

January 8, 2008

Actuarial Valuation Report

December 31, 2006

Oregon Public Employees Retirement System

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

MERCER



MARSH MERCER KROLL
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Executive Summary

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

- Present system-wide results of the valuation of the Oregon Public Employees Retirement System, including pension benefits provided through Tier 1/Tier 2 and the Oregon Public Service Retirement Plan (OPSRP), and retiree medical benefits provided through the Retiree Health Insurance Account (RHIA) and the Retiree Health Insurance Premium Account (RHIPA), as of December 31, 2006,
- Provide advisory information on system-wide employer contribution rates and employer contribution rates for each rate pool as of December 31, 2006,
- Provide the funded status as of December 31, 2006, and
- Provide reporting information for financial statements, government agencies and other interested parties, pursuant to GASB requirements.

This valuation does not cover the Individual Account Program (IAP).

Employer Contribution Rates

This report develops the average employer contribution rates as of December 31, 2006. These rates are advisory only. The December 31, 2007 actuarial valuation will determine the employer contribution rates that will be effective on July 1, 2009. The December 31, 2005, valuation developed the employer contribution rates that have been in effect since July 1, 2007.

Employer pension contribution rates consist of a normal cost rate and an amortization of the Unfunded Accrued Liability (UAL). Normal cost rates are calculated and charged separately to the Tier 1/Tier 2, OPSRP general service and OPSRP police and fire payrolls. UAL rates are calculated separately, but are charged across all applicable payrolls. Rates for individual employers are adjusted if the employer maintains a side account or has a pre-SLGRP liability or surplus. The table below compares the average employer contribution rates for each type of payroll calculated for this valuation compared to the rates in effect as of July 1, 2007.

Pension Contribution Rates

Payroll	December 31, 2006			Effective July 1, 2007		
	Tier 1/Tier 2	OPSRP		Tier 1/Tier 2	OPSRP	
		General Service	OPSRP Police & Fire		General Service	OPSRP Police & Fire
Normal Cost Rate	5.19%	6.00%	8.87%	4.17%	5.82%	9.09%
Tier 1/Tier 2 UAL Rate	7.52%	7.52%	7.52%	10.23%	10.23%	10.23%
OPSRP UAL Rate	(0.04%)	(0.04%)	(0.04%)	0.00%	0.00%	0.00%
Total Pension Rate	12.67%	13.48%	16.35%	14.40%	16.05%	19.32%
Average Adjustment	(7.13%)	(7.13%)	(7.13%)	(7.03%)	(7.03%)	(7.03%)
Net Pension Rate	5.54%	6.35%	9.22%	7.37%	9.02%	12.29%

Executive Summary

Employer Contribution Rates *(continued)*

The Tier 1/Tier 2 pension contribution rates vary by rate pool, and this report calculates the specific rates for each rate pool. Changes in pension contribution rates for each rate pool are confined to a collar depending on funded status. The table below compares the employer pension contribution rates for each Tier 1/Tier 2 rate pool calculated for this valuation compared to the rates in effect as of July 1, 2007, and shows the minimum and maximum rates that will be effective July 1, 2009 for each rate pool before any adjustments for individual employer Side Accounts and pre-SLGRP liabilities. Please note that for the purposes of this exhibit as well as most other exhibits in this system-wide report, Independent Employers (including State Judiciary) are treated as a single rate pool.

Tier 1/Tier 2 Pension Contribution Rates

Payroll	December 31, 2006			Effective July 1, 2007		
	SLGRP	School Districts	Independent Employers	SLGRP	School Districts	Independent Employers
Normal Cost Rate	5.40%	4.48%	6.22%	4.42%	3.44%	5.08%
Tier 1/Tier 2 UAL Rate	6.72%	10.55%	2.06%	9.42%	13.83%	3.75%
Total Pension Rate	12.12%	15.03%	8.28%	13.84%	17.27%	8.83%
Minimum 7/1/2009 Rate	10.84%	13.82%	5.83%			
Maximum 7/1/2009 Rate	16.84%	20.72%	11.83%			

Investment returns for 2006 were significantly greater than the assumed rate (15% versus 8%), causing UAL rates to decline significantly. However, this decline is offset somewhat by rising normal cost rates as members under Money Match (with no normal cost) continue to retire.

In addition to the pension contribution rates, employers also contribute to the Retirement Health Insurance Account (RHIA) and State Agencies and State Judiciary contribute to the Retiree Health Insurance Premium Account (RHIPA). Only Tier 1 and Tier 2 members are eligible for these benefits, so the normal cost rates are only charged to Tier 1/Tier 2 payroll, but the UAL rates are charged to all payrolls. The table below compares the employer contribution rates for each type of payroll calculated for this valuation compared to the rates in effect as of July 1, 2007.

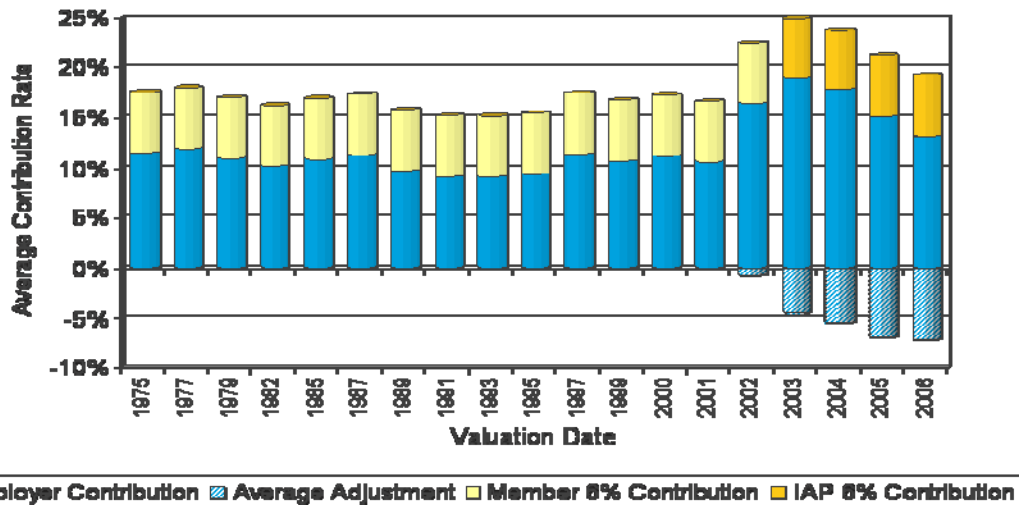
Retiree Healthcare Contribution Rates

Payroll	December 31, 2006			Effective July 1, 2007		
	Tier 1/Tier 2	OPSRP General Service	OPSRP Police & Fire	Tier 1/Tier 2	OPSRP General Service	OPSRP Police & Fire
RHIA normal cost rate	0.10%	0.00%	0.00%	0.11%	0.00%	0.00%
RHIA UAL Rate	0.22%	0.22%	0.22%	0.26%	0.26%	0.26%
Total RHIA rate	0.32%	0.22%	0.22%	0.37%	0.26%	0.26%
RHIPA Normal Cost Rate	0.06%	0.00%	0.00%	0.07%	0.00%	0.00%
RHIPA UAL Rate	0.01%	0.01%	0.01%	0.03%	0.03%	0.03%
Total RHIPA rate	0.07%	0.01%	0.01%	0.10%	0.03%	0.03%

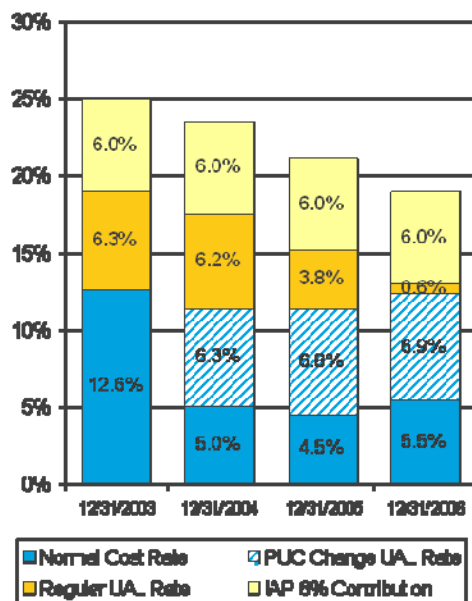
Combined pension and retiree healthcare employer contribution rates are still higher than their historical average, but as the graph below shows, rates as of the valuation date have improved significantly during the last three years.

Executive Summary

Employer Contribution Rates *(continued)*



As shown below, 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 apply to 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 in cost method is expected to decline such that the combined rate remains relatively stable. 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.

Executive Summary

Employer Contribution Rates *(continued)*

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 any transition liabilities for joining the SLGRP) have been paid) and used to offset the otherwise required contribution. As of December 31, 2006, the system has approximately \$7.2 billion in Side Accounts, an increase of about \$0.5 billion in the last year. Side Accounts now reduce the average employer contribution rate by about 7.0% 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. The average adjustment to individual employer rates due to Side Accounts and Pre-SLGRP liabilities is shown on a combined basis in the table on page 1.

Executive Summary

Funded Status

The table below shows the funded status of the various pension rate pools on the basis used to calculate the contribution rate for each rate pool and after adjustment for Side Accounts (assuming Side Accounts offset Tier 1/Tier 2 liabilities).

	SLGRP	School Districts	Independent Employers	OPSRP	Pension System Totals ¹
December 31, 2006					
Actuarial accrued liability	\$25,390.0	\$20,825.0	\$4,860.1	\$115.0	\$51,252.9
Actuarial value of assets	\$24,668.9	\$19,411.8	\$5,212.2	\$151.4	\$49,368.3
Funded percentage	97.2%	93.2%	107.2%	131.6%	96.3%
Side accounts	\$3,508.3	\$3,621.6	\$118.3	\$0.0	\$7,248.2
Funded percentage reflecting side accounts	111.0%	110.6%	109.7%	131.6%	110.5%
December 31, 2005					
Actuarial accrued liability	\$24,331.8	\$20,151.8	\$4,693.5	\$53.8	\$49,294.0
Actuarial value of assets	\$22,222.8	\$17,755.5	\$4,767.1	\$55.0	\$44,733.8
Funded percentage	91.3%	88.1%	101.6%	102.3%	90.7%
Side accounts	\$3,231.3	\$3,339.5	\$99.3	\$0.0	\$6,670.1
Funded percentage reflecting side accounts	104.6%	104.7%	103.7%	102.3%	104.3%

Amounts in millions

¹ Includes Multnomah Fire District #10

Investment returns since December 31, 2005 have significantly improved the funded status of the system. In addition, employer decisions to make supplemental deposits creating Side Accounts have also helped improve the funded status.

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

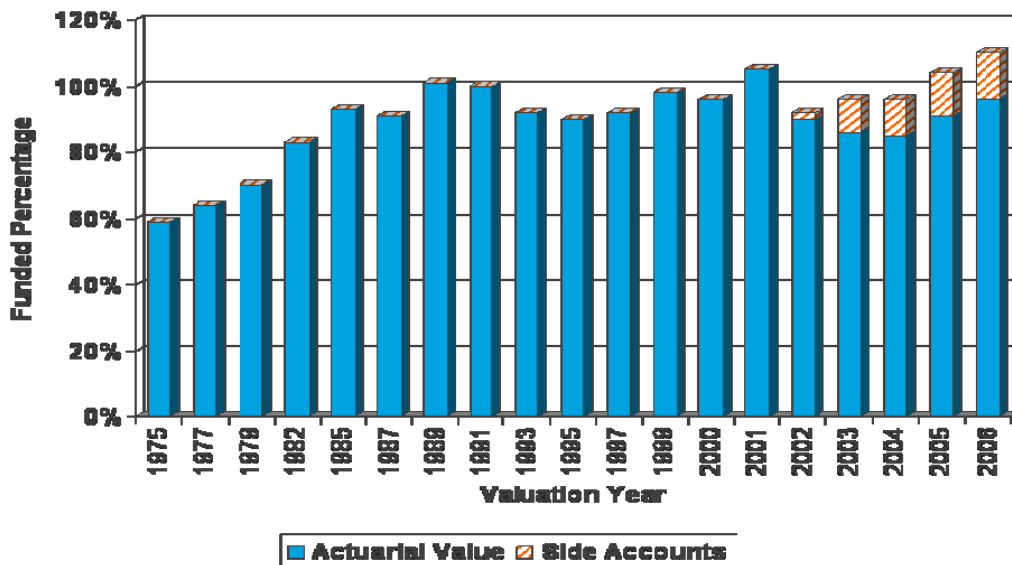
	December 31, 2006			December 31, 2005		
	RHIA	RHIPA	Total	RHIA	RHIPA	Total
Actuarial accrued liability	\$511.8	\$23.4	\$535.2	\$495.9	\$27.0	\$522.9
Actuarial value of assets	\$221.5	\$7.0	\$228.5	\$181.0	\$6.1	\$187.1
Funded Percentage	43.3%	29.9%	42.7%	36.5%	22.7%	35.8%

Amounts in millions

Executive Summary

Funded Status *(continued)*

As shown in the graph below, the funded status of the system generally improved until the market decline earlier this decade. The restatement of the December 31, 2001 actuarial valuation to reflect the impact of the 2003 reforms mitigates the impact on the reported funded status of the market downturn. Funded status is again generally improving with the better than expected returns in the last few years.



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Asset Changes

Since December 31, 2005, contributions (including lump sum deposits) for pension benefits have increased assets by approximately 1.2% while benefit payments decreased assets by about 4.9%. On the whole, assets increased over 11% due to investment returns of approximately 15%.

All Reserves	Amount	Percentage of 12/31/2005 Market Value
Market value, December 31, 2005	\$ 52,958.6	
Contributions	658.1	1.2%
Investment Income	7,933.4	15.0%
Benefit Payments	(2,604.2)	(4.9%)
Market value, December 31, 2006	\$ 58,945.9	111.3%

Amounts in millions

The Rate Guarantee reserve that is used to pay for the 8% rate guarantee on active Tier 1 member accounts when actual investment earnings are below 8% has increased from \$967 million to \$1.6 billion. Active Tier 1 member accounts that are protected by the rate guarantee reserve amount to approximately \$6.8 billion as of December 31, 2006.

Executive Summary

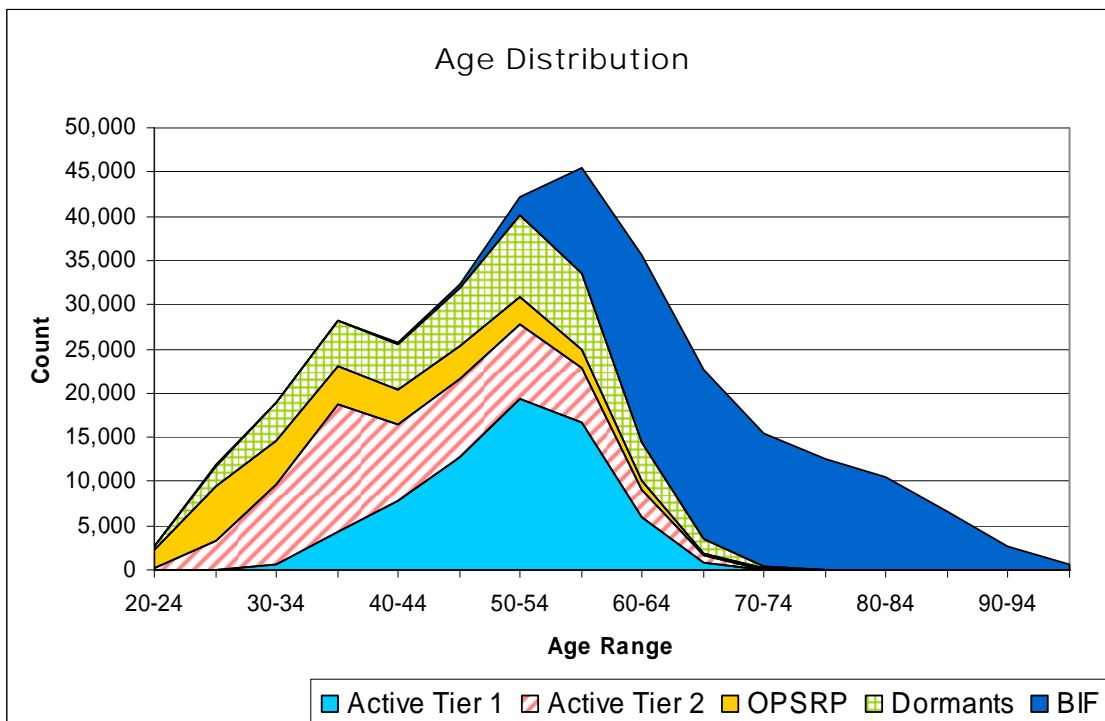
Liability Changes

Since December 31, 2005, the system-wide actuarial accrued liability has increased primarily due to interest on the liability as current active members get closer to retirement. The normal cost, or the value of benefits attributable to that year of service, was about one-eighth of the value of benefits paid out during the year. Contributions during the year were about double the normal cost. The remaining 0.7% increase in the actuarial accrued liability was attributable to actuarial assumption changes and slightly worse than anticipated demographic experience.

	Amount	Percentage of 12/31/2005 AAL
Actuarial Accrued Liability, December 31, 2005	\$ 49,816.8	
Normal Cost	305.8	0.6%
Benefit Payments	(2,604.2)	(5.2%)
Interest	3,905.6	7.8%
Other	364.2	0.7%
Actuarial Accrued Liability, December 31, 2006	\$ 51,788.2	104.0%

Amounts in millions

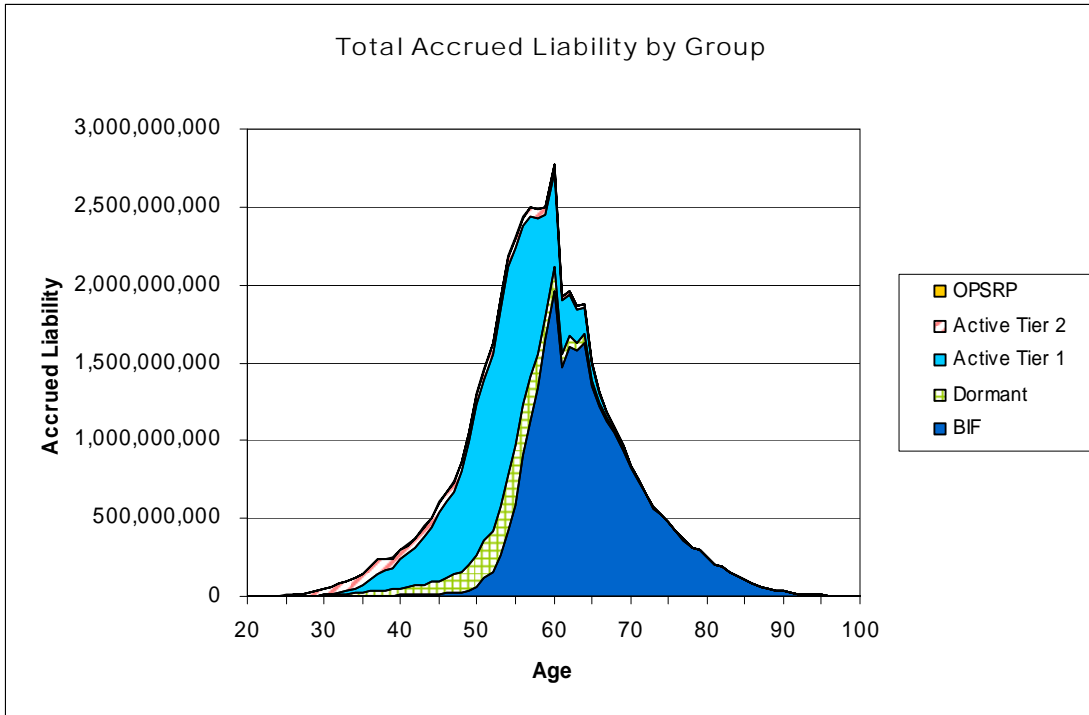
The Oregon Public Employees Retirement System is a very mature system. As shown in the chart below, there are currently 108 active members in the system for every 100 inactive members. However, a significant portion of the active members are currently eligible to retire.



