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The experience and dedication you deserve



PERS
of MISSISSIPPI

**Report on the Annual Valuation of the
Supplemental Legislative
Retirement Plan of Mississippi**

Prepared as of June 30, 2013





Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

October 16, 2013

Board of Trustees
Public Employees' Retirement System of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Ladies and Gentlemen:

Presented in this report are the results of the annual actuarial valuation of the Supplemental Legislative Retirement Plan of Mississippi. The purpose of the valuation was to measure the Plan's funding progress and to determine the unfunded accrued liability amortization period beginning July 1, 2013. The results may not be applicable for other purposes.

The date of the valuation was June 30, 2013.

The valuation was based upon data, furnished by the Executive Director and the PERS staff, concerning active, inactive and retired members along with pertinent financial information. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. The complete cooperation of the PERS staff in furnishing materials requested is hereby acknowledged with appreciation.

Your attention is directed particularly to the presentation of contribution rates on page 1 and the comments on page 8.

To the best of our knowledge, this report is complete and accurate. The valuation was performed by, and under the supervision of, independent actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board. We have reviewed the actuarial methods, including the asset valuation method, and continue to believe they are appropriate for the purpose of determining employer contribution levels.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

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Board of Trustees
October 16, 2013
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The actuarial calculations were performed by qualified actuaries according to generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the plan, and on actuarial assumptions that are, in the aggregate, internally consistent and reasonably based on the actual experience of the plan.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Thomas J. Cavanaugh'.

Thomas J. Cavanaugh, FSA, FCA, EA, MAAA
Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'Edward J. Koebel'.

Edward J. Koebel, FCA, EA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink, appearing to read 'Jonathan T. Craven'.

Jonathan T. Craven, ASA, EA, FCA, MAAA
Senior Actuary

TJC/EJK/JTC:kc



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**REPORT ON THE ANNUAL VALUATION OF THE
SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN OF MISSISSIPPI
PREPARED AS OF JUNE 30, 2013**

SECTION I – SUMMARY OF PRINCIPAL RESULTS

1. This report, prepared as of June 30, 2013, presents the results of the annual actuarial valuation of the Plan. For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized below. The current valuation and reported benefits amount reflect any benefit increases granted to retirees as of July 1, 2013. Based on the new funding policy adopted by the Board in 2012, the employer contribution rate is to be set at 7.40% of annual compensation and the amortization period calculated on an open basis.

SUMMARY OF PRINCIPAL RESULTS

| VALUATION DATE | June 30, 2013 | June 30, 2012 |
|--|----------------------|----------------------|
| Active members included in valuation | | |
| Number | 175 | 175 |
| Annual compensation | \$ 6,695,359 | \$ 6,871,757 |
| Retirees | | |
| Number | 188 | 173 |
| Annual allowances | \$ 1,121,404 | \$ 1,046,672 |
| Assets | | |
| Market related actuarial value | \$ 13,554,000 | \$ 13,268,000 |
| Market value | \$ 14,374,000 | \$ 13,169,000 |
| Unfunded accrued liability | \$ 6,423,584 | \$ 6,268,604 |
| Funded Ratio | 67.8% | 67.9% |
| Fiscal Year End | June 30, 2015 | June 30, 2014 |
| Employer contribution rate* | | |
| Normal Cost** | 2.82% | 2.73% |
| Accrued liability | <u>4.58</u> | <u>5.02</u> |
| Total | 7.40% | 7.75% |
| Anticipated accrued liability payment period | 39.6 years | 30.0 years |
| Unfunded accrued liability based on | | |
| Market value of assets | \$ 5,603,584 | \$ 6,367,604 |
| Funded Ratio | 72.0% | 67.4% |
| Payment period | 30.3 years | 30.9 years |

* A contribution rate of 8.10% of active member' compensation for the 2014/2015 fiscal year would be needed in order to keep the anticipated accrued liability payment within 30 years in accordance with GASB Statements 25 and 27.

** Beginning with the June 30, 2013 valuation, estimated budgeted administrative expenses are included in the normal cost rate.



2. The valuation balance sheet showing the results of the valuation is given in Section III.
3. Comments on the valuation results are given in Section IV, comments on the experience and actuarial gains and losses during the valuation year are given in Section V and the rates of contribution payable by employers are given in Section VI.
4. The following changes in actuarial assumptions or methods were made since the last valuation:
 - The withdrawal rates have been revised to more closely reflect the actual experience of the System.
 - The post-retirement mortality tables have been changed.
 - The rates of salary increase were decreased by 0.25% to more closely reflect the actual experience of the System.
 - The investment return assumption was changed from net of all expenses to net of investment expenses only. Therefore, a budgeted administrative expense of 0.23% of payroll is included in the normal cost of the annual required contribution rate.
5. There were no changes to the benefit provisions since the last valuation.
6. Schedule A of this report presents the development of the actuarial value of assets. Schedule B details the actuarial assumptions and methods employed. Schedule C gives a summary of the benefit and contribution provisions of the plan.
7. The table on page 3 provides a ten-year history of some pertinent figures.
8. Governmental Accounting Standards Board Statement No. 27 requires employers to expense pension costs at the actuarially required contribution level, which is based on a maximum 30 year accrued liability payment period.
9. All amounts shown prior to the 2004/2005 fiscal year were developed and/or reported by the prior actuarial firm.



