

January 8, 2008

Actuarial Valuation Report

December 31, 2004

Oregon Public Employees Retirement System

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

MERCER

Human Resource Consulting

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Executive Summary

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

- Present system-wide results of the valuation of the Tier 1/Tier 2 portion the Oregon Public Employees Retirement System, including the retiree medical benefits provided through RHIA and RHIPA, as of December 31, 2004
- Provide interim information on employer contribution rates expected to be implemented July 1, 2007.
- Provide the funded status of Tier 1/Tier 2 as of December 31, 2004
- Provide reporting information for financial statements, government agencies and other interested parties, pursuant to GASB requirements.

This valuation does not cover the Oregon Public Service Retirement Plan (OPSRP) or the Individual Account Program (IAP).

Projected Employer Contribution Rates

This report develops the average employer contribution rates calculated as of December 31, 2004, the rate collar limits for the rates effective July 1, 2007, and the average employer contribution rates that are projected to be effective as of July 1, 2007. The December 31, 2003, valuation developed the employer contribution rates that have been in effect since July 1, 2005, and the December 31, 2005, valuation will develop the employer contribution rates effective July 1, 2007. The table below compares the average employer contribution rates (ignoring the rate collar) in the Tier 1/Tier 2 system as of the current and prior valuation dates.

Rate Pool	December 31, 2004	December 31, 2003
State & Local Government Rate Pool	17.23%	N/A
Independent Employers	11.73%	N/A
School Districts	20.82%	N/A
Judiciary	8.33%	N/A
System-Wide	17.72%	18.89%

To control the volatility of contribution rates, a collar on changes in employer contribution rates has been implemented. The table below shows the minimum and maximum contribution rates that can be effective July 1, 2007, provided the funded status remains between 80 and 120 percent. Please note that for this exhibit all independent employers are treated as a single pool.

Rate Pool	July 1, 2005 Rate	July 1, 2007 Rate	
		Minimum	Maximum
State & Local Government Rate Pool	15.3%	12.2%	18.4%
Independent Employers	11.5%	8.5%	14.5%
School Districts	17.0%	13.6%	20.4%
Judiciary	23.4%	18.7%	28.1%
System-Wide	15.4%	12.3%	18.5%

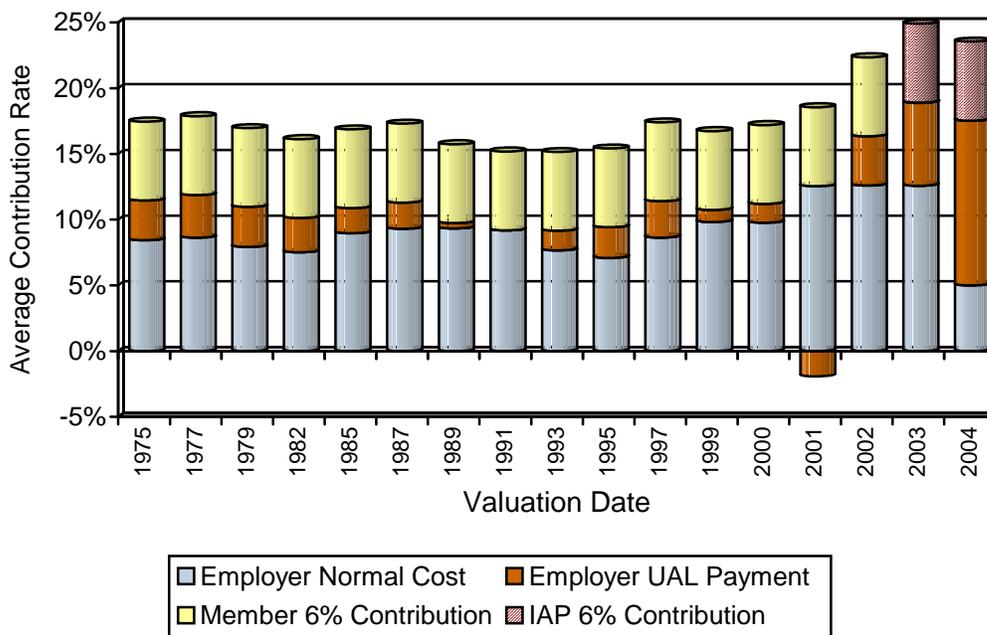
The average system-wide employer contribution rate is expected to increase from 15.4 percent on July 1, 2005, to 18.0 percent on July 1, 2007.

Executive Summary

Projected Employer Contribution Rates *(continued)*

The July 1, 2005, rates represented the first step in a two step phase-in of higher employer rates, although Independent Employers were allowed to elect the full rate instead of the phased-in rate. Without the phase-in approach, the July 1, 2005, average system-wide rate would have been approximately 19.7 percent. Compared to these rates, the system-wide rate as of July 1, 2007 represents a significant reduction in rates that is primarily due to the better than expected investment performance since December 31, 2003. In addition, the projected July 1, 2007, rates do not reflect the Board's decision to deploy reserves.

Employer contribution rates are still higher than their historical average, but as the graph below shows, rates as of the valuation date have improved.



The average normal cost rate has declined dramatically since the 2003 valuation, primarily due to the change in the cost 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, we expect the normal cost rate to increase. However, since the Tier 1/Tier 2 benefit structure is closed to new entrants, the increasing normal cost rate will be offset by a declining population.

The Unfunded Accrued Liability (UAL) increased with the change in cost method, and this increase is being amortized over a rolling three-year period. The resulting increase in the UAL rate nearly offsets the decrease in the normal cost rate. As the normal cost rate increases in the next few years, the portion of the UAL rate due to the change on cost method is expected to decline. The UAL attributable to gains and losses other than the cost method change has decreased significantly, and is the primary source of the reduction in contribution rates.

For an individual employer, the rates shown above are adjusted for side accounts. Side accounts are the result of employer lump sum deposits (usually financed through a pension obligation bond). When a lump sum deposit is made, a side account is established (after transition liabilities have been paid) and used to offset the otherwise

Executive Summary

Projected Employer Contribution Rates *(continued)*

required contribution. As of December 31, 2004, the system has approximately \$5.5 billion in side accounts, an increase of about \$1.1 billion in the last year. Side accounts now reduce the average employer contribution rate by about 5.3 percent of payroll, but there is wide variation between employers. Some employers are now unable to receive full credit for their side accounts as they have no contribution required for pension benefits. However, there is still a contribution required for retiree medical benefits. For individual employers in the SLGRP, the rates shown above are also adjusted for amortization payments on pre-SLGRP liabilities.

Asset Changes

Since December 31, 2003, contributions (including lump sum deposits) for pension benefits have increased assets by approximately 2.5 percent while benefit payments decreased assets by about 5.1 percent. On the whole, assets increased almost 10 percent due to investment returns of approximately 13 percent.

All Reserves	Amount	Percentage of 12/31/03 Market Value
Market value, December 31, 2003	\$43,726.9	
Contributions	1,079.2	2.5%
Investment income	5,897.1	13.5%
Benefit payments	(2,557.5)	(5.8%)
Market value, December 31, 2004	48,145.7	10.1%

amounts in millions

The Contingency reserve nearly doubled from December 31, 2003, and the Rate Guarantee reserve that is used to pay for the 8 percent rate guarantee on Tier 1 member accounts when actual investment earnings are below 8 percent has increased from \$0 million to \$355 million.

Liability Changes

Since December 31, 2003, the system-wide actuarial accrued liability has increased primarily due to the change in actuarial cost method. The entry age normal cost, or the value of benefits attributable to that year of service, was about one-third of the value of benefits paid out during the year. Contributions during the year exceeded the entry age normal cost by 37 percent.

	Amount	Percentage of 12/31/03 AAL Value
Actuarial accrued liability, December 31, 2003	\$44,625.6	
Entry age normal cost	786.2	1.8%
Benefit payments	(2,557.5)	(5.7%)
Interest	3,529.7	7.9%
Other	1,599.6	3.6%
Actuarial accrued liability, December 31, 2004	\$47,983.6	7.5%

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.

Tier 1/Tier 2 Pension	Actuarial Valuation as of		Percent Change
	December 31, 2004	December 31, 2003	
<i>UAL Rate Setting</i>			
Actuarial accrued liability	\$47,398.6	\$44,078.1	8%
Actuarial asset value	\$40,024.2	\$38,278.0	5%
Unfunded actuarial accrued liability	\$7,374.4	\$5,800.1	27%
Funded status	84%	87%	(3%)
Combined valuation payroll	\$6,772.4	\$6,248.5	8%
UAL as a percentage of payroll	109%	93%	15%
<i>Financial Reporting</i>			
Unfunded actuarial accrued liability	\$7,374.4	\$5,800.1	27%
Side Funds/Pre-SLGRP Liabilities	\$5,684.1	\$4,475.3	27%
UAL - Side Funds	\$1,689.7	\$1,324.8	28%
Funded status	96%	97%	(1%)
Combined valuation payroll	\$6,772.4	\$6,248.5	8%
Net UAL as a percentage of payroll	25%	21%	18%
Normal cost	\$303.0	\$774.1	(61%)
Tier 1/Tier 2 valuation payroll	\$6,306.4	\$6,248.5	1%
Normal cost rate	4.80%	12.41%	(61%)

amounts in millions

Executive Summary

Principal Valuation Results *(continued)*

	Actuarial Valuation as of		Percent Change
	December 31, 2004	December 31, 2003	
<i>RHIA</i>			
Actuarial accrued liability	\$556.9	\$522.5	7%
Actuarial asset value	\$148.0	\$117.1	26%
Unfunded actuarial accrued liability	\$408.9	\$405.4	1%
Funded status	27%	22%	23%
Combined valuation payroll	\$6,772.4	\$6,248.5	8%
UAL as a percentage of payroll	6%	6%	0%
Normal cost	\$11.4	\$11.2	2%
Tier 1/Tier 2 valuation payroll	\$6,306.4	\$6,248.5	1%
Normal cost rate	0.18%	0.18%	0%
<i>RHIPA</i>			
Actuarial accrued liability	\$28.1	\$25.0	12%
Actuarial asset value	\$5.2	\$4.0	30%
Unfunded actuarial accrued liability	\$22.9	\$21.0	9%
Funded status	19%	16%	19%
Combined valuation payroll	\$1,851.4	\$1,724.4	7%
UAL as a percentage of payroll	1%	1%	0%
Normal cost	\$1.4	\$0.9	56%
Tier 1/Tier 2 valuation payroll	\$1,701.0	\$1,724.4	(1%)
Normal cost rate	0.08%	0.05%	60%

amounts in millions

Executive Summary

Principal Valuation Results *(continued)*

System-Wide Results	Actuarial Valuation as of		Percent Change
	December 31, 2004	December 31, 2003	
<i>UAL Rate Setting</i>			
Actuarial accrued liability	\$47,983.6	\$44,625.6	8%
Actuarial asset value	\$40,177.4	\$38,399.1	5%
Unfunded actuarial accrued liability	\$7,806.2	\$6,226.5	25%
Funded status	84%	86%	(2%)
Combined valuation payroll	\$6,772.4	\$6,248.5	8%
UAL as a percentage of payroll	115%	100%	15%
<i>Financial Reporting</i>			
Unfunded actuarial accrued liability	\$7,806.2	\$6,226.5	25%
Side Funds/Pre-SLGRP Liabilities	\$5,684.1	4,475.3	27%
UAL - Side Funds	\$2,122.1	1,751.2	21%
Funded status	96%	96%	0%
Combined valuation payroll	\$6,772.4	\$6,248.5	8%
Net UAL as a percentage of payroll	31%	28%	11%
Normal cost	\$315.8	\$786.2	(60%)
Tier 1/Tier 2 valuation payroll	\$6,306.4	\$6,248.5	1%
Normal cost rate	5.01%	12.58%	(60%)

amounts in millions

Executive Summary

Data Summary

	December 31			2003 Total
	2004			
	Tier 1	Tier 2	Total	
Active Members				
Count	76,564	66,071	142,635	153,723
Average age	49.7	42.0	46.1	
Average total service	16	5	11	
Average Tier 1/ Tier 2 valuation payroll	\$47,972	\$35,267	\$42,087	
Dormant Members				
Totals	34,125	27,607	61,732	62,869
Average age	51.7	40.4	46.6	
Average monthly deferred benefit	\$1,234	\$245	\$792	
Retired Members and Beneficiaries				
Totals	126,661	842	127,503	121,648
Average age	69.4	63.4	69.4	
Average monthly benefit	\$1,416	\$249	\$1,409	
Total Tier 1/Tier 2 Members	237,350	94,520	331,870	338,240

Note: the number of dormant and retired members shown above reflects employer segments, not lives.

Effects of Changes

Effective with the December 31, 2004 actuarial valuation the following changes were made:

Actuarial Cost Method

The actuarial cost method was changed from the Entry Age Normal cost method to the Projected Unit Credit cost method. This change was made in order to better reflect the actual accrual of liabilities between past and future service. As a result, the normal cost changed from 12.3 percent of pay to 5.0 percent of pay, and the UAL changed from \$46,168 million to \$47,984 million. The change in the UAL is being amortized over a rolling 3-year period as a level percentage of payroll. As a result, the UAL rate increased by 6.5 percent of pay.

The change in the retiree healthcare actuarial accrued liabilities resulted in a reduction of approximately 0.07 percent in the UAL Rate.

Asset Valuation Method

The asset valuation method was changed from a four-year smoothed value to market value in order to provide more transparency to the plan's true funded status. As a result, the actuarial value of assets increased from \$38,003 million to \$40,177 million. This change is amortized as a part of the regular UAL over 23 years, reducing the UAL rate by 3.4 percent of pay.

The change in the retiree healthcare asset valuation method resulted in a reduction of approximately 0.01 percent in the UAL rate.

Contribution Rate Collar

In order to prevent large swings in contribution rates and to provide budgeting parameters, a rate collar was established that limits changes in contribution rates to the greater of 20 percent of the current rate or 3 percentage points as long as the funded status remains between 80 and 120 percent. Otherwise, the size of the rate collar is doubled.

Rate Guarantee Reserve

The rate guarantee reserve holds earnings that would have otherwise been credited to Tier 1 regular member accounts if not for the statutory limit on earnings crediting of the assumed valuation interest rate until this reserve is fully funded for three consecutive years. Because the Rate Guarantee Reserve will either be used to provide the guaranteed earnings to Tier 1 member regular accounts or to provide additional benefits to Tier 1 members, neither of which is contemplated by the actuarial assumptions, assets in the Rate Guarantee Reserve are excluded from valuation assets. As of December 31, 2004, the Rate Guarantee Reserve holds approximately \$355 million compared to system-wide valuation assets of \$40,152 million.

Pooling Method

The method used to pool employers in the SLGRP has been changed so that all employers in the pool pay the same UAL rate regardless of when they joined the pool. In order to accomplish this change, the portion of liabilities pooled and the portion either not pooled or pooled prior to joining the SLGRP was recalculated. There was no change to any employer's total UAL on a fair value basis.

Effects of Changes

Strunk/Eugene

On March 8, 2005, the Oregon Supreme Court issued its decision in the Strunk case restoring the annual earnings guarantee for Tier 1 member regular accounts and eliminating the temporary COLA freeze for certain retirees. Later in 2005, the Oregon Supreme Court dismissed an appeal as moot, letting the settlement in the Eugene case stand. The settlement reduced interest crediting for 1999 from 20.00 percent to 11.33 percent with the difference in earnings being credited to certain reserves. At the time data was collected for this valuation, PERS had not been able to make the necessary adjustments to reflect these two court decisions. As a result, this valuation reflects estimates of the impacts of the two court decisions on both the assets and liabilities. The combined effect was an increase in projected employer rates of approximately 0.9 percent of payroll for the system as a whole.

Certification

We have prepared an actuarial valuation of the Oregon Public Employees Retirement System as of December 31, 2004. The results of the valuation are set forth in this report, which reflects legislation adopted by December 31, 2004, and court decisions made during 2005.

The valuation is based on financial and membership data furnished by the System and summarized in this report. The System's actuary would not customarily verify this data. We have reviewed the information for internal consistency and reasonableness and have no reason to doubt its substantial accuracy.

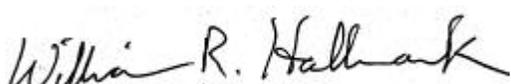
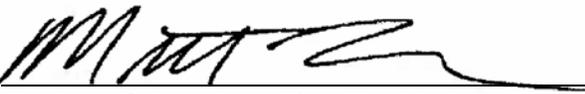
All costs, liabilities and other factors under the System were determined in accordance with generally accepted actuarial principles and procedures, in accordance with the provisions of current State statutes and regulations issued thereunder, using an actuarial cost method which we believe is appropriate. In our opinion, the actuarial assumptions set by the Board are a reasonable estimate of the anticipated experience under the System. This report fully and fairly discloses the actuarial position of the System on an ongoing basis.

The accounting calculations reported herein are consistent with our understanding of the provisions of Government Account Standards Board (GASB) Statements Number 25 and 43.

There have been changes in plan provisions, actuarial methods and actuarial assumptions since the last valuation of the plan. A description of those changes and their financial effect is incorporated in this report.

This report has been prepared exclusively for the Oregon Public Employees Retirement System to provide system-wide contribution rate information and to provide accounting information required under GASB 25 and GASB 43. Mercer Human Resource Consulting is not responsible for consequences arising from the use of this report for any other purposes.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate. The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

	January 8, 2008
Annette A. Strand, FSA, EA	Date
	January 8, 2008
William R. Hallmark, ASA, EA, MAAA Principal	Date
I have reviewed and found acceptable the actuarial assumptions, methods and procedures used in this valuation.	
	January 8, 2008
Matthew R. Larrabee, FSA, EA, MAAA Principal	Date
Mercer Human Resource Consulting 111 SW Columbia Avenue, Suite 500 Portland, Oregon 97201-5839 503 273 5900	

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.

