

**THE PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM OF PENNSYLVANIA**

**ACTUARIAL VALUATION
JUNE 30, 2001**

Revised To Reflect Act 38 Of 2002

September 10, 2002

The Retirement Board
Public School Employees'
Retirement System of Pennsylvania
P.O. Box 125
Harrisburg, Pennsylvania 17108

Ladies and Gentlemen:

This report presents the results of the revised annual actuarial valuation of the Public School Employees' Retirement System of Pennsylvania as of June 30, 2001. The valuation was revised to reflect Act 38 of 2002 which amended the Code. The Act 38 revisions effective with this valuation are:

- Established 1% floor on the pension rate commencing with 2002/2003 fiscal year contribution
- Established 1.15% cap on the total rate for 2002/2003 fiscal year only
- Changed the method of calculating the actuarial value of assets from a three-year smoothing method to a five-year smoothing method

The valuation takes into account all of the promised benefits to which members are entitled, including pension and survivor benefits and establishes the contribution rate for the 2002/2003 fiscal year in conformance with the Retirement Code.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8½% per annum compounded annually. The actuarial assumptions are unchanged from the prior valuation. The actuarial cost method has been revised in accordance with Act 9 and Act 38. The outstanding balance of the unfunded accrued liability as of June 30, 2001 is amortized over a 10-year period, with level dollar funding beginning July 1, 2002. The increase in liability due to new benefits provided by Act 9, the decrease in unfunded actuarial liability due to the new actuarial asset valuation method provided by Act 38, and future actuarial gains and losses are amortized over a 10-year period with level dollar funding.

The actuarial assumptions and methods comply with the parameters set forth in Governmental Accounting Standards Board Statement No. 25.

The Retirement Board
Public School Employees'
Retirement System of Pennsylvania
September 10, 2002
Page 2

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

Funding Adequacy

The valuation results determine that the employer contribution rate for fiscal year 2002/2003 is 1.15%. The funded status of the plan determined as of June 30, 2001 based on the accrued liability and the actuarial value of assets is 114.4%.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules included in the Actuarial and Statistical Section of PSERS Comprehensive Annual Financial Report. The actuary prepared the trend data schedules included in the Financial Section of PSERS Comprehensive Annual Financial Report.

Qualified actuaries completed the valuations in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice.

Respectfully submitted,



Kim M. Nicholl, F.S.A.
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S. Lynn Hill
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KMN/SLH:pl

THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OF PENNSYLVANIA

TABLE OF CONTENTS

| | <u>Table / Exhibit</u> | <u>Page</u> |
|-------------------|--|-------------|
| Executive Summary | | 1 |
| Table 1 | — Summary of Results of Actuarial Valuation as of June 30, 2001..... | 11 |
| Table 2 | — Summary of Sources of Employer Contribution Rate as of June 30, 2001 ... | 12 |
| Table 3 | — Determination of Health Insurance Contribution Rate for Fiscal Year 2002/2003 | 13 |
| Table 4 | — Summary of Market Value of Plan Assets as of June 30, 2001 | 14 |
| Table 5 | — Derivation of Actuarial Value of Assets as of June 30, 2001 | 15 |
| Table 6 | — Analysis of Change in Unfunded Accrued Liability | 16 |
| Table 7 | — Schedule of Funding Progress — GASB Statement No. 25 Disclosure | 17 |
| Table 8 | — Schedule of Employer Contributions — GASB Statement No. 25 Disclosure | 18 |
| Table 9 | — Solvency Test — Comparative Summary of Accrued Liability and Actuarial Value of Assets | 19 |
| Table 10 | — History and Projection of Contribution Rates | 20 |
| Table 11 | — History and Projection of Annuitants, Beneficiaries, Survivor Annuitants and Active Members..... | 21 |
| Table 12 | — Description of Actuarial Assumptions and Methods..... | 22 |
| Table 13 | — Summary of Benefit and Contribution Provisions..... | 25 |
| Table 14 | — Summary of Membership Data as of June 30, 2001 | 29 |
| Exhibit I | — Active Membership Data as of June 30, 2001 - Number and Average Annual Salary | 30 |
| Exhibit II | — The Number and Average Annual Annuity as of June 30, 2001 – Retired on Account of Superannuation, Early Retirement and Those in Receipt of Withdrawal Annuities..... | 31 |
| Exhibit III | — The Number and Average Annual Annuity as of June 30, 2001 – Beneficiaries and Survivor Annuitants..... | 32 |
| Exhibit IV | — The Number and Average Annual Annuity as of June 30, 2001 – Retired on Account of Disability..... | 33 |
| Exhibit V | — The Number and Average Annual Annuity as of June 30, 2001 – Those in Receipt of a Refund Annuity | 34 |
| Exhibit VI | — Annuitant and Beneficiary Membership Data as of June 30, 2001 | 35 |
| Exhibit VII | — 10-Year History of Membership Data | 36 |
| Exhibit VIII | — Detailed Tabulations of the Data | 37 |
| Exhibit IX | — Glossary | 52 |

Executive Summary

This report presents the actuarial valuation as of June 30, 2001 for the Public School Employees' Retirement System of Pennsylvania.

The principal valuation results include:

- The employer contribution rate for fiscal year 2002/2003 which is 1.15%.
- The funded status of the plan determined as of June 30, 2001 based on the accrued liability and the actuarial value of assets as of that date which is 114.4%.
- The determination of the actuarial gain or loss as of June 30, 2001 which is a loss of \$2.0 billion.
- Annual disclosure as of June 30, 2001 as required by Statement No. 25 of the Governmental Accounting Standards Board.

The valuation was completed based upon membership and financial data submitted by the Retirement System. Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are included in the valuation report. The actuary prepared supporting schedules included in the Actuarial and Statistical Section of PSERS Comprehensive Annual Financial Report. The actuary prepared the trend data schedules included in the Financial Section of PSERS Comprehensive Annual Financial Report.

Changes Since Last Year

Legislative and Administrative Changes

Act 9 of 2001 amended Section 8509(B) of the PSERS Code. Act 9 created a new Class T-D service as of July 1, 2001 and allows members to have prior school service and intervening military service converted to Class T-D service. Members who are active or inactive as of July 1, 2001 must affirmatively elect Class T-D service by December 31, 2001. The multiplier for members with Class T-D service will increase from 2% to 2.5%. The multiplier for non-school service will remain at 2%.

Effective January 1, 2002, the member contribution rate will increase by 1.25% for members who elect to convert to Class T-D service and for all members enrolled on or after July 1, 2001. Members who were enrolled after July 22, 1983 who elect Class T-D service will pay an employee contribution rate of 7.5%. Members who were enrolled prior to July 22, 1983 who elect Class T-D service will pay an employee contribution rate of 6.5%. In addition, Act 9 reduced the vesting period from 10 years to five years of eligibility points.

Act 38 provides for a split COLA to be paid commencing July 1, 2002 for members retired before July 2, 1990 and commencing July 1, 2003 for members retired from July 2, 1990 through July 1, 2002. Funding for the cost of the COLA will commence July 1 following each effective date.

The benefit provisions and contribution provisions are summarized in Table 13.

Actuarial Assumptions and Methods

The actuarial assumptions are unchanged from the prior valuation with the exception of the actuarial cost method which has been revised in accordance with Act 9 of 2001 and the actuarial asset method which has been revised in accordance with Act 38 of 2002.

Act 38 of 2002 amended the actuarial asset valuation method. The new actuarial value of assets is determined by immediately recognizing the 8.5% actuarial expected investment return and recognizing the difference between the actual and expected investment return over a five-year period. Under the transition rule, the remaining unrecognized gains from the 1999/2000 and 2000/2001 fiscal years under the former three-year smoothing method are immediately recognized.

Under Act 9 the outstanding balance of the unfunded accrued liability as of June 30, 2001 is amortized over a 10-year period, with level dollar funding beginning July 1, 2002. The increase in liability due to new benefits provided by Act 9, the decrease in the unfunded accrued liability due to the new actuarial asset method provided by Act 38, and future actuarial gains and losses are amortized over a 10-year period with level dollar funding.

Act 38 of 2002 amended Section 8328(a) of the PSERS Code. Act 38 established a floor on the total contribution rate equal to 1% plus the premium assistance rate. In addition, Act 38 established a cap on the total contribution rate for the 2002/2003 fiscal year only of 1.15%.

The actuarial assumptions and methods are outlined in Table 12.

Contribution Rates

The results of the valuation as of June 30, 2001 determine the employer contribution rate for fiscal year 2002/2003. The total contribution rate payable by the employer is 1.15% of payroll as provided by Act 38 of 2002. This includes .18% of payroll for pension benefits plus 0.97% of payroll for the health insurance premium assistance program.

The average contribution rate payable by the members is 7.10%. Effective January 1, 2002 the employee contribution rate for members who elect to have prior school service and intervening military service converted to Class T-D service will increase by 1.25%. The average member contribution rate of 7.10% represents an average of the members who were most recently hired prior to July 22, 1983 contributing 6.50%, and the remaining members who are contributing 7.50%.

Reasons for Change in the Rate

The employer contribution rate increased from 1.09% for fiscal year 2001/2002 to 1.15% for fiscal year 2002/2003. The increase of .06% is due to the following reasons:

| | |
|--|-------------|
| • Decrease due to reamortization of the unfunded accrued liability over 10 years | (8.72)% |
| • Increase due to Act 9 benefit increases* | 10.59 |
| • Decrease due to change in asset method under Act 38* | (7.50) |
| • Increase due to actuarial loss on assets* | 2.97 |
| • Increase due to actuarial loss on liabilities* | .25 |
| • Decrease due to change in health insurance contribution rate | (.12) |
| • Decrease due to zero minimum pension contribution rate for fiscal 2001/2002 | (.42) |
| • Increase due to floor and cap on contribution rate under Act 38 | <u>3.01</u> |
| • Total | .06% |

* Changes in Unfunded Accrued Liability amortized over 10 years

Summary of Principal Results

Summarized below are the principal financial results for the Public School Employees' Retirement System based upon the actuarial valuation as of June 30, 2001. Comparable results from the June 30, 2000 valuation are also shown.

| Item | June 30, 2001 | June 30, 2000 |
|--|-------------------------|-------------------------|
| Demographics | | |
| Active Members | | |
| • Number | 243,311 | 234,210 |
| • Average Annual Pay | \$ 38,695 | \$ 38,169 |
| Annuitants | | |
| • Number | 132,716 | 134,058 |
| • Average Annual Benefit Payment | \$ 14,105 | \$ 14,029 |
| Contribution Rates (as a Percentage of Payroll) | | |
| | (Fiscal Year 2002/2003) | (Fiscal Year 2001/2002) |
| Employer Contribution Rate: | | |
| • Total Pension Contribution Rate | .18% | 0.00% |
| • Health Insurance Contribution Rate | <u>0.97</u> | <u>1.09</u> |
| • Total | 1.15% | 1.09% |
| Member Average Contribution Rate | | |
| • Total Rate | <u>7.10</u> 8.25% | <u>5.80</u> 6.89% |
| Actuarial Funded Status | | |
| • Accrued Liability | \$ 47,917.3 Mil | \$ 39,822.8 Mil |
| • Actuarial Value of Assets | <u>54,830.3</u> | <u>49,293.0</u> |
| • Unfunded Accrued Liability | \$ (6,913.0) | \$ (9,470.2) |
| • Funded Ratio | 114.4% | 123.8% |

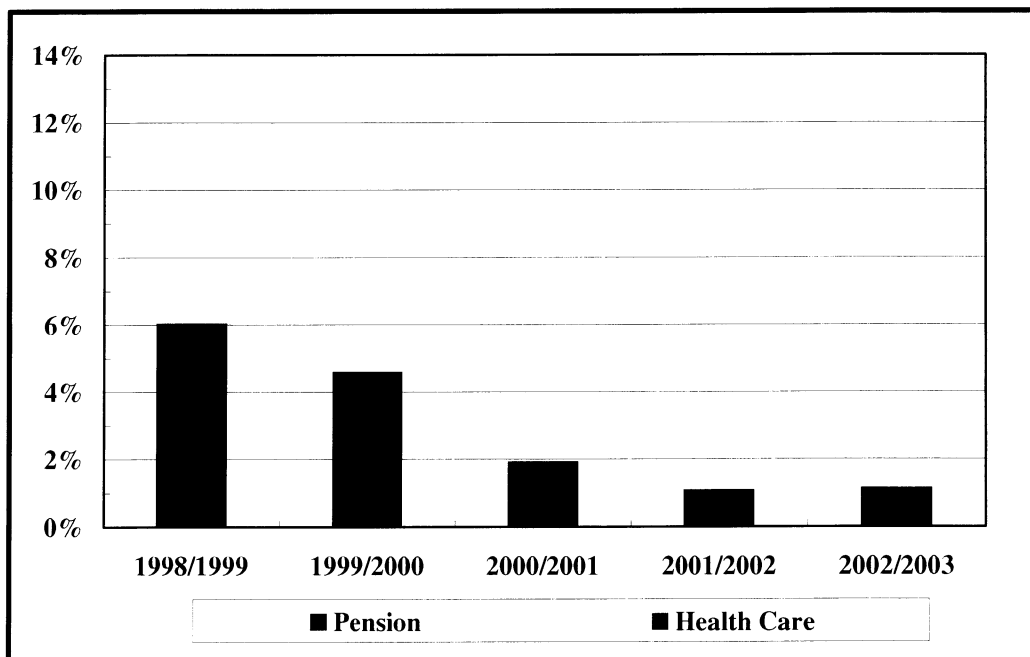
Five-Year History of Principal Financial Results

Five-Year History of Contribution Rates (As a % of Payroll)

| Fiscal Year | Member Contributions | Employer Contributions | | | |
|-------------|----------------------|------------------------|----------------------------|-------------|-------|
| | | Normal Cost | Unfunded Accrued Liability | Health Care | Total |
| 2002/2003 | 7.10% | 7.20% | (10.03)% | .97% | 1.15% |
| 2001/2002 | 5.80 | 5.63 | (6.05) | 1.09 | 1.09 |
| 2000/2001 | 5.77 | 6.29 | (4.65) | .30 | 1.94 |
| 1999/2000 | 5.72 | 6.40 | (2.04) | .25 | 4.61 |
| 1998/1999 | 5.69 | 6.33 | (.44) | .15 | 6.04 |

The following chart shows a five-year history of employer contribution rates:

Five-Year History of Employer Contribution Rates



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code, i.e., a schedule of 10 years for each change in the unfunded accrued liability.