Executive Summary

Liability Changes *(continued)*

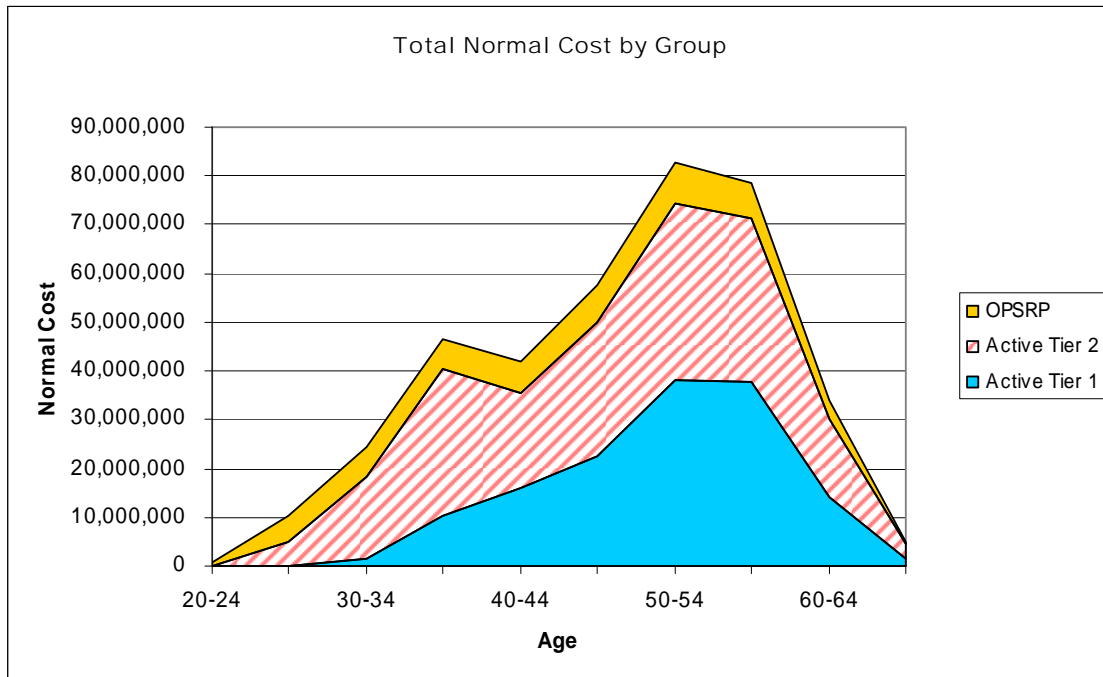
The following chart illustrates the breakdown of the system's accrued liability by member status. While the majority of active liability is attributable to Tier 1 members, 62% of the system's total accrued liability is due to members who are no longer actively working in covered employment. Only 4% of the liability is attributable to active Tier 2 and OPSRP members. Of the accrued liability that is attributable to actives, a large portion is located at or near prime retirement ages.



Executive Summary

Liability Changes *(continued)*

As shown below, Tier 2 members account for nearly half of the system’s normal cost compared to about 4% of the system’s accrued liability. Tier 2 members are likely to retire under the Full Formula calculation rather than the Money Match calculation. Because no additional Member contributions are permitted, the Money Match formula is essentially frozen. Consequently, many Tier 1 Members who are expected to retire under the Money Match formula have no normal cost.



Executive Summary

Principal Valuation Results

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

	Actuarial Valuation as of		Percent Change	
	December 31, 2006	December 31, 2005		
Tier 1/Tier 2 Pension				
Actuarial accrued liability	\$ 51,137.9	\$ 49,240.2	4%	
Actuarial value of assets	\$ 49,216.8	\$ 44,678.8	10%	
Unfunded actuarial accrued liability	\$ 1,921.1	\$ 4,561.4	(58%)	
Funded status	96%	91%	6%	
Combined valuation payroll	\$ 7,326.8	\$ 6,791.9	8%	
UAL as a percentage of payroll	26%	67%	(61%)	
Normal cost	\$ 329.0	\$ 255.1	29%	
Tier 1/Tier 2 valuation payroll	\$ 6,336.4	\$ 6,111.2	4%	
Normal cost rate	5.19%	4.17%	24%	
OPSRP Pension				
Actuarial accrued liability	\$ 115.0	\$ 53.8	114%	
Actuarial value of assets	\$ 151.4	\$ 55.0	175%	
Unfunded actuarial accrued liability	\$ (36.4)	\$ (1.2)	2,892%	
Funded status	132%	102%	29%	
Combined valuation payroll	\$ 7,326.8	\$ 6,791.9	8%	
UAL as a percentage of payroll	(0%)	(0%)	2,673%	
Normal cost	\$ 61.7	\$ 43.1	43%	
OPSRP valuation payroll	\$ 990.4	\$ 680.7	46%	
Normal cost rate	6.23%	6.33%	(2%)	
Combined Pension				
Actuarial accrued liability	\$ 51,252.9	\$ 49,294.0	4%	
Actuarial value of assets	\$ 49,368.3	\$ 44,733.8	10%	
Unfunded actuarial accrued liability	\$ 1,884.7	\$ 4,560.2	(59%)	
Funded status	96%	91%	6%	
Combined valuation payroll	\$ 7,326.8	\$ 6,791.9	8%	
UAL as a percentage of payroll	26%	67%	(62%)	
Normal cost	\$ 390.7	\$ 298.2	31%	
Combined valuation payroll	\$ 7,326.8	\$ 6,791.9	8%	
Normal cost rate	5.33%	4.39%	21%	

Amounts in millions

Executive Summary

Principal Valuation Results *(continued)*

	Actuarial Valuation as of		Percent Change
	December 31, 2006	December 31, 2005	
RHIA			
Actuarial accrued liability	\$ 511.8	\$ 495.9	3%
Actuarial asset value	\$ 221.5	\$ 181.0	22%
Unfunded actuarial accrued liability	\$ 290.4	\$ 314.9	(8%)
Funded status	43%	37%	19%
Combined valuation payroll	\$ 7,326.8	\$ 6,791.9	8%
UAL as a percentage of payroll	4%	5%	(15%)
Normal cost	\$ 6.6	\$ 6.5	1%
Tier 1/Tier 2 valuation payroll	\$ 6,336.4	\$ 6,111.2	4%
Normal cost rate	0.10%	0.11%	(9%)
RHIPA			
Actuarial accrued liability	\$ 23.4	\$ 27.0	(13%)
Actuarial asset value	\$ 7.0	\$ 6.1	15%
Unfunded actuarial accrued liability	\$ 16.4	\$ 20.9	(21%)
Funded status	30%	23%	32%
Combined valuation payroll	\$ 1,946.8	\$ 1,827.0	7%
UAL as a percentage of payroll	1%	1%	(26%)
Normal cost	\$ 0.9	\$ 1.1	(15%)
Tier 1/Tier 2 valuation payroll	\$ 1,665.7	\$ 1,621.2	3%
Normal cost rate	0.06%	0.07%	(14%)

Amounts in millions

Executive Summary

Data Summary

A brief summary of the data underlying the current and prior valuation follows. Additional detail can be found in the data section of this report.

	December 31					2005 Totals ¹
	2006				Total	
	Tier 1	Tier 2	OPSRP	Total		
Active Members						
Count	68,381	62,749	32,131	163,261	132,518	
Average age	51.1	43.4	39.1	45.8	47.1	
Average total service	14.9	5.2	2.1	8.6	12.0	
Average valuation payroll	\$ 53,842	\$ 42,305	\$ 30,825	\$ 44,878	\$ 44,141	
Dormant Members						
Count	25,025	22,655	73	47,753	62,473	
Average age	52.3	43.0	69.5	47.9	47.3	
Average monthly deferred benefit	\$ 1,748	\$ 463	\$ 28	\$ 1,136	\$ 844	
Retired Members and Beneficiaries						
Count	101,992	1,295	0	103,287	129,923	
Average age	69.9	63.0	n/a	69.8	68.7	
Average monthly benefit	\$ 1,938	\$ 435	\$ 0	\$ 1,919	1,454	
Total members	195,398	86,699	32,204	314,301	324,914	

¹ 2005 Dormant and Retiree counts are by segment, while the 2006 counts are by lives. For example, a retired member that had PERS-covered employment with three employers would count as three records in 2005 and one record in 2006.

Executive Summary

Effects of Changes

Effective with the December 31, 2006 actuarial valuation the following key changes were made:

Assumption Changes

An experience study was performed as of December 31, 2006, reviewing economic and demographic assumptions. As a result of the study, the Board revised some of the assumptions adopted in the previous study. The key changes were an increase in the OPSRP administrative expense assumption and a phased-in reduction in the percentage of active Tier 1/Tier 2 members assumed to elect a total lump sum at retirement. Additional detail on assumption changes is available in the assumptions section of this report. These changes increased the system-wide Actuarial Accrued Liability by approximately \$74 million, (consisting of an increase of \$77 million for the pension plan and a reduction of \$3 million for the retiree healthcare plans) the system-wide normal cost by approximately \$26 million, (consisting of an increase of \$26 million on the pension plan and a minor reduction for the retiree healthcare plans) and the average employer contribution rate by 0.7% of payroll.

Legislative Changes

Break-in-Service

HB 2285 retroactively eliminated the break-in-service rules that moved members to OPSRP for the future accrual of benefits if they incurred a break-in-service. Consequently, Tier 1 and Tier 2 members will always remain Tier 1 and Tier 2 members unless they withdraw or incur a loss of membership.

As a result of this retroactive change, approximately 4,300 active members have been moved from OPSRP back to either Tier 1 or Tier 2. The net effect was a decrease in normal cost of \$1 million and an increase in accrued liability of \$24 million. There was no net impact on rates.

Accrual of OPSRP Retirement Credit and Part-time Gross Up of Salary

HB 2285 retroactively replaced the OPSRP provisions for the accrual of retirement credit with provisions identical to those in Tier 1 and Tier 2. It also eliminated the requirement in OPSRP that salary of a part-time employee be grossed up to full-time salary for calculation of final average salary.

Arken and Robinson Litigation

We have made no adjustment to these valuation results to reflect any interpretation of Judge Kantor's June 20, 2007, ruling in the Arken and Robinson cases.

Certification

We have prepared an actuarial valuation of the Oregon Public Employees Retirement System as of December 31, 2006. The results of the valuation are set forth in this report, which reflects legislation adopted by December 31, 2006.

Data

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.

Contributions and Accounting

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.

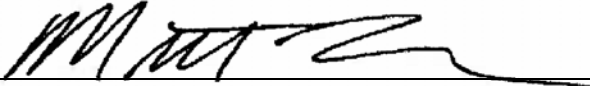
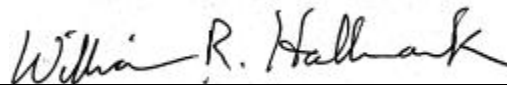
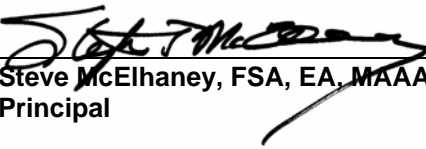
There have been changes in plan provisions, actuarial methods and actuarial assumptions since the last valuation of the plan. A description of those changes and their financial effect is incorporated in this report.

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 is not responsible for consequences arising from the use of this report for any other purposes.

Certification

Professional Qualifications

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

	January 8, 2008
Matthew R. Larrabee, FSA, EA, MAAA Principal	Date
	January 8, 2008
William R. Hallmark, ASA, EA, MAAA Principal	Date
I have reviewed and found acceptable the actuarial assumptions, methods and procedures used in this valuation.	
	January 8, 2008
Steve McElhaney, FSA, EA, MAAA Principal	Date
Mercer (US), Inc. 111 SW Columbia Avenue, Suite 500 Portland, Oregon 97201-5839 503 273 5900	

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

System-Wide Assets

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

	Tier 1/ Tier 2	OPSRP	Side Accounts	Contingency and Capital Preservation Reserve	Rate Guarantee Reserve	RHIA and RHIPA	System Totals
Amount reported by PERS							
December 31, 2006	\$ 48,912.5	\$ 151.4	\$ 7,722.8	\$ 295.3	\$ 1,635.4	\$ 228.4	\$ 58,945.8
Side Account Transfers	\$ 474.7	-	\$ (474.7)	\$ -	\$ -	\$ -	\$ -
Net Pre-SLGRP Liabilities	\$ (170.3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (170.3)
December 31, 2006 Actuarial Value of Assets	\$ 49,216.8	\$ 151.4	\$ 7,248.1	\$ 295.3	\$ 1,635.4	\$ 228.4	\$ 58,775.5

Amounts in millions

As of this valuation, PERS relies on Mercer to calculate the amount that should be transferred from Side Accounts to employer reserves in Tier 1/Tier 2 and OPSRP for rate relief provided the previous year. PERS also does not track net Pre-SLGRP liabilities that are essentially a loan to or from the State & Local Government Rate Pool (SLGRP) for individual employers depending on the basis on which they joined the pool.

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.

System-Wide Assets

The following table reconciles the changes in the system-wide assets from December 31, 2005 to December 31, 2006. 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.

Reconciliation of Tier 1/Tier 2 Pension Assets	Tier 1/Tier 2	OPSRP	Side Accounts	Contingency Reserve	Capital Preservation Reserve	Rate Guarantee Reserve	RHIA and RHIP A	System Totals
Additions								
1. Contributions								
a. Employer	\$ 513.3	\$ 81.8	\$ 10.5	\$ -	\$ -	\$ -	\$ 41.8	\$ 647.4
b. Transfer from side accounts	\$ 411.2	\$ -	\$ (411.2)	\$ -	\$ -	\$ -	\$ -	\$ -
c. Judge member contributions	\$ 1.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.2
d. Member service purchases	\$ 9.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9.5
e. Total	\$ 935.2	\$ 81.8	\$ (400.7)	\$ -	\$ -	\$ -	\$ 41.8	\$ 658.1
2. Net investment income								
a. Transfers	\$ 63.5	\$ -	\$ (63.5)	\$ -	\$ -	\$ -	\$ -	\$ -
b. From investments	\$ 6,150.6	\$ 21.4	\$ 1,042.3	\$ 50.0	\$ -	\$ 655.6	\$ 29.4	\$ 7,949.4
c. Total	\$ 6,214.1	\$ 21.4	\$ 978.8	\$ 50.0	\$ -	\$ 655.6	\$ 29.4	\$ 7,949.4
3. Other ¹	\$ 7.0	\$ -	\$ -	\$ (4.7)	\$ -	\$ 12.5	\$ -	\$ 14.8
4. Total additions	\$ 7,156.2	\$ 103.3	\$ 578.2	\$ 45.3	\$ -	\$ 668.1	\$ 71.2	\$ 8,622.3
Deductions								
5. Retirement and survivor benefits	\$ (2,501.0)	\$ (0.0)	\$ -	\$ -	\$ -	\$ -	\$ (28.7)	\$ (2,529.8)
6. Death Benefits	\$ (13.4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (13.4)
7. Refund of contributions	\$ (61.1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (61.1)
9. Administrative expenses	\$ (22.6)	\$ (6.8)	\$ (0.2)	\$ -	\$ -	\$ -	\$ (1.1)	\$ (30.7)
10. Total deductions	\$ (2,598.1)	\$ (6.9)	\$ (0.2)	\$ -	\$ -	\$ -	\$ (29.8)	\$ (2,635.0)
11. Net change	\$ 4,558.1	\$ 96.4	\$ 578.0	\$ 45.3	\$ -	\$ 668.1	\$ 41.4	\$ 5,987.3
12. Net assets held in trust for pension benefits								-
a. Beginning of year	\$ 44,829.1	\$ 55.0	\$ 6,670.1	\$ 250.0	\$ -	\$ 967.3	\$ 187.1	\$ 52,958.6
b. End of year	\$ 49,387.2	\$ 151.4	\$ 7,248.1	\$ 295.3	\$ -	\$ 1,635.4	\$ 228.5	\$ 58,945.9

¹ Includes TRFA transfer from Metlife and adjustments by PERS.

Amounts in millions

System-Wide Assets

Reconciliation of Side Accounts

Side Accounts are established for employers who make supplemental payments (a lump sum payment in excess of the required employer contribution). For SLGRP employers, this supplemental payment is first applied toward the employer's Transition Liability, and any excess is established in a Side Account. A reconciliation of the Side Accounts from December 31, 2005, to December 31, 2006, is shown below on a rate pool basis. For this exhibit, all Independent Employers are grouped together.

