State of Oklahoma Uniform Retirement System For Justices & Judges

Actuarial Valuation Report as of July 1, 2009

Prepared: October 2009

Milliman

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Uniform Retirement System
For Justices & Judges
Actuarial Valuation Report

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October 13, 2009

Board of Trustees
Uniform Retirement System
For Justices & Judges
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Dear Members of Board:

At your request, we have completed an actuarial valuation of the Uniform Retirement System For Justices & Judges (URSJJ) as of July 1, 2009 for the purpose of determining the actuarial contribution rate for the fiscal year ending June 30, 2010 and calculating and analyzing key financial measurements. The major findings of the valuation are contained in this report. This report reflects the benefit provisions in effect as of July 1, 2009.

In preparing our report, we relied, without audit, on information (some oral and some written) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, member data and financial information. We have found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix C.

In the course of our valuation, we have examined the relative magnitude of medical benefits provided under Section 401(h) of the Internal Revenue Code. We have determined that these medical benefits are subordinate to the retirement benefits as required.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations under GASB Statement No. 25 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in this report have been made on a basis consistent with our understanding of the System's funding requirements and goals, plan provisions described in Appendix B of this report, and of GASB Statement No. 25. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations under GASB Statement No. 25 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in this report have been made on a basis consistent with our understanding of the System's funding requirements and goals, plan provisions described in Appendix B of this report, and of GASB Statement No. 25. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

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The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We would like to express our appreciation to the OPERS staff, who gave substantial assistance in supplying the data on which this report is based.

We respectfully submit the following report and look forward to discussing it with you.

MILLIMAN, Inc.

Patrice Beckham

Patrice A. Beckham, F.S.A.
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Brent A. Banister

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SECTION I
BOARD SUMMARY

OVERVIEW

The Uniform Retirement System for Justices & Judges (URSJJ) provides retirement benefits for all Justices and Judges of the Oklahoma Supreme Court, Court of Criminal Appeals, Workers' Compensation Court, Court of Appeals, and District Courts. URSJJ is administered by the Oklahoma Public Employees Retirement System and its Board of Trustees.

This report presents the results of the July 1, 2009 actuarial valuation for the System. The primary purposes of performing an actuarial valuation are to:

- determine the employer contribution rates required to fund each System on an actuarial basis,
- disclose asset and liability measures as of the valuation date,
- determine the experience of the System since the last valuation date, and
- analyze and report on trends in System contributions, assets, and liabilities over the past several years.

The Oklahoma legislature passed two bills that impact the URSJJ, Senate Bill 212 and House Bill 1254. Effective July 1, 2009, SB212 provides that the funded ratio of the URSJJ should be at or near 90%. The bill also authorizes the Board of Trustees of the Oklahoma Public Employees Retirement System to establish and adjust the employer contribution rate annually up to the actuarially required contribution rate. If the increase to the full actuarially required contribution rate is in excess of three percent (3%), the Board may adopt a plan to raise the rate to the actuarially required contribution rate over a period of up to five (5) years. The Board may consider the availability of funds to the Administrative Director of the Courts, the Court of Civil Appeals, the court of Criminal Appeals, and the Workers' Compensation Court in establishing the annual contribution rate.

HB1254 provides for a payment of $6 million, in addition to the regular employer contributions, to be paid into the URSJJ for the fiscal year ending June 30, 2010. This payment was received by URSJJ in July 2009. As such, it is not reflected in the market or actuarial value of assets as of July 1, 2009.

The valuation results provide a "snapshot" view of the System's financial condition on July 1, 2009. The system was in a surplus position (actuarial assets exceed actuarial accrued liability) for many years prior to 2007. Since 2007, the System has an unfunded actuarial accrued liability. The UAAL increased by $31 million due to various factors, primarily investment experience. A detailed analysis of the change in the unfunded actuarial accrued liability from July 1, 2008 to July 1, 2009 is shown on page 4.

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The highlights of the valuation are:

Funded Status ($M)	Actuarial Valuation July 1, 2009	Actuarial Valuation July 1, 2008
Actuarial Accrued Liability	$ 261.4	$ 244.1
Actuarial Value of Assets	221.6	235.3
Unfunded Actuarial Accrued Liability	$ 39.8	$ 8.8
Funded Ratio (Actuarial Value)	84.8%	96.4%
Market Value of Assets	$184.6	$ 225.9
Funded Ratio (Market Value)	70.6%	92.6%

There was a small net liability gain which resulted in an actuarial accrued liability that was more than expected. The components of this net liability loss are identified on page 5 of this report.

The return on the market value of assets was approximately -15.7% for the year ended June 30, 2009. The actuarial value of assets is determined using a method to smooth gains and losses in order to develop more stable contribution rates. The return on the actuarial value of assets was approximately -3.5%, which resulted in an actuarial loss of $25.6 million.

The actuarial contribution rate for the employer increased to 32.11% of payroll:

Contribution Rate	Actuarial Valuation July 1, 2009	Actuarial Valuation July 1, 2008
Normal Cost	30.85%	30.74%
Amortization of UAAL	8.76%	1.92%
Budgeted Expenses	0.49%	0.56%
Actuarial Contribution Rate	40.11%	33.22%
Less Estimated Member Contribution Rate	8.00%	8.00%
Employer Contribution Rate	32.11%	25.22%
Less Statutory Contribution Rate	8.50%	7.00%
Shortfall	23.61%	18.22%

The statutory employer contribution rate increased 1.50% but there was unfavorable experience for the year, principally from investment experience. As a result, the shortfall between the employer actuarial contribution rate and the statutory contribution rate increased significantly. The shortfall between the statutory and actuarial contribution rates results in an increase in the UAAL. The OPERS Board has the authority to set the contribution rate for URSJJ on an annual basis up to the actuarially required contribution rate subject to certain limitations.

EXPERIENCE

July 1, 2008 – June 30, 2009

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is July 1, 2009. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the System, which are generally in excess of assets. The actuarial process leads to a method of determining the contributions needed by members and employers in the future to balance the System assets and liabilities.

Changes in the System's assets and liabilities impacted the change in the actuarial contribution rates between the July 1, 2008 and July 1, 2009 actuarial valuations. On the following pages each component is discussed.

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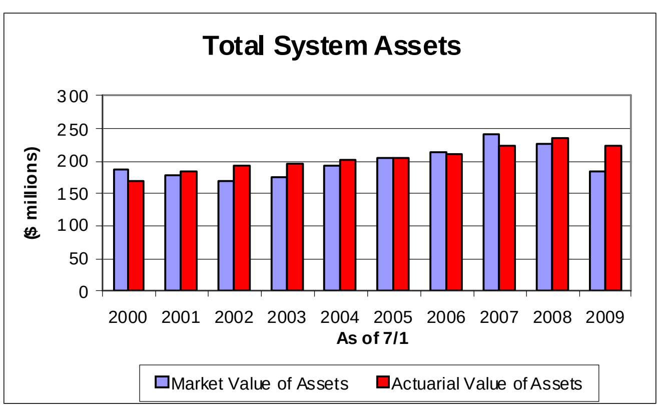
ASSETS

As of July 1, 2009, the System had total funds when measured on a market value basis, of $185 million. This was a decrease of $41 million from the July 1, 2008 figure of $226 million. The market value of assets is not used directly in the calculation of contribution rates. An asset valuation method, which smoothes the effect of market fluctuations, is used to determine the value of assets used in the valuation which is called the “actuarial value of assets”. Differences between the actual return on the market value of assets and the assumed return on the actuarial value of assets are phased in over a five-year period. The resulting value must be no less than 80% of market value and no more than 120% of market value (referred to as a corridor). The corridor applied this year and the actuarial value of assets was set equal to 120% of market value. See Table 3 on page 16 for the detailed development of the actuarial value of assets as of July 1, 2009.

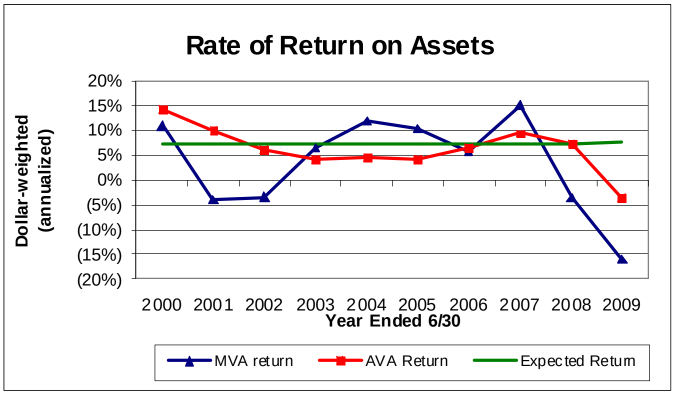
The actuarial value of assets as of July 1, 2009, was $222 million. The annualized dollar-weighted rate of return for FY2009 measured on the actuarial value of assets was approximately -3.5% and when measured on the market value of assets, was a -15.7%, net of investment expenses. The components of the change in the market and actuarial value of assets for the Retirement System (in millions) are set forth below.

	Market Value $(millions)	**Actuarial Value $(millions)**
Net Assets, July 1, 2008	$226	$235
• Employer and Member Contributions	5	5
• Benefit Payments and Expenses	(11)	(11)
• Investment Income	(35)	7
Preliminary Value of Assets, July 1, 2009	$185	$236
Application of Corridor	N/A	(14)
Final Net Assets, July 1, 2009	$185	$222
Rate of Return	-15.7%	-3.5%

Due to the use of an asset smoothing method, there is about $37 million of net deferred investment loss that has not yet been recognized. This deferred investment experience will be reflected in the actuarial value of assets over the next four years.



The market value of assets during this period has been both higher and lower than the actuarial value of assets. This is to be expected when using an asset smoothing method.



Rates of return on the market value of assets are very volatile. The return on the actuarial value of assets illustrates the advantage of using an asset smoothing method.

LIABILITIES

The actuarial accrued liability is that portion of the present value of future benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial accrued liability (UAAL). The unfunded actuarial accrued liability will be reduced if the employer's contributions exceed the employer's normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial accrued liability. Benefit improvements, experience gains and losses, and changes in actuarial assumptions and methods will also impact the total actuarial accrued liability (AAL) and the unfunded portion thereof.

The unfunded actuarial accrued liability is summarized below:

Actuarial Accrued Liability	$ 261,396,022
Actuarial Value of Assets	221,576,179
Unfunded Actuarial Accrued Liability/(Surplus)	$ 39,819,843

See Table 5 on page 19 for the detailed development of the Actuarial Accrued Liability. The calculation of the Unfunded Actuarial Accrued Liability is shown in Table 8 on page 23.

