

October 27, 2010

Actuarial Valuation Report

December 31, 2009

Oregon Public Employees Retirement System

***Tier 1/Tier 2 and OPSRP Pension Benefits
RHIA/RHIPA Retiree Medical Benefits***

MERCER



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Contents

Executive Summary	1
Important Notices	17
System-Wide Assets	21
Pension Plan Valuation	25
▪ <i>Tier 1/Tier 2 Valuation</i>	25
▪ <i>OPSRP Valuation</i>	46
Retiree Healthcare Valuation	57
Accounting/CAFR Exhibits	67
Data.....	75
Actuarial Methods and Assumptions	93
Summary of Plan Provisions	109
Glossary	117

Executive Summary

Mercer has prepared this report for the **Oregon Public Employees Retirement System** to:

- Present Mercer's actuarial estimates of the system-wide liabilities and expenses of the Oregon Public Employees Retirement System, including pension benefits provided through Tier 1/Tier 2 and the Oregon Public Service Retirement Plan (OPSRP), and retiree medical benefits provided through the Retiree Health Insurance Account (RHIA) and the Retiree Health Insurance Premium Account (RHIPA), as of December 31, 2009, for PERS to incorporate, as PERS deems appropriate, in its financial statements; and
- Provide information on system-wide average employer contribution rates and employer contribution rates for the School District rate pool and the State and Local Government Rate Pool (SLGRP) for the period beginning July 1, 2011.

This valuation does not cover the Individual Account Program (IAP). Except where otherwise explicitly noted, contribution rates in this valuation do not include contributions to the IAP. In addition, the valuation does not include an allowance for employer debt service payments on pension obligation bonds or an allowance for possible future employer contributions to eliminate a negative Tier 1 Rate Guarantee Reserve balance.

Employer Contribution Rates

This report develops the average employer contribution rates that will become effective July 1, 2011. The December 31, 2007, valuation developed the employer contribution rates that are in effect from July 1, 2009 through June 30, 2011.

Employer pension contribution rates consist of a normal cost rate and an amortization of the Unfunded Accrued Liability (UAL). Normal cost rates are calculated and charged separately to the Tier 1/Tier 2, OPSRP general service and OPSRP police and fire payrolls. UAL rates are calculated separately for Tier 1/Tier 2 and OPSRP, but each UAL rate is charged across all payrolls. Rates for individual employers are adjusted if the employer maintains a side account or has a pre-SLGRP liability or surplus. The table below compares the average employer contribution rates for each type of payroll calculated for this valuation compared to the rates in effect from July 1, 2009 through June 30, 2011.

Pension Contribution Rates (Excludes IAP)

<i>Payroll</i>	<i>Effective July 1, 2011</i>			<i>Effective July 1, 2009</i>		
	<i>Tier 1/Tier 2</i>	<i>OPSRP</i>		<i>Tier 1/Tier 2</i>	<i>OPSRP</i>	
		<i>General Service</i>	<i>Police & Fire</i>		<i>General Service</i>	<i>OPSRP Police & Fire</i>
Normal Cost Rate	8.57%	6.13%	8.84%	6.08%	5.81%	8.52%
Tier 1/Tier 2 UAL Rate	7.71%	7.71%	7.71%	6.07%	6.07%	6.07%
OPSRP UAL Rate	0.08%	0.08%	0.08%	(0.08%)	(0.08%)	(0.08%)
Total Pension Rate	16.36%	13.92%	16.63%	12.07%	11.80%	14.51%
Average Adjustment ¹	(5.53%)	(5.53%)	(5.53%)	(7.69%)	(7.69%)	(7.69%)
Net Pension Rate	10.83%	8.39%	11.10%	4.38%	4.11%	6.82%

1. Adjustments shown are for side accounts and pre-SLGRP liabilities and are shown on system-wide average basis. For this purpose, adjustments are not assumed to be limited when an individual employer reaches a 0% contribution rate.

Investment gains during 2009 caused the calculated UAL rates to decrease compared to the advisory December 31, 2008, valuation. However, the effect of the large investment losses on the valuation assets during 2008 is an increase in the calculated UAL rates compared to the rates effective from July 1, 2009, through June 30, 2011, which were developed in the December 31, 2007, actuarial valuation. This increase is compounded by rising Tier 1/Tier 2 normal cost rates as members under Money Match (with no normal cost) continue to retire and Tier 1/Tier 2 active members age. In addition, the 2008 asset losses on side

Executive Summary

Employer Contribution Rates *(continued)*

account investments outweigh the returns during 2009 and have kept the size of the average side account rate relief adjustment lower than those reflected in the current rates. This also works to increase the net pension rate.

The Tier 1/Tier 2 pension contribution rates differ for each rate pool and each independent employer. This report calculates the specific rates for each rate pool. Specific rates for independent employers are calculated in separate reports for each independent employer. Changes in pension contribution rates for each rate pool are confined to a collar depending on funded status. The table below shows the employer pension contribution rates that will become effective July 1, 2011 for each Tier 1/Tier 2 rate pool compared to the rates in effect as of July 1, 2009, and the average adjustment to that rate for side accounts and pre-SLGRP Liabilities. Please note that for the purposes of this exhibit as well as most other exhibits in this system-wide report, independent employers (including State Judiciary) are treated as a single rate pool.

Tier 1/Tier 2 Pension Contribution Rates (Excludes IAP)

	<i>Effective July 1, 2011</i>			<i>Effective July 1, 2009</i>		
	<i>SLGRP</i>	<i>School Districts</i>	<i>Independent Employers</i>	<i>SLGRP</i>	<i>School Districts</i>	<i>Independent Employers</i>
Normal Cost Rate	8.89%	7.55%	10.35%	6.31%	5.19%	7.92%
Tier 1/Tier 2 UAL Rate	6.16%	11.26%	3.56%	4.84%	8.82%	2.57%
Total Pension Rate	15.05%	18.81%	13.91%	11.15%	14.01%	10.49%
Average Adjustment ¹	(4.98%)	(7.75%)	(0.87%)	(7.09%)	(10.51%)	(1.14%)
Net Pension Rate	10.07%	11.06%	13.04%	4.06%	3.50%	9.35%

1. Adjustments shown are for side accounts and pre-SLGRP liabilities and are shown on system-wide average basis. For this purpose, adjustments are not assumed to be limited when an individual employer reaches a 0% contribution rate.

The Tier 1/Tier 2 contribution rates shown above are after reflection of the rate collar. Due to the significant investment losses of the last biennium, each Tier 1/Tier 2 rate pool shown had a calculated contribution rate, prior to application of the collar, which would have exceeded the maximum rate allowed by the collar. The impact of this adjustment for each group is shown below. The amount of contribution rate increase that is deferred by the collar will be reflected in future rate-setting periods. In other words, if all assumptions are met, rates for the July 1, 2013 to June 30, 2015 biennium are expected to reflect these deferred increases. For this exhibit, all independent employers (including State Judiciary) are treated as one employer. In practice, each independent employer has the rate collar applied separately.

Collar Impact on Tier 1/Tier 2 Pension Contribution Rates

	<i>Effective July 1, 2011</i>		
	<i>SLGRP</i>	<i>School Districts</i>	<i>Independent Employers</i>
Total Pension Rate Before Collar	19.00%	23.05%	17.99%
Collar Adjustment	(3.95%)	(4.24%)	(4.08%)
Total Pension Rate After Collar	15.05%	18.81%	13.91%
Average Adjustment	(4.98%)	(7.75%)	(0.87%)
Net Pension Rate	10.07%	11.06%	13.04%

In addition to the pension contribution rates, employers also contribute to the Retirement Health Insurance Account (RHIA) and State Agencies and State Judiciary contribute to the Retiree Health Insurance Premium

Executive Summary

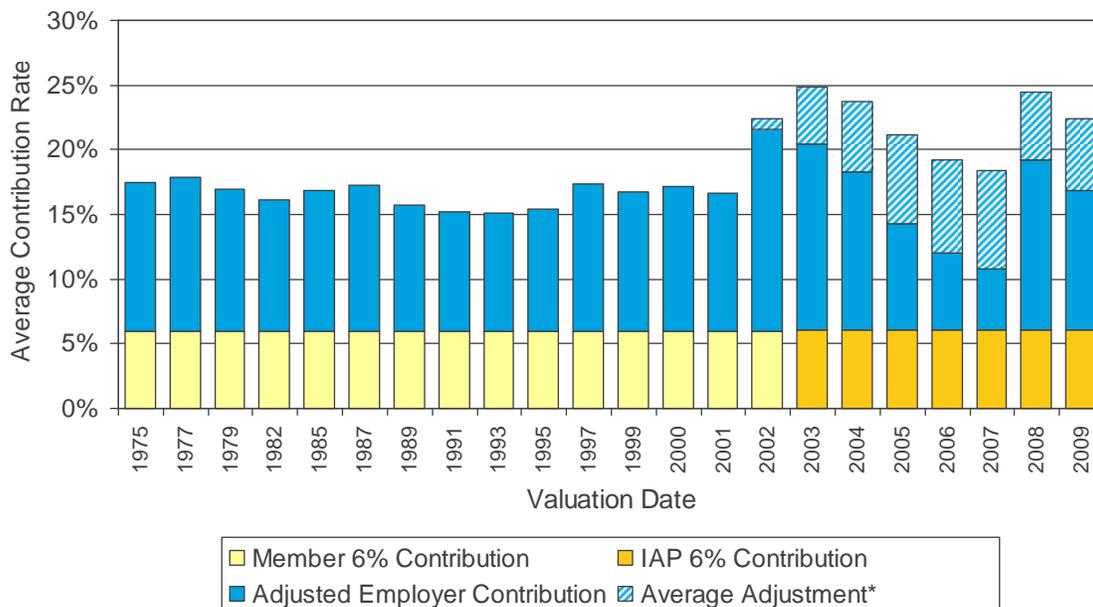
Employer Contribution Rates *(continued)*

Account (RHIPA). Only Tier 1 and Tier 2 members are eligible for these benefits, so the normal cost rates are only charged to Tier 1/Tier 2 payroll, but the UAL rates are charged to all payrolls. The table below compares the employer contribution rates for each type of payroll that will become effective July 1, 2011 compared to the rates in effect from July 1, 2009 through June 30, 2011. The increase in UAL contribution rates compared to the prior biennium is chiefly due to the shorter amortization period for the UAL of these programs adopted by the Board with the December 31, 2008 Experience Study.

Retiree Healthcare Contribution Rates

Payroll	Effective July 1, 2011			Effective July 1, 2009		
	Tier 1/Tier 2	OPSRP		Tier 1/Tier 2	OPSRP	
		General Service	OPSRP Police & Fire		General Service	OPSRP Police & Fire
RHIA normal cost rate	0.09%	0.00%	0.00%	0.10%	0.00%	0.00%
RHIA UAL Rate	0.50%	0.50%	0.50%	0.19%	0.19%	0.19%
Total RHIA rate	0.59%	0.50%	0.50%	0.29%	0.19%	0.19%
RHIPA Normal Cost Rate	0.05%	0.00%	0.00%	0.06%	0.00%	0.00%
RHIPA UAL Rate	0.11%	0.11%	0.11%	0.02%	0.02%	0.02%
Total RHIPA rate	0.16%	0.11%	0.11%	0.08%	0.02%	0.02%

Combined pension and retiree healthcare employer contribution rates decreased from the prior valuation, but are still significantly higher than the rates paid during the biennium July 1, 2007 to June 30, 2009, which were developed as of December 31, 2007. This is due to asset losses in 2008. When the IAP is included, combined rates now are near the level of their historical high point, as shown in the graph below.

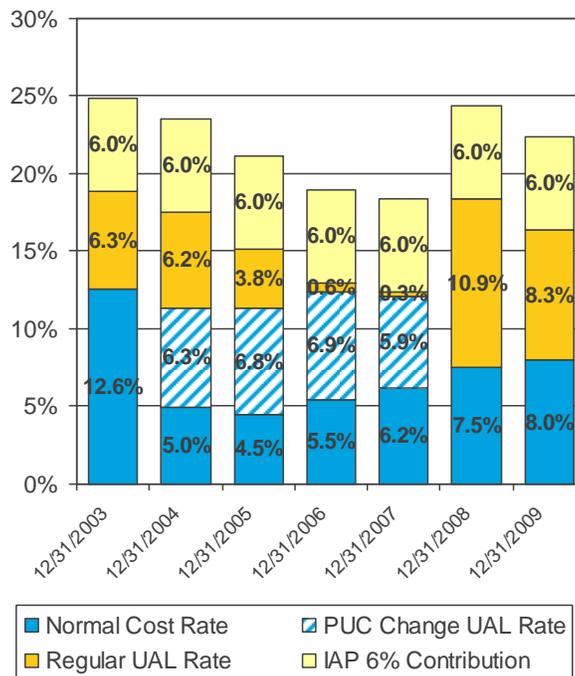


As shown below, the average normal cost rate declined dramatically after the 2003 valuation, primarily due to the change in the actuarial cost allocation method. The new cost method reflects the frozen nature of the Money Match formula. As more active members move from Money Match benefits to Full Formula benefits,

Executive Summary

Employer Contribution Rates *(continued)*

we expect the normal cost rate to increase, as it has in recent valuations. However, since the Tier 1/Tier 2 benefit structure is closed to new entrants, the increasing normal cost rate will apply to a declining population.



The Unfunded Accrued Liability (UAL) rate attributable to the change in actuarial cost allocation method was removed from the valuation calculations first effective with the December 31, 2008 actuarial valuation. The three-year amortization base first established on December 31, 2005 with the change of the cost method at that time is expected to be fully amortized by the date of the next contribution rate change on July 2011. The UAL attributable to gains and losses other than the cost method change has decreased since the last valuation due to investment returns above expectation in 2009. However, the UAL rate is significantly higher than that calculated with the last rate-setting valuation, due to the significant asset losses in 2008.

For an individual employer, the rates shown above are adjusted for side accounts. Side accounts are the result of employer supplemental deposits (usually financed through a pension obligation bond). When a supplemental deposit is made, a side account is established (after any transition liabilities for joining the SLGRP have been paid) and used to offset the otherwise required contribution. As of December 31, 2009, the system has approximately \$5.5 billion in side accounts, an increase of about \$0.4 billion in the last year. Side accounts now reduce the average employer contribution rate by about 5.11% of payroll, but there is wide variation between employers.

For individual employers in the SLGRP, the rates shown above are also adjusted for amortization payments on pre-SLGRP liabilities. The average adjustment to individual employer rates due to side accounts and pre-SLGRP liabilities is shown on a combined basis in the table on page 1.

The minimum and maximum rates that can be effective July 1, 2013 for each rate pool (prior to adjustments) are shown in the table below. The limits are calculated and applied on an individual employer basis for independent employers, but for purposes of the table below, all independent employers (including State

Executive Summary

Employer Contribution Rates *(continued)*

Judiciary) are treated as a single rate pool. The contribution rates for individual employers are adjusted from the rates of the pool to reflect side accounts and pre-SLGRP liabilities. These adjustments are not limited by the rate collar.

In January 2010, the Board adopted a revised implementation of the double rate collar. The prior “cliff” approach doubled the size of the collar immediately when a pool’s or employer’s funded status dropped below 80% or increased above 120%. The revised implementation approach provides a graded schedule between the single and double rate collars if the funded status, excluding side accounts, is between 70% and 80% or 120% and 130%. The double rate collar will fully apply when funded status is below 70% or above 130%.

Limits on Future Pension Contribution Rates

	<i>Effective July 1, 2013</i>		
	<i>Tier 1/Tier 2</i>		
	<i>SLGRP</i>	<i>School Districts</i>	<i>Independent Employers</i>
Between 80% and 120% Funded			
Minimum Rate	12.04%	15.05%	10.91%
Maximum Rate	18.06%	22.57%	16.91%
Less than 70% or Greater than 130% Funded			
Minimum Rate	9.03%	11.29%	7.91%
Maximum Rate	21.07%	26.33%	19.91%

For Rate Pools funded between 70% and 80% or between 120% and 130% the limits vary linearly between the rates shown above.

Executive Summary

Funded Status

The table below shows the funded status of the various pension rate pools both on the basis used to calculate the contribution rate for each rate pool and after adjustment for side accounts (assuming side accounts offset Tier 1/Tier 2 liabilities). For this exhibit, all independent employers, including State Judiciary, have been grouped together.

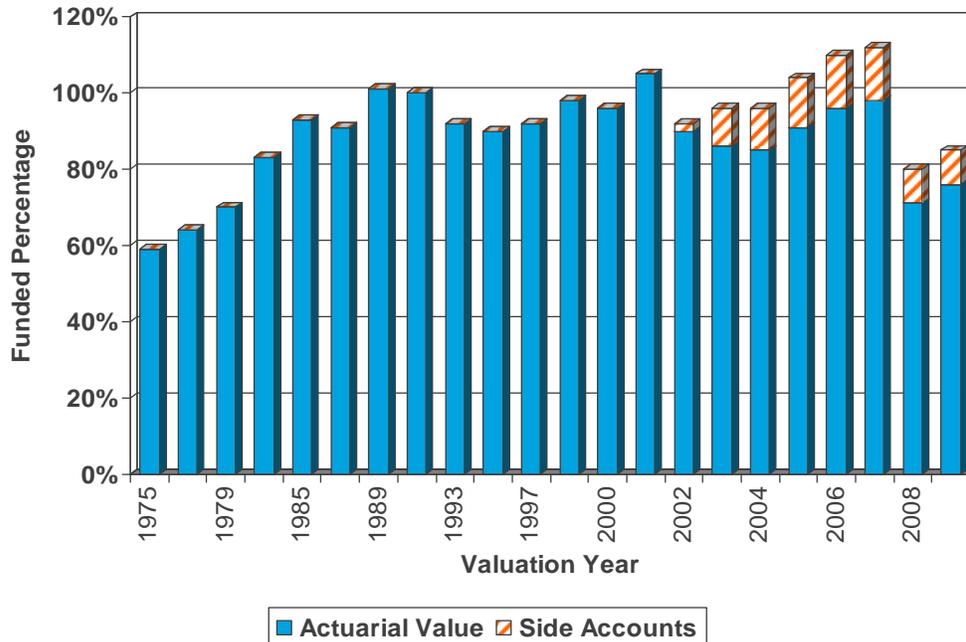
	SLGRP	School Districts	Independent Employers	OPSRP	Pension System Totals ¹
<i>December 31, 2009</i>					
Actuarial accrued liability	\$ 29,029.1	\$ 22,517.6	\$ 4,665.9	\$ 535.5	\$ 56,810.6
Actuarial value of assets	\$ 22,476.0	\$ 16,577.4	\$ 3,839.7	\$ 445.4	\$ 43,238.8
Funded percentage	77.4%	73.6%	82.3%	83.2%	76.1%
Side accounts	\$ 2,592.8	\$ 2,810.6	\$ 86.9	\$ -	\$ 5,490.4
Funded percentage reflecting side accounts	86.4%	86.1%	84.2%	83.2%	85.8%
<i>December 31, 2008</i>					
Actuarial accrued liability	\$ 27,551.8	\$ 21,742.7	\$ 4,566.0	\$ 336.8	\$ 54,259.5
Actuarial value of assets	\$ 19,859.0	\$ 14,847.1	\$ 3,495.7	\$ 270.5	\$ 38,386.1
Funded percentage	72.1%	68.3%	76.6%	80.3%	70.7%
Side accounts	\$ 2,442.2	\$ 2,611.4	\$ 80.9	\$ -	\$ 5,134.5
Funded percentage reflecting side accounts	80.9%	80.3%	78.3%	80.3%	80.2%
<i>Amounts in millions</i>					

¹ Includes Multnomah Fire District #10

As shown in the graph below, the funded status of the system generally improved until the market decline earlier this decade. The restatement of the December 31, 2001 actuarial valuation to reflect the impact of the 2003 reforms mitigates the impact on the reported funded status of the market downturn. Funded status was generally improving over the last few years due to better than expected investment returns until 2008. Funded status has decreased significantly since 2007 due to the recent market decline.

Executive Summary

Funded Status *(continued)*



The retiree medical benefits are funded using a 401(h) account within the pension trust. The table below shows the funded status of the retiree medical programs.

	December 31, 2009			December 31, 2008		
	RHIA	RHIPA	Total	RHIA	RHIPA	Total
Actuarial accrued liability	\$511.2	\$24.5	\$535.7	\$494.0	\$21.3	\$515.3
Actuarial value of assets	\$214.1	\$6.4	\$220.5	\$183.8	\$5.7	\$189.5
Funded Percentage	41.9%	25.9%	41.2%	37.2%	26.7%	36.8%

Amounts in millions

Asset Changes

Since December 31, 2008, contributions (including supplemental deposits) for pension benefits have increased assets by approximately 1.4% while benefit payments decreased assets by about 6.6%. On the whole, assets increased by 13% due to positive investment returns of approximately 19.1%.

All Reserves	Amount	Percentage of 12/31/2008 Market Value
Market value, December 31, 2008	\$ 43,835.1	
Contributions	600.2	1.4%
Investment Income	8,056.0	18.4%
Benefit Payments	(2,872.6)	(6.6%)
Market value, December 31, 2009	\$ 49,618.7	113.2%

Amounts in millions

Executive Summary

Funded Status (*continued*)

The Tier 1 Rate Guarantee Reserve that is used to pay for the 8% interest crediting rate guarantee on active Tier 1 member accounts when actual investment earnings are below 8% has increased from a negative \$1.0 billion as of December 31, 2008 to negative \$0.4 billion as of December 31, 2009. Tier 1 member accounts that are protected by the Rate Guarantee Reserve increased from \$7.2 billion on December 31, 2008, to \$7.7 billion on December 31, 2009.

The value of assets used to determine employer contribution rates has historically excluded any assets in the Tier 1 Rate Guarantee Reserve (RGR). Due to investment results in 2008 and 2009 the RGR is still in a deficit situation as of December 31, 2009. As part of the Board's July 16, 2009 motion approving actuarial assumptions and methods, the Board approved continued exclusion of the RGR from calculation of valuation assets. It is our understanding that if a RGR deficit persists for five years, employers may be required to restore the RGR. Rates calculated in this report do not include an allowance for any potential future contribution required to alleviate a negative RGR.

Market values are reported to Mercer by PERS. It is our understanding that select real estate and private equity investments are reported on a three-month lag basis. This valuation report does not attempt to quantify any such effects.

Executive Summary

Liability Changes

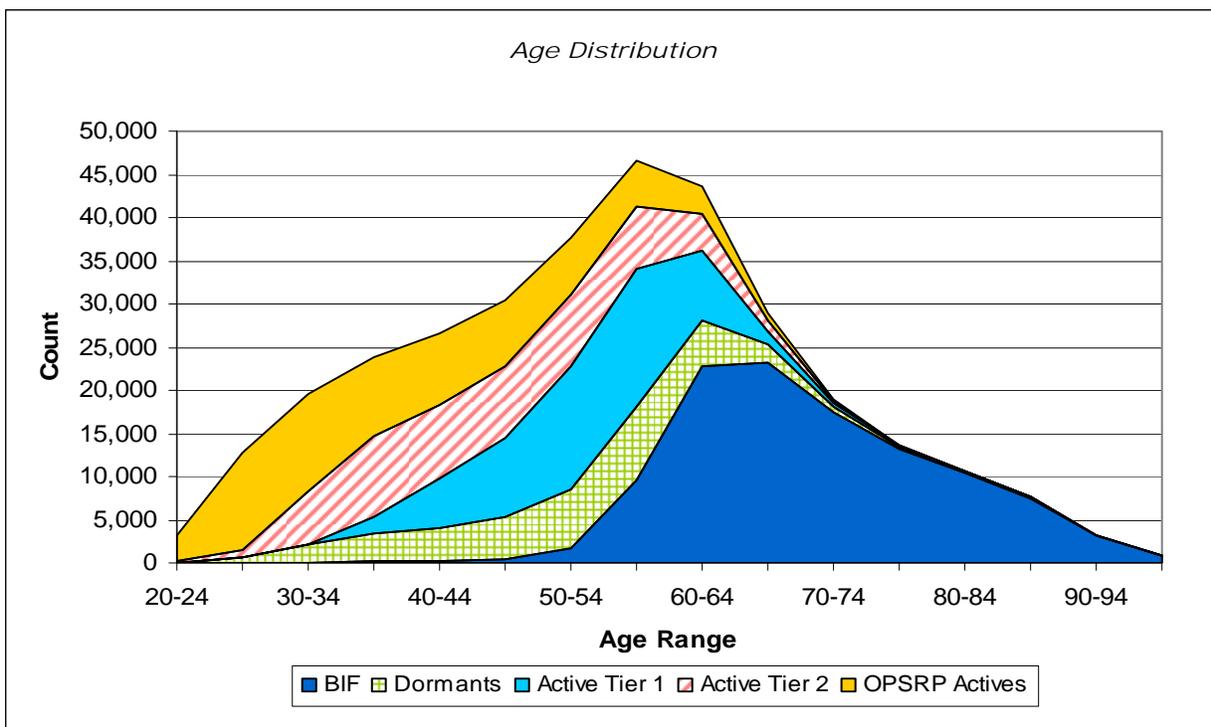
Since December 31, 2008, the system-wide actuarial accrued liability has increased primarily due to interest on the liability as current active members get closer to retirement. The normal cost, or the value of benefits attributable to that year of service, was about one-fifth of the value of benefits paid out during the year. Contributions during the year were almost equal to the normal cost. The remaining 0.9% increase in the actuarial accrued liability was attributable to demographic experience.

	<i>Amount</i>	<i>Percentage of 12/31/2008 AAL</i>
Actuarial Accrued Liability, December 31, 2008	\$ 54,774.8	
Normal Cost	611.5	1.1%
Benefit Payments	(2,872.6)	(5.2%)
Interest	4,316.0	7.9%
Other	516.5	0.9%
Actuarial Accrued Liability, December 31, 2009	\$ 57,346.3	104.7%

Amounts in millions

The Oregon Public Employees Retirement System is a very mature system. There are currently 1.19 active members in the system for every inactive member. By comparison, the average ratio in NASRA's 2008 Public Fund Survey is 2.02. Since contributions to the system are based on active payroll, a lower ratio means there are fewer actives to support any gains or losses on the benefits of retirees.

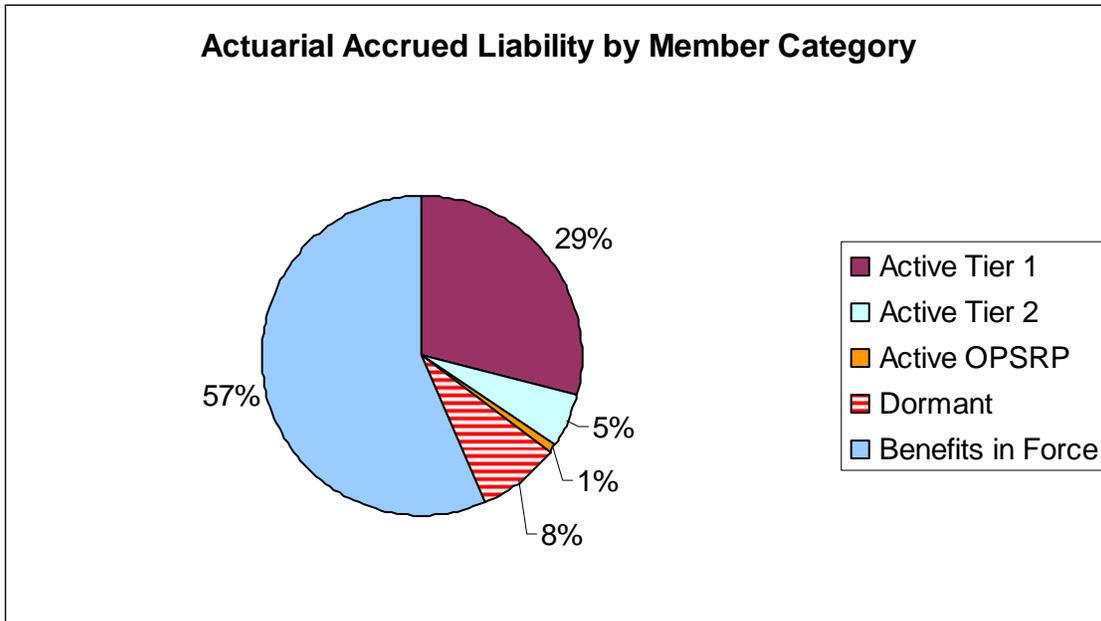
The ratio of active members to retired members is likely to decline further as a significant portion of the active members are currently eligible to retire. The graph below shows the distribution of members in the system by age and membership status.