Supplemental Legislative Retirement Plan of Mississippi

Comparative Schedule*

| Valuation Date June 30 | Active Members | | | | Retired Lives | | | | Valuation Results (\$ thousands) | | |
|---------------------------|----------------|---------------------------|-------------------|---|---------------|-----------------------------|--|--------------------------------|-------------------------------------|---------------------|---------|
| | Number | Payroll (\$ thousands) | Average Salary | % increase from previous year | Number | Active/ Retired Ratio | Annual Benefits** (\$ thousands) | Benefits as % of Payroll | Accrued Liability | Valuation Assets | UAAL |
| 2004 | 175 | \$5,794 | \$33,109 | (7.9)% | 106 | 1.7 | \$480.3 | 8.3% | \$12,934 | \$10,323 | \$2,611 |
| 2005 | 175 | 6,530 | 37,315 | 12.7 | 114 | 1.5 | 582.6 | 8.9 | 13,402 | 10,634 | 2,768 |
| 2006 | 173 | 6,354 | 36,726 | (1.6) | 122 | 1.4 | 629.2 | 9.9 | 14,064 | 11,620 | 2,444 |
| 2007 | 175 | 6,554 | 37,453 | 2.0 | 126 | 1.4 | 657.8 | 10.0 | 15,054 | 12,722 | 2,332 |
| 2008 | 175 | 6,753 | 38,588 | 3.0 | 138 | 1.3 | 754.8 | 11.2 | 15,615 | 13,412 | 2,203 |
| 2009 | 174 | 6,803 | 39,100 | 1.3 | 141 | 1.2 | 781.2 | 11.5 | 16,535 | 13,386 | 3,149 |
| 2010 | 175 | 6,605 | 37,743 | (3.6) | 142 | 1.2 | 792.7 | 12.0 | 17,081 | 13,241 | 3,840 |
| 2011 | 174 | 6,810 | 39,137 | 3.7 | 147 | 1.2 | 823.9 | 12.1 | 18,605 | 13,606 | 4,999 |
| 2012 | 175 | 6,872 | 39,267 | 0.3 | 173 | 1.0 | 1,046.7 | 15.2 | 19,537 | 13,268 | 6,269 |
| 2013 | 175 | 6,695 | 38,259 | (2.6) | 188 | 0.9 | 1,121.4 | 16.7 | 19,978 | 13,554 | 6,424 |

*All amounts prior to 2005 reported by prior actuarial firm.

**Excluding COLA for years prior to 2005



SECTION II – MEMBERSHIP DATA

Data regarding the membership of the Plan for use as a basis for the valuation were furnished by the Plan's office. The following tables summarize the membership of the Plan as of June 30, 2013 upon which the valuation was based. Detailed tabulations of the data are given in Schedule D.

Active Members

| Employers | Number of Employers | Number | Payroll | Group Averages | | |
|----------------|---------------------|--------|--------------|----------------|------|------------------|
| | | | | Salary | Age | Benefit Service* |
| State Agencies | 5 | 175 | \$ 6,695,359 | \$38,259 | 55.5 | 10.7 |

* Eligibility service is 15.7 years.

Of the 175 active members, 106 are vested and 69 are non-vested.

Retired Lives

| Type of Benefit Payment | No. | Annual Benefits | Group Averages | |
|-------------------------|------------|--------------------|----------------|-------------|
| | | | Benefit | Age |
| Retirement | 150 | \$900,782 | \$6,005 | 70.6 |
| Disability | 2 | 13,811 | 6,906 | 60.8 |
| Survivor | 36 | 206,811 | 5,745 | 67.4 |
| Total in SLRP | 188 | \$1,121,404 | \$5,965 | 69.9 |

Deferred Vested/Inactive Lives

| Type of Member | No. | Deferred Benefits | Outstanding Balance |
|------------------------------------|-----------|-------------------|---------------------|
| Deferred Vested – Benefit Included | 50 | \$183,452 | N/A |
| Inactive | 11 | N/A | 42,508 |
| Total in SLRP | 61 | \$183,452 | \$42,508 |



SECTION III – VALUATION BALANCE SHEET

The following valuation balance sheet shows the assets and liabilities of the retirement plan as of the current valuation date of June 30, 2013 and, for comparison purposes, as of the immediately preceding valuation date of June 30, 2012. The items shown in the balance sheet are present values actuarially determined as of the relevant valuation date. The development of the actuarial value of assets is presented in Schedule A.



**VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE
SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN OF MISSISSIPPI**

| | JUNE 30, 2013 | JUNE 30, 2012 |
|---|-------------------------|--------------------------|
| ASSETS | | |
| Current actuarial value of assets: | | |
| Annuity Savings Account | \$ 2,416,305 | \$ 2,104,606 |
| Annuity Reserve | 1,980,597 | 1,896,360 |
| Employers' Accumulation Account | <u>9,157,098</u> | <u>9,267,034</u> |
| Total current assets | \$ 13,554,000 | \$ 13,268,000 |
| Future member contributions to Annuity Savings Account | \$ 1,574,952 | \$ 1,842,114 |
| Prospective contributions to Employer's Accumulation Account | | |
| Normal contributions | \$ 1,359,708 | \$ 1,676,324 |
| Unfunded accrued liability contributions | <u>6,423,584</u> | <u>6,268,604</u> |
| Total prospective contributions | <u>\$ 7,783,292</u> | <u>\$ 7,944,928</u> |
| Total assets | <u>\$ 22,912,244</u> | <u>\$ 23,055,042</u> |
| LIABILITIES | | |
| Present value of benefits payable on account of present retired members and beneficiaries | \$ 11,908,884 | \$ 11,428,426 |
| Present value of benefits payable on account of inactive members for service rendered before the valuation date | 1,364,984 | 1,470,595 |
| Present value of benefits payable on account of active members | <u>\$ 9,638,376</u> | <u>\$ 10,156,021</u> |
| Total liabilities | <u>\$ 22,912,244</u> | <u>\$ 23,055,042</u> |



**BREAKDOWN OF TOTAL AND ACCRUED LIABILITIES
AS OF JUNE 30, 2013**

| | Total Liability | Accrued Liability |
|--------------------------------------|--------------------|----------------------|
| Active Members | | |
| Retirement | \$ 7,869,378 | \$ 6,077,960 |
| Death | 632,101 | 420,831 |
| Disability | 220,917 | 36,564 |
| Termination | <u>915,980</u> | <u>168,361</u> |
| Total | \$ 9,638,376 | \$ 6,703,716 |
| Retirees | | |
| Retirement | \$ 9,866,538 | \$ 9,866,538 |
| Survivor | 1,891,753 | 1,891,753 |
| Disability | <u>150,593</u> | <u>150,593</u> |
| Total | \$ 11,908,884 | \$ 11,908,884 |
| Deferred Vested Members | 1,279,968 | 1,279,968 |
| Inactive Members | <u>85,016</u> | <u>85,016</u> |
| Total Actuarial Values | \$ 22,912,244 | \$ 19,977,584 |
| Actuarial Value of Assets | | <u>13,554,000</u> |
| Unfunded Actuarial Accrued Liability | | \$ 6,423,584 |



SECTION IV – COMMENTS ON VALUATION

The valuation balance sheet gives the following information with respect to the funds of the Plan as of June 30, 2013.

Total Assets

The Annuity Savings Account is the fund to which are credited contributions made by members together with interest thereon. When a member retires, the amount of his or her accumulated contributions is transferred from the Annuity Savings Account to the Annuity Reserve. The Employer's Accumulation Account is the fund to which are credited employer contributions and investment income, and from which are paid all employer-provided benefits under the plan. The assets credited to the Annuity Savings Account as of the valuation date, which represent the accumulated contributions of members to that date, amounted to \$2,416,305. The assets credited to the Annuity Reserve were \$1,980,597 and the assets credited to the Employer's Accumulation Account totaled \$9,157,098. Current actuarial assets as of the valuation date equaled the sum of these three funds, \$13,554,000. Future member contributions to the Annuity Savings Account were valued to be \$1,574,952. Prospective contributions to the Employer's Accumulation Account were calculated to be \$7,783,292 of which \$1,359,708 is attributable to service rendered after the valuation date (normal contributions) and \$6,423,584 is attributable to service rendered before the valuation date (unfunded accrued liability contributions).

Therefore, the balance sheet shows the present value of current and future assets of the Plan to be \$22,912,244 as of June 30, 2013.

Total Liabilities

The present value of benefits payable on account of presently retired members and beneficiaries totaled \$11,908,884 as of the valuation date. The present value of future benefit payments on behalf of active members amounted to \$9,638,376. In addition, the present value of benefits for inactive members, due to service rendered before the valuation date, was calculated to be \$1,364,984.

