

***SJ Actuarial Associates***

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September 15, 2006

Board of Trustees

**TEACHERS' RETIREMENT SYSTEM OF LOUISIANA**

Post Office Box 94123, Capitol Station  
Baton Rouge, Louisiana 70804-9123

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of assets and liabilities, as well as funding requirements, for the Teachers' Retirement System of Louisiana as of June 30, 2006.

This report has been prepared in accordance with generally accepted actuarial principles and practices and to the best of my knowledge, fairly reflects the actuarial present value of accrued benefits of the Teachers' Retirement System.

In preparing this valuation, I have relied upon the information provided regarding plan provisions, plan membership, plan assets and other matters as detailed in the exhibits of this report. In particular, I have relied upon the statement of assets provided by Hawthorn, Waymouth and Carroll, Certified Public Accountants.

The present values shown herein have been estimated on the basis of the actuarial cost method specified in Louisiana Revised Statutes Title 11 Section 22(13). The Actuarial Assumptions, which have been approved by the Board of Trustees, are appropriate for the purposes of this valuation, are reasonable in the aggregate, and when applied in combination represents my best estimates of the anticipated experience under the plan.

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A brief summary of the more important figures developed in this valuation, with comparable results from previous valuations are as follows:

	<u>June 30, 2006</u>	-----Prior Years-----	
		<u>June 30, 2005</u>	<u>June 30, 2004</u>
I. Membership Census			
1) Retirees	57,512	54,525	52,900
2) Actives	81,347	87,643	87,273
3) DROP	4,042	4,375	3,409
4) Terminated Vested	7,039	4,454	5,610
II. Annual Benefits	1,119,651,408	\$1,031,786,232	\$981,646,356
III. Actuarial Payroll	2,892,959,473	3,132,169,323	3,017,086,702
IV. Valuation Assets	12,835,790,846	11,887,121,392	11,231,406,507
V. Investment Yield			
Actuarial Value	15.65%	9.87%	9.85%
Market Value	13.97%	9.71%	16.85%
VI. Experience Account	534,616,331	89,229,521	0
VII. Cost to Fund Annual Pension Accruals (Normal Costs)	445,007,085 15.38%	470,174,889 15.01%	448,025,937 14.85%
VIII. Unfunded Actuarial Accrued Liability	6,554,989,762	6,812,643,322	6,836,079,694
IX. Funded Percentage	66.2%	63.6%	62.2%
X. Funding Requirements to Pay (Mid-year Payment)			
1) Employee Contribution Rate	238,307,060 7.99%	257,738,241 7.98%	248,429,320 7.99%
2) Employer Contribution Rate - Current Year	512,660,407 15.8%	533,260,300 15.2%	515,457,041 15.2%
3) Projected Employer Contribution - Next Year	551,797,962 16.5%	570,541,244 15.8%	554,789,298 15.9%

The above funding requirements measure the cost of benefits that were in effect on June 30, 2006.

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**Current Funding**

The Actuarial Valuation for the plan year ending June 30, 2006 discloses a decrease in the value of the plan's unfunded accrued liability resulting from favorable investment experience. Prospective funding requirements have increased as a percentage of payroll. It is generally appropriate for the current valuation process to disclose the source or cause of any significant changes in the plan from year to year. Changes that occur are usually the result of changes in actuarial assumptions, gains or losses resulting from actual experience which differs significantly from expected plan experience.

The basic elements of the annual required contribution are the normal cost and amortization of the Unfunded Actuarial Liability (UAL). The normal cost is the annual cost to provide an additional year of benefit accrual. The normal cost is divided into two parts, the employee portion and the employer portion, both expressed as a percentage of payroll. Act 81 of the 1988 Legislative Session provides for the amortization of the initial UAL, plus subsequent changes in benefits, methods or gain/loss experience.

To assist the Board of Trustees in reconciling changes in the unfunded actuarial accrued liability, the following gain/loss analysis is presented as follows:

**CHANGE IN UNFUNDED LIABILITY**

<b>Unfunded Liability 6/30/2005</b>	<b>\$ 6,812,643,322</b>
 <b>INCREASES</b>	
Interest on Unfunded Liability	\$ 562,043,074
Experience Account Allocation	<u>431,421,829</u>
Incurred Increases	993,464,903
 <b>DECREASES</b>	
Amortization Payments	331,785,667
Experience Gain	11,575,761
Investment Gain	862,858,771
Shortfall Credit	<u>44,898,264</u>
Incurred Decreases	1,251,118,463
<b>Unfunded Liability 6/30/2006</b>	<b>\$ 6,554,989,762</b>

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The employer contribution rate established by the Public Retirement Systems' Actuarial Committee for the 2006-2007 plan year was 15.8%. The employer contribution rate determined by this valuation for the current plan year is 15.8%, confirming the prior estimate.

Since the contribution rate is attributable to many factors, the following sections address the source and respective impact to the required employer contribution rate.

**Legislative Changes**

Act 588 of 2004 established a minimum employer contribution rate of 15.5%. The Act also established an Employer Credit Account, which is to be credited if the minimum employer contribution rate of 15.5% exceeds the actuarially required contribution rate (ARC). The ARC is 15.8% for 2006-2007 and is projected to be 16.5% for 2007-2008. The Act also made significant changes to prospective funding. The outstanding balances of changes in liabilities from 1993 - 2000 were re-amortized as a level dollar amount to 2029. The amortization period for changes in liabilities beginning with 2001 were extended to a thirty year period from the date of occurrence.

**Actuarial Assets/Valuation Assets**

The Actuarial Value of assets represents the gross actuarial assets determined in accordance with the methodology set forth in Exhibit 6 to fund all liabilities of the pension plan as well as side-fund accounts dedicated for other programs. The Valuation Assets exclude the side-fund accounts for purposes of determining the employer contribution rate as illustrated on page 13 of Exhibit 2. The side-fund accounts excluded are as follows:

- **LSU Agriculture and Extension Service Fund:**

Participants of the LSU Agriculture and Extension Service receive supplement benefits from TRSL equal to the difference between the TRSL benefit formula and the Federal Civil Service formula. The funding is recorded separately in the side-fund with assets co-mingled with the Actuarial Value of assets. The current balance is \$-132,576.

- **Initial UAL Amortization Fund:**

This fund, originally established as the Texaco Settlement Fund, accumulates Texaco Settlement contributions as a separate account invested at TRSL's actuarial rate of return. Act 642 of 2006 adds a special appropriation to liquidate the initial unfunded actuarial liability (UAL) in the same manner as the Texaco Settlement Fund. Once the value of the account equals the outstanding balance of the initial UAL, the account and initial liability will be liquidated. The current account balance is \$252,566,705 and allocated as follows:

- Texaco Funds           \$226,166,705
- Appropriations       \$26,400,000

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- **Experience Account Fund:**

This fund accumulates 50% of the excess investment gain or loss relative to the actuarial valuation rate of 8.25%. The account is used to fund COLA'S for retirees. The benefit granted must be funded at 100% of actuarial cost. Act 588 of 2004 reset the balance to \$0 on July 1, 2004 and restricts the account accumulation to no more than the reserve for two COLA's. The current account balance is \$534,616,331.

**Investment Experience**

The rate of return on the actuarial value of assets during the last five (5) years has been as follows for plan years ending June 30:

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>5 YEAR AVERAGE</u>
-5.84%	-5.55%	9.85%	9.87%	15.65%	4.419%

The net actuarial rate of return assumed in the valuation was 8.25%. For the plan year ending June 30, 2006 the net realized actuarial rate of return was greater than the long-term investment assumption used to project benefits. The result was a net investment experience gain of \$862,858,771 above projected investment income.

**Plan Experience**

The actuary is charged with making the best estimate of future plan experience to properly fund future benefits. If the actual experience differs from the projected experience, a gain or loss occurs. This gain or loss is then amortized over the later of the year 2029 or a fifteen year statutory period to make a mid-course adjustment in future funding requirements. During the 2005-2006 plan year, the system incurred a \$11,575,761 experience gain.

The gains/losses incurred are beyond the control of the Board of Trustees, but the Trustees should understand the source of the experience to effectively communicate with the legislature.

Although the change from last year to this year is negligible, the demographic changes illustrated in Exhibit 4 indicate the system continues to exhibit properties of an aging population which is indicative of the continuing problem the state faces in its ability to attract and retain graduates to the profession. Recall that one of the characteristics of the Projected Unit Credit cost method is to accelerate funding requirements for an aging population, even if all assumptions are realized.

**Funding as a Percentage of Payroll**

Act 81 of 1987 requires the employee to contribute 8% of payroll beginning in 1989. The employer pays a percentage of the normal cost plus a dollar amount sufficient to amortize the initial unfunded liability over a 40 year period. Act 588 of 2004 changes prospective amortization to a 30 year level dollar payment. To convert the dollar

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amortization payment to a percentage of payroll would suggest that the aggregate employer contribution rate would remain level as a percentage of pay provided aggregate salaries increased in unison with the rate of increase in annuity payments. This would imply that aggregate salaries should increase at a rate of at least 4.5% during the next thirty (30) years. To determine whether this is a reasonable expectation, aggregate salary growth from all sources, including ORP participants, during the past ten (10) years is illustrated as follows:

<u>June 30</u>	<u>Payroll/\$1000</u>	<u>Percent Increase</u>
1996	2,505,173	3.4%
1997	2,661,350	4.3%
1998	2,922,936	9.8%
1999	3,017,833	3.3%
2000	3,162,097	4.8%
2001	3,212,474	4.2%
2002	3,506,647	9.2%
2003	3,605,232	2.8%
2004	3,684,014	2.2%
2005	3,904,342	6.0%
2006	3,750,238	-3.9%

During the last ten (10) years the aggregate salaries have increased at an annualized rate of 4.12%. If this trend continues during the next twenty-seven (27) years, the percentage of pay required to amortize the unfunded liability can be expected to increase slightly in the absence of other experience gains or losses. The current amortization assumes that aggregate payroll increases at a rate of 4.50% annually.

**Disclosures**

Exhibit 3, "Pension Accounting and Financial Disclosure", contains disclosure of the accrued liabilities under the Projected Unit Credit Actuarial Cost Method required by the Governmental Accounting Standards Board Statement No. 25.

The format of this report was designed with the intent of highlighting the pertinent results of the valuation's funding requirements. Should you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Shelley R. Johnson, ACA, MAAA, ASA  
 Actuary

Charles G. Hall, FCA, MAAA, ASA  
 Actuary

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**EXHIBIT 1**

**DEVELOPMENT  
OF  
COSTS, LIABILITIES AND CONTRIBUTIONS**

Normal Costs and Accrued Liabilities are calculated in accordance with the Projected Unit Credit Actuarial Cost Method, and the Actuarial Assumptions outlined in Exhibit 6 based on the Provisions of the Plan as summarized in Exhibit 5.

	<u>June 30, 2006</u>		---Prior Year---	
	<u>Dollar Amount</u>	<u>% of Salary</u>	<u>June 30, 2005</u> <u>Dollar Amount</u>	<u>% of Salary</u>
<b>I. Normal Costs (annual pension accruals)</b>				
Active Members with Complete Data				
a) Retirement Benefits	\$371,460,266	12.84%	\$395,242,643	12.62%
b) Disability Benefits	10,304,086	0.35%	11,135,555	0.36%
c) Survivor Benefits	11,791,452	0.41%	10,027,284	0.32%
d) Voluntary Termination	38,151,281	1.32%	41,519,407	1.33%
e) Expenses	<u>13,300,000</u>	<u>0.46%</u>	<u>12,250,000</u>	<u>0.39%</u>
TOTAL	445,007,085	15.38%	470,174,889	15.01%
 <b>II. Actuarial Accrued Liability</b>				
a) Active Members				
1) Retirement Benefits	5,493,705,964		5,889,255,465	
2) Disability Benefits	116,494,158		125,993,656	
3) Survivor Benefits	132,796,208		119,589,131	
4) Voluntary Termination	<u>217,797,668</u>		<u>227,641,679</u>	
	5,960,793,998		6,362,479,931	
b) Retired and Inactive Members				
1) Regular Retirees	9,127,469,509		8,204,043,546	
2) Disabled Retirees	178,577,416		257,180,212	
3) Survivors	577,715,779		475,919,454	
4) Vested Deferred <sup>1</sup>	393,296,541		261,209,369	
5) Contributions Refunded <sup>2</sup>	55,522,676		24,546,830	
6) DROP Deferred Benefits	2,175,650,923		2,278,407,296	
7) DROP Account Balances	<u>921,753,766</u>		<u>835,978,076</u>	
	13,429,986,610		12,337,284,783	
c) TOTAL	19,390,780,608		18,699,764,714	

<sup>1</sup>Includes pending Retirement/Drop applications for 2006

<sup>2</sup>Beginning in 2006, includes \$21,463,644 million for rehired retiree contributions to be refunded.

