

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

ANNUAL ACTUARIAL VALUATION OF DEFINED BENEFIT  
ALLOWANCES - TRADITIONAL AND COMBINED PLANS

DECEMBER 31, 2006

# TABLE OF CONTENTS

<i>Section</i>	<i>Pages</i>	<i>Item</i>
	2	Cover Letter
<b>I</b>		<b>Executive Summary</b>
	1	Introduction
	2-4	Summary of Pension Defined Benefit Valuation Results
	5	Comments and Conclusion
	6	Financing Defined Benefit Pension Promises
	7-12	Summary of Active and Retired Member Information
	13-15	Summary of Pension Experience
<b>II</b>		<b>Financial Information</b>
	1	Consolidated Asset Reconciliation
	2	Development of Funding Value of Pension DB Assets
	3	Allocation of Funding Value of Assets Between Divisions
	4	Comparison of Rates of Return
	4	Comparison of Defined Benefit Pension Asset Values
<b>III</b>		<b>Benefits and Conditions Evaluated</b>
	1-18	Summary of Benefits
	19-24	Sample Benefit Computations
<b>IV</b>	1-4	<b>Recommendations for Reserve Transfers</b>
<b>V</b>	1-8	<b>State Division</b>
<b>VI</b>	1-8	<b>Local Government Division</b>
<b>VII</b>	1-8	<b>Public Safety Division</b>
<b>VIII</b>	1-8	<b>Law Enforcement Division</b>
	1	Members in Valuation
	2	Contributions to Support Retirement Allowances
	3	Comparative Statement of Contribution Rates
	4	Development of UAAL
	5	Comparative Schedule of Funding
	6-8	Statistical Schedules
<b>IX</b>		<b>Allowances Being Paid to Retirees and Beneficiaries</b>
	1	Totals by Year of Retirement
	2	Totals by Years of Service
	3-8	Annuity and Pension Reserve Fund
	9-17	Survivors' Benefit Fund
<b>X</b>	1-11	<b>Actuarial Methods and Assumptions</b>
<b>XI</b>		<b>Financial Principles</b>
	1-5	Principles and Operational Techniques
	6-7	Glossary
	8	Meaning of "Unfunded Actuarial Accrued Liabilities"
<b>XII</b>	1-8	<b>GASB Reporting</b>

August 30, 2007

The Retirement Board  
Ohio Public Employees Retirement System  
Columbus, Ohio

Ladies and Gentlemen:

The results of the *December 31, 2006 annual actuarial valuation of defined benefit allowances* of the Ohio Public Employees Retirement System, based upon Chapter 145 of the Code as amended, are presented in this report. The gain/loss analysis of experience by division, the annual actuarial valuation of retiree health and Medicare benefits, projections of defined benefit allowances and projections of retiree health and Medicare benefits are covered in separate reports. The purposes of the valuation are as follows:

- Measure the financial position of OPERS
- Assist the board in establishing employer and employee contribution rates necessary to fund the pension defined benefits provided by OPERS
- Determine the number of years required to amortize the unfunded actuarial accrued liabilities based upon established contribution rates
- Provide actuarial reporting and disclosure information for the System's financial report, and analyze the experience of the System over the past year

The individual member statistical data required for the valuations was furnished by your Executive Director and Staff, together with pertinent data on financial operations. Their cooperation in furnishing these materials is acknowledged with appreciation.

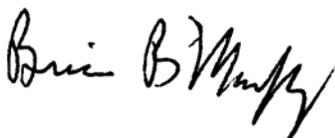
The actuarial assumptions used in the valuations are summarized in Section X of this report. The assumptions are established by the Retirement Board after consulting with the actuary.

The valuation was completed in accordance with standards of practice prescribed by the Actuarial Standards Board and in conformance with Chapter 145 of the Revised Code of Ohio. To the best of our knowledge, this report is complete and accurate and the actuarial methods and assumptions produced results which are reasonable.

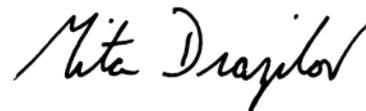
Respectfully submitted,



Norman L. Jones, F.S.A.



Brian B. Murphy, F.S.A.



Mita D. Drazilov, A.S.A.

NLJ/BBM/bd

---

## **SECTION I**

### **EXECUTIVE SUMMARY**

---

## INTRODUCTION

---

Section 145.22 of the Revised Code of Ohio (ORC) provides in part as follows:

“(A) The public employees retirement board shall have prepared annually by or under the supervision of an actuary an actuarial valuation of the pension assets, liabilities, and funding requirements of the public employees retirement system as established pursuant to this chapter.”

This report presents the results of the December 31, 2006 annual actuarial valuation of the Ohio Public Employees Retirement System (OPERS) Defined Benefit Allowances of the Traditional and Combined Plans. In conjunction with Chapter 145 of the ORC, the purposes of performing the annual valuation are as follows:

- Measure the financial position of OPERS,
- Assist the Board in establishing employer and employee contribution rates necessary to fund the pension defined benefits provided by OPERS,
- Determine the number of years required to amortize the unfunded actuarial accrued liabilities based upon established contribution rates,
- Provide actuarial reporting and disclosure information for the System’s financial report, and
- Analyze the experience of the System over the past year.

The report is presented as follows:

Section I	-	Executive Summary
Section II	-	Financial Information
Section III	-	Benefits and Conditions Evaluated
Section IV	-	Recommendations for Reserve Transfers
Section V	-	Active and Inactive Vested Valuation Results for State
Section VI	-	Active and Inactive Vested Valuation Results for Local Government
Section VII	-	Active and Inactive Vested Valuation Results for Public Safety
Section VIII	-	Active and Inactive Vested Valuation Results for Law Enforcement
Section IX	-	Allowances Being Paid to Retirees and Beneficiaries
Section X	-	Actuarial Methods and Assumptions
Section XI	-	Financial Principles
Section XII	-	Governmental Accounting Standards Board (GASB) Reporting

There have been no material benefit changes since the last valuation. Actuarial assumptions and methods have been changed since the prior actuarial valuation based on the results of an experience study issued October 30, 2006. The stand-alone financial effect of the experience study was an increase of eight years in the amortization period.

A summary of the primary valuation results as of December 31, 2006 is presented on the following page.

**SUMMARY OF PENSION DEFINED BENEFIT VALUATION RESULTS**  
**TRADITIONAL AND COMBINED PLANS**  
**DECEMBER 31**  
**(\$ IN MILLIONS)**

	2006					2005		
	State	Local	Law		Total Law	Grand Total	Assumptions	
			Public Safety	Law Enforce			New	Original
<b>A. Demographic Information</b>								
1. Active Number Counts								
a. Traditional Plan	114,053	234,158	127	8,092	8,219	356,430	353,708	353,708
b. Combined Plan	<u>1,877</u>	<u>3,823</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,700</u>	<u>5,096</u>	<u>5,096</u>
c. Total	115,930	237,981	127	8,092	8,219	362,130	358,804	358,804
2. Active Payroll								
a. Traditional Plan	4,444	7,108	6	413	419	11,971	11,632	11,632
b. Combined Plan	<u>78</u>	<u>126</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>204</u>	<u>174</u>	<u>174</u>
c. Total	4,522	7,234	6	413	419	12,175	11,806	11,806
3. Retired Number Counts	55,301	100,222	120	3,398	3,518	159,041	153,935	153,935
4. Deferred / Inactive Number Counts	104,080	207,273	9	756	765	312,118	294,699	294,699
5. Member Directed Active Number Counts	<u>2,117</u>	<u>4,069</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,186</u>	<u>5,303</u>	<u>5,303</u>
6. Total Number Counts	277,428	549,545	256	12,246	12,502	839,475	812,741	812,741
<b>B. Defined Benefit Assets</b>								
1. Market Value (MV)	26,081	36,857	(42)	2,462	2,420	65,358	57,702	57,702
2. Rate of Return on MV						14.82%	9.05%	9.05%
3. Funding Value (FV)	24,460	34,566	(40)	2,309	2,269	61,296	54,473	54,473
4. Rate of Return on FV						14.16%	9.41%	9.41%
5. Ratio of FV to MV						93.8%	94.4%	94.4%
<b>C. Defined Benefit Actuarial Results</b>								
1. Normal Cost as a % of Payroll	14.97%	14.53%	18.73%	19.75%	19.74%	14.87%	14.85%	14.78%
2. Actuarial Accrued Liability (AAL)								
a. Active	13,225	19,069	16	1,336	1,352	33,646	32,378	31,478
b. Retired	12,329	17,043	24	1,240	1,264	30,636	28,373	27,925
c. Deferred/Inactive	<u>781</u>	<u>1,077</u>	<u>0</u>	<u>20</u>	<u>20</u>	<u>1,879</u>	<u>1,747</u>	<u>1,742</u>
d. Total	26,335	37,190	40	2,596	2,636	66,161	62,498	61,146
3. Unfunded AAL (UAAL)	1,875	2,624	80	287	367	4,865	8,025	6,673
4. Funded Ratio	92.9 %	92.9 %	(98.2)%	88.9 %	86.1 %	92.6 %	87.2 %	89.1 %
<b>D. Contribution Rates</b>								
	CY 2008					CY 2007		
1. Pension Contributions								
a. Employer Normal Cost	4.97%	4.53%	8.73%	9.65%	9.64%	4.87%	5.33%	5.26%
b. Member Contribution Rate	10.00%	10.00%	10.00%	10.10%	10.10%	10.00%	9.52%	9.52%
c. UAAL Contribution Rate	<u>2.03%</u>	<u>2.47%</u>	<u>1.67%</u>	<u>0.75%</u>	<u>0.76%</u>	<u>2.25%</u>	<u>3.61%</u>	<u>3.68%</u>
d. Total	17.00%	17.00%	20.40%	20.50%	20.50%	17.12%	18.46%	18.46%
2. Retiree Health Contribution Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	5.00%	5.00%
3. Total Employer Contribution Rate	14.00%	14.00%	17.40%	17.40%	17.40%	14.12%	13.94%	13.94%
<b>E. Amortization Years to Fully Amortize UAAL *</b>	35	19	N/A	N/A	N/A	26	28	20

\* Based on schedule of employer and member contribution rates shown on page III-3. For GASB purposes, amortization years are determined based upon scheduled contribution rate increases through 2008. See page XII-8 for additional explanation.

**SUMMARY OF PENSION DEFINED BENEFIT VALUATION RESULTS**  
**TRADITIONAL PLAN**  
**DECEMBER 31**  
**(\$ IN MILLIONS)**

	2006					2005		
	State	Local	Law			Grand Total	Assumptions	
			Public Safety	Law Enforcement	Total Law		New	Original
<b>A. Demographic Information</b>								
1. Active Number Counts	114,053	234,158	127	8,092	8,219	356,430	353,708	353,708
2. Active Payroll	4,444	7,108	6	413	419	11,971	11,632	11,632
3. Retired Number Counts	55,301	100,220	120	3,398	3,518	159,039	153,935	153,935
4. Deferred / Inactive Number Counts	<u>103,991</u>	<u>207,072</u>	<u>9</u>	<u>756</u>	<u>765</u>	<u>311,828</u>	<u>294,527</u>	<u>294,527</u>
5. Total Number Counts	273,345	541,450	256	12,246	12,502	827,297	802,170	802,170
<b>B. Defined Benefit Assets</b>								
1. Market Value (MV)	26,060	36,817	(42)	2,462	2,420	65,297	57,662	57,662
2. Rate of Return on MV						14.83%	9.05%	9.05%
3. Funding Value (FV)	24,439	34,526	(40)	2,309	2,269	61,235	54,433	54,433
4. Rate of Return on FV						14.17%	9.41%	9.41%
5. Ratio of FV to MV						93.8%	94.4%	94.4%
<b>C. Defined Benefit Actuarial Results</b>								
1. Normal Cost as a % of Payroll	14.89%	14.46%	18.73%	19.75%	19.74%	14.80%	14.80%	14.73%
2. Actuarial Accrued Liability (AAL)								
a. Active	13,198	19,024	16	1,336	1,352	33,574	32,328	31,431
b. Retired	12,329	17,043	24	1,240	1,264	30,636	28,373	27,925
c. Deferred/Inactive	<u>781</u>	<u>1,077</u>	<u>0</u>	<u>20</u>	<u>20</u>	<u>1,879</u>	<u>1,746</u>	<u>1,742</u>
d. Total	26,308	37,144	40	2,596	2,636	66,089	62,447	61,099
3. Unfunded AAL (UAAL)	1,869	2,617	80	287	367	4,854	8,014	6,666
4. Funded Ratio	92.9 %	93.0 %	(98.2)%	88.9 %	86.1 %	92.7 %	87.2 %	89.1 %
<b>D. Contribution Rates</b>								
	CY 2008					CY 2007		
1. Pension Contributions								
a. Employer Normal Cost	4.89%	4.46%	8.73%	9.65%	9.64%	4.80%	5.28%	5.21%
b. Member Contribution Rate	10.00%	10.00%	10.00%	10.10%	10.10%	10.00%	9.52%	9.52%
c. UAAL Contribution Rate	<u>2.11%</u>	<u>2.54%</u>	<u>1.67%</u>	<u>0.75%</u>	<u>0.76%</u>	<u>2.32%</u>	<u>3.66%</u>	<u>3.73%</u>
d. Total	17.00%	17.00%	20.40%	20.50%	20.50%	17.12%	18.46%	18.46%
2. Retiree Health Contribution Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	5.00%	5.00%
3. Total Employer Contribution Rate	14.00%	14.00%	17.40%	17.40%	17.40%	14.12%	13.94%	13.94%
<b>E. Amortization Years to Fully Amortize UAAL *</b>								
	33	19	N/A	N/A	N/A	25	28	20

\* Based on schedule of employer and member contribution rates shown on page III-3. For GASB purposes, amortization years are determined based upon scheduled contribution rate increases through 2008. See page XII-8 for additional explanation.

**SUMMARY OF PENSION DEFINED BENEFIT VALUATION RESULTS  
COMBINED PLAN  
DECEMBER 31  
(\$ IN MILLIONS)**

	2006			2005	
	State	Local	Grand Total	Assumptions	
				New	Original
<b>A. Demographic Information</b>					
1. Active Number Counts	1,877	3,823	5,700	5,096	5,096
2. Active Payroll	78	126	204	174	174
3. Retired Number Counts	0	2	2	0	0
4. Deferred / Inactive Number Counts	<u>89</u>	<u>201</u>	<u>290</u>	<u>172</u>	<u>172</u>
5. Total Number Counts	1,966	4,026	5,992	5,268	5,268
<b>B. Defined Benefit Assets</b>					
1. Market Value (MV)	21	40	61	40	40
2. Rate of Return on MV			7.73%	7.77%	7.77%
3. Funding Value (FV)	21	40	61	40	40
4. Rate of Return on FV			7.82%	7.83%	7.83%
5. Ratio of FV to MV			100.0%	100.0%	100.0%
<b>C. Defined Benefit Actuarial Results</b>					
1. Normal Cost as a % of Payroll	17.21%	16.88%	17.01%	16.49%	16.65%
2. Actuarial Accrued Liability (AAL)					
a. Active	26	46	72	51	47
b. Retired	0	0	0	0	0
c. Deferred/Inactive	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
d. Total	26	46	72	51	47
3. Unfunded AAL (UAAL)	5	6	12	11	7
4. Funded Ratio	79.8 %	86.4 %	84.0 %	78.8 %	85.0 %
<b>D. Contribution Rates</b>					
	CY 2008			CY 2007	
1. Pension Contributions					
a. Employer Normal Cost	7.21%	6.88%	7.01%	6.99%	7.15%
b. Member Contribution Rate	10.00%	10.00%	10.00%	9.50%	9.50%
c. UAAL Contribution Rate	<u>-0.21%</u>	<u>0.12%</u>	<u>-0.01%</u>	<u>1.83%</u>	<u>1.67%</u>
d. Total	17.00%	17.00%	17.00%	18.32%	18.32%
2. Retiree Health Contribution Rate	7.00%	7.00%	7.00%	5.00%	5.00%
3. Total Employer Contribution Rate	14.00%	14.00%	14.00%	13.82%	13.82%
<b>E. Amortization Years to Fully Amortize UAAL *</b>	N/A	N/A	N/A	3	1

\* Based on schedule of employer and member contribution rates shown on page III-3. For GASB purposes, amortization years are determined based upon scheduled contribution rate increases through 2008. See page XII-8 for additional explanation.

## COMMENTS

---

*The December 31, 2006 actuarial valuations of members indicate* the following about the portion of employer contribution rates allocated to financing retirement allowances:

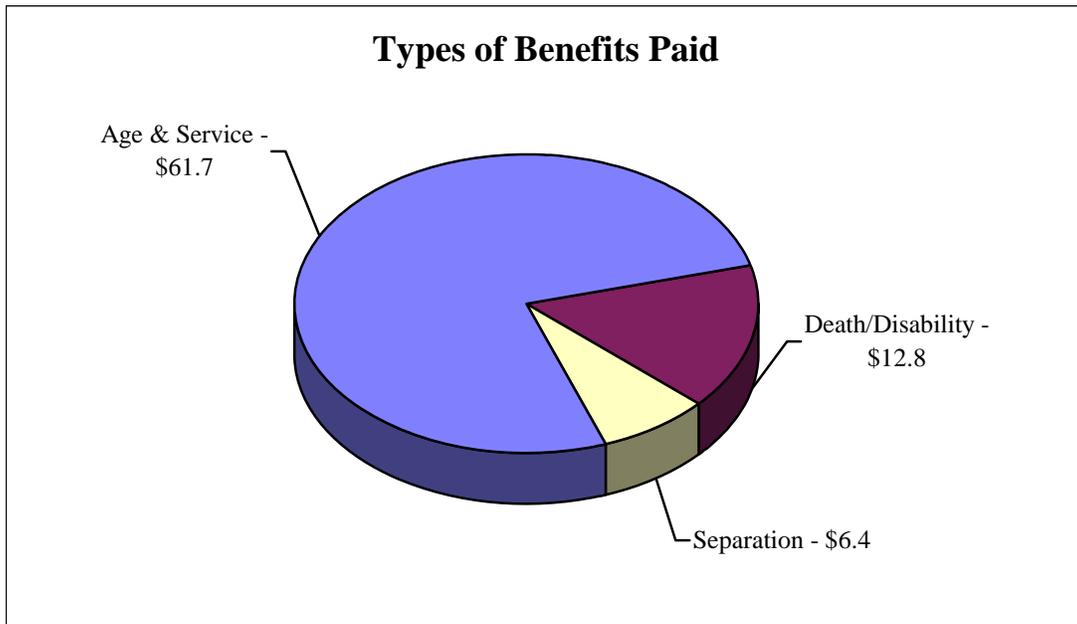
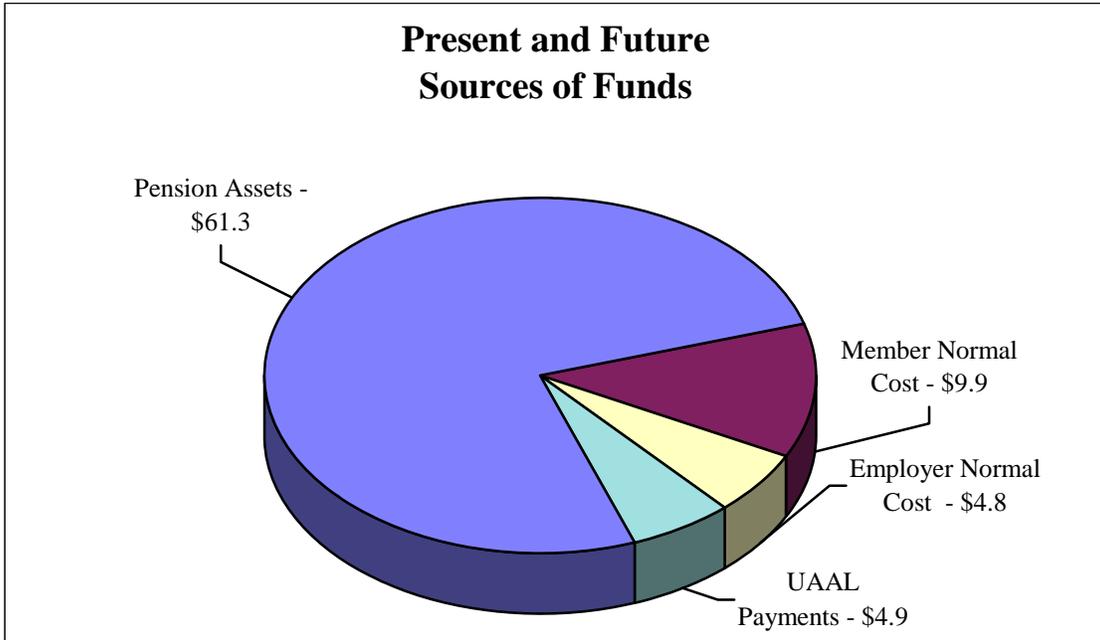
- The employer rates are sufficient to fully fund the cost of benefit commitments being made to members for service currently being rendered. However, on a stand-alone basis, there is a small imbalance in the combined plan.
- After satisfying current cost requirements, the remaining portion of the employer rates provides sufficient funds to amortize unfunded actuarial accrued liabilities over a period of 26 years for the System in total.

**Experience.** The computed amortization period, taking into account all scheduled increases in contribution rates is 26 years, compared with the 20 year period that had been reported in the December 31, 2005 valuation. This increase in amortization years was due to changes in actuarial assumptions and increased health contributions, which were partially offset by favorable investment experience for the year ended December 31, 2006. Measured on a market value basis, investment return was over 14%. The market value of assets currently exceeds the funding value by \$4.1 billion. Based upon the market value of assets, the funded percent would be 99% and the amortization period would be 8 years. Information concerning 2006 experience including other sources of gains and losses is presented on pages I-13 through I-15.

**Conclusion.** Based on the results of the December 31, 2006 regular annual actuarial valuation, it is our opinion that the Ohio Public Employees Retirement System continues to be in sound financial condition in accordance with actuarial principles of level percent of payroll financing.

**FINANCING \$80.9 BILLION\* OF DEFINED BENEFIT PROMISES  
FOR PRESENT ACTIVE AND RETIRED MEMBERS  
DECEMBER 31, 2006  
(DOLLAR AMOUNTS IN BILLIONS)**

---



\* Present value of future benefits – all divisions combined.

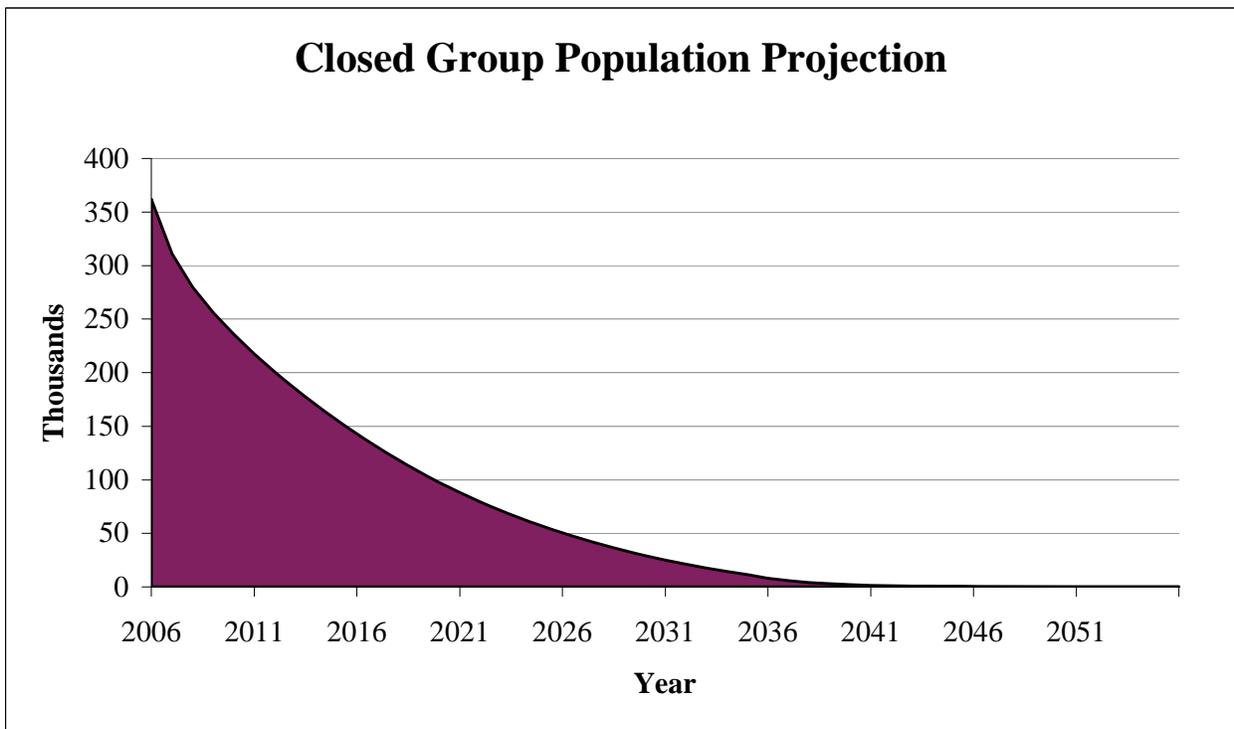
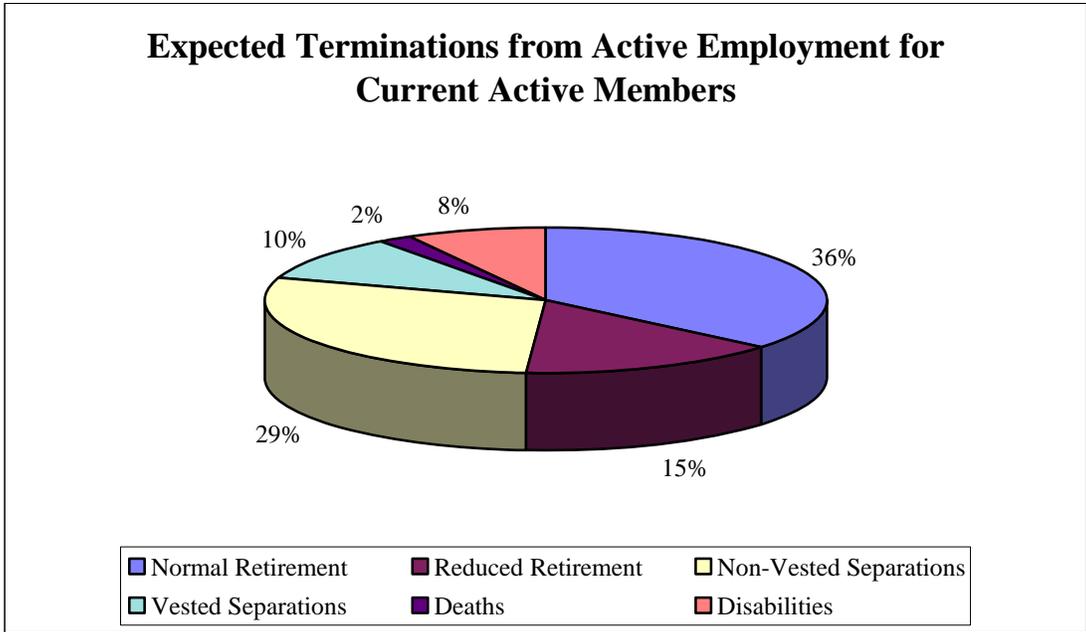
## DEFINED BENEFIT ACTIVE MEMBERS IN VALUATION GROUP AVERAGES - COMPARATIVE STATEMENT

Valuation Group	Dec. 31	No. of Active Members	Group Averages				
			Attained Age	Accrued Service Yrs.	Annual Payroll		
					Average	Increase	
STATE	1975	83,220	40.6 yrs.	6.5 yrs.	\$ 9,441	6.4 %	@
	1980	92,872	39.4	7.3	13,934	8.1 %	@
	1985	89,256	39.2	8.4	18,677	7.4 %	@
	1990	98,939	40.7	8.1	25,281	6.2 %	@
	1995	114,596	40.4	8.8	27,962	2.0 %	@
	2000	113,099	41.6	9.7	34,201	4.1 %	
	2001	109,219	42.1	10.2	36,589	7.0 %	
	2002	110,017	42.0	10.2	37,531	2.6 %	
	2003	108,249	42.2	10.3	37,679	0.4 %	
	2004	110,207	42.2	10.3	37,794	0.3 %	
	2005	114,620	42.0	10.1	37,858	0.2 %	
	2006	115,930	42.0	10.1	39,005	3.0 %	
	LOCAL GOVT	1975	149,557	40.8 yrs.	6.1 yrs.	\$ 8,771	4.3 %
1980		160,797	40.7	7.4	13,035	8.2 %	@
1985		158,285	40.1	8.3	15,983	6.2 %	@
1990		173,220	41.5	7.9	19,506	4.1 %	@
1995		223,431	41.2	7.6	20,384	0.9 %	@
2000		245,831	41.8	8.1	24,401	3.7 %	
2001		243,202	42.2	8.4	26,526	8.7 %	
2002		247,377	42.2	8.3	27,171	2.4 %	
2003		237,082	42.8	8.9	28,269	4.0 %	
2004		236,907	43.1	9.0	29,110	3.0 %	
2005		236,073	43.3	9.2	29,933	2.8 %	
2006		237,981	43.4	9.2	30,399	1.6 %	
LAW *		1975	2,111	35.0 yrs.	4.9 yrs.	\$ 10,467	-
	1980	3,019	36.1	6.8	16,846	10.0 %	@
	1985	4,207	36.5	8.4	20,103	5.5 %	@
	1990	5,804	38.6	9.9	26,936	6.0 %	@
	1995	6,605	39.3	11.1	32,441	3.2 %	@
	2000	8,045	39.3	11.7	40,387	4.5 %	
	2001	7,892	39.3	11.8	42,503	5.2 %	
	2002	8,030	39.4	12.0	44,420	4.5 %	
	2003	8,253	39.6	12.2	46,576	4.9 %	
	2004	8,173	39.7	12.4	48,045	3.2 %	
	2005	8,111	39.9	12.6	49,472	3.0 %	
	2006	8,219	40.0	12.7	50,983	3.1 %	
	TOTAL	2003	353,584	42.5 yrs.	9.4 yrs.	\$ 31,577	-
2004		355,287	42.7	9.5	32,240	2.1 %	
2005		358,804	42.8	9.5	32,906	2.1 %	
2006		362,130	42.9	9.5	33,621	2.2 %	

@ 5-year annual compound rate.

\* Beginning with the December 31, 2005 valuation report, valuation results for the Law division are shown separately for Public Safety and Law Enforcement.

