

Annual Financial Report

for the fiscal year ending June 30, 2005

Honorable Paul J. Tavares, General Treasurer



Employees Retirement System of Rhode Island

40 Fountain St. 1st Floor

Providence RI 02903

(401) 222-2203

FAX (401) 222-2430

www.ersri.org

email: ersri@ersri.org

Table of Contents

INTRODUCTORY SECTION

Transmittal	6
Employees' Retirement Board of Rhode Island	7
Employees' Retirement System of Rhode Island Administration	7
State Investment Commission	7
Organizational Chart	8
General Treasurer's Letter	9-11
Significant Retirement Legislation	12

FINANCIAL SECTION

Independent Auditor's Report	14-15
Management's Discussion and Analysis	16-19
Statements of Fiduciary Net Assets	20
Statements of Changes in Fiduciary Net Assets	21
Notes to Financial Statements	22-34
Schedules of Funding Progress	35
Schedules of Contributions from the Employers and Other Contributing Entity	36
Notes to Required Supplementary Schedules	37-38
Independent Auditor's Report on Compliance and on the Internal Control	39-40

EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL INFORMATION

Certificate of Actuarial Valuation	42-44
Summary of Actuarial Valuation Results	45-46
Contribution Rates	47-49
Summary of Actuarial Methods Assumptions	50-58
Summary of Benefit Provisions	58-61
Summary of Plan Net Assets	62
Reconciliation of Plan Net Assets	63
Analysis of Change in Employer Cost	64

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM ACTUARIAL INFORMATION

Certificate of Actuarial Valuation 65-68

GASB 25 and Funding Process 69

Contribution Rates 71-73

Comparison of Employer Contribution Rates 74-76

Components Used in Determining Contribution Rates 77-79

Explanation of Rate Changes 80-82

Schedules of Funding Progress 83-85

Asset Values 86-88

Summary of Actuarial Methods Assumptions 89-94

Summary of Benefit Provisions 95-98

STATE POLICE RETIREMENT BENEFITS TRUST ACTUARIAL INFORMATION

Certificate of Actuarial Valuation 100-102

Summary of Actuarial Valuation Results 103

Summary of Actuarial Methods Assumptions 104-106

Summary of Benefit Provisions 107-108

Summary of Plan Net Assets 109

Reconciliation of Plan Net Assets, and Analysis of Change in Employer Cost 110

JUDICIAL RETIREMENT BENEFITS TRUST ACTUARIAL INFORMATION

Certificate of Actuarial Valuation 112-114

Summary of Actuarial Valuation Results 115

Summary of Actuarial Methods Assumptions 116-117

Summary of Benefit Provisions 115-116

Summary of Plan Net Assets 118-119

Reconciliation of Plan Net Asssets, and Analysis of Change in Employer Cost..... 120

STATISTICAL INFORMATION

Employees' Retirement System Statistics

Distribution of Active Members by Age and Years of Service (Teachers)	123
Membership Data (Teachers)	124
Distribution of Active Members by Age and by Years of Service (State Employees)	125
Membership Data (State Employees)	126
Historical Summary of Active Member Data	127

Municipal Employees Retirement System

Active Member Statistic	128-130
Distribution of Active Members by Age and by Years of Service (General Employees)	131
Distribution of Active Members by Age and by Years of Service (Police & Fire)	132
Retired Member Statistics	133-135

State Police Retirement Benefits Trust

Distribution of Active Members by Age and by Years of Service (State Police)	136
Membership Data (State Police), and Historical Summary of Active Member Data	137

Judicial Retirement Benefits Trust

Distribution of Active Members by Age and by Years of Service (Judges)	138
Membership Data (Judges), and Historical Summary of Active Member Data	139

EMPLOYEES RETIREMENT SYSTEM OF RHODE ISLAND

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 Chapters 8 to 10, inclusive, of this title. The retirement system so created shall begin operation 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
State House
Providence, Rhode Island 02903

Dear Governor Carcieri:

In accordance with Rhode Island General Laws, 36-8-8 and 45-21-34, enclosed is the Sixty-ninth Annual Financial Report of the *Employees' Retirement System* and the Forty-seventh 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, 2005.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul J. Tavares".

Paul J. Tavares, General Treasurer & Chairman of the Board
Employees Retirement System of Rhode Island



Employees Retirement Board

Paul J. Tavares, *Chairperson, General Treasurer*
 William B. Finelli, *Vice-Chairperson, Teacher Representative*
C.L.U., Public Representative (vacant)
 Daniel L. Beardsley, *Rhode Island League of Cities and Towns*
 John J. Meehan, *State Employee Representative*
 Rosemary Booth Gallogly, *State Budget Officer/Executive Director*
 Michael R. Boyce, *Retired Member Representative*
 John P. Maguire, *Teacher Representative*
 Louis M. Prata, *Municipal Representative*
 Linda C. Riendeau, *State Employee Representative*
 Jerome F. Williams, *Department of Administration, Designee*
 James P. Yancy, *Public Representative*
(additionally, three vacant positions)

Employees' Retirement System of Rhode Island Administration

Frank J. Karpinski, *Executive Director*
 Diane S. Bourne, *Assistant Executive Director*
 Octavio F. Cunha, *Assistant Director - Member Services*
 William E. O'Gara, Esq., *Board Counsel*

State Investment Commission

Paul J. Tavares, *Chairperson, General Treasurer*
 Rosemary Booth Gallogly, *Director of Administration's Designee*
 J. Michael Costello, *Governor's Appointee*
 Senator Daniel DaPonte, *Senate Finance Committee Designee*
 Dr. Robert J. McKenna, *Higher Education Assistance Authority Chairman*
 Marcia Reback, *General Treasurer's Appointee*
 James E. Thorsen, *Governor's Appointee*
 Mr. 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.

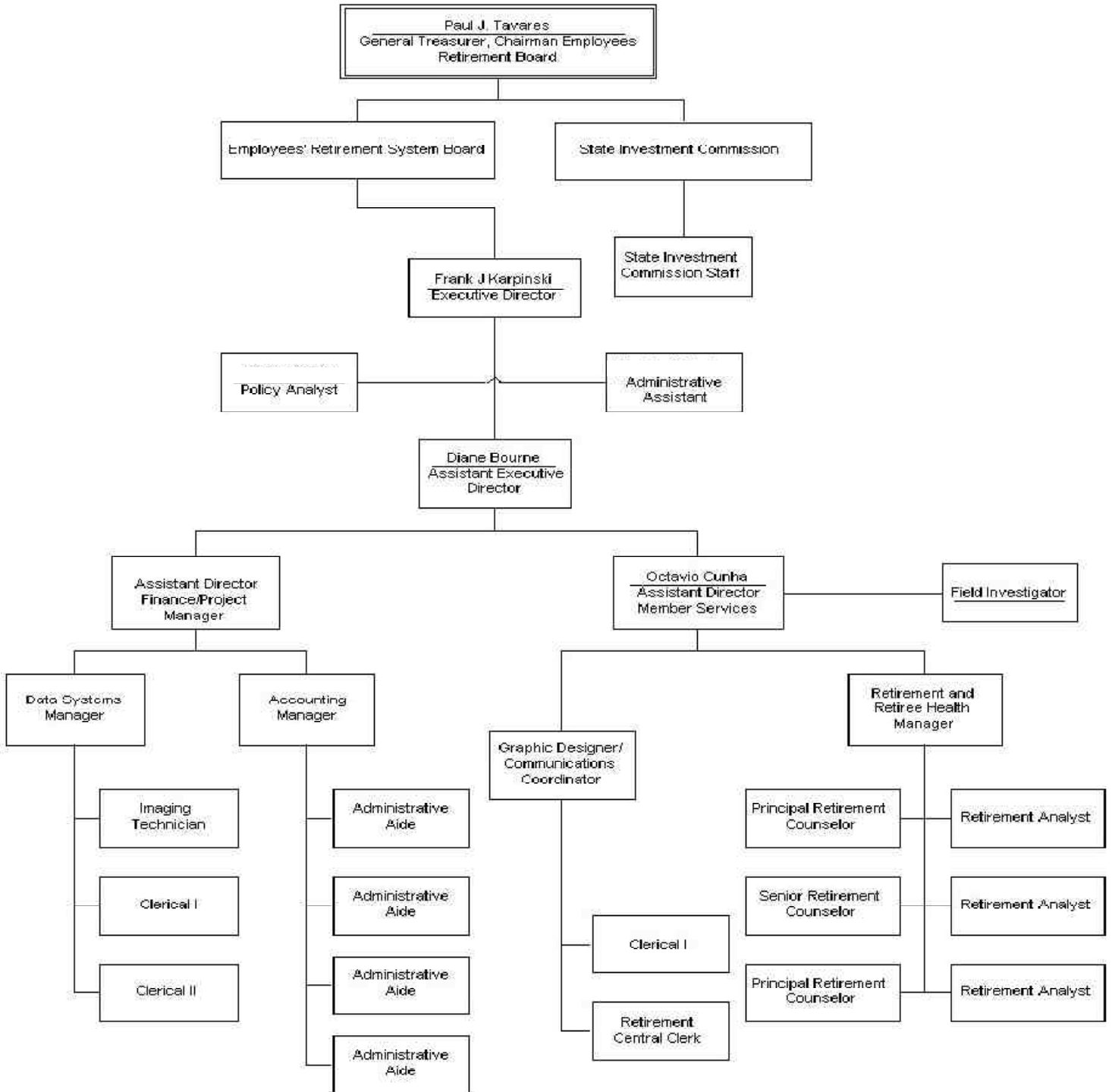
Joan M. Caine, CFA, *Deputy Treasurer for Finance*

Wilshire Associates, Inc., *Consultant to State Investment Commission*

State Street Bank and Trust, *ERSRI and MERS Custodian Bank*



Employees Retirement System of Rhode Island Organizational Chart





Dear Governor Carcieri and Members of the Rhode Island General Assembly:

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, 2005. 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 2005 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 financial statements are due prior to the completion of the 2005 Actuarial Valuation, the notes to the financial statements reflect the most current actuarial valuation for 2004.

Gabriel, Roeder, Smith & Company (GRS) serves as the system's actuary. Thus, the report concludes with GRS's June 30, 2005 actuarial valuation of our system.

Membership

As of June 30, 2005, active membership in the Employees' and Municipal Employees' Retirement System totaled 35,511. There are currently 44 judges contributing to the Judicial Retirement Plan and 181 state police contributing to the State Police Retirement Plan. A total of 22,388 retirees 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 2005 included \$ 363,400,160 in contributions from employers and employees and a net investment gain of \$ 708,259,263. 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 2005 were \$ 564,575,861.

Administrative expenses of the retirement system and the cost of maintaining 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 .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, 2005 amounted to \$6,451,288.

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 retirees, 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.

As of June 30, 2005, ERSRI was 56.3% funded for state employees, a decrease of 5.9% from the prior year. The funded ratio for teachers for June 30, 2005 was 55.4%, a decrease of 7.0% from the prior year. The Judicial Retirement Benefits Trust (JRBT) was 87.0% funded, an increase of 15.7% over the previous year while the State Police Retirement Benefits Trust (SPRBT) was 79.0% funded, an increase of 4.1% over the previous year. 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 83-85 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. In addition to the General Treasurer who serves as Chairperson, members of the SIC include the director of administration, ex officio, or any assistant director of administration as his or her designee, who shall act as secretary, the chairperson of the finance committee of the senate, or any senator as his designee, the chairperson of the finance committee of the house of representatives, ex officio, or his or her designee, the chairperson of the higher education assistance authority, ex officio, or his or her designee, an active 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, and three (3) members to be appointed by the governor, each for a term of three (3) years and until his or her successor is appointed and qualified. Wilshire Associates of Pittsburgh, Pennsylvania, serves as investment consultant to the State Investment Commission. State Street Bank and Trust of Boston, Massachusetts, serves as the pension fund custodian.

Professional Services

W. Michael Carter of Gabriel, Roeder, Smith & Company provides actuarial services to the retirement system while William E. O'Gara, Esquire, of the law firm Pannone, Lopes & Devereaux, Providence, 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 Sub-Committee, 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

An annual statement of account for the period ending December 31, 2005 was mailed to each active member in June, 2006. The statement provides to each member an accounting of the amount of his/her contributions credited to his/her account along with a summary of this financial report. 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 our 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.

A handwritten signature in black ink, appearing to read "Paul J. Tavares".

General Treasurer Paul J. Tavares, Chairman of the Board
and Members of the Retirement Board
Employees Retirement System of Rhode Island



2005 RETIREMENT LEGISLATION

A major benefit change was enacted by the General Assembly during 2005. The legislation modified benefits for State Employees and Teachers only. Below is a summary of the relevant legislation.

H5270 Article 7 Substitute A as amended

This law modifies benefits under ERSRI (State and Teachers only) for new members hired in the future and for current members who have less than 10 years of contributory service on or before July 1, 2005. We will refer to these as schedule B members.

All other members, including current active members who have at least ten years of contributory service on or before July 1, 2005, inactive vested members who have more than ten years of contributory service, and all current retirees, will be called schedule A members. H5270 Article 7 does not change any of the provisions of ERSRI for schedule A members.

For schedule B members, the following changes are made:

New retirement eligibility requirements: Unreduced retirement available at age 59 & 29 years of service; unreduced retirement available at age 65 and 10 years of service; actuarially reduced retirement available at age 55 and 20 years of service.

Actuarial Early Retirement Factors			
Age	Age Factor	Age	Age Factor
64	89.3%	59	52.2%
63	79.9%	58	47.1%
62	71.6%	57	42.5%
61	64.3%	56	38.5%
60	57.9%	55	34.9%

New formula - SCHEDULE B

Years of Service	Percentage Allowance
1st through 10th inclusive	1.60%
11th through 20th inclusive	1.80%
21st through 25th inclusive	2.0%
26th through 30th inclusive	2.25%
31st through 37th inclusive	2.50%
38th	2.25%

Maximum service now 38 years versus schedule A at 35 years.

New COLA amount: CPI-related, maximum of 3.00%; COLA for disabled retirees unchanged (3.00% fixed)

New COLA start date: Third anniversary of retirement; no change for disabled retirees.

Elimination of SRA-Plus option (Social Security Option) for schedule B members only

Contributions re-invest provision

- Any year in which the actuarially required employer contributions to the system are lower than the year before.
- Governor shall take 20% of rate reduction and appropriate to pension fund
- Actuary shall not adjust required year contribution for reduction. 20% shall be in addition to required contribution and serve to reduce UAAL.

**EMPLOYEES RETIREMENT SYSTEM
OF RHODE ISLAND**

FINANCIAL SECTION

FINANCIAL SECTION



ERNEST A. ALMONTE, CPA, CFE
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 Employees' Retirement System of the State of Rhode Island (the System) as of June 30, 2005 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 opinion.

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, 2005, 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, 2005, 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.

The System implemented Governmental Accounting Standards Board Statement No. 40 - *Deposit and Investment Risk Disclosures* during fiscal 2005.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 27, 2006 on our consideration of the System's internal control over financial reporting and 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 3 and the Schedules of Funding Progress and the Schedules of Contributions from the Employers and Other Contributing Entity on pages 28 and 29 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.



Ernest A. Almonte, CPA, CFE
Auditor General

January 27, 2006



Management of the Employees' Retirement System (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, 2005. 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 are each separate plans. The *Statements of Fiduciary Net Assets* provide a snapshot of the financial position of the System at June 30, 2005. 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.

Financial Highlights for the Fiscal Year Ended June 30, 2005

- The System's fiduciary net assets increased by \$489.9 million from \$6.2 billion at June 30, 2004 to \$6.7 billion at June 30, 2005.
- Total pension benefits paid to members were \$564.6 million, an increase of \$44.9 million or 8.65% compared to the fiscal year ended June 30, 2004.
- Total employee and employer contributions into the System's plans increased \$21 million compared to the prior year. Total contributions from both employers and employees were \$363 million.
- The system incurred a net gain from investing activities of \$708 million for the fiscal year ended June 30, 2005. Included in this amount is \$2.0 million in securities lending income.

**Assets, Liabilities and Fiduciary Net Assets
(in millions)**

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Assets:		
Cash and cash equivalents	\$ 4.6	\$ 9.5
Investments	6,700.1	6,193.8
Contributions receivable	38.2	49.7
Due from other plans	1.6	24.8
Invested securities lending collateral	1,010.6	806.5
Property and equipment	<u>13.3</u>	<u>14.5</u>
Total assets	7,768.4	7,098.8
Liabilities:		
Accounts payable	6.4	7.6
Due to other plans	1.6	24.8
Securities lending liability	<u>1,010.6</u>	<u>806.5</u>
Total liabilities	1,018.6	838.9
Net assets:	<u>\$ 6,749.8</u>	<u>\$ 6,259.9</u>



**Summary of Changes in Fiduciary Net Assets
(in millions)**

	<u>Year Ended June 30, 2005</u>	<u>Year Ended June 30, 2004</u>
Additions:		
Contributions	\$ 363.4	\$ 342.3
Net investment gain	708.3	1,010.2
Total Additions	1,071.7	1,352.5
Deductions:		
Benefits	564.6	591.5
Refunds of contributions	10.7	7.9
Administrative expenses	6.5	5.5
Total Deductions	581.8	532.9
Increase in Fiduciary Net Assets:	\$ 489.9	\$ 819.6
Net Assets:		
Beginning of year	<u>6,259.9</u>	<u>5,440.3</u>
End of year	<u>\$ 6,749.8</u>	<u>\$ 6,259.9</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 during fiscal year 2005.

Fiscal 2005 – Asset Allocation Targets

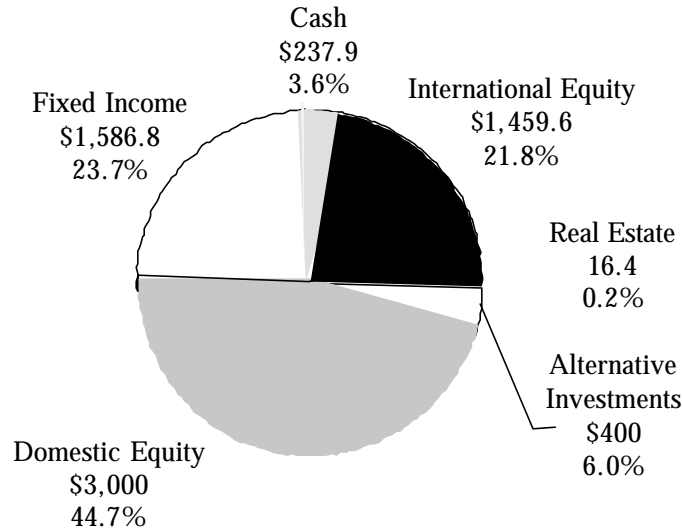
Domestic Equity	42.5%
International Equity	20.0%
Fixed Income	25.0%
Alternative Investments	7.5%
Real Estate (1)	5.0%

(1) The real estate allocation was established in January 2003. The majority of this allocation was invested at June 30, 2005 in the domestic and international equities portfolios, which will fund approved real estate investments over time.



Asset Allocation - Actual

Fair market value (in millions) at June 30, 2005



The domestic equity component includes a commingled fund, which holds fixed income securities as part of an enhanced index portfolio benchmarked to the S&P 500.

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, 2005 were 12.2%, 11.6% and 2.5%, respectively.

The international equity markets once again outperformed the U.S. equity markets during fiscal year 2005 with the Morgan Stanley Capital Investment All Country World Index (MSCI ACWI) posting a 16.9% return and the Dow Jones Wilshire 5000 Index returning 8.2% for the fiscal year ended June 30, 2005. The U.S. economy continued to demonstrate resiliency in the face of rising energy prices and higher short-term interest rates. The Federal Reserve persisted with a series of rate hikes since their initial increase last June and proceeded to raise the Fed Funds rate for the ninth time in 12 months to 3.25% on June 30th. Corporate profits continued to expand, albeit at slower rate. The bond market provided a solid return of 6.8% as measured by the Lehman Aggregate Index.

For the fiscal year ended June 30, 2005 the domestic equity portfolio was up 9.2% (vs. 6.3% for the S&P 500), the international portfolio posted a 19.0% return (vs. 16.9% for the MSCI ACWI ex US) and the fixed income composite returned 8.3% (vs. 6.8% for the Lehman Aggregate). The private equity portfolio realized a gain of 24.3% on a time-weighted total return basis for fiscal 2005 and a 41.9% internal rate of return. Since inception, the private equity composite has generated an internal rate of return of 16.0%.

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, 2004), the funded ratio decreased to 59.6% for State Employees and 59.3% for Teachers within the Employees Retirement System plan. The Judges and State Police plans experienced increases in the funding ratios to 73.3% and 75.8%, respectively. The Municipal Employees Retirement System Plan's funded ratio declined with an overall ratio of 93.2%.

During the 2005 legislative session, a law was enacted which modifies benefits under the ERS plan (State and Teachers only) for new members hired in the future and for current members who have less than 10 years of contributory service on or before July 1, 2005. The law established a new tier of benefits and new retirement eligibility requirements as follows:

- Unreduced retirement available at age 59 and 29 years of service;
- Unreduced retirement available at age 65 and 10 years of service;
- Actuarially reduced retirement available at age 55 and 20 years of service; and
- CPI-related cost-of-living adjustments up to a maximum of 3.00%

In addition, the law established a contribution re-invest provision in which any year the actuarially required employer contributions to the plan are lower than the year before, the Governor shall take 20% of the rate reduction and appropriate it to the pension fund. The actuary shall not adjust required annual contribution for the reduction; the 20% shall be in addition to required contribution and serve to reduce UAAL.

Details of the funded status of each plan within the System are included in the Schedules of Funding Progress on page 33. The law caused the ERS plan funding ratios and contribution rates to be restated as of the June 30, 2003 valuation.

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

Economic Factors and Next Year's Contribution Rates

The System's investment portfolio experienced positive returns subsequent to June 30, 2005 consistent with the overall performance of domestic and international equity markets.

Employer contribution rates for fiscal 2006 increased for State employees (11.51% for fiscal 2005 compared to 14.84% for fiscal 2006), teachers (14.84% for fiscal 2005 compared to 16.87% for fiscal 2006), state police (28.87% for fiscal 2005 compared to 31.35% for fiscal 2006). Employer contribution rates decreased for judges (36.19% for fiscal 2005 compared to 35.51% for fiscal 2006). The fiscal 2006 employer contribution rates are based upon an actuarial valuation performed at June 30, 2003 (subsequently revised to reflect the provisions of pension reform legislation enacted during the 2005 General Assembly session).

Contacting the Employees' Retirement 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
June 30, 2005

	<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)	\$ 3,995,714	\$ 189,895	\$ 261,238	\$ 174,550	\$ 4,621,397
Receivables					
Contributions	20,114,762	2,918,918	27,547	17,901	23,079,128
Due from State for teachers	11,201,737	-	-	-	11,201,737
Due from other plans	1,255,196	337,571	-	-	1,592,767
Other	3,793,681	89,446	-	-	3,883,127
Total receivables	<u>36,365,376</u>	<u>3,345,935</u>	<u>27,547</u>	<u>17,901</u>	<u>39,756,759</u>
Investments at fair value (Note 3)					
Equity in short-term investment fund	15,684,243	2,925,768	-	-	18,610,011
Equity in pooled trust	5,710,023,956	905,644,193	30,170,794	19,699,922	6,665,538,865
Plan specific investments	15,984,408	-	-	-	15,984,408
Total investments before lending activities	<u>5,741,692,607</u>	<u>908,569,961</u>	<u>30,170,794</u>	<u>19,699,922</u>	<u>6,700,133,284</u>
Invested securities lending collateral (Note 3)	865,728,536	137,323,108	4,575,730	2,987,786	1,010,615,160
Property and equipment at cost, (net of accumulated depreciation \$5,671,528- Note 4)	11,580,054	1,706,648	30,132	19,399	13,336,233
Total Assets	<u>6,659,362,287</u>	<u>1,051,135,547</u>	<u>35,065,441</u>	<u>22,899,558</u>	<u>7,768,462,833</u>
Liabilities					
Securities lending liability (Note 3)	865,728,536	137,323,108	4,575,730	2,987,786	1,010,615,160
Accounts payable	5,459,215	922,227	31,745	19,263	6,432,450
Due to other plans	337,571	1,255,196	-	-	1,592,767
Total Liabilities	<u>871,525,322</u>	<u>139,500,531</u>	<u>4,607,475</u>	<u>3,007,049</u>	<u>1,018,640,377</u>
Net assets held in trust for pension benefits (A schedule of funding progress for each plan is presented on page 35.)	<u>\$ 5,787,836,965</u>	<u>\$,911,635,016</u>	<u>\$ 30,457,966</u>	<u>\$ 19,892,509</u>	<u>\$ 6,749,822,456</u>

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



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Statements of Changes In Fiduciary Net Assets
Fiscal Year ended June 30, 2005

	<u>ERS</u>	<u>MERS</u>	<u>SPRBT</u>	<u>JRBT</u>	<i>Total</i> <i>(Memorandum Only)</i>
Additions					
Contributions					
Member contributions	\$ 133,294,091	\$ 19,779,470	\$ 792,410	\$ 497,233	\$ 154,363,204
Employer contributions	140,881,246	13,081,956	2,614,503	2,056,558	158,634,263
State contributions for teachers	48,834,755	-	-	-	48,834,755
Interest on service credits purchased	1,391,578	176,360	-	-	1,567,938
Total contributions	<u>324,401,670</u>	<u>33,037,786</u>	<u>3,406,913</u>	<u>2,553,791</u>	<u>363,400,160</u>
Investment Income					
Net appreciation in fair value of investments	445,390,429	68,870,488	1,901,009	1,239,283	517,401,209
Interest	72,947,298	11,386,185	356,901	232,472	84,922,856
Dividends	59,764,073	9,426,245	299,668	195,160	69,685,146
Other investment income	48,286,390	7,582,482	234,557	152,390	56,255,819
	<u>626,388,190</u>	<u>97,265,400</u>	<u>2,792,135</u>	<u>1,819,305</u>	<u>728,265,030</u>
Less investment expense	<u>(18,961,066)</u>	<u>(2,876,908)</u>	<u>(92,301)</u>	<u>(60,478)</u>	<u>(21,990,753)</u>
Net investment income	907,427,124	94,388,492	2,699,834	1,758,827	706,274,277
Securities lending					
Securities lending income	17,542,062	2,782,547	92,717	60,541	20,477,867
Less securities lending expense	<u>(15,841,653)</u>	<u>(2,512,826)</u>	<u>(83,730)</u>	<u>(54,672)</u>	<u>(18,492,881)</u>
Net securities lending income	1,700,409	269,721	8,987	5,869	1,984,986
Total net investment income	<u>609,127,533</u>	<u>94,658,213</u>	<u>2,708,821</u>	<u>1,764,696</u>	<u>708,259,263</u>
Miscellaneous revenue	24,177	3,643	11	-	27,831
Total Additions	<u>933,553,380</u>	<u>127,699,642</u>	<u>6,115,745</u>	<u>4,318,487</u>	<u>1,071,687,254</u>
Deductions					
Benefits					
Retirement benefits	393,869,008	37,245,018	111,260	145,209	431,370,495
Cost of living adjustments	96,152,765	5,176,264	3,000	7,706	101,339,735
SRA Plus Option	26,419,588	1,291,440	-	-	27,711,028
Supplemental benefits	1,067,269	-	-	-	1,067,269
Death benefits	2,562,934	524,400	-	-	3,087,334
Total benefits	<u>520,071,564</u>	<u>44,237,122</u>	<u>114,260</u>	<u>152,915</u>	<u>564,575,861</u>
Refund of contributions	9,158,016	1,481,183	-	91,431	10,730,630
Administrative expense	5,390,317	995,617	39,509	25,845	6,451,288
Total Deductions	<u>534,619,897</u>	<u>46,713,922</u>	<u>153,769</u>	<u>270,191</u>	<u>581,757,779</u>
Net Increase	398,933,483	80,985,720	5,961,976	4,048,296	489,929,475
Net assets held in trust for pension benefits					
Beginning of year	5,388,903,482	830,649,296	24,495,990	15,844,213	6,259,892,981
End of year	<u>\$ 5,787,836,965</u>	<u>\$ 911,635,016</u>	<u>\$ 30,457,966</u>	<u>\$ 19,892,509</u>	<u>\$ 6,749,822,456</u>

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



NOTES TO FINANCIAL STATEMENTS

1. Plan Descriptions

(a.) General

The Employees' Retirement System 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:

<u>Plan Name</u>	<u>Type of Plan</u>
Employees' Retirement System (<i>ERS</i>)	Cost-sharing multiple-employer defined benefit plan
Municipal Employees' Retirement System (<i>MERS</i>)	Agent multiple-employer defined benefit plan
State Police Retirement Benefits Trust (<i>SPRBT</i>)	Single-employer defined benefit plan
Judicial Retirement Benefits Trust (<i>JRBT</i>)	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 consists of 15 members: the general treasurer; the director of administration or his or her designee; the budget officer or his or her designee; the fiscal advisor to the house finance committee or his or her designee; 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; one retired member of the retirement system to be elected by retired members of the System; the chairperson of the house finance committee or his or her designee; the chairperson of the senate finance committee or his or her designee; and two (2) public representatives, one of whom shall be a C.L.U. competent in the area of pension benefits, shall be appointed by the governor and whose term shall be for four (4) years, or until their successors are appointed. Due to legislation know as the "Separation of Powers Act", legislative members are not active board members and the Board has not been legislatively reconstituted.

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



A summary of membership in the plans as of the June 30, 2004 actuarial valuation is listed below:

	<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	9,674	2,158	8,519	4,438	24,789
Teachers	8,179	1,836	7,001	7,555	24,571
<u>MERS</u>					
General Employees	3,419	1,719	2,821	4,245	12,204
Public Safety	346	65	602	633	1,646
<u>SPRBT</u>	1	1	-	148	150
<u>JRBT</u>	2	-	4	40	46
<i>Total by type</i>	21,621	5,779	18,947	17,059	63,406

(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 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 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.

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. 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.

Effective July 1, 2005, the law was amended to modify benefits under the ERS plan (State and Teachers only) for new members hired in the future and for current members who have less than 10 years of contributory service on or before July 1, 2005. These members are referred to as Schedule B members. 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.

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 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 benefits are payable following the decease 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:

<u>Highest Annual Salary</u>	<u>Spousal Monthly Minimum Benefit</u>
\$17,000 or less	\$750
\$17,001 to \$25,000	\$875
\$25,001 to \$33,000	\$1,000
\$33,001 to \$40,000	\$1,125
\$40,001 and over	\$1,250



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.	68
Municipal police and fire departments.	<u>46</u>
Total participating units as of June 30, 2004	<u><u>114</u></u>

(3) *State Police Retirement Benefits Trust (SPRBT)*

The State Police Retirement Benefits Trust was established under Rhode Island General Laws 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.



(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.

The plan generally provides 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. On the third January after the date of retirement, a cost-of-living increase amounting to 3% not compounded 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 due. 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.

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 and domestic and international stocks are generally based on published market prices and quotations from national security exchanges and securities pricing services. Real estate is primarily valued on appraisals by independent appraisers or as adjusted by the general partner. Other securities and investments that are not traded on a national security exchange are valued by the respective fund manager. Commingled funds consist primarily of institutional equity index funds. 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 stated at cost which approximates fair value. Other investments that are not traded on a national security exchange are valued based on audited December 31 net asset values adjusted for purchases, sales, and cash flows for the period January 1 to June 30.



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 respectfully. Depreciation of the Line of Business System commences as each stage is implemented. Property, plant 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.

Adoption of New Accounting Standard

The System implemented Governmental Accounting Standards Board Statement No. 40 - *Deposit and Investment Risk Disclosures* during fiscal 2005.

3. Cash Deposits and Investments

(a.) Cash Deposits and Cash Equivalents

At June 30, 2004, the carrying amounts of the plans’ cash deposits, including cash overdrafts, are listed below:

	<u>ERS</u>	<u>MERS</u>	<u>SPRBT</u>	<u>JRBT</u>
<i>Book balance</i>	\$ 3,995,714	\$ 189,895	\$ 261,238	\$ 174,550
<i>Bank balance</i>	\$ 3,820,845	\$ 538,445	\$ 262,756	\$ 175,587

The bank balances represent the plans’ deposits in short-term trust accounts that are covered by federal depository insurance. At the end of each business day, the excess bank balances are invested in overnight repurchase agreements. The book and bank balances include fully collateralized deposits of \$99,151 and overnight repurchase agreements of \$1,179,382 which werre fully collateralized.

In accordance with Rhode Island General Laws, 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, 2005.



(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 Laws, 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 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. Certain investments are not pooled and are held by only one plan (Plan specific investments). As of June 30, 2005, the ERS held a loan receivable with a fair value of \$15,000,000. This loan is secured by commercial real estate located in Rhode Island (see note 8 - Subsequent Events). The following table presents the fair value of investments by type at June 30, 2005:

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities	539,402,733
U.S. Government Agency Securities	415,812,970
Collateralized Mortgage Obligations	75,624,668
Corporate Bonds	508,771,403
International Corporate Bonds	47,195,265
Domestic Equity Securities	1,211,576,466
International Equity Securities	1,303,428,803
Foreign Currencies	12,758,503
Private Equity	399,941,947
Real Estate	16,350,658
Money Market Mutual Fund	237,860,402
Commingled Funds - Domestic Equity	1,788,278,914
Commingled Funds - International Equity	143,130,552
Investments at Fair Value	6,700,133,284
Securities Lending Collateral Pool	1,010,615,160
Total	<u>7,710,748,444</u>



(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 debt security manager portfolio’s effective duration against a predetermined benchmark index based on that manager’s mandate. Currently each portfolio’s duration must be within +/- 20-35% of the effective duration of the appropriate index. The fixed income indices currently used by the System are:

- Salomon Brothers Broad Investment Grade Bond Index
- Lehman US TIPS Index
- Lehman Brothers MBS Fixed Rate Index
- CS First Boston High Yield Index
- Lehman Corporate Index

At June 30, 2005, 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 durations at June 30, 2005:

Investment Type:	Fair Value	Effective Duration
U.S. Government Securities	\$ 539,402,733	5.18
U.S. Government Agency Securities	415,812,970	2.56
Collateralized Mortgage Obligations	75,624,668	2.92
Corporate Bonds	508,771,403	4.24
International Corporate Bonds	<u>47,195,265</u>	7.96
Total	<u>\$1,586,807,039</u>	4.21

The System also invested in a short-term money market mutual fund that held investments with an average maturity of 29 days. The maximum maturity of any instrument in the money market mutual fund is 13 months.

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 aggregate as U.S. Government and Agency Securities in the disclosure of custodial credit risk. 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 prepayments 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 requires its fixed income managers to maintain a well-diversified portfolios by sector, credit rating and issuer.

The System directs its investment managers to maintain diversified portfolios by sector and by 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. 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 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, 2005 is as follows:

Quality Rating¹	Collateralized Mortgage Obligations	U.S. Government Agency Securities	Corporate Bonds	International Corporate Bonds
Aaa	\$ 40,080,560	\$ 415,812,970	\$ 20,020,703	\$ 8,232,524
Aa	7,058,265		44,715,106	8,769,972
A	5,583,468		119,802,524	14,513,724
Baa	1,879,816		109,031,387	5,941,676
Ba			44,476,476	2,247,844
B			123,469,375	6,071,446
Caa			33,386,847	455,300
Ca			672,050	
Not rated	21,022,559		13,196,935	962,779
Fair Value	<u>\$ 75,624,668</u>	<u>\$ 415,812,970</u>	<u>\$ 508,771,403</u>	<u>\$ 47,195,265</u>

¹ Moody’s bond ratings

The System’s investment in a short-term money market mutual fund was unrated but held investments with an average quality rating of A-1+ / P-1.

**(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, 2005 all securities were registered in the name of the System 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.

The System's exposure to foreign currency risk at June 30, 2005, was as follows:

Currency	Currency	Equities	Fixed Income	Total
Australian Dollar	\$ 419,302	\$ 82,681,552	\$	\$ 83,100,854
Brazilian Real			4,625,000	4,625,000
Canadian Dollar	258,815	49,125,148	4,556,171	53,940,134
Danish Krone	53,927	4,156,678		4,210,605
Euro Currency	1,565,504	491,786,448	33,721,974	527,073,926
Hong Kong Dollar	155,633	26,306,854		26,462,487
Hungarian Forint	129	357,751		357,880
Indonesian Rupiah	166,696	2,176,811		2,343,507
Japanese Yen	1,606,859	256,658,123		258,264,982
Malaysian Ringitt			781,282	781,282
Mexican Peso	15,216	222,300	695,248	932,764
New Zealand Dollar	15,379	10,293,925		10,309,304
Norwegian Krone	22,456	14,616,209		14,638,665
Pound Sterling	2,616,148	250,934,267	1,998,090	255,548,505
Singapore Dollar	273,389	17,238,859		17,512,248
South African Rand	579,747	7,021,862		7,601,609
South Korean Won	1,251,662	14,293,544		15,545,206
Swedish Krona	3,507,676	18,415,703	817,500	22,740,879
Swiss Franc	249,965	54,897,946		55,147,911
New Taiwan Dollar		2,244,823		2,244,823
Total	\$ 12,758,503	\$ 1,303,428,803	\$ 47,195,265	\$ 1,363,382,571

The System also had exposure to foreign currency risk though its investment in an international commingled equity fund.



(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 mortgage-backed securities. According to investment policy guidelines, derivative type instruments may be used for hedging purposes and not for leveraging plan assets.

Forward Foreign Currency Contracts – The System may enter into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on foreign investments. 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 may use 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 total return swaps.

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 not less than 100% of the market value of the international securities on loan. In practice, U.S. equities and bonds are collateralized at 102% and international equities are collateralized at 105%. 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 for an average duration of 25 days and a weighted average maturity of 174 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 borrower or lending agent.

At June 30, 2005, 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 \$988,765,048 (fair value), and the collateral received for those securities on loan was \$1,017,104,074 (fair value).



4. Property and Equipment

Property, plant and equipment consist of the line of business system and computer equipment at historical cost. Balances at June 30, 2005 were:

	ERS	MERS	SPRBT	JRBT	Total
Line of Business System	\$ 15,868,188	\$ 2,336,400	\$ 40,254	\$ 25,922	\$ 18,270,764
Equipment	\$ 641,268	\$ 93,634	\$ 1,271	\$ 824	\$ 736,997
Total	\$ 16,509,456	\$ 2,430,034	\$ 41,525	\$ 26,746	\$ 19,007,761
Accumulated Depreciation	4,929,402	723,386	11,393	7,347	5,671,528
Net Property and Equipment	\$ 11,580,054	\$ 1,706,648	\$ 30,132	\$ 19,399	\$13,336,233

5. Contributions and Reserves

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 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 that 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 for 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.) Contributions

Employer contribution rates for fiscal 2005 were developed based on an actuarial valuation performed as of June 30, 2002. The table on the next page displays the contribution rates for the year ended June 30, 2005.



Plan	Employee	Employer
ERS		
State Employees	8.75%	11.51%
Teachers	9.50%	
<i>Municipal funded</i>		8.72% (7.99% for towns not participating in the 1990 early retirement incentive)
<i>State funded</i>		6.12% (5.62% for towns not participating in the 1990 early retirement incentive)
MERS		
General Employees	6.00% (additional 1% with a cost-of-living adjustment)	68 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 & Cranston Fire are contributing 10% due to special plan provisions.	46 Municipal police and fire departments contributed various actuarially determined rates.
SPRET	8.75%	28.87%
JRET	8.75%	36.19 %

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 shall be credited to the plans in the same proportion as their contributions to the restricted receipt account.

7. Post-Employment Health Care Benefits

In accordance with the General Laws, post-employment health care benefits are provided to State employee members of the ERS plan who retire on or after July 1, 1989. The benefits in general cover medical and hospitalization costs for pre-Medicare retirees and a Medicare supplement for Medicare eligible retirees. The State’s share of the costs of these benefits ranges from 50% for retirees with 10-15 years of service to 100% for retirees with 35 years of service. These benefits are provided on a pay-as-you-go basis and are not accounted for as part of the Employees’ Retirement System. The financial activity related to post-retirement benefits for state employees is reflected in the State’s general fund.

8. Subsequent Events

In November 2005, the System obtained title to commercial real estate located in Providence, Rhode Island as a result of bankruptcy foreclosure proceedings in the U.S. Bankruptcy Court. The System held a first lien on the commercial real estate owned by an obligor of a mortgage loan receivable held as a plan specific investment. The mortgage loan receivable is guaranteed by the Rhode Island Economic Development Corporation (RIEDC) to the extent of \$3 million. The System has requested payment of the guarantee by RIEDC. In January 2006, the System leased the premises to a corporation pursuant to a 3-year operating lease.



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)						
6/30/2004	\$ 2,202,900,345	\$ 3,694,787,818	\$ 1,491,887,473	59.6%	\$ 606,087,585	197.0%
6/30/2003 \pm	2,267,673,016	3,581,352,031	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%
6/30/2001	2,406,278,029	3,089,247,738	682,969,709	77.9%	539,015,218	126.7%
6/30/2000	2,345,319,663	2,874,905,547	529,585,884	81.6%	517,632,152	102.3%
6/30/1999*	2,201,890,748	2,607,397,329	405,506,581	84.4%	494,815,513	82.0%
ERS (Teachers)						
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 \pm	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%
6/30/2001	3,619,863,426	4,679,288,010	1,059,424,584	77.4%	748,460,527	141.5%
6/30/2000	3,514,399,312	4,359,881,262	845,481,950	80.6%	703,201,056	120.2%
6/30/1999*	3,259,015,814	3,967,529,172	708,513,358	82.1%	673,484,467	105.2%
SPRBT						
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%
6/30/2001	14,386,064	16,649,820	2,263,756	86.4%	9,139,418	24.8%
6/30/2000	11,336,596	13,917,343	2,580,747	81.5%	8,916,914	28.9%
6/30/1999*	8,480,657	10,841,544	2,360,887	78.2%	7,502,433	31.5%
JRBT						
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%
6/30/2001	9,190,325	12,026,257	2,835,932	76.4%	4,092,423	69.3%
6/30/2000	7,374,851	9,719,608	2,344,757	75.9%	3,533,354	66.4%
6/30/1999*	5,521,693	7,415,237	1,893,544	74.5%	3,169,183	59.7%
MERS						
6/30/2004	\$ 879,449,653	\$ 943,536,048	\$ 64,086,395	93.2%	\$ 285,985,220	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)%
6/30/2001	895,475,425	758,089,758	(137,385,667)	118.1%	225,827,136	(60.8)%
6/30/2000	885,392,216	710,616,311	(174,775,905)	124.6%	207,834,738	(84.1)%
6/30/1999	805,493,262	635,863,479	(169,629,783)	126.7%	191,234,546	(88.7)%

See notes to required supplementary information

* Restated numbers based on Entry Age Normal funding method

\pm Restated June 30, 2003 actuarial accrued liability due to the adoption of Article 7, Substitute A as Amended



REQUIRED SUPPLEMENTARY INFORMATION

**Schedules Of Contributions From The Employers
And Other Contributing Entity**

ERS

Fiscal Year Ended <u>June 30</u>	<u>State Employees</u>		<u>Teachers (State)</u>		<u>Teachers (Employers)</u>	
	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2005	\$ 66,087,987	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%
2002	31,801,645	100%	30,763,337	100%	44,391,050	100%
2001	44,540,998	100%	35,365,234	100%	48,153,386	100%
2000	44,353,675	100%	40,719,407	100%	57,667,528	100%

MERS

Fiscal Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2005	13,081,956	100%
2004	9,406,147	100%
2003	6,485,065	100%
2002	7,536,081	100%
2001	6,092,688	100%
2000	5,823,861	100%

SPRBT

Fiscal Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2005	2,614,503	100%
2004	2,224,191	100%
2003	2,256,770	100%
2002	2,405,041	100%
2001	1,819,930	100%
2000	1,508,778	100%

JRBT

Fiscal Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2005	2,056,558	100%
2004	1,830,204	100%
2003	1,656,965	100%
2002	1,458,093	100%
2001	1,163,571	100%
2000	1,007,618	100%

See notes to required supplementary information



NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES

1. Schedules of Funding Progress

Effective with the June 30, 2003 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 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*.

Effective with the June 30, 2002 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.

Effective with the June 30, 2002 valuation, the actuarial value of assets for MERS was changed from a three-year smoothed market technique to a five-year smoothed market technique.

Effective with the June 30, 1999 valuation, which was restated, certain actuarial assumptions were changed. Specifically, the actuarial cost method for ERS, SPRBT and JRBT were set to Entry Age Normal and the amortization period was changed to 30 years. The inflation assumption was decreased from 3.5% to 3.0%.

Effective with the June 30, 1999 valuation, the actuarial value of assets was developed using a five-year smoothed market technique for ERS, SPRBT and JRBT.

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

2. 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 used the entry age normal cost method as the basis for determining employer costs in fiscal 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.

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 follows.



3. Actuarial Assumptions and Methods

	ERS				
	State Employees	Teachers	MERS	SPRBT	JRBT
Valuation Date	6/30/04	6/30/04	6/30/04	6/30/04	6/30/04
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	25 years	25 years	25 Years	25 years	25 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 8.25%	4.50% to 17.00%	<u>General Employees</u> 4.50% to 9.00% <u>Police & Fire Employees</u> 5.00% to 15.50%	5.00% to 15.00%	5.25%
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	\$1,500 per annum	3.0% (see Note 1(b) (4)) to the financial statements

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*.



ERNEST A. MONTE, CPA, CFE
Auditor General
ernest.almonte@bag.ringov

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

GENERAL ASSEMBLY

OFFICE OF THE AUDITOR GENERAL

- ♦ Integrity
- ♦ Reliability
- ♦ Independence
- ♦ Accountability

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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 statements of fiduciary net assets of the Employees' Retirement System of the State of Rhode Island (the System) as of June 30, 2005 and the related statements of changes in fiduciary net assets for the year then ended, and have issued our report thereon dated January 27, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the System's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and recommendations as findings 2005-1, 2005-2, 2005-3, and 2005-4.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider findings 2005-1, 2005-2, 2005-3, and 2005-4 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described as Finding 2005-9 in the accompanying Findings and Recommendations section.

We also noted certain additional matters, as included in the accompanying Findings and Recommendations section which we reported to management of the System.

This report is intended solely for the information and use of the members of the Retirement Board, management, and the Joint Committee on Legislative Services, General Assembly, State of Rhode Island and Providence Plantations and is not intended to be and should not be used by anyone other than these specified parties.



Ernest A. Almonte, CPA, CFE
Auditor General

January 27, 2006

**EMPLOYEES RETIREMENT SYSTEM
OF RHODE ISLAND**

ACTUARIAL INFORMATION

ERSRI ACTUARIAL INFORMATION



June 14, 2006

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, 2005

This is the June 30, 2005 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, 2005 actuarial valuation will be applicable for the year beginning July 1, 2007 and ending June 30, 2008.

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). 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.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2005. There were no material changes adopted since the previous actuarial valuation, since the provisions of Article 7, SLB A, were included in the last valuation. The benefit provisions are summarized in Appendix B.

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 56.3% (decreased from 59.6% last year), while for teachers the ratio is 55.4% (decreased from 59.3% last year).

For the June 30, 2005 valuation, the employer contribution rate increased for state employees, from 18.40% to 20.77%, and for teachers, from 19.64% to 22.01%. The change was principally due to the recognition of deferred asset losses from prior valuations.

Another factor affecting the employer contribution rate for state employees was the covered payroll not increasing as expected. When covered payroll does not grow at the assumed 3.75%, the amount of dollars available to spread the amortization payment of the unfunded liability over decreases. Therefore the amortization payment as a percentage of pay increases.

An analysis of the changes in the employer contribution rates appears on Table 10A.

Assumptions and methods

All assumptions and methods are described in Appendix A and are unchanged from the last valuation. The actuarial assumptions were approved by the Board on August 11, 2004 for teachers and September 8, 2004 for state employees. 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, calculated contribution rates and funding periods. The actuarial calculations are intended to provide information for rational decision making.

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, 2005. 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 asser data as of June 30, 2005.

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 Members of the Society of Actuaries and Members of the American Academy of Actuaries, they both meet the Qualifications 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
Consultant



J. Christian Conradi, ASA, MAAA
Senior Consultant



W. Michael Carter, FSA, MAAA
Senior Consultant

3014.2006\val\ste\ERS_Va05.doc



Actuarial Valuation - June 30, 2005

Executive Summary (State Employees)

Item	2005	2004
Membership		
• Number of:		
- Active members	12,789	12,957
- Retirees and beneficiaries	9,893	9,674
- Inactive members	<u>2,345</u>	<u>2,158</u>
- Total	25,027	24,789
• Payroll supplied by ERSRI	\$ 575,746,603	\$ 575,574,300
Contribution rates		
• Member	8.75%	8.75%
• Employer	20.77%	18.40%
Assets		
• Market value	\$ 2,218,892,001	\$ 2,068,012,733
• Actuarial value	\$ 2,163,391,323	\$ 2,202,900,345
• Return on market value	11.4%	18.7%
• Return on actuarial value	1.8%	0.4%
• Employer contribution	\$ 66,087,984	\$ 55,699,588
• Ratio of actuarial value to market value	97.5%	106.5%
Actuarial Information		
• Employer normal cost %	1.44%	1.42%
• Unamortized actuarial accrued liability (UAAL)	\$ 1,680,127,552	\$ 1,491,887,473
• Amortization percentage	19.33%	16.98%
• Funding period	24 years	25 years
• GASB funded ratio	56.3%	59.6%
Projected employer contribution		
• Fiscal year ending June 30,	2008	2007
• Projected payroll (millions)	652.8	\$ 652.4
• Projected employer contribution (millions)	135.6	120.0



Actuarial Valuation - June 30, 2005

Executive Summary (Teachers)

Item	2005	2004
Membership		
• Number of:		
- Active members	14,469	14,556
- Retirees and beneficiaries	8,565	8,179
- Inactive members	2,037	1,836
- Total	25,071	24,571
• Payroll supplied by ERSRI	\$ 840,372,663	\$ 810,064,092
Contribution rates		
• Member	9.50%	9.50%
• Employer	22.01%	19.64%
• State share	8.97%	8.02%
• Local employer share	13.04%	11.62%
Assets		
• Market value	\$ 3,364,100,154	\$3,131,927,525
• Actuarial value	\$ 3,280,977,321	\$3,340,527,073
• Return on market value	11.4%	18.7%
• Return on actuarial value	1.8%	3.4%
• Employer contribution (state & local)	\$ 11,853,338	\$ 115,715,178
• Ratio of actuarial value to market value	97.5%	106.7%
Actuarial Information		
• Employer normal cost %	1.57%	1.59%
• Unamortized actuarial accrued liability (UAAL)	\$ 2,638,178,890	\$2,293,668,362
• Amortization percentage	20.44%	18.05%
• Funding period	24 years	25 years
• GASB funded ratio	55.4%	59.3%
Projected employer contribution		
• Fiscal year ending June 30,	2008	2007
• Projected payroll (millions)	\$ 966.7	\$ 932.7
• Projected employer contribution (millions)	212.8	183.2
• State share (millions)	86.7	74.8
• Local employer share (millions)	126.1	108.4



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 become effective two years after the valuation date, i.e., as of July 1, 2007.

The rate consists of two pieces: the normal cost rate and the amortization rate. The normal cost rate is the Entry Age Normal cost as a percent of pay. The amortization rate is the unfunded actuarial liability amortized over 24 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 charges for the 1990/91 and 1991/92 deferrals, and the town or city employing the teacher pays the balance.

	Local	State	Total
Amortization for FY 91 and 92 deferrals	0.00%	0.27%	0.27%
Normal cost and all other amortizations	<u>13.04%</u>	<u>8.70%</u>	<u>21.74%</u>
Total	13.04%	8.97%	22.01%

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:

	Local	State	Total
Amortization for FY 91 and 92 deferrals	0.00%	0.27%	0.27%
Normal cost and all other amortizations	<u>12.38%</u>	<u>8.25%</u>	<u>20.63%</u>
Total	12.38%	8.52%	20.90%

Under RIGL 36-10-2(g), if the State’s actuarially determined contribution 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 equal to 20% of the reduction to ERSRI. This requirement will not impact fiscal years FY 2006, FY 2007 or FY 2008, because the state’s contribution increases in each of these fiscal years.



Financial Data and Experience

This 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.

Table 5 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 Reconciliation of Plan Net Assets shows a reconciliation of the assets for State Employees and Teachers between the previous valuation and this valuation. Table 8 shows the distribution of investments by category—73% of assets are held in equities—and Table 9 shows a historical summary of the return rates. As can be seen, the net market value rate of return was 11.4% for the year ended June 30, 2005, and the return on an actuarial asset value basis was 1.8%.

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

Retirement Eligibility

Under the ERSRI statutes, a state employee or teacher may retire with an unreduced benefit if that member meets one of the following criteria: (a) age 60 or greater with at least ten years of service credit, of (b) any age with at least 28 years of service credit.

Under Substitute A, the eligibility requirements for unreduced retirement are modified. Members in the affected group now need to meet one of the following conditions to retire with an unreduced benefit: (a) age 65 or greater with at least 10 years of service credit of (b) age 59 or greater with at least 29 years of service credit.

In addition, a provision has been added which will allow a member in the affected group to retire with a reduced benefit after attaining age 55 with at least 20 years of service credit. The benefit is calculated in the same manner as the unreduced benefit, but is reduced on an actuarial basis for each year the member’s age at retirement is less than 65.

The retirement eligibility conditions for correctional officers, MHRH nurses, and legislators were not changed.

Retirement Benefit Formula

Under ERSRI statutes, when a state employee or teacher retires, the benefit payable is a percentage of the final average compensation of the member. This percentage depends on the member’s years of service at retirement.

Substitute A decreased the multipliers used to determine the percentage of final average compensation, as shown in the table below:

Accruals for Each Year of Service		
Service Years	Current	Substitute A
01-10	1.70%	1.60%
11-20	1.90%	1.80%
21-25	3.00%	2.00%
26-30	3.00%	2.25%
31-34	3.00%	2.50%
35	2.00%	2.50%
36-37	NA	2.50%
38	NA	2.25%
Maximum Percentage	80.00%	75.00%

This formula change applies to all teachers and most state employees, including MHRH nurses, covered by ERSRI. However, legislators and correctional officers would retain their special formulas.



Cost of Living Adjustments (COLAs)

At this time, members who enter payment status receive compounded annual increases in their retirement benefit. The amount of the increase is currently a fixed 3% per year, unrelated to changes in the Consumer Price Index (CPI). The first increase is paid in January of the year in which the member reaches the third anniversary of retirement.

Article 7, SUB A changes the amount of these increases for members in the affected group from a flat 3.00% increase to an increase that depends on the change in the CPI for all Urban Consumers, as published by the Bureau of Labor Statistics (CPI-U). The increase is equal to the year-to-year change in the CPI-U as of the prior September. This increase is limited to 3.00% in any year.

Article 7 SUB A also delays the first COLA increase for affected members until the third anniversary of the member's retirement. COLA increases are given throughout the year, rather than always on January 1. This change results in an additional six-month delay, on average, before the member will receive the first COLA.

Although correctional officers and legislators are unaffected by the formula change and the new retirement eligibility requirement, and although MHRH nurses are unaffected by the retirement eligibility changes, all three groups are subject to the new COLA provisions if they are in the affected group. Members who retire under disability are not affected by the COLA changes, regardless of their service or when they become a member.

These changes do not apply to current retirees or members who have at least 10 years of contributory service as of June 30, 2005. Further, the changes to the COLA do not apply to members who retire in the future with a disability retirement benefit. These members are "grandfathered," and will receive their future COLAs under the current rules.

Elimination of the SRA-Plus Option

Members in the affected group will no longer be able to choose the SRA+ option at retirement.



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

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.

Actuarial Cost Method

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.

1. The valuation is prepared on the projected benefit basis, under which the present value, at the interest rate assumed to be earned in the future (currently 8.25 percent), of each participant's expected benefit payable at retirement or death is determined, based on his age, service, sex and compensation. The calculations take into account the probability of a participant's death or termination of employment prior to becoming eligible for a benefit, as well as the possibility of his terminating with a service or survivor's benefit. Future salary increases are also anticipated. The present value of the expected benefits payable on account of the active participants 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 payable from the Plan on account of the present group of participants and beneficiaries.
2. 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.
3. 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 normal cost is determined using the plan provisions applicable to members becoming participants after June 30, 2005.
4. The unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability and amortizing the result over 30 years from June 30, 1999.

The contribution rate determined by this valuation will not be effective until two years later, and the determination of the rate reflects this deferral. It is assumed that there will be no change in the employer normal cost rate due to the deferral, and it is assumed that payments are made monthly throughout the year.

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 administration and investment expenses.



ACTUARIAL ASSUMPTIONS

Economic Assumptions

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.

Salary increase rate: A service-related component shown below, plus a 3.00% inflation component, plus a 1.50% general increase, as follows:

State Employees		
Years of Service	Service-related Component	Total Annual Rate of Increase Including 3.00% Inflation Component and 1.50% General Increase Rate
(1)	(2)	(3)
0	3.75%	8.25%
1	3.50	8.00
2	3.25	7.75
3	3.00	7.50
4	2.75	7.25
5	2.50	7.00
6	1.75	6.25
7	1.50	6.00
8	1.25	5.75
9	1.00	5.50
10	0.75	5.25
11	0.75	5.25
12	0.50	5.00
13	0.25	4.75
14	0.25	4.75
15 or more	0.00	4.50

Teachers		
Years of Service	Service-related Component	Total Annual Rate of Increase Including 3.00% Inflation Component and 1.50% General Increase Rate
(1)	(2)	(3)
0	12.50%	17.00%
1	12.50	17.00
2	6.75	11.25
3	5.75	10.25
4	5.50	10.00
5	5.00	9.50
6	4.50	9.00
7	4.25	8.75
8	4.00	8.50
9	3.00	7.50
10	1.25	5.75
11 or more	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, annualized if necessary, and then increased by the salary increase assumption.

Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 3.75% per year. This increase rate is solely due to the effect of inflation on salaries, with no allowance for future membership growth.

Post-retirement Benefit Increase: For members with at least 10 years of contributory service as of June 30, 2005 and for all members receiving a disability benefit: The post-retirement benefit increases are not a function of the actual increases in the cost of living and therefore are the stated 3.00%. For members with less than 10 years of contributory service as of June 30, 2005, 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%.

Demographic Assumptions

Mortality rates (for active and retired members)

- Healthy males – Based on the 1994 Group Annuity Mortality Tables for males. Rates for teachers are set back one year, while rates for all state employees are set forward one year.
- Healthy females - Based on the 1994 Group Annuity Mortality Tables for females.
- Disabled males - 65% of the PBGC Table Va for disabled males eligible for Social Security disability benefits.
- Disabled females - 100% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.

Sample rates are shown below:

Expected Deaths per 100 Lives					
Age	Healthy Males (Non-Teachers)	Healthy Males (Teachers)	Healthy Females	Disabled Males	Disabled Females
(1)	(2)	(3)	(4)	(5)	(6)
25	0.07	0.06	0.03	3.14	2.63
30	0.08	0.08	0.04	2.35	2.37
35	0.09	0.08	0.05	1.81	2.14
40	0.12	0.10	0.07	1.83	2.09
45	0.17	0.15	0.10	2.09	2.24
50	0.29	0.23	0.14	2.49	2.57
55	0.49	0.40	0.23	3.13	2.95
60	0.90	0.71	0.44	3.92	3.31
65	1.62	1.29	0.86	4.41	3.70
70	2.60	2.17	1.37	4.80	4.11
75	4.09	3.41	2.27	5.47	4.92
80	6.86	5.59	3.94	7.33	7.46



Disability rates: Sample rates are shown below. Ordinary disability rates are not applied to members eligible for retirement.

Expected Disabilities per 1,000 Lives

Age	State	State	State	State	Teachers	Teachers	Teachers	Teachers
	Ordinary	Accidental	Ordinary	Accidental	Ordinary	Accidental	Ordinary	Accidental
	Males	Males	Females	Females	Males	Males	Females	Females
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
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

Termination rates (for causes other than death, disability or retirement) Termination rates are a function of the member’s sex, age and service. Termination rates are not applied after a member becomes eligible for a retirement benefit. Rates at selected ages are shown:

Active Male Members - State Employees

Age	Years of Service										
	0	1	2	3	4	5	6	7	8	9	10+
20	0.1373	0.1331	0.1271	0.1200	0.1105	0.1000	0.0880	0.0809	0.0778	0.0792	0.0613
25	0.1321	0.1208	0.1107	0.1017	0.0925	0.0837	0.0741	0.0681	0.0649	0.0644	0.0504
30	0.1293	0.1065	0.0894	0.0771	0.0681	0.0613	0.0552	0.0509	0.0474	0.0443	0.0356
35	0.1311	0.0989	0.0759	0.0607	0.0514	0.0459	0.0422	0.0392	0.0358	0.0314	0.0259
40	0.1370	0.0964	0.0681	0.0501	0.0401	0.0353	0.0332	0.0313	0.0283	0.0234	0.0198
45	0.1470	0.0993	0.0665	0.0457	0.0346	0.0299	0.0286	0.0276	0.0252	0.0207	0.0172
50	0.1609	0.1079	0.0713	0.0478	0.0351	0.0297	0.0286	0.0281	0.0267	0.0236	0.0180
55	0.1784	0.1221	0.0827	0.0565	0.0418	0.0351	0.0332	0.0330	0.0330	0.0325	0.0223
60	0.1960	0.1392	0.0985	0.0702	0.0534	0.0447	0.0414	0.0414	0.0431	0.0463	0.0000
65	0.2484	0.1870	0.1412	0.1066	0.0843	0.0710	0.0644	0.0642	0.0689	0.0797	0.0000



Termination rates (continued):

Active Female Members - State Employees

Age	Years of Service										
	0	1	2	3	4	5	6	7	8	9	10+
20	0.1355	0.1232	0.1163	0.1131	0.1100	0.1061	0.1012	0.0933	0.0860	0.0784	0.0755
25	0.1230	0.1091	0.1003	0.0955	0.0919	0.0884	0.0845	0.0784	0.0725	0.0658	0.0617
30	0.1079	0.0910	0.0793	0.0719	0.0673	0.0643	0.0616	0.0579	0.0537	0.0484	0.0426
35	0.0982	0.0791	0.0653	0.0562	0.0509	0.0480	0.0459	0.0435	0.0404	0.0360	0.0295
40	0.0923	0.0717	0.0563	0.0460	0.0401	0.0370	0.0350	0.0332	0.0306	0.0268	0.0205
45	0.0900	0.0687	0.0527	0.0418	0.0353	0.0316	0.0292	0.0272	0.0246	0.0211	0.0156
50	0.0908	0.0701	0.0545	0.0436	0.0365	0.0320	0.0287	0.0258	0.0225	0.0187	0.0147
55	0.0945	0.0757	0.0615	0.0514	0.0438	0.0382	0.0334	0.0289	0.0243	0.0197	0.0176
60	0.0993	0.0838	0.0722	0.0636	0.0558	0.0488	0.0423	0.0358	0.0293	0.0232	0.0000
65	0.1220	0.1107	0.1029	0.0963	0.0873	0.0773	0.0670	0.0563	0.0454	0.0354	0.0000

Active Male Members - Teachers

Age	Years of Service										
	0	1	2	3	4	5	6	7	8	9	10+
20	0.1294	0.0739	0.0439	0.0281	0.0178	0.0131	0.0118	0.0122	0.0183	0.0385	0.0675
25	0.1115	0.0669	0.0408	0.0259	0.0162	0.0115	0.0100	0.0102	0.0149	0.0300	0.0528
30	0.0915	0.0606	0.0391	0.0247	0.0155	0.0106	0.0086	0.0082	0.0107	0.0178	0.0328
35	0.0850	0.0609	0.0414	0.0269	0.0175	0.0120	0.0093	0.0084	0.0092	0.0124	0.0200
40	0.0892	0.0670	0.0473	0.0321	0.0218	0.0154	0.0119	0.0102	0.0096	0.0096	0.0123
45	0.1040	0.0791	0.0573	0.0403	0.0286	0.0209	0.0163	0.0138	0.0122	0.0105	0.0098
50	0.1290	0.0974	0.0715	0.0517	0.0378	0.0285	0.0224	0.0190	0.0168	0.0152	0.0127
55	0.1641	0.1220	0.0901	0.0664	0.0495	0.0381	0.0302	0.0259	0.0234	0.0238	0.0209
60	0.2046	0.1497	0.1106	0.0825	0.0622	0.0485	0.0388	0.0335	0.0313	0.0352	0.0333
65	0.2973	0.2135	0.1576	0.1186	0.0901	0.0711	0.0570	0.0498	0.0485	0.0600	0.0614



Termination rates (continued):

Active Female Members –Teachers											
Years of Service											
Age	0	1	2	3	4	5	6	7	8	9	10+
20	0.0774	0.0813	0.0751	0.0689	0.0672	0.0692	0.0745	0.0785	0.0719	0.0680	0.0569
25	0.0744	0.0715	0.0641	0.0583	0.0567	0.0584	0.0625	0.0653	0.0602	0.0563	0.0473
30	0.0738	0.0607	0.0505	0.0445	0.0425	0.0435	0.0458	0.0469	0.0437	0.0401	0.0339
35	0.0776	0.0570	0.0435	0.0360	0.0329	0.0329	0.0338	0.0338	0.0319	0.0286	0.0243
40	0.0858	0.0589	0.0415	0.0314	0.0266	0.0251	0.0247	0.0241	0.0231	0.0203	0.0172
45	0.0989	0.0667	0.0447	0.0311	0.0237	0.0204	0.0189	0.0180	0.0174	0.0153	0.0129
50	0.1174	0.0804	0.0534	0.0353	0.0246	0.0190	0.0163	0.0151	0.0147	0.0138	0.0114
55	0.1415	0.1003	0.0678	0.0442	0.0293	0.0208	0.0167	0.0153	0.0150	0.0157	0.0131
60	0.1676	0.1234	0.0857	0.0563	0.0369	0.0252	0.0197	0.0182	0.0177	0.0206	0.0000
65	0.2307	0.1780	0.1280	0.0860	0.0571	0.0389	0.0306	0.0286	0.0279	0.0349	0.0000



Retirement rates: Separate male and female rates, based on age. Sample rates are below. Correctional officers and legislators have the same rates as shown below except 100% are assumed to retire at age 62 and completion of 10 years of service if still active.

Expected Retirements per 100 Lives				
Age	State Employees		Teachers	
	Males	Females	Males	Females
(1)	(2)	(3)	(4)	(5)
45	12	13	10	5
46	12	13	10	6
47	12	13	10	7
48	12	13	10	8
49	12	13	10	10
50	12	13	16	12
51	12	13	18	14
52	12	13	20	16
53	12	13	22	18
54	12	13	24	20
55	12	16	26	22
56	15	16	28	24
57	16	16	30	26
58	17	16	33	28
59	18	16	36	30
60	15	14	25	30
61	10	15	20	15
62	25	20	25	25
63	20	20	20	20
64	15	20	15	25
65	20	25	25	35
66	20	20	20	25
67	15	20	20	25
68	15	20	20	25
69	15	20	20	25
70	100	100	100	100



Other Assumptions

Percent married: 100% of employees are assumed to be married.

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.

Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an annuity.

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.

Recovery from disability: None assumed.

Remarriage: It is assumed that no surviving spouse will remarry and there will be no children’s benefit.

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.

Retirement rates for members without 10 years of contributory service as of June 30, 2005: The retirement rates on page 59 were developed based on the provisions applicable to members retiring before June 30, 2004. They are applicable to members who have at least ten years of contributory service by June 30, 2005. In applying the rates to other members, if eligibility for unreduced retirement is delayed when compared to old provisions, the percentage of the members expected to retire at each age is accumulated and applied in the first year the member is eligible under the new provisions. This same approach is used in computing the normal cost.

Retirement rates were also set for all members eligible for reduced retirement, whether state employees or teachers, whether males or females, as follows:

Probability of Reduced Retirement	
<u>Retirement Age</u>	<u>Probability</u>
55-58	0%
59	1%
60	2%
61	2%
62	2%
63	3%
64	4%

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

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

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.



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 member 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.

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

SUMMARY OF BENEFIT PROVISIONS

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.

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

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.

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.

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 at their date of employment.

Employee Contributions: State employees generally contribute 8.75% of their salary per year, although members of the General Assembly who elect to participate contribute 30.0% of 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.

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.

Employer Contributions: For state employees, the state contributes an actuarially determined percentage of the member's salary. 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 contributions 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.



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. Special rules and limits govern the purchase of additional service and the contribution required.

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.

Retirement

Eligibility: All members with 10 or more years of contributory service as of June 30, 2005 are eligible for retirement 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.

Members with less than 10 years of contributory service as of June 30, 2005 are eligible for retirement on or after age 65 if they have credit for 10 years of service, or on or after age 59 if they have credit for 29 years of service. In addition, a member who attains age 55 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.

Correctional officers are also eligible for retirement if they have reached age 50 and have credit for 20 years of service. Certain nurses (RNs employed by MHRH) are eligible to retire at age 50 with 25 years of service. Members of the General Assembly who elect to participate are eligible for retirement if they have reached age 55 and have credit for 8 years of service, or at any age if they have credit for 20 years of service.

Monthly Benefit: For most state employees and for all teachers, the retirement benefit is a percentage of the member’s monthly FAC. This percentage is a function of the member’s service, determined using the following schedules:

For members with at least 10 years of contributory service as of June 30, 2005:		
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.

For members with less than 10 years of contributory service as of June 30, 2005:		
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.

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



Correctional Officers receive a benefit computed under a different formula:

<u>For Service In:</u>	<u>Years</u>	<u>Benefit Percentage Earned</u>
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 also 80% of FAC.

Members of the General Assembly who elect to participate receive \$50 per month for each year of service, up to a maximum benefit of \$1,000 per month, i.e., a maximum of 20 years of service.

Payment Form: Benefits are paid as a monthly life annuity. See section ‘Optional Forms of Payment.’

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.

Disability Retirement

Eligibility: A member is eligible provided he/she has credit for at least five years of service or if the disability is work-related.

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.

Occupational Disability Benefit: An annual annuity equal to two-thirds of salary at the time of disability.

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.

Deferred Termination Benefit

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

Monthly Benefit: The monthly benefit is based on the retirement formula described previously. 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.

Payment Form: The same as for Retirement above.



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

Death Benefit after Retirement: The same as for Retirement.

Withdrawal (Refund) Benefit

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.

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.

Death Benefit of Active or Inactive Members

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

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.

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.

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.

Optional Forms of Payment

In addition to a life annuity, ERSRI offers members these optional forms of payment on an actuarially equivalent basis:

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

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.

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.

Post-retirement Benefit Increase

For all members with at least 10 years of contributory service as of June 30, 2005, and for all members receiving a disability retirement benefit: Members receive a 3% 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.

For members with less than 10 years of contributory service as of June 30, 2005 (other than disability retirements): Members receive 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, 2005 (2)	June 30, 2004 (3)
A. Total ERSRI assets		
1. Cash and cash equivalents	\$ 3,995,714	\$ 8,558,698
2. Receivables:		
a. Transfers receivable	\$ 1,255,196	\$ 1,255,196
b. Member and employer contributions	20,114,762	24,791,198
c. Due from state for teachers	11,201,737	18,428,459
d. Net investment income and other	3,793,681	3,483,015
e. Total receivables	\$ 36,365,376	\$ 47,957,868
3. Investments		
a. Short-term investment fund	\$ 15,684,243	\$ -
b. Pooled trust	5,710,023,956	5,327,151,706
c. Plan specific investments	15,984,408	22,629,22
d. Invested securities lending collateral	865,728,536	696,928,405
e. Total	\$ 6,607,421,143	\$ 6,046,709,332
4. Total property and equipment	\$ 11,580,054	\$ 12,630,925
5. Total assets	\$ 6,659,362,287	\$ 6,115,856,823
6. Liabilities		
a. Cash Overdraft	\$ -	\$ -
b. Transfers payable	337,571	23,581,764
c. Accounts and vouches payable	5,459,215	6,443,172
d. Securities lending liability	865,728,536	696,928,405
e. Total liabilities	\$ 871,525,322	\$ 726,953,341
7. Total market value of assets available for benefits Total (Item 4 - Item 5)	\$ 5,787,836,965	\$ 5,388,903,482
B. Breakdown		
1. State employees	\$ 2,218,892,001	\$ 2,068,012,733
2. Teachers	3,364,100,154	3,131,927,525
3. Teachers' survivors benefits	204,844,810	188,963,222
4. Total	\$ 5,787,836,965	\$ 5,388,903,480



RECONCILIATION OF PLAN NET ASSETS

Item	Year Ending 06/30/2005	
	State Employees	Teachers
(1)	(2)	(3)
1. Market value of assets at beginning of year	\$ 2,068,012,733	\$ 3,131,927,525
Current year prior period adjustments	-	-
Adjusted market value of assets at BOY	\$ 2,068,012,733	\$ 3,131,927,525
2. Contributions		
a. Members	\$ 50,244,403	\$ 79,490,695
b. State	66,087,984	48,834,755
c. Local employers	-	73,018,583
d. Reimbursement of Supplement Pensions	179,764	897,440
e. Service purchases	1,496,229	2,781,044
f. Total	\$ 118,008,380	\$ 205,022,517
3. Investment earnings, net of investment and administrative expenses	\$ 231,455,052	\$ 350,914,487
4. Expenditures for the year		
a. Benefit payments	\$ (144,448,680)	\$ (244,711,431)
b. Cost-of-living adjustments	(40,328,450)	(55,771,353)
c. Death benefits	(1,743,734)	(819,200)
d. Social security supplements	(7,939,093)	(18,480,494)
e. Supplemental pensions	(179,960)	(887,309)
f. Refunds	(3,944,247)	(3,094,588)
g. Total expenditures	\$ (198,584,164)	\$ (323,764,375)
5. Transfers and other adjustments	\$ -	\$ -
6. Market value of assets at end of year	\$ 2,218,892,001	\$ 3,364,100,154



ANALYSIS OF CHANGE IN EMPLOYER COST

Basis	State Employees	Teachers
(1)	(2)	(3)
1. Employer contribution rates from prior valuation	18.40%	19.64%
2. Impact of changes, gains and losses		
a. Non-salary liability experience (gain)/loss	0.57%	0.52%
a. Salary (gain)/loss	(0.67%)	(0.01%)
c. Total payroll growth (gain)/loss	0.71%	0.03%
d. Investment experience (gain)/loss	1.76%	1.83%
e. Changes in assumptions	0.00%	0.00%
f. Changes in plan provisions	0.00%	1.11%
e. Total	2.37%	2.37%
3. Employer contribution rates from current valuation	20.77%	22.01%

**MUNICIPAL EMPLOYEES
RETIREMENT SYSTEM
ACTUARIAL INFORMATION**

MERS ACTUARIAL INFORMATION



June 30, 2005

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, 2005

This is the June 30, 2005 actuarial valuation of the Municipal Employees' Retirement System (MERS). 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, 2005 actuarial valuation will be applicable for the year beginning July 1, 2007 and ending June 30, 2008.

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; 24 years as of June 30, 2005). 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 about 87%, a decrease from the prior year, when it was 93%. The decrease was principally due to the recognition of another 20% of the actuarial investment losses from FY 2001, FY 2002, and FY 2003, offset by 20% of the gain from FY 2004 and FY 2005.

There are currently 114 units participating in MERS, 68 covering general employees and 46 covering police and/or fire employees. Of these 114 units, 10 have no required contribution rate, 15 had rate decreases and 89 had rate increases. Those rate increases were principally due to the recognition of deferred asset losses from prior valuations. Analysis of the changes in the employer contribution rates appears on Table 5.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2005. 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

The actuarial assumptions were adopted as a result of the experience study approved by the Board on August 11, 2004 and effective for the June 30, 2003 actuarial valuation. There were no changes to the assumptions since the prior valuation. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of MERS. All assumptions and methods are summarized in Appendix A.

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 calculations are intended to provide information for rational decision making.

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, 2005. 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, 2005.

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 Members of the Society of Actuaries and Members of the American Academy of Actuaries, they all meet the Qualification Standards of the American Academy of Actuaries, and all are experienced in performing valuations for large public retirement systems.

Sincerely,
Gabriel, Roeder, Smith & Company



Joseph P. Newton, FSA, MAAA
Consultant



J. Christian Conradi, ASA, MAAA
Senior Consultant



W. Michael Carter, FSA, MAAA
Senior Consultant

3014\2006\cvt\iners\MER805.doc



GASB 25 AND FUNDING PROGRESS

Accounting requirements for MERS are set by Governmental Accounting Standards Board Statement No. 25 (GASB 25). The *Schedule of Funding Progress* tables on pages 83-85 show a summary of the funded ratios and other information for MERS as of June 30, 2005.

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 *Contribution Rates* tables on pages 71-73 is the ARC. The amortization period is 30 years as of June 30, 1999, and there are 24 years remaining as of June 30, 2005. 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, i.e., as of July 1, 2007.

The rate consists of two pieces: the 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 24 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 *Contribution Rates* tables on pages 71-73 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, 2008. The *Comparison of Employer Contribution Rates* tables on pages 74-76 compare the total employer contribution rate with those rates determined in the two prior actuarial valuations. The *Components Used in Determining Contribution Rates* tables on pages 77-79 show the components used to determine the employer contribution rate in dollar amounts. Finally, the *Explanation of Rate Changes* tables on pages 80-82 show the explanations of rate changes for each unit.

BENEFIT PROVISIONS

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. Since the prior valuation, the following changes were made:

Smithfield (#3031)	COLA C (July 1, 2004)
West Greenwich (#3037)	COLA C (Jan. 1, 2006)
Chariho School District (#3040)	COLA C (Jan. 1, 2006)

Greenville Water adopted COLA C effective Jan. 1, 2005, but that change was recognized in the last actuarial valuation.



In addition, one other benefit provision change was made since the prior valuation. 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, and they have been reflected in this valuation. Under these special provisions, the retirement benefit for a member with 20 or more years of service is improved. The new formula is $60.00\% \times \text{Final Average Compensation (FAC)}$, plus $1.50\% \times \text{FAC} \times \text{Years of Service in Excess of 20}$, 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%.

No new unit joined MERS since the prior valuation. No units closed or withdrew or merged 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, 2008**

Unit Number		Unit	Code(s)	Member Rate	Employer Rate		Total
Old	New				Normal Cost	Amortization Rate	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3001	1002 1003	Barrington		6.00%	0.93%	(64.30%)	0.00%
3002	1012 1019	Bristol	B	7.00%	3.95%	6.28%	10.23%
3003	1032 1033	Burrillville	C	7.00%	5.63%	(0.89%)	4.74%
3004	1052	Central Falls		6.00%	3.86%	3.95%	7.81%
3005	1082	Charlestown	C	7.00%	3.70%	4.98%	8.68%
3007	1112 1113	Cranston	B	7.00%	5.61%	(0.17%)	5.44%
3008	1122 1123	Cumberland		6.00%	4.51%	4.98%	9.49%
3009	1152 1153	East Greenwich		6.00%	3.86%	(26.88%)	0.00%
3010	1162 1163	East Providence	B	7.00%	4.94%	10.09%	15.03%
3011	1183	Exeter/West Greenwich	B	7.00%	6.73%	2.51%	9.24%
3012	1192 1193	Foster		6.00%	4.52%	2.33%	6.85%
3013	1212 1213	Glocester	C	7.00%	5.80%	4.42%	10.22%
3014	1262	Hopkinton	C	7.00%	6.42%	(0.36%)	6.06%
3015	1272 1273	Jamestown	C	7.00%	5.11%	5.42%	10.53%
3016	1282 1283	Johnston	C	7.00%	5.98%	4.92%	10.90%
3017	1302 1303	Lincoln		6.00%	5.02%	3.12%	8.14%
3019	1322 1323	Middletown	C	7.00%	4.73%	5.24%	9.97%
3021	1352 1353 1354	Newport	B	7.00%	4.74%	8.53%	13.27%
3022	1342 1343	New Shoreham	B	7.00%	6.06%	2.82%	8.88%
3023	1372 1373	North Kingstown	C	7.00%	5.53%	6.21%	11.74%
3024	1382 1383	North Providence		6.00%	3.59%	(3.65%)	0.00%
3025	1392 1393	North Smithfield	B	7.00%	5.95%	(5.34%)	0.61%
3026	1412 1413	Pawtucket	C	7.00%	4.57%	5.04%	9.61%
3027	1515	Union Fire District		6.00%	4.48%	1.91%	6.39%
3029	1452	Richmond		6.00%	5.27%	1.74%	7.01%
3030	1462 1463	Scituate	B	7.00%	5.85%	5.22%	11.07%
3031	1472 1473	Smithfield	C	7.00%	6.17%	(1.46%)	4.71%
3032	1492 1493	South Kingstown	B	7.00%	5.22%	1.46%	6.68%
3033	1532 1533	Tiverton	C	7.00%	5.98%	(3.43%)	2.55%
3034	1562	Warren	C	7.00%	3.75%	8.54%	12.29%
3036	1622 1623	Westerly		6.00%	1.70%	60.78%	62.48%
3037	1602	West Greenwich	C	7.00%	5.78%	6.52%	12.30%
3039	1632 1633	Woonsocket	B	7.00%	5.25%	(3.70%)	1.55%
3040	1073	Chariho School District	C	7.00%	5.97%	3.86%	9.83%
3041	1203	Foster/Glocester	B	7.00%	6.39%	6.43%	12.82%
3042	1528	Tiogue Fire & Lighting	C,5	7.00%	0.00%	0.00%	0.00%
3043	1336	Narragansett Housing	C	7.00%	2.88%	2.77%	5.65%
3045	1098	Coventry Lighting District	C	7.00%	2.76%	(18.45%)	0.00%
3046	1242	Hope Valley Fire	C	7.00%	4.70%	1.03%	5.73%
3050	1156	East Greenwich Housing	C	7.00%	5.29%	4.43%	9.72%
3051	1116	Cranston Housing	C	7.00%	5.38%	(1.50%)	3.88%
3052	1166	East Providence Housing	B	7.00%	7.10%	(0.99%)	6.11%
3053	1416	Pawtucket Housing	B	7.00%	4.63%	(9.28%)	0.00%
3056	1126	Cumberland Housing	C	7.00%	6.11%	(0.42%)	5.69%
3057	1306	Lincoln Housing	B	7.00%	7.66%	1.22%	8.88%
3059	1016	Bristol Housing		6.00%	4.43%	(16.05%)	0.00%



**Contribution Rates
For Fiscal Year Ending June 30, 2008**

Unit Number		Unit	Code (s)	Member Rate	Employer Rate		Total
Old	New				Employer Normal Cost	Amortization Rate	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3065	1036	Burrillville Housing	B	7.00%	6.43%	(6.24%)	0.19%
3066	1386	North Providence Housing	B	7.00%	7.81%	14.37%	22.18%
3067	1177	East Smithfield Water	C	7.00%	5.52%	(10.19%)	0.00%
3068	1227	Greenville Water	B	7.00%	4.78%	(8.58%)	0.00%
3069	1356	Newport Housing	C	7.00%	5.84%	1.73%	7.57%
3071	1566	Warren Housing	B	7.00%	6.87%	1.37%	8.24%
3072	1286	Johnston Housing		6.00%	4.64%	(1.94%)	2.70%
3077	1538	Tiverton Local 2670A	C	7.00%	5.97%	1.04%	7.01%
3078	1007 1009	Barrington COLA	C	7.00%	5.53%	(1.49%)	4.04%
3079	1096	Coventry Housing		6.00%	4.25%	(1.59%)	2.66%
3080	1496	South Kingstown Housing	C	7.00%	7.44%	(0.44%)	7.00%
3081	1403	N. RI Collaborative Adm. Svcs.	C	7.00%	6.97%	1.87%	8.84%
3083	1616	West Warwick Housing	B	7.00%	5.13%	4.32%	9.45%
3084	1476	Smithfield Housing		6.00%	3.04%	(1.91%)	1.13%
3094	1478	Smithfield COLA	C	7.00%	5.51%	(1.88%)	3.63%
3096	1056	Central Falls Housing	C	7.00%	5.44%	8.67%	14.11%
3098	1293	Lime Rock Administrative Svcs.		6.00%	3.64%	1.57%	5.21%
3099	1063	Central Falls Schools	C	7.00%	6.01%	2.37%	8.38%
3100	1023	Bristol/Warren Schools	B	7.00%	6.60%	3.10%	9.70%
3101	1157	Town of EGreenwich-COLA-NCE	C	7.00%	5.33%	0.10%	5.43%
3102	1712	Town of Harrisville	C	7.00%	4.01%	1.67%	5.68%
3103	1702	Town of Albion	C	7.00%	5.33%	10.83%	16.16%
General Employee Units Averages				6.90%	5.23%	2.64%	8.10%
Police & Fire Units							
4016	1285	Johnston Fire	D	8.00%	8.73%	1.13%	9.86%
4029	1454	Richmond Fire District		7.00%	5.67%	3.97%	9.64%
4031	1474	Smithfield Police	C,D	9.00%	11.81%	(0.25%)	11.56%
4042	1555	Valley Falls Fire	D	8.00%	8.85%	6.17%	15.02%
4047	1395 1435	North Smithfield Voluntary Fire	B,D	9.00%	12.60%	6.54%	19.14%
4050	1155	East Greenwich Fire	C,D	9.00%	11.84%	9.73%	21.57%
4054	1154	East Greenwich Police	C,D	9.00%	12.67%	4.30%	16.97%
4055	1375	North Kingstown Fire	C,D	9.00%	12.35%	11.92%	24.27%
4056	1374	North Kingstown Police	C,D	9.00%	12.46%	12.14%	24.60%
4057	1235	Harris Fire Department	C	8.00%	8.19%	11.59%	19.78%
4058	1385	North Providence Fire	D	8.00%	8.32%	3.19%	11.51%
4059	1008	Barrington Fire (25)	C	8.00%	7.94%	8.49%	16.43%
4060	1004	Barrington Police	C,D	9.00%	12.08%	20.53%	32.61%
4061	1005	Barrington Fire (20)	C,D	9.00%	12.37%	6.37%	18.74%
4062	1564 1565	Warren Police & Fire	C,D	9.00%	12.15%	17.73%	29.88%
4063	1494	South Kingstown Police	B,1	9.00%	12.37%	3.92%	16.29%
4073	1464	Scituate Police	3	7.00%	0.00%	0.00%	0.00%
4076	1394	North Smithfield Police	C,D	9.00%	12.42%	6.73%	19.15%
4077	1534	Tiverton Fire	C,D	9.00%	12.25%	(0.86%)	11.39%
4082	1194	Foster Police	C,D	9.00%	12.29%	8.96%	21.25%



**Contribution Rates
For Fiscal Year Ending June 30, 2008**

Unit Number		Unit	Code(s)	Member Rate	Employer Rate		Total
Old	New				Employer Normal Cost	Amortization Rate	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Police & Fire Units							
4085	1634	Woonsocket Police	C,D	9.00%	12.21%	5.63%	17.84%
4086	1084	Charlestown Police	C,D	9.00%	12.35%	17.65%	30.00%
4087	1264	Hopkinton Police	C,D,6	9.00%	13.90%	7.50%	21.40%
4088	1214	Glocester Police	C,D	9.00%	12.37%	9.04%	21.41%
4089	1604	West Greenwich Police/Rescue	C,D	9.00%	11.66%	7.56%	19.22%
4090	1034	Burrillville Police	C,D,6	10.20%	12.08%	11.24%	23.32%
4091	1148	Cumberland Rescue	C,D	9.00%	11.96%	1.34%	13.30%
4092	1585	Washington Fire	D	8.00%	9.04%	4.23%	13.27%
4093	1635	Woonsocket Fire	C,D	9.00%	12.40%	3.56%	15.96%
4094	1015	Bristol Fire	D	8.00%	8.66%	(0.65%)	8.01%
4095	1135	Cumberland Hill Fire	C,D	9.00%	11.80%	10.19%	21.99%
4096	1014	Bristol Police	C,D	9.00%	12.73%	(0.71%)	12.02%
4098	1095	Coventry Fire	D	8.00%	8.87%	5.85%	14.72%
4099	1505	South Kingstown EMT	C,D	9.00%	12.63%	(2.14%)	10.49%
4100	1525	Tiogue Fire		7.00%	6.00%	12.58%	18.58%
4101	1365	North Cumberland	D	8.00%	8.83%	7.14%	15.97%
4102	1045	Central Coventry Fire	C,D	9.00%	12.28%	6.62%	18.90%
4103	1255	Hopkins Hill Fire	D	8.00%	9.05%	3.78%	12.83%
4104	1114	Cranston Police	C,D,4	10.00%	13.73%	4.73%	18.46%
4105	1115	Cranston Fire	C,D,4	10.00%	14.15%	4.87%	19.02%
4106	1125	Cumberland Fire	B,D	9.00%	12.39%	7.92%	20.31%
4107	1305	Lincoln Rescue	C	8.00%	8.13%	5.24%	13.37%
4108	1344	New Shoreham Police	B,D	9.00%	11.52%	12.79%	24.31%
4109	1324	Middletown Police & Fire	C,D	9.00%	12.02%	(0.61%)	11.41%
4110	1715	Harrisville Fire District	C,D	9.00%	13.91%	3.96%	17.87%
4111	1705	Albion Fire District	C	8.00%	9.85%	13.98%	23.83%
Police & Fire Units Averages				9.02%	11.93%	6.34%	18.27%
All MERS Units Averages				7.35%	6.66%	3.43%	10.27%

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 2005 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.

*- There is no actives in unit 3042, this payment is the amortization amount amortized for 5 years.



COMPARISON OF EMPLOYER CONTRIBUTION RATES

Unit Number		Unit	Code(s)	June 30, 2005	June 30, 2004	June 30, 2003
Old	New			Actuarial Valuation for FY 2008	Actuarial Valuation for FY 2007	Actuarial Valuation for FY 2006
(1)	(2)	(3)	(4)	(5)	(6)	(7)
General Employee Units						
3001	1002 1003	Barrington		0.00%	0.00%	0.00%
3002	1012 1019	Bristol	B	10.23%	8.54%	5.19%
3003	1032 1033	Burrillville	C	4.74%	3.47%	0.65%
3004	1052	Central Falls		7.81%	8.24%	7.18%
3005	1082	Charlestown	C	8.68%	7.79%	6.79%
3007	1112 1113	Cranston	B	5.44%	3.14%	0.08%
3008	1122 1123	Cumberland		9.49%	8.30%	7.40%
3009	1152 1153	East Greenwich		0.00%	0.00%	0.00%
3010	1162 1163	East Providence	B	15.03%	13.38%	10.84%
3011	1183	Exeter/West Greenwich	B	9.24%	8.10%	6.83%
3012	1192 1193	Foster		6.85%	6.95%	5.90%
3013	1212 1213	Glocester	C	10.22%	9.36%	8.42%
3014	1262	Hopkinton	C	6.06%	4.94%	3.07%
3015	1272 1273	Jamestown	C	10.53%	9.81%	8.76%
3016	1282 1283	Johnston	C	10.90%	8.62%	6.27%
3017	1302 1303	Lincoln		8.14%	6.89%	5.57%
3019	1322 1323	Middletown	C	9.97%	9.53%	2.45%
3021	1352 1353 1354	Newport	B	13.27%	11.00%	8.99%
3022	1342 1343	New Shoreham	B	8.88%	8.15%	7.14%
3023	1372 1373	North Kingstown	C	11.74%	10.34%	9.12%
3024	1382 1383	North Providence		0.00%	0.00%	0.00%
3025	1392 1393	North Smithfield	B	0.61%	0.00%	0.00%
3026	1412 1413	Pawtucket	C	9.61%	7.60%	5.56%
3027	1515	Union Fire District		6.39%	5.11%	3.47%
3029	1452	Richmond		7.01%	5.56%	4.01%
3030	1462 1463	Scituate	B	11.07%	9.94%	7.28%
3031	1472 1473	Smithfield	C	4.71%	0.00%	0.00%
3032	1492 1493	South Kingstown	B	6.68%	4.82%	3.06%
3033	1532 1533	Tiverton	C	2.55%	0.00%	0.00%
3034	1562	Warren	C	12.29%	11.73%	10.14%
3036	1622 1623	Westerly		62.48%	58.06%	52.33%
3037	1602	West Greenwich	C	12.30%	7.21%	6.04%
3039	1632 1633	Woonsocket	B	1.55%	0.07%	0.00%
3040	1073	Chariho School District	C	9.83%	5.34%	3.61%
3041	1203	Foster/Glocester	B	12.82%	11.42%	9.31%
3042	1528	Tiogue Fire & Lighting	C,5	0.00%	0.00%	0.00%
3043	1336	Narragansett Housing	C	5.65%	4.96%	4.09%
3045	1098	Coventry Lighting District	C	0.00%	0.00%	0.00%
3046	1242	Hope Valley Fire	C	5.73%	5.47%	4.47%
3050	1156	East Greenwich Housing	C	9.72%	9.04%	10.94%
3051	1116	Cranston Housing	C	3.88%	2.09%	0.03%
3052	1166	East Providence Housing	B	6.11%	4.69%	2.18%
3053	1416	Pawtucket Housing	B	0.00%	0.00%	0.00%
3056	1126	Cumberland Housing	C	5.69%	5.20%	4.57%
3057	1306	Lincoln Housing	B	8.88%	6.79%	4.65%



COMPARISON OF EMPLOYER CONTRIBUTION RATES

Unit Number		Unit	Code(s)	June 30, 2005	June 30, 2004	June 30, 2003
Old	New			Actuarial Valuation for FY 2008	Actuarial Valuation for FY 2007	Actuarial Valuation for FY 2006
(1)	(2)	(3)	(4)	(5)	(6)	(7)
General Employee Units						
3059	1016	Bristol Housing		0.00%	0.00%	0.00%
3065	1036	Burrillville Housing	B	0.19%	0.00%	0.00%
3066	1386	North Providence Housing	B	22.18%	21.67%	15.03%
3067	1177	East Smithfield Water	C	0.00%	0.00%	0.00%
3068	1227	Greenville Water	B	0.00%	0.00%	0.00%
3069	1356	Newport Housing	C	7.57%	4.54%	2.46%
3071	1566	Warren Housing	B	8.24%	6.40%	3.86%
3072	1286	Johnston Housing		2.70%	0.00%	0.00%
3077	1538	Tiverton Local 2670A	C	7.01%	5.56%	6.33%
3078	1007 1009	Barrington COLA	C	4.04%	2.35%	8.97%
3079	1096	Coventry Housing		2.66%	1.14%	0.00%
3080	1496	South Kingstown Housing	C	7.00%	6.06%	5.73%
3081	1403	N. RI Collaborative Adm. Services	C	8.84%	7.88%	5.47%
3083	1616	West Warwick Housing	B	9.45%	8.12%	5.95%
3084	1476	Smithfield Housing		1.13%	0.56%	0.00%
3094	1478	Smithfield COLA	C	3.63%	2.20%	0.00%
3096	1056	Central Falls Housing	C	14.11%	10.53%	11.76%
3098	1293	Lime Rock Administrative Services		5.21%	4.39%	3.41%
3099	1063	Central Falls Schools	C	8.38%	7.34%	6.46%
3100	1023	Bristol/Warren Schools	B	9.70%	8.62%	6.90%
3101	1157	Town of E. Greenwich-COLA-NCE	C	5.43%	4.30%	0.56%
3102	1712	Town of Harrisville	C	5.68%	13.46%	N/A
3103	1702	Town of Albion	C	16.16%	15.84%	N/A
General Employee Units Average				8.10%	6.42%	4.77%
Police & Fire Units						
4016	1285	Johnston Fire	D	9.86%	7.88%	10.49%
4029	1454	Richmond Fire District		9.64%	9.36%	14.90%
4031	1474	Smithfield Police	C,D	11.56%	12.47%	13.03%
4042	1555	Valley Falls Fire	D	15.02%	15.65%	15.65%
4047	1395 1435	North Smithfield Voluntary Fire	B,D	19.14%	18.39%	17.90%
4050	1155	East Greenwich Fire	C,D	21.57%	18.97%	22.28%
4054	1154	East Greenwich Police	C,D	16.97%	13.93%	12.91%
4055	1375	North Kingstown Fire	C,D	24.27%	21.22%	19.92%
4056	1374	North Kingstown Police	C,D	24.60%	21.78%	17.61%
4057	1235	Harris Fire Department	C	19.78%	19.58%	26.84%
4058	1385	North Providence Fire	D	11.51%	9.94%	11.55%
4059	1008	Barrington Fire (25)	C	16.43%	19.87%	6.40%
4060	1004	Barrington Police	C,D	32.61%	32.16%	32.08%
4061	1005	Barrington Fire (20)	C,D	18.74%	9.43%	5.39%
4062	1564 1565	Warren Police & Fire	C,D	29.88%	25.66%	24.97%
4063	1494	South Kingstown Police	B,1	16.29%	13.89%	10.02%
4073	1464	Scituate Police	3	0.00%	0.00%	0.00%
4076	1394	North Smithfield Police	C,D	19.15%	18.71%	17.53%
4077	1534	Tiverton Fire	C,D	11.39%	18.97%	12.06%



COMPARISON OF EMPLOYER CONTRIBUTION RATES

Unit Number		Unit	Code(s)	June 30, 2005	June 30, 2004	June 30, 2003
Old	New			Actuarial Valuation for FY 2008	Actuarial Valuation for FY 2007	Actuarial Valuation for FY 2006
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Police & Fire Units						
4082	1194	Foster Police	C,D	21.25%	14.37%	11.34%
4085	1634	Woonsocket Police	C,D	17.84%	14.87%	14.61%
4086	1084	Charlestown Police	C,D	30.00%	28.53%	28.58%
4087	1264	Hopkinton Police	C,D,6	21.40%	16.37%	10.46%
4088	1214	Glocester Police	C,D	21.41%	18.95%	18.48%
4089	1604	West Greenwich Police/Rescue	C,D	19.22%	15.48%	21.89%
4090	1034	Burrillville Police	C,D,6	23.32%	22.50%	19.77%
4091	1148	Cumberland Rescue	C,D	13.30%	14.17%	16.51%
4092	1585	Washington Fire	D	13.27%	13.51%	13.15%
4093	1635	Woonsocket Fire	C,D	15.96%	14.33%	15.53%
4094	1015	Bristol Fire	D	8.01%	9.04%	9.66%
4095	1135	Cumberland Hill Fire	C,D	21.99%	20.66%	19.52%
4096	1014	Bristol Police	C,D	12.02%	12.26%	13.29%
4098	1095	Coventry Fire	D	14.72%	15.18%	17.42%
4099	1505	South Kingstown EMT	C,D	10.49%	9.89%	10.65%
4100	1525	Tiogue Fire		18.58%	17.62%	17.12%
4101	1365	North Cumberland	D	15.97%	14.29%	14.53%
4102	1045	Central Coventry Fire	C,D	18.90%	19.20%	21.14%
4103	1255	Hopkins Hill Fire	D	12.83%	12.41%	14.23%
4104	1114	Cranston Police	C,D,4	18.46%	17.14%	17.12%
4105	1115	Cranston Fire	C,D,4	19.02%	19.10%	16.32%
4106	1125	Cumberland Fire	B,D	20.31%	19.79%	22.73%
4107	1305	Lincoln Rescue	C	13.37%	13.43%	14.31%
4108	1344	New Shoreham Police	B,D	24.31%	18.78%	20.29%
4109	1324	Middletown Police & Fire	C,D	11.41%	10.63%	11.85%
4110	1715	Harrisville Fire District	C,D	17.87%	11.56%	N/A
4111	1705	Albion Fire District	C	23.83%	17.25%	N/A
Police & Fire Units Average				18.27%	16.73%	16.07%
All MERS Units Average				10.27%	8.63%	7.14%

- 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 2005 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

Unit Number		Unit	Code(s)	Adjusted Compensation	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
Old	New						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3001	1002 1003	Barrington		207,992	14,253	5,317,928	7,125,628
3002	1012 1019	Bristol	B	3,521,419	388,038	15,157,399	11,958,748
3003	1032 1033	Burrillville	C	5,052,283	644,292	17,083,972	18,052,879
3004	1052	Central Falls		2,706,858	271,964	4,999,396	3,321,201
3005	1082	Charlestown	C	1,410,304	152,238	3,850,033	2,799,513
3007	1112 1113	Cranston	B	23,531,717	2,970,537	102,678,224	105,082,284
3008	1122 1123	Cumberland		7,600,606	805,537	19,501,160	13,855,032
3009	1152 1153	East Greenwich		749,828	73,468	5,174,482	7,947,446
3010	1162 1163	East Providence	B	16,479,217	1,978,342	76,413,204	51,614,109
3011	1183	Exeter/West Greenwich	B	1,760,071	243,464	5,369,466	4,744,663
3012	1192 1193	Foster		853,817	90,450	2,365,339	2,064,061
3013	1212 1213	Glocester	C	2,074,984	264,565	5,351,366	3,981,358
3014	1262	Hopkinton	C	1,313,123	178,658	2,518,852	2,646,270
3015	1272 1273	Jamestown	C	2,536,885	309,656	7,818,973	5,745,455
3016	1282 1283	Johnston	C	8,910,704	1,160,910	31,172,017	24,974,474
3017	1302 1303	Lincoln		926,909	102,275	1,241,901	825,875
3019	1322 1323	Middletown	C	4,199,793	497,749	10,809,459	7,733,571
3021	1352 1353 1354	Newport	B	10,671,442	1,260,092	50,823,220	37,380,423
3022	1342 1343	New Shoreham	B	1,783,163	236,682	3,533,859	2,791,780
3023	1372 1373	North Kingstown	C	10,852,333	1,363,334	38,320,570	28,290,030
3024	1382 1383	North Providence		6,072,454	583,863	19,033,818	22,458,809
3025	1392 1393	North Smithfield	B	2,672,612	349,088	9,007,455	11,264,454
3026	1412 1413	Pawtucket	C	20,742,928	2,402,511	90,089,739	75,133,350
3027	1515	Union Fire District		130,274	12,407	208,413	175,274
3029	1452	Richmond		476,044	54,406	1,112,419	1,003,905
3030	1462 1463	Scituate	B	2,669,745	341,810	9,416,580	7,382,274
3031	1472 1473	Smithfield	C	2,316,674	301,936	8,950,042	9,670,302
3032	1492 1493	South Kingstown	B	10,367,494	1,268,759	33,072,044	31,283,650
3033	1532 1533	Tiverton	C	2,290,278	293,884	7,642,124	8,983,782
3034	1562	Warren	C	1,589,277	172,037	5,895,255	3,828,449
3036	1622 1623	Westerly		55,291	4,288	1,089,287	578,799
3037	1602	West Greenwich	C	790,254	102,266	2,057,070	1,298,327
3039	1632 1633	Woonsocket	B	11,867,494	1,460,783	46,180,453	53,348,782
3040	1073	Chariho School District	C	4,317,066	562,137	10,310,115	7,916,521
3041	1203	Foster/Glocester	B	1,416,122	187,313	4,835,354	3,489,894
3042	1528	Tiogue Fire & Lighting	C,5	-	-	5,314	27,740
3043	1336	Narragansett Housing	C	147,156	14,765	224,900	165,062
3045	1098	Coventry Lighting District	C	152,412	10,657	777,423	1,164,288
3046	1242	Hope Valley Fire	C	94,558	8,705	247,159	233,592
3050	1156	East Greenwich Housing	C	337,064	41,508	698,863	465,512
3051	1116	Cranston Housing	C	787,839	98,172	2,467,624	2,695,209
3052	1166	East Providence Housing	B	493,215	64,217	1,982,820	2,085,041
3053	1416	Pawtucket Housing	B	2,128,555	248,399	6,234,649	9,114,077
3056	1126	Cumberland Housing	C	508,474	67,827	814,285	855,569
3057	1306	Lincoln Housing	B	419,635	62,296	1,180,734	1,127,633
3059	1016	Bristol Housing		252,140	26,922	939,069	1,513,517



COMPONENTS USED IN DETERMINING CONTRIBUTION RATES

Unit Number		Unit	Code(s)	Adjusted Compensation	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
Old	New						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3065	1036	Burrillville Housing	B	149,349	20,259	588,617	734,740
3066	1386	North Providence Housing	B	312,525	46,660	1,338,117	659,510
3067	1177	East Smithfield Water	C	117,529	15,055	488,194	665,142
3068	1227	Greenville Water	B	187,862	22,624	577,591	814,769
3069	1356	Newport Housing	C	1,475,295	190,756	6,039,966	5,763,931
3071	1566	Warren Housing	B	215,451	29,231	1,065,366	1,033,075
3072	1286	Johnston Housing		314,973	33,482	689,112	801,065
3077	1538	Tiverton Local 2670A	C	906,562	118,910	2,531,873	2,403,735
3078	1007 1009	Barrington COLA	C	5,613,750	703,452	14,622,329	15,735,672
3079	1096	Coventry Housing		363,224	37,914	567,017	672,613
3080	1496	South Kingstown Housing	C	185,509	27,557	89,021	106,177
3081	1403	N. RI Collaborative Adm. Services	C	1,649,078	233,140	1,518,320	1,109,050
3083	1616	West Warwick Housing	B	306,160	36,733	1,024,070	834,561
3084	1476	Smithfield Housing		86,643	8,071	179,022	206,420
3094	1478	Smithfield COLA	C	3,033,189	381,513	7,315,121	8,355,248
3096	1056	Central Falls Housing	C	601,783	75,454	1,853,702	1,074,802
3098	1293	Lime Rock Administrative Svcs		65,367	6,478	127,992	113,867
3099	1063	Central Falls Schools	C	4,264,373	560,542	8,938,050	7,488,062
3100	1023	Bristol/Warren Schools	B	3,985,281	546,926	13,078,527	11,311,710
3101	1157	Town of E. Greenwich-COLA-NCE	C	4,241,144	522,365	10,754,425	10,944,195
3102	1712	Town of Harrisville	C	147,228	16,577	198,251	146,302
3103	1702	Town of Albion	C	30,697	3,895	72,460	20,377
General Employee Units Subtotal				\$208,491,475	\$25,385,054	\$747,630,969	\$671,193,635
Police & Fire Units							
4016	1285	Johnston Fire	D	1,127,131	194,884	917,163	730,695
4029	1454	Richmond Fire District		298,728	39,345	492,768	290,482
4031	1474	Smithfield Police	C,D	540,015	115,947	511,054	519,314
4042	1555	Valley Falls Fire	D	560,144	93,360	2,624,698	2,080,146
4047	1395 1435	North Smithfield Voluntary Fire	B,D	938,743	204,245	4,261,363	3,320,848
4050	1155	East Greenwich Fire	C,D	1,736,994	354,682	9,421,512	6,852,775
4054	1154	East Greenwich Police	C,D	1,457,953	329,912	10,091,377	9,216,208
4055	1375	North Kingstown Fire	C,D	3,338,739	678,432	25,071,693	19,140,008
4056	1374	North Kingstown Police	C,D	2,366,001	508,504	16,419,227	12,181,369
4057	1235	Harris Fire Department	C	159,685	26,696	497,470	197,540
4058	1385	North Providence Fire	D	4,334,043	716,755	22,519,772	20,434,897
4059	1008	Barrington Fire (25)	C	324,452	53,711	755,016	342,553
4060	1004	Barrington Police	C,D	1,084,517	233,154	8,786,638	5,329,520
4061	1005	Barrington Fire (20)	C,D	540,037	94,129	8,184,767	7,772,706
4062	1564 1565	Warren Police & Fire	C,D	1,072,507	229,662	8,673,813	5,814,685
4063	1494	South Kingstown Police	B,1	2,384,560	471,953	17,934,085	16,681,847
4073	1464	Scituate Police	3	-	-	37,790	147,845
4076	1394	North Smithfield Police	C,D	1,003,680	217,241	6,744,779	5,715,286
4077	1534	Tiverton Fire	C,D	1,220,843	255,651	6,266,168	6,332,330
4082	1194	Foster Police	C,D	231,590	46,375	1,926,264	1,643,151
4085	1634	Woonsocket Police	C,D	5,025,985	1,079,435	23,801,147	19,710,043



COMPONENTS USED IN DETERMINING CONTRIBUTION RATES

Unit Number		Unit	Code(s)	Adjusted Compensation	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
Old	New						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Police & Fire Units							
4086	1084	Charlestown Police	C,D	949,693	204,015	6,299,199	3,706,715
4087	1264	Hopkinton Police	C,D,6	657,671	149,975	3,207,343	2,543,342
4088	1214	Glocester Police	C,D	743,041	162,368	3,859,144	2,851,023
4089	1604	West Greenwich Police/Rescue	C,D	536,092	114,850	2,213,646	1,587,003
4090	1034	Burrillville Police	C,D,6	1,281,736	291,180	7,116,270	4,935,501
4091	1148	Cumberland Rescue	C,D	809,872	175,917	2,680,986	2,478,527
4092	1585	Washington Fire	D	436,993	74,331	1,500,141	1,210,884
4093	1635	Woonsocket Fire	C,D	5,033,698	1,118,156	18,059,712	15,371,463
4094	1015	Bristol Fire	D	133,207	18,565	208,603	218,784
4095	1135	Cumberland Hill Fire	C,D	584,520	121,165	3,465,163	2,561,547
4096	1014	Bristol Police	C,D	912,700	205,341	1,018,320	1,105,787
4098	1095	Coventry Fire	D	503,573	80,222	2,122,118	1,648,975
4099	1505	South Kingstown EMT	C,D	610,973	137,280	1,144,190	1,351,701
4100	1525	Tiogue Fire		215,091	28,943	532,173	117,279
4101	1365	North Cumberland	D	588,424	103,142	2,536,330	1,900,297
4102	1045	Central Coventry Fire	C,D	550,533	121,576	2,240,376	1,652,598
4103	1255	Hopkins Hill Fire	D	411,346	72,979	635,404	387,048
4104	1114	Cranston Police	C,D,4	4,336,935	1,071,447	10,721,320	7,618,309
4105	1115	Cranston Fire	C,D,4	5,608,096	1,408,209	17,789,858	13,698,011
4106	1125	Cumberland Fire	B,D	575,718	118,902	2,633,522	1,908,210
4107	1305	Lincoln Rescue	C	644,525	104,140	1,810,488	1,278,991
4108	1344	New Shoreham Police	B,D	174,633	37,590	924,032	585,177
4109	1324	Middletown Police & Fire	C,D	279,513	61,323	164,831	193,222
4110	1715	Harrisville Fire District	C,D	173,423	41,486	353,684	239,027
4111	1705	Albion Fire District	C	133,897	25,029	447,978	167,486
Police & Fire Units Subtotal				\$56,632,250	\$11,992,204	\$269,623,396	\$215,771,152
All MERS Units Total				\$265,123,725	\$37,377,258	\$1,017,254,365	\$886,964,787

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 2005 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.



EXPLANATION OF RATE CHANGES

Unit Number			June 30, 2004	Source of Rate Change				June 30, 2005
				Actuarial	Non-Asset	Asset	Assumption	
Old	New	Unit	Valuation	(Gains)/	(Gains)/	Change	Changes	Valuation
(1)	(2)	(3)	(4)	Losses	Losses	(7)	(8)	(9)
General Employee Units								
3001	1002 1003	Barrington	(80.94%)	2.72%	14.85%	-	-	(63.37%)
3002	1012 1019	Bristol	8.54%	0.23%	1.46%	-	-	0.23%
3003	1032 1033	Burrillville	3.47%	(0.27%)	1.54%	-	-	4.74%
3004	1052	Central Falls	8.24%	(0.95%)	0.52%	-	-	7.81%
3005	1082	Charlestown	7.79%	0.04%	0.85%	-	-	8.68%
3007	1112 1113	Cranston	3.14%	0.38%	1.92%	-	-	5.44%
3008	1122 1123	Cumberland	8.30%	0.40%	0.79%	-	-	9.49%
3009	1152 1153	East Greenwich	(20.95%)	(6.67%)	4.60%	-	-	(23.02%)
3010	1162 1163	East Providence	13.38%	0.29%	1.36%	-	-	15.03%
3011	1183	Exeter/West Greenwich	8.10%	(0.02%)	1.16%	-	-	9.24%
3012	1192 1193	Foster	6.95%	(1.14%)	1.04%	-	-	6.85%
3013	1212 1213	Glocester	9.36%	0.03%	0.83%	-	-	10.22%
3014	1262	Hopkinton	4.94%	0.26%	0.86%	-	-	6.06%
3015	1272 1273	Jamestown	9.81%	(0.26%)	0.98%	-	-	10.53%
3016	1282 1283	Johnston	8.62%	1.07%	1.21%	-	-	10.90%
3017	1302 1303	Lincoln	6.89%	0.87%	0.38%	-	-	8.14%
3019	1322 1323	Middletown	9.53%	(0.36%)	0.80%	-	-	9.97%
3021	1352 1353 1354	Newport	11.00%	0.76%	1.51%	-	-	13.27%
3022	1342 1343	New Shoreham	8.15%	0.06%	0.67%	-	-	8.88%
3023	1372 1373	North Kingstown	10.34%	0.28%	1.12%	-	-	11.74%
3024	1382 1383	North Providence	(1.52%)	(0.13%)	1.59%	-	-	(0.06%)
3025	1392 1393	North Smithfield	(1.16%)	(0.04%)	1.81%	-	-	0.61%
3026	1412 1413	Pawtucket	7.60%	0.44%	1.57%	-	-	9.61%
3027	1515	Union Fire District	5.11%	0.70%	0.58%	-	-	6.39%
3029	1452	Richmond	5.56%	0.55%	0.90%	-	-	7.01%
3030	1462 1463	Scituate	9.94%	(0.07%)	1.20%	-	-	11.07%
3031	1472 1473	Smithfield	(2.99%)	1.99%	1.79%	-	3.92%	4.71%
3032	1492 1493	South Kingstown	4.82%	0.56%	1.30%	-	-	6.68%
3033	1532 1533	Tiverton	(0.73%)	1.60%	1.68%	-	-	2.55%
3034	1562	Warren	11.73%	(0.47%)	1.03%	-	-	12.29%
3036	1622 1623	Westerly	58.06%	(0.13%)	4.55%	-	-	62.48%
3037	1602	West Greenwich	7.21%	0.12%	0.71%	-	4.26%	12.30%
3039	1632 1633	Woonsocket	0.07%	(0.46%)	1.94%	-	-	1.55%
3040	1073	Chariho School District	5.34%	(0.39%)	0.79%	-	4.09%	9.83%
3041	1203	Foster/Glocester	11.42%	0.34%	1.06%	-	-	12.82%
3043	1336	Narragansett Housing	4.96%	0.20%	0.49%	-	-	5.65%
3045	1098	Coventry Lighting District	(14.74%)	(4.27%)	3.32%	-	-	(15.69%)
3046	1242	Hope Valley Fire	5.47%	(0.82%)	1.08%	-	-	5.73%
3050	1156	East Greenwich Housing	9.04%	0.08%	0.60%	-	-	9.72%
3051	1116	Cranston Housing	2.09%	0.31%	1.48%	-	-	3.88%
3052	1166	East Providence Housing	4.69%	(0.41%)	1.83%	-	-	6.11%
3053	1416	Pawtucket Housing	(4.22%)	(2.27%)	1.84%	-	-	(4.65%)
3056	1126	Cumberland Housing	5.20%	(0.23%)	0.72%	-	-	5.69%
3057	1306	Lincoln Housing	6.79%	0.93%	1.16%	-	-	8.88%
3059	1016	Bristol Housing	(15.33%)	1.14%	2.57%	-	-	(11.62%)
3065	1036	Burrillville Housing	(3.25%)	1.33%	2.11%	-	-	0.19%
3066	1386	North Providence Housing	21.67%	(0.39%)	0.90%	-	-	22.18%
3067	1177	East Smithfield Water	(1.70%)	(5.39%)	2.42%	-	-	(4.67%)
3068	1227	Greenville Water	(29.46%)	23.79%	1.87%	-	-	(3.80%)
3069	1356	Newport Housing	4.54%	1.34%	1.69%	-	-	7.57%



EXPLANATION OF RATE CHANGES

Unit Number		Unit	June 30, 2004 Actuarial Valuation	Source of Rate Change				June 30, 2005 Actuarial Valuation
Old	New			Non-Asset (Gains)/ Losses	Asset (Gains)/ Losses	Assumption Change	Provision Changes	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
General Employee Units								
3071	1566	Warren Housing	6.40%	(0.24%)	2.08%	-	-	8.24%
3072	1286	Johnston Housing	(2.31%)	3.91%	1.10%	-	-	2.70%
3077	1538	Tiverton Local 2670A	5.56%	0.31%	1.14%	-	-	7.01%
3078	1007 1009	Barrington COLA	2.35%	0.48%	1.21%	-	-	4.04%
3079	1096	Coventry Housing	1.14%	0.72%	0.80%	-	-	2.66%
3080	1496	South Kingstown Housing	6.06%	0.69%	0.25%	-	-	7.00%
3081	1403	N. RI Collaborative Adm. Services	7.88%	0.67%	0.29%	-	-	8.84%
3083	1616	West Warwick Housing	8.12%	0.15%	1.18%	-	-	9.45%
3084	1476	Smithfield Housing	0.56%	(0.45%)	1.02%	-	-	1.13%
3094	1478	Smithfield COLA	2.20%	0.24%	1.19%	-	-	3.63%
3096	1056	Central Falls Housing	10.53%	2.82%	0.76%	-	-	14.11%
3098	1293	Lime Rock Administrative Services	4.39%	0.06%	0.76%	-	-	5.21%
3099	1063	Central Falls Schools	7.34%	0.29%	0.75%	-	-	8.38%
3100	1023	Bristol/Warren Schools	8.62%	(0.14%)	1.22%	-	-	9.70%
3101	1157	Town of E. Greenwich-COLA-NCE	4.30%	0.02%	1.11%	-	-	5.43%
3102	1712	Town of Harrisville	13.46%	(8.21%)	0.43%	-	-	5.68%
3103	1702	Town of Albion	15.84%	0.03%	0.29%	-	-	16.16%
Police & Fire Units								
4016	1285	Johnston Fire	7.88%	1.71%	0.27%	-	-	9.86%
4029	1454	Richmond Fire District	9.36%	(0.13%)	0.41%	-	-	9.64%
4031	1474	Smithfield Police	12.47%	(1.32%)	0.41%	-	-	11.56%
4042	1555	Valley Falls Fire	15.65%	(2.23%)	1.60%	-	-	15.02%
4047	1395 1435	North Smithfield Voluntary Fire	18.39%	(0.77%)	1.52%	-	-	19.14%
4050	1155	East Greenwich Fire	18.97%	0.91%	1.69%	-	-	21.57%
4054	1154	East Greenwich Police	13.93%	0.33%	2.71%	-	-	16.97%
4055	1375	North Kingstown Fire	21.22%	0.57%	2.48%	-	-	24.27%
4056	1374	North Kingstown Police	21.78%	0.60%	2.22%	-	-	24.60%
4057	1235	Harris Fire Department	19.58%	(0.33%)	0.53%	-	-	19.78%
4058	1385	North Providence Fire	9.94%	(0.46%)	2.03%	-	-	11.51%
4059	1008	Barrington Fire (25)	19.87%	(3.89%)	0.45%	-	-	16.43%
4060	1004	Barrington Police	32.16%	(1.66%)	2.11%	-	-	32.61%
4061	1005	Barrington Fire (20)	9.43%	3.09%	6.22%	-	-	18.74%
4062	1564 1565	Warren Police & Fire	25.66%	1.89%	2.33%	-	-	29.88%
4063	1494	South Kingstown Police	13.89%	(0.60%)	3.00%	-	-	16.29%
4076	1394	North Smithfield Police	18.71%	(2.02%)	2.46%	-	-	19.15%
4077	1534	Tiverton Fire	18.97%	(9.80%)	2.22%	-	-	11.39%
4082	1194	Foster Police	14.37%	3.81%	3.07%	-	-	21.25%
4085	1634	Woonsocket Police	14.87%	1.28%	1.69%	-	-	17.84%
4086	1084	Charlestown Police	28.53%	(0.21%)	1.68%	-	-	30.00%
4087	1264	Hopkinton Police	16.37%	3.37%	1.66%	-	-	21.40%
4088	1214	Glocester Police	18.95%	0.82%	1.64%	-	-	21.41%
4089	1604	West Greenwich Police/Rescue	15.48%	2.47%	1.27%	-	-	19.22%
4090	1034	Burrillville Police	18.61%	(0.84%)	1.66%	-	3.89%	23.32%
4091	1148	Cumberland Rescue	14.17%	(2.18%)	1.31%	-	-	13.30%
4092	1585	Washington Fire	13.51%	(1.43%)	1.19%	-	-	13.27%
4093	1635	Woonsocket Fire	14.33%	0.32%	1.31%	-	-	15.96%
4094	1015	Bristol Fire	9.04%	(1.72%)	0.69%	-	-	8.01%
4095	1135	Cumberland Hill Fire	20.66%	(0.56%)	1.89%	-	-	21.99%



EXPLANATION OF RATE CHANGES

Unit Number		Unit	June 30, 2004 Actuarial Valuation	Source of Rate Change			June 30, 2005 Actuarial Valuation	
Old	New			Non-Asset (Gains)/ Losses	Asset (Gains)/ Losses	Assumption Change		Provision Changes
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Police & Fire Units								
4096	1014	Bristol Police	12.26%	(0.75%)	0.51%	-	-	12.02%
4098	1095	Coventry Fire	15.18%	(1.88%)	1.42%	-	-	14.72%
4099	1505	South Kingstown EMT	9.89%	(0.35%)	0.95%	-	-	10.49%
4100	1525	Tiogue Fire	17.62%	0.72%	0.24%	-	-	18.58%
4101	1365	North Cumberland	14.29%	0.29%	1.39%	-	-	15.97%
4102	1045	Central Coventry Fire	19.20%	(1.59%)	1.29%	-	-	18.90%
4103	1255	Hopkins Hill Fire	12.41%	0.02%	0.40%	-	-	12.83%
4104	1114	Cranston Police	17.14%	0.57%	0.75%	-	-	18.46%
4105	1115	Cranston Fire	19.10%	(1.13%)	1.05%	-	-	19.02%
4106	1125	Cumberland Fire	19.79%	(0.90%)	1.42%	-	-	20.31%
4107	1305	Lincoln Rescue	13.43%	(0.92%)	0.86%	-	-	13.37%
4108	1344	New Shoreham Police	18.78%	4.12%	1.41%	-	-	24.31%
4109	1324	Middletown Police & Fire	10.63%	0.49%	0.29%	-	-	11.41%
4110	1715	Harrisville Fire District	11.56%	5.73%	0.58%	-	-	17.87%
4111	1705	Albion Fire District	17.25%	6.05%	0.53%	-	-	23.83%

Units with no active members are excluded from this exhibit.



SCHEDULE OF FUNDING PROGRESS

Unit Number		Unit	Code(s)	Actuarial	Actuarial	Unfunded	Funded	Annual	UAAL as %
Old	New			Value of	Accrued	Actuarial	Ratio	Covered	of Payroll
(1)	(2)	(3)	(4)	Assets (AVA)	Liability (AAL)	Accrued Liability (UAAL) (5) - (4)	(4)/(5)	Payroll	(7)/(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Employee Units									
3001	1002 1003	Barrington		7,125,628	5,317,928	(1,807,699)	134.0%	207,992	(869.1%)
3002	1012 1019	Bristol	B	11,958,748	15,157,399	3,198,651	78.9%	3,521,419	90.8%
3003	1032 1033	Burrillville	C	18,052,879	17,083,972	(968,907)	105.7%	5,052,283	(19.2%)
3004	1052	Central Falls		3,321,201	4,999,396	1,678,195	66.4%	2,706,858	62.0%
3005	1082	Charlestown	C	2,799,513	3,850,033	1,050,521	72.7%	1,410,304	74.5%
3007	1112 1113	Cranston	B	105,082,284	102,678,224	(2,404,060)	102.3%	23,531,717	(10.2%)
3008	1122 1123	Cumberland		13,855,032	19,501,160	5,646,128	71.0%	7,600,606	74.3%
3009	1152 1153	East Greenwich		7,947,446	5,174,482	(2,772,964)	153.6%	749,828	(369.8%)
3010	1162 1163	East Providence	B	51,614,109	76,413,204	24,799,095	67.5%	16,479,217	150.5%
3011	1183	Exeter/West Greenwich	B	4,744,663	5,369,466	624,803	88.4%	1,760,071	35.5%
3012	1192 1193	Foster		2,064,061	2,365,339	301,278	87.3%	853,817	35.3%
3013	1212 1213	Glocester	C	3,981,358	5,351,366	1,370,007	74.4%	2,074,984	66.0%
3014	1262	Hopkinton	C	2,646,270	2,518,852	(127,418)	105.1%	1,313,123	(9.7%)
3015	1272 1273	Jamestown	C	5,745,455	7,818,973	2,073,518	73.5%	2,536,885	81.7%
3016	1282 1283	Johnston	C	24,974,474	31,172,017	6,197,544	80.1%	8,910,704	69.6%
3017	1302 1303	Lincoln		825,875	1,241,901	416,026	66.5%	926,909	44.9%
3019	1322 1323	Middletown	C	7,733,571	10,809,459	3,075,888	71.5%	4,199,793	73.2%
3021	1352 1353 1354	Newport	B	37,380,423	50,823,220	13,442,797	73.5%	10,671,442	126.0%
3022	1342 1343	New Shoreham	B	2,791,780	3,533,859	742,079	79.0%	1,783,163	41.6%
3023	1372 1373	North Kingstown	C	28,290,030	38,320,570	10,030,540	73.8%	10,852,333	92.4%
3024	1382 1383	North Providence		22,458,809	19,033,818	(3,424,991)	118.0%	6,072,454	(56.4%)
3025	1392 1393	North Smithfield	B	11,264,454	9,007,455	(2,256,998)	125.1%	2,672,612	(84.4%)
3026	1412 1413	Pawtucket	C	75,133,350	90,089,739	14,956,389	83.4%	20,742,928	72.1%
3027	1515	Union Fire District		175,274	208,413	33,139	84.1%	130,274	25.4%
3029	1452	Richmond		1,003,905	1,112,419	108,514	90.2%	476,044	22.8%
3030	1462 1463	Scituate	B	7,382,274	9,416,580	2,034,306	78.4%	2,669,745	76.2%
3031	1472 1473	Smithfield	C	9,670,302	8,950,042	(720,260)	108.0%	2,316,674	(31.1%)
3032	1492 1493	South Kingstown	B	31,283,650	33,072,044	1,788,394	94.6%	10,367,494	17.3%
3033	1532 1533	Tiverton	C	8,983,782	7,642,124	(1,341,658)	117.6%	2,290,278	(58.6%)
3034	1562	Warren	C	3,828,449	5,895,255	2,066,806	64.9%	1,589,277	130.0%
3036	1622 1623	Westerly		578,799	1,089,287	510,488	53.1%	55,291	923.3%
3037	1602	West Greenwich	C	1,298,327	2,057,070	758,743	63.1%	790,254	96.0%
3039	1632 1633	Woonsocket	B	53,348,782	46,180,453	(7,168,329)	115.5%	11,867,494	(60.4%)
3040	1073	Chariho School District	C	7,916,521	10,310,115	2,393,595	76.8%	4,317,066	55.4%
3041	1203	Foster/Glocester	B	3,489,894	4,835,354	1,345,460	72.2%	1,416,122	95.0%
3042	1528	Tiogue Fire & Lighting	C,5	27,740	5,314	(22,426)	522.0%	0	-
3043	1336	Narragansett Housing	C	165,062	224,900	59,838	73.4%	147,156	40.7%
3045	1098	Coventry Lighting District	C	1,164,288	777,423	(386,865)	149.8%	152,412	(253.8%)
3046	1242	Hope Valley Fire	C	233,592	247,159	13,567	94.5%	94,558	14.3%
3050	1156	East Greenwich Housing	C	465,512	698,863	233,351	66.6%	337,064	69.2%
3051	1116	Cranston Housing	C	2,695,209	2,467,624	(227,585)	109.2%	787,839	(28.9%)
3052	1166	East Providence Housing	B	2,085,041	1,982,820	(102,221)	105.2%	493,215	(20.7%)
3053	1416	Pawtucket Housing	B	9,114,077	6,234,649	(2,879,428)	146.2%	2,128,555	(135.3%)
3056	1126	Cumberland Housing	C	855,569	814,285	(41,284)	105.1%	508,474	(8.1%)
3057	1306	Lincoln Housing	B	1,127,633	1,180,734	53,101	95.5%	419,635	12.7%
3059	1016	Bristol Housing		1,513,517	939,069	(574,448)	161.2%	252,140	(227.8%)
3065	1036	Burrillville Housing	B	734,740	588,617	(146,123)	124.8%	149,349	(97.8%)
3066	1386	North Providence Housing	B	659,510	1,338,117	678,607	49.3%	312,525	217.1%
3067	1177	East Smithfield Water	C	665,142	488,194	(176,949)	136.2%	117,529	(150.6%)



SCHEDULE OF FUNDING PROGRESS

Unit Number		Unit	Code(s)	Actuarial	Actuarial	Unfunded	Funded	Annual	UAAL as %
Old	New			Value of	Accrued	Accrued Liability	Ratio	Covered	of Payroll
(1)	(2)	(3)	(4)	Assets (AVA)	(AAL)	(UAAL) (5) - (4)	(4)/(5)	Payroll	(7)/(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Employee Units									
3068	1227	Greenville Water	B	814,769	577,591	(237,178)	141.1%	187,862	(126.3%)
3069	1356	Newport Housing	C	5,763,931	6,039,966	276,035	95.4%	1,475,295	18.7%
3071	1566	Warren Housing	B	1,033,075	1,065,366	32,291	97.0%	215,451	15.0%
3072	1286	Johnston Housing		801,065	689,112	(111,953)	116.2%	314,973	(35.5%)
3077	1538	Tiverton Local 2670A	C	2,403,735	2,531,873	128,138	94.9%	906,562	14.1%
3078	1007 1009	Barrington COLA	C	15,735,672	14,622,329	(1,113,343)	107.6%	5,613,750	(19.8%)
3079	1096	Coventry Housing		672,613	567,017	(105,596)	118.6%	363,224	(29.1%)
3080	1496	South Kingstown Housing	C	106,177	89,021	(17,156)	119.3%	185,509	(9.2%)
3081	1403	N. RI Collaborative Adm. Svc	C	1,109,050	1,518,320	409,270	73.0%	1,649,078	24.8%
3083	1616	West Warwick Housing	B	834,561	1,024,070	189,510	81.5%	306,160	61.9%
3084	1476	Smithfield Housing		206,420	179,022	(27,398)	115.3%	86,643	(31.6%)
3094	1478	Smithfield COLA	C	8,355,248	7,315,121	(1,040,127)	114.2%	3,033,189	(34.3%)
3096	1056	Central Falls Housing	C	1,074,802	1,853,702	778,900	58.0%	601,783	129.4%
3098	1293	Lime Rock Adm. Services		113,867	127,992	14,125	89.0%	65,367	21.6%
3099	1063	Central Falls Schools	C	7,488,062	8,938,050	1,449,988	83.8%	4,264,373	34.0%
3100	1023	Bristol/Warren Schools	B	11,311,710	13,078,527	1,766,816	86.5%	3,985,281	44.3%
3101	1157	E Greenwich-COLA-NCE	C	10,944,195	10,754,425	(189,771)	101.8%	4,241,144	(4.5%)
3102	1712	Town of Harrisville	C	146,302	198,251	51,949	73.8%	147,228	35.3%
3103	1702	Town of Albion	C	20,377	72,460	52,083	28.1%	30,697	169.7%
General Employee Units Subtotal				\$671,193,635	\$747,630,969	\$76,437,334	89.8%	\$208,491,475	36.7%
Police & Fire Units									
4016	1285	Johnston Fire	D	730,695	917,163	186,467	79.7%	1,127,131	16.5%
4029	1454	Richmond Fire District		290,482	492,768	202,286	58.9%	298,728	67.7%
4031	1474	Smithfield Police	C,D	519,314	511,054	(8,260)	101.6%	540,015	(1.5%)
4042	1555	Valley Falls Fire	D	2,080,146	2,624,698	544,551	79.3%	560,144	97.2%
4047	1395 1435	North Smithfield Vol Fire	B,	3,320,848	4,261,363	940,515	77.9%	938,743	100.2%
4050	1155	East Greenwich Fire	C,D	6,852,775	9,421,512	2,568,737	72.7%	1,736,994	147.9%
4054	1154	East Greenwich Police	C,D	9,216,208	10,091,377	875,169	91.3%	1,457,953	60.0%
4055	1375	North Kingstown Fire	C,D	19,140,008	25,071,693	5,931,685	76.3%	3,338,739	177.7%
4056	1374	North Kingstown Police	C,D	12,181,369	16,419,227	4,237,858	74.2%	2,366,001	179.1%
4057	1235	Harris Fire Department	C	197,540	497,470	299,930	39.7%	159,685	187.8%
4058	1385	North Providence Fire	D	20,434,897	22,519,772	2,084,875	90.7%	4,334,043	48.1%
4059	1008	Barrington Fire (25)	C	342,553	755,016	412,462	45.4%	324,452	127.1%
4060	1004	Barrington Police	C,D	5,329,520	8,786,638	3,457,118	60.7%	1,084,517	318.8%
4061	1005	Barrington Fire (20)	C,D	7,772,706	8,184,767	412,061	95.0%	540,037	76.3%
4062	1564 1565	Warren Police & Fire	C,D	5,814,685	8,673,813	2,859,128	67.0%	1,072,507	266.6%
4063	1494	South Kingstown Police	B,1	16,681,847	17,934,085	1,252,238	93.0%	2,384,560	52.5%
4073	1464	Scituate Police	3	147,845	37,790	(110,055)	391.2%	0	-
4076	1394	North Smithfield Police	C,D	5,715,286	6,744,779	1,029,493	84.7%	1,003,680	102.6%
4077	1534	Tiverton Fire	C,D	6,332,330	6,266,168	(66,163)	101.1%	1,220,843	(5.4%)
4082	1194	Foster Police	C,D	1,643,151	1,926,264	283,114	85.3%	231,590	122.2%
4085	1634	Woonsocket Police	C,D	19,710,043	23,801,147	4,091,104	82.8%	5,025,985	81.4%
4086	1084	Charlestown Police	C,D	3,706,715	6,299,199	2,592,485	58.8%	949,693	273.0%
4087	1264	Hopkinton Police	C,D,6	2,543,342	3,207,343	664,001	79.3%	657,671	101.0%
4088	1214	Glocester Police	C,D	2,851,023	3,859,144	1,008,120	73.9%	743,041	135.7%
4089	1604	W Greenwich Police/Rsq	C,D	1,587,003	2,213,646	626,643	71.7%	536,092	116.9%
4090	1034	Burrillville Police	C,D,6	4,935,501	7,116,270	2,180,770	69.4%	1,281,736	170.1%
4091	1148	Cumberland Rescue	C,D	2,478,527	2,680,986	202,459	92.4%	809,872	25.0%



SCHEDULE OF FUNDING PROGRESS

Unit Number		Unit	Code(s)	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded Actuarial Liability (UAAL) (5) - (4)	Funded Ratio (4)/(5)	Annual Covered Payroll	UAAL as % of Payroll (7)/(9)
Old	New								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Police & Fire Units									
4092	1585	Washington Fire	D	1,210,884	1,500,141	289,257	80.7%	436,993	66.2%
4093	1635	Woonsocket Fire	C,D	15,371,463	18,059,712	2,688,249	85.1%	5,033,698	53.4%
4094	1015	Bristol Fire	D	218,784	208,603	(10,181)	104.9%	133,207	(7.6%)
4095	1135	Cumberland Hill Fire	C,D	2,561,547	3,465,163	903,617	73.9%	584,520	154.6%
4096	1014	Bristol Police	C,D	1,105,787	1,018,320	(87,467)	108.6%	912,700	(9.6%)
4098	1095	Coventry Fire	D	1,648,975	2,122,118	473,143	77.7%	503,573	94.0%
4099	1505	South Kingstown EMT	C,D	1,351,701	1,144,190	(207,511)	118.1%	610,973	(34.0%)
4100	1525	Tiogue Fire		117,279	532,173	414,895	22.0%	215,091	192.9%
4101	1365	North Cumberland	D	1,900,297	2,536,330	636,033	74.9%	588,424	108.1%
4102	1045	Central Coventry Fire	C,D	1,652,598	2,240,376	587,778	73.8%	550,533	106.8%
4103	1255	Hopkins Hill Fire	D	387,048	635,404	248,356	60.9%	411,346	60.4%
4104	1114	Cranston Police	C,D,4	7,618,309	10,721,320	3,103,012	71.1%	4,336,935	71.5%
4105	1115	Cranston Fire	C,D,4	13,698,011	17,789,858	4,091,847	77.0%	5,608,096	73.0%
4106	1125	Cumberland Fire	B,D	1,908,210	2,633,522	725,312	72.5%	575,718	126.0%
4107	1305	Lincoln Rescue	C	1,278,991	1,810,488	531,497	70.6%	644,525	82.5%
4108	1344	New Shoreham Police	B,D	585,177	924,032	338,856	63.3%	174,633	194.0%
4109	1324	Middletown Police & Fire	C,D	193,222	164,831	(28,391)	117.2%	279,513	(10.2%)
4110	1715	Harrisville Fire District	C,D	239,027	353,684	114,657	67.6%	173,423	66.1%
4111	1705	Albion Fire District	C	167,486	447,978	280,492	37.4%	133,897	209.5%
Police & Fire Units Subtotal				\$215,771,152	\$269,623,396	\$53,852,244	80.0%	\$56,632,250	95.1%
All MERS Units Total				886,964,787	1,017,254,365	130,289,578	87.2%	265,123,725	49.1%

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 2005 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.



ASSET VALUES

Unit Number		Unit	Code(s)	Market Value of Assets	Actuarial Value of Assets
Old	New				
(1)	(2)	(3)	(4)	(5)	(6)
General Employee Units					
3001	1002 1003	Barrington		\$ 7,323,821	\$ 7,125,628
3002	1012 1019	Bristol	B	12,291,371	11,958,748
3003	1032 1033	Burrillville	C	18,555,006	18,052,879
3004	1052	Central Falls		3,413,577	3,321,201
3005	1082	Charlestown	C	2,877,379	2,799,513
3007	1112 1113	Cranston	B	108,005,065	105,082,284
3008	1122 1123	Cumberland		14,240,399	13,855,032
3009	1152 1153	East Greenwich		8,168,498	7,947,446
3010	1162 1163	East Providence	B	53,049,715	51,614,109
3011	1183	Exeter/West Greenwich	B	4,876,632	4,744,663
3012	1192 1193	Foster		2,121,472	2,064,061
3013	1212 1213	Glocester	C	4,092,097	3,981,358
3014	1262	Hopkinton	C	2,719,874	2,646,270
3015	1272 1273	Jamestown	C	5,905,260	5,745,455
3016	1282 1283	Johnston	C	25,669,119	24,974,474
3017	1302 1303	Lincoln		848,846	825,875
3019	1322 1323	Middletown	C	7,948,674	7,733,571
3021	1352 1353 1354	Newport	B	38,420,130	37,380,423
3022	1342 1343	New Shoreham	B	2,869,431	2,791,780
3023	1372 1373	North Kingstown	C	29,076,895	28,290,030
3024	1382 1383	North Providence		23,083,484	22,458,809
3025	1392 1393	North Smithfield	B	11,577,766	11,264,454
3026	1412 1413	Pawtucket	C	77,223,125	75,133,350
3027	1515	Union Fire District		180,150	175,274
3029	1452	Richmond		1,031,828	1,003,905
3030	1462 1463	Scituate	B	7,587,606	7,382,274
3031	1472 1473	Smithfield	C	9,939,274	9,670,302
3032	1492 1493	South Kingstown	B	32,153,780	31,283,650
3033	1532 1533	Tiverton	C	9,233,659	8,983,782
3034	1562	Warren	C	3,934,934	3,828,449
3036	1622 1623	Westerly		594,898	578,799
3037	1602	West Greenwich	C	1,334,438	1,298,327
3039	1632 1633	Woonsocket	B	54,832,637	53,348,782
3040	1073	Chariho School District	C	8,136,713	7,916,521
3041	1203	Foster/Glocester	B	3,586,962	3,489,894
3042	1528	Tiogue Fire & Lighting	C,5	28,512	27,740
3043	1336	Narragansett Housing	C	169,653	165,062
3045	1098	Coventry Lighting District	C	1,196,672	1,164,288
3046	1242	Hope Valley Fire	C	240,089	233,592
3050	1156	East Greenwich Housing	C	478,460	465,512
3051	1116	Cranston Housing	C	2,770,174	2,695,209
3052	1166	East Providence Housing	B	2,143,035	2,085,041
3053	1416	Pawtucket Housing	B	9,367,578	9,114,077
3056	1126	Cumberland Housing	C	879,366	855,569
3057	1306	Lincoln Housing	B	1,158,997	1,127,633
3059	1016	Bristol Housing		1,555,614	1,513,517



ASSET VALUES

Unit Number		Unit	Code(s)	Market Value of Assets	Actuarial Value of Assets
Old	New				
(1)	(2)	(3)	(4)	(5)	(6)
General Employee Units					
3065	1036	Burrillville Housing	B	755,176	734,740
3066	1386	North Providence Housing	B	677,854	659,510
3067	1177	East Smithfield Water	C	683,643	665,142
3068	1227	Greenville Water	B	837,431	814,769
3069	1356	Newport Housing	C	5,924,250	5,763,931
3071	1566	Warren Housing	B	1,061,809	1,033,075
3072	1286	Johnston Housing		823,346	801,065
3077	1538	Tiverton Local 2670A	C	2,470,593	2,403,735
3078	1007 1009	Barrington COLA	C	16,173,348	15,735,672
3079	1096	Coventry Housing		691,321	672,613
3080	1496	South Kingstown Housing	C	109,130	106,177
3081	1403	N. RI Collaborative Adm. Svcs.	C	1,139,897	1,109,050
3083	1616	West Warwick Housing	B	857,773	834,561
3084	1476	Smithfield Housing		212,162	206,420
3094	1478	Smithfield COLA	C	8,587,643	8,355,248
3096	1056	Central Falls Housing	C	1,104,697	1,074,802
3098	1293	Lime Rock Admin. Services		117,034	113,867
3099	1063	Central Falls Schools	C	7,696,337	7,488,062
3100	1023	Bristol/Warren Schools	B	11,626,337	11,311,710
3101	1157	Town of E Greenwich-COLA-NCE	C	11,248,599	10,944,195
3102	1712	Town of Harrisville	C	150,371	146,302
3103	1702	Town of Albion	C	20,943	20,377
General Employee Units Subtotal				\$ 689,862,359	\$ 671,193,635
Police & Fire Units					
4016	1285	Johnston Fire	D	\$ 751,019	\$ 730,695
4029	1454	Richmond Fire District		298,562	290,482
4031	1474	Smithfield Police	C,D	533,759	519,314
4042	1555	Valley Falls Fire	D	2,138,004	2,080,146
4047	1395 1435	North Smithfield Voluntary Fire	B,D	3,413,214	3,320,848
4050	1155	East Greenwich Fire	C,D	7,043,380	6,852,775
4054	1154	East Greenwich Police	C,D	9,472,550	9,216,208
4055	1375	North Kingstown Fire	C,D	19,672,372	19,140,008
4056	1374	North Kingstown Police	C,D	12,520,185	12,181,369
4057	1235	Harris Fire Department	C	203,034	197,540
4058	1385	North Providence Fire	D	21,003,278	20,434,897
4059	1008	Barrington Fire (25)	C	352,081	342,553
4060	1004	Barrington Police	C,D	5,477,756	5,329,520
4061	1005	Barrington Fire (20)	C,D	7,988,898	7,772,706
4062	1564 1565	Warren Police & Fire	C,D	5,976,416	5,814,685
4063	1494	South Kingstown Police	B,1	17,145,840	16,681,847
4073	1464	Scituate Police	3	151,957	147,845
4076	1394	North Smithfield Police	C,D	5,874,253	5,715,286
4077	1534	Tiverton Fire	C,D	6,508,459	6,332,330
4082	1194	Foster Police	C,D	1,688,854	1,643,151
4085	1634	Woonsocket Police	C,D	20,258,262	19,710,043



ASSET VALUES

Unit Number		Unit	Code(s)	Market Value of Assets	Actuarial Value of Assets
Old	New				
(1)	(2)	(3)	(4)	(5)	(6)
Police & Fire Units					
4086	1084	Charlestown Police	C,D	3,809,814	3,706,715
4087	1264	Hopkinton Police	C,D,6	2,614,083	2,543,342
4088	1214	Glocester Police	C,D	2,930,322	2,851,023
4089	1604	West Greenwich Police/Rescue	C,D	1,631,144	1,587,003
4090	1034	Burrillville Police	C,D,6	5,072,778	4,935,501
4091	1148	Cumberland Rescue	C,D	2,547,466	2,478,527
4092	1585	Washington Fire	D	1,244,564	1,210,884
4093	1635	Woonsocket Fire	C,D	15,799,008	15,371,463
4094	1015	Bristol Fire	D	224,869	218,784
4095	1135	Cumberland Hill Fire	C,D	2,632,794	2,561,547
4096	1014	Bristol Police	C,D	1,136,543	1,105,787
4098	1095	Coventry Fire	D	1,694,840	1,648,975
4099	1505	South Kingstown EMT	C,D	1,389,297	1,351,701
4100	1525	Tiogue Fire		120,541	117,279
4101	1365	North Cumberland	D	1,953,152	1,900,297
4102	1045	Central Coventry Fire	C,D	1,698,564	1,652,598
4103	1255	Hopkins Hill Fire	D	397,813	387,048
4104	1114	Cranston Police	C,D,4	7,830,206	7,618,309
4105	1115	Cranston Fire	C,D,4	14,079,010	13,698,011
4106	1125	Cumberland Fire	B,D	1,961,285	1,908,210
4107	1305	Lincoln Rescue	C	1,314,565	1,278,991
4108	1344	New Shoreham Police	B,D	601,453	585,177
4109	1324	Middletown Police & Fire	C,D	198,596	193,222
4110	1715	Harrisville Fire District	C,D	245,675	239,027
4111	1705	Albion Fire District	C	172,144	167,486
Police & Fire Units Subtotal				\$ 221,772,657	\$ 215,771,152
All MERS Units Total				\$ 911,635,016	\$ 886,964,787

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 2005 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

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.

Actuarial Cost Method

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 accrued liability.

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 unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability and amortizing the result over a closed 30-year period from June 30, 1999.

The contribution rate determined by this valuation will not be effective until two years later, and the determination of the rate reflects this deferral. It is assumed that there will be no change in the employer normal cost rate due to the deferral, and it is assumed that payments are made monthly throughout the year.

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.



Actuarial Assumptions

Economic Assumptions

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.

Salary increase rate: A service-related component, plus a 3.00% inflation component, plus a general increase, as follows:

General Employees		
Years of Service	Service-related Component	Total Annual Rate of Increase Including 3.00% Inflation Component and 1.50% General Increase Rate
(1)	(2)	(3)
0	4.50%	9.00%
1	4.00	8.50
2	2.00	6.50
3	1.75	6.25
4	1.50	6.00
5 or more	0.00	4.50

Police & Fire		
Years of Service	Service-related Component	Total Annual Rate of Increase Including 3.00% Inflation Component and 2.00% General Increase Rate
(1)	(2)	(3)
0	10.50%	15.50%
1	4.00	9.00
2	1.50	6.50
3	1.00	6.00
4	0.75	5.75
5 or more	0.00	5.00

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, annualized if necessary, and then increased by the salary increase assumption.

Payroll growth rate: In the amortization of the portion of the unfunded accrued liability due to changes, gains and losses since inception, payroll is assumed to increase 3.75% per year. This increase rate is solely due to the effect of inflation on salaries, with no allowance for future membership growth.

Demographic Assumptions

Mortality rates (for active and retired members):

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



- Disabled males - 65% of the PBGC Table Va for disabled males eligible for Social Security disability benefits
- Disabled females - 100% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.

Sample rates are shown below:

Age	Healthy Males	Healthy Females	Disabled Males	Disabled Females
(1)	(2)	(3)	(6)	(7)
25	0.07	0.03	3.14	2.63
30	0.08	0.04	2.35	2.37
35	0.09	0.05	1.81	2.14
40	0.12	0.07	1.83	2.09
45	0.17	0.10	2.09	2.24
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

Disability rates: Disability is assumed to occur in accordance with the following table with 25% of disabilities for general employees and 75% for police and fire considered occupational.

Age	General	Police & Fire
(1)	(2)	(3)
25	0.05	0.17
30	0.06	0.22
35	0.09	0.29
40	0.13	0.44
45	0.22	0.72
50	0.37	1.21
55	0.61	1.21
60	0.85	1.21
65	0.00	1.21



Termination rates (for causes other than death, disability or retirement): For General Employees, termination rates are a function of the member’s sex, age and service. Termination rates are not applied after a member becomes eligible for a retirement benefit. Rates at selected ages for General Employees are shown

Active Male Members - General Employees

Age	Years of Service										
	0	1	2	3	4	5	6	7	8	9	10+
20	0.1989	0.1997	0.1887	0.1690	0.1469	0.1343	0.1343	0.1343	0.1343	0.1343	0.1343
25	0.1780	0.1722	0.1595	0.1420	0.1239	0.1148	0.1148	0.1148	0.1148	0.1148	0.1448
30	0.1499	0.1353	0.1204	0.1059	0.0932	0.0883	0.0883	0.0883	0.0883	0.0833	0.0833
35	0.1281	0.1098	0.0946	0.0824	0.0731	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
40	0.1105	0.0920	0.0780	0.0679	0.0608	0.0575	0.0575	0.0575	0.0575	0.0575	0.0575
45	0.0973	0.0821	0.0708	0.0627	0.0568	0.0517	0.0517	0.0517	0.0517	0.0517	0.0517
50	0.0884	0.0800	0.0731	0.0672	0.0615	0.0539	0.0539	0.0539	0.0539	0.0539	0.0539
55	0.0840	0.0856	0.0846	0.0813	0.0754	0.0653	0.0653	0.0653	0.0653	0.0653	0.0653
60	0.0838	0.0988	0.1055	0.1052	0.0986	0.0874	0.0874	0.0874	0.0874	0.0874	0.0874
65	0.0878	0.1192	0.1351	0.1382	0.1306	0.1202	0.1202	0.1202	0.1202	0.1202	0.1202
70	0.0976	0.1513	0.1797	0.1872	0.1779	0.1713	0.1713	0.1713	0.0713	0.0713	0.0713

Active Female Members - General Employees

Age	Years of Service										
	0	1	2	3	4	5	6	7	8	9	10+
20	0.2037	0.1831	0.1696	0.1609	0.1545	0.1491	0.1426	0.1345	0.1263	0.1181	0.1281
25	0.1926	0.1726	0.1593	0.1506	0.1443	0.1390	0.1329	0.1254	0.1178	0.1102	0.1190
30	0.1578	0.1376	0.1232	0.1130	0.1058	0.1005	0.0956	0.0905	0.0856	0.0807	0.0834
35	0.1337	0.1130	0.0975	0.0863	0.0786	0.0735	0.0694	0.0660	0.0629	0.0597	0.0584
40	0.1166	0.0952	0.0786	0.0667	0.0588	0.0539	0.0506	0.0483	0.0464	0.0442	0.0404
45	0.1066	0.0845	0.0672	0.0548	0.0469	0.0422	0.0395	0.0379	0.0364	0.0346	0.0296
50	0.1031	0.0806	0.0631	0.0508	0.0430	0.0385	0.0361	0.0346	0.0330	0.0308	0.0262
55	0.1055	0.832	0.0664	0.0547	0.0472	0.0429	0.0407	0.0386	0.0360	0.0325	0.0300
60	0.1128	0.0918	0.0767	0.0663	0.0592	0.0551	0.0528	0.0496	0.0452	0.0394	0.0406
65	0.1315	0.1121	0.0998	0.0912	0.0846	0.0802	0.0776	0.0722	0.0645	0.0546	0.0624
70	0.1197	0.1059	0.0986	0.0935	0.0886	0.0849	0.0826	0.0764	0.0675	0.0564	0.0679



For police and firemen, termination rates is service-related and as follows:

<u>Years of Service</u>	<u>Termination Rate</u>
0	0.12000
1	0.07000
2	0.06500
3	0.06000
4	0.05500
5	0.05000
6	0.04000
7	0.03000
8	0.02000
9	0.01000
10+	0.00000

Retirement rates: For general employees, separate male and female rates, based on age, as shown below. Police and Firemen are assumed to retire at the later of age 60 and completion of 10 years of service, or at the later of the age 55 and completion of 25 years of service, if earlier. For police and fire departments electing the optional plan paying unreduced benefits after 20 years of service, employees are assumed to retire at the later of age 55 and completion of 10 years of service, or at the later of age 50 and completion of 20 years of service, if earlier.

Expected Retirements per 100 Lives General Employees		
<u>Age</u>	<u>Males</u>	<u>Females</u>
45	8	5
46	8	5
47	8	5
48	8	5
49	8	5
50	8	5
51	8	5
52	8	5
53	8	5
54	8	5
55	8	5
56	8	5
57	9	5
58	18	15
59	10	10
60	10	12
61	15	14
62	30	16
63	30	18
64	30	20
65	40	30
66	30	20
67	30	20
68	30	20
69	30	20
70	100	100



Other Assumptions

Percent married: 100% of employees are assumed to be married.

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.

Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an annuity.

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.

Recovery from disability: None assumed.

Remarriage: It is assumed that no surviving spouse will remarry and there will be no children's benefit.

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.

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

Inactive members: Liabilities for inactive members are approximated as a multiple of their member contribution account balances. For non-vested inactive members, the multiple is one. For vested inactive members, the multiple is eight for members with 25 or more years of service, three for members age 45 or older, and one for other vested members younger than age 45.

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

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 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.

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



SUMMARY OF BENEFIT PROVISIONS

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.

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

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

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.

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.

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).

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.

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.

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.

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.



Retirement

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.

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, 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.

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

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.

Disability Retirement

Eligibility: A member is eligible provided he/she has credit for at least five years of service or if the disability is work-related.

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.

Occupational Disability Benefit: An annual annuity equal to two-thirds of salary at the time of disability.

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.

Deferred Termination Benefit

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.

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.

Payment Form: The same as for Retirement above.

Death Benefit before Retirement: A member who dies after leaving active service but before retiring is entitled to receive a benefit as described on the next page in *Death Benefit of Active or Inactive Members*.

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



Withdrawal (Refund) Benefit

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.

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.

Death Benefit of Active or Inactive Members

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.

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.

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

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.

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.

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

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

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.

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.

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).



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).

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 $60.00\% \times \text{Final Average Compensation (FAC)}$, plus $1.50\% \times \text{FAC} \times \text{Years of Service in Excess of 20}$, 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 one-half 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.

**STATE POLICE
RETIREMENT BENEFITS TRUST**

ACTUARIAL INFORMATION



June 14, 2006

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, 2005

This is the June 30, 2005 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, 2005 actuarial valuation will be applicable for the year beginning July 1, 2007 and ending June 30, 2008.

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, 24 years as of June 30, 2005). 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, as can be seen on Table 3, increased from 75.8% to 79.0%. The employer contribution rate decreased from 31.78% to 31.00%. An analysis of the changes in the employer contribution rate appears on Table 10a.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2005. There were no changes adopted since the previous actuarial valuation. The benefit provisions are summarized in Appendix B.

Assumptions and methods

All assumptions and methods are described in Appendix A and are unchanged from the last valuation. The actuarial assumptions were approved by the Board on August 11, 2004. 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, calculated contribution rates and funding periods. The actuarial calculations are intended to provide information for rational decision making.

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, 2005. 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, 2005.

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

Board of Trustees

June 14, 2006

Page 3

Accounting Standards Board. The undersigned are independent actuaries. All three are Members of the Society of Actuaries and Members of the American Academy of Actuaries, they both 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
Consultant



J. Christian Couradi, ASA, MAAA
Senior Consultant



W. Michael Carter, FSA, MAAA
Senior Consultant

3014.2006.val.Sp1SPolice7al05.doc



Actuarial Valuation - June 30, 2005

State Police Retirement Benefits Trust - Executive Summary

Item	2005	2004
Membership		
• Number of		
- Active members	181	148
- Retirees and beneficiaries	2	1
- Inactive Members	1	1
- Total	184	150
• Payroll for benefits	\$ 13,225,400	\$ 11,421,880
 Contribution rates		
• Member	8.75%	8.75%
• State	31.00%	31.78%
 Assets		
• Market value	\$ 24,495,990	\$ 24,495,990
• Actuarial value	29,616,896	24,767,014
• Return on market value	10.2%	18.0%
• Return on actuarial value	5.9%	4.2%
• Employer contribution	2,614,503	\$ 2,224,191
• Ratio of actuarial value to market value	97.2%	101.1%
 Actuarial Information		
• Employer normal cost %	25.96%	25.74%
• Unfunded actuarial accrued liability (UAAL)	\$ 7,894,096	\$ 7,922,160
• Amortization rate	5.04%	6.04%
• Funding period	24 years	25 years
• GASB funded ratio	79.0%	75.8%
 Projected employer contribution		
• Fiscal year ending June 30,	2008	2007
• Projected payroll for contributions	\$ 11,282,795	\$ 9,695,510
• Projected employer contribution	3,497,666	3,081,233



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

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.

Actuarial Cost Method

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.

1. The valuation is prepared on the projected benefit basis, under which the present value, at the interest rate assumed to be earned in the future (currently 8.25 percent), of each participant's expected benefit payable at retirement or death is determined, based on his age, service, sex and compensation. The calculations take into account the probability of a participant's death or termination of employment prior to becoming eligible for a benefit, as well as the possibility of his terminating with a service or survivor's benefit. Future salary increases are also anticipated. The present value of the expected benefits payable on account of the active participants 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 payable from the Plan on account of the present group of participants and beneficiaries.
2. 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.
3. 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.
4. The unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability and amortizing the results over 30 years from June 30, 1999.

The contribution rate determined by this valuation will not be effective until two years later, and the determination of the rate reflects this deferral. It is assumed that there will be no change in the employer normal cost rate due to the deferral, and it is assumed that payments are, on average, made monthly throughout the year.

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.

Actuarial Assumptions

Economic Assumptions

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.

Salary increase rate: Salaries are assumed to increase at the rates shown below. These rates include an inflationary increase of 3.00%, a general increase of 2.00%, and a service-related increase as shown on the next page.



Years of Service	Service-related Component	Total Annual Rate of Increase Including 3.00% Inflation Component and 2.00% General Increase Rate
(1)	(2)	(3)
0	10.00%	15.00%
1	3.50	8.50
2	2.00	7.00
3	1.00	6.00
4 or more	0.00	5.00

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.

Payroll growth rate: In the amortization of the unfunded frozen liability, payroll is assumed to increase 3.75% per year. This assumption includes no allowance for future membership growth.

Demographic Assumptions

Mortality rates

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

15% of active member deaths are occupational.

Disability rates – Rates are applied, with 75% of disabilities considered occupational, and assumes no recoveries once disabled:

Age	Rate
(1)	(2)
20	0.12%
25	0.17
30	0.22
35	0.29
40	0.44
45	0.72
50	1.21

Termination rates - None

Retirement rates – State police are assumed to retire after completion of 25 years of service, or if earlier, after reaching age 50 and completing 21 years of service.



Other Assumptions

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

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

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

Participant Data

Participant data was supplied in electronic files for active and retired members. The data for an active member included birthdate, sex, service, salary and employee contribution account balance. A file was also supplied 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

Effective Date and Authority: The State Police Retirement Benefits Plan (SPRBP) 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.

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

Administration: The State Police Retirement Benefits Plan is administered by the Employees' 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.

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

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.

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.

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).

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.

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.

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.

Retirement

Eligibility: All members are eligible for retirement at any age after completion of 20 years of service. (The Superintendent of State Police may retire on or after age 60 if he has credit for 10 years of service.)

Monthly Benefit: 50% of Final Salary, plus 3% of Final Salary for each year of service in excess of 20. (The Superintendent of State Police receives a benefit of 50% of Final Salary.) The maximum benefit is 65% of FAC.

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



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.

Disability Retirement

Eligibility: A member is eligible provided he/she has credit for at least ten years of service or if the disability is work-related.

Ordinary Disability Benefit: 2.00% of Final Salary for each year of service, but not less than 25% of Final Salary.

Occupational Disability Benefit: 75% of Final Salary.

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.

Refunds

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

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

Death Benefit of Active Members

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

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.

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.

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, 2005	June 30, 2004
(1)	(2)	(3)
1. Cash and cash equivalents	\$ 261,238	\$ 218,178
2. Receivables:		
a. Employer and member contributions	\$ 27,547	\$ -
b. Transfers receivable	-	-
c. Miscellaneous	-	-
d. Total receivables	\$ 27,547	\$ -
3. Investments		
a. Pooled trust	\$ 30,170,794	\$ 24,272,810
b. Plan specific investments	-	-
c. Total	\$ 30,170,794	\$ 24,272,810
4. Invested securities lending collateral	\$ 4,575,730	\$ 3,175,436
5. Property and equipment (net of depreciation)	\$ 30,132	\$ 31,364
6. Total assets	\$ 30,065,441	\$ 27,697,788
7. Liabilities		
a. Benefits payable	\$ -	\$ -
b. Securities lending liability	4,575,730	3,175,436
c. Accounts and vouches payable	31,745	26,362
d. Total liabilities	\$ 4,607,475	\$ 3,201,798
8. Total market value of assets available for benefits		
Total (Item 6 - Item 7)	\$ 30,457,966	\$ 24,495,990



RECONCILIATION OF PLAN NET ASSETS

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
1. Market value of assets as of beginning of year	\$ 24,495,990	\$ 18,112,268
2. Contributions		
a. Members	\$ 792,410	\$ 727,018
b. State	2,614,503	2,224,191
c. Service purchases	-	-
d. Miscellaneous revenue	-	-
e. Total	<u>\$ 3,406,913</u>	<u>\$ 2,951,209</u>
3. Investment earnings, net of investment expenses	\$ 2,708,821	\$ 3,528,560
4. Expenditures for the year		
a. Benefit payments	\$ (111,260)	\$ (69,279)
b. Cost-of-living adjustments	(3,000)	(750)
c. Death benefits	-	-
d. Social security supplements	-	-
e. Supplemental pensions	-	-
f. Refunds	-	(10,895)
g. Administrative expense	<u>(39,498)</u>	<u>(15,123)</u>
h. Total expenditures	<u>\$ (153,758)</u>	<u>\$ (96,047)</u>
5. Transfers and other adjustments	\$ -	\$ -
6. Market value of assets at end of year	\$ 30,457,966	\$ 24,495,990

ANALYSIS OF CHANGE IN EMPLOYER COST

<u>Basis</u>	<u>Employer Cost</u>
1. Employer contribution rates from prior valuation	31.78%
2. Impact of changes, gains and losses	
a. Non-salary liability experience (gain)/loss	0.90%
b. Salary (gain)/loss	(1.49%)
c. Total payroll growth (gain)/loss	(0.66%)
d. Investment experience (gain)/loss	0.47%
e. Changes in assumptions	0.00%
f. Changes in plan provisions	<u>0.00%</u>
g. Total	(0.78%)
3. Employer contributions rates from current valuation	31.00%

**JUDICIAL RETIREMENT
BENEFITS TRUST**

ACTUARIAL INFORMATION

JUDICIAL ACTUARIAL INFORMATION



June 14, 2006

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, 2005

This is the June 30, 2005 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, 2005 actuarial valuation will be applicable for the year beginning July 1, 2007 and ending June 30, 2008.

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, 24 years from June 30, 2005). 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, as can be seen on Table 3, increased from 73.3% to 87.0%. The employer contribution rate decreased from 36.07% to 32.07%. An analysis of the changes in the employer contribution rate appears on Table 10a.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2005. There were no changes adopted since the previous actuarial valuation. The benefit provisions are summarized in Appendix B.

Assumptions and methods

All assumptions and methods are described in Appendix A and are unchanged from the last valuation. The actuarial assumptions were approved by the Board on August 11, 2004. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of JRBI.

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 calculations are intended to provide information for rational decision making.

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, 2005. 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, 2005.

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.

Board of Trustees
June 14, 2006
Page 3

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. Both are Members of the Society of Actuaries and Members of the American Academy of Actuaries, they both 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
Consultant



J. Christian Conradi, ASA, MAAA
Senior Consultant



W. Michael Carter, FSA, MAAA
Senior Consultant

3014-2006-Fin-App-0105.doc



Actuarial Valuation - June 30, 2005

Judicial Retirement Benefits Trust - Executive Summary

Item	2005	2004
Membership		
• Number of:		
- Active members	44	44
- Retirees and beneficiaries	2	2
- Inactive members	-	-
- Total	46	46
• Payroll supplied by ERSRI, annualized	\$ 5,684,585	\$ 5,637,865
Contribution rates		
• Member	8.75%	8.75%
• State	32.07%	36.07%
Assets		
• Market value	\$ 19,892,509	\$ 15,844,213
• Actuarial value	19,347,372	16,019,053
• Return on market value	10.2%	18.0%
• Return on actuarial value	5.9%	4.1%
• Employer contribution	\$ 2,056,558	\$ 1,830,205
• Ratio of actuarial value to market value	97.3%	101.1%
Actuarial Information		
• Normal cost %	29.63%	30.42%
• Unfunded actuarial accrued liability (UAAL)	\$ 2,903,356	\$ 5,826,691
• Amortization percentage	2.44%	5.65%
• Funding period	24 years	25 years
• GASB funded ratio	87.0%	73.3%
Projected employer contribution		
• Fiscal year ending June 30,	2006	2007
• Projected payroll	\$ 6,627,734	\$ 6,573,262
• Projected employer contribution	2,125,514	2,370,976



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

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.

Actuarial Cost Method

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.

1. The valuation is prepared on the projected benefit basis, under which the present value, at the interest rate assumed to be earned in the future (currently 8.25 percent), of each participant's expected benefit payable at retirement or death is determined, based on his age, service, sex and compensation. The calculations take into account the probability of a participant's death or termination of employment prior to becoming eligible for a benefit, as well as the possibility of his terminating with a service or survivor's benefit. Future salary increases are also anticipated. The present value of the expected benefits payable on account of the active participants 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 payable from the Plan on account of the present group of participants and beneficiaries.
2. 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.
3. 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.
4. The unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability and amortizing the result over 30 years from June 30, 1999.
5. The contribution rate determined by this valuation will not be effective until two years later, and the determination of the rate reflects this deferral. It is assumed that there will be no change in the employer normal cost rate due to the deferral, and it is assumed that payments are made monthly throughout the year.

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.

Actuarial Assumptions

Economic Assumptions

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.

Salary increase rate: Salaries are assumed to increase at the rate of 5.25% 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.



Payroll growth rate: In the amortization of the unfunded frozen liability, payroll is assumed to increase 5.25% per year. This assumption includes no allowance for future membership growth.

Demographic Assumptions

Mortality rates

- Healthy males – Based on the 1994 Group Annuity Mortality Table for males. Rates are set forward one year.
- Healthy females - Based on the 1994 Group Annuity Mortality Table for females.
- Disability rates – None
- Termination rates - None

Retirement rates – Judges 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 an unreduced retirement benefit by age 75 are assumed to terminate at age 75 and receive either a reduced retirement benefit, if eligible, or a refund.

Other Assumptions

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

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.

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

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

Participant Data

Participant data was supplied in an 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

Effective Date and Authority: The Judicial Retirement Fund (JRF) 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.

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

Administration: The Judicial Retirement Fund is administered by the Employees' 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.

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

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.

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

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).

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.

Final Average Compensation (FAC):

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

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

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.

Full Retirement

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.

Monthly Benefit: 100% of FAC at retirement.

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

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).



Reduced Retirement

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.

Reduced Retirement Benefit: 75% of FAC at retirement.

Payment Form: Same as for Full Retirement.

Death Benefit: Same as for Full Retirement.

Refunds

Eligibility: All judges leaving covered employment for a reason other than death or retirement.

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

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.

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	June 30, 2005	June 30, 2004
(1)	(2)	(3)
1. Cash and cash equivalents	\$ 174,550	\$ 170,589
2. Receivables:		
a. Employer and member contributions	\$ 17,901	\$ 18,342
b. Transfers receivable	-	-
c. Miscellaneous	-	<u>6,833</u>
d. Total receivables	<u>\$ 1,7901</u>	<u>\$ 18,386</u>
3. Investments		
a. Pooled trust	\$ 19,699,922	\$ 15,649,831
b. Plan specific investments	-	-
c. Total	<u>\$ 19,699,922</u>	<u>\$ 15,649,831</u>
4. Invested securities lending collateral	\$ 2,987,786	\$ 2,047,351
5. Property and equipment	\$ 19,399	\$ 20,191
6. Total assets	\$ 22,899,558	\$ 17,906,348
7. Liabilities		
a. Benefits payable	\$ -	\$ -
b. Securities lending liability	2,987,786	2,047,351
c. Accounts and vouches payable	<u>19,263</u>	<u>14,784</u>
d. Total liabilities	<u>\$ 3,007,049</u>	<u>\$ 2,062,135</u>
8. Total market value of assets available for benefits Total (Item 6 - Item 7)	<u>\$ 19,892,509</u>	<u>\$ 15,844,213</u>



RECONCILIATION OF PLAN NET ASSETS

	June 30, 2005	June 30, 2004
1. Market value of assets as of beginning of year	\$ 15,844,213	\$ 11,441,463
2. Contributions		
a. Members	\$ 497,233	\$ 472,389
b. State	2,056,558	1,830,205
c. Service purchases	-	-
d. Total	<u>\$ 2,553,791</u>	<u>\$ 2,302,594</u>
3. Investment earnings, net of investment expenses	\$ 1,764,696	\$ 2,259,036
4. Expenditures for the year		
a. Benefit payments	\$ (145,209)	\$ (145,209)
b. Cost-of-living adjustments	(7,706)	(4,146)
c. Post-retirement death benefits	-	-
d. Pre-retirement death benefits	-	-
e. Social security supplements	-	-
f. Supplemental pensions	-	-
g. Refunds	(91,431)	-
h. Administrative expenses	<u>(25,845)</u>	<u>(9,525)</u>
i. Total expenditures	\$ (270,191)	\$ (158,880)
5. Transfers and other adjustments	\$ -	\$ -
6. Market value of assets at end of year	\$ 19,892,509	\$ 15,844,213

ANALYSIS OF CHANGE IN EMPLOYER COST

Basis	Employer Cost
1. Employer contribution rates from prior valuation	36.07%
2. Impact of changes, gains and losses	
a. Non-salary liability experience (gain)/loss	(3.53%)
b. Salary (gain)/loss	(1.03%)
c. Total payroll growth (gain)/loss	0.12%
d. Investment experience (gain)/loss	0.44%
e. Changes in assumptions	0.00%
f. Changes in plan provisions	<u>0.00</u>
g. Total	(4.00%)
3. Employer contribution rates from current valuation	32.07%

**EMPLOYEES RETIREMENT SYSTEM
OF RHODE ISLAND**

STATISTICAL INFORMATION

STATISTICAL INFORMATION



Distribution of Active Members by Age and by Years of Service (Teachers)
As of 06/30/2005
Years of Credited Service

Attained Age	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total Count & Avg. Comp.
Under 25	4 \$31,081	42 \$30,901	15 \$36,177	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	61 \$32,210
25-29	14 \$39,452	74 \$34,458	134 \$37,800	221 \$39,972	206 \$42,355	286 \$46,946	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	935 \$41,875
30-34	98 \$47,526	460 \$35,506	515 \$40,767	143 \$44,102	163 \$45,569	1,043 \$52,481	127 \$62,832	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	2,549 \$46,464
35-39	6 \$56,680	33 \$35,481	51 \$40,576	307 \$44,923	210 \$48,741	811 \$54,607	637 \$64,818	163 \$65,658	0 \$0	0 \$0	0 \$0	0 \$0	2,218 \$55,854
40-44	7 \$35,081	33 \$37,375	47 \$45,418	77 \$45,037	97 \$49,499	459 \$56,723	370 \$65,405	445 \$66,086	45 \$67,295	0 \$0	0 \$0	0 \$0	1,580 \$59,845
45-49	10 \$39,268	35 \$36,069	45 \$46,233	60 \$45,971	99 \$48,194	484 \$56,510	327 \$64,791	406 \$66,850	221 \$67,501	105 \$68,332	0 \$0	0 \$0	1,792 \$60,846
50-54	5 \$67,113	19 \$34,694	21 \$45,372	41 \$49,131	71 \$51,120	414 \$59,234	446 \$65,195	524 \$67,474	244 \$67,377	519 \$67,999	263 \$70,103	0 \$0	2,567 \$64,946
55-59	8 \$69,628	10 \$47,116	15 \$53,872	30 \$56,191	36 \$57,129	219 \$62,231	277 \$66,549	384 \$66,623	203 \$68,000	252 \$69,071	481 \$70,655	106 \$73,074	2,021 \$67,375
60-64	1 \$78,412	4 \$45,724	4 \$49,783	10 \$65,188	12 \$64,683	71 \$64,738	93 \$67,700	127 \$66,618	76 \$66,387	84 \$69,284	54 \$70,574	51 \$72,597	587 \$67,496
65 & Over	0 \$0	0 \$0	1 \$40,050	3 \$60,164	3 \$43,381	16 \$63,538	24 \$65,869	28 \$66,477	21 \$69,118	24 \$68,382	13 \$69,169	26 \$78,446	159 \$68,182
Total	153 \$47,605	710 \$35,437	848 \$41,141	892 \$44,496	897 \$47,440	3,803 \$55,115	2,301 \$65,208	2,077 \$66,689	810 \$67,515	984 \$68,428	811 \$70,447	183 \$73,704	14,469 \$58,081



MEMBERSHIP DATA (TEACHERS)

	<u>June 30, 2005</u> (1)	<u>June 30, 2004</u> (2)	<u>June 30, 2003</u> (3)
1. Active members			
a. Number	14,469	14,556	14,410
b. Number vested	7,166	7,001	7,387
c. Total payroll supplied by ERSRI	\$ 840,372,663	\$ 810,064,092	\$ 781,718,751
d. Average salary	58,081	55,652	54,248
e. Average age	44.1	43.7	44.2
f. Average service	12.1	12.0	12.7
2. Inactive members			
a. Number	2,037	1,836	1,404
3. Service retirees			
a. Number	7,916	7,570	7,131
b. Total annual benefits	\$ 307,367,790	\$ 249,644,514	\$ 255,829,530
c. Average annual benefit	38,829	32,978	35,876
d. Average age	67.2	67.1	67.3
4. Disabled retirees			
a. Number	245	232	220
b. Total annual benefits	\$ 5,857,336	\$ 5,374,861	\$ 4,940,819
c. Average annual benefit	23,907	23,168	22,458
d. Average age	63.3	63.2	63.2
5. Beneficiaries and spouses			
a. Number	404	377	353
b. Total annual benefits	\$ 7,750,294	\$ 6,965,801	\$ 6,465,097
c. Average annual benefit	19,184	18,477	18,315
d. Average age	69.6	70.0	69.7



Distribution of Active Members by Age and by Years of Service (State)
As of 06/30/2005
Years of Credited Service

Attained Age	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total Count & Avg. Comp.
Under 25	47 \$29,445	26 \$28,009	9 \$27,916	3 \$27,732	3 \$24,751	1 \$23,951	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	89 \$28,593
25-29	74 \$35,170	57 \$34,253	46 \$34,326	52 \$32,591	72 \$34,928	86 \$36,002	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	387 \$34,727
30-34	430 \$33,303	197 \$33,088	52 \$35,600	69 \$37,722	100 \$38,278	299 \$40,840	39 \$40,591	2 \$41,665	0 \$0	0 \$0	0 \$0	0 \$0	1,188 \$36,194
35-39	45 \$35,174	119 \$34,993	132 \$38,301	98 \$37,626	88 \$39,533	370 \$41,467	321 \$43,882	199 \$43,104	1 \$42,872	0 \$0	0 \$0	0 \$0	1,373 \$40,801
40-44	49 \$36,862	55 \$30,491	54 \$38,049	65 \$39,596	93 \$38,352	298 \$42,659	337 \$46,363	511 \$46,539	207 \$44,650	9 \$36,432	0 \$0	0 \$0	1,678 \$43,723
45-49	52 \$37,433	54 \$34,321	43 \$41,198	73 \$38,725	83 \$41,802	314 \$42,675	363 \$47,029	512 \$49,088	452 \$51,327	292 \$46,558	25 \$45,724	0 \$0	2,263 \$46,580
50-54	42 \$39,358	35 \$34,754	44 \$42,180	47 \$33,620	66 \$38,537	279 \$40,527	289 \$47,064	427 \$49,235	304 \$51,370	492 \$53,624	249 \$51,005	9 \$52,180	2,283 \$48,160
55-59	33 \$42,060	28 \$36,962	24 \$40,546	32 \$41,502	42 \$40,207	197 \$41,171	249 \$43,712	361 \$45,820	285 \$51,783	345 \$56,538	290 \$61,023	53 \$61,880	1,939 \$50,124
60-64	10 \$33,406	9 \$49,959	6 \$39,828	22 \$39,236	15 \$40,736	96 \$42,394	122 \$44,808	232 \$44,535	198 \$49,003	172 \$53,338	97 \$56,440	40 \$58,631	1,019 \$48,147
65 & Over	2 \$23,423	5 \$36,821	4 \$71,090	2 \$23,276	2 \$22,275	42 \$43,297	78 \$41,352	137 \$41,245	109 \$44,938	89 \$48,863	63 \$48,712	37 \$58,069	570 \$45,203
Total	784 \$34,521	585 \$33,810	414 \$38,444	463 \$37,336	564 \$38,687	1,982 \$41,419	1,798 \$45,352	2,381 \$46,671	1,556 \$49,782	1,399 \$52,419	724 \$55,364	139 \$59,302	12,789 \$45,019



MEMBERSHIP DATA (STATE EMPLOYEES)

	June 30, 2005 (1)	June 30, 2004 (2)	June 30, 2003 (3)
1. Active members			
a. Number	12,789	12,957	13,281
b. Number vested	7,997	8,519	8,925
c. Total payroll supplied by ERSRI	\$ 575,746,603	\$ 575,574,300	\$ 575,919,807
d. Average salary	45,019	44,422	43,364
e. Average age	47.8	47.6	47.8
f. Average service	14.5	14.6	14.8
2. Inactive members			
a. Number	2,345	2,158	1,876
3. Service retirees			
a. Number	8,120	7,956	7,728
b. Total annual benefits	\$ 173,107,820	\$ 158,434,050	141,888,640
c. Average annual benefit	21,319	19,914	18,360
d. Average age	72.7	73.0	73.4
4. Disabled retirees			
a. Number	675	646	638
b. Total annual benefits	\$ 10,442,049	\$ 9,555,557	\$ 8,736,196
c. Average annual benefit	15,470	14,792	13,693
d. Average age	62.4	62.1	62.5
5. Beneficiaries and spouses			
a. Number	1,098	1,072	1,032
b. Total annual benefits	\$ 14,950,539	\$ 14,057,050	12,882,285
c. Average annual benefit	13,616	13,113	12,483
d. Average age	75.6	75.4	74.9



HISTORICAL SUMMARY OF ACTIVE MEMBER DATA

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								
1996	12,976	-4.2%	\$453	0.4%	34,900	4.8%	45.5	13.7
1997	12,865	(0.9%)	426	(6.0%)	33,103	(5.1%)	45.7	14.0
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
Teachers								
1996	12,391	2.6%	\$544	9.6%	43,900	6.8%	44.9	15.5
1997	12,681	2.3%	573	5.4%	45,193	2.9%	45.1	15.1
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



ACTIVE MEMBER STATISTICS

Unit Old	Number New	Unit	Code(s)	Active Employees as of June 30, 2005				Active Employees as of June 30, 2004			
				Number	Avg. Age	Avg. Service	Avg. Salary	Number	Avg. Age	Avg. Service	Avg. Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)
General Employee Units											
3001	1002 1003	Barrington		6	43.1	15.6	\$ 34,665	6	42.1	14.6	\$ 30,891
3002	1012 1019	Bristol	B	102	47.0	11.7	34,524	101	46.2	11.3	33,578
3003	1032 1033	Burrillville	C	164	49.8	10.8	30,807	168	49.3	10.1	29,859
3004	1052	Central Falls		84	46.0	6.8	32,225	65	46.8	8.7	31,444
3005	1082	Charlestown	C	38	44.6	10.8	37,113	38	44.2	9.9	35,887
3007	1112 1113	Cranston	B	860	50.3	10.1	27,362	866	49.9	9.7	26,600
3008	1122 1123	Cumberland		273	49.8	8.2	27,841	268	49.5	8.8	26,991
3009	1152 1153	East Greenwich		13	52.8	13.1	57,679	27	53.3	8.6	32,143
3010	1162 1163	East Providence	B	472	48.8	10.4	34,914	483	48.2	9.9	33,786
3011	1183	Exeter/West Greenwich	B	75	50.3	9.2	23,468	76	50.2	9.4	24,072
3012	1192 1193	Foster		36	51.5	11.6	23,717	44	49.6	9.4	24,047
3013	1212 1213	Glocester	C	77	50.7	10.0	26,948	71	50.4	10.0	27,571
3014	1262	Hopkinton	C	35	51.2	7.7	37,518	33	49.9	7.9	36,679
3015	1272 1273	Jamestown	C	79	49.1	9.4	32,112	78	48.2	8.0	32,103
3016	1282 1283	Johnston	C	308	50.1	8.3	28,931	320	49.2	7.7	26,807
3017	1302 1303	Lincoln		22	48.2	5.2	42,132	18	47.4	5.4	43,207
3019	1322 1323	Middletown	C	123	48.6	11.7	34,145	130	48.5	10.9	32,003
3021	1352 1353 1354	Newport	B	319	49.5	11.7	33,453	328	49.2	11.6	32,447
3022	1342 1343	New Shoreham	B	57	48.2	5.6	31,284	50	47.6	6.1	30,398
3023	1372 1373	North Kingstown	C	386	50.7	10.8	28,115	395	50.4	10.2	27,321
3024	1382 1383	North Providence		240	48.6	10.4	25,302	251	48.1	10.2	24,638
3025	1392 1393	North Smithfield	B	96	49.2	8.8	27,840	93	48.8	8.6	27,898
3026	1412 1413	Pawtucket	C	667	48.3	11.3	31,099	678	48.0	11.0	29,696
3027	1515	Union Fire District		4	55.4	10.1	32,569	3	57.0	12.2	33,694
3029	1452	Richmond		19	50.2	6.5	25,055	20	47.2	5.8	23,738
3030	1462 1463	Scituate	B	99	49.7	8.1	26,967	96	50.4	7.8	26,219
3031	1472 1473	Smithfield	C	78	50.7	8.9	29,701	73	50.6	9.2	28,895
3032	1492 1493	South Kingstown	B	364	49.3	10.1	28,482	373	48.7	9.6	27,313
3033	1532 1533	Tiverton	C	72	51.4	9.6	31,809	72	51.3	9.8	30,720
3034	1562	Warren	C	42	43.0	9.3	37,840	39	43.0	9.1	34,224
3036	1622 1623	Westerly		1	54.3	22.9	55,291	1	53.3	21.9	51,257
3037	1602	West Greenwich	C	25	48.2	10.8	31,610	25	48.5	10.2	30,406
3039	1632 1633	Woonsocket	B	434	49.4	10.0	27,344	451	48.6	9.1	26,778
3040	1073	Chariho School District	C	178	48.8	8.8	24,253	168	48.5	8.7	24,177
3041	1203	Foster/Glocester	B	51	51.8	10.3	27,767	47	52.1	10.9	25,560
3042	1528	Tiogogue Fire & Lighting	C,5	—	—	—	—	—	—	—	—
3043	1336	Narragansett Housing	C	4	38.6	7.2	36,789	4	37.6	6.2	35,125
3045	1098	Coventry Lighting Dist.	C	3	69.3	38.5	50,804	3	68.3	37.5	49,108
3046	1242	Hope Valley Fire	C	3	51.8	13.2	31,519	3	50.8	12.2	30,457
3050	1156	East Greenwich Housing	C	8	45.4	9.1	42,133	8	44.4	8.1	37,407
3051	1116	Cranston Housing	C	20	50.5	11.0	39,392	19	50.3	11.1	38,613
3052	1166	East Providence Housing	B	13	53.9	10.3	37,940	13	53.8	10.9	38,744
3053	1416	Pawtucket Housing	B	53	48.7	10.2	40,161	57	48.6	10.4	39,076
3056	1126	Cumberland Housing	C	15	45.4	4.8	33,898	16	43.6	4.3	33,903
3057	1306	Lincoln Housing	B	11	52.4	4.8	38,149	11	52.0	4.2	37,597



ACTIVE MEMBER STATISTICS

Unit Old	Number New	Unit	Code(s)	Active Employees as of June 30, 2005				Active Employees as of June 30, 2004			
				Number	Avg. Age	Avg. Service	Avg. Salary	Number	Avg. Age	Avg. Service	Avg. Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)
General Employee Units											
3059	1016	Bristol Housing		8	48.8	7.7	31,518	8	48.3	6.7	28,618
3065	1036	Burrillville Housing	B	4	52.4	11.4	37,337	4	53.4	10.4	32,291
3066	1386	North Providence Hsg	B	9	52.3	6.8	34,725	8	54.0	9.8	34,052
3067	1177	East Smithfield Water	C	3	44.3	5.4	39,176	3	51.9	11.9	44,174
3068	1227	Greenville Water	B	4	45.3	7.1	46,966	3	42.8	8.2	47,082
3069	1356	Newport Housing	C	37	50.8	9.3	39,873	41	51.2	9.4	40,375
3071	1566	Warren Housing	B	6	56.7	11.9	35,909	6	55.7	10.9	34,679
3072	1286	Johnston Housing		8	51.9	12.3	39,372	7	51.8	12.9	30,489
3077	1538	Tiverton Local 2670A	C	28	48.7	8.8	32,377	24	49.3	9.2	30,678
3078	1007 1009	Barrington COLA	C	173	50.0	10.1	32,449	174	50.2	10.3	32,241
3079	1096	Coventry Housing		12	46.5	4.0	30,269	12	43.3	3.5	29,884
3080	1496	South Kingstown Hsg	C	5	45.2	2.3	37,102	3	45.7	2.5	41,392
3081	1403	N RI Collab. Adm. Svc	C	79	46.8	4.0	20,874	77	46.2	2.8	19,706
3083	1616	West Warwick Housing	B	8	55.2	12.9	38,270	8	54.2	11.9	36,799
3084	1476	Smithfield Housing		3	45.2	9.6	28,881	3	45.3	14.3	28,703
3094	1478	Smithfield COLA	C	80	49.1	9.2	37,915	75	50.1	9.6	38,090
3096	1056	Central Falls Housing	C	19	44.0	4.8	31,673	20	44.6	4.2	33,163
3098	1293	Lime Rock Admin Svc		2	49.3	13.0	32,684	2	48.3	12.0	31,227
3099	1063	Central Falls Schools	C	170	48.3	7.6	25,085	181	48.4	7.5	24,521
3100	1023	Bristol/Warren Schools	B	151	50.4	8.8	26,393	148	49.9	8.4	24,916
3101	1157	E Greenwich-COLA-NCE	C	166	48.8	9.1	25,549	165	48.5	9.0	25,632
3102	1712	Town of Harrisville	C	4	42.2	7.8	36,807	4	41.2	6.8	59,812
3103	1702	Town of Albion	C	1	47.9	13.3	30,697	1	46.9	12.3	25,952
All General Employee Units				7,009	49.3	9.8	\$ 29,746	7,066	49.0	9.5	\$ 28,799
Police & Fire Units											
4016	1285	Johnston Fire	D	26	35.9	3.1	43,351	23	35.5	2.7	42,685
4029	1454	Richmond Fire District		9	31.9	4.5	33,192	10	30.9	3.9	\$ 30,941
4031	1474	Smithfield Police	C,D	14	31.6	3.8	38,573	14	33.0	3.1	37,439
4042	1555	Valley Falls Fire	D	13	40.3	12.7	43,088	14	39.8	11.8	41,818
4047	1395 1435	N Smithfield Vol Fire	B,D	21	39.9	8.5	44,702	20	39.2	8.0	42,738
4050	1155	East Greenwich Fire	C,D	37	40.4	9.9	46,946	36	40.9	9.3	42,385
4054	1154	East Greenwich Police	C,D	29	39.0	11.0	50,274	32	39.1	11.5	49,756
4055	1375	North Kingstown Fire	C,D	72	40.8	13.5	46,371	77	40.2	12.8	44,571
4056	1374	North Kingstown Police	C,D	50	37.3	10.7	47,320	52	37.0	10.3	43,420
4057	1235	Harris Fire Department	C	5	35.4	7.2	31,937	5	34.4	6.2	30,586
4058	1385	North Providence Fire	D	93	40.9	14.2	46,603	101	41.2	14.0	45,452
4059	1008	Barrington Fire (25)	C	8	31.3	4.0	40,557	5	32.7	4.8	42,510
4060	1004	Barrington Police	C,D	22	37.8	10.9	49,296	20	37.3	10.8	47,851
4061	1005	Barrington Fire (20)	C,D	11	48.3	22.3	49,094	12	46.8	20.0	48,029
4062	1564 1565	Warren Police & Fire	C,D	23	36.2	10.1	46,631	26	36.9	10.0	40,870
4063	1494	South Kingstown Police	B,1	53	39.8	13.5	44,992	54	39.3	12.9	44,254
4073	1464	Scituate Police	3	—	—	—	—	—	—	—	—
4076	1394	North Smithfield Police	C,D	20	37.4	11.4	50,184	21	37.0	10.6	47,782
4077	1534	Tiverton Fire	C,D	29	38.5	9.8	42,098	30	40.2	11.3	45,032



ACTIVE MEMBER STATISTICS

Unit Old	Number New	Unit	Code(s)	Active Employees as of June 30, 2005				Active Employees as of June 30, 2004			
				Number	Avg. Age	Avg. Service	Avg. Salary	Number	Avg. Age	Avg. Service	Avg. Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)
Police & Fire Units											
4082	1194	Foster Police	C,D	5	41.5	16.1	46,318	6	42.7	17.1	44,171
4085	1634	Woonsocket Police	C,D	99	38.4	12.4	50,768	95	38.1	12.4	48,088
4086	1084	Charlestown Police	C,D	20	39.9	12.2	47,485	20	40.4	13.9	46,348
4087	1264	Hopkinton Police	C,D,6	14	37.8	10.5	46,977	15	37.1	8.1	41,992
4088	1214	Glocester Police	C,D	17	39.6	10.4	43,708	19	39.4	9.7	39,495
4089	1604	W Greenwich Pol/Rsq	C,D	13	39.1	10.1	41,238	12	38.6	8.4	37,356
4090	1034	Burrillville Police	C,D,6	24	40.9	12.9	53,406	24	40.3	11.9	45,823
4091	1148	Cumberland Rescue	C,D	18	37.5	9.4	44,993	18	37.6	8.8	42,903
4092	1585	Washington Fire	D	10	38.7	11.5	43,699	9	39.9	11.8	41,991
4093	1635	Woonsocket Fire	C,D	107	38.3	11.3	47,044	101	37.8	11.0	43,716
4094	1015	Bristol Fire	D	3	47.6	7.2	44,402	2	51.2	9.8	46,978
4095	1135	Cumberland Hill Fire	C,D	14	37.4	12.5	41,751	14	36.4	11.6	39,494
4096	1014	Bristol Police	C,D	22	33.0	4.3	41,486	21	32.0	3.9	36,395
4098	1095	Coventry Fire	D	12	39.3	10.4	41,964	16	40.2	8.5	36,355
4099	1505	South Kingstown EMT	C,D	17	35.3	6.5	35,940	17	34.4	5.8	34,143
4100	1525	Tiogue Fire		6	38.9	8.6	35,849	6	38.6	7.6	33,583
4101	1365	North Cumberland	D	14	42.4	12.2	42,030	14	42.3	13.5	40,723
4102	1045	Central Coventry Fire	C,D	13	36.5	9.1	42,349	13	36.4	8.1	38,019
4103	1255	Hopkins Hill Fire	D	11	42.3	6.8	37,395	7	39.5	6.5	40,962
4104	1114	Cranston Police	C,D,4	106	35.1	6.1	40,914	92	34.1	6.2	47,034
4105	1115	Cranston Fire	C,D,4	114	39.2	10.4	49,194	115	38.2	9.5	56,357
4106	1125	Cumberland Fire	B,D	15	41.4	10.0	38,381	14	40.8	8.7	38,527
4107	1305	Lincoln Rescue	C	16	39.5	10.3	40,283	16	38.7	9.4	40,416
4108	1344	New Shoreham Police	B,D	4	38.4	5.9	43,658	5	40.5	8.5	53,528
4109	1324	Middletown Pol & Fire	C,D	7	32.5	2.4	39,930	4	29.5	2.9	39,959
4110	1715	Harrisville Fire District	C,D	5	35.3	5.7	34,685	3	36.4	8.2	36,788
4111	1705	Albion Fire District	C	3	42.2	9.9	44,632	5	45.4	8.9	43,421
All Police & Fire Units				1,244	38.5	10.5	\$ 45,524	1,235	38.3	10.3	\$ 44,930
All MERS Units				8,253	47.7	9.9	\$ 32,125	8,301	47.4	9.6	\$ 31,199

- 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 2006 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 (General Employees)
As of 06/30/2005
Years of Credited Service

Attained Age	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total Count & Avg. Comp.
Under 25	10 \$26,321	8 \$23,206	9 \$21,193	11 \$25,836	2 \$23,831	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	40 \$24,286
25-29	12 \$28,326	13 \$28,865	23 \$30,124	39 \$27,699	16 \$31,252	32 \$29,395	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	135 \$29,103
30-34	13 \$29,349	23 \$32,189	21 \$25,648	32 \$28,147	44 \$30,319	75 \$32,316	25 \$32,254	2 \$33,102	0 \$0	0 \$0	0 \$0	0 \$0	235 \$30,602
35-39	28 \$27,313	36 \$22,971	43 \$29,031	59 \$28,018	61 \$26,298	145 \$32,063	84 \$35,400	62 \$37,571	2 \$31,275	0 \$0	0 \$0	0 \$0	520 \$30,985
40-44	48 \$23,799	53 \$26,872	90 \$26,260	108 \$24,196	104 \$24,735	265 \$30,078	136 \$33,137	141 \$37,204	22 \$38,365	1 \$41,457	0 \$0	0 \$0	968 \$29,674
45-49	277 \$26,652	250 \$23,275	210 \$24,052	149 \$25,593	152 \$23,924	416 \$27,900	203 \$31,740	155 \$35,097	66 \$39,561	42 \$38,289	3 \$34,114	0 \$0	1,923 \$27,828
50-54	26 \$31,336	41 \$28,924	52 \$23,093	73 \$23,636	92 \$25,885	317 \$27,584	292 \$30,728	187 \$32,906	104 \$39,728	59 \$40,098	33 \$40,171	2 \$35,744	1,278 \$30,573
55-59	24 \$27,267	26 \$28,134	25 \$28,909	35 \$23,750	71 \$27,615	220 \$28,973	212 \$29,047	235 \$32,399	94 \$34,644	60 \$44,032	41 \$47,208	6 \$46,842	1,049 \$31,612
60-64	12 \$35,363	18 \$21,802	15 \$32,269	21 \$24,622	34 \$24,428	103 \$28,015	94 \$30,575	129 \$30,735	62 \$33,006	44 \$36,865	19 \$39,154	4 \$45,581	555 \$30,572
65-69	2 \$17,237	3 \$18,999	8 \$18,337	12 \$19,919	14 \$23,953	48 \$28,960	69 \$27,228	46 \$33,195	31 \$32,038	39 \$30,412	28 \$31,668	6 \$29,031	306 \$28,916
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	452 \$26,996	471 \$24,921	496 \$25,482	539 \$25,339	590 \$25,767	1,621 \$28,985	1,115 \$31,043	957 \$33,793	381 \$36,602	245 \$38,634	124 \$40,275	18 \$39,392	7,009 \$29,746



Distribution of Active Members by Age and by Years of Service (Police & Fire)
As of 06/30/2005
Years of Credited Service

Attained Age	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total Count & Avg. Comp.
Under 25	7 \$37,020	9 \$29,063	8 \$41,447	1 \$39,129	1 \$39,129	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	26 \$35,790
25-29	7 \$32,401	9 \$35,244	35 \$38,585	28 \$40,417	15 \$40,783	26 \$43,748	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	120 \$39,794
30-34	6 \$32,120	3 \$35,515	25 \$38,692	22 \$39,281	13 \$42,526	110 \$45,620	12 \$47,765	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	191 \$43,324
35-39	39 \$31,483	41 \$34,017	34 \$39,989	21 \$43,052	15 \$44,139	94 \$45,827	109 \$48,860	63 \$51,179	2 \$54,883	0 \$0	0 \$0	0 \$0	418 \$44,296
40-44	0 \$0	4 \$38,248	4 \$40,494	4 \$38,044	10 \$42,891	33 \$44,343	79 \$48,197	106 \$50,845	16 \$54,004	0 \$0	0 \$0	0 \$0	256 \$48,518
45-49	0 \$0	4 \$38,584	1 \$40,223	3 \$44,908	3 \$40,212	8 \$43,812	36 \$47,522	34 \$50,361	41 \$52,698	18 \$57,995	2 \$53,186	0 \$0	150 \$50,229
50-54	0 \$0	0 \$0	2 \$37,554	0 \$0	0 \$0	3 \$47,444	8 \$47,449	12 \$49,495	14 \$48,814	17 \$57,139	2 \$51,847	0 \$0	58 \$50,852
55-59	0 \$0	0 \$0	0 \$0	1 \$40,831	0 \$0	5 \$46,096	4 \$38,656	2 \$55,833	4 \$53,656	2 \$50,462	6 \$55,485	0 \$0	24 \$49,419
60-64	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$45,124	0 \$0	0 \$0	1 \$45,124
65-69	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
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	59 \$32,314	70 \$34,105	109 \$39,324	80 \$40,835	57 \$42,374	279 \$45,341	248 \$48,191	217 \$50,837	77 \$52,370	38 \$56,877	10 \$54,298	0 \$0	1,244 \$45,524



RETIRED MEMBER STATISTICS

Unit Number		Unit	Retirees and Beneficiaries As of June 30, 2005				Retirees and Beneficiaries As of June 30, 2004		
Old	New		Code(s)	Number	Avg. Age	Avg Monthly Benefit	Number	Avg. Age	Avg. Monthly Benefit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Employee Units									
3001	1002 1003	Barrington		91	77.4	\$548	98	76.9	\$538
3002	1012 1019	Bristol	B	80	75.0	845	79	75.0	822
3003	1032 1033	Burrillville	C	70	72.5	774	72	72.6	725
3004	1052	Central Falls		24	71.3	633	24	70.7	660
3005	1082	Charlestown	C	7	70.8	1,355	7	69.8	1,323
3007	1112 1113	Cranston	B	496	73.3	942	471	73.4	913
3008	1122 1123	Cumberland		142	72.8	646	131	72.8	594
3009	1152 1153	East Greenwich		72	74.9	518	69	75.0	496
3010	1162 1163	East Providence	B	328	71.2	1,173	325	71.1	1,136
3011	1183	Exeter/West Greenwich	B	18	66.6	760	14	66.4	660
3012	1192 1193	Foster		13	74.0	478	15	74.8	486
3013	1212 1213	Glocester	C	18	68.2	644	17	67.0	660
3014	1262	Hopkinton	C	10	72.4	602	10	71.4	597
3015	1272 1273	Jamestown	C	23	67.7	1,160	23	67.1	1,134
3016	1282 1283	Johnston	C	160	74.4	878	161	73.8	843
3017	1302 1303	Lincoln		2	62.6	2,185	1	64.8	3,037
3019	1322 1323	Middletown	C	10	61.0	1,089	6	58.0	1,380
3021	1352 1353 1354	Newport	B	190	72.0	1,140	181	71.8	1,069
3022	1342 1343	New Shoreham	B	12	70.1	922	12	70.1	1,002
3023	1372 1373	North Kingstown	C	141	72.5	852	131	72.5	800
3024	1382 1383	North Providence		148	74.3	562	144	74.3	524
3025	1392 1393	North Smithfield	B	62	74.9	637	61	74.6	581
3026	1412 1413	Pawtucket	C	468	73.3	839	461	72.9	808
3027	1515	Union Fire District		---	---	---	---	---	---
3029	1452	Richmond		9	74.8	516	9	73.8	516
3030	1462 1463	Scituate	B	51	73.5	857	50	73.5	838
3031	1472 1473	Smithfield	C	84	74.7	609	80	74.4	572
3032	1492 1493	South Kingstown	B	110	72.1	812	98	72.8	702
3033	1532 1533	Tiverton	C	59	73.9	642	55	75.5	585
3034	1562	Warren	C	52	76.6	662	52	75.6	658
3036	1622 1623	Westerly		9	77.7	1,155	10	75.9	1,047
3037	1602	West Greenwich	C	7	69.6	739	6	69.3	823
3039	1632 1633	Woonsocket	B	294	74.1	685	296	73.8	646
3040	1073	Chariho School District	C	28	65.2	759	26	64.3	702
3041	1203	Foster/Glocester	B	20	70.3	816	19	70.3	746
3042	1528	Tiogue Fire & Lighting	C,5	---	---	---	---	---	---
3043	1336	Narragansett Housing	C	1	69.8	437	1	68.8	437
3045	1098	Coventry Lighting District	C	---	---	---	---	---	---
3046	1242	Hope Valley Fire	C	---	---	---	---	---	---
3050	1156	East Greenwich Housing	C	---	---	---	---	---	---
3051	1116	Cranston Housing	C	10	74.4	629	9	74.6	631
3052	1166	East Providence Housing	B	9	76.0	701	8	76.6	642
3053	1416	Pawtucket Housing	B	21	74.0	980	20	75.7	828



RETIRED MEMBER STATISTICS

Unit Number		Unit	Retirees and Beneficiaries As of June 30, 2005				Retirees and Beneficiaries As of June 30, 2004		
Old	New		Code(s)	Number	Avg. Age	Avg Monthly Benefit	Number	Avg. Age	Avg. Monthly Benefit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Employee Units									
3056	1126	Cumberland Housing	C	5	72.5	705	5	71.5	755
3057	1306	Lincoln Housing	B	6	75.2	1,125	6	74.2	1,099
3059	1016	Bristol Housing		5	71.1	1,069	5	70.1	1,069
3065	1036	Burrillville Housing	B	1	64.0	1,189	1	63.0	1,155
3066	1386	North Providence Housing	B	5	70.4	1,317	4	70.9	1,223
3067	1177	East Smithfield Water	C	3	65.2	829	2	63.6	599
3068	1227	Greenville Water	B	1	59.3	2,471	---	---	---
3069	1356	Newport Housing	C	17	63.8	1,652	12	62.8	1,575
3071	1566	Warren Housing	B	3	75.0	1,420	3	74.0	1,382
3072	1286	Johnston Housing		3	82.5	560	3	81.5	560
3077	1538	Tiverton Local 2670A	C	10	67.2	838	10	66.2	939
3078	1007 1009	Barrington COLA	C	15	66.3	1,560	8	68.0	1,110
3079	1096	Coventry Housing		7	73.4	656	7	72.4	656
3080	1496	South Kingstown Housing	C	1	84.1	246	1	83.4	246
3081	1403	N. RI Collaborative Adm. Services	C	2	48.1	1,616	2	47.1	1,571
3083	1616	West Warwick Housing	B	3	75.1	837	3	74.1	815
3084	1476	Smithfield Housing		---	---	---	---	---	---
3094	1478	Smithfield COLA	C	9	66.0	1,438	6	65.9	1,722
3096	1056	Central Falls Housing	C	12	69.2	932	11	69.1	815
3098	1293	Lime Rock Administrative Services		---	---	---	---	---	---
3099	1063	Central Falls Schools	C	26	66.2	757	18	67.1	598
3100	1023	Bristol/Warren Schools	B	59	66.7	919	55	66.0	964
3101	1157	Town of E. Greenwich-COLA-NCE	C	10	58.1	2,492	5	56.8	2,413
3102	1712	Town of Harrisville	C	---	---	---	---	---	---
3103	1702	Town of Albion	C	---	---	---	---	---	---
All General Employee Units				3,553	72.8	\$855	3,419	72.8	\$811
Police and Fire Units									
4016	1285	Johnston Fire	D	1	42.2	\$2,557	---	---	---
4029	1454	Richmond Fire District		1	44.8	2,199	1	43.8	2,199
4031	1474	Smithfield Police	C,D	1	77.5	238	1	76.5	238
4042	1555	Valley Falls Fire	D	5	60.2	1,505	5	59.2	1,505
4047	1395 1435	North Smithfield Voluntary Fire	B,D	6	58.9	2,088	6	57.9	2,031
4050	1155	East Greenwich Fire	C,D	18	64.4	1,817	17	64.5	1,719
4054	1154	East Greenwich Police	C,D	18	60.8	2,115	16	65.0	1,788
4055	1375	North Kingstown Fire	C,D	48	65.0	1,822	46	65.1	1,727
4056	1374	North Kingstown Police	C,D	20	55.1	2,871	18	54.9	2,724
4057	1235	Harris Fire Department	C	1	35.6	1,800	1	34.6	1,754
4058	1385	North Providence Fire	D	36	56.5	2,035	29	57.5	1,951
4059	1008	Barrington Fire (25)	C	1	59.0	3,698	1	58.0	3,594
4060	1004	Barrington Police	C,D	25	63.0	1,696	25	62.0	1,676
4061	1005	Barrington Fire (20)	C,D	29	66.8	1,291	28	66.7	1,265
4062	1564 1565	Warren Police & Fire	C,D	24	64.5	1,721	25	64.9	1,481



RETIRED MEMBER STATISTICS

Unit Number		Unit	Retirees and Beneficiaries As of June 30, 2005				Retirees and Beneficiaries As of June 30, 2004		
Old	New		Code(s)	Number	Avg. Age	Avg Monthly Benefit	Number	Avg. Age	Avg. Monthly Benefit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Police & Fire Units									
4063	1494	South Kingstown Police	B,1	27	62.0	1,994	25	61.9	1,869
4073	1464	Scituate Police	3	1	76.0	497	1	75.0	497
4076	1394	North Smithfield Police	C,D	12	62.3	1,867	12	61.3	1,824
4077	1534	Tiverton Fire	C,D	16	63.6	1,460	17	63.9	1,357
4082	1194	Foster Police	C,D	4	61.7	1,531	2	63.4	1,203
4085	1634	Woonsocket Police	C,D	13	43.3	2,241	10	41.4	1,973
4086	1084	Charlestown Police	C,D	8	49.6	2,189	6	48.0	2,236
4087	1264	Hopkinton Police	C,D,6	3	59.3	1,876	3	58.3	1,822
4088	1214	Glocester Police	C,D	7	54.5	1,266	6	55.7	1,150
4089	1604	West Greenwich Police/Rescue	C,D	3	59.9	1,559	3	58.9	1,545
4090	1034	Burrillville Police	C,D,6	8	62.0	2,117	8	61.0	2,078
4091	1148	Cumberland Rescue	C,D	3	45.1	1,305	3	44.1	1,269
4092	1585	Washington Fire	D	1	50.9	2,552	1	49.9	2,552
4093	1635	Woonsocket Fire	C,D	4	29.4	1,607	4	28.4	1,566
4094	1015	Bristol Fire	D	---	---	---	---	---	---
4095	1135	Cumberland Hill Fire	C,D	4	54.4	2,262	4	53.4	2,202
4096	1014	Bristol Police	C,D	---	---	---	---	---	---
4098	1095	Coventry Fire	D	4	48.2	1,907	6	45.1	1,428
4099	1505	South Kingstown EMT	C,D	---	---	---	---	---	---
4100	1525	Tiogue Fire		1	52.3	2,528	1	51.3	2,528
4101	1365	North Cumberland	D	4	46.0	1,714	3	44.3	1,440
4102	1045	Central Coventry Fire	C,D	3	56.9	2,054	3	55.9	2,054
4103	1255	Hopkins Hill Fire	D	---	---	---	---	---	---
4104	1114	Cranston Police	C,D,4	5	41.9	3,109	3	41.1	3,064
4105	1115	Cranston Fire	C,D,4	---	---	---	---	---	---
4106	1125	Cumberland Fire	B,D	4	59.4	1,917	4	58.4	1,868
4107	1305	Lincoln Rescue	C	2	49.4	2,042	2	48.4	2,042
4108	1344	New Shoreham Police	B,D	1	45.9	3,144	---	---	---
4109	1324	Middletown Police & Fire	C,D	---	---	---	---	---	---
4110	1715	Harrisville Fire District	C,D	---	---	---	---	---	---
4111	1705	Albion Fire District	C	1	63.1	1,579	---	---	---
All Police & Fire Units				373	59.6	\$1,895	346	59.9	\$1,762
All MERS Units				3,926	71.6	\$954	3,765	71.6	\$898

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 2006 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 06/30/2005
 Years of Credited Service

Attained Age	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total Count & Avg. Comp.
Under 25	6 \$54,619	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	6 \$54,619
25-29	7 \$54,619	0 \$0	0 \$0	0 \$0	0 \$0	2 \$69,714	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	9 \$57,973
30-34	15 \$54,990	0 \$0	0 \$0	0 \$0	0 \$0	16 \$70,935	2 \$77,399	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	33 \$64,079
35-39	5 \$54,619	0 \$0	0 \$0	0 \$0	0 \$0	26 \$71,927	46 \$79,881	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	77 \$75,555
40-44	1 \$54,619	0 \$0	0 \$0	0 \$0	0 \$0	7 \$71,708	36 \$80,711	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	44 \$78,686
45-49	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	3 \$72,174	9 \$84,992	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	12 \$81,787
50-54	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
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	34 \$54,783	0 \$0	0 \$0	0 \$0	0 \$0	54 \$71,536	93 \$80,643	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	181 \$73,069



MEMBERSHIP DATA (STATE POLICE)

	June 30, 2005	June 30, 2004
	(1)	(2)
1. Active members		
a. Number	181	148
b. Number vested	0	0
c. Total payroll supplied by State (for benefits)	\$ 13,225,400	\$ 11,421,880
d. Average salary	\$ 73,069	\$ 77,175
e. Average age	36.9	37.6
f. Average service	8.6	9.5
2. Inactive members		
a. Number	1	1
3. Service retirees		
a. Number	1	1
b. Total annual benefits	\$ 72,279	\$ 70,779
c. Average annual benefit	72,279	70,779
d. Average age	66.6	66.0
4. Disabled retirees		
a. Number	1	0
b. Total annual benefits	\$ 59,154	\$ -
c. Average annual benefit	59,154	N/A
d. Average age	3802	N/A
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

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



Distribution of Active Members by Age and by Years of Service (Judges)
As of 06/30/2005
Years of Credited Service

Attained Age	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total 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
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
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
40-44	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
45-49	0 \$0	1 \$143,860	1 \$137,516	0 \$0	2 \$115,889	0 \$0	4 \$129,247	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	8 \$128,768
50-54	0 \$0	0 \$0	0 \$0	3 \$123,636	2 \$121,532	1 \$123,328	3 \$140,712	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	9 \$128,826
55-59	0 \$0	1 \$125,558	1 \$132,816	0 \$0	0 \$0	1 \$131,537	4 \$139,682	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	7 \$135,520
60-64	0 \$0	1 \$112,116	1 \$131,736	0 \$0	2 \$118,650	1 \$112,116	5 \$125,740	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	10 \$122,197
65-69	1 \$132,816	0 \$0	0 \$0	0 \$0	0 \$0	1 \$153,403	4 \$126,973	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	6 \$132,352
70 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$135,676	3 \$131,537	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	4 \$132,572
Total	1 \$132,816	3 \$127,178	3 \$134,023	3 \$123,636	6 \$118,690	5 \$131,212	23 \$131,698	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	44 \$129,195



MEMBERSHIP DATA (STATE JUDGES)

	June 30, 2005	June 30, 2004
	(1)	(2)
1. Active members		
a. Number	44	44
b. Number vested	7	4
c. Total annualized payroll supplied by State	\$ 5,684,585	\$ 5,637,865
d. Average salary	\$ 129,195	\$ 128,133
e. Average age	58.3	56.9
f. Average service	8.4	8.2
2. Inactive members		
a. Number	0	0
3. Service retirees		
a. Number	1	1
b. Total annual benefits	\$ 100,428	\$ 97,664
c. Average annual benefit	\$ 100,428	\$ 97,664
d. Average age	77.0	76.0
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	1	1
b. Total annual benefits	\$ 54,665	\$ 53,073
c. Average annual benefit	\$ 54,665	\$ 53,073
d. Average age	76.7	75.7

Historical Summary of Active Member Data (State Judges)

Valuation as of June 30,	Active Members		Covered Payroll		Average		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

This Final Page has been intentionally left blank.