Other factors influencing the UAAL from year to year include actual experience versus that expected based on the actuarial assumptions (both asset and liability), changes in actuarial assumptions, procedures or methods and changes in benefit provisions. The actual experience measured in this valuation is that which occurred during the prior plan year (fiscal year 2009). There was a large experience loss on the actuarial value of assets and a small experience gain on the actuarial accrued liability.

Between July 1, 2008 and July 1, 2009 the change in the unfunded actuarial accrued liability for the System was as follows (in millions):

	$millions
Unfunded Actuarial Accrued Liability, July 1, 2008	$8.8
• effect of contributions less than actuarial rate	6.3
• expected increase due to amortization method	0.0
• investment experience	25.6
• liability experience[1]	(0.9)
• change in actuarial assumptions	0.0
Unfunded Actuarial Accrued Liability, July 1, 2009	$39.8

[1] Liability gain is about 0.3% of total actuarial accrued liability.

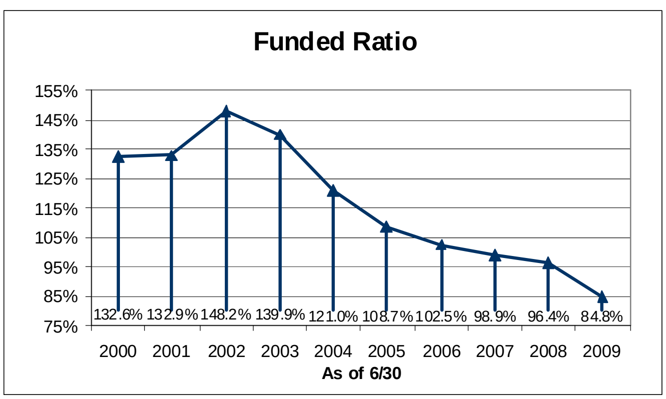
The liability loss for the System can be allocated to experience related to each actuarial assumption as follows:

Liability Source	Impact on AAL ($M)	% of Expected Liability
Salary increase	0.1	0.03%
Deaths	0.3	0.10%
Termination of employment	0.0	0.00%
Retirements	(1.0)	(0.35%)
New entrants and rehires	0.0	0.00%
Miscellaneous/Data changes	(0.3)	(0.10%)
Total (gain)/loss	(0.9)	(0.32%)

A detailed summary of the change in the unfunded actuarial accrued liability is shown in Table 10 on page 25.

An evaluation of the unfunded actuarial accrued liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both very large numbers) is reflected. Another way to evaluate the unfunded actuarial accrued liability and the progress made in its funding is to track the funded status, the ratio of the asset value to the actuarial accrued liability. The funded status, on both the actuarial and market value of assets, is shown below (in millions).

	7/1/05	7/1/06	7/1/07	7/1/08	7/1/09
Using Actuarial Value of Assets:					
Funded Ratio	108.7%	102.5%	98.9%	96.4%	84.8%
Unfunded Actuarial Accrued Liability (UAAL)	$(16)	$(5)	$2	$9	$40
Using Market Value of Assets:					
Funded Ratio	109.7%	104.1%	105.8%	92.6%	70.6%
Unfunded Actuarial Accrued Liability (UAAL)	$(18)	$(8)	$(13)	$18	$77



Until recently, the funded ratio has been above or near 100%, but has been steadily declining. Several factors have contributed to the decline in the funded ratio including changes in benefit provisions, contributions less than the actuarial rate, changes in actuarial assump-tions, demo-graphic experience and investment experience.

CONTRIBUTION RATES

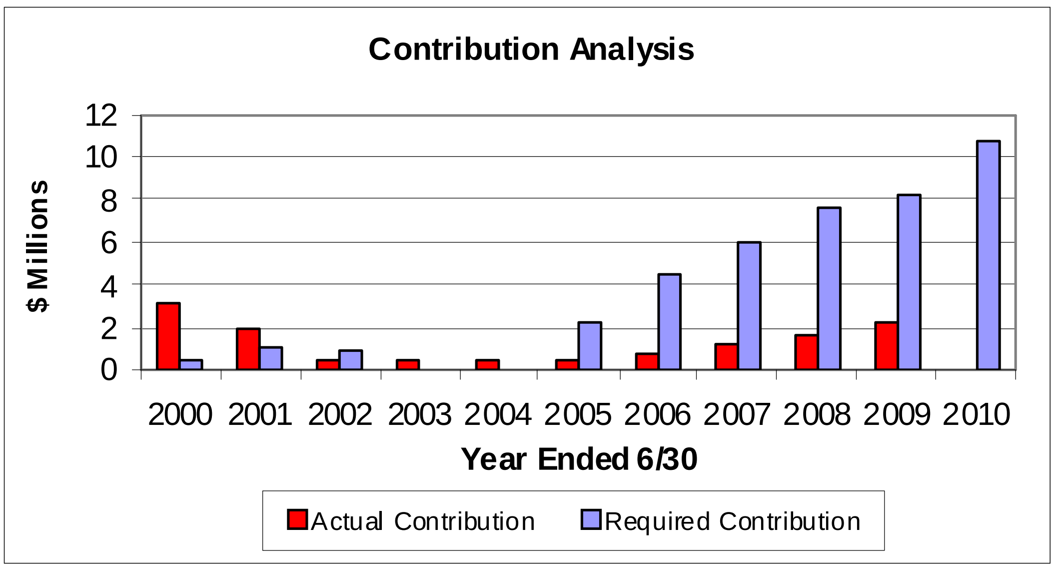
The funding objective of the System is to pay the normal cost rate plus an amount which will pay off the unfunded actuarial accrued liability over a 20-year period commencing July 1, 2007.

Under the Entry Age Normal cost method, the actuarial contribution rate consists of:

- a "normal cost" for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date,
- an "unfunded actuarial accrued liability contribution" for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets on hand.

Contributions to the Retirement System are made by the members and their employers. Members pay 8% of salary. The employer contribution rate is scheduled to increase each year until it reaches 22.0% for the fiscal year ending June 30, 2019. Senate Bill 212, passed by the 2009 Legislature, provides that the funded ratio of the URSJJ should be at or near 90%. The bill also authorized the Board of Trustees of the Oklahoma Public Employees' Retirement System to establish and adjust the employer contribution rate annually up to the actuarially required contribution rate subject to certain limitations. As of July 1, 2009, the funded ratio was below 90%. The employer actuarially required contribution rate in the 2009 valuation is 32.11% and the statutory contribution rate is 8.50%. The Board will not take action on setting a contribution rate until after the valuation results have been presented.

The graph below represents the total required employer contribution compared to the amount actually received in the fiscal year. The funding policy contribution equals the System's normal cost, budgeted expenses and an amortization of the unfunded actuarial accrued liability/(surplus) over a closed 20-year period beginning July 1, 2007.



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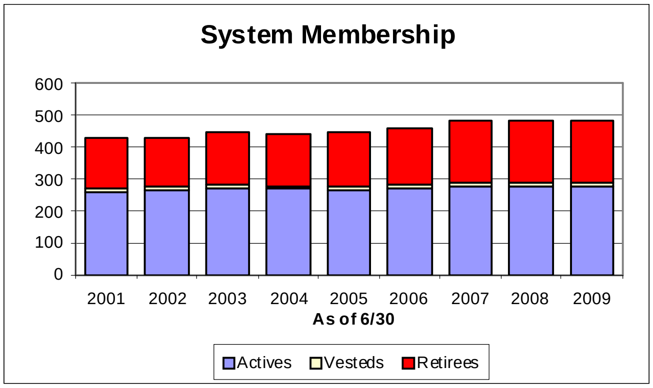
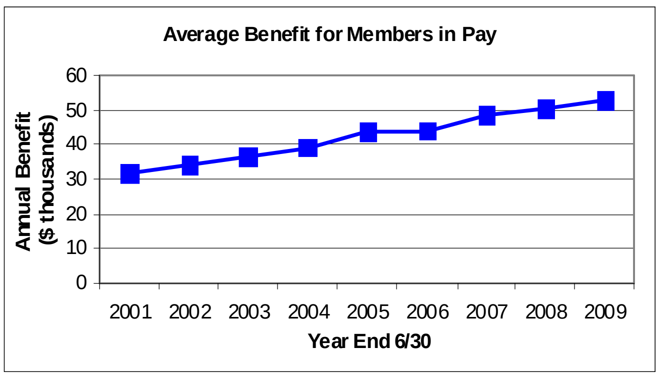
MEMBER INFORMATION

The number of active members included in the valuation decreased from 277 in 2008 to 274 in 2009. The retired member count increased by nine and the average retirement benefit amount increased. There were 200 retirees and beneficiaries in the 2009 valuation with an average benefit of $4,394 per month. This represents a 3% increase in the average monthly benefit.



The number of active members has remained relatively level over this time period. The number of retirees has increased slightly, which is expected in an ongoing system.



The average benefit for retirees has climbed steadily over the past 10 years as new retirees retire with higher salaries and therefore higher benefits than those already retired. In addition, effective July 1, 2004, the maximum benefit was increased from 72.5% to 100% of pay. Ad hoc COLAs have also increased the average benefit during this period.

SUMMARY

Under the System's funding policy, the unfunded actuarial accrued liability (UAAL) is paid off over the remaining amortization period of 18 years with payments that are a level percent of payroll. Given the current funded status of the System, the relative values of market and actuarial value of assets, and the current schedule for increased employer contributions, the System is not expected to be in actuarial balance over the long term (current assets plus present value of future contributions is equal to or greater than the present value of future benefits). Based on projections using the model developed in conjunction with the 2008 valuation and reflecting a -15.7% return for FY2009, the statutory contribution rate and the actuarial contribution rate are not expected to converge before the end of the amortization period. Based on these projections, which assume that all assumptions are met each year (including a 7.5% return on the market value of assets in future years), the current schedule of contributions will be insufficient to amortize the UAAL by 2027. If the UAAL is to be amortized by 2027, a higher contribution rate will be necessary. The OPERS Board has the authority to set contribution rates up to the actuarially required contribution rate subject to certain limitations.

