

Hall Actuarial Associates

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September 15, 2010

Board of Trustees
LOUISIANA SCHOOL EMPLOYEES'
RETIREMENT SYSTEM

Post Office Box 44516
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Ladies and Gentlemen:

This report presents the results of the actuarial valuation of assets and liabilities, as well as funding requirements, for the Louisiana School Employees' Retirement System as of June 30, 2010.

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 Louisiana School Employees' 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 as provided by Duplantier, Hrapmann, Hogan & Maher; Certified Public Accountants.

The present values shown herein have been estimated on the basis of actuarial cost method specified in Louisiana Revised Statutes Title 11 Section 22(5). 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
September 15, 2010

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

	<u>June 30, 2010</u>	<u>-----Prior Years-----</u>	
		<u>June 30, 2009</u>	<u>June 30, 2008</u>
I. Membership Census			
1) Retirees	12,450	12,290	12,159
2) Actives	13,166	13,265	13,153
3) DROP	599	588	583
4) Terminated Vested	355	361	385
II. Annual Benefits	\$ 123,992,280	\$ 120,719,868	\$ 118,321,000
III. Total Payroll	306,332,902	315,400,539	289,528,924
IV. Valuation Assets	1,350,072,547	1,410,315,974	1,578,991,310
V. Investment Yield ¹			
Market Value	<u>13.02%</u>	<u>-16.94%</u>	<u>-4.74%</u>
5 year avg.	1.68%	0.80%	7.02%
10 year avg.	2.73%	2.62%	5.08%
Actuarial Value ¹	<u>0.55%</u>	<u>-7.08%</u>	<u>5.87%</u>
5 year avg.	3.47%	4.87%	7.55%
10 year avg.	2.92%	3.91%	6.29%
DROP Accounts ¹	<u>0.05%</u>	<u>0.00%</u>	<u>5.37%</u>
VI. Experience Account	0	0	0
VI. Cost to Fund Annual Pension Accruals (Normal Costs)	56,499,433 18.44%	57,075,395 18.10%	53,753,324 18.57%
VII. Unfunded Actuarial Accrued Liability	863,289,651	743,043,538	481,250,581
VIII. Funded Percentage	61.0%	65.5%	76.6%
IX. Funding Requirements to Pay (Mid-year Payment)			
1) Employee Contribution	7.50%	7.50%	7.50%
2) Employer Contribution Rate (Current Year)	86,928,085 28.0%	74,305,318 23.3%	54,526,426 18.6%
3) Projected Employer Rate (Next Fiscal Year)	90,781,592 28.6%	79,489,798 24.3%	52,967,161 17.6%

Funding Requirements measure the cost of benefits in effect on June 30, 2010.

¹ Excludes Money Market DROP Accounts effective June 30, 2008.

Board of Trustees
September 15, 2010

UNFUNDED LIABILITY

The Actuarial Valuation for the plan year ending June 30, 2010 discloses an increase in the plan's unfunded actuarial accrued liability. The system's unfunded accrued liability increased from a prior year balance of \$743.0 million to the current deficit of \$863.3 million. It is generally appropriate for the current valuation process to disclose the source and cause of any significant 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 are 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 6/30/2009		\$ 743,043,538
INCREASES		
Interest on Unfunded Liability	\$ 55,728,265	
Investment Loss	171,980,732	
Employer Shortfall Charge	<u>21,730,593</u>	
Incurred Increases	249,439,590	
DECREASES		
Amortization Payment	\$ 46,698,481	
Experience Gain	<u>82,494,996</u>	
Incurred Decreases	129,193,477	
Unfunded Liability 6/30/2010		\$ 863,289,651

Board of Trustees
September 15, 2010

Funding

The projected employer contribution rate for the 2010-2011 plan year was set by PERSAC at 24.3%. The actual employer contribution rate determined by this valuation for the current plan year is 28.0%. Therefore, the current plan year should generate a contribution shortfall loss since the PERSAC approved rate understates the valuation rate by 3.7%.

Legislative Changes

Act 992 provides for substantial benefit structural changes applicable only to new hires effective January 1, 2011 as follows:

- The employee contribution rate is set at 8.0%.
- The determination of final average salary is increased from 3 years to 5 years.
- Retirement eligibility is deferred to age 60 with five years of service.
- The accrual rate is reduced from 3.33% to 2.50%
- Disability and survivor benefits have been altered to conform to the 2.5% accrual.
- These general provision changes apply to all State Retirement Systems.

Disclosures

Exhibit 3, "Pension Accounting and Financial Disclosure", contains disclosure of the accrued liabilities under the Entry Age Normal 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
Consulting Actuary

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EXHIBIT 1
DEVELOPMENT
OF
COSTS, LIABILITIES AND CONTRIBUTIONS

Normal Costs and Accrued Liabilities are calculated in accordance with the Individual entry Age Normal 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, 2010</u>		<u>June 30, 2009</u>	
	<u>Dollar Amount</u>	<u>% of Salary</u>	<u>Dollar Amount</u>	<u>% of Salary</u>
I. Normal Costs				
(to fund annual pension accruals)				
Active Members with Complete Data				
a) Retirement Benefits	\$ 39,139,494	12.78%	\$ 38,979,262	12.36%
b) Disability Benefits	1,853,258	.61%	2,042,674	.65%
c) Survivor Benefits	2,345,401	.76%	2,609,039	.83%
d) Voluntary Termination	8,761,280	2.86%	8,944,420	2.83%
e) Expenses	<u>4,400,000</u>	<u>1.43%</u>	<u>4,500,000</u>	<u>1.43%</u>
TOTAL	56,499,433	18.44%	57,075,395	18.10%
II. Actuarial Accrued Liability				
a) Active Members				
1) Retirement Benefits	\$ 702,345,603		\$ 709,335,898	
2) Disability Benefits	19,368,283		21,678,434	
3) Survivor Benefits	17,206,487		19,034,336	
4) Voluntary Termination	<u>64,458,152</u>		<u>59,954,585</u>	
	803,378,525		810,003,253	
b) Retired and Inactive Members				
1) Regular Retirees	971,662,147		928,029,998	
2) Disabled Retirees	22,491,804		25,977,039	
3) Survivors	125,368,520		117,161,229	
4) Vested Deferred & Reciprocals	32,112,693		28,963,538	
5) Contributions Refunded	3,967,814		3,834,609	
6) DROP Deferred Benefits	188,384,969		173,323,588	
7) DROP Account Balances	<u>65,995,726</u>		<u>66,066,258</u>	
	1,409,983,673		1,343,356,259	
c) TOTAL	2,213,362,198		2,153,359,512	