The total contribution rate of 1.15% of payroll payable by employers, when taken together with the contributions payable by the members and asset returns, is sufficient to achieve the financing objective.

The System's funded status on the funding basis is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees.

On this basis, the System's funded ratio is 114.4% as of June 30, 2001. The funded ratio is based on an actuarial value of assets of \$54.8 billion and an accrued liability of \$47.9 billion.

Reasons for Change in the Funded Ratio

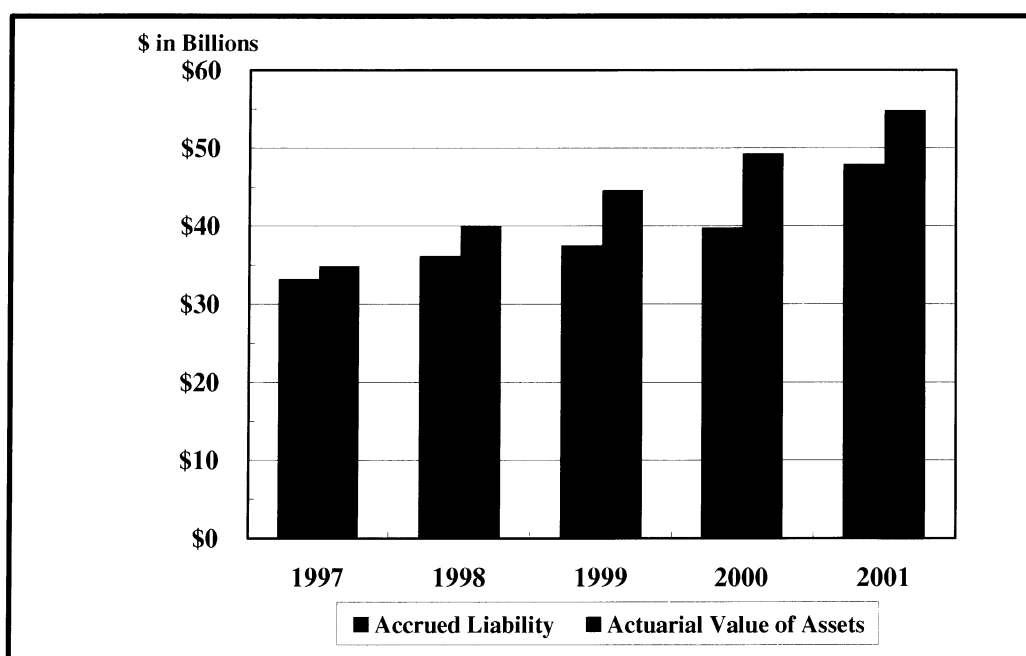
The funded ratio decreased from 123.8% as of June 30, 2000 to 114.4% as of June 30, 2001. The decrease is due to the net effect of the Act 9 benefit changes, Act 38 actuarial asset method change, and asset and experience losses.

**Five-Year History of
Funded Ratio**
(\$ results reported in millions)

| Valuation as of June 30 | Accrued Liability | Actuarial Value of Assets | Unfunded Accrued Liability | Funded Ratio |
|-------------------------|-------------------|---------------------------|----------------------------|--------------|
| 2001 | \$ 47,917.3 | \$ 54,830.3 | \$ (6,913.0) | 114.4% |
| 2000 | 39,822.8 | 49,293.0 | (9,470.2) | 123.8 |
| 1999 | 37,499.1 | 44,606.5 | (7,107.4) | 119.0 |
| 1998 | 36,136.2 | 39,969.0 | (3,832.8) | 110.6 |
| 1997 | 33,209.5 | 34,872.6 | (1,663.1) | 105.0 |

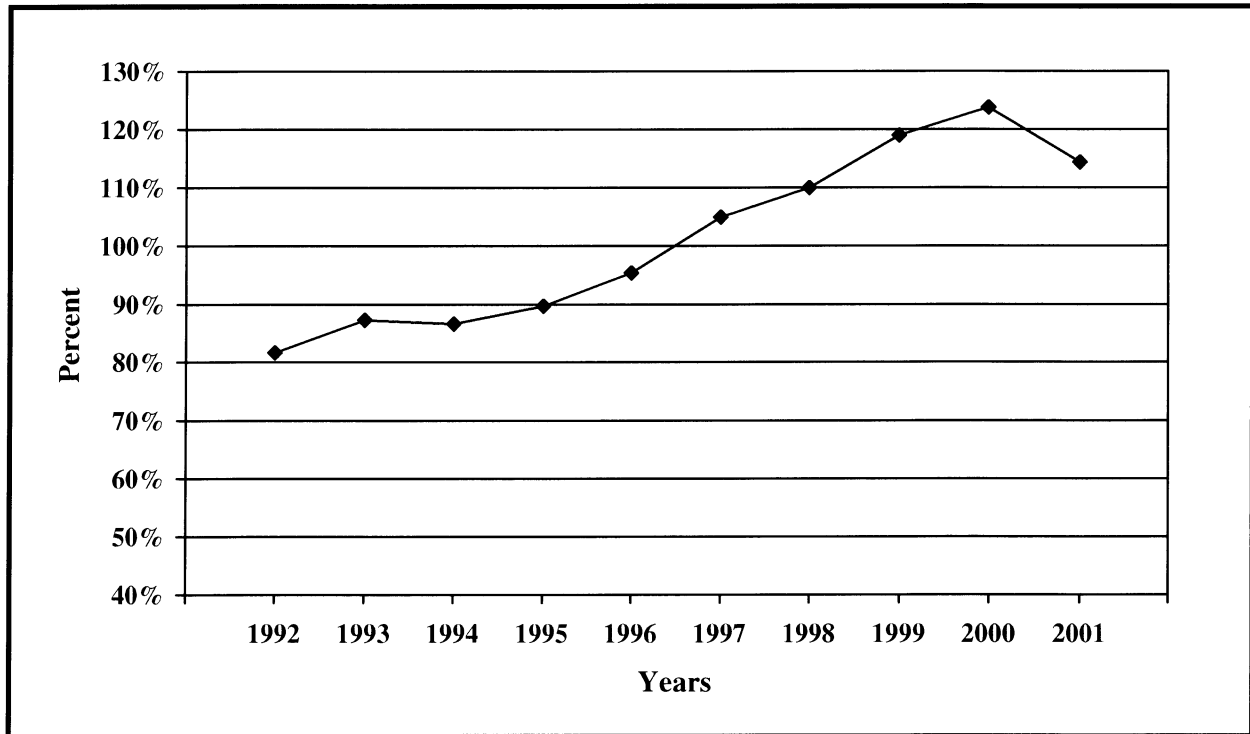
The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

Five-Year History of Accrued Liability and Actuarial Value of Assets



The following chart shows a ten-year history of the funded ratio:

**Ten-Year History of Funded Ratio
(1992 - 2001)**



GASB No. 25 Disclosure

Statement No. 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the June 30, 1996 valuation. The statement requires disclosure of the "schedule of funding progress" and the "schedule of employer contributions" in the System's financial statements.

The "schedule of funding progress" shows historical trend information about the System's actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded status is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. On this basis, the System's funded ratio is 114.4% as of June 30, 2001. The funded ratio is based on an actuarial value of assets of \$54.8 billion and an accrued liability of \$47.9 billion.

The "schedule of employer contributions" shows historical trend information about the annual required contributions (ARC) of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost plus amortization of the unfunded actuarial accrued liability. The maximum period of amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 40 years. The maximum amortization period decreases to 30 years in 2006. The employer contributions to the System are equal to the normal cost plus a 10-year amortization of each change in the unfunded accrued liability. The employer contributions to the System are equal to 100% of the ARC.

Rate of Return

The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 1996/1997 through 2000/2001 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are based on a smoothed market value that recognizes investment gains and losses over a period of three years. The rate of return on the actuarial value of assets is a measure of the increase in the actuarial value of assets from the beginning of the fiscal year to the end of the fiscal year.

| Fiscal Year | Rate of Return Based on | |
|-------------|-------------------------|-----------------|
| | Market Value | Actuarial Value |
| 2000/2001 | (7.4)% | 14.3% |
| 1999/2000 | 11.9 | 13.6 |
| 1998/1999 | 12.2 | 15.1 |
| 1997/1998 | 15.8 | 16.8 |
| 1996/1997 | 18.3 | 17.3 |

TABLE 1

**SUMMARY OF RESULTS OF ACTUARIAL VALUATION
AS OF JUNE 30, 2001
(\$ Amounts in Thousands)**

| Item | Amount |
|---|----------------------|
| Member Data | |
| 1. Number of Members | |
| a) Active Members | 243,311 |
| b) Inactive Members and Vestees | 53,979 |
| c) Annuitants, Beneficiaries and Survivor Annuitants | 132,716 |
| d) Total | <u>430,006</u> |
| 2. Annualized Salaries | \$ 9,414,884 |
| 3. Annual Annuities | \$ 1,871,995 |
| Valuation Results | |
| 4. Present Value of Future Pension Benefits | |
| a) Active Members | \$ 44,380,684 |
| b) Inactive Members and Vestees | 542,625 |
| c) Annuitants, Beneficiaries and Survivor Annuitants | 15,755,768 |
| d) Total | <u>\$ 60,679,077</u> |
| 5. Present Value of Future Pension Normal Cost | |
| a) Active Members | \$ 6,359,294 |
| b) Employer | 6,448,861 |
| c) Total | <u>\$ 12,808,155</u> |
| 6. Pension Accrued Liability | |
| a) Active Members (4a) - (5c) | \$ 31,572,529 |
| b) Inactive Members and Vestees | 542,625 |
| c) Annuitants, Beneficiaries and Survivor Annuitants | 15,755,768 |
| d) Total | <u>\$ 47,870,922</u> |
| 7. Health Care Payments | \$ 46,372 |
| 8. Total Accrued Liability (6) + (7) | \$ 47,917,294 |
| 9. Actuarial Value of Assets | \$ 54,830,300 |
| 10. Unfunded Accrued Liability (8) - (9) | \$ (6,913,006) |
| 11. Total Normal Cost Rate | 14.30 % |
| 12. Member Contribution Rate | 7.10 % |
| 13. Employer Normal Cost Rate (11) - (12) | 7.20 % |
| Employer Annual Funding Requirement for Fiscal 2002/2003 | |
| 14. Employer Contribution Rate | |
| a) Normal | 7.20 % |
| b) Unfunded Accrued Liability | <u>(10.03)</u> |
| c) Preliminary Pension Rate | (2.83) % |
| d) Preliminary Pension Rate with 1% Floor | 1.00 |
| e) Health Insurance | <u>0.97</u> |
| f) Preliminary Total Rate | 1.97 % |
| g) Minimum of (f) and 1.15% | 1.15 |
| h) Final Pension Rate (g) - (e) | 0.18 |
| i) Total Rate (h) + (e) | 1.15 % |