The funded ratio in the 2009 valuation dropped from 96% in 2008 to 85% in 2009, largely due to investment return in the last plan year. Most public retirement plans are similarly situated and are feeling the pain of significant asset losses. The investment return on the market value of assets for FY2009 was -15.7%. When compared to the expected return of +7.50%, the assets were nearly 25% lower than expected. Such a dramatic drop in the asset value results in a significant increase in the contribution to the System. When the fixed nature of the employee contribution rate is factored into the calculation, the impact on the employer contribution amount is even more significant.

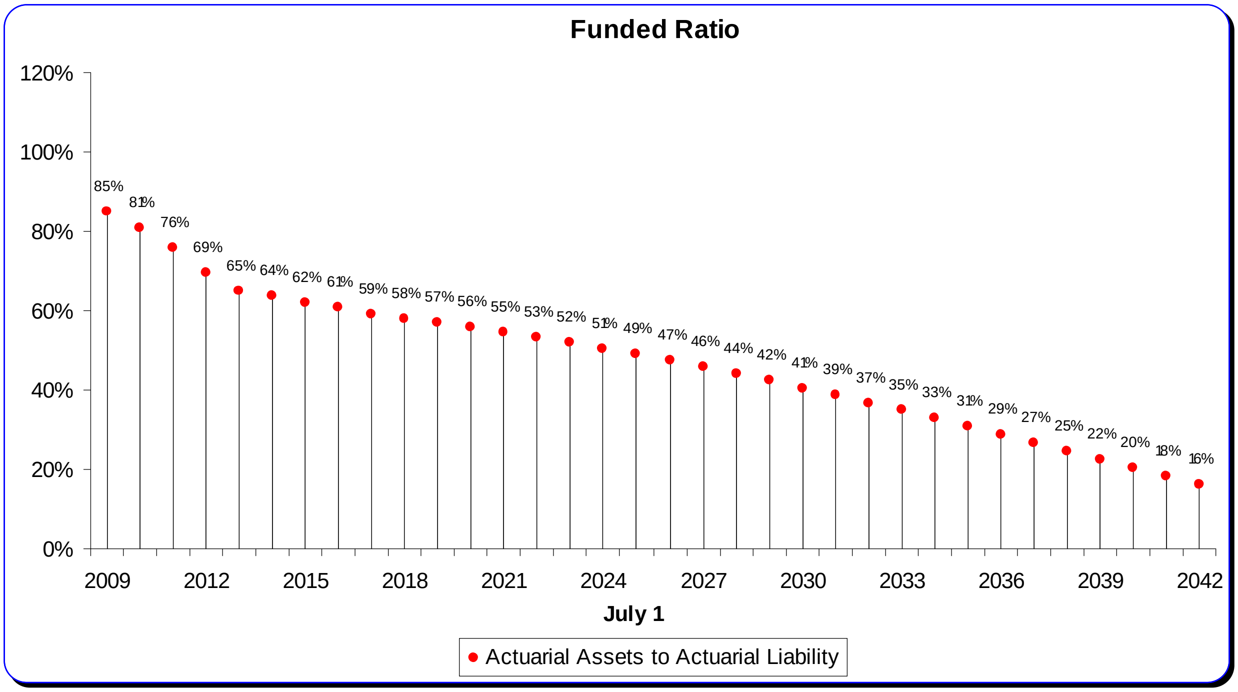
Retirement plans use several mechanisms to provide more stability in the contribution levels. These include an asset smoothing method, which smoothes out the peaks and valleys of investment returns, and amortization of actuarial gains or losses. The System utilizes an asset smoothing method that spreads the difference between expected return on actuarial assets and actual market return over a five-year period, but the resulting value must be no less than 80% and no more than 120% of market value (referred to as a corridor). Due to the smoothing method and application of the corridor, the rate of return on the actuarial value of assets for the plan year ending in 2009 was about - 4% as compared to -16% on the pure market value.

Given the size of the investment loss, a significant increase in the contribution level could not be avoided, even with the use of these "stability mechanisms". The normal cost rate remained fairly stable as a percentage of payroll, but the System's unfunded actuarial accrued liability increased from $8.8 million to $39.8 million. As a result, the actuarial contribution rate increased from 33.22% last year to 40.11% of pay in this year's valuation.

As mentioned above, the System utilizes an asset smoothing method in the valuation process. While this is a common procedure for public retirement systems, it is important to identify the potential impact of the deferred (unrecognized) investment experience. The asset smoothing method impacts only the timing when the actual market experience on the assets is recognized in the valuation process. Due to the dramatically negative return in FY2009, the corridor of 120% of market value applied to the actuarial value of assets this year so actuarial value exceeds the pure market value by 20%. If asset returns are not significantly higher than 7.50% over the next few years, the $37 million of deferred investment experience will be recognized and the employer contribution rate can be expected to increase.

The challenge at this time is that the market continues to exhibit extreme volatility and there is concern about market stability. Historically, markets have recovered and, if this happens, it should help offset some of the current deferred losses. The use of an asset smoothing method defers some of the investment experience from FY2009 to later years. Consequently, absent a significant and sustained recovery in the market, part of the unrecognized loss ($37 million) will be reflected in the June 30, 2010 and subsequent years' valuations. Actual investment returns over the next few years will determine exactly how much the System's funding will be affected and the magnitude of the increase in the unfunded actuarial liability and contribution rate.

The employer actuarial contribution rate for fiscal year end June 30, 2009 was 25.22%. The statutory contribution rate was 7.00% of covered payroll. This difference between the actual and actuarial contribution rate increased the unfunded actuarial accrued liability by about $6 million. To the extent the System does not have investment returns above the assumed rate of 7.50% or other favorable experience sufficient to offset the contribution shortfall, the unfunded actuarial accrued liability will increase. Given the magnitude of the deferred investment losses, and the increasing actuarial contribution rate, it appears unlikely that favorable experience will occur in the short term. The long-term financial health of the System is dependent on the systematic funding of the Plan, based on the results of the actuarial valuation. Assuming all actuarial assumptions are met in the future and the statutory employer contributions remain unchanged, the funded status of the System is expected to decline, as shown in the graph on the following page, and the actuarial contribution rate is expected to increase.



The Board has the authority to set contribution rates up to the actuarially required contribution rate subject to certain limitations. If contributions above the current statutory rate are set by the Board, the funded status of the System is expected to be better than the above projections.

A summary of key data elements and valuation results as of July 1, 2009 and July 1, 2008 are presented on the following page. More detail on each of these elements can be found in the following Sections of this report.

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SUMMARY OF PRINCIPAL RESULTS

UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES

		7/1/2009 Valuation		7/1/2008 Valuation	% Change
1.	**PARTICIPANT DATA**				
	Number of:				
	Active Members*	274		277	(1.1)
	Retired and Disabled Members and Beneficiaries	200		195	2.6
	Inactive Members	13		11	18.2
	Total Members	487		483	0.8
	Projected Annual Salaries* of Active Members	$ 33,579,668		$ 32,389,296	3.7
	Annual Retirement Payments for Retired Members and Beneficiaries	$ 10,545,466		$ 9,940,068	6.1
	* Includes "No Application" members				
2.	**ASSETS AND LIABILITIES**				
	Total Actuarial Accrued Liability	$ 261,396,022		$ 244,062,321	7.1
	Market Value of Assets	184,646,816		225,924,669	(18.3)
	Actuarial Value of Assets	221,576,179		235,297,077	(5.8)
	Unfunded Actuarial Accrued Liability	39,819,843		8,765,244	354.3
	Funded Ratio	84.8%		96.4%	(12.1)
3.	**EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL**				
	Normal Cost Rate	30.86%		30.74%	0.4
	Amortization of Unfunded Actuarial Accrued Liability	8.76%		1.92%	356.3
	Budgeted Expenses	0.49%		0.56%	(12.5)
	Actuarial Contribution Rate	40.11%		33.22%	20.7
	Less Estimated Member Contribution Rate	8.00%		8.00%	0.0
	Employer Actuarial Required Contribution Rate	32.11%		25.22%	27.3
	Less Statutory Employer Contribution Rate	8.50%		7.00%	21.4
	Contribution Shortfall	23.61%		18.22%	29.6

SECTION 2

SCOPE OF THE REPORT

This report presents the actuarial valuation of the Uniform Retirement System for Justices & Judges (URSJJ) as of July 1, 2009. This valuation was prepared at the request of the System's Board of Trustees.

The reader is encouraged to review the actuarial certification letter, where the guidelines employed in the preparation of this report are outlined. Also included in this letter are comments on the sources and reliability of both the data and the actuarial assumptions upon which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of the System. Sections 4 and 5 describe how the obligations of the System are to be met under the actuarial cost method in use.

This report includes several Appendices and an Addendum:

- Appendix A — Schedules of valuation data classified by various categories of members.
- Appendix B — A summary of the current benefit structure, as determined by the provisions of governing law on July 1, 2009.
- Appendix C — A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.
- Appendix D — A glossary of actuarial terms.
- Addendum — Provides required information for the Oklahoma State Pension Commission using a prescribed set of actuarial assumptions and methods under 20 Okla.Stat, Section 1108(D).

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SECTION 3

ASSETS

Market Value of Assets

The current market value represents the "snapshot" or "cash-out" value of System assets as of the valuation date. In addition, market values of assets provide a basis for measuring investment performance from time to time. At July 1, 2009 the market value of assets for the Retirement System was $184.6 million. Table 1 is a comparison, at market values, of System assets as of July 1, 2009, and July 1, 2008, in total and by investment category. Table 2 summarizes the change in the market value of assets from July 1, 2008 to June 30, 2009.

Actuarial Value of Assets

Neither the market value of assets, representing a "cash-out" value of System assets, nor the book value of assets, representing the cost of investments, may be the best measure of the System's ongoing ability to meet its obligations.

To arrive at a suitable value for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values.

The actuarial value of assets is based on a five-year moving average of expected and actual market values determined as follows:

- at the beginning of each fiscal year, a preliminary expected actuarial asset value is calculated as the sum of the previous year's actuarial value increased with a year's interest at the System valuation rate <u>plus</u> net cash flow adjusted for interest (at the same rate) to the end of the previous fiscal year;

- the expected actuarial asset value is set equal to the preliminary expected actuarial value plus the unrecognized investment gains and losses as of the beginning of the previous fiscal year;

- the difference between the expected actuarial asset value and the market value is the investment gain or loss for the previous fiscal year;

- the (final) actuarial asset value is the preliminary value plus 20% of the investment gains and losses for each of the five previous fiscal years, but in no case more than 120% of the market value or less than 80% of the market value.

Table 3 shows the development of the actuarial value of assets (AVA) as of the valuation date.

