

Annual Financial Report

for the fiscal year ending June 30, 2009

Honorable Frank T. Caprio, General Treasurer



Employees' Retirement System of Rhode Island

40 Fountain Street 1st Floor
Providence, RI 02903
(401) 457-3900
FAX (401) 222-2430

Table of Contents

INTRODUCTION SECTION

Transmittal	6
Employees' Retirement System of Rhode Island Board	7
Employees' Retirement System of Rhode Island Administration	7
State Investment Commission	7
Organizational Chart	8
Retirement Board's Letter	9 - 11
Significant Retirement Legislation	12-13

FINANCIAL SECTION

Independent Auditor's Report	15 - 16
Management's Discussion and Analysis	17 - 21
Statements of Fiduciary Net Assets	22
Statements of Changes in Fiduciary Net Assets	23
Notes to Financial Statements	24 - 50
Schedule of Funding Progress	51
Schedule of Contributions from the Employers and Other Contributing Entity	52
Notes to Required Supplementary Schedules	53 - 55

EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL INFORMATION

Certificate of Actuarial Valuation Results	57 - 60
Summary of Actuarial Valuation Results	61 - 62
Contribution Rates	63 - 65
Summary of Actuarial Methods Assumptions	66 - 76
Summary of Benefit Provisions	76 - 82
Summary of Plan Net Assets	83
Reconciliation of Plan Net Assets	84
Analysis of Change in Employer Cost	85

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL INFORMATION

Certificate of Actuarial Valuation	87 - 89
GASB 25 and Funding Process	90
Contribution Rates	90
Benefit Provisions	91
Schedule of Contribution Rates	92 - 94
Comparison of Employer Contribution Rates	95 - 97
Components Used in Determining Contribution Rates	98 - 100
Explanation of Rate Changes	101 - 103
Schedules of Funding Progress	104 - 106
Asset Values	107 - 109
Summary of Actuarial Methods Assumptions	110 - 117
Summary of Benefit Provisions	117 - 122

STATE POLICE RETIREMENT BENEFITS TRUST ACTUARIAL INFORMATION

Certificate of Actuarial Valuation	124 - 126
Summary of Actuarial Valuation Results	127
Summary of Actuarial Methods Assumptions	128 - 131
Summary of Benefit Provisions	132 - 134
Summary of Plan Net Assets	135
Reconciliation of Plan Net Assets	136
Analysis of Change in Employer Cost	137

JUDICIAL RETIREMENT BENEFITS TRUST ACTUARIAL INFORMATION

Certificate of Actuarial Valuation	139 - 141
Summary of Actuarial Valuation Results	142
Summary of Actuarial Methods Assumptions	143 - 145
Summary of Benefit Provisions	145 - 147
Summary of Plan Net Assets and Analysis of Change in Employer Cost	148
Reconciliation of Plan Net Assets	149

STATISTICAL INFORMATION

Employees' Retirement System Statistics

Distribution of Active Members by Age and Years of Service (Teachers)	151
Membership Data (Teachers)	152
Distribution of Active Members by Age and Years of Service (State Employees)	153
Membership Data (State Employees)	154
Historical Summary of Active Member Data (State Employees and Teachers)	155

Municipal Employees' Retirement System

Active Member Statistics	156 - 158
Distribution of Active Members by Age and Years of Service (General Employees)	159
Distribution of Active Members by Age and Years of Service (Police & Fire)	160
Retired Member Statistics	161 - 163

State Police Retirement Benefit Trust

Distribution of Active Members by Age and Years of Service (State Police)	164
Membership Data (State Police)	165
Historical Summary of Active Member Data (State Police)	166

Judicial Retirement Benefit Trust

Distribution of Active Members by Age and Years of Service (Judges)	166
Membership Data (Judges)	167
Historical Summary of Active Member Data (Judges)	168

EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

INTRODUCTORY SECTION

“A retirement system is hereby established and placed under the management of the retirement board for the purpose of providing retirement allowances for employees of the state of Rhode Island under the provisions of Chapter 8 to 10, inclusive, of this title. The retirement system so created shall begin operations as of the first day of July, 1936. It shall have the power and privileges of a corporation, and shall be known as the “employees’ retirement system of the state of Rhode Island,” and by that name all of its business shall be transacted, all of its funds invested, and all of its cash and securities and other property held.”

- Section Two of Chapter 2334 of the Public Laws of 1936



The Honorable Donald L. Carcieri, Governor, State of Rhode Island
and Providence Plantations
Gordon D. Fox, Speaker of the House
M. Teresa Paiva-Weed, President of the Senate
A. Ralph Mollis, Secretary of State
State House
Providence, RI

In accordance with Rhode Island General Laws, §36-8-8 and §45-21-34, enclosed is the Seventy-third Annual Financial Report of the Employees' Retirement System and the Fiftieth Annual Financial Report of the Municipal Employees' Retirement System of the State of Rhode Island for transmittal to the General Assembly.

This report also contains an accounting of the State Police Retirement Plan and the Judicial Retirement Plan.

The report covers the fiscal year ending June 30, 2009.

Respectfully submitted,

A handwritten signature in black ink that reads "Frank T. Caprio".

Frank T. Caprio, General Treasurer & Chairman of the Board
Employees' Retirement System of Rhode Island



Employees' Retirement Board of Rhode Island

Frank T. Caprio, *Chairperson, General Treasurer*
William B. Finelli, *Vice-Chairperson, Teacher Representative*
Gary R. Alger, *Public Representative appointed by the General Treasurer*
Daniel L. Beardsley, *Rhode Island League of Cities and Towns*
Frank R. Benell, Jr., *Public Representative appointed by the General Treasurer*
Rosemary Booth Gallogly, *Representative from Budget Office appointed by Director of Administration*
Roger P. Boudreau, *Retired Member Representative*
Michael R. Boyce, *Retired Member Representative*
M. Carl Heintzelman, CLU, *Public Representative appointed by the Governor*
John J. Meehan, *State Employee Representative*
John P. Maguire, *Teacher Representative*
Louis M. Prata, *Municipal Representative*
Linda C. Riendeau, *State Employee Representative*
Susan K. Rodriguez, *Department of Administration, Designee*
Jean Rondeau, *Public Representative appointed by the Governor*

Employees' Retirement System of Rhode Island Administration

Frank J. Karpinski, *Executive Director*
Diane S. Bourne, *Assistant Executive Director*
Zachary J. Saul, *Assistant Director for Finance*
Arne C. Perry, *Assistant Director for Member Services*
Michael P. Robinson, Esquire, *Retirement Board Counsel*

State Investment Commission

Frank T. Caprio, *Chairperson, General Treasurer*
Rosemary Booth Gallogly, *Director of Administration's Designee*
J. Michael Costello, *Governor's Appointee*
Robert R. Gaudreau, Jr., *Governor's Appointee*
Robert Giudici, *General Treasurer's Appointee*
Dr. Robert J. McKenna, *Higher Education Assistance Authority Chairman*
Marcia Reback, *General Treasurer's Appointee*
Andrew K. Reilly, *General Treasurer's Appointee*
John Treat, *Governor's Appointee*
Frank J. Karpinski, *Executive Director, Non-voting member*

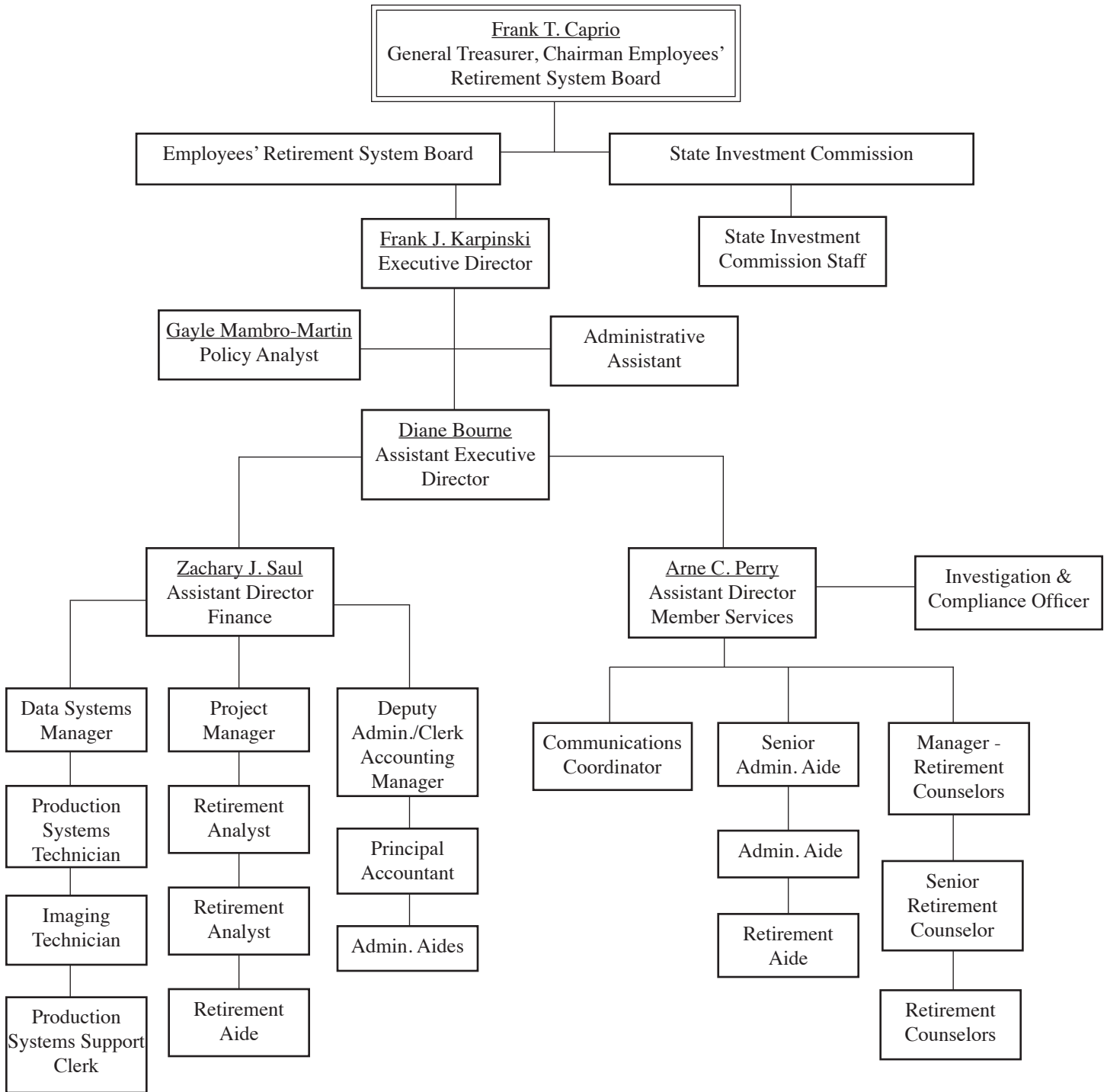
By statute, the State Investment Commission is responsible for the investment of the assets of the Employees' Retirement System and the Municipal Employees' Retirement System.

Kenneth E. Goodreau, CMT, *Chief Investment Officer*
Pension Consulting Alliance (PCA), *General Policy Consultant to the State Investment Commission*
State Street Bank and Trust, *Custodian Bank*



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

ORGANIZATIONAL CHART





Dear Governor Carcieri, Speaker Fox, President Paiva-Weed and Secretary of State Mollis:

We are pleased to present you with this Annual Financial Report of the Employees' Retirement System of Rhode Island (ERSRI) and the Municipal Employees' Retirement System (MERS) for the fiscal year ending June 30, 2009. As required by R.I.G.L. 36-8-8, this report is intended to provide the Governor, the General Assembly, members and beneficiaries of the system and the public with current financial information and an overall status report on the operation of the system.

This report also contains financial information on the status of the State Police Retirement Plan and the Judicial Retirement Plan that commenced in 1987 and 1989.

The report is divided into three sections. The introductory section presents the system's organization, summarizes plan benefits, and provides a review of 2009 retirement legislation.

The second section contains the audited financial statements of the following retirement plans:

- (1) The Employees' Retirement System of Rhode Island, which includes the retirement assets of all state employees and public school teachers;
- (2) The Municipal Employees' Retirement System, which is the municipal retirement plan covering participating municipal units (each unit is valued independently);
- (3) The Judicial Retirement Plan;
- (4) The State Police Retirement Plan.

Because the June 30, 2009 financial statements are issued prior to the completion of the 2009 Actuarial Valuation, the notes to the financial statements reflect the most current actuarial valuation available at the time which is as of June 30, 2008.

Gabriel, Roeder, Smith & Company (GRS) serves as the system's actuary. Thus, the report concludes with GRS's June 30, 2009 actuarial valuation of our system.

Membership

As of June 30, 2009, active membership in the Employees' and Municipal Employees' Retirement System totaled 32,664. There are currently 45 judges contributing to the Judicial Retirement Plan and 176 state police contributing to the State Police Retirement Plan. A total of 25,294 retirees and beneficiaries were receiving benefits from the system.

Accounting Basis

The financial statements have been prepared in accordance with generally accepted accounting principles and Governmental Accounting Standards Board Statement Number 25 (GASB No. 25) using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Dividend income is recorded on the ex-dividend date. Interest income is accrued daily. Finally, investments are recorded at fair market value.



Financial Highlights

The major sources of revenue for all ERSRI plans are employee and employer contributions, and investment earnings. Total revenues for fiscal year 2009 included \$528,572,752 in contributions from employers and employees and a net investment loss of \$1,546,133,418.

The expenditures of the fund consist primarily of payments made to members and beneficiaries for retirement, disability, death, or survivor benefits. In total, benefit payments for fiscal year 2009 were \$770,778,832.

Administrative expenses of the retirement system are paid from a restricted receipt account that is used solely to pay such expenses. This account is financed through investment earnings up to a maximum of 0.175% of the average total investments before lending activities as reported in the annual report of the Auditor General for the next preceding five (5) fiscal years. Any non-encumbered funds at June 30th are transferred back to the retirement fund. Administrative expenses incurred by the system for the year ended June 30, 2009 amounted to \$8,581,972.

Funding

The actuary determines the actuarial accrued liability of the Plans, which is a measure of the present value of accrued liabilities estimated to be payable in the future to current retiree's, beneficiaries, and employees for service earned to date. The percentage computed by dividing the actuarial value of net assets for benefits by the actuarial accrued liability is referred to as the funded ratio. The higher the funded ratio, the greater the degree of overall financial health and stability for the pension fund.

Due to the passage of H7105Aaa, Article 16 Substitute A as amended during the FY 2010 session the valuations for the period of July 1, 2007 to June 30, 2008 were restated for State employees. The funded ratios as a result of this restatement increased from 61.8% to 62.3%. For the period of July 1 2008 to June 30, 2009 the funded ratio decreased from 62.3% to 59.0% due in part to the legislative changes enacted in H7105Aaa, Article 16 Substitute A as amended during the FY 2010 session.

Due to the passage of H7105Aaa, Article 16 Substitute A as amended during the FY 2010 session the valuations for the period of July 1, 2007 to June 30, 2008 were restated for teachers. The funded ratios as a result of this restatement increased from 60.3% to 61.0%. For the period of July 1 2008 to June 30, 2009 the funded ratio decreased from 61.0% to 58.1% due in part to the legislative changes enacted in H7105Aaa, Article 16 Substitute A as amended during the FY 2010 session.

Due to the passage of H7105Aaa, Article 16 Substitute A as amended during the FY 2010 session the valuations for the period of July 1, 2007 to June 30, 2008 were restated for judges. The funded ratios as a result of this restatement increased from 81.7% to 91.0%. For the period of July 1 2008 to June 30, 2009 the funded ratio decreased from 91.0% to 88.3% due in part to the legislative changes enacted in H7105Aaa, Article 16 Substitute A as amended during the FY 2010 session.

For the state police the ratio increased 79.6% to 79.8%. The ratios are based on the Entry Age Normal funding method effective June 30, 1999. The Municipal Employees' Retirement System (MERS) prepares separate valuations for each participating unit. Consequently, each unit has its own funding ratio that can be found on pages 104-106 of this report.



Investment Services

Assets are invested under the direction and authority of the State Investment Commission (SIC) which meets on a monthly basis. It is authorized, created and established in the office of the General Treasurer. The membership consists of the general treasurer, ex officio, or a deputy general treasurer as his or her designee, who acts as chairperson, the director of administration, ex officio, or any assistant director of administration as his or her designee, who acts as secretary, a director of the higher education assistance authority, or his or her designee to be appointed by the general treasurer, an active or retired teacher, state, or municipal employee member of the retirement system or official from the teacher, state, or municipal employee unions to be appointed by the general treasurer, the executive director of the state retirement board, who shall be a nonvoting member, two (2) members of the general public to be appointed by the general treasurer, and three (3) members of the general public to be appointed by the governor. The members of the general public appointed by the governor and the general treasurer must be qualified by training or experience in the field of investment or finance.

Pension Consulting Alliance (PCA) serves as the General Policy Consultant to the State Investment Commission. State Street Bank and Trust of Boston, Massachusetts, serve as the pension fund custodian.

Professional Services

W. Michael Carter, J. Christian Conradi and Joseph P. Newton of Gabriel, Roeder, Smith & Company provide actuarial services to the retirement system while Michael P. Robinson, Esquire, of the law firm Shechtman, Halperin, Savage, LLP, Pawtucket, Rhode Island serves as retirement board general counsel. Private attorneys are hired on a per diem basis to serve as hearing officers for the system on disputed retirement issues.

In addition to Dr. Christopher Ley who serves as the Medical Advisor to the Board's Disability Subcommittee, the system hires independent physicians who conduct medical exams of the system's disability applicants.

Finally, the Office of the Auditor General conducts an annual financial audit of the entire retirement system.

Reports to Members

Real time active member information regarding contributions and creditable service as well as retiree member information is found on the system's web site at www.ersri.org

Active and retired members also receive newsletters and other notices on an ad hoc basis.

Acknowledgments

The preparation of this report is possible only through the combined efforts of many individuals. We would like to thank Michael Carter and his actuarial team at Gabriel, Roeder, Smith & Company, the Office of the Auditor General, and the Office of the State Controller.

We welcome your comments on the issuance of this report.

Frank J. Karpinski

Executive Director

Zachary J. Saul

Assistant Director - Finance



2009 RETIREMENT LEGISLATION

Major benefit legislation was enacted by the General Assembly during the 2009 session for the Employees' Retirement System of Rhode Island. Included in the 2010 Budget was *Article 7 Substitute Aaa* which made major changes to pension benefits for State Employees, Teachers and Judges. Below is a summary of the changes enacted.

Effective Date

The changes became effective October 1, 2009. Members who were eligible to retire as of September 30, 2009 were not affected by the changes, even if they did not retire.

Retirement Eligibility

For State Employees and Teachers, the law established a minimum retirement age of 62 for all members, except those schedule B members who retire with less than 29 years of service; their retirement eligibility still remains 65 years old with a minimum of 10 years of service credit.

For Correctional Officers and Nurses at MHRH, a minimum retirement age of 55 years old with 25 years of service was enacted.

However, the law provided a proportional downward adjustment of the minimum retirement age based on the years of service credited to member's accounts as of September 30, 2009. Below is an example of the proportional formula:

A schedule A member who began service with the state or as a teacher at age 33 and has 15 years of total service credit as of September 30, 2009. Under the new law, the first step would be to determine the member's first point of retirement eligibility under the existing law prior to September 30, 2009. In this example; it would be 60 years old at which point they would have 27 years of service credit. According to the proportional formula and the minimum age of retirement of 62, the adjustment to this member's minimum retirement age would be computed as follows:

- Step 1, divide the member's current years of service as of September 30, 2009 by the number of years required to meet their first point of retirement, i.e. 27 years in this example:

$$15 \div 27 = 0.56$$

- Step 2, take the difference between age 62 and the member's first age of retirement eligibility under current law (60 in this example):

$$62 - 60 = 2$$

- Step 3, multiply the 0.56 from step 1 by the age difference in step 2:

$$0.56 \times 2 = 1.12$$

- Step 4, subtract the value in step 3 from the age 62 minimum retirement age:

$$62 - 1.12 = 60.88$$

The new minimum retirement age would be 60 years, 10 months and 17 days in this example.



Service Credit Accrual Rates

The law froze service credits earned for members under schedule A as of September 30, 2009. Future accrual of service credits will be earned under schedule B.

Final Average Salary (FAS)

For members not eligible to retire as of September 30, 2009 the FAS will be based on the 5 consecutive highest years of salary rather than the 3 under current law.

Cost of Living Adjustments (COLA)

The law changes the COLA from the current 3% compounded annually to the COLA provided under schedule B which is the lower of the Consumer Price Index (CPI) or 3% and requires a full 3 year anniversary for receipt.

Service Credit Purchases

Effective for all service credit purchase requests received after June 16, 2009, the cost will be determined at full actuarial value, except for purchases of military service and contribution refund paybacks.

Disability Provisions

Effective for applications filed after September 30, 2009, accidental disability will be available at 66 2/3 percent for members who are permanently and totally disabled as determined by the Retirement Board. If the disability is determined to be partial and the member is able to work in other jobs, the benefit will be limited to 50%. Both benefits will be subject to an annual review by ERSRI.

