

February 5, 2007

Actuarial Valuation Report

December 31, 2005

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, 2005
- Provide system-wide Tier 1/Tier 2 average contribution rates as of July 1, 2007
- Provide the funded status of Tier 1/Tier 2 as of December 31, 2005
- 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).

Employer Contribution Rates

This report develops the average employer contribution rates that will be effective on July 1, 2007. The December 31, 2003, valuation developed the employer contribution rates that have been in effect since July 1, 2005. The table below compares the average employer contribution rates for the different pools in the Tier 1/Tier 2 system prior to adjustments for side accounts and pre-SLGRP liabilities.

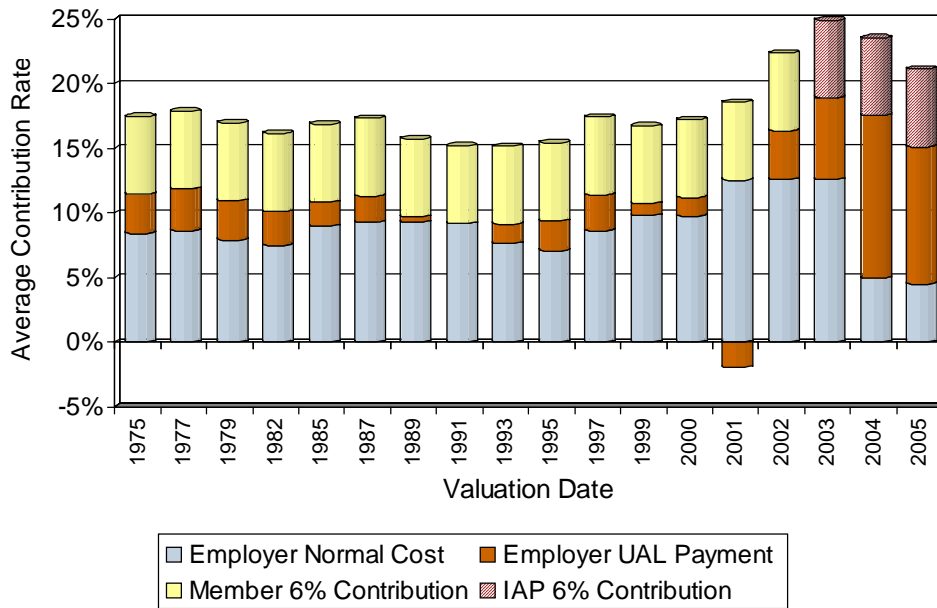
Rate Pool	July 1, 2007	July 1, 2005
State & Local Government Rate Pool	14.27%	15.30%
Independent Employers	8.88%	11.50%
School Districts	17.64%	16.97%
Judiciary	18.70%	23.38%
System-Wide	14.77%	15.40%

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%. 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.

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

Executive Summary

Employer Contribution Rates *(continued)*



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 pre-SLGRP obligations have been paid) and used to offset the otherwise required contribution. As of December 31, 2005, the system has approximately \$6.7 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 6.9% 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.

Executive Summary

Asset Changes

Since December 31, 2004, contributions (including lump sum deposits) for pension benefits have increased assets by approximately 2.4% while benefit payments decreased assets by about 5.1%. On the whole, assets increased almost 10% due to investment returns of approximately 13%.

All Reserves	Amount	Percentage of 12/31/04 Market Value
Market value, December 31, 2004	\$48,145.1	
Contributions	1,165.9	2.4%
Investment income	6,032.8	12.5%
Benefit payments	(2,440.8)	(5.1%)
Market value, December 31, 2005	\$52,903.0	109.9%

amounts in millions

The Contingency and Capital Preservation reserves were deployed increasing valuation assets by nearly \$1.5 billion. The Rate Guarantee reserve that is used to pay for the 8% rate guarantee on Tier 1 member accounts when actual investment earnings are below 8% has increased from \$355 million to \$967 million. Tier 1 member accounts that are protected by the rate guarantee reserve currently amount to approximately \$7.5 billion.

Liability Changes

Since December 31, 2004, the system-wide actuarial accrued liability has increased primarily due to interest on the liability. The normal cost, or the value of benefits attributable to that year of service, was about 1/8th of the value of benefits paid out during the year. Contributions during the year exceeded the normal cost by a factor of 4.

	Amount	Percentage of 12/31/04 AAL Value
Actuarial accrued liability, December 31, 2004	\$47,983.6	
Normal cost	315.8	0.7%
Benefit payments	(2,440.8)	(5.1%)
Interest	3,766.3	7.8%
Other	138.2	0.3%
Actuarial accrued liability, December 31, 2005	\$49,763.1	103.7%

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, 2005	December 31, 2004	
UAL Rate Setting			
Actuarial accrued liability	\$49,240.2	\$47,398.6	4%
Actuarial asset value	\$44,678.7	\$40,024.2	12%
Unfunded actuarial accrued liability	\$4,561.5	\$7,374.4	(38%)
Funded status	91%	84%	
Combined valuation payroll	\$6,791.9	\$6,772.4	0%
UAL as a percentage of payroll	67%	109%	
Financial Reporting			
Unfunded actuarial accrued liability	\$4,561.5	\$7,374.4	(38%)
Side Funds/Pre-SLGRP Liabilities	\$6,820.5	\$5,684.1	20%
UAL - Side Funds	\$(2,259.0)	\$1,690.3	(234%)
Funded status	105%	96%	
Combined valuation payroll	\$6,791.9	\$6,772.4	0%
Net UAL as a percentage of payroll	(33%)	25%	
Normal cost	\$255.1	\$303.0	(16%)
Tier 1/Tier 2 valuation payroll	\$6,111.2	\$6,306.4	(3%)
Normal cost rate	4.17%	4.80%	

amounts in millions

Executive Summary

Principal Valuation Results *(continued)*

	Actuarial Valuation as of		Percent Change
	December 31, 2005	December 31, 2004	
RHIA			
Actuarial accrued liability	\$495.9	\$556.9	(11%)
Actuarial asset value	\$181.0	\$148.0	22%
Unfunded actuarial accrued liability	\$314.9	\$408.9	(23%)
Funded status	36%	27%	
Combined valuation payroll	\$6,791.9	\$6,772.4	0%
UAL as a percentage of payroll	5%	6%	
Normal cost	\$6.5	\$11.4	(43%)
Tier 1/Tier 2 valuation payroll	\$6,111.2	\$6,306.4	(3%)
Normal cost rate	0.11%	0.18%	
RHIPA			
Actuarial accrued liability	\$27.0	\$28.1	(4%)
Actuarial asset value	\$6.1	\$5.2	17%
Unfunded actuarial accrued liability	\$20.9	\$22.9	(9%)
Funded status	23%	19%	
Combined valuation payroll	\$1,827.0	\$1,851.4	(1%)
UAL as a percentage of payroll	1%	1%	
Normal cost	\$1.1	\$1.4	(21%)
Tier 1/Tier 2 valuation payroll	\$1,621.2	\$1,701.0	(5%)
Normal cost rate	0.07%	0.08%	

amounts in millions

Executive Summary

Principal Valuation Results *(continued)*

System-Wide Results	Actuarial Valuation as of		Percent Change
	December 31, 2005	December 31, 2004	
UAL Rate Setting			
Actuarial accrued liability	\$49,763.1	\$47,983.6	4%
Actuarial asset value	\$44,865.8	\$40,177.4	12%
Unfunded actuarial accrued liability	\$4,897.3	\$7,806.2	(37%)
Funded status	90%	84%	
Combined valuation payroll	\$6,791.9	\$6,772.4	0%
UAL as a percentage of payroll	72%	115%	
Financial Reporting			
Unfunded actuarial accrued liability	\$4,897.3	\$7,806.2	(37%)
Side Funds/Pre-SLGRP Liabilities	\$6,820.5	\$5,684.1	20%
UAL - Side Funds	\$(1,923.2)	\$2,122.1	(191%)
Funded status	104%	96%	9%
Combined valuation payroll	\$6,791.9	\$6,772.4	0%
Net UAL as a percentage of payroll	(28%)	31%	(190%)
Normal cost	\$262.7	\$315.8	(17%)
Tier 1/Tier 2 valuation payroll	\$6,111.2	\$6,306.4	(3%)
Normal cost rate	4.30%	5.01%	(14%)

amounts in millions

Executive Summary

Data Summary

	December 31			2004 Total
	2005			
	Tier 1	Tier 2	Total	
Active Members				
Count	71,942	60,576	132,518	142,635
Average age	50.5	43.1	47.1	
Average total service	17	5	12	
Average Tier 1/ Tier 2 valuation payroll	\$49,680	\$37,564	\$44,141	
Dormant Members				
Totals	34,526	27,947	62,473	61,732
Average age	51.9	41.6	47.3	
Average monthly deferred benefit	\$1,265	\$325	\$844	
Retired Members and Beneficiaries				
Totals	128,759	1,164	129,923	127,503
Average age	68.7	62.8	68.7	
Average monthly benefit	\$1,464	\$351	\$1,454	
Total Tier 1/Tier 2 Members	235,227	89,687	324,914	331,870

amounts in millions

Effects of Changes

Effective with the December 31, 2005 actuarial valuation the following changes were made:

Assumption Changes

An experience study was performed as of December 31, 2005, reviewing all economic and demographic assumptions. As a result of the study, the Board adopted a number of assumption changes, including changes to rates of mortality, retirement, disability, and termination. These changes reduced the system-wide Actuarial Accrued Liability by approximately \$110 million, (\$27 million for the pension plan, \$83 million for the retiree healthcare plans) the system-wide normal cost by approximately \$82 million, (\$77 million on the pension plan, \$5 million for the retiree healthcare plans) and the average employer contribution rate by 1.2% of payroll.

Deployment of Reserves

In conjunction with the crediting of earnings for 2005, the Board also voted to deploy all of the Capital Preservation Reserve and most of the Contingency Reserve. Some of the reserves were deployed to the Tier 1 Rate Guarantee Reserve and are still not considered valuation assets. However, most of the reserves were deployed to accounts that are valuation assets, resulting in an increase of \$1.39 billion system-wide and an average reduction in employer contribution rates of approximately 1.5%. In the remainder of this report, the deployment of reserves is included with other interest crediting and investment gains.

Certification

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


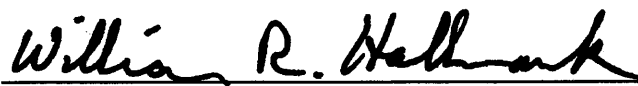
The accounting calculations reported herein are consistent with our understanding of the provisions of Government Account Standards Board (GASB) Statements Number 25 and 43.

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.

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.

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.

	February 5, 2007
Matthew R. Larrabee, FSA, EA, MAAA Principal	Date
	February 5, 2007
William R. Hallmark, ASA, EA, MAAA Principal	Date
Mercer Human Resource Consulting 111 SW Columbia Avenue, Suite 500 Portland, Oregon 97201-5839 503 273 5900	

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, 2005				December 31, 2004
	Tier 1/Tier 2 Pension	RHIA	RHIPA	Totals	Totals
1. Cash and short-term investments	\$2,572.8	\$11.1	\$0.5	\$2,584.4	\$2,966.4
2. Receivables	822.4	3.2	0.1	825.7	734.7
3. Investments at fair value	52,456.4	176.1	5.8	52,638.3	46,648.4
4. Other	9.3	0.2	0.0	9.5	20.3
5. Total assets	\$55,860.9	\$190.6	\$6.4	\$56,057.9	\$50,369.8
6. Liabilities	(3,144.4)	(9.6)	(0.3)	(3,154.3)	(2,224.1)
7. Net assets held in trust	\$52,716.5	\$181.0	\$6.1	\$52,903.6	\$48,145.7

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.

	Actuarial Valuation as of		Percent Change
	December 31, 2005	December 31, 2004 ¹	
Tier 1/Tier 2 Pension Plan			
1. Member reserve	\$9,169.7	\$9,073.0	1.1%
2. Employer reserve	13,800.7	11,382.6	21.2%
3. Benefits-in-force reserve	21,858.6	19,695.4	11.0%
4. Net outstanding pre-SLGRP liabilities	(150.3)	(126.8)	18.5%
5. Total valuation assets	\$44,678.7	\$40,024.2	11.6%
6. Side accounts	6,670.2	5,557.3	20.0%
7. Total pension assets	\$51,348.9	\$45,581.5	12.7%
Retiree Healthcare Plans			
8. RHIA assets	181.0	148.0	22.3%
9. RHIPA assets	6.1	5.2	17.3%
10. Total retiree healthcare assets	\$187.1	\$153.2	22.1%
Other Reserves			
11. Contingency reserve	250.0	1,472.9	(83.0%)
12. Capital preservation reserve	0.0	456.0	(100.0%)
13. Rate guarantee reserve	967.3	354.7	172.7%
14. Total other reserves	\$1,217.3	\$2,283.6	(46.7%)
15. Total market value of assets	\$52,753.3	\$48,018.3	9.9%

amounts in millions

Total assets have grown about 10% since the prior valuation reflecting contributions and investment earnings less benefit payments. The deployment of the Capital preservation and most of the Contingency reserve helped valuation assets to grow by approximately 12%. Investment earnings and new deposits helped side accounts grow by 20%.

