

**THE PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM OF PENNSYLVANIA**

**ACTUARIAL VALUATION
JUNE 30, 2006**

January 24, 2007

The Retirement Board
Public School Employees'
Retirement System of Pennsylvania
P.O. Box 125
Harrisburg, Pennsylvania 17108

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the Public School Employees' Retirement System of Pennsylvania as of June 30, 2006.

The valuation takes into account all of the promised benefits to which members are entitled as of June 30, 2006, including pension and survivor benefits; and as required by the Retirement Code is the basis for the contribution rate for fiscal year 2007/2008.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8½% per annum compounded annually. The actuarial assumptions and methods for funding are unchanged from the prior valuation.

GASB Statement No. 43 requires PSERS to commence financial reporting for postemployment benefit plans other than pension plans with the June 30, 2006 valuation, and the required disclosure for the PSERS Health Insurance Premium Assistance plan is contained in this valuation report. The Health Insurance funding provisions of the PSERS code differ from the GASB disclosure requirements: For purposes of funding, the Health Insurance actuarial liability is equal to the assets in the Health Insurance account, while for purposes of GASB 43 disclosure, the Health Insurance actuarial liability has been determined under the entry age actuarial cost method. (The entry age actuarial cost method meets the GASB parameters for determining actuarial liability and normal cost, and is the cost method specified by the PSERS code for the PSERS pension plan.)

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

Funding Adequacy


The valuation results determine that the employer contribution rate for fiscal year 2007/2008 is 7.13%. As of June 30, 2006, the total funded ratio of the plan (for Pensions and Health Insurance combined) is 81.2%, based on the accrued liability and actuarial value of assets calculated under the funding requirements of Section 8328 of the Retirement Code.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules included in the Actuarial and Statistical Section of the PSERS Comprehensive Annual Financial Report (CAFR), and also prepared the trend data schedules included in the Financial Section of the CAFR.

Qualified actuaries completed the valuation in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice.

Respectfully submitted,



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Principal, Consulting Actuary



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KMN/SLH/JS:pl

THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OF PENNSYLVANIA

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Executive Summary

This report presents the actuarial valuation as of June 30, 2006 for the Public School Employees' Retirement System of Pennsylvania.

The principal valuation results include:

- The employer contribution rate for fiscal year 2007/2008, which is 7.13%.
- The total funded ratio of the plan determined as of June 30, 2006 under the funding requirements of Section 8328 of the Retirement Code, which is 81.2% based on the accrued liability and the actuarial value of assets for Pensions and Health Insurance as of that date.
- The determination of the actuarial gain or loss as of June 30, 2006, which is a loss of \$0.9 billion.
- Annual disclosures as of June 30, 2006 as required by Statements No. 25 and 43 of the Governmental Accounting Standards Board.

The valuation was completed based upon membership and financial data submitted by the Retirement System. Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are included in the valuation report. The actuary prepared supporting schedules included in the Actuarial and Statistical Section of the PSERS Comprehensive Annual Financial Report (CAFR), and also prepared the trend data schedules included in the Financial Section of the CAFR.

Changes Since Last Year

Legislative and Administrative Changes

There were no legislative or administrative changes since the prior valuation.

The benefit provisions and contribution provisions are summarized in Table 13.

Actuarial Assumptions and Methods

There were no significant changes to the actuarial assumptions or methods since the prior valuation. Based on a suggestion contained in the actuarial audit completed in the spring of 2006, a minor change was made in the programming of the actuarial early retirement factors in the actuarial valuation. As expected, the effect on the valuation results was de minimus.

The actuarial assumptions and methods are outlined in Table 12.

Contribution Rates

The results of the valuation as of June 30, 2006 determine the employer contribution rate for fiscal year 2007/2008. The calculated employer contribution rate for the 2007/2008 fiscal year is 7.13%, and the Board of Trustees certified this rate at their December 2006 meeting.

The average contribution rate payable by the members is 7.25%. Effective January 1, 2002, the employee contribution rate for members who elected to have prior school service and intervening military service converted to Class T-D service increased by 1.25%. However, anyone who enrolls (or re-enrolls) in PSERS on or after July 1, 2001 is *automatically* a member of Class T-D with regard to all subsequent school service and subsequent intervening military service, with a member rate equal to 7.5%. The average member contribution rate of 7.25% is a pay-weighted average of member rates that vary based on date of hire and based on Class T-D membership.

Reasons for Change in the Rate Calculated by the Actuary

The employer contribution rate calculated by the actuary increased from 6.41% for fiscal year 2006/2007 to 7.13% for fiscal year 2007/2008. The increase of 0.72% is due to the following sources:

| | |
|--|---------------|
| • Increase due to change in normal rate | 0.06 |
| • Increase due to payroll growth | 0.07 |
| • Increase due to actuarial loss on assets | 0.24 |
| • Increase due to actuarial loss on liabilities | 0.46 |
| • Decrease due to change in health insurance contribution rate | (0.05) |
| • Decrease due to effect of 4% floor on FY 2006 pension contribution | <u>(0.06)</u> |
| • Total | 0.72% |

Summary of Principal Results

Summarized below are the principal financial results for the Public School Employees' Retirement System based upon the actuarial valuation as of June 30, 2006. Comparable results from the June 30, 2005 valuation are also shown.

| Item | June 30, 2006 | June 30, 2005 |
|--|-------------------------|-------------------------|
| Demographics | | |
| Active Members | | |
| • Number | 263,350 | 255,465 |
| • Average Annual Pay | \$ 43,361 | \$ 41,210 |
| Annuitants | | |
| • Number | 161,813 | 156,519 |
| • Average Annual Benefit Payment | \$ 20,236 | \$ 19,343 |
| Contribution Rates (as a Percentage of Payroll) | | |
| | (Fiscal Year 2007/2008) | (Fiscal Year 2006/2007) |
| Employer Contribution Rate: | | |
| • Total Pension Contribution Rate | 6.44% | 5.67% |
| • Health Insurance Contribution Rate | <u>0.69</u> | <u>0.74</u> |
| • Total Contribution Rate Calculated by Actuary | 7.13% | 6.41% |
| • Total Contribution Rate Certified by Board | 7.13% | 6.46% |
| Member Average Contribution Rate | | |
| • Total Rate | <u>7.25</u> 14.38% | <u>7.21</u> 13.67% |
| Actuarial Funded Status* | | |
| • Accrued Liability | \$ 64,720.1 Mil | \$ 61,226.6 Mil |
| • Actuarial Value of Assets | <u>52,557.5</u> | <u>51,219.3</u> |
| • Unfunded Accrued Liability | \$ 12,162.6 | \$ 10,007.3 |
| • Funded Ratio | 81.2% | 83.7% |
| *Pensions and Health Insurance combined | | |

Five-Year History of Principal Financial Results

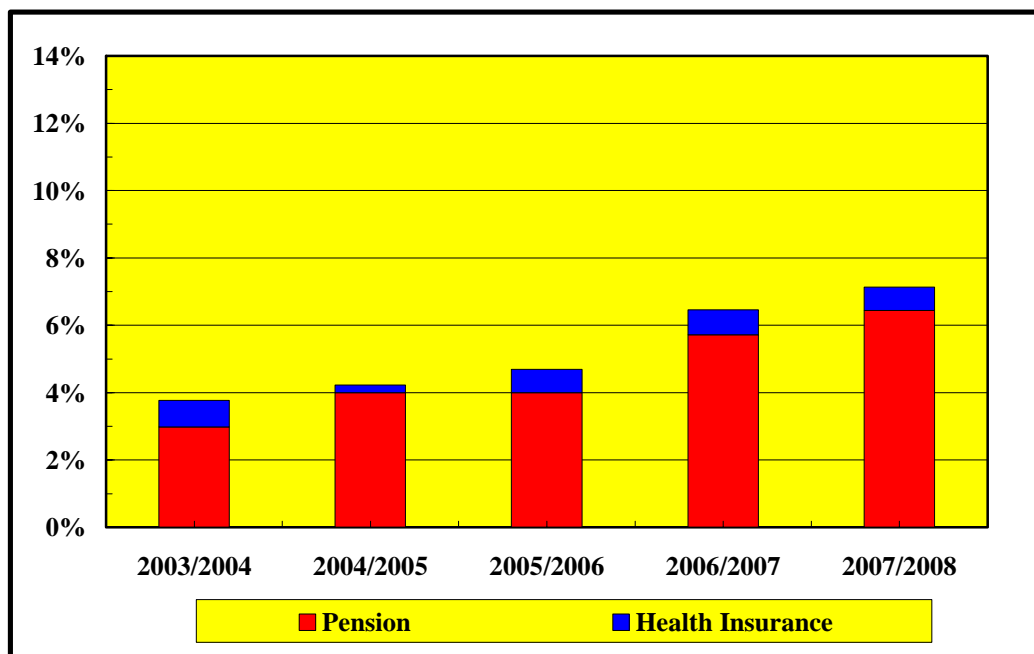
Five-Year History of Contribution Rates (As a % of Payroll)

| Fiscal Year | Member Contributions | Employer Contributions | | | |
|-------------|----------------------|------------------------|----------------------------|------------------|--------|
| | | Normal Cost | Unfunded Accrued Liability | Health Insurance | Total* |
| 2007/2008 | 7.25% | 6.68% | (0.24)% | 0.69% | 7.13% |
| 2006/2007 | 7.21 | 6.62 | (0.95) | .74 | 6.46 |
| 2005/2006 | 7.16 | 7.61 | (4.28) | .69 | 4.69 |
| 2004/2005 | 7.12 | 7.48 | (7.10) | .23 | 4.23 |
| 2003/2004 | 7.08 | 7.25 | (4.27) | .79 | 3.77 |

* Certified by the Board.

The following chart shows a five-year history of employer contribution rates:

Five-Year History of Employer Contribution Rates



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code, i.e., a schedule of 10 or 30 years for each change in the unfunded accrued liability according to Act 40.

The total contribution rate of 7.13% of payroll payable by employers, when taken together with the contributions payable by the members and asset returns, is sufficient to achieve the financing objective.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability for Pensions is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. The accrued liability for Health Insurance equals the assets in the Health Insurance account.

On this basis, the System's total funded ratio (for Pensions and Health Insurance combined) is 81.2% as of June 30, 2006. This funded ratio is based on an actuarial value of assets of \$52.6 billion and an accrued liability of \$64.7 billion. The funded ratio for Pensions alone is also 81.2% as of June 30, 2006, based on an actuarial value of assets of \$52.5 billion, and an accrued liability of \$64.6 billion.

Reasons for Change in the Total Funded Ratio

The total funded ratio decreased from 83.7% as of June 30, 2005 to 81.2% as of June 30, 2006. This decrease is due to the fact that contributions in 2006 were less than the normal cost plus interest on the unfunded liability as of June 30, 2005, and also to experience losses on the assets and liabilities that occurred during the past year.

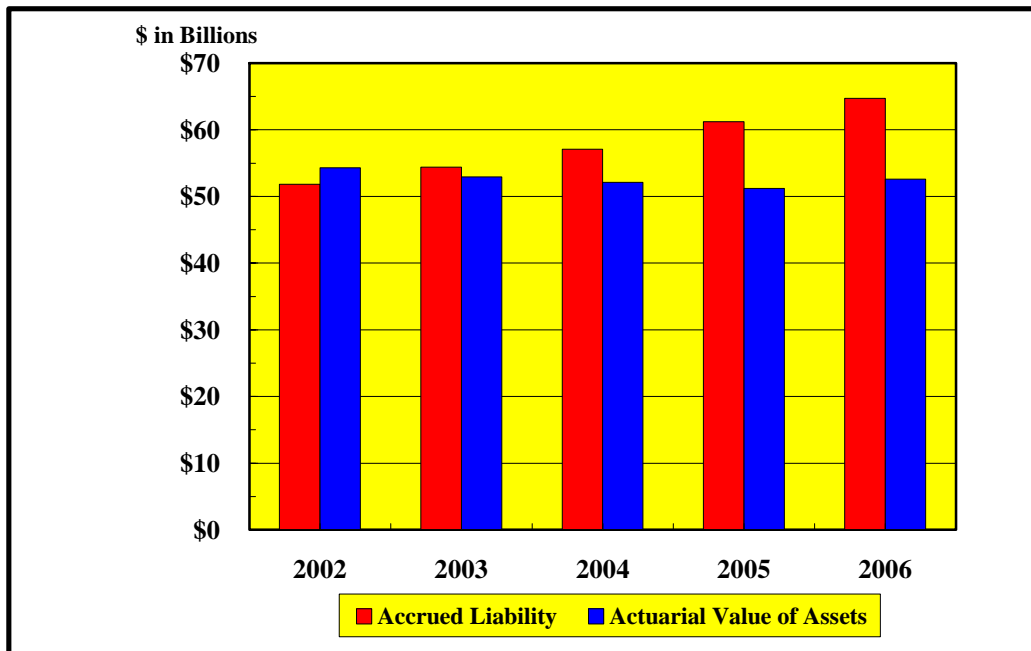
**Five-Year History of
Total Funded Ratio***
(\$ Amounts in Millions)

| Valuation as of June 30 | Accrued Liability | Actuarial Value of Assets | Unfunded Accrued Liability | Funded Ratio |
|-------------------------|-------------------|---------------------------|----------------------------|--------------|
| 2006 | \$ 64,720.1 | \$ 52,557.5 | \$ 12,162.6 | 81.2% |
| 2005 | 61,226.6 | 51,219.3 | 10,007.3 | 83.7 |
| 2004 | 57,123.0 | 52,094.5 | 5,028.5 | 91.2 |
| 2003 | 54,443.8 | 52,900.5 | 1,543.3 | 97.2 |
| 2002 | 51,796.5 | 54,296.4 | (2,499.9) | 104.8 |