TABLE 1

UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
STATEMENT OF NET ASSETS AT MARKET VALUE

	June 30, 2009			June 30, 2008		
		Amount ($ Millions)	**% of Total**		**Amount** ($ Millions)	**% of Total**
Cash & Equivalents	$	1.2	0.6	$	0.7	0.3
Short-term Investments		0.5	0.3		2.3	1.0
Government Obligations		42.3	22.3		49.8	21.4
Corporate Bonds		29.8	15.8		39.1	16.8
Domestic Equity		74.1	39.1		88.4	38.1
International Equity		41.4	21.9		52.0	22.4
Subtotal	$	189.3	100.0	$	232.3	100.0
Net Receivables/(Payables)		(4.7)			(6.4)	
Net Assets	$	184.6		$	225.9	

TABLE 2
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF CHANGES IN NET ASSETS

(Market Value)

	Fiscal Year Ended June 30	
	2009	2008
1. Market Value of Net Assets at Beginning of Year	$ 225,924,669	$ 240,250,642
2. Contributions:		
a. Members	2,774,837	2,486,481
b. Participating employers	2,243,701	1,688,673
c. Total Contributions (2a) + (2b)	5,018,538	4,175,154
3. Net Investment Income:		
a. Net appreciation/(depreciation) in fair value of investments	(39,396,611)	(14,166,795)
b. Interest and Dividends	3,867,215	5,399,163
c. Securities lending activities	(149,298)	161,012
d. Other	34,594	0
e. Total investment income/(loss) (3a) + (3b) + (3c) + (3d)	(35,644,100)	(8,606,620)
f. Investment expenses	(95,588)	(129,244)
g. Net investment income/(loss) (3e) + (3f)	(35,739,688)	(8,735,864)
h. Total additions (2c) + (3g)	(30,721,150)	(4,560,710)
4. Deductions:		
a. Retirement, death, and survivor benefits	10,430,301	9,650,446
b. Refunds and withdrawals	9,321	2,333
c. Administrative expenses	117,081	112,484
d. Total deductions (4a) + (4b) + (4c)	10,556,703	9,765,263
5. Net Change in Assets (3h) - (4d)	(41,277,853)	(14,325,973)
6. Market Value of Net Assets at End of Year (1) + (5)	$ 184,646,816	$ 225,924,669

TABLE 3
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACTUARIAL VALUE OF ASSETS

Schedule Of Asset Gains/(Losses)

Year End	Original Amount	Recognized in Prior Years	Recognized in This Year	Recognized in Future Years
2005	$ 4,497,876	$ 3,598,301	$ 899,575	$ 0
2006	(1,271,724)	(763,035)	(254,345)	(254,344)
2007	16,819,375	6,727,750	3,363,875	6,727,750
2008	(24,818,650)	(4,963,730)	(4,963,730)	(14,891,190)
2009	(53,183,041)	0	(10,636,608)	(42,546,433)
Total	$ (57,956,164)	$ 4,599,286	$ (11,591,233)	$ (50,964,217)

Development of Actuarial Value of Assets

1. Actuarial value as of July 1, 2008	$	235,297,077
2. Contributions		
a. Member	$	2,774,837
b. Employer		2,243,701
c. Total (a) + (b)	$	5,018,538
3. Decreases during year		
a. Benefit payments	$	(10,430,301)
b. Return of member contributions		(9,321)
c. Noninvestment expenses		(117,081)
d. Total (a) + (b) + (c)	$	(10,556,703)
4. Expected return at 7.5% on:		
a. Item 1	$	17,647,281
b. Item 2 (one-half year)		184,793
c. Item 3 (one-half year)		(388,720)
d. Total (a) + (b) + (c)	$	17,443,354
5. Expected actuarial value as of June 30, 2009 (1) + (2) + (3) + (4)	$	247,202,266
6. Unrecognized asset gain/(loss) as of June 30, 2008	$	(9,372,409)
7. Expected actuarial value June 30, 2009, plus previous year's unrecognized asset gain/(loss) (5) + (6)	$	237,829,857
8. Market value June 30, 2009	$	184,646,816
9. Year end 2009 asset gain/(loss) (8) – (7)	$	(53,183,041)
10. Asset gain/(loss) to be recognized as of June 30, 2009	$	(11,591,233)
11. Initial actuarial value July 1, 2009 (5) + (10)	$	235,611,033
12. Constraining values:		
a. 80% of market value (8) x 0.8	$	147,717,453
b. 120% of market value (8) x 1.2	$	221,576,179
13. Actuarial value as of July 1, 2009 (11), but no less than (12a), nor greater than (12b)	$	221,576,179

SECTION 4

SYSTEM LIABILITIES

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the System as of the valuation date, July 1, 2009. In this section, the discussion will focus on the commitments of the System, which are referred to as its liabilities.

Table 4 contains an analysis of the actuarial present value of all future benefits (PVFB) for contributing members, inactive members, retirees and their beneficiaries. The analysis is provided for each group.

The liabilities summarized in Table 4 include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes measures of both benefits already earned and future benefits to be earned. For all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and, if an optional benefit is chosen, for the lives of the surviving beneficiaries.

The actuarial assumptions used to determine liabilities are based on the results of an Experience Study based on the three year period ended June 30, 2007. This set of assumptions, as shown in Appendix C, was first used for the July 1, 2008 valuation.

The liabilities reflect the benefit structure in place as of July 1, 2009. Additionally, the liabilities shown in the report assume a 2% annual COLA will be granted by the Legislature in future years.

Actuarial Liabilities

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. An actuarial cost method is a mathematical technique that allocates the present value of future benefits into annual costs. In order to do this allocation, it is necessary for the funding method to "breakdown" the present value of future benefits into two components:

(1) that which is attributable to the past; and

(2) that which is attributable to the future.

Actuarial terminology calls the part attributable to the past the "past service liability" or the "actuarial accrued liability". The portion allocated to the future is known as the present value of future normal costs, with the specific piece of it allocated to the current year being called the "normal cost". Table 5 on page 19 contains the calculation of actuarial accrued liability.

The System uses an assumption of a 2% annual COLA each year in developing liabilities and contribution rates even though the System does not have an automatic COLA provision. Ad hoc COLAs have historically been granted by the Legislature every other year. In order to avoid actuarial gains in the year in which a COLA is not granted and an actuarial loss in the years in which a COLA is granted, the System's liabilities include a "COLA Reserve". The COLA Reserve is included in the actuarial accrued liability to account for expected cost of living adjustments to the benefits of retired participants that have not been granted by the valuation date. Any ad hoc increase granted will decrease the reserve amount by the cost of the increase. When the cost of an ad hoc increase is greater than the amount of the reserve, the reserve is set to zero and the period for calculating ungranted increases is set to the valuation date.

TABLE 4
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
PRESENT VALUE OF FUTURE BENEFITS (PVFB)
AS OF JULY 1, 2009

1. Active employees		
a. Retirement Benefit	$	198,442,963
b. Withdrawal Benefit		8,816,322
c. Pre-Retirement Death Benefit		4,506,815
d. Return of Member Contributions		186,212
e. Supplementary Medical Benefit		1,718,096
f. Total	$	213,670,408
2. Inactive Nonvested Members		324,737
3. Inactive Vested Members		4,637,417
4. Disabled Members		1,183,438
5. Retirees		99,127,275
6. Beneficiaries		9,857,621
7. Supplementary Medical Benefit for Retirees and Inactive Vested Members		1,183,029
8. COLA Reserve		3,156,615
9. Total PVFB	$	333,140,540

TABLE 5
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACTUARIAL ACCRUED LIABILITY
AS OF JULY 1, 2009

1. Present Value of Future Benefits for Active Members		
a. Retirement Benefit	$	198,442,963
b. Withdrawal Benefit		8,816,322
c. Pre-Retirement Death Benefit		4,506,815
d. Return of Member Contributions		186,212
e. Supplementary Medical Benefit		1,718,096
f. Total	$	213,670,408
2. Present Value of Future Normal Costs for Active Members		
a. Retirement Benefit	$	62,226,877
b. Withdrawal Benefit		6,576,956
c. Pre-Retirement Death Benefit		1,592,352
d. Return of Member Contributions		731,796
e. Supplementary Medical Benefit		616,537
f. Total	$	71,744,518
3. Present Value of Future Benefits for Retirees and Inactive Members		119,470,132
4. Total Actuarial Accrued Liability (1f) - (2f) + (3)	$	261,396,022

TABLE 6
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
DEVELOPMENT OF COLA RESERVE

1. Reserve as of July 1, 2008	$	892,890
2. Interest at 7.5%		66,967
3. Reserve increment		2,196,758
4. Expected reserve as of July 1, 2009		3,156,615
5. Ad hoc cost of living increase during year ended June 30, 2009		0
6 Actual reserve on July 1, 2009 (4) less (5), not less than $0	$	3,156,615

SECTION 5

EMPLOYER CONTRIBUTIONS

The previous two sections were devoted to a discussion of the assets and liabilities of the System. A comparison of Tables 3 and 4 indicates that current assets fall short of meeting the present value of future benefits (total liability). This is expected in all but a fully closed down fund, where no further contributions are anticipated.

In an active system, there will almost always be a difference between the actuarial value of assets and total liabilities. This deficiency has to be made up by future contributions and investment returns. An actuarial valuation sets out a schedule of future contributions that will deal with this deficiency in an orderly fashion.

The method used to determine the incidence of the contributions in various years is called the actuarial cost method. Under an actuarial cost method, the contributions required to meet the difference between current assets and current liabilities are allocated each year between two elements: (1) the normal cost and (2) the payment on the unfunded actuarial accrued liability.

The term "fully funded" is often applied to a system in which contributions at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. More often than not, systems are not fully funded, either because of past benefit improvements that have not been completely funded and/or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists.

Description of Rate Components

The actuarial cost method used by the System is the traditional Entry Age Normal (EAN) – level percent of pay cost method. Under the EAN cost method, the actuarial present value of each member's projected benefits allocates on a level basis over the member's compensation between the entry age of the member and the assumed exit ages. The portion of the actuarial present value allocated to the valuation year is called the normal cost. The actuarial present value of benefits allocated to prior years of service is called the actuarial accrued liability. The unfunded actuarial accrued liability represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. The unfunded actuarial accrued liability is calculated each year and reflects experience gains/losses.