**Exhibit 1 (Continued)**  
**Costs, Liabilities & Contributions**

	<u>June 30, 2006</u>	<u>---Prior Year---</u> <u>June 30, 2005</u>
II. Actuarial Accrued Liability	19,390,780,608	18,699,764,714
III. Assets	12,835,790,846	11,887,121,392
IV. Unfunded Actuarial Accrued Liabilities - Projected Unit Credit	6,554,989,762	6,812,643,322
a) Change over prior year	-257,653,560	-23,436,372
b) Funded Percentage (Total Assets)	66.2%	63.6%
V. Employer Contributions To Fund Current Plan Year <sup>1</sup>		
a) Employer Portion of Normal Cost	206,823,704	214,463,360
b) Amortization Payments	317,286,300	331,777,730
c) Prior Contribution Variance	<u>-7,194,498</u>	<u>-12,980,790</u>
TOTAL Required Contribution	516,915,506	533,260,300
	15.9%	15.2%
PERSAC approved Rate <sup>1</sup>	15.8%	15.9%
Employer Normal Cost Rate	6.9336%	6.6401%
VI. Projected Employer Contributions To Fund Next Plan Year <sup>1</sup>		
a) Employer Portion of Normal Cost	212,907,364	220,798,316
b) Amortization Payments	345,120,780	358,413,597
c) Prior Contribution Variance	<u>-1,223,063</u>	<u>-8,670,669</u>
TOTAL Projected Contribution	556,805,081	570,541,244
	16.6%	15.8%
VII. Current Payroll	2,892,959,473	3,132,169,323
Projected Payroll - Mid Year	2,982,914,354	3,229,820,884
Projected Payroll - Next Year	3,070,655,919	3,325,225,398
ORP - Salary Adjustment Factor <sup>2</sup>	1.15842%	1.15203%

<sup>1</sup>Dollar Amounts reflect estimated payments due mid-year on January 1st per Act 81. Constitutional Minimum is 11.8% without regards to Employer Credits.

<sup>2</sup>The ORP salary adjustment factor is used to convert amortization payments to percentage of payroll.

EXHIBIT 2

FINANCIAL SUMMARY  
STATEMENT OF REVENUES AND EXPENSES  
FOR FISCAL YEAR ENDING

	<u>June 30, 2006</u>	-----Prior Years----- <u>June 30, 2005</u>	<u>June 30, 2004</u>
<b><u>OPERATING REVENUES:</u></b>			
1. <b>Contribution Income</b>			
Member	\$258,412,024	\$ 270,619,181	\$ 264,999,131
Employer	501,167,762	514,585,371	442,553,054
Appropriations	53,200	95,093	11,180
Act 642 Appropriation	26,400,000	0	0
ORP-Unfunded	49,293,547	48,754,970	35,244,313
LSU-Coop/Ext	1,228,150	1,647,822	1,066,108
Miscellaneous	<u>1,134,772</u>	<u>1,487,075</u>	<u>474,008</u>
TOTAL CONTRIBUTIONS	837,689,455	837,189,512	744,347,794
2. <b>Investment Income</b>			
Investments	1,770,675,206	1,164,270,344	1,765,081,493
Less, investment expenses	<u>-29,802,772</u>	<u>-26,020,649</u>	<u>-23,311,668</u>
TOTAL INVESTMENT INCOME	1,740,872,434	1,138,249,695	1,741,769,825
<b><u>OPERATING EXPENSES:</u></b>			
1. General Administration	13,343,504	12,240,915	10,876,626
Other Expenses	488,341	476,270	508,399
2. <b>Benefits Paid</b>			
a) Pension Benefits	1,204,472,977	1,139,814,334	1,075,298,667
b) Return of Contrib.	<u>38,556,907</u>	<u>30,391,992</u>	<u>26,714,645</u>
TOTAL BENEFITS PAID	1,243,029,884	1,170,206,326	1,102,013,312
3. Total Expenses	1,256,861,729	1,182,923,511	1,113,398,337
<b><u>NET MARKET VALUE INCREASE:</u></b>	1,321,700,160	792,515,696	1,372,719,282

**EXHIBIT 2 (Continued)**  
**Financial Summary**

**FINANCIAL SUMMARY**  
**STATEMENT OF ASSETS**  
**FOR FISCAL YEAR ENDING**

	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
<b>ASSETS:</b>			
<b>1. Short Term Assets</b>			
Cash in Banks	\$ 59,572,968	\$ 24,677,100	\$ 30,677,716
Domestic Securities	178,839,314	256,739,631	910,719,505
Foreign Securities	24,802,808	40,210,400	0
<b>2. Bonds</b>			
Domestic Bonds	2,121,505,657	1,913,039,451	1,659,559,992
Foreign Bonds	449,917,634	497,213,792	560,651,839
<b>3. Equities (at market)</b>			
Domestic	5,630,073,349	5,796,790,445	4,926,745,546
International	3,188,085,062	1,969,333,622	1,454,136,303
Private Equity	2,162,400,411	2,017,705,197	2,263,185,124
<b>4. Other Assets</b>			
Real Estate Trust	0	0	0
Fixtures/Property	4,515,507	4,677,168	4,923,034
Receivables-Payables	<u>187,900,038</u>	<u>165,525,782</u>	<u>82,797,833</u>
<b>TOTAL ASSETS</b>			
Market Value	14,007,612,748	12,685,912,588	11,893,396,892
Valued at Cost	12,972,034,983	11,880,687,436	11,231,410,500

**ACTUARIAL VALUE OF ASSETS:**

TOTAL ASSETS	\$14,007,612,748	\$12,685,912,588	\$11,893,396,892
Change in Unrealized (G/L)			
Plan Year - 2 (wt. 1/4)	561,550,408	503,225,833	-753,660,174
Plan Year - 1 (wt. 2/4)	143,238,760	561,550,408	503,225,833
Plan Year (wt. 3/4)	<u>230,352,613</u>	<u>143,238,760</u>	<u>561,550,408</u>
Actuarial Value of Assets	<u>13,622,841,306</u>	<u>12,171,901,856</u>	<u>11,409,036,213</u>

**INVESTMENT YIELD:**

Yield to Actuarial Value	15.65%	9.87%	9.85%
Five Year Actuarial Value	4.42%	1.44%	2.83%
Yield to Market Value	13.97%	9.71%	16.85%
DROP Account Yield	15.15%	9.37%	9.35%

**EXHIBIT 2 (Continued)**  
**Financial Summary**

**FINANCIAL SUMMARY**  
**STATEMENT OF ASSETS**  
**FOR FISCAL YEAR ENDING**

	<u>June 30, 2006</u>	-----Prior Years----- <u>June 30, 2005</u>	<u>June 30, 2004</u>
<b><u>EMPLOYER CREDIT ACCOUNT<sup>1</sup>:</u></b>			
Prior Year Ending Balance	0	0	n/a
+ Contributions	0	0	n/a
- Disbursements	0	0	n/a
+ Accumulated Interest	0	0	n/a
Account Balance - Year End	<u>0</u>	<u>0</u>	<u>n/a</u>
<b><u>LSU AGRICULTURE AND EXTENSION SERVICE:</u></b>			
Prior Year Ending Balance	-9,347	-368,646	-180,974
+ Contributions	1,228,150	1,647,822	1,066,108
- Benefit Disbursements	1,341,378	1,270,335	1,228,150
+ Accumulated Interest	-10,001	-18,188	-25,630
Fund Balance - Year End	<u>-132,576</u>	<u>-9,347</u>	<u>-368,646</u>
<b><u>INITIAL UAL FUND:</u></b>			
Prior Year Ending Balance	195,560,290	177,998,352	162,031,438
+ Current Year Allocation	26,400,000	0	0
+ Accumulated Interest	30,606,415	17,561,938	15,966,914
Fund Balance - Year End	<u>252,566,705</u>	<u>195,560,290</u>	<u>177,998,352</u>
<b><u>EXPERIENCE ACCOUNT FUND:</u></b>			
Prior Year Ending Balance	89,229,521	0	-1,088,630,751
+ Experience Account Allocation	431,421,829	89,229,521	91,934,262
- Benefit Disbursements	0	0	0
+ Accumulated Interest	13,964,981	0	-107,275,933
Fund Balance - Year End	<u>534,616,331</u>	<u>89,229,521</u>	<u>0<sup>2</sup></u>
<b><u>DEVELOPMENT OF VALUATION ASSETS:</u></b>			
Actuarial Value of Assets	13,622,841,306	12,171,901,856	11,409,036,213
- Employer Credit Account	0	0	0
- LSU Ag/Ext Service Account	-132,576	-9,347	-368,646
- Initial UAL Amortization Fund	252,566,705	195,560,290	177,998,352
- Experience Account Fund	534,616,331	89,229,521	0
Valuation Assets	<u>12,835,790,846</u>	<u>11,887,121,392</u>	<u>11,231,406,507</u>

<sup>1</sup>The Employer Credit Account was created by ACT 588 of 2004.

<sup>2</sup>Act 588 of 2004 reset the Experience Account Balance to zero.

## EXHIBIT 3

**PENSION ACCOUNTING  
AND  
FINANCIAL DISCLOSURE**

The Governmental Accounting Standards Board (GASB) was established as an arm of the Financial Accounting Foundation in April, 1984 by amendment to the Foundation's certificate of incorporation and by-laws. GASB's objective is to promulgate standards of financial accounting and reporting relative to the activities and transactions of state and local governmental entities. The following disclosures and statistical tables are in accordance with the GASB's Statement No. 25.

**SCHEDULE OF FUNDING PROGRESS**

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets <sup>1</sup> (a)	Actuarial Accrued Liability(AAL) (b)	Unfunded AAL (UAAL) <sup>2</sup> (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
1997	7,752,591	12,077,642	4,325,051	64.2	2,337,574	185.0
1998	9,071,749	13,185,190	4,113,442	68.8	2,485,058	165.5
1999	10,092,093	13,913,416	3,821,323	72.5	2,569,479	148.7
2000	11,368,692	14,596,441	3,227,749	77.9	2,563,634	125.9
2001	12,062,136	15,390,417	3,328,281	78.4	2,582,831	128.9
2002	12,019,552	16,263,239	4,243,687	73.9	2,777,667	152.8
2003	11,826,926	17,196,812	5,369,886	68.8	2,977,885	180.3
2004	11,409,404	18,067,486	6,658,082	63.1	3,017,087	220.7
2005	12,082,682	18,699,765	6,617,083	64.6	3,132,169	211.3
2006	13,088,358	19,390,781	6,302,423	67.5	2,892,959	217.9

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by \$691,015,894 from June 30, 2005 to June 30, 2006. There was a net experience gain of \$470,579,056.

<sup>1</sup>The Actuarial Value of Assets for GASB reporting includes the Initial UAL Amortization Fund Assets in the Valuation Assets (see page 12).

<sup>2</sup>UAAL differs from the UFAL for funding purposes. UFAL for funding purposes excludes Texaco Settlement Fund Assets (see page 12).

**EXHIBIT 3 (Continued)**

**Pension Accounting & Financial Disclosure**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year</u>	<u>Actuarial Required Contribution</u>	<u>Percent Contributed</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u> <sup>1</sup>
1997	412,712,131	99.5	404,444,194	410,755,368	101.6	13,348,657
1998	458,498,592	101.7	453,058,482	466,539,858	102.9	-132,719
1999	452,835,560	108.5	449,891,479	491,119,749	109.2	-41,360,991
2000	437,710,389	107.5	444,575,883	470,320,825	105.8	-67,105,933
2001	404,060,783	110.2	416,196,824	445,371,171	107.0	-96,280,280
2002	421,195,131	104.9	443,053,905	441,801,709	99.7	-95,028,086
2003	479,077,364	98.0	506,747,733	469,346,469	92.6	-57,626,822
2004	527,899,270	94.4	554,174,817	498,236,803	89.9	-1,688,806
2005	555,169,630	105.6	568,930,106	586,216,595	103.0	-18,975,295
2006	555,342,400	108.1%	567,282,575	572,773,243	101.0	-24,465,963

Analysis of the percentage contributed over a period of years will give a relative indication of the funding progress for the liabilities of the Teachers' Retirement System of Louisiana.

The difference between the Actuarial Required Contribution and the APC is the amortization payment for the Net Pension Obligation (see Exhibit A).

-24,465,964

**DEVELOPMENT OF NET PENSION OBLIGATION:**

(1) Actuarially Required Contribution	555,342,400
(2) Interest on Net Pension Obligation	-1,565,462
(3) Amortization of Net Pension Obligation	-13,505,637
(4) Annual Pension Cost (1)+(2)-(3)	567,282,575
(5) Employer Contribution	572,773,243
(6) Increase (decrease) in Net Pension Obligation	-5,480,668
(7) Net Pension Obligation Beginning of Year	-18,975,295
(8) Net Pension Obligation End of year (6)+(7)	-24,465,963

<sup>1</sup> Actuarial Contributions, the Annual Pension Cost (APC), and the actual employer contribution made have been adjusted with interest at the valuation rate to the end of the fiscal year in accordance with GASB's Statement No. 27, paragraph 21.