*For Pensions and Health Insurance (under the funding provisions of the PSERS code)

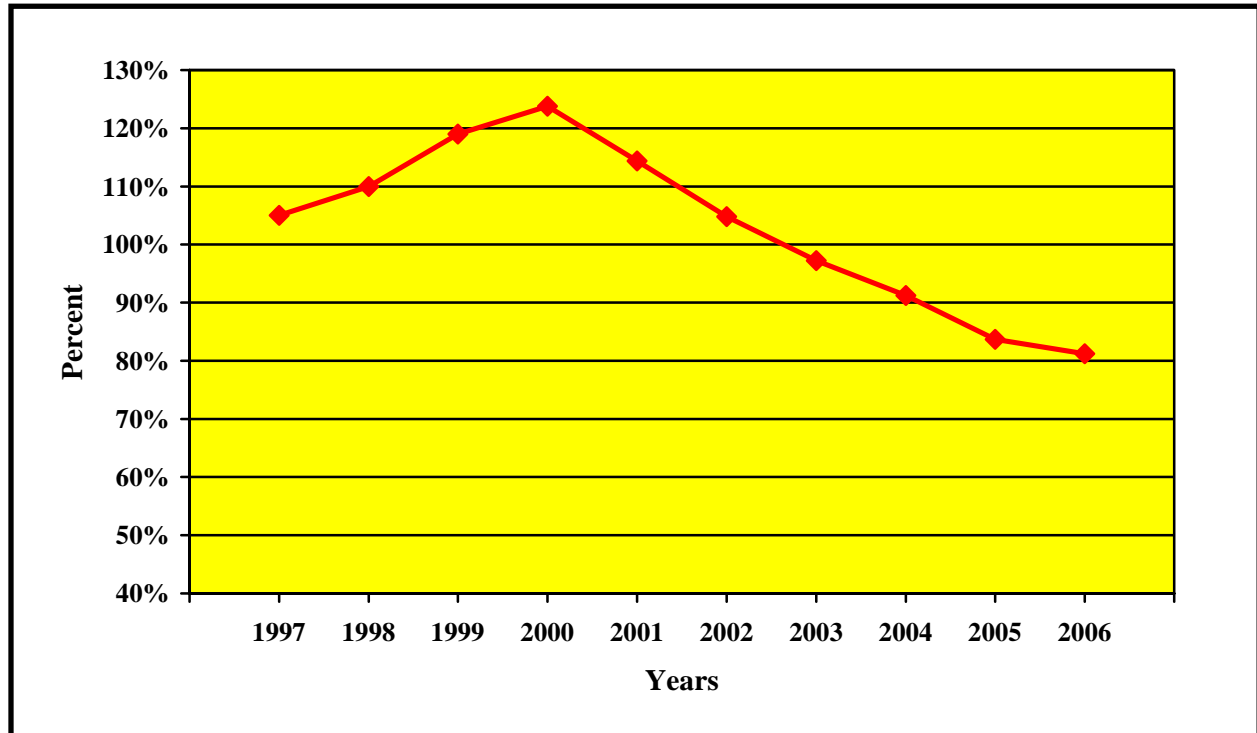
The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

Five-Year History of Accrued Liability and Actuarial Value of Assets



The following chart shows a ten-year history of the total funded ratio for Pensions and Health Insurance:

**Ten-Year History of Total Funded Ratio
(1997 - 2006)**



GASB No. 25 Disclosure

Statement No. 25 of the Governmental Accounting Standards Board (GASB) established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the June 30, 1996 valuation. The statement requires disclosure of the "schedule of funding progress" and the "schedule of employer contributions" in the System's financial statements.

The "schedule of funding progress" shows historical trend information about the System's actuarial value of pension assets, the actuarial accrued liability for pensions and the unfunded actuarial accrued liability for pensions. The actuarial funded ratio for pensions is measured by comparing the actuarial value of pension assets (based on a 5-year moving average market value) with the accrued liability for pensions. The accrued liability is the present value of pension benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. On this basis, the System's funded ratio for pensions is 81.2% as of June 30, 2006. This funded ratio is based on an actuarial value of pension assets of \$52.5 billion and an accrued liability for pensions of \$64.6 billion. See Table 7 for more detail.

The pension contribution requirements of the PSERS code differ from the GASB disclosure requirements. As a result, there may be different determinations of contribution requirements for GASB accounting purposes and for State funding purposes. For GASB accounting purposes, the Annual Required Contribution (ARC) equals the employer normal cost for pensions (determined under the PSERS funding provisions) plus, for fiscal years ending on or before June 30, 2006, an amount that will amortize the unfunded actuarial accrued liability for pensions over a period no longer than 40 years. The maximum amortization period for calculating the GASB ARC decreases to 30 years commencing with the contribution for fiscal year 2006/2007. Although the employer normal cost for GASB accounting equals the PSERS normal cost for funding, section 8328 of the PSERS code specifies different amortization periods for the unfunded accrued liability: each change in the unfunded accrued liability is amortized over either a 10 or 30-year period, and the resulting equivalent single amortization period may be any number of years.

The "schedule of employer contributions" for pensions shows historical trend information about the GASB ARC and the percentage of the ARC contributed to the System. The actual

employer pension contributions for the five fiscal years ending June 30, 2004 are equal to 100% of the GASB ARC. The actual employer pension contribution for the fiscal year ending June 30, 2005 is 46% of the ARC, and the actual employer pension contribution for the fiscal year ending June 30, 2006 is 34% of the ARC. See Table 8a for additional detail.

GASB No. 43 Disclosure

GASB Statement No. 43 established reporting standards for the annual financial reports of postemployment benefit plans other than pension plans, and these reporting requirements apply to the PSERS health insurance premium assistance plan. The System complied with Statement No. 43 beginning with the current June 30, 2006 valuation. The statement requires disclosure of the "schedule of funding progress" and the "schedule of employer contributions" in the System's financial statements.

The health insurance liability and funding provisions of the PSERS code differ from the GASB disclosure requirements. As a result, there are different determinations of actuarial liability and contribution requirements for GASB accounting purposes and for State funding purposes. For purposes of funding, the actuarial liability equals the assets in the health insurance account, and the contribution required is the amount necessary to establish reserves sufficient to provide premium assistance payments to all participating eligible annuitants during the fiscal year that immediately follows the year the employer contribution is made. For GASB accounting purposes, the actuarial liability has been determined under the entry age actuarial cost method, and the Annual Required Contribution (ARC) is equal to the entry age normal cost for health insurance plus an amount that will amortize the entry age unfunded actuarial liability for health insurance over a period of 30 years. (The entry age actuarial cost method was selected for this calculation because it meets the GASB parameters for determining actuarial liability and normal cost, and is the cost method specified by the PSERS code for the PSERS pension plan.)

The GASB 43 "schedule of funding progress" shows that as of June 30, 2006, the health insurance assets were \$92,777,000, measured on a market value basis, while the GASB 43 health insurance liabilities were \$1,056,154,000, resulting in a funded ratio of 8.8%.

The GASB 43 "schedule of employer contributions" will first apply to fiscal year 2006/2007, and will not be calculated until June 30, 2007.

Rate of Return

The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2001/2002 through 2005/2006 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are based on a smoothed market value that spreads the difference between the actual and expected return (beginning with the 2001/2002 fiscal year) over a period of five years. The rate of return on the actuarial value of assets is a measure of the increase in the actuarial value of assets from the beginning of the fiscal year to the end of the fiscal year.

| Fiscal Year | Rate of Return Based on | |
|-------------|-------------------------|-----------------|
| | Market Value* | Actuarial Value |
| 2005/2006 | 15.3% | 7.9% |
| 2004/2005 | 12.9 | 3.2 |
| 2003/2004 | 19.7 | 2.6 |
| 2002/2003 | 2.7 | 1.4 |
| 2001/2002 | (5.3) | 2.7 |

* Market Value Rate of return provided by Wilshire Associates Incorporated, the PSERS investment consultant.

TABLE 1
SUMMARY OF RESULTS OF ACTUARIAL VALUATION
AS OF JUNE 30, 2006
(\$ Amounts in Thousands)

| Item | Amount |
|---|-------------------|
| Member Data | |
| 1. Number of Members | |
| a) Active Members | 263,350 |
| b) Inactive Members and Vestees | 94,071 |
| c) Annuitants, Beneficiaries and Survivor Annuitants | <u>161,813</u> |
| d) Total | 519,234 |
| 2. Annualized Salaries | \$ 11,419,049 |
| 3. Annual Annuities | \$ 3,274,451 |
| Valuation Results | |
| 4. Present Value of Future Pension Benefits | |
| a) Active Members | \$ 50,310,197 |
| b) Inactive Members and Vestees | 823,575 |
| c) Annuitants, Beneficiaries and Survivor Annuitants | <u>29,117,164</u> |
| d) Total | \$ 80,250,936 |
| 5. Present Value of Future Pension Normal Cost | |
| a) Active Members | \$ 8,131,437 |
| b) Employer | <u>7,492,138</u> |
| c) Total | \$ 15,623,575 |
| 6. Pension Accrued Liability | |
| a) Active Members (4a) - (5c) | \$ 34,686,622 |
| b) Inactive Members and Vestees | 823,575 |
| c) Annuitants, Beneficiaries and Survivor Annuitants | <u>29,117,164</u> |
| d) Total | \$ 64,627,361 |
| 7. Health Insurance Assets for Premium Assistance | \$ 92,777 |
| 8. Total Accrued Liability for Funding (6) + (7) | \$ 64,720,138 |
| 9. Actuarial Value of Assets | \$ 52,557,503 |
| 10. Funded Status (9) / (8) | 81.2 % |
| 11. Unfunded Accrued Liability (8) - (9) | \$ 12,162,635 |
| 12. Total Normal Cost Rate | 13.93 % |
| 13. Member Contribution Rate | 7.25 % |
| 14. Employer Normal Cost Rate (12) - (13) | 6.68 % |
| Employer Annual Funding Requirement for Fiscal 2007/2008 | |
| 15. Employer Contribution Rate Calculated by Actuary | |
| a) Normal | 6.68 % |
| b) Unfunded Accrued Liability | <u>(0.24)</u> |
| c) Preliminary Pension Rate | 6.44 % |
| d) Preliminary Pension Rate with 4% Floor | 6.44 |
| e) Health Insurance | <u>0.69</u> |
| f) Total Rate | 7.13 % |

TABLE 2

**SUMMARY OF SOURCES OF EMPLOYER CONTRIBUTION RATE
AS OF JUNE 30, 2006
(\$ Amounts in Thousands)**

| | Funding Period | Funding Period Beginning July 1 | Initial Amount of Liability | Outstanding Balance as of 7/1/2006 | Annual Payment Amount | Percent * |
|---|-------------------|---------------------------------------|-----------------------------------|--|--------------------------|---------------|
| 1. Amortization of: | | | | | | |
| a) July 1, 2001 Fresh Start Unfunded Base | 10 Years | 2002 | (9,137,130) | \$ (6,880,185) | \$ (1,510,937) | (11.73)% |
| b) Asset Method Change at July 1, 2001 due to Act 38 | 10 Years | 2002 | (4,638,306) | (3,492,607) | (767,001) | (5.95)% |
| c) 2001 Changes | 30 Years | 2002 | 7,570,507 | 6,917,683 | 668,111 | 5.19 % |
| d) 2002 Changes | 30 Years | 2003 | 3,014,171 | 2,993,930 | 286,101 | 2.22 % |
| e) 2002 COLA | 10 Years | 2003 | 463,795 | 392,561 | 76,694 | 0.59 % |
| f) 2003 COLA | 10 Years | 2004 | 754,524 | 763,406 | 135,375 | 1.05 % |
| g) 2003 Changes | 30 Years | 2004 | 3,229,593 | 3,445,290 | 326,059 | 2.53 % |
| h) 2004 Changes | 30 Years | 2005 | 2,903,093 | 3,124,498 | 293,096 | 2.27 % |
| i) 2005 Changes | 30 Years | 2006 | 3,765,745 | 4,085,833 | 380,189 | 2.95 % |
| j) 2006 Changes | 30 Years | 2007 | 812,226 | <u>812,226</u> | <u>82,002</u> | <u>0.64 %</u> |
| Total Amortization Payments | | | | 12,162,635 | (30,311) | (0.24)% |
| 2. Employer Normal Cost Rate | | | | | | <u>6.68 %</u> |
| 3. Preliminary Pension Rate (1) + (2) | | | | | | 6.44 % |
| 4. Preliminary Pension Rate with 4% Floor -- Maximum of (3) and 4% | | | | | | 6.44 % |
| 5. Health Insurance Rate | | | | | | <u>0.69 %</u> |
| 6. Final Total Employer Contribution Rate Calculated by Actuary (4) + (5) | | | | | | 7.13 % |

* Based on Estimated Employer Payroll for Fiscal Year Ending 2008 of \$ 12,881,244.