Exhibit 1 (Continued)
Costs, Liabilities & Contributions

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
II. Actuarial Accrued Liability		
TOTAL (Preceding page)	\$ 2,213,362,198	\$ 2,153,359,512
III. Assets	1,350,072,547	1,410,315,974
IV. Unfunded Actuarial Accrued Liabilities - (Surplus)	863,289,651	743,043,538
a) Change over prior year	120,246,113	261,792,957
b) Funded Percentage	61.0%	65.49%
V. Employer Contributions		
<u>To Fund Current Plan Year¹</u>		
a) Employer Portion of Normal Cost	29,469,887	29,265,303
b) Amortization Payments	51,336,487	42,088,087
c) Previous Year (Short-fall)	<u>6,121,711</u>	<u>2,951,928</u>
	86,928,085	74,305,318
	28.0%	23.3%
	<u>PERSAC approved Rate</u>	<u>17.6%</u>
	24.3%	
VI. Projected Employer Contributions		
<u>To Fund 2011-12 Plan Year¹</u>		
a) Employer Portion of Normal Cost	30,203,387	30,023,182
b) Amortization Payments	53,364,434	44,028,707
c) Short-fall Charge	<u>7,213,771</u>	<u>5,437,909</u>
TOTAL Projected Contribution	90,781,592	79,489,798
	28.6%	24.3%
VII. Current Payroll	306,332,902	315,400,539
Projected Payroll - Mid Year	309,966,069	319,162,485
Projected Payroll - Next Year	317,681,069	327,427,793

¹Dollar Amounts reflect estimated payments due mid-year on January 1st per Act 81.

EXHIBIT 2

FINANCIAL SUMMARY
STATEMENT OF REVENUES AND EXPENSES
FOR FISCAL YEAR ENDING

	<u>June 30, 2010</u>	-----Prior Years----- <u>June 30, 2009</u>	<u>June 30, 2008</u>
<u>OPERATING REVENUES:</u>			
1. Contribution Income			
Member	\$ 22,348,841	\$ 23,017,957	\$ 21,398,728
Employer	53,297,405	55,715,529	51,765,697
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CONTRIBUTIONS	75,646,246	78,733,486	73,164,425
2. Investment Income			
Investments	153,110,975	-245,208,127	-73,063,296
Less, Manager Fees	<u>-3,298,450</u>	<u>-2,978,314</u>	<u>-3,052,102</u>
TOTAL INVESTMENT INCOME	149,812,525	-248,186,441	-76,115,398
3. Total Revenues	225,458,771	-169,452,955	-2,950,973
<u>OPERATING EXPENSES:</u>			
1. General Administration	4,380,464	4,518,576	4,704,910
Other Expenses	106,428	129,501	131,802
2. Benefits Paid			
a) Pension Benefits	135,746,109	131,126,987	133,619,893
b) Return of Contrib.	2,783,208	3,103,573	3,123,097
c) Transfers to/from	<u>278,128</u>	<u>222,500</u>	<u>-143,191</u>
TOTAL BENEFITS PAID	138,807,445	134,453,060	136,599,799
3. Total Operating Expenses	143,294,337	139,101,137	141,436,511
<u>NET INCREASE:</u>	82,164,434	-308,554,092	-144,387,484

EXHIBIT 2 (Continued)
Financial Summary

FINANCIAL SUMMARY
STATEMENT OF ASSETS
FOR FISCAL YEAR ENDING

	<u>June 30, 2010</u>	-----Prior Years----- <u>June 30, 2009</u>	<u>June 30, 2008</u>
<u>ASSETS:</u>			
1. Short Term Assets			
Cash in Banks	\$ 16,283,379	\$ 9,423,094	\$ 15,714,474
Securities	60,986,460	66,138,969	91,704,516
Fixed Income Funds	0	0	11,722,545
2. Bonds			
U.S. Government Obligations	143,921,655	170,760,052	41,746,837
Bonds - Domestic	152,270,206	167,349,235	374,749,252
Bonds - Foreign	100,769,688	22,464,280	n/a
3. Equities,			
Domestic Stock	568,649,330	534,647,819	703,980,813
Foreign Stocks	153,878,567	138,762,259	111,309,973
Private Equity Funds	91,102,795	83,829,539	14,628,427
International Equity Funds	0	0	61,369,218
4. Real Estate			
Real Estate Investment	1,993,124	1,993,124	2,603,822
Real Estate Funds	0	0	96,500,618
5. Property and Equipment	3,367,200	3,465,680	3,585,751
6. Receivables - Payables	<u>-7,279,213</u>	<u>4,853,706</u>	<u>-17,374,397</u>
TOTAL ASSETS - Market Value	1,285,852,191	1,203,687,757	1,512,241,849
Valued at Cost	1,291,319,524	1,317,081,766	1,420,812,620
<u>INVESTMENT YIELD:</u>			
Yield to Actuarial Value	0.55%	-7.08%	5.87%
DROP Account Yield	0.05%	0.00%	5.37%
Yield to Market Value	13.02%	-16.94%	-4.74%
<u>EXPERIENCE ACCOUNT FUND:</u>			
Prior Year End Balance	0	0	0
+ Excess Added	0	0	0
- Contribution Credited	0	0	0
+ Accumulated Interest	0	0	0
Fund Balance - Year End	0	0	0
<u>Actuarial Value of Assets:</u>			
TOTAL ASSETS	1,285,852,191	1,203,687,757	1,512,241,849
Change in Unrealized (G/L)			
Plan Year - 2 (wt. 1/4)	-171,014,976	129,986,799	-13,926,514
Plan Year - 1 (wt. 2/4)	-204,823,238	-171,014,976	129,986,799
Plan Year (wt. 3/4)	<u>107,926,676</u>	<u>-204,823,238</u>	<u>-171,014,976</u>
Actuarial Value of Assets	1,350,072,547	1,410,315,974	1,578,991,310
Less, Experience Account Fund	0	0	0
Valuation Assets	1,350,072,547	1,410,315,974	1,578,991,310