Judges Pensions

A change was also enacted for Judges Pensions. The change only applies to judges appointed after July 1, 2009. Their final average salary basis will be their 5 consecutive highest years of salary and the full pension will be 80 Percent and the reduced pension will be 65 percent.

EMPLOYEES' RETIREMENT SYSTEM
OF RHODE ISLAND

ACTUARIAL INFORMATION

FINANCIAL SECTION



DENNIS E. HOYLE, CPA
ACTING AUDITOR GENERAL
dennis.hoyle@oag.ri.gov

STATE of RHODE ISLAND and PROVIDENCE PLANTATIONS

GENERAL ASSEMBLY

OFFICE of the AUDITOR GENERAL

- ◆ INTEGRITY
- ◆ RELIABILITY
- ◆ INDEPENDENCE
- ◆ ACCOUNTABILITY

INDEPENDENT AUDITOR'S REPORT

JOINT COMMITTEE ON LEGISLATIVE SERVICES, GENERAL ASSEMBLY
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS:

RETIREMENT BOARD OF THE EMPLOYEES' RETIREMENT SYSTEM OF THE
STATE OF RHODE ISLAND:

We have audited the accompanying basic financial statements of the plans which comprise the Employees' Retirement System of the State of Rhode Island (the System) as of June 30, 2009 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

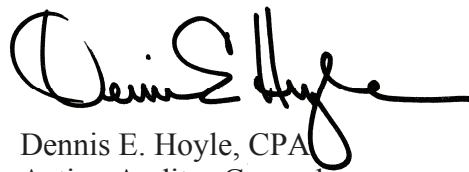
As discussed in Note 1(a), the financial statements present only the Pension Trust Funds of the State of Rhode Island and Providence Plantations (the State) and do not purport to, and do not, present fairly the financial position of the State, as of June 30, 2009, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the plans within the System as of June 30, 2009, and the changes in fiduciary net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2009 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis beginning on page 17, the Schedules of Funding Progress and the Schedules of Contributions from the Employers and Other Contributing Entity on pages 51 and 52, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory, actuarial information, and statistical information sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them. The actuarial information sections reflect actuarial valuations performed as of June 30, 2009; these valuations were not available as of the date of our opinion on the System's June 30, 2009 financial statements.



Dennis E. Hoyle, CPA
Acting Auditor General

December 2, 2009



Management's Discussion and Analysis

Management of the Employees' Retirement System of the State of Rhode Island (the System) provides this Management's Discussion and Analysis of their financial performance for the readers of the System's financial statements. This narrative provides an overview of the System's financial activity for the fiscal year ended June 30, 2009. This analysis is to be considered in conjunction with the financial statements to provide an objective analysis of the System's financial activities based on the status of the System and issues currently facing management.

Understanding the Employees' Retirement System Financial Statements

The System administers defined benefit pension plans for state employees, teachers, state police, judges and participating municipal employees. State employees and teachers are combined in one plan while state police, judges and municipal employees each have separate plans. The Statements of Fiduciary Net Assets provide a snapshot of the financial position of the System at June 30, 2009. The Statements of Changes in Fiduciary Net Assets summarize the additions and deductions that occurred during the fiscal year. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the financial statements. The Required Supplementary Information consists of schedules and related notes, which demonstrate the System's progress in accumulating funds to meet future pension benefits for members of the System.

Financial Highlights for the Fiscal Year Ended June 30, 2009

- The System's fiduciary net assets decreased by \$1.8 billion from \$7.9 billion at June 30, 2008 to \$6.1 billion at June 30, 2009.
- Total benefits paid to members were \$770.8 million, an increase of \$83.1 million or 12.1% compared to the fiscal year ended June 30, 2008.
- Total employee and employer contributions into the System's plans decreased \$27.7 million compared to the prior year. Total contributions from both employers and employees at June 30, 2009 were \$528.6 million.
- The System incurred a net loss from investing activities of \$1,546.1 million for the fiscal year ended June 30, 2009. Included in this amount is \$6.3 million in net securities lending income.

Assets, Liabilities and Fiduciary Net Assets (in millions)

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Assets:		
Cash and cash equivalents	\$ 3.3	\$ 3.3
Investments	5,983.7	7,819.4
Contributions and other receivables	80.1	54.4
Invested securities lending collateral	-	1,116.7
Property and equipment	5.9	7.7
Total assets	<u>6,073.0</u>	<u>9,001.5</u>
Liabilities:		
Accounts payable and other liabilities	4.0	8.2
Securities lending liability	-	1,116.7
Total liabilities	<u>4.0</u>	<u>1,124.9</u>
Net assets:	<u>\$ 6,069.0</u>	<u>\$ 7,876.6</u>



Summary of Changes in Fiduciary Net Assets
(in millions)

	<u>Year Ended June 30, 2009</u>	<u>Year Ended June 30, 2008</u>
Additions:		
Contributions	\$ 528.6	\$ 556.3
Net investment income (loss)	(1,546.1)	(481.8)
Miscellaneous revenue	.2	.2
Total Additions (net)	<u>(1,017.3)</u>	<u>74.7</u>
Deductions:		
Benefits	770.8	687.7
Refunds of contributions	10.9	10.8
Administrative expenses	8.6	8.4
Total Deductions	<u>790.3</u>	<u>706.9</u>
Increase (Decrease) in Net Assets:	(1,807.6)	(632.2)
Net Assets:		
Beginning of year	7,876.6	8,508.8
End of year	<u>\$ 6,069.0</u>	<u>\$ 7,876.6</u>

Investments

The State Investment Commission (SIC) establishes long-term asset allocation policy and monitors investment performance of the plan. An asset/liability (A/L) study is conducted every two to three years to identify an optimal diversified investment portfolio that maximizes return within an acceptable level of risk. As long-term investors, the SIC is committed to its strategic asset allocation that has been developed as part of a comprehensive A/L study which incorporates capital market return expectations, risks and correlations associated with each asset class as well as the unique profile and objectives of the System. As a defined benefit plan, the System generally has a much longer time horizon than individual investors and is better positioned to withstand short-term volatility of the capital markets.

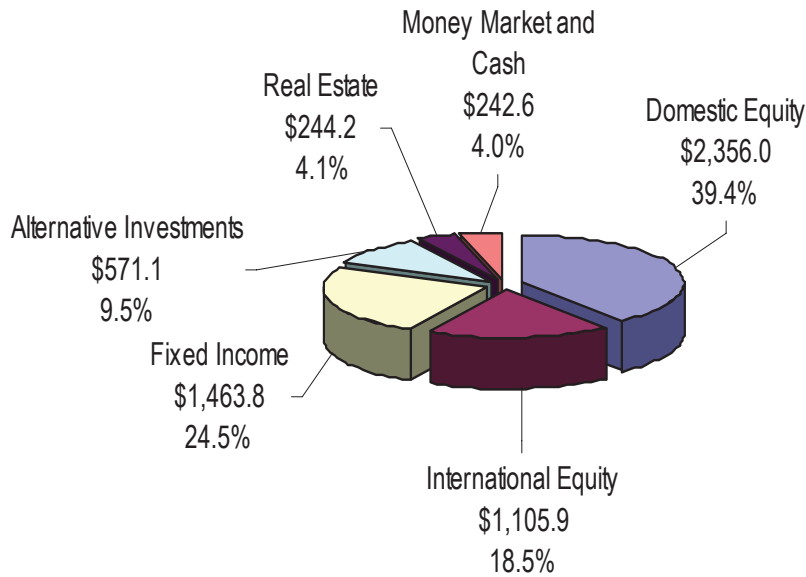
The following asset allocation targets were in place at June 30, 2009.

Fiscal 2009 – Asset Allocation Targets

Domestic Equity	42.5%
International Equity	20.0%
Fixed Income	25.0%
Alternative Investments	7.5%
Real Estate	5.0%



Asset Allocation – Actual
Fair Value (in millions) at June 30, 2009

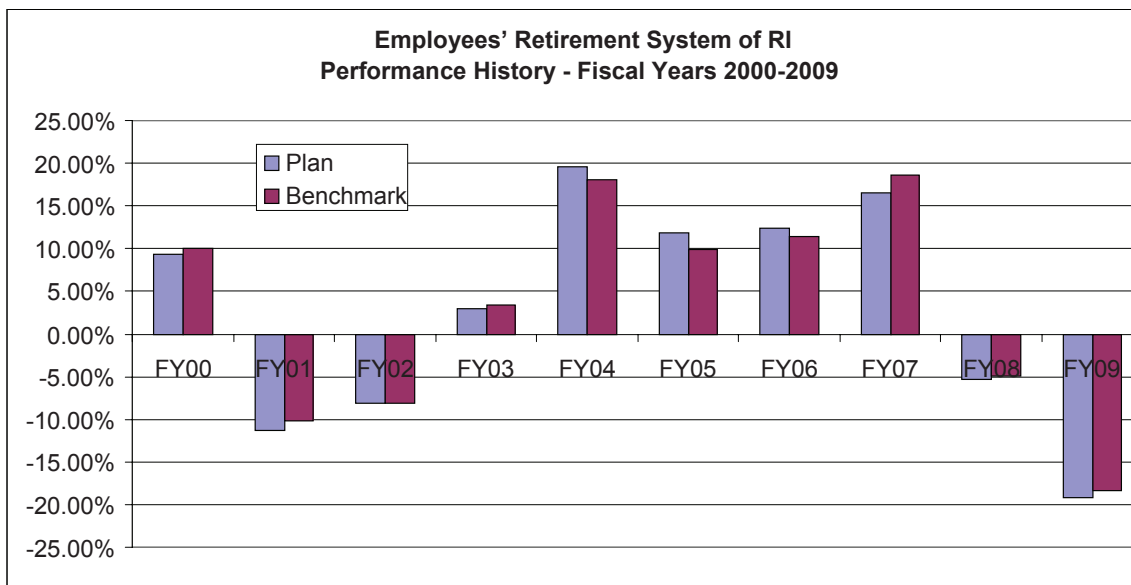


The asset allocation is currently undergoing a significant review process in order to best reflect the appropriate long term risk/reward profile.

The allocation of assets among stocks, bonds and alternative investments can have a significant impact on investment performance. In light of its long time horizon, the SIC is able to take advantage of historical long-term return opportunities offered by equity investments.

Investment Performance

The System's one-year, three-year and five-year time weighted rates of return for the periods ended June 30, 2009 were -19.18%, -3.77%, and 2.28% respectively. For fiscal year 2009, the fund underperformed its composite benchmark by 85 basis points.



The composite benchmark is weighted based on asset allocation targets. It is currently comprised: 42.5% Wilshire 5000; 25% Barclay's Aggregate; 20% MSCI ACWI X US; 5% NCREIF Property Index Lagged; and 7.5% S&P 500 + 3%. The composite benchmark for each of the years shown in the chart reflects the asset allocation targets in place for that fiscal year and the related indices used to measure performance.



For the fiscal year ended June 30, 2009 the System's domestic equity portfolio was down 26.24% (vs. -26.40% for the Wilshire 5000), the international portfolio declined 25.49% (vs. -30.54% for the MSCI ACWI ex US) and the fixed income composite returned 3.79% (vs. 6.05% for the Barclay's Aggregate).

The System's actuarial investment return assumption is 8.25%. Actuarial value of assets is determined based on a five-year smoothing methodology.

Funding Status

Independent actuarial valuations are conducted of the System each year. As part of this valuation, the progress toward funding pension obligations of the System is measured by comparing the actuarial value of assets to the actuarial accrued liability. This measure is referred to as the funded ratio or funded status. As reflected in the most recent actuarial valuation (June 30, 2008), the funded ratio increased to 61.8% for State Employees and 60.3% for Teachers within the Employees' Retirement System plan. The funded ratio for the Judges' plan decreased to 81.7%. The State Police plan's funded ratio increased to 79.6%. The Municipal Employees' Retirement System plan's funded ratio increased with an overall average ratio of 92.8%.

Details of the funded status of each plan within the System are included in the Schedules of Funding Progress on page 50.

All employers participating in the System's plans contributed 100% of their annual required contribution.

Next Year's Contribution Rates and Economic Outlook

Pension reform initiatives during fiscal 2009 resulted in the enactment of H5983Aaa, Article 7 Substitute A as amended on June 30, 2009. The key pension benefit changes impacted minimum retirement age, cost of living increases, service credits accrued for each year of service and average salary computation based on the highest five, rather than three, years of service. These pension benefit changes affected all active employees who were not eligible to retire as of September 30, 2009.

The fiscal 2009, 2010, and 2011 employer contribution rates (for state employees, teachers, and judges) are all based upon an actuarial valuation performed at June 30, 2008, which reflects the pension reform provisions enacted in the General Laws. Consequently, employer contribution rates for fiscal 2010 and 2011 will remain the same as 2009 for State employees (21.64%), teachers (20.07%) and judges (24.06%). The contribution rate for state police remained the same (26.03% for fiscal 2009 and 2010) as a result of the passage of Article 22 in the 2008 legislative session.

Subsequent to June 30, 2009, the System has seen a continuation of the recovery within the capital markets that began during the second quarter (calendar 2009). Initiatives to maintain exposures while reducing costs began in 2008 and are proving to be beneficial throughout 2009. The exit of securities lending has also proven to be a risk to reward decision that we believe was prudent.

The State Investment Commission has adopted a long-term investment policy for the System's investments, which includes diversification of holdings pursuant to an asset allocation model. Additionally, the impact on the funded status of the System's plans and required contributions due to any near-term decline in value of the System's investments will be tempered by the five-year smoothing methodology employed in the actuarial value of assets.



Contacting the System's Management

This discussion and analysis presentation is designed to provide a general overview of the System's financial activity. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Employees' Retirement System, 40 Fountain Street, Providence, RI, 02903.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Statements of Fiduciary Net Assets
As of June 30, 2009

	<u>ERS</u>	<u>MERS</u>	<u>SPRBT</u>	<u>JRBT</u>	<u>Total</u>
Assets					
Cash and cash equivalents (Note 3)	\$ 2,444,276	\$ 804,681	\$ 63,182	\$ 37	\$ 3,312,176
Receivables					
Contributions	58,981,883	3,478,421	911,804	297,349	63,669,457
Due from State for teachers	15,969,302	-	-	-	15,969,302
Due from other plans (net)	33,605	-	-	-	33,605
Other	446,265	16,277	-	-	462,542
Total receivables	<u>75,431,055</u>	<u>3,494,698</u>	<u>911,804</u>	<u>297,349</u>	<u>80,134,906</u>
Investments at fair value (Note 3)					
Equity in short-term investment trust	-	2,866,329	-	-	2,866,329
Equity in pooled trust	5,023,798,014	884,800,727	44,771,977	27,429,812	5,980,800,530
Total investments	<u>5,023,798,014</u>	<u>887,667,056</u>	<u>44,771,977</u>	<u>27,429,812</u>	<u>5,983,666,859</u>
Property and equipment at cost, net of accumulated depreciation (Note 4)					
	<u>5,119,137</u>	<u>755,448</u>	<u>13,546</u>	<u>8,720</u>	<u>5,896,851</u>
Total Assets	<u>5,106,792,482</u>	<u>892,721,883</u>	<u>45,760,509</u>	<u>27,735,918</u>	<u>6,073,010,792</u>
Liabilities					
Accounts payable	3,354,940	511,472	12,667	6,605	3,885,684
Due to other plans (net)	-	33,605	-	-	33,605
Net OPEB liability (Note 8)	55,610	8,997	348	228	65,183
Total Liabilities	<u>3,410,550</u>	<u>554,074</u>	<u>13,015</u>	<u>6,833</u>	<u>3,984,472</u>
Net assets held in trust for pension benefits (Schedules of funding progress for each plan are presented on page 40)					
	<u>\$5,103,381,932</u>	<u>\$892,167,809</u>	<u>\$45,747,494</u>	<u>\$27,729,085</u>	<u>\$6,069,026,320</u>

The accompanying notes are an integral part of this financial statement.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Statements of Changes in Fiduciary Net Assets
Fiscal Year Ended June 30, 2009

	<u>ERS</u>	<u>MERS</u>	<u>SPRBT</u>	<u>JRBT</u>	<u>Total</u>
Additions					
Contributions (Note 5)					
Member contributions	\$ 145,663,913	\$ 23,204,957	\$ 1,122,991	\$ 617,315	\$ 170,609,176
Employer contributions	243,339,494	33,514,681	3,340,746	1,700,174	281,895,095
State contribution for teachers	73,600,069	-	-	-	73,600,069
Interest on service credits purchased	2,084,978	311,047	-	-	2,396,025
Service credit transfers	52,996	19,391	-	-	72,387
Total contributions	<u>464,741,450</u>	<u>57,050,076</u>	<u>4,463,737</u>	<u>2,317,489</u>	<u>528,572,752</u>
Investment Income					
Net appreciation (depreciation) in fair value					
of investments	(1,415,517,923)	(237,978,943)	(11,138,259)	(7,048,720)	(1,671,683,845)
Interest	69,388,869	11,815,752	565,755	354,228	82,124,604
Dividends	45,212,919	7,685,946	371,163	232,465	53,502,493
Other investment income	3,357,703	566,689	26,167	16,634	3,967,193
	<u>(1,297,558,432)</u>	<u>(217,910,556)</u>	<u>(10,175,174)</u>	<u>(6,445,393)</u>	<u>(1,532,089,555)</u>
Less investment expense	(17,151,589)	(2,929,075)	(142,801)	(89,232)	(20,312,697)
Net investment income (loss)	<u>(1,314,710,021)</u>	<u>(220,839,631)</u>	<u>(10,317,975)</u>	<u>(6,534,625)</u>	<u>(1,552,402,252)</u>
Securities Lending (Note 3(i))					
Securities lending income	12,932,244	2,274,443	113,679	69,810	15,390,176
Less securities lending expense	(7,661,872)	(1,349,365)	(68,275)	(41,830)	(9,121,342)
Net securities lending income	<u>5,270,372</u>	<u>925,078</u>	<u>45,404</u>	<u>27,980</u>	<u>6,268,834</u>
Total net investment income (loss)	<u>(1,309,439,649)</u>	<u>(219,914,553)</u>	<u>(10,272,571)</u>	<u>(6,506,645)</u>	<u>(1,546,133,418)</u>
Miscellaneous revenue	249,490	23,576	-	-	273,066
Total Additions (net)	<u>(844,448,709)</u>	<u>(162,840,901)</u>	<u>(5,808,834)</u>	<u>(4,189,156)</u>	<u>(1,017,287,600)</u>
Deductions					
Benefits					
Retirement benefits	534,193,548	49,620,746	234,504	808,249	584,857,047
Cost of living adjustments	141,669,393	8,461,678	12,750	28,073	150,171,894
SRA Plus option	29,562,031	2,225,661	-	-	31,787,692
Supplemental benefits	1,098,799	-	-	-	1,098,799
Death benefits	2,271,400	592,000	-	-	2,863,400
Total benefits	<u>708,795,171</u>	<u>60,900,085</u>	<u>247,254</u>	<u>836,322</u>	<u>770,778,832</u>
Refund of contributions	8,940,777	1,901,603	36,241	-	10,878,621
Administrative expense (Note 6)	7,331,729	1,177,714	44,086	28,443	8,581,972
Service credit transfers	19,391	52,996	-	-	72,387
Total Deductions	<u>725,087,068</u>	<u>64,032,398</u>	<u>327,581</u>	<u>864,765</u>	<u>790,311,812</u>
Net Increase (Decrease)	<u>(1,569,535,777)</u>	<u>(226,873,299)</u>	<u>(6,136,415)</u>	<u>(5,053,921)</u>	<u>(1,807,599,412)</u>
Net assets held in trust for pension benefits					
Beginning of year	<u>6,672,917,709</u>	<u>1,119,041,108</u>	<u>51,883,909</u>	<u>32,783,006</u>	<u>7,876,625,732</u>
End of year	<u>\$ 5,103,381,932</u>	<u>\$ 892,167,809</u>	<u>\$ 45,747,494</u>	<u>\$ 27,729,085</u>	<u>\$ 6,069,026,320</u>

The accompanying notes are an integral part of this financial statement.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

1. Plan Descriptions

(a). General

The Employees' Retirement System of the State of Rhode Island (the System) acts as a common investment and administrative agent for pension benefits to be provided for four defined benefit retirement plans as listed below:

<u><i>Plan Name</i></u>	<u><i>Type of Plan</i></u>
Employees' Retirement System (ERS)	Cost-sharing multiple-employer defined benefit plan
Municipal Employees' Retirement System (MERS)	Agent multiple-employer defined benefit plan
State Police Retirement Benefits Trust (SPRBT)	Single-employer defined benefit plan
Judicial Retirement Benefits Trust (JRBT)	Single-employer defined benefit plan

Although the assets of the plans are commingled for investment purposes, each plan's assets are accounted for separately and may be used only for the payment of benefits to the members of that plan, in accordance with the terms of that plan.

The System's financial statements are included as Pension Trust Funds within the Fiduciary Funds in the Comprehensive Annual Financial Report of the State of Rhode Island and Providence Plantations.