TABLE 3

**DETERMINATION OF HEALTH INSURANCE CONTRIBUTION RATE
FOR FISCAL YEAR 2007/2008**
(\$ Amounts in Thousands)

| Item | Amount |
|--|------------------|
| 1. Estimated Number of Eligible Annuitants in Fiscal 2008/2009 | 116,300 |
| 2. Estimated Number of Eligible Annuitants Who Elect Coverage | 75,595 |
| 3. Estimated Annual Health Insurance Payments During Fiscal 2008/2009 (2) x \$100 x 12 | \$ 90,714 |
| 4. Estimated Health Insurance Administrative Expenses During Fiscal 2008/2009 | <u>2,282</u> |
| 5. Total Estimated Health Insurance Account Disbursements During Fiscal 2008/2009 (3) + (4) | \$ 92,996 |
| 6. Estimated Balance in Health Insurance Account for Prior Fiscal Year | 5,249 |
| 7. Estimated Shortfall in Health Insurance Account (5) - (6) | <u>\$ 87,747</u> |
| 8. Required Health Insurance Contribution Rate | |
| (a) Estimated 2007/2008 Payroll | \$ 12,881,244 |
| (b) Required Health Insurance Contribution Rate (7) / (8a) (rounded up) | 0.69% |

TABLE 4

**SUMMARY OF MARKET VALUE OF PLAN ASSETS
AS OF JUNE 30, 2006**
(\$ Amounts in Thousands)

| | |
|---|---------------|
| Market Value | |
| 1. Market Value of Assets as of June 30, 2005 | \$ 52,033,534 |
| 2. Contributions During Fiscal 2005/2006 | 1,358,590 |
| 3. Disbursements During Fiscal 2005/2006 | 3,964,748 |
| 4. Investment Return During Fiscal 2005/2006 | |
| a) Net Investment Return | \$ 7,938,436 |
| b) Administrative Expenses | <u>37,368</u> |
| c) Investment Return After Expenses (a) - (b) | \$ 7,901,068 |
| 5. Market Value of Assets as of June 30, 2006 (1) + (2) - (3) + (4c) | \$ 57,328,444 |
| 6. Rate of Return (per Wilshire) | 15.26 % |
| Asset Allocation by Account | |
| 1. Members' Savings Account | \$ 9,571,668 |
| 2. Annuity Reserve Account | 29,117,164 |
| 3. State Accumulation Account | 18,546,835 |
| 4. Health Insurance Account | <u>92,777</u> |
| 5. Total (1) + (2) + (3) + (4) | \$ 57,328,444 |

TABLE 5

**DERIVATION OF ACTUARIAL VALUE OF ASSETS
AS OF JUNE 30, 2006**
(\$ Amounts in Thousands)

| | | | | | | |
|---|---------------|-------------------------|-------------------|-------------------|--|------------------------|
| 1. Market Value of Assets as of June 30, 2006 | | | | | | \$ 57,328,444 |
| 2. Determination of Deferred Gain (Loss) | | | | | | |
| | | <u>Return on Assets</u> | | | | |
| <u>Fiscal Year</u> | <u>Actual</u> | <u>Expected</u> | <u>Difference</u> | <u>% Deferred</u> | | <u>Deferred Amount</u> |
| 2005/2006 | \$ 7,901,068 | \$ 4,242,878 | \$ 3,658,190 | 80% | | \$ 2,926,552 |
| 2004/2005 | 6,044,305 | 4,321,981 | 1,722,324 | 60% | | 1,033,394 |
| 2003/2004 | 8,201,871 | 4,404,561 | 3,797,310 | 40% | | 1,518,924 |
| 2002/2003 | 985,646 | 4,525,288 | (3,539,642) | 20% | | (707,929) |
| | | | | | | <hr/> |
| | | | | | | \$ 4,770,941 |
| 3. Actuarial Value of Assets (1) - (2) | | | | | | \$ 52,557,503 |
| 4. Actuarial Rate of Return * | | | | | | 7.90% |

* The actuarial rate of return is the investment return based on the change in the actuarial value of assets from the June 30, 2005 valuation to the June 30, 2006 valuation.

TABLE 6

**ANALYSIS OF CHANGE IN UNFUNDED ACCRUED LIABILITY
AS OF JUNE 30, 2006**
(\$ Amounts in Thousands)

| Item | Amount |
|--|----------------------|
| 1. Unfunded Accrued Liability at June 30, 2005 | \$ 10,007,288 |
| 2. Interest Credit at 8.50% to June 30, 2006 | 850,619 |
| 3. Contributions Toward Unfunded Accrued Liability | (492,502) |
| 4. Change due to Effect of 4% Floor on FY 2006 Pension Contribution | (77,084) |
| 5. Expected Unfunded Accrued Liability at June 30, 2006 (1) + (2) - (3) + (4) | \$ 11,273,325 |
| 6. Actual Unfunded Accrued Liability at June 30, 2006 | <u>\$ 12,162,635</u> |
| 7. Increase (Decrease) from Expected (6) - (5) | \$ 889,310 |
| 8. Reasons for Increase (Decrease) | |
| (a) Experience (Gains) Losses | |
| (i) Loss from Investment Return on Actuarial Value of Assets | \$ 298,510 |
| (ii) Loss from Salary Increases Greater than Expected | 423,116 |
| (iii) Loss from Retirement and Other Separation Experience | 175,573 |
| (iv) Gain from Annuitants' Mortality Experience | <u>(7,889)</u> |
| Subtotal | \$ 889,310 |
| (b) Changes in Assumptions and Funding Method | \$ - |
| (c) Grand Total | \$ 889,310 |

TABLE 7

SCHEDULE OF FUNDING PROGRESS FOR PENSIONS*
GASB STATEMENT NO. 25 DISCLOSURE
(\$ Amounts in Thousands)

| Valuation as of June 30 | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | Unfunded Accrued Liability as a Percentage of Covered Payroll |
|-------------------------|---------------------------|-----------------------------|--------------------------------------|--------------|-----------------|---|
| 2006 | \$ 52,464,726 | \$ 64,627,361 | \$ 12,162,635 | 81.2 % | \$ 11,419,049 | 106.5 % |
| 2005 | 51,122,156 | 61,129,444 | 10,007,288 | 83.6 | 10,527,668 | 95.1 |
| 2004 | 51,949,622 | 56,978,143 | 5,028,521 | 91.2 | 10,030,705 | 50.1 |
| 2003 | 52,770,018 | 54,313,328 | 1,543,310 | 97.2 | 9,652,881 | 16.0 |
| 2002 | 54,193,064 | 51,693,207 | (2,499,857) | 104.8 | 9,378,944 | (26.7) |
| 2001 | 54,783,928 | 47,870,922 | (6,913,006) | 114.4 | 9,414,884 | (73.4) |

* The amounts reported above include assets and liabilities for Pensions.

SCHEDULE OF FUNDING PROGRESS FOR
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*
GASB STATEMENT NO. 43 DISCLOSURE
(\$ Amounts in Thousands)

| Valuation as of June 30 | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | Unfunded Accrued Liability as a Percentage of Covered Payroll |
|-------------------------|---------------------------|-----------------------------|--------------------------------------|--------------|-----------------|---|
| 2006 | \$ 92,777 | \$ 1,056,154 | \$ 963,377 | 8.8 % | \$ 11,419,049 | 8.4 % |

* The amounts reported above include assets and liabilities for Health Insurance Premium Assistance. The health insurance liabilities for GASB 43 disclosure have been calculated under the entry age normal cost method, which provides liabilities that differ from those determined under the funding requirements of the PSERS code.

TABLE 8a

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR PENSIONS
GASB STATEMENT NO. 25 DISCLOSURE**
(\$ Amounts in Thousands)

| Fiscal Year Ended June 30 | Annual Required Contribution | Actual Employer Contribution | Percentage Contributed |
|---------------------------|------------------------------|------------------------------|------------------------|
| 2006 | \$ 1,328,373 | \$ 456,878 | 34 % |
| 2005 | 945,107 | 431,556 | 46 |
| 2004 | 321,091 | 321,091 | 100 |
| 2003 | 20,831 | 20,831 | 100 |
| 2002 | 539 | 539 | 100 |
| 2001 | 158,193 | 158,193 | 100 |

The information presented above was determined as part of the actuarial valuation as of two years prior to the dates indicated (i.e., the contribution determined by the valuation completed as of June 30, 2002 was contributed in the fiscal year ending June 30, 2004).

Additional information as of the latest actuarial valuation follows:

| | |
|--------------------------------|------------------------|
| Valuation Date: | 6/30/2006 |
| Actuarial Cost Method: | Entry Age |
| Amortization Method: | Level dollar open |
| Remaining Amortization Period: | 30 Years |
| Asset Valuation Method: | 5-year smoothed market |

| | |
|---------------------------------|-------|
| Actuarial Assumptions: | |
| - Investment Rate of Return * | 8.50% |
| -Projected Salaried Increases * | 6.00% |

| | |
|--------------------------|-------|
| * Includes Inflation at: | 3.25% |
|--------------------------|-------|

TABLE 8b

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS
GASB STATEMENT NO. 43 DISCLOSURE**

(\$ Amounts in Thousands)

The June 30, 2006 valuation represents the first calculation of the GASB 43 contribution. This valuation will determine the Annual Required Contribution for the 2006/2007 fiscal year. However, the final calculation of the Annual Required Contribution and the Actual Employer contribution cannot be completed until the end of the fiscal year.

Additional information as of the latest actuarial valuation follows:

| | |
|--------------------------------|-------------------|
| Valuation Date: | 6/30/2006 |
| Actuarial Cost Method: | Entry Age |
| Amortization Method: | Level dollar open |
| Remaining Amortization Period: | 30 Years |
| Asset Valuation Method: | Market |

| | |
|---------------------------------|-------|
| Actuarial Assumptions: | |
| - Investment Rate of Return * | 8.50% |
| -Projected Salaried Increases * | 6.00% |

| | |
|--------------------------|-------|
| * Includes Inflation at: | 3.25% |
|--------------------------|-------|

TABLE 9

SOLVENCY TEST
COMPARATIVE SUMMARY OF ACCRUED LIABILITY AND
ACTUARIAL VALUE OF ASSETS*
(\$ Amounts in Thousands)

| Valuation as of June 30 | (1) Active Member Contributions | (2) Retirees and Beneficiaries | (3) Active Member Employer Financed | Actuarial Value of Assets | Portion of Accrued Liability Covered by Valuation Assets | | |
|-------------------------------|--|---|--|---------------------------------|--|-------|------|
| | | | | | (1) | (2) | (3) |
| 2006 | \$ 9,571,668 | \$ 29,209,941 | \$ 25,938,529 | \$ 52,557,503 | 100 % | 100 % | 53 % |
| 2005 | 9,116,347 | 27,051,245 | 25,058,989 | 51,219,293 | 100 | 100 | 60 |
| 2004 | 8,755,109 | 24,482,234 | 23,885,657 | 52,094,479 | 100 | 100 | 79 |
| 2003 | 8,282,753 | 22,094,109 | 24,066,913 | 52,900,465 | 100 | 100 | 94 |
| 2002 | 7,780,370 | 19,978,567 | 24,037,574 | 54,296,368 | 100 | 100 | 100 |
| 2001 | 7,464,404 | 15,802,140 | 24,650,750 | 54,830,300 | 100 | 100 | 100 |

* The amounts reported include assets and liabilities for both Pensions and Health Insurance.

TABLE 10**HISTORY AND PROJECTION OF CONTRIBUTION RATES AND FUNDED RATIOS***

| Fiscal Year Ending June | Appropriation Payroll (thousands) | Contribution Rates | | | | | | Funded Ratio |
|----------------------------|---|--------------------|-------------------------|-------------------------------|---|-------------------------------------|---------------------------|-----------------|
| | | Employee | Employer Normal Cost | Unfunded Liability Rate | Preliminary Employer Pension Rate | Health Insurance Contribution | Total Employer Rate | |
| 1999 | \$ 8,247,602 | 5.69 % | 6.33 % | (0.44) % | 5.89 % | 0.15 % | 6.04 % | 119.0 % |
| 2000 | 8,939,598 | 5.72 | 6.40 | (2.04) | 4.36 | 0.25 | 4.61 | 123.8 |
| 2001 | 9,414,884 | 5.77 | 6.29 | (4.65) | 1.64 | 0.30 | 1.94 | 114.4 |
| 2002 | 9,378,944 | 6.43 | 5.63 | (6.05) | (0.42) | 1.09 | 1.09 | 104.8 |
| 2003 | 9,652,881 | 7.10 | 7.20 | (10.03) | 1.00 | 0.97 | 1.15 | 97.2 |
| 2004 | 10,030,705 | 7.08 | 7.25 | (4.27) | 2.98 | 0.79 | 3.77 | 91.2 |
| 2005 | 11,062,589 | 7.12 | 7.48 | (7.10) | 4.00 | 0.23 | 4.23 | 83.7 |
| 2006 | 11,505,093 | 7.16 | 7.61 | (4.28) | 4.00 | 0.69 | 4.69 | 81.2 |
| 2007 | 11,821,951 | 7.21 | 6.62 | (0.95) | 5.67 | 0.74 | 6.46 | 82.1 |
| 2008 | 12,881,244 | 7.25 | 6.68 | (0.24) | 6.44 | 0.69 | 7.13 | 84.2 |
| 2009 | 13,218,270 | 7.28 | 6.64 | (1.16) | 5.48 | 0.72 | 6.20 | 85.1 |
| 2010 | 13,545,642 | 7.30 | 6.62 | (2.61) | 4.01 | 0.73 | 4.74 | 85.2 |
| 2011 | 13,870,025 | 7.32 | 6.60 | (3.47) | 3.13 | 0.73 | 4.73 | 84.4 |
| 2012 | 14,207,928 | 7.34 | 6.59 | (4.05) | 2.54 | 0.73 | 4.73 | 83.4 |
| 2013 | 14,567,273 | 7.37 | 6.56 | 11.45 | 18.01 | 0.72 | 18.73 | 84.6 |
| 2014 | 14,946,464 | 7.39 | 6.54 | 10.40 | 16.94 | 0.72 | 17.66 | 85.7 |
| 2015 | 15,355,101 | 7.40 | 6.53 | 9.20 | 15.73 | 0.71 | 16.44 | 86.6 |
| 2016 | 15,799,234 | 7.42 | 6.51 | 8.91 | 15.42 | 0.70 | 16.12 | 87.4 |
| 2017 | 16,286,901 | 7.43 | 6.50 | 8.64 | 15.14 | 0.69 | 15.83 | 88.2 |
| 2018 | 16,821,401 | 7.44 | 6.49 | 8.36 | 14.85 | 0.67 | 15.52 | 89.1 |

* The projection of contribution rates is based on the assumption that there are no changes in demographics or economic assumptions no changes in benefit provisions, and no actuarial gains or losses other than gains or losses on the actuarial value of assets that result from recognizing currently deferred gains or losses on the market value of assets.