Therefore, the balance sheet shows the present value for all prospective benefit payments under the Plan to be \$22,912,244 as of June 30, 2013.

Section 25-11-307(1) of State law requires that active members contribute 3.00% of annual compensation to the Plan.

Section 25-11-307(2) requires that the State contribute a certain percentage of the annual compensation of members to cover the normal contributions and a certain percentage to cover the accrued liability contributions of the Plan. These individual contribution percentages are established in accordance with an actuarial valuation. Based on the new funding policy adopted by the Board in October, 2012, the employer rate is set at 7.40% of annual compensation and the amortization period calculated on an open basis. Therefore, the amortization period for the June 30, 2013 valuation is 39.6 years, compared to 30.0 years for the last valuation.

The primary reasons for the increase in the amortization period are the continued recognition of the investment loss from the 2009 fiscal year and the investment loss for the 2012 fiscal year. In addition, since the overall payroll growth rate was less than expected, it has caused upward pressure on the contribution rate attributed to the unfunded accrued liability. This was offset by assumption changes that caused a gain in the unfunded accrued liability.



SECTION V – DERIVATION OF EXPERIENCE GAINS AND LOSSES

Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is assumed that gains and losses will be in balance over a period of years, but sizable year to year fluctuations are common. Detail on the derivation of the experience gain/(loss) for the year ended June 30, 2013 is shown below.

| | <u>\$ Thousands</u> |
|--|---------------------|
| (1) UAAL* as of June 30, 2012 | \$ 6,268.6 |
| (2) Total normal cost from last valuation | 393.8 |
| (3) Total contributions | 707.0 |
| (4) Interest accrual: (1) x .080 + [(2) – (3)] x .0392 | <u>489.2</u> |
| (5) Expected UAAL before changes: (1) + (2) – (3) + (4) | \$ 6,444.6 |
| (6) Change due to plan amendments | 0.0 |
| (7) Change due to actuarial assumptions or methods | <u>(190.3)</u> |
| (8) Expected UAAL after changes: (5) + (6) + (7) | \$ 6,254.3 |
| (9) Actual UAAL as of June 30, 2013 | \$ 6,423.6 |
| (10) Gain/(loss): (8) – (9) | \$ (169.3) |
| (11) Gain/(loss) as percent of actuarial accrued liabilities at start of year (\$19,536.6) | (0.9)% |

*Unfunded actuarial accrued liability.

| Valuation Date June 30 | Actuarial Gain/(Loss) as a % of Beginning Accrued Liabilities |
|------------------------|---|
| 2008 | 0.9% |
| 2009 | (3.0) |
| 2010 | (3.8) |
| 2011 | (6.1) |
| 2012 | (6.4) |
| 2013 | (0.9) |



SECTION VI – REQUIRED CONTRIBUTION RATES

The valuation balance sheet gives the basis for determining the percentage rates for contributions to be made by employers to the Retirement Plan. The following table shows the rates of contribution payable by employers as determined from the present valuation for the 2014/2015 fiscal year.

| Contribution for | 2014/2015 Fiscal Year | 2013/2014 Fiscal Year |
|--|-----------------------|-----------------------|
| Normal Cost: | | |
| Service retirement benefits | 4.20% | 4.34% |
| Disability benefits | 0.30 | 0.30 |
| Survivor benefits | <u>0.36</u> | <u>0.39</u> |
| Total | 4.86% | 5.03% |
| Member Contributions: | 3.00% | 3.00% |
| Less future refunds | <u>(0.73)</u> | <u>(0.70)</u> |
| Available for benefits | 2.27% | 2.30% |
| Employer Normal Cost | 2.59% | 2.73% |
| Administrative Expense Load | 0.23% | N/A |
| Unfunded Actuarial Accrued Liabilities (39.6 year level % of payroll amortization*) | 4.58 | 5.02 |
| Total Computed Employer Contribution Rate | 7.40% | 7.75% |

*Amortization period a year ago was 30.0 years.

The components of the change in the computed unfunded accrued liability amortization period from 30.0 years to 39.6 years are as follows:

| | |
|-----------------------------|------------|
| Previously Reported Period | 30.0 years |
| Change due to: | |
| Normal amortization | (1.0) |
| Actuarial experience | 4.9 |
| Assumption changes | (6.7) |
| Plan amendments | 0.0 |
| Method Change | 0.0 |
| Funding Policy Change | 9.6 |
| UAL contribution experience | 2.8 |
| Computed Period | 39.6 years |



SECTION VII – CASH FLOW PROJECTION

Regular actuarial valuations measure the Retirement Plan's present financial position and contributions adequacy by calculating and financing the liabilities created by the present benefit program. This process involves discounting to present values the future benefit payments on behalf of present active and retired members and their survivors. However, valuations do not produce information regarding future changes in the makeup of the covered group or the amounts of benefits to be paid or investment income to be received – actuarial projections do.

