

**REPORT ON THE ACTUARIAL VALUATION
OF THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM
OF NORTH CAROLINA
PREPARED AS OF DECEMBER 31, 2008**



October 1, 2009

Board of Trustees
Consolidated Judicial Retirement System
of North Carolina
Raleigh, North Carolina

Members of the Board:

We submit herewith our report on the actuarial valuation of the Consolidated Judicial Retirement System of North Carolina prepared as of December 31, 2008. The report has been prepared in accordance with North Carolina General Statute 135-50 through 135-75.

The Appropriations Act of 2009 sets contributions at 15.11% of payroll effective July 1, 2009. On this basis, these contributions would provide no undistributed gains.

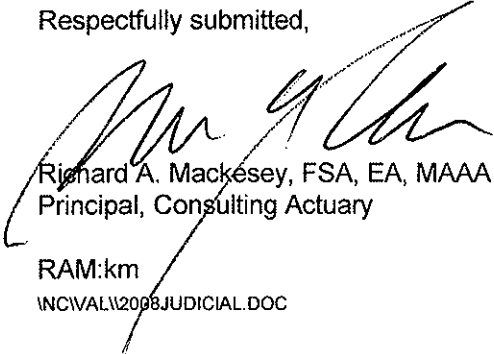
The valuation has been prepared in accordance with the parameters of Statement Nos. 25 and 27 of the Governmental Accounting Standards Board. The annual required contribution (ARC) under GASB for the 2010-2011 fiscal year is 19.25% of payroll, which will liquidate the unfunded accrued liability over a 9-year period from the valuation date.

The plan sponsor selected the assumptions used for the results in this report. I believe that these assumptions are reasonable and comply with the requirements of GASB Nos. 25 and 27. I prepared this report in accordance with the requirements of these standards.

I am an Enrolled Actuary, a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and I am available to answer questions about it.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,



Richard A. Mackesey, FSA, EA, MAAA
Principal, Consulting Actuary

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**REPORT ON THE ANNUAL VALUATION OF THE
CONSOLIDATED JUDICIAL RETIREMENT SYSTEM OF NORTH CAROLINA
PREPARED AS OF DECEMBER 31, 2008**

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. This report, prepared as of December 31, 2008, presents the results of the actuarial valuation of the system. For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized below.

**TABLE I
SUMMARY OF PRINCIPAL RESULTS**

VALUATION DATE	12/31/08	12/31/07
Active members included in valuation		
Number	551	548
Reported compensation	\$ 65,082,979	\$ 61,338,143
Valuation compensation	67,295,485	63,538,948
Beneficiaries		
Number	488	482
Annual allowances	\$ 26,729,383	\$ 26,006,902
Assets		
Actuarial value	\$ 433,552,760	\$ 430,356,059
Market value	361,360,701	459,026,529
Unfunded accrued liability	\$ 8,379,846	\$ (12,218,630)
CONTRIBUTIONS FOR FISCAL YEAR ENDING	June 30, 2011	June 30, 2010
<u>Appropriations Act</u>		
Employer contribution rate		
Normal	17.29%	17.23%
Accrued liability	(2.54)	(4.37)
Death benefit	<u>0.36</u>	<u>0.35</u>
Total	15.11%	13.21%
<u>GASB 25/27</u>		
Annual required contribution (ARC) of Employer		
Normal	17.29%	17.23%
Accrued liability	1.60	(2.47)
Death benefit	<u>0.36</u>	<u>0.35</u>
Total	19.25%	15.11%
Liquidation period	9 years	9 years
Preliminary undistributed gains/(losses)	(4.14)%	(1.90)%

2. The valuation balance sheet showing the results of the valuation is given in Section III.
3. Comments on the valuation results are given in Section IV, comments on experience and gains during the valuation year are given in Section V and the rates of contribution payable by the employer are given in Section VI.
4. Schedule B outlines the full set of actuarial assumptions and methods employed. Schedule A of this report presents the development of the actuarial value of assets.
5. Schedule C gives a summary of the benefit and contribution provisions of the system.

