November 9, 2009

Actuarial Valuation Report
December 31, 2008

Oregon Public Employees Retirement System

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

MERCER

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Contents

Executive Summary

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, 2008,
- Provide advisory information on system-wide employer contribution rates and employer contribution rates for each rate pool as of December 31, 2008,
- Provide the funded status as of December 31, 2008, 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, 2008. These rates are advisory only. The December 31, 2009, actuarial valuation will determine the employer contribution rates that will be effective on July 1, 2011. The December 31, 2007, valuation developed the employer contribution rates that in effect from July 1, 2009 through June 30, 2011.

Employer pension contribution rates consist of a normal cost rate and an amortization of the Unfunded Accrued Liability (UAL). Normal cost rates are calculated and charged separately to the Tier 1/Tier 2, OPSRP general service and OPSRP police and fire payrolls. UAL rates are calculated separately for Tier1/Tier 2 and OPSRP, but each UAL rate is charged across all payrolls. Rates for individual employers are adjusted if the employer maintains a side account or has a pre-SLGRP liability or surplus. The table below compares the average employer contribution rates for each type of payroll calculated for this valuation compared to the rates in effect from July 1, 2009 through June 30, 2011.

Pension Contribution Rates

	Advisory July 1, 2011			Effective July 1, 2009		
Payroll	Tier 1/Tier 2	OPSRP General Service	OPSRP Police & Fire	Tier 1/Tier 2	OPSRP General Service	OPSRP Police & Fire
Normal Cost Rate	7.84%	5.90%	8.61%	6.08%	5.81%	8.52%
Tier 1/Tier 2 UAL Rate	10.27%	10.27%	10.27%	6.07%	6.07%	6.07%
OPSRP UAL Rate	0.07%	0.07%	0.07%	(0.08%)	(0.08%)	(0.08%)
Total Pension Rate	**18.18%**	**16.24%**	**18.95%**	**12.07%**	**11.80%**	**14.51%**
Average Adjustment	(5.23%)	(5.23%)	(5.23%)	(7.69%)	(7.69%)	(7.69%)
Net Pension Rate	**12.95%**	**11.01%**	**13.72%**	**4.38%**	**4.11%**	**6.82%**

Large investment losses on the valuation assets during 2008 caused the calculated UAL rates to increase compared to the prior valuation. This increase is compounded by rising Tier 1/Tier 2 normal cost rates as members under Money Match (with no normal cost) continue to retire and Tier 1/Tier 2 active members age. In addition, asset losses on side account investments have reduced the size of the average side account rate relief adjustment. This also works to increase the net pension rate.

The Tier 1/Tier 2 pension contribution rates differ for each rate pool and each independent employer. This report calculates the specific rates for each rate pool. Specific rates for independent employers are calculated in separate reports for each independent employer. Changes in pension contribution rates for

Executive Summary

Employer Contribution Rates *(continued)*

each rate pool are confined to a collar depending on funded status. The table below shows the advisory 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, 2009, and the average adjustment to that rate for side accounts and pre-SLGRP Liabilities. Please note that for the purposes of this exhibit as well as most other exhibits in this system-wide report, independent employers (including State Judiciary) are treated as a single rate pool.

Tier 1/Tier 2 Pension Contribution Rates

	Advisory July 1, 2011			Effective July 1, 2009		
	SLGRP	School Districts	Independent Employers	SLGRP	School Districts	Independent Employers
Normal Cost Rate	8.10%	6.90%	9.62%	6.31%	5.19%	7.92%
Tier 1/Tier 2 UAL Rate	9.05%	13.11%	7.24%	4.84%	8.82%	2.57%
Total Pension Rate	**17.15%**	**20.01%**	**16.86%**	**11.15%**	**14.01%**	**10.49%**
Average Adjustment	(4.87%)	(7.09%)	(0.78%)	(7.09%)	(10.51%)	(1.14%)
Net Pension Rate	**12.28%**	**12.92%**	**16.08%**	**4.06%**	**3.50%**	**9.35%**

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 advisory employer contribution rates for each type of payroll calculated for this valuation compared to the rates in effect from July 1, 2009 through June 30, 2011.

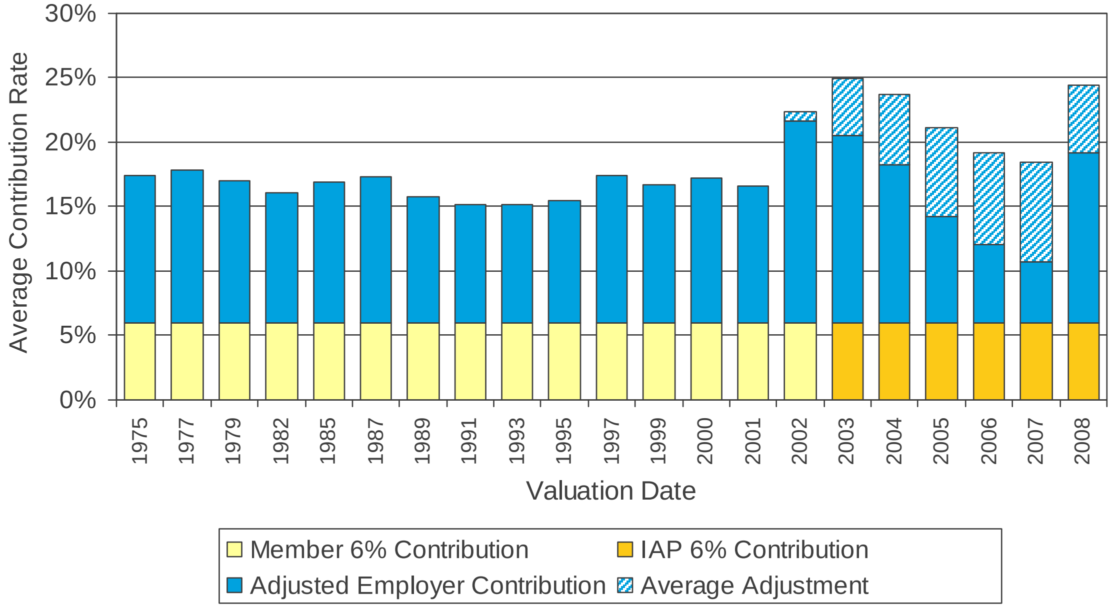
Retiree Healthcare Contribution Rates

	Advisory July 1, 2011			Effective July 1, 2009		
Payroll	Tier 1/Tier 2	OPSRP General Service	OPSRP Police & Fire	Tier 1/Tier 2	OPSRP General Service	OPSRP Police & Fire
RHIA normal cost rate	0.09%	0.00%	0.00%	0.10%	0.00%	0.00%
RHIA UAL Rate	0.50%	0.50%	0.50%	0.19%	0.19%	0.19%
Total RHIA rate	**0.59%**	**0.50%**	**0.50%**	**0.29%**	**0.19%**	**0.19%**
RHIPA Normal Cost Rate	0.05%	0.00%	0.00%	0.06%	0.00%	0.00%
RHIPA UAL Rate	0.10%	0.10%	0.10%	0.02%	0.02%	0.02%
Total RHIPA rate	**0.15%**	**0.10%**	**0.10%**	**0.08%**	**0.02%**	**0.02%**

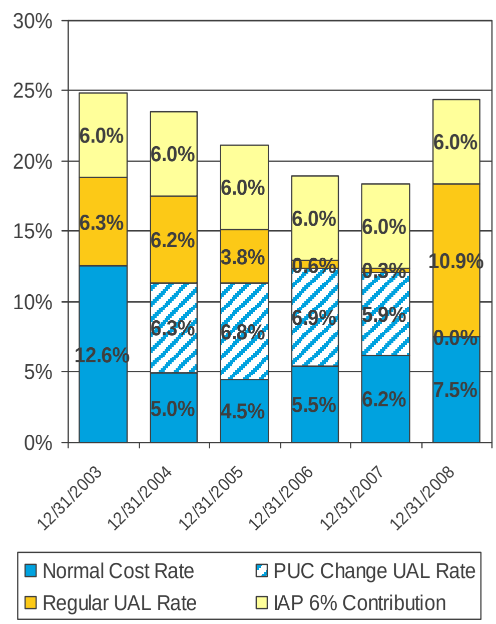
Combined pension and retiree healthcare employer contribution rates increased significantly due to asset losses. They now are near the level of their historical high point, as shown in the graph below.

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) rate attributable to the change in cost method was removed from the valuation this year, as the base due to this change is expected to be fully amortized by the date of the next

Executive Summary

Employer Contribution Rates *(continued)*

rate change. The UAL attributable to gains and losses other than the cost method change has increased significantly since the last valuation due to asset losses that occurred in 2008, and is the primary source of the increase in contribution rates. The increase in the UAL rate is compounded by the increase in the normal cost rate this year.

For an individual employer, the rates shown above are adjusted for side accounts. Side accounts are the result of employer supplemental deposits (usually financed through a pension obligation bond). When a supplemental deposit is made, a side account is established (after any transition liabilities for joining the SLGRP have been paid) and used to offset the otherwise required contribution. As of December 31, 2008, the system has approximately $5.1 billion in side accounts, a decrease of about $2.5 billion in the last year. Side accounts now reduce the average employer contribution rate by about 4.82% of payroll, but there is wide variation between employers.

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

The minimum and maximum rates that can be effective July 1, 2011 for each rate pool (prior to adjustments) are shown in the table below. The limits are calculated and applied on an individual employer basis for independent employers, but for purposes of the table below, all independent employers (including State Judiciary) are treated as a single rate pool. The contribution rates for individual employers are adjusted from the rates of the pool to reflect side accounts and pre-SLGRP liabilities. These adjustments are not limited by the rate collar.

Limits on Future Pension Contribution Rates

	Effective July 1, 2011		
	SLGRP	School Districts	Independent Employers
Between 80% and 120% Funded			
Minimum Rate	8.15%	11.01%	7.49%
Maximum Rate	14.15%	17.01%	13.49%
Less than 80% or Greater than 120% Funded			
Minimum Rate	5.15%	8.01%	4.49%
Maximum Rate	17.15%	20.01%	16.49%

Executive Summary

Funded Status

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

	SLGRP	School Districts	Independent Employers	OPSRP	Pension System Totals[1]
December 31, 2008					
Actuarial accrued liability	$ 27,551.8	$ 21,742.7	$ 4,566.0	$ 336.8	$ 54,259.5
Actuarial value of assets	$ 19,859.0	$ 14,847.1	$ 3,495.7	$ 270.5	$ 38,386.1
Funded percentage	**72.1%**	**68.3%**	**76.6%**	**80.3%**	**70.7%**
Side accounts	$ 2,442.2	$ 2,611.4	$ 80.9	$ -	$ 5,134.5
Funded percentage reflecting side accounts	**80.9%**	**80.3%**	**78.3%**	**80.3%**	**80.2%**
December 31, 2007					
Actuarial accrued liability	$ 26,883.1	$ 21,299.3	$ 4,423.2	$ 203.0	$ 52,871.2
Actuarial value of assets	$ 26,674.2	$ 20,156.5	$ 4,645.0	$ 275.1	$ 51,669.7
Funded percentage	**99.2%**	**94.6%**	**105.0%**	**135.5%**	**97.7%**
Side accounts	$ 3,640.6	$ 3,897.1	$ 120.5	$ -	$ 7,658.1
Funded percentage reflecting side accounts	**112.8%**	**112.9%**	**107.7%**	**135.5%**	**112.2%**

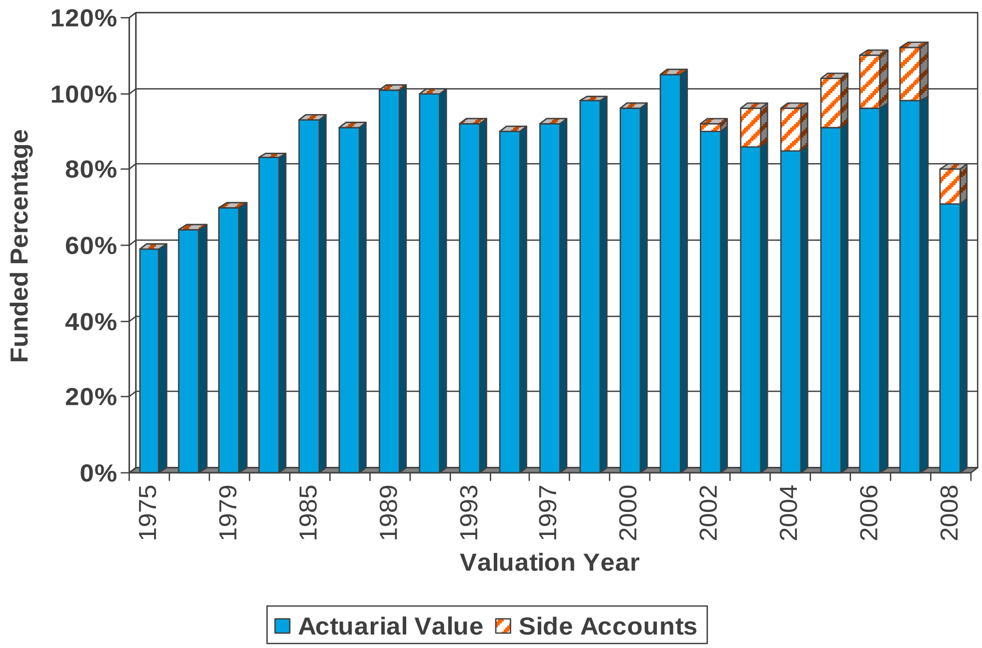
Amounts in millions

[1] *Includes Multnomah Fire District #10*

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

Executive Summary

Funded Status *(continued)*



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

	December 31, 2008			December 31, 2007		
	RHIA	RHIPA	Total	RHIA	RHIPA	Total
Actuarial accrued liability	$494.0	$21.3	$515.3	$499.6	$23.3	$522.9
Actuarial value of assets	$183.8	$5.7	$189.5	$250.8	$7.8	$258.6
Funded Percentage	**37.2%**	**26.7%**	**36.8%**	**50.2%**	**33.6%**	**49.5%**

Amounts in millions

Asset Changes

Since December 31, 2007, contributions (including supplemental deposits) for pension benefits have increased assets by approximately 1.1% while benefit payments decreased assets by about 4.5%. On the whole, assets decreased by 30% due to negative investment returns of approximately 26.5%.

All Reserves	Amount	Percentage of 12/31/2007 Market Value
Market value, December 31, 2007	**$ 62,583.4**	
Contributions	676.4	1.1%
Investment Income	(16,583.5)	(26.5%)
Benefit Payments	(2,841.2)	(4.5%)
Market value, December 31, 2008	**$ 43,835.1**	**70.0%**

Amounts in millions

Executive Summary

Funded Status *(continued)*

The Tier 1 Rate Guarantee Reserve that is used to pay for the 8% interest crediting rate guarantee on active Tier 1 member accounts when actual investment earnings are below 8% has decreased from $1.9 billion as of December 31, 2007 to negative $1.0 billion as of December 31, 2008. Tier 1 member accounts that are protected by the Rate Guarantee Reserve remained relatively stable from December 31, 2007, to December 31, 2008, at a value of approximately $7.2 billion.

The value of assets used to determine employer contribution rates has historically excluded any assets in the Tier 1 Rate Guarantee Reserve (RGR). Due to investment results in 2008 the RGR is in a deficit situation as of December 31, 2008. As part of the Board's July 16, 2009 motion approving actuarial assumptions and methods, the Board approved continued exclusion of the RGR from calculation of valuation assets. As a result, valuation assets exceed the fair value of assets as of December 31, 2008. It is our understanding that if a RGR deficit persists for five years, employers may be required to restore the RGR.

Market values are reported to Mercer by PERS. It is our understanding that select real estate and private equity investments are reported on a three-month lag basis. For those investments, the change in value between September 30, 2008 and December 31, 2008 due to the market downturn could be significant. This valuation report does not attempt to quantify any such effects.

Executive Summary

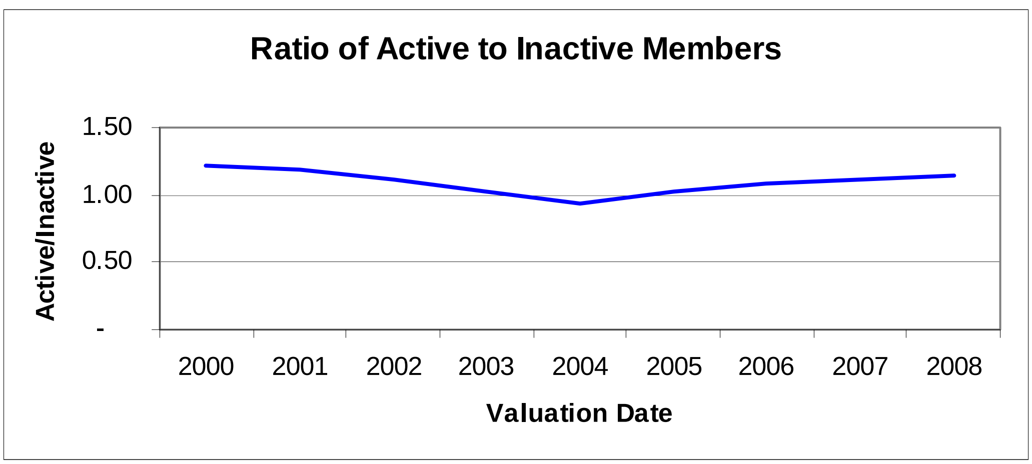
Liability Changes

Since December 31, 2007, 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-sixth of the value of benefits paid out during the year. Contributions during the year were almost one and a half times the normal cost. The remaining 0.8% decrease in the actuarial accrued liability was attributable to demographic experience.