Section 1: Assets

This section summarizes the current Tier 1/Tier 2, RHIA, and RHIPA assets and the historical growth of those assets.

The table below summarizes the market value of assets, as provided by PERS, for the current and prior years.

Statement of Plan Net Assets	December 31, 2004				December 31, 2003
	Tier 1/Tier 2 Pension	RHIA	RHIPA	Totals	Totals
1. Cash and short-term investments	\$2,952.4	\$13.5	\$0.5	\$2,966.4	\$2,686.0
2. Receivables	731.6	3.0	0.1	734.7	510.1
3. Investments at fair value	46,507.8	135.8	4.8	46,648.4	42,420.7
4. Other	19.0	1.3	0.0	20.3	11.8
5. Total assets	50,210.8	\$153.6	\$5.4	\$50,369.8	\$45,628.6
6. Liabilities	(2,218.3)	(5.6)	(0.2)	(2,224.1)	(1,901.6)
7. Net assets held in trust	47,992.5	\$148.0	\$5.2	\$48,145.7	\$43,727.0

amounts in millions

The Tier 1/Tier 2 valuation assets include the Member reserve, the Employer reserve and the Benefits-in-Force (BIF) reserve. Employers who have joined the State & Local Government Rate Pool (SLGRP) may also have a pre-SLGRP pooled liability/surplus and/or a transition liability/surplus. These liabilities and surpluses are treated as loans to or from the SLGRP. For SLGRP UAL rate-setting purposes, these amounts are treated as receivables or payables.

Employer lump sum 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 basic contribution rates, 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. 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.

Section 1: Assets

The following table summarizes the assets in each of these key reserves. The total market value differs from the total market value reported by PERS due to the differing treatment of the pre-SLGRP liabilities. Also, effective with the December 31, 2004 valuation, the actuarial value of assets has been changed from a four-year smoothed value to market value.

	Actuarial Valuation as of		Percent Change
	December 31, 2004	December 31, 2003	
<i>Tier 1/Tier 2 Pension Plan</i>			
1. Member reserve	\$9,073.0	\$9,005.7	0.7%
2. Employer reserve	11,382.6	10,375.8	9.7%
3. Benefits-in-force reserve	19,695.4	18,526.3	6.3%
4. Net outstanding pre-SLGRP liabilities	(126.8)	(126.1)	0.6%
5. Total valuation assets	\$40,024.2	\$37,781.7	5.9%
6. Total actuarial valuation assets	\$40,024.2	\$38,151.9	4.9%
7. Side accounts	5,557.9	4,475.3	24.2%
8. Total pension assets (5. + 7.)	\$45,582.1	\$42,257.0	7.9%
9. Total pension actuarial assets (6. + 7.)	\$45,582.1	\$42,627.2	6.9%
<i>Retiree Healthcare Plans</i>			
10. RHIA assets	148.0	119.2	24.2%
11. RHIA actuarial assets	148.0	117.1	26.4%
12. RHIPA assets	5.2	3.7	40.5%
13. RHIPA actuarial assets	5.2	4.0	30.0%
14. Total retiree healthcare assets (10.+12.)	\$153.2	\$122.9	24.7%
15. Total retiree healthcare actuarial assets (11. + 13.)	\$153.2	\$121.1	26.5%
<i>Other Reserves</i>			
16. Contingency reserve	1,472.9	787.9	86.9%
17. Capital preservation reserve	456.0	432.9	5.3%
18. Rate guarantee reserve	354.7	-	N/A
19. Total other reserves	\$2,283.6	\$1,220.8	87.1%
20. Total market value of assets	\$48,018.9	\$43,600.7	10.1%

amounts in millions

Total assets have grown about 10% since the prior valuation reflecting contributions and investment earnings less benefit payments. The actuarial value of assets has grown at a slower pace due to the expansion of the Contingency, Capital Preservation and Rate Guarantee Reserves. Investment earnings and new deposits helped side accounts grow by 24%.

Section 1: Assets

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 (following the January 1, 2004, fresh start) to the current valuation. It also shows the reconciliation of the total transition liability or surplus from the last valuation to the current valuation. Section 3 provides details regarding the fresh start of the SLGRP.

	State and Community Colleges	Local Government Rate Pool	Transition	Total
1. Pre-SLGRP liability/(surplus), December 31, 2003	\$614.7	(\$254.1)	(\$486.7)	(\$126.1)
2. Employer contributions attributable to liability	34.0	(16.1)	(31.3)	(13.4)
3. Supplemental payments	0.0	0.0	5.0	5.0
4. Interest	46.5	(19.0)	(36.6)	(9.1)
5. Pre-SLGRP liability/(surplus), December 31, 2004 (1. - 2. - 3. + 4.)	\$627.2	(\$257.0)	(\$497.0)	(\$126.8)

amounts in millions

Section 1: Assets

For valuation purposes, pension assets are allocated to individual employers or pools to determine employer contribution rates. Retiree healthcare rates are determined on a system-wide basis. For this exhibit, all independent employers have been grouped together.

	December 31, 2004					
	SLGRP	Independent Employers	Multnomah County FD #10	School Districts	Judiciary	System Totals
<i>Tier 1/Tier 2 Pension Plan</i>						
Member reserves	\$4,719.1	\$977.2	\$0.9	\$3,338.6	\$37.2	\$9,073.0
Employer reserves	6,015.0	1,552.1	(111.5)	3,878.2	48.8	11,382.6
Benefits-in-force reserves	9,289.5	1,497.7	48.4	8,808.7	51.1	19,695.4
Net outstanding pre-SLGRP liabilities	(126.8)	0.0	0.0	0.0	0.0	(126.8)
Total actuarial value of assets	\$19,896.8	\$4,027.0	\$(62.2)	\$16,025.5	\$137.1	\$40,024.2
<i>Retiree Healthcare Plans</i>						
RHIA assets						148.0
RHIPA assets						5.2
Total actuarial value of assets						\$153.2
<i>System-Wide</i>						
Total actuarial value of assets						\$40,177.4

amounts in millions

Section 1: Assets

A reconciliation of the market value of Tier 1/Tier 2 pension assets, side accounts and pension reserves is shown below.

Reconciliation of Tier 1/Tier 2 Pension Assets ¹	Valuation Assets	Side Accounts	Contingency Reserve	Capital Preservation Reserve	Rate Guarantee Reserve	System Totals
Additions						
1. Contributions						
a. Employer	\$ 359.8	\$ 664.6	\$ -	\$ -	\$ -	\$ 1,024.4
b. Transfer from side accounts	245.8	(245.8)	-	-	-	-
c. Judge member contributions	-	-	-	-	-	-
d. Member service purchases	14.2	-	-	-	-	14.2
e. Total	\$ 619.8	\$ 418.8	\$ -	\$ -	\$ -	\$ 1,038.6
2. Net investment income						
a. Transfers	\$ 32.8	\$ (32.8)	\$ -	\$ -	\$ -	\$ -
b. From investments	4,123.7	696.8	685.0	23.1	354.7	5,883.3
c. Total	4,156.5	664.0	685.0	23.1	354.7	5,883.3
3. Other ²	23.4	-	-	-	-	23.4
4. Total additions	\$ 4,799.7	\$ 1,082.8	\$ 685.0	\$ 23.1	\$ 354.7	\$ 6,945.3
Deductions						
5. Retirement and survivor benefits	\$ (2,450.1)	\$ -	\$ -	\$ -	\$ -	\$ (2,450.1)
6. Death Benefits	(5.4)	-	-	-	-	(5.4)
7. Refund of contributions	(75.3)	-	-	-	-	(75.3)
9. Administrative expenses	(25.8)	(0.2)	-	-	-	(26.0)
10. Total deductions	\$ (2,556.6)	\$ (0.2)	\$ -	\$ -	\$ -	\$ (2,556.8)
11. Net change	\$ 2,243.1	\$ 1,082.6	\$ 685.0	\$ 23.1	\$ 354.7	\$ 4,388.5
12. Net assets held in trust for pension benefits						-
a. Beginning of year	\$ 37,907.9	\$ 4,475.3	\$ 787.9	\$ 432.9	\$ -	\$ 43,604.0
b. End of year	\$ 40,151.0	\$ 5,557.9	\$ 1,472.9	\$ 456.0	\$ 354.7	\$ 47,992.5

¹ The reconciliation of assets is provided by PERS, except for item 1.b., "Transfer from side accounts," which is calculated by Mercer as part of the valuation process.

² Includes TRFA transfer from MetLife.

Amounts in millions

Section 1: Assets

A reconciliation of retiree healthcare assets is shown below.

Reconciliation of Assets ¹	RHIA	RHIPA	Retiree Healthcare Totals
Additions			
1. Employer contributions	\$37.9	\$2.7	\$40.6
2. Net investment income	16.6	0.6	17.2
3. Total additions	\$54.5	\$3.3	\$57.8
Deductions			
4. Healthcare premium subsidies	(\$25.0)	(\$1.7)	(\$26.7)
5. Administrative expenses	(0.7)	(0.1)	(0.8)
6. Total deductions	(\$25.7)	(\$1.8)	(\$27.5)
7. Net change	\$28.8	\$1.5	\$30.3
8. Net assets held in trust for benefits			
a. Beginning of year	\$119.2	\$3.7	\$122.9
b. End of year	\$148.0	\$5.2	\$153.2

amounts in millions

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, 2003, to December 31, 2004, is shown below on a pool basis. For this exhibit, all independent employers are grouped together.

Tier 1/Tier 2 Pension Plan	SLGRP	Independent Employers	School Districts	System Totals
Side Accounts, December 31, 2003	\$2,472.4	\$-	\$2,002.9	\$4,475.3
Deposits during 2004	185.1	32.6	446.9	664.6
Interest	365.3	3.7	327.7	696.7
Administrative expenses	-	-	0.1	0.1
Rate relief used for 2004	(135.7)	(1.1)	(109.0)	(245.8)
Interest on rate relief at employer reserve rate	(18.0)	(0.2)	(14.6)	(32.8)
Total transferred to employer reserves	(153.7)	(1.3)	(123.6)	(278.6)
Side Accounts, December 31, 2004	\$2,869.1	\$35.0	\$2,653.8	\$5,557.9

amounts in millions

¹ The reconciliation of assets is provided by PERS.

Section 1: Assets

Change in Actuarial Value of Assets due to Change in Asset Valuation Method

Effective with the December 31, 2004 actuarial valuation, the asset valuation method was changed from a four-year smoothed value to market value in order to provide more transparency to the plan's true funded status. This change is amortized as a part of the regular UAL over 23 years and results in a reduction in the UAL rate. The following table shows the impact of this change.

	December 31, 2004 Actuarial Value		Net Change
	Before Change	After Change	
Pension Plan	\$ 37,849.8	\$ 40,024.2	\$ 2,174.4
RHIA	139.1	148.0	8.9
RHIPA	5.1	5.2	0.1

amounts in millions

Section 2: 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.

In prior valuations, the Entry Age Normal cost was used. This method was designed to produce normal costs that remained level as a percentage of pay. However, this method did not recognize the pattern in which benefits were earned under the Money Match formula. With this valuation, the method has been changed to the Projected Unit Credit method, so the normal cost now reflects the fact that additional accruals under the Money Match formula have ceased.

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

	Tier 1/Tier 2 Pension Plan			Retiree Healthcare Plans		
	December 31, 2004	December 31, 2003	Percent Change	December 31, 2004	December 31, 2003	Percent Change
Normal Cost						
Service retirement	\$275.5	\$641.0	(57.0%)	\$11.0	N/A	N/A
Vested benefits	7.1	87.9	(91.9%)	1.1	N/A	N/A
Duty disability	3.4	8.7	(61.3%)	0.0	N/A	N/A
Non-duty disability	16.9	36.4	(53.5%)	0.4	N/A	N/A
Death	0.0	0.1	0.0%	0.2	N/A	N/A
Total Normal Cost	\$303.0	\$774.1	(60.9%)	\$12.8	\$12.1	5.8%

amounts in millions

The reduction in the normal cost since the prior valuation is primarily attributable to the cost method change effective with the December 31, 2004 valuation. The table below reconciles the normal cost from the prior valuation to the current valuation. 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. Because of the relative magnitude, we did not calculate the expected increase or the specific sources of gain and loss for RHIA and RHIPA.

	Tier 1/Tier 2 Pension	RHIA	RHIPA	Total
Normal Cost December 31, 2003	\$774.1	\$11.2	\$0.9	\$786.2
Expected Increase	(13.5)			(13.5)
Method Change	(459.3)	0.3	0.2	(458.8)
Deviations from Expected Experience				
Age and service retirements from active status	5.4			5.4
Active mortality and withdrawal	(8.4)			(8.4)
Pay increases	9.6			9.6
All other sources	(4.9)			(4.9)
Total demographic (gains) and losses	\$1.7	(\$0.1)	\$0.3	\$1.9
Normal Cost December 31, 2004	\$303.0	\$11.4	\$1.4	\$315.8

amounts in millions

Section 2: Liabilities

Normal Cost *(continued)*

A summary of the normal cost by Tier and employment category for each group is shown below. For this exhibit, all independent employers have been grouped together.

	December 31, 2004				December 31, 2003		Percent Change
	SLGRP	Independent Employers	School Districts	Judiciary	System Totals	System Totals	
<i>Tier 1/Tier 2 Pension</i>							
Normal Cost							
Tier 1 General Service	\$37.8	\$9.9	\$42.3	\$5.0	\$95.0	\$396.6	(76.0%)
Tier 2 General Service	66.3	18.8	51.3	0.0	136.4	252.0	(45.9%)
Tier 1 Police & Fire	25.4	11.8	0.0	0.0	37.2	75.2	(50.5%)
Tier 2 Police & Fire	26.0	8.4	0.0	0.0	34.4	50.3	(31.6%)
Total Normal Cost	\$155.5	\$48.9	\$93.6	\$5.0	\$303.0	\$774.1	(60.9%)
<i>Retiree Healthcare</i>							
RHIA					\$11.4	\$11.2	1.8%
RHIPA					1.4	0.9	62.8%
Total Normal Cost					\$12.8	\$12.1	6.1%
<i>System-Wide Normal Cost</i>							
Total Normal Cost					\$315.8	\$786.2	(59.8%)

amounts in millions

Section 2: Liabilities

Actuarial Accrued Liability

The actuarial accrued liability represents the value of benefits attributed to prior years of service by the actuarial cost method. In prior valuations, the Entry Age Normal cost method was used to attribute liabilities to prior years of service. This method was effective for Full Formula benefits. However, for Money Match benefits, the method created a liability lower than the value of benefits earned to date. With this valuation, the method has been changed to the Projected Unit Credit method, which produces an actuarial accrued liability equal to or greater than the value of benefits earned to date.

A summary of the actuarial accrued liability by decrement is shown below on a system-wide basis for the Tier 1/Tier 2 pension and retiree healthcare benefits.

Actuarial Accrued Liability	Tier 1/Tier 2 Pension Plan			Retiree Healthcare Plans		
	12/31/2004	12/31/2003	Percent Change	12/31/2004	12/31/2003	Percent Change
Active						
Service retirement	\$15,805.3	\$14,760.2	7.1%	\$142.1	N/A	N/A
Vested benefits	1,816.4	1,253.2	44.9%	11.3	N/A	N/A
Duty disability	85.3	37.2	129.3%	0.4	N/A	N/A
Non-duty disability	687.9	515.1	33.5%	5.8	N/A	N/A
Death	247.2	112.3	120.1%	2.0	N/A	N/A
Total Actives	\$18,642.1	\$16,678.0	11.8%	\$161.6	\$164.4	(1.7%)
Dormant Members	3,791.9	3,774.2	0.5%	25.0	25.3	(1.2%)
Retired Members and Beneficiaries	24,964.6	23,625.9	5.7%	398.4	357.8	11.3%
Total Actuarial Accrued Liability	\$47,398.6	\$44,078.1	7.5%	\$585.0	\$547.5	6.8%

amounts in millions

Section 2: Liabilities

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 have been grouped together.

	December 31, 2004						December 31, 2003		Percent Change
	SLGRP	Independent Employers	Multnomah County FD #10	School Districts	Judiciary	System Totals	System Totals		
Tier 1/Tier 2 Pension									
Active Members									
Tier 1 General Service	\$ 7,322.8	\$ 1,271.3	\$ 0.2	\$ 6,588.9	\$ 60.6	\$ 15,243.8	\$ 13,845.4	10.1%	
Tier 1 Police & Fire	1,214.2	\$ 533.0	2.1	3.3	-	1,752.6	1,618.0	8.3%	
Tier 1 Total	\$ 8,537.0	\$ 1,804.3	\$ 2.3	\$ 6,592.2	\$ 60.6	\$ 16,996.4	\$ 15,463.4	9.9%	
Tier 2 General Service	694.9	203.8	-	486.3	-	1,385.0	1,048.7	32.1%	
Tier 2 Police & Fire	198.4	61.0	-	1.3	-	260.7	165.9	57.1%	
Tier 2 Total	\$ 893.3	\$ 264.8	\$ -	\$ 487.6	\$ -	\$ 1,645.7	\$ 1,214.6	35.5%	
Total Active Members	\$ 9,430.3	\$ 2,069.1	\$ 2.3	\$ 7,079.8	\$ 60.6	\$ 18,642.1	\$ 16,678.0	11.8%	
Dormant Members	2,202.1	347.5	0.3	1,237.9	4.1	3,791.9	3,774.2	0.5%	
Retired Members and Beneficiaries	11,774.8	1,898.3	61.3	11,165.4	64.8	24,964.6	23,625.9	5.7%	
Total Pension Liability	\$ 23,407.2	\$ 4,314.9	\$ 63.9	\$ 19,483.1	\$ 129.5	\$ 47,398.6	\$ 44,078.1	7.5%	
Retiree Healthcare									
Active Members						142.8	147.2	(3.0%)	
Dormant Members						25.0	25.3	(1.2%)	
Retired Members and Beneficiaries						389.1	350.0	11.2%	
Total RHIA Liability						\$ 556.9	\$ 522.5	6.6%	
Active Members						18.8	17.2	9.3%	
Retired Members and Beneficiaries						9.3	7.8	19.2%	
Total RHIPA Liability						\$ 28.1	\$ 25.0	12.4%	
Total Retiree Healthcare Liability						\$ 585.0	\$ 547.5	6.8%	
System-Wide									
Total Actuarial Accrued Liability						\$ 47,983.6	\$ 44,625.6	7.5%	

Amounts in millions

Section 2: Liabilities

Actuarial Accrued Liability *(continued)*

The change in actuarial accrued liability since the last valuation reflects both the experience of the system and the change in cost method adopted for this valuation. 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. Due to the relative magnitude, we did not calculate the specific sources of gains and losses for RHIA and RHIPA.

