

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

**ACTUARIAL VALUATION
JUNE 30, 2005**

January 18, 2006

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 annual actuarial valuation of the Public School Employees' Retirement System of Pennsylvania as of June 30, 2005.

The valuation takes into account all of the promised benefits to which members are entitled as of June 30, 2005, including pension and survivor benefits; and as required by the Retirement Code is the basis for the contribution rate for fiscal year 2006/2007. The fiscal year 2006/2007 employer contribution rate certified by the Board is 6.46%.

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. As a result of the July 1, 2000 – June 30, 2005 experience review the actuarial assumptions and methods used to determine the contribution were changed from last year. Changes adopted by the Board at its December 2005 meeting include a minor change to the actuarial cost method, and changes in the assumptions for post-retirement mortality, death in service, disability retirement, and non-vested withdrawal. The assumed rate of inflation was changed from 3.5% to 3.25%, and the assumed real rate of return on assets was increased from 5% to 5.25%. The interest rate assumption is unchanged at 8.5%, and the salary increase assumption has declined by 25 basis points to a career average of 6%.

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

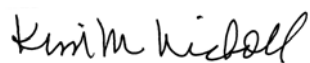
At its December 2005 meeting the Board adopted a package of assumption changes whose fiscal impact had not previously been determined by the actuary. At the meeting the actuary estimated that the required fiscal year 2006/2007 employer contribution rate would be 6.46%, and the Board certified this rate. The actuary subsequently confirmed that the 6.46% rate is adequate for funding future benefits. (The calculated rate, based on the actual package of changes adopted by the Board, would have been 6.41%.) The total funded ratio of the plan (for Pensions and Health Insurance combined) is 83.7% based on the accrued liability and the actuarial value of assets as of June 30, 2005.

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 the PSERS Comprehensive Annual Financial Report (CAFR), and also prepared the trend data schedules included in the Financial Section of the CAFR.

Qualified actuaries completed the valuation 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.
Principal, Consulting Actuary



S. Lynn Hill
Director, Retirement Consulting

KMN/SLH:pl

THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OF PENNSYLVANIA

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Executive Summary

This report presents the actuarial valuation as of June 30, 2005 for the Public School Employees' Retirement System of Pennsylvania.

The principal valuation results include:

- The employer contribution rate for fiscal year 2006/2007 which is 6.46%.
- The total funded ratio of the plan determined as of June 30, 2005, which is 83.7% based on the accrued liability and the actuarial value of assets for Pensions and Health Insurance as of that date.
- The determination of the actuarial gain or loss as of June 30, 2005, which is a loss of \$3.5 billion.
- Annual disclosure as of June 30, 2005 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 the PSERS Comprehensive Annual Financial Report (CAFR), and also prepared the trend data schedules included in the Financial Section of the CAFR.

Changes Since Last Year

Legislative and Administrative Changes

There were no legislative or administrative changes since the prior valuation.

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

Actuarial Assumptions and Methods

As a result of the July 1, 2000 – June 30, 2005 experience review the actuarial assumptions and methods used to determine the contribution were changed from last year. The changes are effective for the June 30, 2005 actuarial valuation, and were adopted by the Board at its December, 2005 meeting.

The change in method was a minor change in the Entry Age Normal actuarial cost method. Previously the average normal cost rate was the total of the rates for all active members divided by the number of active members. That is, each active member's normal cost rate had an equal weight in the calculation of the average rate. Individual member normal cost rates are still being determined, but the average rate is now a pay-weighted average. The assumptions for post-retirement mortality, death in service, disability retirement, and non-vested withdrawal were changed to better reflect recent experience, and also to reflect expected future improvements in mortality. The assumed rate of inflation was changed from 3.5% to 3.25%, and the assumed real rate of return on assets was increased from 5% to 5.25%. The interest rate assumption is unchanged at 8.5%, and the salary increase assumption has declined by 25 basis points to a career average of 6%.

The actuarial assumptions and methods are outlined in Table 12.

Contribution Rates

The results of the valuation as of June 30, 2005 determine the employer contribution rate for fiscal year 2006/2007. At its December 2005 meeting the Board adopted a package of assumption changes whose fiscal impact had not previously been determined by the actuary. At the meeting the actuary estimated that the required fiscal year 2006/2007 employer contribution rate would be 6.46% of payroll, and the Board certified this rate. The actuary subsequently confirmed that the 6.46% rate is adequate for funding future benefits. The calculated rate, based on the actual package of changes adopted by the Board, is 6.41% of payroll, including 5.67% of payroll for pension benefits plus 0.74% of payroll for the health insurance premium assistance program.

The average contribution rate payable by the members is 7.21%. Effective January 1, 2002, the employee contribution rate for members who elected to have prior school service and intervening military service converted to Class T-D service increased by 1.25%. However, anyone who enrolls (or re-enrolls) in PSERS on or after July 1, 2001 is *automatically* a member of Class T-D with regard to all subsequent school service and subsequent intervening military service, with a member rate equal to 7.5%. The average member contribution rate of 7.21% is a pay-weighted average of member rates that vary based on date of hire and based on Class T-D membership.

Reasons for Change in the Rate Calculated by the Actuary

The employer contribution rate calculated by the actuary increased from 4.69% for fiscal year 2005/2006 to 6.41% for fiscal year 2006/2007. The increase of 1.72% is due to the following reasons:

• Decrease due to change in normal rate*	(0.38)
• Increase due to payroll growth*	0.11
• Increase due to actuarial loss on assets*	2.31
• Increase due to actuarial loss on liabilities*	0.66
• Increase due to change in health insurance contribution rate*	0.04
• Impact of the 4% floor on employer contribution rate under Act 40*	(0.67)
• Decrease due to FY 2005 over-contribution*	(0.34)
• Decrease due to assumption and method changes	<u>(0.01)</u>
• Total	1.72%

* Before assumption and method changes.

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, 2005. Comparable results from the June 30, 2004 valuation are also shown.

Item	June 30, 2005	June 30, 2004
Demographics		
Active Members		
• Number	255,465	247,901
• Average Annual Pay	\$ 41,210	\$ 40,463
Annuitants		
• Number	156,519	151,552
• Average Annual Benefit Payment	\$ 19,343	\$ 18,464
Contribution Rates (as a Percentage of Payroll)		
	(Fiscal Year 2006/2007)	(Fiscal Year 2005/2006)
Employer Contribution Rate:		
• Total Pension Contribution Rate	5.67%	4.00%
• Health Insurance Contribution Rate	<u>0.74</u>	<u>0.69</u>
• Total Contribution Rate Calculated by Actuary	6.41%	4.69%
• Total Contribution Rate Certified by Board	6.46%	4.69%
Member Average Contribution Rate		
• Total Rate	<u>7.21</u> 13.67%	<u>7.16</u> 11.85%
Actuarial Funded Status*		
• Accrued Liability	\$ 61,226.6 Mil	\$ 57,123.0 Mil
• Actuarial Value of Assets	<u>51,219.3</u>	<u>52,094.5</u>
• Unfunded Accrued Liability	\$ 10,007.3	\$ 5,028.5
• Funded Ratio	83.7%	91.2%
*Pensions and Health Insurance combined		

Five-Year History of Principal Financial Results

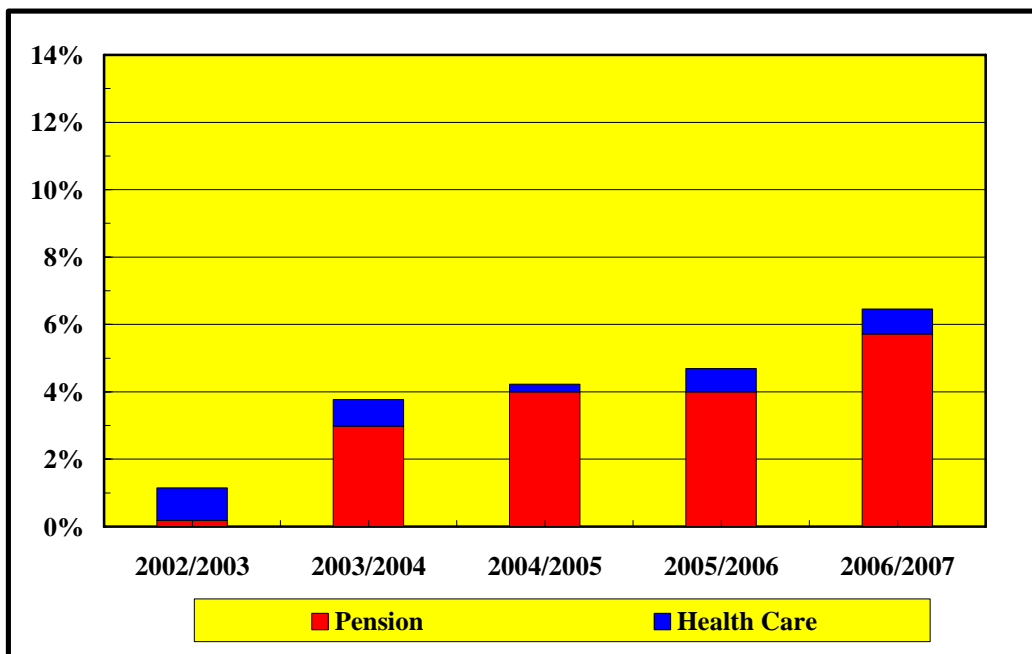
Five-Year History of Contribution Rates (As a % of Payroll)