EXHIBIT 3 (Continued)  
Pension Accounting & Financial Disclosure

STATISTICAL DATA

COMPARATIVE SUMMARY OF REVENUES BY SOURCE  
AND EXPENSES BY TYPE

Revenues by Source

<u>Fiscal</u> <u>Year</u>	<u>Members</u> <u>Contribution</u>	<u>Employer</u> <u>Contribution</u> <sup>1</sup>	<u>Investment</u> <u>Income</u>	<u>Total</u>
1997	191,704,402	412,629,635	1,244,291,864	1,848,625,901
1998	208,275,106	449,771,623	1,603,472,505	2,261,519,234
1999	216,102,491	472,810,074	936,761,062	1,625,673,627
2000	224,684,434	452,965,401	1,525,771,416	2,203,421,251
2001	226,754,298	429,112,566	-594,326,474	61,540,390
2002	246,119,537	427,674,482	-946,882,960	-273,088,941
2003	251,297,406	451,337,304	226,342,205	928,976,915
2004	264,999,131	479,348,663	1,741,769,825	2,486,117,619
2005	270,619,181	564,922,509	1,138,249,695	1,973,791,385
2006	258,412,024	579,277,431	1,740,872,434	2,578,561,889

Expenses by Type

<u>Fiscal</u> <u>Year</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative</u> <u>Expenses</u>	<u>Total</u>
1997	624,736,789	20,841,868	6,011,443	651,590,100
1998	664,147,264	21,360,841	6,705,255	692,213,360
1999	735,328,349	21,238,599	7,044,432	763,611,380
2000	791,183,546	22,458,244	7,733,662	821,375,456
2001	858,979,906	26,948,712	8,655,615	894,584,233
2002	920,593,341	23,432,297	9,361,965	953,387,603
2003	1,003,327,453	22,287,120	11,178,783	1,036,793,356
2004	1,075,298,667	26,714,645	11,385,025	1,113,398,337
2005	1,139,814,334	30,391,992	12,717,185	1,182,923,511
2006	1,204,472,977	38,556,907	13,831,845	1,256,861,729

<sup>1</sup>Includes Miscellaneous Contribution/Income in addition to direct employer contributions.

**EXHIBIT 4**

**CENSUS DATA**

**GENERAL COMMENTS**

The data contained in this valuation is summarized on the following pages with exceptions noted below. The profile depicted in the cellular graphs represents "error-free data," which serves as the basis for determining costs and liabilities. Active members are allocated to cells based upon attained age and years of service. Retirees and Survivors are allocated to cells based upon attained age and years elapsed since retirement or commencement of benefits.

The validity of the results of any actuarial valuation is dependent upon the accuracy of the data base. Prior to processing, records identified as containing suspicious data or errors in data were assumed to possess the same characteristics of "good data" in the same cohort based on the following error types:

- missing sex code
- missing or invalid date of birth
- missing or invalid date of employment
- missing or invalid salary
- invalid retirement dates

Suspicious data are not necessarily errors, but data which falls outside the parameters of the editing process for further checking.

The Terminated Vested status is overstated. It contains a number of retirement and DROP applications awaiting final certification.

There was a shift of approximately 1,000 disability members to regular retirement status resulting from a revision in the interpretation and implementation of the disability statute.

The following is a summary by plan of the data submitted for valuation:

	-----2006-----		-----2005-----	
	<u>Census</u>	<u>Avg.Sal.</u>	<u>Census</u>	<u>Avg.Sal.</u>
Active Members				
TRs - Regular Plan	71,240	34,013	76,299	33,921
TRs - University Plan	5,656	51,063	5,984	51,767
TRs - Plan A	339	20,419	428	19,721
TRs - Plan B	1,221	14,229	1,835	14,145
TRs - Post DROP	<u>2,891</u>	<u>48,780</u>	<u>3,097</u>	<u>46,734</u>
<b>TOTAL</b>	<b>81,347</b>	<b>35,370</b>	<b>87,643</b>	<b>35,109</b>

**EXHIBIT 4 (Continued)**  
**Census Data**

	<u>2006 Census</u>	<u>2005 Census</u>
Retired and Inactive Members		
Regular Retirees	49,776	46,035
Disability Retirees	2,865	3,836
DROP Participants	4,042	4,375
Survivors	4,871	4,654
Vested and Reciprocals	7,039	4,454
Due Refunds	<u>12,749</u>	<u>10,799</u>
TOTAL	81,342	74,153
 TOTAL Actives & Inactives	 162,689	 161,796

Salary data contained in the profiles and valuation report exceed the sums reported by internal audit due to salary annualization. In the valuation process, membership data with fractional service in the first year of employment annualizes the salary.

Actuarial Salaries	-	\$2,892,959,473
Actual Salaries for which contributions were received	-	\$3,237,362,212

**Demographic Trends**

The table on the following page illustrates the demographic changes by sex and age groups that the retirement system has experienced since June 30, 1979. A review of these changes is necessary to fully appreciate the changes in funding that the system is experiencing. Traditionally, benefit increases through plan amendments, large salary growth and cost of living increases were well recognized as cost contributors, but the potential cost impact resulting from these socio-economic changes can vary depending on the changing demographic structure of the plan as follows:

The retirement system continues to incur increased funding (although offset by experience gains) due to a decline in male teachers. The ratio of males to females has declined from .406 to .203 during the last twenty-seven (27) years. Funding requirements for females is 1% of payroll greater than their male counterparts.

EXHIBIT 4 (Continued)  
Employee Census

DEMOGRAPHIC CHANGE

Active Participants

MALES

<u>Age Group</u>	<u>1979</u>		<u>2005</u>		<u>2006</u>		<u>27 Year %</u>
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Change</u>
[ 20 - 29 )	2,900	.15	1,772	.12	1,624	.12	-.03
[ 30 - 39 )	7,035	.35	3,596	.25	3,336	.25	-.10
[ 40 - 49 )	5,719	.29	3,782	.26	3,389	.26	-.03
[ 50 - 59 )	3,316	.17	4,212	.29	3,848	.29	+.12
[ 60 - )	739	.03	1,151	.08	1,046	.08	+.05
TOTAL	19,709	1.00	14,513	1.00	13,243	1.00	

FEMALES

<u>Age Group</u>	<u>1979</u>		<u>2005</u>		<u>2006</u>		<u>27 Year %</u>
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Change</u>
[ 20 - 29 )	12,150	.25	8,524	.12	7,997	.12	-.13
[ 30 - 39 )	17,302	.36	17,175	.25	16,181	.25	-.11
[ 40 - 49 )	11,604	.24	22,631	.32	20,712	.32	+.08
[ 50 - 59 )	6,446	.13	19,043	.27	17,746	.27	+.14
[ 60 - )	1,024	.02	2,660	.04	2,577	.04	+.02
TOTAL	48,526	1.00	70,033	1.00	65,213	1.00	

Distribution by Sex

	<u>1979</u>	<u>2005</u>	<u>2006</u>	<u>% Change From 1979</u>
Males (%)	29%	17.2%	16.9%	-12.1%
Females (%)	71%	82.8%	83.1%	+12.1%
Ratio (M/F)	.406	.208	.203	

SJ Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

TRS RETIREMENT SYSTEM  
ALL ACTIVE MEMBERS

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

Age/Years:	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
[ 0 - 19):	3	3	0	0	0	0	0	0	0	6
:	9739	29744	0	0	0	0	0	0	0	39483
[20 - 24):	491	1448	4	0	0	0	0	0	0	1943
:	6594622	43027723	69732	0	0	0	0	0	0	49692077
[25 - 29):	666	5446	1556	4	0	0	0	0	0	7672
:	10449662	169745916	53518829	64444	0	0	0	0	0	233778851
[30 - 34):	467	3433	4101	1006	3	0	0	0	0	9010
:	6897812	101745928	145584679	38698950	132957	0	0	0	0	293060326
[35 - 39):	418	2961	2936	3209	973	10	0	0	0	10507
:	5988048	83694677	96906053	126724858	39806499	262476	0	0	0	353382611
[40 - 44):	330	2625	2579	2245	2694	959	27	0	0	11459
:	4044526	69933876	76255221	77670873	112093973	41360031	838061	0	0	382196561
[45 - 49):	293	2058	2463	2379	2097	2152	1194	6	0	12642
:	4392602	55527704	73193001	77712459	80732419	95933248	55602970	245753	0	443340156
[50 - 54):	240	1603	1920	2119	2313	1917	3155	195	0	13462
:	4319996	48182117	59798626	69075553	86766362	85190223	154992758	11495470	0	519821105
[55 - 59):	147	1048	1284	1572	1809	1695	425	136	16	8132
:	2382282	34427250	41931226	53959779	68673517	71679309	24017766	9567834	988446	307627409
[60 - 64):	51	349	472	377	489	516	206	72	46	2578
:	815595	12107614	14249653	13204300	20278520	25615387	11951567	5330057	3682143	107234836
[65 - 69):	12	126	113	87	125	107	114	46	46	776
:	240927	3831574	3545675	3019079	5174889	6089274	5896109	2898164	3267861	33963552
[70 - 74):	10	34	32	20	39	33	49	30	22	269
:	228188	1125113	993585	447446	1513649	1838618	2738507	1577682	1572231	12035019
Total	3128	21134	17460	13018	10542	7389	5170	485	130	78456
:	46364000	623379236	566046280	460577741	415172785	327968566	256037738	31114960	9510681	2736171987

AVERAGES --- Attained Age 43.80  
Service Years 10.85  
Active Salary 34,875

SJ Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

TRS RETIREMENT SYSTEM  
ACTIVE AFTER DROP

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY  
DROP BENEFITS

VALUATION DATE 6/30/2006

Age/Years:	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	Total
:[ 0 - 34):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:[35 - 39):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:[40 - 44):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:[45 - 49):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:[50 - 54):	56	8	3	2	1	0	0	0	0	70
:	2135046	276879	92882	95504	27134	0	0	0	0	2627445
:	2021292	185904	54840	47268	17112	0	0	0	0	2326416
:[55 - 59):	427	367	203	91	57	18	0	0	0	1163
:	16047695	20000391	11098716	5137576	3226334	933475	0	0	0	56444187
:	13933812	12151032	6853656	3021096	1794228	496668	0	0	0	38250492
:[60 - 64):	187	155	177	132	107	245	0	0	0	1003
:	4227760	7000494	9658862	7942049	6627493	15068199	0	0	0	50524857
:	3110160	3221976	5144892	4157640	3393360	7508316	0	0	0	26536344
:[65 - 69):	11	16	103	72	69	216	10	0	0	497
:	110912	481705	3662311	2858386	2396325	12438369	616747	0	0	22564755
:	54264	149928	1245144	1006020	913836	5414844	342228	0	0	9126264
:[70 - 74):	4	5	8	10	20	86	25	0	0	158
:	119813	242970	364547	662844	1114430	4217724	2138018	0	0	8860346
:	81756	106128	218112	310056	554292	1991100	1010712	0	0	4272156
Total	685	551	494	307	254	565	35	0	0	2891
Total	22641226	28002439	24877318	16696359	13391716	32657767	2754765	0	0	141021590
Total	19201284	15814968	13516644	8542080	6672828	15410928	1352940	0	0	80511672

AVERAGES --- Attained Age 61.73  
Post Drop Years 2.95  
Active Salary 48,780  
Annual Benefit 27,849

SJ Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

TRS RETIREMENT SYSTEM  
ACTIVE - TEACHERS

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

Age/Years:	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
[ 0 - 19):	3	3	0	0	0	0	0	0	0	6
:	9739	29744	0	0	0	0	0	0	0	39483
[20 - 24):	440	1393	4	0	0	0	0	0	0	1837
:	5925323	41701937	69732	0	0	0	0	0	0	47696992
[25 - 29):	571	5044	1516	4	0	0	0	0	0	7135
:	8759904	157362763	52150883	64444	0	0	0	0	0	218337994
[30 - 34):	390	3059	3957	987	3	0	0	0	0	8396
:	5533894	88074497	140043034	37951836	132957	0	0	0	0	271736218
[35 - 39):	355	2622	2721	3088	952	10	0	0	0	9748
:	4663634	70166389	88374366	121611610	38874325	262476	0	0	0	323952800
[40 - 44):	292	2294	2364	2126	2608	923	25	0	0	10632
:	3410126	57180670	68477467	72985821	108324376	40059078	799072	0	0	351236610
[45 - 49):	253	1793	2272	2226	1958	2002	1131	6	0	11641
:	3600539	45254359	66822406	71822975	73994918	89706033	53408584	245753	0	404855567
[50 - 54):	192	1350	1742	1987	2151	1631	2885	180	0	12118
:	3302145	37511462	53956459	64425273	78865682	69244059	141527988	10504853	0	459337921
[55 - 59):	128	860	1146	1439	1640	1406	246	88	13	6966
:	2110764	25802182	36289663	48420158	60645551	57406015	11752560	5362255	793231	248582379
[60 - 64):	43	286	402	330	425	383	124	27	14	2034
:	633660	8551998	11805716	11171993	16652476	16010034	5394194	1311412	836548	72368031
[65 - 69):	9	102	99	68	104	69	71	22	15	559
:	185125	2713343	3161044	2038646	3943530	2801533	3039410	1002974	694798	19580403
[70 - 74):	6	26	26	18	34	14	21	16	7	168
:	122846	584769	790959	424298	1193499	535731	714273	689650	283954	5339979
Total	2682	18832	16249	12273	9875	6438	4503	339	49	71240
:	38257699	534934113	521941729	430917054	382627314	276024959	216636081	19116897	2608531	2423064377