SECTION II - MEMBERSHIP DATA

Data regarding the membership of the system for use as a basis for the valuation were furnished by the system's office. The following tables summarize the membership of the system as of December 31, 2008 upon which the valuation was based. Detailed tabulations of the data are given in Schedule D.

TABLE II

**THE NUMBER AND REPORTED COMPENSATION OF ACTIVE MEMBERS
INCLUDED IN THE VALUATION AS OF DECEMBER 31, 2008**

GROUP	NUMBER	REPORTED COMPENSATION
Justices of Supreme Court and Judges of Court of Appeals	24	\$ 3,347,102
Judges of the Superior Court and Administrative Officers of the Court	108	14,856,063
Judges of the District Court, District Attorneys Clerks of the Superior Court, and Public Defenders	<u>419</u>	<u>46,879,814</u>
Total	551	\$ 65,082,979

The number and reported compensation exclude 51 inactive members who were included in the valuation.

TABLE III
THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF BENEFICIARIES AND SURVIVORS
ON THE ROLL AS OF DECEMBER 31, 2008

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCE
<u>Beneficiaries Receiving Service Retirement Allowances</u>		
Men	263	\$ 17,910,240
Women	<u>93</u>	<u>4,602,106</u>
Total	356	\$ 22,512,346
<u>Beneficiaries Receiving Disability Retirement Allowances</u>		
Men	2	\$ 129,410
Women	<u>3</u>	<u>171,071</u>
Total	5	\$ 300,481
<u>Benefits to Survivors of Deceased Beneficiaries</u>		
Men	5	\$ 99,736
Women	<u>122</u>	<u>3,816,820</u>
Total	127	\$ 3,916,556
Grand Total	<u>488</u>	<u>\$ 26,729,383</u>

SECTION III - VALUATION BALANCE SHEET

The following valuation balance sheet shows the assets and liabilities of the retirement system as of the current valuation date of December 31, 2008 and, for comparison purposes, as of the immediately previous valuation date of December 31, 2007. The items shown in the balance sheet are present values actuarially determined as of the relevant valuation date. The development of the actuarial value of assets is presented in Schedule A.

TABLE IV

VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE
CONSOLIDATED JUDICIAL RETIREMENT SYSTEM OF NORTH CAROLINA

	DECEMBER 31, 2008	DECEMBER 31, 2007
ASSETS		
Current Actuarial Value of Assets:		
Annuity Savings Fund	\$ 49,826,906	\$ 45,517,630
Pension Accumulation Fund	<u>383,725,854</u>	<u>384,838,429</u>
Total current assets	\$ 433,552,760	\$ 430,356,059
Future member contributions to Annuity Savings Fund	\$ 45,608,946	\$ 44,732,620
Prospective contributions to Pension Accumulation Fund:		
Normal contributions	\$ 133,861,392	\$ 130,528,370
Unfunded accrued liability contributions	8,379,846	(12,218,630)
Undistributed gain contributions	<u>(21,679,951)</u>	<u>(9,386,499)</u>
Total prospective contributions	<u>\$ 120,561,287</u>	<u>\$ 108,923,241</u>
Total Assets	<u>\$ 599,722,993</u>	<u>\$ 584,011,920</u>
LIABILITIES		
Annuity Savings Fund:		
Past member contributions	\$ 49,826,906	\$ 45,517,630
Future member contributions	<u>45,608,946</u>	<u>44,732,620</u>
Total contributions to Annuity Savings Fund	\$ 95,435,852	\$ 90,250,250
Pension Accumulation Fund:		
Benefits currently in payment	\$ 237,268,096	\$ 228,962,827
Benefits to be paid to current active members	288,698,996	269,143,182
Reserve for increases in retirement allowances effective July 1, 2009		
(July 1, 2008 for December 31, 2007 figure)	0	5,042,160
Reserve from undistributed gains/(losses)	<u>(21,679,951)</u>	<u>(9,386,499)</u>
Total benefits payable from Pension Accumulation Fund	<u>\$ 504,287,141</u>	<u>\$ 493,761,670</u>
Total Liabilities	<u>\$ 599,722,993</u>	<u>\$ 584,011,920</u>

SECTION IV - COMMENTS ON VALUATION

The valuation balance sheet gives the following information with respect to the funds of the system as of December 31, 2008.