		Amount	Percentage of 12/31/2007 AAL
Actuarial Accrued Liability, December 31, 2007	**$**	**53,394.1**	
Normal Cost		476.7	0.9%
Benefit Payments		(2,841.2)	(5.3%)
Interest		4,196.0	7.9%
Other		(450.8)	(0.8%)
Actuarial Accrued Liability, December 31, 2008	**$**	**54,774.8**	**102.6%**

Amounts in millions

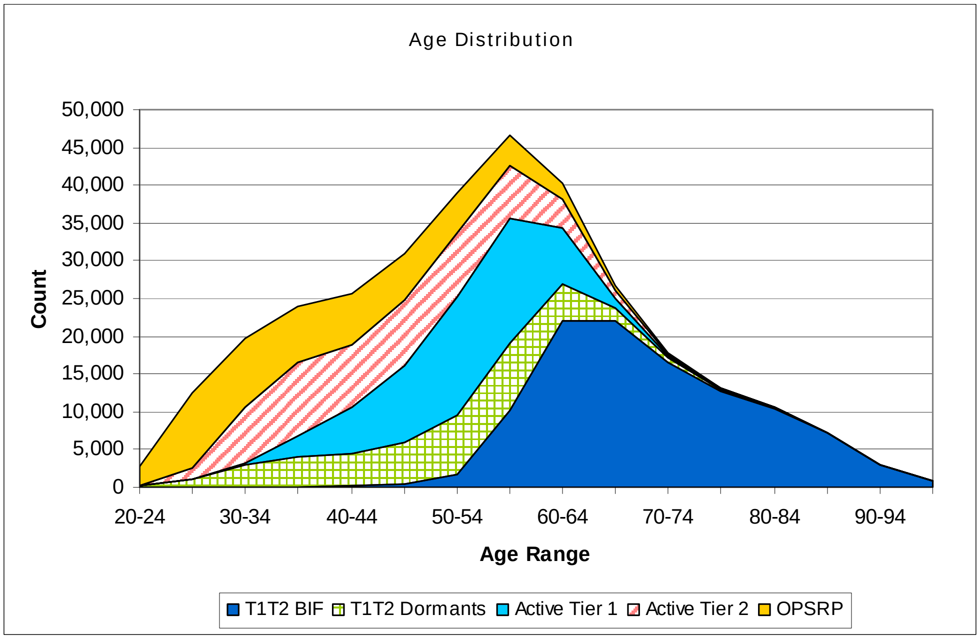
The Oregon Public Employees Retirement System is a very mature system. As shown in the chart below, there are currently 1.14 active members in the system for every inactive member. By comparison, the average ratio in NASRA's 2007 Public Fund Survey is 2.05. Since contributions to the system are based on active payroll, a lower ratio means there are fewer actives to support any gains or losses on the benefits of retirees.



Executive Summary

Liability Changes *(continued)*

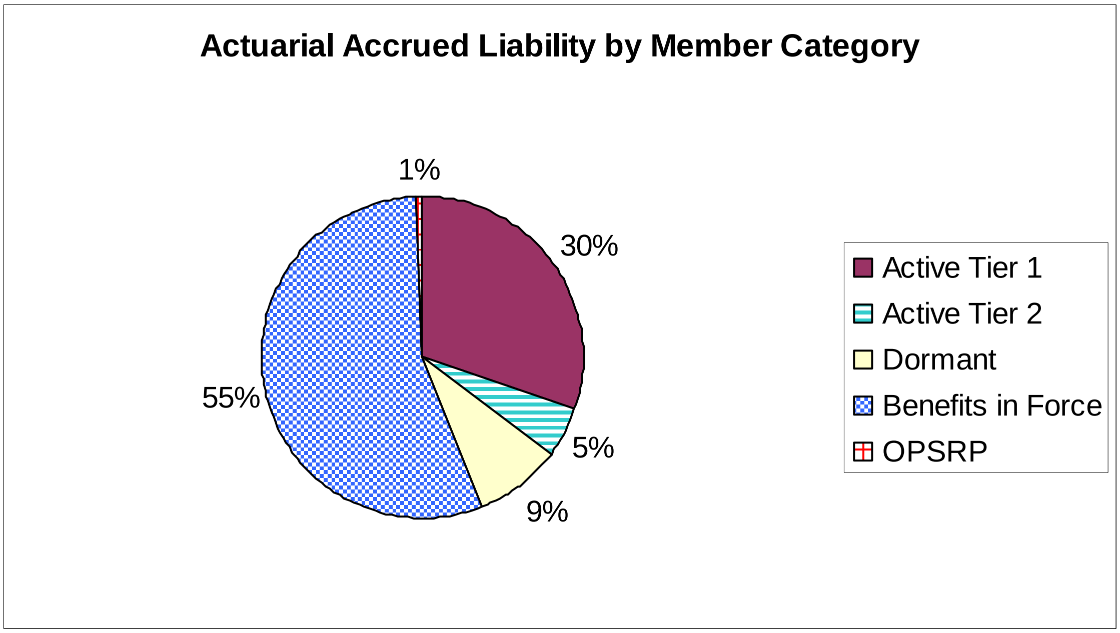
The ratio of active members to retired members is likely to decline further as a significant portion of the active members are currently eligible to retire. The graph below shows the distribution of members in the system by age and membership status.



Executive Summary

Liability Changes *(continued)*

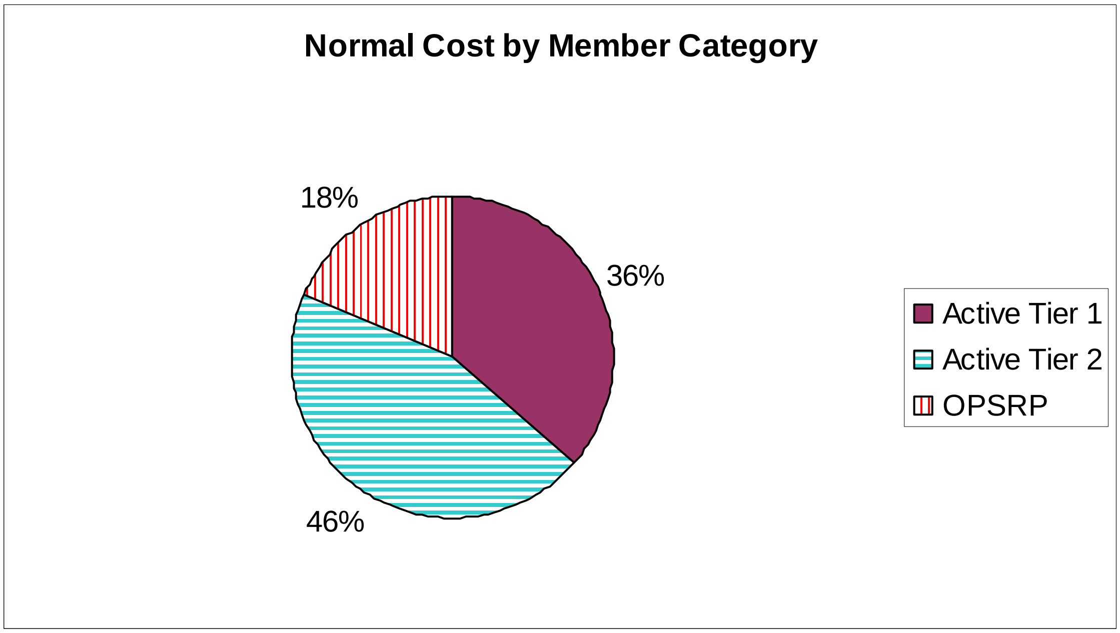
The following chart illustrates the distribution of the system's accrued liability by member age and status. While the majority of active liability is attributable to Tier 1 members, 64% of the system's total accrued liability is due to members who are no longer actively working in covered employment. Only 6% of the liability is attributable to active Tier 2 and OPSRP members. Of the accrued liability that is attributable to actives, a large portion is located at or near prime retirement ages.



Executive Summary

Liability Changes *(continued)*

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



Executive Summary

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
	December 31, 2008	December 31, 2007	Change
Tier 1/Tier 2 Pension			
Actuarial accrued liability	$ 53,922.7	$ 52,668.1	2%
Actuarial value of assets	$ 38,115.6	$ 51,394.6	(26%)
Unfunded actuarial accrued liability	$ 15,807.1	$ 1,273.6	1,141%
Funded status	71%	98%	(28%)
Combined valuation payroll	$ 8,130.1	$ 7,721.8	5%
UAL as a percentage of payroll	194%	16%	1,079%
Normal cost	$ 487.8	$ 380.9	28%
Tier 1/Tier 2 valuation payroll	$ 6,225.8	$ 6,261.9	(1%)
Normal cost rate	7.84%	6.08%	29%
OPSRP Pension			
Actuarial accrued liability	$ 336.8	$ 203.0	66%
Actuarial value of assets	$ 270.5	$ 275.1	(2%)
Unfunded actuarial accrued liability	$ 66.3	$ (72.1)	(192%)
Funded status	80%	135%	(41%)
Combined valuation payroll	$ 8,130.1	$ 7,721.8	5%
UAL as a percentage of payroll	1%	(1%)	(187%)
Normal cost	$ 117.3	$ 88.3	33%
OPSRP valuation payroll	$ 1,904.3	$ 1,459.9	30%
Normal cost rate	6.16%	6.05%	2%
Combined Pension			
Actuarial accrued liability	$ 54,259.5	$ 52,871.2	3%
Actuarial value of assets	$ 38,386.1	$ 51,669.7	(26%)
Unfunded actuarial accrued liability	$ 15,873.4	$ 1,201.5	1,221%
Funded status	71%	98%	(28%)
Combined valuation payroll	$ 8,130.1	$ 7,721.8	5%
UAL as a percentage of payroll	195%	16%	1,155%
Normal cost	$ 605.1	$ 469.2	29%
Combined valuation payroll	$ 8,130.1	$ 7,721.8	5%
Normal cost rate	7.44%	6.08%	23%

Amounts in millions

Executive Summary

Principal Valuation Results *(continued)*

	Actuarial Valuation as of		Percent
	December 31, 2008	December 31, 2007	Change
RHIA			
Actuarial accrued liability	$ 494.0	$ 499.6	(1%)
Actuarial asset value	$ 183.8	$ 250.8	(27%)
Unfunded actuarial accrued liability	$ 310.2	$ 248.8	25%
Funded status	37%	50%	(26%)
Combined valuation payroll	$ 8,130.2	$ 7,721.8	5%
UAL as a percentage of payroll	4%	3%	18%
Normal cost	$ 5.6	$ 6.6	(14%)
Tier 1/Tier 2 valuation payroll	$ 6,225.8	$ 6,261.9	(1%)
Normal cost rate	0.09%	0.10%	(10%)
RHIPA			
Actuarial accrued liability	$ 21.3	$ 23.3	(9%)
Actuarial asset value	$ 5.7	$ 7.8	(27%)
Unfunded actuarial accrued liability	$ 15.6	$ 15.5	1%
Funded status	27%	34%	(21%)
Combined valuation payroll	$ 2,217.9	$ 2,080.2	7%
UAL as a percentage of payroll	1%	1%	(5%)
Normal cost	$ 0.8	$ 0.9	(19%)
Tier 1/Tier 2 valuation payroll	$ 1,708.5	$ 1,692.1	1%
Normal cost rate	0.05%	0.06%	(17%)

Amounts in millions

Executive Summary

Data Summary

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

	December 31				
	2008				
	Tier 1	Tier 2	OPSRP	Total	2007 Totals
Active Members					
Count	60,602	56,113	53,854	170,569	167,023
Average age	52.4	45.5	39.8	46.1	46.0
Average total service	19.2	8.2	2.7	10.4	10.3
Average valuation payroll	$ 58,998	$ 48,034	$ 35,093	$ 47,843	$ 46,232
Dormant Members					
Count	22,710	19,238	529	42,477	43,949
Average age	54.0	46.4	51.7	50.5	49.8
Average monthly deferred benefit	$ 1,734	$ 388	$ 137	$ 1,105	$ 1,103
Retired Members and Beneficiaries					
Count	105,499	2,144	4	107,647	105,336
Average age	70.4	64.0	$ 64.1	70.2	70.1
Average monthly benefit	$ 2,078	$ 520	$ 735	$ 2,047	$ 1,995
Total members	188,811	77,495	54,387	320,693	316,308

Executive Summary

Effects of Changes

Effective with the December 31, 2008 actuarial valuation the following changes were made.

Assumption Changes

An experience study was performed as of December 31, 2008, 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 revisions include assuming 0% merit salary increases for 2009 and 2010, changing healthy mortality assumptions from static to generational tables, and adjustments to assumptions for disabled mortality, retirement rates, and termination rates. 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 $263.7 million, (consisting of an increase of $286.1 million for the pension plan and a reduction of $22.4 million for the retiree healthcare plans) the system-wide normal cost by approximately $29.1 million, (consisting of an increase of $30.0 million on the pension plan and a reduction of $0.9 for the retiree healthcare plans) and the average employer contribution rate by 0.8% of payroll.

Method Changes

As a result of the December 31, 2008 experience study, the Board revised some of the methods adopted in the previous study. The key revisions were reducing the RHIA and RHIPA amortization period to ten years and eliminating the amortization base created by changing to the Projected Unit Credit method in a prior valuation. Additional detail on method changes is available in the methods section of this report. These changes did not affect the system-wide actuarial accrued liability or normal cost, but instead affected the way in which contribution rates are determined from the system's assets and liabilities.

Arken and Robinson Litigation

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

Certification

Mercer has prepared this report exclusively for the Oregon Public Employees Retirement System for the following purposes:

- Present the system-wide results of a 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, 2008.
- Review plan experience for the year(s) ended December 31, 2008.
- Provide advisory information on system-wide employer contribution rates and employer contribution rates for the School District rate pool and the State and Local Government Rate Pool for the period beginning July 1, 2011.
- Provide reporting and disclosure information for financial statements for governmental plans pursuant to GASB Statements Number 25 and 43.

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

A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a plan's future financial condition or its ability to pay benefits in the future.

Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, plan expenses and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date, but are predicted to fall within a reasonable range of possibilities.

To prepare this report, *Actuarial Assumptions*, as described in the section of this report entitled "Actuarial Methods and Assumptions," are used to select a single scenario from a range of possibilities. The results of that single scenario are included in this report. However, the future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. Actuarial assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future and other factors. Due to the limited scope of our assignment, we did not perform, nor do we present, an analysis of the potential range of future possibilities and scenarios.

Because actual plan experience will differ from the assumptions, decisions about benefit changes, investment policy, funding amounts, benefit security and/or benefit-related issues should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely on the basis of a valuation report or reports.

Data and Plan Provisions

To prepare this report, Mercer has used and relied on member and financial data submitted by the Oregon Public Employees Retirement System. We have reviewed the financial and member data for internal consistency and general reasonableness, but we have not verified or audited any of the data or information provided. We have also used and relied on the plan provisions described in Oregon Revised Statutes Sections 238 and 238A and legislative amendments supplied by the Oregon Public Employees Retirement System. A summary of the plan provisions valued is presented in our report. The Oregon Public Employees Retirement System is solely responsible for the accuracy. validity and comprehensiveness of this information. If the data or plan provisions supplied are not accurate and complete the valuation results may differ significantly from the results that would be obtained with accurate and complete information; this may

Certification

require a later revision of this report. We understand that the market values of private equity and some real estate investments are reported on a 3-month lag. We have made no adjustment to the reported market value of assets to account for this lag. A very brief discussion of this issue is provided in the Executive Summary.

Actuarial Calculations, Methods, Assumptions and Accounting

To the best of our knowledge and belief, this report is complete and accurate and all costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures in accordance with applicable statutes, using an actuarial cost method approved by the Board. Assumptions used are based on the last experience study, as adopted by the Board on July 16, 2009. This valuation is based on assumptions, plan provisions, methods and other parameters as summarized in this report. If this information is inaccurate or incomplete or does not reflect current statutes, regulations or Board directives, the reader of this report should not rely on the valuation results and should notify Mercer promptly. In our opinion, this report fully and fairly discloses the actuarial position of the plan on an ongoing basis.

Professional Qualifications

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

Matthew R. Larrabee, FSA, EA, MAAA **Principal**	November 9, 2009 **Date**
Scott D. Preppernau, FSA, EA, MAAA **Senior Associate**	November 9, 2009 **Date**

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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, 2008	$ 38,565.8	$ 270.5	$ 5,134.5	$ 653.2	$ (978.5)	$ 189.5	$ 43,835.1
Net Pre-SLGRP Liabilities	$ (450.2)	$ -	$ -	$ -	$ -	$ -	$ (450.2)
December 31, 2008 Actuarial Value of Assets	$ 38,115.6	$ 270.5	$ 5,134.5	$ 653.2	$ (978.5)	$ 189.5	$ 43,384.9

Amounts in millions

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

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

In addition, pension assets are held in the Contingency reserve, the Capital Preservation reserve, and the Tier 1 Rate Guarantee reserve. These three reserves are excluded from valuation assets for all purposes. 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, 2007 to December 31, 2008. The reconciliation of assets is provided by PERS.