AVERAGES --- Attained Age 43.44  
Service Years 10.78  
Active Salary 34,013

SJ Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

TRS RETIREMENT SYSTEM  
ACTIVE - LSU

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

Age/Years:	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
[ 0 - 19):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
[20 - 24):	30	30	0	0	0	0	0	0	0	60
:	316548	840903	0	0	0	0	0	0	0	1157451
[25 - 29):	60	226	11	0	0	0	0	0	0	297
:	1037734	7211945	374086	0	0	0	0	0	0	8623765
[30 - 34):	55	176	63	11	0	0	0	0	0	305
:	937029	7207483	2666758	457608	0	0	0	0	0	11268878
[35 - 39):	37	168	86	52	7	0	0	0	0	350
:	891164	8092808	3990730	2306366	358021	0	0	0	0	15639089
[40 - 44):	21	155	54	31	37	10	0	0	0	308
:	405101	7597095	2812620	1569891	1797299	513426	0	0	0	14695432
[45 - 49):	27	109	52	34	52	46	10	0	0	330
:	504112	6061032	2471819	1853254	3356705	2412427	512548	0	0	17171897
[50 - 54):	25	96	50	31	47	120	80	8	0	457
:	563986	5340750	2284105	1620744	2728993	9497730	5621732	698322	0	28356362
[55 - 59):	10	83	53	42	52	92	75	28	0	435
:	115410	5288148	2861000	2421110	3452683	6901228	7107654	2747413	0	30894646
[60 - 64):	1	30	20	16	23	65	46	27	16	244
:	25000	2026966	998585	987284	1684729	5906752	4605794	2761650	1637936	20634696
[65 - 69):	2	10	4	6	6	16	16	12	11	83
:	48908	591574	203851	306716	672436	1800710	1404491	1212296	1184943	7425925
[70 - 74):	4	3	3	1	3	6	12	5	6	43
:	105342	318999	51813	10241	284298	664005	1331339	534191	705931	4006159
Total	272	1086	396	224	227	355	239	80	33	2912
Total	4950335	50577703	18715367	11533214	14335164	27696278	20583558	7953872	3528810	159874301

AVERAGES --- Attained Age 46.12  
Service Years 10.53  
Active Salary 54,902

SJ Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

TRS RETIREMENT SYSTEM  
ACTIVE - UNIVERSITY

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

Age/Years:	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
[ 0 - 19):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:										
[20 - 24):	21	25	0	0	0	0	0	0	0	46
:	352750	484883	0	0	0	0	0	0	0	837633
:										
[25 - 29):	34	164	27	0	0	0	0	0	0	225
:	647028	5034283	960058	0	0	0	0	0	0	6641369
:										
[30 - 34):	21	168	71	7	0	0	0	0	0	267
:	418489	6097800	2745785	276437	0	0	0	0	0	9538511
:										
[35 - 39):	22	128	90	60	11	0	0	0	0	311
:	416661	4894479	4038429	2660184	525392	0	0	0	0	12535145
:										
[40 - 44):	13	103	81	52	38	10	0	0	0	297
:	185377	4254398	3806410	2596302	1778808	487919	0	0	0	13109214
:										
[45 - 49):	12	86	67	65	55	47	18	0	0	350
:	275156	3312114	2917112	3228564	2861400	2697391	890026	0	0	16181763
:										
[50 - 54):	16	109	59	49	76	82	89	5	0	485
:	388880	4760883	2637038	2212565	4484021	4822617	5555282	266990	0	25128276
:										
[55 - 59):	6	70	52	56	64	86	60	19	3	416
:	127458	2894137	2329924	2587356	3687342	5469078	4433938	1444890	195215	23169338
:										
[60 - 64):	6	24	24	17	31	52	21	16	15	206
:	151923	1420245	1107238	863394	1812627	3437723	1694136	1226892	1189709	12903887
:										
[65 - 69):	0	11	3	11	7	19	20	10	19	100
:	0	492462	91792	646220	443889	1446936	1296451	658116	1368707	6444573
:										
[70 - 74):	0	5	2	0	2	8	10	5	9	41
:	0	221345	141152	0	35852	559820	598276	309223	582346	2448014
:										
Total	151	893	476	317	284	304	218	55	46	2744
Total	2963722	33867029	20774938	15071022	15629331	18921484	14468109	3906111	3335977	128937723

AVERAGES --- Attained Age 46.94  
Service Years 11.24  
Active Salary 46,989

SJ Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

TRS RETIREMENT SYSTEM  
ACTIVE - LUNCH PLAN A

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

Age/Years:	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
:[ 0 - 19):	0	0	0	0	0	0	0	0	0	0
:[ 20 - 24):	0	0	0	0	0	0	0	0	0	0
:[ 25 - 29):	0	0	0	0	0	0	0	0	0	0
:[ 30 - 34):	0	0	0	0	0	0	0	0	0	0
:[ 35 - 39):	0	0	0	0	0	0	0	0	0	0
:[ 40 - 44):	0	0	1	0	1	6	2	0	0	10
:[ 45 - 49):	0	0	0	1	2	34	28	0	0	65
:[ 50 - 54):	1	0	0	2	3	55	85	1	0	147
:[ 55 - 59):	0	0	0	3	6	58	10	0	0	77
:[ 60 - 64):	0	0	0	0	2	8	9	0	1	20
:[ 65 - 69):	0	0	0	1	0	1	5	2	1	10
:[ 70 - 74):	0	0	0	0	0	2	4	4	0	10
Total	1	0	1	7	14	164	143	7	2	339
Total	20000	0	13888	80929	258034	3188578	3230158	93015	37363	6921965

AVERAGES --- Attained Age 54.14  
Service Years 24.66  
Active Salary 20,419

SJ Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

TRS RETIREMENT SYSTEM  
ACTIVE - LUNCH PLAN B

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

Age/Years:	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
:[ 0 - 19):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:										
:[20 - 24):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:										
:[25 - 29):	1	12	2	0	0	0	0	0	0	15
:	4995	136925	33802	0	0	0	0	0	0	175722
:										
:[30 - 34):	1	30	10	1	0	0	0	0	0	42
:	8401	366148	129102	13069	0	0	0	0	0	516720
:										
:[35 - 39):	4	43	39	9	3	0	0	0	0	98
:	16589	541001	502528	146698	48761	0	0	0	0	1255577
:										
:[40 - 44):	4	73	79	36	10	10	0	0	0	212
:	43922	901713	1144836	518859	163840	188208	0	0	0	2961378
:										
:[45 - 49):	1	70	72	53	30	23	7	0	0	256
:	12795	900199	981664	799353	475128	397914	109530	0	0	3676583
:										
:[50 - 54):	6	48	69	50	36	29	16	1	0	255
:	44985	569022	921024	795231	624278	511706	349163	1686	0	3817095
:										
:[55 - 59):	3	35	33	32	47	53	34	1	0	238
:	28651	442783	450639	492349	779905	859629	537579	13276	0	3604811
:										
:[60 - 64):	1	9	26	14	8	8	6	2	0	74
:	5012	108405	338114	181629	115996	107658	70492	30103	0	957409
:										
:[65 - 69):	1	3	7	1	8	2	2	0	0	24
:	6894	34195	88988	15427	115034	22744	26916	0	0	310198
:										
:[70 - 74):	0	0	1	1	0	3	2	0	0	7
:	0	0	9661	12907	0	49408	26152	0	0	98128
:										
-----										
: Total :	22	323	338	197	142	128	67	4	0	1221
: Total :	172244	4000391	4600358	2975522	2322942	2137267	1119832	45065	0	17373621
:										

AVERAGES --- Attained Age 49.60  
Service Years 10.68  
Active Salary 14,229

SJ Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS RETIRED

TRS RETIREMENT SYSTEM  
REGULAR RETIREES

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2006

Age/Years:	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	Total
[ 0 - 39):	4	0	1	0	0	0	0	0	0	5
:	39660	0	12252	0	0	0	0	0	0	51912
[40 - 44):	42	27	11	6	3	10	0	0	0	99
:	690024	423768	156636	62412	51480	146724	0	0	0	1531044
[45 - 49):	127	93	64	88	85	208	7	0	0	672
:	2282172	1642116	1073388	1295820	1275348	2774760	55548	0	0	10399152
[50 - 54):	413	230	172	134	127	698	214	7	0	1995
:	11704020	5496540	3998592	2448192	2203776	9919392	2675760	54564	0	38500836
[55 - 59):	1546	1240	848	654	469	1092	658	248	1	6756
:	45327264	36710076	24744240	18228984	12232632	20400036	9118416	2877996	9168	169648812
[60 - 64):	1082	979	1024	1025	1013	3150	680	553	130	9636
:	23058852	20667060	22817976	23954808	23337072	78912564	12717564	7658016	1665576	214789488
[65 - 69):	364	384	494	531	585	3762	1817	789	535	9261
:	8214312	8985024	10715604	11030100	11489544	77519340	47211288	15218940	6667968	197052120
[70 - 74):	107	113	134	137	200	1877	2430	1966	1177	8141
:	2773260	2946996	3000864	3330204	4184772	38469216	48776508	45686916	17937612	167106348
[75 - 79):	25	24	27	30	41	520	1380	1949	2021	6017
:	614040	618396	641460	781776	860448	11782080	26643408	31521636	36457044	109920288
[80 - 84):	3	2	5	7	11	92	353	954	2393	3820
:	128148	106416	114108	88884	218688	2130204	7330476	15657960	36749628	62524512
[85 - 89):	2	3	2	0	1	17	32	203	2036	2296
:	58536	66312	43272	0	4500	396300	487092	3473460	28399140	32928612
[90 - 99):	0	0	0	0	0	0	4	4	1070	1078
:	0	0	0	0	0	0	59256	109248	14456844	14625348
Total	3715	3095	2782	2612	2535	11426	7575	6673	9363	49776
:	94890288	77662704	67318392	61221180	55858260	242450616	155075316	122258736	142342980	1019078472

AVERAGES --- Attained Age 68.92  
Years Retired 11.26  
Annual Benefit 20,473

SJ Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS RETIRED

TRS RETIREMENT SYSTEM  
DISABILITY RETIREES

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2006

Age/Years:	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	Total
[ 0 - 39):	3	9	9	4	2	8	2	0	0	37
:	32532	113172	101712	37320	18624	79344	20340	0	0	403044
[40 - 44):	8	14	10	6	6	26	7	1	1	79
:	90060	155892	113856	64320	72804	237000	79716	5580	9672	828900
[45 - 49):	25	22	14	16	15	47	34	11	2	186
:	335040	255480	143676	160632	148068	403440	390960	113172	24288	1974756
[50 - 54):	34	34	32	30	30	69	78	45	13	365
:	409776	307392	316824	268284	262164	551940	948864	437460	134376	3637080
[55 - 59):	48	46	45	40	35	99	125	101	58	597
:	506664	451296	465660	387948	254112	734472	1541712	1129164	656184	6127212
[60 - 64):	4	0	1	0	2	3	134	127	76	347
:	36216	0	8172	0	13824	13104	1306788	1410636	873108	3661848
[65 - 69):	1	0	0	0	0	0	134	138	127	400
:	24864	0	0	0	0	0	960468	1337412	1511964	3834708
[70 - 74):	0	0	0	0	0	0	77	145	159	381
:	0	0	0	0	0	0	513600	1232484	1897212	3643296
[75 - 79):	0	0	0	0	0	0	13	68	142	223
:	0	0	0	0	0	0	61644	557400	1482288	2101332
[80 - 84):	0	0	0	0	0	0	2	36	123	161
:	0	0	0	0	0	0	7524	298104	1218864	1524492
[85 - 89):	0	0	0	0	0	0	0	3	61	64
:	0	0	0	0	0	0	0	41088	583536	624624
[90 - 99):	0	0	0	0	0	0	0	0	25	25
:	0	0	0	0	0	0	0	0	252168	252168
Total	123	125	111	96	90	252	606	675	787	2865
Total	1435152	1283232	1149900	918504	769596	2019300	5831616	6562500	8643660	28613460

AVERAGES --- Attained Age 63.55  
Years Retired 14.71  
Annual Benefit 9,987

SJ Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS RETIRED

TRS RETIREMENT SYSTEM  
SURVIVOR BENEFITS

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2006

Age/Years:	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	Total
[ 0 - 39):	27	47	32	24	23	106	53	51	14	377
:	281136	444156	317388	213984	149532	863208	532896	343500	83904	3229704
[40 - 44):	11	13	12	9	14	41	14	3	4	121
:	111720	216492	164940	143340	223032	409056	225780	50988	42408	1587756
[45 - 49):	16	18	12	8	5	53	24	6	9	151
:	208272	251484	138144	147504	37776	662424	328884	45864	53940	1874292
[50 - 54):	16	20	19	25	13	76	41	21	18	249
:	358668	351564	218892	283164	211488	1009056	544968	212640	158352	3348792
[55 - 59):	24	42	33	36	24	109	76	40	30	414
:	423444	777480	490656	694752	350592	1710504	1081152	451548	336996	6317124
[60 - 64):	31	43	36	34	37	148	92	56	54	531
:	671568	882276	633660	801456	653232	2695740	1466760	701796	584688	9091176
[65 - 69):	52	53	42	40	50	191	122	67	71	688
:	977808	992052	813540	863052	825144	3650160	2031264	1050708	862104	12065832
[70 - 74):	45	42	46	44	42	185	140	92	124	760
:	717852	767652	796260	809160	720012	3221868	2405736	1403724	1553352	12395616
[75 - 79):	41	27	33	45	49	146	122	86	120	669
:	544260	605388	641340	671568	690852	2358036	1978020	1371576	1474680	10335720
[80 - 84):	37	34	28	32	16	111	86	56	114	514
:	623040	437952	323760	363960	251856	1578996	1179324	757884	1412100	6928872
[85 - 89):	7	15	10	14	13	74	45	29	78	285
:	66360	294840	109248	186504	142296	777744	549804	390396	956580	3473772
[90 - 99):	3	7	2	8	1	19	22	15	35	112
:	37068	68952	5352	70116	12720	244440	352548	154920	364704	1310820
Total	310	361	305	319	287	1259	837	522	671	4871
Total	5021196	6090288	4653180	5248560	4268532	19181232	12677136	6935544	7883808	71959476