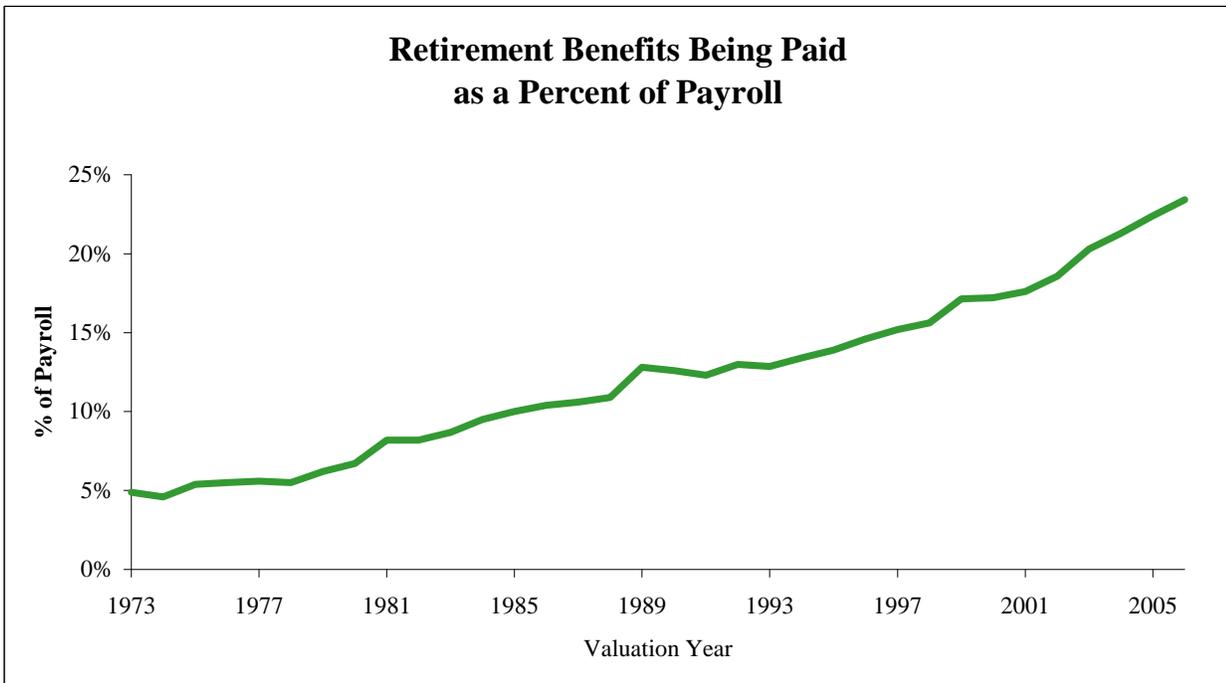
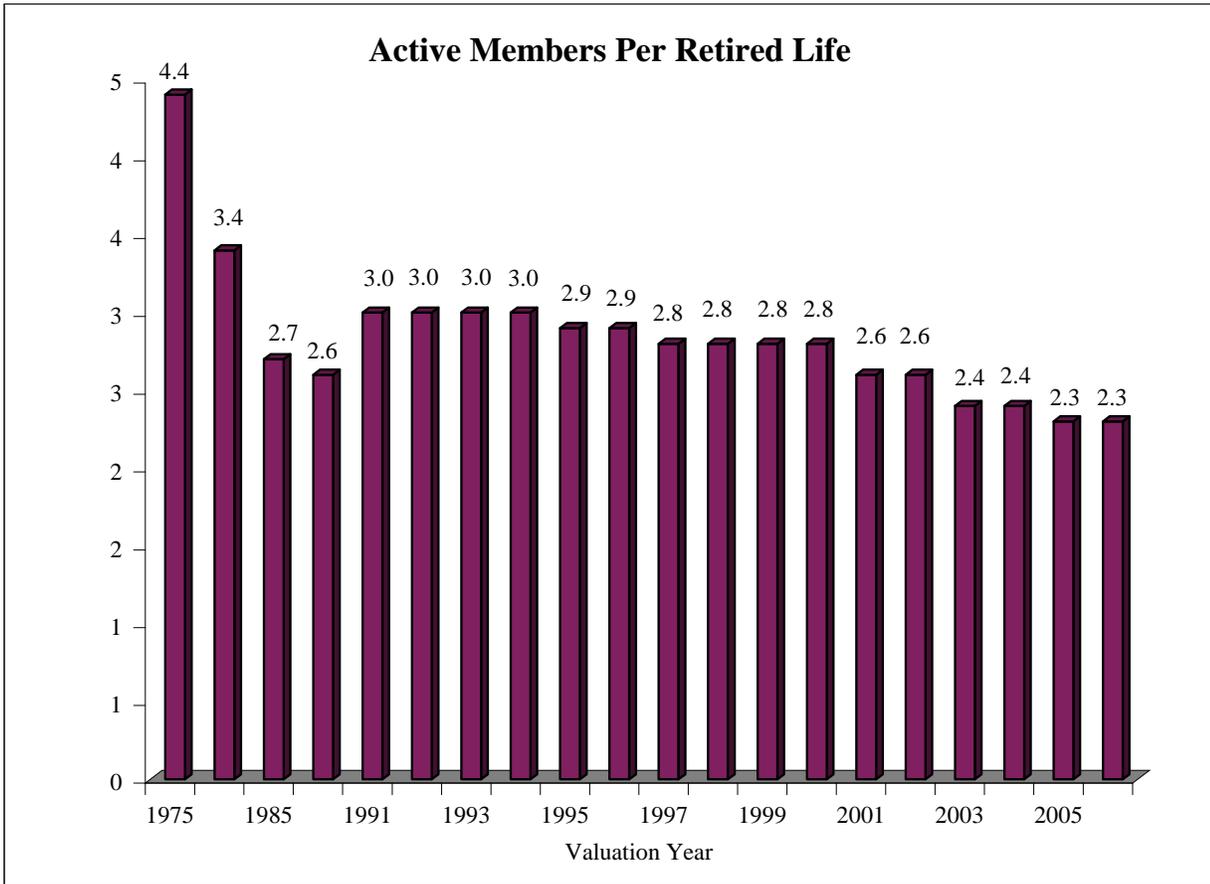
# DEVELOPMENT OF PRESENT DEFINED BENEFIT POPULATION DECEMBER 31, 2006



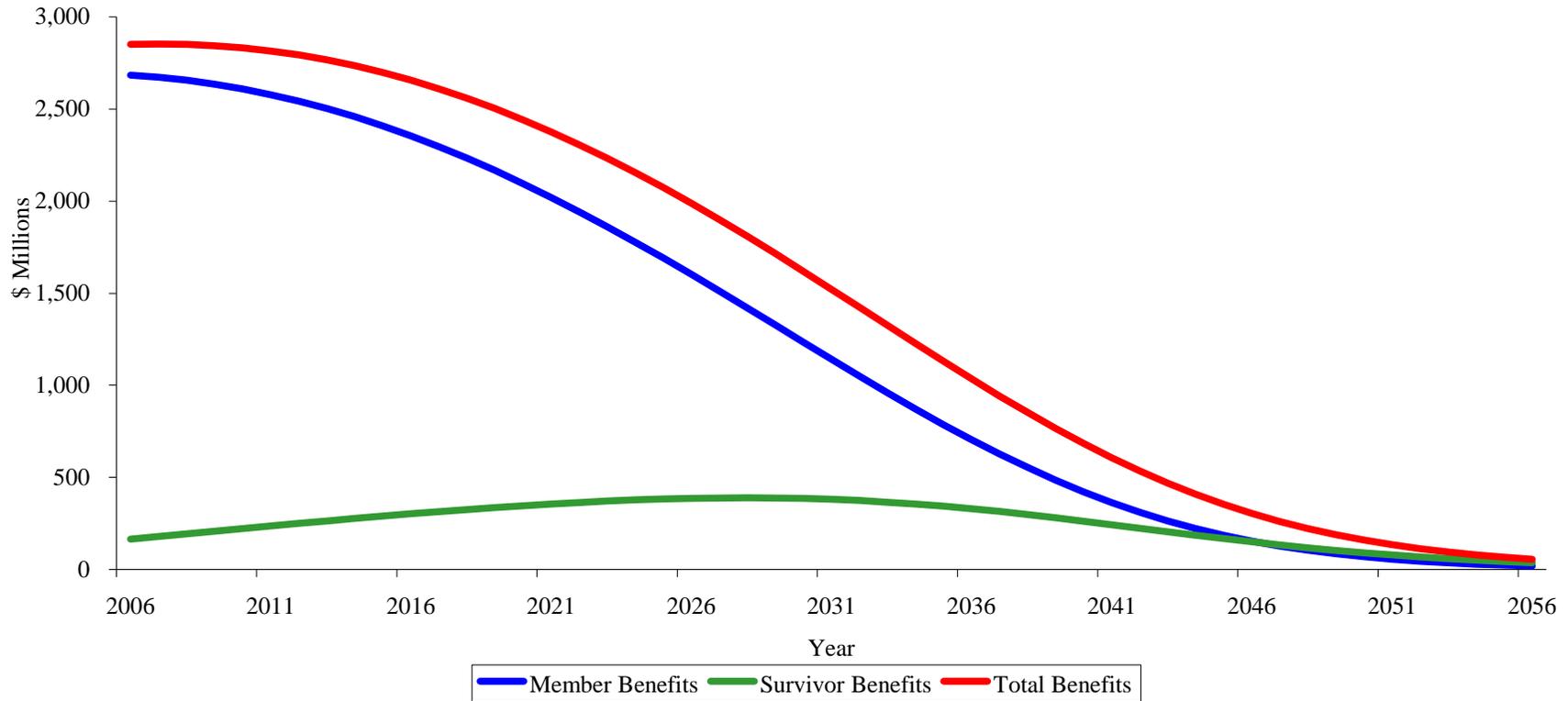
The charts show the expected future development of the present population in simplified terms. The defined benefit portion of the Retirement System presently covers 362,130 active members. Eventually, 29% of the population is expected to terminate covered employment prior to retirement and forfeit eligibility for a monthly benefit. 61% of the present population is expected to receive monthly retirement benefits either by retiring directly from active service, or by separating from service without withdrawing contributions. 10% of the present population is expected to become eligible for death-in-service or disability benefits. Within 9 years, over half of the covered membership is expected to consist of new hires.

# ACTIVE/RETIRED MEMBER STATISTICS

## DECEMBER 31, 2006



## PROJECTED FUTURE BENEFIT PAYMENTS ON BEHALF OF PRESENT RETIRED LIVES



Total future payments:	\$76.2 billion
From present assets:	\$30.6 billion
From future earnings:	\$45.6 billion

**ALL DIVISIONS  
DEFINED BENEFIT ACTIVE MEMBERS IN VALUATION  
DECEMBER 31, 2006  
BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Ages	Years of Service To Valuation Date							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
15-19	13,014							13,014
Tot. Pay	\$78,683,489							\$78,683,489
Avg. Pay	\$6,046							\$6,046
20-24	29,086	514						29,600
Tot. Pay	\$354,328,058	\$10,518,553						\$364,846,611
Avg. Pay	\$12,182	\$20,464						\$12,326
25-29	22,810	5,682	191					28,683
Tot. Pay	\$548,451,470	\$196,017,174	\$6,408,551					\$750,877,195
Avg. Pay	\$24,044	\$34,498	\$33,553					\$26,178
30-34	15,774	11,390	3,249	135				30,548
Tot. Pay	\$421,643,254	\$444,848,186	\$136,743,330	\$5,106,108				\$1,008,340,878
Avg. Pay	\$26,730	\$39,056	\$42,088	\$37,823				\$33,008
35-39	14,550	10,994	9,145	3,595	136			38,420
Tot. Pay	\$384,080,975	\$432,604,268	\$420,621,818	\$166,832,318	\$6,190,373			\$1,410,329,752
Avg. Pay	\$26,397	\$39,349	\$45,995	\$46,407	\$45,517			\$36,708
40-44	13,349	9,895	7,890	8,736	3,686	306		43,862
Tot. Pay	\$340,317,717	\$373,404,893	\$353,604,176	\$432,819,628	\$183,008,579	\$14,853,861		\$1,698,008,854
Avg. Pay	\$25,494	\$37,737	\$44,817	\$49,544	\$49,650	\$48,542		\$38,713
45-49	12,807	9,999	8,075	8,487	7,519	5,664	202	52,753
Tot. Pay	\$311,635,327	\$361,199,092	\$338,897,958	\$407,002,384	\$396,699,508	\$288,488,119	\$10,385,326	\$2,114,307,714
Avg. Pay	\$24,333	\$36,124	\$41,969	\$47,956	\$52,760	\$50,934	\$51,413	\$40,079
50-54	10,946	8,891	7,559	7,839	6,346	7,705	2,189	51,475
Tot. Pay	\$264,379,832	\$311,019,180	\$305,671,988	\$359,752,562	\$324,542,979	\$416,782,876	\$120,691,352	\$2,102,840,769
Avg. Pay	\$24,153	\$34,981	\$40,438	\$45,893	\$51,141	\$54,093	\$55,135	\$40,852
55-59	7,910	6,619	5,892	6,598	5,154	4,669	2,728	39,570
Tot. Pay	\$177,653,125	\$224,877,084	\$232,249,229	\$292,096,810	\$253,473,136	\$250,325,356	\$162,877,461	\$1,593,552,201
Avg. Pay	\$22,459	\$33,974	\$39,418	\$44,271	\$49,180	\$53,614	\$59,706	\$40,272
60-64	4,422	3,579	3,200	3,379	2,685	2,105	1,171	20,541
Tot. Pay	\$77,215,317	\$109,829,833	\$117,407,056	\$141,839,314	\$123,193,277	\$103,407,279	\$69,228,815	\$742,120,891
Avg. Pay	\$17,462	\$30,687	\$36,690	\$41,977	\$45,882	\$49,125	\$59,119	\$36,129
65-69	2,513	1,463	1,055	991	770	625	410	7,827
Tot. Pay	\$26,656,792	\$32,624,931	\$34,202,667	\$38,056,788	\$33,705,178	\$28,334,720	\$22,036,899	\$215,617,975
Avg. Pay	\$10,608	\$22,300	\$32,420	\$38,402	\$43,773	\$45,336	\$53,749	\$27,548
70 & Over	2,269	1,369	746	512	372	248	321	5,837
Tot. Pay	\$15,872,302	\$15,500,197	\$13,499,311	\$13,828,276	\$12,690,407	\$9,874,075	\$14,399,025	\$95,663,593
Avg. Pay	\$6,995	\$11,322	\$18,096	\$27,008	\$34,114	\$39,815	\$44,857	\$16,389
<b>Totals</b>	149,450	70,395	47,002	40,272	26,668	21,322	7,021	362,130
<b>Tot. Pay</b>	\$3,000,917,658	\$2,512,443,391	\$1,959,306,084	\$1,857,334,188	\$1,333,503,437	\$1,112,066,286	\$399,618,878	\$12,175,189,922
<b>Avg. Pay</b>	\$20,080	\$35,691	\$41,686	\$46,120	\$50,004	\$52,156	\$56,918	\$33,621

**ALL DIVISIONS  
DEFINED BENEFIT ACTIVE MEMBERS IN VALUATION  
DECEMBER 31, 2006  
BY GENDER AND YEARS OF SERVICE**

---

Service Years	Active Member Count			Active Member Pays	
	Males	Females	Total	Total	Average
0	29,037	35,070	64,107	\$ 836,969,575	\$13,056
1	14,072	17,436	31,508	657,829,678	20,878
2	9,446	11,981	21,427	551,684,447	25,747
3	7,989	9,161	17,150	478,720,667	27,914
4	6,879	8,379	15,258	475,713,291	31,178
5	6,913	8,590	15,503	499,309,550	32,207
6	6,902	9,216	16,118	561,101,415	34,812
7	6,568	8,022	14,590	529,968,088	36,324
8	5,731	6,997	12,728	483,899,686	38,019
9	5,272	6,184	11,456	438,164,652	38,248
10	4,949	5,832	10,781	428,972,731	39,790
11	4,664	5,164	9,828	398,948,748	40,593
12	4,861	5,262	10,123	425,509,713	42,034
13	3,946	4,531	8,477	363,236,765	42,850
14	3,689	4,104	7,793	342,638,127	43,967
15 & Up	46,165	49,118	95,283	4,702,522,789	49,353
<b>Totals</b>	<b>167,083</b>	<b>195,047</b>	<b>362,130</b>	<b>\$12,175,189,922</b>	<b>\$33,621</b>

**SUMMARY OF PENSION EXPERIENCE  
TRADITIONAL AND COMBINED PLANS  
(\$ IN MILLIONS)**

	2006		2005	
	Total \$	% of Accrued Liabilities	Total \$	% of Accrued Liabilities
<b>Beginning of Year</b>				
1. Total Accrued Liabilities	\$61,146.04	100.0 %	\$57,603.98	100.0 %
2. Valuation Assets	\$54,473.38	89.1 %	\$50,452.28	87.6 %
3. Unfunded Actuarial Accrued Liabilities	\$6,672.66	10.9 %	\$7,151.70	12.4 %
<b>Experience Gains(Losses)</b>				
4. Gains (losses) in economic risk areas				
a. Pay increases	\$373.41	0.6 %	\$301.68	0.5 %
b. Investment return	\$3,332.07	5.4 %	\$705.83	1.2 %
c. Total	\$3,705.48	6.1 %	\$1,007.51	1.7 %
5. Gains (losses) from decrement experience				
a. Service retirement	\$(32.12)	(0.1) %	\$(26.73)	0.0 %
b. Disability retirement	\$3.90	0.0 %	\$(25.67)	0.0 %
c. Death-in-service	\$14.43	0.0 %	\$23.04	0.0 %
d. Other separations	\$(137.52)	(0.2)%	\$(113.42)	(0.2)%
e. Total	<b>\$(151.31)</b>	<b>(0.2)%</b>	<b>\$(142.78)</b>	<b>(0.2)%</b>
<b>6. Total experience gains (losses): (4c) + (5e)</b>	<b>\$3,554.17</b>	<b>5.8 %</b>	<b>\$864.73</b>	<b>1.5 %</b>
<b>End of Year</b>				
7. Total Accrued Liabilities	\$66,160.73	100.0 %	\$61,146.04	100.0 %
8. Valuation Assets	\$61,295.59	92.6 %	\$54,473.38	89.1 %
9. Unfunded Actuarial Accrued Liabilities	\$4,865.14	7.4 %	\$6,672.66	10.9 %

**SUMMARY OF PENSION EXPERIENCE  
TRADITIONAL PLAN  
(\$ IN MILLIONS)**

	2006		2005	
	Total \$	% of Accrued Liabilities	Total \$	% of Accrued Liabilities
<b>Beginning of Year</b>				
1. Total Accrued Liabilities	\$61,098.70	100.0 %	\$57,572.98	100.0 %
2. Valuation Assets	\$54,433.12	89.1 %	\$50,430.15	87.6 %
3. Unfunded Actuarial Accrued Liabilities	\$6,665.58	10.9 %	\$7,142.83	12.4 %
<b>Experience Gains(Losses)</b>				
4. Gains (losses) in economic risk areas				
a. Pay increases	\$373.26	0.6 %	\$302.34	0.5 %
b. Investment return	\$3,332.16	5.5 %	\$705.88	1.2 %
c. Total	\$3,705.42	6.1 %	\$1,008.22	1.8 %
5. Gains (losses) from decrement experience				
a. Service retirement	\$(32.11)	(0.1) %	\$(26.72)	(0.0)%
b. Disability retirement	\$3.01	0.0 %	\$(25.55)	(0.0)%
c. Death-in-service	\$14.29	0.0 %	\$23.07	0.0 %
d. Other separations	\$(134.37)	(0.2)%	\$(112.12)	(0.2)%
e. Total	<b>\$(149.18)</b>	<b>(0.2)%</b>	<b>\$(141.32)</b>	<b>(0.2)%</b>
<b>6. Total experience gains (losses): (4c) + (5e)</b>	<b>\$3,556.24</b>	<b>5.8 %</b>	<b>\$866.90</b>	<b>1.5 %</b>
<b>End of Year</b>				
7. Total Accrued Liabilities	\$66,088.52	100.0 %	\$61,098.70	100.0 %
8. Valuation Assets	\$61,234.91	92.7 %	\$54,433.12	89.1 %
9. Unfunded Actuarial Accrued Liabilities	\$4,853.61	7.3 %	\$6,665.58	10.9 %

**SUMMARY OF PENSION EXPERIENCE  
COMBINED PLAN  
(\$ IN MILLIONS)**

	2006		2005	
	Total \$	% of Accrued Liabilities	Total \$	% of Accrued Liabilities
<b>Beginning of Year</b>				
1. Total Accrued Liabilities	\$47.34	100.0 %	\$31.00	100.0 %
2. Valuation Assets	\$40.26	85.0 %	\$22.13	71.4 %
3. Unfunded Actuarial Accrued Liabilities	\$7.08	15.0 %	\$8.87	28.6 %
<b>Experience Gains(Losses)</b>				
4. Gains (losses) in economic risk areas				
a. Pay increases	\$0.15	0.3 %	\$(0.66)	(2.1)%
b. Investment return	\$(0.09)	(0.2)%	\$(0.05)	(0.2)%
c. Total	\$0.06	0.1 %	\$(0.71)	(2.3)%
5. Gains (losses) from decrement experience				
a. Service retirement	\$(0.01)	(0.0) %	\$(0.01)	(0.0)%
b. Disability retirement	\$0.89	1.9 %	\$(0.12)	(0.4)%
c. Death-in-service	\$0.14	0.3 %	\$(0.03)	(0.1)%
d. Other separations	\$(3.15)	(6.7)%	\$(1.30)	(4.2)%
e. Total	<b>\$(2.13)</b>	<b>(4.5)%</b>	<b>\$(1.46)</b>	<b>(4.7)%</b>
<b>6. Total experience gains (losses): (4c) + (5e)</b>	<b>\$(2.07)</b>	<b>(4.4)%</b>	<b>\$(2.17)</b>	<b>(7.0)%</b>
<b>End of Year</b>				
7. Total Accrued Liabilities	\$72.21	100.0 %	\$47.34	100.0 %
8. Valuation Assets	\$60.68	84.0 %	\$40.26	85.0 %
9. Unfunded Actuarial Accrued Liabilities	\$11.53	16.0 %	\$7.08	15.0 %

---

## **SECTION II**

### FINANCIAL INFORMATION

---

**FINANCIAL DATA FOR CALENDAR YEAR 2006**  
**CONSOLIDATED ASSET RECONCILIATION**  
**ALL PLANS, ALL DIVISIONS**

	Traditional Pension Plan	DB Portion of Combined Pension Plan	Total Pension Defined Benefit	401(h) Health Care	Member Directed VEBA	Total Health Care	DC Portion of Combined Pension Plan	Member Directed	Total Defined Contribution	Total 2006
Beginning Market Value @ 12/31/05										
Assets Held in Trust for Benefits	\$ 57,566,218,831	\$ 40,155,669	\$ 57,606,374,501	\$ 11,845,713,012	\$ 15,377,190	\$ 11,861,090,202	\$ 32,343,938	\$ 54,502,026	\$ 86,845,964	\$ 69,554,310,666
Assets Held for Upcoming Year Budget	95,995,910	-	95,995,910	-	-	-	-	-	-	95,995,910
Total Beginning Market Value @ 12/31/05	\$ 57,662,214,741	\$ 40,155,669	\$ 57,702,370,411	\$ 11,845,713,012	\$ 15,377,190	\$ 11,861,090,202	\$ 32,343,938	\$ 54,502,026	\$ 86,845,964	\$ 69,650,306,576
External Cash Flows:										
Revenues:										
Member Contributions / Deposits	\$ 1,130,670,253	\$ 83,887	\$ 1,130,754,140	\$ -	\$ -	\$ -	\$ 17,697,448	\$ 16,285,765	\$ 33,983,213	\$ 1,164,737,353
Employer Contributions	1,150,268,928	17,698,644	1,167,967,573	542,562,863	8,116,172	550,679,036	5,036	16,370,002	16,375,038	1,735,021,647
Retiree Paid Health Care Premiums	-	-	-	71,718,181	-	71,718,181	-	-	-	71,718,181
Refund from HC Vendors	-	-	-	87,417,935	-	87,417,935	-	-	-	87,417,934.94
Medicare Part D Reimbursements	-	-	-	58,987,181	-	58,987,181	-	-	-	58,987,181.04
Other Income / Cancelled Warrants	221,669	-	221,669	3,363,084	-	3,363,084	-	-	-	3,584,753
Total Revenues	\$ 2,281,160,850	\$ 17,782,531	\$ 2,298,943,382	\$ 764,049,245	\$ 8,116,172	\$ 772,165,417	\$ 17,702,484	\$ 32,655,767	\$ 50,358,251	\$ 3,121,467,050
Disbursements:										
Refunds of Member Accounts	\$ (228,063,720)	\$ (1,918)	\$ (228,065,638)	\$ -	\$ -	\$ -	\$ (1,908,189)	\$ (5,191,908)	\$ (7,100,097)	\$ (235,165,736)
Retirement Benefits	(2,906,857,436)	(552)	(2,906,857,988)	-	-	-	-	(1,125)	(1,125)	(2,906,859,113)
Retiree Paid Post Retirement Health Care	-	-	-	(71,718,181)	-	(71,718,181)	-	-	-	(71,718,181)
ER Paid Post Retirement Health Care	-	-	-	(1,067,883,672)	(12,851)	(1,067,896,523)	-	-	-	(1,067,896,523)
ER Paid Post Retirement Medicare	-	-	-	(92,268,184)	-	(92,268,184)	-	-	-	(92,268,184)
Administrative Expenses	(65,350,643)	-	(65,350,643)	(14,933,443)	(1,032,243)	(15,965,686)	(4,609,993)	(3,985,385)	(8,595,378)	(89,911,707)
Total Disbursements	\$ (3,200,271,799)	\$ (2,470)	\$ (3,200,274,269)	\$ (1,246,803,481)	\$ (1,045,093)	\$ (1,247,848,575)	\$ (6,518,182)	\$ (9,178,419)	\$ (15,696,601)	\$ (4,463,819,444)
Net External Cash Flow	\$ (919,110,948)	\$ 17,780,061	\$ (901,330,887)	\$ (482,754,237)	\$ 7,071,079	\$ (475,683,158)	\$ 11,184,302	\$ 23,477,349	\$ 34,661,651	\$ (1,342,352,395)
Inter-Plan Activity										
Member Balance Transfers & Plan Switches	\$ 488,137	\$ 37,214	\$ 525,350	\$ -	\$ -	\$ -	\$ (60,510)	\$ (464,840)	\$ (525,350)	\$ -
DCP Fixed Assets Advanced by TP	(703,613)	-	(703,613)	-	(62,291)	(62,291)	420,198	345,705	765,903	-
Mitigation Rate	2,296,039	(1,198,165)	1,097,873	-	-	-	-	(1,097,873)	(1,097,873)	-
Interest on 12/31/05 Advance Balance	1,736,213	-	1,736,213	-	(62,362)	(62,362)	(804,732)	(869,118)	(1,673,851)	-
Income Applied to Advance (Loan) Balance	-	(3,310,859)	(3,310,859)	-	-	-	3,310,859	-	3,310,859	-
Total Inter-Plan Activity	\$ 3,816,775	\$ (4,471,810)	\$ (655,035)	\$ -	\$ (124,653)	\$ (124,653)	\$ 2,865,814	\$ (2,086,127)	\$ 779,688	\$ -
Investment Income:										
Interest and Dividends	\$ 1,519,345,748	\$ 1,253,660	\$ 1,520,599,408	\$ 285,917,569	\$ 534,547	\$ 286,452,116	\$ 1,098,886	\$ 1,649,127	\$ 2,748,013	\$ 1,809,799,537
Other Ordinary Investment Income	1,426,193,921	1,176,798	1,427,370,719	151,134,346	501,774	151,636,120	13,387	20,090	33,477	1,579,040,316
Realized Capital Value Changes	5,715,534,153	4,716,069	5,720,250,221	1,048,846,038	2,010,879	1,050,856,918	6,113,900	9,175,293	15,289,193	6,786,396,332
External Asset Management Fees	(110,641,497)	(91,294)	(110,732,791)	(10,797,650)	(38,927)	(10,836,577)	(140,346)	(212,876)	(353,222)	(121,922,590)
Rounding	-	-	-	-	(0)	(0)	-	-	-	(0)
Investment Return	\$ 8,550,432,325	\$ 7,055,233	\$ 8,557,487,558	\$ 1,475,100,303	\$ 3,008,273	\$ 1,478,108,577	\$ 7,085,827	\$ 10,631,634	\$ 17,717,461	\$ 10,053,313,595
Ending Market Value @ 12/31/06	\$ 65,297,352,893	\$ 60,519,153	\$ 65,357,872,046	\$ 12,838,059,079	\$ 25,331,889	\$ 12,863,390,968	\$ 53,479,881	\$ 86,524,882	\$ 140,004,763	\$ 78,361,267,777

**DEVELOPMENT OF FUNDING VALUE OF PENSION DEFINED BENEFIT ASSETS  
(BASED UPON 4 YEAR PHASE-IN OF DIFFERENCES BETWEEN ACTUAL AND ASSUMED RETURN)**

Year Ended December 31	2005	2006	2007	2008	2009
A. Funding Value Beginning of Year	\$50,452,283,552	\$54,473,377,630			
B. Market Value End of Year	57,702,370,411	65,357,872,046			
C. Market Value Beginning of Year	53,576,366,709	57,702,370,411			
D. Non-Investment/Administrative Net Cash Flow					
D1. Member Contributions	1,027,624,992	1,130,754,140			
D2. Employer and other Non-Member Contributions	1,173,474,994	1,169,287,115			
D3. Refund of Member Accounts	(215,398,602)	(228,065,638)			
D4. Retirement Benefits	(2,679,084,743)	(2,906,857,988)			
D5. Member Balance Transfers	195,828	525,350			
D6. Total Net Cash Flow: D1+D2+D3+D4+D5	(693,187,531)	(834,357,021)			
E. Investment Return					
E1. Market Total: B-C-D6	4,819,191,233	8,489,858,656			
E2. Assumed Rate of Return	8.00%	8.00%			
E3. Assumed Amount of Return	4,008,455,183	4,324,495,930			
E4. Amount Subject to Phase-In: E1-E3	810,736,050	4,165,362,726			
F. Phased-In Recognition of Investment Return					
F1. Current year: 0.25xE4	202,684,013	1,041,340,682			
F2. First Prior Year	532,894,690	202,684,013	\$1,041,340,682		
F3. Second Prior Year	1,555,151,363	532,894,690	202,684,013	\$1,041,340,682	
F4. Third Prior Year	(1,584,903,640)	1,555,151,365	532,894,689	202,684,011	\$1,041,340,680
F5. Total Phase-Ins	705,826,426	3,332,070,750	1,776,919,384	1,244,024,693	1,041,340,680
G. Funding Value End of Year					
G1. Preliminary Funding Value End of Year: A+D6+E3+F5	\$54,473,377,630	\$61,295,587,289			
G2. Upper Corridor Limit: 112% x B	64,626,654,860	73,200,816,692			
G3. Lower Corridor Limit: 88% x B	50,778,085,961	57,514,927,400			
G4. Funding Value End of Year	\$54,473,377,630	\$61,295,587,289			
H. Difference Between Market and Funding Value	\$3,228,992,781	4,062,284,757	2,285,365,373	1,041,340,680	0
I. Recognized Rate of Return	9.41%	14.16%			
J. Market Rate of Return	9.05%	14.82%			
K. Ratio of Funding Value to Market Value	94%	94%			

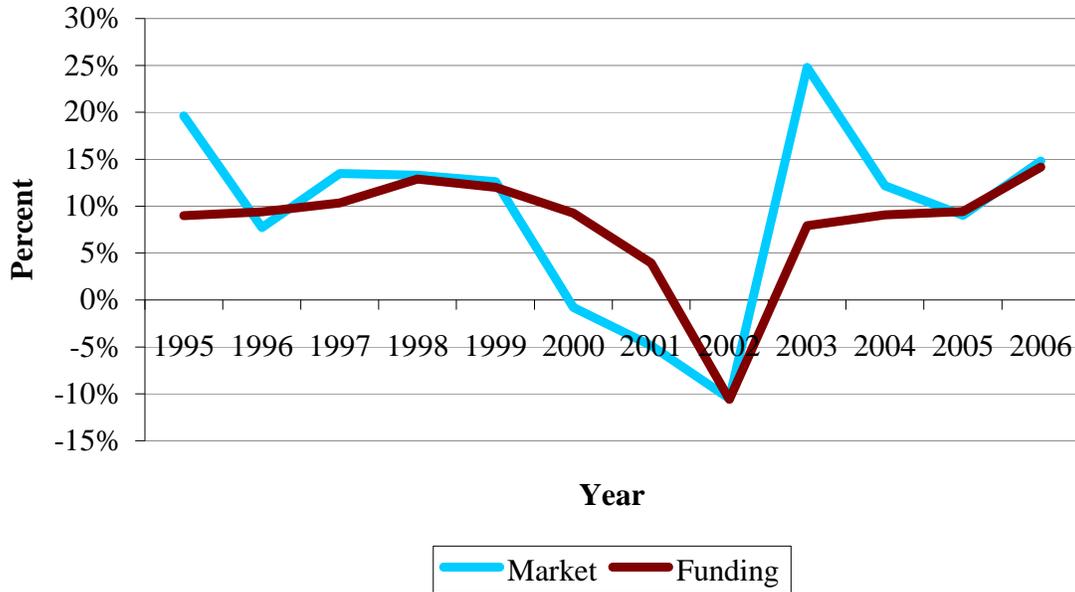
The Funding Value of Assets recognizes assumed investment return (line E3) fully each year. Differences between actual and assumed investment return (line E4) are phased in over a closed 4-year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than market value. If assumed rates are exactly realized for 3 consecutive years, funding value will become equal to market value.

