

Hall Actuarial Associates

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September 8, 2004

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, 2004.

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.

Board of Trustees
TRS
September 8, 2004

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

	<u>June 30, 2004</u>	-----Prior Years-----	
		<u>June 30, 2003</u>	<u>June 30, 2002</u>
I. Membership Census			
1) Retirees	52,900	50,903	48,929
2) Actives	87,273	87,646	87,356
3) DROP	3,409	2,722	5,103
4) Terminated Vested	5,610	5,720	624
II. Annual Benefits	\$ 981,646,356	\$ 924,735,564	\$ 873,678,046
III. Actuarial Payroll	3,017,086,702	2,977,885,311	2,777,667,107
IV. Valuation Assets	11,231,406,507	11,664,894,495	11,746,064,614
V. Experience Account	0	-1,088,630,751	-306,224,579
VI. Investment Yield			
Actuarial Value	9.85%	-5.55%	-5.84%
Market Value	16.85%	2.16%	-8.08%
VII. Cost to Fund Annual Pension Accruals (Normal Costs)	448,025,937 14.85%	434,833,046 14.60%	416,558,277 15.00%
VIII. Unfunded Actuarial Accrued Liability	6,836,079,694	5,531,917,633	4,517,175,088
IX. Funded Percentage	62.2%	67.8%	72.2%
X. Funding Requirements to Pay (Mid-year Payment)			
1) Employee Contribution Rate	248,429,320 7.99%	244,655,604 7.98%	228,706,825 7.97%
2) Employer Contribution Rate - Current Year	516,510,834 15.3%	499,236,111 14.9%	435,851,822 14.0%
3) Projected Employer Contribution - Next Year	555,838,158 16.0%	529,353,799 15.4%	442,981,568 13.8%

The above funding requirements measure the cost of benefits that were in effect on June 30, 2004.

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Current Funding

The Actuarial Valuation for the plan year ending June 30, 2004 discloses a significant increase in the value of the plan's unfunded accrued liability. 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

Unfunded Liability 6/30/2003		\$ 5,531,917,633
INCREASES		
Interest on Unfunded Liability	\$ 456,383,205	
Experience Account Loss	1,178,442,788	
Experience Loss	117,748,835	
Employer Shortfall Charge	<u>37,549,543</u>	
Incurring Increases	1,791,124,371	
DECREASES		
Amortization Payments	319,557,683	
Investment Gain	<u>166,404,627</u>	
Incurring Decreases	485,962,310	
Unfunded Liability 6/30/2004		\$ 6,836,079,694

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The initial projected employer contribution rate for the 2004-2005 plan year was 15.4%. The Public Retirement Systems' Actuarial Committee agreed that the negative Experience Account Balance violated Constitutional funding requirements. The result was an increase in the contribution rate to 17.3% and a 6.3% decrease in the funded ratio. Act 588's modification of the amortization schedules reduced the rate to 15.3%. PERSAC approved a projected employer contribution rate for the 2004-2005 plan year equal to the minimum rate of 15.5%. The actual employer contribution rate determined for the current plan year is 15.3% which should produce an employer contribution credit of .2%.

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 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. A minimum Employer rate of 15.5% and employer credit account were established for excess contributions. Following the recommendation of PERSAC, the negative Experience Account Balance was removed from the valuation assets. The Experience Account was reset to zero.

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 (with appropriate changes for the current year noted) 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 \$-368,646.
- **Texaco Settlement Fund:**
This fund accumulates Texaco settlement contributions as a separate account invested at TRSL's actuarial rate of return. The accumulated value of the account can only be used liquidate the outstanding balance of the initial unfunded actuarial liability. The current account balance is \$177,998,352.
- **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.

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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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>5 YEAR AVERAGE</u>
17.63%	.05%	-5.84%	-5.55%	9.85%	2.83%

The net actuarial rate of return assumed in the valuation was 8.25%. For the plan year ending June 30, 2004 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 \$166,404,627 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 2003-2004 plan year, the system incurred an \$117,748,835 experience loss.

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.

The demographic changes illustrated in Exhibit 4 indicates 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

The funding requirements mandated by Act 81 require the employee to contribute 8% of payroll for the plan year beginning in 1989. The employer will pay a percentage of the normal cost plus a dollar amount sufficient to amortize the unfunded liability over a 40 year period. To convert the dollar 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:

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<u>June 30</u>	<u>Payroll/\$1000</u>	<u>Percent Increase</u>
1994	2,359,049	1.3%
1995	2,423,640	2.7%
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	3,805,149	5.5%

During the last ten (10) years the aggregate salaries have increased at an annualized rate of 4.90%. If this trend continues during the next twenty-five (25) years, the percentage of pay required to amortize the unfunded liability can be expected to decrease 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,

