DISTRICT ATTORNEYS' RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF
JUNE 30, 2013

G. S. CURRAN & COMPANY, LTD.

Actuarial Services

10555 N. Glenstone Place • Baton Rouge, Louisiana 70810 • (225)769-4825

Gary S. Curran, FCA, MAAA, ASA, EA
Consulting Actuary

Gregory M. Curran, FCA, MAAA, ASA, EA
Consulting Actuary

October 28, 2013

Board of Trustees
District Attorneys' Retirement System
1645 Nicholson Drive
Baton Rouge, LA 70802

Gentlemen:

We are pleased to present our report on the actuarial valuation of the District Attorneys' Retirement System for the fiscal year ending June 30, 2013. Our report is based on the actuarial assumptions specified and relies on the data supplied by the system's administrator and accountants. This report was prepared at the request of the Board of Trustees of the District Attorneys' Retirement System. The primary purposes of the report are to determine the actuarially required contribution for the retirement system for the fiscal year ending June 30, 2014, to recommend the net direct employer contribution rate for fiscal 2015, and to provide information required for the system's financial statements. This report was prepared exclusively for the District Attorneys' Retirement System for a specific limited purpose. It is not for the use or benefit of any third party for any purpose.

Please note that significant changes in the accounting standards affecting retirement systems have been approved by the Governmental Accounting Standards Board. These changes, which are included in GASB Statement 67 will not be effective until the June 30, 2014 valuation. This report was prepared in accordance with the currently effective GASB Statement 25. GASB 67 will require the reporting of an alternative calculation of liabilities based upon a funding method and interest rate that may differ with those used for funding purposes. It is important to note that the liability numbers within this report, including the Frozen Unfunded Actuarial Accrued Liability, are not a reasonable approximation of the liability numbers that will be reported under GASB 67.

This report has been prepared in accordance with generally accepted actuarial principles and practices, and to the best of our knowledge and belief, fairly reflects the actuarial present values and costs stated herein. The undersigned actuaries are members of the American Academy of Actuaries and have met the qualification standards for the American Academy of Actuaries to render the actuarial opinions incorporated in this report, and are available to provide further information or answer any questions with respect to this valuation.

Sincerely,

G. S. CURRAN & COMPANY, LTD.

By: Gary Curran, F.C.A., M.A.A.A., A.S.A.

Gregory Curran, F.C.A., M.A.A.A., A.S.A.

TABLE OF CONTENTS

SUMMARY OF VALUATION RESULTS
DISTRICT ATTORNEYS' RETIREMENT SYSTEM

Valuation Date:		June 30, 2013	June 30, 2012
Census Summary:	Active Members	756	759
	Retired Members and Survivors	237	219
	Terminated Due a Deferred Benefit	92	89
	Terminated Due a Refund	179	177
Payroll:		$ 56,707,928	$ 55,977,999
Benefits in Payment:		$ 10,723,143	$ 9,778,123
Market Value of Assets:		$ 303,073,552	$ 262,386,314
Actuarial Asset Value:		$ 290,413,251	$ 267,941,755
Entry Age Normal Accrued Liability		$ 337,959,636	$ 322,042,310
Unfunded Actuarial Accrued Liability		None	None
Funded Ratio (GASB 50)		85.93%	83.20%

****

	FISCAL 2014	FISCAL 2013
Employer Normal Cost (July 1):	$ 11,678,156	$ 12,353,107
Amortization Cost (July 1):	N/A	N/A
Interest Adjusted Gross Employer Actuarially Required Contribution Including Estimated Administrative Costs:	$ 12,426,112	$ 13,126,664
Projected Ad Valorem Taxes and Revenue Sharing Funds:	$ 8,198,273	$ 7,544,601
Net Direct Employer Actuarially Required Contribution:	$ 4,227,839	$ 5,582,063
Actuarially Required Net Direct Employer Contribution Rate	7.25%	9.70%
Actual Net Direct Employer Contribution Rate:	9.75%	10.25%

****

Recommended Net Employer Contribution Rate for Fiscal 2014: 7.00% Fiscal 2013 9.75%

Employee Contribution Rate: 8% (Effective January 1, 2013)

Actuarial Cost Method: Aggregate Actuarial Cost Method

Valuation Interest Rate: 7.5% (Net of Investment Expense)

Exclusions from Census: None

Basis of Actuarial Asset Value: The actuarial value of assets is based on the market value of assets adjusted to phase in asset earnings above or below the assumed rate of return over a five-year period with limits set at 85% and 115% of the market value of assets. When the adjusted value falls outside of the limits, the actuarial value is set equal to the average of the limited and adjusted value.

Changes in Valuation Methods, Assumptions, and/or Amortization Periods: None

Method of Recognizing Gains and Losses: Gains and losses are spread over future normal costs.

COMMENTS ON DATA

For the valuation, the administrative staff of the system furnished a census on magnetic diskette derived from the system's master data processing file indicating each active covered employee's sex, date of birth, service credit, annual salary, and accumulated contributions. Information on retirees detailing dates of birth of retirees and beneficiaries, as well as option categories and benefit amounts, was provided in like manner. In addition, data was supplied on former employees who are vested or who have contributions remaining on deposit. As illustrated in Exhibit X, there are 756 active members in the system of whom 353 have vested retirement benefits; 237 former system members or their beneficiaries are receiving retirement benefits. An additional 271 members have contributions remaining on deposit with the system; of this number, 92 have vested rights for future retirement benefits. All individuals submitted were included in the valuation.

Census data submitted to our office is tested for errors. Several types of census data errors are possible; to ensure that the valuation results are as accurate as possible, a significant effort is made to identify and correct these errors. In order to minimize coverage errors (i.e., missing or duplicated individual records) the records are checked for duplicates, and a comparison of the current year's records to those submitted in prior years is made. Changes in status, new records, and previous records, which have no corresponding current record, are identified. This portion of the review indicates the annual flow of members from one status to another and is used to check some of the actuarial assumptions, such as retirement rates, rates of withdrawal, and mortality. In addition, the census is checked for reasonableness in several areas, such as age, service, salary, and current benefits. The records identified by this review as questionable are checked against data from prior valuations; those not recently verified are included in a detailed list of items sent to the system's administrator for verification and/or correction. Once the identified data has been researched and verified or corrected, it is returned to us for use in the valuation. Occasionally some requested information is either unavailable or impractical to obtain. In such cases, values may be assigned to missing data. The assigned values are based on information from similar records or based on information implied from other data in the record.

In addition to the statistical information provided on the system's participants, the system's administrator furnished general information related to other aspects of the system's expenses, benefits and funding. Valuation asset values as well as income and expenses for the fiscal year were based on information furnished by the system's auditor, the firm of Duplantier, Hrapmann, Hogan & Maher, Certified Public Accountants. As indicated in the system's audit report, the net market value of the system's assets was $303,073,552 as of June 30, 2013. Net investment income for fiscal 2013 measured on a market value basis amounted to $34,435,617. Contributions to the system for the fiscal year totaled $17,912,446; benefits and expenses amounted to $11,660,825.

Notwithstanding our efforts to review both census and financial data for apparent errors, we must rely upon the system's administrative staff and accountants to provide accurate information. Our review of submitted information is limited to validation of reasonableness and consistency. Verification of submitted data to source information is beyond the scope of our efforts.

COMMENTS ON ACTUARIAL METHODS AND ASSUMPTIONS

This valuation is based on the Aggregate Actuarial Cost Method. Under the Aggregate Cost Method, actuarial gains and losses are spread over future normal costs. Thus, favorable plan experience will lower future normal costs; unfavorable experience will cause future normal costs to increase. In addition, changes in benefits and assumptions are also spread over future normal costs.

The current year actuarial assumptions utilized for the report are outlined on pages thirty-four through thirty-seven. The assumptions used are the same as those used for the prior year report. In the aggregate the assumptions are within our "best estimate range". All calculations, recommendations, and conclusions are based on the assumptions specified. To the extent that prospective experience differs from that assumed, adjustments will be required to contribution levels. Such differences will be revealed in future actuarial valuations.

CHANGES IN PLAN PROVISIONS

The following changes in plan provisions were enacted during the 2013 Regular Session of the Louisiana Legislature:

Act 170 allows statewide retirement system boards to make an irrevocable election to have future benefit increases for retirees that are now governed by R.S. 11:242 (Target Ratio Method) to apply a new method under R.S. 11:243. Under R.S. 11:243 systems may grant a Cost of Living Adjustment (COLA) if any of the following apply: a) The system has a funded ratio of 90% or more and has not granted a COLA in the most recent fiscal year; b) The system has a funded ratio of 80% or more and has not granted a COLA in either of the two most recent fiscal years; c) The system has a funded ratio of 70% or more and has not granted a COLA in any of the three most recent fiscal years.

Act 365 gives members of statewide retirement systems the option to purchase the accrual rate of the receiving system at time of transfer if said accrual rate is greater that the accrual rate of the transferring system. It also allows said members to execute a reverse transfer only one time, at the time of retirement or during active service if submitted to the receiving system on or before December 31, 2013.

ASSET EXPERIENCE

The actuarial and market rates of return for the past ten years are given below. These rates of return on assets were arrived at by assuming a uniform distribution of income and expense throughout the fiscal year.

	Market Value	Actuarial Value	
2004	13.2%	1.7%	
2005	5.0%	6.8%	
2006	7.7%	13.8%	*
2007	14.6%	9.9%	

2008	-4.9%	5.8%	
2009	-14.2%	-3.0%	*
2010	11.7%	6.4%	
2011	19.3%	4.4%	
2012	1.6%	3.1%	
2013	13.0%	6.0%	

* Includes effect of change in asset valuation method.

The market rate of return gives a measure of investment return on a total return basis and includes realized and unrealized capital gains and losses as well as interest income and dividends. This rate of return gives an indication of performance for an actively managed portfolio where securities are bought and sold with the objective of producing the highest total rate of return. During 2013, the fund earned $7,059,278 of dividends, interest, and other recurring income. In addition to this income, the Fund had net realized and unrealized capital gains on investments of $27,781,106. In addition, the Fund paid $404,767 in investment expenses. The geometric mean of the market value rates of return measured over the last ten years was 6.2%. For the last 20 years the geometric mean of the market value rates of return was 7.2%.