Reconciliation of Pension and Retiree Healthcare Assets	Tier 1/Tier 2	OPSRP	Side Accounts	Contingency Reserve	Capital Preservation Reserve	Rate Guarantee Reserve	RHIA and RHIPA	System Totals
Additions								
1. Contributions								
a. Employer	$ 525.2	$ 103.5	$ 10.3	$ -	$ -	$ -	$ 29.9	$ 669.0
b. Transfer from side accounts[1]	$ 560.0	$ -	$ (560.0)	$ -	$ -	$ -	$ -	$ -
c. Judge member contributions	$ 1.5	$ -	$ -	$ -	$ -	$ -	$ -	$ 1.5
d. Member service purchases	$ 5.8	$ -	$ -	$ -	$ -	$ -	$ -	$ 5.8
e. Total	$ 1,092.6	$ 103.5	$ (549.7)	$ -	$ -	$ -	$ 29.9	$ 676.4
2. Net investment income								
a. Transfers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
b. From investments	$ (11,544.1)	$ (100.9)	$ (1,973.7)	$ -	$ -	$ (2,867.6)	$ (68.1)	$ (16,554.4)
c. Total	$ (11,544.1)	$ (100.9)	$ (1,973.7)	$ -	$ -	$ (2,867.6)	$ (68.1)	$ (16,554.4)
3. Other[2]	$ 1.5	$ -	$ -	$ -	$ -	$ -	$ -	$ 1.5
4. Total additions	**$ (10,450.0)**	**$ 2.7**	**$ (2,523.4)**	**$ -**	**$ -**	**$ (2,867.6)**	**$ (38.2)**	**$ (15,876.6)**
Deductions								
5. Retirement and survivor benefits	$ (2,784.6)	$ (0.3)	$ -	$ -	$ -	$ -	$ (29.9)	$ (2,814.7)
6. Death Benefits	$ 0.7	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.7
7. Refund of contributions	$ (27.1)	$ -	$ -	$ -	$ -	$ -	$ -	$ (27.1)
9. Administrative expenses	$ (22.4)	$ (6.9)	$ (0.2)	$ -	$ -	$ -	$ (1.0)	$ (30.5)
10. Total deductions	**$ (2,833.4)**	**$ (7.2)**	**$ (0.2)**	**$ -**	**$ -**	**$ -**	**$ (30.9)**	**$ (2,871.7)**
11. Net change	**$ (13,283.4)**	**$ (4.5)**	**$ (2,523.6)**	**$ -**	**$ -**	**$ (2,867.6)**	**$ (69.1)**	**$ (18,748.3)**
12. Net assets held in trust for pension benefits								-
a. Beginning of year	$ 51,849.2	$ 275.1	$ 7,658.1	$ 653.2	$ -	$ 1,889.2	$ 258.6	$ 62,583.4
b. End of year	**$ 38,565.8**	**$ 270.5**	**$ 5,134.5**	**$ 653.2**	**$ -**	**$ (978.5)**	**$ 189.5**	**$ 43,835.1**

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

[2] Includes TRFA transfer from Metlife and adjustments by PERS.

Amounts in millions

System-Wide Assets

Reconciliation of Side Accounts

Side accounts are established for employers who make supplemental payments (a lump sum payment in excess of the required employer contribution). For SLGRP employers, this supplemental payment is first applied toward the employer's Transition Liability, and any excess is established in a Side Account. A reconciliation of the side accounts from December 31, 2007, to December 31, 2008, is shown below on a rate pool basis. For this exhibit, all independent employers are grouped together.

	SLGRP	School Districts	Independent Employers	System Totals
Side Accounts, December 31, 2007	**$ 3,640.6**	**$ 3,897.1**	**$ 120.5**	**$ 7,658.1**
Deposits during 2008	10.3	-	-	10.3
Interest	(939.5)	(1,003.1)	(31.1)	(1,973.7)
Administrative expenses	(0.0)	(0.1)	(0.0)	(0.2)
Transfers to employer reserves	(269.1)	(282.4)	(8.5)	(560.0)
Side Accounts, December 31, 2008	**$ 2,442.2**	**$ 2,611.4**	**$ 80.9**	**$ 5,134.5**

Amounts in millions

Development of Side Account Rate Relief

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

	December 31, 2008			
	SLGRP	School Districts	Independent Employers	System Totals
1. Side Account	$ 2,442.2	$ 2,611.4	$ 80.9	$ 5,134.5
2. Combined valuation payroll	$ 4,521.3	$ 2,815.4	$ 793.4	$ 8,130.1
3. Amortization Factor	13.091	13.091	13.091	13.091
4. Average Side Account Rate Relief	4.13%	7.09%	0.78%	4.82%

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, 2008				
Member reserves	$ 4,644.1	$ 2,944.4	$ 752.4	$ 8,341.5
Employer reserves	7,362.6	4,095.9	1,369.7	12,706.1
Benefit in force reserves	8,302.4	7,806.9	1,373.6	17,518.2
Net outstanding pre-SLGRP liabilities	(450.2)			(450.2)
Total actuarial value of assets	**$ 19,859.0**	**$ 14,847.1**	**$ 3,495.7**	**$ 38,115.6**
December 31, 2007				
Member reserves	$ 5,113.1	$ 3,268.0	$ 843.1	$ 9,225.0
Employer reserves	10,045.2	5,715.4	1,868.9	17,494.7
Benefit in force reserves	11,970.5	11,173.0	1,933.0	25,129.5
Net outstanding pre-SLGRP liabilities	(454.6)			(454.6)
Total actuarial value of assets	**$ 26,674.2**	**$ 20,156.5**	**$ 4,645.0**	**$ 51,394.6**

Amounts in millions

[1] *Includes Multnomah Fire District #10.*

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

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

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

Reconciliation of Actuarial Value of Assets

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

	SLGRP	School Districts	Independent Employers	Tier 1/Tier 2 Totals[1]
Actuarial value of assets, December 31, 2007	**$ 26,674.2**	**$ 20,156.5**	**$ 4,645.0**	**$ 51,394.6**
Contributions				
Employer	$ 295.6	$ 186.1	$ 91.1	572.8
Side account transfers	$ 269.1	$ 282.4	$ 8.5	560.0
Member	$ 0.0	$ 0.0	$ 1.5	1.5
Total contributions	$ 564.7	$ 468.6	$ 101.1	1,134.4
Investment income	(6,016.4)	(4,473.8)	(1,048.3)	(11,551.9)
Benefit payments	(1,342.9)	(1,262.8)	(222.2)	(2,833.6)
Adjustments[2]	(20.6)	(41.4)	20.1	(27.9)
Actuarial value of assets, December 31, 2008	**$ 19,859.0**	**$ 14,847.1**	**$ 3,495.7**	**$ 38,115.6**

Amounts in millions

[1] *Includes Multnomah Fire District #10.*

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

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

Outstanding Balance of Pre-SLGRP Liabilities

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

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

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

	State and Community Colleges	Local Government Rate Pool	Transition	Total
1. Pre-SLGRP liability/(surplus), January 1, 2008	**$ 639.9**	**$ (261.6)**	**$ (832.9)**	**$ (454.6)**
2. Employer contributions attributable to liability/(surplus)	(55.9)	21.2	72.6	37.9
3. Supplemental payments	0.0	0.0	(0.1)	(0.1)
4. Interest	46.7	(19.2)	(60.8)	(33.3)
5. Pre-SLGRP liability/(surplus), December 31, 2008 *(1. + 2. + 3. + 4.)*	**$ 630.8**	**$ (259.6)**	**$ (821.3)**	**$ (450.2)**

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.

	December 31, 2008	December 31, 2007	Percent Change
Normal Cost			
Service Retirement	$ 451.6	$ 351.6	28.4%
Vested Benefits	25.9	15.9	63.2%
Duty Disability	1.3	1.6	(18.3%)
Nonduty Disability	9.1	11.8	(23.2%)
Death	0.0	0.0	(1.8%)
Total Normal Cost	**$ 487.8**	**$ 380.9**	**28.1%**

Amounts in millions

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

	Tier 1/Tier 2 Pension
Normal Cost, December 31, 2007	**$ 380.9**
Expected increase	34.3
Assumption changes	31.0
Plan changes	-
Deviations from expected experience	
Age and service retirements from active status	5.9
Active mortality and withdrawal	(2.7)
Pay increases	11.5
Interest Crediting Experience	16.0
All other sources	10.9
Total demographic (gains) and losses	**41.6**
Normal Cost, December 31, 2008	**$ 487.8**

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

Tier 1/Tier 2 Pension Liabilities (continued)

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

	December 31, 2008				December 31, 2007	Percent Change
	SLGRP	School Districts	Independent Employers	Tier 1/ Tier 2 Totals	Tier 1/ Tier 2 Totals	
Normal Cost						
Tier 1 General Service	$ 80.8	$ 62.9	$ 14.9	$ 158.6	$ 114.4	38.6%
Tier 2 General Service	116.0	85.1	17.5	218.6	166.0	31.7%
Tier 1 Police & Fire	43.1	0.5	16.0	59.6	55.1	8.3%
Tier 2 Police & Fire	39.7	0.2	11.1	51.0	45.4	12.2%
Total Normal Cost	**$ 279.5**	**$ 148.7**	**$ 59.6**	**$ 487.8**	**$ 380.9**	**28.1%**

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.

	December 31, 2008	December 31, 2007	Percent Change
Active			
Service Retirement	$ 17,373.2	$ 17,236.2	0.8%
Vested Benefits	1,131.7	1,417.6	(20.2%)
Duty Disability	45.2	50.7	(10.8%)
Nonduty Disability	351.0	510.4	(31.2%)
Death	224.2	265.8	(15.6%)
Total Actives	**$ 19,125.4**	**$ 19,480.7**	**(1.8%)**
Dormant Members	**4,656.0**	**4,420.5**	**5.3%**
Retired Members and Beneficiaries	**30,141.3**	**28,766.9**	**4.8%**
Total Actuarial Accrued Liability	**$ 53,922.7**	**$ 52,668.1**	**2.4%**

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

Tier 1/Tier 2 Pension Liabilities (continued)

Actuarial Accrued Liability (continued)

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

	December 31, 2008				December 31, 2007	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	$ 7,520.9	$ 6,066.9	$ 1,078.3	$ 14,666.2	$ 15,245.8	(3.8%)
Tier 1 Police & Fire	1,297.2	7.3	502.3	1,807.7	1,810.0	(0.1%)
Tier 1 Total	**$ 8,818.0**	**$ 6,074.2**	**$ 1,580.6**	**$ 16,473.8**	**$ 17,055.8**	**(3.4%)**
Tier 2 General Service	1,175.0	821.9	180.2	$ 2,177.0	2,010.2	8.3%
Tier 2 Police & Fire	373.8	2.8	97.9	474.5	414.7	14.4%
Tier 2 Total	**$ 1,548.7**	**$ 824.7**	**$ 278.1**	**$ 2,651.5**	**$ 2,424.9**	**9.3%**
Total Active Members	**$ 10,366.7**	**$ 6,898.9**	**$ 1,858.7**	**$ 19,125.4**	**$ 19,480.7**	**(1.8%)**
Dormant Members	2,900.1	1,411.5	343.9	4,656.0	4,420.5	5.3%
Retired Members and Beneficiaries	14,284.9	13,432.3	2,363.4	30,141.3	28,766.9	4.8%
Total Tier 1/ Tier 2 Pension Liability, December 31, 2008	**$ 27,551.8**	**$ 21,742.7**	**$ 4,566.0**	**$ 53,922.7**	**$ 52,668.1**	**2.4%**

Amounts in millions

[1] *Includes Multnomah Fire District #10.*

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

Tier 1/Tier 2 Pension Liabilities (continued)

Actuarial Accrued Liability (continued)

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

	Tier 1/Tier 2 Pension	
Actuarial Accrued Liability December 31, 2007	**$**	**52,668.1**
Expected change		1,701.4
Assumption changes		284.8
Plan changes		-
Deviations from expected experience		
Retirements from active status		108.6
Active mortality and withdrawal		(16.4)
Pay increases		80.0
Interest Crediting Experience		(701.2)
Retirement, mortality and lump sums from dormant status		(137.7)
Retiree and beneficiary mortality		69.7
Data Corrections		-
Other		(134.6)
Total demographic (gains) and losses		(731.6)
Actuarial Accrued Liability December 31, 2008	**$**	**53,922.7**

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

Calculation of UAL

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

	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals[1]
December 31, 2008				
1. Actuarial accrued liability	$ 27,551.8	$ 21,742.7	$ 4,566.0	$ 53,922.7
2. Actuarial value of assets	$ 19,859.0	$ 14,847.1	$ 3,495.7	$ 38,115.6
3. Unfunded accrued liability	$ 7,692.8	$ 6,895.6	$ 1,070.3	$ 15,807.1
4. Funded percentage (2. ÷ 1.)	72.1%	68.3%	76.6%	70.7%
5. Combined Valuation Payroll	$ 4,521.3	$ 2,815.4	$ 793.4	$ 8,130.1
6. Unfunded accrued liability as % of combined valuation payroll (3. ÷ 5.)	170.1%	244.9%	134.9%	194.4%
December 31, 2007				
1. Actuarial accrued liability	$ 26,883.1	$ 21,299.3	$ 4,423.2	$ 52,668.1
2. Actuarial value of assets	$ 26,674.2	$ 20,156.5	$ 4,645.0	$ 51,394.6
3. Unfunded accrued liability	$ 208.9	$ 1,142.8	$ (221.8)	$ 1,273.6
4. Funded percentage (2. ÷ 1.)	99.2%	94.6%	105.0%	97.6%
5. Combined Valuation Payroll	$ 4,264.2	$ 2,693.3	$ 764.3	$ 7,721.8
6. Unfunded accrued liability as % of combined valuation payroll (3. ÷ 5.)	4.9%	42.4%	(29.0%)	16.5%

Amounts in millions

[1] *Includes Multnomah Fire District #10*

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

Reconciliation of UAL Bases

Beginning with the December 31, 2007 actuarial valuation, each odd-year valuation establishes a 20-year closed-period amortization base for outstanding regular Tier 1/Tier 2 UAL amounts. For odd-year valuations subsequent to December 31, 2007, this amortization base will be calculated based on the total Tier 1/Tier 2 UAL as of that valuation date less the remaining unamortized balance of any Tier 1/Tier 2 UAL bases established at previous odd-year valuation dates. The amortization base established December 31, 2007 includes only the regular UAL as of that valuation, as the UAL attributable to the change to the Projected Unit Credit cost method is anticipated to be fully amortized by the conclusion of the biennium ending on June 30, 2011. This even-year advisory valuation shows both the progress of the amortization base established December 31, 2007, and an estimate of the base to be established on December 31, 2009, with the estimate based on experience during 2008.

