

**REPORT ON THE SIXTY-SEVENTH ANNUAL VALUATION
OF THE TEACHERS' AND STATE EMPLOYEES'
RETIREMENT SYSTEM OF NORTH CAROLINA
PREPARED AS OF DECEMBER 31, 2009**

November 30, 2010

Board of Trustees
Teachers' and State Employees'
Retirement System of North Carolina
325 North Salisbury Street
Raleigh, NC 27603

Members of the Board:

We submit herewith our report on the sixty-seventh annual valuation of the Teachers' and State Employees' Retirement System of North Carolina prepared as of December 31, 2009. The report has been prepared in accordance with North Carolina General Statute 135-6(o).

An investigation of the demographic, economic and other assumptions was made during 2010. This valuation includes all assumption changes approved by the Board of Trustees as a result of this investigation.

A comprehensive actuarial audit of the December 31, 2007, valuation of the system was completed during 2010. Buck reviewed the audit report with the Retirement Systems Division and agreed to make certain changes to the valuation procedures and report. These changes have been included in this valuation.

The Appropriations Act of 2010 sets contributions at 4.93% of payroll effective for the fiscal year ending June 30, 2011. 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 2011-2012 fiscal year is 7.94% of payroll, which will liquidate the unfunded accrued liability within a nine-year period. On this basis, there is no preliminary reserve from undistributed gains.

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

RAM:km

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**REPORT ON THE SIXTY-SEVENTH ANNUAL VALUATION OF THE
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM OF NORTH CAROLINA
PREPARED AS OF DECEMBER 31, 2009**

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. This report, prepared as of December 31, 2009, presents the results of the sixty-seventh 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	12/31/09	12/31/08
Active members included in valuation		
Number	316,647	325,618
Reported compensation	\$ 13,253,029,516	\$ 13,267,554,255
Valuation compensation	\$ 13,940,920,882	\$ 14,187,881,569
Beneficiaries		
Number	156,791	151,353
Annual allowances	\$ 3,179,802,828	\$ 3,062,394,827
Assets		
Actuarial value	\$ 55,818,099,117	\$ 55,127,658,183
Market value	50,382,551,504	45,629,312,989
Unfunded accrued liability	\$ 2,360,173,025	\$ 391,086,516
<u>GASB 25/27 for Fiscal Year Ending</u>	June 30, 2012	June 30, 2011
Annual required contribution (ARC) of employer, as a percentage of payroll		
Normal	5.12%	6.30%
Accrued liability	<u>2.82</u>	<u>0.41</u>
Total	7.94%	6.71%
Impact of legislative changes	<u>N/A</u>	<u>0.00</u>
Final ARC of employer	N/A	6.71%
<u>Appropriations Act for Prior Fiscal Year</u>		
Employer contribution rate, as a percentage of payroll		
Normal	6.30%	6.26%
Accrued liability	<u>(1.37)</u>	<u>(2.90)</u>
Total	4.93%	3.36%
Reserve from undistributed gains/(losses)	(3.01)%	(3.35)%

2. The following table shows a reconciliation of the change in the annual required contribution, as a percentage of payroll, computed to be 6.71% based on the December 31, 2008 valuation and 7.94% based on the December 31, 2009 valuation.

TABLE II
RECONCILIATION OF CHANGE IN ANNUAL REQUIRED CONTRIBUTION

Prior Year's Preliminary ARC (based on 12/31/08 valuation)	6.71%
Impact of Legislative Changes	<u>0.00%</u>
Prior Year's Final ARC	6.71%
Impact of Resetting Amortization Period to 9 Years	(0.03%)
Change Due to Demographic Gain/Loss	(0.69%)
Change Due to Investment Gain/Loss	1.45%
Change Due to Contributions Less Than ARC	0.52%
Assumption Changes and Method Changes	<u>(0.02%)</u>
Current Year's Preliminary ARC (based on 12/31/09 valuation)	7.94%

3. Tables summarizing the membership of the system as of the valuation date are shown in Section II.
4. The valuation balance sheet showing the assets and liabilities of the retirement system as of the current and previous valuation dates is provided in Section III.
5. An allocation of investments by category is shown in Section IV.
6. Comments on the valuation results are provided in Section V.
7. Comments on the experience and actuarial gains during the valuation year are provided in Section VI.
8. Accounting information to be disclosed in the financial statements of the System and the employer is provided in Section VII.
9. Schedule A of this report presents the development of the actuarial value of assets.
10. Schedule B of this report presents the development of the amortization of the unfunded accrued liability.
11. Schedule C of this report outlines the full set of actuarial assumptions and methods employed.
12. Schedule D gives a summary of the benefit and contribution provisions of the system.
13. Schedule E provides detailed tabulations of the membership of the system as of the valuation date.

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, 2009 upon which the valuation was based. Detailed tabulations of the data are provided in Schedule E. Note that the system's office reported a code for this valuation to determine a member's group.

TABLE III

**THE NUMBER AND REPORTED COMPENSATION OF ACTIVE MEMBERS
INCLUDED IN THE VALUATION AS OF DECEMBER 31, 2009**

GROUP	NUMBER	AVERAGE AGE	AVERAGE SERVICE	REPORTED COMPENSATION
Classroom Teachers	150,859	43.13	10.11	\$ 6,343,858,102
Other Education	48,906	48.48	10.67	1,871,206,846
General Employees	113,353	45.77	10.04	4,845,116,510
Law Enforcement Officers	<u>3,529</u>	<u>39.89</u>	<u>12.78</u>	<u>192,848,058</u>
Total	316,647	44.87	10.20	\$ 13,253,029,516

TABLE IV

**THE NUMBER AND VALUATION COMPENSATION OF DISABLED MEMBERS
INCLUDED IN THE VALUATION AS OF DECEMBER 31, 2009**

GROUP	NUMBER	AVERAGE AGE	AVERAGE SERVICE	VALUATION COMPENSATION
Classroom Teachers	829	51.05	9.13	\$ 31,275,562
Other Education	265	53.50	10.15	7,099,198
General Employees	5,785	55.16	11.04	183,965,075
Law Enforcement Officers	<u>54</u>	<u>48.57</u>	<u>11.50</u>	<u>2,369,509</u>
Total	6,933	54.55	10.78	\$ 224,709,344

TABLE V

**THE NUMBER AND ACCUMULATED CONTRIBUTIONS OF TERMINATED
VESTED MEMBERS INCLUDED IN THE VALUATION AS OF DECEMBER 31, 2009**

GROUP	NUMBER	AVERAGE AGE	AVERAGE SERVICE	ACCUMULATED CONTRIBUTIONS
Classroom Teachers	19,368	38.66	3.93	\$ 173,934,666
Other Education	4,064	44.18	4.18	36,959,027
General Employees	73,331	44.16	4.24	794,809,097
Law Enforcement Officers	<u>711</u>	<u>40.80</u>	<u>6.47</u>	<u>13,557,746</u>
Total	97,474	43.04	4.19	\$ 1,019,260,536

TABLE VI

**THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES
AND SURVIVORS INCLUDED IN THE VALUATION AS OF DECEMBER 31, 2009**