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, 2004</u>		---Prior Year---	
	<u>Dollar</u> <u>Amount</u>	<u>% of</u> <u>Salary</u>	<u>June 30, 2003</u> <u>Dollar</u> <u>Amount</u>	<u>% of</u> <u>Salary</u>
I. Normal Costs (annual pension accruals)				
Active Members with Complete Data				
a) Retirement Benefits	\$377,745,090	12.52%	\$ 368,569,810	12.38%
b) Disability Benefits	10,710,720	.36%	10,193,897	.34%
c) Survivor Benefits	9,460,785	.31%	9,145,820	.31%
d) Voluntary Termination	39,209,342	1.30%	36,123,519	1.21%
e) Expenses	<u>10,900,000</u>	<u>.36%</u>	<u>10,800,000</u>	<u>.36%</u>
TOTAL	448,025,937	14.85%	434,833,046	14.60%
II. Actuarial Accrued Liability				
a) Active Members				
1) Retirement Benefits	5,922,490,485		5,961,250,380	
2) Disability Benefits	128,706,443		126,569,272	
3) Survivor Benefits	120,052,027		120,497,501	
4) Voluntary Termination	<u>225,326,140</u>		<u>210,746,294</u>	
	6,396,575,095		6,419,063,447	
b) Retired and Inactive Members				
1) Regular Retirees	7,791,838,710		7,269,747,061	
2) Disabled Retirees	255,478,616		248,005,741	
3) Survivors	448,753,071		432,866,929	
4) Vested Deferred ¹	565,972,681		568,824,137	
5) Contributions Refunded	24,507,322		22,112,690	
6) DROP Deferred Benefits	1,846,657,333		1,535,856,928	
7) DROP Account Balances	<u>737,703,373</u>		<u>700,335,195</u>	
	11,670,911,106		10,777,748,681	
c) TOTAL	18,067,486,201		17,196,812,128	

¹Includes pending Retirement/Drop applications for 2004

Exhibit 1 (Continued)
Costs, Liabilities & Contributions

	<u>June 30, 2004</u>	---Prior Year--- <u>June 30, 2003</u>
II. Actuarial Accrued Liability	18,067,486,201	17,196,812,128
III. Assets	11,231,406,507	11,664,894,495
IV. Unfunded Actuarial Accrued Liabilities - Projected Unit Credit	6,836,079,694	5,531,917,633
a) Change over prior year	1,304,162,061	1,014,742,545
b) Funded Percentage (Total Assets)	62.2%	67.8%
V. Employer Contributions To Fund Current Plan Year ¹		
a) Employer Portion of Normal Cost	202,204,051	192,099,867
b) Amortization Payments	325,755,290	336,963,146
c) Prior Contribution Variance	<u>-11,448,507</u>	<u>-29,823,902</u>
TOTAL Required Contribution	516,510,834	499,236,111
	15.3%	14.9%
PERSAC approved Rate ¹	15.5%	13.8%
Employer Normal Cost Rate	6.5011%	6.2579%
VI. Projected Employer Contributions To Fund Next Plan Year ¹		
a) Employer Portion of Normal Cost	208,140,620	197,774,512
b) Amortization Payments	351,244,157	352,126,485
c) Prior Contribution Variance	<u>-3,546,619</u>	<u>-20,547,198</u>
TOTAL Projected Contribution	555,838,158	529,353,799
	16.0%	15.4%
VII. Current Payroll	3,017,086,702	2,977,885,311
Projected Payroll - Mid Year	3,110,315,796	3,069,706,460
Projected Payroll - Next Year	3,201,632,477	3,160,385,824
ORP - Salary Adjustment Factor ²	1.14578	1.14325

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

²The 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, 2004</u>	<u>June 30, 2003</u>	<u>June 30, 2002</u>
<u>OPERATING REVENUES:</u>			
1. Contribution Income			
Member	\$ 264,999,131	\$ 251,297,401	\$ 246,119,537
Employer	442,553,054	415,298,635	392,636,449
Appropriations	11,180	5,161,161	5,153,448
ORP-Unfunded	35,244,313	29,499,096	27,196,233
LSU-Coop/Ext	1,066,108	1,263,279	1,167,463
Miscellaneous	<u>474,008</u>	<u>115,138</u>	<u>1,520,889</u>
TOTAL CONTRIBUTIONS	744,347,794	702,634,710	673,794,019
2. Investment Income			
Investments	1,765,081,493	245,625,327	-924,070,185
Less, investment expenses	<u>-23,311,668</u>	<u>-19,283,122</u>	<u>-22,812,775</u>
TOTAL INVESTMENT INCOME	1,741,769,825	226,342,205	-946,882,960
<u>OPERATING EXPENSES:</u>			
1. General Administration	10,876,626	10,688,003	8,886,231
Other Expenses	508,399	490,780	475,734
2. Benefits Paid			
a) Pension Benefits	1,075,298,667	1,003,327,453	920,593,341
b) Return of Contrib.	<u>26,714,645</u>	<u>22,287,120</u>	<u>23,432,297</u>
TOTAL BENEFITS PAID	1,102,013,312	1,025,614,573	944,025,638
3. Total Expenses	1,113,398,337	1,036,793,356	953,387,603
<u>NET INCREASE:</u>	1,372,719,282	-107,816,441	-1,226,476,544