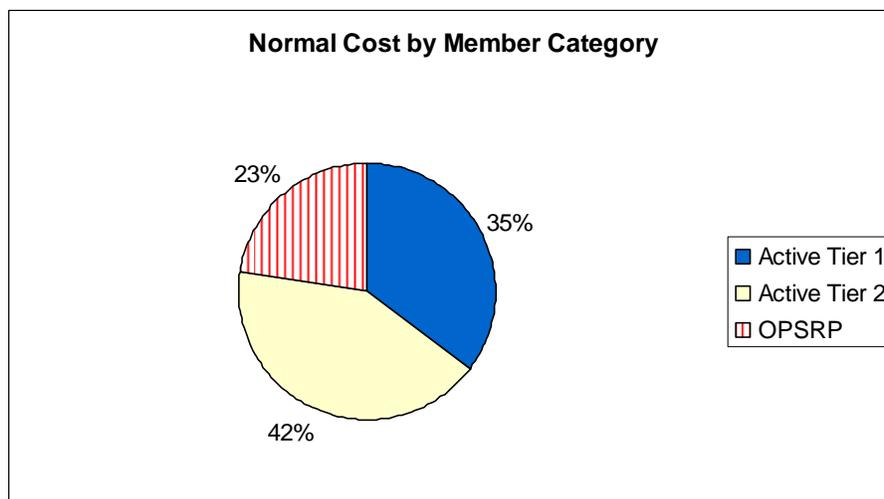
Executive Summary

Liability Changes *(continued)*

The following chart illustrates the distribution of the system’s accrued liability by member age and status. While the majority of active liability is attributable to Tier 1 members, 65% of the system’s total accrued liability is due to members who are no longer actively working in covered employment. Only 6% of the liability is attributable to active Tier 2 and OPSRP members. Of the accrued liability that is attributable to actives, a large portion is located at or near prime retirement ages.



As shown below, Tier 2 members account for nearly half of the system’s normal cost compared to about 5% of the system’s accrued liability. Tier 2 members are likely to retire under the Full Formula calculation rather than the Money Match calculation. Because no additional Member contributions are permitted, the Money Match formula is essentially frozen. Consequently, many Tier 1 Members who are expected to retire under the Money Match formula have no normal cost.



Executive Summary

Employers Joining the SLGRP

Effective January 1, 2010, 8 independent employers joined the State & Local Government Rate Pool (SLGRP). Their experience through December 31, 2009, was maintained independently, but they are included with the SLGRP in this report in order to develop contribution rates that will become effective July 1, 2011. The table below summarizes the changes to assets and liabilities for the SLGRP and Independent Employers due to these employers joining the SLGRP. Note that, by design, the UAL as a percentage of payroll does not change for the SLGRP ensuring the SLGRP's UAL rate is not affected by employers joining the pool.

	December 31, 2009		January 1, 2010		Net Change	
	SLGRP	Independent Employers	SLGRP	Independent Employers	SLGRP	Independent Employers
Actuarial accrued liability	\$ 28,896.5	\$ 4,798.5	\$ 29,029.1	\$ 4,665.9	\$ 132.6	\$ (132.6)
Actuarial value of assets	\$ 22,382.7	\$ 3,949.1	\$ 22,476.0	\$ 3,839.7	\$ 93.3	\$ (109.4)
Combined valuation payroll	\$ 4,820.9	\$ 799.9	\$ 4,850.1	\$ 770.8	\$ 29.1	\$ (29.1)
UAL as % of Payroll	135.1%	106.2%	135.1%	107.2%	(0.0%)	1.0%
Pre-SLGRP Liability / (Surplus)	\$ (441.6)	N/A	\$ (457.7)	N/A	\$ (16.1)	N/A

Amounts in millions

Executive Summary

Principal Valuation Results

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods or plan provisions between the two valuations are described after the summary. Combined valuation payroll includes Tier 1/Tier 2 payroll and OPSRP payroll.

	Actuarial Valuation as of		Percent Change
	December 31, 2009	December 31, 2008	
Tier 1/Tier 2 Pension			
Actuarial accrued liability	\$ 56,275.0	\$ 53,922.7	4%
Actuarial value of assets	\$ 42,793.4	\$ 38,115.6	12%
Unfunded actuarial accrued liability	\$ 13,481.6	\$ 15,807.1	(15%)
Funded status	76%	71%	
Combined valuation payroll	\$ 8,512.2	\$ 8,130.1	5%
UAL as a percentage of payroll	158%	194%	
Normal cost	\$ 524.8	\$ 487.8	8%
Tier 1/Tier 2 valuation payroll	\$ 6,123.4	\$ 6,225.8	(2%)
Normal cost rate	8.57%	7.84%	
OPSRP Pension			
Actuarial accrued liability	\$ 535.5	\$ 336.8	59%
Actuarial value of assets	\$ 445.4	\$ 270.5	65%
Unfunded actuarial accrued liability	\$ 90.1	\$ 66.3	36%
Funded status	83%	80%	
Combined valuation payroll	\$ 8,512.2	\$ 8,130.1	5%
UAL as a percentage of payroll	1%	1%	
Normal cost	\$ 152.9	\$ 117.3	30%
OPSRP valuation payroll	\$ 2,388.8	\$ 1,904.3	25%
Normal cost rate	6.40%	6.16%	
Combined Pension			
Actuarial accrued liability	\$ 56,810.6	\$ 54,259.5	5%
Actuarial value of assets	\$ 43,238.8	\$ 38,386.1	13%
Unfunded actuarial accrued liability	\$ 13,571.7	\$ 15,873.4	(15%)
Funded status	76%	71%	
Combined valuation payroll	\$ 8,512.2	\$ 8,130.1	5%
UAL as a percentage of payroll	159%	195%	
Normal cost	\$ 677.7	\$ 605.1	12%
Combined valuation payroll	\$ 8,512.2	\$ 8,130.1	5%
Normal cost rate	7.96%	7.44%	

Amounts in millions

Executive Summary

Principal Valuation Results *(continued)*

	Actuarial Valuation as of		Percent Change	
	December 31, 2009	December 31, 2008		
RHIA				
Actuarial accrued liability	\$ 511.2	\$ 494.0	3%	
Actuarial asset value	\$ 214.1	\$ 183.8	16%	
Unfunded actuarial accrued liability	\$ 297.1	\$ 310.2	(4%)	
Funded status	42%	37%		
Combined valuation payroll	\$ 8,512.2	\$ 8,130.1	5%	
UAL as a percentage of payroll	3%	4%		
Normal cost	\$ 5.5	\$ 5.6	(2%)	
Tier 1/Tier 2 valuation payroll	\$ 6,123.4	\$ 6,225.8	(2%)	
Normal cost rate	0.09%	0.09%		
RHIPA				
Actuarial accrued liability	\$ 24.5	\$ 21.3	15%	
Actuarial asset value	\$ 6.4	\$ 5.7	12%	
Unfunded actuarial accrued liability	\$ 18.2	\$ 15.6	17%	
Funded status	26%	27%		
Combined valuation payroll	\$ 2,371.8	\$ 2,217.9	7%	
UAL as a percentage of payroll	1%	1%		
Normal cost	\$ 0.8	\$ 0.8	4%	
Tier 1/Tier 2 valuation payroll	\$ 1,705.1	\$ 1,708.5	(0%)	
Normal cost rate	0.05%	0.05%		

Amounts in millions

Executive Summary

Data Summary

A brief summary of the data underlying the current and prior valuation follows. Additional detail can be found in the data section of this report. State Judiciary is included in the Tier 1 counts.

	<i>December 31</i>				
	<i>2009</i>				<i>2008</i>
	<i>Tier 1</i>	<i>Tier 2</i>	<i>OPSRP</i>	<i>Total</i>	<i>Total</i>
Active Members					
Count	56,934	54,496	67,176	178,606	170,569
Average age	53.0	46.4	40.4	46.2	46.1
Average total service	19.9	9.1	3.2	10.3	10.4
Average valuation payroll	\$ 60,324	\$ 49,341	\$ 35,561	\$ 47,659	\$ 47,843
Dormant Members¹					
Count	21,745	16,156	1,416	39,317	42,477
Average age	55.3	48.2	48.9	52.1	50.5
Average monthly deferred benefit	\$ 1,825	\$ 533	\$ 162	\$ 1,235	\$ 1,105
Retired Members and Beneficiaries¹					
Count	109,238	1,456	30	110,724	107,647
Average age	70.5	64.4	\$ 64.7	70.4	70.2
Average monthly benefit	\$ 2,148	\$ 572	\$ 369	\$ 2,127	\$ 2,047
Total members	187,917	72,108	68,622	328,647	320,693

1. Dormant and Retiree counts are shown by lives within the system. In other words, a member is counted once for purposes of this exhibit, regardless of their service history for different rate pools. This contrasts with the method used to count inactive participants in some of the later exhibits of this report.

Executive Summary

Effects of Changes

Effective with the December 31, 2009 actuarial valuation the following changes were made.

Assumption Changes

There were no changes to assumptions since the December 31, 2008, actuarial valuation.

Method Changes

The implementation of the contribution rate stabilization method (rate collar) has been revised to include a graded scale if the funding percentage of the pool / employer is between 70% and 80% or between 120% and 130%. There were no other changes in methods since the December 31, 2008, actuarial valuation.

Plan Changes

For Tier 2 and OPSRP members, the workers' compensation offset to the disability benefit has been eliminated. There were no other changes in plan provisions since the December 31, 2008, actuarial valuation.

Arken and Robinson Litigation

We have made no adjustment in this valuation to reflect any interpretation of Judge Kantor's June 20, 2007 or May 27, 2008 rulings in the Arken and Robinson cases.

Important Notices

Mercer has prepared this report exclusively for the Oregon Public Employees Retirement System (PERS); Mercer is not responsible for reliance upon this report by any other party. Subject to this limitation, Oregon PERS may direct that this report be provided to its auditors in connection with audits of the Plan or its sponsoring entities.

The only purposes of this report are to:

- Present Mercer's actuarial estimates of the system-wide liabilities and expenses of the Oregon Public Employees Retirement System, including pension benefits provided through Tier 1/Tier 2 and the Oregon Public Service Retirement Plan (OPSRP), and retiree medical benefits provided through the Retiree Health Insurance Account (RHIA) and the Retiree Health Insurance Premium Account (RHIPA), as of December 31, 2009, for PERS to incorporate, as PERS deems appropriate, in its financial statements; and
- Provide information on system-wide average employer contribution rates and employer contribution rates for the School District rate pool and the State and Local Government Rate Pool for the period beginning July 1, 2011.

This report may not be used for any other purpose or by any party other than the Oregon Public Employees Retirement System, any employer participating in the System or any auditor employed by the System or a participating employer solely for the purpose of completing an audit related to the matters herein. Mercer is not responsible for the consequences of any unauthorized use.

Decisions about benefit changes, granting new benefits, investment policy, funding policy, benefit security and/or benefit-related issues should not be made on the basis of this valuation, but only after careful consideration of alternative economic, financial, demographic and societal factors, including financial scenarios that assume future sustained investment losses.

A valuation report is only a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a plan's future financial condition or its ability to pay benefits in the future and does not provide any guarantee of the future financial soundness of the plan. Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the number of people paid benefits, the period of time over which benefits are paid, plan expenses and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

Because modeling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. We may also exclude factors or data that are immaterial in our judgment. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for the plan.

The Oregon Investment Council (OIC) is solely responsible for selecting the plan's investment policies, asset allocations and individual investments. Mercer's actuaries have not provided any investment advice to the OIC.

To prepare this report, *Actuarial Assumptions*, as described in the section of this report entitled "Actuarial Methods and Assumptions," are used in a forward looking financial and demographic model to select a single scenario from a range of possibilities. The results based on that single scenario are included in this report. The future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material because these results are very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future. A "sensitivity analysis" shows the degree to which results would be different if you substitute alternative assumptions

Important Notices

within the range of possibilities for those utilized in this report. We have not been engaged to perform such a sensitivity analysis as part of the standard valuation process and thus the results of such an analysis are thus not included in this report. At the request of PERS, Mercer is available to perform such a sensitivity analysis.

Actuarial assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable when made.

Because valuations are a snapshot in time and are based on estimates and assumptions that are not precise and will differ from actual experience, contribution calculations are inherently imprecise. There is no uniquely "correct" level of contributions for the coming biennium.

Valuations do not affect the ultimate cost of the plan, only the timing of contributions into the plan. Plan funding occurs over time. Contributions not made this year, for whatever reason, including errors, remain the responsibility of the plan sponsor and can be made in later years. If the contribution levels over a period of years are lower or higher than necessary, it is normal and expected practice for adjustments to be made to future contribution levels to take account of this with a view to funding the plan over time.

Data and Plan Provisions

To prepare this report, Mercer has used and relied on member and financial data submitted by the Oregon Public Employees Retirement System and as summarized in the *Data* and *System-Wide Assets* sections of this report. Oregon PERS is responsible for ensuring that such participant data provides an accurate description of all persons who are participants under the terms of the plan or otherwise entitled to benefits as of December 31, 2009, that is sufficiently comprehensive and accurate for the purposes of this report. Although Mercer has reviewed the data in accordance with Actuarial Standards of Practice No. 23, Mercer has not verified or audited any of the data or information provided. We have also used and relied on the plan provisions described in Oregon Revised Statutes Sections 238 and 238A and legislative amendments supplied by the Oregon Public Employees Retirement System. A summary of the plan provisions valued is presented in our report. The Oregon Public Employees Retirement System is solely responsible for the accuracy, validity and comprehensiveness of this information. If the data or plan provisions supplied are not accurate and complete the valuation results may differ significantly from the results that would be obtained with accurate and complete information; this may require a later revision of this report. Moreover, plan documents may be susceptible to different interpretations, each of which could be reasonable, and that the different interpretations could lead to different valuation results. We understand that the market values of private equity and some real estate investments are reported on a 3-month lag. We have made no adjustment to the reported market value of assets to account for this lag. A very brief discussion of this issue is provided in the Executive Summary.

Data, computer coding and mathematical errors are possible in the preparation of a valuation involving complex computer programming and thousands of calculations and data inputs. Errors in a valuation discovered after its preparation may be corrected by amendment to the valuation or in a subsequent year's valuation.

Actuarial Calculations, Methods, Assumptions and Accounting

Assumptions used are based on the last experience study, as adopted by the Board on July 16, 2009. The Board is responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods and assumptions. This valuation is based on assumptions, plan provisions, methods and other parameters so prescribed and as summarized in this report. Oregon PERS is solely responsible for communicating to Mercer any changes required thereto.

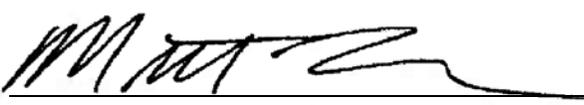
Oregon PERS should notify Mercer promptly after receipt of the valuation report if it disagrees with anything contained in the valuation report or is aware of any information that would affect the results of the valuation

Important Notices

report that has not been communicated to Mercer or incorporated therein. The valuation report will be deemed final and acceptable to Oregon PERS unless it promptly provides such notice to Mercer.

Professional Qualifications

We are available to answer any questions on the material contained in the report or to provide explanations or further details as appropriate. Collectively, the undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest, that would impair the objectivity of our work.

	October 27, 2010
Matthew R. Larrabee, FSA, EA, MAAA Principal	Date
	October 27, 2010
Scott D. Preppernau, FSA, EA, MAAA Senior Associate	Date
<p>The undersigned actuary is responsible solely for all assumptions related to the health care cost trend rates for the RHIPA program, and hereby affirms her qualification to render opinions in such matters, in accordance with the qualification standards of the American Academy of Actuaries.</p>	
	October 27, 2010
Sheree Swanson, ASA, MAAA Partner	Date
<p>Mercer (US), Inc. 111 SW Columbia Avenue, Suite 500 Portland, Oregon 97201-5839 503 273 5900</p>	

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

System-Wide Assets

The table below reconciles the market value of assets, as provided by PERS, to the asset values used in this valuation.

	<i>Tier 1/Tier 2</i>	<i>OPSRP</i>	<i>Side Accounts</i>	<i>Contingency and Capital Preservation Reserve</i>	<i>Rate Guarantee Reserve</i>	<i>RHIA and RHIPA</i>	<i>System Totals</i>
Amount reported by PERS December 31, 2009	\$ 43,251.1	\$ 445.4	\$ 5,490.4	\$ 653.1	\$ (441.8)	\$ 220.5	\$ 49,618.7
Net Pre-SLGRP Liabilities	\$ (457.7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (457.7)
December 31, 2009 Actuarial Value of Assets	\$ 42,793.4	\$ 445.4	\$ 5,490.4	\$ 653.1	\$ (441.8)	\$ 220.5	\$ 49,161.1

Amounts in millions

PERS calculates the amount that should be transferred from side accounts to employer reserves in Tier 1/Tier 2 and OPSRP for rate relief on a monthly basis. PERS does not track net Pre-SLGRP liabilities.

Employer supplemental deposits establish individual side accounts within the pension trust. The side accounts are treated as prepaid contributions. Employer contribution rates are first determined excluding side accounts. Then, an amortized portion of the side account is used to offset the contribution otherwise required for the individual employers that have side accounts. While side accounts are excluded from valuation assets in determining contribution rates for each of the rate pools, side accounts are included in valuation assets for financial reporting purposes such as the reporting of funded status.

In addition, pension assets are held in the Contingency reserve, the Capital Preservation reserve, and the Tier 1 Rate Guarantee reserve. These three reserves are excluded from valuation assets for all purposes. As discussed earlier in this report, the Tier 1 Rate Guarantee Reserve has been in deficit status for two consecutive valuations to recent market losses. It is our understanding that if a deficit persists for five years, employers may be required to restore the Tier 1 Rate Guarantee Reserve. Finally, assets are held in separate accounts established under Internal Revenue Code Section 401(h) (the Retirement Health Insurance Account (RHIA) and the Retiree Health Insurance Premium Account (RHIPA)) to provide retiree medical benefits.

System-Wide Assets

The following table reconciles the changes in the system-wide assets from December 31, 2008 to December 31, 2009. The reconciliation of assets is provided by PERS.

<i>Reconciliation of Pension and Retiree Healthcare Assets</i>	<i>Tier 1/Tier 2</i>	<i>OPSRP</i>	<i>Side Accounts</i>	<i>Contingency Reserve</i>	<i>Capital Preservation Reserve</i>	<i>Rate Guarantee Reserve</i>	<i>RHIA and RHIPA</i>	<i>System Totals</i>
Additions								
1. Contributions								
a. Employer	\$ 450.5	\$ 110.8	\$ -	\$ -	\$ -	\$ -	\$ 27.7	\$ 589.0
b. Transfer from side accounts ¹	\$ 539.7	\$ -	\$ (539.7)	\$ -	\$ -	\$ -	\$ -	\$ -
c. Judge member contributions	\$ 1.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.5
d. Member service purchases	\$ 9.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9.7
e. Total	\$ 1,001.4	\$ 110.8	\$ (539.7)	\$ -	\$ -	\$ -	\$ 27.7	\$ 600.2
2. Net investment income								
a. Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. From investments	\$ 6,549.5	\$ 71.6	\$ 895.7	\$ (0.1)	\$ -	\$ 536.7	\$ 35.0	\$ 8,088.3
c. Total	\$ 6,549.5	\$ 71.6	\$ 895.7	\$ (0.1)	\$ -	\$ 536.7	\$ 35.0	\$ 8,088.3
3. Other ²	\$ 1.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.0
4. Total additions	\$ 7,551.9	\$ 182.4	\$ 356.0	\$ (0.1)	\$ -	\$ 536.7	\$ 62.6	\$ 8,689.5
Deductions								
5. Retirement and survivor benefits	\$ (2,826.1)	\$ (0.8)	\$ -	\$ -	\$ -	\$ -	\$ (30.6)	\$ (2,857.4)
6. Death Benefits	\$ 3.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3.1
7. Refund of contributions	\$ (18.3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (18.3)
9. Administrative expenses	\$ (25.3)	\$ (6.7)	\$ (0.2)	\$ -	\$ -	\$ -	\$ (1.1)	\$ (33.3)
10. Total deductions	\$ (2,866.5)	\$ (7.5)	\$ (0.2)	\$ -	\$ -	\$ -	\$ (31.6)	\$ (2,905.8)
11. Net change	\$ 4,685.3	\$ 174.9	\$ 355.8	\$ (0.1)	\$ -	\$ 536.7	\$ 31.0	\$ 5,783.6
12. Net assets held in trust for pension benefits								
a. Beginning of year	\$ 38,565.8	\$ 270.5	\$ 5,134.5	\$ 653.2	\$ -	\$ (978.5)	\$ 189.5	\$ 43,835.1
b. End of year	\$ 43,251.1	\$ 445.4	\$ 5,490.4	\$ 653.1	\$ -	\$ (441.8)	\$ 220.5	\$ 49,618.7

¹ Side account transfers shown in this exhibit are all credited to Tier 1/Tier 2 assets. We understand the portion to be credited to OPSRP is credited through the employer contribution line of the exhibit.

² Includes TRFA transfer from Metlife and adjustments by PERS.

Amounts in millions

System-Wide Assets

Reconciliation of Side Accounts

Side accounts are established for employers who make supplemental payments (a lump sum payment in excess of the required employer contribution). For SLGRP employers, this supplemental payment is first applied toward the employer's Transition Liability, and any excess is established in a Side Account. A reconciliation of the side accounts from December 31, 2008, to December 31, 2009, is shown below on a rate pool basis. For this exhibit, all independent employers are grouped together.

	<i>SLGRP</i>	<i>School Districts</i>	<i>Independent Employers</i>	<i>System Totals</i>
Side Accounts, December 31, 2008	\$ 2,442.2	\$ 2,611.4	\$ 80.9	\$ 5,134.5
Deposits during 2009	-	-	-	-
Interest	423.3	458.1	14.2	895.7
Administrative expenses	(0.0)	(0.1)	(0.0)	(0.2)
Transfers to employer reserves	(272.7)	(258.7)	(8.2)	(539.7)
Side Accounts, December 31, 2009	\$ 2,592.8	\$ 2,810.6	\$ 86.9	\$ 5,490.4

Amounts in millions

Development of Side Account Rate Relief

The rate relief attributable to an employer's side account is determined by amortizing the side account balance on the valuation date over the period ending December 31, 2027 and expressing the result as a percentage of combined valuation payroll. The table below shows the average rate relief attributable to side accounts for each rate pool.

	<i>December 31, 2009</i>			
	<i>SLGRP</i>	<i>School Districts</i>	<i>Independent Employers</i>	<i>System Totals</i>
1. Side Account	\$ 2,592.8	\$ 2,810.6	\$ 86.9	\$ 5,490.4
2. Combined valuation payroll	\$ 4,850.1	\$ 2,873.7	\$ 788.4	\$ 8,512.2
3. Amortization Factor	12.622	12.622	12.622	12.622
4. Average Side Account Rate Relief	4.24%	7.75%	0.87%	5.11%

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation

Tier 1/Tier 2 Pension Assets

Summary of Actuarial Value of Assets

This section summarizes the current Tier 1/Tier 2 pension valuation assets as of the current and prior actuarial valuation. For valuation purposes, pension assets are divided among the State & Local Government Rate Pool (SLGRP), the School District Pool, and various independent employers to determine employer contribution rates. For this system-wide report, all independent employers, including State Judiciary, have been grouped together as if they were a rate pool.

	SLGRP	School Districts	Independent Employers	Tier 1/Tier 2 Totals ¹
<i>December 31, 2009</i>				
Member reserves	\$ 4,746.8	\$ 2,905.8	\$ 738.7	\$ 8,392.0
Employer reserves	8,811.7	4,954.9	1,580.0	15,209.6
Benefit in force reserves	9,375.1	8,716.7	1,521.0	19,649.5
Net outstanding pre-SLGRP liabilities	(457.7)			(457.7)
Total actuarial value of assets	\$ 22,476.0	\$ 16,577.4	\$ 3,839.7	\$ 42,793.4
<i>December 31, 2008</i>				
Member reserves	\$ 4,644.1	\$ 2,944.4	\$ 752.4	\$ 8,341.5
Employer reserves	7,362.6	4,095.9	1,369.7	12,706.1
Benefit in force reserves	8,302.4	7,806.9	1,373.6	17,518.2
Net outstanding pre-SLGRP liabilities	(450.2)			(450.2)
Total actuarial value of assets	\$ 19,859.0	\$ 14,847.1	\$ 3,495.7	\$ 38,115.6

Amounts in millions

¹ Includes Multnomah Fire District #10.

Please note that pre-SLGRP liabilities are treated as loans from the SLGRP to the individual employer and pre-SLGRP surpluses are treated as loans from the individual employer to the SLGRP. The assets of the SLGRP used to calculate the pooled contribution rate reflect the net outstanding balance of these loans.

Side accounts are treated as pre-paid contributions. Consequently, they are not reflected in the actuarial value of assets shown above. The actuarial value of assets for each rate pool is used to develop the contribution rate for that pool. Side accounts are used to adjust the pooled contribution rate for individual employers. The net impact of side accounts is shown in a separate section of this report.

Pension Plan Valuation

Tier 1/Tier 2 Valuation (*continued*)

Tier 1/Tier 2 Pension Assets (*continued*)

Reconciliation of Actuarial Value of Assets

The table below shows a reconciliation of the actuarial value of assets from the prior valuation to the current valuation for each of the rate pools. Again, independent employers, including State Judiciary, are treated as if they were a single rate pool for purposes of the system-wide report.

	SLGRP	School Districts	Independent Employers	Tier 1/Tier 2 Totals ¹
Actuarial value of assets, December 31, 2008	\$ 19,859.0	\$ 14,847.1	\$ 3,495.7	\$ 38,115.6
Contributions				
Employer	\$ 244.3	\$ 171.0	\$ 79.5	\$ 494.7
Side account transfers	272.7	258.7	8.2	539.7
Member	0.0	0.0	1.5	1.5
Total contributions	517.0	429.7	89.2	1,035.9
Investment income	3,393.4	2,510.4	596.5	6,480.8
Benefit payments and expenses	(1,361.9)	(1,271.7)	(227.7)	(2,866.5)
Adjustments ²	(24.8)	61.8	(4.6)	43.7
Actuarial value of assets, December 31, 2009	\$ 22,382.7	\$ 16,577.4	\$ 3,949.1	\$ 42,809.5
Employers joining the SLGRP	93.3		(109.4)	(16.1)
Actuarial value of assets, January 1, 2010	\$ 22,476.0	\$ 16,577.4	\$ 3,839.7	\$ 42,793.4

Amounts in millions

¹ Includes Multnomah Fire District #10.