Fiscal Year	Member Contributions	Employer Contributions			
		Normal Cost	Unfunded Accrued Liability	Health Care	Total*
2006/2007	7.21%	6.62%	(0.95)%	0.74%	6.46%
2005/2006	7.16	7.61	(4.28)	.69	4.69
2004/2005	7.12	7.48	(7.10)	.23	4.23
2003/2004	7.08	7.25	(4.27)	.79	3.77
2002/2003	7.10	7.20	(10.03)	.97	1.15

* Certified by the Board.

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 or 30 years for each change in the unfunded accrued liability according to Act 40.

The total contribution rate of 6.46% 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 total funded ratio 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 for Pensions is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. The accrued liability for Health Insurance equals the assets in the Health Insurance account.

On this basis, the System's total funded ratio (for Pensions and Health Insurance combined) is 83.7% as of June 30, 2005. This funded ratio is based on an actuarial value of assets of \$51.2 billion and an accrued liability of \$61.2 billion. The funded ratio for Pensions alone is 83.6% as of June 30, 2005, based on an actuarial value of assets of \$51.1 billion, and an accrued liability of \$61.1 billion

Reasons for Change in the Total Funded Ratio

The total funded ratio decreased from 91.2% as of June 30, 2004 to 83.7% as of June 30, 2005. The change in assumptions and methods caused the funded ratio to decrease by 0.9%. The remaining decrease is due to the asset and liability losses.

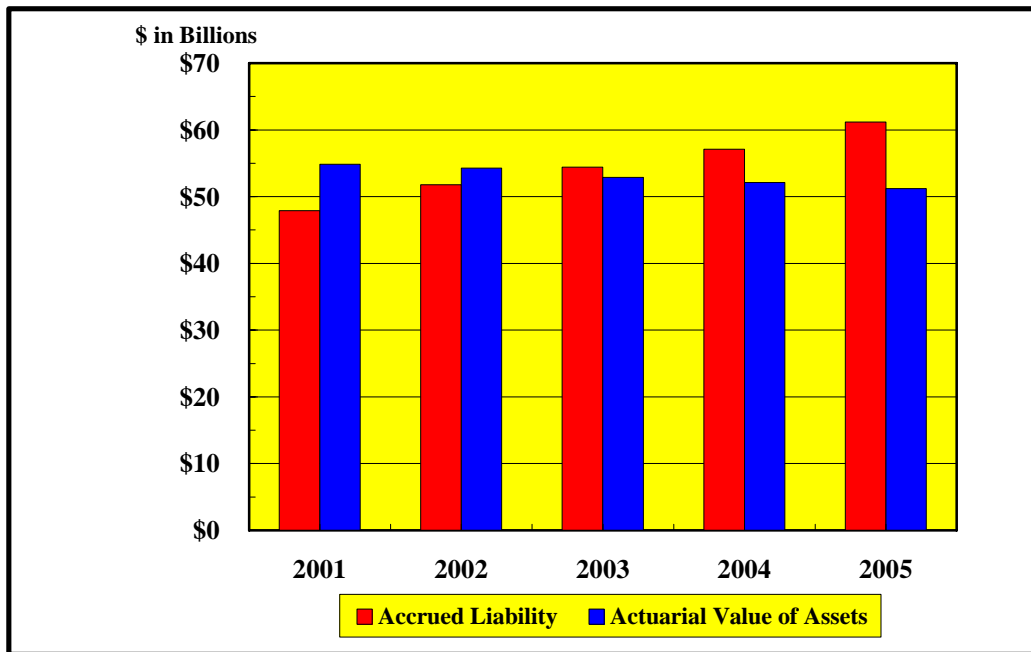
**Five-Year History of
Total Funded Ratio***
(\$ Amounts in Millions)

Valuation as of June 30	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
2005	\$ 61,226.6	\$ 51,219.3	\$10,007.3	83.7%
2004	57,123.0	52,094.5	5,028.5	91.2
2003	54,443.8	52,900.5	1,543.3	97.2
2002	51,796.5	54,296.4	(2,499.9)	104.8
2001	47,917.3	54,830.3	(6,913.0)	114.4

*For Pensions and Health Insurance

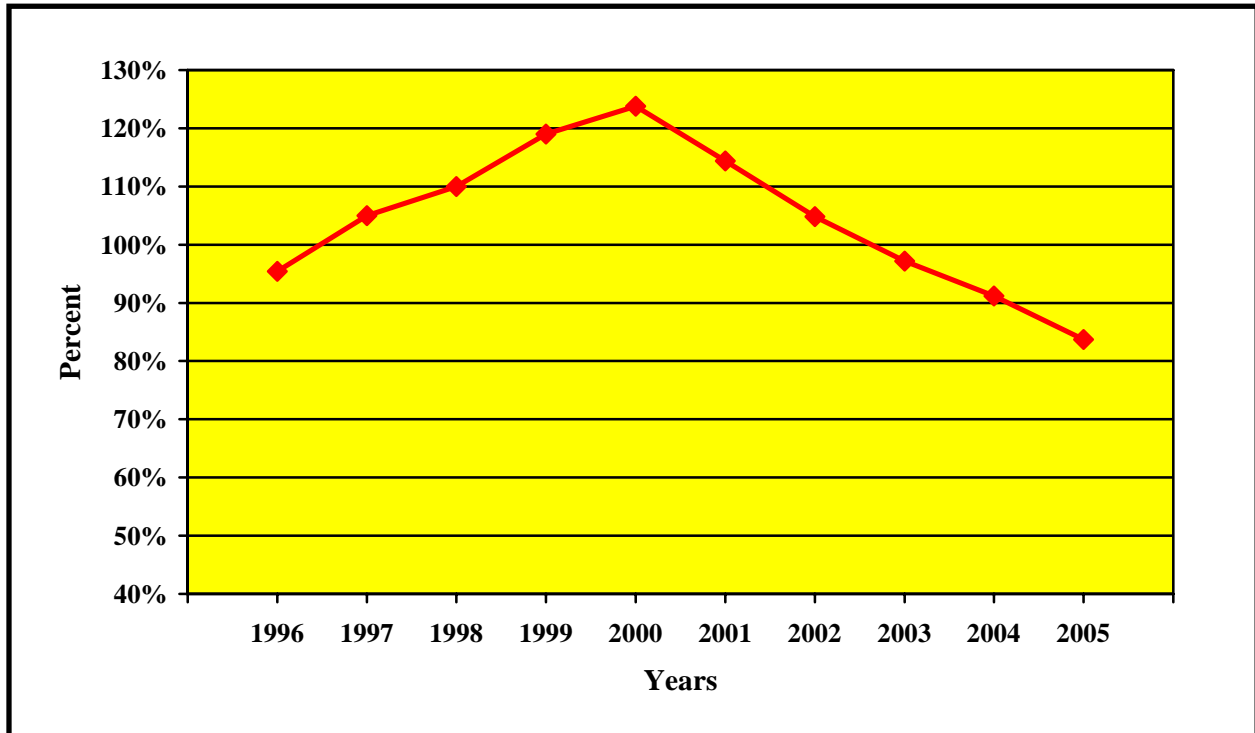
The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

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



The following chart shows a ten-year history of the total funded ratio for Pensions and Health Insurance:

**Ten-Year History of Total Funded Ratio
(1996 - 2005)**



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 pension assets, the actuarial accrued liability for pensions and the unfunded actuarial accrued liability for pensions. The actuarial funded ratio for pensions is measured by comparing the actuarial value of pension assets (based on a 5-year moving average market value) with the accrued liability for pensions. The accrued liability is the present value of pension 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 for pensions is 83.6% as of June 30, 2005. This funded ratio is based on an actuarial value of pension assets of \$51.1 billion and an accrued liability for pensions of \$61.1 billion.

