

# Comprehensive Annual Financial Report

**Washington State**  
**Department of Retirement Systems**  
**Funds of the State of Washington**  
**For the Fiscal Year Ended June 30, 2010**

Prepared by the Washington State Department of Retirement Systems

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# Introductory Section



## Message from the Director



This year has been one of significant economic challenges, for our state and for the nation as a whole. In every challenge, however, there is opportunity.

At the Washington State Department of Retirement Systems, we've long made a habit of fiscally lean operations – while maintaining a high level of accuracy and customer care. CEM Inc., an international firm that benchmarks the performance of public pension plans, found once again this year that our administrative cost per member is significantly lower than would be expected, given the complexity of Washington's 15 different plans within eight retirement systems.

We are proud of this accomplishment, yet we can strive to do even better. When resources are tight, innovation becomes a core part of daily business.

Over this last year, we implemented cost savings by reducing printed copies of member materials while simplifying our online services. We streamlined our retirement application and began a project to develop an electronic version of the application that will both save money and save our customers time. And we launched the first of what we anticipate will be many online informational videos.

Even as we continue to enhance online options, however, our team makes certain we maintain the personal connection our customers value. Retirement Services Analysts answer more than 90 percent of telephone calls in less than 30 seconds and walk-in customers are met by a trained, knowledgeable team member within an average of two minutes.

This quick, responsive service consistently garners praise, but we want to know more. Over this last year we piloted a project internally that will lay the groundwork for reaching out to our more than 400,000 customers to ask, "What can we do to ensure you are not only well-served, but also 100 percent satisfied with the service you receive from DRS?"

In 2010 we also reenergized our efforts to heighten awareness of the State's Deferred Compensation Program (administered by DRS). A pension benefit is only one part of what a public servant will need in retirement and we're pleased to report that enrollment in this retirement savings program continues to rise.

It is a privilege to work with you throughout your career and retirement. We are mindful of the responsibility that entails and will continue to work hard to meet your needs.

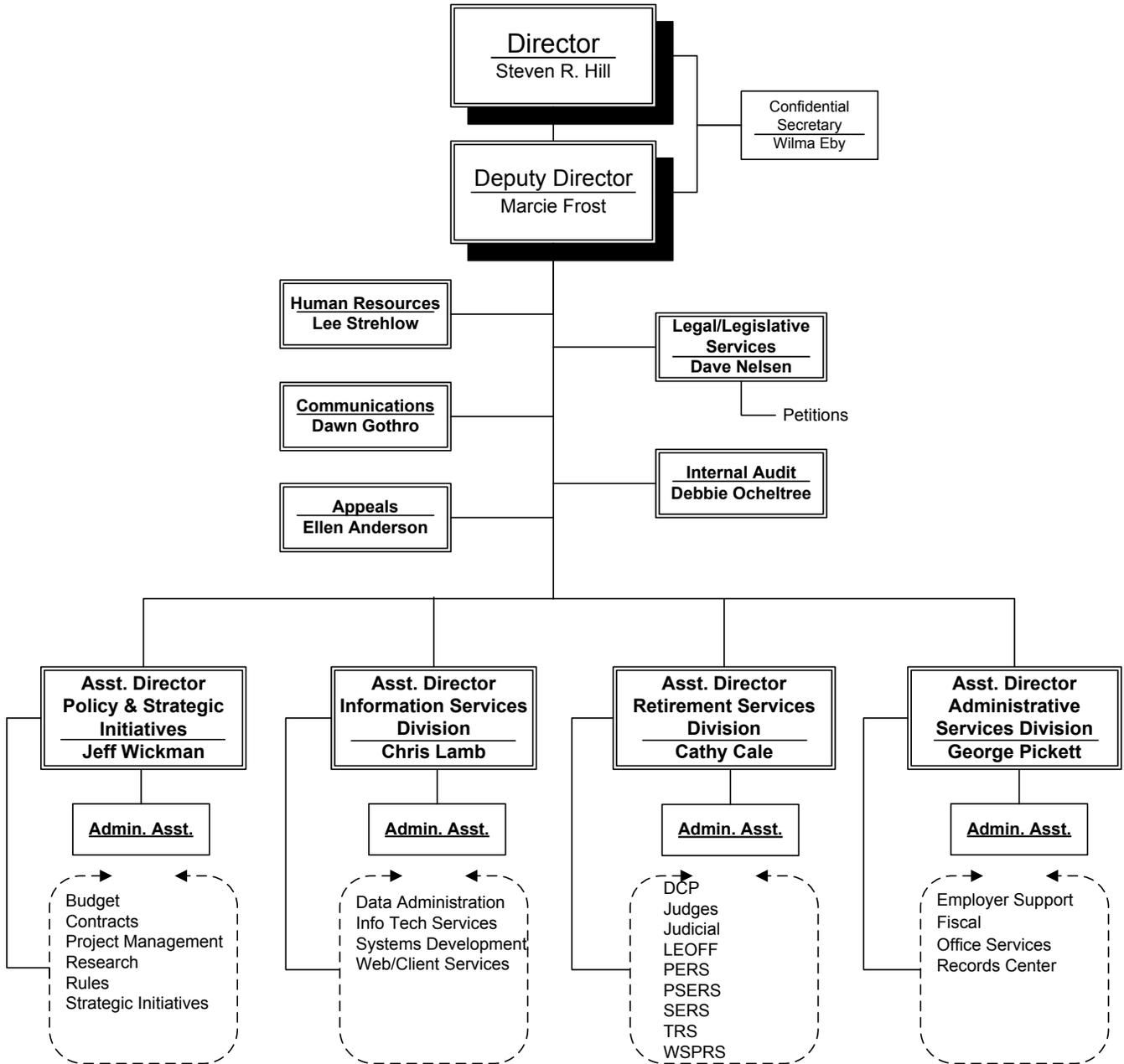
We offer our 2010 annual financial report for your review.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Hill". The signature is stylized and cursive.

Steven R. Hill  
Director  
November 2010

# Department of Retirement Systems' Organization – June 2010



## Pension System Roles and Responsibilities

### DEPARTMENT OF RETIREMENT SYSTEMS

Collects and accounts for employer and employee contributions; maintains retirement records; pays benefits; communicates pension information; provides investment education; and administers the Deferred Compensation Program.

The governor appoints the director of DRS.

PO Box 48380 Olympia, WA 98504-8380  
Telephone: (360) 664-7000 in Olympia or toll free at 1-800-547-6657  
Web site: [www.drs.wa.gov](http://www.drs.wa.gov)

### LEGISLATIVE FISCAL COMMITTEES

Review and report on retirement bills to the full Legislature.

The legislative fiscal committees are the House Ways and Means Committee and the Senate Ways and Means Committee.

House Ways and Means Committee  
PO Box 40600, Olympia, WA 98504-0600  
Telephone: (360) 786-7155 or toll-free at 1-800-562-6000  
(Legislative Hotline)  
Web site: [www.leg.wa.gov](http://www.leg.wa.gov)

Senate Ways and Means Committee  
PO Box 40482, Olympia, WA 98504-0482  
Telephone: (360) 786-7715 or toll-free at 1-800-562-6000  
(Legislative Hotline)  
Web site: [www.leg.wa.gov](http://www.leg.wa.gov)

## SELECT COMMITTEE ON PENSION POLICY

Studies pension issues and retirement finances. Develops pension policies and recommends pension legislation.

The Select Committee on Pension Policy is composed of four members of the Senate, four members of the House of Representatives, four representatives of active state retirement system members, two representatives of retired members, four employer representatives and the directors of the Office of Financial Management and the Department of Retirement Systems.

### Committee Membership (June 30, 2010)

Representative Barbara Bailey	Don Carlson – TRS Retirees
Representative Steve Conway (Vice Chair)	Charles Cuzzetto – SERS and TRS Employers
Representative Larry Crouse	Randy Davis – TRS Actives
Representative Larry Seaquist	Bob Keller – PERS Actives
Senator Steve Hobbs	Corky Mattingly – PERS Employers
Senator Janea Holmquist	Doug Miller – PERS Employers
Senator Joe McDermott	Glenn Olson – PERS Employers
Senator Mark Schoesler (Chair)	J. Pat Thompson – PERS Actives
Marty Brown – Director, Office of Financial Management	Bob Thurston – WSPRS Retirees
Steven R. Hill – Director, Department of Retirement Systems	David Westberg – SERS Actives

Can be contacted through the State Actuary's Office  
PO Box 40914, Olympia, WA 98504-0914  
Telephone: (360) 786-6140  
Web site: [www.leg.wa.gov/scpp](http://www.leg.wa.gov/scpp)

## PENSION FUNDING COUNCIL

Adopts economic assumptions for pension funding and member and employer pension contribution rates for LEOFF Plan 1, PERS, PSERS, SERS, TRS and WSPRS.

Membership consists of the directors of DRS and the Office of Financial Management, and the Chairs and Ranking Minority Members of the Senate Ways and Means Committee and the House Ways and Means Committee.

### Council Membership

Marty Brown – Director, Office of Financial Management  
Steven R. Hill – Director, Department of Retirement Systems, Chairperson  
Representative Gary Alexander – Ranking minority member, Ways and Means Committee  
Representative Kelli Linville – Chair, Ways and Means Committee  
Senator Margarita Prentice – Chair, Ways and Means Committee  
Senator Joseph Zarelli – Ranking minority member, Ways and Means Committee

Can be contacted through DRS. See information on preceding page.

## OFFICE OF FINANCIAL MANAGEMENT

Advises the governor on pension and funding policies and issues.

The governor appoints the director of OFM.

PO Box 43113, Olympia, WA 98504-3113  
 Telephone: (360) 902-0555  
 Web site: *www.ofm.wa.gov*

## WASHINGTON STATE INVESTMENT BOARD

Invests and accounts for pension funds. The Board consists of ten voting members.

Membership consists of the director of DRS; the state treasurer; the director of the Department of Labor and Industries; a state senator; a state representative; an active member of LEOFF, PERS, SERS, and TRS; and a retired member of one of the seven systems.

### Board Membership (Voting Members, June 30, 2010)

Lisa Brown  
 State Senator

Judi Owens  
 Representative of SERS

Steven R. Hill  
 Director, Department of Retirement Systems

Mason A. Petit  
 Representative of PERS

George Masten  
 Representative of Retired Members

Mike Ragan  
 Representative of TRS

Patrick McElligott (Chair)  
 Representative of LEOFF

Sharon Tomiko Santos  
 State Representative

James L. McIntire (Vice Chair)  
 State Treasurer

Judy Schurke  
 Director, Department of Labor and Industries

### (Nonvoting Members, June 30, 2010)

William A. Longbrake  
 Investment Professional

David Nierenberg  
 Investment Professional

Richard Muhlebach  
 Investment Professional

Jeffrey T. Seely  
 Investment Professional

Robert S. Nakahara  
 Investment Professional

PO Box 40916, Olympia, WA 98504-0916  
 Telephone: (360) 956-4600  
 Web site: *www.sib.wa.gov*

**OFFICE OF THE STATE ACTUARY**

Acts as an advisory agency to the Legislature and to the director of DRS. Performs actuarial studies and reports on retirement bills. Creates formulas used to compute benefit payment adjustments that are based on early retirement, cost-of-living or long-term survivor benefits.

The State Actuary is appointed by the Select Committee on Pension Policy.

PO Box 40914, Olympia, WA 98504-0914  
 Telephone: (360) 786-6140  
 Web site: *osa.leg.wa.gov*

**DRS ADVISORY COMMITTEE**

Serves in an advisory role to the director of DRS on retirement administrative issues. The committee consists of members representing active and retired members of the retirement systems administered by DRS.

**Committee Membership  
 (June 30, 2010)**

**PERS**

Patrick J. Dull  
 Active

John I. Payne  
 Active

Eva Jean Ann Shamley  
 Retired

Mary L. Sherman  
 Active

**SERS**

Jonni Elizabeth Lissner  
 Active

**LEOFF**

Patrick McElligott  
 Active  
 (Fire Fighter)

Mark J. Mears  
 Active  
 (Law Enforcement Officer)

Richard Warbrouck  
 Retired

**TRS**

Nancy Baldwin (Chair)  
 Retired

Darrell Heisler  
 Active

**WSPRS**

Lt. Michael L. Turcott  
 Active

**JRS**

Judge Michael Heavey  
 Active

Can be contacted through DRS. See information on page 5.

## LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' PLAN 2 RETIREMENT BOARD

Policy-making board that studies pension issues, acts as fiduciary of LEOFF Plan 2, sets contribution rates and recommends pension policy to the Legislature for LEOFF Plan 2 members. The LEOFF Plan 2 Retirement Board consists of three active fire fighters, three active police officers, three employers and two legislators.

### Committee Membership (June 30, 2010)

Kelly Fox, Chair Fire Fighter Representative	Jeff Holy Law Enforcement Representative	Greg Cuoio Employer Representative
Pat Hepler Fire Fighter Representative	Ryan Martin Law Enforcement Representative	Darla Hartley Employer Representative
Mark Johnston Fire Fighter Representative	Jack L. Simington, Vice Chair Law Enforcement Representative	Glenn Olson Employer Representative
Representative Geoff Simpson		Vacant Position

PO Box 40918, Olympia WA 98504-0918  
(360) 586-2320  
Web site: [www.leoff.wa.gov](http://www.leoff.wa.gov)

# Letter of Transmittal



STATE OF WASHINGTON  
DEPARTMENT OF RETIREMENT SYSTEMS  
*P.O. Box 48380 • Olympia, Washington 98504-8380*

November 15, 2010

**The Honorable Christine Gregoire, Governor**  
**Members of the Sixty-First Legislature**  
**Members of the Select Committee on Pension Policy**  
State of Washington  
Olympia, Washington 98504

We are pleased to present to you the Department of Retirement Systems’ Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This CAFR is designed to comply with the requirements of RCW 41.50.050(4) and RCW 41.50.780(9).

Responsibility for the accuracy of the data and the fairness and completeness of this presentation, including all disclosures, rests with the management of the Department of Retirement Systems (DRS). To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to provide a fair representation of the financial position and results of the operations of the department.

Peterson Sullivan LLP, Certified Public Accountants, have issued an unqualified (“clean”) opinion on DRS’ basic financial statements for the year ended June 30, 2010. The independent auditor’s report is located at the front of the Financial Section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## Agency Description and History

As of June 30, 2010, DRS administered eight statewide public employee retirement systems, which were comprised of 12 defined benefit pension plans and three combination defined benefit/defined contribution plans.

The purpose of DRS is to administer pension plan coverage for state employees, teachers and classified educational employees, law enforcement officers and fire fighters, and other employees of participating political subdivisions. As of June 30, 2010, there were 1,315 covered employers participating in multiple systems and/or plans administered by DRS. The eligibility requirements and provisions of each plan can be found in Note 2 of the Notes to the Financial Statements. DRS also administers a deferred compensation program. Additionally, DRS is responsible for all accounting and reporting services and the collection of contributions for the Judicial Retirement Account (JRA), a defined contribution pension plan administered by the State of Washington Administrative Office of the Courts.

The Washington State Legislature created the Department of Retirement Systems in 1976 to administer the Public Employees’ (PERS), Teachers’ (TRS), Law Enforcement Officers’ and Fire Fighters’ (LEOFF), Washington State Patrol (WSPRS), and Judicial (JRS) retirement systems, and the Judges’ Retirement Fund (Judges).

Significant events in DRS history are listed below:

### **1930s-1940s**

The PERS, TRS, WSPRS, Judges and many local police and fire fighters' retirement systems were created.

### **1950s-1960s**

Independent administration of individual retirement systems continued.

### **1960s-1970s**

Local police and fire fighters' retirement systems were consolidated into LEOFF.

### **1976**

The Department of Retirement Systems was created to administer state retirement systems.

The Office of the State Actuary was created to provide pension cost estimates.

### **1977**

The LEOFF Plan 2, PERS Plan 2 and TRS Plan 2 were created.

### **1981**

The Washington State Investment Board was created to handle the investment of all state trust funds.

### **1987**

The Joint Committee on Pension Policy was created.

### **1995**

The TRS Plan 3 was created effective July 1, 1996.

### **1996**

The state Deferred Compensation and Dependent Care programs were transferred to DRS.

DRS assumed accounting and reporting responsibility for the Judicial Retirement Account (JRA) defined contribution plan.

### **1998**

The School Employees' Retirement System (SERS) Plans 2 and 3 were created effective September 1, 2000.

The Pension Funding Council was created.

### **1999**

The PERS Plan 3 was created effective March 1, 2002, for state and higher education employees, and effective September 1, 2002, for local government employees.

### **2001**

The WSPRS Plan 2 was created effective January 1, 2003.

### **2003**

The LEOFF 2 Board was established effective July 1, 2003.

The Joint Committee on Pension Policy became the Select Committee on Pension Policy effective July 27, 2003.

### **2004**

The Public Safety Employees' Retirement System (PSERS) was created effective July 1, 2006.

### **2007**

The Judges' Benefit Multiplier bill, effective January 1, 2007, gave justices and judges in PERS and TRS a one-time irrevocable option to increase their contributions in order to fund a larger retirement benefit.

### **2009**

The transfer of the Dependent Care program to the Health Care Authority was completed.

### **2010**

E2SHB 2617 eliminated the Employee Retirement Benefits Board (ERBB) effective June 30, 2010. The duties of the ERBB transferred to the Director of DRS.

## Accounting System and Internal Control

This report has been prepared to conform with the principles of accounting and reporting established by the Governmental Accounting Standards Board (GASB). The basic financial statements are presented in accordance with guidelines established by GASB Statement No. 25, *Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contribution Plans*, and other GASB statements, as appropriate. Specific accounting treatments are detailed in the Notes to the Financial Statements found in the Financial Section of this report.

In June 2008, the GASB issued Statement No. 53 (GASB 53) *Accounting and Financial Reporting for Derivative Instruments*. Effective for Fiscal Year 2010 reporting, DRS implemented the provisions of GASB 53. GASB 53 had no monetary impact on the financial statements of DRS, but does require additional disclosure. As a result of this implementation, the Derivatives section of Note 1 to the Financial Statements has been expanded.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. In addition, budgetary controls are maintained by the Office of Financial Management and the Washington State Legislature.

## Funding

The intent of public pension funding in Washington state is to provide a dependable and systematic process

for financing the benefits provided by the retirement systems. Measurements of funding status indicate how well a retirement plan is accomplishing that goal. There are two standard indicators of funding status: the funding ratio and the existence of an unfunded liability. Both measure the benefit obligations, or liabilities, of a plan against its assets. If the funding level is adequate, the ratio of total accumulated assets to total liabilities will be larger and more funds will be available for investment purposes. Also, an adequate funding level gives the participants assurance that their pension benefits are secure.

The actuarial value of assets available as of the latest actuarial date for all systems was \$56,996 million. The accrued liability is \$61,823 million. The accrued liability exceeds the net actuarial value of assets available for benefits by \$4,827 million. The ratio of assets to liabilities is 92 percent, compared to 91 percent last year. Current contribution rates remain in keeping with the goal of attaining a funding ratio of 100 percent by the amortization dates applicable to each plan (June 30, 2024 for LEOFF Plan 1, and a rolling ten year period for PERS Plan 1 and TRS Plan 1), as required by chapter 41.45 RCW. Valuations are performed for all DRS-administered retirement systems on a yearly (July 1 through June 30) basis. These calculations are prepared by the Office of the State Actuary and reflect the latest valuation results. Additional actuarial information is included in the Actuarial Section of this report.

## Investments

The Washington State Investment Board (WSIB) has sole authority and responsibility for the investment of all state and local pension fund assets. The enabling statute requires the WSIB to "...establish investment policies and procedures designed exclusively to maximize return at a prudent level of risk." The policies adopted by the WSIB include provisions for the setting of strategic asset allocation objectives, as well as strategies and return objectives for individual asset classes. A summary of the asset allocation can be found in the Investment Section of this report. For

Fiscal Year 2010, the commingled trust fund (CTF) investments provided a 13.22 percent rate of return. The CTF annualized rate of return over the last three years was a negative 4.80 percent and positive 4.08 percent over the last five years.

The day-to-day management of pension fund assets is the responsibility of WSIB staff. Further investment information is included in the Investment Section of this report.

### **Departmental Initiatives**

The department's activities are highlighted in the "Message from the Director" on page 3 of this Introductory Section.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to DRS for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the sixteenth consecutive year that DRS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In 2010, DRS also received the Public Pension Standards 2010 Recognition Award for Administration from the Public Pension Coordinating Council (PPCC). The PPCC is a coalition of three national associations that serve public pension funds. It represents substantially all employees of state and local government in the United States. Eligibility for this award entails meeting the professional standards for plan administration as set forth in the Public Pension Standards. These standards are intended to reflect minimum expectations for public retirement system administration.

### **Acknowledgments**

This report was made possible by the staff of DRS based in part on information provided by the Office of Financial Management, the Office of the State Actuary, the Office of the State Treasurer and the Washington State Investment Board. Each member of these agencies has our sincere appreciation. The report will be provided to the Governor, the members of the Select Committee on Pension Policy, and other interested parties.

This report is intended to provide complete and reliable information that can be used to make management decisions, determine compliance with legal provisions, and evaluate responsible stewardship of DRS-administered retirement system funds.

Respectfully submitted,



Steven R. Hill  
Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Washington State  
Department of Retirement Systems

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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



A stylized, handwritten signature in black ink.

President

A stylized, handwritten signature in black ink.

Executive Director



Public Pension Coordinating Council

***Recognition Award for Administration  
2010***

Presented to

***Washington State Department of Retirement Systems***

In recognition of meeting professional standards for  
plan administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is written in a cursive style.

Alan H. Winkle  
Program Administrator

## 2010 Washington State Legislative Actions

The 2010 Washington State Legislature passed seven pension-related bills that were signed into law by Governor Gregoire. These bills are described below:

### **BILLS THAT APPLY TO MORE THAN ONE SYSTEM**

- House Bill 1541 grants half-time service credit to qualifying members of PERS and SERS Plans 2 and 3 who worked for an educational employer before January 1, 1987.
- House Bill 1679 allows LEOFF Plan 2 members who retired because of catastrophic disability and WSPRS members who are totally disabled in the line of duty to be reimbursed for the cost of their medical insurance premiums.
- House Bill 2519 expands the benefits available for survivors of LEOFF and WSPRS members killed in the line of duty.
- Senate Bill 6546 gives a Director of Fire Protection, if he/she was a previous member of LEOFF Plan 2, the choice to continue membership in LEOFF Plan 2 while employed in this role. Otherwise, the Director of Fire Protection would be a PERS covered position.

### **LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM**

- Senate Bill 6453 allows shared leave to be treated as reportable compensation for all members of LEOFF Plan 2. Earnings can be used in the calculation of a member's benefit and service credit will be earned according to hours reported.

### **PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

- House Bill 2196 allows a PERS Plan 1 member who retired on or after January 1, 1998 to use any service transferred from LEOFF Plan 1 to qualify for military service credit at no cost.

### **PENSION RELATED**

- House Bill 1545 bill allows eligible employees of the Higher Education Coordinating Board to participate in a Higher Education Retirement Plan instead of the Public Employees' Retirement System.

# Financial Section




**PETERSON SULLIVAN LLP**
**CERTIFIED PUBLIC ACCOUNTANTS**

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

**INDEPENDENT AUDITORS' REPORT**

Mr. Steve Hill, Director  
 Washington State Department of Retirement Systems  
 Olympia, Washington

We have audited the accompanying financial statements (including the individual fund financial statements) of the Washington State Department of Retirement Systems as of and for the year ended June 30, 2010. The Department of Retirement Systems is a part of the State of Washington's primary government. These financial statements are the responsibility of the Department of Retirement Systems' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Washington State Department of Retirement Systems' June 30, 2009, financial statements and in our report dated November 27, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of the Washington State Department of Retirement Systems as of June 30, 2010, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the financial statements present fairly, in all material respects, the financial position of each of the individual funds of the Washington State Department of Retirement Systems as of June 30, 2010, and the results of operations of such funds for the year then ended in conformity with accounting principles generally accepted in the United States.

The accompanying management discussion and analysis and required supplementary information listed in the accompanying table of contents is not a required part of the basic financial statements, but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supporting schedules (administrative expenses, investments expenses – pension trust funds, and payments to consultants) as listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the financial statements of the Washington State Department of Retirement Systems. Such information has been subject to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory, actuarial, investment, and statistical sections of this report are not required parts of the financial statements, and we did not audit or apply limited procedures to such information and do not express any assurance on such information.

November 1, 2010

## Management's Discussion and Analysis

This discussion and analysis of the Washington State Department of Retirement Systems' (DRS) financial performance provides an overview of DRS' financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the Letter of Transmittal beginning on page 10 and DRS' financial statements, which begin on page 26 of this report.

DRS' overall financial position improved during the year ended June 30, 2010.

### FINANCIAL HIGHLIGHTS

The following financial highlights occurred during the fiscal year ended June 30, 2010:

- The combined plan net assets of all the pension funds administered by DRS increased \$5,706.5 million during Fiscal Year 2010.
- The covered payroll requiring both employee and employer pension contributions reported during the year totaled \$16,681.8 million, representing an increase of 0.6%.
- Employer contributions totaled \$919.0 million and member contributions (including restorations) totaled \$941.6 million, representing decreases of 27% and 10%, respectively, from the previous fiscal year.
- Net investment earnings (net appreciation/depreciation in the fair value of investments, plus interest and dividend income, less investment expenses) increased \$21,551.4 million to \$6,639.5 million in Fiscal Year 2010.
- Pension benefits paid to retirees and beneficiaries increased \$133.5 million bringing the total benefit payments to \$2,744.1 million. Refunds of contributions paid to former retirement system members increased slightly from \$310.2 million to \$310.8 million.

- Administrative expenses totaled \$29.4 million and represented no change from last fiscal year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the DRS basic financial statements, which consist of the following components: basic financial statements, notes to the financial statements, required supplementary information, and other supporting schedules.

#### Basic Financial Statements

The basic financial statements presented for the fiduciary funds are fund financial statements and include a Statement of Plan Net Assets and a Statement of Changes in Plan Net Assets. The fiduciary funds include defined benefit and defined contribution pension trust funds and the deferred compensation program trust fund. The Statement of Plan Net Assets presented on pages 26–29 reports the assets, liabilities and resulting net assets available for pension and other benefits as of June 30, 2010. The Statement of Changes in Plan Net Assets presented on pages 30–33 reports the additions to, deductions from, and resulting net change in net assets for the fiscal year ended June 30, 2010.

#### Notes to the Financial Statements

The notes to the financial statements presented on pages 34–77 of this report are an integral part of the financial statements and include additional information not readily evident in the statements themselves. Note 1 provides a summary of significant accounting policies and plan asset matters including the reporting entity, measurement focus, basis of accounting, investments, reserves, capital assets, leases, long-term liabilities, transfers, financial statement formatting, accounting and reporting changes and contingencies. Note 2 provides a general description of DRS, plan descriptions and funding policy. Section D of this note also provides current year funded status and funding progress information

as well as a summary of the actuarial and economic methods and significant assumptions used.

### Required Supplementary Information

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the plan's ongoing plan perspective. The required supplementary information consists of two historical trend schedules. The Schedules of Funding Progress presented on pages 78-81 include historical trend information about the actuarially funded status of each plan from a long-term, ongoing plan perspective and the progress made in accumulating sufficient assets to pay benefits when due. The Schedule of Contributions from Employers and Other Contributing Entities presented on page 82 includes historical trend information about the annual required contributions of employers and the contributions made by employers in relation to this requirement. These schedules provide information that contributes to understanding the changes over time in the funded status of the plans.

### Supporting Schedules and Other Financial Information

These schedules are presented on pages 83-85 and provide additional detailed information useful in evaluating the condition of the plans administered by DRS. These schedules include information on administrative expenses, investment expenses, payments to consultants and other additional information.

## FINANCIAL ANALYSIS OF DRS FUNDS

### Analysis of Net Assets – Fiduciary Funds (dollars in millions)

	Fiscal Year 2010	Fiscal Year 2009	Increase (Decrease) Amount	Increase (Decrease) Percentage
<b>Net Assets</b>				
<b>Assets</b>				
Cash and Pooled Investments	\$ 32.7	\$ 33.7	\$ (1.0)	(3)%
Receivables	2,081.4	739.6	1,341.8	181%
Capital Assets, Net of Depreciation	0.5	0.4	0.1	25%
Investments, Noncurrent	61,280.2	54,592.4	6,687.8	12%
Other Assets	1.4	1.4	–	0%
<b>Total Assets</b>	<u>63,396.2</u>	<u>55,367.5</u>	<u>8,028.7</u>	<u>15%</u>
<b>Liabilities</b>				
Obligations Under Security Selling and Lending Agreements	3,659.0	2,911.4	747.6	26%
Other Short-Term Liabilities	2,105.7	531.1	1,574.6	296%
Long-Term Obligations	1.4	1.4	–	0%
<b>Total Liabilities</b>	<u>5,766.1</u>	<u>3,443.9</u>	<u>2,322.2</u>	<u>67%</u>
<b>Total Net Assets</b>	<u>\$57,630.1</u>	<u>\$51,923.6</u>	<u>\$ 5,706.5</u>	<u>11%</u>

Net trust assets increased by \$5,706.5 million in Fiscal Year 2010 and totaled \$57,630.1 million as of June 30, 2010. The increase was largely the result of investment portfolio realized and unrealized gains that totaled \$4,912.0 million and were the result of positive returns in all investment assets classes, except real estate.

Total trust fund assets as of June 30, 2010 were \$63,396.2 million, representing an increase of \$8,028.7 million, or 15%, over the previous fiscal year. This increase was primarily due to increases in investments and in receivables which were themselves largely investment-related, as described below:

- Total investments increased by \$6,687.8 million, or 12%, and reflected unrealized gains in the fixed income securities category due to the fall of interest rates; unrealized gains in the equities category due to equity market appreciation, improved returns and reinvestment of income within the

portfolio; and positive returns in all capital markets, except real estate, in the alternative investments portfolio.

- Receivables increased \$1,341.8 million, or 181%, to \$2,081.4 million, and reflected a \$1,347.8 million increase in investment trades pending receivables. This increase was caused in part by international managers having fewer open trades at June 30, 2010 compared to the prior year, resulting in fewer open exchange contracts available to cover the settlement currency of those trades. Offsetting this amount was a net decrease of \$6.0 million in all other receivable categories resulting from reduced payroll and contribution rates (a decrease in due from other governments), reduced transfer activity at year-end (a decrease in due from other funds), and improved market conditions (an increase in interest and dividends receivable).

Total trust fund liabilities as of June 30, 2010 were \$5,766.1 million, representing an increase of \$2,322.2 million, or 67%, over the previous year. As with the assets, this increase was largely due to investments (obligations under securities lending agreements) and to short-term liabilities which were themselves investment-related, as described below:

- Obligations under securities lending/selling agreements rose \$747.6 million, or 26%, to \$3,659.0 million. During Fiscal Year 2010, WSIB ceased lending corporate bonds due to an increase in failed sale transactions. The market environment made it difficult to recall these loaned securities in a timely fashion to settle the trades. However, lending of public equities and U.S. Government securities, which are in high demand in the lending marketplace, continued. The increase in this category directly reflects the overall increase in the value of the underlying securities lent.
- Other short term liabilities rose \$1,574.6 million, or 296%, over the previous year and reflected a \$1,576.5 million increase in

investment trades pending payables, resulting largely from the currency settlement coverage issues experienced by the international managers that was explained previously. Offsetting this amount was a net decrease of \$1.9 million in all other short-term liability categories resulting from an increase in benefit payments (an increase in accounts payable), reduced transfer activity at year-end (a decrease in due to other funds) and reduced miscellaneous costs (a decrease in other short-term liabilities).

#### Analysis of Changes In Net Assets – Fiduciary Funds (dollars in millions)

Changes in Net Assets	Fiscal Year 2010	Fiscal Year 2009	Increase (Decrease) Amount	Increase (Decrease) Percentage
<b>Additions</b>				
Employer Contributions	\$ 919.0	\$ 1,267.3	\$ (348.3)	(27)%
Member Contributions	941.6	1,045.9	(104.3)	(10)%
State Contributions	63.0	61.3	1.7	3%
Participant Contributions	185.1	184.5	0.6	0%
Net Income (Loss) from Investment Activities <sup>1</sup>	6,639.5	(14,912.2)	21,551.7	145%
Net Income (Loss) from Investment Selling and Lending Activities	13.9	42.0	(28.1)	(67)%
Charges for Services	28.1	27.7	0.4	1%
Transfers from Other Pension Plans	19.9	8.6	11.3	131%
Other Additions	1.6	1.0	0.6	60%
<b>Total Additions</b>	<u>8,811.7</u>	<u>(12,273.9)</u>	<u>21,085.6</u>	<u>172%</u>
<b>Deductions</b>				
Benefits	2,744.1	2,610.6	133.5	5%
Refunds of Contributions	310.8	310.2	0.6	0%
Transfers to Other Pension Plans	19.9	8.6	11.3	131%
Transfers to Other Funds	1.0	11.2	(10.2)	(91)%
Administrative Expenses	29.4	29.4	–	0%
<b>Total Deductions</b>	<u>3,105.2</u>	<u>2,970.0</u>	<u>135.2</u>	<u>5%</u>
<b>Increase/(Decrease) in Net Assets</b>	<u>5,706.5</u>	<u>(15,243.9)</u>	<u>20,950.4</u>	<u>137%</u>
<b>Net Assets– Beginning of Year</b>	<u>51,923.6</u>	<u>67,167.5</u>	<u>(15,243.9)</u>	<u>(23)%</u>
<b>Net Assets– End of Year</b>	<u>\$57,630.1</u>	<u>\$51,923.6</u>	<u>\$5,706.5</u>	<u>11%</u>

<sup>1</sup> 2009 figures have been adjusted to reflect reclassification of \$0.8 million from investment costs to administrative expenses.

Additions to the retirement trust funds primarily consist of contributions from employers, active system members and the state, and from investment earnings. Additions to the deferred compensation trust fund consist of participant contributions and investment earnings.

Total trust fund additions (excluding plan transfers) for Fiscal Year 2010 amounted to \$8,791.8 million, an increase of \$21,074.3 million from Fiscal Year 2009. This increase was primarily due to the \$21,551.4 million increase in net income from investment activities, which yielded an annual 13.2% return for the Retirement Funds. Specifically, this increase was the result of realized and unrealized gains due to the positive investment returns in almost all investment classes, as evidenced by the significant returns of 12.5% in the fixed income portfolio, 13.5% in the global equity portfolio, and of 24.0% in the private equity portfolio; in addition to increased income distributions received from private equity and real estate partnerships and from increased income in the cash overlay program.

Net income from investment selling and lending activities decreased 67% to \$13.9 million in Fiscal Year 2010. This decrease was the result of decisions made by WSIB and the Office of the State Treasurer (OST) to limit their exposure in this market. As indicated previously, WSIB decided to cease lending corporate bonds in Fiscal Year 2010 due to the inability to recall these loaned securities in a timely fashion to settle the trades. In a somewhat similar manner, the OST opted not to participate at all in securities lending transactions during Fiscal Year 2010.

Employer contributions decreased \$348.3 million, or 27%, and totaled \$919.0 million for the Fiscal Year ended June 30, 2010. This decrease was the result of reduced contribution rates and a modest increase in covered payroll. Total covered payroll increased from \$16,582.0 million in the previous year to \$16,681.8 million in Fiscal Year 2010. The decrease in contribution rates varied among the systems, ranging from 0.22% to 3.00%, and averaged 1.75% among all the plans.

Member contributions include both regular contributions and the “restoration and arrears” contributions of those members that have returned to public employment after having previously withdrawn their plan contributions. While total contributions decreased 10% from the previous year and totaled \$941.6 million for Fiscal Year 2010, regular member contributions actually decreased \$111.4 million (11%) and restoration and arrears contributions increased \$7.1 million (35%). The decrease in regular contributions was the result of a reduced workforce (down 5,142 from June 2009) and of reduced contribution rates. The decrease in member contribution rates varied among the systems, ranging from 0.02% to 1.57%, and averaged 0.99% among all the plans.

State contributions rose slightly, 3%, from \$61.3 million last year to \$63.0 million in Fiscal Year 2010 and reflected the slightly higher allocations out of the State General Fund for LEOFF Plan 2 and JRS.

Participant contributions to the Deferred Compensation Program (DCP) increased a slight \$0.6 million to \$185.1 million over the prior year. The weakened economic conditions, combined with the voluntary nature of this program’s participation, which allows participants the option to stop or lower their contributions, were the likely causes of this modest growth. As of June 30, 2010, the number of active and contributing DCP participants was 33,193 and represented a 205 decrease from the prior year.

Transfers from and to other pension plans increased 131% to \$19.9 million, an increase largely resulting from the passage of SB5303 (Chapter 209, Laws of 2009). This bill allowed SERS Plan 2 members who had previously had service credit automatically transferred out of PERS Plan 2 into SERS Plan 2 after September 1, 2000, to reverse their automatic transfers back into PERS Plan 2. These transfers made up fully \$7.7 million of this increase in Fiscal Year 2010, with the remaining \$3.6 million representing normal transfer activity among the pension funds.

Other additions increased \$0.6 million to \$1.6 million in Fiscal Year 2010. This increase was the

result of a \$0.4 million increase in record-keeper fee rebates on two DCP and JRA investment products, and a \$0.2 million reversal of a penalty fee accrual.

Deductions to the retirement trust funds consist of the payment of benefits to retirees and beneficiaries, the refund of contributions to former retirement system members, and the cost of administering the retirement systems. Benefit payments to members include both pension and annuity benefits. Expenses for the management of trust funds are incurred by the Washington State Investment Board and funded from earnings on investments. Deductions to the deferred compensation trust fund consist of refunds paid to plan participants and administrative expenses.

Total trust fund deductions (excluding plan transfers) for Fiscal Year 2010 were \$3,085.3 million, an increase of \$123.9 million or 4% over Fiscal Year 2009. This was primarily due to an increase in benefits paid to retirees and beneficiaries. Benefit payments increased \$133.5 million or 5% due to an increase in the number of retirees during the year, the annual cost of living adjustments that increased benefit payouts, and the higher salaries of those newly retired.

Total refunds for Fiscal Year 2010 were \$310.8 million, representing a modest \$0.6 million increase and no significant change from the previous year.

Transfers to other funds decreased \$10.2 million to \$1.0 million in Fiscal Year 2010 and represented a reduced operating state budget transfer into the State General Fund.

## **CAPITAL ASSETS**

DRS' investment in capital assets for its fiduciary activities includes furnishings, equipment and improvements other than buildings. As of June 30, 2010, total investment was \$2.9 million, with accumulated depreciation of \$2.4 million, leaving a net book value of \$0.5 million. This amount represents an increase of 20% from the previous year,

resulting from the purchase of computer equipment. Additional information on DRS' capital assets can be found in section I of Note 1 to the financial statements.

## **OTHER LONG-TERM OBLIGATIONS**

At year-end, DRS had \$1.4 million in outstanding general long-term obligations, which represented no significant change from the prior year. These long-term obligations represent DRS' liability for accumulated annual and sick leave. Additional information on DRS' long-term debt obligations can be found in section K of Note 1 to the financial statements.

## **CONTACTING DRS' FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of DRS' finances. If you have questions about this report or need additional financial information, contact the Department of Retirement Systems' Administrative Services Division, P. O. Box 48380, Olympia, WA 98504-8380.

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**Statement of Plan Net Assets**  
**Pension and Other Employee Benefit Trust Funds by Plan**  
**As of June 30, 2010 and 2009 (page 1 of 4)**  
(expressed in thousands)

	Pension Trust				
	PERS Plan 1	PERS Plan 2/3	PERS Plan 3 Defined Contribution	SERS Plan 2/3	SERS Plan 3 Defined Contribution
<b>ASSETS</b>					
<b>Cash and Pooled Investments</b>	\$ 3,256	\$ 3,264	\$ 192	\$ 2,177	\$ 1,124
<b>Receivables</b>					
Due from Other Governments	3,603	34,456	4,261	6,437	5,192
Member Account Receivable (Net of Allowance)	789	161	-	3	-
Interest and Dividends	24,476	52,338	2,514	7,144	2,453
Investment Trades Pending Receivable – Short Term	260,669	557,608	26,782	76,091	26,131
Due from Pension Funds	911	245	219	283	9
Due from Other Funds	-	-	-	-	-
Due from Other Washington State Agencies	3	6	-	3	-
Other Receivables – Short Term	1	-	-	-	-
<b>Total Receivables</b>	<u>290,452</u>	<u>644,814</u>	<u>33,776</u>	<u>89,961</u>	<u>33,785</u>
<b>Capital Assets, Net of Depreciation</b>	<u>138</u>	<u>87</u>	<u>-</u>	<u>2</u>	<u>-</u>
<b>Investments, Noncurrent</b>					
Equity in CTF	7,499,874	16,043,325	770,574	2,189,263	751,839
Money Market and Other Liquid Investments	141,206	326,267	19,356	44,538	18,004
Other Noncurrent Investments	49	20	583,301	16	281,409
Investments Under Reverse Repurchase Agreements	-	-	-	-	-
Collateral Held Under Securities Lending Agreements	531,208	1,136,330	54,579	155,063	53,252
<b>Total Investments, Noncurrent</b>	<u>8,172,337</u>	<u>17,505,942</u>	<u>1,427,810</u>	<u>2,388,880</u>	<u>1,104,504</u>
<b>Other Assets</b>	<u>415</u>	<u>261</u>	<u>-</u>	<u>6</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>8,466,598</u>	<u>18,154,368</u>	<u>1,461,778</u>	<u>2,481,026</u>	<u>1,139,413</u>
<b>LIABILITIES</b>					
Obligations Under Reverse Repurchase Agreements	-	-	-	-	-
Obligations Under Security Lending Agreements	531,208	1,136,330	54,579	155,063	53,252
Accounts Payable	2,108	3,510	1,980	419	2,505
Investment Trades Pending Payable – Short Term	300,180	642,128	30,842	87,625	30,092
Due to Other Governments	5,675	1,238	-	233	-
Due to Pension Funds	40	1,168	5	260	282
Due to Other Washington State Agencies	140	205	-	30	-
Other Short-Term Liabilities	-	340	-	-	-
Other Long-Term Obligations	415	261	-	6	-
Accrued Salaries	198	126	-	3	-
Deferred Revenue	148	399	-	2	-
<b>TOTAL LIABILITIES</b>	<u>840,112</u>	<u>1,785,705</u>	<u>87,406</u>	<u>243,641</u>	<u>86,131</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<u>\$ 7,626,486</u>	<u>\$ 16,368,663</u>	<u>\$ 1,374,372</u>	<u>\$ 2,237,385</u>	<u>\$ 1,053,282</u>

The accompanying notes are an integral part of this statement.

**Statement of Plan Net Assets**  
**Pension and Other Employee Benefit Trust Funds by Plan**  
**As of June 30, 2010 and 2009 (page 2 of 4)**  
(expressed in thousands)

	Pension Trust				
	PSERS Plan 2	TRS Plan 1	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1
<b>ASSETS</b>					
<b>Cash and Pooled Investments</b>	\$ 321	\$ 3,405	\$ 4,281	\$ 4,686	\$ 1,668
<b>Receivables</b>					
Due from Other Governments	1,528	2,952	16,782	21,842	2
Member Account Receivable (Net of Allowance)	—	433	4	—	45
Interest and Dividends	283	20,546	17,711	7,729	14,711
Investment Trades Pending Receivable – Short Term	3,014	218,815	188,663	82,342	156,706
Due from Pension Funds	—	921	83	17	182
Due from Other Funds	—	—	—	—	—
Due from Other Washington State Agencies	—	3	4	—	1
Other Receivables – Short Term	—	—	—	—	—
<b>Total Receivables</b>	<u>4,825</u>	<u>243,670</u>	<u>223,247</u>	<u>111,930</u>	<u>171,647</u>
<b>Capital Assets, Net of Depreciation</b>	<u>—</u>	<u>120</u>	<u>29</u>	<u>—</u>	<u>64</u>
<b>Investments, Noncurrent</b>					
Equity in CTF	86,721	6,295,687	5,428,141	2,369,125	4,508,697
Money Market and Other Liquid Investments	4,318	120,942	111,256	58,893	86,306
Other Noncurrent Investments	2	39	39	1,578,544	15
Investments Under Reverse Repurchase Agreements	—	—	—	—	—
Collateral Held Under Securities Lending Agreements	6,142	445,916	384,469	167,802	319,346
<b>Total Investments, Noncurrent</b>	<u>97,183</u>	<u>6,862,584</u>	<u>5,923,905</u>	<u>4,174,364</u>	<u>4,914,364</u>
<b>Other Assets</b>	<u>—</u>	<u>361</u>	<u>89</u>	<u>—</u>	<u>194</u>
<b>TOTAL ASSETS</b>	<u>102,329</u>	<u>7,110,140</u>	<u>6,151,551</u>	<u>4,290,980</u>	<u>5,087,937</u>
<b>LIABILITIES</b>					
Obligations Under Reverse Repurchase Agreements	—	—	—	—	—
Obligations Under Security Lending Agreements	6,142	445,916	384,469	167,802	319,346
Accounts Payable	19	1,584	1,022	3,032	1,418
Investment Trades Pending Payable – Short Term	3,471	251,982	217,259	94,823	180,459
Due to Other Governments	—	5,471	333	—	1
Due to Pension Funds	50	42	937	16	2
Due to Other Washington State Agencies	1	116	78	—	68
Other Short-Term Liabilities	—	—	41	—	—
Other Long-Term Obligations	—	361	89	—	194
Accrued Salaries	—	169	41	—	91
Deferred Revenue	—	438	1	—	—
<b>TOTAL LIABILITIES</b>	<u>9,683</u>	<u>706,079</u>	<u>604,270</u>	<u>265,673</u>	<u>501,579</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<u>\$ 92,646</u>	<u>\$ 6,404,061</u>	<u>\$ 5,547,281</u>	<u>\$ 4,025,307</u>	<u>\$ 4,586,358</u>

The accompanying notes are an integral part of this statement.

**Statement of Plan Net Assets**  
**Pension and Other Employee Benefit Trust Funds by Plan**  
**As of June 30, 2010 and 2009 (page 3 of 4)**  
(expressed in thousands)

	Pension Trust			
	LEOFF Plan 2	WSPRS Plan 1/2	JRS	Judges
<b>ASSETS</b>				
<b>Cash and Pooled Investments</b>	\$ 1,544	\$ 861	\$ 296	\$ 2,811
<b>Receivables</b>				
Due from Other Governments	14,276	415	5	-
Member Account Receivable (Net of Allowance)	61	-	-	-
Interest and Dividends	16,205	2,447	1	3
Investment Trades Pending Receivable – Short Term	172,645	26,063	-	-
Due from Pension Funds	36	21	1	-
Due from Other Funds	-	-	-	-
Due from Other Washington State Agencies	2	1	-	3
Other Receivables - Short Term	-	-	-	-
<b>Total Receivables</b>	<u>203,225</u>	<u>28,947</u>	<u>7</u>	<u>6</u>
<b>Capital Assets, Net of Depreciation</b>	<u>13</u>	<u>8</u>	<u>-</u>	<u>-</u>
<b>Investments, Noncurrent</b>				
Equity in CTF	4,967,283	749,882	-	-
Money Market and Other Liquid Investments	109,859	14,890	3,566	-
Other Noncurrent Investments	10	5	2	12
Investments Under Reverse Repurchase Agreements	-	-	-	-
Collateral Held Under Securities Lending Agreements	351,827	53,113	-	-
<b>Total Investments, Noncurrent</b>	<u>5,428,979</u>	<u>817,890</u>	<u>3,568</u>	<u>12</u>
<b>Other Assets</b>	<u>39</u>	<u>22</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>5,633,800</u>	<u>847,728</u>	<u>3,871</u>	<u>2,829</u>
<b>LIABILITIES</b>				
Obligations Under Reverse Repurchase Agreements	-	-	-	-
Obligations Under Security Lending Agreements	351,827	53,113	-	-
Accounts Payable	1,165	179	1	1
Investment Trades Pending Payable – Short Term	198,814	30,014	-	-
Due to Other Governments	9	179	29	2
Due to Pension Funds	120	6	-	-
Due to Other Washington State Agencies	51	13	1	3
Other Short-Term Liabilities	-	-	-	-
Other Long-Term Obligations	38	22	1	-
Accrued Salaries	20	11	-	-
Deferred Revenue	99	-	-	-
<b>TOTAL LIABILITIES</b>	<u>552,143</u>	<u>83,537</u>	<u>32</u>	<u>6</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<u>\$ 5,081,657</u>	<u>\$ 764,191</u>	<u>\$ 3,839</u>	<u>\$ 2,823</u>

The accompanying notes are an integral part of this statement.

**Statement of Plan Net Assets**  
**Pension and Other Employee Benefit Trust Funds by Plan**  
**As of June 30, 2010 and 2009 (page 4 of 4)**  
(expressed in thousands)

	Pension Trust		Totals	
	JRA Defined Contribution	Deferred Compensation	June 30, 2010	June 30, 2009
<b>ASSETS</b>				
<b>Cash and Pooled Investments</b>	\$ 8	\$ 2,865	\$ 32,759	\$ 33,699
<b>Receivables</b>				
Due from Other Governments	–	–	111,751	146,734
Member Account Receivable (Net of Allowance)	–	1,146	2,642	2,824
Interest and Dividends	–	2	168,563	133,841
Investment Trades Pending Receivable – Short Term	–	–	1,795,529	447,728
Due from Pension Funds	–	16	2,944	8,436
Due from Other Funds	–	–	–	18
Due from Other Washington State Agencies	–	–	26	30
Other Receivables – Short Term	–	–	1	–
<b>Total Receivables</b>	–	1,164	2,081,456	739,611
<b>Capital Assets, Net of Depreciation</b>	–	–	461	383
<b>Investments, Noncurrent</b>				
Equity in CTF	–	–	51,660,411	45,847,956
Money Market and Other Liquid Investments	–	–	1,059,401	1,552,061
Other Noncurrent Investments	11,433	2,446,430	4,901,326	4,280,999
Investments Under Reverse Repurchase Agreements	–	–	–	3,246
Collateral Held Under Securities Lending Agreements	–	–	3,659,047	2,908,140
<b>Total Investments, Noncurrent</b>	11,433	2,446,430	61,280,185	54,592,402
<b>Other Assets</b>	–	–	1,387	1,404
<b>TOTAL ASSETS</b>	11,441	2,450,459	63,396,248	55,367,499
<b>LIABILITIES</b>				
Obligations Under Reverse Repurchase Agreements	–	–	–	3,246
Obligations Under Security Lending Agreements	–	–	3,659,047	2,908,140
Accounts Payable	–	7	18,950	14,096
Investment Trades Pending Payable – Short Term	–	–	2,067,689	491,187
Due to Other Governments	–	–	13,170	13,347
Due to Pension Funds	–	16	2,944	8,436
Due to Other Washington State Agencies	–	24	730	439
Other Short-Term Liabilities	–	21	402	2,107
Other Long-Term Obligations	–	–	1,387	1,404
Accrued Salaries	–	45	704	685
Deferred Revenue	–	–	1,087	764
<b>TOTAL LIABILITIES</b>	–	113	5,766,110	3,443,851
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<u>\$ 11,441</u>	<u>\$ 2,450,346</u>	<u>\$ 57,630,138</u>	<u>\$ 51,923,648</u>

The accompanying notes are an integral part of this statement.

**Statement of Changes in Plan Net Assets**  
**Pension and Other Employee Benefit Trust Funds by Plan**  
**For the Years Ended June 30, 2010 and 2009 (page 1 of 4)**  
(expressed in thousands)

	Pension Trust				
	PERS Plan 1	PERS Plan 2/3	PERS Plan 3 Defined Contribution	SERS Plan 2/3	SERS Plan 3 Defined Contribution
<b>ADDITIONS</b>					
<b>Retirement Contributions</b>					
Employer	\$ 154,023	\$ 327,460	\$ —	\$ 62,090	\$ —
Plan Member	33,152	264,231	92,665	20,105	60,328
State	—	—	—	—	—
Plan Member Restorations	7,843	7,319	—	122	—
<b>Total Retirement Contributions</b>	<u>195,018</u>	<u>599,010</u>	<u>92,665</u>	<u>82,317</u>	<u>60,328</u>
<b>Participant Contributions</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Investment Income</b>					
Net Appreciation (Depreciation) in Fair Value of Investments	779,778	1,468,001	115,690	200,936	89,503
Interest	101,125	202,548	10,732	27,511	10,144
Dividends	128,672	258,874	12,302	35,441	12,052
Less: Investment Expenses	<u>(31,337)</u>	<u>(65,432)</u>	<u>(3,893)</u>	<u>(8,968)</u>	<u>(3,410)</u>
<b>Net Income from Investment Activities</b>	<u>978,238</u>	<u>1,863,991</u>	<u>134,831</u>	<u>254,920</u>	<u>108,289</u>
<b>Securities Selling and Lending Income</b>					
Securities Lending Income	3,029	5,982	282	854	276
Less: Costs of Selling and Lending Securities	<u>(907)</u>	<u>(1,819)</u>	<u>(87)</u>	<u>(249)</u>	<u>(85)</u>
<b>Net Securities Lending Income</b>	<u>2,122</u>	<u>4,163</u>	<u>195</u>	<u>605</u>	<u>191</u>
<b>Total Net Investment Income</b>	<u>980,360</u>	<u>1,868,154</u>	<u>135,026</u>	<u>255,525</u>	<u>108,480</u>
<b>Charges For Services</b>	3,657	8,277	197	1,371	193
<b>Transfers from Other Pension Plans</b>	1	11,611	4,926	431	445
<b>Miscellaneous</b>	<u>66</u>	<u>153</u>	<u>—</u>	<u>28</u>	<u>—</u>
<b>TOTAL ADDITIONS</b>	<u>1,179,102</u>	<u>2,487,205</u>	<u>232,814</u>	<u>339,672</u>	<u>169,446</u>
<b>DEDUCTIONS</b>					
Benefits	1,111,386	251,765	—	34,449	—
Refunds of Contributions	4,946	31,425	41,723	2,125	33,916
Annuity Payments	—	—	80	—	91
Transfers to Other Pension Plans	1	5,085	4,926	8,082	416
Transfer to Other Funds	139	322	—	59	—
Administrative Expenses	<u>3,885</u>	<u>8,643</u>	<u>197</u>	<u>1,384</u>	<u>193</u>
<b>TOTAL DEDUCTIONS</b>	<u>1,120,357</u>	<u>297,240</u>	<u>46,926</u>	<u>46,099</u>	<u>34,616</u>
<b>NET INCREASE (DECREASE)</b>	58,745	2,189,965	185,888	293,573	134,830
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>					
<b>Beginning of Year: July 1</b>	<u>7,567,741</u>	<u>14,178,698</u>	<u>1,188,484</u>	<u>1,943,812</u>	<u>918,452</u>
<b>End of Year: June 30</b>	<u>\$ 7,626,486</u>	<u>\$ 16,368,663</u>	<u>\$ 1,374,372</u>	<u>\$ 2,237,385</u>	<u>\$ 1,053,282</u>

The accompanying notes are an integral part of this statement.

**Statement of Changes in Plan Net Assets**  
**Pension and Other Employee Benefit Trust Funds by Plan**  
**For the Years Ended June 30, 2010 and 2009 (page 2 of 4)**  
(expressed in thousands)

	Pension Trust				
	PSERS Plan 2	TRS Plan 1	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1
<b>ADDITIONS</b>					
<b>Retirement Contributions</b>					
Employer	\$ 15,238	\$ 112,731	\$ 164,959	\$ -	\$ 49
Plan Member	15,213	20,930	21,126	254,197	1
State	-	-	-	-	-
Plan Member Restorations	-	3,701	568	-	1,675
<b>Total Retirement Contributions</b>	<u>30,451</u>	<u>137,362</u>	<u>186,653</u>	<u>254,197</u>	<u>1,725</u>
<b>Participant Contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Investment Income</b>					
Net Appreciation (Depreciation) in Fair Value of Investments	5,525	646,234	494,914	366,324	449,181
Interest	941	84,398	67,722	31,814	59,453
Dividends	1,203	107,362	87,549	37,736	75,744
Less: Investment Expenses	<u>(337)</u>	<u>(26,260)</u>	<u>(22,254)</u>	<u>(11,660)</u>	<u>(18,752)</u>
<b>Net Income from Investment Activities</b>	<u>7,332</u>	<u>811,734</u>	<u>627,931</u>	<u>424,214</u>	<u>565,626</u>
<b>Securities Selling and Lending Income</b>					
Securities Lending Income	34	2,527	2,078	865	1,752
Less: Costs of Selling and Lending Securities	<u>(8)</u>	<u>(757)</u>	<u>(613)</u>	<u>(268)</u>	<u>(534)</u>
<b>Net Securities Lending Income</b>	<u>26</u>	<u>1,770</u>	<u>1,465</u>	<u>597</u>	<u>1,218</u>
<b>Total Net Investment Income</b>	<u>7,358</u>	<u>813,504</u>	<u>629,396</u>	<u>424,811</u>	<u>566,844</u>
<b>Charges For Services</b>	44	3,071	3,902	610	2,198
<b>Transfers from Other Pension Plans</b>	32	5	724	598	112
<b>Miscellaneous</b>	<u>1</u>	<u>55</u>	<u>81</u>	<u>-</u>	<u>40</u>
<b>TOTAL ADDITIONS</b>	<u>37,886</u>	<u>953,997</u>	<u>820,756</u>	<u>680,216</u>	<u>570,919</u>
<b>DEDUCTIONS</b>					
Benefits	17	842,562	55,654	-	338,231
Refunds of Contributions	928	1,504	2,868	71,665	14
Annuity Payments	-	16,688	-	257	-
Transfers to Other Pension Plans	-	1	198	1,084	-
Transfer to Other Funds	2	117	171	-	83
Administrative Expenses	<u>50</u>	<u>3,125</u>	<u>3,932</u>	<u>610</u>	<u>2,146</u>
<b>TOTAL DEDUCTIONS</b>	<u>997</u>	<u>863,997</u>	<u>62,823</u>	<u>73,616</u>	<u>340,474</u>
<b>NET INCREASE (DECREASE)</b>	<u>36,889</u>	<u>90,000</u>	<u>757,933</u>	<u>606,600</u>	<u>230,445</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>					
<b>Beginning of Year: July 1</b>	<u>55,757</u>	<u>6,314,061</u>	<u>4,789,348</u>	<u>3,418,707</u>	<u>4,355,913</u>
<b>End of Year: June 30</b>	<u>\$ 92,646</u>	<u>\$ 6,404,061</u>	<u>\$ 5,547,281</u>	<u>\$ 4,025,307</u>	<u>\$ 4,586,358</u>

The accompanying notes are an integral part of this statement.

**Statement of Changes in Plan Net Assets**  
**Pension and Other Employee Benefit Trust Funds by Plan**  
**For the Years Ended June 30, 2010 and 2009 (page 3 of 4)**  
(expressed in thousands)

	Pension Trust			
	LEOFF Plan 2	WSPRS Plan 1/2	JRS	Judges
<b>ADDITIONS</b>				
<b>Retirement Contributions</b>				
Employer	\$ 76,998	\$ 5,271	\$ 79	\$ –
Plan Member	128,154	4,173	79	–
State	51,376	–	11,570	–
Plan Member Restorations	4,969	1,026	–	–
<b>Total Retirement Contributions</b>	<u>261,497</u>	<u>10,470</u>	<u>11,728</u>	<u>–</u>
<b>Participant Contributions</b>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Investment Income</b>				
Net Appreciation (Depreciation) in Fair Value of Investments	445,838	72,119	(3)	(14)
Interest	62,231	9,711	10	3
Dividends	79,421	12,382	–	–
Less: Investment Expenses	<u>(20,257)</u>	<u>(3,085)</u>	<u>(4)</u>	<u>–</u>
<b>Net Income from Investment Activities</b>	<u>567,233</u>	<u>91,127</u>	<u>3</u>	<u>(11)</u>
<b>Securities Selling and Lending Income:</b>				
Securities Lending Income	1,844	295	8	59
Less: Costs of Selling and Lending Securities	<u>(559)</u>	<u>(87)</u>	<u>–</u>	<u>–</u>
<b>Net Securities Lending Income</b>	<u>1,285</u>	<u>208</u>	<u>8</u>	<u>59</u>
<b>Total Net Investment Income</b>	<u>568,518</u>	<u>91,335</u>	<u>11</u>	<u>48</u>
<b>Charges For Services</b>	2,434	366	2	1
<b>Transfers from Other Pension Plans</b>	1,010	10	–	–
<b>Miscellaneous</b>	44	7	–	–
<b>TOTAL ADDITIONS</b>	<u>833,503</u>	<u>102,188</u>	<u>11,741</u>	<u>49</u>
<b>DEDUCTIONS</b>				
Benefits	46,158	36,116	9,723	500
Refunds of Contributions	10,947	127	–	–
Annuity Payments	–	–	–	–
Transfers to Other Pension Plans	112	–	–	–
Transfer to Other Funds	93	14	–	–
Administrative Expenses	3,416	364	2	1
<b>TOTAL DEDUCTIONS</b>	<u>60,726</u>	<u>36,621</u>	<u>9,725</u>	<u>501</u>
<b>NET INCREASE (DECREASE)</b>	<u>772,777</u>	<u>65,567</u>	<u>2,016</u>	<u>(452)</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>				
<b>Beginning of Year: July 1</b>	<u>4,308,880</u>	<u>698,624</u>	<u>1,823</u>	<u>3,275</u>
<b>End of Year: June 30</b>	<u>\$ 5,081,657</u>	<u>\$ 764,191</u>	<u>\$ 3,839</u>	<u>\$ 2,823</u>

The accompanying notes are an integral part of this statement.

