

REPORT ON THE  
FIFTY-NINTH ACTUARIAL VALUATION  
OF THE STATE TEACHERS'  
RETIREMENT SYSTEM OF VERMONT  
PREPARED AS OF JUNE 30, 2006

OCTOBER 24, 2006



October 24, 2006

Board of Trustees  
State Teachers' Retirement System of Vermont  
Montpelier, Vermont 05633

Dear Board Members:

Section 1942, subsection (n), of Title 16, Chapter 55, Vermont Statutes Annotated, relating to the State Teachers' Retirement System of Vermont, provides in part that the actuary shall make annual valuations of the system.

The fifty-ninth actuarial valuation of the system, prepared as of June 30, 2006, has now been completed and the results are presented in this report, together with our recommendations in regard to contributions payable by the State.

On the basis of the current valuation, we recommend that a normal contribution of 5.09% of covered compensation and a payment of \$13,505,843 towards the liquidation of the unfunded accrued liability be made. Based on the reported payroll, the total contribution amounts to \$38,929,729 for the year beginning July 1, 2006. Schedule G provides the estimated contributions for the following two fiscal years.

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

Respectfully submitted,

David L. Driscoll, F.S.A., E.A.  
Principal, Consulting Actuary

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REPORT ON THE FIFTY-NINTH ACTUARIAL VALUATION OF THE  
STATE TEACHERS' RETIREMENT SYSTEM OF VERMONT  
PREPARED AS OF JUNE 30, 2006

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized below:

Valuation Date	June 30, 2006	June 30, 2005
Active members		
Vested	8,020	8,084
Not vested	<u>2,676</u>	<u>2,660</u>
Total	10,696	10,744
Compensation	\$499,044,327	\$486,857,658
Average age	46.73	46.66
Average service	13.58	13.65
Average compensation	\$46,657	\$45,311
Retired members and beneficiaries		
Number	4,879	4,592
Annual retirement allowances	\$66,776,433	\$60,545,793
Inactive members	2,777	2,906
Terminated vested members	759	568
Adjusted assets for valuation	\$1,427,393,070	\$1,354,006,143
Unfunded actuarial accrued liability	\$259,108,435	\$138,143,845
Annual actuarial accrued liability contribution	\$13,505,843	\$13,004,599
Normal contribution rate	5.09%	8.96%

2. As a result of recent legislation and decisions by the System's Board of Trustees, significant changes in the actuarial methods and assumptions used in the valuation have been made effective June 30, 2006. In particular, the actuarial cost method has been changed from the Entry Age Normal method with Frozen Initial Liability to the Entry Age Normal method, the funding interest rate has been raised from 8.00% per year to 8.25% per year, and the 30-year period for amortization of the unfunded actuarial accrued liability has been restarted effective July 1, 2006. Comments on the results of the valuation are given in Section IV and further discussion of the contribution levels is set out in Section V.
3. Schedule B outlines the full set of actuarial assumptions and methods employed in the current valuation.
4. Schedule C outlines the benefit provisions that were taken into account in the valuation.
5. As part of the regular valuation, experience of the system during the previous year has been analyzed. We have summarized in graph form in Section VI experience during the past year.
6. Schedule F shows a graph of projected benefit payouts during the next ten years of benefits payable to current and future pensioners.
7. Schedule G shows projected contributions for the two following fiscal years.

## SECTION II - MEMBER DATA

1. Member data were furnished by the Retirement Division of the State Treasurer's Office.
2. Schedule D presents tables that summarize active members, by age and service and service pensioners, disability pensioners and beneficiaries by annual benefit levels.

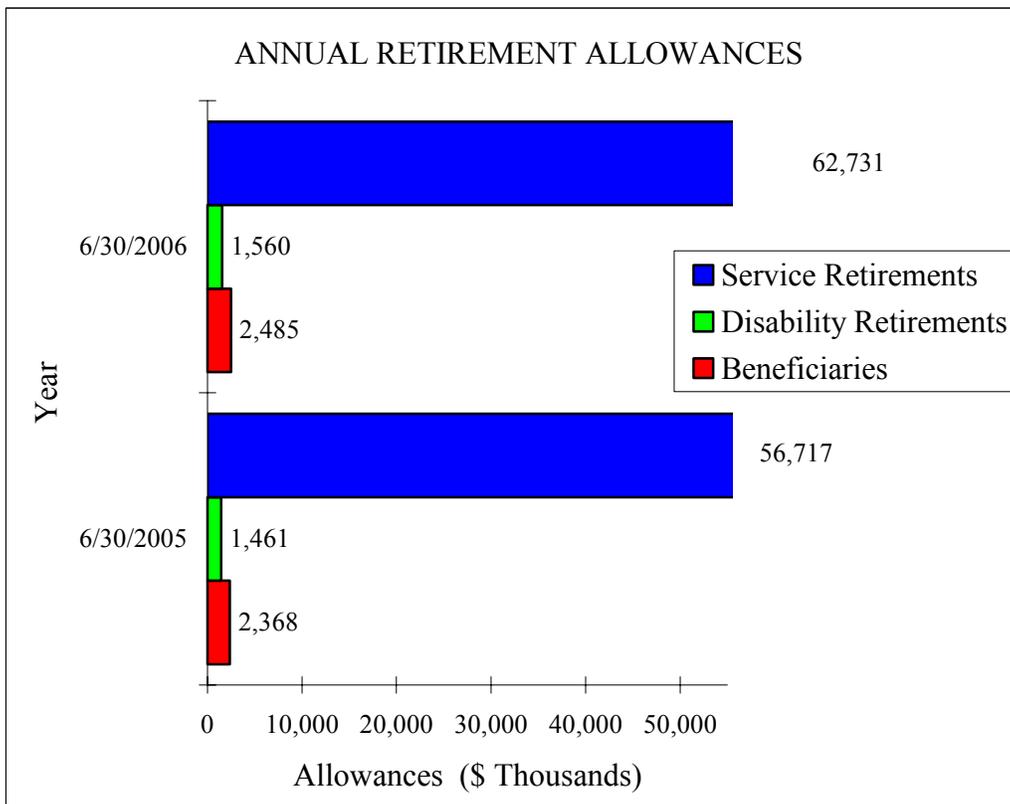
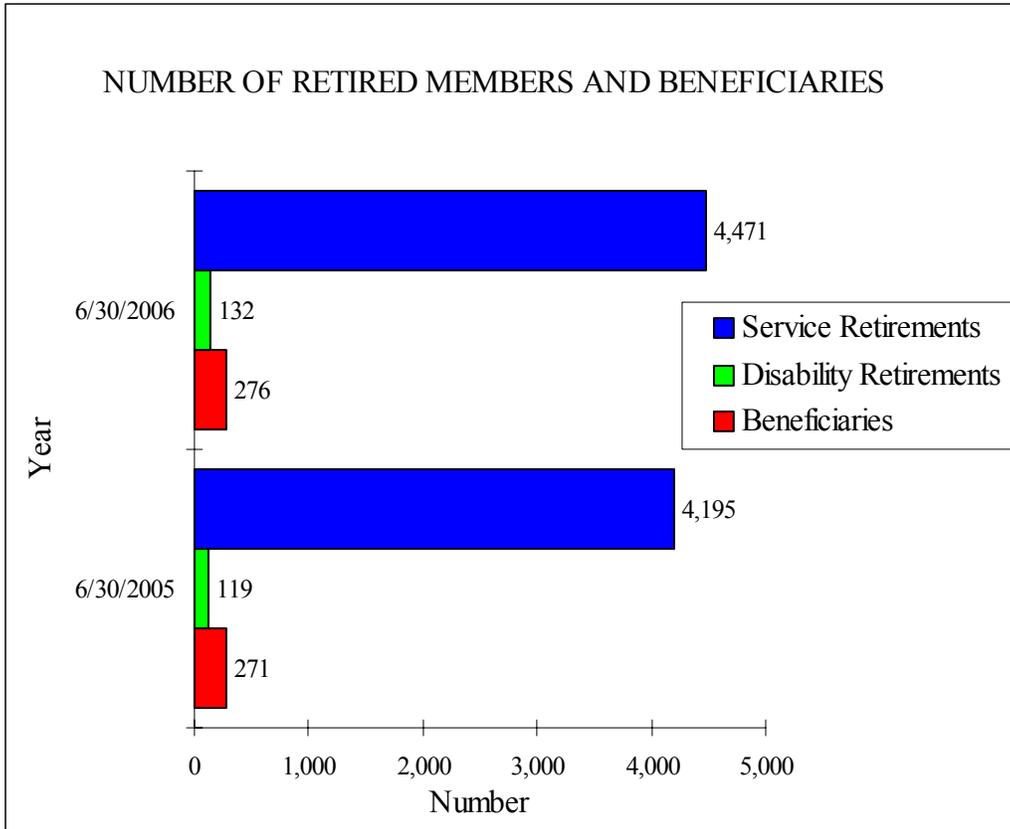
3. The following tables show a summary of membership of the system:

THE NUMBER AND ANNUAL ALLOWANCES OF RETIRED MEMBERS  
AND BENEFICIARIES AS OF JUNE 30, 2006

Group	Number	Annual Allowances
Service Retirements	4,471	\$62,731,029
Disability Retirements	132	\$1,560,128
Beneficiaries of Deceased Members	276	\$2,485,276
TOTAL	4,879	\$66,776,433

THE NUMBER AND ANNUAL COMPENSATION OF  
ACTIVE MEMBERS AS OF JUNE 30, 2006

Group	Number	Annual Allowances
Group A	43	\$2,433,244
Group C	10,653	\$496,611,083
TOTAL	10,696	\$499,044,327



SECTION III - ASSETS

1. The amount of assets taken into account in the valuation is based on information supplied by the Office of the State Treasurer.
2. For actuarial purposes, the assets are valued using a method that reflects the market value of assets through gradual recognition of return on assets that differ from the assumed 8% rate of return, provided the adjusted asset value is within 20% of the market value. The following shows the development of the valuation assets.

Assets for valuation purposes, June 30, 2005		\$ 1,354,006,143
Cash flow during year (net of investment income)		
Contributions paid	\$ 46,971,804	
Benefit payouts	68,143,071	
Expenses	18,104,783	
	Net	(39,276,050)
Expected investment income (8.0%)		111,940,495
Preliminary asset value		\$ 1,426,670,588
Market value, June 30, 2006	\$ 1,430,282,999	
Preliminary asset value	1,426,670,588	
Unrecognized appreciation	\$ 3,612,411	
Adjustment	x 20%	\$ 722,482
Assets for valuation purposes, June 30, 2006		\$ 1,427,393,070

3. The assets for valuation purposes are 99.8% of market value.
4. The investment rate of return for the year ending June 30, 2006 is 8.44%, based on the valuation assets.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A of the report contains the valuation balance sheet, which shows the present and prospective assets and liabilities of the system as of June 30, 2006.
2. The adjusted assets of the system amount to \$1,427,393,070.
3. The actuarial accrued liability for current retired members, terminated vested members and beneficiaries amounts to \$715,195,822, and the actuarial accrued liability for current active and inactive members amounts to \$971,305,683, for a total actuarial accrued liability of \$1,686,501,505. Therefore, after subtracting assets of \$1,427,393,070, the unfunded actuarial accrued liability is \$259,108,435.
4. The State's contributions consist of a normal contribution and an accrued liability contribution. The accrued liability contribution represents the amount (assumed to increase by 5% each year) necessary to liquidate the unfunded accrued liability as of June 30, 2006, over a 30-year period from that date. Normal contributions represent the contributions needed to fund the benefits earned during the year. Under the Entry Age Normal funding method, the normal contribution as of June 30, 2006, is \$25,423,886, or 5.09% of members' compensation.
5. The expected unfunded actuarial accrued liability as of June 30, 2006, may be compared to the actual actuarial accrued liability to determine the gain or loss during the year. The following table presents a summary of the approximate effects of major experience factors affecting the system's unfunded actuarial accrued liability since June 30, 2005:

1.	Unfunded liability 6/30/2005	\$315,084,975
2.	Normal Cost	41,090,372
3.	Contribution	(46,971,804)
4.	Interest on 1, 2 and 3	23,555,571
5.	Assumption Change	(56,370,762)
6.	Expected Unfunded Liability, 6/30/2006	276,388,352
7.	Accrued Liability, 6/30/2006	1,686,501,505
8.	Actuarial Value of Assets, 6/30/2006	1,427,393,070
9.	Actual Unfunded Liability, 7. - 8.	259,108,435
10.	Total gain/(loss), 6. - 9.	\$17,279,917

Sources of Gain/(Loss)	
Investment experience	\$2,498,288
Salary increases	7,345,313
Retired member mortality	(1,205,429)
COLA	272,808
New members*	(2,305,220)
Net withdrawal/retirement	2,722,684
Data changes of level income option retirees	<u>7,951,474</u>
Total	\$17,279,918

\* Reflects rehiring of individuals with past service.

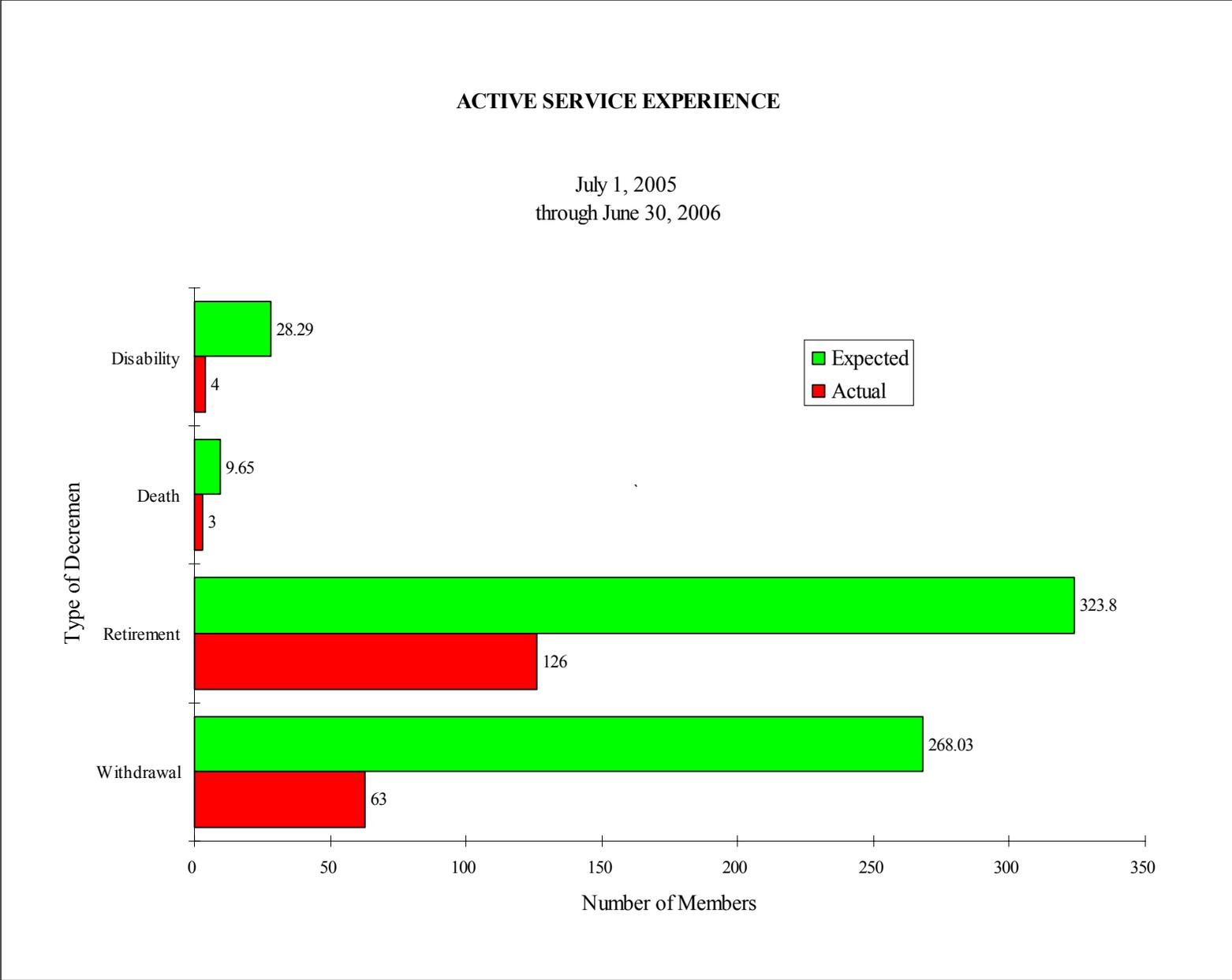
SECTION V - CONTRIBUTIONS PAYABLE UNDER THE SYSTEM