Effective with the July 1, 2008 valuation, the unfunded actuarial accrued liability is amortized as a level percent of payroll over a 20-year period commencing July 1, 2007 (previously amortized as a level dollar amount over a 40-year period from July 1, 1987). Given a stable active workforce, this amortization method is expected to produce a payment stream that remains level as a percent of covered payroll.

Contribution Rate Summary

The normal cost rate is developed in Table 7. Table 8 develops the contribution rate for amortization of the unfunded actuarial accrued liability. Table 9 develops the total actuarial contribution rate and the employer portion thereof.

TABLE 7
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
NORMAL COST RATE
AS OF JULY 1, 2009

1. Normal Cost			
			% of Pay
a. Retirement Benefit	$	9,069,869	27.01%
b. Withdrawal Benefit		841,623	2.51%
c. Pre-Retirement Death Benefit		236,045	0.70%
d. Return of Member Contributions		109,379	0.33%
e. Supplementary Medical Benefit		104,886	0.31%
f. Total	$	10,361,802	30.86%
2. Estimated Payroll for Current Actives	$	33,579,668	
3. Normal Cost Rate [(1f) / (2)]		30.86%	

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TABLE 8
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
UNFUNDED ACTUARIAL ACCRUED LIABILITY CONTRIBUTION RATE
AS OF JULY 1, 2009

1. Actuarial Present Value of Future Benefits	$	333,140,540
2. Actuarial Present Value of Future Normal Costs		71,744,518
3. Actuarial Accrued Liability (1) - (2)	$	261,396,022
4. Actuarial Value of Assets		221,576,179
5. Unfunded Actuarial Accrued Liability (UAAL) (3) - (4)	$	39,819,843
6. Payment to Amortize UAAL over 20 years from July 1, 2007 (assumed mid-year) *	$	2,940,101
7. Total Estimated Payroll for Year Ending June 30, 2009	$	33,579,668
8. Amortization Payment as a Percent of Payroll		8.76%

* Amortized as a level percentage of payroll.

TABLE 9
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACTUARIAL EMPLOYER CONTRIBUTION RATE
AS OF JULY 1, 2009

1. Total Normal Cost Rate	30.86%
2. Amortization of UAAL*	8.76%
3. Budgeted Expenses**	0.49%
4. Total Actuarial Contribution Rate (1) + (2) + (3)	40.11%
5. Estimated Member Contribution Rate	8.00%
6. Employer Actuarial Contribution Rate (4) - (5)	32.11%

* Amortization of UAAL is as a level percent of payroll
** Provided by the System

TABLE 10
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACTUARIAL GAIN/(LOSS)

The actuarial gain/(loss) is comprised of both the liability and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of July 1, 2009.

1. Expected actuarial accrued liability		
a. Actuarial accrued liability at July 1, 2008	$	244,062,321
b. Normal cost at July 1, 2008		9,958,002
c. Benefit payments for fiscal year ending June 30, 2009		(10,439,622)
d. Interest on (a), (b), and (c)		18,667,116
e. Change in assumptions		0
f. Expected actuarial accrued liability at July 1, 2009 (a) + (b) + (c) + (d) + (e)	$	262,247,817
2. Actuarial accrued liability at July 1, 2009	$	261,396,022
3. Actuarial accrued liability gain/(loss) (1f) - (2)	$	851,795
4. Expected actuarial value of assets		
a. Actuarial value of assets at July 1, 2008	$	235,297,077
b. Contributions for fiscal year ending June 30, 2009		5,018,538
c. Benefit payments and administrative expenses for fiscal year ending June 30, 2009		(10,556,703)
d. Interest on (a), (b), and (c)		17,443,354
e. Expected actuarial value of assets at July 1, 2009 (a) + (b) + (c) +(d)	$	247,202,266
5. Actuarial value of assets at July 1, 2009	$	221,576,179
6. Actuarial value of assets gain/(loss) (5) - (4e)	$	(25,626,087)
7. Net actuarial gain/(loss) (3) + (6)	$	(24,774,292)

TABLE 11
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF CONTRIBUTION REQUIREMENTS

	Actuarial Valuation as of		
	July 1, 2009	July 1, 2008	Percent
	Amount	Amount	Change in Amount
1. Expected annual payroll	$ 33,579,668	$ 32,389,296	3.7%
2. Total normal cost	$ 10,361,802	$ 9,958,002	4.1%
3. Unfunded actuarial accrued liability	$ 39,819,843	$ 8,765,244	354.3%
4. Amortization of unfunded actuarial accrued liability over 20 years from July 1, 2007*	$ 2,940,101	$ 621,705	372.9%
5. Budgeted expenses (provided by the System)	$ 163,304	$ 180,651	(9.6%)
6. Total required contribution (2) + (4) + (5)	$ 13,465,207	$ 10,760,358	25.1%
7. Estimated member contribution	$ 2,686,373	$ 2,591,144	3.7%
8. Required employer contribution (6) – (7)	$ 10,778,833	$ 8,169,214	31.9%
9. Previous year's actual contribution			
a. Member	$ 2,774,837	$ 2,486,481	11.6%
b. Employer	2,243,701	1,688,673	32.9%
c. Total	$ 5,018,538	$ 4,175,154	20.2%

* Amortization of UAAL is level percent of payroll.

SECTION 6

ACCOUNTING AND OTHER INFORMATION

Governmental Accounting Standards Board Statement No. 25, as amended by GASB 50, Financial Reporting for Defined Benefit Pension Plans (referred to as GASB 25), establishes financial reporting standards for defined benefit pension plans. In addition to two required statements regarding plan assets, the statement requires two schedules and accompanying notes disclosing information relative to the funded status of the plan and historical contribution patterns.

- The Schedule of Funding Progress provides information about whether the financial strength of the Plan is improving or deteriorating over time.

- The Schedule of Employer Contributions provides historical information about the annual required contribution (ARC) and the percentage of the ARC that was actually contributed.

In addition to information required by GASB, we also provide an exhibit showing the present value of accumulated benefits under Financial Accounting Standards Board Statement No. 35 and an exhibit showing the expected benefit payments for the System.

TABLE 12
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACCOUNTING INFORMATION FOR GASB 25

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
7/1/2004	$201,141,649	$166,275,941	($34,865,708)	121.0%	$25,715,005	(135.6%)
7/1/2005	203,951,085	187,556,845	(16,394,240)	108.7%	24,814,338	(66.1%)
7/1/2006	210,376,209	205,305,048	(5,071,161)	102.5%	27,488,381	(18.4%)
7/1/2007	224,577,704	227,062,193	2,484,489	98.9%	32,191,938	7.7%
7/1/2008	235,297,077	244,062,321	8,765,244	96.4%	32,389,296	27.1%
7/1/2009	221,576,179	261,396,022	39,819,843	84.8%	33,579,668	118.6%

Valuation Date	July 1, 2009
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	18 years
Asset Valuation Method	Five Year Moving Average of Expected and Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	5.5%
Cost of Living Adjustment	2%

TABLE 13
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACCOUNTING INFORMATION FOR GASB 25

Schedule of Employer Contributions
For the Fiscal Year Ended June 30

Year	Annual Required Contribution	Percentage Contributed
2004	$0	NA
2005	2,234,175	21.3%
2006	4,441,184	17.8%
2007	5,936,316	20.6%
2008	7,615,245	22.2%
2009	8,169,214	27.5%

The Annual Required Contribution (ARC) is calculated each year as part of the actuarial valuation. The ARC includes the employer's normal cost and an amortization payment of the unfunded actuarial accrued liability, in accordance with the parameters in GASB 25. This exhibit shows the dollar amount of ARC applicable each of the last six years and the percentage of the ARC that was actually contributed by the employer.

TABLE 14
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACCOUNTING INFORMATION FOR GASB 27

	Fiscal Year End	
	June 30, 2010	June 30, 2009
Annual Required Contribution	$ 10,778,833	$ 8,169,214
Interest on Net Pension Obligation	472,230	27,703
Adjustment to Annual Required Contribution	(464,895)	(26,200)
Annual Pension Cost	10,786,168	8,170,717
Actual Contribution	*	2,243,701
Increase in Net Pension Obligation	*	5,927,016
Beginning of Year Net Pension Obligation	6,296,395	369,380
End of Year Net Pension Obligation	*	6,296,395
Interest rate	7.50%	7.50%
Amortization period	18	19
Amortization factor	13.5437	14.0987

* Not available until the end of the year.

TABLE 15
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
FASB NO. 35 INFORMATION
ACTUARIAL PRESENT VALUE OF ACCUMULATED BENEFITS

The actuarial present value of vested and nonvested accumulated System benefits is computed on an ongoing System basis in order to provide information on benefit liabilities calculated in accordance with Financial Accounting Standards Board Statement No. 35. In this calculation, a determination is made of all benefits earned by current participants as of the valuation date; the actuarial present value is then computed using demographic assumptions and an assumed interest rate. Assumptions regarding future salary and accrual of future benefit service are not necessary for this purpose. ***An assumption of 2% annual future ad hoc cost-of-living increases is not reflected in this liability. Only System liabilities accrued (and in statute) as of the valuation date are included.***

	7/1/2009	7/1/2008
Vested benefits		
Active members	$ 67,703,774	$ 64,379,610
Terminated vested members	3,886,998	2,717,997
Unclaimed contributions	324,737	334,058
Retirees and beneficiaries	94,680,940	88,808,399
Supplemental medical insurance premiums	1,272,938	1,203,110
Total vested benefits	$ 167,869,387	$ 157,443,174
Nonvested benefits - active members	$ 7,954,771	$ 5,358,236
Total Accumulated Benefits	$ 175,824,158	$ 162,801,410
Market value of assets available for benefits	$ 184,646,816	$ 225,924,669
Funded ratio	105.0%	138.8%
Number of members		
Vested members		
Active members	110	101
Terminated vested members	13	11
Retirees and beneficiaries	200	195
Total vested members	323	307
Nonvested active members	164	176
Total members	487	483

TABLE 15 (continued)
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
FASB NO. 35 INFORMATION
ACTUARIAL PRESENT VALUE OF ACCUMULATED BENEFITS

A statement of changes in the actuarial present value of accumulated System benefits follows. This statement shows the effect of certain events on the actuarial present value shown on the previous page.