² Adjustments include a reallocation of the benefits in force reserve, transfers to Multnomah Fire District #10, member service purchases and other adjustments made by PERS.

Pension Plan Valuation

Tier 1/Tier 2 Valuation (*continued*)

Tier 1/Tier 2 Pension Assets (*continued*)

Outstanding Balance of Pre-SLGRP Liabilities

In the valuation, pre-SLGRP liabilities are treated as assets of the SLGRP. That is, a pre-SLGRP liability is essentially a debt owed to the SLGRP by the employer. Pre-SLGRP surpluses are essentially loans by employers to the SLGRP.

Prior to the formation of the SLGRP, the State and Community Colleges were pooled together and some employers participated in the Local Government Rate Pool (LGRP). The UAL attributable to the State and Community Colleges or the LGRP at the time the SLGRP was formed is maintained separately from the SLGRP, and is reduced by contributions and increased for interest charges at the assumed interest rate.

Similarly, when an independent employer joins the SLGRP, a transition liability or surplus is calculated to ensure that each employer enters the pool on a comparable basis. The transition liability is maintained separately from the SLGRP, and is reduced by contributions and increased for interest charges at the assumed interest rate. The table below shows the reconciliation of the pre-SLGRP pooled liability attributable to the State and Community Colleges and the LGRP from the last valuation to the current valuation. It also shows the reconciliation of the total transition liability or surplus from the last valuation to the current valuation.

	<i>State and Community Colleges</i>	<i>Local Government Rate Pool</i>	<i>Transition</i>	<i>Total</i>
1. Pre-SLGRP liability/(surplus), January 1, 2009	\$ 630.8	\$ (259.6)	\$ (821.3)	\$ (450.2)
2. Employer contributions attributable to liability/(surplus)	(57.1)	22.1	76.3	41.3
3. Supplemental payments	0.0	0.0	0.0	0.0
4. Interest	45.9	(19.0)	(59.6)	(32.7)
5. Pre-SLGRP liability/(surplus), December 31, 2009 (1. + 2. + 3. + 4.)	\$ 619.5	\$ (256.6)	\$ (804.5)	\$ (441.6)
6. Employers joining the SLGRP			\$ (16.1)	\$ (16.1)
7. Pre-SLGRP liability/(surplus), January 1, 2010 (5. + 6.)	\$ 619.5	\$ (256.6)	\$ (820.6)	\$ (457.7)

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation (*continued*)

Tier 1/Tier 2 Pension Liabilities

Normal Cost

The normal cost represents the value of benefits assigned to the next year of service by the actuarial cost method. If all actuarial assumptions are met, the normal cost represents the amount that would need to be contributed each year to fund plan benefits.

Because no additional Member contributions are permitted, the Money Match formula is essentially frozen. Consequently, Members who are expected to retire under the Money Match formula have no normal cost.

A summary of the normal cost by decrement is shown below on a system-wide basis for the Tier 1/Tier 2 pension benefits.

		<i>December 31, 2009</i>		<i>December 31, 2008</i>	<i>Percent Change</i>
<i>Normal Cost</i>					
Service Retirement	\$	488.3	\$	451.6	8.1%
Vested Benefits		26.4		25.9	1.9%
Duty Disability		1.2		1.3	(4.2%)
Nonduty Disability		8.8		9.1	(2.7%)
Death		0.0		0.0	(5.5%)
Total Normal Cost	\$	524.8	\$	487.8	7.6%

Amounts in millions

The increase in the normal cost since the prior valuation is primarily attributable to the expected increase in pension normal cost. The expected increase for the pension normal cost is due to both the aging of the Tier 1/Tier 2 membership and the expected shift from Money Match to Full Formula benefits. The table below reconciles the normal cost from the prior valuation to the current valuation.

		<i>Tier 1/Tier 2 Pension</i>	
Normal Cost, December 31, 2008		\$	487.8
Expected increase			31.8
Assumption changes			-
Plan changes			0.2
Deviations from expected experience			
Age and service retirements from active status			2.4
Active mortality and withdrawal			(4.4)
Pay increases			1.6
Interest Crediting Experience			1.0
All other sources			4.4
Total demographic (gains) and losses			5.0
Normal Cost, December 31, 2009		\$	524.8

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

Tier 1/Tier 2 Pension Liabilities *(continued)*

A summary of the normal cost by tier and employment category for each rate pool is shown below. Again, independent employers, including State Judiciary, are treated as if they were a single rate pool for purposes of the system-wide report.

	<i>December 31, 2009</i>				<i>December 31, 2008</i>		<i>Percent Change</i>
	<i>SLGRP</i>	<i>School Districts</i>	<i>Independent Employers</i>	<i>Tier 1/ Tier 2 Totals</i>	<i>Tier 1/ Tier 2 Totals</i>		
Normal Cost							
Tier 1 General Service	\$ 94.3	\$ 67.5	\$ 14.3	\$ 176.1	\$ 158.6	11.1%	
Tier 2 General Service	124.3	88.7	17.6	230.6	218.6	5.5%	
Tier 1 Police & Fire	46.6	0.4	16.5	63.6	59.6	6.6%	
Tier 2 Police & Fire	42.8	0.2	11.5	54.5	51.0	6.8%	
Total Normal Cost	\$ 307.9	\$ 156.9	\$ 59.9	\$ 524.8	\$ 487.8	7.6%	

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

Tier 1/Tier 2 Pension Liabilities *(continued)*

Actuarial Accrued Liability

The actuarial accrued liability represents the value of benefits attributed to prior years of service by the actuarial cost method. A summary of the actuarial accrued liability by decrement is shown below on a system-wide basis for the Tier 1/Tier 2 pension benefits.

	<i>December 31, 2009</i>		<i>December 31, 2008</i>		<i>Percent</i>
					<i>Change</i>
Active					
Service Retirement	\$	17,885.7	\$	17,373.2	3.0%
Vested Benefits		1,067.5		1,131.7	(5.7%)
Duty Disability		46.6		45.2	3.0%
Nonduty Disability		351.1		351.0	0.0%
Death		222.0		224.2	(1.0%)
Total Actives	\$	19,572.9	\$	19,125.4	2.3%
Dormant Members		4,630.0		4,656.0	(0.6%)
Retired Members and Beneficiaries		32,072.7		30,141.3	6.4%
Total Actuarial Accrued Liability	\$	56,275.0	\$	53,922.7	4.4%

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

Tier 1/Tier 2 Pension Liabilities *(continued)*

Actuarial Accrued Liability *(continued)*

A summary of actuarial accrued liabilities based on member status, tier and employment category is shown in the table below. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

	December 31, 2009				December 31, 2008		Percent Change
	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals ¹	Tier 1 / Tier 2 Totals ¹		
Active Members							
Tier 1 General Service	\$ 7,605.2	\$ 5,924.7	\$ 1,059.0	\$ 14,589.1	\$ 14,666.2		(0.5%)
Tier 1 Police & Fire	1,335.8	7.3	519.1	1,862.9	1,807.7		3.1%
Tier 1 Total	\$ 8,941.0	\$ 5,932.1	\$ 1,578.1	\$ 16,451.9	\$ 16,473.8		(0.1%)
Tier 2 General Service	1,384.8	958.1	214.8	\$ 2,557.7	2,177.0		17.5%
Tier 2 Police & Fire	442.6	3.2	117.0	562.7	474.5		18.6%
Tier 2 Total	\$ 1,827.3	\$ 961.3	\$ 331.8	\$ 3,120.4	\$ 2,651.5		17.7%
Total Active Members	\$ 10,768.3	\$ 6,893.4	\$ 1,909.9	\$ 19,572.4	\$ 19,125.4		2.3%
Dormant Members	2,891.1	1,396.4	340.6	4,630.0	4,656.0		(0.6%)
Retired Members and Beneficiaries	15,237.1	14,227.8	2,548.1	32,072.7	30,141.3		6.4%
Total Tier 1/ Tier 2 Pension Liability, December 31,	\$ 28,896.5	\$ 22,517.6	\$ 4,798.5	\$ 56,275.0	\$ 53,922.7		4.4%
Employers joining the SLGRP	132.6	-	(132.6)	-	-		
Total Tier 1/ Tier 2 Pension Liability, January 1,	\$ 29,029.1	\$ 22,517.6	\$ 4,665.9	\$ 56,275.0	\$ 53,922.7		4.4%

Amounts in millions

¹ Includes Multnomah Fire District #10.

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

Tier 1/Tier 2 Pension Liabilities (continued)

Actuarial Accrued Liability (continued)

The change in actuarial accrued liability since the last valuation reflects the experience of the system. The table below reconciles the actuarial accrued liability from the last valuation to this valuation. The actuarial accrued liability is expected to increase due to benefits earned during the year and interest, and to decrease due to benefits paid during the year.

	<i>Tier 1/Tier 2 Pension</i>	
Actuarial Accrued Liability December 31, 2008	\$	53,922.7
Expected change		1,885.8
Assumption changes		-
Plan changes		0.9
Deviations from expected experience		
Retirements from active status		149.6
Active mortality and withdrawal		38.0
Pay increases		48.0
Interest Crediting Experience		191.3
Retirement, mortality and lump sums from dormant status		(16.7)
Retiree and beneficiary mortality		2.5
Data Corrections		12.6
Other		40.3
Total demographic (gains) and losses		465.6
Actuarial Accrued Liability December 31, 2009	\$	56,275.0

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

Tier 1/Tier 2 Pension Unfunded Accrued Liability (UAL)

Calculation of UAL

The Unfunded Accrued Liability (UAL) represents the difference between the actuarial accrued liability and the valuation assets. To determine employer contribution rates, the UAL is calculated excluding side accounts. The calculated contribution rate is later offset by an amortized portion of the side accounts for individual employers with such accounts. A summary of the UAL by rate pool is shown on the following table. All independent employers, including State Judiciary, have been grouped together.

	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals ¹
December 31, 2009				
1. Actuarial accrued liability	\$ 29,029.1	\$ 22,517.6	\$ 4,665.9	\$ 56,275.0
2. Actuarial value of assets	\$ 22,476.0	\$ 16,577.4	\$ 3,839.7	\$ 42,793.4
3. Unfunded accrued liability	\$ 6,553.1	\$ 5,940.2	\$ 826.2	\$ 13,481.6
4. Funded percentage (2. ÷ 1.)	77.4%	73.6%	82.3%	76.0%
5. Combined Valuation Payroll	\$ 4,850.1	\$ 2,873.7	\$ 788.4	\$ 8,512.2
6. Unfunded accrued liability as % of combined valuation payroll (3. ÷ 5.)	135.1%	206.7%	104.8%	158.4%
December 31, 2008				
1. Actuarial accrued liability	\$ 27,551.8	\$ 21,742.7	\$ 4,566.0	\$ 53,922.7
2. Actuarial value of assets	\$ 19,859.0	\$ 14,847.1	\$ 3,495.7	\$ 38,115.6
3. Unfunded accrued liability	\$ 7,692.8	\$ 6,895.6	\$ 1,070.3	\$ 15,807.1
4. Funded percentage (2. ÷ 1.)	72.1%	68.3%	76.6%	70.7%
5. Combined Valuation Payroll	\$ 4,521.3	\$ 2,815.4	\$ 793.4	\$ 8,130.1
6. Unfunded accrued liability as % of combined valuation payroll (3. ÷ 5.)	170.1%	244.9%	134.9%	194.4%

Amounts in millions

¹ Includes Multnomah Fire District #10

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

Tier 1/Tier 2 Pension Unfunded Accrued Liability (UAL) (continued)

Reconciliation of UAL Bases

Beginning with the December 31, 2007 actuarial valuation, each odd-year valuation establishes a 20-year closed-period amortization base for outstanding regular Tier 1/Tier 2 UAL amounts. For odd-year valuations subsequent to December 31, 2007, this amortization base will be calculated based on the total Tier 1/Tier 2 UAL as of that valuation date less the remaining unamortized balance of any Tier 1/Tier 2 UAL bases established at previous odd-year valuation dates. The amortization base established December 31, 2007 includes only the regular UAL as of that valuation, as the UAL attributable to the change to the Projected Unit Credit cost method is anticipated to be fully amortized by the conclusion of the biennium ending on June 30, 2011. This odd-year advisory valuation shows both the progress of the amortization base established December 31, 2007, and the base established on December 31, 2009.

The UAL bases are shown for the SLGRP and School District rate pools below. UAL bases for independent employers are developed individually for each employer, and are shown in the employer's individual valuation report.

SLGRP

Amortization Base	UAL			UAL		Next Year's Payment
	December 31, 2008	Payment	Interest	December 31, 2009		
December 31, 2007	\$ (451.8)	\$ (34.5)	\$ (34.7)	\$ (451.9)	\$ (35.8)	
December 31, 2009	N/A	N/A	N/A	7,005.1	517.3	
Total				\$ 6,553.1	\$ 481.5	

School Districts

Amortization Base	UAL			UAL		Next Year's Payment
	December 31, 2008	Payment	Interest	December 31, 2009		
December 31, 2007	\$ 603.3	\$ 46.1	\$ 46.3	\$ 603.5	\$ 47.8	
December 31, 2009	N/A	N/A	N/A	5,336.7	394.1	
Total				\$ 5,940.2	\$ 441.9	

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

Tier 1/Tier 2 Pension Unfunded Accrued Liability (UAL) (continued)

Actuarial Gain or Loss since Prior Valuation

In every actuarial valuation, assumptions are made as to the future experience of the plan and covered group of participants. Whenever there is a difference between the actual experience and that anticipated by the actuarial assumptions, there is a gain or loss to the plan. Gains are the result of experience that is more favorable than anticipated (i.e., serves to reduce the unfunded actuarial liability or increase the surplus), while losses are the result of unfavorable experience.

The table below shows the development of the actuarial gain (or loss) for the Tier 1/Tier 2 pension benefits for the year ending December 31, 2009. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

	December 31, 2009			
	SLGRP	School District	Independent Employers	Tier 1/Tier 2 Totals ^{1,2}
1. Expected actuarial accrued liability				
a. Actuarial accrued liability at January 1, 2009	\$ 27,551.8	\$ 21,742.7	\$ 4,566.0	\$ 53,922.7
b. Normal cost at January 1, 2009	\$ 279.5	\$ 148.7	\$ 59.6	\$ 487.8
c. Benefit payments for fiscal year ending December 31, 2009	\$ (1,349.8)	\$ (1,260.4)	\$ (225.7)	\$ (2,841.2)
d. Interest	\$ 2,172.5	\$ 1,700.9	\$ 361.0	\$ 4,239.2
e. Expected actuarial accrued liability before changes (a. + b. + c. + d.)	\$ 28,654.0	\$ 22,331.9	\$ 4,760.9	\$ 55,808.5
f. Change in actuarial accrued liability at December 31, 2009, due to plan changes	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.9
g. Expected actuarial accrued liability at December 31, 2009 (e. + f.)	\$ 28,654.0	\$ 22,331.9	\$ 4,760.9	\$ 55,809.5
2. Actuarial accrued liability at December 31, 2009	\$ 28,896.5	\$ 22,517.6	\$ 4,798.5	\$ 56,275.0
3. Liability gain/(loss) (1.g. - 2)	\$ (242.5)	\$ (185.7)	\$ (37.6)	\$ (465.6)
4. Expected actuarial value of assets				
a. Actuarial value of assets at January 1, 2009	\$ 19,859.0	\$ 14,847.1	\$ 3,495.7	\$ 38,115.6
b. Actual contributions for 2009	\$ 517.0	\$ 429.7	\$ 89.2	\$ 1,035.9
c. Benefit payments and expenses for fiscal year ending December 31, 2009	\$ (1,361.9)	\$ (1,271.7)	\$ (227.7)	\$ (2,866.5)
d. Interest	\$ 1,554.9	\$ 1,154.1	\$ 274.1	\$ 2,975.8
e. Expected actuarial value of assets before changes (a. + b. + c. + d.)	\$ 20,569.0	\$ 15,159.2	\$ 3,631.3	\$ 39,260.8
f. Change in actuarial value of assets at December 31, 2009, due to assumption changes	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
g. Expected actuarial value of assets at December 31, 2009 (e. + f.)	\$ 20,569.0	\$ 15,159.2	\$ 3,631.3	\$ 39,260.8
5. Actuarial value of assets as of December 31, 2009	\$ 22,382.7	\$ 16,577.4	\$ 3,949.1	\$ 42,809.5
6. Asset gain/(loss) (5. - 4.g.)	\$ 1,813.7	\$ 1,418.1	\$ 317.8	\$ 3,548.7
7. Net actuarial gain/(loss) (3. + 6.)	\$ 1,571.3	\$ 1,232.5	\$ 280.1	\$ 3,083.1

Amounts in millions

¹ Includes Multnomah Fire District #10

² The impact of the plan change has been calculated for the system-wide report, but due to the magnitude of the change, has not been separately identified for the rate pools or independent employers.

Pension Plan Valuation

Tier 1/Tier 2 Valuation (*continued*)

Tier 1/Tier 2 Pension Unfunded Accrued Liability (UAL) (*continued*)

Reconciliation of the UAL

The UAL is no longer divided into two components to develop employer rates, since the Board eliminated the amortization base created for changing to the Projected Unit Credit funding method. The table below develops the UAL. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals ^{1, 2}
UAL, December 31, 2008	\$ 7,692.8	\$ 6,895.6	\$ 1,070.3	\$ 15,807.1
Expected Increase	909.2	706.8	148.5	1,776.5
Contributions	(517.0)	(429.7)	(89.2)	(1,035.9)
Liability (gain) or loss	242.5	185.7	37.6	465.6
Asset (gain) or loss	(1,813.7)	(1,418.1)	(317.8)	(3,548.7)
Plan changes	0.0	0.0	0.0	0.9
UAL, December 31, 2009	\$ 6,513.8	\$ 5,940.2	\$ 849.4	\$ 13,465.5
Employers joining SLGRP	39.3	0.0	(23.2)	16.1
UAL, January 1, 2010	\$ 6,553.1	\$ 5,940.2	\$ 826.2	\$ 13,481.6

Amounts in millions

¹ Includes Multnomah Fire District #10

² The impact of the plan change has been calculated for the system-wide report, but due to the magnitude of the change, has not been separately identified for the rate pools or independent employers.

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

Tier 1/Tier 2 Pension Contribution Rate Development

Normal Cost Rates

The table below shows the development of the system-wide weighted average normal cost rate.

		<i>December 31, 2009</i>		<i>December 31, 2008</i>	<i>Percent Change</i>
Normal Cost					
a. Service Retirement	\$	488.3	\$	451.6	8.1%
b. Vested Benefits		26.4		25.9	1.9%
c. Duty Disability		1.2		1.3	(4.2%)
d. Nonduty Disability		8.8		9.1	(2.7%)
e. Death		0.0		0.0	(5.5%)
f. Total Normal Cost	\$	524.8	\$	487.8	7.6%
Tier 1/ Tier 2 Valuation Payroll	\$	6,123.4	\$	6,225.8	(1.6%)
Average Normal Cost Rate					
a. Service Retirement		7.97%		7.25%	
b. Vested Benefits		0.43%		0.42%	
c. Duty Disability		0.02%		0.02%	
d. Nonduty Disability		0.14%		0.15%	
e. Death		0.00%		0.00%	
f. Average Normal Cost Rate		8.57%		7.84%	

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

Tier 1/Tier 2 Pension Contribution Rate Development (continued)

Normal Cost Rates (continued)

The table below shows the development of the normal cost rate for the various rate pools. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

	<i>December 31, 2009</i>			
	<i>SLGRP</i>	<i>School Districts</i>	<i>Independent Employers</i>	<i>Tier 1 / Tier 2 Totals</i>
Normal Cost				
Tier 1 General Service	\$ 94.3	\$ 67.5	\$ 14.3	\$ 176.1
Tier 2 General Service	\$ 124.3	\$ 88.7	\$ 17.6	\$ 230.6
Tier 1 Police & Fire	\$ 46.6	\$ 0.4	\$ 16.5	\$ 63.6
Tier 2 Police & Fire	\$ 42.8	\$ 0.2	\$ 11.5	\$ 54.5
Total Normal Cost	\$ 307.9	\$ 156.9	\$ 59.9	\$ 524.8
Tier 1/ Tier 2 Valuation Payroll				
Tier 1 General Service	\$ 1,626.1	\$ 1,195.2	\$ 210.8	\$ 3,032.1
Tier 2 General Service	\$ 1,257.2	\$ 880.1	\$ 180.3	\$ 2,317.6
Tier 1 Police & Fire	\$ 295.4	\$ 2.7	\$ 104.3	\$ 402.4
Tier 2 Police & Fire	\$ 286.3	\$ 1.3	\$ 83.7	\$ 371.3
Total Valuation Payroll	\$ 3,465.1	\$ 2,079.2	\$ 579.1	\$ 6,123.4
Average Normal Cost Rates				
Tier 1 General Service	5.80%	5.65%	6.80%	5.81%
Tier 2 General Service	9.89%	10.08%	9.76%	9.95%
Tier 1 Police & Fire	15.78%	16.01%	15.83%	15.79%
Tier 2 Police & Fire	14.94%	17.26%	13.72%	14.67%
Average Rates				
Tier 1 Average	7.33%	5.67%	9.79%	6.98%
Tier 2 Average	10.82%	10.09%	11.02%	10.60%
General Service Average	7.58%	7.53%	8.16%	7.60%
Police & Fire Average	15.36%	16.42%	14.89%	15.25%
System Average	8.89%	7.55%	10.35%	8.57%
Member Contributions			0.21%	0.02%
Employer System Average	8.89%	7.55%	10.14%	8.55%

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation (*continued*)

Tier 1/Tier 2 Pension Contribution Rate Development (*continued*)

UAL Rates

The UAL rate is determined by calculating the next year's scheduled payment to the UAL as a percentage of combined valuation payroll.

The following table develops the UAL rate separately for each of the rate pools. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

	<i>SLGRP</i>	<i>School Districts</i>	<i>Independent Employers</i>	<i>Tier 1 / Tier 2 Totals¹</i>
December 31, 2009				
1. Total UAL	\$ 6,553.1	\$ 5,940.2	\$ 826.2	\$ 13,481.6
2. Next year's UAL payment	481.5	441.9	59.3	982.8
3. Combined valuation payroll	\$ 4,850.1	\$ 2,873.7	\$ 788.4	\$ 8,512.2
4. UAL rate (2 ÷ 3)	9.93%	15.38%	7.52%	11.55%
December 31, 2008				
1. Total UAL	\$ 7,692.8	\$ 6,895.6	\$ 1,070.3	\$ 15,807.1
2. Next year's UAL payment	567.0	510.8	78.2	1,155.9
3. Combined valuation payroll	\$ 4,521.3	\$ 2,815.4	\$ 793.4	\$ 8,130.1
4. UAL rate (2 ÷ 3)	12.54%	18.14%	9.86%	14.22%

Amounts in millions

¹ While the Tier 1/Tier 2 Total UAL amount includes the UAL for Multnomah Fire District #10 (MFD), the UAL rate for MFD is developed separately in this report and is added to the rates shown in this table.

Pension Plan Valuation

Tier 1/Tier 2 Valuation (*continued*)

Tier 1/Tier 2 Pension Contribution Rate Development (*continued*)

Pre-SLGRP Pooled Rate

Prior to the formation of the SLGRP, the State and Community Colleges were pooled together and some employers participated in the Local Government Rate Pool (LGRP). The UAL attributable to the State and Community Colleges and the LGRP at the time the SLGRP was formed is maintained separately from the UAL for the SLGRP. The balance of the pre-SLGRP pooled liability attributable to the State and Community Colleges or the LGRP on the valuation date is amortized over the period ending December 31, 2027, and expressed as a percentage of combined valuation payroll.

		<i>December 31, 2009</i>		<i>December 31, 2008</i>
State and Community College Pool				
1. Total pre-SLGRP pooled liability	\$	619.5	\$	630.8
2. Combined valuation payroll	\$	2,733.4	\$	2,546.7
3. Amortization Factor		12.622		13.091
4. Pre-SLGRP pooled rate (1. ÷ 2. ÷ 3.)		1.80%		1.89%
Local Government Rate Pool				
1. Total pre-SLGRP pooled liability	\$	(256.6)	\$	(259.6)
2. Combined valuation payroll	\$	1,196.8	\$	1,144.4
3. Amortization Factor		12.622		13.091
4. Pre-SLGRP pooled rate (1. ÷ 2. ÷ 3.)		(1.70%)		(1.73%)

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

Tier 1/Tier 2 Pension Contribution Rate Development *(continued)*

Transition Liability or Surplus Rate

When an employer joins the SLGRP, a transition liability or surplus is calculated to ensure that each employer enters the pool on a comparable basis. The transition liability is maintained separately from the UAL for the SLGRP. The transition liability for an employer who joined the SLGRP after the change to the PUC method is divided into a portion attributable to the change to PUC and a regular transition liability. It is anticipated that the PUC transition liability / (surplus) will be fully amortized by the conclusion of the biennium ending on June 30, 2011. As a result, in the current valuation only the "Regular transition liability / (surplus)" is used in the calculation of rates for the biennium commencing July 1, 2011. The regular transition liability is amortized over the period ending December 31, 2027, and is expressed as a percentage of combined valuation payroll.

	<i>December 31, 2009</i>		<i>December 31, 2008</i>	
1. Total transition liability / (surplus)	\$	(820.6)	\$	(821.3)
2. Transition liability / (surplus) - change to PUC	\$	(4.7)	\$	(11.4)
3. Regular transition liability / (surplus) (1. - 2.)	\$	(815.9)	\$	(809.9)
4. Combined valuation payroll	\$	1,959.9	\$	1,866.5
5. Amortization Factor		12.622		13.091
6. Average regular transition liability/(surplus) rate (3. ÷ 4. ÷ 5.)		(3.30%)		(3.31%)

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation (*continued*)

Tier 1/Tier 2 Pension Contribution Rate Development (*continued*)

Multnomah FD #10 UAL Rate

The Multnomah FD #10 UAL rate is determined by amortizing Multnomah FD #10's unfunded actuarial accrued liability over the period ending December 31, 2027, and expressing the result as a percentage of combined valuation payroll.

As part of the 2003 Legislation, the Multnomah FD#10 UAL was allocated to Tier 1/Tier 2 employers. Multnomah FD#10 was allocated \$50,000 of the outstanding UAL, which was fully paid in November, 2003. Of the remaining UAL, City of Portland is allocated 21.8743%, while all Tier 1/Tier 2 employers, including City of Portland, share in the remaining 78.1257%. In addition, four other employers (City of Gresham, City of Fairview, City of Wood Village, and City of Troutdale) are required to pay twice the rate that is determined under item 6.b. below. Thus, the combined valuation payroll for all Tier 1/Tier 2 employers, shown below in item 4.b., includes twice the valuation payroll for those four employers.