Tier 1/Tier 2 Pension Plan	SLGRP	School Districts	Independent Employers	System Totals
Side Accounts, December 31, 2005	\$ 3,231.3	\$ 3,339.5	\$ 99.3	\$ 6,670.1
Deposits during 2006	-	-	10.5	10.5
Interest	504.7	521.6	16.0	1,042.3
Administrative expenses	-	(0.1)	-	(0.1)
Rate relief used for 2006	(197.2)	(207.4)	(6.5)	(411.1)
Interest on rate relief at employer reserve rate	(30.5)	(32.0)	(1.0)	(63.5)
Side Accounts, December 31, 2006	\$ 3,508.3	\$ 3,621.6	\$ 118.3	\$ 7,248.2

Amounts in millions

System-Wide Assets

Development of Side Account Rate Relief

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

	December 31, 2006			
	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals
1. Side Account	\$ 3,508.3	\$ 3,621.6	\$ 118.3	\$ 7,248.2
2. Combined valuation payroll	\$ 3,702.0	\$ 2,563.3	\$ 1,061.6	\$ 7,326.8
3. Amortization Factor	14.212	14.212	14.212	14.212
4. Average Side Account Rate Relief	6.67%	9.94%	0.78%	6.96%

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation

Tier 1/Tier 2 Pension Assets

Summary of Actuarial Value of Assets

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

	SLGRP	School Districts	Independent Employers	Tier 1/Tier 2 Totals ¹
December 31, 2006				
Member reserves	\$ 4,987.0	\$ 3,379.1	\$ 1,044.0	\$ 9,410.8
Employer reserves	8,522.6	5,340.5	2,263.4	15,996.2
Benefit in force reserves	11,329.7	10,692.2	1,904.8	23,980.2
Net outstanding pre-SLGRP liabilities	(170.3)			(170.3)
Total actuarial value of assets	\$ 24,668.9	\$ 19,411.8	\$ 5,212.2	\$ 49,216.8
December 31, 2005				
Member reserves	\$ 4,802.5	\$ 3,332.8	\$ 1,033.7	\$ 9,169.7
Employer reserves	\$ 7,287.0	\$ 4,642.1	\$ 1,989.8	\$ 13,800.7
Benefit in force reserves	\$ 10,283.6	\$ 9,780.6	\$ 1,743.5	\$ 21,858.6
Net outstanding pre-SLGRP liabilities	\$ (150.2)			\$ (150.2)
Total actuarial value of assets	\$ 22,222.8	\$ 17,755.5	\$ 4,767.1	\$ 44,678.8

Amounts in millions

¹ Includes Multnomah Fire District #10.

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

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

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

Tier 1/Tier 2 Pension Assets

Reconciliation of Actuarial Value of Assets

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

	SLGRP	School Districts	Independent Employers	Tier 1/Tier 2 Totals ¹
Actuarial value of assets, December 31, 2005	\$ 22,222.8	\$ 17,755.5	\$ 4,767.1	\$ 44,678.8
Contributions				
Employer	\$ 263.7	\$ 149.6	\$ 108.0	521.4
Side Account	\$ 227.7	\$ 239.5	\$ 7.5	474.7
Member	\$ 0.0	\$ 0.0	\$ 1.2	1.2
Total contributions	\$ 491.4	\$ 389.1	\$ 116.8	997.3
Investment income	3,069.5	2,416.3	653.2	6,127.5
Employers joining SLGRP	102.1		(123.5)	(21.4)
Benefit payments	(1,216.8)	(1,148.3)	(204.6)	(2,575.5)
Adjustments ²	(0.0)	(0.7)	3.2	10.2
Actuarial value of assets, December 31, 2006	\$ 24,668.9	\$ 19,411.8	\$ 5,212.2	\$ 49,216.8

Amounts in millions

¹ Includes Multnomah Fire District #10.

² Note, the adjustment item above includes a reallocation of the benefits in force reserve, transfers to Multnomah Fire District #10, and other adjustments made by PERS.

Pension Plan Valuation

Tier 1/Tier 2 Valuation (*continued*)

Tier 1/Tier 2 Pension 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 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, 2005	\$ 634.7	\$ (259.5)	\$ (526.1)	\$ (150.9)
2. Employers joining the SLGRP			\$ (21.4)	(21.4)
3. Employer contributions attributable to liability	(42.3)	17.7	39.2	14.6
4. Supplemental payments	0.0	0.0	0.0	0.0
5. Interest	47.4	(19.3)	(40.7)	(12.6)
6. Pre-SLGRP liability/(surplus), December 31, 2006 (1. - 2. - 3. + 4.)	\$ 639.9	\$ (261.2)	\$ (549.0)	\$ (170.3)

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation (*continued*)

Tier 1/Tier 2 Pension Liabilities

Normal Cost

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

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

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

	12/31/2006	12/31/2005	Percent Change
Normal Cost			
Service Retirement	\$ 302.1	\$ 234.8	28.7%
Vested Benefits	14.1	8.0	76.8%
Duty Disability	1.5	1.9	(19.9%)
Nonduty Disability	11.3	10.4	8.5%
Death	0.0	0.0	(18.0%)
Total Normal Cost	\$ 329.0	\$ 255.1	29.0%

Amounts in millions

The increase in the normal cost since the prior valuation is primarily attributable to the expected increase in pension normal cost and to assumption changes effective with the December 31, 2006 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. The assumption changes are described in additional detail later in this report. The table below reconciles the normal cost from the prior valuation to the current valuation. The increase from "all other sources" is caused by approximately 5,000 Members who were added to Tier 2 that had not been previously included in a system-wide valuation.

	Tier 1/Tier 2 Pension	
Normal Cost, December 31, 2005	\$	255.1
Expected increase		40.9
Assumption changes		23.3
Plan changes		4.4
Deviations from expected experience		
Age and service retirements from active status		(4.1)
Active mortality and withdrawal		4.8
Pay increases		(1.3)
Interest Crediting Experience		0.2
All other sources		5.7
Total demographic (gains) and losses		5.3
Normal Cost, December 31, 2006	\$	329.0

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

Tier 1/Tier 2 Pension Liabilities (continued)

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

	December 31, 2006				December 31, 2005		Percent Change
	SLGRP	School Districts	Independent Employers	Tier 1/ Tier 2 Totals	Tier 1/ Tier 2 Totals		
Normal Cost							
Tier 1 General Service	\$ 37.4	\$ 41.2	\$ 15.2	\$ 93.8	\$ 71.6	31.0%	
Tier 2 General Service	70.1	58.2	19.1	147.4	107.0	37.7%	
Tier 1 Police & Fire	33.4	0.4	14.6	48.4	42.8	13.0%	
Tier 2 Police & Fire	30.4	0.2	8.9	39.4	33.6	17.4%	
Total Normal Cost	\$ 171.3	\$ 100.0	\$ 57.7	\$ 329.0	\$ 255.1	29.0%	

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

Actuarial Accrued Liability

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

Actuarial Accrued Liability	12/31/2006	12/31/2005	Percent Change
Active			
Service Retirement	\$ 16,991.8	\$ 16,401.2	3.6%
Vested Benefits	1,564.2	1,712.1	(8.6%)
Duty Disability	50.1	55.7	(10.1%)
Nonduty Disability	511.2	429.0	19.1%
Death	267.9	253.7	5.6%
Total Actives	\$ 19,385.2	\$ 18,851.8	2.8%
Dormant Members	4,450.0	4,186.5	6.3%
Retired Members and Beneficiaries	27,302.8	26,201.9	4.2%
Total Actuarial Accrued Liability	\$ 51,137.9	\$ 49,240.2	3.9%

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

Actuarial Accrued Liability *(continued)*

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

	December 31, 2006				December 31, 2005		Percent Change
	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals ¹	Tier 1 / Tier 2 Totals ¹		
Active Members							
Tier 1 General Service	\$ 7,468.4	\$ 6,564.8	\$ 1,430.5	\$ 15,463.8	\$ 15,269.5		1.3%
Tier 1 Police & Fire	1,261.5	6.5	526.8	1,795.8	1,801.3		(0.3%)
Tier 1 Total	\$ 8,729.8	\$ 6,571.3	\$ 1,957.3	\$ 17,259.6	\$ 17,070.8		1.1%
Tier 2 General Service	876.4	661.3	246.9	\$ 1,784.6	1,471.8		21.3%
Tier 2 Police & Fire	266.0	2.3	72.7	341.0	309.2		10.3%
Tier 2 Total	\$ 1,142.5	\$ 663.5	\$ 319.6	\$ 2,125.6	\$ 1,781.0		19.3%
Total Active Members	\$ 9,872.3	\$ 7,234.8	\$ 2,276.9	\$ 19,385.2	\$ 18,851.8		2.8%
Dormant Members	2,618.3	1,416.6	414.4	4,450.0	4,186.5		6.3%
Retired Members and Beneficiaries	12,899.5	12,173.6	2,168.8	27,302.8	26,201.9		4.2%
Total Tier 1/ Tier 2 Pension Liability	\$ 25,390.0	\$ 20,825.0	\$ 4,860.1	\$ 51,137.9	\$ 49,240.2		3.9%

Amounts in millions

¹ Includes Multnomah FD #10.

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

Tier 1/Tier 2 Pension Liabilities (continued)

Actuarial Accrued Liability (continued)

The change in actuarial accrued liability since the last valuation reflects 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.

		Tier 1/Tier 2 Pension
Actuarial Accrued Liability 12/31/2005	\$	49,240.2
Expected change		1,536.2
Assumption changes		73.4
Plan changes		24.7
Deviations from expected experience		
Age & service retirements from active status		192.4
Disability retirements from active status		12.8
Active mortality and withdrawal		(18.8)
Pay increases		16.6
Interest Crediting Experience		79.3
Retirement, mortality and lump sums from dormant status		(94.0)
Retiree and beneficiary mortality		112.2
Other		(37.1)
Total demographic (gains) and losses		263.4
Actuarial Accrued Liability 12/31/2006	\$	51,137.9

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

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

Calculation of UAL

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

	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals ¹
December 31, 2006				
1. Actuarial accrued liability	\$ 25,390.0	\$ 20,825.0	\$ 4,860.1	\$ 51,137.9
2. Actuarial value of assets	\$ 24,668.9	\$ 19,411.8	\$ 5,212.2	\$ 49,216.8
3. Unfunded accrued liability	\$ 721.0	\$ 1,413.2	\$ (352.1)	\$ 1,921.1
4. Funded percentage (2. ÷ 1.)	97.2%	93.2%	107.2%	96.2%
5. Combined Valuation Payroll	\$ 3,702.0	\$ 2,563.3	\$ 1,061.6	\$ 7,326.8
6. Unfunded accrued liability as % of combined valuation payroll (3. ÷ 5.)	19.5%	55.1%	(33.2%)	26.2%
December 31, 2005				
1. Actuarial accrued liability	\$ 24,331.8	\$ 20,151.8	\$ 4,693.5	\$ 49,240.2
2. Actuarial value of assets	\$ 22,222.8	\$ 17,755.5	\$ 4,767.1	\$ 44,678.8
3. Unfunded accrued liability	\$ 2,109.0	\$ 2,396.3	\$ (73.5)	\$ 4,561.4
4. Funded percentage (2. ÷ 1.)	91.3%	88.1%	101.6%	90.7%
5. Combined Valuation Payroll	\$ 3,438.0	\$ 2,347.8	\$ 1,006.0	\$ 6,791.9
6. Unfunded accrued liability as % of combined valuation payroll (3. ÷ 5.)	61.3%	102.1%	(7.3%)	67.2%

Amounts in millions

¹ Includes Multnomah Fire District #10

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

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

Actuarial Gain or Loss since Prior Valuation

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

The table below shows the development of the actuarial gain (or loss) for the Tier 1/Tier 2 pension benefits. For this exhibit, all Independent Employers, including State Judiciary, have been grouped together.

Tier 1/Tier 2 Pension	December 31, 2006			
	SLGRP	School District	Independent Employers	Tier 1/Tier 2 Totals ¹
1. Expected actuarial accrued liability				
a. Actuarial accrued liability at December 31, 2005	\$ 24,331.8	\$ 20,151.8	\$ 4,693.5	\$ 49,240.2
b. Actuarial accrued liability due to new employers joining the SLGRP	\$ 118.5	n/a	\$ (118.5)	0.0
c. Normal cost at December 31, 2005	\$ 136.4	\$ 73.1	\$ 45.6	\$ 255.1
d. Benefit payments for fiscal year ending December 31, 2006	\$ (1,216.8)	\$ (1,148.3)	\$ (204.6)	\$ (2,575.5)
e. Interest	\$ 1,918.3	\$ 1,572.1	\$ 361.5	\$ 3,856.6
f. Expected actuarial accrued liability before changes (a. + b. + c. + d. + e.)	\$ 25,288.2	\$ 20,648.6	\$ 4,777.4	\$ 50,776.4
g. Change in actuarial accrued liability at December 31, 2006, due to assumption changes	\$ (23.9)	\$ 59.3	\$ 38.2	\$ 73.4
h. Expected actuarial accrued liability at December 31, 2006 (f. + g.)	\$ 25,264.3	\$ 20,707.8	\$ 4,815.6	\$ 50,849.8
2. Actuarial accrued liability at December 31, 2006	\$ 25,390.0	\$ 20,825.0	\$ 4,860.1	\$ 51,137.9
3. Liability gain/(loss) (1.h. - 2)	\$ (125.7)	\$ (117.1)	\$ (44.5)	\$ (288.1)
4. Expected actuarial value of assets				
a. Actuarial value of assets at December 31, 2005	\$ 22,222.8	\$ 17,755.5	\$ 4,767.1	\$ 44,678.8
b. Actuarial value of assets due to new employers joining the SLGRP	\$ 102.1	\$ 0.0	\$ (123.5)	\$ (21.4)
c. Actual contributions for 2006	\$ 491.4	\$ 389.1	\$ 116.8	\$ 997.3
d. Benefit payments for fiscal year ending December 31, 2006	\$ (1,216.8)	\$ (1,148.3)	\$ (204.6)	\$ (2,575.5)
e. Interest	\$ 1,757.0	\$ 1,390.1	\$ 368.0	\$ 3,509.5
f. Expected actuarial value of assets at December 31, 2006 (a. + b. + c. + d. + e.)	\$ 23,356.5	\$ 18,386.3	\$ 4,923.7	\$ 46,588.6
5. Actuarial value of assets as of December 31, 2006	\$ 24,668.9	\$ 19,411.8	\$ 5,212.2	\$ 49,216.8
6. Asset gain/(loss) (5. - 4f.)	\$ 1,312.4	\$ 1,025.5	\$ 288.5	\$ 2,628.2
7. Net actuarial gain/(loss) (3. + 6.)	\$ 1,186.8	\$ 908.4	\$ 244.0	\$ 2,340.1

Amounts in millions

¹ Includes Multnomah Fire District #10

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

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

Actuarial Gain or Loss since Prior Valuation (continued)

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 table below develops the UAL attributable to the change to PUC. 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 remaining UAL is the Regular UAL.

	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals ¹
UAL due to change to PUC, December 31, 2005	\$ 624.1	\$ 551.6	\$ 153.1	\$ 1,328.8
Employers joining SLGRP	4.9	0.0	(3.8)	1.1
Contributions Allocated	0.0	0.0	0.0	0.0
Interest @ 8.0%	50.3	44.1	11.9	106.4
UAL due to change to PUC, December 31, 2006	\$ 679.2	\$ 595.8	\$ 161.3	\$ 1,436.3
Regular UAL, December 31, 2005	1,484.9	1,844.7	(226.6)	3,232.6
Employers joining SLGRP	11.6	0.0	8.7	20.3
Normal Cost	136.4	73.1	45.6	255.1
Contributions	(491.4)	(389.1)	(116.8)	(997.3)
Liability (gain) or loss	125.7	117.1	44.5	288.1
Asset (gain) or loss	(1,312.4)	(1,025.5)	(288.5)	(2,628.2)
Assumption changes	(23.9)	59.3	38.2	73.4
Interest @ 8.0%	111.0	137.9	(18.5)	240.7
Regular UAL, December 31, 2006	\$ 41.8	\$ 817.4	\$ (513.4)	\$ 484.8
Total UAL, December 31, 2006	\$ 721.0	\$ 1,413.2	\$ (352.1)	\$ 1,921.0

Amounts in millions

¹ Includes Multnomah Fire District #10

Pension Plan Valuation

Tier 1/Tier 2 Valuation (*continued*)

Tier 1/Tier 2 Pension Contribution Rate Development

Normal Cost Rates

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

	12/31/2006	12/31/2005	Percent Change
Normal Cost			
a. Service Retirement	\$ 302.1	\$ 234.8	28.7%
b. Vested Benefits	14.1	8.0	76.3%
c. Duty Disability	1.5	1.9	(21.1%)
d. Nonduty Disability	11.3	10.4	8.7%
e. Death	0.0	0.0	0.0%
f. Total Normal Cost	\$ 329.0	\$ 255.1	29.0%
Tier 1/ Tier 2 Valuation Payroll	\$ 6,336.4	\$ 6,111.2	3.7%
Average Normal Cost Rate			
a. Service Retirement	4.77%	3.84%	
b. Vested Benefits	0.22%	0.13%	
c. Duty Disability	0.02%	0.03%	
d. Nonduty Disability	0.18%	0.17%	
e. Death	0.00%	0.00%	
f. Average Normal Cost Rate	5.19%	4.17%	

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

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

Normal Cost Rates (continued)

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

Tier 1/Tier 2 Pension	December 31, 2006			
	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals
Normal Cost				
Tier 1 General Service	\$ 37.4	\$ 41.2	\$ 15.2	\$ 93.8
Tier 2 General Service	\$ 70.1	\$ 58.2	\$ 19.1	\$ 147.4
Tier 1 Police & Fire	\$ 33.4	\$ 0.4	\$ 14.6	\$ 48.4
Tier 2 Police & Fire	\$ 30.4	\$ 0.2	\$ 8.9	\$ 39.4
Total Normal Cost	\$ 171.3	\$ 100.0	\$ 57.7	\$ 329.0
Tier 1/ Tier 2 Valuation Payroll				
Tier 1 General Service	\$ 1,511.1	\$ 1,349.4	\$ 402.9	\$ 3,263.4
Tier 2 General Service	\$ 1,120.9	\$ 880.3	\$ 327.7	\$ 2,328.9
Tier 1 Police & Fire	\$ 296.3	\$ 2.8	\$ 119.3	\$ 418.4
Tier 2 Police & Fire	\$ 246.4	\$ 1.1	\$ 78.2	\$ 325.7
Total Valuation Payroll	\$ 3,174.6	\$ 2,233.7	\$ 928.1	\$ 6,336.4
Average Normal Cost Rates				
Tier 1 General Service	2.48%	3.05%	3.77%	2.88%
Tier 2 General Service	6.26%	6.61%	5.82%	6.33%
Tier 1 Police & Fire	11.27%	14.33%	12.24%	11.56%
Tier 2 Police & Fire	12.33%	15.70%	11.33%	12.10%
Average Rates				
Tier 1 Average	3.92%	3.08%	5.70%	3.86%
Tier 2 Average	7.35%	6.62%	6.88%	7.04%
System Average	5.40%	4.48%	6.22%	5.19%
Member Contributions			0.12%	0.02%
Employer System Average	5.40%	4.48%	6.10%	5.17%

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

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

UAL Rates

The Regular 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.

