



ACTUARIAL SECTION



## | ACTUARY'S CERTIFICATION LETTER



Gabriel Roeder Smith & Company  
Consultants & Actuaries

One Towne Square  
Suite 800  
Southfield, MI 48076-3723

248.799.9000 phone  
248.799.9020 fax  
www.gabrielroeder.com

September 25, 2006

The Board of Trustees  
Missouri State Employees' Retirement System  
907 Wildwood Drive  
Jefferson City, Missouri 65102

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. (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 normal 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, 2006. These valuations indicate that the contribution rates for the fiscal year ending June 30, 2008, adopted by the board of trustees for the benefits scheduled to be in effect on July 1, 2006, meet the basic financial objective. These contribution rates are 12.84% of payroll for 54,493 general state employees, and 58.65% of payroll for 394 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 to 2003. The economic assumptions were adopted by the board of trustees in September, 2001 and reaffirmed in January, 2004. The assumptions and methods used 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. Benefit provisions evaluated were unchanged from the previous valuation. 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 Lee Armstrong, A.S.A.  
Senior Consultant & Actuary

## SUMMARY OF ACTUARIAL ASSUMPTIONS

### 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 101. 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 Judicial Plan is assumed to continue at the present number. Active and retired member data is reported as of May 31, 2006. 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 102. 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 page 102. 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 101. 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's fiscal year.

Valuation assets recognize assumed investment return fully each year. Differences between actual and assumed investment return are phased in over a closed 5-year period. Valuation assets are not permitted to deviate from the market value by more than 20%.

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 3 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, 2006

### 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	1.70	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.

### 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, 2006

### 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	\$203.29	\$213.24	\$135.93	\$157.34	38.46	44.22	19.70	26.02
45	192.77	205.14	126.72	150.77	33.73	39.41	17.50	23.70
50	180.29	195.04	116.43	143.29	29.17	34.67	15.35	21.39
55	165.93	182.93	106.32	135.58	24.82	30.06	13.43	19.18
60	149.43	168.96	97.83	127.14	20.70	25.67	11.87	17.01
65	130.80	152.92	90.83	117.40	16.82	21.50	10.56	14.82
70	111.02	134.67	82.22	105.26	13.32	17.57	9.13	12.50
75	91.88	114.99	70.84	89.45	10.36	13.99	7.49	10.00
80	73.43	95.64	56.19	71.98	7.83	10.91	5.66	7.62
85	57.86	76.96	42.26	56.19	5.89	8.29	4.08	5.66

## SUMMARY OF ACTUARIAL ASSUMPTIONS

Percent of Eligible Active Members Retiring Next Year - June 30, 2006

### 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	12.0
56	20.0	10.0	12.0
57	20.0	10.0	12.0
58	20.0	10.0	12.0
59	20.0	10.0	12.0
60	25.0	10.0	12.0
61	20.0	10.0	12.0
62	30.0	15.0	30.0
63	20.0	12.0	20.0
64	20.0	12.0	20.0
65	30.0	15.0	30.0
66	20.0	12.0	20.0
67	20.0	12.0	20.0
68	20.0	12.0	20.0
69	20.0	12.0	20.0
70	20.0	12.0	20.0
71	20.0	12.0	20.0
72	20.0	12.0	20.0
73	20.0	12.0	20.0
74	20.0	12.0	20.0
75 & over	20.0	12.0	100.0

### Judicial Plan

Retirement Ages	Percent Men	Percent 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

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

## SUMMARY OF ACTUARIAL ASSUMPTIONS

Miscellaneous and Technical Assumptions - June 30, 2006

### Pay Increase Timing

Beginning of fiscal year for judges.  
Middle of fiscal year for MSEP.

### 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 5 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. For judges, the assumed normal form of benefit is the straight-life form with 50% continuing to an eligible surviving spouse.

### Other Liability Adjustments

None.

### Incidence of Contributions

Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this 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.

Active and retired member data was reported as of May 31, 2006. It was brought forward to June 30, 2006, by adding one month of service for all active members and the June COLA for certain retired members. It is expected that this procedure resulted in a slight overstatement of total liabilities as of June 30, 2006. Financial information continues to be reported as of June 30. This procedure was instituted to provide sufficient time for the board of trustees to certify the appropriate contribution rate prior to the October 1 statutory deadline.