TABLE 2

**SUMMARY OF SOURCES OF EMPLOYER CONTRIBUTION RATE
AS OF JUNE 30, 2001**
(\$ Amounts in Thousands)

| | Funding Period 10 Years from July 1 | Initial Amount of Liability | Outstanding Balance as of July 1, 2001 | Annual Payment | |
|--|---|-----------------------------------|--|----------------|---------------|
| | | | | Amount | Percent |
| 1. Amortization of: | | | | | |
| a) Initial Unfunded Base | 2002 | (9,845,207) | (9,845,207) | (1,510,937) | (14.77)% |
| b) Changes in 2001 | 2002 | 2,932,201 | <u>2,932,201</u> | <u>484,845</u> | <u>4.74 %</u> |
| Total Amortization Payments | | | (6,913,006) | (1,026,093) | (10.03)% |
| 2. Employer Normal Cost Rate | | | | | <u>7.20 %</u> |
| 3. Preliminary Pension Rate (1) + (2) | | | | | (2.83)% |
| 4. Preliminary Pension Rate with 1% Floor -- Maximum of (3) and 1% | | | | | 1.00 % |
| 5. Health Insurance Rate | | | | | <u>0.97 %</u> |
| 6. Preliminary Total Employer Contribution Rate (4) + (5) | | | | | 1.97 % |
| 7. Final Total Employer Contribution Rate with 1.15% Cap -- Minimum of (6) and 1.15% | | | | | <u>1.15 %</u> |

TABLE 3

**DETERMINATION OF HEALTH INSURANCE CONTRIBUTION RATE
FOR FISCAL YEAR 2002/2003**

(\$ Amounts in Thousands)

| Item | Amount |
|--|------------------|
| 1. Estimated Number of Eligible Annuitants in Fiscal 2003/2004 | 95,500 |
| 2. Estimated Number of Eligible Annuitants Who Elect Coverage | 77,355 |
| 3. Estimated Annual Health Insurance Payments During Fiscal 2003/2004 (2) x \$100 x 12 | \$ 92,826 |
| 4. Estimated Health Insurance Administrative Expenses During Fiscal 2003/2004 | <u>2,084</u> |
| 5. Total Estimated Health Insurance Account Disbursements During Fiscal 2003/2004 (3) + (4) | \$ 94,910 |
| 6. Estimated Shortfall in Health Insurance Account for Prior Fiscal Year | \$ 3,580 |
| 7. Estimated Shortfall in Health Insurance Account (5) + (6) | <u>\$ 98,490</u> |
| 8. Required Health Insurance Contribution Rate | |
| (a) Estimated 2002/2003 Payroll | \$ 10,227,097 |
| (b) Required Health Insurance Contribution Rate (7) / (8a) (rounded up) | 0.97% |

TABLE 4

**SUMMARY OF MARKET VALUE OF PLAN ASSETS
AS OF JUNE 30, 2001**
(\$ Amounts in Thousands)

| | |
|---|----------------|
| Market Value | |
| 1. Market Value of Assets as of June 30, 2000 | \$ 53,412,950 |
| 2. Contributions During Fiscal 2000/2001 | 765,566 |
| 3. Disbursements During Fiscal 2000/2001 | 2,157,420 |
| 4. Investment Return During Fiscal 2000/2001 | |
| a) Net Investment Return | \$ (3,845,437) |
| b) Administrative Expenses | <u>32,332</u> |
| c) Investment Return After Expenses (a) - (b) | \$ (3,877,769) |
| 5. Market Value of Assets as of June 30, 2001 (1) + (2) - (3) + (4c) | \$ 48,143,327 |
| 6. Rate of Return | (7.36)% |
| Asset Allocation by Account | |
| 1. Members' Savings Account | \$ 7,464,404 |
| 2. Annuity Reserve Account | 16,228,976 |
| 3. State Accumulation Account | 24,403,575 |
| 4. Health Care Account | <u>46,372</u> |
| 5. Total (1) + (2) + (3) + (4) | \$ 48,143,327 |

TABLE 5

DERIVATION OF ACTUARIAL VALUE OF ASSETS
AS OF JUNE 30, 2001
(\$ Amounts in Thousands)

| | | | | | | |
|---|-------------------------|----------------|-----------------|-------------------|-------------------|------------------------|
| 1. Market Value of Assets as of June 30, 2001 | | | | | | \$ 48,143,327 |
| 2. Determination of Deferred Gain (Loss) | | | | | | |
| | <u>Return on Assets</u> | | | | | |
| | <u>Year</u> | <u>Actual</u> | <u>Expected</u> | <u>Difference</u> | <u>% Deferred</u> | <u>Deferred Amount</u> |
| | 2001 | \$ (3,877,769) | \$ 4,480,947 | \$ (8,358,716) | 80% | \$ (6,686,973) |
| 3. Actuarial Value of Assets (1) - (2) | | | | | | \$ 54,830,300 |
| 4. Actuarial Rate of Return * | | | | | | 14.26% |

* The actuarial rate of return is the investment return on the increase in the actuarial value of assets from the June 30, 2000 to the June 30, 2001

TABLE 6**ANALYSIS OF CHANGE IN UNFUNDED ACCRUED LIABILITY****AS OF JUNE 30, 2001**

(\$ Amounts in Thousands)

| Item | Amount |
|--|-----------------------|
| 1. Unfunded Accrued Liability at June 30, 2000 | \$ (9,470,215) |
| 2. Interest Credit at 8.50% to June 30, 2001 | (804,968) |
| 3. Contributions Toward Unfunded Accrued Liability | (429,976) |
| 4. Change due to Act 9 | 5,578,700 |
| 6. Change due to Act 38 | (4,638,306) |
| 7. Expected Unfunded Accrued Liability at June 30, 2001 (1) + (2) - (3) + (4) + (5) | \$ (8,904,813) |
| 8. Actual Unfunded Accrued Liability at June 30, 2001 | <u>\$ (6,913,006)</u> |
| 9. Increase (Decrease) from Expected (7) - (8) | \$ 1,991,807 |
| 10. Reasons for Increase (Decrease) | |
| (a) Experience (Gains) Losses | |
| (i) Loss from Investment Return on Actuarial Value of Assets | \$ 1,839,954 |
| (ii) Gain from Salary Increases Less than Expected | (27,891) |
| (iii) Loss from Retirement and Other Separation Experience | 128,321 |
| (iv) Loss from Annuitants' Mortality Experience | <u>51,423</u> |
| Subtotal | \$ 1,991,807 |
| (b) Change in Assumptions | \$ - |
| (c) Grand Total | \$ 1,991,807 |

TABLE 7

**SCHEDULE OF FUNDING PROGRESS
GASB STATEMENT No. 25 DISCLOSURE**

(\$ Amounts in Thousands)

| Valuation as of June 30 | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | Unfunded Accrued Liability as a Percentage of Covered Payroll |
|-------------------------------|---------------------------------|-----------------------------------|---|-----------------|--------------------|---|
| 2001 | \$ 54,830,300 | \$ 47,917,294 | \$ (6,913,006) | 114.4 % | \$ 9,414,884 | 73.4 % |
| 2000 | 49,293,047 | 39,822,832 | (9,470,215) | 123.8 | 8,939,598 | 105.9 |
| 1999 | 44,606,526 | 37,499,115 | (7,107,411) | 119.0 | 8,247,602 | 86.2 |
| 1998 | 39,968,957 | 36,136,163 | (3,832,794) | 110.6 | 8,091,481 | 47.4 |
| 1997 | 34,872,643 | 33,209,493 | (1,663,150) | 105.0 | 7,745,001 | 21.5 |
| 1996 | 30,170,885 | 31,629,822 | 1,458,937 | 95.4 | 7,616,585 | (19.2) |

TABLE 8

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB STATEMENT No. 25 DISCLOSURE**

(\$ Amounts in Thousands)

| Fiscal Year Ended June 30 | Annual Required Contribution | Percentage Contributed |
|------------------------------------|------------------------------------|---------------------------|
| 2001 | \$ 158,193 | 100 % |
| 2000 | 390,504 | 100 |
| 1999 | 513,940 | 100 |
| 1998 | 718,431 | 100 |
| 1997 | 796,205 | 100 |
| 1996 | 860,898 | 100 |

The information presented above was determined as part of the actuarial valuation as of two years prior to the dates indicated (i.e. the contribution determined by the valuation completed as of June 30, 1999 was contributed in the fiscal year ending June 30, 2001).

Additional information as of the latest actuarial valuation follows:

| | |
|--------------------------------|------------------------|
| Valuation Date: | 6/30/2001 |
| Actuarial Cost Method: | Entry Age |
| Amortization Method: | Level percent closed |
| Remaining Amortization Period: | 10 Years |
| Asset Valuation Method: | 5-year smoothed market |

| | |
|----------------------------------|-------|
| Actuarial Assumptions: | |
| - Investment Rate of Return * | 8.50% |
| - Projected Salaried Increases * | 6.25% |

| | |
|--------------------------|-------|
| * Includes Inflation at: | 3.50% |
|--------------------------|-------|

TABLE 9

**SOLVENCY TEST
COMPARATIVE SUMMARY OF ACCRUED LIABILITY AND ACTUARIAL VALUE OF ASSETS**

(\$ Amounts in Thousands)

| Valuation as of June 30 | (1) Active Member Contributions | (2) Retirees and Beneficiaries | (3) Active Member Employer Financed | Actuarial Value of Assets | Portion of Accrued Liability Covered by Valuation Assets | | |
|-------------------------------|--|---|--|---------------------------------|--|-------|-------|
| | | | | | (1) | (2) | (3) |
| 2001 | \$ 7,464,404 | \$ 15,802,140 | \$ 24,650,750 | \$ 54,830,300 | 100 % | 100 % | 100 % |
| 2000 | 6,775,934 | 16,036,880 | 17,010,018 | 49,293,047 | 100 | 100 | 100 |
| 1999 | 6,298,483 | 15,275,756 | 15,924,876 | 44,606,526 | 100 | 100 | 100 |
| 1998 | 6,113,312 | 13,734,388 | 16,288,463 | 39,968,957 | 100 | 100 | 100 |
| 1997 | 5,755,010 | 12,078,982 | 15,375,501 | 34,872,643 | 100 | 100 | 100 |
| 1996 | 5,498,624 | 10,599,998 | 15,531,200 | 30,170,885 | 100 | 100 | 91 |

TABLE 10

HISTORY AND PROJECTION OF CONTRIBUTION RATES
(-4.5% FY 2001-2002 Assumed Rate of Return)

| Fiscal Year Ending June | Contribution Rates | | | | | |
|----------------------------|--------------------|-------------------------|----------------------------|---|-----------------------------|---------------------------|
| | Employee | Employer Normal Cost | Unfunded Liability Rate | Preliminary Employer Pension Rate | Health Care Contribution | Total Employer Rate |
| 1993/1994 | 5.51 % | 7.34 % | 5.58 % | 12.92 % | 0.25 % | 13.17 % |
| 1994/1995 | 5.55 | 6.43 | 4.18 | 10.61 | 0.45 | 11.06 |
| 1995/1996 | 5.59 | 6.43 | 4.67 | 11.10 | 0.62 | 11.72 |
| 1996/1997 | 5.62 | 6.44 | 3.56 | 10.00 | 0.60 | 10.60 |
| 1997/1998 | 5.65 | 6.44 | 2.17 | 8.61 | 0.15 | 8.76 |
| 1998/1999 | 5.69 | 6.33 | (0.44) | 5.89 | 0.15 | 6.04 |
| 1999/2000 | 5.72 | 6.40 | (2.04) | 4.36 | 0.25 | 4.61 |
| 2000/2001 | 5.77 | 6.29 | (4.65) | 1.64 | 0.30 | 1.94 |
| 2001/2002 | 6.43 | 5.63 | (6.05) | (0.42) | 1.09 | 1.09 |
| 2002/2003 | 7.10 | 7.20 | (10.03) | 1.00 | 0.97 | 1.15 |
| 2003/2004 | 7.11 | 7.19 | (4.26) | 2.93 | 0.92 | 3.85 |
| 2004/2005 | 7.13 | 7.17 | 1.44 | 8.61 | 0.92 | 9.53 |
| 2005/2006 | 7.16 | 7.15 | 6.33 | 13.48 | 0.93 | 14.41 |
| 2006/2007 | 7.18 | 7.13 | 11.09 | 18.22 | 0.92 | 19.14 |
| 2007/2008 | 7.21 | 7.10 | 13.33 | 20.43 | 0.93 | 21.36 |
| 2008/2009 | 7.24 | 7.08 | 13.65 | 20.73 | 0.94 | 21.67 |
| 2009/2010 | 7.27 | 7.05 | 13.74 | 20.79 | 0.94 | 21.73 |
| 2010/2011 | 7.30 | 7.02 | 13.65 | 20.67 | 0.93 | 21.60 |
| 2011/2012 | 7.33 | 7.00 | 13.43 | 20.43 | 0.94 | 21.37 |
| 2012/2013 | 7.36 | 6.97 | 20.88 | 27.85 | 0.92 | 28.77 |

The return on the market value of assets is assumed to be -4.5% for FY 2001-2002 and 8.5% for subsequent fiscal years. Otherwise, the projection of contribution rates is based on the assumption that there are no actuarial gains or losses, no changes in demographics or economic assumptions and no changes in benefit provisions.