## ALLOCATION OF FUNDING VALUE OF ASSETS AMONG DIVISIONS DECEMBER 31, 2006

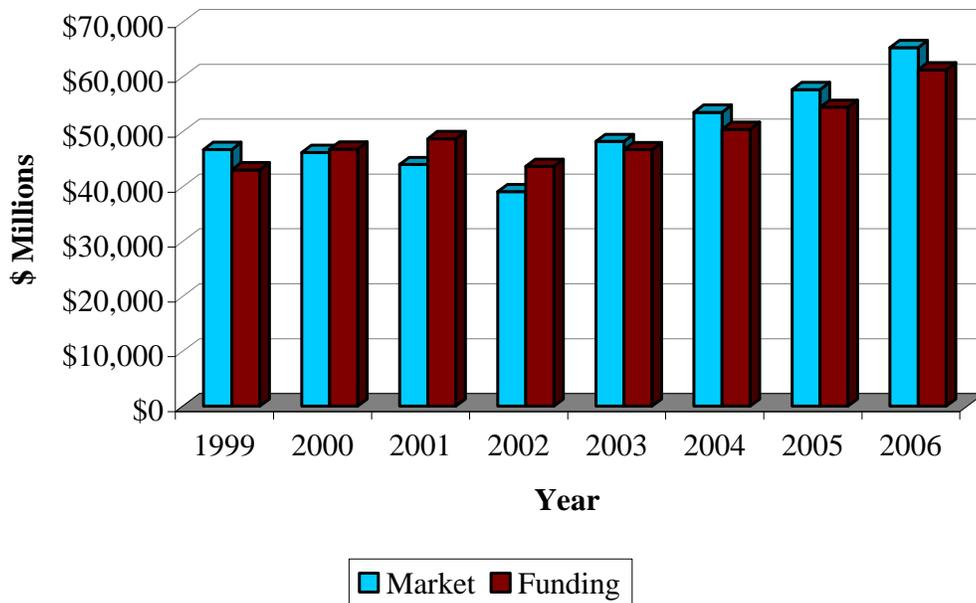
	State	Local	Law		Total
			Public Safety	Law Enforcement	
(1) Employer Accumulation Fund-Traditional Plan	\$ 9,686,562,891	\$ 13,853,081,484	\$ (69,035,529)	\$ 856,288,643	\$ 24,326,897,489
(2) Employer Accumulation Fund-Combined Plan	20,923,577	39,595,580	0	0	60,519,157
(3) Retired Assets-Traditional Plan	<u>11,771,720,642</u>	<u>16,108,680,531</u>	<u>23,755,116</u>	<u>1,179,476,640</u>	<u>29,083,632,929</u>
(4) Subtotal: (1)+(2)+(3)	\$ 21,479,207,110	\$ 30,001,357,595	\$ (45,280,413)	\$ 2,035,765,283	\$ 53,471,049,575
(5) Member Deposits from Participant Data-Traditional Plan					
(a) Active Member Deposits	4,369,225,010	6,610,211,778	5,345,602	434,759,826	11,419,542,216
(b) Inactive Member Deposits	<u>466,752,971</u>	<u>650,608,658</u>	<u>78,144</u>	<u>12,042,582</u>	<u>1,129,482,355</u>
(c) Total Member Deposits: (a)+(b)	4,835,977,981	7,260,820,436	5,423,746	446,802,408	12,549,024,571
(6) Share of Total Member Deposits	38.54%	57.86%	0.04%	3.56%	100.00%
(7) Employee Savings Fund Allocated According to (6)	3,998,198,329	6,002,484,570	4,149,661	369,319,825	10,374,152,385
(8) Subtotal: (4)+(7)	25,477,405,439	36,003,842,165	(41,130,752)	2,405,085,108	63,845,201,960
(9) Assets Without Division Allocated According to (8)	565,323,335	798,896,582	(912,659)	53,366,923	1,416,674,181
(10) Assets Held For Upcoming Year Budget Allocated According to (8)	<u>38,307,134</u>	<u>54,134,398</u>	<u>(61,843)</u>	<u>3,616,221</u>	<u>95,995,910</u>
<b>(11) Total Employer +Employee Defined Benefit Assets: (8)+(9)+(10)</b>	<b>\$ 26,081,035,908</b>	<b>\$ 36,856,873,145</b>	<b>\$ (42,105,254)</b>	<b>\$ 2,462,068,252</b>	<b>\$ 65,357,872,051</b>
(12) Share of Defined Benefit Market Value	39.90 %	56.39 %	(0.06)%	3.77 %	100.00 %
(13) Market Value Adjustment Allocated According to (12)	(1,620,851,620)	(2,290,722,377)	2,437,371	(153,148,136)	(4,062,284,762)
<b>(14) Funding Value of Defined Benefit Assets (11)+(13)</b>	<b>\$ 24,460,184,288</b>	<b>\$ 34,566,150,768</b>	<b>\$ (39,667,883)</b>	<b>\$ 2,308,920,116</b>	<b>\$ 61,295,587,289</b>

# COMPARISON OF DEFINED BENEFIT ASSETS

## Comparison of Rates of Return



## Comparison of Defined Benefit Asset Values



---

## **SECTION III**

### **BENEFITS AND CONDITIONS EVALUATED**

---

## BENEFITS AND CONDITIONS EVALUATED

---

### PLANS

***Traditional Pension Plan.*** The Traditional Pension Plan is a defined benefit plan under which a member's retirement benefit is based on a formula. The formula is determined by years of contributing service and the average of the three highest years of earnable salary (or final average salary). OPERS investment professionals manage the investment of employee and employer contributions to ensure that funds are available to pay the formula benefit.

***Combined Plan.*** The Combined Plan is a retirement plan with both a defined benefit and a defined contribution component. Under the defined benefit portion of the Combined Plan, the member's benefit is determined by a reduced formula (similar to the Traditional Pension Plan). OPERS investment professionals manage the investment of employer contributions to ensure that funds are available to pay the reduced formula benefit. Under the defined contribution portion of the Combined Plan, employee contributions are deposited into the member's individual defined contribution account and invested as directed by the member. The member's retirement benefit under this portion of the Combined Plan is based on employee contributions and the gains and losses on those contributions. The member directs the investment by selecting from among the nine professionally-managed OPERS Investment Options.

***Member-Directed Plan.*** The Member-Directed Plan is a defined contribution plan under which employee and employer contributions are deposited into a member's individual defined contribution account and invested as directed by the member. The member's retirement benefit is based on employee and employer contributions and the gains and losses on those contributions. Under the Member-Directed Plan, the member directs the investment by selecting from nine professionally-managed OPERS Investment Options.

## **BENEFITS AND CONDITIONS EVALUATED**

---

### **TERMS**

**Final average salary** (“FAS”) means the average of the annual earnings for the 3 highest calendar years of compensation.

**Participant Contribution Account** is the account for each Participant in the Combined or Member-Directed Plan to which shall be credited the employee contributions.

**Miscellaneous Contribution Account** is the account to which shall be credited any voluntary after-tax contributions for members in the Combined and Member-Directed Plans.

**Rollover Account** is the account to which shall be credited any rollover amounts for members in the Combined or Member-Directed Plans.

**Employers’ Accumulation Fund** is the fund to which shall be credited employer contributions for members in the Traditional or Combined Plan. There are separate accounts in the Employers’ Accumulation Fund for the Combined Plan and the Traditional Pension Plan.

**Employer Contribution Account** is the fund to which shall be credited a portion of the employer contributions for members in the Member-Directed Plan.

### **CONTRIBUTIONS**

**Member contributions.** State and local government members contribute 9.5% of earnable salary in 2007. The maximum statutory rate is 10% of earnable salary.

Law enforcement members whose primary duties are to preserve the peace, to protect life and property, and to enforce the laws of the state contribute 10.1% of earnable salary effective 1/1/2001. Remaining Law enforcement members (Public Safety) contribute 9.75% of earnable salary in 2007.

**Employer contributions.** Each employer contributes the remaining amounts necessary to finance OPERS benefits. Employer contributions are expressed as percents of member-covered payroll. The maximum statutory rate for state and local government employers is 14%. The maximum statutory rate for law enforcement employers is 18.1% (H.B. 416, effective 1/1/2001).

## BENEFITS AND CONDITIONS EVALUATED

---

### CONTRIBUTIONS (CONT'D)

*Health Care Preservation Plan (HCPP).* Both employer and member contribution rates are scheduled to increase over the next few years in accordance with the HCPP. The following table shows total scheduled employer contribution rates (includes contributions for both the pension and retiree health programs):

Year	State	Local Government	Law Enforcement	Public Safety
2006	13.54%	13.70%	16.93%	16.93%
2007	13.77	13.85	17.17	17.17
2008	14.00	14.00	17.40	17.40
2009	14.00	14.00	17.63	17.63
2010	14.00	14.00	17.87	17.87
2011 and Later	14.00	14.00	18.10	18.10

The portion of the above employer contribution rates scheduled to be allocated to the retiree health program are as follows:

Year	All Divisions
2006	4.50%
2007	5.00% through 6/30/2007; 6.00% thereafter
2008 and Later	7.00%

Member contribution rates scheduled to be allocated to the pension program are as follows:

Year	State	Local Government	Law Enforcement	Public Safety
2006	9.00%	9.00%	10.10%	9.00%
2007	9.50	9.50	10.10	9.75
2008 and Later	10.00	10.00	10.10	10.00

## TRADITIONAL PENSION PLAN

---

### AGE & SERVICE BENEFITS - STATE AND LOCAL GOVERNMENT MEMBERS

**Age and service eligibility.** A member who (i) has attained age 60 years and has 5 or more years of service credit or 60 contributing months, or (ii) has attained age 55 years and has 25 or more years of service credit, or (iii) has 30 or more years of service credit, may retire with an age and service retirement allowance.

**Age and service allowance.** A retiring member's age and service allowance is equal to Ohio service credit times the greater of \$86, or 2.2% of FAS for the first 30 years of service plus 2.5% for years of service over 30 years (H.B. 628). The allowance is then adjusted by factors based on attained age or years of service (whichever yields the higher percentage) as determined in the following schedule:

Attained Age	OR	Years of Service Credit	Percentage of Base Amount
58		25	75%
59		26	80
60		27	85
61		N/A	88
N/A		28	90
62		N/A	91
63		N/A	94
N/A		29	95
64		N/A	97
65		30 or more	100

Maximum allowance is 100% of FAS or the limits under IRC Section 415(b). Minimum allowance is based upon twice the member's savings funding balance at retirement together with interest credits.

## TRADITIONAL PENSION PLAN

---

### **AGE & SERVICE BENEFITS – LAW MEMBERS (PUBLIC SAFETY) ELIGIBLE TO RETIRE UNDER OHIO REVISED CODE SECTION 145.33(B)(2)(B)**

*Age and service eligibility.* A law member whose secondary duties are to preserve the peace, to protect life and property, and to enforce the laws of the state and who (i) has attained age 52 and has 25 or more years of credited service, or (ii) has attained age 62 and has 15 or more years of credited service, or (iii) has attained age 52 and has 15 or more years of credited service, may retire with an age and service allowance. A member covered by these provisions may retire at age 48 with 25 or more years of service subject to the reduction described in 145.33 (C)(1).

*Age and service allowance.* A retiring member's age and service allowance under eligibility (i) or (ii) above is equal to 2.5% of FAS times the first 25 years of service credit plus 2.1% of FAS times service credit in excess of 25 years (H.B. 628). Maximum allowance is 90% of FAS or the limits under IRC Section 415(b). A retiring member's age and service allowance under eligibility (iii) above is equal to 1.5% of FAS times years of service credit. Minimum allowance for all law members is based upon twice the member's savings fund balance at retirement together with interest credits.

### **AGE & SERVICE BENEFITS - LAW MEMBERS (LAW ENFORCEMENT) ELIGIBLE TO RETIRE UNDER OHIO REVISED CODE SECTION 145.33(B)(2)(A)**

*Age and service eligibility.* A law member whose primary duties are to preserve the peace, to protect life and property, and to enforce the laws of the state and who (i) has attained age 48 and has 25 or more years of credited service, or (ii) has attained age 62 and has 15 or more years of credited service, or (iii) has attained age 52 and has 15 or more years of credited service, may retire with an age and service allowance.

*Age and service allowance.* A retiring member's age and service allowance under eligibility (i) or (ii) above is equal to 2.5% of FAS times the first 25 years of service credit plus 2.1% of FAS times service credit in excess of 25 years (H.B. 628). Maximum allowance is 90% of FAS or the limits under IRC Section 415(b). A retiring member's age and service allowance under eligibility (iii) above is equal to 1.5% of FAS times years of service credit. Minimum allowance for all law members is based upon twice the member's savings fund balance at retirement together with interest credits.

## **TRADITIONAL PENSION PLAN**

---

### **DISABILITY RETIREMENT**

The disability program was revised in order to comply with the Older Workers Benefit Protection Act. Employees becoming members after July 29, 1992 are covered by the post July 29, 1992 program. Other members were able to elect coverage under the pre July 29, 1992 program (original plan) or elect to be covered by the post July 29, 1992 program (revised plan).

Features of the original plan are:

- a) Upon becoming permanently disabled after completion of at least 5 years or 60 contributing months of service but before attaining age 60, a member is eligible for a disability allowance. The service requirement is waived for Law Enforcement members with an on-duty illness or injury.
- b) The amount of the allowance is the service the member would have had if employment had continued to age 60 times (i) 2.2% of FAS (H.B. 628), or (ii) \$86, whichever produces the greater benefit.
- c) Maximum allowance is 75% of FAS, minimum allowance is 30% of FAS.

Features of the revised plan are:

- a) A member may apply at any age after completion of 5 years or 60 contributing months of service. The service requirement is waived for Law Enforcement members with an on-duty illness or injury.
- b) A disability benefit equal to the greater of 45% of FAS or the actual service credit times 2.2% of FAS (H.B. 628) with no early retirement reduction (maximum 60% of FAS). The disability benefit period is to age 65 if the member is disabled prior to age 60. The benefit period declines gradually from 60 months for members disabled at ages 60 and 61 to 12 months for members disabled at age 69 or older.
- c) After the disability benefit ends, a service retirement benefit equal to the greater of (i) the accrued benefit based on actual service, or (ii) 2.2% of FAS (H.B. 628) times service credit including the period of disability (maximum 45% of FAS). In addition, an amount equal to the cost-of-living increases the member would have received had the member retired on the basis of age and service is paid.

# TRADITIONAL PENSION PLAN

---

## SURVIVOR BENEFITS

*Death while eligible to retire.* If a member dies in service after becoming eligible to retire with an age and service allowance and leaves a surviving spouse or other sole dependent beneficiary, the survivor receives the same amount that would have been paid had the member retired the last day of the month of death and elected the 100% joint and survivor form of payment.

*Survivor (death-in-service) allowances.* If a deceased member had at least 1-1/2 years of contributing service credit, with at least ¼ year of such service occurring within the 2-1/2 years prior to death, or was receiving a disability benefit, qualified survivors may receive the following monthly benefits. The benefit paid will be the greater of the applicable benefits paid under the following two schedules (H.B. 628):

### *Schedule 1*

<u>Number of Qualified Survivors Affecting the Benefit</u>	<u>Annual Benefit as a % of Deceased Member's FAS</u>	<u>Minimum Monthly Benefit</u>
1	25%	\$250
2	40%	\$400
3	50%	\$500
4	55%	\$500
5 or more	60%	\$500

### *Schedule 2*

<u>Years of Service</u>	<u>Annual Benefit as a % of Deceased Member's FAS</u>
20	29%
21	33%
22	37%
23	41%
24	45%
25	48%
26	51%
27	54%
28	57%
29 or more	60%

Qualifying survivors who are paid benefits under Schedule 2 share equally in the benefits, except that if there is a surviving spouse, the spouse receives the greater of 25% of FAS or \$250.

## TRADITIONAL PENSION PLAN

---

A *qualified spouse* is the surviving spouse of a deceased member who is age 62 or at any age if the deceased member had 10 or more years of Ohio service credit or if the surviving spouse is caring for a qualified child or is adjudged physically or mentally incompetent.

A *qualified child* is a child who has never been married and under the age of 18 (or 22 if attending an approved school), or regardless of age is adjudged physically or mentally incompetent at the time of the member's death.

A *qualified parent* is a dependent parent aged 65 or older (earlier if mentally or physically incompetent) who received at least one-half support from the member during the 12-month period immediately preceding the member's death.

Qualified *survivors of disability benefit recipients* have the FAS used in calculating their benefits adjusted for each year between the effective date of the disability benefit and the recipient's date of death. The FAS is adjusted by the lesser of (1) 3% or (2) the actual average percentage change in the CPI.

### **BENEFITS AT RETIREMENT**

***Optional Benefit Forms.*** Retiring members may elect to have benefits paid in straight life form, in a form that guarantees a minimum number of monthly payments, or in a form that provides a continuation of all or a portion of the monthly benefit to a beneficiary after the death of the retiree. If a retiring member elects benefits in other than straight life form, the monthly amount is adjusted. The adjustment is based upon interest and mortality assumptions (with a blend of male and female mortality rates to produce unisex election factors consistent with the gender distribution of members electing optional forms of payment).

## TRADITIONAL PENSION PLAN

---

**PLOP.** Effective 01/01/2004, retiring members may also elect to receive a Partial Lump Sum Option Payment (PLOP) (S.B.247). The PLOP is an option that allows a retiree to initially receive a partial lump sum benefit payment along with a reduced monthly retirement allowance. The lump sum payment cannot be less than 6 times or more than 36 times the monthly amount that would be payable to the member under the plan of payment selected and shall not result in a monthly allowance that is less than 50% of the monthly benefit. The total amount paid as a lump sum and monthly benefit shall be the actuarial equivalent of the amount that would have been paid had the lump sum not been selected.

**QEBA.** Qualified Excess Benefit Arrangement was established 01/01/2004 (H.B.190). The QEBA is operated in accordance with Internal Revenue Code Section 415(m). Under this arrangement the recipient may be paid the portion of his/her retirement benefit that was previously limited due to IRC Section 415(b).

**Post-retirement increases.** Each July after June 30, 1971 or the annual anniversary established 12 months after the initial date of retirement, each allowance is increased by 3.0% of the corresponding base allowance, except that no allowance shall exceed the limits established by Section 415 of the Internal Revenue Code.

**Post-retirement death benefit.** Upon the death of an age and service or disability retiree, a death benefit in the following amount is payable:

<b>Service Credit at Retirement</b>	<b>Amount of Death Benefit</b>
5 to 9 years	\$ 500
10 to 14 years	1,000
15 to 19 years	1,500
20 to 24 years	2,000
25 or more years	2,500

**Deferred benefits.** A member with at least 5 years of service credit who leaves service before being eligible for an immediate allowance and who does not withdraw accumulated contributions will be entitled to a deferred allowance at age 60. For law members, the age at which benefits commence depends on the amount of service credit. The amount of the allowance will be based on credited service and final average salary at time of leaving service.

## TRADITIONAL PENSION PLAN

---

### REFUND OF MEMBERS ACCUMULATED CONTRIBUTIONS

In the event a member leaves service prior to retirement, the member may elect to receive a refund of contributions with interest and may be eligible to receive an additional amount as described below. These refund provisions are available to all members. If a member dies prior to retirement and survivor benefits are not payable, the member's contributions with interest are paid to a designated beneficiary or other survivor. Interest is credited annually to member contribution balances. The rate of interest credited is determined by the OPERS Board and will not be greater than 6%. At the present time, 1% interest is credited to member contribution balances.

If the member has, or had at the time of death, at least 5 years but less than 10 years of qualified service, an additional 33% of the member's eligible contributions will be paid to the member or survivor. If the member has, or had at the time of death, at least 10 years of qualified service credit, an additional 67% of the member's eligible contributions will be paid to the member or survivor. The additional amount is not paid if the member is a re-employed retiree, or in the case of a deceased member, was receiving disability benefits at the time of death.

### SUPPLEMENTAL BENEFITS

***Health Care Coverage.*** Health care coverage is available to persons being paid a monthly allowance from OPERS. Members retiring with a normal or early service retirement allowance after June 13, 1986 must have 10 or more years of qualified service credit to be eligible for this benefit.

***Medicare premiums.*** Medicare part B premiums are paid for those eligible, upon proof of coverage. Members retiring with a normal or early service retirement allowance after June 13, 1986 must have 10 or more years of qualified service credit to be eligible for this benefit.

## COMBINED PLAN

---

### AGE & SERVICE BENEFITS - STATE AND LOCAL GOVERNMENT MEMBERS\*

**Eligibility.** A member who (i) has attained age 60 years and has 5 or more years of service credit in the Plan or 60 contributing months in the Plan, or (ii) has attained age 55 years and has 25 or more years of service credit, or (iii) has 30 or more years of service credit, may retire under the Combined Plan with an age and service retirement allowance under the defined benefit portion of the Plan and with a retirement benefit under the defined contribution portion of the Plan.

*\*Law Enforcement and Public Safety members must contribute to the Traditional Pension Plan only.*

**Age and service retirement allowance (Defined Benefit portion of the Plan).** A retiring member's age and service retirement allowance is equal to Ohio service credit in the Plan times 1.0% of FAS for the first 30 years of service plus 1.25% for years of service over 30 years. The allowance is then adjusted by factors based on attained age or years of service (whichever yields the higher percentage) as determined in the following schedule:

Attained Age	OR	Years of Service Credit	Percentage of Base Amount
58		25	75%
59		26	80
60		27	85
61		N/A	88
N/A		28	90
62		N/A	91
63		N/A	94
N/A		29	95
64		N/A	97
65		30 or more	100

Maximum allowance is 100% of FAS or the limits under IRC Section 415(b).

**Retirement benefit (Defined Contribution portion of the Plan).** The member's retirement benefit under this portion of the Combined Plan is based on the amounts credited to the Participant Contribution Account, Rollover Account, and Miscellaneous Account and the gains and losses on the amounts in those Accounts.

## **COMBINED PLAN**

---

### **DISABILITY RETIREMENT**

A Combined Plan member may apply after completion of 5 years in the Plan or 60 contributing months of service in the Plan. Combined Plan members may be covered under the original or revised disability plan. Combined Plan members who apply for disability may:

- 1) Take a lump sum distribution of the Participant Contribution Account, Rollover Account, and Miscellaneous Account and any additional amount they are entitled to from the Employers' Accumulation Fund, or
- 2) Transfer all service credit and the Participant's Accounts (as listed above) in the Combined Plan to the Traditional Pension Plan to be paid a disability benefit under the Traditional Pension Plan guidelines.

### **SURVIVOR BENEFITS**

Combined Plan members are eligible for the same survivor benefits as those listed under the Traditional Pension Plan and must qualify for survivor benefits under the same guidelines as those members in the Traditional Pension Plan.

### **BENEFITS AT RETIREMENT**

*Optional Benefit Forms under the Defined Benefit portion of the Plan.* Retiring members may elect to have their age and service retirement allowance in straight life form, in a form that guarantees a minimum number of monthly payments, or in a form that provides a continuation of all or a portion of the monthly benefit to a beneficiary after the death of the retiree. If a retiring member elects benefits in other than straight life form, the monthly amount is adjusted. The adjustment is based upon interest and mortality assumptions (with a blend of male and female mortality rates to produce unisex election factors consistent with the gender distribution of members electing optional forms of payment).

## COMBINED PLAN

---

***Optional Benefit Forms under the Defined Contribution portion of the Plan.*** Retiring members may elect to have retirement benefits paid in a partial lump sum, subject to any rules adopted by the Board; monthly annuity payments (with joint and survivor options) similar to those offered under the defined benefit portion of the Plan; periodic payments over a period certain; periodic payments of a specific monthly amount; payments with a deferred start date; or a combination of these options.

***PLOP.*** Effective 01/01/2004, retiring members may also elect to receive a Partial Lump Sum Option Payment (PLOP) (S.B.247). The PLOP is an option that allows a retiree to initially receive a partial lump sum benefit payment along with a reduced monthly retirement allowance. The lump sum payment cannot be less than 6 times or more than 36 times the monthly amount that would be payable to the member under the plan of payment selected and shall not result in a monthly allowance that is less than 50% of the monthly benefit. The total amount paid as a lump sum and monthly benefit shall be the actuarial equivalent of the amount that would have been paid had the lump sum not been selected. The PLOP is available to Combined Plan members for the age and service retirement allowance under the defined benefit portion of the Plan and for the monthly annuity under the defined contribution portion of the Plan.

***QEBA.*** Qualified Excess Benefit Arrangement was established 01/01/2004 (H.B.190). The QEBA is operated in accordance with Internal Revenue Code Section 415(m). Under this arrangement the recipient may be paid the portion of his/her retirement benefit that was previously limited due to IRC Section 415(b). The QEBA is available to Combined Plan members for the age and service retirement allowance under the defined benefit portion of the Plan.

***Post-retirement increases.*** Each July after June 30, 1971 or the annual anniversary established 12 months after the initial date of retirement, each age and service retirement allowance under the defined benefit portion of the plan is increased by 3.0% of the corresponding base allowance, except that no allowance shall exceed the limits established by Section 415 of the Internal Revenue Code.

## COMBINED PLAN

---

**Post-retirement death benefit.** Upon the death of an age and service retiree, a death benefit in the following amount is payable:

Service Credit at Retirement	Amount of Death Benefit
5 to 9 years	\$ 500
10 to 14 years	1,000
15 to 19 years	1,500
20 to 24 years	2,000
25 or more years	2,500

### **REFUNDS AND VESTING**

A participant in the Combined Plan shall at all times be 100% vested in the Participant Contribution Account, Miscellaneous Contribution Account, and the Rollover Account.

If the member has at least 5 years but less than 10 years of qualified service credit in the Plan, an additional 33% of the member's eligible contributions will be paid from the Employers' Accumulation Fund. If the member has at least 10 years of qualified service credit in the Plan, an additional 67% of the member's eligible contributions will be paid to the member. Amounts paid to purchase service credit earn interest at the same rates as the Traditional Pension Plan and are payable as a refund.

In the event a member leaves service prior to retirement, the member may elect to receive a refund of their Participant Contribution Account, the Rollover Account, the Miscellaneous Account, and any additional amounts they are entitled to from the Employers' Accumulation Fund (as described above).

### **SUPPLEMENTAL BENEFITS**

**Health Care Coverage.** Health care coverage is available to persons being paid a monthly allowance from OPERS. Members retiring with a normal or early service retirement allowance after June 13, 1986 must have 10 or more years of qualified service credit to be eligible for this benefit.

## COMBINED PLAN

---

**Medicare premiums.** Medicare part B premiums are paid for those eligible, upon proof of coverage. Members retiring with a normal or early service retirement allowance after June 13, 1986 must have 10 or more years of qualified service credit to be eligible for this benefit. [Although it is not mentioned under the Traditional Pension Plan either, Combined Plan members are eligible for the Medicare Part-A equivalent coverage under R.C. 145.325.]

## **MEMBER-DIRECTED PLAN**

---

**AGE & SERVICE BENEFITS - STATE AND LOCAL GOVERNMENT MEMBERS.** (Law Enforcement and Public Safety members must contribute to the Traditional Pension Plan Only.)

*Eligibility.* A participant who has attained age fifty-five (55) may retire under the Member-Directed Plan.

*Retirement benefits.* The member's retirement benefit is based on the value of the Participant Contribution Account, the Rollover Account, the Miscellaneous Account, and any vested portion of the Employer Contribution Account.

### **DISABILITY RETIREMENT**

Not available under the Member-Directed Plan. Members may:

- 1) If age fifty-five (55), terminate employment and begin receiving retirement benefits, or
- 2) Take a lump sum distribution of their Participant Contribution Account, Rollover Account, Miscellaneous Account and any vested portion of the Employer Contribution Account.

### **SURVIVOR BENEFITS**

Not available under the Member-Directed Plan. Survivors must take a lump sum distribution of the member's Participant Contribution Account, Rollover Account, Miscellaneous Account and any vested portion of the Employer Contribution Account.

## **MEMBER-DIRECTED PLAN**

---

### **BENEFITS AT RETIREMENT**

***Optional Benefit Forms.*** Retiring members may elect to have retirement benefits paid in a partial lump sum, subject to any rules adopted by the Board; monthly annuity payments (with joint and survivor options) similar to those offered under the defined benefit portion of the Combined Plan; periodic payments over a period certain; periodic payments of a specific monthly amount; payments with a deferred start date; or a combination of these options.

***PLOP.*** Effective 01/01/2004, retiring members who elect a monthly annuity under the Member-Directed Plan may also elect to receive a Partial Lump Sum Option Payment (PLOP) (S.B.247). The PLOP is an option that allows a retiree to initially receive a partial lump sum benefit payment along with a reduced monthly annuity. The lump sum payment cannot be less than 6 times nor more than 36 times the monthly amount that would be payable to the member under the plan of payment selected and shall not result in a monthly annuity that is less than 50% of the monthly benefit. The total amount paid as a lump sum and monthly benefit shall be the actuarial equivalent of the amount that would have been paid had the lump sum not been selected. The PLOP is available to Member-Directed Plan members only if they elect a monthly annuity.

### **REFUNDS AND VESTING.**

A participant shall at all times be 100% vested in the Participant Contribution Account, Miscellaneous Contribution Account, and the Rollover Account. A participant shall vest in the Employer Contribution Account according to the Participant's attained years of participation in the Plan as follows:

One year of participation	20%
Two years of participation	40%
Three years of participation	60%
Four years of participation	80%
Five years of participation	100%

In the event a member leaves service prior to retirement, the member may elect to receive a refund of their Participant Contribution Account, Rollover Account, and Miscellaneous Account and any vested amounts in the Employer Contribution Account (as described above).