EXHIBIT 2 (Continued)
Financial Summary

FINANCIAL SUMMARY
STATEMENT OF ASSETS
FOR FISCAL YEAR ENDING

	<u>June 30, 2004</u>	-----Prior Years----- <u>June 30, 2003</u>	<u>June 30, 2002</u>
<u>EMPLOYER CREDIT ACCOUNT¹:</u>			
Prior Year Ending Balance	n/a	n/a	n/a
+ Contributions	n/a	n/a	n/a
- Disbursements	n/a	n/a	n/a
+ Accumulated Interest	n/a	n/a	n/a
Account Balance - Year End	0	n/a	n/a
<u>LSU AGRICULTURE AND EXTENSION SERVICE:</u>			
Prior Year Ending Balance	-180,974	-231,938	-240,630
+ Contributions	1,066,108	1,263,279	1,167,463
- Benefit Disbursements	1,228,150	1,224,473	1,172,578
+ Accumulated Interest	-25,630	11,759	14,207
Fund Balance - Year End	-368,646	-180,974	-231,938
<u>TEXACO SETTLEMENT FUND:</u>			
Prior Year Ending Balance	162,031,438	273,488,200	290,453,230
+ Current Year Allocation	0	-96,277,696	0
+ Accumulated Interest	15,966,914	-15,179,066	-16,965,030
Fund Balance - Year End	177,998,352	162,031,438	273,488,200
<u>EXPERIENCE ACCOUNT FUND:</u>			
Prior Year Ending Balance	-1,088,630,751	-306,224,579	666,053,912
+ Experience Account Allocation	91,934,262	-799,095,192	-819,632,107
- Benefit Disbursements	0	306,971 ²	113,742,963 ²
+ Accumulated Interest	-107,275,933	16,995,991	-38,903,421
Fund Balance - Year End	0 ³	-1,088,630,751	-306,224,579
<u>DEVELOPMENT OF VALUATION ASSETS:</u>			
Actuarial Value of Assets	11,409,036,213	10,738,114,209	11,713,096,697
- Employer Credit Account	0	n/a	n/a
- LSU Ag/Ext Service Account	-368,646	-180,974	-231,938
- Texaco Settlement Fund	177,998,352	162,031,438	273,488,200
- Experience Account Fund	0	-1,088,630,751	-306,224,579
Valuation Assets	11,231,406,507	11,664,894,495	11,746,064,614

¹The Employer Credit Account was created by ACT 588 of the 2004.

²Includes Act 1172 normal cost allocation of \$306,971 for 2003 and \$575,777 for 2002 and is eliminated prospectively by Act 588 of 2004

³Act 588 of the 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 ¹ (a)	Actuarial Accrued Liability(AAL) (b)	Unfunded AAL (UAAL) ² (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
1995	6,275,335	10,570,306	4,294,972	59.4	2,199,137	195.3
1996	7,055,144	11,232,762	4,177,618	62.8	2,254,304	185.3
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

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by \$870,674,073 from June 30, 2003 to June 30, 2004. There was a net experience loss of \$19,366,717.

¹The Actuarial Value of Assets for GASB reporting includes the Texaco Settlement Fund Assets in the Valuation Assets (see page 12).

²UAAL 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**

Fiscal Year	Actuarial Required Contribution	Percent Contributed	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation¹
1995	391,687,201	100.8	384,272,775	394,839,584	102.7	17,073,771
1996	401,039,317	98.4	394,419,635	394,501,448	100.0	18,397,236
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	535,786,346	93.0	562,061,893	498,236,803	88.6	6,198,269

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).

**DEVELOPMENT OF NET
PENSION OBLIGATION:**

(1) Actuarially Required Contribution	535,786,346
(2) Interest on Net Pension Obligation	-4,754,213
(3) Amortization of Net Pension Obligation	-31,029,090
(4) Annual Pension Cost (1)+(2)-(3)	562,061,893
(5) Employer Contribution	498,236,802
(6) Increase (decrease) in Net Pension Obligation	63,825,090
(7) Net Pension Obligation Beginning of Year	-57,626,822
(8) Net Pension Obligation End of year (6)+(7)	6,198,269

¹ 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

Fiscal	Members	Employer	Investment	
Year	Contribution	Contribution¹	Income	Total
1995	193,264,580	438,204,055	340,887,547	972,356,182
1996	182,144,749	424,296,148	766,079,071	1,372,519,968
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

Expenses by Type

Fiscal	Benefits	Refunds	Administrative	
Year			Expenses	Total
1995	530,786,764	47,686,165	6,811,064	585,283,993
1996	597,840,991	18,780,044	7,344,398	623,965,433
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

¹Includes 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, suspicious data and data containing errors were purged from the data base and processed separately 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

There were a total 222 records purged from the data base containing errors or categorized as suspicious data which is comparable to recent prior years. Suspicious data are not necessarily errors, but data which falls outside the parameters of the editing process for further checking.

Again this year the Terminated Vested status is overstated, containing a number of retirement and DROP applications awaiting final certification.

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

	-----2004-----		-----2003-----	
	<u>Census</u>	<u>Avg.Sal.</u>	<u>Census</u>	<u>Avg.Sal.</u>
Active Members				
TRs - Regular Plan	76,100	33,127	75,412	\$32,306
TRs - University Plan	5,873	50,190	6,917	49,305
TRs - Plan A	537	19,201	688	18,758
TRs - Plan B	1,888	13,899	1,941	13,516
TRs - Post DROP	<u>2,875</u>	<u>44,022</u>	<u>2,688</u>	<u>44,722</u>
TOTAL	87,273	34,133	87,646	33,299