The System is administered by the State of Rhode Island Retirement Board which was authorized, created and established in the Office of the General Treasurer as an independent retirement board to hold and administer, in trust, the funds of the retirement system. The fifteen members of the retirement board are: the general treasurer or his or her designee who shall be a subordinate within the general treasurer's office; the director of administration or his or her designee who shall be a subordinate within the department of administration; a representative of the budget office or his or her designee from within the budget office, who shall be appointed by the director of administration; the president of the league of cities and towns or his or her designee; two (2) active state employee members of the retirement system or officials from state employee unions to be elected by active state employees; two (2) active teacher members of the retirement system or officials from a teachers union to be elected by active teachers; one active municipal employee member of the retirement system or an official from a municipal employees union to be elected by active municipal employees; two (2) retired members of the retirement system to be elected by retired members of the system; and four (4) public members, all of whom shall be competent by training or experience in the field of finance, accounting or pensions; two (2) of the public members shall be appointed by the governor, one of whom shall serve an initial term of three (3) years and one of whom shall serve an initial term of four (4) years and until his or her successor is appointed and qualified; and two (2) of the public members shall be appointed by the general treasurer, one of whom shall serve an initial term of three (3) years and one of whom shall serve an initial term of four (4) years and until his or her successor is appointed and qualified. Thereafter, the term of these four (4) public members shall be for four (4) years or until their successors are appointed and qualified by the Senate.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

1. Plan Descriptions (continued)**(a). General**

The System's purpose is to provide retirement benefits to state employees, public school teachers, certain general and public safety municipal employees, state police officers, and judges.

A summary of membership by plan as of the June 30, 2008 actuarial valuation follows:

	<i>Retirees and beneficiaries</i>	<i>Terminated plan members entitled to but not yet receiving benefits</i>	<i>Active Vested</i>	<i>Active Non-vested</i>	<i>Total by Plan</i>
<u>ERS</u>					
State Employees	10,396	2,527	7,192	4,778	24,893
Teachers	9,337	2,410	7,703	6,296	25,746
<u>MERS</u>					
General Employees	3,730	2,205	3,016	3,781	12,732
Public Safety	444	108	685	698	1,935
<u>SPRBT</u>					
	4	2	-	177	183
<u>JRBT</u>					
	7	-	7	36	50
<i>Total by type</i>	23,918	7,252	18,603	15,766	65,539

(b). Membership and Benefit Provisions**(1) EMPLOYEES' RETIREMENT SYSTEM (ERS)**

The ERS was established under section two of chapter 2334 of the Rhode Island Public Laws of 1936 and placed under the management of the Retirement Board for the purpose of providing retirement allowances for employees of the State of Rhode Island under the provisions of chapters 8 to 10, inclusive, of title 36, and public school teachers under the provisions of chapters 15 to 17, inclusive, of title 16 of the Rhode Island General Laws.

The plan covers most State employees other than certain personnel at the State colleges and university (principally faculty and administrative personnel). Elected officials may become members on an optional basis. Membership in the plan is compulsory for teachers, including superintendents, principals, school nurses, and certain other school officials in the public schools in the cities and towns. Rhode Island Airport Corporation (RIAC) employees hired before July 1, 1993 are also covered and have the same benefits as State employees. Rhode Island Economic Development Corporation (RIEDC) employees who were (1) active contributing members and employees of the Department of Economic Development of the State of Rhode Island before October 31, 1995, and (2) elected to continue membership in the plan are also covered and have the same benefits as State employees. Narragansett Bay Water Quality



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

1. Plan Descriptions (continued)

(b). Membership and Benefit Provisions

(1) EMPLOYEES' RETIREMENT SYSTEM (ERS) (continued)

District Commission employees who are members of a collective bargaining unit are also covered and have the same benefits as State employees.

The plan provides a two-tier benefit structure referred to as *Schedules A and B*.

Schedule A Benefits

Schedule A benefits are available to members who possessed 10 years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.7% of earnings for each of the first ten years of service; 1.9% for each of the next ten years; 3.0% per year for each of the next fourteen years; and 2% for the 35th year. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). The maximum benefit is 80% of final average earnings after 35 years of service. Such benefits are available to members at least age 60 with 10 years of service, or after 28 years at any age. A different benefit formula applies to State correctional officers who may retire at age 50 if they have 20 years of service. Benefits for all employees are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

On the third January after retirement, a cost-of-living increase of 3% (compounded annually) is provided independent of actual changes in the consumer price index. The plan also provides nonservice-connected disability benefits after five years of service; service-connected disability pensions with no minimum service requirement; vested benefits after ten years of service; survivor's benefits for service-connected death; and certain lump sum death benefits.

Schedule B Benefits

Schedule B benefits are provided to members who had less than 10 years of contributory service on or before July 1, 2005. For Schedule B members, the plan provides unreduced benefits of 1.6% of earnings for each of the first ten years of service; 1.8% for each of the next ten years; 2.0% per year for years 21 through 25 inclusive; 2.25% per year for years 26 through 30 inclusive; 2.50% per year for years 31 through 37 inclusive and 2.25% for the 38th year. Only single life, and joint and survivor options are available. The maximum benefit is 75% of his or her average highest three (3) years of compensation after 38 years of service. Such benefits are available to members at least age 65 with 10 years of service, or after 29 years of service and age 59. Actuarially reduced retirement is available at age 55 and 20 years of service, the benefit is reduced actuarially for each month that the age of the member is less than sixty-five (65) years.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

1. Plan Descriptions (continued)

(b). Membership and Benefit Provisions

Schedule B Benefits (continued)

On the month following the third anniversary date of the retirement, and on the month following the anniversary date of each succeeding year, a cost-of-living increase of 3% (compounded annually) or the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less is provided for Schedule B members.

Rhode Island General Laws relating to state employees and teachers benefits were amended during the fiscal year ended June 30, 2009. Members eligible to retire as of September 30, 2009 are not affected by the changes. The legislation established a minimum retirement age of 62 for all members, except those Schedule B members who retire with less than 29 years of service, their retirement eligibility remains 65 years old with a minimum of 10 years of service credit. In addition, the changes established a minimum retirement age of 55 with 25 years of service credit for correctional officers and registered nurses at the department of Mental Health Retardation and Hospitals. For affected state employees and teachers the law provides a proportional downward adjustment of the minimum retirement age based on the years of service credit of a member at September 30, 2009, a final average salary based on the 5 consecutive highest years of salary and a cost of living adjustment (COLA) from 3% compounded annually to the COLA provided under Schedule B which is the lower of the Consumer Price Index (CPI) or 3% , compounded annually, and requires a full three year anniversary for receipt.

This legislation also amended the disability retirement provision for state employees and teachers. Effective for applications filed after September 30, 2009, accidental disability will be available at 66 2/3% for members who are permanently and totally disabled as determined by the Retirement Board. If the disability is determined to be partial and the member is able to work in other jobs, the benefit will be limited to 50%. Both benefits will be subject to an annual review by ERSRI.

The law also required service credit purchases, excluding contribution refund paybacks and military service, requested after June 16, 2009 to be calculated at full actuarial cost.

The plan also provides benefits to legislators elected to office prior to January 1, 1995, of \$600 for every year served up to a maximum of \$12,000, annually. Such benefits are available to legislators 55 and over with at least 8 years of service or, at any age with 20 or more years of service.

The plan provides a survivor benefit to public school teachers via a "Teachers Survivor Benefits Fund" in lieu of Social Security. Not all school districts participate in the plan. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective city, town, or school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.



**EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009**

1. Plan Descriptions (continued)

(b). Membership and Benefit Provisions

Schedule B Benefits (continued)

Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member. In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

The Teachers Survivor Benefits Fund provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

<u>Highest Annual Salary</u>	<u>Spousal Monthly Minimum Benefit</u>
\$17,000 or less	\$ 750
\$17,001 to \$25,000	\$ 875
\$25,001 to \$33,000	\$ 1,000
\$33,001 to \$40,000	\$ 1,125
\$40,001 and over	\$ 1,250

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

Parent and 1 Child	Parent and 2 Children	Parent and more than 2 Children	One Child Alone	Two Children Alone	Three or more Children Alone
150%	175%	175%	75%	150%	175%



**EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009**

1. Plan Descriptions (continued)

(b). Membership and Benefit Provisions

Schedule B Benefits (continued)

(2) MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)

The MERS was established under section one of chapter 2784 of the Rhode Island Public Laws of 1951 and placed under the management of the Retirement Board for the purpose of providing retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. The plan generally provides retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. Police and fire personnel may retire at age 55 if they have 10 years of service or after 25 years of service at any age. An optional cost-of-living provision may be elected for police and fire personnel and general employees. An option may be elected to provide a 20 year service pension with a benefit equal to 2.5% for each year of service up to a maximum of 75% for police and fire personnel. Benefits are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement; vested benefits after 10 years of service; survivor's benefits; and certain lump sum death benefits. A summary of participating employers is listed below:

Municipalities, housing authorities, water and sewer districts	67
Municipal police and fire departments	<u>43</u>
Total participating units as of the actuarial valuation at June 30, 2008	<u>110</u>

(3) STATE POLICE RETIREMENT BENEFITS TRUST (SPRBT)

The State Police Retirement Benefits Trust was established under Rhode Island General Law Section 42-28-22.1 and was placed under the management of the Retirement Board for the purpose of providing retirement allowances to State Police.

The plan covers all State Police and Superintendents hired after July 1, 1987.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

1. Plan Descriptions (continued)

(b). Membership and Benefit Provisions

Schedule B Benefits (continued)

(3) STATE POLICE RETIREMENT BENEFITS TRUST (SPRBT)

The plan generally provides retirement benefits equal to 50% of final salary after 20 years of service, plus 3.0% of final salary times service in excess of 20 years through 25 years to a maximum of 65% of final salary. Such benefits are available to members after 20 years of service regardless of age. The Superintendent of the State Police will receive 50% of his/her final salary and may retire after attainment of age 60 and 10 years of service. A cost-of-living adjustment of \$1,500 per annum beginning on January 1st of the year in which a member attains his/her third anniversary of retirement is provided to all members.

Benefits are based on the final base salary earned at retirement including longevity increment, holiday pay, clothing allowance and up to 400 overtime hours.

The plan also provides nonservice-connected disability benefits after 10 years of service and service-connected disability pensions with no minimum service requirement.

During the fiscal year ended June 30, 2008 the General laws were amended such that any member of the state police, other than the superintendent, who is hired on or after July 1, 2007 and who has served for twenty-five (25) years shall be entitled to a retirement allowance of 50% of the final salary. In addition, any member may serve up to a maximum of 30 years, and shall be allowed an additional amount equal to 3.0% for each completed year served after 25 years to a maximum retirement allowance not to exceed 65% of the final salary.

(4) JUDICIAL RETIREMENT BENEFITS TRUST (JRBT)

The Judicial Retirement Benefits Trust was established under Rhode Island General Laws 8-8.2-7; 8-3-16; 8-8-10.1; 28-30-18.1; and was placed under the management of the Retirement Board for the purpose of providing retirement allowances to Justices of the Traffic Tribunal, Supreme, Superior, Family, District and Workers Compensation courts. The plan covers all Judges appointed after December 31, 1989. Certain survivor benefits are also provided to judges who are plan members which is 50% of the benefit amount payable to the judicial member.

Judges appointed after December 31, 1989 but before July 2, 1997 are generally provided retirement benefits equal to 75% of the final salary at the time of retirement after 20 years of service, or 10 years of service and attainment of age 65. Judges retiring after 20 years of service after age 65 or 15 years of service after age 70 will receive full retirement benefits, which is the final salary at time of retirement.

For judges appointed subsequent to July 2, 1997, salary is the average highest three (3) consecutive years of compensation rather than final salary.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

1. Plan Descriptions (continued)

(b). Membership and Benefit Provisions

(4) JUDICIAL RETIREMENT BENEFITS TRUST (JRBT) (continued)

During the fiscal year ended June 30, 2008 the General Laws were amended for judges appointed on or after January 1, 2009. Judges with 20 years of service after age 65 or judges with 15 years of service after age 70 will receive 90% of the average of the highest three consecutive years of compensation. Judges appointed on or after January 1, 2009 with 10 years of service and age 65 or 20 years of service at any age are entitled to a reduced benefit of 70% of the average highest three consecutive years of compensation. Judges designating a survivor benefit with 20 years of service and age 65 or 15 years of service and age 70 would receive a reduced benefit equal to 80% of the average highest three consecutive years of compensation. Judges designating a survivor benefit with 10 years of service after age 65 or 20 years of service at any age would receive a reduced benefit equal to 60% of the average highest three consecutive years of compensation.

Rhode Island General Laws relating to judges benefits was amended during the fiscal year ended June 30, 2009 for judges appointed on or after July 1, 2009. Judges with 20 years of service after age 65 or with 15 years of service after age 70 will receive 80% of the average of the highest five consecutive years of compensation. Judges with 10 years of service and age 65 or 20 years of service at any age are entitled to a reduced benefit of 65% of the average highest five consecutive years of compensation.

All judicial plan members receive, beginning on the third January after the date of retirement, a cost-of-living increase amounting to 3% not compounded. This benefit is provided to Supreme, Superior, Family and District Court Judges, independent of actual changes in the consumer price index. Traffic Tribunal and Workers' Compensation Court Judges, on the third January after the date of retirement, receive a cost-of-living increase amounting to 3% compounded annually.

2. Summary of Significant Accounting Policies

These financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for defined benefit pension plans established by governmental entities. In accordance with GASB Statement No. 20, in the absence of specific guidance from a GASB pronouncement, pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 have been followed.

Basis of Accounting - The financial statements of the System are prepared on the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions are withheld from payroll. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Dividend income is recorded on the ex-dividend date.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

2. Summary of Significant Accounting Policies (continued)

Investment transactions are recorded on a trade date basis. Gains or losses on foreign currency exchange contracts are included in income consistent with changes in the underlying exchange rates.

Method Used to Value Investments - Investments are recorded in the financial statements at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller - that is, other than a forced liquidation sale.

Short-term investments are generally carried at cost which approximates fair value.

The fair value of fixed income securities and domestic and international equity securities is generally based on published market prices and quotations from national security exchanges and securities pricing services.

Commingled funds consist of institutional domestic equity index, international equity index, and real estate funds as well as a commingled fund which holds fixed income securities and domestic equity index futures with the objective of outperforming the S&P 500 index by 75 basis points. The fair value of the commingled funds is based on the reported net asset value (NAV) of the respective fund based upon the fair value of the underlying securities or assets held in the commingled fund.

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded.

The System also trades in foreign exchange contracts to manage exposure to foreign currency risks. Such contracts are used to purchase and sell foreign currency at a guaranteed future price. The change in the estimated fair value of these contracts, which reflects current foreign exchange rates, is included in the determination of the fair value of the System's investments.

Other investments that are not traded on a national security exchange (primarily private equity and real estate investments) are generally valued based on audited December 31 net asset values adjusted for (1) cash flows for the period January 1 to June 30 (which principally include additional investments and partnership distributions), and (2) significant changes in fair value as determined or estimated by the general partners as of June 30. The general partners estimate the fair value of the underlying investments held by the partnership periodically. Publicly traded investments held by the partnerships are valued based on quoted market prices. If not publicly traded, the fair value is determined by the general partner. Financial Accounting Standards Board Statement No. 157, Fair Value Measurements, requires private equity and real estate limited partnership general partners to value nonpublicly traded assets at current fair value, taking into consideration the financial performance of the issuer, cash flow analysis, recent sales prices, market comparable transactions, a new round of financing, a change in economic conditions, and other pertinent information. ERSRI management considers the fair values reported by the general partners at June 30 in addition to the audited net asset values at December 31 adjusted for cash flows for the period January 1 to June 30 in determining the fair value of private equity and real estate investments on the financial statements of ERSRI.

**EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND****Notes to Financial Statements
Fiscal Year Ended June 30, 2009****2. Summary of Significant Accounting Policies (continued)**

Private equity and real estate investments represented 9.5% and 4.1%, respectively of the total reported fair value of all ERSRI investments at June 30, 2009. Of the underlying holdings within private equity investments, approximately 6% were valued based on quoted market prices. The remaining underlying assets were valued generally following the objectives outlined above. Because these fair values were not determined based on quoted market prices, the fair values may differ from the values that would have been determined had a ready market for these investments existed.

Cash and Cash Equivalents - Cash represents cash held in trust in a financial institution. Cash equivalents are highly liquid investments with a maturity of three months or less at the time of purchase

Property and Equipment – These assets represent the Line of Business System and computer equipment recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives, ten and five years respectively. Depreciation of the Line of Business System commences as each stage is implemented. Property and equipment is allocated to each plan based on its proportionate share of net assets.

Memorandum Only - Total Columns - Total columns on the financial statements are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns are not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies. These estimates are subject to a certain amount of uncertainty in the near term, which could result in changes in the values reported for those assets in the statements of fiduciary net assets. Because of the inherent uncertainty in privately held securities, the fair value may differ from the values that would have been used if a ready market for such securities existed, and the difference can be material. Estimates also affect the reported amounts of income/additions and expenses/deductions during the reporting period. Actual results could differ from these estimates.

3. Cash Deposits and Investments**(a). Cash Deposits and Cash Equivalents**

At June 30, 2009, the carrying amounts of the plans' cash deposits are listed below:

	<u>ERS</u>	<u>MERS</u>	<u>SPRBT</u>	<u>JRBT</u>	<u>Total</u>
Cash Deposits:					
Book balance	\$ 2,437,330	\$ 804,681	\$ 63,182	\$ 37	\$ 3,305,230
Bank balance	\$ 2,528,097	\$ 857,604	\$ 63,182	\$ 37	\$ 3,448,920
Cash Equivalents:	\$ 6,946	\$ -	\$ -	\$ -	\$ 6,946
Total Cash Deposits and Cash Equivalents	\$ 2,444,276	\$ 804,681	\$ 63,182	\$ 37	\$ 3,312,176



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

3. Cash Deposits and Investments (continued)

(a). Cash Deposits and Cash Equivalents

The bank and book balances represent the plans' deposits in short-term trust accounts which include demand deposit accounts and interest-bearing, collateralized bank deposit accounts. Of the bank balance, the entire amount is covered by federal depository insurance and \$2,757,377 is also fully collateralized. The collateralized time deposits are collateralized at a minimum of 102%. Cash equivalent type investments consist of money market mutual funds totaling \$6,946. The money market mutual fund (Federated Government Obligations Fund – Institutional Shares) is invested in a portfolio of shortterm U.S. Treasury and government agency securities, including repurchase agreements collateralized fully by U.S. Treasury and government agency securities. The fund was rated AAAM by Standard & Poors and had an average maturity of 47 days at June 30, 2009.

In accordance with Rhode Island General Law Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State shall, at a minimum, insure or pledge eligible collateral equal to one hundred percent of time deposits with maturities greater than sixty days. Any of these institutions that do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent of deposits, regardless of maturity. None of the System's deposits were required to be collateralized at June 30, 2009.

(b). Investments

The State Investment Commission oversees all investments made by the State of Rhode Island, including those made for the System. Investment managers engaged by the Commission, at their discretion and in accordance with the investment objectives and guidelines for the System, make certain investments. The General Treasurer makes certain short-term investments on a daily basis. Rhode Island General Law Section 35-10-11 (b)(3) requires that all investments shall be made in securities as would be acquired by prudent persons of discretion and intelligence who are seeking a reasonable income and the preservation of capital.

On July 1, 1992, the State Investment Commission pooled the assets of the ERS with the assets of the MERS for investment purposes only, and assigned units to the plans based on their respective share of market value. On September 29, 1994 and November 1, 1995, the assets of the SPRBT and the JRBT, respectively, were added to the pool for investment purposes only. The custodian bank holds most assets of the System in two pooled trusts, Short-term Investment Trust and Pooled Trust. Each plan holds units in the trusts. The number of units held by each plan is a function of each plans' respective contributions to, or withdrawals from, the trust.

Investment expense is allocated to each plan based on the plan's units in the Short-term Investment Trust and the Pooled Trust at the end of each month.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

3. Cash Deposits and Investments (continued)

(b). Investments

The following table presents the fair value of investments by type at June 30, 2009:

<u>Investment Type</u>	<u>Fair Value</u>
Cash Deposits	\$ 14,700,000
Money Market Mutual Fund	262,262,914
Foreign Currencies	1,092,867
US Government Securities	410,779,924
US Government Agency Securities	542,090,140
Collateralized Mortgage Obligations	13,276,741
Corporate Bonds	497,644,278
Domestic Equity Securities	114,613,736
International Equity Securities	21,622,336
Commingled Funds - Domestic Equity	2,241,401,663
Commingled Funds - International Equity	1,084,259,535
Private Equity	571,147,274
Real Estate	
Limited Partnerships	123,659,505
Commingled Funds	100,327,929
Real Estate Investment Trusts	20,235,792
	<u>\$ 6,019,114,634</u>
Net investment receivable (payable)	<u>(35,447,775)</u>
Total Investments at Fair Value	<u>\$ 5,983,666,859</u>

Consistent with an target asset allocation model adopted by the State Investment Commission, the System directs its investment managers to maintain well diversified portfolios by sector, credit rating and issuer using the prudent person standard, which is the standard of care employed solely in the interest of the participants and beneficiaries of the funds and for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of administering the funds.