GROUP	NUMBER	AVERAGE AGE	ANNUAL RETIREMENT ALLOWANCES
<u>Beneficiaries Receiving Service Retirement Allowances</u>			
Classroom Teachers and Other Education	67,883	68.95	\$ 1,708,720,446
General Employees	65,830	70.47	1,085,193,855
Law Enforcement Officers	<u>2,137</u>	<u>64.24</u>	<u>63,918,718</u>
Total	135,850	69.61	\$ 2,857,833,019
<u>Beneficiaries Receiving Disability Retirement Allowances</u>			
Classroom Teachers and Other Education	3,547	65.39	\$ 77,990,054
General Employees	4,898	67.12	78,768,580
Law Enforcement Officers	<u>168</u>	<u>65.40</u>	<u>4,287,419</u>
Total	8,613	66.37	\$ 161,046,053
<u>Benefits to Survivors of Deceased Beneficiaries</u>			
Classroom Teachers and Other Education	3,809	72.24	\$ 63,399,507
General Employees	8,168	73.44	90,856,399
Law Enforcement Officers	<u>351</u>	<u>70.53</u>	<u>6,667,848</u>
Total	12,328	72.98	\$ 160,923,754
Grand Total	<u>156,791</u>	<u>69.70</u>	<u>\$ 3,179,802,826</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, 2009 and, for comparison purposes, as of the immediately previous valuation date of December 31, 2008. 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 VII

VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE
TEACHERS' AND STATE EMPLOYEES'
RETIREMENT SYSTEM OF NORTH CAROLINA

	DECEMBER 31, 2009	DECEMBER 31, 2008
ASSETS		
Current actuarial value of assets:		
Annuity Savings Fund	\$ 9,907,133,268	\$ 9,330,710,086
Pension Accumulation Fund	<u>45,910,965,849</u>	<u>45,796,948,097</u>
Total current assets	\$ 55,818,099,117	\$ 55,127,658,183
Future member contributions to Annuity Savings Fund	\$ 7,067,975,174	\$ 7,905,452,496
Prospective contributions to Pension Accumulation Fund:		
Normal contributions	\$ 5,913,539,229	\$ 8,168,967,579
Unfunded accrued liability contributions	2,360,173,025	391,086,516
Undistributed gain contributions	<u>(2,519,386,465)</u>	<u>(2,977,283,363)</u>
Total prospective contributions	\$ 5,754,325,789	\$ 5,582,770,732
Total Assets	<u>\$ 68,640,400,080</u>	<u>\$ 68,615,881,411</u>
LIABILITIES		
Annuity Savings Fund:		
Past member contributions	\$ 9,907,133,268	\$ 9,330,710,086
Future member contributions	<u>7,067,975,174</u>	<u>7,905,452,496</u>
Total contributions to Annuity Savings Fund	\$ 16,975,108,442	\$ 17,236,162,582
Pension Accumulation Fund:		
Benefits currently in payment	\$ 28,751,924,527	\$ 27,858,790,243
Benefits to be paid to current active members	25,432,753,576	26,498,211,949
Reserve for increases in retirement allowances effective July 1, 2010 (July 1, 2009 for December 31, 2008 figure)	0	0
Reserve from undistributed gains/(losses)	<u>(2,519,386,465)</u>	<u>(2,977,283,363)</u>
Total benefits payable from Pension Accumulation Fund	\$ 51,665,291,638	\$ 51,379,718,829
Total Liabilities	<u>\$ 68,640,400,080</u>	<u>\$ 68,615,881,411</u>

The valuation balance sheet gives the following information with respect to the funds of the system as of December 31, 2009.

Annuity Savings Fund

The Annuity Savings Fund is the fund to which contributions made by members together with interest are credited 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, 2009, which represent the accumulated contributions of members to that date, amounted to \$9,907,133,268. The balance sheet also shows that the future contributions by members have a present value of \$7,067,975,174. The present value of both past and future contributions of members is therefore equal to \$16,975,108,442. The liabilities of this fund are also shown to be equal to \$16,975,108,442.

Pension Accumulation Fund

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

The actuarial value of assets creditable to the Pension Accumulation Fund on December 31, 2009 amounted to \$45,910,965,849. The liabilities on account of active members amounted to \$25,432,753,576. In addition, the balance sheet indicates liabilities of \$28,751,924,527 on account of all benefits payable to beneficiaries and survivors as of December 31, 2009. The balance sheet also shows a reserve from undistributed gains/(losses) of \$(2,519,386,465). The total liabilities of the Pension Accumulation Fund, therefore, amounted to \$51,665,291,638. The difference between these liabilities and the current assets credited to this fund is \$5,754,325,789 which represents the present value of future contributions to be made by the employers. Of this amount, \$5,913,539,229 represents the present value of prospective normal contributions by the employers, \$2,360,173,025 represents the present value of prospective accrued liability contributions by employers and the balance of \$(2,519,386,465) represents the present value of prospective contributions on account of undistributed actuarial gains/(losses).

SECTION IV – ASSET ALLOCATION

The following table shows an allocation of investments by category for the Annuity Savings Fund and Pension Accumulation Fund as of December 31, 2009.

TABLE VIII

**ALLOCATION OF INVESTMENTS BY CATEGORY
FOR THE ANNUITY SAVINGS FUND AND
PENSION ACCUMULATION FUND AS OF DECEMBER 31, 2009**

Cash and Receivables	0.4%
Fixed Income (LTIF)	38.1
Public Equity	50.5
Other*	<u>11.0</u>
Total	100.0%

* Real Estate, Alternatives, Inflation and Credit.

SECTION V - COMMENTS ON VALUATION

The retirement act provides that the contributions of employers shall consist of a normal contribution and an accrued liability contribution. G.S. 135-8(d)(2) of the retirement act provides that the normal contribution rate is to be determined as the uniform percentage of the earnable compensation of the average new entrant throughout his entire period of active service and is to be determined after each valuation. The valuation indicates that the uniform normal percentage contribution rate should be set at 5.12% of compensation.

The present valuation indicates that if the employer contribution rate is set at 4.93% of payroll in accordance with the Appropriations Act of 2010, the accrued liability rate would be equal to (0.19%) of payroll effective July 1, 2010. The required employer contribution is 7.94%, which will liquidate the unfunded accrued liability within a nine-year period.

SECTION VI - COMMENTS ON EXPERIENCE AND GAINS

The following table shows a detailed reconciliation of the change in unfunded accrued liability since the prior valuation.

TABLE IX

**RECONCILIATION OF CHANGE IN UNFUNDED ACCRUED LIABILITY
SINCE THE PRIOR VALUATION
(IN MILLIONS)**

Unfunded accrued liability as of 12/31/08	\$ 391
Normal cost during 2009	1,745
Reduction due to actual contributions during 2009	(1,339)
Interest on unfunded accrued liability, normal cost and contributions	106
Asset (gain)/loss	1,359
Accrued liability (gain)/loss	(685)
Change in economic, demographic and other assumptions	<u>783</u>
Unfunded accrued liability as of 12/31/09	\$ 2,360

The valuation results indicate that there is no preliminary reserve from undistributed gains. Each 1.0% increase in retirement allowances as of July 1, 2011 to beneficiaries on the retirement roll on July 1, 2010 and a prorated portion of each 1.0% increase as of July 1, 2011 for beneficiaries who retired after July 1, 2010 but before June 30, 2011 is equivalent to 0.37% of payroll. The cost of each 0.01% increase in the defined benefit formula with a corresponding increase in retirement allowances to all current benefit recipients is 0.44% of payroll.

SECTION VII - ACCOUNTING INFORMATION

1. 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, 2009**

GROUP	NUMBER
Retired participants and beneficiaries currently receiving benefits	156,791
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	97,474
Active participants*	<u>323,580</u>
Total	577,845

* Includes current recipients of DIP benefits.

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) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/04	\$47,383,509,397	\$43,827,854,276	\$(3,555,655,121)	108.1%	\$10,366,136,571	(34.30)%
12/31/05	49,670,182,206	46,624,667,789	(3,045,514,417)	106.5	10,990,238,891	(27.71)
12/31/06	52,420,807,724	49,391,906,996	(3,028,900,728)	106.1	11,711,385,640	(25.86)
12/31/07	55,283,120,813	52,815,089,477	(2,468,031,336)	104.7	12,701,016,741	(19.43)
12/31/08	55,127,658,183	55,518,744,699	391,086,516	99.3	13,267,554,255	2.95
12/31/09	55,818,099,117	58,178,272,142	2,360,173,025	95.9	13,253,029,516	17.81

3. Following is a reconciliation of the preliminary employer annual required contribution rate to the final employer annual required contribution for fiscal year ending June 30, 2010.