The "schedule of employer contributions" shows historical trend information about the annual required contributions (ARC) for pensions of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost for pensions plus amortization of the unfunded actuarial accrued liability for pensions. 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 payment towards each change in the unfunded accrued liability, which are amortized over 10 or 30-year periods. The actual employer pension contributions for the six fiscal years ending June 30, 2005 are equal to 100% of the ARC, as shown in Table 8.

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 2000/2001 through 2004/2005 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 spreads the difference between the actual and expected return (beginning with the 2001/2002 fiscal year) over a period of five 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
2004/2005*	12.9%	3.2%
2003/2004*	19.7	2.6
2002/2003*	2.7	1.4
2001/2002*	(5.3)	2.7
2000/2001	(7.4)	14.3

* Market Value Rate of return provided by Wilshire Associates Incorporated, the PSERS investment consultant.

TABLE 1
SUMMARY OF RESULTS OF ACTUARIAL VALUATION
AS OF JUNE 30, 2005
(\$ Amounts in Thousands)

Item	Amount
Member Data	
1. Number of Members	
a) Active Members	255,465
b) Inactive Members and Vestees	58,720
c) Annuitants, Beneficiaries and Survivor Annuitants	156,519
d) Total	<u>470,704</u>
2. Annualized Salaries	\$ 10,527,668
3. Annual Annuities	\$ 3,027,550
Valuation Results	
4. Present Value of Future Pension Benefits	
a) Active Members	\$ 47,470,869
b) Inactive Members and Vestees	660,394
c) Annuitants, Beneficiaries and Survivor Annuitants	26,954,108
d) Total	<u>\$ 75,085,371</u>
5. Present Value of Future Pension Normal Cost	
a) Active Members	\$ 7,275,650
b) Employer	6,680,277
c) Total	<u>\$ 13,955,927</u>
6. Pension Accrued Liability	
a) Active Members (4a) - (5c)	\$ 33,514,942
b) Inactive Members and Vestees	660,394
c) Annuitants, Beneficiaries and Survivor Annuitants	26,954,108
d) Total	<u>\$ 61,129,444</u>
7. Health Care Payments	\$ 97,137
8. Total Accrued Liability (6) + (7)	\$ 61,226,581
9. Actuarial Value of Assets	\$ 51,219,293
10. Funded Status (9) / (8)	83.7 %
11. Unfunded Accrued Liability (8) - (9)	\$ 10,007,288
12. Total Normal Cost Rate	13.83 %
13. Member Contribution Rate	7.21 %
14. Employer Normal Cost Rate (12) - (13)	6.62 %
Employer Annual Funding Requirement for Fiscal 2006/2007	
15. Employer Contribution Rate Calculated by Actuary	
a) Normal	6.62 %
b) Unfunded Accrued Liability	<u>(0.95)</u>
c) Preliminary Pension Rate	5.67 %
d) Preliminary Pension Rate with 4% Floor	5.67
e) Health Insurance	<u>0.74</u>
f) Total Rate	6.41 %
16. Employer Contribution Rate Certified by Board	6.46 %

TABLE 2

**SUMMARY OF SOURCES OF EMPLOYER CONTRIBUTION RATE
AS OF JUNE 30, 2005
(\$ Amounts in Thousands)**

	Funding Period	Funding Period Beginning July 1	Initial Amount of Liability	Outstanding Balance as of 7/1/2005	Annual Payment Amount	Annual Payment Percent *
1. Amortization of:						
a) July 1, 2001 Fresh Start Unfunded Base	10 Years	2002	(9,137,130)	\$ (7,733,753)	\$ (1,510,937)	(12.78)%
b) Asset Method Change at July 1, 2001 due to Act 38	10 Years	2002	(4,638,306)	(3,925,906)	(767,001)	(6.49)%
c) 2001 Changes	30 Years	2002	7,570,507	6,991,515	668,111	5.65 %
d) 2002 Changes	30 Years	2003	3,014,171	3,023,070	286,101	2.41 %
e) 2002 COLA	10 Years	2003	463,795	432,493	76,694	0.65 %
f) 2003 COLA	10 Years	2004	754,524	828,370	135,375	1.15 %
g) 2003 Changes	30 Years	2004	3,229,593	3,475,898	326,059	2.76 %
h) 2004 Changes	30 Years	2005	2,903,093	3,149,856	293,096	2.48 %
i) 2005 Changes	30 Years	2006	3,765,745	<u>3,765,745</u>	<u>380,189</u>	<u>3.22 %</u>
Total Amortization Payments				10,007,288	(112,313)	(0.95)%
2. Employer Normal Cost Rate						<u>6.62 %</u>
3. Preliminary Pension Rate (1) + (2)						5.67 %
4. Preliminary Pension Rate with 4% Floor -- Maximum of (3) and 4%						5.67 %
5. Health Insurance Rate						<u>0.74 %</u>
6. Final Total Employer Contribution Rate Calculated by Actuary (4) + (5)						<u>6.41 %</u>
7. Final Total Employer Contribution Rate Adopted by Board						6.46 %

* Based on Estimated Employer Payroll for Fiscal Year Ending 2007 of \$ 11,821,951.

TABLE 3

**DETERMINATION OF HEALTH INSURANCE CONTRIBUTION RATE
FOR FISCAL YEAR 2006/2007**
(\$ Amounts in Thousands)

Item	Amount
1. Estimated Number of Eligible Annuitants in Fiscal 2007/2008	112,300
2. Estimated Number of Eligible Annuitants Who Elect Coverage	72,995
3. Estimated Annual Health Insurance Payments During Fiscal 2007/2008 (2) x \$100 x 12	\$ 87,594
4. Estimated Health Insurance Administrative Expenses During Fiscal 2007/2008	<u>2,113</u>
5. Total Estimated Health Insurance Account Disbursements During Fiscal 2007/2008 (3) + (4)	\$ 89,707
6. Estimated Balance in Health Insurance Account for Prior Fiscal Year	3,262
7. Estimated Shortfall in Health Insurance Account (5) - (6)	<u>\$ 86,445</u>
8. Required Health Insurance Contribution Rate	
(a) Estimated 2006/2007 Payroll	\$ 11,821,951
(b) Required Health Insurance Contribution Rate (7) / (8a) (rounded up)	0.74%

TABLE 4

**SUMMARY OF MARKET VALUE OF PLAN ASSETS
AS OF JUNE 30, 2005**
(\$ Amounts in Thousands)

Market Value	
1. Market Value of Assets as of June 30, 2004	\$ 48,484,506
2. Contributions During Fiscal 2004/2005	1,246,118
3. Disbursements During Fiscal 2004/2005	3,741,395
4. Investment Return During Fiscal 2004/2005	
a) Net Investment Return	\$ 6,078,851
b) Administrative Expenses	<u>34,546</u>
c) Investment Return After Expenses (a) - (b)	\$ 6,044,305
5. Market Value of Assets as of June 30, 2005 (1) + (2) - (3) + (4c)	\$ 52,033,534
6. Rate of Return (per Wilshire)	12.87 %
Asset Allocation by Account	
1. Members' Savings Account	\$ 9,116,347
2. Annuity Reserve Account	26,954,108
3. State Accumulation Account	15,865,942
4. Health Care Account	<u>97,137</u>
5. Total (1) + (2) + (3) + (4)	\$ 52,033,534

TABLE 5

**DERIVATION OF ACTUARIAL VALUE OF ASSETS
AS OF JUNE 30, 2005**
(\$ Amounts in Thousands)

1. Market Value of Assets as of June 30, 2005						\$ 52,033,534
2. Determination of Deferred Gain (Loss)						
		<u>Return on Assets</u>				
<u>Fiscal Year</u>	<u>Actual</u>	<u>Expected</u>	<u>Difference</u>	<u>% Deferred</u>		<u>Deferred Amount</u>
2004/2005	\$ 6,044,305	\$ 4,321,981	\$ 1,722,324	80%		\$ 1,377,859
2003/2004	8,201,871	4,404,561	3,797,310	60%		2,278,386
2002/2003	985,646	4,525,288	(3,539,642)	40%		(1,415,857)
2001/2002	(2,555,630)	4,575,102	(7,130,732)	20%		(1,426,147)
						<hr/>
						\$ 814,241
3. Actuarial Value of Assets (1) - (2)						\$ 51,219,293
4. Actuarial Rate of Return *						3.19%

* The actuarial rate of return is the investment return based on the change in the actuarial value of assets from the June 30, 2004 to the June 30, 2005 valuation.