Annuity Savings Fund

The Annuity Savings Fund is the fund to which are credited contributions made by members together with interest thereon. When a member retires, the amount of his accumulated contributions is transferred from the Annuity Savings Fund to the Pension Accumulation Fund. The assets credited to the Annuity Savings Fund on December 31, 2008, which represent the accumulated contributions of members to that date, amounted to \$49,826,906. The balance sheet also shows that the future contributions by members have a present value of \$45,608,946. The present value of both past and future contributions of members is therefore equal to \$95,435,852. The liabilities of this fund are also shown to be equal to \$95,435,852.

Pension Accumulation Fund

The Pension Accumulation Fund is the fund to which the contributions made by the employer are credited and from which are paid all benefits on account of beneficiaries and their survivors.

The current actuarial value of assets creditable to the Pension Accumulation Fund on December 31, 2008 amounted to \$383,725,854. The liabilities on account of active members amounted to \$288,698,996. In addition, the balance sheet indicates liabilities of \$237,268,096 on account of all benefits payable to beneficiaries and survivors as of December 31, 2008. The balance sheet also shows a reserve from undistributed gains/(losses) of \$(21,679,951). The total liabilities of the Pension Accumulation Fund, therefore, amounted to \$504,287,141. The difference between these liabilities and the current assets credited to this fund is \$120,561,287 which represents the present value of future contributions to be made by the employer. Of this amount, \$133,861,392 represents the present value of prospective normal contributions by the employer, \$8,379,846 represents the present value of prospective unfunded accrued liability contributions and the balance of \$(21,679,951) represents the present value of prospective contributions on account of undistributed gains/(losses).

G.S. 135-69 of the retirement act provides that the State shall make a normal contribution and an unfunded accrued liability contribution. The normal contribution rate payable by the State was determined by dividing the one-year normal cost based on the projected unit credit method by the payroll and is equal to 17.29% of compensation exclusive of the rate necessary to provide one year's compensation upon death in active service. The normal contribution of 17.29% of payroll is payable to the Retirement System. The normal rate necessary to provide the death benefit on a one-year term basis was calculated to be 0.36% of compensation and is payable to the Death Benefit Fund. The total normal rate is therefore equal to 17.65% of compensation.

The present valuation indicates that if the total contribution rate is set at 15.11% of compensation beginning July 1, 2008 in accordance with the Appropriations Act, the accrued liability rate would be equal to (2.54)% of compensation. The required employer contribution is 19.25% which will liquidate the unfunded accrued liability within a 9-year period.

SECTION V - COMMENTS ON EXPERIENCE AND GAINS

The unfunded accrued liability has increased since the previous valuation to \$8.4 million from \$(12.2) million. The significant items which affected the unfunded accrued liability include the expected increase in the unfunded accrued liability of \$0.7 million due to its amortization over the liquidation period, deviations in salary increases, termination/retirement rates and other demographic changes from expectations which increased the unfunded accrued liability by \$1.9 million and the 2008 adjustment towards market value of assets which increased the unfunded accrued liability by \$18.0 million.

The valuation results indicated that there is no preliminary reserve from undistributed gains. Each 1.0% increase in retirement allowances as of July 1, 2010 to beneficiaries on the retirement roll on July 1, 2009 and a prorated portion of each 1.0% increase as of July 1, 2010 for beneficiaries who retired after July 1, 2009 but before June 30, 2010 is equivalent to 0.48% of payroll.

SECTION VI - RATES OF PAYMENT TO PENSION ACCUMULATION FUND

The valuation balance sheet and the Appropriations Act give the basis for determining the percentage rates for fixing the contributions to be made by the employer to the Pension Accumulation Fund and the Death Benefit Fund under the provisions of the retirement act. The following table shows the rates of contribution payable by the employer as determined from the Appropriations Act and the present valuation for the 2010/2011 fiscal year.