	<i>December 31, 2009</i>		<i>December 31, 2008</i>	
1. Actuarial accrued liability				
a. Active members	\$	0.8	\$	1.1
b. Dormant members	\$	2.0	\$	0.4
c. Retired members and beneficiaries	\$	59.7	\$	60.7
d. Total actuarial accrued liability	\$	62.5	\$	62.2
2. Actuarial value of assets				
a. Employer reserve	\$	(136.9)	\$	(122.2)
b. Members reserve	\$	0.7	\$	0.6
c. Benefits in force reserve	\$	36.6	\$	35.3
d. Total actuarial value of assets	\$	(99.6)	\$	(86.3)
3. Multnomah FD #10 UAL	\$	162.1	\$	148.5
a. Portion allocated to City of Portland (21.8743% x 3.)	\$	35.5	\$	32.5
b. Portion allocated to all T1/T2 employers (78.1257% x 3.)	\$	126.7	\$	116.0
4. Combined valuation payroll				
a. City of Portland	\$	303.9	\$	289.4
b. All Tier 1 / Tier 2 employers	\$	8,557.7	\$	8,175.3
5. Amortization factor		12.622		13.091
6. Multnomah FD #10 UAL Rate				
a. City of Portland (3.a. ÷ 4.a. ÷ 5.)		0.92%		0.86%
b. All Tier 1 / Tier 2 employers (3.b. ÷ 4.b. ÷ 5.)		0.12%		0.11%
7. Total Multnomah FD #10 UAL Rate				
a. City of Portland (6.a. + 6.b.)		1.04%		0.97%
b. City of Gresham, City of Fairview, City of Wood Village, City of Troutdale (2 x 6.b.)		0.24%		0.22%
c. All other Tier 1 / Tier 2 employers (6.b.)		0.12%		0.11%

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

Tier 1/Tier 2 Pension Contribution Rate Development (continued)

Calculated Employer Contribution Rate Summary (Pre-Rate Collar)

The following table summarizes the development of the total Tier 1/Tier 2 contribution rate for each rate pool as of the valuation date. The normal cost rates apply to Tier 1/Tier 2 payroll only, but all other rates are applied to combined valuation payroll. These rates are adjusted on an individual employer basis for side accounts and pre-SLGRP liabilities, if applicable. Weighted average adjustments for side accounts and pre-SLGRP liabilities are shown in the table. For individual employers, these adjustments cannot reduce the pension contribution rate below 0.0%. For purposes of this exhibit, independent employers, including State Judiciary, have been treated as a single rate pool.

	<i>July 1, 2011 Rates</i>			
	<i>Calculated as of December 31, 2009</i>			
	<i>SLGRP</i>	<i>School Districts</i>	<i>Independent Employers</i>	<i>Tier 1 / Tier 2 Totals</i>
Tier 1/Tier 2 pension contribution rates				
Employer normal cost rate	8.89%	7.55%	10.14%	8.55%
Member normal cost rate			0.21%	0.02%
UAL rate	9.93%	15.38%	7.52%	11.55%
Multnomah FD #10 rate	0.18%	0.12%	0.12%	0.15%
Total Tier 1/Tier 2 pension rate	19.00%	23.05%	17.99%	20.27%
Average adjustments				
Pre-SLGRP liability/(surplus) rate	(0.74%)	N/A	N/A	(0.42%)
Side account rate	(4.24%)	(7.75%)	(0.87%)	(5.11%)
Total average adjustment	(4.98%)	(7.75%)	(0.87%)	(5.53%)
Net pension contribution rate	14.02%	15.30%	17.12%	14.74%

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

Tier 1/Tier 2 Pension Contribution Rate Development (continued)

Calculation of Rate Collar

Employer contribution rates cannot change by more than the greater of 3 percentage points or 20% of the current contribution rate. However, if the funded percentage is below 70% or above 130%, the size of the collar is doubled. If the funded percentage is between 70% and 80% or between 120% and 130%, the size of the rate collar is increased on a graded scale. All collar calculations are performed excluding amounts and contribution rates attributable to pre-SLGRP liabilities, side accounts and member contributions. Retiree medical rates are also excluded from the rate collar calculation.

The table below develops the impact of the collar for each of the Tier 1/Tier 2 rate pools. Although the calculation is performed individually for independent employers, the table shows the calculation as if independent employers were a pool. Note that independent employers, other than the State Judiciary, are subject to a minimum employer contribution rate of 6.0% that is not taken into account in the calculation below.

<i>Calculation of Collar Adjustments</i>	<i>July 1, 2011 Rates</i>			
	<i>SLGRP</i>	<i>School Districts</i>	<i>Independent Employers</i>	<i>Tier 1 / Tier 2 Totals¹</i>
1. Current employer contribution rate	11.15%	14.01%	10.91%	12.09%
2. Size of rate collar				
a. Preliminary size of rate collar (<i>maximum of 3% or 20% x 1.</i>)	3.00%	3.00%	3.00%	3.00%
b. Funded percentage	77%	74%	82%	76%
c. Size of rate collar (If b. < 70% or b. > 130%, 2 x a. If b. is 80%-120%, a. Otherwise, a graded rate between a. and 2 x a.)	3.90%	4.80%	3.00%	4.20%
3. 7/1/2011 Minimum employer contribution rate (1. - 2.c.)	7.25%	9.21%	7.91%	7.89%
4. 7/1/2011 Maximum employer contribution rate (1. + 2.c.)	15.05%	18.81%	13.91%	16.29%
5. Advisory July 1, 2011 employer contribution rate before collar	19.00%	23.05%	17.99%	20.27%
6. Advisory July 1, 2011 employer contribution rate after collar (5., but not less than 3. or more than 4.)	15.05%	18.81%	13.91%	16.29%
7. Impact of collar (6. - 5.)	-3.95%	-4.24%	-4.08%	-3.98%

¹ The average Tier 1/Tier 2 rate has been recalculated based on current valuation payroll.

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

Tier 1/Tier 2 Pension Contribution Rate Development (continued)

Calculated Employer Contribution Rate Summary (Post Rate Collar)

Any adjustment for the collar is made to the UAL rate. The table below summarizes the average rates effective July 1, 2011, by pool and component. Although the rate collar is applied individually for independent employers, the table shows the average rates as if independent employers were a pool. Note that independent employers, other than the State Judiciary, are subject to a minimum employer contribution rate of 6.0% that is not taken into account in the average rates below.

	<i>July 1, 2011 Rates</i>			
	<i>Calculated as of December 31, 2009</i>			
	<i>SLGRP</i>	<i>School Districts</i>	<i>Independent Employers</i>	<i>Tier 1 / Tier 2 Totals</i>
Tier 1/Tier 2 pension contribution rates				
Employer normal cost rate	8.89%	7.55%	10.14%	8.55%
Member normal cost rate			0.21%	0.02%
UAL rate	5.98%	11.14%	3.44%	7.57%
Multnomah FD #10 rate	0.18%	0.12%	0.12%	0.15%
Total Tier 1/Tier 2 pension rate	15.05%	18.81%	13.91%	16.29%
Average adjustments				
Pre-SLGRP liability/(surplus) rate	(0.74%)	N/A	N/A	(0.42%)
Side account rate	(4.24%)	(7.75%)	(0.87%)	(5.11%)
Total average adjustment	(4.98%)	(7.75%)	(0.87%)	(5.53%)
Net pension contribution rate	10.07%	11.06%	13.04%	10.76%

Pension Plan Valuation

OPSRP Valuation

OPSRP Assets

Information on OPSRP assets is shown in the section of this report covering the system-wide assets. As of December 31, 2009, the actuarial value of assets for OPSRP is \$445.4 million.

OPSRP Liabilities

Normal Cost

The normal cost represents the value of benefits assigned to the next year of service by the actuarial cost method. If all actuarial assumptions are met, the normal cost represents the amount that would need to be contributed each year to fund plan benefits.

A summary of the normal cost by decrement is shown below for the current and prior year.

	December 31, 2009			December 31, 2008		
	General Service	Police & Fire	Total	General Service	Police & Fire	Total
Pre-Retirement Disability						
Duty	\$ 0.5	\$ 0.3	\$ 0.8	\$ 0.2	\$ 0.1	\$ 0.3
Non-Duty	4.0	0.5	4.4	3.0	0.3	3.3
Total Pre-Retirement Disability	\$ 4.4	\$ 0.8	\$ 5.2	\$ 3.1	\$ 0.5	\$ 3.6
Other Benefits						
Service Retirement	\$ 103.2	\$ 16.9	\$ 120.1	\$ 78.5	\$ 12.5	\$ 91.0
Vested Benefits	14.4	1.8	16.1	11.0	1.3	12.3
Death	1.5	0.2	1.7	1.2	0.1	1.3
Duty Disability Retirement	0.2	0.2	0.4	0.2	0.2	0.3
Non-Duty Disability Retirement	2.4	0.3	2.8	1.9	0.2	2.1
Total Other Benefits	\$ 121.7	\$ 19.4	\$ 141.1	\$ 92.7	\$ 14.4	\$ 107.1
Assumed Administrative Expenses	\$ 5.9	\$ 0.7	\$ 6.6	\$ 6.0	\$ 0.6	\$ 6.6
Total Normal Cost	\$ 132.0	\$ 20.9	\$ 152.9	\$ 101.8	\$ 15.5	\$ 117.3

Amounts in millions

The increase in the normal cost since the prior valuation is primarily attributable to the new entrants to the OPSRP program. The table below reconciles the normal cost from the prior valuation to the current valuation.

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Liabilities *(continued)*

		<i>OPSRP</i>
Normal Cost, December 31, 2008	\$	117.3
Expected increase		4.2
Assumption changes		-
Plan changes		0.4
New entrants		26.4
Deviations from expected experience		4.7
Normal Cost, December 31, 2009	\$	152.9

Amounts in millions

Actuarial Accrued Liability

The actuarial accrued liability represents the value of benefits attributed to prior years of service by the actuarial cost method. A summary of the actuarial accrued liability by decrement is shown below for the current and prior year.

	<i>December 31, 2009</i>			<i>December 31, 2008</i>		
	<i>General</i>		<i>Total</i>	<i>General</i>		<i>Total</i>
	<i>Service</i>	<i>Police & Fire</i>		<i>Service</i>	<i>Police & Fire</i>	
Active Members						
Pre-retirement Duty Disability	\$ 1.8	\$ 1.2	\$ 3.0	\$ 0.5	\$ 0.4	\$ 0.9
Pre-retirement Non-Duty Disability	14.2	1.6	15.8	8.9	1.0	9.9
Service Retirement	370.7	58.6	429.2	237.3	36.4	273.7
Vested Benefits	52.5	6.3	58.7	33.4	4.0	37.4
Death	5.4	0.6	6.0	3.6	0.4	3.9
Duty Disability Retirement	0.9	0.7	1.6	0.6	0.5	1.1
Non-Duty Disability Retirement	8.8	1.1	9.9	5.7	0.7	6.4
Total Active Members	\$ 454.2	\$ 70.0	\$ 524.2	\$ 289.9	\$ 43.3	\$ 333.2
Dormant Members			\$ 9.8			\$ 3.3
Retired Members and Beneficiaries			\$ 1.5			\$ 0.3
Total Actuarial Accrued Liability			\$ 535.5			\$ 336.8

Amounts in millions

The change in actuarial accrued liability since the last valuation reflects the experience of the system. The table below reconciles the actuarial accrued liability from the last valuation to this valuation. The actuarial accrued liability is expected to increase due to benefits earned during the year and interest, and to decrease due to benefits paid during the year.

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Liabilities (continued)

		<i>OPSRP</i>
Actuarial Accrued Liability December 31, 2008	\$	336.8
Expected change		145.7
Assumption changes		-
Plan changes		1.6
New entrants		38.5
Deviations from expected experience		
Retirements from active status		1.4
Active mortality and withdrawal		(4.4)
Pay increases		20.7
Other		(4.7)
Total demographic (gains) and losses		13.0
Actuarial Accrued Liability December 31, 2009	\$	535.5

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Unfunded Accrued Liability (UAL)

Calculation of UAL

The Unfunded Accrued Liability (UAL) represents the difference between the actuarial accrued liability and the valuation assets. The UAL is amortized over combined valuation payroll. The table below shows the OPSRP UAL, funded status, and UAL as a percentage of combined valuation payroll.

	<i>December 31, 2009</i>		<i>December 31, 2008</i>	
1. Actuarial accrued liability	\$	535.5	\$	336.8
2. Actuarial value of assets	\$	445.4	\$	270.5
3. Unfunded accrued liability	\$	90.1	\$	66.3
4. Funded percentage (2. ÷ 1.)		83%		80%
5. Combined valuation payroll	\$	8,512.2	\$	8,130.1
6. Unfunded accrued liability as % of combined valuation payroll		1%		1%

Amounts in millions

Reconciliation of UAL Bases

Beginning with the December 31, 2007 actuarial valuation, each odd-year valuation establishes a 16-year closed-period amortization base for outstanding OPSRP UAL amounts. For odd-year valuations subsequent to December 31, 2007, this amortization base will be calculated based on the total OPSRP UAL as of that valuation date less the remaining unamortized balance of any OPSRP UAL bases established at previous odd-year valuation dates. This odd-year advisory valuation shows both the progress of the amortization base established December 31, 2007, and the base established on December 31, 2009.

<i>Amortization Base</i>	<i>UAL, December 31, 2008</i>			<i>UAL, December 31, 2009</i>			<i>Next Year's</i>	
	<i>Payment</i>	<i>Interest</i>	<i>Payment</i>	<i>Payment</i>	<i>Interest</i>	<i>Payment</i>	<i>Payment</i>	<i>Payment</i>
December 31, 2007	\$ (71.4)	\$ (6.4)	\$ (5.4)	\$ (70.4)	\$ (6.7)			
December 31, 2009	N/A	N/A	N/A	160.5				13.8
Total	\$ (71.4)	\$ (6.4)	\$ (5.4)	\$ 90.1	\$ 7.1			

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Unfunded Accrued Liability (UAL) *(continued)*

Actuarial Gain or Loss since Prior Valuation

In every actuarial valuation, assumptions are made as to the future experience of the plan and covered group of participants. Whenever there is a difference between the actual experience and that anticipated by the actuarial assumptions, there is a gain or loss to the plan. Gains are the result of experience that is more favorable than anticipated (i.e., serves to reduce the unfunded actuarial liability or increase the surplus), while losses are the result of unfavorable experience. The 2009 liability loss is primarily due to new entrants to the OPSRP program and pay increases greater than anticipated.

The table below develops the actuarial gain or loss for OPSRP for the year ending December 31, 2009.

1. Expected actuarial accrued liability		
a. Actuarial accrued liability at December 31, 2008	\$	336.8
b. Normal cost at December 31, 2008 (excluding administrative expenses)	\$	110.7
c. Benefit payments (excluding administrative expenses) for year ending December 31, 2009	\$	(0.8)
d. Interest	\$	35.8
e. Expected actuarial accrued liability before changes <i>(a. + b. + c. + d.)</i>	\$	482.5
f. Change in actuarial accrued liability at December 31, 2009, due to assumption changes	\$	0.0
g. Change in actuarial accrued liability at December 31, 2009, due to plan changes	\$	1.6
h. Expected actuarial accrued liability at December 31, 2009 <i>(e. + f. + g.)</i>	\$	484.1
2. Actuarial accrued liability at December 31, 2009	\$	535.5
3. Liability gain/(loss) (1.g. - 2)	\$	(51.4)
4. Expected actuarial value of assets		
a. Actuarial value of assets at December 31, 2008	\$	270.5
b. Actual contributions for 2009	\$	110.8
c. Benefit payments and administrative expenses for fiscal year ending December 31, 2009	\$	(7.5)
d. Interest	\$	25.5
e. Expected actuarial value of assets at December 31, 2009 <i>(a. + b. + c. + d. + e.)</i>	\$	399.4
5. Actuarial value of assets as of December 31, 2009	\$	445.4
6. Asset gain/(loss) (5. - 4.e.)	\$	46.1
7. Net actuarial gain/(loss) (3. + 6.)	\$	(5.4)

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Unfunded Accrued Liability (UAL) *(continued)*

Reconciliation of the UAL

The table below summarizes the changes in UAL since the prior valuation.

	<i>OPSRP</i>
UAL, December 31, 2008	\$ 66.3
Normal Cost (including actual administrative expenses)	117.4
Contributions	(110.8)
Liability (gain) or loss	51.4
Asset (gain) or loss	(46.1)
Assumption changes	0.0
Plan changes	1.6
Interest @ 8.0%	10.3
UAL, December 31, 2009	\$ 90.1

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Contribution Rate Development

Normal Cost Rates

The table below shows the development of the OPSRP normal cost rates.

<i>Development of Normal Cost Rate</i>	<i>December 31, 2009</i>			<i>December 31, 2008</i>		
	<i>General Service</i>	<i>Police & Fire</i>	<i>Average Rate</i>	<i>General Service</i>	<i>Police & Fire</i>	<i>Average Rate</i>
Normal Cost						
Pre-retirement Disability Benefits	\$ 4.4	\$ 0.8	\$ 5.2	\$ 3.1	\$ 0.5	\$ 3.6
All Other Benefits	121.7	19.4	141.1	92.7	14.4	107.1
Assumed Administrative Expenses	5.9	0.7	6.6	6.0	0.6	6.6
Total Normal Cost	\$ 132.0	\$ 20.9	\$ 152.9	\$ 101.8	\$ 15.5	\$ 117.3
OPSRP Valuation Payroll	\$ 2,153.0	\$ 235.8	\$ 2,388.8	\$ 1,724.6	\$ 179.8	\$ 1,904.3
Normal Cost Rate						
Pre-retirement Disability Benefits	0.21%	0.34%	0.22%	0.18%	0.26%	0.19%
All Other Benefits	5.65%	8.23%	5.91%	5.38%	8.00%	5.62%
Assumed Administrative Expenses	0.28%	0.28%	0.28%	0.35%	0.35%	0.35%
Total Normal Cost	6.13%	8.84%	6.40%	5.90%	8.61%	6.16%

Amounts in millions

UAL Rates

The UAL rate is determined by calculating the next year's scheduled payment to the UAL as a percentage of combined valuation payroll.

	<i>December 31, 2009</i>	<i>December 31, 2008</i>
1. Total UAL	\$ 90.1	\$ 66.3
2. Next year's UAL payment	\$ 7.1	\$ 5.4
3. Combined valuation payroll	\$ 8,512.2	\$ 8,130.1
4. UAL rate (2 ÷ 3)	0.08%	0.07%

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Contribution Rate Development *(continued)*

Calculated Employer Contribution Rates (Pre-Rate Collar)

The following table summarizes the OPSRP contribution rate for general service and police & fire members as of the valuation date prior to application of the collar.

The normal cost rates apply to OPSRP payroll only, but the UAL rate is applied to combined valuation payroll. These rates, after the application of the collar, are combined with each employer's Tier 1/Tier 2 rates (other than Tier 1/Tier 2 normal cost rate) to determine each employer's contribution rate on OPSRP payroll.

	<i>July 1, 2011 Rates Calculated as of</i>		
	<i>December 31, 2009</i>		
	<i>General</i>	<i>Police & Fire</i>	<i>Average</i>
	<i>Service</i>		<i>Rate</i>
OPSRP pension contribution rates			
Employer normal cost rate	6.13%	8.84%	6.40%
Employer UAL rate	0.08%	0.08%	0.08%
Total OPSRP pension rate	6.21%	8.92%	6.48%

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Contribution Rate Development *(continued)*

Calculation of Rate Collar

The rate collar restricts the average OPSRP contribution rate so it generally cannot change by more than the greater of 3 percentage points or 20 percent of the current average OPSRP contribution rate. However, if the funded percentage is below 70 percent or above 130 percent, the size of the collar is doubled. If the funded percentage is between 70% and 80% or between 120% and 130%, the size of the rate collar is increased on a graded scale. All collar calculations are performed based on the weighted average OPSRP contribution rate, and any adjustment due to the collar is applied to the OPSRP UAL rate.

The table below shows the calculation of and any adjustment for the rate collar.

	<i>July 1, 2011 Rates Calculated as of December 31, 2009</i>		
	<i>General Service</i>	<i>Police & Fire</i>	<i>Average Rate</i>
1. Current employer contribution rate	5.73%	8.44%	5.97%
2. Size of rate collar			
a. Preliminary size of rate collar (Maximum of 3% or 20% of 1.)			3.00%
b. Funded percentage			83.2%
c. Size of rate collar (If b. < 70% or b. > 130%, 2 x a.. If b. is 80% - 120%, a., otherwise a graded rate between a. and b..)			3.00%
3. July 1, 2012 Minimum contribution rate (1. - 2.c.)			2.97%
4. July 1, 2012 Maximum contribution rate (1. + 2.c.)			8.97%
5. Advisory July 1, 2012 employer contribution rate before collar	6.21%	8.92%	6.48%
6. Advisory July 1, 2012 employer contribution rate after collar	6.21%	8.92%	6.48%
7. Impact of collar (6. - 5.)	0.00%	0.00%	0.00%

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Contribution Rate Development *(continued)*

Calculated Employer Contribution Rates (Post-Rate Collar)

The table below summarizes the employer's pension contribution rate for OPSRP after adjustments for the rate collar.

	<i>July 1, 2011 Rates Calculated as of</i>		
	<i>December 31, 2009</i>		
	<i>General Service</i>	<i>Police & Fire</i>	<i>Average Rate</i>
OPSRP pension contribution rates			
Employer normal cost rate	6.13%	8.84%	6.40%
Employer UAL rate	0.08%	0.08%	0.08%
Total OPSRP pension rate	6.21%	8.92%	6.48%

Retiree Healthcare Valuation

Retiree Healthcare Assets

Assets

A reconciliation of retiree healthcare assets is shown below. The reconciliation of assets is provided by PERS.

	RHIA		RHIPA		Retiree Healthcare Totals
Additions					
1. Employer contributions	\$	25.9	\$	1.8	\$ 27.7
2. Net investment income	\$	34.0	\$	1.0	\$ 35.0
3. Other	\$	0.0	\$	0.0	\$ 0.0
4. Total additions	\$	59.8	\$	2.8	\$ 62.6
Deductions					
4. Healthcare Premium Subsidies	\$	(28.5)	\$	(2.0)	(30.6)
5. Administrative expenses	\$	(1.0)	\$	(0.1)	(1.1)
6. Total deductions	\$	(29.5)	\$	(2.1)	(31.6)
7. Net change	\$	30.3	\$	0.7	31.0
8. Net assets held in trust for benefits					
a. Beginning of year	\$	183.8	\$	5.7	189.5
b. End of year	\$	214.1	\$	6.4	220.5

Amounts in millions.

Retiree Healthcare Valuation

Retiree Healthcare Liabilities

Normal Cost

A summary of the normal cost by decrement is shown below for the retiree healthcare benefits.

	<i>RHIA</i>			<i>RHIPA</i>		
	<i>12/31/2009</i>	<i>12/31/2008</i>	<i>Percent Change</i>	<i>12/31/2009</i>	<i>12/31/2008</i>	<i>Percent Change</i>
Normal Cost						
Service Retirement	\$ 4.9	\$ 5.0	(1.3%)	\$ 0.7	\$ 0.7	4.7%
Vested Benefits	0.4	0.5	(10.1%)	0.0	0.0	0.0%
Duty Disability	0.0	0.0	(5.0%)	0.0	0.0	2.1%
Nonduty Disability	0.0	0.0	(4.2%)	0.0	0.0	1.4%
Death	0.1	0.1	(4.6%)	0.0	0.0	0.9%
Total Normal Cost	\$ 5.5	\$ 5.6	(2.1%)	\$ 0.8	\$ 0.8	4.4%

Amounts in millions

The table below reconciles the normal cost from the prior valuation to the current valuation.

	<i>RHIA</i>	<i>RHIPA</i>
Normal Cost December 31, 2008	\$5.6	\$0.8
Expected increase	-	-
Assumption changes	-	-
Plan changes	-	-
Deviations from expected experience		
Demographic (gains) or losses	(0.1)	0.0
Normal Cost December 31, 2009	\$5.5	\$0.8

Amounts in millions

Retiree Healthcare Valuation

Retiree Healthcare Liabilities (*continued*)

Actuarial Accrued Liability

A summary of the actuarial accrued liability by decrement is shown below for the retiree healthcare benefits.

	RHIA			RHIPA		
	12/31/2009	12/31/2008	Percent Change	12/31/2009	12/31/2008	Percent Change
Active						
Service Retirement	\$ 82.2	\$ 79.0	4.1%	\$ 14.0	\$ 12.9	8.4%
Vested Benefits	5.6	5.9	(4.3%)	0.0	0.0	0.0%
Duty Disability	0.1	0.1	1.1%	0.1	0.1	9.0%
Nonduty Disability	0.6	0.6	0.5%	0.6	0.6	6.5%
Death	1.5	1.4	1.7%	0.2	0.2	6.4%
Total Actives	\$ 90.0	\$ 87.0	3.5%	\$ 14.9	\$ 13.7	8.3%
Dormant Members	20.8	18.6	12.3%	0.0	0.0	0.0%
Retired Members and Beneficiaries	400.3	388.5	3.0%	9.7	7.5	28.3%
Total Actuarial Accrued Liability	\$ 511.2	\$ 494.0	3.5%	\$ 24.5	\$ 21.3	15.4%

Amounts in millions

The change in actuarial accrued liability since the last valuation reflects the experience of the system. The table below reconciles the actuarial accrued liability from the last valuation to this valuation. The actuarial accrued liability is expected to increase due to benefits earned during the year and interest, and to decrease due to benefits paid during the year.

	RHIA	RHIPA	Total
Actuarial Accrued Liability December 31, 2008	\$ 494.0	\$ 21.3	\$ 515.3
Expected Change	15.9	0.4	16.3
Assumption Changes	-	-	-
Plan changes	-	-	-
Deviations from expected experience			
Demographic (gains) or losses	1.3	2.8	4.1
Actuarial Accrued Liability December 31, 2009	\$ 511.2	\$ 24.5	\$ 535.7

Amounts in millions

Retiree Healthcare Valuation

Retiree Healthcare Unfunded Accrued Liability (UAL)

Calculation of UAL

The Unfunded Accrued Liability (UAL) represents the difference between the actuarial accrued Liability and the valuation assets. A summary of the UAL by program is shown on the following table.

	RHIA			RHIPA		
	12/31/2009	12/31/2008	Percent Change	12/31/2009	12/31/2008	Percent Change
1. Actuarial accrued liability	\$ 511.2	\$ 494.0	3.5%	\$ 24.5	\$ 21.3	15.4%
2. Actuarial value of assets	\$ 214.1	\$ 183.8	16.5%	\$ 6.4	\$ 5.7	12.0%
3. Unfunded accrued liability	\$ 297.1	\$ 310.2	(4.2%)	\$ 18.2	\$ 15.6	16.6%
4. Funded percentage (2. ÷ 1.)	41.9%	37.2%		25.9%	26.7%	
5. Combined valuation payroll	\$ 8,512.2	\$ 8,130.1	4.7%	\$ 2,371.8	\$ 2,217.9	6.9%
6. Unfunded accrued liability as % of combined valuation payroll (3. ÷ 5.)	3.5%	3.8%		0.8%	0.7%	

Amounts in millions

Reconciliation of UAL Bases

Beginning with the December 31, 2007 actuarial valuation, each rate-setting valuation establishes an amortization base for outstanding RHIA and RHIPA UAL amounts. For odd-year valuations subsequent to December 31, 2007, this amortization base will be calculated based on the total UAL as of that valuation date less the remaining unamortized balance of any UAL bases established at previous odd-year valuation dates. The amortization base established December 31, 2007 includes only the regular UAL as of that valuation, as the UAL attributable to the change to the Projected Unit Credit cost method is anticipated to be fully amortized by the conclusion of the biennium ending on June 30, 2011. This odd-year valuation shows both the progress of the amortization base established December 31, 2007, and the base established on December 31, 2009.