TABLE 11

**HISTORY AND PROJECTION OF
ANNUITANTS, BENEFICIARIES, SURVIVOR ANNUITANTS AND ACTIVE MEMBERS**

| Valuation as of June 30 | New Annuitants During the Year | Annuitant Deaths During the Year | Annuitants at End of Year | Beneficiaries and Survivor Annuitants at End of Year | Total Annuitants, Beneficiaries and Survivor Annuitants | Active Members |
|-------------------------|--------------------------------|----------------------------------|---------------------------|--|---|----------------|
| 1992 | | | 100,265 | 4,761 | 105,026 | 202,991 |
| 1993 | | | 108,444 | 4,768 | 113,212 | 197,997 |
| 1994 | | | 109,813 | 5,218 | 115,031 | 206,540 |
| 1995 | | | 110,509 | 5,451 | 115,960 | 210,783 |
| 1996 | | | 113,007 | 5,719 | 118,726 | 213,906 |
| 1997 | | | 118,137 | 5,987 | 124,124 | 215,077 |
| 1998 | | | 120,665 | 6,149 | 126,814 | 220,703 |
| 1999 | | | 126,448 | 6,421 | 132,869 | 223,495 |
| 2000 | | | 127,404 | 6,654 | 134,058 | 234,210 |
| 2001 | | | 125,880 | 6,836 | 132,716 | 243,311 |
| 2002 | 11,000 | 3,890 | 132,990 | 7,260 | 140,250 | 241,384 |
| 2003 | 9,719 | 4,057 | 138,652 | 7,655 | 146,307 | 241,384 |
| 2004 | 10,175 | 4,206 | 144,621 | 8,006 | 152,627 | 241,384 |
| 2005 | 10,759 | 4,348 | 151,032 | 8,316 | 159,348 | 241,384 |
| 2006 | 11,233 | 4,502 | 157,763 | 8,595 | 166,358 | 241,384 |
| 2007 | 11,352 | 4,644 | 164,471 | 8,840 | 173,311 | 241,384 |
| 2008 | 11,689 | 4,793 | 171,367 | 9,055 | 180,422 | 241,384 |
| 2009 | 11,876 | 4,942 | 178,301 | 9,244 | 187,545 | 241,384 |
| 2010 | 11,828 | 5,075 | 185,054 | 9,408 | 194,462 | 241,384 |
| 2011 | 11,675 | 5,224 | 191,505 | 9,551 | 201,056 | 241,384 |

TABLE 12**DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS****ASSUMPTIONS**

Interest Rate: 8½% per annum, compounded annually (adopted as of June 30, 1990). The components are 3½% for inflation and 5% for the real rate of return. Actuarial equivalent benefits are determined based on 4% (since 1960).

Separation From Service: Illustrative rates of assumed separation from service are as follows (adopted in 2000):

| Age | Annual Rate of: | | | | | | |
|----------------|--------------------------|-------------------------------------|-----------------------------------|-------|------------|-----------------------|------------------------------|
| | Non-Vested Withdrawal | Vested Withdrawal* | | Death | Disability | Early Retirement** | Superannuation Retirement |
| | | Less Than 10 Years of Service | 10 or More Years of Service | | | | |
| MALES | | | | | | | |
| 25 | 13.00% | 5.50% | 1.40% | .05% | .02% | | |
| 30 | 11.00 | 3.00 | 1.40 | .05 | .02 | | |
| 35 | 11.00 | 3.00 | 1.10 | .05 | .10 | | |
| 40 | 11.00 | 3.00 | .80 | .07 | .18 | .13% | |
| 45 | 11.00 | 3.00 | .50 | .10 | .18 | .15 | |
| 50 | 9.00 | 3.00 | 1.78 | .16 | .28 | 1.56 | 24.00% |
| 55 | 9.00 | 3.00 | 3.50 | .25 | .43 | 10.00 | 24.00 |
| 60 | 9.00 | 2.40 | 4.50 | .46 | .58 | 10.00 | 28.00 |
| 65 | | | | .90 | | | 20.00 |
| 69 | | | | 1.44 | | | 20.00 |
| FEMALES | | | | | | | |
| 25 | 13.00% | 9.50% | 4.00% | .01% | .04% | | |
| 30 | 13.00 | 7.50 | 4.00 | .02 | .04 | | |
| 35 | 13.00 | 5.50 | 2.00 | .03 | .08 | | |
| 40 | 10.00 | 3.50 | 1.00 | .04 | .13 | .60% | |
| 45 | 10.00 | 3.00 | .55 | .07 | .18 | .60 | |
| 50 | 10.00 | 3.00 | 1.50 | .10 | .25 | 1.74 | 10.00% |
| 55 | 10.00 | 3.00 | 3.00 | .15 | .35 | 10.00 | 10.00 |
| 60 | 10.00 | 3.50 | 5.90 | .23 | .45 | 15.00 | 25.00 |
| 65 | | | | .48 | | | 28.00 |
| 69 | | | | .88 | | | 20.00 |

* Vested Withdrawal – At least 5 years service but not eligible for Early or Superannuation retirement.

** Early Retirement – Age 55 with 25 years service, but not eligible for Superannuation retirement.

Death After Retirement: The 1995 George B. Buck Mortality Tables, rated forward one year for males and unadjusted for females, adopted in 2000, are used to project mortality for healthy annuitants and for dependent beneficiaries. Special mortality tables based on PSERS' experience are used for disability retirements. (The 1995 George B. Buck Mortality Tables, rated forward one year for males and unadjusted for females, adopted in 2000, are used to determine actuarial equivalent benefits.)

TABLE 12

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Salary Increase: Effective average of 6¼% per annum, compounded annually. The components are 3½% for inflation, 1% for real wage growth and 1¾% for merit or seniority increases (adopted as of June 30, 1995). Representative values are as follows:

| Age | Annual Rate of Salary Increase |
|-----|--------------------------------|
| 20 | 10.00% |
| 30 | 9.50 |
| 40 | 7.25 |
| 50 | 5.00 |
| 55 | 4.75 |
| 60 | 4.50 |
| 65 | 4.50 |
| 70 | 4.50 |

MISCELLANEOUS

Option 4 Elections: 100% of members are assumed to elect a refund of contributions and a reduced annuity.

Withdrawal Annuity: 90% of members are assumed to commence payment immediately and 10% are assumed to defer payment to superannuation age.

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Cost Method: Entry Age Normal Cost Method. The outstanding balance of the June 30, 2001 unfunded accrued liability is to be amortized over a 10 year period commencing July 1, 2002, with level dollar funding. Changes in the unfunded accrued liability, including actuarial gains and losses, subsequent to June 30, 2001 are to be amortized over a period of 10 years from the first day of July next following the change, with level dollar funding.

TABLE 12**DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS**
(Continued)

Asset Valuation Method: A five-year moving market average value of assets that recognizes the 8½% actuarial expected investment return immediately and spreads the difference between the actual and expected return (beginning with the 2000/2001 fiscal year) over a period of five years (adopted as of June 30, 2001).

Determination of Health Care Contribution Rate: Rate necessary to establish reserves sufficient to provide premium assistance payments for all participating eligible annuitants for the subsequent fiscal year.

DATA

Census and Assets: The valuation was based on members of the System as of June 30, 2001 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

TABLE 13**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS****MEMBERSHIP**

For valuation purposes, all employees are considered to be full coverage and assumed to elect coverage under Class T-D. All employees who become members on and after January 1, 1966 are members of the dual coverage group. Dual coverage members contribute to both PSERS and to Social Security.

BENEFITS**Superannuation Annuity**

Eligibility Age 62, or age 60 with 30 years of service, or 35 years of service regardless of age.

Amount 2.5% of final average salary times years of school service and intervening military service. 2% of final average salary for non-school service and for members who do not elect Class T-D coverage. Minimum of \$100 per year of service. "Final average salary" means the highest average annual salary for any 3 years of service.

Annual salary is subject to a limit of \$200,000, as adjusted under Section 401(a)(17).

For members who elect coverage under Class T-D, the maximum benefit is equal to the limit established by Section 415 of the Internal Revenue Code.

Early Retirement Annuity

Eligibility Age 55 with 25 years of service.

Amount Accrued benefit as of date of retirement, reduced 1/4% for each month by which commencement of payments precedes Superannuation Age.

For members who elect coverage under Class T-D, the maximum benefit is equal to the limit established by Section 415 of the Internal Revenue Code.

TABLE 13**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**

(Continued)

Withdrawal Annuity

| | |
|-------------|--|
| Eligibility | 5 years of service. |
| Amount | Accrued benefit deferred to superannuation retirement age or an actuarially reduced benefit payable immediately. Actuarially equivalent benefits are based on 4% interest and the 1995 George B. Buck mortality tables, rated forward one year for males and unadjusted for females. |

Disability Annuity

| | |
|-------------|---|
| Eligibility | 5 years of service. |
| Amount | The standard single life annuity if the total number of credited service is greater than 16.667, otherwise the standard single life annuity multiplied by the lesser of the following ratios: (Y^*/Y) or $(16.667/Y)$ where Y is the number of years of credited service and Y* is the total years of credited service if the member were to continue as a school employee until superannuation retirement age (or at current age, if later). Minimum of \$100 per year of service. |

Return of Contributions

| | |
|-------------|---|
| Eligibility | Death or separation from service and member does not qualify for other benefits. |
| Amount | Refund of accumulated deductions includes interest (less annuity payments received prior to death in the case of a retired member). |

Death Benefit

| | |
|-------------|--|
| Eligibility | Death of an active member or vestee who was eligible to receive an annuity. |
| Amount | The present value of the annuity which would have been effective if the member retired on the day before death. Option 1 (see next page) assumed payable if no other option elected. |

TABLE 13**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**
(Continued)**Normal and
Optional Forms
of Benefits**

| | |
|--------------|--|
| Normal Form: | Life annuity with a guaranteed payment equal to member contributions with interest. |
| Option 1: | Reduced benefit with refund of balance of present value of annuity at retirement over payments received. If balance is less than \$5,000, benefit is paid in lump sum; otherwise, beneficiary may elect annuity and/or lump sum. |
| Option 2: | Joint and 100% survivorship annuity. |
| Option 3: | Joint and 50% survivorship annuity. |
| Option 4: | Benefit of equivalent actuarial value, including lump sum payment of member contributions. |

Health Care Premium Assistance

| | |
|-------------|---|
| Eligibility | Retired members who: <ul style="list-style-type: none"> (a) have 24½ or more years of service, or (b) are disability annuitants, or (c) have 15 or more years of service and who both terminated school service and retired after attaining superannuation age and (d) participate in the PSERS health options program or in an employer-sponsored health insurance program. |
| Amount | Participating eligible annuitants receive health insurance premium assistance payments from the Health Insurance Account equal to the lesser of \$55 per month (\$100 per month effective January 1, 2002) or the actual monthly premium. All administrative expenses necessary to operate the health insurance premium assistance program are to be funded by the Health Insurance Account. The Health Insurance Account is credited with contributions of the Commonwealth and the employers. |

TABLE 13**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**
(Continued)**CONTRIBUTIONS**

By Members

Members who elect coverage under Class T-D and who were hired prior to July 22, 1983 contribute at a rate of 6½% of compensation, while members who elect coverage under Class T-D who were most recently hired on or after July 22, 1983 contribute at a rate of 7½% of compensation. Members who do not elect coverage under Class T-D and who were hired prior to July 22, 1983 contribute at a rate of 5¼% of compensation, while members who do not elect coverage under Class T-D who were most recently hired on or after July 22, 1983 contributed at a rate of 6¼% of compensation. Reduction for a joint coverage member of 40% of Social Security tax, exclusive of disability and medical coverage portion.

By Commonwealth and
School Districts

Balance of required contribution determined as normal contribution, accrued liability contribution, supplemental annuity contribution, experience adjustment factor and premium assistance contribution, is funded by the Commonwealth and the School Districts.

TABLE 14

**SUMMARY OF MEMBERSHIP DATA
AS OF JUNE 30, 2001**

Active Members*

| Item | Male | Female | Total |
|-------------------|--------------|--------------|--------------|
| Number of Members | 70,329 | 172,982 | 243,311 |
| Annual Salaries** | \$ 3,213,059 | \$ 6,201,825 | \$ 9,414,884 |
| Average Age | 45.5 | 44.9 | 45.1 |
| Average Service | 14.6 | 11.6 | 12.5 |

* Excludes 53,979 inactive members and vestees.

** These salaries shown in the table above represent a rate of pay as of the valuation date and are the approximate average of the salaries of \$9,156,268 reported for the fiscal year ended June 30, 2001 and the expected salaries for the fiscal year ended June 30, 2002.