Specific manager performance objectives are outlined, generally stated in relation to a benchmark or relevant index. These guidelines also include prohibited investments, limitations on maximum exposure to a single industry or single issuer, a minimum number of holdings within the manager's portfolio and, for fixed income managers, minimum credit quality ratings and duration/maturity targets.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

3. Cash Deposits and Investments (continued)

(c). Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of a debt security's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The System manages its exposure to interest rate risk by comparing each fixed income manager portfolio's effective duration against a predetermined benchmark index based on that manager's mandate. The fixed income indices currently used by the System are:

- Citigroup Broad Investment Grade Bond Index
- Barclays MBS Index
- Barclays Credit Index
- Credit Suisse First Boston Global Hi Yield Index
- Barclays US Tips Index

At June 30, 2009, no fixed income manager was outside of the policy guidelines.

The following table shows the System's fixed income investments by type, fair value and the effective duration at June 30, 2009:

Investment Type:	Fair Value (in thousands)	Effective Duration
US Government Securities	\$ 410,780	5.78
US Government Agency Securities	542,090	2.71
Collateralized Mortgage Obligations	13,277	1.87
Corporate Bonds	497,644	5.73
Total Fixed Income	<u>\$ 1,463,791</u>	4.60

The System also invested in a short-term money market mutual fund (State Street Bank Institutional Liquid Reserves) that held investments with an average maturity of 55 days.

The System invests in various mortgage-backed securities, such as collateralized mortgage obligations (CMO), interest-only and principal-only (PO) strips. They are reported in U.S. Government Agency Securities and Collateralized Mortgage Obligations in the table above. CMO's are bonds that are collateralized by whole loan mortgages, mortgage passthrough securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with the CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly sensitive to interest rate fluctuations. The System may invest in interest-only (IO) and principal-only strips (PO) in part to hedge against a rise in interest rates. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees,



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

3. Cash Deposits and Investments (continued)

(c). Interest Rate Risk

which may result from a decline in interest rates. Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments.

(d). Credit Risk

The System manages exposure to credit risk generally by instructing fixed income managers to adhere to an overall target weighted average credit quality for the portfolio and by establishing limits on the percentage of the portfolio that is invested in noninvestment grade securities.

The System's exposure to credit risk as of June 30, 2009 is as follows:

Rating (1)	Collateralized Mortgage Obligations	US Government Agency Obligations	Corporate Bonds
Aaa	\$ 7,659,329	\$542,090,140	\$ 51,693,134
Aa	511,040		19,009,049
A	673,462		139,397,723
Baa	2,879,617		164,589,577
Ba	712,740		48,811,663
B	62,725		48,738,442
Caa			9,341,358
Ca			2,751,978
C			879,863
D			1,248,240
Not Rated	<u>777,828</u>		<u>11,183,251</u>
Fair Value	<u>\$ 13,276,741</u>	<u>\$542,090,140</u>	<u>\$ 497,644,278</u>

(1) Moody's Investors Service

The System's investment in a short-term money market mutual fund (State Street Bank Institutional Liquid Reserves) was rated AAAM by Standard & Poors Investors Service.

(e). Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a System's investments in a single issuer. There is no single issuer exposure within the System's portfolio that comprises 5% of the overall portfolio.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

3. Cash Deposits and Investments (continued)

(f). Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2009 all securities were registered in the name of the System (or in the nominee name of its custodial agent) and were held in the possession of the System's custodial bank, State Street Bank and Trust.

(g). Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. Portfolios are diversified to limit foreign currency and security risk and the System's investment asset allocation policy targets non-US equity investments at 20%. The System may enter into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on foreign investments. The System's exposure to foreign currency risk at June 30, 2009, was as follows: The System's exposure to foreign currency risk at June 30, 2008, was as follows:

Currency	Cash	Equities	Private Equity	Total
Canadian Dollar	\$ 5,492	\$ 733,383	\$ 14,080,448	\$ 14,819,323
Euro Currency	7	3,945	75,793,350	75,797,302
Hong Kong Dollar	41,690	13,759,835	-	13,801,525
Indonesian Rupiah	-	460,495	-	460,495
Japanese Yen	1,044,873	5,721,117	-	6,765,990
Pound Sterling	-	943,560	-	943,560
South Korean Won	805	-	543,268	544,073
Total	\$ 1,092,867	\$ 21,622,335	\$ 90,417,066	\$ 113,132,268

The System also had exposure to foreign currency risk though its investment in international equity commingled funds which totaled \$1,084,259,535.

(h). Derivatives and Other Similar Investments

Certain of the System's investment managers are allowed to invest in derivative type transactions consistent with the terms and limitations governing their investment objective and related contract specifications. Derivatives and other similar investments are financial contracts whose value depends on one or more underlying assets, reference rates, or financial indexes.

The System's derivative investments include forward foreign currency transactions, futures contracts, options, securities purchased prior to issuance, and short sales. The System enters into these transactions to enhance performance, rebalance the portfolio consistent with overall asset allocation targets, gain exposure to a specific market, or mitigate specific risks. According to investment policy guidelines, derivative type instruments may be used for hedging purposes and not for leveraging plan assets.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

3. Cash Deposits and Investments (continued)

(h). Derivatives and Other Similar Investments (continued)

Forward foreign currency contracts – The System enters into foreign currency exchange contracts to minimize the short-term impact of foreign currency fluctuations on foreign investments. A currency forward is a contractual agreement to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. These contracts involve risk in excess of the amount reflected in the System's Statements of Fiduciary Net Assets. The face or contract amount in U.S. dollars reflects the total exposure the System has in that particular currency contract. The U.S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service. Losses may arise due to changes in the value of the foreign currency or if the counterparty does not perform under the contract.

Futures contracts – The System uses futures to manage its exposure to the domestic and international equity, money market, and bond markets and the fluctuations in interest rates and currency values. Futures are also used to obtain target market exposures in a cost effective manner and to narrow the gap between the System's actual physical exposures and the target policy exposures. Using futures contracts in this fashion is designed to reduce (or hedge) the risk of the actual plan portfolio deviating from the policy portfolio more efficiently than by using physical securities. The program is only used to manage intended exposures and asset allocation rebalancing.

Buying futures tends to increase the System's exposure to the underlying instrument. Selling futures tends to decrease the System's exposure to the underlying instrument, or hedge other System investments. Losses may arise from changes in the value of the underlying instruments and if there is an illiquid secondary market for the contracts.

Through commingled funds, the System also indirectly holds derivative type instruments, primarily equity index futures. Other derivative type instruments held by the commingled funds include purchased or written options, foreign currency exchange contracts, interest rate swaps, credit default swaps and government bond futures.

The System invests in mortgage-backed securities, which are included in the categories described as collateralized mortgage obligations and U.S. Government Agency Securities in Note 3(b). These securities are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which are likely in declining interest rate environments, thereby reducing the value of these securities. Additional information regarding interest rate risks for these investments is included in Note 3(c) *Interest Rate Risk*.

Mortgage backed securities of U.S. Government Agencies are also bought and sold in the "to be announced" or TBA market, which performs as a forward or delayed delivery market. The System will enter into a forward contract to buy (or sell) mortgage backed securities in the TBA market, promising to purchase (or deliver) mortgage backed securities on a settlement date sometime in the future. The actual security that will be dealt to fulfill a TBA trade is not designated at the time the trade is originated.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

3. Cash Deposits and Investments (continued)

(h). Derivatives and Other Similar Investments (continued)

The System may sell a security in anticipation of a decline in the fair value of that security or to lessen the portfolio allocation of an asset class. Short sales may increase the risk of loss to the System when the price of a security underlying the short sale increases and the System is obligated to deliver the security in order to cover the position.

The following summarize the System's exposure to specific derivative investments at June 30, 2009.

Fixed Income Futures

Contract	2009 Expiration	Position	Close Price (local)	Quantity	Multiplier	Notional (Base)
U.S. 2-year Treasury Notes	September	Short	\$108.109375	48	2,000	(\$ 10,378,500)
U.S. 10-year Treasury Notes	September	Short	116.265625	31	1,000	(3,604,234)
U.S. 30-year Treasury Bonds	September	Short	118.359375	25	1,000	(2,958,984)
U.S. 5-year Treasury Notes	September	Short	114.71875	48	1,000	(5,506,500)
						(\$ 22,448,218)

International Equity Index Futures

Contract	2009 Expiration	Close Price (local)	Position	Quantity	Multiplier	FX Rate	Notional (Base)
CAC 40	July	\$3,136.00	Long	120	10	1.40265	\$ 5,278,452
DAX	September	4,819.50	Long	23	25	1.40265	3,887,041
DJ EURO STOXX	September	2,398.00	Long	422	10	1.40265	14,194,201
FTSE 100	September	4,218.00	Long	188	10	1.64685	13,059,257
HANG SENG	July	18,420.00	Long	16	50	0.12903	1,901,407
IBEX 35	July	9,717.00	Long	15	10	1.40265	2,044,433
FTSE MIB	September	19,088.00	Long	14	5	1.40265	1,874,165
TOPIX	September	924.5	Long	156	10,000	0.01036	14,947,601
S&P TSE 60	September	627.1	Long	60	200	0.86107	6,479,700
ASX SPI 200	September	3,901.00	Long	57	25	0.80845	4,494,113
							\$ 68,160,370

US Equity Index Futures

Contract	2009 Expiration	Close Price (local)	Position	Quantity	Multiplier	Notional (Base)
Russell 2000 Mini Index	September	507.2	Short	1	100	(\$ 50,720)
S&P 500 Index	September	915.5	Short	7	250	(1,602,125)
						(\$ 1,652,845)



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

3. Cash Deposits and Investments (continued)

(h). Derivatives and Other Similar Investments (continued)

Foreign Currency Forward Contracts

Pending receivable	\$ 200,775,743
Pending payable	(200,947,757)
Foreign currency forward contract asset (liability)	<u>\$ (172,014)</u>

The notional values associated with these derivative instruments are generally not recorded on the financial statements; however, amounts for the exposure (unrealized gains/losses) on these instruments are recorded. The aggregate gain (loss) of all index futures at June 30, 2009 is (\$71,695) which is reflected within the Statements of Changes in Fiduciary Net Assets at June 30, 2009. The aggregate gain (loss) on pending foreign currency forward contracts is (\$172,014) which is also included in the Statements of Changes in Fiduciary Net Assets at June 30, 2009.

(i). Securities Lending

Policies of the State Investment Commission permit the System to enter into securities lending transactions. During fiscal 2009, the System had contracted with State Street Bank & Trust Company (SSB), as third party securities lending agent, to lend the System's debt and equity securities for cash, securities and sovereign debt of foreign countries as collateral at not less than 100% of the market value of the domestic securities on loan and at not less than 100% of the market value of the international securities on loan. Effective March 2009, the State Investment Commission withdrew participation in the securities lending program. At June 30, 2009 one security remained on loan with a fair value of \$4,162. Collateral received for the security on loan was \$16,650 (fair value). At June 30, 2009, no other directly held System securities were on loan.

While participating in the securities lending program, securities on loan were collateralized at 102%. There were no restrictions on the amount of loans that could be made. The contract with the lending agent required them to indemnify the System if the borrowers failed to return the securities. Either the System or the borrower could terminate all securities loans on demand. The cash collateral received on security loans was invested in the lending agent's short-term investment pool. The System was not permitted to pledge or sell collateral securities received unless the borrower defaulted. There were no losses during the fiscal year resulting from default of the borrowers or lending agent.

At June 30, 2009, the System had indirect exposure to securities lending activity through participation in a commingled fund. The commingled fund participates in a securities lending program administered by a related party of the manager of the commingled fund. During fiscal 2009, the commingled fund manager imposed



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

3. Cash Deposits and Investments (continued)

(i). Securities Lending (continued)

withdrawal restrictions from the commingled fund due to market conditions which adversely impacted its securities lending collateral pool. The restrictions generally limit withdrawals from the lending fund to no more than 4% of the participant balance per month. The State Investment Commission has authorized withdrawals from the lending commingled fund to be reinvested in a similar non-lending commingled fund consistent with the limitations imposed by the commingled fund manager. The System's investment at June 30, 2009 in the commingled fund which participates in securities lending activity was \$983,621,923.

4. Property and Equipment

Property and equipment consist of the line of business system and computer equipment at historical cost. Balances at June 30, 2009 were:

	ERS	MERS	SPRBT	JRBT	Total
Line of Business System	\$ 15,544,862	\$ 2,287,990	\$ 38,780	\$ 24,973	\$ 17,896,605
Equipment	\$ 160,074	\$ 25,213	\$ 842	\$ 550	\$ 186,679
Property and Equipment	\$ 15,704,936	\$ 2,313,203	\$ 39,622	\$ 25,523	\$ 18,083,284
Accumulated Depreciation	(10,585,799)	(1,557,755)	(26,076)	(16,803)	(12,186,433)
Net Property and Equipment	\$ 5,119,137	\$ 755,448	\$ 13,546	\$ 8,720	\$ 5,896,851

5. Contributions

Contribution requirements for plan members and employers are established pursuant to Rhode Island General Laws. Employers are required to contribute at an actuarially determined rate. Plan member contributions are fixed by statute.

(a). Funding Policy

The funding policies, as set forth in Rhode Island General Law, Section 36-10-2 and 45- 21-42 provide for actuarially determined periodic contributions to the plans. The actuarial valuation uses the Entry Age Normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial liability. The valuation is prepared on the projected benefit basis, under which the present value, at the assumed rate of return (currently 8.25 percent), of each participant's expected benefit payable at retirement or death is determined, based on age, service, gender and compensation.

The employer contributions required to support the benefits of the Plan are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution. The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made to determine the average uniform and constant percentage rate of employer contribution which, if applied to the compensation of each new participant during the entire period of his anticipated covered service, would



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

Notes to Financial Statements

Fiscal Year Ended June 30, 2009

5. Contributions (continued)

(a). Funding Policy (continued)

be required in addition to the contributions of the participant to meet the cost of all benefits payable on his behalf. The unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability and amortizing the result over a period not to exceed 30 years from June 30, 1999.

Effective July 1, 2005, the law as amended requires, in addition to the contributions provided for by the funding policy, commencing in fiscal year 2006, and each year thereafter, for each fiscal year in which the actuarially determined state contribution rate for state employees and teachers is lower than that for the prior fiscal year, the governor shall include an appropriation to that system equivalent to twenty percent (20%) of the rate reduction to be applied to the actuarial accrued liability. The amounts to be appropriated shall be included in the annual appropriation bill and shall be paid by the general treasurer into the retirement system. The retirement system's actuary shall not adjust the computation of the annual required contribution for the year in which supplemental contributions are received; such contributions once made may be treated as reducing the actuarial liability remaining for amortization in the next following actuarial valuation to be performed.

(b). Contribution rates

Employer contribution rates for fiscal 2009 (for state employees, teachers, and judges) were developed based on an actuarial valuation performed as of June 30, 2008. Employer contribution rates for MERS were developed based on an actuarial valuation performed as of June 30, 2006 and for SPRBT based on a valuation as of June 30, 2006 (restated). The table below displays the contribution rates for the year ended June 30, 2009:

Plan	Employee	Employer
ERS		
State Employees	8.75%	21.64%*
Teachers	9.50%	
<i>Municipal funded</i>		11.89% (11.23% for towns not participating in the 1990 early retirement incentive)*
<i>State funded</i>		8.18% (7.75% for towns not participating in the 1990 early retirement incentive)*
MERS		
General Employees	6.00% (additional 1% with a cost-of-living adjustment)	67 Municipalities, housing authorities, water and sewer districts contributed various actuarially determined rates.
Public Safety	7.00% (additional 1% with a cost-of-living adjustment and /or 1% with a 20 year service plan), Cranston Police and Cranston Fire are contributing 10% due to special plan provisions	43 Municipal police and fire departments contributed various actuarially determined rates.
SPRBT	8.75%	26.03%
JRBT	8.75%	24.06%*
* Based on the June 30, 2008 actuarial valuation reflecting H5983Aaa, Article 7 Substitute A as amended enacted on June 30, 2009.		



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

5. Contributions (continued)

(c). Funded Status and Funding Progress

The table below displays the funded status of each plan at June 30, 2008, the most recent actuarial valuation date:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
ERS						
<i>State Employees</i>	\$ 2,700,368,568	\$ 4,371,829,709	\$ 1,671,461,141	61.8%	\$ 587,500,000	284.5%
<i>Teachers</i>	\$ 4,044,954,378	\$ 6,705,498,005	\$ 2,660,543,627	60.3%	\$ 985,898,174	269.9%
MERS	\$ 1,174,567,205	\$ 1,266,286,829	\$ 91,719,624	92.8%	\$ 304,952,020	30.1%
SPRBT	\$ 54,927,390	\$ 69,029,513	\$ 14,102,123	79.6%	\$ 16,698,764	84.5%
JRBT	\$ 34,670,394	\$ 42,455,456	\$ 7,785,062	81.7%	\$ 6,601,889	117.9%

The schedules of funding progress, presented as required supplementary information (RSI), present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liabilities (AAL) for benefits. Additional information as of the June 30, 2008 actuarial valuations:

	ERS		MERS	SPRBT	JRBT
	<i>State Employees</i>	<i>Teachers</i>			
Valuation Date	6/30/08	6/30/08	6/30/08	6/30/08	6/30/08
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	21 years	21 years	21 Years	21 years	21 years
Asset Valuation Method	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market



**EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009**

5. Contributions (continued)

(c). Funded Status and Funding Progress (continued)

	ERS		MERS	SPRBT	JRBT
	State Employees	Teachers			
Actuarial Assumptions					
Investment Rate of Return	8.25%	8.25%	8.25%	8.25%	8.25%
Projected Salary Increases	4.50% to 9.00%	4.50% to 13.25%	<u>General Employees</u> 4.50% to 8.50% <u>Police & Fire Employees</u> 4.75% to 14.75%	4.50% to 12.50%	4.50%
Inflation	3.00%	3.00%	3.00%	3.00%	3.00%
Cost of Living Adjustments	Schedule A – ▪ members eligible at 9/30/09 - 3.0% compounded ▪ members not eligible at 9/30/09 - 2.5% ¹ compounded Schedule B members – 2.5% ¹ compounded	Schedule A – ▪ members eligible at 9/30/09 - 3.0% compounded ▪ members not eligible at 9/30/09 - 2.5% ¹ compounded Schedule B members – 2.5% ¹ compounded	3.0% Non-compounded with a few exceptions	\$1,500 per annum	3.0% (see Note 1(b)(4)) to the financial statements

Schedule A - ERS members are those with 10 years or more of contributory service on or before July 1, 2005.

Schedule B - ERS members are those with less than 10 years of contributory service on or before July 1, 2005. The plan provisions for Schedule A and B members are described in Note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

Note 1 – Cost of Living Adjustments (COLA) are based on the actual Consumer Price Index or 3%, whichever is lower. For actuarial purposes, the actuary assumes a 2.5% COLA increase.

6. Administrative Expenses

Pursuant to General Law section 36-8-10.1, administrative costs of the System are financed through investment earnings up to a maximum of .175% of the average total investments before lending activities as reported in the annual report of the Auditor General for the next preceding five (5) fiscal years. Such amounts are transferred to a restricted receipt account within the State's general fund. Any unencumbered funds on June 30 of any fiscal year are credited to the plans in the same proportion as their contributions to the restricted receipt account.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

7. Commitments

The State Investment Commission has committed to fund certain private equity and real estate investment managers at a predetermined subscription amount. Outstanding unfunded investment commitments at June 30, 2009 totaled \$405 million. These commitments will be funded through cash available within the pooled investment trust generated through investment income and/or liquidation of other investments.

The System's investments include a commingled fund that has imposed withdrawal limitations effective March 2009 due to market conditions which have adversely impacted its securities lending collateral pool. Withdrawals are generally limited to 4% per month. The State Investment Commission has authorized withdrawals from the commingled fund consistent with these limitations and has reinvested the proceeds in another commingled fund with similar investment objectives but without securities lending participation. The System's management believes these withdrawal limitations will have no impact on their ability to fund monthly pension benefits.

8. Postemployment Healthcare Plan

(a). Plan Description

The System participates in a State administered defined benefit post-employment health care plan known as the Rhode Island Retiree Health Care Benefit Plan (RIRHCBP). The RIRHCBP is an agent multiple employer plan.

The RIRHCBP is reported in an internal service fund of the State using the accrual basis of accounting. The fund reports all employer and retiree (plan member) contributions to the plan. Contributions are recognized when made. Benefits (health care claims) and refunds are recognized when due and payable in accordance with the terms of the plan. A liability for incurred but not reported claims is determined based on past claims payment trends and is included in the State's financial statements. Working premium rates are determined by the State each fiscal year after consultation with an employee benefits consultant and are designed to fund current claims incurred during the fiscal year as well as the costs of administering the plan. For the year ended June 30, 2009, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to RIRHCBP members. The RIRHCBP does not issue a stand-alone financial report.