Present value of accrued benefits as of July 1, 2008	$	162,801,410
Increase/(decrease) during the year attributable to:		
Benefit accrual and (gains)/losses		11,643,750
Increase for interest due to discount period		11,818,620
Benefits paid		(10,439,622)
Plan provision change (COLA)		0
Assumption change		0
Net increase/(decrease)		13,022,748
Present value of accrued benefits as of July 1, 2009	$	175,824,158

TABLE 16
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
TEN-YEAR PROJECTED BENEFIT PAYMENTS

The chart below shows estimated benefits expected to be paid over the next ten years, based on the assumptions used in this valuation. The “Actives” column shows benefits expected to be paid to members currently active on July 1, 2009. The “Retirees” column shows benefits expected to be paid to all other members. This includes those who, as of July 1, 2009, are receiving benefit payments or who terminated employment and are entitled to a deferred vested benefit.

Retirement, Survivor, and Withdrawal Benefits

Year Ending June 30	Actives	Retirees	Total
2010	$1,681,225	$10,594,427	$12,275,652
2011	2,993,004	10,578,092	13,571,096
2012	4,274,369	10,518,739	14,793,108
2013	5,558,533	10,440,109	15,998,642
2014	6,990,641	10,390,255	17,380,896
2015	8,606,961	10,309,404	18,916,365
2016	10,244,808	10,170,740	20,415,548
2017	11,877,480	10,047,893	21,925,373
2018	13,478,989	9,899,452	23,378,441
2019	15,123,760	9,717,952	24,841,712

Supplementary Medical Premium Benefits

Year Ending June 30	Actives	Retirees	Total
2010	$22,000	$138,778	$160,778
2011	39,107	134,861	173,968
2012	55,003	129,526	184,529
2013	72,954	124,052	197,006
2014	90,238	119,707	209,945
2015	108,141	115,248	223,389
2016	127,582	109,513	237,095
2017	143,171	104,987	248,158
2018	155,761	100,473	256,234
2019	167,847	95,968	263,815

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APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
COMPARATIVE SUMMARY OF MEMBER DATA

	Actuarial Valuation as of 7/1/2009	Actuarial Valuation as of 7/1/2008	Percent Change
Summary of Data			
1. Active members			
a. Number	274	277	(1.1%)
b. Annual compensation	$ 33,579,668	$ 32,389,296	3.7%
c. Average annual compensation	$ 122,554	$ 116,929	4.8%
d. Average age	57.0	56.5	1.0%
e. Average service	12.2	12.0	2.0%
2. Accumulated member contributions			
a. Active members	$ 20,120,183	$ 19,206,749	4.8%
b. Unclaimed contribution amounts	324,737	334,058	(2.8%)
c. Total	$ 20,444,920	$ 19,540,807	4.6%
3. Vested terminated members			
a. Number	13	11	18.2%
b. Annual deferred benefits	$ 538,787	$ 375,244	43.6%
c. Average annual deferred benefit	41,445	34,113	21.5%
d. Annual supplemental medical insurance premiums	$ 16,380	$ 13,860	18.2%
4. Retired members			
a. Number	148	145	2.1%
b. Annual retirement benefits	$ 9,279,624	$ 8,828,550	5.1%
c. Average annual retirement benefit	62,700	60,887	3.0%
d. Annual supplemental medical insurance premiums	$ 136,080	$ 135,720	0.3%
5. Joint annuitants/surviving spouses			
a. Number	50	48	4.2%
b. Annual retirement benefits	$ 1,149,890	$ 995,566	15.5%
c. Average annual benefit	$ 22,998	$ 20,741	10.9%
6. Disabled members			
a. Number	2	2	0.0%
b. Annual retirement benefits	$ 115,952	$ 115,952	0.0%
c. Average annual retirement benefit	57,976	57,976	0.0%
d. Annual supplemental medical insurance premiums	$ 2,520	$ 2,520	0.0%
7. Total members included in valuation	487	483	0.8%

APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
MEMBER DATA RECONCILIATION

			Receiving Benefits			
	Active Members	Vested Terminated	Retirees	Disability Retirees	Benefici-aries	Total Members
As of July 1, 2008	**277**	**11**	**145**	**2**	**48**	**483**
Age retirements	(11)	0	11	0	0	0
Disability retirements	0	0	0	0	0	0
Deaths without payments continuing	0	0	(1)	0	(4)	(5)
Deaths with payments continuing	0	0	(6)	0	6	0
Nonvested terminations/refund of contributions	0	(1)	0	0	0	(1)
Vested terminations	(3)	3	0	0	0	0
Transfers	0	0	0	0	0	0
Data adjustments	0	0	(1)	0	0	(1)
Rehires	0	0	0	0	0	0
New entrants during the year	11	0	0	0	0	11
Net Change	(3)	2	3	0	2	4
As of July 1, 2009	**274**	**13**	**148**	**2**	**50**	**487**

APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
DATA RECORD RECONCILIATION
FOR JULY 1, 2009 ACTUARIAL VALUATION

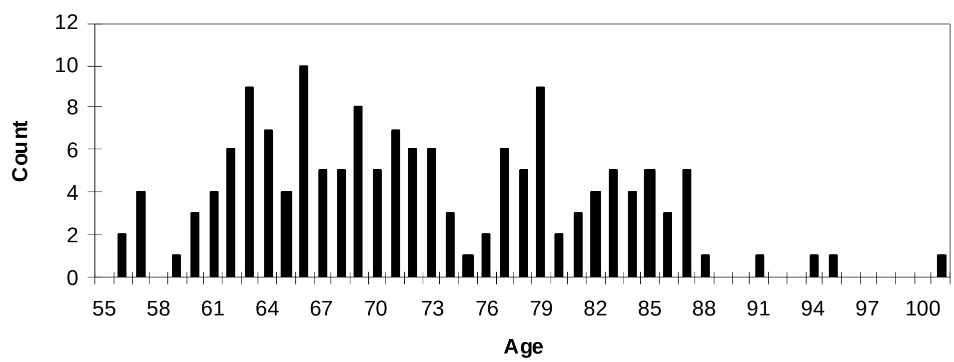
	Active	Retired	Vested Terminated	Total
Records submitted on data tape	265	356	10	631
Adjustment by the System	4	(4)	0	0
Remove deceased retirees	0	(152)	0	(152)
Remove unusable data	0	0	0	0
Remove those with another status	0	0	0	0
Add those with no application	5	0	0	5
Add assumed vesteds	0	0	3	3
Total valued	**274**	**200**	**13**	**487**

APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF MEMBERSHIP DATA

	7/1/2009	7/1/2008
Actives		
Number	274	277
Average Current Age	57.0	56.5
Average Service	12.2	12.0
Average Pay	$122,554	$116,929
Retirees		
Number	148	145
Average Annual Benefit	$62,700	$60,887
Average Age	72.8	73.0
Disability Retirees		
Number	2	2
Average Annual Benefit	$57,976	$57,976
Average Age	63.5	62.5
Joint Annuitants/Surviving Spouses		
Number	50	48
Average Annual Benefit	$22,998	$20,741
Average Age	78.4	80.3
Total Receiving Benefits		
Number	200	195
Average Annual Benefit	$52,727	$50,975
Average Age	74.1	74.7
Vested Terminated Members		
Number	13	11
Average Annual Benefit	$41,445	$34,113
Average Age	54.8	54.7

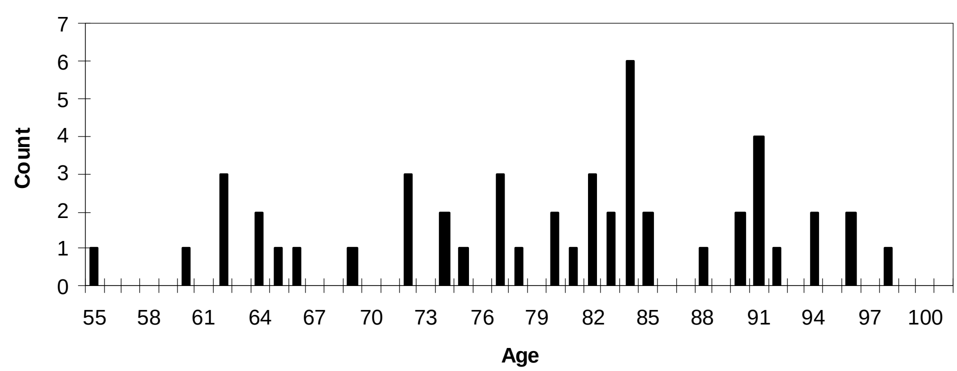
APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
DISTRIBUTION OF RETIREES AND BENEFICIARIES
as of July 1, 2009

All Retirees (excluding Beneficiaries)



Count: 150 Average age: 72.7 Average benefit: $ 62,637

Beneficiaries



Count: 50 Average age: 78.4 Average benefit: $ 22,998

APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
DISTRIBUTION OF VESTED TERMINATED MEMBERS
as of July 1, 2009

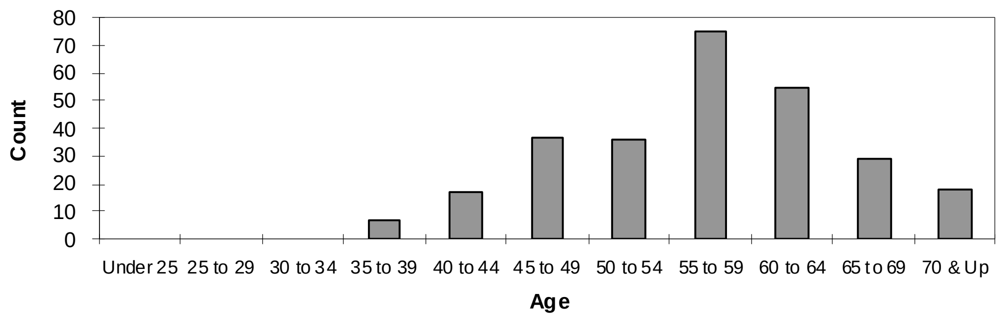
Count: 13 Average age: 54.8 Average benefit: $ 41,445

Includes assumed vested members

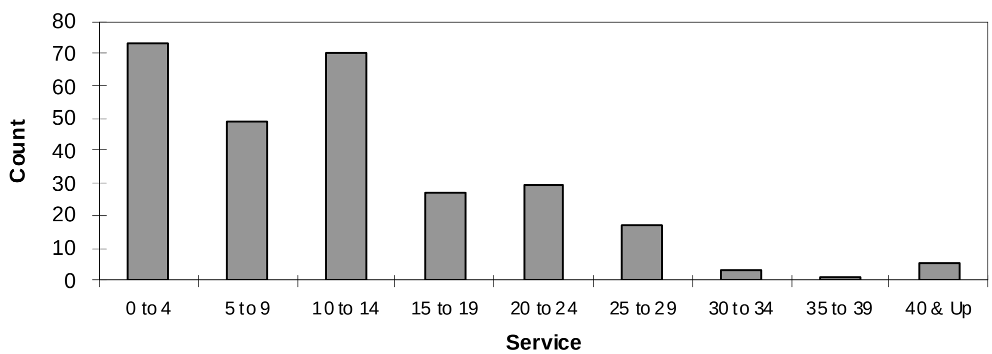
APPENDIX A
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
DISTRIBUTION OF ACTIVE MEMBERS
as of July 1, 2009

	Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 25	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0
35 to 39	4	3	0	0	0	0	0	0	0	7
40 to 44	8	5	3	1	0	0	0	0	0	17
45 to 49	21	9	7	0	0	0	0	0	0	37
50 to 54	10	7	10	7	2	0	0	0	0	36
55 to 59	14	7	21	12	13	7	1	0	0	75
60 to 64	10	9	15	3	8	7	2	0	1	55
65 to 69	5	9	10	2	2	0	0	1	0	29
70 & Up	1	0	4	2	4	3	0	0	4	18
Total	73	49	70	27	29	17	3	1	5	274

Age Distribution



Service Distribution



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APPENDIX B
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF SYSTEM PROVISIONS

Following is a summary of the major System provisions used to determine the System's financial position.