Whereas valuations provide a snapshot of the retirement plan as of a given date, projections provide a moving picture. Projected active and retired groups are developed from year to year by the application of assumptions regarding pre-retirement withdrawal from service, retirements, deaths, disabilities, and the addition of new members. Projected information regarding the retired life group leads to assumed future benefit payout. Combining future benefit payments with assumed contributions and expected investment earnings produces the net cash flow of the Plan each year, and thus end of year asset levels.

Projections are used for many purposes. Among them are (i) developing cash flow patterns for investment policy and asset mix consideration, (ii) exploring the effect of alternative assumptions about future experience, (iii) analyzing the impact on plan funding progress of changes in the workforce, and (iv) examining the potential effect of changes in benefits on plan financial activity.

Projection results are useful in demonstrating changing relationships among key elements affecting plan financial activity. For example: how benefits payable and plan assets will grow in future decades. Projections are not predictions of specific future events and do not provide numeric precision in absolute terms. For instance, cash flow projected to occur 10 years in the future will not be exact (except by coincidence), but understanding the changed relationship between future benefit payout and future investment income can be very useful.

The following projections assume an 8.00% investment return and salary increases of 4.25% each year in the future. Due to the new funding policy all future contribution rates are assumed to remain at 7.40% of payroll.



Mississippi Supplemental Legislative Retirement Plan Twenty-five Year Cash Flow Projection

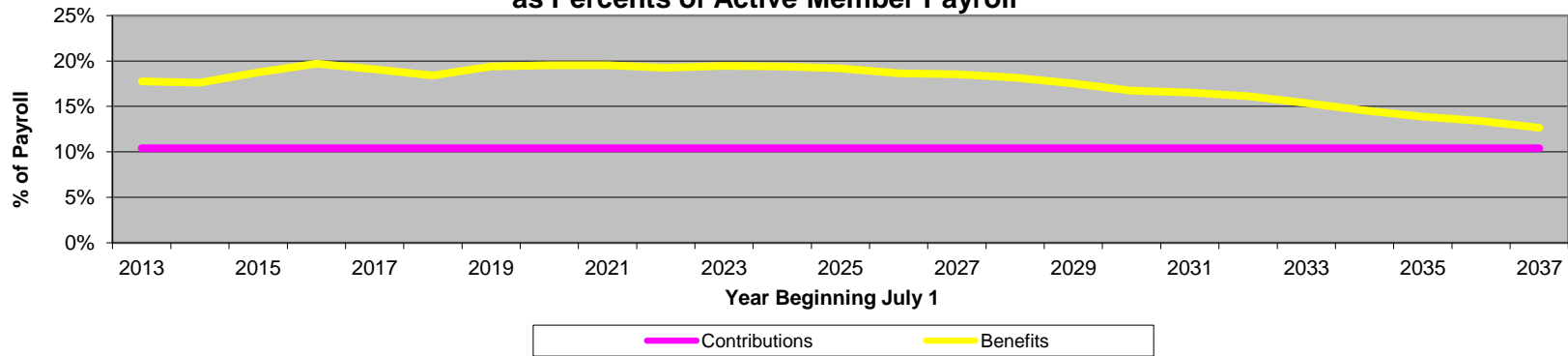
| Year | Valuation Payroll | Market Value of Assets Balance July 1 | Contributions | Projected Benefit Payments | Expected Investment Return | Cash Flow | Market Value of Assets Balance June 30 |
|------|----------------------|---|---------------|----------------------------------|----------------------------------|-----------|--|
| 2013 | \$6,829,266 | \$14,374,000 | \$710,244 | \$1,212,211 | \$1,129,841 | \$627,874 | \$15,001,874 |
| 2014 | 7,119,510 | 15,001,874 | 740,429 | 1,253,945 | 1,179,609 | 666,093 | 15,667,968 |
| 2015 | 7,422,089 | 15,667,968 | 771,897 | 1,391,263 | 1,228,663 | 609,297 | 16,277,264 |
| 2016 | 7,737,528 | 16,277,264 | 804,703 | 1,523,762 | 1,273,419 | 554,360 | 16,831,624 |
| 2017 | 8,066,373 | 16,831,624 | 838,903 | 1,539,873 | 1,318,491 | 617,521 | 17,449,145 |
| 2018 | 8,409,194 | 17,449,145 | 874,556 | 1,548,294 | 1,368,982 | 695,244 | 18,144,389 |
| 2019 | 8,766,585 | 18,144,389 | 911,725 | 1,699,725 | 1,420,031 | 632,031 | 18,776,421 |
| 2020 | 9,139,165 | 18,776,421 | 950,473 | 1,782,969 | 1,468,814 | 636,318 | 19,412,738 |
| 2021 | 9,527,580 | 19,412,738 | 990,868 | 1,858,925 | 1,518,297 | 650,240 | 20,062,978 |
| 2022 | 9,932,502 | 20,062,978 | 1,032,980 | 1,910,857 | 1,569,923 | 692,046 | 20,755,024 |
| 2023 | 10,354,633 | 20,755,024 | 1,076,882 | 2,015,743 | 1,622,848 | 683,987 | 21,439,011 |
| 2024 | 10,794,705 | 21,439,011 | 1,122,649 | 2,090,993 | 1,676,387 | 708,043 | 22,147,054 |
| 2025 | 11,253,480 | 22,147,054 | 1,170,362 | 2,158,816 | 1,732,226 | 743,772 | 22,890,826 |
| 2026 | 11,731,753 | 22,890,826 | 1,220,102 | 2,185,547 | 1,792,648 | 827,203 | 23,718,029 |
| 2027 | 12,230,353 | 23,718,029 | 1,271,957 | 2,267,771 | 1,857,610 | 861,796 | 24,579,825 |
| 2028 | 12,750,143 | 24,579,825 | 1,326,015 | 2,314,547 | 1,926,845 | 938,313 | 25,518,138 |
| 2029 | 13,292,024 | 25,518,138 | 1,382,370 | 2,327,420 | 2,003,649 | 1,058,599 | 26,576,737 |
| 2030 | 13,856,935 | 26,576,737 | 1,441,121 | 2,319,374 | 2,091,009 | 1,212,756 | 27,789,493 |
| 2031 | 14,445,855 | 27,789,493 | 1,502,369 | 2,385,778 | 2,187,823 | 1,304,414 | 29,093,907 |
| 2032 | 15,059,804 | 29,093,907 | 1,566,220 | 2,427,617 | 2,293,057 | 1,431,660 | 30,525,567 |
| 2033 | 15,699,846 | 30,525,567 | 1,632,784 | 2,411,591 | 2,410,893 | 1,632,086 | 32,157,653 |
| 2034 | 16,367,089 | 32,157,653 | 1,702,177 | 2,379,303 | 2,545,527 | 1,868,401 | 34,026,054 |
| 2035 | 17,062,690 | 34,026,054 | 1,774,520 | 2,368,890 | 2,698,310 | 2,103,940 | 36,129,993 |
| 2036 | 17,787,854 | 36,129,993 | 1,849,937 | 2,384,278 | 2,869,026 | 2,334,685 | 38,464,678 |
| 2037 | 18,543,838 | 38,464,678 | 1,928,559 | 2,346,663 | 3,060,450 | 2,642,346 | 41,107,024 |



