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PERS
of MISSISSIPPI

REPORT OF THE ANNUAL GASB STATEMENT NO. 68

REQUIRED INFORMATION FOR THE

SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN OF MISSISSIPPI

PREPARED AS OF JUNE 30, 2014

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July 10, 2015

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

Ladies and Gentlemen:

Presented in this report is information to assist the State in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 68 as a result of sponsoring the Supplemental Legislative Retirement Plan of Mississippi (Plan). The information is presented for the period ending June 30, 2015.

GASB Statement No. 68 establishes accounting and financial reporting requirements for governmental employers who provide pension benefits to their employees through a trust.

The annual actuarial valuation used as a basis for much of the information presented in this report was performed as of June 30, 2014. The valuation was based upon data, furnished by the Retirement System staff, concerning active, inactive and retired members along with pertinent financial information.

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, individually and in the aggregate, internally consistent and reasonably based on the actual experience of the Plan. In addition, the calculations were completed in compliance with the laws governing the Plan and, in our opinion, meet the requirements of GASB 68. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144
Phone (678) 388-1700 • Fax (678) 388-1730
www.CavMacConsulting.com
Offices in Englewood, CO • Kennesaw, GA • Bellevue, NE

These results are only for financial reporting and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB 67 and GASB 68 may produce significantly different results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as changes in plan experience or changes in economic or demographic assumptions.

Respectfully submitted,

Edward A. Macdonald, ASA, FCA, MAAA
President

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

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

EAM/EJK/JTC:kc

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REPORT OF THE ANNUAL GASB STATEMENT NO. 68
REQUIRED INFORMATION FOR THE
STATE OF MISSISSIPPI
PREPARED AS OF JUNE 30, 2014

SECTION I – SUMMARY OF PRINCIPAL RESULTS
($ IN THOUSANDS)

	2014
Valuation Date (VD):	June 30, 2014
Measurement Date (MD):	June 30, 2014
Reporting Date (RD):	June 30, 2015
Membership Data:	
Retirees and Survivors	187
Terminated Vested Employees	48
Inactive Nonvested Members	8
Active Members	175
Total	418
Single Equivalent Interest Rate (SEIR):	
Long-Term Expected Rate of Return	8.00%
Municipal Bond Index Rate-Not Used in SEIR	4.35%
Fiscal Year in which Plan's Fiduciary Net Position is projected to be depleted from future benefit payments for current members	N/A
Single Equivalent Interest Rate	8.00%
Net Pension Liability:	
Total Pension Liability (TPL)	$ 20,240
Fiduciary Net Position (FNP)	16,453
Net Pension Liability (NPL = TPL – FNP)	$ 3,787
FNP as a percentage of TPL	81.29%
Pension Expense:	$221
Deferred Outflows of Resources:	$0
Deferred Inflows of Resources:	$1,524

SECTION II – INTRODUCTION

The Governmental Accounting Standards Board issued Statement No. 68 (GASB 68), "Accounting and Financial Reporting For Pensions", in June 2012. GASB 68's effective date is for plan years beginning after June 15, 2014. GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date", should be applied simultaneously with the provisions of GASB 68. The Supplemental Legislative Retirement Plan of Mississippi (Plan) is a single-employer defined benefit pension plan.

This report, prepared as of June 30, 2014 (the Measurement Date), presents information to assist the State in meeting the requirements of GASB 68 for the fiscal year ending June 30, 2015 (Reporting Date). Much of the material provided in this report is based on the data, assumptions and results of the annual actuarial valuation of the Plan as of June 30, 2014. The results of that funding valuation were detailed in the actuarial valuation report dated October 21, 2014.

GASB 68 replaces GASB 27, and represents a significant departure from the requirements of that older statement. GASB 27 was issued as a funding friendly statement that required pension plans to report items consistent with the results of the plan's actuarial valuations, as long as those valuations met certain parameters. GASB 68 basically divorces accounting and funding, creating disclosure and reporting requirements that may or may not be consistent with the basis used for funding the Plan. In fact, GASB 68 paragraph 159 states:

> "The Board concluded that it is not within the scope of its activities to set standards that establish a specific method of financing pensions (that being a policy decision for government officials or other responsible authorities to make) or to regulate a government's compliance with the financing policy or method it adopts. Accordingly, the Board established standards in this Statement within the context of accounting and financial reporting, not within the context of the funding of pensions."

