

REPORT ON THE
FIFTY-SEVENTH ACTUARIAL VALUATION
OF THE STATE TEACHERS'
RETIREMENT SYSTEM OF VERMONT
PREPARED AS OF JUNE 30, 2004

OCTOBER 19, 2004



October 19, 2004

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-seventh actuarial valuation of the system, prepared as of June 30, 2004, 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 7.79% of covered compensation and a payment of \$12,385,332 towards the liquidation of the unfunded accrued liability be made. Based on the reported payroll, the total contribution amounts to \$47,714,318 for the year beginning July 1, 2004. 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,

A handwritten signature in black ink that reads "David Driscoll".

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

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REPORT ON THE FIFTY-SIXTH ACTUARIAL VALUATION OF THE
STATE TEACHERS' RETIREMENT SYSTEM OF VERMONT
PREPARED AS OF JUNE 30, 2004

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, 2004	June 30, 2003
Active members		
Vested	7,745	7,546
Not vested	<u>2,570</u>	<u>2,809</u>
Total	10,315	10,355
Compensation	\$453,517,153	\$437,238,543
Average age	45.92	45.41
Average service	12.75	12.46
Average compensation	\$43,967	\$42,225
Retired members and beneficiaries		
Number	4,386	4,169
Annual retirement allowances	\$55,504,554	\$50,540,997
Inactive members	3,084	2,901
Terminated vested members	560	583
Adjusted assets for valuation	\$1,284,832,644	\$1,218,000,794
Unfunded actuarial accrued liability	\$139,828,760	\$140,821,352
Annual actuarial accrued liability contribution	\$12,385,332	\$11,795,554
Normal contribution rate	7.79%	6.83%

2. 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.

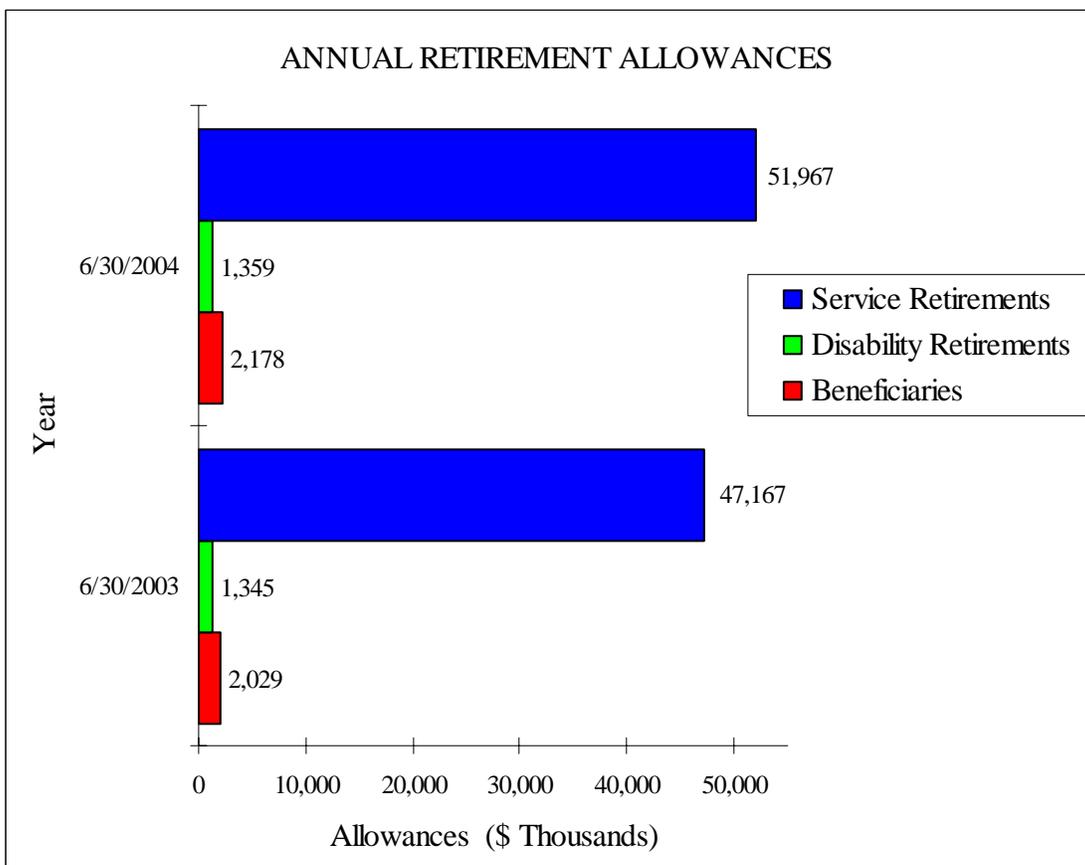
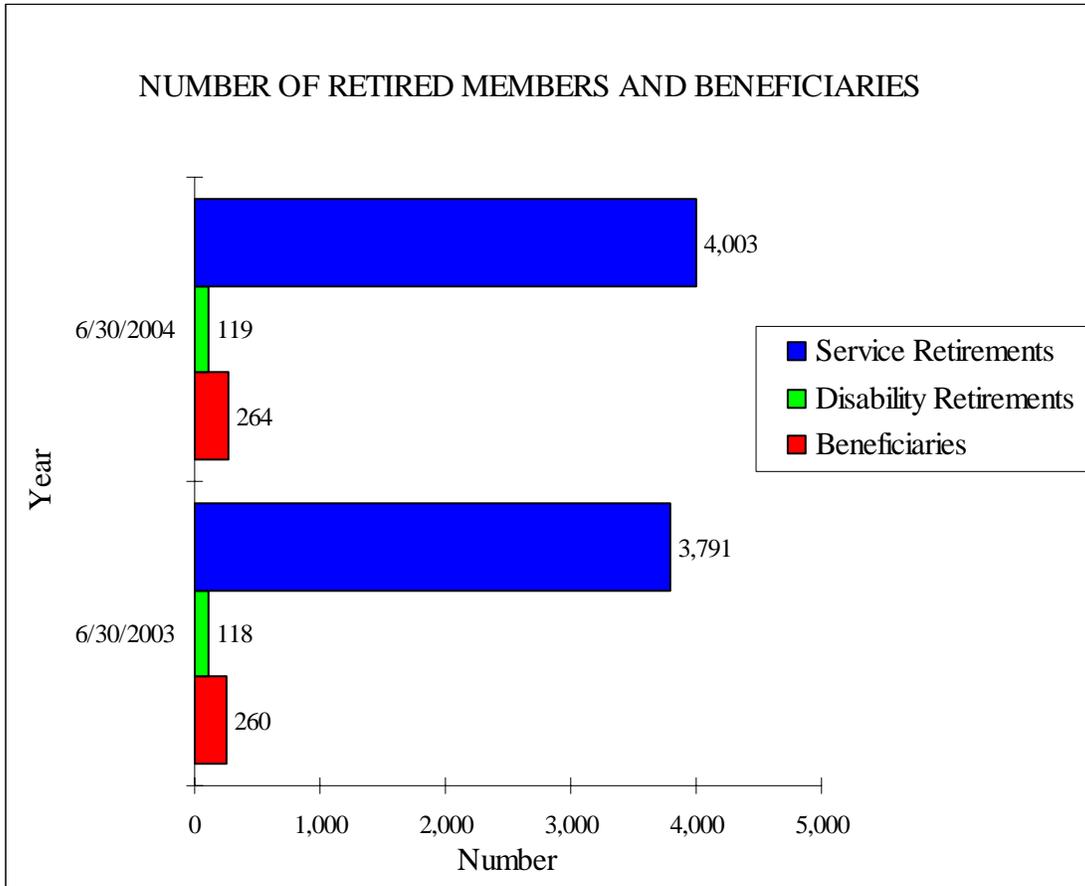
3. The following tables show a summary of membership of the system:

THE NUMBER AND ANNUAL ALLOWANCES OF RETIRED MEMBERS
AND BENEFICIARIES AS OF JUNE 30, 2004

GROUP	NUMBER	ANNUAL ALLOWANCES
Service Retirements	4,003	\$51,967,434
Disability Retirements	119	\$1,358,859
Beneficiaries of Deceased Members	264	\$2,178,261
Total	4,386	\$55,504,554

THE NUMBER AND ANNUAL COMPENSATION OF ACTIVE MEMBERS
AS OF JUNE 30, 2004

GROUP	NUMBER	ANNUAL COMPENSATION
Group A	51	\$2,734,045
Group C	10,264	\$450,783,108
Total	10,315	\$453,517,153



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 any unrealized appreciation or depreciation in assets beyond 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, 2003		\$1,218,000,794
Cash flow during year (net of investment income)		
Contributions paid	\$ 45,801,957	
Benefit payouts	(56,501,894)	
Expenses	<u>(14,995,421)</u>	
Net		(25,695,358)
Expected investment income (8.0%)		<u>102,322,843</u>
Preliminary asset value		\$1,294,628,279
Market value, June 30, 2004	\$ 1,245,650,105	
Preliminary asset value	<u>1,294,628,279</u>	
Unrecognized appreciation	\$ (48,978,174)	
Adjustment	x 20%	<u>\$ (9,795,635)</u>
Adjusted asset value		\$1,284,832,644
Assets for valuation purposes, June 30, 2004		\$1,284,832,644

3. The assets for valuation purposes are 103.15% of market value.
4. The investment rate of return for the year ending June 30, 2004 is 7.68%, 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, 2004.
2. The adjusted assets of the system amount to \$1,284,832,644. The present value of prospective allowances to be paid to current retired members, terminated vested members and beneficiaries amounts to \$607,712,434, and the present value of prospective benefits expected to become payable to current active and inactive members amounts to \$1,263,835,538, for total liabilities of \$1,871,547,972. Therefore, after subtracting assets of \$1,284,832,644, the amount to be provided through prospective contributions is \$586,715,328.
3. Prospective member contributions have a value of \$131,772,971, which leaves \$454,942,357 to be met by the State. 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 balance of the unfunded accrued liability as of June 30, 2004 over a 14-year period from that date. Future normal contributions represent the balance of contributions needed to fund the system. After subtracting the current balance of the unfunded accrued liability, which is \$139,828,760, from the present value of prospective State contributions, \$454,942,357, there remains \$315,113,597 to be met by future normal contributions. We have calculated that future normal contributions at the rate of 7.79% of members' compensation are required to provide this amount.
4. The normal contribution rate of 7.79% may be compared to the rate of 6.83% determined as of June 30, 2003. The following table presents a summary of the approximate effects of major experience factors affecting the system's normal contribution rate since June 30, 2003:

ITEM	EFFECT OF (GAIN) OR LOSS
Normal rate as of June 30, 2003	6.83%
Investment experience	+0.24%
Salary increases	-0.08%
Retired member mortality	+0.02%
COLA	-0.08%
Non-investment expenses	+0.19%
New members	-0.06%
Contribution shortfall	+0.43%
Net withdrawal/retirement	+0.30%
Normal rate as of June 30, 2004	7.79%

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, 2004:

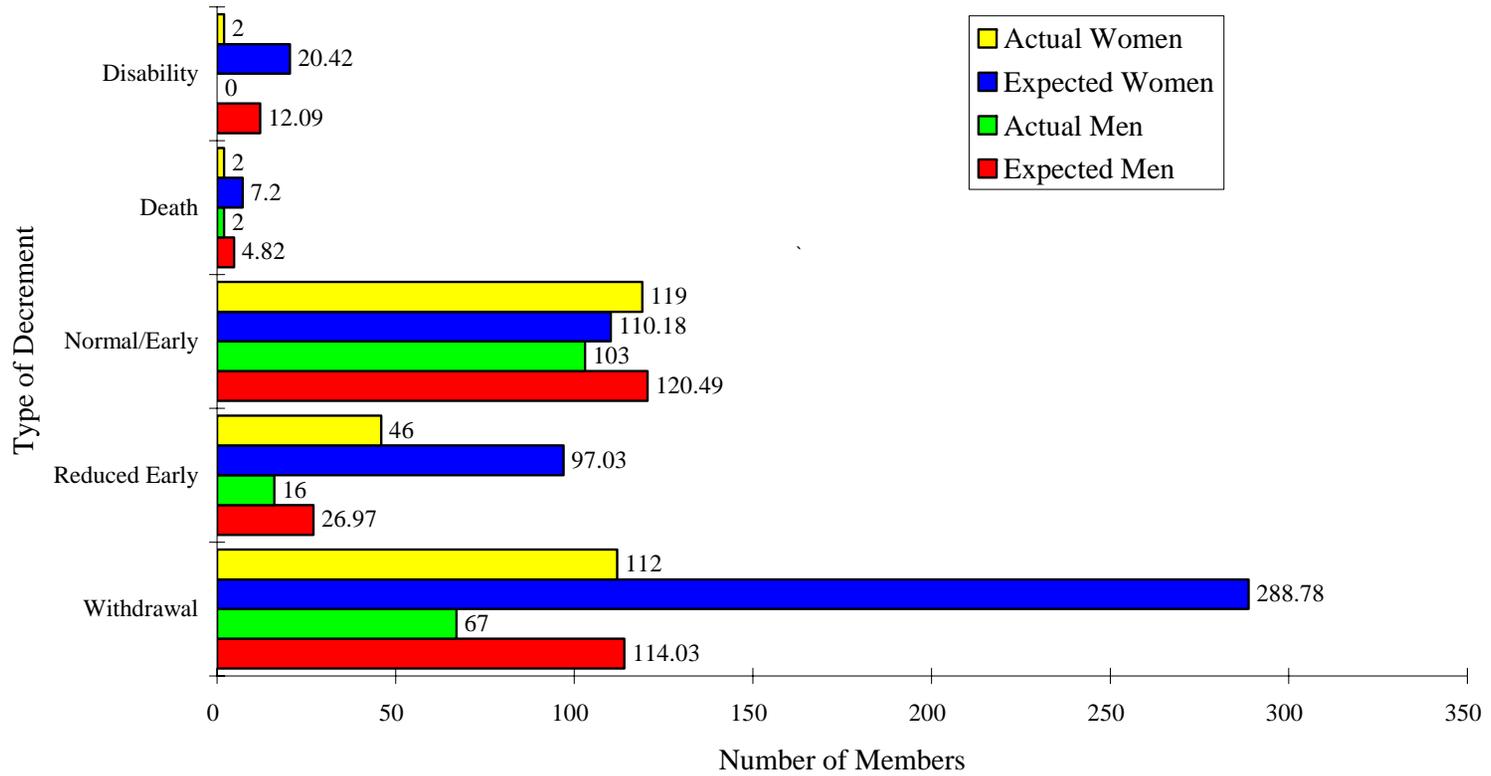
Normal contribution	\$35,328,986
Accrued liability contribution	<u>12,385,332</u>
Total	\$47,714,318

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.