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.

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

	December 31, 2006			
	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals ¹
1. Total UAL	\$ 721.0	\$ 1,413.2	\$ (352.1)	\$ 1,921.1
2. Change due to change in actuarial cost method	679.2	595.8	161.3	1,436.3
3. Regular UAL (1. - 2.)	\$ 41.8	\$ 817.4	\$ (513.4)	\$ 484.8
4. Combined valuation payroll	\$ 3,702.0	\$ 2,563.3	\$ 1,061.6	\$ 7,326.8
5. 3-year Amortization Factor	2.831	2.831	2.831	2.831
6. Regular Amortization Factor	14.212	14.212	14.212	14.212
7. UAL rate - change to PUC	6.48%	8.21%	5.37%	6.92%
8. UAL rate - regular UAL	0.08%	2.24%	(3.40%)	0.47%

Amounts in millions

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

Pension Plan Valuation

Tier 1/Tier 2 Valuation (*continued*)

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

Pre-SLGRP Pooled Rate

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

	12/31/2006	12/31/2005
State and Community College Pool		
1. Total pre-SLGRP pooled liability	\$ 639.9	\$ 634.7
2. Combined valuation payroll	\$ 2,256.3	\$ 2,104.7
3. Amortization Factor	14.212	14.635
4. Pre-SLGRP pooled rate (1. ÷ 2. ÷ 3.)	2.00%	2.06%
Local Government Rate Pool		
1. Total pre-SLGRP pooled liability	\$ (261.2)	\$ (259.5)
2. Combined valuation payroll	\$ 1,024.1	\$ 968.6
3. Amortization Factor	14.212	14.635
4. Pre-SLGRP pooled rate (1. ÷ 2. ÷ 3.)	(1.79%)	(1.83%)

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

Transition Liability or Surplus Rate

When an employer joins the SLGRP, a transition liability or surplus is calculated to ensure that each employer enters the pool on a comparable basis. The transition liability is maintained separately from the UAL for the SLGRP. The 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.

	12/31/2006	12/31/2005
1. Total transition liability / (surplus)	\$ (549.0)	\$ (550.5)
2. Transition liability / (surplus) due to change in actuarial cost method	\$ (1.2)	\$ (1.2)
3. Remaining transition liability / (surplus) (1. - 2.)	\$ (547.8)	\$ (549.3)
4. Combined valuation payroll	\$ 1,350.1	\$ 1,271.4
5. 3-Year amortization factor	2.831	2.831
6. Amortization Factor	14.212	14.635
7. Average transition liability/(surplus) rate due to change to PUC (2. ÷ 4. ÷ 5.)	(0.03%)	(0.03%)
8. Average transition liability/(surplus) rate remaining transition liability / (surplus) (3. ÷ 4. ÷ 6.)	(2.86%)	(2.96%)

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

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

Multnomah FD #10 UAL Rate

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

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

	December 31, 2006	December 31, 2005
1. Actuarial accrued liability		
a. Active members	\$ 1.2	\$ 1.8
b. Dormant members	\$ 0.7	\$ 0.3
c. Retired members and beneficiaries	\$ 61.0	\$ 61.0
d. Total actuarial accrued liability	\$ 62.9	\$ 63.1
2. Actuarial value of assets		
a. Employer reserve	\$ (130.3)	\$ (118.2)
b. Members reserve	\$ 0.7	\$ 0.8
c. Benefits in force reserve	\$ 53.5	\$ 50.9
d. Total actuarial value of assets	\$ (76.1)	\$ (66.6)
3. Multnomah FD #10 UAL	\$ 139.0	\$ 129.7
a. Portion allocated to City of Portland (21.8743% x 3.)	\$ 30.4	\$ 28.4
b. Portion allocated to all T1/T2 employers (78.1257% x 3.)	\$ 108.6	\$ 101.3
4. Combined valuation payroll		
a. City of Portland	\$ 242.3	\$ 226.3
b. All Tier 1 / Tier 2 employers	\$ 7,368.3	\$ 6,830.7
5. Amortization factor	14.212	14.635
6. Multnomah FD #10 UAL Rate		
a. City of Portland (3.a. ÷ 4.a. ÷ 5.)	0.88%	0.86%
b. All Tier 1 / Tier 2 employers (3.b. ÷ 4.b. ÷ 5.)	0.10%	0.10%
7. Total Multnomah FD #10 UAL Rate		
a. City of Portland (6.a. + 6.b.)	0.98%	0.96%
b. City of Gresham, City of Fairview, City of Wood Village, City of Troutdale (2 x 6.b.)	0.20%	0.20%
c. All other Tier 1 / Tier 2 employers (6.b.)	0.10%	0.10%

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

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

Calculated Employer Contribution Rate Summary (Pre-Rate Collar)

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

	December 31, 2006			
	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals
Tier 1/Tier 2 pension contribution rates				
Employer normal cost rate	5.40%	4.48%	6.10%	5.17%
Member normal cost rate			0.12%	0.02%
UAL - regular rate	0.08%	2.24%	(3.40%)	0.47%
UAL - PUC change rate	6.48%	8.21%	5.37%	6.92%
Multnomah FD #10 rate	0.16%	0.10%	0.10%	0.13%
Total Tier 1/Tier 2 pension rate	12.12%	15.03%	8.28%	12.71%
Average adjustments				
Pre-SLGRP liability/(surplus) rate	(0.33%)	N/A	N/A	(0.17%)
Side Account Rate	(6.67%)	(9.94%)	(0.78%)	(6.96%)
Total average adjustment	(7.00%)	(9.94%)	(0.78%)	(7.13%)
Net pension contribution rate	5.12%	5.09%	7.50%	5.58%

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

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

Calculation of Collar

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

The table below develops the impact of the collar for each of the Tier 1/Tier 2 rate pools. Although the calculation is performed individually for Independent Employers, the table shows the calculation as if Independent Employers were a pool. Note that Independent Employers, other than OHSU and the State Judiciary, 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, 2009			
	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals
1. Current employer contribution rate	13.84%	17.27%	9.95%	15.13%
2. Size of rate collar				
a. Preliminary size of rate collar (<i>maximum of 3% or 20% x 1.</i>)	3.00%	3.45%	3.00%	3.03%
b. Funded percentage	97.2%	93.2%	107.2%	96.2%
c. Size of rate collar (If b. < 80% or b. > 120%, 2 x a., otherwise a.)	3.00%	3.45%	3.00%	3.03%
3. 7/1/2009 Minimum employer contribution rate (1. - 2.c.)	10.84%	13.82%	6.95%	12.11%
4. 7/1/2009 Maximum employer contribution rate (1. + 2.c.)	16.84%	20.72%	12.95%	18.16%
5. 12/31/2006 employer contribution rate before collar	12.12%	15.03%	8.28%	12.71%
6. 12/31/2006 employer contribution rate after collar (5., but not less than 3. or more than 4.)	12.12%	15.03%	8.28%	12.71%
7. Expected Impact of collar (6. - 5.)	0.00%	0.00%	0.00%	0.00%

Pension Plan Valuation

Tier 1/Tier 2 Valuation (continued)

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

Calculated Employer Contribution Rate Summary (Post Rate Collar)

Any adjustment for the collar is made to the regular UAL rate. The table below summarizes the average rates that would be effective July 1, 2009 if the December 31, 2006 actuarial valuation determined those rates. The December 31, 2007 actuarial valuation will determine the actual contribution rates effective July 1, 2009. For this exhibit, Independent Employers, including State Judiciary, have been treated as a single rate pool.

	December 31, 2006			
	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals
Tier 1/Tier 2 pension contribution rates				
Employer normal cost rate	5.40%	4.48%	6.10%	5.17%
Member normal cost rate			0.12%	0.02%
UAL - regular rate	0.08%	2.24%	(3.40%)	0.47%
UAL - PUC change rate	6.48%	8.21%	5.37%	6.92%
Multnomah FD #10 rate	0.16%	0.10%	0.10%	0.13%
Total Tier 1/Tier 2 pension rate	12.12%	15.03%	8.28%	12.71%
Average adjustments				
Pre-SLGRP liability/(surplus) rate	(0.33%)	N/A	N/A	(0.17%)
Side Account Rate	(6.67%)	(9.94%)	(0.78%)	(6.96%)
Total average adjustment	(7.00%)	(9.94%)	(0.78%)	(7.13%)
Net pension contribution rate	5.12%	5.09%	7.50%	5.58%

Pension Plan Valuation

OPSRP Valuation

OPSRP Assets

Information on OPSRP assets is shown in the section of this report covering the system-wide assets. As of December 31, 2006, the actuarial value of assets for OPSRP is \$151.4 million.

OPSRP Liabilities

Normal Cost

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

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

Normal Cost	December 31, 2006			December 31, 2005		
	General Service	Police & Fire	Total	General Service	Police & Fire	Total
Pre-Retirement Disability						
Duty	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.1	\$ 0.3
Non-Duty	2.0	0.2	2.2	1.9	0.1	2.0
Total Pre-Retirement Disability	\$ 2.1	\$ 0.3	\$ 2.4	\$ 2.1	\$ 0.3	\$ 2.3
Other Benefits						
Service Retirement	\$ 37.6	\$ 5.4	\$ 43.0	\$ 25.5	\$ 3.3	\$ 28.8
Vested Benefits	5.2	0.5	5.8	3.3	0.3	3.6
Death	0.6	0.1	0.6	0.4	0.0	0.5
Duty Disability Retirement	0.1	0.1	0.2	0.1	0.1	0.2
Non-Duty Disability Retirement	1.1	0.1	1.3	0.9	0.1	1.0
Total Other Benefits	\$ 44.6	\$ 6.2	\$ 50.8	\$ 30.2	\$ 3.8	\$ 34.0
Assumed Administrative Expenses	\$ 7.8	\$ 0.7	\$ 8.5	\$ 6.2	\$ 0.5	\$ 6.7
Total Normal Cost	\$ 54.5	\$ 7.2	\$ 61.7	\$ 38.5	\$ 4.5	\$ 43.1

Amounts in millions

The increase in the normal cost since the prior valuation is primarily attributable to the new entrants to the OPSRP program. The assumption and plan changes are described in additional detail later in this report. The table below reconciles the normal cost from the prior valuation to the current valuation.

	OPSRP
Normal Cost, December 31, 2005	\$ 43.1
Expected increase	3.4
Assumption changes	3.2
Plan changes	(5.3)
New entrants	18.3
Deviations from expected experience	(1.0)
Normal Cost, December 31, 2006	\$ 61.7

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Liabilities *(continued)*

Actuarial Accrued Liability

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

Summary of Actuarial Accrued Liability	December 31, 2006			December 31, 2005		
	General Service	Police & Fire	Total	General Service	Police & Fire	Total
Active Members						
Pre-retirement Duty Disability	\$ 0.3	\$ 0.2	\$ 0.5	\$ 0.4	\$ 0.2	\$ 0.6
Pre-retirement Non-Duty Disability	\$ 4.3	\$ 0.4	\$ 4.7	\$ 2.9	\$ 0.2	\$ 3.1
Service Retirement	\$ 81.9	\$ 10.9	\$ 92.8	\$ 37.0	\$ 4.8	\$ 41.8
Vested Benefits	\$ 11.3	\$ 1.1	\$ 12.4	\$ 4.9	\$ 0.4	\$ 5.3
Death	\$ 1.2	\$ 0.1	\$ 1.3	\$ 0.6	\$ 0.1	\$ 0.7
Duty Disability Retirement	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.2	\$ 0.1	\$ 0.3
Non-Duty Disability Retirement	\$ 2.4	\$ 0.3	\$ 2.7	\$ 1.3	\$ 0.1	\$ 1.4
Total Active Members	\$ 101.6	\$ 13.2	\$ 114.8	\$ 47.3	\$ 5.9	\$ 53.3
Dormant Members			\$ 0.2			\$ 0.5
Retired Members and Beneficiaries			\$ 0.0			\$ 0.0
Total Actuarial Accrued Liability			\$ 115.0			\$ 53.8

Amounts in millions

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. The \$15.1 million plan change decrease in OPSRP liability was caused by HB 2285, which moved some former Tier 1/Tier 2 members out of the OPSRP program and back to the Tier 1/Tier 2 program.

	OPSRP
Actuarial Accrued Liability 12/31/2005	\$ 53.8
Expected change	43.5
Assumption changes	3.1
Plan changes	(15.1)
New entrants	26.3
Deviations from expected experience	
Age & service retirements from active status	0.2
Active mortality and withdrawal	(2.1)
Pay increases	6.7
Other	(1.4)
Total demographic (gains) and losses	3.4
Actuarial Accrued Liability 12/31/2006	\$ 115.0

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Unfunded Accrued Liability (UAL)

Calculation of UAL

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

Unfunded Accrued Liability	December 31, 2006		December 31, 2005	
1. Actuarial accrued liability	\$	115.0	\$	53.8
2. Actuarial value of assets	\$	151.4	\$	55.0
3. Unfunded accrued liability	\$	(36.4)	\$	(1.2)
4. Funded percentage (2. ÷ 1.)		132%		102%
5. Combined valuation payroll	\$	7,326.8	\$	6,791.9
6. Unfunded accrued liability as % of combined valuation payroll		(0%)		(0%)

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Liabilities *(continued)*

Actuarial Gain or Loss since Prior Valuation

In every actuarial valuation, assumptions are made as to the future experience of the plan and covered group of participants. Whenever there is a difference between the actual experience and that anticipated by the actuarial assumptions, there is a gain or loss to the plan. Gains are the result of experience that is more favorable than anticipated (i.e., serves to reduce the unfunded actuarial liability or increase the surplus), while losses are the result of unfavorable experience. Approximately 90% of the 2006 liability loss is created by new entrants to the OPSRP program.

The table below develops the actuarial gain or loss for OPSRP for the year ending December 31, 2006.

1. Expected actuarial accrued liability		
a. Actuarial accrued liability at December 31, 2005	\$	53.8
b. Normal cost at December 31, 2005 (excluding administrative expenses)	\$	36.4
c. Benefit payments (excluding administrative expenses) for year ending December 31, 2006	\$	(0.0)
d. Interest	\$	7.2
e. Expected actuarial accrued liability before changes <i>(a. + b. + c. + d.)</i>	\$	97.3
f. Change in actuarial accrued liability at December 31, 2006, due to assumption changes	\$	3.1
g. Change in actuarial accrued liability at December 31, 2006, due to plan changes	\$	(15.1)
h. Expected actuarial accrued liability at December 31, 2006 <i>(e. + f. + g.)</i>	\$	85.3
2. Actuarial accrued liability at December 31, 2006	\$	115.0
3. Liability gain/(loss) (1.g. - 2)	\$	(29.7)
4. Expected actuarial value of assets		
a. Actuarial value of assets at December 31, 2005	\$	55.0
b. Actual contributions for 2006	\$	81.8
c. Benefit payments and administrative expenses for fiscal year ending December 31, 2006	\$	(6.9)
d. Interest	\$	7.1
e. Expected actuarial value of assets at December 31, 2006 <i>(a. + b. + c. + d. + e.)</i>	\$	137.1
5. Actuarial value of assets as of December 31, 2006	\$	151.4
6. Asset gain/(loss) (5. - 4e.)	\$	14.3
7. Net actuarial gain/(loss) (3. + 6.)	\$	(15.4)

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Liabilities (continued)

Reconciliation of the UAL

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

	OPSRP
UAL, December 31, 2005	\$ (1.2)
Normal Cost	36.4
Contributions	(81.8)
Interest	0.1
Liability (gain) or loss	29.7
Asset (gain) or loss	(14.3)
Assumption changes	3.1
Plan changes	(15.1)
UAL, December 31, 2006	\$ (43.2)

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Contribution Rate Development

Normal Cost Rates

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

Development of Normal Cost Rate	December 31, 2006			December 31, 2005		
	General Service	Police & Fire	Average Rate	General Service	Police & Fire	Average Rate
Normal Cost						
Pre-retirement Disability Benefits	\$ 2.1	\$ 0.3	\$ 2.4	\$ 2.1	\$ 0.3	\$ 2.3
All Other Benefits	\$ 44.6	\$ 6.2	\$ 50.8	\$ 30.2	\$ 3.8	\$ 34.0
Assumed Administrative Expenses	\$ 7.8	\$ 0.7	\$ 8.5	\$ 6.2	\$ 0.5	\$ 6.7
Total Normal Cost	\$ 54.5	\$ 7.2	\$ 61.7	\$ 38.5	\$ 4.5	\$ 43.1
OPSRP Valuation Payroll	\$ 908.8	\$ 81.6	\$ 990.4	\$ 632.3	\$ 48.4	\$ 680.7
Normal Cost Rate						
Pre-retirement Disability Benefits	0.23%	0.36%	0.24%	0.33%	0.55%	0.34%
All Other Benefits	4.91%	7.65%	5.13%	4.78%	7.87%	5.00%
Assumed Administrative Expenses	0.86%	0.86%	0.86%	0.98%	0.98%	0.98%
Total Normal Cost	6.00%	8.87%	6.23%	6.09%	9.41%	6.33%

Amounts in millions

UAL Rates

The OPSRP UAL rate is determined by amortizing the unfunded actuarial accrued liability over 16 years as a level percentage of combined valuation payroll.

Development of UAL Rate	December 31, 2006	December 31, 2005
1. UAL	\$ (36.4)	\$ (1.2)
2. Combined valuation payroll	\$ 7,326.8	\$ 6,791.9
3. Amortization Factor	11.825	11.825
4. UAL rate	(0.04%)	0.00%

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Contribution Rate Development *(continued)*

Calculated Employer Contribution Rates

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

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

Calculated OPSRP Contribution Rates	General		
	Service	Police & Fire	Average Rate
December 31, 2006			
Total normal cost rate	6.00%	8.87%	6.23%
Total UAL rate	(0.04%)	(0.04%)	(0.04%)
Total OPSRP contribution rate	5.96%	8.83%	6.19%
December 31, 2005			
Total normal cost rate	6.09%	9.41%	6.33%
Total UAL rate	0.00%	0.00%	0.00%
Total OPSRP contribution rate	6.09%	9.41%	6.33%

Application of Rate Collar

The rate collar restricts the average OPSRP contribution rate so it cannot change by more than the greater of 3 percentage points or 20 percent from the current average OPSRP 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 based on the weighted average OPSRP contribution rate, and any adjustment due to the collar is applied to the OPSRP UAL rate.