TABLE 11

**HISTORY AND PROJECTION OF
ANNUITANTS, BENEFICIARIES, SURVIVOR ANNUITANTS AND
ACTIVE MEMBERS**

| Valuation as of June 30 | New Annuitants During the Year | Annuitant Deaths During the Year | Annuitants at End of Year | Beneficiaries and Survivor Annuitants at End of Year | Total Annuitants, Beneficiaries and Survivor Annuitants | Active Members |
|-------------------------|--------------------------------|----------------------------------|---------------------------|--|---|----------------|
| 1997 | | | 118,137 | 5,987 | 124,124 | 215,077 |
| 1998 | | | 120,665 | 6,149 | 126,814 | 220,703 |
| 1999 | | | 126,448 | 6,421 | 132,869 | 223,495 |
| 2000 | | | 127,404 | 6,654 | 134,058 | 234,210 |
| 2001 | | | 125,880 | 6,836 | 132,716 | 243,311 |
| 2002 | | | 134,300 | 7,114 | 141,414 | 242,616 |
| 2003 | | | 138,383 | 7,310 | 145,693 | 246,700 |
| 2004 | | | 143,997 | 7,555 | 151,552 | 247,901 |
| 2005 | | | 148,727 | 7,792 | 156,519 | 255,465 |
| 2006 | | | 153,757 | 8,056 | 161,813 | 263,350 |
| 2007 | 13,351 | 4,195 | 162,913 | 8,486 | 171,399 | 263,350 |
| 2008 | 11,526 | 4,389 | 170,050 | 8,871 | 178,921 | 263,350 |
| 2009 | 12,054 | 4,541 | 177,563 | 9,207 | 186,770 | 263,350 |
| 2010 | 12,289 | 4,719 | 185,133 | 9,505 | 194,638 | 263,350 |
| 2011 | 12,154 | 4,910 | 192,377 | 9,784 | 202,161 | 263,350 |
| 2012 | 11,853 | 5,079 | 199,151 | 10,038 | 209,189 | 263,350 |
| 2013 | 11,806 | 5,384 | 205,573 | 10,266 | 215,839 | 263,350 |
| 2014 | 11,741 | 5,621 | 211,693 | 10,489 | 222,182 | 263,350 |
| 2015 | 11,617 | 5,830 | 217,480 | 10,725 | 228,205 | 263,350 |
| 2016 | 11,395 | 6,009 | 222,866 | 10,967 | 233,833 | 263,350 |

TABLE 12**DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS****ASSUMPTIONS**

Interest Rate: 8.5% per annum, compounded annually (adopted as of June 30, 1990). The components are 3.25% for inflation and 5.25% for the real rate of return (both adopted as of June 30, 2005). Actuarial equivalent benefits are determined based on 4% (since 1960).

Separation From Service: Illustrative rates of assumed separation from service are shown in the following table. (Rates of non-vested withdrawal, of death, and of disability were adopted as of June 30, 2005; other rates were adopted as of June 30, 2000):

| Age | Annual Rate of: | | | | | | |
|----------------|--------------------------|-------------------------------------|-----------------------------------|-------|------------|-----------------------|------------------------------|
| | Non-Vested Withdrawal | Vested Withdrawal* | | Death | Disability | Early Retirement** | Superannuation Retirement |
| | | Less Than 10 Years of Service | 10 or More Years of Service | | | | |
| MALES | | | | | | | |
| 25 | 12.40% | 5.50% | 1.40% | .042% | .024% | | |
| 30 | 10.00 | 3.00 | 1.40 | .057 | .024 | | |
| 35 | 11.00 | 3.00 | 1.10 | .062 | .100 | | |
| 40 | 11.00 | 3.00 | .80 | .072 | .180 | | |
| 45 | 11.00 | 3.00 | .50 | .100 | .180 | | |
| 50 | 11.00 | 3.00 | 1.78 | .152 | .280 | | 24.00% |
| 55 | 10.50 | 3.00 | 3.50 | .252 | .430 | 10.00 | 24.00 |
| 60 | 10.00 | 2.40 | 4.50 | .467 | .580 | 10.00 | 28.00 |
| 65 | | | | .870 | .100 | | 20.00 |
| 69 | | | | 1.335 | .100 | | 20.00 |
| FEMALES | | | | | | | |
| 25 | 14.10% | 9.50% | 4.00% | .019% | .040% | | |
| 30 | 14.10 | 7.50 | 4.00 | .023 | .040 | | |
| 35 | 14.10 | 5.50 | 2.00 | .031 | .080 | | |
| 40 | 10.90 | 3.50 | 1.00 | .043 | .130 | | |
| 45 | 10.90 | 3.00 | .55 | .061 | .180 | | |
| 50 | 10.90 | 3.00 | 1.50 | .085 | .250 | | 10.00% |
| 55 | 10.90 | 3.00 | 3.00 | .146 | .480 | 10.00 | 10.00 |
| 60 | 10.90 | 3.50 | 5.90 | .284 | .480 | 15.00 | 25.00 |
| 65 | | | | .561 | .160 | | 28.00 |
| 69 | | | | .866 | .160 | | 20.00 |

* Vested Withdrawal – At least 5 years service but not eligible for Early or Superannuation retirement.

** Early Retirement – Age 55 with 25 years service, but not eligible for Superannuation retirement.

Death After Retirement: The Uninsured Pensioners 1994 Mortality Table (UP94) with mortality improvements projected 10 years, and with age set back one year for males and females, adopted in 2005, are used to project mortality for healthy annuitants and for dependent beneficiaries. Special mortality tables based on PSERS' experience are used for disability retirements. (The 1995 George B. Buck Mortality Tables, rated forward one year for males and unadjusted for females, adopted in 2000, are used to determine actuarial equivalent benefits.)

TABLE 12**DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS**
(Continued)

Salary Increase: Effective average of 6% per annum, compounded annually (adopted as of June 30, 2005). The components are 3.25% for inflation, 1% for real wage growth and 1.75% for merit or seniority increases. Representative values are as follows:

| Age | Annual Rate of Salary Increase |
|-----|--------------------------------|
| 20 | 12.00% |
| 30 | 9.00 |
| 40 | 7.00 |
| 50 | 4.75 |
| 55 | 4.50 |
| 60 | 4.25 |
| 65 | 4.25 |
| 70 | 4.25 |

MISCELLANEOUS

Option 4 Elections: 100% of members are assumed to elect a refund of contributions and a reduced annuity.

Withdrawal Annuity: 90% of members are assumed to commence payment immediately and 10% are assumed to defer payment to superannuation age.

Health Insurance

Elections: 65% of eligible retirees are assumed to elect premium assistance.

Administrative Expenses: Assumed equal to 2% of contributions made during the year.

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Asset Valuation Method: A five-year moving market average value of assets that recognizes the 8½% actuarial expected investment return immediately and spreads the difference between the actual and expected return (beginning with the 2000/2001 fiscal year) over a period of five years (adopted as of June 30, 2001).

Actuarial Cost Method for Pension Funding: Entry Age Normal Cost Method (modified slightly as of June 30, 2005 to use a pay-weighted average normal contribution rate). The results of each June 30 valuation normally determine the employer contribution rate for the second succeeding fiscal year. The outstanding balance of the unfunded accrued liability as of June 30, 2001 and the decrease in the unfunded accrued liability due to the actuarial asset method change

TABLE 12**DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS**

(Continued)

provided by Act 38 continue to be amortized over a 10-year period, with level dollar funding, beginning July 1 2002. The increases in the unfunded accrued liability due to the July 1, 2002 and July 1, 2003 cost-of-living adjustments provided by Act 38 were both recognized at June 30, 2002 and continue to be amortized over a 10-year period, with level dollar funding starting on July 1, 2003 and July 1, 2004, respectively. All other changes in the unfunded accrued liability at June 30, 2002 – including the Act 9 benefit changes – are amortized over a 30-year period, with level dollar funding starting on July 1, 2003. Post June 30, 2002 benefit improvements for active members and retirees are amortized over a 10-year period with level dollar funding. Post June 30, 2002 gains and losses, and changes in the unfunded accrued liability resulting from changes in actuarial assumptions and methods, are amortized over a 30-year period with level dollar funding. Act 40 also provided a 4.00% floor on the employer pension rate.

Actuarial Cost Method for GASB 25 Accounting for Pensions: Same as for pension funding, except that in fiscal years in which the amortization requirements of the PSERS code result in an equivalent single amortization period that is longer than the maximum allowable period specified by GASB 25 (40 years for fiscal years ending on or before June 30, 2006; and 30 years for subsequent fiscal years), the GASB 25 amortization payment will be set equal to the level dollar amount that will amortize the unfunded accrued liability over a period equal to the maximum allowable period specified by GASB 25.

Actuarial Cost Method for Health Insurance Funding: The actuarial liability equals the assets in the health insurance account, and the results of the June 30 valuation determine the contribution rate for the second succeeding fiscal year. The rate so determined is the rate necessary to establish reserves sufficient to cover administrative expenses and provide premium assistance payments for all participating eligible annuitants during the third fiscal year that follows the valuation date.

Actuarial Cost Method for GASB 43 Accounting for Health Insurance: The actuarial liability is determined under the entry age actuarial cost method, and the Annual Required Contribution (ARC) for the fiscal year that follows the valuation date is equal to the entry age normal cost for health insurance plus an amount that will amortize the entry age unfunded actuarial liability for health insurance over a period of 30 years.

DATA

Census and Assets: The valuation was based on members of the System as of June 30, 2005 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. The actuary adjusts the data to account for service and pay earned by members on or before the valuation that is not reported by the System until after the actuarial valuation is performed. Asset data was supplied by the System.

TABLE 13**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS****MEMBERSHIP**

For valuation purposes, all employees are considered to be full coverage. All employees who become members on and after January 1, 1966 are members of the dual coverage group. Dual coverage members contribute to both PSERS and to Social Security.

BENEFITS**Superannuation Annuity**

Eligibility Age 62, or age 60 with 30 years of service, or 35 years of service regardless of age.

Amount 2.5% of final average salary times years of school service and intervening military service. 2% of final average salary for non-school service and for members who do not elect Class T-D coverage. Minimum of \$100 per year of service. "Final average salary" means the highest average annual salary for any 3 years of service.

Annual salary is subject to a limit of \$200,000, as adjusted under Section 401(a)(17). As of June 30, 2006, the adjusted limit is \$220,000.

For members who elect coverage under Class T-D, the maximum benefit is equal to the limit established by Section 415 of the Internal Revenue Code.

Early Retirement Annuity

Eligibility Age 55 with 25 years of service.

Amount Accrued benefit as of date of retirement, reduced 1/4% for each month by which commencement of payments precedes Superannuation Age.

For members who elect coverage under Class T-D, the maximum benefit is equal to the limit established by Section 415 of the Internal Revenue Code.