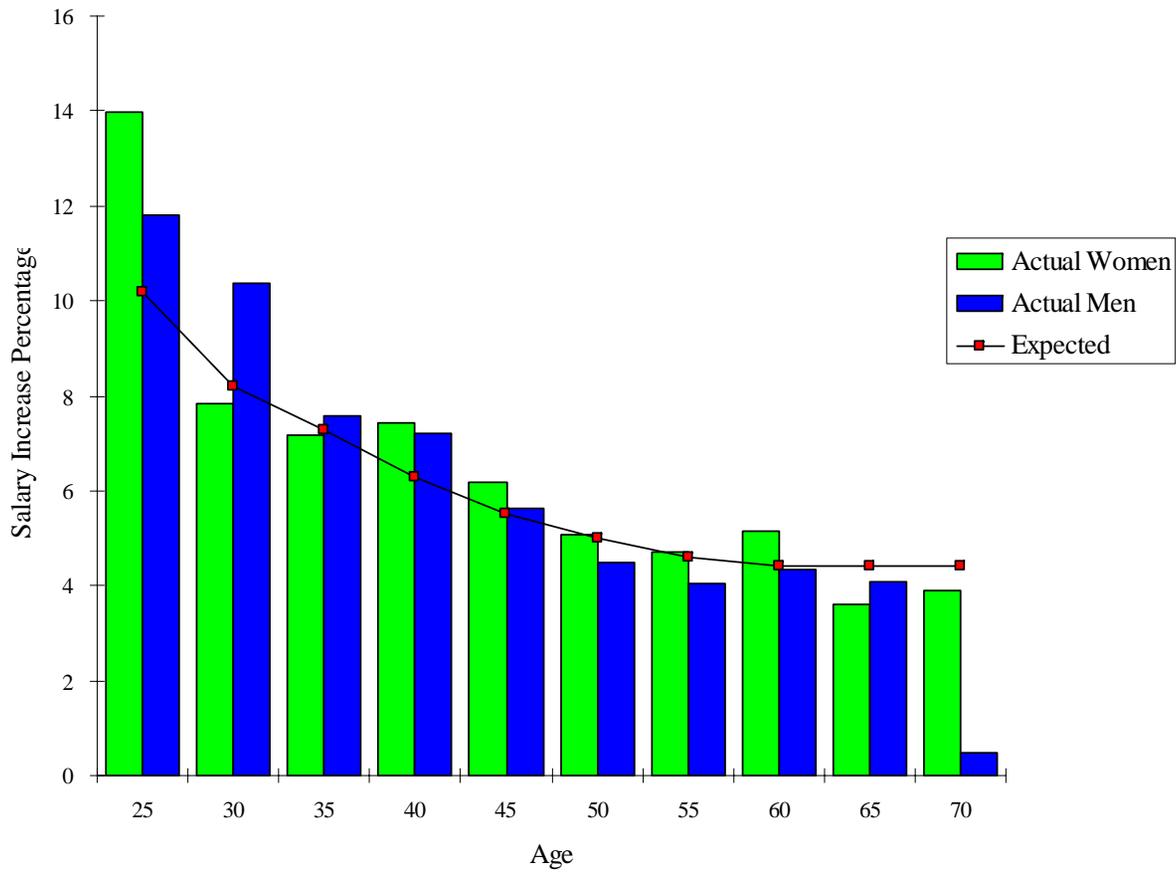
ACTIVE SERVICE EXPERIENCE

July 1, 2003 through June 30, 2004



SALARY EXPERIENCE

JULY 1, 2003 THROUGH JUNE 30, 2004



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)
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%
1993	433,327	555,220	121,893	78.1%	324,537	37.6%
1992	390,098	509,140	119,042	76.6%	312,347	38.1%
1991	360,301	476,397	116,096	75.6%	316,669	36.7%
1990	328,338	441,414	113,076	74.4%	289,641	39.0%

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)
1988	16,294,346	0	0	16,294,346	17,186,259	(891,913)	(891,913)
1989	18,072,172	(75,813)	(74,450)	18,070,809	19,000,000	(929,191)	(1,821,104)
1990	21,320,155	(154,794)	(145,688)	21,311,049	19,561,000	1,750,049	(71,055)
1991	25,013,437	(6,040)	(5,299)	25,012,696	15,000,000	10,012,696	9,941,641
1992	28,595,220	845,039	833,331	28,606,928	14,618,992	13,987,936	23,929,577
1993	28,819,875	2,034,014	2,274,675	28,579,214	19,890,048	8,689,166	32,618,743
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

SCHEDULE A

VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE
STATE TEACHERS' RETIREMENT SYSTEM OF VERMONT
PREPARED AS OF JUNE 30, 2004