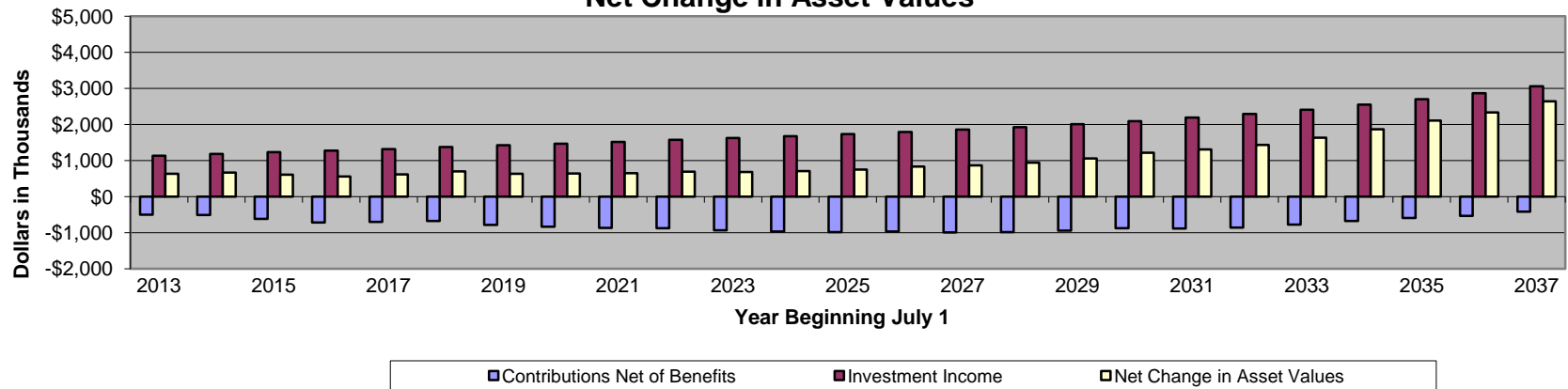
Mississippi Supplemental Legislative Retirement Plan