## SUMMARY OF MEMBER DATA INCLUDED IN VALUATIONS

Pension Trust Funds - June 30, 2006

*Active Members*

Valuation Group	Number	Payroll	Group Averages		
			Salary	Age (Yrs)	Service (Yrs)
<b>MSEP</b>					
Regular state employees	50,265	\$1,569,510,651	\$ 31,225	44.5	10.3
Elected officials	6	593,965	98,994	47.4	6.8
Legislative clerks	61	1,744,797	28,603	57.8	17.3
Legislators	195	6,125,605	31,413	49.9	2.1
Uniformed water patrol	87	3,462,086	39,794	38.5	13.4
Conservation department	1,566	59,926,339	38,267	43.1	13.0
School-term salaried employees	2,271	132,301,172	58,257	52.9	17.0
Administrative law judges	42	3,612,523	86,012	51.4	12.1
Total MSEP group	54,493	\$1,777,277,138	32,615	44.8	10.6
<b>Judicial Plan</b>	394	\$ 40,270,535	\$102,209	54.8	12.5

*Retired Members*

Type of Benefit Payment	Number	Annual Benefits	Group Averages	
			Benefit	Age (Yrs)
<b>MSEP</b>				
Retirement	23,804	\$345,721,268	\$14,524	69.2
Disability	17	59,928	3,525	57.8
Survivor of active member	1,264	10,290,448	8,141	59.5
Survivor of retired member	1,967	17,517,498	8,906	73.9
Total MSEP group	27,052	\$373,589,142	13,810	69.1
<b>Judicial Plan</b>	398	\$ 19,407,666	\$48,763	76.1

*Others*

Group	Terminated Vested	Leave of Absence	Long-Term Disability
MSEP	15,764	370	1,092
Judicial Plan	65	0	0



## ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

June 30, 2006

*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	40							40	\$ 708,111
20-24	1,600	17						1,617	35,457,116
25-29	3,763	808	10					4,581	122,090,980
30-34	2,528	2,312	469	7				5,316	155,339,829
35-39	2,096	2,240	1,618	448	28			6,430	200,516,915
40-44	1,970	1,911	1,413	1,269	622	51		7,236	235,444,114
45-49	1,848	1,946	1,320	1,355	1,157	842	61	8,529	287,162,931
50-54	1,633	1,820	1,303	1,407	1,093	1,130	465	8,851	311,978,623
55-59	1,396	1,443	1,173	1,197	936	638	488	7,271	257,563,200
60	186	225	188	211	131	83	65	1,089	38,765,594
61	134	163	145	123	93	50	39	747	27,509,509
62	114	138	117	124	73	36	45	647	23,271,809
63	87	127	109	91	63	42	38	557	21,151,485
64	80	103	87	76	35	19	41	441	16,623,186
65	35	84	56	58	29	16	37	315	11,505,681
66	26	52	33	36	19	5	17	188	7,462,102
67	24	29	20	28	6	5	32	144	6,062,062
68	17	21	28	19	12	7	22	126	5,332,961
69	9	15	21	13	4	7	18	87	3,339,935
70 & Over	49	54	53	58	25	13	29	281	9,990,995
Totals	17,635	13,508	8,163	6,520	4,326	2,944	1,397	54,493	\$1,777,277,138

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

**Group Averages:**

Age	44.8 years
Service	10.6 years
Annual pay	\$32,615

## ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

June 30, 2006

*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
35-39	11	3						14	\$ 1,344,000
40-44	11	8	3					22	2,148,000
45-49	10	27	13	3				53	5,382,997
50-54	11	20	25	17	8	3		84	8,611,534
55-59	13	32	23	18	9	12	3	110	11,264,013
60	1	7	6	4	2	1	2	23	2,341,998
61	2	1	4	5	4	3		19	2,030,288
62	1	2	5	4	2			14	1,416,000
63		2	2		1	1		6	612,000
64	1	3	2	4	2			12	1,244,708
65		2	3	4	4	1		14	1,458,999
66		2	2		1	3	2	10	1,039,000
67	1			1	1		1	4	414,999
68			1	4				5	535,000
69		1		1	1		1	4	426,999
Totals	62	110	89	65	35	24	9	394	\$ 40,270,535