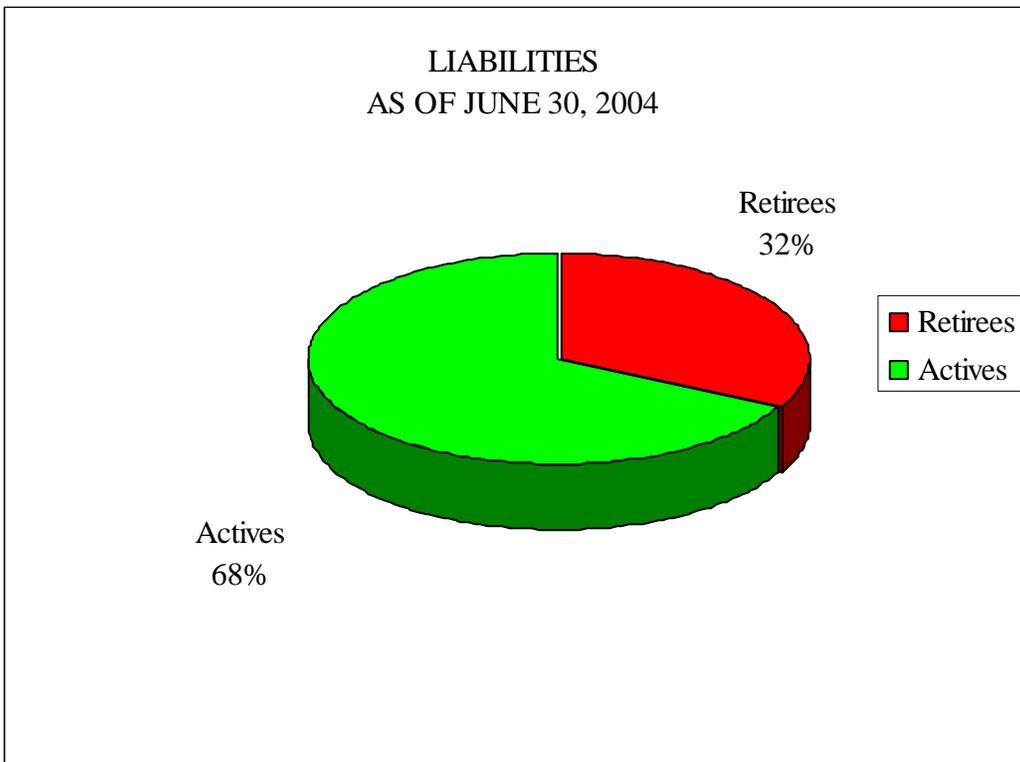
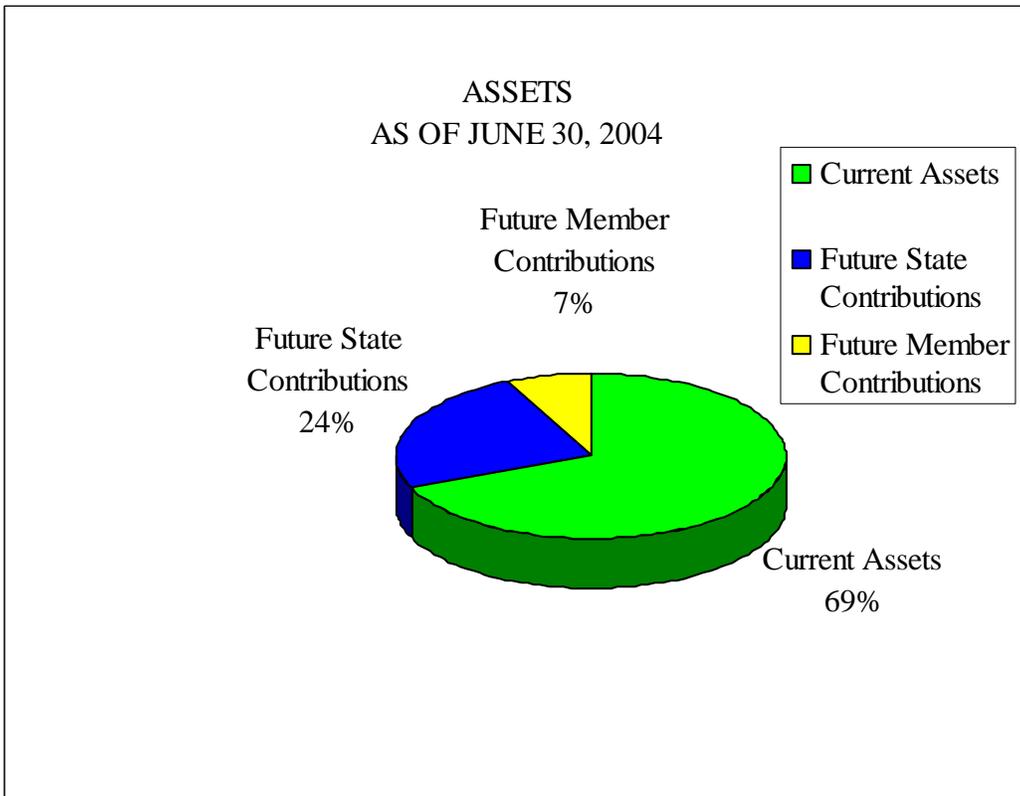
VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE
STATE TEACHERS' RETIREMENT SYSTEM OF VERMONT
PREPARED AS OF JUNE 30, 2004

ASSETS

Adjusted assets of the system		\$1,284,832,644
Present value of prospective contributions		
Members	\$131,772,971	
State		
Accrued liability contributions	139,828,760	
Normal contributions	<u>315,113,597</u>	
Total prospective contributions		<u>\$ 586,715,328</u>
Total assets		<u><u>\$1,871,547,972</u></u>

LIABILITIES

Actuarial present value of benefits payable on account of present retired members, terminated vested members and beneficiaries		\$ 607,712,434
Actuarial present value of benefits expected to become payable on account of active and inactive members		<u>1,263,835,538</u>
Total liabilities		<u><u>\$1,871,547,972</u></u>



SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8.00% per annum, compounded annually.

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.

FUTURE EXPENSES: No provision made.

ACTUARIAL COST METHOD: Projected benefit method with aggregate level normal cost and frozen supplemental liability (entry age normal cost with frozen initial liability).