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

SLGRP

Amortization Base	UAL December 31, 2007	Payment	Interest	UAL December 31, 2008	Next Year's Payment
December 31, 2007	$ (450.4)	$ (33.3)	$ (34.6)	$ (451.8)	$ (34.5)
December 31, 2008	N/A	N/A	N/A	8,144.6	601.5
Total				**$ 7,692.8**	**$ 567.0**

School Districts

Amortization Base	UAL December 31, 2007	Payment	Interest	UAL December 31, 2008	Next Year's Payment
December 31, 2007	$ 601.5	$ 44.4	$ 46.2	$ 603.3	$ 46.1
December 31, 2008	N/A	N/A	N/A	6,292.3	464.7
Total				**$ 6,895.6**	**$ 510.8**

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

Actuarial Gain or Loss since Prior Valuation

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

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

		December 31, 2008			
		SLGRP	School District	Independent Employers	Tier 1/Tier 2 Totals[1]
1.	Expected actuarial accrued liability				
	a. Actuarial accrued liability at January 1, 2008	$ 26,883.1	$ 21,299.3	$ 4,423.2	$ 52,668.1
	b. Normal cost at January 1, 2008	$ 217.7	$ 113.4	$ 49.8	$ 380.9
	c. Benefit payments for fiscal year ending December 31, 2008	$ (1,332.2)	$ (1,252.7)	$ (220.4)	$ (2,811.0)
	d. Interest	$ 2,114.9	$ 1,662.9	$ 348.9	$ 4,131.5
	e. Expected actuarial accrued liability before changes *(a. + b. + c. + d.)*	$ 27,883.4	$ 21,822.9	$ 4,601.5	$ 54,369.5
	f. Change in actuarial accrued liability at December 31, 2008, due to assumption changes	$ 147.6	$ 108.8	$ 27.9	$ 284.8
	g. Expected actuarial accrued liability at December 31, 2008 *(e. + f.)*	$ 28,031.0	$ 21,931.8	$ 4,629.4	$ 54,654.3
2.	Actuarial accrued liability at December 31, 2008	$ 27,551.8	$ 21,742.7	$ 4,566.0	$ 53,922.7
3.	**Liability gain/(loss) (1.g. - 2)**	**$ 479.2**	**$ 189.1**	**$ 63.4**	**$ 731.6**
4.	Expected actuarial value of assets				
	a. Actuarial value of assets at January 1, 2008	$ 26,674.2	$ 20,156.5	$ 4,645.0	$ 51,394.6
	b. Actual contributions for 2008	$ 564.7	$ 468.6	$ 101.1	$ 1,134.4
	c. Benefit payments and expensesfor fiscal year ending December 31, 2008	$ (1,342.9)	$ (1,262.8)	$ (222.2)	$ (2,833.6)
	d. Interest	$ 2,102.8	$ 1,580.8	$ 366.8	$ 4,043.6
	e. Expected actuarial value of assets before changes *(a. + b. + c. + d.)*	$ 27,998.8	$ 20,943.1	$ 4,890.7	$ 53,739.0
	f. Change in actuarial value of assets at December 31, 2008, due to assumption changes	$ 0.0	$ 0.0	$ 0.0	$ 0.0
	g. Expected actuarial value of assets at December 31, 2008 *(e. + f.)*	$ 27,998.8	$ 20,943.1	$ 4,890.7	$ 53,739.0
5.	Actuarial value of assets as of December 31, 2008	$ 19,859.0	$ 14,847.1	$ 3,495.7	$ 38,115.6
6.	**Asset gain/(loss) (5. - 4.g.)**	**$ (8,139.8)**	**$ (6,095.9)**	**$ (1,395.0)**	**$ (15,623.4)**
7.	**Net actuarial gain/(loss) (3. + 6.)**	**$ (7,660.6)**	**$ (5,906.8)**	**$ (1,331.5)**	**$ (14,891.8)**

Amounts in millions

[1] *Includes Multnomah Fire District #10*

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

Reconciliation of the UAL

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

	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals[1]
UAL, December 31, 2007	$ 208.9	$ 1,142.8	$ (221.8)	$ 1,273.6
Expected Increase	240.4	205.6	33.7	491.4
Contributions	(564.7)	(468.6)	(101.1)	(1,134.4)
Liability (gain) or loss	(479.2)	(189.1)	(63.4)	(731.6)
Asset (gain) or loss	8,139.8	6,095.9	1,395.0	15,623.4
Assumption changes	147.6	108.8	27.9	284.8
UAL, December 31, 2008	**$ 7,692.8**	**$ 6,895.6**	**$ 1,070.3**	**$ 15,807.1**

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.

	December 31, 2008	December 31, 2007	Percent Change
Normal Cost			
a. Service Retirement	$ 451.6	$ 351.6	28.4%
b. Vested Benefits	25.9	15.9	63.2%
c. Duty Disability	1.3	1.6	(18.3%)
d. Nonduty Disability	9.1	11.8	(23.2%)
e. Death	0.0	0.0	(1.8%)
f. Total Normal Cost	**$ 487.8**	**$ 380.9**	**28.1%**
Tier 1/ Tier 2 Valuation Payroll	**$ 6,225.8**	**$ 6,261.9**	**(0.6%)**
Average Normal Cost Rate			
a. Service Retirement	7.25%	5.62%	
b. Vested Benefits	0.42%	0.25%	
c. Duty Disability	0.02%	0.03%	
d. Nonduty Disability	0.15%	0.19%	
e. Death	0.00%	0.00%	
f. Average Normal Cost Rate	**7.84%**	**6.08%**	

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.

	December 31, 2008			
	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals
Normal Cost				
Tier 1 General Service	$ 80.8	$ 62.9	$ 14.9	$ 158.6
Tier 2 General Service	$ 116.0	$ 85.1	$ 17.5	$ 218.6
Tier 1 Police & Fire	$ 43.1	$ 0.5	$ 16.0	$ 59.6
Tier 2 Police & Fire	$ 39.7	$ 0.2	$ 11.1	$ 51.0
Total Normal Cost	**$ 279.5**	**$ 148.7**	**$ 59.6**	**$ 487.8**
Tier 1/ Tier 2 Valuation Payroll				
Tier 1 General Service	$ 1,653.0	$ 1,268.0	$ 235.9	$ 3,156.9
Tier 2 General Service	$ 1,227.1	$ 881.6	$ 188.6	$ 2,297.3
Tier 1 Police & Fire	$ 295.4	$ 3.0	$ 109.7	$ 408.1
Tier 2 Police & Fire	$ 277.1	$ 1.2	$ 85.2	$ 363.5
Total Valuation Payroll	**$ 3,452.7**	**$ 2,153.7**	**$ 619.4**	**$ 6,225.8**
Average Normal Cost Rates				
Tier 1 General Service	4.89%	4.96%	6.34%	5.02%
Tier 2 General Service	9.45%	9.66%	9.27%	9.52%
Tier 1 Police & Fire	14.59%	15.95%	14.63%	14.61%
Tier 2 Police & Fire	14.32%	16.72%	13.05%	14.03%
Average Rates				
Tier 1 Average	6.36%	4.98%	8.97%	6.12%
Tier 2 Average	10.35%	9.67%	10.45%	10.13%
General Service Average	6.83%	6.89%	7.64%	6.92%
Police & Fire Average	14.46%	16.17%	13.94%	14.34%
System Average	**8.10%**	**6.90%**	**9.62%**	**7.84%**
Member Contributions			0.21%	0.02%
Employer System Average	**8.10%**	**6.90%**	**9.41%**	**7.82%**

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

UAL Rates

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

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

	December 31, 2008			
	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals[1]
1. Total UAL	$ 7,692.8	$ 6,895.6	$ 1,070.3	$ 15,807.1
2. Next year's UAL payment	567.0	510.8	78.2	1,155.9
3. Combined valuation payroll	$ 4,521.3	$ 2,815.4	$ 793.4	$ 8,130.1
4. UAL rate (2 ÷ 3)	**12.54%**	**18.14%**	**9.86%**	**14.22%**

Amounts in millions

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

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

Pre-SLGRP Pooled Rate

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

	December 31, 2008	December 31, 2007
State and Community College Pool		
1. Total pre-SLGRP pooled liability	$ 630.8	$ 639.9
2. Combined valuation payroll	$ 2,546.7	$ 2,393.1
3. Amortization Factor	13.091	13.772
4. Pre-SLGRP pooled rate (1. ÷ 2. ÷ 3.)	1.89%	1.94%
Local Government Rate Pool		
1. Total pre-SLGRP pooled liability	$ (259.6)	$ (261.6)
2. Combined valuation payroll	$ 1,144.4	$ 1,073.7
3. Amortization Factor	13.091	13.772
4. Pre-SLGRP pooled rate (1. ÷ 2. ÷3.)	(1.73%)	(1.77%)

Amounts in millions

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

Transition Liability or Surplus Rate

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

	December 31, 2008		December 31, 2007	
1. Total transition liability / (surplus)	$	(821.3)	$	(832.9)
2. Transition liability / (surplus) - change to PUC	$	(11.4)	$	(16.9)
3. Transition liability / (surplus) - regular UAL (1. - 2.)	$	(809.9)	$	(816.0)
4. Combined valuation payroll	$	1,866.5	$	1,770.3
5. 3-Year amortization factor		N/A		2.831
6. Amortization Factor		13.091		13.772
7. **Average transition liability/(surplus) - change to PUC (2. ÷ 4. ÷ 5.)**		**N/A**		**(0.34%)**
8. **Average transition liability/(surplus) - regular UAL (3. ÷ 4. ÷ 6.)**		**(3.31%)**		**(3.35%)**

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, 2008	December 31, 2007
1. Actuarial accrued liability		
a. Active members	$ 1.1	$ 1.1
b. Dormant members	$ 0.4	$ 0.8
c. Retired members and beneficiaries	$ 60.7	$ 60.6
d. Total actuarial accrued liability	$ 62.2	$ 62.5
2. Actuarial value of assets		
a. Employer reserve	$ (122.2)	$ (134.8)
b. Members reserve	$ 0.6	$ 0.7
c. Benefits in force reserve	$ 35.3	$ 53.0
d. Total actuarial value of aseets	$ (86.3)	$ (81.2)
3. Multnomah FD #10 UAL	$ 148.5	$ 143.7
a. Portion allocated to City of Portland (21.8743% x 3.)	$ 32.5	$ 31.4
b. Portion allocated to all T1/T2 employers (78.1257% x 3.)	$ 116.0	$ 112.3
4. Combined valuation payroll		
a. City of Portland	$ 289.4	$ 259.9
b. All Tier 1 / Tier 2 employers	$ 8,175.3	$ 7,766.0
5. Amortization factor	13.091	13.772
6. Multnomah FD #10 UAL Rate		
a. City of Portland (3.a. ÷ 4.a. ÷ 5.)	0.86%	0.88%
b. All Tier 1 / Tier 2 employers (3.b. ÷ 4.b. ÷ 5.)	0.11%	0.10%
7. Total Multnomah FD #10 UAL Rate		
a. City of Portland (6.a. + 6.b.)	0.97%	0.98%
b. City of Gresham, City of Fairview, City of Wood Village, City of Troutdale (2 x 6.b.)	0.22%	0.20%
c. All other Tier 1 / Tier 2 employers (6.b.)	0.11%	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.

	Advisory July 1, 2011 Rates Calculated as of December 31, 2008			
	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals
Tier 1/Tier 2 pension contribution rates				
Employer normal cost rate	8.10%	6.90%	9.41%	7.82%
Member normal cost rate			0.21%	0.02%
UAL rate	12.54%	18.14%	9.86%	14.22%
Multnomah FD #10 rate	0.17%	0.11%	0.11%	0.14%
Total Tier 1/Tier 2 pension rate	**20.81%**	**25.15%**	**19.59%**	**22.20%**
Average adjustments				
Pre-SLGRP liability/(surplus) rate	(0.74%)	N/A	N/A	(0.41%)
Side account rate	(4.13%)	(7.09%)	(0.78%)	(4.82%)
Total average adjustment	**(4.87%)**	**(7.09%)**	**(0.78%)**	**(5.23%)**
Net pension contribution rate	**15.94%**	**18.06%**	**18.81%**	**16.97%**

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

Calculation of Rate Collar

Employer contribution rates cannot change by more than the greater of 3 percentage points or 20% of the current contribution rate. However, if the funded percentage is below 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 the State Judiciary, are subject to a minimum employer contribution rate of 6.0% that is not taken into account in the calculation below.

	Advisory July 1, 2011 Rates Calculated as of December 31, 2008			
Calculation of Collar Adjustments	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals[1]
1. Current employer contribution rate	11.15%	14.01%	10.86%	12.11%
2. Size of rate collar				
a. Preliminary size of rate collar (*maximum of 3% or 20% x 1.)*	3.00%	3.00%	3.00%	3.00%
b. Funded percentage	72.1%	68.3%	76.6%	70.7%
c. Size of rate collar *(If b. < 80% or b. > 120%, 2 x a., otherwise a.)*	**6.00%**	**6.00%**	**6.00%**	**6.00%**
3. 7/1/2011 Minimum employer contribution rate *(1. - 2.c.)*	5.15%	8.01%	4.86%	6.11%
4. 7/1/2011 Maximum employer contribution rate *(1. + 2.c.)*	17.15%	20.01%	16.86%	18.11%
5. Advisory July 1, 2011 employer contribution rate before collar	20.81%	25.15%	19.59%	22.20%
6. Advisory July 1, 2011 employer contribution rate after collar *(5., but not less than 3. or more than 4.)*	17.15%	20.01%	16.86%	18.11%
7. Impact of collar *(6. - 5.)*	**-3.66%**	**-5.14%**	**-2.73%**	**-4.09%**

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

Pension Plan Valuation

Tier 1/Tier 2 Valuation *(continued)*

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

Calculated Employer Contribution Rate Summary (Post Rate Collar)

Any adjustment for the collar is made to the UAL rate. The table below summarizes the average rates that would be effective July 1, 2011, by pool and component if the December 31, 2008 actuarial valuation determined those rates. The December 31, 2009 valuation will determine the actual contribution rates effective July 1, 2011. Although the rate collar is applied individually for independent employers, the table shows the average rates as if independent employers were a pool. Note that independent employers, other than the State Judiciary, are subject to a minimum employer contribution rate of 6.0% that is not taken into account in the average rates below.

	Advisory July 1, 2011 Rates Calculated as of December 31, 2008			
	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals
Tier 1/Tier 2 pension contribution rates				
Employer normal cost rate	8.10%	6.90%	9.41%	7.82%
Member normal cost rate			0.21%	0.02%
UAL rate	8.88%	13.00%	7.13%	10.13%
Multnomah FD #10 rate	0.17%	0.11%	0.11%	0.14%
Total Tier 1/Tier 2 pension rate	**17.15%**	**20.01%**	**16.86%**	**18.11%**
Average adjustments				
Pre-SLGRP liability/(surplus) rate	(0.74%)	N/A	N/A	(0.41%)
Side account rate	(4.13%)	(7.09%)	(0.78%)	(4.82%)
Total average adjustment	**(4.87%)**	**(7.09%)**	**(0.78%)**	**(5.23%)**
Net pension contribution rate	**12.28%**	**12.92%**	**16.08%**	**12.88%**

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, 2008, the actuarial value of assets for OPSRP is $270.5 million.

OPSRP Liabilities

Normal Cost

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

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

	December 31, 2008			December 31, 2007		
	General Service	Police & Fire	Total	General Service	Police & Fire	Total
Pre-Retirement Disability						
Duty	$ 0.2	$ 0.1	$ 0.3	$ 0.2	$ 0.2	$ 0.3
Non-Duty	3.0	0.3	3.3	3.1	0.3	3.4
Total Pre-Retirement Disability	**$ 3.1**	**$ 0.5**	**$ 3.6**	**$ 3.3**	**$ 0.5**	**$ 3.7**
Other Benefits						
Service Retirement	$ 78.5	$ 12.5	$ 91.0	$ 55.7	$ 8.2	$ 64.0
Vested Benefits	11.0	1.3	12.3	8.1	0.9	9.0
Death	1.2	0.1	1.3	0.8	0.1	0.9
Duty Disability Retirement	0.2	0.2	0.3	0.1	0.1	0.3
Non-Duty Disability Retirement	1.9	0.2	2.1	1.7	0.2	1.9
Total Other Benefits	**$ 92.7**	**$ 14.4**	**$ 107.1**	**$ 66.5**	**$ 9.6**	**$ 76.0**
Assumed Administrative Expenses	$ 6.0	$ 0.6	$ 6.6	$ 7.8	$ 0.7	8.5
Total Normal Cost	**$ 101.8**	**$ 15.5**	**$ 117.3**	**$ 77.5**	**$ 10.8**	**$ 88.3**

Amounts in millions

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

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Liabilities (continued)

		OPSRP
Normal Cost, December 31, 2007	**$**	**88.3**
Expected increase		3.3
Assumption changes		(1.0)
Plan changes		-
New entrants		24.1
Deviations from expected experience		2.6
Normal Cost, December 31, 2008	**$**	**117.3**

Amounts in millions

Actuarial Accrued Liability

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

	December 31, 2008			December 31, 2007		
	General Service	Police & Fire	Total	General Service	Police & Fire	Total
Active Members						
Pre-retirement Duty Disability	$ 0.5	$ 0.4	$ 0.9	$ 0.5	$ 0.4	$ 0.9
Pre-retirement Non-Duty Disability	8.9	1.0	9.9	7.8	0.8	8.6
Service Retirement	237.3	36.4	273.7	142.1	20.6	162.7
Vested Benefits	33.4	4.0	37.4	20.3	2.1	22.4
Death	3.6	0.4	3.9	2.1	0.2	2.3
Duty Disability Retirement	0.6	0.5	1.1	0.4	0.3	0.7
Non-Duty Disability Retirement	5.7	0.7	6.4	4.2	0.6	4.8
Total Active Members	**$ 289.9**	**$ 43.3**	**$ 333.2**	**$ 177.3**	**$ 25.1**	**$ 202.4**
Dormant Members			$ 3.3			$ 0.6
Retired Members and Beneficiaries			$ 0.3			$ 0.0
Total Actuarial Accrued Liability			**$ 336.8**			**$ 203.0**

Amounts in millions

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

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Liabilities (continued)

		OPSRP
Actuarial Accrued Liability December 31, 2007	**$**	**203.0**
Expected change		102.1
Assumption changes		1.3
Plan changes		-
New entrants		31.0
Deviations from expected experience		
Retirements from active status		1.1
Active mortality and withdrawal		(3.2)
Pay increases		13.3
Other		(11.7)
Total demographic (gains) and losses		(0.6)
Actuarial Accrued Liability December 31, 2008	**$**	**336.8**

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.