	Fiscal Year Ending June 30, 2010
Preliminary Annual Required Contribution Rate	
Normal	6.26%
Accrued Liability	(2.69)
Total	3.57%
Impact of Legislative Changes	0.00
Final Annual Required Contribution Rate	3.57%
Payroll	13,535,145,173
Annual Required Contribution	\$ 483,205,000

4. Following is the calculation of the annual pension cost and net pension obligation for the fiscal year ending June 30, 2010.

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/2010

(a) Employer annual required contribution	\$ 483,205,000
(b) Interest on net pension obligation	(2,845,000)
(c) Adjustment to annual required contribution	5,877,000
(d) Annual pension cost: (a) + (b) + (c)	\$ 486,237,000
(e) Employer contributions made for fiscal year ending 6/30/2010	483,205,000
(f) Increase (decrease) in net pension obligation: (d) – (e)	\$ 3,032,000
(g) Net pension obligation beginning of fiscal year	(39,239,000)
(h) Net pension obligation end of fiscal year: (f) + (g)	\$ (36,207,000)

TREND INFORMATION

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2008	\$406,810,000	109.7%	\$(42,525,000)
June 30, 2009	475,660,000	99.3	(39,239,000)
June 30, 2010	486,237,000	99.4	(36,207,000)

5. 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 of \$2,360,173,025 over a nine-year period from July 1, 2011.

**2011/2012 FISCAL YEAR
ANNUAL REQUIRED CONTRIBUTION (ARC)
BASED ON THE VALUATION AS OF DECEMBER 31, 2009**

ANNUAL REQUIRED CONTRIBUTION (ARC)	RATE
Normal	5.12%
Accrued liability	<u>2.82</u>
Total	7.94%

6. Additional information as of December 31, 2009 follows.

Valuation date	12/31/09
Actuarial cost method	Entry age
Amortization method	Level dollar closed
Amortization period	9 years
Asset valuation method	20% of market value plus 80% of expected actuarial value (not greater than 120% of market value and not less than 80% of market value)
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases**	4.25% - 9.10%
*Includes inflation of	3.00%
**Includes inflation and productivity of	3.50%
Cost-of-living adjustments	N/A

SCHEDULE A

**DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
FOR THE YEAR ENDING DECEMBER 31, 2009**

1.	Actuarial Value of Assets as of December 31, 2008	\$ 55,127,658,183
2.	2009 Net Cash Flow	
	a. Contributions	1,339,284,005
	b. Disbursements	<u>3,218,586,665</u>
	c. Net Cash Flow: (a) - (b)	(1,879,302,660)
3.	Expected Investment Return: [(1) x .0725] + [(2)c x .03625]	3,928,630,497
4.	Expected Actuarial Value of Assets as of December 31, 2009: (1) + (2)c + (3)	57,176,986,020
5.	Market Value of Assets as of December 31, 2009	50,382,551,504
6.	Excess of Market Value over Expected Actuarial Value of Assets: (5) - (4)	(6,794,434,516)
7.	20% Adjustment towards Market Value: (6) x .20	(1,358,886,903)
8.	Preliminary Actuarial Value of Assets as of December 31, 2009: (4) + (7)	55,818,099,117
9.	Final Actuarial Value of Assets as of December 31, 2009 [(8) not less than 80% of (5) and not greater than 120% of (5)]	55,818,099,117
10.	Rate of investment return on actuarial value	4.74%
11.	Rate of investment return on market value	14.84%

SCHEDULE B**AMORTIZATION SCHEDULE FOR
UNFUNDED ACTUARIAL ACCRUED LIABILITY**

DATE ESTABLISHED	OUTSTANDING BALANCES		ANNUAL PAYMENT
	INCEPTION	DECEMBER 31, 2009	
December 31, 2009	\$ 2,360,173,025	<u>\$ 2,360,173,025</u>	<u>\$ 392,653,235</u>
Total		\$ 2,360,173,025	\$ 392,653,235
Valuation Compensation			\$ 13,940,920,882
Unfunded Accrued Liability Contribution Rate			2.82%

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

Assumptions are based on the experience investigation prepared as of December 31, 2009 and adopted by the Board of Trustees on October 21, 2010.

INTEREST RATE: 7.25% per annum, compounded annually.

INFLATION: Both general and wage inflation are assumed to be 3.00% per annum.

PRODUCTIVITY INCREASE: 0.50% per annum.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed rates of separation from active service are as follows:

<u>Service</u>	ANNUAL RATES OF WITHDRAWAL					
	<u>General Employees and Other Education</u>		<u>Classroom Teachers</u>		<u>Law Enforcement Officers</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
0	.270	.270	.260	.220	.180	.180
1	.180	.185	.180	.170	.090	.090
2	.120	.120	.130	.130	.070	.070
3	.080	.100	.100	.100	.070	.070
4	.070	.090	.080	.080	.060	.060

<u>Age</u>	GENERAL EMPLOYEES AND OTHER EDUCATION					
	Annual Rates of					
	<u>Withdrawal and Vesting*</u>		<u>Base Mortality**</u>		<u>Disability</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
25	.0650	.0900	.0004	.0002	.0001	.0001
30	.0650	.0800	.0005	.0003	.0004	.0004
35	.0500	.0600	.0008	.0005	.0010	.0010
40	.0400	.0400	.0011	.0008	.0029	.0018
45	.0350	.0400	.0016	.0012	.0049	.0033
50	.0350	.0400	.0023	.0018	.0084	.0050
55	.0350	.0400	.0033	.0028	.0144	.0088
60	.0350	.0400	.0054	.0043	.0240	.0138
65			.0081	.0062		
69			.0099	.0076		

* These rates apply only after five years of membership in the system.

** Base mortality rates as of December 31, 2003.

CLASSROOM TEACHERS

Annual Rates of

Age	Withdrawal and Vesting*		Base Mortality**		Disability	
	Male	Female	Male	Female	Male	Female
	25	.0600	.0700	.0004	.0002	.0001
30	.0550	.0600	.0004	.0003	.0001	.0003
35	.0400	.0450	.0007	.0005	.0003	.0006
40	.0350	.0300	.0010	.0007	.0007	.0010
45	.0350	.0300	.0014	.0011	.0014	.0018
50	.0350	.0300	.0020	.0017	.0023	.0032
55	.0350	.0300	.0028	.0025	.0047	.0055
60	.0350	.0300	.0044	.0039	.0077	.0102
65			.0070	.0058		
69			.0091	.0073		

* These rates apply only after five years of membership in the system.

** Base mortality rates as of December 31, 2003.

LAW ENFORCEMENT OFFICERS

Annual Rates of

Age	Withdrawal and Vesting*		Base Mortality**		Disability	
	Male	Female	Male	Female	Male	Female
	25	.0400	.0400	.0004	.0002	.0029
30	.0350	.0350	.0004	.0003	.0036	.0004
35	.0350	.0350	.0008	.0005	.0047	.0005
40	.0350	.0350	.0011	.0007	.0061	.0007
45	.0350	.0350	.0015	.0011	.0090	.0010
50	.0350	.0350	.0021	.0017	.0151	.0017
55	.0350	.0350	.0030	.0025		
60	.0350	.0350	.0049	.0039		
65			.0076	.0058		
69			.0095	.0073		

* These rates apply only after five years of membership in the system.