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Contribution Rate Development *(continued)*

Application of Rate Collar (continued)

The table below develops the minimum and maximum contribution rates that will be effective July 1, 2009. The expected impact of the collar on OPSRP contribution rates is calculated based on December 31, 2006 valuation results. The actual impact of the collar and the actual OPSRP contribution rates effective July 1, 2009 will be based on the December 31, 2007 actuarial valuation.

OPSRP Contribution Rates	General Service	Police & Fire	Average Rate
1. 7/1/2007 contribution rate	6.09%	9.41%	6.33%
2. Size of collar			
a. Preliminary size of rate collar (Maximum of 3% or 20% of 1.)			3.00%
b. Funded percentage			131.6%
c. Size of rate collar (If b. < 80% or b. > 120%, 2 x a., otherwise a.)			6.00%
3. 7/1/2009 Minimum contribution rate (1. - 2.c.)			0.33%
4. 7/1/2009 Maximum contribution rate (1. + 2.c.)			12.33%
5. Contribution rate, 12/31/2006 before collar	5.96%	8.83%	6.19%
6. Expected Impact of collar	0.00%	0.00%	0.00%
7. 12/31/2006 Contribution rate, after collar (5. + 6.)	5.96%	8.83%	6.19%

Retiree Healthcare Valuation

Assets

A reconciliation of retiree healthcare assets is shown below.

Reconciliation of Assets ¹	RHIA	RHIPA	Retiree Healthcare Totals
Additions			
1. Employer contributions	\$ 39.5	\$ 2.3	\$ 41.8
2. Net investment income	\$ 28.5	\$ 0.9	\$ 29.4
3. Total additions	\$ 68.0	\$ 3.2	\$ 71.2
Deductions			
4. Healthcare Premium Subsidies	(26.6)	(2.2)	(28.7)
5. Administrative expenses	(1.0)	(0.1)	(1.1)
6. Total deductions	(27.5)	(2.3)	(29.8)
7. Net change	40.5	0.9	41.4
8. Net assets held in trust for benefits			
a. Beginning of year	181.0	6.1	187.1
b. End of year	221.5	7.0	228.5

Amounts in millions.

¹ The reconciliation of assets is provided by PERS.

Retiree Healthcare Valuation

Retiree Healthcare Liabilities

Normal Cost

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

	RHIA			RHIPA		
	12/31/2006	12/31/2005	Percent Change	12/31/2006	12/31/2005	Percent Change
Normal Cost						
Service Retirement	\$ 5.7	\$ 5.7	0.0%	\$ 0.8	\$ 1.0	(20.0%)
Vested Benefits	0.7	0.6	16.7%	0.0	0.0	0.0%
Duty Disability	0.0	0.0	0.0%	0.0	0.0	0.0%
Nonduty Disability	0.1	0.1	0.0%	0.1	0.1	0.0%
Death	0.1	0.1	0.0%	0.0	0.0	0.0%
Total Normal Cost	\$ 6.6	\$ 6.5	1.2%	\$ 0.9	\$ 1.1	(14.7%)

Amounts in millions

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

	RHIA	RHIPA
Normal Cost 12/31/2005	\$6.5	\$1.1
Expected increase	0.0	0.0
Assumption changes	0.0	(0.2)
Demographic changes	0.0	0.0
Normal Cost 12/31/2006	\$6.6	\$0.9

Amounts in millions

Retiree Healthcare Valuation

Actuarial Accrued Liability

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

Actuarial Accrued Liability	RHIA			RHIPA		
	12/31/2006	12/31/2005	Percent Change	12/31/2006	12/31/2005	Percent Change
Active						
Service Retirement	\$ 81.8	\$ 78.2	4.6%	\$ 14.2	\$ 16.0	(11.2%)
Vested Benefits	7.5	6.6	12.5%	0.0	0.0	0.0%
Duty Disability	0.1	0.1	(9.9%)	0.1	0.1	(25.8%)
Nonduty Disability	1.1	0.9	17.2%	0.8	0.9	(7.4%)
Death	1.5	1.4	7.8%	0.2	0.2	(3.2%)
Total Actives	\$ 91.9	\$ 87.2	5.4%	\$ 15.3	\$ 17.2	(11.0%)
Dormant Members	19.5	17.9	8.8%	0.0	0.0	0.0%
Retired Members and Beneficiaries	400.4	390.8	2.5%	8.1	9.8	(17.2%)
Total Actuarial Accrued Liability	\$ 511.8	\$ 495.9	3.2%	\$ 23.4	\$ 27.0	(13.3%)

Amounts in millions

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.

	RHIA	RHIPA	Total
Actuarial Accrued Liability 12/31/2005	\$ 495.9	\$ 27.0	\$ 522.9
Expected Change	19.1	1.1	20.2
Assumption Changes	0.3	(2.9)	(2.6)
Demographic Changes	(3.5)	(1.8)	(5.3)
Actuarial Accrued Liability 12/31/2006	\$ 511.8	\$ 23.4	\$ 535.2

Amounts in millions

Retiree Healthcare Valuation

Retiree Healthcare Unfunded Accrued Liability (UAL)

Calculation of UAL

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

	RHIA			RHIPA		
	12/31/2006	12/31/2005	Percent Change	12/31/2006	12/31/2005	Percent Change
1. Actuarial accrued liability	\$ 511.8	\$ 495.9	3.2%	\$ 23.4	\$ 27.0	(13.3%)
2. Actuarial value of assets	\$ 221.5	\$ 181.0	22.3%	\$ 7.0	\$ 6.1	14.6%
3. Unfunded accrued liability	\$ 290.4	\$ 314.9	(7.8%)	\$ 16.4	\$ 20.9	(21.4%)
4. Funded percentage (2. ÷ 1.)	43.3%	36.5%	18.5%	29.9%	22.7%	32.2%
5. Combined valuation payroll	\$ 7,326.8	\$ 6,791.9	7.9%	\$ 1,946.8	\$ 1,827.0	6.6%
6. Unfunded accrued liability as % of combined valuation payroll (3. ÷ 5.)	4.0%	4.6%	(14.5%)	0.8%	1.1%	(26.3%)

Amounts in millions

Reconciliation of UAL

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

	RHIA	RHIPA
UAL due to change to PUC, December 31, 2005	\$ (13.7)	\$ (3.2)
Contributions Allocated	0.0	0.0
Interest @ 8.0%	(1.1)	(0.3)
UAL due to change to PUC, December 31, 2006	\$ (14.8)	\$ (3.5)
Regular UAL, December 31, 2005	\$ 328.6	\$ 24.1
Normal Cost	6.6	0.9
Contributions	39.5	2.3
Liability (gain) or loss	3.5	1.8
Asset (gain) or loss	(12.5)	(0.3)
Assumption changes	0.3	(2.9)
Regular UAL, December 31, 2006	\$ 305.1	\$ 19.9
Total UAL, December 31, 2006	\$ 290.4	\$ 16.4

Amounts in millions

Retiree Healthcare Valuation

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

Actuarial Gain or Loss since Prior Valuation

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

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

	RHIA	RHIPA	Retiree Healthcare Totals
Retiree Healthcare			
1. Expected actuarial accrued liability			
a. Actuarial accrued liability at December 31, 2005	\$ 495.9	\$ 27.0	\$ 522.9
b. Normal cost at December 31, 2005	\$ 6.5	\$ 1.1	\$ 7.6
c. Benefit payments for fiscal year ending December 31, 2006	\$ (26.6)	\$ (2.2)	\$ (28.7)
d. Interest on a. + b. to end of year	\$ 39.1	\$ 2.2	\$ 41.3
e. Expected actuarial accrued liability before changes (a. + b. + c. + d.)	\$ 515.0	\$ 28.1	\$ 543.1
f. Change in actuarial accrued liability at December 31, 2006, due to assumption changes	\$ 0.3	\$ (2.9)	\$ (2.6)
g. Expected actuarial accrued liability at December 31, 2006 (e. + f.)	\$ 515.3	\$ 25.2	\$ 540.5
2. Actuarial accrued liability at December 31, 2006	\$ 511.8	\$ 23.4	\$ 535.2
3. Liability gain/(loss) (1.g. - 2)	\$ 3.5	\$ 1.8	\$ 5.3
4. Expected actuarial value of assets			
a. Actuarial value of assets at December 31, 2005	\$ 181.0	\$ 6.1	\$ 187.1
b. Actual contributions made for fiscal year ending December 31, 2006	\$ 39.5	\$ 2.3	\$ 41.8
c. Benefit payments for fiscal year ending December 31, 2006	\$ (26.6)	\$ (2.2)	\$ (28.7)
d. Interest	\$ 15.0	\$ 0.5	\$ 15.5
e. Expected actuarial value of assets at December 31, 2006 (a. + b. + c. + d.)	\$ 208.9	\$ 6.7	\$ 215.7
5. Actuarial value of assets at December 31, 2006	\$ 221.5	\$ 7.0	\$ 228.5
6. Actuarial asset gain/(loss) (5. - 4e.)	\$ 12.5	\$ 0.3	\$ 12.8
7. Net actuarial gain/(loss) (3. + 6.)	\$ 16.0	\$ 2.1	\$ 18.1

Amounts in millions

Retiree Healthcare Valuation

Development of Contribution Rates

Normal Cost Rate

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 and the State Judiciary only.

Retiree Healthcare	RHIA		RHIPA	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
Normal Cost	\$ 6.6	\$ 6.5	\$ 0.9	\$ 1.1
Tier 1/Tier 2 Valuation Payroll	\$ 6,336.4	\$ 6,111.2	\$ 1,665.7	\$ 1,621.2
Normal Cost Rate	0.10%	0.11%	0.06%	0.07%

amounts in millions

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

Retiree Healthcare	December 31, 2006				Retiree Healthcare Total
	SLGRP	School Districts	Independent Employers		
Tier 1/ Tier 2 Valuation Payroll					
a. Tier 1/Tier 2	\$ 3,174.6	\$ 2,233.7	\$ 928.1	\$	\$ 6,336.4
b. State Only Payroll	\$ 1,931.3	\$ 0.0	\$ 15.5	\$	\$ 1,946.8
Normal Cost Rate					
a. RHIA	0.10%	0.10%	0.10%		0.10%
b. RHIPA	0.06%	0.00%	0.06%		0.06%
Weighted Average Normal Cost Rate	0.14%	0.10%	0.10%		0.12%

Amounts in millions

Retiree Healthcare Valuation

Development of Contribution Rates *(continued)*

UAL Rate

The RHIA and RHIPA Regular UAL rates are 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.

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.

	RHIA	RHIPA
1. Total UAL	\$ 290.4	\$ 16.4
2. Change due to change in actuarial cost method	(14.8)	(3.5)
3. Regular UAL (1. - 2.)	\$ 305.1	\$ 19.9
4. Combined valuation payroll	\$ 7,326.8	\$ 1,946.8
5. 3-year Amortization Factor	2.831	2.831
6. Regular Amortization Factor	14.212	14.212
7. UAL rate - change to PUC	(0.07%)	(0.06%)
8. UAL rate - regular UAL	0.29%	0.07%

Amounts in millions

Retiree Healthcare Valuation

Development of Contribution Rates *(continued)*

Calculated Employer Contribution Rate Summary

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

	December 31, 2006		
	State Agencies and Judiciary	All Other Employers	Retiree Healthcare Total
Normal Cost Rates			
RHIA	0.10%	0.10%	0.10%
RHIPA	0.06%	0.00%	0.02%
Total normal cost rate	0.16%	0.10%	0.12%
UAL Rates			
RHIA regular UAL	0.29%	0.29%	0.29%
RHIA PUC change	(0.07%)	(0.07%)	(0.07%)
RHIPA regular UAL	0.07%	0.00%	0.02%
RHIPA PUC change	(0.06%)	0.00%	(0.02%)
Total UAL rate	0.23%	0.22%	0.22%
Total retiree healthcare rate	0.39%	0.32%	0.34%

Accounting/CAFR Exhibits

The following information as of December 31, 2006, has been prepared and provided to PERS for inclusion in the Actuarial Section of the 2007 Comprehensive Annual Financial Report (CAFR):

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

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

Some employers have made 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.

As noted above, Mercer prepared the Schedule of Employer Contributions exhibit for 2006. Our understanding is that prior schedules were prepared by Oregon PERS. Due to the significant contribution rate increases indicated by the December 31, 2003 valuation, the Board elected to phase-in the rate increases to allow employers time to adjust. Consequently, the schedule indicates that 55.8% of the pension annual required contribution (ARC) was contributed in 2006.

The exhibits are provided on the following pages.

Accounting/CAFR Exhibits

Actuarial Schedules

Schedule of Active Member Valuation Data

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

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

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

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

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

Annual Allowances are shown in thousands.

Valuation Date	Added to Rolls		Removed from Rolls		Rolls - End of Year		% Increase in Annual Allowances ¹	Average Annual Allowances
	Count	Annual Allowances	Count	Annual Allowances	Count	Annual Allowances		
12/31/1993					60,841	\$ 564,341	27.6%	\$ 9,276
12/31/1995					64,796	\$ 700,171	24.1%	\$ 10,806
12/31/1997					69,624	\$ 919,038	31.3%	\$ 13,200
12/31/1999					82,819	\$ 1,299,380	41.4%	\$ 15,689
12/31/2000					82,458	\$ 1,385,556	6.6%	\$ 16,803
12/31/2001					85,216	\$ 1,514,491	9.3%	\$ 17,772
12/31/2002					89,482	\$ 1,722,865	13.8%	\$ 19,254
12/31/2003					97,777	\$ 2,040,533	8.4%	\$ 20,869
12/31/2004 ²	6,754	\$ 149,474	2,863	\$ 35,151	101,668	\$ 2,154,856	5.6%	\$ 21,195
12/31/2005 ²	4,472	\$ 149,127	3,217	\$ 36,784	102,923	\$ 2,267,198	5.2%	\$ 22,028
12/31/2006 ^{2,3}	5,060	\$ 151,240	3,263	\$ 39,735	104,720	\$ 2,378,704	4.9%	\$ 22,715

¹ Since last valuation date.

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

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

Accounting/CAFR Exhibits

GASB Nos. 25 and 43 Information

Schedule of Funding Progress by Rate Pool

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

Actuarial Valuation Date ¹	Actuarial Value of Assets ² (a)	Actuarial Accrued 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 ⁵	\$ 25,556.3	\$ 24,450.3	\$ (1,106.0)	104.5%	\$ 3,089.8	(35.8%)
12/31/2006	\$ 28,177.2	\$ 25,390.0	\$ (2,787.3)	111.0%	\$ 3,174.6	(87.8%)
Tier 1/Tier 2 School District Rate Pool						
12/31/2004	\$ 18,679.3	\$ 19,483.0	\$ 803.7	95.9%	\$ 2,173.6	37.0%
12/31/2005	\$ 21,095.0	\$ 20,151.8	\$ (943.2)	104.7%	\$ 2,126.5	(44.4%)
12/31/2006	\$ 23,033.4	\$ 20,825.0	\$ (2,208.4)	110.6%	\$ 2,233.7	(98.9%)
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 ⁵	\$ 4,742.9	\$ 4,575.0	\$ (167.9)	103.7%	\$ 894.9	(18.8%)
12/31/2006	\$ 5,330.5	\$ 4,860.1	\$ (470.4)	109.7%	\$ 928.1	(50.7%)
OPSRP Rate Pool						
12/31/2005	\$ 55.0	\$ 53.8	\$ (1.2)	102.2%	\$ 680.7	(0.2%)
12/31/2006	\$ 151.4	\$ 115.0	\$ (36.4)	131.6%	\$ 990.4	(3.7%)
Postemployment Healthcare Benefits - Retirement Health Insurance Account						
12/31/2004	\$ 148.0	\$ 556.9	\$ 408.9	26.6%	\$ 6,306.4	6.5%
12/31/2005	\$ 181.0	\$ 495.9	\$ 314.9	36.5%	\$ 6,111.2	5.2%
12/31/2006	\$ 221.5	\$ 511.8	\$ 290.4	43.3%	\$ 6,336.4	4.6%
Postemployment Healthcare Benefits - Retiree Health Insurance Premium Account						
12/31/2004	\$ 5.2	\$ 28.2	\$ 23.0	18.4%	\$ 1,701.0	1.4%
12/31/2005	\$ 6.1	\$ 27.0	\$ 20.9	22.7%	\$ 1,621.2	1.3%
12/31/2006	\$ 7.0	\$ 23.4	\$ 16.4	29.9%	\$ 1,665.7	1.0%

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 (\$139 million as of 12/31/2006)

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

⁵ Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective 1/1/2006.

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 Members and Beneficiaries	Other Members		(1)	(2)	(3)
	(1)	(2)	(3)				
12/31/1995	\$ 5,753.0	\$ 7,492.8	\$ 10,002.8	\$ 20,957.6	100%	100%	77%
12/31/1997	\$ 8,135.4	\$ 9,994.9	\$ 13,534.6	\$ 29,108.2	100%	100%	81%
12/31/1999	\$ 8,238.1	\$ 14,333.7	\$ 18,336.1	\$ 39,964.8	100%	100%	95%
12/31/2000	\$ 10,142.5	\$ 15,664.1	\$ 17,543.9	\$ 41,804.6	100%	100%	91%
12/31/2001	\$ 10,252.8	\$ 17,465.9	\$ 18,229.0	\$ 39,852.2	100%	100%	67%
12/31/2001 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 ^{6,7}	\$ 9,169.7	\$ 26,602.4	\$ 14,044.7	\$ 51,569.6	100%	100%	112%
12/31/2006	\$ 9,410.8	\$ 27,711.3	\$ 14,666.2	\$ 56,844.9	100%	100%	134%

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.

⁷ Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective 1/1/2006.