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

**Group Averages:**

Age	54.8 years
Service	12.5 years
Annual pay	\$102,209

## SCHEDULES OF ACTIVE MEMBER VALUATION DATA

Six Years Ended June 30, 2006

### *MSEP*

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
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
June 30, 2005	55,944	1,806,600,560	32,293	3.92
June 30, 2006	54,493	1,777,277,138	32,615	1.00

### *ALJLAP\**

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
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)

\* Transferred to the MSEP during the year ended 6/30/2005

### *Judicial Plan*

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
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)
June 30, 2005	392	40,016,098	102,082	0.09
June 30, 2006	394	40,270,535	102,209	0.12

## RETIREES AND BENEFICIARIES ADDED AND REMOVED

Six Years Ended June 30, 2006

### MSEP

Fiscal Year Ended	Classification	Benefit Type	Added to Rolls	
			Number	Annual Allowances
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
		Survivor of retired	7	89,399
	Elected officials	Retirement	6	230,136
		Survivor of active	1	56,938
		Survivor of retired	0	931
	Administrative law judges and legal advisors	Retirement	1	57,621
		Survivor of active	0	0
Survivor of retired		1	25,674	
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
		Occupational disability	0	0
	Lincoln University - vested	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
	Administrative law judges and legal advisors	Retirement	1	67,877
		Survivor of active	0	0
Survivor of retired		0	5,582	
June 30, 2003	General employee	Retirement	1,819	33,654,082
		Survivor of active	76	808,507
		Survivor of retired	206	1,944,744
		Disability	0	2,109
		Occupational disability	0	0
	Lincoln University - vested	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
	Administrative law judges and legal advisors	Retirement	3	166,161
		Survivor of active	0	0
Survivor of retired		0	5,601	

Source of data: MOSERS benefit payment data base as of June 30, 2006.

Removed From Rolls		Rolls at End of Year		Percentage Increase in Annual Allowances	Average Annual Allowance	Percentage Increase in Average Annual Allowance
Number	Annual Allowances	Number	Annual Allowances			
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)
0	0	1	56,938	0.00	56,938	0.00
0	0	1	24,199	4.00	24,199	4.00
1	39,647	16	639,577	2.89	39,974	2.89
0	0	0	0	0.00	0	0.00
0	0	8	152,109	20.31	19,014	5.27
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
1	46,580	16	660,874	3.33	41,305	3.33
0	0	0	0	0.00	0	0.00
0	0	8	157,691	3.67	19,711	3.67
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
0	0	19	827,035	25.14	43,528	5.38
0	0	0	0	0.00	0	0.00
0	0	8	163,292	3.55	20,412	3.56

MSEP continued on pages 110-111.

## RETIREES AND BENEFICIARIES ADDED AND REMOVED

Six Years Ended June 30, 2006

*MSEP continued from pages 108-109*

Fiscal Year Ended	Classification	Benefit Type	Added to Rolls	
			Number	Annual Allowances
June 30, 2004	General employee	Retirement	2,454	\$42,366,392
		Survivor of active	91	926,617
		Survivor of retired	171	1,965,930
		Disability	1	6,657
		Occupational disability	0	0
	Lincoln University - vested	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
	Administrative law judges and legal advisors	Retirement	1	62,331
Survivor of active		0	0	
Survivor of retired		2	58,362	
June 30, 2005	General employee	Retirement	1,719	27,796,807
		Survivor of active	78	891,051
		Survivor of retired	206	2,036,085
		Disability	0	1,409
		Occupational disability	0	0
	Lincoln University - vested	Retirement	1	3,086
		Survivor of active	0	0
	Legislators	Retirement	31	606,743
		Survivor of active	2	15,361
		Survivor of retired	3	47,695
	Elected officials	Retirement	2	92,916
		Survivor of active	0	2,562
		Survivor of retired	0	1,089
	Administrative law judges and legal advisors	Retirement	4	203,829
Survivor of active		0	0	
Survivor of retired		0	4,987	
June 30, 2006	General employee	Retirement	1,853	30,323,860
		Survivor of active	76	997,296
		Survivor of retired	214	2,460,805
		Disability	0	1,356
		Occupational disability	0	0
	Lincoln University - vested	Retirement	1	3,535
		Survivor of active	0	0
	Legislators	Retirement	6	141,548
		Survivor of active	0	4,398
		Survivor of retired	5	53,788
	Elected officials	Retirement	1	24,113
		Survivor of active	0	2,664
		Survivor of retired	0	1,132
	Administrative law judges and legal advisors	Retirement	6	219,793
Survivor of active		0	0	
Survivor of retired		1	30,686	