The actuarial rate of return is presented for comparison to the assumed long-term rate of return of 7.5% used for the valuation. This rate is calculated based on the actuarial value of assets and all interest, dividends, and recognized capital gains as given in Exhibit VI. Investment income used to calculate this yield is based upon smoothing earnings above or below the 7.5% assumed rate of return over a five-year period, subject to constraints as outlined in the section in the report describing actuarial assumptions. (Since the valuation interest rate was changed effective June 30, 2012, smoothing for prior years was based on a valuation interest rate of 8%). The difference between rates of return on an actuarial and market value basis results from the smoothing of gains or losses on investments relative to the valuation interest rate over the five-year period. In the future, yields in excess of the 7.5% assumption will reduce future costs; yields below 7.5% will increase future costs. For fiscal 2013 the system experienced net actuarial investment earnings of $4,105,954 less than the actuarial assumed earnings rate of 7.5%, applicable for fiscal 2013. This deficiency in earnings produced an actuarial loss, which increased the normal cost accrual rate by 0.8294%.

DEMOGRAPHICS AND LIABILITY EXPERIENCE

A reconciliation of the census for the system is given in Exhibit X. The system's active contributing membership decreased by three members over the prior fiscal year. The average active member is 47 years old with 10.81 years of service and an annual salary of $75,010. The plan has experienced an increase in the active plan population of 24 members over the last five years. A review of the active census by age indicates that over the last ten years the active population in the under-forty age group has decreased while the proportion of active members over-sixty increased. Over the same ten-year period the plan showed a decrease in the percentage of members with service less than ten years and a corresponding increase in members with more than ten years of service.

The average service retiree is 69 years old with a monthly benefit of $4,134. The retired population increased by 18 during the last fiscal year. Over the last five years the number of retirees increased by 83. During this same period, annual benefits in payment increased by $4,987,330. Hence over the last five years, the retired population of the plan has increased by more than 50% and the benefits in payment have increased by 87%.

Plan liability experience for fiscal 2013 was favorable. The main factors contributing to the favorable experience were salary increases well below the projected levels and retirements below expected levels. Partially offsetting the decrease were withdrawals below expected levels. Retiree deaths and disabilities were near projected levels. Plan liability experience decreased the normal cost accrual rate by 1.6986%.

FUNDING ANALYSIS AND RECOMMENDATIONS

Actuarial funding of a retirement system is a process whereby funds are accumulated over the working lifetimes of employees in such a manner as to have sufficient assets available at retirement to pay for the lifetime benefits accrued by each member of the system. The required contributions are determined by an actuarial valuation based on rates of mortality, termination, disability, and retirement, as well as investment return and other statistical measures specific to the particular group. Each year a determination is made of the normal cost, and the actuarially required contributions are based on the sum of this value and administrative expenses. Under the funding method used for the plan, changes in plan experience, benefits, or assumptions increase or decrease future normal costs. In addition excess or deficient contributions can decrease or increase future costs.

In order to establish the actuarially required contribution in any given year, it is necessary to define the assumptions and funding method. Thus, the determination of what contribution is actuarially required depends upon the funding method employed. Regardless of the method selected, the ultimate cost of providing benefits is dependent upon the benefits, expenses, and investment earnings. Only to the extent that some methods accumulate assets more rapidly and thus produce greater investment earnings does the funding method affect the ultimate cost.

The derivation of the actuarially required contribution for the current fiscal year is given in Exhibit I. The normal cost for fiscal 2014 as of July 1, 2013, is $11,678,156. The total actuarially required contribution is determined by adjusting this value for interest (since payments are made throughout the fiscal year) and adding estimated administrative expenses. As given on line 11 of Exhibit I the total gross actuarially required employer contribution for fiscal 2014 is $12,426,112. When this amount is reduced by projected ad valorem taxes and revenue sharing funds which the system receives each year, the resulting employers' net direct actuarially required contribution for fiscal 2014 is $4,227,839. This is 7.25% of the projected payroll for fiscal 2014.

Liability and asset experience as well as changes in assumptions and benefits can increase or lower plan costs. In addition to these factors, any COLA granted in the prior fiscal year will increase required contributions. New entrants to the system can also increase or lower costs as a percent of payroll depending upon their demographic distribution and other factors related to prior plan experience. Finally, contributions above or below requirements may reduce or increase future costs.

The effects of various factors on the fund's cost structure are outlined below:

Normal Cost Accrual Rate – Fiscal 2013	23.1566%
Factors Increasing the Normal Cost Accrual Rate:	
Asset Experience	0.8294%
Factors Decreasing the Normal Cost Accrual Rate:	
Liability Experience	1.6986%
New Hires	0.5956%
Contribution Gain	0.0908%
Normal Cost Accrual Rate – Fiscal 2014	21.6010%

Required net direct employer contributions are affected by the available ad valorem taxes and revenue sharing funds which the system receives each year. When these funds change as a percentage of payroll, net direct employer contributions are adjusted accordingly. We estimate that these funds will increase by 0.96% of payroll in fiscal 2014.

Although the actuarially required net direct employer contribution rate for fiscal 2014 is 7.25%, the actual employer contribution rate for fiscal 2014 is 9.75%. Since the contribution rate for fiscal 2014 was 9.75%, the excess in employer contributions collected in the fiscal year will decrease the Fund's normal cost accrual rate in the following year. We estimate this excess will result in a decrease of 0.27% to the normal cost accrual rate in fiscal 2014. R.S. 11:103 requires that the net direct employer contributions be rounded to the nearest 0.25%, hence we are recommending a minimum net direct employer contribution rate of 7.00% for fiscal 2015.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, and changes in plan provisions or applicable law. Analysis of the effect of all these factors is beyond the scope of this report. We have, however, calculated the sensitivity of the plans' costs to two factors. First, we have determined that based on current assets and demographics, for each percentage earnings in a single year under (over) the assumed rate of return on the actuarial value of assets, there will be a corresponding increase (reduction) in the normal cost accrual rate of 0.59% for the Fund. We have also determined that a 1% reduction in the valuation interest rate for the Fund would increase the actuarially required contribution rate for fiscal 2013 by 12.47%. Please note that the above results are only intended to serve as an illustration of the impact of a change in the valuation interest rate. Any actual change in the valuation interest rate should only be effected with a review of all other plan assumptions.

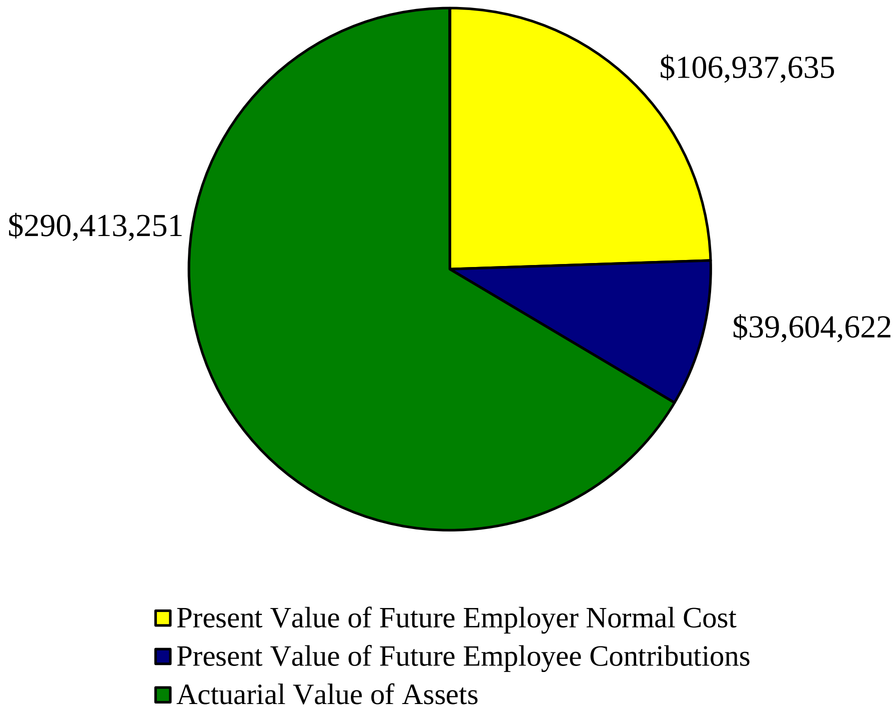
COST OF LIVING INCREASES

During fiscal 2013 the actual cost of living (as measured by the US Department of Labor CPI-U) increased by 1.75%. Cost of living provisions for the system are detailed in R.S. 11:1638 and R.S. 11:246. The former statute allows the board to grant annual cost of living increases of 3% of each retiree's original benefit subject to a limit of $60 per month. R. S. 11:246 provides cost of living increases of retirees and beneficiaries over the age of 65 equal to 2% of the benefit in payment on October 1, 1977, or the date the benefit was originally received if retirement commenced after that date (R.S. 11:246 only permits payment of such an increase if earnings exceed the system's valuation rate). R.S. 11:241 provides that cost of living benefits shall be in the form (unless the board otherwise specifies) of $X×(A+B) where X is at most $1 and "A" represents the number of years of credited service accrued at retirement or at death of the member or retiree and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase. The provisions of this subpart do not repeal provisions relative to cost of living adjustments contained within the individual laws governing systems; however, they are to be controlling in cases of conflict. In order to grant any cost of living increase, the ratio of the plan's assets to benefit obligations must meet the criteria established in R.S. 11:242 or R.S. 11:243.

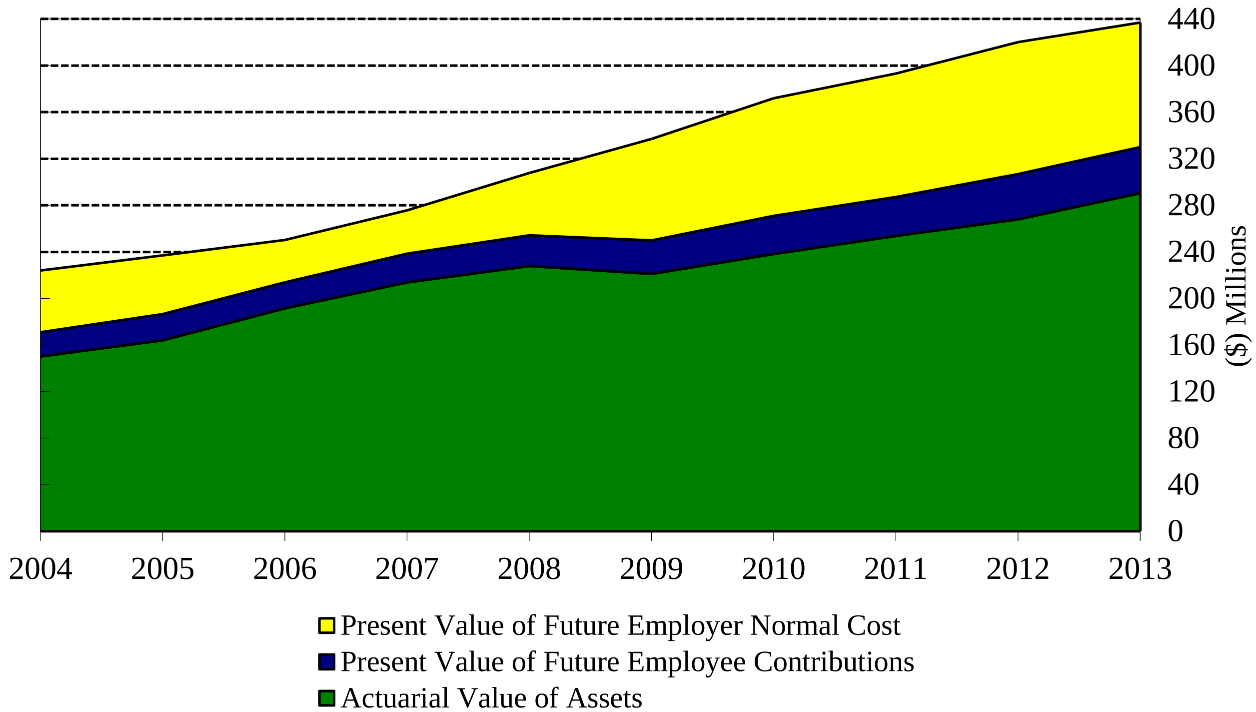
R. S. 11:242 sets forth a minimum "target ratio" of the actuarial value of assets to the Pension Benefit Obligation. We have determined that for fiscal 2013 the fund has not met the necessary target ratio and that plan investment experience was below assumptions. Therefore, the system is not eligible to provide a cost of living increase to retirees under R. S. 11:242.