		December 31, 2008		December 31, 2007
1. Actuarial accrued liability	$	336.8	$	203.0
2. Actuarial value of assets	$	270.5	$	275.1
3. Unfunded accrued liability	$	66.3	$	(72.1)
4. Funded percentage *(2. ÷ 1.)*		80%		135%
5. Combined valuation payroll	$	8,130.1	$	7,721.8
6. Unfunded accrued liability as % of combined valuation payroll		1%		(1%)

Amounts in millions

Reconciliation of UAL Bases

Beginning with the December 31, 2007 actuarial valuation, each odd-year valuation establishes a 16-year closed-period amortization base for outstanding OPSRP UAL amounts. For odd-year valuations subsequent to December 31, 2007, this amortization base will be calculated based on the total OPSRP UAL as of that valuation date less the remaining unamortized balance of any OPSRP UAL bases established at previous odd-year valuation dates. This even-year advisory valuation shows both the progress of the amortization base established December 31, 2007, and an estimate of the base to be established on December 31, 2009, with the estimate based on experience during 2008.

OPSRP

Amortization Base		UAL, December 31, 2007		Payment		Interest		UAL, December 31, 2008		Next Year's Payment
December 31, 2007	$	(72.1)	$	(6.2)	$	(5.5)	$	(71.4)	$	(6.4)
December 31, 2008		N/A		N/A		N/A		137.6		11.8
Total	**$**	**(72.1)**	**$**	**(6.2)**	**$**	**(5.5)**	**$**	**66.3**	**$**	**5.4**

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Unfunded Accrued Liability (UAL) (continued)

Actuarial Gain or Loss since Prior Valuation

In every actuarial valuation, assumptions are made as to the future experience of the plan and covered group of participants. Whenever there is a difference between the actual experience and that anticipated by the actuarial assumptions, there is a gain or loss to the plan. Gains are the result of experience that is more favorable than anticipated (i.e., serves to reduce the unfunded actuarial liability or increase the surplus), while losses are the result of unfavorable experience. The 2008 liability loss is primarily due to new entrants to the OPSRP program and pay increases greater than anticipated.

The table below develops the actuarial gain or loss for OPSRP for the year ending December 31, 2008.

1.	Expected actuarial accrued liability			
	a.	Actuarial accrued liability at December 31, 2007	$	203.0
	b.	Normal cost at December 31, 2007 (excluding administrative expenses)	$	79.8
	c.	Benefit payments (excluding administrative expenses) for year ending December 31, 2008	$	(0.3)
	d.	Interest	$	22.6
	e.	Expected actuarial accrued liability before changes *(a. + b. + c. + d.)*	$	305.1
	f.	Change in actuarial accrued liability at December 31, 2008, due to assumption changes	$	1.3
	g.	Change in actuarial accrued liability at December 31, 2008, due to plan changes	$	0.0
	h.	Expected actuarial accrued liability at December 31, 2008 *(e. + f. + g.)*	$	306.4
2.	Actuarial accrued liability at December 31, 2008		$	336.8
3.	**Liability gain/(loss) (1.g. - 2)**		**$**	**(30.4)**
4.	Expected actuarial value of assets			
	a.	Actuarial value of assets at December 31, 2007	$	275.1
	b.	Actual contributions for 2008	$	103.5
	c.	Benefit payments and administrative expenses for fiscal year ending December 31, 2008	$	(7.2)
	d.	Interest	$	25.6
	e.	Expected actuarial value of assets at December 31, 2008 *(a. + b. +c. + d. + e.)*	$	397.0
5.	Actuarial value of assets as of December 31, 2008		$	270.5
6.	**Asset gain/(loss) (5. - 4.e.)**		**$**	**(126.5)**
7.	**Net actuarial gain/(loss) (3. + 6.)**		**$**	**(156.8)**

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Unfunded Accrued Liability (UAL) (continued)

Reconciliation of the UAL

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

		OPSRP
UAL, December 31, 2007	**$**	**(72.1)**
Normal Cost (including actual administrative expenses)		86.7
Contributions		(103.5)
Liability (gain) or loss		30.4
Asset (gain) or loss		126.5
Assumption changes		1.3
Plan changes		0.0
Interest @ 8.0%		(3.0)
UAL, December 31, 2008	**$**	**66.3**

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.

	December 31, 2008			December 31, 2007		
Development of Normal Cost Rate	General Service	Police & Fire	Average Rate	General Service	Police & Fire	Average Rate
Normal Cost						
Pre-retirement Disability Benefits	$ 3.1	$ 0.5	$ 3.6	$ 3.3	$ 0.5	$ 3.7
All Other Benefits	92.7	14.4	107.1	66.5	9.6	76.0
Assumed Administrative Expenses	6.0	0.6	6.6	7.8	0.7	8.5
Total Normal Cost	**$ 101.8**	**$ 15.5**	**$ 117.3**	**$ 77.5**	**$ 10.8**	**$ 88.3**
OPSRP Valuation Payroll	$ 1,724.6	$ 179.8	$ 1,904.3	$ 1,333.2	$ 126.7	$ 1,459.9
Normal Cost Rate						
Pre-retirement Disability Benefits	0.18%	0.26%	0.19%	0.24%	0.39%	0.26%
All Other Benefits	5.38%	8.00%	5.62%	4.99%	7.55%	5.21%
Assumed Administrative Expenses	0.35%	0.35%	0.35%	0.58%	0.58%	0.58%
Total Normal Cost	**5.90%**	**8.61%**	**6.16%**	**5.81%**	**8.52%**	**6.05%**

Amounts in millions

UAL Rates

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

	December 31, 2008
	OPSRP
1. Total UAL	$ 66.3
2. Next year's UAL payment	$ 5.4
3. Combined valuation payroll	$ 8,130.1
4. UAL rate (2 ÷ 3)	0.07%

Amounts in millions

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Contribution Rate Development (continued)

Calculated Employer Contribution Rates (Pre-Rate Collar)

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

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

	Advisory July 1, 2011 Rates Calculated as of December 31, 2008		
	General Service	Police & Fire	Average Rate
OPSRP pension contribution rates			
Employer normal cost rate	5.90%	8.61%	6.16%
Employer UAL rate	0.07%	0.07%	0.07%
Total OPSRP pension rate	**5.97%**	**8.68%**	**6.23%**

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Contribution Rate Development (continued)

Calculation of Rate Collar

The rate collar restricts the average OPSRP contribution rate so it generally cannot change by more than the greater of 3 percentage points or 20 percent of the current average OPSRP contribution rate. However, if the funded percentage is below 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.

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

	Advisory July 1, 2011		
	General Service	Police & Fire	Average Rate
1. Current employer contribution rate	5.73%	8.44%	5.97%
2. Size of rate collar			
a. Preliminary size of rate collar (Maximum of 3% or 20% of 1.)			3.00%
b. Funded percentage			80.3%
c. Size of rate collar (If b. < 80% or b. > 120%, 2 x a., otherwise a.)			3.00%
3. July 1, 2011 Minimum contribution rate (1. - 2.c.)			2.97%
4. July 1, 2011 Maximum contribution rate (1. + 2.c.)			8.97%
5. Advisory July 1, 2011 employer contribution rate before collar	5.97%	8.68%	6.23%
6. Advisory July 1, 2011 employer contribution rate after collar	5.97%	8.68%	6.23%
7. Impact of collar (6. - 5.)	**0.00%**	**0.00%**	**0.00%**

Pension Plan Valuation

OPSRP Valuation *(continued)*

OPSRP Contribution Rate Development (continued)

Calculated Employer Contribution Rates (Post-Rate Collar)

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

	Advisory July 1, 2011 Rates Calculated as of December 31, 2008		
	General Service	Police & Fire	Average Rate
OPSRP pension contribution rates			
Employer normal cost rate	5.90%	8.61%	6.16%
Employer UAL rate	0.07%	0.07%	0.07%
Total OPSRP pension rate	**5.97%**	**8.68%**	**6.23%**

Retiree Healthcare Valuation

Retiree Healthcare Assets

Assets

A reconciliation of retiree healthcare assets is shown below.

Reconciliation of Assets[1]		RHIA	RHIPA	Retiree Healthcare Totals
Additions				
1.	Employer contributions	$ 28.0	$ 1.9	$ 29.9
2.	Net investment income	$ (66.1)	$ (2.0)	$ (68.1)
3.	Other	$ (0.0)	$ (0.0)	$ (0.0)
4.	**Total additions**	**$ (38.0)**	**$ (0.1)**	**$ (38.2)**
Deductions				
4.	Healthcare Premium Subsidies	(28.0)	(1.9)	(29.9)
5.	Administrative expenses	(0.9)	(0.1)	(1.0)
6.	**Total deductions**	**(28.9)**	**(2.0)**	**(30.9)**
7.	**Net change**	**(66.9)**	**(2.1)**	**(69.1)**
8.	Net assets held in trust for benefits			
	a. Beginning of year	250.8	7.8	258.6
	b. End of year	**183.8**	**5.7**	**189.5**

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		
	12/31/2008	12/31/2007	Percent Change	12/31/2008	12/31/2007	Percent Change
Normal Cost						
Service Retirement	$ 5.0	$ 5.8	(13.3%)	$ 0.7	$ 0.9	(17.7%)
Vested Benefits	0.5	0.6	(22.2%)	0.0	0.0	0.0%
Duty Disability	0.0	0.0	(18.2%)	0.0	0.0	(29.0%)
Nonduty Disability	0.0	0.1	(45.1%)	0.0	0.1	(35.9%)
Death	0.1	0.1	(14.9%)	0.0	0.0	(9.7%)
Total Normal Cost	**$ 5.6**	**$ 6.6**	**(14.5%)**	**$ 0.8**	**$ 0.9**	**(18.8%)**

Amounts in millions

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

	RHIA	RHIPA
Normal Cost December 31, 2007	**$6.6**	**$0.9**
Expected increase	-	-
Assumption changes	(0.7)	(0.2)
Plan changes	-	-
Deviations from expected experience		
Demographic (gains) or losses	(0.2)	0.0
Normal Cost December 31, 2008	**$5.6**	**$0.8**

Amounts in millions

Retiree Healthcare Valuation

Retiree Healthcare Liabilities *(continued)*

Actuarial Accrued Liability

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

	RHIA			RHIPA		
	12/31/2008	12/31/2007	Percent Change	12/31/2008	12/31/2007	Percent Change
Active						
Service Retirement	$ 79.0	$ 86.5	(8.7%)	$ 12.9	$ 14.8	(12.7%)
Vested Benefits	5.9	7.2	(17.8%)	0.0	0.0	0.0%
Duty Disability	0.1	0.1	(14.6%)	0.1	0.1	(25.3%)
Nonduty Disability	0.6	1.1	(43.3%)	0.6	0.9	(33.1%)
Death	1.4	1.6	(10.5%)	0.2	0.2	(4.3%)
Total Actives	**$ 87.0**	**$ 96.4**	**(9.8%)**	**$ 13.7**	**$ 15.9**	**(13.7%)**
Dormant Members	**18.6**	**20.1**	**(7.8%)**	**0.0**	**0.0**	**0.0%**
Retired Members and Beneficiaries	**388.5**	**383.1**	**1.4%**	**7.5**	**7.3**	**2.5%**
Total Actuarial Accrued Liability	**$ 494.0**	**$ 499.6**	**(1.1%)**	**$ 21.3**	**$ 23.3**	**(8.6%)**

Amounts in millions

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

	RHIA	RHIPA	Total
Actuarial Accrued Liability December 31, 2007	**$ 499.6**	**$ 23.3**	**$ 522.9**
Expected Change	18.0	0.9	18.9
Assumption Changes	(18.7)	(3.7)	(22.4)
Plan changes	-	-	-
Deviations from expected experience			
Demographic (gains) or losses	(4.9)	0.8	(4.0)
Actuarial Accrued Liability December 31, 2008	**$ 494.0**	**$ 21.3**	**$ 515.3**

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		
	12/31/2008	12/31/2007	Percent Change	12/31/2008	12/31/2007	Percent Change
1. Actuarial accrued liability	$ 494.0	$ 499.6	(1.1%)	$ 21.3	$ 23.3	(8.6%)
2. Actuarial value of assets	$ 183.8	$ 250.8	(26.7%)	$ 5.7	$ 7.8	(27.4%)
3. Unfunded accrued liability	$ 310.2	$ 248.8	24.7%	$ 15.6	$ 15.5	0.9%
4. Funded percentage (2. ÷ 1.)	37.2%	50.2%	(25.9%)	26.7%	33.6%	(20.5%)
5. Combined valuation payroll	$ 8,130.2	$ 7,721.8	5.3%	$ 2,217.9	$ 2,080.2	6.6%
6. Unfunded accrued liability as % of combined valuation payroll (3. ÷ 5.)	3.8%	3.2%	18.4%	0.7%	0.7%	(5.4%)

Amounts in millions

Reconciliation of UAL Bases

Beginning with the December 31, 2007 actuarial valuation, each rate-setting valuation establishes an amortization base for outstanding RHIA and RHIPA UAL amounts. For odd-year valuations subsequent to December 31, 2007, this amortization base will be calculated based on the total UAL as of that valuation date less the remaining unamortized balance of any UAL bases established at previous odd-year valuation dates. The amortization base established December 31, 2007 includes only the regular UAL as of that valuation, as the UAL attributable to the change to the Projected Unit Credit cost method is anticipated to be fully amortized by the conclusion of the biennium ending on June 30, 2011. This even-year advisory valuation shows both the progress of the amortization base established December 31, 2007, and an estimate of the base to be established on December 31, 2009, with the estimate based on experience during 2008.

RHIA

Amortization Base	UAL, December 31, 2007	Payment	Interest	UAL, December 31, 2008	Next Year's Payment
December 31, 2007	$ 262.2	$ 32.3	$ 19.6	$ 249.5	$ 33.5
December 31, 2008	N/A	N/A	N/A	60.7	7.5
Total	**$ 262.2**	**$ 32.3**	**$ 19.6**	**$ 310.2**	**$ 41.0**

RHIPA

Amortization Base	UAL, December 31, 2007	Payment	Interest	UAL, December 31, 2008	Next Year's Payment
December 31, 2007	$ 18.0	$ 2.2	$ 1.3	$ 17.1	$ 2.3
December 31, 2008	N/A	N/A	N/A	(1.5)	(0.2)
Total	**$ 18.0**	**$ 2.2**	**$ 1.3**	**$ 15.6**	**$ 2.1**

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, 2007	$ 499.6	$ 23.3	$ 522.9
	b.	Normal cost at December 31, 2007	$ 6.6	$ 0.9	$ 7.5
	c.	Benefit payments for fiscal year ending December 31, 2008	$ (28.0)	$ (1.9)	$ (29.9)
	d.	Interest	$ 39.4	$ 1.9	$ 41.2
	e.	Expected actuarial accrued liability before changes *(a. + b. + c. + d.)*	$ 517.6	$ 24.2	$ 541.8
	f.	Change in actuarial accrued liability at December 31, 2008, due to assumption changes	$ (18.7)	$ (3.7)	$ (22.4)
	g.	Change in actuarial accrued liability at December 31, 2008, due to plan changes	$ -	$ -	$ -
	h.	Expected actuarial accrued liability at December 31, 2008 *(e. + f. + g.)*	$ 498.9	$ 20.4	$ 519.4
2.		Actuarial accrued liability at December 31, 2008	$ 494.0	$ 21.3	$ 515.3
3.		**Liability gain/(loss) (1.h. - 2)**	**$ 4.9**	**$ (0.8)**	**$ 4.0**
4.		Expected actuarial value of assets			
	a.	Actuarial value of assets at December 31, 2007	$ 250.8	$ 7.8	$ 258.6
	b.	Actual contributions for 2008	$ 28.0	$ 1.9	$ 29.9
	c.	Benefit payments and expenses for fiscal year ending December 31, 2008	$ (28.9)	$ (2.0)	$ (30.9)
	d.	Interest	$ 20.0	$ 0.6	$ 20.6
	e.	Expected actuarial value of assets before changes *(a. + b. + c. + d.)*	$ 269.9	$ 8.3	$ 278.2
	f.	Change in actuarial value of assets at December 31, 2008, due to assumption changes	$ -	$ -	$ -
	g.	Change in actuarial value of assets at December 31, 2008, due to plan changes	$ -	$ -	$ -
	h.	Expected actuarial value of assets at December 31, 2008 *(e. + f. + g.)*	$ 269.9	$ 8.3	$ 278.2
5.		Actuarial value of assets at December 31, 2008	$ 183.8	$ 5.7	$ 189.5
6.		**Actuarial asset gain/(loss) (5. - 4.h.)**	**$ (86.1)**	**$ (2.6)**	**$ (88.7)**
7.		**Net actuarial gain/(loss) (3. + 6.)**	**$ (81.2)**	**$ (3.5)**	**$ (84.7)**

Amounts in millions

Retiree Healthcare Valuation

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

Reconciliation of UAL

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

		RHIA		RHIPA
UAL, December 31, 2007	$	248.8	$	15.5
Normal Cost (including actual administrative expenses)		7.5		1.1
Contributions		(28.0)		(1.9)
Liability (gain) or loss		(4.9)		0.8
Asset (gain) or loss		86.1		2.6
Assumption changes		(18.7)		(3.7)
Interest @ 8.0%		19.3		1.2
UAL, December 31, 2008	**$**	**310.2**	**$**	**15.6**