Source of data: MOSERS benefit payment data base as of June 30, 2006.

Removed From Rolls		Rolls at End of Year				
Number	Annual Allowances	Number	Annual Allowances	Percentage Increase in Annual Allowances	Average Annual Allowance	Percentage Increase in Average Annual Allowance
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
3	152,311	17	737,055	(10.88)	43,356	(0.40)
0	0	0	0	0.00	0	0.00
2	48,306	8	173,348	6.16	21,669	6.16
737	6,879,542	22,718	319,029,705	7.02	14,043	2.39
47	227,380	1,226	9,366,197	7.63	7,640	4.92
92	632,735	1,780	14,867,117	10.42	8,352	3.35
3	12,123	21	69,348	(13.38)	3,302	(1.02)
1	17,448	0	0	(100.00)	0	(100.00)
0	0	10	46,940	7.04	4,694	(3.67)
0	0	1	2,624	0.00	2,624	0.00
14	274,590	238	4,592,111	7.80	19,295	0.10
0	0	13	138,157	12.51	10,627	(4.80)
1	4,156	44	508,655	9.36	11,560	4.39
0	0	11	453,077	25.80	41,189	2.93
0	0	1	66,610	4.00	66,610	4.00
0	0	1	28,308	4.00	28,308	4.00
0	0	21	940,884	27.65	44,804	3.34
0	0	0	0	0.00	0	0.00
0	0	8	178,335	2.88	22,292	2.88
749	7,656,047	23,822	341,697,518	7.11	14,344	2.14
48	201,958	1,254	10,161,535	8.49	8,103	6.06
80	658,501	1,914	16,669,421	12.12	8,709	4.27
5	13,560	16	57,144	(17.60)	3,572	8.18
0	0	0	0	0.00	0	0.00
0	0	11	50,475	7.53	4,589	(2.24)
0	0	1	2,624	0.00	2,624	0.00
6	124,079	238	4,609,580	0.38	19,368	0.38
0	0	13	142,555	3.18	10,966	3.19
2	39,490	47	522,953	2.81	11,127	(3.75)
0	0	12	477,190	5.32	39,766	(3.45)
0	0	1	69,274	4.00	69,274	4.00
0	0	1	29,440	4.00	29,440	4.00
2	105,777	25	1,054,900	12.12	42,196	(5.82)
0	0	0	0	0.00	0	0.00
0	0	9	209,021	17.21	23,225	4.19

## RETIREES AND BENEFICIARIES ADDED AND REMOVED

Six Years Ended June 30, 2006

### *Judicial Plan*

Fiscal Year Ended	Benefit Type	Added to Rolls		Removed From Rolls	
		Number	Annual Allowances	Number	Annual Allowances
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
June 30, 2005	Retirement	12	1,159,324	8	402,329
	Survivor of active	0	35,224	1	14,247
	Survivor of retired	6	211,269	6	75,799
	Disability	0	0	0	0
June 30, 2006	Retirement	11	952,792	11	583,695
	Survivor of active	2	89,661	2	33,794
	Survivor of retired	6	219,711	4	79,701
	Disability	1	54,000	0	0

Source of data: MOSERS benefit payment data base as of June 30, 2006.