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 (a)	Actuarial Accrued Liability(AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
2001	1,516,236	1,472,423	- 43,814	103.0	249,674	- 17.5
2002	1,433,859	1,582,071	148,212	90.6	258,876	57.3
2003	1,369,601	1,730,796	361,195	79.1	268,656	134.4
2004	1,381,154	1,820,959	439,805	75.8	259,698	169.4
2005	1,423,207	1,889,445	466,238	75.3	259,232	179.9
2006	1,480,748	1,872,594	391,846	79.1	239,321	163.7
2007	1,558,328	1,947,603	389,275	80.0	259,045	150.3
2008	1,578,991	2,060,242	481,251	76.6	289,529	166.2
2009	1,410,316	2,153,360	743,044	65.5	315,400	235.6
2010	1,350,073	2,213,362	863,289	61.0	306,333	281.8

The total actuarial accrued liability determined using the Individual Entry Age Normal cost method increased by \$60,002,686 from June 30, 2009 to June 30, 2010. From all sources there was a net experience loss of \$89,485,738.

EXHIBIT 3 (Continued)
Pension Accounting & Financial Disclosure

SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year</u>	<u>Actuarial Required Contribution</u> ¹	<u>Percent Contributed</u>	<u>Annual Pension Cost (APC)</u> ¹	<u>Actual Contribution</u> ¹	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2001	15,257,791	100.0	543,354	15,257,791	2808.1	-46,733
2002	15,616,982	100.0	581,417	15,616,983	2686.0	-19,944
2003	16,440,025	100.0	13,856,760	16,440,025	118.6	-13,887
2004	47,980,745	58.7	41,929,947	28,163,575	67.2	19,817,170
2005	46,187,680	61.0	42,775,863	37,753,893	88.3	24,839,140
2006	50,768,224	85.6	45,648,519	43,458,220	95.2	27,029,439
2007	46,711,648	108.1	39,949,441	50,489,918	126.4	16,488,962
2008	50,003,327	103.5	43,384,440	51,765,697	119.3	8,107,705
2009	57,895,311	96.2	51,083,424	55,715,529	109.1	3,475,600
2010	75,027,998	71.0	72,228,043	53,297,405	73.8	22,406,238

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

The difference between the Actuarial Required Contribution and the APC is the amortization payment for the Net Pension Obligation (see Exhibit A), plus a constitutional mandated amount for plan years prior to 2003 to bring the total employer contribution up to 6% of covered payroll.

**DEVELOPMENT OF NET
PENSION OBLIGATION:**

(1) Actuarial Required Contribution	75,027,998
(2) Interest on Net Pension Obligation	260,670
(3) Amortization of Net Pension Obligation	3,060,625
(4) Annual Pension Cost (1)+(2)-(3)	72,228,043
(5) Employer Contribution	53,297,405
(6) Increase (decrease) in Net Pension Obligation	18,930,638
(7) Net Pension Obligation Beginning of Year	3,475,600
(8) Net Pension Obligation End of Year (6)+(7)	22,406,238

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

<u>Fiscal Year End</u>	<u>Members Contribution</u>	<u>Employer Contribution</u>	<u>Investment Income</u>	<u>Total</u>
2001	15,574,349	74,856 ¹	-28,746,088	-13,096,883
2002	18,827,944	105,899 ¹	-34,986,556	-16,052,713
2003	19,820,210	58,736 ¹	50,126,072	70,005,018
2004	19,676,052	21,940,471 ¹	157,897,575	199,514,098
2005	18,946,671	37,753,893	115,092,079	171,792,643
2006	17,716,761	43,458,220	84,039,860	145,214,841
2007	19,258,618	50,489,918	221,780,721	291,529,257
2008	21,398,728	51,765,697	-76,115,398	-2,950,973
2009	23,017,957	55,715,529	-248,186,444	-169,452,955
2010	22,348,841	53,297,405	149,812,525	225,458,771

Expenses by Type

<u>Fiscal Year End</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative Expenses</u>	<u>Total</u>
2001	81,885,206	2,389,111	2,588,233	86,862,550
2002	89,516,977	1,992,256	2,366,271	93,875,504
2003	97,598,053	2,420,242	2,793,560	105,811,855
2004	102,474,273	3,866,339	2,782,636	109,123,248
2005	109,842,001	3,077,121	3,259,996	116,179,118
2006	119,959,677	7,848,744	3,410,071	131,218,492
2007	130,256,443	5,323,626	3,715,526	139,295,595
2008	133,619,893	3,123,097	4,693,521	141,436,511
2009	131,126,987	3,326,073	4,648,077	139,101,137
2010	135,746,109	3,061,336	4,486,892	138,807,445

¹ Employer Contributions exclude the Employer Contribution Credit.

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

This year there were no records purged from the database containing errors or categorized as suspicious data, which is a significant improvement in the quality of data reported when compared to previous years. Suspicious data are not necessarily errors, but data, which falls outside the parameters of the editing process for further checking.

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

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

	---2010---	---2009---	---2008---
	<u>Census</u>	<u>Census</u>	<u>Census</u>
Active Members	12,483	12,589	12,519
After DROP	683	676	634
Regular Retirees	10,185	10,067	9,980
Disability Retirees	384	421	468
Survivors	1,881	1,802	1,711
Terminated Vested	355	361	385
DROP Participants	<u>599</u>	<u>588</u>	<u>583</u>
TOTAL	26,570	26,504	26,280

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LSER RETIREMENT SYSTEM
ACTIVE - BEFORE 6/30/2006