(b). Funding Policy

RIGL Sections 36-10-2, 36-12.1, 36-12.2.2 and 36-12-4 govern the provisions of the RIRHCBP. The contribution requirements of plan members, the State and other participating employers are established and may be amended by the General Assembly.

For anyone who retired on or before September 30, 2008, the State provides two types of subsidies for health care benefits. The Tier I subsidy applies to non-Medicare eligible retirees and provides that the State will pay the portion of the cost of post-retirement health care for the retiree and any dependents above the active group rate. The retiree pays the active monthly rate and the State pays the difference between the active group rate and the early retiree rate. This subsidy is not based on years of service and ends at age 65. In addition to the Tier I benefits, the State pays a portion of the cost of postretirement health care above the Tier I costs for



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

8. Postemployment Healthcare Plan (continued)**(b). Funding Policy (continued)**

certain retirees meeting eligibility requirements based upon the age and service of the retiree, which is referred to as the Tier II benefit.

For those who retired on or before September 30, 2008, the fiscal 2009 contributions are as follows:

Retiree Age	Years of Service	Amount of Cost Paid by Retiree
Below 60: (1)	28-34	10%
	35+	0%
Retiree Age from 60 to 65: (2)	10 – 15	50%
	16 – 22	30%
	23 – 27	20%
	28+	0%
Retiree Age Greater than 65: (3)	10 – 15	50%
	16 – 19	30%
	20 – 27	10%
	28+	0%

1) The monthly premium rate was \$789.76 for fiscal year 2009 for the individual plan. The retiree's cost is then calculated based on a maximum of \$481.28 (the active plan rate).

(2) The monthly premium rates are the same as indicated above for the Retiree Age Below 60 category.

(3) The monthly premium rate for the Medicare Supplemental plan is \$201.16 for the individual plan, and the monthly premium for the Medicare HMO plan was \$107 for the first six months of fiscal year 2009 and \$115 thereafter. Retirees can choose between the two plans. The retiree's cost is then calculated based on their years-of-service subsidy above.

For anyone who retired on or after October 1, 2008, age 59 through 64, with a minimum of 20 years of service, the State will pay 80% of the actual cost of health care coverage. The State contributed \$631.81 per month for these retirees during fiscal 2009. For eligible retirees ages 65 or older, the State pays 80% of the cost of the Medicare supplement products as described in note (3) above.

(c). Annual OPEB Cost and Net OPEB Obligation

As required by GASB Statement 45, the System recognized an expense equal to; a.) the annual required contribution of the employer (ARC), which was actuarially determined to be 6.01% of covered payroll for all State employees for fiscal year 2009, plus b.) interest on the net OPEB obligation at the beginning of the fiscal year, and less c.) the ARC adjustment (discounted present value of the OPEB liability at the beginning of the fiscal year). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

8. Postemployment Healthcare Plan (continued)

(c). Annual OPEB Cost and Net OPEB Obligation (continued)

exceed thirty years. The ARC for fiscal 2009 was determined based on an actuarial valuation performed as of June 30, 2005. This actuarial valuation determined a single ARC percentage, 6.01%, for all participants of the plan and did not determine specific employer ARCs for the participating component unit employers. For fiscal year 2009, the ARC, based on the System's covered payroll of \$2,558,624 totaled \$153,773. The System actually contributed \$141,866, which was 5.62% of annual covered payroll for fiscal 2009. The System's annual OPEB cost and the net OPEB obligation for fiscal 2009, were as follows:

Annual required contribution (ARC)	\$ 153,773
Plus: Interest on net OPEB obligation at beginning of year	1,896
Less: Adjustment to ARC	<u>(1,792)</u>
Annual OPEB cost	\$ 153,877
Contributions made	<u>(141,866)</u>
Increase in OPEB obligation	12,011
Net OPEB obligation at beginning of year	<u>53,172</u>
Net OPEB obligation at end of year	<u>\$ 65,183</u>

The System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and 2008 (first year of GASB 45 implementation) was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	\$152,173	65.0%	\$53,172
June 30, 2009	\$153,877	92.2 %	\$65,183

(d). Funded Status and Funding Progress

The State has obtained an actuarial valuation for the RIRHCBP, which determined the collective Actuarial Accrued Liabilities (AAL) and Unfunded Actuarial Accrued Liabilities for all State employees participating in the plan and separate liability amounts for each discretely presented component unit with employees participating in the plan. The liabilities relating to the System's employees, as part of the primary government, are included in the collective amounts reported for all State employees. The AAL and UAAL for the RIRHCBP will be reported in the State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future

**EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND****Notes to Financial Statements
Fiscal Year Ended June 30, 2009****8. Postemployment Healthcare Plan (continued)****(d). Funded Status and Funding Progress (continued)**

employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for RIRHCBP shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This schedule will be included in the State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009.

(e). Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation. The actuarial assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The most recent actuarial valuation was performed as of June 30, 2007. The Unfunded Actuarial Accrued Liability (UAAL) was amortized by a level (principal and interest combined) percent of payroll contribution for each component unit employer. The UAAL was determined using the actuarial value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL is being amortized over the remainder of a closed 30-year (or shorter) period from June 30, 2006.

Plan changes effective for employees retiring after October 1, 2008 have been reflected in the actuarial valuations performed as of June 30, 2007 and June 30, 2005.

The individual entry-age actuarial cost method is used to determine the annual required contribution amounts and the annual net OPEB obligation. The actuarial assumptions include a 3.566% discount rate based upon the average rate of return during the 10 years ended June 30, 2008 for short term investments of the State's General Fund; an annual healthcare cost trend rate of 12% progressively declining to 4.50% after 10 years for the 2005 valuation; and a salary growth rate ranging from 8.25% in the first year to 4.75% in year 15 and beyond for the 2005 valuation. In the June 30, 2007 valuation, the health care cost trend assumption was changed to a rate of 10% progressively declining to 4.50% after 8 years and the salary growth assumption was changed to a rate of 9.00% in the first year of service to 4.50% in year 15 and beyond. Other changes in assumptions between the 2005 and 2007 valuations include changes in the assumed rates of termination, rates of retirement, percent married, and retiree health care election rates. These changes in assumptions were based on the experience study for the Employees' Retirement System of Rhode Island as well as anticipated experience changes in conjunction with the adopted plan changes.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Financial Statements
Fiscal Year Ended June 30, 2009

9. Subsequent Events

The System has requested an appropriation in the amount of \$1,470,107 from the State of Rhode Island pursuant to Rhode Island General Law sections 36-10-2 (e) and (f). In essence, these sections of the General Laws provide for a supplemental contribution to the ERS plan if the actuarially determined state contribution rate for state employees or teachers is lower than that for the prior fiscal year. It requires that the Governor shall include an appropriation to the ERS plan equivalent to 20% of the rate reduction to be applied to the actuarial accrued liability. No appropriation has been made by the General Assembly as of the date of these statements. The State's management contends that the reduction in the employer contribution rate for teachers (State share) resulted from pension reform (as described in Note 1) and therefore does not meet the intent of the aforementioned sections of the General Laws. The Governor intends to submit legislation amending these sections of the General Laws to require no appropriation in this specific circumstance. No amount has been accrued in the financial statements at June 30, 2009 for this additional contribution.



EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND
REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
ERS (State Employees)						
6/30/2008 **	\$ 2,700,368,568	\$ 4,371,829,709	\$ 1,671,461,141	61.8%	\$ 587,500,000	284.5%
6/30/2007	2,493,428,522	4,332,888,818	1,839,460,296	57.5%	660,044,273	278.7%
6/30/2006	2,256,979,077	4,131,157,601	1,874,178,524	54.6%	644,980,127	290.6%
6/30/2005	2,163,391,323	3,843,518,875	1,680,127,552	56.3%	606,474,789	277.0%
6/30/2004	2,202,900,345	3,694,787,818	1,491,887,473	59.6%	606,087,585	246.2%
6/30/2003 ±	2,267,673,016	3,517,352,031	1,249,679,015	64.5%	606,102,182	206.2%
ERS (Teachers)						
6/30/2008 **	\$ 4,044,954,378	\$ 6,705,498,005	\$ 2,660,543,627	60.3%	\$ 985,898,174	269.9%
6/30/2007	3,737,981,686	6,750,125,236	3,012,143,550	55.4%	959,372,837	314.0%
6/30/2006	3,394,086,565	6,444,693,666	3,050,607,101	52.7%	914,985,746	333.4%
6/30/2005	3,280,977,321	5,919,156,211	2,638,178,890	55.4%	898,051,154	293.8%
6/30/2004	3,340,527,073	5,634,195,435	2,293,668,362	59.3%	866,532,598	264.7%
6/30/2003 ±	3,427,685,554	5,341,627,416	1,913,941,862	64.2%	834,642,391	229.3%
SPRBT						
6/30/2008	\$ 54,927,390	\$ 69,029,513	\$ 14,102,123	79.6%	\$ 16,698,764	84.5%
6/30/2007 *	45,996,910	60,427,947	14,431,037	76.1%	15,836,354	91.1%
6/30/2006	36,314,689	42,216,142	5,901,453	86.0%	13,474,588	43.8%
6/30/2005	29,616,896	37,510,992	7,894,096	79.0%	13,225,400	59.7%
6/30/2004	24,767,014	32,689,173	7,922,160	75.8%	11,421,880	69.4%
6/30/2003	20,966,294	28,443,717	7,477,423	73.7%	11,286,365	66.3%
JRBT						
6/30/2008 **	\$ 34,670,394	\$ 42,455,456	\$ 7,785,062	81.7%	\$ 6,601,889	117.9%
6/30/2007 *	29,630,637	35,355,326	5,724,689	83.8%	6,451,666	88.7%
6/30/2006	23,873,009	27,504,102	3,631,093	86.8%	6,313,069	57.5%
6/30/2005	19,347,372	22,250,728	2,903,356	87.0%	5,684,585	51.1%
6/30/2004	16,019,053	21,845,744	5,826,691	73.3%	5,637,865	103.3%
6/30/2003	13,270,977	18,435,395	5,164,418	72.0%	5,303,153	97.4%
MERS						
6/30/2008	\$ 1,174,567,205	\$ 1,266,286,829	\$ 91,719,624	92.8%	\$ 304,952,020	30.1%
6/30/2007	1,064,615,664	\$ 1,179,233,489	114,617,825	90.3%	298,234,571	38.4%
6/30/2006	945,876,282	1,085,648,196	139,771,914	87.1%	281,291,831	49.7%
6/30/2005	886,964,787	1,017,254,365	130,289,578	87.2%	265,123,725	49.1%
6/30/2004	879,449,653	943,536,048	64,086,395	93.2%	258,985,220	24.7%
6/30/2003	885,842,533	879,589,065	(6,253,468)	100.7%	241,201,031	(2.6)%

± Restated June 30, 2003 actuarial valuation after adopting Article 7, Substitute A as Amended

* Restated June 30, 2007 actuarial valuation after 2008 amendment to General Laws

** Reflects adoption of H5983Aaa, Article 7, Substitute A as amended enacted on June 30, 2009

See notes to required supplementary information.



EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND
REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Contributions From the Employers
And Other Contributing Entity

ERS							
Fiscal	State Employees		Teachers (State)		Teachers (Employers)		
Year Ended	Annual Required	Percentage	Annual Required	Percentage	Annual Required	Percentage	
June 30	Contribution	Contributed	Contribution	Contributed	Contribution	Contributed	
2009	* \$ 126,297,706	100%	\$ 73,600,069	100%	\$ 115,234,100	100%	
2008	131,560,248	100%	82,455,777	100%	122,906,860	100%	
2007	118,300,522	100%	70,531,472	100%	109,415,227	100%	
2006	91,254,063	100%	54,537,733	100%	83,794,372	100%	
2005	66,087,984	100%	48,834,755	100%	73,006,173	100%	
2004	55,699,588	100%	45,039,279	100%	70,666,221	100%	
MERS							
Fiscal	Annual Required	Percentage					
Year Ended	Contribution	Contributed					
June 30							
2009	\$ 33,514,681	100%					
2008	33,415,530	100%					
2007	26,697,326	100%					
2006	20,127,099	100%					
2005	13,081,956	100%					
2004	9,406,147	100%					
SPRBT							
Fiscal	Annual Required	Percentage					
Year Ended	Contribution	Contributed					
June 30							
2009	\$ 3,340,746	100%					
2008	3,720,281	100%					
2007	4,038,828	100%					
2006	3,174,903	100%					
2005	2,614,503	100%					
2004	2,224,191	100%					
JRBT							
Fiscal	Annual Required	Percentage					
Year Ended	Contribution	Contributed					
June 30							
2009	* \$ 1,700,174	100%					
2008	2,127,643	100%					
2007	2,362,671	100%					
2006	2,291,665	100%					
2005	2,056,558	100%					
2004	1,830,204	100%					

* Reflects adoption of H5983Aaa, Article 7, Substitue A as amended enacted on June 30, 2009
 See notes to required supplementary information.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2009

Employees' Retirement System

1. Actuarial Assumptions and Methods

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation, June 30, 2008, follows.

	ERS		MERS	SPRBT	JRBT
	State Employees	Teachers			
Valuation Date	6/30/08	6/30/08	6/30/08	6/30/08	6/30/08
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	21 years	21years	21 Years	21 years	21 years
Asset Valuation Method	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market
Actuarial Assumptions					
Investment Rate of Return	8.25%	8.25%	8.25%	8.25%	8.25%
Projected Salary Increases	4.50% to 9.00%	4.50% to 13.25%	<u>General Employees</u> 4.50% to 8.50% <u>Police & Fire Employees</u> 4.75% to 14.75%	4.50% to 12.50%	4.50%
Inflation	3.00%	3.00%	3.00%	3.00%	3.00%
Cost of Living Adjustments	Schedule A – ▪ members eligible at 9/30/09 - 3.0% compounded ▪ members not eligible at 9/30/09 - 2.5% ¹ compounded Schedule B members – 2.5% ¹ compounded	Schedule A – ▪ members eligible at 9/30/09 - 3.0% compounded ▪ members not eligible at 9/30/09 - 2.5% ¹ compounded Schedule B members – 2.5% ¹ compounded	3.0% Non-compounded with a few exceptions	\$1,500 per annum	3.0% (see Note 1(b)(4)) to the financial statements
<p>Schedule A - ERS members are those with 10 years or more of contributory service on or before July 1, 2005.</p> <p>Schedule B - ERS members are those with less than 10 years of contributory service on or before July 1, 2005. The plan provisions for Schedule A and B members are described in Note 1(b) to the financial statements entitled <i>Plan Descriptions – Membership and Benefit Provisions</i>.</p> <p>Note 1 – Cost of Living Adjustments (COLA) are based on the actual Consumer Price Index or 3%, whichever is lower. For actuarial purposes, the actuary assumes a 2.5% COLA increase.</p>					



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2009

Employees' Retirement System

2. Schedules of Funding Progress

The MERS funded ratio is a composite of all units in the plan. The System performs a separate valuation for each unit.

Changes affecting the June 30, 2008 actuarial valuation:

The June 30, 2008 valuation for the Employees' Retirement System and the Judicial Retirement Benefit Trust reflects the enactment of H5983Aaa, Article 7, Substitute A to the laws governing benefits for state employees and teachers not eligible to retire by September 30, 2009 and judges appointed after July 1, 2009 – see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

The changes enacted as a result of Article 7 Substitute A to the laws governing benefits provisions for the Employees' Retirement System and the Judicial Retirement Benefit Trust are reflected and were applied in determining the contributions rates for the fiscal years ended June 30, 2009, June 30, 2010 and June 30, 2011 – see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

Changes affecting the June 30, 2007 actuarial valuation:

The June 30, 2007 actuarial accrued liability was restated for the Judicial Retirement Benefit Trust to reflect the amendment to the law governing benefits for judges appointed after January 1, 2009 – see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

The June 30, 2007 actuarial accrued liability was restated for the State Police Retirement Benefit Trust to reflect the amendment to the law governing benefits for state police hired on or after July 1, 2007 – see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

Changes affecting the June 30, 2006 actuarial valuation:

Material changes were made to increase the salary, payroll growth and termination assumptions. In addition, there were changes in the Post-retirement mortality rates for nondisabled retirees. Currently rates are based on the 1994 Group Annuity Mortality Tables for males and females, with adjustments to the tables for male teachers and male state employees. The tables are then compared to the A/E ratio (actual deaths to expected deaths). It was determined the tables for state employees required no changes. However, the A/E ratios for teachers were lower than the acceptable actuarial ranges. Therefore, new mortality tables have been constructed and adopted for teachers based on teacher mortality rates in another state with similar life expectancies. The pre-termination mortality currently uses the post-retirement mortality assumption. The rates for pre-termination mortality are computed at a rate equal to 65% of the post-retirement rates.

The base salary rate for ERS and MERS General Employees remained unchanged. Judges base salary rates decreased from 5.25% to 4.50% and State Police decreased from 5.00% to 4.50%. The salary rate increase for state employees changed from 4.50% - 8.25% to 4.50% - 9.00%. Teachers changed from a range of 4.50% - 17.00% to 4.50% - 13.25%. MERS General Employees changed from a range of 4.50% - 9.00% to 4.50% - 8.50%. MERS Police & Fire Employees changed from a range of 5.00% - 15.50% to 4.75% - 14.75%.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2009

Employees' Retirement System

2. Schedules of Funding Progress (continued)

The payroll growth rate was increased from 3.75% to 4.25% for ERS and MERS; it also increased from 3.75% to 4.5% for State Police and decreased from 5.25% to 4.5% for Judges.

The marriage assumption for members being married was changed from 100% to 85%.

Changes affecting the June 30, 2003 actuarial valuation:

Material changes were made to the termination, payroll growth and salary increase assumptions. Changes were also made to the general mortality rates and mortality rates used for disabled lives. The disability and retirement tables were also adjusted to reflect the plan experience. Particularly, the salary increase rates for state employees were changed from 4.25% - 14.25% to 4.5% - 8.25%. The base salary increase rates were increased from 4.25% to 4.5% for all teachers and MERS General Employees, and decreased from 5.5% to 5.25% for Judges. The payroll growth rate was increased from 3.0% to 3.75% for ERS, MERS and State Police and decreased from 5.5% to 5.25% for Judges. The June 30, 2003 actuarial accrued liability was restated to reflect the amendment to the law governing benefits for state employees and teachers effective July 1, 2005 – see note 1(b) to the financial statements entitled *Plan Descriptions – Membership and Benefit Provisions*.

3. Schedules of Employer Contributions

Employer contributions for the ERS plan included in the Schedules of Contributions from the Employers and Other Contributing Entity do not include Teacher Survivor Benefits as described in Note 1(b) and any employer contributions related to supplemental pension benefits that are attributable and paid by a specific employer. These amounts are not included in the annual required contribution.

The Plans began using the entry age normal cost method as the basis for determining employer costs in fiscal year 2002. The unfunded liabilities of the plans are amortized over a 30 year period from June 30, 1999. The closed period ends 30 years from June 30, 1999.

EMPLOYEES' RETIREMENT SYSTEM
OF RHODE ISLAND

ACTUARIAL INFORMATION

ERSRI ACTUARIAL INFORMATION

July 14, 2010

Retirement Board
40 Fountain Street, First Floor
Providence, RI 02903-1854

Dear Members of the Board:

Subject: Actuarial Valuation of ERSRI as of June 30, 2009

This is the June 30, 2009 actuarial valuation of the Employees' Retirement System of Rhode Island (ERSRI), which covers State Employees and Teachers. This report describes the current actuarial condition of ERSRI, determines recommended employer contribution rates, and analyzes changes in these contribution rates. Valuations are prepared annually, as of June 30, the last day of the ERSRI plan year. Not covered in this report are the Municipal Employees' Retirement System, the State Police Retirement Benefits Trust, the Judicial Retirement Benefits Trust, and the Teachers Survivors Plan, even though assets for ERSRI and these other programs are commingled for investment purposes.

Under Rhode Island General Laws, the employer contribution rates for State Employees and for Teachers are certified annually by the State of Rhode Island Retirement Board. These rates are determined actuarially, based on the plan provisions in effect as of the valuation date, the actuarial assumptions adopted by the Board, and the methodology set forth in the statutes. The Board's current policy is that the contribution rates determined by a given actuarial valuation become effective two years after the valuation date. For example, the rates determined by this June 30, 2009 actuarial valuation will be applicable for the year beginning July 1, 2011 and ending June 30, 2012.

Financing objectives

The actuarial cost method and the amortization periods are set by statute. Contribution rates and liabilities are computed using the Entry Age Normal actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999, 20 years remaining as of June 30, 2009). The amortization rate is adjusted for the two-year deferral in contribution rates. Separate employer contribution rates are determined for State Employees and for Teachers.

Please note that Article 7 SUB A adopted on June 30, 2009 modified the contribution schedule for the fiscal years ending June 30, 2009 and 2010. This amendment revised the previously calculated contribution rates for these fiscal years to the rate as stated in this report. Therefore, the rates stated in this report will be effective for the continuous three-year period July 1, 2008 through June 30, 2011.

Progress toward realization of financing objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. For the State Employees, the funded ratio is 59.0% (a decrease from 61.8% last year), while for Teachers the ratio is 58.1% (a decrease from 61.0% last year).