TABLE 13**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**

(Continued)

Withdrawal Annuity

| | |
|-------------|--|
| Eligibility | 5 years of service. |
| Amount | Accrued benefit deferred to superannuation retirement age or an actuarially reduced benefit payable immediately. Actuarially equivalent benefits are based on 4% interest and the 1995 George B. Buck mortality tables, rated forward one year for males and unadjusted for females. |

Disability Annuity

| | |
|-------------|---|
| Eligibility | 5 years of service. |
| Amount | The standard single life annuity if the total number of credited service is greater than 16.667, otherwise the standard single life annuity multiplied by the lesser of the following ratios: (Y^*/Y) or $(16.667/Y)$ where Y is the number of years of credited service and Y* is the total years of credited service if the member were to continue as a school employee until superannuation retirement age (or at current age, if later). Minimum of \$100 per year of service. |

Return of Contributions

| | |
|-------------|---|
| Eligibility | Death or separation from service and member does not qualify for other benefits. |
| Amount | Refund of accumulated deductions includes interest (less annuity payments received prior to death in the case of a retired member). |

Death Benefit

| | |
|-------------|---|
| Eligibility | Death of an active member or vestee who was eligible to receive an annuity. |
| Amount | The present value of the annuity that would have been effective if the member retired on the day before death. Option 1 (see next page) assumed payable if no other option elected. |

TABLE 13**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**
(Continued)**Normal and
Optional Forms
of Benefits**

| | |
|--------------|--|
| Normal Form: | Life annuity with a guaranteed payment equal to member contributions with interest. |
| Option 1: | Reduced benefit with refund of balance of present value of annuity at retirement over payments received. If balance is less than \$5,000, benefit is paid in lump sum; otherwise, beneficiary may elect annuity and/or lump sum. |
| Option 2: | Joint and 100% survivorship annuity. |
| Option 3: | Joint and 50% survivorship annuity. |
| Option 4: | Benefit of equivalent actuarial value, including lump sum payment of member contributions. |

Health Care Premium Assistance

| | |
|-------------|--|
| Eligibility | Retired members who: <ul style="list-style-type: none"> (a) have 24½ or more years of service, or (b) are disability annuitants, or (c) have 15 or more years of service and who both terminated school service and retired after attaining superannuation age and (d) participate in the PSERS health options program or in an employer-sponsored health insurance program. |
| Amount | Participating eligible annuitants receive health insurance premium assistance payments from the Health Insurance Account equal to the lesser of \$100 per month or the actual monthly premium. All administrative expenses necessary to operate the health insurance premium assistance program are to be funded by the Health Insurance Account. The Health Insurance Account is credited with contributions of the Commonwealth and the employers. |

TABLE 13**SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS**

(Continued)

CONTRIBUTIONS**By Members**

Members who elected coverage under Class T-D and who were most recently enrolled prior to July 22, 1983 contribute at a rate of 6½% of compensation, while members who elected coverage under Class T-D and who were most recently enrolled on or after July 22, 1983 contribute at a rate of 7½% of compensation. Members who did not elect coverage under Class T-D and who were most recently enrolled prior to July 22, 1983 contribute at a rate of 5¼% of compensation, while members who did not elect coverage under Class T-D and who were most recently enrolled on or after July 22, 1983 and prior to July 1, 2001 contribute at a rate of 6¼% of compensation. Anyone who enrolls or re-enrolls on or after July 1, 2001 automatically has coverage under class T-D for subsequent school service and subsequent intervening military service, and must contribute at a rate of 7½% of compensation. Reduction in rate for a joint coverage member: 40% of Social Security tax, exclusive of disability and medical coverage portion.

**By Commonwealth and
School Districts**

Balance of required contribution determined as normal contribution, accrued liability contribution, supplemental annuity contribution, experience adjustment factor and premium assistance contribution, is funded by the Commonwealth and the School Districts.

TABLE 14**SUMMARY OF MEMBERSHIP DATA
AS OF JUNE 30, 2006****ACTIVE MEMBERS ***

| Item | Male | Female | Total |
|--------------------|--------------|--------------|---------------|
| Number of Members | 72,621 | 190,729 | 263,350 |
| Annual Salaries ** | \$ 3,569,567 | \$ 7,849,482 | \$ 11,419,049 |
| Average Age | 44.6 | 44.7 | 44.7 |
| Average Service | 12.0 | 10.7 | 11.1 |

* Excludes 94,071 inactive members and vestees.

** The salaries shown in the table above represent a rate of pay for members who were in active service on June 30, 2006.

ANNUITANTS AND BENEFICIARIES

| Item | Number | Annual Annuities | Average Annuities | Average Age |
|--|--------------|------------------|-------------------|-------------|
| Annuitants (Normal, Early and Withdrawal) | 146,582 | \$ 3,089,351 | \$ 21,076 | 69.7 |
| Survivors and Beneficiaries | 8,056 | 71,434 | 8,867 | 75.7 |
| Disabled Annuitants | <u>7,175</u> | <u>113,666</u> | 15,842 | 62.3 |
| Total | 161,813 | \$ 3,274,451 | \$ 20,236 | 69.7 |

EXHIBIT I**ACTIVE MEMBERSHIP DATA AS OF JUNE 30, 2006
NUMBER AND AVERAGE ANNUAL SALARY**

| Age | Service | | | | | | | | | Total | |
|-----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-----------------|-------|---------------------|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | | |
| Under 25 | 8,784 \$28,425 | 70 \$26,478 | | | | | | | | | 8,854 \$28,410 |
| 25-29 | 19,744 \$35,796 | 5,678 \$45,458 | 33 \$39,602 | | | | | | | | 25,455 \$37,956 |
| 30-34 | 9,654 \$33,696 | 13,465 \$48,365 | 2,657 \$55,335 | 47 \$41,150 | | | | | | | 25,823 \$43,585 |
| 35-39 | 9,685 \$26,300 | 8,584 \$45,522 | 8,462 \$58,577 | 2,160 \$60,318 | 61 \$43,306 | | | | | | 28,952 \$44,007 |
| 40-44 | 11,221 \$22,100 | 7,796 \$34,832 | 4,709 \$51,711 | 5,341 \$63,254 | 1,962 \$61,475 | 115 \$43,965 | | | | | 31,144 \$39,383 |
| 45-49 | 10,881 \$21,668 | 9,831 \$31,482 | 5,740 \$42,121 | 4,459 \$56,500 | 4,840 \$65,319 | 2,839 \$66,180 | 128 \$45,256 | | | | 38,718 \$40,002 |
| 50-54 | 7,458 \$24,189 | 8,189 \$32,989 | 6,671 \$41,568 | 6,054 \$51,682 | 4,722 \$62,336 | 7,923 \$71,639 | 6,397 \$72,684 | 53 \$44,888 | | | 47,467 \$49,930 |
| 55-59 | 5,009 \$22,653 | 4,553 \$32,738 | 4,488 \$40,148 | 5,183 \$47,781 | 5,005 \$58,010 | 3,730 \$66,103 | 7,790 \$76,100 | 1,995 \$79,020 | 27 \$44,743 | | 37,780 \$52,380 |
| 60-64 | 2,319 \$18,867 | 1,938 \$27,799 | 1,706 \$34,440 | 2,043 \$41,570 | 1,966 \$47,698 | 1,523 \$52,409 | 793 \$59,489 | 619 \$79,972 | 159 \$81,536 | | 13,066 \$40,146 |
| Over 64 | 1,742 \$13,177 | 1,099 \$19,410 | 840 \$24,409 | 738 \$29,607 | 600 \$33,772 | 489 \$35,300 | 311 \$39,533 | 137 \$50,429 | 135 \$70,680 | | 6,091 \$25,104 |
| Total | 86,497 \$27,525 | 61,203 \$38,845 | 35,306 \$47,189 | 26,025 \$53,383 | 19,156 \$59,414 | 16,619 \$66,441 | 15,419 \$72,835 | 2,804 \$77,188 | 321 \$73,876 | | 263,350 \$43,361 |

EXHIBIT II**THE NUMBER AND AVERAGE ANNUAL ANNUITY
AS OF JUNE 30, 2006****RETIRED ON ACCOUNT OF SUPERANNUATION, EARLY RETIREMENT AND
THOSE IN RECEIPT OF WITHDRAWAL ANNUITIES**

| Age | Years of Service | | | | | | | | | Total |
|-----------------|------------------|---------|---------|---------|----------|----------|----------|----------|----------|----------|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | |
| Under 50 | 1 | 1,592 | 1,327 | 411 | 116 | 32 | | | | 3,479 |
| | \$854 | \$762 | \$1,610 | \$3,910 | \$8,522 | \$15,105 | | | | \$1,848 |
| 50-54 | | 365 | 1,133 | 513 | 279 | 296 | 213 | 17 | | 2,816 |
| | | \$1,360 | \$1,498 | \$4,291 | \$9,815 | \$20,833 | \$32,172 | \$32,833 | | \$7,355 |
| 55-59 | | 306 | 2,511 | 1,294 | 792 | 1,530 | 7,948 | 3,739 | 3 | 18,123 |
| | | \$2,121 | \$1,803 | \$5,368 | \$10,694 | \$25,669 | \$41,690 | \$52,653 | \$42,491 | \$32,457 |
| 60-64 | 136 | 523 | 2,651 | 2,155 | 1,672 | 2,604 | 10,330 | 6,829 | 215 | 27,115 |
| | \$917 | \$2,980 | \$2,934 | \$7,380 | \$14,463 | \$25,934 | \$36,768 | \$51,220 | \$56,823 | \$31,676 |
| 65-69 | 495 | 832 | 2,665 | 2,718 | 2,859 | 3,417 | 6,514 | 4,662 | 746 | 24,908 |
| | \$856 | \$2,716 | \$3,818 | \$7,849 | \$13,038 | \$21,459 | \$31,381 | \$40,196 | \$53,334 | \$23,140 |
| 70-74 | 557 | 953 | 2,717 | 2,658 | 2,946 | 3,175 | 3,999 | 3,099 | 1,556 | 21,660 |
| | \$613 | \$2,074 | \$3,479 | \$6,485 | \$10,951 | \$17,611 | \$26,397 | \$35,325 | \$42,421 | \$18,385 |
| 75-79 | 606 | 1,091 | 2,658 | 2,725 | 3,032 | 3,111 | 3,151 | 2,129 | 1,375 | 19,878 |
| | \$528 | \$1,775 | \$3,373 | \$6,072 | \$10,666 | \$16,330 | \$23,515 | \$31,094 | \$40,736 | \$15,455 |
| 80-84 | 472 | 1,001 | 2,322 | 2,460 | 2,302 | 2,137 | 1,675 | 1,540 | 656 | 14,565 |
| | \$502 | \$1,554 | \$3,279 | \$5,990 | \$10,251 | \$15,051 | \$20,158 | \$25,586 | \$36,705 | \$12,163 |
| 85-89 | 298 | 670 | 1,591 | 1,473 | 1,305 | 1,141 | 849 | 955 | 357 | 8,639 |
| | \$564 | \$1,614 | \$3,366 | \$5,955 | \$9,380 | \$13,394 | \$18,332 | \$22,599 | \$29,232 | \$10,474 |
| Over 89 | 158 | 477 | 805 | 791 | 676 | 697 | 548 | 690 | 557 | 5,399 |
| | \$699 | \$2,155 | \$3,980 | \$6,978 | \$10,610 | \$13,820 | \$18,126 | \$21,672 | \$25,330 | \$12,162 |
| Total | 2,723 | 7,810 | 20,380 | 17,198 | 15,979 | 18,140 | 35,227 | 23,660 | 5,465 | 146,582 |
| | \$634 | \$1,761 | \$2,988 | \$6,443 | \$11,344 | \$19,326 | \$32,967 | \$41,683 | \$40,764 | \$21,076 |

EXHIBIT III**THE NUMBER AND AVERAGE ANNUAL ANNUITY
AS OF JUNE 30, 2006****BENEFICIARIES AND SURVIVOR ANNUITANTS**

| Age | Years of Service | | | | | | | | | Total |
|-----------------|------------------|----------------|------------------|----------------|----------------|----------------|-------------------|-------------------|-----------------|------------------|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | |
| Under 50 | 1 \$240 | 17 \$1,740 | 51 \$1,756 | 47 \$3,160 | 48 \$5,266 | 34 \$6,967 | 34 \$13,785 | 18 \$16,498 | 18 \$11,264 | 268 \$6,440 |
| 50-54 | 2 \$365 | 12 \$1,099 | 17 \$1,987 | 20 \$3,999 | 29 \$6,527 | 32 \$11,356 | 41 \$13,221 | 25 \$12,813 | 11 \$10,673 | 189 \$8,784 |
| 55-59 | 2 \$291 | 10 \$2,272 | 38 \$3,039 | 35 \$3,512 | 42 \$6,352 | 56 \$12,197 | 110 \$14,784 | 103 \$18,714 | 19 \$13,377 | 415 \$12,095 |
| 60-64 | 5 \$454 | 14 \$1,492 | 46 \$2,833 | 43 \$4,671 | 50 \$6,181 | 68 \$12,293 | 165 \$17,057 | 142 \$20,316 | 32 \$14,273 | 565 \$13,549 |
| 65-69 | 6 \$619 | 20 \$1,923 | 92 \$3,225 | 92 \$4,872 | 78 \$7,327 | 81 \$11,751 | 163 \$15,302 | 161 \$19,538 | 53 \$18,450 | 746 \$11,968 |
| 70-74 | 12 \$645 | 36 \$1,755 | 114 \$2,724 | 101 \$4,330 | 115 \$6,852 | 102 \$9,599 | 209 \$12,498 | 160 \$16,720 | 107 \$21,009 | 956 \$10,587 |
| 75-79 | 24 \$575 | 62 \$1,544 | 161 \$2,852 | 178 \$4,059 | 168 \$6,762 | 171 \$8,385 | 207 \$12,286 | 241 \$13,309 | 124 \$17,115 | 1,336 \$8,783 |
| 80-84 | 21 \$616 | 91 \$1,283 | 216 \$2,542 | 189 \$3,739 | 175 \$6,075 | 204 \$7,945 | 212 \$9,574 | 289 \$10,973 | 120 \$15,199 | 1,517 \$7,313 |
| 85-89 | 14 \$532 | 101 \$1,157 | 180 \$2,153 | 128 \$3,402 | 137 \$5,341 | 129 \$7,339 | 170 \$9,007 | 251 \$10,374 | 149 \$11,493 | 1,259 \$6,730 |
| Over 89 | 1 \$514 | 50 \$1,098 | 85 \$2,012 | 69 \$3,385 | 69 \$4,782 | 74 \$5,606 | 93 \$6,854 | 182 \$8,421 | 182 \$9,054 | 805 \$6,239 |
| Total | 88 \$568 | 413 \$1,386 | 1,000 \$2,543 | 902 \$3,920 | 911 \$6,189 | 951 \$8,903 | 1,404 \$12,321 | 1,572 \$13,846 | 815 \$14,188 | 8,056 \$8,867 |