**Statement of Changes in Plan Net Assets**  
**Pension and Other Employee Benefit Trust Funds by Plan**  
For the Years Ended June 30, 2010 and 2009 (page 4 of 4)  
(expressed in thousands)

	Pension Trust		Totals	
	JRA Defined Contribution	Deferred Compensation	June 30, 2010	June 30, 2009
<b>ADDITIONS</b>				
<b>Retirement Contributions</b>				
Employer	\$ 43	\$ —	\$ 918,941	\$ 1,267,254
Plan Member	43	—	914,397	1,025,752
State	—	—	62,946	61,337
Plan Member Restorations	—	—	27,223	20,153
<b>Total Retirement Contributions</b>	<u>86</u>	<u>—</u>	<u>1,923,507</u>	<u>2,374,496</u>
<b>Participant Contributions</b>	<u>—</u>	<u>185,120</u>	<u>185,120</u>	<u>184,544</u>
<b>Investment Income</b>				
Net Appreciation (Depreciation) in Fair Value of Investments	773	162,186	5,296,985	(15,670,077)
Interest	208	37,551	706,102	365,041
Dividends	25	7,845	856,608	676,072
Less: Investment Expenses	<u>(21)</u>	<u>(4,543)</u>	<u>(220,213)</u>	<u>(282,972)</u>
<b>Net Income from Investment Activities</b>	<u>985</u>	<u>203,039</u>	<u>6,639,482</u>	<u>(14,911,936)</u>
<b>Securities Selling and Lending Income:</b>				
Securities Lending Income	—	36	19,921	78,868
Less: Costs of Selling and Lending Securities	<u>—</u>	<u>—</u>	<u>(5,973)</u>	<u>(36,886)</u>
<b>Net Securities Lending Income</b>	<u>—</u>	<u>36</u>	<u>13,948</u>	<u>41,982</u>
<b>Total Net Investment Income</b>	<u>985</u>	<u>203,075</u>	<u>6,653,430</u>	<u>(14,869,954)</u>
<b>Charges For Services</b>	<u>—</u>	<u>1,780</u>	<u>28,103</u>	<u>27,663</u>
<b>Transfers from Other Pension Plans</b>	<u>—</u>	<u>—</u>	<u>19,905</u>	<u>8,590</u>
<b>Miscellaneous</b>	<u>3</u>	<u>1,145</u>	<u>1,623</u>	<u>762</u>
<b>TOTAL ADDITIONS</b>	<u>1,074</u>	<u>391,120</u>	<u>8,811,688</u>	<u>(12,273,899)</u>
<b>DEDUCTIONS</b>				
Benefits	389	—	2,726,950	2,579,277
Refunds of Contributions	1	108,578	310,767	310,241
Annuity Payments	—	—	17,116	31,296
Transfers to Other Pension Plans	—	—	19,905	8,590
Transfer to Other Funds	—	—	1,000	11,218
Administrative Expenses	<u>—</u>	<u>1,512</u>	<u>29,460</u>	<u>29,359</u>
<b>TOTAL DEDUCTIONS</b>	<u>390</u>	<u>110,090</u>	<u>3,105,198</u>	<u>2,969,981</u>
<b>NET INCREASE (DECREASE)</b>	<u>684</u>	<u>281,030</u>	<u>5,706,490</u>	<u>(15,243,880)</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>				
<b>Beginning of Year: July 1</b>	<u>10,757</u>	<u>2,169,316</u>	<u>51,923,648</u>	<u>67,167,528</u>
<b>End of Year: June 30</b>	<u>\$ 11,441</u>	<u>\$ 2,450,346</u>	<u>\$ 57,630,138</u>	<u>\$ 51,923,648</u>

The accompanying notes are an integral part of this statement.

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2010

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

#### A. Reporting Entity

The Department of Retirement Systems (DRS) is a part of the primary government of the state of Washington. The Governmental Accounting Standards Board has developed criteria relating to elements of financial accountability to be used to determine the reporting entity. Financial accountability is manifest when the primary government appoints a voting majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. An organization is fiscally dependent if it is unable to determine its budget without another government having the substantive authority to approve or modify that budget, or to set rates or charges without substantive approval by another government. Based on this criteria, DRS is considered part of the state of Washington financial reporting entity and is included in the state's comprehensive annual financial report as the administrator of the pension trust funds.

The state of Washington's Comprehensive Annual Financial Report may be obtained from the Washington State Office of Financial Management's website at:

*<http://www.ofm.wa.gov/cafr/default.asp>*

The state of Washington, through DRS, administers eight retirement systems for public employees of the state and political subdivisions: the Public Employees' Retirement System, the School Employees' Retirement System, the Public Safety Employees' Retirement System, the Teachers' Retirement

System, the Law Enforcement Officers' and Fire Fighters' Retirement System, the Washington State Patrol Retirement System, the Judicial Retirement System, and the Judges' Retirement Fund. The Director of DRS is appointed by the Governor. The state Legislature establishes laws pertaining to the creation and administration of all public retirement systems. The members of the public retirement systems together with their employers and the state provide funding for all costs of the systems based upon actuarial valuations. The state establishes benefit levels and approves the actuarial assumptions used in determining contribution levels. Based upon these criteria, DRS views itself as part of the state of Washington's primary government.

#### B. Basic Financial Statements

The financial statements provided in this report are fiduciary statements.

Fiduciary funds report assets held for others in a trustee or agency capacity and therefore, cannot be used to support the government's own programs. DRS' fiduciary funds are the retirement pension trust funds. The statements presented for these funds include a Statement of Plan Net Assets and a Statement of Changes in Plan Net Assets. The statements provide a separate column for each plan administered by DRS. The Statement of Plan Net Assets includes information about the assets, liabilities, and net assets for each plan. The Statement of Changes in Plan Net Assets includes information about the additions to, deductions from, and net increase (or decrease) in net assets for each plan for the year.

#### C. Measurement Focus and Basis of Accounting

DRS' financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). The retirement plans are accounted for in pension trust funds using the flow of economic resources measurement focus

and the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are due. 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.

The deferred compensation plan is accounted for in a pension trust fund using the flow of economic resources measurement focus and the accrual basis of accounting. Participant contributions are recognized as revenues in the period in which the contributions are due. Refunds are recognized when due and payable in accordance with the terms of the plan. DRS maintains an administrative fund to account for the administrative revenues and operating expenditures incurred in administering the deferred compensation plan. Since these costs are incurred in the administration of the deferred compensation plan, they have been reported within the deferred compensation plan.

#### **D. Method Used to Value Investments**

Investments are reported at fair value. Unrealized gains and losses are included as investment earnings in the statement of changes in net assets. The net assets of the Retirement Funds are valued on a monthly basis using the following sources:

*Publicly Traded Securities* (corporate stock, commingled funds, and fixed income): Fair values are based on published market prices, quotations from national security exchanges and security pricing services as of each month end closing of the New York Stock Exchange.

*Limited Partnerships*: The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value (such as private equity, real estate, innovation and tangible assets) has been determined by management based on the individual investment's capital account balance, reported at fair value by the general partner, at the closest available reporting period, adjusted for subsequent contributions, distributions, management fees,

and changes in value of foreign currency and published market prices for certain securities. The June 30, 2010 values reported in the accompanying financial statements are the capital account balances at March 31, 2010, adjusted for subsequent cash flows through June 30, 2010.

The limited partnerships' annual financial statements are audited by independent auditors. These investments are valued at \$21.6 billion as of June 30, 2010. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near-term.

*Private Equity Limited Partnerships*: The fair value of individual capital account balances is based on the valuations reported by private equity partnerships using the following methodologies to value the underlying portfolio companies:

- Valuations of publicly traded portfolio companies are based on active exchanges using quoted market prices as of the close of trading for each month end.
- When a portfolio company investment does not have a readily available market price, but has a return that is determined by reference to an asset for which a market price is readily available, valuations are based on the closing market price of the reference asset on the valuation date, adjusted for factors that affect the fair value of the investment held.
- When the portfolio company investments are private holdings and are not traded on active security exchanges, valuation methodologies used consist primarily of income and market approaches. The income approach involves a discounted cash flow analysis based on a portfolio company's projections. The market approach involves valuing a company at a multiple of a specified financial measure (generally EBITDA) based on multiples at which comparable companies trade.

*Real Estate Limited Partnerships:* Real estate partnerships provide the Washington State Investment Board (WSIB) management with quarterly valuations based on the most recent capital account balances. Individual properties are valued by the partnerships at least annually, and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are generally externally valued every one to five years, depending upon the partnership. Structured finance investments receive quarterly value adjustments by the partners, generally applying the assumption that all such positions will be held to maturity. Annual audits of most partnerships include a review of compliance with the company's valuation policies.

### E. Revenue Recognition

Interest and dividend income is recognized when earned. Capital gains and losses are recognized on a trade-date basis. Purchases and sales of investments are also recorded on a trade-date basis.

### F. Allocation

DRS maintains an administrative fund to account for the administrative additions and deductions incurred in administering the pension plans (excluding any fees incurred while protecting the pension plans). All additions received are based on a legislatively approved percent of employer contributions. These additions and deductions have been allocated to the pension plans based on asset balance.

DRS maintains a general capital assets fund to account for the capital assets used in administering the pension plans. These capital assets have been allocated to the pension plans based on asset balance. DRS also maintains a general long-term obligation fund to account for accumulated compensated absences incurred in administering the pension plans. These general long-term obligations have also been allocated to the pension plans based on asset balance.

### G. Deposits, Investments, and Securities Lending

**Deposits:** DRS' deposits are managed by the Office of the State Treasurer (OST) and consist of securities issued by AAA rated issuers or deposits in financial institutions partially insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by the Washington Public Deposit Protection Commission (PDPC) up to statute limitations. The PDPC constitutes a multiple financial institution collateral pool. Pledged securities under the PDPC collateral pool are held by the PDPC's agent in the name of the collateral pool. State law (chapter 43.84.080 RCW) specifies that whenever there is a fund or cash balance in the state treasury more than sufficient to meet the current expenditures properly payable therefrom, the OST may invest or reinvest such portion of such funds or balances as the OST deems expedient. Statute authorizes the OST to buy and sell the following types of instruments: U.S. Government and Agency securities, bankers' acceptances, commercial paper and deposits with qualified public depositories. Securities underlying repurchase and reverse repurchase agreements are limited to those stated above. DRS receives its proportionate share of investment earnings from surplus balances in the state treasury based upon its daily balance for the period. DRS' deposits are separately displayed on the Statement of Plan Net Assets as cash and pooled investments.

**Deposits – Custodial Credit Risk:** Custodial credit risk is the risk that deposits may not be returned to a depositor in the event of the failure of a financial institution. The OST minimizes custodial credit risk by restrictions set forth in state law. Statutes restrict the OST to deposit funds in financial institutions that are physically located in Washington unless otherwise expressly permitted by statute and authorized by the PDPC. As of June 30, 2010, the carrying amount of DRS' cash and pooled investment deposits is \$32.8 million, all of which are insured or collateralized.

**Investments:** The WSIB has been authorized by statute as having the investment management

responsibility for Retirement and Deferred Compensation Funds. The WSIB is authorized to invest as provided by statute (chapter 43.33A RCW) and WSIB policy. The WSIB is authorized and invests in the following: U.S. Treasury Bills; discount notes; repurchase agreements; reverse repurchase agreements; bankers' acceptances; commercial paper; guaranteed investment contracts; U.S. Government and Agency (government sponsored corporations eligible for collateral purposes at the Federal Reserve) securities; non-U.S. dollar bonds; investment grade corporate bonds; non-investment grade corporate bonds; publicly traded mortgage-backed securities; privately placed mortgages; private placements of corporate debt; U.S. and foreign common stock; U.S. preferred stock; convertible securities; private equity including but not limited to: investment corporations, partnerships, and limited liability companies for venture capital, leveraged buy-outs, real estate and other tangible assets, or other forms of private equity; asset backed securities; and derivative securities including futures, options, options on futures, forward contracts, and swap transactions.

There were no violations of these investment restrictions during Fiscal Year 2010.

**Investments – Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The WSIB does not have a formal policy regarding interest rate risk. Effective duration is the measure of a debt investment's exposure to fair value changes arising from changes in interest rates. Effective duration uses the present value of cash flows, weighted for those flows as a percentage of the investments' full price. Increases in prevailing interest rates generally translate into decreases in the fair values of those investments, and decreases in interest rates result in increases in valuations. The Retirement Funds' fixed income investments are to be actively managed to exceed the return of the Barclays Capital Universal Index with a duration that is not twenty percent higher or lower than the duration of the index. As of June 30, 2010 the Retirement Funds' durations of the various fixed income classes were within the duration targets of this index.

The schedule on page 38 provides information about the interest rate risks associated with the Retirement Trust Funds' categorized investments in the Commingled Trust Fund (CTF) as of June 30, 2010. The schedule displays various asset classes held by maturity in years, effective durations, and credit ratings. Residential mortgage backed, commercial mortgage backed, and asset backed securities are reported using the average life within the portfolio. The average life is a calculated estimate of the average time (in years) until maturity for these securities, taking into account possible prepayments of principal. All other categorized securities on this schedule are reported using the stated maturity date.

**Investments – Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The WSIB does not have a formal policy regarding credit risk but mitigates said risk through active management and credit analysis. The Retirement Funds' rated debt investments as of June 30, 2010, were rated by Moody's and/or an equivalent national rating organization. Credit ratings for the Retirement Funds' rated debt investments as of June 30, 2010 are presented in the schedule on page 38. Investment types with multiple credit ratings are presented in the schedule on page 39.

**Investments – Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The WSIB's policy states that no corporate fixed income issue shall exceed three percent of cost at the time of purchase or six percent of fair value of the fund thereafter, and that no high yield issues shall exceed one percent of cost or two percent of the fair value of the fund. There was no concentration of credit risk exceeding these policy guidelines as of June 30, 2010. Additionally, no single investment (other than any issued or explicitly guaranteed by the U.S. government, or involving mutual funds or investment pools) comprised more than five percent of DRS' net investments at the end of Fiscal Year 2010.

## Investment Maturities

As of June 30, 2010

(expressed in thousands)

Investment Type	Total Fair Value	Maturity				Effective Duration	Credit Rating
		Less than one year	1-5 years	6-10 years	More than 10 years		
Asset Backed Securities	\$ 187,958	\$ 19,097	\$ 154,759	\$ 7,482	\$ 6,620	0.08	Multiple
Residential Mortgage Backed Securities	2,868,358	359,965	2,496,170	12,223	–	1.56	Multiple
Commercial Mortgage Backed Securities	477,176	60,222	415,931	1,023	–	3.43	Multiple
Corporate Bonds Domestic (USD)	1,620,378	15,057	449,735	980,665	174,921	5.92	Multiple
Corporate Bonds Foreign (USD)	4,395,031	103,576	977,338	2,633,030	681,087	4.78	Multiple
Corporate Bonds Foreign (Non USD)	664,991	–	242,178	306,350	116,463	6.27	Multiple
US Government Treasuries	672,325	24	672,301	–	–	1.43	AAA
Treasury Inflation Protected Securities (TIPS)	845,280	–	845,280	–	–	0.94	AAA
<b>Total Categorized Investments</b>	<b>\$11,731,497</b>	<b>\$557,941</b>	<b>\$6,253,692</b>	<b>\$3,940,773</b>	<b>\$979,091</b>		
<b>Investments Not Required to be Categorized Under GASB Statement No. 3:</b>							
Commingled Equity Index Funds	10,180,967						
Corporate Stock– US Dollar Denominated	657,789						
Corporate Stock – Non US Dollar Denominated	7,486,864						
Alternative Investments	21,603,515						
Liquidity	1,059,401						
<b>Total Investments Not Categorized</b>	<b>\$40,988,536</b>						
<b>DCP and Defined Contribution – SELF Plan Assets:</b>							
Mutual Funds							
Domestic Equity– Active	1,408,715						
Domestic Equity– Passive	1,166,339						
Non–U.S. Passive Developed	330,310						
Washington State Bond Fund	548,853						
Guaranteed Investment Contracts	964,710						
Life Annuity	4						
Money Market Mutual Funds	482,174						
<b>Total DCP and Defined Contribution – SELF Plan Assets</b>	<b>4,901,105</b>						
Securities Under Lending Agreements	3,659,047						
<b>Total Investments Non Current – 6/30/2010</b>	<b>\$61,280,185</b>						

## Investments with Multiple Credit Ratings

As of June 30, 2010

(expressed in thousands)

Investment Type	Total Fair Value	Moody's Equivalent Credit Rating									Baa3 & Other
		Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	
Asset Backed Securities	\$ 187,958	\$ 146,259	\$ -	\$ 530	\$ 6,962	\$ -	\$ -	\$ -	\$ 3,109	\$ -	\$ 31,098
Residential Mortgage Backed Securities	2,868,357	2,810,131	3,988	8,058	3,526	2,858	-	-	4,571	2,727	32,498
Commercial Mortgage Backed Securities	477,177	384,854	-	51,911	40,412	-	-	-	-	-	-
Corporate Bonds Domestic (USD)	1,620,378	101,810	-	-	142,816	112,268	225,684	70,851	388,670	366,668	211,611
Corporate Bonds Foreign (USD)	4,395,031	27,280	-	186,124	252,147	490,984	163,614	363,547	418,864	849,586	1,642,885
Corporate Bonds Foreign (Non USD)	664,991	509,892	-	-	-	-	786	29,145	-	26,771	98,397
US Government Treasuries	672,325	672,325	-	-	-	-	-	-	-	-	-
Treasury Inflation Protected Securities (TIPS)	845,280	845,280	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$11,731,497</b>	<b>\$ 5,497,831</b>	<b>\$ 3,988</b>	<b>\$ 246,623</b>	<b>\$ 445,863</b>	<b>\$ 606,110</b>	<b>\$ 390,084</b>	<b>\$ 463,543</b>	<b>\$ 815,214</b>	<b>\$ 1,245,752</b>	<b>\$ 2,016,489</b>

**Investments – Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of failure of the counterparty, the WSIB would not be able to recover the value of the investments that are in the possession of an outside counterparty. The WSIB has no formal policy regarding custodial credit risk.

**Investments – Foreign Currency Risk:** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The WSIB does not have a formal policy to limit the Retirement Funds' foreign currency risk.

The WSIB manages its exposure to fair value loss by requiring its international securities investment managers to maintain diversified portfolios by sector and by issuer to limit foreign currency and security risk. The Retirement Funds' exposure to foreign currency risk as of June 30, 2010, is presented in the schedule on page 40. The schedule, stated in U.S. dollars, provides information on deposits and investments held in various foreign currencies.

**Foreign Currency Risk**  
**As of June 30, 2010**  
(expressed in thousands)

<b>Investment Type in U.S. Dollar Equivalent</b>								
<b>Foreign Currency Denomination</b>	<b>Currency</b>	<b>Fixed Income</b>	<b>Common Stock</b>	<b>Commingled Index Funds</b>	<b>Private Equity</b>	<b>Real Estate</b>	<b>Total</b>	<b>Percent of Total Foreign Investments</b>
Australia-Dollar	\$ 4,367	\$ 372,488	\$ 364,835	\$ -	\$ -	\$ 18,240	\$ 759,930	3.4%
Brazil-Real	398	133,766	100,189	-	-	-	234,353	1.0%
Canada-Dollar	1,854	-	452,563	-	-	-	454,417	2.0%
Denmark-Krone	347	-	81,790	-	-	-	82,137	0.4%
E.M.U.-Euro	40,914	-	2,001,793	-	1,571,326	120,247	3,734,280	16.5%
Hong Kong-Dollar	1,162	-	331,814	-	-	-	332,976	1.5%
India-Rupee	1,146	-	80,994	-	-	-	82,140	0.4%
Indonesia-Rupiah	4	26,008	36,768	-	-	-	62,780	0.3%
Japan-Yen	11,028	-	1,299,291	-	-	-	1,310,319	5.8%
Mexico-Peso	337	29,145	36,395	-	-	-	65,877	0.3%
Norway-Krone	1,166	43,146	71,942	-	-	-	116,254	0.5%
Poland-Zloty	503	-	18,256	-	-	-	18,759	0.1%
Singapore-Dollar	412	-	111,295	-	-	-	111,707	0.5%
South Africa-Rand	113	-	97,116	-	-	-	97,229	0.4%
South Korea-Won	391	-	116,200	-	-	-	116,591	0.5%
Sweden-Krona	847	-	184,072	-	692	-	185,611	0.8%
Switzerland-Franc	3,174	-	504,775	-	-	-	507,949	2.3%
Taiwanese-Dollar	11,506	-	105,922	-	-	-	117,428	0.5%
Turkey-Lira	265	48,913	94,681	-	-	-	143,859	0.6%
United Kingdom - Pound	3,548	786	1,271,132	-	9,464	-	1,284,930	5.7%
Other - Miscellaneous	1,419	10,739	125,040	-	-	-	137,198	0.6%
<b>Total Foreign Investments (in Foreign Currency)</b>	<b>84,901</b>	<b>664,991</b>	<b>7,486,863</b>	<b>-</b>	<b>1,581,482</b>	<b>138,487</b>	<b>9,956,724</b>	<b>44.1%</b>
<b>Foreign Investments (in U.S. Dollars)</b>	<b>-</b>	<b>4,395,032</b>	<b>357,385</b>	<b>2,568,058</b>	<b>2,855,047</b>	<b>2,437,524</b>	<b>12,613,046</b>	<b>55.9%</b>
<b>Total Foreign Investments</b>	<b>\$84,901</b>	<b>\$5,060,023</b>	<b>\$7,844,248</b>	<b>\$2,568,058</b>	<b>\$4,436,529</b>	<b>\$2,576,011</b>	<b>\$22,569,770</b>	<b>100.0%</b>

Source: Washington State Investment Board

**Securities Lending:** Securities lending management responsibilities as authorized by statute are as follows:

**WSIB**—Washington State law and WSIB policy permit the WSIB to participate in securities lending transactions to augment the investment income of the Retirement Funds. The WSIB has entered into an agreement with JP Morgan (JPM) to act as agent for the WSIB in securities lending transactions. As JPM is the custodian bank for the WSIB, it is a counterparty to these transactions.

In accordance with GASB Statement No. 28, the Retirement Funds report securities lent (the underlying securities) as assets in the Statement of Plan Net Assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are also reported as assets if the WSIB has the ability to pledge or sell them without a borrower default. Liabilities resulting from these transactions are reported in the Statement of Plan Net Assets. Securities lending transactions collateralized by securities that the WSIB does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities.

Securities (consisting of fixed income and equities) were loaned and collateralized by the WSIB's agent with cash and U.S. government securities (exclusive of mortgage backed securities and letters of credit), and irrevocable letters of credit. When the loaned securities had collateral denominated in the same currency, the collateral requirement was 102% of the fair value, including accrued interest, of the securities loaned. All other securities were required to be collateralized at 105% of the fair value, including accrued interest, of the loaned securities.

**Credit Risk:** The WSIB mitigates credit risk in securities lending with a policy that strictly limits the types of collateral that may be used to secure these transactions.

**Custodial Credit Risk:** At June 30, 2010, the fair value of securities on loan was \$3,851.2 million. The corresponding collateral held totalled \$3,962.1 million. At year-end, since the amounts that the Retirement Funds owed the borrowers exceeded the amounts the borrowers owed the Retirement Funds, there was no credit risk exposure.

During Fiscal Year 2010, securities lending transactions could be terminated on demand by either the WSIB or the borrower. The weighted average maturity of loans for Fiscal Year 2010 was 2.2 days.

Cash collateral was invested by the WSIB's agents in the WSIB's separately managed short term investment pool (average final maturity of 30 days). Because the securities lending agreements were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. Non-cash collateral could not be pledged or sold absent borrower default. Accordingly, non-cash collateral held under securities lending contracts with a value of \$303.0 million has not been included in the Statement of Plan Net Assets. There are no restrictions on the amount of securities that can be lent.

Securities were lent with the agreement that they would be returned in the future for exchange of the collateral. JPM indemnified the WSIB by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return the loaned securities or pay distributions thereon. JPM's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

During Fiscal Year 2010, there were no significant violations of legal or contractual provisions nor failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the Retirement Funds incurred no losses during Fiscal Year 2010

resulting from a default by either the borrowers or the securities lending agents.

**OST**—Statute authorizes the OST to buy and sell the following types of instruments: U.S. Government and Agency securities, bankers' acceptances, commercial paper, and deposits with qualified public depositories. Securities underlying repurchase and reverse repurchase agreements are limited to those stated above.

The OST has statutory authority to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The OST contracted with a third party securities lending agent, Union Bank (UB), to lend the U.S. Government and Agency securities portfolio. The agent lends securities for collateral in the form of cash or other securities at 102 percent of the loaned securities value. The collateral for the loans is maintained at 102 percent. On June 30, 2010, there were no repurchase agreements outstanding.

State law also permits OST to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers margin against a decline in the fair value of the securities. If the dealers default on their obligations to resell these securities to the OST or provide securities or cash of equal value, the Retirement Funds would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. The OST generally does not match maturities. Securities purchased from proceeds of reverse repurchase agreements are not used to liquidate the agreements. During Fiscal Year 2010, the OST incurred no losses by default, nor recovered prior period losses, from these transactions. At June 30, 2010, there were no obligations under reverse repurchase agreements.

**Credit Risk:** The OST limits its credit risk with an investment policy that restricts the types of investments in which the OST can participate. Additionally, the OST investment policy requires that any securities on loan be made available by the lending agent for next day liquidity at the option of the OST. The contract with the agent requires it to indemnify the OST if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or if the borrower fails to pay OST for income distributions by the securities' issuers while the securities are on loan.

All securities loans can be terminated on demand by either the OST or the borrower. Cash collateral is invested in accordance with the investment guidelines approved by the OST. The OST cannot pledge or sell collateral securities received unless the borrower defaults. Generally, the maturity of the securities on loan is matched with the term of the investment of the cash collateral. The OST did not participate in securities lending transactions during Fiscal Year 2010. As a result, on June 30, 2010, the OST had no securities on loan.

**Custodial Credit Risk:** The OST investment policy requires that securities purchased be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities accepted as collateral for repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the OST's exposure to risk and ensure the safety of the investment.

During Fiscal Year 2010, there were no violations of legal or contractual provisions nor any losses resulting from a default by either the borrowers or the securities lending agent.

**Derivatives:** Derivative management responsibilities as authorized by statute are as follows:

**WSIB** – is authorized to utilize various derivative financial instruments, including mortgage-backed securities, financial futures, forward contracts,

interest rate swaps, credit default swaps, equity swaps and options. Derivative transactions involve, to varying degrees, market and credit risk. In connection with the international and domestic active equity strategy, at June 30, 2010, the Retirement Funds held investments in financial futures, forward currency contracts and other derivative securities that are recorded at fair value with changes in value recognized in investment income in the Statement of Changes in Plan Net Assets in the period of change.

Derivatives are generally used to achieve the desired market exposure of a security, index or currency, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. Derivative contracts are instruments that derive their value from underlying assets, indices, reference interest rates, or a combination of these factors. A derivative instrument could be a contract negotiated on behalf of the Retirement Funds and a specific counterparty. This would typically be referred to as an “over the counter (OTC) contract” such as forward contracts and to be announced (TBA) securities. Alternatively, a derivative instrument, such as futures, could be listed and traded on an exchange and referred to as “exchange traded”.

Inherent in the use of OTC derivatives, the Retirement Funds are exposed to counterparty credit risk on all open OTC positions. Counterparty credit risk is the risk that a derivative counterparty may fail to meet its payment obligation under the derivative contract. As of June 30, 2010, the Retirement Funds’ counterparty risk was not deemed to be significant, whether evaluating counterparty exposure outright or netting collateral against net assets positions on contracts with each counterparty.

Mortgage TBAs are used to achieve the desired market exposure of a security or asset class or adjust portfolio duration. A TBA is a contract for the purchase or sale of agency mortgage-backed securities to be delivered at a future agreed-upon date. TBAs carry future settlement risk due to the possibility of not receiving the asset or associated gains specified in the

contract. Such loss upon failure by counterparties to deliver under contracts would not be material at June 30, 2010. The fair value of TBA derivatives is included in residential mortgage-backed securities on page 40.

Futures contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. The exchange assumes the risk that the counterparty will not pay and generally requires margin payments to minimize such risk. Futures are generally used to achieve the desired market exposure of a security or index or rebalance the total portfolio.

Forward currency contracts are agreements to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. These forward commitments are not standardized and carry credit risk due to the possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in U.S. dollars at the time the contract was opened; however, the likelihood of such loss is remote. At June 30, 2010, the Retirement Funds had outstanding forward currency contracts to purchase foreign currencies with a fair value of \$1,631.0 million and outstanding contracts to sell foreign currencies with a fair value of \$1,629.2 million included within the Investment Trades Pending payable and receivable categories in the accompanying Statement of Plan Net Assets. The net unrealized loss of \$1.79 million is included within the Net Appreciation (Depreciation) in Fair Value of Investments category in the accompanying Statement of Changes in Plan Net Assets. The contracts have varying maturity dates ranging from July 1, 2010 to November 10, 2010.

At June 30, 2010, the Retirement Funds’ fixed income portfolio held derivative securities consisting of collateralized mortgage obligations of \$1,077.9

million. Domestic and foreign passive equity index fund managers may also utilize various derivative securities to manage exposure to risk and increase portfolio returns. Information on the extent of use and holdings of derivative securities by passive equity index fund managers is unavailable.

Derivatives which are exchange traded are not subject to credit risk. The maximum loss that would be recognized at June 30, 2010, if all counterparties fail to perform as contracted is \$1.81 million of unrealized gain on TBA securities. This maximum exposure is reduced by \$1.79 million of unrealized losses (recorded as liabilities) on forward currency contracts, resulting in *de minimis* exposure to credit risk. At June 30, 2010, the counterparties' credit ratings for forward currency contracts that are subject to credit risk had a credit rating of no less than A2 using the Moody's rating scale.

The following schedule presents the significant terms for derivatives held as investments by WSIB:

	Changes in Fair Value	Fair Value at June 30, 2010	
	Amount	Amount	Notional
<i>(expressed in thousands)</i>			
<b>Futures Contracts:</b>			
Bond Index Futures	\$ 4,941	\$ 4,941	\$ 4
Equity Index Futures	19,221	(1,986)	3
<b>Total</b>	<b>\$ 24,162</b>	<b>\$ 2,955</b>	<b>\$ 7</b>
<b>To Be Announced Securities:</b>			
FNMA TBA	\$ 1,806	\$ 256,535	\$ 241,435
<b>Forward Currency Contracts:</b>			
Australian Dollar	\$ 2,172	\$ 1,787	\$ 61,489
Canadian Dollar	5,343	(1,024)	133,220
Czech Koruna	360	(29)	(179,083)
Danish Krone	(56)	(44)	(35,631)
Euro	(2,606)	(2,299)	(70,079)
Hong Kong Dollar	(53)	(54)	(294,107)
Hungarian Forint	673	408	(918,266)
Israeli Shekel	-	-	1,278
Japanese Yen	(477)	2,806	6,731,286
Mexican Peso	-	-	(2,317)
New Zealand Dollar	117	(1)	(2)
Norwegian Krone	21	20	(87,081)
Polish Zloty	2,237	478	(17,888)
Pound Sterling	(553)	(1,001)	19,852
Singapore Dollar	4	1	(2,184)
South African Rand	(94)	(89)	(16,324)
Swedish Krona	(3,083)	(2,600)	(441,811)
Swiss Franc	34	(149)	(3,227)
Thai Baht	-	-	-
US Dollar	-	-	(60,557)
<b>Total</b>	<b>\$ 4,039</b>	<b>\$ (1,790)</b>	<b>\$ 4,818,568</b>

Certain investment types in DRS' portfolio cannot be categorized within the guidelines established by GASB Statement Number 3. These investments total approximately \$49.5 billion in both carrying value and fair value.

**OST** – The OST did not engage in derivative transactions during Fiscal Year 2010.

**Management Fees:** The fees paid by the WSIB are accounted for as a reduction of investment income to the trust funds. These fees include investment management fees and commissions, investment

consultant fees and legal fees. As of June 30, 2010, total investment management fees were \$226.2 million. For a detailed disclosure, refer to the Schedule of Investment Expenses in the Supporting Schedules of the Financial Section of this report.

**Unfunded Commitments:** The WSIB has entered into agreements that commit the DRS pension funds, upon request, to make additional investment purchases up to a predetermined amount. As of June 30, 2010, the Retirement Funds had the following unfunded investment commitments in millions of dollars:

Private Equity Partnerships	\$7,571.8
Real Estate	\$7,369.4
Tangible Assets	\$480.8

## H. Reserves

**Member Reserves:** The member reserves reflect the total liability for all contributions made by members. These reserves are increased by employee contributions and interest earnings and are decreased by contributions refunded and contributions transferred to the benefit reserves for current year retirees. The member reserves are considered fully funded.

Because the PERS Plan 3, SERS Plan 3 and TRS Plan 3 defined contribution plans each offer two separate investment programs to members, DRS is required to maintain two separate member reserves for each defined contribution plan. The “PERS Plan 3—WSIB,” “SERS Plan 3—WSIB” and “TRS Plan 3—WSIB” reserves account for members who participate in the investment programs offered by the Washington State Investment Board (WSIB). The “PERS Plan 3—SELF,” “SERS Plan 3—SELF” and “TRS Plan 3—SELF” reserves account for members who participate in the self-directed investment offerings previously established by the Employee Retirement Benefits Board (ERBB).

Member reserves as of June 30, 2010 and 2009 are as follows:

	June 30, 2010	June 30, 2009
(expressed in thousands)		
PERS Plan 1	\$ 1,042,297	\$ 1,123,509
PERS Plan 2/3	4,887,822	4,567,451
PERS Plan 3 - WSIB	788,177	676,562
PERS Plan3-SELF	586,195	511,922
SERS Plan 2/3	324,085	309,130
SERS Plan 3 - WSIB	769,790	664,954
SERS Plan 3 - SELF	283,492	253,498
PSERS Plan 2	50,804	34,362
TRS Plan 1	708,757	778,197
TRS Plan 2/3	495,294	471,547
TRS Plan 3 - WSIB	2,434,038	2,058,864
TRS Plan 3 - SELF	1,591,269	1,359,842
LEOFF Plan 1	50,199	56,053
LEOFF Plan 2	1,704,680	1,542,388
WSPRS 1/2	74,221	69,929
JRS	2,209	3,654
Judges	—	—
<b>Total Member Reserves</b>	<b>\$ 15,793,329</b>	<b>\$ 14,481,862</b>

**Benefit Reserves:** The benefit reserves reflect the funded liability associated with all retired members of DRS administered systems. These reserves are increased by employer contributions, state contributions, investment earnings, and employee contributions which are attributable to current year retirees. These reserves are decreased by the amounts of pensions actually paid in the current year, interest payments transferred to the member reserves, and administrative expenses in support of the trust funds.

Benefit reserves as of June 30, 2010 and 2009 are as follows:

	June 30, 2010	June 30, 2009
(expressed in thousands)		
PERS Plan 1	\$ 6,581,534	\$ 6,441,632
PERS Plan 2/3	11,479,178	9,609,786
SERS Plan 2/3	1,913,246	1,634,651
PSERS Plan 2	41,840	21,392
TRS Plan 1	5,693,001	5,533,611
TRS Plan 2/3	5,051,396	4,317,287
LEOFF Plan 1	4,534,925	4,298,667
LEOFF Plan 2	3,376,726	2,766,301
WSPRS Plan 1/2	689,825	628,554
JRS	1,626	(1,837)
Judges	2,812	3,250
<b>Total Benefit Reserves</b>	<b>\$ 39,366,109</b>	<b>\$ 35,253,294</b>

The funded status of each of the benefit reserves is the same as the funded status of each of the respective pension plans. The funded status of the pension plans is shown in the Solvency Test schedules in the Actuarial Section of this report.

**I. Capital Assets**

All capital assets with a unit cost (including ancillary costs) of \$5,000 or greater are capitalized and reported in the accompanying financial statements. Capital leases with a net present value or fair market value, whichever is less, of \$10,000 or more are capitalized and also included in these financial statements. All purchased capital assets are valued at cost where historical records exist. Donated capital assets are valued at their estimated fair market value on the date of donation. Where necessary, estimates of original cost and fair market value are derived by factoring price levels from the current period to the time of acquisition.

Capital asset costs include the purchase price or construction cost, plus those costs necessary to place the asset in its intended location and condition for use. Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

Depreciation is calculated using the straight-line method with estimated useful lives of 5 to 50 years for buildings, and 3 to 50 years for furnishings and equipment, other improvements and miscellaneous capital assets.

Following is a summary of changes in capital assets for Fiscal Year 2010:

Assets	Beginning Balance	Acquisition/ Increase Depreciation	Disposal	Ending Balance
(amounts expressed in thousands)				
Improvements				
Other Than Buildings	\$ 634	\$ -	\$ -	\$ 634
Furnishings & Equipment	1,991	299	(15)	2,275
Accumulated Depreciation	(2,242)	(221)	15	(2,448)
<b>Total</b>	<b>\$ 383</b>	<b>\$ 78</b>	<b>\$ -</b>	<b>\$ 461</b>

**J. Leases**

DRS leases land, office facilities, office and computer equipment. Lease terms vary. Leases are considered non-cancelable for financial reporting purposes. All DRS leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease. Certain operating leases are renewable for specified periods. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following schedule presents future minimum payments for operating leases as of June 30, 2010:

Operating Leases		
(expressed in thousands)		
By Fiscal Year:	2011	\$ 1,557
	2012	1,470
	2013	1,344
	2014	1,400
	2015	1,548
	2016 and beyond	5,677
	<b>Total Future Minimum Payments</b>	<b>\$12,996</b>

The total operating lease rental expenditure for Fiscal year 2010 was \$1.6 million.

## K. Other Long-Term Obligations

**Annual leave:** DRS employees accrue annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 30 days at the employee's anniversary date. The expense and accrued liability is recognized when the annual leave is earned. DRS' liability for accumulated annual leave was \$1.0 million as of June 30, 2010.

**Sick leave:** Employees accrue sick leave at the rate of one day per month without limitation on the amount that can be accumulated. Sick leave is not vested; i.e. the department does not pay employees for unused sick leave upon termination except upon employee death or retirement, at which time DRS is liable for 25 percent of the employee's accumulated sick leave. In addition, the department has a "sick leave buyout option" in which each January, employees who accumulate sick leave in excess of 60 days may redeem sick leave earned but not taken during the previous year at the rate of one day's pay in exchange for each four days of sick leave. The expense and accrued liability is recognized when the sick leave is earned. DRS' liability for accumulated sick leave was \$0.4 million as of June 30, 2010.

Following is a summary of changes in compensated absences for the fiduciary funds for Fiscal Year 2010:

Compensated Absences	Beginning Balance	Additions	Deletions	Ending Balance
(amounts expressed in thousands)				
Annual Leave	\$ 964	\$ 1,049	\$ (1,026)	\$ 987
Sick Leave	440	148	(188)	400
<b>Total</b>	<b>\$ 1,404</b>	<b>\$ 1,197</b>	<b>\$ (1,214)</b>	<b>\$ 1,387</b>

## L. Transfers

Transfers from and to other pension plans, as reported in the financial statements, typically reflect routine transfers among the various trust funds resulting from plan membership changes and member-directed defined contribution plan

selections. In Fiscal Year 2010, these transfers totaled \$19.9 million and represented an increase of \$11.3 million over the previous year. This increase was largely the result of the passage of SB5303 (Chapter 209, Laws of 2009). This bill allowed SERS Plan 2 members who had previously had service credit automatically transferred out of PERS Plan 2 into SERS Plan 2 after September 1, 2000, to reverse their automatic transfers back into PERS Plan 2. These transfers made up fully \$7.7 million of the increase in Fiscal Year 2010, with the remaining \$3.6 million representing normal transfer activity among the pension plans.

Transfers to other funds totaled \$1.0 million in Fiscal Year 2010 and represented an operating state budget transfer into the State General Fund (Chapter 37, Laws of 2010).

## M. Accounting and Reporting Changes -- Reclassification

Certain items previously reported in the financial statements have been reclassified to conform to the current financial statement presentation.

## N. Contingencies--Litigation

As a state agency, DRS is party to legal proceedings that normally occur in governmental operations. There are pending legal actions involving DRS. For each pending legal action, DRS has good defenses and will continue to vigorously defend each case.

In the case of *WEA, et al., v. Dept. of Retirement Systems & State of Washington*, King County Superior Court No. 07-2-17203-3 SEA, plaintiffs challenge the 2007 Legislature's repeal of gainsharing and the repeal of replacement benefits if gainsharing is restored. Three cases were filed in King County Superior Court and have been consolidated into one case. The case is brought as a class action.

The superior court has preliminarily ruled for the plaintiffs on the issue of the repeal of gainsharing after hearing partial summary judgment arguments

in July 2010. The parties are discussing next steps in the litigation.

Plaintiffs do not request damages. Instead, they ask for the return of gainsharing and they ask that they retain the benefits that were enacted by the Legislature to replace gainsharing.

The management of DRS is unable to estimate the potential loss should the State defendants ultimately be unsuccessful in this litigation.

## NOTE 2: GENERAL DESCRIPTION OF THE RETIREMENT SYSTEMS

### A. General

The Department of Retirement Systems (DRS) administers retirement systems covering eligible employees of the state and local governments. The state Legislature establishes laws pertaining to the creation and administration of all public retirement systems, and the Governor appoints the Director of DRS to manage the systems. Information pertinent to each system is provided later in this section.

Administration of the PERS, SERS, PSERS, TRS, LEOFF and WSPRS systems and plans was funded by an employer rate of .16 percent of employee salaries. Administration of the JRS and Judges' plans was funded by means of legislative appropriations.

As established in the Revised Code of Washington (RCW) chapter 41.50, DRS administers eight retirement systems comprising of 12 defined benefit pension plans and three combination defined benefit/defined contribution plans as follows:

#### **Public Employees' Retirement System (PERS)**

- Plan 1—defined benefit
- Plan 2—defined benefit
- Plan 3—defined benefit/defined contribution

#### **School Employees' Retirement System (SERS)**

- Plan 2—defined benefit
- Plan 3—defined benefit/defined contribution

#### **Public Safety Employees' Retirement System (PSERS)**

- Plan 2—defined benefit

#### **Teachers' Retirement System (TRS)**

- Plan 1—defined benefit
- Plan 2—defined benefit
- Plan 3—defined benefit/defined contribution

#### **Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)**

- Plan 1—defined benefit
- Plan 2—defined benefit

#### **Washington State Patrol Retirement System (WSPRS)**

- Plan 1—defined benefit
- Plan 2—defined benefit

#### **Judicial Retirement System (JRS)**

- Defined benefit

#### **Judges' Retirement Fund (Judges)**

- Defined benefit

### Number of Participating Members

Plan	Retirees and Beneficiaries Receiving Benefits	Terminated Members Entitled to But Not Yet Receiving Benefits	Active Plan Members Vested	Active Plan Members Nonvested	Total
PERS Plan 1	54,147	2,125	9,630	724	66,626
PERS Plan 2	19,790	22,824	85,965	35,835	164,414
PERS Plan 3	920	3,125	9,744	17,337	31,126
SERS Plan 2	2,870	4,644	14,899	5,298	27,711
SERS Plan 3	1,759	4,549	16,590	15,687	38,585
PSERS Plan 2	2	–	–	4,340	4,342
TRS Plan 1	36,032	843	5,129	75	42,079
TRS Plan 2	2,104	2,472	6,153	3,021	13,750
TRS Plan 3	1,791	5,345	29,585	23,425	60,146
LEOFF Plan 1	8,087	2	356	–	8,445
LEOFF Plan 2	1,367	672	13,007	3,944	18,990
WSPRS Plan 1	834	122	829	1	1,786
WSPRS Plan 2	–	4	101	163	268
JRS	124	–	9	–	133
Judges	13	–	–	–	13
<b>Total</b>	<b>129,840</b>	<b>46,727</b>	<b>191,997</b>	<b>109,850</b>	<b>478,414</b>

The latest actuarial valuation date for all plans was June 30, 2009.  
Source: Washington State Office of the State Actuary

### Number of Participating Employers

Plan	State Agencies	School Districts	Counties/ Municipalities	Other Political Subdivisions	Total
PERS Plan 1	146	229	166	193	734
PERS Plan 2	178	–	270	485	933
PERS Plan 3	163	–	209	287	659
SERS Plan 2	–	298	–	–	298
SERS Plan 3	1	300	–	–	301
PSERS Plan 2	10	–	63	–	73
TRS Plan 1	54	271	–	–	325
TRS Plan 2	23	283	–	–	306
TRS Plan 3	31	302	–	–	333
LEOFF Plan 1	–	–	54	15	69
LEOFF Plan 2	8	–	215	149	372
WSPRS Plan 1	1	–	–	–	1
WSPRS Plan 2	1	–	–	–	1
JRS	2	–	–	–	2
<b>Total</b>	<b>618</b>	<b>1,683</b>	<b>977</b>	<b>1,129</b>	<b>4,407</b>

Employers can participate in multiple systems and/or plans. The actual total number of participating employers as of June 30, 2010 is 1,315.  
For a listing of the covered employers, refer to the Statistical Section of this report.

## B. Plan Descriptions

### **Public Employees' Retirement System (PERS):**

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments. Approximately 50 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the state Legislature.

PERS is a cost-sharing multiple employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of

Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS Plan 3 defined benefits are financed by employer contributions and investment earnings. Employee contributions to the PERS Plan 1 and 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2010, the DRS-established rate on employee contributions was five and one-half percent compounded quarterly. Employees in PERS Plan 1 and 2 can elect to withdraw total employee contributions and interest thereon upon separation from PERS-covered employment.

PERS Plan 3 defined contribution benefits are financed from employee contributions and investment earnings. Employees in PERS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from the investment of those contributions upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is two percent of the average final compensation (AFC) per year of service. AFC is the monthly average of the 24 consecutive highest-paid service credit months. The retirement benefit may not exceed 60% of AFC.

The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living adjustment (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased three percent annually. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any worker's compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is two percent of the AFC for each year of service reduced by two percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance is granted at age 66 based upon years of service times the COLA amount which is set at three percent annually. Plan 1 members may also elect to receive an optional COLA amount (based on the Consumer Price Index), capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while actively serving in the military, if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is two percent of the AFC per year of service. AFC is the monthly average of the 60 consecutive highest-paid service months.

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old, can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions. Effective July 22, 2007, said refund (adjusted as needed for specified legal reductions) is increased from 100 to 200 percent of the accumulated contributions if the member's death occurs in the uniformed service to the United States while participating in *Operation Enduring Freedom* or *Persian Gulf*, *Operation Iraqi Freedom*.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined

contribution component. The defined benefit portion provides a monthly benefit that is one percent of the AFC per year of service. AFC is the monthly average of the 60 consecutive highest-paid service months.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65;
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by three percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. See section E of Note 2 for a description of the defined contribution component of PERS Plan 3.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is one percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor

option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost, and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving in the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make a one-time

irrevocable election to pay increased contributions that would fund a retirement benefit with a three and one-half percent multiplier. The benefit would be capped at 75% of average final compensation. Judges in PERS Plan 3 could elect a one and six-tenths percent of pay per year of service benefit, capped at 37.5% of AFC.

Members who chose to participate would:

- Accrue service credit at the higher multiplier beginning with the date of their election.
- Be subject to the benefit cap of 75% of AFC.
- Stop contributing to the Judicial Retirement Account (JRA).
- Pay higher contributions.
- Be given the option to increase the multiplier on past judicial service.

Members who did not choose to participate would:

- Continue to accrue service credit at the regular multiplier (i.e., one, two or three percent).
- Continue to participate in JRA, if applicable.
- Never be a participant in the JBM Program.
- Continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would:

- Return to prior PERS Plan if membership had previously been established.
- Be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member.
- Accrue the higher multiplier for all judicial service.
- Not contribute to JRA.
- Not have the option to increase the multiplier for past judicial service.

Changes to the PERS plans resulting from recent years' legislation can be found on the table immediately following this section on pages 66 and 67. Besides those included in the table, there were no other material changes in PERS benefit provisions for the Fiscal Year ended June 30, 2010.

**School Employees' Retirement System (SERS):** The Legislature created SERS in 1998 to be effective in 2000. Membership in the system includes classified employees of school districts or educational service districts. SERS is comprised principally of non-state-agency employees. SERS retirement benefit provisions are established in chapters 41.34 and 41.35 RCW and may be amended only by the state Legislature.

SERS is a cost-sharing multiple-employer retirement system comprised of two separate plans for membership purposes: Plan 2 is a defined benefit plan and Plan 3 is a defined benefit plan with a defined contribution component. As of September 1, 2000, the membership of classified school employees in PERS Plan 2 was transferred to SERS Plan 2. Those who joined on or after October 1, 1977 and by August 31, 2000 are SERS Plan 2 members unless they exercised an option to transfer their membership to Plan 3. Until June 30, 2007, SERS members joining the system on or after September 1, 2000, and those who exercised their transfer option, became members of SERS Plan 3. Legislation passed in 2007 now gives SERS members hired on or after July 1, 2007 ninety days to make an irrevocable choice to become a member of either SERS Plan 2 or Plan 3. At the end of the ninety days, any member who has not chosen either Plan 2 or Plan 3 membership, becomes a member of Plan 3. Notwithstanding, SERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

SERS is comprised of and reported as two separate plans for accounting purposes: Plan 2/3 and Plan 3. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits

for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

SERS Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the SERS Plan 2 defined benefit plan accrue interest at a rate specified by DRS. During Fiscal Year 2010, the DRS-established rate on employee contributions was five and one-half percent compounded quarterly. Members in SERS Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from SERS-covered employment.

SERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is two percent of the average final compensation (AFC) per year of service. AFC is the monthly average of the 60 consecutive highest-paid service credit months.

SERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

SERS Plan 2 members who have 30 service credit years and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or

- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

SERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

SERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is one percent of the AFC per year of service. AFC is the monthly average of the 60 consecutive highest-paid service credit months.

SERS Plan 3 defined contribution benefits are financed from employee contributions and investment earnings. Employees in SERS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from the investment of those contributions upon separation from SERS-covered employment.

Effective June 7, 2006, SERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by September 1, 2000. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested SERS Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies according to age, for each year before age 65;

- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by three percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

SERS Plan 3 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. See section E of Note 2 for a description of the defined contribution component of SERS Plan 3.

SERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is one percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option.

SERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost, and five years that may be purchased by paying the required contributions. Additionally, SERS members who become totally incapacitated for continued employment while serving in the uniformed services, may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

SERS members may purchase up to 24 consecutive months of service credit for each period of temporary duty disability. SERS members may also purchase up to five years of additional service credit once eligible for retirement. This latter credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance.

Beneficiaries of a SERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a SERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

Changes to the SERS plans resulting from recent years' legislation can be found on the table immediately following this section on pages 66 and 67. Besides those included in the table, there were no other material changes in SERS benefit provisions for the Fiscal Year ended June 30, 2010.

**Public Safety Employees' Retirement System (PSERS):** PSERS was created by the 2004 legislature and became effective July 1, 2006. PSERS retirement benefit provisions have been established by chapter 41.37 RCW and may be amended only by the state Legislature.

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

PSERS Plan 2 membership includes:

- full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the election period of July 1, 2006 to September 30, 2006; and
- full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

A “covered employer” is one that participates in PSERS. Covered employers include:

- State of Washington agencies: Department of Corrections, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, Washington State Patrol, and effective July 22, 2007, the Department of Natural Resources;
- Washington state counties; and
- Washington state cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full time basis and:

- have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- have primary responsibility to supervise eligible members who meet the above criteria.

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PSERS Plan 2 defined benefit plan accrue interest at a rate specified by DRS. During Fiscal Year 2010, the DRS established rate on employee contributions was five and one-half percent compounded quarterly. Members in PSERS Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PSERS-covered employment.

PSERS Plan 2 members are vested after completing five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service,

or at the age of 60 with at least ten years of PSERS service credit, with an allowance of two percent of the average final compensation (AFC) per year of service. The AFC is the monthly average of the member’s 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. Eligibility is based on the member being totally incapacitated for continued employment with a PSERS employer and leaving that employment as a result of the disability. The disability allowance is two percent of the average final compensation (AFC) for each year of service. AFC is based on the member’s 60 consecutive highest creditable months of service. Service credit is the total years and months of service credit at the time the member separates from employment. Benefits are actuarially reduced for each year that the member’s age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years).

PSERS Plan 2 members can purchase service credit for military service that interrupts employment. Additionally, PSERS members who become totally incapacitated for continued employment while serving in the uniformed services, may apply for interruptive military service credit. Should any such member die during this active duty, the member’s surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

PSERS members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a PSERS Plan 2 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, if found eligible by the Director of the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PSERS member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

Changes to the PSERS plan resulting from recent years' legislation can be found on the table immediately following this section on pages 66 and 67. Besides those included in the table, there were no other material changes in PSERS benefit provisions for the Fiscal Year ended June 30, 2010.

**Teachers' Retirement System (TRS):** TRS was legislatively established in 1938. Eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity. TRS is comprised principally of non-state-agency employees. TRS retirement benefit provisions are established in chapters 41.32 and 41.34 RCW and may be amended only by the state Legislature.

TRS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. TRS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by June 30, 1996 are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS members joining the system on or after July 1, 1996 through June 30, 2007 and those who exercised their transfer option, became members of TRS Plan 3. Legislation passed in 2007 now gives TRS members hired on or

after July 1, 2007 ninety days to make an irrevocable choice to become a member of either TRS Plan 2 or Plan 3. At the end of the ninety days, any member who has not chosen either Plan 2 or Plan 3 membership, becomes a member of Plan 3. Notwithstanding, TRS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

TRS is comprised of three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

TRS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the TRS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2010, the DRS-established rate on employee contributions was five and one-half percent compounded quarterly. Members in TRS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from TRS-covered employment.

TRS Plan 3 defined contribution benefits are financed from employee contributions and investment earnings. Members in TRS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from the investment of those contributions upon separation from TRS-covered employment.

TRS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is two percent of the average final compensation (AFC), for each year of service credit, up to a maximum of 60 percent, divided by twelve. AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

The monthly benefit is subject to a minimum for TRS Plan 1 retirees who have at least 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. A cost-of-living allowance is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an additional COLA amount (based on the Consumer Price Index), capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

TRS Plan 1 provides death, as well as, permanent and temporary disability benefits. TRS Plan 1 members receive the following additional lump sum death benefits: retired members-\$400 (if retired with ten years of full-time membership), \$400 (if inactive with ten years of membership), active members-\$600 (if employed full-time at time of death). TRS Plan 1 members on temporary disability receive a monthly payment of \$180 payable for up to two years, for the same occurrence. After five years of service, members on a disability retirement receive an allowance based on their salary and service to date of disability. Members enrolled in TRS prior to April 25, 1973, may elect a benefit based on the formula in effect at that time.

TRS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is two percent of the average final compensation (AFC) per year of service. AFC is the monthly average of the 60 consecutive highest-paid service credit months.

TRS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older can retire with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

TRS Plan 2 members who have 30 or more years of service credit and are at least 55 years old, can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually. TRS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

TRS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is one percent of the AFC per year of service. AFC is the monthly average of the 60 consecutive highest-paid service credit months.

TRS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44; or after five service credit years earned in TRS Plan 2 by July 1, 1996 and transferred to Plan 3. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies according to age, for each year before age 65;

- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced three percent for each year before age 65, or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. TRS Plan 3 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. See section E of Note 2 for a description of the defined contribution component of TRS Plan 3.

TRS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is one percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option.

TRS members can purchase service credit for military service that interrupts employment. Additionally, TRS members who become totally incapacitated for continued employment may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

TRS members may purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

TRS members may also purchase up to five years of additional service credit, once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance.

Beneficiaries of TRS members killed in the course of employment receive survivor benefits without actuarial reduction, if the member was not at normal

retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a TRS member who dies in the line of service as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of TRS were given the choice to participate in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in TRS Plan 1 were able to make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a three and one-half percent multiplier. The benefit is capped at 75% of average final compensation.

Members who chose to participate would:

- Accrue service credit at the higher multiplier beginning with the date of their election.
- Be subject to the benefit cap of 75% of AFC.
- Stop contributing to the Judicial Retirement Account (JRA).
- Pay higher contributions.
- Be given the option to increase the multiplier on past judicial service.

Members who did not choose to participate would:

- Continue to accrue service credit at the regular multiplier (i.e., two percent).
- Continue to participate in JRA, if applicable.
- Never be a participant in the JBM Program.
- Continue to pay contributions at the regular TRS rate.

Newly elected or appointed justices and judges who chose to become TRS members on or after January 1, 2007, or who had not previously opted into TRS Plan 1 membership, were required to participate in the JBM Program. Members required into the JBM program would:

- Return to prior TRS Plan if membership had previously been established.
- Accrue the higher multiplier for all judicial service.
- Not contribute to JRA.
- Not have the option to increase the multiplier for past judicial service.

Changes to the TRS plans resulting from recent years' legislation can be found on the table immediately following this section on pages 66 and 67. Besides those included in the table, there were no other material changes in TRS benefit provision for the Fiscal Year ended June 30, 2010.

**Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF):** LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers who were first included prospectively effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the state Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790

to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2010, the DRS-established rate on employee contributions was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of FAS
20+	2.0%
10 – 19	1.5%
5 – 9	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus five percent of FAS for each eligible surviving child, with a limitation on the combined allowances of 60 percent of the FAS;

or (2) If no eligible spouse, eligible children receive 30 percent of FAS for the first child plus ten percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability allowance is 50 percent of the FAS plus five percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability allowance or service retirement allowance.

LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's allowance.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of two percent of the FAS per year of service (FAS is based on the highest consecutive 60 months). Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is two

percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty-related, and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. A catastrophic disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of future substantial gainful employment in any capacity.

Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement allowance of at least ten percent of final average salary and two percent per year of service beyond five years. The first ten percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member's benefit.

LEOFF Plan 2 members can purchase service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while serving in the uniformed services may apply for

interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

LEOFF Plan 2 members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of ongoing health care insurance premiums paid to the Washington state Health Care Authority.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

Changes to the LEOFF plans resulting from recent years' legislation can be found on the table immediately following this section on pages 66 and 67. Besides those included in the table, there were no other material changes in LEOFF benefit provisions for the Fiscal Year ended June 30, 2010.

**Washington State Patrol Retirement System (WSPRS):** WSPRS was established by the Legislature in 1947. Any commissioned employee of the Washington State Patrol is eligible to participate. WSPRS retirement benefit provisions are established in chapter 43.43 RCW and may be amended only by the state Legislature.

WSPRS is a single-employer defined benefit retirement system. WSPRS members who joined the system by December 31, 2002 are Plan 1 members. Those who joined on or after January 1, 2003 are Plan 2 members. For financial

reporting and investment purposes, however, both plans are accounted for in the same pension fund.

WSPRS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to WSPRS accrue interest at a rate specified by DRS. During Fiscal Year 2010 the DRS-established rate on employee contributions was 5.364 percent annually, compounded monthly. Members in WSPRS can elect to withdraw total employee contributions and interest earnings upon separation from WSPRS-covered employment.

There is no vesting requirement for active WSPRS members. Inactive WSPRS members are vested after the completion of five years of eligible service. Members are eligible for retirement at the age of 55 with five years of service, or after 25 years of service, and must retire at age 65. This mandatory requirement, however, does not apply to the chief of the Washington State Patrol.

The monthly allowance is two percent of the average final salary (AFS) per year of service, capped at 75 percent. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

For WSPRS Plan 1 members, AFS is based on the average of the 24 highest-paid service credit months and excludes voluntary overtime. Death benefits for these members, if on active duty, consist of the following: (1) If eligible spouse, 50 percent of the AFS, plus five percent of the AFS for each eligible surviving child, with a limitation on the combined allowances of 60 percent of the AFS; or (2) If no eligible spouse, 30 percent of AFS for the first child plus ten percent for each additional child, subject to a 60 percent limitation of AFS.

For WSPRS Plan 2 members, AFS is based on the average of the 60 consecutive highest-paid service credit months and excludes both voluntary overtime and cash-outs of annual and holiday leave. At retirement, these members also have the option of selecting an actuarially reduced benefit in order to

provide for post-retirement survivor benefits. Death benefits for these members, if on active duty, consist of the following: (1) If the member is single or has less than ten years of service, the return of the member's accumulated contributions; or (2) If the member is married, has an eligible child, or has completed ten years of service, a reduced benefit allowance reflecting a joint and 100 percent survivor option or 150 percent of the member's accumulated contributions, at the survivor's option.

WSPRS Plan 2 members can purchase service credit for military service that interrupts employment. Additionally, WSPRS Plan 2 members who become totally incapacitated for continued employment while serving in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

Beneficiaries of a WSPRS Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependents of WSPRS members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington state Health Care Authority.

WSPRS members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance.

WSPRS benefit provisions include death benefits; however, the system provides no disability benefits. Disability benefits may be available from the Washington State Patrol (WSP). If disability benefits are received, the member may be eligible to acquire service credit for the period of disability.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a WSPRS member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Director of the Department of Labor and Industries.

Changes to the WSPRS plans resulting from recent years' legislation can be found on the table immediately following this section on pages 66 and 67. Besides those included in the table, there were no other material changes in WSPRS benefit provisions for the Fiscal Year ended June 30, 2010.

**Judicial Retirement System (JRS):** JRS was established by the Legislature in 1971. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts on or after August 9, 1971. The system was closed to new entrants on July 1, 1988, with new judges joining PERS. JRS retirement benefit provisions are established in chapter 2.10 RCW and may be amended only by the state Legislature.

JRS is an agent multiple-employer retirement system comprised of a single defined benefit plan. JRS retirement benefits are financed on a pay-as-you-go basis from a combination of investment earnings, employer contributions, employee contributions, and a special funding situation in which the state pays the remaining contributions.

During Fiscal Year 2010, the DRS-established rate on employee contributions was five and one-half percent, compounded quarterly. JRS members who are vested in the plan may not elect to withdraw their contributions upon termination. However, any JRS member that left the system before July 1, 1988, or his/her spouse, who was ineligible to receive a benefit at that time, may apply and receive a refund of such contributions from DRS, if said contributions have not been already refunded via a sundry claims appropriation from the state Legislature.

JRS members are eligible for retirement at the age of 60 with 15 years of service, or after 12 years of service (if the member left office involuntarily) with at least 15 years after beginning judicial service.

The benefit per year of service calculated as a percent of average final compensation (AFC) is shown in the table below. This benefit is capped at 75% of AFC, exclusive of cost of living increases.

Term of Service	Percent of AFC
15+	3.5%
10 – 14	3.0%

Death and disability benefits are also provided. Eligibility for death benefits while on active duty requires ten or more years of service. A monthly spousal benefit is provided which is equal to 50 percent of the benefit that the member would have received if retired. If the member is retired, the surviving spouse receives the greater of 50 percent of the member's retirement benefit or 25 percent of the AFC. For members with ten or more years of service, a disability benefit of 50 percent of AFC is provided.

There were no material changes in JRS benefit provisions for the fiscal year ended June 30, 2010.

**Judges' Retirement Fund:** The Judges' Retirement Fund was created by the Legislature on March 22, 1937, pursuant to chapter 2.12 RCW, to provide retirement benefits to judges of the Supreme Court, Court of Appeals, or Superior Courts of the state of Washington. Subsequent legislation required that all judges first appointed or elected to office on or after August 9, 1971, enter the Judicial Retirement System. Judges' retirement benefit provisions are established in chapter 2.12 RCW and may be amended only by the state Legislature.

The Judges' Retirement Fund is an agent multiple-employer retirement system comprised of a single defined benefit plan. There are currently no active members in this plan. Retirement benefits are financed on a pay-as-you-go basis from a combination of past employee and employer contributions, and a special funding situation in which the state contributes to the plan. Members did not earn interest on their contributions, nor could they elect to withdraw their contributions upon termination.