## MEMBER-DIRECTED PLAN

---

### SUPPLEMENTAL BENEFITS

*Health Care Coverage.* A portion of the employer contribution for Member-Directed participants is credited to a Retiree Medical Account (RMA). Amounts contributed to the RMA may be used after separation from service and a refund or retirement distribution is made to pay qualified health, dental and vision care expenses. Members vest in their RMA based on their attained years of participation in the Plan as follows:

1 – 2 years	0%
3 years	30%
4 years	40%
5 years	50%
6 years	60%
7 years	70%
8 years	80%
9 years	90%
10 years	100%

**SAMPLE BENEFIT COMPUTATION – TRADITIONAL PLAN  
STATE OR LOCAL MEMBER - NORMAL RETIREMENT  
RETIRING DECEMBER 31, 2007  
UNDER BENEFIT PROVISIONS EVALUATED**

---

**Data:**

A.	<u>\$32,000</u>	Final Average Earnings
B.	<u>33</u>	Years of Credited Service
C.	<u>59</u>	Age of Retiree
D.	<u>56</u>	Age of Spouse
E.	<u>100%</u>	Percentage of Pension to Continue to Spouse after retiree's death (Retiree makes the choice of 100% Joint and Survivor with Pop-Up)

---

**Computations:**

F.	Formula Benefit: $(0.022 \times 30 \text{ years} + 0.025 \times 3 \text{ years}) \times \$32,000 =$	\$ 23,520
G.	Reduction for Line E Election: $(1 - 0.84810) \times (F) =$	<u>3,573</u>
H.	Benefit Payable to Retiree while Spouse is Alive: $(F) - (G) =$	19,947
I.	Benefit Payable to Spouse after Retiree's Death	19,947
J.	Benefit Payable to Retiree after Spouse's Death	23,520

---

**Projected Benefits:**

Year Ended December 31,	Retiree's Benefit (Both Alive)	Spouse's Benefit (After Retiree's Death)	Retiree's Benefit (After Spouse's Death)
2007	\$ 19,947	\$ 19,947	\$ 23,520
2008	20,545	20,545	24,226
2009	21,144	21,144	24,931
2010	21,742	21,742	25,637
2011	22,341	22,341	26,342
2012	22,939	22,939	27,048
2013	23,537	23,537	27,754
2014	24,136	24,136	28,459
2015	24,734	24,734	29,165
2016	25,333	25,333	29,870

---

**SAMPLE BENEFIT COMPUTATION – TRADITIONAL PLAN  
STATE OR LOCAL MEMBER - EARLY RETIREMENT  
RETIRING DECEMBER 31, 2007  
UNDER BENEFIT PROVISIONS EVALUATED**

---

**Data:**

A.	<u>\$32,000</u>	Final Average Earnings
B.	<u>26</u>	Years of Credited Service
C.	<u>59</u>	Age of Retiree
D.	<u>56</u>	Age of Spouse
E.	<u>100%</u>	Percentage of Pension to Continue to Spouse after retiree's death (Retiree makes the choice of 100% Joint and Survivor with Pop-Up)

---

**Computations:**

F.	Formula Benefit: $0.022 \times 26 \text{ years} \times \$32,000 =$	\$ 18,304
G.	Adjustment factor for Early Retirement (from schedule)	80%
H.	Adjusted benefit: (F) x (G) =	14,643
I.	Reduction for Line E Election $(1 - 0.84810) \times (H) =$	<u>2,224</u>
J.	Benefit Payable to Retiree while Spouse is Alive: (H) - (I)	12,419
K.	Benefit Payable to Spouse after Retiree's Death	12,419
L.	Benefit Payable to Retiree after Spouse's Death	14,643

---

**Projected Benefits:**

Year Ended December 31,	Retiree's Benefit (Both Alive)	Spouse's Benefit (After Retiree's Death)	Retiree's Benefit (After Spouse's Death)
2007	\$ 12,419	\$ 12,419	\$ 14,643
2008	12,792	12,792	15,082
2009	13,164	13,164	15,522
2010	13,537	13,537	15,961
2011	13,910	13,910	16,400
2012	14,282	14,282	16,840
2013	14,655	14,655	17,279
2014	15,027	15,027	17,718
2015	15,400	15,400	18,158
2016	15,772	15,772	18,597

---

**SAMPLE BENEFIT COMPUTATION – TRADITIONAL PLAN**  
**SECTION 145.33 (B)(2)(b) PUBLIC SAFETY**  
**MEMBER - NORMAL RETIREMENT**  
**RETIRING DECEMBER 31, 2007**  
**UNDER BENEFIT PROVISIONS EVALUATED**

---

**Data:**

A.	<u>\$38,000</u>	Final Average Earnings
B.	<u>28</u>	Years of Credited Service
C.	<u>49</u>	Age of Retiree
D.	<u>46</u>	Age of Spouse
E.	<u>100%</u>	Percentage of Pension to Continue to Spouse after retiree's death (Retiree makes the choice of 100% Joint and Survivor with Pop-Up)

---

**Computations:**

F.	Formula Benefit: $(0.025 \times 25 \text{ years} + 0.021 \times 3 \text{ years}) \times \$38,000 \times 80\% =$	\$ 20,915
G.	Reduction for Line E Election $(1 - 0.91118) \times (F) =$	<u>1,858</u>
H.	Benefit Payable to Retiree while Spouse is Alive: $(F) - (G) =$	19,057
I.	Benefit Payable to Spouse after Retiree's Death	19,057
J.	Benefit Payable to Retiree after Spouse's Death	20,915

---

**Projected Benefits:**

Year Ended December 31,	Retiree's Benefit (Both Alive)	Spouse's Benefit (After Retiree's Death)	Retiree's Benefit (After Spouse's Death)
2007	\$ 19,057	\$ 19,057	\$ 20,915
2008	19,629	19,629	21,542
2009	20,200	20,200	22,170
2010	20,772	20,772	22,797
2011	21,344	21,344	23,425
2012	21,916	21,916	24,052
2013	22,487	22,487	24,680
2014	23,059	23,059	25,307
2015	23,631	23,631	25,935
2016	24,202	24,202	26,562

---

**SAMPLE BENEFIT COMPUTATION – TRADITIONAL PLAN**  
**SECTION 145.33 (B)(2)(a) LAW ENFORCEMENT**  
**MEMBER - NORMAL RETIREMENT**  
**RETIRING DECEMBER 31, 2007**  
**UNDER BENEFIT PROVISIONS EVALUATED**

---

**Data:**

A.	<u>\$38,000</u>	Final Average Earnings
B.	<u>28</u>	Years of Credited Service
C.	<u>49</u>	Age of Retiree
D.	<u>46</u>	Age of Spouse
E.	<u>100%</u>	Percentage of Pension to Continue to Spouse after retiree's death (Retiree makes the choice of 100% Joint and Survivor with Pop-Up)

---

**Computations:**

F.	Formula Benefit: $(0.025 \times 25 \text{ years} + 0.021 \times 3 \text{ years}) \times \$38,000 =$	\$ 26,144
G.	Reduction for Line E Election $(1 - 0.91118) \times (F) =$	<u>2,322</u>
H.	Benefit Payable to Retiree while Spouse is Alive: $(F) - (G) =$	23,822
I.	Benefit Payable to Spouse after Retiree's Death	23,822
J.	Benefit Payable to Retiree after Spouse's Death	26,144

---

**Projected Benefits:**

Year Ended December 31,	Retiree's Benefit (Both Alive)	Spouse's Benefit (After Retiree's Death)	Retiree's Benefit (After Spouse's Death)
2007	\$ 23,822	\$ 23,822	\$ 26,144
2008	24,537	24,537	26,928
2009	25,251	25,251	27,713
2010	25,966	25,966	28,497
2011	26,681	26,681	29,281
2012	27,395	27,395	30,066
2013	28,110	28,110	30,850
2014	28,825	28,825	31,634
2015	29,539	29,539	32,419
2016	30,254	30,254	33,203

---

**SAMPLE BENEFIT COMPUTATION – TRADITIONAL PLAN  
STATE OR LOCAL MEMBER – TERMINATION BENEFIT  
RETIRING DECEMBER 31, 2007  
UNDER BENEFIT PROVISIONS EVALUATED**

---

**Data:**

A.	<u>\$32,000</u>	Final Average Earnings
B.	<u>15</u>	Years of Credited Service
C.	<u>45</u>	Age of Member
D.	<u>42</u>	Age of Spouse
E.	<u>60:57</u>	Ages at Which Benefits are Payable
F.	<u>100%</u>	Percentage of Pension to Continue to Spouse after retiree's death (Retiree makes the choice of 100% Joint and Survivor with Pop-Up)
G.	<u>\$44,000</u>	Accumulated Contributions with Interest at Termination Date

---

**Computations:**

H.	Formula Benefit: $(0.022 \times 15 \text{ years} + 0.025 \times 0 \text{ years}) \times \$32,000 =$	\$ 10,560
I.	Adjustment factor for Early Retirement (from schedule)	85%
J.	Adjusted benefit: (H) x (I) =	8,976
K.	Reduction for Line F Election: $(1 - 0.84024) \times (J) =$	<u>1,434</u>
L.	Benefit Payable to Retiree while Spouse is Alive: (J) - (K) =	7,542
M.	Benefit Payable to Spouse after Retiree's Death	7,542
N.	Benefit Payable to Retiree after Spouse's Death	8,976
O.	In lieu of a lifetime benefit, terminnee may elect to receive a refund of accumulated contributions with interest plus an additional 67% of eligible accumulated contributions because terminnee had more than 10 years of service.	73,480

---

**Projected Benefits:**

Year Ended December 31,	Retiree's Benefit (Both Alive)	Spouse's Benefit (After Retiree's Death)	Retiree's Benefit (After Spouse's Death)
2007	\$ 7,542	\$ 7,542	\$ 8,976
2008	7,768	7,768	9,245
2009	7,995	7,995	9,515
2010	8,221	8,221	9,784
2011	8,447	8,447	10,053
2012	8,673	8,673	10,322
2013	8,900	8,900	10,592
2014	9,126	9,126	10,861
2015	9,352	9,352	11,130
2016	9,578	9,578	11,400

---

**SAMPLE BENEFIT COMPUTATION – TRADITIONAL PLAN**  
**SECTION 145.33 (B)(2)(a) PUBLIC SAFETY / LAW ENFORCEMENT**  
**MEMBER – TERMINATION BENEFIT**  
**RETIRING DECEMBER 31, 2007**  
**UNDER BENEFIT PROVISIONS EVALUATED**

---

**Data:**

A.	<u>    \$38,000    </u>	Final Average Earnings
B.	<u>       15       </u>	Years of Credited Service
C.	<u>       37       </u>	Age of Retiree
D.	<u>       34       </u>	Age of Spouse
E.	<u>      52:49      </u>	Ages at Which Benefits are Payable
F.	<u>      100%      </u>	Percentage of Pension to Continue to Spouse after retiree's death (Retiree makes the choice of 100% Joint and Survivor with Pop-Up)
G.	<u>    \$46,000    </u>	Accumulated Contributions at Termination Date

---

**Computations:**

H.	Formula Benefit: $(0.015 \times 15 \text{ years}) \times \$38,000 =$	\$ 8,550
I.	Reduction for Line F Election: $(1 - 0.89538) \times (H) =$	<u>895</u>
J.	Benefit Payable to Retiree while Spouse is Alive: $(H) - (I) =$	7,655
K.	Benefit Payable to Spouse after Retiree's Death	7,655
L.	Benefit Payable to Retiree after Spouse's Death	8,550
M.	In lieu of a lifetime benefit, terminee may elect to receive a refund of accumulated contributions with interest plus an additional 67% of eligible accumulated contributions because terminee had more than 10 years of service.	76,820

---

**Projected Benefits:**

Year Ended December 31,	Retiree's Benefit (Both Alive)	Spouse's Benefit (After Retiree's Death)	Retiree's Benefit (After Spouse's Death)
2007	\$ 7,655	\$ 7,655	\$ 8,550
2008	7,885	7,885	8,807
2009	8,114	8,114	9,063
2010	8,344	8,344	9,320
2011	8,574	8,574	9,576
2012	8,803	8,803	9,833
2013	9,033	9,033	10,089
2014	9,263	9,263	10,346
2015	9,492	9,492	10,602
2016	9,722	9,722	10,859

---

---

## **SECTION IV**

### RECOMMENDATIONS FOR RESERVE TRANSFERS

---

## **DECEMBER 31, 2006 RETIRED LIFE VALUATION RESERVE TRANSFERS**

---

Reserve transfers from the Employer Accumulation Fund to the A & PR Fund and/or Survivor Benefit Funds are recommended in the following instances.

- Whenever the December 31 valuation shows unfunded accrued liabilities or assets in excess of computed liabilities in any of the retired life funds.
- To adjust retired life reserves for the payment of health insurance premiums and Medicare reimbursements for the previous 12 month period if this has not already been done.
- To cover the cost of ad-hoc post retirement benefit increases.
- To adjust retired life reserves for any changes in computed liabilities resulting from assumption changes.

By making these annual adjustments in addition to the regular transfers when allowances are added to the rolls, the ratio of assets to liabilities for retired members and beneficiaries will stay at 100%. Year to year changes in this ratio before recommended transfers will normally be isolated to mortality experience within the retired life group.

In 1992, OPERS began making interim benefit payments for certain retirements to shorten the delay between the retirement effective date and receipt of the first monthly check. However, reserve transfers are not made until benefit amounts are final. Transfers for these cases have been accrued based upon supplemental information supplied by OPERS staff and are shown on the following page. The accruals, when added to other assets, are intended to put retired life reserves in the same position they would have been in if reserve transfers for the interim benefit cases had been coincident with benefit commencement.

It is recommended that the transfers shown on the following page be made from the Employer Accumulation Fund to the Annuity & Pension Reserve Fund and Survivor Benefit Funds as indicated. The Accrued Transfers is an estimate of pending future transfers for interim cases, and does not require a year end transfer. Any accrued transfers that have been made prior to OPERS' extract date and hence are not included in the "Accrued Transfers" column on pages IV-2 and IV-3 should be netted off the "Other" column on pages IV-2 and IV-3.

---

**TRADITIONAL PLAN**  
**RESERVE TRANSFERS AFFECTING THE EMPLOYER ACCUMULATION FUND**  
**DECEMBER 31, 2006**

	Assets Before Transfers	Transfers		Assets After Transfers	Liabilities	Ratio
		Accrued	Other			
<b>State</b>						
A&PR FUND						
SR	\$9,228,203,021	\$443,894,060	\$61,095,592	\$9,733,192,673	\$9,733,192,673	
MP	11,681,389	6,128	913,944	12,601,461	12,601,461	
AA	578,033		(173,533)	404,500	404,500	
JR	195,143	0	(195,143)	0	0	
CR	30,852,802	0	11,297,199	42,150,001	42,150,001	
DR	1,804,236,335	22,030,722	2,618,213	1,828,885,270	1,828,885,270	
BD	226,386,133	6,899,148	(3,988,054)	229,297,227	229,297,227	
TOTAL A&PR	11,302,132,856	472,830,058	71,568,218	11,846,531,132	11,846,531,132	100.0%
SBF						
S-1	99,497,263	622,360	1,224,145	101,343,768	101,343,768	
S-2	370,090,523	2,863,448	8,239,269	381,193,240	381,193,240	
TOTAL SBF	469,587,786	3,485,808	9,463,414	482,537,008	482,537,008	100.0%
<b>TOTAL STATE</b>	<b>\$11,771,720,642</b>	<b>\$476,315,866</b>	<b>\$81,031,632</b>	<b>\$12,329,068,140</b>	<b>\$12,329,068,140</b>	<b>100.0%</b>
<b>Local</b>						
A&PR FUND						
SR	\$12,637,531,388	\$266,333,139	\$573,866,188	\$13,477,730,715	\$13,477,730,715	
MP	29,461,055	493,688,717	(491,159,937)	31,989,835	31,989,835	
AA	10,708,749	1,734,059	6,534,443	18,977,251	18,977,251	
JR	484,866	0	(484,866)	0	0	
CR	42,676,113	74,570	15,888,106	58,638,789	58,638,789	
DR	2,324,663,051	24,405,939	36,687,472	2,385,756,462	2,385,756,462	
BD	261,015,151	10,396,302	(9,925,247)	261,486,206	261,486,206	
TOTAL A&PR	15,306,540,373	796,632,726	131,406,159	16,234,579,258	16,234,579,258	100.0%
SBF						
S-1	161,727,132	351,873	(280,987)	161,798,018	161,798,018	
S-2	640,413,025	5,990,923	251,973	646,655,921	646,655,921	
TOTAL SBF	802,140,157	6,342,796	(29,014)	808,453,939	808,453,939	100.0%
<b>TOTAL LOCAL</b>	<b>\$16,108,680,530</b>	<b>\$802,975,522</b>	<b>\$131,377,145</b>	<b>\$17,043,033,197</b>	<b>\$17,043,033,197</b>	<b>100.0%</b>

**TRADITIONAL PLAN**  
**RESERVE TRANSFERS AFFECTING THE EMPLOYER ACCUMULATION FUND**  
**DECEMBER 31, 2006**

	Assets Before Transfers	Transfers		Assets After Transfers	Liabilities	Ratio
		Accrued	Other			
<b>Public Safety</b>						
A&PR FUND						
SR	\$4,461,732	\$781,521	\$66,079	\$5,309,332	\$5,309,332	
MP	0		0	0	0	
AA	0		0	0	0	
JR	0	0	0	0	0	
CR	93,802	0	(93,802)	0	0	
DR	5,994,838	316,812	339,678	6,651,328	6,651,328	
BD	927,639	0	(284,039)	643,600	643,600	
TOTAL A&PR	11,478,011	1,098,333	27,916	12,604,260	12,604,260	100.0%
SBF						
S-1	0	0	0	0	0	
S-2	12,277,105	107,579	(714,951)	11,669,733	11,669,733	
TOTAL SBF	12,277,105	107,579	(714,951)	11,669,733	11,669,733	100.0%
<b>TOTAL PUBLIC SAFETY</b>	<b>\$23,755,116</b>	<b>\$1,205,912</b>	<b>\$(687,035)</b>	<b>\$24,273,993</b>	<b>\$24,273,993</b>	<b>100.0%</b>
<b>Law Enforcement</b>						
A&PR FUND						
SR	\$672,407,525	\$37,376,951	\$13,515,323	\$723,299,799	\$723,299,799	
MP	28		(28)	0	0	
AA	0		0	0	0	
JR	0	0	0	0	0	
CR	(2,995,162)	0	3,179,987	184,825	184,825	
DR	440,189,245	8,973,599	(3,915,520)	445,247,324	445,247,324	
BD	40,757,324	1,713,620	(1,309,127)	41,161,817	41,161,817	
TOTAL A&PR	1,150,358,960	48,064,170	11,470,635	1,209,893,765	1,209,893,765	100.0%
SBF						
S-1	7,643,725	190,658	(53,177)	7,781,206	7,781,206	
S-2	21,473,956	0	650,815	22,124,771	22,124,771	
TOTAL SBF	29,117,681	190,658	597,638	29,905,977	29,905,977	100.0%
<b>TOTAL LAW ENFORCEMENT</b>	<b>\$1,179,476,641</b>	<b>\$48,254,828</b>	<b>\$12,068,273</b>	<b>\$1,239,799,742</b>	<b>\$1,239,799,742</b>	<b>100.0%</b>
<b>GRAND TOTAL</b>	<b>\$29,083,632,929</b>	<b>\$1,328,752,128</b>	<b>\$223,790,015</b>	<b>\$30,636,175,072</b>	<b>\$30,636,175,072</b>	<b>100.0%</b>

**COMBINED PLAN  
RESERVE TRANSFERS AFFECTING THE EMPLOYER ACCUMULATION FUND  
DECEMBER 31, 2006**

---

	Assets Before Transfers	Transfers		Assets After Transfers	Liabilities	Ratio
		Accrued	Other			
<b>State</b>						
A&PR FUND						
SR	\$ 0	\$0	\$0	\$ 0	\$ 0	
MP	0	0	0	0	0	
AA	0	0	0	0	0	
JR	0	0	0	0	0	
TOTAL A&PR	0	0	0	0	0	
<b>TOTAL STATE</b>	<b>\$ 0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$ 0</b>	<b>\$ 0</b>	
<b>Local</b>						
A&PR FUND						
SR	\$ 46,768	\$0	\$0	\$ 46,768	\$ 46,768	
MP	0	0	0	0	0	
AA	0	0	0	0	0	
JR	0	0	0	0	0	
CR	0	0	0	0	0	
DR	0	0	0	0	0	
BD	0	0	0	0	0	
TOTAL A&PR	46,768	0	0	46,768	46,768	100.0%
<b>TOTAL LOCAL</b>	<b>\$ 46,768</b>	<b>\$0</b>	<b>\$0</b>	<b>\$ 46,768</b>	<b>\$ 46,768</b>	<b>100.0%</b>
<b>GRAND TOTAL</b>	<b>\$ 46,768</b>	<b>\$0</b>	<b>\$0</b>	<b>\$ 46,768</b>	<b>\$ 46,768</b>	<b>100.0%</b>

---

**SECTION V**  
STATE DIVISION

---

## STATE DIVISION

---

Data on active, inactive, retired and money purchase members that was used in the valuation is tabulated briefly below.

### *Defined Benefit Active Members in Valuation December 31, 2006*

Groups	Number	Annual Payroll	Average		
			Pay	Age	Service
Men	51,279	\$2,142,188,567	\$41,775	42.3 yrs.	10.5 yrs.
Women	64,651	2,379,678,261	36,808	41.8	9.7
<b>Totals</b>	<b>115,930</b>	<b>\$4,521,866,828</b>	<b>\$39,005</b>	<b>42.0 yrs.</b>	<b>10.1 yrs.</b>

Also included in the valuation were 104,080 inactive members eligible for deferred retirement allowances or contribution refunds and 3,306 members active in the money purchase plan.

### *Retired Members in Valuation December 31, 2006*

Fund / Type of Allowance	Number	Current Monthly Benefits	Actuarial Liabilities
A & PR Fund			
Superannuation Retirement	42,161	\$76,302,163	\$9,775,747,173
Disability Retirement	8,023	15,106,835	2,058,182,497
Money Purchase	305	126,025	12,601,461
Total A & PR Fund	50,489	91,535,023	11,846,531,131
Total SBF	4,812	4,304,065	482,537,007
Grand Total	55,301	\$95,839,088	\$12,329,068,138

**STATE DIVISION  
EMPLOYER CONTRIBUTIONS TO SUPPORT  
DEFINED BENEFIT RETIREMENT ALLOWANCES  
EXPRESSED AS PERCENTS OF ACTIVE MEMBER PAYROLL #**

Valuation Date December 31	2006			2005
Contributions for	2008			2007
Normal Cost	<u>Traditional Plan</u>	<u>Combined Plan</u>	<u>Traditional and Combined Plans</u>	<u>Traditional and Combined Plans</u>
Age and Service Allowances	7.93 %	3.70 %	8.06 %	8.24 %
Disability Allowances	2.52 %	1.95 %	2.51 %	2.17 %
Survivor's Benefits	0.42 %	0.31 %	0.42 %	0.41 %
Separation Benefits	4.02 %	1.25 %	3.98 %	3.89 %
Total Normal Cost	14.89 %	7.21 %	14.97 %	14.71 %
(Member Contributions)	10.00 %	0.00 %	10.00 %	9.50 %
Employer Normal Cost	4.89 %	7.21 %	4.97 %	5.21 %
<b>Unfunded Actuarial Accrued Liabilities</b>				
Total Available Contribution	2.11 %	(0.21)%	2.03 %	3.56 %
Amortization Years	33	N/A	35	22
<b>Total Pension Employer Contribution Rate</b>	<b>7.00 %</b>	<b>7.00 %</b>	<b>7.00 %</b>	<b>8.77 %</b>

# December 31, 2005 contribution rates do not reflect the revised actuarial assumptions from the 2001-2005 experience study.

The term "Amortization Years" refers to the period sufficient to produce the Total Employer Contribution Rate for retirement allowances and survivor benefits and incorporates all scheduled employer and member contribution rate increases and scheduled employer rate reallocations between the pension and retiree health programs.

**STATE DIVISION  
COMPARATIVE STATEMENT**

Valuation Date December 31	Contribution Rate Effective January 1	Defined Benefit Active Members in Valuation				Computed Employer Contributions as % of Payroll				
		No.	Annual Payroll			Normal Cost	Unfunded Accrued Liability	Pension Total	Retiree Health	Grand Total
			Total	Average	Increase					
1993	1995	112,748	(\$Millions) \$ 2,894	\$ 25,673	1.8 %	6.40 %	2.62 %	9.02 %	4.29 %	13.31 %
1994	1996	115,238	3,063	26,580	3.5 %	6.66 %	2.36 %	9.02 %	4.29 %	13.31 %
1995	1997	114,596	3,204	27,962	5.2 %	6.67 %	2.35 %	9.02 %	4.29 %	13.31 %
1996@	1998	115,712	3,319	28,684	2.6 %	6.21 %	2.81 %	9.02 %	4.29 %	13.31 %
1997	1999	114,036	3,405	29,858	4.1 %	6.21 %	2.90 %	9.11 %	4.20 %	13.31 %
1998	2000	112,323	3,500	31,159	4.4 %	6.21 %	2.90 %	9.11 %	4.20 %	13.31 %
1999#	2001	112,761	3,592	31,851	2.2 %	7.68 %	1.33 %	9.01 %	4.30 %	13.31 %
2000	2002	113,099	3,868	34,201	7.4 %	7.69 %	1.32 %	9.01 %	4.30 %	13.31 %
2001@	2003	109,219	3,996	36,589	7.0 %	6.17 %	2.14 %	8.31 %	5.00 %	13.31 %
2002	2004	110,017	4,129	37,531	2.6 %	5.95 %	3.36 %	9.31 %	4.00 %	13.31 %
2003##	2005	108,249	4,079	37,679	0.4 %	5.70 %	3.61 %	9.31 %	4.00 %	13.31 %
2004	2006	110,207	4,165	37,794	0.3 %	5.67 %	3.37 %	9.04 %	4.50 %	13.54 %
2005	2007	114,620	4,339	37,858	0.2 %	5.21 %	3.56 %	8.77 %	5.00 %	13.77 %
2005@	2007	114,620	4,339	37,858	0.2 %	5.43 %	3.34 %	8.77 %	5.00 %	13.77 %
2006	2008	115,930	4,522	39,005	3.0 %	4.97 %	2.03 %	7.00 %	7.00 %	14.00 %

# After benefit changes.

@ Revised actuarial assumptions.

& Reflects inclusion of part-time, seasonal, and temporary employees in compliance with OBRA 90 and revised actuarial assumptions.

## Combined Plan members are included beginning with the December 31, 2003 valuation.

**STATE DIVISION**  
**DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
**DECEMBER 31, 2006**

---

<b>Actuarial Present Value</b>	<b>(1) Total Actuarial Present Value</b>	<b>Allocation by Entry Age</b>	
		<b>(2) Portion Covered By Future Normal Cost Contributions</b>	<b>(3) Actuarial Accrued Liabilities (1)-(2)</b>
Allowances currently being paid from the Annuity & Pension Reserve Fund	\$ 11,846,531,131	-	\$ 11,846,531,131
Allowances currently being paid from the Survivors Benefit Fund	482,537,007	-	482,537,007
Age and service allowances based on service rendered before and likely to be rendered after valuation date	14,490,637,933	2,815,068,659	11,675,569,274
Disability allowances likely to be paid present active members who become permanently disabled	2,073,231,434	895,003,413	1,178,228,021
Survivor benefits likely to be paid to spouses and children of present active members who die before retiring	410,491,853	148,523,798	261,968,055
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active and inactive members	2,354,576,116	1,464,646,011	889,930,105
<b>Total</b>	<b>31,658,005,474</b>	<b>5,323,241,881</b>	<b>26,334,763,593</b>
Actuarial Value of Assets			24,460,184,288
Unfunded Actuarial Accrued Liability			1,874,579,305

**STATE DIVISION**  
**DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
**COMPARATIVE STATEMENT**  
**(\$ IN MILLIONS EXCEPT AVERAGES)**

Dec. 31	Defined Benefit Active Payroll		Active and Inactive Member Accrued Liabilities for Retirement Allowances				Unfunded /Payroll
			Computed	Valuation	Unfunded	Amort. Years	
	Total	Average	Total	Assets			
1993	\$2,894	\$25,673	\$ 6,671	\$5,357	\$1,314	22	0.45
1994	3,063	26,580	7,182	5,956	1,226	21	0.40
1995	3,204	27,962	7,811	6,706	1,105	17	0.34
1996@	3,319	28,684	8,104	7,387	717	8	0.22
1997	3,405	29,858	8,591	8,268	323	3	0.09
1998	3,500	31,159	9,223	9,666	(443)	-	-
1999#	3,592	31,851	10,298	10,474	(176)	-	-
2000	3,868	34,201	11,273	11,558	(285)	-	-
2001@	3,996	36,589	11,352	11,863	(511)	-	-
2002	4,129	37,531	11,822	8,965	2,857	38	0.69
2003##	4,079	37,679	12,230	9,030	3,200	43	0.78
2004	4,165	37,794	12,441	9,664	2,777	34	0.67
2005	4,339	37,858	13,010	10,463	2,547	24	0.59
2005@	4,339	37,858	13,326	10,296	3,030	39	0.70
2006	4,522	39,005	14,006	12,131	1,875	35	0.41

# After benefit changes.

@ Revised actuarial assumptions.

& Reflects inclusion of part-time seasonal, and temporary employees in compliance with OBRA 90 and revised actuarial assumptions.

## Combined Plan members are included beginning with the December 31, 2003 valuation.

While no one or two numeric indices can fully describe the financial condition of a retirement plan, the ratio of unfunded actuarial accrued liabilities divided by active member payroll (“UNFUNDED / PAYROLL” above) is significant. Unfunded actuarial accrued liabilities represent plan debt, while active member payroll represents the plan’s capacity to collect contributions to pay toward debt --- thus the ratio is a relative index of condition. The lower the ratio, the greater the financial strength, and vice-versa.

**STATE DIVISION**  
**MALE ACTIVE MEMBERS IN DEFINED BENEFIT VALUATION**  
**DECEMBER 31, 2006**  
**BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Ages	Years of Service To Valuation Date							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
15-19	807							807
Tot. Pay	\$5,153,609							\$5,153,609
Avg. Pay	\$6,386							\$6,386
20-24	4,723	37						4,760
Tot. Pay	\$60,474,875	\$990,446						\$61,465,321
Avg. Pay	\$12,804	\$26,769						\$12,913
25-29	3,931	684	8					4,623
Tot. Pay	\$98,601,955	\$26,824,207	\$295,877					\$125,722,039
Avg. Pay	\$25,083	\$39,217	\$36,985					\$27,195
30-34	2,529	1,604	409	7				4,549
Tot. Pay	\$76,216,270	\$69,914,339	\$19,239,067	\$305,914				\$165,675,590
Avg. Pay	\$30,137	\$43,587	\$47,039	\$43,702				\$36,420
35-39	2,118	1,540	1,609	531	14			5,812
Tot. Pay	\$68,081,550	\$70,061,079	\$83,640,789	\$29,125,435	\$722,009			\$251,630,862
Avg. Pay	\$32,144	\$45,494	\$51,983	\$54,850	\$51,572			\$43,295
40-44	1,744	1,241	1,345	1,644	681	48		6,703
Tot. Pay	\$55,035,473	\$57,077,378	\$70,733,908	\$94,067,823	\$38,851,621	\$2,655,371		\$318,421,574
Avg. Pay	\$31,557	\$45,993	\$52,590	\$57,219	\$57,051	\$55,320		\$47,504
45-49	1,475	1,107	1,167	1,356	1,545	1,065	25	7,740
Tot. Pay	\$45,621,334	\$49,565,402	\$59,568,555	\$77,013,197	\$91,264,685	\$58,527,476	\$1,451,877	\$383,012,526
Avg. Pay	\$30,930	\$44,775	\$51,044	\$56,794	\$59,071	\$54,955	\$58,075	\$49,485
50-54	1,256	938	926	1,030	1,149	1,563	350	7,212
Tot. Pay	\$40,103,477	\$43,354,568	\$49,551,485	\$57,934,012	\$65,748,208	\$92,539,560	\$21,546,864	\$370,778,174
Avg. Pay	\$31,930	\$46,220	\$53,511	\$56,247	\$57,222	\$59,206	\$61,562	\$51,411
55-59	862	696	738	824	869	851	548	5,388
Tot. Pay	\$27,470,396	\$31,538,209	\$38,806,330	\$46,129,644	\$50,371,533	\$53,737,814	\$38,194,384	\$286,248,310
Avg. Pay	\$31,868	\$45,314	\$52,583	\$55,983	\$57,965	\$63,147	\$69,698	\$53,127
60-64	418	380	403	397	393	292	252	2,535
Tot. Pay	\$10,120,720	\$16,363,728	\$21,048,087	\$22,222,650	\$22,563,474	\$17,637,293	\$18,456,557	\$128,412,509
Avg. Pay	\$24,212	\$43,062	\$52,229	\$55,976	\$57,413	\$60,402	\$73,240	\$50,656
65-69	189	118	118	93	93	78	48	737
Tot. Pay	\$3,440,838	\$4,318,976	\$6,000,484	\$5,420,047	\$6,024,467	\$4,824,872	\$3,757,967	\$33,787,651
Avg. Pay	\$18,205	\$36,601	\$50,852	\$58,280	\$64,779	\$61,857	\$78,291	\$45,845
70 & Over	170	69	50	40	36	23	25	413
Tot. Pay	\$1,239,880	\$1,292,495	\$1,815,438	\$2,050,746	\$1,986,720	\$1,668,674	\$1,826,449	\$11,880,402
Avg. Pay	\$7,293	\$18,732	\$36,309	\$51,269	\$55,187	\$72,551	\$73,058	\$28,766
<b>Totals</b>	20,222	8,414	6,773	5,922	4,780	3,920	1,248	51,279
<b>Tot. Pay</b>	\$491,560,377	\$371,300,827	\$350,700,020	\$334,269,468	\$277,532,717	\$231,591,060	\$85,234,098	\$2,142,188,567
<b>Avg. Pay</b>	\$24,308	\$44,129	\$51,779	\$56,445	\$58,061	\$59,079	\$68,297	\$41,775

**STATE DIVISION**  
**FEMALE ACTIVE MEMBERS IN DEFINED BENEFIT VALUATION**  
**DECEMBER 31, 2006**  
**BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Ages	Years of Service To Valuation Date							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
15-19	1,065							1,065
Tot. Pay	\$5,423,895							\$5,423,895
Avg. Pay	\$5,093							\$5,093
20-24	7,737	48						7,785
Tot. Pay	\$81,818,770	\$1,049,790						\$82,868,560
Avg. Pay	\$10,575	\$21,871						\$10,645
25-29	5,112	859	10					5,981
Tot. Pay	\$129,305,132	\$31,202,942	\$407,383					\$160,915,457
Avg. Pay	\$25,294	\$36,325	\$40,738					\$26,904
30-34	3,118	1,775	456	15				5,364
Tot. Pay	\$94,783,846	\$72,301,510	\$20,145,473	\$601,847				\$187,832,676
Avg. Pay	\$30,399	\$40,733	\$44,179	\$40,123				\$35,017
35-39	2,636	1,685	1,554	598	32			6,505
Tot. Pay	\$82,235,054	\$68,950,566	\$74,644,921	\$28,886,924	\$1,586,352			\$256,303,817
Avg. Pay	\$31,197	\$40,920	\$48,034	\$48,306	\$49,574			\$39,401
40-44	2,318	1,521	1,329	1,640	771	76		7,655
Tot. Pay	\$73,854,613	\$60,702,014	\$63,041,194	\$85,124,733	\$40,424,738	\$4,078,457		\$327,225,749
Avg. Pay	\$31,861	\$39,909	\$47,435	\$51,905	\$52,432	\$53,664		\$42,747
45-49	2,223	1,586	1,351	1,556	1,452	1,295	35	9,498
Tot. Pay	\$68,541,105	\$63,724,186	\$62,119,553	\$77,665,442	\$80,353,243	\$67,587,642	\$2,037,760	\$422,028,931
Avg. Pay	\$30,833	\$40,179	\$45,980	\$49,914	\$55,340	\$52,191	\$58,222	\$44,433
50-54	1,856	1,462	1,282	1,475	1,226	1,696	380	9,377
Tot. Pay	\$60,452,968	\$59,412,278	\$58,204,759	\$73,438,858	\$66,203,600	\$92,899,264	\$20,907,386	\$431,519,113
Avg. Pay	\$32,572	\$40,638	\$45,402	\$49,789	\$54,000	\$54,776	\$55,019	\$46,019
55-59	1,023	1,025	980	1,275	1,051	1,005	492	6,851
Tot. Pay	\$31,120,253	\$41,764,315	\$45,534,315	\$62,917,169	\$53,009,491	\$53,542,982	\$27,511,757	\$315,400,282
Avg. Pay	\$30,421	\$40,746	\$46,464	\$49,347	\$50,437	\$53,277	\$55,918	\$46,037
60-64	446	491	457	639	535	500	191	3,259
Tot. Pay	\$12,291,794	\$19,126,296	\$19,585,963	\$28,854,177	\$26,088,118	\$24,870,855	\$9,931,839	\$140,749,042
Avg. Pay	\$27,560	\$38,954	\$42,858	\$45,155	\$48,763	\$49,742	\$51,999	\$43,188
65-69	129	112	115	181	147	141	75	900
Tot. Pay	\$2,395,286	\$4,248,056	\$4,838,666	\$8,540,217	\$6,687,408	\$6,476,841	\$3,903,555	\$37,090,029
Avg. Pay	\$18,568	\$37,929	\$42,075	\$47,184	\$45,493	\$45,935	\$52,047	\$41,211
70 & Over	112	52	41	54	50	42	60	411
Tot. Pay	\$1,076,177	\$1,168,856	\$1,483,792	\$1,995,398	\$1,982,806	\$1,901,610	\$2,712,071	\$12,320,710
Avg. Pay	\$9,609	\$22,478	\$36,190	\$36,952	\$39,656	\$45,276	\$45,201	\$29,977
<b>Totals</b>	27,775	10,616	7,575	7,433	5,264	4,755	1,233	64,651
<b>Tot. Pay</b>	\$643,298,893	\$423,650,809	\$350,006,019	\$368,024,765	\$276,335,756	\$251,357,651	\$67,004,368	\$2,379,678,261
<b>Avg. Pay</b>	\$23,161	\$39,907	\$46,205	\$49,512	\$52,495	\$52,862	\$54,343	\$36,808

**STATE DIVISION**  
**INACTIVE MEMBERS IN DEFINED BENEFIT VALUATION**  
**DECEMBER 31, 2006**  
**BY ATTAINED AGE AND YEARS OF SERVICE**

---

Attained Ages	Years of Service to Valuation Date							Total Number
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
15-19	330							330
20-24	11,677							11,677
25-29	22,902	80						22,982
30-34	19,022	304	15					19,341
35-39	12,485	615	192	10				13,302
40-44	7,136	791	470	109	8			8,514
45-49	6,483	781	606	267	86	6		8,229
50-54	6,105	779	670	362	139	50	1	8,106
55-59	4,826	711	672	363	124	15	2	6,713
60-64	2,268	388	226	100	36	7		3,025
65-69	984	78	44	11	2	1	1	1,121
70 & Over	701	24	5	5	3	2		740
<b>Totals</b>	<b>94,919</b>	<b>4,551</b>	<b>2,900</b>	<b>1,227</b>	<b>398</b>	<b>81</b>	<b>4</b>	<b>104,080</b>

---

**SECTION VI**

LOCAL GOVERNMENT DIVISION

---

## LOCAL GOVERNMENT DIVISION

---

Data on active, inactive, retired and money purchase members that was used in the valuation is tabulated briefly below.