Amounts in millions

Retiree Healthcare Valuation

Retiree Healthcare Contribution Rate Development

Normal Cost Rate

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

	RHIA		RHIPA	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Normal Cost	$ 5.6	$ 6.6	$ 0.8	$ 0.9
Tier 1/Tier 2 Valuation Payroll	$ 6,225.8	$ 6,261.9	$ 1,708.5	$ 1,692.1
Normal Cost Rate	**0.09%**	**0.10%**	**0.05%**	**0.06%**

Amounts in millions

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

	December 31, 2008			
	SLGRP	School Districts	Independent Employers	Retiree Healthcare Total
Tier 1/ Tier 2 Valuation Payroll				
a. Tier 1/Tier 2	$ 3,452.7	$ 2,153.7	$ 619.4	$ 6,225.8
b. State Only Payroll	$ 1,689.8	$ 0.0	$ 18.7	$ 1,708.5
Normal Cost Rate				
a. RHIA	0.09%	0.09%	0.09%	0.09%
b. RHIPA	0.05%	0.00%	0.05%	0.05%
Weighted Average Normal Cost Rate	**0.11%**	**0.09%**	**0.09%**	**0.10%**

Amounts in millions

Retiree Healthcare Valuation

Retiree Healthcare Contribution Rate Development *(continued)*

UAL Rate

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

	December 31, 2008	
	RHIA	RHIPA
1. Total UAL, December 31, 2008	310.2	15.6
2. Next year's UAL payment	41.0	2.1
3. Combined valuation payroll	$ 8,130.1	$ 2,217.9
4. **UAL rate (2 ÷ 3)**	**0.50%**	**0.10%**

Amounts in millions

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

	December 31, 2008			
	SLGRP	School Districts	Independent Employers	Retiree Healthcare Total
Tier 1/ Tier 2 Valuation Payroll				
a. Tier 1/Tier 2	$ 4,521.3	$ 2,815.4	$ 793.4	$ 8,130.1
b. State Only Payroll	$ 2,199.2	$ 0	$ 18.7	$ 2,217.9
UAL Rate				
a. RHIA - Reg	0.50%	0.50%	0.50%	0.50%
b. RHIPA - Reg	0.10%	0.00%	0.10%	0.10%
Average UAL Rate	**0.55%**	**0.50%**	**0.51%**	**0.53%**

Amounts in millions

Retiree Healthcare Valuation

Retiree Healthcare Contribution Rate Development *(continued)*

Calculated Employer Contribution Rate Summary

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

	December 31, 2008		
	State Agencies and Judiciary	All Other Employers	Retiree Healthcare Total
Normal Cost Rates			
RHIA	0.09%	0.09%	0.09%
RHIPA	0.05%	0.00%	0.01%
Total normal cost rate	**0.14%**	**0.09%**	**0.10%**
UAL Rates			
RHIA	0.50%	0.50%	0.50%
RHIPA	0.10%	0.00%	0.03%
Total UAL rate	**0.60%**	**0.50%**	**0.53%**
Total retiree healthcare rate	**0.74%**	**0.59%**	**0.63%**

Accounting/CAFR Exhibits

The following information as of December 31, 2008, has been prepared and provided to Oregon PERS for inclusion in the Actuarial Section of the 2009 Comprehensive Annual Financial Report (CAFR):

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

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

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

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

The exhibits are provided on the following pages.

Accounting/CAFR Exhibits

Actuarial Schedules

Schedule of Active Member Valuation Data

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

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

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

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

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

Annual Allowances are shown in thousands.

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

[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 five actuarial valuations are as follows **(dollar amounts in millions)**:

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

Notes:

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

2 *Excludes effect of Multnomah Fire District (net UAAL of $149 million as of 12/31/2008).*

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

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

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

Accounting/CAFR Exhibits

Solvency Test

Pension and Retiree Healthcare Plans

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

[1] *Includes effect of Multnomah Fire District (net UAAL of $149 million as of 12/31/2008).*

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

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

[4] *The 2001 valuation was revised to include the impact of PERS Reform Legislation enacted in 2003. Figures through 12/31/2003 do no reflect the judicial review or subsequent Board action.*

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

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

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

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

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

Accounting/CAFR Exhibits

Actuarial Schedules

Analysis of Financial Experience

Gains and Losses in Accrued Liability During Year Ended 2008 Resulting from Differences Between Assumed Experience and Actual Experience

	$ Gain (or Loss) for Year	
Pension and Retiree Healthcare Plans	2008	2007
Type of Activity		
Retirements from Active Status	$ (109.7)	$ (96.2)
Active Mortality and Withdrawal	19.6	64.3
Pay Increases	(93.3)	(68.6)
Contributions	119.3	65.4
Interest Crediting Experience	701.2	72.5
Investment Income	(15,861.8)	327.2
Retirement, Mortality and Lump Sums from Dormant Status	137.7	124.5
Retiree and Beneficiary Mortality	(69.7)	(82.9)
Data Corrections	-	54.7
Other	119.2	84.3
Gain (or Loss) During Year From Financial Experience	**$ (15,037.5)**	**$ 545.3**
Non-Recurring Items		
Assumption Changes	(263.7)	-
Composite Gain (or Loss) During Year	**$ (15,301.2)**	**$ 545.3**

Accounting/CAFR Exhibits

GASB Nos. 25 and 43 Required Supplementary Information

Schedules of Funding Progress

(dollar amounts in millions)

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

Notes:

[1] *Includes UAAL for Multnomah Fire District ($149 million as of 12/31/2008)*

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

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

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

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

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

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

[8] *Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective 1/1/2008.*

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[1,2]	Percentage Contributed
Pension Benefits - Tier 1/Tier 2 and OPSRP		
12/31/2006	$938.6	63%
12/31/2007	$805.7	74%
12/31/2008	$707.4	100%[3]
Postemployment Healthcare Benefits - Retirement Health Insurance Account		
12/31/2006	$44.3	89%
12/31/2007	$38.8	91%
12/31/2008	$33.0	85%
Postemployment Healthcare Benefits - Retiree Health Insurance Premium Account		
12/31/2006	$2.5	90%
12/31/2007	$2.7	79%
12/31/2008	$2.9	63%

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

2 *The Annual Required Contribution shown is an estimated amount based on system-wide contribution rates in effect for the year in question and system payroll as reported by PERS. For example, the 2008 pension benefits ARC is based on rates developed in the 12/31/2005 actuarial valuation and 2008 payroll as reported by PERS.*

3 *Commencing 7/1/2007, system employers generally contribute 100% of the Annual Required Contribution, as a percent of pay. The actual dollar amount contributed in a given calendar year can vary from the estimated Annual Required Contribution based on factors such as month-to-month variations in payroll and timing of contributions.*

Accounting/CAFR Exhibits

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

Notes to Required Supplementary Schedules

Valuation Date:	December 31, 2008
Actuarial Cost Method:	Projected Unit Credit
Amortization Method	The UAL is amortized as a level percentage of payroll. The Tier 1/Tier 2 regular UAL and Retiree Healthcare regular UAL as of December 31, 2007 are amortized over a closed period. For the Tier 1/Tier 2 UAL, this period is 20 years; for Retiree Healthcare it is 10 years. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years (10 years for Retiree Healthcare) from the odd-year valuation in which they are first recognized. Contribution rates effective July 1, 2007 through June 30, 2011 reflect an accelarated amortization of the change in UAL due to the change from Entry Age Normal to Projected Unit Credit on December 31, 2004. Gains and losses for OPSRP benefits are amortized over a closed 16 years from the odd-year valuation in which they are first recognized.
Equivalent Single Amortization Period:	
Pension	3 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, 2007 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 7.0 percent in 2009 to 4.5 percent in 2029.
Cost-of-Living Adjustments:	2.00 percent
Method used to Value Assets:	The actuarial value of assets equals the fair market value of assets, excluding the Contingency, Capital Preservation and Rate Guarantee Reserves.

Data

This valuation is based upon the membership of the System as of December 31, 2008.

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
Tier 1	$ 1,653,035,760	$ 295,438,966	$1,948,474,726
Tier 2	1,227,072,931	277,111,378	1,504,184,309
Tier 1/Tier 2 Valuation Payroll	2,880,108,691	572,550,344	3,452,659,035
OPSRP Valuation Payroll	928,023,814	140,630,384	1,068,654,198
Combined Valuation Payroll	**$ 3,808,132,505**	**$ 713,180,728**	**$4,521,313,233**

	December 31				
	2008				2007
	Tier 1	Tier 2	OPSRP	Total	
Active Members					
General Service	26,904	24,210	23,970	75,084	73,522
Police & Fire	3,954	4,422	2,910	11,286	10,785
Total	30,858	28,632	26,880	86,370	84,307
Average Age	52.5	45.9	39.8	46.4	46.2
Average Service	19.4	8.3	2.6	10.5	10.4
Average Valuation Pay	$ 63,143	$ 52,535	$ 39,756	$ 52,348	$ 50,579
Active Members outside the Pool with previous Segments in the Pool					
General Service	6,588	3,719		10,307	10,680
Police & Fire	521	389		910	926
Total	7,109	4,108		11,217	11,606
Average Age	51.5	42.4		48.2	47.7
Average Service	2.4	1.5		2.1	2.0
Dormant Members[1]					
General Service	14,332	10,657	278	25,267	26,190
Police & Fire	681	612	27	1,320	1,352
Total	15,013	11,269	305	26,587	27,542
Average Age	53.7	46.4	50.0	50.6	49.8
Average Monthly Benefit	$ 1,641	$ 388	$ 152	$ 1,093	$ 1,087
Retired Members and Beneficiaries[1]					
General Service	52,523	1,179	3	53,705	52,265
Police & Fire	6,982	231	0	7,213	6,979
Total	59,505	1,410	3	60,918	59,244
Average Age	69.4	63.6	66.5	69.3	69.1
Average Monthly Benefit	$ 1,749	$ 510	24	$ 1,720	$ 1,690
Grand Total Number of Members	**112,485**	**45,419**	**27,188**	**185,092**	**182,699**

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

Data

System Wide Data Exhibits *(continued)*

Valuation Pay and Census Exhibit (continued)

School District Pool

	General Service	Police & Fire	Total
Tier 1	$ 1,267,978,330	$ 2,982,080	$1,270,960,410
Tier 2	881,569,488	1,196,844	882,766,332
Tier 1/Tier 2 Valuation Payroll	2,149,547,818	4,178,924	2,153,726,742
OPSRP Valuation Payroll	660,870,643	806,358	661,677,001
Combined Valuation Payroll	**$ 2,810,418,461**	**$ 4,985,282**	**$2,815,403,743**

	December 31				
	2008				2007
	Tier 1	Tier 2	OPSRP	Total	
Active Members					
General Service	24,523	22,611	22,779	69,913	68,555
Police & Fire	52	28	19	99	91
Total	24,575	22,639	22,798	70,012	68,646
Average Age	52.5	45.2	39.9	46.0	45.9
Average Service	19.1	8.0	2.7	10.2	10.1
Average Valuation Pay	$ 51,718	$ 38,993	$ 29,023	$ 40,213	$ 39,235
Active Members outside the Pool with previous Segments in the Pool					
General Service	2,547	1,466		4,013	4,038
Police & Fire	13	8		21	18
Total	2,560	1,474		4,034	4,056
Average Age	52.7	43.2		49.2	48.8
Average Service	4.5	2.3		3.7	3.5
Dormant Members[1]					
General Service	8,801	7,321	161	16,283	16,761
Police & Fire	52	28	0	80	81
Total	8,853	7,349	161	16,363	16,842
Average Age	54.3	46.1	54.6	50.6	50.0
Average Monthly Benefit	$ 1,337	$ 330	$ 91	$ 872	$ 877
Retired Members and Beneficiaries[1]					
General Service	53,389	595	1	53,985	52,899
Police & Fire	121	12	0	133	126
Total	53,510	607	1	54,118	53,025
Average Age	70.5	64.1	57.0	70.4	70.1
Average Monthly Benefit	$ 1,834	$ 464	174	$ 1,819	$ 1,771
Grand Total Number of Members	**89,498**	**32,069**	**22,960**	**144,527**	**142,569**

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

Data

System Wide Data Exhibits *(continued)*

Valuation Pay and Census Exhibit (continued)

Independents

	General Service	Police & Fire	Total
Tier 1	$ 235,893,200	$ 109,655,044	$ 345,548,244
Tier 2	188,618,131	85,237,910	273,856,041
Tier 1/Tier 2 Valuation Payroll	424,511,331	194,892,954	619,404,285
OPSRP Valuation Payroll	135,678,905	38,336,326	174,015,231
Combined Valuation Payroll	**$ 560,190,236**	**$ 233,229,280**	**$ 793,419,516**

	December 31				
	2008				2007
	Tier 1	Tier 2	OPSRP	Total	
Active Members					
General Service	3,873	3,676	3,495	11,044	10,965
Police & Fire	1,296	1,166	681	3,143	3,105
Total	5,169	4,842	4,176	14,187	14,070
Average Age	51.6	44.4	39.4	45.6	45.4
Average Service	18.9	8.3	2.7	10.5	10.4
Average Valuation Pay	$ 66,850	$ 56,558	$ 41,670	$ 55,926	$ 54,323
Active Members outside the Pool with previous Segments in the Pool					
General Service	1,815	1,291		3,106	3,115
Police & Fire	419	302		721	745
Total	2,234	1,593		3,827	3,860
Average Age	50.8	42.3		47.3	46.7
Average Service	4.1	2.2		3.3	3.1
Dormant Members[1]					
General Service	1,961	1,518	55	3,534	3,651
Police & Fire	233	149	8	390	385
Total	2,194	1,667	63	3,924	4,036
Average Age	53.0	46.6	52.6	50.3	49.3
Average Monthly Benefit	$ 1,338	$ 391	$ 177	$ 917	$ 934
Retired Members and Beneficiaries[1]					
General Service	7,265	222	0	7,487	7,183
Police & Fire	2,359	38	0	2,397	2,312
Total	9,624	260	0	9,884	9,495
Average Age	68.3	63.8	.0	68.2	68.1
Average Monthly Benefit	$ 1,766	$ 443	0	$ 1,731	$ 1,685
Grand Total Number of Members	**19,221**	**8,362**	**4,239**	**31,822**	**31,461**

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

Data

System Wide Data Exhibits *(continued)*

Valuation Pay and Census Exhibit (continued)

Total

	General Service	Police & Fire	Total
Tier 1	$ 3,156,907,290	$ 408,076,090	$ 3,564,983,380
Tier 2	2,297,260,550	363,546,132	2,660,806,682
Tier 1/Tier 2 Valuation Payroll	5,454,167,840	771,622,222	6,225,790,062
OPSRP Valuation Payroll	1,724,573,362	179,773,068	1,904,346,430
Combined Valuation Payroll	**$ 7,178,741,202**	**$ 951,395,290**	**$ 8,130,136,492**

	December 31				
	2008				2007
	Tier 1	Tier 2	OPSRP	Total	
Active Members					
General Service	55,300	50,497	50,244	156,041	153,042
Police & Fire	5,302	5,616	3,610	14,528	13,981
Total	60,602	56,113	53,854	170,569	167,023
Average Age	52.4	45.5	39.8	46.1	46.0
Average Service	19.2	8.2	2.7	10.4	10.3
Average Valuation Pay	$ 58,826	$ 47,419	$ 35,361	$ 47,665	$ 46,232
Dormant Members[1]					
General Service	25,094	19,496	494	45,084	46,602
Police & Fire	966	789	35	1,790	1,818
Total	26,060	20,285	529	46,874	48,420
Average Age	53.8	46.3	51.7	50.6	49.8
Average Monthly Benefit	$ 1,512	$ 367	$ 136	$ 1,001	$ 1,001
Retired Members and Beneficiaries[1]					
General Service	113,177	1,996	4	115,177	112,347
Police & Fire	9,462	281	0	9,743	9,417
Total	122,639	2,277	4	124,920	121,764
Average Age	69.8	63.8	64.1	69.7	69.5
Average Monthly Benefit	$ 1,787	$ 490	$ 62	$ 1,764	$ 1,725
Grand Total Number of Members	**209,301**	**78,675**	**54,387**	**342,363**	**337,207**