1. Section 1942, Subsection (n), of Title 16, Chapter 55, Vermont Statutes Annotated, relating to the State Teachers' Retirement System of Vermont, indicates that the actuary shall submit to the Board of Trustees his recommendation as to the contributions payable by the State based on annual valuations of the assets and liabilities of the system.
2. On the basis of the results of the current valuation, the actuary recommends that the Board of Trustees certify the following contributions for the fiscal year commencing July 1, 2006:

Normal contribution	\$25,423,886
Accrued liability contribution	<u>13,505,843</u>
Total	\$38,929,729

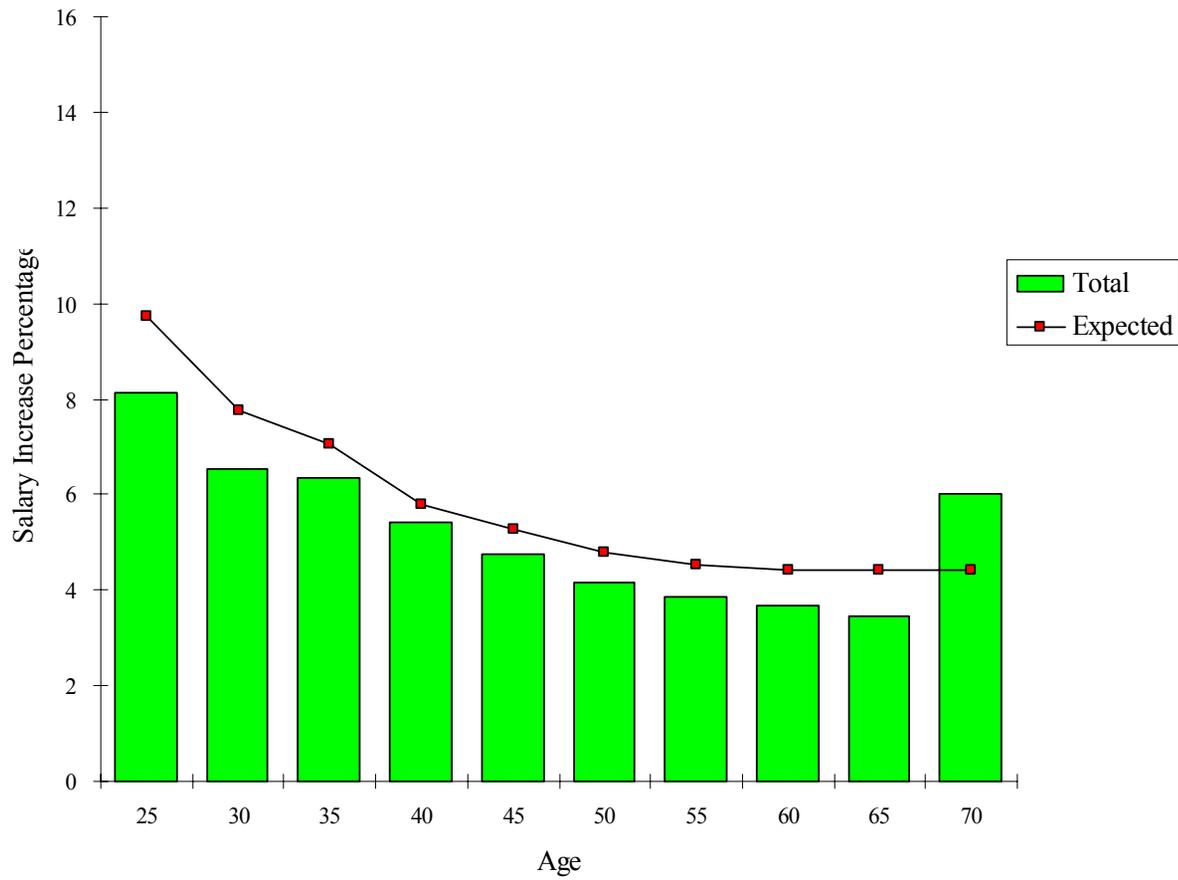
SECTION VI - EXPERIENCE

1. Records are maintained whereby the actual experience of the System may be compared with the expected experience based on the tables adopted by the Board of Trustees. This experience is reviewed periodically, and any change suggested by the cumulative experience of the system will be recommended to the Board.
2. The active service and salary experience for the latest year is summarized in graphs on the following pages.



### SALARY EXPERIENCE

JULY 1, 2005 THROUGH JUNE 30, 2006



SECTION VII - ACCOUNTING INFORMATION

1. Based on our interpretation of Statement No. 25 of the Governmental Accounting Standards Board (GASB), we are providing the following Schedule of Funding Progress for accounting purposes.

SCHEDULE OF FUNDING PROGRESS

(dollar amounts in thousands)

Year Ending June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2006 <sup>1</sup>	\$1,427,393	\$1,686,502	\$259,108	84.6%	\$499,044	51.9%
2005	1,354,006	1,492,150	138,144	90.7%	468,858	29.5%
2004	1,284,833	1,424,662	139,829	90.2%	453,517	30.8%
2003	1,218,001	1,358,822	140,821	89.6%	437,239	32.2%
2002	1,169,294	1,307,202	137,908	89.5%	418,904	32.9%
2001	1,116,846	1,254,341	137,496	89.0%	403,258	34.1%
2000	1,037,466	1,174,087	136,621	88.4%	387,999	35.2%
1999	931,056	1,066,400	135,343	87.3%	372,299	36.4%
1998	821,977	955,694	133,717	86.0%	357,899	37.4%
1997	717,396	849,179	131,783	84.5%	364,695	36.1%
1996	570,776	700,377	129,601	81.5%	355,895	36.4%
1995	520,850	648,052	127,202	80.4%	346,975	36.7%
1994	473,229	597,851	124,622	79.2%	335,155	37.2%

<sup>1</sup>The System's funding method was changed from Entry Age Normal with Frozen Initial Liability to Entry Age Normal effective with the 2006 actuarial valuation.

2. GASB Statement No. 27 requires the development of Annual Pension Cost and Net Pension Obligation. This development is shown in the following table.