EXHIBIT 4 (Continued)
Census Data

	<u>2004 Census</u>	<u>2003 Census</u>
Retired and Inactive Members		
Regular Retirees	44,690	42,800
Disability Retirees	3,797	3,698
DROP Participants	3,409	2,722
Survivors	4,413	4,155
Vested and Reciprocals	5,610	5,720
Due Refunds	10,242	7,852
Errors	N/A	250
TOTAL	72,161	67,197
TOTAL Actives & Inactives	159,434	154,843

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	-	\$3,017,086,702
Actual Salaries for which contributions were received	-	\$3,321,100,682

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 .206 during the last twenty-five (25) 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>2003</u>		<u>2004</u>		<u>25 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	1,756	.12	1,766	.12	-.03
[30 - 39)	7,035	.35	3,426	.24	3,549	.25	-.10
[40 - 49)	5,719	.29	4,047	.28	3,872	.27	-.02
[50 - 59)	3,316	.17	4,280	.29	4,179	.29	+.12
[60 -)	739	.03	1,020	.07	1,063	.07	+.04
TOTAL	19,709	1.00	14,529	1.00	14,439	1.00	

FEMALES

<u>Age Group</u>	<u>1979</u>		<u>2003</u>		<u>2004</u>		<u>25 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	8,468	.12	8,513	.12	-.13
[30 - 39)	17,302	.36	17,121	.24	17,231	.25	-.11
[40 - 49)	11,604	.24	24,008	.34	23,298	.34	+.10
[50 - 59)	6,446	.13	18,384	.26	18,448	.26	+.13
[60 -)	1,024	.02	2,446	.04	2,469	.04	+.02
TOTAL	48,526	1.00	70,427	1.00	69,959	1.00	

Distribution by Sex

	<u>1979</u>	<u>2003</u>	<u>2004</u>	<u>% Change From 1979</u>
Males (%)	29%	17.1%	17.1%	-11.9%
Females (%)	71%	82.9%	82.9%	+11.9%
Ratio (M/F)	.406	.206	.206	

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

TRS RETIREMENT SYSTEM
ALL ACTIVE MEMBERS

CELLS DEPICT - MEMBER COUNT VALUATION DATE 6/30/2004
TOTAL SALARY

Age/Years	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	Total
[0 - 19)	3	1	0	0	0	0	0	0	0	4
	11393	26860	0	0	0	0	0	0	0	38253
[20 - 24)	588	1767	11	0	0	0	0	0	0	2366
	9239447	50934811	273778	0	0	0	0	0	0	60448037
[25 - 29)	675	5773	1467	4	0	0	0	0	0	7919
	11486791	173594180	47726777	99433	0	0	0	0	0	232907181
[30 - 34)	538	3726	4453	1316	5	0	0	0	0	10038
	8917948	105349684	148494637	47927420	133615	0	0	0	0	310823304
[35 - 39)	461	3042	3013	3025	1190	11	0	0	0	10742
	6713890	80786777	92084448	112258197	47293092	320131	0	0	0	339456535
[40 - 44)	346	2815	2979	2411	2718	1153	24	0	0	12446
	5429379	72126827	83638122	79440952	106902632	46717863	611983	0	0	394867758
[45 - 49)	257	2313	2738	2552	2147	2818	1892	6	1	14724
	4074357	62049968	79071612	80905705	80914921	121673569	86862196	172071	73182	515797580
[50 - 54)	199	1598	2052	2326	2265	2260	3702	370	1	14773
	3797840	48129500	61551318	75775973	83882160	97884084	176043251	18494414	21192	565579733
[55 - 59)	114	961	1226	1448	1659	1745	476	206	19	7854
	2243113	29847373	37403925	47956293	61051981	72651931	23058699	11420479	1093862	286727657
[60 - 64)	37	419	464	313	416	478	230	110	88	2555
	659050	12835311	13516642	11699901	17209176	22539841	11628857	7974509	5980320	104043607
[65 - 69)	10	76	100	86	98	132	130	35	60	727
	222856	2337272	2896252	2752837	4269192	6317103	6228635	2165153	3820659	31009959
[70 - 74)	2	39	43	11	29	42	29	13	42	250
	49860	1253028	1086148	268496	920946	2002486	1749536	749434	2495991	10575925
Total	3230	22530	18546	13492	10527	8639	6483	740	211	84398
	52845925	639271592	567743658	459085207	402577715	370107009	306183158	40976060	13485206	2852275530

AVERAGES --- Attained Age 43.63
Service Years 11.27
Active Salary 33,796

Hall 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 6/30/2004

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
[35 - 39)	0	0	0	0	0	0	0	0	0	0
[40 - 44)	0	0	0	0	0	0	0	0	0	0
[45 - 49)	0	0	0	0	0	0	0	0	0	0
[50 - 54)	42	8	7	0	0	0	0	0	0	57
	1268978	288497	172317	0	0	0	0	0	0	1729792
	1164684	203088	120948	0	0	0	0	0	0	1488720
[55 - 59)	452	356	171	82	38	3	0	0	0	1102
	16149839	18035198	8926131	4292442	1846592	187830	0	0	0	49438032
	14137392	11203260	5433360	2478156	1015560	94548	0	0	0	34362276
[60 - 64)	220	185	188	146	121	197	1	0	0	1058
	4734460	6982995	9459608	7918749	6369018	11602875	95006	0	0	47162711
	3297588	3228696	5318160	4127304	3389628	5917932	47004	0	0	25326312
[65 - 69)	23	35	97	84	60	172	1	0	0	472
	529297	1445420	3176580	2912094	2192585	9076472	64894	0	0	19397342
	338280	575424	1332552	1340280	975864	4596996	32940	0	0	9192336
[70 - 74)	7	13	23	17	22	99	5	0	0	186
	127595	472242	1142210	862906	754761	5113566	361122	0	0	8834402
	88644	230544	553356	513132	402960	2603040	176712	0	0	4568388
Total	744	597	486	329	241	471	7	0	0	2875
Total	22810169	27224352	22876846	15986191	11162956	25980743	521022	0	0	126562279
Total	19026588	15441012	12758376	8458872	5784012	13212516	256656	0	0	74938032