TABLE 6

**ANALYSIS OF CHANGE IN UNFUNDED ACCRUED LIABILITY
AS OF JUNE 30, 2005**
(\$ Amounts in Thousands)

Item	Amount
1. Unfunded Accrued Liability at June 30, 2004	\$ 5,028,521
2. Interest Credit at 8.50% to June 30, 2005	427,424
3. Contributions Toward Unfunded Accrued Liability	(785,598)
4. Change due to FY 2005 Over-Contribution	(400,366)
5. Expected Unfunded Accrued Liability at June 30, 2005 (1) + (2) - (3) + (4)	\$ 5,841,177
6. Actual Unfunded Accrued Liability at June 30, 2005	<u>\$ 10,007,288</u>
7. Increase (Decrease) from Expected (6)-(5)	\$ 4,166,111
8. Reasons for Increase (Decrease)	
(a) Experience (Gains) Losses	
(i) Loss from Investment Return on Actuarial Value of Assets	\$ 2,701,891
(ii) Gain from Salary Increases Less than Expected	(118,605)
(iii) Loss from Retirement and Other Separation Experience	766,982
(iv) Loss from Annuitants' Mortality Experience	<u>122,856</u>
Subtotal	\$ 3,473,124
(b) Changes in Assumptions and Funding Method	\$ 692,987
(c) Grand Total	\$ 4,166,111

TABLE 7

SCHEDULE OF FUNDING PROGRESS FOR PENSIONS*
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
2005	\$ 51,122,156	\$ 61,129,444	\$ 10,007,288	83.6 %	\$ 10,527,668	95.1 %
2004	51,949,622	56,978,143	5,028,521	91.2	10,030,705	50.1
2003	52,770,018	54,313,328	1,543,310	97.2	9,652,881	16.0
2002	54,193,064	51,693,207	(2,499,857)	104.8	9,378,944	(26.7)
2001	54,783,928	47,870,922	(6,913,006)	114.4	9,414,884	(73.4)
2000	49,241,819	39,771,604	(9,470,215)	123.8	8,939,598	(105.9)

* The amounts reported do not include assets or liabilities for Health Insurance. In previous valuations, the amounts reported did include assets and liabilities for Health Insurance.

TABLE 8

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR PENSIONS
GASB STATEMENT NO. 25 DISCLOSURE**
(\$ Amounts in Thousands)

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2005	\$ 431,556	100 %
2004	321,091	100
2003	20,831	100
2002	539	100
2001	158,193	100
2000	390,504	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, 2002 was contributed in the fiscal year ending June 30, 2004).

Additional information as of the latest actuarial valuation follows:

Valuation Date:	6/30/2005
Actuarial Cost Method:	Entry Age
Amortization Method:	Level percent closed
Remaining Amortization Period:	6-30 Years
Asset Valuation Method:	5-year smoothed market

Actuarial Assumptions:	
- Investment Rate of Return *	8.50%
-Projected Salaried Increases *	6.00%

* Includes Inflation at:	3.25%
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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)
2005	\$ 9,116,347	\$ 27,051,245	\$ 25,058,989	\$ 51,219,293	100 %	100 %	60 %
2004	8,755,109	24,482,234	23,885,657	52,094,479	100	100	79
2003	8,282,753	22,094,109	24,066,913	52,900,465	100	100	94
2002	7,780,370	19,978,567	24,037,574	54,296,368	100	100	100
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

*The amounts reported include assets and liabilities for Pensions and Health Insurance.

TABLE 10**HISTORY AND PROJECTION OF CONTRIBUTION RATES AND FUNDED RATIOS***

Fiscal Year Ending June	Appropriation Payroll (thousands)	Contribution Rates						Funded Ratio
		Employee	Employer Normal Cost	Unfunded Liability Rate	Preliminary Employer Pension Rate	Health Care Contribution	Total Employer Rate	
1998	\$ 8,091,481	5.65 %	6.44 %	2.17 %	8.61 %	0.15 %	8.76 %	110.6 %
1999	8,247,602	5.69	6.33	(0.44)	5.89	0.15	6.04	119.0
2000	8,939,598	5.72	6.40	(2.04)	4.36	0.25	4.61	123.8
2001	9,414,884	5.77	6.29	(4.65)	1.64	0.30	1.94	114.4
2002	9,378,944	6.43	5.63	(6.05)	(0.42)	1.09	1.09	104.8
2003	9,652,881	7.10	7.20	(10.03)	1.00	0.97	1.15	97.2
2004	10,030,705	7.08	7.25	(4.27)	2.98	0.79	3.77	91.2
2005	11,062,589	7.12	7.48	(7.10)	4.00	0.23	4.23	83.7
2006	11,505,093	7.16	7.61	(4.28)	4.00	0.69	4.69	80.9
2007	11,821,951	7.21	6.62	(0.95)	5.67	0.74	6.46 **	80.7
2008	12,015,696	7.23	6.60	(0.21)	6.39	0.76	7.15	81.6
2009	12,272,752	7.25	6.58	(0.57)	6.01	0.77	6.78	81.3
2010	12,526,362	7.27	6.57	(1.51)	5.06	0.77	5.83	80.3
2011	12,778,938	7.30	6.54	(1.82)	4.72	0.78	5.50	79.1
2012	13,039,623	7.32	6.53	(1.85)	4.68	0.78	5.46	77.9
2013	13,315,696	7.35	6.51	15.24	21.75	0.77	22.52	79.2
2014	13,611,415	7.37	6.49	14.31	20.80	0.77	21.57	80.4
2015	13,928,825	7.39	6.48	13.00	19.48	0.76	20.24	81.5
2016	14,283,124	7.41	6.46	12.67	19.13	0.76	19.89	82.5
2017	14,675,532	7.43	6.45	12.33	18.78	0.74	19.52	83.5

* The projection of contribution rates is based on the assumption that there are no changes in demographics or economic assumptions no changes in benefit provisions, and no actuarial gains or losses other than gains or losses on the actuarial value of assets that result from recognizing currently deferred gains or losses on the market value of assets.

** 6.46% total employer contribution rate for fiscal year 2006/2007 adopted by the Board on December 9, 2005.

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
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			134,300	7,114	141,414	242,616
2003			138,383	7,310	145,693	246,700
2004			143,997	7,555	151,552	247,901
2005			148,727	7,792	156,519	255,465
2006	12,442	4,080	157,089	8,209	165,298	255,465
2007	11,351	4,228	164,212	8,600	172,812	255,465
2008	11,712	4,405	171,519	8,959	180,478	255,465
2009	12,056	4,585	178,990	9,298	188,288	255,465
2010	12,096	4,759	186,327	9,620	195,947	255,465
2011	11,651	4,931	193,047	9,925	202,972	255,465
2012	11,732	5,114	199,665	10,225	209,890	255,465
2013	11,693	5,289	206,069	10,523	216,592	255,465
2014	11,527	5,465	212,131	10,816	222,947	255,465
2015	11,379	5,646	217,864	11,110	228,974	255,465

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

Interest Rate: 8.5% per annum, compounded annually (adopted as of June 30, 1990). The components are 3.25% for inflation and 5.25% for the real rate of return (both adopted as of June 30, 2005). Actuarial equivalent benefits are determined based on 4% (since 1960).