For the June 30, 2009 valuation, the employer contribution rate increased from 20.78% to 22.98%, for State Employees, and from 19.01% to 22.32% for Teachers. For both State Employees and Teachers, the changes in the employer contribution rates were principally due to the recognition of deferred asset losses from prior valuations.

An analysis of the changes in the employer contribution rates appears in the Analysis of Change of Employer Cost Schedule of this report. An analysis of the changes in the unfunded actuarial accrued liability appears in Table 10C.

Benefit provisions

- There were significant changes in the benefit provisions for both State Employees and Teachers since the preceding actuarial valuation as of June 30, 2008. The benefit provisions on which this valuation is based are those which were in effect on June 30, 2009, except we have also reflected known modifications to the provisions which were enacted between the valuation date and the date of this report. The benefit provisions were modified by Article 16 enacted in June, 2010. The following is a brief summary of the benefit provision changes to the cost-of-living-adjustment (COLA) for non-grandfathered members:
 - Members who are eligible to retire as of the date of the enactment of the bill (the grandfathered group) are not impacted by the changes described below. The benefit amounts and the determination of their COLA will remain unchanged.
 - The COLA for non-grandfathered members (i.e. those members who are not eligible to retire as of the date of the enactment of the bill) would continue to be computed as a compounded COLA, with the increase equal to the increase in the CPI, but no more than 3.00% per year.
 - The first COLA for non-grandfathered members would be provided at the later of the member's third anniversary of retirement and the month following their 65th birthday;

- The COLA would be limited to the first \$35,000 of the member's annual pension benefit. This limit would be indexed annually to increase in the same manner as COLAs for Schedule B members (CPI for the year, not greater than 3.0%).

Assumptions and methods

All assumptions and methods are described in the Summary of Actuarial Methods and Assumptions of this report. The actuarial assumptions were last changed as a result of the experience study approved by the Board on June 13, 2007. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of ERSRI.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities and the calculated contribution rates.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

Data

The System's staff supplied data for retired, active and inactive members as of June 30, 2009. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2009.

Certification

All of our work conforms with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

Members of the Board

July 14, 2010

Page 4

The undersigned are independent actuaries. All three are Enrolled Actuaries and Members of the American Academy of Actuaries. They all meet the Qualification Standards of the American Academy of Actuaries and they are experienced in performing valuations for large public retirement systems.

Respectfully submitted,



J. Christian Conradi, ASA, MAAA, EA
Senior Consultant



Mark R. Randall, MAAA, EA
Executive Vice President



Joseph P. Newton, FSA, MAAA, EA
Senior Consultant

3014\2010\val\ste\ERS_Val09.doc



Executive Summary (State Employees)

June 30, 2009

Item	Valuation Date:		
	June 30, 2009	June 30, 2008	
	Reflecting Article 16	Reflecting Article 16	Disclosed in Prior Year's Report
Membership <ul style="list-style-type: none"> • Number of: <ul style="list-style-type: none"> - Active members 11,023 - Retirees and beneficiaries 11,142 - Inactive members <u>2,496</u> - Total 24,661 • Payroll supplied by ERSRI \$ 574,569,170 			
<ul style="list-style-type: none"> - Active members 11,970 - Retirees and beneficiaries 10,396 - Inactive members <u>2,527</u> - Total 24,893 			
<ul style="list-style-type: none"> • Payroll supplied by ERSRI \$ 617,622,521 			
Contribution rates <ul style="list-style-type: none"> • Member 8.75% • Employer 22.98% 			
<ul style="list-style-type: none"> • Member 8.75% • Employer 20.78% 			
<ul style="list-style-type: none"> • Employer 21.64% 			
Assets <ul style="list-style-type: none"> • Market value \$1,954,618,465 • Actuarial value 2,646,081,020 • Return on market value -20.1% • Return on actuarial value 2.4% • Employer contribution \$ 126,344,715 • Ratio of actuarial value to market value 135.4% 			
<ul style="list-style-type: none"> • Market value \$2,575,270,868 • Actuarial value 2,700,368,568 • Return on market value -5.8% • Return on actuarial value 10.7% • Employer contribution \$ 131,604,471 • Ratio of actuarial value to market value 104.9% 			
<ul style="list-style-type: none"> • Ratio of actuarial value to market value 104.9% 			
Actuarial Information <ul style="list-style-type: none"> • Employer normal cost % 0.59% • Unamortized actuarial accrued liability (UAAL) \$1,836,163,271 • Amortization rate 22.39% • Funding period 20 years • GASB funded ratio 59.0% 			
<ul style="list-style-type: none"> • Employer normal cost % 0.51% • Unamortized actuarial accrued liability (UAAL) \$1,631,219,473 • Amortization rate 20.27% • Funding period 21 years • GASB funded ratio 62.3% 			
<ul style="list-style-type: none"> • GASB funded ratio 61.8% 			
Projected employer contribution <ul style="list-style-type: none"> • Fiscal year ending June 30, 2012 • Projected payroll (millions) \$ 658.5 • Projected employer contribution (millions) 151.3 			
<ul style="list-style-type: none"> • Fiscal year ending June 30, 2011 • Projected payroll (millions) \$ 615.6 • Projected employer contribution (millions) 127.9 			
<ul style="list-style-type: none"> • Projected employer contribution (millions) 133.2 			



Executive Summary (Teachers)
June 30, 2009

Item	Valuation Date:		
	June 30, 2009	June 30, 2008	
	Reflecting Article 16	Reflecting Article 16	Disclosed in Prior Year's Report
Membership			
• Number of:			
- Active members	13,689	13,999	13,999
- Retirees and beneficiaries	9,749	9,337	9,337
- Inactive members	<u>2,466</u>	<u>2,410</u>	<u>2,410</u>
- Total	25,904	25,746	25,746
• Payroll supplied by ERSRI	\$ 930,993,404	\$ 928,250,193	\$ 928,250,193
Contribution rates			
• Member	9.50%	9.50%	9.50%
• Employer	22.32%	19.01%	20.07%
• State share	9.09%	7.76%	8.18%
• Local employer share	13.23%	11.25%	11.89%
Assets			
• Market value	\$ 2,962,026,384	\$ 3,857,373,705	\$ 3,857,373,705
• Actuarial value	4,008,931,337	4,044,954,378	4,044,954,378
• Return on market value	-20.1%	-5.8%	-5.8%
• Return on actuarial value	2.4%	10.7%	10.7%
• Employer contribution (state & local)	\$ 188,858,198	\$ 205,368,390	\$ 205,368,390
• Ratio of actuarial value to market value	135.3%	104.9%	104.9%
Actuarial Information			
• Employer normal cost %	0.52%	0.50%	1.03%
• Unamortized actuarial accrued liability (UAAL)	\$ 2,892,031,771	\$ 2,587,025,880	\$ 2,660,543,627
• Amortization percentage	21.80%	18.51%	19.04%
• Funding period	20 years	21 years	21 years
• GASB funded ratio	58.1%	61.0%	60.3%
Projected employer contribution			
• Fiscal year ending June 30,	2012	2011	2011
• Projected payroll (millions)	\$ 1,073.2	\$ 1,071.5	\$ 1,071.5
• Projected employer contribution (millions)	239.5	203.7	215.0
• State share (millions)	97.6	84.1	87.6
• Local employer share (millions)	141.9	119.6	127.4

**CONTRIBUTION RATES**

The employer contribution rates for ERSRI are determined actuarially. Separate rates are determined for State Employees and for Teachers. The rates determined in this valuation would typically become effective two years after the valuation date, i.e., as of July 1, 2011. However, due to the adoption of Article 16 SUB A, definitive technology procinema 600.

The rate consists of two pieces: the normal cost rate and the amortization rate. The normal cost rate is the employer's Entry Age normal cost, expressed as a percent of pay. The amortization rate is the contribution required to amortize the unfunded actuarial liability over 20 years as a level percent of pay.

For the Teachers, the State of Rhode Island pays 40% of the rate, adjusted so that the State pays the entire amortization charge for the 1990/91 and 1991/92 deferrals, and the town or city employing the Teacher pays the balance.

	<u>Local</u>	<u>State</u>	<u>Total</u>
Amortization for FY 91 and 92 deferrals	0.00%	0.27%	0.27%
Normal cost and all other amortizations	<u>13.23%</u>	<u>8.82%</u>	<u>22.05%</u>
Total	13.23%	9.09%	22.32%

Five towns or cities—Burrillville, East Greenwich, Little Compton, New Shoreham, and North Smithfield—did not participate in the 1990 early retirement window for Teachers, and an adjusted contribution rate is charged for these entities:

	<u>Local</u>	<u>State</u>	<u>Total</u>
Amortization for FY 91 and 92 deferrals	0.00%	0.27%	0.27%
Normal cost and all other amortizations	<u>12.55%</u>	<u>8.37%</u>	<u>20.92%</u>
Total	12.55%	8.64%	21.19%

Impact of Decrease in Contribution Rates

Under Rhode Island General Laws (RIGL) §36-10-2(e), if the State's actuarially determined contribution rate for state employees or for teachers for a fiscal year will be less than in the preceding fiscal year, the Governor is required to include an appropriation to ERSRI in the fiscal year budget equal to 20% of the reduction. Because the contribution rate for FY 2012 is the same as the rate for FY 2010 and FY 2011, as restated due to the enactment of Article 16, it does not appear that this requirement is triggered. However, we are not attorneys, and this may be an issue on which the Board's legal counsel needs to provide an opinion. It could be argued that, because the rates in this valuation are less than the rates in the prior valuation, at least for teachers, that the requirement might be applicable.



Financial Data and Experience

Assets for ERSRI are held in trust and are commingled with those of several other plans and programs for investment purposes. The State Treasurer is responsible for setting the asset allocation policy and for investing the funds. The ERSRI assets are then allocated by the System's staff among State Employees, Teachers, and the Teachers' Survivor Benefits Plan.

Table 5 of this report shows the net plan assets for ERSRI in total, and it shows the breakdown between State Employees, Teachers and the Teachers' Survivor Benefit Plan. Table 6 of this report shows a reconciliation of the assets for State Employees and Teachers between the previous valuation and this valuation. Table 8 shows the distribution of investments by category—73% of assets are held in equities, including real estate and private equity—and Table 9 shows a historical summary of the return rates. As can be seen, the net market value rate of return was -20.1% for the year ended June 30, 2009, and the return on an actuarial asset value basis was 2.4%.

The average annual return based on the market value of assets over the last ten years (July 1, 1999 – June 30, 2009) was 2.02%. This is less than the current 8.25% annual investment return assumption. The average annual return based on the actuarial value of assets over the same period was 6.95%.

All returns above are net of both investment and administrative expenses and may differ from other information provided by the General Treasurer's office or the investment managers and advisors.

The System's staff provided all of the financial information used in this report.

Distribution of Assets at Market Value

Distribution of Assets at Market Value (Percentage of Total Investments)

Item (1)	June 30, 2009 (2)	June 30, 2008 (3)
Cash & cash equivalents	4.6%	5.4%
U.S. government & agency securities	15.8%	15.9%
Corporate bonds & notes	8.5%	7.1%
Foreign bonds	0.0%	0.0%
U.S. equity securities	39.1%	39.8%
Foreign equity securities	18.4%	18.3%
Real estate, venture capital, other	13.6%	13.5%
Total investments	100.0%	100.0%

**History of Investment Return Rates****History of Investment Return Rates**

<u>Year Ending June 30 of</u> (1)	<u>Market</u> (2)	<u>Actuarial</u> (3)
1995	17.0%	10.2%
1996	13.7%	13.7%
1997	19.1%	19.1%
1998	16.1%	16.5%
1999	10.1%	14.7%
2000	9.1%	8.8%
2001	-11.0%	4.9%
2002	-8.4%	0.9%
2003	2.6%	-0.8%
2004	18.7%	0.4%
2005	11.4%	1.8%
2006	11.6%	7.4%
2007	18.2%	13.0%
2008	-5.8%	10.7%
2009	-20.1%	2.4%
Average Returns:		
Last 5 Years	2.05%	6.95%
Last 10 Years	1.83%	4.85%



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

The actuarial valuation uses the Entry Age actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability (UAAL).

1. First, the actuarial present value of future benefits is determined by discounting the projected benefits for each member back to the valuation date using the assumed investment return rate as the discount rate. For active members, the projected benefits are based on the member's age, service, sex and compensation, and based on the actuarial assumptions. The calculations take into account the probability of the member's death, disability, or termination of employment prior to becoming eligible for a retirement benefit, as well as the possibility of the member will remain in service and receive a service retirement benefit. Future salary increases are anticipated. The present value of the expected benefits payable to all active members is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits. Liabilities for future members are not included.
2. The employer contributions required to support the benefits are determined as a level percentage of salary, and consist of a normal contribution and an amortization contribution.
3. The normal contribution is determined using the Entry Age Normal method. Under this method, a calculation is made to determine the rate of contribution which, if applied to the compensation of each new member during the entire period of anticipated covered service, would be required to meet the cost of all benefits payable on his behalf. The salary-weighted average of these rates is the normal cost rate. This calculation reflects the plan provisions that apply to members hired after October 1, 2009, i.e., the Article 7 (2009) and Article 16 (2010) benefit provisions, even for members hired before that date. That is, the normal cost is the cost of a replacement employee.
4. The employer normal cost rate is equal to (i) the normal cost rate, minus (ii) the member contribution rate.
5. The actuarial accrued liability is equal to the present value of all benefits less the present value of future normal costs. The unfunded actuarial accrued liability (UAAL) is then determined as (i) the actuarial accrued liability, minus (ii) the actuarial value of assets.
6. The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the



two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

III. Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

IV. Actuarial Assumptions

A. Economic Assumptions

1. *Investment return:* 8.25% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.

2. *Salary increase rate:* The sum of (i) a 4.50% wage inflation assumption (composed of a 3.00% price inflation assumption and a 1.50% additional general increase), and (ii) a service-related component as shown below:

Salary Increase Rates				
Service	State Employees		Teachers	
	Service-Related Component	Total Increase	Service-Related Component	Total Increase
(1)	(2)	(3)	(4)	(5)
0	4.50%	9.00%	8.75%	13.25%
1	4.00%	8.50%	7.50%	12.00%
2	3.50%	8.00%	6.25%	10.75%
3	3.00%	7.50%	5.75%	10.25%
4	2.75%	7.25%	5.25%	9.75%
5	2.50%	7.00%	4.50%	9.00%
6	2.00%	6.50%	4.00%	8.50%
7	1.50%	6.00%	3.50%	8.00%
8	1.25%	5.75%	3.00%	7.50%
9	1.00%	5.50%	2.00%	6.50%
10	0.75%	5.25%	1.25%	5.75%
11	0.50%	5.00%	1.00%	5.50%
12	0.50%	5.00%	0.50%	5.00%
13	0.25%	4.75%	0.25%	4.75%
14	0.25%	4.75%	0.00%	4.50%
15 or more	0.00%	4.50%	0.00%	4.50%



Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. For employees with less than one year of service, the reported rate of pay is used rather than the fiscal year salary paid.

3. *Payroll growth rate:* In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 4.25% per year. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth.

4. *Post-retirement Benefit Increase:* For members with at least 10 years of contributory service as of June 30, 2005 (i.e., Schedule A members) and for all members receiving a disability benefit, the post-retirement benefit increases are equal to 3.00% by statute. They are not a function of the actual increases in the cost of living. For members with less than 10 years of contributory service as of June 30, 2005, i.e., Schedule B members, members receive a compound increase each year equal to the increase in the CPI, but limited to 3.00%. This limit lowers the expected increases granted in each year below the inflation assumption of 3.00%. The assumed average increase received for this group of employees is 2.50%.

B. Demographic Assumptions

1. *Post-termination mortality rates* (non-disabled)

- a. Male state employees: Based on the 1994 Group Annuity Mortality Tables for males set forward one year.
- b. Female state employees: Based on the 1994 Group Annuity Mortality Tables for females.
- c. GRS table based on male teacher experience
- d. 95% of rates in a GRS table based on female teacher experience.

Sample rates are shown below:

Number of Deaths per 100				
Age	State Employees		Teachers	
	Males	Females	Males	Females
50	0.29	0.14	0.28	0.15
55	0.49	0.23	0.48	0.36
60	0.90	0.44	0.45	0.45
65	1.62	0.86	0.57	0.41
70	2.60	1.37	1.50	0.85
75	4.09	2.27	2.49	1.35
80	6.86	3.94	4.93	3.01



2. Post-retirement mortality (disabled lives): One set of rates is used for both state employees and teachers

- a. Males:** 65% of the PBGC Table Va for disabled males eligible for Social Security disability benefits
- b. Females:** 100% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.

Sample rates are shown below:

Number of Deaths per 100		
Age	Males	Females
25	3.14	2.63
30	2.35	2.37
35	1.81	2.14
40	1.83	2.09
45	2.09	2.24
50	2.49	2.57
55	3.13	2.95
60	3.92	3.31
65	4.41	3.70
70	4.80	4.11
75	5.47	4.92
80	7.33	7.46

3. Pre-retirement mortality: 65% of the post-termination mortality rates. Sample rates are shown below:

Number of Deaths per 100				
Age	State Employees		Teachers	
	Males	Females	Males	Females
25	0.05	0.02	0.05	0.02
30	0.05	0.02	0.06	0.02
35	0.06	0.03	0.06	0.03
40	0.08	0.05	0.07	0.05
45	0.11	0.06	0.11	0.06
50	0.19	0.09	0.18	0.09
55	0.32	0.15	0.31	0.23
60	0.58	0.29	0.29	0.29
65	1.06	0.56	0.37	0.27
70	1.69	0.89	0.97	0.55



4. *Disability rates*: Sample rates are shown below. Ordinary disability rates are not applied to members eligible for retirement. One half the accidental disabilities are assumed to be totally and permanently disabled from any occupation.

Age	Number of Disabilities per 1,000							
	State Ordinary Males	State Accidental Males	State Ordinary Females	State Accidental Females	Teachers Ordinary Males	Teachers Accidental Males	Teachers Ordinary Females	Teachers Accidental Females
25	0.32	0.20	0.45	0.09	0.15	0.08	0.16	0.04
30	0.39	0.25	0.55	0.11	0.18	0.10	0.20	0.04
35	0.53	0.34	0.75	0.15	0.24	0.13	0.27	0.06
40	0.77	0.50	1.10	0.22	0.36	0.19	0.40	0.09
45	1.26	0.81	1.80	0.36	0.59	0.32	0.66	0.14
50	2.14	1.37	3.05	0.61	0.99	0.54	1.12	0.24
55	3.54	2.27	5.05	1.01	1.65	0.89	1.85	0.40
60	4.94	3.17	7.05	1.41	2.30	1.24	2.58	0.56
65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



5. *Termination rates* (for causes other than death, disability, or retirement) are a function of the member's sex and service. Termination rates are not applied to members eligible for retirement. Rates are shown below:

Service	State Employees		Teachers	
	Males	Females	Males	Females
0	0.2400	0.1200	0.1700	0.1300
1	0.0882	0.1000	0.0900	0.0759
2	0.0761	0.0778	0.0562	0.0656
3	0.0656	0.0682	0.0455	0.0566
4	0.0565	0.0599	0.0364	0.0486
5	0.0487	0.0526	0.0289	0.0418
6	0.0421	0.0463	0.0229	0.0359
7	0.0366	0.0409	0.0181	0.0309
8	0.0321	0.0363	0.0145	0.0267
9	0.0285	0.0325	0.0120	0.0233
10	0.0257	0.0293	0.0104	0.0205
11	0.0235	0.0267	0.0095	0.0183
12	0.0219	0.0246	0.0094	0.0165
13	0.0208	0.0228	0.0094	0.0152
14	0.0199	0.0214	0.0094	0.0142
15	0.0194	0.0202	0.0094	0.0134
16	0.0189	0.0191	0.0094	0.0128
17	0.0185	0.0181	0.0094	0.0122
18	0.0179	0.0170	0.0094	0.0116
19	0.0172	0.0158	0.0094	0.0109
20	0.0162	0.0144	0.0094	0.0101
21	0.0147	0.0128	0.0094	0.0090
22	0.0127	0.0107	0.0094	0.0075
23	0.0101	0.0082	0.0094	0.0056
24	0.0068	0.0051	0.0094	0.0033



6. Retirement rates (unreduced):

Separate male and female rates, based on schedule, age and service. For members who reach 28 years of service before age 60, service-based rates are used. For members who reach age 60 before reaching 28 years of service, age-based rates are used instead. The following tables show the probabilities of retirement.