Annuitants and Beneficiaries

| Item | Number | Annual Annuities | Average Annuities | Average Age |
|--|--------------|------------------|-------------------|-------------|
| Annuitants (Normal, Early and Withdrawal) | 120,108 | \$ 1,760,219 | \$ 14,655 | 70.6 |
| Survivors and Beneficiaries | 6,835 | 46,098 | 6,744 | 75.9 |
| Disabled Annuitants | <u>5,773</u> | <u>65,678</u> | <u>11,377</u> | <u>62.4</u> |
| Total | 132,716 | \$ 1,871,995 | \$ 14,105 | 70.5 |

EXHIBIT I**ACTIVE MEMBERSHIP DATA AS OF JUNE 30, 2001
NUMBER AND AVERAGE ANNUAL SALARY**

| Age | Service | | | | | | | | | Total | |
|-----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-----------------|-------|---------------------|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | | |
| Under 25 | 6,218 \$24,792 | 17 \$24,318 | | | | | | | | | 6,235 \$24,791 |
| 25-29 | 16,366 \$30,806 | 3,305 \$38,770 | 44 \$31,187 | | | | | | | | 19,715 \$32,142 |
| 30-34 | 10,666 \$27,871 | 9,300 \$41,154 | 2,329 \$44,522 | 48 \$32,671 | | | | | | | 22,343 \$35,146 |
| 35-39 | 10,587 \$20,466 | 5,144 \$36,248 | 5,665 \$46,265 | 1,928 \$47,601 | 121 \$34,232 | | | | | | 23,445 \$32,465 |
| 40-44 | 12,997 \$18,945 | 6,444 \$29,951 | 4,906 \$42,057 | 4,755 \$51,111 | 2,973 \$52,544 | 141 \$37,897 | | | | | 32,216 \$32,597 |
| 45-49 | 10,720 \$20,892 | 7,669 \$29,938 | 6,611 \$39,321 | 4,396 \$48,448 | 8,561 \$57,735 | 7,140 \$59,690 | 87 \$36,219 | | | | 45,184 \$40,946 |
| 50-54 | 6,196 \$21,642 | 5,438 \$29,441 | 6,236 \$37,260 | 4,848 \$44,613 | 4,891 \$53,411 | 13,077 \$62,222 | 9,938 \$64,131 | 53 \$36,260 | | | 50,677 \$48,484 |
| 55-59 | 3,222 \$19,894 | 2,552 \$25,496 | 3,300 \$32,079 | 3,148 \$38,373 | 3,229 \$43,392 | 3,281 \$53,650 | 5,520 \$64,676 | 2,317 \$66,986 | 14 \$38,729 | | 26,583 \$44,567 |
| 60-64 | 1,653 \$16,630 | 1,289 \$22,145 | 1,581 \$27,886 | 1,522 \$31,572 | 1,785 \$35,136 | 1,690 \$44,589 | 904 \$53,821 | 916 \$65,870 | 241 \$62,824 | | 11,581 \$35,435 |
| Over 64 | 1,232 \$13,040 | 832 \$16,624 | 889 \$20,629 | 647 \$24,289 | 579 \$28,303 | 530 \$32,280 | 311 \$40,023 | 128 \$50,684 | 184 \$62,499 | | 5,332 \$23,984 |
| Total | 79,857 \$23,595 | 41,990 \$33,053 | 31,561 \$39,101 | 21,292 \$44,627 | 22,139 \$51,271 | 25,859 \$58,537 | 16,760 \$63,162 | 3,414 \$65,598 | 439 \$61,919 | | 243,311 \$38,695 |

EXHIBIT II

**THE NUMBER AND AVERAGE ANNUAL ANNUITY
AS OF JUNE 30, 2001**

**RETIRED ON ACCOUNT OF SUPERANNUATION, EARLY RETIREMENT AND
THOSE IN RECEIPT OF WITHDRAWAL ANNUITIES**

| Age | Years of Service | | | | | | | | | Total |
|----------|------------------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | |
| Under 50 | | | 1,654 | 490 | 193 | 34 | 2 | | | 2,373 |
| | | | \$1,039 | \$2,851 | \$6,846 | \$11,614 | \$12,120 | | | \$2,046 |
| 50-54 | | | 2,162 | 833 | 447 | 417 | 997 | 4 | | 4,860 |
| | | | \$1,039 | \$2,884 | \$7,328 | \$14,269 | \$29,779 | \$29,415 | | \$8,988 |
| 55-59 | | 1 | 1,960 | 1,132 | 640 | 764 | 6,903 | 726 | 1 | 12,127 |
| | | \$2,050 | \$1,317 | \$3,354 | \$7,054 | \$16,751 | \$31,616 | \$36,800 | \$16,126 | \$22,155 |
| 60-64 | 76 | 148 | 1,759 | 1,534 | 1,468 | 1,853 | 5,325 | 3,714 | 160 | 16,037 |
| | \$575 | \$1,813 | \$2,419 | \$5,013 | \$9,284 | \$17,732 | \$29,440 | \$35,959 | \$39,082 | \$22,156 |
| 65-69 | 360 | 714 | 2,571 | 2,443 | 2,819 | 3,012 | 3,988 | 3,132 | 1,507 | 20,546 |
| | \$520 | \$1,872 | \$3,015 | \$5,590 | \$9,801 | \$15,980 | \$24,149 | \$32,326 | \$37,507 | \$17,169 |
| 70-74 | 595 | 1,120 | 2,849 | 2,956 | 3,292 | 3,339 | 3,460 | 2,337 | 1,460 | 21,408 |
| | \$485 | \$1,642 | \$3,080 | \$5,522 | \$9,748 | \$14,939 | \$21,423 | \$28,392 | \$36,890 | \$14,179 |
| 75-79 | 584 | 1,206 | 2,865 | 2,954 | 2,723 | 2,537 | 2,038 | 1,860 | 773 | 17,540 |
| | \$465 | \$1,477 | \$2,997 | \$5,450 | \$9,323 | \$13,526 | \$17,909 | \$22,697 | \$32,947 | \$10,868 |
| 80-84 | 450 | 1,034 | 2,393 | 2,118 | 1,815 | 1,588 | 1,222 | 1,408 | 492 | 12,520 |
| | \$503 | \$1,473 | \$2,971 | \$5,298 | \$8,143 | \$11,566 | \$15,580 | \$18,943 | \$25,581 | \$8,908 |
| 85-89 | 294 | 748 | 1,262 | 1,182 | 985 | 928 | 767 | 1,015 | 596 | 7,777 |
| | \$581 | \$1,677 | \$3,186 | \$5,428 | \$8,382 | \$11,139 | \$14,767 | \$17,840 | \$20,936 | \$9,305 |
| Over 89 | 40 | 374 | 532 | 569 | 507 | 628 | 528 | 779 | 963 | 4,920 |
| | \$779 | \$2,091 | \$3,851 | \$6,121 | \$9,182 | \$10,855 | \$13,880 | \$16,509 | \$19,600 | \$11,561 |
| Total | 2,399 | 5,345 | 20,007 | 16,211 | 14,889 | 15,100 | 25,230 | 14,975 | 5,952 | 120,108 |
| | \$508 | \$1,644 | \$2,454 | \$5,088 | \$9,103 | \$14,560 | \$25,737 | \$28,570 | \$31,260 | \$14,655 |

EXHIBIT III**THE NUMBER AND AVERAGE ANNUAL ANNUITY
AS OF JUNE 30, 2001****BENEFICIARIES AND SURVIVOR ANNUITANTS**

| Age | Years of Service | | | | | | | | | Total |
|----------|------------------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | |
| Under 50 | 1 | 17 | 43 | 34 | 40 | 28 | 15 | 8 | 15 | 201 |
| | \$217 | \$859 | \$1,444 | \$2,315 | \$4,810 | \$7,122 | \$8,525 | \$6,848 | \$11,267 | \$4,473 |
| 50-54 | 2 | 2 | 20 | 21 | 24 | 25 | 41 | 18 | 13 | 166 |
| | \$291 | \$2,184 | \$1,598 | \$2,348 | \$4,900 | \$9,475 | \$10,736 | \$10,617 | \$11,385 | \$7,349 |
| 55-59 | 2 | 7 | 25 | 30 | 26 | 41 | 78 | 41 | 14 | 264 |
| | \$381 | \$1,358 | \$1,980 | \$3,107 | \$4,791 | \$10,342 | \$13,277 | \$14,178 | \$6,202 | \$9,111 |
| 60-64 | 3 | 7 | 51 | 49 | 46 | 43 | 101 | 88 | 36 | 424 |
| | \$178 | \$1,293 | \$2,900 | \$3,540 | \$5,481 | \$9,117 | \$12,973 | \$15,805 | \$15,927 | \$10,022 |
| 65-69 | 9 | 17 | 76 | 69 | 72 | 66 | 128 | 106 | 60 | 603 |
| | \$535 | \$1,620 | \$2,410 | \$3,791 | \$5,604 | \$8,752 | \$11,415 | \$14,622 | \$16,675 | \$9,071 |
| 70-74 | 17 | 49 | 116 | 131 | 112 | 124 | 141 | 186 | 93 | 969 |
| | \$726 | \$1,194 | \$2,441 | \$3,461 | \$5,423 | \$7,124 | \$10,563 | \$11,646 | \$15,968 | \$7,677 |
| 75-79 | 14 | 75 | 183 | 182 | 153 | 173 | 178 | 245 | 95 | 1,298 |
| | \$746 | \$1,226 | \$2,232 | \$3,331 | \$5,529 | \$7,401 | \$8,849 | \$10,074 | \$12,665 | \$6,541 |
| 80-84 | 20 | 119 | 190 | 152 | 150 | 129 | 176 | 250 | 158 | 1,344 |
| | \$503 | \$1,073 | \$1,958 | \$3,136 | \$4,712 | \$6,515 | \$7,174 | \$8,964 | \$10,061 | \$5,675 |
| 85-89 | 9 | 77 | 113 | 95 | 87 | 74 | 121 | 196 | 184 | 956 |
| | \$574 | \$1,107 | \$1,870 | \$2,979 | \$4,229 | \$4,856 | \$5,899 | \$7,391 | \$8,523 | \$5,275 |
| Over 89 | 5 | 27 | 50 | 38 | 35 | 46 | 65 | 143 | 200 | 609 |
| | \$1,516 | \$895 | \$1,927 | \$2,698 | \$3,670 | \$5,043 | \$5,762 | \$6,315 | \$6,938 | \$5,347 |
| Total | 82 | 397 | 867 | 801 | 745 | 749 | 1,044 | 1,281 | 868 | 6,834 |
| | \$640 | \$1,140 | \$2,129 | \$3,219 | \$5,029 | \$7,244 | \$9,378 | \$10,144 | \$10,612 | \$6,745 |

EXHIBIT IV

**THE NUMBER AND AVERAGE ANNUAL ANNUITIES
AS OF JUNE 30, 2001**

RETIRED ON ACCOUNT OF DISABILITY

| Age | Years of Service | | | | | | | | | Total |
|----------|------------------|---------|----------|----------|----------|----------|----------|----------|-----|----------|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | |
| Under 50 | 188 | 187 | 99 | 89 | 18 | | | | | 581 |
| | \$7,587 | \$9,472 | \$12,765 | \$18,225 | \$24,410 | | | | | \$11,227 |
| 50-54 | 156 | 167 | 129 | 192 | 228 | 24 | | | | 896 |
| | \$6,411 | \$9,107 | \$11,904 | \$19,439 | \$27,895 | \$31,244 | | | | \$16,628 |
| 55-59 | 159 | 212 | 172 | 220 | 228 | 35 | | | | 1,026 |
| | \$6,373 | \$7,674 | \$10,258 | \$16,790 | \$25,478 | \$33,883 | | | | \$14,711 |
| 60-64 | 162 | 259 | 230 | 206 | 125 | 17 | 2 | | | 1,001 |
| | \$4,859 | \$6,914 | \$9,232 | \$13,696 | \$22,881 | \$26,800 | \$40,265 | | | \$10,908 |
| 65-69 | 153 | 216 | 180 | 145 | 93 | 18 | 1 | | | 806 |
| | \$3,941 | \$5,958 | \$7,940 | \$12,009 | \$18,213 | \$25,002 | \$40,167 | | | \$8,988 |
| 70-74 | 125 | 176 | 112 | 116 | 65 | 9 | 1 | 1 | | 605 |
| | \$3,254 | \$4,984 | \$7,568 | \$11,789 | \$16,022 | \$20,384 | \$22,501 | \$50,092 | | \$7,928 |
| 75-79 | 97 | 109 | 78 | 71 | 48 | 18 | 1 | | | 422 |
| | \$3,062 | \$5,025 | \$6,442 | \$9,723 | \$13,691 | \$16,020 | \$25,335 | | | \$7,129 |
| 80-84 | 47 | 69 | 51 | 47 | 26 | 27 | | | | 267 |
| | \$2,597 | \$4,749 | \$6,729 | \$8,558 | \$12,334 | \$17,214 | | | | \$7,418 |
| 85-89 | 10 | 34 | 35 | 18 | 16 | 9 | | | | 122 |
| | \$2,669 | \$4,697 | \$6,364 | \$8,041 | \$12,232 | \$13,210 | | | | \$7,119 |
| Over 89 | | 15 | 12 | 8 | 10 | 2 | | | | 47 |
| | | \$5,175 | \$5,851 | \$8,714 | \$10,590 | \$11,073 | | | | \$7,353 |
| Total | 1,097 | 1,444 | 1,098 | 1,112 | 857 | 159 | 5 | 1 | | 5,773 |
| | \$5,180 | \$6,916 | \$9,201 | \$14,645 | \$22,734 | \$24,648 | \$33,707 | \$50,092 | | \$11,377 |

