The actuarial accrued liability for current retired members, terminated vested members and beneficiaries of VSTRS is $1,011,709,949 and the actuarial accrued liability for current active and inactive members is $1,110,481,546. The total actuarial accrued liability is $2,122,191,495. The actuarial value of assets is $1,410,368,434, resulting in an unfunded accrued liability of $711,828,061. The total net actuarial gain for VSTRS from June 30, 2009 to June 30, 2010 is $1,612,796. Investment experience, including smoothing, accounted for a loss of $26,279,596. Other significant factors increasing the actuarial loss were expenses other than investment expenses of $19,287,498. These losses were offset by gains in mortality among retirees, beneficiaries, and terminated vested participants of $12,346,155, gains in COLA experience of $22,127,398, and retirement experience gains of $13,027,972.

	VSERS	VSTRS
Unfunded actuarial accrued liability, June 30, 2009	326,506,488	727,758,506
Normal cost	42,730,487	39,336,165
Contribution paid	(54,536,763)	(67,678,259)
Interest on unfunded liability, normal cost & contribution	28,256,987	60,548,902
Actuarial gains & losses/experience	(20,876,107)	1,612,796
Incorporation of temporary salary decreases	(69,913,212)	n/a
Changes in benefit provisions	n/a	(46,529,457)
Unfunded actuarial accrued liability, June 30, 2010	293,920,094	711,823,061

EDITOR NOTE:
Above, highlighted in yellow, is the correct number for the unfunded actuarial accrued liability for the VSERS. It was discovered after the report was released that the incorrect number had been placed in the chart.

Defined Contribution Plan

State Defined Contribution Plan: Established in 1999, the State's defined contribution plan had 592 participants and net assets of $37,061,751 as of June 30, 2010. Under the defined contribution plan, which is modeled after private sector 401(k) plans, employees contribute 2.85 percent of their annual salary to their individual accounts. The State makes a fixed contribution of 7 percent to each employee's account. Employees are responsible for making all investment decisions. Fund line-ups are negotiated by the Treasurer's Office and included in the contract with plan administrator, Fidelity Investment. At retirement or termination, employees receive the amount of contributions in their accounts, plus investment earnings. The defined contribution plan provides portability for an increasingly mobile workforce. The plan offers 11 mutual funds in equity, balanced, and fixed income asset classes, and age-based "life-cycle" funds that rebalance a multi-asset class portfolio of mutual funds appropriate to the age of the plan participant. Options include a stable value fund that has insured principal value; an intermediate term bond fund; a balanced fund of stocks and bonds, large-, mid- and small-capitalization domestic equity funds; and an international equity fund. The plan is self-directed with respect to investment selection, meaning that participants elect investment options consistent with their risk and reward preferences along with the timing of their need to access funds. In calendar 2007, the State modified and renewed its contract with the plan's administrator following a lengthy RFP (Request for Proposals) process. The new contract provides for increased flexibility to change investment options when warranted, and the plan continues to be provided to participants without costs above the fund investments' intrinsic expense ratios.

Municipal Defined Contribution Plan: The Vermont Municipal Employees' Retirement System was given statutory authority in 1999 to approve a defined contribution plan for its members. The board implemented a defined contribution