

An Epic Tale

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Photo by: Jim Sturm

Actuary's Certification Letter



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September 29, 2004

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, 2004. These valuations indicate that the contribution rates for the fiscal year ending June 30, 2006, adopted by the board of trustees for the benefits scheduled to be in effect on July 1, 2004, meet the basic financial objective. These contribution rates are 12.59% of payroll for 55,914 general state employees, 21.79% of payroll for 57 administrative law judges, and 55.76% of payroll for 391 judges other than administrative law judges.

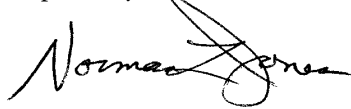
The actuarial valuations are based upon financial and participant data, which is prepared by retirement system staff, assumptions regarding future rates of investment return and inflation, and assumptions regarding rates of retirement, turnover, death, and disability among MOSERS' members and their beneficiaries. 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 demographic assumptions were adopted by the board of trustees in January 2004 based upon recommendations made in an experience study covering the period from 1999-2003.

The economic assumptions were adopted by the board of trustees in September 2001 and reaffirmed in January 2004. 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.

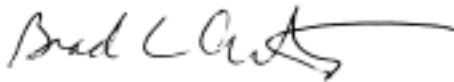
The current benefit structure is outlined in the Actuarial Section. The changes made since the previous valuation are highlighted on page 128. We provided the information used in the supporting schedules in the Actuarial Section and the *Schedules of Funding Progress* in the Financial Section, as well 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 financial 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, 2004



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 100. Part of the assumption for each age is for merit and/or seniority increase, and the other 4% recognizes wage inflation. This assumption is used to project a member's current salary to the salary upon which benefits will be based.

The active member payroll is assumed to increase 4% annually, which is the portion of the individual pay increase assumptions attributable to inflation.

The annual COLA is assumed to be 4% per year on a compounded basis when a minimum COLA of 4% 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 remain constant although certain new hires on or after July 1, 2002, will participate in the College and University Retirement Plan (CURP). 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, 2004. 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 post-retirement 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 101. 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 101-103. The first two years of eligibility, if prior to age 70, were halved due to the expected emerging effect of the BackDROP. It was 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 page 100. 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 hired on or after July 1, 2000, were based on MSEP 2000 benefits. The liabilities for active members hired before July 1, 2000, were based on MSEP 2000 benefits for male general employees with an age at hire of 35 years or less, for female general employees, for contract employees, for elected officials, and for general assembly members. All others were based on MSEP benefits. The BackDROP was only explicitly valued for those assumed to receive MSEP 2000 benefits.

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, 2004

MSEP

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	23.8%	24.7%							
	1	16.5	17.2							
	2	13.4	13.5							
	3	11.9	10.7							
	4	12.0	10.7							
20	+5	12.0	11.0	.04%	.03%	.16%	.18%	2.7%	4.0%	6.7%
25		12.0	11.0	.05	.04	.16	.18	2.6	4.0	6.6
30		8.8	9.9	.06	.04	.16	.18	2.2	4.0	6.2
35		6.2	6.8	.08	.06	.21	.19	1.9	4.0	5.9
40		4.6	4.9	.12	.08	.26	.32	1.4	4.0	5.4
45		3.5	4.3	.19	.11	.34	.37	1.2	4.0	5.2
50		2.8	3.6	.35	.17	.49	.57	0.7	4.0	4.7
55		2.4	2.9	.59	.31	1.07	.89	0.7	4.0	4.7
60		2.4	2.9	.90	.54	1.50	1.50	0.0	4.0	4.0
65		2.4	2.9	1.44	.83	1.60	0.70	0.0	4.0	4.0

* 2% of the deaths in active service are assumed to be duty-related.

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

ALJLAP

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	6.2%	4.5%	.05%	.04%	.02%	.02%	1.6%	4.0%	5.6%
30	5.5	3.7	.06	.04	.03	.03	1.2	4.0	5.2
35	3.8	2.6	.08	.06	.03	.07	0.9	4.0	4.9
40	2.7	2.1	.12	.08	.04	.11	0.4	4.0	4.4
45	2.1	1.9	.19	.11	.09	.17	0.3	4.0	4.3
50	2.1	1.7	.35	.17	.12	.35	0.2	4.0	4.2
55	2.1	1.2	.59	.31	.23	.49	0.2	4.0	4.2
60	1.7	0.6	.90	.54	.33	.53	0.0	4.0	4.0
65	1.2	0.4	1.44	.83	.00	.00	0.0	4.0	4.0

Summary of Actuarial Assumptions

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

June 30, 2004

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	6.2%	4.5%	.05%	.04%	.02%	.02%	1.6%	4.0%	5.6%
30	5.5	3.7	.06	.04	.03	.03	1.2	4.0	5.2
35	3.8	2.6	.08	.06	.03	.07	0.9	4.0	4.9
40	2.7	2.1	.12	.08	.04	.11	0.4	4.0	4.4
45	2.1	1.9	.19	.11	.09	.17	0.3	4.0	4.3
50	2.1	1.7	.35	.17	.12	.35	0.2	4.0	4.2
55	2.1	1.2	.59	.31	.23	.49	0.2	4.0	4.2
60	1.7	0.6	.90	.54	.33	.53	0.0	4.0	4.0
65	1.2	0.4	1.44	.83	.00	.00	0.0	4.0	4.0

Summary of Actuarial Assumptions

Single Life Retirement Values

June 30, 2004

All Plans

Sample Attained Ages	Present Value of \$1/Month the First Year Increasing 4%/2.8% 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, 2004

MSEP

Retirement Ages	Year of Eligibility		
	1st Year	2nd Year	3rd Year
48	20.0%	10.0%	8.0%
49	20.0	10.0	8.0
50	20.0	10.0	8.0
51	20.0	10.0	8.0
52	20.0	10.0	8.0
53	20.0	10.0	8.0
54	20.0	10.0	8.0
55	25.0	10.0	15.0
56	20.0	10.0	15.0
57	20.0	10.0	15.0
58	20.0	10.0	15.0
59	20.0	10.0	15.0
60	25.0	10.0	15.0
61	20.0	10.0	15.0
62	30.0	15.0	35.0
63	20.0	12.0	20.0
64	20.0	12.0	20.0
65	30.0	15.0	40.0
66	20.0	12.0	25.0
67	20.0	12.0	25.0
68	20.0	12.0	25.0
69	20.0	12.0	25.0
70	20.0	12.0	25.0
71	20.0	12.0	25.0
72	20.0	12.0	25.0
73	20.0	12.0	25.0
74	20.0	12.0	25.0
75 & over	20.0	12.0	100.00

Early retirement rates were assumed to be 5.0% from age 57-61.

Summary of Actuarial Assumptions

Percent of Eligible Active Members Retiring Next Year

June 30, 2004

ALJLAP

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	20.0	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

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	15.0	15.0
61	10.0	10.0
62	15.0	15.0
63	10.0	10.0
64	10.0	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, 2004



Pay Increase Timing

Middle of fiscal year.

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 mortality decrements do not operate during the first five years of service. Disability and withdrawal do not operate during normal retirement eligibility.

Normal Form of Benefit

The assumed normal form of benefit is the straight life form for the MSEP 2000 with 50% continuing to an eligible surviving spouse for the MSEP. No adjustment has been made for post-retirement option election changes.

Loads

No loads were used.

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, 2004

Active Members

Valuation Group	Number	Payroll	Group Averages		
			Salary	Age (Yrs.)	Service (Yrs.)
Missouri State Employees' Plan					
Regular state employees	51,551	\$1,533,940,962	29,756	43.6	9.7
Elected officials	6	590,966	98,494	47.1	7.1
Legislative clerks	79	2,037,423	25,790	54.9	13.8
Legislators	196	6,157,275	31,415	49.7	3.8
Uniformed water patrol	84	3,303,050	39,322	38.7	13.2
Conservation Department	1,487	54,629,009	36,738	42.5	12.7
School-term salaried employees	2,511	136,795,769	54,479	51.6	15.5
Total MSEP group	55,914	1,737,454,454	31,074	44.0	10.0
Administrative Law Judges and Legal Advisors' Plan					
Judicial Plan	57	4,655,340	81,673	48.8	10.2
	391	39,878,499	101,991	53.6	11.4

Retired Members

Type of Benefit Payment	Number	Annual Benefits	Group Averages	
			Benefit	Age (Yrs.)
Missouri State Employees' Plan				
Retirement	21,824	\$301,780,727	13,828	69.3
Disability	25	98,544	3,942	57.7
Survivor of active member	1,206	8,880,058	7,363	58.9
Survivor of retired member	1,702	13,867,729	8,148	73.3
Total MSEP group	24,757	324,627,058	13,113	69.0
Administrative Law Judges and Legal Advisors' Plan				
Judicial Plan	25	910,409	36,416	73.2
	397	18,005,774	45,355	75.7

Others

Group	Terminated Vested	Leave of Absence	Long-Term Disability
Missouri State Employees' Plan	13,796	511	1,055
Administrative Law Judges and Legal Advisors' Plan	29	0	0
Judicial Plan	73	0	0

Active Members by Attained Age and Years of Service

June 30, 2004

MSEP

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
15-19	73							73	\$ 1,188,096
20-24	1,836	18						1,854	38,551,293
25-29	3,996	837	12					4,845	122,552,267
30-34	3,096	2,563	445	19				6,123	172,216,499
35-39	2,407	2,161	1,495	511	25			6,599	197,214,229
40-44	2,446	2,035	1,359	1,468	645	78		8,031	249,856,953
45-49	2,275	1,974	1,350	1,426	1,072	878	52	9,027	291,970,400
50-54	1,916	1,693	1,354	1,424	1,010	1,209	353	8,959	304,685,907
55-59	1,419	1,314	1,136	1,113	723	512	302	6,519	221,664,790
60	168	144	133	166	68	43	45	767	26,173,010
61	154	182	133	139	66	49	46	769	26,684,555
62	142	138	101	115	47	29	41	613	21,922,337
63	73	111	65	71	28	26	40	414	14,546,606
64	68	68	60	55	25	16	21	313	11,175,093
65	44	58	39	36	14	12	40	243	9,245,920
66	38	35	39	26	15	17	27	197	7,772,932
67	16	36	23	17	11	9	22	134	5,138,982
68	19	23	16	21	9	4	12	104	3,785,737
69	13	15	17	19	9	5	11	89	3,189,742
70 & Over	51	41	41	47	21	17	23	241	7,919,106
Totals	20,250	13,446	7,818	6,673	3,788	2,904	1,035	55,914	\$1,737,454,454

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

Group Averages:

Age	44.0 years
Service	10.0 years
Annual Pay	\$31,074

Active Members by Attained Age and Years of Service

June 30, 2004

ALJLAP

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
30-34	1							1	\$ 76,800
35-39	8	2						10	835,629
40-44	2	1	7	1				11	842,934
45-49	4	4	4					12	972,273
50-54	1	1	1	5				8	708,599
55-59	1	1	2	1	1			6	511,829
60	1				1			2	153,600
61		1				1		2	157,268
62			1					1	86,400
65	1							1	70,008
67						1		1	76,800
69	1							1	86,400
70 & Over							1	1	76,800
Totals	20	10	15	7	2	2	1	57	\$4,655,340

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

Group Averages:

Age	48.8 years
Service	10.2 years
Annual Pay	\$81,673

Active Members by Attained Age and Years of Service

June 30, 2004

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	No.	Valuation Payroll
30-34	1							1	\$96,000
35-39	12	4						16	1,536,000
40-44	16	13	2	1				32	3,130,772
45-49	19	23	6	3	1			52	5,283,644
50-54	28	23	23	10	6	8		98	10,071,494
55-59	17	30	23	18	10	16	1	115	11,777,596
60	1	3	5	5				14	1,404,000
61	1	2	1		1	1		6	612,000
62	1	4	2	4	2			13	1,333,998
63	1	3	3	2	4	1		14	1,458,999
64		3	1		1	2	2	9	942,999
65	1		1		1	1	2	6	625,999
66		1	2	2				5	534,999
67	1			1	1		1	4	427,000
68			1			1	1	3	318,999
69			1			1		2	216,000
70 & Over						1		1	108,000
Totals	99	109	71	46	27	32	7	391	\$39,878,499

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

Group Averages:

Age	53.6 years
Service	11.4 years
Annual Pay	\$101,991

Schedules of Active Member Valuation Data

Six Years Ended June 30, 2004

MSEP

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	Percentage of Increase in Average Pay
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
June 30, 2002	58,616	1,773,283,484	30,253	0.54
June 30, 2003	57,558	1,739,895,364	30,229	(0.08)
June 30, 2004	55,914	1,737,454,454	31,074	2.80

ALJLAP

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	Percentage of Increase in Average Pay
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
June 30, 2002	58	4,779,504	82,405	0.77
June 30, 2003	57	4,657,896	81,717	(0.83)
June 30, 2004	57	4,655,340	81,673	(0.05)

Judicial Plan

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	Percentage of Increase in Average Pay
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
June 30, 2002	392	40,068,744	102,216	0.66
June 30, 2003	392	40,052,952	102,176	(0.04)
June 30, 2004	391	39,878,499	101,991	(0.18)

Retirees and Beneficiaries Added and Removed

Six Years Ended June 30, 2004

MSEP

Added to Rolls

Fiscal Year Ended	Classification	Benefit Type	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
	Lincoln University - Vested	Occupational Disability	0	0
		Retirement	1	1,051
		Survivor Of Active	0	(262)
	Legislators	Retirement	10	257,072
		Survivor Of Active	2	26,662
		Survivor of Retired	5	39,656
	Elected Officials	Retirement	1	49,578
		Survivor Of Active	0	0
		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
	Lincoln University -Vested	Occupational Disability	0	0
		Retirement	1	5,860
		Survivor Of Active	0	0
	Legislators	Retirement	8	204,076
		Survivor Of Active	0	2,157
		Survivor of Retired	3	36,026
	Elected Officials	Retirement	0	6,821
		Survivor Of Active	0	0
		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
	Lincoln University - Vested	Occupational Disability	0	0
		Retirement	1	1,841
		Survivor Of Active	0	0
	Legislators	Retirement	14	436,356
		Survivor Of Active	0	2,468
		Survivor of Retired	7	89,399
	Elected Officials	Retirement	6	230,136
		Survivor Of Active	1	56,938
		Survivor of Retired	0	931

<u>Removed From Rolls</u>		<u>Rolls at End of Year</u>				
<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>	<u>Percentage Increase in Annual Allowances</u>	<u>Average Annual Allowance</u>	<u>Percentage Increase in Average Annual Allowance</u>
637	\$ 4,686,352	15,177	\$ 145,836,606	10.52%	\$ 9,609	5.83%
21	47,199	934	5,006,254	16.98	5,360	7.72
37	193,063	815	5,428,136	19.56	6,660	2.68
4	21,045	59	225,412	(6.82)	3,821	(0.49)
0	0	1	17,448	0.00	17,448	0.00
1	4,327	6	31,143	(9.52)	5,191	(9.52)
0	0	1	2,624	(9.08)	2,624	(9.08)
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)
0	0	3	136,446	57.07	45,482	4.72
0	0	0	0	0.00	0	0.00
0	0	1	22,373	4.00	22,373	4.00
649	5,324,814	15,865	160,784,006	10.25	10,135	5.47
37	110,049	983	5,916,637	18.18	6,019	12.29
47	294,927	1,184	7,614,995	40.29	6,432	(3.42)
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	1.83
0	0	1	2,624	0.00	2,624	0.00
3	95,126	166	2,947,721	3.84	17,757	0.71
0	0	8	70,036	3.18	8,755	3.18
0	0	30	233,414	18.25	7,780	6.41
0	0	3	143,267	5.00	47,756	5.00
0	0	0	0	0.00	0	0.00
0	0	1	23,268	4.00	23,268	4.00
670	5,935,443	17,775	210,083,343	30.66	11,819	16.62
27	173,754	1,040	6,557,400	10.83	6,305	4.75
67	328,785	1,314	9,118,239	19.74	6,939	7.88
14	55,684	38	138,186	(27.41)	3,636	(0.68)
0	0	1	17,448	0.00	17,448	0.00
0	0	8	38,844	4.98	4,856	(8.13)
0	0	1	2,624	0.00	2,624	0.00
9	156,423	171	3,227,654	9.50	18,875	6.30
0	0	8	72,504	3.52	9,063	3.52
1	11,056	36	311,757	33.56	8,660	11.31
0	0	9	373,403	160.63	41,489	(13.12)
		1	56,938	0.00	56,938	0.00
		1	24,199	4.00	24,199	4.00

MSEP continued on pages 112-113.

Retirees and Beneficiaries Added and Removed

Six Years Ended June 30, 2004

MSEP

Added to Rolls

Fiscal Year Ended	Classification	Benefit Type	Number	Annual Allowances
June 30, 2002	General Employee	Retirement	1,840	\$ 32,360,047
		Survivor Of Active	84	842,611
		Survivor of Retired	209	1,805,486
		Disability	0	3,474
	Lincoln University - Vested	Occupational Disability	0	0
		Retirement	2	6,061
		Survivor Of Active	0	0
	Legislators	Retirement	8	238,058
		Survivor Of Active	1	6,950
		Survivor of Retired	4	59,947
	Elected Officials	Retirement	0	304
		Survivor Of Active	0	2,277
		Survivor of Retired	0	968
	June 30, 2003	General Employee	Retirement	1,819
Survivor Of Active			76	808,507
Survivor of Retired			206	1,944,744
Disability			0	2,109
Lincoln University - Vested		Occupational Disability	0	0
		Retirement	0	0
		Survivor Of Active	0	0
Legislators		Retirement	45	880,632
		Survivor Of Active	1	27,031
		Survivor of Retired	4	65,987
Elected Officials		Retirement	0	(13,546)
		Survivor Of Active	0	2,369
		Survivor of Retired	0	1,007
June 30, 2004		General Employee	Retirement	2,454
	Survivor Of Active		91	926,617
	Survivor of Retired		171	1,965,930
	Disability		1	6,657
	Lincoln University - Vested	Occupational Disability	0	0
		Retirement	0	0
		Survivor Of Active	0	0
	Legislators	Retirement	10	182,124
		Survivor Of Active	1	16,311
		Survivor of Retired	3	73,196
	Elected Officials	Retirement	0	0
		Survivor Of Active	0	2,464
		Survivor of Retired	0	1,045

<u>Removed From Rolls</u>		<u>Rolls at End of Year</u>				
<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>	<u>Percentage Increase in Annual Allowances</u>	<u>Average Annual Allowance</u>	<u>Percentage Increase in Average Annual Allowance</u>
685	\$ 6,249,943	18,930	\$ 236,193,447	12.43%	\$ 12,477	5.57%
30	137,619	1,094	7,262,392	10.75	6,638	5.28
67	378,545	1,456	10,545,180	15.65	7,243	4.38
7	32,754	31	108,906	(21.19)	3,513	(3.38)
0	0	1	17,448	0.00	17,448	0.00
0	0	10	44,905	15.60	4,491	(7.52)
0	0	1	2,624	0.00	2,624	0.00
4	80,340	175	3,385,372	4.89	19,345	2.49
0	0	9	79,454	9.59	8,828	(2.59)
1	4,195	39	367,509	17.88	9,423	8.81
0	0	9	373,707	0.08	41,523	0.08
0	0	1	59,215	4.00	59,215	4.00
0	0	1	25,167	4.00	25,167	4.00
734	6,798,563	20,015	263,048,966	11.37	13,143	5.34
28	97,740	1,142	7,973,159	9.79	6,982	5.18
71	368,959	1,591	12,120,965	14.94	7,618	5.18
3	15,849	28	95,166	(12.62)	3,399	(3.25)
0	0	1	17,448	0.00	17,448	0.00
1	1,051	9	43,854	(2.34)	4,873	8.51
0	0	1	2,624	0.00	2,624	0.00
4	71,803	216	4,194,201	23.89	19,418	0.38
0	0	10	106,485	34.02	10,649	20.63
3	20,943	40	412,553	12.26	10,314	9.46
0	0	9	360,161	(3.62)	40,018	(3.62)
0	0	1	61,584	4.00	61,584	4.00
0	0	1	26,174	4.00	26,174	4.00
733	7,302,918	21,736	298,112,440	13.33	13,715	4.35
38	197,250	1,195	8,702,526	9.15	7,282	4.30
96	623,128	1,666	13,463,767	11.08	8,081	6.08
5	21,761	24	80,062	(15.87)	3,336	(1.85)
0	0	1	17,448	0.00	17,448	0.00
0	0	9	43,854	0.00	4,873	0.00
0	0	1	2,624	0.00	2,624	0.00
5	116,367	221	4,259,958	1.57	19,276	(0.73)
0	0	11	122,796	15.32	11,163	4.83
1	20,633	42	465,116	12.74	11,074	7.37
0	0	9	360,161	0.00	40,018	0.00
0	0	1	64,048	4.00	64,048	4.00
0	0	1	27,219	3.99	27,219	3.99

Retirees and Beneficiaries Added and Removed

Six Years Ended June 30, 2004

ALJLAP

Fiscal Year Ended	Benefit Type	Added to Rolls		Removed From Rolls	
		Number	Annual Allowances	Number	Annual Allowances
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
June 30, 2002	Retirement	1	67,877	1	46,580
	Survivor Of Active	0	0	0	0
	Survivor of Retired	0	5,582	0	0
June 30, 2003	Retirement	3	166,161	0	0
	Survivor Of Active	0	0	0	0
	Survivor of Retired	0	5,601	0	0
June 30, 2004	Retirement	1	62,331	3	152,311
	Survivor Of Active	0	0	0	0
	Survivor of Retired	2	58,362	2	48,306

<u>Rolls at End of Year</u>					
Number	Annual Allowances	Percentage Increase in Annual Allowances	Average Annual Allowance	Percentage Increase in Average Annual Allowance	
17	\$ 640,569	4.00%	\$ 37,681	4.00%	
1	17,450	4.00	17,450	4.00	
6	100,960	4.00	16,827	4.00	
16	621,603	(2.96)	38,850	3.10	
0	0	(100.00)	0	(100.00)	
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	
16	660,874	3.33	41,305	3.33	
0	0	0.00	0	0.00	
8	157,691	3.67	19,711	3.67	
19	827,035	25.14	43,528	5.38	
0	0	0.00	0	0.00	
8	163,292	3.55	20,412	3.56	
17	737,055	(10.88)	43,356	(0.40)	
0	0	0.00	0	0.00	
8	173,348	6.16	21,669	6.16	

Retirees and Beneficiaries Added and Removed

Six Years Ended June 30, 2004

Judicial Plan

Fiscal Year Ended	Benefit Type	Added to Rolls		Removed From Rolls	
		Number	Annual Allowances	Number	Annual Allowances
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
June 30, 2002	Retirement	11	984,612	9	455,021
	Survivor Of Active	1	57,051	1	28,541
	Survivor of Retired	5	195,971	5	84,932
	Disability	0	0	1	48,000
June 30, 2003	Retirement	23	1,445,716	10	560,588
	Survivor Of Active	0	34,820	0	0
	Survivor of Retired	6	214,029	7	101,944
	Disability	0	0	0	0
June 30, 2004	Retirement	12	1,076,421	11	652,803
	Survivor Of Active	0	36,471	2	56,802
	Survivor of Retired	7	269,344	4	86,633
	Disability	0	0	0	0

<u>Rolls at End of Year</u>				
Number	Annual Allowances	Percentage Increase in Annual Allowances	Average Annual Allowance	Percentage Increase in Average Annual Allowance
231	\$ 10,558,354	7.96%	\$ 45,707	2.82%
43	756,728	3.01	17,598	7.80
80	1,226,268	3.69	15,328	3.69
0	0	(100.00)	0	(100.00)
238	11,366,653	7.66	47,759	4.49
44	826,411	9.21	18,782	6.73
83	1,428,313	16.48	17,209	12.27
1	46,500	100.00	46,500	100.00
255	13,253,129	16.60	51,973	8.82
44	875,396	5.93	19,895	5.93
80	1,461,725	2.34	18,272	6.18
1	48,000	3.23	48,000	3.23
257	13,782,720	4.00	53,629	3.19
44	903,906	3.26	20,543	3.26
80	1,572,764	7.60	19,660	7.60
0	0	(100.00)	0	(100.00)
270	14,667,848	6.42	54,325	1.30
44	938,726	3.85	21,335	3.86
79	1,684,849	7.13	21,327	8.48
0	0	0.00	0	0.00
271	15,091,466	2.89	55,688	2.51
42	918,395	(2.17)	21,867	2.49
82	1,867,560	10.84	22,775	6.79
0	0	0.00	0	0.00

Short-Term Solvency Test

Pension Trust Funds

Ten Years Ended June 30, 2004

MSEP

Actuarial Accrued Liabilities for							
Fiscal Year	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)
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
2002	0	2,716,457,033	3,577,815,242	6,033,133,598	100.0	100.0	92.7
2003	0	3,016,029,050	3,646,262,356	6,057,329,072	100.0	100.0	83.4
2004	0	3,405,053,804	3,824,957,124	6,118,214,495	100.0	100.0	70.9

ALJLAP

Actuarial Accrued Liabilities for							
Fiscal Year	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)
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
2002	0	8,268,650	9,906,692	15,172,619	100.0	100.0	69.7
2003	0	9,709,096	10,237,391	15,626,461	100.0	100.0	57.8
2004	0	9,188,086	11,196,127	16,238,804	100.0	100.0	63.0

Judicial Plan

Actuarial Accrued Liabilities for							
Fiscal Year	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)
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
2002	0	149,135,989	106,979,463	29,651,113	100.0	19.9	0.0
2003	0	157,923,805	109,126,052	34,566,516	100.0	21.9	0.0
2004	0	162,539,486	117,857,978	39,120,142	100.0	24.1	0.0

Derivation of Experience Gain (Loss)

Actual experience will never coincide exactly with assumed experience (except by coincidence). Gains and losses may offset each other over a period of years, but sizeable year-to-year variations from assumed experience are common. Detail on the derivation of the experience gain (loss) is shown below.

MSEP

		\$ Millions	Valuation Date June 30	Actuarial Gain (Loss) as a Percentage of Beginning Accrued Liabilities
(1)	UAAL* at beginning of year	\$605.0		
(2)	Normal cost from last valuation	149.1		
(3)	Actual employer contributions	164.7	1995	0.6%
(4)	Interest accrual: (1)x.085+[(2)-(3)]x(.085/2)	50.8	1996	0.4
(5)	Expected UAAL before changes: (1)+(2)-(3)+(4)	640.2	1997	5.5
(6)	Change from any changes in benefits, assumptions, or methods	72.5	1998	5.5
(7)	Expected UAAL after changes: (5)+(6)	712.7	1999	4.7
(8)	Actual UAAL at end of year	1,111.8	2000	2.7
(9)	Gain (loss) (7)-(8)	(399.1)	2001	(4.4)
(10)	Gain (loss) as a percent of actuarial accrued liabilities at start of year	(6.0)%	2002	(3.8)
			2003	(6.4)
			2004	(6.0)

* Unfunded actuarial accrued liability.

ALJLAP

		\$ Millions	Valuation Date June 30	Actuarial Gain (Loss) as a Percentage of Beginning Accrued Liabilities
(1)	Unfunded actuarial accrued liability (UAAL) at beginning of year	\$4.32		
(2)	Normal cost	0.77		
(3)	Employer contributions	0.95	2000	0.3%
(4)	Interest		2001	(1.3)
	a. on (1)	0.37	2002	(5.9)
	b. on (2)	0.03	2003	(8.5)
	c. on (3)	0.04	2004	1.6
	d. total [a+b+c]	0.36		
(5)	Expected UAAL end of year before changes	4.50		
(6)	Change in UAAL end of year			
	a. amendments	0.00		
	b. assumptions	(0.04)		
	c. methods	0.00		
	d. total	(0.04)		
(7)	Expected UAAL after changes: (5)+(6d.)	4.46		
(8)	Actual UAAL at end of year	4.15		
(9)	Gain (loss) (7)-(8)	0.31		
(10)	Gain (loss) as a percent of actuarial accrued liabilities at start of year	1.6%		

Derivation of Experience Gain (Loss)

Actual experience will never coincide exactly with assumed experience (except by coincidence). Gains and losses may offset each other over a period of years, but sizeable year-to-year variations from assumed experience are common. Detail on the derivation of the experience gain (loss) is shown below.

Judicial Plan

		\$ Millions	Valuation Date	Actuarial Gain (Loss) as a Percentage of Beginning Accrued Liabilities
(1)	Unfunded actuarial accrued liability (UAAL) at beginning of year	\$232.48	June 30	
(2)	Employer normal cost middle of year	7.79		
(3)	Employer contributions	20.63	2000	(1.7)%
(4)	Interest		2001	(3.2)
	a. on (1)	19.76	2002	(0.2)
	b. on (2)	0.33	2003	(1.6)
	c. on (3)	0.87	2004	(1.0)
	d. total [a+b+c]	19.22		
(5)	Expected UAAL end of year before changes	238.86		
(6)	Change in UAAL end of year			
	a. amendments	0.00		
	b. assumptions	(0.36)		
	c. methods	0.00		
	d. total	(0.36)		
(7)	Expected UAAL after changes: (5)+(6d.)	238.50		
(8)	Actual UAAL at end of year	241.28		
(9)	Gain (loss) (7)-(8)	(2.78)		
(10)	Gain (loss) as a percent of actuarial accrued liabilities at start of year	(1.0)%		

Summary Plan Provisions *

June 30, 2004

MSEP and MSEP 2000
(Comparison of Plans 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 48.	Age 62 with 5 years of service or "Rule of 80" - minimum age 48.
Early retirement eligibility	Age 55 with 10 years of service.	Age 57 with 5 years of service.
Benefit Life benefit Temporary benefit	1.6% x final average pay (FAP) x service. Not available.	1.7% x FAP x service. 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 cost-of-living adjustment (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 consumer price index (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 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 or children no less than 50% of current pay (no service requirement).	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 or children no less than 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 - BackDROP	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 - BackDROP

* 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.

Summary Plan Provisions

June 30, 2004

MSEP and MSEP 2000
(Comparison of Plans 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 48.	Age 62 with 5 years of service or "Rule of 80" - minimum age 48.
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 no less than 50% of current pay (no service requirement).	Survivor benefit to eligible spouse or children no less than 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 - BackDROP	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 - BackDROP

Summary Plan Provisions

June 30, 2004

MSEP and MSEP 2000
(Comparison of Plans 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 3 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.	3 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 percentage 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 no less than 50% of current pay (no service requirement).	Survivor benefit to eligible spouse or children no less than 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

Summary Plan Provisions

June 30, 2004

MSEP and MSEP 2000
(Comparison of Plans for Elected Officials)

Plan Provision	MSEP	MSEP 2000
Membership eligibility	Elected to state office.	Elected to 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 48.	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 percentage 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 percentage increase in the current pay for an active elected state official in the highest position held.
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 no less than 50% of current pay (no service requirement).	Survivor benefit to eligible spouse or children no less than 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

Summary Plan Provisions

June 30, 2004

ALJLAP

Plan Provision	Requirement
Membership eligibility	Administrative law judge or legal advisor in the Division of Workers' Compensation, 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 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.

Summary Plan Provisions

June 30, 2004

Judicial Plan

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> If between age 60 and 62 (years of service ÷ 15) x 50% of compensation on the highest court served. If age 62 (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 FY04 was 9.35% of the membership payroll. The contribution rate paid by the state for the ALJLAP for FY04 was 20.12% of the membership payroll. The contribution rate paid by the state for the Judicial Plan for FY04 was 51.68% of the membership payroll.

Summary Plan Provisions

June 30, 2004

Life Insurance Plans

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

Active Members*	Requirement
<p><u>Basic Life Insurance</u> An amount equal to one-times annual salary (with a minimum of \$15,000) while actively employed.</p>	<p>Actively employed in an eligible state position resulting in membership in MOSERS.</p>
<p><u>Duty-Related Death Benefit</u> Duty-related death benefit equivalent to two-times the annual salary the member was earning at the time of death 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><u>Optional Life Insurance</u> Additional life insurance may be purchased in a flat amount in multiples of \$10,000 not to exceed the maximum (the lesser of six-times annual salary or \$800,000). Spouse coverage may be purchased in multiples of \$10,000 up to a maximum of \$100,000; however, the amount of spouse coverage cannot exceed the amount of optional coverage the member has purchased. Coverage for children is available in a flat amount of \$10,000 per child.</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><u>Basic Life Insurance at Retirement</u> \$5,000 basic life insurance during retirement.</p>	<p>Must retire directly from active employment.</p>
<p><u>Optional Life Insurance at Retirement (MSEP)</u> 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>
<p><u>Optional Life Insurance at Retirement (MSEP 2000)</u> Under "Rule of 80" an employee may retain the current amount of coverage prior to retirement until age 62 at which time coverage is reduced to \$60,000, and may convert any remaining basic and optional life insurance at individual rates. Coverage for spouse and/or children ends at member's retirement and may be converted at individual rates.</p>	<p>Must retire directly from active employment.</p>

Summary Plan Provisions

June 30, 2004

Long-Term Disability (LTD) Plan

(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>Long-Term Disability - Eligible participants receive 60% of their compensation minus primary social security, workers' 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 normal retirement benefits or is receiving early retirement benefits, (iii) when the member returns to work, or (iv) upon the member's death.</p> <p>Partial Disability - 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

Prior Service Credit for Juvenile Court Employees

Senate Bill 1195 was signed into law on July 2, 2004, by Governor Holden and will allow certain juvenile court personnel whose positions are financed in whole or in part by a public or private grant to receive prior service credit for grant paid service rendered prior to July 1, 1999.

Actuarial Present Values

As of June 30, 2004

MSEP

Actuarial Present Value June 30, 2004 for:	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	\$3,815,506,864	\$ 798,909,845	\$3,016,597,019
Disability benefits likely to be paid to present active members who become totally and permanently disabled	127,231,916	53,630,963	73,600,953
Survivor benefits likely to be paid to widows and children of present active members who die before retiring	142,570,386	42,274,875	100,295,511
Separation benefits likely to be paid to present active members	411,745,347	202,308,361	209,436,986
Active Member Totals	\$4,497,054,513	\$1,097,124,044	3,399,930,469
Members on leave of absence and LTD			
Service retirement benefits based on service rendered before the valuation date			98,951,934
Terminated-vested members			
Service retirement benefits based on service rendered before the valuation date			325,376,003
Retired lives			
BackDROP installment payments incurred, but not yet paid			3,405,053,804
Total actuarial accrued liability			698,718
Actuarial value of assets			7,230,010,928
Unfunded actuarial accrued liability			6,118,214,495
			\$1,111,796,433

Actuarial Present Values

As of June 30, 2004

ALJLAP

Actuarial Present Value June 30, 2004 for:	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	\$12,461,575	\$4,728,668	\$ 7,732,907
Disability benefits likely to be paid to present active members who become totally and permanently disabled	230,220	147,760	82,460
Survivor benefits likely to be paid to widows and children of present active members who die before retiring	503,220	308,791	194,429
Separation benefits likely to be paid to present active members	1,300,320	876,011	424,309
Active member totals	\$14,495,335	\$6,061,230	8,434,105
Terminated-vested members			
Service retirement benefits based on service rendered before the valuation date			2,762,022
Retired lives			
Total actuarial accrued liability			9,188,086
Actuarial value of assets			20,384,213
Unfunded actuarial accrued liability			16,238,804
			\$ 4,145,409

Actuarial Present Values

As of June 30, 2004

Judicial Plan

Actuarial Present Value June 30, 2004 for:	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	\$150,203,050	\$50,160,843	\$100,042,207
Disability benefits likely to be paid to present active members who become totally and permanently disabled	1,797,717	1,395,313	402,404
Survivor benefits likely to be paid to widows and children of present active members who die before retiring	5,580,698	3,156,896	2,423,802
Active member totals	\$157,581,465	\$54,713,052	102,868,413
Terminated-vested members			
Service retirement benefits based on service rendered before the valuation date			14,989,565
Retired lives			
Total actuarial accrued liability			162,539,486
Actuarial value of assets			280,397,464
Unfunded actuarial accrued liability			39,120,142
			\$241,277,322

A Passage Through Time

After the triumphant return of the expedition to St. Louis on September 23, 1806, Lewis and Clark went on to help create the future state of Missouri. Lewis served as territorial governor until his death in 1809. Clark spent a long life in St. Louis, always playing a key role in Missouri's growth and development. He served as general of the militia, territorial governor, and finally as a U.S. Indian agent for the Missouri River. He died in 1838 and is buried in Bellefontaine Cemetery in St. Louis.