Should the Board of Trustees elect to have the system covered under the provisions of R. S. 11:243, the system would still not be eligible to provide a cost of living increase to retirees since investment earnings on an actuarial basis did not exceed the fund's valuation interest rate.

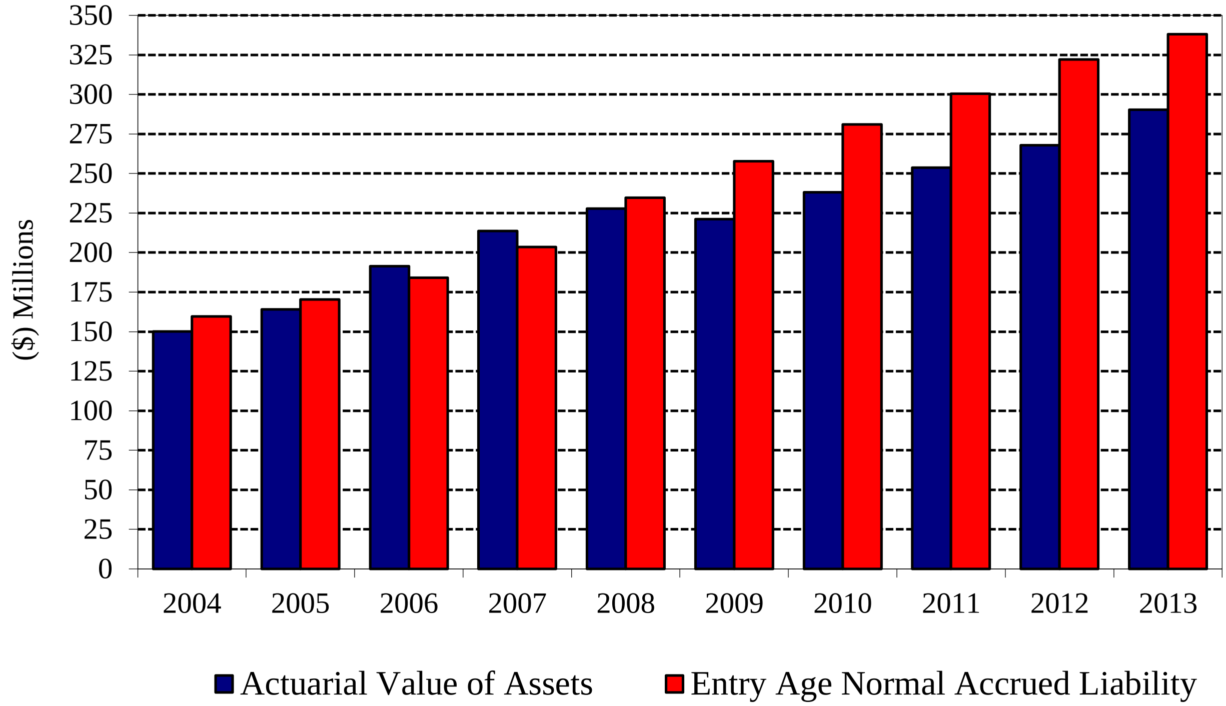
Components of Present Value of Future Benefits
June 30, 2013



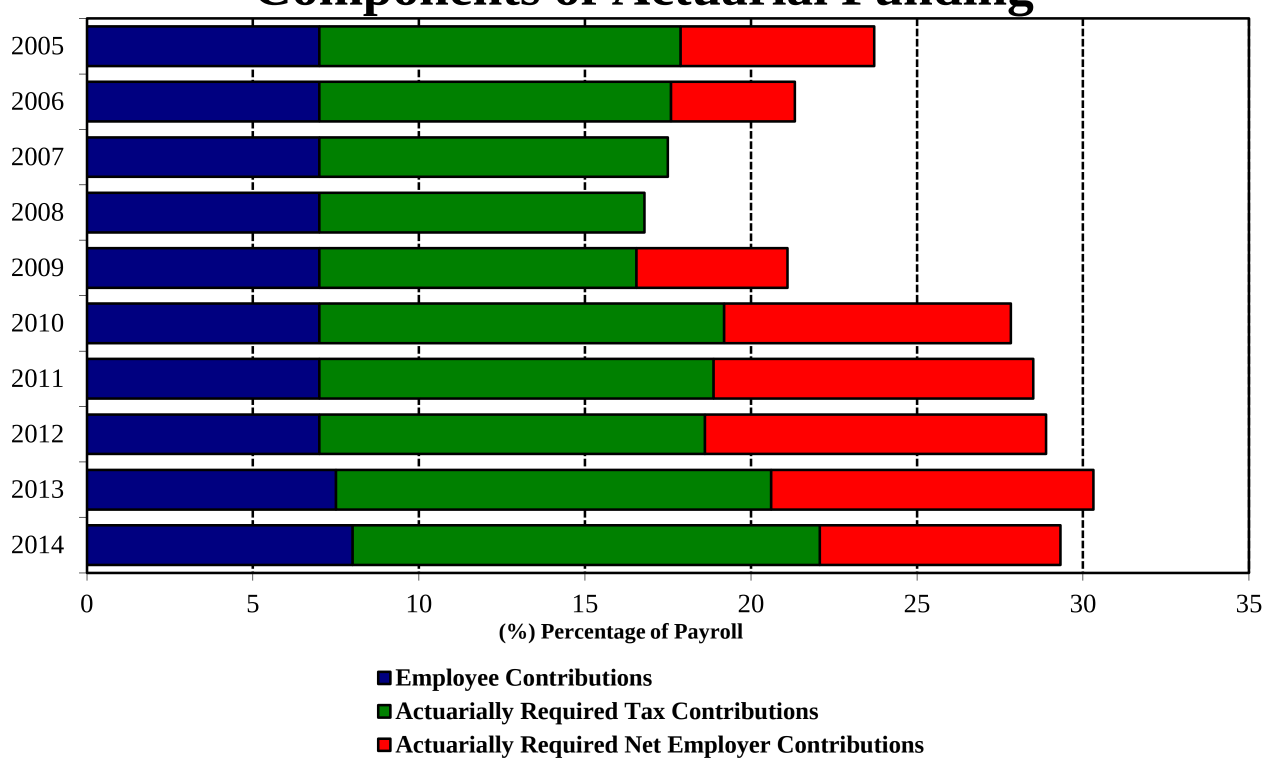
Components of Present Value of Future Benefits