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

Data

System Wide Data Exhibits *(continued)*

Age/Service and Valuation Payroll by Tier and Job Class

Tier 1 General Service Active Members

		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	**Total**
20-24		0	0	0	0	0	0	0	0	0	**0**
	$	0	0	0	0	0	0	0	0	0	**0**
25-29		0	0	0	0	0	0	0	0	0	**0**
	$	0	0	0	0	0	0	0	0	0	**0**
30-34		0	20	150	14	0	0	0	0	0	**184**
	$	0	38,614	46,594	*	0	0	0	0	0	**45,862**
35-39		10	124	1,458	423	9	0	0	0	0	**2,024**
	$	*	37,202	55,204	54,343	*	0	0	0	0	**53,836**
40-44		7	190	1,997	2,332	458	14	0	0	0	**4,998**
	$	*	39,249	56,594	61,442	57,208	*	0	0	0	**58,245**
45-49		17	207	2,328	3,343	2,527	548	12	0	0	**8,982**
	$	*	41,322	52,270	58,522	62,997	58,362	*	0	0	**57,782**
50-54		14	220	2,932	4,614	3,387	2,922	453	4	0	**14,546**
	$	*	40,240	49,550	55,992	62,137	64,746	60,885	*	0	**57,768**
55-59		12	187	2,791	5,046	3,881	2,737	1,114	96	1	**15,865**
	$	*	42,424	48,913	54,604	59,973	65,277	68,121	64,960	*	**57,645**
60-64		11	106	1,303	2,578	1,780	966	366	74	10	**7,194**
	$	*	40,628	50,452	55,661	58,452	61,824	71,829	78,110	*	**57,053**
65-69		4	31	263	427	317	137	62	24	13	**1,278**
	$	*	30,296	48,588	54,357	61,745	66,498	59,558	69,165	*	**56,359**
70-74		1	10	47	59	35	14	8	3	6	**183**
	$	*	*	*	*	*	*	*	*	*	*****
75+		0	1	14	17	6	3	3	0	2	**46**
	$	0	*	*	*	*	*	*	0	*	*****
Total		**76**	**1,096**	**13,283**	**18,853**	**12,400**	**7,341**	**2,018**	**201**	**32**	**55,300**
	$	**51,040**	**39,624**	**51,381**	**56,393**	**60,706**	**63,945**	**66,513**	**68,996**	**48,914**	**57,230**

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

Data

System Wide Data Exhibits *(continued)*

Age/Service and Valuation Payroll by Tier and Job Class (continued)

Tier 2 General Service Active Members

		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	**Total**
20-24		27	30	0	0	0	0	0	0	0	**57**
	$	23,905	23,693	0	0	0	0	0	0	0	**23,793**
25-29		473	862	24	0	0	0	0	0	0	**1,359**
	$	35,868	38,482	41,939	0	0	0	0	0	0	**37,633**
30-34		886	4,772	543	0	0	0	0	0	0	**6,201**
	$	39,780	46,450	49,545	0	0	0	0	0	0	**45,768**
35-39		598	5,632	1,872	0	0	0	0	0	0	**8,102**
	$	37,501	49,409	54,577	0	0	0	0	0	0	**49,724**
40-44		472	5,074	1,746	0	0	0	0	0	0	**7,292**
	$	37,822	47,441	53,253	0	0	0	0	0	0	**48,210**
45-49		429	5,519	2,036	0	0	0	0	0	0	**7,984**
	$	37,395	44,361	50,122	0	0	0	0	0	0	**45,456**
50-54		362	5,385	2,319	0	0	0	0	0	0	**8,066**
	$	34,803	44,100	46,969	0	0	0	0	0	0	**44,508**
55-59		303	4,302	2,000	0	0	0	0	0	0	**6,605**
	$	35,847	45,247	48,907	0	0	0	0	0	0	**45,924**
60-64		177	2,370	1,072	0	0	0	0	0	0	**3,619**
	$	37,269	46,757	49,823	0	0	0	0	0	0	**47,201**
65-69		54	615	269	0	0	0	0	0	0	**938**
	$	30,103	41,231	46,747	0	0	0	0	0	0	**42,172**
70-74		7	145	45	0	0	0	0	0	0	**197**
	$	*	*	*	0	0	0	0	0	0	*****
75+		7	57	13	0	0	0	0	0	0	**77**
	$	*	*	*	0	0	0	0	0	0	*****
Total		**3,795**	**34,763**	**11,939**	**0**	**0**	**0**	**0**	**0**	**0**	**50,497**
	$	**37,117**	**45,671**	**50,074**	**0**	**0**	**0**	**0**	**0**	**0**	**46,069**

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

Data

System Wide Data Exhibits *(continued)*

Age/Service and Valuation Payroll by Tier and Job Class (continued)

Tier 1 Police and Fire Active Members

		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	**Total**
20-24		0	0	0	0	0	0	0	0	0	**0**
	$	0	0	0	0	0	0	0	0	0	**0**
25-29		0	0	1	0	0	0	0	0	0	**1**
	$	0	0	*	0	0	0	0	0	0	*****
30-34		0	3	27	0	0	0	0	0	0	**30**
	$	0	*	78,519	0	0	0	0	0	0	**73,714**
35-39		0	8	473	118	1	0	0	0	0	**600**
	$	0	*	78,930	82,619	*	0	0	0	0	**79,220**
40-44		0	6	436	641	106	0	0	0	0	**1,189**
	$	0	*	77,042	82,000	80,130	0	0	0	0	**79,810**
45-49		0	1	218	519	474	80	2	0	0	**1,294**
	$	0	*	73,611	77,615	84,068	84,708	*	0	0	**79,749**
50-54		0	3	141	308	364	291	45	0	0	**1,152**
	$	0	*	67,322	73,436	81,499	86,646	88,234	0	0	**79,110**
55-59		0	3	88	216	197	140	69	2	0	**715**
	$	0	*	64,077	68,745	75,898	79,980	82,954	*	0	**73,729**
60-64		0	2	46	88	82	36	10	8	1	**273**
	$	0	*	63,133	65,482	69,529	73,664	*	*	*	**68,828**
65-69		0	0	10	17	8	4	1	0	0	**40**
	$	0	0	*	*	*	*	*	0	0	*****
70-74		0	0	3	1	1	0	2	0	0	**7**
	$	0	0	*	*	*	0	*	0	0	*****
75+		0	0	0	1	0	0	0	0	0	**1**
	$	0	0	0	*	0	0	0	0	0	*****
Total		**0**	**26**	**1,443**	**1,909**	**1,233**	**551**	**129**	**10**	**1**	**5,302**
	$	**0**	**47,433**	**74,302**	**76,387**	**80,058**	**83,194**	**82,721**	*****	*****	**77,436**

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

Data

System Wide Data Exhibits *(continued)*

Age/Service and Valuation Payroll by Tier and Job Class (continued)

Tier 2 Police and Fire Active Members

		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	**Total**
20-24		1	0	0	0	0	0	0	0	0	**1**
	$	*	0	0	0	0	0	0	0	0	*****
25-29		29	134	6	0	0	0	0	0	0	**169**
	$	51,455	64,163	*	0	0	0	0	0	0	**61,609**
30-34		64	988	179	0	0	0	0	0	0	**1,231**
	$	56,632	68,040	72,422	0	0	0	0	0	0	**68,084**
35-39		37	978	597	0	0	0	0	0	0	**1,612**
	$	56,616	68,130	73,719	0	0	0	0	0	0	**69,936**
40-44		17	580	409	0	0	0	0	0	0	**1,006**
	$	*	65,184	70,666	0	0	0	0	0	0	**67,237**
45-49		9	363	219	0	0	0	0	0	0	**591**
	$	*	61,988	64,145	0	0	0	0	0	0	**62,437**
50-54		8	275	179	0	0	0	0	0	0	**462**
	$	*	57,972	64,088	0	0	0	0	0	0	**60,285**
55-59		10	209	112	0	0	0	0	0	0	**331**
	$	*	57,474	60,004	0	0	0	0	0	0	**58,115**
60-64		7	113	53	0	0	0	0	0	0	**173**
	$	*	62,394	56,103	0	0	0	0	0	0	**59,749**
65-69		1	20	8	0	0	0	0	0	0	**29**
	$	*	0	*	0	0	0	0	0	0	*****
70-74		0	5	2	0	0	0	0	0	0	**7**
	$	0	*	*	0	0	0	0	0	0	*****
75+		0	3	1	0	0	0	0	0	0	**4**
	$	0	*	*	0	0	0	0	0	0	*****
Total		**183**	**3,668**	**1,765**	**0**	**0**	**0**	**0**	**0**	**0**	**5,616**
	$	**53,593**	**64,822**	**68,788**	**0**	**0**	**0**	**0**	**0**	**0**	**65,702**

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

Data

System Wide Data Exhibits *(continued)*

Age/Service and Valuation Payroll by Tier and Job Class (continued)

All Tier 1/Tier 2 Active Members

		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	**Total**
20-24		28	30	0	0	0	0	0	0	0	**58**
	$	25,192	23,693	0	0	0	0	0	0	0	**24,416**
25-29		502	996	31	0	0	0	0	0	0	**1,529**
	$	36,769	41,937	45,788	0	0	0	0	0	0	**40,318**
30-34		950	5,783	899	14	0	0	0	0	0	**7,646**
	$	40,915	50,103	54,478	*	0	0	0	0	0	**49,473**
35-39		645	6,742	4,400	541	10	0	0	0	0	**12,338**
	$	38,555	51,900	60,000	60,511	*	0	0	0	0	**54,474**
40-44		496	5,850	4,588	2,973	564	14	0	0	0	**14,485**
	$	38,656	48,928	58,520	65,874	61,516	*	0	0	0	**55,588**
45-49		455	6,090	4,801	3,862	3,001	628	14	0	0	**18,851**
	$	38,604	45,312	52,870	61,088	66,325	61,719	*	0	0	**54,215**
50-54		384	5,883	5,571	4,922	3,751	3,213	498	4	0	**24,226**
	$	34,965	44,611	49,393	57,083	64,016	66,729	63,356	*	0	**54,416**
55-59		325	4,701	4,991	5,262	4,078	2,877	1,183	98	1	**23,516**
	$	37,942	45,681	49,427	55,185	60,742	65,992	68,986	65,727	*	**54,849**
60-64		195	2,591	2,474	2,666	1,862	1,002	376	82	11	**11,259**
	$	37,858	47,193	50,536	55,985	58,940	62,249	72,051	79,950	*	**54,213**
65-69		59	666	550	444	325	141	63	24	13	**2,285**
	$	29,947	39,484	46,097	52,276	60,225	64,611	58,613	69,165	*	**48,834**
70-74		8	160	97	60	36	14	10	3	6	**394**
	$	*	0	0	0	0	*	*	*	*	**0**
75+		7	61	28	18	6	3	3	0	2	**128**
	$	*	0	0	*	*	*	*	0	*	**0**
Total		**4,054**	**39,553**	**28,430**	**20,762**	**13,633**	**7,892**	**2,147**	**211**	**33**	**116,715**
	$	**38,122**	**47,281**	**53,076**	**58,231**	**62,456**	**65,289**	**67,487**	**70,375**	**50,086**	**53,727**

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

Data

System Wide Data Exhibits *(continued)*

Age/Service and Valuation Payroll by Rate Pool

Tier 1/ Tier 2 SLGRP Active Members

		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	**Total**
20-24		17	19	0	0	0	0	0	0	0	**36**
	$	*	*	0	0	0	0	0	0	0	**0**
25-29		173	582	24	0	0	0	0	0	0	**779**
	$	34,624	43,846	42,884	0	0	0	0	0	0	**0**
30-34		302	2,689	579	7	0	0	0	0	0	**3,577**
	$	41,498	51,912	55,601	*	0	0	0	0	0	**0**
35-39		234	3,355	2,315	376	7	0	0	0	0	**6,287**
	$	41,307	54,493	61,606	60,272	*	0	0	0	0	**0**
40-44		186	2,934	2,529	1,503	374	8	0	0	0	**7,534**
	$	41,869	53,988	60,789	67,400	62,338	*	0	0	0	**0**
45-49		171	2,920	2,559	2,029	1,479	413	12	0	0	**9,583**
	$	41,747	53,338	59,229	63,992	67,164	62,351	*	0	0	**0**
50-54		164	2,874	2,665	2,420	2,003	1,356	321	3	0	**11,806**
	$	39,386	52,517	57,486	63,439	67,405	67,571	63,892	*	0	**0**
55-59		139	2,475	2,501	2,459	2,141	1,401	615	62	1	**11,794**
	$	40,987	52,556	56,226	61,538	66,264	69,540	68,390	64,823	*	**0**
60-64		109	1,507	1,412	1,429	1,054	585	246	46	8	**6,396**
	$	39,545	52,235	55,330	61,744	63,883	68,087	78,803	77,761	*	**0**
65-69		29	371	329	276	210	97	35	18	11	**1,376**
	$	36,944	45,260	51,325	56,733	66,318	72,771	75,514	*	*	**0**
70-74		5	97	51	40	26	11	8	2	5	**245**
	$	*	*	*	*	*	*	*	*	*	*
75+		2	36	17	14	2	3	2	0	1	**77**
	$	*	*	*	*	*	*	*	0	*	*
Total		**1,531**	**19,859**	**14,981**	**10,553**	**7,296**	**3,874**	**1,239**	**131**	**26**	**59,490**
	$	**39,909**	**52,323**	**58,072**	**62,815**	**65,955**	**67,666**	**68,972**	**69,841**	**49,405**	**58,367**

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

Data

System Wide Data Exhibits *(continued)*

Age/Service and Valuation Payroll by Rate Pool (continued)

Tier 1/Tier 2 School District Active Members

		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	**Total**
20-24		7	6	0	0	0	0	0	0	0	**13**
	$	*	*	0	0	0	0	0	0	0 *****	
25-29		301	292	4	0	0	0	0	0	0	**597**
	$	38,099	33,993	*	0	0	0	0	0	0	**0**
30-34		600	2,512	195	2	0	0	0	0	0	**3,309**
	$	40,023	45,359	44,455	*	0	0	0	0	0	**0**
35-39		373	2,715	1,594	93	0	0	0	0	0	**4,775**
	$	35,975	46,261	54,319	49,974	0	0	0	0	0	**0**
40-44		283	2,353	1,597	1,156	118	3	0	0	0	**5,510**
	$	35,638	40,389	51,476	61,831	56,887	*	0	0	0	**0**
45-49		251	2,717	1,886	1,478	1,249	157	2	0	0	**7,740**
	$	34,276	34,939	42,451	55,071	63,346	54,385	*	0	0	**0**
50-54		201	2,587	2,459	2,106	1,390	1,622	132	1	0	**10,498**
	$	29,357	34,500	38,775	48,201	58,038	64,735	61,125	*	0	**0**
55-59		156	1,876	2,079	2,393	1,616	1,272	483	27	0	**9,902**
	$	32,575	35,552	39,424	47,584	52,335	61,567	68,713	67,641	0	**0**
60-64		71	866	849	1,047	657	357	109	29	1	**3,986**
	$	31,334	36,863	40,940	46,966	49,821	51,705	56,157	81,842	*	**0**
65-69		24	239	176	128	96	36	23	5	2	**729**
	$	21,311	30,191	36,751	42,948	49,265	47,019	37,493	*	*	**0**
70-74		3	51	39	13	6	3	1	0	1	**117**
	$	*	*	*	*	*	*	*	0	*	*
75+		5	20	8	2	2	0	1	0	0	**38**
	$	*	*	*	*	*	0	*	0	0	*
Total		**2,275**	**16,234**	**10,886**	**8,418**	**5,134**	**3,450**	**751**	**62**	**4**	**47,214**
	$	**35,792**	**39,093**	**43,745**	**50,804**	**56,202**	**61,488**	**64,356**	**71,918**	*****	**46,038**

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

Data

System Wide Data Exhibits *(continued)*

Age/Service and Valuation Payroll by Rate Pool (continued)

Tier 1/Tier 2 Independent Employers Active Members

		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	**Total**
20-24		4	5	0	0	0	0	0	0	0	**9**
	$	*	*	0	0	0	0	0	0	0	*****
25-29		28	122	3	0	0	0	0	0	0	**153**
	$	35,723	51,844	*	0	0	0	0	0	0	**0**
30-34		48	582	125	5	0	0	0	0	0	**760**
	$	48,409	62,221	64,914	*	0	0	0	0	0	**0**
35-39		38	672	491	72	3	0	0	0	0	**1,276**
	$	46,924	61,738	70,869	75,368	*	0	0	0	0	**0**
40-44		27	563	462	314	72	3	0	0	0	**1,441**
	$	48,154	58,245	70,453	73,453	64,834	*	0	0	0	**0**
45-49		33	453	356	355	273	58	0	0	0	**1,528**
	$	55,238	55,788	62,358	69,543	75,410	77,066	0	0	0	**0**
50-54		19	422	447	396	358	235	45	0	0	**1,922**
	$	*	52,754	59,550	65,477	68,271	75,638	66,081	0	0	**0**
55-59		30	350	411	410	321	204	85	9	0	**1,820**
	$	51,737	51,361	58,654	61,443	66,235	69,223	74,846	*	0	**0**
60-64		15	218	213	190	151	60	21	7	2	**877**
	$	*	53,373	57,007	62,371	64,115	68,069	75,451	*	*	**0**
65-69		6	56	45	40	19	8	5	1	0	**180**
	$	*	40,884	44,435	51,368	*	*	*	*	0	**0**
70-74		0	12	7	7	4	0	1	1	0	**32**
	$	0	*	*	*	*	0	*	*	0	*
75+		0	5	3	2	2	0	0	0	1	**13**
	$	0	*	*	*	*	0	0	0	*	*
Total		**248**	**3,460**	**2,563**	**1,791**	**1,203**	**568**	**157**	**18**	**3**	**10,011**
	$	**48,462**	**56,755**	**63,508**	**66,127**	**67,930**	**72,161**	**70,747**	*****	*****	**62,411**

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

Data

System Wide Data Exhibits *(continued)*

Age/Service and Valuation Payroll by Rate Pool (continued)