EXHIBIT IV**THE NUMBER AND AVERAGE ANNUAL ANNUITY
AS OF JUNE 30, 2006****RETIRED ON ACCOUNT OF DISABILITY**

| Age | Years of Service | | | | | | | | | Total | |
|-----------------|------------------|----------|----------|----------|----------|----------|----------|----------|----------|-------|----------|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | | |
| Under 50 | | 243 | 174 | 108 | 54 | 16 | | | | | 595 |
| | | \$10,358 | \$12,793 | \$17,251 | \$21,056 | \$25,990 | | | | | \$13,713 |
| 50-54 | | 179 | 212 | 157 | 159 | 166 | 28 | | | | 901 |
| | | \$8,950 | \$11,951 | \$16,021 | \$22,936 | \$36,320 | \$45,643 | | | | \$19,539 |
| 55-59 | | 243 | 282 | 253 | 262 | 389 | 232 | 3 | | | 1,664 |
| | | \$8,025 | \$10,614 | \$15,129 | \$22,349 | \$33,519 | \$45,838 | \$49,415 | | | \$23,106 |
| 60-64 | | 221 | 296 | 267 | 294 | 268 | 71 | 2 | | | 1,419 |
| | | \$6,352 | \$8,727 | \$12,054 | \$19,054 | \$27,760 | \$39,124 | \$47,306 | | | \$16,292 |
| 65-69 | | 165 | 241 | 224 | 186 | 117 | 17 | 2 | | | 952 |
| | | \$5,089 | \$7,669 | \$10,008 | \$15,163 | \$24,692 | \$28,928 | \$42,997 | | | \$11,782 |
| 70-74 | | 131 | 184 | 147 | 120 | 73 | 16 | 1 | | | 672 |
| | | \$4,411 | \$6,563 | \$8,489 | \$13,116 | \$20,512 | \$27,341 | \$43,179 | | | \$9,799 |
| 75-79 | | 92 | 142 | 89 | 95 | 52 | 5 | 1 | 1 | | 477 |
| | | \$3,440 | \$5,490 | \$8,570 | \$13,123 | \$18,135 | \$20,788 | \$24,751 | \$54,601 | | \$8,872 |
| 80-84 | | 69 | 71 | 47 | 57 | 35 | 10 | 1 | | | 290 |
| | | \$3,609 | \$6,159 | \$7,925 | \$10,848 | \$15,910 | \$20,818 | \$29,135 | | | \$8,522 |
| 85-89 | | 26 | 31 | 24 | 25 | 15 | 14 | | | | 135 |
| | | \$3,264 | \$5,553 | \$7,878 | \$10,421 | \$14,870 | \$22,560 | | | | \$9,226 |
| Over 89 | | 6 | 22 | 23 | 9 | 5 | 5 | | | | 70 |
| | | \$2,961 | \$5,443 | \$8,311 | \$9,766 | \$14,698 | \$18,870 | | | | \$8,349 |
| Total | | 1,375 | 1,655 | 1,339 | 1,261 | 1,136 | 398 | 10 | 1 | | 7,175 |
| | | \$6,952 | \$9,003 | \$12,270 | \$18,120 | \$29,143 | \$41,059 | \$42,592 | \$54,601 | | \$15,842 |

EXHIBIT V**ANNUITANT AND BENEFICIARY MEMBERSHIP DATA
AS OF JUNE 30, 2006****NUMBER AND AVERAGE ANNUAL BENEFIT
EXCLUDES PARTIAL LUMP SUM PAYMENTS**

| Age Last Birthday | Number | Annual Benefit (Thousands) | Average Annual Benefit |
|--|---------|-------------------------------|---------------------------|
| Annuitants (Normal, Early and Withdrawal) | | | |
| Under 60 | 24,418 | \$ 615,355 | \$ 25,201 |
| 60 - 64 | 27,115 | 858,883 | 31,676 |
| 65 - 69 | 24,908 | 576,382 | 23,140 |
| 70 - 74 | 21,660 | 398,222 | 18,385 |
| 75 - 79 | 19,878 | 307,216 | 15,455 |
| Over 79 | 28,603 | 333,293 | 11,652 |
| Total | 146,582 | \$ 3,089,351 | \$ 21,076 |
| Survivors and Beneficiaries | | | |
| Under 60 | 872 | \$ 8,406 | \$ 9,640 |
| 60 - 64 | 565 | 7,655 | 13,549 |
| 65 - 69 | 746 | 8,928 | 11,968 |
| 70 - 74 | 956 | 10,121 | 10,587 |
| 75 - 79 | 1,336 | 11,734 | 8,783 |
| Over 79 | 3,581 | 24,590 | 6,867 |
| Total | 8,056 | \$ 71,434 | \$ 8,867 |
| Disabled Annuitants | | | |
| Under 60 | 3,160 | \$ 64,212 | \$ 20,320 |
| 60 - 64 | 1,419 | 23,119 | 16,292 |
| 65 - 69 | 952 | 11,217 | 11,783 |
| 70 - 74 | 672 | 6,585 | 9,799 |
| 75 - 79 | 477 | 4,232 | 8,872 |
| Over 79 | 495 | 4,301 | 8,689 |
| Total | 7,175 | \$ 113,666 | \$ 15,842 |
| Grand Total Average Annual Benefit | 161,813 | \$ 3,274,451 | \$ 20,236 |

EXHIBIT VI**10 YEAR HISTORY OF MEMBERSHIP DATA****ACTIVE MEMBERS**

| Valuation as of June 30 | Number of Active Members | Percentage Change in Membership | Total Annual Payroll (Thousands) | Percentage Change in Payroll |
|-------------------------------|--------------------------------|---------------------------------------|--|------------------------------------|
| 2006 | 263,350 | 3.09% | \$ 11,419,049 | 8.47% |
| 2005 | 255,465 | 3.05% | 10,527,668 | 4.95% |
| 2004 | 247,901 | 0.49% | 10,030,705 | 3.91% |
| 2003 | 246,700 | 1.68% | 9,652,881 | 2.92% |
| 2002 | 242,616 | (0.29%) | 9,378,944 | (0.38%) |
| 2001 | 243,311 | 3.89% | 9,414,884 | 5.32% |
| 2000 | 234,210 | 4.79% | 8,939,598 | 8.39% |
| 1999 | 223,495 | 1.27% | 8,247,602 | 1.93% |
| 1998 | 220,703 | 2.62% | 8,091,481 | 4.47% |
| 1997 | 215,077 | 0.55% | 7,745,001 | 1.69% |

ANNUITANT AND SURVIVOR ANNUITANT MEMBERS

| Year Ended June 30 | Number on roll | Additions | Deletions | Percentage Change in Membership | Annual Annuities (Millions) | Percentage Change in Annuities |
|--------------------------|-------------------|-----------|-----------|---------------------------------------|-----------------------------------|--------------------------------------|
| 2006 | 161,813 | 10,637 | 5,343 | 3.38% | \$ 3,274.5 | 8.16% |
| 2005 | 156,519 | 10,050 | 5,083 | 3.28% | 3,027.6 | 8.20% |
| 2004 | 151,552 | 10,526 | 4,667 | 4.02% | 2,798.2 | 9.94% |
| 2003 | 145,693 | 9,079 | 4,800 | 3.03% | 2,545.1 | 13.20% |
| 2002 | 141,414 | 13,003 | 4,305 | 6.55% | 2,248.3 | 20.10% |
| 2001 | 132,716 | 3,140 | 4,482 | -1.00% | 1,872.0 | 0.00% |
| 2000 | 134,058 | 5,923 | 4,734 | 0.89% | 1,880.6 | 2.73% |
| 1999 | 132,869 | 10,609 | 4,554 | 4.77% | 1,830.6 | 10.77% |
| 1998 | 126,814 | 7,132 | 4,442 | 2.17% | 1,652.6 | 14.21% |
| 1997 | 124,124 | 9,787 | 4,389 | 4.55% | 1,447.0 | 11.74% |

EXHIBIT VII

DETAILED TABULATIONS OF THE DATA

TABLE 1
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF JUNE 30, 2006

| Age | Males | | Females | |
|-----|--------|-------------|---------|-------------|
| | Number | Salaries | Number | Salaries |
| 17 | 13 | \$ 97,264 | 9 | \$ 66,808 |
| 18 | 36 | 309,675 | 16 | 169,303 |
| 19 | 72 | 797,775 | 64 | 575,151 |
| 20 | 117 | 1,395,723 | 122 | 1,285,344 |
| 21 | 149 | 2,008,011 | 198 | 2,379,524 |
| 22 | 275 | 5,387,757 | 690 | 15,596,704 |
| 23 | 681 | 18,264,381 | 2,216 | 64,203,469 |
| 24 | 1,128 | 34,880,013 | 3,068 | 104,121,330 |
| 25 | 1,327 | 43,746,229 | 3,426 | 118,255,869 |
| 26 | 1,442 | 51,668,691 | 3,696 | 135,373,018 |
| 27 | 1,497 | 56,269,824 | 3,746 | 144,903,365 |
| 28 | 1,516 | 60,496,178 | 3,614 | 142,864,205 |
| 29 | 1,549 | 64,360,560 | 3,642 | 148,236,510 |
| 30 | 1,573 | 69,026,325 | 3,457 | 147,701,159 |
| 31 | 1,580 | 71,856,497 | 3,468 | 146,901,405 |
| 32 | 1,575 | 73,704,088 | 3,369 | 140,242,492 |
| 33 | 1,694 | 80,677,587 | 3,487 | 147,529,505 |
| 34 | 1,804 | 87,620,626 | 3,816 | 160,233,317 |
| 35 | 1,896 | 93,897,486 | 4,272 | 183,108,608 |
| 36 | 1,773 | 90,198,176 | 4,268 | 180,234,875 |
| 37 | 1,688 | 86,787,900 | 3,989 | 166,789,150 |
| 38 | 1,569 | 81,493,619 | 3,902 | 153,881,458 |
| 39 | 1,511 | 79,342,087 | 4,084 | 158,354,540 |
| 40 | 1,610 | 82,514,430 | 4,082 | 154,021,618 |
| 41 | 1,523 | 76,231,887 | 4,430 | 159,553,135 |
| 42 | 1,623 | 81,745,371 | 4,746 | 164,852,193 |
| 43 | 1,583 | 77,583,616 | 4,850 | 172,494,646 |
| 44 | 1,549 | 76,970,182 | 5,148 | 180,584,481 |
| 45 | 1,725 | 84,453,294 | 5,562 | 194,506,205 |
| 46 | 1,702 | 83,651,134 | 5,431 | 187,639,805 |
| 47 | 1,841 | 90,116,622 | 5,805 | 208,933,367 |
| 48 | 1,906 | 95,723,578 | 6,222 | 236,346,163 |
| 49 | 2,036 | 107,936,083 | 6,488 | 259,493,082 |
| 50 | 2,047 | 108,056,842 | 6,502 | 273,023,493 |
| 51 | 2,229 | 120,881,935 | 6,842 | 300,631,580 |
| 52 | 2,258 | 127,146,178 | 7,091 | 338,866,678 |
| 53 | 2,612 | 155,498,865 | 7,407 | 372,851,237 |
| 54 | 2,797 | 172,126,537 | 7,682 | 400,937,564 |
| 55 | 2,654 | 166,424,053 | 6,956 | 364,534,210 |
| 56 | 2,369 | 145,671,838 | 5,858 | 300,074,838 |

TABLE 1
(Continued)

**THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF JUNE 30, 2006**

| Age | Males | | Females | |
|--------------|--------|----------------|---------|----------------|
| | Number | Salaries | Number | Salaries |
| 57 | 2,159 | \$ 130,337,904 | 5,142 | \$ 256,549,281 |
| 58 | 1,835 | 103,464,864 | 4,530 | 212,618,023 |
| 59 | 1,773 | 95,061,503 | 4,504 | 204,196,325 |
| 60 | 1,066 | 52,824,150 | 2,548 | 106,341,173 |
| 61 | 936 | 41,914,044 | 2,336 | 95,205,921 |
| 62 | 757 | 30,662,858 | 1,627 | 60,670,586 |
| 63 | 672 | 26,355,793 | 1,459 | 51,681,426 |
| 64 | 562 | 20,142,998 | 1,103 | 38,745,164 |
| 65 | 374 | 12,368,004 | 726 | 20,972,819 |
| 66 | 347 | 9,846,862 | 545 | 15,610,552 |
| 67 | 274 | 7,865,685 | 441 | 11,225,476 |
| 68 | 234 | 6,902,299 | 382 | 9,342,984 |
| 69 | 203 | 5,316,240 | 325 | 8,214,912 |
| 70 | 165 | 4,128,164 | 261 | 5,438,646 |
| 71 | 139 | 2,780,084 | 208 | 4,121,775 |
| 72 | 117 | 2,444,916 | 184 | 3,811,310 |
| 73 | 99 | 2,270,756 | 144 | 2,575,316 |
| 74 | 90 | 1,941,326 | 114 | 1,930,034 |
| 75 | 75 | 1,375,340 | 93 | 2,170,727 |
| 76 | 55 | 1,188,102 | 83 | 1,435,419 |
| 77 | 42 | 815,179 | 64 | 967,528 |
| 78 | 32 | 811,549 | 54 | 998,756 |
| 79 | 27 | 553,242 | 38 | 647,686 |
| 80 | 17 | 332,701 | 36 | 570,718 |
| 81 | 13 | 227,159 | 20 | 373,324 |
| 82 | 7 | 152,284 | 12 | 216,475 |
| 83 | 8 | 142,896 | 7 | 142,336 |
| 84 | 5 | 145,190 | 6 | 95,149 |
| 85 | 8 | 119,507 | 8 | 125,070 |
| 86 | 1 | 57,297 | 4 | 67,256 |
| 87 | | | 4 | 70,833 |
| Total | 72,621 | 3,569,566,813 | 190,729 | 7,849,482,404 |