	Tier 1/Tier 2			Total
	Pension	RHIA	RHIPA	
Actuarial Accrued Liability 12/31/2003	\$44,078.1	\$522.5	\$25.0	\$44,625.6
Expected Change	1,730.2	27.9	1.2	1,759.3
Method Change	1,230.6	(12.6)	(3.1)	1,214.9
<i>Deviations from expected experience</i>				
Age & Service Retirements from Active Status	69.1			69.1
Disability Retirements from Active Status	19.7			19.7
Active Mortality and Withdrawal	(29.2)			(29.2)
Pay Increases	(4.1)			(4.1)
Retirement, Mortality and Lump Sums from Dormant Status	(223.7)			(223.7)
Retiree and Beneficiary Mortality	13.0			13.0
Other	514.9			514.9
Total demographic (gains) and losses	359.7	19.1	5.0	383.8
Actuarial Accrued Liability 12/31/2004	\$47,398.6	\$556.9	\$28.1	\$47,983.6

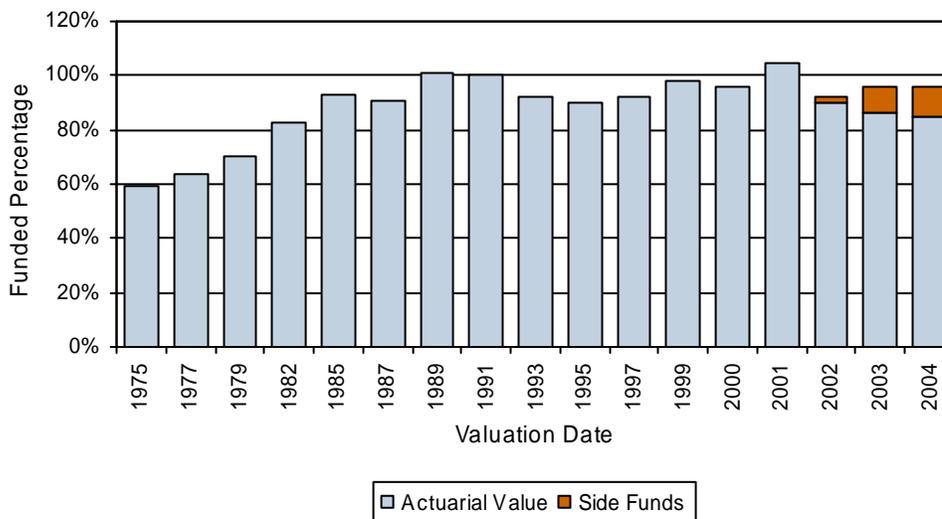
amounts in millions

Section 3: Unfunded Accrued Liability (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. However, for financial reporting purposes, the UAL and funded status are reported including side accounts. The table below shows the system-wide UAL including and excluding side accounts.

	Tier 1/Tier 2 Pension			Retiree Healthcare		
	12/31/2004	12/31/2003	Percent Change	12/31/2004	12/31/2003	Percent Change
UAL Rate Setting						
1. Actuarial accrued liability	\$47,398.6	\$44,078.1	7.5%	\$585.0	\$547.5	6.8%
2. Actuarial value of assets	\$40,024.2	\$38,151.9	4.9%	\$153.2	\$121.1	26.5%
3. Unfunded accrued liability	\$7,374.4	\$5,926.2	24.4%	\$431.8	\$426.4	1.3%
4. Funded percentage (2. ÷ 1.)	84.4%	86.6%	(2.4%)	26.2%	22.1%	18.4%
5. Combined valuation payroll	\$6,772.4	\$6,248.5	8.4%	\$6,772.4	\$6,248.5	8.4%
6. Unfunded accrued liability as % of combined valuation payroll (3. ÷ 5.)	108.9%	94.8%	14.8%	6.4%	6.8%	(6.6%)
Financial Reporting						
7. Actuarial accrued liability	\$47,398.6	\$44,078.1	7.5%	\$585.0	\$547.5	6.8%
8. Actuarial value of assets	\$45,708.9	\$42,753.3	6.9%	\$153.2	\$121.1	26.5%
9. Unfunded accrued liability	\$1,689.7	\$1,324.8	27.5%	\$431.8	\$426.4	1.3%
10. Funded percentage (8. ÷ 7.)	96.4%	97.0%	(0.6%)	26.2%	22.1%	18.4%
11. Combined valuation payroll	\$6,772.4	\$6,248.5	8.4%	\$6,772.4	\$6,248.5	8.4%
12. Unfunded accrued liability as % of combined valuation payroll (9. ÷ 11.)	25.0%	21.2%	17.7%	6.4%	6.8%	(6.6%)

Since the last valuation, there has been a significant increase in the UAL. Including side accounts, Tier 1/Tier 2 pension benefits are now approximately 96 percent funded, slightly lower than the funded status as of December 31, 2003.



Section 3: Unfunded Accrued Liability (UAL)

A summary of the UAL by pool is shown on the following table. All independent employers have been grouped together for purposes of this exhibit.

December 31, 2004							
Tier 1/Tier 2 Pension Plan	SLGRP	Independent Employers	Multnomah County FD #10	School Districts	Judiciary	System Totals	
UAL Rate Setting							
1. Actuarial accrued liability	\$ 23,407.2	\$ 4,314.9	\$ 63.9	\$ 19,483.1	\$ 129.5	\$ 47,398.6	
2. Actuarial value of assets	\$ 19,896.8	\$ 4,027.0	\$ (62.2)	\$ 16,025.5	\$ 137.1	\$ 40,024.2	
3. Unfunded accrued liability	\$ 3,510.4	\$ 287.9	\$ 126.1	\$ 3,457.6	\$ (7.6)	\$ 7,374.4	
4. Funded percentage (2. ÷ 1.)	85.0%	93.3%	(97.3%)	82.3%	105.9%	84.4%	
5. Combined Valuation Payroll	\$ 3,389.1	\$ 1,034.1	\$ 0.0	\$ 2,332.8	\$ 16.4	\$ 6,772.4	
6. Unfunded accrued liability as % of combined valuation payroll (3. ÷ 5.)	103.6%	27.8%	n/a	148.2%	(46.3%)	108.9%	
Financial Reporting							
7. Actuarial accrued liability	\$ 23,407.2	\$ 4,314.9	\$ 63.9	\$ 19,483.1	\$ 129.5	\$ 47,398.6	
8. Actuarial value of assets	\$ 22,892.7	\$ 4,062.0	\$ (62.2)	\$ 18,679.3	\$ 137.1	\$ 45,708.9	
9. Unfunded accrued liability	\$ 514.5	\$ 252.9	\$ 126.1	\$ 803.8	\$ (7.6)	\$ 1,689.7	
10. Funded percentage (8. ÷ 7.)	97.8%	94.1%	(97.3%)	95.9%	105.9%	96.4%	
11. Combined Valuation Payroll	\$ 3,389.1	\$ 1,034.1	\$ 0	\$ 2,332.8	\$ 16.4	\$ 6,772.4	
12. Unfunded accrued liability as % of combined valuation payroll (9. ÷ 11.)	15.2%	24.5%	n/a	34.5%	(46.3%)	24.9%	

Amounts in millions

Section 3: Unfunded Accrued Liability (UAL)

Reconciliation of the UAL

The UAL is divided into two components to develop employer rates: the UAL attributable to the change to Projected Unit Credit (PUC) funding method as of December 31, 2004, and the regular UAL. The UAL is expected to increase with interest and normal cost less contributions. Since the change to PUC was effective with an interim valuation, no contributions will be allocated to this portion of the UAL until the contribution rate changes take effect July 1, 2007. The following table reconciles the UAL and each of its components from the prior valuation to the current valuation.

	PUC Change	Regular	Total
<i>Tier 1/Tier 2 Pension</i>			
Unfunded Accrued Liability, 12/31/2003	\$0.0	\$5,926.2	\$5,926.2
Normal cost		774.1	774.1
Contributions		(685.6)	(685.6)
Interest		508.6	508.6
Liability (gain) or loss		359.8	359.8
Asset (gain) or loss		1,435.2	1,435.2
Method changes	1,230.5	(2,174.4)	(943.9)
Unfunded Accrued Liability, 12/31/2004	\$1,230.5	\$6,143.9	\$7,374.4
<i>RHIA</i>			
Unfunded Accrued Liability, 12/31/2003	\$0.0	\$405.4	\$405.4
Normal cost	0.0	11.2	11.2
Contributions	0.0	(37.9)	(37.9)
Interest	0.0	31.8	31.8
Liability (gain) or loss		19.1	19.1
Asset (gain) or loss		0.8	0.8
Method changes	(12.6)	(8.9)	(21.5)
Unfunded Accrued Liability, 12/31/2004	\$(12.6)	\$421.5	\$408.9
<i>RHIPA</i>			
Unfunded Accrued Liability, 12/31/2003	\$0.0	21.0	\$21.0
Normal cost	0.0	0.9	0.9
Contributions	0.0	(2.7)	(2.7)
Interest	0.0	1.6	1.6
Liability (gain) or loss		5.0	5.0
Asset (gain) or loss		0.2	0.2
Method changes	(3.1)	0.0	(3.1)
Unfunded Accrued Liability, 12/31/2004	\$(3.1)	\$26.0	\$22.9

Amounts in millions

Section 3: Unfunded Accrued Liability (UAL)

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.

On the following pages, the actuarial gain/(loss) is developed for each pool.

Section 3: Unfunded Accrued Liability (UAL)

Actuarial Gain or Loss since Prior Valuation *(continued)*

The table below shows the development of the actuarial gain (or loss) for the Tier 1/Tier 2 pension benefits.

Tier 1/Tier 2 Pension	December 31, 2004					
	SLGRP	Independent Employers	Multnomah County FD #10	School Districts	Judiciary	System Totals
1. Expected actuarial accrued liability						
a. Actuarial accrued liability at December 31, 2003	\$ 21,775.9	\$ 3,883.5	\$ 65.0	\$ 18,216.3	\$ 137.4	\$ 44,078.1
b. Normal cost at December 31, 2003	\$ 388.1	\$ 113.8	\$ 0.0	\$ 267.7	\$ 4.6	\$ 774.1
c. Benefit payments for fiscal year ending December 31, 2004	\$ (1,193.7)	\$ (192.4)	\$ (6.2)	\$ (1,131.9)	\$ (6.6)	\$ (2,530.9)
d. Interest	\$ 1,725.4	\$ 312.1	\$ 5.0	\$ 1,433.4	\$ 11.1	\$ 3,487.0
e. Expected actuarial accrued liability before changes (a. + b. + c. + d.)	\$ 22,695.6	\$ 4,116.9	\$ 63.8	\$ 18,785.5	\$ 146.5	\$ 45,808.3
f. Change in actuarial accrued liability at December 31, 2004, due to method change	\$ 577.8	\$ 149.4	\$ 0.0	\$ 510.8	\$ (7.5)	\$ 1,230.5
g. Expected actuarial accrued liability at December 31, 2004 (e. + f.)	\$ 23,273.5	\$ 4,266.3	\$ 63.8	\$ 19,296.2	\$ 139.0	\$ 47,038.8
2. Actuarial accrued liability at December 31, 2004	\$ 23,407.2	\$ 4,314.9	\$ 63.9	\$ 19,483.1	\$ 129.5	\$ 47,398.6
3. Liability gain/(loss) (1.g. - 2)	\$ (133.7)	\$ (48.6)	\$ (0.1)	\$ (186.9)	\$ 9.5	\$ (359.8)
4. Expected actuarial value of assets						
a. Actuarial value of assets at December 31, 2003	\$ 18,801.0	\$ 3,637.7	\$ (30.3)	\$ 15,618.9	\$ 124.7	\$ 38,152.0
b. Actual contributions for 2004	\$ 365.9	\$ 74.9	\$ 0.0	\$ 242.1	\$ 2.7	\$ 685.6
c. Benefit payments for fiscal year ending December 31, 2004	\$ (1,193.7)	\$ (192.4)	\$ (6.2)	\$ (1,131.9)	\$ (6.6)	\$ (2,530.9)
d. Interest	\$ 1,471.0	\$ 286.3	\$ (2.7)	\$ 1,213.9	\$ 9.8	\$ 2,978.3
e. Expected actuarial value of assets at December 31, 2004 (a. + b. + c. + d. + e.)	\$ 19,444.2	\$ 3,806.5	\$ (39.2)	\$ 15,943.0	\$ 130.6	\$ 39,285.0
f. Change in actuarial value of assets at December 31, 2004, due to method change	\$ 1,140.0	\$ 124.3	\$ (23.0)	\$ 925.5	\$ 7.6	\$ 2,174.4
g. Expected actuarial value of assets at December 31, 2004 (e. + f.)	\$ 20,584.2	\$ 3,930.7	\$ (62.2)	\$ 16,868.5	\$ 138.2	\$ 41,459.4
5. Actuarial value of assets as of December 31, 2004	\$ 19,896.8	\$ 4,027.0	\$ (62.2)	\$ 16,025.5	\$ 137.1	\$ 40,024.2
6. Asset gain/(loss) (5. - 4g.)	\$ (687.4)	\$ 96.3	\$ 0.0	\$ (843.0)	\$ (1.1)	\$ (1,435.2)
7. Net actuarial gain/(loss) (3. + 6.)	\$ (821.1)	\$ 47.7	\$ (0.1)	\$ (1,029.8)	\$ 8.4	\$ (1,795.0)

Amounts in millions

Section 3: Unfunded Accrued Liability (UAL)

Actuarial Gain or Loss since Prior Valuation (*continued*)

The table below shows the development of the actuarial gain (or loss) for RHIA and RHIPA.

Retiree Healthcare	RHIA	RHIPA	System Totals
1. Expected actuarial accrued liability			
a. Actuarial accrued liability at December 31, 2003	\$ 522.5	\$ 25.0	\$ 547.5
b. Normal cost at December 31, 2003	\$ 11.2	\$ 0.9	\$ 12.1
c. Benefit payments for fiscal year ending December 31, 2004	\$ (25.0)	\$ (1.7)	\$ (26.7)
d. Interest	\$ 41.7	\$ 2.0	\$ 43.7
e. Expected actuarial accrued liability before changes (a. + b. + c. + d.)	\$ 550.4	\$ 26.2	\$ 576.6
f. Change in actuarial accrued liability at December 31, 2004, due to method change	\$ (12.6)	\$ (3.1)	\$ (15.7)
g. Expected actuarial accrued liability at December 31, 2004 (e. + f.)	\$ 537.8	\$ 23.1	\$ 560.9
2. Actuarial accrued liability at December 31, 2004	\$ 556.9	\$ 28.1	\$ 585.0
3. Liability gain/(loss) (1.g. - 2)	\$ (19.1)	\$ (5.0)	\$ (24.1)
4. Expected actuarial value of assets			
a. Actuarial value of assets at December 31, 2003	\$ 117.1	\$ 4.0	\$ 121.1
b. Actual contributions for 2004	\$ 37.9	\$ 2.7	\$ 40.6
c. Benefit payments for fiscal year ending December 31, 2004,	\$ (25.0)	\$ (1.7)	\$ (26.7)
d. Interest	\$ 9.9	\$ 0.4	\$ 10.3
e. Expected actuarial value of assets at December 31, 2004 (a. + b. + c. + d.)	\$ 139.9	\$ 5.4	\$ 145.3
f. Change in actuarial value of assets at December 31, 2004, due to method change	\$ 8.9	\$ -	\$ 8.9
g. Expected actuarial accrued liability at December 31, 2004 (e. + f.)	\$ 148.8	\$ 5.4	\$ 154.2
5. Actuarial value of assets at December 31, 2004	\$ 148.0	\$ 5.2	\$ 153.2
6. Asset gain/(loss) (5. - 4.g.)	\$ (0.8)	\$ (0.2)	\$ 7.9
7. Net actuarial gain/(loss) (3. + 6.)	\$ (19.9)	\$ (5.2)	\$ (25.1)

Amounts in millions

Section 3: Unfunded Accrued Liability (UAL)

Fresh-Start of the State & Local Government Rate Pool

In the past, the SLGRP operated as a separate pool for each year. With each valuation, a new pool was created with its own UAL and contribution rate. As a result, the development of contribution rates became complex and difficult to understand. In addition, the allocation of contributions to different portions of the UAL and transition liabilities became complex and produced unexpected results.