AVERAGES --- Attained Age 66.36  
Years Retired 10.28  
Annual Benefit 14,773

SJ Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

TRS RETIREMENT SYSTEM  
TERM-VESTED/RECIPROCAL

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2006

Age/Years:	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
:[ 0 - 19):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:										
:[20 - 24):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:										
:[25 - 29):	0	0	57	0	0	0	0	0	0	57
:	0	0	208043	0	0	0	0	0	0	208043
:										
:[30 - 34):	1	0	492	25	0	0	0	0	0	518
:	537	0	2101613	186734	0	0	0	0	0	2288884
:										
:[35 - 39):	0	2	657	226	14	0	0	0	0	899
:	0	4804	2869883	1892403	171471	0	0	0	0	4938561
:										
:[40 - 44):	0	1	503	297	127	28	0	0	0	956
:	0	676	2116801	2247579	1553954	389361	0	0	0	6308371
:										
:[45 - 49):	0	2	436	315	199	111	38	1	0	1102
:	0	1636	1797673	2346175	2483307	1984671	797482	14785	0	9425729
:										
:[50 - 54):	3	6	409	349	189	174	480	12	0	1622
:	839	7350	1791669	2806259	2262197	2947688	12430459	424092	0	22670553
:										
:[55 - 59):	2	9	294	409	215	238	210	12	0	1389
:	1449	6042	1285913	3476151	2565932	4443896	6259736	494329	0	18533448
:										
:[60 - 64):	0	5	112	80	74	74	9	5	4	363
:	0	14934	475961	581203	922491	1533716	219497	227628	185798	4161228
:										
:[65 - 69):	0	0	14	25	10	4	13	6	5	77
:	0	0	59945	172184	104322	130566	401958	202286	171926	1243187
:										
:[70 - 74):	0	5	14	10	11	6	5	2	3	56
:	0	2242	42909	866322	134796	110722	166680	47212	165181	1536064
:										
-----										
: Total :	6	30	2988	1736	839	635	755	38	12	7039
: Total :	2825	37684	12750410	14575010	10198470	11540620	20275812	1410332	522905	71314068
:										

AVERAGES --- Attained Age 48.57  
Service Years 13.33  
Annual Benefit 10,131

SJ Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS RETIRED

TRS RETIREMENT SYSTEM  
DROP PARTICIPANTS

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2006

Age/Years:	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	Total
:[ 0 - 39):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:[40 - 44):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:[45 - 49):	11	5	2	0	0	0	0	0	0	18
:	218940	103452	38952	0	0	0	0	0	0	361344
:[50 - 54):	346	584	305	15	0	0	0	0	0	1250
:	12400548	20243424	10514136	660792	0	0	0	0	0	43818900
:[55 - 59):	460	786	789	46	0	0	0	0	0	2081
:	13919196	24292500	24959772	1793484	0	0	0	0	0	64964952
:[60 - 64):	148	258	239	9	0	0	0	0	0	654
:	2182668	4127328	4100628	213708	0	0	0	0	0	10624332
:[65 - 69):	7	11	8	0	0	0	0	0	0	26
:	102528	251076	37488	0	0	0	0	0	0	391092
:[70 - 74):	1	9	0	0	0	0	0	0	0	10
:	48780	297180	0	0	0	0	0	0	0	345960
:[75 - 79):	2	0	0	0	0	0	0	0	0	2
:	65460	0	0	0	0	0	0	0	0	65460
:[80 - 84):	1	0	0	0	0	0	0	0	0	1
:	2964	0	0	0	0	0	0	0	0	2964
:[85 - 89):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:[90 - 99):	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
Total	976	1653	1343	70	0	0	0	0	0	4042
Total	28941084	49314960	39650976	2667984	0	0	0	0	0	120575004

AVERAGES --- Attained Age 56.69  
Years Retired 1.54  
Annual Benefit 29,831

**EXHIBIT 5**

**PRINCIPLE PROVISIONS OF THE PLAN**

**EFFECTIVE DATE:**

August 1, 1936; last amendment date - July, 2004.

**EMPLOYER:**

The State of Louisiana, the parish school board, the city school board, the State Board of Education, the State Board of Supervisors, University or any other agency of and within the State by which a teacher is paid.

**ELIGIBILITY FOR PARTICIPATION:**

Condition of employment for all teachers

**CREDITABLE SERVICE:**

Service as a teacher while member of the system.

**ADDITIONAL SERVICE:**

1. Credit for service canceled by withdrawal of accumulated contributions may be restored by member by paying the amount withdrawn plus interest.
2. Service rendered in public school system of another state may be purchased at the actuarial cost of the additional retirement benefit, or at the member's option receive service credit based on the funds actually transferred.
3. Credit for service in non-public or parochial schools may be purchased at the actuarial cost of the additional retirement benefit, or at the member's option receive service credit based on the funds actually transferred.
4. Maximum of 4 years of credit for military service may be obtained for each member, contingent on payment of Actuarial Cost.
5. Credit for legislative service of former teacher, now legislator, may be purchased at the actuarial cost.
6. Conversion of Sick Leave to Membership Service: At retirement, or at death before retirement of member with surviving spouse or dependent or both who are entitled to benefits, unused accumulated sick leave will be added to membership service; however, leave accumulated after January 30, 1990 can be converted to a maximum one year service credit, on following basis:

**EARNABLE COMPENSATION:**

The compensation earned by a member for qualifying service.

**EXHIBIT 5 (Continued)**  
**Principle Provisions**

<u>CREDITED</u> <u>SERVICE</u>	<u>PRIOR TO</u> <u>6/30/88</u>	----- ACCUMULATED SICK DAYS -----			
		--- AFTER 6/29/88 BY MEMBER CLASSIFICATION ---			
		<u>9 MTH</u>	<u>10 MTH</u>	<u>11 MTH</u>	<u>12 MTH</u>
.1/yr		10-18	11-20	12-22	13-24
.2		19-36	21-40	23-44	25-48
.25	25-45				
.3		37-54	41-60	45-66	49-72
.4		55-72	61-80	67-88	73-96
.5	46-90	73-90	81-100	89-110	97-120
.6		91-108	101-120	111-132	121-144
.7		109-126	121-140	133-154	145-168
.75	91-135				
.8		127-144	141-160	155-176	169-192
.9		145-162	161-180	177-198	193-216
1.0	136-180	163-180	181-200	199-220	217-240

**AVERAGE FINAL COMPENSATION**

The average annual earnable compensation is the 36 highest successive months of employment or the highest 36 successive joined months where interruption of service occurred; the average compensation for purposes of computing benefits cannot increase more than 10% per year; members with 40 or more years of service who elect to have employee and employer contributions discontinued, average final compensation is determined prior to discontinuance. Includes workmen's compensation, and PIP's program in accordance with the following:

<u>Years of Participation</u>	<u>% of Earnings</u> <u>To be Included</u>
3	60%
4	80%
5	100%

However, if member completed at least two years and subsequently becomes disabled, he shall receive 40% of such earnings. If he has completed one year and becomes disabled, he shall receive 20% of such earnings.

**ACCUMULATED CONTRIBUTIONS:**

Sum of all amounts deducted from compensation of members.

**EMPLOYEE CONTRIBUTIONS:**

8% of earnable compensation. Prior to 7/1/89, 7% of earnable compensation.

**EMPLOYER CONTRIBUTIONS:**

Determined in accordance with Act 81 of the 1988 Session based on the Public Retirement Systems' Actuarial Committee's recommendation to the Legislature.

EXHIBIT 5 (Continued)  
Principle Provisions

RETIREMENT BENEFIT:

NORMAL RETIREMENT:

Eligibility:

Written application to Board, and

1. Age 60 and 5 years of accredited service, or 20 years of creditable teaching service if employed prior to July 1, 1999. Members employed on or after July 1, 1999 may retire with 20 years of creditable teaching service, actuarially reduced from Normal Eligibility requirements.
2. Age 55 and 25 years of creditable service, or at age 65 and 20 years of creditable service (excluding military service), or at 30 years of creditable service at any age. Conversion of unused sick and annual leave cannot be used to obtain retirement eligibility.

Benefit:

Annuity which shall be the actuarial equivalent of accumulated employee contributions at retirement date, and

1. Annual pension, which, together with annuity, provides total allowance equal to 2% of average final compensation times years of creditable service (including unused sick leave), plus \$300 annual supplemental benefit.
2. Annual pension, which, together with annuity, provides total allowance equal to 2 1/2% of average final compensation times years of creditable service (including unused sick leave), plus \$300 annual supplemental benefit.

NOTE:

- A. Benefit not to exceed 100% of average earnable compensation.
- B. Legislator's benefits to be calculated on basis of either Teacher's or Legislator's salary but not both - for new legislators (their option to choose); employee contribution to be 11% of either salary and expense allowance as legislator, not both.
- C. Retiree who returns to work shall have benefits suspended during the twelve month period following initial retirement.
- D. The \$300 annual supplemental benefit is discontinued to members who of the retirement system after 6/30/86 (Act 608 of 1986).
- E. For Members employed on or after July 1, 1999, the annual pension cannot exceed the maximum benefit provided under Section 415(b)(2)(F) of the Internal Revenue Service Code as adjusted for inflation and form of benefit other than life annuity or qualified joint and survivor annuity for retirement ages as follows:

**EXHIBIT 5 (Continued)**  
**Principle Provisions**

<u>AGE</u>	<u>MAXIMUM</u>	<u>AGE</u>	<u>MAXIMUM</u>	<u>AGE</u>	<u>MAXIMUM</u>
48	\$39,506	56	\$90,613	64	\$175,000
49	43,191	57	99,792	65	175,000
50	47,254	58	110,040	66	187,769
51	51,738	59	121,505	67	201,700
52	56,693	60	134,362	68	216,916
53	62,176	61	148,816	69	233,555
54	68,254	62	175,000	70	251,776
55	82,373	63	175,000		

**COST OF LIVING BENEFITS:**

Act 1031 of 1992 establishes an Experience Account which is credited with 50% of the excess investment experience gain and debited with 50% of the net investment experience loss. Balances in the experience account accrue interest at the average actuarial yield for the System portfolio. Act 402 of 1999 establishes that once the balance of the experience account accumulates to a sum sufficient to grant retirees a COLA, the Board shall grant such COLA not to exceed the lesser of the CPI-U or 2%. Benefits are restricted to those retirees who have attained the age of 55 and have been retired for at least one year.

Act 1172 of 2001 modified Act 409 of 1999 and added minimum benefits. The COLA is now limited to the first \$70,000 of benefits, indexed by the CPI-U. The age 55 restriction was removed for disability retirees. The 2% benefit can be increased to 3% if the investment return exceeds 8.25%.

Effective December 1, 2001, members with 25 years of service credit and retired 15 years receive \$200 per month, not to exceed a gross benefit of \$1000.

Effective March 1, 2002, minimum benefit payable to surviving spouse increases from \$300 to \$600 per month, and minimum benefits payable to surviving minor children increases from \$150 to \$300 per month.

**DISABILITY RETIREMENT:**

Eligibility:

5 years of creditable service; certification of disability by medical board (medical examination required once in every year for the first 5 years of disability retirement, and once in every 3 years thereafter, until age 60)

Benefit: Act 572 of 1995

1. If ineligible for service retirement at disability, a pension equal to 2 1/2% of average compensation multiplied by years of service. Benefit shall not be more than 50% of average compensation. However, in no event shall the benefit be less than the lesser of 40% of the state minimum salary for a beginning teacher with a bachelor's degree or 75% of average compensation.
2. Additional 50% of member's benefit payable if minor child is present, but total amount to family limited to 75% of final average compensation.

EXHIBIT 5 (Continued)  
Principle Provisions

3. Upon attainment of the earliest age for retirement eligibility had member continued in service without further change in compensation, member shall become a regular retiree with benefits based on years of creditable service but not less than the disability benefit. Minor children benefit for disability continue for as long as the retiree has a minor child.
4. Upon death of a disability retiree, surviving spouse, married to retiree at least two years prior to death of the disability retiree, shall receive 75% of disability benefit. Upon death of an unmarried retiree with minor children, the benefit shall equal 50% of disability benefit.
5. Upon recovery of disability as determined by the board of trustees, upon advice of the medical board, and returns to active membership for at least three years starting no later than one year after recovery, then he shall be credited with one year of service for each year disabled for purposes of establishing benefit eligibility, but not for computation of benefits.

SURVIVOR'S BENEFITS:  
(Effective July 13, 1978)

Eligibility:

1. Surviving Spouse (with minor children) of:
  - an active member with 5 years of creditable service with at least 2 years earned immediately prior to death; or,
  - a member with 20 years of creditable service regardless of when earned or whether in active service at time of death.
2. Surviving Spouse (without minor children) of:
  - an active member with 10 years of creditable service with at least 2 years earned immediately prior to death; or,
  - a member with 20 years of creditable service regardless of when earned or whether in active service at time of death.
3. Beneficiary not eligible for 1 or 2.

Benefits:

1. Greater of:
  - A.) \$600 per month, or
  - B.) 50% of benefit, based on 2 1/2% formula, that would have been payable upon service retirement at age 60 had member continued in service to age 60 without change in compensation. 50% of spouse's benefit payable for each minor child (not greater than two), with total benefit to family at least equal to the Option 2, Accrued Benefit based on actual service credit. Benefits to spouse cease upon remarriage, but resume upon subsequent divorce or death of new spouse; however, if the member was eligible to retire or had reached age 55 on the date of his death, benefits shall not cease

**EXHIBIT 5 (Continued)**  
**Principle Provisions**

upon remarriage. When minor children are no longer present, spouse's benefit reverts to benefit in B, for eligible spouse.

2. Greater of:
  - A.) \$600 per month
  - B.) Option 2 equivalent of Accrued Benefit based on actual service and the 2 1/2% formula. Spouse's benefit payable for life. Benefits to spouse cease upon remarriage, but resume upon subsequent divorce or death of new spouse; however, if the member was eligible to retire on the date of his death, benefits shall not cease upon remarriage.
3. Return of member's accumulated contributions.

**REFUND OF CONTRIBUTIONS:**

Death prior to retirement - accumulated contributions credited to individual account in annuity savings fund are returnable to designated beneficiary, if any; otherwise, to his estate.

**TERMINATION WITH VESTED SERVICE:**

Any member with credit for 5 years of service who withdraws from service may elect to leave accumulated contributions in system until age 60, when he may apply for retirement and begin receiving a retirement benefit based on the credits he had at date of withdrawal.

**OPTIONAL FORMS OF BENEFIT:**

In lieu of receiving normal retirement benefit, member may elect to receive actuarial equivalent of retirement allowance in a reduced form as follows:

Option 1 - If a member dies before receiving present value of annuity in monthly payments, balance paid to designated beneficiary.

Option 2 - Reduced retirement allowance, if member dies, to be continued to designated beneficiary for his lifetime.

Option 3 - 1/2 of reduced retirement allowance, if member dies, to be continued to designated beneficiary for his lifetime.

Option 4 - Other benefits of equal actuarial value may be elected with approval of board.

Options 2A, 3A, 4A - Same as Options 2, 3, and 4, except that reduced benefit reverts back to maximum if beneficiary predeceases retiree.

Initial Lump Sum Benefit Option - Members eligible but did not participate in DROP may elect an actuarially reduced pension and receive a lump-sum equal to not more than 36 months of the maximum monthly pension.

**EXHIBIT 5 (Continued)**  
**Principle Provisions**

**DEFERRED RETIREMENT OPTION PLAN:**

Instead of terminating employees and accepting a service retirement allowance, any member who has met the normal eligibility requirements may to participate in the Deferred Retirement Option Plan (DROP) and defer receipt of benefits.

**NORMAL ELIGIBILITY:**

Any member who is eligible to receive a 2.5% service retirement allowance may begin participation on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility.

**BENEFIT:**

Upon termination of employment, a participant will receive, at his option:

- (1) lump sum payment (equal to the payments to the account);
- (2) a true annuity based upon his account; or
- (3) Other methods of payment approved by the board of trustees.

If a participant dies during the period of participation in the program, his account balance shall be paid to the beneficiary, or if none, to his estate in In any form approved by the Board of Trustees.

If employment is not terminated at the end of DROP participation, then:

- (1) payment into account shall cease;
- (2) payment from account only upon termination of employment; and
- (3) the participant shall resume active contributing membership.

Then, upon termination of employment, the benefit payments indicated above shall be paid. The participant shall receive an additional retirement benefit based on additional service rendered since termination of participation in the fund, usually the normal method of computation of benefit subject to the following:

- (1) If additional service was less than 36 months, average compensation figure used to calculate initial benefit shall be that used.
- (2) If additional service was 36 or more months, the average compensation figure used to calculate the additional benefit shall be based on compensation during the period of additional service.

DROP Accounts shall earn interest following termination of DROP at a rate .5% below the actuarial rate of the System's investment portfolio.

Effective 1/1/2004 new DROP accounts are credited with Money Market rates or self directed accounts approved by the Board of Trustees.

**EXHIBIT 5 (Continued)**  
**Principle Provisions**

**DESCRIPTION OF BENEFITS  
FOR MERGED LSU EMPLOYEES**

**GENERAL:**

Eligibility for benefits based on the eligibility requirements of the Teachers' plan, except for deaths and disabilities before 1984. All service, funded and nonfunded, used in determining eligibility.

Final Average Salary was the average of the three highest years, except for academic year employees who retired within three years after 1/1/79. For this group, any salary used in the Final Average Salary calculation which was earned before 1/1/79 was increased by 2/9ths.

The Social Security breakpoint average, for service under the funded LSU plan, was frozen at the 12/31/78 level. That is, the breakpoint average for funded service was calculated as of 12/31/78 and kept constant. This produced the following breakpoint averages:

**Social Security Breakpoint Average**  
**(for LSU funded service)**

<u>Calendar Year of Entry</u>	<u>Breakpoint Average</u>
1971 or before	\$13,400
1972	\$13,800
1973	\$14,600
1974	\$15,360
1975	\$15,900
1976	\$16,500
1977	\$17,100
1978	\$17,700

**Retirement Benefits:**

Retirement benefits calculated using LSU funded service with the LSU formula and service after 12/31/78 with the Teacher's formula. Thus, the "funded" benefit is 1) 1 1/3% of Final Average Salary under the Social Security breakpoint average plus 2 1/2% of Final Average Salary over the Social Security breakpoint average, times years of "funded" service with LSU before 12/31/78, plus 2) 2 1/2% (or 2% if total service less than 20 years) times Final Average Salary times years since 1/1/79, plus \$300.

**Survivor's Benefits**

For deaths after 1983, the provisions of the Teachers' plan apply. However, the benefit is calculated using all service, funded and nonfunded, then prorated by service between the funded and nonfunded portions. Children's benefits are also prorated into the funded and nonfunded portions.

Exhibit 5 (Continued)  
Principle Provisions

Disability Benefits

For disabilities after 1983, the provisions of the Teachers' plan apply. However, the benefit is calculated using all service, then prorating by service between the funded and nonfunded portions. Children's benefits are also prorated.

Vesting Benefits

Benefits for terminating vested members was determined as outlined under "Retirement Benefits."

Refund of Contributions

Terminating members allowed a refund of accumulated contributions as described by the Teachers' plan.

Cooperative Extension personnel

The LSU employees eligible for the supplemental benefit described in Section 700.2 of Act 643 of 1978. The benefit is equal to 1% for the first five years of service, 3/4% for the next five years, and 1/2% thereafter. The funded benefit is the benefit based on service after September 12, 1975.

Optional Forms of Benefits:

Retiring members may elect options as described by the Teachers' plan.

Deferred Retirement Option Plan:

Eligible members may participate under same requirements as described by the Teachers' plan.

EXHIBIT 5 (Continued)  
Principle Provisions

DESCRIPTION OF BENEFITS  
FOR MERGED SCHOOL LUNCH EMPLOYEES

EFFECTIVE DATE:

January 1, 1953; Revised July 1, 1980.

1. Effective July 1, 1980, all employees shall become members of this system and shall be placed in the applicable plan as outlined below:

A.) Those participating in both the regular and the supplemental plan or only in the supplemental plan shall become members of Plan A.

B.) Those participating only in the regular plan shall become members of Plan B.

2. All individuals who become employed after July 1, 1980, shall become members of Plan A or Plan B as determined by the agreement in effect for each employer.

CREDITABLE SERVICE:

Service as an employee while member of the system.

MILITARY SERVICE:

Maximum of 4 years of credit may be purchased.

ADDITIONAL CREDITABLE SERVICE:

Credit for service canceled by withdrawal of accumulated contributions may be restored by paying into system the amount withdrawn plus regular interest.

EMPLOYEE CONTRIBUTIONS:

Plan A: 9.10% of monthly earnings

Plan B: 5% of monthly earnings

EMPLOYER CONTRIBUTIONS:

Plan A: Actuarial Required Amount (Effective 7/1/89)

Plan B: Actuarial Required Amount (Effective 7/1/89)

EXHIBIT 5 (Continued)  
Principle Provisions

SCHOOL LUNCH PLAN A

RETIREMENT BENEFIT:

NORMAL RETIREMENT:

Eligibility:

1. Age 60 and 5 years of creditable service.
2. Age 55 and 25 years of creditable service.
3. 30 years of creditable service, regardless of age.

Benefit:

3% of average final compensation times years of creditable service. For Members of only the supplemental plan prior to 7/1/80 and (\*). Those Members who were age 60 or older at the time the Member's Employer terminated its agreement with the Department of Health, Education and Welfare, and who became a Member of the retirement system because of this termination: 1% of average final compensation plus two dollars per month for each year of service credited prior to 7/1/80, plus 3% of average final compensation for each year of service credited after 7/1/80.

\*These members shall be eligible to retire upon reaching age 70, with less than 10 years of creditable service.

NOTE:

Benefit not to exceed 100% of average final compensation.

DISABILITY RETIREMENT:

Eligibility:

5 years of creditable service; certification of disability by the State Medical Disability Board.

Benefit:

Normal retirement allowance if eligible; otherwise, an amount equal to the normal retirement allowance to which the member would have been entitled had he met eligibility requirements; provided the amount is not less than 60%, nor more than 100% of average final compensation, in the event no optional selection is made.

EXHIBIT 5 (Continued)  
Principle Provisions

SURVIVOR'S BENEFITS:

Eligibility:

1. Surviving spouse of member with 5 or more years of service credit with at least 2 years earned immediately prior to death, or 20 years of service credit regardless of when earned or whether the deceased member was in active service at the time of death, with minor children.
2. Surviving spouse of member with 10 or more years of service credit with at least 2 years earned immediately prior to death, or 20 years of service credit regardless of when earned or whether the deceased member was in active service at the time of death, without minor children.
3. Beneficiary not eligible for 1 or 2.

Benefit:

1. Greater of:
  - A. \$600 per month, or
  - B. 50% of benefit, based on 3% factor, that would have been payable upon retirement at age 60 had member continued in service to age 60 without change in compensation. 50% of spouse's benefit payable for each minor child (maximum two children), with total benefit to family at least equal to the Option 2 benefit. Accrued Benefit based on actual service credit. Benefits to spouse cease upon remarriage, but resume upon subsequent death or divorce. When minor children are not longer present, spouse's benefit reverts to benefit in B, if spouse is eligible for such benefit.
2. Greater of:
  - A. \$600 per month, or
  - B. Option 2 equivalent of Accrued Benefit based on actual service and the 3% factor. Surviving spouse must have been married to the deceased member at least one year prior to death. If the member had not been eligible for retirement upon date of death, benefits to spouse cease upon remarriage, but resume upon subsequent death or divorce of new spouse.
3. Return of member's accumulated contributions.

EXHIBIT 5 (Continued)  
Principle Provisions

SCHOOL LUNCH PLAN B

RETIREMENT BENEFIT:

NORMAL RETIREMENT:

Eligibility:

1. Age 60 and 10 years of creditable service.
2. Age 55 and 30 years of creditable service.

Benefit:

Annual pension which provides total allowance equal to 2% of average final compensation times years of creditable service. (Maximum \$70 per month for each year of creditable service).

NOTE:

Benefit reduced by 3% for each year under age 62, unless member has 25 years of creditable service.

DISABILITY RETIREMENT:

Eligibility:

5 years of creditable service; certification of disability by the State Medical Disability Board.

Benefit:

Normal retirement allowance if eligible therefore; otherwise 2% of average final compensation times years of creditable service; provided amount not less than 30%, nor more than 75% of average final compensation, in the event no optional selection is made.

SURVIVOR'S BENEFITS:

Eligibility:

20 or more years of creditable service.

Benefit:

Option 2 benefit.

**EXHIBIT 5 (Continued)**  
**Principle Provisions**

**OPTIONAL FORMS OF BENEFIT:**

A member may elect to receive his benefit in a retirement allowance payable throughout his life, or member may elect to receive actuarial equivalent of retirement allowance in a reduced form as follows:

Option 1 - If a member dies before receiving present value of annuity in monthly payments, balance paid to designated beneficiary.

Option 2 - Reduced retirement allowance, if member dies, to be continued to designated beneficiary for his lifetime.

Option 3 - 1/2 of reduced retirement allowance, if member dies, to be continued to designated beneficiary for his lifetime.

Option 4 - Other benefits of equal actuarial value may be elected with approval of board.

Initial Benefit Option - Maximum benefit actuarially reduced for partial lump-sum equal to not more than 36 months of the maximum pension.

Options 2-4 are available in an "a" version which provides the same survivor benefit at the death of the retiree, but reverts to the maximum benefit if the survivor predeceases the retiree.

**RETURN OF CONTRIBUTIONS:**

Should a member not eligible to retire cease to be an employee, he shall be paid the amount of his accumulated contributions upon demand. Death prior to retirement with no survivors eligible for benefits - accumulated contributions are returnable to designated beneficiary, if any; otherwise, to his estate.

**TERMINATION WITH VESTED SERVICE:**

Any member with credit for 5 years of service who withdraws from service may elect to leave accumulated contributions in system until his earliest normal retirement date, when he may apply for retirement and begin receiving a retirement benefit based on average final compensation and creditable service at date of withdrawal.

**Deferred Retirement Option Plan:**

Retiring members may elect options as described by the Teachers' plan.