TABLE 2
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF JUNE 30, 2006

| Service | Males | | Females | |
|---------|--------|---------------|---------|----------------|
| | Number | Salaries | Number | Salaries |
| 0 | 4,614 | \$ 77,176,723 | 12,448 | \$ 222,174,398 |
| 1 | 5,745 | 167,077,445 | 16,075 | 390,137,408 |
| 2 | 4,372 | 148,891,921 | 13,093 | 374,844,613 |
| 3 | 3,990 | 151,823,388 | 11,619 | 357,237,804 |
| 4 | 3,701 | 145,575,181 | 10,840 | 345,861,249 |
| 5 | 3,481 | 141,007,216 | 10,580 | 346,410,579 |
| 6 | 3,139 | 133,803,586 | 9,946 | 350,983,473 |
| 7 | 3,584 | 167,551,366 | 9,776 | 360,767,774 |
| 8 | 2,910 | 141,963,273 | 7,834 | 303,131,807 |
| 9 | 2,908 | 146,200,941 | 7,045 | 285,591,435 |
| 10 | 2,308 | 117,495,512 | 5,985 | 246,695,882 |
| 11 | 2,028 | 107,756,642 | 5,303 | 230,207,236 |
| 12 | 1,866 | 99,038,437 | 4,808 | 214,769,774 |
| 13 | 2,176 | 122,084,747 | 5,087 | 239,107,057 |
| 14 | 1,538 | 84,580,731 | 4,207 | 204,307,697 |
| 15 | 1,311 | 72,472,068 | 3,935 | 190,831,985 |
| 16 | 1,378 | 78,830,896 | 4,040 | 207,729,218 |
| 17 | 1,464 | 83,292,029 | 3,907 | 203,107,227 |
| 18 | 1,370 | 80,494,538 | 3,904 | 206,476,526 |
| 19 | 1,314 | 78,500,063 | 3,402 | 187,563,946 |
| 20 | 1,115 | 67,674,215 | 3,204 | 177,006,264 |
| 21 | 1,028 | 62,054,389 | 2,885 | 165,569,495 |
| 22 | 963 | 58,939,241 | 2,456 | 143,560,689 |
| 23 | 1,284 | 80,839,177 | 3,436 | 211,981,309 |
| 24 | 773 | 48,026,747 | 2,012 | 122,475,542 |
| 25 | 815 | 51,998,855 | 2,283 | 144,453,275 |
| 26 | 904 | 60,716,507 | 2,385 | 150,423,291 |
| 27 | 1,068 | 72,642,477 | 2,509 | 164,268,147 |
| 28 | 977 | 70,081,633 | 2,336 | 157,134,187 |
| 29 | 1,083 | 77,757,835 | 2,259 | 154,704,741 |
| 30 | 1,148 | 82,685,235 | 2,300 | 158,279,796 |
| 31 | 1,193 | 88,843,480 | 2,145 | 150,603,937 |
| 32 | 1,377 | 104,390,468 | 2,078 | 149,636,840 |
| 33 | 1,174 | 92,452,507 | 1,722 | 124,958,614 |
| 34 | 1,028 | 81,120,160 | 1,254 | 90,069,131 |
| 35 | 517 | 42,737,761 | 603 | 44,333,612 |
| 36 | 355 | 29,122,429 | 411 | 29,711,555 |
| 37 | 226 | 18,853,136 | 217 | 15,672,067 |
| 38 | 178 | 14,484,887 | 124 | 8,490,070 |
| 39 | 78 | 6,428,318 | 95 | 6,602,296 |

TABLE 2
(Continued)

**THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF JUNE 30, 2006**

| Service | Males | | Females | |
|--------------|--------|---------------|---------|---------------|
| | Number | Salaries | Number | Salaries |
| 40 | 42 | 3,798,348 | 61 | 3,876,865 |
| 41 | 28 | 2,379,067 | 28 | 1,751,187 |
| 42 | 25 | 2,277,796 | 20 | 1,388,730 |
| 43 | 15 | 1,215,131 | 18 | 1,161,193 |
| 44 | 4 | 285,890 | 15 | 1,147,837 |
| 45 | 7 | 620,112 | 10 | 605,927 |
| 46 | 8 | 688,524 | 4 | 244,279 |
| 47 | 4 | 379,879 | 2 | 169,967 |
| 48 | 3 | 192,998 | 7 | 349,316 |
| 49 | | | 1 | 32,628 |
| 50 | 1 | 72,893 | 4 | 270,810 |
| 51 | 2 | 156,488 | 3 | 200,353 |
| 52 | 1 | 34,527 | 2 | 97,705 |
| 53 | | | 1 | 35,682 |
| 54 | | | 2 | 137,780 |
| 55 | | | 1 | 40,645 |
| 56 | | | | |
| 57 | | | | |
| 58 | | | | |
| 59 | | | | |
| 60 | | | 1 | 60,554 |
| 61 | | | | |
| 62 | | | | |
| 63 | | | 1 | 41,000 |
| Total | 72,621 | 3,569,566,813 | 190,729 | 7,849,482,404 |

TABLE 3

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2006**

**RETIRED ON ACCOUNT OF SUPERANNUATION, EARLY RETIREMENT AND
THOSE IN RECEIPT OF WITHDRAWAL ANNUITIES**

| Age | Male | | Female | |
|-----|--------|-------------|--------|-------------|
| | Number | Annuities | Number | Annuities |
| 23 | | | 1 | \$ 186 |
| 25 | 1 | 533 | | |
| 26 | 4 | 1,557 | 3 | 924 |
| 27 | 4 | 2,241 | 3 | 729 |
| 28 | 8 | 5,882 | 13 | 4,369 |
| 29 | 7 | 4,364 | 17 | 6,676 |
| 30 | 16 | 6,348 | 22 | 9,738 |
| 31 | 13 | 9,860 | 30 | 20,019 |
| 32 | 21 | 16,392 | 41 | 17,047 |
| 33 | 24 | 18,898 | 50 | 32,292 |
| 34 | 36 | 28,980 | 67 | 52,498 |
| 35 | 38 | 39,897 | 79 | 65,943 |
| 36 | 42 | 45,158 | 86 | 83,394 |
| 37 | 44 | 56,868 | 77 | 86,523 |
| 38 | 40 | 50,978 | 77 | 91,831 |
| 39 | 60 | 95,998 | 99 | 134,590 |
| 40 | 53 | 84,344 | 111 | 136,800 |
| 41 | 62 | 134,764 | 113 | 163,668 |
| 42 | 56 | 113,964 | 131 | 186,251 |
| 43 | 88 | 213,565 | 124 | 208,985 |
| 44 | 75 | 183,484 | 139 | 246,583 |
| 45 | 85 | 256,647 | 151 | 292,728 |
| 46 | 93 | 236,646 | 172 | 293,689 |
| 47 | 90 | 230,955 | 191 | 374,595 |
| 48 | 122 | 341,057 | 210 | 469,995 |
| 49 | 123 | 505,740 | 267 | 764,941 |
| 50 | 124 | 654,147 | 257 | 826,024 |
| 51 | 130 | 634,134 | 294 | 1,132,261 |
| 52 | 183 | 1,265,677 | 362 | 1,921,449 |
| 53 | 168 | 1,415,095 | 475 | 3,970,172 |
| 54 | 239 | 2,869,193 | 584 | 6,023,163 |
| 55 | 444 | 9,221,188 | 1,030 | 17,722,839 |
| 56 | 758 | 22,936,485 | 1,663 | 42,539,559 |
| 57 | 1,261 | 46,596,880 | 2,255 | 70,519,674 |
| 58 | 1,804 | 68,858,547 | 2,763 | 93,485,988 |
| 59 | 2,689 | 103,547,292 | 3,456 | 112,785,555 |
| 60 | 2,458 | 94,417,704 | 2,947 | 94,790,790 |
| 61 | 2,157 | 80,569,633 | 2,574 | 80,227,580 |

TABLE 3
(Continued)

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2006**

**RETIRED ON ACCOUNT OF SUPERANNUATION, EARLY RETIREMENT AND
THOSE IN RECEIPT OF WITHDRAWAL ANNUITIES**

| Age | Male | | Female | |
|-----|--------|---------------|--------|---------------|
| | Number | Annuities | Number | Annuities |
| 62 | 2,183 | \$ 80,050,826 | 2,799 | \$ 80,127,145 |
| 63 | 2,497 | 86,679,060 | 3,474 | 89,844,655 |
| 64 | 2,555 | 87,062,640 | 3,471 | 85,113,020 |
| 65 | 2,064 | 63,836,529 | 3,310 | 76,060,037 |
| 66 | 1,909 | 58,066,446 | 3,133 | 66,188,724 |
| 67 | 1,785 | 48,649,409 | 3,085 | 60,516,865 |
| 68 | 1,819 | 47,925,873 | 3,078 | 58,605,514 |
| 69 | 1,784 | 45,901,956 | 2,941 | 50,630,314 |
| 70 | 1,755 | 44,791,312 | 2,876 | 48,916,614 |
| 71 | 1,621 | 38,198,540 | 2,792 | 42,469,679 |
| 72 | 1,605 | 38,025,804 | 2,596 | 39,645,292 |
| 73 | 1,571 | 35,590,663 | 2,525 | 36,192,622 |
| 74 | 1,613 | 35,986,460 | 2,706 | 38,404,995 |
| 75 | 1,500 | 35,141,066 | 2,783 | 40,391,908 |
| 76 | 1,506 | 31,051,612 | 2,635 | 35,713,048 |
| 77 | 1,309 | 25,652,814 | 2,539 | 31,772,955 |
| 78 | 1,269 | 24,113,501 | 2,625 | 32,133,065 |
| 79 | 1,252 | 21,890,987 | 2,460 | 29,354,749 |
| 80 | 1,113 | 19,809,840 | 2,341 | 26,709,208 |
| 81 | 1,057 | 18,324,388 | 2,101 | 22,240,288 |
| 82 | 901 | 14,473,975 | 2,058 | 21,198,722 |
| 83 | 800 | 11,818,434 | 1,813 | 17,385,088 |
| 84 | 676 | 9,224,880 | 1,705 | 15,963,086 |
| 85 | 566 | 8,092,719 | 1,641 | 15,914,624 |
| 86 | 499 | 6,612,946 | 1,520 | 14,489,911 |
| 87 | 329 | 4,224,103 | 1,212 | 11,483,785 |
| 88 | 332 | 4,024,971 | 1,212 | 11,919,895 |
| 89 | 274 | 3,294,667 | 1,054 | 10,425,338 |
| 90 | 238 | 2,949,876 | 887 | 8,876,650 |
| 91 | 164 | 1,868,400 | 753 | 7,925,424 |
| 92 | 143 | 1,967,001 | 656 | 7,311,375 |
| 93 | 108 | 1,430,022 | 531 | 6,336,940 |
| 94 | 80 | 990,807 | 457 | 6,012,073 |
| 95 | 41 | 635,369 | 330 | 4,337,668 |
| 96 | 31 | 547,891 | 270 | 3,778,653 |
| 97 | 40 | 563,825 | 233 | 3,503,915 |
| 98 | 11 | 170,158 | 147 | 2,128,930 |
| 99 | 13 | 196,702 | 97 | 1,511,820 |
| 100 | 5 | 52,774 | 65 | 969,692 |
| 101 | 5 | 106,685 | 35 | 568,205 |

TABLE 3
(Continued)

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2006**

**RETIRED ON ACCOUNT OF SUPERANNUATION, EARLY RETIREMENT AND
THOSE IN RECEIPT OF WITHDRAWAL ANNUITIES**

| Age | Male | | Female | |
|--------------|--------|------------------|--------|------------------|
| | Number | Annuities | Number | Annuities |
| 102 | 2 | \$ 37,267 | 16 | \$ 240,392 |
| 103 | | | 17 | 242,703 |
| 104 | 1 | 31,818 | 14 | 243,712 |
| 105 | | | 5 | 62,743 |
| 106 | | | 2 | 28,212 |
| 107 | | | 1 | 17,586 |
| 108 | | | 1 | 17,478 |
| Total | 52,646 | \$ 1,395,736,112 | 93,936 | \$ 1,693,615,369 |

TABLE 3
(Continued)

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2006**

**RETIRED ON ACCOUNT OF SUPERANNUATION, EARLY RETIREMENT AND
THOSE IN RECEIPT OF WITHDRAWAL ANNUITIES**

| <u>OPTION</u> | | <u>MALE</u> | | <u>FEMALE</u> | |
|---------------|------------|-------------|-------------------|---------------|-------------------|
| Maximum | 27,802 | \$ | 779,383,952 | 65,195 | \$ 1,163,714,962 |
| 1 | 6,611 | | 135,577,482 | 15,325 | 233,269,683 |
| 2 | 9,519 | | 211,415,047 | 7,055 | 139,753,799 |
| 3 | 7,853 | | 234,399,673 | 6,018 | 145,207,009 |
| 4 | <u>861</u> | | <u>34,959,958</u> | <u>343</u> | <u>11,669,916</u> |
| | 52,646 | \$ | 1,395,736,112 | 93,936 | \$ 1,693,615,370 |

DEFINITIONS OF OPTIONS

- Option 1 A life annuity to the member with a guaranteed payment to the beneficiary equal to the present value of the total maximum single life annuity less any amounts paid to the member prior to death.
- Option 2 A joint and one hundred percent (100%) survivor annuity payable during the lifetime of the member with the full amount of such annuity payable thereafter to the designated survivor annuitant, if living at the member's death.
- Option 3 A joint and fifty percent (50%) survivor annuity payable during the lifetime of the member with one-half of such annuity payable thereafter to the designated survivor annuitant, if living at the member's death.
- Option 4 A life annuity to the member with a special death benefit for a designated beneficiary.