Accounting/CAFR Exhibits

Actuarial Schedules

Analysis of Financial Experience

Gains and Losses in Accrued Liability During Year Ended 2006 Resulting from Differences Between Assumed Experience and Actual Experience

	\$ Gain (or Loss) for Year	
	2006	2005
Type of Activity		
Age & Service Retirements from Active Status	\$ (192.6)	\$ (55.5)
Disability Retirements from Active Status	(12.8)	(11.6)
Active Mortality and Withdrawal	20.9	18.2
Pay Increases	(23.3)	41.7
Contributions	36.3	(419.7)
Interest Crediting Experience	(79.3)	-
Investment Income	2,699.0	1,819.7
Retirement, Mortality and Lump Sums from Dormant Status	94.0	81.7
Retiree and Beneficiary Mortality	(52.4)	(44.7)
Other	(116.7)	(315.7)
Gain (or Loss) During Year From Financial Experience	\$ 2,373.1	\$ 1,114.1
Non-Recurring Items		
Deployment of Reserves	N/A	1,389.2
Assumption Changes	(74.0)	27.2
Composite Gain (or Loss) During Year	\$ 2,299.2	\$ 2,530.5

Accounting/CAFR Exhibits

GASB Nos. 25 and 43 Required Supplementary Information

Schedules of Funding Progress (dollar amounts in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
Pension Benefits¹						
12/31/2000	41,739.6	42,783.9	1,044.3	97.6%	6,195.9	16.9%
12/31/2001	39,772.7	45,386.1	5,613.4	87.6%	6,254.0 ²	89.8%
12/31/2001 ³	39,772.7	37,258.3	(2,514.4)	106.7%	6,254.0	(40.2%)
12/31/2002 ³	35,446.9	38,947.0	3,500.1	91.0%	6,383.5	54.8%
12/31/2003 ³	42,753.3	44,078.1	1,324.8	97.0%	6,248.5	21.2%
12/31/2004 ^{4,5}	45,581.1	47,398.6	1,817.5	96.2%	6,772.4 ⁶	26.8%
12/31/2005 ⁶	51,382.6	49,294.0	(2,088.6)	104.2%	6,791.9	(30.8%)
12/31/2006	56,616.5	51,252.9	(5,363.5)	110.5%	7,326.8	(73.2%)
Postemployment Healthcare Benefits - Retirement Health Insurance Account						
12/31/2000	62.1	543.5	481.4	11.4%	6,195.9	7.8%
12/31/2001	76.6	532.1	455.5	14.4%	6,254.0 ²	7.3%
12/31/2001 ³	76.6	533.2	456.6	14.4%	6,254.0	7.3%
12/31/2002 ³	87.4	542.3	454.9	16.1%	6,383.5	7.1%
12/31/2003 ³	117.1	522.5	405.4	22.4%	6,248.5	6.5%
12/31/2004 ⁵	148.0	556.9	408.9	26.6%	6,772.4 ⁶	6.0%
12/31/2005	181.0	495.9	314.9	36.5%	6,791.9	4.6%
12/31/2006	221.5	511.8	290.4	43.3%	7,326.8	4.0%
Postemployment Healthcare Benefits - Retiree Health Insurance Premium Account						
12/31/2000	2.9	23.1	20.2	12.6%	1,984.0	1.0%
12/31/2001	3.0	29.5	26.5	10.2%	1,954.1 ²	1.4%
12/31/2001 ³	2.9	29.6	26.7	9.8%	1,954.1	1.4%
12/31/2002 ³	2.9	30.1	27.2	9.6%	1,741.9	1.6%
12/31/2003 ³	4.0	25.0	21.0	16.0%	1,711.9	1.2%
12/31/2004 ⁵	5.2	28.2	23.0	18.4%	1,851.4 ⁶	1.2%
12/31/2005	6.1	27.0	20.9	22.7%	1,827.0	1.1%
12/31/2006	7.0	23.4	16.4	29.9%	1,946.8	0.8%

Notes:

¹ Includes UAAL for Multnomah Fire District (\$139 million as of 12/31/2006)

² Effective with the 2001 valuation, Annual Active Member Payroll excludes the member pick-up, if any.

³ The 2001 valuation was revised to include the impact of PERS Reform Legislation enacted in 2003. Figures through 12/31/2003 do not reflect the judicial review or subsequent Board action.

⁴ Effective with the 2004 valuation, the Oregon Supreme Court rulings in *Strunk v. PERB, et al.* (Issued March 8, 2005) and *City of Eugene v. State of Oregon, PERB, et al.* (Issued August 11, 2005) are reflected.

⁵ Effective with the 2004 valuation, the cost method was changed from Entry Age Normal to Projected Unit Credit, and the actuarial value of assets was changed from a 4-year smoothed value to market value.

⁶ Assets and liabilities for OPSRP are first valued in the 2005 valuation. OPSRP payroll, however, was included in the amortization of the UAAL beginning with the 2004 valuation.

Accounting/CAFR Exhibits

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

Schedules of Employer Contributions

Dollar amounts in millions.

Actuarial Valuation Date	Annual Required Contribution ¹	Percentage Contributed
Defined Benefit Pension Plan		
12/31/2006	\$938.64	55.8%
Postemployment Healthcare Benefits - Retirement Health Insurance Account		
12/31/2006	\$39.58	99.7%
Postemployment Healthcare Benefits - Retiree Health Insurance Premium Account		
12/31/2006	\$2.32	98.3%

¹ The Annual Required Contribution is based on the 7/1/2005 rates developed in the 12/31/2003 Milliman valuation prior to the adjustment to phase-in the rate increase and adjusted for supplemental payments since 12/31/2003. For most employers, the actual pension amount contributed in 2006 was based on the phased-in rates.

Accounting/CAFR Exhibits

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

Notes to Required Supplementary Schedules

Valuation Date:	December 31, 2006
Actuarial Cost Method:	Projected Unit Credit
Amortization Method	The UAL is amortized as a level percentage of payroll. The change in UAL due to the change from Entry Age Normal to Projected Unit Credit on December 31, 2004 is amortized over a 3-year rolling period. The remainder of the UAL for Tier 1/Tier 2 benefits is amortized over a closed period ending December 31, 2027, and the UAL for OPSRP benefits is amortized over a closed 16-year period.
Equivalent Single Amortization Period:	
Pension	8 years
RHIA	30 years
RHIPA	30 years
The Equivalent Single Amortization Period calculation is performed with the ARC-setting valuation. This was calculated most recently in the December 31, 2005 actuarial valuation.	
Actuarial Assumptions:	
Investment Rate of Return:	8.00 percent
Payroll Growth:	3.75 percent
Consumer Price Inflation:	2.75 percent
Health Cost Inflation:	Graded from 9.0 percent in 2007 to 5.0 percent in 2013.
Cost-of-Living Adjustments:	2.00 percent
Method used to Value Assets:	The actuarial value of assets equals the fair market value of assets, reduced by the Contingency, Capital Preservation and Rate Guarantee Reserve.

Data

This valuation is based upon the membership of the System as of December 31, 2006.

System Wide Data Exhibits

Valuation Pay and Census Exhibit

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

SLGRP

	General Service	Police & Fire	Total
PERS Tier 1	1,511,086,712	296,270,469	1,807,357,181
PERS Tier 2	1,120,882,122	246,363,406	1,367,245,528
Tier 1/Tier 2 Valuation Payroll	2,631,968,834	542,633,875	3,174,602,709
OPSRP Valuation Payroll	466,028,980	61,321,285	527,350,271
Combined Valuation Payroll	3,097,997,814	603,955,160	3,701,952,980

	December 31				2005 ¹
	2006				
	Tier 1	Tier 2	OPSRP	Total	
Active Members					
General Service	27,912	25,526	13,851	67,289	54,145
Police & Fire	4,376	4,425	1,481	10,282	9,163
Total	32,288	29,951	15,332	77,571	63,308
Average Age	51.1	43.8	39.4	46.0	47.2
Average Service	14.9	5.3	2.0	8.6	11.8
Average Valuation Pay	\$ 56,025	\$ 45,665	\$ 34,479	\$ 47,766	\$ 46,707
Active Members outside the Pool with previous Segments in the Pool					
General Service	9,300	3,196		12,496	12,758
Police & Fire	565	368		933	852
Total	9,865	3,564		13,429	13,610
Average Age	50.6	41.1		48.1	47.5
Average Service	3.3	1.3		2.8	2.6
Dormant Members²					
General Service	12,472	10,599	34	23,105	28,766
Police & Fire	632	711	1	1,344	1,813
Total	13,104	11,310	35	24,449	30,579
Average Age	52.4	43.2	68.5	48.2	47.5
Average Monthly Benefit	\$ 1,847	\$ 472	\$ 36	\$ 1,208	\$ 985
Retired Members and Beneficiaries²					
General Service	50,073	641		50,714	50,943
Police & Fire	6,484	152		6,636	6,351
Total	56,557	793		57,350	57,294
Average Age	68.9	62.3		68.8	68.3
Average Monthly Benefit	\$ 1,647	\$ 418		\$ 1,630	\$ 1,556
Grand Total Number of Members	111,814	45,618	15,367	172,799	164,791

1. 2005 counts do not include OPSRP members

2. 2005 Dormant and Retiree counts are by segment, while 2006 inactive counts are lives within the rate pool

Data

System Wide Data Exhibits (continued)

Valuation Pay and Census Exhibit (continued)**School District Pool**

	General Service	Police & Fire	Total
PERS Tier 1	1,349,427,237	2,833,678	1,352,260,915
PERS Tier 2	880,298,519	1,100,755	881,399,274
Tier 1/Tier 2 Valuation Payroll	2,229,725,756	3,934,433	2,233,660,189
OPSRP Valuation Payroll	329,397,363	197,530	329,594,893
Combined Valuation Payroll	2,559,123,119	4,131,963	2,563,255,082

	December 31				2005 ¹
	2006			Total	
	Tier 1	Tier 2	OPSRP		
Active Members					
General Service	27,838	24,876	13,154	65,868	52,630
Police & Fire	51	28	5	84	82
Total	27,889	24,904	13,159	65,952	52,712
Average Age	51.3	43.1	39.1	45.8	47.3
Average Service	14.9	5.1	2.1	8.6	12.0
Average Valuation Pay	\$ 48,523	\$ 35,437	\$ 25,099	\$ 38,908	\$ 38,585
Active Members outside the Pool with previous Segments in the Pool					
General Service	2,699	1,160		3,859	3,744
Police & Fire	11	4		15	10
Total	2,710	1,164		3,874	3,754
Average Age	51.5	41.8		48.6	48.0
Average Service	4.1	1.8		3.4	3.2
Dormant Members²					
General Service	9,040	8,206	29	17,275	20,164
Police & Fire	16	13	0	29	55
Total	9,056	8,219	29	17,304	20,219
Average Age	52.7	43.0	70.7	48.1	47.5
Average Monthly Benefit	\$ 1,439	\$ 409	\$ 24	\$ 947	\$ 842
Retired Members and Beneficiaries²					
General Service	51,628	363		51,991	50,586
Police & Fire	104	10		114	108
Total	51,732	373		52,105	50,694
Average Age	70.0	63.2		70.0	69.6
Average Monthly Benefit	\$ 1,716	\$ 417		\$ 1,707	\$ 1,678
Grand Total Number of Members	91,387	34,660	13,188	139,235	127,379

1. 2005 counts do not include OPSRP members

2. 2005 Dormant and Retiree counts are by segment, while 2006 inactive counts are lives within the rate pool

Data

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

	General Service	Police & Fire	Total
PERS Tier 1	402,907,222	119,270,806	522,178,028
PERS Tier 2	327,722,635	78,211,827	405,934,462
Tier 1/Tier 2 Valuation Payroll	730,629,857	197,482,633	928,112,490
OPSRP Valuation Payroll	113,423,157	20,054,803	133,477,961
Combined Valuation Payroll	844,053,014	217,537,436	1,061,590,451

	December 31				
	2006				2005 ¹
	Tier 1	Tier 2	OPSRP	Total	
Active Members					
General Service	6,689	6,736	3,234	16,659	13,747
Police & Fire	1,515	1,158	406	3,079	2,751
Total	8,204	7,894	3,640	19,738	16,498
Average Age	50.4	42.6	37.6	44.9	46.1
Average Service	14.7	5.2	2.0	8.6	11.4
Average Valuation Pay	\$ 63,952	\$ 51,449	\$ 36,723	\$ 53,930	\$ 52,040
Active Members outside the Pool with previous Segments in the Pool					
General Service	2,079	1,229		3,308	3,031
Police & Fire	460	288		748	769
Total	2,539	1,517		4,056	3,800
Average Age	49.4	41.0		46.3	45.8
Average Service	3.7	1.8		3.0	2.9
Dormant Members²					
General Service	4,347	3,560	9	7,916	7,707
Police & Fire	176	147	0	323	485
Total	4,523	3,707	9	8,239	8,192
Average Age	50.9	41.7	69.4	46.8	45.3
Average Monthly Benefit	\$ 1,442	\$ 480	\$ 8	\$ 1,008	\$ 684
Retired Members and Beneficiaries²					
General Service	8,252	178		8,430	8,604
Police & Fire	2,309	28		2,337	2,675
Total	10,561	206		10,767	11,279
Average Age	67.5	63.1		67.4	66.6
Average Monthly Benefit	\$ 1,488	\$ 368		\$ 1,467	\$ 1,303
Grand Total Number of Members	25,827	13,324	3,649	42,800	39,769

1. 2005 counts do not include OPSRP members

2. 2005 Dormant and Retiree counts are by segment, while 2006 inactive counts are lives within the rate pool

Data

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

	General Service	Police & Fire	Total
PERS Tier 1	3,263,421,171	418,374,953	3,681,796,124
PERS Tier 2	2,328,903,276	325,675,988	2,654,579,264
Tier 1/Tier 2 Valuation Payroll	5,592,324,447	744,050,941	6,336,375,388
OPSRP Valuation Payroll	908,849,500	81,573,618	990,423,125
Combined Valuation Payroll	6,501,173,947	825,624,559	7,326,798,513

	December 31					2005 ¹
	2006				Total	
	Tier 1	Tier 2	OPSRP	Total		
Active Members						
General Service	62,439	57,138	30,239	149,816	120,522	
Police & Fire	5,942	5,611	1,892	13,445	11,996	
Total	68,381	62,749	32,131	163,261	132,518	
Average Age	51.1	43.4	39.1	45.8	47.1	
Average Service	14.9	5.2	2.0	8.6	11.8	
Average Valuation Pay	\$ 53,916	\$ 42,333	\$ 30,892	\$ 44,933	\$ 44,140	
Dormant Members²						
General Service	25,859	22,365	72	48,296	56,637	
Police & Fire	824	871	1	1,696	2,353	
Total	26,683	23,236	73	49,992	58,990	
Average Age	52.2	42.9	69.5	47.9	47.2	
Average Monthly Benefit	\$ 1,640	\$ 451	\$ 28	\$ 1,085	\$ 894	
Retired Members and Beneficiaries²						
General Service	109,953	1,182		111,135	110,133	
Police & Fire	8,897	190		9,087	9,134	
Total	118,850	1,372		120,222	119,267	
Average Age	69.3	62.7		69.2	68.7	
Average Monthly Benefit	\$ 1,663	\$ 410		\$ 1,649	\$ 1,584	
Grand Total Number of Members	213,914	87,357	32,204	333,475	310,775	

1. 2005 counts do not include OPSRP members

2. 2005 Dormant and Retiree counts are by segment, while 2006 inactive counts are lives within the rate pool

Data

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

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	0	0	0	0	0	0	0	0	0	0
\$	0	0	0	0	0	0	0	0	0	0
25-29	0	13	0	0	0	0	0	0	0	13
\$	0	*	0	0	0	0	0	0	0	*
30-34	5	382	125	0	0	0	0	0	0	512
\$	*	44,218	42,896	0	0	0	0	0	0	43,854
35-39	15	1,640	1,652	70	0	0	0	0	0	3,377
\$	*	49,902	52,211	45,462	0	0	0	0	0	50,949
40-44	17	1,569	3,545	1,228	36	0	0	0	0	6,395
\$	*	49,925	54,785	55,074	52,073	0	0	0	0	53,628
45-49	28	2,047	4,730	3,410	1,215	15	0	0	0	11,445
\$	53,275	47,664	52,745	57,154	55,599	*	0	0	0	53,457
50-54	25	2,175	6,466	4,672	4,265	423	0	0	0	18,026
\$	47,643	46,875	51,982	57,332	61,061	58,381	0	0	0	55,045
55-59	21	1,764	5,766	4,497	3,182	697	18	0	0	15,945
\$	51,913	46,740	51,956	57,204	62,059	67,703	*	0	0	55,560
60-64	10	682	2,372	1,698	815	183	33	1	0	5,794
\$	*	48,759	51,163	55,224	63,673	67,434	61,313	*	0	54,390
65-69	4	150	378	237	75	35	18	3	0	900
\$	*	43,856	51,292	55,078	63,069	67,700	*	*	0	53,477
70-74	0	9	7	7	2	0	1	0	0	26
\$	0	*	*	*	*	0	*	0	0	51,436
75+	0	0	1	0	1	0	2	2	0	6
\$	0	0	*	0	*	0	*	*	0	*
Total	125	10,431	25,042	15,819	9,591	1,353	72	6	0	62,439
\$	49,644	47,913	52,397	56,767	60,902	64,612	68,440	*	0	54,339

Average compensation is not shown for age/service cells with fewer than 20 members (indicated by *), however, these amounts are included in the calculation of average valuation pay.

For purposes of this exhibit, valuation payroll is not limited to pay under mandatory retirement age.

Data

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

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	186	11	0	0	0	0	0	0	0	197
\$	23,422	*	0	0	0	0	0	0	0	23,156
25-29	2,186	588	0	0	0	0	0	0	0	2,774
\$	35,759	36,149	0	0	0	0	0	0	0	35,841
30-34	3,820	3,708	2	0	0	0	0	0	0	7,530
\$	41,252	44,316	*	0	0	0	0	0	0	42,759
35-39	8,151	4,704	0	0	0	0	0	0	0	12,855
\$	42,334	46,292	0	0	0	0	0	0	0	43,782
40-44	3,392	4,493	0	0	0	0	0	0	0	7,885
\$	41,012	45,041	0	0	0	0	0	0	0	43,308
45-49	3,303	5,079	0	0	0	0	0	0	0	8,382
\$	39,839	43,785	0	0	0	0	0	0	0	42,230
50-54	2,944	5,148	1	0	0	0	0	0	0	8,093
\$	40,982	43,183	*	0	0	0	0	0	0	42,378
55-59	2,139	3,673	2	0	0	0	0	0	0	5,814
\$	42,585	44,860	*	0	0	0	0	0	0	44,014
60-64	1,085	1,808	0	0	0	0	0	0	0	2,893
\$	41,325	44,150	0	0	0	0	0	0	0	43,091
65-69	278	413	0	0	0	0	0	0	0	691
\$	37,231	37,706	0	0	0	0	0	0	0	37,515
70-74	11	13	0	0	0	0	0	0	0	24
\$	*	*	0	0	0	0	0	0	0	22,940
75+	0	0	0	0	0	0	0	0	0	0
\$	0	0	0	0	0	0	0	0	0	0
Total	27,495	29,638	5	0	0	0	0	0	0	57,138
\$	40,845	44,236	*	0	0	0	0	0	0	42,603

Average compensation is not shown for age/service cells with fewer than 20 members (indicated by *), however, these amounts are included in the calculation of average valuation pay.

For purposes of this exhibit, valuation payroll is not limited to pay under mandatory retirement age.