TABLE V

**PROPOSED RATES OF CONTRIBUTION PAYABLE BY THE EMPLOYER
FOR THE 2010/2011 FISCAL YEAR
BASED ON THE APPROPRIATIONS ACT AND THE
VALUATION AS OF DECEMBER 31, 2008**

CONTRIBUTION	RATE
Normal	17.29%
Accrued Liability	(2.54)
Death Benefit	<u>0.36</u>
Total	15.11%

SECTION VII - ACCOUNTING INFORMATION

- Statement Nos. 25 and 27 of the Governmental Accounting Standards Board (GASB) set forth certain items of information to be disclosed in the financial statements of the System and the employer. One such item is a distribution of the number of employees by type of membership, as follows:

**NUMBER OF ACTIVE AND RETIRED PARTICIPANTS
AS OF DECEMBER 31, 2008**

GROUP	NUMBER
Retired participants and beneficiaries currently receiving benefits	488
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	51
Active participants	<u>551</u>
Total	1,090

2. Another such item is the schedule of funding progress as shown below.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) PUC (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/03	\$340,857,391	\$316,649,490	\$(24,207,901)	107.6%	\$49,464,647	(48.9)%
12/31/04	363,110,241	334,272,139	(28,838,102)	108.6	49,368,285	(58.4)
12/31/05	382,500,770	355,498,047	(27,002,723)	107.6	51,017,609	(52.9)
12/31/06	406,014,726	378,489,964	(27,524,762)	107.3	53,347,855	(51.6)
12/31/07	430,356,059	418,137,429	(12,218,630)	102.9	61,338,143	(19.9)
12/31/08	433,552,760	441,932,606	8,379,846	98.1	65,082,979	12.9

3. Following is the calculation of the annual pension cost and net pension obligation for the fiscal year ending June 30, 2009.

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/2009

(a) Employer annual required contribution	\$ 8,373,000
(b) Interest on net pension obligation	(177,000)
(c) Adjustment to annual required contribution	<u>314,000</u>
(d) Annual pension cost: (a) + (b) + (c)	\$ 8,510,000
(e) Employer contributions made for fiscal year ending 6/30/2009	<u>8,863,000</u>
(f) Increase (decrease) in net pension obligation: (d) - (e)	\$ (353,000)
(g) Net pension obligation beginning of fiscal year	<u>(2,438,000)</u>
(h) Net pension obligation end of fiscal year: (f) + (g)	\$ (2,791,000)

TREND INFORMATION

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2007	\$6,464,000	111.8%	\$245,000
June 30, 2008	8,145,000	132.9	(2,438,000)
June 30, 2009	8,510,000	104.1	(2,791,000)

4. The annual required contribution (ARC) of the employer as a percentage of payroll, determined in accordance with the parameters of GASB 25/27, is shown below. The accrued liability rate is based on amortization of the unfunded actuarial accrued liability over a 9-year period from the valuation date.

**2010/2011 FISCAL YEAR
ANNUAL REQUIRED CONTRIBUTION (ARC)
BASED ON THE VALUATION AS OF DECEMBER 31, 2008**

ANNUAL REQUIRED CONTRIBUTION (ARC)	RATE
Normal	17.29%
Accrued liability	1.60
Death benefit	<u>0.36</u>
Total	19.25%

5. Additional information as of December 31, 2008 follows.

Valuation date	12/31/08
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent open
Remaining amortization period	9 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.75 – 11.75%
*Includes inflation at	3.75%
Cost-of-living adjustments	N/A

SCHEDULE A**DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
FOR THE YEAR ENDING DECEMBER 31, 2008**

1.	Actuarial Value of Assets as of December 31, 2007	\$ 430,356,059
2.	2008 Net Cash Flow	
	a. Contributions	17,055,274
	b. Disbursements	<u>26,663,089</u>
	c. Net Cash Flow: (a) - (b)	(9,607,815)
3.	Expected Investment Return: [(1) x .0725] + [(2)c x .03625]	30,852,531
4.	Expected Actuarial Value of Assets as of December 31, 2008: (1) + (2)c + (3)	451,600,775
5.	Market Value of Assets as of December 31, 2008	361,360,701
6.	Excess of Market Value over Expected Actuarial Value of Assets: (5) - (4)	(90,240,074)
7.	20% Adjustment towards Market Value: (6) x .20	(18,048,015)
8.	Actuarial Value of Assets as of December 31, 2008: (4) + (7)	\$ 433,552,760
9.	Rate of investment return on actuarial value	3.01%
10.	Rate of investment return on market value	(19.39)%

SCHEDULE B**STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

INTEREST RATE: 7.25% per annum, compounded annually.