Consequently, a new pooling method was developed for the SLGRP that results in a single, common UAL rate for every employer in the SLGRP. There are adjustments to this rate for any pre-SLGRP pooled liabilities and any transition liabilities or surpluses.

In order to implement the new pooling method, a portion of liabilities that are considered part of the SLGRP and the portion that are considered transition liabilities or pre-SLGRP pooled liabilities were recalculated. The recalculation starts with the liabilities and assets reported for each employer in the December 31, 2003 actuarial valuation report reflecting the prior effects of pooling, and re-allocates the UAL such that every employer has the same pooled market value UAL as a percentage of valuation payroll. The table below shows the calculations for the pool.

SLGRP Data	December 31, 2003
1. Actuarial accrued liability	\$ 21,775.9
2. Market value of assets	18,744.1
3. Net transition liability/(surplus)	(126.1)
4. Market value UAL (1. – 2. – 3.)	\$ 3,157.9
5. Valuation payroll	3,180.4
6. SLGRP market value UAL as a percentage of valuation payroll (4. ÷ 5.)	99.29%

Amounts in millions

The calculations for the Pre-SLGRP pooled liabilities of the Local Government Rate Pool (LGRP) are shown below:

LGRP Data	December 31, 2003
1. LGRP valuation payroll	\$ 887.6
2. LGRP market value UAL	312.8
3. SLGRP market value UAL as a percentage of valuation payroll	99.29%
4. Allocated SLGRP portion of market value UAL (1. × 3.)	\$ 881.3
5. LGRP net transition liability/(surplus)	(314.3)
6. Remaining pre-SLGRP pooled liability (2. – 4. – 5.)	(254.1)
7. Pre-SLGRP pooled liability as a percentage of payroll (6. ÷ 1.)	-28.633%

Amounts in millions

The “SLGRP market value UAL as a percentage of valuation payroll”, 99.29 percent, is then applied to each employer in the SLGRP to determine the portion of each employer’s UAL that is allocated to the SLGRP. For employers in the LGRP, the “Pre-SLGRP pooled liability as a percentage of payroll” is applied to each employer to determine the portion of their UAL allocated to pre-SLGRP pooled liability. The remaining UAL is the transition liability/surplus for that particular employer.

Section 3: Unfunded Accrued Liability (UAL)

Fresh-Start of the State & Local Government Rate Pool (*continued*)

As shown in the following table, there has been no change in the amount of the market value UAL due to the fresh start of the SLGRP. The only change is in the portion that is pooled and the portion that is the responsibility of an individual employer. In general, a greater portion of the liability has been pooled.

Summary of Market Value UAL Before and After Fresh Start	January 1, 2004	December 31, 2003
1. Allocated SLGRP UAL	\$3,157.9	(\$1,006.3)
2. Allocated pre-SLGRP pooled liability	\$360.6	\$4,163.8
3. Transition liability/(surplus)	(\$486.7)	(\$125.7)
4. Market value UAL (1. + 2. + 3.)	\$3,031.8	\$3,031.8

Amounts in millions

Section 4: Contribution Rate Development

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 the benefits.

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

	Tier 1/Tier 2 Pension		
	12/31/2004	12/31/2003	Percent Change
Normal Cost			
a. Service Retirement	\$ 275.5	\$ 641.0	(57.0%)
b. Vested Benefits	7.1	87.9	(91.9%)
c. Duty Disability	3.4	8.7	(61.3%)
d. Nonduty Disability	16.9	36.4	(53.5%)
e. Death	0.0	0.1	0.0%
f. Total Normal Cost	\$ 303.0	\$ 774.1	(60.9%)
Tier 1/ Tier 2 Valuation Payroll	\$ 6,306.5	\$ 6,236.8	1.1%
Average Normal Cost Rate			
a. Service Retirement	4.37%	10.28%	(57.5%)
b. Vested Benefits	0.11%	1.41%	(92.2%)
c. Duty Disability	0.05%	0.14%	(64.3%)
d. Nonduty Disability	0.27%	0.58%	(53.4%)
e. Death	0.00%	0.00%	0.0%
f. Average Normal Cost Rate	4.80%	12.41%	(61.3%)

Amounts in millions

Section 4: Contribution Rate Development

Normal Cost *(continued)*

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

Tier 1/Tier 2 Pension	December 31, 2004					System Totals
	SLGRP	Independent Employers	School Districts	Judiciary (Including Member Contributions)		
Normal Cost						
Tier 1 General Service	\$ 37.8	\$ 9.9	\$ 42.3	\$ 5.0	\$	95.0
Tier 2 General Service	\$ 66.3	\$ 18.8	\$ 51.3	\$ 0.0	\$	136.4
Tier 1 Police & Fire	\$ 25.4	\$ 11.8	\$ 0.0	\$ 0.0	\$	37.2
Tier 2 Police & Fire	\$ 26.0	\$ 8.4	\$ 0.0	\$ 0.0	\$	34.4
Total Normal Cost	\$ 155.5	\$ 48.9	\$ 93.6	\$ 5.0	\$	303.0
Tier 1/ Tier 2 Valuation Payroll						
Tier 1 General Service	\$ 1,558.9	\$ 410.2	\$ 1,412.5	\$ 16.4	\$	3,398.0
Tier 2 General Service	\$ 1,075.2	\$ 330.3	\$ 761.1	\$ 0.0	\$	2,166.6
Tier 1 Police & Fire	\$ 308.5	\$ 127.7	\$ 0.0	\$ 0.0	\$	436.2
Tier 2 Police & Fire	\$ 228.4	\$ 77.3	\$ 0.0	\$ 0.0	\$	305.7
Total Valuation Payroll	\$ 3,171.0	\$ 945.5	\$ 2,173.6	\$ 16.4	\$	6,306.5
Average Normal Cost Rates						
Tier 1 General Service	2.43%	2.41%	2.99%	30.76%		2.80%
Tier 2 General Service	6.16%	5.69%	6.74%	0.00%		6.30%
Tier 1 Police & Fire	8.25%	9.24%	0.00%	0.00%		8.53%
Tier 2 Police & Fire	11.40%	10.87%	0.00%	0.00%		11.25%
Average Rates						
Tier 1 Average	3.38%	4.03%	2.99%	30.76%		3.45%
Tier 2 Average	7.08%	6.67%	6.74%	0.00%		6.91%
System Average	4.90%	5.17%	4.31%	30.76%		4.80%
Member Contributions				7.00%		0.02%
Employer System Average	4.90%	5.17%	4.31%	23.76%		4.78%

Amounts in millions

Section 4: Contribution Rate Development

Normal Cost *(continued)*

Retiree Healthcare Plans

The table below shows the determination of the Retiree Healthcare normal cost rate. For RHIA, valuation payroll is shown on a system-wide basis. For RHIPA, valuation payroll is for the State of Oregon only.

Retiree Healthcare	December 31, 2004		December 31, 2003	
	RHIA	RHIPA	RHIA	RHIPA
Normal Cost	\$11.4	\$1.4	\$11.2	\$0.9
Tier 1/Tier 2 Valuation Payroll	\$6,306.4	\$1,701.0	\$6,248.5	\$1,724.4
Normal Cost Rate	0.18%	0.08%	0.18%	0.05%

amounts in millions

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

Retiree Healthcare	December 31, 2004				
	SLGRP	Independent Employers	School Districts	Judiciary	System Totals
Tier 1/ Tier 2 Valuation Payroll					
a. Tier1/Tier2	\$3,171.0	\$945.5	\$2,173.6	\$16.4	\$6,306.5
b. State Only Payroll	\$1,684.6	\$0	\$0.0	\$16.4	\$1,701.0
Normal Cost Rate					
a. RHIA	0.18%	0.18%	0.18%	0.18%	0.18%
b. RHIPA	0.08%	0.00%	0.00%	0.08%	0.08%
Average Normal Cost Rate	0.22%	0.18%	0.18%	0.26%	0.20%

Amounts in millions

Section 4: Contribution Rate Development

Pension

Development of System Average UAL Rate

The system average UAL rate is determined by amortizing the unfunded actuarial accrued liability over the period ending December 31, 2027 and expressing the result as a percentage of combined valuation payroll. This method results in a 23-year amortization at December 31, 2004 and a 24-year amortization period as of December 31, 2003.

The change in the unfunded actuarial accrued liability due to the change to the Projected United Credit funding method is amortized over a rolling three-year period and is also expressed as a percentage of combined valuation payroll.

	Tier 1/Tier 2 Pension			Retiree Healthcare		
	12/31/2004	12/31/2003	Percent Change	12/31/2004	12/31/2003	Percent Change
1. Total UAL	\$ 7,374.4	\$ 5,926.2	24.4%	\$ 431.8	\$ 426.4	1.3%
2. Change due to change in actuarial cost method	1,230.5	-	N/A	(15.7)	-	N/A
3. Remaining UAL (1. - 2.)	\$ 6,143.9	\$ 5,926.2	3.7%	\$ 447.5	\$ 426.4	4.9%
4. Combined valuation payroll	\$ 6,772.4	\$ 6,248.5	8.4%	\$ 6,772.4	\$ 6,248.5	8.4%
5. 3-year Amortization Factor	2.841	2.841	0.0%	2.841	2.841	0.0%
6. 23-Year amortization factor (24-Year for 12/31/2003)	15.398	15.786	(2.5%)	15.398	15.786	(2.5%)
7. UAL rate - change to PUC	6.40%	0.00%	N/A	(0.08%)	0.00%	N/A
8. UAL rate - remaining UAL	5.89%	6.01%	(2.0%)	0.43%	0.43%	0.0%

Amounts in millions

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

Tier 1/Tier 2 Pension	December 31, 2004				
	SLGRP	Independent Employers	School Districts	Judiciary	System Totals ¹
1. Total UAL	\$ 3,510.4	\$ 287.9	\$ 3,457.6	\$ (7.6)	\$ 7,374.4
2. Change due to change in actuarial cost method	577.8	149.4	510.8	(7.5)	1,230.5
3. Remaining UAL (1. - 2.)	\$ 2,932.6	\$ 138.5	\$ 2,946.8	\$ (0.1)	\$ 6,143.9
4. Combined valuation payroll	\$ 3,389.1	\$ 1,034.1	\$ 2,332.8	\$ 16.4	\$ 6,772.4
5. 3-year Amortization Factor	2.841	2.841	2.841	2.841	2.841
6. 23-Year amortization factor (24-Year for 12/31/2003)	15.398	15.398	15.398	15.398	15.398
7. UAL rate - change to PUC	6.00%	5.09%	7.71%	(16.07%)	6.40%
8. UAL rate - remaining UAL	5.62%	0.87%	8.20%	(0.07%)	5.89%

¹ Includes Mulmohah Fire District #10

Amounts in millions

Section 4: Contribution Rate Development

Development of 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. This results in a 23-year amortization period at December 31, 2004.

	State/CC	LGRP
1. Total pre-SLGRP pooled liability	\$ 627.2	(\$257.0)
2. Combined valuation payroll	2,118.6	956.9
3. 23-Year amortization factor	15.398	15.398
4. Pre-SLGRP pooled rate (1. ÷ 2. ÷3.)	1.92%	(1.74%)

Amounts in millions

Development of 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 balance of the transition liability remaining on the valuation date is amortized over the period ending December 31, 2027, and expressed as a percentage of combined valuation payroll. This results in a 23-year amortization period at December 31, 2004.

	12/31/2004
1. Total transition liability/(surplus)	\$ 497.0
2. Combined valuation payroll	\$1,263.2
3. 23-Year amortization factor	15.398
4. Average transition liability/(surplus) rate (1. ÷ 2. ÷3.)	(2.55%)

Amounts in millions

Section 4: Contribution Rate Development

Development of 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. This results in a 23-year amortization period at December 31, 2004 and a 24-year amortization period as of December 31, 2003.

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, and this was fully paid in November, 2003. Of the remaining UAL, City of Portland is allocated 21.8743% of the Multnomah FD#10 UAL, 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 4.b. below. Thus, the combined valuation payroll for all Tier 1/Tier 2 employers, shown below in item 2.b., includes twice the valuation payroll for those four employers.

	12/31/2004	12/31/2003
1. Actuarial accrued liability		
a. Active members	\$ 2.3	\$ 2.1
b. Dormant members	0.3	0.5
c. Retired members and beneficiaries	61.3	62.3
d. Total actuarial accrued liability	\$ 63.9	\$ 65.0
2. Actuarial value of assets		
a. Employer reserve	(\$ 111.5)	(\$ 100.5)
b. Members reserve	0.9	0.9
c. Benefits-in-force reserve	48.4	66.8
d. Total market value of assets	(\$ 62.2)	(\$ 32.8)
e. Actuarial value of assets	(\$ 62.2)	(\$ 30.3)
3. Multnomah FD#10 UAL (1.d. – 2.d.)	126.1	95.3
a. Portion allocated to City of Portland (21.8743% × 3.)	27.6	20.8
b. Portion allocated to all Tier 1/Tier 2 employers (78.1257% × 3.)	98.5	74.4
4. Combined valuation payroll		
a. City of Portland	220.7	201.0
b. All Tier 1/Tier 2 employers	6,813.3	6,284.6
5. 22-Year amortization factor (23-year for 12/31/2003)	15.398	15.786
6. Multnomah FD #10 UAL Rate		
a. City of Portland (3.a. ÷ 4.a. ÷ 5.)	0.81%	0.66%
b. All Tier 1/Tier 2 employers (3.b. ÷ 4.b. ÷ 5.)	0.09%	0.08%
7. Total Multnomah FD #10 UAL Rate		
a. City of Portland (6.a. + 6.b.)	0.90%	0.74%
b. City of Gresham, City of Fairview, City of Wood Village, City of Troutdale (2 × 6.b.)	0.18%	0.16%
c. All other Tier 1/Tier 2 employers (6.b.)	0.09%	0.08%

Amounts in millions

Section 4: Contribution Rate Development

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. This results in a 23-year amortization period at December 31, 2004.

	December 31, 2004			
	SLGRP	Independent Employers	School Districts	System Totals
1. Side Account	\$2,869.1	\$35.0	\$2,653.8	\$5,557.9
2. Combined valuation payroll	\$3,389.1	\$1,034.1	\$2,332.8	\$6,772.4
3. 23-Year amortization factor	15.398	15.398	15.398	15.398
4. Average Side Account Rate Relief	5.50%	0.22%	7.39%	5.33%

amounts in millions

Retiree Healthcare

Development of Retirement Health Insurance Account (RHIA) Rate/Retiree Health Insurance Premium Account (RHIPA)

The RHIA/RHIPA UAL rate is determined by amortizing the unfunded actuarial accrued liability over the period ending December 31, 2027, and expressing the result as a percentage of combined valuation payroll. This results in a 23-year amortization period at December 31, 2004 and a 24-year amortization period as of December 31, 2003.

The change in the unfunded actuarial accrued liability due to the change to the Projected United Credit funding method is amortized over a rolling three-year period and expressed as a percentage of combined valuation payroll.

Retiree Healthcare	December 31, 2004	
	RHIA	RHIPA
1. Total UAL	\$408.9	\$22.9
2. Change due to change in actuarial cost method	\$(12.6)	\$(3.1)
3. Remaining UAL (1. - 2.)	\$421.5	\$26.0
4. Combined valuation payroll	\$6,772.4	\$1,851.4
5. 3-year Amortization Factor	2.841	2.841
6. 23-Year amortization factor (24-Year for 12/31/2003)	15.398	15.398
7. UAL rate - change to PUC	(0.07%)	(0.06%)
8. UAL rate - remaining UAL	0.40%	0.09%

amounts in millions

Section 4: Contribution Rate Development

Calculated Employer Contribution Rate Summary

The following table summarizes the development of the total Tier 1/Tier 2 contribution rate for each 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 account and pre-SLGRP liabilities are shown in the table. For individual employers, these adjustments cannot reduce the pension contribution rate below 0.0%. The adjustments cannot be applied to the retiree healthcare rates. For purposes of this exhibit, Independent Employers have been treated as a single pool.

	December 31, 2004				
	SLGRP	Independent Employers	School Districts	Judiciary	System Totals
<i>Tier 1/Tier 2 pension contribution rates</i>					
Employer normal cost rate	4.90%	5.17%	4.31%	23.76%	4.78%
Member normal cost rate				7.00%	0.02%
UAL - regular rate	5.62%	0.87%	8.20%	(0.07%)	5.89%
UAL - PUC change rate	6.00%	5.09%	7.71%	(16.07%)	6.40%
Multnomah FD #10 rate	0.14%	0.09%	0.09%	0.09%	0.12%
Total Tier 1/Tier 2 pension rate	16.66%	11.22%	20.31%	14.71%	17.21%
<i>Average adjustments</i>					
Pre-SLGRP liability/(surplus) rate	(0.24%)	N/A	N/A	N/A	(0.13%)
Side Account Rate	(5.50%)	(0.22%)	(7.39%)	N/A	(5.33%)
Total average adjustment	(5.74%)	(0.22%)	(7.39%)	0.00%	(5.46%)
Net pension contribution rate	10.92%	11.00%	12.92%	14.71%	11.75%
<i>Retiree healthcare contribution rates</i>					
Retiree healthcare normal cost rate	0.22%	0.18%	0.18%	0.26%	0.20%
Retiree healthcare regular UAL rate	0.45%	0.40%	0.40%	0.49%	0.42%
Retiree healthcare PUC change rate	(0.10%)	(0.07%)	(0.07%)	(0.13%)	(0.09%)
Total retiree healthcare rate rate	0.57%	0.51%	0.51%	0.62%	0.53%
Total net contribution rate for Tier 1 / Tier 2	11.49%	11.51%	13.43%	15.33%	12.28%
Total employer normal cost rate	5.12%	5.35%	4.490%	24.02%	4.98%
Total UAL rate	12.11%	6.38%	16.33%	(15.69%)	12.74%
Total pension and retiree healthcare rate, before adjustments	17.23%	11.73%	20.82%	8.33%	17.72%
Current contribution rate	15.30%	11.50%	16.97%	23.38%	15.40%

Section 4: Contribution Rate Development

Calculation of Collar

Employer contribution rates cannot change by more than the greater of 3 percentage points or 20% from the current contribution rate. However, if the funded percentage is below 80% or above 120%, the size of the collar is doubled. All collar calculations are performed excluding amounts and contribution rates attributable to pre-SLGRP liabilities and side accounts.