Data

System Wide Data Exhibits (continued)

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

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	0	0	0	0	0	0	0	0	0	0
\$	0	0	0	0	0	0	0	0	0	0
25-29	0	1	0	0	0	0	0	0	0	1
\$	0	*	0	0	0	0	0	0	0	*
30-34	0	132	24	0	0	0	0	0	0	156
\$	0	72,757	72,970	0	0	0	0	0	0	72,789
35-39	0	435	499	10	0	0	0	0	0	944
\$	0	54,885	70,588	*	0	0	0	0	0	63,215
40-44	1	216	820	306	4	0	0	0	0	1,347
\$	*	65,076	74,563	76,163	*	0	0	0	0	73,338
45-49	0	129	465	522	191	0	0	0	0	1,307
\$	0	63,333	60,232	73,905	82,475	0	0	0	0	69,249
50-54	0	93	327	405	358	44	0	0	0	1,227
\$	0	60,398	65,675	71,339	77,236	82,996	0	0	0	71,139
55-59	0	67	230	203	160	35	0	0	0	695
\$	0	53,834	62,967	64,849	75,870	79,410	0	0	0	66,435
60-64	0	33	85	74	36	10	1	0	0	239
\$	0	51,901	63,054	64,323	65,252	*	*	0	0	63,049
65-69	0	4	11	4	2	1	0	0	0	22
\$	0	*	*	*	*	*	0	0	0	60,295
70-74	0	1	1	1	0	0	0	0	0	3
\$	0	*	*	*	0	0	0	0	0	*
75+	0	0	1	0	0	0	0	0	0	1
\$	0	0	*	0	0	0	0	0	0	*
Total	1	1,111	2,463	1,525	751	90	1	0	0	5,942
\$	*	60,319	68,320	71,853	77,608	81,252	*			69,092

Average compensation is not shown for age/service cells with fewer than 20 members (indicated by *), however, these amounts are included in the calculation of average valuation pay.

For purposes of this exhibit, valuation payroll is not limited to pay under mandatory retirement age.

Data

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

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	9	0	0	0	0	0	0	0	0	9
\$	*	0	0	0	0	0	0	0	0	*
25-29	329	85	0	0	0	0	0	0	0	414
\$	59,572	61,740	0	0	0	0	0	0	0	60,017
30-34	554	941	0	0	0	0	0	0	0	1,495
\$	53,580	59,191	0	0	0	0	0	0	0	57,112
35-39	452	1,054	0	0	0	0	0	0	0	1,506
\$	48,666	61,092	0	0	0	0	0	0	0	57,362
40-44	211	601	0	0	0	0	0	0	0	812
\$	55,386	62,061	0	0	0	0	0	0	0	60,326
45-49	164	366	0	0	0	0	0	0	0	530
\$	58,134	56,371	0	0	0	0	0	0	0	56,916
50-54	108	302	0	0	0	0	0	0	0	410
\$	49,980	50,402	0	0	0	0	0	0	0	50,291
55-59	86	204	0	0	0	0	0	0	0	290
\$	50,443	58,878	0	0	0	0	0	0	0	56,377
60-64	40	84	0	0	0	0	0	0	0	124
\$	46,937	46,437	0	0	0	0	0	0	0	46,598
65-69	2	18	0	0	0	0	0	0	0	20
\$	*	*	0	0	0	0	0	0	0	53,945
70-74	1	0	0	0	0	0	0	0	0	1
\$	*	0	0	0	0	0	0	0	0	*
75+	0	0	0	0	0	0	0	0	0	0
\$	0	0	0	0	0	0	0	0	0	0
Total	1,956	3,655	0	0	0	0	0	0	0	5,611
\$	53,494	58,940	0	0	0	0	0	0	0	57,041

Average compensation is not shown for age/service cells with fewer than 20 members (indicated by *), however, these amounts are included in the calculation of average valuation pay.

For purposes of this exhibit, valuation payroll is not limited to pay under mandatory retirement age.

Data

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

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	195	11	0	0	0	0	0	0	0	206
\$	32,593	*	0	0	0	0	0	0	0	31,849
25-29	2,515	687	0	0	0	0	0	0	0	3,202
\$	45,284	47,095	0	0	0	0	0	0	0	45,673
30-34	4,379	5,163	151	0	0	0	0	0	0	9,693
\$	45,574	53,517	51,599	0	0	0	0	0	0	49,899
35-39	8,618	7,833	2,151	80	0	0	0	0	0	18,682
\$	47,676	53,043	61,400	48,501	0	0	0	0	0	51,510
40-44	3,621	6,879	4,365	1,534	40	0	0	0	0	16,439
\$	44,105	55,526	62,696	63,510	56,431	0	0	0	0	55,661
45-49	3,495	7,621	5,195	3,932	1,406	15	0	0	0	21,664
\$	50,416	51,829	56,489	65,530	69,037	*	0	0	0	56,324
50-54	3,077	7,718	6,794	5,077	4,623	467	0	0	0	27,756
\$	46,201	50,214	52,350	64,336	69,149	68,227	0	0	0	56,332
55-59	2,246	5,708	5,998	4,700	3,342	732	18	0	0	22,744
\$	48,314	51,078	47,626	61,027	68,964	72,386	*	0	0	55,263
60-64	1,135	2,607	2,457	1,772	851	193	34	1	0	9,050
\$	45,106	47,812	57,108	59,774	64,462	72,759	65,974	*	0	54,502
65-69	284	585	389	241	77	36	18	3	0	1,633
\$	29,516	49,618	54,871	58,585	60,633	69,284	*	*	0	50,194
70-74	12	23	8	8	2	0	1	0	0	54
\$	*	38,113	*	*	*	0	*	0	0	41,773
75+	0	0	2	0	1	0	2	2	0	7
\$	0	0	*	0	*	0	*	*	0	*
Total	29,577	44,835	27,510	17,344	10,342	1,443	73	6	0	131,130
\$	46,564	52,079	54,909	63,011	68,572	70,832	70,513	*	0	54,392

Average compensation is not shown for age/service cells with fewer than 20 members (indicated by *), however, these amounts are included in the calculation of average valuation pay.

For purposes of this exhibit, valuation payroll is not limited to pay under mandatory retirement age.

Data

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

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	98	6	0	0	0	0	0	0	0	104
\$	36,092	*	0	0	0	0	0	0	0	34,839
25-29	1,056	379	0	0	0	0	0	0	0	1,435
\$	43,714	44,422	0	0	0	0	0	0	0	43,901
30-34	1,853	2,418	87	0	0	0	0	0	0	4,358
\$	44,298	53,021	48,889	0	0	0	0	0	0	49,230
35-39	3,811	3,834	1,169	55	0	0	0	0	0	8,869
\$	44,441	55,544	60,284	52,332	0	0	0	0	0	51,377
40-44	1,674	3,478	2,069	829	25	0	0	0	0	8,075
\$	37,589	54,921	62,186	62,373	61,662	0	0	0	0	53,975
45-49	1,596	3,450	2,510	1,803	743	9	0	0	0	10,111
\$	43,761	52,703	59,050	64,049	64,629	*	0	0	0	55,773
50-54	1,452	3,565	3,018	2,527	1,781	267	0	0	0	12,610
\$	40,782	51,866	58,190	63,113	66,668	65,820	0	0	0	56,743
55-59	1,152	2,866	2,693	2,243	1,541	357	17	0	0	10,869
\$	44,282	50,406	49,224	59,205	67,195	70,919	*	0	0	54,333
60-64	654	1,394	1,288	944	465	116	20	0	0	4,881
\$	42,540	49,864	56,028	58,962	65,266	73,937	55,395	0	0	54,331
65-69	142	316	223	140	36	19	13	2	0	891
\$	38,515	47,684	54,530	53,087	60,414	*	*	*	0	50,155
70-74	6	13	4	7	1	0	1	0	0	32
\$	*	*	*	*	*	0	*	0	0	45,241
75+	0	0	0	0	1	0	2	1	0	4
\$	0	0	0	0	*	0	*	*	0*	
Total	13,494	21,719	13,061	8,548	4,593	768	53	3	0	62,239
\$	42,808	52,734	56,988	61,513	66,290	69,315	61,064	*	0	53,893

Average compensation is not shown for age/service cells with fewer than 20 members (indicated by *), however, these amounts are included in the calculation of average valuation pay.

For purposes of this exhibit, valuation payroll is not limited to pay under mandatory retirement age.

Data

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

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	56	1	0	0	0	0	0	0	0	57
\$	20,159	*	0	0	0	0	0	0	0	20,144
25-29	1,035	165	0	0	0	0	0	0	0	1,200
\$	34,408	35,577	0	0	0	0	0	0	0	34,569
30-34	1,906	1,983	21	0	0	0	0	0	0	3,910
\$	40,371	43,362	36,255	0	0	0	0	0	0	41,865
35-39	3,850	2,906	656	11	0	0	0	0	0	7,423
\$	33,018	40,934	57,694	*	0	0	0	0	0	38,311
40-44	1,499	2,527	1,680	469	10	0	0	0	0	6,185
\$	30,899	47,098	53,699	56,387	*	0	0	0	0	45,656
45-49	1,503	3,377	2,053	1,646	496	3	0	0	0	9,078
\$	36,762	39,292	41,571	62,240	69,285	*	0	0	0	45,194
50-54	1,267	3,310	2,984	1,907	2,325	135	0	0	0	11,928
\$	33,247	37,516	39,250	58,307	65,487	62,092	0	0	0	46,551
55-59	808	2,175	2,647	1,951	1,448	304	0	0	0	9,333
\$	39,171	43,076	33,157	54,475	61,312	68,463	0	0	0	45,964
60-64	332	899	900	627	293	56	12	1	0	3,120
\$	21,684	37,502	52,861	52,332	51,498	56,318	*	*	0	45,065
65-69	109	203	103	80	32	8	4	0	0	539
\$	22,747	49,128	40,277	42,615	37,773	*	*	0	0	40,376
70-74	6	8	4	1	1	0	0	0	0	20
\$	*	*	*	*	*	0	0	0	0	27,521
75+	0	0	0	0	0	0	0	0	0	0
\$	0	0	0	0	0	0	0	0	0	0
Total	12,371	17,554	11,048	6,692	4,605	506	16	1	0	52,793
\$	34,432	41,260	42,624	57,246	63,442	64,842	*	*	0	44,144

Average compensation is not shown for age/service cells with fewer than 20 members (indicated by *), however, these amounts are included in the calculation of average valuation pay.

For purposes of this exhibit, valuation payroll is not limited to pay under mandatory retirement age.

Data

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

	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20-24	41	4	0	0	0	0	0	0	0	45
\$	35,312	*	0	0	0	0	0	0	0	34,155
25-29	424	143	0	0	0	0	0	0	0	567
\$	52,293	54,860	0	0	0	0	0	0	0	52,940
30-34	620	762	43	0	0	0	0	0	0	1,425
\$	55,294	61,630	63,335	0	0	0	0	0	0	58,924
35-39	957	1,093	326	14	0	0	0	0	0	2,390
\$	65,568	62,650	66,221	*	0	0	0	0	0	64,217
40-44	448	874	616	236	5	0	0	0	0	2,179
\$	61,597	64,559	67,705	68,208	*	0	0	0	0	65,232
45-49	396	794	632	483	167	3	0	0	0	2,475
\$	70,725	60,360	68,846	70,301	73,198	*	0	0	0	66,974
50-54	358	843	792	643	517	65	0	0	0	3,218
\$	64,576	61,261	66,161	71,588	75,292	73,702	0	0	0	67,404
55-59	286	667	658	506	353	71	1	0	0	2,542
\$	61,488	59,753	66,932	69,400	78,386	75,814	*	0	0	66,758
60-64	149	314	269	201	93	21	2	0	0	1,049
\$	71,094	56,070	62,436	68,028	76,624	79,801	*	0	0	64,435
65-69	33	66	63	21	9	9	1	1	0	203
\$	28,030	52,041	69,807	72,069	*	*	*	*	0	59,737
70-74	0	2	0	0	0	0	0	0	0	2
\$	0	*	0	0	0	0	0	0	0*	
75+	0	0	2	0	0	0	0	1	0	3
\$	0	0	*	0	0	0	0	*	0*	
Total	3,712	5,562	3,401	2,104	1,144	169	4	2	0	16,098
\$	61,550	61,196	66,849	69,891	75,974	76,927	*	*	0	64,827

Average compensation is not shown for age/service cells with fewer than 20 members (indicated by *), however, these amounts are included in the calculation of average valuation pay.

For purposes of this exhibit, valuation payroll is not limited to pay under mandatory retirement age.

Data

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

Age	General Service	Police and Fire	Total
<20	87		87
	\$ 9,799		\$ 9,799
20-24	1,824	160	1,984
	\$ 20,001	\$ 36,780	\$ 21,354
25-29	5,691	564	6,255
	\$ 29,309	\$ 44,073	\$ 30,640
30-34	4,548	416	4,964
	\$ 32,323	\$ 43,649	\$ 33,272
35-39	4,189	261	4,450
	\$ 31,813	\$ 44,580	\$ 32,562
40-44	3,773	170	3,943
	\$ 30,103	\$ 43,009	\$ 30,659
45-49	3,590	119	3,709
	\$ 29,852	\$ 42,111	\$ 30,245
50-54	2,999	92	3,091
	\$ 31,249	\$ 45,544	\$ 31,674
55-59	2,111	75	2,186
	\$ 33,364	\$ 44,255	\$ 33,738
60-64	1,083	29	1,112
	\$ 31,468	\$ 41,596	\$ 31,732
65-69	242	4	246
	\$ 22,623		\$ 22,255
70-74	93	2	95
75+	9		9
TOTAL	30,239	1,892	32,131
	\$ 30,056	\$ 43,115	\$ 30,825

Average payroll information is not shown for cells with fewer than 20 members. Valuation payroll excludes projected pay for members over the mandatory retirement age.

Data

System Wide Data Exhibits (*continued*)

Inactive Exhibits

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

Total Tier 1/ Tier 2

Dormants

	Count	Average Monthly Benefit
0-20	1	15
20-24	506	106
25-29	2,338	338
30-34	4,175	823
35-39	4,980	1,161
40-44	5,156	1,353
45-49	6,467	1,413
50-54	9,248	1,523
55-59	8,535	1,159
60-64	4,262	694
65-69	1,644	518
70-74	161	618
75+	207	794
Total	47,680	1,137

Benefits in Force

	Count	Average Monthly Benefit
0-45	518	1,161
45-49	463	1,513
50-54	2,112	2,770
55-59	11,940	2,818
60-64	21,244	2,489
65-69	19,141	2,092
70-74	15,046	1,789
75-79	12,464	1,461
80-84	10,388	1,109
85-90	6,470	845
90-94	2,721	698
95-99	675	649
100+	105	573
Total	103,287	1,919

Data

System Wide Data Exhibits (*continued*)**Inactive Exhibits (*continued*)****OPSRP****Dormants**

	Count	Average Monthly Benefit
0-20	0	0
20-24	0	0
25-29	0	0
30-34	0	0
35-39	0	0
40-44	0	0
45-49	0	0
50-54	0	0
55-59	0	0
60-64	3	32
65-69	40	32
70-74	21	24
75+	9	22
Total	73	28

Benefits in Force

	Count	Average Monthly Benefit
0-45	0	0
45-49	0	0
50-54	0	0
55-59	0	0
60-64	0	0
65-69	0	0
70-74	0	0
75-79	0	0
80-84	0	0
85-90	0	0
90-94	0	0
95-99	0	0
100+	0	0
Total	0	0

Data

System Wide Data Exhibits (*continued*)

Inactive Exhibits (continued)

System-Wide Totals

Dormants

	Count	Average Monthly Benefit
0-20	1	15
20-24	506	106
25-29	2,338	338
30-34	4,175	823
35-39	4,980	1,161
40-44	5,156	1,353
45-49	6,467	1,413
50-54	9,248	1,523
55-59	8,535	1,159
60-64	4,265	694
65-69	1,684	506
70-74	182	549
75+	216	762
Total	47,753	1,136

Benefits in Force

	Count	Average Monthly Benefit
0-45	518	1,161
45-49	463	1,513
50-54	2,112	2,770
55-59	11,940	2,818
60-64	21,244	2,489
65-69	19,141	2,092
70-74	15,046	1,789
75-79	12,464	1,461
80-84	10,388	1,109
85-90	6,470	845
90-94	2,721	698
95-99	675	649
100+	105	573
Total	103,287	1,919

Actuarial Methods and Assumptions — Tier 1/Tier 2

Actuarial Methods and Valuation Procedures

The Board adopted the following actuarial methods and valuation procedures for the December 31, 2006, 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.

Amortization of change in Unfunded Actuarial Liability (UAL) due to change in actuarial cost method (PUC change UAL)

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.

Actuarial Methods and Assumptions — Tier 1/Tier 2

Actuarial Methods and Valuation Procedures (*continued*)

<i>UAL amortization (regular UAL)</i>	The UAL not attributable to change to the Projected Unit Credit method 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, 2006, the amortization period is 21 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>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.
<i>Incomplete data</i>	For conservatism, approximately 5,000 Members with incomplete data were added to Tier 2 who had not previously been included in a system-wide valuation. These Members were all assumed to have the average age at hire (34) and valuation payroll (\$42,700) of Tier 2 Members with complete data. The net effect of including these Members was an increase in valuation payroll of \$211 million, actuarial accrued liability of \$40 million, and normal cost of \$11 million.

Economic Assumptions

The Board adopted the following economic assumptions for the December 31, 2006 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>	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
	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.

Actuarial Methods and Assumptions – Tier 1/Tier 2

Demographic Assumptions

The Board adopted the following demographic assumptions for the December 31, 2006 actuarial valuation.

Mortality

The following mortality tables were used in the December 31, 2006 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 following disabled retiree mortality rates were used for the December 31, 2006 actuarial valuation. These rates were first adopted effective December 31, 2005.

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 following mortality rates were used for non-retired members for the December 31, 2006 actuarial valuation. 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

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

Actuarial Methods and Assumptions – Tier 1/Tier 2

Demographic Assumptions (*continued*)

Retirement Assumptions

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

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

Rates of Retirement from Active Status

The following retirement rate assumptions were used in the December 31, 2006 valuation. These rates were first adopted December 31, 2005, but were adjusted for certain age ranges in the December 31, 2006 experience study.

Judge members are assumed to retire at age 63.