Judges' members were eligible for retirement at the age of 70 with ten years of service, or at any age with 18 years of service. Members were eligible to receive a partial retirement allowance after 12 years of credited service as a judge. With the exception of a partial retirement allowance, the member receives a benefit equal to one-half of the monthly salary being received as a judge at the time of retirement, or at the end of the term immediately prior to retirement if retirement occurs after the expiration of the member's term in office. A partial retirement allowance is based on the proportion of the member's 12 or more years of service in relation to 18 years of service.

There were no material changes in Judges' benefit provisions for the fiscal year ended June 30, 2010.

## Recent Legislation Affecting Pension Systems/Plans Administered by DRS During Fiscal Year 2010 (page 1 of 2)

(Arranged Chronologically by Effective Date)

Legal Reference	Effective Date	Systems/Plans Affected	Description
Chapter 99, Laws of 2008 (ESSB 6573)	6/12/08	LEOFF 2	Beginning in 2011, when state General Fund revenues increase by at least five percent over the prior biennium's revenues, the State Treasurer will transfer, subject to legislative appropriation, specific amounts into a Local Public Safety Enhancement Account. Half of this transfer will be proportionately distributed to all jurisdictions with LEOFF 2 members. The other half will be transferred to a LEOFF Retirement System Benefits Improvement Account to fund benefit enhancements for LEOFF 2 members.
Chapter 101, Laws of 2008 (HB 3024)	6/12/08	TRS 2 and 3	TRS 2 and TRS 3 members need now have only two years of service credit in order to be eligible to purchase up to seven years of service credit for public education experience earned in another state or with the federal government.
Chapter 142, Laws of 2008 (HB 2510)	6/12/08	LEOFF	Active LEOFF members can choose whether or not to obtain and pay for Medicare coverage through a "divided referendum" process.
Chapter 175, Laws of 2008 (SB 6657)	6/12/08	TRS	The definition of "earnable compensation" for TRS members no longer excludes bonuses paid to teachers certified by the National Board for Professional Teaching Standards.
Chapter 204, Laws of 2008 (HB 3019)	6/12/08	SERS 2 and 3, and TRS 2 and 3	SERS 2, SERS 3, TRS 2, and TRS 3 members who work for at least five months of a six-month period, from September through August, and earn 630 hours or more within that six-month period now receive six months of service credit.
Chapter 300, Laws of 2008 (HB 2887)	6/12/08	PERS	Justices and judges who are members of PERS may purchase prior judicial service at a higher multiplier at retirement. Also, during the period of January 1, 2009 through June 30, 2009, active and inactive PERS members who are not then serving as justices or judges, but who have served as such in the past, may request an increase in their benefit multiplier for past periods of judicial service and pay a cost that is the actuarial equivalent of the increase.
Chapter 561, Laws of 2009 (SSB 6161)	7/1/09	LEOFF 1, PERS, PSERS, SERS, TRS and WSPRS	The actuarial method of funding the unfunded liability of PERS 1 and TRS 1 is restructured. Changes are also made to the demographic assumptions for, and pension contribution rates of, the state retirement systems/plans (with the exception of LEOFF 2). Additionally, the implementation of minimum contribution rates for WSPRS and the Plans 2 and 3 (except LEOFF 2) is delayed until the beginning of the 2011-13 biennium.
Chapter 95, Laws of 2009 (HB 1678)	7/26/09	LEOFF 2	Eligible service and disability retirements are now classified as Occupational Disability retirements for the purpose of allowing affected retirees to take advantage of favorable tax treatment on their pension benefit based on the first 10% of the member's salary.
Chapter 111, Laws of 2009 (SB 5315)	7/26/09	PERS 1	The survivor of any PERS 1 member who qualifies for retirement but has not applied, or who has 10 years of service credit, now has the option of either a monthly survivor benefit or the lump sum of contributions plus interest, upon the member's death.
Chapter 157, Laws of 2009 (SHB 1953)	7/26/09	LEOFF 2	Department of Fish and Wildlife Enforcement Officers can transfer service credit earned as an enforcement officer in PERS 2 or PERS 3 to LEOFF 2. Member, employer and state contribution rates will increase to the extent necessary to fund the difference in the value of the service credit transferred between the plans and the member contributions transferred into LEOFF 2.
Chapter 205, Laws of 2009 (HB 1548)	7/26/09	LEOFF 2, PERS 2 and 3, PSERS, SERS 2 and 3, TRS 2 and 3, and WSPRS 2	Up to five years of no-cost service credit is available for members who can provide proof to DRS that their public employment was interrupted by military service that occurred during a period of war (as defined in statute), and that they initiated the process for re-employment with the same employer no later than 90 days from the date of their honorable discharge. Members who previously purchased military service credit are eligible to receive a refund of their contributions.

## Recent Legislation Affecting Pension Systems/Plans Administered by DRS During Fiscal Year 2010 (page 2 of 2)

*(Arranged Chronologically by Effective Date)*

Legal Reference	Effective Date	Systems/Plans Affected	Description
Chapter 209, Laws of 2009 (SB 5303)	7/26/09	PERS 2 and SERS 2	The automatic transfer of prior PERS 2 service credit to SERS 2 when the member becomes employed in an eligible SERS position on or after August 1, 2009 is ended. Current and inactive SERS 2 members who had prior PERS service credit transferred to SERS 2 can request, beginning September 1, 2009 through November 30, 2009, that their service credit be moved back to PERS 2.
Chapter 226, Laws of 2009 (HB 1551)	7/26/09	LEOFF, PERS, PSERS, SERS, TRS and WSPRS	The eligibility for an unreduced benefit to survivors of members who leave an employer and die while honorably serving in the National Guard or military reserves during a period of war (as defined in statute) is extended.
Chapter 521, Laws of 2009 (ESSSB 5688)	Varies per section from 7/26/09 to 1/1/14	All systems and plans	Domestic partners registered with the state will be treated the same as married spouses, to the extent that treatment is not in conflict with federal laws.
Chapter 522, Laws of 2009 (ESHB 1445)	7/26/09	WSPRS 2	State-registered domestic partners of WSPRS members are granted the ability to receive the survivor and death benefits available to spouses.
Chapter 523, Laws of 2009 (EHB 1616)	7/26/09	LEOFF 2	Domestic partners of LEOFF 2 members are granted the same pension rights and options as spouses.
Chapter 80, Laws of 2010 (SB 6546)	3/17/10	LEOFF 2	The Director of Fire Protection, who was previously a member of LEOFF 2, now has the choice to continue membership in LEOFF 2 while employed in this role. This position is otherwise covered by PERS.
Chapter 21, Laws of 2010 (HB 1545)	6/10/10	PERS	Eligible employees of the Higher Education Coordinating Board now have the ability to participate in the Higher Education Retirement Plan instead of the Public Employees' Retirement System.
Chapter 50, Laws of 2010 (SB 6453)	6/10/10	LEOFF 2	Shared leave can now be treated as reportable compensation for LEOFF 2 members. Earnings can be used in the calculation of a member's benefit, and service credit will be earned according to hours reported.
Chapter 103, Laws of 2010 (HB 1541)	6/10/10	PERS 2 and 3, SERS 2 and 3	Half-time service credit is now granted to qualifying members who worked for an educational employer in school years prior to January 1, 1987.
Chapter 259, Laws of 2010 (SHB 1679)	6/10/10	LEOFF 2 and WSPRS	The payment of medical insurance premiums for qualifying LEOFF 2 and WSPRS members who are catastrophically disabled in the line of duty, and their spouses and dependent children will now be made for LEOFF 2 members and for WSPRS members.
Chapter 260, Laws of 2010 (SHB 2196)	6/10/10	LEOFF 1 and PERS 1	PERS 1 members who retired on or after January 1, 1998, can use any service transferred from LEOFF 1 to qualify for military service credit at no cost.
Chapter 261, Laws of 2010 (EHB 2519)	6/10/10	LEOFF and WSPRS	Additional benefits are provided to survivors of police officers, fire fighters and State Patrol officers killed in the line of duty.
Chapter 7, Laws of 2010 (ESSHB 2617)	Varies per section from 6/30/10 to 6/30/11	DCP, PERS 3, SERS 3 and TRS 3	The Employee Retirement Benefits Board is abolished and its former duties are transferred to the DRS director. Said duties include providing recommendations to the WSIB on self-directed investment options for defined contribution plans, determining the payment options for Plan 3 members, ratifying administrative charges assessed to members who participate in self-directed investment options and providing recommendations on investment options for DCP.

### C. Funding Policy

With the exception of LEOFF Plan 2, the Legislature provided for minimum contribution rates for the pension plans (Chapter 561, Laws of 2009). The LEOFF Plan 2 Retirement Board provided for minimum contribution rates for the LEOFF Plan 2. These minimum rates will go into effect beginning with the 2011-2013 biennium.

The table at the end of this section provides the required contribution rates for all plans (expressed as a percentage of current year covered payroll) at the close of Fiscal Year 2010.

**PERS:** Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and at seven and one-half percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The director of DRS sets Plan 3 employee contribution rates. Six rate options are available ranging from five to 15 percent; two of the options are graduated rates dependent on the employee's age.

As a result of the implementation of the Judicial Benefit Multiplier (JBM) Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. These new higher rates are also detailed in the table at the end of this section.

The methods used to determine PERS contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

**SERS:** Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 employer contribution rates. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under SERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The director of DRS sets Plan 3 employee contribution rates. Six rate options are available ranging from five to 15 percent; two of the options are graduated dependent on the employee's age.

The methods used to determine SERS contribution requirements are established under state statute in accordance with chapters 41.35 and 41.45 RCW.

**PSERS:** Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature.

The methods used to determine PSERS contribution requirements are established under state statute in accordance with chapters 41.37 and 41.45 RCW.

**TRS:** Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and at seven and one-half percent for state elected officials. The employer and employee contribution rates for Plan 2 and the employer

contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under TRS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The director of DRS sets Plan 3 employee contribution rates. Six rate options are available ranging from five to 15 percent; two of the options are graduated rates dependent on the employee's age.

As a result of the implementation of the Judicial Benefit Multiplier (JBM) Program in January 2007, a second tier of employee rates was developed to fund the increased retirement benefits of those judges that participate in the program. These higher rates are also detailed in the table at the end of this section.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.32 and 41.45 RCW.

**LEOFF:** Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law.

The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. For Fiscal Year 2010, the state contributed \$51.4 million to LEOFF Plan 2.

**WSPRS:** Each biennium, the state Pension Funding Council adopts the employee and the state contribution rates, subject to revision by the Legislature. The preliminary employee and the state contribution rates are developed by the Office of the State Actuary to fully fund the plan. State statute also requires employees to contribute at a rate of at least 4.85 percent.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 43.43 and 41.45 RCW.

**JRS:** Contributions made are based on rates set in chapter 2.10 RCW. By statute, employees are required to contribute seven and one-half percent with an equal amount contributed by the state. In addition, the state guarantees the solvency of the JRS on a pay-as-you-go basis. Each biennium, the Legislature, through biennial appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For Fiscal Year 2010, the state contributed \$11.6 million.

**Judges:** Past contributions were made based on rates set in chapter 2.12 RCW. By statute, employees were required to contribute six and one-half percent with an equal amount contributed by the state. As of June 30, 2010, however, there are no active members remaining in the Judges Retirement Fund and member contributions are no longer collected.

The state guarantees the solvency of the Judges' Retirement fund on a pay-as-you-go basis. Each biennium, therefore, the Legislature, through appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For Fiscal Year 2010, however, no such appropriations or contributions were needed or made.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2010 were as follows:

Actual Contribution Rates:	Employer			Employee		
	Plan 1	Plan 2	Plan 3	Plan 1	Plan 2	Plan 3
<b>PERS</b>						
<b>Members Not Participating in JBM:</b>						
State agencies*	5.31%	5.31%	5.31%**	6.00%	3.90%	***
Local governmental units*	5.31%	5.31%	5.31%**	6.00%	3.90%	***
State government elected officials*	7.89%	5.31%	5.31%**	7.50%	3.90%	***
<b>Members Participating in JBM:</b>						
State agencies*	7.81%	7.81%	7.81%**	9.76%	7.25%	7.50%****
Local governmental units*	5.31%	5.31%	5.31%**	12.26%	9.75%	7.50%****
<b>SERS</b>						
State agencies*	n/a	5.44%	5.44%**	n/a	3.14%	***
Local governmental units*	n/a	5.44%	5.44%**	n/a	3.14%	***
<b>PSERS</b>						
State agencies*	n/a	7.85%	n/a	n/a	6.55%	n/a
Local governmental units*	n/a	7.85%	n/a	n/a	6.55%	n/a
<b>TRS</b>						
<b>Members Not Participating in JBM:</b>						
State agencies*	6.14%	6.14%	6.14%**	6.00%	3.36%	***
Local governmental units*	6.14%	6.14%	6.14%**	6.00%	3.36%	***
State government elected officials*	6.14%	6.14%	6.14%**	7.50%	3.36%	***
<b>Members Participating in JBM:</b>						
State agencies*	6.14%	n/a	n/a	9.76%	n/a	n/a
<b>LEOFF</b>						
Local governmental units*	0.16%	5.24%	n/a	n/a	8.46%	n/a
Ports and universities*	n/a	8.62%	n/a	n/a	8.46%	n/a
State of Washington	n/a	3.38%	n/a	n/a	n/a	n/a
<b>WSPRS</b>						
State agencies*	6.56%	6.56%	n/a	5.08%	5.08%	n/a

\*Employer rates include an administrative expense rate of 0.16%.

\*\*Plan 3 defined benefit portion only.

\*\*\*Variable from 5% to 15% based on rate selected by the member.

\*\*\*\*Minimum rate.

### D. Funded Status and Funding Progress

The funded status of each plan as of June 30, 2009, the most recent actuarial valuation date, is as follows:

	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
PERS Plan 1	\$ 9,775.6	\$ 13,984.5	\$ 4,208.9	70%	\$ 580.2	725%
PERS Plan 2/3*	\$ 18,260.4	\$ 18,397.9	\$ 137.5	99%	\$ 8,132.2	2%
SEERS Plan 2/3*	\$ 2,503.2	\$ 2,493.2	\$ (10.0)	100%	\$ 1,466.5	(1)%
PSERS Plan 2*	\$ 69.2	\$ 63.8	\$ (5.4)	108%	\$ 223.4	(2)%
TRS Plan 1	\$ 8,146.2	\$ 10,820.0	\$ 2,673.9	75%	\$ 388.8	688%
TRS Plan 2/3*	\$ 6,160.0	\$ 6,048.4	\$ (111.6)	102%	\$ 3,957.3	(3)%
LEOFF Plan 1	\$ 5,612.1	\$ 4,491.7	\$ (1,120.5)	125%	\$ 33.3	(3,360)%
LEOFF Plan 2*	\$ 5,564.2	\$ 4,641.3	\$ (922.9)	120%	\$ 1,442.5	(64)%
WSPRS 1/2*	\$ 900.4	\$ 790.1	\$ (110.2)	114%	\$ 83.0	(133)%
JRS	\$ 1.8	\$ 89.3	\$ 87.5	2%	\$ 0.9	9,216%
Judges	\$ 3.3	\$ 3.4	\$ 0.1	97%	\$ –	n/a

(dollar amounts in millions)

\* These plans use the Aggregate actuarial cost method which does not separately amortize Unfunded Actuarial Accrued Liabilities (UAAL). Therefore, as required by GASB 50, the Entry Age Normal Actuarial Liability method was used to determine the UAAL. This method is intended to serve as a surrogate for the funded status and funding progress of these plans.

**Note:** Totals may not agree due to rounding. Percentages are calculated using unrounded totals.

Source: Washington State Office of the State Actuary

The Schedules of Funding Progress, presented as Required Supplementary Information (RSI) following the Notes to the Financial Statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

Additional information for the Defined Benefit Plans as of the latest valuation is shown below:

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3	SERS Plan 2/3
<b>Valuation – Date</b>	6/30/2009	6/30/2009	6/30/2009	6/30/2009	6/30/2009
<b>Actuarial Cost Method</b>	entry age normal <sup>1</sup>	aggregate <sup>2</sup>	entry age normal <sup>1</sup>	aggregate <sup>2</sup>	aggregate <sup>2</sup>
<b>Amortization Method:</b>					
Funding	level % <sup>4</sup>	n/a	level % <sup>4</sup>	n/a	n/a
GASB	level \$	n/a	level \$	n/a	n/a
<b>Remaining Amortization Years (Closed)</b>	10-year rolling	open plan	10-year rolling	open plan	open plan
<b>Remaining Amortization Period (Closed)</b>	n/a	n/a	n/a	n/a	n/a
<b>Asset Valuation Method</b>	8-year graded smoothed fair value <sup>6</sup>	8-year graded smoothed fair value <sup>6</sup>	8-year graded smoothed fair value <sup>6</sup>	8-year graded smoothed fair value <sup>6</sup>	8-year graded smoothed fair value <sup>6</sup>
<b>Actuarial Assumptions:</b>					
Investment Rate of Return <sup>8</sup>	8.00%	8.00%	8.00%	8.00%	8.00%
Projected Salary Increases					
Salary Inflation at 4.00%, Plus the Merit Increases Described Below <sup>5</sup> :					
Initial Salary Merit (Grades Down to 0%)	6.1%	6.1%	5.8%	5.8%	6.9%
Merit period (Years of Service)	17 yrs	17 yrs	26 yrs	26 yrs	20 yrs
<b>Includes Inflation at Cost of Living Adjustments</b>	n/a Uniform COLA <sup>7</sup>	3.50% CPI increase, maximum 3%	n/a Uniform COLA <sup>7</sup>	3.50% CPI increase, maximum 3%	3.50% CPI increase, maximum 3%

N/A indicates data not applicable

<sup>1</sup> PERS and TRS Plans 1 use a variation of the Entry Age Normal (EAN) cost method, whereas LEOFF 1 uses a variation of the Frozen Initial Liability (FIL) cost method.

<sup>2</sup> The aggregate cost method does not identify or separately amortize unfunded actuarial accrued liabilities.

<sup>3</sup> Pay As You Go basis for funding.

<sup>4</sup> Level percent of system payroll, including system growth.

<sup>5</sup> LEOFF Plan 2 assumes 4.5% salary inflation.

<sup>6</sup> Asset Valuation Method – 8 year Smoothed Fair Value – The actuarial value of assets is calculated under an adjusted market value method by starting with the market value of assets. For subsequent years, the actuarial value of assets is determined by adjusting the market value of assets to reflect the difference between the actual investment return and the expected investment return during each of the last eight years or, if fewer, the completed years since adoption, at the following rates per year (annual recognition):

Annual Gain/Loss					
Rate of Return	Smoothing Period	Annual Recognition	Rate of Return	Smoothing Period	Annual Recognition
15% and up	8 years	12.50%	6-7%	2 years	50.00%
14-15%	7 years	14.29%	5-6%	3 years	33.33%
13-14%	6 years	16.67%	4-5%	4 years	25.00%
12-13%	5 years	20.00%	3-4%	5 years	20.00%
11-12%	4 years	25.00%	2-3%	6 years	16.67%
10-11%	3 years	33.33%	1-2%	7 years	14.29%
9-10%	2 years	50.00%	1% and lower	8 years	12.50%
7-9%	1 year	100.00%			

Source: Washington State Office of the State Actuary

Chart continued on page 73

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PSERS Plan 2	LEOFF Plan 1	LEOFF Plan 2	WSPRS Plan 1/2	Judicial	Judges
6/30/2009	6/30/2009	6/30/2009	6/30/2009	6/30/2009	6/30/2009
aggregate <sup>2</sup>	frozen initial liability <sup>1</sup>	aggregate <sup>2</sup>	aggregate <sup>2</sup>	entry age <sup>3</sup>	entry age <sup>3</sup>
n/a	level % <sup>4</sup>	n/a	n/a	n/a	n/a
n/a	level \$	n/a	n/a	level \$	level \$
open plan	15.00	open plan	open plan	5-year rolling	5-year rolling
n/a	6/30/2024	n/a	n/a	n/a	n/a
8-year graded smoothed fair value <sup>6</sup>	8-year graded smoothed fair value <sup>6</sup>	8-year graded smoothed fair value <sup>6</sup>	8-year graded smoothed fair value <sup>6</sup>	market	market
8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
6.1%	11.0%	11.0%	7.1%	0.0%	0.0%
17 yrs	21 yrs	21 yrs	26 yrs	n/a	n/a
3.50% CPI increase maximum 3%	3.50% CPI increase	3.50% CPI increase maximum 3%	3.50% CPI increase maximum 3%	3.50% CPI increase maximum 3%	3.50% none

<sup>7</sup> The Uniform COLA

Generally, all retirees over age 66 receive an increase in their monthly benefit at least once a year. The Uniform COLA amount is calculated as the last unrounded Uniform COLA amount increased by 3%, rounded to the nearest penny. These are some historical monthly COLA amounts per year of service:

<u>Date</u>	<u>COLA Type</u>	<u>Amount</u>
7/1/2002	Uniform	\$1.14
7/1/2003	Uniform	\$1.18
7/1/2004	Uniform	\$1.21
7/1/2005	Uniform	\$1.25
7/1/2006	Uniform	\$1.29
7/1/2007	Uniform	\$1.33
7/1/2008	Uniform	\$1.73
7/1/2009	Uniform	\$1.83
7/1/2010	Uniform	\$1.88

<sup>8</sup> The Legislature prescribes the assumed rate of investment returns for all plans.

**E. Defined Contribution Plans**

**Public Employees’ Retirement System Plan 3:** The Public Employees’ Retirement System (PERS) Plan 3 is a defined benefit plan, with a defined contribution component, administered by the state through DRS. Eligible employees include: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; employees of community and technical colleges; college and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS members who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS members who joined the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. As of June 30, 2010, there are 659 participating employers in PERS Plan 3. See section B of Note 2 for PERS plan descriptions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from five percent to 15 percent of salaries based on member choice. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

Membership in PERS Plan 3 consisted of the following as of the latest actuarial valuation date of June 30, 2009:

<b>Retirees and Beneficiaries Receiving Benefits</b>	<b>920</b>
<b>Terminated Plan Members Entitled to but Not Yet Receiving Benefits</b>	<b>3,125</b>
<b>Active Plan Members Vested</b>	<b>9,744</b>
<b>Active Plan Members Nonvested</b>	<b><u>17,337</u></b>
<b>Total</b>	<b>31,126</b>

PERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expense incurred in conjunction with self-directed investments are to be paid by members. Absent a member’s self-direction, PERS Plan 3 investments are made in the same portfolio as that of the PERS 2/3 defined benefit plan.

For Fiscal Year 2010, employee contributions were \$92.7 million, and plan refunds paid out were \$41.7 million.

**School Employees’ Retirement System Plan 3:** The School Employees’ Retirement System (SERS) Plan 3 is a defined benefit plan, with a defined contribution component, administered by the state through DRS. Eligible employees include classified employees of school districts and educational service districts who joined PERS Plan 2 on or after October 1, 1977 and by August 31, 2000, and were transferred to SERS Plan 2 on September 1, 2000. Members transferred from PERS Plan 2 to SERS Plan 2 may exercise an option to transfer their membership to SERS Plan 3. SERS members joining the system on or after September 1, 2000, and before July 1, 2007, are members of SERS Plan 3. SERS members hired on or after July 1, 2007 have 90 days to choose between SERS Plan 3 and SERS Plan 2. Individuals who fail to make a choice will default to SERS Plan 3. As of June 30, 2010 there are 301 participating employers

in SERS Plan 3. See section B of Note 2 for SERS plan descriptions.

SERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from five percent to 15 percent of salaries based on member choice. There are currently no requirements for employer contributions to the defined contribution component of SERS Plan 3.

Membership in SERS Plan 3 consisted of the following as of the latest actuarial valuation date of June 30, 2009:

<b>Retirees and Beneficiaries Receiving Benefits</b>	<b>1,759</b>
<b>Terminated Plan Members Entitled to but Not Yet Receiving Benefits</b>	<b>4,549</b>
<b>Active Plan Members Vested</b>	<b>16,590</b>
<b>Active Plan Members Nonvested</b>	<b><u>15,687</u></b>
<b>Total</b>	<b><u>38,585</u></b>

SERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are to be paid by members. Absent a member's self-direction, SERS Plan 3 investments are made in the same portfolio as that of the SERS 2/3 defined benefit plan.

For Fiscal Year 2010, employee contributions were \$60.3 million, and plan refunds paid out were \$33.9 million.

**Teachers' Retirement System Plan 3:** The Teachers' Retirement System (TRS) Plan 3 is a defined benefit plan, with a defined contribution component, administered by the state through DRS. Eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity. TRS members

who joined on or after October 1, 1977 and by June 30, 1996 are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS members joining the system on or after July 1, 1996, and those who exercised their transfer option, are members of TRS Plan 3. As of June 30, 2010, there are 333 participating employers in TRS Plan 3. See section B of Note 2 for TRS plan descriptions.

TRS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from five percent to 15 percent of salaries based on member choice. There are currently no requirements for employer contributions to the defined contribution component of TRS Plan 3.

Membership in TRS Plan 3 consisted of the following as of the latest actuarial valuation date of June 30, 2009:

<b>Retirees and Beneficiaries Receiving Benefits</b>	<b>1,791</b>
<b>Terminated Plan Members Entitled to but Not Yet Receiving Benefits</b>	<b>5,345</b>
<b>Active Plan Members Vested</b>	<b>29,585</b>
<b>Active Plan Members Nonvested</b>	<b><u>23,425</u></b>
<b>Total</b>	<b><u>60,146</u></b>

TRS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are to be paid by members. Absent a member's self-direction, TRS Plan 3 investments are made in the same portfolio as that of the TRS 2/3 defined benefit plan.

For Fiscal Year 2010, employee contributions were \$254.2 million and plan refunds paid out were \$71.7 million.

**Judicial Retirement Account:** The Judicial Retirement Account (JRA) was established by the Legislature in 1988 to provide supplemental retirement benefits. It is a defined contribution plan administered by the state of Washington Administrative Office of the Courts, under the direction of the Board for Judicial Administration. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts, and who are members of the PERS for their services as a judge. Vesting is full and immediate. At June 30, 2010, there were 11 active members and 186 inactive members in JRA. There are three participating employers in JRA.

From January 1, 2007 through December 31, 2007 any judicial members of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) eligible to participate in JRA were able to make a one-time irrevocable election to discontinue future contributions to JRA, in lieu of prospective contributions to the Judicial Benefit Multiplier Program (JBM). Beginning January 1, 2007 any newly elected or appointed Supreme Court Justice, Court of Appeals Judge or Superior Court Judge could no longer participate in JRA and would be enrolled in the JBM Program enacted in 2006. As of June 30, 2010, 189 JRA member judges have elected to enroll in JBM.

JRA plan members are required to contribute two and one-half percent of covered salary. The state, as employer, contributes an equal amount on a monthly basis. The employer and employee obligations to contribute are established per chapter 2.14 RCW. Plan provisions and contribution requirements are established in state statute and may be amended only by the state Legislature.

A JRA member who separates from judicial service for any reason is entitled to receive a lump-sum

distribution of the accumulated contributions. The administrator of JRA may adopt rules establishing other payment options. If a member dies, the amount of accumulated contributions standing to the member's credit at the time of the member's death is to be paid to the member's estate, or such person or persons, trust or organization as the member has nominated by written designation.

The Administrator of JRA has entered into an agreement with DRS for accounting and reporting services, and with the Washington State Investment Board (WSIB) for investment services. Under this agreement, DRS is responsible for all record keeping, accounting, and reporting of member accounts and the WSIB is granted the full power to establish investment policy, develop participant investment options and manage the investment funds for the JRA plan, consistent with the provisions of RCW 2.14.080 and 43.84.150.

**F. Employer Contributions Required and Paid**

The following table presents DRS' required contributions in thousands of dollars to cost-sharing plans in accordance with the funding policy. All contributions required by the funding method were paid.

	2010	2009	2008
(amounts expressed in thousands)			
PERS Plan 1	\$ 66.7	\$ 111.7	\$ 82.5
PERS Plan 2/3	632.3	981.2	717.2
<b>Total</b>	<u>\$ 699.0</u>	<u>\$1,092.9</u>	<u>\$ 799.7</u>

**G. Deferred Compensation Plan**

The state of Washington offers its employees and employees of those political subdivisions that elect to participate, a deferred compensation plan pursuant to RCW 41.50.770, in accordance with Internal Revenue Code Section 457. Under the plan, eligible employees elect to defer a portion of their salary until future time periods. The deferred compensation is not available to employees until termination, retirement,

disability, death or unforeseeable financial emergency. This deferred compensation plan is administered by DRS.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust by the Washington State Investment Board (WSIB), as set forth under RCW 43.33A.030, for the exclusive benefit of the state deferred compensation plan's participants and their beneficiaries. Neither the participant, nor the participant's beneficiary or beneficiaries, nor any other designee, has any right to commute, sell, assign, transfer, or otherwise convey the right to receive any payments under the plan. These payments and rights thereto are nonassignable and nontransferable.

Employees participating in the state Deferred Compensation Plan self-direct the investment of the deferred portion of their income through the selection of investment options. These options are provided by the WSIB after consultation with the director of DRS. The WSIB has the full power to invest moneys in the state Deferred Compensation Plan in accordance with RCW 43.84.150, 43.33A.140, and 41.50.770. Pursuant to RCW 41.50.770, no state board, commission, agency, or any officer, employee or member thereof is liable for any loss or deficiency resulting from participant investments selected, or from reasonable efforts to implement investment directions.

The Deferred Compensation Plan offers a stable principal Savings Pool and twenty other investment options. The investment options consist of the following:

- Active U.S. Core Stock Fund
- Active U.S. Value Stock Fund
- Fidelity Growth Company Fund
- International Stock Fund
- Savings Pool
- U.S. Small Stock Index Fund

- U.S. Stock Market Index Fund
- Washington State Bond Fund
- Washington State Socially Responsible Balanced Fund
- 2000 Retirement Strategy
- 2005 Retirement Strategy
- 2010 Retirement Strategy
- 2015 Retirement Strategy
- 2020 Retirement Strategy
- 2025 Retirement Strategy
- 2030 Retirement Strategy
- 2035 Retirement Strategy
- 2040 Retirement Strategy
- 2045 Retirement Strategy
- 2050 Retirement Strategy
- 2055 Retirement Strategy

More detailed information and discussion regarding investment strategies and an overview of investments in general can be obtained by contacting DRS.

## Required Supplementary Information

### Schedule of Funding Progress: PERS Plan 1

	(dollars in millions)					
	2009	2008	2007	2006	2005	2004
Actuarial Valuation Date	6/30/09	6/30/08	6/30/07	9/30/06	9/30/05	9/30/04
Actuarial Value of Plan Assets	\$9,776	\$9,853	\$9,715	\$9,591	\$9,707	\$9,928
Actuarial Accrued Liability	\$13,984	\$13,901	\$13,740	\$13,129	\$13,704	\$12,855
Unfunded Actuarial Liability	\$4,209	\$4,048	\$4,025	\$3,538	\$3,997	\$2,927
Funded Ratio	70%	71%	71%	73%	71%	77%
Covered Payroll	\$580	\$638	\$676	\$725	\$786	\$863
Unfunded Actuarial Liability as a Percentage of Covered Payroll	725%	634%	595%	488%	509%	339%

Source: Washington State Office of the State Actuary

### Schedule of Funding Progress: PERS Plan 2/3

	(dollars in millions)					
	2009	2008	2007	2006	2005	2004
Actuarial Valuation Date	6/30/09	6/30/08	6/30/07	9/30/06	9/30/05	9/30/04
Actuarial Value of Plan Assets	\$18,260	\$16,693	\$14,888	\$13,529	\$12,274	*
Actuarial Accrued Liability	\$18,398	\$16,508	\$14,661	\$12,770	\$11,495	*
Unfunded Actuarial Liability	\$137	\$(185)	\$(227)	\$(759)	\$(779)	*
Funded Ratio	99%	101%	102%	106%	107%	*
Covered Payroll	\$8,132	\$7,869	\$7,157	\$6,771	\$6,444	*
Unfunded Actuarial Liability as a Percentage of Covered Payroll	2%	(2)%	(3)%	(11)%	(12)%	*

\*Data not available

Source: Washington State Office of the State Actuary

### Schedule of Funding Progress: SERS Plan 2/3

	(dollars in millions)					
	2009	2008	2007	2006	2005	2004
Actuarial Valuation Date	6/30/09	6/30/08	6/30/07	9/30/06	9/30/05	9/30/04
Actuarial Value of Plan Assets	\$2,503	\$2,303	\$2,133	\$1,934	\$1,747	*
Actuarial Accrued Liability	\$2,493	\$2,207	\$1,998	\$1,787	\$1,601	*
Unfunded Actuarial Liability	\$(10)	\$(95)	\$(136)	\$(147)	\$(146)	*
Funded Ratio	100%	104%	107%	108%	109%	*
Covered Payroll	\$1,467	\$1,379	\$1,283	\$1,243	\$1,201	*
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(1)%	(7)%	(11)%	(12)%	(12)%	*

\*Data not available

Source: Washington State Office of the State Actuary

### Schedule of Funding Progress: PSERS Plan 2

	(dollars in millions)					
	2009	2008	2007	2006	2005	2004
Actuarial Valuation Date	6/30/09	6/30/08	6/30/07	9/30/06	9/30/05	9/30/04
Actuarial Value of Plan Assets	\$69	\$39	\$14	*	*	*
Actuarial Accrued Liability	\$64	\$37	\$19	*	*	*
Unfunded Actuarial Liability	\$(5)	\$(2)	\$6	*	*	*
Funded Ratio	108%	106%	71%	*	*	*
Covered Payroll	\$223	\$200	\$134	*	*	*
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(2)%	(1)%	4%	*	*	*

\*Data not available

Source: Washington State Office of the State Actuary

### Schedule of Funding Progress: TRS Plan 1

	(dollars in millions)					
	2009	2008	2007	2006	2005	2004
Actuarial Valuation Date	6/30/09	6/30/08	6/30/07	9/30/06	9/30/05	9/30/04
Actuarial Value of Plan Assets	\$8,146	\$8,262	\$8,302	\$8,275	\$8,450	\$8,728
Actuarial Accrued Liability	\$10,820	\$10,754	\$10,826	\$10,359	\$10,894	\$10,401
Unfunded Actuarial Liability	\$2,674	\$2,492	\$2,524	\$2,084	\$2,444	\$1,673
Funded Ratio	75%	77%	77%	80%*	78%	84%
Covered Payroll	\$389	\$432	\$426	\$478	\$546	\$616
Unfunded Actuarial Liability as a Percentage of Covered Payroll	688%	576%	592%	436%	448%	272%

Source: Washington State Office of the State Actuary

### Schedule of Funding Progress: TRS Plan 2/3

	(dollars in millions)					
	2009	2008	2007	2006	2005	2004
Actuarial Valuation Date	6/30/09	6/30/08	6/30/07	9/30/06	9/30/05	9/30/04
Actuarial Value of Plan Assets	\$6,160	\$5,681	\$5,277	\$4,835	\$4,411	*
Actuarial Accrued Liability	\$6,048	\$5,264	\$4,682	\$4,030	\$3,594	*
Unfunded Actuarial Liability	\$(112)	\$(417)	\$(594)	\$(806)	\$(818)	*
Funded Ratio	102%	108%	113%	120%	123%	*
Covered Payroll	\$3,957	\$3,621	\$3,318	\$3,225	\$3,058	*
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(3)%	(12)%	(18)%	(25)%	(27)%	*

\*Data not available

Source: Washington State Office of the State Actuary

### Schedule of Funding Progress: LEOFF Plan 1

(dollars in millions)

	2009	2008	2007	2006	2005	2004
Actuarial Valuation Date	6/30/09	6/30/08	6/30/07	9/30/06	9/30/05	9/30/04
Actuarial Value of Plan Assets	\$5,612	\$5,592	\$5,298	\$5,018	\$4,800	\$4,666
Actuarial Accrued Liability	\$4,492	\$4,368	\$4,340	\$4,309	\$4,243	\$4,266
Unfunded Actuarial Liability	\$(1,120)	\$(1,225)	\$(958)	\$(709)	\$(557)	\$(400)
Funded Ratio	125%	128%	122%	116%	113%	109%
Covered Payroll	\$33	\$37	\$43	\$48	\$56	\$64
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(3,360)%	(3,303)%	(2,243)%	(1,475)%	(995)%	(625)%

Source: Washington State Office of the State Actuary

### Schedule of Funding Progress: LEOFF Plan 2

(dollars in millions)

	2009	2008	2007	2006	2005	2004
Actuarial Valuation Date	6/30/09	6/30/08	6/30/07	9/30/06	9/30/05	9/30/04
Actuarial Value of Plan Assets	\$5,564	\$5,053	\$4,360	\$3,844	\$3,329	*
Actuarial Accrued Liability	\$4,641	\$3,998	\$3,626	\$3,486	\$3,074	*
Unfunded Actuarial Liability	\$(923)	\$(1,054)	\$(734)	\$(358)	\$(255)	*
Funded Ratio	120%	126%	120%	110%	108%	*
Covered Payroll	\$1,442	\$1,345	\$1,234	\$1,172	\$1,092	*
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(64)%	(78)%	(59)%	(31)%	(23)%	*

\*Data not available

Source: Washington State Office of the State Actuary

### Schedule of Funding Progress: WSPRS Plan 1/2

(dollars in millions)

	2009	2008	2007	2006	2005	2004
Actuarial Valuation Date	6/30/09	6/30/08	6/30/07	9/30/06	9/30/05	9/30/04
Actuarial Value of Plan Assets	\$900	\$870	\$800	\$743	\$694	*
Actuarial Accrued Liability	\$790	\$745	\$702	\$671	\$621	*
Unfunded Actuarial Liability	\$(110)	\$(124)	\$(98)	\$(72)	\$(73)	*
Funded Ratio	114%	117%	114%	111%	112%	*
Covered Payroll	\$83	\$79	\$72	\$69	\$65	*
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(133)%	(158)%	(136)%	(105)%	(112)%	*

\*Data not available

Source: Washington State Office of the State Actuary

### Schedule of Funding Progress: JRS

	(dollars in millions)					
	2009	2008	2007	2006	2005	2004
Actuarial Valuation Date	6/30/09	6/30/08	6/30/07	9/30/06	9/30/05	9/30/04
Actuarial Value of Plan Assets	\$2	\$1	\$1	\$-	\$2	\$4
Actuarial Accrued Liability	\$89	\$92	\$85	\$88	\$89	\$89
Unfunded Actuarial Liability	\$87	\$91	\$85	\$88	\$87	\$85
Funded Ratio	2%	1%	1%	0%	2%	4%
Covered Payroll	\$0.9	\$1.3	\$1.3	\$1.4	\$1.7	\$2.4
Unfunded Actuarial Liability as a Percentage of Covered Payroll	9,216%	7,141%	6,374%	6,071%	5,118%	3,542%

Source: Washington State Office of the State Actuary

### Schedule of Funding Progress: Judges

	(dollars in millions)					
	2009	2008	2007	2006	2005	2004
Actuarial Valuation Date	6/30/09	6/30/08	6/30/07	9/30/06	9/30/05	9/30/04
Actuarial Value of Plan Assets	\$3.3	\$3.6	\$4.0	\$4.1	\$4.2	\$4.4
Actuarial Accrued Liability	\$3.4	\$3.5	\$3.9	\$4.0	\$4.5	\$4.7
Unfunded Actuarial Liability	\$0.1	\$(0.1)	\$(0.1)	\$(0.1)	\$0.3	\$0.3
Funded Ratio	97%	104%	103%	103%	93%	94%
Covered Payroll	\$-	\$-	\$-	\$-	\$-	\$-
Unfunded Actuarial Liability as a Percentage of Covered Payroll	n/a	n/a	n/a	n/a	n/a	n/a

Source: Washington State Office of the State Actuary

**Note on PERS Plan 2/3, SERS Plan 2/3, PSERS Plan 2, TRS Plan 2/3, LEOFF Plan 2, and WSPRS Plan 1/2:** These plans all use the Aggregate actuarial cost method which does not identify or separately amortize unfunded actuarial accrued liabilities. For this reason, the information about funded status and funding progress shown above for these plans has been prepared using the Entry Age actuarial cost method and is intended to serve as a surrogate for the funded status and funding progress information of these plans, as required by GASB 50.

Note for all plan schedules: Liability amounts and ratios/percentages are based on actual not rounded figures.

## Schedule of Contributions from Employers and Other Contributing Entities

The following schedule covers the fiscal years ended 2005-2010.

	(dollars in millions)											
	Annual Required Contribution*						Percentage Contributed					
	2010	2009	2008	2007	2006	2005	2010	2009	2008	2007	2006	2005
PERS Plan 1	\$627.8	\$620.2	\$453.1	\$397.3	\$438.5	\$340.3	25%	52%	49%	30%	7%	7%
PERS Plan 2/3	383.1	369.7	363.3	331.3	307.6	227.7	85%	119%	88%	73%	49%	33%
SERS Plan 2/3	82.3	71.5	75.8	71.5	81.4	64.0	75%	89%	69%	64%	37%	16%
PSERS Plan 2 **	14.8	14.3	12.4	7.1	n/a	n/a	103%	101%	94%	93%	n/a	n/a
TRS Plan 1	406.1	391.0	294.7	249.8	287.5	224.3	28%	46%	38%	24%	5%	4%
TRS Plan 2/3	221.1	186.9	208.9	167.7	166.4	117.4	75%	86%	52%	61%	45%	29%
LEOFF Plan 1	0.0	0.0	0.0	0.1	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a
LEOFF Plan 2	112.2	105.3	102.1	94.9	101.3	80.8	114%	122%	117%	101%	79%	67%
WSPRS Plan 1/2	6.6	5.0	6.8	5.3	6.1	3.4	80%	127%	89%	62%	48%	0%
JRS	20.4	21.2	26.6	37.3	27.7	21.7	57%	49%	36%	26%	24%	29%
Judges	0.0	0.0	0.0	0.0	0.1	0.1	n/a	n/a	n/a	n/a	300%	500%

\* The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from the methods used to derive the actual contributions required by law. These differences include the use of different actuarial valuations (actual contributions may be based on an earlier valuation) and different actuarial cost methods. For these reasons, the actual contributions will not match the Annual Required Contributions. Starting in 2009, we calculated the ARC for PERS and TRS Plans 1 under the Entry Age Normal Cost method with a rolling 10-year amortization.

\*\* PSERS Plan 2 became effective on July 1, 2006.

Source: Washington State Office of the State Actuary

## Supporting Schedules

### Schedule of Administrative Expenses For the Year Ended June 30, 2010 (expressed in thousands)

	Retirement Pension Trust Funds	Deferred Compensation Pension Trust Fund	Totals	
			June 30, 2010	June 30, 2009
<b>Current</b>				
<b>Personnel:</b>				
Salaries and Wages	\$ 11,970	\$ 900	\$ 12,870	\$ 12,793
Employee Benefits	3,722	305	4,027	3,713
Personal Service Contracts	1,050	15	1,065	1,107
<b>Total Personnel Expenses</b>	<b>16,742</b>	<b>1,220</b>	<b>17,962</b>	<b>17,613</b>
<b>Goods and Services:</b>				
Supplies and Materials	51	7	58	66
Communications	570	11	581	578
Utilities	147	9	156	150
Rental and Leases	1,513	99	1,612	1,450
Repairs and Alterations	182	11	193	527
Printing and Reproduction	209	11	220	349
Employee Professional Development and Training	90	1	91	102
Subscriptions	7	–	7	8
Facilities and Services	446	20	466	425
Data Processing Services	2,189	21	2,210	2,051
Attorney General Services	38	17	55	74
Personnel Services	58	4	62	53
Medical Consultant Services	69	–	69	74
Insurance	15	1	16	36
Other Contractual Services	501	–	501	489
Vehicle Maintenance	7	8	15	16
Actuary Services	1,417	–	1,417	1,594
LEOFF 2 Board Governance <sup>1</sup>	919	–	919	774
Pension Funding Council Services	66	–	66	54
Audit Services	134	9	143	220
Archives and Records Management	50	3	53	59
Legal Fees	1,400	–	1,400	1,820
Bad Debts Expense	164	–	164	23
Fraudulent Collections	104	–	104	131
Office of Minority and Women's Business Enterprises Services	1	–	1	3
Other Goods and Services	34	–	34	254
<b>Total Goods and Services</b>	<b>10,381</b>	<b>232</b>	<b>10,613</b>	<b>11,380</b>
<b>Miscellaneous Expenses:</b>				
Travel	40	23	63	59
Noncapitalized Equipment	35	1	36	103
<b>Total Miscellaneous Expenses</b>	<b>75</b>	<b>24</b>	<b>99</b>	<b>162</b>
<b>Total Current Expenses</b>	<b>27,198</b>	<b>1,476</b>	<b>28,674</b>	<b>29,155</b>
<b>Capital Outlays:</b>				
Furnishings, Equipment and Software	529	36	565	–
<b>Total Capital Outlays</b>	<b>529</b>	<b>36</b>	<b>565</b>	<b>–</b>
<b>Depreciation – Capital Assets</b>	<b>221</b>	<b>–</b>	<b>221</b>	<b>204</b>
<b>Total Administrative Expenses</b>	<b>\$ 27,948</b>	<b>\$ 1,512</b>	<b>\$ 29,460</b>	<b>\$ 29,359</b>

<sup>1</sup> This expense is now classified as an administrative rather than as an investment operating expense. Accordingly, the 2009 amount has been added to the schedule.

**Schedule of Investment Expenses**  
**Pension Trust Funds**  
**For the Year Ended June 30, 2010**  
**(expressed in thousands)**

	<b>Investment Management Expense</b>
<b>Public Equity Securities</b>	
U.S. Active Equity Managers	\$ 436
U.S. Passive Equity Managers	997
International Active Equity Managers	25,410
International Passive Equity Managers	<u>1,685</u>
<b>Total Public Equity Securities</b>	<b><u>28,528</u></b>
<b>Alternative Investments</b>	
Innovation	2,808
Private Equity	144,529
Real Estate	22,966
Tangibles	<u>703</u>
<b>Total Alternative Investments</b>	<b><u>171,006</u></b>
<b>Securities Selling, Lending, Broker Rebates &amp; Bank Fees Paid</b>	<b><u>5,973</u></b>
<b>Cash Management</b>	<b><u>850</u></b>
<b>Other Expenses</b>	
Accounting	880
Consultants and Advisors	557
Custodians	22
Legal Fees	162
Research Services	1,939
PERS Plan 3 Management Fees	794
SERS Plan 3 Management Fees	384
TRS Plan 3 Management Fees	2,146
Deferred Compensation Management Fees	4,543
Miscellaneous Fees	70
WSIB Operating Costs	<u>8,332</u>
<b>Total Other Expenses</b>	<b><u>19,829</u></b>
<b>Total Investment Expenses</b>	<b><u><u>\$ 226,186</u></u></b>

**Schedule of Payments to Consultants**  
**For the Year Ended June 30, 2010**  
(expressed in thousands)

	<b>Commissions/Fees</b>
<b>Communications</b>	
22nd Century Technologies	\$ <u>43</u>
<b>Total Communications</b>	<b><u>43</u></b>
<b>Computer/Technology</b>	
Aetea Information Technology Inc.	178
Martin Analysis and Programming, Inc.	<u>267</u>
<b>Total Computer/Technology</b>	<b><u>445</u></b>
<b>Legal</b>	
Buell Realtime Reporting LLC	4
Foster Pepper & Shefelman PLLC	152
Ice Miller LLP	<u>61</u>
<b>Total Legal</b>	<b><u>217</u></b>
<b>Management</b>	
CEM Benchmarking, Inc.	35
Cheiron, Inc.	66
Kelly Service, Inc.	23
Mercer Investment Consulting, Inc.	30
Peterson Sullivan LLP	<u>58</u>
<b>Total Management</b>	<b><u>212</u></b>
<b>Recordkeeping</b>	
ICMA Retirement Corporation	<u>1,000</u>
<b>Total Recordkeeping</b>	<b><u>1,000</u></b>
<b>Total Payments to Consultants</b>	<b><u>\$ 1,917</u></b>

For fees paid to investment professionals, refer to the Investment section of this report.

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# Investment Section



# Report on Investment Activity

## Prepared by the Washington State Investment Board

### OVERVIEW

The Washington State Investment Board (WSIB) manages retirement fund assets to maximize return at a prudent level of risk (Chapter 43.33A.110 RCW). Investment decisions are made within the framework of a Strategic Asset Allocation Policy, and a series of written WSIB-adopted investment policies for the various asset classes in which WSIB invests.

The Retirement Funds, collectively called the Commingled Trust Fund (CTF), increased in value by \$5.2 billion during fiscal 2010 to \$52.6 billion. The CTF return was 13.22 % for the fiscal year.

Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate and tangible assets. Additional general information about the CTF includes:

- **Participant Concentration** – The DRS Retirement Funds make up 99.8% of the CTF. Their respective concentrations are:
  - PERS 1 (14.5%)
  - PERS 2/3 DB and DC plans (32.5%)
  - SERS 2/3 DB and DC plans (5.7%)
  - PSERS 2 (0.2%)
  - TRS 1 (12.2%)
  - TRS 2/3 DB and DC plans (15.1%)
  - WSPRS 1/2 (1.4%)
  - LEOFF 1 (8.7%)
  - LEOFF 2 (9.6%)
  - Judicial (0.0%)
- **External Managers** – The WSIB engages approximately 140 partnerships and external managers to assist in the management of the CTF's investments.
- **Risk** – The various risks of the CTF portfolio include interest rate risk, credit risk, concentration risk, and foreign currency risk, as described in Note 1 of the Financial Section of this report. The WSIB has not created a total fund risk profile for the CTF.
- **Leverage** – The WSIB does not leverage the CTF portfolio as a whole. Individual securities within the CTF do have leverage; however, the WSIB does not capture this information on a total basis.
- **Earnings** – The CTF does not distribute earnings directly to the owner funds. The Retirement Fund plans are allowed to purchase or sell units in the pool, based on the fair value of the underlying assets, on the first business day of each month. The net asset value includes interest and dividend income which is recognized on a trade date basis, and purchases and sales of investments which are recorded on a trade date basis.
- **Expense** – The CTF's expense ratio for the year ended March 31, 2010 was 0.7910%.
- **Yield** – The CTF's fixed income portfolio has a yield of 3.75%.
- **Weighted Average Maturity** – The CTF fixed income portfolio has a weighted average maturity of 6.20 years. Additional maturity information is available in Note 1 of the Financial Section of this report.

## PERFORMANCE

The chart below shows the returns for the CTF on a total fund basis, as well as by asset class. Appropriate benchmark returns are provided for comparison purposes.

Periods Ending 6/30/2009

	1 Year	3 Year	5 Year
<b>TOTAL FUND</b>	<b>13.22%</b>	<b>(4.80)%</b>	<b>4.08%</b>
<i>Passive benchmark</i>	13.20%	(4.61)%	2.77%
<b>Fixed Income</b>	<b>12.47%</b>	<b>8.92%</b>	<b>6.68%</b>
<i>Barclays Capital Universal Index</i>	10.60%	7.22%	5.56%
<b>Tangible</b>	<b>10.10%</b>	<b>0.10%</b>	<b>n/a</b>
<i>CPI (Lagged One Quarter) + 400 bp</i>	6.39%	5.97%	n/a
<b>Real Estate</b>	<b>(3.82)%</b>	<b>(7.68)%</b>	<b>4.13%</b>
<i>8% Return Over Rolling 10 Years NCREIF Lagged One Quarter (for comparison purposes)</i>	(9.60)%	(4.32)%	4.19%
<b>U.S. Equity</b>	<b>51.80%</b>	<b>(5.04)%</b>	<b>(1.79)%</b>
<i>Dow Jones U.S. TSMI</i>	52.62%	(3.72)%	2.65%
<b>International Equity</b>	<b>11.44%</b>	<b>(10.86)%</b>	<b>3.33%</b>
<i>Custom Blended Benchmark (MSCI ACW ex U.S./ACW IMI)</i>	11.49%	(10.34)%	3.79%
<b>Global Equity</b>	<b>13.52%</b>	<b>(10.69)%</b>	<b>0.91%</b>
<i>Dow Jones Wilshire Global Index</i>	13.80%	(9.74)%	1.99%
<b>Private Equity</b>	<b>23.95%</b>	<b>(4.10)%</b>	<b>9.67%</b>
<i>Russell 3000 (Lagged One Quarter) + 300 bp</i>	55.44%	(0.99)%	5.39%
<b>Innovation</b>	<b>11.89%</b>	<b>n/a</b>	<b>n/a</b>
<i>Custom Benchmark</i>	14.21%	n/a	n/a
<b>Cash</b>	<b>0.17%</b>	<b>1.92%</b>	<b>3.01%</b>
<i>90 Day T-bills</i>	0.16%	1.57%	2.77%

Performance information is compiled by the custodian, JP Morgan. Performance numbers are reported net of management fees, and are prepared using a time-weighted rate of return based on the current market value.

## ASSET ALLOCATION

Investment performance is a result of two primary factors: individual asset selection and the allocation of the portfolio among asset classes (e.g. stocks, fixed income, real estate). Studies suggest that more than 90% of investment performance can be explained by asset allocation decision.

Accordingly, the WSIB sets a specific long-term target asset mix and adopts tight ranges around those targets to control the overall risk and return of the CTF. On a daily basis, the WSIB reviews the asset allocation in relation to the established ranges. The staff shifts assets whenever the allocation range for an asset exceeds the approved range or when cash is needed elsewhere. The WSIB reviews changes to the overall asset mix every three to four years.

The chart below shows the CTF's asset allocation as of June 30, 2010, as well as the long-term target allocations.

Current Asset Allocation and Long-Term Target Allocations

Asset Type	Target Allocation	Actual Allocation
Fixed Income	20.00%	21.89%
Tangible Assets	5.00%	1.16%
Real Estate	13.00%	14.21%
Global Equity	37.00%	34.71%
Private Equity	25.00%	25.76%
Innovation	0.00%	0.83%
Cash	0.00%	1.44%

## PUBLIC EQUITY

The Public Markets equity investments are managed to the asset allocation targets and ranges adopted by the Board using a broad global equity benchmark, the Dow Jones Global Total Stock Market Index. This is a reflection of the globalization of capital markets. While the program is still being restructured, the current portfolio in the CTF remains a combination of separate United States (U.S.) and international components. In a world in which American companies like Coca-Cola get most of their revenue from overseas and many so-called foreign companies operate mainly in the U.S., distinctions between "U.S. stocks" and "international stocks" have become increasingly blurred. The WSIB believes that the future success of the program depends on investment managers finding the most attractive stock opportunities wherever they are in the world.

**Retirement Funds' Ten Largest Global Equity Holdings  
As of 6/30/2010**

Exxon Mobil Corp.	1.10%	GlaxoSmithKline PLC	0.62%
Apple Inc.	0.86%	Johnson and Johnson	0.61%
Royal Dutch Shell PLC	0.76%	International Business Machines Corp.	0.59%
Microsoft Corp.	0.67%	Novartis AG	0.58%
Procter and Gamble Co.	0.65%	General Electric Co.	0.58%

**Retirement Funds' Ten Largest Global Equity Exposures by Country  
As of 6/30/2010**

	CTF Weight	DJW Global Index Weight		CTF Weight	DJW Global Index Weight
United States	43.99%	41.32%	Switzerland	3.22%	2.97%
Japan	8.96%	9.93%	Germany	3.14%	2.82%
United Kingdom	8.48%	7.75%	Australia	2.83%	3.07%
France	4.05%	3.51%	Brazil	1.99%	1.96%
Canada	3.89%	4.38%	Netherlands	1.65%	0.99%

*The ten largest country exposures comprise 82.20% of the portfolio versus the index at 79.22%.*

**U.S. EQUITY**

The U.S. Equity portfolio is structured to capture the returns of the broad U.S. equity market as measured by the Dow Jones Total Stock Market Index (TSMI). The index is comprised of all U.S. domiciled common equities for which pricing information is readily available, and currently represents approximately 5,000 companies. The portfolio is managed externally using primarily passive management strategies that track the index. The remainder is invested in active enhanced strategies.

**INTERNATIONAL**

Approximately 75% of the International equity portfolio is invested in the developed markets with the remaining portion invested in the emerging markets. Portfolios are managed by external managers employing a combination of both active and passive management strategies.

**FIXED INCOME**

The Fixed Income portfolio is internally managed by WSIB staff with Barclays Capital Universal Index

as the performance benchmark. The management strategy is primarily one of the sector selection. The portfolio is structured to be over- or under- weighted relative to the benchmark's sectors: primarily treasuries, agencies, credit, mortgage backed securities and asset backed securities. The duration of the portfolio is slightly shorter than that of the Barclays Capital Universal Index.

**Retirement Funds' Fixed Income Sector Distribution  
As of 6/30/2009**

<b>Investment Type</b>	<b>Barclays Capital Universal Index</b>	<b>WSIB Fixed Income</b>
Treasury Inflation Protected Securities (TIPS)	7.44%	0.00%
U.S. Treasury	5.85%	28.26%
U.S. Credit	59.04%	31.75%
U.S. Agency	0.00%	6.85%
Pass Through Mortgages	13.36%	30.06%
Commercial Mtge. Backed Securities (CMBS)	4.12%	2.83%
Collateralized Mortgage Obligations (CMO)	8.94%	0.00%
Asset Backed Securities (ABS)	1.21%	0.25%
Cash	0.04%	0.00%

**PRIVATE EQUITY**

The private equity portfolio, originated in 1981, is primarily invested in partnerships that acquire or create ongoing businesses or operating companies. The WSIB has investments in all stages of the business life cycle, from private start-up technology companies to large multinational public concerns. These are long-term investments, typically 10 to 12 years in life. They are expected to generate investment returns well in excess of public equity securities. At the portfolio company level, approximately 38% is invested in private equity outside the United States.

**REAL ESTATE**

The Real Estate portfolio is invested in a diversified group of properties including office buildings, retail facilities, apartments, warehouses and specialty properties. The majority of these investments have been made in partnerships with operating management groups. The WSIB invests in real estate both in the United States and internationally.

**TANGIBLE ASSETS**

The Board added Tangible Assets to its asset allocation in November 2007, and adopted an investment policy for the new assets class in January 2008. The long-term allocation target is 5%, plus or minus 2%, and the benchmark is the Consumer Price Index (CPI) lagged one quarter plus 400 basis points. The categories of investments in this asset class are agriculture, commodities, infrastructure, natural resource rights and timber. As this is a new asset class, the WSIB is still working towards building to its allocated target.

**PORTFOLIO HOLDINGS**

A complete list of portfolio holdings is available by contacting:

Washington State Investment Board  
2100 Evergreen Park Drive SW  
PO Box 40916  
Olympia WA 98504-0916  
(360) 956-4600

## Summary of Investment Policies

The Washington State Investment Board (WSIB) has been authorized by statute as having the investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk (RCW 43.33A.110).

### RETIREMENT FUND ASSET ALLOCATION

WSIB establishes asset allocation targets that must be considered at all times when making investment decisions. The asset mix may deviate from the target. Deviations greater than predetermined acceptable levels require rebalancing back to the target. When an asset class exceeds its range, the goal of rebalancing will be to meet the target allocation within consideration of the other remaining asset classes.

Retirement funds are invested in the Commingled Trust Funds (CTF). The CTF's performance benchmark objective is to exceed the return of a policy benchmark consisting of public market indices weighted according to asset allocation targets. The asset allocation for the CTF is formally reviewed every three or four years. WSIB reviews the asset allocation in relation to the established ranges periodically.

### PUBLIC MARKETS EQUITY

The Public Markets equity program seeks to:

- Achieve the highest return possible consistent with the desire to control asset volatility;
- Ensure protection for long-term liabilities, since shorter term liabilities are more suitably protected by lower volatility instruments such as fixed income securities; and
- Provide diversification to the WSIB's overall investment program.

The public markets equity portion of the Retirement Funds includes strategies in the U.S., developed international, and emerging markets. Since the U.S. equity markets are generally efficient, the domestic equity portfolio is 100% passively managed. Over time, the domestic equity portfolio should track the return of a broad U.S. market benchmark, the Dow Jones U.S. Total Stock Market Index (TSMI). Non-U.S. markets are generally less efficient than the U.S. market; therefore, more active management will be included in the approach taken with international markets. The weightings of the elements of the developed markets and emerging markets of the international equity program will be similar to the weightings of the MSCI All Country World ex. U.S. IMI Index which serves as the benchmark for the WSIB's entire international program.

### FIXED INCOME

The WSIB's fixed income investments are actively managed with the goal of exceeding the return of the Barclays Capital Universal Index over the long term. The major permissible investments include U.S. Treasuries and government agencies, Treasury Inflation Protection Securities (TIPS), mortgage-backed securities, asset-backed securities, and credit bonds, both investment grade in quality and below investment grade.

The portfolio is constrained by policy from investing more than 1% of the portfolio's par holdings in any single issuer with a quality rating below investment grade, and from having a duration (the sensitivity of the portfolio's market value to changes in the level of interest rates) that is more than 20% different than the duration of the Universal Index. In addition, the major sector allocations are limited to the following ranges:

U.S. Treasuries and Government Agencies	10-45%
Credit Bonds	10-60%
Asset-Backed Securities	0-10%
Commercial Mortgage-Backed Securities	0-10%
Mortgage-Backed Securities	5-45%

## PRIVATE EQUITY INVESTING

The WSIB can invest in any appropriate private equity investment opportunity which has the potential for returns superior to traditional investment opportunities and which is not prohibited by the WSIB's policies or by law. As previously indicated, these investment types are divided into venture capital investments, corporate finance (including leveraged, management and employee buyouts), distressed, international and mezzanine investments. Private equity investments are made through limited partnership vehicles.

To meet the return and plan objectives, the private equity portfolio has diversified investments in companies in a variety of stages of growth. The portfolio also includes a broad cross-section of opportunities in different industries and geographic regions.

## REAL ESTATE PROGRAM

The WSIB's real estate program is an externally managed pool of selected partnership investments, intended to provide alternative portfolio characteristics when compared to traditional stock and bond investments. The majority of the WSIB's partnerships invest in institutional-quality real estate assets that are leased to third parties. The combination of income generated from bond-like lease payments, coupled with the hard asset qualities of real estate, combine to generate returns that are expected to fall between the return expectations for fixed income and equities. The real estate portfolio is managed to deliver risk-adjusted returns that are consistent with the Board's long term return expectations for the asset class. The WSIB's real estate partnerships

typically invest in private real estate assets that are held for long term income and appreciation. Many of the WSIB's investment partnerships do not involve co-investment with other financial entities, thereby providing the WSIB with control provisions related to liquidation, acquisition and ongoing operational decisions for annual capital expenditures.

Volatility within the real estate portfolio is minimized through a combination of factors. First, the majority of the WSIB's partners own real estate assets in a private investment form which is not subject to public market volatility. Secondly, real estate capital is diversified among a host of partners with varying investment styles. Thirdly, partnership assets are invested in numerous economic regions, including foreign markets, and in various property types. Finally, WSIB partners invest at different points within the properties' capital structure and life cycle.