Rolls at End of Year

Number	Annual Allowances	Percentage Increase in Annual Allowance	Average Annual Allowance	Percentage Increase in Average Annual Allowance
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
275	15,848,461	5.02	57,631	3.49
41	939,372	2.28	22,912	4.78
82	2,003,030	7.25	24,427	7.25
0	0	0.00	0	0.00
275	16,217,558	2.33	58,973	2.33
41	995,239	5.95	24,274	5.94
84	2,143,040	6.99	25,512	4.44
1	54,000	0.00	54,000	0.00

## SHORT-TERM SOLVENCY TEST

Pension Trust Funds - Ten Years Ended June 30, 2006

*MSEP*

Fiscal Year	Actuarial Accrued Liabilities for				Percentage of Actuarial Liabilities Coverage by Assets Available for		
	Member Contributions (1)	Retirees and Beneficiaries (2)	Members, Employer Financed Portion (3)	Actuarial Value of Assets Available for Benefits	(1)	(2)	(3)
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
2005	0	3,629,506,014	3,948,522,003	6,435,344,102	100.0	100.0	71.1
2006	0	3,876,349,145	4,136,856,269	6,836,567,188	100.0	100.0	71.6

*ALJLAP\**

Fiscal Year	Actuarial Accrued Liabilities for				Percentage of Actuarial Liabilities Coverage by Assets Available for		
	Member Contributions (1)	Retirees and Beneficiaries (2)	Members, Employer Financed Portion (3)	Actuarial Value of Assets Available for Benefits	(1)	(2)	(3)
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

\*Assets and liabilities transferred to the MSEP during FY05.

*Judicial Plan*

Fiscal Year	Actuarial Accrued Liabilities for				Percentage of Actuarial Liabilities Coverage by Assets Available for		
	Member Contributions (1)	Retirees and Beneficiaries (2)	Members, Employer Financed Portion (3)	Actuarial Value of Assets Available for Benefits	(1)	(2)	(3)
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
2005	0	168,703,822	123,600,064	44,223,509	100.0	26.2	0.0
2006	0	171,677,032	137,325,720	51,652,867	100.0	30.1	0.0

## DERIVATION OF EXPERIENCE GAIN (LOSS)

### MSEP

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.

	<u>\$ Millions</u>	<u>Actuarial Gain (Loss) as a % of Beginning Accrued Liabilities (Valuation Date as of June 30)</u>	
(1) Unfunded actuarial accrued liability (UAAL) at beginning of year	1,142.7	1997	5.5
(2) Normal cost from last valuation	159.7	1998	5.5
(3) Actual employer contributions	227.2	1999	4.7
(4) Interest accrual: $(1) \times .085 + [(2) - (3)] \times (.085 \div 2)$	94.3	2000	2.7
(5) Expected UAAL before changes: $(1) + (2) - (3) + (4)$	1,169.5	2001	(4.4)
(6) Change from any changes in benefits, assumptions, or methods	0.0	2002	(3.8)
(7) Expected UAAL after changes: $(5) + (6)$	1,169.5	2003	(6.4)
(8) Actual UAAL at end of year	1,176.6	2004	(6.0)
(9) Gain (loss) $(7) - (8)$	(7.1)	2005	(3.4)
(10) Gain (loss) as a percent of actuarial accrued liabilities at start of year	(0.1)%	2006	(0.1)

### 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 but 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.

	<u>\$ Millions</u>	<u>Actuarial Gain (Loss) as a % of Beginning Accrued Liabilities (Valuation Date as of June 30)</u>	
(1) Unfunded actuarial accrued liability (UAAL) at beginning of year	248.1	2000	(1.7)
(2) Employer normal cost middle of year	7.9	2001	(3.2)
(3) Employer contributions	22.4	2002	(0.2)
(4) Interest		2003	(1.6)
a. on (1)	21.1	2004	(1.0)
b. on (2)	0.4	2005	(0.1)
c. on (3)	1.0	2006	(1.1)
d. total $[a + b - c]$	20.5		
(5) Expected UAAL end of year before changes	254.1		
(6) Change in UAAL end of year			
a. amendments	0.0		
b. assumptions	0.0		
c. methods	0.0		
d. total	0.0		
(7) Expected UAAL after changes: $(5) + (6d.)$	254.1		
(8) Actual UAAL at end of year	257.3		
(9) Gain (loss) $(7) - (8)$	(3.2)		
(10) Gain (loss) as a percent of actuarial accrued liabilities at start of year	(1.1)		