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2010

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)		
[0-19)	0	1	0	0	0	0	0	0	0	0	1
	0	19325	0	0	0	0	0	0	0	0	19325
[20-24)	0	4	0	0	0	0	0	0	0	0	4
	0	116527	0	0	0	0	0	0	0	0	116527
[25-29)	0	41	52	1	0	0	0	0	0	0	94
	0	812286	1282289	40076	0	0	0	0	0	0	2134651
[30-34)	0	72	143	33	2	0	0	0	0	0	250
	0	1320599	3173246	951432	61493	0	0	0	0	0	5506770
[35-39)	0	93	252	133	30	2	0	0	0	0	510
	0	1913567	5529119	3443124	860400	75105	0	0	0	0	11821315
[40-44)	0	121	435	301	140	57	5	0	0	0	1059
	0	2444446	9571006	7071640	3842647	1667398	203514	0	0	0	24800651
[45-49)	0	160	605	477	329	135	97	7	0	0	1810
	0	3287674	13121870	10918125	7869306	3744738	3528640	267542	0	0	42737895
[50-54)	0	129	530	541	416	243	179	15	0	0	2053
	0	2651145	11740377	12570436	10191174	6501944	5162669	500349	0	0	49318094
[55-59)	0	105	410	397	421	309	52	15	4	0	1713
	0	2232897	9076032	9331866	10321304	8087736	1377508	336020	138220	0	40901583
[60-64)	0	77	312	150	107	56	36	19	3	0	760
	0	1513725	6594896	3259129	2502124	1321095	929532	502341	134203	0	16757045
[65-69)	0	27	106	48	26	27	8	9	3	0	254
	0	607838	2120627	969733	613109	670535	196698	230252	110593	0	5519385
[70-74)	0	19	70	25	18	8	9	3	9	0	161
	0	327882	1276101	514697	413849	189833	199418	55753	203517	0	3181050
TOTALS	0	849	2915	2106	1489	837	386	68	19	0	8669
count	0	849	2915	2106	1489	837	386	68	19	0	8669
salary	0	17247911	63485563	49070258	36675406	22258384	11597979	1892257	586533	0	202814291

AVERAGES --- Attained Age 51.17
Service Years 12.56
Active Salary 23,395

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LSEER RETIREMENT SYSTEM
ACTIVE - AFTER 6/30/2006

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2010

Age	YEARS EMPLOYED									Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	
[0-19)	3	1	0	0	0	0	0	0	0	4
	51559	16897	0	0	0	0	0	0	0	68456
[20-24)	28	98	0	0	0	0	0	0	0	126
	607824	1998529	0	0	0	0	0	0	0	2606353
[25-29)	56	206	0	0	0	0	0	0	0	262
	1014881	4065480	0	0	0	0	0	0	0	5080361
[30-34)	70	291	0	0	0	0	0	0	0	361
	1334931	5618156	0	0	0	0	0	0	0	6953087
[35-39)	71	355	0	0	0	0	0	0	0	426
	1452991	6905363	0	0	0	0	0	0	0	8358354
[40-44)	95	512	0	0	0	0	0	0	0	607
	1870168	10274493	0	0	0	0	0	0	0	12144661
[45-49)	128	520	0	0	0	0	0	0	0	648
	2956875	10457615	0	0	0	0	0	0	0	13414490
[50-54)	94	515	0	0	0	0	0	0	0	609
	1965999	10424274	0	0	0	0	0	0	0	12390273
[55-59)	64	347	0	0	0	0	0	0	0	411
	1386590	7043482	0	0	0	0	0	0	0	8430072
[60-64)	37	187	0	0	0	0	0	0	0	224
	712137	3724638	0	0	0	0	0	0	0	4436775
[65-69)	8	89	0	0	0	0	0	0	0	97
	142556	1612121	0	0	0	0	0	0	0	1754677
[70-74)	5	34	0	0	0	0	0	0	0	39
	90300	590699	0	0	0	0	0	0	0	680999
TOTALS	659	3155	0	0	0	0	0	0	0	3814
salary	13586812	62731747	0	0	0	0	0	0	0	76318559

AVERAGES --- Attained Age 45.39
Service Years 2.18
Active Salary 20,010

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LSEER RETIREMENT SYSTEM
ACTIVE AFTER DROP

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY
DROP BENEFITS

VALUATION DATE 6/30/2010

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)		
[0-34)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[35-39)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[40-44)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[45-49)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[50-54)	6	0	0	0	0	0	0	0	0	0	6
:	273492	0	0	0	0	0	0	0	0	0	273492
:	132204	0	0	0	0	0	0	0	0	0	132204
[55-59)	25	23	7	7	1	2	0	0	0	0	65
:	2151420	1163208	335088	359964	59988	81000	0	0	0	0	4150668
:	423528	471156	155616	183516	29928	36960	0	0	0	0	1300704
[60-64)	77	53	22	22	12	22	0	0	0	0	208
:	2991204	3299448	897936	756456	511488	980400	0	0	0	0	9436932
:	864120	624072	335040	344268	225516	298980	0	0	0	0	2691996
[65-69)	16	12	65	37	43	83	2	0	0	0	258
:	637836	435912	2533152	1223604	1391784	3004704	45132	0	0	0	9272124
:	107592	90012	646308	363060	384972	729744	23040	0	0	0	2344728
[70-74)	2	3	2	4	4	102	29	0	0	0	146
:	66120	121992	62004	192636	111216	2592660	920208	0	0	0	4066836
:	8664	17160	10092	48684	22980	603744	188124	0	0	0	899448
TOTALS											
count	126	91	96	70	60	209	31	0	0	0	683
salary	6120072	5020560	3828180	2532660	2074476	6658764	965340	0	0	0	27200052
benefit	1536108	1202400	1147056	939528	663396	1669428	211164	0	0	0	7369080

AVERAGES --- Attained Age 65.90
Post Drop Years 4.08
Active Salary 39,824
Annual Benefit 10,789

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LSER RETIREMENT SYSTEM
REGULAR RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2010

Age	YEARS RETIRED									Total	
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)		
[0-39)	0	0	0	0	0	0	0	0	0	0	0
[40-44)	0	1	0	0	1	0	0	0	0	0	2
[45-49)	6	3	5	11	12	21	1	0	0	0	59
[50-54)	14	15	24	28	57	86	14	1	2	241	
[55-59)	30	30	34	78	142	301	48	18	3	684	
[60-64)	70	86	100	170	185	815	170	52	30	1678	
[65-69)	17	23	29	55	101	1137	670	102	39	2173	
[70-74)	7	14	15	22	48	277	1328	260	76	2047	
[75-79)	1	7	4	4	7	78	552	822	210	1685	
[80-84)	0	0	1	3	2	12	93	451	460	1022	
[85-89)	0	0	0	0	0	6	14	58	359	437	
[90-99)	0	0	0	0	0	0	0	1	156	157	
TOTALS	145	179	212	371	555	2733	2890	1765	1335	10185	
benefit	2061156	2279832	2820084	4626240	7617192	34425708	24086472	15558876	12745260	106220820	

AVERAGES --- Attained Age 70.96
Years Retired 12.16
Annual Benefit 10,429

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LSER RETIREMENT SYSTEM
DISABILITY RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2010

