



...TO ENJOY FAMILY?



ACTUARY'S CERTIFICATION LETTER



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September 7, 2001

The Board of Trustees
Missouri State Employees' Retirement System
907 Wildwood Drive
Jefferson City, Missouri 65109

Dear Board Members:

The basic financial objective of the Missouri State Employees' Retirement System (MOSERS) is to establish and receive contributions which

- (1) when expressed in terms of percents of active member payroll will remain approximately level from generation to generation of Missouri citizens, and which
- (2) when combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of MOSERS.

In order to measure progress toward this fundamental objective, MOSERS has annual actuarial valuations performed. The valuations (i) measure present financial position, and (ii) establish contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liabilities over a reasonable period. The latest completed actuarial valuations were based upon data and assumptions as of June 30, 2001. These valuations indicate that the contribution rates for the fiscal year ending June 30, 2003, established by the board of trustees for the benefits scheduled to be in effect on July 1, 2001, meet the basic financial objective. These contribution rates are 8.81% of payroll for 58,431 general state employees, 20.02% of payroll for 57 administrative law judges, and 52.12% of payroll for 381 judges other than administrative law judges.

The actuarial valuations are based upon financial and participant data, which is prepared by retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death, and disability among MOSERS' members and their beneficiaries. The data is reviewed by us for internal and year-to-year consistency as well as general reasonableness prior to its use in the actuarial valuations. It is also summarized and tabulated for the purpose of analyzing trends. The economic assumptions were adopted by the board of trustees in September 2001. Assets are valued according to a method that fully recognizes expected investment return and averages unanticipated market return over a five-year period. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

The current benefit structure is outlined in the actuarial section. The changes made since the previous valuation are high-lighted on page 112. We provided the information used in the supporting schedules in the actuarial section and the Schedules of Funding Progress in the financial section, as well as the employer contribution rates shown in the Schedule of Employer Contributions in the financial section.

Based upon the valuation results, it is our opinion that the Missouri State Employees' Retirement System continues in sound condition in accordance with actuarial principles of level percent of payroll financing.

Respectfully submitted,

Norman L. Jones, F.S.A.
Senior Consultant & Actuary

Brad L. Armstrong, A.S.A.
Senior Consultant & Actuary

SUMMARY OF ACTUARIAL ASSUMPTIONS

June 30, 2001

Economic Assumptions

The investment return rate used in the valuations was 8.5% per year, compounded annually (net after investment expenses). This assumption is used to account for the fact that equal amounts of money payable at different points in time in the future do not have the same value presently.

Pay increase assumptions for individual active members are shown for sample ages on page 80. Part of the assumption for each age is for merit and/or seniority increase, and the other 4.0% recognizes wage inflation. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

The active member payroll is assumed to increase 4.0% annually, which is the portion of the individual pay increase assumptions attributable to inflation.

The annual COLAs is assumed to be 4.0% per year on a compounded basis when a minimum COLA of 4.0% is in effect and 2.8% per year on a compounded basis when no minimum COLA is in effect.

The number of active members in the MSEP is assumed to decline gradually by 4% to 5% over the next 25 years due to certain new hires on or after July 1, 2002, participating in the Regional Colleges Retirement Plan. The number of active members in the ALJLAP and Judicial Plan is assumed to continue at the present number. Active and retired member data is reported as of May 31. It is assumed for valuation purposes that there is no turnover among members and no new entrants during the month of June.

Noneconomic Assumptions

The mortality table, for postretirement mortality, used in evaluating allowances to be paid was the 1971 Group Annuity Mortality Table, projected to the year 2000 with a 1-year age setback for men and a 7-year age setback for women. Related values are shown on page 82. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

The probabilities of age and service retirement are shown on pages 83-85. In the MSEP, no adjustments have been made for any potential emerging effect caused by the BackDROP. It is assumed that each member will be granted one half year of service credit for unused leave upon retirement and military service purchases.

The probabilities of withdrawal from service, death-in-service, and disability are shown for sample ages on pages 80-81. For disability retirement, impaired longevity was recognized by use of special mortality tables.

The entry age normal actuarial cost method of valuation was used in determining liabilities and normal cost. The normal cost was based on the benefit provisions affecting new employees (MSEP 2000). Differences in the past between assumed experience and actual experience (actuarial gains and losses) become part of actuarial accrued liabilities. Unfunded actuarial accrued liabilities are amortized to produce payments (principal and interest), which are a level percent of payroll contributions.

Employer contribution dollars were assumed to be paid in equal installments throughout the employer fiscal year.

The asset valuation method fully recognizes expected investment return and averages unanticipated market return over a five-year period.

The data about persons now covered and about present assets was furnished by the system's administrative staff. Although examined for general reasonableness, the data was not audited by the actuary.

It is assumed that, among active members, 80% are married at retirement, 70% of those dying in active service are married, and men are three years older than their spouses.

The liabilities for active members in the MSEP were based on the MSEP benefits, except for male general employees with an age at hire of 35 years or less, all female general employees, all contract employees, all elected state officials and all members of the general assembly who were assumed to elect the MSEP 2000.

The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (MAAA).

SUMMARY OF ACTUARIAL ASSUMPTIONS

Separations From Active Employment Before Service Retirement and Individual Pay Increase Assumptions

June 30, 2001

Missouri State Employees' Plan

Sample Ages	Years of Service	Percent of Active Members Separating Within the Next Year						Pay Increase Assumptions for an Individual Employee		
		Withdrawal		Death*		Disability		Merit and Seniority**	Base (Economy)	Increase Next Year
		Men	Women	Men	Women	Men	Women			
	0	25.2%	24.7%							
	1	17.1	17.7							
	2	14.4	14.4							
	3	12.8	12.8							
	4	12.0	12.0							
20	+5	12.0	11.0	.04%	.03%	.00%	.00%	2.7%	4.0%	6.7%
25		12.0	11.0	.05	.04	.05	.03	2.6	4.0	6.6
30		8.8	8.9	.06	.04	.12	.04	2.2	4.0	6.2
35		6.2	6.0	.08	.06	.16	.13	1.9	4.0	5.9
40		4.6	4.9	.12	.08	.21	.21	1.4	4.0	5.4
45		3.5	4.3	.19	.11	.29	.25	1.2	4.0	5.2
50		2.8	3.6	.35	.17	.41	.41	0.7	4.0	4.7
55		2.4	2.9	.59	.31	.77	.85	0.7	4.0	4.7
60		2.4	2.9	.90	.54	1.40	1.50	0.0	4.0	4.0
65		2.4	2.9	1.44	.83	0.00	0.00	0.0	4.0	4.0

* Two percent of the deaths in active service are assumed to be duty-related.

** Does not apply to members of the general assembly.

SUMMARY OF ACTUARIAL ASSUMPTIONS

Separations From Active Employment Before Service Retirement and Individual Pay Increase Assumptions

June 30, 2001

Administrative Law Judges and Legal Advisors' Plan and Judicial Plan

Sample Ages	Percent of Active Members Separating Within the Next Year						Pay Increase Assumptions for an Individual Employee		
	Withdrawal		Death		Disability		Merit and Seniority	Base (Economy)	Increase Next Year
	Men	Women	Men	Women	Men	Women			
25	7.5%	6.0%	.05%	.04%	.02%	.02%	1.6%	4.0%	5.6%
30	6.6	4.9	.06	.05	.03	.03	1.2	4.0	5.2
35	4.7	3.5	.08	.06	.04	.07	0.9	4.0	4.9
40	3.3	2.8	.11	.08	.05	.11	0.4	4.0	4.4
45	2.6	2.5	.19	.10	.09	.17	0.3	4.0	4.3
50	2.6	2.2	.35	.17	.12	.35	0.2	4.0	4.2
55	2.6	1.6	.59	.31	.23	.49	0.2	4.0	4.2
60	2.0	0.8	.90	.54	.33	.53	0.0	4.0	4.0
65	1.5	0.6	1.44	.83			0.0	4.0	4.0

SUMMARY OF ACTUARIAL ASSUMPTIONS

Single Life Retirement Values

June 30, 2001

Sample Attained Ages	Present Value of \$1/Month the First Year Increasing 4.0%/2.8% Percent Yearly				Future Life Expectancy (Years)			
	Service		Disability		Service		Disability	
	Men	Women	Men	Women	Men	Women	Men	Women
40	\$ 202.23	\$ 212.07	\$ 135.46	\$ 156.68	38.46	44.22	19.70	26.02
45	191.81	204.06	126.32	150.16	33.73	39.41	17.50	23.70
50	179.47	194.06	116.10	142.75	29.17	34.67	15.35	21.39
55	165.25	182.08	106.06	135.11	24.82	30.06	13.43	19.18
60	148.90	168.25	97.62	126.74	20.70	25.67	11.87	17.01
65	130.43	152.36	90.66	117.09	16.82	21.50	10.56	14.82
70	110.79	134.27	82.12	105.05	13.32	17.57	9.13	12.50
75	91.75	114.73	70.79	89.33	10.36	13.99	7.49	10.00
80	73.37	95.50	56.17	71.93	7.83	10.91	5.66	7.62
85	57.86	76.89	42.26	56.17	5.89	8.29	4.08	5.66

SUMMARY OF ACTUARIAL ASSUMPTIONS

Percent of Eligible Active Members Retiring Next Year

June 30, 2001

Missouri State Employees' Plan

Retirement Ages	Percent	
	Men	Women
50	25.0%	20.0%
51	25.0	19.5
52	21.0	18.5
53	17.0	16.0
54	12.5	12.5
55	6.5	6.7
56	6.5	6.7
57	6.5	6.7
58	6.5	6.7
59	6.5	8.3
60	9.5	12.0
61	13.0	16.5
62	29.0	28.0
63	24.0	18.0
64	30.0	33.0
65	40.0	50.0
66	32.0	27.0
67	26.0	27.0
68	23.0	27.0
69	23.0	27.0
70	23.0	27.0
71	23.0	27.0
72	23.0	27.0
73	23.0	27.0
74	23.0	27.0
75 & over	100.0	100.0

SUMMARY OF ACTUARIAL ASSUMPTIONS

Percent of Eligible Active Members Retiring Next Year

June 30, 2001

*Administrative Law Judges and
Legal Advisors' Plan*

Retirement Ages	Percent	
	Men	Women
55	5.0%	8.0%
56	5.0	8.0
57	5.0	8.0
58	5.0	8.0
59	5.0	8.0
60	15.0	25.0
61	10.0	15.0
62	15.0	25.0
63	10.0	15.0
64	10.0	25.0
65	25.0	55.0
66	20.0	35.0
67	20.0	25.0
68	30.0	25.0
69	30.0	60.0
70	30.0	60.0
71	30.0	60.0
72	30.0	60.0
73	30.0	60.0
74	30.0	60.0
75 & over	100.0	100.0

SUMMARY OF ACTUARIAL ASSUMPTIONS

Percent of Eligible Active Members Retiring Next Year

June 30, 2001

Judicial Plan

Retirement Ages	Percent	
	Men	Women
55	5.0%	8.0%
56	5.0	8.0
57	5.0	8.0
58	5.0	8.0
59	5.0	8.0
60	10.0	15.0
61	5.0	10.5
62	10.0	15.0
63	5.0	10.0
64	5.0	10.0
65	25.0	40.0
66	20.0	25.0
67	20.0	25.0
68	20.0	25.0
69	30.0	50.0
70	100.0	100.0

SUMMARY OF ACTUARIAL ASSUMPTIONS

Miscellaneous and Technical Assumptions

June 30, 2001

Pay Increase Timing

Beginning of (fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.

Decrement Timing

Decrements of all types are assumed to occur mid-year.

Eligibility Testing

Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

Benefit Service

Exact fractional service is used to determine the amount of benefit payable.

Decrement Relativity

Decrement rates are used directly from the experience study, without adjustments for multiple decrement table effects.

Decrement Operation

Disability and turnover decrements do not operate during the first five years of service. They also do not operate during retirement eligibility.

Normal Form of Benefit

The assumed normal form of benefit is the straight life form for the MSEP 2000 with 50.0% continuing to an eligible surviving spouse for the MSEP.

Loads

Active accrued liabilities and reported active member payroll were reduced by 3.5% in the MSEP and 4.0% in the ALJLAP and the Judicial Plan to adjust for the overstatement that would otherwise have occurred as a result of a non-recurring additional payroll period in the year ended June 30, 2001.

Incidence of Contributions

Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in the report, and the actual payroll payable at the time contributions are made. New entrant normal cost contributions are applied to the funding of new entrant benefits.

SUMMARY OF MEMBER DATA INCLUDED IN VALUATIONS

Pension Trust Funds

June 30, 2001

Active Members

Valuation Group	Number	Payroll	Group Averages		
			Salary	Age (Years)	Service (Years)
Missouri State Employees' Plan					
General state employees	53,300	\$1,534,316,417	\$ 28,786	42.8	9.3
Elected state officials	6	568,761	94,794	44.1	4.1
Legislative clerks	104	2,714,311	26,099	52.2	13.1
Legislators	184	6,166,959	33,516	50.8	9.6
Uniformed members of the water patrol	85	3,243,019	38,153	37.5	12.1
Conservation department	1,523	56,400,770	37,033	42.5	13.0
School-term salaried employees	3,229	154,780,031	47,934	49.7	13.9
Total MSEP group	58,431	\$1,758,190,268	\$ 30,090	43.2	9.7
Administrative Law Judges and Legal Advisors' Plan					
	57	\$ 4,661,020	\$ 81,772	48.1	8.7
Judicial Plan					
	381	\$ 38,687,793	\$ 101,543	52.3	10.7

Retired Lives

Type of Benefit Payment	Number	Annual Benefits	Group Averages	
			Benefit	Age (Years)
Missouri State Employees' Plan				
Retirement	17,817	\$ 211,314,648	\$ 11,860	70.4
Disability	39	156,702	4,018	57.0
Survivor of active member	1,047	6,609,293	6,313	58.7
Survivor of retired member	1,334	9,312,032	6,981	72.6
Total MSEP group	20,237	\$ 227,392,675	\$ 11,236	69.9
Administrative Law Judges and Legal Advisors' Plan				
	24	\$ 791,682	\$ 32,987	74.0
Judicial Plan				
	381	\$ 15,693,884	\$ 41,191	75.2

Others

Group	Terminated-Vested	Leave of Absence	Long-Term Disability
Missouri State Employees' Plan	11,750	194	994
Administrative Law Judges and Legal Advisors' Plan	19	0	0
Judicial Plan	68	0	1

ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

June 30, 2001

Missouri State Employees' Plan

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Number	Valuation Payroll
Under 20	72							72	\$ 1,162,286
20-24	2,047	23						2,070	41,045,337
25-29	4,749	798	11					5,558	135,745,447
30-34	3,982	2,402	545	36				6,965	189,814,792
35-39	3,060	1,950	1,572	717	58			7,357	214,040,249
40-44	2,954	1,726	1,617	1,320	882	76		8,575	259,586,182
45-49	2,653	1,734	1,620	1,207	1,364	840	56	9,474	304,773,415
50-54	2,101	1,543	1,494	1,160	1,164	1,163	343	8,968	296,200,616
55-59	1,271	1,024	995	806	721	476	403	5,696	190,379,994
60	164	145	174	111	94	67	88	843	28,220,469
61	134	100	161	89	61	40	53	638	20,806,964
62	108	98	102	67	52	49	84	560	19,434,870
63	73	85	82	45	46	31	56	418	14,790,808
64	55	70	62	44	25	30	43	329	11,374,756
65	30	44	58	51	27	15	27	252	8,909,503
66	23	35	42	24	17	11	18	170	5,958,382
67	19	13	31	20	10	5	16	114	3,884,493
68	12	14	19	14	8	4	7	78	2,813,298
69	8	16	16	9	9	5	6	69	2,200,363
70 & Over	36	39	38	33	30	18	31	225	7,048,044
Totals	23,551	11,859	8,639	5,753	4,568	2,830	1,231	58,431	\$1,758,190,268

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Group Averages:

Age	43.2 years
Service	9.7 years
Annual pay	\$30,090

ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

June 30, 2001

Administrative Law Judges and Legal Advisors' Plan

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Number	Valuation Payroll
30-34	3							3	\$ 204,216
35-39	3	4	1					8	608,777
40-44	3	6	3					12	978,832
45-49	4	3	4	2				13	1,101,319
50-54		3	2	2				7	597,328
55-59	2	2		1	1	1		7	570,430
60	2							2	179,574
64	1					1		2	169,739
66	1			1				2	174,197
79							1	1	76,608
Totals	19	18	10	6	1	2	1	57	\$4,661,020

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Group Averages:

Age	48.1 years
Service	8.7 years
Annual pay	\$81,772

ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

June 30, 2001

Judicial Plan

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Number	Valuation Payroll
30-34	2							2	\$ 191,520
35-39	9	3	1					13	1,265,280
40-44	25	12	3					40	3,934,193
45-49	19	28	16	9	4			76	7,731,005
50-54	31	25	21	10	15	4		106	10,729,711
55-59	15	18	22	10	8	4		77	7,877,651
60	3	3	5	4	2		1	18	1,846,359
61	2	2	1	2	2	2		11	1,128,279
62		1	2	1	1		2	7	732,319
63		1	4		1			6	629,559
64	1		1	1			1	4	421,959
65			3	1	1	1		6	624,559
66			1		1			2	215,520
67		1		1		2	1	5	514,800
68					2	1		3	330,279
69		1	1		1	1	1	5	514,800
Totals	107	95	81	39	38	15	6	381	\$ 38,687,793

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Group Averages:

Age	52.3 years
Service	10.7 years
Annual pay	\$101,543

SCHEDULES OF ACTIVE MEMBER VALUATION DATA

Six Years Ended June 30, 2001

Missouri State Employees' Plan

Schedule of Active Member Valuation Data				
Valuation Date	Number	Annual Payroll	Annual Average Pay	Percentage of Increase in Average Pay
June 30, 1996	51,425	\$ 1,267,605,000	\$ 24,650	3.88%
June 30, 1997	52,737	1,359,656,666	25,782	4.59
June 30, 1998	54,544	1,459,712,203	26,762	3.80
June 30, 1999	56,158	1,564,551,532	27,860	4.10
June 30, 2000	57,774	1,683,697,080	29,143	4.61
June 30, 2001	58,431	1,758,190,268	30,090	3.25

Administrative Law Judges and Legal Advisors' Plan

Schedule of Active Member Valuation Data				
Valuation Date	Number	Annual Payroll	Annual Average Pay	Percentage of Increase in Average Pay
June 30, 1996	46	\$ 2,706,314	\$ 58,833	4.90%
June 30, 1997	45	2,865,733	63,683	8.24
June 30, 1998	42	2,806,436	66,820	4.93
June 30, 1999	47	3,488,698	74,228	11.09
June 30, 2000	52	4,072,888	78,325	5.52
June 30, 2001	57	4,661,020	81,772	4.40

Judicial Plan

Schedule of Active Member Valuation Data				
Valuation Date	Number	Annual Payroll	Annual Average Pay	Percentage of Increase in Average Pay
June 30, 1996	366	\$ 29,908,056	\$ 81,716	4.25%
June 30, 1997	365	31,663,101	86,748	6.16
June 30, 1998	365	32,446,141	88,894	2.47
June 30, 1999	366	34,162,013	93,339	5.00
June 30, 2000	375	37,107,487	98,953	6.01
June 30, 2001	381	38,687,793	101,543	2.62

RETIREES AND BENEFICIARIES ADDED AND REMOVED

Six Years Ended June 30, 2001

Missouri State Employees' Plan

Fiscal Year Ended	Classification	Benefit Type	Added to Rolls	
			Number	Annual Allowances
June 30, 1996	General employee	Retirement		
		Survivor of active		
		Survivor of retired		
	Lincoln University-vested	Disability		
		Occupational disability		
		Retirement		
	Legislative	Survivor of active		
		Retirement		
		Survivor of active		
	Elected state officials	Survivor of retired		
		Retirement		
		Survivor of active		
June 30, 1997	General employee	Survivor of retired	1,083	\$ 14,896,637
		Disability	82	582,915
		Occupational disability	70	693,859
		Retirement	1	13,242
		Survivor of active	0	0
	Lincoln University-vested	Retirement	1	7,710
		Survivor of active	0	0
	Legislative	Retirement	20	374,048
		Survivor of active	0	1,888
		Survivor of retired	1	13,414
	Elected state officials	Retirement	2	86,684
		Survivor of active		
Survivor of retired				
June 30, 1998	General employee	Retirement	1,270	19,629,029
		Survivor of active	81	665,237
		Survivor of retired	122	951,214
		Disability	0	7,932
		Occupational disability	0	0
	Lincoln University-vested	Retirement	1	994
		Survivor of active	0	0
	Legislative	Retirement	13	244,763
		Survivor of active	1	10,818
		Survivor of retired	3	34,201
	Elected state officials	Retirement	0	2,551
		Survivor of active	0	0
Survivor of retired		1	21,512	

Missouri State Employees' Plan continued on following page.
 Detailed information regarding retirees and beneficiaries added and removed from rolls for fiscal year ending June 30, 1996, is not available.

Number	Annual Allowances	Number	Annual Allowances	Percentage Increase in Annual Allowances	Average Annual Allowance	Percentage Increase In Average Annual Allowance
		13,424	\$ 106,532,414		\$ 7,936	
		747	3,187,385		4,267	
		569	3,186,442		5,600	
		86	317,646		3,694	
		1	17,448		17,448	
		4	25,715		6,429	
		1	2,886		2,886	
		139	2,302,233		16,563	
		6	47,204		7,867	
		27	182,124		6,745	
		1	39,444		39,444	
		0	0		0	
		0	0		0	
595	\$ 4,153,718	13,912	117,275,333	10.08%	8,430	6.22%
23	74,143	806	3,696,157	15.96	4,586	7.47
19	103,644	620	3,776,657	18.52	6,091	8.77
11	47,701	76	283,187	(10.85)	3,726	0.88
0	0	1	17,448	0.00	17,448	0.00
0	0	5	33,425	29.98	6,685	3.99
0	0	1	2,886	0.00	2,886	0.00
6	104,376	153	2,571,905	11.71	16,810	1.49
1	18,693	5	30,399	(35.60)	6,080	(22.72)
0	0	28	195,538	7.37	6,983	3.53
0	0	3	126,128	219.76	42,043	6.59
		0	0	0.00	0	0.00
		0	0	0.00	0	0.00
650	4,947,946	14,532	131,956,416	12.52	9,080	7.72
27	81,763	860	4,279,631	15.79	4,976	8.52
42	187,731	700	4,540,141	20.22	6,486	6.48
13	49,220	63	241,899	(14.58)	3,840	3.05
0	0	1	17,448	0.00	17,448	0.00
0	0	6	34,419	2.97	5,736	(14.19)
0	0	1	2,886	0.00	2,886	0.00
8	129,692	158	2,686,977	4.47	17,006	1.17
0	0	6	41,217	35.59	6,870	12.99
3	11,086	28	218,653	11.82	7,809	11.82
1	41,811	2	86,868	(31.13)	43,434	3.31
0	0	0	0	0.00	0	0.00
0	0	1	21,512	0.00	21,512	0.00

RETIREES AND BENEFICIARIES ADDED AND REMOVED

Six Years Ended June 30, 2001

Missouri State Employees' Plan continued from previous page

Fiscal Year Ended	Classification	Benefit Type	Added to Rolls	
			Number	Annual Allowances
June 30, 1999	General employee	Retirement	1,282	\$ 18,566,542
		Survivor of active	95	773,822
		Survivor of retired	152	1,081,059
		Disability	0	4,558
		Occupational disability	0	0
	Lincoln University-vested	Retirement	1	1,051
		Survivor of active	0	(262)
	Legislative	Retirement	10	257,072
		Survivor of active	2	26,662
	Elected officials	Survivor of retired	5	39,656
		Retirement	1	49,578
		Survivor of active		
		Survivor of retired	0	861
June 30, 2000	General employee	Retirement	1,337	20,272,214
		Survivor of active	86	1,020,432
		Survivor of retired	416	2,481,786
		Disability	1	8,081
		Occupational disability	0	0
	Lincoln University-vested	Retirement	1	5,860
		Survivor of active	0	0
	Legislative	Retirement	8	204,076
		Survivor of active	0	2,157
	Elected officials	Survivor of retired	3	36,026
		Retirement	0	6,821
		Survivor of active		
	Survivor of retired	0	895	
June 30, 2001	General employee	Retirement	2,580	55,234,780
		Survivor of active	84	814,517
		Survivor of retired	197	1,832,029
		Disability	0	3,518
		Occupational disability	0	0
	Lincoln University-vested	Retirement	1	1,841
		Survivor of active	0	0
	Legislators	Retirement	14	436,356
		Survivor of active	0	2,468
	Elected officials	Survivor of retired	7	89,399
		Retirement	6	230,136
		Survivor as active	1	56,938
		Survivor of retired	0	931

Number	Annual Allowances	Number	Annual Allowances	Percentage Increase in Annual Allowances	Average Annual Allowance	Percentage Increase in Average Annual Allowance
637	\$ 4,686,352	15,177	\$ 145,836,607	10.52%	\$ 9,609	5.82%
21	47,199	934	5,006,254	16.98	5,360	7.71
37	193,063	815	5,428,137	19.56	6,660	2.69
4	21,045	59	225,412	(6.82)	3,821	(0.50)
0	0	1	17,448	0.00	17,448	0.00
1	4,327	6	31,143	(9.52)	5,190	(9.52)
0	0	1	2,623	(9.09)	2,623	(9.09)
7	105,277	161	2,838,771	5.65	17,632	3.68
0	0	8	67,879	64.69	8,485	23.51
6	60,921	27	197,388	(9.73)	7,311	(6.38)
		3	136,446	57.07	45,482	4.71
		0	0	0.00	0	0.00
		1	22,372	4.00	22,372	4.00
649	5,324,814	15,865	160,784,007	10.25	10,135	5.47
37	110,049	983	5,916,636	18.18	6,019	12.29
47	294,927	1,184	7,614,996	40.29	6,432	(3.43)
8	43,141	52	190,352	(15.55)	3,661	(4.19)
0	0	1	17,448	0.00	17,448	0.00
0	0	7	37,003	18.82	5,286	1.84
0	0	1	2,623	0.00	2,623	0.00
3	95,126	166	2,947,722	3.84	17,757	0.71
0	0	8	70,036	3.18	8,754	3.18
0	0	30	233,414	18.25	7,780	6.43
		3	143,267	5.00	47,756	5.00
		0	0	0.00	0	0.00
		1	23,267	4.00	23,267	4.00
670	5,935,443	17,775	210,083,344	30.66	11,819	16.62
27	173,754	1,040	6,557,400	10.83	6,305	4.76
67	328,785	1,314	9,118,239	19.74	6,939	7.89
14	55,684	38	138,186	(27.41)	3,636	(0.66)
0	0	1	17,448	0.00	17,448	0.00
0	0	8	38,844	4.97	4,855	(8.15)
0	0	1	2,623	0.00	2,623	0.00
9	156,423	171	3,227,654	9.50	18,875	6.29
0	0	8	72,503	3.52	9,063	3.52
1	11,056	36	311,756	33.56	8,660	11.30
0	0	9	373,403	160.63	41,489	(13.12)
		1	56,938	0.00	56,938	0.00
		1	24,198	4.00	24,198	4.00

RETIREES AND BENEFICIARIES ADDED AND REMOVED

Six Years Ended June 30, 2001

Administrative Law Judges and Legal Advisors' Plan

Fiscal Year Ended	Benefit Type	Added to Rolls		Removed From Rolls	
		Number	Annual Allowances	Number	Annual Allowances
June 30, 1996	Retirement Survivor of active Survivor of retired				
June 30, 1997	Retirement	1	\$ 51,588	4	\$ 152,520
	Survivor of active		621	0	0
	Survivor of retired	3	58,510	0	0
June 30, 1998	Retirement	3	123,798	0	0
	Survivor of active	0	645	0	0
	Survivor of retired	0	3,734	0	0
June 30, 1999	Retirement	0	24,637	0	0
	Survivor of active	0	671	0	0
	Survivor of retired	0	3,883	0	0
June 30, 2000	Retirement	0	23,908	1	42,874
	Survivor of active	0	698	1	18,148
	Survivor of retired	1	25,475	0	0
June 30, 2001	Retirement	1	57,621	1	39,647
	Survivor of active	0	0	0	0
	Survivor of retired	1	25,674	0	0

Detailed information regarding retirees and beneficiaries added and removed from roll for fiscal year ending June 30, 1996 is not available.

Number	Annual Allowances	Percentage Increase in Annual Allowances	Average Annual Allowance	Percentage Increase In Average Annual Allowance
17	\$ 593,066		\$ 34,886	
1	15,513		15,513	
3	34,833		11,611	
14	492,134	(17.02)%	35,152	0.76%
1	16,134	4.00	16,134	4.00
6	93,343	167.98	15,557	33.99
17	615,933	25.16	36,231	3.07
1	16,779	4.00	16,779	4.00
6	97,077	4.00	16,179	4.00
17	640,570	4.00	37,681	4.00
1	17,450	4.00	17,450	4.00
6	100,960	4.00	16,827	4.01
16	621,604	(2.96)	38,850	3.10
0	0	0.00	0	0.00
7	126,435	25.23	18,062	7.34
16	639,577	2.89	39,974	2.89
0	0	0.00	0	0.00
8	152,109	20.31	19,014	5.27

RETIREE AND BENEFICIARIES ADDED AND REMOVED

Six Years Ended June 30, 2001

Judicial Plan

Fiscal Year Ended	Benefit Type	Added to Rolls		Removed From Rolls	
		Number	Annual Allowances	Number	Annual Allowances
June 30, 1996	Retirement Survivor of active Survivor of retired Disability				
June 30, 1997	Retirement	5	\$ 581,733	6	\$ 237,358
	Survivor of active	1	34,290	1	15,186
	Survivor of retired	4	136,079	8	70,013
	Disability	1	42,593	0	0
June 30, 1998	Retirement	22	1,427,677	8	341,058
	Survivor of active	27	362,157	0	0
	Survivor of retired	6	185,841	34	424,102
	Disability	0	2,458	0	0
June 30, 1999	Retirement	22	1,293,321	11	514,874
	Survivor of active	1	53,269	3	31,176
	Survivor of retired	6	185,690	6	142,056
	Disability	1	47,771	3	130,852
June 30, 2000	Retirement	18	1,343,591	11	535,292
	Survivor of active	2	76,496	1	6,813
	Survivor of retired	10	295,547	7	93,502
	Disability	1	46,500	0	0
June 30, 2001	Retirement	25	2,241,337	8	354,861
	Survivor of active	2	83,627	2	34,642
	Survivor of retired	1	76,395	4	42,983
	Disability	0	1,500	0	0

Detailed information regarding added and removed from rolls for fiscal year ending June 30, 1996 not available.

Number	Annual Allowances	Percentage Increase in Annual Allowances	Average Annual Allowance	Percentage Increase In Average Annual Allowance
207	\$ 8,348,913		\$ 40,333	
18	353,373		19,632	
112	1,354,829		12,097	
1	38,030		38,030	
206	8,693,288	4.12%	42,200	4.63%
18	372,478	5.41	20,693	5.40
108	1,420,895	4.88	13,156	8.75
2	80,623	112.00	40,311	6.00
220	9,779,907	12.50	44,454	5.34
45	734,634	97.23	16,325	(21.11)
80	1,182,635	(16.77)	14,783	12.37
2	83,081	3.05	41,541	3.05
231	10,558,354	7.96	45,707	2.82
43	756,728	3.01	17,598	7.80
80	1,226,269	3.69	15,328	3.69
0	0	0.00	0	0
238	11,366,653	7.66	47,759	4.49
44	826,410	9.21	18,782	6.73
83	1,428,314	16.48	17,209	12.27
1	46,500	100.00	46,500	100.00
255	13,253,130	16.60	51,973	8.82
44	875,395	5.93	19,895	5.93
80	1,461,726	2.34	18,272	6.18
1	48,000	3.23	48,000	3.23

SHORT-TERM SOLVENCY TEST

Pension Trust Funds

Ten Years Ended June 30, 2001

Missouri State Employees' Plan

Fiscal Year	Actuarial Accrued Liabilities for						
	Member Contributions (1)	Current Retirees and Beneficiaries (2)	Active and Inactive Members, Employer Financed Portion (3)	Actuarial Value of Assets	Percentage of Actuarial Liabilities Covered by Assets Available for		
					(1)	(2)	(3)
1992	\$ 455,328	\$ 662,010,170	\$ 1,629,118,392	\$ 1,991,215,165	100.0%	100.0%	81.6%
1993	448,909	743,697,883	1,703,075,268	2,236,558,739	100.0	100.0	87.6
1994	448,559	909,819,763	2,009,188,103	2,425,134,504	100.0	100.0	75.4
1995	448,559	1,010,431,608	2,139,916,413	2,649,077,134	100.0	100.0	76.6
1996	448,559	1,156,347,608	2,283,330,316	2,927,896,643	100.0	100.0	77.6
1997	448,501	1,552,966,747	2,930,632,553	3,580,974,502	100.0	100.0	69.2
1998	447,716	1,688,502,950	3,229,936,517	4,210,635,094	100.0	100.0	78.1
1999	0	1,970,504,367	3,535,464,262	4,908,820,033	100.0	100.0	83.1
2000	0	2,142,487,495	3,778,196,697	5,511,714,616	100.0	100.0	89.2
2001	0	2,496,277,500	3,568,889,216	5,881,232,850	100.0	100.0	94.8

Administrative Law Judges and Legal Advisors' Plan

Fiscal Year	Actuarial Accrued Liabilities for						
	Member Contributions (1)	Current Retirees and Beneficiaries (2)	Active and Inactive Members, Employer Financed Portion (3)	Actuarial Value of Assets	Percentage of Actuarial Liabilities Covered by Assets Available for		
					(1)	(2)	(3)
1992	\$ 0	\$ 4,910,423	\$ 2,572,992	\$ 5,247,546	100.0%	100.0%	13.1%
1993	0	5,615,161	2,549,307	5,864,317	100.0	100.0	9.8
1994	0	5,973,718	2,793,014	6,229,224	100.0	100.0	9.1
1995	0	6,088,732	3,641,223	6,655,207	100.0	100.0	15.6
1996	0	6,196,526	4,079,837	7,258,814	100.0	100.0	26.0
1997	0	6,569,957	4,857,224	8,864,395	100.0	100.0	47.2
1998	0	7,415,852	5,471,056	10,285,233	100.0	100.0	52.4
1999	0	7,883,988	6,890,537	11,763,737	100.0	100.0	56.3
2000	0	7,526,118	8,995,625	13,191,825	100.0	100.0	63.0
2001	0	7,534,368	9,275,594	14,410,199	100.0	100.0	74.1

Judicial Plan

Fiscal Year	Actuarial Accrued Liabilities for						
	Member Contributions (1)	Current Retirees and Beneficiaries (2)	Active and Inactive Members, Employer Financed Portion (3)	Actuarial Value of Assets	Percentage of Actuarial Liabilities Covered by Assets Available for		
					(1)	(2)	(3)
1992	\$ 0	\$ 64,240,019	\$ 62,900,515	\$ 0	100.0%	0.0%	0.0%
1993	0	65,843,955	66,598,009	0	100.0	0.0	0.0
1994	0	70,477,754	71,117,871	0	100.0	0.0	0.0
1995	0	81,586,593	72,060,389	0	100.0	0.0	0.0
1996	0	86,145,180	75,588,930	0	100.0	0.0	0.0
1997	0	99,662,179	97,810,394	0	100.0	0.0	0.0
1998	0	108,392,273	99,187,524	0	100.0	0.0	0.0
1999	0	120,543,611	107,258,730	6,067,305	100.0	5.0	0.0
2000	0	131,199,867	110,597,474	13,861,769	100.0	10.6	0.0
2001	0	143,163,718	104,815,186	22,613,050	100.0	15.8	0.0

DERIVATION OF EXPERIENCE GAIN (LOSS) MISSOURI STATE EMPLOYEES' PLAN

Actual experience will never coincide exactly with assumed experience (except by coincidence). It is assumed that gains and losses will be in balance over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the experience gain (loss) for the year ended June 30, 2001, is shown below.

	Funded Benefits \$ Millions
(1) UAAL* at start of year	703.8
(2) Normal cost from last valuation	158.5
(3) Actual employer contributions	215.8
(4) Interest accrual: $(1) \times .085 + [(2)-(3)] \times (.085/2)$	57.4
(5) Expected UAAL before changes: $(1) + (2) - (3) + (4)$	703.9
(6) Change from any changes in benefits, assumptions, or methods	(779.6)
(7) Expected UAAL after changes: $(5) + (6)$	(75.7)
(8) Actual UAAL at end of year	183.9
(9) Gain (loss) $(7) - (8)$	(259.6)
(10) Gain (loss) as a percent of actuarial accrued liabilities at start of year (\$5,921)	(4.4)%

* Unfunded actuarial accrued liability

Valuation Date June 30	Actuarial Gain (Loss) as a Percentage of Beginning Accrued Liabilities
1994	2.9%
1995	0.6
1996	0.4
1997	5.5
1998	5.5
1999	4.7
2000	2.7
2001	(4.4)

DERIVATION OF EXPERIENCE GAIN (LOSS) ADMINISTRATIVE LAW JUDGES AND LEGAL ADVISORS' PLAN

The actuarial gains or losses realized in the operation of the retirement system provide an experience test. Gains and losses are expected to cancel each other over a period of years (in the absence of double-digit inflation), and sizable year-to-year fluctuations are common. Detail on the derivation of the actuarial gain (loss) is shown below, along with a year-by-year comparative schedule.

		Funded Benefits
(1)	UAAL* at start of year	\$3,616,599
(2)	Employer normal cost middle of year	857,433
(3)	Employer contributions	1,074,946
(4)	Interest	
	a. on (1)	307,411
	b. on (2)	36,441
	c. on (3)	45,685
	d. total [a + b - c]	298,167
(5)	Expected UAAL end of the year before changes	3,697,253
(6)	Change in UAAL end of year	
	a. amendments	(1,048,343)
	b. assumptions	(466,831)
	c. methods	(1,515,174)
	d. total	
(7)	Expected UAAL after changes: (5) + (6d)	2,182,079
(8)	Actual UAAL at end of year	2,399,763
(9)	Gain (loss) (7) - (8)	(217,684)
(10)	Gain (loss) as a percent of actuarial accrued liabilities at start of year (\$16,521,743)	(1.3)%

* Unfunded actuarial accrued liability

Valuation Date June 30	Actuarial Gain (Loss) as a Percentage of Beginning Accrued Liabilities
2000	0.3%
2001	(1.3)

DERIVATION OF EXPERIENCE GAIN (LOSS) JUDICIAL PLAN

The actuarial gains or losses realized in the operation of the retirement system provide an experience test. Gains and losses are expected to cancel each other over a period of years (in the absence of double-digit inflation), and sizable year-to-year fluctuations are common. Detail on the derivation of the actuarial gain (loss) is shown below, along with a year-by-year comparative schedule.

	Funded Benefits
(1) UAAL* at start of year	\$228,281,631
(2) Employer normal cost middle of year	8,567,734
(3) Employer contributions	22,473,913
(4) Interest	
a. on (1)	19,403,939
b. on (2)	364,129
c. on (3)	955,141
d. total [a + b - c]	18,812,927
(5) Expected UAAL end of the year before changes	233,188,379
(6) Change in UAAL end of year	
a. amendments	(14,850,407)
b. assumptions	(657,845)
c. methods	(15,508,252)
d. total	(15,508,252)
(7) Expected UAAL after changes: (5) + (6d)	217,680,127
(8) Actual UAAL at end of year	225,365,854
(9) Gain (loss) (7) - (8)	(7,685,727)
(10) Gain (loss) as a percent of actuarial accrued liabilities at start of year (\$227,802,341)	(3.2)%

* Unfunded actuarial accrued liability

Valuation Date June 30	Actuarial Gain (Loss) as a Percentage of Beginning Accrued Liabilities
2000	(1.7)%
2001	(3.2)

SUMMARY PLAN PROVISIONS*
MISSOURI STATE EMPLOYEES' PLAN
GENERAL STATE EMPLOYEE

As of June 30, 2001

Comparison of the MSEP and the MSEP 2000 for General State Employees

PLAN PROVISION	MSEP	MSEP 2000
Membership eligibility	Members who work in a position normally requiring at least 1,000 hours of work a year.	Members hired for the first time on or after July 1, 2000, in a position normally requiring at least 1,000 hours of work a year. Members who left state employment prior to becoming vested and return to work on or after July 1, 2000, in a position normally requiring at least 1,000 hours of work a year.
Normal retirement eligibility	Age 65 and active with 4 years of service, Age 65 with 5 years of service, Age 60 with 15 years of service, or "Rule of 80" - minimum age 50.	Age 62 with 5 years of service or "Rule of 80" - minimum age 50.
Early retirement eligibility	Age 55 with 10 years of service.	Age 57 with 5 years of service.
Benefit		
Life benefit	1.6% x final average pay (FAP) x service.	1.7% x FAP x service.
Temporary benefit	Not available.	0.8% x FAP x service (until age 62 - only if retiring under "Rule of 80").
Vesting	5 years of service.	5 years of service.
In-service COLA	COLA given for service beyond age 65. COLA provisions are determined by employment date.	Not available.
COLA	If hired before August 28, 1997, annual COLA is equal to 80% of the change in the CPI with a minimum of 4% and a maximum of 5% until reaching 65% cap. Thereafter, the rate is based on 80% of the change in the CPI with maximum rate of 5%. If hired on or after August 28, 1997, annual COLA is equal to 80% of the change in the CPI with a maximum rate of 5%.	Annual COLA is equal to 80% of the change in the CPI with a maximum rate of 5%.
Survivor benefit (Death before retirement)		
Non duty-related death	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.
Duty-related death	Survivor benefit to eligible spouse or children equal to 50% of current pay (no service requirement).	Survivor benefit to eligible spouse or children equal to 50% of current pay (no service requirement).
Optional forms of payment (Death after retirement)	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: - Life Income Annuity - Unreduced Joint & 50% Survivor - Joint & 100% Survivor - 60 or 120 Guaranteed Payments	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: - Life Income Annuity - Joint & 50% Survivor - Joint & 100% Survivor - 120 or 180 Guaranteed Payments

* This summary describes the plan provisions of the Revised Statutes of Missouri (RSMo), as amended, that governed the programs, which MOSERS administered during the period covered by this report. It does not overrule any applicable statute or administrative rule and, in the event of a conflict, the applicable statute or rule would apply. The MSEP 2000 became effective July 1, 2000.

MISSOURI STATE EMPLOYEES' PLAN

UNIFORMED MEMBERS OF THE WATER PATROL

As of June 30, 2001

Comparison of the MSEP and the MSEP 2000 for Uniformed Members of the Water Patrol

PLAN PROVISION	MSEP	MSEP 2000
Membership eligibility	Members who work in a position normally requiring at least 1,000 hours of work a year.	Members hired for the first time on or after July 1, 2000, in a position normally requiring at least 1,000 hours of work a year. Members who left state employment prior to becoming vested and return to work on or after July 1, 2000, in a position normally requiring at least 1,000 hours of work a year.
Normal retirement eligibility	Age 55 and active with 4 years of service, Age 55 with 5 years of service, or "Rule of 80" - minimum age 50.	Age 62 with 5 years of service or "Rule of 80" - minimum age 50.
Early retirement eligibility	Not available.	Age 57 with 5 years of service.
Benefit		
Life benefit	1.6% x FAP x service increased by 33.3%.	1.7% x FAP x service.
Temporary benefit	Not available.	0.8% x FAP x service (until age 62 - only if retiring under "Rule of 80").
Vesting	5 years of service.	5 years of service.
In-service COLA	COLA given for service beyond age 65. COLA provisions are determined by employment date.	Not available.
COLA	If hired before August 28, 1997, annual COLA is equal to 80% of the change in the CPI with a minimum of 4% and a maximum of 5% until reaching 65% cap. Thereafter, the rate is based on 80% of the change in the CPI with maximum rate of 5%. If hired on or after August 28, 1997, annual COLA is equal to 80% of the change in the CPI with a maximum rate of 5%.	Annual COLA is equal to 80% of the change in the CPI with a maximum rate of 5%.
Survivor benefit (Death before retirement)		
Non duty-related death	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.
Duty-related death	Survivor benefit to eligible spouse or children equal to 50% of current pay (no service requirement).	Survivor benefit to eligible spouse or children equal to 50% of current pay (no service requirement).
Optional forms of payment (Death after retirement)	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: - Life Income Annuity - Unreduced Joint & 50% Survivor - Joint & 100% Survivor - 60 or 120 Guaranteed Payments	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: - Life Income Annuity - Joint & 50% Survivor - Joint & 100% Survivor - 120 or 180 Guaranteed Payments

MISSOURI STATE EMPLOYEES' PLAN

LEGISLATORS

As of June 30, 2001

Comparison of the MSEP and the MSEP 2000 for Legislators

PLAN PROVISION	MSEP	MSEP 2000
Membership eligibility	Elected to the general assembly.	Elected to the general assembly on or after July 1, 2000.
Normal retirement eligibility	Age 55 with 3 full-biennial assemblies.	Age 55 with 2 full-biennial assemblies or "Rule of 80" - minimum age 50.
Early retirement eligibility	Not available.	Not available.
Benefit Life benefit	\$150 per month per biennial assembly.	(Monthly base pay ÷ 24) x service capped at 100% of pay.
Temporary benefit	Not available.	Not available.
Vesting	3 full-biennial assemblies.	2 full-biennial assemblies.
In-service COLA	COLA given for service beyond age 65. COLA provisions are determined by employment date.	Not available.
COLA	If hired before August 28, 1997, annual COLA is equal to 80% of the change in the CPI with a minimum of 4% and a maximum of 5% until reaching 65% cap. Thereafter, the rate is based on 80% of the change in the CPI with maximum rate of 5%. If hired on or after August 28, 1997, annual COLA is equal to 80% of the change in the CPI with a maximum rate of 5%.	Benefit adjusted each year based on the increase in the current pay for an active member of the general assembly.
Survivor benefit (Death before retirement) Non duty-related death	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.
Duty-related death	Survivor benefit to eligible spouse or children equal to 50% of current pay (no service requirement).	Survivor benefit to eligible spouse or children equal to 50% of current pay (no service requirement).
Optional forms of payment (Death after retirement)	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: - Life Income Annuity - Unreduced Joint & 50% Survivor - Joint & 100% Survivor - 60 or 120 Guaranteed Payments	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: - Life Income Annuity - Joint & 50% Survivor - Joint & 100% Survivor - 120 or 180 Guaranteed Payments

MISSOURI STATE EMPLOYEES' PLAN

ELECTED STATE OFFICIALS

As of June 30, 2001

Comparison of the MSEP and the MSEP 2000 for Elected State Officials

PLAN PROVISION	MSEP	MSEP 2000
Membership eligibility	Elected to state office.	Elected to a state office on or after July 1, 2000.
Normal retirement eligibility	Age 65 with 4 years of service, Age 60 with 15 years of service, or "Rule of 80" - minimum age 50.	Age 55 with 4 years of service or "Rule of 80" - minimum age 50.
Early retirement eligibility	Age 55 with 10 years of service.	Not available.
Benefit		
Life benefit	<u>12 or more years of service</u> 50% of current pay for highest position held. <u>Less than 12 years of service</u> 1.6% x FAP x service.	(Monthly base pay ÷ 24) x service capped at 12 years or 50% of pay.
Temporary benefit	Not available.	Not available.
Vesting	4 years of service.	4 years of service.
In-service COLA	COLA provisions determined by amount of service relative to 12 years and date of employment.	Not available.
COLA	<u>12 or more years of service</u> COLA is equal to the increase in the current pay of an active elected state official in the highest position held. <u>Less than 12 years of service</u> If hired before August 28, 1997, annual COLA is equal to 80% of the change in the CPI with a minimum of 4% and a maximum of 5% until reaching 65% cap. Thereafter, the rate is based on 80% of the change in the CPI with maximum rate of 5%. If hired on or after August 28, 1997, annual COLA is equal to 80% of the change in the CPI with a maximum rate of 5%.	Benefit adjusted each year based on the increase in the current pay for an active elected state official in the highest position held.
Survivor benefit (Death before retirement)	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.
Non duty-related death		
Duty-related death	Survivor benefit to eligible spouse or children equal to 50% of current pay (no service requirement).	Survivor benefit to eligible spouse or children equal to 50% of current pay (no service requirement).
Optional forms of payment (Death after retirement)	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: - Life Income Annuity - Unreduced Joint & 50% Survivor - Joint & 100% Survivor - 60 or 120 Guaranteed Payments	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: - Life Income Annuity - Unreduced Joint & 50% Survivor - Joint & 100% Survivor - 120 or 180 Guaranteed Payments

**ADMINISTRATIVE LAW JUDGES AND
LEGAL ADVISORS' PLAN**

As of June 30, 2001

PLAN PROVISION	REQUIREMENT
Membership eligibility	Administrative law judge or legal advisor in the Division of Worker's Compensation or the Office of Administration, a member or legal counsel of the Labor and Industrial Relations Commission, chairperson of the State Board of Mediation, or an administrative hearing commissioner.
Normal retirement eligibility	Age 62 with 12 years of service, Age 60 with 15 years of service, or Age 55 with 20 years of service.
Reduced retirement eligibility	Age 65 with less than 12 years of service with reduced benefit, based upon years of service relative to 12 years.
Benefit formula	<u>12 or more years of service</u> 50% of the average highest 12 consecutive months of salary.
Vesting	Immediate.
In-service COLA	Not available.
COLA	If hired before August 28, 1997, annual COLA is equal to 80% of the change in the CPI with a minimum of 4% and a maximum of 5% until reaching 65% cap. Thereafter, the rate is based on 80% of the change in the CPI with maximum rate of 5%. If hired on or after August 28, 1997, annual COLA is equal to 80% of the change in the CPI with a maximum rate of 5%.
Survivor benefit (Death before retirement)	Survivor benefit to eligible spouse equal to 50% of the benefit the member would have received.
Survivor benefit (Death after retirement)	Survivor benefit to eligible spouse equal to 50% of the member's annuity at the time of death.

JUDICIAL PLAN

As of June 30, 2001

PLAN PROVISION	REQUIREMENT
Membership eligibility	Must be a judge or commissioner of the supreme court or of the court of appeals, or a judge of any circuit court, probate court, magistrate court, court of common pleas, or court of criminal corrections, or a justice of the peace, or a commissioner or deputy commissioner of the circuit court appointed after February 29, 1972.
Normal retirement eligibility	Age 62 with 12 years of service, Age 60 with 15 years of service, or Age 55 with 20 years of service.
Early retirement eligibility	Age 62 with less than 12 years of service or age 60 with less than 15 years of service with a reduced benefit based on years of service relative to 12 or 15 years.
Benefit formula	<u>12 or more years of service</u> 50% of the FAP <u>Less than 12 or 15 years of service</u> <i>If between age 60 and 62</i> (years of service ÷ 15) x 50% of compensation on the highest court served. <i>If age 62</i> (years of service ÷ 12) x 50% of compensation on the highest court served.
Vesting	Immediate.
In-service COLA	Judges who are at least age 60 and work beyond the date first eligible for unreduced benefits will receive COLAs for each year worked beyond normal retirement eligibility. COLA provisions are determined by date of employment.
COLA	If hired before August 28, 1997, annual COLA is equal to 80% of the change in the CPI with a minimum of 4% and a maximum of 5% until reaching 65% cap. Thereafter, the rate is based on 80% of the change in the CPI with maximum rate of 5%. If hired on or after August 28, 1997, annual COLA is equal to 80% of the change in the CPI with a maximum rate of 5%.
Survivor benefit (Death before retirement)	Survivor benefit to eligible spouse equal to 50% of the benefit the member would have received based on service to age 70.
Survivor benefit (Death after retirement)	Survivor benefit to eligible spouse equal to 50% of the member's annuity at the time of death.

Contributions

The plans previously described are noncontributory with the entire cost paid by the state of Missouri. The contribution rate paid by the state for the general state employees, uniformed members of the water patrol, legislators, and elected state officials retirement plan for FY2001 was 11.59% of the membership payroll. The contribution rate paid by the state for the ALJLAP for FY2000 was 22.32% of the membership payroll. The contribution rate paid by the state for the Judicial Plan for FY2001 was 55.30% of the membership payroll.

LIFE INSURANCE PLANS

As of June 30, 2001

MOSERS administers basic and optional term life insurance plans for eligible state employees and retirees.

ACTIVE MEMBERS*	REQUIREMENT
<p>Basic Life Insurance An amount equal to one-times annual salary while actively employed.</p>	<p>Actively employed in an eligible state position resulting in membership in MOSERS.</p>
<p>Duty-Related Death Benefit Duty-related death benefit equivalent to two-times the annual salary the member was earning at the time of death (with a minimum of \$30,000), in addition to the basic life insurance amount of one-times annual salary.</p>	<p>Actively employed in an eligible state position resulting in membership in MOSERS.</p>
<p>Optional Life Insurance Additional life insurance may be purchased in multiples of annual salary up to a maximum of the lesser of six-times annual salary (excluding any nonrecurring, single sum payment) or \$800,000 or in a flat amount of spouse coverage may be purchased in multiples of \$1,000 up to a maximum of \$100,000; however, the amount of spouse coverage cannot exceed the amount of optional coverage the member has purchased.</p>	<p>Actively employed in an eligible state position resulting in membership in MOSERS.</p>

*Terminating employees may convert coverage up to the amount they had as an active employee at individual rates.

RETIRED MEMBERS	REQUIREMENT
<p>Basic Life Insurance at Retirement \$5,000 basic life insurance during retirement.</p>	<p>Must retire directly from active employment.</p>
<p>Optional Life Insurance at Retirement An employee may retain up to the lesser of \$60,000 or the amount of optional life insurance coverage held at time of retirement at the group rate and may convert any remaining basic and optional life insurance at individual rates.</p>	<p>Must retire directly from active employment.</p>

LONG-TERM DISABILITY (LTD) PLAN

As of June 30, 2001

MOSERS administers the LTD Plan for eligible state employees who become disabled during active employment.

PLAN	PROVISION
<p><u>General State Employees, Legislators, and Elected State Officials</u> Members of MOSERS in a position normally requiring 1,000 hours of work a year are covered under the LTD Plan, unless they work for a state agency which has its own LTD plan.</p>	<p><i>Long-Term Disability</i> - Eligible participants receive 60% of their compensation minus primary social security, worker's compensation, and employer provided income. Benefits commence after 90 days of disability or after sick leave expires, whichever occurs last. LTD benefits cease upon the earliest of (i) when disability ends, (ii) when the member is first eligible for retirement benefits, (iii) when the member returns to work, or (iv) upon the member's death.</p> <p><i>Partial Disability</i> - A member may be considered partially disabled during the benefit waiting period and the 24 months following that period if the member is working in an occupation, but as a result of physical disease, injury, pregnancy, or mental disorder, is unable to earn more than 80% of pre-disability earnings. After the first 24 months, a member may be considered partially disabled if working in an occupation but unable to earn more than 60% of the member's pre-disability earnings. In both instances, work earnings are used to reduce the LTD benefit.</p>
<p><u>Water Patrol</u></p>	<p>Uniformed members who are eligible for statutory occupational disability receive benefits equal to 50% of compensation with no offset for social security at the time of disability. For nonoccupational disabilities, eligible participants receive the same benefit as general employees.</p>
<p><u>Judges</u></p>	<p>In addition to the disability benefits provided to general employees, judges also receive benefits under the state constitution. Participants receive 50% of salary until the current term expires.</p>

CHANGES IN PLAN PROVISIONS

MSEP and MSEP 2000

On July 13, 2001, Governor Bob Holden signed into law Senate Bill 371 (SB 371). Most of the provisions contained in SB 371 consisted of minor modifications to and clarifications of the MSEP and the MSEP 2000. Two of the more substantive changes contained in the legislation, however, create a BackDROP option for general state employees (effective January 1, 2002), and establish a mandatory defined contribution plan for new hires only of the regional colleges and universities (effective July 1, 2002).

A member may elect a BackDROP option at retirement that would allow for a benefit to be calculated as if the member had retired at a previous date. To be eligible to participate in the BackDROP, a member must have been eligible to retire under normal age and/or service conditions for at least two years. A retroactive starting date is established, which is the later of the member's normal retirement date or five years prior to the annuity starting date. This results in a BackDROP period of two to five years depending on the member's situation. A theoretical BackDROP account is accumulated that includes 90% of the value of the benefit payments that would have been paid during the BackDROP period. These payments include applicable post-retirement benefit increases, however, no interest is paid. The member is paid the resulting lump sum value of the BackDROP account as of the annuity starting date or as three equal annual installments beginning at the annuity starting date.

The new defined contribution plan for certain new hires of the regional colleges and universities will be administered by an outside service provider selected under the direction of the MOSERS' Board and will cover faculty and senior administrative personnel first employed after June 30, 2002. The legislation will also allow new hires who have participated in the defined contribution plan for at least six years to make a one-time election for membership in MOSERS, however, a member who makes such an election will receive no creditable service for service rendered while participating in the defined contribution plan and will forfeit any right to participate in the defined contribution plan in the future. The contribution rate for the defined contribution plan is equal to 1% less than the normal cost rate established for the general population of employees participating in MOSERS.

Administrative Law Judges and Legal Advisors' Plan (ALJLAP)

SB 371 also contained a provision that will allow attorneys previously employed by the Labor and Industrial Relations Commission who terminated employment prior to August 28, 1994, to receive coverage in the ALJLAP, provided rights to benefits under Chapter 104 RSMo for that service are forfeited.

Judicial Plan

SB 371 will also enable any judge who has creditable service under Chapter 104 and Chapter 476 RSMo as a commissioner or deputy commissioner to make a one-time election upon application for retirement to receive all benefits for that service under either Chapter 104 or Chapter 476 RSMo.

ACTUARIAL PRESENT VALUES

June 30, 2001

Missouri State Employees' Plan

Actuarial Present Value, June 30, 2001	Actuarial Present Value	Portion Covered by Future Normal Cost Contributions	Actuarial Accrued Liabilities
Active members			
Service retirement benefits based on services rendered before and likely to be rendered after valuation date	\$ 3,557,693,598	\$ 750,916,948	\$ 2,806,776,650
Disability benefits likely to be paid to present active members who become totally and permanently disabled	98,231,695	43,624,338	54,607,357
Survivor benefits likely to be paid to widows and children of present active members who die before retiring	139,544,260	42,140,703	97,403,557
Separation benefits likely to be paid to present active members	453,899,877	211,788,332	242,111,545
Active member totals	\$ 4,249,369,430	\$ 1,048,470,321	3,200,899,109
Members on leave of absence & LTD			
Service retirement benefits based on service rendered before the valuation date			72,261,737
Terminated-vested members			
Service retirement benefits based on service rendered before the valuation date			295,728,370
Retired lives			
Total actuarial accrued liability			2,496,277,500
Assets used in valuation			6,065,166,716
Unfunded actuarial accrued liability			5,881,232,850
			\$ 183,933,866

ACTUARIAL PRESENT VALUES

June 30, 2001

Administrative Law Judges and Legal Advisors' Plan

Actuarial Present Value, June 30, 2001	Actuarial Present Value	Portion Covered by Future Normal Cost Contributions	Actuarial Accrued Liabilities
Active members			
Service retirement benefits based on services rendered before and likely to be rendered after valuation date	\$ 11,652,351	\$ 4,855,516	\$ 6,796,835
Disability benefits likely to be paid to present active members who become totally and permanently disabled	237,711	156,027	81,684
Survivor benefits likely to be paid to widows and children of present active members who die before retiring	524,518	341,822	182,696
Separation benefits likely to be paid to present active members	1,837,698	1,208,110	629,588
Active member totals	\$ 14,252,278	\$ 6,561,475	7,690,803
Terminated-vested members			
Service retirement benefits based on service rendered before the valuation date			1,584,791
Retired lives			
Total actuarial accrued liability			7,534,368
Assets used in valuation			14,410,199
Unfunded actuarial accrued liability			\$ 2,399,763

ACTUARIAL PRESENT VALUES

June 30, 2001

Judicial Plan

Actuarial Present Value, June 30, 2001	Actuarial Present Value	Portion Covered by Future Normal Cost Contributions	Actuarial Accrued Liabilities
Active members			
Service retirement benefits based on services rendered before and likely to be rendered after valuation date	\$ 141,189,707	\$ 51,888,773	\$ 89,300,934
Disability benefits likely to be paid to present active members who become totally and permanently disabled	1,848,821	1,405,861	442,960
Survivor benefits likely to be paid to widows and children of present active members who die before retiring	6,001,351	3,468,820	2,532,531
Separation benefits likely to be paid to present active members			
Active member totals	<u>\$ 149,039,879</u>	<u>\$ 56,763,454</u>	<u>92,276,425</u>
Members on leave of absence & LTD			
Service retirement benefits based on service rendered before the valuation date			237,490
Terminated-vested members			
Service retirement benefits based on service rendered before the valuation date			12,301,271
Retired lives			
Total actuarial accrued liability			143,163,718
Assets used in valuation			247,978,904
Unfunded actuarial accrued liability			22,613,050
			<u>\$ 225,365,854</u>

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