RHIA

Amortization Base	UAL, December 31, 2008		Payment	Interest	UAL, December 31, 2009		Next Year's Payment
	\$	\$			\$	\$	
December 31, 2007	\$ 249.5	\$ 33.5	\$ 18.5	\$ 234.5	\$ 34.8		
December 31, 2009	N/A	N/A	N/A	62.6	7.7		
Total	\$ 249.5	\$ 33.5	\$ 18.5	\$ 297.1	\$ 42.5		

RHIPA

Amortization Base	UAL, December 31, 2008		Payment	Interest	UAL, December 31, 2009		Next Year's Payment
	\$	\$			\$	\$	
December 31, 2007	\$ 17.1	\$ 2.3	\$ 1.3	\$ 16.1	\$ 2.4		
December 31, 2009	N/A	N/A	N/A	2.1	0.3		
Total	\$ 17.1	\$ 2.3	\$ 1.3	\$ 18.2	\$ 2.6		

Amounts in millions

Retiree Healthcare Valuation

Retiree Healthcare Unfunded Accrued Liability (UAL) *(continued)*

Actuarial Gain or Loss since Prior Valuation

In every actuarial valuation, assumptions are made as to the future experience of the plan and covered group of participants. Whenever there is a difference between the actual experience and that anticipated by the actuarial assumptions, there is a gain or loss to the plan. Gains are the result of experience that is more favorable than anticipated (i.e., serves to reduce the unfunded actuarial liability or increase the surplus), while losses are the result of unfavorable experience.

The table below shows the development of the actuarial gain (or loss) for RHIA and RHIPA for the plan year ending December 31, 2009.

	RHIA	RHIPA	Retiree Healthcare Totals
Retiree Healthcare			
1. Expected actuarial accrued liability			
a. Actuarial accrued liability at December 31, 2008	\$ 494.0	\$ 21.3	\$ 515.3
b. Normal cost at December 31, 2008	\$ 5.6	\$ 0.8	\$ 6.4
c. Benefit payments for fiscal year ending December 31, 2009	\$ (28.5)	\$ (2.0)	\$ (30.6)
d. Interest	\$ 38.8	\$ 1.7	\$ 40.5
e. Expected actuarial accrued liability before changes (a. + b. + c. + d.)	\$ 509.9	\$ 21.7	\$ 531.6
f. Change in actuarial accrued liability at December 31, 2009, due to assumption changes	\$ -	\$ -	\$ -
g. Change in actuarial accrued liability at December 31, 2009, due to plan changes	\$ -	\$ -	\$ -
h. Expected actuarial accrued liability at December 31, 2009 (e. + f. + g.)	\$ 509.9	\$ 21.7	\$ 531.6
2. Actuarial accrued liability at December 31, 2009	\$ 511.2	\$ 24.5	\$ 535.7
3. Liability gain/(loss) (1.h. - 2)	\$ (1.3)	\$ (2.8)	\$ (4.1)
4. Expected actuarial value of assets			
a. Actuarial value of assets at December 31, 2008	\$ 183.8	\$ 5.7	\$ 189.5
b. Actual contributions for 2009	\$ 25.9	\$ 1.8	\$ 27.7
c. Benefit payments and expenses for fiscal year ending December 31, 2009	\$ (29.5)	\$ (2.1)	\$ (31.6)
d. Interest	\$ 14.6	\$ 0.4	\$ 15.0
e. Expected actuarial value of assets before changes (a. + b. + c. + d.)	\$ 194.7	\$ 5.8	\$ 200.5
f. Change in actuarial value of assets at December 31, 2009, due to assumption changes	\$ -	\$ -	\$ -
g. Change in actuarial value of assets at December 31, 2009, due to plan changes	\$ -	\$ -	\$ -
h. Expected actuarial value of assets at December 31, 2009 (e. + f. + g.)	\$ 194.7	\$ 5.8	\$ 200.5
5. Actuarial value of assets at December 31, 2009	\$ 214.1	\$ 6.4	\$ 220.5
6. Actuarial asset gain/(loss) (5. - 4.h.)	\$ 19.4	\$ 0.6	\$ 20.0
7. Net actuarial gain/(loss) (3. + 6.)	\$ 18.1	\$ (2.3)	\$ 15.9

Amounts in millions

Retiree Healthcare Valuation

Retiree Healthcare Unfunded Accrued Liability (UAL) *(continued)*

Reconciliation of UAL

The table below summarizes the changes in UAL since the prior valuation.

		<i>RHIA</i>		<i>RHIPA</i>
UAL, December 31, 2008	\$	310.2	\$	15.6
Normal Cost (including actual administrative expenses)		6.6		0.9
Contributions		(25.9)		(1.8)
Liability (gain) or loss		1.3		2.8
Asset (gain) or loss		(19.4)		(0.6)
Assumption changes		-		-
Interest @ 8.0%		24.3		1.2
UAL, December 31, 2009	\$	297.1	\$	18.2

Amounts in millions

Retiree Healthcare Valuation

Retiree Healthcare Contribution Rate Development

Normal Cost Rate

The table below shows the development of the retiree healthcare normal cost rates. For RHIA, valuation payroll is shown on a system-wide basis. For RHIPA, valuation payroll is for the State of Oregon and the State Judiciary only.

	RHIA		RHIPA	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Normal Cost	\$ 5.5	\$ 5.6	\$ 0.8	\$ 0.8
Tier 1/Tier 2 Valuation Payroll	\$ 6,123.4	\$ 6,225.8	\$ 1,705.1	\$ 1,708.5
Normal Cost Rate	0.09%	0.09%	0.05%	0.05%

Amounts in millions

The table below shows the development of the retiree healthcare normal cost rates for the various rate pools. For RHIA, valuation payroll is shown on a system-wide basis. For RHIPA, valuation payroll is for the State of Oregon and the State Judiciary only. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

	December 31, 2009			
	SLGRP	School Districts	Independent Employers	Retiree Healthcare Total
Tier 1/ Tier 2 Valuation Payroll				
a. Tier 1/Tier 2	\$ 3,465.1	\$ 2,079.2	\$ 579.1	\$ 6,123.4
b. State Only Payroll	\$ 1,687.5	\$ 0.0	\$ 17.7	\$ 1,705.1
Normal Cost Rate				
a. RHIA	0.09%	0.09%	0.09%	0.09%
b. RHIPA	0.05%	0.00%	0.05%	0.05%
Weighted Average Normal Cost Rate	0.11%	0.09%	0.09%	0.10%

Amounts in millions

Retiree Healthcare Valuation

Retiree Healthcare Contribution Rate Development (*continued*)

UAL Rate

The UAL rate is determined by calculating the next year's scheduled payment to the UAL as a percentage of combined valuation payroll.

	RHIA		RHIPA	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
1. Total UAL, December 31, 2009	297.1	310.2	18.2	15.6
2. Next year's UAL payment	42.5	41.0	2.6	2.1
3. Combined valuation payroll	\$ 8,512.2	\$ 8,130.1	\$ 2,371.8	\$ 2,217.9
4. UAL rate (2 ÷ 3)	0.50%	0.50%	0.11%	0.10%

Amounts in millions

The table below shows the development of the retiree healthcare UAL rates for the various rate pools. For RHIA, combined valuation payroll is shown on a system-wide basis. For RHIPA, valuation payroll is for the State of Oregon and the State Judiciary only. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

	December 31, 2009			
	SLGRP	School Districts	Independent Employers	Retiree Healthcare Total
1. Combined Valuation Payroll				
a. Tier 1/Tier 2	\$ 4,850.1	\$ 2,873.7	\$ 788.4	\$ 8,512.2
b. State Only Payroll	\$ 2,354.1	\$ 0	\$ 17.7	\$ 2,371.8
2. UAL Rate				
a. RHIA - Reg	0.50%	0.50%	0.50%	0.50%
b. RHIPA - Reg	0.11%	0.00%	0.11%	0.11%
3. Weighted Average UAL Rate [(1.a. x 2.a + 1.b. x 2.b.) / 1.a]	0.55%	0.50%	0.50%	0.53%

Amounts in millions

Retiree Healthcare Valuation

Retiree Healthcare Contribution Rate Development *(continued)*

Calculated Employer Contribution Rate Summary

The following table summarizes the calculated employer contribution rates for the retiree healthcare programs. The normal cost rates are applied against Tier 1/Tier 2 payroll, but the UAL rates are applied against all payroll.

	<i>July 1, 2011 Rates Calculated as of December 31, 2009</i>		
	<i>State Agencies and Judiciary</i>	<i>All Other Employers</i>	<i>Retiree Healthcare Total</i>
Normal Cost Rates			
RHIA	0.09%	0.09%	0.09%
RHIPA	0.05%	0.00%	0.01%
Total normal cost rate	0.14%	0.09%	0.10%
UAL Rates			
RHIA	0.50%	0.50%	0.50%
RHIPA	0.11%	0.00%	0.03%
Total UAL rate	0.61%	0.50%	0.53%
Total retiree healthcare rate	0.75%	0.59%	0.63%

Accounting/CAFR Exhibits

The following information as of December 31, 2009, has been prepared and provided to Oregon PERS for inclusion in the Actuarial Section of the 2010 Comprehensive Annual Financial Report (CAFR):

- Schedule of Active Member Valuation Data
- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Schedules of Funding Progress by Rate Pool
- Solvency Test
- Analysis of Financial Experience

In addition, the Schedules of Funding Progress, the Schedules of Employer Contributions and the Notes to Required Supplementary Schedules are provided for the Financial Section of the CAFR. Amounts shown for the December 31, 2003 actuarial valuation and earlier are the amounts reported by the prior actuary for those valuations. All data and amounts shown for the December 31, 2005 and later actuarial valuations include both Tier 1/Tier 2 and OPSRP member and employer counts, assets and liabilities.

Some employers have made supplemental deposits in addition to their regularly scheduled contributions. These deposits are placed in a side account within the pension trust and used to offset future contribution requirements of that employer. For financial reporting purposes, supplemental deposits are not considered as contributions toward meeting the Annual Required Contribution (ARC) or the contractually required contribution for employers in a cost-sharing pool. The Schedule of Funding Progress and Solvency Test also include side accounts as part of the Plan's assets.

Mercer prepared the Schedule of Employer Contributions exhibit for 2006 and subsequent years. Our understanding is that prior schedules were prepared by Oregon PERS. Due to the significant contribution rate increases indicated by the December 31, 2003 valuation, the Board elected to phase-in the rate increases to allow employers time to adjust. Consequently, the schedule indicates that only a portion of the pension annual required contribution (ARC) was contributed in 2006 and 2007. Effective July 1, 2007, contribution rates were implemented to return pension contributions for the system to the full ARC.

The exhibits are provided on the following pages.

Accounting/CAFR Exhibits

Actuarial Schedules

Schedule of Active Member Valuation Data

Valuation Date	Count	Annual Payroll (in Thousands)	Average Annual Pay	% Increase in Average Pay	Number of Participating Employers ¹	
12/31/1993	137,513	\$ 4,466,797	\$ 32,483	4.9%	N/A	
12/31/1995	141,471	\$ 4,848,058	\$ 34,269	2.7%	N/A	
12/31/1997	143,194	\$ 5,161,562	\$ 36,045	2.6%	N/A	
12/31/1999	151,262	\$ 5,676,606	\$ 37,528	2.0%	N/A	
12/31/2000	156,869	\$ 6,195,862	\$ 39,497	5.2%	N/A	
12/31/2001	160,477	\$ 6,520,225	\$ 40,630	2.9%	N/A	Old Basis
12/31/2001	160,477	\$ 6,253,965	\$ 38,971	—	N/A	New Basis ²
12/31/2002	159,287	\$ 6,383,475	\$ 40,075	2.8%	N/A	
12/31/2003	153,723	\$ 6,248,550	\$ 40,648	1.4%	N/A	
12/31/2004	142,635	\$ 6,306,447	\$ 44,214	8.8%	806	
12/31/2005 ³	156,501	\$ 6,791,891	\$ 43,398	-1.8%	810	
12/31/2006	163,261	\$ 7,326,798	\$ 44,878	3.4%	758	
12/31/2007	167,023	\$ 7,721,819	\$ 46,232	3.0%	760	
12/31/2008	170,569	\$ 8,130,136	\$ 47,665	3.1%	766	
12/31/2009	178,606	\$ 8,512,192	\$ 47,659	0.0%	776	

¹ Effective in 2006, participating employers are defined for this purpose as any employer with covered payroll during the prior year. In prior years, employers with liabilities but without covered payroll were included as well.

² Effective in 2001, the Annual Payroll excludes the member pick-up, if any.

³ Effective with the 12/31/2005 valuation, OPSRP members and payroll are included.

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

Annual Allowances are shown in thousands.

Valuation Date	Added to Rolls		Removed from Rolls		Rolls - End of Year		% Increase in Annual Allowances ¹	Average Annual Allowances
	Count	Annual Allowances	Count	Annual Allowances	Count	Annual Allowances		
12/31/1993					60,841	\$ 564,341	27.6%	\$ 9,276
12/31/1995					64,796	\$ 700,171	24.1%	\$ 10,806
12/31/1997					69,624	\$ 919,038	31.3%	\$ 13,200
12/31/1999					82,819	\$ 1,299,380	41.4%	\$ 15,689
12/31/2000					82,458	\$ 1,385,556	6.6%	\$ 16,803
12/31/2001					85,216	\$ 1,514,491	9.3%	\$ 17,772
12/31/2002					89,482	\$ 1,722,865	13.8%	\$ 19,254
12/31/2003					97,777	\$ 2,040,533	8.4%	\$ 20,869
12/31/2004 ²	6,754	\$ 149,474	2,863	\$ 35,151	101,668	\$ 2,154,856	5.6%	\$ 21,195
12/31/2005 ²	4,472	\$ 149,127	3,217	\$ 36,784	102,923	\$ 2,267,198	5.2%	\$ 22,028
12/31/2006 ^{2,3}	5,060	\$ 151,240	3,263	\$ 39,735	104,720	\$ 2,378,704	4.9%	\$ 22,715
12/31/2007 ^{2,3}	5,385	\$ 183,232	3,304	\$ 40,590	106,801	\$ 2,521,345	6.0%	\$ 23,608
12/31/2008 ^{2,3}	5,963	\$ 171,484	3,626	\$ 47,062	109,138	\$ 2,645,767	4.9%	\$ 24,242
12/31/2009 ^{2,3}	6,377	\$ 226,713	3,374	\$ 46,228	112,141	\$ 2,826,252	12.1%	\$ 25,203

¹ Since last valuation date.

² Annual allowances reflect estimated adjustments to retiree benefits due to the implementation of the Strunk v. PERB, et al. and City of Eugene v. State of Oregon, PERB, et al. decisions.

³ Annual allowances do not reflect adjustments due to any interpretation of Judge Kantor's June 20, 2007 ruling in the Arken and Robinson cases.

Accounting/CAFR Exhibits

GASB Nos. 25 and 43 Information

Schedule of Funding Progress by Rate Pool

The GASB Statement Nos. 25 and 43 liabilities and assets resulting from the last six actuarial valuations are as follows (**dollar amounts in millions**):

Actuarial Valuation Date	Actuarial Value of Assets ^{1,2} (a)	Actuarial Accrued Liability (AAL) ² (b)	Untunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ³ (c)	UAAL as a % of Covered Payroll ((b-a)/c)
Tier 1/Tier 2 State & Local Government Rate Pool						
12/31/2004	\$ 22,768.1	\$ 23,407.2	\$ 639.1	97.3%	\$ 3,171.0	20.2%
12/31/2005 ⁴	\$ 25,556.3	\$ 24,450.3	\$ (1,106.0)	104.5%	\$ 3,089.8	(35.8%)
12/31/2006	\$ 28,177.2	\$ 25,390.0	\$ (2,787.3)	111.0%	\$ 3,174.6	(87.8%)
12/31/2007 ⁵	\$ 30,314.8	\$ 26,883.1	\$ (3,431.7)	112.8%	\$ 3,448.1	(99.5%)
12/31/2008	\$ 22,301.2	\$ 27,551.8	\$ 5,250.6	80.9%	\$ 3,452.7	152.1%
12/31/2009 ⁶	\$ 25,068.8	\$ 29,029.1	\$ 3,960.3	86.4%	\$ 3,465.1	114.3%
Tier 1/Tier 2 School District Rate Pool						
12/31/2004	\$ 18,679.3	\$ 19,483.0	\$ 803.7	95.9%	\$ 2,173.6	37.0%
12/31/2005	\$ 21,095.0	\$ 20,151.8	\$ (943.2)	104.7%	\$ 2,126.5	(44.4%)
12/31/2006	\$ 23,033.4	\$ 20,825.0	\$ (2,208.4)	110.6%	\$ 2,233.7	(98.9%)
12/31/2007	\$ 24,053.6	\$ 21,299.3	\$ (2,754.3)	112.9%	\$ 2,185.0	(126.1%)
12/31/2008	\$ 17,458.5	\$ 21,742.7	\$ 4,284.2	80.3%	\$ 2,153.7	198.9%
12/31/2009	\$ 19,388.0	\$ 22,517.6	\$ 3,129.6	86.1%	\$ 2,079.2	150.5%
Tier 1/Tier 2 Independent Employers and Judiciary						
12/31/2004	\$ 4,195.1	\$ 4,444.4	\$ 249.3	94.4%	\$ 961.9	25.9%
12/31/2005 ⁴	\$ 4,742.9	\$ 4,575.0	\$ (167.9)	103.7%	\$ 894.9	(18.8%)
12/31/2006	\$ 5,330.5	\$ 4,860.1	\$ (470.4)	109.7%	\$ 928.1	(50.7%)
12/31/2007 ⁵	\$ 4,765.5	\$ 4,423.2	\$ (342.3)	107.7%	\$ 628.8	(54.4%)
12/31/2008	\$ 3,576.7	\$ 4,566.0	\$ 989.3	78.3%	\$ 619.4	159.7%
12/31/2009 ⁶	\$ 3,926.7	\$ 4,665.9	\$ 739.3	84.2%	\$ 579.1	127.7%
OPSRP Rate Pool						
12/31/2005	\$ 55.0	\$ 53.8	\$ (1.2)	102.2%	\$ 680.7	(0.2%)
12/31/2006	\$ 151.4	\$ 115.0	\$ (36.4)	131.6%	\$ 990.4	(3.7%)
12/31/2007	\$ 275.1	\$ 203.0	\$ (72.1)	135.5%	\$ 1,459.9	(4.9%)
12/31/2008	\$ 270.5	\$ 336.8	\$ 66.3	80.3%	\$ 1,904.3	3.5%
12/31/2009	\$ 445.4	\$ 535.5	\$ 90.1	83.2%	\$ 2,388.8	3.8%
Postemployment Healthcare Benefits - Retirement Health Insurance Account						
12/31/2004	\$ 148.0	\$ 556.9	\$ 408.9	26.6%	\$ 6,306.4	6.5%
12/31/2005	\$ 181.0	\$ 495.9	\$ 314.9	36.5%	\$ 6,111.2	5.2%
12/31/2006	\$ 221.3	\$ 511.8	\$ 290.5	43.2%	\$ 6,336.4	4.6%
12/31/2007	\$ 250.8	\$ 499.6	\$ 248.8	50.2%	\$ 6,261.9	4.0%
12/31/2008	\$ 183.8	\$ 494.0	\$ 310.2	37.2%	\$ 6,225.8	5.0%
12/31/2009	\$ 214.1	\$ 511.2	\$ 297.1	41.9%	\$ 6,123.4	4.9%
Postemployment Healthcare Benefits - Retiree Health Insurance Premium Account						
12/31/2004	\$ 5.2	\$ 28.2	\$ 23.0	18.4%	\$ 1,701.0	1.4%
12/31/2005	\$ 6.1	\$ 27.0	\$ 20.9	22.7%	\$ 1,621.2	1.3%
12/31/2006	\$ 7.0	\$ 23.4	\$ 16.4	30.0%	\$ 1,665.7	1.0%
12/31/2007	\$ 7.8	\$ 23.3	\$ 15.5	33.6%	\$ 1,692.1	0.9%
12/31/2008	\$ 5.7	\$ 21.3	\$ 15.6	26.7%	\$ 1,708.5	0.9%
12/31/2009	\$ 6.4	\$ 24.5	\$ 18.2	25.9%	\$ 1,705.1	1.1%

Notes:

¹ Side account assets are included with Tier 1/Tier 2 assets.

² Excludes effect of Multnomah Fire District (net UAAL of \$162 million as of 12/31/2009).

³ Covered payroll shown is payroll for members of the rate pool benefiting from the specified program. For example, Tier 1/Tier 2 School District payroll is only payroll for Tier 1/Tier 2 members and excludes OPSRP. However, UAAL is amortized using combined Tier 1/Tier 2 and OPSRP payroll.

⁴ Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective 1/1/2006.

⁵ Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective 1/1/2008.

⁶ Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective 1/1/2010.

Accounting/CAFR Exhibits

Solvency Test

Pension and Retiree Healthcare Plans

(dollar amounts in millions)

Valuation Date ²	Actuarial Accrued Liability ¹			Valuation Assets ^{1,3}	Portion of Actuarial Accrued Liabilities Covered by Assets		
	Active Member Contributions	Retired Members and Beneficiaries	Other Members		(1)	(2)	(3)
	(1)	(2)	(3)				
12/31/1995	\$ 5,753.0	\$ 7,492.8	\$ 10,002.8	\$ 20,957.6	100%	100%	77%
12/31/1997	\$ 8,135.4	\$ 9,994.9	\$ 13,534.6	\$ 29,108.2	100%	100%	81%
12/31/1999	\$ 8,238.1	\$ 14,333.7	\$ 18,336.1	\$ 39,964.8	100%	100%	95%
12/31/2000	\$ 10,142.5	\$ 15,664.1	\$ 17,543.9	\$ 41,804.6	100%	100%	91%
12/31/2001	\$ 10,252.8	\$ 17,465.9	\$ 18,229.0	\$ 39,852.2	100%	100%	67%
12/31/2001 ⁴	\$ 10,252.8	\$ 17,340.0	\$ 10,228.8	\$ 39,852.2	100%	100%	120%
12/31/2002 ⁴	\$ 9,940.7	\$ 19,339.0	\$ 10,240.8	\$ 36,316.8	100%	100%	69%
12/31/2003 ⁴	\$ 9,005.8	\$ 23,625.9	\$ 11,993.9	\$ 42,874.4	100%	100%	85%
12/31/2004 ^{5,6}	\$ 9,073.0	\$ 25,363.0	\$ 13,547.6	\$ 45,735.3	100%	100%	83%
12/31/2005 ^{7,8}	\$ 9,169.7	\$ 26,602.4	\$ 14,044.7	\$ 51,569.6	100%	100%	112%
12/31/2006	\$ 9,410.8	\$ 27,711.3	\$ 14,666.2	\$ 56,844.8	100%	100%	134%
12/31/2007 ⁹	\$ 9,225.0	\$ 29,157.3	\$ 15,011.8	\$ 59,586.4	100%	100%	141%
12/31/2008	\$ 8,341.5	\$ 30,537.7	\$ 15,895.7	\$ 43,710.2	100%	100%	30%
12/31/2009 ¹⁰	\$ 8,392.0	\$ 32,484.2	\$ 16,470.1	\$ 48,949.7	100%	100%	49%

¹ Includes effect of Multnomah Fire District (net UAAL of \$162 million as of 12/31/2009).

² An extensive revision of the actuarial assumptions occurs prior to each odd-year valuation; therefore, the figures are not directly comparable. Effective with the 12/31/2006 valuation, revisions to actuarial assumptions occur prior to each even-year valuation.

³ Effective with the 12/31/2002 valuation, includes the value of UAL Lump Sum Side Accounts.

⁴ The 2001 valuation was revised to include the impact of PERS Reform Legislation enacted in 2003. Figures through 12/31/2003 do not reflect the judicial review or subsequent Board action.

⁵ Effective with the 2004 valuation, the Oregon Supreme Court rulings in *Strunk v. PERB, et al.* (Issued March 8, 2005) and *City of Eugene v. State of Oregon, PERB, et al.* (Issued August 11, 2005) are reflected.

⁶ Effective with the 2004 valuation, the cost method was changed from Entry Age Normal to Projected Unit Credit, and the actuarial value of assets was changed from a 4-year smoothed value to market value.

⁷ Assets and liabilities for OPSRP are first valued in the 2005 valuation.

⁸ Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective 1/1/2006.

⁹ Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective 1/1/2008.

¹⁰ Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective 1/1/2010.

Accounting/CAFR Exhibits

Actuarial Schedules

Analysis of Financial Experience

Gains and Losses in Accrued Liability During Year Ended 2009 Resulting from Differences Between Assumed Experience and Actual Experience

(dollar amounts in millions)

<i>Pension and Retiree Healthcare Plans</i>	<i>\$ Gain (or Loss) for Year</i>	
	<i>2009</i>	<i>2008</i>
Type of Activity		
Retirements from Active Status	\$ (151.0)	\$ (109.7)
Active Mortality and Withdrawal	(33.6)	19.6
Pay Increases	(68.7)	(93.3)
Contributions	82.1	119.3
Interest Crediting Experience	(191.3)	701.2
Investment Income	3,588.2	(15,861.8)
Retirement, Mortality and Lump Sums from Dormant Status	149.5	137.7
Retiree and Beneficiary Mortality	(135.4)	(69.7)
Data Corrections	(12.6)	-
Other	(107.7)	119.2
Gain (or Loss) During Year From Financial Experience	\$ 3,119.5	\$ (15,037.5)
Non-Recurring Items		
Assumption Changes	-	(263.7)
Plan Changes	(2.5)	-
Composite Gain (or Loss) During Year	\$ 3,117.0	\$ (15,301.2)

Accounting/CAFR Exhibits

GASB Nos. 25 and 43 Required Supplementary Information

Schedules of Funding Progress

(dollar amounts in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
Pension Benefits - Tier 1/Tier 2 and OPSRP¹						
12/31/2000	41,739.6	42,783.9	1,044.3	97.6%	6,195.9	16.9%
12/31/2001	39,772.7	45,386.1	5,613.4	87.6%	6,254.0 ²	89.8%
12/31/2001 ³	39,772.7	37,258.3	(2,514.4)	106.7%	6,254.0	(40.2%)
12/31/2002 ³	35,446.9	38,947.0	3,500.1	91.0%	6,383.5	54.8%
12/31/2003 ³	42,753.3	44,078.1	1,324.8	97.0%	6,248.5	21.2%
12/31/2004 ^{4,5}	45,581.1	47,398.6	1,817.5	96.2%	6,772.4 ⁶	26.8%
12/31/2005 ^{6,7}	51,382.6	49,294.0	(2,088.6)	104.2%	6,791.9	(30.8%)
12/31/2006	56,616.5	51,252.9	(5,363.5)	110.5%	7,326.8	(73.2%)
12/31/2007 ⁸	59,327.8	52,871.2	(6,456.7)	112.2%	7,721.8	(83.6%)
12/31/2008	43,520.6	54,259.5	10,738.9	80.2%	8,130.1	132.1%
12/31/2009 ⁹	48,729.2	56,810.6	8,081.4	85.8%	8,512.2	94.9%
Postemployment Healthcare Benefits - Retirement Health Insurance Account						
12/31/2000	62.1	543.5	481.4	11.4%	6,195.9	7.8%
12/31/2001	76.6	532.1	455.5	14.4%	6,254.0 ²	7.3%
12/31/2001 ³	76.6	533.2	456.6	14.4%	6,254.0	7.3%
12/31/2002 ³	87.4	542.3	454.9	16.1%	6,383.5	7.1%
12/31/2003 ³	117.1	522.5	405.4	22.4%	6,248.5	6.5%
12/31/2004 ⁵	148.0	556.9	408.9	26.6%	6,772.4 ⁶	6.0%
12/31/2005	181.0	495.9	314.9	36.5%	6,791.9	4.6%
12/31/2006	221.3	511.8	290.5	43.2%	7,326.8	4.0%
12/31/2007	250.8	499.6	248.8	50.2%	7,721.8	3.2%
12/31/2008	183.8	494.0	310.2	37.2%	8,130.1	3.8%
12/31/2009	214.1	511.2	297.1	41.9%	8,512.2	3.5%
Postemployment Healthcare Benefits - Retiree Health Insurance Premium Account						
12/31/2000	2.9	23.1	20.2	12.6%	1,984.0	1.0%
12/31/2001	3.0	29.5	26.5	10.2%	1,954.1 ²	1.4%
12/31/2001 ³	2.9	29.6	26.7	9.8%	1,954.1	1.4%
12/31/2002 ³	2.9	30.1	27.2	9.6%	1,741.9	1.6%
12/31/2003 ³	4.0	25.0	21.0	16.0%	1,711.9	1.2%
12/31/2004 ⁵	5.2	28.2	23.0	18.4%	1,851.4 ⁶	1.2%
12/31/2005	6.1	27.0	20.9	22.7%	1,827.0	1.1%
12/31/2006	7.0	23.4	16.4	30.0%	1,946.8	0.8%
12/31/2007	7.8	23.3	15.5	33.6%	2,080.2	0.7%
12/31/2008	5.7	21.3	15.6	26.7%	2,217.9	0.7%
12/31/2009	6.4	24.5	18.2	25.9%	2,371.8	0.8%

Notes:

¹ Includes UAAL for Multnomah Fire District (\$162 million as of 12/31/2009)² Effective with the 2001 valuation, Annual Active Member Payroll excludes the member pick-up, if any.³ The 2001 valuation was revised to include the impact of PERS Reform Legislation enacted in 2003. Figures through 12/31/2003 do not reflect the judicial review or subsequent Board action.⁴ Effective with the 2004 valuation, the Oregon Supreme Court rulings in *Strunk v. PERB, et al.* (Issued March 8, 2005) and *City of Eugene v. State of Oregon, PERB, et al.* (Issued August 11, 2005) are reflected.⁵ Effective with the 2004 valuation, the cost method was changed from Entry Age Normal to Projected Unit Credit, and the actuarial value of assets was changed from a 4-year smoothed value to market value.⁶ Assets and liabilities for OPSRP are first valued in the 2005 valuation. OPSRP payroll, however, was included in the amortization of the UAAL beginning with the 2004 valuation.⁷ Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective 1/1/2006.⁸ Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective 1/1/2008.⁹ Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective 1/1/2010.