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	1	0	0	0	0	0	0	0	0	1
	5364	0	0	0	0	0	0	0	0	5364
[40-44)	2	1	2	1	1	2	2	1	0	12
	13500	4560	22320	12564	6708	10152	6564	5388	0	81756
[45-49)	6	3	4	2	4	21	6	1	1	48
	45888	13824	23004	13416	33084	128880	35940	4608	6480	305124
[50-54)	16	10	14	9	9	41	20	12	2	133
	134520	87084	104604	81564	76548	262836	122112	60276	16104	945648
[55-59)	12	17	13	10	17	61	19	8	6	163
	82224	141216	79368	97956	110352	328884	89628	33396	28140	991164
[60-64)	2	0	3	0	0	3	0	2	2	12
	11112	0	15588	0	0	13020	0	9504	8688	57912
[65-69)	1	1	0	2	2	0	1	1	1	9
	7020	7140	0	9660	8556	0	3696	5028	3780	44880
[70-74)	0	0	0	2	0	0	0	0	0	2
	0	0	0	10344	0	0	0	0	0	10344
[75-79)	0	0	0	0	0	0	0	0	1	1
	0	0	0	0	0	0	0	0	264	264
[80-84)	0	0	0	0	0	0	0	0	2	2
	0	0	0	0	0	0	0	0	8364	8364
[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	1	1
	0	0	0	0	0	0	0	0	2448	2448
TOTALS	40	32	36	26	33	128	48	25	16	384
benefit	299628	253824	244884	225504	235248	743772	257940	118200	74268	2453268

AVERAGES --- Attained Age 54.87
Years Retired 7.10
Annual Benefit 6,389

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LSER RETIREMENT SYSTEM
SURVIVOR BENEFITS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2010

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	17	2	0	2	1	9	11	9	7	58
	204768	25884	0	6864	6012	80016	112920	80328	43308	560100
[40-44)	18	2	0	4	3	2	5	3	2	39
	175872	14496	0	27156	27720	22788	23712	20052	14772	326568
[45-49)	17	1	2	1	4	11	9	0	2	47
	170772	16656	28080	13344	81852	77988	47112	0	12048	447852
[50-54)	24	2	2	2	5	16	9	8	2	70
	229140	19200	10308	19596	36312	150948	70740	43476	20712	600432
[55-59)	15	4	4	7	7	21	26	20	8	112
	173628	36276	32088	68412	59448	218736	202356	120108	64008	975060
[60-64)	51	5	4	4	6	41	33	18	10	172
	698208	49644	51540	24828	71352	319380	225888	131196	77820	1649856
[65-69)	108	0	0	1	1	28	41	41	25	245
	1041480	0	0	3648	9288	205152	250476	316512	200448	2027004
[70-74)	153	3	1	2	1	15	48	61	48	332
	1188288	18420	3708	12060	5328	97092	301032	486720	369864	2482512
[75-79)	142	1	0	0	1	10	31	77	85	347
	1000116	10116	0	0	8892	74580	218388	646056	654876	2613024
[80-84)	50	0	1	2	0	11	16	59	119	258
	359328	0	11196	13680	0	83940	118500	473376	975768	2035788
[85-89)	14	0	0	1	0	5	28	8	77	133
	108660	0	0	7788	0	36084	224208	63852	634800	1075392
[90-99)	2	0	0	1	0	7	28	10	20	68
	14892	0	0	3828	0	44172	213876	81324	166512	524604
TOTALS	611	20	14	27	29	176	285	314	405	1881
benefit	5365152	190692	136920	201204	306204	1410876	2009208	2463000	3234936	15318192

AVERAGES --- Attained Age 70.81
Years Retired 10.60
Annual Benefit 8,144

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LSER RETIREMENT SYSTEM
TERM-VESTED/RECIPROCAL

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2010

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)		
[0-19)	0	0	0	0	0	0	0	0	0	0	0
[20-24)	0	0	0	0	0	0	0	0	0	0	0
[25-29)	0	0	0	0	0	0	0	0	0	0	0
[30-34)	0	0	0	0	0	0	0	0	0	0	0
[35-39)	0	0	0	7	1	0	0	0	0	0	8
[40-44)	0	1	0	17	3	0	0	0	0	0	21
[45-49)	0	3	1	18	13	2	3	0	0	0	40
[50-54)	0	0	2	44	24	3	17	1	0	0	91
[55-59)	0	1	2	49	34	18	12	1	0	0	117
[60-64)	2	1	0	22	16	14	2	1	0	0	58
[65-69)	0	0	1	2	1	1	2	0	0	0	7
[70-74)	0	2	1	2	3	1	1	3	0	0	13
TOTALS	96	7392	11424	1343832	1132956	673212	914112	341100	0	0	4424124

AVERAGES --- Attained Age 55.23
Service Years 16.31
Annual Benefit 12,462

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LSEER RETIREMENT SYSTEM
DROP PARTICIPANTS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2010

Age	YEARS PARTICIPATED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[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)	7	1	0	0	0	0	0	0	0	8
[50-54)	15	33	15	0	0	0	0	0	0	63
[55-59)	44	54	57	0	0	0	0	0	0	155
[60-64)	111	116	116	0	0	0	0	0	0	343
[65-69)	8	5	7	0	0	0	0	0	0	20
[70-74)	0	3	5	0	0	0	0	0	0	8
[75-79)	0	0	2	0	0	0	0	0	0	2
[80-84)	0	0	0	0	0	0	0	0	0	0
[85-89)	0	0	0	0	0	0	0	0	0	0
[90-99)	0	0	0	0	0	0	0	0	0	0
TOTALS	185	212	202	0	0	0	0	0	0	599
benefit	3073176	3542136	3018936	0	0	0	0	0	0	9634248

AVERAGES --- Attained Age 59.87
Years Retired 1.57
Annual Benefit 16,084

EXHIBIT 5

PRINCIPLE PROVISIONS OF THE PLAN
(Including Acts of 2009 Regular Session)

EFFECTIVE DATE:

July 1, 1947

EMPLOYEE:

Any school bus driver, janitor, custodian, maintenance employee, bus aide, monitor or attendant or other regular school employee helping with the transportation of school children, and who is a legal employee of a parish or city school board of the State of Louisiana.

EMPLOYER:

The State of Louisiana, or any parish or city school board from which any employee receives compensation.