The table below develops the limits of the collar for each of the Tier 1/Tier 2 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 are subject to a minimum employer contribution rate of 6.0% that is not taken into account in the calculation below.

Calculation of Collar Adjustments	July 1, 2007				
	SLGRP	Independent Employers	School Districts	Judiciary (Excluding Member Contributions)	System Totals
1. Current employer contribution rate	15.30%	11.50%	16.97%	23.38%	15.40%
2. Size of rate collar					
a. Preliminary size of rate collar (<i>maximum of 3% or 20% x 1.</i>)	3.06%	3.00%	3.39%	4.68%	3.08%
b. Funded percentage	85.00%	93.33%	82.25%	105.87%	84.44%
c. Size of rate collar (If b. < 80% or b. > 120%, 2 x a., otherwise a.)	3.06%	3.00%	3.39%	4.68%	3.08%
3. 7/1/2007 Minimum employer contribution rate (1. - 2.c.)	12.24%	8.50%	13.58%	18.70%	12.32%
4. 7/1/2007 Maximum employer contribution rate (1. + 2.c.)	18.36%	14.50%	20.36%	28.06%	18.48%

Section 4: Contribution Rate Development

July 1, 2007 Employer Contribution Rate Summary

The following table summarizes the average system-wide employer contribution rates calculated as of the last two valuation dates and the system-wide rates projected to go into effect on July 1, 2007.

	July 1, 2007 (Projected)	December 31, 2004	December 31, 2003
<i>Tier 1/Tier 2 pension contribution rates</i>			
Employer normal cost rate	4.82%	4.78%	12.39%
Member normal cost rate	0.02%	0.02%	0.02%
UAL - regular rate	6.13%	5.89%	5.75%
UAL - PUC change rate	6.40%	6.40%	0.00%
Multnomah FD #10 rate	0.13%	0.12%	0.13%
Total Tier 1/Tier 2 pension rate	17.50%	17.21%	18.29%
<i>Average adjustments</i>			
Pre-SLGRP liability/(surplus) rate	(0.13%)	(0.13%)	(0.13%)
Side Account Rate	(5.44%)	(5.33%)	(4.29%)
Total average adjustment	(5.57%)	(5.46%)	(4.42%)
Net pension contribution rate	11.93%	11.75%	13.87%
<i>Retiree healthcare contribution rates</i>			
Retiree healthcare normal cost rate	0.20%	0.20%	0.19%
Retiree healthcare regular UAL rate	0.42%	0.42%	0.43%
Retiree healthcare PUC change rate	(0.09%)	(0.09%)	0.00%
Total retiree healthcare rate rate	0.53%	0.53%	0.62%
Total net contribution rate for Tier 1 / Tier 2	12.47%	12.28%	14.49%
Total employer normal cost rate	5.02%	4.98%	12.58%
Total UAL rate	12.99%	12.74%	6.31%
Total pension and retiree healthcare rate, before adjustments	18.01%	17.72%	18.89%

Section 5: Accounting/CAFR Exhibits

The following information has been prepared and provided to PERS for inclusion in the Actuarial Section of the 2006 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 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.

Some employers have made lump sum 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, lump sum 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.

The exhibits are provided on the following pages.

Section 5: 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 ³	142,635	\$ 6,306,447	\$ 44,214	8.8%	806	

¹ Participating employers are defined for this purpose as any employer with covered payroll during the prior year.

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

³ Excludes OPSRP members and payroll

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

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.

Section 5: Accounting/CAFR Exhibits

GASB No. 25 Information

Schedule of Funding Progress by Rate Pool

The GASB Statement No. 25 liabilities and assets resulting from the last six actuarial valuations are as follows (**dollar amount in millions**):

Actuarial Valuation Date ¹	Actuarial Value of Assets ² (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) ³ (b-a)	Funded Ratio (a/b)	Covered Payroll ⁴ (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%
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%
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%
Postemployment Healthcare Benefits - Retirement Health Insurance Account						
12/31/2004	\$ 148.0	\$ 556.9	\$ 408.9	26.6%	\$ 6,306.4	6.5%
Postemployment Healthcare Benefits - Retiree Health Insurance Premium Account						
12/31/2004	\$ 5.2	\$ 28.2	\$ 23.0	18.4%	\$ 1,701.0	1.4%

Notes:

¹ Actuarial valuations prior to December 31, 2004 were performed by Milliman USA.

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

³ Excludes UAAL for Multnomah Fire District (\$129.7 million as of 12/31/2005) that is allocated to other employers.

⁴ Covered payroll is shown for the rate group. However, the UAL is amortized using combined Tier 1/Tier 2 and OPSRP payroll.

Section 5: Accounting/CAFR Exhibits

Solvency Test

Pension and Retiree Healthcare Plans (*dollar amounts in millions*)

Valuation Date ¹	Actuarial Accrued Liability			Valuation Assets ²	Portion of Actuarial Accrued Liabilities Covered by Assets		
	Active Member Contributions	Retired			(1)	(2)	(3)
		Members and Beneficiaries	Other Members				
	(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	\$ 14,661.3	\$ 18,008.5	\$ 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 ³	\$ 10,252.8	\$ 17,340.0	\$ 10,228.8	\$ 39,852.2	100%	100%	120%
12/31/2002 ³	\$ 9,940.7	\$ 19,339.0	\$ 10,240.8	\$ 36,316.8	100%	100%	69%
12/31/2003 ³	\$ 9,005.8	\$ 23,625.9	\$ 11,993.9	\$ 42,874.4	100%	100%	85%
12/31/2004 ^{4,5}	\$ 9,073.0	\$ 25,363.0	\$ 13,547.6	\$ 45,735.3	100%	100%	83%

¹ An extensive revision of the actuarial assumptions occurs prior to each odd-year valuation; therefore, the figures are not directly comparable.

² Effective with the 12/31/2002 valuation, includes the value of UAL Lump Sum Side Accounts.

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.

Section 5: Accounting/CAFR Exhibits

Actuarial Schedules

Analysis of Financial Experience

Gains and Losses in Accrued Liability During Year Ended 2005 Resulting from Differences Between Assumed Experience and Actual Experience (*dollar amounts in millions*)

	\$ Gain (or Loss) for Year	
	2004	2003
<i>Type of Activity</i>		
Age & Service Retirements from Active Status	\$ (69.1)	not available
Disability Retirements from Active Status	(19.7)	not available
Active Mortality and Withdrawal	29.2	not available
Pay Increases	4.1	not available
Contributions	(530.4)	not available
Investment Income	(1,538.5)	not available
Retirement, Mortality and Lump Sums from Dormant Status	223.7	not available
Retiree and Beneficiary Mortality	(13.0)	not available
Other	(77.2)	not available
Gain (or Loss) During Year From Financial Experience	\$ (1,990.9)	not available
<i>Non-Recurring Items</i>		
Oregon Supreme Court Rulings. Strunk v. PERB, et al. and City of Eugene v. State of Oregon, PERB, et al.	\$ (437.9)	not available
Change in Actuarial Cost Method	(1,230.6)	not available
Change in Asset Valuation Method	2,174.4	not available
Deployment of Reserves	N/A	not available
Assumption Changes	N/A	not available
Composite Gain (or Loss) During Year	\$ (1,485.0)	not available

Section 5: Accounting/CAFR Exhibits

GASB No. 25 Required Supplementary Information

Schedules of Funding Progress (*dollar amounts in millions*)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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						
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 ¹	89.8%
12/31/2001 ²	\$ 39,772.7	\$ 37,258.3	\$ (2,514.4)	106.7%	\$ 6,254.0	(40.2%)
12/31/2002 ²	\$ 35,446.9	\$ 38,947.0	\$ 3,500.1	91.0%	\$ 6,383.5	54.8%
12/31/2003 ²	\$ 42,753.3	\$ 44,078.1	\$ 1,324.8	97.0%	\$ 6,248.5	21.2%
12/31/2004 ^{3,4}	\$ 45,581.1	\$ 47,398.6	\$ 1,817.5	96.2%	\$ 6,772.4 ⁵	26.8%
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 ¹	7.3%
12/31/2001 ²	\$ 76.6	\$ 533.2	\$ 456.6	14.4%	\$ 6,254.0	7.3%
12/31/2002 ²	\$ 87.4	\$ 542.3	\$ 454.9	16.1%	\$ 6,383.5	7.1%
12/31/2003 ²	\$ 117.1	\$ 522.5	\$ 405.4	22.4%	\$ 6,248.5	6.5%
12/31/2004 ⁴	\$ 148.0	\$ 556.9	\$ 408.9	26.6%	\$ 6,772.4 ⁵	6.0%
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 ¹	1.4%
12/31/2001 ²	\$ 2.9	\$ 29.6	\$ 26.7	9.8%	\$ 1,954.1	1.4%
12/31/2002 ²	\$ 2.9	\$ 30.1	\$ 27.2	9.6%	\$ 1,741.9	1.6%
12/31/2003 ²	\$ 4.0	\$ 25.0	\$ 21.0	16.0%	\$ 1,711.9	1.2%
12/31/2004 ⁴	\$ 5.2	\$ 28.2	\$ 23.0	18.4%	\$ 1,851.4 ⁵	1.2%

¹ Effective with the 2001 valuation, Annual Active Member Payroll excludes the member pick-up, if any.

² 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.

³ 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.

⁴ 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.

Section 5: Accounting/CAFR Exhibits

GASB No. 25 Required Supplementary Information *(continued)*

Notes to Required Supplementary Schedules

<i>Valuation Date</i>	December 31, 2004
<i>Actuarial Cost Method</i>	Projected Unit Credit
<i>Amortization Method</i>	The UAL is amortized as a level percentage of payroll. The change in UAL due to the change from Entry Age Normal to Projected Unit Credit on December 31, 2004 is amortized over a 3-year rolling period. The remainder of the UAL for Tier 1/Tier 2 benefits is amortized over a closed 23-year period.
<i>Equivalent Single Amortization Period</i>	11 years
<i>Actuarial Assumptions</i>	
▪ <i>Investment Rate of Return</i>	8.00%
▪ <i>Payroll Growth</i>	4.00%
▪ <i>Consumer Price Inflation</i>	3.00%
▪ <i>Health Cost Inflation</i>	Graded from 7.5% in 2006 to 5.0% in 2011.
▪ <i>Cost-of-Living Adjustments</i>	2.00%
▪ <i>Method used to Value Assets</i>	The actuarial value of assets equals the fair market value of assets, reduced by the Contingency, Capital Preservation and Rate Guarantee Reserve.

Section 6: Data

This valuation is based upon the membership of the System as of December 31, 2004.

Valuation payroll is the amount projected to be paid in 2005, based on actual 2004 pay and the plan's actuarial assumptions. It is summarized by category below.

System-Wide Valuation Payroll	General Service	Police & Fire	Total
PERS Tier 1	\$ 3,398.0	\$ 436.2	\$ 3,834.2
PERS Tier 2	\$ 2,166.6	\$ 305.7	\$ 2,472.3
Tier 1/ Tier 2 Valuation Payroll	\$ 5,564.6	\$ 741.9	\$ 6,306.5
OPSRP Valuation Payroll			\$ 465.9
Combined Valuation Payroll			\$ 6,772.4

amounts in millions

Census counts by category are shown below. Active members are counted by lives. Dormant members and members receiving payment are counted by employer segments. That is, inactive members are counted once for each employer for which they worked.

System-Wide Tier 1/Tier 2 Member Census	December 31			2003 Total
	2004			
	Tier 1	Tier 2	Total	
Active Members				
General Service	69,921	60,254	130,175	140,618
Police & Fire	6,643	5,817	12,460	13,105
Totals	76,564	66,071	142,635	153,723
Average Age	49.7	42.0	46.1	N/A
Average Total Service	16	5	11	N/A
Average Tier 1/Tier 2 2005 Payroll without Pickup	\$47,972	\$35,267	\$42,087	N/A
Dormant Members				
General Service	32,776	26,395	59,171	60,220
Police & Fire	1,349	1,212	2,561	2,649
Totals	34,125	27,607	61,732	62,869
Average Age	51.7	40.4	46.6	N/A
Average Monthly Deferred Benefit	\$1,234	\$245	\$792	N/A
Retired Members and Beneficiaries				
General Service	116,088	696	116,784	112,933
Police & Fire	10,573	146	10,719	8,715
Totals	126,661	842	127,503	121,648
Average Age	69.4	63.4	69.4	N/A
Average Monthly Benefit	\$1,416	\$249	\$1,409	N/A
Grand Total Number of Members	237,350	94,520	331,870	338,240

Section 6: Data

Distribution of SLGRP Tier 1 General Service Active Members
Years of Service as of December 31, 2004

Age	0 - 4			5 - 9			10 - 14			15 - 19			20 - 24		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	16,530	5,550	49	34,956	16,144	5	33,131	21,824	0	0	0	0	0	0
30 - 34	11	36,949	8,265	379	40,479	23,133	259	40,979	34,712	10	41,254	54,901	0	0	0
35 - 39	5	43,761	9,823	638	42,346	25,971	1,140	45,645	43,372	277	44,509	69,242	3	40,874	91,245
40 - 44	6	40,593	9,150	763	44,562	27,463	1,561	46,962	48,562	1,077	47,730	80,288	324	46,657	120,893
45 - 49	6	27,084	7,691	846	44,434	27,970	2,162	47,459	50,979	1,721	50,413	89,321	1,061	49,995	140,868
50 - 54	5	51,885	24,609	902	42,840	27,983	2,486	47,221	51,421	2,255	50,922	93,307	1,657	52,968	156,006
55 - 59	0	22,803	13,098	660	43,977	28,394	2,020	47,380	52,563	1,843	49,922	92,962	1,203	54,717	161,350
60 - 64	9	39,901	10,953	258	39,776	26,774	786	45,273	51,617	635	48,418	90,148	314	53,464	153,502
65+	5	40,658	7,664	73	31,204	21,501	167	44,217	50,492	108	47,044	88,683	35	49,013	145,684
Total	54	37,041	10,696	4,568	42,879	26,971	10,586	46,741	49,837	7,926	49,656	89,387	4,597	52,291	151,144

Age	25 - 29			30 - 34			35 - 39			40 +			Total		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	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	54	34,135	16,273
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	659	40,628	27,918
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	2,063	44,461	41,452
40 - 44	16	48,514	155,268	0	0	0	0	0	0	0	0	0	3,747	46,664	60,031
45 - 49	474	48,409	180,389	9	52,014	206,462	0	0	0	0	0	0	6,279	48,348	83,527
50 - 54	1,305	53,325	219,560	148	49,904	236,092	1	30,873	214,995	0	0	0	8,759	49,766	107,751
55 - 59	782	56,721	230,788	130	58,906	280,612	16	49,748	247,349	0	0	0	6,654	50,381	106,823
60 - 64	146	57,503	231,423	50	66,254	323,575	14	60,632	385,992	2	55,380	353,960	2,214	48,061	94,444
65+	17	49,421	175,717	7	60,846	350,656	14	74,236	547,837	2	38,616	437,909	428	44,496	90,430
Total	2,740	53,614	215,973	344	55,960	267,188	45	60,333	383,249	4	46,998	395,934	30,864	48,460	89,332

Section 6: Data

Distribution of SLGRP Tier 1 Police & Fire Active Members
Years of Service as of December 31, 2004

Age	0 - 4			5 - 9			10 - 14			15 - 19			20 - 24		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	1	55,603	8,072	10	62,738	24,513	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	227	58,231	34,432	99	60,390	45,499	0	0	0	0	0	0
35 - 39	3	48,867	10,234	245	57,287	34,440	475	62,765	60,606	102	61,821	87,165	0	0	0
40 - 44	1	5,558	13,140	134	55,577	34,399	407	60,974	66,174	403	63,543	105,991	75	66,930	167,431
45 - 49	0	0	0	110	49,805	30,996	220	56,315	62,988	320	61,170	111,391	311	66,716	189,974
50 - 54	0	0	0	72	50,457	32,089	202	53,027	60,605	257	58,205	105,097	236	65,747	188,328
55 - 59	1	31,599	12,713	48	49,510	31,088	121	53,142	61,123	147	54,212	101,422	99	59,903	175,899
60 - 64	0	0	0	19	51,887	33,106	43	53,043	60,631	39	52,932	91,638	27	52,861	159,719
65+	0	0	0	5	41,354	28,364	6	47,885	51,620	2	35,519	80,943	1	39,578	120,210
Total	6	39,894	10,771	870	55,183	33,438	1,573	58,937	61,435	1,270	60,277	104,650	749	64,996	184,154