** Base mortality rates as of December 31, 2003. In addition, 90% of all deaths in active service for law enforcement officers are assumed to be ordinary and 10% assumed to be accidental.

RETIREMENTS: Representative values of the assumed rates of retirement from active service are as follows:

GENERAL EMPLOYEES AND OTHER EDUCATION - MALES

Age	Service						
	5	10	15	20	25	30	35
50				0.0370	0.1000	0.3500	0.3500
55				0.0550	0.1000	0.3000	0.2000
60	0.1000	0.1000	0.1000	0.1000	0.3500	0.3000	0.2250
65	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
70	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250
75	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

GENERAL EMPLOYEES AND OTHER EDUCATION - FEMALES

Age	Service						
	5	10	15	20	25	30	35
50				0.0400	0.0350	0.3500	0.3500
55				0.0550	0.0900	0.3500	0.2250
60	0.1400	0.1400	0.1400	0.1400	0.4500	0.3500	0.2500
65	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
70	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
75	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

CLASSROOM TEACHERS - MALES

Age	Service						
	5	10	15	20	25	30	35
50				0.0300	0.0900	0.3000	0.3000
55				0.0450	0.0900	0.3750	0.3000
60	0.1200	0.1200	0.1200	0.1200	0.4000	0.3750	0.3000
65	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
70	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
75	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

CLASSROOM TEACHERS - FEMALES

Age	Service						
	5	10	15	20	25	30	35
50				0.0350	0.0900	0.3000	0.3000
55				0.0550	0.1000	0.4500	0.2750
60	0.1500	0.1500	0.1500	0.1500	0.5000	0.4500	0.2750
65	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
70	0.2750	0.2750	0.2750	0.2750	0.2750	0.2750	0.2750
75	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

LAW ENFORCEMENT OFFICERS

Age	Service						
	5	10	15	20	25	30	35
50			0.0600	0.0600	0.0600	0.5000	0.5000
55	0.3000	0.3000	0.3000	0.3000	0.3000	0.5000	0.5000
60	0.2500	0.2500	0.2500	0.2500	0.2500	0.5000	0.5000
65	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
70	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
75	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

SALARY INCREASES: Representative values of the assumed annual rates of salary increases are as follows:

Annual Rate of Salary Increase

<u>Service</u>	<u>Classroom Teachers</u>	<u>General Employees and Other Education</u>	<u>Law Enforcement Officers</u>
0	7.55%	5.50%	9.10%
5	6.55	5.50	7.10
10	5.70	5.45	5.40
15	5.45	5.25	4.95
20	5.25	5.25	4.65
25	5.25	5.25	4.25
30	5.25	5.25	4.25
35	5.25	5.25	4.25
40	4.75	4.75	4.25
45	4.25	4.25	4.25
50	4.25	4.25	4.25

Representative values of the assumed post-retirement mortality rates as of December 31, 2003 prior to any mortality improvements are as follows:

Annual Rate of Death after Retirement (Healthy Retirees)

<u>Age</u>	<u>Classroom Teachers</u>		<u>General Employees and Other Education</u>		<u>Law Enforcement Officers</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	.0058	.0035	.0061	.0039	.0059	.0035
60	.0075	.0062	.0090	.0069	.0082	.0062
65	.0121	.0104	.0149	.0114	.0134	.0104
70	.0201	.0167	.0246	.0186	.0222	.0167
75	.0339	.0281	.0422	.0310	.0378	.0281
80	.0579	.0459	.0720	.0508	.0644	.0459

Annual Rate of Death after Retirement
(Beneficiaries of Deceased Members and Disabled Retirees)

<u>Age</u>	<u>Male Beneficiaries of Deceased Members</u>	<u>Female Beneficiaries of Deceased Members</u>	<u>Male Disabled Retirees</u>	<u>Female Disabled Retirees</u>
	55	.0061	.0044	.0277
60	.0090	.0077	.0342	.0229
65	.0149	.0125	.0407	.0296
70	.0246	.0207	.0483	.0401
75	.0422	.0341	.0596	.0558
80	.0720	.0563	.0775	.0771

MORTALITY IMPROVEMENTS: Representative values of the assumed mortality improvement rates (applied to pre-retirement mortality rates for active members and post-retirement mortality rates for healthy retirees and beneficiaries of deceased members after such tables have been set back or set forward) are as follows:

<u>Age</u>	<u>Male Projection Scale</u>	<u>Female Projection Scale</u>
25	0.010	0.014
30	0.005	0.010
35	0.005	0.011
40	0.008	0.015
45	0.013	0.016
50	0.018	0.017
55	0.019	0.008
60	0.016	0.005
65	0.014	0.005
70	0.015	0.005
75	0.014	0.008
80	0.010	0.007

DEATHS AFTER RETIREMENT (NON-DISABLED): According to the RP-2000 Mortality tables for retirees. These tables are set back one year for male teachers, set forward one year for all general employees and unadjusted for female teachers and all law enforcement officers. These tables are also set forward one year for male beneficiaries of deceased members and set forward two years for female beneficiaries of deceased members. The base retiree RP-2000 tables have no rates prior to age 50. The active employee rates of RP-2000 are used for ages less than 50 prior to any adjustments for setbacks.

DEATH AFTER DISABILITY: According to the RP-2000 Mortality tables for disabled annuitants set back six years for males and set forward one year for females.

DEATHS PRIOR TO RETIREMENT: According to the RP-2000 Mortality tables for active employees. These tables are set back one year for male teachers, set forward one year for all general employees and unadjusted for female teachers and all law enforcement officers. The base RP-2000 tables for active employees have no rates after age 70. A blend of active rates and retired rates are used from ages 70 to 80 prior to any set back and adjustments.

MORTALITY PROJECTION (NON-DISABLED): All mortality rates are projected from December 31, 2003 using Scale AA.

TIMING OF ASSUMPTIONS: All withdrawals, deaths, disabilities, retirements and salary increases are assumed to occur on July 1 of each year.

LEAVE CONVERSIONS: Sick leave can be converted to increase creditable service and used to meet the eligibility requirements for retirement. Unused vacation leave can be converted to increase creditable service or compensation, but does not add to the eligibility service. The assumed impact of these conversions is shown in the table below.

	Classroom Teachers		General		Law Enforcement		Other Education	
	Males	Females	Males	Females	Males	Females	Males	Females
Increase in AFC	2.25%	2.25%	2.25%	2.25%	1.50%	1.50%	3.50%	3.50%
Increase in Creditable Service (years)								
Credited	1.25	1.00	0.90	0.65	1.50	1.50	1.25	1.00
Eligibility	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

LIABILITY FOR INACTIVE MEMBERS: The data provided for inactive members does not contain all the elements to calculate the member's deferred benefit. The liability for these members is estimated to be 200% of the member's accumulated contributions. The actuary is collecting data so that future members' deferred benefits can be estimated.

ADMINISTRATIVE EXPENSES: 0.10% of payroll.

MARRIAGE ASSUMPTION: 100% 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: Entry age normal cost method. Entry age is established on an individual basis.

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. The actuarial value of assets is not allowed to be greater than 120% of the market value of assets or less than 80% of the market value of assets.

SCHEDULE D**SUMMARY OF MAIN BENEFIT AND CONTRIBUTION PROVISIONS**

A summary of the main benefit provisions of the Retirement System and of the sources of revenue from which benefits are paid is presented in the following digest. Items in parentheses in the text are the provisions applicable to law enforcement officers.

"Average final compensation" as used in the summary means the average annual compensation during the four consecutive years of membership service which afford the highest such average. "Membership service" means service represented by regular contributions. "Creditable service" means membership service and may also include certain special purchased service.