SEPARATIONS BEFORE NORMAL RETIREMENT AND SALARY INCREASES: Representative values of the assumed annual rates of separation and annual rate of salary increases are as follows:

Annual Rate of		
<u>Age</u>	<u>Disability</u>	<u>Salary Increase</u>
25	.0001	.0975
30	.0001	.0875
35	.0003	.0775
40	.0007	.0675
45	.0014	.0650
50	.0023	.0625
55	.0047	.0600
60	.0077	.0575
64	.0098	.0575

SERVICE RETIREMENT: Representative values of the assumed annual rates of service retirement are as follows:

<u>Age</u>	<u>Rate</u>
50	.050
55	.050
60	.025
65	.050
70	1.000

An additional 10% are assumed to retire in the year first eligible for unreduced benefits.

DEATHS BEFORE AND AFTER RETIREMENT: According to the 1994 Group Annuity Mortality Tables. These tables are set forward two years for post-retirement period and set back one year for pre-retirement period. Special mortality tables are used for period after disability retirement.

MORTALITY PROJECTION: All mortality rates are projected from December 31, 2005 using Scale AA.

ADMINISTRATIVE EXPENSES: 0.75% of payroll.

MARRIAGE ASSUMPTION: 90% of male members married and 50% of female members married with the husband four years older than his wife.

REPORTED COMPENSATION: Calendar year compensation as furnished by the system's office.

VALUATION COMPENSATION: Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

VALUATION METHOD: Projected unit credit. Projected benefits and the corresponding liabilities are allocated based on proration by creditable service.

ASSET VALUATION METHOD: Actuarial value, as developed in Schedule A. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected actuarial value.

SCHEDULE C

SUMMARY OF MAIN BENEFIT AND CONTRIBUTION PROVISIONS

All justices, judges, district attorneys, and public defenders of the General Court of Justice, and clerks of the Superior Court are eligible for membership.

"Final compensation" as used in the summary means the annual rate of compensation of the member at his date of termination or death. "Average final compensation" means the average annual compensation during the 48 consecutive calendar months of membership producing the highest average. "Creditable service" includes all service rendered as a justice of the Supreme Court, judge of the Court of Appeals, judge of the Superior Court, judge of the District Court Division of the General Court of Justice, Administrative Officer of the Courts, District Attorney, Public Defender or as a Clerk of the Superior Court.

BENEFITS

Service Retirement Allowance

Conditions for Allowance

Any member who had attained age 50 and was in service on October 8, 1981 or any other member who has attained age 50 and has completed 5 or more years of creditable service may retire on a service retirement allowance. Retirement is compulsory at age 72 if the member is a justice or judge of the Appellate, Superior, or District Divisions of the General Court of Justice and at age 70 for each other member.

Amount of Allowance

The annual service retirement allowance payable to a member who has attained age 65 and completed 5 years of creditable service or who has attained age 50 and completed 24 years of creditable service is equal to:

- (i) 4.02% of his final compensation multiplied by the number of years of his creditable service rendered as a justice of the Supreme Court or judge of the Court of Appeals, plus
- (ii) 3.52% of his final compensation multiplied by the number of years of his creditable service rendered as a judge of the Superior Court or as Administrative Officer of the Courts, plus
- (iii) 3.02% of his final compensation multiplied by the number of years of his creditable service rendered as a judge of the District Court, District Attorney, Public Defender, or Clerk of the Superior Court, plus

- (iv) A service retirement allowance computed on his average final compensation, his service transferred from the Teachers' and State Employees' Retirement System or the Local Governmental Employees' Retirement System and the applicable formula accrual rate from the previous system.