ELIGIBILITY FOR PARTICIPATION:

Contingent upon approval of application filed with the Board of Trustees within 90-days of the date of Employment. However, no employee who is a member of any other retirement system supported in whole or in part by public funds shall be entitled to membership in this retirement system.

SERVICE:

Service as an "Employee", defined above.

CREDITABLE SERVICE:

Prior Service plus Membership Service, for which credit is allowed.

PRIOR SERVICE:

Service prior to July 1, 1947 for which prior service certificates are issued; granted without cost if certified.

MEMBERSHIP SERVICE:

Service as an "Employee" while a member of the system.

EXHIBIT 5 (Continued)
Principle Provisions

ADDITIONAL

CREDITABLE SERVICE:

1. Credit for service canceled by withdrawal of accumulated contributions may be restored by member by paying into system the amount withdrawn plus regular interest from date withdrawn until paid.
2. Maximum of 4 years of credit for military service may purchased.
3. Conversion of Sick Leave and Annual Leave at retirement, or death may be converted to membership credit.
4. Part-time employees shall accrue a full year of creditable service for each full year of part-time service for benefit eligibility purposes.
5. Out of State service with other school systems may be purchased.

EARNABLE COMPENSATION:

The compensation earned by a member for any given period. Where compensation includes maintenance, the employing agency shall fix the value of that part of compensation not paid directly.

AVERAGE FINAL COMPENSATION:

The average annual earnable compensation of a member for the 36 highest successive months of employment or the highest 36 successive joined months of employment where interruption of service occurred (Effective 7/6/84); the average compensation of a member for purposes of computing benefits cannot increase more than 25% per year (Effective 1/1/87).

For those members hired on and after 7/1/2006, the period for determining final average compensation is extended from 36 months to 60 months.

ACCUMULATED CONTRIBUTIONS:

Sum of all amounts deducted from compensation of a member plus any interest credited to his individual account in annuity savings fund plus any other amounts credited to the member's account.

EMPLOYEE CONTRIBUTIONS:

- 7.00% of earnable compensation.
- 6.65% effective Sept.1, 1990 (Act 340 of 1990).
- 7.00% effective Jan. 1, 1992 (Act 375 of 1991).
- 6.35% effective July 1, 1992 (Act 248 of 1992).
- 7.50% effective July 1, 2001 (Act 897 of 2001).

EXHIBIT 5 (Continued)
Principle Provisions

EMPLOYER CONTRIBUTIONS:

"Normal contribution" rate plus "accrued liability contribution" rate, as determined by the actuary and Board of Trustees. Eff. July 1, 1985, 10.18%. Act 81 of 1988 requires employer rate to be actuarially determined annually.

RETIREMENT BENEFIT:

NORMAL RETIREMENT:

Eligibility:

Written application to the Board of Trustees and the member has attained age 60 and 10 years of accredited service, or age 55 and 25 years of accredited service, or at any age and 30 years of accredited service.

Benefit:

An annuity, which shall be the actuarial equivalent of accumulated employee contributions at retirement date, plus

A pension, which together with the above annuity provides a total allowance equal to 2 1/2% of average final compensation times the years of creditable service (including creditable unused sick and annual leave), plus an additional 1/2% of average final compensation times the years of creditable service in excess of 20 years, plus a two dollars per month for each year of credited service supplemental benefit, not to exceed average final compensation.

Act 278 of the 1999 regular legislative session provides a 3% accrual rate for each year of service earned after July 1, 1999, regardless of prior service earned.

Act 897 of the 2001 regular legislative session increases the accrual rate to 3 1/3% for active members after July 1, 2001 for all years of service.

EARLY-REDUCED RETIREMENT:

Eligibility:

20 years of service credit regardless of attained age.

Benefit:

Normal retirement benefit based upon service accrued to date, actuarially reduced from the earliest date member would be eligible if employment had continued to earliest normal retirement date.

COST OF LIVING BENEFITS:

1. Prior to July 1, 1970 The Board may grant supplemental COLA not in excess of 2% from investment income, minimum \$20 per month.

After July 29, 1970 Board may grant supplemental COLA not in excess of 3% from investment income, minimum \$30 per month.

EXHIBIT 5 (Continued)
Principle Provisions

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).

Effective 7/1/2006, Act 578 of 2006 changed the requirements for disability retirement from 5 years of creditable service to 10 years.

Benefit:

An annuity, which shall be the actuarial equivalent of accumulated employee contributions at retirement date, plus

A pension, which together with the above annuity provides a total allowance equal to 2 1/2% of average final compensation times the years of creditable service (including creditable unused sick and annual leave), plus a two dollars per month for each year of credited service supplemental benefit, not to exceed final average compensation. Act 500 of 1989 provides a minimum disability benefit of 33 1/3% of average final compensation.

NOTE: The supplemental benefit is discontinued to persons who become members of the retirement system after 6/30/86 (Act 608 of 1986).

SURVIVOR'S BENEFITS:

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 service at the 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 service at the time of death.
3. Minor children with no spouse or spouse without legal custody 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 service at the time of death.
4. Beneficiary not eligible for (1), (2) or (3)

Benefits:

1. Greater of 75% of member's final average compensation or \$300 per month. Benefit ceases upon remarriage if less than 20 years of service and less than age 55.

EXHIBIT 5 (Continued)
Principle Provisions

2. Greater of 50% of member's final average compensation or \$200 per month. Benefit ceases upon remarriage if less than 20 years of service and less than age 55.
3. Greater of 75% of member's final average compensation or \$300 per month.
4. Return of member's accumulated contributions.

NOTE: Handicapped or mentally retarded children of a deceased member, regardless of age, who are dependent upon a surviving spouse or legal guardian shall be payable in accordance with minor children benefits of this section. The benefit payable is reduced by state assistance received.

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 - 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 maximum pension.

The normal form and options 1-4 can be elected in the form of an increasing annuity which permits the member to make an election at retirement to receive an actuarially reduced benefit which increases 2.5% annually. The increases begin on the 1st retirement anniversary date, but not before the retiree attains age 55 or would have attained age 55 for a surviving spouse.

NOTE: Revisionary annuities are available for Option 2 and Option 3, which provides a return to the maximum benefit if the spouse pre-deceases the retiree.