¹ December 31, 2004, assets reflect corrections to side accounts and employer reserves for supplemental payments in 2004 that were not reflected in the 2004 report.

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.

	State and Community Colleges	Local Government Rate Pool	Transition	Total
1. Pre-SLGRP liability/(surplus), December 31, 2004	\$627.2	(\$257.0)	(\$497.0)	(\$126.8)
2. Employer contributions attributable to liability	39.5	(16.7)	(33.4)	(10.6)
3. Supplemental payments ¹	0.0	0.0	24.3	24.3
4. Interest	47.0	(19.2)	(37.6)	(9.8)
5. Pre-SLGRP liability/(surplus), December 31, 2005 (1. - 2. - 3. + 4.)	\$634.7	(\$259.5)	(\$525.5)	(\$150.3)

amounts in millions

¹ Includes an offset of \$101,576 for the merger of Employer 2520 with Employer 2121, and an offset of \$60,363 for adjustments to transition liability payoffs.

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, 2005					
	SLGRP	Independent Employers	Multnomah County FD #10	School Districts	Judiciary	System Totals
<i>Tier 1/Tier 2 Pension Plan</i>						
Member reserves	\$4,802.5	\$997.9	\$0.8	\$3,332.8	\$35.7	\$9,169.7
Employer reserves	7,287.0	1,928.9	(118.2)	4,642.0	61.0	13,800.7
Benefits-in-force reserves	10,283.6	1,685.8	50.9	9,780.6	57.7	21,858.6
Net outstanding pre-SLGRP liabilities	(150.3)	0.0	0.0	0.0	0.0	(150.3)
Total actuarial value of assets	\$22,222.8	\$4,612.6	\$(66.5)	\$17,755.4	\$154.4	\$44,678.7
<i>Retiree Healthcare Plans</i>						
RHIA assets						181.0
RHIPA assets						6.1
Total actuarial value of assets						\$187.1
<i>System-Wide</i>						
Total actuarial value of assets						\$44,865.8

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	\$ 435.6	\$ 679.0	\$ -	\$ -	\$ -	1,114.6
b. Transfer from side accounts	314.3	(314.3)	-	-	-	-
c. Judge member contributions	1.3	-	-	-	-	1.3
d. Member service purchases	8.4	-	-	-	-	8.4
e. Total	\$ 759.6	\$ 364.7	\$ -	\$ -	\$ -	1,124.3
2. Net investment income						
a. Transfers	\$ 1,498.9	\$ (43.1)	\$ (1,222.9)	\$ (456.0)	\$ 223.1	-
b. From investments	4,860.9	791.5	-	-	389.5	6,041.9
c. Total	\$ 6,359.8	\$ 748.4	\$ (1,222.9)	\$ (456.0)	\$ 612.6	6,041.9
3. Other ²	25.5	-	-	-	-	25.5
4. Total additions	\$ 7,144.9	\$ 1,113.1	\$ (1,222.9)	\$ (456.0)	\$ 612.6	\$ 7,191.7
Deductions						
5. Retirement and survivor benefits	\$ (2,390.2)	\$ -	\$ -	\$ -	\$ -	(2,390.2)
6. Death Benefits	(6.2)	-	-	-	-	(6.2)
7. Refund of contributions	(42.2)	-	-	-	-	(42.2)
9. Administrative expenses	(28.9)	(0.2)	-	-	-	(29.1)
10. Total deductions	\$ (2,467.5)	\$ (0.2)	\$ -	\$ -	\$ -	(2,467.7)
11. Net change	\$ 4,677.4	\$ 1,112.9	\$ (1,222.9)	\$ (456.0)	\$ 612.6	\$ 4,724.0
12. Net assets held in trust for pension benefits						
a. Beginning of year	\$ 40,151.0	\$ 5,557.3	\$ 1,472.9	\$ 456.0	\$ 354.7	47,991.9
b. End of year	\$ 44,828.4	\$ 6,670.2	\$ 250.0	\$ -	\$ 967.3	52,715.9

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 and adjustments by PERS.

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	\$39.2	\$2.4	\$41.6
2. Net investment income	20.1	0.7	20.8
3. Total additions	\$59.3	\$3.1	\$62.4
Deductions			
4. Healthcare premium subsidies	\$(25.6)	\$(2.1)	\$(27.7)
5. Administrative expenses	(0.7)	(0.1)	(0.8)
6. Total deductions	\$(26.3)	\$(2.2)	\$(28.5)
7. Net change	\$33.0	\$0.9	\$33.9
8. Net assets held in trust for benefits			
a. Beginning of year	\$148.0	\$5.2	\$153.2
b. End of year	\$181.0	\$6.1	\$187.1

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, 2004, to December 31, 2005, 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, 2004	\$2,868.5	\$35.0	\$2,653.8	\$5,557.3
Deposits during 2005	157.1	61.1	460.8	679.0
Interest	388.4	6.8	396.3	791.5
Administrative expenses	(0.1)	0.0	(0.1)	(0.2)
Rate relief used for 2005	(160.6)	(3.2)	(150.5)	(314.3)
Interest on rate relief at employer reserve rate	(22.1)	(0.4)	(20.7)	(43.2)
Side Accounts, December 31, 2005	\$3,231.3	\$99.3	\$3,339.5	\$6,670.1

amounts in millions

¹ The reconciliation of assets is provided by PERS.

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.

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

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

	Tier 1/Tier 2 Pension Plan			Retiree Healthcare Plans		
	December 31, 2005	December 31, 2004	Percent Change	December 31, 2005	December 31, 2004	Percent Change
Normal Cost						
Service retirement	\$234.8	\$275.5	(14.8%)	\$6.7	\$11.0	(39.6%)
Vested benefits	8.0	7.1	12.7%	0.7	1.1	(36.4%)
Duty disability	1.9	3.4	(44.1%)	0.0	0.0	0.0%
Non-duty disability	10.4	16.9	(38.5%)	0.1	0.4	(75.0%)
Death	0.0	0.0	0.0%	0.1	0.2	(50.0%)
Total Normal Cost	\$255.1	\$303.0	(15.8%)	\$7.6	\$12.8	(40.6%)

amounts in millions

The reduction in the normal cost since the prior valuation is primarily attributable to the assumption changes effective with the December 31, 2005 valuation. The assumption changes are described in additional detail in Section 7. 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, 2004	\$303.0	\$11.4	\$1.4	\$315.8
Expected Increase	49.3			49.3
Assumption Changes	(76.8)	(4.7)	(0.4)	(81.9)
Deviations from Expected Experience				
Age and service retirements from active status	(7.3)			(7.3)
Active mortality and withdrawal	(4.8)			(4.8)
Pay increases	(13.2)			(13.2)
All other sources	4.9			4.9
Total demographic (gains) and losses	(20.4)	(0.2)	0.1	(20.5)
Normal Cost December 31, 2005	\$255.1	\$6.5	\$1.1	\$262.7

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, 2005				December 31, 2004		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	\$27.8	\$6.7	\$32.2	\$5.0	\$71.7	\$95.0	(24.5%)
Tier 2 General Service	52.8	13.8	40.4	-	107.0	136.4	(21.6%)
Tier 1 Police & Fire	30.0	12.4	0.4	-	42.8	37.2	15.1%
Tier 2 Police & Fire	25.9	7.5	0.2	-	33.6	34.4	(2.3%)
Total Normal Cost	\$136.5	\$40.4	\$73.2	\$5.0	\$255.1	\$303.0	(15.8%)
<i>Retiree Healthcare</i>							
RHIA					6.5	11.4	(43.0%)
RHIPA					1.1	1.4	(21.4%)
Total Normal Cost					\$7.6	\$12.8	(40.6%)
<i>System-Wide Normal Cost</i>							
Total Normal Cost					\$262.7	\$315.8	(16.8%)

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. 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		
	12/31/2005	12/31/2004	Percent Change	12/31/2005	12/31/2004	Percent Change
Active						
Service retirement	\$16,401.2	\$15,805.3	3.8%	\$94.1	\$142.1	(33.8%)
Vested benefits	1,712.1	1,816.4	(5.7%)	6.7	11.3	(40.7%)
Duty disability	55.7	85.3	(34.7%)	0.2	0.4	(50.0%)
Non-duty disability	429.1	687.9	(37.6%)	1.8	5.8	(69.0%)
Death	253.7	247.2	2.6%	1.6	2.0	(20.0%)
Total Actives	\$18,851.8	\$18,642.1	1.1%	\$104.4	\$161.6	(35.4%)
Dormant Members	4,186.5	3,791.9	10.4%	17.9	25.0	(28.4%)
Retired Members and Beneficiaries	26,201.9	24,964.6	5.0%	400.6	398.4	0.6%
Total Actuarial Accrued Liability	\$49,240.2	\$47,398.6	3.9%	\$522.9	\$585.0	(10.6%)

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, 2005						December 31, 2004		Percent Change
	SLGRP	Independent Employers	Multnomah County FD #10	School Districts	Judiciary	System Totals	System Totals		
<i>Tier 1/Tier 2 Pension</i>									
Active Members									
Tier 1 General Service	\$ 7,348.3	\$ 1,305.8	\$ 0.1	\$ 6,544.0	\$ 71.2	\$ 15,269.4	\$ 15,243.8	0.2%	
Tier 1 Police & Fire	1,248.9	546.2	1.7	4.6	-	1,801.4	1,752.6	2.8%	
Tier 1 Total	\$ 8,597.2	\$ 1,852.0	\$ 1.8	\$ 6,548.6	\$ 71.2	\$ 17,070.8	\$ 16,996.4	0.4%	
Tier 2 General Service	728.9	210.3	-	532.6	-	1,471.8	1,385.0	6.3%	
Tier 2 Police & Fire	234.1	73.3	-	1.8	-	309.2	260.7	18.6%	
Tier 2 Total	\$ 963.0	\$ 283.6	\$ -	\$ 534.4	\$ -	\$ 1,781.0	\$ 1,645.7	8.2%	
Total Active Members	\$ 9,560.2	\$ 2,135.6	\$ 1.8	\$ 7,083.0	\$ 71.2	\$ 18,851.8	\$ 18,642.1	1.1%	
Dormant Members	2,444.7	393.1	0.3	1,344.8	3.6	4,186.5	3,791.9	10.4%	
Retired Members and Beneficiaries	12,326.9	2,020.8	61.0	11,724.0	69.2	26,201.9	24,964.6	5.0%	
Total Pension Liability	\$ 24,331.8	\$ 4,549.5	\$ 63.1	\$ 20,151.8	\$ 144.0	\$ 49,240.2	\$ 47,398.6	3.9%	
<i>Retiree Healthcare</i>									
Active Members						87.2	142.8	(38.9%)	
Dormant Members						17.9	25.0	(28.4%)	
Retired Members and Beneficiaries						390.8	389.1	0.4%	
Total RHIA Liability						\$ 495.9	\$ 556.9	(11.0%)	
Active Members						17.2	18.8	(8.5%)	
Retired Members and Beneficiaries						9.8	9.3	5.4%	
Total RHIPA Liability						\$ 27.0	\$ 28.1	(3.9%)	
Total Retiree Healthcare Liability						\$ 522.9	\$ 585.0	(10.6%)	
<i>System-Wide</i>									
Total Actuarial Accrued Liability						\$ 49,763.1	\$ 47,983.6	3.7%	

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 changes in assumptions 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 Pension	RHIA	RHIPA	Total
Actuarial Accrued Liability 12/31/2004	\$47,398.6	\$556.9	\$28.1	\$47,983.6
Expected Change	1,582.9	30.2	1.6	1,614.7
Assumption Changes	(27.2)	(79.0)	(4.0)	(110.2)
Deviations from expected experience				
Age & Service Retirements from Active Status	55.5			55.5
Disability Retirements from Active Status	11.6			11.6
Active Mortality and Withdrawal	(18.2)			(18.2)
Pay Increases	(41.7)			(41.7)
Retirement, Mortality and Lump Sums from Dormant Status	(81.7)			(81.7)
Retiree and Beneficiary Mortality	44.7			44.7
Other	315.7			315.7
Total demographic (gains) and losses	285.9	(12.2)	1.3	275.0
Actuarial Accrued Liability 12/31/2005	\$49,240.2	\$495.9	\$27.0	\$49,763.1

amounts in millions

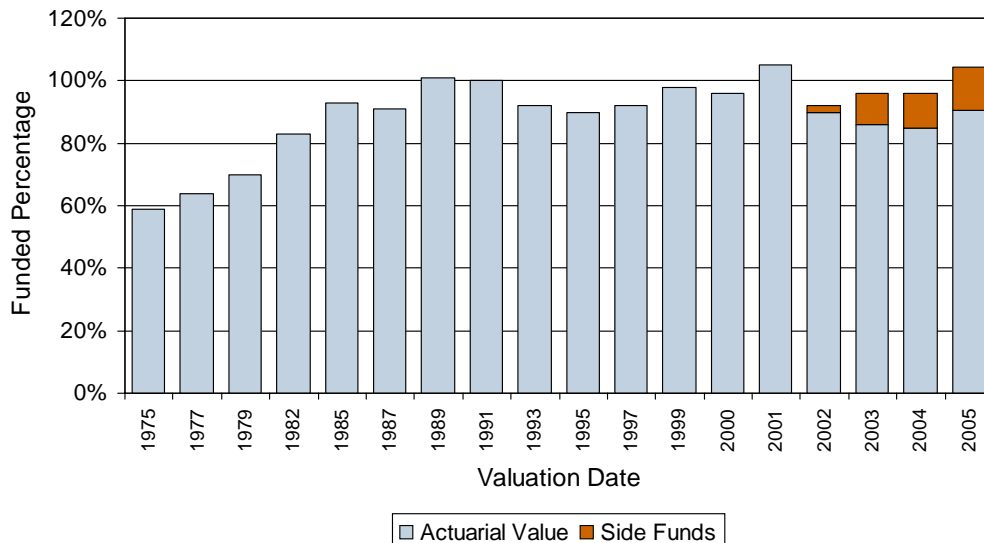
Section 3: Unfunded Accrued Liability (UAL)