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).	\$6,600 after 30 years of creditable service (pro-rata portion if less than 30 years).
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, 2004

TABLE 1
THE NUMBER AND ANNUAL COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY AGE AND SERVICE
AS OF JUNE 30, 2004

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 & 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	0
20 to 24	126	3,242,760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	126	3,242,760	
25 to 29	523	15,933,180	135	4,641,069	0	0	0	0	0	0	0	0	0	0	0	0	0	0	658	20,574,249	
30 to 34	486	15,616,306	466	17,613,207	69	3,027,909	0	0	0	0	0	0	0	0	0	0	0	0	1,021	36,257,422	
35 to 39	301	9,997,485	333	12,959,224	248	10,695,864	72	3,341,144	0	0	0	0	0	0	0	0	0	0	954	36,993,717	
40 to 44	316	10,668,474	283	11,535,597	248	11,428,482	289	13,743,104	66	3,360,501	0	0	0	0	0	0	0	0	1,202	50,736,158	
45 to 49	329	10,656,982	315	12,868,960	268	12,104,609	312	15,637,932	325	17,026,671	100	5,455,998	1	46,408	0	0	0	0	1,650	73,797,560	
50 to 54	267	9,385,803	365	14,879,979	361	16,464,860	407	20,404,853	422	22,387,625	460	25,229,705	139	7,751,171	0	0	0	0	2,421	116,503,996	
55 to 59	139	5,089,320	170	7,620,839	206	9,669,541	352	18,157,667	259	13,768,986	251	13,913,171	298	16,796,215	33	1,912,498	0	0	1,708	86,928,237	
60 to 64	64	2,483,659	46	1,938,165	63	2,789,894	86	4,331,359	74	3,896,404	57	3,123,035	73	4,155,571	34	1,948,900	3	176,182	500	24,843,169	
65 to 69	10	244,319	8	345,901	7	318,888	10	606,515	7	378,082	5	333,244	5	266,760	4	240,683	3	193,565	59	2,927,957	
70 & up	9	337,430	2	92,328	0	0	2	97,575	2	118,295	0	0	0	0	0	0	1	66,300	16	711,928	
TOTAL	2,570	83,655,718	2,123	84,495,269	1,470	66,500,047	1,530	76,320,149	1,155	60,936,564	873	48,055,153	516	29,016,125	71	4,102,081	7	436,047	10,315	453,517,153	

TABLE 2
THE NUMBER AND ANNUAL COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY AGE AND SERVICE
AS OF JUNE 30, 2004

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 & 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	0
20 to 24	0	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	0
30 to 34	0	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	0
40 to 44	0	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	1	37,275	2	92,806	7	361,741	1	58,037	0	0	0	0	0	0	11	549,859	
50 to 54	0	0	0	0	0	0	1	45,546	5	221,645	7	385,121	2	121,845	0	0	0	0	15	774,157	
55 to 59	0	0	0	0	0	0	2	116,305	4	208,149	5	290,964	3	172,882	1	66,857	0	0	15	855,157	
60 to 64	0	0	0	0	0	0	1	55,611	4	224,413	2	106,897	0	0	0	0	0	0	7	386,921	
65 to 69	0	0	0	0	0	0	0	0	1	48,825	0	0	1	52,826	0	0	0	0	2	101,651	
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	66,300	1	66,300	
TOTAL	0	0	0	0	1	37,275	6	310,268	21	1,064,773	15	841,019	6	347,553	1	66,857	1	66,300	51	2,734,045	

TABLE 3
THE NUMBER AND ANNUAL COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY AGE AND SERVICE
AS OF JUNE 30, 2004

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 & 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	126	3,242,760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	126	3,242,760
25 to 29	523	15,933,180	135	4,641,069	0	0	0	0	0	0	0	0	0	0	0	0	0	0	658	20,574,249
30 to 34	486	15,616,306	466	17,613,207	69	3,027,909	0	0	0	0	0	0	0	0	0	0	0	0	1,021	36,257,422
35 to 39	301	9,997,485	333	12,959,224	248	10,695,864	72	3,341,144	0	0	0	0	0	0	0	0	0	0	954	36,993,717
40 to 44	316	10,668,474	283	11,535,597	248	11,428,482	289	13,743,104	66	3,360,501	0	0	0	0	0	0	0	0	1,202	50,736,158
45 to 49	329	10,656,982	315	12,868,960	267	12,067,334	310	15,545,126	318	16,664,930	99	5,397,961	1	46,408	0	0	0	0	1,639	73,247,701
50 to 54	267	9,385,803	365	14,879,979	361	16,464,860	406	20,359,307	417	22,165,980	453	24,844,584	137	7,629,326	0	0	0	0	2,406	115,729,839
55 to 59	139	5,089,320	170	7,620,839	206	9,669,541	350	18,041,362	255	13,560,837	246	13,622,207	295	16,623,333	32	1,845,641	0	0	1,693	86,073,080
60 to 64	64	2,483,659	46	1,938,165	63	2,789,894	85	4,275,748	70	3,671,991	55	3,016,138	73	4,155,571	34	1,948,900	3	176,182	493	24,456,248
65 to 69	10	244,319	8	345,901	7	318,888	10	606,515	6	329,257	5	333,244	4	213,934	4	240,683	3	193,565	57	2,826,306
70 & up	9	337,430	2	92,328	0	0	2	97,575	2	118,295	0	0	0	0	0	0	0	0	15	645,628
TOTAL	2,570	83,655,718	2,123	84,495,269	1,469	66,462,772	1,524	76,009,881	1,134	59,871,791	858	47,214,134	510	28,668,572	70	4,035,224	6	369,747	10,264	450,783,108