The WSIB's current benchmark for real estate is an 8% return over a rolling ten years. The National Council of Real Estate Investment Fiduciaries (NCREIF) property index lagged one quarter is still used for comparison purposes but is no longer the policy benchmark.

## TANGIBLE ASSETS

The WSIB can invest in any tangible asset investment opportunity demonstrating acceptable risk-adjusted returns provided such opportunities are not prohibited by Board policy or by law. The WSIB will seek to establish a prudent and disciplined approach to achieving a well-diversified portfolio of tangible asset investments targeting appropriate risk-adjusted returns for the asset class. Staff will make best efforts to obtain significant co-investment from their investment partners in order to improve alignment of interests.

Staff will prudently seek to diversify the portfolio cognizant of each partner's strategy and business plan. Investments will not be made solely to achieve product type or geographic diversification.

**Schedule of Investment Management Fees and Commissions**  
For the Year Ended June 30, 2010  
(expressed in thousands)

	Fees Paid	Netted Fees*	Total Fees and Expenses	Assets Under Management
<b>Public Equity Securities:</b>				
U.S. Active Equity Manager	\$ 436	\$ —	\$ 436	\$ —
U.S. Passive Equity Manager	997	528	1,525	7,612,910
International Active Equity Managers	25,410	—	25,410	7,265,727
International Passive Equity Managers	1,685	9,132	10,817	3,020,882
<b>Alternative Investments:</b>				
Innovation	2,808	442	3,250	426,101
Private Equity	144,529	—	144,529	13,528,451
Real Estate	22,966	—	22,966	7,466,102
Tangibles	703	7,121	7,824	608,962
<b>Securities Selling, Lending, Broker Rebates and Bank Fees Paid</b>	5,973	—	5,973	—
<b>Cash Management</b>	850	—	850	1,059,177
<b>Other Expenses:</b>				
Accounting	880	—	880	—
Consultants and Advisors	557	—	557	—
Custodians	22	—	22	—
Legal Fees	162	—	162	—
Research Services	1,939	—	1,939	—
PERS Plan 3 Management Fees	794	—	794	—
SERS Plan 3 Management Fees	384	—	384	—
TRS Plan 3 Management Fees	2,146	—	2,146	—
Deferred Compensation Management Fees	4,543	—	4,543	—
Miscellaneous Fees	70	—	70	—
WSIB Operating Costs	8,332	—	8,332	—
<b>Total</b>	<b>\$ 226,186</b>	<b>\$ 17,223</b>	<b>\$ 243,409</b>	<b>\$ 40,988,312</b>

\*Netted fees are included in the unrealized gains (losses) contained in the net appreciation (depreciation) in the accompanying financial statements.

## Schedule of Broker Volume and Equity Commissions Paid

For the Year Ended June 30, 2010 (page 1 of 7)

Dealer	Equity					Fixed Income	
	Volume Transacted	Buy Cost	Proceeds	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
ABG SECURITIES	\$ 1,322,940	\$9,809,771	\$10,348,265	\$ 27,256	\$ 0.02	\$ -	\$ -
ABN AMRO BANK, NV	16,031,405	57,506,995	52,978,449	133,937	0.01	-	-
ADAMS HARKNESS & HILL	176,631	2,939,421	1,511,505	6,820	0.04	-	-
ADP CLEARING & OUTSOURCING	135,811	538,151	2,994,623	2,181	0.02	16,613,902	-
AGORA FINANCIAL	160,552	-	3,233,058	7,539	0.05	-	-
AKJ OSLO	25,046	-	185,908	220	0.01	-	-
ALPHA BROKERAGE AE	249,190	128,375	1,279,092	1,411	0.01	-	-
ALPHA FINANCE	116,948	1,051,116	81,819	2,825	0.02	-	-
ARBUTHNOT SECURITIES	127,529	1,278,403	-	1,905	0.01	-	-
BAIRD, ROBERT & COMPANY	2,120	77,144	-	64	0.03	-	-
BANCA IMI SECURITIES CORP	373,245	1,040,670	2,300,249	5,014	0.01	-	-
BANCA INTESA	406,595	1,549,837	2,483,085	6,046	0.01	-	-
BANCO BILBAO VISCAYA	103,943	-	2,414,522	3,627	0.03	-	-
BANCO BRADESCO, SA	483,050	5,217,510	3,617,763	21,460	0.04	-	-
BANCO COMERCIAL	77,172	-	292,059	439	0.01	-	-
BANCO ITUA SA	1,571,285	9,423,893	7,340,845	37,572	0.02	-	-
BANCO PACT	56,325	1,134,455	95,434	2,700	0.05	-	-
BANCO SANTANDER	3,261,810	19,257,514	16,662,694	64,205	0.02	-	-
BANK AM BELLEVUE ZURICH	175,144	1,694,242	7,217,369	10,813	0.06	-	-
BANK AMERICA	-	-	-	-	-	19,888,023	-
BANK JULIUS	21,952	-	988,457	1,188	0.05	-	-
BANK OF AMERICA	-	-	-	-	-	1,190,513,331	-
BANK OF IRELAND	499	15,715	-	-	-	-	-
BANK OF NEW YORK SECURITIES	465,860	5,065,872	3,924,360	10,911	0.02	-	-
BANQUE NATIONALE DE PARIS	88,508	382,643	1,023,113	3,174	0.04	-	-
BARCLAYS CAPITAL, INC	11,103,252	56,309,646	62,097,727	107,600	0.01	-	-
BARCLAYS TRUST & BANKING CO	262,490	2,252,528	3,027,308	6,436	0.02	802,855,608	-
BATUCHA SECURITIES	958,612	3,943,779	513,073	6,678	0.01	-	-
BEAR STEARNS INTL TRADING	33,627	310,179	-	434	0.01	-	-
BEAR, STEARNS & COMPANY	47,844,968	200,440,428	168,853,583	242,248	0.01	27,888,816	-
BELTON SECURITIES	214,836	1,202,215	-	5,981	0.03	-	-
BERENDBERG BANK	179,301	9,489,762	685,162	14,791	0.08	-	-
BGC BROKERS	22,651	1,491,315	-	1,341	0.06	-	-
BLACKROCK INVESTMENTS	91,128,616	9,739	1,023,660,253	-	-	-	-
BMO CAPITAL MARKETS	53,497	37,636	3,645,828	2,037	0.04	-	-
BNP PARIBAS	15,789,521	75,393,083	47,891,229	98,063	0.01	252,451,490	-
BREAN MURRAY	255,944	-	2,884,652	12,797	0.05	-	-
BROADPOINT AMTECHNIC	5,588	-	38,826	168	0.03	-	-
BROCKHOUSE & COOPER	16,692,887	69,914,366	66,861,048	69,418	0.00	-	-
BROWN BROTHERS HARRIMAN	49,979	356,201	428,827	724	0.01	-	-
BT ASIA SECURITIES	51,618	-	402,736	605	0.01	-	-

**Schedule of Broker Volume and Equity Commissions Paid**  
For the Year Ended June 30, 2010 (page 2 of 7)

Dealer	Equity					Fixed Income	
	Volume Transacted	Buy Cost	Proceeds	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
BTIG, LLC	\$ 18,122	\$ 379,248	\$ 243,724	\$ 362	\$ 0.02	\$ -	\$ -
BUNTING WARBURG, INC	1,926,615	27,854,690	24,803,304	44,836	0.02	-	-
C.L. KING & ASSOCIATES	1,797	64,082	-	54	0.03	-	-
CAIB SECURITIES	621	33,783	-	40	0.06	-	-
CALYON SECURITIES	79,129	3,947,222	-	4,639	0.06	-	-
CANACCORD CAPITAL CORP	2,387,629	8,412,055	10,521,287	21,729	0.01	-	-
CANTOR FITZGERALD & COMPANY	6,629,614	3,941,722	39,899,498	75,621	0.01	-	-
CAPITAL FINANCIAL MANAGERS	66,555	441,764	-	353	0.01	-	-
CAPITAL ONE	1,597	-	91,424	48	0.03	-	-
CAPP SECURITIES	53,097,611	3,061,257	28,288,259	-	-	10,887,088	-
CARIS & COMPANY	2,794	-	19,628	84	0.03	-	-
CARNEGIE CORPORATION	741,603	10,822,690	10,501,393	31,683	0.04	-	-
CAZENOVE & COMPANY	3,994,602	22,254,968	9,231,772	40,978	0.01	-	-
CCB INTERNATIONAL SECURITIES	110,759	63,653	85,358	298	0.00	-	-
CEDEL BANK	128,666	298,236	5,653,985	8,109	0.06	-	-
CENTROBANCA S.P.A.	408,587	-	888,421	1,335	0.00	-	-
CHASE MANHATTAN BANK	36,137	1,025,856	-	410	0.01	-	-
CHEVREUX DE VIRIEU	257,327	3,553,831	1,889,471	6,358	0.02	-	-
CHINA INTERNATIONAL	1,792,406	1,163,039	2,420,341	5,837	0.00	-	-
CI NORDIC SECURITIES	762,629	8,490,339	3,304,793	11,536	0.02	-	-
CIBC WORLD MARKETS CORP	776,927	12,265,206	8,231,001	23,468	0.03	21,952,303	-
CIC SECURITIES	2,395	-	121,436	59	0.02	-	-
CIMB SECURITIES	231,796	870,601	-	2,170	0.01	-	-
CITIBANK	470,084	2,651,532	1,735,321	4,647	0.01	-	-
CITICORP SECURITIES INC	129,174	1,691,035	1,640,414	4,997	0.04	-	-
CITIGROUP	94,063,825	315,674,899	379,603,990	687,153	0.01	486,208,475	-
CLSA SINGAPORE	20,581,511	23,225,411	32,159,426	100,043	0.00	-	-
COGENT - AMP SERVICES	22,997	254,058	-	-	-	-	-
COLLINS STEWART	930,499	4,364,659	4,123,312	11,636	0.01	-	-
COMMERZBANK, AG	129,130	-	3,302,761	3,466	0.03	-	-
COWEN & COMPANY	30,030	608,302	91,103	887	0.03	-	-
CRAIG-HALLUM, INC	1,497	35,751	-	45	0.03	-	-
CREDIT AGRIGOLE	4,640,763	48,259,435	37,598,020	86,023	0.02	2,993,496	-
CREDIT LYONNAIS	28,800,382	64,975,851	47,607,074	174,278	0.01	-	-
CREDIT SUISSE FIRST BOSTON	123,584,539	574,742,942	623,752,053	1,175,132	0.01	49,681,732	-
CRESTCO LIMITED	177,393	873,412	-	1,296	0.01	-	-
DAIN RAUSCHER	151,970	4,029,183	3,192,091	4,648	0.03	1,097,615	-
DAIWA BANK LIMITED	110,460	812,091	1,868,006	2,413	0.02	-	-
DAIWA SECURITIES GROUP	7,640,173	21,080,840	25,344,341	62,749	0.01	-	-
DANSKE BANK	1,184,731	11,109,757	2,757,206	6,860	0.01	-	-
DAVY STOCKBROKERS	106,441	1,560,135	3,128	1,876	0.02	-	-

## Schedule of Broker Volume and Equity Commissions Paid

For the Year Ended June 30, 2010 (page 3 of 7)

Dealer	Equity					Fixed Income	
	Volume Transacted	Buy Cost	Proceeds	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
DBS SECURITIES	\$ 277,996	\$ -	\$ 1,348,601	\$ 4,738	\$ 0.02	\$ -	\$ -
DBS VICKERS BALLAS	79,827	330,066	-	494	0.01	-	-
DEFACTO 1149 LIMITED	191,449	-	2,313,784	3,476	0.02	-	-
DEN DANSKE BANK	73,890	724,368	-	1,085	0.01	-	-
DEUTSCHE BANK SECURITIES	150,531,467	590,968,623	496,005,166	777,729	0.01	631,626,289	-
DEUTSCHE EQUITIES	15,091	583,790	-	1,744	0.12	-	-
DEXIA BANK	847,968	10,253,833	6,333,088	10,522	0.01	-	-
DG BANK	10,004	1,000,778	-	1,499	0.15	-	-
DNB NOR ASA	2,792	634,647	-	951	0.34	-	-
DRESDNER BANK	14,421	47,902	98,347	219	0.02	-	-
DSP MERRILL LYNCH	1,521,344	28,377,170	10,565,061	36,692	0.02	-	-
DUNDEE SECURITIES	110,560	841,596	908,041	2,598	0.02	-	-
ELVI SECURITIES	19,337	351,286	80,623	647	0.03	-	-
ENSKILDA SECURITIES	822,008	6,430,467	7,897,965	21,120	0.03	-	-
ERSTE BANK DER OESTERREICHISCH	130,051	5,837,885	-	6,907	0.05	-	-
ESN NORTH	1,008,385	2,073,467	-	3,099	0.00	-	-
EUROCLEAR	40,224	203,192	907,039	1,629	0.04	-	-
EUROMOBILIARE	4,130,174	5,835,591	8,777,372	18,267	0.00	-	-
EUROZ SECURITIES	16,598	-	24,110	48	0.00	-	-
EVOLUTION BEESON GREGORY	1,597,857	7,532,336	13,410,849	25,934	0.02	-	-
EXANE BNP PARIBAS	2,045,127	31,006,138	12,707,570	54,619	0.03	-	-
EXECUTION SERVICES, INC	939,128	9,078,468	4,612,385	13,172	0.01	-	-
FATOR-DORIA & ATHERINO	2,768	65,212	-	140	0.05	-	-
FIDELITY CAPITAL MARKETS	499	17,931	-	5	0.01	-	-
FIDENTIS	192,427	1,679,676	800,650	2,975	0.02	-	-
FIRST SECURITIES	621,707	1,098,294	1,443,989	3,814	0.01	-	-
FOKUS BANK	546,416	406,380	307,205	450	0.00	-	-
FOX-PITT, KELTON, INC	679,626	5,814,422	4,655,173	11,709	0.02	-	-
FRANK RUSSELL	17,958	-	582,394	-	-	-	3,325,877
FTN FINANCIAL SECS	1,002	133,473	-	30	0.03	-	-
G-TRADE SERVICES	554,994	1,394,290	2,916,289	1,725	0.00	-	-
G.K. GOH	712,452	-	575,035	865	0.00	-	-
GARBAN SECURITIES	7,326,646	16,764,782	14,725,666	25,781	0.00	-	-
GLOBAL EQUITIES	122,109	3,371,408	-	1,348	0.01	-	-
GMP SECURITIES, L.P.	12,373	-	205,987	413	0.03	-	-
GOLDMAN SACHS & COMPANY	46,066,011	196,247,865	246,314,080	508,077	0.01	1,163,870,216	9,978,320
GOODBODY STOCKBROKERS	1,287,946	366,929	5,102,895	8,084	0.01	-	-
GRIFFITHS MCBURNEY	164,990	1,783,407	837,050	4,988	0.03	-	-
GRISWOLD COMPANY	1,783,145	14,554,217	4,559,483	19,011	0.01	-	-
HANOVER NOMINEES LTD	4,060	-	94,018	38	0.01	-	-
HEDGING	293,628	4,298,607	762,511	12,025	0.04	-	-

**Schedule of Broker Volume and Equity Commissions Paid**  
For the Year Ended June 30, 2010 (page 4 of 7)

Dealer	Equity					Fixed Income	
	Volume	Buy Cost	Proceeds	Commissions	Commissions	Long-Term	Short-Term
	Transacted				Per Share	Volume	Volume
						Transacted	Transacted
HONG KONG + SHANGHAI BANKING CO	\$ 36,283	\$ 173,516	\$ 1,802,309	\$ 5,959	\$ 0.16	\$ -	\$ -
HSBC INVESTMENT BANK, PLC	5,624,533	20,101,072	24,401,043	73,105	0.01	-	-
HSBC SECURITIES, INC	5,005,747	10,421,641	6,410,428	32,621	0.01	212,538,211	-
ICAP SECURITIES	8,748	206,512	218,000	211	0.02	-	-
ICHIYOSHI SECURITIES	998	40,449	-	40	0.04	-	-
ING BANK BRAZIL	1,337,925	11,157,704	5,925,169	35,923	0.03	-	-
INSTINET	89,481,813	479,526,495	443,956,300	775,733	0.01	-	-
INTERDIN BOLSA	85,432	1,122,220	-	1,681	0.02	-	-
INTERMONTE SECURITIES	79,524	3,243,019	-	4,857	0.06	-	-
INTERNATIONAL STRATEGY & INVESTMENTS	22,240	49,667	413,600	539	0.02	-	-
INTERSTATE SECURITIES	349,104	3,979,420	2,339,648	8,608	0.02	-	-
INTESA SANPAOLA	75,536	-	1,653,421	2,484	0.03	-	-
INVESTEC SECURITIES	204,096	441,725	871,068	1,513	0.01	-	-
INVESTMENT TECHNOLOGY CORP	29,935	-	16,389	7	0.00	-	-
INVESTMENT TECHNOLOGY GROUP INC	20,544,558	144,707,232	100,424,997	114,481	0.01	-	-
ITG INC	23,401,774	97,535,266	164,400,407	134,823	0.01	-	-
IVY SECURITIES	3,764	69,652	-	113	0.03	-	-
IXIS SECURITIES	36,067	-	2,937,363	3,529	0.10	-	-
J.B. WERE & SON	331,720	3,707,133	1,548,551	7,879	0.02	-	-
J.P. MORGAN & COMPANY	-	-	-	-	-	-	10,570,557
J.P. MORGAN SECURITIES, INC	225,691,851	1,331,057,162	957,663,015	719,019	0.00	201,321,058,270	4,958,305
JAMES CAPEL	10,178	523,928	-	785	0.08	-	-
JANNEY MONTGOMERY SCOTT	970	-	71,527	29	0.03	-	-
JEFFERIES & COMPANY	8,363,810	53,017,460	56,305,565	83,500	0.01	-	-
JENNINGS CAPITAL INC	2,721	39,976	-	80	0.03	-	-
JM FINANCIAL INSTITUTIONAL	84,114	1,471,630	-	3,665	0.04	-	-
JMP SECURITIES	94,794	-	1,029,072	4,740	0.05	-	-
JONES & ASSOCIATES	1,013,500	-	16,276,977	37,769	0.04	-	-
JULIUS BAER	249,132	4,094,266	6,080,473	10,056	0.04	-	-
KALB VOORHIS & COMPANY	71,146,090	244,322	1,041,757,785	-	-	-	-
KAS-ASSOCIATES	142,312	2,082,201	2,452,021	6,351	0.04	-	-
KBC FINANCE	153,973	992,239	7,080,151	12,058	0.08	-	-
KEEFE, BRUYETTE, & WOODS INC	2,848,400	6,333,260	3,403,783	13,917	0.00	-	-
KEPLER EQUITIES	900,071	5,007,208	23,522,717	31,375	0.03	-	-
KIM ENGINEERING SECURITIES	238,482	643,680	-	1,285	0.01	-	-
KNIGHT SECURITIES	9,680,073	30,256,559	52,439,481	141,503	0.01	-	-
KOTAK SECURITIES	33,493	-	1,222,524	3,068	0.09	-	-
LA BRANCHE & COMPANY	98,069	706,506	2,186,794	2,942	0.03	-	-
LAZARD ASSET MANAGEMENT	91,204	151,887	262,148	804	0.01	-	-
LAZARD BROTHERS CAPITAL MKTS	20,193	722,587	787,770	397	0.02	-	-
LAZARD FRERES & COMPANY	702,051	25,161,795	8,329,522	6,946	0.01	-	-

**Schedule of Broker Volume and Equity Commissions Paid**  
For the Year Ended June 30, 2010 (page 5 of 7)

Dealer	Equity					Fixed Income	
	Volume Transacted	Buy Cost	Proceeds	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
LEERINK SWANN & COMPANY	\$ 17,368	\$ 223,729	\$ 155,687	\$ 521	\$ 0.03	\$ -	\$ -
LINK, SA	56,110	452,030	484,823	750	0.01	-	-
LIQUIDNET	9,977,913	18,321,068	26,692,122	34,538	0.00	-	-
LISBON BROKERS	191,939	1,717,990	267,696	992	0.01	-	-
Longbow Securities	4,989	127,261	95,786	150	0.03	-	-
M.M. Warburg & Company	13,860	770,828	-	922	0.07	-	-
MACQUARIE EQUITIES	71,973,217	142,827,215	149,153,019	380,298	0.01	-	-
MAIN FIRST BANK	23,862	1,270,654	568,371	2,206	0.09	-	-
MAN FINANCIAL	1,919,601	7,699,266	11,397,769	26,203	0.01	-	-
MEDIOBANCA SPA MIALANO	1,145,636	2,660,766	4,160,078	10,235	0.01	-	-
MERRILL LYNCH BANK AND TRUST	183,053	6,343,880	-	15,800	0.09	-	-
MERRILL LYNCH INTERNATIONAL	41,593,785	175,302,555	223,783,562	355,910	0.01	-	-
MERRILL LYNCH P F & S	12,722,361	26,280,767	507,437	3,645	0.00	-	-
MERRILL LYNCH PIERCE	133,487,468	447,052,602	166,180,496	382,751	0.00	-	-
mitsubishi bank	2,464,933	15,921,895	5,464,511	25,753	0.01	-	-
MIZUHO SECURITIES	2,811,358	18,412,463	14,042,249	40,672	0.01	67,852,574	-
MKM PARTNERS	4,613	-	176,368	138	0.03	-	-
MORGAN KEEGAN & COMPANY	2,775	-	19,506	83	0.03	-	-
MORGAN STANLEY & COMPANY	103,071,649	343,859,581	511,757,998	812,411	0.01	335,228,341	-
NATEXIS BLEICHROEDER	1,097,520	7,852,271	9,734,665	25,628	0.02	-	-
NATIONAL FINANCIAL	30,264	267,240	638,454	523	0.02	100,781,030	-
NBC INTERNATIONAL USA LIMITED	24,547	143,598	-	-	-	-	-
NBC LEVESQUE	838,972	8,197,244	5,730,464	23,453	0.03	-	-
NBC SECURITIES	12,273	71,799	-	-	-	-	-
NCB STOCKBROKERS	1,050,827	1,604,167	2,642,456	3,943	0.00	-	-
NESBITT BURNS	848,863	12,925,744	8,647,568	27,558	0.03	-	-
NOMURA INTERNATIONAL TRUST CO	9,116,748	37,202,737	39,970,173	60,902	0.01	99,783	-
NOMURA SECURITIES INTL	21,370,458	93,788,132	91,381,619	210,066	0.01	7,462,203	-
NORDEA BANK	12,967	708,108	-	1,061	0.08	-	-
NORDIC PARTNERS, INC	69,736	217,614	1,027,707	1,870	0.03	-	-
NORTHERN TRUST COMPANY	71,957	1,244,396	-	-	-	-	-
NUMIS SECURITIES	2,247,242	12,785,488	5,512,833	27,191	0.01	-	-
NZB NEUE ZURCHER BANK	80,191	1,495,746	2,278,697	5,663	0.07	-	-
ODDO DESACHE' PARIS	154,144	1,692,998	4,376,890	8,925	0.06	-	-
OHMAN FONDKOMMISSION	293	-	4,766	4	0.01	-	-
OKASAN SECURITIES COMPANY	2,015	239,821	59,162	323	0.16	-	-
OLIVETREE SECURITIES LIMITED	11,593	222,003	7,947	344	0.03	-	-
OPPENHEIMER & COMPANY	369,810	5,579,062	11,855,096	19,915	0.05	-	-
OTR GLOBAL	12,462	285,085	233,686	374	0.03	-	-
PALISADE CAPITAL	5,328	199,130	29,489	160	0.03	-	-
PANMURE GORDON	3,541	16,177	3,137	35	0.01	-	-

**Schedule of Broker Volume and Equity Commissions Paid**  
For the Year Ended June 30, 2010 (page 6 of 7)

Dealer	Equity					Fixed Income	
	Volume Transacted	Buy Cost	Proceeds	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
PAREL PARIS	\$ 16,544	\$ 873,020	\$ 171,819	\$ 474	\$ 0.03	\$ -	\$ -
PARETO FUNDS & SECURITIES, LTD	20,340	155,165	-	232	0.01	-	-
PATRIA FINANCE	123,595	2,090,865	722,720	5,622	0.05	-	-
PEEL HUNT & CO LTD	6,172	48,120	-	72	0.01	-	-
PENSON FINANCIAL SERVICES, INC	1,335,500	11,929,085	12,137,440	32,241	0.02	-	-
PERSHING & COMPANY	5,311,812	44,490,715	46,254,532	119,798	0.02	56,613,269	-
PETERCAM AMSTERDAM	455,532	2,224,818	1,662,034	4,050	0.01	-	-
PETERS & COMPANY	230,488	2,895,678	2,328,029	5,395	0.02	-	-
PIPELINE T	16,422	352,026	134,229	328	0.02	-	-
PIPER JAFFRAY INC	348,628	6,450,418	10,889,047	13,960	0.04	-	-
PRINCIPAL PAYDOWN	-	-	-	-	-	1,798,046	-
RABOBANK NETHERLAND	16,069	146,814	196,382	487	0.03	-	-
RAIFFEISEN ZENTRALBANK	56,277	1,024,770	701,801	1,917	0.03	-	-
RAYMOND JAMES & ASSOCIATES	2,692,203	3,677,652	5,187,410	14,306	0.01	-	-
RBC DAIN RAUSCHER	51,683	874,932	340,028	1,550	0.03	-	-
RBC DOMINION SECURITIES	2,475,808	27,170,379	28,114,578	60,339	0.02	-	-
RBS SECURITIES INC	2,500,358	9,301,307	11,912,158	34,524	0.01	-	-
REDBURN PARTNERS	2,304,070	15,728,069	24,296,465	52,350	0.02	-	-
RIDGE CLEARING & OUTSOURCING S	3,274	138,983	-	98	0.03	-	-
RINGFLOOR LIMITED	35,840	1,560,122	-	2,337	0.07	-	-
ROYAL BANK OF CANADA	7,983	169,223	-	422	0.05	236,486,178	-
ROYAL BANK OF SCOTLAND	-	-	-	-	-	412,083,530	-
SALOMON BROTHERS	1,969,529	11,585,914	8,750,633	30,436	0.02	-	-
SALOMON, SMITH BARNEY	4,311,632	8,331,252	2,619,149	23,116	0.01	-	-
SAMSUNG SECURITIES CO LTD	38,556	1,186,699	1,452,269	3,989	0.10	-	-
SANFORD BERNSTEIN	28,520,406	166,372,838	111,442,314	171,472	0.01	-	-
SANTANDER INVESTMENT SECURITIES	1,497	-	15,981	24	0.02	138,698,645	-
SBC WARBURG, LONDON	44,404	782,091	-	1,212	0.03	-	-
SCOTIA CAPITAL MARKET	89,974	1,298,924	839,770	3,505	0.04	36,919,783	-
SCOTIA MCLEOD	1,766,834	23,914,207	22,604,163	62,816	0.04	-	-
SEA ASIA LIMITED	1,161	-	84,915	128	0.11	-	-
SG COWEN SECURITIES CORP	55,139	261,677	209,170	195	0.00	-	-
SINGER & FRIEDLANDER	61,170	-	387,103	411	0.01	-	-
SINOPAC SECURITIES	416,096	-	356,938	322	0.00	-	-
SIS SEGAINTERSETTLE AG	122,842	6,286,260	4,218,524	13,573	0.11	-	-
SKANDINAVISKA ENSKILDA	216,530	-	1,357,067	2,039	0.01	-	-
SOCIETE DE BOURSE	6,137	726,331	-	1,088	0.18	-	-
SOCIETE GENERALE SECURITIES	107,903,269	315,845,427	241,119,092	345,033	0.00	-	-
SOCOPA SOCIEDADE CORRETORA	50,889	1,151,560	-	2,475	0.05	-	-
SOLEIL SECURITIES CORP	3,539	128,551	5,044	106	0.03	-	-
SPEAR, LEEDS & KELLOG	1,600,392	15,613,336	50,126,040	17,243	0.01	-	-

## Schedule of Broker Volume and Equity Commissions Paid

For the Year Ended June 30, 2010 (page 7 of 7)

Dealer	Equity					Fixed Income	
	Volume Transacted	Buy Cost	Proceeds	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
SPROTT SECURITIES LTD	\$ 166,525	\$ 2,628,606	\$ 1,279,193	\$ 5,405	\$ 0.03	\$ -	\$ -
SS KANTILAL	478,860	-	843,030	2,116	0.00	-	-
STANDARD CHARTERED BANK	1,526,583	2,397,651	423,072	3,829	0.00	-	-
STATE STREET BANK & TRUST	125,998,952	1,266,376,708	230,954,616	3,177	0.00	-	-
STATE STREET GLOBAL ADVISORS	173,706	-	9,776,449	-	-	-	-
STEPHENS, INC.	2,058	-	44,859	62	0.03	298,904	-
STIFEL NICOLAUS & COMPANY	144,015	1,793,881	1,636,778	4,230	0.03	-	-
SUSQUEHANNA FINANCIAL CORP	5,835	4,846	234,787	175	0.03	-	-
SVENSKA HANDELSBANKEN	1,493,065	7,232,353	13,999,913	31,402	0.02	-	-
SWEDBANK STOCKHOLM	204,216	1,780,968	2,204,559	5,979	0.03	-	-
TACHIBANK SECURITIES	61,920	-	317,295	318	0.01	-	-
TAK HING & COMPANY	3,982	-	45,813	18	0.00	-	-
TAYLOR, D.W. & COMPANY	615,933	13,375,100	2,035,228	6,162	0.01	-	-
TERA MENKUL DEGERLER	966,633	1,716,334	696,184	4,821	0.00	-	-
THINK EQUITY	629,206	-	6,766,490	31,460	0.05	-	-
THOMAS WEISEL PARTNERS GROUP	346,057	155,395	9,131,415	16,868	0.05	-	-
TORONTO DOMINION SECURITIES, INC	1,021,168	9,923,857	10,010,272	30,921	0.03	-	-
TRADITION ASIEL SECURITIES, INC	31,083	343,058	709,774	800	0.03	-	-
TULLETT AND TOKYO FOREX	2,923	-	157,483	88	0.03	-	-
UBS SECURITIES	90,484,326	315,971,744	301,500,011	625,528	0.01	2,157,933,776	-
UBS-DB CORPORATION	827,023	2,004,206	2,615,127	7,437	0.01	-	-
UNION BANK OF SWITZERLAND	27,341	617,767	185,250	829	0.03	-	-
UNPUBLISHED EUROCLEAR	344,460	7,674,491	1,227,007	13,194	0.04	99,783	-
US BANCORP PIPER JAFFRAY	-	-	-	-	-	3,282,867	-
VONTOBEL	117,512	4,774,854	5,082,491	14,787	0.13	-	-
WARBURG SECURITIES	1,177,680	11,791,848	5,219,075	18,731	0.02	-	-
WEEDEN & COMPANY	426,482	9,586,607	1,778,715	5,031	0.01	-	-
WELLS FARGO BANK	51,275	409,537	284,395	832	0.02	-	-
WILLIAMS CAP GROWTH	1,297	28,385	-	39	0.03	-	-
WOOD & COMPANY	83,148	2,073,113	-	6,201	0.07	-	-
WOORI INVESTMENTS	16,675	2,346,882	71,004	7,180	0.43	-	-
<b>Total</b>	<b>\$2,071,050,611</b>	<b>\$8,659,032,553</b>	<b>\$9,099,908,122</b>	<b>\$11,791,067</b>	<b>\$0.01</b>	<b>\$209,767,763,577</b>	<b>\$28,833,059</b>

**Summary of Investments Owned As of June 30, 2010**  
Pension Trust Funds (page 1 of 7)  
(expresses in thousands)

<u>Description</u>	<u>Rate</u>	<u>Maturity</u>	<u>Market Value</u>	<u>% of Total Market Value</u>
<b>ASSET BACKED SECURITIES</b>				
CITIBANK CREDIT CARD ISSUANCE	1.899%	5/15/2014	\$ 51,036	0.08%
CHASE ISSUANCE TRUST	1.899%	4/15/2014	51,010	0.08%
NISSAN MASTER OWNER TRUST RECEIVABLES	1.499%	1/15/2015	20,002	0.03%
BANK OF AMERICAN AUTO TRUST	0.750%	6/15/2012	16,958	0.03%
CWABS INC	0.647%	2/25/2036	4,578	0.01%
CWHEQ REVOLVING HOME EQUITY LOAN	0.899%	11/15/2028	3,542	0.01%
CWABS ASSET-BACKED CERTIFICATE	1.247%	2/25/2036	3,420	0.01%
OWNIT MORTGAGE LOAN TRUST	5.290%	12/25/2036	3,403	0.01%
BAYVIEW FINANCIAL ASSET TRUST	0.797%	3/25/2035	3,109	-
Other			30,900	0.05%
<b>TOTAL ASSET BACKED SECURITIES</b>			<b>187,958</b>	<b>0.31%</b>
<b>RESIDENTIAL MORTGAGE BACKED SECURITIES</b>				
FNMA TBA SINGLE FAMILY	5.500%	12/1/2099	154,214	0.25%
FANNIE MAE	6.000%	6/25/2035	79,011	0.13%
FANNIE MAE	6.000%	1/1/2023	56,091	0.09%
FNMA TBA SINGLE FAMILY	4.500%	7/25/2040	53,768	0.09%
FREDDIE MAC	6.000%	3/1/2023	50,963	0.08%
FNMA	5.000%	12/1/2099	48,553	0.08%
FANNIE MAE	6.000%	6/1/2022	44,985	0.07%
FNMA FHR 2003-70 BH	4.500%	10/25/2031	42,897	0.07%
FREDDIE MAC	6.000%	7/15/2035	42,499	0.07%
Other			2,295,377	3.75%
<b>TOTAL RESIDENTIAL MORTGAGE BACKED SECURITIES</b>			<b>2,868,358</b>	<b>4.68%</b>
<b>COMMERCIAL MORTGAGE-BACKED SECURITIES</b>				
CITIGROUP/DEUTSCHE BANK COMMERCIAL MORTGAGE	5.545%	1/15/2046	51,270	0.08%
MERRILL LYNCH/COUNTRYWIDE COMMERCIAL LOANS	5.378%	1/12/2017	46,825	0.08%
CITIGROUP/DEUTSCHE BANK COMMERCIAL MORTGAGE	5.322%	1/11/2017	43,375	0.07%
MORGAN STANLEY CAPITAL I	5.557%	3/12/2016	41,713	0.07%
GS MORTGAGE SECURITIES CORP	5.553%	4/10/2038	40,411	0.07%
BEAR STEARNS COMMERCIAL MORTGAGE	5.540%	9/11/2041	36,550	0.06%
CITIGROUP COMMERCIAL MORTGAGE	5.431%	10/15/2049	30,739	0.05%
CSFB 2002-CKPI A3	6.439%	12/15/2035	26,060	0.04%
BACM 2002-2 A3	5.118%	7/11/2043	25,955	0.04%
Other			134,278	0.22%
<b>TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES</b>			<b>477,176</b>	<b>0.78%</b>

**Summary of Investments Owned As of June 30, 2010**  
Pension Trust Funds (page 2 of 7)  
(expressed in thousands)

<b>Description</b>	<b>Rate</b>	<b>Maturity</b>	<b>Market Value</b>	<b>% of Total Market Value</b>
<b>CORPORATE BONDS - DOMESTIC DOLLAR DENOMINATED</b>				
JPMORGAN CHASE & CO	1.159%	2/26/2013	\$ 64,846	0.11%
ANHEUSER-BUSCH INBEV WORLDWIDE	6.875%	11/15/2019	57,528	0.09%
DIAMOND OFFSHORE DRILLING INC	4.875%	7/1/2015	52,315	0.08%
CHESAPEAKE ENERGY CORP	6.500%	8/15/2017	49,197	0.08%
UNION PACIFIC RR CO	5.866%	7/2/2030	43,233	0.07%
TTX CO	4.900%	3/1/2015	42,485	0.07%
TRANSOCEAN INC	6.000%	3/15/2018	41,079	0.07%
NORFOLK SOUTHERN GROUP	7.700%	5/15/2017	39,784	0.06%
GOLDMAN SACHS GROUP	5.750%	10/1/2016	36,697	0.06%
Other			1,193,214	1.95%
<b>TOTAL CORPORATE BONDS - DOMESTIC DOLLAR DENOMINATED</b>			<b>1,620,378</b>	<b>2.64%</b>
<b>CORPORATE BONDS - FOREIGN NON-DOLLAR DENOMINATED</b>				
NEW SOUTH WALES TREASURY CORP	5.500%	3/1/2017	85,527	0.14%
FEDERATIVE REPUBLIC OF BRAZIL	10.250%	1/10/2028	50,571	0.08%
INTERNATIONAL FINANCE CORP	7.500%	2/28/2013	49,064	0.08%
INTERNATIONAL BANK OF RECONSTRUCTION & DEVELOPMENT	13.625%	5/9/2017	48,913	0.08%
QUEENSLAND TREASURY CORP	6.000%	9/14/2017	43,773	0.07%
INTERNATIONAL BANK OF RECONSTRUCTION & DEVELOPMENT	3.375%	4/30/2015	43,146	0.07%
INTERNATIONAL BANK OF RECONSTRUCTION & DEVELOPMENT	5.750%	10/21/2019	42,254	0.07%
INTERNATIONAL FINANCE CORP	5.750%	6/24/2014	34,290	0.06%
AMERICA MOVIL SA de CV	8.460%	12/18/2036	29,145	0.05%
Other			238,308	0.39%
<b>TOTAL CORPORATE BONDS - FOREIGN NON-DOLLAR DENOMINATED</b>			<b>664,991</b>	<b>1.09%</b>
<b>CORPORATE BONDS - FOREIGN DOLLAR DENOMINATED</b>				
NATIONAL AUSTRALIA BANK	5.550%	6/15/2011	75,724	0.12%
INVERSIONES CMPC	6.125%	11/5/2019	68,584	0.11%
SANTANDER ISSUANCES	5.911%	6/20/2016	67,060	0.11%
CANADIAN OIL SANDS	7.750%	5/15/2019	61,388	0.10%
GTL TRADE FINANCE INC	7.250%	10/20/2017	61,192	0.10%
FIBRIA OVERSEAS FINANCE	7.500%	5/4/2020	59,009	0.10%
ECOPETROL SA NOTES	7.625%	7/23/2019	56,493	0.09%
PETROBRAS INTERNATIONAL FINANCE CO	6.125%	10/6/2016	53,937	0.09%
ENCANA CORP	5.900%	12/1/2017	53,697	0.09%
Other			3,837,947	6.26%
<b>TOTAL CORPORATE BONDS - FOREIGN DOLLAR DENOMINATED</b>			<b>4,395,031</b>	<b>7.17%</b>

**Summary of Investments Owned As of June 30, 2010**  
Pension Trust Funds (page 3 of 6)  
(expresses in thousands)

<b>Description</b>	<b>Rate</b>	<b>Maturity</b>	<b>Market Value</b>	<b>% of Total Market Value</b>
<b>U.S GOVERNMENT SECURITIES</b>				
U.S. TREASURY INFLATION INDEX	3.000%	7/15/2012	\$ 284,283	0.46%
U.S. TREASURY NOTE	0.750%	11/30/2011	270,382	0.44%
U.S. TREASURY INFLATION INDEX	2.000%	7/15/2014	247,722	0.41%
U.S. TREASURY NOTE	1.000%	10/31/2011	200,927	0.33%
U.S. TREASURY INFLATION INDEX	2.000%	1/15/2014	156,956	0.26%
U.S. TREASURY INFLATION INDEX	3.375%	1/15/2012	156,319	0.26%
U.S. TREASURY NOTE	1.000%	12/31/2011	100,493	0.16%
U.S. TREASURY NOTE	0.875%	2/29/2012	100,302	0.16%
Other			221	-
<b>TOTAL U.S GOVERNMENT SECURITIES</b>			<b>1,517,605</b>	<b>2.48%</b>
<b>CORPORATE STOCK - DOMESTIC DOLLAR DENOMINATED</b>				
MARKET VECTORS GOLD MINERS			58,211	0.09%
GLAXOSMITHKLINE PLC			9,133	0.02%
CHECK POINT SOFTWARE TECH LT			7,116	0.01%
SOUTHERN COPPER CORP			6,546	0.01%
GERDAU S A SPONSORED ADR			6,291	0.01%
NOKIA CORP ADR			6,058	0.01%
GENERAL ELECTRIC CO			5,637	0.01%
MARKET VECTORS RUSSIA ETF			5,227	0.01%
PHILIP MORRIS INTERNATIONAL			5,176	0.01%
Other			191,010	0.31%
<b>TOTAL CORPORATE STOCK - DOMESTIC DOLLAR DENOMINATED</b>			<b>300,405</b>	<b>0.49%</b>
<b>CORPORATE STOCK - DOMESTIC NON-DOLLAR DENOMINATED</b>				
SYNTHES INC			3,788	0.01%
GRAN TIERRA ENERGY INC			240	-
<b>CORPORATE STOCK - DOMESTIC NON-DOLLAR DENOMINATED</b>			<b>4,028</b>	<b>0.01%</b>
<b>CORPORATE STOCK - FOREIGN NON DOLLAR DENOMINATED</b>				
NOVARTIS AG			91,353	0.15%
GLAXOSMITHKLINE			89,984	0.15%
SANOFI SYNTHELABO			77,732	0.13%
VODAFONE GROUP			71,038	0.12%
NESTLE SA			65,581	0.11%
ROCHE HOLDINGS AG			63,606	0.10%
TOTAL SA			58,449	0.09%
ASTRAZENECA			56,067	0.09%
BANCO SANTANDER CENTRAL HISPANO			55,837	0.09%
Other			6,853,189	11.18%
<b>TOTAL CORPORATE STOCK - FOREIGN NON DOLLAR DENOMINATED</b>			<b>7,482,836</b>	<b>12.21%</b>

**Summary of Investments Owned As of June 30, 2010**  
Pension Trust Funds (page 4 of 7)  
(expressed in thousands)

<b>Description</b>	<b>Market Value</b>	<b>% of Total Market Value</b>
<b>CORPORATE STOCK - FOREIGN DOLLAR DENOMINATED</b>		
TEVA PHARMACEUTICAL INDUSTRIES LTD	\$ 23,347	0.04%
VALE SA ADR PEF	19,409	0.03%
AMERICA MOVIL SA de CV	16,841	0.03%
MOBILE TELESYSTEMS	15,203	0.02%
CHUNGHWA TELECOM ADR	13,521	0.02%
FOMENTO ECONOMICO MEXICANO	11,924	0.02%
COMPANHIA DE BEBIDAS DA AMERICAS	11,554	0.02%
BANCO SANTANDER CHILE	11,542	0.02%
VIMPEL.COM LTD SPONSORED ADR	11,063	0.02%
Other	222,980	0.36%
<b>TOTAL CORPORATE STOCK - FOREIGN DOLLAR DENOMINATED</b>	<b>357,384</b>	<b>0.58%</b>
<b>COMMINGLED INDEX FUNDS - DOMESTIC</b>		
BTC US EQUITY MARKET FUND	7,612,910	12.42%
<b>TOTAL COMMINGLED INDEX FUNDS - DOMESTIC</b>	<b>7,612,910</b>	<b>12.42%</b>
<b>COMMINGLED INDEX FUNDS - FOREIGN</b>		
MSCI CANADA SMALL CAP PROVISIONAL	1,027,798	1.68%
GMO TRUST	428,583	0.70%
LAZARD FRERES CAPITAL MANAGEMENT	277,318	0.45%
EMERGING MARKETS GROWTH FUND I	274,711	0.45%
JPMCB EMERGING MARKETS EQUITY	261,452	0.42%
MSCI SMALL CAP INDEX PROVISIONAL CTF	135,128	0.22%
CANDA MSCI INDEX	116,609	0.19%
GMO EMERGING MARKET ILLIQUID	28,956	0.05%
MSCI EAFE SL	17,288	0.03%
Other	214	-
<b>TOTAL COMMINGLED INDEX FUNDS - FOREIGN</b>	<b>2,568,057</b>	<b>4.19%</b>
<b>MONEY MARKET FUNDS</b>		
JPM INTRA-DAY LIQUIDITY FUND	608,423	0.99%
JPM END-OF-DAY LIQUIDITY FUND	357,639	0.59%
United States dollar	8,438	0.01%
<b>TOTAL MONEY MARKET FUNDS</b>	<b>974,500</b>	<b>1.59%</b>

**Summary of Investments Owned As of June 30, 2010**  
Pension Trust Funds (page 5 of 7)  
(expressed in thousands)

<b>Description</b>	<b>Market Value</b>	<b>% of Total Market Value</b>
<b>PRIVATE EQUITY</b>		
KKR MILLENNIUM FUND	\$ 1,284,765	2.10%
KKR 2006 FUND	1,126,536	1.84%
WARBURG PINCUS PRIVATE EQUITY IX	689,336	1.12%
TPG PARTNERS V	419,601	0.68%
KKR EUROPEAN FUND II, L.P.	341,261	0.56%
WARBURG PINCUS X, LP	320,261	0.52%
BLACKSTONE CAPITAL PARTNERS V	286,798	0.47%
OCM OPPORTUNITIES VIIB	270,814	0.44%
WARBURG PINCUS PRIVATE EQUITY VIII	237,513	0.39%
Other	8,551,565	13.96%
<b>TOTAL PRIVATE EQUITY</b>	<b>13,528,450</b>	<b>22.08%</b>
<b>REAL ESTATE</b>		
FILLMORE STRATEGIC INVESTORS LLC	1,121,772	1.83%
HOMETOWN AMERICA, LLC	978,750	1.60%
PRINCIPAL ENTERPRISE CAPITAL HOLDINGS	870,506	1.42%
CORPORATE PROPERTIES OF AMERICAS LLC	619,240	1.01%
LONE STAR FUND VI LP	472,441	0.77%
EVERGREEN REAL ESTATE PARTNERS	401,697	0.65%
UNION SQUARE LP	352,858	0.58%
TERRAMAR RETAIL CENTER	312,233	0.51%
LONE STAR FUND V (U.S.), LP	307,893	0.50%
Other	2,028,712	3.31%
<b>TOTAL REAL ESTATE</b>	<b>7,466,102</b>	<b>12.18%</b>
<b>TANGIBLE ASSETS</b>		
HAWTHORNE TIMBER LLC	236,706	0.39%
ALINDA CAPITAL MANAGEMENT	137,550	0.22%
HIGHSTAR CAPITAL III	83,781	0.14%
ALINDA INFRASTRUCTURE FUND II	76,903	0.12%
SHERIDAN PRODUCTION PARTNERS I, LP	74,023	0.12%
<b>TOTAL TANGIBLE ASSETS</b>	<b>608,963</b>	<b>0.99%</b>

**Summary of Investments Owned As of June 30, 2010**  
Pension Trust Funds (page 6 of 7)  
(expressed in thousands)

<u>Description</u>	<u>Market Value</u>	<u>% of Total Market Value</u>
<b>FOREIGN CURRENCY</b>		
E.M.U. - EURO	\$ 40,914	0.07%
TAIWAN - DOLLAR	11,506	0.02%
JAPAN - YEN	11,028	0.02%
AUSTRALIA - DOLLAR	4,367	0.01%
BRITAIN - POUND	3,548	0.01%
SWITZERLAND - FRANC	3,174	-
CANADA - DOLLAR	1,854	-
NORWAY - KRONE	1,166	-
Other	7,344	0.01%
<b>TOTAL CURRENCIES</b>	<b>84,901</b>	<b>0.14%</b>
<b>SECURITIES LENDING PORTFOLIO</b>		
COLLATERAL HELD UNDER SECURITIES LENDING AGREEMENTS	3,659,047	5.97%
<b>TOTAL SECURITIES LENDING PORTFOLIO</b>	<b>3,659,047</b>	<b>5.97%</b>
<b>GUARANTEED INVESTMENT CONTRACTS</b>		
SAVINGS POOL	964,710	1.57%
<b>TOTAL GUARANTEED INVESTMENT CONTRACTS</b>	<b>964,710</b>	<b>1.57%</b>
<b>LIFE ANNUITY</b>		
G.E. CAPITAL ASSURANCE	4	-
<b>TOTAL LIFE ANNUITY</b>	<b>4</b>	<b>-</b>
<b>MONEY MARKET FUNDS (IN DEFINED CONTRIBUTION PLANS)</b>		
WASHINGTON STATE MONEY MARKET FUND	482,000	0.79%
WSIB SHORT TERM INVESTMENT FUND	174	-
<b>TOTAL MONEY MARKET FUNDS (IN DEFINED CONTRIBUTION PLANS)</b>	<b>482,174</b>	<b>0.79%</b>

**Summary of Investments Owned As of June 30, 2010**  
Pension Trust Funds (page 7 of 7)  
(expressed in thousands)

<b>Description</b>	<b>Market Value</b>	<b>% of Total Market Value</b>
<b>MUTUAL FUNDS</b>		
U.S. STOCK MARKET INDEX	\$ 486,381	0.79%
U.S. SMALL STOCK INDEX	343,963	0.56%
U.S. LARGE STOCK INDEX	335,995	0.55%
INTERNATIONAL STOCK INDEX FUND	330,310	0.54%
GROWTH COMPANY FUND	269,930	0.44%
U.S. ACTIVE VALUE FUND	246,116	0.40%
U.S. ACTIVE CORE FUND	193,511	0.32%
RETIREMENT STRATEGY 2015	157,737	0.26%
RETIREMENT STRATEGY 2020	138,028	0.22%
Other	403,393	0.66%
<b>TOTAL MUTUAL FUNDS (IN DEFINED CONTRIBUTION PLANS)</b>	<b>2,905,364</b>	<b>4.74%</b>
<b>BOND FUNDS</b>		
WASHINGTON STATE BOND FUND	548,853	0.90%
<b>TOTAL BOND FUNDS</b>	<b>548,853</b>	<b>0.90%</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 61,280,185</b>	<b>100.00%</b>

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# Actuarial Section



## State Actuary's Certification Letter



### Office of the State Actuary

*"Securing tomorrow's pensions today."*

September 17, 2010

Mr. Steve Hill  
 Director  
 Department of Retirement Systems  
 PO Box 48380  
 Olympia, Washington 98504-8380

#### **RE: ACTUARIAL CERTIFICATION LETTER**

Dear Steve:

We prepared the following information for inclusion in the 2010 Comprehensive Annual Financial Report (CAFR):

- ❖ Number of Participating Members.
- ❖ Schedule of Active Member Valuation Data.
- ❖ Schedule of Changes to Retiree and Beneficiary Rolls.
- ❖ Distribution of Membership.
- ❖ Schedule of Benefit Recipients by Type of Benefit.
- ❖ Schedule of Average Benefit Payments to New Service Retirees.
- ❖ Financial Information - Funding Paragraph and Footnote.
- ❖ Note 2C: Funding Policy.
- ❖ Schedule of Funding Progress.
- ❖ Additional Information for the Defined Benefit Plans.
- ❖ Note 2D: Employer Contributions Required and Paid.
- ❖ Schedule of Contributions from Employers and Others.
- ❖ Summary of Actuarial Assumptions and Methods.
- ❖ Solvency Test.
- ❖ Analysis of Selected Experience.
- ❖ The Governmental Accounting Standards Board (GASB) 45 Requirements.



The primary purpose of this information is to satisfy the actuarial reporting requirements of GASB and the Government Finance Officers Association (GFOA). Readers should not use this information for other purposes.

We perform annual actuarial valuations on the plans included in the CAFR. We performed the most recent actuarial valuation in 2010 with a valuation date of June 30, 2009.

GASB requires the disclosure of Annual Required Contributions (ARC) versus actual contributions collected. The ARC and actual contributions collected are likely based on contribution rates determined at different times. Because of these potential timing differences the percentage of ARC contributed may not represent a true comparison of the actual contributions collected and the contributions recommended by the Office of the State Actuary.

The state's funding policy is found in Chapter 41.45 RCW – Actuarial Funding of State Retirement Systems. It includes the objectives to:

- ❖ Continue to fully fund the retirement system Plans 2 and 3, and the Washington State Patrol Retirement System (WSPRS), as provided by law.
- ❖ Amortize fully the total cost of: the Public Employees Retirement System (PERS) Plan 1 and the Teachers' Retirement System (TRS) Plan 1 over a rolling ten-year period with minimum contribution rates starting in 2015; and the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 1 not later than June 30, 2024.

All retirement system Plans 2 and 3, WSPRS, and LEOFF Plan 1 are fully funded as of the latest actuarial valuation. The 2009 Legislature enacted a new funding method for PERS Plan 1 and TRS Plan 1. The new funding method is based upon a variation of the Entry Age Normal (EAN) cost method. Provided the state and participating employers make the contributions required by the funding method, they will fully amortize the PERS Plan 1 and TRS Plan 1 unfunded actuarial accrued liability, as provided by law.

We prepared the required accounting disclosures in accordance with GASB statements 25, 27, 43, and 50. We prepared all other items in accordance with generally accepted actuarial principles and standards of practice as of the date of this letter.

We relied on participant data provided by your department to perform the latest actuarial valuation. We checked the data for reasonableness as appropriate based on the purpose of the valuation. The Washington State Investment Board, your department, and the Office of the State Treasurer provided financial and asset information. The financial and asset information was audited. The participant data was not audited. I relied on all the



*Mr. Steve Hill*  
*Page 3 of 3*

information provided as complete and accurate. In my opinion, this information is adequate and substantially complete for purposes of this valuation. Please see the Actuarial Certification Letter in the *2009 Actuarial Valuation Report* for additional information on the certification of the latest actuarial valuation results.

I certify that the actuarial submissions in the 2010 CAFR meet the GFOA standards for actuarial reporting.

The undersigned, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matthew M. Smith". The signature is fluid and cursive, with a prominent initial "M" and "S".

Matthew M. Smith, FCA, EA, MAAA  
State Actuary

## Summary of Plan Provisions

A narrative summary of retirement plans managed by DRS is provided in Section B of Note 2 in the Financial Section of this CAFR. A tabular summary of key plan provisions as of June 30, 2010 is provided below.

Plan	Membership Eligibility	Vesting	Retirement Eligibility	Benefit
<b>PERS Plan 1</b> (By 9/30/77)	State employees, elected officials, employees of local governments, legislative committees, community/technical colleges, classified employees of school districts, district/municipal court judges, and some employees of the Supreme, Appeals and Superior Courts	After five years of eligible service	After 30 years of service, or at age 60 with five years service, or at age 55 with 25 years of service	2% of average final compensation (AFC) per year of service, capped at 60% of AFC  JBM Participants: 3.5% of AFC per year of service, capped at 75% of AFC
<b>PERS Plan 2</b> (On or after 10/1/77)	Same as PERS Plan 1, except classified school district employees; new employees hired on or after 3/1/02 at state agencies and higher education, or on or after 9/1/02 at all other employers, must choose Plan 2 or Plan 3	After five years of eligible service	At age 65 with five years of service, or an actuarially reduced benefit at age 55 with 20 years of service	2% of AFC per year of service  JBM Participants: 3.5% of AFC per year of service, capped at 75% of AFC
<b>PERS Plan 3</b> (Varies by employer)	Same as PERS Plan 2; new employees hired on or after 3/1/02 at state agencies and higher education, or on or after 9/1/02 at all other employers, must choose Plan 2 or Plan 3	Varies	At age 65 if vested, or an actuarially reduced benefit at age 55 with 10 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion)  JBM Participants: 1.6% of AFC per year of service, capped at 37.5% of AFC  The defined contribution portion depends on the member's contribution level and on investment performance.
<b>SERS Plan 2</b> (By 8/31/00)	All classified employees of school districts or educational service districts. Also includes individuals first hired on or after July 1, 2007 with no past PERS Plan 2 service who chose Plan 2 within the 90-day window	After five years of eligible service	At age 65 with five years of service, or an actuarially reduced benefit at age 55 with 20 years of service	2% of AFC per year of service
<b>SERS Plan 3</b> (On or after 9/1/00)	All classified employees of school districts or educational service districts. Also includes individuals first hired on or after July 1, 2007 with no past PERS Plan 2 service who chose Plan 3 within the 90-day window	Varies	At age 65 if vested, or an actuarially reduced benefit at age 55 with 10 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion)  The defined contribution portion depends on the member's contribution level and on investment performance.
<b>PSERS Plan 2</b> (On or after 7/1/06)	All full-time public safety officers at select state agencies, counties and cities except Seattle, Spokane and Tacoma	After five years of eligible service	At age 65 with five years of service, at age 60 with 10 years of PSERS service, or at age 53 with 20 years of service reduced three percent for each year under age 60	2% of AFC per year of service
<b>TRS Plan 1</b> (By 9/30/77)	All certificated public school employees who work in an instructional, administrative or supervisory capacity	After five years of eligible service	Any age with 30 years of service, or at age 60 with five years of service, or at age 55 with 25 years of service	2% of monthly AFC per year of service, capped at 60% of monthly AFC  JBM Participants: 3.5% of monthly AFC per year of service, capped at 75% of monthly AFC

Chart continued on page 117

Chart continued from page 116

Plan	Membership Eligibility	Vesting	Retirement Eligibility	Benefit
<b>TRS Plan 2</b> (On or after 10/1/77 and by 6/30/96)	All certificated public school employees who work in an instructional, administrative or supervisory capacity	After five years of eligible service	At age 65 with five years of service, or an actuarially reduced benefit at age 55 with 20 years of service	2% of AFC per year of service
<b>TRS Plan 3</b> (On or after 7/1/96)	All certificated public school employees who work in an instructional, administrative or supervisory capacity	Varies	At age 65 if vested, or an actuarially reduced benefit at age 55 with 10 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion)  The defined contribution portion depends on the member's contribution level and on investment performance.
<b>LEOFF Plan 1</b> (By 9/30/77)	All full-time, fully compensated law enforcement officers and fire fighters	After five years of eligible service	At age 50 with five years of service	20+ years of service: 2% of final average salary (FAS) per year of service  10-19 years of service: 1.5% of FAS per year of service  5-9 years of service: 1% of FAS per year of service
<b>LEOFF Plan 2</b> (On or after 10/1/77)	All full-time, fully compensated law enforcement officers, fire fighters and, as of 7/24/05, emergency medical technicians	After five years of eligible service	At age 53 with five years of service, or a benefit at age 50 with 20 years of service reduced 3% for each year under age 53	2% of FAS per year of service
<b>WSPRS Plan 1</b> (On or after 8/1/47 and by 12/31/02)	Commissioned employees of the Washington State Patrol	No requirement for active members; after five years of eligible service for inactive members	At age 55 or after 25 years of service	2% of average final salary (AFS) per year of service, capped at 75% of AFS.
<b>WSPRS Plan 2</b> (On or after 1/1/03)	Commissioned employees of the Washington State Patrol	No requirement for active members; after five years of eligible service for inactive members	At age 55 or after 25 years of service	2% of AFS per year of service, capped at 75% of AFS.
<b>JRS</b> (On or after 8/9/71 and by 6/30/88 – New judges on or after 7/1/88 join PERS Plan 2 or 3)	Judges elected or appointed to the Supreme Court, the Court of Appeals and Superior Courts	After 15 years of service	At age 60	15 years of service: 3.5% of AFC per year of service, capped at 75% of AFC.  10-14 years of service: 3% of AFC per year of service, capped at 75% of AFC
<b>Judges</b> (By 8/8/71)	Judges elected or appointed to the Supreme Court, the Court of Appeals and Superior Courts	After 12 years of service	At age 70 with 10 years of service or any age with 18 years of service	1/2 of the monthly salary

DRS publishes handbooks describing the rights and benefits for each system and plan, including disability and survivor benefits. These handbooks are provided to members by their employers. They are also available from DRS and are on the DRS Web site at [www.drs.wa.gov](http://www.drs.wa.gov).

# Summary of Actuarial Assumptions and Methods

## 1. ACTUARIAL ASSUMPTIONS AND METHODS SELECTION:

### Economic Assumptions and Methods:

Developed in accordance with Washington State law and the Pension Funding Council.

### Demographic Assumptions and Methods:

Derived by the Washington State Office of the State Actuary (OSA) and based on the 2001-2006 Experience Studies (adopted July 2008). Additional assumptions for subsequent events and law changes are current as of the latest actuarial valuation report.

## 2. INVESTMENT RETURN:

8.0% per annum

## 3. MORTALITY TABLES (page 1 of 3):

Mortality rates are based on the RP-2000 Combined Healthy Table and Combined Disabled Table (except LEOFF Plan 1) published by the Society of Actuaries. OSA recognized future improvements in mortality by projecting the mortality rates using 50% of Scale AA (published by the Society of Actuaries) beginning with the 2007 valuation. JRS utilizes the RP-2000 Combined Healthy Mortality Table with age offsets of -6 and 6, for males and females respectively.

Probabilities of mortality are illustrated in the following tables.