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		
	12/31/2005	12/31/2004	Percent Change	12/31/2005	12/31/2004	Percent Change
UAL Rate Setting						
1. Actuarial accrued liability	\$ 49,240.2	\$ 47,398.6	3.9%	\$ 522.9	\$ 585.0	(10.6%)
2. Actuarial value of assets	\$ 44,678.7	\$ 40,024.2	11.6%	\$ 187.1	\$ 153.2	22.1%
3. Unfunded accrued liability	\$ 4,561.5	\$ 7,374.4	(38.1%)	\$ 335.8	\$ 431.8	(22.2%)
4. Funded percentage (2. ÷ 1.)	90.7%	84.4%		35.8%	26.2%	
5. Combined valuation payroll	\$ 6,791.9	\$ 6,772.4	0.3%	\$ 6,791.9	\$ 6,772.4	0.3%
6. Unfunded accrued liability as % of combined valuation payroll (3. ÷ 5.)	67.2%	108.9%		4.9%	6.4%	
Financial Reporting						
7. Actuarial accrued liability	\$ 49,240.2	\$ 47,398.6	3.9%	\$ 522.9	\$ 585.0	(10.6%)
8. Actuarial value of assets	\$ 51,499.2	\$ 45,708.3	12.7%	\$ 187.1	\$ 153.2	22.1%
9. Unfunded accrued liability	\$ (2,259.0)	\$ 1,690.3	(233.6%)	\$ 335.8	\$ 431.8	(22.2%)
10. Funded percentage (8. ÷ 7.)	104.6%	96.4%		35.8%	26.2%	
11. Combined valuation payroll	\$ 6,791.9	\$ 6,772.4	0.3%	\$ 6,791.9	\$ 6,772.4	0.3%
12. Unfunded accrued liability as % of combined valuation payroll (9. ÷ 11.)	(33.3%)	25.0%		4.9%	6.4%	

Amounts in millions

Since the last valuation, there has been a significant reduction in the UAL. Including side accounts, Tier 1/Tier 2 pension benefits are now approximately 105% funded, the highest funded percentage since 2001.



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, 2005							
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	\$ 24,331.8	\$ 4,549.5	\$ 63.1	\$ 20,151.8	\$ 144.0	\$ 49,240.2	
2. Actuarial value of assets	\$ 22,222.8	\$ 4,612.6	\$ (66.5)	\$ 17,755.4	\$ 154.4	\$ 44,678.7	
3. Unfunded accrued liability	\$ 2,109.0	\$ (63.1)	\$ 129.6	\$ 2,396.4	\$ (10.4)	\$ 4,561.5	
4. Funded percentage (2. ÷ 1.)	91.3%	101.4%	(105.4%)	88.1%	107.2%	90.7%	
5. Combined Valuation Payroll	\$ 3,438.0	\$ 989.8	\$ 0	\$ 2,347.8	\$ 16.2	\$ 6,791.9	
6. Unfunded accrued liability as % of combined valuation payroll (3. ÷ 5.)	61.3%	(6.4%)	n/a	102.1%	(64.3%)	67.2%	
Financial Reporting							
7. Actuarial accrued liability	\$ 24,331.8	\$ 4,549.5	\$ 63.1	\$ 20,151.8	\$ 144.0	\$ 49,240.2	
8. Actuarial value of assets	\$ 25,604.4	\$ 4,711.9	\$ (66.5)	\$ 21,094.9	\$ 154.4	\$ 51,499.1	
9. Unfunded accrued liability	\$ (1,272.6)	\$ (162.4)	\$ 129.6	\$ (943.1)	\$ (10.4)	\$ (2,258.9)	
10. Funded percentage (8. ÷ 7.)	105.2%	103.6%	(105.4%)	104.7%	107.2%	104.6%	
11. Combined Valuation Payroll	\$ 3,438.0	\$ 989.8	\$ 0	\$ 2,347.8	\$ 16.2	\$ 6,791.9	
12. Unfunded accrued liability as % of combined valuation payroll (9. ÷ 11.)	(37.0%)	(16.4%)	n/a	(40.2%)	(64.3%)	(33.3%)	

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
Tier 1/Tier 2 Pension			
Unfunded Accrued Liability, 12/31/2004	\$ 1,230.6	\$ 6,143.8	\$ 7,374.4
Normal cost	0.0	303.0	303.0
Contributions	0.0	(737.4)	(737.4)
Interest	98.4	486.1	584.5
Liability (gain) or loss		285.9	285.9
Asset (gain) or loss		(3,221.9)	(3,221.9)
Assumption changes		(27.2)	(27.2)
Unfunded Accrued Liability, 12/31/2005	\$ 1,329.0	\$ 3,232.3	\$ 4,561.3
RHIA			
Unfunded Accrued Liability, 12/31/2004	\$ (12.7)	\$ 421.5	\$ 408.9
Normal cost	0.0	11.4	11.4
Contributions	0.0	(39.2)	(39.2)
Interest	(1.0)	33.0	32.0
Liability (gain) or loss		(12.2)	(12.2)
Asset (gain) or loss		(7.0)	(7.0)
Assumption changes		(79.0)	(79.0)
Unfunded Accrued Liability, 12/31/2005	\$ (13.7)	\$ 328.5	\$ 314.9
RHIPA			
Unfunded Accrued Liability, 12/31/2004	\$ (3.0)	\$ 26.0	\$ 23.0
Normal cost	-	\$ 1.4	1.4
Contributions	-	\$ (2.4)	(2.4)
Interest	(0.2)	\$ 2.0	1.8
Liability (gain) or loss		\$ 1.3	1.3
Asset (gain) or loss		\$ (0.2)	(0.2)
Assumption changes		\$ (4.0)	(4.0)
Unfunded Accrued Liability, 12/31/2005	\$ (3.2)	\$ 24.1	\$ 20.9

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, 2005					
	SLGRP	Independent Employers	Multnomah County FD #10	School Districts	Judiciary	System Totals
1. Expected actuarial accrued liability						
a. Actuarial accrued liability at December 31, 2004	\$ 23,407.1	\$ 4,315.1	\$ 63.9	\$ 19,483.0	\$ 129.4	\$ 47,398.6
b. Normal cost at December 31, 2004	155.5	48.8	-	93.6	5.0	303.0
c. Benefit payments for fiscal year ending December 31, 2005	(1,147.3)	(188.1)	(5.7)	(1,091.1)	(6.4)	(2,438.6)
d. Interest	1,848.3	332.4	4.9	1,522.5	10.5	3,718.6
e. Expected actuarial accrued liability before changes (a. + b. + c. + d.)	\$ 24,263.7	\$ 4,508.2	\$ 63.1	\$ 20,008.0	\$ 138.5	\$ 48,981.5
f. Change in actuarial accrued liability at December 31, 2005, due to assumption changes	(44.4)	6.8	(0.1)	3.6	6.9	(27.2)
g. Expected actuarial accrued liability at December 31, 2005 (e. + f.)	\$ 24,219.3	\$ 4,514.9	\$ 63.0	\$ 20,011.6	\$ 145.5	\$ 48,954.3
2. Actuarial accrued liability at December 31, 2005	\$ 24,331.8	\$ 4,549.5	\$ 63.1	\$ 20,151.8	\$ 144.0	\$ 49,240.2
3. Liability gain/(loss) (1.g. - 2)	\$ (112.5)	\$ (34.6)	\$ (0.1)	\$ (140.2)	\$ 1.5	\$ (285.9)
4. Expected actuarial value of assets						
a. Actuarial value of assets at December 31, 2004	19,896.8	4,027.0	(62.2)	16,025.5	137.1	40,024.1
b. Actual contributions for 2005	371.1	86.4	3.2	271.7	5.0	737.4
c. Benefit payments for fiscal year ending December 31, 2005	(1,147.3)	(188.1)	(5.7)	(1,091.1)	(6.4)	(2,438.6)
d. Interest	1,560.7	318.1	(5.1)	1,249.3	10.9	3,133.9
e. Expected actuarial value of assets at December 31, 2005 (a. + b. + c. + d. + e.)	\$ 20,681.3	\$ 4,243.4	\$ (69.8)	\$ 16,455.3	\$ 146.6	\$ 41,456.8
5. Actuarial value of assets as of December 31, 2005	\$ 22,222.8	\$ 4,612.6	\$ (66.5)	\$ 17,755.4	\$ 154.4	\$ 44,678.7
6. Asset gain/(loss) (5. - 4e.)	\$ 1,541.5	\$ 369.2	\$ 3.3	\$ 1,300.1	\$ 7.8	\$ 3,221.9
7. Net actuarial gain/(loss) (3. + 6.)	\$ 1,429.0	\$ 334.6	\$ 3.2	\$ 1,159.9	\$ 9.3	\$ 2,936.0

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.

	RHIA	RHIPA	System Totals
Retiree Healthcare			
1. Expected actuarial accrued liability			
a. Actuarial accrued liability at December 31, 2004	\$ 556.9	\$ 28.1	\$ 585.0
b. Normal cost at December 31, 2004	\$ 11.4	\$ 1.4	\$ 12.8
c. Benefit payments for fiscal year ending December 31, 2005	\$ (25.6)	\$ (2.1)	\$ (27.7)
d. Interest on a. + b. to end of year	\$ 44.4	\$ 2.3	\$ 46.7
e. Expected actuarial accrued liability before changes (a. + b. + c. + d.)	\$ 587.1	\$ 29.7	\$ 616.8
f. Change in actuarial accrued liability at December 31, 2005, due to assumption changes	\$ (79.0)	\$ (4.0)	\$ (83.0)
g. Expected actuarial accrued liability at December 31, 2005 (e. + f.)	\$ 508.1	\$ 25.7	\$ 533.8
2. Actuarial accrued liability at December 31, 2005	\$ 495.9	\$ 27.0	\$ 522.9
3. Liability gain/(loss) (1.g. - 2)	\$ 12.2	\$ (1.3)	\$ 10.9
4. Expected actuarial value of assets			
a. Actuarial value of assets at December 31, 2004	\$ 148.0	\$ 5.2	\$ 153.2
b. Actual contributions made for fiscal year ending December 31, 2005	\$ 39.2	\$ 2.4	\$ 41.6
c. Benefit payments for fiscal year ending December 31, 2005,	\$ (25.6)	\$ (2.1)	\$ (27.7)
d. Interest	\$ 12.4	\$ 0.4	\$ 12.8
e. Expected actuarial value of assets at December 31, 2005 (a. + b. + c. + d.)	\$ 174.0	\$ 5.9	\$ 179.9
5. Actuarial value of assets at December 31, 2005	\$ 181.0	\$ 6.1	\$ 187.1
6. Actuarial asset gain/(loss) (5. - 4e.)	\$ 7.0	\$ 0.2	\$ 7.2
7. Net actuarial gain/(loss) (3. + 6.)	\$ 19.2	\$ (1.1)	\$ 18.1

Amounts in millions

Section 3: Unfunded Accrued Liability (UAL)

Impact of New Employers Joining the State & Local Government Rate Pool

Effective January 1, 2006, 42 independent employers joined the State & Local Government Rate Pool (SLGRP). Their experience through December 31, 2005, was maintained independently, but they are included in the development of contribution rates for the SLGRP as of July 1, 2007.

The following table shows the impact on the SLGRP of new employers joining the pool on January 1, 2006. The UAL as a percentage of payroll does not change indicating that there is no cost to the SLGRP for the prior liabilities of employers joining the pool. That is, the SLGRP's UAL rate does not change due to the employers joining the pool.