Twenty-five Year Cash Flow Projection Based on Valuation Assumptions

**Projected Contributions and Benefits Expressed
as Percents of Active Member Payroll**



Net Change in Asset Values





SECTION VIII – SUPPLEMENTAL DISCLOSURE INFORMATION

1. Statement Nos. 25 and 27 of the Governmental Accounting Standards Board (GASB) set forth certain items of information to be disclosed in the financial statements of the Plan and the employer. One such item is a distribution of the number of employees by type of membership, as follows:

**NUMBER OF ACTIVE AND RETIRED PARTICIPANTS
AS OF JUNE 30, 2013**

| GROUP | NUMBER |
|---|---------------|
| Retired participants and beneficiaries currently receiving benefits | 188 |
| Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits | 61 |
| Active Participants | <u>175</u> |
| Total | 424 |



2. Another such item is the schedule of funding progress as shown below.

SCHEDULE OF FUNDING PROGRESS

| Plan Year Ended | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) Entry Age | (3) Percent Funded (1)/(2) | (4) Unfunded AAL (2) – (1) | (5) Annual Covered Payroll | (6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5) |
|-----------------|----------------------------------|--|-------------------------------|-------------------------------|-------------------------------|--|
| 06/30/2004* | \$10,323,000 | \$12,934,100 | 79.8% | \$2,611,100 | \$5,794,099 | 45.1% |
| 06/30/2005# | 10,634,000 | 13,401,595 | 79.3 | 2,767,595 | 6,530,045 | 42.4 |
| 06/30/2006 | 11,620,000 | 14,063,614 | 82.6 | 2,443,614 | 6,353,542 | 38.5 |
| 06/30/2007 | 12,722,000 | 15,053,526 | 84.5 | 2,331,526 | 6,554,229 | 35.6 |
| 06/30/2008* | 13,412,000 | 15,614,687 | 85.9 | 2,202,687 | 6,752,960 | 32.6 |
| 06/30/2009# | 13,386,000 | 16,534,870 | 81.0 | 3,148,870 | 6,803,339 | 46.3 |
| 06/30/2010 | 13,241,000 | 17,081,278 | 77.5 | 3,840,278 | 6,605,037 | 58.1 |
| 06/30/2011# | 13,606,000 | 18,605,301 | 73.1 | 4,999,301 | 6,809,770 | 73.4 |
| 06/30/2012 | 13,268,000 | 19,536,604 | 67.9 | 6,268,604 | 6,871,757 | 91.2 |
| 06/30/2013# | 13,554,000 | 19,977,584 | 67.8 | 6,423,584 | 6,695,359 | 95.9 |

* After change in benefit provisions.
 # After change in actuarial assumptions.

As can be seen from the table above, the funded ratio has declined over the 10-year period. This is due in large part to the less than expected investment returns over the 10-year span. The open 30-year amortization period during the latter half of the time period contributed to the decline. However, estimated projection results using a fixed employer contribution rate of 7.40% of payroll shows improving funded ratios.



3. The annual required contribution (ARC) of the employer as a percentage of payroll, determined in accordance with the parameters of GASB 25/27, is shown below. The maximum allowable amortization period under GASB 27/27 is 30 years. As a result, the annual required contribution for accounting purposes is different than that for funding purposes. The accrued liability rate is based on amortization of the unfunded actuarial accrued liability of \$6,423,584 over a period of 30.0 years from the valuation date.

| Annual Required Contribution (ARC) | | |
|--|-------------|-------------|
| Valuation Date June 30 | 2013 | 2012 |
| For Fiscal Year | 2014/2015 | 2013/2014 |
| Employer contribution rate | | |
| Normal Cost* | 2.82% | 2.73% |
| Accrued liability | <u>5.28</u> | <u>5.02</u> |
| Total | 8.10% | 7.75% |
| Anticipated accrued liability payment period | 30.0 years | 30.0 years |

* Beginning with the June 30, 2013 valuation, estimated budgeted administrative expenses are included in the normal cost rate.