Separation From Service: Illustrative rates of assumed separation from service are shown in the following table. (Rates of non-vested withdrawal, of death, and of disability were adopted as of June 30, 2005; other rates were adopted as of June 30, 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	12.40%	5.50%	1.40%	.042%	.024%		
30	10.00	3.00	1.40	.057	.024		
35	11.00	3.00	1.10	.062	.100		
40	11.00	3.00	.80	.072	.180		
45	11.00	3.00	.50	.100	.180		
50	11.00	3.00	1.78	.152	.280		24.00%
55	10.50	3.00	3.50	.252	.430	10.00	24.00
60	10.00	2.40	4.50	.467	.580	10.00	28.00
65				.870	.100		20.00
69				1.335	.100		20.00
FEMALES							
25	14.10%	9.50%	4.00%	.019%	.040%		
30	14.10	7.50	4.00	.023	.040		
35	14.10	5.50	2.00	.031	.080		
40	10.90	3.50	1.00	.043	.130		
45	10.90	3.00	.55	.061	.180		
50	10.90	3.00	1.50	.085	.250		10.00%
55	10.90	3.00	3.00	.146	.480	10.00	10.00
60	10.90	3.50	5.90	.284	.480	15.00	25.00
65				.561	.160		28.00
69				.866	.160		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 Uninsured Pensioners 1994 Mortality Table (UP94) with mortality improvements projected 10 years, and with age set back one year for males and females, adopted in 2005, 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 6% per annum, compounded annually (adopted as of June 30, 2005). The components are 3.25% for inflation, 1% for real wage growth and 1.75% for merit or seniority increases. Representative values are as follows:

Age	Annual Rate of Salary Increase
20	12.00%
30	9.00
40	7.00
50	4.75
55	4.50
60	4.25
65	4.25
69	4.25

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 (modified slightly as of June 30, 2005 to use a pay-weighted average normal contribution rate). The results of each June 30 valuation normally determine the employer contribution rate for the second succeeding fiscal year. The outstanding balance of the unfunded accrued liability as of June 30, 2001 and the decrease in the unfunded accrued liability due to the actuarial asset method change provided by Act 38 continue to be amortized over a 10-year period, with level dollar funding, beginning July 1 2002. The increases in the unfunded accrued liability due to the July 1, 2002 and July 1, 2003 cost-of-living adjustments provided by Act 38 were both recognized at June 30, 2002 and continue to be amortized over a 10-year period, with level dollar funding starting on July 1, 2003 and July 1, 2004, respectively. All other changes in the unfunded accrued liability at June 30, 2002 – including the Act 9 benefit changes – are amortized over a 30-year period, with level dollar funding starting on July 1, 2003. Post June 30, 2002 benefit improvements for active members and retirees are amortized over a 10-year period with level dollar funding. Post June 30, 2002 gains and losses, and changes in the unfunded accrued liability resulting from changes

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

in actuarial assumptions and methods, are amortized over a 30-year period with level dollar funding. Act 40 also provided a 4.00% floor on the employer pension rate.

Asset Valuation Method: A five-year moving market average value of assets that recognizes the 8.5% 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).

Health Care Contribution Rate: This is the rate necessary to establish reserves sufficient to provide premium assistance payments to all participating eligible annuitants during the fiscal year that immediately follows the year the employer contribution is made.

DATA

Census and Assets: The valuation was based on members of the System as of June 30, 2005 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. The actuary adjusts the data to account for service and pay earned by members on or before the valuation that is not reported by the System until after the actuarial valuation is performed. 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. 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 \$100 per month 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 elected coverage under Class T-D and who were most recently enrolled prior to July 22, 1983 contribute at a rate of 6½% of compensation, while members who elected coverage under Class T-D and who were most recently enrolled on or after July 22, 1983 contribute at a rate of 7½% of compensation. Members who did not elect coverage under Class T-D and who were most recently enrolled prior to July 22, 1983 contribute at a rate of 5¼% of compensation, while members who did not elect coverage under Class T-D and who were most recently enrolled on or after July 22, 1983 and prior to July 1, 2001 contribute at a rate of 6¼% of compensation. Anyone who enrolls or re-enrolls on or after July 1, 2001 automatically has coverage under class T-D for subsequent school service and subsequent intervening military service, and must contribute at a rate of 7½% of compensation. Reduction in rate for a joint coverage member: 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, 2005****Active Members***

Item	Male	Female	Total
Number of Members	70,774	184,691	255,465
Annual Salaries**	\$ 3,355,836	\$ 7,171,833	\$ 10,527,668
Average Age	44.9	45.0	45.0
Average Service	12.6	11.0	11.5

* Excludes 58,720 inactive members and vestees.

** These salaries shown in the table above represent a rate of pay for members who were in active service on June 30, 2005.

Annuitants and Beneficiaries

Item	Number	Annual Annuities	Average Annuities	Average Age
Annuitants (Normal, Early and Withdrawal)	141,763	\$ 2,855,901	\$ 20,146	69.8
Survivors and Beneficiaries	7,792	65,406	8,394	75.8
Disabled Annuitants	<u>6,964</u>	<u>106,243</u>	<u>15,256</u>	<u>62.3</u>
Total	156,519	\$ 3,027,550	\$ 19,343	69.8

EXHIBIT I**ACTIVE MEMBERSHIP DATA AS OF JUNE 30, 2005
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	6,922 \$26,535	84 \$25,554								7,006 \$26,523
25-29	17,823 \$33,149	5,173 \$43,263	26 \$35,472							23,022 \$35,424
30-34	9,595 \$29,826	13,158 \$44,945	2,667 \$52,923	67 \$37,430						25,487 \$40,068
35-39	9,077 \$23,724	7,884 \$41,541	7,333 \$54,783	2,185 \$57,562	70 \$39,061					26,549 \$40,419
40-44	11,418 \$19,724	7,640 \$32,371	4,542 \$47,758	5,341 \$59,433	1,858 \$58,412	158 \$37,619				30,957 \$36,222
45-49	10,783 \$19,622	9,493 \$29,636	5,601 \$40,648	4,683 \$53,739	4,745 \$62,974	3,473 \$64,502	202 \$40,662			38,980 \$38,566
50-54	7,438 \$21,561	7,674 \$30,920	6,552 \$40,332	6,151 \$50,151	4,187 \$59,641	9,303 \$68,924	7,968 \$71,410	109 \$45,251		49,382 \$49,314
55-59	4,757 \$21,529	4,040 \$29,487	4,118 \$36,826	4,842 \$45,191	3,697 \$53,694	3,794 \$61,997	7,860 \$72,180	2,062 \$76,011	21 \$54,685	35,191 \$49,756
60-64	2,489 \$18,574	1,799 \$25,505	1,659 \$30,938	2,031 \$37,980	1,634 \$42,747	1,529 \$49,223	909 \$58,522	637 \$75,205	176 \$74,249	12,863 \$37,305
Over 64	1,802 \$12,718	1,039 \$18,046	791 \$21,862	753 \$27,205	512 \$29,823	479 \$34,348	361 \$37,221	161 \$48,282	130 \$68,972	6,028 \$23,448
Total	82,104 \$24,904	57,984 \$36,122	33,289 \$44,246	26,053 \$50,754	16,703 \$56,482	18,736 \$63,946	17,300 \$70,010	2,969 \$73,205	327 \$70,895	255,465 \$41,210

EXHIBIT II**THE NUMBER AND AVERAGE ANNUAL ANNUITY
AS OF JUNE 30, 2005****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	11	1,182	1,351	436	137	27	4				3,148
	\$2,857	\$754	\$1,485	\$3,748	\$8,844	\$13,497	\$21,417				\$1,978
50-54	5	232	1,366	537	329	360	287	15			3,131
	\$4,275	\$1,465	\$1,414	\$4,085	\$9,152	\$20,268	\$31,892	\$31,674			\$7,800
55-59	10	250	2,552	1,301	754	1,461	8,233	3,555	6		18,122
	\$29,665	\$1,972	\$1,714	\$4,953	\$10,196	\$25,029	\$39,992	\$51,661	\$56,756		\$31,404
60-64	125	422	2,431	2,001	1,642	2,507	9,509	5,857	235		24,729
	\$1,946	\$2,871	\$2,980	\$7,079	\$13,644	\$24,656	\$35,753	\$48,951	\$53,474		\$30,180
65-69	441	729	2,576	2,652	2,870	3,333	5,579	4,640	766		23,586
	\$869	\$2,516	\$3,686	\$7,481	\$12,358	\$20,443	\$30,124	\$38,520	\$49,699		\$22,048
70-74	543	960	2,728	2,691	2,960	3,205	3,982	2,643	1,810		21,522
	\$590	\$2,003	\$3,435	\$6,293	\$10,816	\$17,148	\$25,767	\$34,519	\$41,730		\$17,884
75-79	611	1,159	2,748	2,809	3,050	3,059	2,868	2,101	1,186		19,591
	\$512	\$1,736	\$3,321	\$6,068	\$10,619	\$16,241	\$22,651	\$29,972	\$39,768		\$14,581
80-84	473	1,029	2,307	2,418	2,198	2,029	1,549	1,480	592		14,075
	\$523	\$1,571	\$3,283	\$5,972	\$10,032	\$14,612	\$19,711	\$24,484	\$35,004		\$11,585
85-89	288	695	1,623	1,419	1,230	1,057	827	938	389		8,466
	\$602	\$1,703	\$3,478	\$6,051	\$9,417	\$13,298	\$18,229	\$22,385	\$27,652		\$10,401
Over 89	147	459	741	758	657	694	564	742	631		5,393
	\$690	\$2,248	\$4,203	\$7,228	\$10,666	\$13,791	\$18,059	\$21,439	\$24,905		\$12,630
Total	2,654	7,117	20,423	17,022	15,827	17,732	33,402	21,971	5,615		141,763
	\$803	\$1,761	\$2,932	\$6,272	\$11,046	\$18,728	\$32,031	\$39,913	\$39,335		\$20,146