Tier 1/Tier 2 Pension	State & Local Government Rate Pool		
	12/31/2005	Employers Joining Pool	1/1/2006
Actuarial Accrued Liability			
Active Members			
Tier 1 General Service	\$ 7,348.3	\$ 26.9	\$ 7,375.2
Tier 1 P&F	1,248.9	25.6	1,274.5
Tier 1 Total	\$ 8,597.2	\$ 52.5	\$ 8,649.7
Tier 2 General Service	728.9	5.3	734.2
Tier 2 P&F	234.1	6.1	240.2
Tier 2 Total	\$ 963.0	\$ 11.4	\$ 974.4
Total active members	\$ 9,560.2	\$ 63.9	\$ 9,624.1
Dormant Members	2,444.7	12.9	2,457.6
Retired Members and Beneficiaries	12,326.9	41.6	12,368.5
Total Actuarial Accrued Liability	\$ 24,331.8	\$ 118.4	\$ 24,450.2
Market Value of Assets			
Member reserves	\$ 4,802.5	\$ 29.0	\$ 4,831.5
Employer reserves	7,287.0	59.8	7,346.8
Benefit in force reserves	10,283.6	34.7	10,318.3
Net outstanding pre-SLGRP liabilities	(150.3)	(21.4)	(171.7)
Total market value of assets	\$ 22,222.8	\$ 102.1	\$ 22,324.9
Unfunded Accrued Liability	\$ 2,109.0	\$ 16.3	\$ 2,125.3
Funded Percentage	91.3%	86.2%	91.3%
Combined Valuation Payroll	\$ 3,438.0	\$ 26.8	\$ 3,464.8
Unfunded accrued liability as % of combined valuation payroll	61.3%	61.1%	61.3%

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		
	12/31/2005	12/31/2004	Percent Change
Normal Cost			
a. Service Retirement	\$ 234.8	\$ 275.5	(14.8%)
b. Vested Benefits	8.0	7.1	12.7%
c. Duty Disability	1.9	3.4	(44.1%)
d. Nonduty Disability	10.4	16.9	(38.5%)
e. Death	-	0.0	0.0%
f. Total Normal Cost	\$ 255.1	\$ 303.0	(15.8%)
Tier 1/ Tier 2 Valuation Payroll	\$ 6,111.2	\$ 6,306.4	(3.1%)
Average Normal Cost Rate			
a. Service Retirement	3.84%	4.37%	
b. Vested Benefits	0.13%	0.11%	
c. Duty Disability	0.03%	0.05%	
d. Nonduty Disability	0.17%	0.27%	
e. Death	0.00%	0.00%	
f. Average Normal Cost Rate	4.17%	4.80%	

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.

December 31, 2005						
Tier 1/Tier 2 Pension	SLGRP	Independent Employers	School Districts	Judiciary (Including Member Contributions)	System Totals	
Normal Cost						
Tier 1 General Service	\$ 27.8	\$ 6.7	\$ 32.2	\$ 5.0	\$	71.7
Tier 2 General Service	\$ 52.8	\$ 13.8	\$ 40.4	\$ 0.0	\$	107.0
Tier 1 Police & Fire	\$ 30.0	\$ 12.4	\$ 0.4	\$ 0.0	\$	42.8
Tier 2 Police & Fire	\$ 25.9	\$ 7.5	\$ 0.2	\$ 0.0	\$	33.6
Total Normal Cost	\$ 136.5	\$ 40.4	\$ 73.2	\$ 5.0	\$	255.1
Tier 1/ Tier 2 Valuation Payroll						
Tier 1 General Service	\$ 1,514.9	\$ 382.8	\$ 1,371.3	\$ 16.2	\$	3,285.2
Tier 2 General Service	\$ 1,034.3	\$ 303.4	\$ 751.0	\$ 0.0	\$	2,088.7
Tier 1 Police & Fire	\$ 307.2	\$ 118.5	\$ 2.9	\$ 0.0	\$	428.6
Tier 2 Police & Fire	\$ 233.4	\$ 74.0	\$ 1.3	\$ 0.0	\$	308.7
Total Valuation Payroll	\$ 3,089.8	\$ 878.7	\$ 2,126.5	\$ 16.2	\$	6,111.2
Average Normal Cost Rates						
Tier 1 General Service	1.84%	1.75%	2.35%	30.86%		2.18%
Tier 2 General Service	5.10%	4.55%	5.38%	0.00%		5.12%
Tier 1 Police & Fire	9.77%	10.46%	13.79%	0.00%		9.99%
Tier 2 Police & Fire	11.10%	10.14%	15.38%	0.00%		10.88%
Average Rates						
Tier 1 Average	3.17%	3.81%	2.37%	30.86%		3.08%
Tier 2 Average	6.21%	5.64%	5.40%	0.00%		5.86%
System Average	4.42%	4.60%	3.44%	30.86%		4.17%
Member Contributions				7.00%		0.02%
Employer System Average	4.42%	4.60%	3.44%	23.86%		4.15%

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, 2005		December 31, 2004	
	RHIA	RHIPA	RHIA	RHIPA
Normal Cost	\$ 6.5	\$ 1.1	\$ 11.4	\$ 1.4
Tier 1/Tier 2 Valuation Payroll	\$ 6,111.2	\$ 1,621.2	\$ 6,306.4	\$ 1,701.0
Normal Cost Rate	0.11%	0.07%	0.18%	0.08%

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, 2005				
	SLGRP	Independent Employers	School Districts	Judiciary	System Totals
Tier 1/ Tier 2 Valuation Payroll					
a. Tier 1/Tier 2	\$ 3,089.8	\$ 878.7	\$ 2,126.5	\$ 16.2	\$ 6,111.2
b. State Only Payroll	\$ 1,605.1	\$ 0.0	\$ 0.0	\$ 16.2	\$ 1,621.3
Normal Cost Rate					
a. RHIA	0.11%	0.11%	0.11%	0.11%	0.11%
b. RHIPA	0.07%	0.00%	0.00%	0.07%	0.07%
Average Normal Cost Rate	0.15%	0.11%	0.11%	0.18%	0.13%

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 22-year amortization at December 31, 2005 and a 23-year amortization period as of December 31, 2004.

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		
	12/31/2005	12/31/2004	Percent Change	12/31/2005	12/31/2004	Percent Change
1. Total UAL	\$ 4,561.5	\$ 7,374.4	(38.1%)	\$ 335.8	\$ 431.8	(22.2%)
2. Change due to change in actuarial cost method	1,329.0	1,230.6	8.0%	(16.9)	(15.7)	8.0%
3. Remaining UAL (1. - 2.)	\$ 3,232.5	\$ 6,143.8	(47.4%)	\$ 352.7	\$ 447.5	(21.2%)
4. Combined valuation payroll	\$ 6,791.9	\$ 6,772.4	0.3%	\$ 6,791.9	\$ 6,772.4	0.3%
5. 3-year Amortization Factor	2.831	2.841	(0.4%)	2.831	2.841	(0.4%)
6. 22-Year amortization factor (23-Year for 12/31/2004)	14.635	15.398	(5.0%)	14.635	15.398	(5.0%)
7. UAL rate - change to PUC	6.91%	6.40%		(0.09%)	(0.08%)	
8. UAL rate - remaining UAL	3.25%	5.89%		0.35%	0.43%	

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, 2005				
	SLGRP	Independent Employers	School Districts	Judiciary	System Totals ¹
1. Total UAL	\$ 2,125.3	\$ (79.4)	\$ 2,396.4	\$ (10.4)	\$ 4,561.5
2. Change due to change in actuarial cost method	628.9	156.6	551.6	(8.1)	1,329.0
3. Remaining UAL (1. - 2.)	\$ 1,496.4	\$ (236.0)	\$ 1,844.8	\$ (2.3)	\$ 3,232.5
4. Combined valuation payroll	\$ 3,464.8	\$ 963.1	\$ 2,347.8	\$ 16.2	\$ 6,791.9
5. 3-year Amortization Factor	2.831	2.831	2.831	2.831	2.831
6. 22-Year amortization factor (23-Year for 12/31/2004)	14.635	14.635	14.635	14.635	14.635
7. UAL rate - change to PUC	6.41%	5.74%	8.30%	(17.70%)	6.91%
8. UAL rate - remaining UAL	2.95%	(1.67%)	5.37%	(0.97%)	3.25%

¹ Includes Multnomah 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 22-year amortization period at December 31, 2005.

	State/CC	LGRP
1. Total pre-SLGRP pooled liability	\$ 634,734,642	\$ (259,513,486)
2. Combined valuation payroll	\$ 2,104,688,893	\$ 968,595,711
3. 22-Year amortization factor	14.635	14.635
4. Pre-SLGRP pooled rate (1. ÷ 2. ÷3.)	2.06%	(1.83%)

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 22-year amortization period at December 31, 2005, and a 23-year amortization period as of December 31, 2004.

	12/31/2005	12/31/2004
1. Total transition liability/(surplus)	\$ (496,759,798)	\$ 496,955,543
2. Combined valuation payroll	\$ 1,322,065,536	\$1,263,225,527
3. 22-Year amortization factor (23-year for 12/31/2004)	14.635	15.398
4. Average transition liability/(surplus) rate (1. ÷ 2. ÷3.)	(2.57%)	(2.55%)

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 22-year amortization period at December 31, 2005 and a 23-year amortization period as of December 31, 2004.

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.

	12/31/2005	12/31/2004
1. Actuarial accrued liability		
a. Active members	\$1,811,512	\$2,314,492
b. Dormant members	313,127	289,415
c. Retired members and beneficiaries	60,957,013	61,299,426
d. Total actuarial accrued liability	\$ 63,081,652	63,903,333
2. Actuarial value of assets		
a. Employer reserve	\$ (118,210,499)	(111,466,897)
b. Members reserve	787,200	922,870
c. Benefits-in-force reserve	50,852,723	48,360,981
d. Total market value of assets	(66,570,576)	(62,183,046)
3. Multnomah FD#10 UAL (1.d. – 2.d.)	129,652,228	126,086,377
a. Portion allocated to City of Portland (21.8743% × 3.)	28,360,517	27,580,512
b. Portion allocated to all Tier 1/Tier 2 employers (78.1257% × 3.)	101,291,711	98,505,865
4. Combined valuation payroll		
a. City of Portland	226,295,315	220,669,089
b. All Tier 1/Tier 2 employers	6,830,687,942	6,813,257,271
5. 22-Year amortization factor (23-year for 12/31/2004)	14.635	15.398
6. Multnomah FD #10 UAL Rate		
a. City of Portland (3.a. ÷ 4.a. ÷ 5.)	0.86%	0.81%
b. All Tier 1/Tier 2 employers (3.b. ÷ 4.b. ÷ 5.)	0.10%	0.09%
7. Total Multnomah FD #10 UAL Rate		
a. City of Portland (6.a. + 6.b.)	0.96%	0.90%
b. City of Gresham, City of Fairview, City of Wood Village, City of Troutdale (2 × 6.b.)	0.20%	0.18%
c. All other Tier 1/Tier 2 employers (6.b.)	0.10%	0.09%

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 22-year amortization period at December 31, 2005.

	December 31, 2005				
	SLGRP	Independent Employers	School Districts	Judiciary	System Totals
1. Side Account	\$3,231.3	\$99.3	\$3,339.5	\$0.0	\$6,670.1
2. Combined valuation payroll	\$3,464.8	\$963.1	\$2,347.8	\$16.2	\$6,791.9
3. 22-Year amortization factor	14.635	14.635	14.635	14.635	14.635
4. Average Side Account Rate Relief	6.37%	0.70%	9.72%	N/A	6.71%

amounts in millions

Retiree Healthcare

Development of Retirement Health Insurance Account (RHIA) Rate

The RHIA 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 22-year amortization period at December 31, 2005 and a 23-year amortization period as of December 31, 2004.