## SUMMARY OF PLAN PROVISIONS\*

MSEP and MSEP 2000 - Comparison of Plans for General State Employees - June 30, 2006

Plan Provision	MSEP	MSEP 2000
<b>Membership eligibility</b>	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.
<b>Normal retirement eligibility</b>	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.
<b>Early retirement eligibility</b>	Age 55 with 10 years of service.	Age 57 with 5 years of service.
<b>Benefit</b> 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").
<b>Vesting</b>	5 years of service.	5 years of service.
<b>In-service cost-of-living adjustment (COLA)</b>	COLA given for service beyond age 65. COLA provisions are determined by employment date.	Not available.
<b>COLA</b>	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 minimum rate of 5%.
<b>Survivor benefit (Death before retirement)</b> 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 members' Life Income Annuity paid to eligible children.  Survivor benefit to eligible spouse or children no less than 50% of current pay (no service requirement).
<b>Optional forms of payment (Death after retirement)</b>	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: <ul style="list-style-type: none"> <li>Life Income Annuity</li> <li>Unreduced Joint &amp; 50% Survivor</li> <li>Joint &amp; 100% Survivor</li> <li>60 or 120 Guaranteed Payments</li> <li>BackDROP</li> </ul>	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: <ul style="list-style-type: none"> <li>Life Income Annuity</li> <li>Joint &amp; 50% Survivor</li> <li>Joint &amp; 100% Survivor</li> <li>120 or 180 Guaranteed Payments</li> <li>BackDROP</li> </ul>

\* 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 OF PLAN PROVISIONS

MSEP and MSEP 2000 - Comparison of Plans for Uniformed Member of the Water Patrol - June 30, 2006

Plan Provision	MSEP	MSEP 2000
<b>Membership eligibility</b>	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.
<b>Normal retirement eligibility</b>	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.
<b>Early retirement eligibility</b>	Not available.	Age 57 with 5 years of service.
<b>Benefit</b>		
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").
<b>Vesting</b>	5 years of service.	5 years of service.
<b>In-service COLA</b>	COLA given for service beyond age 65. COLA provisions are determined by employment date.	Not available.
<b>COLA</b>	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 minimum rate of 5%.
<b>Survivor benefit (Death before retirement)</b>		
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).
<b>Optional forms of payment (Death after retirement)</b>	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: <ul style="list-style-type: none"> <li>Life Income Annuity</li> <li>Unreduced Joint &amp; 50% Survivor</li> <li>Joint &amp; 100% Survivor</li> <li>60 or 120 Guaranteed Payments</li> <li>BackDROP</li> </ul>	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: <ul style="list-style-type: none"> <li>Life Income Annuity</li> <li>Joint &amp; 50% Survivor</li> <li>Joint &amp; 100% Survivor</li> <li>120 or 180 Guaranteed Payments</li> <li>BackDROP</li> </ul>

## SUMMARY OF PLAN PROVISIONS\*

MSEP and MSEP 2000 - Comparison of Plans for Legislators - June 30, 2006

Plan Provision	MSEP	MSEP 2000
<b>Membership eligibility</b>	Elected to the General Assembly.	Elected to the General Assembly on or after July 1, 2000.
<b>Normal retirement eligibility</b>	Age 55 with 3 full-biennial assemblies.	Age 55 with 3 full-biennial assemblies or "Rule of 80" - minimum age 50.
<b>Early retirement eligibility</b>	Not available.	Not available.
<b>Benefit</b>		
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.
<b>Vesting</b>	3 full-biennial assemblies.	3 full-biennial assemblies.
<b>In-service COLA</b>	COLA given for service beyond age 65. COLA provisions are determined by employment date.	Not available.
<b>COLA</b>	<p>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%.</p> <p>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%.</p>	Benefit adjusted each year based on the percentage increase in the current pay for an active member of the General Assembly.
<b>Survivor benefit (Death before retirement)</b>		
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).
<b>Optional forms of payment (Death after retirement)</b>	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: <ul style="list-style-type: none"> <li>• Life Income Annuity</li> <li>• Unreduced Joint &amp; 50% Survivor</li> <li>• Joint &amp; 100% Survivor</li> <li>• 60 or 120 Guaranteed Payments</li> </ul>	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: <ul style="list-style-type: none"> <li>• Life Income Annuity</li> <li>• Joint &amp; 50% Survivor</li> <li>• Joint &amp; 100% Survivor</li> <li>• 120 or 180 Guaranteed Payments</li> </ul>

## SUMMARY OF PLAN PROVISIONS

MSEP and MSEP 2000 - Comparison of Plans for Elected Officials - June 30, 2006

Plan Provision	MSEP	MSEP 2000
<b>Membership eligibility</b>	Elected to state office.	Elected to state office on or after July 1, 2000.
<b>Normal retirement eligibility</b>	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.
<b>Early retirement eligibility</b>	Age 55 with 10 years of service.	Not available.
<b>Benefit</b> Life benefit	<u>12 or more years of service</u> 50% or 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.
<b>Vesting</b>	4 years of service.	4 years of service.
<b>In-service COLA</b>	COLA provisions determined by amount of service relative to 12 years and date of employment.	Not available.
<b>COLA</b>	<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.
<b>Survivor benefit (Death before retirement)</b> 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).
<b>Optional forms of payment (Death after retirement)</b>	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: <ul style="list-style-type: none"> <li>• Life Income Annuity</li> <li>• Unreduced Joint &amp; 50% Survivor</li> <li>• Joint &amp; 100% Survivor</li> <li>• 60 or 120 Guaranteed Payments</li> </ul>	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: <ul style="list-style-type: none"> <li>• Life Income Annuity</li> <li>• Joint &amp; 50% Survivor</li> <li>• Joint &amp; 100% Survivor</li> <li>• 120 or 180 Guaranteed Payments</li> </ul>

## SUMMARY OF PLAN PROVISIONS\*

MSEP and MSEP 2000 - Administrative Law Judges and Legal Advisors\* - June 30, 2006

Plan Provision	Requirement
<b>Membership eligibility</b>	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 hired prior to April 26, 2005.
<b>Normal retirement eligibility</b>	Age 62 with 12 years of service, Age 60 with 15 year of service, or Age 55 with 20 years of service.
<b>Reduced retirement eligibility</b>	Age 65 with less than 12 years of service with reduced benefit, based upon years of service relative to 12 years.
<b>Benefit formula</b>	<u>12 or more years of service</u> 50% of the average highest 12 consecutive months of salary.
<b>Vesting</b>	Immediate.
<b>In-service COLA</b>	Not available.
<b>COLA</b>	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%.
<b>Survivor benefit (Death before retirement)</b>	Survivor benefit to eligible spouse equal to 50% of the benefit the member would have received based on service at age 70.
<b>Survivor benefit (Death after retirement)</b>	Survivor benefit to eligible spouse equal to 50% of the member's annuity at the time of death.

\* All new administrative law judges and legal advisors hired on or after April 26, 2005, who had not been previously covered by a retirement system under Chapter 287, RSMo, participate in the MSEP, which is covered under Chapter 104, RSMo.



## SUMMARY OF PLAN PROVISIONS

MSEP and MSEP 2000 - Judicial Plan - June 30, 2006

Plan Provision	Requirement
<b>Membership eligibility</b>	Must be a judge or commissioner of the supreme court or of the court of appeals; a judge of any circuit court, probate court, magistrate court, court of common pleas, or court of criminal corrections; a justice of the peace; or a commissioner or deputy commissioner of the circuit court appointed after February 29, 1972.
<b>Normal retirement eligibility</b>	Age 62 with 12 years of service, Age 60 with 15 year of service, or Age 55 with 20 years of service.
<b>Reduced retirement eligibility</b>	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.
<b>Benefit formula</b>	<u>12 or 15 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.
<b>Vesting</b>	Immediate.
<b>In-service COLA</b>	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.
<b>COLA</b>	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%.
<b>Survivor benefit (Death before retirement)</b>	Survivor benefit to eligible spouse equal to 50% of the benefit the member would have received based on service at age 70.
<b>Survivor benefit (Death after retirement)</b>	Survivor benefit to eligible spouse equal to 50% of the member's annuity at the time of death.

## SUMMARY OF PLAN PROVISIONS

Life Insurance Plans - June 30, 2006

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

Active Members*	Requirement
<p><b>Basic life insurance</b> An amount equal to one times annual salary (with a minimum of \$15,000) while actively employed.</p>	Actively employed in an eligible state position resulting in membership in MOSERS.
<p><b>Duty-related death benefit</b> 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>	Actively employed in an eligible state position resulting in membership in MOSERS.
<p><b>Optional life insurance</b> Additional life insurance may be purchased in a flat amount in multiples of \$10,000 not to exceed the maximum (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 life insurance coverage the member has purchased. Coverage for children is available in a flat amount of \$10,000 per child.</p>	Actively employed in an eligible state position resulting in membership in MOSERS.
* Terminating employees may convert coverage up to the amount they had as an active employee at individual rates.	
Retired Members	Requirement
<p><b>Basic life insurance at retirement</b> \$5,000 basic life insurance during retirement.</p>	Must retire directly from active employment.
<p><b>Optional life insurance at retirement (MSEP)</b> An employee may retain up to the lesser of \$60,000 or the amount of optional life insurance coverage held at the time of retirement at the group rate and may convert any remaining basic and optional life insurance at individual rates.</p>	Must retire directly from active employment.
<p><b>Optional life insurance at retirement (MSEP 2000)</b> 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>	Must retire directly from active employment.

## SUMMARY OF PLAN PROVISIONS

Long-Term Disability (LTD) Plans - June 30, 2006

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

Active Members	Requirement
<p><b>General State Employees, Legislators, and Elected State Officials</b> 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><b>Long-term disability</b> - 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 a member's death.</p>
<p><b>Water Patrol</b></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><b>Judges</b></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

There were no plan provision changes during FY06.

# ACTUARIAL PRESENT VALUES

As of June 30, 2006

## MSEP

Actuarial Present Value as of June 30, 2006	Actuarial Present Value	Portion Covered by Future Normal Cost Contributions	Actuarial Accrued liabilities
<b>Active members</b>			
Service retirement benefits based on services rendered before and likely to be rendered after valuation date	\$4,053,266,115	\$ 800,361,495	\$3,252,904,620
Disability benefits likely to be paid to present active members who become totally and permanently disabled	125,485,969	53,431,659	72,054,310
Survivor benefits likely to be paid to widows and children of present active members who die before retiring	178,804,688	42,098,670	136,706,018
Separation benefits likely to be paid to present active members	409,193,532	201,520,834	207,672,698
Active member totals	\$4,766,750,304	\$1,097,412,658	3,669,337,646
<b>Members on leave of absence &amp; LTD</b>			
Service retirement benefits based on service rendered before the valuation date			99,633,265
<b>Terminated-vested members</b>			
Service retirement benefits based on service rendered before the valuation date			367,885,358
<b>Retired lives</b>			3,875,909,058
<b>BackDROP installment payments incurred, but not yet paid</b>			440,087
Total actuarial accrued liability			8,013,205,414
Actuarial value of assets			6,836,567,188
Unfunded actuarial accrued liability			\$1,176,638,226

## ACTUARIAL PRESENT VALUES

As of June 30, 2006

### *Judicial Plan*

Actuarial Present Value as of June 30, 2006	Actuarial Present Value	Portion Covered by Future Normal Cost Contributions	Actuarial Accrued liabilities
<b>Active members</b>			
Service retirement benefits based on services rendered before and likely to be rendered after valuation date	\$167,977,304	\$47,753,229	\$120,224,075
Disability benefits likely to be paid to present active members who become totally and permanently disabled	1,572,681	1,296,973	275,708
Survivor benefits likely to be paid to widows and children of present active members who die before retiring	<u>5,615,178</u>	<u>2,990,888</u>	<u>2,624,290</u>
Active member totals	<u>\$175,165,163</u>	<u>\$52,041,090</u>	123,124,073
<b>Terminated-vested members</b>			
Service retirement benefits based on service rendered before the valuation date			14,201,647
<b>Retired lives</b>			
Total actuarial accrued liability			<u>171,677,032</u>
Actuarial value of assets			309,002,752
Unfunded actuarial accrued liability			<u>51,652,867</u>
			<u>\$257,349,885</u>