**Projected Healthy Mortality**

Offsets Age	PERS				TRS				SERS		Offsets Age
	Plan 1 - 2018		Plan 2/3 - 2034		Plan 1 - 2018		Plan 2/3 - 2036		Plan 2/3 - 2030		
	-1 Male	-1 Female	-1 Male	-1 Female	-2 Male	-2 Female	-2 Male	-2 Female	0 Male	-2 Female	
20	0.0291%	0.0165%	0.0257%	0.0149%	0.0291%	0.0165%	0.0245%	0.0143%	0.0259%	0.0150%	20
25	0.0342%	0.0177%	0.0320%	0.0161%	0.0338%	0.0173%	0.0309%	0.0153%	0.0324%	0.0159%	25
30	0.0394%	0.0226%	0.0381%	0.0212%	0.0376%	0.0214%	0.0359%	0.0196%	0.0412%	0.0202%	30
35	0.0671%	0.0394%	0.0650%	0.0367%	0.0603%	0.0358%	0.0577%	0.0324%	0.0717%	0.0335%	35
40	0.0951%	0.0566%	0.0903%	0.0513%	0.0900%	0.0523%	0.0837%	0.0457%	0.0957%	0.0478%	40
45	0.1244%	0.0892%	0.1143%	0.0803%	0.1159%	0.0812%	0.1030%	0.0703%	0.1240%	0.0737%	45
50	0.1698%	0.1327%	0.1510%	0.1188%	0.1585%	0.1228%	0.1347%	0.1053%	0.1630%	0.1108%	50
55	0.2687%	0.2248%	0.2374%	0.2134%	0.2452%	0.2041%	0.2065%	0.1899%	0.2722%	0.1945%	55
60	0.5145%	0.4245%	0.4635%	0.4109%	0.4563%	0.3750%	0.3949%	0.3585%	0.5302%	0.3639%	60
65	0.9940%	0.8239%	0.9073%	0.7975%	0.8823%	0.7311%	0.7775%	0.6989%	1.0317%	0.7095%	65
70	1.7319%	1.4205%	1.5704%	1.3751%	1.5630%	1.2853%	1.3649%	1.2286%	1.7717%	1.2472%	70
75	2.9828%	2.3722%	2.7225%	2.2517%	2.6737%	2.1403%	2.3562%	1.9914%	3.0645%	2.0398%	75
80	5.2850%	3.8967%	4.9516%	3.7231%	4.7483%	3.5296%	4.3386%	3.3137%	5.5381%	3.3841%	80
85	9.3676%	6.5758%	8.9503%	6.3239%	8.4104%	5.9126%	7.8960%	5.6014%	9.9699%	5.7033%	85
90	16.0288%	11.5978%	15.6171%	11.3736%	14.5042%	10.4286%	13.9908%	10.1506%	17.2717%	10.2424%	90
95	24.5849%	17.9536%	24.2672%	17.7216%	22.9147%	16.7391%	22.5057%	16.4404%	25.9582%	16.5393%	95
100	32.9712%	23.1404%	32.9712%	23.1040%	31.4823%	22.3611%	31.4823%	22.3611%	34.4556%	22.3611%	100
105	39.2003%	27.9055%	39.2003%	27.9055%	38.3040%	26.6044%	38.3040%	26.6044%	39.7886%	26.6044%	105
110	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	110

3. MORTALITY TABLES (page 2 of 3):

Projected Healthy Mortality

Offsets Age	PSERS		LEOFF				WSPRS		Offsets Age
	Plan 2 - 2038		Plan 1 - 2019		Plan 2 - 2034		Plan 1/2 - 2028		
	-1 Male	-1 Female	-1 Male	1 Female	-1 Male	1 Female	-1 Male	1 Female	
20	0.0240%	0.0141%	0.0288%	0.0165%	0.0249%	0.0146%	0.0264%	0.0153%	20
25	0.0309%	0.0154%	0.0340%	0.0188%	0.0316%	0.0169%	0.0325%	0.0176%	25
30	0.0375%	0.0204%	0.0393%	0.0280%	0.0378%	0.0260%	0.0384%	0.0268%	30
35	0.0638%	0.0353%	0.0669%	0.0462%	0.0645%	0.0425%	0.0654%	0.0440%	35
40	0.0878%	0.0487%	0.0948%	0.0671%	0.0892%	0.0599%	0.0914%	0.0627%	40
45	0.1092%	0.0759%	0.1236%	0.1048%	0.1121%	0.0929%	0.1166%	0.0975%	45
50	0.1417%	0.1119%	0.1683%	0.1577%	0.1469%	0.1388%	0.1551%	0.1460%	50
55	0.2220%	0.2075%	0.2662%	0.2872%	0.2307%	0.2704%	0.2443%	0.2770%	55
60	0.4381%	0.4038%	0.5104%	0.5544%	0.4524%	0.5340%	0.4748%	0.5420%	60
65	0.8637%	0.7837%	0.9871%	1.0445%	0.8883%	1.0060%	0.9266%	1.0213%	65
70	1.4898%	1.3512%	1.7189%	1.7689%	1.5353%	1.7038%	1.6063%	1.7295%	70
75	2.5919%	2.1894%	2.9620%	2.8695%	2.6657%	2.7021%	2.7805%	2.7679%	75
80	4.7808%	3.6329%	5.2585%	4.7507%	4.8777%	4.5073%	5.0266%	4.6032%	80
85	8.7333%	6.1923%	9.3349%	8.1706%	8.8566%	7.8106%	9.0449%	7.9526%	85
90	15.3997%	11.2547%	15.9968%	14.0538%	15.5235%	13.7409%	15.7111%	13.8652%	90
95	24.0979%	17.5980%	24.5603%	20.1512%	24.1945%	19.8510%	24.3402%	19.9705%	95
100	32.9712%	23.1040%	32.9712%	24.4834%	32.9712%	24.4834%	32.9712%	24.4834%	100
105	39.2003%	27.9055%	39.2003%	30.7811%	39.2003%	30.7811%	39.2003%	30.7811%	105
110	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	110

RP-2000 Mortality Rates 50% Scale AA

Combined Healthy Table

Age	Male	Female	Male	Female	Age
20	0.0345%	0.0191%	0.9500%	0.8000%	20
25	0.0376%	0.0207%	0.5000%	0.7000%	25
30	0.0444%	0.0264%	0.2500%	0.5000%	30
35	0.0773%	0.0475%	0.2500%	0.5500%	35
40	0.1079%	0.0706%	0.4000%	0.7500%	40
45	0.1508%	0.1124%	0.6500%	0.8000%	45
50	0.2138%	0.1676%	0.9000%	0.8500%	50
55	0.3624%	0.2717%	0.9500%	0.4000%	55
60	0.6747%	0.5055%	0.8000%	0.2500%	60
65	1.2737%	0.9706%	0.7000%	0.2500%	65
70	2.2206%	1.6742%	0.7500%	0.2500%	70
75	3.7834%	2.8106%	0.7000%	0.4000%	75
80	6.4368%	4.5879%	0.5000%	0.3500%	80
85	11.0757%	7.7446%	0.3500%	0.3000%	85
90	18.3408%	13.1682%	0.2000%	0.1500%	90
95	26.7491%	19.4509%	0.1000%	0.1000%	95
100	34.4556%	23.7467%	0.0500%	0.0500%	100
105	39.7886%	29.3116%	0.0000%	0.0000%	105
110	40.0000%	36.4617%	0.0000%	0.0000%	110

**MORTALITY TABLES (page 3 of 3):**

**Projected Disabled Mortality**

Offsets Age	PERS				TRS				SERS		Offsets Age
	Plan 1 - 2018		Plan 2/3 - 2034		Plan 1 - 2018		Plan 2/3 - 2036		Plan 2/3 - 2030		
	0 Male	0 Female	0 Male	0 Female	0 Male	0 Female	0 Male	0 Female	0 Male	0 Female	
20	1.9008%	0.6447%	1.6790%	0.5808%	1.9008%	0.6447%	1.6007%	0.5579%	1.6951%	0.5855%	20
25	2.0624%	0.6565%	1.9323%	0.5992%	2.0624%	0.6565%	1.8844%	0.5785%	1.9420%	0.6034%	25
30	2.1577%	0.6807%	2.0886%	0.6378%	2.1577%	0.6807%	2.0626%	0.6220%	2.0938%	0.6410%	30
35	2.1577%	0.6746%	2.0886%	0.6279%	2.1577%	0.6746%	2.0626%	0.6108%	2.0938%	0.6314%	35
40	2.1000%	0.6506%	1.9934%	0.5899%	2.1000%	0.6506%	1.9538%	0.5681%	2.0014%	0.5944%	40
45	2.0071%	0.6447%	1.8440%	0.5808%	2.0071%	0.6447%	1.7848%	0.5579%	1.8560%	0.5855%	45
50	2.4623%	0.9892%	2.1893%	0.8853%	2.4623%	0.9892%	2.0925%	0.8483%	2.2092%	0.8929%	50
55	2.9847%	1.5392%	2.6364%	1.4611%	2.9847%	1.5392%	2.5135%	1.4321%	2.6617%	1.4670%	55
60	3.6383%	2.0877%	3.2775%	2.0208%	3.6383%	2.0877%	3.1485%	1.9957%	3.3040%	2.0259%	60
65	4.4215%	2.6791%	4.0356%	2.5934%	4.4215%	2.6791%	3.8963%	2.5611%	4.0640%	2.5998%	65
70	5.4652%	3.5977%	4.9557%	3.4825%	5.4652%	3.5977%	4.7726%	3.4392%	4.9931%	3.4912%	70
75	7.2319%	4.8595%	6.6008%	4.6127%	7.2319%	4.8595%	6.3730%	4.5212%	6.6473%	4.6313%	75
80	9.9936%	6.7889%	9.3631%	6.4864%	9.9936%	6.7889%	9.1314%	6.3737%	9.4102%	6.5092%	80
85	13.2943%	9.4928%	12.7019%	9.1292%	13.2943%	9.4928%	12.4812%	8.9930%	12.7465%	9.1566%	85
90	17.6916%	13.6316%	17.2371%	13.3681%	17.6916%	13.6316%	17.0655%	13.2682%	17.2717%	13.3882%	90
95	26.2717%	19.1037%	25.9322%	18.8569%	26.2717%	19.1037%	25.8028%	18.7628%	25.9582%	18.8758%	95
100	34.4556%	23.7467%	34.4556%	23.7467%	34.4556%	23.7467%	34.4556%	23.7467%	34.4556%	23.7467%	100
105	39.7886%	29.3116%	39.7886%	29.3116%	39.7886%	29.3116%	39.7886%	29.3116%	39.7886%	29.3116%	105
110	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	110

Offsets Age	PSERS		LEOFF				WSPRS		Offsets Age
	Plan 2 - 2038		Plan 1 - 2019		Plan 2 - 2034		Plan 1/2 - 2028		
	0 Male	0 Female	2 Male	2 Female	0 Male	0 Female	0 Male	0 Female	
20	1.5704%	0.5490%	0.0306%	0.0166%	1.6316%	0.5670%	1.7277%	0.5950%	20
25	1.8656%	0.5705%	0.0350%	0.0196%	1.9034%	0.5867%	1.9615%	0.6120%	25
30	2.0523%	0.6158%	0.0536%	0.0319%	2.0730%	0.6283%	2.1043%	0.6474%	30
35	2.0523%	0.6041%	0.0862%	0.0497%	2.0730%	0.6176%	2.1043%	0.6384%	35
40	1.9382%	0.5596%	0.1123%	0.0738%	1.9696%	0.5768%	2.0175%	0.6034%	40
45	1.7617%	0.5490%	0.1527%	0.1135%	1.8082%	0.5670%	1.8804%	0.5950%	45
50	2.0550%	0.8340%	0.2239%	0.1724%	2.1307%	0.8629%	2.2495%	0.9083%	50
55	2.4660%	1.4207%	0.3926%	0.3238%	2.5619%	1.4436%	2.7130%	1.4788%	55
60	3.0983%	1.9857%	0.7529%	0.6348%	3.1995%	2.0057%	3.3575%	2.0361%	60
65	3.8419%	2.5483%	1.4088%	1.1598%	3.9514%	2.5739%	4.1215%	2.6129%	65
70	4.7013%	3.4220%	2.3645%	1.9676%	4.8450%	3.4565%	5.0689%	3.5088%	70
75	6.2841%	4.4851%	4.1107%	3.1652%	6.4631%	4.5576%	6.7414%	4.6685%	75
80	9.0403%	6.3292%	7.3395%	5.2666%	9.2234%	6.4186%	9.5050%	6.5550%	80
85	12.3940%	8.9392%	12.7467%	9.1266%	12.5690%	9.0472%	12.8362%	9.2118%	85
90	16.9973%	13.2284%	20.8834%	15.3186%	17.1339%	13.3080%	17.3410%	13.4285%	90
95	25.7512%	18.7253%	29.4206%	21.1504%	25.8545%	18.8004%	26.0101%	18.9136%	95
100	34.4556%	23.7467%	37.1685%	25.4498%	34.4556%	23.7467%	34.4556%	23.7467%	100
105	39.7886%	29.3116%	40.0000%	32.2725%	39.7886%	29.3116%	39.7886%	29.3116%	105
110	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	110

**4. RETIREMENT (page 1 of 2):**

Probabilities of service retirement are illustrated in the following tables.

Age	PERS						SERS				PSERS		Age
	Plan 1		Plan 2/3*				Plan 2/3*				Plan 2		
	Male	Female	Service Less Than 30 Years		Service Greater Than Or Equal To 30 Years		Service Less Than 30 Years		Service Greater Than Or Equal To 30 Years		Male	Female	
50	55%	35%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	50
51	45%	35%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	51
52	45%	35%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	52
53	45%	31%	0%	0%	0%	0%	0%	0%	0%	0%	3%	3%	53
54	45%	48%	0%	0%	0%	0%	0%	0%	0%	0%	3%	3%	54
55	22%	23%	3%	3%	13%	14%	3%	3%	13%	14%	3%	3%	55
56	18%	18%	3%	3%	12%	12%	3%	3%	12%	12%	8%	8%	56
57	18%	18%	3%	3%	13%	13%	3%	3%	13%	13%	8%	8%	57
58	18%	17%	7%	3%	14%	13%	7%	3%	14%	13%	15%	11%	58
59	22%	33%	7%	3%	18%	28%	7%	3%	18%	28%	16%	12%	59
60	15%	17%	9%	9%	14%	15%	9%	9%	14%	15%	30%	36%	60
61	23%	21%	9%	12%	22%	20%	9%	12%	22%	20%	26%	26%	61
62	33%	29%	25%	22%	33%	29%	25%	22%	33%	29%	36%	36%	62
63	23%	21%	20%	20%	25%	25%	20%	20%	25%	25%	50%	50%	63
64	30%	26%	55%	55%	60%	60%	50%	50%	55%	55%	89%	89%	64
65	40%	39%	45%	45%	45%	45%	45%	45%	45%	45%	46%	31%	65
66	26%	22%	26%	25%	26%	25%	26%	25%	26%	25%	30%	30%	66
67	26%	23%	20%	22%	20%	22%	20%	22%	20%	22%	22%	26%	67
68	20%	22%	20%	23%	20%	23%	20%	23%	20%	23%	22%	26%	68
69	23%	25%	22%	21%	22%	21%	22%	21%	22%	21%	26%	22%	69
70	24%	20%	20%	23%	20%	23%	20%	23%	20%	23%	100%	100%	70
71	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	100%	100%	71
72	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	100%	100%	72
73	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	100%	100%	73
74	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	100%	100%	74
75	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	100%	100%	75
76	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	100%	100%	76
77	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	100%	100%	77
78	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	100%	100%	78
79	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	100%	100%	79
80	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	80

\*Approximately 50% of those eligible to retire with at least 20, but less than 30 years of service in Plan 3 elect to defer their benefits.

**4. RETIREMENT (page 2 of 2):**

Age	TRS										LEOFF			WSPRS	JRS	Age
	Plan 1				Plan 2/3*						Plan 1		Plan 2	Plan 1/2		
	Service Not Equal To 30 Years		Service Equal To 30 Years		Service Less Than 30 Years		Service Equal To 30 Years		Service Greater Than 30 Years		Service Less Than 30 Years	Service Greater Than or Equal to 30 Years				
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male & Female	Male & Female	Male & Female	Male & Female	Male & Female	
50	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%	14%	5%	28%	0%	50
51	0%	0%	0%	30%	0%	0%	0%	0%	0%	0%	7%	14%	5%	23%	0%	51
52	0%	20%	40%	35%	0%	0%	0%	0%	0%	0%	7%	14%	5%	23%	0%	52
53	25%	20%	40%	35%	0%	0%	0%	0%	0%	0%	7%	15%	10%	23%	0%	53
54	25%	20%	40%	35%	0%	0%	0%	0%	0%	0%	11%	19%	12%	23%	0%	54
55	25%	22%	40%	35%	3%	2%	24%	21%	15%	13%	12%	20%	15%	23%	0%	55
56	25%	22%	35%	35%	3%	3%	23%	23%	17%	15%	12%	21%	15%	23%	0%	56
57	25%	22%	35%	35%	3%	7%	25%	25%	18%	16%	15%	24%	15%	23%	0%	57
58	25%	23%	40%	35%	3%	7%	31%	27%	20%	18%	16%	25%	20%	20%	0%	58
59	25%	28%	45%	35%	3%	7%	38%	29%	21%	24%	16%	26%	20%	23%	0%	59
60	25%	23%	45%	35%	11%	9%	41%	32%	23%	21%	23%	33%	20%	23%	1%	60
61	25%	25%	50%	45%	11%	12%	48%	43%	24%	24%	25%	34%	25%	25%	1%	61
62	40%	30%	60%	60%	25%	25%	60%	60%	40%	35%	25%	33%	25%	25%	14%	62
63	29%	23%	50%	50%	20%	25%	50%	50%	30%	30%	25%	31%	25%	27%	14%	63
64	27%	25%	50%	50%	50%	45%	55%	50%	55%	50%	25%	30%	25%	33%	18%	64
65	40%	44%	70%	60%	50%	45%	50%	45%	50%	45%	25%	30%	25%	100%	30%	65
66	40%	36%	70%	60%	40%	30%	40%	30%	40%	30%	25%	29%	25%	100%	33%	66
67	33%	26%	70%	60%	35%	25%	35%	25%	35%	25%	25%	28%	25%	100%	18%	67
68	28%	30%	70%	60%	30%	25%	30%	25%	30%	25%	25%	27%	25%	100%	18%	68
69	28%	28%	70%	60%	30%	40%	30%	40%	30%	40%	25%	27%	25%	100%	18%	69
70	23%	35%	100%	45%	30%	25%	30%	25%	30%	25%	100%	100%	100%	100%	22%	70
71	20%	20%	100%	45%	50%	25%	50%	25%	50%	25%	100%	100%	100%	100%	22%	71
72	20%	20%	100%	100%	50%	25%	50%	25%	50%	25%	100%	100%	100%	100%	22%	72
73	20%	20%	100%	100%	50%	25%	50%	25%	50%	25%	100%	100%	100%	100%	22%	73
74	20%	20%	100%	100%	50%	25%	50%	25%	50%	25%	100%	100%	100%	100%	22%	74
75	20%	20%	100%	100%	50%	25%	50%	25%	50%	25%	100%	100%	100%	100%	100%	75
76	20%	20%	100%	100%	50%	25%	50%	25%	50%	25%	100%	100%	100%	100%	100%	76
77	20%	20%	100%	100%	50%	25%	50%	25%	50%	25%	100%	100%	100%	100%	100%	77
78	20%	20%	100%	100%	50%	25%	50%	25%	50%	25%	100%	100%	100%	100%	100%	78
79	20%	20%	100%	100%	50%	25%	50%	25%	50%	25%	100%	100%	100%	100%	100%	79
80	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	80

\*Approximately 50% of those eligible to retire with at least 20, but less than 30 years of service in Plan 3 elect to defer their benefits.

**5. DISABLEMENT:**

Probabilities of disablement are illustrated in the following tables.

Age	PERS				SERS		PSERS		Age
	Plan 1*		Plan 2/3		Plan 2/3		Plan 2		
	Male	Female	Male	Female	Male	Female	Male	Female	
20	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	20
25	0.0000%	0.0000%	0.0052%	0.0000%	0.0000%	0.0000%	0.0052%	0.0000%	25
30	0.0000%	0.0000%	0.0115%	0.0056%	0.0000%	0.0048%	0.0115%	0.0056%	30
35	0.0310%	0.0319%	0.0156%	0.0194%	0.0081%	0.0176%	0.0156%	0.0194%	35
40	0.0762%	0.0710%	0.0235%	0.0275%	0.0258%	0.0164%	0.0235%	0.0275%	40
45	0.1481%	0.1431%	0.0476%	0.0467%	0.0568%	0.0201%	0.0476%	0.0467%	45
50	0.2542%	0.3023%	0.0922%	0.1003%	0.1102%	0.0797%	0.0922%	0.1003%	50
55	0.8240%	0.6411%	0.2630%	0.2782%	0.3175%	0.2166%	0.2630%	0.2782%	55
60	1.1701%	0.6502%	0.7603%	0.7681%	0.7200%	0.5888%	0.7603%	0.7681%	60
65	1.1701%	0.5495%	1.0244%	1.0271%	1.2600%	0.4069%	1.0244%	1.0271%	65
70	1.1701%	0.5495%	1.0244%	1.0271%	0.1260%	0.1538%	1.0244%	1.0271%	70
75	1.1701%	0.5495%	1.0244%	1.0271%	0.0126%	0.0581%	1.0244%	1.0271%	75
80	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	80

\*10% of all PERS Plans 1 disabilities are assumed to be duty related.

Age	TRS				LEOFF		WSPRS	JRS	Age
	Plan 1		Plan 2/3		Plan 1**	Plan 2	Plan 1/2**		
	Male	Female	Male	Female	Male & Female	Male & Female	Male & Female		
20	0.0013%	0.0014%	0.0003%	0.0003%	0.1000%	0.0982%	0.0256%	***	20
25	0.0091%	0.0092%	0.0024%	0.0019%	0.1000%	0.1089%	0.0353%	***	25
30	0.0187%	0.0190%	0.0048%	0.0040%	0.7968%	0.1209%	0.0488%	***	30
35	0.0321%	0.0326%	0.0083%	0.0068%	1.4888%	0.1654%	0.0675%	***	35
40	0.0428%	0.0434%	0.0111%	0.0091%	2.3471%	0.2266%	0.0933%	***	40
45	0.0944%	0.0957%	0.0244%	0.0201%	4.0000%	0.2994%	0.1290%	***	45
50	0.1634%	0.1656%	0.0422%	0.0347%	7.0000%	1.0162%	0.1783%	***	50
55	0.3347%	0.3393%	0.1118%	0.0750%	9.0000%	2.4129%	0.2465%	***	55
60	0.4686%	0.4750%	0.2500%	0.1875%	10.0000%	2.4129%	0.3408%	***	60
65	0.7213%	0.7311%	0.2362%	0.1552%	10.0000%	2.4129%	0.0000%	***	65
70	0.7213%	0.7311%	0.0334%	0.0283%	0.0000%	0.0000%	0.0000%	***	70
75	0.7213%	0.7311%	0.0047%	0.0052%	0.0000%	0.0000%	0.0000%	***	75
80	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	***	80

\*\*LEOFF Plan 1 and WSPRS disability retirements are assumed to continue after service retirement eligibility, except for LEOFF Plan 1 members with more that 30 years.

\*\*\*A 1% rate of disability is assumed at all ages after ten years of service.

**6. TERMINATION:**

Other Terminations of Employment: Probabilities of termination are illustrated in the following table.

Age	PERS		SERS		PSERS		TRS		LEOFF		WSPRS	JRS	Age
	All Plans		All Plans		Plan 2		All Plans		Plan 1	Plan 2	Plan 1/2		
	Male	Female	Male	Female	Male	Female	Male	Female	Male & Female	Male & Female	Male & Female	Male & Female	
0	26.2397%	26.7698%	25.5974%	19.9030%	26.2397%	26.7698%	10.7968%	10.8867%	10.7153%	10.6171%	3.3365%	2.0000%	0
1	15.4534%	16.7747%	15.8775%	13.1281%	15.4534%	16.7747%	9.2756%	9.7130%	4.8178%	4.7197%	2.8665%	2.0000%	1
2	10.0683%	11.7007%	11.6915%	10.2908%	10.0683%	11.7007%	5.9747%	7.2137%	2.4604%	2.3623%	2.5639%	2.0000%	2
3	7.5236%	9.2904%	9.9510%	7.8600%	7.5236%	9.2904%	4.3174%	5.9168%	2.1731%	2.0750%	2.3870%	2.0000%	3
4	6.3052%	7.6024%	8.1055%	6.7558%	6.3052%	7.6024%	4.1379%	5.0333%	2.0554%	1.9572%	2.2614%	2.0000%	4
5	5.4443%	6.6544%	7.0001%	6.2423%	5.4443%	6.6544%	3.6574%	4.5110%	1.9806%	1.8825%	1.5865%	2.0000%	5
6	4.5887%	6.0712%	6.1045%	5.5595%	4.5887%	6.0712%	3.1921%	4.0204%	1.9379%	1.8397%	1.5069%	2.0000%	6
7	4.2956%	5.4587%	5.6497%	5.2581%	4.2956%	5.4587%	2.4566%	3.4185%	1.9344%	1.8362%	1.4396%	2.0000%	7
8	3.8441%	5.0026%	4.9878%	4.9707%	3.8441%	5.0026%	2.2431%	2.9563%	1.7982%	1.7001%	1.3813%	2.0000%	8
9	3.6120%	4.4536%	4.7679%	4.7491%	3.6120%	4.4536%	2.1313%	2.4037%	1.7549%	1.6568%	1.3299%	2.0000%	9
10	3.4062%	4.0754%	4.3892%	4.5725%	3.4062%	4.0754%	2.0225%	2.3050%	1.7151%	1.6170%	1.0034%	2.0000%	10
11	3.1228%	3.7102%	4.0911%	4.4832%	3.1228%	3.7102%	1.9121%	2.1650%	1.5263%	1.4281%	0.9618%	0.0000%	11
12	3.0279%	3.3673%	3.8637%	4.4156%	3.0279%	3.3673%	1.8631%	1.9982%	1.5122%	1.4141%	0.9238%	0.0000%	12
13	2.8580%	3.2309%	3.6863%	4.4032%	2.8580%	3.2309%	1.3880%	1.6962%	1.4522%	1.3541%	0.8889%	0.0000%	13
14	2.7921%	3.1248%	3.2877%	4.2560%	2.7921%	3.1248%	1.3353%	1.6596%	1.1562%	1.0581%	0.8566%	0.0000%	14
15	2.6640%	2.9525%	3.0517%	4.2740%	2.6640%	2.9525%	1.2356%	1.5984%	1.0816%	0.9835%	0.6999%	0.0000%	15
16	2.4254%	2.7411%	2.8186%	3.9160%	2.4254%	2.7411%	1.1763%	1.5336%	1.0571%	0.9589%	0.6718%	0.0000%	16
17	2.1960%	2.4231%	2.5793%	3.6424%	2.1960%	2.4231%	1.0705%	1.3331%	0.8522%	0.7541%	0.6453%	0.0000%	17
18	1.9650%	2.1981%	2.2867%	3.4565%	1.9650%	2.1981%	1.0276%	1.2106%	0.8696%	0.7715%	0.6204%	0.0000%	18
19	1.6561%	1.9927%	2.0112%	3.2224%	1.6561%	1.9927%	0.9342%	1.1378%	0.8644%	0.7662%	0.5968%	0.0000%	19
20	1.3551%	1.7270%	1.8112%	2.8822%	1.3551%	1.7270%	0.8641%	1.0689%	0.8773%	0.7792%	0.3269%	0.0000%	20
21	1.1848%	1.4418%	1.7086%	2.7134%	1.1848%	1.4418%	0.7229%	0.8065%	0.8544%	0.7563%	0.3056%	0.0000%	21
22	1.0082%	1.2500%	1.5797%	2.5300%	1.0082%	1.2500%	0.7090%	0.7507%	0.8178%	0.7197%	0.2853%	0.0000%	22
23	0.8454%	1.0608%	1.5356%	2.0548%	0.8454%	1.0608%	0.6964%	0.7282%	0.7594%	0.6613%	0.2659%	0.0000%	23
24	0.7544%	0.8007%	1.5275%	1.9208%	0.7544%	0.8007%	0.6974%	0.6871%	0.7248%	0.6267%	0.2473%	0.0000%	24
25	0.6909%	0.6627%	1.1837%	1.5628%	0.6909%	0.6627%	0.6776%	0.6864%	0.6671%	0.5690%	0.0000%	0.0000%	25
26	0.5537%	0.5548%	1.0103%	1.1826%	0.5537%	0.5548%	0.6634%	0.6591%	0.7674%	0.6693%	0.0000%	0.0000%	26
27	0.6646%	0.5862%	0.7945%	0.8882%	0.6646%	0.5862%	0.6491%	0.6487%	0.7033%	0.6052%	0.0000%	0.0000%	27
28	0.5876%	0.4781%	0.4945%	0.7339%	0.5876%	0.4781%	0.5385%	0.5369%	0.6222%	0.5241%	0.0000%	0.0000%	28
29	0.5174%	0.4290%	0.4945%	0.7339%	0.5174%	0.4290%	0.4563%	0.4634%	0.1841%	0.0860%	0.0000%	0.0000%	29
30+	0.4516%	0.3866%	0.4945%	0.7339%	0.4516%	0.3866%	0.3953%	0.3817%	0.1646%	0.0665%	0.0000%	0.0000%	30+

7. FUTURE SALARIES (page 1 of 2):

The following tables indicate the scale of relative salary values used to estimate future salaries for valuation purposes. In addition to increases in salary due to promotions and longevity, there is an assumed 4.0% per annum rate of increase in the general salary level of the membership. Exception: 4.5% in LEOFF Plan 2. The salary ratio describes the final salary over the current salary.

<b>Step Salary Increases</b>													
Age	PERS		SERS		PSERS		TRS		LEOFF		WSPRS		Age
	All Plans		All Plans		Plan 2		All Plans		All Plans		All Plans		
	Percent Increase	Salary Ratio	Percent Increase	Salary Ratio	Percent Increase	Salary Ratio	Percent Increase	Salary Ratio	Percent Increase	Salary Ratio	Percent Increase	Salary Ratio	
0	6.1%	1.370	6.9%	1.385	6.1%	1.370	5.8%	1.584	11.0%	1.840	7.1%	1.626	0
1	6.1%	1.291	6.9%	1.295	6.1%	1.291	5.8%	1.497	11.0%	1.657	7.1%	1.519	1
2	4.8%	1.217	3.9%	1.212	4.8%	1.217	4.3%	1.415	7.7%	1.493	5.9%	1.418	2
3	3.8%	1.161	2.9%	1.166	3.8%	1.161	4.1%	1.357	6.1%	1.386	5.2%	1.339	3
4	2.9%	1.119	2.3%	1.133	2.9%	1.119	3.5%	1.303	4.0%	1.307	5.2%	1.273	4
5	2.2%	1.087	2.2%	1.108	2.2%	1.087	3.1%	1.259	2.8%	1.256	5.2%	1.210	5
6	1.5%	1.064	1.6%	1.084	1.5%	1.064	2.8%	1.221	2.0%	1.222	4.5%	1.150	6
7	1.1%	1.048	1.3%	1.067	1.1%	1.048	2.6%	1.188	1.6%	1.198	0.8%	1.100	7
8	0.9%	1.037	1.2%	1.053	0.9%	1.037	2.4%	1.158	1.5%	1.179	0.8%	1.092	8
9	0.7%	1.027	0.9%	1.041	0.7%	1.027	2.2%	1.131	1.4%	1.162	0.8%	1.083	9
10	0.5%	1.020	0.8%	1.031	0.5%	1.020	2.0%	1.107	1.7%	1.146	0.8%	1.074	10
11	0.4%	1.015	0.7%	1.023	0.4%	1.015	1.9%	1.085	1.3%	1.127	0.8%	1.066	11
12	0.3%	1.011	0.4%	1.016	0.3%	1.011	1.7%	1.065	1.3%	1.112	0.4%	1.057	12
13	0.2%	1.008	0.4%	1.012	0.2%	1.008	1.5%	1.047	1.3%	1.098	0.4%	1.053	13
14	0.2%	1.006	0.3%	1.008	0.2%	1.006	1.0%	1.031	1.3%	1.084	0.4%	1.049	14
15	0.2%	1.004	0.1%	1.005	0.2%	1.004	0.8%	1.021	1.3%	1.070	0.4%	1.045	15
16	0.2%	1.002	0.1%	1.004	0.2%	1.002	0.4%	1.013	1.1%	1.056	0.4%	1.041	16
17	0.0%	1.000	0.1%	1.003	0.0%	1.000	0.1%	1.009	1.1%	1.045	0.4%	1.037	17
18	0.0%	1.000	0.1%	1.002	0.0%	1.000	0.1%	1.008	1.1%	1.033	0.4%	1.032	18
19	0.0%	1.000	0.1%	1.001	0.0%	1.000	0.1%	1.007	1.1%	1.022	0.4%	1.028	19
20	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.1%	1.006	1.1%	1.011	0.4%	1.024	20
21	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.1%	1.005	0.0%	1.000	0.4%	1.020	21
22	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.1%	1.004	0.0%	1.000	0.4%	1.016	22
23	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.1%	1.003	0.0%	1.000	0.4%	1.012	23
24	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.1%	1.002	0.0%	1.000	0.4%	1.008	24
25	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.1%	1.001	0.0%	1.000	0.4%	1.004	25
26	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	26
27	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	27
28	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	28
29	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	29
30+	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	30+

**7. FUTURE SALARIES (page 2 of 2):**

Relative Salary Values						
	PERS/SERS/ PSERS	TRS	LEOFF 1	LEOFF 2	WSPRS	JRS
<b>Annual Percent Increase</b>	5.30%	4.94%	5.30%	5.81%	5.30%	4.00%
<b>Attributed to Growth In Active Group Size</b>	1.25%	0.90%	1.25%	1.25%	1.25%	0.00%
<b>Attributed to the Effects of Inflation on Salaries</b>	4.00%	4.00%	4.00%	4.50%	4.00%	4.00%

**8. OTHER SPECIFIC ASSUMPTIONS THAT HAVE A MATERIAL IMPACT ON VALUATION RESULTS:**

- Members of the following plans increase their Average Final Compensation by an average stated below by cashing out sick leave or annual leave pay, or by increasing overtime: PERS Plan 1 up to 4.5%, TRS Plan 1 up to 1.0%, and WSPRS Plan 1 up to 7.5%.
- Post-retirement cost-of-living increases are assumed to be 3.0% each year for all plans except: LEOFF Plan 1 at 3.5%, and PERS Plan 1/TRS Plan 1 receive a uniform COLA.
- LEOFF Plan 2 members are assumed to disable or die due to duty-related injury or illness at a rate which varies with age. For more details, contact the Office of the State Actuary.
- Other assumptions include the probability of a vested terminated member not withdrawing his or her contributions from the plan, the probability of being married, military service, single life annuity refund on death, and beneficiary age. More details on these and other assumptions can be obtained from the Office of the State Actuary.

**9. CHANGE IN ASSUMPTIONS:**

**Assumption Changes:**

- Updated the LEOFF Plan 2 Early Retirement Factors, and Joint and Survivor Factors based on results of the 2001-2006 demographic experience study and adoption by the LEOFF Plan 2 Board.
- Changed the assumed ratio of survivors of WSPRS Plan 2 duty-related deaths selecting annuities to 60%, regardless of the member’s age at death.
- Increased our assumed ratio of survivors selecting annuities in accordance with Chapters 521, 522, and 523, Laws of 2009.
- Changed the TRS general salary increase assumption to model the bonuses received by members who attain national board certification.
- Performed a LEOFF Plan 2 disability assumption experience study based on recent experience data. Both the disability rates and the percent of disabilities assumed to be catastrophic changed.

**Method Changes:**

- Implemented new benefits for survivors of PERS Plan 1 inactive deaths according to Chapter 111, Laws of 2009.
- Incorporated the cost of TRS Plan 1 supplemental death benefits into our valuation model. In prior valuations, the liability was estimated outside the valuation.
- Refined the LEOFF Plan 2 inactive death benefit in our model to include the survivor's option to select 150% of the member's savings in lieu of a monthly benefit.
- Removed the cost to reimburse medical premiums for LEOFF Plan 2 and WSPRS survivors of duty-related deaths from the pension plan. This cost will be valued separately and future benefits will be paid from a 401 (h) account.

**10. ACTUARIAL COST METHOD:**

Valuation assets are at market value with annual gains and losses recognized on a graded scale over an eight-year period. Additionally, the actuarial value of assets may not exceed 130%, nor drop below 70%, of the market value of assets. JRS and Judges use the market value of assets for valuation assets.

**PERS Plan 1, TRS Plan 1, LEOFF Plan 1, JRS and Judges:**

Funding (Actual Contributions): A variation of the Entry Age Normal (EAN) Cost Method is used for PERS Plan 1 and TRS Plan 1. The contribution toward the UAAL has been developed in the valuation as a level percentage of expected future covered payrolls which will amortize the UAAL over a rolling ten-year period. PERS Plan 1 amortizes the UAAL over all PERS, SERS, and PSERS payroll, including projected system growth. TRS Plan 1 amortizes the UAAL over all TRS payroll, including projected system growth. The UAAL rates have contribution rate ceilings effective 2009-2015. After 2015, PERS Plan 1 has a minimum UAAL rate of 5.25%, and TRS Plan 1 has a minimum UAAL rate of 8.00%. No contributions are required when the LEOFF Plan 1 is fully funded. JRS and Judges are funded on a pay-as-you-go basis.

Disclosure (Annual Required Contributions): The funding method described in the previous paragraph for PERS Plan 1 and TRS Plan 1 is not an acceptable method for the GASB Statement Number 25 disclosures since it includes payroll outside the plan. In order to meet GASB Statement Number 25 requirements, the Entry Age cost method has been used for these plans. The UAAL is amortized as a level dollar amount over the applicable amortization period. PERS Plan 1 and TRS Plan 1 use a rolling ten-year amortization period. We report annual required contributions for JRS and Judges under the Entry Age Cost Method with a rolling five-year amortization period.

**PERS Plan 2/3, SERS Plan 2/3, TRS Plan 2/3, PSERS Plan 2, LEOFF Plan 2, and WSPRS:**

The Aggregate Actuarial Cost Method is used to calculate the contribution rates. Under this method the unfunded actuarial present value of fully projected benefits is amortized over the projected earnings of the active group. The entire contribution is normal cost, and no UAAL exists. All gains and losses are amortized over future salaries of current active members. PERS Plan 2/3, TRS Plan 2/3, SERS Plan 2/3 and PSERS Plan 2 minimum contribution rates are based upon 80% of the Entry Age Normal Cost Rate (EANC). WSPRS minimum contribution rates are based upon 70% of the EANC. Similarly, LEOFF Plan 2 minimum contribution rates are based upon 90% of the EANC.

**11. CHANGE IN FUNDING POLICY:**

None

**12. MATERIAL CHANGES IN BENEFIT PROVISIONS AND CONTRIBUTION RATES:**

The GASB disclosure contribution rates are based on the latest actuarial valuations as of June 30, 2009.

The following laws, enacted in 2010, had an immediate impact on the latest actuarial valuation contribution rates:

- Higher Education Coordinating Board (Chapter 21, Laws of 2010)
- LEOFF Plan 2 Medical Premiums (Chapter 259, Laws of 2010)
- LEOFF Plan 2 Shared Leave (Chapter 50, Laws of 2010)
- Part-Time Service Credit (Chapter 103, Laws of 2010)
- Prior Military Service Credit (Chapter 260, Laws of 2010)
- Public Safety Duty Death Benefits (Chapter 261, Laws of 2010)

## Additional Actuarial Schedules

### Schedule of Active Member Valuation Data: PERS Plan 1

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/09	10,354	\$580.2	\$56,034	2.4%
6/30/08	11,663	638.5	54,743	5.0%
6/30/07	12,975	676.4	52,130	2.1%
9/30/06	14,213	725.5	51,042	3.6%
9/30/05	15,962	786.1	49,248	1.8%
9/30/04	17,829	862.6	48,383	1.1%

Source: Washington State Office of the State Actuary

### Schedule of Active Member Valuation Data: PERS Plan 2

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/09	121,800	\$6,723.9	\$55,204	4.1%
6/30/08	123,285	6,537.5	53,028	6.5%
6/30/07	120,625	6,004.6	49,779	2.9%
9/30/06	118,341	5,726.6	48,391	4.3%
9/30/05	118,400	5,493.7	46,399	3.0%
9/30/04	118,572	5,340.3	45,038	2.7%

Source: Washington State Office of the State Actuary

### Schedule of Active Member Valuation Data: PERS Plan 3

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/09	27,081	\$1,408.4	\$52,006	4.3%
6/30/08	26,720	1,331.7	49,840	5.7%
6/30/07	24,422	1,152.0	47,172	1.5%
9/30/06	22,473	1,043.9	46,452	3.6%
9/30/05	21,216	950.8	44,817	1.1%
9/30/04	19,855	880.3	44,335	(1.1)%

Source: Washington State Office of the State Actuary

### Schedule of Active Member Valuation Data: SERS Plan 2

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/09	20,197	\$567.0	\$28,072	3.5%
6/30/08	19,264	522.4	27,118	2.2%
6/30/07	17,767	471.4	26,531	4.3%
9/30/06	18,464	469.5	25,426	3.8%
9/30/05	19,387	474.9	24,494	3.8%
9/30/04	20,424	482.1	23,604	2.8%

Source: Washington State Office of the State Actuary

**Schedule of Active Member Valuation Data: SERS Plan 3**

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/09	32,277	\$899.5	\$27,869	5.7%
6/30/08	32,510	857.1	26,364	7.4%
6/30/07	33,058	811.4	24,544	2.7%
9/30/06	32,354	773.4	23,905	1.9%
9/30/05	30,963	726.5	23,462	0.6%
9/30/04	29,430	686.2	23,315	1.1%

Source: Washington State Office of the State Actuary

**Schedule of Active Member Valuation Data: PSERS Plan 2\***

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/09	4,340	\$223.4	\$51,476	2.5%
6/30/08	3,981	200.0	50,231	3.1%
6/30/07	2,755	134.2	48,710	(2.0)%
9/30/06	2,073	103.1	49,714	n/a
9/30/05	–	–	–	–
9/30/04	–	–	–	–

\*PSERS Plan 2 became effective on July 1, 2006.

Source: Washington State Office of the State Actuary

**Schedule of Active Member Valuation Data: TRS Plan 1**

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/09	5,204	\$388.8	\$74,707	4.7%
6/30/08	6,061	432.4	71,340	6.0%
6/30/07	6,331	426.1	67,310	3.9%
9/30/06	7,382	478.3	64,796	2.0%
9/30/05	8,592	545.9	63,531	1.7%
9/30/04	9,862	616.1	62,470	0.8%

Source: Washington State Office of the State Actuary

**Schedule of Active Member Valuation Data: TRS Plan 2**

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/09	9,174	\$589.3	\$64,239	1.9%
6/30/08	8,103	510.8	63,043	1.3%
6/30/07	6,752	420.1	62,213	5.2%
9/30/06	6,983	413.1	59,164	3.1%
9/30/05	7,205	413.4	57,379	3.3%
9/30/04	7,470	414.9	55,540	2.2%

Source: Washington State Office of the State Actuary

### Schedule of Active Member Valuation Data: TRS Plan 3

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/09	53,010	\$3,367.9	\$63,534	6.9%
6/30/08	52,360	3,110.6	59,408	6.3%
6/30/07	51,856	2,897.6	55,879	6.1%
9/30/06	53,371	2,812.0	52,689	2.5%
9/30/05	51,473	2,645.0	51,386	2.9%
9/30/04	49,302	2,463.0	49,958	2.3%

Source: Washington State Office of the State Actuary

### Schedule of Active Member Valuation Data: LEOFF Plan 1

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/09	356	\$33.3	\$93,679	6.4%
6/30/08	421	37.1	88,070	5.8%
6/30/07	513	42.7	83,262	3.3%
9/30/06	596	48.1	80,630	4.5%
9/30/05	723	55.8	77,139	2.5%
9/30/04	848	63.8	75,222	4.6%

Source: Washington State Office of the State Actuary

### Schedule of Active Member Valuation Data: LEOFF Plan 2

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/09	16,951	\$1,442.5	\$85,097	5.2%
6/30/08	16,626	1,344.9	80,889	5.6%
6/30/07	16,099	1,233.7	76,632	2.8%
9/30/06	15,718	1,172.0	74,562	3.5%
9/30/05	15,168	1,092.3	72,015	4.2%
9/30/04	14,754	1,019.5	69,098	4.1%

Source: Washington State Office of the State Actuary

### Schedule of Active Member Valuation Data: WSPRS Plan 1

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/09	830	\$66.5	\$80,115	4.4%
6/30/08	851	65.3	76,751	6.7%
6/30/07	885	63.6	71,907	3.3%
9/30/06	906	63.1	69,606	6.7%
9/30/05	941	61.4	65,254	5.2%
9/30/04	997	61.9	62,042	0.3%

Source: Washington State Office of the State Actuary

**Schedule of Active Member Valuation Data: WSPRS Plan 2**

<b>Valuation Date</b>	<b>Active Members</b>	<b>Annual Payroll in Millions</b>	<b>Average Annual Pay</b>	<b>Annualized % Increase in Average Pay</b>
6/30/09	264	\$16.5	\$62,583	9.3%
6/30/08	234	13.4	57,233	5.7%
6/30/07	152	8.2	54,162	3.6%
9/30/06	116	6.1	52,278	8.3%
9/30/05	81	3.9	48,250	9.1%
9/30/04	60	2.7	44,206	7.8%

Source: Washington State Office of the State Actuary

**Schedule of Active Member Valuation Data: JRS**

<b>Valuation Date</b>	<b>Active Members</b>	<b>Annual Payroll in Millions</b>	<b>Average Annual Pay</b>	<b>Annualized % Increase in Average Pay</b>
6/30/09	9	\$1.4	\$150,870	6.0%
6/30/08	10	1.4	142,328	5.9%
6/30/07	11	1.5	134,386	2.2%
9/30/06	11	1.4	131,436	3.0%
9/30/05	13	1.7	127,647	2.3%
9/30/04	19	2.4	124,801	0.1%

Source: Washington State Office of the State Actuary

**Note:** Averages are based on actual, not rounded amounts.

### Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: PERS Plan 1

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	1,824	\$47,679,971	2,258	\$28,065,463	54,147	\$1,073,997,138	\$19,835	3.7%
6/30/08	2,138	54,916,521	2,243	27,122,179	54,581	1,035,876,249	18,979	4.6%
6/30/07	1,555	41,444,329	1,703	19,287,556	54,686	989,949,533	18,102	2.5%
9/30/06	2,345	58,991,956	2,306	25,314,598	54,834	966,044,139	17,618	5.3%
9/30/05	2,453	59,678,441	2,226	23,265,522	54,795	917,109,978	16,737	5.8%
9/30/04	2,508	61,107,155	2,312	22,315,395	54,568	867,079,469	15,890	6.4%

Source: Washington State Office of the State Actuary

### Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: PERS Plan 2

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	2,461	\$37,668,755	469	\$3,848,756	19,790	\$213,544,944	\$10,791	22.0%
6/30/08	2,215	27,458,079	376	2,944,525	17,798	175,102,432	9,838	19.4%
6/30/07	1,363	16,027,735	285	2,398,926	15,959	146,703,879	9,193	10.3%
9/30/06	1,753	19,273,543	343	2,418,970	14,881	132,989,872	8,937	17.9%
9/30/05	1,667	17,489,923	302	2,004,746	13,471	112,808,257	8,374	18.2%
9/30/04	1,460	14,389,517	258	1,585,538	12,106	95,405,344	7,881	18.0%

Source: Washington State Office of the State Actuary

### Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: PERS Plan 3

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	188	\$1,431,296	11	\$68,324	920	\$5,691,504	\$6,186	34.6%
6/30/08	153	973,585	9	39,824	743	4,227,474	5,690	31.2%
6/30/07	120	767,458	7	36,995	599	3,222,482	5,380	29.4%
9/30/06	149	788,987	6	28,021	486	2,490,907	5,125	48.2%
9/30/05	124	603,358	3	10,266	343	1,681,231	4,902	57.4%
9/30/04	140	660,151	4	17,401	222	1,068,252	4,812	154.7%

Source: Washington State Office of the State Actuary

### Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: SERS Plan 2

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	454	\$3,836,380	32	\$197,969	2,870	\$21,890,772	\$7,627	23.0%
6/30/08	450	3,526,561	28	186,696	2,448	17,799,193	7,271	26.1%
6/30/07	231	1,721,633	20	112,108	2,026	14,110,609	6,965	13.0%
9/30/06	410	2,890,809	21	120,279	1,815	12,492,085	6,883	32.2%
9/30/05	345	2,373,320	16	83,179	1,426	9,452,517	6,629	34.4%
9/30/04	370	2,399,840	9	25,759	1,097	7,032,456	6,411	53.8%

Source: Washington State Office of the State Actuary

**Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: SERS Plan 3**

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	346	\$1,552,969	12	\$36,518	1,759	\$6,768,866	\$3,848	31.9%
6/30/08	325	1,370,967	15	57,309	1,425	5,130,021	3,600	37.5%
6/30/07	178	695,857	6	14,025	1,115	3,730,124	3,345	22.7%
9/30/06	246	830,604	8	24,025	943	3,040,090	3,224	39.5%
9/30/05	231	738,686	7	15,225	705	2,179,342	3,091	52.2%
9/30/04	177	570,787	2	3,717	481	1,432,100	2,977	68.6%

Source: Washington State Office of the State Actuary

**Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: PSERS Plan 2\***

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	1	\$2,409	–	\$–	2	\$3,062	\$1,531	368.9%
6/30/08	1	653	–	–	1	653	653	0.0%
6/30/07	–	–	–	–	–	–	–	–
9/30/06	–	–	–	–	–	–	–	–
9/30/05	–	–	–	–	–	–	–	–
9/30/04	–	–	–	–	–	–	–	–

\*PSERS 2 became effective July 1, 2006.

Source: Washington State Office of the State Actuary

**Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: TRS Plan 1**

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	1,193	\$33,860,034	1,040	\$16,463,852	36,032	\$804,572,786	\$22,329	3.9%
6/30/08	1,564	43,927,319	1,069	16,443,154	35,879	774,340,924	21,582	5.2%
6/30/07	370	6,636,490	731	11,088,213	35,384	735,750,464	20,793	(0.7)%
9/30/06	1,522	41,976,669	1,041	15,570,734	35,745	740,789,520	20,724	5.1%
9/30/05	1,599	43,037,533	959	13,226,439	35,264	704,678,752	19,983	5.8%
9/30/04	1,724	45,066,813	955	13,060,274	34,624	666,008,994	19,235	6.5%

Source: Washington State Office of the State Actuary

**Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: TRS Plan 2**

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	246	\$4,939,050	21	\$265,215	2,104	\$32,273,082	\$15,339	20.2%
6/30/08	244	4,076,287	29	323,867	1,879	26,844,925	14,287	19.5%
6/30/07	105	1,426,931	15	141,168	1,664	22,470,949	13,504	6.2%
9/30/06	239	3,646,802	16	140,601	1,574	21,157,013	13,442	23.5%
9/30/05	233	3,546,914	9	96,832	1,351	17,129,967	12,679	27.9%
9/30/04	183	2,463,176	13	105,183	1,127	13,398,162	11,888	23.9%

Source: Washington State Office of the State Actuary

### Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: TRS Plan 3

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	408	\$4,058,520	9	\$60,319	1,791	\$14,073,479	\$7,858	43.2%
6/30/08	360	3,056,652	11	78,741	1,392	9,828,264	7,061	47.1%
6/30/07	115	826,838	5	17,533	1,043	6,680,207	6,405	13.9%
9/30/06	233	1,707,380	6	34,323	933	5,863,113	6,284	44.0%
9/30/05	172	1,203,187	7	17,172	706	4,070,809	5,766	44.0%
9/30/04	160	941,453	4	31,834	541	2,827,124	5,226	50.4%

Source: Washington State Office of the State Actuary

### Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: LEOFF Plan 1

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	156	\$8,226,656	203	\$7,267,042	8,087	\$337,505,287	\$41,734	4.7%
6/30/08	189	9,377,706	216	7,617,139	8,134	322,365,013	39,632	4.3%
6/30/07	153	7,238,334	164	5,380,231	8,161	309,181,019	37,885	4.2%
9/30/06	229	10,517,551	206	6,565,445	8,172	296,662,837	36,302	4.2%
9/30/05	221	9,390,330	182	5,893,176	8,149	284,639,305	34,929	2.8%
9/30/04	252	9,912,303	196	6,146,955	8,110	277,017,151	34,157	2.5%

Source: Washington State Office of the State Actuary

### Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: LEOFF Plan 2

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	243	\$8,478,268	10	\$216,179	1,367	\$37,876,404	\$27,708	31.0%
6/30/08	227	6,985,801	17	279,908	1,134	28,904,921	25,489	33.7%
6/30/07	153	4,353,299	8	144,930	924	21,611,590	23,389	24.3%
9/30/06	211	5,655,854	6	89,270	779	17,388,315	22,321	51.4%
9/30/05	151	3,758,745	9	103,594	574	11,487,120	20,012	49.2%
9/30/04	120	2,577,269	4	58,849	432	7,698,642	17,821	51.4%

Source: Washington State Office of the State Actuary

### Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: WSPRS Plan 1

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	15	\$710,502	12	\$377,080	834	\$34,636,899	\$41,531	4.0%
6/30/08	28	1,152,618	18	541,668	831	33,303,079	40,076	4.8%
6/30/07	22	801,594	9	182,796	821	31,779,147	38,708	2.1%
9/30/06	28	1,101,085	12	321,334	808	31,134,976	38,533	6.3%
9/30/05	49	1,781,905	19	443,543	792	29,291,456	36,984	7.5%
9/30/04	40	1,426,848	13	273,255	762	27,245,683	35,755	7.1%

Source: Washington State Office of the State Actuary

**Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: JRS**

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	4	\$276,433	7	\$497,241	124	\$9,401,392	\$75,818	0.4%
6/30/08	4	267,383	7	374,274	127	9,359,660	73,698	1.7%
6/30/07	3	160,260	5	392,686	130	9,201,726	70,783	(2.5)%
9/30/06	6	385,845	5	376,793	132	9,434,152	71,471	3.0%
9/30/05	8	631,467	4	217,950	131	9,163,352	69,949	7.5%
9/30/04	5	355,654	7	399,709	127	8,525,718	67,132	1.8%

Source: Washington State Office of the State Actuary

**Schedule of Retirees and Beneficiaries Added to and Removed From Rolls: Judges**

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/09	–	\$–	–	\$–	13	\$499,719	\$38,440	0.0%
6/30/08	–	–	2	–	13	499,719	38,440	(13.6)%
6/30/07	–	–	–	75,233	15	578,135	38,542	0.0%
9/30/06	1	18,033	2	75,234	15	578,135	38,542	(9.0)%
9/30/05	1	16,763	1	7,011	16	635,336	39,709	1.6%
9/30/04	1	39,168	2	111,861	16	625,584	39,099	(10.4)%

Source: Washington State Office of the State Actuary

### Solvency Test: PERS Plan 1

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/09	\$989.9	\$11,269.4	\$1,703.2	\$13,962.6	\$9,775.6	100%	78%	0%
6/30/08	1,055.8	10,963.4	1,881.7	13,901.0	9,852.9	100%	80%	0%
6/30/07	1,120.4	10,575.9	2,044.2	13,740.5	9,715.5	100%	81%	0%
9/30/06	1,186.4	9,473.0	2,470.1	13,129.4	9,591.0	100%	89%	0%
9/30/05	1,271.5	9,455.7	2,976.5	13,703.7	9,706.9	100%	89%	0%
9/30/04	1,343.2	8,827.4	2,684.9	12,855.5	9,928.2	100%	97%	0%

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

### Solvency Test: PERS Plan 2/3

(dollars in millions)

Accrued Liabilities (Aggregate Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/09	\$3,132.0	\$4,038.0	\$11,090.4	\$18,260.4	\$18,260.4	100%	100%	100%
6/30/08	2,760.9	3,447.1	10,484.7	16,692.7	16,692.7	100%	100%	100%
6/30/07	2,464.6	2,966.5	9,456.7	14,887.9	14,887.9	100%	100%	100%
9/30/06	2,294.7	2,470.0	8,764.2	13,528.9	13,528.9	100%	100%	100%
9/30/05	2,154.9	2,131.4	7,987.7	12,274.0	12,274.0	100%	100%	100%
9/30/04	2,055.1	1,816.0	7,560.0	11,431.1	11,431.1	100%	100%	100%

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

### Solvency Test: SERS Plan 2/3

(dollars in millions)

Accrued Liabilities (Aggregate Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/09	\$251.5	\$613.7	\$1,637.9	\$2,503.2	\$2,503.2	100%	100%	100%
6/30/08	226.5	523.7	1,552.4	2,302.6	2,302.6	100%	100%	100%
6/30/07	207.1	431.4	1,494.9	2,133.4	2,133.4	100%	100%	100%
9/30/06	188.7	350.1	1,395.5	1,934.3	1,934.3	100%	100%	100%
9/30/05	178.2	288.1	1,281.1	1,747.4	1,747.4	100%	100%	100%
9/30/04	175.1	216.4	1,238.5	1,630.0	1,630.0	100%	100%	100%

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

**Solvency Test: PSERS Plan 2\***  
(dollars in millions)

Accrued Liabilities (Aggregate Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/09	\$32.4	\$2.0	\$34.8	\$69.2	\$69.2	100%	100%	100%
6/30/08	18.1	0.9	19.7	38.7	38.7	100%	100%	100%
6/30/07	6.7	0.2	6.9	13.7	13.7	100%	100%	100%
9/30/06	0.6	—	0.5	1.1	1.1	100%	100%	100%
9/30/05	—	—	—	—	—	—	—	—
9/30/04	—	—	—	—	—	—	—	—

\*PSERS Plan 2 became effective July 1, 2006.

**Note:** Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

**Solvency Test: TRS Plan 1**  
(dollars in millions)

Accrued Liabilities (Entry Age Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/09	\$725.6	\$8,821.7	\$1,264.8	\$10,812.1	\$8,146.2	100%	84%	0%
6/30/08	790.2	8,564.6	1,399.1	10,753.9	8,262.3	100%	87%	0%
6/30/07	766.4	8,670.1	1,389.0	10,825.6	8,302.3	100%	87%	0%
9/30/06	839.3	7,831.8	1,687.5	10,358.6	8,275.5	100%	95%	0%
9/30/05	915.5	7,848.6	2,129.9	10,894.0	8,449.7	100%	96%	0%
9/30/04	985.0	7,345.6	2,070.7	10,401.3	8,728.3	100%	100%	19%

**Note:** Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

**Solvency Test: TRS Plan 2/3**  
(dollars in millions)

Accrued Liabilities (Aggregate Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/09	\$349.7	\$1,032.2	\$4,778.1	\$6,160.0	\$6,160.0	100%	100%	100%
6/30/08	322.2	883.1	4,475.8	5,681.0	5,681.0	100%	100%	100%
6/30/07	302.6	790.8	4,183.7	5,277.0	5,277.0	100%	100%	100%
9/30/06	285.5	653.4	3,896.4	4,835.3	4,835.3	100%	100%	100%
9/30/05	275.8	548.4	3,587.0	4,411.2	4,411.2	100%	100%	100%
9/30/04	272.2	442.2	3,423.7	4,138.1	4,138.1	100%	100%	100%

**Note:** Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

### Solvency Test: LEOFF Plan 1

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/09	\$55.4	\$4,149.8	\$281.2	\$4,486.5	\$5,612.1	100%	100%	100%
6/30/08	62.3	3,997.4	308.0	4,367.7	5,592.5	100%	100%	100%
6/30/07	72.4	3,916.3	351.5	4,340.2	5,297.7	100%	100%	100%
9/30/06	80.7	3,826.1	402.1	4,309.0	5,017.8	100%	100%	100%
9/30/05	92.8	3,763.8	386.7	4,243.3	4,799.9	100%	100%	100%
9/30/04	103.6	3,757.7	404.7	4,266.0	4,665.9	100%	100%	100%

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

### Solvency Test: LEOFF Plan 2

(dollars in millions)

Accrued Liabilities (Aggregate Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/09	\$1,479.5	\$682.5	\$3,402.1	\$5,564.2	\$5,564.2	100%	100%	100%
6/30/08	1,319.7	547.5	3,185.5	5,052.7	5,052.7	100%	100%	100%
6/30/07	1,178.3	451.7	2,729.6	4,359.6	4,359.6	100%	100%	100%
9/30/06	1,087.8	355.6	2,400.3	3,843.8	3,843.8	100%	100%	100%
9/30/05	980.4	264.7	2,084.0	3,329.1	3,329.1	100%	100%	100%
9/30/04	896.4	192.7	1,858.2	2,947.3	2,947.3	100%	100%	100%

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

### Solvency Test: WSPRS Plan 1/2

(dollars in millions)

Accrued Liabilities (Aggregate Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/09	\$62.4	\$474.5	\$363.5	\$900.4	\$900.4	100%	100%	100%
6/30/08	56.0	460.5	353.2	869.7	869.7	100%	100%	100%
6/30/07	50.8	444.2	304.9	799.9	799.9	100%	100%	100%
9/30/06	48.7	413.3	281.5	743.5	743.5	100%	100%	100%
9/30/05	46.2	392.9	255.0	694.1	694.1	100%	100%	100%
9/30/04	47.0	356.6	256.4	660.0	660.0	100%	100%	100%

Source: Washington State Office of the State Actuary

**Solvency Test: JRS**  
(dollars in millions)

Accrued Liabilities (Entry Age Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/09	\$3.7	\$76.1	\$9.5	\$89.3	\$1.8	50%	0%	0%
6/30/08	3.7	78.2	9.7	91.5	1.0	26%	0%	0%
6/30/07	3.7	75.3	6.0	85.0	0.5	15%	0%	0%
9/30/06	3.5	78.7	5.8	88.0	0.3	7%	0%	0%
9/30/05	3.8	78.7	6.9	89.4	1.7	46%	0%	0%
9/30/04	4.9	73.9	10.2	89.0	4.3	88%	0%	0%

**Note:** Totals may not agree due to rounding and percentages are based on actual, not rounded totals. This is a relatively small fund administered by DRS which is funded on a pay-as-you-go basis. Source: Washington State Office of the State Actuary

**Solvency Test: Judges**  
(dollars in millions)

Accrued Liabilities (Entry Age Cost Method)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/09	\$-	\$3.4	\$-	\$3.4	\$3.3	n/a	97%	n/a
6/30/08	-	3.5	-	3.5	3.6	n/a	100%	n/a
6/30/07	-	3.9	-	3.9	4.0	n/a	100%	n/a
9/30/06	-	4.0	-	4.0	4.1	n/a	100%	n/a
9/30/05	-	4.5	-	4.5	4.2	n/a	93%	n/a
9/30/04	-	4.7	-	4.7	4.4	n/a	93%	n/a

**Note:** Percentages are based on actual, not rounded totals. This is a relatively small fund administered by DRS which is funded on a pay-as-you-go basis. Source: Washington State Office of the State Actuary

**Note on PERS Plan 2/3, SERS Plan 2/3, PSERS Plan 2, TRS Plan 2/3, LEOFF Plan 2 and WSPRS Plan 1/2:** The actuarial accrued liability (AAL) presented in these charts reflects the actual actuarial valuation method (Aggregate Cost) used to calculate the annual required contributions for these plans. This Aggregate Cost method does not separately amortize unfunded actuarial liabilities and, by definition, sets the accrued liabilities equal to the assets. Therefore, the funded status is always 100%. These AAL amounts differ from those presented in the schedules of funded status and funding progress included in the Notes to the Financial Statements in the Financial Section, where a different valuation method (Entry Age) was used as a surrogate.