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, 2005	
	RHIA	RHIPA
1. Total UAL	\$314.9	\$20.9
2. Change due to change in actuarial cost method	(\$13.7)	(\$3.2)
3. Remaining UAL (1. - 2.)	\$328.5	\$24.1
4. Combined valuation payroll	\$6,791.9	\$1,827.0
5. 3-year Amortization Factor	2.831	2.831
6. 22-Year amortization factor (23-Year for 12/31/2004)	14.635	14.635
7. UAL rate - change to PUC	(0.07%)	(0.06%)
8. UAL rate - remaining UAL	0.33%	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, 2005				
	SLGRP	Independent Employers	School Districts	Judiciary	System Totals
Tier 1/Tier 2 pension contribution rates					
Employer normal cost rate	4.42%	4.60%	3.44%	23.86%	4.15%
Member normal cost rate				7.00%	0.02%
UAL - regular rate	2.95%	(1.67%)	5.37%	(0.97%)	3.25%
UAL - PUC change rate	6.41%	5.74%	8.30%	(17.70%)	6.91%
Multnomah FD #10 rate	0.16%	0.10%	0.10%	0.10%	0.13%
Total Tier 1/Tier 2 pension rate	13.94%	8.77%	17.21%	12.29%	14.46%
Average adjustments					
Pre-SLGRP liability/(surplus) rate	(0.34%)	N/A	N/A	N/A	(0.17%)
Side Account Rate	(6.37%)	(0.70%)	(9.72%)	N/A	(6.71%)
Total average adjustment	(6.71%)	(0.70%)	(9.72%)	0.00%	(6.88%)
Net pension contribution rate	7.23%	8.07%	7.49%	12.29%	7.58%
Retiree healthcare contribution rates					
Retiree healthcare normal cost rate	0.15%	0.11%	0.11%	0.18%	0.13%
Retiree healthcare regular UAL rate	0.38%	0.33%	0.33%	0.42%	0.35%
Retiree healthcare PUC change rate	(0.10%)	(0.07%)	(0.07%)	(0.13%)	(0.09%)
Total retiree healthcare rate rate	0.43%	0.37%	0.37%	0.47%	0.39%
Total net contribution rate for Tier 1/Tier 2	7.66%	8.44%	7.86%	12.76%	7.97%
Total employer normal cost rate	4.57%	4.71%	3.55%	24.04%	4.28%
Total UAL rate	9.80%	4.43%	14.03%	(18.28%)	10.55%
Total pension and retiree healthcare rate, before adjustments	14.37%	9.14%	17.58%	5.76%	14.83%
Effect of 18-month delay	(0.10%)	(0.26%)	0.06%	(1.95%)	(0.06%)
7/1/2007 employer rate, before collar	14.27%	8.88%	17.64%	3.81%	14.77%
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 percent from the current contribution rate. However, if the funded percentage is below 80 percent or above 120 percent, 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 impact 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	91.3%	101.4%	88.1%	107.2%	90.7%
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%
5. 7/1/2007 employer contribution rate before collar	14.27%	8.88%	17.64%	3.81%	14.77%
6. 7/1/2007 employer contribution rate after collar (5., but not less than 3. or more than 4.)	14.27%	8.88%	17.64%	18.70%	14.77%
7. Impact of collar (6. - 5.)	0.00%	0.00%	0.00%	14.89%	0.00%

Section 4: Contribution Rate Development

July 1, 2007 Employer Contribution Rate Summary

The adjustments for the collar and the 18-month delay are made to the regular UAL rate with a separate 18-month delay adjustment for side accounts. The table below summarizes the average rates that will be effective July 1, 2007 by pool and component. For this exhibit, Independent Employers have been treated as a single pool.

	July 1, 2007				
	SLGRP	Independent Employers	School Districts	Judiciary	System Totals
<i>Tier 1/Tier 2 pension contribution rates</i>					
Employer normal cost rate	4.42%	4.60%	3.44%	23.86%	4.15%
Member normal cost rate				7.00%	0.02%
UAL - regular rate	2.85%	(1.93%)	5.43%	11.97%	3.19%
UAL - PUC change rate	6.41%	5.74%	8.30%	(17.70%)	6.91%
Multnomah FD #10 rate	0.16%	0.10%	0.10%	0.10%	0.13%
Total Tier 1/Tier 2 pension rate	13.84%	8.51%	17.27%	25.23%	14.40%
<i>Average adjustments</i>					
Pre-SLGRP liability/(surplus) rate	(0.34%)	N/A	N/A	N/A	(0.17%)
Side Account Rate	(6.47%)	(0.75%)	(9.98%)	N/A	(6.86%)
Total average adjustment	(6.81%)	(0.75%)	(9.98%)	0.00%	(7.03%)
Net pension contribution rate	7.03%	7.76%	7.29%	25.23%	7.37%
<i>Retiree healthcare contribution rates</i>					
Retiree healthcare normal cost rate	0.15%	0.11%	0.11%	0.18%	0.13%
Retiree healthcare regular UAL rate	0.38%	0.33%	0.33%	0.42%	0.35%
Retiree healthcare PUC change rate	(0.10%)	(0.07%)	(0.07%)	(0.13%)	(0.09%)
Total retiree healthcare rate rate	0.43%	0.37%	0.37%	0.47%	0.39%
Total net contribution rate for Tier 1 / Tier 2	7.46%	8.13%	7.66%	25.70%	7.76%
Total employer normal cost rate	4.57%	4.71%	3.55%	24.04%	4.28%
Total UAL rate	9.70%	4.17%	14.09%	(5.34%)	10.49%
Total pension and retiree healthcare rate, before adjustments	14.27%	8.88%	17.64%	18.70%	14.77%

Section 4: Contribution Rate Development

July 1, 2007 Employer Contribution Rate Summary (*continued*)

The following table summarizes the average system-wide employer contribution rates calculated as of the last two valuation dates and the system-wide rates that will be effective July 1, 2007.

	July 1, 2007	December 31, 2005	December 31, 2004
<i>Tier 1/Tier 2 pension contribution rates</i>			
Employer normal cost rate	4.15%	4.15%	4.80%
Member normal cost rate	0.02%	0.02%	0.02%
UAL - regular rate	3.19%	3.25%	5.89%
UAL - PUC change rate	6.91%	6.91%	6.40%
Multnomah FD #10 rate	0.13%	0.13%	0.12%
Total Tier 1/Tier 2 pension rate	14.40%	14.46%	17.23%
<i>Average adjustments</i>			
Pre-SLGRP liability/(surplus) rate	(0.17%)	(0.17%)	(0.12%)
Side Account Rate	(6.86%)	(6.71%)	(5.33%)
Total average adjustment	(7.03%)	(6.88%)	(5.45%)
Net pension contribution rate	7.37%	7.58%	11.78%
<i>Retiree healthcare contribution rates</i>			
Retiree healthcare normal cost rate	0.13%	0.13%	0.20%
Retiree healthcare regular UAL rate	0.35%	0.35%	0.43%
Retiree healthcare PUC change rate	(0.09%)	(0.09%)	(0.08%)
Total retiree healthcare rate rate	0.39%	0.39%	0.55%
Total net contribution rate for Tier 1 / Tier 2	7.76%	7.97%	12.33%
Total employer normal cost rate	4.28%	4.28%	5.00%
Total UAL rate	10.49%	10.55%	12.76%
Total pension and retiree healthcare rate, before adjustments	14.77%	14.83%	17.76%

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. All data and amounts shown for the December 31, 2005 actuarial valuation include both Tier 1/Tier 2 and OPSRP counts, assets and liabilities.

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	
12/31/2005 ⁴	156,501	\$ 6,791,891	\$ 43,398	(1.8%)	810	

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

⁴ Includes 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
12/31/2005 ²	4,472	\$ 149,127	3,217	\$ 36,784	102,923	\$ 2,267,198	5.2%	\$ 22,028

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%
12/31/2005	\$ 25,577.7	\$ 24,450.3	\$ (1,127.4)	104.6%	\$ 3,089.8	(36.5%)
Tier 1/Tier 2 School District Rate Pool						
12/31/2004	\$ 18,679.3	\$ 19,483.0	\$ 803.7	95.9%	\$ 2,173.6	37.0%
12/31/2005	\$ 21,095.0	\$ 20,151.8	\$ (943.2)	104.7%	\$ 2,126.5	(44.4%)
Tier 1/Tier 2 Independent Employers and Judiciary						
12/31/2004	\$ 4,195.1	\$ 4,444.4	\$ 249.3	94.4%	\$ 961.9	25.9%
12/31/2005	\$ 4,742.9	\$ 4,575.0	\$ (167.9)	103.7%	\$ 894.9	(18.8%)
OPSRP Rate Pool						
12/31/2005	\$ 55.0	\$ 53.8	\$ (1.2)	102.3%	\$ 680.7	(0.2%)
Postemployment Healthcare Benefits - Retirement Health Insurance Account						
12/31/2004	\$ 148.0	\$ 556.9	\$ 408.9	26.6%	\$ 6,306.4	6.5%
12/31/2005	\$ 181.0	\$ 495.9	\$ 314.9	36.5%	\$ 6,111.2	5.2%
Postemployment Healthcare Benefits - Retiree Health Insurance Premium Account						
12/31/2004	\$ 5.2	\$ 28.2	\$ 23.0	18.4%	\$ 1,701.0	1.4%
12/31/2005	\$ 6.1	\$ 27.0	\$ 20.9	22.7%	\$ 1,621.2	1.3%

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

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%
12/31/2005 ⁶	\$ 9,169.7	\$ 26,602.4	\$ 14,044.7	\$ 51,569.7	100%	100%	112%

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.

⁶ Assets and liabilities for OPSRP are first valued in the 2005 valuation.

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

	\$ Gain (or Loss) for Year	
	2005	2004
<i>Type of Activity</i>		
Age & Service Retirements from Active Status	\$ (55.5)	\$ (69.1)
Disability Retirements from Active Status	(11.6)	(19.7)
Active Mortality and Withdrawal	18.2	29.2
Pay Increases	41.7	4.1
Contributions	(419.7)	(530.4)
Investment Income	1,819.7	(1,538.5)
Retirement, Mortality and Lump Sums from Dormant Status	81.7	223.7
Retiree and Beneficiary Mortality	(44.7)	(13.0)
Other	(315.7)	(77.2)
Gain (or Loss) During Year From Financial Experience	\$ 1,114.1	\$ (1,990.9)
<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.	N/A	\$ (437.9)
Change in Actuarial Cost Method	N/A	(1,230.6)
Change in Asset Valuation Method	N/A	2,174.4
Deployment of Reserves	1,389.2	N/A
Assumption Changes	27.2	N/A
Composite Gain (or Loss) During Year	\$ 2,530.5	\$ (1,485.0)

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%
12/31/2005 ⁵	\$ 51,382.6	\$ 49,294.0	\$ (2,088.6)	104.2%	\$ 6,791.9	(30.8%)
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%
12/31/2005	\$ 181.0	\$ 495.9	\$ 314.9	36.5%	\$ 6,791.9	4.6%
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%
12/31/2005	\$ 6.1	\$ 27.0	\$ 20.9	22.7%	\$ 1,827.0	1.1%

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.

⁵ Assets and liabilities for OPSRP are first valued in the 2005 valuation. OPSRP payroll, however, was included in the amortization of the UAL beginning with the 2004 valuation

Section 5: Accounting/CAFR Exhibits

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

Notes to Required Supplementary Schedules

<i>Valuation Date</i>	December 31, 2005
<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
<i>Equivalent Single Amortization Period</i>	8 years
<i>Actuarial Assumptions</i>	
▪ <i>Investment Rate of Return</i>	8.00%
▪ <i>Payroll Growth</i>	3.75%
▪ <i>Consumer Price Inflation</i>	2.75%
▪ <i>Health Cost Inflation</i>	Graded from 9.0% in 2007 to 5.0% in 2013.
▪ <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, 2005.

Valuation payroll is the amount projected to be paid in 2006, based on actual 2005 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	\$ 3,285.2	\$ 428.6	\$ 3,713.8
PERS Tier 2	\$ 2,088.7	\$ 308.7	\$ 2,397.4
Tier 1/ Tier 2 Valuation Payroll	\$ 5,373.9	\$ 737.3	\$ 6,111.2
OPSRP Valuation Payroll			\$ 680.7
Combined Valuation Payroll			\$ 6,791.9

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			2004 Total
	2005			
	Tier 1	Tier 2	Total	
Active Members				
General Service	65,573	54,949	120,522	130,175
Police & Fire	6,369	5,627	11,996	12,460
Totals	71,942	60,576	132,518	142,635
Average Age	50.5	43.1	47.1	46.1
Average Total Service	17	6	12	11
Average Tier 1/Tier 2 2005 Payroll without Pickup	\$49,680	\$37,564	\$44,142	\$42,087
Dormant Members				
General Service	33,189	26,729	59,918	59,171
Police & Fire	1,337	1,218	2,555	2,561
Totals	34,526	27,947	62,473	61,732
Average Age	51.9	41.6	47.3	46.6
Average Monthly Deferred Benefit	\$1,265	\$325	\$844	\$792
Retired Members and Beneficiaries				
General Service	117,761	963	118,724	116,784
Police & Fire	10,998	201	11,199	10,719
Totals	128,759	1,164	129,923	127,503
Average Age	68.7	62.8	68.7	69.4
Average Monthly Benefit	\$1,464	\$351	\$1,454	\$1,409
Grand Total Number of Members	235,227	89,687	324,914	331,870

Section 6: Data

Distribution of SLGRP Tier 1 General Service Active Members
Years of Service as of December 31, 2005