The maximum annual service retirement allowance is 75% of the member's final compensation. The annual service retirement allowance payable upon retirement prior to the earlier of attainment of age 65 and the completion of 5 years of creditable service or attainment of age 50 and the completion of 24 years of creditable service is an allowance as computed above reduced by 3% for each year that the member's retirement date precedes the date upon which the member would have attained age 65 or completed 24 years of service had he remained in service, whichever is earlier.

In no event will a member whose creditable service commenced prior to January 1, 1974 as a justice of the Supreme Court, as a judge of the Court of Appeals, as an Administrative Officer of the courts, or as a judge of the Superior Court, receive a smaller retirement allowance than he would have received under Chapter 7-A of the General Statutes.

Disability Retirement Allowance

Condition for Allowance

Any member who becomes permanently and totally disabled prior to the attainment of age 65 and who has completed at least 5 years of creditable service may be retired by the Board of Trustees on a disability retirement allowance.

Amount of Allowance

The disability retirement allowance is computed as a service retirement allowance based on the number of years of creditable service the member would have had had he remained in service to the earliest date he could have retired on an unreduced service retirement allowance.

Deferred Allowance

Any member who separates from service prior to age 50 after completing 5 or more years of creditable service and who leaves his total accumulated contributions in the system may receive a deferred allowance, beginning at age 50, computed in the same way as a service retirement allowance on the basis of his creditable service and compensation to the date of separation.

Spouse Benefit

Conditions for Benefit	Upon the death of a member in active service after his attainment of age 50 and completion of 5 years of creditable service a death benefit is payable to his surviving spouse.
Amount of Benefit	The surviving spouse receives a lump sum payment equal to the member's final compensation. In addition the surviving spouse receives an annual retirement allowance, until death or remarriage, equal to 50% of the service retirement allowance to which the member would have been entitled had he retired on the first day of the calendar month coincident with or next following his date of death reduced by 2% for each year that the member's age exceeds that of his spouse.
Lump Sum Death Benefit	Upon the death of a member in active service prior to his attainment of age 50 a lump sum payment equal to his accumulated contributions plus his final compensation is made to his designated beneficiary or estate.
Death after Retirement	<p>Upon the death of a retired member while in receipt of a service retirement allowance or after age 65 if in receipt of a disability retirement allowance an allowance is paid to his spouse, until death or remarriage, equal to one-half the allowance which was payable to the member prior to his death reduced by 2% for each year that the member's age exceeds that of his spouse.</p> <p>Upon the death of a member in receipt of a disability retirement allowance prior to age 65, an allowance is paid to his spouse, until death or remarriage, equal to one-half the service retirement allowance he would have received had he remained in service up to his date of death reduced by 2% for each year that the member's age exceeds that of his spouse.</p>
Return of Contributions	<p>Any member who terminates service other than by retirement or death is entitled to the return of his accumulated contributions.</p> <p>If the total retirement allowance payments to a retired member, spouse and/or beneficiary under option are less than the member's accumulated contributions at retirement, the excess is paid to the designated beneficiary or legal representatives.</p>
Optional Allowances	<p>In lieu of the full retirement allowance, any member may elect to receive a reduced retirement allowance equal in value to the full allowance, with the provision that:</p> <p>Option 1 - At the death of the member within 10 years from his retirement date, an amount equal to his accumulated contributions at retirement, less 1/120 for each month he has received a retirement allowance payment, is paid to his estate, or to a person designated by the member, or</p>

Option 2 - At the death of the member his allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement, or

Option 3 - At the death of the member one-half of his allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement, or

Option 4 - At retirement, any member may elect to receive a retirement allowance in such amount that, together with his Social Security benefit, he will receive approximately the same income per annum before and after the earliest age at which he becomes eligible to receive the Social Security benefit. A member who elects to receive his allowance under this option is deemed to have elected Option 1 also, or

Option 5 - At retirement, the member may elect to receive a reduced retirement allowance during his life with some other benefit approved by the Board of Trustees payable after he dies, or he may elect to receive a reduced retirement allowance under the provisions of Option 2 or Option 3 in conjunction with the provisions of Option 1, or

Option 6 - A member may elect either Option 2 or Option 3 with the added provision that in the event the designated beneficiary predeceases the member, the retirement allowance payable to the member after the designated beneficiary's death shall be equal to the retirement allowance which would have been payable had the member not elected the Option.