**Analysis of Selected Experience: PERS Plan 1**  
 Selected Gains and Losses During Years Ended 2004 to 2009  
 Resulting from Difference Between Assumed Experience and Actual Experience  
 (dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2009	2008	2007	2006	2005	2004
Investment Gains*	\$ (298.2)	\$ 151.6	\$ 186.0	\$ 5.6	\$ (163.9)	\$ (321.7)
Salary Gains	10.9	(59.2)	30.7	(7.6)	63.3	106.7
Termination of Employment	(0.2)	(0.4)	7.2	6.1	5.4	17.3
Return to Work from Terminated Status	(9.7)	(49.1)	(14.4)	(25.1)	(25.1)	(17.8)
Gain (or Loss) During Year from Selected Experience	\$ (297.2)	\$ 42.9	\$ 209.5	\$ (21.0)	\$ (120.3)	\$ (215.5)

\*Actuarial value of assets  
 Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: PERS Plan 2/3**  
 Selected Gains and Losses During Years Ended 2004 to 2009  
 Resulting from Difference Between Assumed Experience and Actual Experience  
 (dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2009	2008	2007	2006	2005	2004
Investment Gains*	\$ (134.3)	\$ 273.4	\$ 327.6	\$ 97.0	\$ (112.4)	\$ (295.7)
Salary Gains	185.9	(326.1)	124.2	12.1	178.4	326.9
Termination of Employment	21.1	47.8	131.1	155.5	57.9	41.8
Return to Work from Terminated Status	(47.8)	(97.1)	(86.8)	(92.6)	(87.9)	(82.5)
Gain (or Loss) During Year from Selected Experience	\$ 24.9	\$ (102.0)	\$ 496.1	\$ 172.0	\$ 36.0	\$ (9.5)

\*Actuarial value of assets  
 Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: SERS Plan 2/3**  
 Selected Gains and Losses During Years Ended 2004 to 2009  
 Resulting from Difference Between Assumed Experience and Actual Experience  
 (dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2009	2008	2007	2006	2005	2004
Investment Gains*	\$ (33.2)	\$ 39.1	\$ 46.3	\$ 11.3	\$ (18.7)	\$ (45.1)
Salary Gains	(27.4)	(27.5)	9.6	23.8	25.4	59.3
Termination of Employment	5.8	11.0	16.1	11.7	9.8	25.6
Return to Work from Terminated Status	(6.2)	(8.4)	(74.3)	(27.1)	(13.8)	(13.3)
Gain (or Loss) During Year from Selected Experience	\$ (61.0)	\$ 14.2	\$ (2.3)	\$ 19.7	\$ 2.7	\$ 26.5

\*Actuarial value of assets  
 Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: PSERS Plan 2\*\***  
 Selected Gains and Losses During Years Ended 2004 to 2009  
 Resulting from Difference Between Assumed Experience and Actual Experience  
 (dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2009	2008	2007	2006	2005	2004
Investment Gains*	\$ 0.4	\$ (0.3)	\$ -	-	-	-
Salary Gains	8.5	(5.1)	1.3	-	-	-
Termination of Employment	(7.4)	0.4	(1.0)	-	-	-
Return to Work from Terminated Status	-	(0.9)	-	-	-	-
Gain (or Loss) During Year from Selected Experience	\$ 1.5	\$ (5.9)	\$ 0.3	-	-	-

\*Actuarial value of assets

\*\*PSERS 2 became effective July 1, 2006.

Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: TRS Plan 1**  
 Selected Gains and Losses During Years Ended 2004 to 2009  
 Resulting from Difference Between Assumed Experience and Actual Experience  
 (dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2009	2008	2007	2006	2005	2004
Investment Gains*	\$ (287.8)	\$ 26.1	\$ 24.9	\$ (111.7)	\$ (260.0)	\$ (400.6)
Salary Gains	(17.4)	(28.9)	4.3	45.6	59.1	102.6
Termination of Employment	1.5	0.7	(7.5)	0.8	2.6	10.8
Return to Work from Terminated Status	(6.0)	(23.6)	(6.8)	(22.9)	(19.4)	(13.7)
Gain (or Loss) During Year from Selected Experience	\$ (309.7)	\$ (25.7)	\$ 14.9	\$ (88.2)	\$ (217.7)	\$ (300.9)

\*Actuarial value of assets

Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: TRS Plan 2/3**  
 Selected Gains and Losses During Years Ended 2004 to 2009  
 Resulting from Difference Between Assumed Experience and Actual Experience  
 (dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2009	2008	2007	2006	2005	2004
Investment Gains*	\$ (120.1)	\$ 66.8	\$ 88.5	\$ (1.7)	\$ (79.0)	\$ (146.2)
Salary Gains	(67.3)	(52.7)	20.6	70.1	62.0	148.7
Termination of Employment	71.7	54.8	56.5	33.6	33.7	79.6
Return to Work from Terminated Status	(63.0)	(85.4)	(139.7)	(43.1)	(47.5)	(44.3)
Gain (or Loss) During Year from Selected Experience	\$ (178.7)	\$ (16.5)	\$ 25.9	\$ 58.9	\$ (30.8)	\$ 37.8

\*Actuarial value of assets

Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: LEOFF Plan 1**  
 Selected Gains and Losses During Years Ended 2004 to 2009  
 Resulting from Difference Between Assumed Experience and Actual Experience  
 (dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2009	2008	2007	2006	2005	2004
Investment Gains*	\$ (88.1)	\$ 196.4	\$ 217.8	\$ 134.2	\$ 54.0	\$ (236.5)
Salary Gains	(4.5)	(2.2)	4.8	2.3	10.5	13.7
Termination of Employment	0.1	(0.1)	(0.1)	(0.7)	(1.6)	–
Return to Work from Terminated Status	(4.3)	(2.7)	(1.0)	–	(1.0)	(3.3)
Gain (or Loss) During Year from Selected Experience	\$ (96.8)	\$ 191.4	\$ 221.5	\$ 135.8	\$ 61.9	\$ (226.1)

\*Actuarial value of assets  
 Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: LEOFF Plan 2**  
 Selected Gains and Losses During Years Ended 2004 to 2009  
 Resulting from Difference Between Assumed Experience and Actual Experience  
 (dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2009	2008	2007	2006	2005	2004
Investment Gains*	\$ 19.4	\$ 135.8	\$ 159.7	\$ 95.2	\$ 39.4	\$ (108.3)
Salary Gains	6.5	(29.7)	61.2	48.3	28.0	101.9
Termination of Employment	11.8	2.9	4.4	5.2	4.0	31.7
Return to Work from Terminated Status	(7.9)	(22.6)	(43.9)	(25.8)	(0.3)	–
Gain (or Loss) During Year from Selected Experience	\$ 29.8	\$ 86.4	\$ 181.4	\$ 122.9	\$ 71.1	\$ 25.3

\*Actuarial value of assets  
 Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: WSPRS Plan 1/2**  
 Selected Gains and Losses During Years Ended 2004 to 2009  
 Resulting from Difference Between Assumed Experience and Actual Experience  
 (dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2009	2008	2007	2006	2005	2004
Investment Gains*	\$ (6.2)	\$ 28.4	\$ 32.0	\$ 19.6	\$ 8.0	\$ (31.0)
Salary Gains	(0.7)	(5.9)	5.5	(1.9)	2.3	23.8
Termination of Employment	1.2	1.1	0.1	1.2	1.4	(0.6)
Return to Work from Terminated Status	(0.5)	0.0	(49.7)	(0.7)	(0.5)	(0.7)
Gain (or Loss) During Year from Selected Experience	\$ (6.2)	\$ 23.6	\$ (12.1)	\$ 18.2	\$ 11.2	\$ (8.5)

\*Actuarial value of assets  
 Source: Washington State Office of the State Actuary

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# Statistical Section



## Statistical Section

This part of the Department of Retirement Systems' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about DRS' overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>149</b>
These schedules contain trend information to help the reader understand how DRS' financial performance and well-being have changed over time.	
<b>Demographic Information</b>	<b>160</b>
These schedules contain demographic and historical information regarding membership and employer participation in the pension plans offered by DRS.	
<b>Operating Information</b>	<b>180</b>
These schedules contain detailed payment information to enhance the reader's understanding of the benefit services provided by DRS.	
<b>Deferred Compensation Information</b>	<b>207</b>
These schedules contain comprehensive information to enhance the reader's understanding of this optional program.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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**Schedule of Changes in Plan Net Assets: PERS Plan 1**

(dollars in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
<b>Additions to Plan Net Assets by Source:</b>										
Employee Contributions	\$ 33,152	\$ 37,791	\$ 41,925	\$ 44,775	\$ 48,457	\$ 52,246	\$ 57,196	\$ 62,065	\$ 67,670	\$ 70,266
Employer Contributions	154,023	325,248	221,787	118,660	29,601	22,360	22,789	56,618	68,631	181,712
Transfers	1	1	343	519	68	242	310	487	355	789
Investment Income (Loss) <sup>1</sup>	980,360	(2,373,373)	(114,595)	2,086,563	1,534,382	1,163,797	1,319,155	320,787	(644,307)	(662,074)
Miscellaneous <sup>2</sup>	11,566	10,700	13,262	9,513	7,719	10,048	10,147	10,268	10,868	8,636
<i>Total Additions</i>	<u>1,179,102</u>	<u>(1,999,633)</u>	<u>162,722</u>	<u>2,260,030</u>	<u>1,620,227</u>	<u>1,248,693</u>	<u>1,409,597</u>	<u>450,225</u>	<u>(496,783)</u>	<u>(400,671)</u>
<b>Deductions from Plan Net Assets by Type:</b>										
Benefits	1,111,386	1,070,929	1,027,934	978,995	929,423	880,874	828,765	776,683	718,730	669,877
Administrative Expenses	3,885	4,401	4,739	4,763	4,754	4,903	4,917	5,596	6,181	6,847
Refunds	4,946	5,071	5,573	6,215	6,553	5,143	5,628	5,678	7,446	8,466
Transfers	140	2,021	159	31	369	966	4	358	245	408
<i>Total Deductions</i>	<u>1,120,357</u>	<u>1,082,422</u>	<u>1,038,405</u>	<u>990,004</u>	<u>941,099</u>	<u>891,886</u>	<u>839,314</u>	<u>788,315</u>	<u>732,602</u>	<u>685,598</u>
<b>Total Changes in Plan Net Assets</b>	<b>\$ 58,745</b>	<b>\$ (3,082,055)</b>	<b>\$ (875,683)</b>	<b>\$ 1,270,026</b>	<b>\$ 679,128</b>	<b>\$ 356,807</b>	<b>\$ 570,283</b>	<b>\$ (338,090)</b>	<b>\$ (1,229,385)</b>	<b>\$ (1,086,269)</b>
<b>Net Assets Held in Trust for Pension Benefits:</b>										
Beginning of Year	7,567,741	10,649,796	11,525,479	10,255,453	9,576,325	9,219,518	8,649,235	8,987,325	10,216,710	11,302,979
<b>End of Year</b>	<b>\$ 7,626,486</b>	<b>\$ 7,567,741</b>	<b>\$ 10,649,796</b>	<b>\$ 11,525,479</b>	<b>\$ 10,255,453</b>	<b>\$ 9,576,325</b>	<b>\$ 9,219,518</b>	<b>\$ 8,649,235</b>	<b>\$ 8,987,325</b>	<b>\$ 10,216,710</b>
<i>Employer Contributions: Percent of Covered Payroll</i>	26.9%	49.7%	31.1%	15.6%	3.6%	2.5%	2.3%	5.4%	6.1%	15.7%

<sup>1</sup>Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

<sup>2</sup>Miscellaneous additions include restorations of employee contributions.

**Schedule of Changes in Plan Net Assets: PERS Plan 2/3**

(dollars in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
<b>Additions to Plan Net Assets by Source:</b>										
Employee Contributions	\$ 264,231	\$ 368,127	\$ 268,573	\$ 207,144	\$ 127,800	\$ 63,806	\$ 60,953	\$ 34,498	\$ 48,579	\$ 116,564
Employer Contributions	327,460	439,744	318,740	242,544	149,579	74,720	69,377	38,287	50,953	115,039
Transfers	11,611	722	316	292	239	254	251	602	275	727
Investment Income (Loss) <sup>1</sup>	1,868,154	(4,058,631)	(224,724)	3,054,707	2,020,702	1,415,136	1,453,909	365,915	(659,567)	(599,323)
Miscellaneous <sup>2</sup>	15,749	14,157	17,245	11,825	10,655	9,609	9,749	8,400	10,295	7,164
<i>Total Additions</i>	<u>2,487,205</u>	<u>(3,235,881)</u>	<u>380,150</u>	<u>3,516,512</u>	<u>2,308,975</u>	<u>1,563,525</u>	<u>1,594,239</u>	<u>447,702</u>	<u>(549,465)</u>	<u>(359,829)</u>

**Deductions from Plan Net Assets by Type:**

Benefits	251,765	207,319	170,317	143,802	121,096	102,742	86,174	72,460	60,551	50,798
Administrative Expenses	8,643	8,277	9,889	7,344	6,599	5,960	5,779	6,054	6,270	6,638
Refunds	31,425	26,442	26,574	26,465	26,476	24,086	27,082	30,835	42,087	48,311
Transfers	5,407	8,903	70,935	3,904	4,296	4,718	22,918	611,867	31,165	1,903,538
<i>Total Deductions</i>	<u>297,240</u>	<u>250,941</u>	<u>277,715</u>	<u>181,515</u>	<u>158,467</u>	<u>137,506</u>	<u>141,953</u>	<u>721,216</u>	<u>140,073</u>	<u>2,009,285</u>
<b>Total Changes in Plan Net Assets</b>	<b>\$2,189,965</b>	<b>\$(3,486,822)</b>	<b>\$ 102,435</b>	<b>\$ 3,334,997</b>	<b>\$ 2,150,508</b>	<b>\$ 1,426,019</b>	<b>\$ 1,452,286</b>	<b>\$(273,514)</b>	<b>\$(689,538)</b>	<b>\$(2,369,114)</b>

**Net Assets Held in Trust for Pension Benefits:**

Beginning of Year	14,178,698	17,665,520	17,563,085	14,228,088	12,077,580	10,651,561	9,199,275	9,472,789	10,162,327	12,531,441
<b>End of Year</b>	<u>\$ 16,368,663</u>	<u>\$ 14,178,698</u>	<u>\$ 17,665,520</u>	<u>\$ 17,563,085</u>	<u>\$ 14,228,088</u>	<u>\$ 12,077,580</u>	<u>\$ 10,651,561</u>	<u>\$ 9,199,275</u>	<u>\$ 9,472,789</u>	<u>\$ 10,162,327</u>
<i>Employer Contributions: Percent of Covered Payroll</i>	4.0%	5.4%	4.1%	3.5%	2.2%	1.2%	1.2%	0.7%	0.9%	2.2%

<sup>1</sup>Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

<sup>2</sup>Miscellaneous additions include restorations of employee contributions.

**Schedule of Changes in Plan Net Assets: SERS Plan 2/3**  
(dollars in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
<b>Additions to Plan Net Assets by Source:</b>										
Employee Contributions	\$ 20,105	\$ 26,062	\$ 20,726	\$ 17,371	\$ 11,818	\$ 4,166	\$ 3,501	\$ 1,828	\$ 5,171	\$ 14,168
Employer Contributions	62,090	63,526	52,139	45,950	30,419	10,160	9,076	6,154	11,312	19,939
Transfers	431	2,050	2,118	1,998	2,589	1,959	1,631	1,970	17,923	1,902,646
Investment Income (Loss) <sup>1</sup>	255,525	(560,165)	(29,922)	435,696	287,224	201,723	203,668	55,417	(90,080)	(152,510)
Miscellaneous <sup>2</sup>	1,521	1,517	1,398	1,301	1,313	1,316	1,562	1,234	1,241	1,154
<i>Total Additions</i>	339,672	(467,010)	46,459	502,316	333,363	219,324	219,438	66,603	(54,433)	1,765,397
<b>Deductions from Plan Net Assets by Type:</b>										
Benefits	34,449	28,307	22,627	17,641	13,500	10,114	6,692	4,305	2,048	285
Administrative Expenses	1,384	1,327	1,267	1,124	1,069	990	1,080	1,113	1,117	1,098
Refunds	2,125	2,125	2,045	2,516	2,477	2,191	2,025	2,220	2,397	1,397
Transfers	8,141	956	89,481	275	434	568	545	355	1,495	478,439
<i>Total Deductions</i>	46,099	32,715	115,420	21,556	17,480	13,863	10,342	7,993	7,057	481,219
<b>Total Changes in Plan Net Assets</b>	<b>\$ 293,573</b>	<b>\$ (499,725)</b>	<b>\$ (68,961)</b>	<b>\$ 480,760</b>	<b>\$ 315,883</b>	<b>\$ 205,461</b>	<b>\$ 209,096</b>	<b>\$ 58,610</b>	<b>\$ (61,490)</b>	<b>\$ 1,304,178</b>
<b>Net Assets Held in Trust for Pension Benefits:</b>										
Beginning of Year*	1,943,812	2,443,537	2,512,498	2,031,738	1,715,855	1,510,394	1,301,298	1,242,688	1,304,178	—
<b>End of Year</b>	<b>\$ 2,237,385</b>	<b>\$ 1,943,812</b>	<b>\$ 2,443,537</b>	<b>\$ 2,512,498</b>	<b>\$ 2,031,738</b>	<b>\$ 1,715,855</b>	<b>\$ 1,510,394</b>	<b>\$ 1,301,298</b>	<b>\$ 1,242,688</b>	<b>\$ 1,304,178</b>
<i>Employer Contributions: Percent of Covered Payroll</i>	3.8%	4.0%	3.4%	3.3%	2.3%	0.8%	0.8%	0.5%	1.1%	2.4%

<sup>1</sup>Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.  
<sup>2</sup>Miscellaneous additions include restorations of employee contributions.  
 \*SERS Plan 2/3 became effective September 1, 2000.

**Schedule of Changes in Plan Net Assets: PSERS Plan 2**  
(dollars in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
<b>Additions to Plan Net Assets by Source:</b>										
Employee Contributions	\$ 15,213	\$ 14,557	\$ 11,740	\$ 6,664	**	**	**	**	**	**
Employer Contributions	15,238	14,510	11,700	6,612	**	**	**	**	**	**
Transfers	32	-	3	-	**	**	**	**	**	**
Investment Income (Loss) <sup>1</sup>	7,358	(9,383)	(765)	813	**	**	**	**	**	**
Miscellaneous <sup>2</sup>	45	30	14	6	**	**	**	**	**	**
<i>Total Additions</i>	37,886	19,714	22,692	14,095	**	**	**	**	**	**
<b>Deductions from Plan Net Assets by Type:</b>										
Benefits	17	5	-	-	**	**	**	**	**	**
Administrative Expenses	50	40	26	27	**	**	**	**	**	**
Refunds	928	466	152	23	**	**	**	**	**	**
Transfers	2	3	2	-	**	**	**	**	**	**
<i>Total Deductions</i>	997	514	180	50	**	**	**	**	**	**
<b>Total Changes in Plan Net Assets</b>	<b>\$ 36,889</b>	<b>\$ 19,200</b>	<b>\$ 22,512</b>	<b>\$ 14,045</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
<b>Net Assets Held in Trust for Pension Benefits:</b>										
<i>Beginning of Year</i>	55,757	36,557	14,045	-	**	**	**	**	**	**
<b>End of Year</b>	<b>\$ 92,646</b>	<b>\$ 55,757</b>	<b>\$ 36,557</b>	<b>\$ 14,045</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
<i>Employer Contributions: Percent of Covered Payroll</i>	6.5%	6.5%	6.5%	6.5%	**	**	**	**	**	**

<sup>1</sup>Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

<sup>2</sup>Miscellaneous additions include restorations of employee contributions.

\*\*PSERS Plan 2 became effective July 1, 2006.

**Schedule of Changes in Plan Net Assets: TRS Plan 1**

(dollars in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
<b>Additions to Plan Net Assets by Source:</b>										
Employee Contributions	\$ 20,930	\$ 23,810	\$ 26,480	\$ 29,995	\$ 33,790	\$ 38,087	\$ 42,706	\$ 46,790	\$ 50,180	\$ 55,898
Employer Contributions	112,731	178,850	113,089	60,462	15,077	8,793	11,385	20,352	59,434	141,351
Transfers	5	27	5	84	78	168	147	333	253	355
Investment Income (Loss) <sup>1</sup>	813,504	(1,979,081)	(93,982)	1,762,480	1,292,574	981,556	1,112,120	275,057	(548,365)	(567,631)
Miscellaneous <sup>2</sup>	6,827	7,011	7,870	8,546	8,941	8,607	7,338	6,433	6,761	6,527
<i>Total Additions</i>	953,997	(1,769,383)	53,462	1,861,567	1,350,460	1,037,211	1,173,696	348,965	(431,737)	(363,500)
<b>Deductions from Plan Net Assets by Type:</b>										
Benefits	859,250	850,262	844,986	802,344	763,613	741,118	692,243	689,254	679,009	632,674
Administrative Expenses	3,125	3,266	3,646	3,752	3,790	3,894	3,926	4,555	5,132	5,619
Refunds	1,504	1,260	1,000	1,878	1,042	1,180	1,792	1,521	2,313	2,762
Transfers	118	1,449	82	3	314	817	-	283	207	348
<i>Total Deductions</i>	863,997	856,237	849,714	807,977	768,759	747,009	697,961	695,613	686,661	641,403
<b>Total Changes in Plan Net Assets</b>	<b>\$ 90,000</b>	<b>\$ (2,625,620)</b>	<b>\$ (796,252)</b>	<b>\$ 1,053,590</b>	<b>\$ 581,701</b>	<b>\$ 290,202</b>	<b>\$ 475,735</b>	<b>\$ (346,648)</b>	<b>\$ (1,118,398)</b>	<b>\$ (1,004,903)</b>
<b>Net Assets Held in Trust for Pension Benefits:</b>										
Beginning of Year	6,314,061	8,939,681	9,735,933	8,682,343	8,100,642	7,810,440	7,334,705	7,681,352	8,799,750	9,804,653
<b>End of Year</b>	<b>\$ 6,404,061</b>	<b>\$ 6,314,061</b>	<b>\$ 8,939,681</b>	<b>\$ 9,735,933</b>	<b>\$ 8,682,343</b>	<b>\$ 8,100,642</b>	<b>\$ 7,810,440</b>	<b>\$ 7,334,704</b>	<b>\$ 7,681,352</b>	<b>\$ 8,799,750</b>
<i>Employer Contributions: Percent of Covered Payroll</i>	26.9%	37.3%	21.5%	10.3%	2.3%	1.2%	1.4%	2.4%	6.7%	15.6%

<sup>1</sup>Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

<sup>2</sup>Miscellaneous additions include restorations of employee contributions.

**Schedule of Changes in Plan Net Assets: TRS Plan 2/3**

(dollars in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
<b>Additions to Plan Net Assets by Source:</b>										
Employee Contributions	\$ 21,126	\$ 23,277	\$ 14,739	\$ 12,227	\$ 8,990	\$ 3,549	\$ 3,108	\$ 633	\$ 5,433	\$ 11,078
Employer Contributions	164,959	160,793	109,523	102,180	75,353	33,767	29,921	18,225	46,359	69,579
Transfers	724	547	339	201	261	500	439	429	369	296
Investment Income (Loss) <sup>1</sup>	629,396	(1,383,054)	(73,457)	1,078,134	712,495	500,432	503,551	136,127	(224,452)	(197,822)
Miscellaneous <sup>2</sup>	4,551	4,429	4,432	3,951	3,385	3,827	4,154	3,461	3,297	3,168
<i>Total Additions</i>	820,756	(1,194,008)	55,576	1,196,693	800,484	542,075	541,173	158,875	(168,994)	(113,701)

**Deductions from Plan Net Assets by Type:**

Benefits	55,654	44,795	36,016	28,534	22,351	17,118	13,416	10,862	8,669	6,810
Administrative Expenses	3,932	3,824	3,629	3,067	2,781	3,027	2,940	3,093	3,108	3,053
Refunds	2,868	2,189	2,190	2,726	2,399	3,110	2,858	3,537	4,510	3,871
Transfers	369	2,670	168,866	440	963	1,278	1,003	956	1,704	3,574
<i>Total Deductions</i>	62,823	53,478	210,701	34,767	28,494	24,533	20,217	18,448	17,991	17,308
<b>Total Changes in Plan Net Assets</b>	<b>\$ 757,933</b>	<b>\$ (1,247,486)</b>	<b>\$ (155,125)</b>	<b>\$ 1,161,926</b>	<b>\$ 771,990</b>	<b>\$ 517,542</b>	<b>\$ 520,956</b>	<b>\$ 140,427</b>	<b>\$ (186,985)</b>	<b>\$ (131,009)</b>

**Net Assets Held in Trust for Pension Benefits:**

Beginning of Year	4,789,348	6,036,834	6,191,959	5,030,033	4,258,043	3,740,501	3,219,545	3,079,118	3,266,103	3,397,112
<b>End of Year</b>	<b>\$ 5,547,281</b>	<b>\$ 4,789,348</b>	<b>\$ 6,036,834</b>	<b>\$ 6,191,959</b>	<b>\$ 5,030,033</b>	<b>\$ 4,258,043</b>	<b>\$ 3,740,501</b>	<b>\$ 3,219,545</b>	<b>\$ 3,079,118</b>	<b>\$ 3,266,103</b>
<i>Employer Contributions: Percent of Covered Payroll</i>	4.1%	4.1%	3.0%	3.0%	2.4%	1.1%	1.1%	0.7%	1.9%	3.2%

<sup>1</sup>Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

<sup>2</sup>Miscellaneous additions include restorations of employee contributions.

**Schedule of Changes in Plan Net Assets: LEOFF Plan 1**  
(dollars in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
<b>Additions to Plan Net Assets by Source:</b>										
Employee Contributions	\$ 1	\$ 154	\$ -	\$ 50	\$ 61	\$ (2)	\$ -	\$ 40	\$ 76	\$ 21
Employer Contributions	49	216	8	56	70	9	1	62	98	130
State Contributions	-	-	-	-	-	-	-	-	-	-
Transfers	112	173	-	-	102	-	-	167	163	256
Investment Income (Loss) <sup>1</sup>	566,844	(1,353,904)	(68,055)	1,152,792	818,343	604,304	665,380	162,220	(314,972)	(324,373)
Miscellaneous <sup>2</sup>	3,913	2,658	3,185	3,109	2,736	2,651	2,896	2,762	2,963	3,105
<b>Total Additions</b>	<b>570,919</b>	<b>(1,350,703)</b>	<b>(64,862)</b>	<b>1,156,007</b>	<b>821,312</b>	<b>606,962</b>	<b>668,277</b>	<b>165,251</b>	<b>(311,672)</b>	<b>(320,861)</b>
<b>Deductions from Plan Net Assets by Type:</b>										
Benefits	338,231	327,033	313,530	300,452	288,209	279,957	272,118	264,618	252,625	238,938
Administrative Expenses	2,146	2,339	2,417	2,544	2,405	2,455	2,450	2,789	3,088	3,218
Refunds	14	193	150	11	3	5	133	158	92	12
Transfers	83	998	56	2	201	526	27	166	135	203
<b>Total Deductions</b>	<b>340,474</b>	<b>330,563</b>	<b>316,153</b>	<b>303,009</b>	<b>290,818</b>	<b>282,943</b>	<b>274,728</b>	<b>267,731</b>	<b>255,940</b>	<b>242,371</b>
<b>Total Changes in Plan Net Assets</b>	<b>\$ 230,445</b>	<b>\$ (1,681,266)</b>	<b>\$ (381,015)</b>	<b>\$ 852,998</b>	<b>\$ 530,494</b>	<b>\$ 324,019</b>	<b>\$ 393,549</b>	<b>\$ (102,480)</b>	<b>\$ (567,612)</b>	<b>\$ (563,232)</b>
<b>Net Assets Held in Trust for Pension Benefits:</b>										
Beginning of Year	4,355,913	6,037,179	6,418,194	5,565,196	5,034,702	4,710,683	4,317,134	4,419,614	4,987,226	5,550,458
<b>End of Year</b>	<b>\$ 4,586,358</b>	<b>\$ 4,355,913</b>	<b>\$ 6,037,179</b>	<b>\$ 6,418,194</b>	<b>\$ 5,565,196</b>	<b>\$ 5,034,702</b>	<b>\$ 4,710,683</b>	<b>\$ 4,317,134</b>	<b>\$ 4,419,614</b>	<b>\$ 4,987,226</b>
<i>Employer Contributions: Percent of Covered Payroll</i>	0.2%	0.5%	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%

<sup>1</sup>Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

<sup>2</sup>Miscellaneous additions include restorations of employee contributions.

**Schedule of Changes in Plan Net Assets: LEOFF Plan 2**  
(dollars in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
<b>Additions to Plan Net Assets by Source:</b>										
Employee Contributions	\$ 128,154	\$ 128,206	\$ 115,567	\$ 95,552	\$ 79,780	\$ 53,913	\$ 50,698	\$ 41,372	\$ 39,401	\$ 52,939
Employer Contributions	76,998	77,849	73,364	58,191	48,472	32,780	30,773	25,583	23,997	31,450
State Contributions	51,376	51,137	45,926	37,928	31,666	21,266	20,193	16,404	15,551	20,919
Transfers	1,010	1,218	117	-	1	17	-	234	62	96
Investment Income (Loss) <sup>1</sup>	568,518	(1,223,154)	(70,257)	892,480	576,139	393,129	391,911	98,627	(155,059)	(146,265)
Miscellaneous <sup>2</sup>	7,447	4,466	2,987	3,905	4,273	2,440	2,371	1,759	1,595	1,500
<i>Total Additions</i>	833,503	(960,278)	167,704	1,088,056	740,331	503,545	495,946	183,979	(74,453)	(39,361)

**Deductions from Plan Net Assets by Type:**

Benefits	46,158	36,615	27,505	20,813	14,433	8,978	6,043	4,059	2,743	1,726
Administrative Expenses	3,416	2,288	2,298	2,073	1,842	1,659	1,490	1,528	1,477	1,450
Refunds	10,947	7,223	7,639	7,995	7,115	7,765	5,720	5,124	9,143	8,343
Transfers	205	1,146	49	32	250	331	-	94	109	165
<i>Total Deductions</i>	60,726	47,272	37,491	30,913	23,640	18,733	13,253	10,805	13,472	11,684
<b>Total Changes in Plan Net Assets</b>	<b>\$772,777</b>	<b>\$(1,007,550)</b>	<b>\$ 130,213</b>	<b>\$ 1,057,143</b>	<b>\$ 716,691</b>	<b>\$ 484,812</b>	<b>\$ 482,693</b>	<b>\$ 173,174</b>	<b>\$ (87,925)</b>	<b>\$ (51,045)</b>

**Net Assets Held in Trust for Pension Benefits:**

Beginning of Year	4,308,880	5,316,430	5,186,217	4,129,074	3,412,383	2,927,571	2,444,878	2,271,704	2,359,629	2,410,674
<b>End of Year</b>	<b>\$ 5,081,657</b>	<b>\$ 4,308,880</b>	<b>\$ 5,316,430</b>	<b>\$ 5,186,217</b>	<b>\$ 4,129,074</b>	<b>\$ 3,412,383</b>	<b>\$ 2,927,571</b>	<b>\$ 2,444,878</b>	<b>\$ 2,271,704</b>	<b>\$ 2,359,629</b>

*Employer Contributions: Percent of Covered Payroll*      5.1%      5.3%      5.5%      4.8%      4.2%      3.1%      3.1%      2.7%      2.7%      3.9%

<sup>1</sup>Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

<sup>2</sup>Miscellaneous additions include restorations of employee contributions.

**Schedule of Changes in Plan Net Assets: WSPRS Plan 1/2**  
(dollars in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
<b>Additions to Plan Net Assets by Source:</b>										
Employee Contributions	\$ 4,173	\$ 5,501	\$ 5,239	\$ 3,278	\$ 3,134	\$ 1,316	\$ 1,322	\$ 1,314	\$ 1,245	\$ 1,817
Employer Contributions	5,271	6,371	6,064	3,278	3,133	—	1	—	—	—
Transfers	10	331	89	163	8	98	121	144	265	252
Investment Income (Loss) <sup>1</sup>	91,335	(210,676)	(10,992)	171,393	118,855	86,150	92,736	22,783	(42,059)	(42,487)
Miscellaneous <sup>2</sup>	1,399	500	478	385	409	381	452	377	396	408
<i>Total Additions</i>	102,188	(197,973)	878	178,497	125,539	87,945	94,632	24,618	(40,153)	(40,010)
<b>Deductions from Plan Net Assets by Type:</b>										
Benefits	36,116	34,522	32,963	31,393	30,666	27,606	25,724	24,047	22,316	20,359
Administrative Expenses	364	354	391	381	408	358	347	378	398	410
Refunds	127	211	269	291	125	173	303	220	199	88
Transfers	14	160	8	—	29	70	—	23	16	26
<i>Total Deductions</i>	36,621	35,247	33,631	32,065	31,228	28,207	26,374	24,668	22,929	20,883
<b>Total Changes in Plan Net Assets</b>	<b>\$ 65,567</b>	<b>\$ (233,220)</b>	<b>\$ (32,753)</b>	<b>\$ 146,432</b>	<b>\$ 94,311</b>	<b>\$ 59,738</b>	<b>\$ 68,258</b>	<b>\$ (50)</b>	<b>\$ (63,082)</b>	<b>\$ (60,893)</b>
<b>Net Assets Held in Trust for Pension Benefits:</b>										
Beginning of Year	698,624	931,844	964,597	818,165	723,854	664,116	595,858	595,908	658,990	719,883
<b>End of Year</b>	<b>\$ 764,191</b>	<b>\$ 698,624</b>	<b>\$ 931,844</b>	<b>\$ 964,597</b>	<b>\$ 818,165</b>	<b>\$ 723,854</b>	<b>\$ 664,116</b>	<b>\$ 595,858</b>	<b>\$ 595,908</b>	<b>\$ 658,990</b>
<i>Employer Contributions: Percent of Covered Payroll</i>	6.4%	7.7%	7.7%	4.5%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%

<sup>1</sup>Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

<sup>2</sup>Miscellaneous additions include restorations of employee contributions.

**Schedule of Changes in Plan Net Assets: JRS**

(dollars in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
<b>Additions to Plan Net Assets by Source:</b>										
Employee Contributions	\$ 79	\$ 104	\$ 112	\$ 111	\$ 115	\$ 155	\$ 196	\$ 215	\$ 229	\$ 257
Employer Contributions	79	105	112	111	115	155	197	215	229	257
State Contributions	11,570	10,200	9,600	9,539	6,601	5,995	5,995	6,000	6,000	7,000
Transfers	-	-	-	-	-	-	-	-	-	-
Investment Income <sup>1</sup>	11	48	98	139	61	73	54	116	243	576
Miscellaneous <sup>2</sup>	2	1	1	-	-	1	3	4	6	5
<b>Total Additions</b>	<b>11,741</b>	<b>10,458</b>	<b>9,923</b>	<b>9,900</b>	<b>6,892</b>	<b>6,379</b>	<b>6,445</b>	<b>6,550</b>	<b>6,707</b>	<b>8,095</b>

**Deductions from Plan Net Assets by Type:**

Benefits	9,723	9,583	9,514	9,356	9,247	8,761	8,404	8,279	8,060	7,719
Administrative Expenses	2	1	-	-	-	1	2	4	5	5
Refunds	-	7	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	1
<b>Total Deductions</b>	<b>9,725</b>	<b>9,591</b>	<b>9,514</b>	<b>9,356</b>	<b>9,247</b>	<b>8,762</b>	<b>8,406</b>	<b>8,283</b>	<b>8,065</b>	<b>7,725</b>
<b>Total Changes in Plan Net Assets</b>	<b>\$ 2,016</b>	<b>\$ 867</b>	<b>\$ 409</b>	<b>\$ 544</b>	<b>\$ (2,355)</b>	<b>\$ (2,383)</b>	<b>\$ (1,961)</b>	<b>\$ (1,733)</b>	<b>\$ (1,358)</b>	<b>\$ 370</b>

**Net Assets Held in Trust for Pension Benefits:**

Beginning of Year	1,823	956	547	3	2,358	4,741	6,702	8,435	9,793	9,423
<b>End of Year</b>	<b>\$ 3,839</b>	<b>\$ 1,823</b>	<b>\$ 956</b>	<b>\$ 547</b>	<b>\$ 3</b>	<b>\$ 2,358</b>	<b>\$ 4,741</b>	<b>\$ 6,702</b>	<b>\$ 8,435</b>	<b>\$ 9,793</b>

Employer Contributions: Percent of Covered Payroll 7.5% 7.5% 7.5% 7.5% 7.5% 7.5% 7.5% 7.5% 7.5% 7.5%

<sup>1</sup>Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

<sup>2</sup>Miscellaneous additions include restorations of employee contributions.

### Schedule of Changes in Plan Net Assets: JUDGES

(dollars in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01
<b>Additions to Plan Net Assets by Source:</b>										
Employee Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer Contributions	-	-	-	-	-	-	-	6	9	8
State Contributions	-	-	-	300	300	500	500	250	250	750
Transfers	-	-	-	-	-	-	-	-	-	-
Investment Income <sup>1</sup>	48	141	179	184	139	86	20	109	214	335
Miscellaneous <sup>2</sup>	1	2	1	2	2	2	3	3	3	4
<b>Total Additions</b>	49	143	180	486	441	588	523	374	484	1,105

#### Deductions from Plan Net Assets by Type:

Benefits	500	501	545	581	624	641	685	639	656	662
Administrative Expenses	1	1	2	1	2	2	2	3	3	4
Refunds	-	-	-	-	-	13	-	-	-	-
Transfers	-	1	-	-	-	1	-	-	-	-
<b>Total Deductions</b>	501	503	547	582	626	657	687	642	659	666
<b>Total Changes in Plan Net Assets</b>	\$ (452)	\$ (360)	\$ (367)	\$ (96)	\$ (185)	\$ (69)	\$ (164)	\$ (268)	\$ (175)	\$ 439

#### Net Assets Held in Trust for Pension Benefits:

Beginning of Year	3,275	3,635	4,002	4,098	4,283	4,352	4,516	4,784	4,959	4,520
<b>End of Year</b>	\$ 2,823	\$ 3,275	\$ 3,635	\$ 4,002	\$ 4,098	\$ 4,283	\$ 4,352	\$ 4,516	\$ 4,784	\$ 4,959

Employer Contributions: Percent of Covered Payroll n/a n/a n/a n/a n/a n/a n/a n/a n/a n/a 6.5%

<sup>1</sup>Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

<sup>2</sup>Miscellaneous additions include restorations of employee contributions.

### Distribution of Membership

For the Years Ended June 30, 2007-2009 and September 30, 2000-2006

**Active Members by System and Plan:**

<b>Plan</b>		<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
<b>PERS 1</b>	Percent	3.43%	3.86%	4.41%	4.85%	5.50%	6.16%	6.89%	7.59%	8.46%	9.24%
	Individuals	10,354	11,663	12,975	14,213	15,962	17,829	19,740	21,737	23,981	25,833
	Avg. Age	59	59	58	57	57	56	55	55	54	54
<b>PERS 2</b>	Percent	40.35%	40.81%	41.00%	40.39%	40.81%	40.97%	40.93%	40.85%	45.50%	45.23%
	Individuals	121,800	123,285	120,625	118,341	118,400	118,572	117,262	116,939	128,955	126,428
	Avg. Age	47	47	46	46	46	45	45	44	43	43
<b>PERS 3</b>	Percent	8.97%	8.85%	8.30%	7.67%	7.31%	6.86%	6.12%	5.42%	—	—
	Individuals	27,081	26,720	24,422	22,473	21,216	19,855	17,548	15,509	—	—
	Avg. Age	42	42	42	42	42	42	42	43	—	—
<b>SERS 2</b>	Percent	6.69%	6.38%	6.04%	6.30%	6.68%	7.06%	7.51%	7.99%	8.49%	9.20%
	Individuals	20,197	19,264	17,767	18,464	19,387	20,424	21,504	22,870	24,063	25,714
	Avg. Age	51	51	51	51	50	49	48	47	47	46
<b>SERS 3</b>	Percent	10.69%	10.76%	11.24%	11.04%	10.67%	10.17%	9.67%	9.40%	8.57%	7.87%
	Individuals	32,277	32,510	33,058	32,354	30,963	29,430	27,710	26,921	24,284	22,011
	Avg. Age	49	48	47	47	46	46	46	45	45	45
<b>PSERS 2</b>	Percent	1.44%	1.32%	0.94%	0.71%	—	—	—	—	—	—
	Individuals	4,340	3,981	2,755	2,073	—	—	—	—	—	—
	Avg. Age	38	37	38	39	—	—	—	—	—	—
<b>TRS 1</b>	Percent	1.72%	2.01%	2.15%	2.52%	2.96%	3.41%	3.90%	4.35%	4.93%	6.16%
	Individuals	5,204	6,061	6,331	7,382	8,592	9,862	11,175	12,456	13,971	17,222
	Avg. Age	60	59	58	58	57	56	55	55	54	53
<b>TRS 2</b>	Percent	3.04%	2.68%	2.30%	2.38%	2.48%	2.58%	2.67%	2.73%	2.84%	2.99%
	Individuals	9,174	8,103	6,752	6,983	7,205	7,470	7,637	7,809	8,056	8,356
	Avg. Age	48	49	52	51	51	50	49	49	48	47
<b>TRS 3</b>	Percent	17.56%	17.33%	17.63%	18.22%	17.74%	17.03%	16.50%	16.00%	15.59%	13.70%
	Individuals	53,010	52,360	51,856	53,371	51,473	49,302	47,263	45,798	44,193	38,280
	Avg. Age	44	43	43	42	42	42	41	41	40	40
<b>LEOFF 1</b>	Percent	0.12%	0.14%	0.17%	0.20%	0.25%	0.29%	0.35%	0.40%	0.46%	0.54%
	Individuals	356	421	513	596	723	848	991	1,147	1,315	1,499
	Avg. Age	59	58	57	56	56	55	54	53	52	52
<b>LEOFF 2</b>	Percent	5.62%	5.50%	5.47%	5.37%	5.23%	5.10%	5.08%	4.90%	4.79%	4.70%
	Individuals	16,951	16,626	16,099	15,718	15,168	14,754	14,560	14,011	13,585	13,133
	Avg. Age	42	41	41	41	41	40	40	39	39	38
<b>WSPRS 1</b>	Percent	0.28%	0.28%	0.30%	0.31%	0.33%	0.34%	0.36%	0.36%	0.36%	0.36%
	Individuals	830	851	885	906	941	997	1,045	1,035	1,027	1,013
	Avg. Age	43	42	41	41	40	39	39	38	38	38
<b>WSPRS 2</b>	Percent	0.09%	0.08%	0.05%	0.04%	0.03%	0.02%	0.01%	—	—	—
	Individuals	264	234	152	116	81	60	34	—	—	—
	Avg. Age	31	30	31	30	30	29	29	—	—	—
<b>JRS</b>	Percent	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
	Individuals	9	10	11	11	13	19	21	24	26	32
	Avg. Age	69	67	66	66	65	63	63	61	61	61
<b>Judges</b>	Percent	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Individuals	—	—	—	—	—	—	—	1	1	1
	Avg. Age	n/a	n/a	n/a	n/a	n/a	n/a	n/a	76	75	74
<b>Totals</b>	<b>Percent</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
	<b>Individuals</b>	<b>301,847</b>	<b>302,089</b>	<b>294,201</b>	<b>293,001</b>	<b>290,124</b>	<b>289,422</b>	<b>286,490</b>	<b>286,257</b>	<b>283,457</b>	<b>279,522</b>

Source: Washington State Office of the State Actuary  
 Figures are as of the latest valuation date for each year.

## Distribution of Membership

For the Years Ended June 30, 2007-2009 and September 30, 2000-2006

### Inactive and Retired Members by System and Plan:

Plan		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>PERS 1</b>	Percent	31.87%	33.11%	34.34%	35.47%	37.53%	39.14%	40.64%	42.00%	43.41%	45.42%
	Individuals	56,272	56,852	57,342	57,509	57,628	57,561	57,514	57,286	56,848	56,381
	Avg. Age	73	73	73	73	72	72	72	72	72	72
<b>PERS 2</b>	Percent	24.14%	23.23%	22.34%	21.88%	20.46%	19.62%	19.08%	18.64%	18.14%	17.74%
	Individuals	42,614	39,890	37,302	35,485	31,412	28,860	26,993	25,415	23,753	22,021
	Avg. Age	60	60	59	59	59	59	58	57	57	57
<b>PERS 3</b>	Percent	2.29%	2.12%	1.91%	1.74%	1.39%	1.02%	0.61%	0.15%	-	-
	Individuals	4,045	3,647	3,183	2,817	2,136	1,506	856	207	-	-
	Avg. Age	54	53	52	51	50	49	48	46	-	-
<b>SERS 2</b>	Percent	4.26%	3.99%	3.61%	3.36%	2.93%	2.40%	1.86%	1.35%	0.85%	0.45%
	Individuals	7,514	6,845	6,019	5,442	4,499	3,525	2,638	1,834	1,120	564
	Avg. Age	58	58	57	56	56	55	54	53	52	49
<b>SERS 3</b>	Percent	3.57%	3.28%	2.87%	2.60%	2.08%	1.71%	1.38%	0.98%	0.55%	0.16%
	Individuals	6,308	5,628	4,796	4,210	3,196	2,516	1,954	1,333	715	196
	Avg. Age	58	57	56	56	55	54	53	52	51	49
<b>PSERS 2</b>	Percent	0.00%	0.00%	-	-	-	-	-	-	-	-
	Individuals	2	1	-	-	-	-	-	-	-	-
	Avg. Age	63	66	-	-	-	-	-	-	-	-
<b>TRS 1</b>	Percent	20.88%	21.45%	22.41%	22.80%	23.83%	24.54%	25.09%	25.64%	26.11%	25.63%
	Individuals	36,875	36,839	37,420	36,969	36,592	36,099	35,504	34,970	34,190	31,824
	Avg. Age	72	71	71	71	70	70	70	70	70	70
<b>TRS 2</b>	Percent	2.59%	2.57%	2.57%	2.54%	2.53%	2.47%	2.44%	2.43%	2.33%	2.19%
	Individuals	4,576	4,418	4,288	4,116	3,887	3,637	3,450	3,310	3,051	2,718
	Avg. Age	61	60	59	58	57	56	54	53	52	50
<b>TRS 3</b>	Percent	4.04%	3.84%	3.48%	3.07%	2.52%	2.24%	1.98%	1.78%	1.48%	1.08%
	Individuals	7,136	6,592	5,811	4,978	3,864	3,302	2,803	2,434	1,933	1,334
	Avg. Age	57	56	55	54	53	52	50	49	48	45
<b>LEOFF 1</b>	Percent	4.58%	4.74%	4.89%	5.04%	5.31%	5.52%	5.70%	5.87%	6.05%	6.29%
	Individuals	8,089	8,135	8,165	8,177	8,156	8,117	8,068	8,009	7,923	7,811
	Avg. Age	69	68	68	67	67	66	65	65	64	64
<b>LEOFF 2</b>	Percent	1.16%	1.04%	0.93%	0.85%	0.74%	0.65%	0.53%	0.45%	0.37%	0.31%
	Individuals	2,039	1,783	1,553	1,376	1,144	953	755	620	487	391
	Avg. Age	54	54	53	52	52	51	51	50	50	50
<b>WSPRS 1</b>	Percent	0.54%	0.55%	0.56%	0.56%	0.58%	0.59%	0.59%	0.60%	0.60%	0.61%
	Individuals	956	947	933	918	894	862	828	813	785	756
	Avg. Age	65	64	64	64	63	63	63	63	62	62
<b>WSPRS 2</b>	Percent	0.00%	0.00%	0.00%	-	-	-	-	-	-	-
	Individuals	4	2	1	-	-	-	-	-	-	-
	Avg. Age	33	32	29	-	-	-	-	-	-	-
<b>JRS</b>	Percent	0.07%	0.07%	0.08%	0.08%	0.09%	0.09%	0.09%	0.10%	0.10%	0.11%
	Individuals	124	128	131	133	133	129	132	134	137	133
	Avg. Age	79	79	78	77	77	76	76	76	75	75
<b>Judges</b>	Percent	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
	Individuals	13	13	15	15	16	16	17	18	18	18
	Avg. Age	81	80	79	79	78	78	78	80	79	78
<b>Totals</b>	<b>Percent</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
	<b>Individuals</b>	<b>176,567</b>	<b>171,720</b>	<b>166,959</b>	<b>162,145</b>	<b>153,557</b>	<b>147,083</b>	<b>141,512</b>	<b>136,383</b>	<b>130,960</b>	<b>124,147</b>

Source: Washington State Office of the State Actuary  
 Figures are as of the latest valuation date for each year.

**Principal Participating Employers by Plan: PERS 1**  
Current Year and Nine Years Prior

2010				2001**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Dept. of Social & Health Services	676	1	7.4%	Dept. of Social & Health Services	2,026	1	8.6%
University of Washington	642	2	7.0%	University of Washington	1,525	2	6.4%
Dept. of Transportation	279	3	3.1%	Dept. of Transportation	801	3	3.4%
King County	246	4	2.7%	King County	757	4	3.2%
KC Metro	241	5	2.7%	KC Metro	628	5	2.7%
Dept. of Employment Security	226	6	2.5%	Dept. of Employment Security	617	6	2.6%
Dept. of Labor & Industries	176	7	1.9%	Dept. of Labor & Industries	451	7	1.9%
Seattle SD 001	169	8	1.9%	Seattle SD 001	356	8	1.5%
Washington State Ferries	105	9	1.1%	Dept. of Fish and Wildlife	339	9	1.4%
Washington State University	105	10	1.1%	Washington State University	334	10	1.4%
All other*	6,267		68.6%	All other	15,818		66.9%
<b>Total (734 employers)</b>	<b>9,132</b>		<b>100.0%</b>	<b>Total (883 employers)</b>	<b>23,652</b>		<b>100.0%</b>

\*In 2010, "all other" consisted of:

Type	Number	Employees
State Agencies	139	2,173
School Districts	228	1,865
Counties/Municipalities	165	1,448
Other Political Subdivisions	192	781
<b>Total</b>	<b>724</b>	<b>6,267</b>

\*\*2001 calendar year statistics.

**Principal Participating Employers by Plan: PERS 2**  
Current Year and Nine Years Prior

2010				2001**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
University of Washington	11,157	1	9.1%	University of Washington	12,111	1	9.3%
Dept. of Social & Health Services	8,306	2	6.8%	Dept. of Social & Health Services	9,049	2	7.0%
KC Metro	4,618	3	3.8%	King County	5,668	3	4.4%
Dept. of Transportation	4,590	4	3.8%	Dept. of Transportation	4,535	4	3.5%
King County	4,437	5	3.6%	KC Metro	4,152	5	3.2%
Pierce County	2,188	6	1.8%	Pierce County	2,645	6	2.0%
Dept. of Labor & Industries	2,140	7	1.8%	Washington State University	2,278	7	1.7%
Corrections SW Region	2,035	8	1.7%	Dept. of Labor & Industries	2,242	8	1.7%
Snohomish County	1,926	9	1.6%	Snohomish County	2,169	9	1.7%
Dept. of Employment Security	1,865	10	1.5%	Corrections SW Region	1,937	10	1.5%
All other*	78,665		64.5%	All other	83,012		64.0%
<b>Total (933 employers)</b>	<b>121,927</b>		<b>100.0%</b>	<b>Total (964 employers)</b>	<b>129,798</b>		<b>100.0%</b>

\*In 2010, "all other" consisted of:

Type	Number	Employees
State Agencies	172	34,185
School Districts	-	-
Counties/Municipalities	267	25,039
Other Political Subdivisions	484	19,441
<b>Total</b>	<b>923</b>	<b>78,665</b>

\*\*2001 calendar year statistics.

**Principal Participating Employers by Plan: PERS 3**  
Current Year and Nine Years Prior

2010				2001**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
University of Washington	4,166	1	15.0%				
Dept. of Social & Health Services	1,670	2	6.0%				
Dept. of Transportation	1,084	3	3.9%				
Washington State University	784	4	2.8%				
King County	781	5	2.8%				
KC Metro	725	6	2.6%				
Dept. of Employment Security	532	7	1.9%				
Dept. of Ecology	451	8	1.6%				
Pierce County	397	9	1.5%				
Dept. of Fish and Wildlife	378	10	1.4%				
All other*	16,764		60.5%				
<b>Total (659 employers)</b>	<b>27,732</b>		<b>100.0%</b>				

\*In 2010, "all other" consisted of:

Type	Number	Employees
State Agencies	156	8,366
School Districts	-	-
Counties/Municipalities	207	4,718
Other Political Subdivisions	286	3,680
<b>Total</b>	<b>649</b>	<b>16,764</b>

\*\*PERS 3 was not available in 2001.

**Principal Participating Employers by Plan: SERS 2**  
Current Year and Nine Years Prior

2010				2001**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	982	1	4.6%	Seattle SD 001	1,228	1	4.9%
Tacoma SD 010	707	2	3.3%	Tacoma SD 010	945	2	3.8%
Kent SD 415	485	3	2.3%	Spokane Public Schools	728	3	2.9%
Spokane Public Schools	485	4	2.3%	Vancouver SD 037	721	4	2.9%
Vancouver SD 037	470	5	2.2%	Highline SD 401	694	5	2.8%
Highline SD 401	464	6	2.2%	Kent SD 415	677	6	2.7%
Evergreen SD 114	417	7	2.0%	Federal Way SD 210	533	7	2.1%
Lake Washington SD 414	415	8	1.9%	Bellevue SD 405	513	8	2.0%
Federal Way SD 210	396	9	1.9%	Edmonds SD 015	492	9	2.0%
Edmonds SD 015	356	10	1.7%	Evergreen SD 114	490	10	1.9%
All other*	16,047		75.6%	All other	18,045		72.0%
<b>Total (298 employers)</b>	<b>21,224</b>		<b>100.0%</b>	<b>Total (482 employers)</b>	<b>25,066</b>		<b>100.0%</b>

\*In 2010, "all other" consisted of:

Type	Number	Employees
State Agencies	-	-
School Districts	288	16,047
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
<b>Total</b>	<b>288</b>	<b>16,047</b>

\*\*August 31, 2001 statistics.

### Principal Participating Employers by Plan: SERS 3 Current Year and Nine Years Prior

2010				2001**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	1,044	1	3.2%	Evergreen SD 114	788	1	3.4%
Kent SD 415	970	2	3.0%	Seattle SD 001	722	2	3.1%
Evergreen SD 114	824	3	2.5%	Spokane Public Schools	674	3	2.9%
Spokane Public Schools	822	4	2.5%	Kent SD 415	628	4	2.7%
Tacoma SD 010	702	5	2.1%	Vancouver SD 037	592	5	2.5%
Vancouver SD 037	698	6	2.1%	Lake Washington SD 414	536	6	2.3%
Bethel SD 403	675	7	2.1%	Edmonds SD 015	533	7	2.3%
Federal Way SD 210	651	8	2.0%	Federal Way SD 210	497	8	2.1%
Puyallup SD 003	643	9	2.0%	Northshore SD 417	436	9	1.9%
Edmonds SD 015	620	10	1.9%	Kennewick SD 017	416	10	1.8%
All other*	<u>25,101</u>		<u>76.6%</u>	All other	<u>17,494</u>		<u>75.0%</u>
<b>Total (301 employers)</b>	<b><u>32,750</u></b>		<b><u>100.0%</u></b>	<b>Total (296 employers)</b>	<b><u>23,316</u></b>		<b><u>100.0%</u></b>

\*In 2010, "all other" consisted of:

Type	Number	Employees
State Agencies	1	1
School Districts	290	25,100
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
<b>Total</b>	<b><u>291</u></b>	<b><u>25,101</u></b>

\*\*August 31, 2001 statistics

### Principal Participating Employers by Plan: PSERS 2 Current Year and Nine Years Prior

2010				2001**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Corrections NW Region	769	1	18.2%				
Corrections SE Region	645	2	15.2%				
Corrections SW Region	520	3	12.3%				
King County	343	4	8.1%				
Pierce County	197	5	4.7%				
Snohomish County	162	6	3.8%				
Parks & Recreation Commission	149	7	3.5%				
Corrections NE Region	134	8	3.2%				
Yakima County	118	9	2.8%				
Thurston County	93	10	2.2%				
All other*	<u>1,098</u>		<u>26.0%</u>				
<b>Total (73 employers)</b>	<b><u>4,228</u></b>		<b><u>100.0%</u></b>				

\*In 2010, "all other" consisted of:

Type	Number	Employees
State Agencies	5	173
School Districts	-	-
Counties/Municipalities	58	925
Other Political Subdivisions	-	-
<b>Total</b>	<b><u>63</u></b>	<b><u>1,098</u></b>

\*\*PSERS 2 was not available in 2001.

**Principal Participating Employers by Plan: TRS 1**  
Current Year and Nine Years Prior

2010				2001**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	267	1	5.7%	Seattle SD 001	795	1	5.6%
Tacoma SD 010	198	2	4.2%	Tacoma SD 010	581	2	4.1%
Northshore SD 417	126	3	2.7%	Spokane Public Schools	465	3	3.3%
Spokane Public Schools	115	4	2.5%	Northshore SD 417	344	4	2.4%
Lake Washington SD 414	111	5	2.4%	Kent SD 415	316	5	2.3%
Evergreen SD 114	97	6	2.1%	Vancouver SD 037	304	6	2.2%
Kent SD 415	91	7	2.0%	Lake Washington SD 414	301	7	2.1%
Vancouver SD 037	88	8	1.9%	Evergreen SD 114	284	8	2.0%
Puyallup SD 003	81	9	1.7%	Yakima SD 007	265	9	1.9%
Everett SD 002	80	10	1.7%	Central Valley SD 356	244	10	1.7%
All other*	3,413		73.1%	All other	10,236		72.4%
<b>Total (325 employers)</b>	<b>4,667</b>		<b>100.0%</b>	<b>Total (379 employers)</b>	<b>14,135</b>		<b>100.0%</b>

\*In 2010, "all other" consisted of:

Type	Number	Employees
State Agencies	54	222
School Districts	261	3,191
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
<b>Total</b>	<b>315</b>	<b>3,413</b>

\*\*August 31, 2001 statistics.

**Principal Participating Employers by Plan: TRS 2**  
Current Year and Nine Years Prior

2010				2001**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	667	1	6.8%	Seattle SD 001	637	1	7.7%
Tacoma SD 010	403	2	4.1%	Tacoma SD 010	426	2	5.2%
Spokane Public Schools	280	3	2.8%	Spokane Public Schools	311	3	3.8%
Kent SD 415	255	4	2.6%	Kent SD 415	195	4	2.4%
Evergreen SD 114	235	5	2.4%	Edmonds SD 015	174	5	2.1%
Lake Washington SD 414	217	6	2.2%	Lake Washington SD 414	171	6	2.1%
Federal Way SD 210	212	7	2.1%	Federal Way SD 210	169	7	2.1%
Vancouver SD 037	191	8	1.9%	Highline SD 401	169	8	2.1%
Highline SD 401	185	9	1.9%	Vancouver SD 037	150	9	1.8%
Renton SD 403	176	10	1.8%	Bethel SD 403	149	10	1.8%
All other*	7,050		71.4%	All other	5,665		68.9%
<b>Total (306 employers)</b>	<b>9,871</b>		<b>100.0%</b>	<b>Total (300 employers)</b>	<b>8,216</b>		<b>100.0%</b>

\*In 2010, "all other" consisted of:

Type	Number	Employees
State Agencies	23	59
School Districts	273	6,991
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
<b>Total</b>	<b>296</b>	<b>7,050</b>

\*\*August 31, 2001 statistics.

### Principal Participating Employers by Plan: TRS 3 Current Year and Nine Years Prior

2010				2001**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	2,622	1	4.8%	Seattle SD 001	2,140	1	4.9%
Spokane Public Schools	1,721	2	3.2%	Kent SD 415	1,339	2	3.0%
Tacoma SD 010	1,515	3	2.8%	Spokane Public Schools	1,314	3	3.0%
Evergreen SD 114	1,481	4	2.7%	Tacoma SD 010	1,262	4	2.9%
Kent SD 415	1,478	5	2.7%	Federal Way SD 210	1,096	5	2.5%
Lake Washington SD 414	1,297	6	2.4%	Evergreen SD 114	1,072	6	2.4%
Federal Way SD 210	1,257	7	2.3%	Lake Washington SD 414	1,065	7	2.4%
Vancouver SD 037	1,160	8	2.2%	Edmonds SD 015	993	8	2.3%
Edmonds SD 015	1,099	9	2.0%	Vancouver SD 037	955	9	2.2%
Bellevue SD 405	1,080	10	2.0%	Puyallup SD 003	866	10	2.0%
All other*	39,558		72.9%	All other	31,731		72.4%
<b>Total (333 employers)</b>	<b>54,268</b>		<b>100.0%</b>	<b>Total (332 employers)</b>	<b>43,833</b>		<b>100.0%</b>

\*In 2010, "all other" consisted of:

Type	Number	Employees
State Agencies	31	137
School Districts	292	39,421
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
<b>Total</b>	<b>323</b>	<b>39,558</b>

\*\*August 31, 2001 statistics.

### Principal Participating Employers by Plan: LEOFF 1 Current Year and Nine Years Prior

2010				2001**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
City of Seattle	89	1	29.3%	City of Seattle	250	1	20.0%
City of Tacoma	19	2	6.3%	City of Spokane	107	2	8.5%
City of Spokane	18	3	5.9%	City of Tacoma	98	3	7.8%
City of Everett	13	4	4.3%	City of Bellingham	50	4	4.0%
City of Bellevue	12	5	3.9%	King County	45	5	3.6%
City of Bellingham	9	6	3.0%	City of Bellevue	44	6	3.5%
King County	7	7	2.3%	City of Everett	30	7	2.4%
Pierce County FPD 02	7	8	2.3%	Spokane County	29	8	2.3%
City of Olympia	6	9	2.0%	City of Yakima	22	9	1.8%
City of Pasco	5	10	1.6%	City of Renton	20	10	1.6%
All other*	119		39.1%	All other	558		44.5%
<b>Total (69 employers)</b>	<b>304</b>		<b>100.0%</b>	<b>Total (142 employers)</b>	<b>1,253</b>		<b>100.0%</b>

\*In 2010, "all other" consisted of:

Type	Number	Employees
State Agencies	-	-
School Districts	-	-
Counties/Municipalities	45	91
Other Political Subdivisions	14	28
<b>Total</b>	<b>59</b>	<b>119</b>

\*\*2001 calendar year statistics.

**Principal Participating Employers by Plan: LEOFF 2**  
Current Year and Nine Years Prior

2010				2001**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
City of Seattle	2,262	1	13.3%	City of Seattle	2,019	1	14.7%
City of Tacoma	743	2	4.3%	City of Tacoma	643	2	4.7%
King County	736	3	4.3%	King County	624	3	4.6%
City of Spokane	548	4	3.2%	City of Spokane	498	4	3.6%
City of Bellevue	377	5	2.2%	Pierce County	336	5	2.5%
City of Vancouver	376	6	2.2%	City of Everett	326	6	2.4%
City of Everett	353	7	2.1%	City of Vancouver	309	7	2.3%
City of Kent	305	8	1.8%	City of Bellevue	302	8	2.2%
Pierce County	304	9	1.8%	City of Kent	247	9	1.8%
Snohomish County	267	10	1.6%	Snohomish County	207	10	1.5%
All other*	10,768		63.2%	All other	8,174		59.7%
<b>Total (372 employers)</b>	<b>17,039</b>		<b>100.0%</b>	<b>Total (354 employers)</b>	<b>13,685</b>		<b>100.0%</b>

\*In 2010, "all other" consisted of:

Type	Number	Employees
State Agencies	8	222
School Districts	-	-
Counties/Municipalities	205	6,787
Other Political Subdivisions	149	3,759
<b>Total</b>	<b>362</b>	<b>10,768</b>

\*\*2001 calendar year statistics.