BENEFITS**Unreduced Retirement Allowance**

Condition for Allowance

An unreduced retirement allowance is payable to any member who retires from service after he has attained age 65 (55), or after age 60 and completion of 25 years of creditable service, or after completion of 30 years of creditable service.

Amount of Allowance

1.82% of his average final compensation multiplied by the number of years of his creditable service.

In no event will a member whose creditable service commenced on or before June 30, 1963 receive a smaller retirement allowance than he would have received under the benefit provisions of the system in effect on that date.

Reduced Retirement Allowance

Condition for Allowance

A reduced retirement allowance is payable to any member who retires from service after he has attained age 60 and completed 5 years of membership service (age 55 and 5 years of creditable service), but prior to becoming eligible for the unreduced retirement allowance.

Amount of Allowance

The member's reduced retirement allowance is equal to 1.82% of his average final compensation multiplied by the number of years of his creditable service at his date of retirement reduced by 1/4 of 1% for each month by which the member's age at retirement is less than age 65.

In no event will a member whose creditable service commenced on or before June 30, 1963 receive a smaller retirement allowance than he would have received under the benefit provisions of the system in effect on that date.

OR

Condition for Allowance

A reduced retirement allowance is payable to any member who retires from service after he has attained age 50 and completed 20 (15) years of creditable service but prior to becoming eligible for a reduced or unreduced retirement allowance.

Amount of Allowance

The member's reduced retirement allowance is equal to 1.82% of his average final compensation multiplied by the number of years of his creditable service at his date of retirement reduced by the lesser of:

- (i) $\frac{5}{12}$ ($\frac{1}{3}$) of 1% for each month by which his age is less than 60 (55), plus, if the member is not a law enforcement officer, $\frac{1}{4}$ of 1% for each month by which his age is less than 65.
- (ii) 5% times the difference between 30 years and his creditable service at retirement.

Deferred Retirement Allowance

Any member who separates from service prior to becoming eligible for an unreduced or reduced retirement allowance after completing 5 or more years of membership service and who leaves his total accumulated contributions in the system may receive a deferred retirement allowance, beginning at age 60 (55), computed in the same way as a reduced retirement allowance, or, if the member has 20 or more years of service, at age 50 computed in the same way as a reduced service retirement allowance, on the basis of his creditable service and compensation to the date of separation.

Return of Contributions

Upon the withdrawal of a member without a retirement allowance and upon his request, his contributions are returned to him, together with accumulated regular interest thereon if he has at least 5 years of membership service.

Upon the death of a member before retirement, his contributions, together with the full accumulated regular interest thereon, are paid to his estate or to person(s) designated by the member unless the designated beneficiary, if eligible, elects the survivor's alternate benefit described below.

The current interest rate on member contributions is 4%.

Survivor's Alternate Benefit

Upon the death of a member in service who has attained age 60 (55) and has completed 5 years of membership (creditable) service or completed 20 years of creditable service, his designated beneficiary may elect to receive a benefit equal to that which would have been payable under the provisions of Option 2 had the member retired on the first day of the month following his death and elected such option, in lieu of the member's accumulated contributions, provided the member had not instructed the Board of Trustees in writing that he did not wish the alternate benefit to apply.

Members on short-term or long-term disability are eligible for this benefit.

Death After Retirement

Upon the death of a beneficiary who did not retire under an effective election of Option 2 or Option 3, an amount equal to the excess if any, of his accumulated contributions at retirement over the retirement allowance payments received is paid to a designated person or to the beneficiary's estate.

Upon the death of the survivor of a beneficiary who retired under an effective election of Option 2 or Option 3, an amount equal to the excess, if any, of the beneficiary's accumulated contributions at retirement over the total retirement allowance payments received is paid to such other person designated by the beneficiary or to the beneficiary's estate.

Upon the death of a beneficiary, a benefit may be provided by the Retirees' Contributory Death Benefit Plan.

Other Death Benefits

Upon the death of a member in service, other benefits may be provided by the Death Benefit Plan or Separate Insurance Benefit Plan for Law Enforcement Officers.

Optional Arrangements at Retirement

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:

Option 1 - A member retiring prior to July 1, 1993, may elect that at his death 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, is paid to his estate, or to a person(s) designated by the member, or

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.

Option 4 - A 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.

Option 5 - A member retiring prior to July 1, 1993 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.

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 Allowances

Future increases in allowances may be granted at the discretion of the State.

Service Reciprocity

For the purpose of determining eligibility for a deferred, reduced or unreduced service retirement allowance, the membership and creditable service of a member shall include such prior service earned as a member of the Local Governmental Employees' Retirement System (LGERS), the Consolidated Judicial Retirement System (CJRS), or the Legislative Retirement System (LRS). In addition, if the member's accumulated contributions and reserves are transferred from the prior System to this System, the creditable service earned as a member of the prior System may be included for purposes of determining the amount of benefits payable under this System.

Military Service

For periods of active duty in the United States military may be counted as creditable service if the member was an employee upon entering the military and returned to employment within two years of discharge or for a period of 10 additional years.

Service Purchases

Additional creditable service may include service that the member purchased to restore a period of service for which the member (1) received a refund of contributions, (2) had a leave of absence for educational purposes, extended

illness or parental or maternity reasons, (3) had full-time temporary or part-time local or State government employment, (4) was in a probationary or waiting period with a unit of the LGERS, (5) had a leave of absence under Workers' Compensation, (6) performed service with a unit of local government not covered by LGERS, (7) performed service with the federal government not covered by any other retirement system, (8) performed service with a public community service entity funded entirely with federal funds, (9) performed service as a member of the General Assembly, (10) performed service as a member of a charter school not participating in the system, (11) was employed by The University of North Carolina and participated in the Optional Retirement Program but not eligible to receive any benefits from that program, or (12) performed service which was omitted by reason of error.

Unused Sick Leave

Unused sick leave counts as creditable service at retirement. Sick leave which was converted from unused vacation leave is also creditable. One month of credit is allowed for each 20 days of unused sick leave, plus an additional month for any part of 20 days left over.

CONTRIBUTIONS

REGULAR CONTRIBUTIONS

By Members

Each member contributes 6% of his compensation.

By Employers

Employers make 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 AVERAGE REPORTED COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY AGE AND SERVICE
AS OF DECEMBER 31, 2009**

AGE	YEARS OF SERVICE										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	2,225	4,875	62	0	0	0	0	0	0	0	7,162
	12,283	29,147	28,169	0	0	0	0	0	0	0	23,900
25 to 29	1,848	19,358	7,435	85	0	0	0	0	0	0	28,726
	11,538	32,927	37,150	31,464	0	0	0	0	0	0	32,639
30 to 34	1,134	12,430	14,302	4,686	20	0	0	0	0	0	32,572
	10,718	35,246	40,658	43,859	38,774	0	0	0	0	0	38,010
35 to 39	1,082	11,430	11,080	11,575	3,465	46	0	0	0	0	38,678
	10,481	35,651	40,338	46,356	48,859	43,792	0	0	0	0	40,686
40 to 44	1,019	11,042	10,706	8,628	8,121	2,948	88	0	0	0	42,552
	10,626	35,054	39,057	43,885	51,239	51,638	48,232	0	0	0	41,532
45 to 49	896	9,839	10,503	8,577	6,002	7,023	3,164	77	0	0	46,081
	10,317	34,789	38,224	40,819	47,912	54,342	55,603	50,429	0	0	42,363
50 to 54	669	8,401	9,419	8,571	6,338	5,827	6,072	2,243	26	0	47,566
	10,980	36,481	39,115	41,785	46,495	52,275	59,421	60,118	55,721	0	44,922
55 to 59	581	6,787	7,940	6,894	5,945	5,781	4,154	2,974	672	7	41,735
	17,072	39,397	40,621	42,973	47,072	51,600	59,197	66,336	67,995	47,899	47,045
60 to 64	274	3,797	5,130	4,118	3,533	3,402	2,106	1,275	613	117	24,365
	19,963	41,033	42,157	44,088	48,833	52,499	58,492	64,279	74,869	72,103	48,007
65 to 69	63	859	1,394	1,012	746	618	346	235	150	117	5,540
	17,180	38,215	40,743	44,403	50,628	56,009	57,856	71,898	87,618	94,144	48,573
70 & up	24	296	379	310	209	162	94	69	46	81	1,670
	24,171	32,975	34,885	36,472	46,238	48,558	60,029	60,248	82,529	100,671	44,401
Total	9,815	89,114	78,350	54,456	34,379	25,807	16,024	6,873	1,507	322	316,647
	11,881	35,087	39,607	43,443	48,525	52,694	58,395	63,876	72,976	86,772	41,854