EXHIBIT III**THE NUMBER AND AVERAGE ANNUAL ANNUITY
AS OF JUNE 30, 2005****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 \$240	18 \$1,707	53 \$1,753	43 \$2,875	49 \$5,462	33 \$7,612	28 \$14,746	18 \$14,304	16 \$10,652	259 \$6,205
50-54	1 \$217	10 \$1,056	14 \$2,681	19 \$4,067	29 \$6,276	32 \$11,270	41 \$12,451	20 \$12,552	10 \$9,197	176 \$8,646
55-59	2 \$291	8 \$2,473	33 \$2,340	28 \$3,031	42 \$6,705	53 \$12,085	113 \$15,280	90 \$15,919	21 \$13,240	390 \$11,646
60-64	2 \$381	15 \$1,402	42 \$2,464	53 \$4,778	44 \$6,275	59 \$10,845	146 \$17,185	130 \$19,940	31 \$14,123	522 \$13,091
65-69	10 \$591	21 \$1,738	94 \$3,185	84 \$4,381	81 \$6,647	74 \$10,611	141 \$13,149	157 \$18,404	54 \$18,518	716 \$10,862
70-74	8 \$577	39 \$1,675	119 \$2,730	119 \$4,432	108 \$6,683	101 \$9,001	194 \$12,665	162 \$15,045	101 \$18,876	951 \$9,836
75-79	23 \$634	53 \$1,416	168 \$2,614	167 \$3,790	160 \$6,471	186 \$8,334	205 \$11,640	239 \$12,362	121 \$15,934	1,322 \$8,333
80-84	21 \$584	96 \$1,233	202 \$2,443	184 \$3,537	174 \$5,863	206 \$7,471	216 \$9,350	307 \$10,769	108 \$14,126	1,514 \$7,058
85-89	10 \$507	98 \$1,125	172 \$2,039	126 \$3,529	127 \$4,902	108 \$7,084	152 \$7,931	225 \$9,810	156 \$10,502	1,174 \$6,260
Over 89	1 \$514	42 \$1,008	79 \$2,103	58 \$3,013	62 \$4,246	61 \$5,412	86 \$6,716	182 \$7,725	196 \$8,976	767 \$6,154
Total	79 \$567	400 \$1,325	976 \$2,443	881 \$3,788	876 \$5,946	913 \$8,511	1,322 \$11,845	1,530 \$12,898	814 \$13,189	7,791 \$8,395

EXHIBIT IV**THE NUMBER AND AVERAGE ANNUAL ANNUITY
AS OF JUNE 30, 2005****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	2 \$10,868	226 \$9,872	185 \$11,938	105 \$16,424	57 \$20,111	15 \$25,249					590 \$13,069
50-54	1 \$20,265	166 \$8,401	198 \$11,147	146 \$15,720	165 \$22,505	200 \$36,091	42 \$46,178				918 \$20,466
55-59	4 \$14,367	218 \$8,009	296 \$10,404	250 \$13,541	260 \$21,167	377 \$31,798	203 \$44,653	3 \$49,560			1,611 \$21,709
60-64		219 \$5,925	285 \$8,151	249 \$11,512	280 \$18,341	232 \$27,200	45 \$38,253	2 \$46,868			1,312 \$15,052
65-69		161 \$5,157	238 \$7,377	199 \$9,730	170 \$14,592	115 \$23,933	16 \$27,256	2 \$42,997			901 \$11,407
70-74		133 \$4,050	173 \$6,505	147 \$8,640	127 \$12,810	67 \$19,445	13 \$26,193	1 \$43,179			661 \$9,451
75-79		96 \$3,407	146 \$5,719	88 \$8,613	90 \$13,016	56 \$17,880	6 \$23,576	1 \$24,751	1 \$54,601		484 \$8,912
80-84	1 \$25,382	72 \$3,615	63 \$5,858	47 \$7,157	54 \$10,542	34 \$15,570	14 \$21,209	1 \$29,135			286 \$8,447
85-89		26 \$3,107	39 \$5,827	27 \$8,135	21 \$10,849	11 \$15,996	16 \$21,045				140 \$9,059
Over 89		4 \$3,045	18 \$5,999	23 \$8,176	8 \$9,306	6 \$14,460	2 \$16,133				61 \$8,224
Total	8 \$15,606	1,321 \$6,600	1,641 \$8,677	1,281 \$11,694	1,232 \$17,572	1,113 \$28,521	357 \$40,082	10 \$42,547	1 \$54,601		6,964 \$15,256

EXHIBIT V**THE NUMBER AND AVERAGE ANNUAL ANNUITY
AS OF JUNE 30, 2005****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 \$66									1 \$66
Total	1 \$66									1 \$66

EXHIBIT VI**ANNUITANT AND BENEFICIARY MEMBERSHIP DATA
AS OF JUNE 30, 2005****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	24,401	\$ 599,759	\$ 24,579
60 - 64	24,729	746,327	30,180
65 - 69	23,586	520,023	22,048
70 - 74	21,522	384,894	17,884
75 - 79	19,591	285,663	14,581
Over 79	27,934	319,235	11,428
Total	141,763	\$ 2,855,901	\$ 20,146
Survivors and Beneficiaries			
Under 60	825	\$ 7,671	\$ 9,298
60 - 64	522	6,833	13,090
65 - 69	716	7,777	10,862
70 - 74	951	9,354	9,836
75 - 79	1,322	11,016	8,333
Over 79	3,456	22,755	6,584
Total	7,792	\$ 65,406	\$ 8,394
Disabled Annuitants			
Under 60	3,119	\$ 61,471	\$ 19,709
60 - 64	1,312	19,748	15,052
65 - 69	901	10,277	11,406
70 - 74	661	6,247	9,451
75 - 79	484	4,314	8,913
Over 79	487	4,186	8,595
Total	6,964	\$ 106,243	\$ 15,256
Grand Total Average Annual Benefit	156,519	\$ 3,027,550	\$ 19,343

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
2005	255,465	3.05%	\$ 10,527,668	4.95%
2004	247,901	0.49%	10,030,705	3.91%
2003	246,700	1.68%	9,652,881	2.92%
2002	242,616	(0.29%)	9,378,944	(0.38%)
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%

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
2005	156,519	10,050	5,083	3.28%	\$ 3,027.6	8.20%
2004	151,552	10,526	4,667	4.02%	2,798.2	9.94%
2003	145,693	9,079	4,800	3.03%	2,545.1	13.20%
2002	141,414	13,003	4,305	6.55%	2,248.3	20.10%
2001	132,716	3,140	4,482	-1.00%	1,872.0	0.00%
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%

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, 2005

Age	Males		Females	
	Number	Salaries	Number	Salaries
17	13	\$ 75,131	8	\$ 35,106
18	28	171,301	11	116,470
19	49	447,217	44	347,751
20	91	945,319	92	814,117
21	124	1,815,948	117	1,315,389
22	191	3,359,713	517	11,145,136
23	559	14,279,443	1,619	44,297,576
24	924	27,533,285	2,619	79,121,408
25	1,195	37,666,804	3,088	98,963,549
26	1,324	45,400,192	3,249	110,689,289
27	1,336	48,630,125	3,286	115,955,436
28	1,395	53,500,139	3,393	124,462,695
29	1,486	59,594,691	3,270	120,677,888
30	1,465	59,906,667	3,303	124,531,230
31	1,482	64,120,986	3,180	121,147,787
32	1,607	71,057,635	3,301	126,845,846
33	1,720	77,080,138	3,614	138,173,927
34	1,826	83,933,539	3,989	154,422,423
35	1,695	80,415,840	3,931	154,909,680
36	1,619	77,869,318	3,670	141,346,883
37	1,533	74,195,013	3,560	132,286,031
38	1,461	71,911,215	3,738	135,370,825
39	1,545	74,698,307	3,797	130,073,298
40	1,457	68,371,106	4,086	138,323,479
41	1,574	74,715,836	4,443	141,970,176
42	1,521	70,663,632	4,569	148,292,458
43	1,479	70,125,271	4,896	159,218,242
44	1,653	76,980,597	5,279	172,676,955
45	1,631	76,117,918	5,233	168,849,951
46	1,764	81,754,321	5,603	187,400,462
47	1,848	86,807,661	6,069	217,187,743
48	1,982	99,391,437	6,409	235,160,739
49	1,992	99,686,180	6,449	250,934,953
50	2,185	113,138,825	6,791	278,985,991
51	2,221	119,319,763	7,091	315,293,691
52	2,562	144,794,563	7,470	355,236,757
53	2,816	163,502,743	7,813	384,735,733
54	2,916	177,490,581	7,517	382,726,831
55	2,613	159,196,103	6,411	318,499,825
56	2,488	148,383,236	5,685	277,199,611