Post-Retirement Increases
in Allowance

Future increases in allowances may be granted if the Consumer Price Index rises, provided the liabilities on account of such increases do not increase the total employer rate of contribution.

CONTRIBUTIONS

By Members

Each member contributes 6% of his annual compensation.

By State

The State makes annual contributions consisting of a normal contribution and an accrued liability contribution. The normal contribution covers the liability on account of current service and is determined by the actuary after each valuation.

The accrued liability contribution covers the liability on account of service rendered before the establishment of the retirement system and the liability on account of increases in benefits for service rendered prior to the effective date of any amendment.

SCHEDULE D

TABLE 1

**THE NUMBER AND REPORTED COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY AGE
AS OF DECEMBER 31, 2008**

Age	Men		Women	
	Number	Amount	Number	Amount
29	1	\$16,377		
32	1	107,909		
33			1	\$88,900
34	1	117,708		
35			2	220,994
36	3	323,726		
37	7	712,670	2	242,092
38	3	358,315	4	450,273
39	3	320,015	3	344,823
40	7	707,938	6	645,509
41	10	1,093,886	5	514,947
42	5	589,271	6	698,126
43	8	918,692	7	787,800
44	3	342,789	6	668,879
45	7	812,143	6	548,125
46	12	1,479,045	7	692,328
47	6	690,602	8	904,287
48	10	1,174,417	8	877,108
49	16	1,846,119	4	420,556
50	5	637,790	7	789,587
51	12	1,366,864	2	197,012
52	15	1,885,145	12	1,202,135
53	7	845,818	10	1,067,335
54	20	2,488,245	9	1,084,504
55	19	2,414,888	7	718,555
56	21	2,594,921	4	451,774
57	24	2,922,720	5	596,078
58	14	1,799,064	6	772,461
59	25	3,006,530	4	470,098
60	21	2,544,865	5	522,351
61	16	2,009,249	4	446,511
62	22	2,704,554	1	113,124
63	13	1,740,635	3	338,066
64	8	1,059,097		
65	9	1,247,411	2	189,914
66	12	1,545,439	4	492,104
67	7	958,987	3	318,703
68	2	280,776		
69	1	145,957	2	193,816
70	2	282,788		
71			1	100,810
72	4	502,758		
75	2	216,361		
80			1	100,810
Total	384	\$46,812,484	167	\$18,270,495

SCHEDULE D**TABLE 2**

**THE NUMBER AND REPORTED COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY SERVICE
AS OF DECEMBER 31, 2008**

Years of Service	Men		Women	
	Number	Amount	Number	Amount
0	3	\$82,959	1	\$11,849
1	13	1,308,069	10	894,120
2	44	4,798,123	23	2,337,647
3	13	1,443,414	6	669,598
4	19	2,150,165	14	1,503,770
5	3	297,116	3	289,527
6	23	2,736,561	13	1,444,786
7	9	1,106,288	3	319,177
8	24	2,771,281	15	1,763,085
9	12	1,379,948	3	351,443
10	16	1,825,485	8	873,425
11	9	1,173,008	5	585,799
12	10	1,229,753	5	615,304
13	9	1,094,076	2	236,538
14	22	2,801,725	3	381,125
15	10	1,298,767	4	438,339
16	12	1,580,838	3	425,170
17	5	610,904	1	118,269
18	21	2,775,724	4	476,224
19	2	262,689		
20	19	2,567,461	2	237,209
21	2	282,811	1	123,825
22	7	910,186	4	405,493
23	5	639,441		
24	8	1,078,448	5	671,419
25	8	1,032,095		
26	12	1,704,787	2	234,030
27	5	695,547	3	360,111
28	7	977,848	2	206,091
29	10	1,414,098		
30	2	271,403	2	240,938
31	3	437,872	3	309,868
32	4	431,083	4	410,753
33			5	487,619
34	2	291,914	1	100,810
35	1	96,905	2	193,816
36	5	649,626	2	238,574
37	2	208,559	1	100,810
38	1	156,544		
39	2	238,963		
40			2	213,934
Total	384	\$46,812,484	167	\$18,270,495