REFUND OF CONTRIBUTIONS:

If a member ceases to be eligible, except by death or retirement, he shall be paid such part of the amount of the accumulated contributions credited to his individual account in annuity savings fund as he shall demand, plus any accumulated interest.

WITHDRAWAL AFTER 10 YEARS
OF CREDITABLE SERVICE:

Any member with credit for 10 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.

EXHIBIT 5 (Continued)
Principle Provisions

COST OF LIVING INCREASES:

HB 658 of 2007 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. Once the balance of the Experience Account accumulates to a sum sufficient to grant retirees a COLA, the Board may grant such COLA not to exceed the lesser of the CPI-U or 3%. Benefits are restricted to those retirees who have attained the age of 60 and have been retired for at least one year.

DEFERRED RETIREMENT OPTION PLAN:
(Act 56 of 1991)

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

Eligibility:

Ten (10) years at age sixty (60), twenty five (25) years at age fifty-five (55), or thirty (30) years of creditable service including reciprocal service, but excluding conversion of sick and annual leave, and eligible to receive a service retirement allowance. However, all unused sick and annual leave is convertible after plan participation when member has terminated employment.

Benefit:

Duration of participation is specified and cannot exceed the period terminating on the third anniversary at the earliest date the member qualified for regular retirement.

Upon termination of employment at the end of or prior to the end of the specified period of participation, 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) any other method of payment if approved by the board of trustees. Monthly benefits being paid into the fund during participation will begin being paid to the retiree.

If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance shall be paid to the beneficiary, or if none, to his estate; in addition, normal survivor benefits payable to survivors of retirees shall be payable.

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

EXHIBIT 5 (Continued)
Principle Provisions

- (1) payment into account shall cease
- (2) payment from account shall not be made until employment is terminated and
- (3) the participant shall resume active contributing membership in the system

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 additional benefit shall be that used to calculate original benefit.
- (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.

For those members hired on and after 7/1/2006, the period for determining final average compensation is extended from 36 months to 60 months.

NOTE: DROP Accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis.

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

EXHIBIT 6

ACTUARIAL COST METHODS AND ASSUMPTIONS

COST METHOD:

The individual "Entry Age Normal" 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 allocated on a level basis as percentage of payroll for each participant between entry age and assumed retirement age(s). That portion of the actuarial present value attributable to current year benefit accruals is called the Normal Cost. The actuarial present value of future benefits in excess of the actuarial present value of future normal costs is called the actuarial accrued liability.

ASSET VALUATION:

For the Plan Year ending prior to June 30, 1999 equities are valued at a four year weighted average. The computation of the actuarial value of assets is the sum of the bonds at amortized cost, less a weighted average of unrealized losses or (gains) in the market value of equities, plus the market value of Equities

Effective June 30, 1999 the Board of Trustees approved a change in the Asset Valuation Method. The Actuarial Value of Assets is the market value of assets adjusted for a four year weighted average in the unrealized gain or loss in the value of all assets. This value is subject to Corridor Limits of 80% to 120% of the Market Value of Assets.

ACCOUNTING DISCLOSURE:

The Governmental Accounting Standards Board Statement No. 25 requires disclosure of certain actuarial liabilities for Public Employee Retirement Systems. The disclosures illustrated in Exhibit 3 were developed using the Entry Age Normal cost method. The statement of assets provided by the independent auditors was a copy of 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 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 five year observation period (2003-2007) was chosen to coincide with the most recent period of data reporting following the restructuring of the Deferred Retirement Option Program.

MORTALITY ASSUMPTIONS:

Pre-retirement deaths and post-retirement life expectancies were projected in accordance with the experience of the RP-2000 Sex Distinct Mortality Table.

EXHIBIT 6 (Continued)
Cost Methods & Assumptions

DISABILITY ASSUMPTION:

Rates for total and permanent disability were projected in accordance in accordance with the experience of the RP-2000 Sex Distinct Disability Mortality Table.

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 and are illustrated in the rate tables at the end of this exhibit.

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 service duration in the current valuation as follows:

1st year	1.00x
2nd year	1.15x
3rd year	1.15x
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 based upon the member's years of service and are illustrated in the rate tables at the end of this exhibit.

FAMILY STATISTICS:

The composition of the Family was based on Age Specific Fertility Rates from the 2007 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:

EXHIBIT 6 (Continued)
Cost Methods & Assumptions

<u>Age at Death</u>	<u>Number of Minor Chn.</u>	<u>Years for Youngest Child to Attain Majority</u>
25	1.2	17
30	1.4	15
35	1.7	13
40	1.7	10
45	1.4	8
50	1.1	4

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 7.5%, net expenses.

ADMINISTRATIVE EXPENSES:

Operating expenses are included in Aggregate Normal Cost and are assumed to be \$4,400,000 per year. Investment Manager Fees are not included in Operating Expenses, but are treated as a direct offset to investment income. The Employer portion of the Normal Cost excludes an allocation for administrative expenses. As a result of the change in Asset Valuation Method, the reporting of realized income has been changed to realized, plus unrealized income for valuations beginning on June 30, 1999 and thereafter.

COST-OF-LIVING:

The liability for cost-of-living raises already granted is included in the retiree reserve.