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	0	0	14	34,563	16,028	7	38,718	22,025	0	0	0	0	0	0
30 - 34	4	34,089	5,288	151	39,854	20,467	231	41,722	30,616	14	44,765	52,044	0	0	0
35 - 39	1	47,600	10,152	302	44,652	25,245	1,115	46,287	39,525	295	45,700	64,131	5	39,586	87,563
40 - 44	1	75,442	15,664	299	47,731	26,995	1,512	48,363	43,927	1,080	48,852	77,506	316	47,372	112,186
45 - 49	3	22,539	6,262	357	43,784	25,612	1,969	48,265	46,849	1,715	50,810	84,414	983	52,289	136,897
50 - 54	1	36,416	22,649	429	44,232	27,282	2,292	48,071	47,718	2,276	50,396	87,173	1,567	54,250	148,243
55 - 59	0	0	0	322	43,807	26,774	1,993	48,562	48,834	2,064	51,332	90,275	1,326	55,969	156,913
60 - 64	2	30,633	4,944	128	41,287	25,778	807	45,873	47,587	800	49,268	87,973	415	55,747	153,983
65+	2	31,203	2,122	49	28,332	18,466	188	44,053	46,946	162	45,769	82,796	60	49,785	143,744
Total	14	34,793	7,324	2,051	43,707	25,687	10,114	47,651	45,866	8,406	50,141	85,254	4,672	53,920	146,265

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	21	35,948	18,027
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	400	41,047	27,281
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	1,718	45,880	41,362
40 - 44	11	46,350	149,748	0	0	0	0	0	0	0	0	0	3,219	48,373	60,674
45 - 49	527	48,660	179,038	12	49,427	198,083	0	0	0	0	0	0	5,566	49,498	85,785
50 - 54	1,325	54,799	218,696	205	50,092	241,902	2	35,797	241,498	0	0	0	8,097	50,865	110,120
55 - 59	1,065	57,747	234,854	238	58,869	294,051	23	46,143	263,596	0	0	0	7,031	52,286	117,552
60 - 64	222	56,007	225,562	57	68,976	365,757	17	58,268	362,080	3	48,485	359,185	2,451	49,945	103,692
65+	30	43,194	164,854	10	52,550	321,292	19	74,520	574,560	1	74,279	775,800	521	45,002	99,085
Total	3,180	54,715	217,268	522	56,187	279,717	61	58,022	387,176	4	54,933	463,339	29,024	50,047	95,750

Section 6: Data

Distribution of SLGRP Tier 1 Police & Fire Active Members
Years of Service as of December 31, 2005

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	0	0	3	68,215	18,820	1	62,406	28,140	0	0	0	0	0	0
30 - 34	0	0	0	67	56,637	31,774	116	63,612	41,212	0	0	0	0	0	0
35 - 39	0	0	0	122	55,539	32,179	541	64,106	53,497	107	64,962	88,227	1	54,428	97,197
40 - 44	1	3,417	14,153	64	55,698	33,335	379	62,497	58,891	490	64,950	101,758	77	71,887	164,692
45 - 49	0	0	0	42	49,000	29,181	230	57,727	56,971	316	63,140	105,508	275	68,964	184,002
50 - 54	0	0	0	35	51,644	31,756	174	55,373	55,906	268	59,329	101,296	237	65,752	183,399
55 - 59	0	0	0	31	50,101	30,153	133	52,004	53,559	182	58,049	100,240	123	59,755	167,866
60 - 64	0	0	0	12	58,741	30,205	41	54,151	54,238	47	57,184	95,691	24	54,554	145,962
65+	0	0	0	2	69,343	38,025	5	47,953	51,070	6	57,316	88,382	3	46,399	162,189
Total	1	3,417	14,153	378	54,502	31,627	1,620	60,554	54,632	1,416	62,306	101,032	740	66,130	177,678

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	4	66,763	21,150
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	183	61,058	37,757
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	771	62,857	55,001
40 - 44	3	61,301	190,944	0	0	0	0	0	0	0	0	0	1,014	63,904	86,373
45 - 49	128	67,816	249,222	0	0	0	0	0	0	0	0	0	991	63,505	131,353
50 - 54	193	70,741	268,289	31	77,190	336,111	0	0	0	0	0	0	938	62,870	153,146
55 - 59	90	66,704	260,593	29	73,068	330,550	0	0	0	0	0	0	588	58,685	136,035
60 - 64	15	68,617	276,996	3	58,940	378,451	1	75,330	268,073	0	0	0	143	57,367	112,903
65+	2	64,636	200,976	0	0	0	0	0	0	0	0	0	18	55,045	97,234
Total	431	68,861	260,471	63	74,424	335,567	1	75,330	268,073	0	0	0	4,650	62,432	109,395

Section 6: Data

Distribution of SLGRP Tier 2 General Service Active Members
Years of Service as of December 31, 2005

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	2	6,447	378	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	191	21,751	1,922	21	19,276	4,962	0	0	0	0	0	0	0	0	0
25 - 29	1,117	30,906	3,556	561	34,215	10,794	0	0	0	0	0	0	0	0	0
30 - 34	1,490	35,493	4,634	1,743	39,449	13,592	1	31,830	8,598	0	0	0	0	0	0
35 - 39	1,602	38,004	4,965	2,283	41,128	15,303	0	0	0	0	0	0	0	0	0
40 - 44	1,464	38,534	5,094	2,224	42,324	16,177	0	0	0	0	0	0	0	0	0
45 - 49	1,471	38,435	5,286	2,288	41,826	15,811	0	0	0	0	0	0	0	0	0
50 - 54	1,371	39,016	5,394	2,408	42,651	16,316	0	0	0	0	0	0	0	0	0
55 - 59	1,039	38,903	5,276	1,811	41,939	16,383	0	0	0	0	0	0	0	0	0
60 - 64	479	38,640	5,593	808	40,213	16,050	0	0	0	0	0	0	0	0	0
65+	153	27,883	4,145	275	35,265	14,447	0	0	0	0	0	0	0	0	0
Total	10,379	36,814	4,877	14,422	41,113	15,452	1	31,830	8,598	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	2	6,447	378
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0	212	21,505	2,223
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	1,678	32,012	5,976
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	3,234	37,624	9,464
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	3,885	39,840	11,040
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	3,688	40,820	11,778
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	3,759	40,499	11,692
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0	3,779	41,332	12,354
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	2,850	40,832	12,334
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	1,287	39,628	12,158
65+	0	0	0	0	0	0	0	0	0	0	0	0	428	32,626	10,764
Total	0	0	0	0	0	0	0	0	0	0	0	0	24,802	39,313	11,026

Section 6: Data

Distribution of SLGRP Tier 2 Police & Fire Active Members
Years of Service as of December 31, 2005

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	13	38,200	2,036	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	271	47,574	5,307	124	50,122	13,463	0	0	0	0	0	0	0	0	0
30 - 34	378	47,060	6,175	800	54,600	18,562	0	0	0	0	0	0	0	0	0
35 - 39	273	47,331	6,216	754	54,285	20,625	0	0	0	0	0	0	0	0	0
40 - 44	149	44,748	6,123	450	50,796	19,450	0	0	0	0	0	0	0	0	0
45 - 49	123	44,498	6,139	286	48,613	18,721	0	0	0	0	0	0	0	0	0
50 - 54	95	42,612	6,111	253	47,279	18,456	0	0	0	0	0	0	0	0	0
55 - 59	73	44,762	5,535	178	47,065	18,190	0	0	0	0	0	0	0	0	0
60 - 64	28	46,863	5,084	56	45,222	16,533	0	0	0	0	0	0	0	0	0
65+	4	47,654	6,057	12	54,220	24,410	0	0	0	0	0	0	0	0	0
Total	1,407	46,239	5,909	2,913	51,874	18,985	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	13	38,200	2,036
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	395	48,374	7,868
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	1,178	52,180	14,587
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	1,027	52,436	16,795
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	599	49,291	16,135
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	409	47,376	14,937
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0	348	46,005	15,086
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	251	46,395	14,509
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	84	45,769	12,716
65+	0	0	0	0	0	0	0	0	0	0	0	0	16	52,579	19,822
Total	0	0	0	0	0	0	0	0	0	0	0	0	4,320	50,039	14,726

Section 6: Data

Distribution of Independent Employers Tier 1 General Service Active Members
Years of Service as of December 31, 2005

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	0	0	7	39,609	16,785	4	31,140	12,406	0	0	0	0	0	0
30 - 34	0	0	0	40	44,967	23,843	105	43,173	30,515	3	24,698	52,446	0	0	0
35 - 39	1	69,409	8,011	89	49,260	27,053	286	48,402	40,385	88	46,168	66,273	0	0	0
40 - 44	1	19,020	3,307	79	48,975	27,752	375	51,033	46,227	310	50,379	82,206	56	51,967	121,363
45 - 49	0	0	0	79	49,055	28,753	468	51,629	50,596	447	52,364	88,049	222	53,689	146,431
50 - 54	1	37,038	51,846	79	48,713	31,536	568	49,075	49,344	624	56,170	95,619	403	59,350	163,219
55 - 59	0	0	0	84	45,469	28,225	461	51,035	51,565	532	56,160	96,538	271	55,797	158,809
60 - 64	0	0	0	22	54,051	35,270	179	51,211	53,379	179	53,205	92,572	80	66,862	176,317
65+	0	0	0	6	38,607	25,115	50	52,816	56,478	40	45,281	81,425	8	53,119	145,535
Total	3	41,822	21,055	485	48,027	28,313	2,496	50,084	48,075	2,223	53,722	90,726	1,040	57,348	157,104

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	36,529	15,193
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	148	43,283	29,156
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	464	48,188	42,668
40 - 44	2	41,899	152,661	0	0	0	0	0	0	0	0	0	823	50,591	63,325
45 - 49	108	54,032	206,174	2	42,030	195,775	0	0	0	0	0	0	1,326	52,249	90,855
50 - 54	310	57,681	226,599	41	59,361	285,543	0	0	0	0	0	0	2,026	54,809	117,457
55 - 59	219	63,078	249,428	43	61,158	302,660	3	52,246	287,542	0	0	0	1,613	55,143	117,197
60 - 64	30	76,284	296,587	9	69,962	401,791	1	37,600	253,420	0	0	0	500	56,369	107,547
65+	7	106,458	426,870	2	91,544	284,411	1	126,674	869,926	2	44,740	353,814	116	53,906	108,020
Total	676	60,131	235,693	97	61,447	302,043	5	64,202	397,195	2	44,740	353,814	7,027	53,296	98,218

Section 6: Data

Distribution of Independent Employers Tier 1 Police & Fire Active Members
Years of Service as of December 31, 2005

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	0	0	2	59,245	24,523	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	35	71,268	35,763	44	67,756	47,128	0	0	0	0	0	0
35 - 39	0	0	0	68	67,648	38,284	229	69,358	57,522	41	69,075	93,222	0	0	0
40 - 44	0	0	0	23	67,315	37,363	138	70,762	66,184	193	72,469	112,383	25	74,434	158,632
45 - 49	0	0	0	13	60,512	38,060	84	67,922	65,969	123	72,440	120,097	129	77,038	196,652
50 - 54	1	62,483	240,492	4	64,225	41,151	43	62,525	65,072	88	70,686	121,096	98	73,055	195,442
55 - 59	0	0	0	1	79,427	49,128	23	65,029	66,151	39	65,572	109,741	29	73,709	195,045
60 - 64	0	0	0	1	19,390	14,147	4	47,429	55,476	8	66,536	123,174	10	63,203	167,564
65+	0	0	0	0	0	0	4	62,703	56,160	1	129,082	132,944	1	55,447	136,070
Total	1	62,483	240,492	147	67,371	37,320	569	68,470	60,962	493	71,334	114,277	292	74,600	191,628

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	2	59,245	24,523
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	79	69,312	42,093
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	338	68,980	57,982
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	379	71,665	94,059
45 - 49	39	82,902	266,708	2	101,086	289,845	0	0	0	0	0	0	390	73,783	146,558
50 - 54	83	78,469	278,918	12	83,887	375,244	0	0	0	0	0	0	329	72,667	184,395
55 - 59	18	76,549	254,040	7	73,000	421,396	0	0	0	0	0	0	117	69,734	162,644
60 - 64	3	75,860	229,307	0	0	0	1	75,330	268,073	0	0	0	27	62,086	142,707
65+	0	0	0	0	0	0	0	0	0	0	0	0	6	72,556	82,276
Total	143	79,381	271,416	21	81,896	382,495	1	75,330	268,073	0	0	0	1,667	71,400	119,868

Section 6: Data

Distribution of Independent Employers Tier 2 General Service Active Members
Years of Service as of December 31, 2005

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	81	22,107	2,046	14	23,483	5,453	0	0	0	0	0	0	0	0	0
25 - 29	440	35,192	4,189	188	35,711	10,956	0	0	0	0	0	0	0	0	0
30 - 34	455	39,714	5,172	532	42,127	14,142	0	0	0	0	0	0	0	0	0
35 - 39	455	42,686	5,563	594	44,021	15,773	0	0	0	0	0	0	0	0	0
40 - 44	420	42,489	5,824	560	47,734	17,699	0	0	0	0	0	0	0	0	0
45 - 49	385	42,656	6,031	615	44,580	17,004	0	0	0	0	0	0	0	0	0
50 - 54	337	43,459	5,870	637	45,205	17,532	0	0	0	0	0	0	0	0	0
55 - 59	288	47,709	6,325	449	48,852	18,774	0	0	0	0	0	0	0	0	0
60 - 64	111	44,550	6,812	203	45,941	18,394	0	0	0	0	0	0	0	0	0
65+	36	41,328	6,519	57	31,446	12,881	0	0	0	0	0	0	0	0	0
Total	3,008	41,175	5,469	3,849	44,583	16,488	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	95	22,310	2,548
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	628	35,348	6,214
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	987	41,014	10,007
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	1,049	43,442	11,345
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	980	45,486	12,610
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	1,000	43,839	12,779
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0	974	44,601	13,497
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	737	48,406	13,909
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	314	45,449	14,300
65+	0	0	0	0	0	0	0	0	0	0	0	0	93	35,271	10,418
Total	0	0	0	0	0	0	0	0	0	0	0	0	6,857	43,088	11,655