SCHEDULE D

TABLE 3

THE DISTRIBUTION OF THE NUMBER AND REPORTED
RETIREMENT ALLOWANCES OF BENEFICIARIES AND
SURVIVORS BY AGE AS OF DECEMBER 31, 2008

SERVICE RETIREMENTS AND
DEPENDENTS OF DECEASED BENEFICIARIES

Age	Number	Men		Women	
		Number	Amount	Number	Amount
44				1	\$18,604
50	1		\$6,113		
51				2	84,498
52	1		53,649	3	175,812
53	1		28,898	2	95,769
54	1		81,083		
55	3		108,986	4	116,056
56	4		276,553	2	70,060
57	6		277,181	3	213,125
58	6		321,346	6	393,263
59	10		662,852	6	381,448
60	8		494,941	4	151,911
61	9		613,335	5	312,285
62	12		964,028	7	277,067
63	16		1,178,777	6	337,829
64	7		547,895	4	222,564
65	9		619,186	2	80,612
66	10		612,587	6	386,383
67	8		598,213	6	181,472
68	8		724,828	4	135,870
69	12		1,075,657	5	351,614
70	11		887,591	5	255,167
71	9		616,678	5	155,814
72	10		865,920	6	311,750
73	11		632,159	6	268,801
74	5		259,067	8	243,642
75	7		483,956	2	48,424
76	8		484,297	8	403,761
77	6		366,837	5	229,682
78	9		623,968	4	152,852
79	9		521,081	10	398,323
80	10		587,064	7	158,888
81	4		183,301	9	294,783
82	4		228,683	6	200,101
83	6		345,297	3	93,286
84	4		292,309	4	63,140
85	4		241,953	8	154,576
86	7		428,463	9	197,381
87	1		19,761	1	20,443
88	3		183,513	5	71,643
89	2		188,287	5	127,981
90	1		69,021	5	142,441

TABLE 3
THE DISTRIBUTION OF THE NUMBER AND ANNUAL
RETIREMENT ALLOWANCES OF BENEFICIARIES AND
SURVIVORS BY AGE AS OF DECEMBER 31, 2008

SERVICE RETIREMENTS AND
DEPENDENTS OF DECEASED BENEFICIARIES

CONTINUED

Age	Number	Men		Women	
		Number	Amount	Number	Amount
91	1		\$56,886	3	\$126,672
92	2		132,920		
93	1		45,833	6	136,280
94	1		19,024		
95				2	32,594
98				1	45,074
99				1	38,338
100				1	9,432
109				2	51,414
Total	268		\$18,009,977	215	\$8,418,925
Maximum	181		\$12,411,555	78	\$3,965,007
Cash Refund	6		366,103	2	58,970
100% J&S	17		869,374	2	68,641
50% J&S	24		1,947,623		
Soc Sec Level	2		138,520	6	295,494
Odd Surv	7		236,739	2	71,832
100% J&S Popup	4		176,174		
50% J&S Popup	22		1,764,153	3	142,161
Beneficiaries	5		99,736	122	3,816,820

SCHEDULE D

TABLE 4

THE DISTRIBUTION OF THE NUMBER AND REPORTED
RETIREMENT ALLOWANCES OF BENEFICIARIES AND
SURVIVORS BY AGE AS OF DECEMBER 31, 2008

DISABILITY RETIREMENTS

Age	Number	Men		Women	
		Number	Amount	Number	Amount
52	1		\$84,558		
57				1	\$89,278
60				1	51,456
68	1		44,852		
69				1	30,337
Total	2		\$129,410	3	\$171,071
Maximum	1		\$84,558	2	\$119,615
Cash Refund	1		44,852		
50% J&S				1	51,456