TABLE 4
THE NUMBER AND ANNUAL ANNUITIES
OF BENEFICIARIES AND SURVIVOR ANNUITANTS
AS OF JUNE 30, 2006

| Age | Male | | Female | |
|-----|--------|-----------|--------|-----------|
| | Number | Annuities | Number | Annuities |
| 5 | 1 | \$ 2,416 | | |
| 7 | | | 1 | 2,727 |
| 11 | | | 1 | 2,751 |
| 13 | | | 2 | 9,620 |
| 15 | 1 | 2,043 | | |
| 17 | 1 | 1,497 | | |
| 18 | | | 1 | 3,484 |
| 19 | 2 | 9,737 | 2 | 24,567 |
| 20 | 1 | 2,483 | 1 | 6,094 |
| 21 | | | 2 | 8,158 |
| 22 | 1 | 6,094 | | |
| 24 | 1 | 2,514 | 3 | 23,371 |
| 25 | 2 | 14,518 | 3 | 10,745 |
| 26 | | | 2 | 9,679 |
| 27 | 2 | 1,996 | 1 | 11,664 |
| 28 | 5 | 42,452 | 2 | 4,878 |
| 29 | 1 | 4,889 | 3 | 11,418 |
| 30 | 2 | 8,515 | 1 | 13,554 |
| 31 | 5 | 78,072 | 1 | 12,887 |
| 32 | 2 | 4,533 | 2 | 7,069 |
| 33 | 1 | 4,781 | 4 | 12,997 |
| 34 | 3 | 37,935 | 1 | 8,117 |
| 35 | 1 | 2,554 | 6 | 26,907 |
| 36 | 2 | 10,649 | 2 | 19,977 |
| 37 | 3 | 21,217 | 6 | 79,643 |
| 38 | 2 | 2,499 | 5 | 30,802 |
| 39 | 8 | 32,375 | 7 | 48,939 |
| 40 | 5 | 26,672 | 6 | 36,756 |
| 41 | 2 | 9,629 | 4 | 22,537 |
| 42 | 5 | 20,071 | 9 | 39,082 |
| 43 | 3 | 13,096 | 4 | 66,262 |
| 44 | 3 | 28,573 | 5 | 15,075 |
| 45 | 3 | 24,080 | 6 | 16,379 |
| 46 | 7 | 43,166 | 9 | 97,533 |
| 47 | 7 | 27,923 | 28 | 226,809 |
| 48 | 5 | 30,125 | 21 | 123,788 |
| 49 | 4 | 24,210 | 26 | 150,355 |
| 50 | 9 | 50,607 | 15 | 146,762 |
| 51 | 5 | 58,585 | 26 | 229,859 |
| 52 | 7 | 32,296 | 27 | 244,911 |

TABLE 4
(Continued)

**THE NUMBER AND ANNUAL ANNUITIES
OF BENEFICIARIES AND SURVIVOR ANNUITANTS
AS OF JUNE 30, 2006**

| Age | Male | | Female | |
|-----|--------|-----------|--------|------------|
| | Number | Annuities | Number | Annuities |
| 53 | 13 | \$ 68,297 | 40 | \$ 417,561 |
| 54 | 15 | 103,266 | 32 | 307,956 |
| 55 | 14 | 104,073 | 43 | 552,215 |
| 56 | 17 | 152,079 | 52 | 538,925 |
| 57 | 20 | 217,334 | 58 | 708,692 |
| 58 | 15 | 163,665 | 76 | 1,117,700 |
| 59 | 24 | 209,865 | 96 | 1,254,872 |
| 60 | 22 | 233,761 | 77 | 1,016,094 |
| 61 | 11 | 143,609 | 82 | 1,138,057 |
| 62 | 21 | 336,449 | 78 | 1,068,762 |
| 63 | 33 | 350,975 | 104 | 1,342,453 |
| 64 | 21 | 293,205 | 116 | 1,731,955 |
| 65 | 22 | 290,412 | 111 | 1,594,462 |
| 66 | 23 | 235,108 | 116 | 1,247,311 |
| 67 | 29 | 345,225 | 113 | 1,475,466 |
| 68 | 22 | 255,475 | 141 | 1,639,485 |
| 69 | 20 | 115,969 | 149 | 1,729,266 |
| 70 | 22 | 247,707 | 151 | 1,589,594 |
| 71 | 27 | 260,717 | 143 | 1,597,064 |
| 72 | 30 | 347,298 | 176 | 2,011,739 |
| 73 | 28 | 195,606 | 169 | 1,929,365 |
| 74 | 24 | 158,391 | 186 | 1,783,653 |
| 75 | 33 | 305,537 | 214 | 1,929,129 |
| 76 | 47 | 477,302 | 221 | 2,068,048 |
| 77 | 23 | 186,577 | 223 | 2,046,986 |
| 78 | 31 | 233,600 | 246 | 2,030,361 |
| 79 | 42 | 408,307 | 256 | 2,048,071 |
| 80 | 43 | 376,745 | 250 | 1,865,978 |
| 81 | 46 | 407,790 | 260 | 1,892,488 |
| 82 | 50 | 442,200 | 273 | 1,883,733 |
| 83 | 47 | 371,737 | 242 | 1,717,425 |
| 84 | 51 | 349,746 | 255 | 1,786,285 |
| 85 | 48 | 453,973 | 256 | 1,811,518 |
| 86 | 36 | 308,014 | 235 | 1,543,750 |
| 87 | 41 | 304,257 | 183 | 1,176,307 |
| 88 | 38 | 260,095 | 214 | 1,309,804 |
| 89 | 28 | 172,039 | 180 | 1,133,615 |
| 90 | 36 | 223,973 | 138 | 906,486 |
| 91 | 29 | 209,108 | 116 | 716,092 |
| 92 | 12 | 116,507 | 103 | 667,270 |

TABLE 4
(Continued)

**THE NUMBER AND ANNUAL ANNUITIES
OF BENEFICIARIES AND SURVIVOR ANNUITANTS
AS OF JUNE 30, 2006**

| Age | Male | | Female | |
|--------------|--------|---------------|--------|---------------|
| | Number | Annuities | Number | Annuities |
| 93 | 9 | \$ 50,899 | 81 | \$ 501,126 |
| 94 | 9 | 64,778 | 57 | 315,575 |
| 95 | 11 | 71,661 | 62 | 374,215 |
| 96 | 8 | 72,082 | 36 | 184,882 |
| 97 | 3 | 26,177 | 24 | 163,727 |
| 98 | 4 | 32,355 | 26 | 139,696 |
| 99 | 1 | 7,057 | 13 | 84,176 |
| 100 | | | 10 | 47,007 |
| 101 | 1 | 7,002 | 5 | 15,673 |
| 102 | 1 | 2,093 | 4 | 10,986 |
| 103 | | | 2 | 5,873 |
| 104 | 1 | 1,200 | 1 | 1,440 |
| 105 | 1 | 2,949 | 1 | 591 |
| Total | 1,315 | \$ 11,457,046 | 6,741 | \$ 59,977,122 |

TABLE 5

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2006**

RETIRED ON ACCOUNT OF DISABILITY

| Age | Male | | Female | |
|-----|--------|-----------|--------|-----------|
| | Number | Annuities | Number | Annuities |
| 30 | 1 | \$ 17,160 | 1 | 6,267 |
| 31 | 1 | 13,402 | 1 | 12,175 |
| 32 | 1 | 9,262 | 1 | \$ 20,319 |
| 33 | 1 | 1,832 | 4 | 63,787 |
| 34 | 1 | 20,438 | 4 | 48,007 |
| 35 | | | 6 | 80,810 |
| 36 | 4 | 60,027 | 5 | 76,690 |
| 37 | 4 | 46,446 | 5 | 51,417 |
| 38 | 3 | 45,805 | 10 | 162,766 |
| 39 | 5 | 68,609 | 11 | 190,508 |
| 40 | 6 | 86,637 | 16 | 233,212 |
| 41 | 7 | 86,990 | 17 | 225,732 |
| 42 | 8 | 110,168 | 29 | 416,552 |
| 43 | 16 | 169,324 | 25 | 321,692 |
| 44 | 12 | 178,515 | 23 | 274,357 |
| 45 | 12 | 183,372 | 34 | 483,176 |
| 46 | 14 | 170,604 | 43 | 576,322 |
| 47 | 32 | 449,455 | 46 | 523,179 |
| 48 | 32 | 489,679 | 60 | 711,378 |
| 49 | 36 | 626,166 | 58 | 846,706 |
| 50 | 45 | 751,917 | 79 | 1,317,216 |
| 51 | 44 | 840,286 | 82 | 1,317,527 |
| 52 | 54 | 1,072,012 | 107 | 2,040,349 |
| 53 | 70 | 1,326,330 | 151 | 2,972,920 |
| 54 | 86 | 1,924,223 | 183 | 4,042,096 |
| 55 | 83 | 2,380,477 | 195 | 4,722,580 |
| 56 | 86 | 2,040,047 | 207 | 4,937,374 |
| 57 | 120 | 2,979,410 | 232 | 5,323,818 |
| 58 | 109 | 2,754,635 | 235 | 4,968,901 |
| 59 | 135 | 3,190,145 | 262 | 5,150,294 |
| 60 | 107 | 2,062,237 | 234 | 4,214,369 |
| 61 | 93 | 2,038,730 | 178 | 2,908,546 |
| 62 | 92 | 1,577,117 | 155 | 2,476,999 |
| 63 | 92 | 1,390,176 | 185 | 2,416,484 |
| 64 | 93 | 1,386,493 | 190 | 2,647,893 |
| 65 | 62 | 818,551 | 163 | 1,942,247 |
| 66 | 65 | 921,286 | 152 | 1,717,811 |
| 67 | 64 | 884,340 | 109 | 1,248,889 |
| 68 | 67 | 746,435 | 109 | 1,076,551 |
| 69 | 49 | 570,446 | 112 | 1,290,233 |

TABLE 5
(Continued)

**THE NUMBER AND ANNUAL ANNUITIES
OF ANNUITANTS ON THE RETIRED LIST
AS OF JUNE 30, 2006**

RETIRED ON ACCOUNT OF DISABILITY

| Age | Male | | Female | |
|--------------|--------|---------------|--------|---------------|
| | Number | Annuities | Number | Annuities |
| 70 | 50 | \$ 571,689 | 99 | \$ 957,330 |
| 71 | 43 | 520,666 | 119 | 1,046,277 |
| 72 | 38 | 414,483 | 81 | 771,213 |
| 73 | 47 | 599,554 | 74 | 560,459 |
| 74 | 26 | 231,104 | 95 | 912,279 |
| 75 | 32 | 287,679 | 69 | 532,689 |
| 76 | 24 | 273,364 | 75 | 600,459 |
| 77 | 29 | 362,829 | 76 | 631,936 |
| 78 | 21 | 178,376 | 79 | 621,396 |
| 79 | 26 | 370,150 | 46 | 372,896 |
| 80 | 23 | 201,841 | 52 | 442,360 |
| 81 | 26 | 249,198 | 42 | 375,293 |
| 82 | 7 | 42,554 | 39 | 304,619 |
| 83 | 13 | 151,718 | 35 | 267,933 |
| 84 | 18 | 159,809 | 35 | 275,966 |
| 85 | 7 | 63,064 | 32 | 267,693 |
| 86 | 9 | 63,015 | 24 | 225,952 |
| 87 | 9 | 138,142 | 19 | 145,620 |
| 88 | 1 | 8,436 | 20 | 205,560 |
| 89 | 2 | 36,947 | 12 | 91,051 |
| 90 | 3 | 36,966 | 16 | 118,147 |
| 91 | | | 19 | 172,055 |
| 92 | 1 | 5,605 | 8 | 61,049 |
| 93 | | | 11 | 92,045 |
| 94 | | | 2 | 16,519 |
| 95 | 1 | 7,150 | 3 | 20,640 |
| 96 | | | 1 | 8,102 |
| 97 | | | 1 | 4,467 |
| 98 | | | 3 | 30,898 |
| 99 | | | | |
| 100 | | | 1 | 10,770 |
| Total | 2,268 | \$ 39,463,522 | 4,907 | \$ 74,201,822 |

EXHIBIT VIII**GLOSSARY**

| | |
|----------------------------------|---|
| Accrued Liability | The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as “actuarial accrued liability.” |
| Accrued Service | The service credited under the plan that was rendered before the date of the actuarial valuation. |
| Actuarial Assumptions | Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation. |
| Actuarial Cost Method | A mathematical budgeting procedure for allocating the dollar amount of the “present value of future plan benefits” between the present value of future normal cost and the accrued liability. Sometimes referred to as the “actuarial funding method.” |
| Actuarial Equivalent | A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value. |
| Actuarial Value of Assets | The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes investment gains and losses over a period of three years. |
| Amortization | Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment. |
| Experience Gain (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, in accordance with the actuarial cost method being used. |
| Normal Cost | The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as “current service cost.” |

EXHIBIT VIII

GLOSSARY

(Continued)

Present Value

The amount of funds presently required to provide a payment or series of payments 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.

Unfunded Accrued Liability

The difference between the actuarial accrued liability and valuation assets.