AVERAGES --- Attained Age 61.85
Post Drop Years 2.65
Active Salary 44,022
Annual Benefit 26,065

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

TRS RETIREMENT SYSTEM
ACTIVE - TEACHERS

CELLS DEPICT - MEMBER COUNT VALUATION DATE 6/30/2004
TOTAL SALARY

Age/Years	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	Total
[0 - 19)	3	1	0	0	0	0	0	0	0	4
	11393	26860	0	0	0	0	0	0	0	38253
[20 - 24)	531	1704	11	0	0	0	0	0	0	2246
	8282521	49165400	273778	0	0	0	0	0	0	57721700
[25 - 29)	561	5415	1423	4	0	0	0	0	0	7403
	9480844	163054063	46239865	99433	0	0	0	0	0	218874205
[30 - 34)	447	3398	4250	1276	5	0	0	0	0	9376
	6827221	94614232	141343422	46199504	133615	0	0	0	0	289117994
[35 - 39)	395	2728	2807	2909	1148	11	0	0	0	9998
	5266958	70505446	85249525	107662221	45646791	320131	0	0	0	314651072
[40 - 44)	289	2479	2744	2239	2580	1069	23	0	0	11423
	4121566	61342999	76703214	73481048	101673777	44095909	594010	0	0	362012523
[45 - 49)	213	2046	2510	2396	1945	2548	1779	6	1	13444
	3159225	53065735	72095708	75503834	72248389	110962469	82054055	172071	73182	469334667
[50 - 54)	154	1393	1864	2165	2031	1823	3304	311	0	13045
	2791344	39535612	55605445	69718857	73008543	77616322	156649909	15246818	0	490172851
[55 - 59)	91	807	1101	1320	1463	1335	267	160	14	6558
	1454327	23608009	33318376	43242279	52092059	53503604	11644327	8267059	674319	227804360
[60 - 64)	30	340	388	264	345	328	141	37	45	1918
	467670	9665523	11170507	9009698	13367899	13008775	6002737	2043113	2492084	67228006
[65 - 69)	5	65	90	68	76	89	88	10	29	520
	83073	1948846	2716194	1864935	2693067	3432111	3748771	543311	1416350	18446658
[70 - 74)	1	34	41	9	24	20	14	4	18	165
	4860	1048192	962582	190016	783817	789682	804376	223630	747979	5555134
Total	2720	20410	17229	12650	9617	7223	5616	528	107	76100
	41951003	567580918	525678615	426971825	361647957	303729004	261498186	26496002	5403914	2520957424

AVERAGES --- Attained Age 43.18
Service Years 11.08
Active Salary 33,127

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

TRS RETIREMENT SYSTEM
ACTIVE - LSU

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2004

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)	31	18	0	0	0	0	0	0	0	49
[25 - 29)	66	142	11	0	0	0	0	0	0	219
[30 - 34)	44	105	74	17	0	0	0	0	0	240
[35 - 39)	39	114	54	34	11	0	0	0	0	252
[40 - 44)	30	92	40	33	38	15	0	0	0	248
[45 - 49)	20	72	49	30	62	61	23	0	0	317
[50 - 54)	22	74	43	37	68	137	86	14	1	482
[55 - 59)	11	53	21	26	56	109	80	21	0	377
[60 - 64)	3	24	19	16	23	59	35	37	18	234
[65 - 69)	1	3	2	4	11	13	12	11	12	69
[70 - 74)	0	1	1	1	1	9	6	2	12	33
Total	267	698	314	198	270	403	242	85	43	2520
Total	6505859	31260580	14740400	10015244	16596829	30418850	18868643	7608763	4090906	140106074

AVERAGES --- Attained Age 47.01
Service Years 12.43
Active Salary 55,598

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

TRS RETIREMENT SYSTEM
ACTIVE - UNIVERSITY

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2004

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)	26	40	0	0	0	0	0	0	0	66
[25 - 29)	43	185	31	0	0	0	0	0	0	259
[30 - 34)	38	173	102	23	0	0	0	0	0	336
[35 - 39)	13	108	84	63	20	0	0	0	0	288
[40 - 44)	19	126	86	78	50	25	0	0	0	384
[45 - 49)	15	118	69	67	75	90	44	0	0	478
[50 - 54)	18	94	67	78	96	122	188	31	0	694
[55 - 59)	9	61	52	57	78	109	46	17	5	434
[60 - 64)	2	40	23	23	35	61	34	31	23	272
[65 - 69)	4	8	1	8	8	23	20	12	16	100
[70 - 74)	1	4	1	1	3	9	6	5	12	42
Total	188	957	516	398	365	439	338	96	56	3353
Total	3967534	34850543	20935227	18562162	19831366	25973507	20301832	6323457	3913607	154659235