EXHIBIT V

**THE NUMBER AND AVERAGE ANNUAL ANNUITY
AS OF JUNE 30, 2001**

THOSE IN RECEIPT OF A REFUND ANNUITY

| Age | Years of Service | | | | | | | | | Total |
|--------------|------------------|-----|-------|-------|-------|-------|-------|-------|-----|-----------|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | |
| Under 50 | | | | | | | | | | |
| 50-54 | | | | | | | | | | |
| 55-59 | | | | | | | | | | |
| 60-64 | | | | | | | | | | |
| 65-69 | | | | | | | | | | |
| 70-74 | | | | | | | | | | |
| 75-79 | | | | | | | | | | |
| 80-84 | | | | | | | | | | |
| 85-89 | | | | | | | | | | |
| Over 89 | 1 \$53 | | | | | | | | | 1 \$53 |
| Total | 1 \$53 | | | | | | | | | 1 \$53 |

EXHIBIT VI

**ANNUITANT AND BENEFICIARY MEMBERSHIP DATA
AS OF JUNE 30, 2001**

**NUMBER AND AVERAGE ANNUAL BENEFIT
EXCLUDES PARTIAL LUMP SUM PAYMENTS**

| Age Last Birthday | Number | Annual Benefit (Thousands) | Average Annual Benefit |
|--|---------|-------------------------------|---------------------------|
| Annuitants (Normal, Early and Withdrawal) | | | |
| Under 60 | 19,360 | \$ 317,209 | \$ 16,385 |
| 60 - 64 | 16,037 | 355,318 | 22,156 |
| 65 - 69 | 20,546 | 352,762 | 17,169 |
| 70 - 74 | 21,408 | 303,535 | 14,179 |
| 75 - 79 | 17,540 | 190,624 | 10,868 |
| Over 79 | 25,217 | 240,771 | 9,548 |
| Total | 120,108 | \$ 1,760,219 | \$ 14,655 |
| Survivors and Beneficiaries | | | |
| Under 60 | 631 | \$ 4,524 | \$ 7,170 |
| 60 - 64 | 424 | 4,250 | 10,022 |
| 65 - 69 | 603 | 5,470 | 9,071 |
| 70 - 74 | 969 | 7,439 | 7,677 |
| 75 - 79 | 1,298 | 8,490 | 6,541 |
| Over 79 | 2,910 | 15,926 | 5,473 |
| Total | 6,835 | \$ 46,098 | \$ 6,744 |
| Disabled Annuitants | | | |
| Under 60 | 2,503 | \$ 36,515 | \$ 14,588 |
| 60 - 64 | 1,001 | 10,919 | 10,908 |
| 65 - 69 | 806 | 7,244 | 8,988 |
| 70 - 74 | 605 | 4,797 | 7,928 |
| 75 - 79 | 422 | 3,008 | 7,129 |
| Over 79 | 436 | 3,195 | 7,327 |
| Total | 5,773 | \$ 65,678 | \$ 11,377 |
| Grand Total Average Annual Benefit | 132,716 | \$ 1,871,995 | \$ 14,105 |

EXHIBIT VII**10-YEAR HISTORY OF MEMBERSHIP DATA****ACTIVE MEMBERS**

| Valuation as of June 30 | Number of Active Members | Percentage Change in Membership | Total Annual Payroll (Thousands) | Percentage Change in Payroll |
|-------------------------------|--------------------------------|---------------------------------------|--|------------------------------------|
| 2001 | 243,311 | 3.89% | \$ 9,414,884 | 5.32% |
| 2000 | 234,210 | 4.79% | 8,939,598 | 8.39% |
| 1999 | 223,495 | 1.27% | 8,247,602 | 1.93% |
| 1998 | 220,703 | 2.62% | 8,091,481 | 4.47% |
| 1997 | 215,077 | 0.55% | 7,745,001 | 1.69% |
| 1996 | 213,906 | 1.48% | 7,616,585 | 3.23% |
| 1995 | 210,783 | 2.05% | 7,378,342 | 7.16% |
| 1994 | 206,540 | 4.31% | 6,885,337 | 8.46% |
| 1993 | 197,997 | (2.46%) | 6,348,565 | 4.11% |
| 1992 | 202,991 | 0.18% | 6,098,222 | 6.15% |

ANNUITANT AND SURVIVOR ANNUITANT MEMBERS

| Year Ended June 30 | Number on roll | Additions | Deletions | Percentage Change in Membership | Annual Annuities (Millions) | Percentage Change in Annuities |
|--------------------------|-------------------|-----------|-----------|---------------------------------------|-----------------------------------|--------------------------------------|
| 2001 | 132,716 | 3,140 | 4,482 | -1.00% | \$ 1,872.0 | -0.46% |
| 2000 | 134,058 | 5,923 | 4,734 | 0.89% | 1,880.6 | 2.73% |
| 1999 | 132,869 | 10,609 | 4,554 | 4.77% | 1,830.6 | 10.77% |
| 1998 | 126,814 | 7,132 | 4,442 | 2.17% | 1,652.6 | 14.21% |
| 1997 | 124,124 | 9,787 | 4,389 | 4.55% | 1,447.0 | 11.74% |
| 1996 | 118,726 | 7,047 | 4,281 | 2.39% | 1,295.0 | 6.05% |
| 1995 | 115,960 | 4,923 | 3,994 | 0.81% | 1,221.1 | 2.99% |
| 1994 | 115,031 | 4,866 | 3,047 | 1.61% | 1,185.6 | 12.06% |
| 1993 | 113,212 | 12,258 | 4,072 | 7.79% | 1,058.0 | 22.65% |
| 1992 | 105,026 | 5,811 | 3,709 | 2.04% | 862.6 | 5.66% |

EXHIBIT VIII

DETAILED TABULATIONS OF THE DATA

TABLE 1
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF JUNE 30, 2001

| Age | Males | | Females | |
|-----|--------|-------------|---------|-------------|
| | Number | Salaries | Number | Salaries |
| 17 | 3 | \$ 10,067 | 2 | \$ 12,451 |
| 18 | 11 | 91,179 | 13 | \$ 123,584 |
| 19 | 41 | 582,622 | 65 | 637,884 |
| 20 | 75 | 1,198,222 | 91 | 899,709 |
| 21 | 111 | 1,756,468 | 150 | 1,895,161 |
| 22 | 174 | 3,838,566 | 538 | 11,369,128 |
| 23 | 503 | 12,681,072 | 1,473 | 36,928,760 |
| 24 | 811 | 22,663,339 | 2,174 | 59,881,193 |
| 25 | 1,008 | 30,839,500 | 2,436 | 71,650,930 |
| 26 | 1,069 | 33,988,265 | 2,716 | 83,088,582 |
| 27 | 1,142 | 38,575,480 | 2,742 | 86,375,463 |
| 28 | 1,274 | 44,136,764 | 2,790 | 92,041,799 |
| 29 | 1,427 | 50,829,754 | 3,111 | 102,148,642 |
| 30 | 1,486 | 54,549,560 | 3,380 | 113,494,635 |
| 31 | 1,483 | 55,872,479 | 3,259 | 111,930,686 |
| 32 | 1,392 | 53,994,700 | 2,981 | 100,752,060 |
| 33 | 1,358 | 53,675,833 | 2,853 | 93,581,431 |
| 34 | 1,292 | 53,148,201 | 2,859 | 94,263,970 |
| 35 | 1,333 | 53,614,599 | 2,876 | 88,489,048 |
| 36 | 1,271 | 51,366,123 | 3,154 | 96,988,768 |
| 37 | 1,359 | 54,980,996 | 3,392 | 96,090,526 |
| 38 | 1,329 | 53,395,369 | 3,531 | 101,550,005 |
| 39 | 1,308 | 53,314,613 | 3,892 | 111,349,136 |
| 40 | 1,444 | 58,343,943 | 4,280 | 120,895,723 |
| 41 | 1,446 | 59,136,714 | 4,299 | 119,455,382 |
| 42 | 1,552 | 62,638,458 | 4,653 | 134,079,939 |
| 43 | 1,590 | 68,701,488 | 5,398 | 165,056,990 |
| 44 | 1,815 | 80,625,147 | 5,739 | 181,215,406 |
| 45 | 1,808 | 81,334,029 | 5,866 | 197,086,220 |
| 46 | 2,034 | 93,786,123 | 6,341 | 222,877,427 |
| 47 | 2,111 | 101,326,090 | 6,890 | 261,004,727 |
| 48 | 2,462 | 123,805,139 | 7,169 | 292,413,272 |
| 49 | 2,705 | 142,728,220 | 7,798 | 333,740,184 |
| 50 | 2,868 | 158,002,335 | 7,593 | 337,732,776 |
| 51 | 2,974 | 166,201,122 | 7,119 | 321,459,291 |
| 52 | 3,179 | 182,392,858 | 6,940 | 315,625,133 |
| 53 | 3,305 | 189,263,661 | 6,587 | 294,915,517 |
| 54 | 3,388 | 194,459,570 | 6,724 | 296,950,190 |
| 55 | 2,188 | 123,611,843 | 4,048 | 174,641,387 |
| 56 | 1,887 | 102,051,193 | 3,815 | 160,272,219 |

TABLE 1
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF JUNE 30, 2001

| Age | Males | | Females | |
|--------------|--------|------------------|---------|------------------|
| | Number | Salaries | Number | Salaries |
| 57 | 1,705 | \$ 89,665,625 | 3,448 | \$ 135,583,642 |
| 58 | 1,803 | 94,281,658 | 3,529 | 136,937,087 |
| 59 | 1,353 | 65,515,461 | 2,807 | 102,164,330 |
| 60 | 1,055 | 49,064,112 | 2,366 | 81,815,975 |
| 61 | 902 | 37,299,014 | 2,031 | 67,672,747 |
| 62 | 665 | 26,262,767 | 1,599 | 51,736,993 |
| 63 | 516 | 19,698,976 | 1,139 | 35,967,233 |
| 64 | 418 | 14,715,242 | 890 | 26,144,967 |
| 65 | 344 | 11,549,796 | 741 | 20,645,589 |
| 66 | 259 | 7,081,923 | 504 | 12,036,765 |
| 67 | 220 | 5,973,715 | 415 | 10,363,098 |
| 68 | 195 | 5,122,301 | 304 | 7,495,019 |
| 69 | 167 | 4,146,531 | 300 | 6,451,010 |
| 70 | 133 | 3,204,875 | 238 | 5,212,782 |
| 71 | 113 | 2,695,443 | 187 | 3,525,136 |
| 72 | 94 | 1,961,172 | 169 | 3,304,352 |
| 73 | 87 | 1,888,235 | 132 | 2,359,498 |
| 74 | 82 | 1,616,858 | 118 | 1,929,738 |
| 75 | 56 | 1,158,379 | 86 | 1,297,007 |
| 76 | 34 | 601,898 | 73 | 1,286,629 |
| 77 | 27 | 436,835 | 49 | 874,044 |
| 78 | 31 | 478,993 | 31 | 500,674 |
| 79 | 20 | 455,926 | 34 | 691,881 |
| 80 | 13 | 226,689 | 20 | 403,559 |
| 81 | 8 | 153,837 | 17 | 246,975 |
| 82 | 5 | 68,234 | 9 | 111,385 |
| 83 | 3 | 112,946 | 6 | 70,558 |
| 84 | | | 2 | 19,428 |
| 85 | 4 | 84,729 | 1 | 11,396 |
| 86 | | | | |
| 87 | 1 | 25,088 | | |
| Total | 70,329 | \$ 3,213,058,962 | 172,982 | \$ 6,201,824,831 |