DEVELOPMENT OF PENSION COST AND NET PENSION OBLIGATION (NPO)

Year Ending June 30	Annual Required Contribution	Interest on NPO	Amortization of NPO	Pension Cost (1)+(2)-(3)	Actual Contribution	Change in NPO (4)-(5)	NPO Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1994	25,805,408	2,772,593	2,970,742	25,607,259	20,580,000	5,027,259	37,646,002
1995	27,451,926	3,199,910	3,544,821	27,107,015	18,080,000	9,027,015	46,673,017
1996	28,711,597	3,967,206	4,374,228	28,304,575	11,480,000	16,824,575	63,497,592
1997	30,721,768	5,397,295	6,111,414	30,007,649	18,080,000	11,927,649	75,425,241
1998	26,927,205	6,411,145	6,285,437	27,052,913	18,106,581	8,946,332	84,371,573
1999	20,723,874	7,171,584	8,231,373	19,664,085	18,080,000	1,584,085	85,955,658
2000	19,936,345	7,306,231	8,385,918	18,856,658	18,586,240	270,418	86,226,076
2001	20,970,278	7,329,216	8,412,300	19,887,194	19,143,827	743,367	86,969,443
2002	22,146,880	7,392,403	8,484,824	21,054,459	20,446,282	608,177	87,577,620
2003	28,279,810	7,444,098	8,012,591	27,711,317	20,446,282	7,265,035	94,842,655
2004	41,658,946	7,587,412	8,677,279	40,569,079	24,446,282	16,122,797	110,965,452
2005	47,714,318	8,877,326	9,828,765	46,762,879	24,446,282	22,316,507	133,282,049
2006	56,627,046	10,662,467	11,805,450	55,484,063	24,446,282	31,037,781	164,319,830

3. The Annual Required Contribution for fiscal year 2006 is derived as follows:

\$43,622,447 Product of the normal rate from the 2005 valuation report (8.96%) and payroll (\$486,857,658)

\$13,004,599 Amortization of unfunded liability (see amortization chart in 2005 valuation report)

\$56,627,046

SCHEDULE A

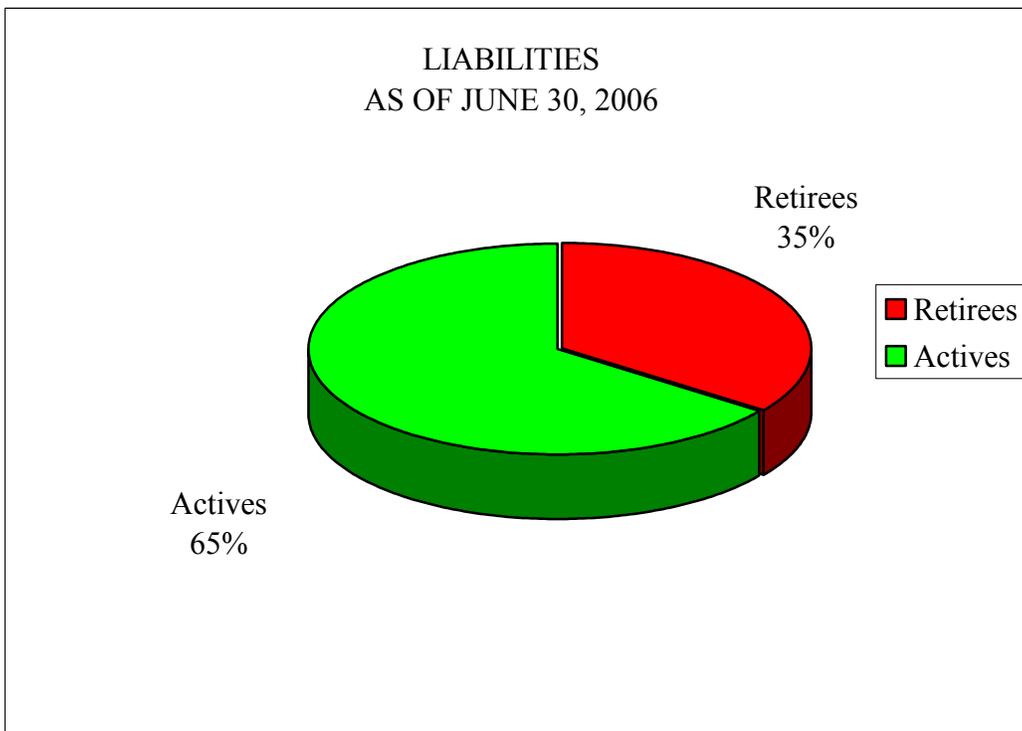
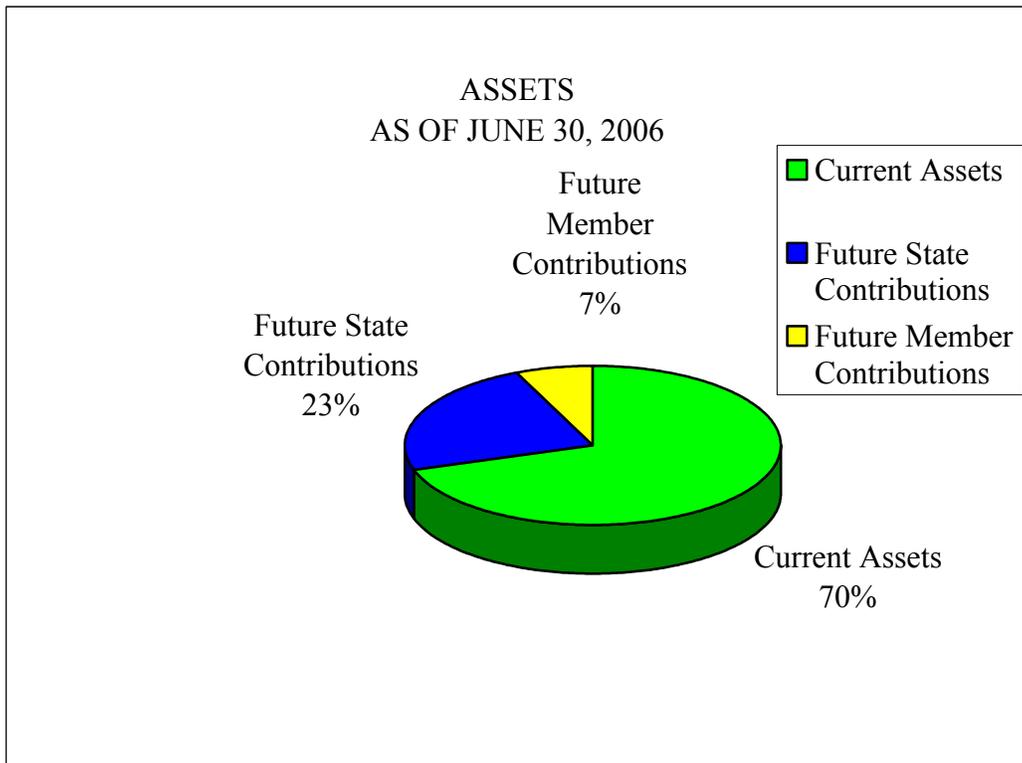
VALUATION BALANCE SHEET  
SHOWING THE ASSETS AND LIABILITIES OF THE  
STATE TEACHERS' RETIREMENT SYSTEM OF VERMONT  
PREPARED AS OF JUNE 30, 2006

VALUATION BALANCE SHEET  
 SHOWING THE ASSETS AND LIABILITIES OF THE  
 STATE TEACHERS' RETIREMENT SYSTEM OF VERMONT  
 PREPARED AS OF JUNE 30, 2006

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ASSETS	
Adjusted assets of the system	\$1,427,393,070
Present value of prospective contributions	
Members	\$138,023,497
State	
Accrued liability contributions	259,108,435
Normal contributions	<u>214,897,202</u>
Total prospective contributions	<u>\$ 612,029,134</u>
Total assets	<u><u>\$2,039,422,204</u></u>
LIABILITIES	
Actuarial present value of benefits payable on account of present retired members, terminated vested members and beneficiaries	\$ 715,195,822
Actuarial present value of benefits expected to become payable on account of active and inactive members	<u>1,324,266,382</u>
Total liabilities	<u><u>\$2,039,422,204</u></u>

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SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

### OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8.25% per annum, compounded annually. The interest rate was raised from 8.00% to 8.25% effective with the June 30, 2006, actuarial valuation.