TABLE 4

SUMMARY OF RETIRED MEMBER AND BENEFICIARY DATA
BY LEVEL OF ANNUAL ALLOWANCE AS OF JUNE 30, 2004

ALL TEACHERS

Allowance Level	Service Pensioners		Disability Pensioners		Beneficiaries	
	Number	Annual Allowance	Number	Annual Allowance	Number	Annual Allowance
0 - 500	10	\$ 2,628	-	\$ -	-	\$ -
501 - 1,000	14	10,507	-	-	3	2,365
1,001 - 1,500	40	51,470	-	-	4	5,139
1,501 - 2,000	59	104,609	-	-	3	5,138
2,001 - 2,500	74	166,308	-	-	4	8,739
2,501 - 3,000	90	247,225	-	-	15	40,864
3,001 - 3,500	83	267,684	-	-	17	55,167
3,501 - 4,000	117	438,858	-	-	12	44,255
4,001 - 4,500	121	516,475	1	4,273	9	38,822
4,501 - 5,000	104	494,567	1	4,884	3	14,486
5,001 - 5,500	101	530,398	1	5,416	16	84,111
5,501 - 6,000	115	663,654	4	23,256	14	80,013
6,001 - 6,500	104	648,488	3	18,514	11	69,755
6,501 - 7,000	92	619,252	5	33,730	11	75,248
7,001 - 7,500	95	686,817	2	14,852	14	102,336
7,501 - 8,000	94	729,301	5	38,928	7	54,349
8,001 - 8,500	93	766,294	5	41,136	9	73,677
8,501 - 9,000	91	796,706	8	69,844	16	139,256
9,001 - 9,500	89	822,183	6	56,519	7	64,740
9,501 - 10,000	85	827,946	9	87,807	6	58,527
10,001 - 10,500	104	1,065,826	10	102,062	9	92,089
10,501 - 11,000	77	828,545	3	32,368	5	53,296
11,001 - 11,500	86	966,796	8	90,630	14	156,921
11,501 - 12,000	65	762,444	10	118,003	4	47,168
12,001 - 12,500	82	1,003,700	5	61,365	6	72,870
12,501 - 13,000	63	804,382	3	38,460	4	51,306
13,001 - 13,500	68	901,120	3	39,798	5	66,419
13,501 - 14,000	97	1,331,099	2	27,248	6	82,645
14,001 - 14,500	77	1,099,623	1	14,030	3	43,042
14,501 - 15,000	89	1,312,369	3	43,584	2	29,451
15,001 - 15,500	72	1,097,535	2	30,443	5	76,541
15,501 - 16,000	92	1,449,154	2	31,282	2	31,488
16,001 - 16,500	60	973,048	2	32,166	2	32,465
16,501 - 17,000	80	1,342,067	-	-	3	49,918
17,001 - 17,500	65	1,120,846	4	68,803	3	51,969
17,501 - 18,000	76	1,348,973	2	35,183	1	17,599
18,001 - 18,500	71	1,296,189	1	18,434	1	18,457
18,501 - 19,000	71	1,331,498	1	18,876	-	-
19,001 - 19,500	81	1,558,109	3	57,679	2	38,624
19,501 - 20,000	83	1,639,574	-	-	2	39,600
20,001 - 20,500	78	1,579,273	-	-	1	20,010
20,501 - 21,000	60	1,245,050	-	-	-	-

TABLE 4, continued

SUMMARY OF RETIRED MEMBER AND BENEFICIARY DATA
BY LEVEL OF ANNUAL ALLOWANCE AS OF JUNE 30, 2004

ALL TEACHERS

Allowance Level	Service Pensioners		Disability Pensioners		Beneficiaries	
	Number	Annual Allowance	Number	Annual Allowance	Number	Annual Allowance
21,001 - 21,500	67	1,425,063	-	-	1	21,115
21,501 - 22,000	44	956,132	1	21,662	-	-
22,001 - 22,500	32	712,600	-	-	-	-
22,501 - 23,000	48	1,091,549	-	-	-	-
23,001 - 23,500	42	976,245	-	-	-	-
23,501 - 24,000	44	1,044,335	-	-	-	-
24,001 - 24,500	34	823,904	-	-	-	-
24,501 - 25,000	34	840,620	1	24,657	-	-
Over 25,000	290	8,648,396	2	52,967	2	68,281
Total	4,003	\$ 51,967,434	119	\$ 1,358,859	264	\$ 2,178,261