TABLE 2
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF JUNE 30, 2001

| Service | Males | | Females | |
|---------|--------|---------------|---------|----------------|
| | Number | Salaries | Number | Salaries |
| 0 | 3,292 | \$ 66,168,082 | 11,829 | \$ 185,331,344 |
| 1 | 4,312 | 107,895,551 | 14,502 | 277,791,589 |
| 2 | 4,813 | 149,353,111 | 14,359 | 343,283,659 |
| 3 | 3,693 | 120,553,858 | 10,460 | 262,430,275 |
| 4 | 3,500 | 122,710,088 | 9,097 | 248,689,457 |
| 5 | 2,640 | 95,978,496 | 7,278 | 207,350,737 |
| 6 | 2,362 | 87,551,621 | 6,529 | 193,373,847 |
| 7 | 2,129 | 80,713,077 | 5,745 | 179,438,328 |
| 8 | 2,530 | 103,257,397 | 6,074 | 202,484,166 |
| 9 | 1,724 | 68,590,241 | 4,979 | 169,145,445 |
| 10 | 1,618 | 66,222,514 | 4,702 | 163,276,782 |
| 11 | 1,783 | 74,870,313 | 4,842 | 175,535,874 |
| 12 | 1,726 | 73,436,241 | 4,839 | 183,248,815 |
| 13 | 1,605 | 71,965,480 | 4,621 | 182,711,675 |
| 14 | 1,537 | 69,334,951 | 4,288 | 173,475,741 |
| 15 | 1,415 | 66,984,694 | 3,979 | 165,739,202 |
| 16 | 1,235 | 57,766,086 | 3,488 | 150,981,181 |
| 17 | 1,094 | 51,818,273 | 2,969 | 129,798,238 |
| 18 | 960 | 45,902,443 | 2,513 | 113,773,143 |
| 19 | 938 | 45,355,682 | 2,701 | 122,080,545 |
| 20 | 965 | 49,042,321 | 2,904 | 133,871,145 |
| 21 | 1,161 | 62,018,056 | 3,299 | 158,830,282 |
| 22 | 1,248 | 67,965,314 | 3,460 | 172,706,700 |
| 23 | 1,245 | 71,997,316 | 3,304 | 170,808,724 |
| 24 | 1,288 | 74,569,058 | 3,265 | 173,269,487 |
| 25 | 1,507 | 87,267,720 | 3,413 | 185,667,423 |
| 26 | 1,618 | 97,342,463 | 3,379 | 187,522,756 |
| 27 | 1,913 | 118,194,294 | 3,496 | 198,160,255 |
| 28 | 1,979 | 126,274,413 | 3,353 | 194,977,301 |
| 29 | 2,126 | 137,506,501 | 3,075 | 180,787,718 |
| 30 | 2,022 | 132,245,475 | 2,801 | 166,322,326 |
| 31 | 2,061 | 135,265,901 | 2,519 | 152,894,706 |
| 32 | 1,659 | 111,453,693 | 1,454 | 87,429,003 |
| 33 | 1,359 | 90,843,303 | 1,078 | 65,996,301 |
| 34 | 1,027 | 68,932,699 | 780 | 47,218,959 |
| 35 | 810 | 55,595,616 | 576 | 33,959,100 |
| 36 | 520 | 36,284,194 | 330 | 20,132,814 |
| 37 | 341 | 24,316,615 | 238 | 14,419,764 |
| 38 | 220 | 15,133,289 | 149 | 9,017,502 |
| 39 | 139 | 9,498,923 | 91 | 5,593,656 |

TABLE 2
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF JUNE 30, 2001

| Service | Males | | Females | |
|--------------|--------|------------------|---------|------------------|
| | Number | Salaries | Number | Salaries |
| 40 | 79 | 5,300,053 | 68 | 3,790,892 |
| 41 | 43 | 3,053,785 | 40 | 2,303,536 |
| 42 | 35 | 2,462,378 | 31 | 1,822,702 |
| 43 | 18 | 1,228,712 | 25 | 1,212,685 |
| 44 | 13 | 885,663 | 11 | 555,525 |
| 45 | 12 | 842,375 | 11 | 636,053 |
| 46 | 8 | 550,802 | 10 | 588,391 |
| 47 | 4 | 268,857 | 8 | 402,897 |
| 48 | 1 | 145,040 | 5 | 202,505 |
| 49 | | | 5 | 312,667 |
| 50 | | | 1 | 51,390 |
| 51 | | | 3 | 138,368 |
| 52 | 1 | 95,000 | 1 | 45,893 |
| 53 | | | 3 | 153,946 |
| 54 | 1 | 50,934 | | |
| 55 | | | 1 | 50,368 |
| 56 | | | 1 | 31,048 |
| Total | 70,329 | \$ 3,213,058,962 | 172,982 | \$ 6,201,824,831 |

TABLE 3

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2001**

**RETIRED ON ACCOUNT OF SUPERANNUATION, EARLY RETIREMENT AND
THOSE IN RECEIPT OF WITHDRAWAL ANNUITIES**

| Age | Male | | Female | |
|-----|--------|------------|--------|------------|
| | Number | Annuities | Number | Annuities |
| 29 | 1 | \$ 273 | | |
| 30 | 1 | 750 | | |
| 31 | 3 | 2,909 | 2 | 1,227 |
| 32 | | | 2 | 1,758 |
| 33 | 5 | 3,694 | 7 | 4,074 |
| 34 | 8 | 8,425 | 14 | 16,043 |
| 35 | 13 | 12,117 | 24 | 23,475 |
| 36 | 15 | 11,295 | 25 | 24,466 |
| 37 | 20 | 29,330 | 36 | 39,359 |
| 38 | 27 | 30,485 | 36 | 34,337 |
| 39 | 24 | 32,046 | 35 | 39,942 |
| 40 | 25 | 30,351 | 47 | 64,446 |
| 41 | 47 | 83,548 | 65 | 86,648 |
| 42 | 44 | 67,014 | 77 | 127,470 |
| 43 | 66 | 104,100 | 86 | 160,710 |
| 44 | 70 | 136,361 | 117 | 196,187 |
| 45 | 67 | 140,603 | 124 | 256,351 |
| 46 | 75 | 139,068 | 150 | 345,156 |
| 47 | 91 | 203,935 | 186 | 384,038 |
| 48 | 106 | 312,758 | 223 | 606,690 |
| 49 | 134 | 399,245 | 275 | 694,677 |
| 50 | 183 | 578,522 | 418 | 1,334,931 |
| 51 | 203 | 821,194 | 485 | 1,644,764 |
| 52 | 221 | 1,013,381 | 516 | 2,297,606 |
| 53 | 363 | 2,766,976 | 593 | 4,413,128 |
| 54 | 853 | 14,360,398 | 1,025 | 14,450,352 |
| 55 | 971 | 21,213,825 | 1,068 | 18,388,311 |
| 56 | 995 | 22,367,328 | 1,079 | 19,912,568 |
| 57 | 1,095 | 27,663,423 | 1,159 | 22,702,951 |
| 58 | 1,368 | 36,673,191 | 1,411 | 28,498,559 |
| 59 | 1,474 | 40,473,098 | 1,507 | 30,779,095 |
| 60 | 1,291 | 35,734,668 | 1,495 | 30,868,539 |
| 61 | 1,269 | 37,094,592 | 1,489 | 30,630,861 |
| 62 | 1,222 | 34,149,455 | 1,679 | 30,674,018 |
| 63 | 1,504 | 40,509,884 | 2,155 | 37,631,128 |
| 64 | 1,589 | 40,939,362 | 2,344 | 37,085,194 |
| 65 | 1,589 | 38,738,294 | 2,363 | 36,798,335 |
| 66 | 1,588 | 35,694,061 | 2,523 | 35,351,018 |
| 67 | 1,588 | 35,039,191 | 2,419 | 33,966,304 |
| 68 | 1,644 | 34,649,315 | 2,447 | 32,072,466 |

TABLE 3

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2001**

**RETIRED ON ACCOUNT OF SUPERANNUATION, EARLY RETIREMENT AND
THOSE IN RECEIPT OF WITHDRAWAL ANNUITIES**

| Age | Male | | Female | |
|-----|--------|---------------|--------|---------------|
| | Number | Annuities | Number | Annuities |
| 69 | 1,686 | 35,041,893 | 2,699 | 35,411,546 |
| 70 | 1,621 | \$ 34,489,816 | 2,802 | \$ 36,997,915 |
| 71 | 1,649 | 31,411,523 | 2,737 | 34,549,439 |
| 72 | 1,456 | 25,904,194 | 2,645 | 30,199,651 |
| 73 | 1,476 | 25,449,987 | 2,858 | 31,909,451 |
| 74 | 1,472 | 23,368,810 | 2,692 | 29,254,480 |
| 75 | 1,334 | 21,107,421 | 2,621 | 27,321,069 |
| 76 | 1,317 | 19,768,412 | 2,377 | 22,665,144 |
| 77 | 1,197 | 16,532,526 | 2,383 | 21,866,954 |
| 78 | 1,099 | 14,255,232 | 2,151 | 18,291,912 |
| 79 | 932 | 11,123,165 | 2,129 | 17,691,982 |
| 80 | 815 | 9,594,856 | 2,096 | 17,668,083 |
| 81 | 796 | 8,520,221 | 2,020 | 16,792,014 |
| 82 | 567 | 6,056,113 | 1,664 | 13,630,781 |
| 83 | 619 | 5,974,668 | 1,775 | 14,607,611 |
| 84 | 537 | 4,986,679 | 1,631 | 13,692,246 |
| 85 | 486 | 4,883,780 | 1,469 | 12,216,452 |
| 86 | 388 | 3,626,135 | 1,303 | 11,035,537 |
| 87 | 339 | 3,613,233 | 1,235 | 11,501,644 |
| 88 | 297 | 3,048,698 | 1,061 | 10,124,473 |
| 89 | 226 | 2,203,257 | 973 | 10,114,023 |
| 90 | 176 | 1,920,733 | 873 | 9,285,102 |
| 91 | 134 | 1,798,040 | 751 | 8,375,268 |
| 92 | 123 | 1,304,907 | 672 | 7,738,965 |
| 93 | 78 | 976,402 | 588 | 6,823,508 |
| 94 | 69 | 796,431 | 436 | 5,481,069 |
| 95 | 50 | 656,302 | 308 | 3,714,121 |
| 96 | 29 | 394,152 | 228 | 2,660,884 |
| 97 | 22 | 268,855 | 117 | 1,442,645 |
| 98 | 8 | 117,975 | 90 | 990,675 |
| 99 | 9 | 138,536 | 73 | 906,098 |
| 100 | 3 | 37,028 | 27 | 367,579 |
| 101 | 3 | 23,253 | 21 | 250,576 |
| 102 | | | 16 | 211,173 |
| 103 | | | 7 | 102,292 |
| 104 | 1 | 19,527 | 2 | 21,121 |
| 105 | | | 3 | 32,382 |
| 106 | | | 1 | 2,593 |
| 107 | | | 1 | 14,844 |
| 108 | | | | |

TABLE 3

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2001**

**RETIRED ON ACCOUNT OF SUPERANNUATION, EARLY RETIREMENT AND
THOSE IN RECEIPT OF WITHDRAWAL ANNUITIES**

| Age | Male | | Female | |
|--------------|--------|----------------|--------|----------------|
| | Number | Annuities | Number | Annuities |
| 109 | | | 1 | 7,535 |
| Total | 42,866 | \$ 821,641,226 | 77,242 | \$ 938,578,018 |

TABLE 3

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2001**

**RETIRED ON ACCOUNT OF SUPERANNUATION, EARLY RETIREMENT AND
THOSE IN RECEIPT OF WITHDRAWAL ANNUITIES**

| <u>OPTION</u> | | | | | | |
|---------------|------------|----|-------------------|------------|----|------------------|
| Maximum | 24,668 | \$ | 526,095,290 | 59,928 | \$ | 752,978,667 |
| 1A | 15 | | 213,818 | 85 | | 1,026,335 |
| 1B | 11 | | 119,916 | 47 | | 464,366 |
| 1C | 4,375 | | 50,409,596 | 8,801 | | 70,987,383 |
| 2 | 6,476 | | 86,244,548 | 3,876 | | 42,510,593 |
| 3 | 6,831 | | 143,928,053 | 4,320 | | 66,248,902 |
| 4 | <u>490</u> | | <u>14,630,005</u> | <u>185</u> | | <u>4,361,772</u> |
| | 42,866 | \$ | 821,641,226 | 77,242 | \$ | 938,578,018 |

DEFINITIONS OF OPTIONS

- Option 1A A life annuity to the member with a guaranteed payment to the beneficiary equal to the member's contributions and interest at retirement less any amounts paid to the member from the employee annuity portion of the retirement benefit prior to death. This option was discontinued in 1975.
- Option 1B A life annuity to the member with a guaranteed payment to the beneficiary equal to the present value of the employer portion of the annuity less any amounts paid to the member from the reduced state portion of the retirement benefit prior to death. This option was discontinued in 1975.
- Option 1C A life annuity to the member with a guaranteed payment to the beneficiary equal to the present value of the total maximum single life annuity less any amounts paid to the member prior to death.
- Option 2 A joint and one hundred percent (100%) survivor annuity payable during the lifetime of the member with the full amount of such annuity payable thereafter to the designated survivor annuitant, if living at the member's death.
- Option 3 A joint and fifty percent (50%) survivor annuity payable during the lifetime of the member with one-half of such annuity payable thereafter to the designated survivor annuitant, if living at the member's death.
- Option 4 A life annuity to the member with a special death benefit for a designated beneficiary.