SEPARATIONS BEFORE NORMAL RETIREMENT: Representative values of the assumed annual rates of withdrawal, vested retirement, early retirement, disability and death are as follows:

Age	Withdrawal and Vested Retirement		Disability		Death	
	Males	Females	Males	Females	Males	Females
25	5.40%	6.48%	.010%	.015%	.04%	.03%
30	5.40	5.40	.015	.015	.04	.03
35	4.86	4.32	.020	.015	.04	.03
40	4.05	3.60	.030	.020	.08	.03
45	3.60	3.15	.053	.045	.08	.05
50	3.60	2.70	.180	.180	.12	.08
55	3.60	2.70	.440	.390	.12	.12
59	3.60	2.70	1.170	.710	.15	.18
60	3.60	2.70	1.470	.840	.15	.19
61	3.60	2.70	1.830	1.010	.50	.22

Age	Reduced Early Retirement		Full Early Retirement	
	Males	Females	Males	Females
50	-	-	44.00%	40.00%
55	5.00%	8.75%	30.80	20.00
56	4.00	6.25	17.60	10.00
57	3.00	6.25	16.50	10.00
58	6.00	6.25	16.50	10.00
59	6.00	6.25	20.90	10.00
60	6.00	12.50	41.25	30.00
61	20.00	12.50	22.00	17.00

**SERVICE RETIREMENTS:** Occur between ages 62 (60 for Group A) and 70. The assumed rates of service retirement are as follows:

Age	Annual Rate of Retirement	
	Male	Female
62	35.2%	25.0%
63	26.4	20.0
64	27.5	20.0
65	41.8	30.0
66	33.0	30.0
67	39.6	30.0
68	26.4	20.0
69	33.0	30.0
70	100.0	100.0

**SALARY INCREASES:** Representative values of the assumed annual rates of future salary increase are as follows:

Age	Annual Rate of Salary Increase
25	10.68%
30	8.10
35	7.30
40	6.03
45	5.49
50	4.95
55	4.59
60	4.41
64	4.41

**DEATHS AFTER RETIREMENT:** The 1995 Buck Mortality Tables, set back one year, are used for the period after service retirement, while the RP-2000 Tables for Disabled Retirees are used for the period following disability retirement.

**INFLATION:** The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

**FUTURE EXPENSES:** No provision made.

**ACTUARIAL COST METHOD:** The costs of the Plan have been determined in accordance with the individual entry age normal actuarial cost method. For actuarial valuations prior to June 30, 2006, entry age normal cost with frozen initial liability was used.

**SPOUSE'S AGE:** Husbands are assumed to be 3 years older than their wives.

**PERCENT MARRIED:** 85% of the male members and 35% of the female members are assumed to be married.

**COST-OF-LIVING ADJUSTMENTS:** Assumed to occur on January 1 following one year of retirement at the rate of 3% per annum for Group A members and 1.5% per annum for Group C member (beginning at age 62 for Group C members who elect reduced early retirement).

**ASSET VALUATION METHOD:** The amount of the assets for valuation purposes equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

**INACTIVE MEMBERS:** Ten percent are assumed to return to active service, the remaining ninety percent are assumed to terminate. This is effected by holding a liability equal to 150% of accumulated contributions of inactive members for valuation purposes.

**HEALTH AND MEDICAL BENEFITS FOR RETIREES:** Not included in this valuation.

SCHEDULE C

BRIEF SUMMARY OF PRINCIPAL PLAN PROVISIONS  
AS INTERPRETED FOR VALUATION PURPOSES

BRIEF SUMMARY OF PRINCIPAL PLAN PROVISIONS  
AS INTERPRETED FOR VALUATION PURPOSES

Effective Date	July 1, 1947.
Creditable Service	Service as a member plus purchased service.
Average Final Compensation (AFC)	Average annual compensation during highest 3 successive years.
Membership	Immediate upon employment.

	<u>GROUP A</u>	<u>GROUP C</u>
Service Retirement Allowance		
Eligibility	Age 60 or 30 years of creditable service.	Age 62 or 30 years of creditable service.
Amount of Allowance	Member annuity based on accumulated contributions plus a pension which, with member annuity, equals 1/60 of AFC times creditable service.	Member annuity based on accumulated contributions plus a pension which, with member annuity, equals 1/80 of AFC times creditable service prior to July 1, 1990 plus 1/60 of AFC times creditable service after July 1, 1990.
Minimum	\$6,600 after 30 years of creditable service (pro-rata portion if less than 30 years).	N/A
Maximum	None	50% of AFC.
Early Retirement Allowance		
Eligibility	Age 55.	Age 55 and 5 years of creditable service.
Amount of Allowance	Actuarial equivalent of service allowance using AFC and creditable service at early retirement.	Accrued normal benefit reduced 6% for each year under age 62. No reduction if credited service is 30 years or more.
Vested Retirement Allowance		
Eligibility	5 years of creditable service.	5 years of creditable service.

	<u>GROUP A</u>	<u>GROUP C</u>
Amount of Allowance	Commencing at age 60 calculated as a service allowance using AFC and creditable service at termination.	Commencing at age 62, calculated as a service allowance using AFC and creditable service at termination.
Disability Retirement Allowance Eligibility	Total and permanent disability after 5 years of creditable service (5 years preceding retirement served in State).	Total and permanent disability after 5 years of creditable service (5 years preceding retirement served in State).
Amount of Allowance	Calculated as a service allowance based on AFC and creditable service at disability retirement, subject to a 25% of AFC minimum.	Calculated as a service allowance based on AFC and creditable service at disability retirement, subject to a 25% of AFC minimum.
Death Benefits Eligibility	Age 60 or 30 years of creditable service; 20 years of creditable service if in service at death.	Age 55 and 5 years of creditable service or 20 years of creditable service.
Amount of Allowance	Accrued allowance paid under 100% survivorship option. If the eligibility requirements are not met or if beneficiary so elects, the member's accumulated contributions are paid to the beneficiary or estate. Certain children's benefits may also be payable.	Accrued allowance paid under 100% survivorship option. If the eligibility requirements are not met or if beneficiary so elects, the member's accumulated contributions are paid to the beneficiary or estate. Certain children's benefits may also be payable.
Return of Contributions	If no other beneficiary is payable, a terminated member receives his accumulated contributions with interest.	If no other beneficiary is payable, a terminated member receives his accumulated contributions with interest.
Options	The allowance may be paid in various optional forms at the election of the member.	The allowance may be paid in various optional forms at the election of the member.

	<u>GROUP A</u>	<u>GROUP C</u>
Post-retirement Adjustments	On each December 31 allowances in payment for at least one year are adjusted for cost of living based on the consumer price index, but not in excess of 5%.	On each December 31, allowances in payment for at least one year are adjusted for cost of living based on one-half of the consumer price index, but not in excess of 5%. For members receiving a reduced early retirement allowance, the adjustment will not apply before age 62.
Contributions		
Members	5.5% of earnable compensation. Contributions stop after 25 years of creditable service.	3.4% of earnable compensation.
State	Normal and accrued liability contributions actuarially determined to keep the system financially sound.	Normal and accrued liability contributions actuarially determined to keep the system financially sound.