Section 6: Data

Distribution of Independent Employers Tier 2 Police & Fire Active Members
Years of Service as of December 31, 2005

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	2	46,192	426	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	147	54,370	5,326	73	61,814	15,780	0	0	0	0	0	0	0	0	0
30 - 34	153	55,920	6,512	279	62,152	20,489	0	0	0	0	0	0	0	0	0
35 - 39	88	51,782	6,345	250	63,311	23,117	0	0	0	0	0	0	0	0	0
40 - 44	32	54,453	7,796	99	60,628	20,936	0	0	0	0	0	0	0	0	0
45 - 49	21	53,739	5,787	56	56,745	21,903	0	0	0	0	0	0	0	0	0
50 - 54	12	45,149	5,092	32	55,080	24,286	0	0	0	0	0	0	0	0	0
55 - 59	6	40,003	7,305	17	60,517	19,605	0	0	0	0	0	0	0	0	0
60 - 64	2	60,599	13,850	2	51,241	19,693	0	0	0	0	0	0	0	0	0
65+	2	42,843	5,731	5	26,522	9,529	0	0	0	0	0	0	0	0	0
Total	465	53,886	6,137	813	61,362	21,088	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	2	46,192	426
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	220	56,840	8,795
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	432	59,945	15,539
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	338	60,309	18,750
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	131	59,120	17,727
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	77	55,925	17,508
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0	44	52,372	19,051
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	23	55,165	16,397
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	4	55,920	16,772
65+	0	0	0	0	0	0	0	0	0	0	0	0	7	31,185	8,444
Total	0	0	0	0	0	0	0	0	0	0	0	0	1,278	58,642	15,648

Section 6: Data

Distribution of School Districts Tier 1 Active Members
Years of Service as of December 31, 2005

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	0	0	6	24,310	16,049	4	26,174	18,818	0	0	0	0	0	0
30 - 34	2	41,190	5,683	227	39,880	21,627	114	37,241	26,821	0	0	0	0	0	0
35 - 39	2	25,082	10,153	521	40,783	23,662	1,270	47,185	40,477	113	45,226	60,962	4	36,278	102,546
40 - 44	0	0	0	422	36,594	20,744	1,454	44,948	42,404	1,171	53,153	82,657	172	47,165	110,340
45 - 49	1	37,163	6,407	543	32,074	18,166	2,019	37,647	35,593	1,495	47,436	79,489	1,364	55,826	147,344
50 - 54	0	0	0	530	32,651	19,716	2,667	36,879	35,556	2,163	43,863	74,477	1,633	52,131	143,950
55 - 59	0	0	0	383	32,883	20,227	1,973	37,580	37,919	2,097	43,283	73,238	1,285	48,254	131,718
60 - 64	0	0	0	115	32,585	20,336	591	38,160	38,521	513	40,171	68,976	307	45,433	119,294
65+	0	0	0	34	23,966	14,982	133	29,074	28,453	68	35,657	63,905	25	44,500	123,967
Total	5	33,941	7,616	2,781	35,155	20,495	10,225	39,566	37,579	7,620	45,531	75,711	4,790	51,483	138,709

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	10	25,056	17,157
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	343	39,010	23,260
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	1,910	45,277	37,201
40 - 44	5	36,488	131,530	0	0	0	0	0	0	0	0	0	3,224	46,940	57,952
45 - 49	336	50,628	180,492	3	53,498	230,448	0	0	0	0	0	0	5,761	44,732	80,348
50 - 54	2,068	58,132	228,820	113	58,976	277,723	0	0	0	0	0	0	9,174	46,059	109,660
55 - 59	1,021	55,579	217,520	209	64,628	300,493	6	75,319	411,003	0	0	0	6,974	44,482	99,334
60 - 64	146	42,638	159,238	30	46,919	217,920	7	87,178	512,001	2	42,925	309,408	1,711	40,435	76,623
65+	17	28,276	119,660	5	26,070	156,473	4	62,918	429,044	0	0	0	286	31,754	56,892
Total	3,593	55,904	217,610	360	60,750	283,881	17	77,284	456,835	2	42,925	309,408	29,393	44,914	87,609

Section 6: Data

Distribution of School Districts Tier 2 Active Members
Years of Service as of December 31, 2005

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	102	17,832	1,783	6	16,016	3,065	0	0	0	0	0	0	0	0	0
25 - 29	1,457	31,710	3,995	339	31,604	9,297	0	0	0	0	0	0	0	0	0
30 - 34	1,744	33,914	5,042	2,233	38,351	13,602	0	0	0	0	0	0	0	0	0
35 - 39	1,463	29,626	4,342	1,978	37,397	13,699	0	0	0	0	0	0	0	0	0
40 - 44	1,479	25,727	3,621	1,920	30,810	10,935	0	0	0	0	0	0	0	0	0
45 - 49	1,522	24,817	3,451	2,487	28,423	10,302	0	0	0	0	0	0	0	0	0
50 - 54	1,219	25,462	3,539	2,167	29,113	10,736	0	0	0	0	0	0	0	0	0
55 - 59	738	28,185	4,310	1,308	31,951	12,123	0	0	0	0	0	0	0	0	0
60 - 64	295	24,525	3,813	557	30,387	11,927	0	0	0	0	0	0	0	0	0
65+	134	16,388	2,420	171	23,816	9,498	0	0	0	0	0	0	0	0	0
Total	10,153	28,326	4,009	13,166	32,367	11,746	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	108	17,731	1,854
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	1,796	31,690	4,996
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	3,977	36,405	9,848
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	3,441	34,093	9,721
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	3,399	28,598	7,752
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	4,009	27,054	7,701
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0	3,386	27,799	8,145
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	2,046	30,593	9,305
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	852	28,357	9,118
65+	0	0	0	0	0	0	0	0	0	0	0	0	305	20,553	6,388
Total	0	0	0	0	0	0	0	0	0	0	0	0	23,319	30,608	8,377

Section 6: Data

Distribution of Judge Active Members
Years of Service as of December 31, 2005

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	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	1	102,800	16,167	1	95,800	48,989	1	115,098	105,826	0	0	0	0	0	0
45 - 49	5	95,800	21,503	5	96,848	43,996	3	95,852	144,246	4	95,916	140,765	0	0	0
50 - 54	10	88,425	18,499	8	97,092	77,991	13	97,066	148,931	10	96,537	185,824	1	95,800	204,310
55 - 59	3	96,473	28,456	12	96,406	70,696	17	96,770	141,138	17	97,097	243,393	14	95,838	410,463
60 - 64	0	0	0	4	99,228	61,449	8	95,800	129,877	8	95,805	249,276	5	97,200	408,675
65+	1	95,800	22,798	2	95,800	43,132	2	95,800	111,409	1	95,800	129,466	1	95,884	374,109
Total	20	92,564	20,842	32	96,942	64,791	44	96,991	139,451	40	96,548	217,067	21	96,162	398,489

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	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	3	104,566	56,994
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	17	96,145	77,841
50 - 54	4	97,550	414,639	0	0	0	0	0	0	0	0	0	46	95,092	140,568
55 - 59	8	95,843	574,855	1	95,800	637,304	0	0	0	0	0	0	72	96,477	256,297
60 - 64	5	97,680	715,008	2	99,300	854,025	0	0	0	0	0	0	32	96,961	331,421
65+	1	105,200	716,051	3	95,800	586,098	1	107,600	822,428	0	0	0	12	97,574	344,352
Total	18	97,253	586,027	6	96,967	683,942	1	107,600	822,428	0	0	0	182	96,386	226,107

Section 6: Data

Distribution of All Tier 1/ Tier 2 and Judge Active Members
 Years of Service as of December 31, 2005

Age	0 - 4			5 - 9			10 - 14			15 - 19			20 - 24		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Balance		Salary	Balance		Salary	Balance		Salary	Balance		Salary	Balance
Under 20	2	6,447	378	0	0	0	0	0	0	0	0	0	0	0	
20 - 24	389	21,473	1,908	41	20,235	4,852	0	0	0	0	0	0	0	0	
25 - 29	3,432	34,118	4,038	1,317	36,887	11,110	16	35,168	19,201	0	0	0	0	0	
30 - 34	4,226	37,071	5,067	6,107	42,736	15,472	611	47,150	33,055	17	41,224	52,114	0	0	
35 - 39	3,885	36,369	4,925	6,961	43,279	17,472	3,441	51,131	43,342	644	50,369	69,723	10	39,747	94,520
40 - 44	3,548	34,081	4,642	6,141	40,330	16,247	3,859	49,542	45,858	3,244	54,387	85,553	646	51,685	120,546
45 - 49	3,531	33,395	4,633	6,771	37,090	15,072	4,773	44,935	43,341	4,100	51,392	85,766	2,973	56,633	149,352
50 - 54	3,047	34,390	4,866	6,582	38,177	16,061	5,757	43,424	42,850	5,429	49,312	84,514	3,939	55,064	151,299
55 - 59	2,147	36,683	5,132	4,596	39,685	16,993	4,600	44,459	44,990	4,931	48,948	84,755	3,048	53,206	148,429
60 - 64	917	35,096	5,169	1,908	38,114	16,429	1,630	44,120	45,526	1,555	47,288	83,480	841	53,340	144,891
65+	332	25,254	3,783	613	31,176	13,702	382	40,502	42,243	278	43,954	78,447	98	49,133	141,682
Total	25,456	34,819	4,707	41,037	39,866	15,994	25,069	45,988	43,778	20,198	50,258	84,332	11,555	54,599	147,725

Age	25 - 29			30 - 34			35 - 39			40 +			Total		
	Count	Average		Count	Average		Count	Average		Count	Average		Count	Average	
		Salary	Balance		Salary	Balance		Salary	Balance		Salary	Balance		Salary	Balance
Under 20	0	0	0	0	0	0	0	0	0	0	0	2	6,447	378	
20 - 24	0	0	0	0	0	0	0	0	0	0	0	430	21,355	2,188	
25 - 29	0	0	0	0	0	0	0	0	0	0	0	4,765	34,887	6,043	
30 - 34	0	0	0	0	0	0	0	0	0	0	0	10,961	40,796	12,498	
35 - 39	0	0	0	0	0	0	0	0	0	0	0	14,941	43,594	22,471	
40 - 44	21	45,714	151,573	0	0	0	0	0	0	0	0	17,459	44,135	37,333	
45 - 49	1,138	53,079	192,941	19	54,729	212,610	0	0	0	0	0	23,305	43,941	57,694	
50 - 54	3,983	58,062	228,422	402	56,633	267,667	2	35,797	241,498	0	0	29,141	46,147	83,728	
55 - 59	2,421	57,914	231,085	527	62,379	301,660	32	52,185	293,480	0	0	22,302	46,810	84,936	
60 - 64	421	53,901	215,294	101	62,815	335,101	26	65,913	394,648	5	46,261	339,274	7,404	44,056	67,315
65+	57	48,354	194,490	20	56,317	316,120	25	76,073	573,007	3	54,586	494,476	1,808	36,477	52,379
Total	8,041	56,993	223,074	1,069	60,010	290,724	85	63,025	405,416	8	49,383	397,475	132,518	44,140	56,038

Section 6: Data

Distribution of Dormant Members

Age	SLGRP		Independent		School Districts		Judges		Total	
	Average		Average		Average		Average		Average	
	Count	Benefit	Count	Benefit	Count	Benefit	Count	Benefit	Count	Benefit
Under 30	2,440	217	926	308	1,349	248	0	0	4,715	244
30 - 34	2,790	552	853	624	2,092	631	0	0	5,735	592
35 - 39	3,377	835	1,021	819	2,171	872	0	0	6,569	845
40 - 44	3,720	1,081	975	872	2,248	983	0	0	6,943	1,020
45 - 49	4,897	1,167	1,165	841	2,796	1,027	0	0	8,858	1,080
50 - 54	7,012	1,181	1,557	828	3,828	1,204	2	2,366	12,399	1,144
55 - 59	5,644	867	1,189	619	3,351	868	3	3,694	10,187	839
60 - 64	2,346	617	462	343	1,265	425	2	3,967	4,075	528
65 - 69	804	519	138	238	493	299	0	0	1,435	417
70 - 74	349	417	77	343	242	312	1	398	669	371
75+	435	358	68	199	385	299	0	0	888	320
Total	33,814	886	8,431	681	20,220	842	8	3,018	62,473	844