AVERAGES --- Attained Age 46.97
Service Years 12.45
Active Salary 46,126

Hall 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 6/30/2004

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	1	1	0	0	24	1	0	0	27
[45 - 49)	0	0	0	1	3	75	28	0	0	107
[50 - 54)	0	0	0	0	1	117	81	5	0	204
[55 - 59)	0	0	0	0	2	128	18	2	0	150
[60 - 64)	0	0	0	0	0	16	10	2	1	29
[65 - 69)	0	0	0	0	0	3	6	2	1	12
[70 - 74)	0	0	0	0	0	3	3	2	0	8
Total	0	1	1	1	6	366	147	13	2	537
Total	0	17209	14132	4471	123277	6724390	3158002	238462	30982	10310925

AVERAGES --- Attained Age 53.58
Service Years 24.25
Active Salary 19,201

Hall 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 6/30/2004

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	5	0	0	0	0	0	0	0	5
[25 - 29)	5	31	2	0	0	0	0	0	0	38
[30 - 34)	9	50	27	0	0	0	0	0	0	86
[35 - 39)	14	92	68	19	11	0	0	0	0	204
[40 - 44)	8	117	108	61	50	20	0	0	0	364
[45 - 49)	9	77	110	58	62	44	18	0	0	378
[50 - 54)	5	37	78	46	69	61	43	9	0	348
[55 - 59)	3	40	52	45	60	64	65	6	0	335
[60 - 64)	2	15	34	10	13	14	10	3	1	102
[65 - 69)	0	0	7	6	3	4	4	0	2	26
[70 - 74)	0	0	0	0	1	1	0	0	0	2
Total	55	464	486	245	269	208	140	18	3	1888
Total	421529	5562342	6375284	3531505	4378286	3261258	2356495	309376	45797	26241872

AVERAGES --- Attained Age 48.14
Service Years 11.54
Active Salary 13,899

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

TRS RETIREMENT SYSTEM
REGULAR RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2004

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
[40 - 44)	23	31	21	9	3	1	0	0	0	88
[45 - 49)	80	93	97	109	116	165	5	0	0	665
[50 - 54)	318	195	137	172	176	654	234	4	0	1890
[55 - 59)	1150	943	715	503	412	731	632	178	1	5265
[60 - 64)	818	861	925	968	928	2493	795	484	109	8381
[65 - 69)	305	332	414	489	609	3061	1872	831	513	8426
[70 - 74)	76	81	119	130	218	1751	2294	1911	1063	7643
[75 - 79)	15	23	28	36	42	463	1184	1852	1696	5339
[80 - 84)	1	3	9	3	11	114	293	1035	2319	3788
[85 - 89)	1	0	0	0	0	6	21	183	1927	2138
[90 - 99)	0	0	0	0	0	1	1	6	1059	1067
Total	2787	2562	2465	2419	2515	9440	7331	6484	8687	44690
Total	67396416	61334448	55392996	53338812	54022356	204855780	142528380	116105088	124016460	878990736

AVERAGES --- Attained Age 69.27
Years Retired 11.60
Annual Benefit 19,669

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

TRS RETIREMENT SYSTEM
DISABILITY RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	Total
[0 - 39)	11	5	3	7	7	7	0	0	0	40
	108840	49572	36828	79380	72360	67008	0	0	0	413988
[40 - 44)	6	22	16	16	7	37	13	3	0	120
	81540	288612	194268	208236	91860	350796	152220	31788	0	1399320
[45 - 49)	20	30	30	28	34	61	38	18	1	260
	264300	375720	464796	332136	506052	714864	375612	169404	12192	3215076
[50 - 54)	28	48	51	39	40	134	103	48	12	503
	334512	627528	502944	498492	481080	1612356	1384536	592536	138408	6172392
[55 - 59)	39	60	56	52	53	166	131	98	43	698
	499536	573744	549468	504144	545700	1592256	1519632	1093032	506076	7383588
[60 - 64)	8	29	38	51	57	221	156	151	55	766
	67164	294696	318276	498492	586920	1852356	1331976	1765008	667944	7382832
[65 - 69)	1	1	9	7	15	113	153	158	93	550
	19968	9300	71448	58908	145932	961128	1061280	1750596	1109472	5188032
[70 - 74)	2	2	0	0	5	16	75	139	154	393
	12960	12576	0	0	26484	120792	480600	1113792	1790040	3557244
[75 - 79)	0	0	0	1	0	5	10	105	112	233
	0	0	0	8076	0	61320	37296	955464	1206564	2268720
[80 - 84)	0	0	0	0	0	1	5	31	114	151
	0	0	0	0	0	9780	28044	316560	1056480	1410864
[85 - 89)	0	0	0	0	0	0	0	3	56	59
	0	0	0	0	0	0	0	22224	515052	537276
[90 - 99)	0	0	0	0	0	0	0	0	24	24
	0	0	0	0	0	0	0	0	227796	227796
Total	115	197	203	201	218	761	684	754	664	3797
Total	1388820	2231748	2138028	2187864	2456388	7342656	6371196	7810404	7230024	39157128

