pensions and making decisions that affect the future of Rhode Island's retirees.

The State Retirement Board, as of June 30, 2010, included:

General Treasurer Frank T. Caprio, Chair, *Ex Officio* Member

William B. Finelli, Vice Chairperson, Teacher Representative

Gary R. Alger, Esq., Public Representative (appointed by the General Treasurer)

Daniel L. Beardsley, Executive Director, Rhode Island League of Cities and Towns, *Ex Officio* Member

Frank R. Benell, Jr., Public Representative (appointed by the General Treasurer)

Rosemary Booth Gallogly, Representative from Budget Office (appointed by Director of Administration)

Roger P. Boudreau, Retired Member Representative

Michael R. Boyce, Retired Member Representative

M. Carl Heintzelman, CLU, Public Representative (appointed by the Governor)

John J. Meehan, State Employee Representative

John P. Maguire, Teacher Representative

Louis M. Prata, Municipal Representative

Linda C. Riendeau, State Employee Representative

Susan K. Rodriguez, Esq., Department of Administration, Designee

Jean Rondeau, Public Representative (appointed by the Governor)

## **ERSRI Administration**

Day-to-day operations of the Employees' Retirement System of Rhode Island are overseen by the following administrators (as of June 30, 2010):

Frank J. Karpinski, Executive Director  
Diane S. Bourne, Assistant Executive Director  
Zachary J. Saul, Director of Finance  
Arne C. Perry, Assistant Director for Member Services  
Michael P. Robinson, Esquire, Retirement Board Counsel

## **State Investment Commission**

The State Investment Commission is responsible for the investment of the assets of the Employees' Retirement System and the Municipal Employees' Retirement System. The State Investment Commission, as of June 30, 2010, included:

General Treasurer Frank T. Caprio, Chair  
Rosemary Booth Gallogly, Director of Administration's Designee  
J. Michael Costello, Governor's Appointee  
Robert R. Gaudreau, Jr., Governor's Appointee  
Robert Giudici, General Treasurer's Appointee  
Dr. Robert J. McKenna, Higher Education Assistance Authority Chairman  
Marcia Reback, General Treasurer's Appointee  
Andrew K. Reilly, General Treasurer's Appointee  
John Treat, Governor's Appointee  
Frank J. Karpinski, Executive Director, Non-voting Member

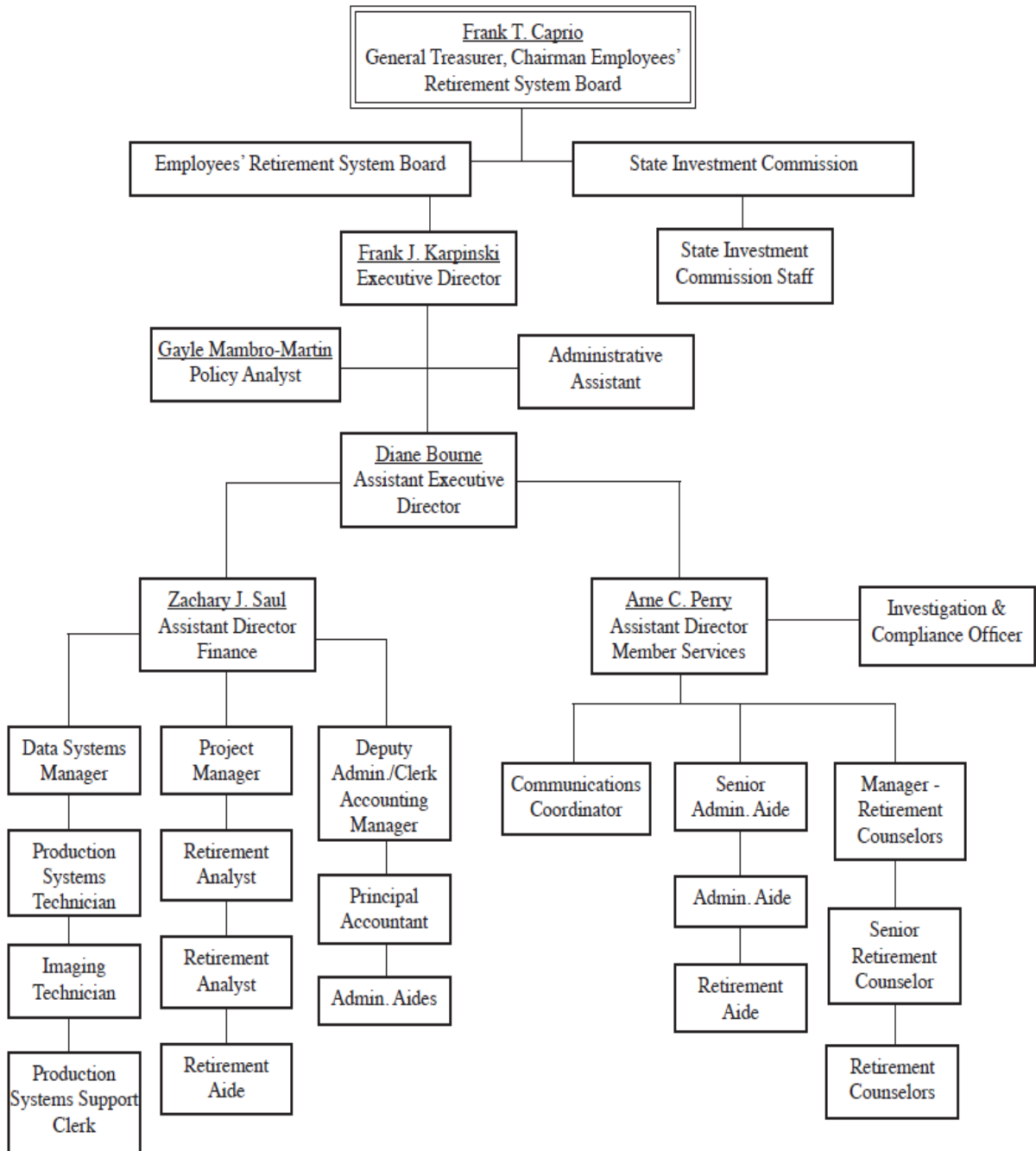
Kenneth E. Goudreau, CMT, Chief Investment Officer

Pension Consulting Alliance (PCA), *General Policy Consultant to the State Investment Commission*

State Street Bank and Trust, *Custodian Bank*

# EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

## ORGANIZATIONAL CHART



## Letter from the Retirement Board

Dear Governor Chafee, Speaker Fox, President Paiva Weed and Secretary of State Mollis:

We are pleased to present you with this Annual Financial Report of the Employees' Retirement System of Rhode Island (ERSRI) and the Municipal Employees' Retirement System (MERS) for the fiscal year ending June 30, 2010. As required by R.I.G.L. 36-8-8, this report is intended to provide the Governor, the General Assembly, members and beneficiaries of the system and the public with current financial information and an overall status report on the operation of the system.

This report also contains financial information on the status of the State Police Retirement Plan and the Judicial Retirement Plan that commenced in 1987 and 1989.

The report is divided into three sections. The introductory section presents the system's organization, summarizes plan benefits, and provides a review of 2010 retirement legislation.

The second section contains the audited financial statements of the following retirement plans:

- (1) The Employees' Retirement System of Rhode Island, which includes the retirement assets of all state employees and public school teachers;
- (2) The Municipal Employees' Retirement System, which is the municipal retirement plan covering participating municipal units (each unit is valued independently);
- (3) The Judicial Retirement Plan;
- (4) The State Police Retirement Plan.

The report includes the information from the June 30, 2010 Actuarial Valuation. However, because the June 30, 2010 financial statements are prepared prior to the completion of the June 30, 2010 Actuarial Valuation, the notes to the financial statements reflect the most current actuarial valuation available at the time, which is as of June 30, 2009. To review the audited financial statements and the Independent Auditor's Report as of June 30, 2010, please visit [www.oag.ri.gov](http://www.oag.ri.gov).

Gabriel, Roeder, Smith & Company (GRS) serves as the system's actuary. Thus, the report concludes with GRS's June 30, 2010 actuarial valuations of our system.

### Membership

As of June 30, 2010, active membership in the Employees' and Municipal Employees' Retirement System totaled 32,411. There are currently 44 judges contributing to the Judicial Retirement Plan and 211 state police contributing to the State Police Retirement Plan. A total of 26,172 retirees and beneficiaries were receiving benefits from the system.

### Accounting Basis

The financial statements have been prepared in accordance with generally accepted accounting principles and Governmental Accounting Standards Board Statement Number 25 (GASB No. 25) using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Dividend income is recorded on the ex-dividend date. Interest income is accrued daily. Finally, investments are recorded at fair market value.

### **Financial Highlights**

The major sources of revenue for all ERSRI plans are employee and employer contributions, and investment earnings. Total revenues for fiscal year 2010 included \$511,910,748 in contributions from employers and employees and a net investment income of \$830,582,683.

The expenditures of the fund consist primarily of payments made to members and beneficiaries for retirement, disability, death, or survivor benefits. In total, benefit payments for fiscal year 2010 were \$816,963,192.

Administrative expenses of the retirement system are paid from a restricted receipt account that is used solely to pay such expenses. This account is financed through investment earnings up to a maximum of 0.175% of the average total investments before lending activities as reported in the annual report of the Auditor General for the next preceding five (5) fiscal years. Any non-encumbered funds at June 30th are transferred back to the retirement fund. Administrative expenses incurred by the system for the year ended June 30, 2010 amounted to \$7,892,712.

### **Funding**

The actuary determines the actuarial accrued liability of the Plans, which is a measure of the present value of accrued liabilities estimated to be payable in the future to current retirees, beneficiaries, and employees for service earned to date. The percentage computed by dividing the actuarial value of net assets for benefits by the actuarial accrued liability is referred to as the funded ratio. The higher the funded ratio, the greater the degree of overall financial health and stability for the pension fund.

For the State employees, the funded ratio decreased from 59.0% to 48.4% during the period July 1, 2009 to June 30, 2010, while for teachers, the ratio decreased from 58.1% to 48.4% over the same period. The decreases in funded ratios are due in part to the legislative changes enacted in H7105Aaa, Article 16 Substitute A as amended during the FY2010 session. During the same period, the funded ratio decreased from 88.3% to 77.8% for the judges (also as a result of H7105Aaa, Article 16 Substitute A as amended during the FY2010 session). For the state police, the ratio decreased 79.8% to 69.7%. The ratios are based on the Entry Age Normal funding method effective June 30, 1999.

The Municipal Employees' Retirement System (MERS) prepares separate valuations for each participating unit. Consequently, each unit has its own funding ratio that can be found on pages 109-111 of this report.

## **Investment Services**

Assets are invested under the direction and authority of the State Investment Commission (SIC), which meets on a monthly basis. It is authorized, created and established in the office of the General Treasurer. The membership consists of the general treasurer, ex officio, or a deputy general treasurer as his or her designee, who acts as chairperson, the director of administration, ex officio, or any assistant director of administration as his or her designee, who acts as secretary, a director of the higher education assistance authority, or his or her designee to be appointed by the general treasurer, an active or retired teacher, state, or municipal employee member of the retirement system or official from the teacher, state, or municipal employee unions to be appointed by the general treasurer, the executive director of the state retirement board, who shall be a nonvoting member, two (2) members of the general public to be appointed by the general treasurer, and three (3) members of the general public to be appointed by the governor. The members of the general public appointed by the governor and the general treasurer must be qualified by training or experience in the field of investment or finance.

Pension Consulting Alliance (PCA) serves as the General Policy Consultant to the State Investment Commission. State Street Bank and Trust of Boston, Massachusetts, serve as the pension fund custodian.

## **Professional Services**

W. Michael Carter, J. Christian Conradi and Joseph P. Newton of Gabriel, Roeder, Smith & Company provide actuarial services to the retirement system while Michael P. Robinson, Esquire, of the law firm Shechtman, Halperin, Savage, LLP of Pawtucket, Rhode Island serves as retirement board general counsel. Private attorneys are hired on a per diem basis to serve as hearing officers for the system on disputed retirement issues.

In addition to Dr. Christopher Ley, who serves as the Medical Advisor to the Board's Disability Subcommittee, the system hires independent physicians who conduct medical exams of the system's disability applicants.

Finally, the Office of the Auditor General conducts an annual financial audit of the entire retirement system.

## **Reports to Members**

Real-time active member information regarding contributions and creditable service, as well as retiree member information, is found on the system's website at [www.ersri.org](http://www.ersri.org).

Active and retired members also receive newsletters and other notices on an ad hoc basis.

## **Acknowledgments**

The preparation of this report is possible only through the combined efforts of many individuals. We would like to thank Michael Carter and his actuarial team at Gabriel, Roeder, Smith & Company, the Office of the Auditor General, and the Office of the State Controller.

We welcome your comments on the issuance of this report.



Frank J. Karpinski  
Executive Director



Zachary J. Saul  
Assistant Director of Finance

## **Legislative Overview**

Significant benefit legislation was enacted by the General Assembly during the 2010 session for the Employees' Retirement System of Rhode Island. The General Assembly enacted Article 16 Substitute A in the FY 2010 Budget, which makes changes to the pension system.

### **H 7105Aaa Substitute A (As Amended), Article 16**

The new law modifies cost-of-living adjustments (COLA) for State Employees', Teachers and Judges' pensions. Members currently receiving a monthly pension check, or currently participating in either the Municipal Employees' Retirement System or the State Police Retirement Benefits Trust, were not affected by the change. Additionally, members eligible to retire on or before the passage of the article, i.e. June 12, 2010, were not affected.

Under Article 16 Substitute A, a retiree's COLA will only apply to the first thirty-five thousand dollars (\$35,000) of retirement allowance, indexed annually, and shall commence upon the retiree's third (3rd) anniversary of the date of retirement or when they reach age sixty-five (65), whichever is later. The thirty-five thousand dollar (\$35,000) limit will increase annually by the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), as published by the U.S. Department of Labor Statistics, determined as of Sept. 30 of the prior calendar year or three percent (3%), whichever is less.

### **H 7267**

Also in the 2010 legislative session, Rhode Island General Law 45-21-14.1 was repealed. The law provided benefits to members for City or Town Council service. The law now provides that no City or Town Council members elected for the first time after Nov. 1, 2010 shall be allowed



membership into the Municipal Employees' Retirement System as a result of that elective service.

**2010**

**Employees' Retirement System of Rhode Island**  
*Comprehensive Annual Financial Report*

**Financial**  
**Section**



## **Management's Discussion and Analysis**

Management of the Employees' Retirement System of the State of Rhode Island (the System) provides this Management's Discussion and Analysis of their financial performance for the readers of the System's financial statements. This narrative provides an overview of the System's financial activity for the fiscal year ended June 30, 2010. This analysis is to be considered in conjunction with the financial statements to provide an objective analysis of the System's financial activities, based on the status of the System and issues currently facing management.

### **Understanding the Employees' Retirement System Financial Statements**

The System administers defined benefit pension plans for state employees, teachers, state police, judges and participating municipal employees. State employees and teachers are combined in one plan, while state police, judges and municipal employees each have separate plans. The *Statements of Fiduciary Net Assets* provide a snapshot of the financial position of the System at June 30, 2010. The *Statements of Changes in Fiduciary Net Assets* summarize the additions and deductions that occurred during the fiscal year. The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the financial statements. The *Required Supplementary Information* consists of schedules and related notes, which demonstrate the System's progress in accumulating funds to meet future pension benefits for members of the System, as well as the funding progress for employees of the System participating in the Rhode Island Retiree Health Care Benefit Plan.

### **Financial Highlights for the Fiscal Year Ended June 30, 2010**

- The System's fiduciary net assets increased by \$508 million, from \$6.1 billion at June 30, 2009 to \$6.6 billion at June 30, 2010.
- Total pension benefits paid to members were \$817 million, an increase of \$46.1 million or 5.9% compared to the fiscal year ended June 30, 2009.
- Total employee and employer contributions into the System's plans decreased \$16.6 million compared to the prior year. Contributions to all plans from both employers and employees at June 30, 2010 were \$511.9 million.
- The System incurred a net gain from investing activities of \$830.5 million for the fiscal year ended June 30, 2010.

<b>Assets, Liabilities and Fiduciary Net Assets (in millions)</b>		
	<u>June 30, 2010</u>	<u>June 30, 2009</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 7.0	\$ 3.3
Investments	6,512.5	5,983.7
Contributions and other receivables	57.0	80.1
Property and equipment	<u>4.1</u>	<u>5.9</u>
Total assets	<u>6,580.6</u>	<u>6,073.0</u>
<b>Liabilities:</b>		
Accounts payable and other liabilities	3.5	4.0
Total liabilities	<u>3.5</u>	<u>4.0</u>
<b>Net assets:</b>	<u>\$ 6,577.1</u>	<u>\$ 6,069.0</u>

<b>Summary of Changes in Fiduciary Net Assets (in millions)</b>		
	<b>Year Ended June 30, 2010</b>	<b>Year Ended June 30, 2009</b>
<b>Additions:</b>		
Contributions	\$ 511.9	\$ 528.6
Net investment gain (loss)	830.6	(1,546.1)
Miscellaneous revenue	.3	.2
Total Additions	1,342.8	(1,017.3)
<b>Deductions:</b>		
Benefits	817.0	770.8
Refunds of contributions	9.8	10.9
Administrative expenses	7.9	8.6
Total Deductions	<u>834.7</u>	<u>790.3</u>
<b>Increase (Decrease) in Net Assets:</b>	508.1	(1,807.6)
<b>Net Assets:</b>		
Beginning of year	<u>6,069.0</u>	<u>7,876.6</u>
End of year	\$ 6,577.1	\$ 6,069.0

**Notes to Financial Statements**

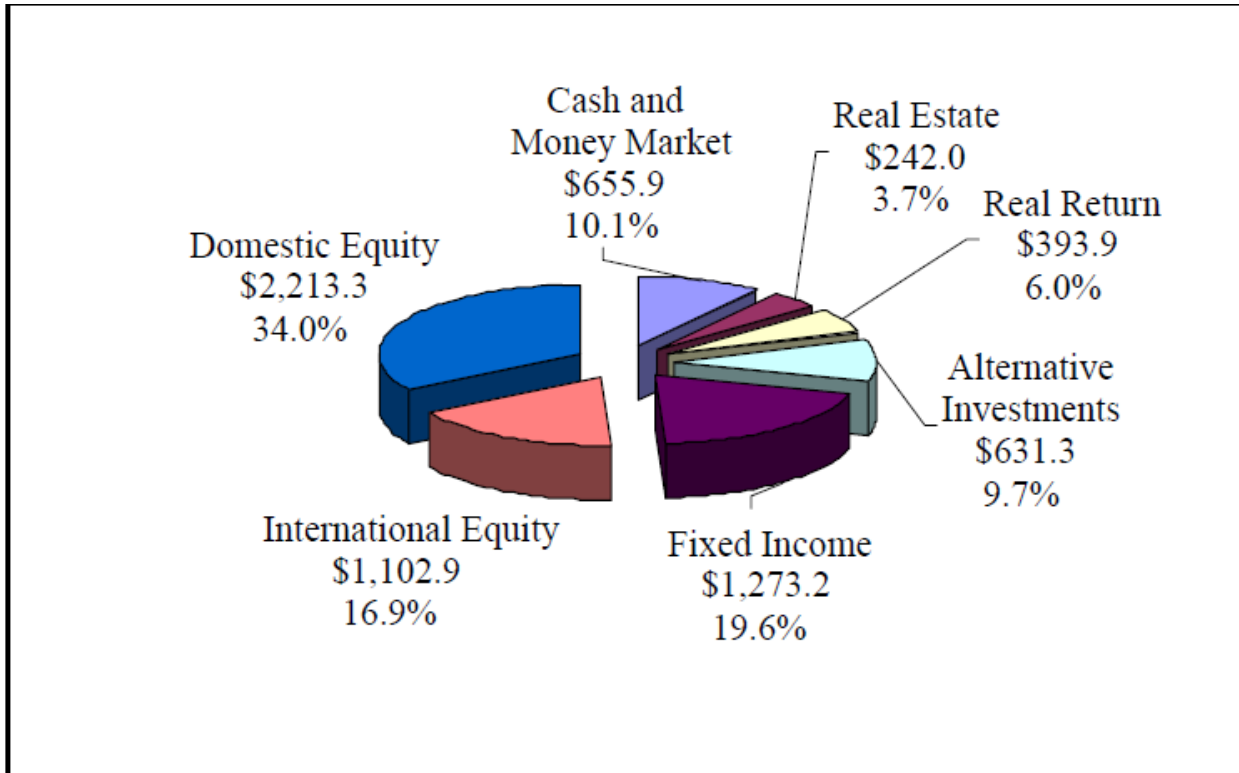
**Investments**

The State Investment Commission (SIC) establishes long-term asset allocation policy and monitors investment performance of the plan. An asset/liability (A/L) study is conducted every two to three years to identify an optimal diversified investment portfolio that maximizes return within an acceptable level of risk. As long-term investors, the SIC is committed to its strategic asset allocation that has been developed as part of a comprehensive A/L study which incorporates capital market return expectations, risks and correlations associated with each asset class, as well as the unique profile and objectives of the System. As a defined benefit plan, the System generally has a much longer time horizon than individual investors and is better positioned to withstand short-term volatility of the capital markets.

The following asset allocation targets were in place at June 30, 2010:

Fiscal 2010 – Asset Allocation Targets	
Domestic Equity	36.0%
International Equity	17.5%
US Fixed Income	22.0%
Real Return	10.0%
Alternative Investments	7.5%
Real Estate	5.0%
Cash	2.0%

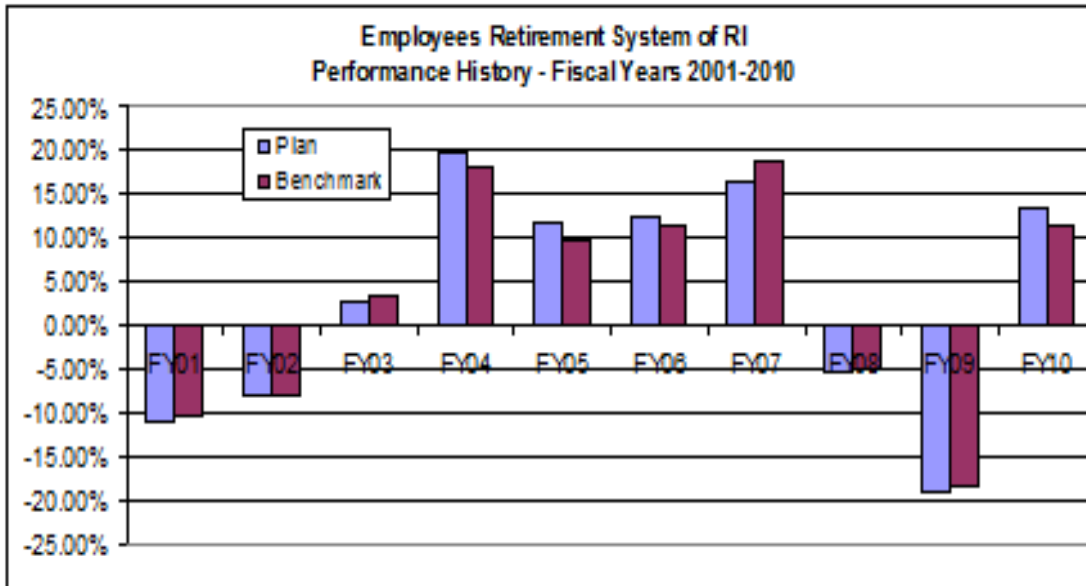
**Asset Allocation – Actual  
Fair Value (in millions) at June 30, 2010**



The allocation of assets among stocks, bonds and alternative investments can have a significant impact on investment performance. In light of its long time horizon, the SIC is able to take advantage of historical long-term return opportunities offered by equity investments.

### Investment Performance

The System's one-year, time-weighted rate of return was 13.46%, which was 214 basis points better than the 11.32% return for the benchmark. The three-year average was -4.6%, which was 70 bps better than the -5.3% benchmark return, and the five-year average was 2.6%, which was 20 bps better than the 2.4% benchmark return.



*The composite benchmark is weighted based on asset allocation targets. It is currently comprised: 36.0% Russell 3000; 22% Barclay's Aggregate; 17.5% MSCI ACWI EX US; 10% CPI + 4%; 7.5% S&P 500 + 3%; 5% NCREIF Property Index Lagged; and 2% 91 day Treasury Bill. The composite benchmark for each of the years shown in the chart reflects the asset allocation targets in place for that fiscal year and the related indices used to measure performance.*

For the fiscal year ended June 30, 2010, the fund's domestic equity portfolio was up 16.1% (vs. 15.7 for the Russell 3000), the international portfolio increased 10.5% (vs. 10.4% for the MSCI ACWI ex US) and the fixed income composite returned 10.6% (vs. 9.5% for the Barclay's Aggregate).

The System's actuarial investment return assumption is 8.25%. Actuarial value of assets is determined based on a five-year smoothing methodology.

### **Funding Status**

Independent actuarial valuations are conducted of the System each year. As part of this valuation, the progress toward funding pension obligations of the System is measured by comparing the actuarial value of assets to the actuarial accrued liability. This measure is referred to as the funded ratio or funded status.

As reflected in the most recent actuarial valuation (June 30, 2009), the funded ratio decreased to 59.0% for State Employees and 58.1% for Teachers within the Employees' Retirement System plan. The funded ratio for the Judges' plan decreased to 88.3%. The State Police plan's funded ratio increased to 79.8%. The Municipal Employees' Retirement System plan's funded ratio decreased, with an overall average ratio of 88.3%.

Details of the funded status of each plan within the System are included in the Schedules of Funding Progress on page 51.

All employers participating in the System's plans contributed 100% of their annual required contribution.

### **Next Year's Contribution Rates and Economic Outlook**

Pension reform initiatives during fiscal 2010 resulted in the enactment of Article 16 of Chapter 23 of the 2010 Public Laws on June 12, 2010. The legislation modifies the Cost of Living Adjustment (COLA). The COLA now applies to the first thirty-five thousand dollars (\$35,000) of retirement allowance, indexed annually, and shall commence upon the retiree's third (3<sup>rd</sup>) anniversary of the date of retirement or when the retiree reaches age sixty-five (65), whichever is later. The thirty-five thousand dollar (\$35,000) limit will increase annually by the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year or three percent (3%), whichever is less. These pension benefit changes affected all active state employees, teachers and judges who were not eligible to retire as of June 12, 2010.

The fiscal 2011 employer contribution rates (state employees, teachers and judges) are all based upon the actuarial valuation performed at June 30, 2008 (restated), which reflects the pension reform provision enacted in the General Laws. The employer contribution rates for fiscal 2011



will be 20.78% for State employees, 19.01% for Teachers, 16.19% for Judges and 24.58% for State Police.

Subsequent to June 30, 2010, the system has seen a continuation of the recovery that began during fiscal 2009. A focus on cost reduction and risk management has produced one of the greatest margins of outperformance (over 200 basis points) and subsequent to June 30, that outperformance has continued. Record low interest rates have put an unprecedented reliance on risk-based assets and that has been, and will be, an ongoing concern for long-term planning.

During fiscal 2011, the Board will be conducting another periodic experience study. These studies are routinely done by the Board to examine the actuarial assumptions underlying the development of the annual actuarial valuations of the plans and compare them to actual experience. As is customary, the experience study will include analysis of the investment rate of return assumption. Any changes in actuarial assumptions resulting from the experience study could affect the unfunded actuarial accrued liability of the plans and future employer contribution rates.

### **Contacting the System's Management**

This discussion and analysis presentation is designed to provide a general overview of the System's financial activity. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Employees' Retirement System, 40 Fountain Street, Providence, RI, 02903.

Employees' Retirement System of Rhode Island

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**EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND**

*Statement of Fiduciary Net Assets*

*June 30, 2010*

	ERS	MERS	SPRBT	JRBT	Memorandum Total
<b>Assets</b>					
Cash and cash equivalents (Note 3)	\$ 5,654,076	\$ 628,326	\$ 780,742	\$ 545	\$ 7,063,689
<b>Receivables</b>					
Contributions	29,382,627	3,673,930	1,826	15,511	33,073,894
Due from State for teachers	23,342,734	-	-	-	23,342,734
Other	588,895	24,177	-	-	613,072
<b>Total receivables</b>	<u>53,314,256</u>	<u>3,698,107</u>	<u>1,826</u>	<u>15,511</u>	<u>57,029,700</u>
Investments at fair value - equity in pooled trust (Note 3)	5,428,178,534	996,127,568	55,688,729	32,479,143	6,512,473,974
Property and equipment at cost net of accumulated depreciation (Note 4)	3,532,636	521,606	9,499	6,112	4,069,853
<b>Total Assets</b>	<u>5,490,679,502</u>	<u>1,000,975,607</u>	<u>56,480,796</u>	<u>32,501,311</u>	<u>6,580,637,216</u>
<b>Liabilities</b>					
Accounts payable	2,660,826	478,313	15,317	9,198	3,163,654
Deferred revenue	-	-	-	224,185	224,185
Net OPEB liability (Note 8)	94,888	16,159	752	459	112,258
<b>Total Liabilities</b>	<u>2,755,714</u>	<u>494,472</u>	<u>16,069</u>	<u>233,842</u>	<u>3,500,097</u>
<b>Net assets held in trust for pension benefits</b> (Schedules of funding progress for each plan are presented on page 38)	<u>\$ 5,487,923,788</u>	<u>\$ 1,000,481,135</u>	<u>\$ 56,464,727</u>	<u>\$ 32,267,469</u>	<u>\$ 6,577,137,119</u>

The accompanying notes are an integral part of this financial statement.

# Employees' Retirement System of Rhode Island

## EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

### Statement of Changes in Fiduciary Net Assets

Fiscal Year Ended June 30, 2010

	ERS	MERS	SPRBT	JRBT	Memorandum Total
<b>Additions</b>					
Contributions (Note 5)					
Member contributions	\$ 144,511,346	\$ 24,960,269	\$ 1,218,394	\$ 638,181	\$ 171,328,190
Employer contributions	234,942,088	31,269,020	3,590,615	1,180,817	270,982,540
State contribution for teachers	68,542,956	-	-	-	68,542,956
Interest on service credits purchased	805,416	249,480	267	-	1,055,163
Service credit transfers	1,899	-	-	-	1,899
<b>Total contributions</b>	<b>448,803,705</b>	<b>56,478,769</b>	<b>4,809,276</b>	<b>1,818,998</b>	<b>511,910,748</b>
Investment Income					
Net appreciation in fair value of investments	632,613,969	110,917,130	5,595,516	3,431,848	752,558,463
Interest	65,933,587	11,786,446	627,141	374,748	78,721,922
Dividends	2,080,283	371,934	19,783	11,832	2,483,832
Other investment income	8,301,108	1,448,739	75,070	45,405	9,870,322
	708,928,947	124,524,249	6,317,510	3,863,833	843,634,539
Less investment expense	(10,843,741)	(2,023,927)	(115,607)	(68,581)	(13,051,856)
<b>Net investment income</b>	<b>698,085,206</b>	<b>122,500,322</b>	<b>6,201,903</b>	<b>3,795,252</b>	<b>830,582,683</b>
Miscellaneous Revenue	230,226	22,886	-	-	253,112
<b>Total Additions</b>	<b>1,147,119,137</b>	<b>179,001,977</b>	<b>11,011,179</b>	<b>5,614,250</b>	<b>1,342,746,543</b>
<b>Deductions</b>					
Benefits					
Retirement benefits	562,361,852	54,861,279	234,504	995,605	618,453,240
Cost of living adjustments	154,967,870	9,572,932	17,250	39,971	164,598,023
SRA Plus option	27,210,019	2,486,632	-	-	29,696,651
Supplemental benefits	1,105,478	-	-	-	1,105,478
Death benefits	2,391,600	706,200	-	12,000	3,109,800
<b>Total benefits</b>	<b>748,036,819</b>	<b>67,627,043</b>	<b>251,754</b>	<b>1,047,576</b>	<b>816,963,192</b>
Refund of contributions	7,826,477	1,951,464	-	-	9,777,941
Administrative expense (Note 6)	6,713,985	1,108,245	42,192	28,290	7,892,712
Service credit transfers	-	1,899	-	-	1,899
<b>Total Deductions</b>	<b>762,577,281</b>	<b>70,688,651</b>	<b>293,946</b>	<b>1,075,866</b>	<b>834,635,744</b>
<b>Net Increase</b>	<b>384,541,856</b>	<b>108,313,326</b>	<b>10,717,233</b>	<b>4,538,384</b>	<b>508,110,799</b>
Net assets held in trust for pension benefits					
Beginning of year	5,103,381,932	892,167,809	45,747,494	27,729,085	6,069,026,320
<b>End of year</b>	<b>\$ 5,487,923,788</b>	<b>\$ 1,000,481,135</b>	<b>\$ 56,464,727</b>	<b>\$ 32,267,469</b>	<b>\$ 6,577,137,119</b>

The accompanying notes are an integral part of this financial statement.

**Notes to Financial Statements  
Fiscal Year Ended June 30, 2010**

**1. Plan Descriptions**

(a). General

The Employees' Retirement System of the State of Rhode Island (the System) acts as a common investment and administrative agent for pension benefits to be provided for four defined benefit retirement plans as listed below:

<i>Plan Name</i>	<i>Type of Plan</i>
<b>Employees' Retirement System (ERS)</b>	Cost-sharing multiple-employer defined benefit plan
<b>Municipal Employees' Retirement System (MERS)</b>	Agent multiple-employer defined benefit plan
<b>State Police Retirement Benefits Trust (SPRBT)</b>	Single-employer defined benefit plan
<b>Judicial Retirement Benefits Trust (JRBT)</b>	Single-employer defined benefit plan

Although the assets of the plans are commingled for investment purposes, each plan's assets are accounted for separately and may be used only for the payment of benefits to the members of that plan, in accordance with the terms of that plan.

The System's financial statements are included as Pension Trust Funds within the Fiduciary Funds in the Comprehensive Annual Financial Report of the State of Rhode Island and Providence Plantations.

The System is administered by the State of Rhode Island Retirement Board, which was authorized, created and established in the Office of the General Treasurer as an independent retirement board to hold and administer, in trust, the funds of the retirement system. The 15 members of the Retirement Board are: the General Treasurer or his or her designee, who shall be a subordinate within the General Treasurer's office; the Director of Administration or his or her designee, who shall be a subordinate within the Department of Administration; a representative of the Budget Office or his or her designee from within the Budget Office, who shall be appointed by the Director of Administration; the president of the League of Cities and Towns or his or her designee; two (2) active state employee members of the retirement system or officials from state employee unions to be elected by active state employees; two (2) active teacher members of the retirement system or officials from a teachers union to be elected by active teachers; one active municipal employee member of

Employees' Retirement System of Rhode Island

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the retirement system or an official from a municipal employees union to be elected by active municipal employees; two (2) retired members of the retirement system to be elected by retired members of the system; and four (4) public members, all of whom shall be competent by training or experience in the field of finance, accounting or pensions; two (2) of the public members shall be appointed by the Governor, one of whom shall serve an initial term of three (3) years and one of whom shall serve an initial term of four (4) years and until his or her successor is appointed and qualified; and two (2) of the public members shall be appointed by the General Treasurer, one of whom shall serve an initial term of three (3) years and one of whom shall serve an initial term of four (4) years and until his or her successor is appointed and qualified. Thereafter, the term of these four (4) public members shall be for four (4) years or until their successors are appointed and qualified by the Senate.

The System's purpose is to provide retirement benefits to state employees, public school teachers, certain general and public safety municipal employees, state police officers and judges.

A summary of membership by plan as of the June 30, 2009 actuarial valuation follows:

	<i>Retirees and beneficiaries</i>	<i>Terminated plan members entitled to but not yet receiving benefits</i>	<i>Active Vested</i>	<i>Active Non-vested</i>	<i>Total by Plan</i>
<b>ERS</b>					
State Employees	11,142	2,496	6,309	4,714	24,661
Teachers	9,749	2,466	7,984	5,705	25,904
<b>MERS</b>					
General Employees	3,894	2,318	3,060	3,494	12,766
Public Safety	495	112	681	717	2,005
<b>SPRBT</b>	4	2	-	176	182
<b>JRBT</b>	10	-	7	38	55
<i>Total by type</i>	25,294	7,394	18,041	14,844	65,573

**(b). Membership and Benefit Provisions**

**(1) Employees' Retirement System (ERS)**

The ERS was established under section two of chapter 2334 of the Rhode Island Public Laws of 1936, and placed under the management of the Retirement Board for the purpose of providing retirement allowances for employees of the State of Rhode Island under the

provisions of chapters 8 to 10, inclusive, of title 36, and public school teachers under the provisions of chapters 15 to 17, inclusive, of title 16 of the Rhode Island General Laws.

The plan covers most state employees, other than certain personnel at the state colleges and university (principally faculty and administrative personnel). Elected officials may become members on an optional basis. Membership in the plan is compulsory for teachers, including superintendents, principals, school nurses and certain other school officials in the public schools in the cities and towns. Rhode Island Airport Corporation (RIAC) employees hired before July 1, 1993 are also covered and have the same benefits as state employees. Rhode Island Economic Development Corporation (RIEDC) employees who were (1) active contributing members and employees of the Department of Economic Development of the State of Rhode Island before October 31, 1995, and (2) elected to continue membership in the plan are also covered and have the same benefits as state employees. Narragansett Bay Water Quality District Commission employees who are members of a collective bargaining unit are also covered and have the same benefits as state employees.

The plan provides a two-tier benefit structure referred to as Schedules A and B.

### ***Schedule A Benefits***

Schedule A benefits are available to members who possessed 10 years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.7% of earnings for each of the first 10 years of service; 1.9% for each of the next 10 years; 3.0% per year for each of the next 14 years; and 2% for the 35th year. Joint and survivor options are available, as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). The maximum benefit is 80% of final average earnings after 35 years of service. Such benefits are available to members at least age 60 with 10 years of service, or after 28 years at any age. A different benefit formula applies to state correctional officers, who may retire at age 50 if they have 20 years of service. Benefits for all employees are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

On the third January after retirement, a cost-of-living increase of 3% (compounded annually) is provided, independent of actual changes in the consumer price index. The plan also provides non-service-connected disability benefits after five years of service; service-connected disability pensions with no minimum service requirement; vested benefits after 10 years of service; survivor's benefits for service-connected death and certain lump sum death benefits.

***Schedule B Benefits***

Schedule B benefits are provided to members who had less than 10 years of contributory service on or before July 1, 2005. For Schedule B members, the plan provides unreduced benefits of 1.6% of earnings for each of the first 10 years of service; 1.8% for each of the next 10 years; 2.0% per year for years 21 through 25 inclusive; 2.25% per year for years 26 through 30 inclusive; 2.50% per year for years 31 through 37 inclusive and 2.25% for the 38th year. Only single life, and joint and survivor options are available. The maximum benefit is 75% of his or her average highest three (3) years of compensation after 38 years of service. Such benefits are available to members at least age 65 with 10 years of service, or after 29 years of service and age 59. Actuarially reduced retirement is available at age 55 and 20 years of service; the benefit is reduced actuarially for each month that the age of the member is less than sixty-five (65) years.

On the month following the third anniversary date of the retirement, and on the month following the anniversary date of each succeeding year, a cost-of-living increase of 3% (compounded annually) or the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less is provided for Schedule B members.

Rhode Island General Laws relating to state employees and teachers benefits were amended during the fiscal year ended June 30, 2009. Members eligible to retire as of September 30, 2009 are not affected by the changes. The legislation established a minimum retirement age of 62 for all members, except those Schedule B members who retire with less than 29 years of service; their retirement eligibility remains 65 years old with a minimum of 10 years of service credit.

In addition, the changes established a minimum retirement age of 55 with 25 years of service credit for correctional officers and registered nurses at the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals. For affected state employees and teachers, the law provides a proportional downward adjustment of the minimum retirement age, based on the years of service credit of a member at September 30, 2009, a final average salary based on the five consecutive highest years of salary and a cost of living adjustment (COLA) from 3% compounded annually to the COLA provided under Schedule B, which is the lower of the Consumer Price Index (CPI) or 3%, compounded annually, and requires a full three-year anniversary for receipt.