TABLE 1
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF JUNE 30, 2005

Age	Males		Females	
	Number	Salaries	Number	Salaries
57	2,110	\$ 120,799,201	4,962	\$ 226,158,545
58	1,976	105,565,441	4,891	216,356,989
59	1,212	60,384,898	2,843	118,407,402
60	1,026	45,876,423	2,696	108,617,640
61	947	39,045,309	2,252	83,964,646
62	821	32,599,125	1,817	63,757,695
63	591	21,152,630	1,306	42,152,892
64	447	14,973,256	960	27,720,043
65	399	11,983,500	705	20,780,111
66	289	8,159,603	545	13,598,992
67	269	8,265,536	450	10,982,292
68	222	5,557,098	389	9,122,711
69	199	4,786,044	321	6,800,434
70	164	3,313,072	246	4,690,079
71	128	2,573,663	224	4,517,023
72	125	2,648,395	176	3,089,951
73	98	1,970,270	137	2,140,247
74	89	1,559,928	122	2,413,118
75	64	1,144,381	110	1,720,988
76	59	1,139,033	78	1,151,047
77	40	810,111	76	1,302,026
78	41	797,137	45	636,855
79	28	506,678	42	616,670
80	21	317,396	25	375,369
81	10	176,629	20	289,825
82	11	179,862	11	162,259
83	7	235,448	9	272,695
84	7	125,287	9	122,429
85	2	63,908	6	72,172
86	1	1,642	7	76,591
87	1	76,882	1	19,641
Total	70,774	3,355,835,525	184,691	7,171,832,714

TABLE 2
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF JUNE 30, 2005

Service	Males		Females	
	Number	Salaries	Number	Salaries
0	4,704	\$ 80,631,408	12,439	\$ 183,953,332
1	4,129	111,127,998	13,042	282,485,039
2	4,380	143,342,685	12,862	332,093,267
3	3,994	140,131,852	11,679	317,589,101
4	3,676	133,442,457	11,199	319,938,108
5	3,389	131,309,159	10,606	320,654,726
6	3,717	157,512,071	10,275	340,091,572
7	3,001	130,695,901	8,187	276,925,767
8	3,004	137,338,633	7,329	263,263,144
9	2,333	108,691,033	6,143	228,039,904
10	2,098	103,379,552	5,486	213,825,306
11	1,934	93,417,084	5,015	204,754,386
12	2,212	115,354,229	5,182	221,646,854
13	1,568	79,570,026	4,392	192,546,246
14	1,358	68,421,644	4,044	179,987,402
15	1,430	75,617,766	4,174	195,437,671
16	1,500	79,216,542	4,093	197,384,165
17	1,406	76,965,474	3,994	197,580,328
18	1,374	76,185,193	3,566	183,777,853
19	1,142	65,067,188	3,374	175,056,414
20	1,057	59,627,862	3,000	161,795,406
21	996	56,431,575	2,524	140,029,318
22	809	46,439,134	2,154	122,670,771
23	801	46,580,861	2,222	127,114,783
24	849	49,752,710	2,291	132,974,818
25	960	60,646,347	2,594	155,608,740
26	1,093	70,496,210	2,850	174,336,557
27	1,087	73,221,504	2,631	167,054,279
28	1,135	76,824,885	2,611	167,813,720
29	1,227	83,408,809	2,548	168,685,500
30	1,358	94,699,307	2,595	171,305,785
31	1,528	109,452,874	2,496	169,966,248
32	1,524	113,141,373	2,238	153,321,226
33	1,364	102,858,873	1,865	127,738,284
34	1,053	79,951,444	1,279	88,741,131
35	603	46,816,587	720	50,616,399
36	361	29,100,072	339	22,693,913
37	253	19,568,086	231	14,955,420
38	139	10,572,974	143	9,694,595
39	78	6,510,030	102	6,818,729

TABLE 2

**THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF JUNE 30, 2005**

Service	Males		Females	
	Number	Salaries	Number	Salaries
40	55	4,455,645	53	3,209,674
41	38	3,333,726	28	1,826,315
42	16	1,411,287	29	1,811,467
43	12	826,296	16	967,908
44	7	653,030	7	501,282
45	7	538,918	11	679,076
46	5	446,690	3	195,207
47	3	214,888	8	462,711
48	1	83,264	3	117,308
49	4	289,925	6	326,800
50	1	28,140	3	225,234
51			3	164,720
52	1	34,304	2	88,211
54			1	69,665
60			2	107,203
62			1	39,700
Total	70,774	3,355,835,525	184,691	7,171,832,714

TABLE 3

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2005**

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

Age	Male		Female	
	Number	Annuities	Number	Annuities
25	3	\$ 830	1	\$ 487
26	1	416		
27	5	3,707	6	2,323
28	5	2,387	6	2,111
29	10	3,945	13	6,072
30	9	6,091	20	11,196
31	13	9,484	23	10,695
32	20	16,374	36	22,466
33	30	21,887	50	32,146
34	27	20,337	63	49,645
35	32	32,385	70	62,593
36	24	27,810	59	63,366
37	29	39,858	64	72,779
38	46	70,610	77	99,545
39	45	61,168	85	109,118
40	50	109,737	91	132,285
41	49	102,110	116	166,114
42	73	150,996	101	152,658
43	62	128,812	104	159,431
44	76	200,506	119	224,736
45	82	190,230	145	242,788
46	82	211,288	161	272,735
47	108	264,297	172	378,217
48	109	399,560	233	571,202
49	110	536,512	233	769,479
50	117	507,782	256	926,405
51	160	890,051	305	1,198,919
52	152	991,860	391	2,374,718
53	207	1,988,095	505	4,376,524
54	296	3,219,359	742	7,947,700
55	468	10,133,766	1,055	17,739,001
56	870	27,120,276	1,659	43,786,557
57	1,472	51,180,605	2,237	69,278,128
58	2,437	89,397,133	3,021	94,485,097
59	2,279	84,937,709	2,624	81,053,488
60	2,026	74,156,163	2,291	69,480,123
61	2,033	74,448,421	2,349	68,139,450
62	2,312	82,253,912	2,923	78,860,580
63	2,469	83,943,989	3,216	79,391,914

TABLE 3

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2005**

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

Age	Male		Female	
	Number	Annuities	Number	Annuities
64	2,019	\$ 63,749,219	3,091	\$ 71,903,558
65	1,832	56,518,506	2,940	63,024,985
66	1,764	48,033,521	2,962	58,243,655
67	1,804	47,851,738	3,007	57,050,601
68	1,779	45,723,605	2,902	50,088,551
69	1,754	45,232,980	2,842	48,254,753
70	1,647	38,842,274	2,781	42,479,767
71	1,626	38,502,811	2,585	39,503,507
72	1,608	36,517,138	2,531	36,400,805
73	1,644	36,922,191	2,737	39,047,130
74	1,545	35,772,781	2,818	40,905,301
75	1,545	31,965,476	2,668	36,226,693
76	1,347	26,286,608	2,572	32,149,994
77	1,311	24,694,889	2,689	32,856,916
78	1,321	23,003,239	2,529	30,030,462
79	1,184	20,688,571	2,425	27,760,482
80	1,116	19,197,767	2,165	22,889,635
81	980	15,496,868	2,142	21,966,276
82	876	12,909,376	1,898	18,228,607
83	741	10,181,347	1,811	17,022,433
84	612	8,447,930	1,734	16,724,897
85	567	7,535,533	1,652	15,744,790
86	386	4,939,596	1,332	12,594,071
87	387	4,609,733	1,332	13,102,820
88	337	4,006,312	1,164	11,618,126
89	282	3,453,859	1,027	10,451,956
90	207	2,352,255	899	9,347,231
91	184	2,505,580	772	8,888,505
92	140	1,812,035	646	7,557,782
93	97	1,138,643	559	7,303,532
94	63	969,069	423	5,507,457
95	43	719,817	343	4,723,458
96	48	681,905	309	4,451,582
97	22	356,533	212	3,140,625
98	18	239,323	149	2,314,648
99	10	125,910	90	1,391,988
100	8	169,786	59	935,122
101	5	98,793	28	473,831
102			24	335,250
103	2	60,412	19	317,770