Effective date and authority	Laws 1968, c.128. The System is provided for under Chapter 16, Sections 1101-1112 of Title 20 of the Oklahoma Statutes.
Administration	The State Judicial Retirement Fund is administered by the Board of Trustees of the Oklahoma Public Employees Retirement System. The Board acts as the fiduciary for investment and application of the System.
Employees included	All Justices and Judges of the Supreme Court, Court of Criminal Appeals, Workers Compensation Court, Courts of Appeals or District Court who serve in the State of Oklahoma participate in the Uniform Retirement System for Justices and Judges.
Member contributions	Before September 1, 2005, basic member contributions equal 5% of salary, while married members could have elected an 8% contribution rate in order to provide survivor coverage. After September 1, 2005, the member contribution rate for all members is 8% of salary.
Employer contributions	Before July 1, 1997, the fund received an amount equal to 10% of the Court Fund receipts. After July 1, 1997, employer contributions were based on members' salaries and a yearly schedule and, effective January 1, 2001, were changed to 2% of the member's salary. Effective for the fiscal year ending June 30, 2006, employer contributions increased to 3.0% of the member's salary and will increase annually up to 22.0% for fiscal years ending June 30, 2019, and thereafter. Effective July 1, 2009, the funded ratio of the URSJJ is to be at or near 90%. The Board is authorized to set the contribution rates annually up to the actuarially required contribution rate subject to certain limitations.
Service considered	Any Justice or Judge who becomes a member of the System when first eligible will receive credit for all years of service in any court of record.
Compensation considered	Salary received by the Justice or Judge while serving in a court of record.
Final average salary	The average monthly salary received during the thirty-six highest months of active service as a Justice or Judge in a court of record.

This work product was prepared solely for URSJJ for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

APPENDIX B
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF SYSTEM PROVISIONS
(continued)

Eligibility for benefits

A Justice or Judge must complete eight years of service to be eligible for any benefit from the System. A member who leaves the System, for any reason, prior to the completion of eight years of service is entitled only to a transfer of his/her accumulated contributions without interest.

Normal retirement

A member who completes eight years of service and attains age 65, or completes ten years of service and attains age 60, or completes eight years of service and whose sum of years of service and age equals or exceeds 80, may begin receiving retirement benefits at his/her request.

The benefit, payable monthly for the life of the member, is equal to 4% of average monthly salary multiplied by the number of years of service. In no event, however, will the benefit exceed 100% of final average salary.

Disability retirement

A member who completes fifteen years of service, attains age 55, and is ordered to retire by reason of disability is eligible for disability retirement benefits. The benefit, payable for life, is calculated in the same manner as a normal retirement benefit but cannot exceed 100% of final average salary.

Survivor coverage

The spouse of a deceased active member who had met normal or vested retirement provisions may elect a spouse's benefit. The spouse's benefit is the benefit that would have been paid if the member had retired and elected the reduced benefit with the joint and 100% survivor option (Option B), or a 50% unreduced benefit for certain married participants making 8% of pay contributions prior to September 1, 2005. Spouses of members who made the voluntary contributions prior to July 1, 1999 and die or retire after July 1, 1999 may receive up to 65% of unreduced benefit. If the member has ten years of service and the death is determined to be employment related, this benefit is payable immediately to the spouse. Otherwise, the benefit is payable to the spouse on the date the deceased member would have been eligible. This benefit is payable only to the surviving spouse of a member and they must be married 90 days prior to the member's termination of employment as a Justice or Judge.

Optional forms of Retirement benefits

The Maximum Benefit is an unreduced single life annuity with a guaranteed refund of the contribution accumulation. Three other Types of Benefit payments are available to retiring members:

Option A – A reduced benefit with Joint and 50% survivor annuity and a return to the unreduced amount if the joint annuitant dies.

Option B – A reduced benefit with Joint and 100% survivor annuity and a return to the unreduced amount if the joint annuitant dies.

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APPENDIX B
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF SYSTEM PROVISIONS
(continued)

Optional forms of retirement benefits	Original Surviving Spouse Plan – An unreduced benefit with Joint and 50% survivor annuity available only to members who made additional voluntary survivor benefit contributions of 3% of salary prior to September 1, 2005. Spouses of members who made the voluntary contributions prior to July 1, 1999 and die or retire after July 1, 1999 may receive up to 65% of unreduced benefit.
	For married members, spousal consent is required for any option other than Option A.
Postretirement death benefit	Upon the death of any retired member, a $5,000 lump-sum death benefit will be paid to the member's beneficiary. If there is no beneficiary, then the benefit will be paid to the estate.
Minimum benefits	In no event will a member, or the estate of a member, receive an amount or amounts less than the member's accumulated contributions without interest.
	If a former member is not eligible for any other benefit from the System, the member will receive a transfer of these contributions. Similarly, if a member dies while having no spousal coverage, or upon the death of a spouse receiving survivor benefits, the member's beneficiary will receive the excess of the accumulated contributions over all benefits received by either the member, or the member and spouse combined.
Supplemental medical insurance premium	The System contributes the lesser of $105 per month or the Medicare Supplement Premium to the Oklahoma State and Education Employee's Group Health Insurance Program for members receiving retirement benefits.
Expenses	The expenses of administering the retirement system are paid from the retirement trust fund.

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APPENDIX C
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACTUARIAL METHODS AND ASSUMPTIONS

Entry Age Actuarial Cost Method

Liabilities and contributions shown in this report are computed using the Individual Entry Age Level Percent of Pay actuarial cost. Sometimes called "funding method," this is a particular technique used by actuaries for establishing the amount of the annual actuarial cost of pension System benefits, or normal cost, and the related unfunded actuarial accrued liability. Ordinarily the annual contribution to the System is comprised of (1) the normal cost and (2) an amortization payment on the unfunded actuarial accrued liability.

Under the Entry Age Actuarial Cost Method, the **Normal Cost** is computed as the level percentage of pay which, if paid from the earliest time each member would have been eligible to join the System if it then existed (thus, entry age) until his retirement or termination, would accumulate with interest at the rate assumed in the valuation to a fund sufficient to pay all benefits under the System.

The **Actuarial Accrued Liability** under this method at any point in time is the theoretical amount of the fund that would have accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The **Unfunded Actuarial Accrued Liability** is the excess of the actuarial accrued liability over the actuarial value of System assets actually on hand on the valuation date.

Under this method experience gains or losses, i.e. decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial value of assets is based on a five-year moving average of expected and actual market values determined as follows:

- at the beginning of each fiscal year, a preliminary expected actuarial asset value is calculated as the sum of the previous year's actuarial value increased with a year's interest at the System valuation rate plus net cash flow adjusted for interest (at the same rate) to the end of the previous fiscal year;

- the expected actuarial asset value is set equal to the preliminary expected actuarial value plus the unrecognized investment gains and losses as of the beginning of the previous fiscal year;

- the difference between the expected actuarial asset value and the market value is the investment gain or loss for the previous fiscal year;

- the (final) actuarial asset value is the preliminary value plus 20% of the investment gains and losses for each of the five previous fiscal years, but in no case more than 120% of the market value or less than 80% of the market value.

Amortization Method

The Unfunded Actuarial Accrued Liability is amortized as a level percentage of payroll over a 20-year period commencing July 1, 2007. Given a stable active workforce, this amortization method is expected to produce a payment stream that remains level as a percent of covered payroll.

Valuation Procedures

No actuarial accrued liability in excess of the unclaimed contributions is held for nonvested, inactive members who have a break in service, or for nonvested members who have quit or been terminated, even if a break in service has not occurred as of the valuation date.

The wages used in the projection of benefits and liabilities are considered earnings for the year ending June 30, 2009 increased by the salary scale to develop expected earnings for the current valuation year. Earnings are annualized for members with less than twelve months of reported earnings.

In computing accrued benefits, average earnings are determined using actual pay history provided for valuation purposes.

The calculations for the required employer contribution are determined as of mid-year. This is a reasonable estimate since contributions are made on a monthly basis throughout the year.

We did not value the 415 limit for active participants. The impact was assumed to be *de minimus*.

The compensation limitation under IRC Section 401(a)(17) is considered in this valuation.

Liability is included for members who appear to be deferred vested, but who are not in the vested data provided. An estimated benefit was calculated based on pay and service from prior valuations. A corrected benefit and status will be provided by the System when the actual benefit and status have been finalized.

Members who are contributing to the System, but have not yet filled out an enrollment application, are included as active members. Where data elements are missing, reasonable estimates are used. Service is estimated based on hours worked. Age is based on average entry age for other members. Gender is assigned in proportion to the overall group.

The System uses an assumption of a 2% annual COLA each year in developing liabilities and contribution rates. The System does not have an automatic COLA provision, but ad hoc COLAs have historically been granted by the Legislature every other year. In order to avoid actuarial gains in the year in which a COLA is not granted and an actuarial loss in the years in which a COLA is granted, the System's liabilities include a "COLA Reserve". The COLA Reserve is included in the actuarial accrued liability to account for expected cost of living adjustments to the benefits of retired participants that have not been granted by the valuation date. Any ad hoc increase granted will decrease the reserve amount by the cost of the increase. When the cost of an ad hoc increase is greater than the amount of the reserve, the reserve is set to zero and the period for calculating ungranted increases is set to the valuation date.