SCHEDULE D

SUMMARY TABLES OF MEMBER DATA AS OF JUNE 30, 2006

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

AGE	<i>0 to 4</i>		<i>5 to 9</i>		<i>10 to 14</i>		<i>15 to 19</i>		<i>20 to 24</i>		<i>25 to 29</i>		<i>30 to 34</i>		<i>35 to 39</i>		<i>40 &amp; up</i>		<i>Total</i>	
	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary
Under 20	2	58,790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	58,790
20 to 24	113	3,215,764	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	113	3,215,764
25 to 29	614	19,996,879	143	5,375,746	0	0	0	0	0	0	0	0	0	0	0	0	0	0	757	25,372,625
30 to 34	476	16,583,479	478	19,031,814	68	3,068,982	0	0	0	0	0	0	0	0	0	0	0	0	1,022	38,684,275
35 to 39	348	12,412,513	417	17,528,165	316	14,979,493	67	3,306,394	0	0	0	0	0	0	0	0	0	0	1,148	48,226,565
40 to 44	313	10,900,366	307	13,167,608	267	13,199,043	221	11,503,019	73	3,965,591	0	0	0	0	0	0	0	0	1,181	52,735,627
45 to 49	326	11,209,568	349	15,266,983	252	12,523,946	275	14,515,413	293	16,152,085	81	4,661,882	1	64,649	0	0	0	0	1,577	74,394,526
50 to 54	246	8,598,541	349	15,254,451	314	15,467,227	373	19,821,727	304	17,450,810	440	25,624,433	132	7,645,758	1	45,768	0	0	2,159	109,908,715
55 to 59	165	6,413,525	223	10,374,097	251	12,441,769	359	19,223,389	317	17,488,464	345	20,476,777	330	19,983,762	33	2,089,267	0	0	2,023	108,491,050
60 to 64	52	1,917,157	76	3,423,697	58	3,024,356	121	6,528,674	111	6,198,507	74	4,284,707	81	4,914,058	39	2,325,855	5	269,786	617	32,886,797
65 to 69	13	633,969	11	423,992	9	418,259	14	778,781	13	756,093	7	438,841	8	512,901	5	324,404	3	178,695	83	4,465,935
70 & up	8	297,684	1	48,370	1	33,104	1	47,973	2	125,707	0	0	1	50,820	0	0	0	0	14	603,658
TOTAL	2,676	92,238,235	2,354	99,894,923	1,536	75,156,179	1,431	75,725,370	1,113	62,137,257	947	55,486,640	553	33,171,948	78	4,785,294	8	448,481	10,696	499,044,327

TABLE 2  
THE NUMBER AND ANNUAL COMPENSATION OF  
ACTIVE MEMBERS DISTRIBUTED BY AGE AND SERVICE  
AS OF JUNE 30, 2006

GROUP A

AGE	<i>0 to 4</i>		<i>5 to 9</i>		<i>10 to 14</i>		<i>15 to 19</i>		<i>20 to 24</i>		<i>25 to 29</i>		<i>30 to 34</i>		<i>35 to 39</i>		<i>40 &amp; up</i>		<i>Total</i>	
	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 to 24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40 to 44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
45 to 49	0	0	0	0	0	0	0	0	4	213,238	3	163,788	1	64,649	0	0	0	0	8	441,675
50 to 54	0	0	0	0	1	44,139	0	0	3	153,342	6	296,356	1	44,851	0	0	0	0	11	538,688
55 to 59	0	0	0	0	0	0	0	0	1	64,253	5	279,121	6	360,655	1	69,372	0	0	13	773,401
60 to 64	0	0	0	0	0	0	0	0	1	63,115	3	189,731	1	58,921	4	247,530	0	0	9	559,297
65 to 69	0	0	0	0	0	0	0	0	2	120,183	0	0	0	0	0	0	0	0	2	120,183
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	1	44,139	0	0	11	614,131	17	928,996	9	529,076	5	316,902	0	0	43	2,433,244

TABLE 3  
THE NUMBER AND ANNUAL COMPENSATION OF  
ACTIVE MEMBERS DISTRIBUTED BY AGE AND SERVICE  
AS OF JUNE 30, 2006

## GROUP C

AGE	<i>0 to 4</i>		<i>5 to 9</i>		<i>10 to 14</i>		<i>15 to 19</i>		<i>20 to 24</i>		<i>25 to 29</i>		<i>30 to 34</i>		<i>35 to 39</i>		<i>40 &amp; up</i>		<i>Total</i>	
	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary
Under 20	2	58,790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	58,790
20 to 24	113	3,215,764	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	113	3,215,764
25 to 29	614	19,996,879	143	5,375,746	0	0	0	0	0	0	0	0	0	0	0	0	0	0	757	25,372,625
30 to 34	476	16,583,479	478	19,031,814	68	3,068,982	0	0	0	0	0	0	0	0	0	0	0	0	1,022	38,684,275
35 to 39	348	12,412,513	417	17,528,165	316	14,979,493	67	3,306,394	0	0	0	0	0	0	0	0	0	0	1,148	48,226,565
40 to 44	313	10,900,366	307	13,167,608	267	13,199,043	221	11,503,019	73	3,965,591	0	0	0	0	0	0	0	0	1,181	52,735,627
45 to 49	326	11,209,568	349	15,266,983	252	12,523,946	275	14,515,413	289	15,938,847	78	4,498,094	0	0	0	0	0	0	1,569	73,952,851
50 to 54	246	8,598,541	349	15,254,451	313	15,423,088	373	19,821,727	301	17,297,468	434	25,328,077	131	7,600,907	1	45,768	0	0	2,148	109,370,027
55 to 59	165	6,413,525	223	10,374,097	251	12,441,769	359	19,223,389	316	17,424,211	340	20,197,656	324	19,623,107	32	2,019,895	0	0	2,010	107,717,649
60 to 64	52	1,917,157	76	3,423,697	58	3,024,356	121	6,528,674	110	6,135,392	71	4,094,976	80	4,855,137	35	2,078,325	5	269,786	608	32,327,500
65 to 69	13	633,969	11	423,992	9	418,259	14	778,781	11	635,910	7	438,841	8	512,901	5	324,404	3	178,695	81	4,345,752
70 & up	8	297,684	1	48,370	1	33,104	1	47,973	2	125,707	0	0	1	50,820	0	0	0	0	14	603,658
TOTAL	2,676	92,238,235	2,354	99,894,923	1,535	75,112,040	1,431	75,725,370	1,102	61,523,126	930	54,557,644	544	32,642,872	73	4,468,392	8	448,481	10,653	496,611,083