TABLE 3

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2005**

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

Age	Male		Female	
	Number	Annuities	Number	Annuities
104			5	\$ 62,743
105			3	41,291
106			3	52,682
107			2	27,641
113			1	9,418
Total	51,259	\$ 1,310,094,387	90,504	\$ 1,545,806,115

TABLE 3

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2005**

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

<u>OPTION</u>		<u>MALE</u>		<u>FEMALE</u>	
Maximum	27,525	\$ 749,824,736	64,293	\$ 1,094,536,191	
1A	4	74,958	46	721,005	
1B	2	25,952	21	270,020	
1C	6,171	118,872,170	13,888	197,051,652	
2	9,003	188,947,396	6,331	116,699,450	
3	7,759	221,283,972	5,632	127,173,751	
4	<u>795</u>	<u>31,065,203</u>	<u>293</u>	<u>9,354,046</u>	
	51,259	\$ 1,310,094,387	90,504	\$ 1,545,806,115	

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, 2005

Age	Male		Female	
	Number	Annuities	Number	Annuities
4	1	\$ 2,416		
6			1	2,727
10			1	2,751
12			1	5,518
14	1	2,043		
16	1	1,497		
17			1	3,484
18	1	1,533	2	24,567
19	1	2,483	1	6,094
20			2	8,158
21	1	6,094		
23	1	2,514	2	22,540
24	2	14,518	2	3,084
25			1	1,312
26	2	1,996	1	11,664
27	3	12,829	2	4,878
28	1	4,889	3	11,418
29	2	8,515	1	13,554
30	5	78,072	1	12,887
31	2	4,533	2	7,069
32			3	6,156
33	3	37,935	1	8,117
34	1	2,554	5	24,655
35	2	10,649	1	18,495
36	3	21,217	5	72,802
37	2	2,499	3	16,364
38	8	32,375	5	34,184
39	4	22,133	6	36,756
40	1	3,719	4	22,537
41	5	20,071	8	33,641
42	1	4,098	4	66,262
43	3	28,573	5	15,075
44	2	3,684	5	14,280
45	7	43,166	9	97,533
46	7	27,923	25	162,727
47	5	30,125	20	108,250
48	4	24,210	23	106,774
49	8	25,170	13	136,764
50	4	31,710	22	121,013
51	7	32,296	24	234,052

TABLE 4
THE NUMBER AND ANNUAL ANNUITIES
OF BENEFICIARIES AND SURVIVOR ANNUITANTS
AS OF JUNE 30, 2005

Age	Male		Female	
	Number	Annuities	Number	Annuities
52	12	\$ 63,140	27	\$ 242,804
53	14	89,314	24	225,879
54	10	60,444	32	421,111
55	14	127,389	45	451,052
56	15	154,459	48	474,186
57	14	151,954	61	893,018
58	21	195,765	82	970,873
59	18	164,138	72	959,064
60	9	134,290	68	844,749
61	20	256,988	70	898,886
62	31	337,032	95	1,115,247
63	17	254,257	99	1,411,850
64	16	255,051	97	1,325,100
65	21	196,273	105	1,067,565
66	25	248,495	104	1,328,796
67	17	179,158	132	1,528,532
68	19	102,874	138	1,603,653
69	19	217,150	136	1,304,352
70	24	200,062	135	1,464,731
71	27	230,575	163	1,778,860
72	27	192,681	155	1,768,462
73	22	158,092	170	1,566,946
74	28	268,231	200	1,725,049
75	40	391,670	212	1,942,728
76	21	187,846	220	2,014,298
77	28	206,985	229	1,863,803
78	41	402,717	245	1,881,015
79	41	378,339	245	1,746,585
80	42	374,388	253	1,804,312
81	45	384,414	286	1,928,334
82	49	398,390	237	1,599,389
83	49	336,463	252	1,695,925
84	42	398,011	259	1,765,817
85	33	278,897	244	1,560,922
86	35	285,567	189	1,111,636
87	30	207,097	234	1,382,511
88	30	193,209	191	1,170,189
89	33	182,002	155	977,494
90	29	213,918	133	818,284
91	18	158,774	114	721,198

TABLE 4

**THE NUMBER AND ANNUAL ANNUITIES
OF BENEFICIARIES AND SURVIVOR ANNUITANTS
AS OF JUNE 30, 2005**

Age	Male		Female	
	Number	Annuities	Number	Annuities
92	10	\$ 46,481	93	\$ 570,379
93	9	86,438	78	439,094
94	12	71,869	77	479,039
95	9	63,507	48	312,639
96	4	14,265	36	231,172
97	6	48,923	32	176,786
98	6	30,764	14	86,529
99			14	72,845
100	1	7,002	6	22,627
101			7	20,337
102			5	7,234
103			4	16,213
104			2	3,540
Total	1,204	\$ 10,133,788	6,587	\$ 55,271,780

TABLE 5

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2005**

RETIRED ON ACCOUNT OF DISABILITY

Age	Male		Female	
	Number	Annuities	Number	Annuities
29	1	\$ 17,160	1	6,267
30	1	13,402		
31	1	7,714		
32	1	11,751	3	44,606
33	1	20,449	1	13,771
34	1	21,919	3	38,638
35	4	60,027	1	13,945
36	2	24,860	4	46,810
37	2	28,047	9	155,338
38	4	47,255	8	124,523
39	5	60,777	14	190,418
40	5	56,079	16	210,836
41	7	84,669	24	285,412
42	17	209,845	19	248,908
43	11	139,794	17	206,475
44	10	153,059	26	348,931
45	14	164,320	34	449,189
46	29	380,066	40	411,377
47	28	397,336	53	577,733
48	31	482,136	43	533,663
49	37	531,982	62	891,349
50	37	724,899	70	1,172,218
51	46	776,729	88	1,562,949
52	64	1,105,566	132	2,493,149
53	75	1,601,097	156	3,179,645
54	73	1,981,913	177	4,189,728
55	85	1,950,454	182	4,286,069
56	114	2,836,015	213	4,783,849
57	103	2,453,116	214	4,487,472
58	126	3,096,929	245	4,888,470
59	106	2,122,983	223	4,067,717
60	91	2,000,614	171	2,795,239
61	89	1,554,588	155	2,455,221
62	95	1,460,766	190	2,482,884
63	97	1,468,467	190	2,643,499
64	66	864,845	168	2,022,226
65	66	926,080	163	1,830,279
66	68	924,492	110	1,253,738
67	67	762,557	112	1,105,209
68	47	565,342	116	1,326,116

TABLE 5

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2005**

RETIRED ON ACCOUNT OF DISABILITY

Age	Male		Female	
	Number	Annuities	Number	Annuities
69	49	\$ 564,766	103	\$ 1,018,842
70	46	537,515	122	1,079,019
71	42	465,034	86	802,744
72	49	630,128	81	617,658
73	28	257,100	101	972,105
74	34	313,921	72	572,105
75	26	302,161	82	631,405
76	31	380,437	81	653,897
77	22	204,489	87	684,779
78	26	356,171	47	375,048
79	25	237,933	57	487,254
80	31	290,448	45	405,166
81	9	62,280	44	326,764
82	13	151,730	40	325,149
83	19	168,134	41	319,875
84	5	51,034	39	315,212
85	10	67,623	31	289,103
86	9	138,154	24	175,235
87	2	10,446	22	219,894
88	4	58,916	17	134,007
89	4	42,202	17	132,641
90			23	191,938
91	1	5,605	9	72,386
92			14	112,519
93			3	29,788
94	1	7,150	3	20,640
95			1	8,102
96			2	11,883
97			3	30,898
99			1	10,770
Total	2,213	\$ 37,393,476	4,751	\$ 68,850,695

TABLE 6

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2005**

RECEIVING A REFUND ANNUITY

Age	Male		Female	
	Number	Annuities	Number	Annuities
95			1	\$ 66
Total			1	\$ 66

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.