OPSRP Active Members Age and Valuation Payroll

Age	General Service	Police and Fire	Total
<20	59		59
	$ 11,546		$ 11,546
20-24	2,165	193	2,358
	$ 22,905	$ 41,352	$ 24,415
25-29	8,974	1,050	10,024
	$ 33,018	$ 51,385	$ 34,942
30-34	8,129	843	8,972
	$ 36,852	$ 52,521	$ 38,324
35-39	6,895	561	7,456
	$ 37,114	$ 49,912	$ 38,077
40-44	6,333	318	6,651
	$ 34,654	$ 47,539	$ 35,270
45-49	5,959	245	6,204
	$ 34,111	$ 47,705	$ 34,648
50-54	5,047	173	5,220
	$ 34,767	$ 50,617	$ 35,292
55-59	3,828	136	3,964
	$ 36,115	$ 48,439	$ 36,538
60-64	2,075	68	2,143
	$ 34,525	$ 50,176	$ 35,022
65-69	550	19	569
	$ 26,261		$ 25,384
70-74	154	2	156
			$ -
75+	76	2	78
			-
TOTAL	**50,244**	**3,610**	**53,854**
	$ 34,324	**$ 49,799**	**$ 35,361**

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

Data

System Wide Data Exhibits *(continued)*

Inactive Member Data 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	0	0
20-24	111	51
25-29	914	225
30-34	2,858	572
35-39	4,029	988
40-44	4,212	1,267
45-49	5,473	1,375
50-54	7,761	1,460
55-59	8,945	1,283
60-64	4,770	818
65-69	1,722	611
70-74	525	335
75+	628	354
Total	**41,948**	**1,117**

Benefits in Force

	Count	Average Monthly Benefit
0-45	530	1,202
45-49	399	1,525
50-54	1,750	2,738
55-59	10,092	2,954
60-64	22,113	2,615
65-69	21,957	2,264
70-74	16,628	1,967
75-79	12,746	1,645
80-84	10,389	1,294
85-90	7,164	969
90-94	3,002	765
95-99	762	727
100+	111	576
Total	**107,643**	**2,047**

OPSRP

Dormants

	Count	Average Monthly Benefit
0-20	0	0
20-24	7	97
25-29	52	162
30-34	58	194
35-39	60	210
40-44	40	190
45-49	29	162
50-54	47	186
55-59	35	182
60-64	21	181
65-69	99	56
70-74	60	38
75+	21	13
Total	**529**	**137**

Benefits in Force

	Count	Average Monthly Benefit
0-45	0	0
45-49	0	0
50-54	0	0
55-59	1	2,093
60-64	0	0
65-69	3	282
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	**4**	**0**

Data

System Wide Data Exhibits *(continued)*

Inactive Member Data Exhibits (continued)

System-Wide Totals

Dormants

	Count	Average Monthly Benefit
0-20	0	0
20-24	118	53
25-29	966	222
30-34	2,916	565
35-39	4,089	977
40-44	4,252	1,257
45-49	5,502	1,368
50-54	7,808	1,453
55-59	8,980	1,279
60-64	4,791	815
65-69	1,821	581
70-74	585	305
75+	649	343
Total	**42,477**	**1,105**

Benefits in Force

	Count	Average Monthly Benefit
0-45	530	1,202
45-49	399	1,525
50-54	1,750	2,738
55-59	10,093	2,954
60-64	22,113	2,615
65-69	21,960	2,264
70-74	16,628	1,967
75-79	12,746	1,645
80-84	10,389	1,294
85-90	7,164	969
90-94	3,002	765
95-99	762	727
100+	111	576
Total	**107,647**	**2,047**

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, 2008 and 2009, actuarial valuations of PERS Tier 1/Tier 2 benefits. The actuarial methods and procedures were first adopted effective December 31, 2004.

<table>
<tr><td>Actuarial cost method</td><td>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.</td></tr>
<tr><td>Amortization of change in Unfunded Actuarial Liability (UAL) due to change in actuarial cost method (PUC change UAL)</td><td>Contribution rates effective July 1, 2007 through June 30 2011 reflect an accelerated amortization of the change in UAL that occurred when the PUC cost method was first adopted for the December 31, 2004 valuation. By the time the current contribution rates are changed on July 1, 2011, four years of contributions will have been collected toward the 3-year amortization base. Consequently, the PUC change amortization was eliminated from the valuation so it will not be included in contribution rates that become effective July 1, 2011.</td></tr>
</table>

Actuarial Methods and Assumptions — Tier 1/Tier 2

Actuarial Methods and Valuation Procedures *(continued)*

Tier 1/Tier 2 UAL and Retiree Healthcare UAL amortization	The Tier 1/Tier 2 regular UAL and Retiree Healthcare regular UAL as of December 31, 2007 are amortized as a level percentage of combined valuation payroll over a closed period. For the Tier 1/Tier 2 UAL, this period is 20 years; for Retiree Healthcare, it is 10 years. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 (10 for Retiree Healthcare) years from the odd-year valuation in which they are first recognized.
Asset valuation method	The actuarial value of assets equals the market value of assets, excluding the Contingency, Capital Preservation and Rate Guarantee Reserves. The value of assets used to determine employer contribution rates has historically excluded any assets in the Tier 1 Rate Guarantee Reserve (RGR). Due to investment results in 2008 the RGR is in a deficit situation as of December 31, 2008. As part of the Board's July 16, 2009 motion approving actuarial assumptions and methods, the Board approved continued exclusion of the RGR from calculation of valuation assets. As a result, valuation assets exceed the fair value of assets as of December 31, 2008. It is our understanding that if a RGR deficit persists for five years, employers may be required to restore the RGR. Market values are reported to Mercer by PERS. It is our understanding that select real estate and private equity investments are reported on a three-month lag basis. For those investments, the change in value between September 30, 2008 and December 31, 2008 due to the market downturn could be significant. This valuation report does not attempt to quantify any such effects.
Contribution rate stabilization method	Contribution rates are confined to a collar based on the prior contribution rate (prior to application of side accounts, pre-SLGRP liabilities, OPSRP UAL and 6 percent Independent Employer minimum). The new contribution rate will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 80% or increases above 120%, the size of the collar doubles.
Allocation of Liability for Service Segments	For active Tier 1/Tier 2 members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which utilizes account balance, and the Full Formula methodology, which utilizes service. The allocation is 50% (15% for police & fire) based on account balance with each employer and 50% (85% for police & fire) based on service with each employer. The entire Normal Cost is allocated to the current employer.
Allocation of Benefits-In-Force (BIF) Reserve	The BIF is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool.

Economic Assumptions

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

Actuarial Methods and Assumptions — Tier 1/Tier 2

Actuarial Methods and Valuation Procedures *(continued)*

Investment return	8.0% compounded annually
Interest crediting	8.0% compounded annually on members' regular account balances 8.5% compounded annually on members' variable account balances
Inflation	2.75% compounded annually
Payroll growth	3.75% compounded annually. This assumption represents the sum of the inflation assumption and a real wage growth assumption of 100 basis points.
Healthcare cost inflation	Health cost trend rates are used to predict increases in the RHIPA Maximum Subsidy.

Year[1]	Rate	Year	Rate
2009	7.0%	2020	6.2
2010	7.0	2021	6.0
2011	7.0	2022	5.8
2012	6.9	2023	5.6
2013	6.9	2024	5.4
2014	6.9	2025	5.2
2015	6.9	2026	5.0
2016	6.8	2027	4.9
2017	6.8	2028	4.7
2018	6.6	2029+	4.5
2019	6.4		

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

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions

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

Mortality

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

Healthy Retired Members

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

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

Disabled Retired Members

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

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

Non-Annuitant Members

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

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions *(continued)*

Retirement Assumptions

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

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

Rates of Retirement from Active Status

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

Judge members are assumed to retire at age 63.

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

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions *(continued)*

Retirement Assumptions (continued)

Retirement from Dormant Status

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

Lump Sum Option at Retirement

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

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

Purchase of Credited Service at Retirement

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

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

Judge Member Plan Election

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

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions *(continued)*

Disability Assumptions

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

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

Termination Assumptions

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

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

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

Termination Rates

Sample termination rates are shown for each group below:

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

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions *(continued)*

Termination Assumptions (continued)

Probability of Refund Before Retirement

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

Age	General Service	Police & Fire
30	17.50%	30.00%
40	17.50%	27.00%
50	7.78%	0.00%

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions *(continued)*

Salary Increase Assumptions

The salary increase assumptions reflected in the actuarial valuation include:

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

Merit Increases

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

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

Unused Sick Leave

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

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

Dormants	Rates
All members	3.50%

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions *(continued)*

Vacation Pay

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

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

Actuarial Methods and Assumptions — Tier 1/Tier 2

Demographic Assumptions *(continued)*

Retiree Healthcare Participation

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

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

These rates were first adopted effective December 31, 2008.

Actuarial Methods and Assumptions — OPSRP

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

Actuarial Methods and Valuation Procedures

OPSRP UAL amortization	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.

Economic Assumptions

Administrative expenses	$6.6 million per year is added to the normal cost.

Demographic Assumptions

Retirement Assumptions

Retirement from Active Status

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

Actuarial Methods and Assumptions — OPSRP

Demographic Assumptions *(continued)*

Retirement from Dormant Status

Dormant members are assumed to retire at Normal Retirement Age.

Termination Assumptions

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

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

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

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

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

A summary of key changes implemented since the December 31, 2007 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2008 experience study report.

Changes in Actuarial Methods and Allocation Procedures

Amortization of Changes in UAL due to actuarial cost method change

Contribution rates effective July 1, 2007 through June 30 2011 reflect an accelerated amortization of the change in UAL that occurred when the PUC cost method was first adopted for the December 31, 2004 valuation. By the time the current contribution rates are changed on July 1, 2011, four years of contributions will have been collected toward the 3-year amortization base. Consequently, the PUC change amortization was eliminated from the valuation so it will not be included in contribution rates that become effective July 1, 2011.

RHIA / RHPIA Amortization Period

The RHIA and RHIPA amortization period has been reduced to 10 years.

Money Match Weighting

For purposes of allocating a Tier 1/Tier 2 member’s actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2006 and December 31, 2007 valuations, the Money Match method was weighted 65 percent for General Service members and 25 percent for Police & Fire members. This weighting has been adjusted to 50 percent for General Service members and 15 percent for Police & Fire members.

Changes in Economic Assumptions

RHIA / RHIPA Assumptions

Healthcare cost trend rates were updated to reflect a longer grade down period and a lower ultimate trend rate. The participation rate assumption for RHIA and RHIPA was lowered.

OPSRP Administrative Expenses

The administrative expenses assumption has been lowered to reflect the completion of the initial IT setup.

Changes in Demographic Assumptions

Mortality

The healthy mortality assumption has been changed from RP2000 static mortality tables to RP2000 generational mortality tables with group-specific class and set back adjustments. In addition, the disabled mortality assumption has been adjusted.

Retirement Assumptions

A third service band was added to the retirement rate structure. The probability that a member will elect a partial or total lump sum at retirement has been lowered and the percentage of members who purchase credited service was increased to 55% for non-Money Match retirements.

Disability Assumptions

The probability of becoming disabled has been lowered and is now reflected as a percentage of the standard 1985 Disability Class 1 table.

Termination Assumptions

The rates for School Districts and SLGRP employers have been updated. In addition, the probability a member will withdraw their account balance before retirement has been lowered.

Salary Assumptions

Merit increase assumptions have been consolidated for SLGRP and independent employers. The merit increase is assumed to be 0 percent for all groups during 2009 and 2010. In addition, minor adjustments have been made to the Unused Sick Leave assumption.

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.

Membership	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
Employee Contributions	**Judges**	7% of salary
	All others	None
Employer Contributions	Actuarially determined	

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

Normal Retirement Date	**Police and Fire**	Age 55
	Judges	Age 65
	Tier 1 General Service	Age 58
	Tier 2 General Service	Age 60

Normal Retirement Allowance

For Members who are not Judges, the greatest of the Full Formula benefit, the Money Match benefit, or the Formula Plus Annuity benefit (only available to Members who made contributions before August 21, 1981).

Full Formula — The percentage multiplier from the table below multiplied by final average pay and years of credited service plus a prior service pension, if applicable.

Percentage Multiplier	Membership Classification
2.00%	Fire, Police and Legislators
1.67%	All other members

Money Match — The Member’s account balance and a matching employer amount converted to an actuarially equivalent annuity.

Formula Plus Annuity — The Member’s account balance converted to an actuarially equivalent cash refund annuity plus the percentage multiplier from the table below multiplied by final average pay and years of credited service, plus a prior service pension, if applicable.

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

Summary of Plan Provisions

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

Normal Retirement Allowance (continued)

Judges

Final average pay multiplied by the first percentage multiplier from the table below for up to 16 years of service plus the second percentage multiplier for any service in excess of 16 years, but not to exceed the maximum percentage of final average pay also shown below. Judges must elect Plan A or Plan B no later than age 60. 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%	65%
B	3.75%	2.00%	75%

SB 656/HB 3349 Adjustment

All members receive an increase to their monthly retirement benefit equal to the greater of the increase under Senate Bill 656 (SB 656) or House Bill 3349 (HB 3349).

SB 656 Increase

Years of Service	General Service	Police & Fire
0-9	0.0%	0.0%
10-14	1.0	1.0
15-19	1.0	1.0
20-24	2.0	2.5
25-29	3.0	4.0
30 & Over	4.0	4.0

HB 3349 Increase

$$\frac{1}{1 - \text{maximum Oregon personal income tax rate (limited to 9\%)}} \times \frac{\text{Service prior to October 1, 1991}}{\text{All Service}}$$

Early Retirement Eligibility

Police and Fire	Age 50 or 30 years of service
Judges	Age 60
General Service	Age 55 or 30 years of service

Early Retirement Allowance

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.

Vesting

Five years or attainment of normal retirement age.

Termination Benefits

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)*

Optional Forms of Retirement Allowance	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. **Options Available** ▪ Life annuity ▪ Cash refund annuity ▪ Life annuity guaranteed 15 years ▪ Joint and 50% or 100% survivor contingent annuity, with or without pop-up feature ▪ Lump sum of member contribution account (under any form) plus a pension from employer contributions under the Full Formula or Money Match method. ▪ Lump sum of member contribution account plus a matching employer amount.	
Preretirement Death Benefit Eligibility	**Judges**	Six or more years of service.
	All others	Death occurring while the member is an employee of a participating employer or within 120 days of termination provided the employee does not withdraw the account balance or retire, or a result of injuries received while in the service of a participating employer.
Preretirement Death Benefit	**Judges**	The spouse shall receive a life pension equal to two-thirds of the service retirement allowance. The beneficiary of an unmarried judge shall receive the member's accumulated contributions with interest.
	All others	The member's account balance plus a matching employer amount.
Additional Police & Fire Death Benefits	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.	
Disability Benefit Eligibility	**Duty**	Disablement occurring as a direct result of a job-related injury or illness, regardless of length of service.
	Non-Duty	Disablement occurring after ten years of service (six years, if a judge), but prior to normal retirement eligibility.
Disability Benefits	The normal retirement allowance calculated based on the service credit that would have been earned if the member had continued working to age 58 (age 55 for police and fire, age 65 for judge members) payable commencing immediately. **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. **Minimum Monthly Retirement Allowance** Judges................................. 45% of final average monthly salary. All others .... $100 for a member with at least 15 years of credited service, actuarially reduced if an optional form of benefit is chosen. **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.	

Summary of Plan Provisions

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

Police & Fire Unit Purchases	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.	
Postretirement Adjustments	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.
Variable Annuity Program	**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.
Interest Credit on Member Accounts	**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.
Retiree Healthcare – Medicare Supplement (RHIA)	**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)*

Retiree Healthcare – Under Age 65 (RHIPA)	**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.
Benefits Not Included in the Valuation	No material benefits have been excluded from the liabilities.	
Changes in Plan Provisions	▪ None	

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

Summary of Plan Provisions

Summary of Chapter 238A Provisions — OPSRP

Normal Retirement Date	**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
Normal Retirement Allowance	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%	
Early Retirement Eligibility	**Police & Fire**	Age 50 and 5 years of vesting service
	General Service	Age 55 and 5 years of vesting service
Early Retirement Allowance	Normal retirement allowance, actuarially reduced to early retirement age.	
Vesting	Five years or attainment of normal retirement age.	
Vested Termination Benefit	Same as normal (or early) retirement allowance, but commencement is deferred to normal (or early) retirement date.	
Optional Forms of Retirement Benefit	The normal form of benefit is a life annuity. All optional amounts are adjusted to be actuarially equivalent. **Options Available** ▪ Life annuity ▪ Joint and 50% or 100% survivor contingent benefit, with or without pop-up feature ▪ Lump sum if monthly normal retirement benefit is less than $200 or if lump sum value is less than $5,000.	
Preretirement Death Benefit Eligibility	Death of a vested member before retirement benefits begin.	
Preretirement Death Benefit	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.	
Disability Benefit Eligibility	**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)*

Disability Benefit Amounts	**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.
Postretirement Adjustments	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.
Changes in Plan Provisions	None	

Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Glossary

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

Present Value. Sometimes called “actuarial present value,” the current worth (on the valuation date) of an amount or series of amounts payable or receivable in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

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

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

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

Statement No. 43 of the Governmental Accounting Standards Board (GASB 45). 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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