State Employees Excluding Corrections – Schedule A Members							
Males				Females			
Service (00/28)		Age (60/10)		Service (00/28)		Age (60/10)	
Service	Ret. Rate	Age	Ret. Rate	Service	Ret. Rate	Age	Ret. Rate
28	17.5%	60	10.0%	28	20.0%	60	15.0%
29	13.0%	61	5.0%	29	15.0%	61	10.0%
30	13.0%	62	17.5%	30	15.0%	62	20.0%
31	13.0%	63	15.0%	31	15.0%	63	15.0%
32	13.0%	64	15.0%	32	15.0%	64	15.0%
33	17.5%	65	20.0%	33	15.0%	65	20.0%
34	17.5%	66	17.5%	34	15.0%	66	25.0%
35	40.0%	67	17.5%	35	40.0%	67	20.0%
36	35.0%	68	17.5%	36	30.0%	68	20.0%
37	35.0%	69	17.5%	37	30.0%	69	20.0%
38	35.0%	70	17.5%	38	30.0%	70	20.0%
39	35.0%	71	17.5%	39	30.0%	71	20.0%
40	100.0%	72	17.5%	40	100.0%	72	20.0%
		73	17.5%			73	20.0%
		74	17.5%			74	20.0%
		75	100.0%			75	100.0%

Schedule B members: 60% of members are assumed to retire when first eligible, either at age 59 with 29 years of service, or at age 65 with 10 years of service. The rates in the table above are applied after first eligibility.

Because of the enactment of Article 7 in 2009, the retirement assumption was modified for members not eligible for retirement by October 1, 2009. Members who would have been assumed to retire prior to age 62 under the above schedule under the rules in effect before the enactment of Article 7 are assumed to retire when first eligible for an unreduced benefit under Article 7.



6. Retirement rates (continued):

Teachers – Schedule A Members							
Males				Females			
Service (00/28)		Age (60/10)		Service (00/28)		Age (60/10)	
Service	Ret. Rate	Age	Ret. Rate	Service	Ret. Rate	Age	Ret. Rate
28	25.0%	60	20.0%	28	20.0%	60	20.0%
29	15.0%	61	15.0%	29	15.0%	61	15.0%
30	20.0%	62	30.0%	30	20.0%	62	25.0%
31	20.0%	63	25.0%	31	20.0%	63	20.0%
32	30.0%	64	10.0%	32	30.0%	64	20.0%
33	30.0%	65	25.0%	33	30.0%	65	35.0%
34	40.0%	66	25.0%	34	35.0%	66	25.0%
35	55.0%	67	25.0%	35	50.0%	67	25.0%
36	40.0%	68	25.0%	36	40.0%	68	25.0%
37	40.0%	69	25.0%	37	40.0%	69	25.0%
38	40.0%	70	25.0%	38	40.0%	70	25.0%
39	40.0%	71	25.0%	39	40.0%	71	25.0%
40	100.0%	72	25.0%	40	100.0%	72	25.0%
		73	25.0%			73	25.0%
		74	25.0%			74	25.0%
		75	100.0%			75	100.0%

Schedule B members: 75% of members who reach age 59 with 29 years of service before age 65 are assumed to retire when first eligible, at age 59 with 29 years of service. 75% of other members are expected to retire when first eligible, at age 65 with 10 years of service. The rates in the table above are applied after first eligibility.

Because of the enactment of Article 7 in 2009, the retirement assumption was modified for members not eligible for retirement by October 1, 2009. Members who would have been assumed to retire prior to age 62 under the above schedule under the rules in effect before the enactment of Article 7 are assumed to retire when first eligible for an unreduced benefit under Article 7.



6. Retirement rates (continued):

For correctional officers: A set of unisex rates, indexed by service, as shown below. All members still active are assumed to retire at age 65 with 10 years of service.

Corrections	
Service	Ret. Rate
20	5.0%
21	5.0%
22	5.0%
23	5.0%
24	5.0%
25	5.0%
26	5.0%
27	5.0%
28	5.0%
29	5.0%
30	13.0%
31	13.0%
32	13.0%
33	20.0%
34	20.0%
35	35.0%
36	25.0%
37	25.0%
38	25.0%
39	25.0%
40	100.0%

Because of the enactment of Article 7 in 2009, the retirement assumption was modified for members not eligible for retirement by October 1, 2009. Members who would have been assumed to retire prior to age 62 under the above schedule under the rules in effect before the enactment of Article 7 are assumed to retire when first eligible for an unreduced benefit under Article 7.



7. Reduced retirement for Schedule B members (state employees and teachers, males and females). Rates based on age as shown below:

Age	Ret. Rate
55	0%
56	0%
57	0%
58	0%
59	1%
60	2%
61	2%
62	2%
63	3%
64	4%

C. Other Assumptions

1. Percent married: 85% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an annuity.
4. Percent electing deferred termination benefit: Vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.
5. Recovery from disability: None assumed.
6. Remarriage: It is assumed that no surviving spouse will remarry and there will be no children's benefit.
7. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at the first age at which unreduced benefits are available.
8. Investment and administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.
9. Inactive members: Liabilities for inactive members are approximated as a multiple of their member contribution account balances. For nonvested inactive members, the multiple is 1.0. For vested inactive members, the multiple is 8.0 for members with 25 or more years of service, 3.0 for vested inactive members age 45 or older with less than 25 years of service, and 1.0 for other vested inactive members younger than age 45.
10. Decrement timing: For all state employees, decrements are assumed to occur at the middle of the year. For teachers the retirement and termination decrements are assumed to occur at the beginning of the year, while death and disability are assumed to occur at the middle of the year.



D. Participant Data

Participant data was supplied on electronic files. There are separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active members included date of birth, sex, service, salary and employee contribution account balance. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

Salary supplied for the current year was based on the earnings for the fiscal year preceding the valuation date. However, for members with less than one year of service, the current rate of salary was used. This salary was adjusted by the salary increase rate for one year.

Assumptions were made to correct for incomplete and inconsistent data. These modifications had no material impact on the results presented.

SUMMARY OF BENEFIT PROVISIONS

1. Effective Date and Authority: The Employees' Retirement System of Rhode Island (ERSRI) became effective on July 1, 1936 for State Employees and on July 1, 1949 for Teachers. Benefits for State Employees are described in Rhode Island General Laws, Title 36, Chapter 36-10, and benefits for Teachers are described in Rhode Island General Laws, Title 16, Chapter 16-16.

2. Plan Year: A twelve-month period ending June 30th.

3. Administration: ERSRI is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy.

4. Type of Plan: ERSRI is a qualified governmental defined benefit retirement plan. Separate contribution rates are determined for state employees and for teachers. For Governmental Accounting Standards Board purposes, it is a cost-sharing multiple employer plan.

5. Eligibility: Most Rhode Island state employees and certified public school teachers participate in ERSRI. Certain employees of the Airport Corporation, the Economic Development Corporation, and the Narragansett Bay Commission participate in the plan as though they were state employees. State police officers, state judges, and teachers and administrators in the public colleges and universities are covered by their own separate systems, and are therefore excluded. Certain elected state officials are excluded unless they make an election to join ERSRI. Superintendents, principals, business agents and other administrators participate as teachers. Non-certified public school employees, such as teacher's aides, janitors, secretaries, and bus drivers, cannot participate in ERSRI, although they may be covered by the Municipal Employees Retirement System (MERS) or a separate plan maintained by the town or city. Eligible employees become members as of their date of employment.

6. Employee Contributions: State Employees generally contribute 8.75% of their salary per year. Teachers contribute 9.50% per year. The state "picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h). At their option, the city or town employing a Teacher may also pick up their members' contributions.



7. Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

8. Employer Contributions: For Teachers, the state contributes 40% of the employer contribution rate and the city, town or other local employer contributes the remaining 60%. (This basic 40-60 split is further adjusted, since the State bears the cost of repaying certain amounts taken from the trust in the early 1990's.) Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.

In fiscal years beginning after June 30, 2005, if the State's contribution on behalf of State Employees decreases, the State shall appropriate an additional amount to the retirement trust. Such amount shall be equal to 20% of any decrease in expected contributions.

9. Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods, such as time spent teaching at a public school in another state, by making an additional contribution to purchase the additional service and those costs will be determined at full actuarial value, except for purchases of military service and redeposits of previously refunded contributions. Special rules and limits govern the purchase of additional service and the contribution required.

10. Final Average Compensation (FAC): For members eligible to retire as of September 30, 2009, their Final Average Compensation (FAC) will be based on the highest three consecutive annual salaries. For members not eligible to retire as of September 30, 2009, their FAC will be based on the highest five consecutive years of salary. Monthly benefits are based on one-twelfth of this amount.

11. Retirement

a. Eligibility:

(i) Grandfathered Schedule A members—members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009—are eligible to retire on or after age 60 if they have credit for 10 years of service, or at any age if they have credit for 28 years of service.

(ii) Correctional officers who have reached age 50 and have credit for 20 years of service as of September 30, 2009 are eligible to retire and are grandfathered.

(iii) Nurses (RNs) employed by MHRH who have reached age 50 with 25 years of service by September 30, 2009 are eligible to retire and are grandfathered.

(iv) Schedule B members - members with less than 10 years of contributory service as of June 30, 2005 – and members hired on or after that date are eligible for retirement on or after age 65 if they have credit for 10 years of service, or on or after age 62 if they have credit for 29 years of service. In addition, a member who attains age 62 with at least 20 years of service credit may retire with an actuarially reduced retirement benefit. The reduction is based on the difference between 65 and the member's age at retirement.



- (v) Correctional officers who are hired after September 30, 2009 become eligible to retire when they have reach age 55 and have credit for 25 years of service.
- (vi) Nurses (RNs) employed by MHRH who are hired after September 30, 2009 become eligible when they have reach age 55 and have credit for 25 years of service.
- (vii) Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, will be eligible for retirement at an individually determined age. This age is the result of interpolating between the retirement age under the rules applicable to grandfathered employees in (i) above and the retirement age applicable to members hired after September 30, 2009 in (iv) above. The interpolation is based on service as of Sept. 30, 2009 divided by projected service at the retirement age under (i) above.
- (viii) Correctional officers hired on or before September 30, 2009 who are not eligible for retirement at that date will have an individually determined retirement age. This age is the result of interpolating between the retirement age for grandfathered employees in (ii) above and the retirement age applicable to members hired after September 30, 2009 in (v) above.
- (ix) Similarly, MHRH nurses (RNs) hired on or before September 30, 2009 who are not eligible to retire at that date will have an individually determined retirement age. This age is the result of interpolating between the retirement age for grandfathered employees in (iii) above and the retirement age applicable to members hired after September 30, 2009 in (vi) above.

b. Monthly Benefit:

The retirement benefit is a percentage of the member's monthly FAC. This percentage is a function of the member's service as described below.

- (i) For grandfathered Schedule A members (members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009), benefits are based under this schedule (Schedule A):

For Service In:	Years	Benefit Percentage Earned
The first 10 years of service	1 – 10	1.7% per year
The next 10 years of service	11 – 20	1.9% per year
The next 14 years of service	21 – 34	3.0% per year
The next 1 year of service	35	2.0% per year

The maximum benefit is 80% of FAC.



(ii) For Schedule B members (members with less than 10 years of contributory service as of June 30, 2005) and for all future hires, benefits are based on the following schedule (Schedule B):

For Service In:	Years	Benefit Percentage Earned
The first 10 years of service	1 – 10	1.6% per year
The next 10 years of service	11 – 20	1.8% per year
The next 5 years of service	21 – 25	2.0% per year
The next 5 years of service	26 – 30	2.25% per year
The next 14 years of service	31 – 37	2.50% per year
The next 1 year of service	38	2.25% per year

The maximum benefit is 75% of FAC.

(iii) For Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, benefits are based on Schedule A (under (i) above) for service through September 30, 2009 and on Schedule B (under (ii) above) for service after September 30, 2009. The maximum benefit is 80% of FAC.

(iv) MHRH nurses receive a benefit determined under the appropriate formula above.

(v) Correctional Officers receive a benefit computed under a different formula:

For Service In:	Years	Benefit Percentage Earned
The first 30 years of service	1 – 30	2.0% per year
The next 1 year of service	31	6.0% per year
The next 1 year of service	32	5.0% per year
The next 1 year of service	33	4.0% per year
The next 1 year of service	34	3.0% per year
The next 14 years of service	35	2.0% per year

The maximum benefit for correctional officers is 80% of FAC.

c. *Payment Form:* Benefits are paid as a monthly life annuity. Optional forms of payment are available; see Item 16 below.

d. *Death benefit:* After retirement, death benefits are based on the form of annuity elected. If no option is elected, i.e., if payments are made as a life annuity, there is a minimum death benefit equal to the sum of the member's contributions without interest, less the sum of the monthly benefit payments made before the



member's death. In addition, a lump-sum death benefit is payable upon the death of any retired member, regardless of option elected. This lump sum is equal to a percentage of the lump-sum death benefit that was available to the member at the time of retirement. The percentage is 100% in the first year of retirement, 75% in the second year, 50% in the third year, and 25% in the fourth and subsequent years of retirement. However, in no event will the lump sum death benefit be less than \$4,000.

12. Disability Retirement

a. Eligibility: A member is eligible provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

b. Ordinary Disability Benefit: The benefit payable under the retirement formula, using FAC and service at the time of disability, but not less than 10 years of service.

c. Accidental Disability Benefit:

- For applications filed before or on September 30, 2009: An annual annuity equal to two-thirds (66 2/3%) of salary at the time of disability.
- For applications filed after September 30, 2009: An accidental disability will be available at two-thirds (66 2/3%) of salary for members who are permanently and totally disabled from engaging in any occupation as determined by the retirement board. If the member is eligible for an accidental disability benefit but deemed able to work in other jobs, the benefit is limited to fifty percent (50%) of salary.
- Benefits will be subject to an annual review by ERSRI.

d. Payment Form: The disability benefit commences immediately upon the member's retirement. Benefits cease upon recovery or reemployment. Disability benefits are payable as a monthly life annuity with a guarantee that, at the member's death, the sum of the member's contributions plus interest as of the date of retirement will be paid in a lump-sum to the member's beneficiary. All alternative forms of payment except for the Social Security Option are permitted in the case of disability retirement.

13. Deferred Termination Benefit

a. Eligibility: A member with at least ten years of service is vested. A vested member who does not withdraw his/her contributions from the fund is eligible for a deferred termination benefit.

b. Monthly Benefit: The monthly benefit is based on the retirement formula described above. Both FAC and service are determined at the time the member leaves active employment. Benefits may commence when the member has met the requirements for a retirement benefit.

c. Payment Form: The same as for Retirement above.

d. Death Benefit before retirement: A member who dies after leaving active service but before retiring is entitled to receive a benefit as described below in item 15.

e. Death Benefit after Retirement: The same as for Retirement above.



14. Withdrawal (Refund) Benefit

- a. **Eligibility:** All members leaving covered employment with less than ten years of service are eligible. Optionally, vested members (those with ten or more years of service) may withdraw their accumulated contributions in lieu of the deferred benefits otherwise due.
- b. **Benefit:** The member who withdraws receives a lump-sum payment equal to the sum of his/her employee contributions. No interest is credited on these contributions.

15. Death Benefit of Active or Inactive Members

- a. **Eligibility:** Death must have occurred while an active or an inactive, non-retired member.
- b. **Basic Benefit:** Upon the death of a nonvested member, or upon the death of an inactive, vested member, or upon the death of an active, unmarried member, a refund of the member's contributions (without interest) is paid. Upon the death of a vested, married, active member, the spouse may elect (i) the refund benefit described above, or (ii) a life annuity paid to the spouse or beneficiary. The amount of the annuity is equal to the amount which would have been paid had the member retired at the time of his death and elected the Joint and 100% Survivor option. If the member was not eligible for retirement, the annuity benefit is reduced 6% per year from the date at which the member would have been eligible had he or she remained in service.
- c. **Lump-sum Benefit:** \$800 per year of service, with a maximum benefit of \$16,000 and a minimum of \$4,000. This benefit is only available to active members.
- d. **Accidental Duty-related Death Benefit:** If a member dies as the result of an accident while in the course of his or her duties, in lieu of the above benefits the member's spouse may elect to receive (i) a refund of all contributions made (including interest), and (ii) an annual life annuity equal to 50% of the member's salary at the time of death. The annuity benefit stops when the spouse remarries or dies, although it may be continued to any children under age 18 or to any dependent parents.

16. Optional Forms of Payment: In addition to a life annuity, ERSRI offers members these optional forms of payment on an actuarially equivalent basis:

- a. **Option 1** (Joint and 100% Survivor) - A life annuity payable while either the participant or his beneficiary is alive.
- b. **Option 2** (Joint and 50% Survivor) - A life annuity payable to the member while both the member and beneficiary are alive, reducing to 50% of this amount if the member predeceases the beneficiary.
- c. **Social Security Option** – An annuity paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death. This option is only available for members with at least 10 years of contributory service as of June 30, 2005.

Actuarial equivalence is based on tables adopted by the Employees' Retirement Board.

17. Post-retirement Benefit Increase:

- a. For members with at least 10 years of contributory service as of June 30, 2005 who are retired or eligible to retire as of September 30, 2009, and for all members receiving a disability retirement benefit on that



date (Schedule A members): a 3.00% compound increase in their retirement benefit each year, beginning in January of the year in which the member reaches the third anniversary of retirement. This increase is not a function of actual increases in the cost of living.

b. For other members (Schedule B members) who retired or were eligible to retire as of June 30, 2010: a compound increase in their retirement benefit each year equal to the increase in the CPI, effective on each anniversary date beginning on the third anniversary of retirement. This increase is limited to 3.00%.

c. For other members (Schedule B members) who were not retired or were not eligible to retire as of June 30, 2010: a compound increase in their first \$35,000 of annual retirement benefit each year equal to the increase in the CPI, effective on each anniversary date beginning on the later of the member's third anniversary of retirement and the month following their 65th birthday. This increase is limited to 3.00%. Additionally, the \$35,000 annual COLA limit is applicable for benefits paid in 2010 and would be indexed annually to increase in the same manner as COLAs for Schedule B members (CPI for the year, not greater than 3.0%).



Plan Net Assets
(Assets at Market or Fair Value)

Item (1)	June 30, 2009 (2)	June 30, 2008 (3)
A. Total ERSRI assets		
1. Cash and cash equivalents	\$ 2,444,276	\$ 910,623
2. Receivables:		
a. Transfers receivable	\$ 0	\$ 0
b. Member and employer contributions	58,981,883	29,626,584
c. Due from state for teachers	15,702,911	18,769,278
d. Net investment income and other	1,511,360	2,129,778
e. Total receivables	<u>\$ 76,196,154</u>	<u>\$ 50,525,640</u>
3. Investments		
a. Short-term investment fund	\$ 0	\$ 0
b. Pooled trust	5,023,798,014	6,621,796,818
c. Plan specific investments	0	0
d. Invested securities lending collateral	0	946,107,933
e. Total	<u>\$ 5,023,798,014</u>	<u>\$ 7,567,904,751</u>
4. Total property and equipment	\$ 5,119,137	\$ 6,705,638
5. Total assets	\$ 5,107,557,581	\$ 7,626,046,652
6. Liabilities		
a. Transfers payable	\$ 75,001	\$ 45,394
b. Accounts and vouchers payable	4,100,647	6,975,616
c. Securities lending liability	0	946,107,933
d. Total liabilities	<u>\$ 4,175,648</u>	<u>\$ 953,128,943</u>
7. Total market value of assets available for benefits (Item 5 - Item 6)	\$ 5,103,381,933	\$ 6,672,917,709
B. Breakdown		
1. State employees	\$ 1,954,618,465	\$ 2,575,270,868
2. Teachers	2,962,026,384	3,857,373,705
3. Teachers' survivors benefits	186,737,084	240,273,136
4. Total	<u>\$ 5,103,381,933</u>	<u>\$ 6,672,917,709</u>



Reconciliation of Plan Net Assets

Item (1)	Year Ending June 30, 2009	
	State Employees (2)	Teachers (3)
1. Market value of assets at beginning of year	\$ 2,575,270,868	\$ 3,857,373,705
Current year prior period adjustments	0	0
Adjusted market value of assets at BOY	\$ 2,575,270,868	\$ 3,857,373,705
2. Contributions		
a. Members	\$ 51,680,279	\$ 89,226,214
b. State	126,344,715	73,600,069
c. Local employers	0	115,258,129
d. Reimbursement of Supplemental Pensions	129,766	968,924
e. Service purchases	2,357,197	4,096,354
f. Total	\$ 180,511,957	\$ 283,149,690
3. Investment earnings, net of investment and administrative expenses	\$ (503,155,965)	\$ (765,400,473)
4. Expenditures for the year		
a. Benefit payments	\$ (222,365,230)	\$ (306,463,072)
b. Cost-of-living adjustments	(55,049,952)	(86,007,373)
c. Death benefits	(1,630,000)	(641,400)
d. Social security supplements	(13,729,913)	(15,832,119)
e. Supplemental pensions	(129,774)	(969,024)
f. Refunds	(5,103,731)	(3,183,782)
g. Total expenditures	\$ (298,008,600)	\$ (413,096,770)
5. Transfers and other adjustments	\$ 205	\$ 232
6. Market value of assets at end of year	\$ 1,954,618,465	\$ 2,962,026,384

**Analysis of Change in Employer Cost**

Basis (1)	State Employees (2)	Teachers (3)
1. Employer contribution rates from prior valuation	21.64%	20.07%
2. Impact of changes, gains and losses		
a. Non-salary liability experience (gain)/loss	0.73%	0.53%
b. Salary (gain)/loss	-0.07%	-0.11%
c. Total payroll growth (gain)/loss	-0.62%	0.89%
d. Investment experience (gain)/loss	2.16%	2.00%
e. Changes in assumptions	0.00%	0.00%
f. Changes in plan provisions	-0.86%	-1.06%
g. Total	1.34%	2.25%
3. Employer contribution rates from current valuation	22.98%	22.32%

MUNICIPAL EMPLOYEES'
RETIREMENT SYSTEM
ACTUARIAL INFORMATION

“It is the express intention of the legislature by the passage of this chapter to provide an actuarially financed retirement system for municipal employees, properly integrated with the federal Social Security Act, to the end that adequate benefits may be established for the employees of any municipality who become superannuated or other incapacitated while in service, and whereby the employees may be assisted in accumulating reserves for themselves and their dependents to satisfactorily meet the conditions incident to old age, death, disability, and termination of the employees, in the interest of maintaining and promoting efficiency and economy in the administration of government.”