Actuarial Value of Assets vs. Entry Age Normal Accrued Liability

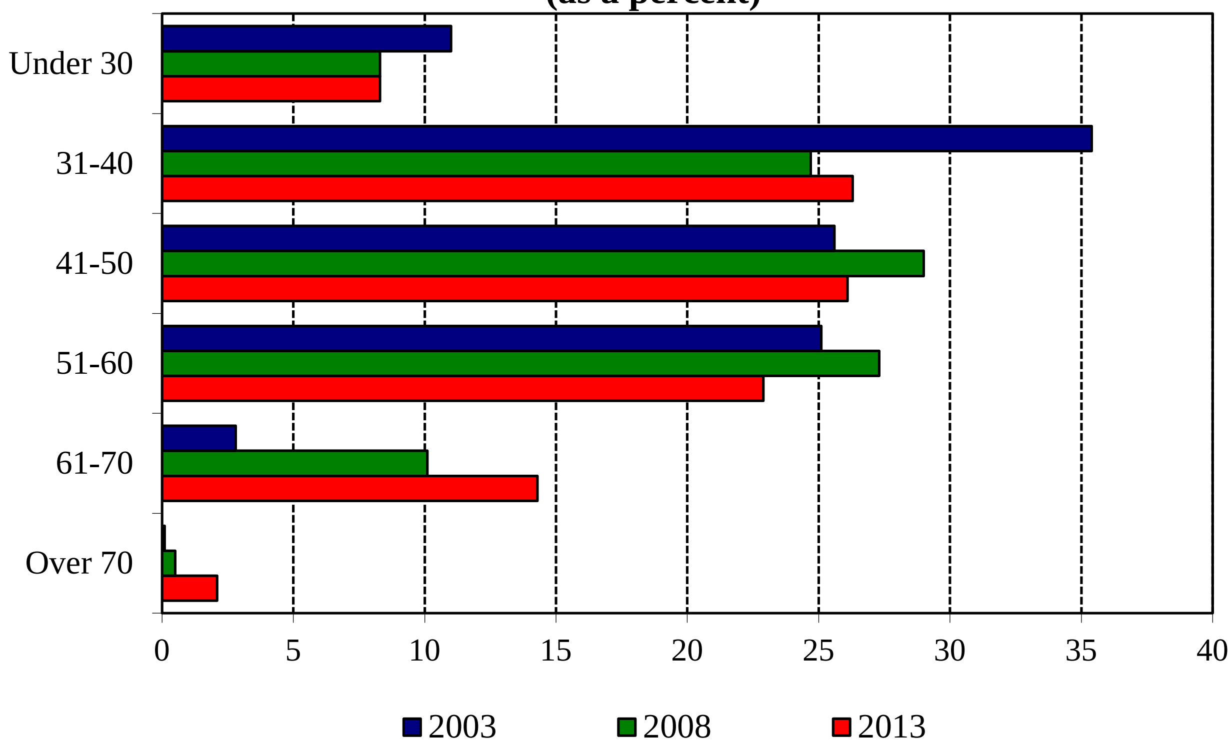


Components of Actuarial Funding



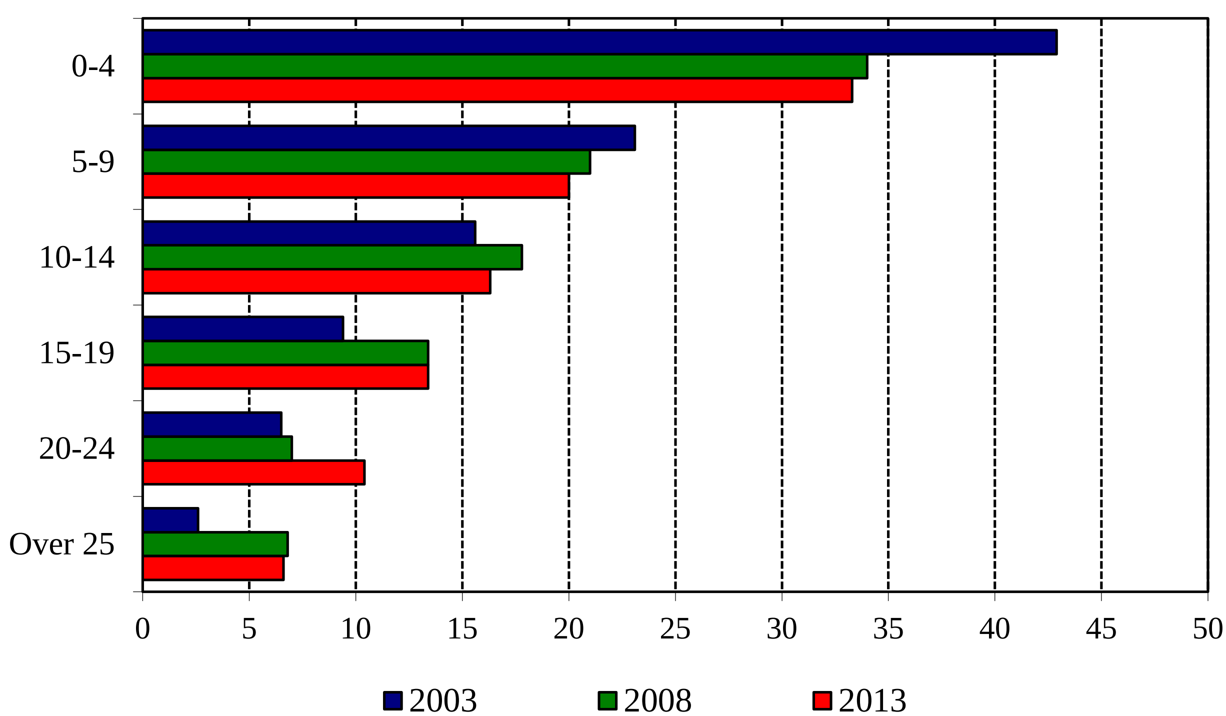
Active – Census By Age

(as a percent)

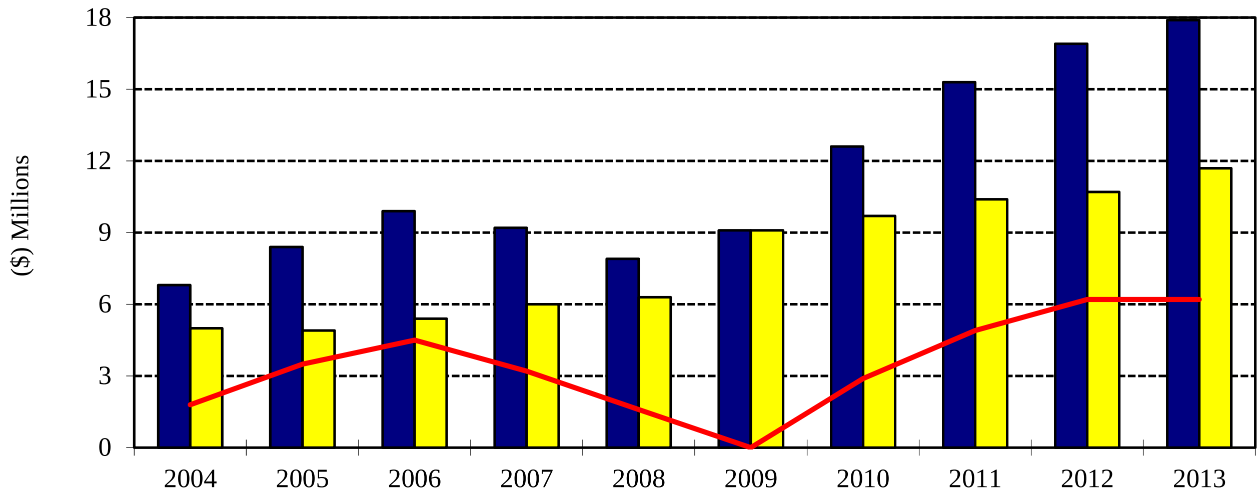


Active – Census By Service

(as a percent)



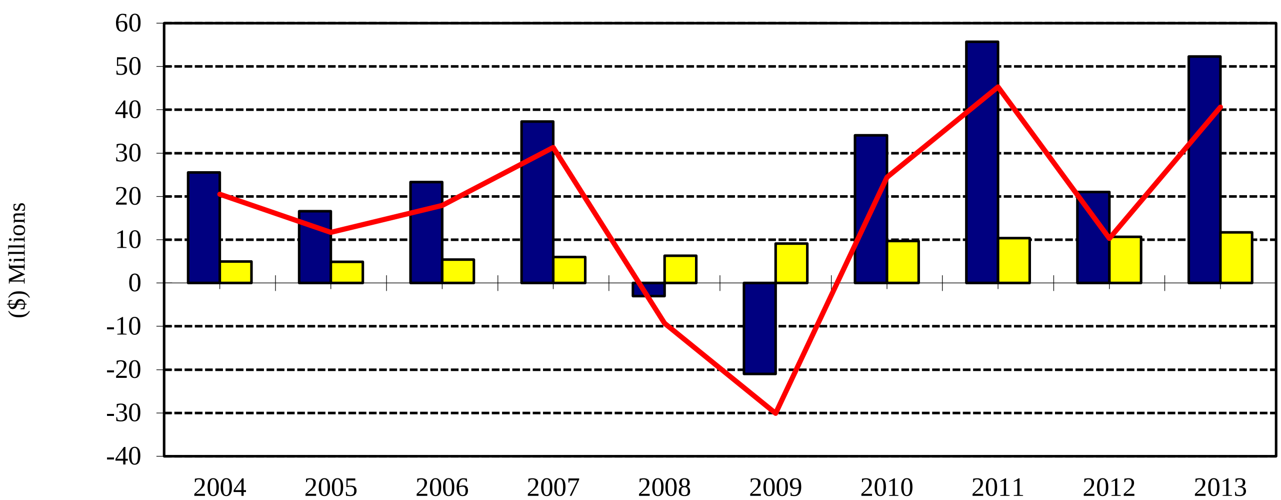
Net Non-Investment Income



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Non-Investment Income ($Mil)	6.8	8.4	9.9	9.2	7.9	9.1	12.6	15.3	16.9	17.9
Benefits and Expenses ($Mil)	5.0	4.9	5.4	6.0	6.3	9.1	9.7	10.4	10.7	11.7
Net Non-Investment Income ($Mil)	1.8	3.5	4.5	3.2	1.6	0.0	2.9	4.9	6.2	6.2

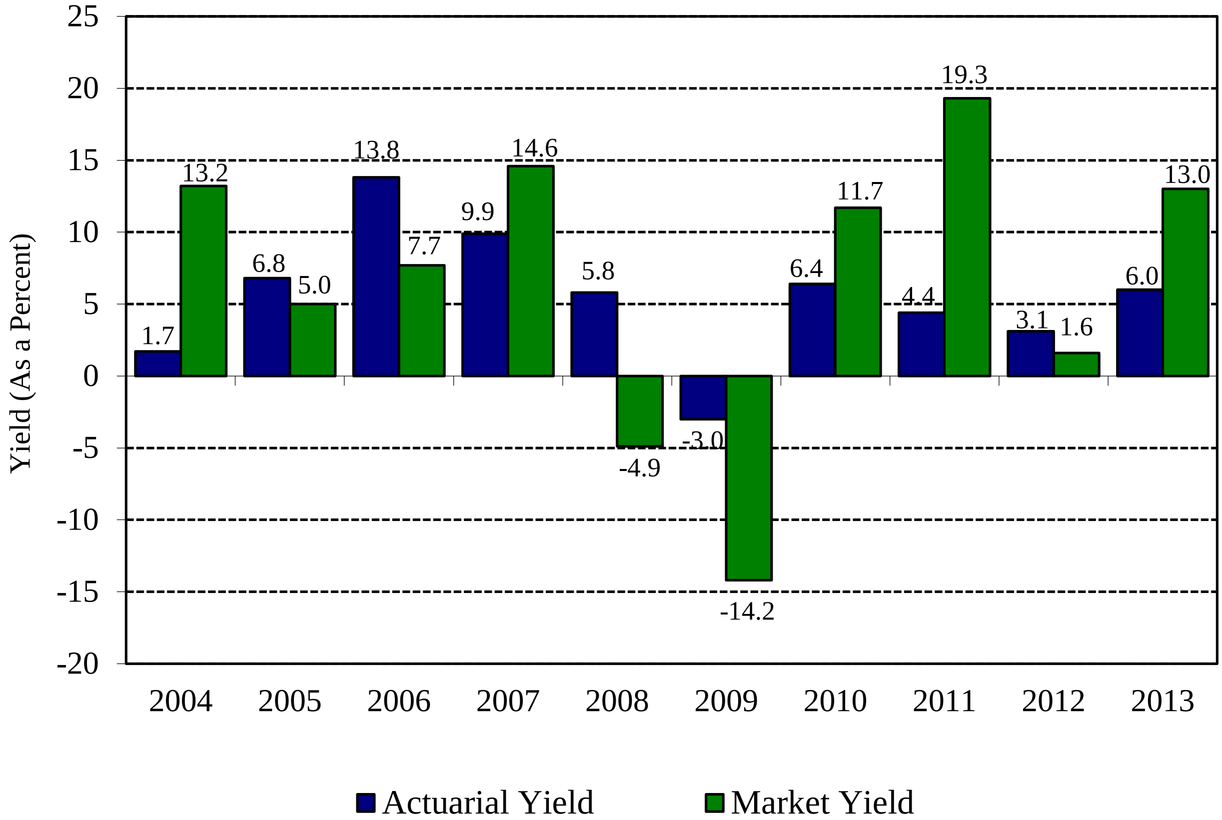
Total Income vs. Expenses

(Based on Market Value of Assets)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Income ($Mil)	25.5	16.6	23.3	37.3	-3.0	-21.0	34.1	55.7	21.0	52.3
Benefits and Expenses ($Mil)	5.0	4.9	5.4	6.0	6.3	9.1	9.7	10.4	10.7	11.7
Net Change in MVA ($Mil)	20.5	11.7	17.9	31.3	-9.3	-30.1	24.4	45.3	10.3	40.6