AVERAGES --- Attained Age 62.33
Years Retired 12.12
Annual Benefit 10,313

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

TRS RETIREMENT SYSTEM
SURVIVOR BENEFITS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	Total
[0 - 39)	52	24	25	26	31	96	55	33	19	361
	281784	309780	316404	308988	333432	1024188	564588	259080	107256	3505500
[40 - 44)	6	12	11	12	10	26	7	2	6	92
	75780	188244	160548	119052	132696	382104	109284	24624	58932	1251264
[45 - 49)	8	13	8	12	14	53	21	9	6	144
	121284	179208	94920	103992	130788	625968	266160	83160	43404	1648884
[50 - 54)	15	23	18	21	18	63	46	27	12	243
	155052	319956	299268	330180	356352	786192	664524	331956	104472	3347952
[55 - 59)	24	32	34	23	27	105	77	32	21	375
	419820	675192	570432	468612	469452	1598724	987984	327588	173472	5691276
[60 - 64)	26	38	32	34	40	136	93	56	45	500
	361248	920316	433980	605268	965184	2390724	1482816	800304	457452	8417292
[65 - 69)	41	51	52	30	35	177	121	69	82	658
	733500	1012932	934920	536340	726228	3110412	2057040	1043940	943080	11098392
[70 - 74)	40	48	49	29	46	169	134	88	84	687
	682860	810708	785472	439332	803856	2871360	2212896	1243584	979812	10829880
[75 - 79)	27	38	37	35	36	131	102	82	103	591
	446688	519972	523764	440496	539280	2009916	1514064	1266852	1351356	8612388
[80 - 84)	23	26	17	26	29	101	58	63	113	456
	254484	283704	203148	385956	325392	1255428	765984	836520	1300692	5611308
[85 - 89)	5	17	11	5	8	52	34	23	61	216
	72384	170916	125508	34740	85596	526416	427020	240588	725700	2408868
[90 - 99)	3	3	1	3	4	21	19	12	24	90
	19548	40224	11628	40872	26604	253608	278988	131868	272148	1075488
Total	270	325	295	256	298	1130	767	496	576	4413
Total	3624432	5431152	4459992	3813828	4894860	16835040	11331348	6590064	6517776	63498492

AVERAGES --- Attained Age 65.87
Years Retired 10.13
Annual Benefit 14,389

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

TRS RETIREMENT SYSTEM
TERM-VESTED/RECIPROCAL

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2004

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	29	0	0	0	0	0	0	29
[30 - 34)	2	0	379	13	0	0	0	0	0	394
[35 - 39)	0	1	397	130	9	0	0	0	0	537
[40 - 44)	0	1	260	190	57	6	0	0	0	514
[45 - 49)	0	7	225	209	71	15	19	0	0	546
[50 - 54)	3	4	224	273	87	64	802	101	0	1558
[55 - 59)	8	10	140	307	127	346	451	49	1	1439
[60 - 64)	4	3	72	118	105	150	29	6	5	492
[65 - 69)	1	4	13	15	11	12	8	2	3	69
[70 - 74)	0	4	5	6	6	4	3	3	1	32
Total	18	34	1744	1261	473	597	1312	161	10	5610
Total	2124	61320	8600532	11916636	6881352	14140932	43148364	5951400	571008	91273668

AVERAGES --- Attained Age 50.85
Service Years 16.45
Annual Benefit 16,270

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

TRS RETIREMENT SYSTEM
DROP PARTICIPANTS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2004

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
[40 - 44)	0	0	0	0	0	0	0	0	0	0
[45 - 49)	1	1	0	0	0	0	0	0	0	2
	17592	16872	0	0	0	0	0	0	0	34464
[50 - 54)	155	441	355	21	0	0	0	0	0	972
	5360352	14882688	11494320	845136	0	0	0	0	0	32582496
[55 - 59)	198	701	833	38	0	0	0	0	0	1770
	5745072	20633640	25604916	1512132	0	0	0	0	0	53495760
[60 - 64)	89	253	282	7	0	0	0	0	0	631
	1135380	4017528	4633596	199416	0	0	0	0	0	9985920
[65 - 69)	5	12	9	1	0	0	0	0	0	27
	16332	300360	42720	8340	0	0	0	0	0	367752
[70 - 74)	1	4	1	0	0	0	0	0	0	6
	13788	68544	50148	0	0	0	0	0	0	132480
[75 - 79)	0	1	0	0	0	0	0	0	0	1
	0	34128	0	0	0	0	0	0	0	34128
[80 - 84)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[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	449	1413	1480	67	0	0	0	0	0	3409
Total	12288516	39953760	41825700	2565024	0	0	0	0	0	96633000

AVERAGES --- Attained Age 56.95
Years Retired 1.75
Annual Benefit 28,346

EXHIBIT 5

**PRINCIPLE PROVISIONS OF THE PLAN
(Including Acts of 2004 Regular Session)**

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 SERVICE</u>	<u>PRIOR TO 6/30/88</u>	<u>----- ACCUMULATED SICK DAYS -----</u>			
		<u>--- AFTER 6/29/88 BY MEMBER CLASSIFICATION ---</u>			
		<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 25% 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 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:

7% of earnable compensation. Effective 7/1/89, 8% 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 January 1, 1999. Members employed on or after January 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	\$85,435	64	\$165,000
49	43,191	57	94,090	65	165,000
50	47,254	58	103,752	66	177,039
51	51,738	59	114,562	67	190,175
52	56,693	60	126,684	68	204,521
53	62,176	61	140,313	69	220,209
54	68,254	62	165,000	70	237,388
55	77,666	63	165,000		

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. 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.