Section 6: Data

Distribution of Retired Members and Beneficiaries

Age	SLGRP		Independent Employers		School Districts		Judges		Total	
	Average		Average		Average		Average		Average	
	Count	Benefit	Count	Benefit	Count	Benefit	Count	Benefit	Count	Benefit
Under 50	525	1,107	136	1,383	194	1,132	0	0	855	1,156
50 - 54	2,679	1,605	597	1,903	869	2,619	0	0	4,145	1,860
55 - 59	11,762	1,515	2,361	1,549	7,594	2,511	2	4,495	21,719	1,867
60 - 64	14,872	1,461	2,577	1,361	10,692	2,081	23	4,819	28,164	1,690
65 - 69	12,351	1,375	2,049	1,198	9,417	1,700	19	4,620	23,836	1,491
70 - 74	9,208	1,267	1,400	1,074	7,344	1,434	30	4,455	17,982	1,325
75 - 79	6,596	1,194	929	926	6,135	1,187	33	5,049	13,693	1,182
80 - 84	4,814	1,045	706	756	4,681	931	29	3,743	10,230	980
85 - 59	2,553	826	366	500	2,873	700	14	3,042	5,806	748
90 - 94	1,159	706	153	447	1,295	597	11	2,739	2,618	645
95 +	379	500	45	294	444	528	7	2,392	875	519
Total	66,898	1,332	11,319	1,246	51,538	1,650	168	4,202	129,923	1,454

Distribution of Retired Members and Beneficiaries

Age	Healthy Retired Members		Beneficiaries		Duty Disability		Non-Duty Disability		Total	
	Average		Average		Average		Average		Average	
	Count	Benefit	Count	Benefit	Count	Benefit	Count	Benefit	Count	Benefit
Under 50	164	672	114	584	113	1,346	464	1,422	855	1,156
50 - 54	2,594	2,333	583	471	143	1,322	825	1,450	4,145	1,860
55 - 59	18,919	2,002	1,273	434	175	1,392	1,352	1,399	21,719	1,867
60 - 64	26,020	1,753	965	426	121	1,092	1,058	1,362	28,164	1,690
65 - 69	22,796	1,507	137	868	101	852	802	1,231	23,836	1,491
70 - 74	17,359	1,333	40	1,039	72	815	511	1,147	17,982	1,325
75 - 79	13,317	1,189	9	669	49	536	318	981	13,693	1,182
80 - 84	9,924	990	1	2,641	57	518	248	699	10,230	980
85 - 59	5,616	754	0	0	39	421	151	622	5,806	748
90 - 94	2,518	655	0	0	12	305	88	428	2,618	645
95 +	844	525	0	0	9	263	22	371	875	519
Total	120,071	1,492	3,122	472	891	1,055	5,839	1,265	129,923	1,454

Section 7: Methods and Assumptions

The Board adopted the following actuarial methods and valuation procedures for the December 31, 2005 actuarial valuation of PERS Tier 1/Tier 2 benefits. The actuarial methods and procedures were first adopted effective December 31, 2004.

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, 2005, the amortization period is 22 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 Board adopted the following economic assumptions for the December 31, 2005 actuarial valuation. The investment return assumption was first adopted in 1989, and the interest crediting assumptions were adopted in 2003. All other economic assumptions were first adopted in 2005.

<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>	2.75% compounded annually	
<i>Payroll Growth</i>	3.75% compounded annually. This assumption represents the sum of the inflation assumption and a real wage growth assumption of 100 basis points.	
<i>Healthcare Cost Inflation</i>	Health cost trend rates are used to predict increases in the RHIPA Maximum Subsidy.	
	Year¹	Rate
	2007	9.0%
	2008	8.0%
	2009	7.0%
	2010	6.5%
	2011	6.0%
	2012	5.5%
	2013+	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 Board adopted the following demographic assumptions for the December 31, 2005 actuarial valuation.

Mortality

The following mortality tables were used in the December 31, 2005 valuation. Mortality rates for School District males and general service males were first adopted effective December 31, 2005. All other 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 36 months
Other General Service male	Set back 24 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 24 months
Beneficiary female	Set back 18 months

The disabled retiree mortality rates were adopted by the Board for the December 31, 2005 actuarial valuation.

Disabled Retired Members

Basic Table	RP 2000, Combined Active/Healthy Retired, No Collar, Sex Distinct
Male	Set Forward 36 months, min of 2.5%
Female	Set Forward 36 months, min of 2.75%

The Board adopted the rates below for non-retired members effective with the December 31, 2005 actuarial valuation, except for School District Females, which were adopted with the December 31, 2001 actuarial valuation.

Non-Retired Members

	Percent of Healthy Retired Mortality Tables
Police & Fire Male	70%
Other Male	65%
School District Female	50%
Other Female	55%

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.

All of the retirement assumptions, except for the Judge members' retirement rate and Rates of Retirement from Dormant status, were first adopted effective December 31, 2005.

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		School District / Other General Service
	< 25 yrs	25+ yrs	Tier 1 < 30 yrs	Tier 2 < 30 yrs	Tier 1 < 30 yrs	Tier 2 < 30 yrs	30+ yrs
	50	14.0%	70.0%				
51	14.0%	35.0%					50.0%
52	8.5%	35.0%					66.7%
53	8.5%	35.0%					66.7%
54	8.5%	20.0%					75.0%
55	15.0%	20.0%	14.0%	7.0%	10.0%	5.0%	33.3%
56	8.5%	20.0%	7.0%	3.5%	5.0%	2.5%	25.0%
57	8.5%	20.0%	10.0%	5.0%	7.5%	3.75%	25.0%
58	8.5%	20.0%	15.0%	7.5%	10.0%	5.0%	25.0%
59	8.5%	20.0%	10.0%	5.0%	7.5%	3.75%	25.0%
60	15.0%	20.0%	10.0%	10.0%	7.5%	7.5%	13.0%
61	15.0%	40.0%	15.0%	15.0%	10.0%	10.0%	13.0%
62	25.0%	50.0%	15.0%	15.0%	12.0%	12.0%	33.3%
63	5.0%	40.0%	10.0%	10.0%	12.0%	12.0%	25.0%
64	5.0%	40.0%	15.0%	15.0%	12.0%	12.0%	25.0%
65	100.0%	100.0%	22.0%	22.0%	20.0%	20.0%	33.3%
66			10.0%	10.0%	8.0%	8.0%	30.0%
67			10.0%	10.0%	8.0%	8.0%	30.0%
68			4.0%	4.0%	8.0%	8.0%	15.0%
69			4.0%	4.0%	5.0%	5.0%	15.0%
70			100.0%	100.0%	100.0%	100.0%	100.0%

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	8%
Total Lump Sum	8%
No Lump Sum	84%

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	45%

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 are separated between Police & Fire and General Service, while ordinary disability is the same for all members. These rates were first adopted effective December 31, 2005.

Age	Duty Disability Police & Fire	Duty Disability General Service	Ordinary Disability
Less than age 35	0.040%	0.004%	0.050%
35-39	0.060%	0.004%	0.100%
40-44	0.060%	0.010%	0.150%
45-49	0.100%	0.010%	0.200%
50+	0.150%	0.020%	0.300%

Termination Assumptions

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

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

All of the termination assumptions were first adopted effective December 31, 2005.

Termination Rates

Termination rates for selected ages are shown for each group below:

Age	School District	OHSU	SLGRP General Service		Independent Employers General Service		Police & Fire
			Male	Female	Male	Female	
30	6.106%	10.003%	7.538%	7.511%	6.094%	10.365%	3.334%
35	4.326%	7.645%	5.263%	5.600%	4.780%	7.698%	2.663%
40	3.480%	6.374%	4.139%	4.500%	3.791%	6.176%	2.278%
45	2.717%	5.619%	3.735%	3.700%	2.980%	5.461%	1.661%
50	2.233%	4.184%	3.065%	3.100%	2.338%	3.861%	1.372%

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	General Service	Police & Fire
30	70.000%	48.091%
35	70.000%	57.061%
40	74.296%	62.061%
45	78.331%	72.061%
50	87.195%	72.061%

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. The rates for school districts were first adopted effective December 31, 2005. All other rates were adopted December 31, 2003.

Age	School District	OHSU	SLGRP		Independent Employers	
			General Service	Police & Fire	General Service	Police & Fire
5	1.90%	1.00%	1.80%	2.30%	1.80%	2.50%
10	1.20%	0.30%	0.90%	1.10%	1.00%	1.30%
15	0.60%	0.25%	0.40%	0.60%	0.55%	0.80%
20	0.26%	0.00%	0.10%	0.30%	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 for local general service females were first adopted December 31, 2001. All other rates were adopted effective December 31, 2005.

Actives:	Rates
State GS Male	5.75%
State GS Female	4.75%
School District Male	7.25%
School District Female	6.75%
Local GS Male	3.50%
Local GS Female	3.00%
Police & Fire	8.75%
Dormants:	
All members	3.50%

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, 2005.

RHIPA	11%
RHIA	
▪ Healthy Retired	50%
▪ Disabled Retired	25%

Section 7: Methods and Assumptions

Changes Since Last Valuation

A summary of the changes implemented since the December 31, 2004, valuation are described below. These changes were adopted by the Board on July 21, 2006, as a result of our experience study. Additional discussion and detail is provided in our experience study report.

- The assumed rate of inflation was reduced from 3.00% to 2.75% to better reflect anticipated future inflation. As a result of reducing the inflation rate, the payroll growth assumption was changed from 4.00% to 3.75%.
- Mortality rates for retired male general service members were improved by increasing the age setback from 18 months to 24 months. Mortality rates for school district members were improved by increasing the age setback from 24 to 36 months.
- Mortality rates for disabled retirees were consolidated to separate rates based only on gender. The age set-forward for males was increased from 12, 18, or 24 months to 36 months with a minimum rate of 2.50%. The age set-forward for females was increased from minus 12 or 6 months to 36 months and the minimum rate reduced from 3.00% to 2.75%.
- Non-retired mortality rates, which are set as a percentage of retiree mortality rates, were updated to the following percentages:

	12/31/2004 Assumption	12/31/2005 Assumption
School District Male	50%	65%
Other General Service Male	75% / 100% Judges	65%
Police & Fire Male	40%	70%
Other Female	60% GS / 40% PF / 100% Judges	55%

- State Agency and Local Employer rates of retirement were consolidated; the distinction based on gender was eliminated; and a separate set of rates was developed for members eligible for unreduced benefits. In addition, the lump sum option at retirement assumption was revised to account for both partial and total lump sums taken at retirement.
- Termination rate assumptions were consolidated from 10 groups into 7 (School Districts, OHSU, SLGRP Male and Female, Independent Employers Male and Female, and Police & Fire) by eliminating the distinction based on gender for School Districts, OHSU and Police & Fire. Instead of grouping by State Agencies and Local Employers, rates are grouped by SLGRP members and Independent Employers. Because there are no longer new entrants, the select termination rates for new entrants have been eliminated. In addition, the No Lump Sum before Retirement assumption was consolidated into two groups: General Service and Police & Fire.
- Disability incidence rate assumptions were consolidated into one set of rates for non-duty disability, and two separate sets of rates (General Service and Police & Fire) for duty disability.
- State Agency and Local Employer salary scale assumptions have been regrouped as SLGRP and Independent Employer salary scale assumptions. The School District salary scale assumption has been reduced to more closely reflect actual increases over the past several years.
- The adjustment to final average salary for unused sick leave has been updated to better reflect recent experience for each group. For Police & Fire, State Agencies and Local Employers were combined to a single assumption. In addition, all dormant members were combined to a single assumption.
- Assumed participation in the retiree healthcare programs was reduced significantly to better reflect recent experience. Separate assumptions for participation in RHIA by healthy and disabled retirees were developed.

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>																
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Years of Service</th> <th style="text-align: center; border-bottom: 1px solid black;">Subsidized Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Under 8</td> <td style="text-align: center;">0%</td> </tr> <tr> <td style="text-align: center;">8-9</td> <td style="text-align: center;">50</td> </tr> <tr> <td style="text-align: center;">10-14</td> <td style="text-align: center;">60</td> </tr> <tr> <td style="text-align: center;">15-19</td> <td style="text-align: center;">70</td> </tr> <tr> <td style="text-align: center;">20-24</td> <td style="text-align: center;">80</td> </tr> <tr> <td style="text-align: center;">25-29</td> <td style="text-align: center;">90</td> </tr> <tr> <td style="text-align: center;">30 & Over</td> <td style="text-align: center;">100</td> </tr> </tbody> </table>		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
Years of Service	Subsidized Amount																
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25-29	90																
30 & Over	100																
<i>Changes in Plan Provisions</i>	<p>A member eligible to receive benefits under both Tier 1/Tier 2 and OPSRP may use their combined creditable service (Tier 1/Tier 2) and retirement credits (OPSRP) to determine eligibility for benefits, such as non-duty disability, “30 and out,” vesting, etc. (HB 2189).</p>																

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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