Age	25 - 29			30 - 34			35 - 39			40 +			Total		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	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	11	62,089	23,018
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	326	58,886	37,793
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	825	60,971	55,936
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	1,020	61,664	85,125
45 - 49	139	70,780	259,312	0	0	0	0	0	0	0	0	0	1,100	61,845	134,580
50 - 54	157	68,611	261,100	21	77,036	340,437	0	0	0	0	0	0	945	60,539	141,957
55 - 59	71	66,243	256,792	21	77,485	319,165	0	0	0	0	0	0	508	57,221	130,233
60 - 64	6	62,083	263,589	2	68,721	290,129	0	0	0	0	0	0	136	53,443	97,678
65+	2	60,726	185,958	0	0	0	0	0	0	0	0	0	16	45,385	69,097
Total	375	68,820	259,261	44	76,872	327,998	0	0	0	0	0	0	4,887	60,442	104,007

Section 6: Data

Distribution of SLGRP Tier 2 General Service Active Members
Years of Service as of December 31, 2004

Age	0 - 4			5 - 9			10 - 14			15 - 19			20 - 24		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	18	5,739	410	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	451	19,976	1,953	22	24,831	6,826	0	0	0	0	0	0	0	0	0
25 - 29	1,926	29,384	3,948	523	33,797	11,108	0	0	0	0	0	0	0	0	0
30 - 34	2,458	34,273	5,048	1,516	38,689	13,610	1	31,357	7,267	0	0	0	0	0	0
35 - 39	2,324	35,868	5,342	1,796	40,558	14,808	0	0	0	0	0	0	0	0	0
40 - 44	2,273	36,744	5,518	1,819	41,015	15,356	0	0	0	0	0	0	0	0	0
45 - 49	2,193	36,823	5,658	1,827	40,803	14,996	0	0	0	0	0	0	0	0	0
50 - 54	2,043	37,090	5,830	1,886	41,596	15,647	0	0	0	0	0	0	0	0	0
55 - 59	1,459	37,522	5,854	1,322	41,048	15,451	0	0	0	0	0	0	0	0	0
60 - 64	571	36,554	5,947	588	39,753	15,235	0	0	0	0	0	0	0	0	0
65+	205	28,578	4,822	186	32,119	12,173	0	0	0	0	0	0	0	0	0
Total	15,921	34,849	5,220	11,485	40,134	14,774	1	31,357	7,267	0	0	0	0	0	0

Age	25 - 29			30 - 34			35 - 39			40 +			Total		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	18	5,739	410
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0	473	20,202	2,180
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	2,449	30,326	5,478
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	3,975	35,956	8,314
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	4,120	37,912	9,468
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	4,092	38,643	9,891
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	4,020	38,632	9,902
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0	3,929	39,253	10,542
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	2,781	39,198	10,416
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	1,159	38,177	10,659
65+	0	0	0	0	0	0	0	0	0	0	0	0	391	30,263	8,319
Total	0	0	0	0	0	0	0	0	0	0	0	0	27,407	37,063	9,223

Section 6: Data

Distribution of SLGRP Tier 2 Police & Fire Active Members
Years of Service as of December 31, 2004

Age	0 - 4			5 - 9			10 - 14			15 - 19			20 - 24		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	40	36,481	2,613	4	26,739	6,861	0	0	0	0	0	0	0	0	0
25 - 29	466	44,964	5,996	134	51,277	15,272	0	0	0	0	0	0	0	0	0
30 - 34	601	45,301	7,298	671	54,188	18,521	0	0	0	0	0	0	0	0	0
35 - 39	379	45,012	7,061	559	52,177	19,083	0	0	0	0	0	0	0	0	0
40 - 44	243	44,217	7,193	327	49,448	18,015	0	0	0	0	0	0	0	0	0
45 - 49	185	42,097	6,774	221	47,763	17,676	0	0	0	0	0	0	0	0	0
50 - 54	166	41,350	6,538	187	47,940	17,366	0	0	0	0	0	0	0	0	0
55 - 59	110	44,994	7,184	125	46,901	17,106	0	0	0	0	0	0	0	0	0
60 - 64	36	46,339	7,132	35	47,867	17,265	0	0	0	0	0	0	0	0	0
65+	9	48,362	6,636	8	62,254	25,652	0	0	0	0	0	0	0	0	0
Total	2,235	44,361	6,780	2,271	51,180	18,125	0	0	0	0	0	0	0	0	0

Age	25 - 29			30 - 34			35 - 39			40 +			Total		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0	44	35,595	2,999
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	600	46,374	8,068
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	1,272	49,989	13,219
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	938	49,282	14,226
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	570	47,218	13,402
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	406	45,181	12,709
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0	353	44,841	12,274
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	235	46,009	12,462
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	71	47,092	12,127
65+	0	0	0	0	0	0	0	0	0	0	0	0	17	54,900	15,585
Total	0	0	0	0	0	0	0	0	0	0	0	0	4,506	47,798	12,498

Section 6: Data

Distribution of Independent Employers Tier 1 General Service Active Members
Years of Service as of December 31, 2004

Age	0 - 4			5 - 9			10 - 14			15 - 19			20 - 24		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	29	37,202	17,416	2	32,312	23,471	0	0	0	0	0	0
30 - 34	0	0	0	113	42,940	24,709	102	44,327	35,136	3	44,903	58,577	0	0	0
35 - 39	3	61,125	12,028	192	45,895	27,504	265	48,945	45,965	82	44,157	68,456	3	60,864	120,028
40 - 44	5	34,883	8,633	172	50,368	29,819	416	49,378	51,335	300	49,712	84,060	60	55,091	126,534
45 - 49	0	0	0	210	47,796	29,771	558	51,788	54,581	431	53,127	92,050	275	54,704	153,103
50 - 54	2	56,890	12,732	210	47,709	31,450	604	49,608	54,871	594	56,016	98,203	402	58,915	167,994
55 - 59	1	9,456	5,198	169	47,465	30,131	466	52,491	57,818	436	54,297	96,877	249	57,593	163,371
60 - 64	0	0	0	39	45,671	27,331	168	48,172	54,374	139	55,675	99,049	57	64,014	165,320
65+	0	0	0	27	41,868	27,980	55	50,600	56,387	20	48,648	94,526	6	63,508	162,347
Total	11	43,730	9,992	1,161	46,852	28,834	2,636	50,188	53,090	2,005	53,479	93,222	1,052	57,591	160,329

Age	25 - 29			30 - 34			35 - 39			40 +			Total		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	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	31	36,887	17,806
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	218	43,616	30,054
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	545	47,283	43,066
40 - 44	2	78,544	243,743	0	0	0	0	0	0	0	0	0	955	50,005	62,644
45 - 49	102	52,121	203,016	4	50,114	237,714	0	0	0	0	0	0	1,580	52,148	88,699
50 - 54	285	58,025	228,038	25	56,107	249,558	0	0	0	0	0	0	2,122	54,191	111,625
55 - 59	150	67,886	249,613	31	64,137	306,161	3	41,263	256,436	0	0	0	1,505	55,017	108,080
60 - 64	28	66,505	270,426	5	51,323	320,403	1	128,180	804,226	1	37,351	166,721	438	53,758	99,399
65+	4	104,519	357,111	1	128,657	364,813	1	129,143	925,585	2	60,200	757,995	116	52,274	94,450
Total	571	60,374	232,274	66	60,252	282,540	5	76,223	499,824	3	52,584	560,903	7,510	52,460	91,154

Section 6: Data

Distribution of Independent Employers Tier 1 Police & Fire Active Members
Years of Service as of December 31, 2004

Age	0 - 4			5 - 9			10 - 14			15 - 19			20 - 24		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	3	60,160	29,783	0	0	0	0	0	0	0	0	0
30 - 34	1	68,838	15,956	86	67,857	36,070	44	67,114	49,822	0	0	0	0	0	0
35 - 39	0	0	0	124	67,063	39,374	207	67,103	64,112	36	71,137	98,676	2	73,912	150,837
40 - 44	0	0	0	38	68,217	39,753	140	68,124	71,258	179	71,556	114,997	24	75,552	173,052
45 - 49	0	0	0	25	62,370	38,758	86	66,552	71,263	104	71,102	122,883	144	74,283	201,806
50 - 54	0	0	0	13	56,380	36,496	57	63,189	71,282	88	69,962	123,270	109	71,910	200,267
55 - 59	0	0	0	4	74,492	46,958	25	63,186	66,024	38	65,572	116,683	26	69,833	196,257
60 - 64	0	0	0	3	49,905	28,189	4	46,282	50,242	9	62,824	111,557	8	60,172	164,946
65+	0	0	0	1	70,524	58,516	2	94,962	101,732	1	33,529	78,967	0	0	0
Total	1	68,838	15,956	297	66,447	38,245	565	66,656	66,701	455	70,355	117,102	313	72,821	197,336

Age	25 - 29			30 - 34			35 - 39			40 +			Total		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	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	3	60,160	29,783
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	131	67,615	40,535
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	369	67,520	59,641
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	381	70,214	95,077
45 - 49	40	78,384	270,421	2	75,343	235,614	0	0	0	0	0	0	401	71,471	150,188
50 - 54	58	78,521	294,811	5	74,532	287,874	0	0	0	0	0	0	330	70,474	168,948
55 - 59	11	81,152	279,798	4	79,241	324,452	1	70,752	248,175	0	0	0	109	68,490	146,778
60 - 64	4	81,786	231,708	0	0	0	0	0	0	0	0	0	28	61,027	126,284
65+	0	0	0	0	0	0	0	0	0	0	0	0	4	73,494	85,237
Total	113	78,844	282,483	11	76,392	291,673	1	70,752	248,175	0	0	0	1,756	69,527	113,602

Section 6: Data

Distribution of Independent Employers Tier 2 General Service Active Members
Years of Service as of December 31, 2004

Age	0 - 4			5 - 9			10 - 14			15 - 19			20 - 24		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	7	6,731	561	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	169	20,613	1,942	9	25,660	7,185	0	0	0	0	0	0	0	0	0
25 - 29	691	34,194	4,322	184	35,521	11,555	0	0	0	0	0	0	0	0	0
30 - 34	727	38,610	5,659	438	41,070	13,971	0	0	0	0	0	0	0	0	0
35 - 39	675	41,229	5,790	446	43,612	15,361	0	0	0	0	0	0	0	0	0
40 - 44	612	40,969	6,119	468	47,705	16,884	0	0	0	0	0	0	0	0	0
45 - 49	562	40,164	6,197	498	45,080	16,454	0	0	0	0	0	0	0	0	0
50 - 54	516	41,239	6,126	489	45,190	16,764	0	0	0	0	0	0	0	0	0
55 - 59	357	46,397	6,780	355	47,389	17,469	0	0	0	0	0	0	0	0	0
60 - 64	151	40,555	6,611	153	43,879	16,256	0	0	0	0	0	0	0	0	0
65+	42	36,021	5,715	42	35,146	13,722	0	0	0	0	0	0	0	0	0
Total	4,509	39,074	5,631	3,082	44,158	15,808	0	0	0	0	0	0	0	0	0

Age	25 - 29			30 - 34			35 - 39			40 +			Total		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	7	6,731	561
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0	178	20,868	2,207
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	875	34,473	5,843
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	1,165	39,535	8,784
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	1,121	42,177	9,598
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	1,080	43,888	10,784
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	1,060	42,474	11,016
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0	1,005	43,162	11,302
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	712	46,892	12,109
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	304	42,228	11,466
65+	0	0	0	0	0	0	0	0	0	0	0	0	84	35,584	9,718
Total	0	0	0	0	0	0	0	0	0	0	0	0	7,591	41,138	9,763

Section 6: Data

Distribution of Independent Employers Tier 2 Police & Fire Active Members
Years of Service as of December 31, 2004

Age	0 - 4			5 - 9			10 - 14			15 - 19			20 - 24		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	17	51,924	2,673	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	204	50,205	6,342	79	59,013	17,041	0	0	0	0	0	0	0	0	0
30 - 34	215	54,009	7,857	236	60,439	20,044	0	0	0	0	0	0	0	0	0
35 - 39	111	52,184	7,707	173	60,929	21,449	0	0	0	0	0	0	0	0	0
40 - 44	57	53,547	9,328	64	56,927	19,873	0	0	0	0	0	0	0	0	0
45 - 49	34	52,982	6,993	50	55,189	20,778	0	0	0	0	0	0	0	0	0
50 - 54	15	45,098	6,942	22	50,392	20,730	0	0	0	0	0	0	0	0	0
55 - 59	12	51,878	10,624	11	50,465	19,912	0	0	0	0	0	0	0	0	0
60 - 64	2	23,695	4,902	3	38,237	14,200	0	0	0	0	0	0	0	0	0
65+	3	33,375	4,253	3	33,757	11,743	0	0	0	0	0	0	0	0	0
Total	670	51,983	7,325	641	58,891	20,048	0	0	0	0	0	0	0	0	0

Age	25 - 29			30 - 34			35 - 39			40 +			Total		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0	17	51,924	2,673
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	283	52,663	9,329
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	451	57,374	14,234
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	284	57,511	16,078
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	121	55,335	14,905
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	84	54,295	15,199
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0	37	48,246	15,140
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	23	51,202	15,066
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	5	32,420	10,481
65+	0	0	0	0	0	0	0	0	0	0	0	0	6	33,566	7,998
Total	0	0	0	0	0	0	0	0	0	0	0	0	1,311	55,361	13,546

Section 6: Data

Distribution of School Districts Tier 1 Active Members
Years of Service as of December 31, 2004

Age	0 - 4			5 - 9			10 - 14			15 - 19			20 - 24		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	26	25,733	14,182	3	25,044	20,242	0	0	0	0	0	0
30 - 34	10	36,993	8,298	531	38,236	22,725	109	36,286	29,896	0	0	0	0	0	0
35 - 39	7	25,697	7,462	846	39,341	24,619	1,243	45,716	44,217	111	43,341	62,404	5	44,823	90,271
40 - 44	9	27,100	9,261	777	34,010	21,115	1,514	42,667	44,124	1,265	51,215	86,133	166	46,041	113,961
45 - 49	10	32,664	8,615	1,073	29,890	18,751	2,124	37,154	39,157	1,520	46,755	83,573	1,493	53,805	152,289
50 - 54	7	19,565	5,881	1,046	31,303	20,208	2,850	36,835	39,445	2,227	43,756	80,032	1,850	51,387	152,828
55 - 59	6	21,958	7,673	649	31,242	20,763	1,931	37,665	41,364	1,802	42,427	76,564	1,114	46,633	136,195
60 - 64	5	25,534	6,541	214	32,282	21,801	536	36,193	40,125	439	39,643	72,887	220	42,401	118,115
65+	1	10,282	2,358	74	22,161	15,515	86	25,914	27,896	38	29,692	59,431	17	35,255	104,370
Total	55	27,764	7,763	5,236	33,293	21,050	10,396	38,833	40,828	7,402	45,001	80,164	4,865	50,388	145,724

Age	25 - 29			30 - 34			35 - 39			40 +			Total		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	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	29	25,662	14,809
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	650	37,890	23,706
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	2,212	43,093	37,622
40 - 44	6	43,967	167,580	0	0	0	0	0	0	0	0	0	3,737	43,875	56,777
45 - 49	315	51,189	187,510	2	25,793	133,106	0	0	0	0	0	0	6,537	42,663	79,104
50 - 54	1,968	57,546	230,221	84	52,880	247,367	0	0	0	0	0	0	10,032	44,663	106,500
55 - 59	771	54,397	213,391	119	66,884	306,327	3	68,573	384,542	0	0	0	6,395	42,478	91,512
60 - 64	96	41,757	152,252	22	59,435	297,157	6	60,269	377,982	1	17,987	58,378	1,539	38,248	69,960
65+	10	32,542	132,385	5	40,343	145,003	1	54,684	412,613	1	60,637	513,401	233	26,819	45,309
Total	3,166	55,563	219,081	232	60,181	279,140	10	62,202	383,413	2	39,312	285,890	31,364	42,991	82,904

Section 6: Data

Distribution of School Districts Tier 2 Active Members
Years of Service as of December 31, 2004

Age	0 - 4			5 - 9			10 - 14			15 - 19			20 - 24		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance
Under 20	2	9,921	463	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	223	15,863	1,651	2	20,990	6,866	0	0	0	0	0	0	0	0	0
25 - 29	2,455	29,889	4,256	282	30,466	10,111	0	0	0	0	0	0	0	0	0
30 - 34	2,619	31,736	5,503	1,756	36,793	13,454	0	0	0	0	0	0	0	0	0
35 - 39	2,203	27,610	4,633	1,306	35,262	13,027	0	0	0	0	0	0	0	0	0
40 - 44	2,320	23,664	3,877	1,518	28,607	10,161	0	0	0	0	0	0	0	0	0
45 - 49	2,292	23,674	3,853	1,931	26,769	9,639	0	0	0	0	0	0	0	0	0
50 - 54	1,741	25,132	4,068	1,588	28,160	10,288	0	0	0	0	0	0	0	0	0
55 - 59	997	27,019	4,718	932	30,027	11,296	0	0	0	0	0	0	0	0	0
60 - 64	428	23,400	4,119	385	28,948	11,136	0	0	0	0	0	0	0	0	0
65+	161	15,893	2,677	115	21,825	8,414	0	0	0	0	0	0	0	0	0
Total	15,441	26,767	4,355	9,815	30,644	11,173	0	0	0	0	0	0	0	0	0

Age	25 - 29			30 - 34			35 - 39			40 +			Total		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance		Average Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	2	9,921	463
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0	225	15,909	1,698
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	2,737	29,948	4,860
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	4,375	33,766	8,694
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	3,509	30,458	7,757
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	3,838	25,619	6,362
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	4,223	25,089	6,498
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0	3,329	26,576	7,035
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	1,929	28,472	7,896
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	813	26,027	7,442
65+	0	0	0	0	0	0	0	0	0	0	0	0	276	18,365	5,067
Total	0	0	0	0	0	0	0	0	0	0	0	0	25,256	28,273	7,004