### *Defined Benefit Active Members in Valuation December 31, 2006*

Groups	Number	Annual Payroll	Average		
			Pay	Age	Service
Men	108,597	\$3,527,028,692	\$32,478	43.9 yrs.	9.4 yrs.
Women	129,384	3,707,261,822	28,653	43.1	9.0
<b>Totals</b>	<b>237,981</b>	<b>\$7,234,290,514</b>	<b>\$30,399</b>	<b>43.4 yrs.</b>	<b>9.2 yrs.</b>

Also included in the valuation were 207,273 inactive members eligible for deferred retirement allowances or contribution refunds and 12,426 members active in the money purchase plan.

### *Retired Members in Valuation December 31, 2006*

Fund / Type of Allowance	Number	Current Monthly Benefits	Actuarial Liabilities
A & PR Fund			
Superannuation Retirement	77,952	\$ 106,058,184	\$13,555,393,524
Disability Retirement	11,451	19,773,436	2,647,242,668
Money Purchase	975	314,674	31,989,835
Total A & PR Fund	90,378	126,146,294	16,234,626,027
Total SBF	9,844	7,220,429	808,453,939
Grand Total	100,222	\$133,366,723	\$17,043,079,966

**LOCAL GOVERNMENT DIVISION  
EMPLOYER CONTRIBUTIONS TO SUPPORT  
DEFINED BENEFIT RETIREMENT ALLOWANCES  
EXPRESSED AS PERCENTS OF ACTIVE MEMBER PAYROLL #**

Valuation Date December 31	2006			2005
Contributions for	2008			2007
Normal Cost	<u>Traditional Plan</u>	<u>Combined Plan</u>	<u>Traditional and Combined Plans</u>	<u>Traditional and Combined Plans</u>
Age and Service Allowances	7.91 %	3.73 %	8.05 %	8.35 %
Disability Allowances	1.96 %	1.49 %	1.95 %	2.06 %
Survivor's Benefits	0.48 %	0.34 %	0.47 %	0.47 %
Separation Benefits	4.11 %	1.32 %	4.06 %	3.72 %
Total Normal Cost	14.46 %	6.88 %	14.53 %	14.60 %
(Member Contributions)	10.00 %	0.00 %	10.00 %	9.50 %
Employer Normal Cost	4.46 %	6.88 %	4.53 %	5.10 %
<b>Unfunded Actuarial Accrued Liabilities</b>				
Total Available Contribution	2.54 %	0.12 %	2.47 %	3.75 %
Amortization Years	19	N/A	19	18
<b>Total Pension Employer Contribution Rate</b>	<b>7.00 %</b>	<b>7.00 %</b>	<b>7.00 %</b>	<b>8.85 %</b>

# December 31, 2005 contribution rates do not reflect the revised actuarial assumptions from the 2001-2005 experience study.

The term "Amortization Years" refers to the period sufficient to produce the Total Employer Contribution Rate for retirement allowances and survivor benefits and incorporates all scheduled employer and member contribution rate increases and scheduled employer rate reallocations between the pension and retiree health programs.

**LOCAL GOVERNMENT DIVISION  
COMPARATIVE STATEMENT**

Valuation Date December 31	Contribution Rate Effective January 1	Defined Benefit Active Members in Valuation				Computed Employer Contributions as % of Payroll				
		No.	Annual Payroll			Normal Cost	Unfunded Accrued Liability	Pension Total	Retiree Health	Grand Total
			Total	Average	Increase					
			(\$Millions)							
1993	1995	220,410	\$4,159	\$18,869	4.2 %	5.85 %	2.59 %	8.44 %	5.11 %	13.55 %
1994	1996	221,987	4,366	19,666	4.2 %	6.16 %	2.28 %	8.44 %	5.11 %	13.55 %
1995	1997	223,431	4,555	20,384	3.7 %	6.17 %	2.27 %	8.44 %	5.11 %	13.55 %
1996@	1998	229,954	4,792	20,839	2.2 %	6.16 %	2.28 %	8.44 %	5.11 %	13.55 %
1997	1999	231,668	4,976	21,481	3.1 %	6.15 %	3.20 %	9.35 %	4.20 %	13.55 %
1998	2000	234,601	5,240	22,334	4.0 %	6.17 %	3.18 %	9.35 %	4.20 %	13.55 %
1999#	2001	240,005	5,586	23,276	4.2 %	7.68 %	1.57 %	9.25 %	4.30 %	13.55 %
2000	2002	245,831	5,999	24,401	4.8 %	7.68 %	1.57 %	9.25 %	4.30 %	13.55 %
2001@	2003	243,202	6,451	26,526	8.7 %	6.14 %	2.41 %	8.55 %	5.00 %	13.55 %
2002	2004	247,377	6,721	27,171	2.4 %	5.92 %	3.63 %	9.55 %	4.00 %	13.55 %
2003##	2005	237,082	6,702	28,269	4.0 %	5.66 %	3.89 %	9.55 %	4.00 %	13.55 %
2004	2006	236,907	6,896	29,110	3.0 %	5.57 %	3.63 %	9.20 %	4.50 %	13.70 %
2005	2007	236,073	7,066	29,933	2.8 %	5.10 %	3.75 %	8.85 %	5.00 %	13.85 %
2005@	2007	236,073	7,066	29,933	2.8 %	5.00 %	3.85 %	8.85 %	5.00 %	13.85 %
2006	2008	237,981	7,234	30,399	1.6 %	4.53 %	2.47 %	7.00 %	7.00 %	14.00 %

# After benefit changes.

@ Revised actuarial assumptions.

& Reflects inclusion of part-time, seasonal and temporary employees in compliance with OBRA 90 and revised actuarial assumptions.

## Combined Plan members are included beginning with the December 31, 2003 valuation.

**LOCAL GOVERNMENT DIVISION**  
**DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
**DECEMBER 31, 2006**

Actuarial Present Value	(1) Total Actuarial Present Value	Allocation by Entry Age	
		(2) Portion Covered By Future Normal Cost Contributions	(3) Actuarial Accrued Liabilities (1)-(2)
Allowances currently being paid from the Annuity & Pension Reserve Fund	\$16,234,626,027	\$ -	\$16,234,626,027
Allowances currently being paid from the Survivors Benefit Fund	808,453,939	-	808,453,939
Age and service allowances based on service rendered before and likely to be rendered after valuation date	21,541,402,833	4,647,447,004	16,893,955,829
Disability allowances likely to be paid present active members who become permanently disabled	2,598,736,580	1,167,389,068	1,431,347,512
Survivor benefits likely to be paid to spouses and children of present active members who die before retiring	740,368,342	272,551,563	467,816,779
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active and inactive members	3,853,329,322	2,499,789,128	1,353,540,194
<b>Total</b>	<b>\$45,776,917,043</b>	<b>\$8,587,176,763</b>	<b>\$37,189,740,280</b>
Actuarial Value of Assets			34,566,150,768
Unfunded Actuarial Accrued Liability			\$ 2,623,589,512

**LOCAL GOVERNMENT DIVISION**  
**DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
**COMPARATIVE STATEMENT**  
**(\$ IN MILLIONS EXCEPT AVERAGES)**

Dec. 31	Defined Benefit Active Payroll		Active and Inactive Member Accrued Liabilities for Retirement Allowances				Unfunded /Payroll
			Computed	Valuation	Unfunded	Amort. Years	
	Total	Average	Total	Assets			
1993	\$ 4,159	\$18,869	\$ 9,291	\$ 7,147	\$2,144	26	0.52
1994	4,366	19,666	9,894	7,814	2,080	28	0.48
1995	4,555	20,384	10,630	8,856	1,774	21	0.39
1996@	4,792	20,839	11,286	9,940	1,346	15	0.28
1997	4,976	21,481	11,973	11,218	755	5	0.15
1998	5,240	22,334	12,912	13,135	(223)	-	-
1999#	5,586	23,276	14,643	14,498	145	2	0.03
2000	5,999	24,401	15,881	16,131	(250)	-	-
2001@	6,451	26,526	15,983	16,651	(668)	-	-
2002	6,721	27,171	16,710	12,682	4,028	25	0.60
2003##	6,702	28,269	17,645	13,148	4,497	27	0.67
2004	6,896	29,110	18,269	14,223	4,046	23	0.59
2005	7,066	29,933	18,977	15,190	3,787	19	0.54
2005@	7,066	29,933	19,484	14,921	4,563	25	0.65
2006	7,234	30,399	20,147	17,523	2,624	19	0.36

# After benefit changes.

@ Revised actuarial assumptions.

& Reflects inclusion of part-time, seasonal, and temporary employees in compliance with OBRA 90 and revised actuarial assumptions.

## Combined Plan members are included beginning with the December 31, 2003 valuation.

While no one or two numeric indices can fully describe the financial condition of a retirement plan, the ratio of unfunded actuarial accrued liabilities divided by active member payroll (“UNFUNDED / PAYROLL” above) is significant. Unfunded accrued liabilities represent plan debt, while active member payroll represents the plan’s capacity to collect contributions to pay toward debt --- thus the ratio is a relative index of condition. The lower the ratio, the greater the financial strength, and vice-versa.

**LOCAL GOVERNMENT DIVISION  
MALE ACTIVE MEMBERS IN DEFINED BENEFIT VALUATION  
DECEMBER 31, 2006  
BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Ages	Years of Service To Valuation Date							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
15-19	5,132							5,132
Tot. Pay	\$33,408,995							\$33,408,995
Avg. Pay	\$6,510							\$6,510
20-24	8,045	175						8,220
Tot. Pay	\$104,071,388	\$3,840,437						\$107,911,825
Avg. Pay	\$12,936	\$21,945						\$13,128
25-29	5,626	1,634	69					7,329
Tot. Pay	\$125,915,937	\$55,526,882	\$2,640,860					\$184,083,679
Avg. Pay	\$22,381	\$33,982	\$38,273					\$25,117
30-34	4,285	2,939	917	33				8,174
Tot. Pay	\$106,265,901	\$113,761,658	\$39,033,782	\$1,395,128				\$260,456,469
Avg. Pay	\$24,800	\$38,708	\$42,567	\$42,277				\$31,864
35-39	4,157	3,153	2,324	980	28			10,642
Tot. Pay	\$103,255,204	\$127,201,029	\$106,908,345	\$45,732,235	\$1,275,312			\$384,372,125
Avg. Pay	\$24,839	\$40,343	\$46,002	\$46,666	\$45,547			\$36,118
40-44	3,784	2,960	2,322	2,384	963	68		12,481
Tot. Pay	\$90,881,034	\$115,286,835	\$104,321,767	\$117,426,270	\$47,664,929	\$3,378,760		\$478,959,595
Avg. Pay	\$24,017	\$38,948	\$44,928	\$49,256	\$49,496	\$49,688		\$38,375
45-49	3,750	2,871	2,378	2,630	2,120	1,559	58	15,366
Tot. Pay	\$86,172,515	\$107,259,663	\$101,801,309	\$126,150,632	\$110,612,491	\$81,885,907	\$3,036,993	\$616,919,510
Avg. Pay	\$22,979	\$37,360	\$42,810	\$47,966	\$52,176	\$52,525	\$52,362	\$40,148
50-54	3,384	2,569	2,232	2,360	1,955	2,294	768	15,562
Tot. Pay	\$72,790,877	\$87,523,934	\$88,676,494	\$109,885,558	\$100,814,691	\$127,743,972	\$44,012,444	\$631,447,970
Avg. Pay	\$21,510	\$34,069	\$39,730	\$46,562	\$51,568	\$55,686	\$57,308	\$40,576
55-59	2,956	2,034	1,701	1,759	1,445	1,377	997	12,269
Tot. Pay	\$58,914,179	\$68,117,400	\$66,252,102	\$78,941,636	\$73,518,387	\$76,657,105	\$61,079,930	\$483,480,739
Avg. Pay	\$19,930	\$33,489	\$38,949	\$44,879	\$50,878	\$55,670	\$61,264	\$39,407
60-64	2,050	1,253	987	919	718	573	416	6,916
Tot. Pay	\$31,545,435	\$36,449,600	\$35,398,114	\$39,946,334	\$33,281,906	\$29,476,063	\$25,712,125	\$231,809,577
Avg. Pay	\$15,388	\$29,090	\$35,864	\$43,467	\$46,354	\$51,442	\$61,808	\$33,518
65-69	1,412	687	404	287	218	162	140	3,310
Tot. Pay	\$13,320,158	\$13,374,450	\$12,265,792	\$10,255,340	\$8,925,633	\$7,280,634	\$7,547,845	\$72,969,852
Avg. Pay	\$9,434	\$19,468	\$30,361	\$35,733	\$40,943	\$44,942	\$53,913	\$22,045
70 & Over	1,418	848	406	216	129	77	102	3,196
Tot. Pay	\$9,949,478	\$8,783,995	\$6,434,499	\$5,022,600	\$3,808,586	\$2,611,054	\$4,598,144	\$41,208,356
Avg. Pay	\$7,017	\$10,358	\$15,849	\$23,253	\$29,524	\$33,910	\$45,080	\$12,894
<b>Totals</b>	45,999	21,123	13,740	11,568	7,576	6,110	2,481	108,597
<b>Tot. Pay</b>	\$836,491,101	\$737,125,883	\$563,733,064	\$534,755,733	\$379,901,935	\$329,033,495	\$145,987,481	\$3,527,028,692
<b>Avg. Pay</b>	\$18,185	\$34,897	\$41,029	\$46,227	\$50,145	\$53,852	\$58,842	\$32,478

**LOCAL GOVERNMENT DIVISION**  
**FEMALE ACTIVE MEMBERS IN DEFINED BENEFIT VALUATION**  
**DECEMBER 31, 2006**  
**BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Ages	Years of Service To Valuation Date							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
15-19	6,010							6,010
Tot. Pay	\$34,696,990							\$34,696,990
Avg. Pay	\$5,773							\$5,773
20-24	8,429	246						8,675
Tot. Pay	\$102,940,641	\$4,282,695						\$107,223,336
Avg. Pay	\$12,213	\$17,409						\$12,360
25-29	7,625	2,126	97					9,848
Tot. Pay	\$173,864,408	\$64,901,662	\$2,768,882					\$241,534,952
Avg. Pay	\$22,802	\$30,528	\$28,545					\$24,526
30-34	5,518	4,252	1,146	76				10,992
Tot. Pay	\$131,241,134	\$147,944,511	\$41,368,584	\$2,548,592				\$323,102,821
Avg. Pay	\$23,784	\$34,794	\$36,098	\$33,534				\$29,394
35-39	5,424	4,124	2,815	1,185	60			13,608
Tot. Pay	\$121,520,229	\$142,092,420	\$110,789,046	\$45,806,165	\$2,465,505			\$422,673,365
Avg. Pay	\$22,404	\$34,455	\$39,357	\$38,655	\$41,092			\$31,061
40-44	5,402	3,959	2,561	2,597	1,098	106		15,723
Tot. Pay	\$116,541,167	\$129,854,900	\$98,332,709	\$109,776,583	\$45,583,915	\$4,313,373		\$504,402,647
Avg. Pay	\$21,574	\$32,800	\$38,396	\$42,271	\$41,515	\$40,692		\$32,081
45-49	5,309	4,342	3,028	2,688	2,055	1,535	84	19,041
Tot. Pay	\$109,447,094	\$136,261,209	\$107,801,501	\$112,127,718	\$93,911,343	\$67,371,067	\$3,858,696	\$630,778,628
Avg. Pay	\$20,615	\$31,382	\$35,602	\$41,714	\$45,699	\$43,890	\$45,937	\$33,127
50-54	4,419	3,863	3,021	2,841	1,806	1,917	635	18,502
Tot. Pay	\$89,808,776	\$118,024,334	\$104,445,310	\$111,695,946	\$79,809,506	\$89,101,998	\$30,490,420	\$623,376,290
Avg. Pay	\$20,323	\$30,553	\$34,573	\$39,316	\$44,191	\$46,480	\$48,016	\$33,692
55-59	3,056	2,841	2,416	2,677	1,701	1,349	634	14,674
Tot. Pay	\$59,790,984	\$82,547,988	\$78,933,798	\$100,752,532	\$71,750,424	\$61,440,892	\$32,358,199	\$487,574,817
Avg. Pay	\$19,565	\$29,056	\$32,671	\$37,636	\$42,181	\$45,546	\$51,038	\$33,227
60-64	1,500	1,436	1,339	1,385	1,003	714	285	7,662
Tot. Pay	\$22,971,942	\$36,947,967	\$40,807,316	\$48,979,202	\$39,298,569	\$29,930,516	\$13,442,355	\$232,377,867
Avg. Pay	\$15,315	\$25,730	\$30,476	\$35,364	\$39,181	\$41,919	\$47,166	\$30,329
65-69	778	544	411	423	306	239	140	2,841
Tot. Pay	\$7,347,750	\$10,561,219	\$10,697,784	\$13,525,797	\$11,792,613	\$9,400,740	\$6,416,399	\$69,742,302
Avg. Pay	\$9,444	\$19,414	\$26,029	\$31,976	\$38,538	\$39,334	\$45,831	\$24,549
70 & Over	568	400	247	202	155	106	130	1,808
Tot. Pay	\$3,591,144	\$4,254,851	\$3,690,009	\$4,759,532	\$4,787,394	\$3,692,737	\$5,002,140	\$29,777,807
Avg. Pay	\$6,322	\$10,637	\$14,939	\$23,562	\$30,886	\$34,837	\$38,478	\$16,470
<b>Totals</b>	54,038	28,133	17,081	14,074	8,184	5,966	1,908	129,384
<b>Tot. Pay</b>	\$973,762,259	\$877,673,756	\$599,634,939	\$549,972,067	\$349,399,269	\$265,251,323	\$91,568,209	\$3,707,261,822
<b>Avg. Pay</b>	\$18,020	\$31,197	\$35,105	\$39,077	\$42,693	\$44,460	\$47,992	\$28,653

**LOCAL GOVERNMENT DIVISION  
INACTIVE MEMBERS IN DEFINED BENEFIT VALUATION  
DECEMBER 31, 2006  
BY ATTAINED AGE AND YEARS OF SERVICE**

---

Attained Ages	Years of Service to Valuation Date							Total Number
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
15-19	2,242							2,242
20-24	27,959	14						27,973
25-29	33,494	251						33,745
30-34	28,227	699	47					28,973
35-39	21,155	1,273	362	24				22,814
40-44	16,107	1,348	744	190	15			18,404
45-49	17,224	1,583	1,036	390	114	13		20,360
50-54	16,742	1,827	1,263	513	224	63	2	20,634
55-59	12,828	1,578	1,268	572	221	35	2	16,504
60-64	7,097	787	458	200	89	9	3	8,643
65-69	3,526	228	76	20	6	1		3,857
70 & Over	2,936	135	31	11	6	4	1	3,124
<b>Totals</b>	<b>189,537</b>	<b>9,723</b>	<b>5,285</b>	<b>1,920</b>	<b>675</b>	<b>125</b>	<b>8</b>	<b>207,273</b>

---

**SECTION VII**

**PUBLIC SAFETY DIVISION**

---

## PUBLIC SAFETY DIVISION

---

Data on active, inactive, retired and money purchase members that was used in the valuation is tabulated briefly below.

### *Active Members in Valuation December 31, 2006*

Groups	Number	Annual Payroll	Average		
			Pay	Age	Service
Men	113	\$5,257,099	\$46,523	41.0 yrs.	11.2 yrs.
Women	14	593,470	42,391	38.8	8.2
<b>Totals</b>	<b>127</b>	<b>\$5,850,569</b>	<b>\$46,067</b>	<b>40.8 yrs.</b>	<b>10.9 yrs.</b>

Also included in the valuation were 9 inactive members eligible for deferred retirement allowances or contribution refunds and 0 members active in the money purchase plan.

### *Retired Members in Valuation December 31, 2006*

Fund / Type of Allowance	Number	Current Monthly Benefits	Actuarial Liabilities
A & PR Fund			
Superannuation Retirement	23	\$30,570	\$5,309,332
Disability Retirement	20	48,460	7,294,928
Money Purchase	0	0	0
Total A & PR Fund	43	79,030	12,604,260
Total SBF	77	82,749	11,669,733
Grand Total	120	\$161,779	\$24,273,993

**PUBLIC SAFETY DIVISION  
EMPLOYER CONTRIBUTIONS TO SUPPORT  
RETIREMENT ALLOWANCES  
EXPRESSED AS PERCENTS OF ACTIVE MEMBER PAYROLL #**

---

<b>Valuation Date December 31</b>	<b>2006</b>	<b>2005</b>
<b>Contributions for</b>	<b>2008</b>	<b>2007</b>
<b>Normal Cost</b>		
Age and Service Allowances	9.83 %	10.16 %
Disability Allowances	5.44 %	5.07 %
Survivor's Benefits	0.65 %	0.65 %
Separation Benefits	2.81 %	2.03 %
Total Normal Cost	18.73 %	17.91 %
(Member Contributions)	10.00 %	9.75 %
Employer Normal Cost	8.73 %	8.16 %
<b>Unfunded Actuarial Accrued Liabilities</b>		
Total Available Contribution	1.67 %	4.01 %
Amortization Years	N/A	N/A
<b>Total Pension Employer Contribution Rate</b>	<b>10.40 %</b>	<b>12.17 %</b>

# December 31, 2005 contribution rates do not reflect the revised actuarial assumptions from the 2001-2005 experience study.

N/A – The unfunded actuarial accrued liabilities are unable to be amortized based upon the total pension contribution rate.

The term “Amortization Years” refers to the period sufficient to produce the Total Employer Contribution Rate for retirement allowances and survivor benefits and incorporates all scheduled employer and member contribution rate increases and scheduled employer rate reallocations between the pension and retiree health programs.

**PUBLIC SAFETY DIVISION  
COMPARATIVE STATEMENT \***

Valuation Date December 31	Contribution Rate Effective January 1	Active Members in Valuation				Computed Employer Contributions as % of Payroll				
		No.	Annual Payroll			Normal Cost	Unfunded Accrued Liability	Pension Total	Retiree Health	Grand Total
			Total	Average	Increase					
2005	2007	135	(\$Thousands) \$6,078	\$45,023	6.7 %	8.16 %	4.01 %	12.17 %	5.00 %	17.17 %
2005@	2007	135	6,078	45,023	6.7 %	9.01 %	3.16 %	12.17 %	5.00 %	17.17 %
2006	2008	127	5,851	46,067	2.3 %	8.73 %	1.67 %	10.40 %	7.00 %	17.40 %

\* Prior to 2005, Public Safety and Law Enforcement results were reported together. Historical information prior to 2005 may be found on page VIII-3.

@ Revised actuarial assumptions.

**PUBLIC SAFETY DIVISION**  
**DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
**DECEMBER 31, 2006**

---

Actuarial Present Value	(1) Total Actuarial Present Value	Allocation by Entry Age	
		(2) Portion Covered By Future Normal Cost Contributions	(3) Actuarial Accrued Liabilities (1)-(2)
Allowances currently being paid from the Annuity & Pension Reserve Fund	\$12,604,260	\$ -	\$12,604,260
Allowances currently being paid from the Survivors Benefit Fund	11,669,733	-	11,669,733
Age and service allowances based on service rendered before and likely to be rendered after valuation date	17,905,900	5,232,217	12,673,683
Disability allowances likely to be paid present active members who become permanently disabled	5,395,162	2,785,307	2,609,855
Survivor benefits likely to be paid to spouses and children of present active members who die before retiring	703,089	319,602	383,487
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active and inactive members	1,920,661	1,486,734	433,927
Total	\$50,198,805	\$9,823,860	\$40,374,945
Actuarial Value of Assets			(39,667,883)
Unfunded Actuarial Accrued Liability			\$80,042,828

**PUBLIC SAFETY DIVISION**  
**DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
**COMPARATIVE STATEMENT \***  
**(\$ IN MILLIONS EXCEPT AVERAGES)**

---

Dec. 31	Active Payroll		Active and Inactive Member Accrued Liabilities for Retirement Allowances				Unfunded /Payroll
			Computed	Valuation	Unfunded	Amort. Years	
	Total	Average	Total	Assets			
2005	\$ 6	\$45,023	\$ 15	\$ (43)	\$ 58	N/A	9.67
2005@	6	45,023	16	(44)	60	N/A	10.00
2006	6	46,067	16	(64)	80	N/A	13.33

*N/A – The unfunded actuarial accrued liabilities are unable to be amortized based upon the total pension contribution rate.*

*\* Prior to 2005, Public Safety and Law Enforcement results were reported together. Historical information prior to 2005 may be found on page VIII-5.*

*@ Revised actuarial assumptions.*

---

While no one or two numeric indices can fully describe the financial condition of a retirement plan, the ratio of unfunded actuarial accrued liabilities divided by active member payroll (“UNFUNDED / PAYROLL” above) is significant. Unfunded accrued liabilities represent plan debt, while active member payroll represents the plan’s capacity to collect contributions to pay toward debt --- thus the ratio is a relative index of condition. The lower the ratio, the greater the financial strength, and vice-versa.

**PUBLIC SAFETY DIVISION**  
**MALE ACTIVE MEMBERS IN VALUATION DECEMBER 31, 2006**  
**BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Ages	Years of Service To Valuation Date							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
15-19								
Tot. Pay								
Avg. Pay								
20-24	2							2
Tot. Pay	\$81,050							\$81,050
Avg. Pay	\$40,525							\$40,525
25-29	11	5						16
Tot. Pay	\$443,830	\$219,398						\$663,228
Avg. Pay	\$40,348	\$43,880						\$41,452
30-34	8	11						19
Tot. Pay	\$340,290	\$466,005						\$806,295
Avg. Pay	\$42,536	\$42,364						\$42,437
35-39	5	8	5	2				20
Tot. Pay	\$260,705	\$364,998	\$227,215	\$103,532				\$956,450
Avg. Pay	\$52,141	\$45,625	\$45,443	\$51,766				\$47,823
40-44	3	4		3	2			12
Tot. Pay	\$117,429	\$157,904		\$133,775	\$132,963			\$542,071
Avg. Pay	\$39,143	\$39,476		\$44,592	\$66,482			\$45,173
45-49	2	3	1	4	3	2		15
Tot. Pay	\$31,380	\$101,596	\$37,933	\$185,616	\$160,390	\$88,871		\$605,786
Avg. Pay	\$15,690	\$33,865	\$37,933	\$46,404	\$53,463	\$44,436		\$40,386
50-54		1	2	5	3	3	1	15
Tot. Pay		\$82,266	\$121,285	\$257,734	\$141,746	\$202,170	\$49,426	\$854,627
Avg. Pay		\$82,266	\$60,643	\$51,547	\$47,249	\$67,390	\$49,426	\$56,975
55-59			1	3	3			7
Tot. Pay			\$53,298	\$119,627	\$142,074			\$314,999
Avg. Pay			\$53,298	\$39,876	\$47,358			\$45,000
60-64	2			1		1	1	5
Tot. Pay	\$121,880			\$34,718		\$48,038	\$153,631	\$358,267
Avg. Pay	\$60,940			\$34,718		\$48,038	\$153,631	\$71,653
65-69				2				2
Tot. Pay				\$74,326				\$74,326
Avg. Pay				\$37,163				\$37,163
70 & Over								
Tot. Pay								
Avg. Pay								
<b>Totals</b>	33	32	9	20	11	6	2	113
<b>Tot. Pay</b>	\$1,396,564	\$1,392,167	\$439,731	\$909,328	\$577,173	\$339,079	\$203,057	\$5,257,099
<b>Avg. Pay</b>	\$42,320	\$43,505	\$48,859	\$45,466	\$52,470	\$56,513	\$101,529	\$46,523

**PUBLIC SAFETY DIVISION**  
**FEMALE ACTIVE MEMBERS IN VALUATION DECEMBER 31, 2006**  
**BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Ages	Years of Service To Valuation Date							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
15-19								
Tot. Pay								
Avg. Pay								
20-24	1							1
Tot. Pay	\$19,108							\$19,108
Avg. Pay	\$19,108							\$19,108
25-29	1	2						3
Tot. Pay	\$41,392	\$96,417						\$137,809
Avg. Pay	\$41,392	\$48,209						\$45,936
30-34		1						1
Tot. Pay		\$53,158						\$53,158
Avg. Pay		\$53,158						\$53,158
35-39	1	1	1					3
Tot. Pay	\$47,112	\$47,684	\$39,686					\$134,482
Avg. Pay	\$47,112	\$47,684	\$39,686					\$44,827
40-44	1		1					2
Tot. Pay	\$50,673		\$39,005					\$89,678
Avg. Pay	\$50,673		\$39,005					\$44,839
45-49				1				1
Tot. Pay				\$39,828				\$39,828
Avg. Pay				\$39,828				\$39,828
50-54		1				1		2
Tot. Pay		\$39,953				\$39,243		\$79,196
Avg. Pay		\$39,953				\$39,243		\$39,598
55-59	1							1
Tot. Pay	\$40,211							\$40,211
Avg. Pay	\$40,211							\$40,211
60-64								
Tot. Pay								
Avg. Pay								
65-69								
Tot. Pay								
Avg. Pay								
70 & Over								
Tot. Pay								
Avg. Pay								
<b>Totals</b>	5	5	2	1	1			14
<b>Tot. Pay</b>	\$198,496	\$237,212	\$78,691	\$39,828	\$39,243	\$ -	\$ -	\$593,470
<b>Avg. Pay</b>	\$39,699	\$47,442	\$39,346	\$39,828	\$39,243			\$42,391

**PUBLIC SAFETY DIVISION**  
**INACTIVE MEMBERS IN VALUATION DECEMBER 31, 2006**  
**BY ATTAINED AGE AND YEARS OF SERVICE**

---

Attained Ages	Years of Service to Valuation Date							Total Number
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
15-19								
20-24								
25-29	2							2
30-34	3	1						4
35-39	2							2
40-44								
45-49								
50-54								
55-59	1							1
60-64								
65-69								
70 & Over								
<b>Totals</b>	<b>8</b>	<b>1</b>						<b>9</b>

---

**SECTION VIII**

LAW ENFORCEMENT DIVISION

---

## LAW ENFORCEMENT DIVISION

---

Data on active, inactive, retired and money purchase members that was used in the valuation is tabulated briefly below.