TABLE 4

SUMMARY OF RETIRED MEMBER AND BENEFICIARY DATA  
BY LEVEL OF ANNUAL ALLOWANCE AS OF JUNE 30, 2006

## ALL TEACHERS

Allowance Level	Service Pensioners		Disability Pensioners		Beneficiaries	
	Number	Annual Allowance	Number	Annual Allowance	Number	Annual Allowance
0 - 500	10	\$ 2,747	-	\$ -	-	\$ -
501 - 1,000	15	11,796	-	-	2	1,479
1,001 - 1,500	31	38,974	-	-	4	4,901
1,501 - 2,000	60	106,768	-	-	5	8,680
2,001 - 2,500	77	174,368	-	-	4	8,994
2,501 - 3,000	88	242,097	-	-	11	30,682
3,001 - 3,500	95	306,456	-	-	16	52,694
3,501 - 4,000	121	455,153	-	-	13	49,390
4,001 - 4,500	115	489,029	1	4,398	6	25,989
4,501 - 5,000	127	601,511	-	-	7	32,455
5,001 - 5,500	97	509,437	1	5,171	10	52,828
5,501 - 6,000	108	622,208	3	17,436	17	97,982
6,001 - 6,500	113	703,905	4	25,144	8	48,911
6,501 - 7,000	100	674,308	4	27,094	9	60,499
7,001 - 7,500	98	711,238	3	21,346	12	87,250
7,501 - 8,000	90	698,244	5	39,072	13	100,417
8,001 - 8,500	103	848,991	5	41,508	14	115,624
8,501 - 9,000	92	807,246	8	69,932	9	79,035
9,001 - 9,500	85	785,389	8	73,468	11	101,040
9,501 - 10,000	92	897,311	7	68,278	5	48,889
10,001 - 10,500	88	901,537	11	112,175	9	92,677
10,501 - 11,000	87	935,854	7	73,909	7	74,975
11,001 - 11,500	91	1,023,372	4	44,879	11	123,816
11,501 - 12,000	84	987,261	9	105,912	9	105,152
12,001 - 12,500	73	895,663	9	110,321	3	36,531
12,501 - 13,000	76	968,963	6	76,683	4	50,251
13,001 - 13,500	71	940,727	2	26,585	3	39,630
13,501 - 14,000	72	990,410	4	54,957	7	95,685
14,001 - 14,500	80	1,137,899	2	28,487	4	56,543
14,501 - 15,000	72	1,060,589	4	59,509	5	73,739
15,001 - 15,500	91	1,390,266	-	-	3	45,586
15,501 - 16,000	73	1,147,377	1	15,698	8	126,163
16,001 - 16,500	93	1,511,256	4	64,434	3	49,215
16,501 - 17,000	80	1,339,502	3	50,053	2	33,413
17,001 - 17,500	78	1,346,678	-	-	2	34,430
17,501 - 18,000	74	1,313,286	5	88,321	5	88,764
18,001 - 18,500	90	1,642,276	3	54,633	2	36,582
18,501 - 19,000	83	1,555,740	-	-	-	-
19,001 - 19,500	75	1,443,720	1	19,427	-	-
19,501 - 20,000	98	1,934,885	3	59,364	3	59,293
20,001 - 20,500	98	1,984,419	1	20,172	2	40,755
20,501 - 21,000	97	2,013,942	-	-	1	20,594

TABLE 4, continued

SUMMARY OF RETIRED MEMBER AND BENEFICIARY DATA  
BY LEVEL OF ANNUAL ALLOWANCE AS OF JUNE 30, 2006

ALL TEACHERS

Allowance Level	Service Pensioners		Disability Pensioners		Beneficiaries	
	Number	Annual Allowance	Number	Annual Allowance	Number	Annual Allowance
21,001 - 21,500	74	1,571,898	1	21,100	1	21,147
21,501 - 22,000	74	1,610,562	-	-	1	21,731
22,001 - 22,500	67	1,488,827	-	-	-	-
22,501 - 23,000	40	908,308	-	-	-	-
23,001 - 23,500	59	1,371,000	-	-	-	-
23,501 - 24,000	58	1,377,164	-	-	-	-
24,001 - 24,500	57	1,382,131	-	-	-	-
24,501 - 25,000	43	1,064,523	-	-	2	49,570
25,001 - 25,500	45	1,138,087	1	25,377	-	-
25,501 - 26,000	45	1,159,622	-	-	-	-
26,001 - 26,500	33	864,632	-	-	-	-
26,501 - 27,000	35	935,453	-	-	-	-
27,001 - 27,500	26	709,724	-	-	-	-
27,501 - 28,000	23	637,418	2	55,285	-	-
28,001 - 28,500	21	593,036	-	-	-	-
28,501 - 29,000	21	602,843	-	-	-	-
29,001 - 29,500	19	554,693	-	-	-	-
29,501 - 30,000	25	743,451	-	-	-	-
30,001 - 30,500	16	484,421	-	-	-	-
30,501 - 31,000	13	400,160	-	-	-	-
31,001 - 31,500	15	467,636	-	-	1	31,020
31,501 - 32,000	7	221,910	-	-	-	-
32,001 - 32,500	11	354,759	-	-	1	32,357
32,501 - 33,000	8	262,080	-	-	-	-
33,001 - 33,500	8	265,591	-	-	-	-
33,501 - 34,000	2	67,021	-	-	-	-
34,001 - 34,500	9	308,217	-	-	-	-
34,501 - 35,000	6	208,478	-	-	-	-
35,001 - 35,500	7	246,714	-	-	-	-
35,501 - 36,000	4	143,165	-	-	-	-
36,001 - 36,500	7	253,775	-	-	-	-
36,501 - 37,000	4	146,726	-	-	-	-
37,001 - 37,500	3	111,547	-	-	-	-
37,501 - 38,000	1	37,653	-	-	1	37,918
38,001 - 38,500	3	114,910	-	-	-	-
38,501 - 39,000	6	232,117	-	-	-	-
39,001 - 39,500	6	235,737	-	-	-	-
39,501 - 40,000	1	39,521	-	-	-	-
Over 40,000	28	1,262,721	-	-	-	-
Total	4,471	\$ 62,731,029	132	\$ 1,560,128	276	\$ 2,485,276

TABLE 5  
SERVICE PENSIONERS  
AGE/SERVICE DISTRIBUTION WITH AVERAGE ALLOWANCE AS OF JUNE 30, 2006

	Service at termination										Total	
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45+		
< 45	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	3	0	0	0	0	3
	0	0	0	0	0	0	20,972	0	0	0	0	20,972
50-54	4	0	0	0	0	0	57	0	0	0	0	61
	10,090	0	0	0	0	0	24,471	0	0	0	0	23,528
55-59	1	19	58	53	45	10	329	3	0	0	0	518
	4,168	4,035	4,261	7,620	10,305	11,452	23,879	33,226	0	0	0	17,888
60-64	16	27	139	139	120	58	440	61	2	0	0	1,002
	3,592	4,550	5,564	8,728	12,667	15,162	22,477	26,923	27,514	0	0	16,121
65-69	19	27	143	133	158	93	224	89	13	0	0	899
	4,193	4,422	6,120	8,657	12,274	17,122	21,538	25,525	29,752	0	0	14,728
70-74	21	30	93	86	94	88	160	78	14	1	0	665
	2,863	4,838	5,660	9,339	11,627	13,649	18,624	22,898	25,120	38,623	0	13,511
75-79	11	25	70	84	80	60	87	58	11	1	0	487
	4,297	3,359	4,676	7,423	9,966	12,635	16,278	19,920	22,982	70,870	0	11,361
80-84	19	20	52	57	67	44	85	28	12	2	0	386
	4,075	2,612	4,456	6,277	8,620	10,658	14,749	15,722	18,279	19,679	0	9,633
85-89	8	24	45	38	50	44	32	15	3	2	0	261
	2,128	2,996	4,610	6,150	8,707	10,433	13,322	16,583	12,981	17,051	0	8,324
90-94	4	11	15	18	23	16	15	19	9	2	0	132
	3,245	3,748	5,751	8,267	10,145	13,527	15,801	15,106	16,336	17,160	0	10,942
95+	2	4	1	4	15	8	3	6	11	3	0	57
	3,238	2,909	8,176	7,674	11,571	13,275	15,288	15,515	18,024	15,352	0	12,632
Total Pensioners	105	187	616	612	652	421	1,435	357	75	11	0	4,471
Average Allowance	3,838	3,877	5,330	8,115	11,094	13,767	21,176	22,477	21,998	23,939	0	14,031