TABLE 4
THE NUMBER AND ANNUAL ANNUITIES
OF BENEFICIARIES AND SURVIVOR ANNUITANTS
AS OF JUNE 30, 2000

| Age | Male | | Female | |
|-----|--------|-----------|--------|-----------|
| | Number | Annuities | Number | Annuities |
| 12 | 1 | \$ 1,497 | | |
| 13 | | | 1 | 3,484 |
| 14 | 1 | 1,533 | 1 | 1,497 |
| 15 | 1 | 2,483 | | |
| 17 | 1 | 669 | | |
| 19 | 1 | 2,514 | 2 | 17,961 |
| 20 | 1 | 7,883 | 2 | 3,084 |
| 21 | | | 1 | 1,312 |
| 22 | 2 | 1,996 | | |
| 23 | | | 1 | 1,070 |
| 24 | | | 2 | 2,368 |
| 25 | 1 | 1,108 | | |
| 26 | 1 | 8,215 | | |
| 27 | 2 | 4,533 | 2 | 7,069 |
| 28 | | | 3 | 6,156 |
| 29 | 1 | 23,464 | | |
| 30 | | | 2 | 4,702 |
| 32 | 2 | 14,075 | 1 | 8,188 |
| 33 | 1 | 1,284 | 2 | 5,810 |
| 34 | 5 | 21,278 | 4 | 23,579 |
| 35 | 2 | 1,010 | 1 | 3,459 |
| 36 | | | 3 | 4,316 |
| 37 | 4 | 19,022 | 5 | 17,047 |
| 38 | 1 | 4,098 | 3 | 19,034 |
| 39 | 4 | 37,661 | 2 | 4,419 |
| 40 | 1 | 3,045 | | |
| 41 | 3 | 15,630 | 4 | 23,239 |
| 42 | 2 | 5,820 | 13 | 62,652 |
| 43 | 2 | 10,918 | 10 | 40,898 |
| 44 | 4 | 23,383 | 11 | 46,067 |
| 45 | 5 | 6,835 | 5 | 14,951 |
| 46 | 3 | 23,243 | 14 | 59,761 |
| 47 | 7 | 32,296 | 11 | 51,394 |
| 48 | 5 | 23,081 | 14 | 82,503 |
| 49 | 7 | 28,313 | 10 | 56,212 |
| 50 | 3 | 12,891 | 7 | 63,270 |
| 51 | 8 | 38,828 | 22 | 132,781 |
| 52 | 7 | 48,573 | 28 | 273,502 |
| 53 | 9 | 40,336 | 29 | 238,256 |
| 54 | 11 | 76,133 | 42 | 295,407 |

TABLE 4
THE NUMBER AND ANNUAL ANNUITIES
OF BENEFICIARIES AND SURVIVOR ANNUITANTS
AS OF JUNE 30, 2000

| Age | Male | | Female | |
|-----|--------|-----------|--------|-----------|
| | Number | Annuities | Number | Annuities |
| 55 | 11 | 72,918 | 34 | 286,784 |
| 56 | 5 | 42,817 | 34 | 260,611 |
| 57 | 14 | 173,386 | 29 | 292,693 |
| 58 | 19 | 102,745 | 45 | 311,765 |
| 59 | 14 | 107,579 | 59 | 753,983 |
| 60 | 11 | 119,675 | 53 | 535,696 |
| 61 | 15 | 101,263 | 63 | 543,121 |
| 62 | 13 | 77,539 | 68 | 840,339 |
| 63 | 12 | 104,315 | 71 | 764,308 |
| 64 | 13 | 53,918 | 105 | 1,109,354 |
| 65 | 12 | 99,359 | 88 | 816,748 |
| 66 | 18 | 136,487 | 90 | 888,449 |
| 67 | 18 | 131,951 | 103 | 959,066 |
| 68 | 20 | 114,841 | 117 | 1,206,589 |
| 69 | 15 | 116,934 | 122 | 999,300 |
| 70 | 15 | 111,461 | 142 | 1,221,849 |
| 71 | 30 | 249,118 | 162 | 1,278,026 |
| 72 | 17 | 116,874 | 171 | 1,354,194 |
| 73 | 27 | 146,535 | 173 | 1,186,298 |
| 74 | 21 | 154,138 | 211 | 1,620,165 |
| 75 | 32 | 245,075 | 212 | 1,432,168 |
| 76 | 33 | 235,157 | 203 | 1,359,570 |
| 77 | 39 | 377,904 | 233 | 1,364,855 |
| 78 | 43 | 355,157 | 215 | 1,300,540 |
| 79 | 43 | 305,725 | 245 | 1,513,604 |
| 80 | 44 | 327,049 | 244 | 1,425,952 |
| 81 | 43 | 262,711 | 259 | 1,462,667 |
| 82 | 28 | 220,152 | 195 | 1,066,383 |
| 83 | 36 | 228,120 | 244 | 1,259,106 |
| 84 | 33 | 193,010 | 218 | 1,181,953 |
| 85 | 35 | 157,733 | 186 | 934,490 |
| 86 | 37 | 192,993 | 186 | 1,033,820 |
| 87 | 19 | 90,566 | 156 | 859,817 |
| 88 | 32 | 159,908 | 149 | 800,107 |
| 89 | 16 | 67,435 | 140 | 745,721 |
| 90 | 19 | 112,007 | 116 | 606,959 |
| 91 | 19 | 104,995 | 92 | 587,595 |
| 92 | 14 | 84,070 | 72 | 422,060 |
| 93 | 18 | 116,724 | 67 | 378,964 |
| 94 | 12 | 61,799 | 48 | 256,828 |

TABLE 4
THE NUMBER AND ANNUAL ANNUITIES
OF BENEFICIARIES AND SURVIVOR ANNUITANTS
AS OF JUNE 30, 2000

| Age | Male | | Female | |
|--------------|--------|--------------|--------|---------------|
| | Number | Annuities | Number | Annuities |
| 95 | 5 | 40,082 | 34 | 156,300 |
| 96 | 8 | 30,657 | 26 | 105,629 |
| 97 | 4 | 15,345 | 16 | 48,127 |
| 98 | 1 | 3,000 | 11 | 23,885 |
| 99 | 2 | 5,460 | 7 | 43,844 |
| 100 | 2 | 4,777 | 3 | 8,691 |
| 101 | | | 3 | 5,293 |
| 102 | 1 | 1,137 | 3 | 11,307 |
| 103 | 1 | 1,534 | 2 | 11,740 |
| 104 | | | 1 | 4,320 |
| 105 | | | 1 | 1,747 |
| 107 | 1 | 1,419 | | |
| Total | 1,049 | \$ 6,879,203 | 5,785 | \$ 39,218,832 |

TABLE 5
THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2001

RETIRED ON ACCOUNT OF DISABILITY

| Age | Male | | Female | |
|-----|--------|-----------|--------|-----------|
| | Number | Annuities | Number | Annuities |
| 28 | 1 | \$ 11,205 | | |
| 31 | 2 | 23,128 | 1 | 11,954 |
| 32 | 2 | 23,469 | | |
| 33 | 1 | 10,982 | 1 | 7,608 |
| 34 | | | 2 | 29,683 |
| 35 | 2 | 9,927 | 5 | 45,907 |
| 36 | 2 | 18,712 | 8 | 70,710 |
| 37 | 3 | 29,199 | 9 | 86,946 |
| 38 | 7 | 73,110 | 8 | 87,549 |
| 39 | 5 | 49,473 | 7 | 74,928 |
| 40 | 3 | 29,658 | 7 | 66,923 |
| 41 | 5 | 38,603 | 11 | 127,345 |
| 42 | 9 | 90,063 | 24 | 229,236 |
| 43 | 17 | 167,927 | 26 | 223,412 |
| 44 | 16 | 181,695 | 15 | 125,244 |
| 45 | 22 | 203,040 | 31 | 271,983 |
| 46 | 18 | 192,880 | 32 | 360,657 |
| 47 | 22 | 273,315 | 31 | 339,240 |
| 48 | 36 | 430,902 | 68 | 874,971 |
| 49 | 45 | 561,312 | 77 | 1,069,801 |
| 50 | 37 | 603,414 | 88 | 1,263,716 |
| 51 | 52 | 892,297 | 92 | 1,397,439 |
| 52 | 69 | 1,168,229 | 117 | 1,953,814 |
| 53 | 69 | 1,343,801 | 138 | 2,381,169 |
| 54 | 80 | 1,416,646 | 154 | 2,478,359 |
| 55 | 67 | 1,160,893 | 141 | 2,258,497 |
| 56 | 71 | 1,317,541 | 115 | 1,635,332 |
| 57 | 69 | 1,152,697 | 113 | 1,491,453 |
| 58 | 80 | 1,207,282 | 129 | 1,594,636 |
| 59 | 82 | 1,281,455 | 159 | 1,993,483 |
| 60 | 66 | 843,184 | 147 | 1,554,450 |
| 61 | 67 | 873,585 | 158 | 1,663,992 |
| 62 | 73 | 934,433 | 118 | 1,288,399 |
| 63 | 77 | 809,060 | 122 | 1,110,393 |
| 64 | 48 | 575,014 | 125 | 1,266,532 |
| 65 | 52 | 541,840 | 110 | 993,451 |
| 66 | 54 | 589,992 | 131 | 1,072,095 |
| 67 | 53 | 516,594 | 104 | 882,988 |
| 68 | 56 | 639,196 | 96 | 670,938 |
| 69 | 37 | 334,953 | 113 | 1,002,297 |

TABLE 5

THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2001

RETIRED ON ACCOUNT OF DISABILITY

| Age | Male | | Female | |
|--------------|--------|---------------|--------|---------------|
| | Number | Annuities | Number | Annuities |
| 70 | 43 | 372,361 | 89 | 682,143 |
| 71 | 37 | 349,845 | 98 | 681,501 |
| 72 | 37 | 400,106 | 90 | 669,623 |
| 73 | 25 | 210,594 | 93 | 647,364 |
| 74 | 41 | 432,973 | 52 | 350,013 |
| 75 | 38 | 299,219 | 70 | 520,794 |
| 76 | 34 | 279,224 | 61 | 442,157 |
| 77 | 15 | 98,833 | 52 | 323,201 |
| 78 | 17 | 168,467 | 52 | 354,485 |
| 79 | 24 | 169,364 | 59 | 352,629 |
| 80 | 14 | 137,948 | 53 | 361,654 |
| 81 | 19 | 123,873 | 47 | 347,709 |
| 82 | 14 | 159,528 | 38 | 230,555 |
| 83 | 9 | 79,602 | 34 | 260,583 |
| 84 | 6 | 52,627 | 33 | 226,508 |
| 85 | 6 | 42,583 | 26 | 173,301 |
| 86 | 4 | 37,339 | 31 | 214,968 |
| 87 | 3 | 17,122 | 16 | 100,142 |
| 88 | 3 | 18,112 | 19 | 144,256 |
| 89 | 1 | 12,402 | 13 | 108,248 |
| 90 | 2 | 15,960 | 6 | 45,369 |
| 91 | | | 6 | 52,045 |
| 92 | | | 3 | 18,978 |
| 93 | | | 9 | 66,301 |
| 94 | 1 | 9,576 | 7 | 50,786 |
| 95 | 1 | 4,250 | 6 | 43,426 |
| 96 | | | 1 | 11,186 |
| 97 | | | 1 | 4,429 |
| 98 | | | 3 | 16,715 |
| 99 | | | 1 | 6,561 |
| Total | 1,871 | \$ 24,112,617 | 3,902 | \$ 41,565,162 |

TABLE 6
THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2001

RECEIVING A REFUND ANNUITY

| Age | Male | | Female | |
|--------------|--------|-----------|--------|-----------|
| | Number | Annuities | Number | Annuities |
| 91 | | | 1 | 53 |
| Total | 0 | \$ 0 | 1 | \$ 53 |

EXHIBIT IX**GLOSSARY**

| | |
|----------------------------------|---|
| Accrued Liability | The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as “actuarial accrued liability.” |
| Accrued Service | The service credited under the plan which was rendered before the date of the actuarial valuation. |
| 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 “present value of future plan benefits” between the present value of future normal cost and the accrued liability. Sometimes referred to as the “actuarial funding method.” |
| Actuarial Equivalent | A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value. |
| Actuarial Value of Assets | The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes investment gains and losses over a period of three years. |
| 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. |
| Normal Cost | The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as “current service cost.” |

EXHIBIT IX

GLOSSARY

(Continued)

Present Value

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

Unfunded Accrued Liability

The difference between the actuarial accrued liability and valuation assets.