### *Active Members in Valuation December 31, 2006*

Groups	Number	Annual Payroll	Average		
			Pay	Age	Service
Men	7,094	\$365,771,971	\$51,561	40.0 yrs.	12.8 yrs.
Women	998	47,410,040	47,505	39.9	11.7
<b>Totals</b>	<b>8,092</b>	<b>\$413,182,011</b>	<b>\$51,061</b>	<b>40.0 yrs.</b>	<b>40.0 yrs.</b>

Also included in the valuation were 756 inactive members eligible for deferred retirement allowances or contribution refunds and 24 members active in the money purchase plan.

### *Retired Members in Valuation December 31, 2006*

Fund / Type of Allowance	Number	Current Monthly Benefits	Actuarial Liabilities
A & PR Fund			
Superannuation Retirement	1,806	\$4,701,718	\$ 723,484,623
Disability Retirement	1,321	3,380,812	486,409,141
Money Purchase	0	0	0
Total A & PR Fund	3,127	8,082,530	1,209,893,764
Total SBF	271	234,922	29,905,977
Grand Total	3,398	\$8,317,452	\$1,239,799,741

**LAW ENFORCEMENT DIVISION  
EMPLOYER CONTRIBUTIONS TO SUPPORT  
RETIREMENT ALLOWANCES  
EXPRESSED AS PERCENTS OF ACTIVE MEMBER PAYROLL #**

---

<b>Valuation Date December 31</b>	<b>2006</b>	<b>2005</b>
<b>Contributions for</b>	<b>2008</b>	<b>2007</b>
<b>Normal Cost</b>		
Age and Service Allowances	11.81 %	11.38 %
Disability Allowances	5.22 %	4.68 %
Survivor's Benefits	0.59 %	0.53 %
Separation Benefits	2.13 %	2.13 %
Total Normal Cost	19.75 %	18.72 %
(Member Contributions)	10.10 %	10.10 %
Employer Normal Cost	9.65 %	8.62 %
<b>Unfunded Actuarial Accrued Liabilities</b>		
Total Available Contribution	0.75 %	3.55 %
Amortization Years	N/A	29
<b>Total Pension Employer Contribution Rate</b>	<b>10.40 %</b>	<b>12.17 %</b>

# December 31, 2005 contribution rates do not reflect the revised actuarial assumptions from the 2001-2005 experience study.

The term "Amortization Years" refers to the period sufficient to produce the Total Employer Contribution Rate for retirement allowances and survivor benefits and incorporates all scheduled employer and member contribution rate increases and scheduled employer rate reallocations between the pension and retiree health programs.

**LAW ENFORCEMENT DIVISION  
COMPARATIVE STATEMENT \***

Valuation Date December 31	Contribution Rate Effective January 1	Active Members in Valuation				Computed Employer Contributions as % of Payroll				
		No.	Annual Payroll			Normal Cost	Unfunded Accrued Liability	Pension Total	Retiree Health	Grand Total
			Total	Average	Increase					
			(\$Thousands)							
1993	1995	6,032	\$182,576	\$30,268	4.6 %	9.53 %	1.28 %	10.81 %	5.89 %	16.70 %
1994	1996	6,252	196,467	31,425	3.8 %	9.71 %	1.10 %	10.81 %	5.89 %	16.70 %
1995	1997	6,605	214,273	32,441	3.2 %	9.69 %	1.12 %	10.81 %	5.89 %	16.70 %
1996@	1998	6,742	229,138	33,987	4.8 %	10.50 %	0.74 %	11.24 %	5.46 %	16.70 %
1997	1999	7,256	258,897	35,680	5.0 %	10.49 %	2.01 %	12.50 %	4.20 %	16.70 %
1998	2000	7,507	277,239	36,931	3.5 %	10.48 %	2.02 %	12.50 %	4.20 %	16.70 %
1999#	2001	7,766	299,040	38,506	4.3 %	11.54 %	0.86 %	12.40 %	4.30 %	16.70 %
2000	2002	8,045	324,918	40,387	4.9 %	11.59 %	0.81 %	12.40 %	4.30 %	16.70 %
2001@	2003	7,892	335,432	42,503	5.2 %	8.88 %	2.82 %	11.70 %	5.00 %	16.70 %
2002	2004	8,030	356,694	44,420	4.5 %	8.77 %	3.93 %	12.70 %	4.00 %	16.70 %
2003	2005	8,253	384,388	46,576	4.9 %	8.65 %	4.05 %	12.70 %	4.00 %	16.70 %
2004	2006	8,173	392,672	48,045	3.2 %	8.63 %	3.80 %	12.43 %	4.50 %	16.93 %
2005	2007	7,976	395,189	49,547	3.0 %	8.62 %	3.55 %	12.17 %	5.00 %	17.17 %
2005@	2007	7,976	395,189	49,547	3.0 %	9.65 %	2.52 %	12.17 %	5.00 %	17.17 %
2006	2008	8,092	413,182	51,061	3.1 %	9.65 %	0.75 %	10.40 %	7.00 %	17.40 %

# After benefit changes.

@ Revised actuarial assumptions.

\* Prior to 2005, Law Enforcement and Public Safety are combined for purposes of this schedule.

**LAW ENFORCEMENT DIVISION**  
**DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
**DECEMBER 31, 2006**

<b>Actuarial Present Value</b>	<b>(1) Total Actuarial Present Value</b>	<b>Allocation by Entry Age</b>	
		<b>(2) Portion Covered By Future Normal Cost Contributions</b>	<b>(3) Actuarial Accrued Liabilities (1)-(2)</b>
Allowances currently being paid from the Annuity & Pension Reserve Fund	\$ 1,209,893,764	\$ -	\$ 1,209,893,764
Allowances currently being paid from the Survivors Benefit Fund	29,905,977	-	29,905,977
Age and service allowances based on service rendered before and likely to be rendered after valuation date	1,534,246,860	465,450,738	1,068,796,122
Disability allowances likely to be paid present active members who become permanently disabled	424,506,892	200,755,010	223,751,882
Survivor benefits likely to be paid to spouses and children of present active members who die before retiring	50,673,241	22,464,835	28,208,406
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active and inactive members	119,012,793	83,717,749	35,295,044
<b>Total</b>	<b>\$3,368,239,527</b>	<b>\$772,388,332</b>	<b>\$2,595,851,195</b>
Actuarial Value of Assets			2,308,920,116
<b>Unfunded Actuarial Accrued Liability</b>			<b>\$ 286,931,079</b>

**LAW ENFORCEMENT DIVISION**  
**DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES**  
**COMPARATIVE STATEMENT \***  
**(\$ IN MILLIONS EXCEPT AVERAGES)**

Dec. 31	Active Payroll		Active and Inactive Member Accrued Liabilities for Retirement Allowances				Unfunded /Payroll
			Computed	Valuation	Unfunded	Amort. Years	
	Total	Average	Total	Assets			
1993	\$183	\$30,268	\$ 533	\$ 512	\$ 21	10	0.11
1994	196	31,425	580	555	25	13	0.13
1995	214	32,441	638	612	26	12	0.12
1996@	229	33,987	711	676	35	30	0.15
1997	259	35,680	821	773	48	10	0.19
1998	277	36,931	914	895	19	5	0.07
1999#	299	38,506	1,080	1,038	42	20	0.14
2000	325	40,387	1,175	1,137	38	18	0.12
2001@	335	42,503	1,071	1,149	(78)	-	-
2002	357	44,420	1,135	854	281	36	0.79
2003	384	46,576	1,170	838	332	41	0.86
2004	393	48,045	1,197	868	329	43	0.84
2005	395	49,547	1,220	940	280	34	0.71
2005@	395	49,547	1,298	926	372	N/A	0.94
2006	413	51,061	1,356	1,069	287	N/A	0.69

# After benefit changes.

@ Revised actuarial assumptions.

\* Prior to 2005, Law Enforcement and Public Safety are combined for purposes of this schedule.

While no one or two numeric indices can fully describe the financial condition of a retirement plan, the ratio of unfunded actuarial accrued liabilities divided by active member payroll (“UNFUNDED / PAYROLL” above) is significant. Unfunded accrued liabilities represent plan debt, while active member payroll represents the plan’s capacity to collect contributions to pay toward debt --- thus the ratio is a relative index of condition. The lower the ratio, the greater the financial strength, and vice-versa.

**LAW ENFORCEMENT DIVISION**  
**MALE ACTIVE MEMBERS IN VALUATION DECEMBER 31, 2006**  
**BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Ages	Years of Service To Valuation Date							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
15-19								
Tot. Pay								140
Avg. Pay								\$4,654,846
20-24	133	7						140
Tot. Pay	\$4,359,310	\$295,536						\$4,654,846
Avg. Pay	\$32,777	\$42,219						\$33,249
25-29	422	327	7					756
Tot. Pay	\$17,048,531	\$15,203,760	\$295,549					\$32,547,840
Avg. Pay	\$40,399	\$46,495	\$42,221					\$43,053
30-34	275	720	283	3				1,281
Tot. Pay	\$11,220,536	\$36,291,695	\$15,092,750	\$200,458				\$62,805,439
Avg. Pay	\$40,802	\$50,405	\$53,331	\$66,819				\$49,028
35-39	174	424	746	275	2			1,621
Tot. Pay	\$7,291,443	\$21,111,477	\$39,785,149	\$15,874,969	\$141,195			\$84,204,233
Avg. Pay	\$41,905	\$49,791	\$53,331	\$57,727	\$70,598			\$51,946
40-44	78	179	291	418	155	7		1,128
Tot. Pay	\$3,077,765	\$8,905,307	\$15,141,256	\$23,643,935	\$9,450,447	\$386,709		\$60,605,419
Avg. Pay	\$39,459	\$49,750	\$52,032	\$56,564	\$60,971	\$55,244		\$53,728
45-49	38	73	116	217	312	187		943
Tot. Pay	\$1,492,430	\$3,596,020	\$5,919,617	\$12,065,534	\$18,452,693	\$11,797,790		\$53,324,084
Avg. Pay	\$39,274	\$49,261	\$51,031	\$55,602	\$59,143	\$63,090		\$56,547
50-54	27	47	77	110	176	211	54	702
Tot. Pay	\$1,062,491	\$2,124,787	\$3,819,254	\$5,701,776	\$10,048,703	\$13,130,073	\$3,599,562	\$39,486,646
Avg. Pay	\$39,352	\$45,208	\$49,601	\$51,834	\$57,095	\$62,228	\$66,659	\$56,249
55-59	10	20	45	52	73	74	55	329
Tot. Pay	\$282,420	\$789,367	\$2,162,577	\$2,885,183	\$4,010,523	\$4,291,001	\$3,617,859	\$18,038,930
Avg. Pay	\$28,242	\$39,468	\$48,057	\$55,484	\$54,939	\$57,987	\$65,779	\$54,830
60-64	6	18	13	33	32	22	25	149
Tot. Pay	\$163,546	\$911,856	\$536,950	\$1,584,610	\$1,734,416	\$1,289,493	\$1,501,642	\$7,722,513
Avg. Pay	\$27,258	\$50,659	\$41,304	\$48,018	\$54,201	\$58,613	\$60,066	\$51,829
65-69	5	2	7	5	5	5	7	36
Tot. Pay	\$152,760	\$122,230	\$399,941	\$241,061	\$226,945	\$351,633	\$411,133	\$1,905,703
Avg. Pay	\$30,552	\$61,115	\$57,134	\$48,212	\$45,389	\$70,327	\$58,733	\$52,936
70 & Over	1		2		2		4	9
Tot. Pay	\$15,623		\$75,573		\$124,901		\$260,221	\$476,318
Avg. Pay	\$15,623		\$37,787		\$62,451		\$65,055	\$52,924
<b>Totals</b>	1,169	1,817	1,587	1,113	757	506	145	7,094
<b>Tot. Pay</b>	\$46,166,855	\$89,352,035	\$83,228,616	\$62,197,526	\$44,189,823	\$31,246,699	\$9,390,417	\$365,771,971
<b>Avg. Pay</b>	\$39,493	\$49,176	\$52,444	\$55,883	\$58,375	\$61,752	\$64,761	\$51,561

**LAW ENFORCEMENT DIVISION**  
**FEMALE ACTIVE MEMBERS IN VALUATION DECEMBER 31, 2006**  
**BY ATTAINED AGE AND YEARS OF SERVICE**

Attained Ages	Years of Service To Valuation Date							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
15-19								
Tot. Pay								
Avg. Pay								
20-24	16	1						17
Tot. Pay	\$562,916	\$59,649						\$622,565
Avg. Pay	\$35,182	\$59,649						\$36,621
25-29	82	45						127
Tot. Pay	\$3,230,285	\$2,041,906						\$5,272,191
Avg. Pay	\$39,394	\$45,376						\$41,513
30-34	41	88	38	1				168
Tot. Pay	\$1,575,277	\$4,115,310	\$1,863,674	\$54,169				\$7,608,430
Avg. Pay	\$38,421	\$46,765	\$49,044	\$54,169				\$45,288
35-39	35	59	91	24				209
Tot. Pay	\$1,389,678	\$2,775,015	\$4,586,667	\$1,303,058				\$10,054,418
Avg. Pay	\$39,705	\$47,034	\$50,403	\$54,294				\$48,107
40-44	19	31	41	50	16	1		158
Tot. Pay	\$759,563	\$1,420,555	\$1,994,337	\$2,646,509	\$899,966	\$41,191		\$7,762,121
Avg. Pay	\$39,977	\$45,824	\$48,642	\$52,930	\$56,248	\$41,191		\$49,127
45-49	10	17	34	35	32	21		149
Tot. Pay	\$329,469	\$691,016	\$1,649,490	\$1,754,417	\$1,944,663	\$1,229,366		\$7,598,421
Avg. Pay	\$32,947	\$40,648	\$48,514	\$50,126	\$60,771	\$58,541		\$50,996
50-54	4	10	19	18	30	21	1	103
Tot. Pay	\$161,243	\$457,060	\$853,401	\$838,678	\$1,737,282	\$1,165,839	\$85,250	\$5,298,753
Avg. Pay	\$40,311	\$45,706	\$44,916	\$46,593	\$57,909	\$55,516	\$85,250	\$51,444
55-59	2	3	11	8	12	13	2	51
Tot. Pay	\$34,682	\$119,805	\$506,809	\$351,019	\$670,704	\$655,562	\$115,332	\$2,453,913
Avg. Pay	\$17,341	\$39,935	\$46,074	\$43,877	\$55,892	\$50,428	\$57,666	\$48,116
60-64		1	1	5	4	3	1	15
Tot. Pay		\$30,386	\$30,626	\$217,623	\$226,794	\$155,021	\$30,666	\$691,116
Avg. Pay		\$30,386	\$30,626	\$43,525	\$56,699	\$51,674	\$30,666	\$46,074
65-69					1			1
Tot. Pay					\$48,112			\$48,112
Avg. Pay					\$48,112			\$48,112
70 & Over								
Tot. Pay								
Avg. Pay								
<b>Totals</b>	209	255	235	141	95	59	4	998
<b>Tot. Pay</b>	\$8,043,113	\$11,710,702	\$11,485,004	\$7,165,473	\$5,527,521	\$3,246,979	\$231,248	\$47,410,040
<b>Avg. Pay</b>	\$38,484	\$45,924	\$48,872	\$50,819	\$58,184	\$55,034	\$57,812	\$47,505

**LAW ENFORCEMENT DIVISION  
INACTIVE MEMBERS IN VALUATION DECEMBER 31, 2006  
BY ATTAINED AGE AND YEARS OF SERVICE**

---

Attained Ages	Years of Service to Valuation Date							Total Number
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
15-19								
20-24	3							3
25-29	51	4						55
30-34	110	24	2					136
35-39	123	31	14	3				171
40-44	64	11	16	5				96
45-49	49	17	12	13	7			98
50-54	41	10	14	13	7	2		87
55-59	41	5	9	5	1	2		63
60-64	13	3	2	4	1			23
65-69	14			1				15
70 & Over	8	1						9
<b>Totals</b>	<b>517</b>	<b>106</b>	<b>69</b>	<b>44</b>	<b>16</b>	<b>4</b>		<b>756</b>

---

## **SECTION IX**

### **ALLOWANCES BEING PAID TO RETIREES AND BENEFICIARIES**

---

**MONTHLY ALLOWANCES OF RETIRED LIVES  
BY YEAR OF RETIREMENT  
AS OF DECEMBER 31, 2006**

<b>Year of Retirement</b>	<b>No.</b>	<b>Initial</b>	<b>Post-Ret. Increase</b>	<b>Total</b>	<b>Average</b>
2006	8,954	\$ 15,824,957	\$ 67,129	\$ 15,892,086	\$1,775
2005	9,231	16,821,276	568,782	17,390,058	1,884
2004	8,846	15,074,005	952,191	16,026,196	1,812
2003	8,388	14,359,197	1,333,553	15,692,750	1,871
2002	9,427	15,585,347	1,920,448	17,505,795	1,857
2001	7,825	12,233,769	1,868,213	14,101,982	1,802
2000	7,619	11,035,197	1,963,045	12,998,242	1,706
1999	6,686	9,236,472	1,799,472	11,035,944	1,651
1998	6,678	8,522,907	1,817,074	10,339,981	1,548
1997	6,341	8,236,490	1,970,480	10,206,970	1,610
1996	6,286	7,540,739	2,015,594	9,556,333	1,520
1995	5,721	6,636,351	1,943,788	8,580,139	1,500
1990-1994	23,137	22,710,890	8,705,582	31,416,472	1,358
1985-1989	20,583	16,634,809	9,170,714	25,805,523	1,254
1980-1984	13,310	7,047,410	5,556,157	12,603,567	947
1975-1979	7,049	2,651,863	3,552,439	6,204,302	880
1970-1974	2,127	510,538	1,089,719	1,600,257	752
1965-1969	572	119,981	364,768	484,749	847
1960-1964	212	45,975	148,622	194,597	918
Before 1960	49	9,735	39,364	49,099	1,002
<b>TOTAL</b>	<b>159,041</b>	<b>\$190,837,908</b>	<b>\$46,847,134</b>	<b>\$237,685,042</b>	<b>\$1,494</b>

**MONTHLY ALLOWANCES OF RETIRED LIVES  
BY YEARS OF SERVICE  
AS OF DECEMBER 31, 2006**

<b>Years of Service</b>	<b>No.</b>	<b>Initial</b>	<b>Post-Ret. Increase</b>	<b>Total</b>	<b>Average</b>
<5 or n/a	5,143	\$ 1,443,441	\$ 390,924	\$ 1,834,365	\$357
5	4,227	1,376,031	339,262	1,715,293	406
6	3,316	1,113,465	300,307	1,413,772	426
7	3,072	1,107,542	304,983	1,412,525	460
8	2,767	1,034,599	290,041	1,324,640	479
9	2,140	878,274	259,211	1,137,485	532
10	8,622	3,400,127	875,633	4,275,760	496
11	4,973	2,183,516	604,750	2,788,266	561
12	4,944	2,295,187	665,070	2,960,257	599
13	4,463	2,306,019	680,125	2,986,144	669
14	4,346	2,330,094	715,277	3,045,371	701
15	4,773	2,838,449	842,821	3,681,270	771
16	4,654	2,983,605	877,791	3,861,396	830
17	4,235	3,060,841	886,000	3,946,841	932
18	4,223	3,220,739	947,258	4,167,997	987
19	4,180	3,347,772	973,738	4,321,510	1,034
20	4,989	4,402,036	1,258,437	5,660,473	1,135
21	4,302	4,124,237	1,175,276	5,299,513	1,232
22	3,939	4,071,820	1,135,009	5,206,829	1,322
23	3,888	4,291,044	1,161,420	5,452,464	1,402
24	3,728	4,416,158	1,156,230	5,572,388	1,495
25	7,109	9,579,360	2,367,186	11,946,546	1,680
26	4,628	6,744,790	1,736,730	8,481,520	1,833
27	4,555	7,300,137	1,805,403	9,105,540	1,999
28	4,861	9,018,052	1,965,299	10,983,351	2,259
29	4,287	8,362,616	1,774,195	10,136,811	2,365
30	16,461	34,367,547	6,856,009	41,223,556	2,504
31	5,479	11,564,671	2,598,264	14,162,935	2,585
32	4,398	9,554,281	2,219,735	11,774,016	2,677
33	3,317	7,411,440	1,738,111	9,149,551	2,758
34	2,738	6,176,452	1,516,317	7,692,769	2,810
35	2,600	6,003,773	1,516,554	7,520,327	2,892
36	1,925	4,430,818	1,108,385	5,539,203	2,878
37	1,500	3,480,485	914,732	4,395,217	2,930
38	1,163	2,711,511	702,476	3,413,987	2,936
39	963	2,251,679	597,982	2,849,661	2,959
40 & Over	2,133	5,655,300	1,590,193	7,245,493	3,397
<b>TOTAL</b>	<b>159,041</b>	<b>\$190,837,908</b>	<b>\$46,847,134</b>	<b>\$237,685,042</b>	<b>\$1,494</b>

**ANNUITY AND PENSION RESERVE FUND**  
**ANNUAL ALLOWANCE, REPORTED ASSETS AND ACTUARIAL LIABILITIES**  
**COMPARATIVE STATEMENT**  
**(\$ MILLIONS)**

Valuation Date	Annual Allowances			Reported Assets*	Actuarial Liabilities	Ratio of Assets to Liabilities	Ratio of DB Active to Retired
	No.	\$ Millions	% of DB Payroll#				
6/30/1979	59,303	\$ 190	5.9 %	\$ 2,007	\$ 1,973	101.7 %	4.4
12/31/1979	60,887	207	6.4 %	2,209	2,154	102.6 %	4.3
12/31/1980	64,231	231	6.7 %	2,477	2,424	102.2 %	4.0
12/31/1981@	68,089	272	8.2 %	3,084	2,994	103.0 %	3.7
12/31/1982@	71,253	299	8.2 %	3,173	3,068	103.4 %	3.5
12/31/1983	74,442	333	8.7 % **	3,554	3,428	103.7 %	3.3
12/31/1984	77,493	386	9.5 % **	3,993	3,993	100.0 %	3.2
12/31/1985	80,999	429	10.0 % **	4,498	4,456	100.9 %	3.1
12/31/1986	84,892	474	10.4 % **	4,965	4,935	100.6 %	3.0
12/31/1987	86,924	518	10.6 % **	5,485	5,437	100.9 %	3.0
12/31/1988	89,972	581	10.9 % **	6,182	6,173	100.1 %	2.9
12/31/1989@	92,504	661	12.4 % **	6,985	6,911	101.1 %	2.9
12/31/1990	94,088	706	11.7 % **	7,438	7,338	101.4 %	3.0
12/31/1991	95,843	762	11.5 % **	8,014	7,904	101.4 %	3.4
12/31/1992	98,609	835	12.1 % **	8,814	8,692	101.4 %	3.4
12/31/1993	100,651	901	12.5 % **	9,390	9,356	100.4 %	3.4
12/31/1994	102,587	958	12.6 % **	9,964	9,893	100.7 %	3.3
12/31/1995	104,806	1,036	13.0 % **	10,808	10,737	100.7 %	3.3
12/31/1996@	107,617	1,141	13.7 % **	11,819	11,762	100.5 %	3.3
12/31/1997	110,470	1,233	14.3 % **	12,843	12,755	100.7 %	3.2
12/13/1998	113,000	1,327	14.7 % **	13,885	13,751	101.0 %	3.1
12/31/1999+	115,431	1,530	16.1 % **	14,978	16,139	92.8 %	3.1
12/31/2000	118,620	1,641	16.1 % **	16,980	16,980	100.0 %	3.1
12/31/2001@	121,875	1,775	16.5 % **	18,001	18,001	100.0 %	3.0
12/31/2002	126,409	1,958	17.5 % **	20,085	20,085	100.0 %	2.9
12/31/2003	130,433	2,136	19.1 % **	22,535	22,535	100.0 %	2.7
12/31/2004	134,535	2,311	20.2 % **	24,470	24,470	100.0 %	2.6
12/31/2005	138,996	2,508	21.2 % **	26,646	26,646	100.0 %	2.6
12/31/2005@	138,996	2,508	21.2 % **	27,084	27,084	100.0 %	2.6
12/31/2006	144,037	2,710	22.3 % **	29,304	29,304	100.0 %	2.5

\* Including certain recommended transfers and accrued transfers.

# Through 1979, June allowances are compared to December payroll.

@ Revised actuarial assumptions.

\*\* Excluding health insurance and Medicare payments.

+ Including estimated effect of legislated benefit changes.

**ANNUITY AND PENSION RESERVE FUND  
 RETIREES AND BENEFICIARIES DECEMBER 31, 2006  
 TYPE OF BENEFIT, MONTHLY AMOUNT AND ACTUARIAL LIABILITIES**

---

Type of Allowance	Number	Current Total \$	Actuarial Liabilities
Superannuation Retirement			
Plan A - Joint & 50%	18,679	\$ 34,335,584	\$ 4,716,277,588
Plan B - Straight Life	56,727	82,305,896	9,490,612,398
Plan C - Special Joint & Survivor	12,346	24,630,069	3,580,916,260
Plan D - Joint & 100%	17,555	30,810,250	4,862,436,529
Plan E - Life & 0 to 5 Years Guaranteed	327	381,554	41,091,882
- Life & 6 to 10 Years Guaranteed	425	573,027	60,971,481
- Life & 11 to 15 Years Guaranteed	641	769,145	78,040,181
- Life & 16 to 20 Years Guaranteed	26	46,933	7,147,351
Money Purchase	1,280	440,699	44,591,296
Survivor Beneficiary - Life Benefit	15,123	13,151,088	1,219,240,541
Survivor Beneficiary - Temporary Benefit	93	89,089	3,200,442
Total Superannuation	123,222	\$187,533,334	\$24,104,525,949
Disability Retirement	20,815	\$ 38,309,543	\$ 5,199,129,233
<b>Total from A &amp; PR</b>	<b>144,037</b>	<b>\$225,842,877</b>	<b>\$29,303,655,182</b>

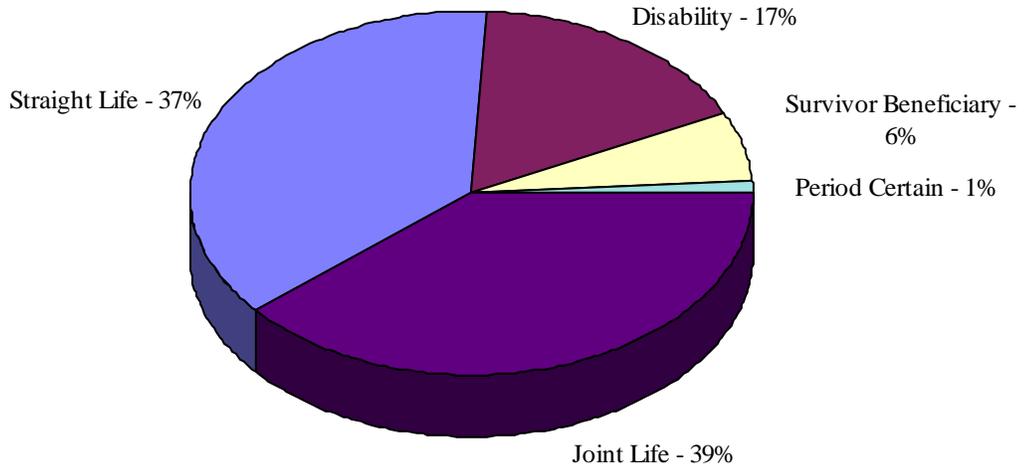
**ANNUITY AND PENSION RESERVE FUND  
 RETIREES AND BENEFICIARIES DECEMBER 31, 2006  
 TYPE OF BENEFIT AND AMOUNT BY GENDER OF RECIPIENT**

Type of Allowance	Men		Women		Total	
	Number	Monthly Allowances	Number	Monthly Allowances	Number	Monthly Allowances
Superannuation Retirement						
Plan A - Joint & 50%	13,575	\$26,551,750	5,104	\$ 7,783,834	18,679	\$ 34,335,584
Plan B - Straight Life	17,356	29,971,522	39,371	52,334,374	56,727	82,305,896
Plan C - Special Joint & Survivor	5,374	13,284,647	6,972	11,345,422	12,346	24,630,069
Plan D - Joint & 100%	14,909	27,368,007	2,646	3,442,243	17,555	30,810,250
Plan E - Life & 0 to 5 Years Guaranteed	154	204,123	173	177,431	327	381,554
- Life & 6 to 10 Years Guaranteed	240	351,005	185	222,022	425	573,027
- Life & 11 to 15 Years Guaranteed	420	533,775	221	235,370	641	769,145
- Life & 16 to 20 Years Guaranteed	17	33,844	9	13,089	26	46,933
Money Purchase	924	366,237	356	74,462	1,280	440,699
Survivor Beneficiary - Life Benefit	1,089	619,316	14,034	12,531,772	15,123	13,151,088
Survivor Beneficiary - Temporary Benefit	30	26,660	63	62,429	93	89,089
Total Superannuation	54,088	\$99,310,886	69,134	\$88,222,448	123,222	\$187,533,334
Disability Retirement	10,833	\$22,052,601	9,982	\$16,256,942	20,815	\$ 38,309,543
<b>Total from A &amp; PR</b>	<b>64,921</b>	<b>\$121,363,487</b>	<b>79,116</b>	<b>\$104,479,390</b>	<b>144,037</b>	<b>\$225,842,877</b>

