

Annual Financial Report

for the fiscal year ending June 30, 2008

Honorable Frank T. Caprio, General Treasurer



Employees' Retirement System of Rhode Island

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EMPLOYEES' RETIREMENT SYSTEM
OF RHODE ISLAND

INTRODUCTORY SECTION

INTRODUCTORY SECTION

“A retirement system is hereby established and placed under the management of the retirement board for the purpose of providing retirement allowances for employees of the state of Rhode Island under the provisions of Chapter 8 to 10, inclusive, of this title. The retirement system so created shall begin operations as of the first day of July, 1936. It shall have the power and privileges of a corporation, and shall be known as the “employees’ retirement system of the state of Rhode Island,” and by that name all of its business shall be transacted, all of its funds invested, and all of its cash and securities and other property held.”

- Section Two of Chapter 2334 of the Public Laws of 1936



The Honorable Donald L. Carcieri,
Governor, State of Rhode Island and Providence Plantations
William J. Murphy, Speaker of the House
M. Teresa Paiva-Weed, President of the Senate
A. Ralph Mollis, Secretary of State
State House
Providence, RI

In accordance with Rhode Island General Laws, §36-8-8 and §45-21-34, enclosed is the Seventy-second Annual Financial Report of the *Employees' Retirement System* and the Forty-ninth Annual Financial Report of the *Municipal Employees' Retirement System* of the State of Rhode Island for transmittal to the General Assembly.

This report also contains an accounting of the State Police Retirement Plan and the Judicial Retirement Plan.

The report covers the fiscal year ending June 30, 2008.

Respectfully submitted,

Frank T. Caprio, General Treasurer & Chairman of the Board
Employees' Retirement System of Rhode Island



Employees' Retirement Board of Rhode Island

Frank T. Caprio, *Chairperson, General Treasurer*
 William B. Finelli, *Vice-Chairperson, Teacher Representative*
 Gary R. Alger, *Public Representative appointed by the General Treasurer*
 Daniel L. Beardsley, *Rhode Island League of Cities and Towns*
 Frank R. Benell, Jr., *Public Representative appointed by the General Treasurer*
 Rosemary Booth Gallogly, *Representative from Budget Office appointed by Director of Administration*
 Roger P. Boudreau, *Retired Member Representative*
 Michael R. Boyce, *Retired Member Representative*
 M. Carl Heintzelman, CLU, *Public Representative appointed by the Governor*
 John J. Meehan, *State Employee Representative*
 John P. Maguire, *Teacher Representative*
 Louis M. Prata, *Municipal Representative*
 Linda C. Riendeau, *State Employee Representative*
 Susan K. Rodriguez, *Department of Administration, Designee*
 Jean Rondeau, *Public Representative appointed by the Governor*

Employees' Retirement System of Rhode Island Administration

Frank J. Karpinski, *Executive Director*
 Diane S. Bourne, *Assistant Executive Director*
 Zachary J. Saul, *Assistant Director for Finance*
 Arne C. Perry, *Assistant Director for Member Services*
 Michael P. Robinson, Esquire, *Retirement Board Counsel*

State Investment Commission

Frank T. Caprio, *Chairperson, General Treasurer*
 Rosemary Booth Gallogly, *Director of Administration's Designee*
 J. Michael Costello, *Governor's Appointee*
 Robert R. Gaudreau, Jr., *Governor's Appointee*
 Robert Giudici, *General Treasurer's Appointee*
 Dr. Robert J. McKenna, *Higher Education Assistance Authority Chairman*
 Marcia Reback, *General Treasurer's Appointee*
 Andrew K. Reilly, *General Treasurer's Appointee*
 John Treat, *Governor's Appointee*
 Frank J. Karpinski, *Executive Director, Non-voting member*

By statute, the State Investment Commission is responsible for the investment of the assets of the Employees' Retirement System and the Municipal Employees' Retirement System.

Kenneth E. Goodreau, CMT, Deputy Treasurer for Finance

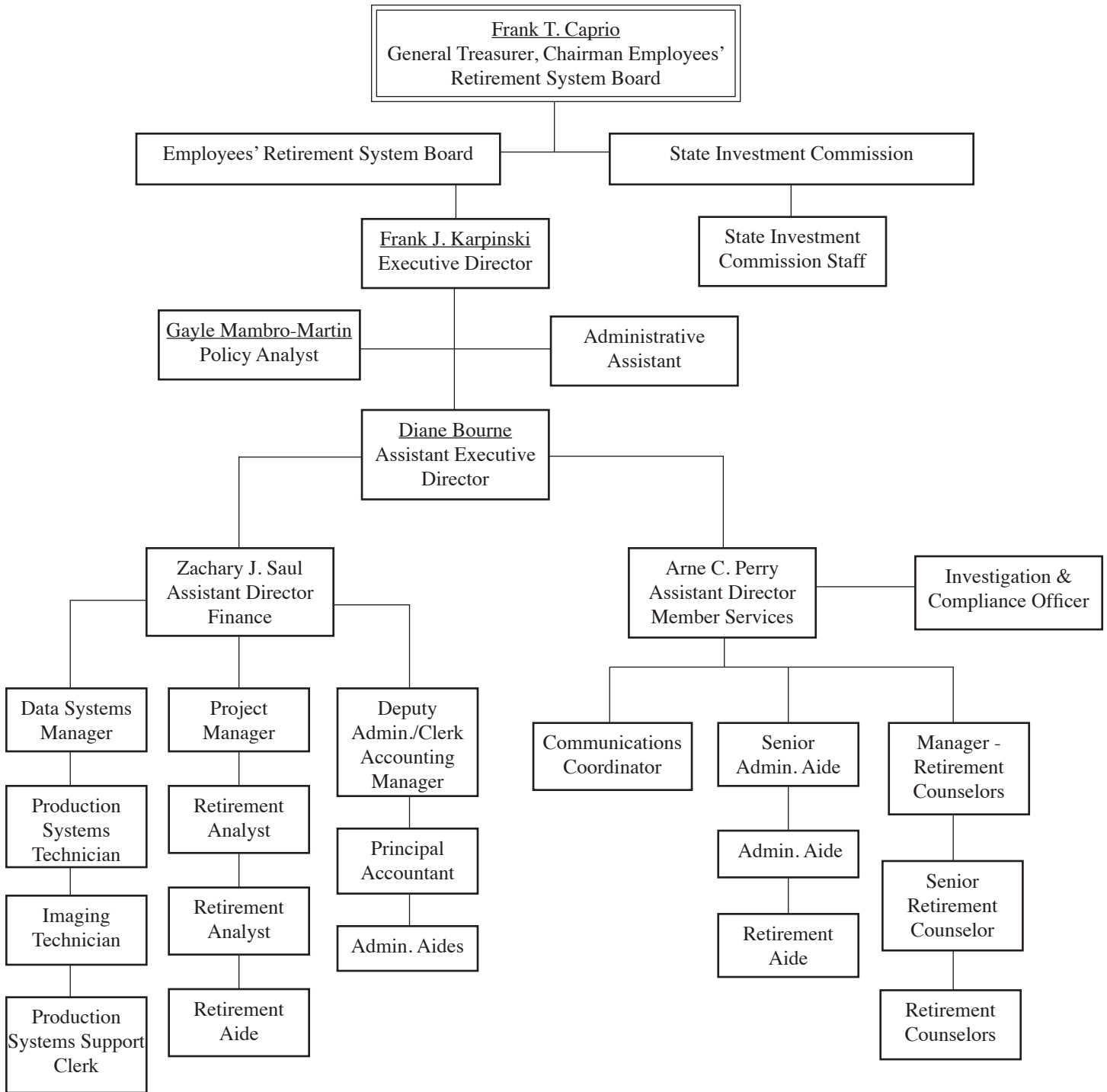
Pension Consulting Alliance (PCA), General Policy Consultant to the State Investment Commission

State Street Bank and Trust, Custodian Bank



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

ORGANIZATIONAL CHART





Dear: Governor Carcieri, Speaker Murphy, President Paiva-Weed and Secretary of State Mollis:

We are pleased to present you with this Annual Financial Report of the Employees' Retirement System of Rhode Island (ERSRI) and the Municipal Employees' Retirement System (MERS) for the fiscal year ending June 30, 2008. As required by R.I.G.L. 36-8-8, this report is intended to provide the Governor, the General Assembly, members and beneficiaries of the system and the public with current financial information and an overall status report on the operation of the system.

This report also contains financial information on the status of the State Police Retirement Plan and the Judicial Retirement Plan that commenced in 1987 and 1989.

The report is divided into three sections. The introductory section presents the system's organization, summarizes plan benefits, and provides a review of 2008 retirement legislation.

The second section contains the audited financial statements of the following retirement plans:

- (1) The Employees' Retirement System of Rhode Island, which includes the retirement assets of all state employees and public school teachers;
- (2) The Municipal Employees' Retirement System, which is the municipal retirement plan covering participating municipal units (each unit is valued independently);
- (3) The Judicial Retirement Plan;
- (4) The State Police Retirement Plan.

Because the June 30, 2008 financial statements are issued prior to the completion of the 2008 Actuarial Valuation, the notes to the financial statements reflect the most current actuarial valuation available at the time which is as of June 30, 2007.

Gabriel, Roeder, Smith & Company (GRS) serves as the system's actuary. Thus, the report concludes with GRS's June 30, 2008 actuarial valuation of our system.

Membership

As of June 30, 2008, active membership in the Employees' and Municipal Employees' Retirement System totaled 34,149. There are currently 43 judges contributing to the Judicial Retirement Plan and 177 state police contributing to the State Police Retirement Plan. A total of 23,918 retiree's and beneficiaries were receiving benefits from the system.

Accounting Basis

The financial statements have been prepared in accordance with generally accepted accounting principles and Governmental Accounting Standards Board Statement Number 25 (GASB No. 25) using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Dividend income is recorded on the ex-dividend date. Interest income is accrued daily. Finally, investments are recorded at fair market value.



Financial Highlights

The major sources of revenue for all ERSRI plans are employee and employer contributions, and investment earnings. Total revenues for fiscal year 2008 included \$556,286,204 in contributions from employers and employees and a net investment loss of (\$481,759,563).

The expenditures of the fund consist primarily of payments made to members and beneficiaries for retirement, disability, death, or survivor benefits. In total, benefit payments for fiscal year 2008 were \$687,703,723.

Administrative expenses of the retirement system are paid from a restricted receipt account that is used solely to pay such expenses. This account is financed through investment earnings up to a maximum of 0.175% of the average total investments before lending activities as reported in the annual report of the Auditor General for the next preceding five (5) fiscal years. Any non-encumbered funds at June 30th are transferred back to the retirement fund. Administrative expenses incurred by the system for the year ended June 30, 2008 amounted to \$8,422,668.

Funding

The actuary determines the actuarial accrued liability of the Plans, which is a measure of the present value of accrued liabilities estimated to be payable in the future to current retiree's, beneficiaries, and employees for service earned to date. The percentage computed by dividing the actuarial value of net assets for benefits by the actuarial accrued liability is referred to as the funded ratio. The higher the funded ratio, the greater the degree of overall financial health and stability for the pension fund.

For the State employees, the funded ratio increased from 57.5 % to 61.8% during the period July 1, 2007 to June 30, 2008, while for teachers the ratio increased from 55.4 % to 60.3% over the same period. The increases in funded ratios are due in part to the legislative changes enacted in H5983Aaa, Article 7 Substitute A as amended during the FY 2009 session. During the same period, the funded ratio decreased from 83.8% to 81.7% for the judges (also as a result of H5983Aaa, Article 7 Substitute A as amended during the FY 2009 session). For the state police the ratio increased 76.1% to 79.6%. The ratios are based on the Entry Age Normal funding method effective June 30, 1999. The Municipal Employees' Retirement System (MERS) prepares separate valuations for each participating unit. Consequently, each unit has its own funding ratio that can be found on pages 101-103 of this report.

Investment Services

Assets are invested under the direction and authority of the State Investment Commission (SIC) which meets on a monthly basis. It is authorized, created and established in the office of the General Treasurer. The membership consists of the general treasurer, ex officio, or a deputy general treasurer as his or her designee, who acts as chairperson, the director of administration, ex officio, or any assistant director of administration as his or her designee, who acts as secretary, a director of the higher education assistance authority, or his or her designee to be appointed by the general treasurer, an active or retired teacher, state, or municipal employee member of the retirement system or official from the teacher, state, or municipal employee unions to be appointed by the general treasurer, the executive director of the state retirement board, who shall be a nonvoting member, two (2) members of the general public to be appointed by the general treasurer, and three (3) members of the general public to be appointed by the governor. The members of the general public appointed by the governor and the general treasurer must be qualified by training or experience in the field of investment or finance.



Pension Consulting Alliance (PCA) serves as the General Policy Consultant to the State Investment Commission. State Street Bank and Trust of Boston, Massachusetts, serve as the pension fund custodian.

Professional Services

W. Michael Carter, J. Christian Conradi and Joseph P. Newton of Gabriel, Roeder, Smith & Company provide actuarial services to the retirement system while Michael P. Robinson, Esquire, of the law firm Shechtman, Halperin, Savage, LLP, Pawtucket, Rhode Island serves as retirement board general counsel. Private attorneys are hired on a per diem basis to serve as hearing officers for the system on disputed retirement issues.

In addition to Dr. Christopher Ley who serves as the Medical Advisor to the Board's Disability Subcommittee, the system hires independent physicians who conduct medical exams of the system's disability applicants.

Finally, the Office of the Auditor General conducts an annual financial audit of the entire retirement system.

Reports to Members

Real time active member information regarding contributions and creditable service as well as retiree member information is found on the system's web site at www.ersri.org

Active and retired members also receive newsletters and other notices on an ad hoc basis.

Acknowledgments

The preparation of this report is possible only through the combined efforts of many individuals. We would like to thank Michael Carter and his actuarial team at Gabriel, Roeder, Smith & Company, the Office of the Auditor General, and the Office of the State Controller.

We welcome your comments on the issuance of this report.

Frank J. Karpinski

Zachary J. Saul

Executive Director

Assistant Director - Finance



2008 RETIREMENT LEGISLATION

No major benefit legislation was enacted by the General Assembly during the 2008 session for the Employees' and Municipal Employees' Retirement System plans. However, some significant legislation was enacted for the State Police and Judicial plans. Here is a summary of the relevant legislation.

H 7390 SUBSTITUTE A AS AMENDED, ARTICLE 22

Article 22 established a new retirement provision for members of the State Police. Previously, members of the SPRBT were able to retire after earning 20 years of service with a benefit of 50% of their whole salary paid as a lifetime annuity. They were able to continue to work beyond 20 years with the benefit multiplier increasing by an additional 3% for each year worked. After earning 25 years of service, which is the maximum, the benefit would be 65% of whole salary.

Article 22 changed this for members hired on or after July 1, 2007. These members must earn 25 years of service before becoming eligible for a retirement benefit which is 50% of the whole salary. They may continue in service, earning an additional 3% of the whole salary for each additional year of service. After earning 30 years of service, which is the maximum, they would be entitled to a retirement benefit of 65% of the whole salary.

The new law has no effect on current annuitants, nor does it affect current active or inactive members, as long as they were initially employed as a trooper before July 1, 2007.

H 7390 SUBSTITUTE A AS AMENDED, ARTICLE 35

Article 35 established a new retirement provision for Judges. Previously, the JRBT plan provided Judges who earn full retirement an annual benefit equal to 100% of their final average compensation (FAC). This applied to judges who retire after reaching age 65 with credit for at least 20 years of service, or after reaching age 70 with credit for at least 15 years of service. Judges were also able to retire with a reduced benefit of 75% of their FAC if they reached age 65 and had credit for at least 10 years of service, or at any age with 20 years of service credit.

Article 35 changed benefits for Judges appointed on or after January 1, 2009. The full retirement benefit would be reduced from 100% to 90%, and the reduced retirement benefit would be reduced from 75% to 70%. To receive the survivor benefit, Judges will be required to take a reduction in their pension, either from 90% of FAC to 80% for members receiving a full retirement benefit or from 70% of FAC to 60% for members receiving a reduced retirement benefit.

These changes apply to all Judges appointed after January 1, 2009. The law has no effect on Judges already covered by JRBT. The new law applies equally to all types of Judges, whether in the Supreme Court, Superior Court, District Court, Family Court, an Administrative Adjudication Court, or a Workers' Compensation Court.

EMPLOYEES' RETIREMENT SYSTEM
OF RHODE ISLAND

FINANCIAL SECTION

FINANCIAL SECTION



ERNEST A. ALMONTE, CPA, CFF
AUDITOR GENERAL
ernest.almonte@oag.ri.gov

STATE of RHODE ISLAND and PROVIDENCE PLANTATIONS
GENERAL ASSEMBLY

OFFICE of the AUDITOR GENERAL

- ◆ INTEGRITY
- ◆ RELIABILITY
- ◆ INDEPENDENCE
- ◆ ACCOUNTABILITY

INDEPENDENT AUDITOR'S REPORT

JOINT COMMITTEE ON LEGISLATIVE SERVICES, GENERAL ASSEMBLY
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS:

RETIREMENT BOARD OF THE EMPLOYEES' RETIREMENT SYSTEM OF THE
STATE OF RHODE ISLAND:

We have audited the accompanying basic financial statements of the plans which comprise the Employees' Retirement System of the State of Rhode Island (the System) as of June 30, 2008 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1(a), the financial statements present only the Pension Trust Funds of the State of Rhode Island and Providence Plantations (the State) and do not purport to, and do not, present fairly the financial position of the State, as of June 30, 2008, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the plans within the System as of June 30, 2008, and the changes in fiduciary net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we will issue our report dated December 23, 2008 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis beginning on page 16, the Schedules of Funding Progress and the Schedules of Contributions from the Employers and Other Contributing Entity on pages 47 and 48 and the Schedule of Funding Progress – Rhode Island Retiree Health Care Benefit Plan on page 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory, actuarial information, and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them. The actuarial information sections reflect actuarial valuations performed as of June 30, 2008; these valuations were not available as of the date of our opinion on the System's June 30, 2008 financial statements.



Ernest A. Almonte, CPA, CFF
Auditor General

December 23, 2008



Management's Discussion and Analysis

Management of the Employees' Retirement System of the State of Rhode Island (the System) provides this Management's Discussion and Analysis of their financial performance for the readers of the System's financial statements. This narrative provides an overview of the System's financial activity for the fiscal year ended June 30, 2008. This analysis is to be considered in conjunction with the financial statements to provide an objective analysis of the System's financial activities based on the status of the System and issues currently facing management.

Understanding the Employees' Retirement System Financial Statements

The System administers defined benefit pension plans for state employees, teachers, state police, judges and participating municipal employees. State employees and teachers are combined in one plan while state police, judges and municipal employees each have separate plans. The *Statements of Fiduciary Net Assets* provide a snapshot of the financial position of the System at June 30, 2008. The *Statements of Changes in Fiduciary Net Assets* summarize the additions and deductions that occurred during the fiscal year. The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the financial statements. The *Required Supplementary Information* consists of schedules and related notes, which demonstrate the System's progress in accumulating funds to meet future pension benefits for members of the System as well as the funding progress for employees of the System participating in the Rhode Island Retiree Health Care Benefit Plan.

Financial Highlights for the Fiscal Year Ended June 30, 2008

- The System's fiduciary net assets decreased by \$600 million from \$8.5 billion at June 30, 2007 to \$7.9 billion at June 30, 2008.
- Total pension benefits paid to members were \$687.7 million, an increase of \$40 million or 6.2% compared to the fiscal year ended June 30, 2007.
- Total employee and employer contributions into the System's plans increased \$42.5 million compared to the prior year. Total contributions from both employers and employees at June 30, 2008 were \$556.3 million.
- The System incurred a net loss from investing activities of \$481.8 million for the fiscal year ended June 30, 2008. Included in this amount is \$7.8 million in securities lending income.

Assets, Liabilities and Fiduciary Net Assets (in millions)

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Assets:		
Cash and cash equivalents	\$ 3.3	\$ 11.4
Investments	7,819.4	8,432.9
Contributions and other receivables	54.4	62.1
Invested securities lending collateral	1,116.7	1,329.2
Property and equipment	7.7	9.5
Total assets	9,001.5	9,845.1
Liabilities:		
Accounts payable	8.2	7.1
Securities lending liability	1,116.7	1,329.2
Total liabilities	1,124.9	1,336.3
Net assets:	<u>\$ 7,876.6</u>	<u>\$ 8,508.8</u>



Summary of Changes in Fiduciary Net Assets
(in millions)

	<u>Year Ended June 30, 2008</u>	<u>Year Ended June 30, 2007</u>
Additions:		
Contributions	\$ 556.3	\$ 513.8
Net investment gain (loss)	(481.8)	1,331.1
Miscellaneous revenue	.2	.5
Total Additions	<u>74.7</u>	<u>1,845.4</u>
Deductions:		
Benefits	687.7	647.7
Refunds of contributions	10.8	10.5
Administrative expenses	8.4	7.6
Total Deductions	<u>706.9</u>	<u>665.8</u>
Increase (Decrease) in Net Assets:	(632.2)	1,179.6
Net Assets:		
Beginning of year	8,508.8	7,329.2
End of year	<u>\$ 7,876.6</u>	<u>\$ 8,508.8</u>

Investments

The State Investment Commission (SIC) establishes long-term asset allocation policy and monitors investment performance of the plan. An asset/liability (A/L) study is conducted every two to three years to identify an optimal diversified investment portfolio that maximizes return within an acceptable level of risk. As long-term investors, the SIC is committed to its strategic asset allocation that has been developed as part of a comprehensive A/L study which incorporates capital market return expectations, risks and correlations associated with each asset class as well as the unique profile and objectives of the System. As a defined benefit plan, the System generally has a much longer time horizon than individual investors and is better positioned to withstand short-term volatility of the capital markets.

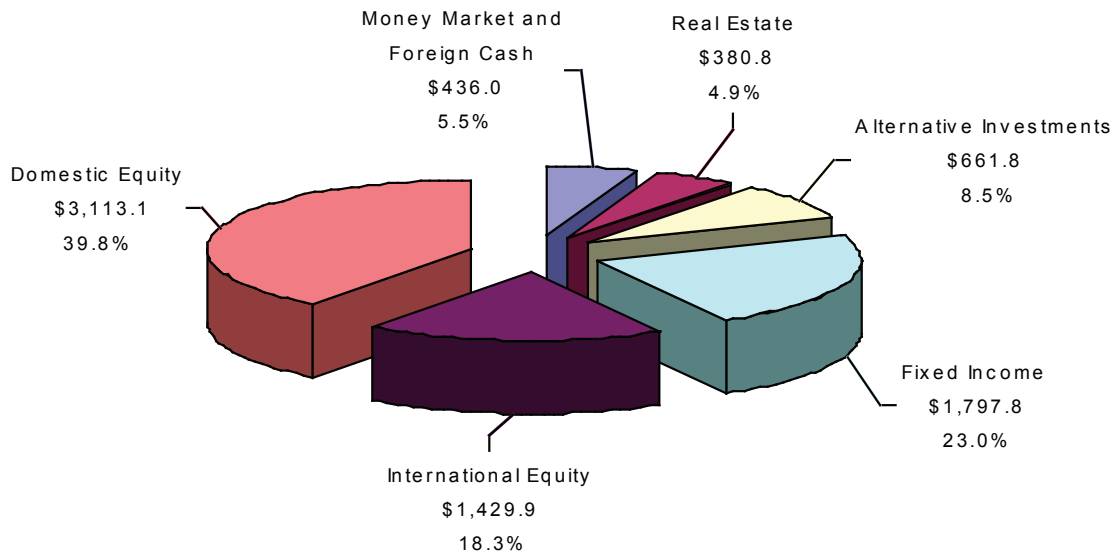
The following asset allocation targets were in place at June 30, 2008.

Fiscal 2008 – Asset Allocation Targets

Domestic Equity	42.5%
International Equity	20.0%
Fixed Income	25.0%
Alternative Investments	7.5%
Real Estate	5.0%



Asset Allocation – Actual
Fair Value (in millions) at June 30, 2008

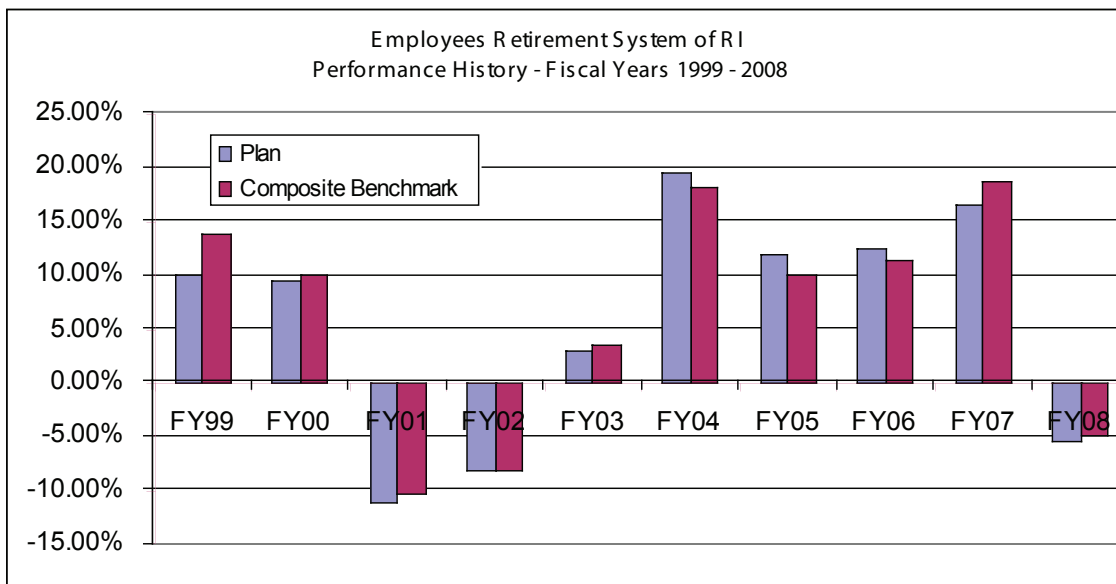


The asset allocation is currently undergoing a significant review process in order to best reflect the appropriate long term risk/reward profile.

The allocation of assets among stocks, bonds and alternative investments can have a significant impact on investment performance. In light of its long time horizon, the SIC is able to take advantage of historical long-term return opportunities offered by equity investments.

Investment Performance

The System’s one-year, three-year and five-year time weighted rates of return for the periods ended June 30, 2008 were -5.39%, 7.40% and 10.63%, respectively. For fiscal year 2008, the fund underperformed its composite benchmark by 48 basis points (bps), the 3-year period underperformed by 54 bps and the 5-year period beat the benchmark by 33 bps.



The composite benchmark is weighted based on asset allocation targets. It is currently comprised: 42.5% Wilshire 5000; 25% Barclay’s Aggregate; 20% MSCI ACWI X US; 5% NCREIF Property Index Laged; and 7.5% S&P 500 + 3%. The composite benchmark for each of the years shown in the chart reflects the asset allocation targets in place for that fiscal year and the related indices used to measure performance.



For the fiscal year ended June 30, 2008 the fund's domestic equity portfolio was down 13.38% (vs. -12.53% for the Wilshire 5000), the international portfolio declined 10.75% (vs. -6.2% for the MSCI ACWI ex US) and the fixed income composite returned 5.71% (vs. 7.13% for the Barclay's Aggregate). The alternative investment portfolio realized an internal rate of return of 7.3%. Since inception, the alternative investment component has generated an internal rate of return of 16.5%.

The System's actuarial investment return assumption is 8.25%. Actuarial value of assets is determined based on a five-year smoothing methodology.

Funding Status

Independent actuarial valuations are conducted of the System each year. As part of this valuation, the progress toward funding pension obligations of the System is measured by comparing the actuarial value of assets to the actuarial accrued liability. This measure is referred to as the funded ratio or funded status. As reflected in the most recent actuarial valuation (June 30, 2007), the funded ratio increased to 57.5% for State Employees and 55.4% for Teachers within the Employees' Retirement System plan. The funded ratio for the Judges' plan decreased to 83.8% as a result of the passage of Article 35. The State Police plan's funded ratio decreased to 76.1% due to the passage of Article 22. The Municipal Employees' Retirement System plan's funded ratio increased with an overall average ratio of 90.3%.

Details of the funded status of each plan within the System are included in the Schedules of Funding Progress on page 47.

All employers participating in the System's plans contributed 100% of their annual required contribution.

Next Year's Contribution Rates and Economic Outlook

Employer contribution rates for fiscal 2009 increased for State employees (20.77% for fiscal 2008 compared to 21.13% for fiscal 2009) and teachers (22.01% for fiscal 2008 compared to 25.03% for fiscal 2009), decreased for state police (31.00% for fiscal 2008 compared to 30.06% for fiscal 2009) and increased for judges (32.07% for fiscal 2008 compared to 32.35% for fiscal 2009). The fiscal 2009 employer contribution rates are based upon an actuarial valuation performed at June 30, 2006.

RI General Law §35-6-1(d) provides for a transfer to the Employees' Retirement System if general revenues of the State, in the completed fiscal year, exceed estimates adopted for that year as contained in the final enacted State budget. The transfer would be made by the State Controller upon issuance of the audited financial statements of the State. Any amounts transferred to the Employees' Retirement System pursuant to this section of the General Laws would be considered employer contributions in excess of the annual required contribution as determined by the actuary consistent with other applicable sections of the General Laws as described in Note 5. No amount has been recognized as due from the State at June 30, 2008 to the System since the fiscal 2008 audit of the State's financial statements has not been completed.

Subsequent to June 30, 2008, the fair value of the System's investments has declined significantly consistent with overall declines in the domestic and international financial markets. These declines were largely the result of the sub-prime mortgage crisis and its subsequent impact on the broader credit markets. The State Investment Commission has adopted a long-term investment policy for the System's investments, which includes diversification of holdings pursuant to an asset allocation model. Additionally, the impact on the funded status of the System's plans and required contributions due to any near-term decline in value of the System's investments will be tempered



by the five-year smoothing methodology employed in the actuarial value of assets.

Contacting the System's Management

This discussion and analysis presentation is designed to provide a general overview of the System's financial activity. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Employees' Retirement System, 40 Fountain Street, Providence, RI, 02903.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Statements of Fiduciary Net Assets
As of June 30, 2008

	<i>ERS</i>	<i>MERS</i>	<i>SPRBT</i>	<i>JRBT</i>	<i>Total</i> <i>(memorandum only)</i>
Assets					
Cash and cash equivalents (Note 3)	\$910,623	\$1,945,187	\$339,361	\$141,444	\$3,336,615
Receivables					
Contributions	29,626,584	3,905,871	-	-	33,532,455
Due from State for teachers	18,769,278	-	-	-	18,769,278
Other	2,129,778	15,829	50	32	2,145,689
Total receivables	50,525,640	3,921,700	50	32	54,447,422
Investments at fair value (Note 3)					
Equity in short-term investment fund	-	3,530,487	-	-	3,530,487
Equity in pooled trust	6,621,796,818	1,109,832,203	51,566,725	32,654,159	7,815,849,905
Total investments before lending activities	6,621,796,818	1,113,362,690	51,566,725	32,654,159	7,819,380,392
Invested securities lending collateral (Note 3)	946,107,933	158,569,376	7,367,438	4,665,404	1,116,710,151
Property and equipment at cost, net of accumulated depreciation (Note 4)					
	6,705,638	989,290	17,592	11,327	7,723,847
Total Assets	7,626,046,652	1,278,788,243	59,291,166	37,472,366	9,001,598,427
Liabilities					
Securities lending liability (Note 3)	946,107,933	158,569,376	7,367,438	4,665,404	1,116,710,151
Accounts payable	6,975,616	1,170,440	39,542	23,774	8,209,372
Net OPEB liability (Note 8)	45,394	7,319	277	182	53,172
Total Liabilities	953,128,943	159,747,135	7,407,257	4,689,360	1,124,972,695
Net assets held in trust for pension benefits (<i>A schedule of funding progress for each plan is presented on page 47</i>)					
	\$6,672,917,709	\$1,119,041,108	\$51,883,909	\$32,783,006	\$7,876,625,732

The accompanying notes are an integral part of this financial statement.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Statements of Changes in Fiduciary Net Assets
Fiscal Year Ended June 30, 2008

	<i>ERS</i>	<i>MERS</i>	<i>SPRBT</i>	<i>JRBT</i>	<i>Total (memorandum only)</i>
Additions					
Contributions					
Member contributions	\$151,236,798	\$23,025,785	\$1,050,103	\$580,508	\$175,893,194
Employer contributions	256,229,722	33,415,530	3,720,281	2,127,643	295,493,176
State contribution for teachers	82,455,777	-	-	-	82,455,777
Interest on service credits purchased	2,139,373	304,684	-	-	2,444,057
Total contributions	492,061,670	56,745,999	4,770,384	2,708,151	556,286,204
Investment Income					
Net appreciation (depreciation) in fair value					
of investments	(580,783,214)	(96,755,360)	(4,360,457)	(2,785,579)	(684,684,610)
Interest	108,716,765	18,126,622	793,954	508,438	128,145,779
Dividends	75,500,595	12,559,091	559,276	357,941	88,976,903
Other investment income	5,597,860	929,411	39,642	25,483	6,592,396
	(390,967,994)	(65,140,236)	(2,967,585)	(1,893,717)	(460,969,532)
Less investment expense	(24,284,663)	(4,037,789)	(180,248)	(115,891)	(28,618,591)
Net investment income (loss)	(415,252,657)	(69,178,025)	(3,147,833)	(2,009,608)	(489,588,123)
Securities Lending					
Securities lending income	45,640,767	7,645,898	354,134	224,415	53,865,214
Less securities lending expense	(39,003,536)	(6,537,062)	(303,724)	(192,332)	(46,036,654)
Net securities lending income	6,637,231	1,108,836	50,410	32,083	7,828,560
Total net investment income (loss)	(408,615,426)	(68,069,189)	(3,097,423)	(1,977,525)	(481,759,563)
Miscellaneous revenue	244,035	22,594	104	-	266,733
Total Additions (net)	83,690,279	(11,300,596)	1,673,065	730,626	74,793,374
Deductions					
Benefits					
Retirement benefits	472,163,056	45,386,862	187,036	450,646	518,187,600
Cost of living adjustments	129,221,391	7,549,599	9,000	20,775	136,800,765
SRA Plus option	26,821,019	2,000,306	-	-	28,821,325
Supplemental benefits	1,090,033	-	-	-	1,090,033
Death benefits	2,256,800	547,200	-	-	2,804,000
Total benefits	631,552,299	55,483,967	196,036	471,421	687,703,723
Refund of contributions	8,855,881	1,983,936	17	-	10,839,834
Administrative expense	7,217,408	1,141,742	38,362	25,156	8,422,668
Total Deductions	647,625,588	58,609,645	234,415	496,577	706,966,225
Net Increase (Decrease)	(563,935,309)	(69,910,241)	1,438,650	234,049	(632,172,851)
Net assets held in trust for pension benefits					
Beginning of year	7,236,853,018	1,188,951,349	50,445,259	32,548,957	8,508,798,583
End of year	\$6,672,917,709	\$1,119,041,108	\$51,883,909	\$32,783,006	\$7,876,625,732

The accompanying notes are an integral part of this financial statement.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

1. Plan Descriptions

(a). General

The Employees' Retirement System of the State of Rhode Island (the System) acts as a common investment and administrative agent for pension benefits to be provided for four defined benefit retirement plans as listed below:

<i><u>Plan Name</u></i>	<i><u>Type of Plan</u></i>
Employees' Retirement System (ERS)	Cost-sharing multiple-employer defined benefit plan
Municipal Employees' Retirement System (MERS)	Agent multiple-employer defined benefit plan
State Police Retirement Benefits Trust (SPRBT)	Single-employer defined benefit plan
Judicial Retirement Benefits Trust (JRBT)	Single-employer defined benefit plan

Although the assets of the plans are commingled for investment purposes, each plan's assets are accounted for separately and may be used only for the payment of benefits to the members of that plan, in accordance with the terms of that plan.

The System's financial statements are included as Pension Trust Funds within the Fiduciary Funds in the Comprehensive Annual Financial Report of the State of Rhode Island and Providence Plantations.

The System is administered by the State of Rhode Island Retirement Board which was authorized, created and established in the Office of the General Treasurer as an independent retirement board to hold and administer, in trust, the funds of the retirement system. The fifteen members of the retirement board are: the general treasurer or his or her designee who shall be a subordinate within the general treasurer's office; the director of administration or his or her designee who shall be a subordinate within the department of administration; a representative of the budget office or his or her designee from within the budget office, who shall be appointed by the director of administration; the president of the league of cities and towns or his or her designee; two (2) active state employee members of the retirement system or officials from state employee unions to be elected by active state employees; two (2) active teacher members of the retirement system or officials from a teachers union to be elected by active teachers; one active municipal employee member of the retirement system or an official from a municipal employees union to be elected by active municipal employees; two (2) retired members of the retirement system to be elected by retired members of the system; and four (4) public members, all of whom shall be competent by training or experience in the field of finance, accounting or pensions; two (2) of the public members shall be appointed by the governor, one of whom shall serve an initial term of three (3) years and one of whom shall serve an initial term of four (4) years and until his or her successor is appointed and qualified; and two (2) of the public members shall be appointed by the general treasurer, one of whom shall serve an initial term of three (3) years and one of whom shall serve an initial term of four (4) years and until his or her successor is appointed and qualified. Thereafter, the term of these four (4) public members shall be for four (4) years or until their successors are appointed and qualified by the Senate.

**EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND****Notes to Financial Statements****Fiscal Year Ended June 30, 2008****1. Plan Descriptions (continued)****(a). General**

The System's purpose is to provide retirement benefits to state employees, public school teachers, certain general municipal employees, public safety employees, state police officers, and judges.

A summary of membership by plan as of the June 30, 2007 actuarial valuation follows:

	<i>Retirees and beneficiaries</i>	<i>Terminated plan members entitled to but not yet receiving benefits</i>	<i>Active Vested</i>	<i>Active Non-vested</i>	<i>Total by Plan</i>
<u>ERS</u>					
State Employees	10,163	2,405	7,487	5,085	25,140
Teachers	9,118	2,257	7,436	6,710	25,521
<u>MERS</u>					
General Employees	3,713	2,077	2,927	4,036	12,753
Public Safety	417	102	655	715	1,889
<u>SPRBT</u>	3	2	-	179	184
<u>JRBT</u>	5	-	8	36	49
<i>Total by type</i>	23,419	6,843	18,513	16,761	65,536

(b). Membership and Benefit Provisions**(1) EMPLOYEES' RETIREMENT SYSTEM (ERS)**

The ERS was established under section two of chapter 2334 of the Rhode Island Public Laws of 1936 and placed under the management of the Retirement Board for the purpose of providing retirement allowances for employees of the State of Rhode Island under the provisions of chapters 8 to 10, inclusive, of title 36, and public school teachers under the provisions of chapters 15 to 17, inclusive, of title 16 of the Rhode Island General Laws.

The plan covers most State employees other than certain personnel at the State colleges and university (principally faculty and administrative personnel). Elected officials may become members on an optional basis. Membership in the plan is compulsory for teachers, including superintendents, principals, school nurses, and certain other school officials in the public schools in the cities and towns. Rhode Island Airport Corporation (RIAC) employees hired before July 1, 1993 are also covered and have the same benefits as State employees. Rhode Island Economic Development Corporation (RIEDC) employees who were (1) active contributing members and employees of the Department of Economic Development of the State of Rhode Island before October 31, 1995, and (2) elected to continue membership in the plan are also covered and have the same benefits as State employees. Narragansett Bay Water Quality



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND**Notes to Financial Statements
Fiscal Year Ended June 30, 2008****1. Plan Descriptions (continued)****(b). Membership and Benefit Provisions****(1) EMPLOYEES' RETIREMENT SYSTEM (ERS) (continued)**

District Commission employees who are members of a collective bargaining unit are also covered and have the same benefits as State employees.

The plan provides a two-tier benefit structure referred to as *Schedules A and B*.

Schedule A Benefits

Schedule A benefits are available to members who possessed 10 years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.7% of earnings for each of the first ten years of service; 1.9% for each of the next ten years; 3.0% per year for each of the next fourteen years; and 2% for the 35th year. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). The maximum benefit is 80% of final average earnings after 35 years of service. Such benefits are available to members at least age 60 with 10 years of service, or after 28 years at any age. A different benefit formula applies to State correctional officers who may retire at age 50 if they have 20 years of service. Benefits for all employees are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

On the third January after retirement, a cost-of-living increase of 3% (compounded annually) is provided independent of actual changes in the consumer price index. The plan also provides nonservice-connected disability benefits after five years of service; service-connected disability pensions with no minimum service requirement; vested benefits after ten years of service; survivor's benefits for service-connected death; and certain lump sum death benefits.

Schedule B Benefits

Schedule B benefits are provided to members who had less than 10 years of contributory service on or before July 1, 2005. For Schedule B members, the plan provides unreduced benefits of 1.6% of earnings for each of the first ten years of service; 1.8% for each of the next ten years; 2.0% per year for years 21 through 25 inclusive; 2.25% per year for years 26 through 30 inclusive; 2.50% per year for years 31 through 37 inclusive and 2.25% for the 38th year. Only single life, and joint and survivor options are available. The maximum benefit is 75% of his or her average highest three (3) years of compensation after 38 years of service. Such benefits are available to members at least age 65 with 10 years of service, or after 29 years of service and age 59. Actuarially reduced retirement is available at age 55 and 20 years of service, the benefit is reduced actuarially for each month that the age of the member is less than sixty-five (65) years.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

1. Plan Descriptions (continued)

(b). Membership and Benefit Provisions

Schedule B Benefits (continued)

On the month following the third anniversary date of the retirement, and on the month following the anniversary date of each succeeding year, a cost-of-living increase of 3% (compounded annually) or the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less is provided for Schedule B members.

The plan also provides benefits to legislators elected to office prior to January 1, 1995, of \$600 for every year served up to a maximum of \$12,000, annually. Such benefits are available to legislators 55 and over with at least 8 years of service or, at any age with 20 or more years of service.

The plan provides a survivor benefit to public school teachers via a "Teachers Survivor Benefits Fund" in lieu of Social Security. Not all school districts participate in the plan. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective city, town, or school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member. In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

The Teachers Survivor Benefits Fund provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

Table with 2 columns: Highest Annual Salary and Spousal Monthly Minimum Benefit. Rows include salary brackets from \$17,000 or less to \$40,001 and over, with corresponding monthly benefits from \$750 to \$1,250.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

1. Plan Descriptions (continued)

(b). Membership and Benefit Provisions

Schedule B Benefits (continued)

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

Parent and 1 Child	Parent and 2 Children	Parent and more than 2 Children	One Child Alone	Two Children Alone	Three or more Children Alone
150%	175%	175%	75%	150%	175%

(2) MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)

The MERS was established under section one of chapter 2784 of the Rhode Island Public Laws of 1951 and placed under the management of the Retirement Board for the purpose of providing retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. The plan generally provides retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. Police and fire personnel may retire at age 55 if they have 10 years of service or after 25 years of service at any age. An optional cost-of-living provision may be elected for police and fire personnel and general employees. An option may be elected to provide a 20 year service pension with a benefit equal to 2.5% for each year of service up to a maximum of 75% for police and fire personnel. Benefits are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement; vested benefits after 10 years of service; survivor's benefits; and certain lump sum death benefits. A summary of participating employers is listed below:

Municipalities, housing authorities, water and sewer districts	67
Municipal police and fire departments	43
Total participating units as of the actuarial valuation at June 30, 2007	<u>110</u>



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

1. Plan Descriptions (continued)

(b). Membership and Benefit Provisions

(3) STATE POLICE RETIREMENT BENEFITS TRUST (SPRBT)

The State Police Retirement Benefits Trust was established under Rhode Island General Law Section 42-28-22.1 and was placed under the management of the Retirement Board for the purpose of providing retirement allowances to State Police.

The plan covers all State Police and Superintendents hired after July 1, 1987.

The plan generally provides retirement benefits equal to 50% of final salary after 20 years of service, plus 3.0% of final salary times service in excess of 20 years through 25 years to a maximum of 65% of final salary. Such benefits are available to members after 20 years of service regardless of age. The Superintendent of the State Police will receive 50% of his/her final salary and may retire after attainment of age 60 and 10 years of service. A cost-of-living adjustment of \$1,500 per annum beginning on January 1st of the year in which a member attains his/her third anniversary of retirement is provided to all members.

Benefits are based on the final base salary earned at retirement including longevity increment, holiday pay, clothing allowance and up to 400 overtime hours.

The plan also provides nonservice-connected disability benefits after 10 years of service and service-connected disability pensions with no minimum service requirement.

During the fiscal year ended June 30, 2008 the General laws were amended such that any member of the state police, other than the superintendent, who is hired on or after July 1, 2007 and who has served for twenty-five (25) years shall be entitled to a retirement allowance of 50% of the final salary. In addition, any member may serve up to a maximum of 30 years, and shall be allowed an additional amount equal to 3.0% for each completed year served after 25 years to a maximum retirement allowance not to exceed 65% of the final salary.

(4) JUDICIAL RETIREMENT BENEFITS TRUST (JRBT)

The Judicial Retirement Benefits Trust was established under Rhode Island General Laws 8-8.2-7; 8-3-16; 8-8-10.1; 28-30-18.1; and was placed under the management of the Retirement Board for the purpose of providing retirement allowances to Justices of the Traffic Tribunal, Supreme, Superior, Family, District and Workers Compensation courts. The plan covers all Judges appointed after December 31, 1989. Certain survivor benefits are also provided to judges who are plan members which is 50% of the benefit amount payable to the judicial member.

Judges appointed after December 31, 1989 but before July 2, 1997 are generally provided retirement benefits equal to 75% of the final salary at the time of retirement after 20 years of service, or 10 years of service and attainment of age 65. Judges retiring after 20 years of service after age 65 or 15 years of service after age 70 will receive full retirement benefits, which is the final salary at time of retirement.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

1. Plan Descriptions (continued)

(b). Membership and Benefit Provisions

(4) JUDICIAL RETIREMENT BENEFITS TRUST (JRBT) (continued)

For judges appointed subsequent to July 2, 1997, salary is the average highest three (3) consecutive years of compensation rather than final salary.

During the fiscal year ended June 30, 2008 the General Laws were amended for judges appointed on or after January 1, 2009. Judges with 20 years of service after age 65 or judges with 15 years of service after age 70 will receive 90% of the average of the highest three consecutive years of compensation. Judges appointed on or after January 1, 2009 with 10 years of service and age 65 or 20 years of service at any age are entitled to a reduced benefit of 70% of the average highest three consecutive years of compensation. Judges designating a survivor benefit with 20 years of service and age 65 or 15 years of service and age 70 would receive a reduced benefit equal to 80% of the average highest three consecutive years of compensation. Judges designating a survivor benefit with 10 years of service after age 65 or 20 years of service at any age would receive a reduced benefit equal to 60% of the average highest three consecutive years of compensation.

All judicial plan members receive, beginning on the third January after the date of retirement, a cost-of-living increase amounting to 3% not compounded. This benefit is provided to Supreme, Superior, Family and District Court Judges, independent of actual changes in the consumer price index. Traffic Tribunal and Workers' Compensation Court Judges, on the third January after the date of retirement, receive a cost-of-living increase amounting to 3% compounded annually.

2. Summary of Significant Accounting Policies

These financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for defined benefit pension plans established by governmental entities. In accordance with GASB Statement No. 20, in the absence of specific guidance from a GASB pronouncement, pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 have been followed.

Basis of Accounting - The financial statements of the System are prepared on the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions are withheld from payroll. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Dividend income is recorded on the ex-dividend date.

Investment transactions are recorded on a trade date basis. The gains or losses on foreign currency exchange contracts are included in income in the period in which the exchange rates change. Gains and losses on contracts which hedge specific foreign currency denominated commitments are deferred and recognized in the period in which the transaction is completed.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

2. Summary of Significant Accounting Policies (continued)

Method Used to Value Investments - Investments are recorded in the financial statements at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller - that is, other than a forced liquidation sale.

The fair value of fixed income securities and domestic and international stocks is generally based on published market prices and quotations from national security exchanges and securities pricing services.

Commingled funds consist of institutional domestic and international equity index funds and a short duration fixed income fund. The fair value of the commingled funds is based on the reported share value of the respective fund.

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded.

Short term investments are generally carried at cost which approximates fair value.

Other investments that are not traded on a national security exchange (primarily private equity and real estate investments) are generally valued based on audited December 31 net asset values adjusted for cash flows for the period January 1 to June 30 (which principally include additional investments and partnership distributions).

Cash and Cash Equivalents - Cash represents cash held in trust in a financial institution. Cash equivalents are highly liquid investments with a maturity of three months or less at the time of purchase.

Property and Equipment - These assets represent the Line of Business System and computer equipment recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives, ten and five years respectively. Depreciation of the Line of Business System commences as each stage is implemented. Property and equipment is allocated to each plan based on its proportionate share of net assets.

Memorandum Only - Total Columns - Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns are not comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

3. Cash Deposits and Investments

(a). Cash Deposits and Cash Equivalents

At June 30, 2008, the carrying amounts of the plans' cash deposits are listed below:

	<u>ERS</u>	<u>MERS</u>	<u>SPRBT</u>	<u>JRBT</u>	<u>Total</u>
Cash Deposits:					
Book balance	\$ 795,202	\$ 1,844,965	\$ -	\$ -	\$ 2,640,167
Bank balance	\$ 1,078,397	\$ 1,915,707	\$ -	\$ -	\$ 2,994,104
Cash Equivalents:	\$ 115,421	\$ 100,222	\$ 339,361	\$ 141,444	\$ 696,448
Total Cash Deposits and Cash Equivalents	\$ 910,623	\$ 1,945,187	\$ 339,361	\$ 141,444	\$ 3,336,615

The bank and book balances represent the plans' deposits in short-term trust accounts which include demand deposit accounts and interest-bearing, collateralized bank money market accounts. Of the bank balance, the entire amount is covered by federal depository insurance and \$2,993,910 is also fully collateralized. Cash equivalent type investments include overnight repurchase agreements totaling \$696,448 which were fully collateralized.

In accordance with Rhode Island General Law Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State shall, at a minimum, insure or pledge eligible collateral equal to one hundred percent of time deposits with maturities greater than sixty days. Any of these institutions that do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent of deposits, regardless of maturity. None of the System's deposits were required to be collateralized at June 30, 2008.

(b). Investments

The State Investment Commission oversees all investments made by the State of Rhode Island, including those made for the System. Investment managers engaged by the Commission, at their discretion and in accordance with the investment objectives and guidelines for the System, make certain investments. The General Treasurer makes certain short-term investments on a daily basis. Rhode Island General Law Section 35-10-11 (b)(3) requires that all investments shall be made in securities as would be acquired by prudent persons of discretion and intelligence who are seeking a reasonable income and the preservation of capital.

On July 1, 1992, the State Investment Commission pooled the assets of the ERS with the assets of the MERS for investment purposes only, and assigned units to the plans based on their respective share of market value. On September 29, 1994 and November 1, 1995, the assets of the SPRBT and the JRBT, respectively, were added to the pool for investment purposes only. The custodian bank holds most assets of the System in two



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

3. Cash Deposits and Investments (continued)

(b). Investments

pooled trusts, Short-term Investment Trust and Pooled Trust. Each plan holds units in the trusts. The number of units held by each plan is a function of each plans' respective contributions to, or withdrawals from, the trust.

Investment expense is allocated to each plan based on the plan's units in the Short-term Investment Fund and the Pooled Trust at the end of each month.

The following table presents the fair value of investments by type at June 30, 2008:

Investment Type	Fair Value
US Government Securities	\$ 601,359,132
US Government Agency Securities	643,206,593
Collateralized Mortgage Obligations	31,139,621
Corporate Bonds	522,078,061
Domestic Equity Securities	1,139,478,203
International Equity Securities	1,239,592,267
Foreign Currencies	12,482,421
Private Equity	661,784,335
Real Estate	380,787,434
Money Market Mutual Fund	423,571,822
Commingled Funds - Domestic Equity	1,973,594,319
Commingled Funds - International Equity	190,306,184
Investments at Fair Value	\$ 7,819,380,392
Securities Lending Collateral Pool	1,116,710,151
Total	\$ 8,936,090,543

(c). Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Duration is a measure of a debt security's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The System manages its exposure to interest rate risk by comparing each fixed income manager portfolio's effective duration against a predetermined benchmark index based on that manager's mandate. The fixed income indices currently used by the System are:

- Citigroup Broad Investment Grade Bond Index
- Barclays MBS Index
- Barclays Credit Index
- Credit Suisse First Boston Global Hi Yield Index
- Barclays US Tips Index



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

3. Cash Deposits and Investments (continued)

(c). Interest Rate Risk (continued)

At June 30, 2008, no fixed income manager was outside of the policy guidelines.

The following table shows the System's fixed income investments by type, fair value and the effective duration at June 30, 2008:

Investment Type:	Fair Value (in thousands)	Effective Duration
US Government Securities	\$ 601,359	5.71
US Government Agency Securities	643,207	3.87
Collateralized Mortgage Obligations	31,139	2.04
Corporate Bonds	522,078	5.61
Total Fixed Income	<u>\$ 1,797,783</u>	4.96

The System also invested in a short-term money market mutual fund that held investments with an average maturity of 40 days.

The System invests in various mortgage-backed securities, such as collateralized mortgage obligations (CMO), interest-only and principal-only (PO) strips. They are reported in U.S. Government Agency Securities and Collateralized Mortgage Obligations in the table above. CMO's are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with the CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly sensitive to interest rate fluctuations. The System may invest in interest-only (IO) and principal-only strips (PO) in part to hedge against a rise in interest rates. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to pre-payments by mortgagees, which may result from a decline in interest rates. Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments.

(d). Credit Risk

The System directs its investment managers to maintain well diversified portfolios by sector, credit rating and issuer using the prudent person standard, which is the standard of care employed solely in the interest of the participants and beneficiaries of the funds and for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of administering the funds.



**EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008**

3. Cash Deposits and Investments (continued)

(d). Credit Risk (continued)

Each manager's portfolio composition is aligned with a benchmark and is constructed based on specific guidelines that are reflective of the manager's mandate. An example of a high yield fixed income manager's guidelines is as follows:

- No single industry is expected to represent more than 20% of the portfolio's market value.
- No single issue is expected to represent more than 5% of the portfolio's market value.
- The portfolio, once fully invested, is expected to include a minimum of 70 individual holdings.
- The portfolio quality is expected to be invested in high yield below investment grade fixed income securities.
- The weighted average credit quality is expected to maintain a minimum rating of "B" using either Moody's or Standard and Poor's credit ratings.

The System's exposure to credit risk as of June 30, 2008 is as follows:

<u>Rating (1)</u>	<u>Mortgage Obligations</u>	<u>Agency Obligations</u>	<u>Corporate Bonds</u>
Aaa	\$ 22,955,664	\$ 643,206,593	\$ 35,093,457
Aa	66,511		56,687,792
A	1,661,787		144,812,248
Baa	5,748,759		152,548,094
Ba	407,300		36,018,610
B			63,040,621
Caa			10,798,881
Ca			
C			
D			529,020
Not Rated	299,600		22,549,338
Fair Value	\$ 31,139,621	\$ 643,206,593	\$ 522,078,061

(1) Moody's Investors Service

The System's investment in a short-term money market mutual fund was rated AAAM by Standard & Poors Investors Service.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

3. Cash Deposits and Investments (continued)

(e). Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a System's investments in a single issuer. There is no single issuer exposure within the System's portfolio that comprises 5% of the overall portfolio and, therefore, there is no concentration of credit risk.

(f). Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2008 all securities were registered in the name of the System (or in the nominee name of its custodial agent) and were held in the possession of the System's custodial bank, State Street Bank and Trust.

(g). Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. Portfolios are diversified to limit foreign currency and security risk and the System's investment asset allocation policy targets non-US equity investments at 20%. The System may enter into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on foreign investments.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

3. Cash Deposits and Investments (continued)**(g). Foreign Currency Risk (continued)**

The System's exposure to foreign currency risk at June 30, 2008, was as follows:

Currency	Cash	Equities	Private Equity	Total
Australian Dollar	\$ 560,349	\$ 84,595,200	\$	\$ 85,155,549
Canadian Dollar	728,570	63,087,742	8,706,052	72,522,364
Danish Krone	188,033	3,403,744		3,591,777
Euro Currency	3,524,595	430,430,996	91,405,225	525,360,816
Hong Kong Dollar	548,633	42,729,125		43,277,758
Hungarian Forint	20,679	68,878		89,557
Indonesian Rupiah	356,114	2,360,627		2,716,741
Japanese Yen	2,289,700	256,071,935		258,361,635
Malaysian Ringgit	230,678	6,137,894		6,368,572
Mexican Peso	15,920			15,920
New Zealand Dollar	200,669	3,987,165		4,187,834
Norwegian Krone	184,737	3,967,015		4,151,752
Pound Sterling	996,615	212,210,138		213,206,753
Singapore Dollar	451,643	17,643,416		18,095,059
South African Rand	279,561	4,793,844		5,073,405
South Korean Won	291,399	17,142,627		17,434,026
Swedish Krona	509,059	14,968,053	1,358,528	16,835,641
Swiss Franc	962,860	70,262,183		71,225,043
Thailand Baht	142,607	5,731,684		5,874,291
Total	\$ 12,482,421	\$ 1,239,592,267	\$ 101,469,805	\$ 1,353,544,493

The System also had exposure to foreign currency risk through its investment in international equity commingled funds which totaled \$190,306,184.

(h). Derivatives and Other Similar Investments

Some of the System's investment managers are allowed to invest in certain derivative type transactions, including forward foreign currency transactions, futures contracts, and options. Derivatives and other similar investments are financial contracts whose value depends on the values of one or more underlying assets, reference rates, or financial indexes. The System enters into these transactions to enhance performance, gain exposure to a specific market, or mitigate specific risks. According to investment policy guidelines, derivative type instruments may be used for hedging purposes and not for leveraging plan assets.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

3. Cash Deposits and Investments (continued)

(h). Derivatives and Other Similar Investments (continued)

Forward foreign currency contracts – The System enters into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on foreign investments. A currency forward is a contractual agreement to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. These contracts involve risk in excess of the amount reflected in the System's Statements of Fiduciary Net Assets. The face or contract amount in U.S. dollars reflects the total exposure the System has in that particular currency contract. By policy, no more than 25% of actively managed foreign equity securities (at fair value) may be hedged into the base currency (US Dollars). The U.S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service. Losses may arise due to changes in the value of the foreign currency or if the counterparty does not perform under the contract.

Futures contracts – The System uses futures to manage its exposure to the stock, money market, and bond markets and the fluctuations in interest rates and currency values. Buying futures tends to increase the System's exposure to the underlying instrument. Selling futures tends to decrease the System's exposure to the underlying instrument, or hedge other System investments. Losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, or if the counterparties do not perform under the contract terms.

Through commingled funds, the System also indirectly holds derivative type instruments, primarily equity index futures. Other types of derivative type instruments held by the commingled funds include purchased or written options, forward security contracts, forward foreign currency exchange contracts, interest rate swaps and credit default swaps.

The System invests in mortgage-backed securities, which are included in the categories described as collateralized mortgage obligations and U.S. Government Agency Securities in Note 3(b). These securities are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which are likely in declining interest rate environments, thereby reducing the value of these securities. Additional information regarding interest rate risks for these investments is included in Note 3(c) *Interest Rate Risk*.

The System may sell a security they do not own in anticipation of a decline in the fair value of that security. Short sales may increase the risk of loss to the System when the price of a security underlying the short sale increases and the System is subject to a higher cost to purchase the security in order to cover the position.

(i). Securities Lending

Policies of the State Investment Commission permit the System to enter into securities lending transactions. The System has contracted with State Street Bank & Trust Company (SSB) as third party securities lending agent to lend the System's debt and equity securities for cash, securities and sovereign debt of foreign countries as collateral at not less than 100% of the market value of the domestic securities on loan and at not less

**EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND****Notes to Financial Statements****Fiscal Year Ended June 30, 2008****3. Cash Deposits and Investments (continued)****(h). Derivatives and Other Similar Investments (continued)**

than 100% of the market value of the international securities on loan. In practice, securities on loan are collateralized at 102%. There are no restrictions on the amount of loans that can be made. The contract with the lending agent requires them to indemnify the System if the borrowers fail to return the securities. Either the System or the borrower can terminate all securities loans on demand. The cash collateral received on security loans was invested in the lending agent's short-term investment pool. At June 30, 2008 the investment pool had a weighted average maturity of 33.36 days and an average final maturity of 77.53 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The System is not permitted to pledge or sell collateral securities received unless the borrower defaults. There were no losses during the fiscal year resulting from default of the borrowers or lending agent.

At June 30, 2008, management believes the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers do not exceed the amounts the borrowers owe the System. The securities on loan at year-end were \$1,141,668,086 (fair value), and the collateral received for those securities on loan was \$1,173,504,899 (fair value).

4. Property and Equipment

Property and equipment consist of the line of business system and computer equipment at historical cost. Balances at June 30, 2008 were:

	ERS	MERS	SPRBT	JRBT	Total
Line of Business System	\$ 15,544,862	\$ 2,287,990	\$ 38,780	\$ 24,973	\$ 17,896,605
Equipment	160,074	25,213	842	550	186,679
Property and Equipment	\$ 15,704,936	\$ 2,313,203	39,622	25,523	\$ 18,083,284
Accumulated Depreciation	(8,999,298)	(1,323,913)	(22,030)	(14,196)	(10,359,437)
Net Property and Equipment	\$ 6,705,638	\$ 989,290	\$ 17,592	\$ 11,327	\$ 7,723,847

5. Contributions

Contribution requirements for plan members and employers are established pursuant to Rhode Island General Laws. Employers are required to contribute at an actuarially determined rate. Plan member contributions are fixed by statute.

(a). Funding Policy

The funding policies, as set forth in Rhode Island General Law, Section 36-10-2 and 45-21-42 provide for actuarially determined periodic contributions to the plans. The actuarial valuation uses the Entry Age Normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial liability. The valuation is prepared on the projected benefit basis, under which the present value, at the assumed rate of return (currently 8.25 percent), of



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

5. Contributions (continued)

(a). Funding Policy (continued)

each participant's expected benefit payable at retirement or death is determined, based on age, service, gender and compensation.

The employer contributions required to support the benefits of the Plan 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 to determine the average uniform and constant percentage rate of employer contribution which, if applied to the compensation of each new participant during the entire period of his anticipated covered service, would be required in addition to the contributions of the participant to meet the cost of all benefits payable on his behalf. The unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability and amortizing the result over a period not to exceed 30 years from June 30, 1999.

Effective July 1, 2005, the law as amended requires, in addition to the contributions provided for by the funding policy, commencing in fiscal year 2006, and each year thereafter, for each fiscal year in which the actuarially determined state contribution rate for state employees and teachers is lower than that for the prior fiscal year, the governor shall include an appropriation to that system equivalent to twenty percent (20%) of the rate reduction to be applied to the actuarial accrued liability. The amounts to be appropriated shall be included in the annual appropriation bill and shall be paid by the general treasurer into the retirement system. The retirement system's actuary shall not adjust the computation of the annual required contribution for the year in which supplemental contributions are received; such contributions once made may be treated as reducing the actuarial liability remaining for amortization in the next following actuarial valuation to be performed.

(b). Contribution rates

Employer contribution rates for fiscal 2008 were developed based on an actuarial valuation performed as of June 30, 2005. The table on the following page displays the contribution rates for the year ended June 30, 2008.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

**Notes to Financial Statements
Fiscal Year Ended June 30, 2008**

5. Contributions (continued)

(b). Contribution rates (continued)

Plan	Employee	Employer
ERS		
State Employees	8.75%	20.77%
Teachers	9.50%	13.04% (12.38% for towns not participating in the 1990 early retirement incentive)
<i>Municipal funded</i>		
<i>State funded</i>		8.97% (8.52% for towns not participating in the 1990 early retirement incentive)
MERS		
General Employees	6.00% (additional 1% with a cost-of-living adjustment)	67 Municipalities, housing authorities, water and sewer districts contributed various actuarially determined rates.
Public Safety	7.00% (additional 1% with a cost-of-living adjustment and /or 1% with a 20 year service plan), Cranston Police and Cranston Fire are contributing 10% due to special plan provisions	43 Municipal police and fire departments contributed various actuarially determined rates.
SPRBT	8.75%	31.00%
JRBT	8.75%	32.07%

(c). Funded Status and Funding Progress

The table below displays the funded status of each plan for the year ended June 30, 2007, the most recent actuarial valuation date:

	Actuarial Value of As sets (a)	Actuarial Accrued Liability (AAL) - Entry Age - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
ERS (State Employees)	\$ 2,493,428,522	\$ 4,332,888,818	\$ 1,839,460,296	57.5%	\$ 660,044,273	278.7%
ERS (Teachers)	\$ 3,737,981,686	\$ 6,750,125,236	\$ 3,012,143,550	55.4%	\$ 959,372,837	314.0%
MERS	\$ 1,064,615,664	\$ 1,179,233,489	\$ 114,617,825	90.3%	\$ 298,234,571	38.4%
SPRBT	\$ 45,996,910	\$ 60,427,947	\$ 14,431,037	76.1%	\$ 15,836,354	91.1%
JRBT	\$ 29,630,637	\$ 35,355,326	\$ 5,724,689	83.8%	\$ 6,451,666	88.7%

The schedules of funding progress presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liabilities (AAL) for benefits.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

5. Contributions (continued)

(c). Funded Status and Funding Progress

Additional information as of the June 30, 2007 actuarial valuation:

	ERS		MERS	SPRBT	JRBT
	<i>State Employees</i>	<i>Teachers</i>			
Valuation Date	6/30/07	6/30/07	6/30/07	6/30/07 *	6/30/07 *
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	22 years	22 years	22 Years	22 years	22 years
Asset Valuation Method	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market

* restated June 30, 2007 actuarial valuation



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

**Notes to Financial Statements
Fiscal Year Ended June 30, 2008**

5. Contributions (continued)

(c). Funded Status and Funding Progress (continued)

	ERS		MERS	SPRBT	JRBT
	State Employees	Teachers			
Actuarial Assumptions					
Investment Rate of Return	8.25%	8.25%	8.25%	8.25%	8.25%
Projected Salary Increases	4.50% to 9.00%	4.50% to 13.25%	<i>General Employees</i> 4.50% to 8.50% <i>Police & Fire Employees</i> 4.75% to 14.75%	4.50% to 12.50%	4.50%
Inflation	3.00%	3.00%	3.00%	3.00%	3.00%
Cost of Living Adjustments	Schedule A members -3.0% compounded Schedule B members - 2.5%	Schedule A members -3.0% compounded Schedule B members - 2.5%	3.0% Non-compounded, with a few exceptions	\$1,500 per annum	3.0% (see Note 1(b)(4)) to the financial statements
<p>Schedule A - ERS members are those with 10 years or more of contributory service on or before July 1, 2005.</p> <p>Schedule B - ERS members are those with less than 10 years of contributory service on or before July 1, 2005. The plan provisions for Schedule A and B members are described in Note 1(b) to the financial statements entitled <i>Plan Descriptions – Membership and Benefit Provisions</i>.</p>					

6. Administrative Expenses

Pursuant to General Law section 36-8-10.1, administrative costs of the System are financed through investment earnings up to a maximum of .175% of the average total investments before lending activities as reported in the annual report of the Auditor General for the next preceding five (5) fiscal years. Such amounts are transferred to a restricted receipt account within the State's general fund. Any unencumbered funds on June 30 of any fiscal year are credited to the plans in the same proportion as their contributions to the restricted receipt account.

7. Commitments

The State Investment Commission has committed to fund certain private equity and real estate investment managers at a predetermined subscription amount. Outstanding unfunded investment commitments at June 30, 2008 totaled \$475 million. These commitments will be funded through cash available within the pooled investment trust generated through investment income and/or liquidation of other investments.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

8. Postemployment Healthcare Plan

(a). Plan Description

Employees of the System participate in a State administered defined benefit post-employment health care plan known as the Rhode Island Retiree Health Care Benefit Plan (RIRHCBP). The RIRHCBP is an agent multiple-employer plan.

The RIRHCBP is reported in an internal service fund of the State using the accrual basis of accounting. The fund reports all employer and retiree (plan member) contributions to the plan. Contributions are recognized when made. Benefits (health care claims) and refunds are recognized when due and payable in accordance with the terms of the plan. A liability for incurred but not reported claims is determined based on past claims payment trends and is included in the financial statements. Working premium rates are determined by the State each fiscal year after consultation with an employee benefits consultant and are designed to fund current claims incurred during the fiscal year as well as the costs of administering the plan. For the year ended June 30, 2008 the Plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to RIRHCBP members. The RIRHCBP does not issue a stand-alone financial report.

(b). Funding Policy

RIGL Sections 36-10-2, 36-12.1, 36-12.2.2 and 36-12-4 govern the provisions of the RIRHCBP. The contribution requirements of plan members, the State and other participating employers are established and may be amended by the General Assembly.

For anyone who retires on or before September 30, 2008, the State provides two types of subsidies for health care benefits. The Tier I subsidy applies to non-Medicare eligible plans and provides that the State will pay the portion of the cost of post-employment health care for the retiree and any dependents above the active group rate. The retiree pays the active monthly rate and the State pays the difference between the active group rate and the early retiree rate. This subsidy is not based on years of service and ends at age 65. In addition to the Tier I benefits, the State pays a portion of the cost of post-employment health care above the Tier I costs for certain retirees meeting eligibility requirements based upon the age and service of the retiree, which is referred to as the Tier II benefit.

In fiscal year 2008, non-Medicare retirees paid the active monthly premium rate and the State paid the difference between the active group rate and the more costly, early retiree rate (the "Tier I" benefit). Pursuant to RIGL Section 36-12-4 the State paid a portion of the cost of post-employment health care above the Tier I costs for certain retirees meeting eligibility requirements based upon the age and years of service of the retiree, which is referred to as the Tier II benefit.



**EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008**

8. Postemployment Healthcare Plan (continued)

(b). Funding Policy (continued)

The retirees' fiscal 2008 contributions are as follows:

Retiree Age	Years of Service	Amount of Cost Paid by Retiree
Below 60: (1)		
	28-34	10%
	35+	0%
Retiree Age from 60 to 65: (2)		
	10 – 15	50%
	16 – 22	30%
	23 – 27	20%
	28+	0%
Retiree Age Greater than 65: (3)		
	10 – 15	50%
	16 – 19	30%
	20 – 27	10%
	28+	0%

(1) The monthly premium rate is \$708.94 for the individual plan. The retiree's cost is then calculated based on a maximum of \$452.28 (the active plan rate).

(2) The monthly premium rates are the same as indicated above for the Retiree Age Below 60 category.

(3) The monthly premium rate for the Medicare Supplemental plan is \$179.77 for the individual plan, and the monthly premium for the Medicare HMO plan was \$100.00 for the first six months of fiscal year 2008 and \$107 thereafter. Retirees can choose between the two plans. The retiree's cost is then calculated based on their years-of-service subsidy above.

(c). Annual OPEB Cost

The System recognized an expense equal to the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The System actually contributed 3.91% of annual covered payroll, resulting in a Net OPEB liability of \$53,172. The System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB liability for fiscal 2008, the first year of GASB 45 implementation, was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability</u>
June 30, 2008	\$152,173	65%	\$53,172



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

8. Postemployment Healthcare Plan (continued)

(d). Funded Status and Funding Progress

The funded status of the System's share of the plan as of June 30, 2008, was as follows:

Actuarial Accrued Liability (AAL)	\$2,176,787
Actuarial Value of Plan Assets	<u>0</u>
Unfunded Actuarial Accrued Liability	<u>\$2,176,787</u>
Funded ratio (Actuarial Value of Plan Assets / AAL)	0%
Annual Covered Payroll (Active Plan Members)	\$2,532,000
UAAL as a Percentage of Covered Payroll	86%

Separate actuarial valuations were not performed to determine the actuarial accrued liability for the System, a participating employer. The total AAL for all general employees participating in RIRHCBP was apportioned to each participating entity based on their pro rata share of active covered employees to all active covered employees.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(e). Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation. The actuarial assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial valuation was performed as of June 30, 2005 with results projected to July 1, 2007 for the fiscal year ended June 30, 2008. The annual required contribution was determined using the individual entry age actuarial cost method. The unfunded actuarial accrued liability as of the June 30, 2005 transition date is amortized over a period of 30 years using the level (principal and interest combined) percent of payroll contribution amortization method. Plan changes effective for employees retiring after October 1, 2008 have been reflected in the actuarial valuation performed as of June 30, 2005.

The individual entry-age actuarial cost method is used to determine the annual required contribution amounts and the annual net OPEB liability. The actuarial assumptions include a 3.566% discount rate; an annual healthcare cost trend rate of 12% progressively declining to 4.5% after 10 years; and a salary growth rate ranging from 8.25% in year 1 to 4.75% in year 15 and beyond. The discount rate was calculated based upon



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2008

8. Postemployment Healthcare Plan (continued)

(e). Actuarial Methods and Assumptions (continued)

the average rate of return during the 10 years ended June 30, 2008 for short term investments of the State's General Fund.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.

(f). Significant Legislation Affecting the Retiree Health Care Benefit Plan

On May 1, 2008 Public Law 2008-09 was enacted. This law, among other provisions, (1) establishes a Trust to be effective in fiscal year 2009 to fund other post employment health care benefits (OPEB), (2) requires annual actuarial valuations of the OPEB liability, and (3) commits the State to funding the actuarially determined OPEB contribution beginning in fiscal year 2009. In addition, the legislation changes the eligibility requirements for State contributions for health care coverage for those retiring on or after October 1, 2008. For anyone who retires on or after that date and has a minimum of 20 years of service and who is a minimum of 59 years of age, the State will pay 80% of the actual cost of such health care coverage.

9. Subsequent Events

In December 2008, the Board of the Employees' Retirement System approved an increase to the fiscal 2010 employer contribution rates for State employees from 20.69% to 25.03% of covered payroll. The fiscal 2010 contribution rates had previously been established and approved by the Board based on an actuarial valuation performed as of June 30, 2007. An increase in the fiscal 2010 employer contribution rate was recommended by the actuary in response to an expected decrease in covered payroll for fiscal 2010. This is due to a significant increase in the number of state employee retirements prompted largely by changes in retiree medical coverage effective October 1, 2008. The expected decrease in fiscal 2010 covered payroll requires that the amortization of the unfunded actuarial accrued liability be applied to a smaller payroll base thereby causing an increase in the employer contribution rate.



EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
ERS (State Employees)						
6/30/2007	\$ 2,493,428,522	\$ 4,332,888,818	\$ 1,839,460,296	57.5%	\$ 660,044,273	278.7%
6/30/2006	2,256,979,077	4,131,157,601	1,874,178,524	54.6%	644,980,127	290.6%
6/30/2005	2,163,391,323	3,843,518,875	1,680,127,552	56.3%	606,474,789	277.0%
6/30/2004	2,202,900,345	3,694,787,818	1,491,887,473	59.6%	606,087,585	246.2%
6/30/2003 ±	2,267,673,016	3,517,352,031	1,249,679,015	64.5%	606,102,182	206.2%
6/30/2002	2,353,855,871	3,284,126,961	930,271,090	71.7%	586,888,754	158.5%
ERS (Teachers)						
6/30/2007	\$ 3,737,981,686	\$ 6,750,125,236	\$ 3,012,143,550	55.4%	\$ 959,372,837	314.0%
6/30/2006	3,394,086,565	6,444,693,666	3,050,607,101	52.7%	914,985,746	333.4%
6/30/2005	3,280,977,321	5,919,156,211	2,638,178,890	55.4%	898,051,154	293.8%
6/30/2004	3,340,527,073	5,634,195,435	2,293,668,362	59.3%	866,532,598	264.7%
6/30/2003 ±	3,427,685,554	5,341,627,416	1,913,941,862	64.2%	834,642,391	229.3%
6/30/2002	3,553,823,995	4,857,003,061	1,303,179,066	73.2%	792,015,577	164.5%
SPRBT						
6/30/2007 * \$	45,996,910	\$ 60,427,947	\$ 14,431,037	76.1%	\$ 15,836,354	91.1%
6/30/2006	36,314,689	42,216,142	5,901,453	86.0%	13,474,588	43.8%
6/30/2005	29,616,896	37,510,992	7,894,096	79.0%	13,225,400	59.7%
6/30/2004	24,767,014	32,689,173	7,922,160	75.8%	11,421,880	69.4%
6/30/2003	20,966,294	28,443,717	7,477,423	73.7%	11,286,365	66.3%
6/30/2002	17,770,149	23,527,125	5,756,976	75.5%	10,933,360	52.7%
JRBT						
6/30/2007 * \$	29,630,637	\$ 35,355,326	\$ 5,724,689	83.8%	\$ 6,451,666	88.7%
6/30/2006	23,873,009	27,504,102	3,631,093	86.8%	6,313,069	57.5%
6/30/2005	19,347,372	22,250,728	2,903,356	87.0%	5,684,585	51.1%
6/30/2004	16,019,053	21,845,744	5,826,691	73.3%	5,637,865	103.3%
6/30/2003	13,270,977	18,435,395	5,164,418	72.0%	5,303,153	97.4%
6/30/2002	11,129,208	16,243,709	5,114,501	68.5%	4,738,059	107.9%
MERS						
6/30/2007	\$ 1,064,615,664	\$ 1,179,233,489	\$ 114,617,825	90.3%	\$ 298,234,571	38.4%
6/30/2006	945,876,282	1,085,648,196	139,771,914	87.1%	281,291,831	49.7%
6/30/2005	886,964,787	1,017,254,365	130,289,578	87.2%	265,123,725	49.1%
6/30/2004	879,449,653	943,536,048	64,086,395	93.2%	258,985,220	24.7%
6/30/2003	885,842,533	879,589,065	(6,253,468)	100.7%	241,201,031	(2.6)%
6/30/2002	907,193,399	814,857,497	(92,335,902)	111.3%	247,613,063	(37.3)%

± Restated June 30, 2003 actuarial valuation after adopting Article 7, Substitute A as Amended

* Restated June 30, 2007 actuarial valuation after 2008 amendment to General Laws

See notes to required supplementary information.



EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Contributions From the Employers

And Other Contributing Entity

ERS

Fiscal Year Ended June 30	State Employees		Teachers (State)		Teachers (Employers)	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2008	\$ 131,560,248	100%	\$ 82,455,777	100%	\$ 122,906,860	100%
2007	118,300,522	100%	70,531,472	100%	109,415,227	100%
2006	91,254,063	100%	54,537,733	100%	83,794,372	100%
2005	66,087,984	100%	48,834,755	100%	73,006,173	100%
2004	55,699,588	100%	45,039,279	100%	70,666,221	100%
2003	45,141,250	100%	38,242,690	100%	55,504,739	100%

MERS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 33,415,530	100%
2007	26,697,326	100%
2006	20,127,099	100%
2005	13,081,956	100%
2004	9,406,147	100%
2003	6,485,065	100%

SPRBT

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 3,720,281	100%
2007	4,038,828	100%
2006	3,174,903	100%
2005	2,614,503	100%
2004	2,224,191	100%
2003	2,256,770	100%

JRBT

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 2,127,643	100%
2007	2,362,671	100%
2006	2,291,665	100%
2005	2,056,558	100%
2004	1,830,204	100%
2003	1,656,965	100%

See notes to required supplementary information.



EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress - Rhode Island Retiree Health Care Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2005	\$ -	\$ 2,176,787	\$ 2,176,787	0.0%	\$ 2,532,000	86.0%



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2008

Employees' Retirement System

1. Actuarial Assumptions and Methods

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation, June 30, 2007, follows.

	ERS		MERS	SPRBT	JRBT
	<i>State Employees</i>	<i>Teachers</i>			
Valuation Date	6/30/07	6/30/07	6/30/07	6/30/07	6/30/07
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	22 years	22 years	22 Years	22 years	22 years
Asset Valuation Method	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market
Actuarial Assumptions					
Investment Rate of Return	8.25%	8.25%	8.25%	8.25%	8.25%
Projected Salary Increases	4.50% to 9.00%	4.50% to 13.25%	<i>General Employees</i> 4.50% to 8.50% <i>Police & Fire Employees</i> 4.75% to 14.75%	4.50% to 12.50%	4.50%
Inflation	3.00%	3.00%	3.00%	3.00%	3.00%
Cost of Living Adjustments	Schedule A members -3.0% compounded Schedule B members – 2.5%	Schedule A members -3.0% compounded Schedule B members – 2.5%	3.0% Non-compounded with a few exceptions	\$1,500 per annum	3.0% <i>(see Note 1(b)(4)) to the financial statements</i>

Schedule A - ERS members are those with 10 years or more of contributory service on or before July 1, 2005.

Schedule B - ERS members are those with less than 10 years of contributory service on or before July 1, 2005. The plan provisions for Schedule A and B members are described in Note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2008

Employees' Retirement System

2. Schedules of Funding Progress

The MERS funded ratio is a composite of all units in the plan. The System performs a separate valuation for each unit.

Changes affecting the June 30, 2007 actuarial valuation:

The June 30, 2007 actuarial accrued liability was restated for the Judicial Retirement Benefit Trust to reflect the amendment to the law governing benefits for judges appointed after January 1, 2009 – see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

The June 30, 2007 actuarial accrued liability was restated for the State Police Retirement Benefit Trust to reflect the amendment to the law governing benefits for state police hired on or after July 1, 2007 – see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

Changes affecting the June 30, 2006 actuarial valuation:

Material changes were made to increase the salary, payroll growth and termination assumptions. In addition, there were changes in the Post-retirement mortality rates for non-disabled retirees. Currently rates are based on the 1994 Group Annuity Mortality Tables for males and females, with adjustments to the tables for male teachers and male state employees. The tables are then compared to the A/E ratio (actual deaths to expected deaths). It was determined the tables for state employees required no changes. However, the A/E ratios for teachers were lower than the acceptable actuarial ranges. Therefore, new mortality tables have been constructed and adopted for teachers based on teacher mortality rates in another state with similar life expectancies. The pre-termination mortality currently uses the post-retirement mortality assumption. The rates for pre-termination mortality are computed at a rate equal to 65% of the post-retirement rates.

The base salary rate for ERS and MERS General Employees remained unchanged. Judges base salary rates decreased from 5.25% to 4.50% and State Police decreased from 5.00% to 4.50%. The salary rate increase for state employees changed from 4.50% - 8.25% to 4.50% - 9.00%. Teachers changed from a range of 4.50% - 17.00% to 4.50% - 13.25%. MERS General Employees changed from a range of 4.50% - 9.00% to 4.50% - 8.50%. MERS Police & Fire Employees changed from a range of 5.00% - 15.50% to 4.75% - 14.75%.

The payroll growth rate was increased from 3.75% to 4.25% for ERS and MERS; it also increased from 3.75% to 4.5% for State Police and decreased from 5.25% to 4.5% for Judges.

The marriage assumption for members being married has been changed from 100% to 85%.

Changes affecting the June 30, 2003 actuarial valuation:

Material changes were made to the termination, payroll growth and salary increase assumptions. Changes were also made to the general mortality rates and mortality rates used for disabled lives. The disability and retirement tables were also adjusted to reflect the plan experience. Particularly, the salary increase rates for state employees were changed from 4.25% - 14.25% to 4.5% - 8.25%. The base salary increase rates were increased from 4.25% to 4.5% for all teachers and MERS General Employees, and decreased from 5.5% to 5.25% for Judges. The payroll growth rate was increased from 3.0% to 3.75% for ERS, MERS and State Police and



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2008

Employees' Retirement System

Changes affecting the June 30, 2003 actuarial valuation: (continued)

decreased from 5.5% to 5.25% for Judges. The June 30, 2003 actuarial accrued liability was restated to reflect the amendment to the law governing benefits for state employees and teachers effective July 1, 2005 – see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

Changes affecting the June 30, 2002 actuarial valuation:

The amortization period for the unfunded actuarial accrued liability for MERS was changed to 30 years from June 30, 1999 or 27 years from June 30, 2002.

The actuarial value of assets for MERS was changed from a three-year smoothed market technique to a five-year smoothed market technique.

3. Schedules of Employer Contributions

Employer contributions for the ERS plan included in the Schedules of Contributions from the Employers and Other Contributing Entity do not include Teacher Survivor Benefits as described in Note 1(b) and any employer contributions related to supplemental pension benefits that are attributable and paid by a specific employer. These amounts are not included in the annual required contribution.

The Plans began using the entry age normal cost method as the basis for determining employer costs in fiscal year 2002. The unfunded liabilities of the plans are amortized over a 30 year period from June 30, 1999. The closed period ends 30 years from June 30, 1999.

EMPLOYEES' RETIREMENT SYSTEM
OF RHODE ISLAND

ACTUARIAL INFORMATION

ERSRI ACTUARIAL INFORMATION

September 2, 2009

Retirement Board
40 Fountain Street, First Floor
Providence, RI 02903-1854

Dear Members of the Board:

Subject: Actuarial Valuation of ERSRI as of June 30, 2008

This is the June 30, 2008 actuarial valuation of the Employees' Retirement System of Rhode Island (ERSRI), which covers State Employees and Teachers. This report describes the current actuarial condition of ERSRI, determines recommended employer contribution rates, and analyzes changes in these contribution rates. Valuations are prepared annually, as of June 30, the last day of the ERSRI plan year. Not covered in this report are the Municipal Employees' Retirement System, the State Police Retirement Benefits Trust, the Judicial Retirement Benefits Trust, and the Teachers Survivors Plan, even though assets for ERSRI and these other programs are commingled for investment purposes.

Under Rhode Island General Laws, the employer contribution rates for State Employees and for Teachers are certified annually by the State of Rhode Island Retirement Board. These rates are determined actuarially, based on the plan provisions in effect as of the valuation date, the actuarial assumptions adopted by the Board, and the methodology set forth in the statutes. The Board's current policy is that the contribution rates determined by a given actuarial valuation become effective two years after the valuation date. For example, the rates determined by this June 30, 2008 actuarial valuation will be applicable for the year beginning July 1, 2010 and ending June 30, 2011.

Financing objectives

The actuarial cost method and the amortization periods are set by statute. Contribution rates and liabilities are computed using the Entry Age actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999, 21 years from June 30, 2008). The amortization rate is adjusted for the two-year deferral in contribution rates. Separate employer contribution rates are determined for State Employees and for Teachers.

Please note that Article 7 SUB A adopted on June 30, 2009 modified the contribution schedule for the fiscal years ending June 30, 2009 and 2010. This amendment revised the previously calculated contribution rates for these fiscal years to the rate as stated in this report. Therefore, the rates stated in this report will be effective for the continuous three-year period July 1, 2008 through June 30, 2011.

Progress toward realization of financing objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. For the State Employees, the funded ratio is 61.8% (increased from 57.5% last year), while for Teachers the ratio is 60.3% (increased from 55.4% last year).

For the June 30, 2008 valuation, the employer contribution rate increased for State Employees, from 20.69% to 21.64%, and decreased for Teachers, from 23.88% to 20.07%. For both State Employees and Teachers, the changes in the employer contribution rates were principally due to (a) the retirements that occurred during 2008 due to changes in the State's post retirement medical benefits (the Article 4 retirements) and (b) modifications in the benefit provisions under Article 7 SUB A.

An analysis of the changes in the employer contribution rates appears in Table 10A of this report. An analysis of the changes in the unfunded actuarial accrued liability appears in Table 10C.

Benefit provisions

There were significant changes in the benefit provisions for both State Employees and Teachers since the preceding actuarial valuation as of June 30, 2007. The benefit provisions on which this valuation is based are those which were in effect on June 30, 2008, except we have also reflected known modifications to the provisions which were enacted between the valuation date and the date of this report. The benefit provisions were modified by Article 7, SUB A, enacted on June 30, 2009.

The following is a brief summary of the benefit provision changes:

- For State Employees and Teachers, Article 7 establishes a minimum retirement age of 62 for all future hires, but this age may not be less than under prior law.
- For Correctional Officers and Nurses at MHRH hired in the future, Article 7 sets the minimum retirement age at age 55 with 25 years of service credit.
- These eligibility requirements are applied to members hired after Sept. 30, 2009.
- For members who joined ERSRI prior to September 30, 2009, the new provisions adjust the retirement age by interpolating between the prior projected retirement age and the new age applicable to future members. The interpolation is based on the

member's service credited as of September 30, 2009; the less service the member has, the closer his/her earliest retirement age is to the new requirements that are applied to future hires.

- Benefit accrual rates: The percentage accrual a Schedule A member has earned as of September 30, 2009 will be frozen. Future accruals will be earned under schedule B. The member's benefit will be based on the sum of these credits, multiplied by his/her Final Average Salary.
- Final Average Salary (FAS): Under Article 7, FAS is defined as a five-year average of salaries, rather than a three-year average of salaries.
- COLAs provided under schedule A will be changed from the current 3% compounded increase to the COLA provided to Schedule B members: the smaller of the CPI increase or 3%. The first COLA will be paid on the third anniversary of retirement.
- Effective for applications filed after September 30, 2009, accidental disability will be available at 66 2/3 percent of salary for members who are permanently and totally disabled from any occupation as determined by the retirement board. If the member meets the requirements of for an accidental disability benefit but is not totally and permanently disabled for any occupation, the benefit will be 50% of salary.

These changes are generally effective on October 1, 2009. With the exception of the modifications to the disability benefit provisions, the changes above do not apply to members who are retired by September 30, 2009 or who are eligible to retire as of September 30, 2009, even if they do not retire prior to this date. All of the benefit provisions of ERSRI are summarized in Appendix B of this report.

Assumptions and methods

All assumptions and methods are described in Appendix A of this report. The assumptions are generally unchanged from the last actuarial valuation. However, due to the enactment of Article 7, we had to make an assumption about the proportion of members who are eligible for an accidental disability benefit and eligible for the 66-2/3% benefit (i.e., are totally and permanently disabled from any occupation). We assume that half of those qualifying for accidental disability will receive the 66-2/3% benefit, and half will receive the 50% benefit. We also had to modify our retirement assumptions because of the changes made by Article 7. We assumed that members who would have retired prior to the earliest retirement age under prior law will retire when first eligible under Article 7.

The actuarial assumptions were last changed as a result of the experience study approved by the Board on June 13, 2007. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of ERSRI.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the

assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities and the calculated contribution rates.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

Data

The System's staff supplied data for retired, active and inactive members as of June 30, 2008. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2008.

In the second and third quarters of the 2008 calendar year, there was an extraordinary number of retirements of State Employees, due to these members wanting to lock in certain post-retirement medical benefits that were being changed effective October 1, 2008. We decided this was material and should be reflected in this valuation. Therefore, we received information from the System about which members retired after the valuation date but before October 1, 2008, and we determined their liability assuming they would retire on October 1, 2008. In addition, we adjusted the projected payroll figures to reflect these extraordinary retirements, based on information provided by the System's staff.

Certification

All of our work conforms with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries. All three are Enrolled Actuaries and Members of the American Academy of Actuaries. They all meet the Qualification Standards of the American Academy of Actuaries and they are experienced in performing valuations for large public retirement systems.

Respectfully submitted,



J. Christian Conradi, ASA, MAAA, EA
Senior Consultant



Joseph P. Newton, FSA, MAAA, EA
Senior Consultant



Mark R. Randall, MAAA, EA
Executive Vice President

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Executive Summary (State Employees)

June 30, 2008

Item	Valuation Date:	
	June 30, 2008	June 30, 2007
Membership <ul style="list-style-type: none"> • Number of: <ul style="list-style-type: none"> - Active members - Retirees and beneficiaries - Inactive members - Total • Payroll supplied by ERSRI 	11,970 10,396 <u>2,527</u> 24,893 \$ 617,622,521	12,572 10,163 <u>2,405</u> 25,140 \$ 626,192,680
Contribution rates <ul style="list-style-type: none"> • Member • Employer 	8.75% 21.64%	8.75% 20.69%
Assets <ul style="list-style-type: none"> • Market value • Actuarial value • Return on market value • Return on actuarial value • Employer contribution • Ratio of actuarial value to market value 	\$2,575,270,868 2,700,368,568 -5.8% 10.7% \$ 131,604,471 104.9%	\$2,791,619,718 2,493,428,522 18.2% 13.0% \$ 118,389,603 89.3%
Actuarial Information <ul style="list-style-type: none"> • Employer normal cost % • Unamortized actuarial accrued liability (UAAL) • Amortization rate • Funding period • GASB funded ratio 	0.87% \$1,671,461,141 20.77% 21 years 61.8%	1.64% \$1,839,460,296 19.05% 22 years 57.5%
Projected employer contribution <ul style="list-style-type: none"> • Fiscal year ending June 30, • Projected payroll (millions) • Projected employer contribution (millions) 	2011 \$ 615.6 133.2	2010 \$ 717.3 148.4



Executive Summary (Teachers)

June 30, 2008

Item	Valuation Date:	
	June 30, 2008	June 30, 2007
Membership <ul style="list-style-type: none"> • Number of: <ul style="list-style-type: none"> - Active members 13,999 14,146 - Retirees and beneficiaries 9,337 9,118 - Inactive members <u>2,410</u> <u>2,257</u> - Total 25,746 25,521 • Payroll supplied by ERSRI \$ 928,250,193 \$ 902,193,640 		
Contribution rates <ul style="list-style-type: none"> • Member 9.50% 9.50% • Employer 20.07% 23.88% • State share 8.18% 9.71% • Local employer share 11.89% 14.17% 		
Assets <ul style="list-style-type: none"> • Market value \$3,857,373,705 \$4,185,381,396 • Actuarial value 4,044,954,378 3,737,981,686 • Return on market value -5.8% 18.2% • Return on actuarial value 10.7% 13.0% • Employer contribution (state & local) \$ 205,368,390 \$ 179,916,390 • Ratio of actuarial value to market value 104.9% 89.3% 		
Actuarial Information <ul style="list-style-type: none"> • Employer normal cost % 1.03% 2.33% • Unamortized actuarial accrued liability (UAAL) \$2,660,543,627 \$3,012,143,550 • Amortization percentage 19.04% 21.55% • Funding period 21 years 22 years • GASB funded ratio 60.3% 55.4% 		
Projected employer contribution <ul style="list-style-type: none"> • Fiscal year ending June 30, 2011 2010 • Projected payroll (millions) \$ 1,071.5 \$ 1,042.7 • Projected employer contribution (millions) 215.0 249.0 • State share (millions) 87.6 101.2 • Local employer share (millions) 127.4 147.8 		



CONTRIBUTION RATES

The employer contribution rates for ERSRI are determined actuarially. Separate rates are determined for State Employees and for Teachers. The rates determined in this valuation would typically become effective two years after the valuation date, i.e., as of July 1, 2010. However, due to the adoption of Article 7 SUB A, the rates from this valuation will be effective for the three year period beginning July 1, 2008 and ending June 30, 2011.

The rate consists of two pieces: the normal cost rate and the amortization rate. The normal cost rate is the employer's Entry Age normal cost, expressed as a percent of pay. The amortization rate is the contribution required to amortize the unfunded actuarial liability over 21 years as a level percent of pay.

For the Teachers, the State of Rhode Island pays 40% of the rate, adjusted so that the State pays the entire amortization charge for the 1990/91 and 1991/92 deferrals, and the town or city employing the Teacher pays the balance.

	<u>Local</u>	<u>State</u>	<u>Total</u>
Amortization for FY 91 and 92 deferrals	0.00%	0.26%	0.26%
Normal cost and all other amortizations	<u>11.89%</u>	<u>7.92%</u>	<u>19.81%</u>
Total	11.89%	8.18%	20.07%

Five towns or cities—Burrillville, East Greenwich, Little Compton, New Shoreham, and North Smithfield—did not participate in the 1990 early retirement window for Teachers, and an adjusted contribution rate is charged for these entities:

	<u>Local</u>	<u>State</u>	<u>Total</u>
Amortization for FY 91 and 92 deferrals	0.00%	0.26%	0.26%
Normal cost and all other amortizations	<u>11.23%</u>	<u>7.49%</u>	<u>18.72%</u>
Total	11.23%	7.75%	18.98%

Impact of Decrease in Contribution Rates

Under Rhode Island General Laws (RIGL) §36-10-2(e), if the State's actuarially determined contribution rate for state employees or for teachers for a fiscal year will be less than in the preceding fiscal year, the Governor is required to include an appropriation to ERSRI in the fiscal year budget equal to 20% of the reduction. Because the contribution rate for FY 2011 is the same as the rate for FY 2009 and FY 2010, as restated due to the enactment of Article 7, it does not appear that this requirement is triggered for FY 2011. However, we are not attorneys, and this may be an issue on which the Board's legal counsel needs to provide an opinion. It could be argued that, because the rates in this valuation are less than the rates in the prior valuation, at least for teachers, that the requirement might be applicable.



Financial Data and Experience

Assets for ERSRI are held in trust and are commingled with those of several other plans and programs for investment purposes. The State Treasurer is responsible for setting the asset allocation policy and for investing the funds. The ERSRI assets are then allocated by the System's staff among State Employees, Teachers, and the Teachers' Survivor Benefits Plan.

The table on page 80 of this report shows the net plan assets for ERSRI in total, and it shows the breakdown between State Employees, Teachers and the Teachers' Survivor Benefit Plan. The table on page 81 shows a reconciliation of the assets for State Employees and Teachers between the previous valuation and this valuation. The table below shows the distribution of investments by category—72% of assets are held in equities, including real estate and private equity—and the table on page 63 shows a historical summary of the return rates. As can be seen, the net market value rate of return was -5.8% for the year ended June 30, 2008, and the return on an actuarial asset value basis was 10.7%.

The average annual return based on the market value of assets over the last ten years (July 1, 1998 – June 30, 2008) was 5.15%. This is less than the current 8.25% annual investment return assumption. The average annual return based on the actuarial value of assets over the same period was 6.05%.

All returns above are net of both investment and administrative expenses and may differ from other information provided by the General Treasurer's office or the investment managers and advisors.

The System's staff provided all of the financial information used in this report.

Distribution of Assets at Market Value

Distribution of Assets at Market Value (Percentage of Total Investments)		
Item (1)	June 30, 2008 (2)	June 30, 2007 (3)
Cash & cash equivalents	5.4%	6.6%
U.S. government & agency securities	15.9%	12.5%
Corporate bonds & notes	7.1%	8.9%
Foreign bonds	0.0%	0.0%
U.S. equity securities	39.8%	41.6%
Foreign equity securities	18.3%	19.9%
Real estate, venture capital, other	13.5%	10.5%
Total investments	100.0%	100.0%



History of Investment Return Rates

History of Investment Return Rates

Year Ending June 30 of <u>(1)</u>	<u>Market</u> <u>(2)</u>	<u>Actuarial</u> <u>(3)</u>
1995	17.0%	10.2%
1996	13.7%	13.7%
1997	19.1%	19.1%
1998	16.1%	16.5%
1999	10.1%	14.7%
2000	9.1%	8.8%
2001	-11.0%	4.9%
2002	-8.4%	0.9%
2003	2.6%	-0.8%
2004	18.7%	0.4%
2005	11.4%	1.8%
2006	11.6%	7.4%
2007	18.2%	13.0%
2008	-5.8%	10.7%
Average Returns:		
Last 5 Years	10.46%	6.54%
Last 10 Years	5.15%	6.05%



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

The actuarial valuation uses the Entry Age actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability (UAAL).

1. First, the actuarial present value of future benefits is determined by discounting the projected benefits for each member back to the valuation date using the assumed investment return rate as the discount rate. For active members, the projected benefits are based on the member's age, service, sex and compensation, and based on the actuarial assumptions. The calculations take into account the probability of the member's death, disability, or termination of employment prior to becoming eligible for a retirement benefit, as well as the possibility of the member will remain in service and receive a service retirement benefit. Future salary increases are anticipated. The present value of the expected benefits payable to all active members is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits. Liabilities for future members are not included.
2. The employer contributions required to support the benefits are determined as a level percentage of salary, and consist of a normal contribution and an amortization contribution.
3. The normal contribution is determined using the Entry Age Normal method. Under this method, a calculation is made to determine the rate of contribution which, if applied to the compensation of each new member during the entire period of anticipated covered service, would be required to meet the cost of all benefits payable on his behalf. The salary-weighted average of these rates is the normal cost rate. This calculation reflects the plan provisions that apply to members hired after October 1, 2009, i.e., the Article 7 (2009) provisions, even for members hired before that date. That is, the normal cost is the cost of a replacement employee.
4. The employer normal cost rate is equal to (i) the normal cost rate, minus (ii) the member contribution rate.
5. The actuarial accrued liability is equal to the present value of all benefits less the present value of future normal costs. The unfunded actuarial accrued liability (UAAL) is then determined as (i) the actuarial accrued liability, minus (ii) the actuarial value of assets.
6. The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.



III. Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

IV. Actuarial Assumptions

A. Economic Assumptions

1. *Investment return:* 8.25% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.

2. *Salary increase rate:* The sum of (i) a 4.50% wage inflation assumption (composed of a 3.00% price inflation assumption and a 1.50% additional general increase), and (ii) a service-related component as shown below:

Salary Increase Rates				
Service	State Employees		Teachers	
	Service-Related Component	Total Increase	Service-Related Component	Total Increase
(1)	(2)	(3)	(4)	(5)
0	4.50%	9.00%	8.75%	13.25%
1	4.00%	8.50%	7.50%	12.00%
2	3.50%	8.00%	6.25%	10.75%
3	3.00%	7.50%	5.75%	10.25%
4	2.75%	7.25%	5.25%	9.75%
5	2.50%	7.00%	4.50%	9.00%
6	2.00%	6.50%	4.00%	8.50%
7	1.50%	6.00%	3.50%	8.00%
8	1.25%	5.75%	3.00%	7.50%
9	1.00%	5.50%	2.00%	6.50%
10	0.75%	5.25%	1.25%	5.75%
11	0.50%	5.00%	1.00%	5.50%
12	0.50%	5.00%	0.50%	5.00%
13	0.25%	4.75%	0.25%	4.75%
14	0.25%	4.75%	0.00%	4.50%
15 or more	0.00%	4.50%	0.00%	4.50%



Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. For employees with less than one year of service, the reported rate of pay is used rather than the fiscal year salary paid.

3. *Payroll growth rate:* In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 4.25% per year. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth.

4. *Post-retirement Benefit Increase:* For members with at least 10 years of contributory service as of June 30, 2005 (i.e., Schedule A members) and for all members receiving a disability benefit, the post-retirement benefit increases are equal to 3.00% by statute. They are not a function of the actual increases in the cost of living. For members with less than 10 years of contributory service as of June 30, 2005, i.e., Schedule B members, members receive a compound increase each year equal to the increase in the CPI, but limited to 3.00%. This limit lowers the expected increases granted in each year below the inflation assumption of 3.00%. The assumed average increase received for this group of employees is 2.50%.

B. Demographic Assumptions

1. *Post-termination mortality rates* (non-disabled)

- a. Male state employees: Based on the 1994 Group Annuity Mortality Tables for males set forward one year.
- b. Female state employees: Based on the 1994 Group Annuity Mortality Tables for females.
- c. GRS table based on male teacher experience
- d. 95% of rates in a GRS table based on female teacher experience.

Sample rates are shown below:

Number of Deaths per 100				
Age	State Employees		Teachers	
	Males	Females	Males	Females
50	0.29	0.14	0.28	0.15
55	0.49	0.23	0.48	0.36
60	0.90	0.44	0.45	0.45
65	1.62	0.86	0.57	0.41
70	2.60	1.37	1.50	0.85
75	4.09	2.27	2.49	1.35
80	6.86	3.94	4.93	3.01



2. Post-retirement mortality (disabled lives): One set of rates is used for both state employees and teachers

- a. Males:** 65% of the PBGC Table Va for disabled males eligible for Social Security disability benefits
- b. Females:** 100% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.

Sample rates are shown below:

Number of Deaths per 100		
Age	Males	Females
25	3.14	2.63
30	2.35	2.37
35	1.81	2.14
40	1.83	2.09
45	2.09	2.24
50	2.49	2.57
55	3.13	2.95
60	3.92	3.31
65	4.41	3.70
70	4.80	4.11
75	5.47	4.92
80	7.33	7.46

3. Pre-retirement mortality: 65% of the post-termination mortality rates. Sample rates are shown below:

Number of Deaths per 100				
Age	State Employees		Teachers	
	Males	Females	Males	Females
25	0.05	0.02	0.05	0.02
30	0.05	0.02	0.06	0.02
35	0.06	0.03	0.06	0.03
40	0.08	0.05	0.07	0.05
45	0.11	0.06	0.11	0.06
50	0.19	0.09	0.18	0.09
55	0.32	0.15	0.31	0.23
60	0.58	0.29	0.29	0.29
65	1.06	0.56	0.37	0.27
70	1.69	0.89	0.97	0.55



4. *Disability rates*: Sample rates are shown below. Ordinary disability rates are not applied to members eligible for retirement. One half the accidental disabilities are assumed to be totally and permanently disabled from any occupation.

Age	Number of Disabilities per 1,000							
	State Ordinary Males	State Accidental Males	State Ordinary Females	State Accidental Females	Teachers Ordinary Males	Teachers Accidental Males	Teachers Ordinary Females	Teachers Accidental Females
25	0.32	0.20	0.45	0.09	0.15	0.08	0.16	0.04
30	0.39	0.25	0.55	0.11	0.18	0.10	0.20	0.04
35	0.53	0.34	0.75	0.15	0.24	0.13	0.27	0.06
40	0.77	0.50	1.10	0.22	0.36	0.19	0.40	0.09
45	1.26	0.81	1.80	0.36	0.59	0.32	0.66	0.14
50	2.14	1.37	3.05	0.61	0.99	0.54	1.12	0.24
55	3.54	2.27	5.05	1.01	1.65	0.89	1.85	0.40
60	4.94	3.17	7.05	1.41	2.30	1.24	2.58	0.56
65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



5. *Termination rates* (for causes other than death, disability, or retirement) are a function of the member's sex and service. Termination rates are not applied to members eligible for retirement. Rates are shown below:

Service	State Employees		Teachers	
	Males	Females	Males	Females
0	0.2400	0.1200	0.1700	0.1300
1	0.0882	0.1000	0.0900	0.0759
2	0.0761	0.0778	0.0562	0.0656
3	0.0656	0.0682	0.0455	0.0566
4	0.0565	0.0599	0.0364	0.0486
5	0.0487	0.0526	0.0289	0.0418
6	0.0421	0.0463	0.0229	0.0359
7	0.0366	0.0409	0.0181	0.0309
8	0.0321	0.0363	0.0145	0.0267
9	0.0285	0.0325	0.0120	0.0233
10	0.0257	0.0293	0.0104	0.0205
11	0.0235	0.0267	0.0095	0.0183
12	0.0219	0.0246	0.0094	0.0165
13	0.0208	0.0228	0.0094	0.0152
14	0.0199	0.0214	0.0094	0.0142
15	0.0194	0.0202	0.0094	0.0134
16	0.0189	0.0191	0.0094	0.0128
17	0.0185	0.0181	0.0094	0.0122
18	0.0179	0.0170	0.0094	0.0116
19	0.0172	0.0158	0.0094	0.0109
20	0.0162	0.0144	0.0094	0.0101
21	0.0147	0.0128	0.0094	0.0090
22	0.0127	0.0107	0.0094	0.0075
23	0.0101	0.0082	0.0094	0.0056
24	0.0068	0.0051	0.0094	0.0033



6. Retirement rates (unreduced):

Separate male and female rates, based on schedule, age and service. For members who reach 28 years of service before age 60, service-based rates are used. For members who reach age 60 before reaching 28 years of service, age-based rates are used instead. The following tables show the probabilities of retirement.

State Employees Excluding Corrections – Schedule A Members							
Males				Females			
Service (00/28)		Age (60/10)		Service (00/28)		Age (60/10)	
Service	Ret. Rate	Age	Ret. Rate	Service	Ret. Rate	Age	Ret. Rate
28	17.5%	60	10.0%	28	20.0%	60	15.0%
29	13.0%	61	5.0%	29	15.0%	61	10.0%
30	13.0%	62	17.5%	30	15.0%	62	20.0%
31	13.0%	63	15.0%	31	15.0%	63	15.0%
32	13.0%	64	15.0%	32	15.0%	64	15.0%
33	17.5%	65	20.0%	33	15.0%	65	20.0%
34	17.5%	66	17.5%	34	15.0%	66	25.0%
35	40.0%	67	17.5%	35	40.0%	67	20.0%
36	35.0%	68	17.5%	36	30.0%	68	20.0%
37	35.0%	69	17.5%	37	30.0%	69	20.0%
38	35.0%	70	17.5%	38	30.0%	70	20.0%
39	35.0%	71	17.5%	39	30.0%	71	20.0%
40	100.0%	72	17.5%	40	100.0%	72	20.0%
		73	17.5%			73	20.0%
		74	17.5%			74	20.0%
		75	100.0%			75	100.0%

Schedule B members: 60% of members are assumed to retire when first eligible, either at age 59 with 29 years of service, or at age 65 with 10 years of service. The rates in the table above are applied after first eligibility.

Because of the enactment of Article 7 in 2009, the retirement assumption was modified for members not eligible for retirement by October 1, 2009. Members who would have been assumed to retire prior to age 62 under the above schedule under the rules in effect before the enactment of Article 7 are assumed to retire when first eligible for an unreduced benefit under Article 7.



6. Retirement rates (continued):

Teachers – Schedule A Members							
Males				Females			
Service (00/28)		Age (60/10)		Service (00/28)		Age (60/10)	
Service	Ret. Rate	Age	Ret. Rate	Service	Ret. Rate	Age	Ret. Rate
28	25.0%	60	20.0%	28	20.0%	60	20.0%
29	15.0%	61	15.0%	29	15.0%	61	15.0%
30	20.0%	62	30.0%	30	20.0%	62	25.0%
31	20.0%	63	25.0%	31	20.0%	63	20.0%
32	30.0%	64	10.0%	32	30.0%	64	20.0%
33	30.0%	65	25.0%	33	30.0%	65	35.0%
34	40.0%	66	25.0%	34	35.0%	66	25.0%
35	55.0%	67	25.0%	35	50.0%	67	25.0%
36	40.0%	68	25.0%	36	40.0%	68	25.0%
37	40.0%	69	25.0%	37	40.0%	69	25.0%
38	40.0%	70	25.0%	38	40.0%	70	25.0%
39	40.0%	71	25.0%	39	40.0%	71	25.0%
40	100.0%	72	25.0%	40	100.0%	72	25.0%
		73	25.0%			73	25.0%
		74	25.0%			74	25.0%
		75	100.0%			75	100.0%

Schedule B members: 75% of members who reach age 59 with 29 years of service before age 65 are assumed to retire when first eligible, at age 59 with 29 years of service. 75% of other members are expected to retire when first eligible, at age 65 with 10 years of service. The rates in the table above are applied after first eligibility.

Because of the enactment of Article 7 in 2009, the retirement assumption was modified for members not eligible for retirement by October 1, 2009. Members who would have been assumed to retire prior to age 62 under the above schedule under the rules in effect before the enactment of Article 7 are assumed to retire when first eligible for an unreduced benefit under Article 7.

**6. Retirement rates (continued):**

For correctional officers: A set of unisex rates, indexed by service, as shown below. All members still active are assumed to retire at age 65 with 10 years of service.

Corrections	
Service	Ret. Rate
20	5.0%
21	5.0%
22	5.0%
23	5.0%
24	5.0%
25	5.0%
26	5.0%
27	5.0%
28	5.0%
29	5.0%
30	13.0%
31	13.0%
32	13.0%
33	20.0%
34	20.0%
35	35.0%
36	25.0%
37	25.0%
38	25.0%
39	25.0%
40	100.0%

Because of the enactment of Article 7 in 2009, the retirement assumption was modified for members not eligible for retirement by October 1, 2009. Members who would have been assumed to retire prior to age 62 under the above schedule under the rules in effect before the enactment of Article 7 are assumed to retire when first eligible for an unreduced benefit under Article 7.



7. Reduced retirement for Schedule B members (state employees and teachers, males and females). Rates based on age as shown below:

Age	Ret. Rate
55	0%
56	0%
57	0%
58	0%
59	1%
60	2%
61	2%
62	2%
63	3%
64	4%

C. Other Assumptions

1. Percent married: 85% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an annuity.
4. Percent electing deferred termination benefit: Vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.
5. Recovery from disability: None assumed.
6. Remarriage: It is assumed that no surviving spouse will remarry and there will be no children's benefit.
7. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at the first age at which unreduced benefits are available.
8. Investment and administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.
9. Inactive members: Liabilities for inactive members are approximated as a multiple of their member contribution account balances. For nonvested inactive members, the multiple is 1.0. For vested inactive members, the multiple is 8.0 for members with 25 or more years of service, 3.0 for vested inactive members age 45 or older with less than 25 years of service, and 1.0 for other vested inactive members younger than age 45.
10. Decrement timing: For all state employees, decrements are assumed to occur at the middle of the year. For teachers the retirement and termination decrements are assumed to occur at the beginning of the year, while death and disability are assumed to occur at the middle of the year.



D. Participant Data

Participant data was supplied on electronic files. There are separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active members included date of birth, sex, service, salary and employee contribution account balance. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

Salary supplied for the current year was based on the earnings for the fiscal year preceding the valuation date. However, for members with less than one year of service, the current rate of salary was used. This salary was adjusted by the salary increase rate for one year.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

SUMMARY OF BENEFIT PROVISIONS

1. Effective Date and Authority: The Employees' Retirement System of Rhode Island (ERSRI) became effective on July 1, 1936 for State Employees and on July 1, 1949 for Teachers. Benefits for State Employees are described in Rhode Island General Laws, Title 36, Chapter 36-10, and benefits for Teachers are described in Rhode Island General Laws, Title 16, Chapter 16-16.

2. Plan Year: A twelve-month period ending June 30th.

3. Administration: ERSRI is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy.

4. Type of Plan: ERSRI is a qualified governmental defined benefit retirement plan. Separate contribution rates are determined for state employees and for teachers. For Governmental Accounting Standards Board purposes, it is a cost-sharing multiple employer plan.

5. Eligibility: Most Rhode Island state employees and certified public school teachers participate in ERSRI. Certain employees of the Airport Corporation, the Economic Development Corporation, and the Narragansett Bay Commission participate in the plan as though they were state employees. State police officers, state judges, and teachers and administrators in the public colleges and universities are covered by their own separate systems, and are therefore excluded. Certain elected state officials are excluded unless they make an election to join ERSRI. Superintendents, principals, business agents and other administrators participate as teachers. Non-certified public school employees, such as teacher's aides, janitors, secretaries, and bus drivers, cannot participate in ERSRI, although they may be covered by the Municipal Employees Retirement System (MERS) or a separate plan maintained by the town or city. Eligible employees become members as of their date of employment.

6. Employee Contributions: State Employees generally contribute 8.75% of their salary per year. Teachers contribute 9.50% per year. The state "picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h). At their option, the city or town employing a Teacher may also pick up their members' contributions.



7. Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

8. Employer Contributions: For Teachers, the state contributes 40% of the employer contribution rate and the city, town or other local employer contributes the remaining 60%. (This basic 40-60 split is further adjusted, since the State bears the cost of repaying certain amounts taken from the trust in the early 1990's.) Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.

In fiscal years beginning after June 30, 2005, if the State's contribution on behalf of State Employees decreases, the State shall appropriate an additional amount to the retirement trust. Such amount shall be equal to 20% of any decrease in expected contributions.

9. Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods, such as time spent teaching at a public school in another state, by making an additional contribution to purchase the additional service and those costs will be determined at full actuarial value, except for purchases of military service and redeposits of previously refunded contributions. Special rules and limits govern the purchase of additional service and the contribution required.

10. Final Average Compensation (FAC): For members eligible to retire as of September 30, 2009, their Final Average Compensation (FAC) will be based on the highest three consecutive annual salaries. For members not eligible to retire as of September 30, 2009, their FAC will be based on the highest five consecutive years of salary. Monthly benefits are based on one-twelfth of this amount.

11. Retirement

a. Eligibility:

(i) Grandfathered Schedule A members—members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009—are eligible to retire on or after age 60 if they have credit for 10 years of service, or at any age if they have credit for 28 years of service.

(ii) Correctional officers who have reached age 50 and have credit for 20 years of service as of September 30, 2009 are eligible to retire and are grandfathered.

(iii) Nurses (RNs) employed by MHRH who have reached age 50 with 25 years of service by September 30, 2009 are eligible to retire and are grandfathered.

(iv) Schedule B members - members with less than 10 years of contributory service as of June 30, 2005 – and members hired on or after that date are eligible for retirement on or after age 65 if they have credit for 10 years of service, or on or after age 62 if they have credit for 29 years of service. In addition, a member who attains age 62 with at least 20 years of service credit may retire with an actuarially reduced retirement benefit. The reduction is based on the difference between 65 and the member's age at retirement.



(v) Correctional officers who are hired after September 30, 2009 become eligible to retire when they have reach age 55 and have credit for 25 years of service.

(vi) Nurses (RNs) employed by MHRH who are hired after September 30, 2009 become eligible when they have reach age 55 and have credit for 25 years of service.

(vii) Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, will be eligible for retirement at an individually determined age. This age is the result of interpolating between the retirement age under the rules applicable to grandfathered employees in (i) above and the retirement age applicable to members hired after September 30, 2009 in (iv) above. The interpolation is based on service as of Sept. 30, 2009 divided by projected service at the retirement age under (i) above.

(viii) Correctional officers hired on or before September 30, 2009 who are not eligible for retirement at that date will have an individually determined retirement age. This age is the result of interpolating between the retirement age for grandfathered employees in (ii) above and the retirement age applicable to members hired after September 30, 2009 in (v) above.

(ix) Similarly, MHRH nurses (RNs) hired on or before September 30, 2009 who are not eligible to retire at that date will have an individually determined retirement age. This age is the result of interpolating between the retirement age for grandfathered employees in (iii) above and the retirement age applicable to members hired after September 30, 2009 in (vi) above.

b. Monthly Benefit:

The retirement benefit is a percentage of the member's monthly FAC. This percentage is a function of the member's service as described below.

(i) For grandfathered Schedule A members (members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009), benefits are based under this schedule (Schedule A):

For Service In:	Years	Benefit Percentage Earned
The first 10 years of service	1 – 10	1.7% per year
The next 10 years of service	11 – 20	1.9% per year
The next 14 years of service	21 – 34	3.0% per year
The next 1 year of service	35	2.0% per year

The maximum benefit is 80% of FAC.



(ii) For Schedule B members (members with less than 10 years of contributory service as of June 30, 2005) and for all future hires, benefits are based on the following schedule (Schedule B):

For Service In:	Years	Benefit Percentage Earned
The first 10 years of service	1 – 10	1.6% per year
The next 10 years of service	11 – 20	1.8% per year
The next 5 years of service	21 – 25	2.0% per year
The next 5 years of service	26 – 30	2.25% per year
The next 14 years of service	31 – 37	2.50% per year
The next 1 year of service	38	2.25% per year

The maximum benefit is 75% of FAC.

(iii) For Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, benefits are based on Schedule A (under (i) above) for service through September 30, 2009 and on Schedule B (under (ii) above) for service after September 30, 2009. The maximum benefit is 80% of FAC.

(iv) MHRH nurses receive a benefit determined under the appropriate formula above.

(v) Correctional Officers receive a benefit computed under a different formula:

For Service In:	Years	Benefit Percentage Earned
The first 30 years of service	1 – 30	2.0% per year
The next 1 year of service	31	6.0% per year
The next 1 year of service	32	5.0% per year
The next 1 year of service	33	4.0% per year
The next 1 year of service	34	3.0% per year
The next 14 years of service	35	2.0% per year

The maximum benefit for correctional officers is 80% of FAC.

c. *Payment Form:* Benefits are paid as a monthly life annuity. Optional forms of payment are available; see Item 16 below.

d. *Death benefit:* After retirement, death benefits are based on the form of annuity elected. If no option is elected, i.e., if payments are made as a life annuity, there is a minimum death benefit equal to the sum of the member's contributions without interest, less the sum of the monthly benefit payments made before



the member's death. In addition, a lump-sum death benefit is payable upon the death of any retired member, regardless of option elected. This lump sum is equal to a percentage of the lump-sum death benefit that was available to the member at the time of retirement. The percentage is 100% in the first year of retirement, 75% in the second year, 50% in the third year, and 25% in the fourth and subsequent years of retirement. However, in no event will the lump sum death benefit be less than \$4,000.

12. Disability Retirement

a. Eligibility: A member is eligible provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

b. Ordinary Disability Benefit: The benefit payable under the retirement formula, using FAC and service at the time of disability, but not less than 10 years of service.

c. Accidental Disability Benefit: For applications filed before or on September 30, 2009: An annual annuity equal to two-thirds (66 2/3%) of salary at the time of disability. For applications filed after September 30, 2009: An accidental disability will be available at two-thirds (66 2/3%) of salary for members who are permanently and totally disabled from engaging in any occupation as determined by the retirement board. If the member is eligible for an accidental disability benefit but deemed able to work in other jobs, the benefit is limited to fifty percent (50%) of salary. Benefits will be subject to an annual review by ERSRI.

d. Payment Form: The disability benefit commences immediately upon the member's retirement. Benefits cease upon recovery or reemployment. Disability benefits are payable as a monthly life annuity with a guarantee that, at the member's death, the sum of the member's contributions plus interest as of the date of retirement will be paid in a lump-sum to the member's beneficiary. All alternative forms of payment except for the Social Security Option are permitted in the case of disability retirement.

13. Deferred Termination Benefit

a. Eligibility: A member with at least ten years of service is vested. A vested member who does not withdraw his/her contributions from the fund is eligible for a deferred termination benefit.

b. Monthly Benefit: The monthly benefit is based on the retirement formula described above. Both FAC and service are determined at the time the member leaves active employment. Benefits may commence when the member has met the requirements for a retirement benefit.

c. Payment Form: The same as for Retirement above.

d. Death Benefit before retirement: A member who dies after leaving active service but before retiring is entitled to receive a benefit as described below in item 15.

e. Death Benefit after Retirement: The same as for Retirement above.

14. Withdrawal (Refund) Benefit

a. Eligibility: All members leaving covered employment with less than ten years of service are eligible. Optionally, vested members (those with ten or more years of service) may withdraw their accumulated contributions in lieu of the deferred benefits otherwise due.



b. *Benefit:* The member who withdraws receives a lump-sum payment equal to the sum of his/her employee contributions. No interest is credited on these contributions.

15. *Death Benefit of Active or Inactive Members*

a. *Eligibility:* Death must have occurred while an active or an inactive, non-retired member.

b. *Basic Benefit:* Upon the death of a nonvested member, or upon the death of an inactive, vested member, or upon the death of an active, unmarried member, a refund of the member's contributions (without interest) is paid. Upon the death of a vested, married, active member, the spouse may elect (i) the refund benefit described above, or (ii) a life annuity paid to the spouse or beneficiary. The amount of the annuity is equal to the amount which would have been paid had the member retired at the time of his death and elected the Joint and 100% Survivor option. If the member was not eligible for retirement, the annuity benefit is reduced 6% per year from the date at which the member would have been eligible had he or she remained in service.

c. *Lump-sum Benefit:* \$800 per year of service, with a maximum benefit of \$16,000 and a minimum of \$4,000. This benefit is only available to active members.

d. *Accidental Duty-related Death Benefit:* If a member dies as the result of an accident while in the course of his or her duties, in lieu of the above benefits the member's spouse may elect to receive (i) a refund of all contributions made (including interest), and (ii) an annual life annuity equal to 50% of the member's salary at the time of death. The annuity benefit stops when the spouse remarries or dies, although it may be continued to any children under age 18 or to any dependent parents.

16. *Optional Forms of Payment:* In addition to a life annuity, ERSRI offers members these optional forms of payment on an actuarially equivalent basis:

a. *Option 1* (Joint and 100% Survivor) - A life annuity payable while either the participant or his beneficiary is alive.

b. *Option 2* (Joint and 50% Survivor) - A life annuity payable to the member while both the member and beneficiary are alive, reducing to 50% of this amount if the member predeceases the beneficiary.

c. *Social Security Option* – An annuity paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death. This option is only available for members with at least 10 years of contributory service as of June 30, 2005.

Actuarial equivalence is based on tables adopted by the Employees' Retirement Board.

17. *Post-retirement Benefit Increase:*

a. For members with at least 10 years of contributory service as of June 30, 2005 who are retired or eligible to retire as of September 30, 2009, and for all members receiving a disability retirement benefit on that date: a 3.00% compound increase in their retirement benefit each year, beginning in January of the year in which the member reaches the third anniversary of retirement. This increase is not a function of actual increases in the cost of living.

b. For all other members: a compound increase in their retirement benefit each year equal to the increase in the CPI, effective on each anniversary date beginning on the third anniversary of retirement. This increase is limited to 3.00%.

**Plan Net Assets
(Assets at Market or Fair Value)**

Item (1)	June 30, 2008 (2)	June 30, 2007 (3)
A. Total ERSRI assets		
1. Cash and cash equivalents	\$ 910,623	\$ 8,743,879
2. Receivables:		
a. Transfers receivable	\$ -	\$ -
b. Member and employer contributions	29,626,584	24,922,323
c. Due from state for teachers	18,769,278	29,259,187
d. Net investment income and other	2,129,778	3,640,135
e. Total receivables	\$ 50,525,640	\$ 57,821,645
3. Investments		
a. Short-term investment fund	\$ -	\$ 8,008,962
b. Pooled trust	6,621,796,818	7,160,044,761
c. Plan specific investments	0	0
d. Invested securities lending collateral	946,107,933	1,130,045,027
e. Total	\$ 7,567,904,751	\$ 8,298,098,750
4. Total property and equipment	\$ 6,705,638	\$ 8,292,139
5. Total assets	\$ 7,626,046,652	\$ 8,372,956,413
6. Liabilities		
a. Transfers payable	\$ 45,394	\$ -
b. Accounts and vouchers payable	6,975,616	6,058,368
c. Securities lending liability	946,107,933	1,130,045,027
d. Total liabilities	\$ 953,128,943	\$ 1,136,103,395
7. Total market value of assets available for benefits (Item 5 - Item 6)	\$ 6,672,917,709	\$ 7,236,853,018
B. Breakdown		
1. State employees	\$ 2,575,270,868	\$ 2,791,619,718
2. Teachers	3,857,373,705	4,185,381,396
3. Teachers' survivors benefits	240,273,135	259,851,904
4. Total	\$ 6,672,917,708	\$ 7,236,853,018



Reconciliation of Plan Net Assets

Item (1)	Year Ending June 30, 2008	
	State Employees (2)	Teachers (3)
1. Market value of assets at beginning of year	\$ 2,791,619,718	\$ 4,185,381,396
Current year prior period adjustments	0	0
Adjusted market value of assets at BOY	\$ 2,791,619,718	\$ 4,185,381,396
2. Contributions		
a. Members	\$ 56,312,925	\$ 88,250,918
b. State	131,604,471	82,455,777
c. Local employers	0	122,912,613
d. Reimbursement of Supplemental Pensions	110,703	948,305
e. Service purchases	2,733,819	5,668,550
f. Total	\$ 190,761,918	\$ 300,236,163
3. Investment earnings, net of investment and administrative expenses	\$ (160,482,348)	\$ (240,377,537)
4. Expenditures for the year		
a. Benefit payments	\$ (179,008,332)	\$ (288,049,006)
b. Cost-of-living adjustments	(51,203,964)	(77,584,754)
c. Death benefits	(1,521,600)	(735,200)
d. Social security supplements	(9,977,760)	(16,843,259)
e. Supplemental pensions	(141,537)	(948,495)
f. Refunds	(4,774,770)	(3,706,578)
g. Total expenditures	\$ (246,627,963)	\$ (387,867,292)
5. Transfers and other adjustments	\$ (457)	\$ 975
6. Market value of assets at end of year	\$ 2,575,270,868	\$ 3,857,373,705

**Analysis of Change in Employer Cost**

Basis (1)	State Employees (2)	Teachers (3)
1. Employer contribution rates from prior valuation	20.69%	23.88%
2. Impact of changes, gains and losses		
a. Non-salary liability experience (gain)/loss	0.85%	0.13%
b. Salary (gain)/loss	-0.15%	-0.21%
c. Total payroll growth (gain)/loss	4.49%	0.36%
d. Investment experience (gain)/loss	-0.85%	-0.74%
e. Changes in assumptions	0.00%	0.00%
f. Changes in plan provisions	-3.39%	-3.35%
g. Total	0.95%	-3.81%
3. Employer contribution rates from current valuation	21.64%	20.07%

MUNICIPAL EMPLOYEES'
RETIREMENT SYSTEM
ACTUARIAL INFORMATION

“It is the express intention of the legislature by the passage of this chapter to provide an actuarially financed retirement system for municipal employees, properly integrated with the federal Social Security Act, to the end that adequate benefits may be established for the employees of any municipality who become superannuated or other incapacitated while in service, and whereby the employees may be assisted in accumulating reserves for themselves and their dependents to satisfactorily meet the conditions incident to old age, death, disability, and termination of the employees, in the interest of maintaining and promoting efficiency and economy in the administration of government.”

- Section One of Chapter 2784 of the Public Laws of 1951

September 2, 2009

Retirement Board
40 Fountain Street, First Floor
Providence, RI 02903-1854

Dear Members of the Board:

Subject: Actuarial Valuation of MERS as of June 30, 2008

This is the June 30, 2008 actuarial valuation of the Municipal Employees' Retirement System (MERS). This report describes the current actuarial condition of MERS, determines recommended employer contribution rates, and analyzes changes in these contribution rates. Separate liabilities and contribution rates are determined for each of the participating units. Valuations are prepared annually as of June 30, the last day of the plan year.

Under Rhode Island General Laws, the employer contribution rates for the units participating in MERS are certified annually by the State of Rhode Island Retirement Board. These rates are determined actuarially, based on the plan provisions in effect as of the valuation date and the actuarial assumptions and methodology adopted by the Board. Where known, we have also reflected adoption of a COLA provision or the 20-year retirement provision, even if the effective date is after the valuation date. The Board's current policy is that the contribution rates determined by a given actuarial valuation become effective two years after the valuation date. For example, the rates determined by this June 30, 2008 actuarial valuation will be applicable for the year beginning July 1, 2010 and ending June 30, 2011.

Financing objectives and funding policy

The actuarial cost method and the amortization periods are set by board policy. Contribution rates and liabilities are computed using the Entry Age actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost rate is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999; 21 years as of June 30, 2008). The amortization rate is adjusted for the two-year deferral in contribution rates.

Progress toward realization of financing objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The funded ratio of the average unit in MERS is 92.8%, increased from 90.3% in the prior valuation.

There are currently 110 units participating in MERS, 67 covering general employees and 43 covering police and/or fire employees. Of these 110 units, 10 had no change in contribution rate, 76 had their rate decrease, and 24 had their rate increase. Thirteen units have no required contribution rate. Of the 67 general employee units, 46 had rate decreases, while 30 of the 43 police/fire units had rate decreases. An analysis of the changes in the employer contribution rates appears on Table 5. Actuarial gains on assets were responsible for most of the decreases.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2008. We have also reflected the known adoption of COLA B, COLA C, or the 20-year retirement provision, even if the effective date and/or the adoption date occurred after the valuation date. The benefit provisions are summarized in Appendix B, and each unit's individual election is indicated by a code in column 4 on Table 1. Changes in elections are discussed on page 5.

Assumptions and methods

All assumptions and methods are described in Appendix A and are unchanged from the last valuation. The actuarial assumptions were last changed as a result of the experience study approved by the Board on June 13, 2007. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of MERS.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

Data

The System's staff supplied data for retired, active and inactive members as of June 30, 2008. We did not audit this data, but we did apply a number of tests to the data, and we concluded

that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2008.

Certification

All of our work conforms with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries. All three are Enrolled Actuaries and Members of the American Academy of Actuaries. They all meet the Qualification Standards of the American Academy of Actuaries and they are experienced in performing valuations for large public retirement systems.

Sincerely,
Gabriel, Roeder, Smith & Company



Joseph P. Newton, FSA, MAAA
Senior Consultant



J. Christian Conradi, ASA, MAAA
Senior Consultant



Mark R. Randall, MAAA, EA
Executive Vice President

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GASB 25 AND FUNDING PROGRESS

Accounting requirements for MERS are set by Governmental Accounting Standards Board Statement No. 25 (GASB 25). The table on pages 101 - 103 shows a summary of the funded ratios and other information for MERS as of June 30, 2008.

GASB 25 requires that plans calculate an Annual Required Contribution (ARC), and, if actual contributions received are less than the ARC, this must be disclosed. The ARC must be calculated in accordance with certain parameters. In particular, it must include a payment to amortize the unfunded actuarial accrued liability. This amortization payment must be computed using a funding period no greater than 30 years. Further, the amortization payment included in the ARC may be computed as a level amount, or it may be computed as an amount that increases with payroll. However, if payments are computed on a level percent of payroll approach, the payroll growth assumption may not anticipate future membership growth.

For MERS, the calculated contribution rate shown in the tables on pages 89 - 91 is the ARC. The amortization period is 30 years as of June 30, 1999, and there are 21 years remaining as of June 30, 2008. The period and amortization method comply with the requirements of GASB 25. The payroll growth rate used in the amortization calculations does not include any allowance for membership growth.

CONTRIBUTION RATES

The employer contribution rates for MERS are determined actuarially. The rates determined in this valuation become effective two years after the valuation date, in this case as of July 1, 2010.

Each rate consists of two pieces: the employer normal cost rate and the amortization rate. The normal cost and actuarial accrued liability are determined using the Entry Age actuarial cost method. The employer normal cost is the difference between (i) the normal cost rate, determined as a level percent of pay, and (ii) the member contribution rate. The unfunded actuarial accrued liability is amortized as a level percent of payroll over a closed period. The period is 30 years as measured from June 30, 1999, or 21 years as of the valuation date. The amortization rate is adjusted for the fact that the contribution rate set by this valuation is deferred for two years, and other amortization rates may apply for the next two years.

The table on pages 89 - 91 show the member contribution rate, the employer normal cost rate, the amortization rate and the total employer contribution rate. These rates are applicable to the fiscal year ending June 30, 2011. The table on pages 92 - 94 compares the total employer contribution rate with those rates determined in the two prior actuarial valuations. The table on pages 95 - 97 show the components used to determine the employer contribution rate in dollar amounts. Finally, the table on pages 98 - 101 shows the major components of the rate change for each unit.



BENEFIT PROVISIONS

A summary of the Benefit Provisions can be referred to on 114. There were no material changes in the benefit provisions since the preceding valuation. Individual units may elect certain optional provisions, including an annual benefit increase of 3% of the original benefit amount (i.e., a “simple” increase) applicable to future retirees only (COLA C), the same increase applicable to both current and future retirees (COLA B), or the 20-year retirement provision for police/fire units. There were two such changes reflected in this valuation:

- North Cumberland Fire Districts has adopted COLA C effective January 1, 2009.
- Hopkins Hill Fire Department has adopted COLA C effective January 1, 2010.

No new unit joined MERS since the prior valuation. No units closed or withdrew or subdivided.

There are no ancillary benefits—e.g., cost of living benefits—that are currently provided by a source independent of MERS but that might be deemed a MERS liability if continued beyond the availability of funding by the current funding source.



**Contribution Rates
For Fiscal Year Ending June 30, 2011**

Old Unit Number	New Unit Number	Unit	Code(s)	Member Rate	Employer Rate		
					Employer Normal Cost	Amortization Rate	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3002	1012 1019	Bristol	B	7.00%	5.02%	7.30%	12.32%
3003	1032 1033	Burrillville	C	7.00%	6.08%	(3.00%)	3.08%
3004	1052	Central Falls		6.00%	4.85%	3.53%	8.38%
3005	1082	Charlestown	C	7.00%	5.24%	4.70%	9.94%
3007	1112 1113	Cranston	B	7.00%	6.23%	(2.23%)	4.00%
3008	1122 1123	Cumberland		6.00%	4.77%	3.79%	8.56%
3009	1152 1153	East Greenwich	C	7.00%	6.01%	(4.41%)	1.60%
3010	1162 1163	East Providence	B	7.00%	5.72%	9.54%	15.26%
3011	1183	Exeter/West Greenwich	B	7.00%	6.70%	2.38%	9.08%
3012	1192 1193	Foster		6.00%	5.16%	1.76%	6.92%
3013	1212 1213	Glocester	C	7.00%	5.78%	3.55%	9.33%
3014	1262	Hopkinton	C	7.00%	6.74%	(3.17%)	3.57%
3015	1272 1273	Jamestown	C	7.00%	5.87%	4.31%	10.18%
3016	1282 1283	Johnston	C	7.00%	6.38%	2.81%	9.19%
3017	1302 1303	Lincoln		6.00%	5.38%	1.29%	6.67%
3019	1322 1323	Middletown	C	7.00%	5.76%	3.74%	9.50%
3021	1352 1353 1354	Newport	B	7.00%	5.57%	8.24%	13.81%
3022	1342 1343	New Shoreham	B	7.00%	5.91%	1.43%	7.34%
3023	1372 1373	North Kingstown	C	7.00%	6.17%	5.28%	11.45%
3024	1382 1383	North Providence		6.00%	4.56%	(5.45%)	0.00%
3025	1392 1393	North Smithfield	B	7.00%	6.54%	(6.35%)	0.19%
3026	1412 1413	Pawtucket	C	7.00%	5.49%	3.71%	9.20%
3027	1515	Union Fire District		6.00%	4.38%	1.36%	5.74%
3029	1452	Richmond		6.00%	5.78%	0.94%	6.72%
3030	1462 1463	Scituate	B	7.00%	6.47%	4.64%	11.11%
3031	1472 1473	Smithfield	C	7.00%	6.57%	(1.78%)	4.79%
3032	1492 1493	South Kingstown	B	7.00%	5.86%	0.34%	6.20%
3033	1532 1533	Tiverton	C	7.00%	6.27%	(5.20%)	1.07%
3034	1562	Warren	C	7.00%	4.91%	8.29%	13.20%
3036	1622 1623	Westerly		6.00%	2.69%	50.71%	53.40%
3037	1602	West Greenwich	C	7.00%	6.35%	5.46%	11.81%
3039	1632 1633	Woonsocket	B	7.00%	5.86%	(5.19%)	0.67%
3040	1073	Chariho School District	C	7.00%	5.85%	3.70%	9.55%
3041	1203	Foster/Glocester	B	7.00%	6.69%	5.68%	12.37%
3042	1528	Tiogue Fire & Lighting	C,5	7.00%	0.00%	0.00%	0.00%
3043	1336	Narragansett Housing	C	7.00%	4.93%	2.42%	7.35%
3045	1098	Coventry Lighting District	C	7.00%	4.11%	(66.72%)	0.00%
3046	1242	Hope Valley Fire	C	7.00%	5.60%	(3.91%)	1.69%
3050	1156	East Greenwich Housing	C	7.00%	6.66%	0.97%	7.63%
3051	1116	Cranston Housing	C	7.00%	6.06%	(3.54%)	2.52%
3052	1166	East Providence Housing	B	7.00%	7.60%	(6.26%)	1.34%
3053	1416	Pawtucket Housing	B	7.00%	5.82%	(15.74%)	0.00%
3056	1126	Cumberland Housing	C	7.00%	5.87%	(1.04%)	4.83%
3057	1306	Lincoln Housing	B	7.00%	8.12%	0.63%	8.75%
3059	1016	Bristol Housing		6.00%	4.47%	(18.32%)	0.00%
3065	1036	Burrillville Housing	B	7.00%	5.76%	(10.06%)	0.00%
3066	1386	North Providence Housing	B	7.00%	7.06%	14.13%	21.19%



**Contribution Rates
For Fiscal Year Ending June 30, 2011**

Old Unit Number	New Unit Number	Unit	Code(s)	Member Rate	Employer Rate		
					Employer Normal Cost	Amortization Rate	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
3067	1177	East Smithfield Water	C	7.00%	5.93%	(5.81%)	0.12%
3068	1227	Greenville Water	B	7.00%	5.58%	(10.51%)	0.00%
3069	1356	Newport Housing	C	7.00%	6.49%	3.27%	9.76%
3071	1566	Warren Housing	B	7.00%	7.75%	(7.70%)	0.05%
3072	1286	Johnston Housing		6.00%	5.26%	(2.85%)	2.41%
3077	1538	Tiverton Local 2670A	C	7.00%	6.27%	(0.49%)	5.78%
3078	1002 1003 1007 1009	Barrington COLA	C	7.00%	6.32%	(3.78%)	2.54%
3079	1096	Coventry Housing		6.00%	4.73%	(1.98%)	2.75%
3080	1496	South Kingstown Housing	C	7.00%	7.38%	(4.15%)	3.23%
3081	1403	N. RI Collaborative Adm. Services	C	7.00%	6.65%	3.15%	9.80%
3083	1616	West Warwick Housing	B	7.00%	5.35%	1.83%	7.18%
3084	1476	Smithfield Housing		6.00%	2.53%	(7.73%)	0.00%
3094	1478	Smithfield COLA	C	7.00%	5.86%	(0.26%)	5.60%
3096	1056	Central Falls Housing	C	7.00%	6.41%	5.84%	12.25%
3098	1293	Lime Rock Administrative Services		6.00%	3.53%	2.81%	6.34%
3099	1063	Central Falls Schools	C	7.00%	6.88%	1.66%	8.54%
3100	1023	Bristol/Warren Schools	B	7.00%	6.50%	3.89%	10.39%
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	7.00%	6.01%	(4.41%)	1.60%
3102	1712	Harrisville Fire District (ADMIN)	C	7.00%	5.13%	3.52%	8.65%
General Employee Units Averages				6.90%	5.87%	1.49%	7.52%
Police & Fire Units							
4016	1285	Johnston Fire	D	8.00%	8.88%	(0.64%)	8.24%
4029	1454	Richmond Police	6	7.00%	8.62%	1.88%	10.50%
4031	1474	Smithfield Police	C,D	9.00%	11.72%	9.13%	20.85%
4042	1555	Valley Falls Fire	D	8.00%	8.88%	(1.20%)	7.68%
4047	1395 1435	North Smithfield Voluntary Fire	B,D	9.00%	12.20%	1.10%	13.30%
4050	1155	East Greenwich Fire	C,D	9.00%	12.17%	5.51%	17.68%
4054	1154	East Greenwich Police	C,D	9.00%	12.45%	(0.95%)	11.50%
4055	1375	North Kingstown Fire	C,D	9.00%	11.97%	3.12%	15.09%
4056	1374	North Kingstown Police	C,D	9.00%	11.85%	7.02%	18.87%
4058	1385	North Providence Fire	D	8.00%	8.51%	1.16%	9.67%
4059	1008	Barrington Fire (25)	C	8.00%	11.42%	3.69%	15.11%
4060	1004	Barrington Police	C,D	9.00%	12.17%	16.43%	28.60%
4061	1005	Barrington Fire (20)	C,D	9.00%	11.81%	(6.64%)	5.17%
4062	1564 1565	Warren Police & Fire	C,D	9.00%	11.70%	12.48%	24.18%
4063	1494	South Kingstown Police	B,1	9.00%	12.21%	0.39%	12.60%
4073	1464	Scituate Police	5	7.00%	0.00%	0.00%	0.00%
4076	1394	North Smithfield Police	C,D	9.00%	12.15%	0.76%	12.91%
4077	1534	Tiverton Fire	C,D	9.00%	12.64%	(3.61%)	9.03%
4082	1194	Foster Police	C,D	9.00%	13.05%	5.23%	18.28%
4085	1634	Woonsocket Police	C,D	9.00%	11.69%	2.49%	14.18%
4086	1084	Charlestown Police	C,D	9.00%	12.44%	11.59%	24.03%
4087	1264	Hopkinton Police	C,D,6	9.00%	13.87%	3.03%	16.90%



**Contribution Rates
For Fiscal Year Ending June 30, 2011**

Old Unit Number	New Unit Number	Unit	Code(s)	Member Rate	Employer Rate		Total
					Employer Normal Cost	Amortization Rate	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
4088	1214	Glocester Police	C,D	9.00%	12.38%	3.70%	16.08%
4089	1604	West Greenwich Police/Rescue	C,D	9.00%	12.76%	4.49%	17.25%
4090	1034	Burrillville Police	C,D,6	10.20%	12.09%	(1.92%)	10.17%
4091	1148	Cumberland Rescue	C,D	9.00%	12.18%	(4.80%)	7.38%
4093	1635	Woonsocket Fire	C,D	9.00%	11.87%	(1.19%)	10.68%
4094	1015	Bristol Fire	D	8.00%	9.89%	(16.90%)	0.00%
4095	1135	Cumberland Hill Fire	C,D	9.00%	12.52%	5.85%	18.37%
4096	1014	Bristol Police	C,D	9.00%	12.02%	(2.21%)	9.81%
4098	1095	Coventry Fire	D	8.00%	8.64%	1.58%	10.22%
4099	1505	South Kingstown EMT	C,D	9.00%	12.86%	(9.58%)	3.28%
4101	1365	North Cumberland	C,D	9.00%	11.83%	8.78%	20.61%
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	9.00%	12.05%	7.58%	19.63%
4103	1255	Hopkins Hill Fire	C,D	9.00%	12.59%	3.67%	16.26%
4104	1114	Cranston Police	C,D,4	10.00%	16.12%	4.83%	20.95%
4105	1115	Cranston Fire	C,D,4	10.00%	15.80%	4.77%	20.57%
4106	1125	Cumberland Fire	B,D	9.00%	12.88%	9.13%	22.01%
4107	1305	Lincoln Rescue	C	8.00%	9.90%	7.68%	17.58%
4108	1344	New Shoreham Police	B,D	9.00%	13.00%	10.61%	23.61%
4109	1324	Middletown Police & Fire	C,D	9.00%	13.54%	(0.43%)	13.11%
4110	1715	Harrisville Fire District	C,D	9.00%	12.05%	0.10%	12.15%
4111	1705	Albion Fire District	C	8.00%	10.50%	11.65%	22.15%
Police & Fire Units Averages				9.05%	12.37%	3.04%	15.42%
All MERS Units Averages				7.42%	7.43%	1.86%	9.41%

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2007 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

Comparison of Employer Contribution Rates

Old Unit Number	New Unit Number	Unit	Code(s)	June 30, 2008 Actuarial Valuation, for FY2011	June 30, 2007 Actuarial Valuation, for FY2010	June 30, 2006 Actuarial Valuation, for FY2009
(1)	(2)	(3)	(4)	(5)	(6)	(7)
General Employee Units						
3002	1012 1019	Bristol	B	12.32%	12.91%	14.11%
3003	1032 1033	Burrillville	C	3.08%	4.67%	5.94%
3004	1052	Central Falls		8.38%	8.91%	8.87%
3005	1082	Charlestown	C	9.94%	10.73%	11.66%
3007	1112 1113	Cranston	B	4.00%	5.22%	6.32%
3008	1122 1123	Cumberland		8.56%	9.31%	10.10%
3009	1152 1153	East Greenwich	C	1.60%	0.00%	0.00%
3010	1162 1163	East Providence	B	15.26%	16.04%	16.52%
3011	1183	Exeter/West Greenwich	B	9.08%	9.95%	10.16%
3012	1192 1193	Foster		6.92%	6.84%	6.43%
3013	1212 1213	Glocester	C	9.33%	10.40%	10.33%
3014	1262	Hopkinton	C	3.57%	3.95%	6.80%
3015	1272 1273	Jamestown	C	10.18%	11.99%	12.16%
3016	1282 1283	Johnston	C	9.19%	10.03%	11.04%
3017	1302 1303	Lincoln		6.67%	6.55%	7.43%
3019	1322 1323	Middletown	C	9.50%	10.73%	11.65%
3021	1352 1353 1354	Newport	B	13.81%	14.51%	14.58%
3022	1342 1343	New Shoreham	B	7.34%	8.77%	9.08%
3023	1372 1373	North Kingstown	C	11.45%	12.06%	12.71%
3024	1382 1383	North Providence		0.00%	0.56%	2.53%
3025	1392 1393	North Smithfield	B	0.19%	1.42%	2.69%
3026	1412 1413	Pawtucket	C	9.20%	10.74%	11.87%
3027	1515	Union Fire District		5.74%	5.89%	6.54%
3029	1452	Richmond		6.72%	6.74%	6.37%
3030	1462 1463	Scituate	B	11.11%	12.16%	12.11%
3031	1472 1473	Smithfield	C	4.79%	5.44%	5.97%
3032	1492 1493	South Kingstown	B	6.20%	6.92%	7.81%
3033	1532 1533	Tiverton	C	1.07%	2.87%	2.35%
3034	1562	Warren	C	13.20%	15.62%	13.88%
3036	1622 1623	Westerly		53.40%	52.49%	63.17%
3037	1602	West Greenwich	C	11.81%	12.07%	13.49%
3039	1632 1633	Woonsocket	B	0.67%	2.35%	3.29%
3040	1073	Chariho School District	C	9.55%	10.30%	10.92%
3041	1203	Foster/Glocester	B	12.37%	11.85%	13.08%
3042	1528	Tiogue Fire & Lighting	C,5	0.00%	0.00%	0.00%
3043	1336	Narragansett Housing	C	7.35%	7.52%	7.64%
3045	1098	Coventry Lighting District	C	0.00%	0.00%	0.00%
3046	1242	Hope Valley Fire	C	1.69%	2.86%	3.67%
3050	1156	East Greenwich Housing	C	7.63%	9.31%	9.19%
3051	1116	Cranston Housing	C	2.52%	3.61%	5.07%
3052	1166	East Providence Housing	B	1.34%	3.95%	4.87%
3053	1416	Pawtucket Housing	B	0.00%	0.00%	0.00%
3056	1126	Cumberland Housing	C	4.83%	4.43%	6.97%
3057	1306	Lincoln Housing	B	8.75%	9.25%	9.60%
3059	1016	Bristol Housing		0.00%	0.00%	0.00%
3065	1036	Burrillville Housing	B	0.00%	0.00%	0.23%
3066	1386	North Providence Housing	B	21.19%	23.90%	22.84%



Comparison of Employer Contribution Rates

Old Unit Number	New Unit Number	Unit	Code(s)	June 30, 2008 Actuarial Valuation, for FY2011	June 30, 2007 Actuarial Valuation, for FY2010	June 30, 2006 Actuarial Valuation, for FY2009
(1)	(2)	(3)	(4)	(5)	(6)	(7)
3067	1177	East Smithfield Water	C	0.12%	2.59%	0.00%
3068	1227	Greenville Water	B	0.00%	0.00%	0.00%
3069	1356	Newport Housing	C	9.76%	9.68%	9.01%
3071	1566	Warren Housing	B	0.05%	6.66%	10.27%
3072	1286	Johnston Housing		2.41%	3.16%	3.49%
3077	1538	Tiverton Local 2670A	C	5.78%	5.76%	6.70%
3078	1002 1003 1007 1009	Barrington COLA	C	2.54%	2.90%	4.29%
3079	1096	Coventry Housing		2.75%	3.24%	3.87%
3080	1496	South Kingstown Housing	C	3.23%	6.43%	8.41%
3081	1403	N. RI Collaborative Adm. Services	C	9.80%	9.48%	9.53%
3083	1616	West Warwick Housing	B	7.18%	8.08%	8.72%
3084	1476	Smithfield Housing		0.00%	0.00%	3.63%
3094	1478	Smithfield COLA	C	5.60%	5.56%	5.43%
3096	1056	Central Falls Housing	C	12.25%	13.03%	13.28%
3098	1293	Lime Rock Administrative Services		6.34%	5.11%	5.14%
3099	1063	Central Falls Schools	C	8.54%	8.13%	8.22%
3100	1023	Bristol/Warren Schools	B	10.39%	10.36%	10.80%
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	1.60%	7.00%	7.71%
3102	1712	Harrisville Fire District (ADMIN)	C	8.65%	8.94%	8.34%
General Employee Units Average				7.52%	8.50%	9.27%
Police & Fire Units						
4016	1285	Johnston Fire	D	8.24%	8.99%	10.45%
4029	1454	Richmond Police	6	10.50%	11.14%	11.56%
4031	1474	Smithfield Police	C,D	20.85%	21.37%	28.04%
4042	1555	Valley Falls Fire	D	7.68%	7.96%	11.06%
4047	1395 1435	North Smithfield Voluntary Fire	B,D	13.30%	14.75%	15.84%
4050	1155	East Greenwich Fire	C,D	17.68%	18.28%	19.92%
4054	1154	East Greenwich Police	C,D	11.50%	13.09%	14.87%
4055	1375	North Kingstown Fire	C,D	15.09%	17.52%	19.55%
4056	1374	North Kingstown Police	C,D	18.87%	21.00%	20.49%
4058	1385	North Providence Fire	D	9.67%	11.45%	11.38%
4059	1008	Barrington Fire (25)	C	15.11%	15.49%	19.25%
4060	1004	Barrington Police	C,D	28.60%	26.74%	27.97%
4061	1005	Barrington Fire (20)	C,D	5.17%	7.07%	13.59%
4062	1564 1565	Warren Police & Fire	C,D	24.18%	23.71%	26.11%
4063	1494	South Kingstown Police	B,I	12.60%	12.24%	14.39%
4073	1464	Scituate Police	5	0.00%	0.00%	0.00%
4076	1394	North Smithfield Police	C,D	12.91%	13.20%	14.90%
4077	1534	Tiverton Fire	C,D	9.03%	9.18%	11.00%
4082	1194	Foster Police	C,D	18.28%	16.82%	22.08%
4085	1634	Woonsocket Police	C,D	14.18%	13.22%	14.23%
4086	1084	Charlestown Police	C,D	24.03%	23.52%	24.19%
4087	1264	Hopkinton Police	C,D,6	16.90%	18.43%	19.02%



Comparison of Employer Contribution Rates

Old Unit Number	New Unit Number	Unit	Code(s)	June 30, 2008 Actuarial Valuation, for FY2011	June 30, 2007 Actuarial Valuation, for FY2010	June 30, 2006 Actuarial Valuation, for FY2009
(1)	(2)	(3)	(4)	(5)	(6)	(7)
4088	1214	Glocester Police	C,D	16.08%	18.38%	18.11%
4089	1604	West Greenwich Police/Rescue	C,D	17.25%	18.79%	17.18%
4090	1034	Burrillville Police	C,D,6	10.17%	12.23%	16.41%
4091	1148	Cumberland Rescue	C,D	7.38%	8.82%	8.62%
4093	1635	Woonsocket Fire	C,D	10.68%	11.93%	12.88%
4094	1015	Bristol Fire	D	0.00%	0.00%	0.00%
4095	1135	Cumberland Hill Fire	C,D	18.37%	19.83%	20.37%
4096	1014	Bristol Police	C,D	9.81%	11.03%	11.97%
4098	1095	Coventry Fire	D	10.22%	10.87%	12.32%
4099	1505	South Kingstown EMT	C,D	3.28%	6.08%	6.53%
4101	1365	North Cumberland	C,D	20.61%	11.30%	12.72%
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	19.63%	19.33%	19.80%
4103	1255	Hopkins Hill Fire	C,D	16.26%	9.94%	10.75%
4104	1114	Cranston Police	C,D,4	20.95%	15.30%	15.25%
4105	1115	Cranston Fire	C,D,4	20.57%	14.37%	15.46%
4106	1125	Cumberland Fire	B,D	22.01%	20.70%	22.41%
4107	1305	Lincoln Rescue	C	17.58%	15.17%	16.70%
4108	1344	New Shoreham Police	B,D	23.61%	26.63%	21.64%
4109	1324	Middletown Police & Fire	C,D	13.11%	13.67%	12.69%
4110	1715	Harrisville Fire District	C,D	12.15%	13.69%	12.99%
4111	1705	Albion Fire District	C	22.15%	20.75%	21.66%
Police & Fire Units Average				15.42%	14.85%	15.61%
All MERS Units Average				9.41%	10.00%	10.69%

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2007 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



Components Used in Determining Contribution Rates

Old Unit Number	New Unit Number	Unit	Code(s)	Adjusted Compensation	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3002	1012 1019	Bristol	B	4,135,097	505,894	19,515,448	14,897,937
3003	1032 1033	Burrillville	C	5,420,713	717,183	20,971,570	23,164,763
3004	1052	Central Falls		2,683,177	296,774	6,406,664	4,950,358
3005	1082	Charlestown	C	1,594,344	197,374	5,118,158	3,953,467
3007	1112 1113	Cranston	B	26,974,527	3,587,437	120,962,612	129,012,096
3008	1122 1123	Cumberland		8,064,217	880,488	23,145,827	18,381,290
3009	1152 1153	East Greenwich	C	1,172,412	148,924	5,444,173	9,233,655
3010	1162 1163	East Providence	B	18,754,676	2,420,660	90,948,017	63,830,490
3011	1183	Exeter/West Greenwich	B	2,174,905	303,016	7,461,298	6,643,400
3012	1192 1193	Foster		1,196,184	135,349	3,088,526	2,777,808
3013	1212 1213	Glocester	C	2,241,463	287,843	7,125,561	5,888,673
3014	1262	Hopkinton	C	1,488,593	207,216	3,081,573	3,737,653
3015	1272 1273	Jamestown	C	3,261,883	422,171	10,434,577	8,201,795
3016	1282 1283	Johnston	C	8,570,160	1,157,022	35,051,692	31,206,540
3017	1302 1303	Lincoln		1,016,081	117,323	1,542,400	1,338,095
3019	1322 1323	Middletown	C	4,892,626	632,828	14,721,456	11,821,298
3021	1352 1353 1354	Newport	B	11,396,167	1,453,091	60,565,718	46,324,266
3022	1342 1343	New Shoreham	B	1,972,982	261,160	4,740,547	4,254,010
3023	1372 1373	North Kingstown	C	11,762,252	1,561,088	48,275,593	38,759,572
3024	1382 1383	North Providence		7,070,071	754,001	22,054,179	27,486,433
3025	1392 1393	North Smithfield	B	2,983,170	407,809	10,980,041	13,716,901
3026	1412 1413	Pawtucket	C	22,438,023	2,833,430	105,941,476	92,550,954
3027	1515	Union Fire District		227,750	22,279	348,819	300,114
3029	1452	Richmond		742,882	87,990	1,504,324	1,401,482
3030	1462 1463	Scituate	B	2,846,882	382,569	11,375,726	9,340,824
3031	1472 1473	Smithfield	C	2,793,698	379,624	10,494,243	11,453,848
3032	1492 1493	South Kingstown	B	11,911,417	1,550,803	42,973,921	42,087,185
3033	1532 1533	Tiverton	C	2,880,223	384,162	8,936,781	11,103,716
3034	1562	Warren	C	1,712,824	208,564	6,818,297	4,638,180
3036	1622 1623	Westerly		64,034	5,363	979,933	492,478
3037	1602	West Greenwich	C	1,002,521	135,028	2,840,983	2,027,612
3039	1632 1633	Woonsocket	B	12,930,655	1,676,752	56,198,983	65,679,230
3040	1073	Chariho School District	C	4,867,400	638,694	14,496,692	11,805,862
3041	1203	Foster/Glocester	B	1,486,300	206,787	6,013,460	4,743,575
3042	1528	Tiogue Fire & Lighting	C,5	-	-	5,314	39,344
3043	1336	Narragansett Housing	C	168,611	20,677	331,594	269,791
3045	1098	Coventry Lighting District	C	76,566	7,987	798,339	1,462,026
3046	1242	Hope Valley Fire	C	110,414	13,675	297,244	357,918
3050	1156	East Greenwich Housing	C	524,591	71,970	955,662	862,054
3051	1116	Cranston Housing	C	923,249	121,580	3,126,868	3,581,409
3052	1166	East Providence Housing	B	591,364	84,502	2,220,828	2,737,774



Components Used in Determining Contribution Rates

Old Unit Number	New Unit Number	Unit	Code(s)	Adjusted Compensation	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3053	1416	Pawtucket Housing	B	1,885,835	244,916	7,688,590	11,753,986
3056	1126	Cumberland Housing	C	475,242	61,135	1,141,474	1,207,504
3057	1306	Lincoln Housing	B	432,734	64,091	1,434,240	1,387,675
3059	1016	Bristol Housing		312,602	33,403	1,092,682	1,866,352
3065	1036	Burrillville Housing	B	188,847	24,369	710,448	979,120
3066	1386	North Providence Housing	B	263,367	36,769	1,382,291	813,191
3067	1177	East Smithfield Water	C	125,224	16,694	701,185	807,583
3068	1227	Greenville Water	B	207,682	26,824	731,347	1,036,757
3069	1356	Newport Housing	C	1,183,222	161,584	7,463,093	6,893,915
3071	1566	Warren Housing	B	235,038	33,749	1,030,021	1,261,102
3072	1286	Johnston Housing		340,632	38,006	879,361	1,018,084
3077	1538	Tiverton Local 2670A	C	927,502	125,209	3,206,245	3,266,488
3078	1002 1003 1007 1009	Barrington COLA	C	6,921,016	935,639	25,443,008	29,214,839
3079	1096	Coventry Housing		396,523	43,075	703,783	815,421
3080	1496	South Kingstown Housing	C	214,464	6,775	79,065	193,073
3081	1403	N. RI Collaborative Adm. S	C	1,582,588	221,374	2,835,305	2,096,897
3083	1616	West Warwick Housing	B	352,581	43,999	1,289,570	1,185,020
3084	1476	Smithfield Housing		79,964	7,023	192,498	273,110
3094	1478	Smithfield COLA	C	3,711,592	484,025	11,219,177	11,371,370
3096	1056	Central Falls Housing	C	907,482	124,567	2,284,151	1,470,612
3098	1293	Lime Rock Administrative Services		82,430	8,091	212,535	180,130
3099	1063	Central Falls Schools	C	4,629,464	653,313	12,116,303	10,993,164
3100	1023	Bristol/Warren Schools	B	4,217,402	578,169	17,096,875	14,630,763
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	5,017,084	661,523	15,059,966	14,828,052
3102	1712	Harrisville Fire District (ADMIN)	C	192,853	24,147	399,238	297,946
3103	1702	Albion Fire District (ADMIN)	C	-	-	73,186	51,129
General Employee Units Subtotal				\$ 232,008,474	\$ 29,945,556	\$ 915,012,135	\$ 856,409,161
Police & Fire Units							
4016	1285	Johnston Fire	D	1,663,174	293,653	1,599,225	1,711,089
4029	1454	Richmond Police	6	503,488	82,129	710,552	558,126
4031	1474	Smithfield Police	C,D	2,376,903	507,968	6,647,186	3,379,943
4042	1555	Valley Falls Fire	D	733,799	128,650	2,890,214	2,996,158
4047	1395 1435	North Smithfield Voluntary Fire	B,D	1,046,808	223,819	5,011,755	4,796,690
4050	1155	East Greenwich Fire	C,D	2,176,092	467,242	11,668,363	9,801,221
4054	1154	East Greenwich Police	C,D	1,914,960	423,438	12,050,993	12,227,676
4055	1375	North Kingstown Fire	C,D	4,151,820	875,644	28,131,671	25,905,800
4056	1374	North Kingstown Police	C,D	2,713,004	578,041	19,523,948	16,562,135
4058	1385	North Providence Fire	D	5,636,596	950,264	28,699,306	27,521,038
4059	1008	Barrington Fire (25)	C	658,140	134,476	1,099,864	696,767
4060	1004	Barrington Police	C,D	1,236,139	269,405	10,162,172	7,143,227
4061	1005	Barrington Fire (20)	C,D	521,040	105,151	8,596,055	9,056,983
4062	1564 1565	Warren Police & Fire	C,D	1,381,976	286,549	10,243,636	7,652,845



Components Used in Determining Contribution Rates

Old Unit Number	New Unit Number	Unit	Code(s)	Adjusted Compensation	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Police & Fire Units							
4063	1494	South Kingstown Police	B,1	2,780,711	578,981	21,490,986	21,285,185
4073	1464	Scituate Police	5	-	-	34,477	177,930
4076	1394	North Smithfield Police	C,D	1,170,908	253,224	7,993,420	7,833,344
4077	1534	Tiverton Fire	C,D	1,581,663	356,013	7,599,400	8,421,582
4082	1194	Foster Police	C,D	337,127	77,704	2,398,430	2,119,671
4085	1634	Woonsocket Police	C,D	4,847,955	1,033,098	30,776,550	29,010,871
4086	1084	Charlestown Police	C,D	1,127,222	244,949	7,551,518	5,590,888
4087	1264	Hopkinton Police	C,D,6	893,806	209,533	4,320,427	3,882,932
4088	1214	Glocester Police	C,D	967,190	207,536	4,841,450	4,261,420
4089	1604	West Greenwich Police/Rescue	C,D	590,214	133,135	2,837,958	2,429,034
4090	1034	Burrillville Police	C,D,6	1,286,345	292,178	7,039,876	7,302,211
4091	1148	Cumberland Rescue	C,D	905,218	197,804	3,218,249	3,846,676
4093	1635	Woonsocket Fire	C,D	6,362,891	1,365,413	24,373,728	25,287,421
4094	1015	Bristol Fire	D	44,477	8,244	166,910	272,839
4095	1135	Cumberland Hill Fire	C,D	681,474	142,688	4,232,166	3,609,916
4096	1014	Bristol Police	C,D	1,377,308	301,031	2,017,048	2,429,990
4098	1095	Coventry Fire	D	673,716	115,674	2,536,824	2,358,245
4099	1505	South Kingstown EMT	C,D	656,978	150,734	1,235,410	2,153,528
4101	1365	North Cumberland	C,D	736,520	148,324	3,732,979	2,810,798
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	1,893,253	409,826	7,468,576	5,317,419
4103	1255	Hopkins Hill Fire	C,D	481,563	106,243	1,107,061	865,632
4104	1114	Cranston Police	C,D,4	6,130,562	1,664,041	18,518,471	14,761,420
4105	1115	Cranston Fire	C,D,4	7,440,104	1,985,153	29,342,709	24,866,263
4106	1125	Cumberland Fire	B,D	592,838	132,979	3,517,309	2,713,534
4107	1305	Lincoln Rescue	C	738,021	128,680	2,764,237	1,935,178
4108	1344	New Shoreham Police	B,D	223,579	51,609	1,199,366	832,678
4109	1324	Middletown Police & Fire	C,D	1,335,759	320,936	822,764	909,703
4110	1715	Harrisville Fire District	C,D	238,782	51,372	542,150	532,837
4111	1705	Albion Fire District	C	133,423	25,591	559,307	329,203
Police & Fire Units Subtotal				<u>72,943,546</u>	<u>16,019,122</u>	<u>351,274,694</u>	<u>318,158,043</u>
All MERS Units Total				\$ 304,952,020	\$ 45,964,678	\$ 1,266,286,829	\$ 1,174,567,205

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2007 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

Explanation of Rate Changes

All rates are gross: before recognizing 0% minimum contribution rate

Old Unit Number	New Unit Number	Unit	June 30, 2007 Actuarial Valuation	Source of Rate Change						June 30, 2008 Actuarial Valuation
				Salary (Gains)/ Losses	Payroll (Gains)/ Losses	Other Non-Asset (Gains)/ Losses	Asset (Gains)/ Losses	Assumption Change	Provision Changes	
(1)	(2)	(3)	(4)	(5)	(6)	(5)	(6)	(7)	(8)	(9)
General Employee Units										
3002	1012 1019	Bristol	12.91%	0.17%	(0.09%)	(0.10%)	(0.57%)	-	-	12.32%
3003	1032 1033	Burrillville	4.67%	(0.17%)	(0.06%)	(0.69%)	(0.67%)	-	-	3.08%
3004	1052	Central Falls	8.91%	(0.20%)	0.69%	(0.73%)	(0.29%)	-	-	8.38%
3005	1082	Charlestown	10.73%	0.29%	(0.56%)	(0.13%)	(0.39%)	-	-	9.94%
3007	1112 1113	Cranston	5.22%	0.01%	(0.02%)	(0.46%)	(0.75%)	-	-	4.00%
3008	1122 1123	Cumberland	9.31%	0.23%	0.17%	(0.79%)	(0.36%)	-	-	8.56%
3009	1152 1153	East Greenwich	(21.18%)	(0.14%)	1.29%	(0.53%)	(2.38%)	4.48%	-	(18.46%)
3010	1162 1163	East Providence	16.04%	(0.23%)	0.28%	(0.30%)	(0.53%)	-	-	15.26%
3011	1183	Exeter/West Greenwich	9.95%	0.06%	0.01%	(0.46%)	(0.48%)	-	-	9.08%
3012	1192 1193	Foster	6.84%	0.24%	(0.11%)	0.31%	(0.36%)	-	-	6.92%
3013	1212 1213	Glocester	10.40%	(0.40%)	0.28%	(0.54%)	(0.41%)	-	-	9.33%
3014	1262	Hopkinton	3.95%	(0.15%)	0.40%	(0.24%)	(0.39%)	-	-	3.57%
3015	1272 1273	Jamestown	11.99%	(0.12%)	(0.44%)	(0.85%)	(0.40%)	-	-	10.18%
3016	1282 1283	Johnston	10.03%	(0.59%)	0.36%	(0.04%)	(0.57%)	-	-	9.19%
3017	1302 1303	Lincoln	6.55%	0.52%	(0.16%)	(0.03%)	(0.21%)	-	-	6.67%
3019	1322 1323	Middletown	10.73%	0.20%	(0.01%)	(1.04%)	(0.38%)	-	-	9.50%
3021	1352 1353 1354	Newport	14.51%	(0.03%)	(0.02%)	(0.01%)	(0.64%)	-	-	13.81%
3022	1342 1343	New Shoreham	8.77%	(0.23%)	0.15%	(1.01%)	(0.34%)	-	-	7.34%
3023	1372 1373	North Kingstown	12.06%	0.35%	0.35%	(0.79%)	(0.52%)	-	-	11.45%
3024	1382 1383	North Providence	0.56%	(0.04%)	(0.20%)	(0.60%)	(0.61%)	-	-	(0.89%)
3025	1392 1393	North Smithfield	1.42%	(0.29%)	(0.14%)	(0.09%)	(0.71%)	-	-	0.19%
3026	1412 1413	Pawtucket	10.74%	0.17%	(0.05%)	(1.02%)	(0.64%)	-	-	9.20%
3027	1515	Union Fire District	5.89%	(0.05%)	(0.35%)	0.46%	(0.21%)	-	-	5.74%
3029	1452	Richmond	6.74%	0.73%	0.00%	(0.45%)	(0.30%)	-	-	6.72%
3030	1462 1463	Scituate	12.16%	(0.06%)	0.20%	(0.67%)	(0.52%)	-	-	11.11%
3031	1472 1473	Smithfield	5.44%	0.14%	0.02%	(0.17%)	(0.64%)	-	-	4.79%
3032	1492 1493	South Kingstown	6.92%	(0.10%)	0.05%	(0.11%)	(0.56%)	-	-	6.20%
3033	1532 1533	Tiverton	2.87%	(0.53%)	(0.21%)	(0.46%)	(0.60%)	-	-	1.07%
3034	1562	Warren	15.62%	3.02%	(0.53%)	(4.49%)	(0.42%)	-	-	13.20%
3036	1622 1623	Westerly	52.49%	0.59%	(1.39%)	2.92%	(1.21%)	-	-	53.40%
3037	1602	West Greenwich	12.07%	0.25%	(0.28%)	0.09%	(0.32%)	-	-	11.81%
3039	1632 1633	Woonsocket	2.35%	(0.18%)	(0.23%)	(0.47%)	(0.80%)	-	-	0.67%
3040	1073	Chariho School District	10.30%	0.32%	0.04%	(0.73%)	(0.38%)	-	-	9.55%
3041	1203	Foster/Glocester	11.85%	(0.20%)	0.84%	0.37%	(0.49%)	-	-	12.37%
3043	1336	Narragansett Housing	7.52%	(0.28%)	0.04%	0.32%	(0.25%)	-	-	7.35%
3045	1098	Coventry Lighting District	(54.98%)	0.31%	0.63%	(5.55%)	(3.02%)	-	-	(62.61%)
3046	1242	Hope Valley Fire	2.86%	(0.23%)	(0.03%)	(0.40%)	(0.51%)	-	-	1.69%
3050	1156	East Greenwich Housing	9.31%	(0.78%)	(0.24%)	(0.40%)	(0.26%)	-	-	7.63%
3051	1116	Cranston Housing	3.61%	(0.20%)	0.00%	(0.28%)	(0.61%)	-	-	2.52%
3052	1166	East Providence Housing	3.95%	(0.38%)	(0.08%)	(1.42%)	(0.73%)	-	-	1.34%
3053	1416	Pawtucket Housing	(6.73%)	0.06%	(1.29%)	(0.98%)	(0.98%)	-	-	(9.92%)
3056	1126	Cumberland Housing	4.43%	(0.09%)	0.04%	0.84%	(0.39%)	-	-	4.83%
3057	1306	Lincoln Housing	9.25%	(0.27%)	0.24%	0.03%	(0.50%)	-	-	8.75%
3059	1016	Bristol Housing	(11.12%)	(0.63%)	(0.83%)	(0.33%)	(0.94%)	-	-	(13.85%)
3065	1036	Burrillville Housing	(1.93%)	(0.78%)	0.90%	(1.68%)	(0.81%)	-	-	(4.30%)
3066	1386	North Providence Housing	23.90%	(0.19%)	0.16%	(2.20%)	(0.48%)	-	-	21.19%
3067	1177	East Smithfield Water	2.59%	(0.62%)	(0.20%)	(0.65%)	(1.00%)	-	-	0.12%
3068	1227	Greenville Water	(3.16%)	(0.40%)	(0.54%)	(0.05%)	(0.78%)	-	-	(4.93%)



Explanation of Rate Changes

All rates are gross: before recognizing 0% minimum contribution rate

Old Unit Number	New Unit Number	Unit	June 30, 2007 Actuarial Valuation	Source of Rate Change						June 30, 2008 Actuarial Valuation
				Salary (Gains)/ Losses	Payroll (Gains)/ Losses	Other Non-Asset (Gains)/ Losses	Asset (Gains)/ Losses	Assumption Change	Provision Changes	
(1)	(2)	(3)	(4)	(5)	(6)	(5)	(6)	(7)	(8)	(9)
General Employee Units										
3069	1356	Newport Housing	9.68%	(0.10%)	0.76%	0.33%	(0.91%)	-	-	9.76%
3071	1566	Warren Housing	6.66%	(0.22%)	(0.02%)	(5.52%)	(0.85%)	-	-	0.05%
3072	1286	Johnston Housing	3.16%	(0.44%)	(0.06%)	0.22%	(0.47%)	-	-	2.41%
3077	1538	Tiverton Local 2670A	5.76%	(0.28%)	0.01%	0.84%	(0.55%)	-	-	5.78%
3078	1002 1003 1007 1009	Barrington COLA	2.90%	(0.08%)	(0.04%)	0.42%	(0.66%)	-	-	2.54%
3079	1096	Coventry Housing	3.24%	0.02%	(0.11%)	(0.08%)	(0.32%)	-	-	2.75%
3080	1496	South Kingstown Housing	6.43%	0.03%	0.00%	(3.09%)	(0.14%)	-	-	3.23%
3081	1403	N. RI Collaborative Adm. Services	9.48%	0.16%	0.74%	(0.37%)	(0.21%)	-	-	9.80%
3083	1616	West Warwick Housing	8.08%	(0.43%)	0.04%	0.02%	(0.53%)	-	-	7.18%
3084	1476	Smithfield Housing	(2.24%)	0.16%	(2.01%)	(0.57%)	(0.54%)	-	-	(5.20%)
3094	1478	Smithfield COLA	5.56%	(0.33%)	0.00%	0.85%	(0.48%)	-	-	5.60%
3096	1056	Central Falls Housing	13.03%	(0.02%)	(0.61%)	0.10%	(0.25%)	-	-	12.25%
3098	1293	Lime Rock Administrative Services	5.11%	0.53%	(0.10%)	1.15%	(0.35%)	-	-	6.34%
3099	1063	Central Falls Schools	8.13%	0.65%	0.11%	0.02%	(0.37%)	-	-	8.54%
3100	1023	Bristol/Warren Schools	10.36%	(0.05%)	0.13%	0.49%	(0.54%)	-	-	10.39%
3101	1157 1158	Town of E. Greenwich-COLA-NCE	7.00%	(0.29%)	0.02%	0.01%	(0.47%)	-	-	6.27%
3102	1712	Harrisville Fire District (ADMIN)	8.94%	(0.52%)	0.12%	0.35%	(0.24%)	-	-	8.65%
General Employee Units Averages			8.50%	(0.01%)	0.05%	(0.51%)	(0.43%)	(0.09%)	-	7.52%
Police & Fire Units										
4016	1285	Johnston Fire	8.99%	(0.17%)	0.01%	(0.43%)	(0.16%)	-	-	8.24%
4029	1454	Richmond Police	11.14%	0.24%	(0.34%)	(0.37%)	(0.17%)	-	-	10.50%
4031	1474	Smithfield Police	21.37%	(0.18%)	0.02%	(0.14%)	(0.22%)	-	-	20.85%
4042	1555	Valley Falls Fire	7.96%	(0.81%)	0.02%	1.14%	(0.63%)	-	-	7.68%
4047	1395 1435	North Smithfield Voluntary Fire	14.75%	(0.19%)	0.01%	(0.56%)	(0.71%)	-	-	13.30%
4050	1155	East Greenwich Fire	18.28%	0.43%	0.12%	(0.45%)	(0.70%)	-	-	17.68%
4054	1154	East Greenwich Police	13.09%	(0.34%)	0.00%	(0.25%)	(1.00%)	-	-	11.50%
4055	1375	North Kingstown Fire	17.52%	(0.99%)	0.14%	(0.61%)	(0.97%)	-	-	15.09%
4056	1374	North Kingstown Police	21.00%	(0.97%)	0.33%	(0.53%)	(0.96%)	-	-	18.87%
4058	1385	North Providence Fire	11.45%	0.25%	(0.13%)	(1.14%)	(0.76%)	-	-	9.67%
4059	1008	Barrington Fire (25)	15.49%	0.56%	(0.39%)	(0.39%)	(0.16%)	-	-	15.11%
4060	1004	Barrington Police	26.74%	0.15%	1.11%	1.50%	(0.90%)	-	-	28.60%
4061	1005	Barrington Fire (20)	7.07%	(0.09%)	(0.75%)	1.68%	(2.74%)	-	-	5.17%
4062	1564 1565	Warren Police & Fire	23.71%	0.58%	0.06%	0.70%	(0.87%)	-	-	24.18%
4063	1494	South Kingstown Police	12.24%	(0.39%)	0.00%	1.94%	(1.19%)	-	-	12.60%
4073	1464	Scituate Police	0.00%	0.00%	0.00%	0.00%	#N/A	-	-	0.00%
4076	1394	North Smithfield Police	13.20%	(0.35%)	0.12%	0.99%	(1.05%)	-	-	12.91%
4077	1534	Tiverton Fire	9.18%	0.93%	0.15%	(0.39%)	(0.84%)	-	-	9.03%
4082	1194	Foster Police	16.82%	0.00%	0.11%	2.31%	(0.96%)	-	-	18.28%
4085	1634	Woonsocket Police	13.22%	(1.28%)	0.46%	2.72%	(0.94%)	-	-	14.18%
4086	1084	Charlestown Police	23.52%	0.20%	0.60%	0.49%	(0.78%)	-	-	24.03%
4087	1264	Hopkinton Police	18.43%	(0.38%)	0.02%	(0.49%)	(0.68%)	-	-	16.90%
4088	1214	Glocester Police	18.38%	(0.85%)	(0.05%)	(0.71%)	(0.69%)	-	-	16.08%
4089	1604	West Greenwich Police/Rescue	18.79%	(0.59%)	0.32%	(0.63%)	(0.64%)	-	-	17.25%
4090	1034	Burrillville Police	12.23%	(0.33%)	0.02%	(0.86%)	(0.89%)	-	-	10.17%
4091	1148	Cumberland Rescue	8.82%	(0.91%)	(0.45%)	0.58%	(0.66%)	-	-	7.38%



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

Explanation of Rate Changes

All rates are gross: before recognizing 0% minimum contribution rate

Old Unit Number	New Unit Number	Unit	June 30, 2007 Actuarial Valuation	Source of Rate Change						June 30, 2008 Actuarial Valuation
				Salary (Gains)/ Losses	Payroll (Gains)/ Losses	Other Non-Asset (Gains)/ Losses	Asset (Gains)/ Losses	Assumption Change	Provision Changes	
(1)	(2)	(3)	(4)	(5)	(6)	(5)	(6)	(7)	(8)	(9)
Police & Fire Units										
4093	1635	Woonsocket Fire	11.93%	0.06%	0.01%	(0.70%)	(0.62%)	-	-	10.68%
4094	1015	Bristol Fire	(6.21%)	(0.08%)	(0.18%)	0.42%	(0.96%)	-	-	(7.01%)
4095	1135	Cumberland Hill Fire	19.83%	(0.32%)	(0.01%)	(0.30%)	(0.83%)	-	-	18.37%
4096	1014	Bristol Police	11.03%	0.10%	(0.02%)	(1.03%)	(0.27%)	-	-	9.81%
4098	1095	Coventry Fire	10.87%	(0.11%)	(0.35%)	0.36%	(0.55%)	-	-	10.22%
4099	1505	South Kingstown EMT	6.08%	(0.45%)	(0.22%)	(1.63%)	(0.50%)	-	-	3.28%
4101	1365	North Cumberland	11.30%	(0.17%)	0.01%	(1.48%)	(0.60%)	-	11.55%	20.61%
4102	1045 1235 1525 1585	Central Coventry Fire	19.33%	0.83%	(0.70%)	0.61%	(0.44%)	-	-	19.63%
4103	1255	Hopkins Hill Fire	9.94%	(0.24%)	(0.01%)	(0.03%)	(0.28%)	-	6.88%	16.26%
4104	1114	Cranston Police	15.30%	(0.70%)	0.05%	0.06%	(0.38%)	6.62%	-	20.95%
4105	1115	Cranston Fire	14.37%	(0.13%)	0.05%	(0.45%)	(0.53%)	7.26%	-	20.57%
4106	1125	Cumberland Fire	20.70%	(0.46%)	1.10%	1.39%	(0.72%)	-	-	22.01%
4107	1305	Lincoln Rescue	15.17%	0.35%	(0.31%)	2.78%	(0.41%)	-	-	17.58%
4108	1344	New Shoreham Police	26.63%	(0.01%)	(0.24%)	(2.20%)	(0.57%)	-	-	23.61%
4109	1324	Middletown Police & Fire	13.67%	(0.08%)	0.06%	(0.43%)	(0.11%)	-	-	13.11%
4110	1715	Harrisville Fire District	13.69%	(0.66%)	0.02%	(0.55%)	(0.35%)	-	-	12.15%
4111	1705	Albion Fire District	20.75%	(0.30%)	4.25%	(2.16%)	(0.39%)	-	-	22.15%
Police & Fire Units Averages			14.85%	(0.27%)	0.02%	0.03%	(0.67%)	1.30%	0.16%	15.42%
All MERS Units Averages			10.00%	(0.07%)	0.07%	(0.38%)	(0.49%)	0.24%	0.04%	9.41%

Units with no active members are excluded from this exhibit



Schedule of Funding Progress

Old Unit Number	New Unit Number	Unit	Code (s)	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (5) - (4)	Funded Ratio (4)/(5)	Annual Covered Payroll	UAAL as % of Payroll (7)/(9)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
General Employee Units										
3002	1012 1019	Bristol	B	14,897,937	19,515,448	4,617,511	76.3%	4,135,097	111.7%	
3003	1032 1033	Burrillville	C	23,164,763	20,971,570	(2,193,192)	110.5%	5,420,713	(40.5%)	
3004	1052	Central Falls		4,950,358	6,406,664	1,456,306	77.3%	2,683,177	54.3%	
3005	1082	Charlestown	C	3,953,467	5,118,158	1,164,691	77.2%	1,594,344	73.1%	
3007	1112 1113	Cranston	B	129,012,096	120,962,612	(8,049,484)	106.7%	26,974,527	(29.8%)	
3008	1122 1123	Cumberland		18,381,290	23,145,827	4,764,537	79.4%	8,064,217	59.1%	
3009	1152 1153	East Greenwich	C	9,233,655	5,444,173	(3,789,482)	169.6%	1,172,412	(323.2%)	
3010	1162 1163	East Providence	B	63,830,490	90,948,017	27,117,526	70.2%	18,754,676	144.6%	
3011	1183	Exeter/West Greenwich	B	6,643,400	7,461,298	817,898	89.0%	2,174,905	37.6%	
3012	1192 1193	Foster		2,777,808	3,088,526	310,718	89.9%	1,196,184	26.0%	
3013	1212 1213	Glocester	C	5,888,673	7,125,561	1,236,888	82.6%	2,241,463	55.2%	
3014	1262	Hopkinton	C	3,737,653	3,081,573	(656,080)	121.3%	1,488,593	(44.1%)	
3015	1272 1273	Jamestown	C	8,201,795	10,434,577	2,232,782	78.6%	3,261,883	68.5%	
3016	1282 1283	Johnston	C	31,206,540	35,051,692	3,845,152	89.0%	8,570,160	44.9%	
3017	1302 1303	Lincoln		1,338,095	1,542,400	204,305	86.8%	1,016,081	20.1%	
3019	1322 1323	Middletown	C	11,821,298	14,721,456	2,900,159	80.3%	4,892,626	59.3%	
3021	352 1353 1354	Newport	B	46,324,266	60,565,718	14,241,452	76.5%	11,396,167	125.0%	
3022	1342 1343	New Shoreham	B	4,254,010	4,740,547	486,536	89.7%	1,972,982	24.7%	
3023	1372 1373	North Kingstown	C	38,759,572	48,275,593	9,516,021	80.3%	11,762,252	80.9%	
3024	1382 1383	North Providence		27,486,433	22,054,179	(5,432,254)	124.6%	7,070,071	(76.8%)	
3025	1392 1393	North Smithfield	B	13,716,901	10,980,041	(2,736,861)	124.9%	2,983,170	(91.7%)	
3026	1412 1413	Pawtucket	C	92,550,954	105,941,476	13,390,522	87.4%	22,438,023	59.7%	
3027	1515	Union Fire District		300,114	348,819	48,705	86.0%	227,750	21.4%	
3029	1452	Richmond		1,401,482	1,504,324	102,842	93.2%	742,882	13.8%	
3030	1462 1463	Scituate	B	9,340,824	11,375,726	2,034,901	82.1%	2,846,882	71.5%	
3031	1472 1473	Smithfield	C	11,453,848	10,494,243	(959,605)	109.1%	2,793,698	(34.3%)	
3032	1492 1493	South Kingstown	B	42,087,185	42,973,921	886,736	97.9%	11,911,417	7.4%	
3033	1532 1533	Tiverton	C	11,103,716	8,936,781	(2,166,935)	124.2%	2,880,223	(75.2%)	
3034	1562	Warren	C	4,638,180	6,818,297	2,180,118	68.0%	1,712,824	127.3%	
3036	1622 1623	Westerly		492,478	979,933	487,455	50.3%	64,034	761.2%	
3037	1602	West Greenwich	C	2,027,612	2,840,983	813,371	71.4%	1,002,521	81.1%	
3039	1632 1633	Woonsocket	B	65,679,230	56,198,983	(9,480,246)	116.9%	12,930,655	(73.3%)	
3040	1073	Chariho School District	C	11,805,862	14,496,692	2,690,830	81.4%	4,867,400	55.3%	
3041	1203	Foster/Glocester	B	4,743,575	6,013,460	1,269,885	78.9%	1,486,300	85.4%	
3042	1528	Tiogue Fire & Lighting	C,5	39,344	5,314	(34,030)	740.4%	0	-	
3043	1336	Narragansett Housing	C	269,791	331,594	61,804	81.4%	168,611	36.7%	
3045	1098	Coventry Lighting District	C	1,462,026	798,339	(663,687)	183.1%	76,566	(866.8%)	
3046	1242	Hope Valley Fire	C	357,918	297,244	(60,674)	120.4%	110,414	(55.0%)	
3050	1156	East Greenwich Housing	C	862,054	955,662	93,608	90.2%	524,591	17.8%	
3051	1116	Cranston Housing	C	3,581,409	3,126,868	(454,541)	114.5%	923,249	(49.2%)	
3052	1166	East Providence Housing	B	2,737,774	2,220,828	(516,946)	123.3%	591,364	(87.4%)	
3053	1416	Pawtucket Housing	B	11,753,986	7,688,590	(4,065,396)	152.9%	1,885,835	(215.6%)	
3056	1126	Cumberland Housing	C	1,207,504	1,141,474	(66,031)	105.8%	475,242	(13.9%)	
3057	1306	Lincoln Housing	B	1,387,675	1,434,240	46,564	96.8%	432,734	10.8%	
3059	1016	Bristol Housing		1,866,352	1,092,682	(773,670)	170.8%	312,602	(247.5%)	
3065	1036	Burrillville Housing	B	979,120	710,448	(268,672)	137.8%	188,847	(142.3%)	
3066	1386	North Providence Housing	B	813,191	1,382,291	569,099	58.8%	263,367	216.1%	
3067	1177	East Smithfield Water	C	807,583	701,185	(106,398)	115.2%	125,224	(85.0%)	
3068	1227	Greenville Water	B	1,036,757	731,347	(305,410)	141.8%	207,682	(147.1%)	
3069	1356	Newport Housing	C	6,893,915	7,463,093	569,178	92.4%	1,183,222	48.1%	



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

Schedule of Funding Progress

Old Unit Number	New Unit Number	Unit	Code (s)	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (5) - (4)	Funded Ratio (4)/(5)	Annual Covered Payroll	UAAL as % of Payroll (7)/(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Employee Units									
3071	1566	Warren Housing	B	1,261,102	1,030,021	(231,081)	122.4%	235,038	(98.3%)
3072	1286	Johnston Housing		1,018,084	879,361	(138,723)	115.8%	340,632	(40.7%)
3077	1538	Tiverton Local 2670A	C	3,266,488	3,206,245	(60,243)	101.9%	927,502	(6.5%)
3078	1003 1007	Barrington COLA	C	29,214,839	25,443,008	(3,771,831)	114.8%	6,921,016	(54.5%)
3079	1096	Coventry Housing		815,421	703,783	(111,637)	115.9%	396,523	(28.2%)
3080	1496	South Kingstown Housing	C	193,073	79,065	(114,008)	244.2%	214,464	(53.2%)
3081	1403	N. RI Collaborative Adm. Services	C	2,096,897	2,835,305	738,408	74.0%	1,582,588	46.7%
3083	1616	West Warwick Housing	B	1,185,020	1,289,570	104,550	91.9%	352,581	29.7%
3084	1476	Smithfield Housing		273,110	192,498	(80,612)	141.9%	79,964	(100.8%)
3094	1478	Smithfield COLA	C	11,371,370	11,219,177	(152,193)	101.4%	3,711,592	(4.1%)
3096	1056	Central Falls Housing	C	1,470,612	2,284,151	813,539	64.4%	907,482	89.6%
3098	1293	Lime Rock Administrative Services		180,130	212,535	32,405	84.8%	82,430	39.3%
3099	1063	Central Falls Schools	C	10,993,164	12,116,303	1,123,139	90.7%	4,629,464	24.3%
3100	1023	Bristol/Warren Schools	B	14,630,763	17,096,875	2,466,112	85.6%	4,217,402	58.5%
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	14,828,052	15,059,966	231,913	98.5%	5,017,084	4.6%
3102	1712	Harrisville Fire District (ADMIN)	C	297,946	399,238	101,292	74.6%	192,853	52.5%
3103	1702	Albion Fire District (ADMIN)	C	51,129	73,186	22,057	69.9%	0	-
General Employee Units Subtotal				\$856,409,161	\$915,012,135	\$58,602,974	93.6%	\$232,008,474	25.3%
Police & Fire Units									
4016	1285	Johnston Fire	D	1,711,089	1,599,225	(111,863)	107.0%	1,663,174	(6.7%)
4029	1454	Richmond Police	6	558,126	710,552	152,426	78.5%	503,488	30.3%
4031	1474	Smithfield Police	C,D	3,379,943	6,647,186	3,267,243	50.8%	2,376,903	137.5%
4042	1555	Valley Falls Fire	D	2,996,158	2,890,214	(105,944)	103.7%	733,799	(14.4%)
4047	1395 1435	North Smithfield Voluntary Fire	B,D	4,796,690	5,011,755	215,065	95.7%	1,046,808	20.5%
4050	1155	East Greenwich Fire	C,D	9,801,221	11,668,363	1,867,142	84.0%	2,176,092	85.8%
4054	1154	East Greenwich Police	C,D	12,227,676	12,050,993	(176,684)	101.5%	1,914,960	(9.2%)
4055	1375	North Kingstown Fire	C,D	25,905,800	28,131,671	2,225,871	92.1%	4,151,820	53.6%
4056	1374	North Kingstown Police	C,D	16,562,135	19,523,948	2,961,814	84.8%	2,713,004	109.2%
4058	1385	North Providence Fire	D	27,521,038	28,699,306	1,178,267	95.9%	5,636,596	20.9%
4059	1008	Barrington Fire (25)	C	696,767	1,099,864	403,096	63.4%	658,140	61.2%
4060	1004	Barrington Police	C,D	7,143,227	10,162,172	3,018,945	70.3%	1,236,139	244.2%
4061	1005	Barrington Fire (20)	C,D	9,056,983	8,596,055	(460,929)	105.4%	521,040	(88.5%)
4062	1564 1565	Warren Police & Fire	C,D	7,652,845	10,243,636	2,590,791	74.7%	1,381,976	187.5%
4063	1494	South Kingstown Police	B,1	21,285,185	21,490,986	205,801	99.0%	2,780,711	7.4%
4073	1464	Scituate Police	5	177,930	34,477	(143,453)	516.1%	0	-
4076	1394	North Smithfield Police	C,D	7,833,344	7,993,420	160,076	98.0%	1,170,908	13.7%
4077	1534	Tiverton Fire	C,D	8,421,582	7,599,400	(822,183)	110.8%	1,581,663	(52.0%)
4082	1194	Foster Police	C,D	2,119,671	2,398,430	278,759	88.4%	337,127	82.7%
4085	1634	Woonsocket Police	C,D	29,010,871	30,776,550	1,765,679	94.3%	4,847,955	36.4%
4086	1084	Charlestown Police	C,D	5,590,888	7,551,518	1,960,630	74.0%	1,127,222	173.9%
4087	1264	Hopkinton Police	C,D,6	3,882,932	4,320,427	437,495	89.9%	893,806	48.9%
4088	1214	Glocester Police	C,D	4,261,420	4,841,450	580,031	88.0%	967,190	60.0%
4089	1604	West Greenwich Police/Rescue	C,D	2,429,034	2,837,958	408,924	85.6%	590,214	69.3%
4090	1034	Burrillville Police	C,D,6	7,302,211	7,039,876	(262,335)	103.7%	1,286,345	(20.4%)
4091	1148	Cumberland Rescue	C,D	3,846,676	3,218,249	(628,426)	119.5%	905,218	(69.4%)
4093	1635	Woonsocket Fire	C,D	25,287,421	24,373,728	(913,693)	103.7%	6,362,891	(14.4%)
4094	1015	Bristol Fire	D	272,839	166,910	(105,929)	163.5%	44,477	238.2%
4095	1135	Cumberland Hill Fire	C,D	3,609,916	4,232,166	622,250	85.3%	681,474	91.3%



Schedule of Funding Progress

Old Unit Number	New Unit Number	Unit	Code (s)	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (5) - (4)	Funded Ratio (4)/(5)	Annual Covered Payroll	UAAL as % of Payroll (7)/(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Police & Fire Units									
4096	1014	Bristol Police	C,D	2,429,990	2,017,048	(412,942)	120.5%	1,377,308	(30.0%)
4098	1095	Coventry Fire	D	2,358,245	2,536,824	178,580	93.0%	673,716	26.5%
4099	1505	South Kingstown EMT	C,D	2,153,528	1,235,410	(918,118)	174.3%	656,978	(139.7%)
4101	1365	North Cumberland	C,D	2,810,798	3,732,979	922,181	75.3%	736,520	125.2%
4102	5 1235 1525 1585	Central Coventry Fire	C,D	5,317,419	7,468,576	2,151,157	71.2%	1,893,253	113.6%
4103	1255	Hopkins Hill Fire	C,D	865,632	1,107,061	241,429	78.2%	481,563	50.1%
4104	1114	Cranston Police	C,D,4	14,761,420	18,518,471	3,757,051	79.7%	6,130,562	61.3%
4105	1115	Cranston Fire	C,D,4	24,866,263	29,342,709	4,476,446	84.7%	7,440,104	60.2%
4106	1125	Cumberland Fire	B,D	2,713,534	3,517,309	803,775	77.1%	592,838	135.6%
4107	1305	Lincoln Rescue	C	1,935,178	2,764,237	829,059	70.0%	738,021	112.3%
4108	1344	New Shoreham Police	B,D	832,678	1,199,366	366,688	69.4%	223,579	164.0%
4109	1324	Middletown Police & Fire	C,D	909,703	822,764	(86,939)	110.6%	1,335,759	(6.5%)
4110	1715	Harrisville Fire District	C,D	532,837	542,150	9,313	98.3%	238,782	3.9%
4111	1705	Albion Fire District	C	329,203	559,307	230,104	58.9%	133,423	172.5%
Police & Fire Units Subtotal				<u>\$318,158,043</u>	<u>\$351,274,694</u>	<u>\$33,116,651</u>	90.6%	<u>\$72,943,546</u>	45.4%

B - Municipality has adopted COLA Plan B D - Municipality has adopted the "20-year" optional Police & Fire Plan

C - Municipality has adopted COLA Plan C

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2007 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

Asset Values

Old Unit Number	New Unit Number	Unit	Code	Market Value of Assets	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)
General Employee Units					
3002	1012 1019	Bristol	B	\$ 14,193,657	\$ 14,897,937
3003	1032 1033	Burrillville	C	22,069,679	23,164,763
3004	1052	Central Falls		4,716,336	4,950,358
3005	1082	Charlestown	C	3,766,572	3,953,467
3007	1112 1113	Cranston	B	122,913,221	129,012,096
3008	1122 1123	Cumberland		17,512,339	18,381,290
3009	1152 1153	East Greenwich		8,797,147	9,233,655
3010	1162 1163	East Providence	B	60,812,989	63,830,490
3011	1183	Exeter/West Greenwich	B	6,329,342	6,643,400
3012	1192 1193	Foster		2,646,491	2,777,808
3013	1212 1213	Glocester	C	5,610,293	5,888,673
3014	1262	Hopkinton	C	3,560,960	3,737,653
3015	1272 1273	Jamestown	C	7,814,066	8,201,795
3016	1282 1283	Johnston	C	29,731,293	31,206,540
3017	1302 1303	Lincoln		1,274,839	1,338,095
3019	1322 1323	Middletown	C	11,262,462	11,821,298
3021	1352 1353 1354	Newport	B	44,134,348	46,324,266
3022	1342 1343	New Shoreham	B	4,052,908	4,254,010
3023	1372 1373	North Kingstown	C	36,927,265	38,759,572
3024	1382 1383	North Providence		26,187,049	27,486,433
3025	1392 1393	North Smithfield	B	13,068,453	13,716,901
3026	1412 1413	Pawtucket	C	88,175,731	92,550,954
3027	1515	Union Fire District		285,927	300,114
3029	1452	Richmond		1,335,229	1,401,482
3030	1462 1463	Scituate	B	8,899,249	9,340,824
3031	1472 1473	Smithfield	C	10,912,382	11,453,848
3032	1492 1493	South Kingstown	B	40,097,569	42,087,185
3033	1532 1533	Tiverton	C	10,578,803	11,103,716
3034	1562	Warren	C	4,418,916	4,638,180
3036	1622 1623	Westerly		469,197	492,478
3037	1602	West Greenwich	C	1,931,759	2,027,612
3039	1632 1633	Woonsocket	B	62,574,332	65,679,230
3040	1073	Chariho School District	C	11,247,755	11,805,862
3041	1203	Foster/Glocester	B	4,519,329	4,743,575
3042	1528	Tiogue Fire & Lighting	C,5	37,484	39,344
3043	1336	Narragansett Housing	C	257,037	269,791
3045	1098	Coventry Lighting District	C	1,392,910	1,462,026
3046	1242	Hope Valley Fire	C	340,998	357,918
3050	1156	East Greenwich Housing	C	821,302	862,054
3051	1116	Cranston Housing	C	3,412,103	3,581,409
3052	1166	East Providence Housing	B	2,608,350	2,737,774
3053	1416	Pawtucket Housing	B	11,198,332	11,753,986
3056	1126	Cumberland Housing	C	1,150,421	1,207,504



Asset Values

Old Unit Number	New Unit Number	Unit	Code	Market Value of Assets	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)
General Employee Units					
3057	1306	Lincoln Housing	B	1,322,075	1,387,675
3059	1016	Bristol Housing		1,778,123	1,866,352
3065	1036	Burrillville Housing	B	932,834	979,120
3066	1386	North Providence Housing	B	774,749	813,191
3067	1177	East Smithfield Water	C	769,406	807,583
3068	1227	Greenville Water	B	987,745	1,036,757
3069	1356	Newport Housing	C	6,568,015	6,893,915
3071	1566	Warren Housing	B	1,201,485	1,261,102
3072	1286	Johnston Housing		969,956	1,018,084
3077	1538	Tiverton Local 2670A	C	3,112,069	3,266,488
3078	1002 1003 1007 1009	Barrington COLA	C	27,833,746	29,214,839
3079	1096	Coventry Housing		776,873	815,421
3080	1496	South Kingstown Housing	C	183,945	193,073
3081	1403	N. RI Collaborative Adm. Services	C	1,997,769	2,096,897
3083	1616	West Warwick Housing	B	1,129,000	1,185,020
3084	1476	Smithfield Housing		260,200	273,110
3094	1478	Smithfield COLA	C	10,833,804	11,371,370
3096	1056	Central Falls Housing	C	1,401,090	1,470,612
3098	1293	Lime Rock Administrative Services		171,615	180,130
3099	1063	Central Falls Schools	C	10,473,476	10,993,164
3100	1023	Bristol/Warren Schools	B	13,939,114	14,630,763
3101	1157	Town of E. Greenwich-COLA-NCE	C	14,127,076	14,828,052
3102	1712	Harrisville Fire District (ADMIN)	C	283,861	297,946
3103	1702	Albion Fire District (ADMIN)	C	48,712	51,129
General Employee Units Subtotal				\$ 815,923,561	\$ 856,409,161
Police & Fire Units					
4016	1285	Johnston Fire	D	\$ 1,630,199	\$ 1,711,089
4029	1454	Richmond Police	6	531,741	558,126
4031	1474	Smithfield Police	C,D	3,220,160	3,379,943
4042	1555	Valley Falls Fire	D	2,854,519	2,996,158
4047	1395 1435	North Smithfield Voluntary Fire	B,D	4,569,933	4,796,690
4050	1155	East Greenwich Fire	C,D	9,337,882	9,801,221
4054	1154	East Greenwich Police	C,D	11,649,629	12,227,676
4055	1375	North Kingstown Fire	C,D	24,681,137	25,905,800
4056	1374	North Kingstown Police	C,D	15,779,182	16,562,135
4058	1385	North Providence Fire	D	26,220,018	27,521,038
4059	1008	Barrington Fire (25)	C	663,828	696,767
4060	1004	Barrington Police	C,D	6,805,540	7,143,227
4061	1005	Barrington Fire (20)	C,D	8,628,827	9,056,983
4062	1564 1565	Warren Police & Fire	C,D	7,291,067	7,652,845
4063	1494	South Kingstown Police	B,I	20,278,956	21,285,185



Asset Values

Old Unit Number	New Unit Number	Unit	Code	Market Value of Assets	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)
General Employee Units					
4073	1464	Scituate Police	5	169,519	177,930
4076	1394	North Smithfield Police	C,D	7,463,033	7,833,344
4077	1534	Tiverton Fire	C,D	8,023,463	8,421,582
4082	1194	Foster Police	C,D	2,019,467	2,119,671
4085	1634	Woonsocket Police	C,D	27,639,421	29,010,871
4086	1084	Charlestown Police	C,D	5,326,586	5,590,888
4087	1264	Hopkinton Police	C,D,6	3,699,372	3,882,932
4088	1214	Glocester Police	C,D	4,059,967	4,261,420
4089	1604	West Greenwich Police/Rescue	C,D	2,314,205	2,429,034
4090	1034	Burrillville Police	C,D,6	6,957,008	7,302,211
4091	1148	Cumberland Rescue	C,D	3,664,829	3,846,676
4093	1635	Woonsocket Fire	C,D	24,091,992	25,287,421
4094	1015	Bristol Fire	D	259,941	272,839
4095	1135	Cumberland Hill Fire	C,D	3,439,262	3,609,916
4096	1014	Bristol Police	C,D	2,315,115	2,429,990
4098	1095	Coventry Fire	D	2,246,762	2,358,245
4099	1505	South Kingstown EMT	C,D	2,051,723	2,153,528
4101	1365	North Cumberland	C,D	2,677,921	2,810,798
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	5,066,045	5,317,419
4103	1255	Hopkins Hill Fire	C,D	824,710	865,632
4104	1114	Cranston Police	C,D,4	14,063,594	14,761,420
4105	1115	Cranston Fire	C,D,4	23,690,744	24,866,263
4106	1125	Cumberland Fire	B,D	2,585,255	2,713,534
4107	1305	Lincoln Rescue	C	1,843,695	1,935,178
4108	1344	New Shoreham Police	B,D	793,314	832,678
4109	1324	Middletown Police & Fire	C,D	866,698	909,703
4110	1715	Harrisville Fire District	C,D	507,648	532,837
4111	1705	Albion Fire District	C	313,640	329,203
Police & Fire Units Subtotal				\$ 303,117,546	\$ 318,158,043
All MERS Units Total				\$ 1,119,041,107	\$ 1,174,567,205

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2007 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

The actuarial valuation uses the Entry Age actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability (UAAL).

The employer normal cost rate is the total normal cost rate, less the member contribution rate. The total normal cost rate is the level percentage-of-pay contribution which would theoretically pay for all benefits if it had been made each year from the inception of the plan and if there had never been any changes of benefits, any changes of assumptions or methods, or any experience gains or losses. The normal costs are determined on an individual basis.

The actuarial accrued liability is the difference between the actuarial present value of all future benefits and the actuarial present value of future normal costs. It is the amount to which the normal costs would have accumulated under the assumptions described in the preceding paragraph. The unfunded actuarial accrued liability (UAAL) is the difference between the actuarial accrued liability and the actuarial value of assets.

The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

III. Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses. The actuarial value is calculated in the aggregate for all units combined, and then it is allocated to each unit in ratio to that unit's market value.

IV. Actuarial Assumptions

A. *Economic Assumptions*

1. *Investment return*: 8.25% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.



2. *Salary increase rate:* For general employees, the sum of (i) a 4.50% wage inflation assumption (composed of a 3.00% price inflation assumption and a 1.50% additional general increase), and (ii) a service-related component as shown below:

General Employees		
Years of Service	Service-Related Component	Total Increase
0	4.00%	8.50%
1	3.50	8.00
2	3.00	7.50
3	2.75	7.25
4	2.50	7.00
5	2.25	6.75
6	1.50	6.00
7	1.00	5.50
8	0.75	5.25
9	0.50	5.00
10 or more	0.00	4.50

For police/fire employees, the sum of (i) a 4.75% wage inflation assumption (composed of a 3.00% price inflation assumption and a 1.75% additional general increase), and (ii) a service-related component as shown below:

Police/Fire Employees		
Years of Service	Service-Related Component	Total Increase
0	10.00%	14.75%
1	8.50	13.25
2	5.00	9.75
3	2.00	6.75
4	1.75	6.50
5	1.50	6.25
6	0.50	5.25
7	0.25	5.00
8	0.25	5.00
9	0.25	5.00
10 or more	0.00	4.75



Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. For employees with less than one year of service, the reported rate of pay is used rather than the fiscal year salary paid.

3. *Payroll growth rate:* In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 4.25% per year. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth.

B. Demographic Assumptions

1. *Post-retirement mortality rates:*

- a. Male employees: Based on the 1994 Group Annuity Mortality Tables for males set forward one year.
- b. Female employees: Based on the 1994 Group Annuity Mortality Tables for females.
- c. Disabled males – 65% of the PBGC Table Va for disabled males eligible for Social Security disability benefits
- d. Disabled females – 100% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.

Sample rates are shown below:

Number of Deaths per 100				
Age	Healthy Males	Healthy Females	Disabled Males	Disabled Females
50	0.29	0.14	2.49	2.57
55	0.49	0.23	3.13	2.95
60	0.90	0.44	3.92	3.31
65	1.62	0.86	4.41	3.70
70	2.60	1.37	4.80	4.11
75	4.09	2.27	5.47	4.92
80	6.86	3.94	7.33	7.46



2. Pre-retirement mortality (combined ordinary and duty): 65% multiplier of the post-retirement mortality. Sample rates are shown below:

Number of Deaths per 100		
Age	Males	Females
25	0.05	0.02
30	0.05	0.02
35	0.06	0.03
40	0.08	0.05
45	0.11	0.06
50	0.19	0.09
55	0.32	0.15
60	0.58	0.29
65	1.06	0.56

3. Disability rates: Sample rates per 1,000 active members are shown below. Ordinary disability rates are not applied to members eligible for retirement.

Age	Number of Disabilities per 1,000					
	General Employees, Ordinary, Males	General Employees, Accidental, Males	General Employees, Ordinary, Females	General Employees, Accidental, Females	Police & Fire, Ordinary, Males and Females	Police & Fire, Accidental, Males and Females
25	0.63	0.23	0.27	0.09	0.43	2.98
30	0.77	0.28	0.33	0.11	0.55	3.85
35	1.05	0.38	0.45	0.15	0.73	5.08
40	1.54	0.55	0.66	0.22	1.10	7.70
45	2.52	0.90	1.08	0.36	1.80	12.60
50	4.27	1.53	1.83	0.61	3.03	21.18
55	7.07	2.53	3.03	1.01	3.03	21.18
60	9.87	3.53	4.23	1.41	3.03	21.18
65	0.00	0.00	0.00	0.00	3.03	21.18



4. *Termination rates* (for causes other than death, disability, or retirement) are a function of the member's service. Termination rates are not applied to members eligible for retirement. Rates are shown below:

Service	Male General Employees	Female General Employees	Police & Fire, Males & Females
0	0.1750	0.1800	0.1000
1	0.0959	0.1069	0.0528
2	0.0825	0.0906	0.0481
3	0.0713	0.0769	0.0436
4	0.0618	0.0653	0.0394
5	0.0541	0.0558	0.0354
6	0.0480	0.0481	0.0316
7	0.0431	0.0420	0.0281
8	0.0395	0.0374	0.0249
9	0.0368	0.0341	0.0219
10	0.0350	0.0318	0.0191
11	0.0338	0.0304	0.0166
12	0.0330	0.0297	0.0143
13	0.0326	0.0295	0.0123
14	0.0323	0.0295	0.0105
15	0.0319	0.0297	0.0090
16	0.0312	0.0297	0.0077
17	0.0302	0.0295	0.0067
18	0.0285	0.0287	0.0059
19	0.0261	0.0273	0.0000
20	0.0227	0.0250	0.0000
21	0.0182	0.0217	0.0000
22	0.0124	0.0170	0.0000
23	0.0052	0.0110	0.0000
24	0.0052	0.0032	0.0000



5. *Retirement Rates:* Separate male and female rates for general employees. For members who reach 30 years of service before age 58, service-based rates are used. For other members, age-based rates are used.

General Employees							
Males				Females			
Service (00/30)		Age (58/10)		Service (00/30)		Age (58/10)	
Service	Ret. Rate	Age	Ret. Rate	Service	Ret. Rate	Age	Ret. Rate
30	30.0%	58	15.0%	30	20.0%	58	15.0%
31	25.0%	59	10.0%	31	15.0%	59	10.0%
32	15.0%	60	10.0%	32	7.5%	60	10.0%
33	15.0%	61	10.0%	33	7.5%	61	10.0%
34	15.0%	62	30.0%	34	7.5%	62	20.0%
35	25.0%	63	25.0%	35	15.0%	63	15.0%
36	25.0%	64	25.0%	36	20.0%	64	15.0%
37	25.0%	65	25.0%	37	20.0%	65	20.0%
38	25.0%	66	30.0%	38	15.0%	66	20.0%
39	25.0%	67	30.0%	39	15.0%	67	20.0%
40	100.0%	68	30.0%	40	100.0%	68	20.0%
		69	30.0%			69	20.0%
		70	20.0%			70	20.0%
		71	20.0%			71	20.0%
		72	20.0%			72	20.0%
		73	20.0%			73	20.0%
		74	20.0%			74	20.0%
		75	100.0%			75	100.0%

Unisex, service based rates are used for police and fire. Rates depend on whether the unit has elected the optional 20-year retirement provisions. All members are assumed to retire upon reaching age 65 with at least ten years of service.



Police and Fire		
Service	Units with the Optional 20-year retirement election*	Units without the Optional 20-year retirement election
20	15.0%	
21	10.0%	
22	5.0%	
23	5.0%	
24	10.0%	
25	12.0%	50.0%
26	12.0%	12.0%
27	14.0%	14.0%
28	16.0%	16.0%
29	18.0%	18.0%
30+	35.0%	35.0%

* These rates were used for Richmond Police for service from 22 to 32 years.

C. Other Assumptions

1. Percent married: 85% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an annuity.
4. Percent electing deferred termination benefit: Vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.
5. Recovery from disability: None assumed.
6. Remarriage: It is assumed that no surviving spouse will remarry and there will be no children's benefit.
7. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at the first age at which unreduced benefits are available.
8. Investment and administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.



9. *Inactive members:* Liabilities for inactive members are approximated as a multiple of their member contribution account balances. For nonvested inactive members, the multiple is 1.0. For vested inactive members, the multiple is 8.0 for members with 25 or more years of service, 3.0 for vested inactive members age 45 or older with less than 25 years of service, and 1.0 for other vested inactive members younger than age 45.

10. *Decrement timing:* For all members, decrements are assumed to occur at the middle of the year.

V. Participant Data

Participant data was supplied on electronic files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for an active members included birthdate, sex, service, salary and employee contribution account balance. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

Salary supplied for the current year was based on the earnings for the year preceding the valuation date. This salary was adjusted by the salary increase rate for one year. However, for members with less than one year of service, the current rate of salary was used. This salary was adjusted by the salary increase rate for one year.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

SUMMARY OF BENEFIT PROVISIONS

1. *Authority:* The Municipal Employees' Retirement System (MERS) covers employees of certain participating Rhode Island municipalities and other local governmental units, such as housing authorities, water districts, etc. Benefits are described in Rhode Island General Laws, Title 45, Chapters 19, 19.1, 21, 21.1, 21.2, and 21.3.

2. *Plan Year:* A twelve-month period ending June 30th.

3. *Administration:* MERS is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy.

4. *Type of Plan:* MERS is a qualified governmental defined benefit retirement plan. Separate contribution rates are determined for each participating governmental unit. For Governmental Accounting Standards Board purposes, it is an agent multiple-employer plan.

5. *Eligibility:* General employees, police officers and firefighters employed by electing municipalities participate in MERS. Teachers and administrators are covered by the separate Employees' Retirement System of Rhode Island, but other school employees may be covered by MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be classified as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be classified as general employees with



no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a separate unit from the general employees, with separate contribution rates applicable.

6. Employee Contributions: General employees contribute 6.00% of their salary per year, and police officers and firefighters contribute 7.00%. In addition, if the municipality has elected one of the optional cost-of-living provisions, an additional member contribution of 1.00% of salary is required. If a municipality elects the optional 20-year retirement provision for its police officers and/or its firefighters, an additional contribution of 1.00% of salary will be required from these members. The municipality, at its election, may choose to “pick up” the members’ contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).

7. Salary: Salary includes the member’s base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

8. Employer Contributions: Each participating unit’s contribution rate is determined actuarially. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.

9. Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

10. Final Average Compensation (FAC): The average of the member’s highest three consecutive annual salaries. Monthly benefits are based on one-twelfth of this amount.

11. Retirement

a. Eligibility: General employees are eligible for retirement on or after age 58 if they have credit for 10 or more years of service, or at any age if they have credit for at least 30 years of service. Members designated as police officers or firefighters may retire at or after age 55 with credit for at least 10 years of service, or at any age with credit for 25 or more years of service. Members may retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elects to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member may retire at any age with 20 or more years of service.

b. Monthly Benefit: 2.00% of the member’s monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum). If the optional 20-year retirement provisions are adopted by the municipality and the member has attained 20 years of service, the benefit is 2.50% of the member’s monthly FAC for each year of service, up to 30 years (75% of FAC maximum). If a police officer or firefighter not covered by the 20-year retirement provision retires before age 55 with at least 20, but less than 25, years of service, benefits are reduced 0.5% per month that the member’s age at retirement is less than 55.

c. Payment Form: Benefits are paid as a monthly life annuity. Optional forms of payment are available; see below.

d. Death benefit: After retirement, death benefits are based on the form of annuity elected. If no option is elected, i.e., if payments are made as a life annuity, there is a minimum death benefit equal to the sum of



the member's contributions without interest, less the sum of the monthly benefit payments made before the member's death. In addition, a lump-sum death benefit is payable upon the death of any retired member, regardless of option elected. This lump sum is equal to a percentage of the lump-sum death benefit that was available to the member at the time of retirement. The percentage is 100% in the first year of retirement, 75% in the second year, 50% in the third year, and 25% in the fourth and subsequent years of retirement. However, in no event will the lump sum death benefit be less than \$4,000.

12. Disability Retirement

- a. Eligibility: A member is eligible provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.
- b. Ordinary Disability Benefit: The benefit payable under the retirement formula, using FAC and service at the time of disability, but not less than 10 years of service.
- c. Occupational Disability Benefit: An annual annuity equal to two-thirds of salary at the time of disability.
- d. Payment Form: The disability benefit commences immediately upon the member's retirement. Benefits cease upon recovery or reemployment. Disability benefits are payable as a monthly life annuity with a guarantee that, at the member's death, the sum of the member's contributions plus interest as of the date of retirement will be paid in a lump-sum to the member's beneficiary. All alternative forms of payment except for the Social Security Option are permitted in the case of disability retirement.

13. Deferred Termination Benefit

- a. Eligibility: A member with at least ten years of service is vested. A vested member who does not withdraw his/her contributions from the fund is eligible for a deferred termination benefit.
- b. Monthly Benefit: The monthly benefit is based on the retirement formula described above. Both FAC and service are determined at the time the member leaves active employment. Benefits may commence at age 58 or at such earlier age that the member has met the requirements for a retirement benefit.
- c. Payment Form: The same as for Retirement above.
- d. Death Benefit before Retirement: A member who dies after leaving active service but before retiring is entitled to receive a benefit as described below in Item 15.
- e. Death Benefit after Retirement: The same as for Retirement above.

14. Withdrawal (Refund) Benefit

- a. Eligibility: All members leaving covered employment with less than ten years of service are eligible. Optionally, vested members (those with ten or more years of service) may withdraw their accumulated contributions in lieu of the deferred benefits otherwise due.
- b. Benefit: The member who withdraws receives a lump-sum payment of equal to the sum of his/her employee contributions. No interest is credited on these contributions.



15. Death Benefit of Active or Inactive Members

a. Eligibility: Death must have occurred while an active member or while an inactive, non-retired member. The basic benefit plus the lump-sum benefit are paid on behalf of an active, general employee, and the special police/fire benefit and the lump-sum benefit are paid on behalf of an active police officer or firefighter. If the death was due to accidental, duty-related causes, the accidental death benefit is paid regardless of whether the employee is a general employee, a police officer, or a firefighter. Inactive members receive a refund of their accumulated contributions without interest.

b. Basic Benefit: Upon the death of a non-vested member, or upon the death of a vested, inactive member, or upon the death of an active, unmarried member, a refund of the member's contributions (without interest) is paid. Upon the death of a vested, married, active member, the spouse may elect (i) the refund benefit described above, or (ii) a life annuity paid to the spouse or beneficiary. The amount of the annuity is equal to the amount which would have been paid had the member retired at the time of his death and elected the Joint and 100% Survivor option. If the member was not eligible for retirement, the annuity benefit is reduced 6% per year from the date at which the member would have been eligible had he or she remained in service.

c. Lump-sum Benefit: \$800 per year of service, with a maximum benefit of \$16,000 and a minimum of \$4,000.

d. Special Police/Fire Death Benefit: In lieu of the basic benefit above, if a police officer or firefighter dies while an active member, an annuity of 30% of the member's salary will be paid to the member's spouse, for life or until remarriage. Children's benefits may also be payable.

e. Special Police/Fire Death Benefit: In lieu of the basic benefit above, if a police officer or firefighter dies while an active member, an annuity of 30% of the member's salary will be paid to the member's spouse, for life or until remarriage. Children's benefits may also be payable.

f. Accidental Duty-related Death Benefit: If a member dies as the result of an accident while in the course of his or her duties, in lieu of the above benefits the member's spouse may elect to receive (i) a refund of all contributions made (including interest), and (ii) an annual life annuity equal to 50% of the member's salary at the time of death. The annuity benefit stops when the spouse remarries or dies, although it may be continued to any children under age 18 or to any dependent parents.

16. Optional Forms of Payment: In addition to a life annuity, MERS offers members these optional forms of payment on an actuarially equivalent basis:

a. Option 1 (Joint and 100% Survivor) - A life annuity payable while either the participant or his beneficiary is alive.

b. Option 2 (Joint and 50% Survivor) - A life annuity payable to the member while both the member and beneficiary are alive, reducing to 50% of this amount if the member predeceases the beneficiary.

c. Social Security Option - An annuity paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death. Actuarial equivalence is based on tables adopted by the Employees' Retirement Board.



17. Post-retirement Benefit Increase: Members employed by municipalities who elect one of the optional COLA provisions receive an increase equal to 3% of the original retirement benefit each year, beginning January 1 following the member's retirement. This increase is not tied in any way to actual increases in the cost of living, and increases are not compounded. When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

18. Special Provisions Applying to Specific Units: Some units have specific provisions that apply only to that unit. The following summarizes those provisions:

a. Rhode Island General Law §45-21.2-22.1 contains special provisions that apply to employees of Burrillville Police, but only if adopted by the Town of Burrillville. The Town adopted these provisions effective July 1, 2006. Under these special provisions, the retirement benefit for a member with 20 or more years of service is improved. The new formula is 60.00% x Final Average Compensation (FAC), plus 1.50% x FAC x Years of Service in Excess of 20, with a maximum benefit equal to 75% of FAC. In addition to this benefit change, the member contribution rate increased from 9.00% to 10.20%.

b. Rhode Island General Law § 45-21.2-6.1, § 45-21.2-5(5), and § 45-21.2-14(d) contain special provisions that apply to members of the South Kingstown police department. Under these special provisions, the member receives a retirement allowance which is a life annuity terminable at the death of the annuitant, and is an amount equal to the sum of two and onehalf percent (2.5%) of final compensation multiplied by the years of service accrued after July 1, 1993 and two percent (2%) of final compensation multiplied by the years of service accrued prior to July 1, 1993. The annual retirement allowance in no event shall exceed seventy-five percent (75%) of final compensation. The member contribution rate is 8.00%, plus 1.00% for the adoption of the optional COLA, for a total of 9.00%.

c. Rhode Island General Law § 45-21.2-5 (9) contains special provisions that apply to members of the Hopkinton police department. Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. The member contribution rate is 9.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.

d. Rhode Island General Law § 45-21.2-5 (7) and § 45-21.2-14 contain special provisions that apply to members of the Cranston fire department hired after July 1, 1995 or with less than 5 years of service at that date. Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. The member contribution rate is 10.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.

e. Rhode Island General Law §§ 45-21.2-5 (8) and § 45-21.2-14 contain special provisions that apply to members of the Cranston police department hired after July 1, 1995 or with less than 5 years of service at that date. Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing



on an annual basis on that date. The member contribution rate is 10.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.

f. Rhode Island General Law §§ 45-21.2-6.3 contains special provisions that apply to employees of Richmond Police. The Town adopted these provisions on April 3, 2008, effective July 1, 2008. Under these special provisions, members are eligible to retire after attaining 22 years of service. The retirement benefit for a member with 22 or more years of service was improved to 50.00% x Final Average Compensation (FAC), plus 2.2727% x FAC x Years of Service in Excess of 22, with a maximum benefit equal to 75% of FAC.

STATE POLICE ACTUARIAL INFORMATION

STATE POLICE
RETIREMENT BENEFITS TRUST

ACTUARIAL INFORMATION

September 2, 2009

Retirement Board
40 Fountain Street, First Floor
Providence, RI 02903-1854

Dear Members of the Board:

Subject: Actuarial Valuation of SPRBT as of June 30, 2008

This is the June 30, 2008 actuarial valuation of the State Police Retirement Benefits Trust (SPRBT). This report describes the current actuarial condition of the SPRBT, determines the recommended employer contribution rate, and analyzes changes in the contribution rate. Valuations are prepared annually, as of June 30, the last day of the SPRBT plan year. Benefits for state police officers hired before July 1, 1987 are funded by the state from general assets, on a pay-as-you-go basis, and are not included in this valuation.

Under Rhode Island General Laws, the employer contribution rate for state police is certified annually by the State of Rhode Island Retirement Board. This rate is determined actuarially, based on the plan provisions in effect as of the valuation date and the actuarial assumptions and methods adopted by the Board or set by statute. The Board's current policy is that the contribution rate determined by a given actuarial valuation becomes effective two years after the valuation date. For example, the rate determined by the June 30, 2008 actuarial valuation will be applicable for the year beginning July 1, 2010 and ending June 30, 2011.

Financing objectives and funding policy

The actuarial cost method and the amortization periods are set by statute. Contribution rates and liabilities are computed using the Entry Age actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost rate is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999, 21 years as of June 30, 2008). The amortization rate is adjusted for the two-year deferral in contribution rates.

Progress toward realization of financing objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%.

Since the prior valuation, the benefit provisions were changed for future hires pursuant to Article 22. This change lowered the funded ratio of SPRBT from 90.2% to 76.1% as of July 1, 2007 and decreased the employer contribution rate from 29.72% to 26.03% of payroll.

Therefore, the funded ratio, as can be seen in Table 3 of this report, decreased from 90.2% to 79.6% between the valuations, but the funded ratio actually had a net increase based on the restated July 1, 2007 funded ratio of 76.1%. Likewise, the employer contribution rate decreased from 29.72% to 24.58% for fiscal year 2011. An analysis of the changes in the employer contribution rate appears in Table 10a. An analysis of the changes in the unfunded actuarial accrued liability appears in Table 10c.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2008. There were changes adopted since the previous actuarial valuation with the adoption of Article 22. The benefit provisions are summarized in Appendix B of this report.

Assumptions and methods

All assumptions and methods are described in Appendix A of this report and are unchanged from the last valuation, except for the extension of the retirement tables based on the provisions in Article 22. The actuarial assumptions were last changed as a result of the experience study approved by the Board on June 13, 2007. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of SPRBT.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities and the calculated contribution rates.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

Data

The System's staff supplied data for active, inactive, and retired members as of June 30, 2008. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2008.

Certification

All of our work conforms with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries. All are Enrolled Actuaries, Members of the American Academy of Actuaries. They all meet the Qualification Standards of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems.

Sincerely,
Gabriel, Roeder, Smith & Company



J. Christian Conradi, ASA, MAAA, EA
Senior Consultant



Joseph P. Newton, FSA, MAAA, EA
Senior Consultant



Mark R. Randall, MAAA, EA
Executive Vice President

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Actuarial Valuation - June 30, 2008
 State Police Retirement Benefits Trust - Executive Summary

Item	Valuation Date:		
	June 30, 2008	June 30, 2007	
		With Article 22	From Valuation
Membership			
• Number of			
- Active members	177	179	179
- Retirees and beneficiaries	4	3	3
- Inactive members	2	2	2
- Total	183	184	184
• Payroll for benefits	\$ 16,698,764	\$ 15,836,354	\$ 15,836,354
Contribution rates			
• Member	8.75%	8.75%	8.75%
• State	24.58%	26.03%	29.72%
Assets			
• Market value	\$ 51,883,909	\$ 50,445,259	\$ 50,445,259
• Actuarial value	54,927,390	45,996,910	45,996,910
• Return on market value	-5.9%	18.1%	18.1%
• Return on actuarial value	9.0%	12.2%	12.2%
• Employer contribution	\$ 3,720,281	\$ 4,038,828	\$ 4,038,828
• Ratio of actuarial value to market value	105.9%	91.2%	91.2%
Actuarial Information			
• Employer normal cost %	17.19%	18.22%	27.00%
• Unfunded actuarial accrued liability (UAAL)	\$ 14,102,123	\$ 14,431,037	\$ 5,006,583
• Amortization rate	7.39%	7.81%	2.72%
• Funding period	21 years	22 years	22 years
• GASB funded ratio	79.6%	76.1%	90.2%
Projected employer contribution			
• Fiscal year ending June 30,	2,011	2,010	2,010
• Projected payroll for contributions	\$ 14,038,134	\$ 12,984,954	\$ 12,984,954
• Projected employer contribution	3,450,573	3,234,434	3,859,128



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

The actuarial valuation uses the Entry Age actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability (UAAL).

1. First, the actuarial present value of future benefits is determined by discounting the projected benefits for each member back to the valuation date using the assumed investment return rate as the discount rate. For active members, the projected benefits are based on the member's age, service, sex and compensation, and based on the actuarial assumptions. The calculations take into account the probability of the member's death, disability, or termination of employment prior to becoming eligible for a retirement benefit, as well as the possibility of the member will remain in service and receive a service retirement benefit. Future salary increases are anticipated. The present value of the expected benefits payable to all active members is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits. Liabilities for future members are not included.
2. The employer contributions required to support the benefits are determined as a level percentage of salary, and consist of a normal contribution and an amortization contribution.
3. The normal contribution is determined using the Entry Age method. Under this method, a calculation is made to determine the rate of contribution which, if applied to the compensation of each new member during the entire period of anticipated covered service, would be required to meet the cost of all benefits payable on his behalf. This calculation reflects the plan provisions that apply to members hired after July 1, 2007, i.e., the Article 22 provisions, even for members hired before that date. That is, the normal cost is the cost of a replacement employee. The salary-weighted average of these rates is the normal cost rate.
4. The employer normal cost rate is equal to (i) the normal cost rate, minus (ii) the member contribution rate.
5. The actuarial accrued liability is equal to the present value of all benefits less the present value of future normal costs. The unfunded actuarial accrued liability (UAAL) is then determined as (i) the actuarial accrued liability, minus (ii) the actuarial value of assets.
6. The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two



years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

III. Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

IV. Actuarial Assumptions

A. Economic Assumptions

1. Investment return: 8.25% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.

2. Salary increase rate: The sum of (i) a 4.50% wage inflation assumption (composed of a 3.00% price inflation assumption and a 1.50% additional general increase), and (ii) a service-related component as shown below:

Years of Service	Service-Related Component	Total Increase
0	4.25%	8.75%
1	4.00	8.50
2	4.00	8.50
3	8.00	12.50
4	5.00	9.50
5	3.25	7.75
6	1.25	5.75
7	1.25	5.75
8	1.00	5.50
9	1.00	5.50
10-14	0.75	5.25
15-19	0.50	5.00
20-24	0.25	4.75
25&up	0.00	4.50

Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period between the valuation date and the first anniversary of the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption.

3. Payroll growth rate: In the amortization of the unfunded frozen liability, payroll is assumed to increase 4.50% per year. This assumption includes no allowance for future membership growth.



B. Demographic Assumptions

1. Post-termination mortality rates

- a. Healthy males – Based on the 1994 Group Annuity Mortality Table for males. Rates are set forward one year.
- b. Healthy females - Based on the 1994 Group Annuity Mortality Table for females.
- c. Disabled males – 65% of the PBGC Table Va for disabled males eligible for Social Security disability benefits
- d. Disabled females – 100% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.

2. Pre-retirement mortality: 65% of the post-termination mortality rates. 15% of active member deaths are occupational.

3. Disability rates – Rates are applied, with 75% of disabilities considered work related, and no recoveries assumed once disabled:

Age	Rate
20	0.12%
25	0.17
30	0.22
35	0.29
40	0.44
45	0.72
50	1.21

Disabilities that are not work-related are assumed to result in a refund. The disability rates for non work-related causes stop once the member is eligible for retirement.

4. Termination rates - None



5. Retirement rates – State police are assumed to retire after completion of 20 years of service if employed before July 1, 2007 or after completion of 25 years of service if hired on or after July 1, 2007, in accordance with the probabilities as shown below. For members hired before July 1, 2007, 100% are assumed to retire at age 60 and completion of 20 years of service if still active. For members hired on or after July 1, 2007, 100% are assumed to retire at age 60 and completion of 25 years of service if still active.

State Police Employed Before July 1, 2007	
Service	Ret. Rate
20	25.0%
21	15.0%
22	10.0%
23	20.0%
24	30.0%
25	100.0%

State Police Employed On or After July 1, 2007	
Service	Ret. Rate
25	35.0%
26	25.0%
27	20.0%
28	30.0%
29	40.0%
30	100.0%

C. Other Assumptions

1. Percent married: 85% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. No surviving spouse will remarry and there will be no children's benefit.
4. Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.

V. **Participant Data**

Participant data was supplied in electronic files for active and retired members. The data for an active members included birthdate, sex, service, salary and employee contribution account balance. We were also supplied with a separate file showing both the salary for contribution purposes and the salary for benefit purposes. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.



SUMMARY OF BENEFIT PROVISIONS

1. *Effective Date and Authority:* The State Police Retirement Benefits Trust (SPRBT) became effective on July 1, 1989 for state police officers originally hired on or after July 1, 1987. Benefits are described in Rhode Island General Laws, Title 42, Chapter 28.
2. *Plan Year:* A twelve-month period ending June 30th.
3. *Administration:* The State Police Retirement Benefits Trust is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy. Assets are commingled for investment purposes with those of the Employees' Retirement System of Rhode Island and various other plans and programs.
4. *Type of Plan:* The State Police Retirement Benefits Trust is a qualified governmental defined benefit retirement plan. For Governmental Accounting Standards Board purposes, it is a single-employer plan.
5. *Eligibility:* All state police officers, and the Superintendent of State Police, hired on or after July 1, 1987, participate in this plan. Benefits for state police officers hired before July 1, 1987 are being paid by the state from the general assets of the state, on a pay-as-you-go basis. Eligible employees become members at their date of employment.
6. *Salary for Contribution Purposes:* Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.
7. *Employee Contributions:* State police officers contribute 8.75% of their salary per year. The state "picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).
8. *Employer Contributions:* The state contributes an actuarially determined percentage of the member's annual salary. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.
9. *Service:* Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.
10. *Final Salary* (Salary for Benefit Purposes): Benefits are determined using a different, more expansive, definition of salary than is used for determining member and employer contributions. Final Salary includes base pay, longevity increases, 400 hours of overtime pay, holiday pay and the member's clothing allowance. For members who work more than 25 years, the Final Salary shall not be more than the Final Salary in the 25th year. In determining monthly benefits, Final Salary is expressed as a monthly amount.



11. Retirement

a. Eligibility:

- (i) For members hired before July 1, 2007: Eligible for retirement at any age after completion of 20 years of service.
- (ii) For members hired on or after July 1, 2007: Eligible for retirement at any age after completion of 25 years of service.
- (iii) The Superintendent of State Police: May retire on or after age 60 if he has credit for 10 years of service.

b. Monthly Benefit:

- (i) For members hired before July 1, 2007: 50% of Final Salary, plus 3% of Final Salary for each year of service in excess of 20. After earning 25 years of service, a member's benefit will be 65% of Final Salary, which is the maximum benefit allowable under the plan.
- (ii) For members hired on or after July 1, 2007: 50% of Final Salary, plus 3% of Final Salary for each year of service in excess of 25. After earning 30 years of service, a member's benefit will be 65% of Final Salary, which is the maximum benefit under the plan.
- (iii) The Superintendent of State Police: Receives a benefit of 50% of Final Salary. The maximum benefit is 65% of Final Salary.

c. Payment Form: Benefits are paid as a monthly life annuity. There are no optional forms of payment available.

d. Death benefit: After the death of a retired member, if the member was married, a benefit will be paid to the spouse equal to 2.00% of the member's Final Salary for each year of service. There is a minimum benefit of 25% of Final Salary. Benefits are increased one-third for each dependent child. The maximum benefit is 50% of Final Salary. Benefits may not begin before the spouse is age 40, and benefits stop upon the spouse's death or remarriage.

12. Disability Retirement

a. Eligibility: A member is eligible if the disability is work-related. (Non work-related disabilities result in a refund.)

b. Occupational Disability Benefit: 75% of Final Salary.

c. Payment Form: The disability benefit commences immediately upon the member's retirement. Benefits cease upon recovery or reemployment. Disability benefits are payable as a monthly life annuity. The same provisions that apply upon the death of a retired member apply upon the death of a disabled member.

13. Refunds

a. Eligibility: All members leaving covered employment prior to eligibility for other benefits.

b. Benefit: A lump-sum payment equal to the sum of his/her employee contributions. No interest is credited on these contributions.



14. Death Benefit of Active Members

a. Eligibility: Death must have occurred from a service-related cause, or the member must have 10 or more years of service.

b. Ordinary Benefit: After the death of an active member, if the member was married, a benefit will be paid to the spouse equal to 2.00% of the member's Final Salary for each year of service. There is a minimum benefit of 25% of Final Salary. Benefits are increased one-third for each dependent child. The maximum benefit is 50% of Final Salary. Benefits may not begin before the spouse is age 40 without a dependent child, and benefits stop upon the spouse's death or remarriage.

c. Duty-related Death Benefit: 75% of Final Salary, paid to the spouse or other dependent relative. Benefits cease when the spouse or other relatives die or are no longer dependent.

15. Post-retirement Benefit Increase: Members receive an increase of \$1,500 per year (\$125.00 per month) beginning on the January 1 next following the third anniversary date of the retirement, and in every year thereafter. The increase applies to service retirement, disability retirement and death benefits. This increase is not tied in any way to actual increases in the cost of living.



Plan Net Assets
(Assets at Market or Fair Value)

Item	June 30, 2008	June 30, 2007
(1)	(2)	(3)
1. Cash and cash equivalents	\$ 339,361	\$ 513,481
2. Receivables:		
a. Employer and member contributions	\$ -	\$ -
b. Transfers receivable	-	-
c. Miscellaneous	50	-
d. Total receivables	<u>\$ 50</u>	<u>\$ -</u>
3. Investments		
a. Pooled trust	\$ 51,566,725	\$ 49,939,134
b. Plan specific investments	-	-
c. Total	<u>\$ 51,566,725</u>	<u>\$ 49,939,134</u>
4. Invested securities lending collateral	\$ 7,367,438	\$ 7,881,530
5. Property and equipment (net of depreciation)	\$ 17,592	\$ 21,639
6. Total assets	\$ 59,291,166	\$ 58,355,784
7. Liabilities		
a. Other post-employment benefit liability, net	\$ 277	\$ -
b. Securities lending liability	7,367,438	7,881,530
c. Other reserves and payables	39,542	28,995
d. Total liabilities	<u>\$ 7,407,257</u>	<u>\$ 7,910,525</u>
8. Total market value of assets available for benefits		
Total (Item 6 - Item 7)	\$ 51,883,909	\$ 50,445,259



Reconciliation of Plan Net Assets

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
1. Market value of assets as of beginning of year		
a. Market value of assets as of beginning of year	\$ 50,445,259	\$ 38,131,989
b. Adjustment for market value of assets	(3)	-
c. Adjusted market value of assets as of beginning of year	<u>\$ 50,445,256</u>	<u>\$ 38,131,989</u>
2. Contributions		
a. Members	\$ 1,050,103	\$ 1,111,947
b. State	3,720,281	4,038,828
c. Service purchases	-	-
d. Miscellaneous revenue	104	-
e. Total	<u>\$ 4,770,488</u>	<u>\$ 5,150,775</u>
3. Investment earnings, net of investment expenses	\$ (3,097,423)	\$ 7,393,142
4. Expenditures for the year		
a. Benefit payments	\$ (187,033)	\$ (170,725)
b. Cost-of-living adjustments	(9,000)	(6,000)
c. Death benefits	-	-
d. Social security supplements	-	-
e. Supplemental pensions	-	-
f. Refunds	(17)	(23,869)
g. Administrative expenses	(38,362)	(30,053)
h. Total expenditures	<u>\$ (234,412)</u>	<u>\$ (230,647)</u>
5. Transfers and other adjustments	\$ -	\$ -
6. Market value of assets at end of year	\$ 51,883,909	\$ 50,445,259

**Analysis of Change in Employer Cost**

<u>Basis</u>	<u>Employer Cost</u>
1. Employer contribution rates from prior valuation	29.72%
2. Impact of changes, gains and losses	
a. Non-salary liability experience (gain)/loss	-1.38%
b. Salary (gain)/loss	0.47%
c. Total payroll growth (gain)/loss	-0.31%
d. Investment experience (gain)/loss	-0.23%
e. Changes in assumptions	0.00%
f. Changes in plan provisions	<u>-3.69%</u>
g. Total	-5.14%
3. Employer contribution rates from current valuation	24.58%

JUDICIAL RETIREMENT
BENEFITS TRUST

ACTUARIAL INFORMATION

JUDICIAL ACTUARIAL INFORMATION

September 2, 2009

Retirement Board
40 Fountain Street, First Floor
Providence, RI 02903-1854

Dear Members of the Board:

Subject: Actuarial Valuation of the JRBT as of June 30, 2008

This is the June 30, 2008 actuarial valuation of the Judicial Retirement Benefits Trust (JRBT). This report describes the current actuarial condition of the JRBT, determines the recommended employer contribution rate, and analyzes changes in the contribution rate. Valuations are prepared annually, as of June 30, the last day of the JRBT plan year. Benefits for state judges hired before January 1, 1990 are funded by the state from general assets, on a pay-as-you-go basis, and are not included in this valuation.

Under Rhode Island General Laws, the employer contribution rate for Judges is certified annually by the State of Rhode Island Retirement Board. This rate is determined actuarially, based on the plan provisions in effect as of the valuation date and the actuarial assumptions and methods adopted by the Board or set by statute. The Board's current policy is that the contribution rate determined by a given actuarial valuation becomes effective two years after the valuation date. For example, the rate determined by the June 30, 2008 actuarial valuation will be applicable for the year beginning July 1, 2010 and ending June 30, 2011. However, because of the enactment of Article 7 in 2009, this contribution rate is also being applied to FY 2009 and FY 2010.

Financing objectives and funding policy

The actuarial cost method and the amortization periods are set by statute. Contribution rates and liabilities are computed using the Entry Age actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost rate is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999, 21 years from June 30, 2008). The amortization rate is adjusted for the two-year deferral in contribution rates.

Progress toward realization of financing objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%.

Since the prior valuation, the benefit provisions were changed for future hires through Article 35 in the 2008 session and again through Article 7 in the 2009 session. The combination of these two changes decreased the employer contribution rate from 31.04% (the rate calculated in the June 30, 2007 actuarial valuation, before enactment of Article 35) to 24.17% of payroll (the rate set by this valuation). However, these plan changes also resulted in a lower funded ratio, because the reduction in normal cost due to the lower benefits for future hires increased the actuarial accrued liability for current members, since their benefits are unchanged. The funded ratio which was shown as 91.3% in the prior valuation report decreased to 81.7% this year, after reflecting both pieces of legislation. In the absence of these changes in law, the funded ratio would have improved between the valuations.

An analysis of the changes in the employer contribution rate appears on Table 10a of this report. An analysis of the changes in the unfunded actuarial accrued liability appears on Table 10c.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2008, modified for the changes made by Article 35 in 2008 and Article 7 in 2009. Benefits were decreased for all judges appointed on or after January 1, 2009 as described in more detail later. The benefit provisions are summarized in Appendix B of this report.

Assumptions and methods

All assumptions and methods are described in Appendix A of this report and are unchanged from the last valuation. The actuarial assumptions were last changed as a result of the experience study approved by the Board on June 13, 2007. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of JRBT.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities and the calculated contribution rates.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

Data

The System's staff supplied data for active members and retirees as of June 30, 2008. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2008.

Certification

All of our work conforms with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries. All are Enrolled Actuaries and Members of the American Academy of Actuaries. They all meet the Qualification Standards of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems.

Sincerely,
Gabriel, Roeder, Smith & Company



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Senior Consultant



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Executive Vice President

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Actuarial Valuation - June 30, 2008
Judicial Retirement Benefits Trust - Executive Summary

Item	Valuation Date:		
	June 30, 2008	June 30, 2007	
	With Article 7	With Article 35	From Valuation
Membership			
• Number of:			
- Active members	43	44	44
- Retirees and beneficiaries	7	5	5
- Inactive members	-	-	-
- Total	50	49	49
• Payroll supplied by ERSRI, annualized	\$ 6,601,889	\$ 6,451,666	\$ 6,451,666
Contribution rates			
• Member	8.75%	8.75%	8.75%
• State	24.06%	27.11%	31.04%
Assets			
• Market value	\$ 32,783,006	\$ 32,548,957	\$ 32,548,957
• Actuarial value	34,670,394	29,630,637	29,630,637
• Return on market value	-5.9%	18.2%	18.2%
• Return on actuarial value	9.1%	12.2%	12.2%
• Employer contribution	\$ 2,127,643	\$ 2,362,671	\$ 2,362,671
• Ratio of actuarial value to market value	105.8%	91.0%	91.0%
Actuarial Information			
• Employer normal cost %	16.26%	21.74%	28.38%
• Unfunded actuarial accrued liability (UAAL)	\$ 7,785,062	\$ 5,724,689	\$ 2,828,446
• Amortization rate	7.80%	5.37%	2.66%
• Funding period	21 years	22 years	22 years
• GASB funded ratio	81.7%	83.8%	91.3%
Projected employer contribution			
• Fiscal year ending June 30,	2011	2010	2010
• Projected payroll	\$ 7,533,852	\$ 7,362,423	\$ 7,362,423
• Projected employer contribution	1,812,645	1,995,953	2,285,296



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

The actuarial valuation uses the Entry Age actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability (UAAL).

1. First, the actuarial present value of future benefits is determined by discounting the projected benefits for each member back to the valuation date using the assumed investment return rate as the discount rate. For active members, the projected benefits are based on the member's age, service, sex and compensation, and based on the actuarial assumptions. The calculations take into account the probability of the member's death, disability, or termination of employment prior to becoming eligible for a retirement benefit, as well as the possibility of the member will remain in service and receive a service retirement benefit. Future salary increases are anticipated. The present value of the expected benefits payable to all active members is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits. Liabilities for future members are not included.
2. The employer contributions required to support the benefits are determined as a level percentage of salary, and consist of a normal contribution and an amortization contribution.
3. The normal contribution is determined using the Entry Age method. Under this method, a calculation is made to determine the rate of contribution which, if applied to the compensation of each new member during the entire period of anticipated covered service, would be required to meet the cost of all benefits payable on his behalf. This calculation reflects the plan provisions that apply to members hired after July 1, 2009, i.e., the Article 7 provisions, even for members hired before that date. That is, the normal cost is the cost of a replacement employee. The salary-weighted average of these rates is the normal cost rate.
4. The employer normal cost rate is equal to (i) the normal cost rate, minus (ii) the member contribution rate.
5. The actuarial accrued liability is equal to the present value of all benefits less the present value of future normal costs. The unfunded actuarial accrued liability (UAAL) is then determined as (i) the actuarial accrued liability, minus (ii) the actuarial value of assets.
6. The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined



by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

III. Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

IV. Actuarial Assumptions

A. *Economic Assumptions*

1. *Investment return*: 8.25% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.

2. *Salary increase rate*: Salaries are assumed to increase at the rate of 4.50% per year.

Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period between the valuation date and the first anniversary of the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption.

3. *Payroll growth rate*: In the amortization of the unfunded frozen liability, payroll is assumed to increase 4.50% per year. This assumption includes no allowance for future membership growth.

B. *Demographic Assumptions*

1. *Post-termination mortality rates*

a. Healthy males – Based on the 1994 Group Annuity Mortality Table for males. Rates are set forward one year.

b. Healthy females - Based on the 1994 Group Annuity Mortality Table for females.

2. *Pre-termination mortality rates* – 65% of the mortality rates for non-disabled retirees

3. *Disability rates* – None

4. *Termination rates* - None

5. *Retirement rates* – 33% of members are assumed to retire when first eligible for a reduced retirement benefit (age 65 with 10 years of service, or any age with 20 years of service). All other members are assumed to retire when eligible for an unreduced retirement benefit (age 65 with 20 years of service, or age 70 with 15 years of service). Judges who have not reached eligibility for a retirement benefit by age 75 are assumed to terminate at age 75 and receive either a reduced retirement benefit, if eligible, or a refund.

C. *Other Assumptions*

1. *Percent married*: 85% of employees are assumed to be married.

2. *Age difference*: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.



3. No surviving spouse will remarry and there will be no children's benefit.

4. *Administrative expenses:* The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.

V. Participant Data

Participant data was supplied in electronic files for active members and retirees. The data for active members included birth date, sex, service, salary and employee contribution account balance. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

SUMMARY OF BENEFIT PROVISIONS

1. *Effective Date and Authority:* The Judicial Retirement Benefits Trust (JRBT) became effective on January 1, 1990 for judges hired on or after that date. Benefits are described in Rhode Island General Laws, Title 8, Chapters 3, 8, and 16, Title 28, Chapter 30, and Title 31, Chapter 43.

2. *Plan Year:* A twelve-month period ending June 30th.

3. *Administration:* The Judicial Retirement Benefits Trust is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy. Assets are commingled for investment purposes with those of the Employees' Retirement System of Rhode Island and various other plans and programs.

4. *Type of Plan:* The Judicial Retirement Benefits Trust is a qualified governmental defined benefit retirement plan. For Governmental Accounting Standards Board purposes, it is a single-employer plan.

5. *Eligibility:* All judges or justices of the Supreme Court, a superior court, a district court, a family court, an administrative adjudication court or a workers' compensation court participate in this plan if they were hired on or after January 1, 1990. (These are referred to collectively as state judges.) Benefits for state judges hired before January 1, 1990 are being paid by the state from the general assets of the state, on a pay-as-you-go basis. Eligible state judges become members at their date of employment.

6. *Salary:* Contributions are based on the judge's salary. Benefits are based on the judge's salary at the time of retirement.

7. *Employee Contributions:* State judges contribute 8.75% of their salary per year. The state "picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).

8. *Employer Contributions:* The state contributes an actuarially determined percentage of the member's annual salary. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.

9. *Final Average Compensation (FAC)*

a. For judges who became members on or before July 2, 1997, one-twelfth of the judge's annual salary at the time of retirement.

b. For judges who became members after July 2, 1997 but before July 1, 2009, one-twelfth of the average of the judge's highest three consecutive annual salaries.



- c. For judges who became members on or after July 1, 2009, one-twelfth of the average of the judge's highest five consecutive annual salaries.
- d. Benefits for death while an active member are based on the member's salary at the time of death, regardless of when the judge became a member.

10. Full Retirement

- a. Eligibility: All judges are eligible for unreduced retirement at or after age 65 if the judge has served for 20 years, or at or after age 70 after 15 years of service.
- b. Monthly Benefit:
 - (i) Judges who were appointed prior to January 1, 2009 receive 100% of FAC at retirement.
 - (ii) Judges who were appointed on or after January 1, 2009 but prior to July 1, 2009 receive 90% of FAC at retirement, and take an additional 10% reduction to 80% of FAC at retirement if they wish to elect the spouse's death benefit.
 - (iii) Judges who were appointed on or after July 1, 2009 receive 80% of FAC at retirement, or 70% of FAC at retirement if they wish to elect the spouse's death benefit.
- c. Payment Form: Benefits are paid as a monthly life annuity. Members appointed prior to January 1, 2009 automatically receive the spouse's death benefit described below. Members appointed on or after January 1, 2009 must elect to a reduced benefit as described above if they wish to receive the spouse's death benefit. There are no other optional forms of payment available.
- d. Death Benefit: After the death of a retired member, if the member was married, 50% of the retiree's benefit is paid to the surviving spouse for life (or until remarriage) if spouse's death benefit is elected. (No election or benefit reduction is required for members appointed prior to January 1, 2009.)

11. Reduced Retirement

- a. Eligibility: A judge is eligible for a reduced retirement benefit at age 65 if the judge has served for 10 years, or at any age after 20 years of service.
- b. Reduced Retirement Benefit:
 - (i) For judges who were appointed prior to January 1, 2009: receive 75% of FAC at retirement.
 - (ii) For judges who were appointed on or after January 1, 2009 but prior to July 1, 2009: receive 70% of FAC at retirement, and take an additional 10% reduction to 60% of FAC at retirement if they wish to elect the spouse's death benefit.
 - (iii) For judges who were appointed on or after July 1, 2009: receive 65% of FAC at retirement, or 55% of FAC at retirement if they wish to elect the spouse's death benefit.
- c. Payment Form: Same as for Full Retirement.
- d. Death Benefit: Same as for Full Retirement.



12. Refunds

- a. Eligibility: All judges leaving covered employment for a reason other than death or retirement.
- b. Benefit: A lump-sum payment equal to the sum of his/her employee contributions. No interest is credited on these contributions.

13. Death Benefit of Active Members

After the death of an active member, if the member was married, a benefit will be paid to the spouse until his/her death or remarriage. The benefit is equal to 25% of the judge's salary at death if the member had less than seven years of service. If the judge had at least seven but less than 15 years of service, the benefit is equal to 1/3 of the judge's salary at death. If the judge had at least 15 years of service or if the judge was eligible for retirement, the spouse receives 50% of the judge's salary at death. Benefits are payable until the spouse's death or remarriage. Benefits may be paid to any minor children after the death of the spouse. If an active member dies without having a spouse or minor children, a refund is paid to the member's beneficiary.

14. Post-retirement Benefit Increase:

Members receive an increase equal to 3.00% of the original benefit each year, beginning in January of the year in which the member reaches the third anniversary of retirement. The increase applies to both retirement and death benefits. This increase is not tied in any way to actual increases in the cost of living. (Judges of the administrative adjudication and workers compensation courts receive a compound 3.00% increase, rather than a simple 3.00% increase.)



Plan Net Assets
(Assets at Market or Fair Value)

Item (1)	June 30, 2008 (2)	June 30, 2007 (3)
1. Cash and cash equivalents	\$ 141,444	\$ 293,555
2. Receivables:		
a. Employer and member contributions	\$ -	\$ -
b. Transfers receivable	-	-
c. Miscellaneous	32	-
d. Total receivables	\$ 32	\$ -
3. Investments		
a. Pooled trust	\$ 32,654,159	\$ 32,258,639
b. Plan specific investments	-	-
c. Total	\$ 32,654,159	\$ 32,258,639
4. Invested securities lending collateral	\$ 4,665,404	\$ 5,091,173
5. Property and equipment	\$ 11,327	\$ 13,935
6. Total assets	\$ 37,472,366	\$ 37,657,302
7. Liabilities		
a. Other post-employment benefit liability, net	\$ 182	\$ -
b. Securities lending liability	4,665,404	5,091,173
c. Accounts and vouchers payable	23,774	17,172
d. Total liabilities	\$ 4,689,360	\$ 5,108,345
8. Total market value of assets available for benefits Total (Item 6 - Item 7)	\$ 32,783,006	\$ 32,548,957

Analysis of Change in Employer Cost

Basis	Employer Cost
1. Employer contribution rates from prior valuation	31.04%
2. Impact of changes, gains and losses	
a. Non-salary liability experience (gain)/loss	0.69%
b. Salary (gain)/loss	-0.64%
c. Total payroll growth (gain)/loss	0.13%
d. Investment experience (gain)/loss	-0.29%
e. Changes in assumptions	0.00%
f. Changes in plan provisions	-6.87%
g. Total	-6.98%
3. Employer contribution rates from current valuation	24.06%



Reconciliation of Plan Net Assets

Item (1)	June 30, 2008 (2)	June 30, 2007 (3)
1. Market value of assets as of beginning of year		
a. Market value of assets as of beginning of year	\$ 32,548,957	\$ 25,055,824
b. Adjustment for market value of assets	(1)	-
c. Adjusted market value of assets as of beginning of year	\$ 32,548,956	\$ 25,055,824
2. Contributions		
a. Members	\$ 580,507	\$ 576,930
b. State	2,127,643	2,362,671
c. Service purchases	-	-
d. Total	\$ 2,708,150	\$ 2,939,601
3. Investment earnings, net of investment expenses	\$ (1,977,525)	\$ 4,835,883
4. Expenditures for the year		
a. Benefit payments	\$ (450,644)	\$ (246,308)
b. Cost-of-living adjustments	(20,775)	(16,419)
c. Post-retirement death benefits	-	-
d. Pre-retirement death benefits	-	-
e. Social security supplements	-	-
f. Supplemental pensions	-	-
g. Refunds	-	(32)
h. Administrative expenses	(25,156)	(19,592)
i. Total expenditures	\$ (496,575)	\$ (282,351)
5. Transfers and other adjustments	\$ -	\$ -
6. Market value of assets at end of year	\$ 32,783,006	\$ 32,548,957

EMPLOYEES' RETIREMENT SYSTEM
OF RHODE ISLAND

STATISTICAL INFORMATION

STATISTICAL INFORMATION



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

**Distribution of Active Members by Age and by Years of Service (Teachers)
As of 06/30/2008**

Attained Age	Years of Credited Service												Total Count & Avg. Comp.
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 25	8 \$34,902	28 \$36,297	10 \$39,049	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	46 \$36,652
25-29	10 \$38,895	52 \$35,568	86 \$41,746	80 \$44,994	75 \$46,564	186 \$52,552	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	489 \$46,411
30-34	106 \$53,983	295 \$40,851	275 \$46,138	55 \$45,418	56 \$50,961	965 \$58,926	159 \$70,986	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1,911 \$54,403
35-39	11 \$52,049	22 \$44,869	83 \$45,793	316 \$48,048	331 \$51,549	1,263 \$60,020	844 \$71,486	107 \$74,647	0 \$0	0 \$0	0 \$0	0 \$0	2,977 \$61,046
40-44	9 \$44,895	15 \$43,179	26 \$44,822	28 \$50,595	36 \$52,041	499 \$63,787	522 \$71,842	576 \$74,202	82 \$75,300	0 \$0	0 \$0	0 \$0	1,793 \$69,020
45-49	1 \$63,027	12 \$42,943	27 \$48,086	39 \$52,025	33 \$53,004	363 \$64,301	380 \$72,443	376 \$74,004	328 \$75,513	38 \$79,027	0 \$0	0 \$0	1,597 \$70,207
50-54	8 \$55,378	11 \$47,992	24 \$53,532	25 \$55,943	26 \$52,674	388 \$65,387	400 \$72,914	426 \$74,030	314 \$75,677	286 \$76,558	125 \$75,790	0 \$0	2,033 \$71,927
55-59	6 \$151,232	13 \$59,006	15 \$69,104	19 \$71,504	9 \$59,684	214 \$66,363	300 \$73,294	448 \$74,558	351 \$75,124	248 \$77,492	313 \$77,463	107 \$78,330	2,043 \$74,602
60-64	2 \$76,388	2 \$29,536	8 \$73,879	3 \$102,862	7 \$67,173	89 \$70,239	127 \$72,689	170 \$74,940	180 \$76,501	125 \$75,857	81 \$80,704	77 \$79,353	871 \$75,435
65 & Over	0 \$0	1 \$21,438	0 \$0	1 \$115,258	1 \$49,709	23 \$70,461	34 \$73,148	43 \$75,474	56 \$74,309	26 \$77,872	26 \$78,456	28 \$78,143	239 \$75,118
Total	161 \$55,486	451 \$40,892	554 \$46,652	566 \$49,306	574 \$51,321	3,990 \$61,418	2,766 \$72,134	2,146 \$74,314	1,311 \$75,519	723 \$76,934	545 \$77,608	212 \$78,677	13,999 \$66,308



Membership Data (Teachers)

	June 30, 2008 (1)	June 30, 2007 (2)	June 30, 2006 (3)
1. Active members			
a. Schedule A, Grandfathered	1,883		
b. Schedule A, NonGrandfathered	3,849		
c. Schedule B	8,267		
d. Number	13,999	14,146	14,343
e. Number vested	7,703	7,436	7,121
f. Total payroll supplied by ERSRI	\$ 928,250,193	\$902,193,640	\$859,367,272
g. Average salary	66,308	63,777	59,915
h. Average age	44.9	44.6	44.3
i. Average service	12.8	12.5	12.2
2. Inactive members			
a. Number	2,410	2,257	2,165
3. Service retirees			
a. Number	8,680	8,479	8,244
b. Total annual benefits	\$ 367,646,720	\$350,529,010	\$331,004,050
c. Average annual benefit	42,356	41,341	40,151
d. Average age	67.9	67.6	67.4
4. Disabled retirees			
a. Number	264	253	242
b. Total annual benefits	\$ 6,931,993	\$6,501,706	\$5,973,869
c. Average annual benefit	26,258	25,698	24,685
d. Average age	62.9	62.8	63.6
5. Beneficiaries and spouses			
a. Number	393	386	387
b. Total annual benefits	\$ 8,137,097	\$7,766,852	\$7,637,146
c. Average annual benefit	20,705	20,121	19,734
d. Average age	71.6	71.3	71.0



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

**Distribution of Active Members by Age and by Years of Service (State Employees)
As of 06/30/2008**

Attained Age	Years of Credited Service												Total Count & Avg. Comp.
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 25	8 \$33,025	15 \$32,639	11 \$28,833	9 \$31,193	3 \$35,982	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	46 \$31,731
25-29	20 \$40,872	35 \$36,094	52 \$40,908	60 \$37,462	28 \$38,939	55 \$38,416	1 \$31,659	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	251 \$38,608
30-34	237 \$39,285	48 \$37,717	36 \$40,371	57 \$42,982	51 \$45,874	270 \$45,109	32 \$47,072	1 \$50,116	0 \$0	0 \$0	0 \$0	0 \$0	732 \$42,485
35-39	24 \$39,129	234 \$37,079	373 \$42,295	330 \$38,723	173 \$43,485	412 \$47,289	185 \$52,565	118 \$47,532	2 \$39,413	0 \$0	0 \$0	0 \$0	1,851 \$43,537
40-44	17 \$39,126	35 \$45,379	41 \$37,957	31 \$40,293	47 \$47,706	341 \$47,359	232 \$55,075	457 \$54,256	186 \$51,453	2 \$46,286	0 \$0	0 \$0	1,389 \$50,890
45-49	24 \$41,658	35 \$49,835	44 \$38,768	41 \$46,653	45 \$37,368	341 \$49,217	206 \$55,765	456 \$54,635	470 \$59,243	224 \$55,123	9 \$47,247	0 \$0	1,895 \$53,745
50-54	31 \$37,572	29 \$39,191	63 \$41,540	42 \$39,850	50 \$45,670	322 \$47,472	201 \$55,090	414 \$54,033	388 \$62,110	406 \$61,093	234 \$58,394	5 \$51,287	2,185 \$55,116
55-59	15 \$38,936	24 \$50,515	37 \$40,912	37 \$48,632	33 \$40,218	232 \$47,451	166 \$54,648	335 \$54,779	307 \$58,656	265 \$62,072	282 \$65,041	89 \$63,136	1,822 \$56,688
60-64	5 \$52,482	8 \$55,104	20 \$58,090	16 \$46,311	16 \$42,058	124 \$49,387	112 \$48,280	242 \$49,746	246 \$57,969	160 \$62,845	122 \$65,671	77 \$64,182	1,148 \$55,852
65 & Over	1 \$62,136	3 \$37,711	8 \$40,547	7 \$43,552	5 \$69,932	67 \$47,891	44 \$49,940	125 \$49,700	156 \$49,856	103 \$56,351	85 \$57,988	47 \$66,823	651 \$52,879
Total	382 \$39,449	466 \$39,646	685 \$41,683	630 \$40,378	451 \$43,498	2,164 \$47,290	1,179 \$53,670	2,148 \$53,231	1,755 \$57,913	1,160 \$59,959	732 \$61,983	218 \$64,028	11,970 \$51,598



Membership Data (State Employees)

	June 30, 2008 (1)	June 30, 2007 (2)	June 30, 2006 (3)
1. Active members			
a. Schedule A, Grandfathered	2,898		
b. Schedule A, NonGrandfathered	3,526		
c. Schedule B	5,546		
d. Total Count	11,970	12,572	12,817
e. Number vested	7,192	7,487	7,677
f. Total payroll supplied by ERSRI	\$ 617,622,521	\$626,192,680	\$611,698,223
g. Average salary	51,598	49,809	47,726
h. Average age	48.6	48.2	47.9
i. Average service	14.9	14.7	14.4
2. Inactive members			
a. Number	2,527	2,405	2,424
3. Service retirees			
a. Number	8,615	8,362	8,265
b. Total annual benefits	\$ 218,820,230	\$198,858,810	\$185,902,200
c. Average annual benefit	25,400	23,781	22,493
d. Average age	72.5	72.7	72.7
4. Disabled retirees			
a. Number	719	701	690
b. Total annual benefits	\$ 12,690,384	\$11,899,261	\$11,207,178
c. Average annual benefit	17,650	16,975	16,242
d. Average age	63.0	62.7	62.5
5. Beneficiaries and spouses			
a. Number	1,062	1,100	1,086
b. Total annual benefits	\$ 16,233,493	\$16,093,714	\$15,212,187
c. Average annual benefit	15,286	14,631	14,008
d. Average age	76.9	76.7	76.3



Historical Summary of Active Member Data
(State Employees & Teachers)

Valuation as of June 30,	Active Members		Covered Payroll		Average Salary		Average Age	Average Service
	Number	Percent Increase	Amount in \$ Millions	Percent Increase	\$ Amount	Percent Increase		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
State Employees								
1998	13,105	1.9%	458	7.6%	34,963	5.6%	46.4	14.4
1999	13,369	2.0%	476	3.9%	35,606	1.8%	46.4	14.4
2000	13,305	-0.5%	499	4.8%	37,510	5.3%	46.7	14.4
2001	13,594	2.2%	521	4.4%	38,321	2.2%	46.9	14.5
2002	13,795	1.5%	563	8.1%	40,812	6.5%	47.4	14.3
2003	13,281	-3.7%	576	2.3%	43,364	6.3%	47.8	14.8
2004	12,957	-2.4%	576	-0.1%	44,422	2.4%	47.6	14.6
2005	12,789	-1.3%	576	0.0%	45,019	1.3%	47.8	14.5
2006	12,817	0.2%	612	6.2%	47,726	6.0%	47.9	14.4
2007	12,572	-1.9%	626	2.4%	49,809	4.4%	48.2	14.7
2008	11,970	-4.8%	618	-1.4%	51,598	3.6%	48.6	14.9
Teachers								
1998	12,883	1.6%	598	4.4%	46,453	2.8%	45.0	14.9
1999	13,282	3.1%	633	5.7%	47,642	2.6%	45.0	14.6
2000	13,607	2.4%	659	4.0%	48,402	1.6%	44.7	14.0
2001	14,092	3.6%	697	5.9%	49,491	2.3%	44.4	13.3
2002	14,710	4.4%	735	5.4%	49,986	1.0%	44.4	12.5
2003	14,410	-2.0%	782	6.3%	54,248	8.5%	44.2	12.7
2004	14,556	1.0%	810	3.6%	55,652	2.6%	43.7	12.0
2005	14,469	-0.6%	840	3.7%	58,081	4.4%	44.1	12.1
2006	14,343	-0.9%	859	2.3%	59,915	3.2%	44.3	12.2
2007	14,146	-1.4%	902	5.0%	63,777	6.4%	44.6	12.5
2008	13,999	-1.0%	928	2.9%	66,308	4.0%	44.9	12.8



Municipal Employees' Retirement System

Active Member Statistics

Old Unit Number	New Unit Number	Unit	Code(s)	Active Employees as of June 30, 2008			Active Employees as of June 30, 2007				
				Number	Average Age	Average Service	Average Salary	Number	Average Age	Average Service	Average Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
General Employee Units											
3002	1012 1019	Bristol	B	102	46.0	12.0	40,540	101	47.7	11.9	38,843
3003	1032 1033	Burrillville	C	151	50.9	12.4	35,899	155	50.4	11.8	34,374
3004	1052	Central Falls		75	47.9	8.6	35,776	85	47.2	7.6	35,777
3005	1082	Charlestown	C	38	45.9	11.2	41,956	34	45.5	11.7	41,228
3007	1112 1113	Cranston	B	861	51.7	11.5	31,329	879	51.5	10.7	29,807
3008	1122 1123	Cumberland		256	51.0	10.3	31,501	267	51.0	9.3	29,943
3009	1152 1153	East Greenwich	C	17	49.5	11.8	68,965	16	51.4	11.4	66,610
3010	1162 1163	East Providence	B	475	49.6	11.1	39,484	482	49.8	10.5	38,172
3011	1183	Exeter/West Greenwich	B	76	51.7	10.5	28,617	77	51.3	9.9	27,183
3012	1192 1193	Foster		42	51.1	9.8	28,481	41	50.5	10.2	26,883
3013	1212 1213	Glocester	C	71	50.4	11.7	31,570	72	50.6	11.1	31,727
3014	1262	Hopkinton	C	36	50.3	8.4	41,350	32	52.2	8.9	39,354
3015	1272 1273	Jamestown	C	88	49.5	9.7	37,067	80	49.8	10.4	36,361
3016	1282 1283	Johnston	C	282	50.9	9.7	30,391	291	51.4	9.2	31,056
3017	1302 1303	Lincoln		20	49.3	6.9	50,804	20	48.4	5.9	44,499
3019	1322 1323	Middletown	C	127	50.1	12.4	38,525	127	49.8	12.3	36,804
3021	1352 1353 1354	Newport	B	290	49.7	11.8	39,297	294	49.8	11.7	37,122
3022	1342 1343	New Shoreham	B	55	48.0	7.8	35,872	59	48.9	6.9	34,349
3023	1372 1373	North Kingstown	C	370	51.5	11.6	31,790	380	51.5	11.3	31,296
3024	1382 1383	North Providence		250	49.7	10.1	28,280	257	49.8	9.8	27,406
3025	1392 1393	North Smithfield	B	93	50.2	9.0	32,077	95	49.3	8.4	30,731
3026	1412 1413	Pawtucket	C	636	48.7	11.9	35,280	626	49.1	11.4	34,030
3027	1515	Union Fire District		6	52.3	10.2	37,958	5	53.0	11.0	36,873
3029	1452	Richmond		23	55.0	7.6	32,299	26	51.0	6.1	27,289
3030	1462 1463	Scituate	B	92	52.0	10.0	30,944	100	51.1	8.8	28,197
3031	1472 1473	Smithfield	C	85	50.7	9.8	32,867	86	50.4	8.7	30,764
3032	1492 1493	South Kingstown	B	366	50.2	11.5	32,545	378	50.2	10.6	31,325
3033	1532 1533	Tiverton	C	87	49.6	9.1	33,106	84	50.7	8.9	34,277
3034	1562	Warren	C	42	44.1	9.3	40,782	43	44.9	9.3	36,290
3036	1622 1623	Westerly		1	57.3	26.0	64,034	1	56.3	24.9	60,043
3037	1602	West Greenwich	C	26	50.2	11.9	38,559	25	49.3	11.3	36,847
3039	1632 1633	Woonsocket	B	399	51.0	11.7	32,408	421	50.9	11.0	30,943
3040	1073	Chariho School District	C	169	47.7	9.7	28,801	175	48.7	9.1	26,859
3041	1203	Foster/Glocester	B	51	48.8	8.7	29,143	56	50.6	9.2	28,934
3042	1528	Tiogue Fire & Lighting	C,5	---	---	---	---	---	---	---	---
3043	1336	Narragansett Housing	C	4	45.7	9.2	42,153	4	44.7	8.2	40,925
3045	1098	Coventry Lighting District	C	2	67.3	34.0	38,283	2	66.3	33.0	36,368
3046	1242	Hope Valley Fire	C	3	54.8	16.2	36,805	3	53.8	15.2	35,560
3050	1156	East Greenwich Housing	C	11	49.0	9.2	47,690	9	47.8	10.1	48,832
3051	1116	Cranston Housing	C	20	52.8	12.9	46,162	20	52.8	11.9	44,325
3052	1166	East Providence Housing	B	13	58.0	12.9	45,490	13	57.1	11.9	44,200
3053	1416	Pawtucket Housing	B	39	51.1	13.2	48,355	43	50.5	12.3	45,795
3056	1126	Cumberland Housing	C	12	46.5	8.5	39,604	11	47.5	7.5	38,775
3057	1306	Lincoln Housing	B	11	55.1	7.1	39,339	12	54.4	6.2	42,213
3059	1016	Bristol Housing		9	48.8	9.4	34,734	9	45.7	8.6	34,879
3065	1036	Burrillville Housing	B	5	49.8	12.0	37,769	4	53.9	13.4	41,642
3066	1386	North Providence Housing	B	6	52.5	9.3	43,895	7	50.7	8.3	36,491



Municipal Employees' Retirement System

Active Member Statistics

Old Unit Number	New Unit Number	Unit	Code(s)	Active Employees as of June 30, 2008				Active Employees as of June 30, 2007			
				Number	Average Age	Average Service	Average Salary	Number	Average Age	Average Service	Average Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
3067	1177	East Smithfield Water	C	3	44.9	10.3	41,741	3	43.9	9.3	41,452
3068	1227	Greenville Water	B	4	47.8	10.1	51,921	4	47.0	9.1	52,350
3069	1356	Newport Housing	C	28	51.0	11.3	42,258	32	52.0	11.1	42,495
3071	1566	Warren Housing	B	6	57.5	11.4	39,173	6	56.5	10.4	37,610
3072	1286	Johnston Housing		8	54.9	15.3	42,579	8	53.9	14.3	41,692
3077	1538	Tiverton Local 2670A	C	27	50.7	9.5	34,352	27	50.2	10.2	34,390
3078	02 1003 1007 1C	Barrington COLA	C	187	51.2	11.0	37,011	188	51.0	10.8	35,671
3079	1096	Coventry Housing		11	47.2	6.8	36,048	12	47.6	5.5	33,754
3080	1496	South Kingstown Housing	C	1	51.7	9.0	45,715	5	45.1	3.6	40,087
3081	1403	N. RI Collaborative Adm. Services	C	58	49.2	7.1	27,286	78	48.4	5.4	24,046
3083	1616	West Warwick Housing	B	8	58.2	15.9	44,073	8	57.2	14.9	42,898
3084	1476	Smithfield Housing		2	45.2	17.3	39,982	3	47.2	11.7	35,033
3094	1478	Smithfield COLA	C	83	48.6	10.2	44,718	82	50.0	10.5	44,188
3096	1056	Central Falls Housing	C	21	47.8	7.1	43,213	20	46.4	5.9	39,993
3098	1293	Lime Rock Administrative Services		2	52.3	17.2	41,215	2	51.3	15.0	38,303
3099	1063	Central Falls Schools	C	152	50.6	8.6	30,457	167	50.1	7.8	27,938
3100	1023	Bristol/Warren Schools	B	135	51.7	10.8	31,240	140	51.1	10.2	29,622
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	164	50.1	10.0	30,592	166	50.0	9.5	29,595
3102	1712	Harrisville Fire District (ADMIN)	C	4	45.2	10.8	48,213	4	44.2	9.8	47,461
3103	1702	Albion Fire District (ADMIN)	C	--	--	--	--	1	49.9	15.1	37,194
All General Employee Units				6,797	50.3	10.9	\$ 34,109	6,963	50.3	10.3	\$ 32,719
Police & Fire Units											
4016	1285	Johnston Fire	D	32	37.7	5.2	51,974	31	38.3	4.4	50,504
4029	1454	Richmond Police	6	12	34.8	5.3	41,957	11	34.2	4.7	\$ 38,385
4031	1474	Smithfield Police	C,D	40	35.2	10.4	59,423	40	36.3	9.4	56,744
4042	1555	Valley Falls Fire	D	15	40.5	12.0	48,920	14	42.0	13.8	48,935
4047	1395 1435	North Smithfield Voluntary Fire	B,D	21	40.7	9.7	49,848	21	41.5	8.9	47,950
4050	1155	East Greenwich Fire	C,D	40	39.2	10.6	54,402	41	41.1	10.1	51,521
4054	1154	East Greenwich Police	C,D	33	40.9	12.1	58,029	33	40.6	11.0	55,822
4055	1375	North Kingstown Fire	C,D	80	41.4	14.1	51,898	80	41.5	13.6	51,088
4056	1374	North Kingstown Police	C,D	50	37.5	11.6	54,260	50	38.4	11.1	53,770
4058	1385	North Providence Fire	D	104	39.7	12.8	54,198	97	41.3	13.4	52,949
4059	1008	Barrington Fire (25)	C	14	38.4	4.7	47,010	14	36.8	3.9	41,432
4060	1004	Barrington Police	C,D	22	39.9	12.1	56,188	23	39.6	12.6	54,852
4061	1005	Barrington Fire (20)	C,D	9	50.5	24.7	57,893	11	50.3	24.4	55,617
4062	1564 1565	Warren Police & Fire	C,D	24	39.7	13.4	57,582	25	38.3	12.0	53,129
4063	1494	South Kingstown Police	B,1	55	38.4	10.9	50,558	54	39.3	11.7	49,496
4073	1464	Scituate Police	5	--	--	--	--	--	--	--	--
4076	1394	North Smithfield Police	C,D	21	40.6	14.0	55,758	22	40.2	13.6	54,157
4077	1534	Tiverton Fire	C,D	33	40.2	10.7	47,929	33	39.2	9.7	43,792
4082	1194	Foster Police	C,D	7	39.2	7.4	48,161	7	40.1	10.3	46,914
4085	1634	Woonsocket Police	C,D	93	38.1	12.6	52,129	97	39.0	12.7	54,660
4086	1084	Charlestown Police	C,D	20	41.7	12.6	56,361	21	41.1	12.4	53,709
4087	1264	Hopkinton Police	C,D,6	16	39.4	12.6	55,863	16	40.6	11.5	53,671



Municipal Employees' Retirement System

Active Member Statistics

Old Unit Number	New Unit Number	Unit	Code(s)	Active Employees as of June 30, 2008				Active Employees as of June 30, 2007			
				Number	Average Age	Average Service	Average Salary	Number	Average Age	Average Service	Average Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
4088	1214	Glocester Police	C,D	19	40.7	11.1	50,905	18	40.4	10.7	51,106
4089	1604	West Greenwich Police/Rescue	C,D	13	41.5	8.6	45,401	13	39.6	7.8	46,038
4090	1034	Burrillville Police	C,D,6	25	42.0	14.8	51,454	24	42.5	14.3	49,828
4091	1148	Cumberland Rescue	C,D	18	39.1	10.2	50,290	19	38.1	8.6	50,120
4093	1635	Woonsocket Fire	C,D	113	39.3	13.1	56,309	110	39.4	12.5	54,473
4094	1015	Bristol Fire	D	1	51.5	7.5	44,477	1	50.5	6.5	43,099
4095	1135	Cumberland Hill Fire	C,D	14	38.8	12.2	48,677	14	37.8	11.2	46,422
4096	1014	Bristol Police	C,D	26	33.2	6.5	52,973	27	35.9	5.5	49,051
4098	1095	Coventry Fire	D	14	40.0	12.0	48,123	12	41.3	12.4	47,726
4099	1505	South Kingstown EMT	C,D	16	38.3	7.5	41,061	16	37.5	7.6	40,360
4101	1365	North Cumberland	C,D	15	45.5	14.3	49,101	15	44.5	13.3	47,024
4102	45 1235 1525 1 ⁵	Central Coventry Fire	C,D	40	38.4	10.7	47,331	38	38.2	10.5	44,314
4103	1255	Hopkins Hill Fire	C,D	11	45.1	9.7	43,778	11	44.1	8.8	41,953
4104	1114	Cranston Police	C,D,4	118	35.7	8.2	51,954	113	36.7	7.5	52,389
4105	1115	Cranston Fire	C,D,4	126	40.7	11.9	59,048	127	40.0	11.1	56,516
4106	1125	Cumberland Fire	B,D	13	43.4	11.5	45,603	14	42.7	11.6	44,920
4107	1305	Lincoln Rescue	C	16	37.5	9.8	46,126	16	40.6	9.0	42,387
4108	1344	New Shoreham Police	B,D	5	40.6	3.3	44,716	5	38.8	2.7	41,803
4109	1324	Middletown Police & Fire	C,D	31	36.1	3.0	43,089	27	36.0	2.4	41,223
4110	1715	Harrisville Fire District	C,D	5	38.3	8.7	47,756	5	37.3	7.7	46,973
4111	1705	Albion Fire District	C	3	42.8	12.4	44,474	4	43.0	9.4	45,646
All Police & Fire Units				1,383	39.1	11.1	\$ 52,743	1,370	39.5	10.8	\$ 51,397
All MERS Units				8,180	48.4	10.9	\$ 37,260	8,333	48.5	10.4	\$ 35,790

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2007 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

**Distribution of Active Members by Age and by Years of Service (General Employees)
As of 06/30/2008**

Attained Age	Years of Credited Service												Total Count & Avg. Comp.	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over		
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.		
Under 25	14 \$30,563	14 \$29,477	7 \$26,202	8 \$31,482	5 \$30,110	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	48 \$29,716
25-29	23 \$32,875	24 \$29,495	33 \$31,896	25 \$31,035	10 \$34,238	45 \$34,438	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	160 \$32,403
30-34	22 \$29,303	23 \$25,008	24 \$35,712	21 \$36,134	15 \$40,091	86 \$38,223	17 \$40,069	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	208 \$35,603
35-39	37 \$28,407	38 \$31,339	41 \$30,175	28 \$37,637	27 \$33,366	157 \$35,386	61 \$37,703	40 \$41,275	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	429 \$34,826
40-44	44 \$29,079	55 \$25,437	45 \$27,493	51 \$33,224	61 \$29,464	311 \$33,885	103 \$42,050	132 \$43,679	44 \$41,410	1 \$55,557	0 \$0	0 \$0	0 \$0	847 \$35,325
45-49	43 \$29,279	65 \$24,533	76 \$27,911	59 \$27,761	58 \$31,497	403 \$30,500	213 \$35,563	133 \$38,669	77 \$44,891	33 \$41,769	1 \$53,296	0 \$0	0 \$0	1,161 \$33,021
50-54	93 \$27,496	126 \$26,754	98 \$29,152	95 \$31,028	122 \$26,792	514 \$29,993	260 \$34,039	214 \$36,323	105 \$42,159	71 \$47,815	25 \$44,694	1 \$40,936	1 \$0	1,724 \$32,495
55-59	29 \$36,282	40 \$32,610	26 \$30,125	24 \$33,701	32 \$35,554	255 \$31,639	225 \$32,209	245 \$35,152	148 \$40,941	61 \$44,780	38 \$48,386	12 \$48,589	12 \$0	1,135 \$35,441
60-64	7 \$23,630	20 \$40,098	17 \$27,022	19 \$33,711	19 \$30,268	135 \$33,157	140 \$33,125	157 \$34,577	109 \$36,173	52 \$42,295	23 \$50,336	20 \$60,879	20 \$0	718 \$35,797
65-69	4 \$25,534	7 \$22,226	6 \$26,393	8 \$34,606	12 \$25,426	75 \$29,940	66 \$34,326	57 \$36,832	54 \$37,354	34 \$37,283	26 \$36,946	18 \$41,505	18 \$0	367 \$34,335
70 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
Total	316 \$29,415	412 \$27,945	373 \$29,347	338 \$32,090	361 \$30,210	1,981 \$32,018	1,085 \$34,919	978 \$37,293	537 \$40,455	252 \$43,759	113 \$45,377	51 \$50,758	51 \$0	6,797 \$34,098



**Distribution of Active Members by Age and by Years of Service (Police & Fire)
As of 06/30/2008**

Attained Age	Years of Credited Service												Total Count & Avg. Comp.
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 25	14 \$36,755	6 \$37,604	8 \$44,386	3 \$50,650	2 \$50,165	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	33 \$40,835
25-29	15 \$35,962	29 \$39,669	32 \$44,038	19 \$47,449	21 \$48,970	41 \$49,798	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	157 \$45,036
30-34	6 \$36,303	14 \$40,137	16 \$45,663	13 \$43,461	14 \$47,550	109 \$52,969	19 \$55,585	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	191 \$50,109
35-39	9 \$35,467	8 \$40,171	14 \$45,398	13 \$46,572	6 \$46,840	104 \$52,216	99 \$55,501	35 \$56,760	0 \$0	0 \$0	0 \$0	0 \$0	288 \$52,341
40-44	10 \$37,645	17 \$41,431	23 \$45,669	13 \$44,001	19 \$48,638	58 \$51,474	65 \$55,243	122 \$58,346	45 \$61,644	0 \$0	0 \$0	0 \$0	372 \$54,021
45-49	1 \$35,446	1 \$35,316	2 \$45,742	1 \$51,451	3 \$54,362	20 \$51,121	34 \$54,863	82 \$57,704	65 \$60,400	13 \$69,495	2 \$63,332	0 \$0	224 \$57,823
50-54	0 \$0	0 \$0	1 \$37,968	0 \$0	2 \$46,555	5 \$52,463	6 \$54,875	18 \$53,810	21 \$58,480	20 \$60,110	6 \$72,981	0 \$0	79 \$57,714
55-59	0 \$0	1 \$87,520	0 \$0	0 \$0	0 \$0	3 \$43,614	3 \$64,527	9 \$55,668	0 \$0	8 \$56,072	5 \$63,910	0 \$0	29 \$57,968
60-64	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	2 \$58,188	1 \$66,451	2 \$43,557	1 \$70,925	2 \$55,632	0 \$0	1 \$51,205	9 \$55,926
65-69	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$88,251	0 \$0	0 \$0	1 \$88,251
70 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
Total	55 \$36,417	76 \$40,611	96 \$44,899	62 \$45,925	67 \$48,593	342 \$51,939	227 \$55,490	268 \$57,437	132 \$60,598	44 \$62,585	13 \$68,008	1 \$0	1,383 \$52,743



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

**Municipal Employees' Retirement System
Retired Member Statistics**

Old Unit Number	New Unit Number	Unit	Code(s)	Retirees and Beneficiaries As of June 30, 2008			Retirees and Beneficiaries As of June 30, 2007		
				Number	Average Age	Average Monthly Benefit	Number	Average Age	Average Monthly Benefit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Employee Units									
3002	1012 1019	Bristol	B	81	75.4	1,064	82	75.4	979
3003	1032 1033	Burrillville	C	77	73.5	876	77	73.0	863
3004	1052	Central Falls		28	72.3	895	26	72.5	671
3005	1082	Charlestown	C	10	71.3	1,338	10	70.3	1,307
3007	1112 1113	Cranston	B	469	74.0	1,045	484	73.9	1,009
3008	1122 1123	Cumberland		145	74.5	663	145	74.0	667
3009	1152 1153	East Greenwich	C	67	76.3	515	70	76.0	498
3010	1162 1163	East Providence	B	340	72.0	1,337	343	71.6	1,291
3011	1183	Exeter/West Greenwich	B	23	67.4	957	22	66.5	931
3012	1192 1193	Foster		16	72.4	618	15	73.4	639
3013	1212 1213	Glocester	C	23	68.7	799	22	69.0	732
3014	1262	Hopkinton	C	11	73.4	592	11	73.0	586
3015	1272 1273	Jamestown	C	26	68.1	1,139	25	67.3	1,188
3016	1282 1283	Johnston	C	167	74.7	1,002	165	75.0	937
3017	1302 1303	Lincoln		3	66.8	1,759	3	65.8	1,759
3019	1322 1323	Middletown	C	17	64.6	1,338	14	64.1	1,303
3021	1352 1353	Newport	B	207	71.4	1,333	204	71.8	1,262
3022	1342 1343	New Shoreham	B	14	74.6	827	13	73.4	826
3023	1372 1373	North Kingstown	C	159	72.4	1,019	155	72.5	951
3024	1382 1383	North Providence		155	74.4	625	156	74.1	606
3025	1392 1393	North Smithfield	B	66	74.9	808	67	74.6	797
3026	1412 1413	Pawtucket	C	478	73.0	989	487	72.6	959
3027	1515	Union Fire District		---	---	---	---	---	---
3029	1452	Richmond		8	74.1	505	9	74.7	500
3030	1462 1463	Scituate	B	55	74.4	895	57	74.2	889
3031	1472 1473	Smithfield	C	81	75.4	657	83	74.4	673
3032	1492 1493	South Kingstown	B	120	72.3	980	116	72.1	924
3033	1532 1533	Tiverton	C	55	75.7	694	57	75.4	662
3034	1562	Warren	C	51	77.9	811	53	77.2	783
3036	1622 1623	Westerly		8	80.2	1,132	8	79.2	1,132
3037	1602	West Greenwich	C	7	68.8	892	7	67.8	860
3039	1632 1633	Woonsocket	B	303	74.9	805	295	74.7	758
3040	1073	Chariho School District	C	40	66.7	1,045	37	66.3	998
3041	1203	Foster/Glocester	B	29	71.0	945	23	71.5	893
3042	1528	Tiogue Fire & Lighting	C,5	---	---	---	---	---	---
3043	1336	Narragansett Housing	C	1	72.8	437	1	71.8	437
3045	1098	Coventry Lighting District	C	1	82.3	5428.9	1	81.3	5275.3
3046	1242	Hope Valley Fire	C	---	---	---	---	---	---
3050	1156	East Greenwich Housing	C	---	---	---	---	---	---
3051	1116	Cranston Housing	C	9	75.8	710	10	76.4	649
3052	1166	East Providence Housing	B	7	75.9	791	9	78.0	737
3053	1416	Pawtucket Housing	B	23	73.0	1,184	22	73.8	1,055
3056	1126	Cumberland Housing	C	4	73.7	843	5	74.5	711



**Municipal Employees' Retirement System
Retired Member Statistics**

Old Unit Number	New Unit Number	Unit	Code(s)	Retirees and Beneficiaries As of June 30, 2008			Retirees and Beneficiaries As of June 30, 2007		
				Number	Average Age	Average Monthly Benefit	Number	Average Age	Average Monthly Benefit
3057	1306	Lincoln Housing	B	6	77.9	1,200	6	76.9	1,174
3059	1016	Bristol Housing		5	74.1	1,069	5	73.1	1,069
3065	1036	Burrillville Housing	B	1	67.0	1,290	1	66.0	1,256
3066	1386	North Providence Housing	B	5	71.0	1,503	5	70.0	1,465
3067	1177	East Smithfield Water	C	3	68.2	899	3	67.2	876
3068	1227	Greenville Water	B	1	62.3	2,687	1	61.3	2,615
3069	1356	Newport Housing	C	24	64.9	1,735	21	64.5	1,754
3071	1566	Warren Housing	B	3	68.6	1,518	4	67.7	1,428
3072	1286	Johnston Housing		3	85.5	560	3	84.5	560
3077	1538	Tiverton Local 2670A	C	13	68.3	907	11	68.6	787
3078	1002 1003 1004	Barrington COLA	C	109	75.4	874	106	76.0	791
3079	1096	Coventry Housing		7	76.4	484	7	75.4	484
3080	1496	South Kingstown Housing	C	---	---	---	1	86.1	246
3081	1403	N. RI Collaborative Adm. Services	C	5	59.0	1,384	4	56.7	1,598
3083	1616	West Warwick Housing	B	3	78.1	900	3	77.1	879
3084	1476	Smithfield Housing		---	---	---	---	---	---
3094	1478	Smithfield COLA	C	18	66.3	1,659	12	66.2	1,737
3096	1056	Central Falls Housing	C	9	70.8	987	11	70.9	1,019
3098	1293	Lime Rock Administrative Services		---	---	---	---	---	---
3099	1063	Central Falls Schools	C	37	66.8	869	33	66.4	851
3100	1023	Bristol/Warren Schools	B	75	67.9	993	70	67.4	970
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	19	62.7	2,209	17	61.7	2,236
3102	1712	Harrisville Fire District (ADMIN)	C	---	---	---	---	---	---
3103	1702	Albion Fire District (ADMIN)	C	---	---	---	---	---	---
All General Employee Units				3,730	73.1	\$988	3,713	73.0	\$946
Police and Fire Units									
4016	1285	Johnston Fire	D	1	45.2	\$2,557	1	44.2	\$2,557
4029	1454	Richmond Police	6	1	47.8	2,199	1	46.8	2,199
4031	1474	Smithfield Police	C,D	1	80.5	238	1	79.5	238
4042	1555	Valley Falls Fire	D	5	62.1	2,006	4	62.7	1,588
4047	1395 1435	North Smithfield Voluntary Fire	B,D	7	59.4	2,221	7	58.4	2,165
4050	1155	East Greenwich Fire	C,D	19	62.7	2,080	20	65.0	1,829
4054	1154	East Greenwich Police	C,D	17	60.7	2,419	18	60.7	2,285
4055	1375	North Kingstown Fire	C,D	50	65.7	1,951	48	65.3	1,953
4056	1374	North Kingstown Police	C,D	24	55.6	2,845	23	55.2	2,802
4058	1385	North Providence Fire	D	45	55.2	2,295	45	55.7	2,222
4059	1008	Barrington Fire (25)	C	1	62.0	4,012	1	61.0	3,908
4060	1004	Barrington Police	C,D	26	64.3	1,873	25	65.0	1,737
4061	1005	Barrington Fire (20)	C,D	30	67.9	1,530	29	68.6	1,363
4062	1564 1565	Warren Police & Fire	C,D	25	65.7	1,755	26	65.6	1,670
4063	1494	South Kingstown Police	B,1	38	61.3	2,441	34	61.7	2,274
4073	1464	Scituate Police	5	1	79.0	497	1	78.0	497
4076	1394	North Smithfield Police	C,D	12	64.0	2,226	11	63.9	2,069



Municipal Employees' Retirement System

Retired Member Statistics

Old Unit Number	New Unit Number	Unit	Code(s)	Retirees and Beneficiaries As of June 30, 2008			Retirees and Beneficiaries As of June 30, 2007		
				Number	Average Age	Average Monthly Benefit	Number	Average Age	Average Monthly Benefit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
4077	1534	Tiverton Fire	C,D	18	63.4	1,640	18	62.4	1,624
4082	1194	Foster Police	C,D	6	59.0	1,930	5	59.1	1,715
4085	1634	Woonsocket Police	C,D	31	45.7	2,740	20	46.5	2,602
4086	1084	Charlestown Police	C,D	10	52.4	2,519	9	51.5	2,359
4087	1264	Hopkinton Police	C,D,6	3	62.3	2,049	3	61.3	1,990
4088	1214	Glocester Police	C,D	9	57.4	1,383	8	56.0	1,476
4089	1604	West Greenwich Police/Rescue	C,D	5	56.7	2,115	5	55.7	2,073
4090	1034	Burrillville Police	C,D,6	7	63.3	2,163	7	62.3	2,126
4091	1148	Cumberland Rescue	C,D	3	48.1	1,404	3	47.1	1,369
4093	1635	Woonsocket Fire	C,D	5	38.9	2,410	5	37.9	2,347
4094	1015	Bristol Fire	D	1	58.9	1,019	1	57.9	1,019
4095	1135	Cumberland Hill Fire	C,D	7	53.5	2,016	6	54.6	2,292
4096	1014	Bristol Police	C,D	---	---	---	---	---	---
4098	1095	Coventry Fire	D	4	51.2	1,907	4	50.2	1,907
4099	1505	South Kingstown EMT	C,D	---	---	---	---	---	---
4101	1365	North Cumberland	C,D	3	52.2	2,135	4	48.0	1,714
4102	1045 1235 15	Central Coventry Fire	C,D	8	55.9	2,105	7	55.8	2,003
4103	1255	Hopkins Hill Fire	C,D	---	---	---	---	---	---
4104	1114	Cranston Police	C,D,4	6	46.5	3,560	5	43.9	3,367
4105	1115	Cranston Fire	C,D,4	2	45.9	3,212	1	44.3	3,561
4106	1125	Cumberland Fire	B,D	6	58.4	2,352	5	59.5	2,184
4107	1305	Lincoln Rescue	C	4	48.9	2,146	3	49.9	2,024
4108	1344	New Shoreham Police	B,D	2	47.2	2,904	2	46.2	2,825
4109	1324	Middletown Police & Fire	C,D	---	---	---	---	---	---
4110	1715	Harrisville Fire District	C,D	---	---	---	---	---	---
4111	1705	Albion Fire District	C	1	66.1	1,717	1	65.1	1,671
All Police & Fire Units				444	59.3	\$2,159	417	59.8	\$2,041
All MERS Units				4,174	71.7	\$1,112	4,130	71.7	\$1,056

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2007 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



**Distribution of Active Members by Age and by Years of Service (State Police)
As of 06/30/2008**

Attained Age	Years of Credited Service												Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.
Under 25	0 \$0	0 \$0	0 \$0	1 \$75,463	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$75,463
25-29	0 \$0	0 \$0	0 \$0	10 \$75,463	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	10 \$75,463
30-34	0 \$0	0 \$0	0 \$0	11 \$76,481	0 \$0	5 \$86,656	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	16 \$79,661
35-39	0 \$0	0 \$0	0 \$0	11 \$76,204	0 \$0	8 \$87,058	21 \$89,777	4 \$105,905	0 \$0	0 \$0	0 \$0	0 \$0	44 \$87,355
40-44	0 \$0	0 \$0	0 \$0	1 \$75,463	0 \$0	5 \$88,036	31 \$91,018	37 \$109,369	0 \$0	0 \$0	0 \$0	0 \$0	74 \$99,782
45-49	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	2 \$87,058	7 \$91,465	18 \$110,188	0 \$0	0 \$0	0 \$0	0 \$0	27 \$103,620
50-54	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$91,989	4 \$119,225	0 \$0	0 \$0	0 \$0	0 \$0	5 \$113,778
55-59	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
60-64	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
65 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
Total	0 \$0	0 \$0	0 \$0	34 \$76,032	0 \$0	20 \$87,202	60 \$90,652	63 \$110,009	0 \$0	0 \$0	0 \$0	0 \$0	177 \$94,343

**Membership Data (State Police)**

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
	(1)	(2)
1. Active members		
a. Number	177	179
b. Number vested	0	0
c. Total payroll supplied by State (for benefits)	\$ 16,698,764	\$ 15,836,354
d. Average salary	\$ 94,343	\$ 88,471
e. Average age	39.9	38.9
f. Average service	11.6	10.6
2. Inactive members		
a. Number	2	2
3. Service retirees		
a. Number	1	1
b. Total annual benefits	\$ 76,779	\$ 75,279
c. Average annual benefit	76,779	75,279
d. Average age	69.6	68.6
4. Disabled retirees		
a. Number	3	2
b. Total annual benefits	\$ 168,225	\$ 99,579
c. Average annual benefit	56,075	49,790
d. Average age	42.4	40.9
5. Beneficiaries and spouses		
a. Number	0	0
b. Total annual benefits	\$ -	\$ -
c. Average annual benefit	N/A	N/A
d. Average age	N/A	N/A

EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND



**Historical Summary of Active Member Data
(State Police)**

Valuation as of June 30,	Active Members		Covered Payroll*		Average Salary*		Average Age	Average Service
	Number	Percent Increase	Amount	Percent Increase	Amount	Percent Increase		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1996	97	---	\$4,948,746	---	\$51,018	---	31.1	3.8
1997	96	-1.0%	\$5,370,985	8.5%	\$55,948	9.7%	32.2	4.8
1998	130	35.4%	\$7,211,874	34.3%	\$55,476	-0.8%	32.3	4.4
1999	130	0.0%	\$7,502,433	4.0%	\$57,711	4.0%	33.3	5.4
2000	152	16.9%	\$8,916,914	18.9%	\$58,664	1.7%	33.7	5.5
2001	151	-0.7%	\$9,139,418	2.5%	\$60,526	3.2%	34.7	6.6
2002	150	-0.7%	\$10,933,360	19.6%	\$72,889	20.4%	35.5	7.5
2003	150	0.0%	\$11,286,365	3.2%	\$75,242	3.2%	36.6	8.4
2004	148	-1.3%	\$11,421,880	1.2%	\$77,175	2.6%	37.6	9.5
2005	181	22.3%	\$13,225,400	15.8%	\$73,069	-5.3%	36.9	8.6
2006	179	-1.1%	\$13,474,588	1.9%	\$75,277	3.0%	37.9	9.6
2007	179	0.0%	\$15,836,354	17.5%	\$88,471	17.5%	38.9	10.6
2008	177	-1.1%	\$16,698,764	5.4%	\$94,343	6.6%	39.9	11.6

*Based on salary used for benefits

**Distribution of Active Members by Age and by Years of Service (Judges)
As of 06/30/2008**

Attained Age	Years of Credited Service													Total Count & Avg. Comp.
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over		
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 30	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-34	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
35-39	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
40-44	0	0	0	1	0	0	0	0	0	0	0	0	0	1
	\$0	\$0	\$0	\$132,062	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$132,062
45-49	0	0	0	0	0	1	0	0	0	0	0	0	0	1
	\$0	\$0	\$0	\$0	\$0	\$135,082	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$135,082
50-54	1	0	0	1	1	5	2	3	0	0	0	0	0	13
	\$161,224	\$0	\$0	\$138,665	\$167,602	\$145,554	\$151,959	\$157,009	\$0	\$0	\$0	\$0	\$0	\$151,554
55-59	0	1	0	0	0	2	1	5	0	0	0	0	0	9
	\$0	\$144,073	\$0	\$0	\$0	\$147,503	\$161,092	\$170,708	\$0	\$0	\$0	\$0	\$0	\$161,523
60-64	0	0	0	0	1	3	2	2	0	0	0	0	0	8
	\$0	\$0	\$0	\$0	\$144,073	\$155,416	\$153,465	\$156,483	\$0	\$0	\$0	\$0	\$0	\$153,777
65-69	0	0	0	1	1	2	3	0	0	0	0	0	0	7
	\$0	\$0	\$0	\$152,403	\$138,665	\$141,369	\$53,991	\$0	\$0	\$0	\$0	\$0	\$0	\$105,111
70 & Over	0	0	0	0	0	0	4	0	0	0	0	0	0	4
	\$0	\$0	\$0	\$0	\$0	\$0	\$236,208	\$0	\$0	\$0	\$0	\$0	\$0	\$236,208
Total	1	1	0	3	3	13	12	10	0	0	0	0	0	43
	\$161,224	\$144,073	\$0	\$141,043	\$150,113	\$146,680	\$156,562	\$163,753	\$0	\$0	\$0	\$0	\$0	\$153,532

**Membership Data (State Judges)**

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
	(1)	(2)
1. Active members		
a. Number	43	44
b. Number vested	7	8
c. Total annualized payroll supplied by State	\$ 6,601,889	\$ 6,451,666
d. Average salary	\$ 153,532	\$ 146,629
e. Average age	59.4	59.0
f. Average service	10.4	9.8
2. Inactive members		
a. Number	0	0
3. Service retirees		
a. Number	4	2
b. Total annual benefits	\$ 494,346	\$ 220,855
c. Average annual benefit	\$ 123,587	110,427
d. Average age	71.4	72.2
4. Disabled retirees		
a. Number	0	0
b. Total annual benefits	\$ -	\$ -
c. Average annual benefit	N/A	N/A
d. Average age	N/A	N/A
5. Beneficiaries and spouses		
a. Number	3	3
b. Total annual benefits	\$ 142,677	\$ 141,085
c. Average annual benefit	\$ 47,559	\$ 47,028
d. Average age	73.0	72.0



Historical Summary of Active Member Data (State Judges)

Valuation as of June 30,	Active Members		Covered Payroll		Average Salary		Average Age	Average Service
	Number	Percent Increase	Amount	Percent Increase	Amount	Percent Increase		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1996	27	---	\$ 2,596,860	---	\$ 96,180	---	51.5	3.2
1997	28	3.7%	2,815,218	8.4%	100,544	4.5%	53.0	4.1
1998	29	3.6%	3,039,957	8.0%	104,826	4.3%	54.0	4.9
1999	29	0.0%	3,169,183	4.3%	109,282	4.3%	55.0	5.9
2000	31	6.9%	3,533,354	11.5%	113,979	4.3%	55.9	6.5
2001	35	12.9%	4,092,423	15.8%	116,926	2.6%	55.4	6.4
2002	39	11.4%	4,738,059	15.8%	121,489	3.9%	55.6	7.5
2003	42	7.7%	5,303,153	11.9%	126,266	3.9%	55.8	7.6
2004	44	4.8%	5,637,865	6.3%	128,133	1.5%	56.9	8.2
2005	44	0.0%	5,684,585	0.8%	129,195	0.8%	58.3	8.4
2006	45	2.3%	6,313,069	11.1%	140,290	8.6%	58.3	9.0
2007	44	-2.2%	6,451,666	2.2%	146,629	4.5%	59.0	9.8
2008	43	-2.3%	6,601,889	2.3%	153,532	4.7%	59.4	10.4