**NOTES**

## EXHIBIT 6

## ACTUARIAL COST METHODS AND ASSUMPTIONS

COST METHOD:

The "Projected Unit Credit" cost method was used to calculate the funding requirements of the retirement system. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is accumulated from the participant's attained age to the anticipated retirement date(s). That portion of the actuarial present value attributable to the current year's projected benefit accruals is called the Normal Cost. The actuarial present value of future projected benefits in proportion to service accrued on the date of valuation is called the actuarial accrued liability.

ASSET VALUATION:

Prior to June 30, 1997 the actuarial value of assets was the sum of the bonds at amortized cost, plus a weighted average of average unrealized loss (or gain) in the market value of equities.

For the Plan Year Ending June 30, 1997 and thereafter, the computation of the Actuarial Value of Assets is the market value of assets adjusted for a four year weighted average of the unrealized gain or loss in the value of all assets. This value is determined in accordance with Reg. 1.412(c)(2)-1-(6) & (7) of the Internal Revenue Service Code and is subject to the Corridor Limits defined therein.

ACCOUNTING DISCLOSURE:

The Governmental Accounting Standards Board Statement No. 25 requires the disclosure of "Credited Projected Benefits" for Public Employee Retirement Systems. The disclosures illustrated in Exhibit 3 were developed using the Projected Unit Credit cost method. The statement of assets provided by the audit staff was the final draft prior to publication. Should the statement of assets received differ from the final audit report, a revised actuarial statement will be issued, but only to the extent that any difference in reporting affects the employer's contribution rate or the yield to the Actuarial Value of Assets.

ACTUARIAL ASSUMPTIONS:

The Retirement System is required to conduct an experience study every five years, but the scope of such a study is not necessarily limited to a five year period. The current five year observation period (1997-2001) was chosen to coincide with the most recent period of data reporting following the restructuring of the Deferred Retirement Option Program. The rates are projected separately for Teachers, School Lunch Plan and Plan B, and University personnel. The current and prior rate tables are illustrated at the end of this exhibit.

**EXHIBIT 6 (Continued)**  
**Cost Methods & Assumptions**

**MORTALITY ASSUMPTIONS:**

Pre-retirement deaths and post-retirement life expectancies were projected in accordance with the experience of the 1983 Sex Distinct Graduated Group Annuity Mortality Table, with female ages set at attained age plus one.

**DISABILITY ASSUMPTION:**

Rates for total and permanent disability were projected by age in accordance with the most recent Experience Study. The rates are based upon attained age at occurrence. For mortality after disability, rates were on the Eleventh Actuarial Valuation of the Railroad Retirement System for permanent disabilities.

**RETIREMENT/DROP ASSUMPTION:**

Retirement rates are based on age and service eligibility requirements for normal benefits. Age and service requirements vary by plan. DROP is viewed as an alternative form of benefit accrual since mandatory termination is not required following participation. Therefore, at eligibility, the probability of DROP accrual is determined in conjunction with regular benefit accrual. Retirement rates and DROP probabilities are based on the most recent Experience Study.

**TERMINATION ASSUMPTIONS:**

Voluntary termination or withdrawal rates are based on the most recent Experience Study. During the first five years of employment, the probability of voluntarily terminating is a multiple of the attained age rate in prior reports and a multiple of employment duration in the current valuation as follows:

1st year	1.25x Teachers only
2nd year	1.00x
3rd year	1.00x
4th year	1.00x
5th year	1.00x

Furthermore, for members terminating with ten (10) or more years of service, it is assumed that 80% will not withdraw their accumulated employee contributions.

**SALARY GROWTH:**

The rates of annual salary growth are base upon the members years of service and are illustrated in the rate tables at the end of this exhibit.

**EXHIBIT 6 (Continued)**

**Cost Methods & Assumptions**

**FAMILY STATISTICS:**

The composition of the Family was based on Age-Specific Fertility Rates from the 1983 Vital Statistics of the United States. 80% of the membership was assumed to be married with the wife assumed to be three (3) years younger than the husband. Sample rates are as follows:

<u>Age at Death</u>	<u>Number of Minor Chn.</u>	<u>Years for Youngest Child to Attain Majority</u>
25	1.3	15
30	1.8	13
35	2.2	11
40	2.1	9
45	1.7	6
50	1.2	4

**REMARRIAGE:**

Annuities payable to the spouse which cease upon death or remarriage were taken from "A Technical Note for the Construction of Widow's Annuities." The Remarriage and Mortality rates used to develop these annuities were based on the graduated rates from "Mortality and Remarriage Experience for Widow's Beneficiaries under OASDI."

**ASSUMPTION FOR INCOMPLETE DATA:**

Records identified as containing suspicious data or errors in data were assumed to possess the same characteristics of "good data" in the same cohort.

**INVESTMENT EARNINGS:**

An effective annual rate of 8 1/4%, net expenses for professional asset management advisors.

**ADMINISTRATIVE EXPENSES:**

Expenses are included in Aggregate Normal Cost and are assumed to be \$13,300,000 per year. Investment Expenses for professional asset management advisors are not included in Normal Cost but are treated as a direct offset to investment income. The Employer portion of Normal Cost excludes an allocation for Administrative expenses.

ACTUARIAL TABLES AND RATES (TEACHERS)

Age	- Death Rates -		Disability Rates	Termination Rates	Retirement Rates	DROP Rates	Dur	Salary Scale
	Male	Female						
18	.00039	.00020	.0000	.0000	.0000	.000	1	1.0780
19	.00041	.00021	.0000	.0600	.0000	.000	2	1.0760
20	.00042	.00022	.0000	.1000	.0000	.000	3	1.0720
21	.00044	.00024	.0000	.0900	.0000	.000	4	1.0700
22	.00045	.00025	.0000	.0400	.0000	.000	5	1.0680
23	.00047	.00027	.0001	.0500	.0000	.000	6	1.0680
24	.00049	.00028	.0001	.0700	.0000	.000	7	1.0680
25	.00052	.00030	.0001	.0700	.0000	.000	8	1.0680
26	.00054	.00032	.0001	.0800	.0000	.000	9	1.0670
27	.00057	.00034	.0001	.0800	.0000	.000	10	1.0650
28	.00060	.00036	.0001	.0800	.0000	.000	11	1.0640
29	.00064	.00038	.0001	.0800	.0000	.000	12	1.0640
30	.00067	.00040	.0003	.0800	.0000	.000	13	1.0640
31	.00072	.00043	.0003	.0800	.0000	.000	14	1.0600
32	.00076	.00046	.0004	.0700	.0000	.000	15	1.0580
33	.00082	.00049	.0004	.0600	.0000	.000	16	1.0580
34	.00087	.00053	.0006	.0600	.0000	.000	17	1.0580
35	.00096	.00056	.0006	.0500	.0000	.000	18	1.0550
36	.00101	.00060	.0007	.0500	.0000	.000	19	1.0550
37	.00107	.00064	.0007	.0400	.0000	.000	20	1.0550
38	.00115	.00069	.0008	.0400	.0500	.000	21	1.0550
39	.00125	.00074	.0009	.0300	.0600	.000	22	1.0550
40	.00138	.00080	.0010	.0300	.0400	.000	23	1.0520
41	.00152	.00086	.0014	.0300	.0400	.000	24	1.0520
42	.00170	.00094	.0016	.0300	.0300	.000	25	1.0520
43	.00191	.00102	.0017	.0200	.0300	.000	26	1.0520
44	.00215	.00112	.0017	.0200	.0300	.000	27	1.0460
45	.00243	.00124	.0018	.0200	.0300	.000	28	1.0420
46	.00275	.00137	.0018	.0200	.0300	.000	29	1.0380
47	.00310	.00152	.0019	.0200	.0300	.000	30	1.0380
48	.00349	.00167	.0020	.0200	.0300	.000	31	1.0380
49	.00390	.00183	.0021	.0200	.0300	.000	32	1.0380
50	.00434	.00199	.0024	.0200	.0300	.000	33	1.0380
51	.00480	.00217	.0024	.0200	.0300	.050	34	1.0550
52	.00528	.00236	.0024	.0200	.0300	.150	35	1.0320
53	.00578	.00257	.0024	.0200	.0500	.150	36	1.0320
54	.00629	.00282	.0032	.0200	.1000	.350	37	1.0320
55	.00681	.00311	.0047	.0200	.2300	.550	38	1.0320
56	.00735	.00345	.0054	.0200	.2300	.100	39	1.0320
57	.00793	.00383	.0056	.0200	.4000	.100	40	1.0320
58	.00858	.00425	.0056	.0200	.4000	.100	41	1.0320
59	.00932	.00471	.0056	.0200	.2600	.150	42	1.0320
60	.01018	.00523	.0056	.0200	.2600	.200	43	1.0320
61	.01118	.00579	.0056	.0200	.2600	.070	44	1.0320
62	.01237	.00641	.0054	.0200	.3300	.050	45	1.0320
63	.01377	.00710	.0035	.0200	.3300	.050	46	1.0320
64	.01541	.00785	.0035	.0200	.3300	.050	47	1.0320
65	.01732	.00869	.0035	.0200	.3300	.050	48	1.0320
66	.01953	.00965	.0038	.0200	.4000	.050	49	1.0320
67	.02200	.01078	.0050	.0200	.4000	.050	50	1.0320
68	.02470	.01214	.0050	.0200	.3600	.050	51	1.0320
69	.02757	.01376	.0050	.0200	.3600	.050	52	1.0320
70	.03059	.01570	.0050	.0200	.3600	.050	53	1.0320
71	.03373	.01796	.0050	.0200	.3600	.000	54	1.0320
72	.03708	.02053	.0050	.0200	.5000	.000	55	1.0320
73	.04076	.02344	.0050	.0200	.9900	.000	56	1.0320
74	.04488	.02666	.0050	.0200	.9900	.000	57	1.0320

ACTUARIAL TABLES AND RATES (PLAN A)

Age	- Death Rates -		Disability	Termination	Retirement	DROP	Dur	Salary
	Male	Female	Rates	Rates	Rates	Rates		Scale
18	.00039	.00020	.0000	.0000	.0000	.000	1	1.0780
19	.00041	.00021	.0000	.0000	.0000	.000	2	1.0770
20	.00042	.00022	.0000	.0000	.0000	.000	3	1.0720
21	.00044	.00024	.0000	.0000	.0000	.000	4	1.0680
22	.00045	.00025	.0000	.0000	.0000	.000	5	1.0650
23	.00047	.00027	.0000	.0000	.0000	.000	6	1.0650
24	.00049	.00028	.0000	.0000	.0000	.000	7	1.0650
25	.00052	.00030	.0000	.0000	.0000	.000	8	1.0650
26	.00054	.00032	.0000	.0000	.0000	.000	9	1.0400
27	.00057	.00034	.0000	.0000	.0000	.000	10	1.0400
28	.00060	.00036	.0000	.0000	.0000	.000	11	1.0400
29	.00064	.00038	.0000	.0000	.0000	.000	12	1.0400
30	.00067	.00040	.0000	.0100	.0000	.000	13	1.0400
31	.00072	.00043	.0001	.0100	.0000	.000	14	1.0600
32	.00076	.00046	.0001	.0100	.0000	.000	15	1.0600
33	.00082	.00049	.0001	.0100	.0000	.000	16	1.0600
34	.00087	.00053	.0001	.0100	.0000	.000	17	1.0550
35	.00096	.00056	.0001	.0100	.0000	.000	18	1.0450
36	.00101	.00060	.0001	.0100	.0000	.000	19	1.0450
37	.00107	.00064	.0001	.0100	.0000	.000	20	1.0450
38	.00115	.00069	.0001	.0100	.0000	.000	21	1.0450
39	.00125	.00074	.0001	.0100	.0000	.000	22	1.0450
40	.00138	.00080	.0001	.0100	.0000	.000	23	1.0450
41	.00152	.00086	.0001	.0100	.0000	.000	24	1.0450
42	.00170	.00094	.0070	.0100	.0000	.000	25	1.0400
43	.00191	.00102	.0070	.0100	.0000	.000	26	1.0320
44	.00215	.00112	.0070	.0100	.0000	.000	27	1.0320
45	.00243	.00124	.0070	.0100	.0000	.000	28	1.0320
46	.00275	.00137	.0070	.0100	.0000	.000	29	1.0320
47	.00310	.00152	.0200	.0100	.0000	.000	30	1.0320
48	.00349	.00167	.0200	.0100	.0000	.000	31	1.0320
49	.00390	.00183	.0200	.0100	.0100	.000	32	1.0320
50	.00434	.00199	.0200	.0100	.0100	.000	33	1.0320
51	.00480	.00217	.0200	.0100	.0100	.000	34	1.0320
52	.00528	.00236	.0200	.0100	.0300	.000	35	1.0320
53	.00578	.00257	.0200	.0100	.0300	.000	36	1.0320
54	.00629	.00282	.0200	.0100	.0300	.100	37	1.0320
55	.00681	.00311	.0200	.0100	.1000	.370	38	1.0320
56	.00735	.00345	.0300	.0100	.1000	.150	39	1.0320
57	.00793	.00383	.0300	.0100	.1500	.150	40	1.0320
58	.00858	.00425	.0300	.0100	.2000	.250	41	1.0320
59	.00932	.00471	.0300	.0100	.3500	.520	42	1.0320
60	.01018	.00523	.0060	.0100	.3500	.520	43	1.0320
61	.01118	.00579	.0060	.0100	.3000	.250	44	1.0320
62	.01237	.00641	.0060	.0100	.4000	.150	45	1.0320
63	.01377	.00710	.0060	.0100	.5000	.150	46	1.0320
64	.01541	.00785	.0060	.0100	.5000	.150	47	1.0320
65	.01732	.00869	.0000	.0100	.4000	.150	48	1.0320
66	.01953	.00965	.0000	.0100	.4000	.150	49	1.0320
67	.02200	.01078	.0000	.0100	.3200	.150	50	1.0320
68	.02470	.01214	.0000	.0100	.3200	.150	51	1.0320
69	.02757	.01376	.0000	.0100	.3200	.150	52	1.0320
70	.03059	.01570	.0000	.0100	.3200	.150	53	1.0320
71	.03373	.01796	.0000	.0100	.3200	.150	54	1.0320
72	.03708	.02053	.0000	.0100	.3200	.150	55	1.0320
73	.04076	.02344	.0000	.0100	.3200	.150	56	1.0320
74	.04488	.02666	.0000	.0100	.9900	.150	57	1.0320