WITHDRAWAL AFTER 10 YEARS
OF CREDITABLE 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) $1\frac{1}{3}\%$ of Final Average Salary under the Social Security breakpoint average plus $2\frac{1}{2}\%$ of Final Average Salary over the Social Security breakpoint average, times years of "funded" service with LSU before 12/31/78, plus 2) $2\frac{1}{2}\%$ (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.

WITHDRAWAL AFTER 10 YEARS
OF CREDITABLE 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	17
30	1.8	15
35	2.2	13
40	2.1	10
45	1.7	8
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 \$10,900,000 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 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	.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(1)

AMORTIZATION OF UNFUNDED
ACTUARIAL ACCRUED LIABILITY
Prior to ACT 588 of the 2004 Legislative Session
JUNE 30, 2004

<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	25	6,410,860,821	394,442,744
1993	Change in Liability	I	36	-633,788,393	25	-838,057,486	-51,563,387
1994	Change in Liability	I	35	-222,094,335	25	-285,027,105	-17,536,939
1995	Change in Liability	I	34	-9,030,124	25	-11,255,751	-692,536
1996	Change in Liability	I	33	-187,637,521	25	-227,335,061	-13,987,305
1997	Change in Liability	I	32	61,791,993	25	72,828,575	4,480,943
1998	Change in Liability	I	31	-272,354,123	25	-312,542,081	-19,229,860
1999	Change in Liability	I	30	-323,105,520	25	-361,354,605	-22,233,161
2000	Change in Liability	I	29	-616,343,889	25	-672,461,184	-41,374,699
2001	Change in Liability	I	28	55,510,598	25	59,149,207	3,639,289
2002	Change in Liability	I	27	825,200,291	25	859,751,039	52,898,132
2003	Experience Study	I	30	-263,724,229	29	-270,330,545	-15,217,444
2003	Change in Liability	I	26	1,250,832,528	25	1,275,868,608	78,500,708
2003	Experience Account	I	26	1,088,630,751	25	1,110,420,276	68,321,125
2004	Change in Liability	I	25	19,366,717	25	<u>19,366,717</u>	<u>1,191,581</u>
TOTAL OUTSTANDING BALANCE						6,829,881,425	421,639,191
EMPLOYERS' CREDIT BALANCE							
2000	Contribution Variance	L	5	-32,610,436	1	-7,594,810	-7,901,888
2001	Contribution Variance	L	5	-41,310,389	2	-18,508,733	-10,009,988
2002	Contribution Variance	L	5	-20,606,578	3	-13,328,117	-4,993,213
2003	Contribution Variance	L	5	9,730,820	4	8,080,386	2,357,891
2004	Contribution Variance	L	5	37,549,543	5	<u>37,549,543</u>	<u>9,098,691</u>
TOTAL CREDIT BALANCE						6,198,269	-11,448,507
TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY						6,836,079,694	

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

EXHIBIT A(2)

RE-AMORTIZATION OF UNFUNDED
ACTUARIAL ACCRUED LIABILITY
Includes ACT 588 of the 2004 Legislative Session
JUNE 30, 2004

<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	25	6,410,860,821	394,442,744
1993	Change in Liability	L	25	-838,057,486	25	-838,057,486	-77,075,133
1994	Change in Liability	L	25	-285,027,105	25	-285,027,105	-26,213,598
1995	Change in Liability	L	25	-11,255,751	25	-11,255,751	-1,035,178
1996	Change in Liability	L	25	-227,335,061	25	-227,335,061	-20,907,731
1997	Change in Liability	L	25	72,828,575	25	72,828,575	6,697,956
1998	Change in Liability	L	25	-312,542,081	25	-312,542,081	-28,744,117
1999	Change in Liability	L	25	-361,354,605	25	-361,354,605	-33,233,346
2000	Change in Liability	L	25	-672,461,184	25	-672,461,184	-61,845,442
2001	Change in Liability	I	27	59,149,207	27	59,149,207	3,472,141
2002	Change in Liability	I	28	859,751,039	28	859,751,039	49,392,895
2003	Change in Liability	I	29	2,115,958,339	29	2,115,958,339	119,111,502
2004	Change in Liability	L	30	19,366,717	30	<u>19,366,717</u>	<u>1,692,597</u>
TOTAL OUTSTANDING BALANCE						6,829,881,425	325,755,290
EMPLOYERS' CREDIT BALANCE							
2000	Contribution Variance	L	5	-32,610,436	1	-7,594,810	-7,901,888
2001	Contribution Variance	L	5	-41,310,389	2	-18,508,733	-10,009,988
2002	Contribution Variance	L	5	-20,606,578	3	-13,328,117	-4,993,213
2003	Contribution Variance	L	5	9,730,820	4	8,080,386	2,357,891
2004	Contribution Variance	L	5	37,549,543	5	<u>37,549,543</u>	<u>9,098,691</u>
TOTAL CREDIT BALANCE						6,198,269	-11,448,507
TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY						6,836,079,694	

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