Historical Asset Yields



EXHIBITS

EXHIBIT I
ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS

1.	Present Value of Future Benefits	$ 436,955,508
2.	Actuarial Value of Assets	$ 290,413,251
3.	Present Value of Future Employee Contributions	$ 39,604,622
4.	Present Value of Future Employer Normal Costs (1 – 2 – 3)	$ 106,937,635
5.	Present Value of Future Salaries	$ 495,057,772
6.	Employer Normal Cost Accrual Rate (4 ÷ 5)	21.601042%
7.	Projected Fiscal 2014 Salary for Current Membership	$ 54,062,931
8.	Employer Normal Cost as of July 1, 2013 (6 x 7)	$ 11,678,156
9.	Normal Cost Adjusted for Midyear Payment	$ 12,108,170
10.	Estimated Administrative Cost for Fiscal 2014	$ 317,942
11.	GROSS Employer Actuarially Required Contribution for Fiscal 2014 (9 + 10)	$ 12,426,112
12.	Projected Revenue Sharing Funds for Fiscal 2014	$ 213,715
13.	Projected Ad Valorem Taxes for Fiscal 2014	$ 7,984,558
14.	Net Direct Actuarially Required Employer Contribution (11 – 12 – 13)	$ 4,227,839
15.	Projected Payroll (Fiscal 2014)	$ 58,284,148
16.	Employer's Minimum Net Direct Actuarially Required Contribution as a % of Projected Payroll for Fiscal 2014 (14 ÷ 15)	7.25%
17.	Actual Employer Contribution Rate for Fiscal 2014	9.75%
18.	Contribution Shortfall (Excess) as a Percentage of Payroll (16-17)	(2.50%)
19.	Increase (Reduction) to Following Year Payment for Contribution Shortfall (Excess)	(0.27%)
20.	Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2015 (16 + 19; rounded to the nearest 0.25%)	7.00%

EXHIBIT II
PRESENT VALUE OF FUTURE BENEFITS

Present Value of Future Benefits for Active Members:

Retirement Benefits	$ 266,833,307	
Survivor Benefits	12,127,821	
Disability Benefits	917,504	
Vested Deferred Termination Benefits	17,415,058	
Contribution Refunds	3,845,040	
Special Deposits	1,281,234	
TOTAL Present Value of Future Benefits for Active Members		$ 302,419,964

Present Value of Future Benefits for Terminated Members:

Terminated Vested Members Due Benefits at Retirement	$ 16,788,798	
Terminated Members with Reciprocals Due Benefits at Retirement	310,245	
Terminated Members Due a Refund	1,706,106	
TOTAL Present Value of Future Benefits for Terminated Members		$ 18,805,149

Present Value of Future Benefits for Retirees:

Regular Retirees			
Maximum	$ 30,359,674		
Option 1	1,428,220		
Option 2	50,307,861		
Option 3	14,299,061		
Option 4	2,273,976		
TOTAL Regular Retirees		$ 98,668,792	
Disability Retirees		602,470	
Survivors & Widows		8,516,631	
DROP/Back-DROP Deposits		7,942,502	
TOTAL Present Value of Future Benefits for Retirees & Survivors			$ 115,730,395
TOTAL Present Value of Future Benefits			$ 436,955,508

EXHIBIT III - SCHEDULE A
MARKET VALUE OF ASSETS

Current Assets:

Cash in Banks	$	352,909		
Contributions Receivable from Members		342,136		
Contributions Receivable from Employer		438,271		
Accrued Interest and Dividends		329,514		
TOTAL CURRENT ASSETS			$	1,462,830

Investments:

Exchange Traded Funds - Equity	$	183,270,110		
U. S. Government and Corporate Bonds		36,101,501		
Exchange Traded Funds – Fixed Income		26,724,661		
Cash Equivalents		34,091,267		
Real Estate Investment Trusts		10,304,779		
Exchange Traded Funds - Notes		7,296,811		
Investment in Partnerships		3,821,593		
TOTAL INVESTMENTS			$	301,610,722
TOTAL ASSETS			$	303,073,552

Current Liabilities:

Accounts Payable	$	0		
Payroll Taxes Withheld	$	0		
TOTAL CURRENT LIABILITIES			$	0

MARKET VALUE OF ASSETS			$	303,073,552

EXHIBIT III – SCHEDULE B
ACTUARIAL VALUE OF ASSETS

Excess (Shortfall) of invested income
for current and previous 4 years:

Fiscal year 2013	$	14,526,446
Fiscal year 2012		(16,297,837)
Fiscal year 2011		23,682,947
Fiscal year 2010		6,723,337
Fiscal year 2009		(47,081,375)
Total for five years	$	(18,446,482)

Deferral of excess (shortfall) of invested income:

Fiscal year 2013 (80%)	$	11,621,157
Fiscal year 2012 (60%)		(9,778,702)
Fiscal year 2011 (40%)		9,473,179
Fiscal year 2010 (20%)		1,344,667
Fiscal year 2009 (0%)		0
Total deferred for year	$	12,660,301

Market value of plan net assets, end of year	$	303,073,552
Preliminary actuarial value of plan assets, end of year	$	290,413,251

Actuarial value of assets corridor

85% of market value, end of year	$	257,612,519
115% of market value, end of year	$	348,534,585

Final actuarial value of plan net assets, end of year	$	290,413,251

EXHIBIT IV
PRESENT VALUE OF FUTURE CONTRIBUTIONS

Employee Contributions to the Annuity Savings Fund	$	39,604,622
Employer Normal Contributions to the Pension Accumulation Fund		106,937,635
TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS	$	146,542,257

EXHIBIT V
RECONCILIATION OF CONTRIBUTIONS

Employer Normal Cost for Prior Year	$	12,353,107		
Interest on the Normal Cost		926,484		
Administrative Expenses for Prior Year		309,142		
Interest on Expenses		11,383		
TOTAL Interest Adjusted Actuarially Required Contribution			$	13,600,116
Direct Employer Contributions	$	5,793,743		
Interest on Employer Contributions		213,338		
Ad valorem taxes and Revenue Sharing Funds		7,756,484		
Interest on Taxes		285,610		
TOTAL Interest Adjusted Employer Contribution			$	14,049,175
Contribution Shortfall (Gain)			$	(449,059)

EXHIBIT VI
ANALYSIS OF INCREASE IN ASSETS

Actuarial Value of Assets: (June 30, 2012)		$267,941,755
Income:		
Member Contributions	$ 4,264,769	
Employer Contributions	5,793,743	
Ad valorem Taxes	7,543,997	
Revenue Sharing	212,487	
Irregular Contributions	97,450	
SUBTOTAL of all contributions		$ 17,912,446
Net Appreciation in Fair Value of Investments	$ 28,042,646	
Interest Income	7,059,278	
Class Action Lawsuits	1,244	
Investment Loss on Partnerships	(262,784)	
Investment Expense	(404,767)	
SUBTOTAL of all investment income		$ 34,435,617
TOTAL Income		$ 52,348,063
Expenses:		
Retirement Benefits	$10,057,705	
DROP Withdrawal	671,806	
Refunds of Contributions	393,644	
Administrative Expenses	309,142	
Transfers to Other Retirement Systems	228,528	
TOTAL Expenses		$ 11,660,825
Net Market Income for Fiscal 2013 (Income - Expenses)		$ 40,687,238
Adjustment for Actuarial Smoothing		$(18,215,742)
Actuarial Value of Assets (June 30, 2013)		$ 290,413,251

EXHIBIT VII
FUND BALANCE AND ASSET RECONCILIATION

Present Assets of the System Creditable to:

Annuity Savings Fund	$	44,979,050
Annuity Reserve Fund		107,787,893
Pension Accumulation Fund		141,420,333
DROP/Back-DROP Account		8,886,276
NET MARKET VALUE OF ASSETS	$	303,073,552
ADJUSTMENT FOR ACTUARIAL SMOOTHING	$	(12,660,301)
ACTUARIAL VALUE OF ASSETS	$	290,413,251

EXHIBIT VIII – Schedule A
PENSION BENEFIT OBLIGATION

Present Value of Credited Projected Benefits Payable to Current Employees	$ 185,749,278
Present Value of Benefits Payable to Terminated Employees	18,805,149
Present Value of Benefits Payable to Current Retirees and Beneficiaries	115,730,395
TOTAL PENSION BENEFIT OBLIGATION	$ 320,284,822
NET ACTUARIAL VALUE OF ASSETS	$ 290,413,251
Ratio of Net Actuarial Value of Assets to Pension Benefit Obligation	90.67%

EXHIBIT VIII – Schedule B
ENTRY AGE NORMAL ACCRUED LIABILITIES (GASB – 50)

Accrued Liability for Active Employees	$ 203,424,092
Accrued Liability for Terminated Employees	18,805,149
Accrued Liability for Current Retirees and Beneficiaries	115,730,395
TOTAL ENTRY AGE NORMAL ACCRUED LIABILITY	$ 337,959,636
NET ACTUARIAL VALUE OF ASSETS	$ 290,413,251
Ratio of Net Actuarial Value of Assets to Entry Age Normal Accrued Liability	85.93%

EXHIBIT IX
COST OF LIVING ADJUSTMENTS - TARGET RATIO

1)	Actuarial Value of Assets Divided by PBO as of Fiscal 1986	86.17%
2)	Amortization of Unfunded Balance over 30 years:	12.45%

Adjustments in Funded Ratio Due to Changes in Assumption(s):

Changes for Fiscal 1988	6.50%
Changes for Fiscal 1990	3.33%
Changes for Fiscal 1995	2.64%
Changes for Fiscal 1996	(5.39%)
Changes for Fiscal 1998	(8.19%)
Changes for Fiscal 2005	1.92%
Changes for Fiscal 2006	4.80%
Changes for Fiscal 2009	8.46%
Changes for Fiscal 2010	(1.72%)
Changes for Fiscal 2012	(4.62%)

3)	TOTAL Adjustments	7.73%

Amortization of Adjustments in Funded Ratio over 30 years:

Changes for Fiscal 1988	(5.42%)
Changes for Fiscal 1990	(2.55%)
Changes for Fiscal 1995	(1.58%)
Changes for Fiscal 1996	3.05%
Changes for Fiscal 1998	4.10%
Changes for Fiscal 2005	(0.51%)
Changes for Fiscal 2006	(1.12%)
Changes for Fiscal 2009	(1.13%)
Changes for Fiscal 2010	0.17%
Changes for Fiscal 2012	0.15%

4)	TOTAL Amortization of Adjustments	(4.84%)

Target Ratio for Current Fiscal Year (Lesser of 100% or 1+2+3+4)	100.00%
Actuarial Value of Assets Divided by PBO as of Fiscal 2013	90.67%

EXHIBIT X
CENSUS DATA

	Active	Terminated with Funds on Deposit	Retired	Total
Number of members as of June 30, 2012	759	266	219	1,244
Additions to Census				
Initial membership	56			56
Death of another member			2	2
Omitted in error last year				
Adjustment for multiple records			2	2
Change in Status during Year				
Actives terminating service	(42)	42		
Actives who retired	(12)		12	
Actives entering DROP				
Term. members rehired	4	(4)		
Term. members who retire		(7)	7	
Retirees who are rehired				
Refunded who are rehired				
Repaid Refund				
DROP participants retiring				
DROP returned to work				
Omitted in error last year				
Eliminated from Census				
Refund of contributions	(9)	(25)		(34)
Deaths			(5)	(5)
Included in error last year		(1)		(1)
Adjustment for multiple records				
Number of members as of June 30, 2013	756	271	237	1,264

ACTIVES CENSUS BY AGE:

Age	Number Male	Number Female	Total Number	Average Salary	Total Salary
21 - 25	0	1	1	45,786	45,786
26 - 30	36	26	62	51,125	3,169,730
31 - 35	60	58	118	58,694	6,925,841
36 - 40	39	42	81	68,177	5,522,330
41 - 45	50	37	87	72,611	6,317,141
46 - 50	77	33	110	80,191	8,821,053
51 - 55	48	28	76	77,389	5,881,542
56 - 60	75	22	97	86,709	8,410,781
61 - 65	64	7	71	90,907	6,454,396
66 - 70	34	3	37	101,793	3,766,357
71 - 75	10	1	11	94,018	1,034,193
76 - 80	4	0	4	55,088	220,352
81 - 85	1	0	1	138,426	138,426
TOTAL	498	258	756	75,010	56,707,928

THE ACTIVE CENSUS INCLUDES 353 ACTIVES WITH VESTED BENEFITS, INCLUDING 0 DROP PARTICIPANTS AND 4 ACTIVE FORMER DROP PARTICIPANTS.

TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
36 - 40	3	2	5	24,734	123,671
41 - 45	5	0	5	28,783	143,917
46 - 50	19	7	26	30,701	798,233
51 - 55	17	10	27	35,594	961,030
56 - 60	17	6	23	22,567	519,040
61 - 65	3	2	5	12,472	62,360
71 - 75	1	0	1	42,702	42,702
TOTAL	65	27	92	28,815	2,650,953

TERMINATED MEMBERS DUE A REFUND OF CONTRIBUTIONS:

Contributions Ranging From		To	Number	Total Contributions
0	-	99	15	455
100	-	499	22	5,614
500	-	999	12	8,853
1000	-	1999	9	13,414
2000	-	4999	29	98,975
5000	-	9999	22	170,384
10000	-	19999	40	562,311
20000	-	119999	30	846,100
		TOTAL	179	1,706,106

REGULAR RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
51 - 55	1	0	1	22,616	22,616
56 - 60	10	2	12	56,598	679,170
61 - 65	55	10	65	50,688	3,294,713
66 - 70	47	3	50	58,558	2,927,914
71 - 75	28	6	34	41,753	1,419,602
76 - 80	16	0	16	33,966	543,448
81 - 85	5	0	5	60,876	304,381
86 - 90	7	1	8	43,112	344,892
91 - 99	3	0	3	29,342	88,026
TOTAL	172	22	194	49,612	9,624,762

DISABILITY RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
56 - 60	0	1	1	44,228	44,228
61 - 65	1	0	1	25,410	25,410
TOTAL	1	1	2	34,819	69,638

SURVIVORS:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
46 - 50	0	2	2	40,107	80,214
51 - 55	0	2	2	39,535	79,069
56 - 60	0	1	1	38,631	38,631
61 - 65	0	2	2	13,024	26,047
66 - 70	0	10	10	31,362	313,616
71 - 75	0	2	2	52,238	104,476
76 - 80	0	4	4	16,797	67,189
81 - 85	0	9	9	17,287	155,584
86 - 90	0	2	2	7,965	15,930
91 - 99	0	7	7	21,141	147,987
TOTAL	0	41	41	25,091	1,028,743

ACTIVE MEMBERS:

Attained Ages	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
	Completed Years of Service											
0 - 20												0
21 - 25	1											1
26 - 30	21	20	11	6	2	2						62
31 - 35	15	15	11	20	21	36						118
36 - 40	2	7	6	5	7	29	24		1			81
41 - 45	6	5	4	3	4	24	27	14				87
46 - 50	2	1	1	2	7	18	27	34	17	1		110
51 - 55	1	2	3	2	2	13	14	19	17	3		76
56 - 60		2	3	3	5	12	16	14	24	15	3	97
61 - 65			4	2	8	7	12	12	10	8	8	71
66 - 70	1	1		2	2	6	2	7	9	4	3	37
71 & Over		1		1	2	4	1	1	1	2	3	16
Totals	49	54	43	46	60	151	123	101	79	33	17	756

AVERAGE ANNUAL SALARY OF ACTIVE MEMBERS:

Attained Ages	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Average Salary
	Completed Years of Service											
0 - 20												0
21 - 25	45,786											45,786
26 - 30	46,827	49,714	53,748	56,185	60,334	71,544						51,125
31 - 35	60,446	47,633	51,536	58,135	58,344	65,274						58,694
36 - 40	50,195	53,268	60,474	58,028	66,751	72,339	73,331		71,038			68,177
41 - 45	52,203	80,865	50,466	75,845	51,062	68,709	76,284	89,805				72,611
46 - 50	75,695	43,846	81,335	68,806	77,829	63,675	79,054	82,415	100,539	70,200		80,191
51 - 55	61,373	110,852	68,493	51,569	73,024	61,369	66,953	82,450	92,601	89,297		77,389
56 - 60		54,732	59,142	56,988	100,135	72,004	82,969	71,987	96,571	110,641	91,857	86,709
61 - 65			83,742	90,000	91,853	57,012	86,779	82,207	89,882	119,205	115,655	90,907
66 - 70	45,786	139,854		70,443	123,454	80,579	77,075	74,200	102,093	186,786	123,307	101,793
71 & Over		73,000		43,859	61,354	82,028	56,600	121,770	163,585	62,410	119,505	87,061
Average	53,224	56,923	58,652	60,738	71,889	67,937	77,000	81,796	96,878	115,858	113,485	75,010

TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility: 0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 35												0
36 - 40									5			5
41 - 45								5				5
46 - 50						1	25					26
51 - 55		1			1	25						27
56 - 60	5	8	2	4	4							23
61 - 65	5											5
66 - 70												0
71 - 75	1											1
76 & Over												0
Totals	11	9	2	4	5	26	25	5	5	0	0	92

AVERAGE ANNUAL BENEFITS OF TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility: 0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 35												0
36 - 40									24,734			24,734
41 - 45								28,783				28,783
46 - 50						46,446	30,071					30,701
51 - 55		32,082			95,383	33,343						35,594
56 - 60	19,617	23,927	19,589	23,909	23,682							22,567
61 - 65	12,472											12,472
66 - 70												0
71 - 75	42,702											42,702
76 & Over												0
Average	18,468	24,833	19,589	23,909	38,022	33,847	30,071	28,783	24,734	0	0	28,815

SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement 0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 50												0
51 - 55	1											1
56 - 60	5	1		3	3							12
61 - 65	9	11	11	5	7	21	1					65
66 - 70	4	5	3	2	10	21	4	1				50
71 - 75		3	1	1	2	2	16	9				34
76 - 80						2	3	2	8	1		16
81 - 85								3		2		5
86 - 90							1	1	2	3	1	8
91 & Over									1	1	1	3
Totals	19	20	15	11	22	46	25	16	11	7	2	194

AVERAGE ANNUAL BENEFITS PAYABLE TO SERVICE RETIREES:

Attained Ages	Completed Years Since Retirement 0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 50												0
51 - 55	22,616											22,616
56 - 60	60,265	26,970		35,883	81,075							56,598
61 - 65	49,276	59,974	35,597	63,827	58,381	50,613	9,270					50,688
66 - 70	76,835	70,376	69,556	34,492	70,543	45,395	76,979	24,408				58,558
71 - 75		34,528	87,707	44,238	128,993	25,612	35,822	33,523				41,753
76 - 80						21,569	57,941	69,990	19,108	33,646		33,965
81 - 85								74,594		40,300		60,876
86 - 90							56,548	77,374	29,522	37,380	39,784	43,111
91 & Over									11,394	58,382	18,250	29,342
Average	56,567	57,108	45,863	49,091	73,423	45,881	44,828	47,953	20,300	40,681	29,017	49,612

DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement											
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 55												0
56 - 60						1						1
61 - 65								1				1
66 & Over												0
Totals	0	0	0	0	0	1	0	1	0	0	0	2

AVERAGE ANNUAL BENEFITS PAYABLE TO DISABILITY RETIREES:

Attained Ages	Completed Years Since Retirement											
	0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 55												0
56 - 60						44,228						44,228
61 - 65								25,410				25,410
66 & Over												0
Average	0	0	0	0	0	44,228	0	25,410	0	0	0	34,819

SURVIVING BENEFICIARIES OF FORMER MEMBERS:

Attained Ages	Completed Years Since Retirement: 0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 45												0
46 - 50		1	1									2
51 - 55		1			1							2
56 - 60					1							1
61 - 65						1		1				2
66 - 70	2	3	1					1	2	1		10
71 - 75							1		1			2
76 - 80								1	1	1	1	4
81 - 85		1						1	2	2	3	9
86 - 90											2	2
91 & Over								1			6	7
Totals	2	6	2	0	2	1	1	5	6	4	12	41

AVERAGE ANNUAL BENEFITS PAYABLE TO SURVIVORS OF FORMER MEMBERS:

Attained Ages	Completed Years Since Retirement: 0	1	2	3	4	5- 9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 45												0
46 - 50		33,346	46,868									40,107
51 - 55		52,639			26,429							39,534
56 - 60					38,631							38,631
61 - 65						13,789		12,258				13,023
66 - 70	29,164	54,729	32,419					28,139	14,743	1,055		31,362
71 - 75							63,591		40,885			52,238
76 - 80								18,321	13,459	5,981	29,427	16,797
81 - 85		5,765						11,537	13,138	33,162	15,227	17,287
86 - 90											7,965	7,965
91 & Over								25,959			20,338	21,141
Average	29,164	42,657	39,643	0	32,530	13,789	63,591	19,243	18,351	18,340	17,756	25,091