**ANNUITIES BEING PAID BY TYPE**  
**DECEMBER 31, 2006**

---

**Annuity and Pension Reserve Fund**

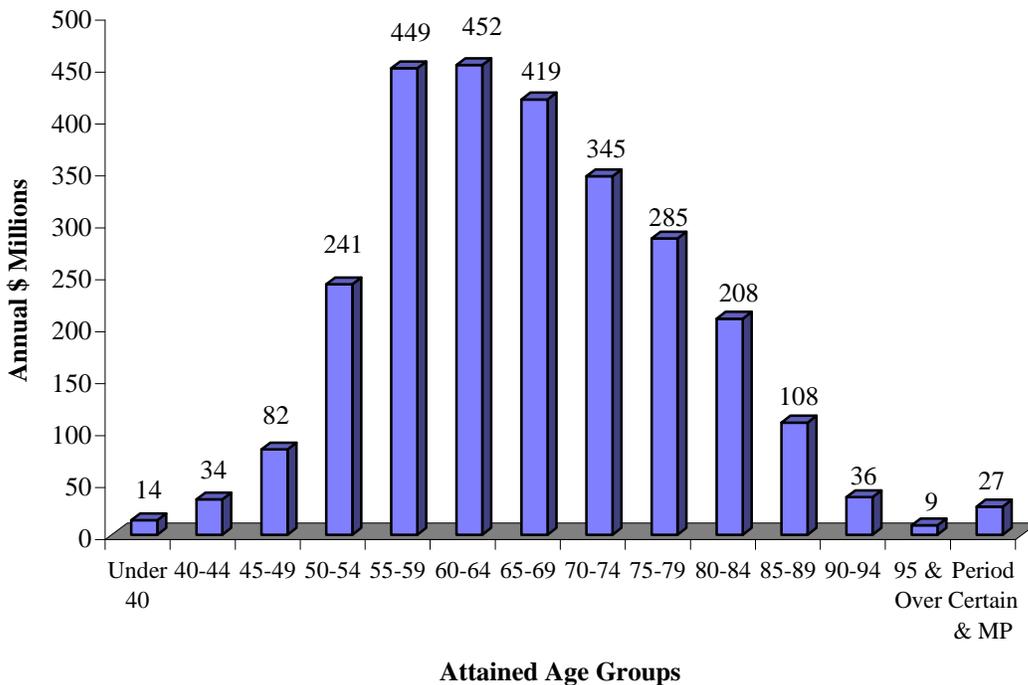
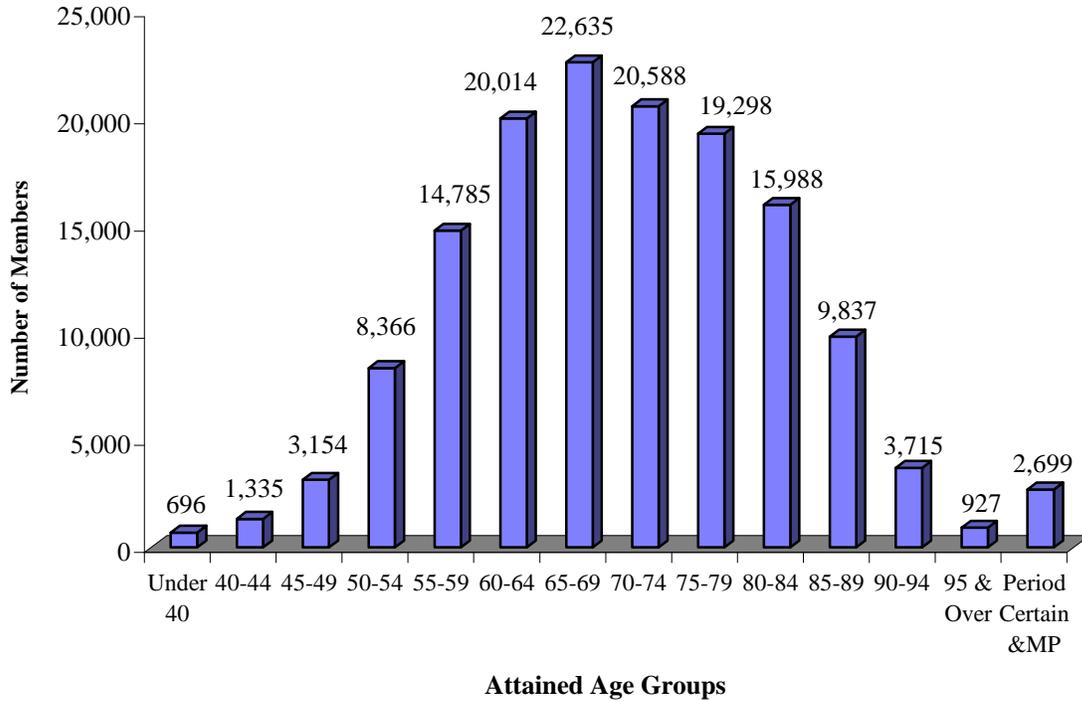


**ANNUITY AND PENSION RESERVE FUND  
RETIREES AND BENEFICIARIES DECEMBER 31, 2006  
CURRENT MONTHLY TOTAL \$ BY ATTAINED AGES**

Attained Ages	Superannuation		Disability		Totals	
	No.	Monthly Total \$	No.	Monthly Total \$	No.	Monthly Total \$
Under 20	9	\$ 3,362			9	\$ 3,362
20-24	11	6,656			11	6,656
25-29	10	5,120	13	\$ 17,021	23	22,141
30-34	11	8,103	106	153,465	117	161,568
35-39	25	21,235	511	973,612	536	994,847
40-44	56	33,178	1,279	2,785,096	1,335	2,818,274
45-49	516	1,113,691	2,638	5,724,213	3,154	6,837,904
50-54	4,386	11,731,729	3,980	8,366,834	8,366	20,098,563
55-59	10,252	28,606,678	4,533	8,817,437	14,785	37,424,115
60-64	16,461	31,636,469	3,553	6,035,019	20,014	37,671,488
65-69	20,760	32,177,478	1,875	2,776,739	22,635	34,954,217
70-74	19,606	27,516,864	982	1,261,388	20,588	28,778,252
75-79	18,580	22,971,068	718	789,857	19,298	23,760,925
80-84	15,576	16,947,967	412	417,518	15,988	17,365,485
85-89	9,653	8,818,412	184	169,623	9,837	8,988,035
90-94	3,687	2,953,908	28	19,383	3,715	2,973,291
95 & Over	924	770,058	3	2,338	927	772,396
Period Certain & Money Purchase	2,699	2,211,358			2,699	2,211,358
<b>Totals</b>	<b>123,222</b>	<b>\$187,533,334</b>	<b>20,815</b>	<b>\$38,309,543</b>	<b>144,037</b>	<b>\$225,842,877</b>

**ANNUITY AND PENSION RESERVE FUND  
BENEFITS BEING PAID BY ATTAINED AGES  
DECEMBER 31, 2006**

---



**ANNUITY AND PENSION RESERVE FUND  
PERCENT OF RECIPIENTS  
BY AGE GROUPS  
AND YEAR**

<b>Attained Age Group</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>
Under 30	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
30-39	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
40-49	3.1%	3.3%	3.4%	3.5%	3.5%	3.3%	3.2%	3.1%	2.9%	2.8%	2.7%
50-59	16.1%	15.8%	14.7%	13.7%	12.9%	11.7%	10.7%	9.8%	9.2%	8.6%	7.9%
60-69	29.6%	28.9%	28.8%	28.6%	28.3%	28.1%	28.2%	28.9%	29.1%	29.4%	29.9%
70-79	27.7%	28.5%	29.4%	30.4%	31.5%	32.7%	34.0%	35.5%	36.3%	37.1%	37.7%
80-89	17.9%	18.0%	18.2%	18.3%	18.4%	18.7%	18.5%	18.7%	18.6%	18.4%	18.2%
90 & Over	3.2%	3.2%	3.2%	3.2%	3.1%	3.1%	3.0%	3.1%	3.0%	2.9%	2.8%
Period Certain & MP	1.9%	1.8%	1.8%	1.8%	1.7%	1.8%	1.8%	0.3%	0.3%	0.2%	0.2%
<b>TOTALS</b>	<b>100.0%</b>										
Average Age	70.2	70.2	70.4	70.6	70.7	71.0	71.2	71.4	71.5	71.6	71.6

**STATE DIVISION**  
**SURVIVOR BENEFIT FUND TABULATED BY**  
**TYPE OF BENEFIT BEING PAID AND MONTHLY AMOUNT**  
**DECEMBER 31, 2006**

Group	Number	Current Total	Actuarial Liabilities
<b>S-1 - Survivor Benefit to Beneficiary of Deceased Member Joint and Survivor Computation</b>			
Men	106	\$ 98,090	\$ 9,634,974
Women	745	910,213	91,708,793
<b>Totals</b>	<b>851</b>	<b>\$1,008,303</b>	<b>\$101,343,767</b>
<b>S-2 - Survivor Benefit to Beneficiary of Deceased Member Fixed Rate Amount</b>			
Widower - no child	519	\$ 454,022	\$ 57,041,210
Widower - child	61	52,137	8,895,159
Child's record	124	63,060	4,288,854
Parent	2	1,966	113,429
Other	0	0	0
Child only	188	130,080	6,962,222
Subtotals - male	894	701,265	\$ 77,300,874
Widower - no child	2,245	\$2,036,287	\$246,431,738
Widower - child	168	154,038	27,548,325
Child's record	209	98,700	7,323,767
Parent	2	1,336	134,970
Other	0	0	0
Child only	186	129,714	6,693,518
Subtotals - female	2,810	2,420,075	288,132,318
<b>Totals</b>	<b>3,704</b>	<b>\$3,121,340</b>	<b>\$365,433,192</b>
<b>Total Benefits Being Paid from Survivor Benefit Fund</b>			
Men	1,000	\$799,355	\$86,935,848
Women	3,555	3,330,288	379,841,111
<b>Totals</b>	<b>4,555</b>	<b>\$4,129,643</b>	<b>\$466,776,959</b>

**LOCAL GOVERNMENT DIVISION  
SURVIVOR BENEFIT FUND TABULATED BY  
TYPE OF BENEFIT BEING PAID AND MONTHLY AMOUNT  
DECEMBER 31, 2006**

Group	Number	Current Total	Actuarial Liabilities
<b>S-1 - Survivor Benefit to Beneficiary of Deceased Member Joint and Survivor Computation</b>			
Men	167	\$ 126,547	\$ 12,485,701
Women	1,436	1,439,923	149,312,317
<b>Totals</b>	<b>1,603</b>	<b>1,566,470</b>	<b>161,798,018</b>
<b>S-2 - Survivor Benefit to Beneficiary of Deceased Member Fixed Rate Amount</b>			
Widower - no child	891	\$ 582,223	\$ 70,656,478
Widower - child	83	52,174	9,086,921
Child's record	209	83,468	6,726,865
Parent	2	1,370	82,272
Other	2	1,047	144,251
Child only	336	196,937	12,545,244
Subtotals - male	1,523	917,219	99,242,031
Widower - no child	5,053	\$3,782,278	\$445,754,020
Widower - child	334	258,938	46,232,252
Child's record	451	191,140	15,816,762
Parent	4	3,703	240,939
Other	2	1,609	197,823
Child only	322	181,257	10,135,072
Subtotals - female	6,166	4,418,925	518,376,868
<b>Totals</b>	<b>7,689</b>	<b>5,336,144</b>	<b>617,618,899</b>
<b>Total Benefits Being Paid from Survivor Benefit Fund</b>			
Men	1,690	\$1,043,766	\$111,727,732
Women	7,602	5,858,848	667,689,185
<b>Totals</b>	<b>9,292</b>	<b>\$6,902,614</b>	<b>\$779,416,917</b>

**PUBLIC SAFETY DIVISION**  
**SURVIVOR BENEFIT FUND TABULATED BY**  
**TYPE OF BENEFIT BEING PAID AND MONTHLY AMOUNT**  
**DECEMBER 31, 2006**

Group	Number	Current	Total	Actuarial Liabilities
<b>S-1 - Survivor Benefit to Beneficiary of Deceased Member</b>				
<b>Joint and Survivor Computation</b>				
Men	0	\$ 0		\$ 0
Women	0		0	0
Totals	0	\$ 0		\$ 0
<b>S-2 - Survivor Benefit to Beneficiary of Deceased Member</b>				
<b>Fixed Rate Amount</b>				
Widower - no child	4	\$ 3,408		\$ 347,269
Widower - child	0		0	0
Child's record	2	1,264		106,069
Other	0		0	0
Child only	6	4,594		241,916
Subtotals - male	12	9,266		695,254
Widower - no child	44	\$ 54,949		\$ 9,103,565
Widower - child	6	7,216		1,320,164
Child's record	5	4,301		237,461
Other	3	3,001		136,357
Child only	0		0	0
Subtotals - female	58	69,467		10,797,547
Totals	70	\$ 78,733		\$ 11,492,801
<b>Total Benefits Being Paid from Survivor Benefit Fund</b>				
Men	12	\$ 9,266		\$ 695,254
Women	58	69,467		10,797,547
<b>Totals</b>	<b>70</b>	<b>\$78,733</b>		<b>\$11,492,801</b>

**LAW ENFORCEMENT DIVISION  
SURVIVOR BENEFIT FUND TABULATED BY  
TYPE OF BENEFIT BEING PAID AND MONTHLY AMOUNT  
DECEMBER 31, 2006**

Group	Number	Current Total	Actuarial Liabilities
<b>S-1 - Survivor Benefit to Beneficiary of Deceased Member Joint and Survivor Computation</b>			
Men	0	\$ 0	\$ 0
Women	42	62,865	7,781,206
Totals	42	\$ 62,865	\$ 7,781,206
<b>S-2 - Survivor Benefit to Beneficiary of Deceased Member Fixed Rate Amount</b>			
Widower - no child	3	\$ 2,837	\$ 450,126
Widower - child	2	1,724	326,099
Child's record	15	7,082	584,543
Other	0	0	0
Child only	10	5,667	274,719
Subtotals - male	30	17,310	1,635,487
Widower - no child	117	\$ 98,529	\$ 14,282,614
Widower - child	24	22,197	4,050,716
Child's record	26	11,340	660,124
Other	16	10,504	322,383
Child only	0	0	0
Subtotals - female	183	142,570	19,315,837
Totals	213	\$ 159,880	\$ 20,951,324
<b>Total Benefits Being Paid from Survivor Benefit Fund</b>			
Men	30	\$ 17,310	\$ 1,635,487
Women	225	205,435	27,097,043
<b>Totals</b>	<b>255</b>	<b>\$ 222,745</b>	<b>\$ 28,732,530</b>

**STATE DIVISION  
DEFERRED SURVIVOR BENEFICIARIES  
TABULATED BY GENDER AND DEFERRED AGE  
DECEMBER 31, 2006**

---

<b>Group</b>	<b>Number</b>	<b>Current Total</b>	<b>Actuarial Liabilities</b>
Widowers			
Deferred to age 50	0	\$ 0	\$ 0
Deferred to age 62	78	50,690	4,498,635
Deferred to age 65	1	171	17,862
Total	79	50,861	4,516,497
Widows			
Deferred to age 50	3	2,522	380,273
Deferred to age 62	174	120,221	10,837,757
Deferred to age 65	1	818	25,521
Total	178	123,561	11,243,551
<b>Totals</b>	<b>257</b>	<b>\$174,422</b>	<b>\$15,760,048</b>

**LOCAL GOVERNMENT DIVISION  
DEFERRED SURVIVOR BENEFICIARIES  
TABULATED BY GENDER AND DEFERRED AGE  
DECEMBER 31, 2006**

---

<b>Group</b>	<b>Number</b>	<b>Current Total</b>	<b>Actuarial Liabilities</b>
<b>Widowers</b>			
Deferred to age 50	0	\$ 0	\$ 0
Deferred to age 62	117	56,892	5,055,260
Deferred to age 65	0	0	0
<b>Total</b>	117	56,892	5,055,260
<b>Widows</b>			
Deferred to age 50	5	4,149	683,350
Deferred to age 62	430	256,774	23,298,412
Deferred to age 65	0	0	0
<b>Total</b>	435	260,923	23,981,762
<b>Totals</b>	<b>552</b>	<b>\$317,815</b>	<b>\$29,037,022</b>

**PUBLIC SAFETY DIVISION  
 DEFERRED SURVIVOR BENEFICIARIES  
 TABULATED BY GENDER AND DEFERRED AGE  
 DECEMBER 31, 2006**

---

Group	Number	Current Total	Actuarial Liabilities
Widowers			
Deferred to age 50	0	\$ 0	\$ 0
Total	0	0	0
Widows			
Deferred to age 50	0	\$ 0	\$ 0
Deferred to age 62	7	4,016	176,932
Total	7	4,016	176,932
<b>Totals</b>	<b>7</b>	<b>\$4,016</b>	<b>\$176,932</b>

**LAW ENFORCEMENT DIVISION  
 DEFERRED SURVIVOR BENEFICIARIES  
 TABULATED BY GENDER AND DEFERRED AGE  
 DECEMBER 31, 2006**

---

Group	Number	Current Total	Actuarial Liabilities
Widowers			
Deferred to age 50	0	\$ 0	\$ 0
Deferred to age 62	1	608	68,067
Total	1	608	68,067
Widows			
Deferred to age 50	0	\$ 0	\$ 0
Deferred to age 62	15	11,569	1,105,378
Total	15	11,569	1,105,378
<b>Totals</b>	<b>16</b>	<b>\$12,177</b>	<b>\$1,173,445</b>

**SURVIVOR BENEFIT FUND**  
**REPORTED ASSETS AND LIABILITIES**  
**DIVISIONS COMBINED**

Valuation Date	Monthly Allowances				\$ Millions		Ratio of Assets to Liabilities
	Current		Deferred		Reported Assets+	Actuarial Liabilities	
	No.	Amount	No.	Amount			
6/30/1977	8,153	\$ 1,659,897	1,003	\$ 125,094	\$ 257.0	\$ 204.6	126 %
6/30/1978	8,559	1,799,580	1,004	135,944	301.2	224.5	134 %
6/30/1979	8,824	1,914,251	1,039	146,549	355.2	245.1	145 %
12/31/1979	8,971	2,033,403	1,044	155,890	383.0	259.5	148 %
12/31/1980	9,389	2,220,641	1,022	170,246	429.4	285.4	150 %
12/31/1981@	9,629	2,468,950	1,045	191,228	460.6	336.0	137 %
12/31/1982@	9,913	2,654,686	1,006	199,239	499.7	330.6	151 %
12/31/1983	10,132	2,812,639	1,020	225,475	454.7	352.8	129 %
12/31/1984*	11,819	3,119,531	990	248,373	492.2	451.1	109 %
12/31/1985	11,889	3,278,253	979	259,842	532.8	469.6	113 %
12/31/1986	12,054	3,489,915	960	268,931	575.5	451.2	128 %
12/31/1987	12,153	3,656,420	933	279,327	626.1	472.9	132 %
12/31/1988	12,237	3,822,085	941	283,026	490.8	490.8	100 %
12/31/1989@	12,198	4,177,540	941	320,792	525.3	522.1	101 %
12/31/1990	12,182	4,330,622	907	321,218	542.5	537.1	101 %
12/31/1991	12,268	4,528,326	860	314,414	567.9	557.1	102 %
12/31/1992	12,318	4,750,848	852	329,509	589.8	583.3	101 %
12/31/1993	12,437	4,985,681	862	345,937	620.7	607.7	102 %
12/31/1994	12,569	5,207,186	845	347,178	641.5	628.5	102 %
12/31/1995	12,608	5,408,577	866	376,573	668.9	652.4	103 %
12/31/1996@	12,724	5,822,113	878	395,594	711.6	710.6	100 %
12/31/1997	12,856	6,074,566	932	433,430	743.0	740.5	100 %
12/13/1998	13,079	6,337,739	1,060	500,514	780.2	779.6	100 %
12/31/1999#	13,236	7,345,740	989	550,153	801.4	910.9	88 %
12/31/2000	13,317	9,026,315	666	348,886	1,037.4	1,037.4	100 %
12/31/2001@	13,588	9,449,543	993	490,441	1,086.4	1,086.4	100 %
12/31/2002	13,708	9,764,826	902	470,284	1,120.2	1,120.2	100 %
12/31/2003	13,988	10,246,174	842	493,329	1,193.1	1,193.1	100 %
12/31/2004	13,903	10,503,169	858	524,733	1,227.1	1,227.1	100 %
12/31/2005	14,108	10,948,727	831	528,162	1,279.1	1,279.1	100 %
12/31/2005@	14,108	10,948,727	831	528,162	1,289.3	1,289.3	100 %
12/31/2006	14,172	11,333,735	832	508,430	1,332.6	1,332.6	100 %

@ Revised actuarial assumptions.

\* Benefits increased.

# After benefit changes.

+ Includes certain recommended transfers and accrued transfers.

---

## **SECTION X**

### ACTUARIAL METHODS AND ASSUMPTIONS

---

**SUMMARY OF  
ACTUARIAL METHODS AND ASSUMPTIONS USED FOR OPERS  
ACTUARIAL VALUATIONS  
ASSUMPTIONS ADOPTED BY RETIREMENT BOARD  
AFTER CONSULTING WITH ACTUARY**

---

*The individual entry age actuarial cost method of valuation* was used in determining liabilities and normal cost. Differences in the past between assumed experience and actual experience (“actuarial gains and losses”) become part of actuarial accrued liabilities.

Unfunded actuarial accrued liabilities are amortized to produce payments (principal & interest) which are level percent of payroll contributions.

*The actuarial assumptions used* in the valuation are shown in this Section. Economic assumptions were established following the December 31, 2000 actuarial valuation. Decrement assumptions were revised following the December 31, 2005 actuarial valuation.

***ECONOMIC ASSUMPTIONS***

---

*The investment return rate* assumed in the valuations was 8.00% per year, compounded annually (net after administrative expenses).

*The wage inflation rate* assumed in this valuation was 4.00% per year. The wage inflation rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes rated to individual merit and seniority effects.

No specific *price inflation* assumption is required to perform this valuation, since there are no benefits that are linked to price increases. However, a price inflation assumption on the order of 3.0% to 3.5% would be consistent with the other economic assumptions.

*The assumed real rate of return* over wage inflation is defined to be the portion of total investment return that is more than the assumed total wage growth rate. Considering other economic assumptions, the 8.00% investment return rate translates to an assumed real rate of return over wage inflation of 4.00%. The assumed real rate of return over price inflation would be higher – on the order of 4.5% to 5.5% – considering both an inflation assumption and an average expense provision.

*The active member population* (the sum of the Traditional and Combined Plan active members) is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll (the sum of the Traditional and Combined Plan active payroll) is assumed to grow at the wage inflation rate – 4.00% per year.

*Pay increase assumptions* for individual active members are shown for sample ages on pages X-5, X-6, X-7 & X-8. Part of the assumption for each age is for merit and/or seniority increase, and the other 4.00% recognizes wage inflation, including price inflation, productivity increases, and other macro economic forces.

## ***NON-ECONOMIC ASSUMPTIONS***

---

***The post-retirement mortality rates*** used in evaluating age and service and survivor benefit allowances to be paid were 110% of RP-2000 mortality table for males and 100% of RP-2000 mortality table for females with 15 years of projected mortality improvements. Related values are shown on page X-9. The mortality rates used in evaluating disability allowances were the RP-2000 mortality table for disabled lives, setback 4 years for males and setforward 4 years for females.

***The probabilities of unreduced and reduced age and service retirement*** are shown on pages X-3 and X-4.

***The probabilities of withdrawal from service, disability and death-in-service*** are shown for sample ages on pages X-5, X-6, X-7 & X-8. For withdrawal from service it was assumed that members terminating before age 35, members terminating with less than 5 years of service, and a percentage of all other members would withdraw their contributions and forfeit their entitlement to an employer financed benefit. The percentage is 100% at age 35 and is reduced for each year of age after 35, becoming 0% at age 55 (age 45 for law members).

***For purposes of death-in-service and disability benefits,*** it is assumed that Combined Plan members will take a benefit from the Traditional Plan, unless a lump sum distribution from the Combined Plan would have a greater value.

***Defined Contribution Accounts under the Combined Plan*** are assumed to earn 8% per year.

***The Funding Value of Defined Benefit Assets*** recognizes assumed investment return fully each year. Differences between actual and assumed investment return are phased in over a closed 4-year period. Funding value is not permitted to deviate from market value by more than 12%. Traditional and Combined Plan retiree health funding value of assets are developed independently beginning with the December 31, 2004 valuation.

***Present assets (cash & investments) at funding value*** are shown on pages II-2 and II-3.

---

The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (M.A.A.A.). Great care was taken in the production of this report, but there may be cases where schedules do not add, or where they do not exactly balance to other related schedules due to rounding.

***Probabilities of Unreduced Age and Service Retirement***

Ages	Percent of Eligible Active Members Retiring Within Next Year					
	State		Local Government		Public Safety	Law Enforcement
	Men	Women	Men	Women		
45	40%	30%	30%	30%		
46	40%	30%	30%	30%		
47	40%	30%	30%	30%		
48	40%	30%	30%	30%	30%	20%
49	40%	30%	30%	30%	30%	20%
50	40%	30%	30%	30%	30%	20%
51	40%	30%	30%	30%	30%	20%
52	35%	30%	30%	30%	30%	20%
53	35%	30%	30%	30%	30%	22%
54	35%	30%	30%	30%	25%	22%
55	30%	30%	30%	30%	25%	22%
56	25%	30%	28%	30%	25%	22%
57	25%	30%	28%	30%	25%	22%
58	25%	30%	28%	30%	20%	22%
59	25%	30%	25%	30%	20%	25%
60	30%	35%	25%	30%	35%	30%
61	30%	35%	25%	30%	35%	20%
62	30%	35%	35%	30%	35%	25%
63	30%	35%	35%	30%	35%	25%
64	35%	35%	30%	30%	35%	25%
65	30%	30%	20%	20%	35%	30%
66	25%	20%	20%	20%	35%	30%
67	20%	20%	15%	15%	35%	30%
68	20%	20%	15%	15%	35%	30%
69	20%	20%	15%	15%	35%	30%
70	20%	20%	15%	15%	100%	100%
71	20%	20%	15%	15%	100%	100%
72	20%	20%	15%	15%	100%	100%
73	20%	20%	15%	15%	100%	100%
74	20%	20%	15%	15%	100%	100%
75 & Over	100%	100%	100%	100%	100%	100%
Ref	1309	1310	1311	1312	1334	1335

***Probabilities of Reduced Retirement***

Ages	Percent of Eligible Active Members Retiring Within Next Year				
	State		Local Government		Public Safety
	Men	Women	Men	Women	
48					15%
49					15%
50					15%
51					15%
52					
53					
54					
55	11%	11%	10%	12%	
56	11%	11%	10%	12%	
57	11%	11%	10%	12%	
58	11%	11%	10%	12%	
59	11%	11%	10%	12%	
60	11%	12%	10%	12%	
61	11%	14%	10%	12%	
62	16%	15%	15%	12%	
63	16%	15%	15%	12%	
64	16%	15%	12%	12%	
Ref	1313	1314	758	1315	1336

**STATE  
SEPARATIONS FROM ACTIVE EMPLOYMENT BEFORE AGE & SERVICE RETIREMENT  
& INDIVIDUAL PAY INCREASE ASSUMPTIONS**

Sample Ages	Years of Service	Percent of Active Members Separating Within the Next Year						Pay Increase Assumptions For An Individual Employee		
		Death		Withdrawal		Disability		Merit & Seniority	Base (Economy)	Increase Next Year
		Men	Women	Men	Women	Men	Women			
	0			40.00%	40.00%					
	1			25.00%	25.00%					
	2			15.00%	17.00%					
	3			10.00%	12.00%					
	4			8.00%	9.00%					
25	5 & Over	0.04%	0.01%	7.04%	8.40%	0.15%	0.15%	4.30%	4.00%	8.30%
30		0.04%	0.02%	5.44%	7.28%	0.18%	0.18%	3.00%	4.00%	7.00%
35		0.08%	0.03%	4.20%	5.48%	0.32%	0.32%	2.20%	4.00%	6.20%
40		0.11%	0.05%	3.32%	3.88%	0.52%	0.52%	1.80%	4.00%	5.80%
45		0.15%	0.08%	2.58%	3.16%	0.72%	0.72%	1.40%	4.00%	5.40%
50		0.21%	0.12%	2.18%	2.88%	0.92%	0.92%	1.20%	4.00%	5.20%
55		0.36%	0.19%	2.10%	2.74%	1.36%	1.36%	0.90%	4.00%	4.90%
60	0.67%	0.35%	2.10%	2.70%	2.20%	2.20%	0.70%	4.00%	4.70%	
Ref		#506x1sb0	#507x0.7sb0	47 #870x1	443 #871x1	#385x1	#385x1	301		

The pay increase assumptions are age based only, and not service based.

**LOCAL GOVERNMENT  
SEPARATIONS FROM ACTIVE EMPLOYMENT BEFORE AGE & SERVICE RETIREMENT  
& INDIVIDUAL PAY INCREASE ASSUMPTIONS**

---

Sample Ages	Years of Service	Percent of Active Members Separating Within the Next Year						Pay Increase Assumptions For An Individual Employee		
		Death		Withdrawal		Disability		Merit & Seniority	Base (Economy)	Increase Next Year
		Men	Women	Men	Women	Men	Women			
	0			40.00%	40.00%					
	1			25.00%	25.00%					
	2			15.00%	17.00%					
	3			10.00%	12.00%					
	4			8.00%	9.00%					
25	5 & Over	0.04%	0.01%	7.10%	8.40%	0.13%	0.12%	4.30%	4.00%	8.30%
30		0.04%	0.02%	5.90%	7.04%	0.17%	0.13%	3.00%	4.00%	7.00%
35		0.08%	0.03%	4.48%	5.50%	0.28%	0.21%	2.20%	4.00%	6.20%
40		0.11%	0.05%	3.32%	4.18%	0.44%	0.33%	1.80%	4.00%	5.80%
45		0.15%	0.08%	2.70%	3.40%	0.62%	0.45%	1.40%	4.00%	5.40%
50		0.21%	0.12%	2.50%	3.14%	0.90%	0.66%	1.20%	4.00%	5.20%
55		0.36%	0.19%	2.50%	3.04%	1.34%	0.98%	0.90%	4.00%	4.90%
60		0.67%	0.35%	2.50%	3.00%	1.54%	1.35%	0.70%	4.00%	4.70%
Ref		#506x1sb0	#507x0.7sb0	47 #872x1	443 #873x1	#333x1	#334x1	301		

The pay increase assumptions are age based only, and not service based.

**PUBLIC SAFETY**  
**SEPARATIONS FROM ACTIVE EMPLOYMENT BEFORE AGE & SERVICE RETIREMENT**  
**& INDIVIDUAL PAY INCREASE ASSUMPTIONS**

---

Sample Ages	Years of Service	Percent of Active Members Separating Within the Next Year						Pay Increase Assumptions For An Individual Employee		
		Death		Withdrawal		Disability		Merit & Seniority	Base (Economy)	Increase Next Year
		Men	Women	Men	Women	Men	Women			
	0			16.00%	18.00%					
	1			12.00%	12.00%					
	2			8.00%	8.00%					
	3			7.00%	7.00%					
	4			7.00%	7.00%					
25	5 & Over	0.04%	0.01%	4.70%	4.22%	0.20%	0.20%	6.30%	4.00%	10.30%
30		0.04%	0.02%	3.90%	3.16%	0.60%	0.60%	4.00%	4.00%	8.00%
35		0.08%	0.03%	2.90%	2.80%	0.90%	0.90%	1.60%	4.00%	5.60%
40		0.11%	0.05%	2.20%	2.80%	1.15%	1.15%	0.85%	4.00%	4.85%
45		0.15%	0.08%	1.76%	2.32%	1.50%	1.50%	0.60%	4.00%	4.60%
50		0.21%	0.12%	1.60%	2.00%	2.10%	2.10%	0.50%	4.00%	4.50%
55		0.36%	0.19%	1.60%	2.00%	3.10%	3.10%	0.50%	4.00%	4.50%
60		0.67%	0.35%	1.60%	2.00%	4.00%	4.00%	0.50%	4.00%	4.50%
Ref		#506x1sb0	#507x0.7sb0	445 #874x1	446 #875x1	#386x1	#386x1	303		

The pay increase assumptions are age based only, and not service based.

**LAW ENFORCEMENT**  
**SEPARATIONS FROM ACTIVE EMPLOYMENT BEFORE AGE & SERVICE RETIREMENT**  
**& INDIVIDUAL PAY INCREASE ASSUMPTIONS**

---

Sample Ages	Years of Service	Percent of Active Members Separating Within the Next Year						Pay Increase Assumptions For An Individual Employee		
		Death		Withdrawal		Disability		Merit & Seniority	Base (Economy)	Increase Next Year
		Men	Women	Men	Women	Men	Women			
	0			15.00%	18.00%					
	1			9.00%	12.00%					
	2			7.00%	8.00%					
	3			5.00%	7.00%					
	4			5.00%	7.00%					
25	5 & Over	0.04%	0.01%	3.54%	3.80%	0.20%	0.20%	6.30%	4.00%	10.30%
30		0.04%	0.02%	2.66%	2.90%	0.60%	0.60%	4.00%	4.00%	8.00%
35		0.08%	0.03%	2.14%	2.30%	0.90%	0.90%	1.60%	4.00%	5.60%
40		0.11%	0.05%	1.48%	1.50%	1.15%	1.15%	0.85%	4.00%	4.85%
45		0.15%	0.08%	1.20%	1.30%	1.50%	1.50%	0.60%	4.00%	4.60%
50		0.21%	0.12%	1.20%	1.20%	2.10%	2.10%	0.50%	4.00%	4.50%
55		0.36%	0.19%	1.20%	1.20%	3.10%	3.10%	0.50%	4.00%	4.50%
60		0.67%	0.35%	1.20%	1.20%	4.00%	4.00%	0.50%	4.00%	4.50%
Ref		#506x1sb0	#507x0.7sb0	375 #876x1	446 #575x1	#386x1	#386x1	303		

The pay increase assumptions are age based only, and not service based.