**Principal Participating Employers by Plan: JRS**  
Current Year and Nine Years Prior

2010				2001**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Administrative Office of the Courts	4	1	80.0%	Administrative Office of the Courts	18	1	72.0%
Supreme Court	1	2	20.0%	Court of Appeals	5	2	20.0%
				Supreme Court	2	3	8.0%
<b>Total (2 employers)</b>	<b>5</b>		<b>100.0%</b>	<b>Total (3 employers)</b>	<b>25</b>		<b>100.0%</b>

\*\*2001 calendar year statistics.

# Employers Covered by DRS Administered Retirement Systems

As of June 30, 2010 (page 1 of 12)

## State Agencies

Administrative Office of the Courts	Dept. of Social & Health Services (9)	Office of Minority & Women's Business Enterprises
Board for Volunteer Firefighters	Dept. of Transportation	Office of Public Defense
Board of Industrial Insurance Appeals	Dept. of Veterans' Affairs	Office of the Attorney General
Board of Tax Appeals	Eastern State Hospital	Office of the Forecast Council
Center for Childhood Deafness & Hearing Loss	Eastern WA State Historical Society	Office of the Governor
Child Study & Treatment Ctr.	Echo Glen Children's Ctr.	Office of the Insurance Commissioner
Consolidated Support Services	Economic Development Finance Auth.	Office of the Lieutenant Governor
Corrections Health Services	Environmental Hearings Office	Office of the Secretary of State
County Road Administration Board	Fircrest School	Office of the State Actuary
Court of Appeals	Frances H. Morgan Ctr.	Office of the State Auditor
Dept. of Agriculture	Governor's Office of Indian Affairs	Office of the State Treasurer
Dept. of Archaeology-Historic Preservation	Green Hill School	Puget Sound Partnership
Dept. of Commerce	Health Care Facilities Auth.	Rainier School
Dept. of Corrections	Higher Education Coordinating Board	Recreation & Conservation Office
<i>Corrections Northeast Region</i>	Home Care Quality Auth.	Senate
<i>Corrections Northwest Region</i>	House of Representatives	Soldiers Home of WA State
<i>Corrections Southeast Region</i>	Human Resource Info. System Division	Special Commitment Ctr.
<i>Corrections Southwest Region</i>	Indeterminate Sentence Review Board	State Board for Community & Technical Colleges
Dept. of Early Learning	Joint Legislative Audit & Review Committee	State Board of Accountancy
Dept. of Ecology	Joint Legislative Systems Committee	State of WA Caseload Forecast Council
Dept. of Employment Security	Joint Transportation Committee	Statute Law Committee
Dept. of Financial Institutions	Lakeland Village	Superintendent of Public Instruction
Dept. of Fish & Wildlife	Law Library	Supreme Court
Dept. of General Administration	LEAP Committee	Transportation Improvement Board
Dept. of Health	LEOFF Plan 2 Retirement Board	Veterans Home - Spokane
Dept. of Information Services	Liquor Control Board	WA Pollution Liability Insurance Agency
Dept. of Labor & Industries	Maple Lane School	WA State Bar Assn.
Dept. of Licensing	Military Dept.	WA State Ferries
Dept. of Natural Resources	Naselle Youth Camp	WA State Health Care Auth.
Dept. of Personnel	Office of Administrative Hearings	WA State Historical Society
Dept. of Printing	Office of Civil Legal Aid	WA State Investment Board
Dept. of Retirement Systems	Office of Financial Mgmt.	WA State Patrol
Dept. of Revenue		WA State School Directors' Assn.
Dept. of Services for the Blind		

## Employers Covered by DRS Administered Retirement Systems As of June 30, 2010 (page 2 of 12)

### State Agencies (continued)

WA State School for the Blind  
WA Veterans' Home  
Western State Hospital  
Western WA Growth Mgmt.  
Hearings Board  
Workforce Training & Education  
Coordinating Board  
Yakima Valley School

### State Commissions

African American Affairs  
Apple  
Arts  
Asian American Affairs  
Beef  
Columbia River Gorge  
Conservation  
Criminal Justice Training  
Dairy Products  
Fruit  
Fryer  
Gambling  
Grain  
Hispanic Affairs  
Hop  
Horse Racing  
Housing Finance  
Human Rights  
Judicial Conduct  
Lottery  
Marine Employees  
Parks & Recreation  
Potato  
Public Disclosure  
Public Employment Relations  
Puget Sound Pilotage  
Salaries for Elected Officials  
Sentencing Guidelines  
Traffic Safety  
Tree Fruit Research

Utilities & Transportation  
Wine

### School Districts

Aberdeen  
Adna  
Almira  
Anacortes  
Arlington  
Asotin Anatone  
Auburn  
Bainbridge Island  
Battle Ground  
Bellevue  
Bellingham  
Benge  
Bethel  
Bickelton  
Blaine  
Boistfort  
Bremerton  
Brewster  
Bridgeport  
Brinnon  
Burlington-Edison  
Camas  
Cape Flattery  
Carbonado Historical  
Cascade  
Cashmere  
Castle Rock  
Centerville  
Central Kitsap  
Central Valley  
Centralia  
Chehalis  
Cheney  
Chewelah  
Chimacum  
Clarkston  
Cle Elum-Roslyn

Clover Park  
Colfax  
College Place  
Colton  
Columbia (Stevens Co.)  
Columbia (Walla Walla Co.)  
Colville  
Concrete  
Conway  
Cosmopolis  
Coulee  
Coupeville  
Crescent  
Creston  
Curlew  
Cusick  
Damman  
Darrington  
Davenport  
Dayton  
Deer Park  
Dieringer  
Dixie  
East Valley (Spokane Co.)  
East Valley (Yakima Co.)  
Eastmont  
Easton  
Eatonville  
Edmonds  
Ellensburg  
Elma  
Endicott  
Entiat  
Enumclaw  
Ephrata  
Evaline  
Everett  
Evergreen (Clark Co.)  
Evergreen (Stevens Co.)  
Federal Way  
Ferndale

## Employers Covered by DRS Administered Retirement Systems As of June 30, 2010 (page 3 of 12)

### School Districts (continued)

Fife	Lakewood	North Kitsap
Finley	Lamont	North Mason
Franklin Pierce	Liberty	North River
Freeman	Lind	North Thurston
Garfield	Longview	Northport
Glenwood	Loon Lake	Northshore
Goldendale	Lopez	Oak Harbor
Grand Coulee Dam	Lyle	Oakesdale
Grandview	Lynden	Oakville
Granger	Mabton	Ocean Beach
Granite Falls	Mansfield	Ocosta
Grapeview	Manson	Odessa
Great Northern	Mary M. Knight	Okanogan
Green Mountain	Mary Walker	Olympia
Griffin	Marysville	Omak
Harrington	McCleary	Onalaska
Highland	Mead	Onion Creek
Highline	Medical Lake	Orcas Island
Hockinson	Mercer Island	Orchard Prairie
Hood Canal	Meridian	Orient
Hoquiam	Methow Valley	Orondo
Inchelium	Mill A	Oroville
Index	Monroe	Orting
Issaquah	Montesano	Othello
Kahlotus	Morton	Palisades
Kalama	Moses Lake	Palouse
Keller	Mossyrock	Pasco
Kelso	Mount Adams	Pateros
Kennewick	Mount Baker	Paterson
Kent	Mount Pleasant	Pe Ell
Kettle Falls	Mount Vernon	Peninsula
Kiona-Benton City	Mukilteo	Pioneer
Kittitas	Naches Valley	Pomeroy
Klickitat	Napavine	Port Angeles
La Center	Naselle-Grays River Valley	Port Townsend
La Conner	Nespelem	Prescott
Lacrosse	Newport	Prosser
Lake Chelan	Nine Mile Falls	Pullman
Lake Stevens	Nooksack Valley	Puyallup
Lake Washington	North Beach	Queets-Clearwater
	North Franklin	Quilcene

## Employers Covered by DRS Administered Retirement Systems As of June 30, 2010 (page 4 of 12)

### School Districts (continued)

Quillayute  
 Quinault Lake  
 Quincy  
 Rainier  
 Raymond  
 Reardan-Edwall  
 Renton  
 Republic  
 Richland  
 Ridgefield  
 Ritzville  
 Riverside  
 Riverview  
 Rochester  
 Roosevelt  
 Rosalia  
 Royal  
 Saint John  
 San Juan Island  
 Satsop  
 Seattle  
 Sedro Woolley  
 Selah  
 Selkirk  
 Sequim  
 Shaw Island  
 Shelton  
 Shoreline  
 Skamania  
 Skykomish  
 Snohomish  
 Snoqualmie Valley  
 Soap Lake  
 South Bend  
 South Kitsap  
 South Whidbey  
 Southside  
 Spokane Public Schools  
 Sprague  
 Standwood-Camano  
 Star  
 Starbuck  
 Stehekin  
 Steilacoom Historical  
 Steptoe  
 Stevenson-Carson  
 Sultan  
 Summit  
 Sumner  
 Sunnyside  
 Tacoma  
 Taholah  
 Tahoma  
 Tekoa  
 Tenino  
 Thorp  
 Toledo  
 Tonasket  
 Toppenish  
 Touchet  
 Toutle Lake  
 Trout Lake  
 Tukwila  
 Tumwater  
 Union Gap  
 University Place  
 Valley  
 Vancouver  
 Vashon Island  
 Wahkiakum  
 Wahluke  
 Waitsburg  
 Walla Walla  
 Wapato  
 Warden Jr. Consolidated  
 Washougal  
 Washtucna  
 Waterville  
 Wellpinit

Wenatchee  
 West Valley (Spokane Co.)  
 West Valley (Yakima Co.)  
 White Pass  
 White River  
 White Salmon  
 Wilbur  
 Willapa Valley  
 Wilson Creek  
 Winlock  
 Wishkah Valley  
 Wishram  
 Woodland  
 Yakima  
 Yelm  
 Zillah

### Educational Service Districts

E.S.D. 105  
 E.S.D. 112  
 E.S.D. 113  
 E.S.D. 123  
 E.S.D. 189  
 North Central WA E.S.D.  
 North East E.S.D. 101  
 Olympic E.S.D.  
 Puget Sound E.S.D.

### Community Colleges, Technical Colleges

Bates Technical College  
 Bellevue Community College  
 Bellingham Technical College  
 Big Bend Community College  
 Cascadia Community College  
 Clark Community College  
 Clover Park Technical College  
 Columbia Basin Community  
 College  
 Community College Dist. 12 & 17

## Employers Covered by DRS Administered Retirement Systems As of June 30, 2010 (page 5 of 12)

### Community Colleges, Technical Colleges (continued)

Edmonds Community College  
 Everett Community College  
 Grays Harbor College  
 Green River Community College  
 Highline Community College  
 Lake Washington Technical  
 College  
 Lower Columbia Community  
 College  
 Olympic College  
 Peninsula College  
 Pierce College  
 Renton Technical College  
 Seattle Community College  
 Shoreline Community College  
 Skagit Valley College  
 South Puget Sound Community  
 College  
 Tacoma Community College  
 Walla Walla Community College  
 Wenatchee Valley College  
 Whatcom Community College  
 Yakima Valley College

### Universities

Central Washington University  
 Eastern Washington University  
 Evergreen State College  
 University of Washington  
 Washington State University  
 Western Washington University

### Cities & Towns

Aberdeen  
 Airway Heights  
 Algona  
 Anacortes  
 Arlington  
 Asotin

Auburn  
 Bainbridge Island  
 Battle Ground  
 Beaux Arts Village  
 Bellevue  
 Bellingham  
 Benton City  
 Bingen  
 Black Diamond  
 Blaine  
 Bonney Lake  
 Bothell  
 Bremerton  
 Brewster  
 Bridgeport (Town of)  
 Brier  
 Buckley  
 Burien  
 Burlington  
 Camas  
 Carbonado (Town of)  
 Carnation  
 Cashmere  
 Castle Rock  
 Cathlamet (Town of)  
 Centralia  
 Chehalis  
 Chelan  
 Cheney  
 Chewelah  
 Clarkston  
 Cle Elum  
 Clyde Hill  
 Colfax  
 College Place  
 Colton (Town of)  
 Colville  
 Concrete (Town of)  
 Connell  
 Cosmopolis

Coulee City (Town of)  
 Coulee Dam (Town of)  
 Coupeville (Town of)  
 Creston (Town of)  
 Cusick (Town of)  
 Darrington (Town of)  
 Davenport  
 Dayton  
 Deer Park  
 Des Moines  
 Dupont  
 Duvall  
 East Wenatchee  
 Eatonville (Town of)  
 Edgewood  
 Edmonds  
 Electric City (Town of)  
 Ellensburg  
 Elma  
 Elmer City (Town of)  
 Entiat  
 Enumclaw  
 Ephrata  
 Everett  
 Everson  
 Federal Way  
 Ferndale  
 Fife  
 Fircrest  
 Forks  
 Friday Harbor (Town of)  
 George  
 Gig Harbor  
 Gold Bar  
 Goldendale  
 Grand Coulee  
 Grandview  
 Granger (Town of)  
 Granite Falls (Town of)  
 Harrington (Town of)

## Employers Covered by DRS Administered Retirement Systems

As of June 30, 2010 (page 6 of 12)

### Cities & Towns (continued)

Hoquiam	Monroe	Rainier
Hunts Point (Town of)	Montesano	Raymond
Ilwaco	Morton	Reardan (Town of)
Issaquah	Moses Lake	Redmond
Kalama	Mossyrock	Renton
Kelso	Mount Vernon	Republic
Kenmore	Mountlake Terrace	Richland
Kennewick	Moxee	Ridgefield
Kent	Mukilteo	Ritzville
Kettle Falls	Naches (Town of)	Rock Island
Kirkland	Napavine	Rosalia (Town of)
Kittitas	Newcastle	Roslyn
La Center	Newport	Roy
La Conner (Town of)	Nooksack	Royal City
Lacey	Normandy Park	Ruston (Town of)
Lake Forest Park	North Bend	Sammamish
Lake Stevens	North Bonneville	Seatac
Lakewood	Oak Harbor	Seattle
Langley	Oakesdale (Town of)	Sedro Woolley
Leavenworth	Oakville	Selah
Liberty Lake	Ocean Shores	Sequim
Lind (Town of)	Odessa (Town of)	Shelton
Long Beach	Okanogan	Shoreline
Longview	Olympia	Skykomish (Town of)
Lynden	Omak	Snohomish
Lynnwood	Oroville	Snoqualmie
Mabton	Orting	Soap Lake
Mansfield (Town of)	Othello	South Bend
Maple Valley	Pacific	South Cle Elum (Town of)
Marysville	Palouse	Spangle (Town of)
Mattawa (Town of)	Pasco	Spokane
McCleary	Pateros	Spokane Valley
Medical Lake	Port Angeles	Sprague
Medina	Port Orchard	Springdale (Town of)
Mercer Island	Port Townsend	Stanwood
Metaline Falls (Town of)	Poulsbo	Steilacoom (Town of)
Mill Creek	Prosser	Stevenson
Millwood (Town of)	Pullman	Sultan
Milton	Puyallup	Sumas
	Quincy	Sumner

## Employers Covered by DRS Administered Retirement Systems As of June 30, 2010 (page 7 of 12)

### Cities & Towns (continued)

Sunnyside  
Tacoma  
Tekoa  
Tenino  
Tieton  
Toledo  
Tonasket  
Toppenish  
Tukwila  
Tumwater  
Twisp (Town of)  
Union Gap  
Uniontown (Town of)  
University Place  
Vader  
Vancouver  
Waitsburg  
Walla Walla  
Wapato  
Warden  
Washougal  
Washtucna (Town of)  
Waterville (Town of)  
Wenatchee  
West Richland  
Westport  
White Salmon (Town of)  
Wilbur (Town of)  
Winlock  
Winthrop (Town of)  
Woodinville  
Woodland  
Woodway (Town of)  
Yacolt (Town of)  
Yakima  
Yarrow Point (Town of)  
Yelm  
Zillah

### Counties

Adams  
Asotin  
Benton  
Chelan  
Clallam  
Clark  
Columbia  
Cowlitz  
Douglas  
Ferry  
Franklin  
Garfield  
Grant  
Grays Harbor  
Island  
Jefferson  
King  
Kitsap  
Kittitas  
Klickitat  
Lewis  
Lincoln  
Mason  
Okanogan  
Pacific  
Pend Oreille  
Pierce  
San Juan  
Skagit  
Skamania  
Snohomish  
Spokane  
Stevens  
Thurston  
Wahkiakum  
Walla Walla  
Whatcom  
Whitman  
Yakima

### Air Quality Authorities

Benton Clean Air Auth.  
NW Clean Air Auth.  
Olympic Region Clean Air Agency  
Puget Sound Clean Air Agency  
SW Clean Air Agency  
Spokane Regional Clean Air Auth.  
Yakima Regional Clean Air Auth.

### Area Agencies on Aging

Aging & Adult Care of Central WA  
Aging & Long-Term Care of Eastern WA  
Lewis, Mason, Thurston Area Agency on Aging  
Olympic Area Agency on Aging

### Conservation Districts

Cascadia  
Clallam  
Columbia  
Cowlitz  
King Co. Soil  
Kittitas  
Okanogan  
Pacific  
Snohomish  
Spokane Co.  
Stevens Co.  
Thurston Co.  
Wahkiakum

### Fire Protection Districts

Adams Co. FPD 5  
Asotin Co. FPD 1  
Bainbridge Island Fire Dept.  
Benton Co. FPDs 1, 2, 4 & 6  
Central Kitsap Fire & Rescue  
Central Whidbey Island Fire & Rescue

## Employers Covered by DRS Administered Retirement Systems As of June 30, 2010 (page 8 of 12)

### Fire Protection Districts (continued)

Chelan Co. FPDs 1, 3, 5, 6, 7 & 9  
 Clallam Co. FPDs 2, 3 & 5  
 Clark Co. Fire and Rescue  
 Clark Co. FPDs 3, 5, 6, 10, & 13  
 Columbia Co. FPD 3  
 Cowlitz Co. FPDs 1-3, 5 & 6  
 Cowlitz-Skamania Co. FPD 7  
 Douglas Co. FPD 2  
 Douglas-Okanogan Co. FPD 15  
 East County Fire & Rescue  
 Franklin Co. FPD 3  
 Grant Co. FPDs 3, 5, 8 & 10  
 Grays Harbor Co. FPDs 2 & 5  
 Island Co. FPDs 1 & 3  
 Jefferson Co. FPDs 1, 2, 3 & 4  
 King Co. FPDs 2, 10, 16, 20, 27, 34, 37, 40, 43-45 & 50  
 Kitsap Co. FPD 18  
 Kittitas Co. FPD 2  
 Klickitat Co. FPD 3 & 7  
 Lake Stevens Fire  
 Lewis Co. FPDs 2, 3, 5, 10, 14 & 15  
 Marysville Fire Dist. 12  
 Mason Co. FPDs 2-6, & 13  
 North County Regional Fire Auth.  
 North Highline Fire Dist.  
 North Kitsap Fire & Rescue  
 North Olympia Fire Dept.  
 North Whatcom Fire & Rescue  
 North Whidbey Fire & Rescue  
 Okanogan Co. FPD 6  
 Pacific Co. FPD 1  
 Pend Oreille FPDs 2, 3 & 4  
 Pierce Co. FPDs 2, 3, 5, 6, 10, 13, 14, 16-18, 21-23 & 27  
 Prosser FPD 3  
 Riverside Fire Auth.

San Juan Co. FPDs 2-5  
 Shoreline Fire Dept.  
 Skagit Co. FPDs 6 & 8  
 Snohomish Co. FPDs 1, 3-5, 7, 15, 17, 19, 22, 26 & 28  
 South King Fire & Rescue  
 South Kitsap Fire & Rescue  
 South Whatcom Fire Auth.  
 Spokane Co., FPDs 3, 4, 8-10 & 13  
 Spokane Valley Fire Dept.  
 Stevens Co. FPD 1  
 Thurston Co. FPDs 3, 5, 6, 8, 9, 12, 13 & 17  
 Valley Regional Fire Auth.  
 Vashon Island Fire & Rescue  
 Walla Walla Co. FPDs 4 & 5  
 West Thurston Regional Fire Auth.  
 Whatcom Co. FPDs 1, 4, 7, 8, 14, & 17  
 Woodinville Fire-Life Safety Dist.  
 Yakima Co. FPDs 4, 5, & 12  
 Yelm Fire Dist.

### Public Health

Asotin Co. Health Dist.  
 Benton-Franklin Health Dist.  
 Chelan-Douglas Health Dist.  
 Garfield Co. Health Dist.  
 Grant Co. Health Dist.  
 Greater Columbia Behavioral Health  
 King Co. Public Health Dept.  
 Kitsap Co. Health Dist.  
 North Central WA Regional Support Network  
 North Sound Mental Health Administration  
 Snohomish Health Dist.  
 Spokane Regional Health Dist.

Timberlands Regional Support Network  
 Yakima Co. Health Dist.

### Emergency Service & Communication Districts

Emergency Services Coordinating Agency  
 Franklin Co. Emergency Mgmt.  
 Grays Harbor Communications  
 Island Co. Emergency Services Communication Ctr.  
 KITTCOM  
 Multi Agency Communications Ctr.  
 North Country Emergency Medical Service  
 NE King County Public Safety Communication Agency  
 RIVERCOM  
 San Juan Is. Emergency Medical Services  
 Skagit 911 (SECOM)  
 Snocom Medic-7  
 Snohomish Co. Emergency Radio System  
 South Beach Ambulance Service  
 Valley Communication Ctr.

### Housing Authorities

Anacortes  
 Asotin Co.  
 Bellingham  
 Bremerton  
 Clallam Co.  
 Everett  
 Grant Co.  
 Grays Harbor Co.  
 Island Co.  
 Joint Republic Ferry Co.  
 Kelso

## Employers Covered by DRS Administered Retirement Systems As of June 30, 2010 (page 9 of 12)

### Housing Authorities (continued)

Kennewick  
King Co.  
Kitsap Co. Consolidated  
Kittitas Co.  
Longview  
Othello  
Pasco/Franklin Co.  
Pierce Co.  
Renton  
Seattle  
Skagit Co.  
Snohomish Co.  
Spokane  
Tacoma  
Thurston Co.  
Vancouver  
Walla Walla  
Walla Walla Co.

### Insurance Authorities

Transit Insurance Pool of WA  
WA Cities Insurance Auth.  
WA Counties Insurance Fund  
WA Counties Risk Pool  
WA Governmental Entity Pool  
Water & Sewer Insurance Pool

### Irrigation, Sewer & Water Districts

Agnew Irrigation Dist.  
Ahtanum Irrigation Dist.  
Alderwood Water Dist.  
Beacon Hill Sewer Dist.  
Belfair Water Dist.  
Benton Irrigation Dist.  
Birch Bay Water & Sewer Dist.  
Brewster Flat Irrigation Dist.  
Cascade Irrigation Dist.  
Cedar River Water & Sewer Dist.

Chinook Water Dist.  
Clark Regional Wastewater Dist.  
Clinton Water Dist.  
Coal Creek Utility Dist.  
Coalition for Clean Water  
Columbia Irrigation Dist.  
Consolidated Diking  
Improvement Dist. 1 & 2  
Consolidated Irrigation Dist. 19  
Covington Water Dist.  
Cross Valley Water Dist.  
Diamond Lake Water & Sewer  
Dist.  
Douglas Co. Sewer Dist. 1  
East Columbia Basin Irrigation  
Dist.  
East Spokane Water Dist. 1  
East Wenatchee Water Dist.  
Eastsound Sewer & Water Dist.  
Evergreen Water-Sewer Dist. 19  
Fall City Water Dist.  
Franklin Co. Irrigation Dist. 1  
Gardena Farms Dist. 13  
Glacier Water Dist.  
Grays Harbor Co. Water Dist. 1  
Greater Wenatchee Irrigation Dist.  
Highland Irrigation Dist.  
Highline Water Dist.  
Holmes Harbor Sewer Dist.  
Icicle Irrigation Dist.  
Irvin Water Dist. 6  
Kennewick Irrigation Dist.  
King Co. Water Dist. 19, 20, 45,  
49, 54, 90, 111, 119 & 125  
Kiona Irrigation Dist.  
Kittitas Reclamation Dist.  
Lake Chelan Reclamation Dist.  
Lake Forest Park Water Dist.  
Lake Stevens Sewer Dist.  
Lake Whatcom Water & Sewer  
Dist.

Lakehaven Sewer Dist.  
Lakehaven Utility Dist.  
Lakewood Water Dist.  
Loon Lake Sewer Dist. 4  
LOTT Alliance  
Malaga Water Dist.  
Manchester Water Dist.  
Midway Sewer Dist.  
Moab Irrigation Dist. 20  
Model Irrigation Dist. 18  
Moses Lake Irrigation &  
Rehabilitation Dist.  
Mukilteo Water & Wastewater  
Dist.  
Naches Selah Irrigation Dist.  
North Beach Water Dist.  
North Perry Ave. Water Dist.  
North Spokane Irrigation Dist. 8  
NE Sammamish Sewer & Water  
Dist.  
Northshore Utility Dist.  
Okanogan Irrigation Dist.  
Olympic View Water Dist.  
Orchard Ave. Irrigation Dist.  
Oroville-Tonasket Irrigation Dist.  
Pasadena Park Irrigation Dist. 17  
Point Roberts Water Dist. 4  
Quincy Columbia Basin Irrigation  
Dist.  
Ronald Wastewater Dist.  
Roza Irrigation Dist.  
Samish Water Dist.  
Sammamish Plateau Water &  
Sewer Dist.  
Selah-Moxee Irrigation Dist.  
Shoreline Water Dist.  
Silverdale Water Dist. 16  
Silverlake Water Dist.  
Skyway Water & Sewer Dist.  
Snoqualmie Pass Utility Dist.  
Soos Creek Water & Sewer Dist.

## Employers Covered by DRS Administered Retirement Systems As of June 30, 2010 (page 10 of 12)

### Irrigation, Sewer & Water Districts (continued)

South Columbia Basin Irrigation Dist.  
 South King Co. Regional Water Assn.  
 SW Suburban Sewer Dist.  
 Stemilt Irrigation Dist.  
 Stevens Pass Sewer Dist.  
 Sunland Water Dist.  
 Sunnyside Valley Irrigation Dist.  
 Terrace Heights Sewer Dist.  
 Three Rivers Reg. Wastewater Plant  
 Trentwood Irrigation Dist. 3  
 Valley View Sewer Dist.  
 Valley Water Dist.  
 Vera Irrigation Dist. 15  
 Walla Walla Management Partnership  
 Wenatchee Reclamation Dist.  
 Whatcom Co. Water Dist. 2  
 Whitestone Reclamation Dist.  
 Whitworth Water Dist. 2  
 Willapa Valley Water Dist.  
 Woodinville Water Dist.  
 Yakima-Tieton Irrigation Dist.

### Weed Control Districts

Ferry Co. Weed Board  
 Grant Co. Noxious Weed Board  
 Grant Co. Weed Dist. 1 & 3  
 Pierce Co. Noxious Weed Board  
 Spokane Co. Noxious Weed Control Board

### Mosquito Districts

Adams Co. Mosquito Dist.  
 Benton Co. Mosquito Control Dist.  
 Columbia Mosquito Control Dist.

Franklin Co. Mosquito Control Dist.  
 Yakima Co. Mosquito Control

### Libraries, Library Districts

Columbia County Rural Library Dist.  
 Fort Vancouver Regional Library  
 Jefferson Co. Rural Library Dist.  
 King Co. Law Library  
 King Co. Public Library  
 Kitsap Regional Library  
 La Conner Regional Library  
 Lopez Island Library Dist.  
 Mid-Columbia Regional Library  
 North Central Regional Library  
 North Olympic Library System  
 Orcas Island Library Dist.  
 Pend Oreille Library  
 Pierce Co. Law Library  
 Pierce Co. Rural Library Dist.  
 San Juan Island Co. Library  
 Sno-Isle Regional Library  
 Spokane Co. Law Library  
 Spokane Co. Library Dist.  
 Stevens Co. Rural Library  
 Timberland Regional Library  
 Upper Skagit Library Dist.  
 Walla Walla Co. Rural Library  
 Whatcom Co. Public Library  
 Whitman Co. Rural Library  
 Yakima Valley Regional Library

### Ports

Allyn  
 Anacortes  
 Bellingham  
 Benton  
 Bremerton  
 Brownsville  
 Camas-Washougal

Centralia  
 Chelan Co.  
 Clarkston  
 Columbia  
 Douglas Co.  
 Edmonds  
 Ephrata  
 Everett  
 Friday Harbor  
 Grays Harbor  
 Ilwaco  
 Kalama  
 Kennewick  
 Kingston  
 Klickitat  
 Longview  
 Mattawa  
 Moses Lake  
 Olympia  
 Orcas  
 Othello  
 Pasco  
 Peninsula  
 Port Angeles  
 Port Townsend  
 Quincy  
 Ridgefield  
 Royal Slope  
 Seattle  
 Shelton  
 Skagit Co.  
 Skamania Co.  
 Sunnyside  
 Tacoma  
 Vancouver  
 Wahkiakum Co. 1  
 Walla Walla  
 Warden  
 Whitman Co.  
 Willapa Harbor  
 Woodland

## Employers Covered by DRS Administered Retirement Systems As of June 30, 2010 (page 11 of 12)

### Public Utility Districts

Asotin Co. PUD 1  
 Benton Co. PUD 1  
 Chelan Co. PUD 1  
 Clallam Co. PUD 1  
 Clark Co. PUD  
 Cowlitz Co. PUD  
 Douglas Co. PUD 1  
 Energy Northwest  
 Ferry Co. PUD 1  
 Franklin Co. Public Works 1  
 Franklin Co. PUD 1  
 Grand Coulee Project  
 Hydroelectric Auth.  
 Grant Co. Public Works  
 Grant Co. PUD 2  
 Grays Harbor Co. PUD 1  
 Jefferson Co. PUD 1  
 Kitsap Co. PUD 1  
 Kittitas Co. PUD 1  
 Klickitat Co. PUD 1  
 Lewis Co. PUD 1  
 Mason Co. PUD 1 & 3  
 Okanogan Co. PUD 1  
 Pacific Co. PUD 2  
 Pend Oreille Co. PUD 1  
 Skagit Co. PUD 1  
 Skamania Co. PUD 1  
 Snohomish Co. PUD 1  
 Stevens Co. PUD  
 Thurston Co. PUD 1  
 Wahkiakum Co. PUD 1  
 Wells Hydroelectric Project  
 West Sound Utility Dist.

### Transit Authorities, Transportation Districts

Ben Franklin Transit  
 Central Puget Sound Transit Auth.  
 Chelan-Douglas P.T.B.A.

Clallam Transit System  
 Clark Co. P.T.B.A.  
 Columbia County Public  
 Transportation  
 Community Transit  
 Grant Transit Auth.  
 Grays Harbor Transportation  
 Auth.  
 Intercity Transit  
 Island Transit  
 Jefferson Transit Auth.  
 King County Metro  
 Kitsap Transit  
 Lewis P.T.B.A.  
 Mason Co. Transportation Auth.  
 Pacific Transit System  
 Pierce Co. P.T.B.A.  
 Spokane Regional Transportation  
 Council  
 Valley Transit  
 Whatcom Transportation Auth.

### Associations, Unions

Assn. of Washington Cities  
 Inlandboatmen's Union of the  
 Pacific  
 King County Assn. of Suburban  
 Cities  
 King County Directors Assn.  
 Public School Employees of WA  
 WA Assn. of County Officials  
 WA Federation of State Employees  
 WA State Council of County-City  
 Employees

### Airports, Airport Boards

Centralia-Chehalis Airport Board  
 Snohomish Co. Airport  
 Spokane International Airport  
 Walla Walla Regional Airport  
 Yakima Air Terminal

### Councils

Cowlitz-Wahkiakum Council of  
 Governments  
 Grays Harbor Council of  
 Governments  
 Northwest Regional Council  
 Pacific Council of Governments  
 Puget Sound Regional Council  
 Skagit Council of Governments  
 South Central Workforce Council  
 SW WA Council of Governments  
 on Aging and Disabilities  
 Thurston Regional Planning  
 Council  
 Wenatchee Valley Transportation  
 Council  
 Whatcom Council of  
 Governments

### Parks & Recreation Districts

Bainbridge Island Metro Parks &  
 Recreation Dist.  
 Eastmont Metropolitan Park Dist.  
 Fidalgo Pool & Fitness Ctr.  
 Key Peninsula Metro Park Dist.  
 Manson Parks & Recreation Dist.  
 Metropolitan Park Dist. of Tacoma  
 Peninsula Metropolitan Park Dist.  
 San Juan Island Park & Recreation  
 Dist.  
 Si View Metropolitan Park Dist.  
 South Whidbey Parks &  
 Recreation Dist.

### Development Authorities/ Districts

Bellingham Public Development  
 Auth.  
 Cultural Development Auth. of  
 King Co.

## Employers Covered by DRS Administered Retirement Systems

As of June 30, 2010 (page 12 of 12)

### Development Authorities/ Districts (continued)

Grays Harbor Public  
Development Auth.  
Port Angeles Harbor Works  
Public Development Auth.  
Tricounty Economic  
Development Dist.

### Cemetery Districts

Cowlitz Co. Cemetery Dist. 1 & 2  
Pend Oreille Cemetery Dist. 1  
Skagit Co. Cemetery Dist. 2

### Road Departments

Chelan Co. Roads  
Lincoln Co. Highway Dept.

### Public Facility Districts

Edmonds Public Facilities Dist.  
Lynnwood Public Facilities  
Spokane Public Facility Dist.  
WA State Public Stadium Auth.

### Other Government Entities

Pierce Co. Law Enforcement  
Support Agency  
Snohomish Co. Police Staff  
Auxiliary  
Tacoma-Pierce Co. Employment  
& Training Consortium  
WA School Information  
Processing Cooperative

**Schedule of Benefit Recipients by Type of Benefit: PERS Plan 1**  
For the Twelve Months Ended June 30, 2009

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100**	193	157	23	6	7	162	26	3	2
101-200	647	455	–	54	138	443	133	69	2
201-300	1,747	1,257	3	119	368	1,214	367	159	7
301-400	1,994	1,388	30	133	443	1,336	442	208	8
401-500	2,149	1,542	2	104	501	1,414	453	272	10
501-600	2,297	1,669	1	123	504	1,525	439	316	17
601-700	2,329	1,731	1	103	494	1,531	447	331	20
701-800	2,273	1,618	–	111	544	1,432	453	367	21
801-900	2,215	1,641	4	107	463	1,426	422	344	23
901-1,000	2,239	1,726	–	92	421	1,425	400	387	27
Over 1,000	<u>36,064</u>	<u>33,435</u>	<u>3</u>	<u>440</u>	<u>2,186</u>	<u>23,971</u>	<u>5,794</u>	<u>4,860</u>	<u>1,439</u>
<b>Totals</b>	<u>54,147</u>	<u>46,619</u>	<u>67</u>	<u>1,392</u>	<u>6,069</u>	<u>35,879</u>	<u>9,376</u>	<u>7,316</u>	<u>1,576</u>

\*1 – Retiree’s lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half of the monthly benefit for life, 4 – Beneficiary receives two-thirds of the monthly benefit for life.

\*\*Includes L&I holdoffs.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: PERS Plan 2**  
For the Twelve Months Ended June 30, 2009

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100	386	196	–	147	43	253	115	12	6
101-200	1,405	899	–	345	161	970	357	57	21
201-300	1,616	1,151	–	276	189	1,086	391	107	32
301-400	1,643	1,233	–	219	191	1,098	413	91	41
401-500	1,543	1,191	–	185	167	1,021	374	108	40
501-600	1,398	1,145	–	118	135	883	378	94	43
601-700	1,321	1,112	–	92	117	874	316	87	44
701-800	1,304	1,146	–	76	82	862	290	100	52
801-900	1,194	1,072	–	55	67	814	241	88	51
901-1,000	1,081	983	–	45	53	724	210	106	41
Over 1,000	<u>6,899</u>	<u>6,645</u>	<u>–</u>	<u>85</u>	<u>169</u>	<u>4,735</u>	<u>978</u>	<u>838</u>	<u>348</u>
<b>Totals</b>	<u>19,790</u>	<u>16,773</u>	<u>–</u>	<u>1,643</u>	<u>1,374</u>	<u>13,320</u>	<u>4,063</u>	<u>1,688</u>	<u>719</u>

\*1 – Retiree’s lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half of the monthly benefit for life, 4 – Beneficiary receives two-thirds of the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: PERS Plan 3**  
For the Twelve Months Ended June 30, 2009

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100	12	5	–	5	2	7	5	–	–
101-200	109	65	–	23	21	59	42	6	2
201-300	169	145	–	12	12	117	33	14	5
301-400	162	145	–	10	7	98	36	18	10
401-500	133	122	–	3	8	95	23	10	5
501-600	79	74	–	2	3	54	15	9	1
601-700	68	65	–	1	2	53	8	3	4
701-800	46	44	–	–	2	27	9	7	3
801-900	28	28	–	–	–	17	10	–	1
901-1,000	30	29	–	–	1	22	3	2	3
Over 1,000	84	83	–	–	1	57	15	9	3
<b>Totals</b>	<b>920</b>	<b>805</b>	<b>–</b>	<b>56</b>	<b>59</b>	<b>606</b>	<b>199</b>	<b>78</b>	<b>37</b>

\*1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half of the monthly benefit for life, 4 – Beneficiary receives two-thirds of the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: SERS Plan 2**  
For the Twelve Months Ended June 30, 2009

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100	43	12	–	26	5	24	15	2	2
101-200	310	236	–	52	22	220	71	11	8
201-300	355	293	–	35	27	243	84	16	12
301-400	357	316	–	26	15	252	75	21	9
401-500	311	279	–	21	11	235	54	15	7
501-600	276	255	–	10	11	196	52	20	8
601-700	236	223	–	6	7	175	37	19	5
701-800	176	172	–	2	2	141	18	15	2
801-900	165	162	–	3	–	127	21	14	3
901-1,000	138	133	–	2	3	105	16	13	4
Over 1,000	503	489	–	3	11	378	53	51	21
<b>Totals</b>	<b>2,870</b>	<b>2,570</b>	<b>–</b>	<b>186</b>	<b>114</b>	<b>2,096</b>	<b>496</b>	<b>197</b>	<b>81</b>

\*1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half of the monthly benefit for life, 4 – Beneficiary receives two-thirds of the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: SERS Plan 3**  
For the Twelve Months Ended June 30, 2009

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100	94	76	–	13	5	60	27	3	4
101-200	488	433	–	27	28	348	110	22	8
201-300	459	430	–	10	19	339	91	18	11
301-400	282	271	–	9	2	216	51	8	7
401-500	159	155	–	2	2	114	26	12	7
501-600	106	104	–	1	1	84	14	6	2
601-700	58	56	–	1	1	46	5	4	3
701-800	45	45	–	–	–	34	4	6	1
801-900	30	30	–	–	–	23	4	2	1
901-1,000	9	9	–	–	–	8	–	1	–
Over 1,000	29	29	–	–	–	22	1	5	1
<b>Totals</b>	<b>1,759</b>	<b>1,638</b>	<b>–</b>	<b>63</b>	<b>58</b>	<b>1,294</b>	<b>333</b>	<b>87</b>	<b>45</b>

\*1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half of the monthly benefit for life, 4 – Beneficiary receives two-thirds of the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: PSERS Plan 2**  
For the Twelve Months Ended June 30, 2009

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100	1	1	–	–	–	1	–	–	–
101-200	–	–	–	–	–	–	–	–	–
201-300	1	–	–	1	–	1	–	–	–
301-400	–	–	–	–	–	–	–	–	–
401-500	–	–	–	–	–	–	–	–	–
501-600	–	–	–	–	–	–	–	–	–
601-700	–	–	–	–	–	–	–	–	–
701-800	–	–	–	–	–	–	–	–	–
801-900	–	–	–	–	–	–	–	–	–
901-1,000	–	–	–	–	–	–	–	–	–
Over 1,000	–	–	–	–	–	–	–	–	–
<b>Totals</b>	<b>2</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>–</b>

\*1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half of the monthly benefit for life, 4 – Beneficiary receives two-thirds of the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: TRS Plan 1**  
For the Twelve Months Ended June 30, 2009

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100	49	47	–	–	2	43	4	2	–
101-200	229	208	–	3	18	155	54	18	2
201-300	541	460	–	19	62	393	112	31	5
301-400	547	433	–	29	85	368	138	35	6
401-500	565	433	–	25	107	347	145	66	7
501-600	566	395	–	38	133	352	128	79	7
601-700	628	439	–	40	149	395	113	115	5
701-800	737	491	–	34	212	407	156	166	8
801-900	783	487	–	35	261	394	173	208	8
901-1,000	769	514	–	29	226	382	168	210	9
Over 1,000	<u>30,618</u>	<u>28,746</u>	<u>–</u>	<u>461</u>	<u>1,411</u>	<u>19,960</u>	<u>5,737</u>	<u>3,808</u>	<u>1,113</u>
<b>Totals</b>	<u>36,032</u>	<u>32,653</u>	<u>–</u>	<u>713</u>	<u>2,666</u>	<u>23,196</u>	<u>6,928</u>	<u>4,738</u>	<u>1,170</u>

\*1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half of the monthly benefit for life, 4 – Beneficiary receives two-thirds of the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: TRS Plan 2**  
For the Twelve Months Ended June 30, 2009

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100	28	21	–	5	2	21	6	1	–
101-200	33	22	–	8	3	21	11	–	1
201-300	71	55	–	10	6	51	19	1	–
301-400	77	59	–	9	9	54	18	5	–
401-500	115	94	–	11	10	81	22	8	4
501-600	94	77	–	6	11	60	25	2	7
601-700	106	91	–	4	11	69	31	6	–
701-800	115	96	–	10	9	70	30	12	3
801-900	117	96	–	9	12	70	35	7	5
901-1,000	109	98	–	5	6	86	17	4	2
Over 1,000	<u>1,239</u>	<u>1,214</u>	<u>–</u>	<u>10</u>	<u>15</u>	<u>896</u>	<u>162</u>	<u>113</u>	<u>68</u>
<b>Totals</b>	<u>2,104</u>	<u>1,923</u>	<u>–</u>	<u>87</u>	<u>94</u>	<u>1,479</u>	<u>376</u>	<u>159</u>	<u>90</u>

\*1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half of the monthly benefit for life, 4 – Beneficiary receives two-thirds of the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: TRS Plan 3**  
For the Twelve Months Ended June 30, 2009

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100	31	13	–	10	8	16	14	1	–
101-200	132	83	–	19	30	74	54	3	1
201-300	212	170	–	13	29	132	62	15	3
301-400	217	194	–	6	17	165	37	10	5
401-500	187	176	–	4	7	150	30	3	4
501-600	188	179	–	3	6	143	26	12	7
601-700	160	155	–	–	5	122	27	6	5
701-800	107	101	–	–	6	68	19	16	4
801-900	112	108	–	1	3	71	19	15	7
901-1,000	101	96	–	1	4	66	21	9	5
Over 1,000	344	342	–	–	2	249	52	28	15
<b>Totals</b>	<b>1,791</b>	<b>1,617</b>	<b>–</b>	<b>57</b>	<b>117</b>	<b>1,256</b>	<b>361</b>	<b>118</b>	<b>56</b>

\*1 – Retiree’s lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half of the monthly benefit for life, 4 – Beneficiary receives two-thirds of the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: LEOFF Plan 1**  
For the Twelve Months Ended June 30, 2009

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2**	3**	4**
\$0-100	4	4	–	–	–	4	–	–	–
101-200	7	7	–	–	–	7	–	–	–
201-300	3	2	–	–	1	3	–	–	–
301-400	7	6	–	–	1	6	1	–	–
401-500	8	6	–	–	2	8	–	–	–
501-600	15	10	–	–	5	15	–	–	–
601-700	12	10	–	–	2	10	2	–	–
701-800	16	13	–	–	3	15	1	–	–
801-900	18	12	–	–	6	16	1	1	–
901-1,000	9	7	–	–	2	9	–	–	–
Over 1,000	7,988	2,658	3,428	509	1,393	7,436	449	48	55
<b>Totals</b>	<b>8,087</b>	<b>2,735</b>	<b>3,428</b>	<b>509</b>	<b>1,415</b>	<b>7,529</b>	<b>454</b>	<b>49</b>	<b>55</b>

\*1 – Standard option “A”, 100% joint and survivor, with additional benefits to eligible children, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half of the monthly benefit for life, 4 – Beneficiary receives two-thirds of the monthly benefit for life.

\*\* Joint and survivor options are available for post-retirement marriages.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: LEOFF Plan 2**  
For the Twelve Months Ended June 30, 2009

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100	5	4	–	1	–	4	1	–	–
101-200	9	5	–	3	1	5	3	1	–
201-300	15	7	2	2	4	7	6	2	–
301-400	20	13	3	1	3	13	5	2	–
401-500	21	16	3	2	–	8	10	3	–
501-600	28	23	2	1	2	14	10	2	2
601-700	25	18	2	1	4	10	12	2	1
701-800	33	22	8	1	2	16	14	3	–
801-900	35	29	2	–	4	22	8	2	3
901-1,000	25	17	4	3	1	17	5	2	1
Over 1,000	<u>1,151</u>	<u>974</u>	<u>106</u>	<u>24</u>	<u>47</u>	<u>552</u>	<u>354</u>	<u>134</u>	<u>111</u>
<b>Totals</b>	<u>1,367</u>	<u>1,128</u>	<u>132</u>	<u>39</u>	<u>68</u>	<u>668</u>	<u>428</u>	<u>153</u>	<u>118</u>

\*1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half of the monthly benefit for life, 4 – Beneficiary receives two-thirds of the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: WSPRS Plan 1**  
For the Twelve Months Ended June 30, 2009

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*	
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2
\$0-100	–	–	–	–	–	–	
101-200	2	2	–	–	–	–	
201-300	1	–	–	–	1	–	
301-400	1	1	–	–	–	–	
401-500	–	–	–	–	–	–	
501-600	–	–	–	–	–	–	
601-700	8	2	–	–	6	2	
701-800	8	1	–	–	7	–	
801-900	8	1	–	–	7	–	
901-1,000	6	–	–	–	6	–	
Over 1,000	<u>800</u>	<u>701</u>	<u>–</u>	<u>–</u>	<u>99</u>	<u>632</u>	<u>168</u>
<b>Totals</b>	<u>834</u>	<u>708</u>	<u>–</u>	<u>–</u>	<u>126</u>	<u>664</u>	<u>170</u>

\*1 – Standard option "A," 100% joint and survivor, with initial pension equal to the lesser of 50% AFC and 100% member's accrued benefit.  
2 – Option "B," 100% joint and survivor, with initial pension being the actuarial equivalent of the single life annuity.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: JRS Plan 1**  
 For the Twelve Months Ended June 30, 2009

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100	-	-	-	-	-	-	-	-	-
101-200	-	-	-	-	-	-	-	-	-
201-300	-	-	-	-	-	-	-	-	-
301-400	-	-	-	-	-	-	-	-	-
401-500	-	-	-	-	-	-	-	-	-
501-600	-	-	-	-	-	-	-	-	-
601-700	-	-	-	-	-	-	-	-	-
701-800	-	-	-	-	-	-	-	-	-
801-900	-	-	-	-	-	-	-	-	-
901-1,000	-	-	-	-	-	-	-	-	-
Over 1,000	124	85	-	-	39	117	7	-	-
<b>Totals</b>	<u>124</u>	<u>85</u>	<u>-</u>	<u>-</u>	<u>39</u>	<u>117</u>	<u>7</u>	<u>-</u>	<u>-</u>

\*1 – Retiree’s lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half of the monthly benefit for life, 4 – Beneficiary receives two-thirds of the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: PERS Plan 1**

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
<b>Period 7/1/08 to 6/30/09</b>						
Average Monthly Benefit*	\$496.59	\$943.47	\$1,430.86	\$2,171.94	\$2,965.90	\$3,381.04
Average Final Salary (Monthly)*	\$3,983.17	\$3,711.90	\$4,081.31	\$4,766.33	\$5,372.21	\$5,660.85
Number of Active Retirees	143	122	160	182	263	590
<b>Period 7/1/07 to 6/30/08</b>						
Average Monthly Benefit*	\$429.94	\$909.29	\$1,433.77	\$1,964.39	\$2,841.80	\$3,106.71
Average Final Salary (Monthly)*	\$3,765.12	\$3,592.11	\$4,037.55	\$4,346.86	\$5,062.40	\$5,346.47
Number of Active Retirees	153	123	169	200	459	653
<b>Period 10/1/06 to 6/30/07</b>						
Average Monthly Benefit*	\$440.05	\$826.24	\$1,377.09	\$2,026.97	\$2,968.26	\$3,044.75
Average Final Salary (Monthly)*	\$3,734.14	\$3,282.95	\$3,951.49	\$4,478.61	\$5,257.35	\$5,270.50
Number of Active Retirees	73	78	105	122	456	420
<b>Period 10/1/05 to 9/30/06</b>						
Average Monthly Benefit*	\$393.64	\$855.83	\$1,297.98	\$1,792.25	\$2,753.99	\$2,916.86
Average Final Salary (Monthly)*	\$3,495.56	\$3,576.91	\$3,776.29	\$4,016.80	\$4,933.84	\$5,003.15
Number of Active Retirees	150	104	171	173	770	587
<b>Period 10/1/04 to 9/30/05</b>						
Average Monthly Benefit*	\$409.58	\$855.17	\$1,203.75	\$1,726.20	\$2,692.95	\$2,810.89
Average Final Salary (Monthly)*	\$3,688.81	\$3,350.51	\$3,557.55	\$3,814.38	\$4,836.00	\$4,832.86
Number of Active Retirees	142	122	144	193	834	586
<b>Period 10/1/03 to 9/30/04</b>						
Average Monthly Benefit*	\$347.11	\$793.25	\$1,190.84	\$1,893.20	\$2,638.10	\$2,890.47
Average Final Salary (Monthly)*	\$3,282.37	\$3,212.42	\$3,449.66	\$4,190.20	\$4,724.51	\$5,001.17
Number of Active Retirees	136	108	166	215	891	543
<b>Period 10/1/02 to 9/30/03</b>						
Average Monthly Benefit*	\$352.67	\$745.84	\$1,216.41	\$1,696.38	\$2,672.02	\$2,902.88
Average Final Salary (Monthly)*	\$3,143.11	\$3,052.16	\$3,572.79	\$3,686.95	\$4,815.61	\$4,995.48
Number of Active Retirees	138	118	157	243	988	504
<b>Period 10/1/01 to 9/30/02</b>						
Average Monthly Benefit*	\$307.42	\$725.55	\$1,095.01	\$1,718.64	\$2,489.82	\$2,707.39
Average Final Salary (Monthly)*	\$3,341.89	\$2,928.81	\$3,286.45	\$3,704.50	\$4,498.05	\$4,728.35
Number of Active Retirees	117	110	155	361	1,010	511
<b>Period 1/1/01 to 9/30/01</b>						
Average Monthly Benefit*	\$307.83	\$678.34	\$1,100.55	\$1,552.78	\$2,314.61	\$2,595.25
Average Final Salary (Monthly)*	\$3,458.70	\$2,774.76	\$3,303.24	\$3,331.65	\$4,174.12	\$4,535.78
Number of Active Retirees	109	104	87	301	755	394
<b>Period 1/1/00 to 12/31/00</b>						
Average Monthly Benefit*	\$334.45	\$631.61	\$1,048.38	\$1,515.01	\$2,317.25	\$2,532.19
Average Final Salary (Monthly)*	\$3,085.45	\$2,661.97	\$3,146.53	\$3,283.62	\$4,192.22	\$4,448.62
Number of Active Retirees	121	131	138	505	973	479
<b>Period 1/1/99 to 12/31/99</b>						
Average Monthly Benefit*	\$404.00	\$747.37	\$1,093.49	\$1,428.98	\$2,253.87	\$2,440.78
Average Final Salary (Monthly)*	\$2,848.46	\$2,951.93	\$3,163.59	\$3,145.52	\$4,067.96	\$4,331.37
Number of Active Retirees	50	71	127	492	858	426

Retirees with missing or invalid data elements were excluded.  
 \*At retirement (may not be audited)

Source: Washington State Office of the State Actuary

**Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: PERS Plan 2**

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
<b>Period 7/1/08 to 6/30/09</b>						
Average Monthly Benefit*	\$424.97	\$952.70	\$1,323.26	\$1,620.48	\$2,440.27	\$2,885.16
Average Final Salary (Monthly)*	\$3,322.80	\$3,831.80	\$4,055.40	\$4,246.60	\$4,820.87	\$5,267.21
Number of Active Retirees	510	331	408	414	409	73
<b>Period 7/1/07 to 6/30/08</b>						
Average Monthly Benefit*	\$428.50	\$867.23	\$1,264.67	\$1,531.82	\$2,071.13	\$2,835.47
Average Final Salary (Monthly)*	\$3,337.39	\$3,555.64	\$3,875.64	\$4,225.02	\$4,490.65	\$6,197.09
Number of Active Retirees	538	347	432	362	235	1
<b>Period 10/1/06 to 6/30/07</b>						
Average Monthly Benefit*	\$429.68	\$817.10	\$1,261.88	\$1,561.89	\$1,850.45	\$-
Average Final Salary (Monthly)*	\$3,251.50	\$3,407.38	\$3,902.20	\$4,152.54	\$4,176.21	\$-
Number of Active Retirees	303	225	239	223	131	-
<b>Period 10/1/05 to 9/30/06</b>						
Average Monthly Benefit*	\$381.31	\$840.64	\$1,153.19	\$1,443.59	\$1,861.25	\$-
Average Final Salary (Monthly)*	\$3,096.35	\$3,495.45	\$3,599.48	\$4,014.82	\$4,159.12	\$-
Number of Active Retirees	397	289	318	308	130	-
<b>Period 10/1/04 to 9/30/05</b>						
Average Monthly Benefit*	\$371.37	\$815.79	\$1,182.15	\$1,441.42	\$1,778.30	\$2,157.26
Average Final Salary (Monthly)*	\$3,005.28	\$3,321.68	\$3,659.92	\$3,939.40	\$4,158.20	\$5,347.53
Number of Active Retirees	352	346	317	262	81	1
<b>Period 10/1/03 to 9/30/04</b>						
Average Monthly Benefit*	\$357.19	\$796.20	\$1,105.47	\$1,413.09	\$1,641.65	\$3,148.28
Average Final Salary (Monthly)*	\$2,790.65	\$3,311.56	\$3,463.09	\$3,809.36	\$3,766.28	\$5,874.68
Number of Active Retirees	309	316	289	243	32	2
<b>Period 10/1/02 to 9/30/03</b>						
Average Monthly Benefit*	\$339.47	\$743.37	\$1,081.58	\$1,281.20	\$1,301.54	\$2,733.22
Average Final Salary (Monthly)*	\$2,553.67	\$3,028.09	\$3,360.33	\$3,497.56	\$2,957.96	\$4,853.02
Number of Active Retirees	298	319	297	201	10	1
<b>Period 10/1/01 to 9/30/02</b>						
Average Monthly Benefit*	\$330.72	\$683.82	\$1,029.00	\$1,201.49	\$-	\$-
Average Final Salary (Monthly)*	\$2,394.70	\$2,829.33	\$3,212.41	\$3,521.90	\$-	\$-
Number of Active Retirees	313	300	267	182	-	-
<b>Period 1/1/01 to 9/30/01</b>						
Average Monthly Benefit*	\$337.87	\$684.28	\$979.64	\$1,182.54	\$1,005.31	\$-
Average Final Salary (Monthly)*	\$2,437.56	\$2,861.20	\$3,144.89	\$3,409.91	\$3,361.68	\$-
Number of Active Retirees	220	198	169	122	1	-
<b>Period 1/1/00 to 12/31/00</b>						
Average Monthly Benefit*	\$320.99	\$686.13	\$923.82	\$972.29	\$-	\$-
Average Final Salary (Monthly)*	\$2,348.25	\$2,824.36	\$2,928.27	\$2,908.84	\$-	\$-
Number of Active Retirees	344	279	300	150	-	-

Retirees with missing or invalid data elements were excluded.

\*At retirement (may not be audited)

Source: Washington State Office of the State Actuary

### Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: PERS Plan 3\*

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
<b>Period 7/1/08 to 6/30/09</b>						
Average Monthly Benefit**	\$203.00	\$370.16	\$590.03	\$868.92	\$1,140.46	\$959.19
Average Final Salary (Monthly)**	\$3,144.81	\$3,813.15	\$4,340.40	\$5,186.33	\$5,312.97	\$3,803.49
Number of Active Retirees	22	39	40	38	32	1
<b>Period 7/1/07 to 6/30/08</b>						
Average Monthly Benefit**	\$221.06	\$345.57	\$542.98	\$800.74	\$1,220.33	\$-
Average Final Salary (Monthly)**	\$3,288.42	\$4,204.58	\$4,249.64	\$4,623.07	\$5,530.27	\$-
Number of Active Retirees	23	32	44	22	15	-
<b>Period 10/1/06 to 6/30/07</b>						
Average Monthly Benefit**	\$248.25	\$355.02	\$492.07	\$825.20	\$1,066.43	\$-
Average Final Salary (Monthly)**	\$3,227.02	\$4,094.89	\$3,994.40	\$4,749.23	\$5,518.33	\$-
Number of Active Retirees	9	24	34	25	11	-
<b>Period 10/1/05 to 9/30/06</b>						
Average Monthly Benefit**	\$250.54	\$330.93	\$430.38	\$781.75	\$848.25	\$-
Average Final Salary (Monthly)**	\$4,241.98	\$3,707.32	\$4,000.23	\$4,518.98	\$4,933.97	\$-
Number of Active Retirees	12	34	51	21	10	-
<b>Period 10/1/04 to 9/30/05</b>						
Average Monthly Benefit**	\$285.06	\$297.72	\$483.21	\$675.71	\$1,070.36	\$-
Average Final Salary (Monthly)**	\$3,613.75	\$3,779.45	\$4,041.78	\$4,262.63	\$5,475.22	\$-
Number of Active Retirees	14	35	36	18	2	-
<b>Period 10/1/03 to 9/30/04</b>						
Average Monthly Benefit**	\$251.18	\$275.34	\$466.69	\$604.86	\$601.39	\$1,078.98
Average Final Salary (Monthly)**	\$3,795.68	\$3,559.40	\$3,829.15	\$4,127.26	\$3,584.08	\$4,515.84
Number of Active Retirees	4	46	38	24	1	1
<b>Period 10/1/02 to 9/30/03</b>						
Average Monthly Benefit**	\$196.52	\$274.26	\$487.31	\$600.85	\$-	\$-
Average Final Salary (Monthly)**	\$3,629.00	\$3,898.30	\$3,868.59	\$4,409.49	\$-	\$-
Number of Active Retirees	2	24	30	14	-	-
<b>Period 10/1/01 to 9/30/02</b>						
Average Monthly Benefit**	\$-	\$297.95	\$367.83	\$673.48	\$-	\$-
Average Final Salary (Monthly)**	\$-	\$4,619.45	\$3,071.63	\$3,766.71	\$-	\$-
Number of Active Retirees	-	4	3	2	-	-

Retirees with missing or invalid data elements were excluded.

\*PERS 3 became effective March 1, 2002

\*\*At retirement (may not be audited)

Source: Washington State Office of the State Actuary

**Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: SERS Plan 2**

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
<b>Period 7/1/08 to 6/30/09</b>						
Average Monthly Benefit*	\$306.14	\$490.36	\$717.17	\$982.85	\$1,597.73	\$2,427.76
Average Final Salary (Monthly)*	\$1,974.14	\$2,020.86	\$2,133.43	\$2,542.47	\$3,044.62	\$3,936.89
Number of Active Retirees	97	91	86	89	47	1
<b>Period 7/1/07 to 6/30/08</b>						
Average Monthly Benefit*	\$264.20	\$507.62	\$746.45	\$894.39	\$1,357.45	\$-
Average Final Salary (Monthly)*	\$1,758.78	\$2,124.83	\$2,279.37	\$2,301.53	\$2,921.83	\$-
Number of Active Retirees	93	86	98	99	39	-
<b>Period 10/1/06 to 6/30/07</b>						
Average Monthly Benefit*	\$235.84	\$463.48	\$688.93	\$1,068.36	\$1,199.69	\$-
Average Final Salary (Monthly)*	\$1,673.42	\$1,807.94	\$2,101.47	\$2,811.31	\$2,836.34	\$-
Number of Active Retirees	43	52	43	43	18	-
<b>Period 10/1/05 to 9/30/06</b>						
Average Monthly Benefit*	\$227.30	\$481.10	\$700.31	\$807.10	\$1,220.00	\$-
Average Final Salary (Monthly)*	\$1,624.78	\$1,907.18	\$2,240.95	\$2,255.18	\$3,008.47	\$-
Number of Active Retirees	84	84	93	81	32	-
<b>Period 10/1/04 to 9/30/05</b>						
Average Monthly Benefit*	\$231.01	\$446.11	\$677.70	\$808.30	\$1,134.52	\$-
Average Final Salary (Monthly)*	\$1,747.89	\$1,799.64	\$2,082.32	\$2,173.51	\$2,455.74	\$-
Number of Active Retirees	62	67	58	91	23	-
<b>Period 10/1/03 to 9/30/04</b>						
Average Monthly Benefit*	\$236.39	\$417.64	\$830.21	\$789.63	\$1,092.79	\$-
Average Final Salary (Monthly)*	\$1,576.56	\$1,693.92	\$2,522.60	\$2,095.77	\$2,611.95	\$-
Number of Active Retirees	86	69	60	97	11	-
<b>Period 10/1/02 to 9/30/03</b>						
Average Monthly Benefit*	\$211.05	\$452.92	\$669.60	\$798.53	\$1,215.34	\$-
Average Final Salary (Monthly)*	\$1,396.53	\$1,818.45	\$2,039.61	\$2,148.25	\$2,652.12	\$-
Number of Active Retirees	63	61	64	81	4	-
<b>Period 10/1/01 to 9/30/02</b>						
Average Monthly Benefit*	\$240.96	\$415.32	\$730.68	\$829.12	\$-	\$-
Average Final Salary (Monthly)*	\$1,534.65	\$1,697.54	\$2,185.84	\$2,177.96	\$-	\$-
Number of Active Retirees	45	54	60	49	-	-
<b>Period 1/1/01 to 9/30/01</b>						
Average Monthly Benefit*	\$194.00	\$405.98	\$607.23	\$800.16	\$-	\$-
Average Final Salary (Monthly)*	\$1,436.54	\$1,653.89	\$1,772.23	\$2,140.37	\$-	\$-
Number of Active Retirees	40	38	35	31	-	-
<b>Period 1/1/00 to 12/31/00</b>						
Average Monthly Benefit*	\$215.88	\$520.57	\$577.60	\$790.56	\$-	\$-
Average Final Salary (Monthly)*	\$1,467.89	\$1,905.60	\$1,859.92	\$2,565.72	\$-	\$-
Number of Active Retirees	6	7	10	2	-	-

Retirees with missing or invalid data elements were excluded.  
 \*At retirement (may not be audited)

Source: Washington State Office of the State Actuary

**Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: SERS Plan 3\***

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
<b>Period 7/1/08 to 6/30/09</b>						
Average Monthly Benefit**	\$142.97	\$253.20	\$325.52	\$458.37	\$660.37	\$851.43
Average Final Salary (Monthly)**	\$2,070.97	\$2,338.58	\$2,190.72	\$2,412.90	\$2,879.59	\$2,972.85
Number of Active Retirees	43	50	106	88	47	3
<b>Period 7/1/07 to 6/30/08</b>						
Average Monthly Benefit**	\$179.78	\$222.28	\$309.46	\$448.52	\$688.02	\$-
Average Final Salary (Monthly)**	\$2,549.16	\$2,011.46	\$2,321.32	\$2,566.71	\$3,084.89	\$-
Number of Active Retirees	25	62	100	80	35	-
<b>Period 10/1/06 to 6/30/07</b>						
Average Monthly Benefit**	\$120.59	\$215.61	\$327.88	\$370.12	\$803.06	\$-
Average Final Salary (Monthly)**	\$2,141.06	\$2,086.67	\$2,413.29	\$2,203.55	\$3,744.44	\$-
Number of Active Retirees	12	37	56	42	15	-
<b>Period 10/1/05 to 9/30/06</b>						
Average Monthly Benefit**	\$158.83	\$209.91	\$294.67	\$345.13	\$533.98	\$-
Average Final Salary (Monthly)**	\$2,050.86	\$2,042.36	\$2,119.57	\$2,091.65	\$2,833.81	\$-
Number of Active Retirees	18	56	74	57	16	-
<b>Period 10/1/04 to 9/30/05</b>						
Average Monthly Benefit**	\$170.25	\$223.05	\$255.66	\$372.45	\$411.51	\$-
Average Final Salary (Monthly)**	\$2,422.04	\$2,030.62	\$1,944.44	\$2,217.29	\$2,113.99	\$-
Number of Active Retirees	11	52	88	46	10	-
<b>Period 10/1/03 to 9/30/04</b>						
Average Monthly Benefit**	\$164.16	\$178.43	\$260.42	\$418.11	\$455.03	\$-
Average Final Salary (Monthly)**	\$2,235.27	\$1,796.28	\$1,911.45	\$2,453.85	\$2,722.73	\$-
Number of Active Retirees	12	44	66	40	3	-
<b>Period 10/1/02 to 9/30/03</b>						
Average Monthly Benefit**	\$163.96	\$203.20	\$280.10	\$363.17	\$586.34	\$-
Average Final Salary (Monthly)**	\$2,396.04	\$2,116.34	\$2,046.41	\$2,213.72	\$2,291.93	\$-
Number of Active Retirees	17	34	40	23	1	-
<b>Period 10/1/01 to 9/30/02</b>						
Average Monthly Benefit**	\$107.15	\$170.83	\$255.17	\$397.87	\$-	\$-
Average Final Salary (Monthly)**	\$1,460.85	\$1,916.83	\$1,919.31	\$2,326.24	\$-	\$-
Number of Active Retirees	13	41	31	12	-	-
<b>Period 1/1/01 to 9/30/01</b>						
Average Monthly Benefit**	\$155.58	\$178.65	\$201.73	\$325.92	\$-	\$-
Average Final Salary (Monthly)**	\$2,150.78	\$1,883.80	\$1,972.90	\$2,372.24	\$-	\$-
Number of Active Retirees	10	24	28	12	-	-

Retirees with missing or invalid data elements were excluded.