Age	Police & Fire		School District		Other General Service		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						
50	7.5%	50.0%					40.0%
51	7.5%	25.0%					45.0%
52	7.5%	25.0%					55.0%
53	7.5%	25.0%					55.0%
54	7.5%	25.0%					55.0%
55	15.0%	20.0%	14.0%	7.0%	10.0%	5.0%	40.0%
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%	5.0%	10.0%	3.75%	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%	14.0%	14.0%	25.0%
63	5.0%	40.0%	10.0%	10.0%	12.0%	12.0%	20.0%
64	5.0%	40.0%	15.0%	15.0%	12.0%	12.0%	20.0%
65	100.0%	100.0%	22.0%	22.0%	24.0%	24.0%	28.0%
66			10.0%	10.0%	10.0%	10.0%	20.0%
67			10.0%	10.0%	10.0%	10.0%	20.0%
68			4.00%	4.0%	10.0%	10.0%	20.0%
69			4.00%	4.0%	10.0%	10.0%	20.0%
70			100%	100%	100%	100%	100%

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions (*continued*)

Retirement Assumptions (*continued*)

Retirement from Dormant Status

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

Lump Sum Option at Retirement

Members retiring may elect to receive a full or partial lump sum at retirement. The probability that a retiring member will elect a lump sum at retirement is summarized in the table below. These rates were first adopted effective December 31, 2006.

Partial Lump Sum:	7% for all years
Total Lump Sum:	7% for 2007, declining by 0.5% per year until reaching 0.0%
No Lump Sum:	86% in 2007, increasing by 0.5% until reaching 93.0%

Purchase of Credited Service at Retirement

The following percentages of members are assumed to purchase credit for the six-month waiting period at retirement. These rates were first adopted effective December 31, 2005.

Money Match Retirements:	0%
Non-Money Match Retirements:	45%

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions (*continued*)

Disability Assumptions

There are two disability assumptions used in the valuation - duty disability and ordinary disability. Duty Disability rates are separated between Police & Fire and General Service, while ordinary disability is the same for all members. The rates for ordinary disability were first adopted effective December 31, 2005. The rates for duty disability were first adopted effective December 31, 2006.

Age	Duty Disability Police & Fire	Duty Disability General Service	Ordinary Disability
Less than age 35	0.020%	0.002%	0.050%
35-39	0.030%	0.002%	0.100%
40-44	0.030%	0.004%	0.150%
45-49	0.075%	0.010%	0.200%
50+	0.150%	0.015%	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, 2006.

Termination Rates

Sample termination rates are shown for each group below:

Age	School District	OHSU	SLGRP		Independent Employers General Service Male	Independent Employers		Police & Fire
			General Service Male	General Service Female		General Service Female	Police & Fire	
30	5.94%	9.89%	6.97%	7.49%	6.11%	9.10%	3.45%	
40	3.31%	6.20%	4.38%	4.52%	3.84%	5.70%	2.17%	
50	2.26%	4.27%	2.96%	3.09%	2.47%	3.58%	1.24%	

Actuarial Methods and Assumptions — Tier 1/Tier 2

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 for sample ages:

Age	General	
	Service	Police & Fire
30	77.50%	60.00%
40	77.50%	64.00%
50	90.00%	100.00%

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions (*continued*)

Salary Increase Assumptions

The salary increase assumptions reflected in the actuarial valuation include:

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

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.

Duration	School District	OHSU	SLGRP General Service	SLGRP Police & Fire	Independent Employers General Service	Independent Employers 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	Rates
All members	3.50%

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions (*continued*)

Retiree Healthcare Participation

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

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

These rates were first adopted effective December 31, 2005.

Actuarial Methods and Assumptions — OPSRP

Most of the methods and assumptions adopted for the OPSRP valuation are the same as those used for Tier 1/ Tier 2. A summary of the methods and assumptions that differ for OPSRP are summarized below.

Actuarial Methods and Valuation Procedures

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

<i>Administrative expenses</i>	\$8.5 million per year is added to the normal cost.
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Demographic Assumptions

Retirement Assumptions

Retirement from Active Status

Age	Police & Fire		General Service	
	< 25 years	25+ years	<30 years	30+ years
50	3.75%	7.50%		
51	3.75%	7.50%		
52	3.75%	7.50%		
53	3.75%	50.00%		
54	3.75%	25.00%		
55	4.25%	20.00%	5.00%	5.00%
56	4.25%	20.00%	2.50%	2.50%
57	4.25%	20.00%	3.75%	3.75%
58	4.25%	20.00%	3.75%	40.00%
59	4.25%	20.00%	3.75%	25.00%
60	30.00%	20.00%	3.75%	13.00%
61	15.00%	40.00%	5.00%	13.00%
62	25.00%	50.00%	7.00%	25.00%
63	5.00%	40.00%	6.00%	20.00%
64	5.00%	40.00%	6.00%	20.00%
65	100.00%	100.00%	50.00%	28.00%
66			10.00%	20.00%
67			10.00%	20.00%
68			10.00%	20.00%
69			10.00%	20.00%
70			100.00%	100.00%

Retirement from Dormant Status

Dormant members are assumed to retire at Normal Retirement Age.

Actuarial Methods and Assumptions — OPSRP

Demographic Assumptions (*continued*)

Termination Assumptions

The termination rates are based on 3-year select and ultimate rates, with the ultimate rates being the same as the Tier 1/ Tier 2 termination rates.

Age	School District				OHSU			
	1st Select	2nd Select	3rd Select	Ultimate	1st Select	2nd Select	3rd Select	Ultimate
	Period	Period	Period		Period	Period	Period	
30	13.35%	10.34%	7.56%	5.94%	15.23%	13.43%	11.43%	9.89%
40	10.76%	7.42%	5.50%	3.31%	11.15%	8.82%	6.91%	6.20%
50	9.87%	6.31%	4.38%	2.26%	9.44%	6.16%	4.02%	4.27%

Age	Independent Employers General Service Male				Independent Employers General Service Female			
	1st Select	2nd Select	3rd Select	Ultimate	1st Select	2nd Select	3rd Select	Ultimate
	Period	Period	Period		Period	Period	Period	
30	18.74%	14.74%	8.74%	6.11%	18.20%	15.88%	12.16%	9.10%
40	16.22%	12.22%	6.22%	3.84%	13.68%	11.80%	8.64%	5.70%
50	13.84%	9.84%	3.84%	2.47%	11.79%	9.93%	6.76%	3.58%

Age	SLGRP General Service Male				SLGRP General Service Female			
	1st Select	2nd Select	3rd Select	Ultimate	1st Select	2nd Select	3rd Select	Ultimate
	Period	Period	Period		Period	Period	Period	
30	16.65%	13.36%	10.12%	6.97%	18.15%	15.87%	12.13%	7.49%
40	12.08%	9.22%	6.77%	4.38%	13.58%	11.77%	8.58%	4.52%
50	10.17%	7.34%	4.82%	2.96%	11.67%	9.97%	6.73%	3.09%

Age	Police & Fire			
	1st Select	2nd Select	3rd Select	Ultimate
	Period	Period	Period	
30	8.29%	6.04%	4.73%	3.45%
40	6.68%	4.43%	3.30%	2.17%
50	4.66%	2.41%	1.89%	1.24%

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

A summary of key changes implemented since the December 31, 2005 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2006 experience study report.

Changes in Actuarial Methods and Allocation Procedures

18-Month Delay

Employer contribution rates become effective 18-months after the valuation date in odd-numbered years. In the past there has been an adjustment to the rate calculated as of the valuation date to take into account the 18-month delay. This adjustment has been eliminated.

Rate Collar

In prior valuations, the rate collar has applied to the total pension and retiree medical rate for the rate pool. The retiree medical rates have now been excluded from the rate collar calculation.

Allocation of Liability for Service Segments

Over the course of a member's working career, a member may work for more than one employer covered under the Tier 1/ Tier 2 plan. Since employer contribution rates are developed on an individual employer basis, the member's liability is allocated between such a member's various Tier 1/Tier 2 employers. In prior valuations, the member's liability has been allocated in proportion to the member's account balance attributable to each employer (the Money Match methodology). A member's actuarial accrued liability is now allocated among employers based on a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires.

Changes in Assumptions

OPSRP Administrative Expense

The annual OPSRP administrative expense assumption has been increased from \$6.7 million to \$8.5 million.

Total Lump Sum at Retirement

The percentage of active members electing a total lump sum at retirement is now projected to decline over time due to the cessation of contributions to Tier 1 / Tier 2 member accounts.

Summary of Plan Provisions

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

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

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

<i>Normal Retirement Date</i>	Police and Fire	Age 55						
	Judges	Age 65						
	Tier 1 General Service	Age 58						
	Tier 2 General Service	Age 60						
<i>Normal Retirement Allowance</i>	For Members who are not Judges, the greatest of the Full Formula benefit, the Money Match benefit, or the Formula Plus Annuity benefit (only available to Members who made contributions before August 21, 1981).							
	Full Formula	The percentage multiplier from the table below multiplied by final average pay and years of credited service plus a prior service pension, if applicable.						
		<table border="1"> <thead> <tr> <th>Percentage Multiplier</th> <th>Membership Classification</th> </tr> </thead> <tbody> <tr> <td>2.00%</td> <td>Fire, Police and Legislators</td> </tr> <tr> <td>1.67%</td> <td>All other members</td> </tr> </tbody> </table>	Percentage Multiplier	Membership Classification	2.00%	Fire, Police and Legislators	1.67%	All other members
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.						
		<table border="1"> <thead> <tr> <th>Percentage Multiplier</th> <th>Membership Classification</th> </tr> </thead> <tbody> <tr> <td>1.35%</td> <td>Fire, Police and Legislators</td> </tr> <tr> <td>1.00%</td> <td>All other members</td> </tr> </tbody> </table>	Percentage Multiplier	Membership Classification	1.35%	Fire, Police and Legislators	1.00%	All other members
Percentage Multiplier	Membership Classification							
1.35%	Fire, Police and Legislators							
1.00%	All other members							

Summary of Plan Provisions

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

<i>Normal Retirement Allowance (continued)</i>	Judges	Final average 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. A "Plan B" judge must serve as a pro tem judge for a total of 175 days postretirement.		
		Plan	Percentage Factor (up to 16 years)	Percentage Factor (after 16 years)
			Maximum Percentage of Final Average Pay	
		A	2.8125%	1.67%
		B	3.75%	2.00%
				65%
				75%
<i>SB 656/HB 3349 Adjustment</i>	All members receive an increase to their monthly retirement benefit equal to the greater of the increase under Senate Bill 656 (SB 656) or House Bill 3349 (HB 3349).			
	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
<i>Early Retirement Eligibility</i>	Police and Fire	Age 50 or 30 years of service		
	Judges	Age 60		
	General Service	Age 55 or 30 years of service		
<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>	Non-Vested	Payment of member's account balance.		
	Vested	Same as normal (or early) retirement allowance, but commencement is deferred to normal (or early) retirement date.		

Summary of Plan Provisions

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

<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"> a. Life annuity b. Cash refund annuity c. Life annuity guaranteed 15 years d. Joint and 50% or 100% survivor contingent annuity, with or without pop-up feature e. Lump sum of member contribution account (under any form) plus a pension from employer contributions under the Full Formula or Money Match method. f. Lump sum of member contribution account plus a matching employer amount. 				
<i>Preretirement 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>Preretirement 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>	<p>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.</p>				
<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>				
<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> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Judges.....</td> <td>45% of final average monthly salary.</td> </tr> <tr> <td>All others</td> <td>\$100 for a member with at least 15 years of credited service, actuarially reduced if an optional form of benefit is chosen.</td> </tr> </table> <p>Reduction of Benefits Whenever a disabled employee's disability benefit and earned income for any month exceed the monthly salary received at the time of disablement or \$400, if greater, the disability benefit will be reduced by the excess. For Tier Two members, the sum of the disability benefit and any workers' compensation benefits may not exceed the member's salary at the time of disablement.</p>	Judges.....	45% of final average monthly salary.	All others	\$100 for a member with at least 15 years of credited service, actuarially reduced if an optional form of benefit is chosen.
Judges.....	45% of final average monthly salary.				
All others	\$100 for a member with at least 15 years of credited service, actuarially reduced if an optional form of benefit is chosen.				

Summary of Plan Provisions

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

<i>Police & Fire Unit Purchases</i>		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.
<i>Postretirement Adjustments</i>		All monthly pension and annuity benefits except unit purchases are eligible for postretirement adjustments.
	Automatic Adjustments	Benefits are adjusted annually to reflect the increase or decrease in the Consumer Price Index (Portland area - all items) as published by the Bureau of Labor Statistics. The maximum adjustment to be made for any year is 2% of the previous year's benefit. Any CPI change in excess of 2% is accumulated for future benefit adjustments which would otherwise be less than 2%. No benefit will be decreased below its original amount.
	Ad Hoc Adjustments	From time to time, as granted by the Legislature, retired members and beneficiaries have received increases in their monthly benefits.
<i>Variable Annuity Program</i>	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.
	Benefit	At retirement, a member may elect to receive a variable annuity with the funds accumulated in his or her variable account. Alternatively, a member may elect to have all or a portion of the funds in his or her variable account transferred back to the regular account and receive an annuity from the System as though no variable annuity program existed. The employer provided benefit, however, is based on the earnings the member would have received in the regular account.
<i>Interest Credit on Member Accounts</i>	Tier 1 Regular	Actuarially assumed rate of return until the rate guarantee reserve has been fully funded for three consecutive years and the Board elects to credit additional interest.
	Tier 2 Regular	Amount determined by the Board based on actual investment earnings of the regular account.
	Variable	Actual earnings in variable account.
<i>Retiree Healthcare – Medicare Supplement (RHIA)</i>	Eligibility	All of the following must be met: (a) Currently receiving a retirement allowance from the System, (b) Covered for eight years before retirement, (c) Enrolled in a PERS-sponsored health plan, and (d) Enrolled in both Medicare Part A and Part B.
	Benefit Amount	A monthly contribution of up to \$60 per retiree is applied to PERS-sponsored Medicare supplemental insurance costs.

Summary of Plan Provisions

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

<i>Retiree Healthcare – Under Age 65 (RHIPA)</i>	Eligibility	Retired state employees enrolled in a PERS-sponsored health plan.	
	Benefit	A percentage (as shown in the table below) of the maximum monthly subsidy based on years of service. The maximum monthly subsidy is calculated annually as the average difference between the health insurance premiums paid by active state employees and the premium retirees would pay if they were rated separately from active state employees.	
		Years of Service	Subsidized Amount
		Under 8	0%
		8-9	50
		10-14	60
		15-19	70
		20-24	80
		25-29	90
		30 & Over	100
<i>Changes in Plan Provisions</i>	<ul style="list-style-type: none"> ▪ HB 2285 retroactively eliminated the break-in-service rules that moved members to OPSRP for the future accrual of benefits if they incurred a break-in-service. Consequently, Tier 1 and Tier 2 members will always remain Tier 1 and Tier 2 members unless they withdraw or incur a loss of membership. 		

Summary of Plan Provisions

Summary of Chapter 238A Provisions — OPSRP

<i>Normal Retirement Date</i>	Police & Fire	Age 60 or age 53 with 25 years of retirement credit
	General Service	Age 65 or age 58 with 30 years of retirement credit
	School Districts	Age 65 or age 58 with 30 calendar years of active membership
<i>Normal Retirement Allowance</i>	A single life annuity equal to final average salary times years of retirement credit attributable to service as fire and police times 1.8% plus final average salary times all other years of retirement credit times 1.5%	
<i>Early Retirement Eligibility</i>	Police & Fire	Age 50 and 5 years of vesting service
	General Service	Age 55 and 5 years of vesting service
<i>Early Retirement Allowance</i>	Normal retirement allowance, actuarially reduced to early retirement age.	
<i>Vesting</i>	Five years or attainment of normal retirement age.	
<i>Vested Termination Benefit</i>	Same as normal (or early) retirement allowance, but commencement is deferred to normal (or early) retirement date.	
<i>Optional Forms of Retirement Benefit</i>	The normal form of benefit is a life annuity. All optional amounts are adjusted to be actuarially equivalent.	
	Options Available	
	g. Life annuity	
	h. Joint and 50% or 100% survivor contingent benefit, with or without pop-up feature	
	i. Lump sum if monthly normal retirement benefit is less than \$200 or if lump sum value is less than \$5,000.	
<i>Preretirement Death Benefit Eligibility</i>	Death of a vested member before retirement benefits begin.	
<i>Preretirement Death Benefit</i>	If member was eligible for early retirement, the actuarial equivalent of 50% of the early retirement benefit the participant was eligible to receive at date of death. If member was not eligible for early retirement, the actuarial equivalent of 50% of the early retirement benefit the participant would have been eligible to receive if he terminated employment on his date of death and retired at the earliest possible date.	
<i>Disability Benefit Eligibility</i>	Duty	Disablement occurring as a direct result of a job-related injury or illness, regardless of length of service.
	Non-Duty	Disablement occurring after ten years of service, but prior to normal retirement eligibility.

Summary of Plan Provisions

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

<i>Disability Benefit Amounts</i>	Preretirement Benefit	45% of salary during last full month of employment before disability, reduced if total benefit including workers' compensation exceeds 75% of salary. Benefit is payable monthly until normal retirement age.
	Retirement Benefit	Same formula as Normal Retirement Benefit, except: Final average salary is adjusted to reflect cost-of-living increases from date of disability to normal retirement age, and Retirement credits continue to accrue from date of disability to normal retirement age.
<i>Postretirement Adjustments</i>	All monthly pension and annuity benefits are eligible for postretirement adjustments.	
	Automatic Adjustments	Benefits are adjusted annually to reflect the increase or decrease in the Consumer Price Index (Portland area - all items) as published by the Bureau of Labor Statistics. The maximum adjustment to be made for any year is 2% of the previous year's benefit. Any CPI change in excess of 2% is accumulated for future benefit adjustments which would otherwise be less than 2%. No benefit will be decreased below its original amount.
	Ad Hoc Adjustments	From time to time, as granted by the Legislature, retired members and beneficiaries have received increases in their monthly benefits.
<i>Changes in Plan Provisions</i>	<ul style="list-style-type: none"> ▪ HB 2285 retroactively replaced the OPSRP provisions for the accrual of retirement credit with provisions identical to those in Tier 1 and Tier 2. It also eliminated the requirement in OPSRP that salary of a part-time employee be grossed up to full-time salary for calculation of final average salary. ▪ HB 2285 retroactively eliminated the break-in-service rules that moved members to OPSRP for the future accrual of benefits if they incurred a break-in-service. Consequently, Tier 1 and Tier 2 members will always remain Tier 1 and Tier 2 members unless they withdraw or incur a loss of membership. 	

Glossary

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

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

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

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

Actuarial Gain or (Loss). A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions, during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

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

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

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

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

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

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

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

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

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

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

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

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.

Glossary

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

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

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

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

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

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

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

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

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