Accounting/CAFR Exhibits

GASB Nos. 25 and 43 Required Supplementary Information (continued)

Schedules of Employer Contributions

Dollar amounts in millions.

<i>Actuarial Valuation Date</i>	<i>Annual Required Contribution^{1,2}</i>	<i>Percentage Contributed</i>
Pension Benefits - Tier 1/Tier 2 and OPSRP		
12/31/2006	\$938.6	63%
12/31/2007	\$805.7	74%
12/31/2008	\$707.4	100% ³
12/31/2009	\$630.8	100% ³
Postemployment Healthcare Benefits - Retirement Health Insurance Account		
12/31/2006	\$44.3	89%
12/31/2007	\$38.8	91%
12/31/2008	\$33.0	85%
12/31/2009	\$29.8	87%
Postemployment Healthcare Benefits - Retiree Health Insurance Premium Account		
12/31/2006	\$2.5	90%
12/31/2007	\$2.7	79%
12/31/2008	\$2.9	63%
12/31/2009	\$2.6	68%

¹ The Annual Required Contribution prior to 7/1/2007 is based on the 7/1/2005 rates developed in the 12/31/2003 Milliman valuation prior to the adjustment to phase-in the rate increase and adjusted for supplemental payments since 12/31/2003. For most employers, the actual pension amount contributed from 7/1/2005 to 6/30/2007 was based on the phased-in rates.

² The Annual Required Contribution shown is an estimated amount based on system-wide contribution rates in effect for the year in question and system payroll as reported by PERS. For example, the 2009 pension benefits ARC is based on rates developed in the 12/31/2005 and 12/31/2007 actuarial valuations and 2009 payroll as reported by PERS.

³ For both the July 2007-June 2009 and July 2009-June 2011 biennia, system employers are generally required to contribute 100% of the Annual Required Contribution for Tier 1/Tier 2 and OPSRP, as a percent of pay. The actual dollar amount contributed in a given calendar year can vary from the estimated Annual Required Contribution based on factors such as month-to-month variations in payroll and timing of contributions. During the July 2011-June 2013 biennium, the percentage of ARC contributed will be less than 100% due to the application of the contribution rate stabilization method (rate collar).

Accounting/CAFR Exhibits

GASB Nos. 25 and 43 Required Supplementary Information (continued)

Notes to Required Supplementary Schedules

Valuation Date:	December 31, 2009
Actuarial Cost Method:	Projected Unit Credit
Amortization Method	The UAL is amortized as a level percentage of payroll. The Tier 1/Tier 2 regular UAL and Retiree Healthcare regular UAL as of December 31, 2007 are amortized over a closed period. For the Tier 1/Tier 2 UAL, this period is 20 years; for Retiree Healthcare it is 10 years. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years (10 years for Retiree Healthcare) from the odd-year valuation in which they are first recognized. Contribution rates effective July 1, 2007 through June 30, 2011 reflect an accelerated amortization of the change in UAL due to the change from Entry Age Normal to Projected Unit Credit on December 31, 2004. Gains and losses for OPSRP benefits are amortized over a closed 16 years from the odd-year valuation in which they are first recognized.

Equivalent Single Amortization Period:	
Pension	30 years
RHIA	10 years
RHIPA	10 years

The Equivalent Single Amortization Period (ESAP) calculation is performed with the ARC-setting valuation. This was calculated most recently in the December 31, 2009 actuarial valuation and the ESAPs for that valuation are shown above. The ARC for the July 2007-June 2009 and July 2009-June 2011 biennia were based on the December 31, 2005 and December 31, 2007 valuations, respectively.

Actuarial Assumptions:	
Investment Rate of Return:	8.00 percent
Payroll Growth:	3.75 percent
Consumer Price Inflation:	2.75 percent
Health Cost Inflation:	Graded from 7.0 percent in 2010 to 4.5 percent in 2029.
Cost-of-Living Adjustments:	2.00 percent
Method used to Value Assets:	The actuarial value of assets equals the fair market value of assets, excluding the Contingency, Capital Preservation and Rate Guarantee Reserves.

Data

This valuation is based upon the membership of the System as of December 31, 2009.

System Wide Data Exhibits

Valuation Pay and Census Exhibit

The following tables illustrate the breakdown of member counts and valuation payroll for the SLGRP, School District Pool, and independent employers.

SLGRP

	<i>General Service</i>	<i>Police & Fire</i>	<i>Total</i>
Tier 1	\$ 1,626,109,431	\$ 295,423,974	\$1,921,533,405
Tier 2	1,257,224,465	286,316,802	1,543,541,267
Tier 1/Tier 2 Valuation Payroll	2,883,333,896	581,740,776	3,465,074,672
OPSRP Valuation Payroll	1,196,553,457	188,424,553	1,384,978,010
Combined Valuation Payroll	\$ 4,079,887,353	\$ 770,165,329	\$ 4,850,052,682

	<i>December 31</i>					<i>2008</i>
	<i>2009</i>				<i>Total</i>	
	<i>Tier 1</i>	<i>Tier 2</i>	<i>OPSRP</i>	<i>Total</i>		
Active Members						
General Service	25,400	23,638	30,135	79,173	75,084	
Police & Fire	3,824	4,385	3,557	11,766	11,286	
Total	29,224	28,023	33,692	90,939	86,370	
Average Age	53.2	46.7	40.2	46.4	46.4	
Average Service	20.1	9.3	3.1	10.5	10.5	
Average Valuation Pay	\$ 65,752	\$ 55,081	\$ 41,107	\$ 53,333	\$ 52,348	
Active Members outside the Pool with previous Segments in the Pool						
General Service	6,485	4,101		10,586	10,307	
Police & Fire	493	402		895	910	
Total	6,978	4,503		11,481	11,217	
Average Age	52.2	44.1		49.0	48.2	
Average Service	2.3	1.3		1.9	2.1	
Dormant Members¹						
General Service	13,800	8,989	697	23,486	25,267	
Police & Fire	715	577	60	1,352	1,320	
Total	14,515	9,566	757	24,838	26,587	
Average Age	54.8	48.4	47.4	52.1	50.6	
Average Monthly Benefit	\$ 1,728	\$ 530	\$ 187	\$ 1,220	\$ 1,093	
Retired Members and Beneficiaries¹						
General Service	54,821	834	19	55,674	53,705	
Police & Fire	7,416	137	0	7,553	7,213	
Total	62,237	971	19	63,227	60,918	
Average Age	69.6	64.3	65.1	69.5	69.3	
Average Monthly Benefit	\$ 1,804	\$ 524	\$ 317	\$ 1,784	\$ 1,720	
Grand Total Number of Members	112,954	43,063	34,468	190,485	185,092	

¹ Dormant and Retiree counts are by lives within each rate pool. As a result, some individuals may be counted more than once.

Data

System Wide Data Exhibits *(continued)***Valuation Pay and Census Exhibit (continued)****School District Pool**

	<i>General Service</i>	<i>Police & Fire</i>	<i>Total</i>
Tier 1	\$ 1,195,216,467	\$ 2,657,555	\$1,197,874,022
Tier 2	880,061,710	1,269,476	881,331,186
Tier 1/Tier 2 Valuation Payroll	2,075,278,177	3,927,031	2,079,205,208
OPSRP Valuation Payroll	793,697,592	801,074	794,498,666
Combined Valuation Payroll	\$ 2,868,975,769	\$ 4,728,105	\$2,873,703,874

	<i>December 31</i>					<i>2008</i>
	<i>2009</i>				<i>Total</i>	
	<i>Tier 1</i>	<i>Tier 2</i>	<i>OPSRP</i>			
Active Members						
General Service	23,079	21,999	28,757	73,835	69,913	
Police & Fire	43	29	21	93	99	
Total	23,122	22,028	28,778	73,928	70,012	
Average Age	53.0	46.1	40.7	46.2	46.0	
Average Service	19.7	9.0	3.3	10.1	10.2	
Average Valuation Pay	\$ 51,807	\$ 40,010	\$ 27,608	\$ 38,872	\$ 40,213	
Active Members outside the Pool with previous Segments in the Pool						
General Service	2,647	1,773		4,420	4,013	
Police & Fire	14	7		21	21	
Total	2,661	1,780		4,441	4,034	
Average Age	53.6	46.0		50.6	49.2	
Average Service	4.3	1.8		3.3	3.7	
Dormant Members¹						
General Service	8,359	6,243	550	15,152	16,283	
Police & Fire	50	25	0	75	80	
Total	8,409	6,268	550	15,227	16,363	
Average Age	55.9	47.6	50.7	52.3	50.6	
Average Monthly Benefit	\$ 1,406	\$ 446	\$ 120	\$ 964	\$ 872	
Retired Members and Beneficiaries¹						
General Service	54,957	379	8	55,344	53,985	
Police & Fire	145	5	0	150	133	
Total	55,102	384	8	55,494	54,118	
Average Age	70.6	64.6	63.7	70.6	70.4	
Average Monthly Benefit	\$ 1,896	\$ 504	\$ 531	\$ 1,886	\$ 1,819	
Grand Total Number of Members	89,294	30,460	29,336	149,090	144,527	

¹ Dormant and Retiree counts are by lives within each rate pool. As a result, some individuals may be counted more than once.

Data

System Wide Data Exhibits *(continued)***Valuation Pay and Census Exhibit (continued)****Independents**

	<i>General Service</i>	<i>Police & Fire</i>	<i>Total</i>
Tier 1	\$ 210,780,621	\$ 104,322,259	\$ 315,102,880
Tier 2	180,313,331	83,675,085	263,988,416
Tier 1/Tier 2 Valuation Payroll	391,093,952	187,997,344	579,091,296
OPSRP Valuation Payroll	162,746,957	46,597,481	209,344,438
Combined Valuation Payroll	\$ 553,840,909	\$ 234,594,825	\$ 788,435,734

	<i>December 31</i>				
	<i>2009</i>				<i>2008</i>
	<i>Tier 1</i>	<i>Tier 2</i>	<i>OPSRP</i>	<i>Total</i>	
Active Members					
General Service	3,388	3,355	3,940	10,683	11,044
Police & Fire	1,200	1,090	766	3,056	3,143
Total	4,588	4,445	4,706	13,739	14,187
Average Age	52.1	45.4	39.8	45.7	45.6
Average Service	19.7	9.3	3.1	10.6	10.5
Average Valuation Pay	\$ 68,680	\$ 59,390	\$ 44,485	\$ 57,387	\$ 55,926
Active Members outside the Pool with previous Segments in the Pool					
General Service	1,833	1,474		3,307	3,106
Police & Fire	402	321		723	721
Total	2,235	1,795		4,030	3,827
Average Age	51.6	44.0		48.2	47.3
Average Service	4.0	2.1		3.2	3.3
Dormant Members¹					
General Service	1,798	1,323	96	3,217	3,534
Police & Fire	245	129	13	387	390
Total	2,043	1,452	109	3,604	3,924
Average Age	54.1	48.4	49.5	51.7	50.3
Average Monthly Benefit	\$ 1,372	\$ 504	\$ 197	\$ 987	\$ 917
Retired Members and Beneficiaries¹					
General Service	7,484	154	3	7,641	7,487
Police & Fire	2,423	26	0	2,449	2,397
Total	9,907	180	3	10,090	9,884
Average Age	68.5	63.7	64.8	68.4	68.2
Average Monthly Benefit	\$ 1,811	\$ 601	\$ 266	\$ 1,789	\$ 1,731
Grand Total Number of Members	18,773	7,872	4,818	31,463	31,822

¹ Dormant and Retiree counts are by lives within each rate pool. As a result, some individuals may be counted more than once.

Data

System Wide Data Exhibits *(continued)***Valuation Pay and Census Exhibit (continued)****Total**

	<i>General Service</i>	<i>Police & Fire</i>	<i>Total</i>
Tier 1	\$ 3,032,106,519	\$ 402,403,788	\$ 3,434,510,307
Tier 2	2,317,599,506	371,261,363	2,688,860,869
Tier 1/Tier 2 Valuation Payroll	5,349,706,025	773,665,151	6,123,371,176
OPSRP Valuation Payroll	2,152,998,006	235,823,108	2,388,821,114
Combined Valuation Payroll	\$ 7,502,704,031	\$ 1,009,488,259	\$ 8,512,192,290

	<i>December 31</i>				
	<i>2009</i>				<i>2008</i>
	<i>Tier 1</i>	<i>Tier 2</i>	<i>OPSRP</i>	<i>Total</i>	
Active Members					
General Service	51,867	48,992	62,832	163,691	156,041
Police & Fire	5,067	5,504	4,344	14,915	14,528
Total	56,934	54,496	67,176	178,606	170,569
Average Age	53.0	46.4	40.4	46.2	46.2
Average Service	19.9	9.1	3.2	10.3	10.4
Average Valuation Pay	\$ 60,324	\$ 49,341	\$ 35,561	\$ 47,659	\$ 47,665
Dormant Members¹					
General Service	23,957	16,555	1,343	41,855	45,084
Police & Fire	1,010	731	73	1,814	1,790
Total	24,967	17,286	1,416	43,669	46,874
Average Age	55.1	48.1	48.8	52.1	50.6
Average Monthly Benefit	\$ 1,590	\$ 497	\$ 162	\$ 1,111	\$ 1,001
Retired Members and Beneficiaries¹					
General Service	117,262	1,367	30	118,659	115,177
Police & Fire	9,984	168	0	10,152	9,743
Total	127,246	1,535	30	128,811	124,920
Average Age	69.9	64.3	64.7	69.9	69.7
Average Monthly Benefit	\$ 1,844	\$ 528	\$ 369	\$ 1,828	\$ 1,764
Grand Total Number of Members	209,147	73,317	68,622	351,086	342,363

¹ *Dormant and Retiree counts are by lives within each rate pool. As a result, some individuals may be counted more than once.*

Data

System Wide Data Exhibits *(continued)***Age/Service and Valuation Payroll by Tier and Job Class****Tier 1 General Service Active Members**

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	0	0	0	0	0	0	0	0	0	0
\$	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0
\$	0	0	0	0	0	0	0	0	0	0
30-34	1	5	85	7	0	0	0	0	0	98
\$	*	*	48,489	*	0	0	0	0	0	46,740
35-39	10	89	908	388	11	0	0	0	0	1,406
\$	*	27,492	55,271	56,244	*	0	0	0	0	53,545
40-44	20	164	1,555	2,351	411	10	0	0	0	4,511
\$	37,645	29,008	57,155	62,432	58,722	*	0	0	0	58,940
45-49	21	185	1,625	3,143	2,485	508	18	0	0	7,985
\$	34,396	36,217	54,459	60,247	63,892	61,344	*	0	0	59,651
50-54	27	220	2,061	4,275	3,347	2,557	522	6	0	13,015
\$	28,063	34,369	48,524	58,033	62,969	66,280	63,745	*	0	59,184
55-59	30	184	1,958	4,962	4,039	2,676	1,234	135	0	15,218
\$	31,608	33,522	48,633	54,782	61,384	66,859	69,324	60,940	0	58,798
60-64	19	95	1,096	2,802	2,172	1,114	498	122	12	7,930
\$	*	34,717	49,968	55,985	59,211	64,884	74,179	74,102	*	58,392
65-69	7	32	215	489	358	184	92	32	11	1,420
\$	*	25,974	42,907	53,935	62,710	68,408	73,944	74,398	*	57,426
70-74	5	14	47	74	39	25	8	6	7	225
\$	*	*	0	0	0	0	*	*	*	0
75+	4	1	15	21	10	1	4	1	2	59
\$	*	*	*	0	*	*	*	*	*	0
Total	144	989	9,565	18,512	12,872	7,075	2,376	302	32	51,867
\$	27,302	32,251	51,323	57,338	61,630	65,725	68,886	66,236	49,418	58,452

Valuation payroll excludes projected pay for members over the mandatory retirement age. Average payroll information is not shown for age/service cells with fewer than 20 members. However, these amounts are included in the calculation of average valuation pay.

Data

System Wide Data Exhibits *(continued)***Age/Service and Valuation Payroll by Tier and Job Class (continued)****Tier 2 General Service Active Members**

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	10	9	0	0	0	0	0	0	0	19
\$	*	*	0	0	0	0	0	0	0	*
25-29	120	587	19	0	0	0	0	0	0	726
\$	23,815	38,640	*	0	0	0	0	0	0	36,306
30-34	305	4,107	692	0	0	0	0	0	0	5,104
\$	26,964	46,649	49,204	0	0	0	0	0	0	45,819
35-39	225	4,752	2,812	0	0	0	0	0	0	7,789
\$	25,592	49,202	55,406	0	0	0	0	0	0	50,760
40-44	164	4,343	2,805	0	0	0	0	0	0	7,312
\$	21,463	48,845	55,610	0	0	0	0	0	0	50,826
45-49	136	4,529	2,991	0	0	0	0	0	0	7,656
\$	26,782	45,123	52,409	0	0	0	0	0	0	47,644
50-54	126	4,453	3,423	0	0	0	0	0	0	8,002
\$	17,531	43,986	48,458	0	0	0	0	0	0	45,483
55-59	150	3,668	3,107	0	0	0	0	0	0	6,925
\$	18,440	45,102	49,250	0	0	0	0	0	0	46,386
60-64	129	2,159	1,750	0	0	0	0	0	0	4,038
\$	16,735	46,787	50,786	0	0	0	0	0	0	47,560
65-69	56	591	463	0	0	0	0	0	0	1,110
\$	15,010	41,644	48,062	0	0	0	0	0	0	42,977
70-74	18	142	71	0	0	0	0	0	0	231
\$	*	0	0	0	0	0	0	0	0	0
75+	5	49	26	0	0	0	0	0	0	80
\$	*	0	0	0	0	0	0	0	0	0
Total	1,444	29,389	18,159	0	0	0	0	0	0	48,992
\$	22,257	45,995	51,403	0	0	0	0	0	0	47,300

Valuation payroll excludes projected pay for members over the mandatory retirement age. Average payroll information is not shown for age/service cells with fewer than 20 members. However, these amounts are included in the calculation of average valuation pay.

Data

System Wide Data Exhibits *(continued)***Age/Service and Valuation Payroll by Tier and Job Class (continued)***Tier 1 Police and Fire Active Members*

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	0	0	0	0	0	0	0	0	0	0
\$	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0
\$	0	0	0	0	0	0	0	0	0	0
30-34	0	0	13	0	0	0	0	0	0	13
\$	0	0	*	0	0	0	0	0	0	*
35-39	1	5	289	131	0	0	0	0	0	426
\$	0	*	82,762	83,975	0	0	0	0	0	82,666
40-44	1	3	340	634	132	2	0	0	0	1,112
\$	0	*	78,506	84,441	81,534	*	0	0	0	82,214
45-49	0	7	170	498	575	88	0	0	0	1,338
\$	0	*	75,766	80,358	84,473	88,406	0	0	0	81,985
50-54	0	1	113	277	376	284	52	0	0	1,103
\$	0	*	69,179	75,917	82,021	88,301	87,095	0	0	81,021
55-59	0	1	71	196	227	153	75	8	0	731
\$	0	*	65,537	69,599	76,650	84,391	81,802	*	0	76,060
60-64	0	0	35	91	86	46	22	7	1	288
\$	0	0	62,389	68,865	67,429	75,589	88,074	*	*	70,927
65-69	0	0	11	13	14	6	1	1	0	46
\$	0	0	*	*	*	*	*	*	0	0
70-74	0	1	1	3	1	1	1	0	0	8
\$	0	*	*	*	*	*	*	0	0	*
75+	0	0	1	0	1	0	0	0	0	2
\$	0	0	*	0	*	0	0	0	0	*
Total	2	18	1,044	1,843	1,412	580	151	16	1	5,067
\$	*	*	75,863	78,943	80,292	85,225	83,455	*	*	79,492

Valuation payroll excludes projected pay for members over the mandatory retirement age. Average payroll information is not shown for age/service cells with fewer than 20 members. However, these amounts are included in the calculation of average valuation pay.

Data

System Wide Data Exhibits *(continued)***Age/Service and Valuation Payroll by Tier and Job Class (continued)****Tier 2 Police and Fire Active Members**

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	0	0	0	0	0	0	0	0	0	0
\$	0	0	0	0	0	0	0	0	0	0
25-29	10	76	5	0	0	0	0	0	0	91
\$	*	67,923	*	0	0	0	0	0	0	65,464
30-34	20	727	195	0	0	0	0	0	0	942
\$	54,339	68,862	73,609	0	0	0	0	0	0	69,536
35-39	11	784	831	0	0	0	0	0	0	1,626
\$	*	68,502	74,459	0	0	0	0	0	0	71,365
40-44	7	481	651	0	0	0	0	0	0	1,139
\$	*	66,022	73,046	0	0	0	0	0	0	69,991
45-49	5	280	352	0	0	0	0	0	0	637
\$	*	64,760	67,789	0	0	0	0	0	0	66,218
50-54	4	213	242	0	0	0	0	0	0	459
\$	*	59,737	64,767	0	0	0	0	0	0	62,113
55-59	5	171	187	0	0	0	0	0	0	363
\$	*	56,773	61,738	0	0	0	0	0	0	58,857
60-64	5	101	96	0	0	0	0	0	0	202
\$	*	59,605	62,970	0	0	0	0	0	0	60,722
65-69	0	22	14	0	0	0	0	0	0	36
\$	0	0	*	0	0	0	0	0	0	0
70-74	0	2	3	0	0	0	0	0	0	5
\$	0	*	*	0	0	0	0	0	0	*
75+	0	3	1	0	0	0	0	0	0	4
\$	0	*	*	0	0	0	0	0	0	*
Total	67	2,860	2,577	0	0	0	0	0	0	5,504
\$	45,593	65,480	70,320	0	0	0	0	0	0	67,504

Valuation payroll excludes projected pay for members over the mandatory retirement age. Average payroll information is not shown for age/service cells with fewer than 20 members. However, these amounts are included in the calculation of average valuation pay.

Data

System Wide Data Exhibits *(continued)***Age/Service and Valuation Payroll by Tier and Job Class (continued)***All Tier 1/Tier 2 Active Members*

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	10	9	0	0	0	0	0	0	0	19
\$	*	*	0	0	0	0	0	0	0	21,287
25-29	130	663	24	0	0	0	0	0	0	817
\$	25,741	41,996	46,887	0	0	0	0	0	0	39,553
30-34	326	4,839	985	7	0	0	0	0	0	6,157
\$	28,588	49,966	54,397	*	0	0	0	0	0	49,537
35-39	247	5,630	4,840	519	11	0	0	0	0	11,247
\$	25,898	51,555	60,286	63,244	*	0	0	0	0	55,296
40-44	192	4,991	5,351	2,985	543	12	0	0	0	14,074
\$	24,828	49,852	59,635	67,107	64,268	*	0	0	0	57,458
45-49	162	5,001	5,138	3,641	3,060	596	18	0	0	17,616
\$	28,094	45,919	54,884	62,997	67,759	65,340	*	0	0	56,367
50-54	157	4,887	5,839	4,552	3,723	2,841	574	6	0	22,579
\$	19,611	44,246	49,558	59,121	64,893	68,481	65,860	*	0	55,455
55-59	185	4,024	5,323	5,158	4,266	2,829	1,309	143	0	23,237
\$	20,682	45,075	49,679	55,345	62,196	67,807	70,039	63,051	0	55,643
60-64	153	2,355	2,977	2,893	2,258	1,160	520	129	13	12,458
\$	18,649	46,850	51,014	56,390	59,524	65,308	74,767	75,258	*	55,209
65-69	63	645	703	502	372	190	93	33	11	2,612
\$	14,428	39,446	44,776	52,538	60,350	66,248	73,149	72,143	*	49,483
70-74	23	159	122	77	40	26	9	6	7	469
\$	0	0	0	0	0	0	*	*	*	0
75+	9	53	43	21	11	1	4	1	2	145
\$	*	0	0	0	*	*	*	*	*	0
Total	1,657	33,256	31,345	20,355	14,284	7,655	2,527	318	33	111,430
\$	23,664	47,269	53,749	59,294	63,475	67,202	69,756	67,486	50,808	54,953

Valuation payroll excludes projected pay for members over the mandatory retirement age. Average payroll information is not shown for age/service cells with fewer than 20 members. However, these amounts are included in the calculation of average valuation pay.