SCHEDULE D

TABLE 2

**THE NUMBER AND REPORTED COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY AGE
AS OF DECEMBER 31, 2009**

Age	Men		Women	
	Number	Amount	Number	Amount
17			1	\$ 20,263
18			1	37,444
19	3	\$ 21,780	11	105,097
20	39	680,685	43	620,158
21	112	2,107,474	123	2,230,956
22	273	6,014,521	550	9,248,144
23	581	12,902,081	1,662	34,473,185
24	963	25,726,474	2,800	76,980,921
25	1,289	37,612,643	3,523	104,138,287
26	1,381	42,976,568	4,018	125,957,289
27	1,671	54,375,643	4,202	135,933,946
28	1,751	59,472,767	4,506	152,091,712
29	1,882	66,385,170	4,503	158,655,947
30	1,907	70,452,867	4,531	163,512,395
31	1,933	73,943,518	4,597	169,351,586
32	2,040	79,924,498	4,466	167,617,320
33	2,044	84,125,639	4,545	172,389,498
34	2,048	85,867,855	4,461	170,867,553
35	2,200	94,819,306	4,837	187,853,720
36	2,247	96,925,416	4,803	187,672,749
37	2,329	101,880,797	5,054	198,297,079
38	2,564	115,210,539	5,594	219,461,678
39	2,843	127,576,562	6,207	243,966,373
40	2,708	126,527,304	6,149	243,895,171
41	2,640	122,311,057	6,056	240,679,610
42	2,569	120,792,761	5,721	222,724,536
43	2,493	116,674,568	5,824	227,145,243
44	2,640	123,632,877	5,752	222,886,232
45	2,665	122,923,336	6,069	239,826,081
46	2,762	129,421,286	6,190	245,483,513
47	2,858	137,150,457	6,410	256,041,209
48	2,801	134,478,004	6,682	270,735,477
49	2,876	139,899,966	6,768	276,172,617
50	2,801	134,396,878	6,746	284,069,375
51	2,786	136,036,675	6,708	279,880,775
52	2,840	139,750,776	6,859	297,873,867
53	2,847	140,512,153	6,795	299,063,580
54	2,701	135,934,466	6,483	289,252,894
55	2,655	136,379,289	6,255	277,647,049
56	2,688	135,488,297	6,173	278,056,429

TABLE 2
THE NUMBER AND REPORTED COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY AGE
AS OF DECEMBER 31, 2009

CONTINUED

Age	Men		Women	
	Number	Amount	Number	Amount
57	2,577	\$ 132,894,539	5,849	\$ 264,693,859
58	2,538	131,932,182	5,495	249,407,040
59	2,435	124,022,967	5,070	232,918,181
60	2,215	113,608,197	4,539	206,135,885
61	2,054	107,800,096	3,854	172,878,940
62	1,833	97,555,863	3,301	146,842,849
63	1,541	85,036,344	2,640	121,606,177
64	884	49,994,846	1,504	68,228,881
65	796	43,389,798	1,143	51,411,651
66	550	31,034,829	840	37,918,382
67	458	26,361,481	574	23,913,493
68	302	16,601,999	352	14,924,440
69	254	13,587,953	271	9,949,748
70	207	10,674,334	196	8,201,521
71	155	7,778,615	147	5,658,688
72	111	5,060,511	122	4,202,581
73	87	5,160,887	96	3,692,388
74	67	2,551,731	60	2,293,607
75	63	3,520,040	68	2,270,768
76	52	2,536,006	32	1,251,762
77	36	1,667,997	31	961,281
78	31	1,606,880	12	456,702
79	17	1,177,970	17	536,352
80	15	699,936	5	161,826
81	8	385,444	1	90,938
82	7	474,981	4	146,809
83	1	194,684	4	120,506
84			3	70,309
85	4	110,236		
86	1	15,585	2	76,507
87	3	80,542	1	69,339
88	1	49,054	1	27,776
91	1	97,872		
93			1	16,020
	97,734	\$ 4,488,977,352	218,913	\$ 8,764,052,164

SCHEDULE D**TABLE 3**

**THE NUMBER AND REPORTED COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY SERVICE
AS OF DECEMBER 31, 2009**

Years of Service	Men		Women	
	Number	Amount	Number	Amount
0	3,019	\$ 33,726,495	6,796	\$ 82,887,696
1	5,416	187,726,696	10,412	311,845,104
2	8,754	324,959,462	18,332	612,756,551
3	7,116	280,744,691	16,189	559,771,863
4	6,804	277,612,344	16,091	571,288,799
5	6,068	249,982,213	13,607	494,768,828
6	5,395	227,494,601	12,028	446,038,483
7	4,604	202,118,131	10,302	396,608,266
8	3,776	172,004,723	8,979	353,226,481
9	3,935	180,610,387	9,656	380,373,071
10	3,817	176,732,570	9,253	366,820,186
11	3,542	168,850,172	8,617	348,516,742
12	3,133	153,259,546	7,602	317,049,518
13	2,860	140,807,401	6,751	287,828,399
14	2,714	138,128,203	6,166	267,691,214
15	2,505	128,220,531	5,676	253,730,999
16	2,623	133,708,719	5,216	238,432,482
17	2,050	112,335,755	4,761	221,807,938
18	2,082	112,095,925	4,366	207,912,920
19	1,577	88,069,762	3,523	171,903,062
20	1,889	101,796,131	3,956	193,841,148
21	1,719	93,424,490	4,029	198,117,499
22	1,652	95,974,706	3,920	195,930,154
23	1,472	88,605,787	3,143	166,068,262
24	1,196	74,399,533	2,831	151,701,709
25	1,367	83,816,535	2,822	150,465,993
26	1,397	86,118,206	2,632	146,744,991
27	1,011	64,749,044	1,892	107,625,429
28	839	54,433,880	1,719	100,398,283
29	663	44,447,609	1,683	96,989,291
30	613	42,680,691	1,615	92,187,205
31	494	36,647,334	1,259	73,771,503
32	353	27,354,457	940	56,615,004
33	314	23,613,726	645	40,715,657
34	224	18,110,766	414	27,177,567
35	175	13,886,541	319	22,297,410
36	147	11,324,682	268	17,043,249
37	107	8,539,916	180	12,448,277
38	82	7,081,238	103	6,874,655
39	59	5,290,301	68	5,303,536

TABLE 3
THE NUMBER AND REPORTED COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY SERVICE
AS OF DECEMBER 31, 2009

CONTINUED

Years of Service	Men		Women	
	Number	Amount	Number	Amount
40	53	\$ 5,223,579	52	\$ 3,622,468
41	29	2,741,805	29	2,251,247
42	36	3,904,824	21	1,297,949
43	13	1,215,853	15	1,057,365
44	8	1,094,951	7	432,883
45	7	747,387	8	583,509
46	9	860,971	4	215,564
47	6	781,343	7	536,903
48	2	170,262	3	141,740
49	4	507,416	1	50,978
50	2	145,955	1	63,911
51	1	57,374		
52			1	43,261
53			1	45,630
54			2	133,332
57	1	41,732		
Total	97,734	\$ 4,488,977,352	218,913	\$ 8,764,052,164