## *Single Life Retirement Values*

<b>Sample Attained Ages</b>	<b>Present Value of \$1 Monthly for Life Increasing 3.0% Annually (First Increase After 1 Year)</b>		<b>Future Life Expectancy (years)</b>	
	<b>Males</b>	<b>Females</b>	<b>Males</b>	<b>Females</b>
50	\$175.27	\$180.54	31.49	34.38
55	163.16	169.81	26.81	29.64
60	148.41	156.78	22.30	25.08
65	131.41	141.67	18.09	20.80
70	112.77	124.92	14.25	16.86
75	92.36	106.74	10.77	13.29
80	71.69	87.43	7.77	10.09
Ref:	:#397x1.1sb0	:#398x1sb0		

## MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

### DECEMBER 31, 2006

---

<b>Marriage Assumption:</b>	70% of males and 60% of females are assumed to be married for purposes of death-in-service benefits for State and Local members. 90% of males and 90% of females are assumed to be married for purposes of death-in-service benefits for Law members. Male spouses are assumed to be three years older than female spouses for active member valuation purposes. In retired or inactive cases where spouse information is needed, but not available, the three year age difference is also assumed.
<b>Pay Increase Timing:</b>	Beginning of year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<b>Final Average Salary:</b>	For present value of future benefit purposes, final average salary was calculated in accordance with pay increase assumptions, but was not permitted to fall below the final average salary reported in the data.
<b>Decrement Timing:</b>	Decrements are assumed to occur mid-year.
<b>Eligibility Testing:</b>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<b>Decrement Relativity:</b>	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
<b>Decrement Operation:</b>	Disability and mortality decrements do not operate during the first 5 years of service.
<b>Death after Disability:</b>	Death after disability benefits were approximated by assuming that the disability benefit would be paid as a joint and 35% survivor benefit for people in the original disability plan and as a joint and 20% survivor benefit for people in the post 1992 plan.
<b>Service Credit Accruals:</b>	It is assumed that members accrue one year of service credit per year. A (0.80)% factor is applied to State active member liabilities (other than for refunds) and a (1.00)% factor is applied to Local active member liabilities (other than for refunds) to recognize that a portion of the membership is part time.

**MISCELLANEOUS AND TECHNICAL ASSUMPTIONS**  
**DECEMBER 31, 2006 (CONCLUDED)**

---

- Miscellaneous Loads:** A 0.85% factor is applied to unreduced retirement and reduced retirement liabilities to recognize subsidized service purchases. Law active accrued liabilities for retirement are reduced by 10% to recognize that total service reported is not entirely Law service, and that non-Law service cannot be used to satisfy Law eligibility conditions.
- Incidence of Contributions:** Contributions are assumed to be received continuously throughout the year based upon contribution rates presented in the Summary of Benefits, and the actual payroll payable at the time contributions are made.
- Benefit Service:** Exact fractional service is used to determine the amount of benefit payable.
- Normal Form of Benefit:** The assumed normal form of benefit is a straight life benefit, except where otherwise noted.

---

## **SECTION XI**

### FINANCIAL PRINCIPLES

---

## FINANCIAL PRINCIPLES AND OPERATIONAL TECHNIQUES OF OPERS

---

***Promises Made, and To Be Paid For.*** As each year is completed, OPERS in effect hands an “IOU” to each member then acquiring a year of service credit --- the “IOU” says: “The Ohio Public Employees Retirement System owes you one year’s worth of retirement benefits, payments in cash commencing when you qualify for retirement.”

The related *key financial questions* are:

***Which generation of taxpayers contributes the money to cover the IOU?***

***The present taxpayers***, who receive the benefit of the member’s present year of service? ***Or the future taxpayers***, who happen to be in Ohio at the time the IOU becomes a cash demand, years and often decades later?

***The law governing OPERS financing intends that this year’s taxpayers contribute the money to cover the IOUs being handed out this year.*** With this financial objective, ***the employer contribution rate is expected to remain approximately level from generation to generation of taxpayers.***

There are systems which have a design for deferring contributions to future taxpayers. Lured by a lower contribution rate now, they put aside the consequence that the contribution rate must then relentlessly grow to a level much higher than would be required if a level contribution pattern were followed.

An inevitable by-product of the level-cost design is the accumulation of reserve assets, for decades, and the income produced when the assets are invested. ***Investment income*** becomes ***the 3<sup>rd</sup> and largest contributor*** for benefits to employees, and is interlocked with the contribution amounts required from employees and employers.

Translated to actuarial terminology, this level-cost objective means that the contribution rates must total at least the following:

Normal Cost (the cost of members' service being rendered this year)

... plus ...

Interest on Unfunded Actuarial Accrued Liabilities (unfunded actuarial accrued liabilities are the difference between: liabilities for service already rendered; and the accrued assets of OPERS).

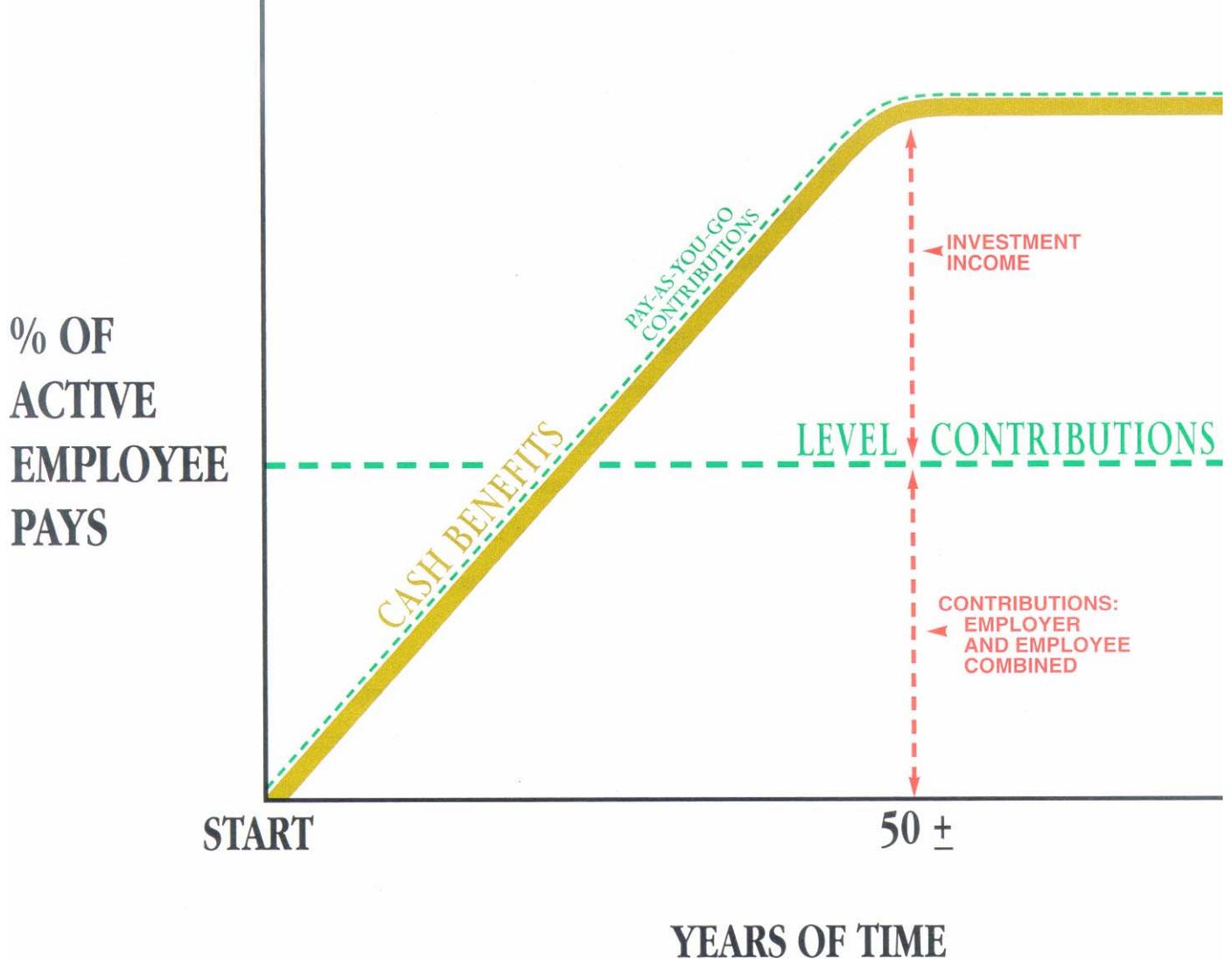
***Computing Contributions to Support Fund Benefits.*** From a given schedule of benefits and from employee and asset data, the actuary calculates the contribution rates to support the benefits by means of *an actuarial valuation and a funding method.*

An actuarial valuation has a number of ingredients such as: the rate of investment return which plan assets will earn; the rates of withdrawal of active members who leave covered employment; the rates of mortality; the rates of disability; the rates of pay increases; and the assumed age or ages at actual retirement.

In an actuarial valuation, assumptions must be made as to what the above rates will be for the next year and for decades in the future. The assumptions are established by the Retirement Board after receiving the advice of the actuary.

***Reconciling Differences Between Assumed Experience and Actual Experience.*** Once actual experience has occurred and has been observed, it will not coincide exactly with assumed experience, regardless of the skill of the actuary and the many calculations made. The future can not be predicted with 100% precision.

OPERS copes with these continually changing differences by having annual actuarial valuations. Each actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is *continuing adjustments in financial position.*



**CASH BENEFITS LINE.** This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

**LEVEL CONTRIBUTION LINE.** Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

Economic Risk Areas

- Rates of investment return
- Rates of pay increase
- Changes in active member group size

Non-Economic Risk Areas

- Ages at actual retirement
- Rates of mortality
- Rates of withdrawal of active members (turnover)
- Rates of disability

## THE ACTUARIAL VALUATION PROCESS

---

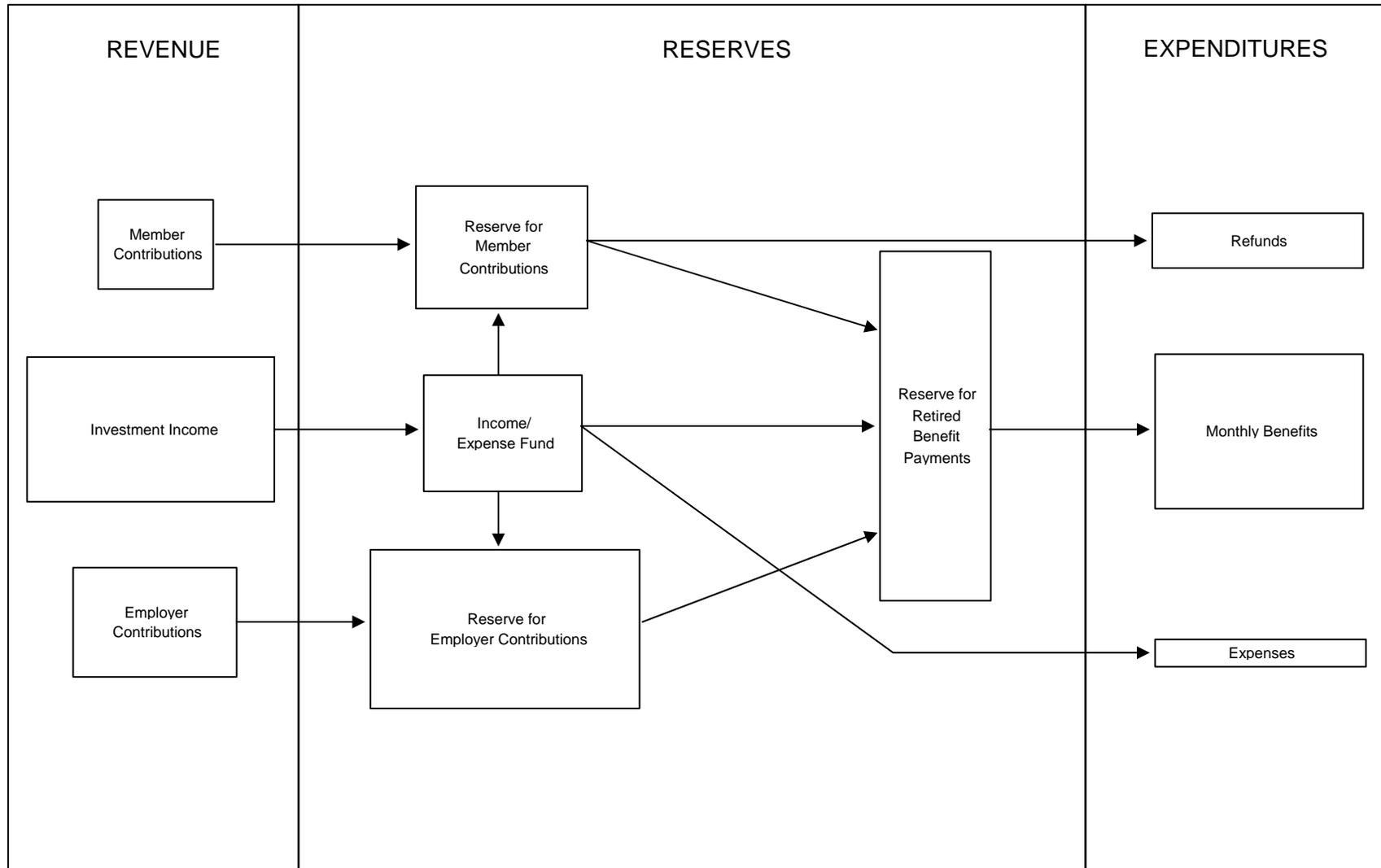
*The financing diagram* on the opposite page shows the relationship between *the two fundamentally different philosophies of paying* for retirement benefits: the method where contributions match cash benefit payments (or barely exceed cash benefit payments, as in the Federal Social Security program) which is thus an *increasing contribution method*; and, the *level contribution method* which attempts to equalize contributions between the generations.

---

*The actuarial valuation* is the mathematical process by which the level contribution rate is determined. The activity constituting the valuation may be summarized as follows:

- A. **Census Data**, including:
  - Retired lives now receiving benefits
  - Former employees with vested benefits not yet payable
  - Active employees
  
- B. + **Asset data** (cash & investments)
  
- C. + **Benefit provisions** that establish eligibility and amounts of payments to members
  
- D. + **Assumptions concerning future experience** in various risk areas
  
- E. + **The funding method** for employer contributions (the long-term, planned pattern for employer contributions)
  
- F. + **Mathematically combining the assumptions, the funding method, and the data**
  
- G. = Determination of:
  - Plan Financial Position; and/or
  - New Employer Contribution Rate

# Flow of Money Through the Retirement System



## GLOSSARY

---

***Accrued Service.*** The service credited under the plan which was rendered before the date of the actuarial valuation.

***Accumulated Benefit Obligation.*** The actuarial present value of vested and non-vested benefits based on service to date and past and current salary levels.

***Actuarial Accrued Liability.*** The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as “accrued liability” or “past service liability.”

***Actuarial Assumptions.*** Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

***Actuarial Cost Method.*** A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future plan benefits” between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”

***Actuarial Equivalent.*** A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

***Actuarial Present Value.*** The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

**Actuary.** A person who is trained in the applications of probability and compound interest to problems in business and finance that involve payment of money in the future, contingent upon the occurrence of future events. Most actuaries in the United States are Members of the American Academy of Actuaries. The Society of Actuaries is an international research, education and membership organization for actuaries in the life and health insurance, employee benefits, and pension fields. It administers a series of examinations leading initially to Associateship and the designation A.S.A. and ultimately to Fellowship with the designation F.S.A.

**Amortization.** Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

**Experience Gain (Loss).** A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

**Funding Value of Assets.** The value of current plan assets recognized for valuation purposes. Generally based on a phased-in recognition of all or a portion of market related investment return. Sometimes referred to as Actuarial Value of Assets.

**Normal Cost.** The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as “current service cost.” Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

**Plan Termination Liability.** The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for future service and salary. The termination liability will generally be less than the liabilities computed on a “going concern” basis and is not normally determined in a routine actuarial valuation.

**Reserve Account.** An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

**Unfunded Actuarial Accrued Liability.** The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as “unfunded accrued liability.”

## MEANING OF “UNFUNDED ACTUARIAL ACCRUED LIABILITIES”

---

“*Actuarial accrued liabilities*” are *the present value of the portions of promised benefits that are not covered by future normal cost contributions* --- a liability has been established (“accrued”) because the service has been rendered but the resulting monthly cash benefit may not be payable until years in the future.

If “actuarial accrued liabilities” at any time exceed the plan’s accrued assets (cash & investments), the difference is “*unfunded actuarial accrued liabilities.*” This is the common condition. If the plan’s assets equaled the plan’s “actuarial accrued liabilities”, the plan would be termed “fully funded.” This is an unusual condition.

---

Each time a plan adds a new benefit which applies to service already rendered, an “actuarial accrued liability” is created, which is also an “unfunded actuarial accrued liability” because the plan can’t print instant cash to cover the value of the new benefit promises. Payment for such unfunded actuarial accrued liabilities is spread over a period of years, commonly in the 15-40 year range.

Unfunded actuarial accrued liabilities can occur in another way: if actual plan experience is less favorable than assumed, the difference is added to unfunded actuarial accrued liabilities. For example, in plans where benefits are directly related to an employee’s pay near time of retirement, unfunded actuarial accrued liabilities increased rapidly during the 1970’s because unexpected rates of pay increase created additional actuarial accrued liabilities which could not be matched by reasonable investment results. Most of the unexpected pay increases were the direct result of inflation, which is a very destructive force on financial stability.

---

The existence of unfunded actuarial accrued liabilities is not bad but the changes from year to year in amount of unfunded actuarial accrued liabilities are important--- “bad” or “good” or somewhere in between.

Nor are unfunded actuarial accrued liabilities a bill payable immediately, but it is important that policy-makers prevent the amount from becoming unreasonably high and *it is vital for plans to have a sound method for making payments toward them* so that they are controlled.

---

## **SECTION XII**

### **GASB REPORTING**

---

**SCHEDULE OF DEFINED BENEFIT FUNDING PROGRESS  
FOR COMPLIANCE WITH GASB STATEMENT NO. 25  
(\$ AMOUNTS IN MILLIONS)  
TRADITIONAL AND COMBINED PLANS**

---

The schedule below measures the funding progress with respect to the *retirement allowance* portion of OPERS benefits for compliance with GASB Statement No. 25. Assets and liabilities related to post-employment health care benefits are specifically excluded from the schedule. Assets do, however, include market value adjustments.

<b>Valuation Year</b>	<b>Actuarial Accrued Liabilities (AAL)</b>	<b>Valuation Assets</b>	<b>Unfunded Actuarial Accrued Liabilities (UAAL)</b>	<b>Ratio of Assets to AAL</b>	<b>Active Member Payroll</b>	<b>UAAL as a % of Active Member Payroll</b>
1991	\$22,027	\$18,108	\$3,919	82 %	\$6,651	59 %
1992	23,961	20,364	3,597	85 %	6,889	52 %
1993	26,506	23,063	3,443	87 %	7,236	48 %
1994	28,260	25,066	3,194	89 %	7,625	42 %
1995	30,556	27,651	2,905	90 %	7,973	36 %
1995*	30,224	27,651	2,573	91 %	7,973	32 %
1996	32,631	30,534	2,097	94 %	8,340	25 %
1997	34,971	33,846	1,125	97 %	8,640	13 %
1998	37,714	38,360	(646)	102 %	9,017	0 %
1999	43,070	43,060	10	100 %	9,477	0 %
2000	46,347	46,844	(497)	101 %	10,192	0 %
2001	49,095	48,748	347	99 %	10,782	3 %
2001*	47,492	48,748	(1,256)	103 %	10,782	0 %
2002	50,872	43,706	7,166	86 %	11,207	64 %
2003	54,774	46,746	8,028	85 %	11,165	72 %
2004	57,604	50,452	7,152	88 %	11,454	62 %
2005	61,146	54,473	6,673	89 %	11,807	57 %
2005*	62,498	54,473	8,025	87 %	11,807	68 %
2006	66,161	61,296	4,865	93 %	12,175	40 %

\* Revised actuarial assumptions.

**SCHEDULE OF DEFINED BENEFIT FUNDING PROGRESS  
FOR COMPLIANCE WITH GASB STATEMENT NO. 25  
(\$ AMOUNTS IN MILLIONS)  
TRADITIONAL PLAN**

---

The schedule below measures the funding progress with respect to the *retirement allowance* portion of OPERS benefits for compliance with GASB Statement No. 25. Assets and liabilities related to post-employment health care benefits are specifically excluded from the schedule. Assets do, however, include market value adjustments.

<b>Valuation Year</b>	<b>Actuarial Accrued Liabilities (AAL)</b>	<b>Valuation Assets</b>	<b>Unfunded Actuarial Accrued Liabilities (UAAL)</b>	<b>Ratio of Assets to AAL</b>	<b>Active Member Payroll</b>	<b>UAAL as a % of Active Member Payroll</b>
1991	\$22,027	\$18,108	\$3,919	82 %	\$6,651	59 %
1992	23,961	20,364	3,597	85 %	6,889	52 %
1993	26,506	23,063	3,443	87 %	7,236	48 %
1994	28,260	25,066	3,194	89 %	7,625	42 %
1995	30,556	27,651	2,905	90 %	7,973	36 %
1995*	30,224	27,651	2,573	91 %	7,973	32 %
1996	32,631	30,534	2,097	94 %	8,340	25 %
1997	34,971	33,846	1,125	97 %	8,640	13 %
1998	37,714	38,360	(646)	102 %	9,017	0 %
1999	43,070	43,060	10	100 %	9,477	0 %
2000	46,347	46,844	(497)	101 %	10,192	0 %
2001	49,095	48,748	347	99 %	10,782	3 %
2001*	47,492	48,748	(1,256)	103 %	10,782	0 %
2002	50,872	43,706	7,166	86 %	11,207	64 %
2003	54,756	46,737	8,019	85 %	11,056	73 %
2004	57,573	50,430	7,143	88 %	11,313	63 %
2005	61,099	54,433	6,666	89 %	11,633	57 %
2005*	62,447	54,433	8,014	87 %	11,633	69 %
2006	66,089	61,235	4,854	93 %	11,971	41 %

\* Revised actuarial assumptions.

**SCHEDULE OF DEFINED BENEFIT FUNDING PROGRESS  
FOR COMPLIANCE WITH GASB STATEMENT NO. 25  
(\$ AMOUNTS IN MILLIONS)  
COMBINED PLAN**

---

The schedule below measures the funding progress with respect to the *retirement allowance* portion of OPERS benefits for compliance with GASB Statement No. 25. Assets and liabilities related to post-employment health care benefits are specifically excluded from the schedule. Assets do, however, include market value adjustments.

<b>Valuation Year</b>	<b>Actuarial Accrued Liabilities (AAL)</b>	<b>Valuation Assets</b>	<b>Unfunded Actuarial Accrued Liabilities (UAAL)</b>	<b>Ratio of Assets to AAL</b>	<b>Active Member Payroll</b>	<b>UAAL as a % of Active Member Payroll</b>
1991						
1992						
1993						
1994						
1995						
1995						
1996						
1997						
1998						
1999						
2000						
2001						
2001						
2002						
2003	\$18	\$9	\$9	50 %	\$109	8 %
2004	31	22	9	71 %	141	6 %
2005	47	40	7	85 %	174	4 %
2005*	51	40	11	78 %	174	6 %
2006	72	61	11	85 %	205	5 %

**SCHEDULE OF EMPLOYER CONTRIBUTIONS\***  
**FOR COMPLIANCE WITH GASB STATEMENT NO. 25**

---

**Traditional and Combined Plans**

Year Ended December 31	Annual Required Contributions	Percentage Contributed
2001	\$ 977,289,238	100%
2002	1,109,983,204	100%
2003	1,026,594,836	100%
2004	1,113,946,023	100%
2005	1,157,407,274	100%
2006	1,150,268,928	100%
2007	8.94%	
2008	7.12%	

**Traditional Plan**

Year Ended December 31	Annual Required Contributions	Percentage Contributed
2001	\$ 977,289,238	100%
2002	1,109,983,204	100%
2003	1,018,143,343	100%
2004	1,101,779,089	100%
2005	1,141,771,900	100%
2006	1,132,570,284	100%
2007	8.94%	
2008	7.12%	

**Combined Plan**

Year Ended December 31	Annual Required Contributions	Percentage Contributed
2003	\$ 8,451,494	100%
2004	12,166,934	100%
2005	15,635,373	100%
2006	17,698,644	100%
2007	8.82%	
2008	7.33%	

\* The amounts reported in this schedule do not include contributions for post-employment healthcare benefits. Results shown for 2007 and 2008 are percentages of total payroll.

**SCHEDULE OF UNFUNDED ACTUARIAL ACCRUED LIABILITY@  
FOR COMPLIANCE WITH GASB STATEMENT NO. 25  
TRADITIONAL AND COMBINED PLANS**

	December 31, 2006				
	State Group	Local Group	Public Safety Group	Law Enforcement Group	Total
<b>Accrued Liabilities</b>					
Active and Inactive Members	\$ 14,005,695,455	\$ 20,146,660,314	\$ 16,100,952	\$ 1,356,051,454	\$ 35,524,508,175
Retirees and Beneficiaries	12,329,068,138	17,043,079,966	24,273,993	1,239,799,741	30,636,221,838
Total Accrued Liabilities	\$ 26,334,763,593	\$ 37,189,740,280	\$ 40,374,945	\$ 2,595,851,195	\$ 66,160,730,013
<b>Assets</b>					
Active and Inactive Members					
EAF*	\$ 9,150,138,970	\$ 12,958,277,629	\$ (69,554,406)	\$ 795,965,542	\$ 22,834,827,735
ESF	3,998,198,329	6,002,484,570	4,149,661	369,319,825	10,374,152,385
TP EAF Unallocated	603,630,469	853,030,980	(974,502)	56,983,144	1,512,670,091
Market Value Adjustment	(1,620,851,620)	(2,290,722,377)	2,437,371	(153,148,136)	(4,062,284,762)
Total Active and Inactive Assets	12,131,116,148	17,523,070,802	(63,941,876)	1,069,120,375	30,659,365,449
Retirees and Beneficiaries					
A & PR Fund*	11,846,531,132	16,234,626,026	12,604,260	1,209,893,765	29,303,655,183
SBF Fund*	482,537,008	808,453,939	11,669,733	29,905,977	1,332,566,657
Total R&B Assets	12,329,068,140	17,043,079,965	24,273,993	1,239,799,742	30,636,221,840
Total Assets	\$ 24,460,184,288	\$ 34,566,150,767	\$ (39,667,883)	\$ 2,308,920,117	\$ 61,295,587,289
Unfunded Actuarial Accrued Liability	\$ 1,874,579,305	\$ 2,623,589,513	\$ 80,042,828	\$ 286,931,078	\$ 4,865,142,724

@ The amounts reported in this schedule do not include contributions for post-employment healthcare benefits.

\* After reserve transfers.

**SCHEDULE OF UNFUNDED ACTUARIAL ACCRUED LIABILITY@  
FOR COMPLIANCE WITH GASB STATEMENT NO. 25  
TRADITIONAL PLAN**

	December 31, 2006				
	State Group	Local Group	Public Safety Group	Law Enforcement Group	Total
<b>Accrued Liabilities</b>					
Active and Inactive Members	\$ 13,979,421,754	\$ 20,100,774,129	\$ 16,100,952	\$ 1,356,051,454	\$ 35,452,348,289
Retirees and Beneficiaries	12,329,068,138	17,043,033,198	24,273,993	1,239,799,741	30,636,175,070
Total Accrued Liabilities	\$ 26,308,489,892	\$ 37,143,807,327	\$ 40,374,945	\$ 2,595,851,195	\$ 66,088,523,359
<b>Assets</b>					
Active and Inactive Members					
EAF*	\$ 9,129,215,393	\$ 12,918,728,817	\$ (69,554,406)	\$ 795,965,542	\$ 22,774,355,346
ESF	3,998,198,329	6,002,484,570	4,149,661	369,319,825	10,374,152,385
TP EAF Unallocated	603,630,469	853,030,980	(974,502)	56,983,144	1,512,670,091
Market Value Adjustment	(1,620,905,684)	(2,290,824,688)	2,437,371	(153,148,136)	(4,062,441,137)
Total Active and Inactive Assets	12,110,138,507	17,483,419,679	(63,941,876)	1,069,120,375	30,598,736,685
Retirees and Beneficiaries					
A & PR Fund*	11,846,531,132	16,234,579,258	12,604,260	1,209,893,765	29,303,608,415
SBF Fund*	482,537,008	808,453,939	11,669,733	29,905,977	1,332,566,657
Total R&B Assets	12,329,068,140	17,043,033,197	24,273,993	1,239,799,742	30,636,175,072
Total Assets	\$ 24,439,206,647	\$ 34,526,452,876	\$ (39,667,883)	\$ 2,308,920,117	\$ 61,234,911,757
Unfunded Actuarial Accrued Liability	\$ 1,869,283,245	\$ 2,617,354,451	\$ 80,042,828	\$ 286,931,078	\$ 4,853,611,602

@ The amounts reported in this schedule do not include contributions for post-employment healthcare benefits.

\* After reserve transfers.

**SCHEDULE OF UNFUNDED ACTUARIAL ACCRUED LIABILITY@  
FOR COMPLIANCE WITH GASB STATEMENT NO. 25  
COMBINED PLAN**

	December 31, 2006				
	State Group	Local Group	Public Safety Group	Law Enforcement Group	Total
<b>Accrued Liabilities</b>					
Active and Inactive Members	\$ 26,273,701	\$ 45,886,185			\$ 72,159,886
Retirees and Beneficiaries	0	46,768			46,768
Total Accrued Liabilities	\$ 26,273,701	\$ 45,932,953			\$ 72,206,654
<b>Assets</b>					
Active and Inactive Members					
EAF*	\$ 20,923,577	\$ 39,548,812			\$ 60,472,389
ESF	0	0			0
TP EAF Unallocated	0	0			0
Market Value Adjustment	54,064	102,311			156,375
Total Active and Inactive Assets	20,977,641	39,651,123			60,628,764
Retirees and Beneficiaries					
A & PR Fund*	0	46,768			46,768
SBF Fund*	0	0			0
Total R&B Assets	0	46,768			46,768
Total Assets	\$ 20,977,641	\$ 39,697,891			\$ 60,675,532
Unfunded Actuarial Accrued Liability	\$ 5,296,060	\$ 6,235,062			\$ 11,531,122

@ The amounts reported in this schedule do not include contributions for post-employment healthcare benefits.

\* After reserve transfers.

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR COMPLIANCE WITH GASB STATEMENT NO. 25**

---

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation date follows:

Valuation date	December 31, 2006
Actuarial cost method	Individual entry age
Amortization method for unfunded actuarial accrued liabilities	Level percent open
Equivalent Single Amortization Period	
Traditional Plan	26 years
Combined Plan	30 years
Total	26 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases including wage inflation at 4.0%	4.5% - 10.3%
Cost-of-living adjustments	3.0% simple

Membership of the Traditional and Combined Plans consisted of the following at December 31, 2006, the date of the latest actuarial valuation:

	<u>Traditional</u>	<u>Combined</u>	<u>Total</u>
Retirees and beneficiaries receiving benefits	159,039	2	159,041
Terminated plan members entitled to but not yet receiving benefits			
Less than 5 years of service	284,784	241	285,025
5 or more years of service	27,044	49	27,093
Total	311,828	290	312,118
Active plan members			
Less than 5 years of service	144,880	4,570	149,450
5 or more years of service	211,550	1,130	212,680
Total	356,430	5,700	362,130
Total			
Less than 5 years of service	429,664	4,811	434,475
5 or more years of service	397,633	1,181	398,814
Total	827,297	5,992	833,289

The amortization periods for GASB purposes were determined by reflecting scheduled employer and member contribution rates through 2008. Increasing contribution rates scheduled for years 2009 and later were not reflected in these calculations.

August 30, 2007

Ms. Karen E. Carraher  
Chief Financial Officer  
Ohio Public Employees Retirement System  
277 East Town Street  
Columbus, Ohio 43215

**Re: Report of December 31, 2006 Actuarial Valuation**

Dear Karen:

Enclosed are 25 bound copies of the final report.

Sincerely,

A handwritten signature in cursive script that reads "Norman L. Jones".

Norman L. Jones

NLJ/bd  
Enclosures

cc: Mr. Tom Heseltine  
Clifton Gunderson LLP