Data

System Wide Data Exhibits *(continued)***Age/Service and Valuation Payroll by Rate Pool***Tier 1/ Tier 2 SLGRP Active Members*

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	7	4	0	0	0	0	0	0	0	11
\$	*	*	0	0	0	0	0	0	0	*
25-29	68	372	23	0	0	0	0	0	0	463
\$	30,951	44,100	46,758	0	0	0	0	0	0	42,301
30-34	143	2,111	616	3	0	0	0	0	0	2,873
\$	31,451	52,248	55,170	*	0	0	0	0	0	51,827
35-39	108	2,728	2,494	354	8	0	0	0	0	5,692
\$	30,096	54,948	62,567	64,333	*	0	0	0	0	58,404
40-44	88	2,471	2,900	1,555	376	2	0	0	0	7,392
\$	28,480	55,602	62,173	68,627	65,500	*	0	0	0	61,102
45-49	78	2,406	2,745	1,931	1,529	387	15	0	0	9,091
\$	33,344	54,105	62,039	66,587	69,019	66,455	*	0	0	62,023
50-54	65	2,326	2,802	2,262	1,991	1,239	351	3	0	11,039
\$	21,131	52,986	58,849	67,592	68,945	69,693	67,100	*	0	62,486
55-59	89	2,099	2,691	2,426	2,189	1,461	646	94	0	11,695
\$	20,467	53,280	57,485	63,303	68,821	72,222	71,201	64,770	0	62,434
60-64	82	1,344	1,673	1,561	1,231	693	334	72	10	7,000
\$	19,835	53,640	57,232	63,863	66,005	72,828	80,799	74,664	*	61,983
65-69	30	398	415	316	231	134	59	23	8	1,614
\$	18,088	45,836	50,423	57,715	66,916	73,902	90,800	74,488	*	56,364
70-74	15	95	70	50	26	19	7	3	6	291
\$	*	0	0	0	0	*	*	*	*	0
75+	3	31	21	17	7	1	3	1	2	86
\$	*	0	0	*	*	*	*	*	*	0
Total	776	16,385	16,450	10,475	7,588	3,936	1,415	196	26	57,247
\$	26,315	53,079	59,451	65,163	67,904	70,649	72,677	68,259	47,344	60,465

Valuation payroll excludes projected pay for members over the mandatory retirement age. Average payroll information is not shown for age/service cells with fewer than 20 members. However, these amounts are included in the calculation of average valuation pay.

Data

System Wide Data Exhibits *(continued)***Age/Service and Valuation Payroll by Rate Pool *(continued)*****Tier 1/Tier 2 School District Active Members**

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	2	3	0	0	0	0	0	0	0	5
\$	*	*	0	0	0	0	0	0	0	*
25-29	53	215	0	0	0	0	0	0	0	268
\$	18,161	34,296	0	0	0	0	0	0	0	31,105
30-34	170	2,312	234	2	0	0	0	0	0	2,718
\$	25,051	45,442	44,697	*	0	0	0	0	0	44,102
35-39	126	2,410	1,867	84	0	0	0	0	0	4,487
\$	21,305	45,452	54,438	50,562	0	0	0	0	0	48,608
40-44	94	2,110	1,907	1,142	104	4	0	0	0	5,361
\$	15,273	41,112	52,618	62,562	56,713	*	0	0	0	49,631
45-49	72	2,245	1,993	1,389	1,230	162	3	0	0	7,094
\$	17,701	35,614	43,226	55,893	63,888	58,830	*	0	0	46,982
50-54	75	2,232	2,622	1,931	1,417	1,379	174	1	0	9,831
\$	12,969	33,800	37,844	47,743	57,771	66,090	62,175	*	0	45,944
55-59	80	1,666	2,226	2,355	1,744	1,178	565	36	0	9,850
\$	12,794	33,503	38,640	45,965	52,730	61,918	68,135	59,222	0	46,358
60-64	61	834	1,051	1,138	841	383	160	43	1	4,512
\$	12,113	35,104	39,407	45,949	48,955	51,053	61,364	73,405	*	43,769
65-69	28	212	238	154	113	50	28	8	3	834
\$	6,483	27,413	35,428	41,981	49,290	49,222	42,228	*	*	37,070
70-74	8	56	44	18	11	5	2	2	1	147
\$	*	0	0	*	*	*	*	*	*	0
75+	3	16	18	2	3	0	1	0	0	43
\$	*	*	*	*	*	0	*	0	0	0
Total	772	14,311	12,200	8,215	5,463	3,161	933	90	5	45,150
\$	17,560	38,790	43,744	50,227	55,838	61,951	64,821	65,477	*	46,124

Valuation payroll excludes projected pay for members over the mandatory retirement age. Average payroll information is not shown for age/service cells with fewer than 20 members. However, these amounts are included in the calculation of average valuation pay.

Data

System Wide Data Exhibits *(continued)***Age/Service and Valuation Payroll by Rate Pool *(continued)*****Tier 1/Tier 2 Independent Employers Active Members**

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	1	2	0	0	0	0	0	0	0	3
\$	*	*	0	0	0	0	0	0	0	*
25-29	9	76	1	0	0	0	0	0	0	86
\$	*	53,482	*	0	0	0	0	0	0	51,088
30-34	13	416	135	2	0	0	0	0	0	566
\$	*	63,521	67,686	*	0	0	0	0	0	64,013
35-39	13	492	479	81	3	0	0	0	0	1,068
\$	*	62,640	71,197	71,635	*	0	0	0	0	66,824
40-44	10	410	544	288	63	6	0	0	0	1,321
\$	*	60,177	70,704	76,921	69,384	*	0	0	0	68,830
45-49	12	350	400	321	301	47	0	0	0	1,431
\$	*	55,748	63,869	72,143	77,180	78,602	0	0	0	66,959
50-54	17	329	415	359	315	223	49	2	0	1,709
\$	*	53,322	60,840	66,948	71,321	76,535	70,063	*	0	64,748
55-59	16	259	406	377	333	190	98	13	0	1,692
\$	*	53,012	58,469	62,733	68,221	70,372	73,356	*	0	62,750
60-64	10	177	253	194	186	84	26	14	2	946
\$	*	50,636	58,116	57,514	64,420	68,262	79,761	*	*	59,649
65-69	5	35	50	32	28	6	6	2	0	164
\$	*	39,674	42,406	52,221	50,820	*	*	*	0	44,886
70-74	0	8	8	9	3	2	0	1	0	31
\$	0	*	*	*	*	*	0	*	0	0
75+	3	6	4	2	1	0	0	0	0	16
\$	*	*	*	*	*	0	0	0	0	*
Total	109	2,560	2,695	1,665	1,233	558	179	32	2	9,033
\$	48,020	57,481	64,235	67,106	70,051	72,633	72,397	68,400	*	64,146

Valuation payroll excludes projected pay for members over the mandatory retirement age. Average payroll information is not shown for age/service cells with fewer than 20 members. However, these amounts are included in the calculation of average valuation pay.

Data

System Wide Data Exhibits *(continued)***Age/Service and Valuation Payroll by Rate Pool *(continued)*****OPSRP Active General Service Members Age/Service and Valuation Payroll**

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
<20	179	0	0	0	0	0	0	0	0	179
\$	6,833	0	0	0	0	0	0	0	0	6,833
20-24	2,526	95	0	0	0	0	0	0	0	2,621
\$	19,492	22,013	0	0	0	0	0	0	0	19,583
25-29	8,675	1,572	0	0	0	0	0	0	0	10,247
\$	31,599	38,966	0	0	0	0	0	0	0	32,729
30-34	7,542	2,711	0	0	0	0	0	0	0	10,253
\$	35,432	42,904	0	0	0	0	0	0	0	37,408
35-39	6,206	2,255	0	0	0	0	0	0	0	8,461
\$	36,245	43,697	0	0	0	0	0	0	0	38,231
40-44	5,770	2,249	0	0	0	0	0	0	0	8,019
\$	33,212	40,503	0	0	0	0	0	0	0	35,257
45-49	5,021	2,324	0	0	0	0	0	0	0	7,345
\$	32,424	39,086	0	0	0	0	0	0	0	34,532
50-54	4,329	2,030	0	0	0	0	0	0	0	6,359
\$	33,099	38,483	0	0	0	0	0	0	0	34,818
55-59	3,492	1,598	0	0	0	0	0	0	0	5,090
\$	32,775	38,973	0	0	0	0	0	0	0	34,721
60-64	1,944	1,038	0	0	0	0	0	0	0	2,982
\$	31,183	39,175	0	0	0	0	0	0	0	33,965
65-69	600	283	0	0	0	0	0	0	0	883
\$	22,581	30,852	0	0	0	0	0	0	0	25,232
70-74	194	77	0	0	0	0	0	0	0	271
\$	*	*	0	0	0	0	0	0	0	*
75+	85	37	0	0	0	0	0	0	0	122
\$	*	*	0	0	0	0	0	0	0	*
Total	46,563	16,269	0	62,832						
\$	32,281	39,948	0	34,266						

Data

System Wide Data Exhibits *(continued)***Age/Service and Valuation Payroll by Rate Pool *(continued)*****OPSRP Active Police and Fire Members Age/Service and Valuation Payroll**

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
<20	0	0	0	0	0	0	0	0	0	0
\$	0	0	0	0	0	0	0	0	0	0
20-24	200	4	0	0	0	0	0	0	0	204
\$	47,500	*	0	0	0	0	0	0	0	47,734
25-29	969	204	0	0	0	0	0	0	0	1,173
\$	52,555	64,010	0	0	0	0	0	0	0	54,547
30-34	756	297	0	0	0	0	0	0	0	1,053
\$	54,314	64,337	0	0	0	0	0	0	0	57,141
35-39	480	215	0	0	0	0	0	0	0	695
\$	53,333	61,601	0	0	0	0	0	0	0	55,891
40-44	301	129	0	0	0	0	0	0	0	430
\$	49,008	63,274	0	0	0	0	0	0	0	53,288
45-49	205	96	0	0	0	0	0	0	0	301
\$	47,598	60,896	0	0	0	0	0	0	0	51,839
50-54	147	59	0	0	0	0	0	0	0	206
\$	52,276	52,141	0	0	0	0	0	0	0	52,238
55-59	122	42	0	0	0	0	0	0	0	164
\$	55,069	58,385	0	0	0	0	0	0	0	55,918
60-64	57	29	0	0	0	0	0	0	0	86
\$	53,238	55,329	0	0	0	0	0	0	0	53,943
65-69	12	9	0	0	0	0	0	0	0	21
\$	*	*	0	0	0	0	0	0	0	*
70-74	5	3	0	0	0	0	0	0	0	8
\$	*	*	0	0	0	0	0	0	0	*
75+	3	0	0	0	0	0	0	0	0	3
\$	*	*	0	0	0	0	0	0	0	*
Total	3,257	1,087	0	4,344						
\$	51,899	61,444	0	54,287						

Data

System Wide Data Exhibits *(continued)***Age/Service and Valuation Payroll by Rate Pool *(continued)*****All OPSRP Active Members Age/Service and Valuation Payroll**

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
<20	179	0	0	0	0	0	0	0	0	179
\$	6,833	0	0	0	0	0	0	0	0	6,833
20-24	2,726	99	0	0	0	0	0	0	0	2,825
\$	21,547	23,525	0	0	0	0	0	0	0	21,616
25-29	9,644	1,776	0	0	0	0	0	0	0	11,420
\$	33,705	41,843	0	0	0	0	0	0	0	34,970
30-34	8,298	3,008	0	0	0	0	0	0	0	11,306
\$	37,152	45,020	0	0	0	0	0	0	0	39,246
35-39	6,686	2,470	0	0	0	0	0	0	0	9,156
\$	37,472	45,255	0	0	0	0	0	0	0	39,572
40-44	6,071	2,378	0	0	0	0	0	0	0	8,449
\$	33,995	41,738	0	0	0	0	0	0	0	36,175
45-49	5,226	2,420	0	0	0	0	0	0	0	7,646
\$	33,019	39,951	0	0	0	0	0	0	0	35,213
50-54	4,476	2,089	0	0	0	0	0	0	0	6,565
\$	33,729	38,869	0	0	0	0	0	0	0	35,365
55-59	3,614	1,640	0	0	0	0	0	0	0	5,254
\$	33,528	39,470	0	0	0	0	0	0	0	35,383
60-64	2,001	1,067	0	0	0	0	0	0	0	3,068
\$	31,811	39,614	0	0	0	0	0	0	0	34,525
65-69	612	292	0	0	0	0	0	0	0	904
\$	22,138	29,901	0	0	0	0	0	0	0	24,646
70-74	199	80	0	0	0	0	0	0	0	279
\$	0	0	0	0	0	0	0	0	0	0
75+	88	37	0	0	0	0	0	0	0	125
\$	0	0	0	0	0	0	0	0	0	0
Total	49,820	17,356	0	67,176						
\$	33,564	41,294	0	35,561						

Valuation payroll excludes projected pay for members over the mandatory retirement age. Average payroll information is not shown for age/service cells with fewer than 20 members. However, these amounts are included in the calculation of average valuation.

Data

System Wide Data Exhibits *(continued)*

Inactive Member Data Exhibits

For the following exhibits, inactive members are counted by lives, not by segments.

Total Tier 1/ Tier 2

Dormants

	<i>Count</i>	<i>Average Monthly Benefit</i>
0-20	0	\$ 0
20-24	28	302
25-29	382	291
30-34	1,838	700
35-39	3,143	1,132
40-44	3,839	1,400
45-49	4,769	1,492
50-54	6,809	1,555
55-59	8,477	1,394
60-64	5,127	1,079
65-69	1,974	922
70-74	640	875
75+	875	615
Total	37,901	\$ 1,275

Benefits in Force

	<i>Count</i>	<i>Average Monthly Benefit</i>
0-45	521	\$ 1,212
45-49	379	1,618
50-54	1,642	2,785
55-59	9,494	3,005
60-64	22,734	2,689
65-69	23,202	2,375
70-74	17,481	2,071
75-79	13,175	1,747
80-84	10,397	1,399
85-90	7,510	1,050
90-94	3,215	812
95-99	825	720
100+	119	682
Total	110,694	\$ 2,128

OPSRP

Dormants

	<i>Count</i>	<i>Average Monthly Benefit</i>
0-20	0	\$ 0
20-24	11	135
25-29	130	177
30-34	191	204
35-39	163	228
40-44	110	230
45-49	100	199
50-54	110	204
55-59	170	168
60-64	139	138
65-69	227	52
70-74	55	23
75+	10	22
Total	1,416	\$ 162

Benefits in Force

	<i>Count</i>	<i>Average Monthly Benefit</i>
0-45	0	\$ 0
45-49	0	0
50-54	0	0
55-59	4	623
60-64	9	334
65-69	14	348
70-74	2	224
75-79	1	253
80-84	0	0
85-90	0	0
90-94	0	0
95-99	0	0
100+	0	0
Total	30	\$ 369

Data

System Wide Data Exhibits *(continued)*

Inactive Member Data Exhibits *(continued)*

System-Wide Totals

Dormants

	<i>Count</i>	<i>Average Monthly Benefit</i>
0-20	0	\$ 0
20-24	39	255
25-29	512	262
30-34	2,029	654
35-39	3,306	1,087
40-44	3,949	1,367
45-49	4,869	1,465
50-54	6,919	1,534
55-59	8,647	1,370
60-64	5,266	1,054
65-69	2,201	832
70-74	695	808
75+	885	608
Total	39,317	\$ 1,235

Benefits in Force

	<i>Count</i>	<i>Average Monthly Benefit</i>
0-45	521	\$ 1,212
45-49	379	1,618
50-54	1,642	2,785
55-59	9,498	3,004
60-64	22,743	2,688
65-69	23,216	2,373
70-74	17,483	2,071
75-79	13,176	1,746
80-84	10,397	1,399
85-90	7,510	1,050
90-94	3,215	812
95-99	825	720
100+	119	682
Total	110,724	\$ 2,127

Actuarial Methods and Assumptions — Tier 1/Tier 2

Actuarial Methods and Valuation Procedures

On July 16, 2009, the Board adopted the following actuarial methods and valuation procedures for the December 31, 2008 and 2009, actuarial valuations of PERS Tier 1/Tier 2 benefits. The actuarial cost method and contribution rate stabilization method were first adopted effective December 31, 2004. The implementation of the double rate collar was revised by a Board motion at the January 2010 Board meeting. The revision is first effective for this valuation.

Actuarial cost method

Projected Unit Credit. Under the Projected Unit Credit cost method, the objective is to fund each member's benefit under the plan as it accrues, taking into consideration expected future compensation increases. Thus, the total pension to which each member is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service. Typically, when this method is introduced, there will be an initial liability for benefits credited for service prior to that date, and to the extent that the liability is not covered by assets of the plan, there is an unfunded liability to be funded over a stipulated period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- An individual member's **accrued benefit** for valuation purposes related to a particular separation date is the accrued benefit described under the plan, determined using the projected compensation and service that would be used in the calculation of the benefit on the expected separation date, multiplied by the ratio of credited service as of the valuation date over credited service as of the expected separation date. In no event can this be less than the accrued benefit described under the plan, determined using the compensation and service as of the valuation date.
 - The **benefit** deemed to accrue for an individual member during a plan year is the excess of the accrued benefit for valuation purposes at the end of the plan year over the accrued benefit for valuation purposes at the beginning of the plan year. Both accrued benefits are calculated from the same projections to the various anticipated separation dates as described above.
 - An individual member's **accrued liability** is the present value of the accrued benefit for valuation purposes at the beginning of the plan year, and an individual member's **normal cost** is the present value of the benefit deemed to accrue in the plan year. The accrued liability and the normal cost for an individual member are the sum of the component accrued liabilities and normal costs associated with the various anticipated separation dates. Such accrued liabilities and normal costs reflect the accrued benefits as modified to obtain the benefits payable on those dates and the probability of the member separating on those dates.
 - The plan's **normal cost** is the sum of the individual member normal costs, and the plan's **accrued liability** is the sum of the accrued liabilities for all members under the plan.
-

Actuarial Methods and Assumptions – Tier 1/Tier 2

Actuarial Methods and Valuation Procedures *(continued)*

<i>Amortization of change in Unfunded Actuarial Liability (UAL) due to change in actuarial cost method (PUC change UAL)</i>	Contribution rates effective July 1, 2007 through June 30 2011 reflect an accelerated amortization of the change in UAL that occurred when the PUC cost method was first adopted for the December 31, 2004 valuation. By the time the current contribution rates are changed on July 1, 2011, four years of contributions will have been collected toward the 3-year amortization base. Consequently, the PUC change amortization was eliminated from the valuation so it will not be included in contribution rates that become effective July 1, 2011.
<i>Tier 1/Tier 2 UAL and Retiree Healthcare UAL amortization</i>	<p>The Tier 1/Tier 2 regular UAL and Retiree Healthcare regular UAL as of December 31, 2007 are amortized as a level percentage of combined valuation payroll over a closed period. For the Tier 1/Tier 2 UAL, this period is 20 years; for Retiree Healthcare, it is 10 years. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 (10 for Retiree Healthcare) years from the odd-year valuation in which they are first recognized.</p> <p>The amortization of the unfunded actuarial liability (UAL) using the current amortization method results in an initial payment less than the "interest only" payment on the UAL. Payments less than the interest only amount will result in the UAL increasing for an initial period of time.</p>
<i>Asset valuation method</i>	<p>The actuarial value of assets equals the market value of assets, excluding the Contingency, Capital Preservation and Rate Guarantee Reserves. The value of assets used to determine employer contribution rates has historically excluded any assets in the Tier 1 Rate Guarantee Reserve (RGR). Due to investment losses in 2008 the RGR is in a deficit situation as of December 31, 2009. This is the second consecutive valuation with the RGR in deficit status. As part of the Board's July 16, 2009 motion approving actuarial assumptions and methods, the Board approved continued exclusion of the RGR from calculation of valuation assets. It is our understanding that if a RGR deficit persists for five years, employers may be required to restore the RGR. No cost calculations for an employer restoration of the RGR are included in this valuation.</p> <p>Market values are reported to Mercer by PERS. It is our understanding that select real estate and private equity investments are reported on a three-month lag basis. This valuation report does not attempt to quantify any such effects.</p>
<i>Contribution rate stabilization method</i>	Contribution rates for a rate pool (e.g. Tier 1/Tier 2 SLGRP, Tier 1/Tier 2 School Districts, OPSRP) are confined to a collar based on the prior contribution rate (prior to application of side accounts, pre-SLGRP liabilities, and 6 percent Independent Employer minimum). The new contribution rate will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 70% or increases above 130%, the size of the collar doubles. If the funded percentage excluding side accounts is between 70% and 80% or between 120% and 130%, the size of the rate collar is increased on a graded scale. The "sliding scale" implementation of the double rate collar was approved by the Board in January 2010 and is first effective with this valuation.

Actuarial Methods and Assumptions – Tier 1/Tier 2

Actuarial Methods and Valuation Procedures *(continued)*

<i>Allocation of Liability for Service Segments</i>	For active Tier 1/Tier 2 members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which utilizes account balance, and the Full Formula methodology, which utilizes service. The allocation is 50% (15% for police & fire) based on account balance with each employer and 50% (85% for police & fire) based on service with each employer. The entire Normal Cost is allocated to the current employer.
<i>Allocation of Benefits-In-Force (BIF) Reserve</i>	The BIF is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool.

Economic Assumptions

The Board adopted the following economic assumptions for the December 31, 2008 and 2009 actuarial valuations. The investment return assumption was first adopted in 1989, and the interest crediting assumptions were adopted in 2003. The healthcare cost inflation assumption was adopted December 31, 2008. All other economic assumptions were first adopted in 2005.

<i>Investment return</i>	8.0% compounded annually			
<i>Interest crediting</i>	8.0% compounded annually on members' regular account balances 8.5% compounded annually on members' variable account balances			
<i>Inflation</i>	2.75% compounded annually			
<i>Payroll growth</i>	3.75% compounded annually. This assumption represents the sum of the inflation assumption and a real wage growth assumption of 100 basis points.			
<i>Healthcare cost inflation</i>	Health cost trend rates are used to predict increases in the RHIPA Maximum Subsidy.			
	Year¹	Rate	Year	Rate
	2009	7.0%	2020	6.2
	2010	7.0	2021	6.0
	2011	7.0	2022	5.8
	2012	6.9	2023	5.6
	2013	6.9	2024	5.4
	2014	6.9	2025	5.2
	2015	6.9	2026	5.0
	2016	6.8	2027	4.9
	2017	6.8	2028	4.7
	2018	6.6	2029+	4.5
	2019	6.4		

¹ For valuation purposes, the health cost trend rates are assumed to be applied at the beginning of the plan year.

Actuarial Methods and Assumptions – Tier 1/Tier 2

Demographic Assumptions

The Board adopted the following demographic assumptions for the December 31, 2008 and 2009 actuarial valuations.

Mortality

The following mortality tables were first adopted in the December 31, 2008 valuation.

Healthy Retired Members

Basic Table	RP 2000, Generational Combined Active/Healthy Annuitant, Sex Distinct
School District male	White collar, set back 12 months
Other General Service male (including male beneficiary)	White collar, no set back
Police & Fire male	Blended 33% blue collar, no set back
School District female	White collar, set back 18 months
Other female (including female beneficiary)	Blended 33% blue collar, no setback

The following disabled retiree mortality rates were first adopted for the December 31, 2008 actuarial valuation.

Disabled Retired Members

Basic Table	RP 2000, Static, Combined Active/Healthy Annuitant, No Collar, Sex Distinct
Male	Set Forward 60 months, min of 2.25%
Female	Set Forward 48 months, min of 2.25%

The following mortality rates were first adopted for non-annuitant members for the December 31, 2008 actuarial valuation.

Non-Annuitant Members

Basic Table	Percent of Healthy Retired Mortality Tables
School District male	75%
Other General Service male	75%
Police & Fire male	70%
School District female	50%
Other female	50%

Actuarial Methods and Assumptions – Tier 1/Tier 2

Demographic Assumptions *(continued)*

Retirement Assumptions

The retirement assumptions used in the actuarial valuation include the following:

- Retirement from active status/dormant status
- Probability a member will elect a lump sum option at retirement
- Percentage of members who elect to purchase credited service at retirement.

Rates of Retirement from Active Status

The following retirement rate assumptions were first adopted in the December 31, 2008 valuation.

Judge members are assumed to retire at age 63.

Age	Police & Fire			General Service / School Districts				
	<13 Years	13 - 24	25+ Years	General Service		School Districts		30+ Years
				< 15 years	15-29 Years	< 15 years	15-29 Years	
< 50								27.00%
50	1.00%	3.00%	35.00%					27.00%
51	1.00%	3.00%	20.00%					27.00%
52	1.00%	3.00%	20.00%					40.00%
53	1.00%	3.00%	20.00%					40.00%
54	1.00%	3.00%	20.00%					35.00%
55	3.00%	12.00%	20.00%	1.00%	5.00%	1.00%	8.00%	30.00%
56	3.00%	8.50%	20.00%	1.00%	4.00%	1.00%	6.00%	25.00%
57	3.00%	8.50%	20.00%	1.50%	3.00%	1.00%	5.00%	25.00%
58	3.00%	8.50%	20.00%	1.50%	9.00%	2.00%	13.00%	25.00%
59	5.00%	8.50%	20.00%	2.50%	9.00%	2.00%	13.00%	25.00%
60	5.00%	8.50%	20.00%	4.00%	9.00%	3.00%	13.00%	20.00%
61	5.00%	8.50%	20.00%	4.00%	9.00%	5.00%	13.00%	20.00%
62	10.00%	30.00%	40.00%	10.00%	16.00%	10.00%	20.00%	30.00%
63	10.00%	20.00%	40.00%	7.50%	14.00%	9.00%	16.00%	20.00%
64	10.00%	10.00%	40.00%	7.50%	14.00%	9.00%	16.00%	20.00%
65	100.00%	100.00%	100.00%	11.00%	24.00%	14.00%	27.00%	28.00%
66				18.00%	33.00%	16.00%	32.00%	20.00%
67				15.00%	22.00%	10.00%	29.00%	20.00%
68				12.00%	17.00%	7.50%	20.00%	20.00%
69				12.00%	17.00%	7.50%	20.00%	20.00%
70				100.00%	100.00%	100.00%	100.00%	100.00%

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions (*continued*)

Retirement Assumptions (*continued*)

Retirement from Dormant Status

Dormant members are assumed to retire at Normal Retirement Age (age 58 for Tier 1, age 60 for Tier 2, age 60 for Judges, and age 55 for Police & Fire) or at the first unreduced retirement age (30 years of service, or age 50 with 25 years of service for Police & Fire).

Lump Sum Option at Retirement

Members retiring may elect to receive a full or partial lump sum at retirement. The probability that a retiring member will elect a lump sum at retirement is summarized in the table below. These rates were first adopted effective December 31, 2008.

Partial Lump Sum:	6% for all years
Total Lump Sum:	6% for 2009, declining by 0.5% per year until reaching 0.0%
No Lump Sum:	88% in 2009, increasing by 0.5% until reaching 94.0%

Purchase of Credited Service at Retirement

The following percentages of members are assumed to purchase credit for the six-month waiting period at retirement. These rates were first adopted effective December 31, 2008.

Money Match Retirements:	0%
Non-Money Match Retirements:	55%

Judge Member Plan Election

All judge members are assumed to elect to retire under the provisions of Plan B.

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions (*continued*)

Disability Assumptions

There are two disability assumptions used in the valuation - duty disability and ordinary disability. Duty Disability rates are separated between Police & Fire and General Service, while ordinary disability is the same for all members. The rates for ordinary disability were first adopted effective December 31, 2008. The rates for duty disability were first adopted effective December 31, 2008.

	Percentage of the 1985 Disability Class 1 Rates
Duty Disability Police & Fire	15%
Duty Disability General Service	1.5%
Ordinary Disability	50% with 0.2% cap

Termination Assumptions

The termination assumptions used in the actuarial valuation include the following assumptions:

- Termination from active status prior to retirement eligibility
- Probability that a member will not take a lump sum distribution prior to retirement.