SCHEDULE D

TABLE 4

**THE NUMBER AND VALUATION COMPENSATION OF
DISABLED MEMBERS DISTRIBUTED BY AGE
AS OF DECEMBER 31, 2009**

Age	Men		Women	
	Number	Amount	Number	Amount
21			1	\$ 5,803
22	1	\$ 18,856		
23			1	18,853
24	1	9,293	2	46,331
25			3	38,340
26	4	73,768	7	208,177
27	1	24,877	16	489,181
28	1	10,270	12	693,064
29	2	81,310	7	240,239
30	4	128,770	12	394,946
31	5	169,148	11	484,133
32	3	62,749	15	380,776
33	3	92,239	11	303,084
34	6	175,483	20	679,898
35	5	164,256	23	628,901
36	10	346,146	20	584,826
37	9	318,529	29	888,207
38	15	437,324	34	1,056,319
39	13	415,894	36	1,086,901
40	17	476,018	64	1,883,735
41	25	849,243	47	1,545,817
42	38	1,265,673	63	2,148,871
43	32	981,927	65	1,852,073
44	44	1,386,609	56	1,685,213
45	50	1,605,135	92	2,979,631
46	52	1,847,659	97	2,862,852
47	65	2,289,351	96	3,282,589
48	65	2,071,974	108	3,446,095
49	63	2,128,838	140	4,212,062
50	74	2,574,696	144	4,531,686
51	81	2,704,773	166	5,066,518
52	95	3,202,241	172	5,627,926
53	107	3,603,952	197	6,595,030
54	94	3,154,983	199	6,353,199
55	100	3,405,142	237	7,787,612
56	111	3,829,417	239	7,780,256
57	115	3,944,660	234	7,464,498
58	126	4,226,880	273	8,668,530
59	139	4,697,262	276	9,252,719
60	123	4,114,187	261	8,255,321

TABLE 4
THE NUMBER AND VALUATION COMPENSATION OF
DISABLED MEMBERS DISTRIBUTED BY AGE
AS OF DECEMBER 31, 2009

CONTINUED

Age	Men		Women	
	Number	Amount	Number	Amount
61	135	\$ 4,311,301	223	\$ 6,722,791
62	142	5,137,628	244	7,869,465
63	133	4,685,028	249	7,955,339
64	114	3,659,459	187	5,809,854
65	59	1,860,226	111	3,624,181
66	18	529,877	19	604,528
67	12	415,133	15	435,974
68	2	61,050	12	355,674
69	9	274,725	9	415,584
70	7	196,502	7	186,308
71	1	30,525	3	108,392
72	2	52,034	4	122,100
73	1	10,215	3	91,575
74	1	30,525	4	122,100
75	2	61,050	1	30,525
76	2	61,050	1	30,525
77	5	141,651	1	18,674
78	2	61,050	2	61,050
80	1	30,525	1	26,007
82			1	30,525
84			1	17,825
85	1	30,525		
89	1	30,525		
	2,349	\$ 78,560,136	4,584	\$ 146,149,208

SCHEDULE D

TABLE 5

**THE NUMBER AND ACCUMULATED CONTRIBUTIONS OF
TERMINATED VESTED MEMBERS DISTRIBUTED BY AGE
AS OF DECEMBER 31, 2009**

Age	Men		Women	
	Number	Amount	Number	Amount
18			1	\$ 90
19	1	\$ 22	2	456
20	11	9,021	11	8,348
21	46	30,768	29	20,338
22	77	73,900	93	78,594
23	127	162,305	208	275,092
24	265	374,265	531	872,428
25	418	773,945	924	2,060,646
26	462	941,401	1,370	3,669,313
27	632	1,733,817	1,700	5,399,073
28	697	2,138,782	2,039	7,464,831
29	702	2,506,308	2,079	9,110,117
30	774	3,091,056	2,303	11,017,676
31	777	3,610,098	2,318	12,695,806
32	783	4,158,122	2,403	14,756,191
33	798	4,395,807	2,364	15,824,874
34	751	5,025,571	2,222	15,924,269
35	842	5,982,444	2,332	18,378,740
36	824	6,090,014	2,130	17,551,460
37	879	7,794,276	2,179	18,593,468
38	872	8,093,115	2,200	19,410,209
39	1,696	10,363,286	2,872	23,492,958
40	928	10,103,703	2,360	23,210,425
41	820	8,657,723	2,052	21,631,549
42	791	10,177,211	1,936	20,783,094
43	774	10,313,890	1,733	18,140,094
44	761	9,696,024	1,695	19,302,259
45	745	10,413,886	1,716	18,341,173
46	700	11,191,889	1,707	20,741,283
47	704	10,985,347	1,665	20,595,744
48	701	12,028,058	1,619	19,858,150
49	728	12,329,299	1,703	22,953,418
50	676	12,691,449	1,493	21,175,692
51	649	11,932,332	1,537	21,782,745
52	628	11,128,863	1,489	21,735,994
53	590	9,812,427	1,458	20,814,988
54	618	10,547,733	1,461	22,858,712
55	582	10,249,727	1,393	22,506,207
56	544	9,664,638	1,386	23,162,798
57	548	10,873,872	1,358	23,202,205

TABLE 5
THE NUMBER AND ACCUMULATED CONTRIBUTIONS OF
TERMINATED VESTED MEMBERS DISTRIBUTED BY AGE
AS OF DECEMBER 31, 2009

CONTINUED

Age	Men		Women	
	Number	Amount	Number	Amount
58	569	\$ 12,679,885	1,270	\$ 23,141,054
59	526	10,862,901	1,214	21,870,522
60	463	10,424,998	1,081	19,506,804
61	430	8,585,478	794	13,021,018
62	347	6,668,673	674	11,834,079
63	268	5,194,743	531	8,363,315
64	185	3,274,567	348	5,082,184
65	177	2,075,577	263	3,431,322
66	122	1,519,417	208	2,456,178
67	87	1,054,725	138	1,731,698
68	83	849,340	104	975,769
69	64	564,108	86	916,972
70	41	298,711	60	750,140
71	36	275,588	43	458,369
72	36	207,290	35	194,299
73	16	72,179	26	189,835
74	18	94,147	31	267,122
75	11	52,574	21	187,483
76	10	127,640	9	92,508
77	7	61,622	2	9,502
78	7	153,449	2	4,502
79	4	17,825	2	5,703
80	4	9,517	1	11,300
81	4	16,033	3	6,708
82	2	5,050	1	22,054
83	2	18,244	1	2,303
85			1	785
88	1	3,762		
98			1	654
100			1	67
102	1	731	3	1,610
103			6	4,655
104	1	3,347		
Total	28,443	\$ 325,318,515	69,031	\$ 693,942,021

SCHEDULE D

TABLE 6

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL
RETIREMENT ALLOWANCES OF BENEFICIARIES AND
SURVIVORS BY AGE AS OF DECEMBER 31, 2009**