EXHIBIT XI
YEAR TO YEAR COMPARISON

	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010
Number of Active Members	756	759	761	757
Number of Retirees & Survivors	237	219	201	186
Number of Terminated Due Deferred Benefits	92	89	91	94
Number Terminated Due Refund	179	177	174	185
Active Lives Payroll	$ 56,707,928	$ 55,977,999	$ 55,359,672	$ 53,846,265
Retiree Benefits in Payment	$ 10,723,143	$ 9,778,123	$ 8,817,160	$ 7,987,308
Market Value of Assets	$ 303,073,552	$ 262,386,314	$ 252,070,535	$ 206,726,296
Entry Age Normal Accrued Liability				
Active Lives	$ 203,424,092	$ 199,854,225	$ 192,401,223	$ 181,465,537
Retired Lives	115,730,395	104,607,659	91,852,188	83,555,816
Terminated Members	18,805,149	17,580,426	16,114,427	15,995,667
TOTAL Entry Age Normal Accrued Liability	$ 337,959,636	$ 322,042,310	$ 300,367,838	$ 281,017,020
Ratio of Actuarial Value of Assets to Entry Age Normal Accrued Liability	85.93%	83.20%	84.45%	84.74%
Actuarial Value of Assets	$ 290,413,251	$ 267,941,755	$ 253,675,141	$ 238,147,626
Present Value of Future Employer Normal Cost	$ 106,937,635	$ 113,325,975	$ 106,036,822	$ 101,010,901
Present Value of Future Employee Contributions	$ 39,604,622	$ 38,884,396	$ 33,437,115	$ 32,774,369
Present Value of Future Benefits	$ 436,955,508	$ 420,152,126	$ 393,149,078	$ 371,932,896

****

	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011
Employee Contribution Rate	8.00% *	8.00% *	7.00%	7.00%
Projected Tax Cont. as % of Proj. Payroll	14.07%	13.11%	11.61%	11.87%
Actuarially Req'd Net Direct Employer Cont Rate	7.25%	9.70%	10.28%	9.63%
Actual Employer Direct Contribution Rate	9.75%	10.25%	9.75%	9.00%

* Employee Rate changed effective 1/01/2013

Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
732	732	716	677	688	691
176	154	141	132	130	122
93	82	83	83	85	88
193	178	162	154	149	147
$ 50,472,941	$ 47,592,254	$ 42,887,345	$ 38,460,604	$ 37,811,175	$ 36,752,886
$ 7,435,483	$ 5,735,813	$ 4,819,437	$ 4,264,078	$ 4,171,296	$ 3,879,254
$ 182,397,138	$ 212,447,745	$ 221,787,167	$ 190,498,450	$ 172,584,314	$ 160,875,906
$ 165,707,635	$ 167,008,296	$ 145,851,386	$ 131,266,273	$ 118,952,240	$ 111,796,909
75,797,552	55,578,024	45,706,749	40,402,576	39,419,367	35,864,196
16,275,424	12,016,625	11,931,845	12,485,215	11,999,562	11,916,493
------------------	------------------	------------------	------------------	------------------	------------------
$ 257,780,611	$ 234,602,945	$ 203,489,980	$ 184,154,064	$ 170,371,169	$ 159,577,598
85.75%	97.10%	105.04%	103.98%	96.26%	94.10%
$ 221,051,999	$ 227,804,058	$ 213,739,881	$ 191,477,673	$ 163,996,534	$ 150,160,804
$ 87,141,646	$ 53,521,546	$ 37,197,342	$ 36,370,304	$ 50,368,780	$ 53,025,582
$ 28,787,858	$ 26,403,326	$ 24,704,996	$ 22,336,886	$ 22,573,688	$ 20,800,405
$ 336,981,503	$ 307,728,930	$ 275,642,219	$ 250,184,863	$ 236,939,002	$ 223,986.791

****

Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
12.19%	9.55%	9.81%	10.50%	10.59%	10.88%
8.64%	4.55%	0.00%	0.00%	3.73%	5.83%
5.00%	0.00%	0.00%	3.50%	6.00%	3.75%

SUMMARY OF PRINCIPAL PLAN PROVISIONS

The District Attorneys' Retirement System is a defined benefit pension plan that provides retirement allowances and other benefits. The following summary of plan provisions is for general informational purposes only and does not constitute a guarantee of benefits.

MEMBERSHIP - All District Attorneys', Assistant District Attorneys', (who earn more than the minimum salary specified by the board), and persons employed by this retirement system and the Louisiana District Attorneys' Association, are required to be members of the system as a condition of their employment.

CONTRIBUTION RATES - The fund is financed by employee contributions of 8.0% of salary for active members. In addition, the fund receives revenue sharing funds as appropriated by the legislature and ad valorem taxes as determined by the Public Retirement Systems' Actuarial Committee up to a maximum of .2% of the ad valorem taxes shown to be collected. In the event that the contributions from ad valorem taxes and revenue sharing funds are insufficient to provide for the gross employer actuarially required contribution, the employer is required to make direct contributions as determined by the Public Retirement Systems' Actuarial Committee.

CONTRIBUTION REFUNDS - Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued rights in the system.

RETIREMENT BENEFITS - For members who joined the system before July 1, 1990, and who have elected not to be covered by the new provisions - Members are eligible to receive a normal retirement benefit if they have ten or more years of creditable service and are at least age sixty-two, or if they have eighteen or more years of service and are at least age sixty, or if they have twenty-three or more years of service and are at least age fifty-five, of if they have thirty years of service regardless of age. The normal retirement benefit is equal to 3% of the member's average final compensation for each year of creditable service. Members are eligible for early retirement at age sixty if they have at least ten years of creditable service or at age fifty-five with at least eighteen years of creditable service. Members who retire prior to age sixty with less than twenty-three years of service credit receives a retirement benefit reduced 3% for each year of age below sixty. Members who retire prior to age sixty-two who have less than eighteen years of service receive a retirement benefit reduced 3% for each year of age below sixty-two. Retirement benefits may not exceed 100% of final average compensation.

For members who joined the system after July 1, 1990, or who elected to be covered by the new provisions - Members are eligible to receive normal retirement benefits if they are age sixty and have ten years of service credit, are age fifty-five and have twenty-four years of service credit, or have thirty years of service credit regardless of age. The normal retirement benefit is equal to 3.5% of the member's final average compensation multiplied by years of membership service. A member is eligible for an early retirement benefit if he is age fifty-five and has at least eighteen years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced 3% for each year the member retires in advance of normal retirement age. Benefits may not exceed 100% of average final compensation.

FINAL AVERAGE COMPENSATION - The period of final average compensation is thirty-six months plus the number of whole months elapsed since January 1, 2013, not to exceed sixty months, subject to the limitation that the final average compensation shall not be less than the highest thirty-six month final average compensation as of January 1, 2013.

OPTIONAL ALLOWANCES - Members may receive their benefits as a life annuity, or in lieu of such receive a reduced benefit according to the option selected which is the actuarial equivalent of the maximum benefit.

Option 1 - If the member dies before he has received in annuity payments the present value of his member's annuity as it was at the time of retirement the balance is paid to his beneficiary.

Option 2 - Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will continue to receive the same reduced benefit.

Option 3 - Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will receive one-half of the members reduced benefit.

Option 4 - Upon retirement, the member elects to receive a board-approved benefit which is actuarially equivalent to the maximum benefit.

A member may also elect to receive an actuarially reduced benefit which provides for an automatic 2 ½% annual compound increase in monthly retirement benefits based on the reduced benefit and commencing on the later of age fifty-five or retirement anniversary; this COLA is in addition to any ad hoc COLAs which are payable. This is not available to members who select a Back-DROP benefit.

DISABILITY BENEFITS - Disability benefits are awarded to active contributing members with at least ten years of service who are found to be totally disabled as a result of injuries incurred while in active service. The member receives a benefit equal to 3.5% (3% for members covered under the old retirement benefit provisions) of his average final compensation multiplied by the lesser of his actual service (not to be less than fifteen years) or projected continued service to age sixty.

SURVIVOR BENEFITS - Upon the death of a member with less than five years of creditable service, his accumulated contributions and interest thereon are paid to his spouse, if he is married, or to his designated beneficiary, if he is not married. Upon the death of any active, contributing member with five or more years of service or any member with twenty-three years of service who has not retired, automatic option 2 benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest normal retirement age. If a member has no surviving spouse, the surviving minor children under eighteen or disabled children are paid 80% of the member's accrued retirement benefit divided into equal shares. If a member has no surviving spouse or children, his accumulated contributions and interest are paid to his designated beneficiary. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions with interest.

DEFERRED RETIREMENT OPTION PLAN – **The following provisions only apply to those members of the retirement system who elected to participate in the Deferred Retirement Option**

Plan prior to January 1, 2009. In lieu of terminating employment and accepting a service retirement allowance, any member in the New Plan who is eligible for normal retirement or any member of the Old Plan who is eligible for unreduced benefits may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the system continues and the member's status changes to inactive. During participation in the plan, employer contributions are payable but employee contributions are reduced to one-half of one percent. The monthly retirement benefits that would have been payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP account. This fund does not earn interest while a person is participating in the DROP. In addition, no cost of living increases are payable to participants until employment which made them eligible to become members of the system has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the plan may receive, at his option, a lump sum from the account equal to the payments into the account or systematic disbursements from his account in any manner approved by the board of trustees. The monthly benefits that were being paid into the deferred retirement option plan fund will begin to be paid to the retiree. If a participant dies during the participation in the plan, a lump sum equal to his account balance in the plan fund is paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the plan fund cease and the person resumes active contributing membership in the system. All amounts which remain credited to the individual’s sub-account after termination of participation in the plan are invested in liquid money market funds. Interest is credited thereon as actually earned.

Back-DROP – In lieu of receiving a service retirement allowance any member of the fund who has more than sufficient service for a regular service retirement may elect to receive a “Back-DROP” benefit. The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. At retirement the member’s maximum monthly retirement benefit is based upon his service, final average compensation, and plan provisions in effect on the last day of creditable service immediately prior to the commencement of the Back-DROP period. In addition to the monthly benefit at retirement, the member receives a lump-sum payment equal to the maximum monthly benefit as calculated above multiplied by the number of months in the Back-DROP period. In lieu of receiving the lump-sum payment, the member may leave the funds on deposit with the system in an interest bearing account. The surviving spouse of members eligible to retire may elect to receive benefits as though the member had elected the Back-DROP option as of the day following the date of death.