This legislation also amended the disability retirement provision for state employees and teachers. Effective for applications filed after September 30, 2009, accidental disability will be available at 66 2/3% for members who are permanently and totally disabled as determined by the Retirement Board. If the disability is determined to be partial and the member is able to work in other jobs, the benefit will be limited to 50%. Both benefits will be subject to an annual review by ERSRI.

The law also required service credit purchases, excluding contribution refund paybacks and military service, requested after June 16, 2009 to be calculated at full actuarial cost.

Rhode Island General Laws relating to state employees and teachers benefits were amended during the fiscal year ended June 30, 2010. Members eligible to retire as of June 12, 2010 are not affected by the legislation. The legislation modifies the cost of living adjustment (COLA). The COLA now applies to the first thirty-five thousand dollars (\$35,000) of retirement allowance, indexed annually, and shall commence upon the retiree's third anniversary of the date of retirement or when the retiree reaches age sixty-five (65), whichever is later. The \$35,000 limit will increase annually by the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year or three percent (3%), whichever is less.

The plan also provides benefits to legislators elected to office prior to January 1, 1995, of \$600 for every year served up to a maximum of \$12,000 annually. Such benefits are available to legislators 55 and over with at least 8 years of service or, at any age with 20 or more years of service.

The plan provides a survivor benefit to public school teachers via a "Teachers Survivor Benefits Fund," in lieu of Social Security. Not all school districts participate in the plan. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary, up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective city, town or school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member, if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full-time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried and received support from the member. In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.



Employees' Retirement System of Rhode Island

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The Teachers Survivor Benefits Fund provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

<u>Highest Annual Salary</u>	<u>Spousal Monthly Minimum Benefit</u>
\$17,000 or less	\$ 750
\$17,001 to \$25,000	\$ 875
\$25,001 to \$33,000	\$ 1,000
\$33,001 to \$40,000	\$ 1,125
\$40,001 and over	\$ 1,250

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

Parent and 1 Child	Parent and 2 Children	Parent and more than 2 Children	One Child Alone	Two Children Alone	Three or more Children Alone
150%	175%	175%	75%	150%	175%

**(2) Municipal Employees' Retirement System (MERS)**

The MERS was established under section one of chapter 2784 of the Rhode Island Public Laws of 1951 and placed under the management of the Retirement Board for the purpose of providing retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. The plan generally provides retirement benefits equal to 2% of a member's final average salary, multiplied by the number of years of total service up to a maximum of 75%. Joint and survivor options are available, as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). Such benefits are available to members at least age 58 with 10 years of service, or after 30 years of service at any age. Police and fire personnel may retire at age 55 if they have 10 years of service, or after 25 years of service at any age. An optional cost-of-living provision may be elected for police and fire personnel and general employees. An option may be elected to provide a 20-year service pension with a benefit equal to 2.5% for each year of service, up to a maximum of 75% for police and fire personnel. Benefits are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

The plan also provides non-service-connected disability benefits after five years of service; service-connected disability pensions with no minimum service requirement; vested benefits

after 10 years of service; survivor's benefits; and certain lump sum death benefits. A summary of participating employers is listed below:

Municipalities, housing authorities, water and sewer districts	66
Municipal police and fire departments	<u>43</u>
Total participating units as of the actuarial valuation at June 30, 2009	<u>109</u>

**(3) State Police Retirement Benefits Trust (SPRBT)**

The State Police Retirement Benefits Trust was established under Rhode Island General Law Section 42-28-22.1 and was placed under the management of the Retirement Board for the purpose of providing retirement allowances to State Police.

The plan covers all State Police and Superintendents hired after July 1, 1987.

The plan generally provides retirement benefits equal to 50% of final salary after 20 years of service, plus 3.0% of final salary times service in excess of 20 years through 25 years to a maximum of 65% of final salary. Such benefits are available to members after 20 years of service, regardless of age. The Superintendent of the State Police will receive 50% of his or her final salary and may retire after attainment of age 60 and 10 years of service. A cost-of-living adjustment of \$1,500 per annum beginning on January 1 of the year in which a member attains his or her third anniversary of retirement is provided to all members.

Benefits are based on the final base salary earned at retirement, including longevity increment, holiday pay, clothing allowance and up to 400 overtime hours.

The plan also provides non-service-connected disability benefits after 10 years of service and service-connected disability pensions with no minimum service requirement.

During the fiscal year ended June 30, 2008, the General Laws were amended such that any member of the State Police, other than the Superintendent, who is hired on or after July 1, 2007 and who has served for twenty-five (25) years, shall be entitled to a retirement allowance of 50% of the final salary. In addition, any member may serve up to a maximum of 30 years, and shall be allowed an additional amount equal to 3.0% for each completed year served after 25 years to a maximum retirement allowance not to exceed 65% of the final salary.

**(4) Judicial Retirement Benefits Trust (JRBT)**

The Judicial Retirement Benefits Trust was established under Rhode Island General Laws 8-8.2-7; 8-3-16; 8-8-10.1 and 28-30-18.1, and was placed under the management of the Retirement Board for the purpose of providing retirement allowances to Justices of the Traffic Tribunal, Supreme, Superior, Family, District and Workers Compensation courts. The plan covers all judges appointed after December 31, 1989. Certain survivor benefits are also provided to judges who are plan members, which is 50% of the benefit amount payable to the judicial member.

Judges appointed after December 31, 1989 but before July 2, 1997 are generally provided retirement benefits equal to 75% of the final salary at the time of retirement after 20 years of service, or 10 years of service and attainment of age 65. Judges retiring after 20 years of service after age 65 or 15 years of service after age 70 will receive full retirement benefits, which is the final salary at time of retirement.

For judges appointed subsequent to July 2, 1997, salary is the average highest three (3) consecutive years of compensation rather than final salary.

During the fiscal year ended June 30, 2008, the General Laws were amended for judges appointed on or after January 1, 2009. Judges with 20 years of service after age 65 or judges with 15 years of service after age 70 will receive 90% of the average of the highest three consecutive years of compensation. Judges appointed on or after January 1, 2009 with 10 years of service and age 65 or 20 years of service at any age are entitled to a reduced benefit of 70% of the average highest three consecutive years of compensation. Judges designating a survivor benefit with 20 years of service and age 65 or 15 years of service and age 70 would receive a reduced benefit equal to 80% of the average highest three consecutive years of compensation. Judges designating a survivor benefit with 10 years of service after age 65 or 20 years of service at any age would receive a reduced benefit equal to 60% of the average highest three consecutive years of compensation.

Rhode Island General Laws relating to judges benefits was amended during the fiscal year ended June 30, 2009 for judges appointed on or after July 1, 2009. Judges with 20 years of service after age 65 or with 15 years of service after age 70 will receive 80% of the average of the highest five consecutive years of compensation. Judges with 10 years of service and age 65 or 20 years of service at any age are entitled to a reduced benefit of 65% of the average highest five consecutive years of compensation.

All judicial plan members eligible to retire on or before June 12, 2010 receive, beginning on the third January after the date of retirement, a cost-of-living increase amounting to 3% not compounded. This benefit is provided to Supreme, Superior, Family and District Court judges, independent of actual changes in the consumer price index. Traffic Tribunal and Workers' Compensation Court judges, on the third January after the date of retirement, receive a cost-of-living increase amounting to 3% compounded annually.

Rhode Island General Laws relating to judicial benefits were amended during the fiscal year ended June 30, 2010. The legislation modifies the cost of living adjustment (COLA). The new provisions are as follows:

Members whom are justices of Supreme, Superior, Family, and District courts and were not retired or eligible to retire as of June 12, 2010 will receive the first COLA upon the later of their third anniversary of retirement or when the member reaches age 65.

The annual increase in the member's benefit will be equal to the lesser of their original benefit and the COLA limit in effect in the year the member retires, multiplied by the percentage increase in CPI up to a maximum of 3.0% per year. The COLA will be provided on a simple basis. The applicable annual COLA limit will initially be \$35,000, and increase annually by the percentage increase in the Consumer Price Index (CPI) up to a maximum of 3.0% per year. No COLA would be paid on any part of the annual benefit in excess of this limit. The annual increase in the COLA limit will be determined on a compound basis.

Members whom are judges of the Administrative Adjudication court, Traffic Tribunal, and Workers' Compensation court and were not retired or were not eligible to retire as of June 12, 2010 will receive the first COLA upon the later of their third anniversary of retirement or when the member reaches age 65. The annual increase in the member's benefit will be equal to the lesser of the current benefit and the current COLA limit, multiplied by the percentage increase in CPI up to a maximum of 3.0% per year. The COLA will be provided on a compound basis. The applicable annual COLA limit will initially be \$35,000, and increase annually by the percentage increase in the Consumer Price Index (CPI) up to a maximum of 3.0% per year. No COLA would be paid on any part of the annual benefit in excess of this limit. The annual increase in the COLA limit will be determined on a compound basis.

## 2. Summary of Significant Accounting Policies

These financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for defined benefit pension plans established by governmental entities. In accordance with GASB Statement No. 20, in the absence of specific guidance from a GASB pronouncement, pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 have been followed.

**Basis of Accounting** — The financial statements of the System are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions are withheld from payroll. Employer contributions to each plan 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 each plan. Dividend income is recorded on the ex-dividend date.

Investment transactions are recorded on a trade date basis. Gains or losses on foreign currency exchange contracts are included in income consistent with changes in the underlying exchange rates.

**Method Used to Value Investments** — Investments are recorded in the financial statements at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller — that is, other than a forced liquidation sale.

Short-term investments are generally carried at cost which approximates fair value.

The fair value of fixed income securities and domestic and international equity securities is generally based on published market prices and quotations from national security exchanges and securities pricing services.

Commingled funds consist of institutional domestic equity index, international equity index, real estate funds and an ETF (exchange traded fund) commodity fund. The fair value of the commingled funds is based on the reported net asset value (NAV) of the respective fund, based upon the fair value of the underlying securities or assets held in the commingled fund.

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded.

The System also trades in foreign exchange contracts to manage exposure to foreign currency risks. Such contracts are used to purchase and sell foreign currency at a guaranteed future price. The change in the estimated fair value of these contracts, which reflects current foreign exchange rates, is included in the determination of the fair value of the System's investments.

Other investments that are not traded on a national security exchange (primarily private equity and real estate investments) are generally valued based on audited December 31 net asset values adjusted for (1) cash flows for the period January 1 to June 30 (which principally include additional investments and partnership distributions), and (2) significant changes in fair value as determined or estimated by the general partners as of June 30. The general partners estimate the fair value of the underlying investments held by the partnership periodically. Publicly traded investments held by the partnerships are valued based on quoted market prices. If not publicly traded, the fair value is determined by the general partner. Financial Accounting Standards Board ASC Topic 820, *Fair Value Measurements and Disclosures*, requires private equity and real estate limited partnership general partners to value non-publicly traded assets at current fair value, taking into consideration the financial performance of the issuer, cash flow analysis, recent sales prices, market comparable

transactions, a new round of financing, a change in economic conditions and other pertinent information. ERSRI management considers the fair values reported by the general partners at June 30 in addition to the audited net asset values at December 31 adjusted for cash flows for the period January 1 to June 30 in determining the fair value of private equity and real estate investments on the financial statements of ERSRI.

Private equity and real estate investments represented 9.7% and 3.7%, respectively, of the total reported fair value of all ERSRI investments at June 30, 2010. Of the underlying holdings within private equity investments, approximately 10% were valued based on quoted market prices. The remaining underlying assets were valued generally following the objectives outlined above. Because these fair values were not determined based on quoted market prices, the fair values may differ from the values that would have been determined had a ready market for these investments existed.

**Cash and Cash Equivalents** — Cash represents cash held in trust in a financial institution. Cash equivalents are highly liquid investments with a maturity of three months or less at the time of purchase.

**Property and Equipment** — These assets represent the Line of Business System and computer equipment recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives, 10 and five years, respectively. Depreciation of the Line of Business System commences as each stage is implemented. Property and equipment is allocated to each plan based on its proportionate share of net assets.

**Memorandum Total Columns** — Total columns on the financial statements are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns are not comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

**Use of Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies. These estimates are subject to a certain amount of uncertainty in the near term, which could result in changes in the values reported for those assets in the statements of fiduciary net assets. Because of the inherent uncertainty in the valuation of privately held securities, the fair value may differ from the values that would have been used if a ready market for such securities existed, and the difference can be material. Estimates also affect the reported amounts of income/additions and expenses/deductions during the reporting period. Actual results could differ from these estimates.

**New Accounting Pronouncements** — The System adopted the following new accounting pronouncements during fiscal 2010:

Governmental Accounting Standards Board Statement No. 51: *Accounting and Financial Reporting for Intangible Assets* — adoption of this pronouncement required no modification of amounts reported in the financial statements or note disclosures.

Governmental Accounting Standards Board Statement No. 53: *Accounting and Financial Reporting for Derivative Instruments* during fiscal 2010. The new accounting pronouncement modified the System's disclosures about derivative instruments, as included in Note 3.

### 3. Cash Deposits and Investments

#### (a). Cash Deposits and Cash Equivalents

At June 30, 2010, the carrying amounts of the plans' cash deposits are listed below:

	<u>ERS</u>	<u>MERS</u>	<u>SPRBT</u>	<u>JRBT</u>	<u>Total</u>
<b>Cash Deposits:</b>					
Book balance	\$ 3,553,073	\$ 628,326	\$ 780,742	\$ 545	\$ 4,962,686
Bank balance	5,900,801	702,481	768,040	545	7,371,867
<b>Cash Equivalents:</b>	\$ 2,101,003	\$ -	\$ -	\$ -	\$ 2,101,003
<b>Total Cash Deposits and Cash Equivalents</b>	\$ 5,654,076	\$ 628,326	\$ 780,742	\$ 545	\$ 7,063,689

The bank and book balances represent the plans' deposits in short-term trust accounts, which include demand deposit accounts and interest-bearing, collateralized bank deposit accounts. Of the bank balance, the entire amount is covered by federal depository insurance and is also fully collateralized. Cash equivalent type investments consist of money market mutual funds totaling \$2,101,003. The money market mutual fund (BlackRock Liquidity Funds: FedFund (Institutional Shares)) is invested in a portfolio of U.S. Treasury bills, notes and obligations guaranteed by the U.S. government and its agencies and instrumentalities, and repurchase agreements are fully collateralized by such obligations. The fund was rated AAAM by Standard & Poors and had an average maturity of 42 days at June 30, 2010.

In accordance with Rhode Island General Law Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State shall, at a minimum, insure or pledge eligible collateral equal to 100 percent of time deposits with maturities greater than 60 days. Any of these institutions that do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to 100 percent of deposits, regardless of maturity. None of the System's deposits were required to be collateralized at June 30, 2010. However, the State Investment Commission has

adopted a collateralization requirement for institutions holding the State's deposits. Financial institutions are required to pledge collateral equal to 102% of the deposit amounts.

**(b). Investments**

The State Investment Commission oversees all investments made by the State of Rhode Island, including those made for the System. Investment managers engaged by the Commission, at their discretion and in accordance with the investment objectives and guidelines for the System, make certain investments. The General Treasurer makes certain short-term investments on a daily basis. Rhode Island General Law Section 35-10-11 (b)(3) requires that all investments shall be made in securities as would be acquired by prudent persons of discretion and intelligence who are seeking a reasonable income and the preservation of capital.

On July 1, 1992, the State Investment Commission pooled the assets of the ERS with the assets of the MERS for investment purposes only, and assigned units to the plans based on their respective share of market value. On September 29, 1994 and November 1, 1995, the assets of the SPRBT and the JRBT, respectively, were added to the pool for investment purposes only. The custodian bank holds assets of the System in a Pooled Trust and each plan holds units in the trust. The number of units held by each plan is a function of each plan's respective contributions to, or withdrawals from, the trust.

Investment expense is allocated to each plan based on the plan's units in the Pooled Trust at the end of each month.

The following table presents the fair value of investments by type that are held within the Pooled Trust at June 30, 2010:



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<u>Investment Type</u>	<u>Fair Value</u>
Cash Deposits	\$ 13,910,595
Money Market Mutual Fund	718,500,904
US Government Securities	497,740,175
US Government Agency Securities	443,963,629
Collateralized Mortgage Obligations	22,896,744
Corporate Bonds	702,458,610
Domestic Equity Securities	65,996,650
International Equity Securities	8,796,444
Commingled Funds - Domestic Equity	2,147,313,902
Commingled Funds - International Equity	1,094,165,337
Private Equity	631,262,768
Real Estate	
Limited Partnerships	99,927,414
Commingled Funds	95,358,154
Real Estate Investment Trusts	46,687,206
	<b>\$ 6,588,978,532</b>
<b>Net investment receivable (payable)</b>	<b>(76,504,558)</b>
<b>Total Investments at Fair Value</b>	<b>\$ 6,512,473,974</b>

Consistent with a target asset allocation model adopted by the State Investment Commission, the System directs its investment managers to maintain well-diversified portfolios by sector, credit rating and issuer using the prudent person standard, which is the standard of care employed solely in the interest of the participants and beneficiaries of the funds and for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of administering the funds.

Specific manager performance objectives are outlined, generally stated in relation to a benchmark or relevant index. These guidelines also include prohibited investments, limitations on maximum exposure to a single industry or single issuer, a minimum number of holdings within the manager's portfolio and, for fixed income managers, minimum credit quality ratings and duration/maturity targets.

### (c). Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Duration is a measure of a debt security's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The System manages its exposure to

interest rate risk by comparing each fixed income manager portfolio's effective duration against a predetermined benchmark index based on that manager's mandate. The fixed income indices currently used by the System are:

- Citigroup Broad Investment Grade Bond Index
- Barclays MBS Index
- Barclays Credit Index
- Credit Suisse First Boston Global Hi Yield Index
- Barclays US Tips Index

At June 30, 2010, no fixed income manager was outside of the policy guidelines.

The following table shows the System's fixed income investments by type, fair value and the effective duration at June 30, 2010:

<b>Investment Type:</b>	<b>Fair Value (in thousands)</b>	<b>Effective Duration</b>
US Government Securities	\$ 497,740	3.66
US Government Agency Securities	443,964	2.78
Collateralized Mortgage Obligations	22,897	3.68
Corporate Bonds	702,459	5.59
Total Fixed Income	\$ 1,667,060	4.23

The System also invested in a short-term money market mutual fund (State Street Bank Institutional Liquid Reserves) that held investments with an average maturity of 29 days.

The System invests in various mortgage-backed securities, such as collateralized mortgage obligations (CMO), interest-only and principal-only (PO) strips. They are reported in U.S. Government Agency Securities and Collateralized Mortgage Obligations in the table above. CMO's are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and pre-payments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with the CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates, while others are significantly sensitive to interest rate fluctuations.

The System may invest in interest-only (IO) and principal-only strips (PO) in part to hedge against a rise in interest rates. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to pre-payments by mortgagees, which may result from a decline in interest rates. Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage pre-payments.

**(d). Credit Risk**

The System manages exposure to credit risk generally by instructing fixed income managers to adhere to an overall target weighted average credit quality for the portfolio and by establishing limits on the percentage of the portfolio that is invested in non-investment grade securities. The System's exposure to credit risk as of June 30, 2010 is as follows:

<u>Rating (1)</u>	<u>Collateralized Mortgage Obligations</u>	<u>US Government Agency Securities</u>	<u>Corporate Bonds</u>
Aaa	\$ 12,831,259	\$ 443,963,629	\$ 118,586,142
Aa	1,363,337		56,022,745
A	2,881,927		150,763,452
Baa	3,068,016		200,148,408
Ba	5,479		61,924,386
B	2,265,495		71,098,177
Caa	414,486		15,586,140
Ca			189,763
C			
D			511,132
Not Rated	66,745		27,628,265
<b>Fair Value</b>	<u>\$ 22,896,744</u>	<u>\$ 443,963,629</u>	<u>\$ 702,458,610</u>

(1) Moody's Investors Service

The System's investment in a short-term money market mutual fund (State Street Bank Institutional Liquid Reserves) was rated AAAM by Standard & Poors Investors Service.

**(e). Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a System's investments in a single issuer. There is no single issuer exposure within the System's portfolio that comprises 5% of the overall portfolio.

**(f). Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2010, all securities were registered in the name of the System (or in the nominee name of its custodial agent) and were held in the possession of the System's custodial bank, State Street Bank and Trust.

**(g). Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. Portfolios are diversified to limit foreign currency and security risk and the System's investment asset allocation policy targets non-U.S. equity investments at 17.50%. The System may enter into foreign currency exchange contracts to minimize the short-term

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impact of foreign currency fluctuations on foreign investments. The System's exposure to foreign currency risk at June 30, 2010 was as follows:

Currency	Commingled Fund	Equities	Private Equity	Total
Australian Dollar	\$ 59,494,047	\$	\$	\$ 59,494,047
Brazilian Real	38,510,572			38,510,572
Canadian Dollar	84,467,639	249,491	17,899,434	102,616,564
Chilean Peso	3,875,115			3,875,115
Colombian Peso	1,967,018			1,967,018
Czech Koruna	963,426			963,426
Danish Krone	7,580,070			7,580,070
Egyptian Pound	1,262,171			1,262,171
Euro Currency	218,643,403	254	81,278,804	299,922,461
Hong Kong Dollar	66,759,850	4,844,139		71,603,989
Hungarian Forint	1,105,586			1,105,586
Indian Rupee	21,268,497			21,268,497
Indonesian Rupiah	6,078,522	866,393		6,944,915
Israeli Shekel	6,362,035			6,362,035
Japanese Yen	171,042,437			171,042,437
Malaysian Ringgit	7,474,945			7,474,945
Mexican Peso	11,203,376			11,203,376
Moroccan Dirham	379,861			379,861
New Taiwan Dollar	27,217,704			27,217,704
New Zealand Dollar	671,617			671,617
Norwegian Krone	5,401,553			5,401,553
Philippine Peso	1,220,640			1,220,640
Polish Zloty	3,223,931			3,223,931
Pound Sterling	153,329,785			153,329,785
Singapore Dollar	12,779,229			12,779,229
South African Rand	18,364,659			18,364,659
South Korean Won	34,244,361	2,836,166		37,080,527
Swedish Krona	21,482,285		98,101	21,580,386
Swiss Franc	59,185,344			59,185,344
Thailand Baht	3,904,120			3,904,120
Turkish Lira	4,105,835			4,105,835
<b>Total</b>	<b>\$ 1,053,569,633</b>	<b>\$ 8,796,443</b>	<b>\$ 99,276,339</b>	<b>\$ 1,161,642,415</b>
US Dollar	40,595,704			
Commingled Fund	\$ 1,094,165,337			

### (h). Derivatives and Other Similar Investments

Certain of the System's investment managers are allowed to invest in derivative type transactions consistent with the terms and limitations governing their investment objective and related contract specifications. Derivatives and other similar investments are financial contracts whose value depends on one or more underlying assets, reference rates or financial indices.

The System's derivative investments include forward foreign currency transactions, futures contracts, options, securities purchased prior to issuance and short sales. The System enters into these transactions to enhance performance, re-balance the portfolio consistent with overall asset allocation targets, gain exposure to a specific market or mitigate specific risks. According to

investment policy guidelines, derivative type instruments may be used for hedging purposes and not for leveraging plan assets.

**Forward Foreign Currency Contracts** — The System enters into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on foreign investments. A currency forward is a contractual agreement to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed-upon exchange rate. These contracts involve risk in excess of the amount reflected in the System's Statements of Fiduciary Net Assets. The face or contract amount in U.S. dollars reflects the total exposure the System has in that particular currency contract. The U.S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service. Losses may arise due to changes in the value of the foreign currency or if the counterparty does not perform under the contract.

**Futures Contracts** — The System uses futures to manage its exposure to the domestic and international equity, money market and bond markets, and the fluctuations in interest rates and currency values. Futures are also used to obtain target market exposures in a cost-effective manner and to narrow the gap between the System's actual physical exposures and the target policy exposures. Using futures contracts in this fashion is designed to reduce (or hedge) the risk of the actual plan portfolio deviating from the policy portfolio more efficiently than by using physical securities. The program is only used to manage intended exposures and asset allocation re-balancing.

Buying futures tends to increase the System's exposure to the underlying instrument. Selling futures tends to decrease the System's exposure to the underlying instrument, or hedge other System investments. Losses may arise from changes in the value of the underlying instruments and if there is an illiquid secondary market for the contracts.

Through commingled funds, the System also indirectly holds derivative type instruments, primarily equity index futures.

The System invests in mortgage-backed securities, which are included in the categories described as collateralized mortgage obligations and U.S. Government Agency Securities in Note 3(b). These securities are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to pre-payments by mortgagees, which are likely in declining interest rate environments, thereby reducing the value of these securities. Additional information regarding interest rate risks for these investments is included in Note 3(c) *Interest Rate Risk*.

Mortgage-backed securities of U.S. Government agencies are also bought and sold in the "to be announced" or TBA market, which performs as a forward or delayed delivery market. The System will enter into a forward contract to buy (or sell) mortgage-backed securities in the TBA market, promising to purchase (or deliver) mortgage-backed securities on a settlement date sometime in the future. The actual security that will be dealt to fulfill a TBA trade is not designated at the time the trade is originated.

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The System may sell a security in anticipation of a decline in the fair value of that security or to lessen the portfolio allocation of an asset class. Short sales may increase the risk of loss to the System when the price of a security underlying the short sale increases and the System is obligated to deliver the security in order to cover the position.

The following summarize the System's exposure to specific derivative investments at June 30, 2010:

<b>Investment Derivative Instruments</b>	<b>Change in fair value included in investment income</b>	<b>Fair Value at June 30, 2010</b>	<b>Notional Amount</b>
Equity options written	\$ 89,472	\$ -	\$ -
Fixed income futures - long	12,861,942	1,543,868	171,014,461
Fixed income futures - short	79,062	-	-
Foreign currency forward contracts	5,150,811	457,415	(a)
Index futures - long	16,386,116	(65,785)	2,109,043
Index futures - short	4,964,597	1,556,823	58,739,865
"To-be announced" securities - long	5,877,558	1,161,597	118,250,000
"To-be announced" securities - short	45,832	(50,262)	(8,400,000)
Warrants	<u>(37,643)</u>	<u>24,375</u>	325
<b>Total</b>	<b>\$ 45,417,747</b>	<b>\$ 4,628,031</b>	

(a) - Foreign Currency Forward Contracts:

Pending receivable	\$ 42,434,291
Pending payable	<u>(41,976,876)</u>
Foreign currency forward contract asset (liability)	<u>\$ 457,415</u>

The System is exposed to credit risk on derivative instruments that are in asset positions. The aggregate fair value of derivative instruments in asset positions at June 30, 2010 was \$477,604. This represents the maximum loss that would be recognized if all counterparties failed to perform as contracted. Risk is mitigated by using a continuous linked settlement process.

The System executes (through its investment managers) derivative instruments with various counterparties. The credit ratings of counterparties for all but 2% (which were unrated) were Aa3 (Moody's) or better.

**(i). Securities Lending**

At June 30, 2010, the System had indirect exposure to securities lending activity through participation in a commingled fund. The commingled fund participates in a securities lending program administered by a related party of the manager of the commingled fund. During fiscal 2009, the commingled fund manager imposed withdrawal restrictions from the commingled fund, due to market conditions which adversely impacted its securities lending collateral pool. The restrictions generally limited withdrawals from the lending fund to no more than 4% of the participant balance per month. The State Investment Commission has authorized withdrawals from the lending commingled fund to be re-invested in a similar non-lending commingled fund consistent with the limitations imposed by the commingled fund manager. The System's investment at June 30, 2010 in the commingled fund, which participates in securities lending activity, was \$653,366,538. In August, 2010, the commingled fund manager removed the withdrawal restrictions and in November, 2010, the System completed its conversion of units from the lending commingled fund to a similar non-lending commingled fund.

**4. Property and Equipment**

Property and equipment consist of the line of business system and computer equipment at historical cost. Balances at June 30, 2010 were:

	ERS	MERS	SPRBT	JRBT	Total
Line of Business System	\$ 15,544,862	\$ 2,287,990	\$ 38,780	\$ 24,973	\$ 17,896,605
Equipment	\$ 160,074	\$ 25,213	\$ 842	\$ 550	\$ 186,679
Property and Equipment	\$ 15,704,936	\$ 2,313,203	\$ 39,622	\$ 25,523	\$ 18,083,284
Accumulated Depreciation	(12,172,300)	(1,791,598)	(30,122)	(19,411)	(14,013,431)
Net Property and Equipment	\$ 3,532,636	\$ 521,605	\$ 9,500	\$ 6,112	\$ 4,069,853

**5. Contributions**

Contribution requirements for plan members and employers are established pursuant to Rhode Island General Laws. Employers are required to contribute at an actuarially determined rate. Plan member contributions are fixed by statute.

**(a). Funding Policy**

The funding policies, as set forth in Rhode Island General Law, Section 36-10-2 and 45-21-42, provide for actuarially determined periodic contributions to the plans. The actuarial valuation uses the Entry Age Normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial liability. The valuation is prepared on the projected benefit basis, under which the present value, at the assumed rate of return (currently 8.25 percent), of each participant's expected benefit payable at retirement or death is determined, based on age, service, gender and compensation.

The employer contributions required to support the benefits of the Plan are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution. The normal contribution is determined using the Entry Age Normal method. Under this method, a calculation is made to determine the average uniform and constant percentage rate of employer contribution which, if applied to the compensation of each new participant during the entire period of his or her anticipated covered service, would be required in addition to the contributions of the participant to meet the cost of all benefits payable on his or her behalf. The unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability and amortizing the result over a period not to exceed 30 years from June 30, 1999.

Effective July 1, 2005, the law as amended requires, in addition to the contributions provided for by the funding policy, commencing in fiscal year 2006, and each year thereafter, for each fiscal year in which the actuarially determined state contribution rate for state employees and teachers is lower than that for the prior fiscal year, the Governor shall include an appropriation to that system equivalent to twenty percent (20%) of the rate reduction to be applied to the actuarial accrued liability. The amounts to be appropriated shall be included in the annual appropriation bill and shall be paid by the General Treasurer into the retirement system. The retirement system's actuary shall not adjust the computation of the annual required contribution for the year in which supplemental contributions are received; such contributions once made may be treated as reducing the actuarial liability remaining for amortization in the next following actuarial valuation to be performed.

**(b). Contribution rates**

Employer contribution rates for fiscal 2010 (for state employees, teachers and judges) were developed based on an actuarial valuation performed as of June 30, 2008 (restated). Employer contribution rates for MERS were developed based on an actuarial valuation performed as of



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June 30, 2007 and for SPRBT based on a valuation as of June 30, 2007 (restated). The table below displays the contribution rates for the year ended June 30, 2010:

<b>Plan</b>	<b>Employee</b>	<b>Employer</b>
<b>ERS</b>		
State Employees	8.75%	20.78*
Teachers	9.50%	
<i>Municipal funded</i>		<i>11.25% (10.60% for towns not participating in the 1990 early retirement incentive)*</i>
<i>State funded</i>		<i>7.76% (7.32% for towns not participating in the 1990 early retirement incentive)*</i>
<b>MERS</b>		
General Employees	6.00% (additional 1% with a cost-of-living adjustment)	66 Municipalities, housing authorities, water and sewer districts contributed various actuarially determined rates.
Public Safety	7.00% (additional 1% with a cost-of-living adjustment and /or 1% with a 20 year service plan), Cranston Police and Cranston Fire are contributing 10% due to special plan provisions	43 Municipal police and fire departments contributed various actuarially determined rates.
<b>SPRBT</b>	8.75%	26.03%
<b>JRBT</b>	8.75%	16.19%*
<p>* Based on the June 30, 2008 (restated) actuarial valuation reflecting Article 16 of Chapter 23 of the Public Laws of 2010 as enacted on June 12, 2010.</p>		

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**(c). Funded Status and Funding Progress**

The table below displays the funded status of each plan at June 30, 2009, the most recent actuarial valuation date:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
<b>ERS</b>						
<b>State Employees</b>	\$ 2,646,081,020	\$ 4,482,244,291	\$ 1,836,163,271	59.0%	\$ 605,872,460	303.1%
<b>Teachers</b>	\$ 4,008,931,337	\$ 6,900,963,108	\$ 2,892,031,771	58.1%	\$ 987,463,633	292.9%
<b>MERS</b>	\$ 1,196,366,995	\$ 1,355,652,690	\$ 159,285,696	88.3%	\$ 306,587,441	52.0%
<b>SPRBT</b>	\$ 60,232,045	\$ 75,480,005	\$ 15,247,960	79.8%	\$ 17,096,202	89.2%
<b>JRBT</b>	\$ 36,839,221	\$ 41,738,040	\$ 4,898,819	88.3%	\$ 6,843,454	71.6%

The schedules of funding progress, presented as required supplementary information (RSI), present multi-year 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. Additional information as of the June 30, 2009 actuarial valuations:

	ERS		MERS	SPRBT	JRBT
	<i>State Employees</i>	<i>Teachers</i>			
<b>Valuation Date</b>	6/30/09	6/30/09	6/30/09	6/30/09	6/30/09
<b>Actuarial Cost Method</b>	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
<b>Amortization Method</b>	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed
<b>Equivalent Single Remaining Amortization Period</b>	20 years	20 years	20 Years	20 years	20 years
<b>Asset Valuation Method</b>	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market
<b>Actuarial Assumptions</b>					
<b>Investment Rate of Return</b>	8.25%	8.25%	8.25%	8.25%	8.25%
<b>Projected Salary Increases</b>	4.50% to 9.00%	4.50% to 13.25%	<i>General Employees</i> 4.50% to 8.50% <i>Police &amp; Fire Employees</i>	4.50% to 12.50%	4.50%

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			4.75% to 14.75%		
<b>Inflation</b>	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Cost of Living Adjustments</b>	<p>Schedule A –</p> <ul style="list-style-type: none"> <li>▪ Members eligible at 9/30/09 - 3.0% compounded</li> <li>▪ Members not eligible at 9/30/09 - 2.5% <sup>1</sup> compounded</li> </ul> <p>Schedule B members – 2.5% <sup>1</sup> compounded</p>	<p>Schedule A –</p> <ul style="list-style-type: none"> <li>▪ Members eligible at 9/30/09 - 3.0% compounded</li> <li>▪ Members not eligible at 9/30/09 - 2.5% <sup>1</sup> compounded</li> </ul> <p>Schedule B members – 2.5% <sup>1</sup> compounded</p>	3.0% Non-compounded with a few exceptions	\$1,500 per annum	3.0% <i>(see Note 1(b)(4))</i> to the financial statements
<p><b>Schedule A</b> - ERS members are those with 10 years or more of contributory service on or before July 1, 2005.  <b>Schedule B</b> - ERS members are those with less than 10 years of contributory service on or before July 1, 2005. The plan provisions for Schedule A and B members are described in Note 1(b) to the financial statements entitled <i>Plan Descriptions – Membership and Benefit Provisions</i>.  <b>Note 1</b> – Cost of Living Adjustments (COLA) are based on the actual Consumer Price Index or 3%, whichever is lower. For actuarial purposes, the actuary assumes a 2.5% COLA increase.</p>					

**6. Administrative Expenses**

Pursuant to General Law section 36-8-10.1, administrative costs of the System are financed through investment earnings up to a maximum of .175% of the average total investments before lending activities as reported in the annual report of the Auditor General for the next preceding five (5) fiscal years. Such amounts are transferred to a restricted receipt account within the State's general fund. Any unencumbered funds on June 30 of any fiscal year are credited to the plans in the same proportion as their contributions to the restricted receipt account.

**7. Commitments**

The State Investment Commission has committed to fund certain private equity and real estate investment managers at a predetermined subscription amount. Outstanding unfunded investment commitments at June 30, 2010 totaled \$289 million. These commitments will be funded through cash available within the pooled investment trust generated through investment income and/or liquidation of other investments.

The System's investments include a commingled fund that has imposed withdrawal limitations effective March, 2009, due to market conditions which have adversely impacted its securities lending collateral pool. Withdrawals are generally limited to 4% per month. The State Investment Commission has authorized withdrawals from the commingled fund consistent with these limitations and has re-invested the proceeds in another commingled fund with similar investment objectives but without securities lending participation. Subsequent to June 30, 2010, the commingled fund manager removed the withdrawal limitations in August, 2010. In

November, 2010, all amounts invested in the securities lending commingled fund were withdrawn and re-invested in a similar commingled fund without securities lending participation.

## **8. Post-employment Healthcare Plan**

### **(a). Plan Description**

The System participates in a State-administered defined benefit post-employment health care plan known as the Rhode Island Retiree Health Care Benefit Plan (RIRHCBP). The RIRHCBP is an agent multiple employer plan.

The RIRHCBP is reported in an internal service fund of the State using the accrual basis of accounting. The fund reports all employer and retiree (plan member) contributions to the plan. Contributions are recognized when made. Benefits (health care claims) and refunds are recognized when due and payable in accordance with the terms of the plan. A liability for incurred, but not reported claims is determined based on past claims payment trends and is included in the State's financial statements. Working premium rates are determined by the State each fiscal year after consultation with an employee benefits consultant and are designed to fund current claims incurred during the fiscal year, as well as the costs of administering the plan.

For the year ended June 30, 2010, the plan operated on a pay-as-you-go basis and no provision has been made to fund future benefits to be provided to RIRHCBP members. The RIRHCBP does not issue a stand-alone financial report.

Pursuant to legislation enacted by the General Assembly, the State will establish a trust in fiscal year 2011 to accumulate assets and pay benefits and other costs associated with the RIRHCBP. In addition, effective in fiscal year 2011, all participating employers will be required to fully fund the actuarially determined annual required contribution.

### **(b). Funding Policy**

Rhode Island General Law Sections 36-10-2, 36-12.1, 36-12.2.2 and 36-12-4 govern the provisions of the RIRHCBP. The contribution requirements of plan members, the State and other participating employers are established and may be amended by the General Assembly.

For anyone who retired on or before September 30, 2008, the State provides two types of subsidies for health care benefits. The Tier I subsidy applies to non-Medicare eligible retirees and provides that the State will pay the portion of the cost of post-retirement health care for the retiree and any dependents above the active group rate. The retiree pays the active monthly rate and the State pays the difference between the active group rate and the early retiree rate. This subsidy is not based on years of service and ends at age 65. In addition to the Tier I benefits, the State pays a portion of the cost of post-retirement health care above the Tier I costs for certain

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retirees meeting eligibility requirements based upon the age and service of the retiree, which is referred to as the Tier II benefit.

For those retiring on or before September 30, 2008, fiscal 2010 contributions are as follows:

Retiree Age	Years of Service	Amount of Cost Paid by Retiree
<b>Below 60: (1)</b>	28-34	10%
	35+	0%
<b>Retiree Age from 60 to 65: (2)</b>	10 – 15	50%
	16 – 22	30%
	23 – 27	20%
	28+	0%
<b>Retiree Age Greater than 65: (3)</b>	10 – 15	50%
	16 – 19	30%
	20 – 27	10%
	28+	0%
(1) The monthly premium rate for fiscal year 2010 was \$789.76 for the individual plan. The retiree's cost is then calculated based on a maximum of \$501.68 (the active plan rate). (2) The monthly premium rates are the same as indicated above for the Retiree Age Below 60 category. (3) The monthly premium rate for the Medicare Supplemental plan is \$218.54 for the individual plan, and the monthly premium for the Medicare HMO plan was \$115 for the first six months of fiscal year 2010 and \$142 thereafter. Retirees can choose between the two plans. The retiree's cost is then calculated based on their years-of-service subsidy above.		

For anyone who retired on or after October 1, 2008, age 59 through 64, with a minimum of 20 years of service, the State will pay 80% of the actual cost of health care coverage. The State contributed \$631.81 per month for these retirees during fiscal 2010. For eligible retirees ages 65 or older, the State pays 80% of the cost of the Medicare supplement products as described in note (3) above.

**(c). Annual OPEB Cost and Net OPEB Obligation**

As required by GASB Statement 45, the System recognized an expense equal to: a.) the annual required contribution of the employer (ARC), which was actuarially determined to be 7.91% of covered payroll for all State employees for fiscal year 2010, plus b.) interest on the net OPEB obligation at the beginning of the fiscal year, and less c.) the ARC adjustment (discounted present value of the OPEB liability at the beginning of the fiscal year). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The ARC for fiscal 2010 was determined based on an actuarial valuation performed as of

Employees' Retirement System of Rhode Island

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June 30, 2007. For fiscal year 2010, the ARC, based on the System's covered payroll of \$2,050,042 totaled \$162,158. The System actually contributed \$115,212, which was 5.62% of annual covered payroll for fiscal 2010. The System's annual OPEB cost and the net OPEB obligation for fiscal 2010, were as follows:

Annual required contribution (ARC)	\$ 162,158
Plus: Interest on net OPEB obligation at beginning of year	2,324
Less: Adjustment to ARC	(2,197)
<b>Annual OPEB cost</b>	<b>\$ 162,285</b>
Contributions made	(115,212)
Increase in OPEB obligation	47,073
Net OPEB obligation at beginning of year	65,184
<b>Net OPEB obligation at end of year</b>	<b>\$ 112,257</b>

The System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010, 2009 and 2008 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	\$152,173	65.0%	\$ 53,172
June 30, 2009	\$153,877	92.2 %	\$ 65,183
June 30, 2010	\$162,285	71.0%	\$ 112,257

**(d). Funded Status and Funding Progress**

The State has obtained an actuarial valuation for the RIRHCBP, which determined the collective Actuarial Accrued Liabilities (AAL) and Unfunded Actuarial Accrued Liabilities for all State employees participating in the plan and separate liability amounts for each discretely presented component unit with employees participating in the plan. The liabilities relating to the System's employees, as part of the primary government, are included in the collective amounts reported

for all State employees. The AAL and UAAL for the RIRHCBP will be reported in the State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for RIRHCBP shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This schedule will be included in the State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010.

**(e). Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation. The actuarial assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Annual Required Contribution for fiscal year 2010 was determined based on the June 30, 2007 valuation. The Unfunded Actuarial Accrued Liability (UAAL) was amortized by a level (principal and interest combined) percent of payroll contribution for each component unit employer. The UAAL was determined using the actuarial value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL is being amortized over the remainder of a closed 30-year (or shorter) period from June 30, 2006.

Plan changes effective for employees retiring after October 1, 2008 have been reflected in the actuarial valuations performed as of June 30, 2007.

The individual entry-age actuarial cost method is used to determine the annual required contribution amounts and the annual net OPEB obligation. The actuarial assumptions include a 3.566% discount rate based upon the average rate of return during the 10 years ended June 30, 2008 for short-term investments of the State's General Fund; an annual healthcare cost trend rate of 10% progressively declining to 4.50% after 8 years; and a salary growth rate of 9% in the first year of service to 4.5% in year 15 and beyond. Other assumptions including those relating to rates of termination, rates of retirement, percent married and retiree health care election rates were based on the experience study for the Employees' Retirement System of Rhode Island, as well as anticipated experience changes in conjunction with the adopted retirement plan changes recently enacted through legislation.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.

## **9. Contingencies**

On May 12, 2010, unions, which represent state employees and teachers, filed a lawsuit against the State of Rhode Island challenging legislative changes made in 2009 to pension benefit provisions within the ERS plan for state employees and teachers. The lawsuit was later amended to include the 2010 legislative changes. Various parties have been named as defendants in the lawsuit, including the System and the Board of Directors.

Management cannot estimate the likelihood of loss to the State or the System, if any. If challenges to the statutory changes were successful, future contribution rates for the ERS plan and the unfunded actuarial accrued liability could be materially impacted.



Employees' Retirement System of Rhode Island

**EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
*Schedules of Funding Progress*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
<b>ERS (State Employees)</b>						
6/30/2009	\$ 2,646,081,020	\$ 4,482,244,291	\$ 1,836,163,271	59.0%	\$ 605,872,460	303.1%
6/30/2008 **	2,700,368,568	4,331,504,516	1,631,135,948	62.3%	587,500,000	277.6%
6/30/2007	2,493,428,522	4,332,888,818	1,839,460,296	57.5%	660,044,273	278.7%
6/30/2006	2,256,979,077	4,131,157,601	1,874,178,524	54.6%	644,980,127	290.6%
6/30/2005	2,163,391,323	3,843,518,875	1,680,127,552	56.3%	606,474,789	277.0%
6/30/2004	2,202,900,345	3,694,787,818	1,491,887,473	59.6%	606,087,585	246.2%
<b>ERS (Teachers)</b>						
6/30/2009	\$ 4,008,931,337	\$ 6,900,963,108	\$ 2,892,031,771	58.1%	\$ 987,463,633	292.9%
6/30/2008 **	4,044,954,378	6,632,016,708	2,587,062,330	61.0%	985,898,174	262.4%
6/30/2007	3,737,981,686	6,750,125,236	3,012,143,550	55.4%	959,372,837	314.0%
6/30/2006	3,394,086,565	6,444,693,666	3,050,607,101	52.7%	914,985,746	333.4%
6/30/2005	3,280,977,321	5,919,156,211	2,638,178,890	55.4%	898,051,154	293.8%
6/30/2004	3,340,527,073	5,634,195,435	2,293,668,362	59.3%	866,532,598	264.7%
<b>SPRBT</b>						
6/30/2009	\$ 60,232,045	\$ 75,480,005	\$ 15,247,960	79.8%	\$ 17,096,202	89.2%
6/30/2008	54,927,390	69,029,513	14,102,123	79.6%	16,698,764	84.5%
6/30/2007 *	45,996,910	60,427,947	14,431,037	76.1%	15,836,354	91.1%
6/30/2006	36,314,689	42,216,142	5,901,453	86.0%	13,474,588	43.8%
6/30/2005	29,616,896	37,510,992	7,894,096	79.0%	13,225,400	59.7%
6/30/2004	24,767,014	32,689,173	7,922,160	75.8%	11,421,880	69.4%
<b>JRBT</b>						
6/30/2009	\$ 36,839,221	\$ 41,738,040	\$ 4,898,819	88.3%	\$ 6,843,454	71.6%
6/30/2008 **	34,670,394	38,115,602	3,445,208	91.0%	6,601,889	52.2%
6/30/2007 *	29,630,637	35,355,326	5,724,689	83.8%	6,451,666	88.7%
6/30/2006	23,873,009	27,504,102	3,631,093	86.8%	6,313,069	57.5%
6/30/2005	19,347,372	22,250,728	2,903,356	87.0%	5,684,585	51.1%
6/30/2004	16,019,053	21,845,744	5,826,691	73.3%	5,637,865	103.3%
<b>MERS</b>						
6/30/2009	\$ 1,196,366,995	\$ 1,355,652,690	\$ 159,285,696	88.3%	\$ 306,587,441	52.0%
6/30/2008	1,174,567,205	1,266,286,829	91,719,624	92.8%	304,952,020	30.1%
6/30/2007	1,064,615,664	1,179,233,489	114,617,825	90.3%	298,234,571	38.4%
6/30/2006	945,876,282	1,085,648,196	139,771,914	87.1%	281,291,831	49.7%
6/30/2005	886,964,787	1,017,254,365	130,289,578	87.2%	265,123,725	49.1%
6/30/2004	879,449,653	943,536,048	64,086,395	93.2%	258,985,220	24.7%

\*\* Reflects adoption of Article 16 of Chapter 23 of the 2010 Public Laws enacted on June 12, 2010

\* Restated June 30, 2007 actuarial valuation after 2008 amendment to General Laws

See notes to required supplementary information.

Employees' Retirement System of Rhode Island

**EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
*Schedules of Contributions From the Employers*  
*And Other Contributing Entity*

<b>ERS</b>							
Fiscal							
Year Ended June 30		State Employees		Teachers (State)		Teachers (Employers)	
		Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2010	**	\$ 123,547,738	100%	\$ 68,542,956	100%	\$ 109,566,352	100%
2009	*	126,297,706	100%	73,600,069	100%	115,234,100	100%
2008		131,560,248	100%	82,455,777	100%	122,906,860	100%
2007		118,300,522	100%	70,531,472	100%	109,415,227	100%
2006		91,254,063	100%	54,537,733	100%	83,794,372	100%
2005		66,087,984	100%	48,834,755	100%	73,006,173	100%

<b>MERS</b>		
Fiscal		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 31,269,020	100%
2009	33,514,681	100%
2008	33,415,530	100%
2007	26,697,326	100%
2006	20,127,099	100%
2005	13,081,956	100%

<b>SPRBT</b>		
Fiscal		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 3,590,615	100%
2009	3,340,746	100%
2008	3,720,281	100%
2007	4,038,828	100%
2006	3,174,903	100%
2005	2,614,503	100%

<b>JRBT</b>		
Fiscal		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	** \$ 1,180,817	100%
2009	* 1,700,174	100%
2008	2,127,643	100%
2007	2,362,671	100%
2006	2,291,665	100%
2005	2,056,558	100%

\* Reflects adoption of H5983Aaa, Article 7, Substitute A as amended, enacted on June 30, 2009

\*\* Reflects adoption of Article 16 of Chapter 23 of the 2010 Public Laws enacted on June 12, 2010

See notes to required supplementary information.

Notes to Required Supplementary Schedules

1. Actuarial Assumptions and Methods

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation, June 30, 2009, follows:

	ERS		MERS	SPRBT	JRBT
	State Employees	Teachers			
Valuation Date	6/30/09	6/30/09	6/30/09	6/30/09	6/30/09
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	20 years	20 years	20 Years	20 years	20 years
Asset Valuation Method	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market
<b>Actuarial Assumptions</b>					
Investment Rate of Return	8.25%	8.25%	8.25%	8.25%	8.25%
Projected Salary Increases	4.50% to 9.00%	4.50% to 13.25%	<u>General Employees</u> 4.50% to 8.50% <u>Police &amp; Fire Employees</u> 4.75% to 14.75%	4.50% to 12.50%	4.50%
Inflation	3.00%	3.00%	3.00%	3.00%	3.00%
Cost of Living Adjustments	Schedule A – <ul style="list-style-type: none"> <li>▪ members eligible at 9/30/09 - 3.0% compounded</li> <li>▪ members not eligible at 9/30/09 - 2.5% <sup>1</sup> compounded</li> </ul> Schedule B members – 2.5% <sup>1</sup> compounded	Schedule A – <ul style="list-style-type: none"> <li>▪ members eligible at 9/30/09 - 3.0% compounded</li> <li>▪ members not eligible at 9/30/09 - 2.5% <sup>1</sup> compounded</li> </ul> Schedule B members – 2.5% <sup>1</sup> compounded	3.0% Non-compounded with a few exceptions	\$1,500 per annum	3.0% (see Note 1(b)(4)) to the financial statements

Schedule A - ERS members are those with 10 years or more of contributory service on or before July 1, 2005.

Schedule B - ERS members are those with less than 10 years of contributory service on or before July 1, 2005. The plan provisions for Schedule A and B members are described in Note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

Note 1 – Cost of Living Adjustments (COLA) are based on the actual Consumer Price Index or 3%, whichever is lower. For actuarial purposes, the actuary assumes a 2.5% COLA increase.

## 2. Schedules of Funding Progress

The MERS funded ratio is a composite of all units in the plan. The System performs a separate valuation for each unit.

### *Changes affecting the June 30, 2009 actuarial valuation:*

The June 30, 2009 valuation for the Employees' Retirement System and the Judicial Retirement Benefit Trust reflects the enactment of Article 16 of Chapter 23 of the 2010 Public Laws, which amended the laws governing benefits for state employees, teachers and judges not eligible to retire by June 12, 2010 — see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

The changes enacted as a result of Article 16 of Chapter 23 of the 2010 Public Laws governing benefit provisions for the Employees' Retirement System and the Judicial Retirement Benefit Trust are reflected and were applied in determining the contributions rates for the fiscal years ended June 30, 2010 and June 30, 2011 — see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

### *Changes affecting the June 30, 2008 actuarial valuation:*

The June 30, 2008 valuation for the Employees' Retirement System and the Judicial Retirement Benefit Trust reflects the enactment of H5983Aaa, Article 7, Substitute A to the laws governing benefits for state employees and teachers not eligible to retire by September 30, 2009 and judges appointed after July 1, 2009 — see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

The changes enacted as a result of Article 7 Substitute A to the laws governing benefits provisions for the Employees' Retirement System and the Judicial Retirement Benefit Trust are reflected and were applied in determining the contributions rates for the fiscal years ended June 30, 2009, June 30, 2010 and June 30, 2011 — see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

### *Changes affecting the June 30, 2007 actuarial valuation:*

The June 30, 2007 actuarial accrued liability was re-stated for the Judicial Retirement Benefit Trust to reflect the amendment to the law governing benefits for judges appointed after January 1, 2009 — see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

The June 30, 2007 actuarial accrued liability was re-stated for the State Police Retirement Benefit Trust to reflect the amendment to the law governing benefits for state police hired on or after July 1, 2007 — see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

***Changes affecting the June 30, 2006 actuarial valuation:***

Material changes were made to increase the salary, payroll growth and termination assumptions. In addition, there were changes in the post-retirement mortality rates for non-disabled retirees. Currently, rates are based on the 1994 Group Annuity Mortality Tables for males and females, with adjustments to the tables for male teachers and male state employees. The tables are then compared to the A/E ratio (actual deaths to expected deaths). It was determined the tables for state employees required no changes. However, the A/E ratios for teachers were lower than the acceptable actuarial ranges. Therefore, new mortality tables have been constructed and adopted for teachers based on teacher mortality rates in another state with similar life expectancies. The pre-termination mortality currently uses the post-retirement mortality assumption. The rates for pre-termination mortality are computed at a rate equal to 65% of the post-retirement rates.

The base salary rate for ERS and MERS general employees remained unchanged. Judges base salary rates decreased from 5.25% to 4.50% and State Police decreased from 5.00% to 4.50%. The salary rate increase for state employees changed from 4.50% - 8.25% to 4.50% - 9.00%. Teachers changed from a range of 4.50% - 17.00% to 4.50% - 13.25%. MERS general employees changed from a range of 4.50% - 9.00% to 4.50% - 8.50%. MERS police and fire employees changed from a range of 5.00% - 15.50% to 4.75% - 14.75%.

The payroll growth rate was increased from 3.75% to 4.25% for ERS and MERS; it also increased from 3.75% to 4.5% for State Police and decreased from 5.25% to 4.5% for Judges.

The marriage assumption for members being married was changed from 100% to 85%.

**3. Schedules of Employer Contributions**

Employer contributions for the ERS plan included in the Schedules of Contributions from the Employers and Other Contributing Entity do not include Teacher Survivor Benefits as described in Note 1(b) and any employer contributions related to supplemental pension benefits that are attributable and paid by a specific employer. These amounts are not included in the annual required contribution.

The Plans began using the entry age normal cost method as the basis for determining employer costs in fiscal year 2002. The unfunded liabilities of the plans are amortized over a 30 year period from June 30, 1999. The closed period ends 30 years from June 30, 1999.

**2010**

**Employees' Retirement System  
Actuarial Information**





May 4, 2011

Retirement Board  
40 Fountain Street, First Floor  
Providence, RI 02903-1854

Dear Members of the Board:

**Subject: Actuarial Valuation of ERSRI as of June 30, 2010**

This is the June 30, 2010 actuarial valuation of the Employees' Retirement System of Rhode Island (ERSRI), which covers State Employees and Teachers. This report describes the current actuarial condition of ERSRI, determines recommended employer contribution rates, and analyzes changes in these contribution rates. Valuations are prepared annually, as of June 30, the last day of the ERSRI plan year. Not covered in this report are the Municipal Employees' Retirement System, the State Police Retirement Benefits Trust, the Judicial Retirement Benefits Trust, and the Teachers Survivors Plan, even though assets for ERSRI and these other programs are commingled for investment purposes.

Under Rhode Island General Laws, the employer contribution rates for State Employees and for Teachers are certified annually by the State of Rhode Island Retirement Board. These rates are determined actuarially, based on the plan provisions in effect as of the valuation date, the actuarial assumptions adopted by the Board, and the methodology set forth in the statutes. The Board's current policy is that the contribution rates determined by a given actuarial valuation become effective two years after the valuation date. For example, the rates determined by this June 30, 2010 actuarial valuation will be applicable for the year beginning July 1, 2012 and ending June 30, 2013.

**Financing objectives**

The actuarial cost method and the amortization periods are set by statute. Contribution rates and liabilities are computed using the Entry Age Normal actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization

rate. The normal cost rate is determined as a percent of pay. The employer normal cost is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999, or 19 years remaining as of June 30, 2010). The amortization rate is adjusted for the two-year deferral in contribution rates. Separate employer contribution rates are determined for State Employees and for Teachers.

### **Progress toward realization of financing objectives**

There were significant decreases in the funded ratio for both State Employees and Teachers since the prior valuation and a corresponding large increase in the employer contribution rates. The changes were principally due to (a) the changes in actuarial assumptions adopted by the Board in April of 2011, and (b) the continued recognition of deferred asset losses from prior valuations.

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. For the State Employees, the funded ratio is 48.4% (a decrease from 59.0% last year), while for Teachers the ratio is 48.4% (a decrease from 58.1% last year).

For the June 30, 2010 valuation, the employer contribution rate increased from 22.98% to 36.34%, for State Employees, and from 22.32% to 35.25% for Teachers.

An analysis of the changes in the employer contribution rates appears on page 88 of this report.

### **Benefit provisions**

The benefit provisions reflected in this valuation are those which were in effect June 30, 2010. No material changes in the benefit provisions were made since the preceding valuation. The benefit provisions are summarized in the Summary of Benefit Provisions in this report.

### **Assumptions and methods**

The actuarial assumptions were changed as a result of the experience study approved by the Board on April 13, 2011. Significant changes were made to the annual investment return and the post-retirement mortality for healthy and disabled retirees. Smaller changes were made to the wage inflation, overall payroll growth assumption and cost of living adjustment (COLA). We believe the assumptions are internally consistent and are reasonable, based on the actual experience of ERSRI.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities and the calculated contribution rates.



The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

### **Data**

The System's staff supplied data for retired, active and inactive members as of June 30, 2010. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2010.

### **Certification**

All of our work conforms with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries. All are Enrolled Actuaries and Members of the American Academy of Actuaries. They all meet the Qualification Standards of the American Academy of Actuaries and they are experienced in performing valuations for large public retirement systems.

Respectfully submitted,



J. Christian Conradi, ASA, MAAA, EA  
Senior Consultant



Mark R. Randall, MAAA, EA  
Executive Vice President



Joseph P. Newton, FSA, MAAA, EA  
Senior Consultant

Employees' Retirement System of Rhode Island

**Executive Summary (State Employees)**

Item	Valuation Date:		
	June 30, 2010		June 30, 2009
	After Assumption Changes	Before Assumption Changes	Disclosed in Prior Year's Report
<b>Membership</b>			
Number of:			
- Active members	11,122	11,122	11,023
- Retirees and beneficiaries	11,421	11,421	11,142
- Inactive members	<u>2,518</u>	<u>2,518</u>	<u>2,496</u>
- Total	25,061	25,061	24,661
Payroll supplied by ERSRI	\$ 599,879,497	\$ 599,879,497	\$ 574,569,170
<b>Contribution rates</b>			
Member	8.75%	8.75%	8.75%
Employer	36.34%	26.55%	22.98%
<b>Assets</b>			
Market value	\$2,083,616,670	\$ 2,083,616,670	\$1,954,618,465
Actuarial value	2,532,090,798	2,532,090,798	2,646,081,020
Return on market value	14.0%	14.0%	-20.1%
Return on actuarial value	0.8%	0.8%	2.4%
Employer contribution for FYE	\$ 123,620,378	\$ 123,620,378	\$ 126,344,715
Ratio of actuarial value to market value	121.5%	121.5%	135.4%
<b>Actuarial Information</b>			
Employer normal cost %	2.64%	0.60%	0.59%
Unamortized actuarial accrued liability (UAAL)	\$2,700,450,527	\$ 2,119,085,175	\$1,836,163,271
Amortization rate	33.70%	25.95%	22.39%
Funding period	19 years	19 years	20 years
GASB funded ratio	48.4%	54.4%	59.0%
<b>Projected employer contribution</b>			
Fiscal year ending June 30,	2013	2013	2012
Projected payroll (millions)	\$ 678.4	\$ 687.4	\$ 658.5
Projected employer contribution (millions)	246.5	182.5	151.3

Employees' Retirement System of Rhode Island

**Executive Summary (Teachers)**

Item	Valuation Date:		
	June 30, 2010		June 30, 2009
	After Assumption Changes	Before Assumption Changes	Disclosed in Prior Year's Report
<b>Membership</b>			
Number of:			
- Active members	13,530	13,530	13,689
- Retirees and beneficiaries	10,213	10,213	9,749
- Inactive members	<u>2,521</u>	<u>2,521</u>	<u>2,466</u>
- Total	26,264	26,264	25,904
Payroll supplied by ERSRI	\$ 936,748,851	\$ 936,748,851	\$ 930,993,404
<b>Contribution rates</b>			
Member	9.50%	9.50%	9.50%
Employer	35.25%	26.21%	22.32%
State share	14.27%	10.65%	9.09%
Local employer share	20.98%	15.56%	13.23%
<b>Assets</b>			
Market value	\$ 3,196,511,775	\$ 3,196,511,775	\$ 2,962,026,384
Actuarial value	3,873,118,262	3,873,118,262	4,008,931,337
Return on market value	14.0%	14.0%	-20.1%
Return on actuarial value	0.8%	0.8%	2.4%
Employer contribution (state & local)	\$ 178,122,248	\$ 178,122,248	\$ 188,858,198
Ratio of actuarial value to market value	121.2%	121.2%	135.3%
<b>Actuarial Information</b>			
Employer normal cost %	2.32%	0.50%	0.52%
Unamortized actuarial accrued liability (UAAL)	\$ 4,133,195,600	\$ 3,277,868,866	\$ 2,892,031,771
Amortization percentage	32.93%	25.71%	21.80%
Funding period	19 years	19 years	20 years
GASB funded ratio	48.4%	54.2%	58.1%
<b>Projected employer contribution</b>			
Fiscal year ending June 30,	2013	2013	2012
Projected payroll (millions)	\$ 1,064.8	\$ 1,079.1	\$ 1,073.2
Projected employer contribution (millions)	375.3	282.8	239.5
State share (millions)	151.9	114.9	97.6
Local employer share (millions)	223.4	167.9	141.9

**Contribution Rates**

The employer contribution rates for ERSRI are determined actuarially. Separate rates are determined for State Employees and for Teachers. The rates determined in this valuation become effective two years after the valuation date, i.e., as of July 1, 2012.

The rate consists of two pieces: the normal cost rate and the amortization rate. The normal cost rate is the employer's Entry Age normal cost, expressed as a percent of pay. The amortization rate is the contribution required to amortize the unfunded actuarial liability over 19 years as a level percent of pay.

For the Teachers, the State of Rhode Island pays 40% of the rate, adjusted so that the State pays the entire amortization charge for the 1990/91 and 1991/92 deferrals, and the town or city employing the Teacher pays the balance.

	<u>Local</u>	<u>State</u>	<u>Total</u>
Amortization for FY 91 and 92 deferrals	0.00%	0.28%	0.28%
Normal cost and all other amortizations	<u>20.98%</u>	<u>13.99%</u>	<u>34.97%</u>
Total	20.98%	14.27%	35.25%

Five towns or cities — Burrillville, East Greenwich, Little Compton, New Shoreham, and North Smithfield — did not participate in the 1990 early retirement window for Teachers, and an adjusted contribution rate is charged for these entities:

	<u>Local</u>	<u>State</u>	<u>Total</u>
Amortization for FY 91 and 92 deferrals	0.00%	0.28%	0.28%
Normal cost and all other amortizations	<u>20.29%</u>	<u>13.52%</u>	<u>33.81%</u>
Total	20.29%	13.80%	34.09%

**Impact of Decrease in Contribution Rates**

Under Rhode Island General Laws (RIGL) §36-10-2(e), if the State's actuarially determined contribution rate for state employees or for teachers for a fiscal year will be less than in the preceding fiscal year, the Governor is required to include an appropriation to ERSRI in the fiscal

year budget equal to 20% of the reduction. Because the contribution rate for FY 2013 is larger than the rate for FY 2012, it does not appear that this requirement is not triggered.

### **Financial Data and Experience**

Assets for ERSRI are held in trust and are commingled with those of several other plans and programs for investment purposes. The State Treasurer is responsible for setting the asset allocation policy and for investing the funds. The ERSRI assets are then allocated by the System's staff among State Employees, Teachers, and the Teachers' Survivor Benefits Plan.

The table on page 86 shows the net plan assets for ERSRI in total, and it shows the breakdown between State Employees, Teachers and the Teachers' Survivor Benefit Plan. The table on page 87 shows a reconciliation of the assets for State Employees and Teachers between the previous valuation and this valuation. The table on page 64 shows the distribution of investments by category—64% of assets are held in equities, including real estate and private equity—and the table on page 65 shows a historical summary of the return rates. As can be seen, the net market value rate of return was 14.0% for the year ended June 30, 2010, and the return on an actuarial asset value basis was 0.8%.

The average annual return based on the market value of assets over the last ten years (July 1, 2000 – June 30, 2010) was 2.28%. This is less than the previously assumed 8.25% annual investment return assumption. The average annual return based on the actuarial value of assets over the same period was 4.05%.

All returns above are net of both investment and administrative expenses and may differ from other information provided by the General Treasurer's office or the investment managers and advisors.

The System's staff provided all of the financial information used in this report.

### **Discussion of the Experience Study**

Between the June 30, 2009 actuarial valuation and this report, the Retirement Board asked GRS to analyze the assumptions and methods used in the ERSRI actuarial valuation. The experience study was performed for the period June 30, 2004 to June 30, 2010. The study examined the assumptions used for expected investment rate, inflation rate, retirement, mortality, termination, disability, salary increases, payroll growth, and other miscellaneous assumptions.

Significant changes were made to the annual investment return and the post-retirement mortality for healthy and disabled retirees. Less material Changes were made to the termination for teachers, the payroll growth, salary increase and cost of living adjustment assumptions for both state employees and teachers. The disability tables were also adjusted to more closely reflect the plan experience.

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All of the changes recommended by GRS were adopted by the Board on April 13, 2011. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of ERSRI.

<b>Distribution of Assets at Market Value (Percentage of Total Investments)</b>		
Item (1)	June 30, 2010 (2)	June 30, 2009 (3)
Cash & cash equivalents	11.1%	4.6%
U.S. government & agency securities	14.3%	15.8%
Corporate bonds & notes	11.0%	8.5%
Foreign bonds	0.0%	0.0%
U.S. equity securities	33.6%	39.1%
Foreign equity securities	16.7%	18.4%
Real estate, venture capital, other	13.3%	13.6%
Total investments	100.0%	100.0%

**History of Investment Return Rates**  
(Net of Investment and Administrative Expenses)

Year Ending June 30 of	Market	Actuarial
(1)	(2)	(3)
1995	17.0%	10.2%
1996	13.7%	13.7%
1997	19.1%	19.1%
1998	16.1%	16.5%
1999	10.1%	14.7%
2000	9.1%	8.8%
2001	-11.0%	4.9%
2002	-8.4%	0.9%
2003	2.6%	-0.8%
2004	18.7%	0.4%
2005	11.4%	1.8%
2006	11.6%	7.4%
2007	18.2%	13.0%
2008	-5.8%	10.7%
2009	-20.1%	2.4%
2010	14.0%	0.8%
Average Returns:		
Last 5 Years	2.51%	6.74%
Last 10 Years	2.28%	4.05%
Since 1995	6.57%	7.60%

**Summary of Actuarial Methods and Assumptions**

I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

The actuarial valuation uses the Entry Age actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability (UAAL).

1. First, the actuarial present value of future benefits is determined by discounting the projected benefits for each member back to the valuation date using the assumed investment return rate as the discount rate. For active members, the projected benefits are based on the member's age, service, sex and compensation, and based on the actuarial assumptions. The calculations take into account the probability of the member's death, disability, or termination of employment prior to becoming eligible for a retirement benefit, as well as the possibility of the member will remain in service and receive a service retirement benefit. Future salary increases are anticipated. The present value of the expected benefits payable to all active members is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits. Liabilities for future members are not included.
2. The employer contributions required to support the benefits are determined as a level percentage of salary, and consist of a normal contribution and an amortization contribution.
3. The normal contribution is determined using the Entry Age Normal method. Under this method, a calculation is made to determine the rate of contribution which, if applied to the compensation of each new member during the entire period of anticipated covered service, would be required to meet the cost of all benefits payable on his behalf. The salary-weighted average of these rates is the normal cost rate. This calculation reflects the plan provisions that apply to members hired after October 1, 2009, i.e., the Article 7 (2009) and Article 16 (2010) benefit provisions, even for members hired before that date. That is, the normal cost is the cost of a replacement employee.
4. The employer normal cost rate is equal to (i) the normal cost rate, minus (ii) the member contribution rate.
5. The actuarial accrued liability is equal to the present value of all benefits less the present value of future normal costs. The unfunded actuarial accrued liability (UAAL) is then determined as (i) the actuarial accrued liability, minus (ii) the actuarial value of assets.
6. The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the



remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

III. Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

IV. Actuarial Assumptions

A. Economic Assumptions

1. Investment return: 7.50% per year, compounded annually, composed of an assumed 2.75% inflation rate and a 4.75% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.

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2. *Salary increase rate:* The sum of (i) a 4.00% wage inflation assumption (composed of a 2.75% price inflation assumption and a 1.25% additional general increase), and (ii) a service-related component as shown below:

Salary Increase Rates				
Service	State Employees		Teachers	
	Service-Related Component	Total Increase	Service-Related Component	Total Increase
(1)	(2)	(3)	(4)	(5)
0	3.00%	7.00%	8.75%	12.75%
1	3.00%	7.00%	7.50%	11.50%
2	3.00%	7.00%	6.25%	10.25%
3	2.75%	6.75%	5.50%	9.50%
4	2.75%	6.75%	5.00%	9.00%
5	2.75%	6.75%	4.75%	8.75%
6	1.50%	5.50%	4.50%	8.50%
7	1.50%	5.50%	4.25%	8.25%
8	1.25%	5.25%	4.00%	8.00%
9	1.25%	5.25%	3.75%	7.75%
10	1.25%	5.25%	1.50%	5.50%
11	1.25%	5.25%	0.00%	4.00%
12	1.25%	5.25%	0.00%	4.00%
13	1.00%	5.00%	0.00%	4.00%
14	1.00%	5.00%	0.00%	4.00%
15	1.00%	5.00%	0.00%	4.00%
16	0.75%	4.75%	0.00%	4.00%
17	0.75%	4.75%	0.00%	4.00%
18	0.50%	4.50%	0.00%	4.00%
19	0.50%	4.50%	0.00%	4.00%
20	0.50%	4.50%	0.00%	4.00%
21 or more	0.00%	4.00%	0.00%	4.00%

Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. For employees with less than one year of service, the reported rate of pay is used rather than the fiscal year salary paid.

3. Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 3.75% per year. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth.
4. Post-retirement Benefit Increase: For grandfathered Schedule A members, i.e., members who were retired or eligible to retire by Sept. 30, 2009, the post-retirement benefit increases set by statute to be 3.00%. They are not a function of the actual increases in the cost of living. Other members receive a compound increase each year equal to the increase in the CPI, but limited to 3.00%. This limit lowers the average expected increase below the inflation assumption of 2.75%. The assumed average increase received for this group of employees is 2.35%. The indexed COLA limitation (\$35,000 for 2010) is also assumed to grow at 2.35% per annum.

B. Demographic Assumptions

1. Post-termination mortality rates (non-disabled)
  - a. Male state employees: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
  - b. Female state employees: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
  - c. Male teachers: 97% of rates in a GRS table based on male teacher experience, projected with Scale AA from 2000.
  - d. Female teachers: 92% of rates in a GRS table based on female teacher experience, projected with Scale AA from 2000.

The following table provides the life expectancy for individuals retiring in future years based on the assumption with full generational projection:

Life Expectancy for an Age 65 Retiree in Years					
Group	Year of Retirement				
	2010	2015	2020	2025	2030
State Employee – Male	18.8	19.2	19.6	19.9	20.3
State Employee – Female	22.1	22.3	22.5	22.7	23.0
Teacher – Male	21.4	21.7	22.1	22.4	22.7
Teacher – Female	24.2	24.5	24.8	25.0	25.3

2. Post-retirement mortality (disabled lives): One set of rates is used for both state employees and teachers
  - a. Males: 60% of the PBGC Table Va for disabled males eligible for Social Security disability benefits
  - b. Females: 60% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.

Sample rates are shown below:

Number of Deaths per 100		
Age	Males	Females
25	2.90	1.58
30	2.17	1.42
35	1.67	1.28
40	1.69	1.25
45	1.93	1.34
50	2.30	1.54
55	2.89	1.77
60	3.62	1.99
65	4.07	2.22
70	4.43	2.47
75	5.05	2.95
80	6.77	4.48

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3. Pre-retirement mortality: Use the RP-2000 Combined tables with white-collar adjustment for males and females as the base table, and then to apply a 75% for state employees and a 50% multiplier for teachers. Sample rates are shown below:

Number of Deaths per 100				
Age	State Employees		Teachers	
	Males	Females	Males	Females
25	0.03	0.02	0.02	0.01
30	0.03	0.02	0.02	0.01
35	0.04	0.03	0.03	0.02
40	0.07	0.05	0.04	0.03
45	0.10	0.08	0.07	0.05
50	0.15	0.12	0.10	0.08
55	0.25	0.19	0.17	0.13
60	0.42	0.35	0.28	0.23
65	0.83	0.65	0.55	0.43
70	1.45	1.14	0.96	0.76

4. Disability rates: Sample rates are shown below. Ordinary disability rates are not applied to members eligible for retirement. One half the accidental disabilities are assumed to be totally and permanently disabled from any occupation.

Age	Number of Disabilities per 1,000							
	State Ordinary Males	State Accidental Males	State Ordinary Females	State Accidental Females	Teachers Ordinary Males	Teachers Accidental Males	Teachers Ordinary Females	Teachers Accidental Females
25	0.36	0.16	0.45	0.09	0.23	0.04	0.23	0.04
30	0.44	0.20	0.55	0.11	0.28	0.04	0.28	0.04
35	0.60	0.27	0.75	0.15	0.38	0.06	0.38	0.06
40	0.88	0.40	1.10	0.22	0.55	0.09	0.55	0.09
45	1.44	0.65	1.80	0.36	0.90	0.14	0.90	0.14
50	2.44	1.10	3.05	0.61	1.53	0.24	1.53	0.24
55	4.04	1.82	5.05	1.01	2.53	0.40	2.53	0.40
60	5.64	2.54	7.05	1.41	3.53	0.56	3.53	0.56

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5. Termination rates (for causes other than death, disability, or retirement) are a function of the member's sex and service. Termination rates are not applied to members eligible for retirement. Rates are shown below:

Service	State Employees		Teachers	
	Males	Females	Males	Females
0	0.2400	0.1200	0.1700	0.0890
1	0.0882	0.1000	0.0900	0.0778
2	0.0761	0.0778	0.0562	0.0681
3	0.0656	0.0682	0.0455	0.0595
4	0.0565	0.0599	0.0364	0.0521
5	0.0487	0.0526	0.0289	0.0455
6	0.0421	0.0463	0.0229	0.0398
7	0.0366	0.0409	0.0181	0.0348
8	0.0321	0.0363	0.0145	0.0305
9	0.0285	0.0325	0.0120	0.0266
10	0.0257	0.0293	0.0120	0.0233
11	0.0235	0.0267	0.0120	0.0204
12	0.0219	0.0246	0.0120	0.0178
13	0.0208	0.0228	0.0120	0.0156
14	0.0199	0.0214	0.0120	0.0136
15	0.0194	0.0202	0.0120	0.0119
16	0.0189	0.0191	0.0120	0.0104
17	0.0185	0.0181	0.0120	0.0091
18	0.0179	0.0170	0.0120	0.0080
19	0.0172	0.0158	0.0120	0.0070
20	0.0162	0.0144	0.0094	0.0061
21	0.0147	0.0128	0.0094	0.0053
22	0.0127	0.0107	0.0094	0.0047
23	0.0101	0.0082	0.0094	0.0041
24	0.0068	0.0051	0.0094	0.0036

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6. Retirement rates (unreduced):

Separate male and female rates, based on schedule, age and service. For members who reach 28 years of service before age 60, service-based rates are used. For members who reach age 60 before reaching 28 years of service, age-based rates are used instead. The following tables show the probabilities of retirement.

State Employees Excluding Corrections – Schedule A Members							
Males				Females			
Service (00/28)		Age (60/10)		Service (00/28)		Age (60/10)	
Service	Ret. Rate	Age	Ret. Rate	Service	Ret. Rate	Age	Ret. Rate
28	17.5%	60	10.0%	28	20.0%	60	15.0%
29	13.0%	61	5.0%	29	15.0%	61	10.0%
30	13.0%	62	17.5%	30	15.0%	62	20.0%
31	13.0%	63	15.0%	31	15.0%	63	15.0%
32	13.0%	64	15.0%	32	15.0%	64	15.0%
33	17.5%	65	20.0%	33	15.0%	65	20.0%
34	17.5%	66	17.5%	34	15.0%	66	25.0%
35	40.0%	67	17.5%	35	40.0%	67	20.0%
36	35.0%	68	17.5%	36	30.0%	68	20.0%
37	35.0%	69	17.5%	37	30.0%	69	20.0%
38	35.0%	70	17.5%	38	30.0%	70	20.0%
39	35.0%	71	17.5%	39	30.0%	71	20.0%
40	100.0%	72	17.5%	40	100.0%	72	20.0%
		73	17.5%			73	20.0%
		74	17.5%			74	20.0%
		75	100.0%			75	100.0%

Schedule B members: 60% of members are assumed to retire when first eligible, either at age 59 with 29 years of service, or at age 65 with 10 years of service. The rates in the table above are applied after first eligibility.

Because of the enactment of Article 7 in 2009, the retirement assumption was modified for members not eligible for retirement by October 1, 2009. Members

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who would have been assumed to retire prior to age 62 under the above schedule under the rules in effect before the enactment of Article 7 are assumed to retire when first eligible for an unreduced benefit under Article 7.

Teachers – Schedule A Members							
Males				Females			
Service (00/28)		Age (60/10)		Service (00/28)		Age (60/10)	
Service	Ret. Rate	Age	Ret. Rate	Service	Ret. Rate	Age	Ret. Rate
28	25.0%	60	20.0%	28	20.0%	60	20.0%
29	15.0%	61	15.0%	29	15.0%	61	15.0%
30	20.0%	62	30.0%	30	20.0%	62	25.0%
31	20.0%	63	25.0%	31	20.0%	63	20.0%
32	30.0%	64	10.0%	32	30.0%	64	20.0%
33	30.0%	65	25.0%	33	30.0%	65	35.0%
34	40.0%	66	25.0%	34	35.0%	66	25.0%
35	55.0%	67	25.0%	35	50.0%	67	25.0%
36	40.0%	68	25.0%	36	40.0%	68	25.0%
37	40.0%	69	25.0%	37	40.0%	69	25.0%
38	40.0%	70	25.0%	38	40.0%	70	25.0%
39	40.0%	71	25.0%	39	40.0%	71	25.0%
40	100.0%	72	25.0%	40	100.0%	72	25.0%
		73	25.0%			73	25.0%
		74	25.0%			74	25.0%
		75	100.0%			75	100.0%

**Schedule B members:** 75% of members who reach age 59 with 29 years of service before age 65 are assumed to retire when first eligible, at age 59 with 29 years of service. 75% of other members are expected to retire when first eligible, at age 65 with 10 years of service. The rates in the table above are applied after first eligibility.

Because of the enactment of Article 7 in 2009, the retirement assumption was modified for members not eligible for retirement by October 1, 2009. Members



who would have been assumed to retire prior to age 62 under the above schedule under the rules in effect before the enactment of Article 7 are assumed to retire when first eligible for an unreduced benefit under Article 7.

For correctional officers: A set of unisex rates, indexed by service, as shown below. All members still active are assumed to retire at age 65 with 10 years of service.

Corrections	
Service	Ret. Rate
20	5.0%
21	5.0%
22	5.0%
23	5.0%
24	5.0%
25	5.0%
26	5.0%
27	5.0%
28	5.0%
29	5.0%
30	13.0%
31	13.0%
32	13.0%
33	20.0%
34	20.0%
35	35.0%
36	25.0%
37	25.0%
38	25.0%
39	25.0%
40	100.0%

Because of the enactment of Article 7 in 2009, the retirement assumption was modified for members not eligible for retirement by October 1, 2009. Members who would have been assumed to retire prior to age 62 under the above schedule under the rules in effect before the enactment of Article 7 are assumed to retire when first eligible for an unreduced benefit under Article 7.

7. Reduced retirement for Schedule B members (state employees and teachers, males and females). Rates based on age as shown below:

Age	Ret. Rate
55	0%
56	0%
57	0%
58	0%
59	1%
60	2%
61	2%
62	2%
63	3%
64	4%

C. Other Assumptions

1. Percent married: 85% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an annuity.
4. Percent electing deferred termination benefit: Vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.
5. Recovery from disability: None assumed.
6. Remarriage: It is assumed that no surviving spouse will remarry and there will be no children's benefit.
7. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at the first age at which unreduced benefits are available.
8. Investment and administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.

9. Inactive members: Liabilities for inactive members are approximated as a multiple of their member contribution account balances. For nonvested inactive members, the multiple is 1.0. For vested inactive members, the multiple is 8.0 for members with 25 or more years of service, 3.0 for vested inactive members age 45 or older with less than 25 years of service, and 1.0 for other vested inactive members younger than age 45.
10. Decrement timing: For all state employees, decrements are assumed to occur at the middle of the year. For teachers the retirement and termination decrements are assumed to occur at the beginning of the year, while death and disability are assumed to occur at the middle of the year.

D. Participant Data

Participant data was supplied on electronic files. There are separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active members included date of birth, sex, service, salary and employee contribution account balance. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement and a form of payment code.

Salary supplied for the current year was based on the earnings for the fiscal year preceding the valuation date. However, for members with less than one year of service, the current rate of salary was used. This salary was adjusted by the salary increase rate for one year.

Assumptions were made to correct for incomplete and inconsistent data. These modifications had no material impact on the results presented.

### **Summary of Benefit Provisions**

1. Effective Date and Authority: The Employees' Retirement System of Rhode Island (ERSRI) became effective on July 1, 1936 for State Employees and on July 1, 1949 for Teachers. Benefits for State Employees are described in Rhode Island General Laws, Title 36, Chapter 36-10, and benefits for Teachers are described in Rhode Island General Laws, Title 16, Chapter 16-16.
2. Plan Year: A twelve-month period ending June 30th.

3. Administration: ERSRI is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy.
4. Type of Plan: ERSRI is a qualified governmental defined benefit retirement plan. Separate contribution rates are determined for state employees and for teachers. For Governmental Accounting Standards Board purposes, it is a cost-sharing multiple employer plan.
5. Eligibility: Most Rhode Island state employees and certified public school teachers participate in ERSRI. Certain employees of the Airport Corporation, the Economic Development Corporation and the Narragansett Bay Commission participate in the plan as though they were state employees. State police officers, state judges, and teachers and administrators in the public colleges and universities are covered by their own separate systems, and are therefore excluded. Certain elected state officials are excluded unless they make an election to join ERSRI. Superintendents, principals, business agents and other administrators participate as teachers. Non-certified public school employees, such as teacher's aides, janitors, secretaries, and bus drivers, cannot participate in ERSRI, although they may be covered by the Municipal Employees Retirement System (MERS) or a separate plan maintained by the town or city. Eligible employees become members as of their date of employment.
6. Employee Contributions: State Employees generally contribute 8.75% of their salary per year. Teachers contribute 9.50% per year. The state "picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h). At their option, the city or town employing a teacher may also pick up their members' contributions.
7. Salary: Salary includes the member's base earnings, plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.
8. Employer Contributions: For teachers, the state contributes 40% of the employer contribution rate and the city, town or other local employer contributes the remaining 60%. (This basic 40-60 split is further adjusted, since the State bears the cost of repaying certain amounts taken from the trust in the early 1990s.) Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.

In fiscal years beginning after June 30, 2005, if the State's contribution on behalf of State Employees decreases, the State shall appropriate an additional amount to the retirement trust. Such amount shall be equal to 20% of any decrease in expected contributions.

9. Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods, such as time spent teaching at a public school in another state, by making an additional contribution to purchase the additional service and those costs

will be determined at full actuarial value, except for purchases of military service and re-deposits of previously refunded contributions. Special rules and limits govern the purchase of additional service and the contribution required.

10. Final Average Compensation (FAC): For members eligible to retire as of September 30, 2009, their Final Average Compensation (FAC) will be based on the highest three consecutive annual salaries. For members not eligible to retire as of September 30, 2009, their FAC will be based on the highest five consecutive years of salary. Monthly benefits are based on one-twelfth of this amount.

11. Retirement

- a. Eligibility:

- (i) Grandfathered Schedule A members — members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009 — are eligible to retire on or after age 60 if they have credit for 10 years of service, or at any age if they have credit for 28 years of service.
    - (ii) Correctional officers who have reached age 50 and have credit for 20 years of service as of September 30, 2009 are eligible to retire and are grandfathered.
    - (iii) Nurses (RNs) employed by MHRH who have reached age 50 with 25 years of service by September 30, 2009 are eligible to retire and are grandfathered.
    - (iv) Schedule B members — members with less than 10 years of contributory service as of June 30, 2005 and members hired on or after that date — are eligible for retirement on or after age 65 if they have credit for 10 years of service, or on or after age 62 if they have credit for 29 years of service. In addition, a member who attains age 62 with at least 20 years of service credit may retire with an actuarially reduced retirement benefit. The reduction is based on the difference between 65 and the member's age at retirement.
    - (v) Correctional officers who are hired after September 30, 2009 become eligible to retire when they have reach age 55 and have credit for 25 years of service.
    - (vi) Nurses (RNs) employed by MHRH who are hired after September 30, 2009 become eligible when they have reach age 55 and have credit for 25 years of service.
    - (vii) Schedule A members who are not grandfathered — i.e., members who had at least 10 years of creditable service at June 30, 2005, but who were not eligible to retire on September 30, 2009 — will be eligible for retirement at an individually determined age. This age is the result of interpolating between the retirement age

under the rules applicable to grandfathered employees in (i) above and the retirement age applicable to members hired after September 30, 2009 in (iv) above. The interpolation is based on service as of Sept. 30, 2009, divided by projected service at the retirement age under (i) above.

(viii) Correctional officers hired on or before September 30, 2009 who are not eligible for retirement at that date will have an individually determined retirement age. This age is the result of interpolating between the retirement age for grandfathered employees in (ii) above and the retirement age applicable to members hired after September 30, 2009 in (v) above.

(ix) Similarly, MHRH nurses (RNs) hired on or before September 30, 2009 who are not eligible to retire at that date will have an individually determined retirement age. This age is the result of interpolating between the retirement age for grandfathered employees in (iii) above and the retirement age applicable to members hired after September 30, 2009 in (vi) above.

- b. Monthly Benefit: The retirement benefit is a percentage of the member's monthly FAC. This percentage is a function of the member's service as described below.
  - (i) For grandfathered Schedule A members (members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009), benefits are based under this schedule (Schedule A):

For Service In:	Years	Benefit Percentage Earned
The first 10 years of service	1 – 10	1.7% per year
The next 10 years of service	11 – 20	1.9% per year
The next 14 years of service	21 – 34	3.0% per year
The next 1 year of service	35	2.0% per year

The maximum benefit is 80% of FAC.

- (ii) For Schedule B members (members with less than 10 years of contributory service as of June 30, 2005) and for all future hires, benefits are based on the following schedule (Schedule B):

For Service In:	Years	Benefit Percentage Earned
The first 10 years of service	1 – 10	1.6% per year
The next 10 years of service	11 – 20	1.8% per year
The next 5 years of service	21 – 25	2.0% per year
The next 5 years of service	26 – 30	2.25% per year
The next 7 years of service	31 – 37	2.50% per year
The next 1 year of service	38	2.25% per year

The maximum benefit is 75% of FAC.

- (iii) For Schedule A members who are not grandfathered — i.e., members who had at least 10 years of creditable service at June 30, 2005, but who were not eligible to retire on September 30, 2009 — benefits are based on Schedule A (under (i) above) for service through September 30, 2009 and on Schedule B (under (ii) above) for service after September 30, 2009. The maximum benefit is 80% of FAC.

- (iv) MHRH nurses receive a benefit determined under the appropriate formula above.

- (v) Correctional Officers receive a benefit computed under a different formula:

For Service In:	Years	Benefit Percentage Earned
The first 30 years of service	1 – 30	2.0% per year
The next 1 year of service	31	6.0% per year
The next 1 year of service	32	5.0% per year
The next 1 year of service	33	4.0% per year
The next 1 year of service	34	3.0% per year
The next 14 years of service	35	2.0% per year

The maximum benefit for correctional officers is 80% of FAC.

- c. Payment Form: Benefits are paid as a monthly life annuity. Optional forms of payment are available; see Item 16 below.
- d. Death benefit: After retirement, death benefits are based on the form of annuity elected. If no option is elected, i.e., if payments are made as a life annuity, there is a minimum death benefit equal to the sum of the member's contributions without interest, less the sum of the monthly benefit payments made before the member's death. In addition, a lump-sum death benefit is payable upon the death of any retired member, regardless of option elected. This lump sum is equal to a percentage of the lump-sum death benefit that was available to the member at the time of retirement. The percentage is 100% in the first year of retirement, 75% in the second year, 50% in the third year and 25% in the fourth and subsequent years of retirement. However, in no event will the lump sum death benefit be less than \$4,000.

## 12. Disability Retirement

- a. Eligibility: A member is eligible provided he or she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.
- b. Ordinary Disability Benefit: The benefit payable under the retirement formula, using FAC and service at the time of disability, but not less than 10 years of service.
- c. Accidental Disability Benefit:
  - For applications filed before or on September 30, 2009: An annual annuity equal to two-thirds ( $66 \frac{2}{3}\%$ ) of salary at the time of disability.
  - For applications filed after September 30, 2009: An accidental disability will be available at two-thirds ( $66 \frac{2}{3}\%$ ) of salary for members who are permanently and totally disabled from engaging in any occupation as determined by the retirement board. If the member is eligible for an accidental disability benefit but deemed able to work in other jobs, the benefit is limited to fifty percent (50%) of salary.
  - Benefits will be subject to an annual review by ERSRI.
- d. Payment Form: The disability benefit commences immediately upon the member's retirement. Benefits cease upon recovery or reemployment. Disability benefits are payable as a monthly life annuity with a guarantee that, at the member's death, the sum of the



member's contributions, plus interest as of the date of retirement, will be paid in a lump-sum to the member's beneficiary. All alternative forms of payment except for the Social Security Option are permitted in the case of disability retirement.

13. Deferred Termination Benefit

- a. Eligibility: A member with at least ten years of service is vested. A vested member who does not withdraw his or her contributions from the fund is eligible for a deferred termination benefit.
- b. Monthly Benefit: The monthly benefit is based on the retirement formula described above. Both FAC and service are determined at the time the member leaves active employment. Benefits may commence when the member has met the requirements for a retirement benefit.
- c. Payment Form: The same as for Retirement above.
- d. Death Benefit before retirement: A member who dies after leaving active service but before retiring is entitled to receive a benefit as described below in item 15.
- e. Death Benefit after Retirement: The same as for Retirement above.

14. Withdrawal (Refund) Benefit

- a. Eligibility: All members leaving covered employment with less than ten years of service are eligible. Optionally, vested members (those with ten or more years of service) may withdraw their accumulated contributions in lieu of the deferred benefits otherwise due.
- b. Benefit: The member who withdraws receives a lump-sum payment equal to the sum of his or her employee contributions. No interest is credited on these contributions.

15. Death Benefit of Active or Inactive Members

- a. Eligibility: Death must have occurred while an active or an inactive, non-retired member.
- b. Basic Benefit: Upon the death of a non-vested member, or upon the death of an inactive, vested member, or upon the death of an active, unmarried member, a refund of the member's contributions (without interest) is paid. Upon the death of a vested, married,

active member, the spouse may elect (i) the refund benefit described above, or (ii) a life annuity paid to the spouse or beneficiary. The amount of the annuity is equal to the amount which would have been paid had the member retired at the time of his death and elected the Joint and 100% Survivor option. If the member was not eligible for retirement, the annuity benefit is reduced 6% per year from the date at which the member would have been eligible had he or she remained in service.

- c. Lump-sum Benefit: \$800 per year of service, with a maximum benefit of \$16,000 and a minimum of \$4,000. This benefit is only available to active members.
- d. Accidental Duty-related Death Benefit: If a member dies as the result of an accident while in the course of his or her duties, in lieu of the above benefits the member's spouse may elect to receive (i) a refund of all contributions made (including interest), and (ii) an annual life annuity equal to 50% of the member's salary at the time of death. The annuity benefit stops when the spouse remarries or dies, although it may be continued to any children under age 18 or to any dependent parents.

16. Optional Forms of Payment: In addition to a life annuity, ERSRI offers members these optional forms of payment on an actuarially equivalent basis:

- a. Option 1 (Joint and 100% Survivor) — A life annuity payable while either the participant or his beneficiary is alive.
- b. Option 2 (Joint and 50% Survivor) — A life annuity payable to the member while both the member and beneficiary are alive, reducing to 50% of this amount if the member predeceases the beneficiary.
- c. Social Security Option — An annuity paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death. This option is only available for members with at least 10 years of contributory service as of June 30, 2005.

Actuarial equivalence is based on tables adopted by the Employees' Retirement Board.

17. Post-retirement Benefit Increase:

- a. For members with at least 10 years of contributory service as of June 30, 2005 who are retired or eligible to retire as of September 30, 2009, and for all members receiving a disability retirement benefit on that date: a 3.00% compound increase in their retirement benefit each year, beginning in January of the year in which the member reaches the third anniversary of retirement. This increase is not a function of actual increases in the cost of living.
- b. For other members who were retired or were eligible to retire as of June 30, 2010: a compound increase in their retirement benefit each year equal to the increase in the CPI, effective on each anniversary date beginning on the third anniversary of retirement. This increase is limited to 3.00%.
- c. For other members who were not retired or eligible to retire as of June 30, 2010: a compound increase in their first \$35,000 of annual retirement benefit each year equal to the increase in the CPI, effective on each anniversary date beginning on the later of the member's third anniversary of retirement and the month following their 65<sup>th</sup> birthday. This increase is limited to 3.00%. Additionally, the \$35,000 annual COLA limit is applicable for benefits paid in 2010 and would be indexed annually to increase in the same manner as COLAs for Schedule B members (CPI increase for the year, not greater than 3.00%).

Employees' Retirement System of Rhode Island

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<b>Plan Net Assets</b>		
<b>(Assets at Market or Fair Value)</b>		
Item	June 30, 2010	June 30, 2009
(1)	(2)	(3)
<b>A. Total ERSRI assets</b>		
1. Cash and cash equivalents	\$ 5,654,076	\$ 2,444,276
2. Receivables:		
a. Transfers receivable	\$ 0	\$ 0
b. Member and employer contributions	29,382,627	58,981,883
c. Due from state for teachers	23,342,734	15,702,911
d. Net investment income and other	588,895	1,511,360
e. Total receivables	<u>\$ 53,314,256</u>	<u>\$ 76,196,154</u>
3. Investments		
a. Short-term investment fund	\$ 0	\$ 0
b. Pooled trust	5,428,178,534	5,023,798,014
c. Plan specific investments	0	0
d. Invested securities lending collateral	0	0
e. Total	<u>\$ 5,428,178,534</u>	<u>\$ 5,023,798,014</u>
4. Total property and equipment	\$ 3,532,636	\$ 5,119,137
5. Total assets	\$ 5,490,679,502	\$ 5,107,557,581
6. Liabilities		
a. Net OPEB Liability	\$ 94,888	\$ 75,001
b. Accounts and vouchers payable	2,660,826	4,100,647
c. Securities lending liability	0	0
d. Total liabilities	<u>\$ 2,755,714</u>	<u>\$ 4,175,648</u>
7. Total market value of assets available for benefits (Item 5 - Item 6)	\$ 5,487,923,788	\$ 5,103,381,933
<b>B. Breakdown</b>		
1. State employees	\$ 2,083,616,670	\$ 1,954,618,465
2. Teachers	3,196,511,775	2,962,026,384
3. Teachers' survivors benefits	207,795,343	186,737,084
4. Total	<u>\$ 5,487,923,788</u>	<u>\$ 5,103,381,933</u>

**Reconciliation of Plan Net Assets**

Item (1)	Year Ending June 30, 2010	
	State Employees (2)	Teachers (3)
1. Market value of assets at beginning of year	\$ 1,954,618,465	\$ 2,962,026,384
Current year prior period adjustments	0	0
Adjusted market value of assets at BOY	\$ 1,954,618,465	\$ 2,962,026,384
2. Contributions		
a. Members	\$ 50,469,335	\$ 89,444,831
b. State	123,620,378	68,542,956
c. Local employers	0	109,579,292
d. Reimbursement of Supplemental Pensions	116,265	988,703
e. Service purchases	1,310,817	3,683,924
f. Total	\$ 175,516,795	\$ 272,239,706
3. Investment earnings, net of investment and administrative expenses	\$ 262,499,754	\$ 402,693,600
4. Expenditures for the year		
a. Benefit payments	\$ (230,585,086)	\$ (326,376,095)
b. Cost-of-living adjustments	(59,418,947)	(94,831,338)
c. Death benefits	(1,539,600)	(852,000)
d. Social security supplements	(13,404,982)	(13,805,037)
e. Supplemental pensions	(116,675)	(988,803)
f. Refunds	(4,373,614)	(3,176,593)
g. Total expenditures	\$ (309,438,904)	\$ (440,029,866)
5. Transfers and other adjustments	\$ 420,560	\$ (418,049)
6. Market value of assets at end of year	\$ 2,083,616,670	\$ 3,196,511,775

**Analysis of Change in Employer Cost**

Basis (1)	State Employees (2)	Teachers (3)
1. Employer contribution rates from prior valuation	22.98%	22.32%
2. Impact of changes, gains and losses		
a. Non-salary liability experience (gain)/loss *	0.99%	0.43%
b. Salary (gain)/loss	-0.07%	-0.06%
c. Total payroll growth (gain)/loss	-0.03%	0.94%
d. Investment experience (gain)/loss	2.68%	2.58%
e. Changes in assumptions	9.79%	9.04%
f. Changes in plan provisions	0.00%	0.00%
g. Total	13.36%	12.93%
3. Employer contribution rates from current valuation	36.34%	35.25%

\* During FY2010, both Plans experienced material liability losses due to retiree mortality and termination experience. In addition, especially for State Employees, there was additional variance due to many additional retirements due to Article 4 during the fiscal year.

**2010**

**Municipal Employees'  
Retirement System  
Actuarial Information**





May 4, 2011

Retirement Board  
40 Fountain Street, First Floor  
Providence, RI 02903-1854

Dear Members of the Board:

**Subject: Actuarial Valuation of MERS as of June 30, 2010**

This is the June 30, 2010 actuarial valuation of the Municipal Employees' Retirement System (MERS). This report describes the current actuarial condition of MERS, determines recommended employer contribution rates, and analyzes changes in these contribution rates. Separate liabilities and contribution rates are determined for each of the participating units. Valuations are prepared annually as of June 30, the last day of the plan year.

Under Rhode Island General Laws, the employer contribution rates for the units participating in MERS are certified annually by the State of Rhode Island Retirement Board. These rates are determined actuarially, based on the plan provisions in effect as of the valuation date and the actuarial assumptions and methodology adopted by the Board. Where known, we have also reflected adoption of a COLA provision or the 20-year retirement provision, even if the effective date is after the valuation date. The Board's current policy is that the contribution rates determined by a given actuarial valuation become effective two years after the valuation date. For example, the rates determined by this June 30, 2010 actuarial valuation will be applicable for the year beginning July 1, 2012 and ending June 30, 2013.

**Financing objectives and funding policy**

The actuarial cost method and the amortization periods are set by board policy. Contribution rates and liabilities are computed using the Entry Age actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost rate is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999; 19 years as of June 30, 2010). The amortization rate is adjusted for the two-year deferral in contribution rates.



## **Progress toward realization of financing objectives**

There were significant decreases in the funded ratio for all units since the prior valuation and a corresponding large increase in the employer contribution rates. The changes were principally due to (a) the changes in actuarial assumptions adopted by the Board in April of 2011, and (b) continued recognition of deferred asset losses from prior valuations.

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The funded ratio of the average unit in MERS is 73.6%, decreased from 88.3% in the prior valuation.

There are currently 109 units participating in MERS, 66 covering general employees and 43 covering police and/or fire employees. Of these 109 units, 4 had no change in contribution rate, and 105 had their rate increase. There were no units that experienced a decrease in their contribution rate. Four units have no required contribution rate. Of the 66 general employee units, 63 had rate increases, while 42 of the 43 police/fire units had rate increases. An analysis of the changes in the employer contribution rates appears on page 105.

## **Benefit provisions**

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2010. We have also reflected the known adoption of COLA B, COLA C, or the 20-year retirement provision, even if the effective date and/or the adoption date occurred after the valuation date. The benefit provisions are summarized on page 124, and each unit's individual election is indicated by a code in column 4 in the table on page 95. Changes in elections are discussed on page 94.

## **Assumptions and methods**

The actuarial assumptions were changed as a result of the experience study approved by the Board on April 13, 2011. Significant changes were made to the annual investment return and the post-retirement mortality for healthy and disabled retirees. Less significant changes were made to termination rates for general employees, and salary increase and disability rates for both general employees and police and fire employees. Also, the payroll growth was decreased. More detail on the changes adopted as a result of the experience study can be found on page 93. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of MERS.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

## Data

The System's staff supplied data for retired, active and inactive members as of June 30, 2010. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2010.

## Certification

All of our work conforms with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries. All are Enrolled Actuaries and Members of the American Academy of Actuaries. They all meet the Qualification Standards of the American Academy of Actuaries and they are experienced in performing valuations for large public retirement systems.

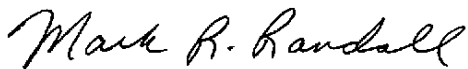
Sincerely,  
Gabriel, Roeder, Smith & Company



Joseph P. Newton, FSA, MAAA  
Senior Consultant



J. Christian Conradi, ASA, MAAA  
Senior Consultant



Mark R. Randall, MAAA, EA  
Executive Vice President

## **GASB 25 and Funding Progress**

Accounting requirements for MERS are set by Governmental Accounting Standards Board Statement No. 25 (GASB 25).

GASB 25 requires that plans calculate an Annual Required Contribution (ARC), and, if actual contributions received are less than the ARC, this must be disclosed. The ARC must be calculated in accordance with certain parameters. In particular, it must include a payment to amortize the unfunded actuarial accrued liability. This amortization payment must be computed using a funding period no greater than 30 years. Further, the amortization payment included in the ARC may be computed as a level amount, or it may be computed as an amount that increases with payroll. However, if payments are computed on a level percent of payroll approach, the payroll growth assumption may not anticipate future membership growth.

For MERS, the calculated contribution rate shown on page 95 is the ARC. The amortization period is 30 years as of June 30, 1999, and there are 19 years remaining as of June 30, 2010. The period and amortization method comply with the requirements of GASB 25. The payroll growth rate used in the amortization calculations does not include any allowance for membership growth.

## **Discussion of the Experience Study**

Between the June 30, 2009 actuarial valuation and this report, the Retirement Board asked GRS to analyze the assumptions and methods used in the MERS actuarial valuation. The experience study was performed for the period June 30, 2004 to June 30, 2010. The study examined the assumptions used for expected investment rate, inflation rate, retirement, mortality, termination, disability, salary increases, payroll growth, and other miscellaneous assumptions.

The assumed investment return rate was decreased from 8.25% to 7.50%, and the assumed payroll growth assumption was decreased from 4/25% to 3.75%. Changes were made to the termination, retirement, and salary increase assumptions. The post-retirement mortality assumptions for healthy and disabled retirees, and the disability rates for both general and police/fire employees were also changed. Tables were adjusted to more closely reflect anticipated plan experience and to reflect an assumption of continual future improvement in life expectancy.

All of the changes recommended by GRS were adopted by the Board on April 13, 2011. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of ERSRI.

## **Contribution Rates**

The employer contribution rates for MERS are determined actuarially. The rates determined in this valuation become effective two years after the valuation date, in this case as of July 1, 2012.

Each rate consists of two pieces: the employer normal cost rate and the amortization rate. The normal cost and actuarial accrued liability are determined using the Entry Age actuarial cost method. The employer normal cost is the difference between (i) the normal cost rate, determined as a level percent of pay, and (ii) the member contribution rate. The unfunded actuarial accrued liability is amortized as a level percent of payroll over a closed period. The period is 30 years as measured from June 30, 1999, or 19 years as of the current valuation date. The amortization rate is adjusted for the fact that the contribution rate set by this valuation is deferred for two years, and other amortization rates may apply for the next two years.

The member contribution rate, the employer normal cost rate, the amortization rate and the total employer contribution rate are shown on page 95. These rates are applicable to the fiscal year ending June 30, 2013. The table on page 98 compares the total employer contribution rate with those rates determined in the two prior actuarial valuations. The table on page 101 shows the components used to determine the employer contribution rate in dollar amounts. Finally, the table on page 105 shows the major components of the rate change for each unit.

## **Benefit Provisions**

Appendix B includes a summary of the benefit provisions for MERS. There were no material changes in the benefit provisions since the preceding valuation.

Individual units may elect certain optional provisions, including an annual benefit increase of 3% of the original benefit amount (i.e., a “simple” increase) applicable to future retirees only (COLA C), the same increase applicable to both current and future retirees (COLA B), or the 20-year retirement provision for police/fire units. There were no changes reflected in this valuation.

No new unit joined MERS since the prior valuation. No units closed or withdrew or subdivided.

There are no ancillary benefits — e.g., cost of living benefits — that are currently provided by a source independent of MERS but that might be deemed a MERS liability if continued beyond the availability of funding by the current funding source.

## Employees' Retirement System of Rhode Island

### Contribution Rates For Fiscal Year Ending June 30, 2013

Old Unit Number	New Unit Number	Unit	Code(s)	Member Rate	Employer Rate		Total
					Employer Normal Cost	Amortization Rate	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>General Employee Units</b>							
3002	1012 1019	Bristol	B	7.00%	7.84%	15.82%	23.66%
3003	1032 1033	Burrillville	C	7.00%	8.59%	4.63%	13.22%
3004	1052	Central Falls		6.00%	6.08%	8.30%	14.38%
3005	1082	Charlestown	C	7.00%	7.98%	10.39%	18.37%
3007	1112 1113	Cranston	B	7.00%	8.44%	7.12%	15.56%
3008	1122 1123	Cumberland		6.00%	6.35%	8.82%	15.17%
3009	1152 1153	East Greenwich	C	7.00%	8.31%	4.19%	12.50%
3010	1162 1163	East Providence	B	7.00%	8.24%	21.42%	29.66%
3011	1183	Exeter/West Greenwich	B	7.00%	8.65%	11.86%	20.51%
3012	1192 1193	Foster		6.00%	6.59%	6.15%	12.74%
3013	1212 1213	Glocester	C	7.00%	8.27%	7.99%	16.26%
3014	1262	Hopkinton	C	7.00%	9.14%	1.68%	10.82%
3015	1272 1273	Jamestown	C	7.00%	8.15%	10.42%	18.57%
3016	1282 1283	Johnston	C	7.00%	8.63%	12.55%	21.18%
3017	1302 1303	Lincoln		6.00%	6.64%	6.35%	12.99%
3019	1322 1323	Middletown	C	7.00%	7.88%	12.01%	19.89%
3021	1352 1353 1354	Newport	B	7.00%	8.02%	19.52%	27.54%
3022	1342 1343	New Shoreham	B	7.00%	8.11%	5.91%	14.02%
3023	1372 1373	North Kingstown	C	7.00%	8.37%	14.69%	23.06%
3024	1382 1383	North Providence		6.00%	6.26%	1.29%	7.55%
3025	1392 1393	North Smithfield	B	7.00%	8.70%	2.30%	11.00%
3026	1412 1413	Pawtucket	C	7.00%	8.11%	14.14%	22.25%
3027	1515	Union Fire District		6.00%	5.95%	3.46%	9.41%
3029	1452	Richmond		6.00%	6.69%	4.83%	11.52%
3030	1462 1463	Scituate	B	7.00%	8.61%	12.14%	20.75%
3031	1472 1473	Smithfield	C	7.00%	8.93%	5.66%	14.59%
3032	1492 1493	South Kingstown	B	7.00%	8.36%	9.47%	17.83%
3033	1532 1533	Tiverton	C	7.00%	8.38%	0.09%	8.47%
3034	1562	Warren	C	7.00%	7.42%	15.56%	22.98%
3036	1622 1623	Westerly		6.00%	4.60%	77.65%	82.25%
3037	1602	West Greenwich	C	7.00%	8.15%	15.10%	23.25%
3039	1632 1633	Woonsocket	B	7.00%	8.28%	5.91%	14.19%
3040	1073	Chariho School District	C	7.00%	8.33%	10.22%	18.55%
3041	1203	Foster/Glocester	B	7.00%	9.03%	12.32%	21.35%
3042	1528	Tiogue Fire & Lighting	C,5	7.00%	0.00%	0.00%	0.00%
3043	1336	Narragansett Housing	C	7.00%	7.31%	7.16%	14.47%
3045	1098	Coventry Lighting District	C	7.00%	7.53%	(153.54%)	0.00%
3046	1242	Hope Valley Fire	C	7.00%	7.59%	4.12%	11.71%
3050	1156	East Greenwich Housing	C	7.00%	9.40%	6.85%	16.25%
3051	1116	Cranston Housing	C	7.00%	8.49%	3.91%	12.40%
3052	1166	East Providence Housing	B	7.00%	9.49%	1.90%	11.39%
3053	1416	Pawtucket Housing	B	7.00%	8.19%	(4.40%)	3.79%
3056	1126	Cumberland Housing	C	7.00%	8.26%	5.00%	13.26%
3057	1306	Lincoln Housing	B	7.00%	9.97%	2.64%	12.61%
3059	1016	Bristol Housing		6.00%	6.20%	(10.38%)	0.00%
3065	1036	Burrillville Housing	B	7.00%	8.97%	6.41%	15.38%
3066	1386	North Providence Housing	B	7.00%	8.76%	22.50%	31.26%

Employees' Retirement System of Rhode Island

**Contribution Rates  
For Fiscal Year Ending June 30, 2013**

Old Unit Number	New Unit Number	Unit	Code(s)	Member Rate	Employer Rate		Total
					Employer Normal Cost	Amortization Rate	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
3067	1177	East Smithfield Water	C	7.00%	8.45%	1.85%	10.30%
3068	1227	Greenville Water	B	7.00%	7.39%	(2.42%)	4.97%
3069	1356	Newport Housing	C	7.00%	8.40%	18.68%	27.08%
3071	1566	Warren Housing	B	7.00%	9.93%	3.68%	13.61%
3072	1286	Johnston Housing		6.00%	7.10%	2.69%	9.79%
3077	1538	Tiverton Local 2670A	C	7.00%	7.89%	6.80%	14.69%
3078	1002 1003 1007 1009	Barrington COLA	C	7.00%	8.38%	5.82%	14.20%
3079	1096	Coventry Housing		6.00%	6.50%	1.49%	7.99%
3080	1496	South Kingstown Housing	C	7.00%	8.85%	(1.30%)	7.55%
3081	1403	N. RI Collaborative Adm. Services	C	7.00%	8.92%	7.10%	16.02%
3083	1616	West Warwick Housing	B	7.00%	7.58%	8.21%	15.79%
3084	1476	Smithfield Housing		6.00%	5.68%	0.04%	5.72%
3094	1478	Smithfield COLA	C	7.00%	8.17%	9.01%	17.18%
3096	1056	Central Falls Housing	C	7.00%	8.14%	6.81%	14.95%
3098	1293	Lime Rock Administrative Services		6.00%	5.05%	6.66%	11.71%
3099	1063	Central Falls Schools	C	7.00%	8.44%	6.72%	15.16%
3100	1023	Bristol/Warren Schools	B	7.00%	8.57%	11.20%	19.77%
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	7.00%	8.31%	4.19%	12.50%
3102	1712	Harrisville Fire District (ADMIN)	C	7.00%	7.73%	9.83%	17.56%
3103	1702	Albion Fire District (ADMIN)	C,5	7.00%	0.00%	0.00%	0.00%
<b>General Employee Units Averages</b>				6.90%	8.13%	10.19%	18.35%
<b>Police &amp; Fire Units</b>							
4016	1285	Johnston Fire	D	8.00%	11.43%	2.77%	14.20%
4029	1454	Richmond Police	6	7.00%	10.77%	4.50%	15.27%
4031	1474	Smithfield Police	C,D	9.00%	15.98%	7.18%	23.16%
4042	1555	Valley Falls Fire	D	8.00%	11.29%	7.64%	18.93%
4047	1395 1435	North Smithfield Voluntary Fire	B,D	9.00%	15.96%	14.94%	30.90%
4050	1155	East Greenwich Fire	C,D	9.00%	16.24%	23.70%	39.94%
4054	1154	East Greenwich Police	C,D	9.00%	16.33%	24.02%	40.35%
4055	1375	North Kingstown Fire	C,D	9.00%	16.09%	24.24%	40.33%
4056	1374	North Kingstown Police	C,D	9.00%	16.18%	24.98%	41.16%
4058	1385	North Providence Fire	D	8.00%	11.33%	13.00%	24.33%
4059	1008	Barrington Fire (25)	C	8.00%	13.29%	6.20%	19.49%
4060	1004	Barrington Police	C,D	9.00%	16.10%	34.46%	50.56%
4061	1005	Barrington Fire (20)	C,D	9.00%	16.02%	34.34%	50.36%
4062	1564 1565	Warren Police & Fire	C,D	9.00%	15.99%	30.18%	46.17%
4063	1494	South Kingstown Police	B,1	9.00%	16.43%	19.64%	36.07%
4073	1464	Scituate Police	5	7.00%	0.00%	0.00%	0.00%
4076	1394	North Smithfield Police	C,D	9.00%	16.28%	13.84%	30.12%
4077	1534	Tiverton Fire	C,D	9.00%	16.34%	8.22%	24.56%
4082	1194	Foster Police	C,D	9.00%	15.67%	21.05%	36.72%
4085	1634	Woonsocket Police	C,D	9.00%	15.87%	23.01%	38.88%
4086	1084	Charlestown Police	C,D	9.00%	15.99%	25.47%	41.46%
4087	1264	Hopkinton Police	C,D,6	9.00%	19.08%	24.86%	43.94%

Employees' Retirement System of Rhode Island

**Contribution Rates  
For Fiscal Year Ending June 30, 2013**

Old Unit Number	New Unit Number	Unit	Code(s)	Member Rate	Employer Rate		Total
					Employer Normal Cost	Amortization Rate	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
4088	1214	Glocester Police	C,D	9.00%	15.86%	17.75%	33.61%
4089	1604	West Greenwich Police/Rescue	C,D	9.00%	16.69%	15.26%	31.95%
4090	1034	Burrillville Police	C,D,6	10.20%	16.75%	11.77%	28.52%
4091	1148	Cumberland Rescue	C,D	9.00%	16.61%	4.15%	20.76%
4093	1635	Woonsocket Fire	C,D	9.00%	16.11%	9.43%	25.54%
4094	1015	Bristol Fire	D	8.00%	11.69%	(5.12%)	6.57%
4095	1135	Cumberland Hill Fire	C,D	9.00%	16.69%	22.64%	39.33%
4096	1014	Bristol Police	C,D	9.00%	16.14%	(0.21%)	15.93%
4098	1095	Coventry Fire	D	8.00%	11.36%	15.05%	26.41%
4099	1505	South Kingstown EMT	C,D	9.00%	16.44%	(0.26%)	16.18%
4101	1365	North Cumberland	C,D	9.00%	15.88%	17.15%	33.03%
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	9.00%	16.23%	17.21%	33.44%
4103	1255	Hopkins Hill Fire	C,D	9.00%	16.05%	7.31%	23.36%
4104	1114	Cranston Police	C,D,4	10.00%	22.10%	12.50%	34.60%
4105	1115	Cranston Fire	C,D,4	10.00%	21.47%	15.16%	36.63%
4106	1125	Cumberland Fire	B,D	9.00%	16.34%	19.14%	35.48%
4107	1305	Lincoln Rescue	C	8.00%	13.01%	14.63%	27.64%
4108	1344	New Shoreham Police	B,D	9.00%	16.37%	19.42%	35.79%
4109	1324	Middletown Police & Fire	C,D	9.00%	16.27%	0.73%	17.00%
4110	1715	Harrisville Fire District	C,D	9.00%	16.20%	8.22%	24.42%
4111	1705	Albion Fire District	C	8.00%	13.07%	13.95%	27.02%
<b>Police &amp; Fire Units Averages</b>				9.06%	16.61%	15.30%	31.91%
<b>All MERS Units Averages</b>				7.44%	10.25%	11.47%	21.75%

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2009 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.

## Employees' Retirement System of Rhode Island

<b>Comparison of Employer Contribution Rates</b>						
Old Unit Number	New Unit Number	Unit	Code(s)	June 30, 2010 Actuarial Valuation, for FY2013	June 30, 2009 Actuarial Valuation, for FY2012	June 30, 2008 Actuarial Valuation, for FY2011
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>General Employee Units</b>						
3002	1012 1019	Bristol	B	23.66%	14.42%	12.32%
3003	1032 1033	Burrillville	C	13.22%	4.98%	3.08%
3004	1052	Central Falls		14.38%	9.05%	8.38%
3005	1082	Charlestown	C	18.37%	12.48%	9.94%
3007	1112 1113	Cranston	B	15.56%	5.90%	4.00%
3008	1122 1123	Cumberland		15.17%	9.68%	8.56%
3009	1152 1153	East Greenwich	C	12.50%	3.71%	1.60%
3010	1162 1163	East Providence	B	29.66%	18.08%	15.26%
3011	1183	Exeter/West Greenwich	B	20.51%	10.80%	9.08%
3012	1192 1193	Foster		12.74%	8.07%	6.92%
3013	1212 1213	Glocester	C	16.26%	10.33%	9.33%
3014	1262	Hopkinton	C	10.82%	4.80%	3.57%
3015	1272 1273	Jamestown	C	18.57%	11.43%	10.18%
3016	1282 1283	Johnston	C	21.18%	12.83%	9.19%
3017	1302 1303	Lincoln		12.99%	6.43%	6.67%
3019	1322 1323	Middletown	C	19.89%	11.22%	9.50%
3021	1352 1353 1354	Newport	B	27.54%	17.08%	13.81%
3022	1342 1343	New Shoreham	B	14.02%	8.39%	7.34%
3023	1372 1373	North Kingstown	C	23.06%	13.44%	11.45%
3024	1382 1383	North Providence		7.55%	0.97%	0.00%
3025	1392 1393	North Smithfield	B	11.00%	1.77%	0.19%
3026	1412 1413	Pawtucket	C	22.25%	11.81%	9.20%
3027	1515	Union Fire District		9.41%	5.45%	5.74%
3029	1452	Richmond		11.52%	7.74%	6.72%
3030	1462 1463	Scituate	B	20.75%	13.65%	11.11%
3031	1472 1473	Smithfield	C	14.59%	6.42%	4.79%
3032	1492 1493	South Kingstown	B	17.83%	8.59%	6.20%
3033	1532 1533	Tiverton	C	8.47%	2.67%	1.07%
3034	1562	Warren	C	22.98%	14.78%	13.20%
3036	1622 1623	Westerly		82.25%	60.04%	53.40%
3037	1602	West Greenwich	C	23.25%	14.46%	11.81%
3039	1632 1633	Woonsocket	B	14.19%	3.44%	0.67%
3040	1073	Chariho School District	C	18.55%	10.94%	9.55%
3041	1203	Foster/Glocester	B	21.35%	13.25%	12.37%
3042	1528	Tiogue Fire & Lighting	C,5	0.00%	0.00%	0.00%
3043	1336	Narragansett Housing	C	14.47%	8.02%	7.35%
3045	1098	Coventry Lighting District	C	0.00%	0.00%	0.00%
3046	1242	Hope Valley Fire	C	11.71%	2.65%	1.69%
3050	1156	East Greenwich Housing	C	16.25%	11.32%	7.63%
3051	1116	Cranston Housing	C	12.40%	4.30%	2.52%
3052	1166	East Providence Housing	B	11.39%	2.54%	1.34%
3053	1416	Pawtucket Housing	B	3.79%	0.00%	0.00%
3056	1126	Cumberland Housing	C	13.26%	7.43%	4.83%
3057	1306	Lincoln Housing	B	12.61%	8.50%	8.75%
3059	1016	Bristol Housing		0.00%	0.00%	0.00%
3065	1036	Burrillville Housing	B	15.38%	3.70%	0.00%
3066	1386	North Providence Housing	B	31.26%	25.43%	21.19%
3067	1177	East Smithfield Water	C	10.30%	0.00%	0.12%



## Employees' Retirement System of Rhode Island

<b>Comparison of Employer Contribution Rates</b>						
Old Unit Number	New Unit Number	Unit	Code(s)	June 30, 2010 Actuarial Valuation, for FY2013	June 30, 2009 Actuarial Valuation, for FY2012	June 30, 2008 Actuarial Valuation, for FY2011
(1)	(2)	(3)	(4)	(5)	(6)	(7)
3068	1227	Greenville Water	B	4.97%	0.00%	0.00%
3069	1356	Newport Housing	C	27.08%	14.20%	9.76%
3071	1566	Warren Housing	B	13.61%	2.08%	0.05%
3072	1286	Johnston Housing		9.79%	4.05%	2.41%
3077	1538	Tiverton Local 2670A	C	14.69%	7.18%	5.78%
3078	1002 1003 1007 1009	Barrington COLA	C	14.20%	5.06%	2.54%
3079	1096	Coventry Housing		7.99%	4.46%	2.75%
3080	1496	South Kingstown Housing	C	7.55%	4.55%	3.23%
3081	1403	N. RI Collaborative Adm. Services	C	16.02%	9.87%	9.80%
3083	1616	West Warwick Housing	B	15.79%	8.71%	7.18%
3084	1476	Smithfield Housing		5.72%	0.53%	0.00%
3094	1478	Smithfield COLA	C	17.18%	7.43%	5.60%
3096	1056	Central Falls Housing	C	14.95%	10.60%	12.25%
3098	1293	Lime Rock Administrative Services		11.71%	7.42%	6.34%
3099	1063	Central Falls Schools	C	15.16%	9.39%	8.54%
3100	1023	Bristol/Warren Schools	B	19.77%	12.11%	10.39%
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	12.50%	3.71%	1.60%
3102	1712	Harrisville Fire District (ADMIN)	C	17.56%	9.44%	8.65%
3103	1702	Albion Fire District (ADMIN)	C,5	0.00%	0.00%	0.00%
<b>General Employee Units Average</b>				18.35%	9.59%	7.52%
<b>Police &amp; Fire Units</b>						
4016	1285	Johnston Fire	D	14.20%	9.19%	8.24%
4029	1454	Richmond Police	6	15.27%	10.22%	10.50%
4031	1474	Smithfield Police	C,D	23.16%	20.38%	20.85%
4042	1555	Valley Falls Fire	D	18.93%	9.45%	7.68%
4047	1395 1435	North Smithfield Voluntary Fire	B,D	30.90%	15.71%	13.30%
4050	1155	East Greenwich Fire	C,D	39.94%	19.74%	17.68%
4054	1154	East Greenwich Police	C,D	40.35%	16.57%	11.50%
4055	1375	North Kingstown Fire	C,D	40.33%	17.66%	15.09%
4056	1374	North Kingstown Police	C,D	41.16%	21.94%	18.87%
4058	1385	North Providence Fire	D	24.33%	11.86%	9.67%
4059	1008	Barrington Fire (25)	C	19.49%	13.68%	15.11%
4060	1004	Barrington Police	C,D	50.56%	30.41%	28.60%
4061	1005	Barrington Fire (20)	C,D	50.36%	11.60%	5.17%
4062	1564 1565	Warren Police & Fire	C,D	46.17%	25.83%	24.18%
4063	1494	South Kingstown Police	B,1	36.07%	16.03%	12.60%
4073	1464	Scituate Police	5	0.00%	0.00%	0.00%
4076	1394	North Smithfield Police	C,D	30.12%	17.08%	12.91%
4077	1534	Tiverton Fire	C,D	24.56%	9.14%	9.03%
4082	1194	Foster Police	C,D	36.72%	21.49%	18.28%
4085	1634	Woonsocket Police	C,D	38.88%	19.22%	14.18%
4086	1084	Charlestown Police	C,D	41.46%	25.64%	24.03%
4087	1264	Hopkinton Police	C,D,6	43.94%	24.01%	16.90%
4088	1214	Glocester Police	C,D	33.61%	17.01%	16.08%
4089	1604	West Greenwich Police/Rescue	C,D	31.95%	20.09%	17.25%
4090	1034	Burrillville Police	C,D,6	28.52%	10.79%	10.17%
4091	1148	Cumberland Rescue	C,D	20.76%	7.66%	7.38%

## Employees' Retirement System of Rhode Island

### Comparison of Employer Contribution Rates

Old Unit Number	New Unit Number	Unit	Code(s)	June 30, 2010 Actuarial Valuation, for FY2013	June 30, 2009 Actuarial Valuation, for FY2012	June 30, 2008 Actuarial Valuation, for FY2011
(1)	(2)	(3)	(4)	(5)	(6)	(7)
4093	1635	Woonsocket Fire	C,D	25.54%	12.05%	10.68%
4094	1015	Bristol Fire	D	6.57%	0.00%	0.00%
4095	1135	Cumberland Hill Fire	C,D	39.33%	21.88%	18.37%
4096	1014	Bristol Police	C,D	15.93%	10.45%	9.81%
4098	1095	Coventry Fire	D	26.41%	12.80%	10.22%
4099	1505	South Kingstown EMT	C,D	16.18%	4.67%	3.28%
4101	1365	North Cumberland	C,D	33.03%	23.10%	20.61%
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	33.44%	21.07%	19.63%
4103	1255	Hopkins Hill Fire	C,D	23.36%	13.36%	16.26%
4104	1114	Cranston Police	C,D,4	34.60%	21.43%	20.95%
4105	1115	Cranston Fire	C,D,4	36.63%	21.33%	20.57%
4106	1125	Cumberland Fire	B,D	35.48%	23.26%	22.01%
4107	1305	Lincoln Rescue	C	27.64%	18.75%	17.58%
4108	1344	New Shoreham Police	B,D	35.79%	24.74%	23.61%
4109	1324	Middletown Police & Fire	C,D	17.00%	12.44%	13.11%
4110	1715	Harrisville Fire District	C,D	24.42%	13.26%	12.15%
4111	1705	Albion Fire District	C	27.02%	18.03%	22.15%
<b>Police &amp; Fire Units Average</b>				31.91%	17.24%	15.42%
<b>All MERS Units Average</b>				21.75%	11.48%	9.41%

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2009 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.

Employees' Retirement System of Rhode Island

**Components Used in Determining Contribution Rates**

Old Unit Number	New Unit Number	Unit	Code(s)	Adjusted Compensation	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>General Employee Units</b>							
3002	1012 1019	Bristol	B	4,373,395	652,105	23,833,718	14,907,776
3003	1032 1033	Burrillville	C	5,552,647	870,507	25,978,360	23,338,522
3004	1052	Central Falls		2,361,819	289,191	7,707,109	5,176,066
3005	1082	Charlestown	C	1,785,091	270,261	6,966,516	4,586,483
3007	1112 1113	Cranston	B	25,061,688	3,868,898	144,968,132	124,946,313
3008	1122 1123	Cumberland		8,277,596	1,022,306	28,711,431	19,349,375
3009	1152 1153	East Greenwich	C	1,131,628	174,725	7,132,310	7,235,232
3010	1162 1163	East Providence	B	17,920,933	2,767,491	111,012,914	61,127,151
3011	1183	Exeter/West Greenwich	B	2,267,715	360,939	10,405,255	7,063,006
3012	1192 1193	Foster		1,259,454	160,926	3,899,587	2,925,997
3013	1212 1213	Glocester	C	2,442,616	374,336	8,937,697	6,471,874
3014	1262	Hopkinton	C	1,482,550	240,555	4,306,718	4,148,476
3015	1272 1273	Jamestown	C	3,392,703	514,532	13,648,019	9,142,102
3016	1282 1283	Johnston	C	7,969,367	1,258,342	42,727,053	30,121,202
3017	1302 1303	Lincoln		844,463	109,017	1,923,482	1,267,621
3019	1322 1323	Middletown	C	5,015,060	752,928	20,745,520	13,143,076
3021	1352 1353 1354	Newport	B	11,778,197	1,779,899	75,087,374	45,258,714
3022	1342 1343	New Shoreham	B	2,048,103	312,190	6,221,418	4,749,070
3023	1372 1373	North Kingstown	C	11,250,973	1,742,084	61,598,677	40,522,385
3024	1382 1383	North Providence		7,249,635	895,990	26,570,377	26,260,322
3025	1392 1393	North Smithfield	B	3,133,529	495,540	13,263,754	12,859,535
3026	1412 1413	Pawtucket	C	20,645,488	3,115,125	126,042,332	89,452,255
3027	1515	Union Fire District		252,615	28,397	505,776	400,792
3029	1452	Richmond		803,454	100,553	2,013,174	1,528,957
3030	1462 1463	Scituate	B	2,773,328	431,287	13,666,849	9,342,641
3031	1472 1473	Smithfield	C	3,086,065	494,429	12,896,266	11,249,832
3032	1492 1493	South Kingstown	B	11,816,781	1,827,608	56,931,248	43,514,017
3033	1532 1533	Tiverton	C	2,928,151	452,929	10,830,990	11,179,417
3034	1562	Warren	C	1,765,864	257,430	7,959,814	4,370,467
3036	1622 1623	Westerly		64,658	6,748	1,014,788	339,662
3037	1602	West Greenwich	C	853,092	131,276	3,861,369	2,233,439
3039	1632 1633	Woonsocket	B	12,024,784	1,857,346	69,257,290	62,059,325
3040	1073	Chariho School District	C	5,199,320	810,152	19,614,029	13,003,331
3041	1203	Foster/Glocester	B	1,620,046	262,127	7,492,734	4,927,844
3042	1528	Tiogue Fire & Lighting	C,5	-	-	5,314	40,882
3043	1336	Narragansett Housing	C	180,500	26,555	489,761	330,710

Employees' Retirement System of Rhode Island

**Components Used in Determining Contribution Rates**

Old Unit Number	New Unit Number	Unit	Code(s)	Adjusted Compensation	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>General Employee Units</b>							
3045	1098	Coventry Lighting District	C	36,182	4,896	652,456	1,331,628
3046	1242	Hope Valley Fire	C	131,573	15,214	454,713	402,992
3050	1156	East Greenwich Housing	C	457,413	75,825	1,337,502	952,379
3051	1116	Cranston Housing	C	988,472	152,447	4,173,382	3,801,657
3052	1166	East Providence Housing	B	616,492	100,636	2,745,636	2,694,308
3053	1416	Pawtucket Housing	B	2,515,388	384,291	9,844,515	11,611,452
3056	1126	Cumberland Housing	C	493,256	76,691	1,383,664	1,101,654
3057	1306	Lincoln Housing	B	474,700	79,984	1,559,482	1,418,329
3059	1016	Bristol Housing		351,810	43,231	1,362,382	1,850,883
3065	1036	Burrillville Housing	B	171,393	28,033	1,031,295	921,194
3066	1386	North Providence Housing	B	269,407	42,335	1,602,461	784,418
3067	1177	East Smithfield Water	C	141,621	22,201	876,954	868,457
3068	1227	Greenville Water	B	222,804	32,838	912,350	1,010,758
3069	1356	Newport Housing	C	1,253,763	194,517	9,224,095	6,272,176
3071	1566	Warren Housing	B	254,960	42,253	1,302,802	1,233,024
3072	1286	Johnston Housing		398,193	52,059	1,121,530	1,021,061
3077	1538	Tiverton Local 2670A	C	901,979	134,568	4,032,065	3,310,047
3078	2 1003 1007 1	Barrington COLA	C	7,332,956	1,129,779	33,595,128	29,052,043
3079	1096	Coventry Housing		465,122	58,792	915,655	857,684
3080	1496	South Kingstown Housing	C	169,993	27,417	164,236	219,151
3081	1403	N. RI Collaborative Adm. Services	C	1,513,882	243,693	3,899,905	2,558,703
3083	1616	West Warwick Housing	B	381,349	53,375	1,674,871	1,292,029
3084	1476	Smithfield Housing		130,997	15,711	293,565	307,044
3094	1478	Smithfield COLA	C	3,569,356	546,120	15,371,366	11,564,542
3096	1056	Central Falls Housing	C	854,614	130,656	2,438,452	1,666,704
3098	1293	Lime Rock Administrative Services		86,500	9,642	283,718	210,761
3099	1063	Central Falls Schools	C	4,795,139	747,167	15,981,979	11,988,532
3100	1023	Bristol/Warren Schools	B	4,374,004	686,568	20,711,032	14,493,151
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	4,971,652	765,569	19,895,484	17,353,815
3102	1712	Harrisville Fire District (ADMIN)	C	210,998	31,981	625,317	386,981
3103	1702	Albion Fire District (ADMIN)	C,5	-	-	73,186	61,354
<b>General Employee Units Subtotal</b>				<b>\$ 229,149,276</b>	<b>\$ 34,643,213</b>	<b>\$ 1,138,019,716</b>	<b>\$ 851,172,779</b>

Employees' Retirement System of Rhode Island

**Components Used in Determining Contribution Rates**

Old Unit Number	New Unit Number	Unit	Code(s)	Adjusted Compensati on	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Police &amp; Fire Units</b>							
4016	1285	Johnston Fire	D	2,448,888	499,017	3,216,936	2,503,749
4029	1454	Richmond Police	6	588,577	108,225	1,094,161	773,378
4031	1474	Smithfield Police	C,D	2,513,161	645,062	10,474,428	8,029,314
4042	1555	Valley Falls Fire	D	731,532	145,989	3,634,701	2,980,258
4047	1395 1435	North Smithfield Voluntary Fire	B,D	1,076,665	259,490	7,031,933	5,081,031
4050	1155	East Greenwich Fire	C,D	2,179,829	558,944	16,663,479	10,172,916
4054	1154	East Greenwich Police	C,D	1,931,364	494,198	18,047,649	12,447,820
4055	1375	North Kingstown Fire	C,D	3,755,058	940,346	37,319,953	26,186,405
4056	1374	North Kingstown Police	C,D	2,830,982	713,639	25,740,200	16,815,338
4058	1385	North Providence Fire	D	5,223,668	1,020,323	35,889,123	27,623,708
4059	1008	Barrington Fire (25)	C	817,363	180,944	1,734,398	1,090,048
4060	1004	Barrington Police	C,D	1,258,412	326,301	12,636,070	6,947,102
4061	1005	Barrington Fire (20)	C,D	488,509	114,724	10,151,679	8,186,260
4062	1564 1565	Warren Police & Fire	C,D	1,390,826	345,750	13,124,742	7,739,212
4063	1494	South Kingstown Police	B,1	2,750,448	673,429	27,031,306	20,539,351
4073	1464	Scituate Police	5	-	-	24,727	170,820
4076	1394	North Smithfield Police	C,D	1,148,376	296,317	9,785,357	7,868,300
4077	1534	Tiverton Fire	C,D	1,656,871	432,973	10,055,412	8,622,253
4082	1194	Foster Police	C,D	387,309	98,883	3,187,751	2,146,822
4085	1634	Woonsocket Police	C,D	4,926,427	1,261,739	43,792,882	29,718,494
4086	1084	Charlestown Police	C,D	1,217,732	307,925	9,940,778	5,935,914
4087	1264	Hopkinton Police	C,D,6	796,584	218,283	6,627,379	4,174,748
4088	1214	Glocester Police	C,D	904,047	225,859	6,498,931	4,516,760
4089	1604	West Greenwich Police/Rescue	C,D	708,134	186,694	4,032,885	2,679,888
4090	1034	Burrillville Police	C,D,6	1,256,789	340,663	9,329,853	7,670,056
4091	1148	Cumberland Rescue	C,D	933,687	242,763	4,409,422	4,101,879
4093	1635	Woonsocket Fire	C,D	6,639,590	1,689,778	36,095,122	29,070,902
4094	1015	Bristol Fire	D	46,256	9,396	210,616	250,062
4095	1135	Cumberland Hill Fire	C,D	652,371	164,510	5,559,136	3,711,366
4096	1014	Bristol Police	C,D	1,633,243	426,731	3,105,580	3,344,266
4098	1095	Coventry Fire	D	737,238	147,474	3,838,630	2,467,926
4099	1505	South Kingstown EMT	C,D	742,205	194,469	2,247,141	2,456,506

## Employees' Retirement System of Rhode Island

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### Police & Fire Units

4101	1365	North Cumberland	C,D	703,514	177,313	4,721,590	3,139,855
4102	5 1235 1525 1	Central Coventry Fire	C,D	2,111,801	540,907	10,948,726	6,347,343
4103	1255	Hopkins Hill Fire	C,D	541,435	136,499	1,652,695	1,154,490
4104	1114	Cranston Police	C,D,4	6,555,486	2,174,434	28,694,475	18,762,475
4105	1115	Cranston Fire	C,D,4	8,560,485	2,748,725	46,694,038	30,899,504
4106	1125	Cumberland Fire	B,D	686,166	170,451	4,585,114	2,889,041
4107	1305	Lincoln Rescue	C	789,153	159,199	3,685,597	2,183,649
4108	1344	New Shoreham Police	B,D	251,988	66,451	1,513,386	866,662
4109	1324	Middletown Police & Fire	C,D	1,639,380	435,678	1,859,023	1,825,703
4110	1715	Harrisville Fire District	C,D	267,291	68,626	949,983	700,074
4111	1705	Albion Fire District	C	185,562	40,546	764,664	420,719
<b>Police &amp; Fire Units Subtotal</b>				<b>\$ 76,664,402</b>	<b>\$ 19,989,667</b>	<b>\$ 488,601,649</b>	<b>\$ 345,212,363</b>

### All MERS Units Total

\$ 305,813,678    \$ 54,632,880    \$ 1,626,621,365    \$ 1,196,385,142

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2009 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.

## Employees' Retirement System of Rhode Island

### Explanation of Rate Changes

All rates are gross; before recognizing 0% minimum contribution rate

Old Unit Number	New Unit Number	Unit	June 30, 2009 Actuarial Valuation	Source of Rate Change				Assumption Change	Provision Changes	June 30, 2010 Actuarial Valuation
				Salary (Gains)/ Losses	Payroll (Gains)/ Losses	Other Non-Asset (Gains)/ Losses	Asset (Gains)/ Losses			
(1)	(2)	(3)	(4)	(5)	(6)	(5)	(6)	(7)	(8)	(9)
<b>General Employee Units</b>										
3002	1012 1019	Bristol	14.42%	0.56%	0.47%	(2.03%)	2.10%	8.14%	-	23.66%
3003	1032 1033	Bumilville	4.98%	(0.04%)	(0.12%)	(0.95%)	2.56%	6.79%	-	13.22%
3004	1052	Central Falls	9.05%	(0.39%)	0.37%	(0.54%)	1.33%	4.56%	-	14.38%
3005	1082	Charlestown	12.48%	0.58%	0.31%	(2.92%)	0.85%	7.07%	-	18.37%
3007	1112 1113	Cranston	5.90%	(0.25%)	(0.12%)	(0.93%)	3.33%	7.63%	-	15.56%
3008	1122 1123	Cumberland	9.68%	(0.12%)	0.27%	(0.48%)	1.34%	4.48%	-	15.17%
3009	1152 1153	East Greenwich	1.60%	0.01%	(0.03%)	1.39%	2.45%	7.08%	-	12.50%
3010	1162 1163	East Providence	18.08%	(0.23%)	0.55%	0.81%	2.38%	8.07%	-	29.66%
3011	1183	Exeter/West Greenwich	10.80%	(0.69%)	0.77%	1.29%	1.71%	6.63%	-	20.51%
3012	1192 1193	Foster	8.07%	0.16%	0.19%	(0.87%)	1.24%	3.95%	-	12.74%
3013	1212 1213	Glocester	10.33%	0.09%	0.24%	(1.67%)	1.28%	5.99%	-	16.26%
3014	1262	Hopkinton	4.80%	(0.19%)	0.02%	(0.04%)	1.07%	5.16%	-	10.82%
3015	1272 1273	Jamestown	11.43%	(0.30%)	0.07%	(0.80%)	1.29%	6.88%	-	18.57%
3016	1282 1283	Johnston	12.83%	0.03%	0.42%	(1.72%)	2.51%	7.11%	-	21.18%
3017	1302 1303	Lincoln	6.43%	(0.04%)	0.17%	1.54%	1.01%	3.88%	-	12.99%
3019	1322 1323	Middletown	11.22%	0.21%	0.63%	(0.24%)	1.27%	6.80%	-	19.89%
3021	1352 1353 1354	Newport	17.08%	0.42%	0.61%	(1.28%)	2.50%	8.21%	-	27.54%
3022	1342 1343	New Shoreham	8.39%	0.04%	0.12%	(1.14%)	1.06%	5.55%	-	14.02%
3023	1372 1373	North Kingstown	13.44%	(0.23%)	0.77%	(0.40%)	2.03%	7.45%	-	23.06%
3024	1382 1383	North Providence	0.97%	(0.04%)	(0.17%)	(0.47%)	2.42%	4.84%	-	7.55%
3025	1392 1393	North Smithfield	1.77%	(0.56%)	0.29%	0.43%	2.94%	6.13%	-	11.00%
3026	1412 1413	Pawtucket	11.81%	0.37%	0.50%	(1.60%)	2.92%	8.25%	-	22.25%
3027	1515	Union Fire District	5.45%	(1.83%)	(0.03%)	1.69%	0.48%	3.65%	-	9.41%
3029	1452	Richmond	7.74%	(0.49%)	(0.03%)	(0.35%)	0.94%	3.71%	-	11.52%
3030	1462 1463	Scituate	13.65%	(0.30%)	0.08%	(1.60%)	1.99%	6.93%	-	20.75%
3031	1472 1473	Smithfield	6.42%	(0.30%)	(0.03%)	(0.03%)	2.38%	6.15%	-	14.59%
3032	1492 1493	South Kingstown	8.59%	(0.37%)	0.15%	0.10%	2.11%	7.25%	-	17.83%
3033	1532 1533	Tiverton	2.67%	(0.08%)	(0.53%)	(1.84%)	2.33%	5.92%	-	8.47%

## Employees' Retirement System of Rhode Island

### Explanation of Rate Changes

All rates are gross: before recognizing 0% minimum contribution rate

Old Unit Number	New Unit Number	Unit	June 30, 2009 Actuarial Valuation	Source of Rate Change						June 30, 2010 Actuarial Valuation
				Salary (Gains)/ Losses	Payroll (Gains)/ Losses	Other Non- Asset (Gains)/ Losses	Asset (Gains)/ Losses	Assumption Change	Provision Changes	
(1)	(2)	(3)	(4)	(5)	(6)	(5)	(6)	(7)	(8)	(9)
3034	1562	Warren	14.78%	(0.09%)	0.20%	(0.81%)	1.63%	7.25%	-	22.98%
3036	1622 1623	Westerly	60.04%	(0.41%)	2.86%	3.12%	7.10%	9.54%	-	82.25%
3037	1602	West Greenwich	14.46%	(0.23%)	1.10%	(0.90%)	1.36%	7.46%	-	23.25%
3039	1632 1633	Woonsocket	3.44%	(0.05%)	(0.13%)	(0.33%)	3.65%	7.61%	-	14.19%
3040	1073	Charho School District	10.94%	(0.21%)	0.19%	0.26%	1.31%	6.06%	-	18.55%
3041	1203	Foster/Glocester	13.25%	(0.22%)	0.16%	(0.13%)	1.79%	6.50%	-	21.35%
3043	1336	Namansett Housing	8.02%	(0.30%)	(0.01%)	0.49%	0.63%	5.64%	-	14.47%
3045	1098	Coventry Lighting District	(167.08%)	(3.50%)	(4.77%)	(5.32%)	27.84%	6.82%	-	(146.01%)
3046	1242	Hope Valley Fire	2.65%	(3.95%)	0.11%	5.76%	1.38%	5.76%	-	11.71%
3050	1156	East Greenwich Housing	11.32%	(0.37%)	0.08%	(0.96%)	0.97%	5.21%	-	16.25%
3051	1116	Cranston Housing	4.30%	(0.65%)	(0.03%)	0.08%	2.05%	6.65%	-	12.40%
3052	1166	East Providence Housing	2.54%	(0.82%)	0.09%	0.72%	2.86%	6.00%	-	11.39%
3053	1416	Pawtucket Housing	(6.48%)	(0.90%)	1.45%	(0.02%)	2.81%	6.93%	-	3.79%
3056	1126	Cumberland Housing	7.43%	(0.13%)	(0.08%)	(0.51%)	1.46%	5.10%	-	13.26%
3057	1306	Lincoln Housing	8.50%	(0.95%)	0.06%	(1.89%)	1.81%	5.08%	-	12.61%
3059	1016	Bristol Housing	(11.55%)	(0.30%)	(0.06%)	(0.46%)	3.20%	4.99%	-	(4.18%)
3065	1036	Burnsville Housing	3.70%	(0.59%)	0.08%	1.13%	3.80%	7.26%	-	15.38%
3066	1386	North Providence Housing	25.43%	(0.88%)	(2.65%)	0.62%	1.76%	6.98%	-	31.26%
3067	1177	East Smithfield Water	(0.90%)	(0.11%)	0.09%	(1.48%)	3.85%	8.85%	-	10.30%
3068	1227	Greenville Water	(2.60%)	(0.07%)	(0.37%)	(1.81%)	3.06%	6.76%	-	4.97%
3069	1356	Newport Housing	14.20%	(0.79%)	(0.79%)	1.66%	3.76%	9.04%	-	27.08%
3071	1566	Warren Housing	2.08%	(1.21%)	0.02%	3.17%	3.30%	6.25%	-	13.61%
3072	1286	Johnston Housing	4.05%	(0.37%)	0.16%	0.23%	1.56%	4.16%	-	9.79%
3077	1538	Tiverton Local 2670A	7.18%	(0.29%)	0.03%	(1.17%)	2.16%	6.78%	-	14.69%
3078	1002 1003 1007 1009	Barrington COLA	5.06%	(0.52%)	(0.05%)	0.05%	2.49%	7.17%	-	14.20%
3079	1096	Coventry Housing	4.46%	0.47%	(0.15%)	(1.36%)	0.99%	3.58%	-	7.99%
3080	1496	South Kingstown Housing	4.55%	(0.16%)	(0.12%)	(0.08%)	0.20%	3.16%	-	7.55%
3081	1403	N. RI Collaborative Adm. Services	9.87%	0.04%	0.15%	0.35%	0.65%	4.96%	-	16.02%
3083	1616	West Warwick Housing	8.71%	(1.76%)	0.02%	0.83%	1.65%	6.34%	-	15.79%



## Employees' Retirement System of Rhode Island

### Explanation of Rate Changes

All rates are gross: before recognizing 0% minimum contribution rate

Old Unit Number	New Unit Number	Unit	June 30, 2009 Actuarial Valuation	Source of Rate Change						June 30, 2010 Actuarial Valuation
				Salary (Gains)/ Losses	Payroll (Gains)/ Losses	Other Non-Asset (Gains)/ Losses	Asset (Gains)/ Losses	Assumption Change	Provision Changes	
(1)	(2)	(3)	(4)	(5)	(6)	(5)	(6)	(7)	(8)	(9)
3084	1476	Smithfield Housing	0.53%	0.16%	(0.18%)	(0.59%)	1.10%	4.70%	-	5.72%
3094	1478	Smithfield COLA	7.43%	(0.30%)	0.10%	0.70%	2.13%	7.12%	-	17.18%
3096	1056	Central Falls Housing	10.60%	(0.44%)	0.38%	(1.77%)	1.11%	5.07%	-	14.95%
3098	1293	Lime Rock Administrative Services	7.42%	0.74%	0.15%	(1.84%)	0.98%	4.26%	-	11.71%
3099	1063	Central Falls Schools	9.39%	(0.78%)	0.05%	(0.40%)	1.22%	5.68%	-	15.16%
3100	1023	Bristol Warren Schools	12.11%	0.10%	0.14%	(1.18%)	2.06%	6.54%	-	19.77%
3101	1157 1158	Town of E. Greenwich-COLA-NCE	1.60%	0.01%	(0.03%)	1.39%	2.45%	7.08%	-	12.50%
3102	1712	Harrisville Fire District (ADMDN)	9.44%	(2.30%)	(0.50%)	2.86%	1.23%	6.83%	-	17.56%
3103	1702	Albion Fire District (ADMDN)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	0.00%
<b>General Employee Units Averages</b>			9.59%	(0.12%)	0.19%	(0.69%)	2.42%	6.96%	-	18.35%
<b>Police &amp; Fire Units</b>										
4016	1285	Johnston Fire	9.19%	(0.08%)	0.00%	0.57%	0.02%	4.50%	-	14.20%
4029	1454	Richmond Police	10.22%	(0.38%)	(0.07%)	0.41%	0.31%	4.78%	-	15.27%
4031	1474	Smithfield Police	20.38%	(0.53%)	(0.14%)	(5.29%)	(1.97%)	10.71%	-	23.16%
4042	1555	Valley Falls Fire	9.45%	(0.16%)	0.00%	(0.76%)	2.47%	7.93%	-	18.93%
4047	1395 1435	North Smithfield Voluntary Fire	15.71%	(2.05%)	0.40%	2.37%	2.53%	11.94%	-	30.90%
4050	1155	East Greenwich Fire	19.74%	(1.43%)	1.28%	5.17%	2.72%	12.46%	-	39.94%
4054	1154	East Greenwich Police	16.57%	(0.72%)	0.36%	4.97%	3.91%	15.26%	-	40.35%
4055	1375	North Kingstown Fire	17.66%	(1.17%)	1.03%	3.71%	4.25%	14.85%	-	40.33%
4056	1374	North Kingstown Police	21.94%	(0.53%)	(0.15%)	1.49%	3.54%	14.87%	-	41.16%
4058	1385	North Providence Fire	11.86%	(0.37%)	0.15%	(0.34%)	3.27%	9.76%	-	24.33%
4059	1008	Barrington Fire (25)	13.68%	(0.16%)	0.14%	(0.05%)	0.11%	5.77%	-	19.49%
4060	1004	Barrington Police	30.41%	(0.47%)	1.40%	0.21%	3.74%	15.27%	-	50.56%
4061	1005	Barrington Fire (20)	11.60%	(3.37%)	(0.01%)	3.20%	12.84%	26.10%	-	50.36%
4062	1564 1565	Warren Police & Fire	25.83%	(1.21%)	0.68%	2.61%	3.40%	14.86%	-	46.17%
4063	1494	South Kingstown Police	16.03%	(1.21%)	0.15%	1.05%	5.08%	14.97%	-	36.07%
4073	1464	Scituate Police	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	0.00%

# Employees' Retirement System of Rhode Island

## Explanation of Rate Changes

All rates are gross: before recognizing 0% minimum contribution rate

Old Unit Number	New Unit Number	Unit	June 30, 2009 Actuarial Valuation	Source of Rate Change				Assumption Change	Provision Changes	June 30, 2010 Actuarial Valuation
				Salary (Gains)/ Losses	Payroll (Gains)/ Losses	Other Non-Asset (Gains)/ Losses	Asset (Gains)/ Losses			
(1)	(2)	(3)	(4)	(5)	(6)	(5)	(6)	(7)	(8)	(9)
4076	1394	North Smithfield Police	17.08%	0.37%	0.00%	(5.94%)	4.19%	14.42%	-	30.12%
4077	1534	Tiverton Fire	9.14%	(0.11%)	(0.15%)	0.88%	2.95%	11.85%	-	24.56%
4082	1194	Foster Police	21.40%	0.42%	0.56%	(2.38%)	3.39%	13.24%	-	36.72%
4085	1634	Woonsocket Police	19.22%	(0.48%)	(0.01%)	1.65%	3.57%	14.93%	-	38.88%
4086	1084	Charlestown Police	25.64%	0.45%	0.09%	(1.40%)	2.64%	14.04%	-	41.46%
4087	1264	Hopkinton Police	24.01%	(0.43%)	0.34%	1.24%	2.88%	15.90%	-	43.94%
4088	1214	Glocester Police	17.01%	(0.65%)	0.91%	0.42%	2.83%	13.09%	-	33.61%
4089	1604	West Greenwich Police/Rescue	20.09%	0.67%	0.32%	(2.58%)	1.77%	11.68%	-	31.95%
4090	1034	Bumilville Police	10.79%	0.41%	(0.10%)	(0.57%)	3.36%	14.63%	-	28.52%
4091	1148	Cumberland Rescue	7.66%	0.22%	0.05%	(0.17%)	2.42%	10.58%	-	20.76%
4093	1635	Woonsocket Fire	12.05%	(0.41%)	(0.01%)	(0.26%)	1.80%	12.37%	-	25.54%
4094	1015	Bristol Fire	(3.74%)	0.39%	(0.68%)	(0.08%)	4.03%	6.65%	-	6.57%
4095	1135	Cumberland Hill Fire	21.88%	(1.31%)	0.03%	0.90%	3.42%	14.41%	-	39.33%
4096	1014	Bristol Police	10.45%	(0.19%)	(0.04%)	(2.47%)	0.43%	7.75%	-	15.93%
4098	1095	Coventry Fire	12.80%	(0.90%)	(0.18%)	4.72%	1.88%	8.09%	-	26.41%
4099	1505	South Kingstown EMT	4.67%	(1.10%)	0.00%	2.60%	1.22%	8.79%	-	16.18%
4101	1365	North Cumberland	23.10%	(2.03%)	(0.17%)	(2.46%)	2.03%	12.56%	-	33.03%
4102	1045 1235 1525 1585	Central Coventry Fire	21.07%	(1.34%)	(0.82%)	2.16%	1.28%	11.09%	-	33.44%
4103	1255	Hopkins Hill Fire	13.36%	(0.73%)	(0.19%)	2.11%	0.42%	8.39%	-	23.36%
4104	1114	Cranston Police	21.43%	0.45%	0.26%	(1.32%)	0.88%	12.90%	-	34.60%
4105	1115	Cranston Fire	21.33%	0.07%	0.15%	(0.54%)	1.23%	14.39%	-	36.63%
4106	1125	Cumberland Fire	23.26%	(1.04%)	(0.77%)	(0.59%)	2.22%	12.40%	-	35.48%
4107	1305	Lincoln Rescue	18.75%	(1.37%)	0.17%	0.52%	1.27%	8.30%	-	27.64%
4108	1344	New Shoreham Police	24.74%	(0.16%)	(0.18%)	(0.54%)	1.68%	10.25%	-	35.79%
4109	1324	Middletown Police & Fire	12.44%	0.17%	(0.04%)	(1.88%)	(0.11%)	6.42%	-	17.00%
4110	1715	Hamisville Fire District	13.26%	(0.20%)	0.01%	0.50%	0.66%	10.19%	-	24.42%
4111	1705	Albion Fire District	18.03%	(0.45%)	0.15%	0.35%	0.82%	8.12%	-	27.02%
		<b>Police &amp; Fire Units Averages</b>	17.24%	(0.43%)	0.15%	0.30%	2.24%	12.40%	-	31.91%
		<b>All MERS Units Averages</b>	11.48%	(0.20%)	0.21%	(0.44%)	2.37%	8.32%	-	21.75%

Units with no active members are excluded from this exhibit

Employees' Retirement System of Rhode Island

Schedule of Funding Progress

Old Unit Number	New Unit Number	Unit	Code	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (5) - (4)	Funded Ratio (4)/(5)	Annual Covered Payroll (9)	UAAL as % of Payroll (7)/(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>General Employee Units</b>									
3002	1012 1019	Bristol	B	14,907,776	23,833,718	8,925,942	62.5%	4,373,395	204.1%
3003	1032 1033	Burnilville	C	23,338,522	25,978,360	2,639,838	89.8%	5,552,647	47.5%
3004	1052	Central Falls		5,176,066	7,707,109	2,531,043	67.2%	2,361,819	107.2%
3005	1082	Charlestown	C	4,586,483	6,966,516	2,380,032	65.8%	1,785,091	133.3%
3007	1112 1113	Cranston	B	124,946,313	144,968,132	20,021,819	86.2%	25,061,688	79.9%
3008	1122 1123	Cumberland		19,349,375	28,711,431	9,362,056	67.4%	8,277,596	113.1%
3009	1152 1153	East Greenwich	C	7,235,232	7,132,310	(102,923)	101.4%	1,131,628	(9.1%)
3010	1162 1163	East Providence	B	61,127,151	111,012,914	49,885,763	55.1%	17,920,933	278.4%
3011	1183	Exeter/West Greenwich	B	7,063,006	10,405,255	3,342,249	67.9%	2,267,715	147.4%
3012	1192 1193	Foster		2,925,997	3,899,587	973,590	75.0%	1,259,454	77.3%
3013	1212 1213	Glocester	C	6,471,874	8,937,697	2,465,824	72.4%	2,442,616	101.0%
3014	1262	Hopkinton	C	4,148,476	4,306,718	158,242	96.3%	1,482,550	10.7%
3015	1272 1273	Jamestown	C	9,142,102	13,648,019	4,505,917	67.0%	3,392,703	132.8%
3016	1282 1283	Johnston	C	30,121,202	42,727,053	12,605,851	70.5%	7,969,367	158.2%
3017	1302 1303	Lincoln		1,267,621	1,923,482	655,861	65.9%	844,463	77.7%
3019	1322 1323	Middletown	C	13,143,076	20,745,520	7,602,445	63.4%	5,015,060	151.6%
3021	1352 1353 1354	Newport	B	45,258,714	75,087,374	29,828,659	60.3%	11,778,197	253.3%
3022	1342 1343	New Shoreham	B	4,749,070	6,221,418	1,472,348	76.3%	2,048,103	71.9%
3023	1372 1373	North Kingstown	C	40,522,385	61,598,677	21,076,292	65.8%	11,250,973	187.3%
3024	1382 1383	North Providence		26,260,322	26,570,377	310,055	98.8%	7,249,635	4.3%
3025	1392 1393	North Smithfield	B	12,859,535	13,263,754	404,219	97.0%	3,133,529	12.9%
3026	1412 1413	Pawtucket	C	89,452,255	126,042,332	36,590,078	71.0%	20,645,488	177.2%
3027	1515	Union Fire District		400,792	505,776	104,984	79.2%	252,615	41.6%
3029	1452	Richmond		1,528,957	2,013,174	484,217	75.9%	803,454	60.3%
3030	1462 1463	Scituate	B	9,342,641	13,666,949	4,324,208	68.4%	2,773,328	155.9%
3031	1472 1473	Smithfield	C	11,249,832	12,896,266	1,646,433	87.2%	3,086,065	53.4%
3032	1492 1493	South Kingstown	B	43,514,017	56,931,248	13,417,232	76.4%	11,816,781	113.5%
3033	1532 1533	Tiverton	C	11,179,417	10,830,990	(348,427)	103.2%	2,928,151	(11.9%)

Employees' Retirement System of Rhode Island

Schedule of Funding Progress

Old Unit Number	New Unit Number	Unit	Code	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (5) - (4)	Funded Ratio (4)/(5)	Annual Covered Payroll	UAAL as % of Payroll (7)/(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
3034	1562	Warren	C	4,370,467	7,959,814	3,589,346	54.0%	1,765,864	203.3%
3036	1622 1623	Westerly		339,662	1,014,788	675,127	33.5%	64,658	1044.2%
3037	1602	West Greenwich	C	2,233,439	3,861,369	1,627,931	57.8%	853,092	190.8%
3039	1632 1633	Woonsocket	B	62,059,325	69,257,290	7,197,965	89.6%	12,024,784	59.9%
3040	1073	Charho School District	C	13,003,331	19,614,029	6,610,697	66.3%	5,199,320	127.1%
3041	1203	Foster/Glocester	B	4,927,844	7,492,734	2,564,890	65.8%	1,620,046	158.3%
3042	1528	Tiogue Fire & Lighting	C,5	40,882	5,314	(35,568)	769.3%	0	-
3043	1336	Narragansett Housing	C	330,710	489,761	159,051	67.5%	180,500	88.1%
3045	1098	Coventry Lighting District	C	1,331,628	652,456	(679,173)	204.1%	36,182	(1877.1%)
3046	1242	Hope Valley Fire	C	402,992	454,713	51,721	88.6%	131,573	39.3%
3050	1156	East Greenwich Housing	C	952,379	1,337,502	385,123	71.2%	457,413	84.2%
3051	1116	Cranston Housing	C	3,801,657	4,173,382	371,725	91.1%	988,472	37.6%
3052	1166	East Providence Housing	B	2,694,308	2,745,636	51,328	98.1%	616,492	8.3%
3053	1416	Pawtucket Housing	B	11,611,452	9,844,515	(1,766,937)	117.9%	2,515,388	(70.2%)
3056	1126	Cumberland Housing	C	1,101,654	1,383,664	282,010	79.6%	493,256	57.2%
3057	1306	Lincoln Housing	B	1,418,329	1,559,482	141,153	90.9%	474,700	29.7%
3059	1016	Bristol Housing		1,850,883	1,362,382	(488,500)	135.9%	351,810	(138.9%)
3065	1036	Burrillville Housing	B	921,194	1,031,295	110,101	89.3%	171,393	64.2%
3066	1386	North Providence Housing	B	784,418	1,602,461	818,044	49.0%	269,407	303.6%
3067	1177	East Smithfield Water	C	868,457	876,954	8,497	99.0%	141,621	6.0%
3068	1227	Greenville Water	B	1,010,758	912,350	(98,408)	110.8%	222,804	(44.2%)
3069	1356	Newport Housing	C	6,272,176	9,224,095	2,951,919	68.0%	1,253,763	235.4%
3071	1566	Warren Housing	B	1,233,024	1,302,802	69,778	94.6%	254,960	27.4%
3072	1286	Johnston Housing		1,021,061	1,121,530	100,469	91.0%	398,193	25.2%
3077	1538	Trverton Local 2670A	C	3,310,047	4,032,065	722,018	82.1%	901,979	80.0%
3078	02 1003 1007 1009	Barrington COLA	C	29,052,043	33,595,128	4,543,085	86.5%	7,332,956	62.0%
3079	1096	Coventry Housing		857,684	915,655	57,971	93.7%	465,122	12.5%
3080	1496	South Kingstown Housing	C	219,151	164,236	(54,915)	133.4%	169,993	(32.3%)
3081	1403	N. RI Collaborative Adm Services	C	2,558,703	3,899,905	1,341,202	65.6%	1,513,882	88.6%
3083	1616	West Warwick Housing	B	1,292,029	1,674,871	382,842	77.1%	381,349	100.4%

## Employees' Retirement System of Rhode Island

### Schedule of Funding Progress

Old Unit Number	New Unit Number	Unit	Code (s)	Actuarial Value	Actuarial	Unfunded Actuarial	Funded Ratio (4)/(5)	Annual Covered Payroll	UAAL as % of Payroll (7)/(9)
				of Assets (AVA)	Accrued Liability (AAL)	Accrued Liability (UAAL) (5) - (4)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
4076	1394	North Smithfield Police	C,D	7,868,300	9,785,357	1,917,057	80.4%	1,148,376	166.9%
4077	1534	Tiverton Fire	C,D	8,622,253	10,055,412	1,433,159	85.7%	1,656,871	86.5%
4082	1194	Foster Police	C,D	2,146,822	3,187,751	1,040,929	67.3%	387,309	268.8%
4085	1634	Woonsocket Police	C,D	29,718,494	43,792,882	14,074,388	67.9%	4,926,427	285.7%
4086	1084	Charlestown Police	C,D	5,935,914	9,940,778	4,004,864	59.7%	1,217,732	328.9%
4087	1264	Hopkinton Police	C,D,6	4,174,748	6,627,379	2,452,631	63.0%	796,584	307.9%
4088	1214	Glocester Police	C,D	4,516,760	6,498,931	1,982,172	69.5%	904,047	219.3%
4089	1604	West Greenwich Police/Rescue	C,D	2,679,888	4,032,885	1,352,997	66.5%	708,134	191.1%
4090	1034	Burrillville Police	C,D,6	7,670,056	9,329,853	1,659,797	82.2%	1,256,789	132.1%
4091	1148	Cumberland Rescue	C,D	4,101,879	4,409,422	307,543	93.0%	933,687	32.9%
4093	1635	Woonsocket Fire	C,D	29,070,902	36,095,122	7,024,220	80.5%	6,639,590	105.8%
4094	1015	Bristol Fire	D	250,062	210,616	(39,447)	118.7%	46,256	(85.3%)
4095	1135	Cumberland Hill Fire	C,D	3,711,366	5,559,136	1,847,771	66.8%	652,371	283.2%
4096	1014	Bristol Police	C,D	3,344,266	3,105,580	(238,686)	107.7%	1,633,243	(14.6%)
4098	1095	Coventry Fire	D	2,467,926	3,838,630	1,370,704	64.3%	737,238	185.9%
4099	1505	South Kingstown EMT	C,D	2,456,506	2,247,141	(209,365)	109.3%	742,205	(28.2%)
4101	1365	North Cumberland	C,D	3,139,855	4,721,590	1,581,735	66.5%	703,514	224.8%
4102	45 1235 1525 1585	Central Coventry Fire	C,D	6,347,343	10,948,726	4,601,383	58.0%	2,111,801	217.9%
4103	1255	Hopkins Hill Fire	C,D	1,154,400	1,652,695	498,295	69.9%	541,435	92.0%
4104	1114	Cranston Police	C,D,4	18,762,475	28,694,475	9,931,999	65.4%	6,555,486	151.5%
4105	1115	Cranston Fire	C,D,4	30,899,504	46,694,038	15,794,534	66.2%	8,560,485	184.5%
4106	1125	Cumberland Fire	B,D	2,889,041	4,585,114	1,696,074	63.0%	686,166	247.2%
4107	1305	Lincoln Rescue	C	2,183,649	3,685,597	1,501,948	59.2%	789,153	190.3%
4108	1344	New Shoreham Police	B,D	866,662	1,513,386	646,724	57.3%	251,988	256.6%
4109	1324	Middletown Police & Fire	C,D	1,825,703	1,859,023	33,320	98.2%	1,639,380	2.0%

### Schedule of Funding Progress

Old Unit Number	New Unit Number	Unit	Code (s)	Actuarial Value	Actuarial	Unfunded Actuarial	Funded Ratio (4)/(5)	Annual Covered Payroll	UAAL as % of Payroll (7)/(9)
				of Assets (AVA)	Accrued Liability (AAL)	Accrued Liability (UAAL) (5) - (4)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
4110	1715	Hamisville Fire District	C,D	700,074	949,983	249,909	73.7%	267,291	93.5%
4111	1705	Albion Fire District	C	420,719	764,664	343,945	55.0%	185,562	185.4%
<b>Police &amp; Fire Units Subtotal</b>				<b>\$ 345,212,363</b>	<b>\$ 488,601,649</b>	<b>\$ 143,389,286</b>	<b>70.7%</b>	<b>\$ 76,664,402</b>	<b>187.0%</b>
<b>All MERS Units Total</b>				<b>1,196,385,142</b>	<b>1,626,621,365</b>	<b>430,236,223</b>	<b>73.6%</b>	<b>305,813,678</b>	<b>140.7%</b>

B - Municipality has adopted COLA Plan B

D - Municipality has adopted the "20-year" optional Police & Fire Plan

C - Municipality has adopted COLA Plan C

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2009 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision. 5 - This unit has no active members.

6 - Special plan provisions apply to this unit.

## Employees' Retirement System of Rhode Island

<b>Asset Values</b>						
Old Unit Number	New Unit Number	Unit	Code	Market Value of Assets	Actuarial Value of Assets	
(1)	(2)	(3)	(4)	(5)	(6)	
<b>General Employee Units</b>						
3002	1012 1019	Bristol	B	\$ 12,466,678	\$ 14,907,776	
3003	1032 1033	Burrillville	C	19,516,918	23,338,522	
3004	1052	Central Falls		4,328,503	5,176,066	
3005	1082	Charlestown	C	3,835,462	4,586,483	
3007	1112 1113	Cranston	B	104,486,778	124,946,313	
3008	1122 1123	Cumberland		16,180,981	19,349,375	
3009	1152 1153	East Greenwich	C	6,050,488	7,235,232	
3010	1162 1163	East Providence	B	51,117,788	61,127,151	
3011	1183	Exeter/West Greenwich	B	5,906,463	7,063,006	
3012	1192 1193	Foster		2,446,875	2,925,997	
3013	1212 1213	Glocester	C	5,412,126	6,471,874	
3014	1262	Hopkinton	C	3,469,177	4,148,476	
3015	1272 1273	Jamestown	C	7,645,114	9,142,102	
3016	1282 1283	Johnston	C	25,188,957	30,121,202	
3017	1302 1303	Lincoln		1,060,052	1,267,621	
3019	1322 1323	Middletown	C	10,990,942	13,143,076	
3021	1352 1353 1354	Newport	B	37,847,753	45,258,714	
3022	1342 1343	New Shoreham	B	3,971,426	4,749,070	
3023	1372 1373	North Kingstown	C	33,886,982	40,522,385	
3024	1382 1383	North Providence		21,960,284	26,260,322	
3025	1392 1393	North Smithfield	B	10,753,830	12,859,535	
3026	1412 1413	Pawtucket	C	74,804,751	89,452,255	
3027	1515	Union Fire District		335,164	400,792	
3029	1452	Richmond		1,278,595	1,528,957	
3030	1462 1463	Scituate	B	7,812,815	9,342,641	
3031	1472 1473	Smithfield	C	9,407,711	11,249,832	
3032	1492 1493	South Kingstown	B	36,388,744	43,514,017	
3033	1532 1533	Tiverton	C	9,348,826	11,179,417	
3034	1562	Warren	C	3,654,818	4,370,467	
3036	1622 1623	Westerly		284,043	339,662	
3037	1602	West Greenwich	C	1,867,721	2,233,439	
3039	1632 1633	Woonsocket	B	51,897,321	62,059,325	
3040	1073	Charlho School District	C	10,874,080	13,003,331	
3041	1203	Foster/Glocester	B	4,120,926	4,927,844	
3042	1528	Tiogue Fire & Lighting	C,5	34,188	40,882	
3043	1336	Narragansett Housing	C	276,557	330,710	
3045	1098	Coventry Lighting District	C	1,113,579	1,331,628	
3046	1242	Hope Valley Fire	C	337,003	402,992	
3050	1156	East Greenwich Housing	C	796,430	952,379	
3051	1116	Cranston Housing	C	3,179,149	3,801,657	
3052	1166	East Providence Housing	B	2,253,124	2,694,308	
3053	1416	Pawtucket Housing	B	9,710,116	11,611,452	

## Employees' Retirement System of Rhode Island

<b>Asset Values</b>					
Old Unit Number	New Unit Number	Unit	Code	Market Value of Assets	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)
3056	1126	Cumberland Housing	C	921,262	1,101,654
3057	1306	Lincoln Housing	B	1,186,083	1,418,329
3059	1016	Bristol Housing		1,547,807	1,850,883
3065	1036	Burrillville Housing	B	770,352	921,194
3066	1386	North Providence Housing	B	655,972	784,418
3067	1177	East Smithfield Water	C	726,250	868,457
3068	1227	Greenville Water	B	845,249	1,010,758
3069	1356	Newport Housing	C	5,245,129	6,272,176
3071	1566	Warren Housing	B	1,031,121	1,233,024
3072	1286	Johnston Housing		853,866	1,021,061
3077	1538	Tiverton Local 2670A	C	2,768,038	3,310,047
3078	1002 1003 1007 1009	Barrington COLA	C	24,294,870	29,052,043
3079	1096	Coventry Housing		717,241	857,684
3080	1496	South Kingstown Housing	C	183,266	219,151
3081	1403	N. RI Collaborative Adm. Services	C	2,139,724	2,558,703
3083	1616	West Warwick Housing	B	1,080,464	1,292,029
3084	1476	Smithfield Housing		256,767	307,044
3094	1478	Smithfield COLA	C	9,670,887	11,564,542
3096	1056	Central Falls Housing	C	1,393,787	1,666,704
3098	1293	Lime Rock Administrative Services		176,249	210,761
3099	1063	Central Falls Schools	C	10,025,450	11,988,532
3100	1023	Bristol/Warren Schools	B	12,119,946	14,493,151
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	14,512,186	17,353,815
3102	1712	Harrisville Fire District (ADMIN)	C	323,614	386,981
3103	1702	Albion Fire District (ADMIN)	C,5	51,308	61,354
<b>General Employee Units Subtotal</b>				\$ 711,796,126	\$ 851,172,779
<b>Police &amp; Fire Units</b>					
4016	1285	Johnston Fire	D	\$ 2,093,769	\$ 2,503,749
4029	1454	Richmond Police	6	646,740	773,378
4031	1474	Smithfield Police	C,D	6,714,541	8,029,314
4042	1555	Valley Falls Fire	D	2,492,251	2,980,258
4047	1395 1435	North Smithfield Voluntary Fire	B,D	4,249,030	5,081,031
4050	1155	East Greenwich Fire	C,D	8,507,135	10,172,916
4054	1154	East Greenwich Police	C,D	10,409,532	12,447,820
4055	1375	North Kingstown Fire	C,D	21,898,470	26,186,405
4056	1374	North Kingstown Police	C,D	14,061,883	16,815,338
4058	1385	North Providence Fire	D	23,100,419	27,623,708
4059	1008	Barrington Fire (25)	C	911,556	1,090,048
4060	1004	Barrington Police	C,D	5,809,537	6,947,102
4061	1005	Barrington Fire (20)	C,D	6,845,787	8,186,260

## Employees' Retirement System of Rhode Island

Asset Values					
Old Unit Number	New Unit Number	Unit	Code	Market Value of Assets	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)
4062	1564 1565	Warren Police & Fire	C,D	6,471,942	7,739,212
4063	1494	South Kingstown Police	B,1	17,176,102	20,539,351
4073	1464	Scituate Police	5	142,848	170,820
4076	1394	North Smithfield Police	C,D	6,579,892	7,868,300
4077	1534	Tiverton Fire	C,D	7,210,388	8,622,253
4082	1194	Foster Police	C,D	1,795,287	2,146,822
4085	1634	Woonsocket Police	C,D	24,852,191	29,718,494
4086	1084	Charlestown Police	C,D	4,963,929	5,935,914
4087	1264	Hopkinton Police	C,D,6	3,491,147	4,174,748
4088	1214	Glocester Police	C,D	3,777,156	4,516,760
4089	1604	West Greenwich Police/Rescue	C,D	2,241,065	2,679,888
4090	1034	Burrillville Police	C,D,6	6,414,110	7,670,056
4091	1148	Cumberland Rescue	C,D	3,430,211	4,101,879
4093	1635	Woonsocket Fire	C,D	24,310,641	29,070,902
4094	1015	Bristol Fire	D	209,116	250,062
4095	1135	Cumberland Hill Fire	C,D	3,103,642	3,711,366
4096	1014	Bristol Police	C,D	2,796,654	3,344,266
4098	1095	Coventry Fire	D	2,063,812	2,467,926
4099	1505	South Kingstown EMT	C,D	2,054,262	2,456,506
4101	1365	North Cumberland	C,D	2,625,714	3,139,855
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	5,307,987	6,347,343
4103	1255	Hopkins Hill Fire	C,D	965,447	1,154,490
4104	1114	Cranston Police	C,D,4	15,690,184	18,762,475
4105	1115	Cranston Fire	C,D,4	25,839,815	30,899,504
4106	1125	Cumberland Fire	B,D	2,415,970	2,889,041
4107	1305	Lincoln Rescue	C	1,826,084	2,183,649
4108	1344	New Shoreham Police	B,D	724,749	866,662
4109	1324	Middletown Police & Fire	C,D	1,526,750	1,825,703
4110	1715	Harrisville Fire District	C,D	585,439	700,074
4111	1705	Albion Fire District	C	351,827	420,719
<b>Police &amp; Fire Units Subtotal</b>				<u><u>\$ 288,685,010</u></u>	<u><u>\$ 345,212,363</u></u>
<b>All MERS Units Total</b>				\$ 1,000,481,136	\$ 1,196,385,142

B - Municipality has adopted COLA Plan B  
 C - Municipality has adopted COLA Plan C  
 D - Municipality has adopted the "20-year" optional Police & Fire Plan  
 1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.  
 2 - New unit in 2009 valuation. 3 - Closed unit.  
 4 - Cranston Fire and Police are contributing 10% due to special plan provision. 5 - This unit has no active members.  
 6 - Special plan provisions apply to this unit.



## Summary of Assumptions and Methods

### I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

### II. Actuarial Cost Method

The actuarial valuation uses the Entry Age actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability (UAAL).

The employer normal cost rate is the total normal cost rate, less the member contribution rate. The total normal cost rate is the level percentage-of-pay contribution which would theoretically pay for all benefits if it had been made each year from the inception of the plan and if there had never been any changes of benefits, any changes of assumptions or methods, or any experience gains or losses. The normal costs are determined on an individual basis.

The actuarial accrued liability is the difference between the actuarial present value of all future benefits and the actuarial present value of future normal costs. It is the amount to which the normal costs would have accumulated under the assumptions described in the preceding paragraph. The unfunded actuarial accrued liability (UAAL) is the difference between the actuarial accrued liability and the actuarial value of assets.

The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses. The actuarial value is calculated in the aggregate for all units combined, and then it is allocated to each unit in ratio to that unit's market value.

IV. Actuarial Assumptions

A. Economic Assumptions

1. Investment return: 7.50% per year, compounded annually, composed of an assumed 2.75% inflation rate and a 4.75% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.
  
2. Salary increase rate: For general employees, the sum of (i) a 4.00% wage inflation assumption (composed of a 2.75% price inflation assumption and a 1.25% additional general increase), and (ii) a service-related component as shown below:

General Employees		
Years of Service	Service-Related Component	Total Increase
0	4.00%	8.00%
1	3.00	7.00
2	2.75	6.75
3	2.50	6.50
4	2.25	6.25
5	2.00	6.00
6	1.25	5.25
7	0.75	4.75
8-9	0.50	4.50
10-14	0.25	4.25
15 or more	0.00	4.00

For police/fire employees, the sum of (i) a 4.25% wage inflation assumption (composed of a 2.75% price inflation assumption and a 1.50% additional general increase), and (ii) a service-related component as shown below:

Police/Fire Employees		
Years of Service	Service-Related Component	Total Increase
0	10.00%	14.25%
1	9.00	13.25
2	6.00	10.25
3	3.00	7.25
4	2.50	6.75
5	2.00	6.25
6	0.50	4.75
7	0.50	4.75
8	0.25	4.50
9	0.25	4.50
10 or more	0.00	4.25

Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. For employees with less than one year of service, the reported rate of pay is used rather than the fiscal year salary paid.

3. Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 3.75% per year. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth.

**B. Demographic Assumptions**

1. Post-retirement mortality rates:
  - a. Male employees: 115% of the RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA.

- b. Female employees: 95% of the RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA.
- c. Disabled males – 60% of the PBGC Table Va for disabled males eligible for Social Security disability benefits.
- d. Disabled females – 60% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.

2. Pre-retirement mortality (combined ordinary and duty):

- a. Male employees: 75% of RP-2000 Combined Healthy for Males with White Collar adjustments.
- b. Female employees: 75% of RP-2000 Combined Healthy for Females with White Collar adjustments.

Sample rates are shown below:

Number of Deaths per 100		
Age	Males	Females
25	0.03	0.02
30	0.03	0.02
35	0.04	0.03
40	0.07	0.05
45	0.10	0.08
50	0.15	0.12
55	0.25	0.19
60	0.42	0.35
65	0.83	0.65
70	1.45	1.14

Employees' Retirement System of Rhode Island

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3. Disability rates: Sample rates per 1,000 active members are shown below. Ordinary disability rates are not applied to members eligible for retirement.

Age	Number of Disabilities per 1,000					
	General Employees, Ordinary, Males	General Employees, Accidental, Males	General Employees, Ordinary, Females	General Employees, Accidental, Females	Police & Fire, Ordinary, Males and Females	Police & Fire, Accidental, Males and Females
25	0.63	0.23	0.27	0.08	0.43	2.55
30	0.77	0.28	0.33	0.09	0.55	3.30
35	1.05	0.38	0.45	0.12	0.73	4.35
40	1.54	0.55	0.66	0.18	1.10	6.60
45	2.52	0.90	1.08	0.29	1.80	10.80
50	4.27	1.53	1.83	0.49	3.03	18.15
55	7.07	2.53	3.03	0.81	3.03	18.15
60	9.87	3.53	4.23	1.13	3.03	18.15
65	0.00	0.00	0.00	0.00	3.03	18.15

Employees' Retirement System of Rhode Island

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4. Termination rates (for causes other than death, disability, or retirement) are a function of the member's service. Termination rates are not applied to members eligible for retirement. Rates are shown below:

Service	Male General Employees	Female General Employees	Police & Fire, Males & Females
0	0.1750	0.1800	0.1000
1	0.1087	0.1143	0.0528
2	0.0922	0.0973	0.0481
3	0.0778	0.0824	0.0436
4	0.0655	0.0695	0.0394
5	0.0552	0.0584	0.0354
6	0.0465	0.0491	0.0316
7	0.0394	0.0412	0.0281
8	0.0337	0.0348	0.0249
9	0.0293	0.0296	0.0219
10	0.0260	0.0255	0.0191
11	0.0236	0.0223	0.0166
12	0.0220	0.0199	0.0143
13	0.0209	0.0181	0.0123
14	0.0204	0.0169	0.0105
15	0.0201	0.0159	0.0090
16	0.0200	0.0152	0.0077
17	0.0198	0.0145	0.0067
18	0.0195	0.0137	0.0059
19	0.0187	0.0127	0.0000
20	0.0175	0.0112	0.0000
21	0.0156	0.0092	0.0000
22	0.0129	0.0065	0.0000
23	0.0092	0.0030	0.0000
24	0.0044	0.0000	0.0000

Employees' Retirement System of Rhode Island

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5. Retirement Rates: Separate male and female rates for general employees. For members who reach 30 years of service before age 58, service-based rates are used. For other members, age-based rates are used.

General Employees							
Males				Females			
Service (00/30)		Age (58/10)		Service (00/30)		Age (58/10)	
Service	Ret. Rate	Age	Ret. Rate	Service	Ret. Rate	Age	Ret. Rate
30	30.0%	58	12.0%	30	30.0%	58	12.0%
31	30.0%	59	10.0%	31	25.0%	59	10.0%
32	25.0%	60	10.0%	32	10.0%	60	10.0%
33	25.0%	61	10.0%	33	10.0%	61	10.0%
34	25.0%	62	30.0%	34	10.0%	62	20.0%
35	25.0%	63	20.0%	35	15.0%	63	15.0%
36	25.0%	64	20.0%	36	20.0%	64	15.0%
37	25.0%	65	20.0%	37	25.0%	65	20.0%
38	35.0%	66	25.0%	38	25.0%	66	25.0%
39	50.0%	67	25.0%	39	25.0%	67	25.0%
40	100.0%	68	25.0%	40	100.0%	68	25.0%
		69	30.0%			69	25.0%
		70	30.0%			70	20.0%
		71	30.0%			71	20.0%
		72	30.0%			72	20.0%
		73	30.0%			73	20.0%
		74	30.0%			74	20.0%
		75	100.0%			75	100.0%

5. Retirement Rates (continued): Unisex, service based rates are used for police and fire. Rates depend on whether the unit has elected the optional 20-year retirement provisions. All members are assumed to retire upon reaching age 65 with at least ten years of service.

Police and Fire		
Service	Units with the Optional 20-year retirement election*	Units without the Optional 20-year retirement election
20	12.0%	
21	10.0%	
22	10.0%	
23	10.0%	
24	12.0%	
25	14.0%	50.0%
26	16.0%	16.0%
27	18.0%	18.0%
28	20.0%	20.0%
29	20.0%	20.0%
30+	35.0%	35.0%

\* These rates were used for Richmond Police for service from 22 to 32 years.

**C. Other Assumptions**

1. Percent married: 85% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an annuity.
4. Percent electing deferred termination benefit: Vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.
5. Recovery from disability: None assumed.



6. Remarriage: It is assumed that no surviving spouse will remarry and there will be no children's benefit.
7. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at the first age at which unreduced benefits are available.
8. Investment and administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.
9. Inactive members: Liabilities for inactive members are approximated as a multiple of their member contribution account balances. For nonvested inactive members, the multiple is 1.0. For vested inactive members, the multiple is 8.0 for members with 25 or more years of service, 3.0 for vested inactive members age 45 or older with less than 25 years of service, and 1.0 for other vested inactive members younger than age 45.
10. Decrement timing: For all members, decrements are assumed to occur at the middle of the year.

V. Participant Data

Participant data was supplied on electronic files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for an active member included birthdate, sex, service, salary and employee contribution account balance. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement and a form of payment code.

Salary supplied for the current year was based on the earnings for the year preceding the valuation date. This salary was adjusted by the salary increase rate for one year. However, for members with less than one year of service, the current rate of salary was used. This salary was adjusted by the salary increase rate for one year.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

## Summary of Benefit Provisions

1. Authority: The Municipal Employees' Retirement System (MERS) covers employees of certain participating Rhode Island municipalities and other local governmental units, such as housing authorities, water districts, etc. Benefits are described in Rhode Island General Laws, Title 45, Chapters 19, 19.1, 21, 21.1, 21.2, and 21.3.
2. Plan Year: A twelve-month period ending June 30th.
3. Administration: MERS is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy.
4. Type of Plan: MERS is a qualified governmental defined benefit retirement plan. Separate contribution rates are determined for each participating governmental unit. For Governmental Accounting Standards Board purposes, it is an agent multiple-employer plan.
5. Eligibility: General employees, police officers and firefighters employed by electing municipalities participate in MERS. Teachers and administrators are covered by the separate Employees' Retirement System of Rhode Island, but other school employees may be covered by MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be classified as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be classified as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a separate unit from the general employees, with separate contribution rates applicable.
6. Employee Contributions: General employees contribute 6.00% of their salary per year, and police officers and firefighters contribute 7.00%. In addition, if the municipality has elected one of the optional cost-of-living provisions, an additional member contribution of 1.00% of salary is required. If a municipality elects the optional 20-year retirement provision for its police officers and/or its firefighters, an additional contribution of 1.00% of salary will be required from these

members. The municipality, at its election, may choose to "pick up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).

7. Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.
8. Employer Contributions: Each participating unit's contribution rate is determined actuarially. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.
9. Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.
10. Final Average Compensation (FAC): The average of the member's highest three consecutive annual salaries. Monthly benefits are based on one-twelfth of this amount.
11. Retirement
  - a. Eligibility: General employees are eligible for retirement on or after age 58 if they have credit for 10 or more years of service, or at any age if they have credit for at least 30 years of service. Members designated as police officers or firefighters may retire at or after age 55 with credit for at least 10 years of service, or at any age with credit for 25 or more years of service. Members may retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elects to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member may retire at any age with 20 or more years of service.
  - b. Monthly Benefit: 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum). If the optional 20-year retirement provisions are adopted by the municipality and the member has attained 20 years of service, the benefit is 2.50% of the member's monthly FAC for each year of service, up to 30 years (75% of FAC maximum). If a police officer or firefighter not covered by the 20-year retirement provision retires before age

55 with at least 20, but less than 25, years of service, benefits are reduced 0.5% per month that the member's age at retirement is less than 55.

- c. **Payment Form:** Benefits are paid as a monthly life annuity. Optional forms of payment are available; see below.
- d. **Death benefit:** After retirement, death benefits are based on the form of annuity elected. If no option is elected, i.e., if payments are made as a life annuity, there is a minimum death benefit equal to the sum of the member's contributions without interest, less the sum of the monthly benefit payments made before the member's death. In addition, a lump-sum death benefit is payable upon the death of any retired member, regardless of option elected. This lump sum is equal to a percentage of the lump-sum death benefit that was available to the member at the time of retirement. The percentage is 100% in the first year of retirement, 75% in the second year, 50% in the third year, and 25% in the fourth and subsequent years of retirement. However, in no event will the lump sum death benefit be less than \$4,000.

12. Disability Retirement

- a. Eligibility: A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.
- b. Ordinary Disability Benefit: The benefit payable under the retirement formula, using FAC and service at the time of disability, but not less than 10 years of service.
- c. Occupational Disability Benefit: An annual annuity equal to two-thirds of salary at the time of disability.
- d. Payment Form: The disability benefit commences immediately upon the member's retirement. Benefits cease upon recovery or reemployment. Disability benefits are payable as a monthly life annuity with a guarantee that, at the member's death, the sum of the member's contributions plus interest as of the date of retirement will be paid in a lump-sum to the member's beneficiary. All alternative forms of payment except for the Social Security Option are permitted in the case of disability retirement.

13. Deferred Termination Benefit

- a. Eligibility: A member with at least ten years of service is vested. A vested member who does not withdraw his/her contributions from the fund is eligible for a deferred termination benefit.
- b. Monthly Benefit: The monthly benefit is based on the retirement formula described above. Both FAC and service are determined at the time the member leaves active employment. Benefits may commence at age 58 or at such earlier age that the member has met the requirements for a retirement benefit.
- c. Payment Form: The same as for Retirement above.
- d. Death Benefit before Retirement: A member who dies after leaving active service but before retiring is entitled to receive a benefit as described below in Item 15.
- e. Death Benefit after Retirement: The same as for Retirement above.

14. Withdrawal (Refund) Benefit

- a. Eligibility: All members leaving covered employment with less than ten years of service are eligible. Optionally, vested members (those with ten or more years of service) may withdraw their accumulated contributions in lieu of the deferred benefits otherwise due.
- b. Benefit: The member who withdraws receives a lump-sum payment of equal to the sum of his/her employee contributions. No interest is credited on these contributions.

15. Death Benefit of Active or Inactive Members

- a. Eligibility: Death must have occurred while an active member or while an inactive, non-retired member. The basic benefit plus the lump-sum benefit are paid on behalf of an active, general employee, and the special police/fire benefit and the lump-sum benefit are paid on behalf of an active police officer or firefighter. If the death was due to accidental, duty-related causes, the accidental death benefit is paid regardless of whether the employee is a general employee, a police officer, or a firefighter. Inactive members receive a refund of their accumulated contributions without interest.
- b. Basic Benefit: Upon the death of a non-vested member, or upon the death of a vested, inactive member, or upon the death of an active, unmarried member, a refund of the member's contributions (without interest) is paid. Upon the death of a vested, married, active member, the spouse may elect (i) the refund benefit described above, or (ii) a life annuity paid to the spouse or beneficiary. The amount of the annuity is equal to the amount which would have been paid had the member retired at the time of his death and elected the Joint and 100% Survivor option. If the member was not eligible for retirement, the annuity benefit is reduced 6% per year from the date at which the member would have been eligible had he or she remained in service.
- c. Lump-sum Benefit: \$800 per year of service, with a maximum benefit of \$16,000 and a minimum of \$4,000.
- d. Special Police/Fire Death Benefit: In lieu of the basic benefit above, if a police officer or firefighter dies while an active member, an annuity of 30% of the member's salary will be paid to the member's spouse, for life or until remarriage. Children's benefits may also be payable.

- e. **Special Police/Fire Death Benefit:** In lieu of the basic benefit above, if a police officer or firefighter dies while an active member, an annuity of 30% of the member's salary will be paid to the member's spouse, for life or until remarriage. Children's benefits may also be payable.
- f. **Accidental Duty-related Death Benefit:** If a member dies as the result of an accident while in the course of his or her duties, in lieu of the above benefits the member's spouse may elect to receive (i) a refund of all contributions made (including interest), and (ii) an annual life annuity equal to 50% of the member's salary at the time of death. The annuity benefit stops when the spouse remarries or dies, although it may be continued to any children under age 18 or to any dependent parents.

16. **Optional Forms of Payment:** In addition to a life annuity, MERS offers members these optional forms of payment on an actuarially equivalent basis:

- a. **Option 1 (Joint and 100% Survivor)** - A life annuity payable while either the participant or his beneficiary is alive.
- b. **Option 2 (Joint and 50% Survivor)** - A life annuity payable to the member while both the member and beneficiary are alive, reducing to 50% of this amount if the member predeceases the beneficiary.
- c. **Social Security Option** – An annuity paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Actuarial equivalence is based on tables adopted by the Employees' Retirement Board.

17. **Post-retirement Benefit Increase:** Members employed by municipalities who elect one of the optional COLA provisions receive an increase equal to 3% of the original retirement benefit each year, beginning January 1 following the member's retirement. This increase is not tied in any way to actual increases in the cost of living, and increases are not compounded. When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

18. Special Provisions Applying to Specific Units: Some units have specific provisions that apply only to that unit. The following summarizes those provisions:

- a. Rhode Island General Law §45-21.2-22.1 contains special provisions that apply to employees of Burrillville Police, but only if adopted by the Town of Burrillville. The Town adopted these provisions effective July 1, 2006. Under these special provisions, the retirement benefit for a member with 20 or more years of service is improved. The new formula is  $60.00\% \times \text{Final Average Compensation (FAC)}$ , plus  $1.50\% \times \text{FAC} \times \text{Years of Service in Excess of 20}$ , with a maximum benefit equal to 75% of FAC. In addition to this benefit change, the member contribution rate increased from 9.00% to 10.20%.
- b. Rhode Island General Law § 45-21.2-6.1, § 45-21.2-5(5), and § 45-21.2-14(d) contain special provisions that apply to members of the South Kingstown police department. Under these special provisions, the member receives a retirement allowance which is a life annuity terminable at the death of the annuitant, and is an amount equal to the sum of two and one-half percent (2.5%) of final compensation multiplied by the years of service accrued after July 1, 1993 and two percent (2%) of final compensation multiplied by the years of service accrued prior to July 1, 1993. The annual retirement allowance in no event shall exceed seventy-five percent (75%) of final compensation. The member contribution rate is 8.00%, plus 1.00% for the adoption of the optional COLA, for a total of 9.00%.
- c. Rhode Island General Law § 45-21.2-5 (9) contains special provisions that apply to members of the Hopkinton police department. Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. The member contribution rate is 9.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.
- d. Rhode Island General Law § 45-21.2-5 (7) and § 45-21.2-14 contain special provisions that apply to members of the Cranston fire department hired after July 1, 1995 or with less than 5 years of service at that date. Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. The member contribution rate is 10.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.



- e. Rhode Island General Law §§ 45-21.2-5 (8) and § 45-21.2-14 contain special provisions that apply to members of the Cranston police department hired after July 1, 1995 or with less than 5 years of service at that date. Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. The member contribution rate is 10.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.
  
- f. Rhode Island General Law §§ 45-21.2-6.3 contains special provisions that apply to employees of Richmond Police. The Town adopted these provisions on April 3, 2008, effective July 1, 2008. Under these special provisions, members are eligible to retire after attaining 22 years of service. The retirement benefit for a member with 22 or more years of service was improved to  $50.00\% \times \text{Final Average Compensation (FAC)}$ , plus  $2.2727\% \times \text{FAC} \times \text{Years of Service in Excess of 22}$ , with a maximum benefit equal to 75% of FAC.

**2010**

**State Police  
Retirement Benefits Trust**

**Actuarial Information**





May 30, 2011

Retirement Board  
40 Fountain Street, First Floor  
Providence, RI 02903-1854

Dear Members of the Board:

**Subject: Actuarial Valuation of SPRBT as of June 30, 2010**

This is the June 30, 2010 actuarial valuation of the State Police Retirement Benefits Trust (SPRBT). This report describes the current actuarial condition of the SPRBT, determines the recommended employer contribution rate, and analyzes changes in the contribution rate. Valuations are prepared annually, as of June 30, the last day of the SPRBT plan year. Benefits for state police officers hired before July 1, 1987 are funded by the state from general assets, on a pay-as-you-go basis, and are not included in this valuation.

Under Rhode Island General Laws, the employer contribution rate for state police is certified annually by the State of Rhode Island Retirement Board. This rate is determined actuarially, based on the plan provisions in effect as of the valuation date and the actuarial assumptions and methods adopted by the Board or set by statute. The Board's current policy is that the contribution rate determined by a given actuarial valuation becomes effective two years after the valuation date. For example, the rate determined by the June 30, 2010 actuarial valuation will be applicable for the year beginning July 1, 2012 and ending June 30, 2013.

**Financing objectives and funding policy**

The actuarial cost method and the amortization periods are set by statute. Contribution rates and liabilities are computed using the entry age normal actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost rate is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999, 19 years as of June 30, 2010). The amortization rate is adjusted for the two-year deferral in contribution rates.

## **Progress toward realization of financing objectives**

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%.

The funded ratio decreased from 79.8% to 69.7% between the valuations. The funded ratio is defined as the actuarial value of assets divided by the actuarial accrued liability. If the market value of assets were used, rather than the actuarial value, the funded ratio would be 59.9%. The employer contribution rate increased from 25.39% to 36.12% for fiscal year 2013. The majority of the change in funded ratio and contribution rate is attributable to the recent adoption of updated actuarial assumptions that are used to perform the actuarial valuation. An analysis of the changes in the employer contribution rate appears on page 148.

Additional information regarding these assumptions changes is provided further below and in the body of this report.

## **Benefit provisions**

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2010. There were no material changes adopted since the previous actuarial valuation. The benefit provisions are summarized in the Summary of Benefit Provisions in this report.

## **Assumptions and methods**

There were several changes to the assumptions and methods since the last actuarial valuation. Assumptions such as the annual investment return, mortality tables, payroll growth rate, and salary increase rates were modified based on an experience study presented in April 2011 and adopted by the Board. Most significantly, the investment return assumption was decreased from 8.25% to 7.50%, and the mortality assumption was modified for continual future increases in life expectancy. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of SPRBT.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities and the calculated contribution rates.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

## Data

The System's staff supplied data for active, inactive, and retired members as of June 30, 2010. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2010.

## Certification

All of our work conforms with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries. All are Enrolled Actuaries, Members of the American Academy of Actuaries. They all meet the Qualification Standards of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems.

Sincerely,  
Gabriel, Roeder, Smith & Company



J. Christian Conradi, ASA, MAAA, EA  
Senior Consultant



Joseph P. Newton, FSA, MAAA, EA  
Senior Consultant



Mark R. Randall, MAAA, EA  
Executive Vice President

**Actuarial Valuation — June 30, 2010**  
**State Police Retirement Benefits Trust — Executive Summary**

Item	Valuation Date:		
	June 30, 2010		June 30, 2009
	After Assumption Changes	Before Assumption Changes	Disclosed in Prior Year's Report
<b>Membership</b>			
• Number of			
- Active members	211	211	176
- Retirees and beneficiaries	4	4	4
- Inactive members	3	3	2
- Total	218	218	182
• Payroll for benefits	\$ 19,715,070	\$ 19,715,070	\$ 17,096,202
<b>Contribution rates</b>			
• Member	8.75%	8.75%	8.75%
• State	36.12%	25.39%	25.39%
<b>Assets</b>			
• Market value	\$ 56,464,727	\$ 56,464,727	\$ 45,747,494
• Actuarial value	65,760,284	65,760,284	60,232,045
• Return on market value	12.8%	12.8%	-19.1%
• Return on actuarial value	1.6%	1.6%	2.0%
• Employer contribution	\$ 3,590,615	\$ 3,590,615	\$ 3,340,746
• Ratio of actuarial value to market value	116.5%	116.5%	131.7%
<b>Actuarial Information</b>			
• Employer normal cost %	21.11%	16.97%	17.14%
• Unfunded actuarial accrued liability (UAAL)	\$ 28,540,018	\$ 17,339,647	\$ 15,247,960
• Amortization rate	15.01%	8.42%	8.25%
• Funding period	19 years	19 years	20 years
• GASB funded ratio	69.7%	79.1%	79.8%
<b>Projected employer contribution</b>			
• Fiscal year ending June 30,	2013	2013	2012
• Projected payroll for contributions	\$ 16,602,444	\$ 16,762,466	\$ 14,445,921
• Projected employer contribution	5,996,803	4,255,990	3,667,819

## Summary of Actuarial Methods and Assumptions

### I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

### II. Actuarial Cost Method

The actuarial valuation uses the entry age normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability (UAAL).

1. First, the actuarial present value of future benefits is determined by discounting the projected benefits for each member back to the valuation date using the assumed investment return rate as the discount rate. For active members, the projected benefits are based on the member's age, service, sex and compensation, and based on the actuarial assumptions. The calculations take into account the probability of the member's death, disability or termination of employment prior to becoming eligible for a retirement benefit, as well as the possibility that the member will remain in service and receive a service retirement benefit. Future salary increases are anticipated. The present value of the expected benefits payable to all active members is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits. Liabilities for future members are not included.
2. The employer contributions required to support the benefits are determined as a level percentage of salary, and consist of a normal contribution and an amortization contribution.
3. The required contribution is determined using the entry age normal cost method. Under this method, a calculation is made to determine the rate of contribution which, if applied to the compensation of each new member during the entire period of anticipated covered service, would be required to meet the cost of all benefits payable on his behalf. This calculation reflects the plan provisions that apply to members hired after July 1, 2007, i.e., the Article 22 provisions, even for members hired before that date. That is, the normal cost is the cost of a replacement employee. The salary-weighted average of these rates is the normal cost rate.

4. The employer normal cost rate is equal to (i) the normal cost rate, minus (ii) the member contribution rate.
5. The actuarial accrued liability is equal to the present value of all benefits less the present value of future normal costs. The unfunded actuarial accrued liability (UAAL) is then determined as (i) the actuarial accrued liability, minus (ii) the actuarial value of assets.
6. The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

### III. Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

### IV. Actuarial Assumptions

#### A. Economic Assumptions

1. Investment return: 7.50% per year, compounded annually, composed of an assumed 2.75% inflation rate and a 4.75% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.



2. Salary increase rate: The sum of (i) a 4.00% wage inflation assumption (composed of a 2.75% price inflation assumption and a 1.25% additional general increase), and (ii) a service-related component as shown below:

Years of Service	Service-Related Component	Total Increase
0	4.25%	8.25%
1	4.00	8.00
2	4.00	8.00
3	8.00	12.00
4	5.00	9.00
5	3.25	7.25
6	1.25	5.25
7	1.25	5.25
8	1.00	5.00
9	1.00	5.00
10-14	0.75	4.75
15-19	0.50	4.50
20-24	0.25	4.25
25&up	0.00	4.00

Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period between the valuation date and the first anniversary of the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption.

3. Payroll growth rate: In the amortization of the unfunded frozen liability, payroll is assumed to increase 4.00% per year. This assumption includes no allowance for future membership growth.

**B. Demographic Assumptions**

1. Post-termination mortality rates

- a. Healthy males — 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.

- b. Healthy females — 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
  - c. Disabled males — 60% of the PBGC Table Va for disabled males eligible for Social Security disability benefits
  - d. Disabled females — 60% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.
2. Pre-retirement mortality: 75% of the RP-2000 Combined tables with white-collar adjustment for males and females. 15% of active member deaths are occupational.
  3. Disability rates — Rates are applied, with 75% of disabilities considered work related, and no recoveries assumed once disabled:

Age	Rate
20	0.12%
25	0.17
30	0.22
35	0.29
40	0.44
45	0.72
50	1.21

Disabilities that are not work-related are assumed to result in a refund. The disability rates for non work-related causes stop once the member is eligible for retirement.

4. Termination rates — None

5. Retirement rates – State police are assumed to retire after completion of 20 years of service if employed before July 1, 2007 or after completion of 25 years of service if hired on or after July 1, 2007, in accordance with the probabilities as shown below. For members hired before July 1, 2007, 100% are assumed to retire at age 60 and completion of 20 years of service if still active. For members hired on or after July 1, 2007, 100% are assumed to retire at age 60 and completion of 25 years of service if still active.

State Police Employed Before July 1, 2007	
Service	Ret. Rate
20	25.0%
21	15.0%
22	10.0%
23	20.0%
24	30.0%
25	100.0%

State Police Employed On or After July 1, 2007	
Service	Ret. Rate
25	35.0%
26	25.0%
27	20.0%
28	30.0%
29	40.0%
30	100.0%

C. Other Assumptions

1. Percent married: 85% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. No surviving spouse will remarry and there will be no children's benefit.
4. Investment and administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.

V. Participant Data

Participant data was supplied in electronic files for active and retired members. The data for an active member included birthdate, sex, service, salary and employee contribution account balance. We were also supplied with a separate file showing both the salary for contribution purposes and the salary for benefit purposes. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

### **Summary of Benefit Provisions**

1. Effective Date and Authority: The State Police Retirement Benefits Trust (SPRBT) became effective on July 1, 1989 for state police officers originally hired on or after July 1, 1987. Benefits are described in Rhode Island General Laws, Title 42, Chapter 28.
2. Plan Year: A twelve-month period ending June 30th.
3. Administration: The State Police Retirement Benefits Trust is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy. Assets are commingled for investment purposes with those of the Employees' Retirement System of Rhode Island and various other plans and programs.
4. Type of Plan: The State Police Retirement Benefits Trust is a qualified governmental defined benefit retirement plan. For Governmental Accounting Standards Board purposes, it is a single-employer plan.

5. Eligibility: All state police officers, and the Superintendent of State Police, hired on or after July 1, 1987, participate in this plan. Benefits for state police officers hired before July 1, 1987 are being paid by the state from the general assets of the state, on a pay-as-you-go basis. Eligible employees become members at their date of employment.
6. Salary for Contribution Purposes: Salary includes the member's base earnings, plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.
7. Employee Contributions: State police officers contribute 8.75% of their salary per year. The state "picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).
8. Employer Contributions: The state contributes an actuarially determined percentage of the member's annual salary. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.
9. Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.
10. Final Salary (Salary for Benefit Purposes): Benefits are determined using a different, more expansive, definition of salary than is used for determining member and employer contributions. Final Salary includes base pay, longevity increases, 400 hours of overtime pay, holiday pay and the member's clothing allowance. For members who work more than 25 years, the Final Salary shall not be more than the Final Salary in the 25<sup>th</sup> year. In determining monthly benefits, Final Salary is expressed as a monthly amount.
11. Retirement
  - a. Eligibility:
    - (ii) For members hired before July 1, 2007: Eligible for retirement at any age after completion of 20 years of service.

- (iii) For members hired on or after July 1, 2007: Eligible for retirement at any age after completion of 25 years of service.
  - (iv) The Superintendent of State Police: May retire on or after age 60 if he has credit for 10 years of service.
- b. Monthly Benefit:
- (i) For members hired before July 1, 2007: 50% of Final Salary, plus 3% of Final Salary for each year of service in excess of 20. After earning 25 years of service, a member's benefit will be 65% of Final Salary, which is the maximum benefit allowable under the plan.
  - (ii) For members hired on or after July 1, 2007: 50% of Final Salary, plus 3% of Final Salary for each year of service in excess of 25. After earning 30 years of service, a member's benefit will be 65% of Final Salary, which is the maximum benefit under the plan.
  - (iii) The Superintendent of State Police: Receives a minimum benefit of 50% of Final Salary. The member also earns an additional 3% of Final Salary for each year of service in excess of 25. The member's maximum benefit is 65% of Final Salary.
- c. Payment Form: Benefits are paid as a monthly life annuity. There are no optional forms of payment available.
- d. Death benefit: After the death of a retired member, if the member was married, a benefit will be paid to the spouse equal to 2.00% of the member's Final Salary for each year of service. There is a minimum benefit of 25% of Final Salary. Benefits are increased one-third for each dependent child. The maximum benefit is 50% of Final Salary. Benefits may not begin before the spouse is age 40, and benefits stop upon the spouse's death or remarriage.

## 12. Disability Retirement

- a. Eligibility: A member is eligible if the disability is work-related. (Non work-related disabilities result in a refund.)
- b. Occupational Disability Benefit: 75% of Final Salary.
- c. Payment Form: The disability benefit commences immediately upon the member's retirement. Benefits cease upon recovery or re-employment. Disability benefits are payable as a monthly life annuity. The same provisions that apply upon the death of a retired member apply upon the death of a disabled member.

13. Refunds

- a. Eligibility: All members leaving covered employment prior to eligibility for other benefits.
- b. Benefit: A lump-sum payment equal to the sum of his or her employee contributions. No interest is credited on these contributions.

14. Death Benefit of Active Members

- a. Eligibility: Death must have occurred from a service-related cause, or the member must have 10 or more years of service.
- b. Ordinary Benefit: After the death of an active member, if the member was married, a benefit will be paid to the spouse equal to 2.00% of the member's Final Salary for each year of service. There is a minimum benefit of 25% of Final Salary. Benefits are increased one-third for each dependent child. The maximum benefit is 50% of Final Salary. Benefits may not begin before the spouse is age 40 without a dependent child, and benefits stop upon the spouse's death or remarriage.
- c. Duty-related Death Benefit: 75% of Final Salary, paid to the spouse or other dependent relative. Benefits cease when the spouse or other relatives die or are no longer dependent.

15. Post-retirement Benefit Increase: Members receive an increase of \$1,500 per year (\$125.00 per month) beginning on the January 1 next following the third anniversary date of the retirement, and in every year thereafter. The increase applies to service retirement, disability retirement and death benefits. This increase is not tied in any way to actual increases in the cost of living.

<b>Plan Net Assets</b>		
<b>(Assets at Market or Fair Value)</b>		
Item	June 30, 2010	June 30, 2009
(1)	(2)	(3)
1. Cash and cash equivalents	\$ 780,742	\$ 63,182
2. Receivables:		
a. Employer and member contributions	\$ 1,826	\$ 911,804
b. Transfers receivable	-	-
c. Miscellaneous	-	-
d. Total receivables	<u>\$ 1,826</u>	<u>\$ 911,804</u>
3. Investments		
a. Pooled trust	\$ 55,688,729	\$ 44,771,977
b. Plan specific investments	-	-
c. Total	<u>\$ 55,688,729</u>	<u>\$ 44,771,977</u>
4. Invested securities lending collateral	\$ -	\$ -
5. Property and equipment (net of depreciation)	\$ 9,499	\$ 13,546
6. Total assets	\$ 56,480,796	\$ 45,760,509
7. Liabilities		
a. Other post-employment benefit liability, net	\$ 752	\$ 348
b. Securities lending liability	-	-
c. Other reserves and payables	15,317	12,667
d. Total liabilities	<u>\$ 16,069</u>	<u>\$ 13,015</u>
8. Total market value of assets available for benefits		
Total (Item 6 - Item 7)	\$ 56,464,727	\$ 45,747,494



**Reconciliation of Plan Net Assets**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
1. Market value of assets as of beginning of year		
a. Market value of assets as of beginning of year	\$ 45,747,494	\$ 51,883,909
b. Adjustment for market value of assets	-	-
c. Adjusted market value of assets as of beginning of year	<u>\$ 45,747,494</u>	<u>\$ 51,883,909</u>
2. Contributions		
a. Members	\$ 1,218,394	\$ 1,122,991
b. State	3,590,615	3,340,746
c. Service purchases	267	-
d. Miscellaneous revenue	-	-
e. Total	<u>\$ 4,809,276</u>	<u>\$ 4,463,737</u>
3. Investment earnings, net of investment expenses	\$ 6,201,903	\$(10,272,571)
4. Expenditures for the year		
a. Benefit payments	\$ (234,504)	\$ (234,504)
b. Cost-of-living adjustments	(17,250)	(12,750)
c. Death benefits	-	-
d. Social security supplements	-	-
e. Supplemental pensions	-	-
f. Refunds	-	(36,241)
g. Administrative expenses	(42,192)	(44,086)
h. Total expenditures	<u>\$ (293,946)</u>	<u>\$ (327,581)</u>
5. Transfers and other adjustments	\$ -	\$ -
6. Market value of assets at end of year	\$ 56,464,727	\$ 45,747,494

<b>Analysis of Change in Employer Cost</b>	
Basis	Employer Cost
1. Employer contribution rates from prior valuation	25.39%
2. Impact of changes, gains and losses	
a. Non-salary liability experience (gain)/loss	-0.10%
b. Salary (gain)/loss	-1.43%
c. Total payroll growth (gain)/loss	-0.81%
d. Investment experience (gain)/loss	2.34%
e. Changes in assumptions	10.73%
f. Changes in plan provisions	0.00%
g. Total	10.73%
3. Employer contribution rates from current valuation	36.12%

**2010**

**Judicial Retirement  
Benefits Trust**

**Actuarial Information**





May 30, 2011

Retirement Board  
40 Fountain Street, First Floor  
Providence, RI 02903-1854

Dear Members of the Board:

**Subject: Actuarial Valuation of the JRBT as of June 30, 2010**

This is the June 30, 2010 actuarial valuation of the Judicial Retirement Benefits Trust (JRBT). This report describes the current actuarial condition of the JRBT, determines the recommended employer contribution rate, and analyzes changes in the contribution rate. Valuations are prepared annually, as of June 30, the last day of the JRBT plan year. Benefits for state judges hired before January 1, 1990 are funded by the state from general assets, on a pay-as-you-go basis, and are not included in this valuation.

Under Rhode Island General Laws, the employer contribution rate for Judges is certified annually by the State of Rhode Island Retirement Board. This rate is determined actuarially, based on the plan provisions in effect as of the valuation date and the actuarial assumptions and methods adopted by the Board or set by statute. The Board's current policy is that the contribution rate determined by a given actuarial valuation becomes effective two years after the valuation date. For example, the rate determined by the June 30, 2010 actuarial valuation will be applicable for the year beginning July 1, 2012 and ending June 30, 2013.

**Financing objectives and funding policy**

The actuarial cost method and the amortization periods are set by statute. Contribution rates and liabilities are computed using the entry age normal actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost rate is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999, 19 years remaining as of June 30, 2010). The amortization rate is adjusted for the two-year deferral in contribution rates.

## **Progress toward realization of financing objectives**

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%.

The funded ratio decreased from 88.3% to 77.8% between the valuations. The funded ratio is defined as the actuarial value of assets divided by the actuarial accrued liability. If the market value of assets were used, rather than the actuarial value, the funded ratio would be 65.9%. The employer contribution rate increased from 18.69% to 28.17% for fiscal year 2013. Much of the change in funded ratio and contribution rate is attributable to the Board's recent adoption of updated actuarial assumptions that are used to perform the actuarial valuation. An analysis of the changes in the employer contribution rate appears in the table on page 164.

Additional information regarding these assumptions changes is provided further below and in the body of this report.

## **Benefit provisions**

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2010. No material changes were made to the benefit provisions since the preceding valuation. The benefit provisions are summarized in the Summary of Benefit Provisions in this report.

## **Assumptions and methods**

There were several changes to the assumptions and methods since the last actuarial valuation. Assumptions such as the annual investment return, mortality tables, payroll growth rate, and salary increases were modified based on an experience study presented in April 2011 and adopted by the Board. Most significantly, the investment return assumption was decreased from 8.25% to 7.50%, and the mortality assumption was modified for continual future increases in life expectancy. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of JRBT.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities and the calculated contribution rates.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

## Data

The System's staff supplied data for active members and retirees as of June 30, 2010. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2010.

## Certification

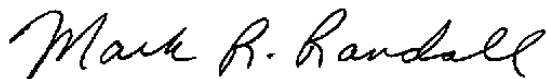
All of our work conforms with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries. All are Enrolled Actuaries and Members of the American Academy of Actuaries. They all meet the Qualification Standards of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems.

Sincerely,  
Gabriel, Roeder, Smith & Company



J. Christian Conradi, ASA, MAAA, EA  
Senior Consultant



Mark R. Randall, MAAA, EA  
Executive Vice President



Joseph P. Newton, FSA, MAAA, EA  
Senior Consultant

**Actuarial Valuation — June 30, 2010**  
**Judicial Retirement Benefits Trust**

**Executive Summary**

Item	Valuation Date:		
	June 30, 2010		June 30, 2009
	After Assumption Changes	Before Assumption Changes	Disclosed in Prior Year's Report
<b>Membership</b>			
Number of:			
- Active members	49	49	45
- Retirees and beneficiaries	10	10	10
- Inactive members	-	-	-
- Total	59	59	55
Payroll supplied by ERSRI, annualized	\$ 7,461,120	\$ 7,461,120	\$ 6,843,454
<b>Contribution rates</b>			
Member	8.75%	8.75%	8.75%
State	28.17%	20.06%	18.69%
<b>Assets</b>			
Market value	\$ 32,267,469	\$ 32,267,469	\$ 27,729,085
Actuarial value	38,074,287	38,074,287	36,839,221
Return on market value	13.4%	13.4%	-19.5%
Return on actuarial value	1.2%	1.2%	1.9%
Employer contribution	\$ 1,180,817	\$ 1,180,817	\$ 1,700,174
Ratio of actuarial value to market value	118.0%	118.0%	132.9%
<b>Actuarial Information</b>			
Employer normal cost %	16.54%	13.49%	13.46%
Unfunded actuarial accrued liability (UAAL)	\$ 10,867,073	\$ 6,531,454	\$ 4,898,819
Amortization rate	11.63%	6.57%	5.23%
Funding period	19 years	19 years	20 years
GASB funded ratio	77.8%	85.4%	88.3%
<b>Projected employer contribution</b>			
Fiscal year ending June 30,	2013	2013	2012
Projected payroll	\$ 8,392,745	\$ 8,514,377	\$ 7,809,518
Projected employer contribution	2,364,236	1,707,984	1,459,599

## Summary of Actuarial Methods and Assumptions

### I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

### II. Actuarial Cost Method

The actuarial valuation uses the entry age normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability (UAAL).

1. First, the actuarial present value of future benefits is determined by discounting the projected benefits for each member back to the valuation date using the assumed investment return rate as the discount rate. For active members, the projected benefits are based on the member's age, service, sex and compensation, and based on the actuarial assumptions. The calculations take into account the probability of the member's death, disability, or termination of employment prior to becoming eligible for a retirement benefit, as well as the possibility of the member will remain in service and receive a service retirement benefit. Future salary increases are anticipated. The present value of the expected benefits payable to all active members is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits. Liabilities for future members are not included.
2. The employer contributions required to support the benefits are determined as a level percentage of salary, and consist of a normal contribution and an amortization contribution.
3. The normal contribution is determined using the entry age method. Under this method, a calculation is made to determine the rate of contribution which, if applied to the compensation of each new member during the entire period of anticipated covered service, would be required to meet the cost of all benefits payable on his behalf. This calculation reflects the plan provisions that apply to members hired after July 1, 2009, i.e., the Article 16 provisions, even for members hired before that date. That is, the normal cost is the cost of a replacement employee. The salary-weighted average of these rates is the normal cost rate.



4. The employer normal cost rate is equal to (i) the normal cost rate, minus (ii) the member contribution rate.
5. The actuarial accrued liability is equal to the present value of all benefits less the present value of future normal costs. The unfunded actuarial accrued liability (UAAL) is then determined as (i) the actuarial accrued liability, minus (ii) the actuarial value of assets.
6. The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

### III. Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

### IV. Actuarial Assumptions

#### A. Economic Assumptions

1. Investment return: 7.50% per year, compounded annually, composed of an assumed 2.75% inflation rate and a 4.75% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.
2. Salary increase rate: Salaries are assumed to increase at the rate of 4.00% per year.

Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period between the valuation date and the first anniversary of the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption.

3. Payroll growth rate: In the amortization of the unfunded frozen liability, payroll is assumed to increase 4.00% per year. This assumption includes no allowance for future membership growth.
  
4. COLA: For members retired or eligible to retire by June 12, 2010, the post-retirement benefit increase is set by statute at 3.0%. For all other members, the COLA is equal to the increase in the CPI, but limited to 3.00%. For these members, we assume the COLA increase will average 2.35% per year. The indexed COLA limitation (\$35,000 for 2010) is also assumed to increase at 2.35% per annum, compounded.

B. Demographic Assumptions

1. Post-termination mortality rates (non-disabled lives)
  - a. Healthy males — 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
  - b. Healthy females — 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
2. Post-termination mortality rates (disabled lives)
  - a. Healthy males — 60% of the PBGC Table Va for disabled males eligible for Social Security disability benefits.
  - b. Healthy females — 60% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.
3. Pre-termination mortality rates — 75% of the RP-2000 Combined tables with white-collar adjustment for males and females
4. Disability rates — None
5. Termination rates — None
6. Retirement rates — 33% of members are assumed to retire when first eligible for a reduced retirement benefit (age 65 with 10 years of service, or any age with 20 years of service). All other members are assumed to retire when eligible for an unreduced retirement benefit (age 65 with 20 years of service, or age 70 with 15 years of service). Judges who have not reached eligibility for a retirement benefit by age 75 are assumed to terminate at age 75 and receive either a reduced retirement benefit, if eligible, or a refund.

C. Other Assumptions

1. Percent married: 85% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. No surviving spouse will remarry and there will be no children's benefit.
4. All married members appointed after January 1, 2009 will elect the optional spouse's coverage at retirement.

5. Investment and Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.

V. Participant Data

Participant data was supplied in electronic files for active members and retirees. The data for active members included birth date, sex, service, salary and employee contribution account balance. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

### **Summary of Benefit Provisions**

1. Effective Date and Authority: The Judicial Retirement Benefits Trust (JRBT) became effective on January 1, 1990 for judges hired on or after that date. Benefits are described in Rhode Island General Laws, Title 8, Chapters 3, 8, and 16, Title 28, Chapter 30, and Title 31, Chapter 43.
2. Plan Year: A twelve-month period ending June 30th.
3. Administration: The Judicial Retirement Benefits Trust is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy. Assets are commingled for investment purposes with those of the Employees' Retirement System of Rhode Island and various other plans and programs.
4. Type of Plan: The Judicial Retirement Benefits Trust is a qualified governmental defined benefit retirement plan. For Governmental Accounting Standards Board purposes, it is a single-employer plan.
5. Eligibility: All judges or justices of the Supreme Court, a superior court, a district court, a family court, an administrative adjudication court or a workers' compensation court participate in this plan if they were hired on or after January 1, 1990. (These are referred to collectively as state judges.) Benefits for state judges hired before January 1, 1990 are being paid by the state

from the general assets of the state, on a pay-as-you-go basis. Eligible state judges become members at their date of employment.

6. Salary: Contributions are based on the judge's salary. Benefits are based on the judge's salary at the time of retirement.
7. Employee Contributions: State judges contribute 8.75% of their salary per year. The state "picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).
8. Employer Contributions: The state contributes an actuarially determined percentage of the member's annual salary. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.
9. Final Average Compensation (FAC)
  - a. For judges who became members on or before July 2, 1997, one-twelfth of the judge's annual salary at the time of retirement.
  - b. For judges who became members after July 2, 1997 but before July 1, 2009, one-twelfth of the average of the judge's highest three consecutive annual salaries.
  - c. For judges who became members on or after July 1, 2009, one-twelfth of the average of the judge's highest five consecutive annual salaries.
  - d. Benefits for death while an active member are based on the member's salary at the time of death, regardless of when the judge became a member.
10. Full Retirement
  - a. Eligibility: All judges are eligible for unreduced retirement at or after age 65 if the judge has served for 20 years, or at or after age 70 after 15 years of service.
  - b. Monthly Benefit:
    - (i) Judges who were appointed prior to January 1, 2009 receive 100% of FAC at retirement.

- (ii) Judges who were appointed on or after January 1, 2009 but prior to July 1, 2009 receive 90% of FAC at retirement, and take an additional 10% reduction to 80% of FAC at retirement if they wish to elect the spouse's death benefit.
  - (iii) Judges who were appointed on or after July 1, 2009 receive 80% of FAC at retirement, or 70% of FAC at retirement if they wish to elect the spouse's death benefit.
- c. Payment Form: Benefits are paid as a monthly life annuity. Members appointed prior to January 1, 2009 automatically receive the spouse's death benefit described below. Members appointed on or after January 1, 2009 must elect to a reduced benefit as described above if they wish to receive the spouse's death benefit. There are no other optional forms of payment available.
- d. Death Benefit: After the death of a retired member, if the member was married, 50% of the retiree's benefit is paid to the surviving spouse for life (or until remarriage) if spouse's death benefit is elected. (No election or benefit reduction is required for members appointed prior to January 1, 2009.)

#### 11. Reduced Retirement

- a. Eligibility: A judge is eligible for a reduced retirement benefit at age 65 if the judge has served for 10 years, or at any age after 20 years of service.
- b. Reduced Retirement Benefit:
  - (i) For judges who were appointed prior to January 1, 2009: 75% of FAC at retirement.
  - (ii) For judges who were appointed on or after January 1, 2009 but prior to July 1, 2009: Receive 70% of FAC at retirement, or take an additional 10% reduction to 60% of FAC at retirement if they wish to elect the spouse's death benefit.
  - (iii) For judges who were appointed on or after July 1, 2009: Receive 65% of FAC at retirement, or 55% of FAC at retirement if they wish to elect the spouse's death benefit.
- c. Payment Form: Same as for Full Retirement.
- d. Death Benefit: Same as for Full Retirement.

12. Refunds

- a. Eligibility: All judges leaving covered employment for a reason other than death or retirement.
- b. Benefit: A lump-sum payment equal to the sum of his or her employee contributions. No interest is credited on these contributions.

13. Death Benefit of Active Members

After the death of an active member, if the member was married, a benefit will be paid to the spouse until his or her death or remarriage. The benefit is equal to 25% of the judge's salary at death if the member had less than seven years of service. If the judge had at least seven but less than 15 years of service, the benefit is equal to 1/3 of the judge's salary at death. If the judge had at least 15 years of service or if the judge was eligible for retirement, the spouse receives 50% of the judge's salary at death. Benefits are payable until the spouse's death or remarriage. Benefits may be paid to any minor children after the death of the spouse. If an active member dies without having a spouse or minor children, a refund is paid to the member's beneficiary.

14. Post-retirement Benefit Increase:

- a. For members who retired or will be eligible for retirement as of June 12, 2010: Members receive an increase equal to 3.00% of the original benefit each year, beginning in January of the year in which the member reaches the third anniversary of retirement. The increase applies to both retirement and death benefits. This increase is not tied in any way to actual increases in the cost of living. (Judges of the administrative adjudication and workers compensation courts receive a compound 3.00% increase, rather than a simple 3.00% increase.)
- b. For members who are or were formerly justices of supreme, superior, family, and district courts and were not retired or were not eligible to retire as of June 12, 2010: The member will receive the first COLA upon the later of their third anniversary of retirement or when the member reaches age 65. The annual increase in the member's benefit will be equal to the lesser of their original benefit and the COLA limit in effect in the year the member retires, multiplied by the percentage increase in CPI up to a maximum of 3.0% per year. The COLA will be provided on a simple basis. The applicable annual COLA limit will be \$35,000 in 2010, and increase annually by the percentage increase in the Consumer Price Index (CPI) up to a maximum of 3.0% per year. No

COLA would be paid on any part of the annual benefit in excess of this limit. The annual increase in the COLA limit will be determined on a compound basis.

- c. For members who are or were formerly judges of the administrative adjudication court, traffic tribunal, and workers' compensation court and were not retired or were not eligible to retire as of June 12, 2010: The member will receive the first COLA upon the later of their third anniversary of retirement or when the member reaches age 65. The annual increase in the member's benefit will be equal to the lesser of the current benefit and the current COLA limit, multiplied by the percentage increase in CPI up to a maximum of 3.0% per year. The COLA will be provided on a compound basis. The applicable annual COLA limit will initially be \$35,000, and increase annually by the percentage increase in the Consumer Price Index (CPI) up to a maximum of 3.0% per year. No COLA would be paid on any part of the annual benefit in excess of this limit. The annual increase in the COLA limit will be determined on a compound basis.



**Plan Net Assets  
(Assets at Market or Fair Value)**

Item (1)	June 30, 2010 (2)	June 30, 2009 (3)
1. Cash and cash equivalents	\$ 545	\$ 37
2. Receivables:		
a. Employer and member contributions	\$ 15,511	\$ 297,349
b. Transfers receivable	-	-
c. Miscellaneous	-	-
d. Total receivables	<u>\$ 15,511</u>	<u>\$ 297,349</u>
3. Investments		
a. Pooled trust	\$ 32,479,143	\$ 27,429,812
b. Plan specific investments	-	-
c. Total	<u>\$ 32,479,143</u>	<u>\$ 27,429,812</u>
4. Invested securities lending collateral	\$ -	\$ -
5. Property and equipment	<u>\$ 6,112</u>	<u>\$ 8,720</u>
6. Total assets	\$ 32,501,311	\$ 27,735,918
7. Liabilities		
a. Other post-employment benefit liability, net	\$ 459	\$ 228
b. Securities lending liability	-	-
c. Accounts and vouchers payable	233,383	6,605
d. Total liabilities	<u>\$ 233,842</u>	<u>\$ 6,833</u>
8. Total market value of assets available for benefits Total (Item 6 - Item 7)	\$ 32,267,469	\$ 27,729,085

### Analysis of Change in Employer Cost

Basis	Employer Cost
1. Employer contribution rates from prior valuation	18.69%
2. Impact of changes, gains and losses	
a. Non-salary liability experience (gain)/loss	0.20%
b. Salary (gain)/loss	-1.52%
c. Total payroll growth (gain)/loss	-0.19%
d. Investment experience (gain)/loss	2.88%
e. Changes in assumptions	8.11%
f. Changes in plan provisions	0.00%
g. Total	9.48%
3. Employer contribution rates from current valuation	28.17%

**Reconciliation of Plan Net Assets**

Item (1)	June 30, 2010 (2)	June 30, 2009 (3)
1. Market value of assets as of beginning of year		
a. Market value of assets as of beginning of year	\$ 27,729,085	\$ 32,783,006
b. Adjustment for market value of assets	-	-
c. Adjusted market value of assets as of beginning of year	\$ 27,729,085	\$ 32,783,006
2. Contributions		
a. Members	\$ 638,181	\$ 617,315
b. State	1,180,817	1,700,174
c. Service purchases	-	-
d. Total	\$ 1,818,998	\$ 2,317,489
3. Investment earnings, net of investment expenses	\$ 3,795,252	\$ (6,506,645)
4. Expenditures for the year		
a. Benefit payments	\$ (995,605)	\$ (808,249)
b. Cost-of-living adjustments	(39,971)	(28,073)
c. Post-retirement death benefits	-	-
d. Pre-retirement death benefits	(12,000)	-
e. Social security supplements	-	-
f. Supplemental pensions	-	-
g. Refunds	-	-
h. Administrative expenses	(28,290)	(28,443)
i. Total expenditures	\$ (1,075,866)	\$ (864,765)
5. Transfers and other adjustments	\$ -	\$ -
6. Market value of assets at end of year	\$ 32,267,469	\$ 27,729,085

**2010**

**Employees' Retirement System  
of Rhode Island  
Statistical Information**



## Employees' Retirement System of Rhode Island

### Distribution of Active Members by Age and by Years of Service (Teachers) As of 06/30/2010

Attained Age	Years of Credited Service												Total Count & Avg. Comp.	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over		
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.		
Under 25	22 \$41,298	84 \$35,495	25 \$40,461	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	131 \$37,418
25-29	19 \$48,758	207 \$39,937	178 \$42,271	138 \$45,036	138 \$48,275	211 \$54,437	1 \$71,379	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	892 \$46,135
30-34	11 \$43,187	81 \$40,383	75 \$46,410	74 \$47,386	111 \$52,345	1,019 \$59,884	260 \$72,647	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1,631 \$59,138
35-39	12 \$49,011	55 \$44,870	54 \$48,122	50 \$53,075	74 \$55,029	609 \$64,493	1,011 \$73,805	131 \$77,509	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1,996 \$68,350
40-44	7 \$40,766	51 \$52,384	49 \$50,199	41 \$56,751	57 \$52,673	457 \$65,112	716 \$74,434	610 \$77,502	165 \$77,946	0 \$0	0 \$0	0 \$0	0 \$0	2,153 \$71,498
45-49	7 \$84,441	40 \$44,262	38 \$51,047	32 \$51,587	51 \$55,462	347 \$65,372	417 \$74,925	352 \$77,750	447 \$78,894	47 \$78,423	0 \$0	0 \$0	0 \$0	1,778 \$72,569
50-54	10 \$57,934	27 \$44,984	23 \$49,025	23 \$50,970	27 \$54,577	312 \$66,012	439 \$75,464	303 \$77,163	375 \$77,701	217 \$78,963	50 \$82,284	0 \$0	0 \$0	1,806 \$73,676
55-59	4 \$75,012	14 \$56,826	16 \$56,872	17 \$58,636	22 \$62,471	182 \$67,718	352 \$75,579	390 \$76,950	474 \$78,822	231 \$79,300	173 \$80,890	28 \$88,416	28 \$88,416	1,903 \$76,440
60-64	2 \$57,994	7 \$70,865	9 \$67,609	10 \$77,485	17 \$87,147	87 \$72,065	163 \$74,543	190 \$77,940	242 \$78,640	119 \$80,093	64 \$83,444	69 \$79,497	69 \$79,497	979 \$77,726
65 & Over	0 \$0	3 \$76,290	2 \$91,730	4 \$90,907	2 \$75,799	26 \$72,870	48 \$77,442	43 \$77,511	57 \$77,756	27 \$76,364	25 \$77,463	24 \$80,493	24 \$80,493	261 \$77,528
<b>Total</b>	<b>94</b> \$50,744	<b>569</b> \$42,468	<b>469</b> \$46,576	<b>389</b> \$50,541	<b>499</b> \$53,820	<b>3,250</b> \$63,172	<b>3,407</b> \$74,469	<b>2,019</b> \$77,430	<b>1,760</b> \$78,460	<b>641</b> \$79,145	<b>312</b> \$81,363	<b>121</b> \$81,758	<b>121</b> \$81,758	<b>13,530</b> \$69,235

Employees' Retirement System of Rhode Island

**Membership Data (Teachers)**

	June 30, 2010 (1)	June 30, 2009 (2)	June 30, 2008 (3)
1. Active members			
a. Schedule A, Grandfathered	962	1,485	1,883
b. Schedule A, NonGrandfathered	3,875	3,721	3,849
c. Schedule B	8,693	8,483	8,267
d. Number	13,530	13,689	13,999
e. Number vested	8,260	7,984	7,703
f. Total payroll supplied by ERSRI	\$ 936,748,851	\$930,993,404	\$928,250,193
g. Average salary	69,235	68,010	66,308
h. Average age	44.9	45.0	44.9
i. Average service	12.9	12.9	12.8
2. Inactive members			
a. Number	2,521	2,466	2,410
3. Service retirees			
a. Number	9,448	9,078	8,680
b. Total annual benefits	\$ 394,312,708	\$365,186,546	\$367,646,720
c. Average annual benefit	41,735	40,228	42,356
d. Average age	68.5	68.2	67.9
4. Disabled retirees			
a. Number	286	275	264
b. Total annual benefits	\$ 7,905,950	\$7,464,773	\$6,931,993
c. Average annual benefit	27,643	27,145	26,258
d. Average age	63.7	63.3	62.9
5. Beneficiaries and spouses			
a. Number	479	396	393
b. Total annual benefits	\$ 10,938,706	\$8,505,804	\$8,137,097
c. Average annual benefit	22,837	21,479	20,705
d. Average age	71.5	72.0	71.6

Employees' Retirement System of Rhode Island

**Distribution of Active Members by Age and by Years of Service (State Employees)  
As of 06/30/2010**

Attained Age	Years of Credited Service												Total Count & Avg. Comp.
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 25	46 \$38,177	47 \$36,825	19 \$33,893	7 \$36,354	6 \$35,241	1 \$32,084	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	126 \$36,737
25-29	87 \$41,954	104 \$38,565	57 \$36,861	66 \$39,561	72 \$40,793	107 \$41,174	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	493 \$39,990
30-34	51 \$40,635	86 \$43,004	51 \$41,480	64 \$42,298	90 \$43,328	282 \$46,759	62 \$47,624	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	686 \$44,652
35-39	62 \$44,221	76 \$41,522	40 \$44,869	58 \$41,746	65 \$48,301	347 \$49,436	230 \$54,961	37 \$54,293	2 \$54,358	0 \$0	0 \$0	0 \$0	917 \$49,255
40-44	52 \$43,523	78 \$45,623	49 \$44,755	56 \$49,624	83 \$47,792	304 \$49,146	307 \$56,367	295 \$60,128	183 \$56,096	0 \$0	0 \$0	0 \$0	1,407 \$53,310
45-49	74 \$39,816	101 \$40,955	48 \$45,125	55 \$46,911	81 \$46,691	320 \$49,693	251 \$56,060	317 \$60,533	477 \$60,399	183 \$59,196	6 \$53,784	0 \$0	1,913 \$54,751
50-54	62 \$38,470	69 \$42,256	40 \$40,881	49 \$46,786	92 \$45,385	291 \$49,431	287 \$55,500	316 \$60,270	466 \$63,184	364 \$66,167	86 \$62,422	3 \$76,731	2,125 \$57,360
55-59	48 \$43,631	58 \$41,478	32 \$45,691	38 \$46,350	58 \$45,061	255 \$49,585	238 \$53,619	239 \$60,143	371 \$62,669	238 \$64,660	165 \$67,839	38 \$71,145	1,778 \$57,735
60-64	20 \$48,103	30 \$43,381	15 \$34,965	20 \$54,492	31 \$50,986	149 \$49,449	171 \$50,773	170 \$54,604	254 \$58,357	149 \$66,173	98 \$70,844	47 \$76,250	1,154 \$57,192
65 & Over	7 \$34,649	8 \$37,375	7 \$55,971	8 \$52,100	13 \$50,723	59 \$52,529	69 \$51,110	61 \$57,729	127 \$53,988	94 \$60,768	39 \$65,365	31 \$70,067	523 \$56,303
Total	509 \$41,481	657 \$41,419	358 \$41,977	421 \$44,925	591 \$45,627	2,115 \$48,755	1,615 \$54,408	1,435 \$59,344	1,880 \$60,403	1,028 \$64,084	394 \$66,945	119 \$73,021	11,122 \$53,936

Employees' Retirement System of Rhode Island

**Membership Data (State Employees)**

	June 30, 2010 (1)	June 30, 2009 (2)	June 30, 2008 (3)
1. Active members			
a. Schedule A, Grandfathered	1,463	1,649	2,898
b. Schedule A, NonGrandfathered	3,407	3,451	3,526
c. Schedule B	6,252	5,923	5,546
d. Total Count	11,122	11,023	11,970
e. Number vested	6,471	6,309	7,192
f. Total payroll supplied by ERSRI	\$ 599,879,497	\$574,569,170	\$617,622,521
g. Average salary	53,936	52,125	51,598
h. Average age	48.6	48.1	48.6
i. Average service	13.8	13.6	14.9
2. Inactive members			
a. Number	2,518	2,496	2,527
3. Service retirees			
a. Number	9,500	9,409	8,615
b. Total annual benefits	\$ 245,929,760	\$237,250,724	\$218,820,230
c. Average annual benefit	25,887	25,215	25,400
d. Average age	71.7	71.2	72.5
4. Disabled retirees			
a. Number	753	733	719
b. Total annual benefits	\$ 14,506,545	\$13,585,412	\$12,690,384
c. Average annual benefit	19,265	18,534	17,650
d. Average age	63.4	63.3	63.0
5. Beneficiaries and spouses			
a. Number	1,168	1,000	1,062
b. Total annual benefits	\$ 19,146,716	\$15,660,173	\$16,233,493
c. Average annual benefit	16,393	15,660	15,286
d. Average age	76.3	76.6	76.9



Employees' Retirement System of Rhode Island

<b>Historical Summary of Active Member Data</b>								
Valuation as of June 30,	Active Members		Covered Payroll		Average Salary		Average Age	Average Service
	Number	Percent Increase	Amount in \$ Millions	Percent Increase	\$ Amount	Percent Increase		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b><i>State Employees</i></b>								
2000	13,305	-0.5%	499	4.8%	37,510	5.3%	46.7	14.4
2001	13,594	2.2%	521	4.4%	38,321	2.2%	46.9	14.5
2002	13,795	1.5%	563	8.1%	40,812	6.5%	47.4	14.3
2003	13,281	-3.7%	576	2.3%	43,364	6.3%	47.8	14.8
2004	12,957	-2.4%	576	-0.1%	44,422	2.4%	47.6	14.6
2005	12,789	-1.3%	576	0.0%	45,019	1.3%	47.8	14.5
2006	12,817	0.2%	612	6.2%	47,726	6.0%	47.9	14.4
2007	12,572	-1.9%	626	2.4%	49,809	4.4%	48.2	14.7
2008	11,970	-4.8%	618	-1.4%	51,598	3.6%	48.6	14.9
2009	11,023	-7.9%	575	-7.0%	52,125	1.0%	48.1	13.6
2010	11,122	0.9%	600	4.4%	53,936	3.5%	48.6	13.8
<b><i>Teachers</i></b>								
2000	13,607	2.4%	659	4.0%	48,402	1.6%	44.7	14.0
2001	14,092	3.6%	697	5.9%	49,491	2.3%	44.4	13.3
2002	14,710	4.4%	735	5.4%	49,986	1.0%	44.4	12.5
2003	14,410	-2.0%	782	6.3%	54,248	8.5%	44.2	12.7
2004	14,556	1.0%	810	3.6%	55,652	2.6%	43.7	12.0
2005	14,469	-0.6%	840	3.7%	58,081	4.4%	44.1	12.1
2006	14,343	-0.9%	859	2.3%	59,915	3.2%	44.3	12.2
2007	14,146	-1.4%	902	5.0%	63,777	6.4%	44.6	12.5
2008	13,999	-1.0%	928	2.9%	66,308	4.0%	44.9	12.8
2009	13,689	-2.2%	931	0.3%	68,010	2.6%	45.0	12.9
2010	13,530	-1.2%	937	0.6%	69,235	1.8%	44.9	12.9

Employees' Retirement System of Rhode Island

**Municipal Employees' Retirement System**  
**Active Member Statistics**

Old Unit Number	New Unit Number	Unit	Code(s)	Active Employees as of June 30, 2010				Active Employees as of June 30, 2009			
				Number	Average Age	Average Service	Average Salary	Number	Average Age	Average Service	Average Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>General Employee Units</b>											
3002	1012 1019	Bristol	B	103	47.5	12.9	42,460	105	46.7	12.1	41,965
3003	1032 1033	Burrillville	C	147	51.6	12.7	37,773	149	51.8	13.2	37,512
3004	1052	Central Falls		64	46.7	9.4	36,903	68	48.8	9.2	35,981
3005	1082	Charlestown	C	38	47.8	13.2	46,976	38	46.6	12.4	47,471
3007	1112 1113	Cranston	B	774	52.1	12.7	32,379	821	52.4	12.1	31,566
3008	1122 1123	Cumberland		250	51.7	11.6	33,110	256	51.6	10.7	32,594
3009	1152 1153	East Greenwich	C	16	49.4	11.1	70,727	16	50.8	11.2	70,598
3010	1162 1163	East Providence	B	430	49.9	11.2	41,677	436	49.7	11.3	40,945
3011	1183	Exeter/West Greenwich	B	66	51.6	11.4	34,359	79	51.6	11.0	31,316
3012	1192 1193	Foster		41	52.1	10.7	30,718	43	52.6	10.1	30,019
3013	1212 1213	Glocester	C	70	50.0	10.7	34,895	73	50.8	10.8	34,247
3014	1262	Hopkinton	C	34	52.1	9.5	43,604	34	53.1	9.3	41,393
3015	1272 1273	Jamestown	C	82	49.4	11.4	41,374	83	50.0	10.9	39,733
3016	1282 1283	Johnston	C	253	50.4	10.1	31,499	273	51.1	9.1	30,022
3017	1302 1303	Lincoln		17	48.8	7.7	49,674	18	48.6	7.4	47,280
3019	1322 1323	Middletown	C	124	49.9	12.7	40,444	130	50.3	12.8	40,526
3021	1352 1353 1354	Newport	B	276	50.5	12.6	42,675	272	50.7	12.7	43,585
3022	1342 1343	New Shoreham	B	53	49.2	8.9	38,643	56	49.3	8.6	37,321
3023	1372 1373	North Kingstown	C	331	51.1	12.0	33,991	350	51.4	11.8	33,809
3024	1382 1383	North Providence		246	50.6	10.8	29,470	243	50.5	10.7	29,620
3025	1392 1393	North Smithfield	B	92	51.1	9.6	34,060	90	51.0	9.8	31,739
3026	1412 1413	Pawtucket	C	577	49.9	12.9	35,781	593	50.3	12.4	36,203
3027	1515	Union Fire District		6	54.3	12.2	42,103	6	53.3	11.2	39,287
3029	1452	Richmond		23	52.5	8.2	34,933	23	55.1	7.7	32,937
3030	1462 1463	Scituate	B	90	51.2	9.9	30,815	84	51.8	10.4	32,042
3031	1472 1473	Smithfield	C	88	51.3	10.4	35,069	88	51.5	10.1	34,251
3032	1492 1493	South Kingstown	B	344	51.1	12.0	34,351	359	51.2	11.4	33,354
3033	1532 1533	Tiverton	C	85	51.7	9.6	34,449	90	51.6	8.9	33,860
3034	1562	Warren	C	43	45.2	11.0	41,067	43	44.2	9.9	40,081
3036	1622 1623	Westerly		1	59.3	27.9	64,658	1	58.3	26.9	64,591
3037	1602	West Greenwich	C	20	46.5	12.2	42,655	23	49.7	11.4	39,904
3039	1632 1633	Woonsocket	B	370	50.6	11.5	32,499	367	51.6	11.8	32,591
3040	1073	Charlho School District	C	169	48.6	10.2	30,765	169	48.9	10.3	30,491
3041	1203	Foster/Glocester	B	48	51.1	10.5	33,751	48	49.9	9.7	33,002
3042	1528	Tiogue Fire & Lighting	C,5	---	---	---	---	---	---	---	---
3043	1336	Narragansett Housing	C	4	47.7	11.2	45,125	4	46.7	10.2	43,132
3045	1098	Coventry Lighting District	C	1	70.7	33.3	36,182	1	69.7	32.3	35,615
3046	1242	Hope Valley Fire	C	3	56.8	18.2	43,858	3	55.8	17.2	38,459
3050	1156	East Greenwich Housing	C	9	50.0	7.7	50,824	10	48.0	8.1	44,891
3051	1116	Cranston Housing	C	20	54.8	15.1	49,424	20	53.8	14.1	47,876
3052	1166	East Providence Housing	B	13	53.1	9.8	47,422	13	52.2	8.8	44,617
3053	1416	Pawtucket Housing	B	51	49.4	10.9	49,321	45	51.2	12.3	48,175
3056	1126	Cumberland Housing	C	12	45.6	6.3	41,105	11	45.4	6.5	38,899
3057	1306	Lincoln Housing	B	11	55.6	7.3	43,155	11	54.6	6.3	40,138
3059	1016	Bristol Housing		9	49.6	11.4	39,090	9	47.7	10.4	37,527
3065	1036	Burrillville Housing	B	4	48.4	8.2	42,848	4	47.4	7.2	39,993
3066	1386	North Providence Housing	B	6	53.9	11.1	44,901	5	52.6	12.1	45,400

# Employees' Retirement System of Rhode Island

## Municipal Employees' Retirement System

### Active Member Statistics

Old Unit Number	New Unit Number	Unit	Code(s)	Active Employees as of June 30, 2010				Active Employees as of June 30, 2009			
				Number	Average Age	Average Service	Average Salary	Number	Average Age	Average Service	Average Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
3067	1177	East Smithfield Water	C	3	45.2	10.5	47,207	3	45.9	11.3	44,992
3068	1227	Greenville Water	B	4	50.8	10.8	55,701	4	48.5	11.1	55,472
3069	1356	Newport Housing	C	29	50.1	11.0	43,233	26	51.6	12.1	42,665
3071	1566	Warren Housing	B	6	57.6	10.3	42,493	6	58.5	12.4	40,759
3072	1286	Johnston Housing		9	53.7	13.1	44,244	8	54.2	13.6	43,814
3077	1538	Tiverton Local 2670A	C	25	51.2	12.0	36,079	27	51.8	10.4	34,772
3078	002 1003 1007 100	Barrington COLA	C	184	50.8	11.8	39,853	188	51.0	11.4	38,406
3079	1096	Coventry Housing		13	51.0	7.4	35,779	13	50.0	6.5	37,537
3080	1496	South Kingstown Housing	C	5	53.4	3.3	33,999	5	53.4	2.3	32,805
3081	1403	N. RI Collaborative Adm. Services	C	56	50.4	8.8	27,034	57	50.8	8.2	26,366
3083	1616	West Warwick Housing	B	8	60.2	17.9	47,669	8	59.2	16.9	45,909
3084	1476	Smithfield Housing		3	47.4	13.5	43,666	3	47.6	12.5	43,496
3094	1478	Smithfield COLA	C	73	48.7	11.8	48,895	75	49.0	11.1	47,647
3096	1056	Central Falls Housing	C	20	45.6	6.9	42,731	22	45.2	7.3	41,309
3098	1293	Lime Rock Administrative Services		2	54.3	19.2	43,250	2	53.3	18.2	43,250
3099	1063	Central Falls Schools	C	141	49.6	9.9	34,008	149	51.1	9.0	31,452
3100	1023	Bristol/Warren Schools	B	129	52.0	11.8	33,907	129	51.8	11.2	33,352
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	155	50.4	11.0	32,075	162	50.4	9.9	31,575
3102	1712	Harrisville Fire District (ADMIN)	C	4	47.2	12.7	52,750	4	46.2	11.7	46,004
3103	1702	Albion Fire District (ADMIN)	C,5	---	---	---	---	---	---	---	---
<b>All General Employee Units</b>				6,383	50.6	11.6	\$ 35,900	6,554	50.9	11.2	\$ 35,246
<b>Police &amp; Fire Units</b>											
4016	1285	Johnston Fire	D	45	36.3	5.3	54,420	45	37.2	4.5	51,472
4029	1454	Richmond Police	6	12	35.4	7.3	49,048	12	35.6	6.3	\$ 45,375
4031	1474	Smithfield Police	C,D	40	35.8	11.0	62,829	38	36.3	11.5	61,731
4042	1555	Valley Falls Fire	D	14	36.3	9.4	52,252	14	37.8	9.6	50,534
4047	1395 1435	North Smithfield Voluntary Fire	B,D	20	40.7	11.2	53,833	22	41.4	10.4	51,113
4050	1155	East Greenwich Fire	C,D	38	38.2	9.1	57,364	44	39.3	9.1	52,329
4054	1154	East Greenwich Police	C,D	31	42.2	13.3	62,302	31	42.0	14.1	62,363
4055	1375	North Kingstown Fire	C,D	68	41.7	14.1	55,221	76	42.1	14.7	52,709
4056	1374	North Kingstown Police	C,D	49	37.6	12.0	57,775	48	37.4	11.6	55,930
4058	1385	North Providence Fire	D	93	40.7	13.7	56,168	97	40.0	12.9	54,135
4059	1008	Barrington Fire (25)	C	15	34.4	6.3	54,491	16	32.7	5.1	50,303
4060	1004	Barrington Police	C,D	21	37.2	11.1	59,924	22	39.0	12.6	58,701
4061	1005	Barrington Fire (20)	C,D	8	52.2	26.1	61,064	8	51.2	25.0	59,285
4062	1564 1565	Warren Police & Fire	C,D	24	40.2	13.6	57,951	24	40.7	14.5	58,026
4063	1494	South Kingstown Police	B,1	50	40.8	12.8	55,009	51	39.4	11.6	53,613
4073	1464	Scituate Police	5	---	---	---	---	---	---	---	---
4076	1394	North Smithfield Police	C,D	21	39.1	12.9	54,685	21	39.8	13.2	54,964
4077	1534	Tiverton Fire	C,D	32	38.8	11.0	51,777	33	40.1	10.5	50,638
4082	1194	Foster Police	C,D	8	40.3	8.9	48,414	8	40.0	8.0	48,860

# Employees' Retirement System of Rhode Island

## Municipal Employees' Retirement System

### Active Member Statistics

Old Unit Number	New Unit Number	Unit	Code(s)	Active Employees as of June 30, 2010				Active Employees as of June 30, 2009			
				Number	Average Age	Average Service	Average Salary	Number	Average Age	Average Service	Average Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
4085	1634	Woonsocket Police	C,D	90	36.9	10.7	54,738	87	38.6	11.3	54,347
4086	1084	Charlestown Police	C,D	20	38.7	13.1	60,887	19	38.7	12.7	61,694
4087	1264	Hopkinton Police	C,D,6	14	37.1	9.5	56,899	14	41.4	10.3	56,143
4088	1214	Glocester Police	C,D	16	41.4	12.8	56,503	19	41.5	12.1	52,816
4089	1604	West Greenwich Police/Rescue	C,D	13	43.0	10.6	54,472	13	42.4	9.6	54,551
4090	1034	Burrillville Police	C,D,6	24	42.8	15.4	52,366	24	43.1	15.9	53,576
4091	1148	Cumberland Rescue	C,D	19	40.0	10.7	49,141	18	40.0	11.4	49,552
4093	1635	Woonsocket Fire	C,D	113	40.4	14.3	58,757	115	41.3	13.7	57,040
4094	1015	Bristol Fire	D	1	53.5	9.5	46,256	1	52.5	8.5	46,256
4095	1135	Cumberland Hill Fire	C,D	13	39.5	12.8	50,182	13	38.6	11.8	48,136
4096	1014	Bristol Police	C,D	30	33.5	7.0	54,441	30	35.0	6.6	52,405
4098	1095	Coventry Fire	D	13	37.8	10.1	56,711	13	39.7	11.9	53,628
4099	1505	South Kingstown EMT	C,D	16	38.0	9.0	46,388	17	38.5	8.0	41,609
4101	1365	North Cumberland	C,D	14	45.1	13.6	50,251	14	45.1	14.1	47,311
4102	1235 1525 1525	Central Coventry Fire	C,D	41	40.3	11.3	51,507	38	39.7	11.8	49,630
4103	1255	Hopkins Hill Fire	C,D	12	46.3	9.1	45,120	11	47.3	8.9	44,084
4104	1114	Cranston Police	C,D,4	123	36.6	9.5	53,297	126	38.3	8.7	52,213
4105	1115	Cranston Fire	C,D,4	136	41.3	12.7	62,945	138	40.7	11.8	60,902
4106	1125	Cumberland Fire	B,D	14	45.6	12.6	49,012	13	43.9	12.5	47,296
4107	1305	Lincoln Rescue	C	16	38.9	11.2	49,322	16	41.5	10.2	47,877
4108	1344	New Shoreham Police	B,D	5	38.6	5.1	50,398	5	40.7	4.1	47,407
4109	1324	Middletown Police & Fire	C,D	35	32.5	4.2	46,839	35	37.0	3.3	45,797
4110	1715	Harrisville Fire District	C,D	5	40.3	10.7	53,458	5	39.3	9.7	51,343
4111	1705	Albion Fire District	C	4	42.7	11.6	46,391	4	41.7	10.6	44,843
<b>All Police &amp; Fire Units</b>				1,376	39.2	11.5	\$ 55,715	1,398	39.8	11.1	\$ 54,069
<b>All MERS Units</b>				7,759	48.6	11.5	\$ 39,414	7,952	48.9	11.2	\$ 38,555

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2009 valuation.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

6 - Special plan provisions apply to this unit.

D - Municipality has adopted the "20-year" optional Police & Fire Plan

3 - Closed unit.

5 - This unit has no active members.

Employees' Retirement System of Rhode Island

**Municipal Employees' Retirement System**

**Distribution of Active Members by Age and by Years of Service (General Employees)  
As of 06/30/2010**

Attained Age	Years of Credited Service												Total Count & Avg. Comp.
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 25	20 \$25,064	7 \$25,095	9 \$26,467	5 \$32,070	2 \$19,300	1 \$33,991	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	44 \$26,093
25-29	25 \$32,186	20 \$29,804	27 \$36,457	30 \$31,390	25 \$32,803	39 \$32,574	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	166 \$32,634
30-34	24 \$34,877	17 \$34,731	24 \$30,921	20 \$36,138	23 \$37,627	104 \$40,593	27 \$38,984	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	239 \$37,791
35-39	24 \$37,867	38 \$32,469	24 \$31,237	24 \$27,511	37 \$34,345	117 \$37,838	62 \$38,494	22 \$40,990	2 \$43,547	0 \$0	0 \$0	0 \$0	350 \$36,074
40-44	54 \$29,383	48 \$31,260	36 \$31,888	50 \$31,166	46 \$31,476	222 \$34,956	122 \$41,149	69 \$46,239	58 \$45,700	2 \$44,032	0 \$0	0 \$0	707 \$36,706
45-49	51 \$31,763	50 \$28,416	46 \$29,755	66 \$28,180	69 \$30,253	375 \$32,571	226 \$38,531	114 \$42,800	129 \$44,192	23 \$48,934	1 \$48,345	0 \$0	1,150 \$35,681
50-54	41 \$31,599	43 \$31,721	39 \$29,909	51 \$26,218	57 \$32,620	452 \$31,951	347 \$34,923	173 \$38,799	133 \$42,864	60 \$46,731	22 \$46,780	2 \$39,896	1,420 \$35,147
55-59	30 \$28,558	30 \$32,454	27 \$36,606	46 \$33,113	36 \$35,267	265 \$32,957	265 \$33,195	245 \$37,495	167 \$38,688	82 \$47,410	27 \$60,076	15 \$40,282	1,235 \$36,359
60-64	12 \$30,550	11 \$33,879	9 \$31,379	19 \$31,663	18 \$30,431	141 \$34,065	167 \$36,180	141 \$33,277	144 \$38,989	44 \$42,863	19 \$63,426	11 \$47,532	736 \$36,599
65-69	3 \$34,161	4 \$27,692	5 \$34,397	9 \$26,700	4 \$35,038	67 \$31,419	63 \$36,024	61 \$34,237	59 \$41,850	27 \$38,807	19 \$40,525	15 \$45,218	336 \$36,291
70 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
<b>Total</b>	<b>284</b> \$31,267	<b>268</b> \$31,113	<b>246</b> \$31,871	<b>320</b> \$30,017	<b>317</b> \$32,641	<b>1,783</b> \$33,657	<b>1,279</b> \$36,274	<b>825</b> \$38,364	<b>692</b> \$41,451	<b>238</b> \$45,541	<b>88</b> \$53,121	<b>43</b> \$43,841	<b>6,383</b> \$35,900

Employees' Retirement System of Rhode Island

**Municipal Employees' Retirement System**  
**Distribution of Active Members by Age and by Years of Service (Police & Fire)**  
**As of 06/30/2010**

Attained Age	Years of Credited Service												Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 25	14 \$39,549	8 \$43,843	6 \$46,256	2 \$46,224	0 \$0	1 \$76,635	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	31 \$43,582
25-29	18 \$37,278	34 \$44,495	21 \$47,017	26 \$48,331	39 \$52,542	37 \$54,470	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	175 \$48,528
30-34	7 \$38,357	14 \$43,332	17 \$46,900	19 \$49,422	20 \$49,637	125 \$54,265	25 \$57,371	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	227 \$52,078
35-39	4 \$36,491	6 \$44,098	10 \$45,183	12 \$49,759	17 \$50,695	77 \$54,478	113 \$58,671	14 \$60,347	0 \$0	0 \$0	0 \$0	0 \$0	253 \$55,300
40-44	1 \$34,345	5 \$45,334	5 \$45,165	9 \$46,936	9 \$54,885	9 \$54,207	67 \$57,473	86 \$60,926	88 \$63,547	47 \$0	0 \$0	0 \$0	317 \$57,810
45-49	3 \$48,412	3 \$41,430	2 \$60,585	1 \$46,471	2 \$53,189	20 \$54,877	34 \$55,108	65 \$62,171	83 \$64,757	11 \$66,466	0 \$0	0 \$0	224 \$60,990
50-54	1 \$52,978	0 \$0	0 \$0	1 \$53,310	0 \$0	9 \$51,887	8 \$56,544	32 \$60,223	30 \$64,386	21 \$62,676	4 \$76,532	0 \$0	106 \$61,384
55-59	1 \$36,669	2 \$60,834	0 \$0	0 \$0	1 \$68,005	2 \$52,196	2 \$73,501	5 \$61,752	5 \$58,363	5 \$59,505	4 \$64,524	0 \$0	27 \$60,516
60-64	0 \$0	0 \$0	0 \$0	1 \$87,520	0 \$0	0 \$0	2 \$52,914	3 \$45,705	1 \$49,270	3 \$64,126	1 \$103,557	3 \$64,322	14 \$62,045
65-69	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$91,728	1 \$65,766	0 \$0	2 \$78,747
70 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
<b>Total</b>	<b>49</b> \$38,947	<b>72</b> \$44,548	<b>61</b> \$46,902	<b>71</b> \$49,224	<b>88</b> \$51,955	<b>338</b> \$54,351	<b>270</b> \$57,725	<b>207</b> \$60,968	<b>166</b> \$64,061	<b>41</b> \$64,121	<b>10</b> \$73,355	<b>3</b> \$0	<b>1,376</b> \$55,715

Employees' Retirement System of Rhode Island

**Municipal Employees' Retirement System**

**Retired Member Statistics**

Old Unit Number	New Unit Number	Unit	Code(s)	Retirees and Beneficiaries As of June 30, 2010			Retirees and Beneficiaries As of June 30, 2009		
				Number	Average Age	Average Monthly Benefit	Number	Average Age	Average Monthly Benefit
				(5)	(6)	(7)	(8)	(9)	(10)
3057	1306	Lincoln Housing	B	6	77.3	1,085	7	76.5	1,162
3059	1016	Bristol Housing		5	76.1	1,069	5	75.1	1,069
3065	1036	Burrillville Housing	B	2	67.1	2,251	2	66.1	2,189
3066	1386	North Providence Housing	B	4	68.1	1,883	5	72.0	1,540
3067	1177	East Smithfield Water	C	3	70.2	946	3	69.2	923
3068	1227	Greenville Water	B	1	64.3	2,831	1	63.3	2,759
3069	1356	Newport Housing	C	26	66.4	1,816	25	65.5	1,828
3071	1566	Warren Housing	B	4	67.8	1,793	3	69.6	1,557
3072	1286	Johnston Housing		4	81.5	704	4	80.5	704
3077	1538	Tiverton Local 2670A	C	13	70.3	955	13	69.3	932
3078	1002 1003 100	Barrington COLA	C	109	75.4	975	111	75.5	919
3079	1096	Coventry Housing		7	78.4	484	7	77.4	484
3080	1496	South Kingstown Housing	C	---	---	---	---	---	---
3081	1403	N. RI Collaborative Adm. Services	C	6	61.2	1,352	5	60.0	1,421
3083	1616	West Warwick Housing	B	3	80.1	943	3	79.1	922
3084	1476	Smithfield Housing		---	---	---	---	---	---
3094	1478	Smithfield COLA	C	25	65.7	1,885	24	65.2	1,791
3096	1056	Central Falls Housing	C	8	72.4	1,050	8	71.4	1,046
3098	1293	Lime Rock Administrative Services		---	---	---	---	---	---
3099	1063	Central Falls Schools	C	43	68.5	934	42	67.1	927
3100	1023	Bristol/Warren Schools	B	78	69.4	1,085	78	68.5	1,061
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	28	63.8	1,932	24	62.6	2,062
3102	1712	Harrisville Fire District (ADMIN)	C	---	---	---	---	---	---
3103	1702	Albion Fire District (ADMIN)	C,5	---	---	---	---	---	---
<b>All General Employee Units</b>				<b>3,977</b>	<b>73.2</b>	<b>\$1,102</b>	<b>3,894</b>	<b>73.1</b>	<b>\$1,050</b>
<b>Police and Fire Units</b>									
4016	1285	Johnston Fire	D	2	49.7	\$2,998	1	46.2	\$2,557
4029	1454	Richmond Police	6	1	49.8	2,199	1	48.8	2,199
4031	1474	Smithfield Police	C,D	3	56.8	2,019	1	81.5	238
4042	1555	Valley Falls Fire	D	7	57.9	2,167	6	58.6	2,322
4047	1395 1435	North Smithfield Voluntary Fire	B,D	8	58.8	2,348	7	60.4	2,277
4050	1155	East Greenwich Fire	C,D	28	59.2	2,322	22	61.3	2,238
4054	1154	East Greenwich Police	C,D	22	60.9	2,725	18	60.7	2,507
4055	1375	North Kingstown Fire	C,D	56	65.8	2,135	54	65.8	2,064
4056	1374	North Kingstown Police	C,D	30	55.9	2,799	29	55.2	2,705
4058	1385	North Providence Fire	D	54	55.7	2,420	53	55.3	2,369
4059	1008	Barrington Fire (25)	C	1	64.0	4,221	1	63.0	4,117
4060	1004	Barrington Police	C,D	27	65.6	2,039	26	65.3	1,900
4061	1005	Barrington Fire (20)	C,D	31	69.1	1,545	30	67.6	1,554
4062	1564 1565	Warren Police & Fire	C,D	25	65.5	2,058	24	66.0	1,835
4063	1494	South Kingstown Police	B,1	42	62.2	2,577	41	61.5	2,493
4073	1464	Scituate Police	5	1	79.6	301	1	78.6	301
4076	1394	North Smithfield Police	C,D	15	62.3	2,202	14	62.0	2,305

Employees' Retirement System of Rhode Island

**Municipal Employees' Retirement System**

**Retired Member Statistics**

Old Unit Number	New Unit Number	Unit	Code(s)	Retirees and Beneficiaries As of June 30, 2010			Retirees and Beneficiaries As of June 30, 2009		
				Number	Average Age	Average Monthly Benefit	Number	Average Age	Average Monthly Benefit
				(5)	(6)	(7)	(8)	(9)	(10)
3057	1306	Lincoln Housing	B	6	77.3	1,085	7	76.5	1,162
3059	1016	Bristol Housing		5	76.1	1,069	5	75.1	1,069
3065	1036	Burrillville Housing	B	2	67.1	2,251	2	66.1	2,189
3066	1386	North Providence Housing	B	4	68.1	1,883	5	72.0	1,540
3067	1177	East Smithfield Water	C	3	70.2	946	3	69.2	923
3068	1227	Greenville Water	B	1	64.3	2,831	1	63.3	2,759
3069	1356	Newport Housing	C	26	66.4	1,816	25	65.5	1,828
3071	1566	Warren Housing	B	4	67.8	1,793	3	69.6	1,557
3072	1286	Johnston Housing		4	81.5	704	4	80.5	704
3077	1538	Tiverton Local 2670A	C	13	70.3	955	13	69.3	932
3078	1002 1003 100	Barrington COLA	C	109	75.4	975	111	75.5	919
3079	1096	Coventry Housing		7	78.4	484	7	77.4	484
3080	1496	South Kingstown Housing	C	---	---	---	---	---	---
3081	1403	N. RI Collaborative Adm. Services	C	6	61.2	1,352	5	60.0	1,421
3083	1616	West Warwick Housing	B	3	80.1	943	3	79.1	922
3084	1476	Smithfield Housing		---	---	---	---	---	---
3094	1478	Smithfield COLA	C	25	65.7	1,885	24	65.2	1,791
3096	1056	Central Falls Housing	C	8	72.4	1,050	8	71.4	1,046
3098	1293	Lime Rock Administrative Services		---	---	---	---	---	---
3099	1063	Central Falls Schools	C	43	68.5	934	42	67.1	927
3100	1023	Bristol/Warren Schools	B	78	69.4	1,085	78	68.5	1,061
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	28	63.8	1,932	24	62.6	2,062
3102	1712	Harrisville Fire District (ADMIN)	C	---	---	---	---	---	---
3103	1702	Albion Fire District (ADMIN)	C,5	---	---	---	---	---	---
<b>All General Employee Units</b>				<b>3,977</b>	<b>73.2</b>	<b>\$1,102</b>	<b>3,894</b>	<b>73.1</b>	<b>\$1,050</b>
<b>Police and Fire Units</b>									
4016	1285	Johnston Fire	D	2	49.7	\$2,998	1	46.2	\$2,557
4029	1454	Richmond Police	6	1	49.8	2,199	1	48.8	2,199
4031	1474	Smithfield Police	C,D	3	56.8	2,019	1	81.5	238
4042	1555	Valley Falls Fire	D	7	57.9	2,167	6	58.6	2,322
4047	1395 1435	North Smithfield Voluntary Fire	B,D	8	58.8	2,348	7	60.4	2,277
4050	1155	East Greenwich Fire	C,D	28	59.2	2,322	22	61.3	2,238
4054	1154	East Greenwich Police	C,D	22	60.9	2,725	18	60.7	2,507
4055	1375	North Kingstown Fire	C,D	56	65.8	2,135	54	65.8	2,064
4056	1374	North Kingstown Police	C,D	30	55.9	2,799	29	55.2	2,705
4058	1385	North Providence Fire	D	54	55.7	2,420	53	55.3	2,369
4059	1008	Barrington Fire (25)	C	1	64.0	4,221	1	63.0	4,117
4060	1004	Barrington Police	C,D	27	65.6	2,039	26	65.3	1,900
4061	1005	Barrington Fire (20)	C,D	31	69.1	1,545	30	67.6	1,554
4062	1564 1565	Warren Police & Fire	C,D	25	65.5	2,058	24	66.0	1,835
4063	1494	South Kingstown Police	B,1	42	62.2	2,577	41	61.5	2,493
4073	1464	Scituate Police	5	1	79.6	301	1	78.6	301
4076	1394	North Smithfield Police	C,D	15	62.3	2,202	14	62.0	2,305



Employees' Retirement System of Rhode Island

**Municipal Employees' Retirement System**

**Retired Member Statistics**

Old Unit Number	New Unit Number	Unit	Code(s)	Retirees and Beneficiaries As of June 30, 2010			Retirees and Beneficiaries As of June 30, 2009		
				Number	Average Age	Average Monthly Benefit	Number	Average Age	Average Monthly Benefit
				(5)	(6)	(7)	(8)	(9)	(10)
4077	1534	Tiverton Fire	C,D	18	61.3	1,846	16	62.6	1,701
4082	1194	Foster Police	C,D	6	61.0	2,016	6	60.0	1,973
4085	1634	Woonsocket Police	C,D	52	47.2	2,707	45	46.9	2,719
4086	1084	Charlestown Police	C,D	11	55.1	2,738	11	54.1	2,664
4087	1264	Hopkinton Police	C,D,6	7	54.8	2,930	6	55.0	2,747
4088	1214	Glocester Police	C,D	10	58.5	1,786	9	58.4	1,418
4089	1604	West Greenwich Police/Rescue	C,D	5	58.7	2,198	5	57.7	2,156
4090	1034	Burrillville Police	C,D,6	9	60.3	2,388	7	64.3	2,201
4091	1148	Cumberland Rescue	C,D	4	49.6	1,667	3	49.1	1,440
4093	1635	Woonsocket Fire	C,D	11	45.4	2,287	6	41.3	2,460
4094	1015	Bristol Fire	D	1	60.9	1,019	1	59.9	1,019
4095	1135	Cumberland Hill Fire	C,D	8	55.2	2,499	8	54.2	2,434
4096	1014	Bristol Police	C,D	1	45.4	0	---	---	---
4098	1095	Coventry Fire	D	7	51.6	2,209	5	53.4	1,976
4099	1505	South Kingstown EMT	C,D	---	---	---	---	---	---
4101	1365	North Cumberland	C,D	5	54.9	1,927	5	53.4	1,987
4102	1045 1235 152	Central Coventry Fire	C,D	10	55.8	2,217	9	55.5	2,149
4103	1255	Hopkins Hill Fire	C,D	1	42.6	1,736	1	41.6	984
4104	1114	Cranston Police	C,D,4	8	48.2	3,496	6	47.5	3,667
4105	1115	Cranston Fire	C,D,4	5	48.0	3,266	3	46.7	3,077
4106	1125	Cumberland Fire	B,D	6	60.4	2,473	6	59.4	2,413
4107	1305	Lincoln Rescue	C	6	50.5	1,713	5	51.7	1,874
4108	1344	New Shoreham Police	B,D	2	49.2	3,063	2	48.2	2,984
4109	1324	Middletown Police & Fire	C,D	---	---	---	---	---	---
4110	1715	Harrisville Fire District	C,D	---	---	---	---	---	---
4111	1705	Albion Fire District	C	1	68.1	1,809	1	67.1	1,763
<b>All Police &amp; Fire Units</b>				547	58.6	\$2,329	495	58.9	\$2,247
<b>All MERS Units</b>				4,524	71.4	\$1,251	4,389	71.5	\$1,185

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2009 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.

Employees' Retirement System of Rhode Island

**State Police**

**Distribution of Active Members by Age and by Years of Service  
As of 06/30/2010**

Attained Age	Years of Credited Service												Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 25	9 \$67,155	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	9 \$67,155
25-29	19 \$67,155	0 \$0	0 \$0	0 \$0	0 \$0	6 \$82,258	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	25 \$70,780
30-34	7 \$67,867	0 \$0	0 \$0	0 \$0	0 \$0	7 \$82,258	2 \$87,058	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	16 \$76,562
35-39	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	15 \$82,970	15 \$89,204	1 \$105,758	0 \$0	0 \$0	0 \$0	0 \$0	31 \$86,722
40-44	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	5 \$82,646	26 \$90,136	42 \$107,893	3 \$127,077	0 \$0	0 \$0	0 \$0	76 \$100,915
45-49	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$82,258	6 \$90,205	34 \$109,310	1 \$121,537	0 \$0	0 \$0	0 \$0	42 \$106,227
50-54	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	3 \$88,710	8 \$115,717	1 \$104,890	0 \$0	0 \$0	0 \$0	12 \$108,063
55-59	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
60-64	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
65 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
<b>Total</b>	35 \$67,298	0 \$0	0 \$0	0 \$0	0 \$0	34 \$82,629	52 \$89,674	85 \$109,171	5 \$121,532	0 \$0	0 \$0	0 \$0	211 \$93,436

**Membership Data (State Police)**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
	(1)	(2)
1. Active members		
a. Number	211	176
b. Number vested	5	0
c. Total payroll supplied by State (for benefits)	\$ 19,715,070	\$ 17,096,202
d. Average salary	\$ 93,436	\$ 97,138
e. Average age	39.5	40.9
f. Average service	11.5	12.6
2. Inactive members		
a. Number	3	2
3. Service retirees		
a. Number	1	1
b. Total annual benefits	\$ 79,779	\$ 78,279
c. Average annual benefit	79,779	78,279
d. Average age	71.6	70.6
4. Disabled retirees		
a. Number	3	3
b. Total annual benefits	\$ 174,225	\$ 171,225
c. Average annual benefit	58,075	57,075
d. Average age	44.4	43.4
5. Beneficiaries and spouses		
a. Number	0	0
b. Total annual benefits	\$ -	\$ -
c. Average annual benefit	N/A	N/A
d. Average age	N/A	N/A

Employees' Retirement System of Rhode Island

**State Police**

**Historical Summary of Active Member Data**

Valuation as of June 30,	Active Members		Covered Payroll*		Average Salary*		Average Age	Average Service
	Number	Percent Increase	Amount	Percent Increase	Amount	Percent Increase		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1996	97	---	\$4,948,746	---	\$51,018	---	31.1	3.8
1997	96	-1.0%	\$5,370,985	8.5%	\$55,948	9.7%	32.2	4.8
1998	130	35.4%	\$7,211,874	34.3%	\$55,476	-0.8%	32.3	4.4
1999	130	0.0%	\$7,502,433	4.0%	\$57,711	4.0%	33.3	5.4
2000	152	16.9%	\$8,916,914	18.9%	\$58,664	1.7%	33.7	5.5
2001	151	-0.7%	\$9,139,418	2.5%	\$60,526	3.2%	34.7	6.6
2002	150	-0.7%	\$10,933,360	19.6%	\$72,889	20.4%	35.5	7.5
2003	150	0.0%	\$11,286,365	3.2%	\$75,242	3.2%	36.6	8.4
2004	148	-1.3%	\$11,421,880	1.2%	\$77,175	2.6%	37.6	9.5
2005	181	22.3%	\$13,225,400	15.8%	\$73,069	-5.3%	36.9	8.6
2006	179	-1.1%	\$13,474,588	1.9%	\$75,277	3.0%	37.9	9.6
2007	179	0.0%	\$15,836,354	17.5%	\$88,471	17.5%	38.9	10.6
2008	177	-1.1%	\$16,698,764	5.4%	\$94,343	6.6%	39.9	11.6
2009	176	-0.6%	\$17,096,202	2.4%	\$97,138	3.0%	40.9	12.6
2010	211	19.9%	\$19,715,070	15.3%	\$93,436	-3.8%	39.5	11.5

\*Based on salary used for benefits

Employees' Retirement System of Rhode Island

**State Judges**

**Distribution of Active Members by Age and by Years of Service  
As of 06/30/2010**

Attained Age	Years of Credited Service												Total Count & Avg. Comp.
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 30	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
30-34	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
35-39	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
40-44	2 \$147,674	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	2 \$147,674
45-49	1 \$142,132	1 \$132,969	1 \$144,319	0 \$0	0 \$0	1 \$131,199	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	4 \$137,655
50-54	0 \$0	2 \$142,679	0 \$0	0 \$0	0 \$0	5 \$149,854	0 \$0	3 \$155,418	1 \$155,208	0 \$0	0 \$0	0 \$0	11 \$150,554
55-59	0 \$0	0 \$0	1 \$162,631	1 \$143,130	0 \$0	5 \$147,185	1 \$150,879	2 \$169,910	0 \$0	0 \$0	0 \$0	0 \$0	10 \$153,238
60-64	1 \$140,642	0 \$0	0 \$0	0 \$0	0 \$0	2 \$154,461	1 \$156,762	4 \$172,428	0 \$0	0 \$0	0 \$0	0 \$0	8 \$162,005
65-69	0 \$0	0 \$0	1 \$156,762	0 \$0	0 \$0	4 \$148,876	1 \$137,759	8 \$155,077	0 \$0	0 \$0	0 \$0	0 \$0	14 \$152,188
70 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
Total	4 \$144,531	3 \$139,442	3 \$154,570	1 \$143,130	0 \$0	17 \$148,284	3 \$148,466	17 \$160,965	1 \$155,208	0 \$0	0 \$0	0 \$0	49 \$152,268

**Membership Data (State Judges)**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
	(1)	(2)
1. Active members		
a. Number	49	45
b. Number vested	10	7
c. Total annualized payroll supplied by State	\$ 7,461,120	\$ 6,843,454
d. Average salary	\$ 152,268	\$ 152,077
e. Average age	58.8	58.6
f. Average service	10.2	10.0
2. Inactive members		
a. Number	0	0
3. Service retirees		
a. Number	6	6
b. Total annual benefits	\$ 802,987	\$ 793,210
c. Average annual benefit	\$ 133,831	132,202
d. Average age	73.0	72.0
4. Disabled retirees		
a. Number	0	0
b. Total annual benefits	\$ 0	\$ 0
c. Average annual benefit	N/A	N/A
d. Average age	N/A	N/A
5. Beneficiaries and spouses		
a. Number	4	4
b. Total annual benefits	\$ 239,656	\$ 235,298
c. Average annual benefit	\$ 59,914	\$ 58,825
d. Average age	75.9	74.9

Employees' Retirement System of Rhode Island

State Judges

Historical Summary of Active Member Data

Valuation as of June 30,	Active Members		Covered Payroll		Average Salary		Average Age	Average Service
	Number	Percent Increase	Amount	Percent Increase	Amount	Percent Increase		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1996	27	---	\$ 2,596,860	---	\$ 96,180	---	51.5	3.2
1997	28	3.7%	2,815,218	8.4%	100,544	4.5%	53.0	4.1
1998	29	3.6%	3,039,957	8.0%	104,826	4.3%	54.0	4.9
1999	29	0.0%	3,169,183	4.3%	109,282	4.3%	55.0	5.9
2000	31	6.9%	3,533,354	11.5%	113,979	4.3%	55.9	6.5
2001	35	12.9%	4,092,423	15.8%	116,926	2.6%	55.4	6.4
2002	39	11.4%	4,738,059	15.8%	121,489	3.9%	55.6	7.5
2003	42	7.7%	5,303,153	11.9%	126,266	3.9%	55.8	7.6
2004	44	4.8%	5,637,865	6.3%	128,133	1.5%	56.9	8.2
2005	44	0.0%	5,684,585	0.8%	129,195	0.8%	58.3	8.4
2006	45	2.3%	6,313,069	11.1%	140,290	8.6%	58.3	9.0
2007	44	-2.2%	6,451,666	2.2%	146,629	4.5%	59.0	9.8
2008	43	-2.3%	6,601,889	2.3%	153,532	4.7%	59.4	10.4
2009	45	4.7%	6,843,454	3.7%	152,077	-0.9%	58.6	10.0
2010	49	8.9%	7,461,120	9.0%	152,268	0.1%	58.8	10.2