\*SERS became effective September 1, 2000.

\*\*At retirement (may not be audited).

Source: Washington State Office of the State Actuary

### Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: TRS Plan 1

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
<b>Period 7/1/08 to 6/30/09</b>						
Average Monthly Benefit*	\$453.06	\$1,006.59	\$1,618.97	\$2,354.28	\$2,904.77	\$3,314.77
Average Final Salary (Monthly)*	\$3,243.52	\$4,073.33	\$5,030.12	\$5,709.31	\$5,870.41	\$6,261.55
Number of Active Retirees	66	69	90	164	176	443
<b>Period 7/1/07 to 6/30/08</b>						
Average Monthly Benefit*	\$418.90	\$1,013.91	\$1,591.61	\$2,227.52	\$2,928.20	\$2,893.41
Average Final Salary (Monthly)*	\$2,808.31	\$4,134.13	\$4,821.23	\$5,317.30	\$5,904.30	\$5,809.84
Number of Active Retirees	66	57	114	192	408	531
<b>Period 10/1/06 to 6/30/07</b>						
Average Monthly Benefit*	\$348.74	\$839.10	\$1,321.85	\$1,820.11	\$2,848.13	\$2,588.78
Average Final Salary (Monthly)*	\$2,641.07	\$3,364.49	\$4,122.54	\$4,444.75	\$5,736.18	\$5,917.60
Number of Active Retirees	39	35	45	40	55	24
<b>Period 10/1/05 to 9/30/06</b>						
Average Monthly Benefit*	\$367.34	\$1,011.54	\$1,519.99	\$2,017.00	\$2,817.52	\$2,880.89
Average Final Salary (Monthly)*	\$2,936.42	\$4,174.56	\$4,765.76	\$5,018.16	\$5,632.88	\$5,640.67
Number of Active Retirees	61	58	100	157	486	465
<b>Period 10/1/04 to 9/30/05</b>						
Average Monthly Benefit*	\$389.23	\$870.30	\$1,416.79	\$2,105.47	\$2,726.57	\$2,727.08
Average Final Salary (Monthly)*	\$3,167.27	\$3,608.64	\$4,393.83	\$4,973.52	\$5,501.61	\$5,466.36
Number of Active Retirees	62	72	117	153	551	484
<b>Period 10/1/03 to 9/30/04</b>						
Average Monthly Benefit*	\$356.95	\$875.67	\$1,363.14	\$1,925.47	\$2,657.77	\$2,777.56
Average Final Salary (Monthly)*	\$2,662.53	\$3,897.99	\$4,303.80	\$4,830.72	\$5,458.75	\$5,633.93
Number of Active Retirees	55	86	127	176	632	441
<b>Period 10/1/02 to 9/30/03</b>						
Average Monthly Benefit*	\$328.49	\$866.35	\$1,289.24	\$1,843.72	\$2,623.39	\$2,662.54
Average Final Salary (Monthly)*	\$2,814.56	\$3,588.64	\$4,100.72	\$4,601.64	\$5,352.38	\$5,360.55
Number of Active Retirees	92	93	95	156	665	358
<b>Period 10/1/01 to 9/30/02</b>						
Average Monthly Benefit*	\$254.31	\$803.93	\$1,157.14	\$1,861.65	\$2,396.72	\$2,473.71
Average Final Salary (Monthly)*	\$2,597.54	\$3,432.41	\$4,037.84	\$4,841.25	\$5,162.29	\$5,246.20
Number of Active Retirees	79	66	83	229	770	483
<b>Period 7/1/00 to 9/30/01</b>						
Average Monthly Benefit*	\$274.13	\$733.44	\$1,134.70	\$1,688.10	\$2,180.01	\$2,207.91
Average Final Salary (Monthly)*	\$2,785.27	\$3,264.23	\$4,152.92	\$4,541.32	\$4,896.71	\$4,936.26
Number of Active Retirees	98	118	122	374	1,526	1,040
<b>Period 7/1/99 to 6/3/00</b>						
Average Monthly Benefit*	\$295.10	\$588.36	\$1,088.95	\$1,575.42	\$2,072.88	\$2,083.78
Average Final Salary (Monthly)*	\$3,033.65	\$2,818.93	\$3,783.64	\$4,294.24	\$4,614.38	\$4,724.18
Number of Active Retirees	61	58	64	188	814	418

Retirees with missing or invalid data elements were excluded.

\*At retirement (may not be audited)

Source: Washington State Office of the State Actuary

### Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: TRS Plan 2

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
<b>Period 7/1/08 to 6/30/09</b>						
Average Monthly Benefit*	\$520.28	\$1,146.03	\$1,602.18	\$2,141.67	\$2,938.41	\$3,665.93
Average Final Salary (Monthly)*	\$3,516.21	\$4,585.47	\$5,136.98	\$5,467.87	\$5,809.95	\$6,295.83
Number of Active Retirees	35	44	62	46	43	2
<b>Period 7/1/07 to 6/30/08</b>						
Average Monthly Benefit*	\$537.82	\$1,086.65	\$1,606.56	\$1,966.69	\$2,706.92	\$-
Average Final Salary (Monthly)*	\$3,638.09	\$4,523.98	\$5,073.16	\$5,226.25	\$5,376.41	\$-
Number of Active Retirees	37	52	67	42	20	-
<b>Period 10/1/06 to 6/30/07</b>						
Average Monthly Benefit*	\$375.95	\$970.16	\$1,585.44	\$1,911.48	\$2,622.91	\$-
Average Final Salary (Monthly)*	\$3,634.96	\$4,054.58	\$4,891.30	\$5,337.42	\$5,601.05	\$-
Number of Active Retirees	24	28	20	16	5	-
<b>Period 10/1/05 to 9/30/06</b>						
Average Monthly Benefit*	\$515.76	\$1,042.26	\$1,516.39	\$1,875.65	\$2,282.00	\$-
Average Final Salary (Monthly)*	\$3,562.09	\$4,270.10	\$4,672.24	\$4,924.09	\$4,870.42	\$-
Number of Active Retirees	47	49	48	53	18	-
<b>Period 10/1/04 to 9/30/05</b>						
Average Monthly Benefit*	\$512.93	\$1,041.49	\$1,465.30	\$1,971.26	\$2,102.62	\$-
Average Final Salary (Monthly)*	\$3,572.31	\$4,406.34	\$4,563.44	\$5,059.40	\$4,870.05	\$-
Number of Active Retirees	51	49	57	47	15	-
<b>Period 10/1/03 to 9/30/04</b>						
Average Monthly Benefit*	\$415.43	\$952.94	\$1,417.11	\$1,996.13	\$1,917.24	\$-
Average Final Salary (Monthly)*	\$3,309.83	\$3,949.77	\$4,525.46	\$4,927.74	\$4,654.53	\$-
Number of Active Retirees	39	43	37	34	8	-
<b>Period 10/1/02 to 9/30/03</b>						
Average Monthly Benefit*	\$440.63	\$927.24	\$1,316.90	\$1,744.68	\$-	\$-
Average Final Salary (Monthly)*	\$3,377.29	\$4,076.97	\$4,256.03	\$4,673.16	\$-	\$-
Number of Active Retirees	38	40	33	25	-	-
<b>Period 10/1/01 to 9/30/02</b>						
Average Monthly Benefit*	\$498.47	\$920.61	\$1,350.13	\$1,710.86	\$-	\$-
Average Final Salary (Monthly)*	\$3,408.04	\$3,873.98	\$4,265.37	\$4,362.12	\$-	\$-
Number of Active Retirees	33	25	21	30	-	-
<b>Period 7/1/00 to 9/30/01</b>						
Average Monthly Benefit*	\$502.96	\$944.22	\$1,246.40	\$1,497.10	\$-	\$-
Average Final Salary (Monthly)*	\$3,386.67	\$3,859.24	\$4,071.52	\$4,098.62	\$-	\$-
Number of Active Retirees	55	44	50	36	-	-
<b>Period 7/1/99 to 6/3/00</b>						
Average Monthly Benefit*	\$477.49	\$806.42	\$1,340.51	\$1,368.88	\$-	\$-
Average Final Salary (Monthly)*	\$3,292.52	\$3,519.21	\$4,130.82	\$3,985.34	\$-	\$-
Number of Active Retirees	37	30	32	11	-	-

Retirees with missing or invalid data elements were excluded.

\*At retirement (may not be audited)

Source: Washington State Office of the State Actuary

**Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: TRS Plan 3**

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
<b>Period 7/1/08 to 6/30/09</b>						
Average Monthly Benefit*	\$303.61	\$547.01	\$796.81	\$993.91	\$1,500.99	\$1,419.21
Average Final Salary (Monthly)*	\$4,534.11	\$5,211.68	\$5,389.18	\$5,394.30	\$5,833.52	\$5,397.36
Number of Active Retirees	76	53	84	77	83	5
<b>Period 7/1/07 to 6/30/08</b>						
Average Monthly Benefit*	\$267.19	\$514.88	\$753.87	\$923.79	\$1,207.54	\$-
Average Final Salary (Monthly)*	\$3,949.74	\$4,680.85	\$5,313.06	\$5,444.54	\$5,366.59	\$-
Number of Active Retirees	62	60	89	78	48	-
<b>Period 10/1/06 to 6/30/07</b>						
Average Monthly Benefit*	\$254.63	\$452.49	\$712.80	\$1,061.00	\$1,243.51	\$-
Average Final Salary (Monthly)*	\$4,146.59	\$4,575.87	\$4,909.18	\$5,447.02	\$5,750.52	\$-
Number of Active Retirees	19	22	24	22	4	-
<b>Period 10/1/05 to 9/30/06</b>						
Average Monthly Benefit*	\$297.95	\$448.22	\$666.82	\$869.07	\$1,101.94	\$-
Average Final Salary (Monthly)*	\$4,392.04	\$4,659.35	\$4,950.00	\$5,187.16	\$5,239.94	\$-
Number of Active Retirees	32	45	73	41	20	-
<b>Period 10/1/04 to 9/30/05</b>						
Average Monthly Benefit*	\$234.33	\$447.08	\$690.49	\$959.64	\$985.06	\$-
Average Final Salary (Monthly)*	\$3,873.88	\$4,905.43	\$4,783.98	\$5,249.36	\$4,894.49	\$-
Number of Active Retirees	31	42	31	44	5	-
<b>Period 10/1/03 to 9/30/04</b>						
Average Monthly Benefit*	\$226.49	\$370.52	\$577.81	\$880.22	\$932.39	\$-
Average Final Salary (Monthly)*	\$3,739.73	\$4,166.11	\$4,685.49	\$4,953.13	\$4,994.64	\$-
Number of Active Retirees	27	34	43	27	7	-
<b>Period 10/1/02 to 9/30/03</b>						
Average Monthly Benefit*	\$215.81	\$376.46	\$545.68	\$730.52	\$-	\$-
Average Final Salary (Monthly)*	\$3,948.35	\$4,622.77	\$4,386.17	\$4,580.21	\$-	\$-
Number of Active Retirees	17	25	31	21	-	-
<b>Period 10/1/01 to 9/30/02</b>						
Average Monthly Benefit*	\$220.32	\$343.01	\$485.97	\$558.34	\$-	\$-
Average Final Salary (Monthly)*	\$3,727.15	\$4,114.94	\$4,282.65	\$4,355.04	\$-	\$-
Number of Active Retirees	9	27	16	16	-	-
<b>Period 7/1/00 to 9/30/01</b>						
Average Monthly Benefit*	\$248.98	\$343.19	\$479.65	\$571.69	\$-	\$-
Average Final Salary (Monthly)*	\$4,040.17	\$4,098.63	\$4,240.39	\$4,429.45	\$-	\$-
Number of Active Retirees	15	37	28	20	-	-
<b>Period 7/1/99 to 6/3/00</b>						
Average Monthly Benefit*	\$129.91	\$284.85	\$527.43	\$431.09	\$-	\$-
Average Final Salary (Monthly)*	\$3,245.45	\$3,850.47	\$4,450.93	\$4,342.86	\$-	\$-
Number of Active Retirees	3	19	14	2	-	-

Retirees with missing or invalid data elements were excluded.

\*At retirement (may not be audited)

Source: Washington State Office of the State Actuary

**Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: LEOFF Plan 1**

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
<b>Period 7/1/08 to 6/30/09</b>						
Average Monthly Benefit*	\$-	\$-	\$-	\$-	\$8,876.88	\$5,773.59
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$-	\$13,656.74	\$8,293.04
Number of Active Retirees	-	-	-	-	1	67
<b>Period 7/1/07 to 6/30/08</b>						
Average Monthly Benefit*	\$-	\$737.71	\$-	\$4,083.42	\$3,717.62	\$5,275.22
Average Final Salary (Monthly)*	\$-	\$2,147.00	\$-	\$8,695.24	\$6,687.05	\$7,715.25
Number of Active Retirees	-	1	-	2	9	85
<b>Period 10/1/06 to 6/30/07</b>						
Average Monthly Benefit*	\$-	\$1,086.32	\$-	\$-	\$3,785.27	\$5,086.57
Average Final Salary (Monthly)*	\$-	\$5,203.92	\$-	\$-	\$6,727.37	\$7,548.05
Number of Active Retirees	-	1	-	-	20	63
<b>Period 10/1/05 to 9/30/06</b>						
Average Monthly Benefit*	\$3,627.67	\$-	\$-	\$3,307.40	\$3,999.96	\$4,870.88
Average Final Salary (Monthly)*	\$6,595.75	\$-	\$-	\$6,549.30	\$7,140.56	\$7,484.82
Number of Active Retirees	1	-	-	1	47	80
<b>Period 10/1/04 to 9/30/05</b>						
Average Monthly Benefit*	\$-	\$770.99	\$3,204.91	\$2,402.75	\$3,702.10	\$4,478.06
Average Final Salary (Monthly)*	\$-	\$2,796.81	\$6,409.82	\$5,085.81	\$6,565.39	\$6,917.86
Number of Active Retirees	-	1	1	2	45	76
<b>Period 10/1/03 to 9/30/04</b>						
Average Monthly Benefit*	\$2,572.50	\$1,219.55	\$1,648.30	\$2,950.79	\$3,428.97	\$4,325.06
Average Final Salary (Monthly)*	\$5,145.00	\$3,222.11	\$4,381.50	\$5,839.05	\$6,314.70	\$6,624.47
Number of Active Retirees	1	2	2	6	71	66
<b>Period 10/1/02 to 9/30/03</b>						
Average Monthly Benefit*	\$2,025.18	\$2,222.50	\$790.85	\$2,759.90	\$3,608.96	\$3,963.91
Average Final Salary (Monthly)*	\$4,050.36	\$4,445.00	\$2,747.33	\$5,517.10	\$6,558.24	\$6,465.99
Number of Active Retirees	2	1	1	10	89	60
<b>Period 10/1/01 to 9/30/02</b>						
Average Monthly Benefit*	\$-	\$-	\$2,331.10	\$2,988.91	\$3,274.02	\$3,885.10
Average Final Salary (Monthly)*	\$-	\$-	\$5,080.50	\$6,074.97	\$6,046.00	\$6,405.84
Number of Active Retirees	-	-	2	20	95	56
<b>Period 1/1/01 to 9/30/01</b>						
Average Monthly Benefit*	\$345.68	\$894.28	\$1,579.67	\$2,816.73	\$3,109.33	\$3,584.16
Average Final Salary (Monthly)*	\$2,610.67	\$2,696.79	\$4,023.37	\$5,434.91	\$5,763.09	\$5,837.19
Number of Active Retirees	2	2	6	39	87	49
<b>Period 1/1/00 to 12/31/00</b>						
Average Monthly Benefit*	\$-	\$-	\$1,650.47	\$2,689.59	\$3,032.38	\$3,750.90
Average Final Salary (Monthly)*	\$-	\$-	\$3,990.61	\$5,121.64	\$5,608.80	\$6,132.45
Number of Active Retirees	-	-	3	48	141	60

Retirees with missing or invalid data elements were excluded.

\*At retirement (may not be audited)

Source: Washington State Office of the State Actuary

### Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: LEOFF Plan 2

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
<b>Period 7/1/08 to 6/30/09</b>						
Average Monthly Benefit*	\$826.57	\$1,481.13	\$2,064.59	\$2,981.51	\$3,846.34	\$4,459.60
Average Final Salary (Monthly)*	\$6,372.71	\$5,884.19	\$5,940.37	\$6,704.73	\$7,298.28	\$7,742.83
Number of Active Retirees	15	17	29	42	83	13
<b>Period 7/1/07 to 6/30/08</b>						
Average Monthly Benefit*	\$782.60	\$1,146.25	\$2,063.68	\$2,806.54	\$3,455.45	\$-
Average Final Salary (Monthly)*	\$5,913.15	\$5,141.47	\$6,100.96	\$6,573.92	\$6,853.86	\$-
Number of Active Retirees	16	18	26	47	81	-
<b>Period 10/1/06 to 6/30/07</b>						
Average Monthly Benefit*	\$730.74	\$1,419.11	\$2,036.97	\$2,944.90	\$3,301.90	\$3,326.98
Average Final Salary (Monthly)*	\$5,214.92	\$5,723.21	\$6,063.32	\$6,574.48	\$6,490.35	\$6,032.87
Number of Active Retirees	10	15	24	37	37	1
<b>Period 10/1/05 to 9/30/06</b>						
Average Monthly Benefit*	\$603.71	\$1,133.58	\$1,965.38	\$2,733.20	\$3,186.75	\$-
Average Final Salary (Monthly)*	\$4,482.80	\$4,740.11	\$5,532.82	\$6,249.84	\$6,319.38	\$-
Number of Active Retirees	16	19	24	65	41	-
<b>Period 10/1/04 to 9/30/05</b>						
Average Monthly Benefit*	\$691.80	\$1,256.62	\$1,922.51	\$2,575.48	\$2,965.91	\$-
Average Final Salary (Monthly)*	\$4,885.48	\$5,170.23	\$5,657.35	\$5,805.46	\$6,128.98	\$-
Number of Active Retirees	15	12	18	45	30	-
<b>Period 10/1/03 to 9/30/04</b>						
Average Monthly Benefit*	\$801.24	\$1,298.02	\$1,819.42	\$2,342.40	\$3,069.32	\$-
Average Final Salary (Monthly)*	\$5,595.05	\$5,158.93	\$5,350.85	\$5,471.12	\$6,524.11	\$-
Number of Active Retirees	18	12	31	36	7	-
<b>Period 10/1/02 to 9/30/03</b>						
Average Monthly Benefit*	\$669.51	\$988.59	\$1,809.39	\$2,396.28	\$1,704.94	\$-
Average Final Salary (Monthly)*	\$4,892.20	\$4,219.61	\$5,132.09	\$5,531.87	\$3,602.73	\$-
Number of Active Retirees	12	9	18	26	1	-
<b>Period 10/1/01 to 9/30/02</b>						
Average Monthly Benefit*	\$634.41	\$1,202.59	\$1,637.57	\$2,313.58	\$-	\$-
Average Final Salary (Monthly)*	\$3,952.56	\$4,737.99	\$4,821.85	\$5,533.30	\$-	\$-
Number of Active Retirees	8	9	14	14	-	-
<b>Period 1/1/01 to 9/30/01</b>						
Average Monthly Benefit*	\$626.16	\$943.10	\$1,885.84	\$2,066.47	\$-	\$-
Average Final Salary (Monthly)*	\$4,995.09	\$4,004.33	\$5,212.68	\$5,146.12	\$-	\$-
Number of Active Retirees	8	8	12	11	-	-
<b>Period 1/1/00 to 12/31/00</b>						
Average Monthly Benefit*	\$650.73	\$1,027.96	\$1,346.56	\$1,976.68	\$-	\$-
Average Final Salary (Monthly)*	\$5,539.05	\$3,806.93	\$4,218.39	\$5,245.36	\$-	\$-
Number of Active Retirees	7	10	13	5	-	-

Retirees with missing or invalid data elements were excluded.  
 \*At retirement (may not be audited)

Source: Washington State Office of the State Actuary

**Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: WSPRS Plan 1**

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
<b>Period 7/1/08 to 6/30/09</b>						
Average Monthly Benefit*	\$-	\$-	\$-	\$3,205.87	\$3,984.48	\$5,748.34
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$6,495.52	\$7,139.94	\$8,014.31
Number of Active Retirees	-	-	-	2	7	3
<b>Period 7/1/07 to 6/30/08</b>						
Average Monthly Benefit*	\$395.27	\$-	\$-	\$3,166.53	\$4,129.05	\$4,313.40
Average Final Salary (Monthly)*	\$5,784.65	\$-	\$-	\$6,685.85	\$7,573.82	\$6,621.25
Number of Active Retirees	1	-	-	5	6	6
<b>Period 10/1/06 to 6/30/07</b>						
Average Monthly Benefit*	\$-	\$1,385.52	\$2,000.54	\$-	\$3,887.12	\$4,422.67
Average Final Salary (Monthly)*	\$-	\$5,980.57	\$5,755.62	\$-	\$7,254.30	\$6,698.61
Number of Active Retirees	-	1	1	-	5	6
<b>Period 10/1/05 to 9/30/06</b>						
Average Monthly Benefit*	\$-	\$-	\$-	\$-	\$3,488.08	\$3,996.14
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$-	\$6,559.78	\$6,112.68
Number of Active Retirees	-	-	-	-	15	7
<b>Period 10/1/04 to 9/30/05</b>						
Average Monthly Benefit*	\$-	\$-	\$-	\$3,235.65	\$3,459.02	\$3,777.55
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$6,646.16	\$6,515.54	\$5,821.81
Number of Active Retirees	-	-	-	11	17	9
<b>Period 10/1/03 to 9/30/04</b>						
Average Monthly Benefit*	\$928.66	\$1,025.81	\$1,499.18	\$3,407.73	\$3,868.03	\$4,105.68
Average Final Salary (Monthly)*	\$7,410.04	\$3,907.07	\$3,871.44	\$6,922.32	\$6,944.49	\$6,321.05
Number of Active Retirees	1	2	1	7	9	10
<b>Period 10/1/02 to 9/30/03</b>						
Average Monthly Benefit*	\$-	\$-	\$1,100.95	\$3,502.58	\$3,708.64	\$4,234.55
Average Final Salary (Monthly)*	\$-	\$-	\$2,861.31	\$7,149.96	\$6,584.12	\$6,437.39
Number of Active Retirees	-	-	1	3	10	11
<b>Period 10/1/01 to 9/30/02</b>						
Average Monthly Benefit*	\$-	\$562.42	\$2,534.99	\$3,475.76	\$3,691.11	\$3,722.77
Average Final Salary (Monthly)*	\$-	\$2,502.73	\$6,208.20	\$7,149.99	\$6,784.48	\$5,449.78
Number of Active Retirees	-	1	1	7	9	7
<b>Period 1/1/01 to 9/30/01</b>						
Average Monthly Benefit*	\$-	\$-	\$-	\$2,024.21	\$3,604.37	\$4,322.36
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$4,264.99	\$6,348.08	\$6,362.57
Number of Active Retirees	-	-	-	2	12	15
<b>Period 1/1/00 to 12/31/00</b>						
Average Monthly Benefit*	\$-	\$-	\$-	\$3,211.61	\$3,277.30	\$3,488.65
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$6,332.66	\$5,870.93	\$5,447.32
Number of Active Retirees	-	-	-	7	21	6

Retirees with missing or invalid data elements were excluded.  
 \*At retirement (may not be audited)

Source: Washington State Office of the State Actuary

### Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: JRS

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
<b>Period 7/1/08 to 6/30/09</b>						
Average Monthly Benefit*	\$-	\$-	\$5,286.59	\$9,301.95	\$-	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$10,367.60	\$12,402.60	\$-	\$-
Number of Active Retirees	-	-	1	1	-	-
<b>Period 7/1/07 to 6/30/08</b>						
Average Monthly Benefit*	\$-	\$-	\$-	\$-	\$-	\$9,255.00
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$-	\$-	\$12,340.00
Number of Active Retirees	-	-	-	-	-	1
<b>Period 10/1/06 to 6/30/07</b>						
Average Monthly Benefit*	\$-	\$-	\$-	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$-	\$-	\$-
Number of Active Retirees	-	-	-	-	-	-
<b>Period 10/1/05 to 9/30/06</b>						
Average Monthly Benefit*	\$-	\$-	\$6,242.30	\$-	\$8,412.38	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$9,987.16	\$-	\$11,216.50	\$-
Number of Active Retirees	-	-	2	-	1	-
<b>Period 10/1/04 to 9/30/05</b>						
Average Monthly Benefit*	\$-	\$-	\$6,599.62	\$7,561.62	\$-	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$9,920.07	\$10,724.95	\$-	\$-
Number of Active Retirees	-	-	3	3	-	-
<b>Period 10/1/03 to 9/30/04</b>						
Average Monthly Benefit*	\$-	\$-	\$-	\$7,696.44	\$-	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$10,334.99	\$-	\$-
Number of Active Retirees	-	-	-	3	-	-
<b>Period 10/1/02 to 9/30/03</b>						
Average Monthly Benefit*	\$-	\$-	\$3,917.72	\$7,623.24	\$-	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$6,708.32	\$10,164.32	\$-	\$-
Number of Active Retirees	-	-	1	2	-	-
<b>Period 10/1/01 to 9/30/02</b>						
Average Monthly Benefit*	\$-	\$-	\$6,209.62	\$7,447.71	\$-	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$10,436.34	\$9,935.84	\$-	\$-
Number of Active Retirees	-	-	1	1	-	-
<b>Period 1/1/01 to 9/30/01</b>						
Average Monthly Benefit	n/a	n/a	n/a	n/a	n/a	n/a
Average Final Salary (Monthly)	n/a	n/a	n/a	n/a	n/a	n/a
Number of Active Retirees	n/a	n/a	n/a	n/a	n/a	n/a
<b>Period 1/1/00 to 12/31/00</b>						
Average Monthly Benefit	n/a	n/a	n/a	n/a	n/a	n/a
Average Final Salary (Monthly)	n/a	n/a	n/a	n/a	n/a	n/a
Number of Active Retirees	n/a	n/a	n/a	n/a	n/a	n/a

Retirees with missing or invalid data elements were excluded.  
 \*At retirement (may not be audited)

Source: Washington State Office of the State Actuary

**Schedule of Benefit Expenses and Refunds by Type: PERS Plan 1**

For Years Ended 2001-2010  
(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$ 1,024,555	\$ 987,383	\$ 947,353	\$ 901,730	\$ 854,882	\$ 809,658	\$ 760,454	\$ 710,565	\$ 656,113	\$ 635,006
Disability	14,718	14,871	15,121	14,950	15,171	15,159	14,970	15,210	14,506	14,198
Survivor	72,113	68,675	65,460	62,315	59,370	56,057	53,341	50,908	48,111	45,946
<b>Refunds</b>										
Separations	3,997	3,612	4,011	4,194	4,796	4,093	4,309	4,224	5,422	5,799
Death	949	1,459	1,562	2,021	1,757	1,050	1,319	1,453	2,024	1,486
<b>Total</b>	<u>\$1,116,332</u>	<u>\$1,076,000</u>	<u>\$1,033,507</u>	<u>\$ 985,210</u>	<u>\$ 935,976</u>	<u>\$ 886,017</u>	<u>\$ 834,393</u>	<u>\$ 782,360</u>	<u>\$ 726,176</u>	<u>\$ 702,435</u>

**Schedule of Benefit Expenses and Refunds by Type: PERS Plan 2/3**

For Years Ended 2000-2009  
(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$ 230,776	\$ 188,971	\$ 154,388	\$ 129,890	\$ 109,007	\$ 92,401	\$ 77,193	\$ 64,733	\$ 54,065	\$ 49,589
Disability	9,795	9,014	8,294	7,669	6,871	5,969	5,456	4,920	4,310	3,958
Survivor	11,194	9,334	7,635	6,243	5,218	4,372	3,525	2,807	2,177	1,863
<b>Refunds</b>										
Separations	25,005	22,798	24,498	21,866	22,378	20,515	23,729	27,645	38,626	36,945
Death	6,420	3,644	2,076	4,599	4,098	3,571	3,353	3,190	3,460	2,703
<b>Total</b>	<u>\$ 283,190</u>	<u>\$ 233,761</u>	<u>\$ 196,891</u>	<u>\$ 170,267</u>	<u>\$ 147,572</u>	<u>\$ 126,828</u>	<u>\$ 113,256</u>	<u>\$ 103,295</u>	<u>\$ 102,638</u>	<u>\$ 95,058</u>

**Schedule of Benefit Expenses and Refunds by Type: PERS Plan 3\***

For Years Ended 2001-2010  
(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$ 80	\$ 51	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
<b>Refunds</b>										
Separations	40,215	38,856	35,702	33,724	34,854	24,563	25,601	5,515	-	-
Death	1,508	1,346	2,589	1,530	685	970	980	222	-	-
<b>Total</b>	<u>\$ 41,803</u>	<u>\$ 40,253</u>	<u>\$ 38,314</u>	<u>\$ 35,254</u>	<u>\$ 35,539</u>	<u>\$ 25,533</u>	<u>\$ 26,581</u>	<u>\$ 5,737</u>	<u>\$ -</u>	<u>\$ -</u>

\*PERS Plan 3 became effective March 1, 2002.

**Schedule of Benefit Expenses and Refunds by Type: SERS Plan 2/3**

For Years Ended 2001-2010  
(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$ 32,202	\$ 26,468	\$ 20,944	\$ 16,230	\$ 12,352	\$ 9,167	\$ 5,902	\$ 3,647	\$ 1,646	\$ 931
Disability	1,068	1,037	928	781	736	664	568	442	355	131
Survivor	1,179	802	755	630	412	283	222	216	47	15
<b>Refunds</b>										
Separations	1,779	1,693	1,752	2,148	1,970	1,970	1,855	1,972	2,090	2,328
Death	346	432	293	368	507	221	170	248	307	259
<b>Total</b>	<u>\$ 36,574</u>	<u>\$ 30,432</u>	<u>\$ 24,672</u>	<u>\$ 20,157</u>	<u>\$ 15,977</u>	<u>\$ 12,305</u>	<u>\$ 8,717</u>	<u>\$ 6,525</u>	<u>\$ 4,445</u>	<u>\$ 3,664</u>

**Schedule of Benefit Expenses and Refunds by Type: SERS Plan 3**

For Years Ended 2001-2010

(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$ 91	\$ 62	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
<b>Refunds</b>										
Separations	31,383	40,501	39,438	30,539	24,104	20,777	11,731	10,528	10,498	8,371
Death	2,533	1,540	377	1,538	842	701	633	800	373	-
<b>Total</b>	<u>\$ 34,007</u>	<u>\$ 42,103</u>	<u>\$ 39,823</u>	<u>\$ 32,077</u>	<u>\$ 24,946</u>	<u>\$ 21,478</u>	<u>\$ 12,364</u>	<u>\$ 11,328</u>	<u>\$ 10,871</u>	<u>\$ 8,371</u>

**Schedule of Benefit Expenses and Refunds by Type: PSERS Plan 2\***

For Years Ended 2001-2010

(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$ 14	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	3	4	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
<b>Refunds</b>										
Separations	895	450	151	22	-	-	-	-	-	-
Death	33	16	1	1	-	-	-	-	-	-
<b>Total</b>	<u>\$ 945</u>	<u>\$ 471</u>	<u>\$ 152</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\*PSERS Plan 2 became effective July 1, 2006.

**Schedule of Benefit Expenses and Refunds by Type: TRS Plan 1**

For Years Ended 2001-2010  
(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service <sup>1</sup>	\$ 809,214	\$ 801,974	\$ 798,668	\$ 757,896	\$ 720,921	\$ 700,288	\$ 653,560	\$ 652,419	\$ 644,218	\$ 521,534
Disability	10,905	11,068	11,186	11,301	11,379	11,325	11,129	10,916	10,691	10,337
Survivor	39,131	37,220	35,132	33,147	31,313	29,505	27,554	25,919	24,100	23,058
<b>Refunds</b>										
Separations	574	930	827	841	714	878	1,792	1,521	2,313	1,306
Death	930	330	173	1,037	328	302	—	—	—	788
<b>Total</b>	<u>\$ 860,754</u>	<u>\$ 851,522</u>	<u>\$ 845,986</u>	<u>\$ 804,222</u>	<u>\$ 764,655</u>	<u>\$ 742,298</u>	<u>\$ 694,035</u>	<u>\$ 690,775</u>	<u>\$ 681,322</u>	<u>\$ 557,023</u>

<sup>1</sup>6/30/06 service amount adjusted to include \$49,165 in annuity payments.

**Schedule of Benefit Expenses and Refunds by Type: TRS Plan 2/3**

For Years Ended 2001-2010  
(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$ 52,921	\$ 42,587	\$33,984	\$ 26,770	\$ 20,716	\$ 15,953	\$ 12,389	\$ 9,988	\$ 7,876	\$ 6,999
Disability	921	838	882	732	796	616	521	406	437	477
Survivor	1,812	1,370	1,150	1,032	839	549	506	467	356	304
<b>Refunds</b>										
Separations	2,092	1,423	1,712	2,284	2,023	2,611	2,432	3,082	4,220	3,178
Death	776	766	478	442	376	499	426	456	290	449
<b>Total</b>	<u>\$ 58,522</u>	<u>\$ 46,984</u>	<u>\$ 38,206</u>	<u>\$ 31,260</u>	<u>\$ 24,750</u>	<u>\$ 20,228</u>	<u>\$ 16,274</u>	<u>\$ 14,399</u>	<u>\$ 13,179</u>	<u>\$ 11,407</u>

**Schedule of Benefit Expenses and Refunds by Type: TRS Plan 3**

For Years Ended 2000-2009

(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$ 257	\$ 128	\$ 45	\$ 18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
<b>Refunds</b>										
Separations	67,158	74,586	82,756	59,658	40,397	33,660	23,911	18,611	17,375	18,223
Death	4,507	1,580	2,020	3,152	1,511	1,922	2,021	720	1,020	1,194
<b>Total</b>	<u>\$ 71,922</u>	<u>\$ 76,294</u>	<u>\$ 84,821</u>	<u>\$ 62,828</u>	<u>\$ 41,908</u>	<u>\$ 35,582</u>	<u>\$ 25,932</u>	<u>\$ 19,331</u>	<u>\$ 18,395</u>	<u>\$ 19,417</u>

**Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 1**

For Years Ended 2000-2009

(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$ 132,450	\$ 126,562	\$ 119,464	\$ 112,073	\$ 105,527	\$ 100,529	\$ 95,318	\$ 89,457	\$ 83,586	\$ 82,789
Disability	150,521	148,846	145,795	143,468	140,552	139,928	139,544	139,236	135,537	131,427
Survivor	55,260	51,625	48,271	44,911	42,130	39,500	37,256	35,925	33,502	31,911
<b>Refunds</b>										
Separations	11	43	-	1	3	5	4	153	6	3
Death	3	150	150	10	-	-	129	5	87	94
<b>Total</b>	<u>\$ 338,245</u>	<u>\$ 327,226</u>	<u>\$ 313,680</u>	<u>\$ 300,463</u>	<u>\$ 288,212</u>	<u>\$ 279,962</u>	<u>\$ 272,251</u>	<u>\$ 264,776</u>	<u>\$ 252,718</u>	<u>\$ 246,224</u>

**Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 2**

For Years Ended 2001-2010

(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$ 39,100	\$ 30,694	\$ 23,096	\$ 16,889	\$ 11,801	\$ 7,672	\$ 5,338	\$ 3,596	\$ 2,481	\$ 2,073
Disability	5,356	4,632	3,480	3,204	2,139	967	498	319	200	145
Survivor	1,702	1,289	929	720	493	339	207	144	61	41
<b>Refunds</b>										
Separations	6,739	6,112	6,350	7,557	6,238	7,117	5,367	4,810	8,554	7,357
Death	4,208	1,111	1,289	438	877	648	353	314	590	234
<b>Total</b>	<u>\$ 57,105</u>	<u>\$ 43,838</u>	<u>\$ 35,144</u>	<u>\$ 28,808</u>	<u>\$ 21,548</u>	<u>\$ 16,743</u>	<u>\$ 11,763</u>	<u>\$ 9,183</u>	<u>\$ 11,886</u>	<u>\$ 9,850</u>

**Schedule of Benefit Expenses and Refunds by Type: WSPRS 1**

For Years Ended 2001-2010

(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$ 33,015	\$ 31,643	\$ 30,293	\$ 29,048	\$ 27,619	\$ 25,796	\$ 24,111	\$ 22,536	\$ 20,874	\$ 20,066
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	3,101	2,879	2,670	2,345	3,047	1,810	1,613	1,511	1,442	1,355
<b>Refunds</b>										
Separations	97	68	269	291	125	173	303	221	199	124
Death	-	138	-	-	-	-	-	-	-	-
<b>Total</b>	<u>\$ 36,213</u>	<u>\$ 34,728</u>	<u>\$ 33,232</u>	<u>\$ 31,684</u>	<u>\$ 30,791</u>	<u>\$ 27,779</u>	<u>\$ 26,027</u>	<u>\$ 24,268</u>	<u>\$ 22,515</u>	<u>\$ 21,545</u>

**Schedule of Benefit Expenses and Refunds by Type: WSPRS Plan 2\***

For Years Ended 2001-2010

(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
<b>Refunds</b>										
Separations	30	5	-	-	-	-	-	-	-	-
Death	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>\$ 30</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\*WSPRS Plan 2 became effective January 1, 2003.

**Schedule of Benefit Expenses and Refunds by Type: JRS**

For Years Ended 2001-2010

(expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$7,704	\$7,811	\$7,719	\$7,696	\$7,732	\$7,333	\$7,076	\$6,966	\$6,769	\$6,768
Disability	-	-	-	-	-	-	-	34	56	55
Survivor	2,019	1,772	1,795	1,660	1,515	1,428	1,328	1,279	1,235	1,228
<b>Refunds</b>										
Separations	-	-	-	-	-	-	-	-	-	-
Death	-	7	-	-	-	-	-	-	-	-
<b>Total</b>	<u>\$ 9,723</u>	<u>\$ 9,590</u>	<u>\$ 9,514</u>	<u>\$ 9,356</u>	<u>\$ 9,247</u>	<u>\$ 8,761</u>	<u>\$ 8,404</u>	<u>\$ 8,279</u>	<u>\$ 8,060</u>	<u>\$ 8,051</u>

**Schedule of Benefit Expenses and Refunds by Type: Judges**  
 For Years Ended 2001-2010  
 (expressed in thousands)

	6/30/10	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01
<b>Benefit Expenses</b>										
Service	\$ 421	\$ 422	\$ 466	\$ 483	\$ 497	\$ 521	\$ 597	\$ 567	\$ 603	\$ 622
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	79	79	79	98	127	120	88	72	53	40
<b>Refunds</b>										
Separations	-	-	-	-	-	13	-	-	-	-
Death	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>\$ 500</u>	<u>\$ 501</u>	<u>\$ 545</u>	<u>\$ 581</u>	<u>\$ 624</u>	<u>\$ 654</u>	<u>\$ 685</u>	<u>\$ 639</u>	<u>\$ 656</u>	<u>\$ 662</u>

## Deferred Compensation Program

### Background

In 1981, the Washington State legislature established the Deferred Compensation Program (DCP) and created the Committee for Deferred Compensation (CDC) as the governing body. From 1981 to 1984, the CDC contracted with the National Plan Coordinators Inc. to provide administrative and marketing services. In 1985, the CDC took over responsibility for administering the program, and assumed marketing responsibility in 1986.

In 1989, the Committee began managing investments for the Judicial Retirement Account (JRA) as a result of an agreement with the Administrative Office of the Courts (AOC). On July 1, 1996, the merger of DCP and DRS took effect and DRS, via an inter-agency agreement, assumed the investing, accounting and reporting responsibilities of the JRA member accounts. These operational functions replicated those that were already in place for the DCP participant accounts. A subsequent agreement signed November 24, 1998 between DRS, AOC and the Washington State Investment Board (WSIB) transferred investing responsibilities to the WSIB.

### What is DCP?

DCP is a voluntary retirement savings plan established for employees of the state and other political subdivisions, elected and appointed state officials, members of the state legislature, and some judges. The program meets the requirements of Section 457 of the Internal Revenue Code.

The intent of the program is to provide additional income to participants upon retirement. By deferring part of their income, participants can reduce their taxable income each year. Participants can choose to invest in a number of different investment options. The investments made each month grow tax free until they are withdrawn. The program provides participants with a means to easily save money and help supplement their other retirement income.

## Deferred Compensation Program Status Report

(dollars in thousands)

	June 30, 2010		June 30, 2009		June 30, 2008		June 30, 2007	
	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%
<b>Active U.S. Core Stock Fund<sup>1</sup></b>	\$ 192,558	7.87	\$ 180,558	8.34	\$ 267,879	11.02	\$ 352,142	13.82
<b>Active U.S. Value Stock Fund<sup>2</sup></b>	245,272	10.03	213,669	9.87	326,400	13.43	500,501	19.65
<b>Calvert Social Investment Fund – Balanced Portfolio</b>	–	–	–	–	–	–	–	–
<b>Fidelity Equity – Income Fund</b>	–	–	–	–	–	–	–	–
<b>Fidelity Growth Company Fund</b>	268,855	10.99	224,090	10.35	315,284	12.97	279,402	10.97
<b>Fidelity Independence Fund<sup>3</sup></b>	–	–	–	–	–	–	–	–
<b>Fidelity Overseas Fund</b>	–	–	–	–	–	–	–	–
<b>International Stock Fund<sup>4</sup></b>	97,897	4.00	89,981	4.16	140,526	5.78	167,724	6.58
<b>Savings Pool</b>	959,255	39.21	954,969	44.10	819,272	33.71	723,624	28.41
<b>U.S. Small Stock Index Fund<sup>5</sup></b>	77,248	3.16	52,854	2.44	64,641	2.66	87,907	3.45
<b>U.S. Stock Market Index Fund<sup>6</sup></b>	124,866	5.10	102,935	4.75	134,940	5.55	152,066	5.97
<b>Washington State Bond Fund<sup>7</sup></b>	178,187	7.28	134,101	6.19	132,298	5.44	87,000	3.42
<b>Washington State Long-Horizon Fund<sup>8</sup></b>	–	–	–	–	64,478	2.65	62,784	2.46
<b>Washington State Mid-Horizon Fund<sup>8</sup></b>	–	–	–	–	72,182	2.97	61,143	2.40
<b>Washington State Short-Horizon Fund<sup>8</sup></b>	–	–	–	–	34,602	1.42	24,892	0.98
<b>Washington State Socially Responsible Balanced Fund<sup>9</sup></b>	58,828	2.41	49,115	2.27	58,317	2.40	48,082	1.89
<b>2000 Retirement Strategy<sup>10</sup></b>	3,973	0.16	3,458	0.16	–	–	–	–
<b>2005 Retirement Strategy<sup>10</sup></b>	9,269	0.38	6,919	0.32	–	–	–	–
<b>2010 Retirement Strategy<sup>10</sup></b>	38,435	1.57	29,057	1.34	–	–	–	–
<b>2015 Retirement Strategy<sup>10</sup></b>	69,852	2.86	44,406	2.05	–	–	–	–
<b>2020 Retirement Strategy<sup>10</sup></b>	51,674	2.11	34,220	1.58	–	–	–	–
<b>2025 Retirement Strategy<sup>10</sup></b>	30,265	1.24	19,402	0.90	–	–	–	–
<b>2030 Retirement Strategy<sup>10</sup></b>	17,133	0.70	10,986	0.51	–	–	–	–
<b>2035 Retirement Strategy<sup>10</sup></b>	10,869	0.44	7,444	0.34	–	–	–	–
<b>2040 Retirement Strategy<sup>10</sup></b>	6,417	0.26	4,163	0.19	–	–	–	–
<b>2045 Retirement Strategy<sup>10</sup></b>	3,301	0.14	2,215	0.10	–	–	–	–
<b>2050 Retirement Strategy<sup>10</sup></b>	1,491	0.06	882	0.04	–	–	–	–
<b>2055 Retirement Strategy<sup>11</sup></b>	769	0.03	–	–	–	–	–	–
<b>TOTAL</b>	<u>\$ 2,446,414</u>	<u>100.00</u>	<u>\$ 2,165,424</u>	<u>100.00</u>	<u>\$ 2,430,819</u>	<u>100.00</u>	<u>\$ 2,547,267</u>	<u>100.00</u>

Chart continued on page 209

<sup>1</sup>This fund replaced the Fidelity Independence Fund as of January 1, 2006.

<sup>2</sup>This fund replaced the Fidelity Equity-Income Fund as of January 1, 2006.

<sup>3</sup>The Fidelity Retirement Growth Fund was renamed the Fidelity Independence Fund effective January 27, 2001.

<sup>4</sup>This fund replaced the Fidelity Overseas Fund as of April 1, 2005.

<sup>5</sup>This investment option was added in October 2002.

<sup>6</sup>This investment option was added in July 1998.

<sup>7</sup>This fund replaced the Fidelity Intermediate Bond Fund as of September 1, 2000.

<sup>8</sup>These investment options were added on September 1, 2000.

<sup>9</sup>This fund replaced the Calvert Social Investment – Balanced Portfolio as of July 1, 2003.

<sup>10</sup>These investment options were added in October 2008.

<sup>11</sup>This investment option was added in January 2010.

Chart continued from page 208

June 30, 2006		June 30, 2005		June 30, 2004		June 30, 2003		June 30, 2002		June 30, 2001	
Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%
\$ 318,035	14.56	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
412,711	18.89	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	30,619	2.09	29,556	2.18	32,442	2.22
-	-	385,152	20.05	363,619	20.88	289,313	19.80	317,669	23.49	352,111	24.06
262,555	12.02	218,618	11.38	209,736	12.05	153,105	10.48	136,675	10.10	197,718	13.51
-	-	298,141	15.52	293,937	16.88	264,735	18.12	275,006	20.33	346,223	23.65
-	-	-	-	40,802	2.34	19,788	1.35	20,534	1.52	22,550	1.54
95,487	4.37	51,946	2.70	-	-	-	-	-	-	-	-
696,006	31.86	648,046	33.74	571,790	32.84	539,970	36.95	463,982	34.30	418,606	28.60
75,769	3.47	46,398	2.42	33,788	1.94	4,620	0.32	-	-	-	-
119,714	5.48	101,902	5.30	84,955	4.88	57,304	3.92	48,248	3.57	48,561	3.32
72,714	3.33	74,565	3.88	70,776	4.07	85,999	5.89	52,445	3.88	41,005	2.80
35,668	1.63	20,823	1.08	12,745	0.73	4,785	0.33	3,046	0.23	1,660	0.11
38,058	1.74	23,593	1.23	14,528	0.83	6,395	0.44	3,379	0.25	1,741	0.12
15,218	0.70	11,053	0.58	7,548	0.43	4,491	0.31	2,018	0.15	1,104	0.07
42,519	1.95	40,750	2.12	37,079	2.13	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<u>\$ 2,184,454</u>	<u>100.00</u>	<u>\$ 1,920,987</u>	<u>100.00</u>	<u>\$ 1,741,303</u>	<u>100.00</u>	<u>\$ 1,461,124</u>	<u>100.00</u>	<u>\$ 1,352,558</u>	<u>100.00</u>	<u>\$ 1,463,721</u>	<u>100.00</u>

## Deferred Compensation Program

Performance – Periods Ending June 30, 2010

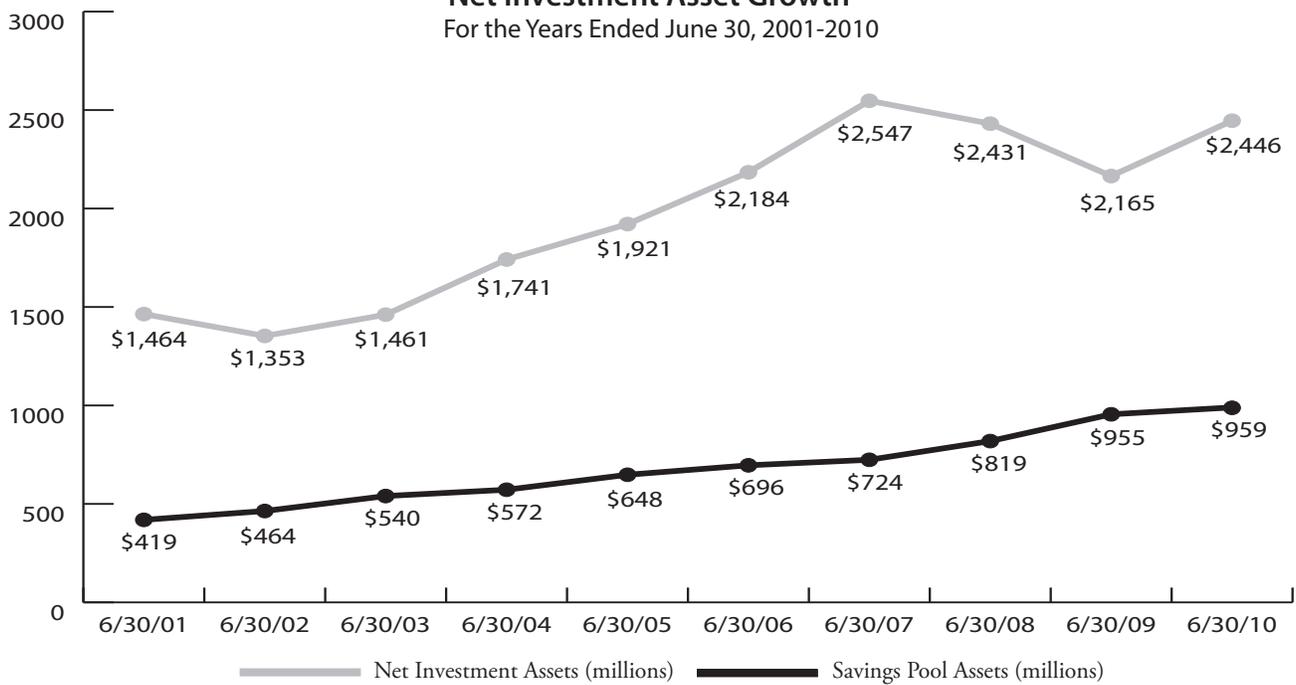
Fund Name <i>Benchmark</i>	3 Month Return	Performance History <sup>1</sup> Average Annual Total Returns			
		1 Year	3 Year	5 Year	10 Year
<b>Active U.S. Core Stock Fund</b> <i>S&amp;P 500 Index</i>	<b>(13.72)%</b> (11.43)%	<b>9.70%</b> 14.43%	<b>(12.19)%</b> (9.81)%	<b>**</b> (0.79)%	<b>**</b> (1.59)%
<b>Active U.S. Value Stock Fund</b> <i>Russell 1000 Value Index</i>	<b>(12.37)%</b> (11.14)%	<b>16.16%</b> 16.93%	<b>(13.98)%</b> (12.33)%	<b>**</b> (1.65)%	<b>**</b> **
<b>Fidelity Growth Company Fund</b> <i>Russell 3000 Growth Index</i>	<b>(11.49)%</b> (11.55)%	<b>17.29%</b> 13.95%	<b>(4.88)%</b> (6.97)%	<b>3.22%</b> 0.44%	<b>(2.33)%</b> (4.89)%
<b>International Stock Fund</b> <i>MSCI EAFE</i>	<b>(14.18)%</b> (13.98)%	<b>5.55%</b> 5.92%	<b>(15.22)%</b> (13.38)%	<b>**</b> 0.88%	<b>**</b> 0.16%
<b>Savings Pool</b>	<b>0.96%</b>	<b>4.07%</b>	<b>4.46%</b>	<b>4.53%</b>	<b>5.12%</b>
<b>U.S. Small Stock Index Fund</b> <i>Russell 2000 Index</i>	<b>(9.92)%</b> (9.92)%	<b>21.65%</b> 21.48%	<b>(8.45)%</b> (8.60)%	<b>0.46%</b> 0.37%	<b>**</b> 3.00%
<b>U.S. Stock Market Index Fund</b> <i>Dow Jones Wilshire 5000 Index</i>	<b>(11.09)%</b> (11.11)%	<b>16.11%</b> 16.14%	<b>(9.14)%</b> (9.23)%	<b>(0.15)%</b> (0.20)%	<b>(0.63)%</b> (0.74)%
<b>Washington State Bond Fund</b> <i>Barclays Capital Intermediate Credit Index</i>	<b>2.56%</b> 2.41%	<b>13.68%</b> 13.00%	<b>9.37%</b> 7.20%	<b>6.76%</b> 5.42%	<b>**</b> 6.61%
<b>Washington State Socially Responsible Balanced Fund</b> <i>Social Balanced Custom Benchmark<sup>2</sup></i>	<b>(4.62)%</b> (4.84)%	<b>11.87%</b> 12.58%	<b>0.74%</b> (1.85)%	<b>3.32%</b> 2.37%	<b>**</b> 2.33%
<b>2000 Retirement Strategy</b> <i>2000 Composite Benchmark<sup>2</sup></i>	<b>(4.46)%</b> (3.97)%	<b>13.00%</b> 12.02%	<b>**</b> **	<b>**</b> **	<b>**</b> **
<b>2005 Retirement Strategy</b> <i>2005 Composite Benchmark<sup>2</sup></i>	<b>(6.19)%</b> (5.42)%	<b>13.67%</b> 13.11%	<b>**</b> **	<b>**</b> **	<b>**</b> **
<b>2010 Retirement Strategy</b> <i>2010 Composite Benchmark<sup>2</sup></i>	<b>(7.69)%</b> (6.86)%	<b>14.47%</b> 14.07%	<b>**</b> **	<b>**</b> **	<b>**</b> **
<b>2015 Retirement Strategy</b> <i>2015 Composite Benchmark<sup>2</sup></i>	<b>(8.95)%</b> (7.96)%	<b>14.18%</b> 14.11%	<b>**</b> **	<b>**</b> **	<b>**</b> **
<b>2020 Retirement Strategy</b> <i>2020 Composite Benchmark<sup>2</sup></i>	<b>(10.16)%</b> (9.05)%	<b>13.72%</b> 14.12%	<b>**</b> **	<b>**</b> **	<b>**</b> **
<b>2025 Retirement Strategy</b> <i>2025 Composite Benchmark<sup>2</sup></i>	<b>(11.30)%</b> (10.12)%	<b>13.36%</b> 13.96%	<b>**</b> **	<b>**</b> **	<b>**</b> **
<b>2030 Retirement Strategy</b> <i>2030 Composite Benchmark<sup>2</sup></i>	<b>(12.09)%</b> (10.81)%	<b>12.27%</b> 13.18%	<b>**</b> **	<b>**</b> **	<b>**</b> **
<b>2035 Retirement Strategy</b> <i>2035 Composite Benchmark<sup>2</sup></i>	<b>(12.85)%</b> (11.49)%	<b>11.06%</b> 12.17%	<b>**</b> **	<b>**</b> **	<b>**</b> **
<b>2040 Retirement Strategy</b> <i>2040 Composite Benchmark<sup>2</sup></i>	<b>(12.92)%</b> (11.53)%	<b>10.94%</b> 12.13%	<b>**</b> **	<b>**</b> **	<b>**</b> **
<b>2045 Retirement Strategy</b> <i>2045 Composite Benchmark<sup>2</sup></i>	<b>(12.90)%</b> (11.53)%	<b>10.92%</b> 12.13%	<b>**</b> **	<b>**</b> **	<b>**</b> **
<b>2050 Retirement Strategy</b> <i>2050 Composite Benchmark<sup>2</sup></i>	<b>(12.98)%</b> (11.53)%	<b>10.92%</b> 12.13%	<b>**</b> **	<b>**</b> **	<b>**</b> **
<b>2055 Retirement Strategy</b> <i>2055 Composite Benchmark<sup>2</sup></i>	<b>(12.92)%</b> (11.53)%	<b>**</b> **	<b>**</b> **	<b>**</b> **	<b>**</b> **

\*\* Data not available. These funds have not been in existence long enough to have performance history for these periods.

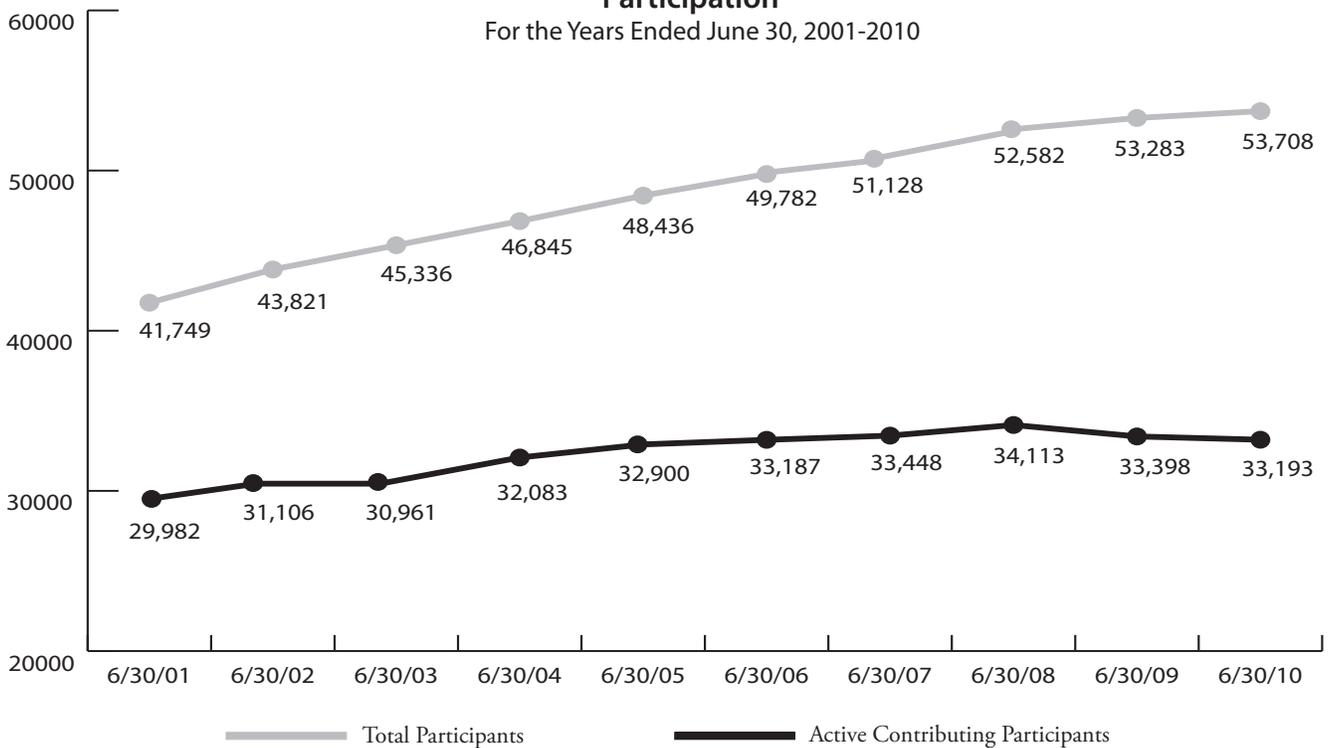
<sup>1</sup>Historic performance is not necessarily indicative of future investment performance, which could differ substantially. Total return assumes that an investment is made at the beginning of the period and redeemed at the end of the period after reinvestment of any dividends and capital gains distributions. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the contributions to your individual account. All returns are calculated in U.S. dollars.

<sup>2</sup>Estimated returns the portfolio would have earned using the return data from the various components.

### Deferred Compensation Program Net Investment Asset Growth For the Years Ended June 30, 2001-2010



### Deferred Compensation Program Participation For the Years Ended June 30, 2001-2010



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