Economic Assumptions

Investment Return: 7.50% net of investment expenses per annum, compounded annually.

Salary Increases: 5.5% per year.

Payroll Growth: 4.25% per year.

Ad hoc benefit increase assumption:

Monthly benefits: 2% per year.

Medical supplement: No increases assumed.

Projection of 401(a)(17) compensation limit: Projected with inflation at 3.0%

Demographic Assumptions

Retirement age:

Active members

Attained Age	Annual Rates of Retirement Per 100 Eligible Members
Below 62	10
62 – 65	25
66 – 67	10
68 – 69	30
70	20
71 – 74	10
75+	100

Deferred vested members: Participants with deferred benefits are assumed to commence benefits on a date provided by URSJJ. Actives expected to terminate with a vested benefit are expected to commence benefits at age 60.

Mortality Rates:

Active Participants and nondisabled pensioners: RP-2000 Combined Active/Retired Healthy Mortality Table projected to 2010 using Scale AA, setback 1 year

Disabled pensioners: RP-2000 Combined Active/Retired Healthy Mortality Table projected to 2010 using Scale AA set forward 14 years.

APPENDIX C
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
ACTUARIAL METHODS AND ASSUMPTIONS
(continued)

Separation Rates:	
Separation for all reasons other than death	2% for all years of service.
Disability Rates:	0%
Marital Status:	
Age difference	Males are assumed to be four years older than spouses.
Percentage married	85%.
Other Assumptions:	
Actuarial value of assets	An expected actuarial value is determined equal to the prior year's actuarial value of assets plus cash flow (excluding realized and unrealized gains and losses) for the year ended on the valuation date and assuming the valuation investment return. Twenty percent (20%) of any (gain)/loss as measured by the difference between the expected actuarial value and the market value at the valuation date is added to the expected actuarial value. The (gain)/loss is amortized over five years. The result is constrained to a value of 80% to 120% of the market value at the valuation date.
Provisions for expenses	Administrative expenses budgeted for the Oklahoma Uniform Retirement System for Justices and Judges.
Form of payment	Active members who were contributing 8% of pay as of August 31, 2005, are assumed to retire with an unreduced benefit payable as a 50% joint and survivor annuity. All other members are assumed to retire with a life-only annuity.

APPENDIX D
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
GLOSSARY OF TERMS

Actuarial Accrued Liability	The difference between the actuarial present value of system benefits and the actuarial value of future normal costs. Also referred to as "accrued liability" or "actuarial accrued liability".
Actuarial Assumptions	Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Accrued Service	Service credited under the system which was rendered before the date of the actuarial valuation.
Actuarial Equivalent	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate assumptions.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement system benefit between future normal cost and actuarial accrued liability. Sometimes referred to as the "actuarial funding method".
Experience Gain (Loss)	The difference between actual experience and actuarial assumptions anticipated experience during the period between two actuarial valuation dates.
Actuarial Present Value	The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.
Amortization	Paying off an interest-discounted amount with periodic payments of interest and principal, as opposed to paying off with lump sum payment.
Normal Cost	The actuarial present value of retirement system benefits allocated to the current year by the actuarial cost method.

Unfunded Actuarial Accrued Liability

The difference between actuarial accrued liability and the valuation assets. Sometimes referred to as "unfunded actuarial accrued liability" or "unfunded accrued liability".

Most retirement systems have unfunded actuarial accrued liability. They arise each time new benefits are added and each time an actuarial loss is realized.

The existence of unfunded actuarial accrued liability is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liability does not represent a debt that is payable today. What is important is the ability to amortize the unfunded actuarial accrued liability and the trend in its amount (after due allowance for devaluation of the dollar).

This work product was prepared solely for URSJJ for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

ADDENDUM

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ADDENDUM
UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
CERTIFICATION

We have prepared an actuarial valuation of the State of Oklahoma Uniform Retirement System for Justices and Judges as of July 1, 2009, for the fiscal year ending June 30, 2010. The results of the valuation are set forth in this addendum, which reflects the benefit provisions in effect as of July 1, 2009.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete, or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

The results in this Addendum have been prepared for the sole purpose of meeting the Retirement Board's requirement to submit this information to the Oklahoma State Pension Commission, based on the following prescribed assumptions (20 Okla.Stat, Section 1108(D)):

Interest rate: 7.50%
COLA assumption: 2.00%
Mortality: RP-2000 Mortality Table for Employees, Healthy Retirees and Disabled Retirees with Mortality Projected Forward from 2000 using Scale AA.
Amortization period: 30 years, open period
Sources of all contributions and revenues, including dedicated tax free revenue and federal monies

All other assumptions, methodologies, and System provisions used are consistent with those used in the July 1, 2009 valuation.

The results shown in this Addendum are not consistent with those in the July 1, 2009, valuation. The July 1, 2009, valuation results were determined in accordance with generally accepted actuarial principles and practices that are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying opinion and supporting recommendations of the American Academy of Actuaries. The results shown in this Addendum are not based on the assumptions and methodologies adopted by the Retirement Board.

Milliman's work product was prepared exclusively for the Oklahoma Uniform Retirement System for Justices and Judges (URSJJ) for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning URSJJ' operations, and used URSJJ' data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose other than the Oklahoma State Pension Commission. Any third party recipient of Millliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

We are available to answer any questions on the material contained in this report, or to provide explanations or further details as may be appropriate.

The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Patrice Beckham

Patrice A. Beckham, F.S.A.

October 13, 2009
Date

Brent A. Banister

Brent A. Banister, F.S.A.

October 13, 2009
Date

ADDENDUM

UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF VALUATION RESULTS UNDER PRESCRIBED ASSUMPTIONS

This supplemental report has been prepared to present the results of a valuation of the State of Oklahoma Public Employees Retirement System as of July 1, 2009, based on the prescribed assumptions under 20 Okla.Stat, Section 1108(D) of current statutes and regulations issued thereunder.

A summary of principal valuation results from the current and the prior valuation follows.

	Actuarial Valuation as of		Change Between Years	
	July 1, 2009	July 1, 2008	Amount	Percent
Summary of Costs				
Required employer contribution for current year	$9,898,005	$8,061,090	$1,836,914	22.8%
Actual employer contributions received in prior year	2,243,701	1,688,673	555,028	32.9%
Funded Status				
Actuarial accrued liability	$258,162,962	$242,712,142	$15,450,820	6.4%
Actuarial value of assets	221,576,179	235,297,077	(13,720,898)	(5.8%)
Unfunded actuarial accrued liability	36,586,783	7,415,065	29,171,718	393.4%
Funded Ratio	85.8%	96.9%	(11.1%)	(11.5%)
Market Value of Assets and Additional Liabilities				
Market value of assets	$184,646,816	$225,924,669	($41,277,853)	(18.3%)
Present value of projected future System benefits	331,861,414	315,174,510	16,686,904	5.3%

ADDENDUM

UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
SUMMARY OF VALUATION RESULTS UNDER PRESCRIBED ASSUMPTIONS
(continued)

This supplemental report has been prepared to present the results of a valuation of the State of Oklahoma Public Employees Retirement System as of July 1, 2009, based on the prescribed assumptions under 20 Okla.Stat, Section 1108(D) of current statutes and regulations issued thereunder.

A summary of principal valuation results from the current and the prior valuation follows.

	Actuarial Valuation as of		
	July 1, 2009	**July 1, 2008**	
Summary of Contribution Requirements	**Amount**	**Amount**	**Percent Change in Amount**
1. Expected annual payroll	$ 33,579,668	$ 32,191,938	4.3%
2. Total normal cost	$ 10,515,601	$ 9,671,244	8.7%
3. Unfunded actuarial accrued liability	$ 36,586,783	$ (599,731)	(6,200.5%)
4. Amortization of unfunded actuarial accrued liability over 30 years*	$ 1,905,473	$ (48,977)	(3,990.5%)
5. Budgeted expenses (provided by the System)	$ 163,304	$ 211,732	(22.9%)
6. Total required contribution (2) + (4) + (5)	$ 12,584,378	$ 9,833,999	28.0%
7. Estimated member contribution	$ 2,686,373	$ 2,575,355	4.3%
8. Required employer contribution (6) – (7)	$ 9,898,005	$ 7,258,644	36.4%
9. Previous year's actual contribution			
a. Member	$ 2,774,837	$ 2,599,296	6.8%
b. Employer	2,243,701	1,223,765	83.3%
c. Total	$ 5,018,538	$ 3,823,061	31.3%

* Amortization of UAAL is level percent of payroll.

ADDENDUM

UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
UNFUNDED ACTUARIAL ACCRUED LIABILITY

This supplemental report has been prepared to present the results of a valuation of the State of Oklahoma Public Employees Retirement System as of July 1, 2009, based on the prescribed assumptions under 20 Okla.Stat, Section 1108(D) of current statutes and regulations issued thereunder.

The actuarial accrued liability is the present value of projected future System benefits allocated to past service by the actuarial funding method being used.

		July 1, 2009		July 1, 2008
1. Actuarial present value of benefits				
a. Active members	$	216,915,219	$	208,737,801
b. Terminated vested members and other nonactives		5,071,711		3,695,881
c. Retirees, disableds and beneficiaries		109,874,484		102,740,828
d. Total (a) + (b) + (c)	$	331,861,414	$	315,174,510
2. Actuarial present value of future normal costs	$	73,698,452	$	72,462,368
3. Total actuarial accrued liability (1 – 2)	$	258,162,962	$	242,712,142
4. Actuarial value of assets	$	221,576,179	$	235,297,077
5. Unfunded actuarial accrued liability (3) – (4)	$	36,586,783	$	7,415,065

ADDENDUM

UNIFORM RETIREMENT SYSTEM FOR JUSTICES & JUDGES
NORMAL COST

This supplemental report has been prepared to present the results of a valuation of the State of Oklahoma Public Employees Retirement System as of July 1, 2009, based on the prescribed assumptions under 20 Okla.Stat, Section 1108(D) of current statutes and regulations issued thereunder.

The components of normal cost under the System's funding method are:

Component	**July 1, 2009**	**July 1, 2008**
Retirement benefits	$ 9,304,121	$ 8,909,291
Withdrawal benefits	840,068	812,123
Death benefits	158,535	156,280
Refunds	106,828	103,171
Supplemental medical insurance premiums	106,049	104,535
Total normal cost	$ 10,515,601	$ 10,085,400