TABLE 6  
DISABILITY PENSIONERS  
AGE/SERVICE DISTRIBUTION WITH AVERAGE ALLOWANCE AS OF JUNE 30, 2006

	Service at termination										Total
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45+	
< 45	0	1	2	0	0	0	0	0	0	0	3
	0	10,065	10,007	0	0	0	0	0	0	0	10,026
45-49	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
50-54	0	2	8	5	1	0	0	0	0	0	16
	0	9,686	9,620	10,888	17,593	0	0	0	0	0	10,523
55-59	0	1	8	7	7	6	0	0	0	0	29
	0	12,229	9,284	13,376	13,713	19,242	0	0	0	0	13,503
60-64	0	2	11	4	9	7	0	0	0	0	33
	0	13,097	11,583	10,241	12,483	17,973	0	0	0	0	13,113
65-69	0	0	2	5	5	4	0	0	0	0	16
	0	0	8,487	10,373	11,290	18,730	0	0	0	0	12,513
70-74	0	0	3	3	3	4	0	0	0	0	13
	0	0	9,512	11,370	8,134	12,117	0	0	0	0	10,424
75-79	1	0	1	3	2	1	1	0	0	0	9
	10,179	0	7,893	10,597	6,868	12,329	11,106	0	0	0	9,670
80-84	0	0	3	1	0	4	1	1	0	0	10
	0	0	5,832	7,097	0	11,707	11,304	12,681	0	0	9,541
85-89	0	0	1	1	1	0	0	0	0	0	3
	0	0	6,333	8,484	4,398	0	0	0	0	0	6,405
90-94	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
95+	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
Total Pensioners	1	6	39	29	28	26	2	1	0	0	132
Average Allowance	10,179	11,310	9,638	11,117	11,604	16,300	11,205	12,681	0	0	11,819

SCHEDULE E

AMORTIZATION SCHEDULE FOR THE UNFUNDED ACTUARIAL  
ACCRUED LIABILITY

AMORTIZATION SCHEDULE FOR THE UNFUNDED ACTUARIAL  
ACCRUED LIABILITY

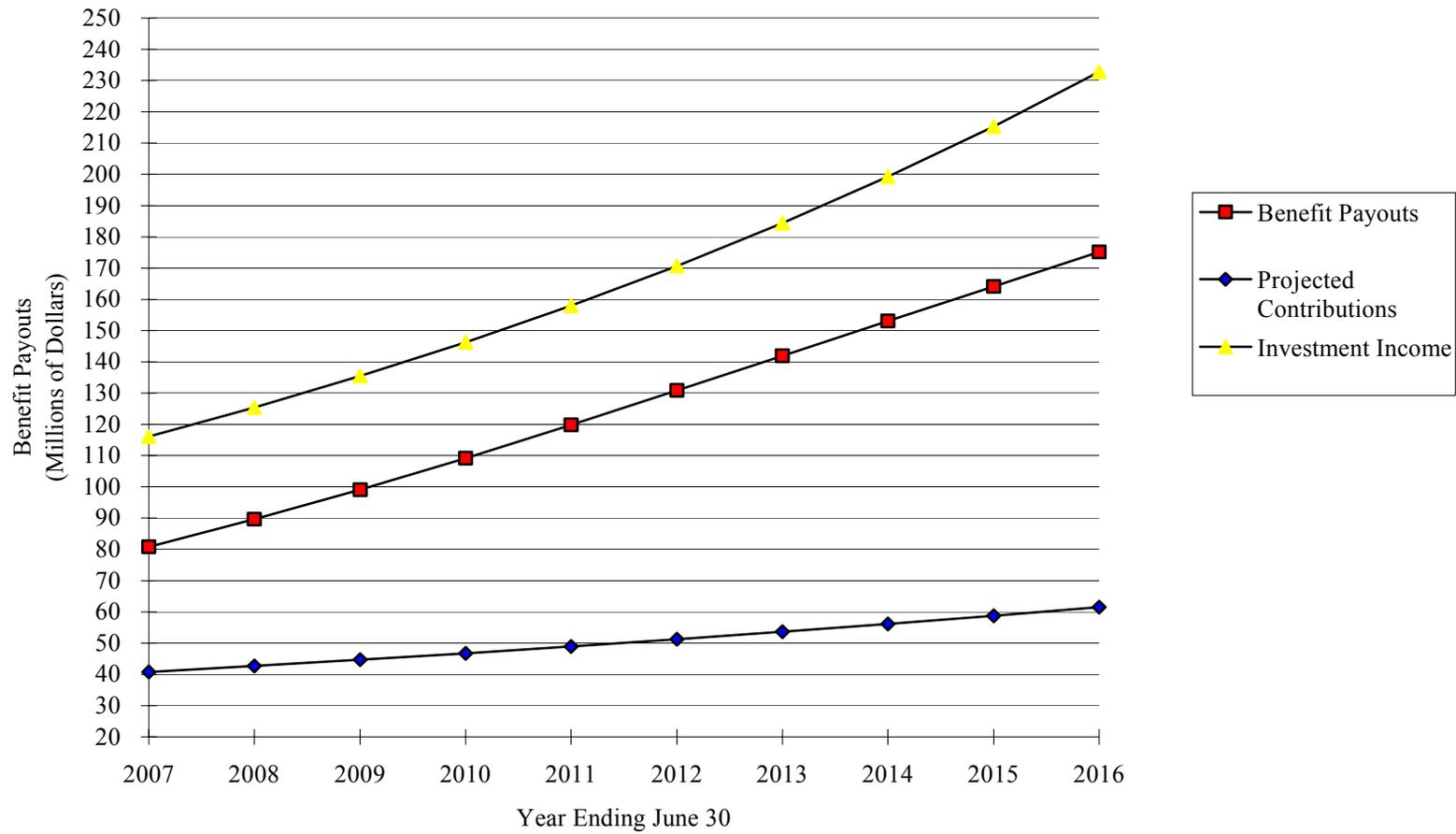
Date	Balance	Contribution (Year Following)
6/30/2006	259,108,435	13,505,843
6/30/2007	266,432,961	14,181,136
6/30/2008	273,659,164	14,890,192
6/30/2009	280,743,804	15,634,702
6/30/2010	287,638,314	16,416,437
6/30/2011	294,288,278	17,237,259
6/30/2012	300,632,855	18,099,122
6/30/2013	306,604,149	19,004,078
6/30/2014	312,126,529	19,954,282
6/30/2015	317,115,882	20,951,996
6/30/2016	321,478,803	21,999,596
6/30/2017	325,111,707	23,099,576
6/30/2018	327,899,871	24,254,554
6/30/2019	329,716,381	25,467,282
6/30/2020	330,420,992	26,740,646
6/30/2021	329,858,884	28,077,679
6/30/2022	327,859,309	29,481,563
6/30/2023	324,234,124	30,955,641
6/30/2024	318,776,181	32,503,423
6/30/2025	311,257,595	34,128,594
6/30/2026	301,427,845	35,835,024
6/30/2027	289,011,716	37,626,775
6/30/2028	273,707,059	39,508,113
6/30/2029	255,182,362	41,483,519
6/30/2030	233,074,102	43,557,695
6/30/2031	206,983,869	45,735,580
6/30/2032	176,475,250	48,022,359
6/30/2033	141,070,430	50,423,477
6/30/2034	100,246,512	52,944,651
6/30/2035	53,431,508	55,591,883
6/30/2036	0	0

SCHEDULE F

PROJECTED BENEFIT PAYOUTS AND  
CONTRIBUTIONS FOR THE PERIOD  
JULY 1, 2006 THROUGH JUNE 30, 2016

### PROJECTED BENEFIT PAYOUTS AND CONTRIBUTIONS

JULY 1, 2006 THROUGH JUNE 30, 2016



SCHEDULE G

PROJECTION OF CONTRIBUTIONS FOR FOLLOWING TWO FISCAL YEARS

**PROJECTION OF CONTRIBUTIONS FOR FOLLOWING TWO FISCAL YEARS**

On the basis of the June 30, 2006, actuarial valuation, the recommended contribution for the fiscal year ending June 30, 2007, is \$38,929,729, based on the following:

Payroll	\$499,044,327
Normal rate	5.09%
Accrued liability contribution	\$13,505,843

On this basis, the projected contributions for the following two fiscal years are as follows:

Fiscal Year	Projected Payroll	Normal Rate	CONTRIBUTIONS		
			Normal	Accrued Liability	Total
2008	\$521,501,322	5.09%	\$26,567,961	\$14,181,136	\$40,749,097
2009	544,968,881	5.09%	27,763,519	14,890,192	42,653,712

In these projections, we assumed that total payroll would increase by 4½% each year.