Two major changes in GASB 68 are the requirements to include a Net Pension Liability (NPL) on the employer's balance sheet and to determine a Pension Expense (PE) that may bear little relationship to the funding requirements for the Plan. In fact it is possible for the NPL to actually be an asset in some years, as it is that the PE may be an income item. Because contributions are included in the NPL calculation, a separate expense will no longer be shown on the income statement for contributions made to the Plan as was required under GASB 27. Further the NPL must be determined utilizing the Entry Age Normal (EAN) actuarial funding method. The NPL is set equal to the Total Pension Liability (TPL) minus the Plan's Fiduciary Net Position (FNP) (basically the market values of assets). The benefit provisions recognized in the calculation of the TPL are summarized in Schedule B.

Pension Expense includes amounts for service cost (the Normal Cost under EAN for the year), interest on the TPL, changes in benefit structure, amortization of increases/decreases in liability due to actuarial experience and actuarial assumption changes, and amortization of investment gains/losses. The actuarial experience and assumption change impacts are amortized over the average expected remaining service life of the Plan membership as of the Measurement Date, and investment gains/losses are amortized over five years. The development of the PE is shown in Section VI.

The unamortized portions of each year's experience, assumption changes and investment gains/losses are used to develop deferred inflows and outflows, which also must be included on the employer's financial statement. The development of these deferrals is presented in Section VII.

Among the assumptions needed for these calculations is a Single Equivalent Interest Rate (SEIR). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefit payments to the active and retired membership of the Plan on the measurement date. If the FNP is projected to not be depleted at any point in the future, the long term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.

If, however, the FNP is projected to be depleted, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate. The rate used, if necessary, for this purpose is the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System. We have determined that a discount rate of 8.00 percent meets the requirements of GASB 68.

The sections that follow provide the results of all the necessary calculations, as well as additional disclosure items needed as Required Supplementary Information (RSI) or for required financial statement footnotes. The employer may also refer to the 2014 PERS Comprehensive Annual Financial Report on the PERS website, www.pers.ms.gov for calculations and note disclosure.

SECTION III – MEMBERSHIP DATA

Data regarding the membership of the Plan for use as a basis for the actuarial valuation and the GASB 68 requirements were furnished by the System office. The following table summarizes the membership of the Plan as of June 30, 2014.

Membership

	Number
Inactive Members or Beneficiaries Currently Receiving Benefits	187
Inactive Members Entitled To But Not Yet Receiving Benefits	56
Active Members	175
Total	418

SECTION IV – NOTES TO FINANCIAL STATEMENTS

The actuarial assumptions utilized in developing the TPL are outlined in Schedule A. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.25 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2025, set forward two years for males.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.00%	5.20%
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	1.00	(0.50)
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (3.00%) and that employer contributions will be made at the current employer contribution rate (7.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SECTION V – NET PENSION LIABILITY

As stated previously, the NPL is equal to the TPL minus the FNP. That result as of June 30, 2014 is presented in the table below, along with additional required figures ($ thousands).

	June 30, 2014
Total Pension Liability	$20,240
Fiduciary Net Position	16,453
Net Pension Liability	$3,787
Ratio of Fiduciary Net Position to Total Pension Liability	81.29%
Covered employee payroll	$6,918
Net Pension Liability as a percentage of covered employee payroll	54.74%

In addition to the results in the table above, the sensitivity of the net pension liability to changes in the discount rate must be disclosed. The following presents the net pension liability of the Plan, calculated using the discount rate of 8.00 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate ($ thousands):

	1% Decrease **(7.00%)**	Current Discount Rate **(8.00%)**	1% Increase **(9.00%)**
Plan's net pension liability	$5,893	$3,787	$1,983

The following table details the changes in the NPL from the beginning to the end of the measurement year.

CHANGES IN THE NET PENSION LIABILITY
($ in Thousands)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2013	19,978	14,374	5,604
Changes for the year:			
Service cost	404		404
Interest	1,549		1,549
Difference between expected and actual experience	(453)		(453)
Contributions - employer		514	(514)
Contributions - employee		208	(208)
Net investment income		2,605	(2,605)
Benefit payments, including refunds of employee contributions	(1,238)	(1,238)	0
Administrative expense		(10)	10
Other changes	0	0	0
Net changes	262	2,079	(1,817)
Balances at June 30, 2014	20,240	16,453	3,787

SECTION VI – PENSION EXPENSE

As noted earlier, the Pension Expense (PE) consists of a number of different items. GASB 68 refers to the first as Service Cost which is the Normal Cost using the Entry Age Normal actuarial funding method. The second item is interest on the beginning of year TPL and the cash flow during the year at the 8.00% rate of return in effect as of the previous Measurement Date.

The next three items refer to any change that occurred in the TPL under EAN due to benefit changes, actual experience or assumptions. Benefit changes, which are reflected immediately in PE can be positive, if there is a benefit improvement for existing Plan members, or negative if there is a benefit reduction. For the year ended June 30, 2014 there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TPL due to Plan experience. The portion to recognize in the current year is determined by spreading the total experience change over the remaining service life of the entire Plan membership. For the year ended June 30, 2014, the remaining service life is 4.12.

The last item under changes in TPL is changes in actuarial assumptions. There were no changes in assumptions since the last Measurement Date. If there was a change in TPL due to changes in actuarial assumptions, recognition of the change would be spread over the remaining service life of the entire Plan membership just like Plan experience in the prior paragraph.

Member contributions for the year and projected earnings on the FNP, again at the rate used to calculate the liabilities are subtracted from the amount determined thus far. One-fifth of current-period differences between actual and projected earnings on the FNP are recognized in the pension expense.

The current year portions of previously determined experience, assumption and earnings amounts, recognized as deferred outflows and inflows (see Section VII) are included next. Finally, administrative expenses and other miscellaneous items are included.

The calculation of the Pension Expense for the year ended June, 30 2014 is shown in the following table:

Pension Expense
For the Year Ended June 30, 2014
($ thousands)

Service Cost	$404
Interest on the total pension liability	1,549
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(110)
Expensed portion of current-period changes of assumptions	0
Member contributions	(208)
Projected earnings on plan investments	(1,129)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(295)
Administrative expense	10
Other	0
Recognition of beginning deferred outflows of resources as pension expense	0
Recognition of beginning deferred inflows of resources as pension expense	0
Pension Expense	$221

SECTION VII – DEFERRED OUTFLOWS/INFLOWS

($ Thousands)

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled deferred inflows. If they will increase pension expense they are labeled deferred outflows. As noted in the previous section, the amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive Plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five year period.

The table below provides a summary of the deferred outflows and inflows as of June 30, 2014.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$0	$(343)
Changes of assumptions	0	0
Net difference between projected and actual earnings on plan investments	0	(1,181)
Employer contributions subsequent to the measurement date	see note	0
Total	$0	$(1,524)

NOTE: The deferred outflows of resources reported by the State should include contributions made by the State during its fiscal year that will be reflected in the net pension liability in the next measurement period.

Amortization periods for fiscal year 2015 are 4.12 for the average expected remaining service life of members and 5.0 years for investment gains/losses. In order to properly report PE and deferred outflows/inflows of resources in future years, it will be necessary for employers to maintain schedules for amortizing deferred amounts.

Amounts reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense.

SECTION VIII – REQUIRED SUPPLEMENTARY INFORMATION

There are several tables of Required Supplementary Information (RSI) that need to be included in the Employer's financial statements. They are provided in Schedule C. In addition the following should be noted regarding the RSI.

Changes of assumptions. In 2013 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2013. In 2013, withdrawal rates, pre-retirement mortality rates, disability rates and retirement rates were adjusted to more closely reflect actual experience. In 2013, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Price Inflation	3.50 percent
Salary increase	4.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

SCHEDULE A

STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8.00% per annum, compounded annually (net of investment expenses only).

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed rates of separation from active service are as follows:

	Annual Rate of Death		
Age	Male	Female	Disability*
20	.02%	.01%	.04%
25	.03	.02	.05
30	.04	.02	.07
35	.05	.03	.11
40	.08	.04	.17
45	.13	.06	.23
50	.24	.10	.30
55	.39	.15	.35
60	.60	.25	.40
65	.96	.43	
70	1.61	.72	

* 94% are presumed to be non-duty related, and 6% are assumed to be duty related.

WITHDRAWAL AND VESTING: 20% in an election year, none in a non-election year.

SERVICE RETIREMENT: 25% in an election year, none in a non-election year. All members are assumed to retire no later than age 75.

It is assumed that a member will be granted 2.5 years of service credit for unused leave at termination of employment.

PRICE INFLATION: 3.50% per annum, compounded annually.

PAYROLL GROWTH: 4.25% per annum, compounded annually.

ADMINISTRATIVE EXPENSES: 0.23% of payroll.

TIMING OF DECREMENTS AND PAY INCREASES: Middle of Year.

SALARY INCREASES: 4.25% per annum, for all ages.

DEATH AFTER RETIREMENT: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was the RP-2000 Combined Mortality Table Projected to 2025 by Scale AA (set forward 2 years for males). The RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 2 years for females) was used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption as recent mortality experience shows actual deaths 7% greater than expected under the selected table.

MARRIAGE ASSUMPTION: 85% married with the husband three years older than his wife.

VALUATION METHOD: The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement, disability or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 8.00%). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to current benefit recipients to obtain the present value of all expected benefits payable to the present group of members and survivors.

The employer contributions required to support the benefits of SLRP are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution.

The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made for pension benefits to determine the uniform and constant percentage rate of employer contribution which, if applied to the compensation of the average new member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf.

The unfunded accrued liability is determined by subtracting the current assets and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from the SLRP. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.

ASSET VALUATION METHOD: Market Value of Assets.

SCHEDULE B

SUMMARY OF MAIN BENEFIT AND CONTRIBUTION PROVISIONS

The following summary presents the main benefit and contribution provisions of the Plan in effect June 30, 2014 as interpreted in preparing the actuarial valuation.

DEFINITIONS

Average Compensation	Average annual covered earnings of an employee during the four highest years of service.
Covered Earnings	Gross salary not in excess of the maximum amount on which contributions were required.
Fiscal Year	Year commencing on July 1 and ending June 30.
Eligibility Service	Service while a contributing member of PERS plus additional service as described below. (OLD: Eligibility service" is all service in PERS, including that credited for SLRP service.)
Credited Service	Service while a contributing member of SLRP plus additional service as described below. (OLD: "Creditable service" includes only SLRP service.)
Unused Sick and Vacation Leave	Service credit is provided at no charge to members for unused sick and vacation time that has accrued at the time of retirement.
Additional Service	Additional service credit may be granted for service prior to July 1, 1989, including active duty military service.

The maximum covered earnings for employers and employees over the years are as follows:

EMPLOYER AND EMPLOYEE RATES OF CONTRIBUTION
AND MAXIMUM COVERED EARNINGS

Fiscal Date From	Fiscal Date To	Employer Rate	Maximum Covered Earnings	Employee Rate	Maximum Covered Earnings
7/1/1989	6/30/1992	6.33%	$75,600	3.00%	$75,600
7/1/1992	6/30/2002	6.33	$125,000	3.00	$125,000
7/1/2002	6/30/2006	6.33	$150,000	3.00	$150,000
7/1/2006	6/30/2008	6.65	$150,000	3.00	$150,000
7/1/2008	6/30/2009	6.65	$230,000	3.00	$230,000
7/1/2009	12/31/2011	6.65	$245,000	3.00	$245,000
1/1/2012	6/30/2012	7.40	$245,000	3.00	$245,000
7/1/2012	6/30/2013	7.40	$250,000	3.00	$250,000
7/1/2013	6/30/2014	7.40	$255,000	3.00	$255,000
7/1/2014	6/30/2015	7.40	$260,000	3.00	$260,000

BENEFITS

Superannuation Retirement

Condition for Retirement

(a) A retirement allowance is paid upon the request of any member who retires and has attained age 60 and completed at least eight years* of membership service under PERS. A retirement allowance may also be paid upon the completion of at least 25 years of creditable service under PERS for members hired prior to July 1, 2011, or upon the completion of 30 years of creditable service for members hired on or after July 1, 2011.

(b) Any member who withdraws from service prior to his or her attainment of age 60 and who has completed at least eight years* of ,membership service under PERS is entitled to receive, in lieu of a refund of his or her accumulated contributions, a retirement allowance commencing at age 60.

Amount of Allowance

The annual retirement allowance payable to a member who retires under condition (a) above is equal to:

1. A member's annuity which is the actuarial equivalent of the member's accumulated contributions at the time of his or her retirement, plus

2. An employer's annuity which, together with the member's annuity, is equal to 1% of his or her average compensation for each of the first 25 years of creditable service plus 1.25% for each year of creditable service over 25 years.

The minimum allowance is $60 per year of creditable service.

Disability Retirement

Condition for Retirement

A retirement allowance is paid to a member who is totally and permanently disabled, as determined by the Board of Trustees, and has accumulated eight or more years* of membership service under PERS.

* four years for those who entered PERS before July 1, 2007.

Amount of Allowance

For those who were active members prior to July 1, 1992, and did not elect the benefit structure outlined below, the annual disability retirement allowance payable is equal to a superannuation retirement allowance if the member has attained age 60, otherwise it is equal to a superannuation retirement allowance calculated as follows:

1. A member's annuity equal to the actuarial equivalent of his or her accumulated contributions at the time of retirement, plus

2. An employer's annuity equal to the amount that would have been payable had the member continued in service to age 60.

For those who become active members after June 30, 1992, and for those who were active members prior to July 1, 1992, who so elected, the following benefits are payable:

1. A temporary allowance equal to the greater of (a) 20% of average compensation plus 5% for each dependent child up to a maximum of 2, or (b) the member's accrued allowance. This temporary allowance is paid for a period of time based on the member's age at disability, as follows:

Age at Disability	Duration
60 and earlier	to age 65
61	to age 66
62	to age 66
63	to age 67
64	to age 67
65	to age 68
66	to age 68
67	to age 69
68	to age 70
69 and later	one year

The minimum allowance is $60 per year of service credit.

2. A deferred allowance commencing when the temporary allowance ceases equal to the greater of (a) the allowance the member would have received based on service to the termination age of the temporary allowance, but not more than 20% of average compensation, or (b) the member's accrued allowance.

The minimum allowance is $60 per year of service credit.

Effective July 1, 2004, a temporary benefit can be paid out of a member's accumulated contribution balance while the member is awaiting a determination for eligibility for disability benefits. Future disability payments, if any, would be offset by advanced payments made from the member's accumulated contributions.

Accidental Disability Retirement

Condition for Retirement

A retirement allowance is paid to a member who is totally and permanently disabled in the line of performance of duty.

Amount of Allowance

The annual accidental disability retirement allowance is equal to the allowance payable on disability retirement but not less than 25% of average compensation. There is no minimum benefit.

Accidental Death Benefit

Condition for Benefit

A retirement allowance is paid to a spouse and/or dependent children upon the death of an active member in the line of performance of duty.

Amount of Allowance

The annual retirement allowance is equal to 25% of average compensation payable to the spouse and 12-1/2% of average compensation payable to one dependent child or 25% to two or more children until age 19 (23 if a full time student). There is no minimum benefit.

Ordinary Death Benefit

Condition for Benefit

Upon the death of a member who has completed at least eight years* of membership service, a benefit is payable, in lieu of a refund of the member's accumulated contributions, to his or her spouse, if said spouse has been married to the member for not less than one year.

* four years for those who entered the system before July 1, 2007.

Amount of Allowance

The annual retirement allowance payable to the lawful spouse of a vested member who dies is equal to the greater of (i) the allowance that would have been payable had the member retired and elected Option 2, reduced by an actuarially determined factor based on the number of years the member lacked in qualifying for unreduced benefits, or (ii) a lifetime benefit equal to 20% of the deceased member's average compensation, but not less than $25 per month.

In addition, a benefit is payable to dependent children until age 19 (23 if a full time student). The benefit is equal to the greater of 5% of average compensation or $25 per month for each dependent child up to 3.

Return of Contributions

Upon the withdrawal of a member without a retirement benefit, his or her contributions are returned to him or her, together with accumulated regular interest thereon.

Upon the death of a member before retirement, his or her contributions, together with the full accumulated regular interest thereon, are paid to his or her designated beneficiary, if any, otherwise, to his or her estate provided no other survivor benefits are payable.

Interest is currently credited to the member's account at 3.50% per annum.

Normal Form of Benefit

The normal form of benefit is an allowance payable during the life of the member with the provision that upon his or her death the excess of his or her total contributions at the time of retirement over the total retirement annuity paid to him or her will be paid to his or her designated beneficiary.

Optional Benefits

A member upon retirement may elect to receive his or her allowance in one of the following forms which are computed to be actuarially equivalent to the applicable retirement allowance.

Option 1. Reduced allowance with the provision that if the pensioner dies before he receives the value of the member's annuity as it was at the time of retirement, the balance shall be paid to his or her beneficiary.

Option 2. Upon his or her death, his or her reduced retirement allowance shall be continued throughout the life of, and paid to, his or her beneficiary.

Option 3. Upon his or her death, 50% of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50% of his or her reduced retirement allowance to some other designated beneficiary.

Option 4. Upon his or her death, 75% of his of her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4A. Upon his or her death, 50% of his of her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner or his or her beneficiary for a specified number of years certain.

Option 4C. A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both SLRP and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

A member who elects Option 2, Option 4 or Option 4A at retirement may revert to the normal form of benefit if the designated beneficiary predeceases the retired member or if the member divorces the designated beneficiary.

A member who elects the normal form of benefit or Option 1 at retirement may select Option 2, Option 4 or Option 4A to provide beneficiary protection to a new spouse if married at retirement.

A member who has at least 28 years of creditable service* under PERS can select a partial lump-sum option at retirement. Under this option, the retiree has the option of taking a partial lump-sum distribution equal to either 12, 24, or 36 times the base maximum monthly benefit. With each lump-sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting the partial lump-sum option may also select any of the regular options except Option 1, the prorated single-life annuity, and Option 4-C, the Social Security leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

*or at least age 63 with four years of membership service for those who entered PERS before July 1, 2007.

Post-Retirement Adjustments In Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3% of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus (b) 3% compounded for each year thereafter beginning with the fiscal year in which the member turns age 55.

A prorated portion of the annual adjustment will be paid to the member, beneficiary, or estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but whose benefits are terminated between July 1 and December 1.

CONTRIBUTIONS

Members currently contribute 3.00% of covered earnings. The employer contributes 7.40% of covered earnings.

SCHEDULE C

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
($ in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability										
Service cost	$404									
Interest	1,549									
Changes of benefit terms	0									
Difference between expected and actual experience	(453)									
Changes of assumptions	0									
Benefit payments	(1,216)									
Refund of Contributions	(22)									
Net change in total pension liability	$262									
Total pension liability – beginning	$19,978									
Total pension liability – ending (a)	$20,240									
Plan fiduciary net position										
Contributions – employer	$514									
Contributions – member	208									
Net investment income	2,605									
Benefit payments	(1,216)									
Administrative expense	(10)									
Refund of Contributions	(22)									
Other	0									
Net change in plan fiduciary net position	$2,079									
Plan fiduciary net position – beginning	$14,374									
Plan fiduciary net position – ending (b)	$16,453									
Net pension liability – ending (a) – (b)	$3,787									

SCHEDULE OF THE NET PENSION LIABILITY
($ in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability	$20,240									
Plan fiduciary net position	16,453									
Net pension liability	$3,787									
Plan fiduciary net position as a percentage of the total pension liability	81.29%									
Covered-employee payroll	$6,918									
Net pension liability as a percentage of covered-employee payroll	54.74%									

SCHEDULE OF EMPLOYER CONTRIBUTIONS
($ in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Statutorily required employer contributions										
Contributions in relation to the statutorily required contributions										
Annual contribution deficiency (excess)										
Covered-employee payroll										
Actual contributions as a percentage of covered-employee payroll										