ACTUARIAL TABLES AND RATES
EFFECTIVE 6/30/2008

Age	- Death Rates -		Disability Rates	Termination Rates	Retirement Rates	DROP Rates	Dur	Salary Scale
	Male	Female						
18	.000316	.000188	.0000	.1500	.0000	.000	1	1.0600
19	.000331	.000190	.0000	.1500	.0000	.000	2	1.0600
20	.000345	.000191	.0000	.1500	.0000	.000	3	1.0450
21	.000357	.000192	.0000	.1500	.0000	.000	4	1.0450
22	.000366	.000194	.0000	.1300	.0000	.000	5	1.0450
23	.000373	.000197	.0000	.1300	.0000	.000	6	1.0450
24	.000376	.000201	.0000	.1300	.0000	.000	7	1.0470
25	.000376	.000207	.0000	.1000	.0000	.000	8	1.0470
26	.000378	.000214	.0000	.1000	.0000	.000	9	1.0470
27	.000382	.000223	.0000	.1000	.0000	.000	10	1.0470
28	.000393	.000235	.0000	.1000	.0000	.000	11	1.0470
29	.000412	.000248	.0000	.1000	.0000	.000	12	1.0470
30	.000444	.000264	.0000	.1000	.0000	.000	13	1.0470
31	.000499	.000307	.0000	.1000	.0000	.000	14	1.0450
32	.000562	.000350	.0000	.1000	.0000	.000	15	1.0450
33	.000631	.000394	.0000	.1000	.0000	.000	16	1.0450
34	.000702	.000435	.0000	.1000	.0000	.000	17	1.0450
35	.000773	.000475	.0010	.0700	.0000	.000	18	1.0450
36	.000841	.000514	.0010	.0700	.0000	.000	19	1.0450
37	.000904	.000554	.0010	.0700	.0000	.000	20	1.0450
38	.000964	.000598	.0010	.0700	.0000	.000	21	1.0450
39	.001021	.000648	.0010	.0700	.0000	.000	22	1.0450
40	.001079	.000706	.0020	.0700	.0000	.000	23	1.0450
41	.001142	.000774	.0020	.0600	.0000	.000	24	1.0450
42	.001215	.000852	.0020	.0600	.0000	.000	25	1.0450
43	.001299	.000937	.0040	.0600	.0000	.000	26	1.0450
44	.001397	.001029	.0040	.0550	.0000	.000	27	1.0450
45	.001508	.001124	.0040	.0550	.0000	.000	28	1.0400
46	.001616	.001223	.0050	.0550	.0000	.000	29	1.0400
47	.001734	.001326	.0060	.0400	.9000	.000	30	1.0400
48	.001860	.001434	.0060	.0400	.9000	.150	31	1.0400
49	.001995	.001550	.0060	.0400	.6800	.150	32	1.0400
50	.002138	.001676	.0060	.0400	.6000	.300	33	1.0400
51	.002449	.001852	.0060	.0400	.6000	.450	34	1.0400
52	.002667	.002018	.0060	.0400	.6000	.270	35	1.0400
53	.002916	.002207	.0060	.0400	.6000	.270	36	1.0400
54	.003196	.002424	.0070	.0400	.4200	.330	37	1.0400
55	.003624	.002717	.0070	.0400	.4200	.330	38	1.0400
56	.004200	.003090	.0070	.0400	.4200	.400	39	1.0400
57	.004693	.003478	.0060	.0400	.4200	.300	40	1.0400
58	.005273	.003923	.0060	.0400	.4200	.300	41	1.0400
59	.005945	.004441	.0050	.0400	.3500	.200	42	1.0400
60	.006747	.005055	.0040	.0400	.3500	.400	43	1.0400
61	.007676	.005814	.0040	.0400	.3500	.350	44	1.0400
62	.008757	.006657	.0040	.0400	.2500	.250	45	1.0400
63	.010012	.007648	.0040	.0400	.2500	.250	46	1.0400
64	.011280	.008619	.0040	.0400	.2500	.250	47	1.0400
65	.012737	.009706	.0040	.0400	.2500	.100	48	1.0400
66	.014409	.010954	.0040	.0400	.2500	.100	49	1.0400
67	.016075	.012163	.0040	.0400	.2500	.100	50	1.0400
68	.017871	.013445	.0040	.0400	.2500	.200	51	1.0400
69	.019802	.014860	.0040	.0400	.2500	.080	52	1.0400
70	.022206	.016742	.0040	.0400	.2500	.050	53	1.0400
71	.024570	.018579	.0040	.0400	.2500	.000	54	1.0400
72	.027281	.020665	.0040	.0400	.2500	.000	55	1.0400
73	.030387	.022970	.0040	.0400	.5000	.000	56	1.0400
74	.033900	.025458	.0040	.0400	.9900	.000	57	1.0400

EXHIBIT A

**AMORTIZATION of UNFUNDED
ACTUARIAL ACCRUED LIABILITY
JUNE 30, 2010**

<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>REMAING</u>	<u>REMAINING</u> <u>BALANCE</u>	<u>MID-YEAR</u> <u>PAYMENT</u>
1993	Change in Liability	L	25	-65,622,628	19	-58,629,592	-5,677,975
1994	Change in Liability	L	25	-30,846,941	19	-27,559,755	-2,669,021
1995	Change in Liability	L	25	2,558,051	19	2,285,454	221,334
1996	Change in Liability	L	25	-19,620,386	19	-17,529,551	-1,697,647
1997	Change in Liability	L	25	-9,046,638	19	-8,082,588	-782,757
1998	Change in Liability	L	25	-105,844,372	19	-94,565,130	-9,158,148
1999	Change in Liability	L	25	-48,468,045	19	-43,303,077	-4,193,681
2000	Change in Liability	L	25	-8,704,034	19	-7,776,494	-753,114
2001	Change in Liability	I	27	239,310,198	21	261,365,502	16,876,999
2002	Change in Liability	I	28	199,940,651	22	220,509,571	13,765,677
2003	Change in Liability	I	29	214,321,070	23	238,499,186	14,422,813
2004	Change in Liability	L	30	52,010,701	24	48,366,903	4,247,412
2005	Change in Liability	L	30	4,619,288	25	4,359,803	377,230
2006	Change in Liability	L	30	-93,066,596	26	-89,040,658	-7,600,208
2007	Change in Liability	L	30	-8,916,009	27	-8,637,436	-728,119
2008	Change in Liability	L	30	83,881,777	28	82,198,453	6,850,137
2009	Change in Liability	L	30	251,368,124	29	248,937,084	20,527,775
2010	Change in Liability	L	30	89,485,738	30	89,485,738	7,307,780
TOTAL OUTSTANDING BALANCE						840,883,413	51,336,487
EMPLOYERS' CREDIT BALANCE							
2006	Contribution Variance	L	5	7,310,004	1	1,680,721	1,742,609
2007	Contribution Variance	L	5	-3,778,270	2	-1,676,798	-900,690
2008	Contribution Variance	L	5	-1,762,370	3	-1,132,778	-420,126
2009	Contribution Variance	L	5	2,179,782	4	1,804,500	519,631
2010	Contribution Variance	L	5	21,730,593	5	21,730,593	5,180,287
TOTAL CREDIT BALANCE						22,406,238	6,121,711
TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY						863,289,651	

NOTE: Effective July 1, 1990, Actuarial Valuation Rate changed from 7% to 7 1/2%.
Effective July 1, 1992, Amortization Period changed in accordance with Act 257.
Effective July 1, 2004, Amortization Period changed in accordance with Act 588.