



Public Fund Survey Summary of Findings for FY 2006

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Overview of the Public Fund Survey

The Public Fund Survey is an online compendium of key characteristics of most of the nation's largest public retirement systems. The Survey is sponsored by the National Association of State Retirement Administrators and the National Council on Teacher Retirement.

Beginning with fiscal year 2001, the Survey presents data on public retirement systems that provide pension and other benefits for a combined 13.1 million active (working) members and 6.3 million annuitants (those receiving a regular benefit – retirees, disabilitants and beneficiaries). Combined, based on the latest information published in annual financial reports, systems in the Survey hold in trust \$2.46 trillion. These assets are invested in diversified portfolios of public and private equities, corporate and government bonds, real estate, private equities, cash, and other asset classes. The membership and assets of systems included in the Survey represent in excess of 85 percent of the entire state and local government retirement system community.

According to the U.S. Census Bureau, employees of state and local government comprise more than ten

percent of the nation's full-time workforce. These are public school teachers and administrators, firefighters, judges, police officers, public health officials, correctional officers, and many others who provide myriad public services.

The source of Survey data is primarily public retirement system annual financial reports. Data is also taken from actuarial valuations, benefits guides, system websites, and input from system representatives. The Survey is updated continuously as new information, particularly annual financial reports, becomes available. This report of findings focuses on fiscal year 2006, which is the most recent available data for most systems. As new information becomes available for FY 06, the results presented in this report may change slightly.

A key objective of the Survey is to increase the transparency of the public pension community and pension funding levels, providing a factual and objective basis on which to discuss many issues related to retirement benefits for public employees.

The Public Fund Survey is accessible online at www.publicfundsurvey.org.

The Meaning and Implications of Actuarial Funding Ratios

The most recognized measure of a public retirement plan's health is its actuarial funding ratio, derived by dividing the actuarial value of plan assets by the value of its liabilities. Most pension benefits for public employees are pre-funded, meaning that all or some of the assets needed to fund pension liabilities are accumulated during an employee's working life, then paid out in the form of retirement benefits.

Pre-funding is one way of financing a pension benefit. The opposite of pre-funding is pay-as-you-go, in which current obligations are paid with current receipts. In most cases, a pay-as-you-go pension plan eventually becomes too expensive to support with only tax receipts and contributions. Investment earnings account for most revenue generated by a pre-funded pension plan, reducing the need for contributions from employees and employers (taxpayers).

A pension plan whose assets equal its liabilities is funded at 100% and is *fully funded*. A plan with assets less than its accrued liabilities is considered *underfunded*.

Underfunding is a matter of degree, not of kind. That is, underfunding is not necessarily a sign of fiscal or actuarial distress; many pension plans remain underfunded for decades with no detrimental consequences.

As an illustration, the status of a plan whose funding level declines from 101 percent in year one to 99 percent in year two, has changed from overfunded to underfunded. Although the nomenclature describing the plan's funding condition has changed completely, the financial reality of its funding condition has changed little.

The critical factor in assessing the current and future health of a pension plan is not so much the plan's actuarial funding level, as whether or not funding the plan's liabilities creates fiscal stress for the pension plan sponsor.

Other factors held equal, a pension plan that is fully funded is preferable to one that is underfunded. Yet a plan's funded status is simply a snapshot in an ongoing pre-funding process. It is a single frame of a movie that spans decades. There is nothing magic about a pension plan being fully funded, nor is an

underfunded plan necessarily inferior. Even with no changes to funding policies or plan design, most underfunded plans will be able to pay promised benefits for decades. Public pension liabilities typically extend years into the future; during this period, a pension fund can accumulate the assets it needs to fund its future liabilities.

All plans, underfunded and fully funded alike, that are open to newly hired workers, rely on future contributions and investment returns. A key difference between underfunded and fully funded plans is that underfunded plans require income to eliminate, or amortize, the shortfall between their assets and their accrued liabilities. The degree of underfunding is a major, but not exclusive, factor in assessing the plan's overall condition.

In addition to the actuarial funding ratio, other factors of a pension plan's health include:

- the length of the funding amortization period
- required current and future contribution rates
- plan demographics
- the sustainability and suitability of the plan design
- the plan's governance structure
- the fiscal health of the plan sponsor
- the plan sponsor's commitment to funding the plan

Much of this information is available in annual reports and other material published by most public retirement systems.

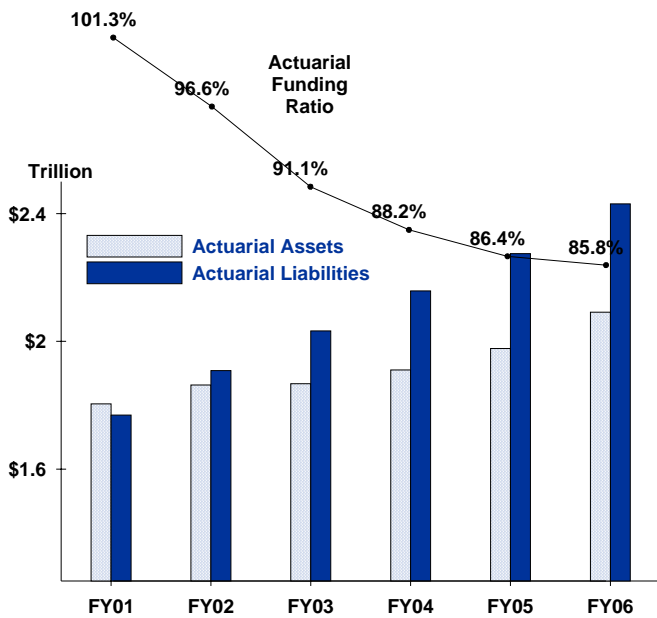
Attaining full funding of a pension plan has been likened to a mortgage, in which the homeowner has thirty years to resolve the obligation. At the end of the 30-year period, when it is paid off, the mortgage would be considered fully funded. Although at any point during the thirty-year period, the outstanding mortgage may be considered an unfunded liability, more relevant considerations are a) whether the homeowner has the resources to continue making mortgage payments until the obligation is resolved; and b) whether the obligation is being amortized.

Likewise, more pertinent considerations with regard to funding a public pension plan are the ability of the plan sponsor to continue to pay promised benefits and to make required contributions without causing fiscal stress; and whether the plan's unfunded liability is being amortized.

Past and Current Funding Levels

Figure A summarizes aggregate assets and liabilities and the resulting actuarial funding ratio for plans in the Public Fund Survey. The bar graph reflects assets and liabilities for only the 112 plans in the Survey for which all six years of data are available; the line graph reflects all plans, whether or not they have updated information for FY 06 or prior years. As the figure shows, the aggregate public pension funding level is slightly lower than the prior year.

Figure A: Change in aggregate actuarial assets, liabilities, and funding levels, FY 01 to FY 06



After declining sharply from FY 01 to FY 04, the rate of decline in the aggregate funding ratio has slowed markedly since, and was lower by just 0.6 percent from FY 05 to FY 06. The aggregate funding ratio is projected to be higher in FY 07 as growth in the actuarial value of assets is expected to exceed growth in the actuarial value of liabilities.

Figure B plots funding levels of the 118 individual plans in the Survey that do not use the aggregate cost actuarial valuation method (which does not identify an unfunded liability; plans that use this method are always funded at 100 percent.) On the chart, the size of each circle is roughly proportionate to the plan's size: larger plans are indicated by larger bubbles; smaller plans, by smaller bubbles.

Seventy of the 118 plans (59 percent) are funded at 80 percent or higher. The median funding level for the 118 plans is 83.5 percent.