ACTUARIAL TABLES AND RATES (PLAN B)

Age	- Death Rates -		Disability Rates	Termination Rates	Retirement Rates	DROP Rates	Dur	Salary Scale
	Male	Female						
18	.00039	.00020	.0000	.0000	.0000	.000	1	1.0650
19	.00041	.00021	.0000	.0000	.0000	.000	2	1.0650
20	.00042	.00022	.0000	.0000	.0000	.000	3	1.0650
21	.00044	.00024	.0000	.0000	.0000	.000	4	1.0600
22	.00045	.00025	.0000	.2000	.0000	.000	5	1.0600
23	.00047	.00027	.0000	.2000	.0000	.000	6	1.0550
24	.00049	.00028	.0000	.2000	.0000	.000	7	1.0520
25	.00052	.00030	.0000	.1600	.0000	.000	8	1.0520
26	.00054	.00032	.0000	.0400	.0000	.000	9	1.0520
27	.00057	.00034	.0000	.0400	.0000	.000	10	1.0520
28	.00060	.00036	.0000	.0400	.0000	.000	11	1.0450
29	.00064	.00038	.0000	.1400	.0000	.000	12	1.0450
30	.00067	.00040	.0000	.0900	.0000	.000	13	1.0450
31	.00072	.00043	.0002	.0600	.0000	.000	14	1.0450
32	.00076	.00046	.0003	.0500	.0000	.000	15	1.0400
33	.00082	.00049	.0003	.0500	.0000	.000	16	1.0400
34	.00087	.00053	.0004	.0500	.0000	.000	17	1.0400
35	.00096	.00056	.0005	.0400	.0000	.000	18	1.0400
36	.00101	.00060	.0006	.0400	.0000	.000	19	1.0400
37	.00107	.00064	.0008	.0400	.0000	.000	20	1.0320
38	.00115	.00069	.0010	.0400	.0000	.000	21	1.0320
39	.00125	.00074	.0012	.0400	.0000	.000	22	1.0320
40	.00138	.00080	.0013	.0400	.0000	.000	23	1.0320
41	.00152	.00086	.0014	.0300	.0000	.000	24	1.0320
42	.00170	.00094	.0030	.0300	.0000	.000	25	1.0320
43	.00191	.00102	.0030	.0300	.0000	.000	26	1.0320
44	.00215	.00112	.0040	.0300	.0000	.000	27	1.0300
45	.00243	.00124	.0040	.0300	.0000	.000	28	1.0030
46	.00275	.00137	.0080	.0300	.0000	.000	29	1.0300
47	.00310	.00152	.0080	.0300	.0000	.000	30	1.0300
48	.00349	.00167	.0080	.0300	.0000	.000	31	1.0300
49	.00390	.00183	.0080	.0200	.0000	.000	32	1.0250
50	.00434	.00199	.0080	.0200	.0000	.000	33	1.0250
51	.00480	.00217	.0080	.0200	.0000	.000	34	1.0250
52	.00528	.00236	.0150	.0200	.0000	.000	35	1.0250
53	.00578	.00257	.0150	.0200	.0000	.000	36	1.0250
54	.00629	.00282	.0300	.0200	.0000	.500	37	1.0250
55	.00681	.00311	.0300	.0200	.5000	.500	38	1.0250
56	.00735	.00345	.0250	.0200	.3300	.120	39	1.0250
57	.00793	.00383	.0250	.0200	.3300	.120	40	1.0250
58	.00858	.00425	.0250	.0200	.3300	.120	41	1.0250
59	.00932	.00471	.0150	.0200	.3300	.120	42	1.0250
60	.01018	.00523	.0150	.0200	.3300	.120	43	1.0250
61	.01118	.00579	.0060	.0200	.3300	.020	44	1.0250
62	.01237	.00641	.0060	.0200	.5500	.020	45	1.0250
63	.01377	.00710	.0060	.0200	.5500	.020	46	1.0250
64	.01541	.00785	.0060	.0200	.4000	.020	47	1.0250
65	.01732	.00869	.0600	.0200	.4000	.020	48	1.0250
66	.01953	.00965	.0600	.0200	.4000	.020	49	1.0250
67	.02200	.01078	.0600	.0200	.4000	.020	50	1.0250
68	.02470	.01214	.0600	.0200	.4000	.020	51	1.0250
69	.02757	.01376	.0000	.0200	.2500	.020	52	1.0250
70	.03059	.01570	.0000	.0200	.2500	.020	53	1.0250
71	.03373	.01796	.0000	.0200	.2500	.020	54	1.0250
72	.03708	.02053	.0000	.0200	.2500	.020	55	1.0250
73	.04076	.02344	.0000	.0200	.2500	.020	56	1.0250
74	.04488	.02666	.0000	.0200	.9900	.020	57	1.0250

ACTUARIAL TABLES AND RATES (UNIVERSITIES)

Age	- Death Rates -		Disability	Termination	Retirement	DROP	Dur	Salary
	Male	Female	Rates	Rates	Rates	Rates		Scale
18	.00039	.00020	.0000	.0500	.0000	.000	1	1.0900
19	.00041	.00021	.0000	.0500	.0000	.000	2	1.0800
20	.00042	.00022	.0000	.0500	.0000	.000	3	1.0700
21	.00044	.00024	.0000	.0500	.0000	.000	4	1.0650
22	.00045	.00025	.0000	.0500	.0000	.000	5	1.0650
23	.00047	.00027	.0001	.0500	.0000	.000	6	1.0620
24	.00049	.00028	.0001	.0500	.0000	.000	7	1.0620
25	.00052	.00030	.0001	.1400	.0000	.000	8	1.0620
26	.00054	.00032	.0001	.1400	.0000	.000	9	1.0620
27	.00057	.00034	.0001	.1200	.0000	.000	10	1.0620
28	.00060	.00036	.0001	.1200	.0000	.000	11	1.0700
29	.00064	.00038	.0001	.1200	.0000	.000	12	1.0620
30	.00067	.00040	.0001	.1200	.0000	.000	13	1.0620
31	.00072	.00043	.0001	.1400	.0000	.000	14	1.0620
32	.00076	.00046	.0001	.1400	.0000	.000	15	1.0620
33	.00082	.00049	.0001	.1400	.0000	.000	16	1.0600
34	.00087	.00053	.0001	.1400	.0000	.000	17	1.0600
35	.00096	.00056	.0001	.1400	.0000	.000	18	1.0600
36	.00101	.00060	.0005	.0900	.0000	.000	19	1.0550
37	.00107	.00064	.0005	.0900	.0000	.000	20	1.0550
38	.00115	.00069	.0005	.0900	.0000	.000	21	1.0550
39	.00125	.00074	.0005	.0900	.0000	.000	22	1.0550
40	.00138	.00080	.0005	.0900	.1100	.000	23	1.0550
41	.00152	.00086	.0010	.0800	.1100	.000	24	1.0550
42	.00170	.00094	.0010	.0600	.1100	.000	25	1.0550
43	.00191	.00102	.0010	.0600	.1100	.000	26	1.0550
44	.00215	.00112	.0010	.0400	.1100	.000	27	1.0500
45	.00243	.00124	.0010	.0400	.1100	.000	28	1.0500
46	.00275	.00137	.0010	.0400	.0800	.000	29	1.0500
47	.00310	.00152	.0010	.0400	.0500	.000	30	1.0450
48	.00349	.00167	.0010	.0300	.0400	.000	31	1.0450
49	.00390	.00183	.0005	.0300	.0400	.000	32	1.0450
50	.00434	.00199	.0005	.0200	.0300	.000	33	1.0450
51	.00480	.00217	.0005	.0200	.0300	.050	34	1.0400
52	.00528	.00236	.0005	.0200	.0400	.100	35	1.0400
53	.00578	.00257	.0005	.0200	.0500	.100	36	1.0400
54	.00629	.00282	.0005	.0200	.0900	.100	37	1.0350
55	.00681	.00311	.0005	.0200	.1500	.200	38	1.0350
56	.00735	.00345	.0005	.0200	.1800	.050	39	1.0350
57	.00793	.00383	.0005	.0200	.2400	.050	40	1.0350
58	.00858	.00425	.0020	.0200	.3400	.050	41	1.0350
59	.00932	.00471	.0020	.0200	.2000	.060	42	1.0350
60	.01018	.00523	.0020	.0200	.2000	.090	43	1.0350
61	.01118	.00579	.0020	.0200	.2000	.020	44	1.0350
62	.01237	.00641	.0020	.0200	.2000	.020	45	1.0350
63	.01377	.00710	.0005	.0200	.2000	.020	46	1.0350
64	.01541	.00785	.0005	.0100	.2000	.020	47	1.0350
65	.01732	.00869	.0005	.0100	.3000	.020	48	1.0350
66	.01953	.00965	.0005	.0100	.3000	.020	49	1.0350
67	.02200	.01078	.0005	.0100	.3000	.020	50	1.0350
68	.02470	.01214	.0005	.0100	.3000	.020	51	1.0350
69	.02757	.01376	.0005	.0100	.3000	.050	52	1.0350
70	.03059	.01570	.0005	.0100	.3000	.020	53	1.0350
71	.03373	.01796	.0005	.0100	.3000	.020	54	1.0350
72	.03708	.02053	.0005	.0100	.5000	.060	55	1.0350
73	.04076	.02344	.0005	.0100	.5000	.060	56	1.0350
74	.04488	.02666	.0005	.0100	.9900	.060	57	1.0350

EXHIBIT A

RE-AMORTIZATION OF UNFUNDED  
ACTUARIAL ACCRUED LIABILITY  
JUNE 30, 2006

<u>DATE</u> <u>6/30</u>	<u>DESCRIPTION</u>	<u>AMTZ.</u> <u>METHOD</u>	<u>AMTZ.</u> <u>PERIOD</u>	<u>INITIAL</u> <u>LIABILITY</u>	<u>YEARS</u> <u>REMAIN</u>	<u>REMAINING</u> <u>BALANCE</u>	<u>MID-YEAR</u> <u>PAYMENT</u>
2003	Initial Liability	I	26	6,285,061,957	23	6,639,179,732	430,741,338
1993	Change in Liability	L	25	-838,057,486	23	-815,042,240	-77,075,133
1994	Change in Liability	L	25	-285,027,105	23	-277,199,517	-26,213,598
1995	Change in Liability	L	25	-11,255,751	23	-10,946,639	-1,035,178
1996	Change in Liability	L	25	-227,335,061	23	-221,091,847	-20,907,731
1997	Change in Liability	L	25	72,828,575	23	70,828,512	6,697,956
1998	Change in Liability	L	25	-312,542,081	23	-303,958,860	-28,744,117
1999	Change in Liability	L	25	-361,354,605	23	-351,430,864	-33,233,346
2000	Change in Liability	L	25	-672,461,184	23	-653,993,645	-61,845,442
2001	Change in Liability	I	27	59,149,207	25	61,625,756	3,791,664
2002	Change in Liability	I	28	859,751,039	26	898,129,462	53,938,276
2003	Change in Liability	I	29	2,115,958,339	27	2,215,837,472	130,072,738
2004	Change in Liability	L	30	27,253,793	28	26,775,288	2,381,906
2005	Change in Liability	L	30	-230,622,183	29	-228,677,828	-20,155,736
2006	Change in Liability	L	30	-470,579,056	30	<u>-470,579,056</u>	<u>-41,127,297</u>
<b>TOTAL OUTSTANDING BALANCE</b>						6,579,455,726	317,286,300
<b>EMPLOYERS' CREDIT BALANCE</b>							
2002	Contribution Variance	L	5	-20,606,578	1	-4,799,171	-4,993,213
2003	Contribution Variance	L	5	9,730,820	2	4,359,803	2,357,891
2004	Contribution Variance	L	5	29,662,467	3	19,185,370	7,187,561
2005	Contribution Variance	L	5	-31,046,965	4	-25,781,123	-7,523,041
2006	Contribution Variance	L	5	-17,430,843	5	<u>-17,430,843</u>	<u>-4,223,696</u>
<b>TOTAL CREDIT BALANCE</b>						-24,465,964	-7,194,498
<b>TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY</b>						6,554,989,762	

Effective July 1, 1992, Amortization Periods changed in accordance with Act 257.