4. Additional information as of June 30, 2013 follows.

| | |
|---|------------------------|
| Valuation date | 6/30/2013 |
| Actuarial cost method | Entry age |
| Amortization method | Level percent open |
| Remaining amortization period | 30.0 years |
| Asset valuation method | 5-year smoothed market |
| Actuarial assumptions: | |
| Investment rate of return* | 8.00% |
| Projected salary increases [#] | 4.25% |
| Cost-of-living adjustments | 3.00% |
| *Includes price inflation at | 3.50% |
| # Includes wage inflation at | 4.25% |



Schedule of Employer Contributions

| Fiscal Year Ending June 30 | Valuation date June 30 | Annual Required Contribution | Percentage Contributed |
|-------------------------------|---------------------------|---------------------------------|---------------------------|
| 2005 | 2003 | \$366,766 | 100.0% |
| 2006 | 2004 | 413,352 | 100.0 |
| 2007 | 2005 | 422,511 | 100.0 |
| 2008 | 2006 | 435,856 | 100.0 |
| 2009 | 2007 | 449,072 | 100.0 |
| 2010 | 2008 | 452,422 | 100.0 |
| 2011 | 2009 | 464,334 | 100.0 |
| 2012 | 2010 | 503,923 | 100.0 |
| 2013 | 2011 | 508,510 | 100.0 |
| 2014 | 2012 | 495,457 | |



Solvency Tests
(\$ in Thousands)

| Valuation Date | Actuarial Accrued Liabilities for | | | | Portions of Accrued Liabilities Covered by Assets | | |
|----------------|---|--|--|-----------------------------------|---|--------|-------|
| | (1) Accumulated Employee Contributions Including Allocated Investment Earnings | (2) Retirees and Beneficiaries Currently Receiving Benefits | (3) Active and Inactive Members Employer Financed Portion | Net Assets Available for Benefits | (1) | (2) | (3) |
| 6/30/2003 | \$2,121 | \$4,567 | \$5,532 | \$10,196 | 100% | 100.0% | 63.4% |
| 6/30/2004 | 2,030 | 6,395 | 4,509 | 10,323 | 100 | 100.0 | 42.1 |
| 6/30/2005 | 2,076 | 6,813 | 4,513 | 10,634 | 100 | 100.0 | 38.7 |
| 6/30/2006 | 2,061 | 7,230 | 4,773 | 11,620 | 100 | 100.0 | 48.8 |
| 6/30/2007 | 2,301 | 7,378 | 5,375 | 12,722 | 100 | 100.0 | 56.6 |
| 6/30/2008 | 2,102 | 8,295 | 5,218 | 13,412 | 100 | 100.0 | 57.8 |
| 6/30/2009 | 2,327 | 8,756 | 5,452 | 13,386 | 100 | 100.0 | 42.2 |
| 6/30/2010 | 2,509 | 8,777 | 5,795 | 13,241 | 100 | 100.0 | 33.7 |
| 6/30/2011 | 2,642 | 8,734 | 7,229 | 13,606 | 100 | 100.0 | 30.8 |
| 6/30/2012 | 2,105 | 11,428 | 6,004 | 13,268 | 100 | 97.7 | 0.0 |
| 6/30/2013 | 2,416 | 11,908 | 5,654 | 13,554 | 100 | 93.5 | 0.0 |



Schedule of Active Member Valuation Data

| Valuation Date | Number of Employers | Active Members | | | |
|----------------|---------------------|----------------|----------------|--------------------|---------------------------|
| | | Number | Annual Payroll | Annual Average Pay | % Increase in Average Pay |
| 2004 | 5 | 175 | \$5,794,099 | \$33,109 | (7.9)% |
| 2005 | 5 | 175 | 6,530,045 | 37,315 | 12.7 |
| 2006 | 5 | 173 | 6,353,542 | 36,726 | (1.6) |
| 2007 | 5 | 175 | 6,554,229 | 37,453 | 2.0 |
| 2008 | 5 | 175 | 6,752,960 | 38,588 | 3.0 |
| 2009 | 5 | 174 | 6,803,339 | 39,100 | 1.3 |
| 2010 | 5 | 175 | 6,605,037 | 37,743 | (3.6) |
| 2011 | 5 | 174 | 6,809,770 | 39,137 | 3.7 |
| 2012 | 5 | 175 | 6,871,757 | 39,267 | 0.3 |
| 2013 | 5 | 175 | 6,695,359 | 38,259 | (2.6) |

Schedule of Number of Retirants Added To and Removed From Rolls Last Ten Fiscal Years

| Item | Fiscal Year Ended June 30 | | | | | | | | | |
|-------------------|---------------------------|------|------|------|------|------|------|------|------|------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Beginning of Year | 85 | 106 | 114 | 122 | 126 | 138 | 141 | 142 | 147 | 173 |
| Added | 26 | 8 | 12 | 6 | 20 | 7 | 6 | 7 | 33 | 20 |
| Removed | (5) | 0 | (4) | (2) | (8) | (4) | (5) | (2) | (7) | (5) |
| End of Year | 106 | 114 | 122 | 126 | 138 | 141 | 142 | 147 | 173 | 188 |