SCHEDULE E

AMORTIZATION SCHEDULE FOR THE UNFUNDED ACTUARIAL
ACCRUED LIABILITY

AMORTIZATION SCHEDULE FOR THE UNFUNDED ACTUARIAL
ACCRUED LIABILITY

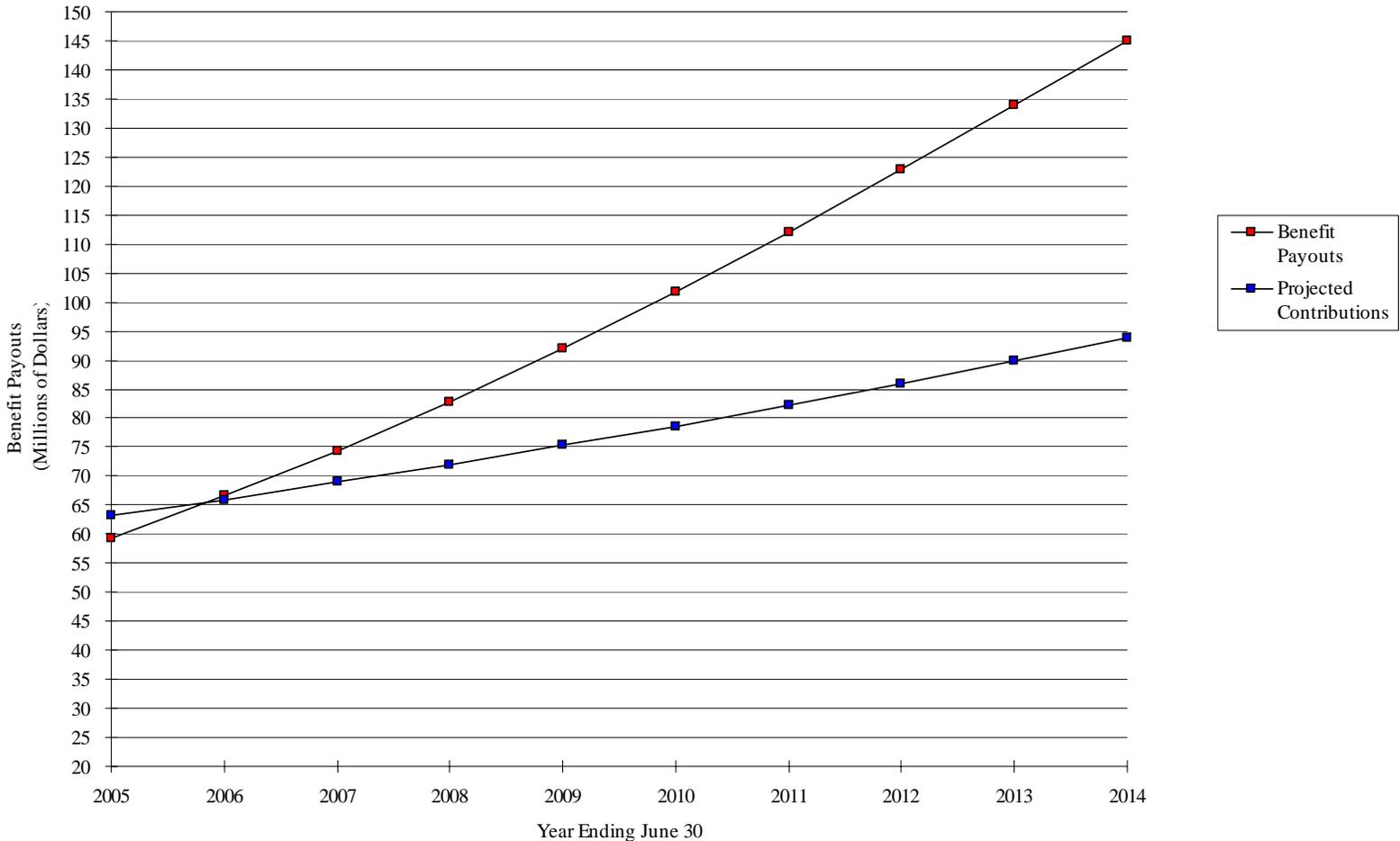
Date	Balance	Contribution (Year Following)
6/30/2004	139,828,760	12,385,332
6/30/2005	138,143,845	13,004,599
6/30/2006	135,680,576	13,654,829
6/30/2007	132,344,507	14,337,570
6/30/2008	128,032,027	15,054,449
6/30/2009	122,629,546	15,807,171
6/30/2010	116,012,615	16,597,530
6/30/2011	108,044,964	17,427,407
6/30/2012	98,577,467	18,298,777
6/30/2013	87,447,016	19,213,716
6/30/2014	74,475,297	20,174,402
6/30/2015	59,467,466	21,183,122
6/30/2016	42,210,716	22,242,278
6/30/2017	22,472,719	23,354,392
6/30/2018	0	0

SCHEDULE F

PROJECTED BENEFIT PAYOUTS AND
CONTRIBUTIONS FOR THE PERIOD
JULY 1, 2004 THROUGH JUNE 30, 2014

PROJECTED BENEFIT PAYOUTS AND CONTRIBUTIONS

JULY 1, 2004 THROUGH JUNE 30, 2014



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, 2004, actuarial valuation, the recommended contribution for the fiscal year ending June 30, 2005, is \$47,714,318, based on the following:

Payroll	\$453,517,153
Normal rate	7.79%
Accrued liability contribution	\$12,385,332

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
2006	473,925,000	7.79%	\$36,919,000	\$13,004,599	\$49,923,599
2007	495,252,000	7.79%	38,580,000	13,654,829	52,234,829

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