All of the termination assumptions were first adopted effective December 31, 2008.

Termination Rates

Sample termination rates are shown for each group below:

Age	School District	SLGRP General Service	SLGRP General Service	Independent		
				Employers General Service	Employers General Service	Police & Fire
30	4.32%	8.08%	9.58%	6.11%	9.10%	3.45%
40	2.63%	4.63%	5.36%	3.84%	5.70%	2.17%
50	1.90%	2.74%	3.19%	2.47%	3.58%	1.24%

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions (*continued*)

Termination Assumptions (*continued*)

Probability of Refund Before Retirement

The following table shows sample rates of the probability that vested terminated members will elect to withdraw accumulated member contributions instead of receive a deferred benefit for sample ages:

<i>Age</i>	<i>General</i>	
	<i>Service</i>	<i>Police & Fire</i>
30	17.50%	30.00%
40	17.50%	27.00%
50	7.78%	0.00%

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions (*continued*)

Salary Increase Assumptions

The salary increase assumptions reflected in the actuarial valuation include:

- Merit scale increases in addition to the payroll growth increase
- Unused Sick Leave adjustments
- Vacation Pay adjustments

Merit Increases

Merit increases are based on duration of service for the following groups with sample rates shown in the following table. The rates were first adopted effective December 31, 2008. For plan years 2009 and 2010, the merit increase is assumed to be 0 percent.

Duration	Other General		
	School District	Service	Police & Fire
5	2.07%	2.17%	2.55%
10	1.18%	1.13%	1.20%
15	0.53%	0.63%	0.67%
20	0.13%	0.45%	0.59%

Unused Sick Leave

Members covered by the provision allowing unused sick leave to be used to increase final average salary are assumed to receive increases in their final average salary in accordance with the table below. This adjustment is not applied to disability benefits. The rates for State general service female, School District and local general service male, and police and fire were first adopted December 31, 2008. Local general service females were adopted effective December 31, 2001, and all other rates were adopted effective December 31, 2005.

Actives	Rates
State GS Male	5.75%
State GS Female	4.25%
School District Male	7.50%
School District Female	6.75%
Local GS Male	4.25%
Local GS Female	3.00%
State Police & Fire	7.25%
Local Police & Fire	8.25%

Dormants	Rates
All members	3.50%

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions (*continued*)

Vacation Pay

Members eligible to receive a lump sum payment of unused vacation pay are assumed to receive increases in their final average salary in accordance with the table below. This adjustment is not applied to disability benefits.

	Rates
Tier 1 Non-School District/Judges	2.8%
Tier 1 School District	1.4%
Tier 2	0.0%

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions (*continued*)

Retiree Healthcare Participation

The following percentages of eligible retiring members are assumed to elect RHIPA and RHIA coverage:

RHIPA	9%
RHIA	
▪ Healthy Retired	42.5%
▪ Disabled Retired	20%

These rates were first adopted effective December 31, 2008.

Actuarial Methods and Assumptions — OPSRP

Most of the methods and assumptions adopted for the OPSRP valuation are the same as those used for Tier 1/ Tier 2. A summary of the methods and assumptions that differ for OPSRP are summarized below. The Board adopted the following methods, procedures and assumptions for the December 31, 2008 and December 31, 2009 actuarial valuations

Actuarial Methods and Valuation Procedures

<i>OPSRP UAL amortization</i>	Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over 16 years from the valuation in which they are first recognized.
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Economic Assumptions

<i>Administrative expenses</i>	\$6.6 million per year is added to the normal cost.
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Demographic Assumptions

Retirement Assumptions

Retirement from Active Status

Age	<i>Police & Fire</i>			<i>General Service</i>		
	<i>< 13 yrs</i>	<i>13-24 yrs</i>	<i>25+ yrs</i>	<i>< 15 yrs</i>	<i>15-29 yrs</i>	<i>30+ yrs</i>
50	1.0%	2.0%	7.5%			
51	1.0%	2.0%	7.5%			
52	1.0%	2.0%	7.5%			
53	1.0%	2.0%	35.0%			
54	1.0%	2.0%	20.0%			
55	3.0%	5.0%	20.0%	1.0%	5.0%	5.0%
56	3.0%	5.0%	20.0%	1.0%	4.0%	5.0%
57	3.0%	5.0%	20.0%	1.5%	3.0%	7.5%
58	3.0%	5.0%	20.0%	1.5%	3.0%	35.0%
59	5.0%	5.0%	20.0%	2.5%	3.0%	25.0%
60	5.0%	15.0%	20.0%	4.0%	3.75%	20.0%
61	5.0%	8.5%	20.0%	4.0%	5.0%	20.0%
62	10.0%	30.0%	40.0%	7.0%	12.0%	30.0%
63	10.0%	20.0%	40.0%	6.0%	10.0%	20.0%
64	10.0%	10.0%	40.0%	6.0%	10.0%	20.0%
65	100.0%	100.0%	100.0%	12.0%	40.0%	20.0%
66				18.0%	33.0%	20.0%
67				12.0%	22.0%	30.0%
68				10.0%	17.0%	20.0%
69				10.0%	17.0%	20.0%
70				100.0%	100.0%	100.0%

Actuarial Methods and Assumptions — OPSRP

Demographic Assumptions (*continued*)

Retirement from Dormant Status

Dormant members are assumed to retire at Normal Retirement Age.

Termination Assumptions

The termination rates are based on 3-year select and ultimate rates, with the ultimate rates being the same as the Tier 1/Tier 2 termination rates. The following table illustrates sample rates at several ages.

Age	School District				Police & Fire			
	1st Select Period	2nd Select Period	3rd Select Period	Ultimate	1st Select Period	2nd Select Period	3rd Select Period	Ultimate
25	8.70%	6.97%	6.58%	5.84%	14.05%	7.56%	5.44%	5.09%
35	5.85%	4.27%	3.95%	3.29%	12.10%	6.17%	4.33%	2.61%
45	4.83%	3.22%	2.89%	2.21%	13.04%	6.35%	4.12%	1.78%

Age	Independent Employers General Service Male				Independent Employers General Service Female			
	1st Select Period	2nd Select Period	3rd Select Period	Ultimate	1st Select Period	2nd Select Period	3rd Select Period	Ultimate
25	20.00%	12.53%	10.55%	7.96%	19.71%	14.26%	12.99%	10.71%
35	15.89%	8.89%	7.14%	4.79%	13.09%	9.27%	8.81%	7.35%
45	15.72%	8.23%	5.98%	3.12%	12.86%	7.93%	6.65%	4.37%

Age	SLGRP General Service Male				SLGRP General Service Female			
	1st Select Period	2nd Select Period	3rd Select Period	Ultimate	1st Select Period	2nd Select Period	3rd Select Period	Ultimate
25	18.28%	14.94%	12.97%	10.20%	18.23%	14.88%	14.21%	12.13%
35	13.44%	10.52%	8.76%	6.20%	14.90%	10.79%	9.74%	7.28%
45	10.01%	7.43%	5.84%	3.45%	12.26%	7.81%	6.59%	3.96%

Actuarial Methods and Assumptions — Tier 1/ Tier 2 and OPSRP

A summary of key changes implemented since the December 31, 2008 valuation are described briefly below.

Changes in Actuarial Methods and Allocation Procedures

Contribution Rate Stabilization Method

Based on guidance from the PERS Board issued in January 2010, the implementation of the rate stabilization method (rate collar) has been revised to include a graded scale if the funded percentage is between 70% and 80% or between 120% and 130%.

There were no other changes in actuarial methods and allocation procedures since the December 31, 2008 actuarial valuation.

Changes in Economic Assumptions

There were no changes in the economic assumptions since the December 31, 2008 actuarial valuation.

Changes in Demographic Assumptions

There were no changes in demographic assumptions since the December 31, 2008 actuarial valuation.

Summary of Plan Provisions

The following section summarizes the plan provisions considered in the actuarial valuation. A more detailed description of plan provisions is available from the PERS administrative office.

<i>Membership</i>	All employees of public employers participating in this System who are in qualifying positions become members of the System after completing six months of service except those who are eligible for and have elected to participate in an optional retirement plan. Different benefit provisions of the plan apply based on date of hire.	
	Tier 1	Hired prior to 1996
	Tier 2	Hired after 1995 and before August 29, 2003
	OPSRP	Hired after August 28, 2003, not a judge, and not a former Tier 1/Tier 2 member eligible to reestablish Tier 1/Tier 2 membership
	Judges	Members of the State Judiciary
<i>Employee Contributions</i>	Judges	7% of salary
	All others	None
<i>Employer Contributions</i>	Set by the PERS Board based on actuarial calculations that follow Board rate-setting policies for employers.	

Summary of Chapter 238 Provisions — Tier 1/Tier 2 and Judges

<i>Normal Retirement Date</i>	Police and Fire	Age 55						
	Judges	Age 65						
	Tier 1 General Service	Age 58						
	Tier 2 General Service	Age 60						
<i>Normal Retirement Allowance</i>	For Members who are not Judges, the greatest of the Full Formula benefit, the Money Match benefit, or the Formula Plus Annuity benefit (only available to Members who made contributions before August 21, 1981).							
	Full Formula	The percentage multiplier from the table below multiplied by final average salary and years of credited service plus a prior service pension, if applicable.						
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Percentage Multiplier</u></th> <th style="text-align: center;"><u>Membership Classification</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2.00%</td> <td style="text-align: center;">Fire, Police and Legislators</td> </tr> <tr> <td style="text-align: center;">1.67%</td> <td style="text-align: center;">All other members</td> </tr> </tbody> </table>	<u>Percentage Multiplier</u>	<u>Membership Classification</u>	2.00%	Fire, Police and Legislators	1.67%	All other members
<u>Percentage Multiplier</u>	<u>Membership Classification</u>							
2.00%	Fire, Police and Legislators							
1.67%	All other members							
	Money Match	The Member's account balance and a matching employer amount converted to an actuarially equivalent annuity.						
	Formula Plus Annuity	The Member's account balance converted to an actuarially equivalent cash refund annuity plus the percentage multiplier from the table below multiplied by final average salary and years of credited service, plus a prior service pension, if applicable.						
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Percentage Multiplier</u></th> <th style="text-align: center;"><u>Membership Classification</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.35%</td> <td style="text-align: center;">Fire, Police and Legislators</td> </tr> <tr> <td style="text-align: center;">1.00%</td> <td style="text-align: center;">All other members</td> </tr> </tbody> </table>	<u>Percentage Multiplier</u>	<u>Membership Classification</u>	1.35%	Fire, Police and Legislators	1.00%	All other members
<u>Percentage Multiplier</u>	<u>Membership Classification</u>							
1.35%	Fire, Police and Legislators							
1.00%	All other members							

Summary of Plan Provisions

Summary of Chapter 238 Provisions — Tier 1/Tier 2 and Judges (continued)

<i>Normal Retirement Allowance (continued)</i>	Judges	Final average salary multiplied by the first percentage multiplier from the table below for up to 16 years of service plus the second percentage multiplier for any service in excess of 16 years, but not to exceed the maximum percentage of final average salary also shown below. Judges must elect Plan A or Plan B no later than age 60. A "Plan B" judge must serve as a pro tem judge for a total of 175 days postretirement.			
		Plan	Percentage Factor (up to 16 years)	Percentage Factor (after 16 years)	Maximum Percentage of Final Average Salary
		A	2.8125%	1.67%	65%
		B	3.75%	2.00%	75%
<i>Final Average Salary</i>	<p>The greater of:</p> <ul style="list-style-type: none"> ▪ Average salary earned during the three calendar years in which the member was paid the highest salary, even if one of those years is less than a full calendar year. ▪ Total salary earned over the last 36 months of employment divided by the actual months of service during that 36 month period. <p>Covered salary for this purpose includes the value of member contributions assumed and paid by employers, any payment due to an employer's participation in the Unused Sick Leave program, and, for Tier 1 members, lump sum payment of unused vacation time.</p>				
<i>SB 656/HB 3349 Adjustment</i>	All members receive an increase to their monthly retirement benefit equal to the greater of the increase under Senate Bill 656 (SB 656) or House Bill 3349 (HB 3349). The adjustment for SB 656 only applies to members who established membership prior to July 14, 1995.				
	SB 656 Increase	Years of Service	General Service	Police & Fire	
		0-9	0.0%	0.0%	
		10-14	1.0	1.0	
		15-19	1.0	1.0	
		20-24	2.0	2.5	
		25-29	3.0	4.0	
		30 & Over	4.0	4.0	
	HB 3349 Increase	$\left(\frac{1}{1 - \text{maximum Oregon personal income tax rate (limited to 9\%)}} - 1 \right) \times$			$\frac{\text{Service prior to October 1, 1991}}{\text{All Service}}$
<i>Early Retirement Eligibility</i>	Police and Fire	Age 50 or 30 years of service			
	Judges	Age 60			
	General Service	Age 55 or 30 years of service			

Summary of Plan Provisions

Summary of Chapter 238 Provisions — Tier 1/Tier 2 and Judges (continued)

<i>Early Retirement Allowance</i>		Normal retirement allowance, actuarially reduced to early retirement age. However, there is no reduction applied if a member has completed 30 years of service (25 years for police & fire members) or for judges in Plan B.
<i>Vesting</i>		Contributions made in any part of five calendar years or attainment of age 50 (45 for police & fire) while working in a qualifying position.
<i>Termination Benefits</i>	Non-Vested	Payment of member's account balance.
	Vested	Same as normal (or early) retirement allowance, but commencement is deferred to normal (or early) retirement date.
<i>Optional Forms of Retirement Allowance</i>		<p>The normal form of benefit is a cash refund annuity (joint and two-thirds survivor contingent annuity for a married judge). All optional amounts are adjusted to be actuarially equivalent.</p> <p>Options Available</p> <ul style="list-style-type: none"> ▪ Life annuity ▪ Cash refund annuity ▪ Life annuity guaranteed 15 years ▪ Joint and 50% or 100% survivor contingent annuity, with or without pop-up feature ▪ Partial Lump Sum: Refund of member contribution account balance plus a pension (under any optional form) of employer-paid portion of the Full Formula or Money Match annuity. ▪ Total Lump Sum: Refund of member contribution account plus a matching employer amount.
<i>Preretirement Death Benefit Eligibility</i>	Judges	Six or more years of service.
	All others	Death occurring while the member is an employee of a participating employer or within 120 days of termination provided the employee does not withdraw the account balance or retire, or a result of injuries received while in the service of a participating employer.
<i>Preretirement Death Benefit</i>	Judges	The spouse shall receive a life pension equal to two-thirds of the service retirement allowance. The beneficiary of an unmarried judge shall receive the member's accumulated contributions with interest.
	All others	The member's account balance plus a matching employer amount.
<i>Additional Police & Fire Death Benefits</i>		Upon the death of a retired police officer or firefighter, the surviving spouse or dependent children under age 18 will receive a monthly benefit based on 25% of the cash refund retirement allowance due to police and fire service.
<i>Disability Benefit Eligibility</i>	Duty	Disablement occurring as a direct result of a job-related injury or illness, regardless of length of service.
	Non-Duty	Disablement occurring after ten years of service (six years, if a judge), but prior to normal retirement eligibility.

Summary of Plan Provisions

Summary of Chapter 238 Provisions — Tier 1/Tier 2 and Judges (continued)

<i>Disability Benefits</i>	<p>The normal retirement allowance calculated based on the service credit that would have been earned if the member had continued working to age 58 (age 55 for police and fire, age 65 for judge members) payable commencing immediately.</p> <p>Fire and Police Members' Alternative In lieu of the above, firefighters and police officers who qualify for duty disability may elect to receive a benefit of 50% of final average monthly salary at the time of disablement.</p> <p>Minimum Monthly Retirement Allowance Judges 45% of final average monthly salary. All others \$100 for a member with at least 15 years of credited service, actuarially reduced if an optional form of benefit is chosen.</p> <p>Reduction of Benefits Whenever a disabled employee's disability benefit and earned income for any month exceed the monthly salary received at the time of disablement or \$400, if greater, the disability benefit will be reduced by the excess. For Tier Two members, the disability benefit may not exceed the member's salary at the time of disablement.</p>
<i>Police & Fire Unit Purchases</i>	<p>Police & fire members may purchase 60-month annuity benefits (up to \$80 per month) that must be paid out by age 65 and cannot commence prior to the earliest retirement age. The amount purchased by the member is matched by the employer. In certain situations, such as termination of employment prior to retiring, or working beyond age 65, the employer's matching purchase is forfeited.</p>
<i>Postretirement Adjustments</i>	<p>All monthly pension and annuity benefits except unit purchases are eligible for postretirement adjustments.</p> <p>Automatic Adjustments Benefits are adjusted annually to reflect the increase or decrease in the Consumer Price Index (Portland area - all items) as published by the Bureau of Labor Statistics. The maximum adjustment to be made for any year is 2% of the previous year's benefit. Any CPI change in excess of 2% is accumulated for future benefit adjustments which would otherwise be less than 2%. No benefit will be decreased below its original amount.</p> <p>Ad Hoc Adjustments From time to time, as granted by the Legislature, retired members and beneficiaries have received increases in their monthly benefits.</p>
<i>Variable Annuity Program</i>	<p>Contributions Prior to January 1, 2004, a member could elect to have 25, 50 or 75 percent of his or her contributions invested in the variable account.</p> <p>Benefit At retirement, a member may elect to receive a variable annuity with the funds accumulated in his or her variable account. Alternatively, a member may elect to have all or a portion of the funds in his or her variable account transferred back to the regular account and receive an annuity from the System as though no variable annuity program existed. The employer provided benefit, however, is based on the earnings the member would have received in the regular account.</p>

Summary of Plan Provisions

Summary of Chapter 238 Provisions — Tier 1/Tier 2 and Judges (continued)

<i>Interest Credit on Member Accounts</i>	Tier 1 Regular	Actuarially assumed rate of return until the rate guarantee reserve has been fully funded for three consecutive years and the Board elects to credit additional interest.
	Tier 2 Regular	Amount determined by the Board based on actual investment earnings of the regular account.
	Variable	Actual earnings in variable account.
<i>Retiree Healthcare – Medicare Supplement (RHIA)</i>	Eligibility	All of the following must be met: (a) Currently receiving a retirement allowance from the System, (b) Covered for eight years before retirement, (c) Enrolled in a PERS-sponsored health plan, and (d) Enrolled in both Medicare Part A and Part B.
	Benefit Amount	A monthly contribution of up to \$60 per retiree is applied to PERS-sponsored Medicare supplemental insurance costs.

Summary of Plan Provisions

Summary of Chapter 238 Provisions — Tier 1/Tier 2 and Judges (continued)

<i>Retiree Healthcare – Under Age 65 (RHIPA)</i>	Eligibility	Retired state employees enrolled in a PERS-sponsored health plan.	
	Benefit	A percentage (as shown in the table below) of the maximum monthly subsidy based on years of service. The maximum monthly subsidy is calculated annually as the average difference between the health insurance premiums paid by active state employees and the premium retirees would pay if they were rated separately from active state employees.	
		Years of Service	Subsidized Amount
		Under 8	0%
		8-9	50
		10-14	60
		15-19	70
		20-24	80
		25-29	90
		30 & Over	100
<i>Benefits Not Included in the Valuation</i>	No material benefits have been excluded from the liabilities.		
<i>Changes in Plan Provisions</i>	For Tier 2 members, the workers' compensation offset to the disability benefit has been eliminated.		

Summary of Plan Provisions

Summary of Chapter 238A Provisions — OPSRP

<i>Normal Retirement Date</i>	Police & Fire	Age 60 or age 53 with 25 years of retirement credit
	General Service	Age 65 or age 58 with 30 years of retirement credit
	School Districts	Age 65 or age 58 with 30 calendar years of active membership
<i>Normal Retirement Allowance</i>	A single life annuity equal to final average salary times years of retirement credit attributable to service as fire and police times 1.8% plus final average salary times all other years of retirement credit times 1.5%	
<i>Final Average Salary</i>	<p>The greater of:</p> <ul style="list-style-type: none"> ▪ Average salary earned during the three calendar years in which the member was paid the highest salary, even if one of those years is less than a full calendar year. ▪ Total salary earned over the last 36 months of employment divided by the actual months of service during that 36 month period. <p>Covered salary for this purpose includes base pay, plus overtime up to an average amount, plus bonuses, plus member contributions paid by the employer on a salary reduction basis. Excludes payments of unused vacation or accumulated sick leave at retirement, and member contributions "assumed and paid" by the employer.</p>	
<i>Early Retirement Eligibility</i>	Police & Fire	Age 50 and 5 years of vesting service
	General Service	Age 55 and 5 years of vesting service
<i>Early Retirement Allowance</i>	Normal retirement allowance, actuarially reduced to early retirement age.	
<i>Vesting</i>	Five years or attainment of normal retirement age.	
<i>Vested Termination Benefit</i>	Same as normal (or early) retirement allowance, but commencement is deferred to normal (or early) retirement date.	
<i>Optional Forms of Retirement Benefit</i>	<p>The normal form of benefit is a life annuity. All optional amounts are adjusted to be actuarially equivalent.</p> <p>Options Available</p> <ul style="list-style-type: none"> ▪ Life annuity ▪ Joint and 50% or 100% survivor contingent benefit, with or without pop-up feature ▪ Lump sum if monthly normal retirement benefit is less than \$200 or if lump sum value is less than \$5,000. 	
<i>Preretirement Death Benefit Eligibility</i>	Death of a vested member before retirement benefits begin.	
<i>Preretirement Death Benefit</i>	If member was eligible for early retirement, the actuarial equivalent of 50% of the early retirement benefit the participant was eligible to receive at date of death. If member was not eligible for early retirement, the actuarial equivalent of 50% of the early retirement benefit the participant would have been eligible to receive if he terminated employment on his date of death and retired at the earliest possible date.	
<i>Disability Benefit Eligibility</i>	Duty	Disablement occurring as a direct result of a job-related injury or illness, regardless of length of service.
	Non-Duty	Disablement occurring after ten years of service, but prior to normal retirement eligibility.

Summary of Plan Provisions

Summary of Chapter 238A Provisions — OPSRP (*continued*)

<i>Disability Benefit Amounts</i>	Preretirement Benefit	45% of salary during last full month of employment before disability, reduced if the total benefit exceeds 75% of salary. Benefit is payable monthly until normal retirement age.
	Retirement Benefit	Same formula as Normal Retirement Benefit, except: Final average salary is adjusted to reflect cost-of-living increases from date of disability to normal retirement age, and Retirement credits continue to accrue from date of disability to normal retirement age.
<i>Postretirement Adjustments</i>	All monthly pension and annuity benefits are eligible for postretirement adjustments.	
	Automatic Adjustments	Benefits are adjusted annually to reflect the increase or decrease in the Consumer Price Index (Portland area - all items) as published by the Bureau of Labor Statistics. The maximum adjustment to be made for any year is 2% of the previous year's benefit. Any CPI change in excess of 2% is accumulated for future benefit adjustments which would otherwise be less than 2%. No benefit will be decreased below its original amount.
	Ad Hoc Adjustments	From time to time, as granted by the Legislature, retired members and beneficiaries have received increases in their monthly benefits.
<i>Changes in Plan Provisions</i>	The workers' compensation offset to the disability benefit has been eliminated.	

Glossary

Actuarial Accrued Liability. The portion of the present value of prospective benefits allocated to service before the valuation date in accordance with the actuarial cost method.

Actuarial Asset Value. The value of assets used in calculating the required contributions. The actuarial asset value may be equal to the fair market value of assets, or it may spread the recognition of certain investment gains or losses over a period of years in accordance with an asset valuation method.

Actuarial Assumptions. Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement and retirement; rates of investment earnings and other relevant items.

Actuarial Cost Method. Sometimes called “funding method,” a particular technique used by actuaries to establish the amount and incidence of the annual actuarial cost of pension plan benefits, or normal cost, and the related unfunded actuarial accrued liability. Ordinarily, the annual contribution to the plan comprises the normal cost and an amount for amortization of the unfunded actuarial accrued liability.

Actuarial Gain or (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, as determined in accordance with a particular actuarial cost method.

Agent Multiple-Employer Plan (Agent Plan). An aggregation of single-employer plans, with pooled administrative and investment functions. Separate accounts are maintained for each employer so that the employer’s contributions provide benefits only for the employees of that employer. A separate actuarial valuation is performed for each individual employer’s plan to determine the employer’s periodic contribution rate and other information for the individual plan.

Annual Pension Cost. A measure of the periodic cost of an employer’s participation in a defined benefit pension plan.

Annual Required Contributions (ARC). The employer’s periodic required contributions to a defined benefit pension plan, calculated in accordance with the parameters of GASB 27.

Combined Valuation payroll. Projected payroll for the calendar year following the valuation date for both Tier 1, Tier 2 and OPSRP active members. This payroll is used to calculate UAL rates.

Contribution Deficiencies (excess contributions). The difference between the annual required contributions of the employer(s) (ARC) and the employer’s actual contributions in relation to the ARC.

Cost Sharing Multiple-Employer Plan. A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer.

Employer’s Contributions. Contributions made in relation to the annual required contributions of the employer (ARC).

Funded Ratio. The actuarial value of assets expressed as a percentage of the actuarial accrued liability.

Net Pension Obligation (NPO). The cumulative difference since the effective date of GASB 27 between annual pension cost and the employer’s contributions to the plan, including the pension liability (asset) at transition, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to pension-related debt.

Normal Cost. The annual cost assigned to the current year, under the actuarial cost method in use.

OPSRP Valuation payroll. Projected payroll for the calendar year following the valuation date for OPSRP active members. This payroll is used to calculate OPSRP normal cost rates.

Pre-SLGRP Liability. The sum of Pre-SLGRP Pooled Liabilities and Transition Liabilities.

Pre-SLGRP Pooled Liability. The difference between the total UAL and the UAL attributable to the SLGRP for a pool of employers that joined the SLGRP. There are currently two pre-SLGRP pools. One was created

Glossary

for State Agencies and Community Colleges when the SLGRP was formed. The other one was created when the Local Government Rate Pool joined the SLGRP.

Present Value. Sometimes called “actuarial present value,” the current worth (on the valuation date) of an amount or series of amounts payable or receivable 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.

Required Supplementary Information (RSI). Schedules, statistical data, and other information that are an essential part of financial reporting and should be presented with, but are not part of, the basic financial statements of a governmental entity.

Statement No. 25 of the Governmental Accounting Standards Board (GASB 25). The accounting standard establishing financial reporting standards for defined benefit pension plans.

Statement No. 27 of the Governmental Accounting Standards Board (GASB 27). The accounting standard governing a state or local governmental employer’s accounting for pensions.

Statement No. 43 of the Governmental Accounting Standards Board (GASB 43). The accounting standard establishing financial reporting standards for post-employment benefits other than pensions.

Statement No. 45 of the Governmental Accounting Standards Board (GASB 45). The accounting standard governing a state or local governmental employer’s accounting for post-employment benefits other than pensions.

Tier 1/Tier 2 Valuation payroll. Projected payroll for the calendar year following the valuation date for Tier 1 and Tier 2 active members. This payroll is used to calculate Tier 1/Tier 2 normal cost rates.

Transition Liability. The difference between the total UAL and the UAL attributable to the SLGRP for an individual employer that joined the SLGRP or the Local Government Rate Pool.

Unfunded Actuarial Accrued Liability. The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

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