Figure B: Actuarial funding ratios for 118 public pension plans

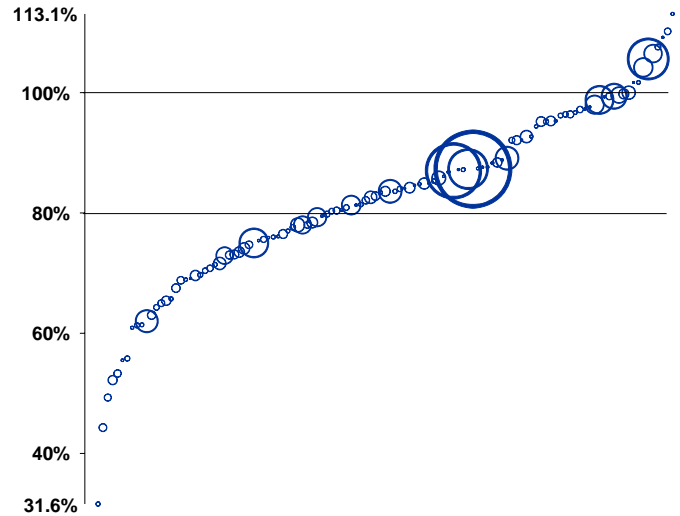
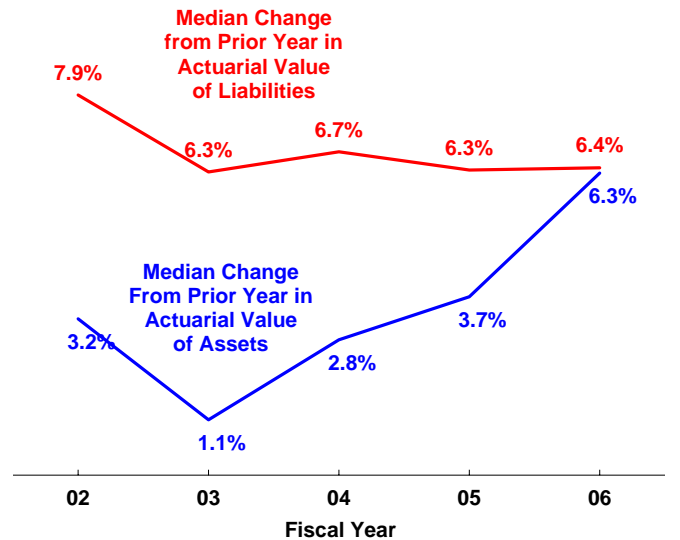


Figure C compares the median annual change from the prior year in the actuarial values of assets and liabilities for plans in the Survey. For both individual plans and in the aggregate, when liability growth exceeds growth in assets, funding levels decline. When asset growth exceeds liability growth, funding levels rise.

Figure C: Median change from prior year in actuarial value of assets and liabilities



The average implicit assumption for liability growth is approximately 8.0 percent. As Figure C indicates, median liability growth has been well below this figure for several years, an experience attributable chiefly to four factors:

- Fewer benefit enhancements
- Fewer early retirement incentives
- Lower inflation assumptions
- Fewer discretionary cost-of-living adjustments

These factors reduce plan costs, but are offset somewhat by mortality improvements, meaning that annuitants are living longer and thereby collecting a retirement benefit for a longer period. Mortality improvements increase plan liability growth and costs.

Lower liability growth is a positive actuarial development for at least two reasons. First, funding levels will improve only when growth in the actuarial value of assets exceeds liability growth, a feat made easier when liability growth slows. Also, lower liability growth affirms that funding levels can be affected, if not controlled, by plan sponsor (i.e., legislatures, city councils, public retirement boards, etc.), actions.

Fewer Benefit Enhancements

During the late 1990's and in the early part of this decade, retirement benefits at some plans were improved, usually through a higher retirement multiplier, lower retirement age, or fewer years of service needed to qualify for a retirement benefit. In response to public sector fiscal constraints and declining actuarial funding levels, benefit enhancements have slowed considerably during the last several years.

Fewer Early Retirement Incentives

In contrast to the early part of this decade, early retirement incentives have been less prevalent more recently. Early retirement incentives typically are intended to generate cost savings for employers by encouraging more experienced (and higher-paid) workers to retire, who then either are replaced with employees at lower salaries or whose position is held temporarily or permanently vacant. Although incentives to retire can reduce employer costs in the short run, they also can (and often do) result in higher long-term costs that take the form of higher retirement contributions.

Lower Inflation Assumptions

Figure O illustrates that many plans have reduced their inflation assumption in recent years. A key actuarial effect of a lower inflation assumption is to reduce projected salary growth, which in turn reduces pension liabilities by projecting lower retirement benefit levels.

Fewer Discretionary Cost-of-Living Adjustments

Roughly two-thirds of plans in the Public Fund Survey provide an automatic cost-of-living adjustment (COLA). These typically are tied to the Consumer Price Index. Most plans that do not provide an automatic COLA have a discretionary COLA. Due to reduced funding levels and higher costs, many plan sponsors have elected to not provide a discretionary COLA to their plan annuitants.

Some plans provide or permit a COLA on the basis of other factors, such as the fund's investment performance or the plan's actuarial condition. For example, the Arizona State Retirement System provides a COLA tied to the plan's actuarial investment return. When that return exceeds the plan's 8.0 percent assumption, a portion of the "excess" earnings are set aside to fund a permanent COLA. Also, the Texas state constitution permits the legislature to fund a COLA for ERS and TRS annuitants only when the plans' amortization period is below 31 years.

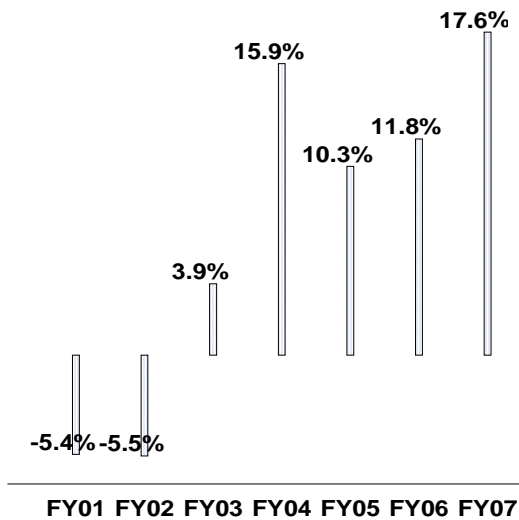
Higher Funding Levels are on the Horizon

In addition to relatively modest liability growth, another indication that funding levels will rise is the positive investment returns public pension funds have generated in recent years.

Figure D presents median annual public pension fund investment returns for years ended June 30 (the fiscal year-end date for most funds). Because most plans phase in investment gains and losses over several years, many of the investment gains since March 2003 have yet to be actuarially recognized.

Moreover, the most recent actuarial valuation date for nearly one-half of all plans in the Survey is prior to 6/30/05. As investment gains from FY 04 to FY06 are more fully recognized and as the effects of the losses from FY 01 and FY 02 are phased out of actuarial calculations, the actuarial value of assets will increase markedly.

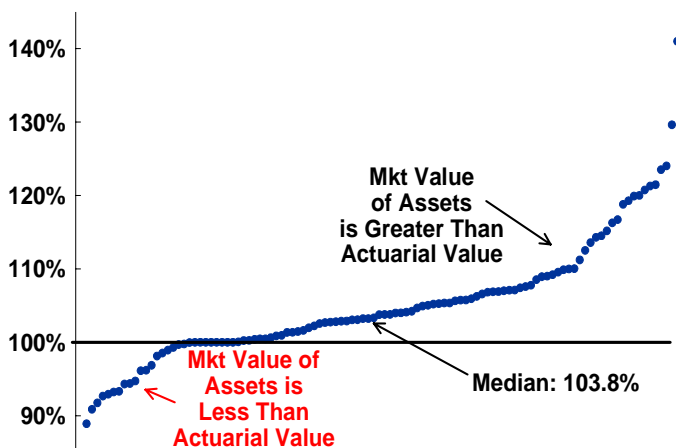
Figure D: Median annual public pension fund investment returns for years ended 6/30, 2001 to 2006



Source: Callan Associates

Figure E plots the distribution of plan market values as a percentage of their actuarial value. This reflects most plans' use of an actuarial smoothing period, which is the period when investment gains and losses are phased in. As plans incorporate more of the investment gains generated since equity markets began rising in March 2003, actuarial asset values will continue to increase at a faster rate, continuing a trend in place since FY 04. Based on strong investment returns in recent years, the rate of growth in actuarial asset values is expected to improve sharply in FY 07, which is projected to result in an increase in aggregate funding levels for the first time in several years.

Figure E: Distribution of plan market value of assets as a percentage of actuarial value of assets



In the aggregate, the market value of assets exceeds funds' actuarial value by 6.0 percent, or more than \$125 billion. This does not include any FY 07 investment experience.

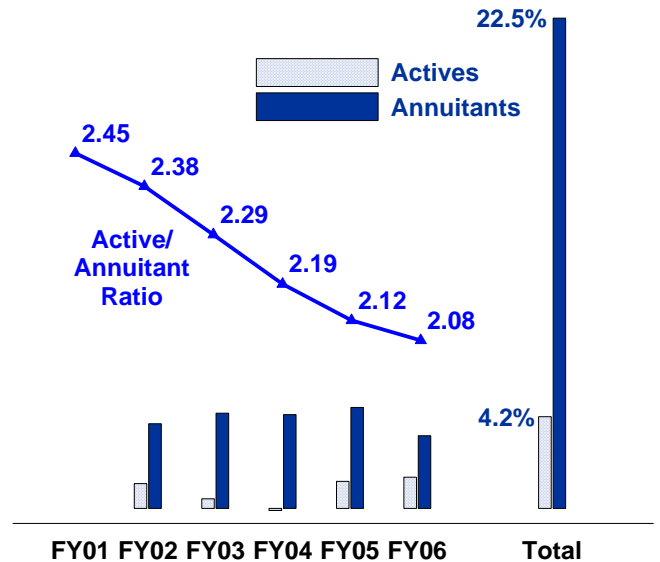
(Most plans in Figure E whose actuarial value of assets equals 100 percent of their market value of assets, are those that use the market value to determine the actuarial value of their assets; they do not phase in investment gains and losses.)

Changes in Membership

The Survey tracks two classes of members: actives, who are working and currently receiving service credit in their retirement plan; and annuitants, which includes any member receiving a regular benefit from the system: retirees, beneficiaries and disabledants.

Figure F summarizes changes in these membership groups from FY 01 to FY 06. A notable trend affecting state and local government pension plans in recent years has been the rate of growth among annuitants that significantly exceeds the rate of growth among actives.

Figure F: Change in active members and annuitants, FY 01 to FY 06



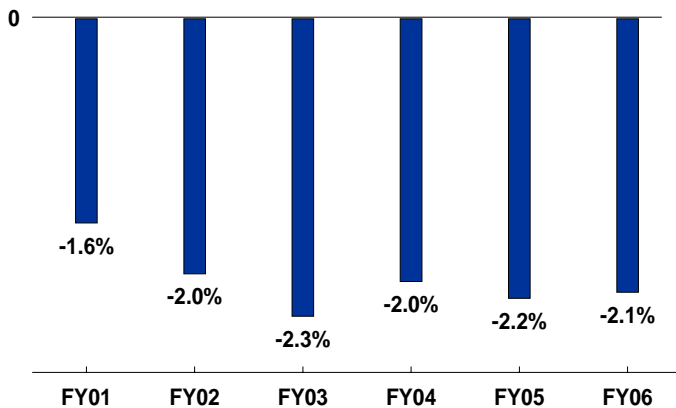
As the chart shows, the ratio of actives to annuitants has declined from 2.45 in FY 01 to 2.08 in FY 06. By itself, a declining ratio of actives to annuitants does not pose a problem, because most public pensions are largely pre-funded. However, to the extent that a plan is underfunded, a low or declining ratio of

actives to annuitants can challenge the plan’s ability to move toward full funding. This is because fewer active, contributing workers (on a relative basis) are available to amortize the plan’s unfunded liability.

A declining ratio of actives to annuitants also can have financial and operational effects. For example, fewer active members creates a larger negative cash flow (contributions minus benefit payments and administrative expenses). This can require a pension fund to maintain a larger percentage of its assets in more liquid securities, or to make other adjustments to its asset allocation which may reduce long-term investment returns. In addition, as a group, annuitants tend to require more time than actives from the retirement system staff.

Figure G plots the median external cash flow among systems in the Public Fund Survey. This declining cash flow trend is a direct result of faster growth among annuitants compared to growth among actives. The trend of public pension fund external cash flows becoming increasingly negative is a normal development and is likely to continue.

Figure G: Median external cash flow, FY 01 to FY 06



Of the 89 plans whose external cash flow was measured in FY 06, 81, or 91 percent, had a negative external cash flow.

The FY 06 cash flow figure was affected by rising asset values and higher employer contributions, both of which serve to temper the ratio. In the absence of sustained, dramatic investment returns or sharply higher employer contributions, cash flows for funds in the Survey are expected to continue to steadily decline.

Asset Allocation and Investment Expenses

Figure H presents average asset allocations for the 90 systems for which this data is available. The effective date for most of these funds is either 6/30/06 or 12/31/06. The most significant changes from the prior year were a reduction in equities, from 60.3 percent, and an increase in Alternatives, from 3.8 percent, and Real Estate from 4.5 percent.

Figure H: Average Asset Allocation, 90 Funds

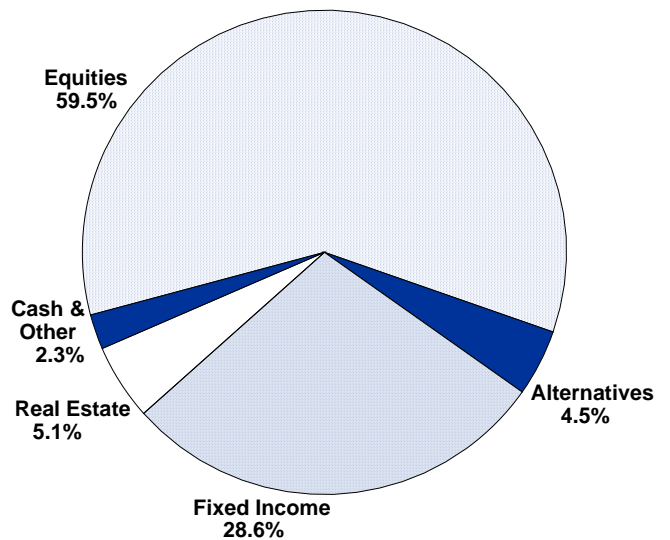
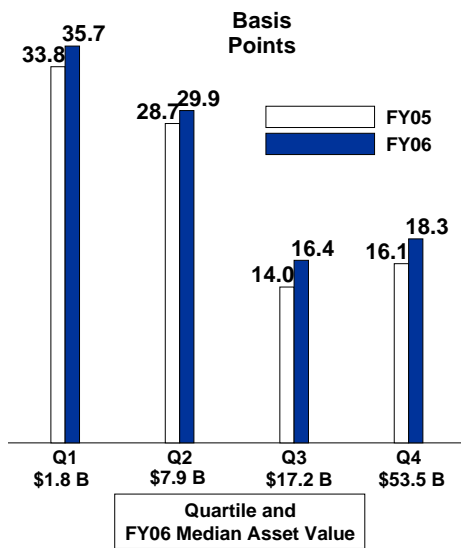


Figure I presents median investment expense data, by quartile, for the 84 funds in the Survey for which this data is available. Larger funds generally are able to use their size to negotiate lower asset management fees than smaller funds and individual investors.

Expenses for the largest quartile are higher than those for the third quartile of funds. The likely reason for this is that more funds in the largest quartile invest in higher-cost asset classes, such as real estate and alternatives, which includes private equity and hedge funds.

Figure I: FY 06 Median Investment Management Expense, by Quartile, 84 Funds



Benefits paid by systems in the Survey continue to grow, but at a slower pace than in some prior years. Figure L plots pension benefits paid by the 91 systems for which six years of data are available, and the annual percentage change from the prior year. Slower growth in benefit payments is consistent with anecdotal observations of fewer cost-of-living adjustments and benefit enhancements approved by legislatures and retirement boards in recent years.

Growth in benefits is driven chiefly by a) increases in the number of annuitants, a group that has been growing each year by around four percent, as shown in Figure F; b) higher benefits earned by new annuitants (whose benefits usually are higher than their predecessors due to inflation); and c) cost-of-living adjustments for annuitants.

Asset Values, Benefits, and Contributions

The market value of system assets in the Survey grew by 9.2 percent over FY 05. This marks the fourth consecutive year of growth following the decline in FY 02. The data presented in Figure K is for the 94 systems that have reported asset values for all six fiscal years. The value of all assets represented in the Public Fund Survey is \$2.46 trillion.

Figure L: Pension Benefits Paid and Change in Payments From Prior Year, FY 01 to FY 06 86 Systems

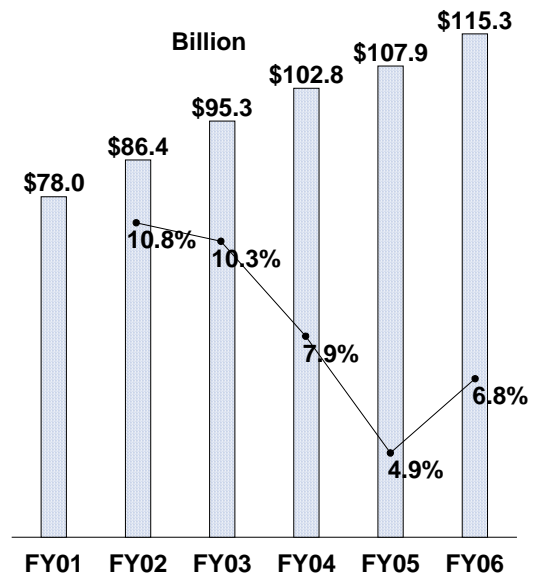
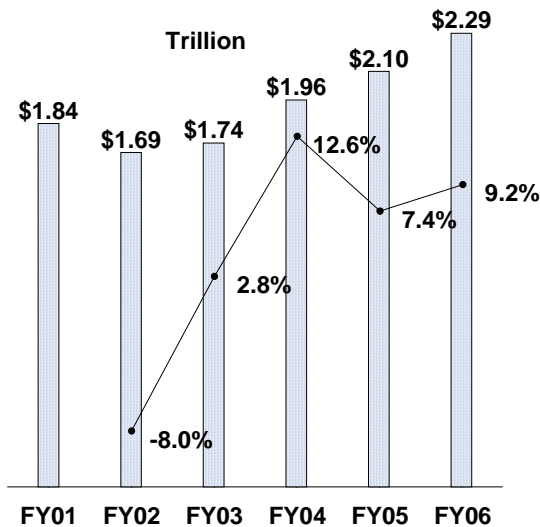
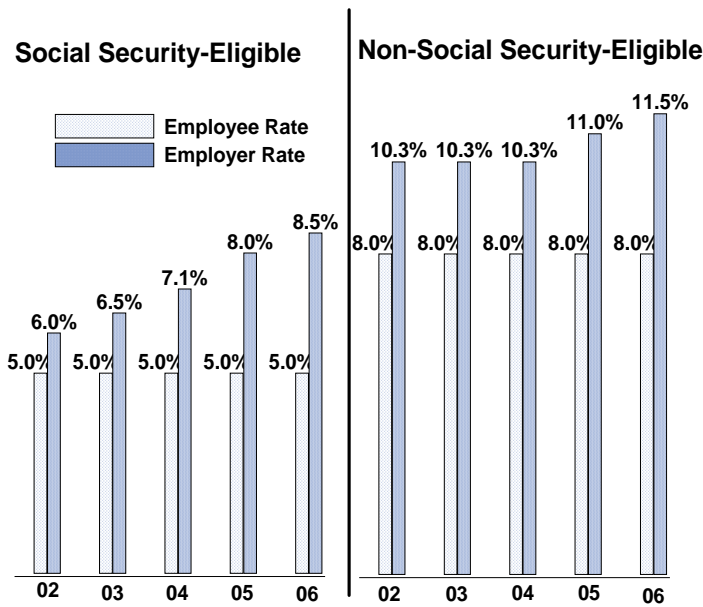


Figure K: Combined Market Value of Assets of Systems in the Public Fund Survey and Change From Prior Year, FY 01 to FY 06, 92 Systems



Contribution rates also are rising, as shown in Figure M. Rates are rising for employers or employees, or both, at many, but not all plans. The rates shown in Figure N pertain only to public school teachers and general employee, and do not include public safety personnel such as firefighters and police officers.

Figure M: Median Contribution Rates, FY 01 to FY 06



Approximately one-fourth of all employees of state and local government do not participate in Social Security, including nearly one-half of all public school teachers and most or substantially all public employees in Alaska, Colorado, Louisiana, Maine, Massachusetts, Ohio, and Nevada. Contribution rates usually are higher for non-Social Security eligible employers and workers, because benefits are usually higher to compensate for the absence of Social Security.

Employers and employees participating in non-Social Security plans each save the 6.2 percent FICA tax used to fund Social Security.

Retirement Multipliers

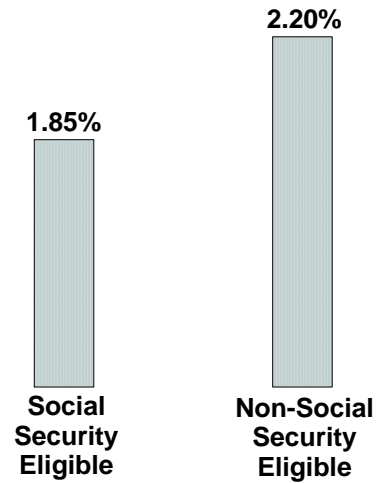
Retirement multipliers are used by most public retirement systems to determine pension benefits. Typically, a pension benefit is determined by multiplying an employee's final average salary (usually averaged over the final three or five years of service) by the years of service, by the retirement multiplier. For example, an employee who retires with 20 years of service and a final average salary of \$55,000 from a plan with a multiplier of 2.0% will receive an annual benefit of \$22,000:

$$\$55,000 \times 20 \times 2.0\% = \$22,000$$

Figure N illustrates median retirement multipliers for plans whose employees are Social Security-

eligible and -ineligible. The figures are unchanged from the previous year.

Figure N: Median Retirement Multipliers, FY 06



Assumptions for Inflation and Investment Return

Among the many actuarial assumptions used in the calculation of a plan's long-term liabilities, two are particularly important: rates of inflation and investment return. Many plans in recent years have adjusted their inflation assumption, and, as shown in Figure O, most adjustments have been downward. As the chart shows, nearly one-half of plans that use an inflation assumption (not all plans specify one) have changed their assumption since FY 01, and nearly all plans that have made a change have reduced their assumption.

Figure O: Distribution of Plans Changing Inflation Assumption, FY 01 to FY 06

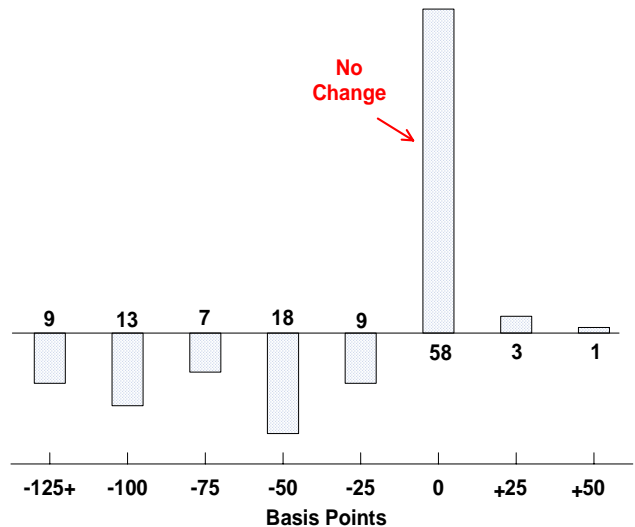


Figure P summarizes the distribution of inflation assumptions among plans in the Public Fund Survey. As the chart shows, the median inflation assumption is now 3.5%, down from 4.0% in FY 01.

Figure P: Distribution of Inflation Assumptions, FY 06

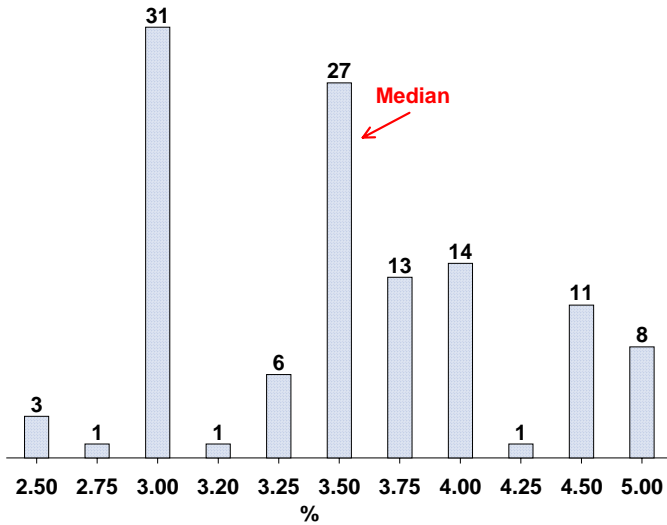


Figure Q illustrates the number of plans that have adjusted their assumed nominal (non-inflation-adjusted) investment return assumption. As shown in Figure R, the most popular assumption remains 8.0 percent, but the number of plans using that assumption has declined, and the number of plans using an assumption of lower than 8.0 percent has increased. The predominant and median assumption remains 8.0 percent.

of return has increased from 4.0 percent in FY 01 to 4.50 percent in FY 06.

Because a majority of revenue for most public pension funds comes from investment earnings, the nominal and real rate of return assumptions can have a dramatic effect on a plan's funding level and required contributions.

Figure R: Distribution of Investment Return Assumptions, FY 06

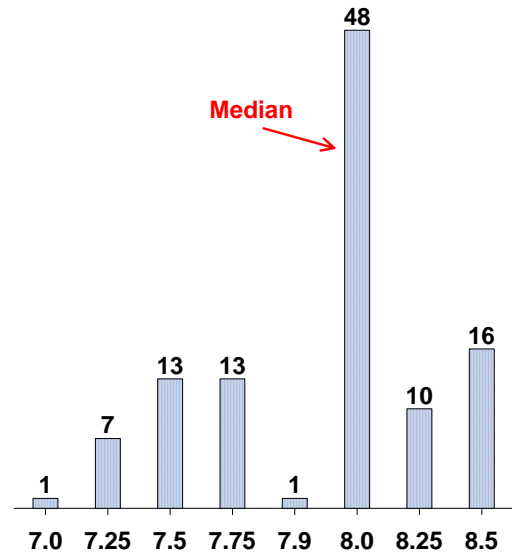
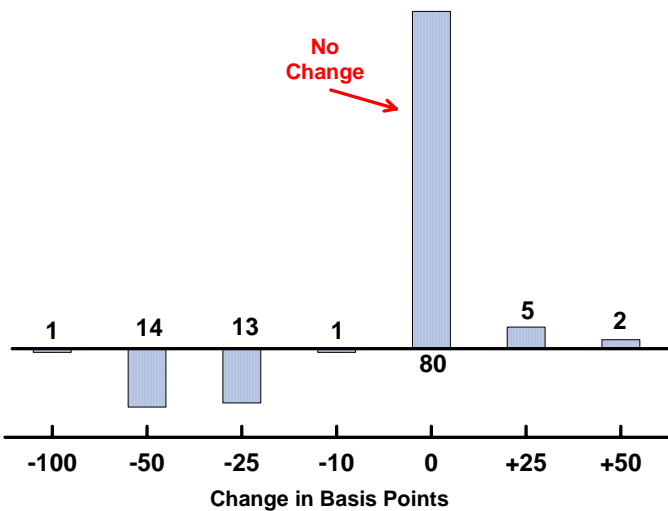


Figure Q: Changes Made to Inflation Assumptions, FY 01 to FY 06



As many plans have reduced their nominal inflation assumption, the median assumption for the real rate

**Appendix A
System Summary**

State	System	Asset Market Value (\$000s)	Active Members	Annuitants	As of
AK	Alaska Public Employees Retirement System	6,568,150	34,660	21,852	6/30/2006
AK	Alaska Teachers Retirement System	3,422,923	9,835	9,349	6/30/2006
AL	Retirement Systems of Alabama	28,456,092	208,685	75,498	9/30/2006
AR	Arkansas Teachers Retirement System	9,868,312	85,916	24,050	6/30/2006
AR	Arkansas Public Employees Retirement System	5,135,503	43,453	22,234	6/30/2006
AZ	Arizona State Retirement System	23,415,648	217,961	85,097	6/30/2006
AZ	Arizona Public Safety Personnel Retirement System	4,906,399	17,324	6,974	6/30/2006
AZ	Phoenix Employees' Retirement System	1,670,553	9,260	4,113	6/30/2006
CA	California Public Employees Retirement System	211,564,738	809,690	443,341	6/30/2006
CA	California State Teachers Retirement System	144,212,376	453,365	207,846	6/30/2006
CA	Los Angeles County Employees Retirement Association	35,185,589	88,631	50,858	6/30/2006
CA	San Francisco City and County Retirement System	14,497,022	29,164	20,093	6/30/2006
CA	San Diego County Employees Retirement Association	7,113,599	17,451	12,049	6/30/2006
CA	Contra Costa County Employees' Retirement Association	4,871,010	9,210	6,856	12/31/2006
CO	Colorado Public Employees Retirement Association	38,649,951	182,404	75,024	12/31/2006
CO	Denver Public Schools Retirement System	2,854,304	7,130	6,069	12/31/2006
CO	Denver Employees Retirement Plan	1,895,046	8,988	6,396	12/31/2006
CT	Connecticut Teachers Retirement Board	12,227,995	52,579	25,221	6/30/2006
CT	Connecticut State Employees Retirement System	8,146,302	48,919	36,705	6/30/2005
DC	District of Columbia Retirement Board	3,589,350	10,344	2,859	9/30/2006
DE	Delaware Public Employees Retirement System	6,527,015	41,544	21,149	6/30/2006
FL	Florida Retirement System	116,340,049	664,819	282,184	6/30/2006
GA	Georgia Teachers Retirement System	47,246,347	209,349	70,239	6/30/2006
GA	Georgia Employees Retirement System	15,930,531	139,668	45,878	6/30/2006
HI	Hawaii Employees Retirement System	9,932,411	64,069	34,304	6/30/2006
IA	Iowa Public Employees Retirement System	20,404,871	163,091	82,204	6/30/2006
ID	Idaho Public Employee Retirement System	9,444,217	64,762	28,438	6/30/2006
IL	Illinois Teachers Retirement System	36,584,889	159,272	85,103	6/30/2006
IL	Illinois Municipal Retirement Fund	22,907,609	174,008	84,704	12/31/2006
IL	Illinois State Universities Retirement System	14,175,147	71,759	41,638	6/30/2006
IL	Chicago Public School Teachers Pension & Retirement Fund	11,387,461	34,682	22,105	6/30/2006
IL	Illinois State Employees Retirement System	10,899,853	68,075	54,868	6/30/2006
IN	Indiana Public Employees Retirement Fund	14,661,806	153,664	59,468	6/30/2006
IN	Indiana State Teachers Retirement Fund	7,791,424	73,350	39,849	6/30/2006
KS	Kansas Public Employees Retirement System	12,352,890	149,073	63,348	6/30/2006
KY	Kentucky Teachers Retirement System	13,851,411	73,740	38,497	6/30/2006
KY	Kentucky Retirement Systems	12,950,226	144,356	71,934	6/30/2006
LA	Louisiana Teachers Retirement System	14,007,613	78,456	57,512	6/30/2006
LA	Louisiana State Employees Retirement System	8,008,508	57,811	38,132	6/30/2006
MA	Massachusetts State Employees' Retirement System	16,489,206	82,152	48,766	12/31/2005
MA	Massachusetts Teachers Retirement Board	15,973,000	84,255	39,755	12/31/2003
MD	Maryland State Retirement and Pension System	34,370,819	191,273	103,831	6/30/2006
ME	Maine State Retirement System	9,572,783	52,282	32,918	6/30/2006
MI	Michigan Public School Employees Retirement System	42,995,406	305,445	157,163	9/30/2006
MI	Michigan State Employees Retirement System	10,889,925	32,575	45,980	9/30/2006
MI	Municipal Employees' Retirement System of Michigan	5,590,043	37,826	21,505	12/31/2006
MN	Minnesota Teachers Retirement Association	17,764,526	79,164	44,683	6/30/2006
MN	Minnesota Public Employees Retirement Association	16,718,662	158,368	66,102	6/30/2006
MN	Minnesota State Retirement System	9,495,641	53,140	27,020	6/30/2006
MN	Minneapolis Employees Retirement Fund	1,282,717	552	4,981	6/30/2004
MN	St. Paul Teachers' Retirement Fund Association	1,005,745	4,202	2,624	6/30/2006
MN	Duluth Teachers Retirement Fund Association	281,950	1,174	1,190	6/30/2006

**Appendix A
System Summary**

State	System	Asset Market Value (\$000s)	Active Members	Annuitants	As of
MO	Missouri Public Schools Retirement System	27,890,508	123,727	54,870	6/30/2006
MO	Missouri State Employees Retirement System	7,041,467	54,887	27,450	6/30/2006
MO	Missouri Local Government Employees Retirement System	3,468,901	34,172	11,994	6/30/2006
MO	MoDOT & Patrol Employees' Retirement System	1,597,920	9,010	6,971	6/30/2006
MO	St. Louis Public School Retirement System	1,124,465	5,156	4,026	12/31/2006
MS	Mississippi Public Employees Retirement System	18,819,197	158,893	69,729	6/30/2006
MT	Montana Public Employees Retirement Board	4,258,338	33,825	18,544	6/30/2006
MT	Montana Teachers Retirement System	2,745,771	18,108	10,637	6/30/2006
NC	North Carolina Retirement Systems	66,665,317	549,797	177,599	6/30/2006
ND	North Dakota Teachers Fund for Retirement	1,720,325	9,585	5,893	6/30/2006
ND	North Dakota Public Employees Retirement System	1,638,868	18,229	6,335	6/30/2006
NE	Nebraska Retirement Systems	6,866,409	51,237	14,604	6/30/2006
NH	New Hampshire Retirement System	4,666,396	51,738	19,711	6/30/2006
NJ	New Jersey Division of Pension and Benefits	79,260,515	514,219	223,372	6/30/2006
NM	New Mexico Public Employees Retirement Association	11,369,196	60,904	23,187	6/30/2006
NM	New Mexico Educational Retirement Board	7,451,138	63,362	26,100	6/30/2005
NV	Nevada Public Employees Retirement System	19,542,884	98,187	33,262	6/30/2006
NY	New York State and Local Retirement Systems	142,620,092	595,736	334,251	3/31/2006
NY	New York State Teachers Retirement System	91,492,245	260,041	129,587	6/30/2006
NY	New York City Employees Retirement System	37,288,164	174,997	127,345	6/30/2006
NY	New York City Teachers Retirement System	30,492,170	105,391	62,728	6/30/2005
OH	Ohio Public Employees Retirement System	65,369,853	381,464	156,745	12/31/2006
OH	Ohio State Teachers Retirement System	62,126,074	175,065	119,184	6/30/2006
OH	Ohio Police & Fire Pension Fund	9,994,404	27,879	24,564	12/31/2005
OH	Ohio School Employees Retirement System	9,833,949	123,266	62,521	6/30/2006
OK	Oklahoma Teachers Retirement System	7,858,937	87,194	41,782	6/30/2006
OK	Oklahoma Public Employees Retirement System	5,817,166	45,472	24,372	6/30/2006
OR	Oregon Employees Retirement System	54,343,197	140,752	101,519	6/30/2006
PA	Pennsylvania Public School Employees Retirement System	57,235,667	255,000	157,000	6/30/2006
PA	Pennsylvania State Employees Retirement System	32,852,030	110,972	102,060	12/31/2006
RI	Rhode Island Employees Retirement System	6,749,822	36,006	21,621	6/30/2005
SC	South Carolina Retirement Systems	25,381,948	208,012	107,471	6/30/2006
SD	South Dakota Retirement System	6,844,630	36,074	18,076	6/30/2006
TN	Tennessee Consolidated Retirement System	28,820,635	204,735	89,772	6/30/2006
TX	Teacher Retirement System of Texas	100,701,949	782,679	257,144	8/31/2006
TX	Texas Employees Retirement System	22,442,493	132,952	68,171	8/31/2006
TX	Texas County & District Retirement System	15,510,819	110,791	32,440	12/31/2006
TX	Texas Municipal Retirement System	13,508,840	95,583	32,175	12/31/2006
TX	Houston Firefighters Relief and Retirement Fund	2,573,884	3,796	2,243	6/30/2006
TX	Austin Employees' Retirement System	1,608,958	8,055	3,467	12/31/2006
UT	Utah Retirement Systems	19,829,629	99,589	38,868	12/31/2006
VA	Virginia Retirement System	47,626,713	332,916	124,639	6/30/2006
VA	Educational Ees' Supp. Retirement System of Fairfax County	1,766,535	19,081	7,710	6/30/2006
VT	Vermont Teachers Retirement System	1,430,822	10,696	4,879	6/30/2006
VT	Vermont State Employees Retirement System	1,219,617	8,288	4,173	6/30/2006
WA	Washington Department of Retirement Systems	52,705,819	290,124	117,723	6/30/2006
WI	Wisconsin Retirement System	67,883,042	262,085	126,445	12/31/2004
WV	West Virginia Consolidated Public Retirement Board	6,522,020	55,892	48,303	6/30/2006
WY	Wyoming Retirement System	6,247,433	39,619	18,788	12/31/2006
		\$2,458,912,734	13,088,163	6,262,606	

**Appendix B
Actuarial Funding Summary**

State	Plan	Actuarial Funding Ratio	Actuarial Value of Assets (\$000s)	Actuarial Value of Liabilities (\$000s)	Unfunded Liability (Surplus) (\$000s)	Actuarial Valuation Date	As of
AK	Alaska PERS	65.7	4,658,413	7,087,191	2,428,778	6/30/2005	6/30/2006
AK	Alaska Teachers	60.9	2,640,642	4,334,585	1,693,943	6/30/2005	6/30/2006
AL	Alabama Teachers	83.6	19,248,207	23,027,338	3,779,131	9/30/2005	9/30/2006
AL	Alabama ERS	84.0	8,935,358	10,634,976	1,699,618	9/30/2005	9/30/2006
AR	Arkansas Teachers	80.3	9,332,000	11,623,000	2,291,000	6/30/2006	6/30/2006
AR	Arkansas PERS	83.4	4,949,000	5,936,000	987,000	6/30/2006	6/30/2006
AZ	Arizona SRS	84.9	22,973,000	27,063,000	1,847,000	6/30/2005	6/30/2006
AZ	Arizona Public Safety Personnel	77.0	4,999,911	6,495,012	1,495,101	6/30/2005	6/30/2006
AZ	Phoenix ERS	81.3	1,626,741	2,000,346	373,605	6/30/2006	6/30/2006
CA	California PERF	87.3	183,680,000	210,310,000	26,630,000	6/30/2005	6/30/2006
CA	California Teachers	87.0	131,237,000	150,872,000	19,635,000	6/30/2006	6/30/2006
CA	LA County ERS	85.8	29,497,485	34,375,949	4,878,464	6/30/2005	6/30/2006
CA	San Francisco City & County	107.6	12,659,698	11,765,737	(893,961)	7/1/2005	6/30/2006
CA	San Diego County	83.6	6,263,019	7,495,294	1,232,275	6/30/2006	6/30/2006
CA	Contra Costa County	84.8	4,062,057	4,792,428	730,371	12/31/2005	12/31/2006
CO	Colorado State & School	72.9	31,721,141	43,505,716	11,784,575	12/31/2005	12/31/2005
CO	Colorado School	74.1	20,535,733	27,708,682	7,172,949	12/31/2006	12/31/2006
CO	Colorado State	73.0	13,327,290	18,246,010	4,918,720	12/31/2006	12/31/2006
CO	Colorado Municipal	79.5	2,613,386	3,288,421	675,035	12/31/2006	12/31/2006
CO	Denver Schools	87.6	2,798,981	3,193,881	394,900	1/1/2007	12/31/2006
CO	Denver Employees	97.3	1,735,209	1,782,505	47,296	12/31/2006	12/31/2006
CT	Connecticut Teachers	63.0	11,781,338	18,703,793	6,922,455	6/30/2006	6/30/2006
CT	Connecticut SERS	53.3	8,517,677	15,987,547	7,469,870	6/30/2005	6/30/2005
DC	DC Police & Fire*	100.0	2,252,600	2,252,600	0	10/1/2006	9/30/2006
DC	DC Teachers*	100.0	1,230,000	1,230,000	0	10/1/2006	9/30/2006
DE	Delaware State Employees	101.7	5,998,746	5,901,172	(97,574)	6/30/2006	6/30/2006
FL	Florida RS	105.6	117,159,615	110,977,831	(6,181,784)	7/1/2006	6/30/2006
GA	Georgia Teachers	98.0	46,836,895	47,811,214	974,319	6/30/2005	6/30/2006
GA	Georgia ERS	97.2	13,134,472	13,512,773	378,301	6/30/2005	6/30/2006
HI	Hawaii ERS	65.0	9,529,371	14,661,399	5,132,028	6/30/2006	6/30/2006
IA	Iowa PERS	88.4	19,144,037	21,651,122	2,507,085	6/30/2006	6/30/2006
ID	Idaho PERS	95.2	9,177,100	9,638,800	461,700	7/1/2006	6/30/2006
IL	Illinois Teachers	62.0	36,584,889	58,996,913	22,412,024	7/1/2006	6/30/2006
IL	Illinois Municipal	95.3	21,427,139	22,488,185	1,061,046	12/31/2006	12/31/2006
IL	Illinois Universities	65.4	14,175,100	21,688,900	7,513,800	6/30/2006	6/30/2006
IL	Illinois SERS	52.2	10,899,853	20,874,541	9,974,688	6/30/2006	6/30/2006
IL	Chicago Teachers	78.0	10,947,998	14,035,627	3,087,629	6/30/2006	6/30/2006
IN	Indiana Teachers	44.3	7,686,688	17,365,572	9,199,594	6/30/2006	6/30/2006
IN	Indiana PERF	96.4	10,471,937	10,858,322	386,385	7/1/2005	6/30/2006
KS	Kansas PERS	68.8	11,339,293	16,491,762	5,152,469	12/31/2005	6/30/2006
KY	Kentucky Teachers	73.1	14,857,600	20,324,700	5,467,100	6/30/2006	6/30/2006
KY	Kentucky ERS	61.3	5,822,071	9,503,482	3,681,411	6/30/2006	6/30/2006
KY	Kentucky County	81.4	6,677,969	8,199,712	1,521,743	6/30/2006	6/30/2006
LA	Louisiana Teachers	67.5	13,088,358	19,390,781	6,302,423	6/30/2006	6/30/2006
LA	Louisiana SERS	64.3	7,430,784	11,548,680	4,117,896	6/30/2006	6/30/2006
MA	Massachusetts Teachers	69.6	17,074,000	24,519,000	7,445,000	1/1/2002	12/31/2003
MA	Massachusetts SERS	82.8	16,210,981	19,575,338	3,364,357	12/31/2003	12/31/2005
MD	Maryland Teachers	84.2	21,575,451	25,617,484	4,042,033	6/30/2006	6/30/2006
MD	Maryland PERS	80.4	12,287,942	15,291,091	3,003,149	6/30/2006	6/30/2006
ME	Maine State and Teacher	69.7	6,964,597	9,999,250	3,034,653	6/30/2005	6/30/2006
ME	Maine Local	109.2	1,726,776	1,581,198	(145,578)	6/30/2005	6/30/2006
MI	Michigan Public Schools	79.3	38,211,000	48,206,000	9,995,000	9/30/2005	9/30/2006
MI	Michigan SERS	79.8	9,897,000	12,400,000	2,503,000	9/30/2005	9/30/2006
MI	Michigan Municipal	76.0	5,026,100	6,609,100	1,583,000	12/31/2005	12/31/2006
MN	Minnesota Teachers	92.1	19,035,612	20,679,111	1,643,499	6/30/2006	6/30/2006
MN	Minnesota PERF	74.7	12,495,207	16,737,757	4,242,550	6/30/2006	6/30/2006
MN	Minnesota State Employees	96.2	8,486,756	8,819,161	332,405	6/30/2006	6/30/2006
MN	Minneapolis ERF	92.1	1,513,389	1,643,140	129,751	7/1/2004	6/30/2004
MN	St. Paul Teachers	69.1	938,919	1,358,620	419,701	6/30/2006	6/30/2006
MN	Duluth Teachers	84.1	270,926	322,229	42,443	7/1/2006	6/30/2006
MO	Missouri Teachers	82.6	24,801,644	30,037,130	5,235,486	6/30/2006	6/30/2006
MO	Missouri State Employees	85.3	6,836,567	8,013,205	1,142,684	6/30/2006	6/30/2006
MO	Missouri Local	95.3	3,224,174	3,383,153	158,979	2/28/2006	6/30/2006
MO	Missouri Public Education	80.5	2,218,638	2,756,833	538,195	6/30/2006	6/30/2006
MO	Missouri DOT and Highway Patrol	55.5	1,521,143	2,740,438	1,219,295	6/30/2006	6/30/2006

**Appendix B
Actuarial Funding Summary**

State	Plan	Actuarial Funding Ratio	Actuarial Value of Assets (\$000s)	Actuarial Value of Liabilities (\$000s)	Unfunded Liability (Surplus) (\$000s)	Actuarial Valuation Date	As of
MO	St. Louis School Employees	87.6	983,800	1,122,600	138,800	1/1/2006	12/31/2006
MS	Mississippi PERS	73.5	18,321,063	24,928,464	6,607,401	6/30/2006	6/30/2006
MT	Montana PERS	88.3	3,459,084	3,919,313	460,229	6/30/2006	6/30/2006
MT	Montana Teachers	76.1	2,745,800	3,608,900	863,100	7/1/2006	6/30/2006
NC	North Carolina Teachers and State	106.5	49,670,182	46,624,668	(3,045,514)	12/31/2005	6/30/2006
NC	North Carolina Local Government	99.4	14,395,849	14,480,208	84,359	12/31/2005	6/30/2006
ND	North Dakota Teachers	75.4	1,564,000	2,073,900	509,900	7/1/2006	6/30/2006
ND	North Dakota PERS	88.8	1,314,500	1,480,500	166,000	6/30/2006	6/30/2006
NE	Nebraska Schools	87.2	5,739,049	6,584,275	845,226	7/1/2006	6/30/2006
NH	New Hampshire Retirement System	61.4	3,928,270	6,402,875	2,474,605	6/30/2005	6/30/2006
NJ	New Jersey Teachers	78.0	35,422,800	45,439,278	10,016,478	6/30/2006	6/30/2006
NJ	New Jersey PERS	78.0	27,368,472	35,071,664	7,703,192	6/30/2006	6/30/2006
NJ	New Jersey Police & Fire	78.4	20,364,246	25,989,699	5,625,453	6/30/2006	6/30/2006
NM	New Mexico PERF	92.1	10,863,895	11,800,861	936,966	6/30/2006	6/30/2006
NM	New Mexico Teachers	70.4	7,457,500	10,591,800	3,134,300	6/30/2005	6/30/2005
NV	Nevada Regular Employees	76.5	15,566,606	20,344,635	4,778,029	6/30/2006	6/30/2006
NV	Nevada Police Officer and Firefighter	68.9	3,715,422	5,394,511	1,679,089	6/30/2006	6/30/2006
NY	NY State & Local ERS*	100.0	118,197,000	118,197,000	0	4/1/2006	3/31/2006
NY	New York State Teachers	98.8	74,074,300	74,961,100	886,800	6/30/2005	6/30/2006
NY	New York City ERS	99.6	40,638,628	40,786,673	148,045	6/30/2004	6/30/2006
NY	New York City Teachers	100.0	32,817,102	32,827,541	10,439	6/30/2004	6/30/2005
NY	NY State & Local Police & Fire*	100.0	21,953,000	21,953,000	0	4/1/2006	3/31/2006
OH	Ohio Teachers	75.0	58,008,050	77,371,024	19,362,974	6/30/2006	6/30/2006
OH	Ohio PERS	89.1	54,473,000	61,146,000	6,673,000	12/31/2005	12/31/2006
OH	Ohio School Employees	75.6	9,542,000	12,627,000	3,085,000	6/30/2006	6/30/2006
OH	Ohio Police & Fire	80.9	9,337,462	11,545,050	2,207,588	1/1/2004	12/31/2005
OK	Oklahoma Teachers	49.3	7,470,400	15,143,400	7,673,000	6/30/2006	6/30/2006
OK	Oklahoma PERS	71.4	5,654,276	7,914,658	2,260,382	7/1/2006	6/30/2006
OR	Oregon PERS	104.2	51,382,600	49,294,000	(2,088,600)	12/31/2005	6/30/2006
PA	Pennsylvania School Employees	83.6	51,122,100	61,129,400	5,028,500	6/30/2005	6/30/2006
PA	Pennsylvania State ERS	92.7	28,149,000	30,365,000	2,216,000	12/31/2005	12/31/2006
RI	Rhode Island ERS	55.8	5,444,368	9,762,675	4,318,307	6/30/2004	6/30/2005
RI	Rhode Island Municipal	87.2	886,965	1,017,254	130,289	6/30/2003	6/30/2005
SC	South Carolina RS	71.6	21,625,510	30,217,471	8,591,961	7/1/2005	6/30/2006
SC	South Carolina Police	87.4	2,774,606	3,173,930	399,324	7/1/2005	6/30/2006
SD	South Dakota PERS	96.7	5,668,500	5,859,900	191,400	6/30/2006	6/30/2006
TN	TN State and Teachers	99.8	23,627,160	23,666,967	39,807	7/1/2005	6/30/2006
TN	TN Political Subdivisions	92.7	4,124,013	4,450,127	326,114	7/1/2005	6/30/2006
TX	Texas Teachers	87.3	94,218,000	107,911,000	13,693,000	8/31/2006	8/31/2006
TX	Texas ERS	95.2	21,780,437	22,884,917	1,104,480	8/31/2006	8/31/2006
TX	Texas Municipal	82.1	13,312,700	16,219,700	2,907,000	12/31/2006	12/31/2006
TX	Texas County & District	110.2	15,470,001	14,035,200	(1,434,801)	12/31/2006	12/31/2006
TX	Houston Firefighters	86.1	2,119,000	2,461,000	342,000	7/1/2005	6/30/2006
TX	City of Austin ERS	75.9	1,497,784	1,974,011	476,227	12/31/2006	12/31/2006
TX	Texas LECOS	101.7	720,307	708,437	(11,870)	8/31/2006	8/31/2006
UT	Utah Noncontributory	96.4	14,438,278	14,980,827	542,549	12/31/2006	12/31/2006
VA	Virginia Retirement System	81.3	40,372,000	49,628,000	9,256,000	6/30/2005	6/30/2006
VA	Fairfax County Schools	84.9	1,718,399	2,022,962	304,563	12/31/2005	6/30/2006
VT	Vermont Teachers	84.6	1,427,393	1,686,502	259,109	6/30/2006	6/30/2006
VT	Vermont State Employees	99.3	1,223,323	1,232,367	9,044	6/30/2006	6/30/2006
WA	Washington PERS 1	70.8	9,707,000	13,704,000	3,997,000	9/30/2005	6/30/2006
WA	Washington PERS 2/3*	100.0	12,274,100	12,274,100	0	9/30/2004	6/30/2006
WA	Washington Teachers Plan 1	77.6	8,450,000	10,894,000	2,444,000	9/30/2005	6/30/2006
WA	Washington Teachers Plan 2/3*	100.0	4,411,200	4,411,200	0	9/30/2004	6/30/2006
WA	Washington LEOFF Plan 1	113.1	4,800,000	4,243,000	(400,000)	9/30/2005	6/30/2006
WA	Washington LEOFF Plan 2*	100.0	3,329,100	3,329,100	0	9/30/2005	6/30/2006
WA	Washington School EEs Plan 2/3*	100.0	1,747,400	1,747,400	0	9/30/2005	6/30/2006
WI	Wisconsin Retirement System	99.4	66,209,400	66,622,300	412,900	12/31/2004	12/31/2004
WV	West Virginia Teachers	31.6	2,174,464	6,877,872	4,703,408	6/30/2006	6/30/2006
WV	West Virginia PERS	86.8	3,700,186	4,264,700	564,514	7/1/2006	6/30/2006
WY	Wyoming Public Employees	94.4	5,160,602	5,468,229	307,627	1/1/2007	12/31/2006
		85.6	\$2,326,094,275	\$2,718,770,882	\$385,089,703		

* Plans using the aggregate cost actuarial valuation method do not identify an unfunded liability