COST OF LIVING INCREASES - The board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of 3% of their original benefit, (not to exceed sixty dollars per month) and all retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit. In lieu of other cost of living increases the board may grant an increase to retirees in the form "X×(A&B)" where "A" is equal to the number of years of credited service accrued as retirement or death of the member or retiree and "B" is equal to the number of years since death of the member or retiree to June 30 of the initial year of increase and "X" is equal to any amount available for funding such increase up to a maximum of $1.00. In order for the board to grant any of these increases, the system must meet certain criteria detailed in the statute related to funding status and interest earnings.

ACTUARIAL ASSUMPTIONS

In determining actuarial costs, certain assumptions must be made regarding future experience under the plan. These assumptions include the rate of investment return, mortality of plan members, rates of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors which have an impact on the cost of the plan. To the extent that future experience varies from the assumptions selected for valuation, future costs will be either higher or lower than anticipated. The following chart illustrates the effect of emerging experience on the plan.

Factor	Increase in Factor Results in
Investment Earnings Rate	Decrease in Cost
Annual Rate of Salary Increase	Increase in Cost
Rates of Retirement	Increase in Cost
Rates of Termination	Decrease in Cost
Rates of Disability	Increase in Cost
Rates of Mortality	Decrease in Cost

ACTUARIAL COST METHOD:	The Aggregate Actuarial Cost Method with allocation based on earnings.
VALUATION INTEREST RATE:	7.5% (Net of Investment Expense)
ACTUARIAL ASSET VALUES:	Assets are valued at market value adjusted to defer four-fifths of all earnings above or below the valuation interest rate in the valuation year, three-fifths of all earnings above or below the valuation interest rate in the prior year, two-fifths of all earnings above or below the valuation interest rate from two years prior, and one-fifth of all earnings above or below the valuation interest rate from three years prior. The resulting smoothed values are subject to a corridor of 85% to 115% of the market value of assets. If the smoothed value falls outside the corridor, the actuarial value is set equal to the average of the corridor limit and the smoothed value.
ANNUAL SALARY INCREASE RATE:	6.50% (3.00% inflation / 3.50% merit)
ACTIVE MEMBER, ANNUITANT, AND BENEFICIARY MORTALITY:	RP 2000 Combined Healthy Table set back 3 years for males and 1 year for females
RETIREE COST OF LIVING INCREASE:	The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values do

not include provisions for potential future increases not yet authorized by the Board of Trustees.

INTEREST RATE ON CONTRIBUTION REFUNDS: 2%

RATES OF RETIREMENT: The table of these rates is included later in the report. These rates apply only to those individuals eligible to retire. Retirement rates for members who have completed DROP participation and are currently active are .33.

RETIREMENT LIMITATIONS: Projected retirement benefits are not subjected to IRS Section 415 limits.

RATES OF WITHDRAWAL: The rates of withdrawal are applied based upon completed years of service according to the following table:

Service	Factor
≤5	0.120
6 - 15	0.050
16 - 21	0.030
>21	0.010

Note: Withdrawal rates for members eligible to retire are assumed to be zero.

MARRIAGE STATISTICS: 80% of the members are assumed to be married; husbands are assumed to be three years older than wives.

FAMILY STATISTICS: Assumptions utilized in determining the costs of various survivor benefits as listed below, are derived from the information provided in the 2000 U. S. Census:

Member's Age	% With Children	Number of Children	Average Age
25	62%	1.7	6
35	82%	2.1	10
45	66%	1.8	13
55	19%	1.4	15
65	2%	1.4	15

DISABLED LIVES MORTALITY: RP-2000 Disabled Lives Mortality Tables for Males and Females

DISABILITY RATES:	The table of these rates is included later in the report. These rates are based on 7% of the disability rates used for the 21st valuation of the Railroad Retirement System for individuals with 10-19 years of service.
VESTING ELECTING PERCENTAGE:	90% of those vested elect deferred benefits in lieu of contribution refunds.
POST DROP RETIREMENT RATES:	0.17 at all ages.

ACTUARIAL TABLES AND RATES

Age	Male Mortality Rates	Female Mortality Rates	Retirement Rates	Disability Rates
18	0.00027	0.00018	0.00000	0.00011
19	0.00028	0.00019	0.00000	0.00011
20	0.00030	0.00019	0.00000	0.00011
21	0.00032	0.00019	0.00000	0.00011
22	0.00033	0.00019	0.00000	0.00011
23	0.00035	0.00019	0.00000	0.00011
24	0.00036	0.00020	0.00000	0.00011
25	0.00037	0.00020	0.00000	0.00011
26	0.00037	0.00021	0.00000	0.00011
27	0.00038	0.00021	0.00000	0.00011
28	0.00038	0.00022	0.00000	0.00011
29	0.00038	0.00024	0.00000	0.00011
30	0.00038	0.00025	0.00000	0.00011
31	0.00039	0.00026	0.00000	0.00011
32	0.00041	0.00031	0.00000	0.00011
33	0.00044	0.00035	0.00000	0.00011
34	0.00050	0.00039	0.00000	0.00011
35	0.00056	0.00044	0.00000	0.00012
36	0.00063	0.00047	0.00000	0.00013
37	0.00070	0.00051	0.00000	0.00015
38	0.00077	0.00055	0.00000	0.00017
39	0.00084	0.00060	0.00000	0.00019
40	0.00090	0.00065	0.00000	0.00022
41	0.00096	0.00071	0.00000	0.00025
42	0.00102	0.00077	0.00000	0.00027
43	0.00108	0.00085	0.00000	0.00031
44	0.00114	0.00094	0.00000	0.00035
45	0.00122	0.00103	0.00000	0.00040
46	0.00130	0.00112	0.20000	0.00046
47	0.00140	0.00122	0.20000	0.00051
48	0.00151	0.00133	0.20000	0.00058
49	0.00162	0.00143	0.20000	0.00066
50	0.00173	0.00155	0.20000	0.00075
51	0.00186	0.00168	0.20000	0.00085
52	0.00200	0.00185	0.20000	0.00097
53	0.00214	0.00202	0.20000	0.00110
54	0.00245	0.00221	0.20000	0.00125
55	0.00267	0.00242	0.20000	0.00141
56	0.00292	0.00272	0.20000	0.00161
57	0.00320	0.00309	0.20000	0.00183
58	0.00362	0.00348	0.20000	0.00207
59	0.00420	0.00392	0.20000	0.00236
60	0.00469	0.00444	0.15000	0.00342
61	0.00527	0.00506	0.15000	0.00342
62	0.00595	0.00581	0.15000	0.00342
63	0.00675	0.00666	0.15000	0.00342
64	0.00768	0.00765	0.15000	0.00342
65	0.00876	0.00862	0.15000	0.00342

GLOSSARY

Accrued Benefit – The pension benefit that an individual has earned as of a specific dated based on the provisions of the plan and the individual's age, service, and salary as of that date.

Actuarial Accrued Liability – The actuarial present value of benefits payable to members of the fund less the present value of future normal costs attributable to the members.

Actuarial Assumptions - Assumptions as to the occurrence of future events affecting pension costs. These assumptions include rates of mortality, withdrawal, disablement, and retirement. Also included are rates of investment earnings, changes in compensation, as well as statistics related to marriage and family composition.

Actuarial Cost Method – A procedure for determining the portion of the cost of a pension plan to be allocated to each year. Each cost method allocates a certain portion of the actuarial present value of benefits between the actuarial accrued liability and future normal costs. Once this allocation is made, a determination of the normal cost attributable to a specific year can be made along with the payment to amortize any unfunded actuarial accrued liability. To the extent that a particular funding method allocates a greater (lesser) portion of the actual present value of benefits to the actuarial accrued liability it will allocate less (more) to future normal costs.

Actuarial Equivalence – Payments or receipts with equal actuarial value on a given date when valued using the same set of actuarial assumptions.

Actuarial Gain (Loss) – The financial effect on the fund of the difference between the expected and actual experience of the fund. The experience may be related to investment earnings above (or below) those expected or changes in the liability structure due to fewer (or greater) than the expected numbers of retirements, deaths, disabilities, or withdrawals. In addition, other factors such as pay increases above (or below) those forecast can result in actuarial gains or losses. The effect of such gains (or losses) is to decrease (or increase) future costs.

Actuarial Present Value - The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect the time value of money (through accrual of interest) and the probability of payments. For example: if $600 invested today will be worth $1,000 in 10 years and there is a 50% probability that a person will live 10 years, then the actuarial present value of $1,000 payable to that person if he should survive 10 years is $300.

Actuarial Value of Assets - The value of cash, investments, and other property belonging to the pension plan as used by the actuary for the purpose of the actuarial valuation. This may correspond to the book value, market value, or some modification involving either or both book and market value. Adjustments to market values are often made to reduce the volatility of asset values.

Asset Gain (Loss) - That portion of the actuarial gain attributable to investment performance above (below) the expected rate of return in the actuarial assumptions.

Amortization Payment - That portion of the pension plan contribution designated to pay interest and reduce the outstanding principal balance of unfunded actuarial accrued liability. If the amortization payment is less than the accrued interest on the unfunded actuarial accrued liability the outstanding principal balance will increase.

Contribution Shortfall (Excess) - The difference between contributions recommended in the prior valuation and the actual amount received.

Decrements – Events which result in the termination of membership in the system such as retirement, disability, withdrawal, or death.

Employer Normal Cost - That portion of the normal cost not attributable to employee contributions. It includes both direct contributions made by the employer and contributions from other non-employee sources such as revenue sharing and revenues related to taxes.

Funded Ratio – A measure of the ratio of assets to liabilities of the system according to a specific definition of those two values. Typically the assets used in the measure are the actuarial value of assets; the liabilities are defined by reference to some recognized actuarial funding method. Thus the funded ratio of a plan depends not only on the financial strength of the plan but also on the funding method used to determine the liabilities and the asset valuation method used to determine the assets in the ratio.

Normal Cost - That portion of the actuarial present value of pension plan benefits and expenses allocated to a valuation year by the actuarial cost method. This is analogous to one year's insurance premium.

Pension Benefit Obligation - The actuarial present value of benefits earned or credited to date based on the members expected final average compensation at retirement. For current retirees or terminated members this is equivalent to the actuarial present value of their accrued benefit.

Projected Benefits – The benefits expected to be paid in the future based on the provisions of the plan and the actuarial assumptions. The projected values are based on anticipated future advancement in age and accrual of service as well as increases in salary paid to the participant.

Unfunded Actuarial Accrued Liability - The excess of the actuarial accrued liability over the actuarial value of assets.

Vested Benefits - Benefits that the members are entitled to even if they withdraw from service.

NOTES: