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ACTUARIAL SECTION

103	Actuary's Certification Letter
104	Summary of Actuarial Assumptions
108	Summary of Member Data Included in Valuations
109	MSEP Active Members by Attained Age and Years of Service
110	Judicial Plan Active Members by Attained Age and Years of Service
111	Schedules of Active Member Valuation Data Last Six Years
112	MSEP Retirees and Beneficiaries Added and Removed
116	Judicial Plan Retirees and Beneficiaries Added and Removed
118	Short-Term Solvency Test
119	Derivation of Experience Gain (Loss)
120	Summary Plan Provisions
127	Changes in Plan Provisions
128	Actuarial Present Values

ACTUARY'S CERTIFICATION LETTER

GRS

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October 13, 2008

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.

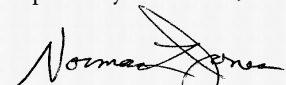
In order to measure progress toward this fundamental objective, MOSERS has annual actuarial valuations performed. The valuations (i) measure present financial position, and (ii) establish contribution rates that provide for the normal cost and level percent of payroll amortization of unfunded actuarial accrued liabilities over a reasonable period. The latest completed actuarial valuations were based upon data and assumptions as of June 30, 2008. These valuations indicate that the contribution rates for the fiscal year ending June 30, 2010, adopted by the board of trustees for the benefits scheduled to be in effect on July 1, 2008, meet the basic financial objective. These contribution rates are 12.75% of payroll for 54,542 General State Employees, and 58.48% of payroll for 401 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 March, 2008 based upon recommendations made in an experience study covering the period from 2003 to 2007. The economic assumptions were adopted by the board of trustees in September, 2001 and amended and reaffirmed in March, 2008. The assumptions and methods used in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

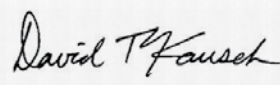
The current benefit structure is outlined in the *Actuarial Section* of our report. Benefit provisions evaluated were unchanged from the previous valuation. We provided the information used in the supporting schedules in the *Actuarial Section* and the *Schedules of Funding Progress* in the *Financial 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 to operate 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


David T. Kausch, F.S.A.
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 105. 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 2.56% 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, 2008. 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 106. 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 105. 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 105. 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 three years older than their spouses.

The liabilities for active members hired on or after July 1, 2000 (April 26, 2005, for administrative law judges) were based on MSEP 2000 benefits. The liabilities for active members hired before July 1, 2000, for male general employees with an age at hire of 35 years or less, for female general employees, for contract employees, for elected and for General Assembly were based on MSEP 2000 benefits. 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, 2008

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	Men	Women			
	0	23.8%	26.9%							
	1	18.9	20.5							
	2	15.3	15.4							
	3	12.8	12.5							
	4	11.8	10.9							
20	+5	11.8	10.9	.04%	.03%	.16%	.30%	3.5%	4.0%	7.5%
25		11.8	10.9	.05	.04	.16	.30	2.9	4.0	6.9
30		10.0	10.0	.06	.04	.16	.30	2.2	4.0	6.2
35		7.5	7.6	.08	.05	.21	.30	1.6	4.0	5.6
40		5.6	5.6	.11	.07	.26	.32	1.2	4.0	5.2
45		4.2	4.4	.17	.09	.34	.38	0.9	4.0	4.9
50		3.4	3.9	.31	.14	.49	.57	0.7	4.0	4.7
55		3.0	3.3	.54	.24	1.07	.89	0.5	4.0	4.5
60		2.6	3.0	.83	.44	1.50	1.50	0.4	4.0	4.4
65		2.5	3.0	1.31	.71	1.60	1.70	0.3	4.0	4.3

* 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	4.5%	4.5%	.05%	.04%	.01%	.01%	1.6%	4.0%	5.6%
30	4.0	3.7	.06	.04	.02	.01	1.2	4.0	5.2
35	2.8	2.6	.08	.05	.03	.02	0.9	4.0	4.9
40	2.0	2.1	.11	.07	.04	.03	0.4	4.0	4.4
45	1.5	1.9	.17	.09	.05	.04	0.3	4.0	4.3
50	1.5	1.7	.31	.14	.08	.07	0.2	4.0	4.2
55	1.5	1.2	.54	.24	.13	.12	0.2	4.0	4.2
60	1.2	0.6	.83	.44	.20	.19	0.0	4.0	4.0
65	0.9	0.4	1.31	.71	.20	.19	0.0	4.0	4.0

SUMMARY OF ACTUARIAL ASSUMPTIONS

Single Life Retirement Values - June 30, 2008

All Plans

Sample Attained Ages	Present Value of \$1/Month the First Year Increasing 4%/2.56% Yearly				Future Life Expectancy (Years)			
	Service		Disability		Service		Disability	
	Men	Women	Men	Women	Men	Women	Men	Women
40	\$203.02	\$209.33	\$181.62	\$191.13	39.41	43.25	30.06	33.73
45	193.32	201.25	168.02	179.05	34.67	38.46	25.67	29.17
50	181.62	191.13	152.30	165.06	30.06	33.73	21.50	24.82
55	168.02	179.05	134.31	148.86	25.67	29.17	17.57	20.70
60	152.30	165.06	114.80	130.48	21.50	24.82	13.99	16.82
65	134.31	148.86	95.56	110.86	17.57	20.70	10.91	13.32
70	114.80	130.48	76.93	91.81	13.99	16.82	8.29	10.36
75	95.56	110.86	60.70	73.41	10.91	13.32	6.23	7.83
80	76.93	91.81	47.70	57.87	8.29	10.36	4.70	5.89
85	60.70	73.41	36.91	45.39	6.23	7.83	3.51	4.44

SUMMARY OF ACTUARIAL ASSUMPTIONS

Percent of Eligible Active Members Retiring Next Year - June 30, 2008

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	30.0
59	20.0	10.0	30.0
60	25.0	10.0	30.0
61	20.0	10.0	30.0
62	30.0	15.0	50.0
63	20.0	12.0	40.0
64	20.0	12.0	40.0
65	30.0	15.0	50.0
66	20.0	12.0	40.0
67	20.0	12.0	40.0
68	20.0	12.0	40.0
69	20.0	12.0	40.0
70	20.0	12.0	40.0
71	20.0	12.0	40.0
72	20.0	12.0	40.0
73	20.0	12.0	40.0
74	20.0	12.0	40.0
75 & over	100.0	100.0	100.0

Early retirement rates were assumed to be 5.0% from ages 55-65.

Judicial Plan

Retirement Ages	Percent Men	Percent Women
55	10.0%	8.0%
56	10.0	8.0
57	10.0	8.0
58	10.0	8.0
59	10.0	8.0
60	10.0	15.0
61	5.0	10.0
62	10.0	15.0
63	5.0	10.0
64	5.0	10.0
65	20.0	40.0
66	25.0	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, 2008

Pay Increase Timing

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

Decrement Timing

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

Eligibility Testing

Eligibility for benefits is determined based upon 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. For judges, the assumed normal form of benefit is the straight-life form with 50% continuing to an eligible surviving spouse.

Other Liability Adjustments

MSEP 2000 Benefits for Active Employees

- Normal retirement form of payment adjustment: 0.994
- Early retirement form of payment adjustment: 0.993

Pre-Retirement Survivor Benefits for Spouse of Terminated-Vested Member

Age	Male	Female
<30	3.20	2.32
30-39	1.89	1.52
40-49	1.32	1.18
>50	1.07	1.04

There are no other liability adjustments for judges.

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, 2008. It was brought forward to June 30, 2008, 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, 2008. 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, 2008

Active Members

Valuation Group	Number	Annual Payroll	Group Averages		
			Salary	Age (Yrs.)	Service (Yrs.)
MSEP					
Regular state employees	50,645	\$1,710,675,180	\$ 33,778	44.7	10.3
Elected officials	6	638,346	106,391	48.4	7.3
Legislative clerks	49	1,537,942	31,387	58.3	18.7
Legislators	195	6,124,197	31,406	50.8	5.6
Uniformed water patrol	95	5,395,032	56,790	39.3	14.3
Conservation department	1,532	62,826,394	41,009	44.2	13.8
School-term salaried employees	1,980	125,538,549	63,403	54.3	18.5
Administrative law judges	40	3,791,758	94,794	53.2	14.6
Total MSEP group	<u>54,542</u>	<u>\$1,916,527,398</u>	35,139	45.1	10.7
Judicial Plan	401	\$ 44,542,530	\$111,079	55.0	11.6

Retired Members

Type of Benefit Payment	Number	Annual Benefits	Group Averages	
			Benefit	Age (Yrs.)
MSEP				
Retirement	26,590	\$401,680,420	\$15,106	69.1
Disability	11	36,408	3,310	57.9
Survivor of active member	1,358	11,755,931	8,657	59.6
Survivor of retired member	2,173	21,168,934	9,742	74.1
Total MSEP group	<u>30,132</u>	<u>\$434,641,693</u>	14,425	69.0
Judicial Plan	440	\$ 22,514,693	\$51,170	75.2

Others

Group	Terminated-Vested	Leave of Absence	Long-Term Disability
MSEP	17,069	328	992
Judicial Plan	54	0	0

ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

June 30, 2008

MSEP

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30+	No.	Valuation Payroll
15-19	60							60	\$ 1,152,730
20-24	1,670	22						1,692	40,774,198
25-29	3,921	798	12					4,731	135,346,918
30-34	2,616	2,078	531	6				5,231	165,191,508
35-39	2,092	1,976	1,755	369	26			6,218	207,891,342
40-44	1,788	1,679	1,501	1,211	538	34		6,751	237,057,693
45-49	1,835	1,794	1,508	1,195	1,274	679	67	8,352	303,311,720
50-54	1,586	1,620	1,455	1,214	1,256	955	525	8,611	324,193,759
55-59	1,215	1,463	1,271	1,200	1,062	605	579	7,395	284,327,971
60	203	258	171	202	148	82	74	1,138	42,574,523
61	177	245	217	185	140	54	70	1,088	41,586,317
62	136	189	175	139	120	61	69	889	35,095,096
63	78	129	115	93	70	37	30	552	22,465,512
64	54	111	82	71	59	29	33	439	17,583,678
65	42	92	87	62	52	23	41	399	16,632,168
66	36	76	43	38	24	14	32	263	11,141,693
67	16	35	52	30	17	8	21	179	6,751,179
68	12	32	29	18	13	7	16	127	5,370,595
69	14	21	19	18	9	3	18	102	4,546,812
70 & Over	53	59	64	47	39	17	46	325	13,531,986
Totals	17,604	12,677	9,087	6,098	4,847	2,608	1,621	54,542	\$1,916,527,398

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

Group Averages:

Age	45.1 years
Service	10.7 years
Annual pay	\$35,139

ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

June 30, 2008

Judicial Plan

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30+	No.	Valuation Payroll
30-34	3							3	\$ 315,996
35-39	8	2						10	1,064,964
40-44	10	18	1					29	3,127,597
45-49	12	19	12	3	1			47	5,168,837
50-54	23	18	23	8	4	3		79	8,777,220
55-59	19	31	24	16	8	11	1	110	12,300,383
60	3	6	3	6	2	1	1	22	2,448,865
61	2	5	8	2	1	3	1	22	2,464,011
62	2	6	6	3	1	2	1	21	2,325,776
63	1	2	1	4	3	3	1	15	1,749,267
64	1	1	2	5	2			11	1,180,440
65		2	2			1	1	6	664,674
66	2	3	2		1	2		10	1,123,547
67		2		1	1	1		5	570,236
68			2	1		1	1	5	577,692
69		1		1		1	1	4	450,573
70				1	1			2	232,452
Totals	86	116	86	51	25	29	8	401	\$44,542,530

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

Group Averages:

Age	55.0 years
Service	11.6 years
Annual pay	\$111,079

SCHEDULES OF ACTIVE MEMBER VALUATION DATA

Six Years Ended June 30, 2008

MSEP

Schedule of Active Member Valuation Data				
Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
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
June 30, 2007	54,363	1,846,643,330	33,969	4.15
June 30, 2008	54,542	1,916,527,398	35,139	3.44

ALJLAP*

Schedule of Active Member Valuation Data				
Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
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

Schedule of Active Member Valuation Data				
Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
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
June 30, 2007	400	40,846,581	102,116	(0.09)
June 30, 2008	401	44,542,530	111,079	8.78

RETIREES AND BENEFICIARIES ADDED AND REMOVED

Six Years Ended June 30, 2008

MSEP

Added to Rolls

Fiscal Year Ended	Classification	Benefit Type	Number	Annual Allowances
June 30, 2003	General employees	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
	Elected officials	Survivor of retired	4	65,987
		Retirement	0	(13,546)
		Survivor of active	0	2,369
	ALJs	Survivor of retired	0	1,007
		Retirement	3	166,161
Survivor of active		0	0	
Survivor of retired		0	5,601	
June 30, 2004	General employees	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
	Elected officials	Survivor of retired	3	73,196
		Retirement	0	0
		Survivor of active	0	2,464
	ALJs	Survivor of retired	0	1,045
		Retirement	1	62,331
Survivor of active		0	0	
Survivor of retired		2	58,362	
June 30, 2005	General employees	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
	Elected officials	Survivor of retired	3	47,695
		Retirement	2	92,916
		Survivor of active	0	2,562
	ALJs	Survivor of retired	0	1,089
		Retirement	4	203,829
Survivor of active		0	0	
Survivor of retired		0	4,987	

Removed from Rolls		Rolls at End of Year		Percentage Increase (Decrease) in Annual Allowances	Average Annual Allowances	Percentage Increase (Decrease) in Average Annual Allowances
Number	Annual Allowances	Number	Annual Allowances			
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
733	7,302,918	21,736	298,112,440	13.33	13,715	4.36
38	197,250	1,195	8,702,526	9.15	7,282	4.31
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	4.90
92	632,735	1,780	14,867,117	10.42	8,352	3.35
3	12,123	21	69,348	(13.38)	3,302	(1.01)
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

Source of Data: MOSERS benefit payment database as of June 30, 2008.

Other Actuarial Section information reported based on MOSERS data as of May 31, 2008.

MSEP continued on pages 114-115

RETIREES AND BENEFICIARIES ADDED AND REMOVED

Six Years Ended June 30, 2008

MSEP Continued from pages 112-113

Fiscal Year Ended	Classification	Benefit Type	Added to Rolls	
			Number	Annual Allowances
June 30, 2006	General employees	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
	ALJs	Retirement	6	219,793
Survivor of active		0	0	
Survivor of retired		1	30,686	
June 30, 2007	General employees	Retirement	2,211	37,839,159
		Survivor of active	89	897,874
		Survivor of retired	213	2,630,107
		Disability	0	1,104
		Occupational disability	0	0
	Lincoln University - vested	Retirement	0	0
		Survivor of active	0	0
	Legislators	Retirement	19	303,741
		Survivor of active	1	8,157
		Survivor of retired	5	95,976
	Elected officials	Retirement	0	0
		Survivor of active	0	2,771
		Survivor of retired	0	1,178
	ALJs	Retirement	0	35,846
Survivor of active		0	0	
Survivor of retired		0	6,071	
June 30, 2008	General employees	Retirement	2,159	36,365,696
		Survivor of active	91	971,449
		Survivor of retired	234	2,715,274
		Disability	0	900
		Occupational disability	0	0
	Lincoln University - vested	Retirement	2	5,478
		Survivor of active	0	0
	Legislators	Retirement	9	147,136
		Survivor of active	0	4,489
		Survivor of retired	5	114,053
	Elected officials	Retirement	0	37,804
		Survivor of active	0	2,882
		Survivor of retired	0	1,225
	ALJs	Retirement	2	102,631
Survivor of active		0	0	
Survivor of retired		1	30,876	

Removed from Rolls		Rolls at End of Year		Percentage Increase (Decrease) in Annual Allowances	Average Annual Allowances	Percentage Increase (Decrease) in Average Annual Allowances
Number	Annual Allowances	Number	Annual Allowances			
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
740	8,391,528	25,293	371,145,149	8.62	14,674	2.30
39	281,916	1,304	10,777,493	6.06	8,265	2.00
106	810,074	2,021	18,489,454	10.92	9,149	5.05
4	18,658	12	39,590	(30.72)	3,299	(7.64)
0	0	0	0	0.00	0	0.00
0	0	11	50,475	0.00	4,589	0.00
0	0	1	2,624	0.00	2,624	0.00
7	178,306	250	4,735,015	2.72	18,940	(2.21)
0	0	14	150,712	5.72	10,765	(1.83)
0	0	52	618,929	18.35	11,902	6.97
0	0	12	477,190	0.00	39,766	0.00
0	0	1	72,045	4.00	72,045	4.00
0	0	1	30,618	4.00	30,618	4.00
0	0	25	1,090,746	3.40	43,630	3.40
0	0	0	0	0.00	0	0.00
0	0	9	215,092	2.90	23,899	2.90
853	9,745,552	26,599	397,765,293	7.17	14,954	1.91
59	259,787	1,336	11,489,155	6.60	8,600	4.05
137	916,500	2,118	20,288,228	9.73	9,579	4.70
1	4,074	11	36,416	(8.02)	3,311	0.35
0	0	0	0	0.00	0	0.00
0	0	13	55,953	10.85	4,304	(6.21)
0	0	1	2,624	0.00	2,624	0.00
10	300,216	249	4,581,935	(3.23)	18,401	(2.84)
0	0	14	155,201	2.98	11,086	2.98
3	24,638	54	708,344	14.45	13,117	10.21
0	0	12	514,994	7.92	42,916	7.92
0	0	1	74,927	4.00	74,927	4.00
0	0	1	31,843	4.00	31,843	4.00
2	94,035	25	1,099,342	0.79	43,974	0.79
0	0	0	0	0.00	0	0.00
0	0	10	245,968	14.35	24,597	2.92

Source of Data: MOSERS benefit payment database as of June 30, 2008.

Other *Actuarial Section* information reported based on MOSERS data as of May 31, 2008.

RETIREES AND BENEFICIARIES ADDED AND REMOVED

Six Years Ended June 30, 2008

Judicial Plan

Fiscal Year Ended	Benefit Type	Added to Rolls		Removed from Rolls	
		Number	Allowances	Number	Allowances
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
June 30, 2007	Retirement	47	2,802,873	15	967,969
	Survivor of active	1	64,452	2	40,742
	Survivor of retired	13	526,008	4	91,948
	Disability	0	0	1	54,000
June 30, 2008	Retirement	21	1,554,013	17	946,602
	Survivor of active	0	31,650	4	53,658
	Survivor of retired	11	387,194	8	181,387
	Disability	0	0	0	0

Rolls at End of Year				
Number	Annual Allowances	Percentage Increase (Decrease) in Annual Allowances	Average Annual Allowances	Percentage Increase (Decrease) in Average Annual Allowances
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	100.00	54,000	100.00
307	18,052,462	11.31	58,803	(0.29)
40	1,018,949	2.38	25,474	4.71
93	2,577,100	20.25	27,711	7.94
0	0	(100.00)	0	(100.00)
311	18,659,873	3.36	60,000	2.00
36	996,941	(2.16)	27,693	8.01
96	2,782,907	7.99	28,989	4.41
0	0	0.00	0	0.00

Source of Data: MOSERS benefit payment database as of June 30, 2008.

Other *Actuarial Section* information reported based on MOSERS data as of May 31, 2008.

SHORT-TERM SOLVENCY TEST

Pension Trust Funds - Ten Years Ended June 30, 2008

MSEP

Fiscal Year	Actuarial Accrued Liabilities for				Percentage of Actuarial Liabilities Covered by Actuarial Value of Assets Available for		
	Current Member Contributions (1)	Active and Inactive Retirees and Beneficiaries (2)	Members, Employer Financed Portion (3)	Actuarial Value of Assets Available for Benefits	(1)	(2)	(3)
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
2007	0	4,208,621,537	4,291,807,104	7,377,289,283	100.0	100.0	73.8
2008	0	4,408,682,437	4,719,665,033	7,838,495,768	100.0	100.0	72.7

ALJLAP*

Fiscal Year	Actuarial Accrued Liabilities for				Percentage of Actuarial Liabilities Covered by Actuarial Value of Assets Available for		
	Current Member Contributions (1)	Active and Inactive Retirees and Beneficiaries (2)	Members, Employer Financed Portion (3)	Actuarial Value of Assets Available for Benefits	(1)	(2)	(3)
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 Covered by Actuarial Value of Assets Available for		
	Current Member Contributions (1)	Active and Inactive Retirees and Beneficiaries (2)	Members, Employer Financed Portion (3)	Actuarial Value of Assets Available for Benefits	(1)	(2)	(3)
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
2007	0	199,489,503	127,176,870	61,903,516	100.0	31.0	0.0
2008	0	216,369,879	138,426,574	73,194,379	100.0	33.8	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	1,123.1	1999	4.7%
(2) Normal cost from last valuation	164.0	2000	2.7
(3) Actual employer contributions	252.9	2001	(4.4)
(4) Interest accrual: $(1) \times .085 + [(2) - (3)] \times (.085 \div 2)$	91.7	2002	(3.8)
(5) Expected UAAL before changes: $(1) + (2) - (3) + (4)$	1,125.9	2003	(6.4)
(6) Change from any changes in benefits, assumptions, or methods	168.9	2004	(6.0)
(7) Expected UAAL after changes: $(5) + (6)$	1,294.8	2005	(3.4)
(8) Actual UAAL at end of year	1,289.9	2006	(0.1)
(9) Gain (loss) $(7) - (8)$	4.9	2007	1.0
(10) Gain (loss) as a percent of actuarial accrued liabilities at beginning of year	0.1%	2008	0.1

Judicial Plan

The actuarial gains or losses realized in the operation of the retirement system provide an experience test. Gains and losses often cancel each other out 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	264.8	2000	(1.7)%
(2) Employer normal cost middle of year	8.6	2001	(3.2)
(3) Employer contributions	26.2	2002	(0.2)
(4) Interest		2003	(1.6)
a. on (1)	22.5	2004	(1.0)
b. on (2)	0.4	2005	(0.1)
c. on (3)	1.1	2006	(1.1)
d. total $[a + b - c]$	21.8	2007	(0.6)
(5) Expected UAAL end of year before changes	269.0	2008	(3.0)
(6) Change in UAAL end of year			
a. amendments	0.0		
b. assumptions and technical corrections	2.9		
c. methods	0.0		
d. total	2.9		
(7) Expected UAAL after changes: $(5) + (6d)$	271.9		
(8) Actual UAAL at end of year	281.6		
(9) Gain (loss) $(7) - (8)$	(9.7)		
(10) Gain (loss) as a percent of actuarial accrued liabilities at beginning of year	(3.0)%		

SUMMARY OF PLAN PROVISIONS

MSEP and MSEP 2000* - Comparison of Plans for General State Employees - June 30, 2008

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 returned 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	1.6% x final average pay (FAP) x service.	1.7% x FAP x service.
Temporary benefit	Not available.	0.8% x FAP x service (until age 62 - only if retiring under "Rule of 80").
Vesting	5 years of service.	5 years of service.
In-service 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	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 members' 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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Life Income Annuity • Joint & 50% Survivor • Joint & 100% Survivor • 120 or 180 Guaranteed Payments • BackDROP

* This summary describes the plan provisions of the 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 Members of the Water Patrol - June 30, 2008

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 returned 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)	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.
Non duty-related death		
Duty-related death	Survivor benefit to eligible spouse or children 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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Life Income Annuity • Joint & 50% Survivor • Joint & 100% Survivor • 120 or 180 Guaranteed Payments • BackDROP

SUMMARY OF PLAN PROVISIONS

MSEP and MSEP 2000 - Comparison of Plans for Legislators - June 30, 2008

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	<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.
Survivor benefit (Death before retirement)	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.
Non duty-related death		
Duty-related death	Survivor benefit to eligible spouse or children 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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Life Income Annuity • Joint & 50% Survivor • Joint & 100% Survivor • 120 or 180 Guaranteed Payments

SUMMARY OF PLAN PROVISIONS

MSEP and MSEP 2000 - Comparison of Plans for Elected Officials - June 30, 2008

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% 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.
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)	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.	Survivor benefit to eligible spouse calculated using the Joint & 100% Survivor Option or 80% of the member's Life Income Annuity paid to eligible children.
Non duty-related death		
Duty-related death	Survivor benefit to eligible spouse or children 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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Life Income Annuity • Joint & 50% Survivor • Joint & 100% Survivor • 120 or 180 Guaranteed Payments

SUMMARY OF PLAN PROVISIONS

Administrative Law Judges and Legal Advisors* - June 30, 2008

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 hired prior to April 26, 2005.
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 at 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.

* 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

Judicial Plan - June 30, 2008

Plan Provision	Requirement
Membership eligibility	Must be a judge or commissioner of the supreme court or the court of appeals, a judge of the circuit court, probate court, magistrate court, court of common pleas, court of criminal corrections, a justice of the peace, or a commissioner or deputy commissioner of the circuit court appointed after February 29, 1972; a commissioner of the juvenile division of the circuit court appointed pursuant to Section 211.023, RSMo; a commissioner of the drug court pursuant to Section 478.466, RSMo; or a commissioner of the family court.
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 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 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.
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 at 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 OF PLAN PROVISIONS

Life Insurance Plans - June 30, 2008

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

Active Members*

Requirement

<p>Basic life insurance An amount equal to one times annual salary (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>Duty-related death benefit 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>Optional life insurance 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>	<p>Actively employed in an eligible state position resulting in membership in MOSERS.</p>

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

Retired Members

Requirement

<p>Basic life insurance at retirement \$5,000 basic life insurance during retirement.</p>	<p>Must retire directly from active employment.</p>
<p>Optional life insurance at retirement (MSEP) 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>	<p>Must retire directly from active employment.</p>
<p>Optional life insurance at retirement (MSEP 2000) 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 OF PLAN PROVISIONS

Long-Term Disability (LTD) Plans - June 30, 2008

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

Active Members	Requirement
<p>General state employees, Legislators, and Elected state officials 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 a member's death.</p>
Water patrol	<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>
Judges	<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 FY08.

ACTUARIAL PRESENT VALUES

As of June 30, 2008

MSEP

Actuarial Present Value June 30, 2008 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	\$4,491,415,808	\$ 735,340,448	\$3,756,075,360
Disability benefits likely to be paid to present active members who become totally and permanently disabled	142,748,726	65,439,120	77,309,606
Survivor benefits likely to be paid to widows and children of present active members who die before retiring	110,605,527	29,557,661	81,047,866
Separation benefits likely to be paid to present active members	486,000,062	234,333,756	251,666,306
Active member totals	<u>\$5,230,770,123</u>	<u>\$1,064,670,985</u>	4,166,099,138
Members on leave of absence & LTD			
Service retirement benefits based on service rendered before the valuation date			117,108,672
Terminated-vested members			
Service retirement benefits based on service rendered before the valuation date			436,101,009
Retired lives			
			4,408,682,437
BackDROP installment payments incurred, but not yet paid			
			356,214
Total actuarial accrued liability			<u>9,128,347,470</u>
Actuarial value of assets			<u>7,838,495,768</u>
Unfunded actuarial accrued liability			<u>\$1,289,851,702</u>

Judicial Plan

Actuarial Present Value June 30, 2008 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	\$179,766,511	\$57,041,490	\$122,725,021
Disability benefits likely to be paid to present active members who become totally and permanently disabled	901,538	848,541	52,997
Survivor benefits likely to be paid to widows and children of present active members who die before retiring	5,716,974	3,316,483	2,400,491
Active member totals	<u>\$186,385,023</u>	<u>\$61,206,514</u>	125,178,509
Retired lives			
			216,369,879
Terminated-vested members			
			13,248,065
Total actuarial accrued liability			<u>354,796,453</u>
Actuarial value of assets			<u>73,194,379</u>
Unfunded actuarial accrued liability			<u>\$281,602,074</u>