Section 6: Data

Distribution of Judge Active Members
Years of Service as of December 31, 2004

Age	0 - 4			5 - 9			10 - 14			15 - 19			20 - 24		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	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
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40 - 44	2	99,320	15,176	2	95,818	42,923	1	95,818	89,238	0	0	0	0	0	0
45 - 49	5	81,958	13,655	3	96,125	54,438	6	95,732	139,320	2	95,981	150,360	0	0	0
50 - 54	9	88,152	15,774	10	96,858	80,731	19	96,964	157,866	9	95,848	188,503	2	95,842	352,997
55 - 59	4	78,675	24,024	13	96,430	68,990	17	97,395	151,726	16	96,462	284,497	15	95,882	487,795
60 - 64	0	0	0	6	98,344	75,929	8	95,897	161,492	4	97,653	299,062	2	95,900	429,010
65+	2	96,070	24,173	1	95,921	35,266	0	0	0	1	96,006	121,246	1	95,977	360,227
Total	22	86,756	17,502	35	96,805	69,834	51	96,773	152,860	32	96,394	245,834	20	95,884	462,058

Age	25 - 29			30 - 34			35 - 39			40 +			Total		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance		Salary	Account Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	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
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	5	97,219	41,087
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	16	91,532	85,514
50 - 54	4	97,594	396,863	0	0	0	0	0	0	0	0	0	53	95,263	149,787
55 - 59	6	95,913	592,617	2	95,879	723,915	0	0	0	0	0	0	73	95,519	280,065
60 - 64	6	98,652	767,520	0	0	0	0	0	0	0	0	0	26	97,368	323,342
65+	2	100,759	604,712	2	96,064	660,399	1	107,895	813,116	0	0	0	10	98,159	390,842
Total	18	97,738	608,761	4	95,972	692,157	1	107,895	813,116	0	0	0	183	95,550	230,997

Section 6: Data

Distribution of All Tier 1/ Tier 2 and Judge Active Members
 Years of Service as of December 31, 2004

Age	0 - 4			5 - 9			10 - 14			15 - 19			20 - 24		
	Count	Average	Account	Count	Average	Account	Count	Average	Account	Count	Average	Account	Count	Average	Account
		Salary	Balance		Salary	Balance		Salary	Balance		Salary	Balance		Salary	Balance
Under 20	27	6,306	453	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	900	20,414	1,919	37	25,031	6,919	0	0	0	0	0	0	0	0	0
25 - 29	5,745	32,181	4,377	1,319	36,850	12,266	10	30,541	21,678	0	0	0	0	0	0
30 - 34	6,642	35,398	5,601	5,953	42,235	17,147	614	45,689	36,705	13	42,096	55,749	0	0	0
35 - 39	5,710	34,254	5,294	6,325	42,611	19,105	3,330	49,710	47,641	608	48,729	72,637	13	52,089	106,681
40 - 44	5,528	32,228	5,026	6,082	39,377	17,612	4,039	47,758	49,755	3,224	52,581	88,072	649	50,691	126,948
45 - 49	5,287	31,790	4,996	6,794	36,654	16,739	5,156	44,435	47,452	4,098	50,729	90,081	3,284	54,770	154,407
50 - 54	4,504	33,227	5,257	6,425	37,678	17,793	6,218	43,179	47,073	5,430	49,268	89,600	4,256	54,056	158,775
55 - 59	2,952	35,372	5,694	4,288	38,886	18,516	4,580	44,229	49,044	4,282	47,674	87,677	2,706	52,217	153,858
60 - 64	1,202	32,624	5,453	1,703	37,405	17,726	1,545	42,919	48,746	1,265	46,568	85,995	628	50,740	143,468
65+	428	25,400	4,254	535	29,871	14,499	316	40,738	45,714	170	43,427	82,875	60	47,190	138,796
Total	38,925	33,000	5,071	39,461	39,216	17,533	25,808	45,185	47,819	19,090	49,531	88,152	11,596	53,423	153,619

Age	25 - 29			30 - 34			35 - 39			40 +			Total		
	Count	Average	Account	Count	Average	Account	Count	Average	Account	Count	Average	Account	Count	Average	Account
		Salary	Balance		Salary	Balance		Salary	Balance		Salary	Balance		Salary	Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	27	6,306	453
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0	937	20,596	2,117
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	7,074	33,050	5,873
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	13,222	38,961	12,293
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	15,986	41,345	22,223
40 - 44	24	49,880	165,719	0	0	0	0	0	0	0	0	0	19,546	41,654	36,129
45 - 49	1,070	53,608	198,260	17	51,226	208,615	0	0	0	0	0	0	25,706	42,488	57,446
50 - 54	3,777	56,948	228,825	283	53,784	249,286	1	30,873	214,995	0	0	0	30,894	44,933	81,828
55 - 59	1,791	57,314	227,420	307	64,303	299,256	23	52,010	266,465	0	0	0	20,929	45,045	77,304
60 - 64	286	54,398	220,592	79	63,473	315,170	21	63,745	403,620	4	41,525	233,255	6,733	41,894	60,647
65+	35	54,475	209,166	15	63,228	324,348	17	78,295	577,708	5	51,654	581,041	1,581	34,398	45,131
Total	6,983	56,389	223,128	701	59,623	279,215	62	62,851	397,431	9	47,152	426,470	142,635	42,087	51,669

Section 6: Data

Distribution of Dormant Members

Age	SLGRP		Independent Employers		School Districts		Judges		Total	
	Count	Average	Count	Average	Count	Average	Count	Average	Count	Average
		Benefit		Benefit		Benefit		Benefit		Benefit
Under 30	2,883	\$170.51	1047	\$225.60	1671	\$194.04	0	\$0.00	5601	\$187.83
30 - 34	2,944	\$461.88	944	\$507.41	2151	\$521.99	0	\$0.00	6039	\$490.41
35 - 39	3,315	\$767.21	988	\$720.67	2113	\$796.69	0	\$0.00	6416	\$769.76
40 - 44	3,800	\$1,058.40	959	\$814.48	2234	\$929.47	0	\$0.00	6993	\$983.76
45 - 49	5,002	\$1,144.79	1224	\$795.01	2893	\$1,034.99	0	\$0.00	9119	\$1,063.01
50 - 54	6,946	\$1,139.86	1504	\$812.53	3883	\$1,190.75	2	\$2,365.99	12335	\$1,116.17
55 - 59	4,954	\$812.57	982	\$577.57	2847	\$817.53	4	\$3,722.07	8787	\$789.24
60 - 64	1,986	\$571.26	381	\$283.41	1107	\$417.09	3	\$3,042.41	3477	\$492.77
65 - 69	713	\$488.54	113	\$343.73	429	\$275.01	1	\$398.24	1256	\$402.50
70 - 74	396	\$320.12	72	\$193.23	251	\$286.85	0	\$0.00	719	\$295.80
75+	470	\$222.88	74	\$168.52	446	\$204.53	0	\$0.00	990	\$210.55
Total	33,409	\$832.12	8288	\$620.64	20025	\$793.77	10	\$2,914.57	61732	\$791.62

Section 6: Data

Distribution of Retired Members and Beneficiaries

Age	SLGRP		Independent Employers		School Districts		Judges		Total	
	Count	Average	Count	Average	Count	Average	Count	Average	Count	Average
		Benefit		Benefit		Benefit		Benefit		Benefit
Under 50	560	\$1,098.69	144	\$1,336.47	212	\$1,108.83	0	\$0.00	916	\$1,138.41
50 - 54	2,931	\$1,582.77	704	\$1,741.31	1,098	\$2,688.50	0	\$0.00	4,733	\$1,862.87
55 - 59	12,120	\$1,492.54	2,377	\$1,530.80	8,142	\$2,401.15	2	\$2,821.00	22,641	\$1,823.42
60 - 64	14,347	\$1,423.22	2,485	\$1,324.90	10,470	\$1,966.71	20	\$4,826.10	27,322	\$1,625.04
65 - 69	11,721	\$1,322.90	1,960	\$1,111.46	8,964	\$1,619.23	25	\$4,312.20	22,670	\$1,425.09
70 - 74	8,634	\$1,240.79	1,307	\$1,022.04	7,199	\$1,351.90	27	\$4,682.70	17,167	\$1,276.14
75 - 79	6,249	\$1,179.44	951	\$866.63	5,951	\$1,119.72	32	\$4,582.34	13,183	\$1,138.17
80 - 84	4,584	\$961.30	706	\$665.94	4,610	\$855.32	24	\$3,887.54	9,924	\$898.14
85 - 59	2,472	\$778.24	351	\$466.90	2,770	\$652.76	17	\$2,987.53	5,610	\$703.50
90 - 94	1,083	\$666.63	140	\$422.86	1,266	\$580.13	12	\$2,629.92	2,501	\$618.62
95 +	375	\$449.33	48	\$269.27	409	\$518.72	4	\$2,188.00	836	\$481.26
Total	65,076	\$1,299.60	11,173	\$1,198.79	51,091	\$1,584.17	163	\$4,094.70	127,503	\$1,408.37

Distribution of Retired Members and Beneficiaries

Age	Healthy Retired Members		Beneficiaries		Duty Disability		Non-Duty Disability		Total	
	Count	Average	Count	Average	Count	Average	Count	Average	Count	Average
		Benefit		Benefit		Benefit		Benefit		Benefit
Under 50	173	\$777.39	123	\$538.62	125	\$1,270.40	495	\$1,380.30	916	\$1,138.41
50 - 54	3,078	\$2,312.27	651	\$427.41	152	\$1,209.16	852	\$1,452.78	4,733	\$1,862.87
55 - 59	19,981	\$1,940.42	1,213	\$448.25	149	\$1,415.64	1,298	\$1,354.26	22,641	\$1,823.42
60 - 64	25,335	\$1,681.21	851	\$415.66	120	\$1,039.35	1,016	\$1,306.65	27,322	\$1,625.04
65 - 69	21,680	\$1,439.97	122	\$806.47	103	\$743.82	765	\$1,193.64	22,670	\$1,425.09
70 - 74	16,603	\$1,281.72	28	\$1,072.43	73	\$764.22	463	\$1,169.24	17,167	\$1,276.14
75 - 79	12,805	\$1,146.94	6	\$1,386.17	52	\$554.69	320	\$877.73	13,183	\$1,138.17
80 - 84	9,620	\$906.22	0	\$0.00	60	\$491.05	244	\$679.61	9,924	\$898.14
85 - 59	5,406	\$709.45	0	\$0.00	37	\$372.32	167	\$584.26	5,610	\$703.50
90 - 94	2,406	\$627.22	0	\$0.00	16	\$329.50	79	\$415.32	2,501	\$618.62
95 +	807	\$487.71	0	\$0.00	7	\$284.00	22	\$307.36	836	\$481.26
Total	117,894	\$1,444.16	2,994	\$460.48	894	\$995.51	5,721	\$1,231.38	127,503	\$1,408.37

Section 7: Methods and Assumptions

The Board adopted the following actuarial methods and valuation procedures for the December 31, 2004 actuarial valuation of PERS Tier 1/Tier 2 benefits.

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.

Section 7: Methods and Assumptions

<i>Unfunded Actuarial Liability (UAL) Amortization</i>	The UAL is currently amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over the period from the valuation date to December 31, 2027. As of December 31, 2004, the amortization period is 23 years. When the amortization period reaches 20 years, the period for the existing UAL will continue to decline until it is paid off and new gains and losses recognized in each odd-year valuation will be amortized over a period of 20 years from that valuation.
<i>Amortization of Change In UAL Due to Change in Actuarial Cost Method</i>	The change in UAL due to the change from Entry Age Normal to Projected Unit Credit on December 31, 2004 is amortized as a level percentage of combined valuation payroll over a rolling three-year period.
<i>Asset Valuation Method</i>	The actuarial value of assets equals the market value of assets, reduced by the Contingency, Capital Preservation and Rate Guarantee Reserves.
<i>Contribution Rate Stabilization Method</i>	Contribution rates are confined to a collar based on the prior contribution rate (prior to application of side accounts). The new contribution rate will 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 drops below 80% or increases above 120%, the size of the collar doubles.

Section 7: Methods and Assumptions

Economic Assumptions

The following economic assumptions were used for the December 31, 2004 actuarial valuation. The investment return assumption was first adopted in 1989, and the interest crediting assumptions, inflation and payroll growth were adopted in 2003. All other economic assumptions were first adopted in 2001.

<i>Investment Return</i>	8.0% compounded annually														
<i>Interest Crediting</i>	<ul style="list-style-type: none"> ▪ 8.0% compounded annually on members' regular account balances ▪ 8.5% compounded annually on members' variable account balances 														
<i>Inflation</i>	3.00% compounded annually														
<i>Payroll Growth</i>	4.00% 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.														
	<table border="1"> <thead> <tr> <th style="text-align: center;">Year¹</th> <th style="text-align: center;">Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2006</td> <td style="text-align: center;">7.5%</td> </tr> <tr> <td style="text-align: center;">2007</td> <td style="text-align: center;">7.0%</td> </tr> <tr> <td style="text-align: center;">2008</td> <td style="text-align: center;">6.5%</td> </tr> <tr> <td style="text-align: center;">2009</td> <td style="text-align: center;">6.0%</td> </tr> <tr> <td style="text-align: center;">2010</td> <td style="text-align: center;">5.5%</td> </tr> <tr> <td style="text-align: center;">2011+</td> <td style="text-align: center;">5.0%</td> </tr> </tbody> </table>	Year ¹	Rate	2006	7.5%	2007	7.0%	2008	6.5%	2009	6.0%	2010	5.5%	2011+	5.0%
Year ¹	Rate														
2006	7.5%														
2007	7.0%														
2008	6.5%														
2009	6.0%														
2010	5.5%														
2011+	5.0%														

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

Section 7: Methods and Assumptions

Demographic Assumptions

The following demographic assumptions were used for the December 31, 2004 actuarial valuation.

Mortality

The following mortality tables were used in the December 31, 2004 valuation. These mortality rates were adopted effective December 31, 2001.

Healthy Retired Members

Basic Table	RP 2000, Combined Active/Healthy Retired, No Collar, Sex Distinct
School District male	Set back 24 months
Other General Service male	Set back 18 months
Police & Fire male	Set back 12 months
School District female	Set back 36 months
Other female	Set back 18 months
Beneficiary male	Set back 18 months
Beneficiary female	Set back 18 months

The disabled retiree mortality rates used for the December 31, 2004 actuarial valuation are as follows:

Disabled Retired Members

Basic Table	Healthy Members Mortality
Male	Set Forward 36 months, min of 2.5%
Female	Set Forward 24 months, min of 3.0%

The rates for non-retired members used in the December 31, 2004 actuarial valuation were adopted with the December 31, 2001 actuarial valuation.

Non-Retired Members

	Percent of Healthy Retired Mortality Tables
Police & Fire Male	40%
School District Male	50%
Other Male	75%
School District Female	50%
Police & Fire Female	40%
Other Female	60%

Section 7: Methods and Assumptions

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.

The lump sum option at retirement assumption was adopted effective December 31, 2003, all other retirement assumptions were first adopted effective December 31, 2001.

Rates of Retirement from Active Status

Judge members are assumed to retire at age 63. All other members are assumed to retire as follows:

Age	Police & Fire		School District		Other General Service			
	State Agencies	Local Employers	Male	Female	State Agencies	State Agencies	Local Employers	Local Employers
					Male	Female	Male	Female
50	13.1%	11.3%						
51	8.6%	11.3%						
52	6.8%	11.3%						
53	4.9%	11.3%						
54	11.3%	22.2%						
55 ³	11.3%	22.2%	14.0%	8.6%	9.5%	4.9%	4.9%	4.9%
56 ¹	11.3%	22.2%	14.0%	9.5%	5.8%	3.9%	4.9%	5.8%
57 ¹	11.3%	22.2%	14.0%	11.3%	11.3%	10.4%	9.5%	6.8%
58 ¹	11.3%	22.2%	18.2%	14.0%	13.1%	10.4%	14.0%	7.7%
59 ¹	11.3%	22.2%	18.2%	15.7%	13.1%	9.5%	9.5%	8.6%
60	14.0%	22.2%	18.2%	17.4%	11.3%	9.5%	9.5%	9.5%
61	22.2%	33.3%	22.2%	22.2%	26.1%	18.2%	26.1%	18.2%
62	29.8%	51.9%	46.2%	33.3%	33.3%	26.1%	43.1%	26.1%
63	22.2%	26.1%	26.1%	26.1%	22.2%	22.2%	33.3%	22.2%
64	14.0%	26.1%	26.1%	26.1%	22.2%	22.2%	33.3%	22.2%
65	100.0%	100.0%	40.0%	46.2%	49.1%	51.9%	54.6%	40.0%
66			26.1%	26.1%	26.1%	26.1%	26.1%	26.1%
67			26.1%	26.1%	26.1%	26.1%	26.1%	26.1%
68			26.1%	26.1%	26.1%	26.1%	26.1%	26.1%
69			26.1%	26.1%	26.1%	26.1%	26.1%	26.1%
70			100%	100%	100%	100%	100%	100%
30 & Out	N/A	N/A	33.3%	33.3%	33.3%	18.2%	22.2%	14.0%

³ Rates of retirement from ages 55 through 59 are one-third less for Tier 2 Members.

Section 7: Methods and Assumptions

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, 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.

Partial Lump Sum	20%
Total Lump Sum	0%
No Lump Sum	80%

Purchase of Credited Service at Retirement

The following percentages of members are assumed to purchase credit for the six-month waiting period at retirement.