**SERVICE RETIREMENTS AND
DEPENDENTS OF DECEASED BENEFICIARIES**

Age	Men		Women	
	Number	Amount	Number	Amount
16	1	\$ 18,919		
19			1	\$ 4,124
21			1	10,871
24			1	5,402
29	1	1,032		
37			1	31,302
40			1	25,814
42	1	10,802		
44	1	7,851		
45	1	29,023	1	49,040
46	3	16,120	2	33,129
47	5	125,992	4	66,917
48	19	549,771	13	219,331
49	38	1,034,814	45	939,758
50	99	2,851,570	76	1,695,036
51	165	4,815,198	185	4,193,078
52	228	6,065,025	335	8,365,713
53	358	10,290,831	651	17,899,582
54	435	12,851,446	930	26,533,878
55	617	18,368,699	1,267	37,924,503
56	744	22,678,953	1,732	52,651,726
57	912	28,292,445	2,067	64,533,025
58	1,026	32,786,830	2,233	70,656,230
59	1,114	35,933,087	2,405	75,057,377
60	1,313	41,936,555	2,710	78,844,034
61	1,621	50,020,706	3,432	90,510,873
62	1,936	53,879,402	3,973	90,861,491
63	2,622	63,976,167	5,104	101,866,725
64	1,962	46,041,325	3,789	70,778,063
65	2,098	48,978,840	3,830	70,099,735
66	2,154	48,636,318	4,219	76,161,451
67	2,391	54,090,343	4,587	80,661,201
68	2,061	45,627,203	3,876	66,319,763
69	1,977	43,535,926	3,654	61,765,161
70	1,865	41,082,310	3,353	56,117,515
71	1,900	41,561,604	3,095	50,867,450
72	1,827	39,282,365	3,012	48,347,557
73	1,642	35,833,457	2,802	45,110,972
74	1,685	37,387,259	2,690	42,260,439

TABLE 6

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL
RETIREMENT ALLOWANCES OF BENEFICIARIES AND
SURVIVORS BY AGE AS OF DECEMBER 31, 2009**

**SERVICE RETIREMENTS AND
DEPENDENTS OF DECEASED BENEFICIARIES**

CONTINUED

Age	Number	Men		Women	
			Amount	Number	Amount
75	1,594	\$	33,802,111	2,655	\$ 41,639,567
76	1,541		33,695,995	2,239	33,566,589
77	1,422		30,903,780	2,191	33,272,533
78	1,450		31,039,706	2,150	31,461,631
79	1,451		31,416,122	2,029	30,512,212
80	1,369		29,038,546	1,832	27,289,972
81	1,206		25,501,516	1,791	25,055,236
82	1,126		23,214,845	1,675	22,996,113
83	1,064		20,786,177	1,510	20,146,792
84	958		18,554,670	1,380	18,033,042
85	908		16,701,016	1,244	14,877,628
86	776		13,861,544	1,115	13,508,133
87	745		12,910,098	943	11,766,975
88	625		12,053,322	940	11,133,818
89	654		10,519,051	772	9,507,662
90	503		7,311,633	666	7,437,774
91	428		6,222,710	522	6,082,705
92	325		4,134,285	455	5,354,332
93	282		3,363,437	372	4,364,222
94	230		2,712,989	287	3,265,473
95	215		2,248,211	250	3,050,411
96	146		1,555,113	208	2,433,105
97	96		1,063,959	158	1,628,835
98	80		790,459	114	1,265,900
99	78		739,599	70	786,629
100	60		591,393	61	640,999
101	45		378,527	48	506,150
102	24		220,400	33	321,086
103	29		237,258	32	268,791
104	9		104,007	28	268,218
105	16		155,739	11	69,975
106	11		61,394	19	175,796
107	4		53,008	9	59,395
Total	54,292	\$	1,244,540,808	93,886	\$ 1,774,215,965

TABLE 6

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL
RETIREMENT ALLOWANCES OF BENEFICIARIES AND
SURVIVORS BY AGE AS OF DECEMBER 31, 2009**

**SERVICE RETIREMENTS AND
DEPENDENTS OF DECEASED BENEFICIARIES**

CONTINUED

	Men		Women	
	Number	Amount	Number	Amount
Maximum	14,576	\$ 336,098,625	50,268	\$ 900,679,056
Cash Refund	1,907	43,914,297	7,308	105,281,010
100% J&S	7,399	173,245,184	3,038	43,737,610
50% J&S	3,166	88,107,676	2,198	39,986,127
Soc Sec Level	8,275	218,057,163	19,151	465,264,640
Odd Surv	17	661,530	9	169,662
100% J&S Popup	5,993	146,876,238	4,167	79,932,142
50% J&S Popup	3,636	107,198,418	4,742	108,623,641
Beneficiaries	9,323	130,381,677	3,005	30,542,077

SCHEDULE D**TABLE 7**

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL
RETIREMENT ALLOWANCES OF BENEFICIARIES AND
SURVIVORS BY AGE AS OF DECEMBER 31, 2009**

DISABILITY RETIREMENTS

Age	Men		Women	
	Number	Amount	Number	Amount
45	2	\$ 23,556		
46	2	37,644	1	\$ 14,815
47	1	14,662	1	11,868
48	5	89,406	8	128,511
49	3	45,757	16	281,912
50	6	134,770	10	146,844
51	17	335,188	23	406,369
52	36	852,032	31	701,451
53	32	733,433	45	943,712
54	48	1,095,459	87	1,878,111
55	69	1,511,541	128	2,925,073
56	72	1,709,936	166	3,817,026
57	83	2,015,928	239	5,738,985
58	115	2,838,072	277	6,515,542
59	106	2,634,742	320	6,986,608
60	144	3,275,974	287	6,449,074
61	146	3,375,259	334	7,487,902
62	174	3,988,081	297	6,367,717
63	188	4,285,396	317	6,420,945
64	145	2,960,386	247	4,692,514
65	149	2,688,842	321	5,346,615
66	183	2,958,215	327	4,885,032
67	122	2,565,954	227	4,262,890
68	96	1,823,714	190	3,420,678
69	101	1,693,806	165	2,701,459
70	103	1,929,833	131	2,097,558
71	57	932,796	145	2,180,545
72	61	1,039,149	142	2,160,888
73	53	884,606	92	1,351,308
74	72	1,212,735	107	1,344,041
75	65	976,302	81	1,182,663
76	46	834,194	86	1,137,936
77	41	770,584	75	868,694
78	42	616,348	65	844,703
79	39	580,856	62	779,490
80	33	487,788	67	840,331
81	26	414,173	75	782,630
82	29	424,549	53	563,756
83	28	348,060	73	754,610
84	31	461,097	62	681,214

TABLE 7
THE DISTRIBUTION OF THE NUMBER AND ANNUAL
RETIREMENT ALLOWANCES OF BENEFICIARIES AND
SURVIVORS BY AGE AS OF DECEMBER 31, 2009

DISABILITY RETIREMENTS

CONTINUED

Age	Number	Men		Women	
		Number	Amount	Number	Amount
85	28		\$ 414,035	52	\$ 355,297
86	20		351,312	56	501,815
87	30		480,297	52	574,078
88	10		172,196	38	401,548
89	12		194,312	31	355,590
90	5		116,446	30	247,217
91	10		157,291	17	181,804
92	6		79,944	17	237,062
93	1		1,797	17	148,427
94	1		3,349	11	195,863
95	1		31,884	4	39,016
96	1		1,484	6	31,608
97				2	26,978
98				1	10,139
100				1	11,532
102				1	6,658
104				1	14,231
Total	2,896		\$ 57,605,170	5,717	\$ 103,440,883
Maximum	1,625		\$ 34,075,103	3,974	\$ 74,346,523
Cash Refund	204		3,469,680	601	7,939,439
100% J&S	277		3,750,644	170	1,977,789
50% J&S	230		4,292,975	144	2,274,404
Soc Sec Level	143		4,009,123	401	9,656,720
Odd Surv				2	32,454
100% J&S Popup	200		3,281,181	191	2,755,177
50% J&S Popup	217		4,726,464	234	4,458,377