Money Match Retirements	0%
Non-Money Match Retirements	100%

Section 7: Methods and Assumptions

Demographic Assumptions (*continued*)

Disability Assumptions

There are two disability assumptions used in the valuation - duty disability and ordinary disability. Duty disability rates were first adopted effective December 31, 2001, and ordinary disability rates were adopted effective December 31, 2003. The following duty disability assumptions were used in the December 31, 2004 valuation:

Duty Disability

Age	State Agencies Male	State Agencies Female	State Agencies P&F	School Districts Male	School Districts Female	Local Employers Male	Local Employers Female	Local Employers P&F	Judges Male	Judges Female
30	0.006%	0.010%	0.030%	0.010%	0.008%	0.020%	0.003	0.108%	0.006%	0.016%
35	0.006	0.010	0.059	0.010	0.008	0.020	0.004	0.108	0.006	0.016
40	0.006	0.010	0.067	0.015	0.008	0.020	0.006	0.108	0.006	0.016
45	0.006	0.010	0.075	0.015	0.008	0.020	0.006	0.455	0.006	0.016
50	0.020	0.016	0.186	0.020	0.010	0.023	0.014	0.380	0.020	0.026

Ordinary Disability

Age	State Agencies Male	State Agencies Female	State Agencies P&F	School Districts Male	School Districts Female	Local Employers Male	Local Employers Female	Local Employers P&F	Judges Male	Judges Female
30	0.10%	0.16%	0.08%	0.00%	0.00%	0.09%	0.02%	0.12%	0.07%	0.11%
35	0.10	0.16	0.17	0.13	0.10	0.09	0.02	0.25	0.07	0.11
40	0.16	0.24	0.20	0.13	0.17	0.13	0.23	0.30	0.11	0.16
45	0.17	0.24	0.25	0.32	0.28	0.44	0.23	0.39	0.11	0.16
50	0.29	0.69	0.34	0.64	0.45	0.66	0.75	0.51	0.21	0.45

Section 7: Methods and Assumptions

Demographic Assumptions (*continued*)

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.

The probability that a member will not take a lump sum distribution prior to retirement was adopted effective December 31, 2003; all other termination assumptions were first adopted effective December 31, 2001.

Termination Rates

Termination rates are based on a 5-year select and ultimate table from entry age. The ultimate rates for selected ages are shown for each group on the following page.

Section 7: Methods and Assumptions

Demographic Assumptions *(continued)*

School District - Male						
Age	1st Select Period	2nd Select Period	3rd Select Period	4th Select Period	5th Select Period	Ultimate
30	14.758%	14.758%	12.087%	10.989%	10.989%	5.368%
40	10.334%	10.334%	8.487%	5.922%	5.510%	2.607%
50	5.781%	5.781%	4.734%	4.282%	3.830%	1.749%

OHSU - Male						
Age	1st Select Period	2nd Select Period	3rd Select Period	4th Select Period	5th Select Period	Ultimate
30	15.406%	15.406%	11.320%	9.520%	9.372%	4.932%
40	12.494%	12.494%	9.520%	8.428%	7.337%	3.780%
50	9.350%	9.350%	6.390%	5.824%	5.258%	2.616%

School District - Female						
Age	1st Select Period	2nd Select Period	3rd Select Period	4th Select Period	5th Select Period	Ultimate
30	13.082%	13.082%	10.350%	8.568%	8.430%	7.645%
40	9.734%	9.734%	7.254%	5.580%	5.580%	2.926%
50	6.834%	6.834%	4.563%	3.879%	3.879%	2.178%

OHSU - Female						
Age	1st Select Period	2nd Select Period	3rd Select Period	4th Select Period	5th Select Period	Ultimate
30	17.123%	17.123%	16.057%	14.990%	13.233%	9.900%
40	13.897%	13.897%	11.893%	9.890%	8.866%	6.648%
50	8.232%	8.232%	7.690%	6.760%	5.577%	4.476%

State Agencies - General Service - Male						
Age	1st Select Period	2nd Select Period	3rd Select Period	4th Select Period	5th Select Period	Ultimate
30	20.713%	20.713%	15.465%	12.874%	11.382%	8.897%
40	14.571%	14.571%	10.677%	8.771%	7.338%	4.903%
50	10.847%	10.847%	6.670%	5.336%	4.903%	3.183%

Local Employers - General Service - Male						
Age	1st Select Period	2nd Select Period	3rd Select Period	4th Select Period	5th Select Period	Ultimate
30	15.406%	15.406%	10.754%	9.044%	8.520%	3.904%
40	12.494%	12.494%	9.044%	6.783%	6.670%	2.993%
50	9.350%	9.350%	6.070%	4.817%	4.780%	2.071%

State Agencies - General Service - Female						
Age	1st Select Period	2nd Select Period	3rd Select Period	4th Select Period	5th Select Period	Ultimate
30	18.926%	18.926%	16.180%	11.920%	11.210%	9.465%
40	12.510%	12.510%	10.187%	6.890%	6.443%	5.073%
50	8.031%	8.031%	7.036%	4.660%	4.476%	3.269%

Local Employers - General Service - Female						
Age	1st Select Period	2nd Select Period	3rd Select Period	4th Select Period	5th Select Period	Ultimate
30	17.123%	17.123%	16.169%	14.241%	12.030%	7.837%
40	13.897%	13.897%	12.264%	9.396%	8.060%	5.263%
50	8.232%	8.232%	7.305%	6.422%	5.070%	3.543%

State Agencies - Police & Fire						
Age	1st Select Period	2nd Select Period	3rd Select Period	4th Select Period	5th Select Period	Ultimate
30	11.494%	11.494%	6.255%	4.734%	4.734%	3.059%
40	8.732%	8.732%	4.392%	4.392%	4.392%	2.392%
45	6.316%	6.316%	3.879%	3.879%	3.879%	1.714%

Local Employers - Police & Fire						
Age	1st Select Period	2nd Select Period	3rd Select Period	4th Select Period	5th Select Period	Ultimate
30	7.163%	7.163%	4.428%	4.428%	3.096%	2.835%
40	5.424%	5.424%	3.096%	3.096%	3.096%	1.872%
45	3.904%	3.904%	2.727%	2.727%	2.727%	1.341%

Section 7: Methods and Assumptions

Demographic Assumptions *(continued)*

Termination Assumptions *(continued)*

No Lump Sum Before Retirement

The following table shows the probability that vested terminated members will elect to receive a deferred benefit instead of withdrawing accumulated member contributions:

Age	State	State	State	School	School	Local	Local	Local
	Agencies	Agencies				Employers	Employers	
	General	General				General	General	
	Service	Service	Agencies	Districts	Districts	Service	Service	Employers
	Male	Female	P&F	Male	Female	Male	Female	P&F
30	52.90%	52.90%	45.00%	62.50%	78.75%	50.60%	62.40%	60.00%
35	64.40	64.40	55.00	66.25	78.75	58.30	75.60	65.00
40	72.45	72.45	60.00	72.50	78.75	67.10	78.00	70.00
45	74.75	74.75	70.00	78.75	85.05	74.80	81.60	80.00
50	85.10	85.10	100.00	88.75	92.40	80.30	84.00	100.00

Judge members are not assumed to elect a lump sum before retirement.

Section 7: Methods and Assumptions

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.

Merit Increases

Merit increases are based on duration of service for the following groups. All rates were adopted December 31, 2001.

Duration	School District	OHSU	State Agencies		Local Employers	
			General Service	Police & Fire	General Service	Police & Fire
5	2.50%	1.00%	1.80%	2.00%	1.80%	2.50%
10	1.60%	0.30%	0.90%	0.95%	1.00%	1.30%
15	1.00%	0.25%	0.40%	0.45%	0.55%	0.80%
20	0.50%	0.00%	0.00%	0.00%	0.30%	0.50%

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. The rates were first adopted December 31, 2001.

Actives:	Rates
State GS Male	8%
State GS Female	4%
School District Male	10%
School District Female	7%
Local GS Male	5%
Local GS Female	3%
State Police & Fire	9%
Local Police & Fire	7%
Dormants:	½ of the above rates

Section 7: Methods and Assumptions

Demographic Assumptions *(continued)*

Retiree Healthcare Participation

Eligible retiring members have the option of electing RHIPA and/or RHIA coverage. The rates shown below were first adopted effective December 31, 2003.

RHIPA	15%
RHIA	80%

Section 7: Methods and Assumptions

Changes Since Last Valuation

A summary of the changes implemented since the December 31, 2003, valuation are described below.

Actuarial Cost Method

The actuarial cost method used to value liabilities under the system was changed from the Entry Age Normal method to the Projected Unit Credit cost method. Under the Projected Unit Credit cost method, the normal cost reflects the value of benefits earned in the next year and the accrued liability represents the value of benefits earned to date.

The change in actuarial accrued liability associated with this cost method change will be amortized as a level percentage of combined payroll over a rolling 3-year period. Contributions will be credited toward the payment of this change beginning with the next contribution rate change.

Asset Valuation Method

The asset valuation method was changed from a smoothing method which recognized investment gains and losses over a 4-year period to market value.

Contribution Rate Stabilization Method

The Board adopted a contribution rate stabilization method that smoothes contribution rates instead of assets.

Contribution rates are confined to a collar based on current contribution rates (prior to side account adjustments). The next contribution rate will not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20% of the current contribution rate. If the system's funded percentage drops below 80% or increases above 120%, the size of the collar doubles.

Rate Guarantee Reserve

The rate guarantee reserve holds earnings that would have been credited to Tier 1 regular member accounts if not for the statutory limit on earnings crediting of the assumed valuation interest rate until this reserve is fully funded for three consecutive years. Because the Rate Guarantee Reserve will either be used to provide the guaranteed earnings to Tier 1 member regular accounts or to provide additional benefits to Tier 1 members, neither of which is contemplated by the actuarial assumptions, assets in the Rate Guarantee Reserve are excluded from valuation assets.

Changes Due to Transition to New Actuary

This is the first valuation that Mercer has prepared for the Oregon Public Employees Retirement System. Due to differences between Mercer's valuation system and the valuation system used by the prior actuary, as well as differences in the interpretation and application of various valuation components, the following changes were made:

- Liabilities assume beginning of year decrements, rather than mid-year decrements
- Entry age is defined as valuation date minus credited service

Section 7: Methods and Assumptions

Changes Since Last Valuation (*continued*)

- Valuation pay is defined as prior year pay increased with one year of salary scale rather than assuming a one-half year increase
- Amortization factors assume interest credited monthly, rather than continuously
- The UAL is amortized over combined valuation payroll for members who are under the maximum assumed retirement, rather than total payroll
- Benefits in force (BIF) reserve assets are allocated to pools/employers in proportion to their BIF liabilities instead of in proportion to the sum of member accounts, employer accounts and BIF liabilities.
- Transfers from side accounts are calculated as actual payroll times the rate relief attributable to the side account, and increased for interest at the rate credited to employer accounts

State & Local Government Rate Pool Pooling Methodology

Effective with the December 31, 2004 actuarial valuation, a new pooling methodology for the SLGRP has been implemented. The new pooling methodology will work as follows:

- One UAL rate is charged to all employers in the pool instead of a different UAL rate for each year of the pool.
- Employer contributions are allocated to normal cost, UAL, transition base and LGRP pooled base (if applicable) or State/Community College pooled base (if applicable) based on actual payroll and the contribution rates in effect instead of based on a proportion of the absolute value of the amount outstanding.

A new employer joining the pool will have a transition base calculated such that employers joining the pool pay the same pooled UAL rate and a transition rate to make up for the difference between the employer's and pool's market value funded status.

A transition to implement this new pooling methodology was accomplished through a fresh start calculation of the pool as of January 1, 2004, reflecting the assets and liabilities allocated to each employer under the prior pooling methodology as of December 31, 2003. This new pooling methodology and fresh start transition approach were presented to and discussed with the LAC on November 4, 2005, and January 5, 2006, and approved by the Board on April 27, 2006.

Section 8: 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>	<p>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.</p> <p>Tier 1: Hired prior to 1996</p> <p>Tier 2: Hired after 1995 and before August 29, 2003</p> <p>Judges: Members of the judiciary</p> <p>Other members hired after August 28, 2003 are covered under the OPSRP provisions in a separate actuarial valuation report.</p>
<i>Employee Contributions</i>	<p>Judges: 7% of salary</p> <p>All others: None</p>
<i>Employer Contributions</i>	Actuarially determined
<i>Service</i>	<p>One month of service is credited for each month a member is employed in a qualifying position, or concurrent positions, performs services for a major fraction of a month, and contributes to PERS. Service credit may also be granted to members by agreement between PERS and their employer for service prior to the employer's participation in PERS. Service can also be purchased under a variety of circumstances.</p>
<i>Final Average Salary</i>	<p>Greater of highest average PERS-covered salary in three consecutive calendar years or one-third of total PERS-covered salary earned in the last 36 consecutive months of member coverage.</p> <p>PERS-covered salary is defined by statute for each Tier. Employee contributions that are "picked-up" by the employer are considered PERS-covered salary. In addition, for employers that so elect, PERS-covered salary includes 50% of the value of accumulated unused sick leave.</p>
<i>Normal Retirement Date</i>	<p>Police and Fire: Age 55</p> <p>Judges: Age 65</p> <p>Tier 1 General Service: Age 58</p> <p>Tier 2 General Service: Age 60</p>

Section 8: Plan Provisions

Normal Retirement Allowance

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 pay and years of credited service plus a prior service pension, if applicable.

Percentage Multiplier	Membership Classification
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 pay and years of credited service, plus a prior service pension, if applicable.

Percentage Multiplier	Membership Classification
1.35%	Fire, Police and Legislators
1.00%	All other members

Normal Retirement Allowance (continued)

Judges: Final average pay 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 pay also shown below. Judges must elect Plan A or Plan B no later than age 60.

Plan	Percentage Factor (up to 16 years)	Percentage Factor (after 16 years)	Maximum Percentage of Final Average Pay
A	2.8125%	1.67%	65%
B	3.75%	2.00%	75%

SB 656/HB 3349 Adjustment

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).

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

1	×	Service prior to October 1, 1991
1 – maximum Oregon personal income tax rate		All Service

Section 8: Plan Provisions

<i>Early Retirement Eligibility</i>	<p>Police and Fire: Age 50 or 30 years of service</p> <p>Judges: Age 60</p> <p>General Service: Age 55 or 30 years of service</p>
<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>	Five years or attainment of normal retirement age.
<i>Termination Benefits</i>	<p>Non-Vested: Payment of member's account balance. For Judges, the account balance is forfeited.</p> <p>Vested: Same as normal (or early) retirement allowance, but commencement is deferred to normal (or early) retirement date.</p>
<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 ▪ Lump sum of member contribution account (under any form) plus a pension from employer contributions under the Full Formula or Money Match method. ▪ Lump sum of member contribution account plus a matching employer amount.
<i>Pre-Retirement Death Benefit Eligibility</i>	<p>Judges: Six or more years of service.</p> <p>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.</p>
<i>Pre-Retirement Death Benefit</i>	<p>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.</p> <p>All others: The member's account balance plus a matching employer amount.</p>
<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>	<p>Duty: Disablement occurring as a direct result of a job-related injury or illness, regardless of length of service.</p> <p>Non-Duty: Disablement occurring after ten years of service (six years, if a judge), but prior to normal retirement eligibility.</p>

Section 8: Plan Provisions

<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) 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</p> <p>Judges 45% of final average monthly salary.</p> <p>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>
<i>Disability Benefits (continued)</i>	<p>Reduction of Benefits</p> <p>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.</p> <p>For Tier Two members, the sum of the disability benefit and any workers' compensation benefits 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.</p> <p>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.</p> <p>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.</p> <p>The employer provided benefit, however, is based on the earnings the member would have received in the regular account.</p>

Section 8: Plan Provisions

<i>Interest Credit on Member Accounts</i>	<p>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.</p> <p>Tier 2 Regular: Amount determined by the Board based on actual investment earnings of the regular account.</p> <p>Variable: Actual earnings in variable account.</p>
<i>Retiree Healthcare – Medicare Supplement</i>	<p>Eligibility: All of the following must be met:</p> <ul style="list-style-type: none"> (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. <p>Benefit Amount: A monthly contribution of up to \$60 per retiree is applied to PERS-sponsored Medicare supplemental insurance costs.</p>
<i>Retiree Healthcare – Under Age 65</i>	<p>Eligibility: Retired state employees enrolled in a PERS-sponsored health plan.</p> <p>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.</p>
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>Changes in Plan Provisions</i>	<p>The Oregon Supreme Court issued rulings in the Strunk and Eugene cases. The impact of these rulings is incorporated in this actuarial valuation. The data provided by PERS for the December 31, 2004, actuarial valuation did not contain adjustments for interest crediting for 2004, or adjustments for the Strunk ruling and Eugene case decisions. As a result, the following changes were made to the data:</p> <ul style="list-style-type: none"> ▪ Tier 1 member accounts have been assumed to be credited with 8.0% interest for all years ▪ Cost of living adjustments (COLA's) apply to all retirees (i.e. no freeze) ▪ Assets and benefits have been adjusted to reflect: <ul style="list-style-type: none"> – 1999 earnings of 11.33% instead of 20.0% – 2003 Tier 1 member account earnings of 8.0% instead of 0.0% – 2004 Tier 1 member account earnings of 8.0% – Retiree benefits adjusted for missed COLAs

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.

Glossary

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.

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 normal cost rates.

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. 27 of the Governmental Accounting Standards Board (GASB 27). The accounting standard governing a state or local governmental employer's accounting for pensions.

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

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