- Section One of Chapter 2784 of the Public Laws of 1951

July 14, 2010

Retirement Board
40 Fountain Street, First Floor
Providence, RI 02903-1854

Dear Members of the Board:

Subject: Actuarial Valuation of MERS as of June 30, 2009

This is the June 30, 2009 actuarial valuation of the Municipal Employees' Retirement System (MERS). This report describes the current actuarial condition of MERS, determines recommended employer contribution rates, and analyzes changes in these contribution rates. Separate liabilities and contribution rates are determined for each of the participating units. Valuations are prepared annually as of June 30, the last day of the plan year.

Under Rhode Island General Laws, the employer contribution rates for the units participating in MERS are certified annually by the State of Rhode Island Retirement Board. These rates are determined actuarially, based on the plan provisions in effect as of the valuation date and the actuarial assumptions and methodology adopted by the Board. Where known, we have also reflected adoption of a COLA provision or the 20-year retirement provision, even if the effective date is after the valuation date. The Board's current policy is that the contribution rates determined by a given actuarial valuation become effective two years after the valuation date. For example, the rates determined by this June 30, 2009 actuarial valuation will be applicable for the year beginning July 1, 2011 and ending June 30, 2012.

Financing objectives and funding policy

The actuarial cost method and the amortization periods are set by board policy. Contribution rates and liabilities are computed using the Entry Age actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost rate is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999; 20 years as of June 30, 2009). The amortization rate is adjusted for the two-year deferral in contribution rates.

Progress toward realization of financing objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The funded ratio of the average unit in MERS is 88.3%, decreased from 92.8% in the prior valuation.

There are currently 109 units participating in MERS, 66 covering general employees and 43 covering police and/or fire employees. Of these 109 units, 7 had no change in contribution rate, 11 had their rate decrease, and 91 had their rate increase. Eight units have no required contribution rate. Of the 66 general employee units, 56 had rate increases, while 35 of the 43 police/fire units had rate increases. An analysis of the changes in the employer contribution rates appears on the Explanation Rate Changes Schedule. Actuarial losses on assets were responsible for most of the increases.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2009. We have also reflected the known adoption of COLA B, COLA C, or the 20-year retirement provision, even if the effective date and/or the adoption date occurred after the valuation date. The benefit provisions are summarized in the Summary of Benefit Provisions, and each unit's individual election is indicated by a code in column 4 on the Contribution Rates Schedule.

Assumptions and methods

All assumptions and methods are described in the Summary of Actuarial Assumptions and Methods and are unchanged from the last valuation. The actuarial assumptions were last changed as a result of the experience study approved by the Board on June 13, 2007. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of MERS.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

Data

The System's staff supplied data for retired, active and inactive members as of June 30, 2009. We did not audit this data, but we did apply a number of tests to the data, and we concluded

that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2009.

Certification

All of our work conforms with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries. All three are Enrolled Actuaries and Members of the American Academy of Actuaries. They all meet the Qualification Standards of the American Academy of Actuaries and they are experienced in performing valuations for large public retirement systems.

Sincerely,
Gabriel, Roeder, Smith & Company



Joseph P. Newton, FSA, MAAA
Senior Consultant



J. Christian Conradi, ASA, MAAA
Senior Consultant



Mark R. Randall, MAAA, EA
Executive Vice President

3014\2010\val\mers\MERS09.doc



GASB 25 AND FUNDING PROGRESS

Accounting requirements for MERS are set by Governmental Accounting Standards Board Statement No. 25 (GASB 25). Table 7 shows a summary of the funded ratios and other information for MERS as of June 30, 2009.

GASB 25 requires that plans calculate an Annual Required Contribution (ARC), and, if actual contributions received are less than the ARC, this must be disclosed. The ARC must be calculated in accordance with certain parameters. In particular, it must include a payment to amortize the unfunded actuarial accrued liability. This amortization payment must be computed using a funding period no greater than 30 years. Further, the amortization payment included in the ARC may be computed as a level amount, or it may be computed as an amount that increases with payroll. However, if payments are computed on a level percent of payroll approach, the payroll growth assumption may not anticipate future membership growth.

For MERS, the calculated contribution rate shown in Table 1 is the ARC. The amortization period is 30 years as of June 30, 1999, and there are 20 years remaining as of June 30, 2009. The period and amortization method comply with the requirements of GASB 25. The payroll growth rate used in the amortization calculations does not include any allowance for membership growth.

CONTRIBUTION RATES

The employer contribution rates for MERS are determined actuarially. The rates determined in this valuation become effective two years after the valuation date, in this case as of July 1, 2011.

Each rate consists of two pieces: the employer normal cost rate and the amortization rate. The normal cost and actuarial accrued liability are determined using the Entry Age actuarial cost method. The employer normal cost is the difference between (i) the normal cost rate, determined as a level percent of pay, and (ii) the member contribution rate. The unfunded actuarial accrued liability is amortized as a level percent of payroll over a closed period. The period is 30 years as measured from June 30, 1999, or 20 years as of the current valuation date. The amortization rate is adjusted for the fact that the contribution rate set by this valuation is deferred for two years, and other amortization rates may apply for the next two years.

Table 1 shows the member contribution rate, the employer normal cost rate, the amortization rate and the total employer contribution rate. These rates are applicable to the fiscal year ending June 30, 2012. Table 2 compares the total employer contribution rate with those rates determined in the two prior actuarial valuations. Table 3 shows the components used to determine the employer contribution rate in dollar amounts. Finally, Table 5 shows the major components of the rate change for each unit.



BENEFIT PROVISIONS

Individual units may elect certain optional provisions, including an annual benefit increase of 3% of the original benefit amount (i.e., a “simple” increase) applicable to future retirees only (COLA C), the same increase applicable to both current and future retirees (COLA B), or the 20-year retirement provision for police/fire units. There was no changes reflected in this valuation:

No new unit joined MERS since the prior valuation. No units closed or withdrew or subdivided.

There are no ancillary benefits—e.g., cost of living benefits—that are currently provided by a source independent of MERS but that might be deemed a MERS liability if continued beyond the availability of funding by the current funding source.



**Contribution Rates
For Fiscal Year Ending June 30, 2012**

Old Unit Number	New Unit Number	Unit	Code(s)	Member Rate	Employer Rate		
					Employer Normal Cost	Amortization Rate	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3002	1012 1019	Bristol	B	7.00%	5.16%	9.26%	14.42%
3003	1032 1033	Burrillville	C	7.00%	6.13%	(1.15%)	4.98%
3004	1052	Central Falls		6.00%	4.95%	4.10%	9.05%
3005	1082	Charlestown	C	7.00%	5.21%	7.27%	12.48%
3007	1112 1113	Cranston	B	7.00%	6.37%	(0.47%)	5.90%
3008	1122 1123	Cumberland		6.00%	4.81%	4.87%	9.68%
3009	1152 1153	East Greenwich	C	7.00%	6.16%	(2.45%)	3.71%
3010	1162 1163	East Providence	B	7.00%	5.75%	12.33%	18.08%
3011	1183	Exeter/West Greenwich	B	7.00%	6.49%	4.31%	10.80%
3012	1192 1193	Foster		6.00%	5.44%	2.63%	8.07%
3013	1212 1213	Glocester	C	7.00%	6.26%	4.07%	10.33%
3014	1262	Hopkinton	C	7.00%	7.26%	(2.46%)	4.80%
3015	1272 1273	Jamestown	C	7.00%	5.91%	5.52%	11.43%
3016	1282 1283	Johnston	C	7.00%	6.68%	6.15%	12.83%
3017	1302 1303	Lincoln		6.00%	5.04%	1.39%	6.43%
3019	1322 1323	Middletown	C	7.00%	5.78%	5.44%	11.22%
3021	1352 1353 1354	Newport	B	7.00%	5.56%	11.52%	17.08%
3022	1342 1343	New Shoreham	B	7.00%	6.01%	2.38%	8.39%
3023	1372 1373	North Kingstown	C	7.00%	6.15%	7.29%	13.44%
3024	1382 1383	North Providence		6.00%	4.58%	(3.61%)	0.97%
3025	1392 1393	North Smithfield	B	7.00%	6.49%	(4.72%)	1.77%
3026	1412 1413	Pawtucket	C	7.00%	5.85%	5.96%	11.81%
3027	1515	Union Fire District		6.00%	4.38%	1.07%	5.45%
3029	1452	Richmond		6.00%	5.85%	1.89%	7.74%
3030	1462 1463	Scituate	B	7.00%	6.28%	7.37%	13.65%
3031	1472 1473	Smithfield	C	7.00%	6.77%	(0.35%)	6.42%
3032	1492 1493	South Kingstown	B	7.00%	6.11%	2.48%	8.59%
3033	1532 1533	Tiverton	C	7.00%	6.73%	(4.06%)	2.67%
3034	1562	Warren	C	7.00%	4.85%	9.93%	14.78%
3036	1622 1623	Westerly		6.00%	2.67%	57.37%	60.04%
3037	1602	West Greenwich	C	7.00%	6.38%	8.08%	14.46%
3039	1632 1633	Woonsocket	B	7.00%	6.14%	(2.70%)	3.44%
3040	1073	Chariho School District	C	7.00%	5.95%	4.99%	10.94%
3041	1203	Foster/Glocester	B	7.00%	6.73%	6.52%	13.25%
3042	1528	Tiogue Fire & Lighting	C,5	7.00%	0.00%	0.00%	0.00%
3043	1336	Narragansett Housing	C	7.00%	4.95%	3.07%	8.02%
3045	1098	Coventry Lighting District	C	7.00%	5.41%	(172.49%)	0.00%
3046	1242	Hope Valley Fire	C	7.00%	5.58%	(2.93%)	2.65%
3050	1156	East Greenwich Housing	C	7.00%	6.92%	4.40%	11.32%
3051	1116	Cranston Housing	C	7.00%	6.07%	(1.77%)	4.30%
3052	1166	East Providence Housing	B	7.00%	7.24%	(4.70%)	2.54%
3053	1416	Pawtucket Housing	B	7.00%	5.75%	(12.23%)	0.00%
3056	1126	Cumberland Housing	C	7.00%	5.95%	1.48%	7.43%
3057	1306	Lincoln Housing	B	7.00%	7.86%	0.64%	8.50%
3059	1016	Bristol Housing		6.00%	4.26%	(15.81%)	0.00%
3065	1036	Burrillville Housing	B	7.00%	6.73%	(3.03%)	3.70%
3066	1386	North Providence Housing	B	7.00%	6.44%	18.99%	25.43%



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

**Contribution Rates
For Fiscal Year Ending June 30, 2012**

Old Unit Number	New Unit Number	Unit	Code(s)	Member Rate	Employer Rate		Total
					Employer Normal Cost	Amortization Rate	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
3067	1177	East Smithfield Water	C	7.00%	5.90%	(6.80%)	0.00%
3068	1227	Greenville Water	B	7.00%	5.62%	(8.22%)	0.00%
3069	1356	Newport Housing	C	7.00%	6.19%	8.01%	14.20%
3071	1566	Warren Housing	B	7.00%	7.76%	(5.68%)	2.08%
3072	1286	Johnston Housing		6.00%	5.46%	(1.41%)	4.05%
3077	1538	Tiverton Local 2670A	C	7.00%	6.30%	0.88%	7.18%
3078	1002 1003 1007 1009	Barrington COLA	C	7.00%	6.14%	(1.08%)	5.06%
3079	1096	Coventry Housing		6.00%	4.86%	(0.40%)	4.46%
3080	1496	South Kingstown Housing	C	7.00%	7.14%	(2.59%)	4.55%
3081	1403	N. RI Collaborative Adm. Services	C	7.00%	6.76%	3.11%	9.87%
3083	1616	West Warwick Housing	B	7.00%	5.39%	3.32%	8.71%
3084	1476	Smithfield Housing		6.00%	4.21%	(3.68%)	0.53%
3094	1478	Smithfield COLA	C	7.00%	5.75%	1.68%	7.43%
3096	1056	Central Falls Housing	C	7.00%	5.74%	4.86%	10.60%
3098	1293	Lime Rock Administrative Services		6.00%	3.53%	3.89%	7.42%
3099	1063	Central Falls Schools	C	7.00%	6.94%	2.45%	9.39%
3100	1023	Bristol/Warren Schools	B	7.00%	6.31%	5.80%	12.11%
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	7.00%	6.16%	(2.45%)	3.71%
3102	1712	Harrisville Fire District (ADMIN)	C	7.00%	5.13%	4.31%	9.44%
General Employee Units Averages				6.90%	5.97%	3.51%	9.59%
Police & Fire Units							
4016	1285	Johnston Fire	D	8.00%	9.10%	0.09%	9.19%
4029	1454	Richmond Police	6	7.00%	8.40%	1.82%	10.22%
4031	1474	Smithfield Police	C,D	9.00%	11.74%	8.64%	20.38%
4042	1555	Valley Falls Fire	D	8.00%	8.92%	0.53%	9.45%
4047	1395 1435	North Smithfield Voluntary Fire	B,D	9.00%	12.24%	3.47%	15.71%
4050	1155	East Greenwich Fire	C,D	9.00%	12.15%	7.59%	19.74%
4054	1154	East Greenwich Police	C,D	9.00%	12.29%	4.28%	16.57%
4055	1375	North Kingstown Fire	C,D	9.00%	11.98%	5.68%	17.66%
4056	1374	North Kingstown Police	C,D	9.00%	11.86%	10.08%	21.94%
4058	1385	North Providence Fire	D	8.00%	8.55%	3.31%	11.86%
4059	1008	Barrington Fire (25)	C	8.00%	10.18%	3.50%	13.68%
4060	1004	Barrington Police	C,D	9.00%	11.88%	18.53%	30.41%
4061	1005	Barrington Fire (20)	C,D	9.00%	11.86%	(0.26%)	11.60%
4062	1564 1565	Warren Police & Fire	C,D	9.00%	11.73%	14.10%	25.83%
4063	1494	South Kingstown Police	B,1	9.00%	12.20%	3.83%	16.03%
4073	1464	Scituate Police	5	7.00%	0.00%	0.00%	0.00%
4076	1394	North Smithfield Police	C,D	9.00%	12.14%	4.94%	17.08%
4077	1534	Tiverton Fire	C,D	9.00%	12.48%	(3.34%)	9.14%
4082	1194	Foster Police	C,D	9.00%	13.22%	8.27%	21.49%
4085	1634	Woonsocket Police	C,D	9.00%	11.93%	7.29%	19.22%
4086	1084	Charlestown Police	C,D	9.00%	11.76%	13.88%	25.64%
4087	1264	Hopkinton Police	C,D,6	9.00%	14.68%	9.33%	24.01%



**Contribution Rates
For Fiscal Year Ending June 30, 2012**

Old Unit Number	New Unit Number	Unit	Code(s)	Member Rate	Employer Rate		Total
					Employer Normal Cost	Amortization Rate	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
4088	1214	Glocester Police	C,D	9.00%	12.34%	4.67%	17.01%
4089	1604	West Greenwich Police/Rescue	C,D	9.00%	12.81%	7.28%	20.09%
4090	1034	Burrillville Police	C,D,6	10.20%	12.09%	(1.30%)	10.79%
4091	1148	Cumberland Rescue	C,D	9.00%	12.28%	(4.62%)	7.66%
4093	1635	Woonsocket Fire	C,D	9.00%	12.14%	(0.09%)	12.05%
4094	1015	Bristol Fire	D	8.00%	9.89%	(13.63%)	0.00%
4095	1135	Cumberland Hill Fire	C,D	9.00%	12.55%	9.33%	21.88%
4096	1014	Bristol Police	C,D	9.00%	12.32%	(1.87%)	10.45%
4098	1095	Coventry Fire	D	8.00%	8.60%	4.20%	12.80%
4099	1505	South Kingstown EMT	C,D	9.00%	12.74%	(8.07%)	4.67%
4101	1365	North Cumberland	C,D	9.00%	12.05%	11.05%	23.10%
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	9.00%	12.06%	9.01%	21.07%
4103	1255	Hopkins Hill Fire	C,D	9.00%	12.59%	0.77%	13.36%
4104	1114	Cranston Police	C,D,4	10.00%	16.63%	4.80%	21.43%
4105	1115	Cranston Fire	C,D,4	10.00%	15.85%	5.48%	21.33%
4106	1125	Cumberland Fire	B,D	9.00%	12.65%	10.61%	23.26%
4107	1305	Lincoln Rescue	C	8.00%	10.82%	7.93%	18.75%
4108	1344	New Shoreham Police	B,D	9.00%	12.82%	11.92%	24.74%
4109	1324	Middletown Police & Fire	C,D	9.00%	13.56%	(1.12%)	12.44%
4110	1715	Harrisville Fire District	C,D	9.00%	12.04%	1.22%	13.26%
4111	1705	Albion Fire District	C	8.00%	10.51%	7.52%	18.03%
Police & Fire Units Averages				9.06%	12.51%	4.73%	17.24%
All MERS Units Averages				7.43%	7.59%	3.81%	11.48%

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2009 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

Comparison of Employer Contribution Rates

Old Unit Number	New Unit Number	Unit	Code(s)	June 30, 2009 Actuarial Valuation, for FY2012	June 30, 2008 Actuarial Valuation, for FY2011	June 30, 2007 Actuarial Valuation, for FY2010
(1)	(2)	(3)	(4)	(5)	(6)	(7)
General Employee Units						
3002	1012 1019	Bristol	B	14.42%	12.32%	12.91%
3003	1032 1033	Burrillville	C	4.98%	3.08%	4.67%
3004	1052	Central Falls		9.05%	8.38%	8.91%
3005	1082	Charlestown	C	12.48%	9.94%	10.73%
3007	1112 1113	Cranston	B	5.90%	4.00%	5.22%
3008	1122 1123	Cumberland		9.68%	8.56%	9.31%
3009	1152 1153	East Greenwich	C	3.71%	1.60%	0.00%
3010	1162 1163	East Providence	B	18.08%	15.26%	16.04%
3011	1183	Exeter/West Greenwich	B	10.80%	9.08%	9.95%
3012	1192 1193	Foster		8.07%	6.92%	6.84%
3013	1212 1213	Glocester	C	10.33%	9.33%	10.40%
3014	1262	Hopkinton	C	4.80%	3.57%	3.95%
3015	1272 1273	Jamestown	C	11.43%	10.18%	11.99%
3016	1282 1283	Johnston	C	12.83%	9.19%	10.03%
3017	1302 1303	Lincoln		6.43%	6.67%	6.55%
3019	1322 1323	Middletown	C	11.22%	9.50%	10.73%
3021	1352 1353 1354	Newport	B	17.08%	13.81%	14.51%
3022	1342 1343	New Shoreham	B	8.39%	7.34%	8.77%
3023	1372 1373	North Kingstown	C	13.44%	11.45%	12.06%
3024	1382 1383	North Providence		0.97%	0.00%	0.56%
3025	1392 1393	North Smithfield	B	1.77%	0.19%	1.42%
3026	1412 1413	Pawtucket	C	11.81%	9.20%	10.74%
3027	1515	Union Fire District		5.45%	5.74%	5.89%
3029	1452	Richmond		7.74%	6.72%	6.74%
3030	1462 1463	Scituate	B	13.65%	11.11%	12.16%
3031	1472 1473	Smithfield	C	6.42%	4.79%	5.44%
3032	1492 1493	South Kingstown	B	8.59%	6.20%	6.92%
3033	1532 1533	Tiverton	C	2.67%	1.07%	2.87%
3034	1562	Warren	C	14.78%	13.20%	15.62%
3036	1622 1623	Westerly		60.04%	53.40%	52.49%
3037	1602	West Greenwich	C	14.46%	11.81%	12.07%
3039	1632 1633	Woonsocket	B	3.44%	0.67%	2.35%
3040	1073	Chariho School District	C	10.94%	9.55%	10.30%
3041	1203	Foster/Glocester	B	13.25%	12.37%	11.85%
3042	1528	Tiogue Fire & Lighting	C,5	0.00%	0.00%	0.00%
3043	1336	Narragansett Housing	C	8.02%	7.35%	7.52%
3045	1098	Coventry Lighting District	C	0.00%	0.00%	0.00%
3046	1242	Hope Valley Fire	C	2.65%	1.69%	2.86%
3050	1156	East Greenwich Housing	C	11.32%	7.63%	9.31%
3051	1116	Cranston Housing	C	4.30%	2.52%	3.61%
3052	1166	East Providence Housing	B	2.54%	1.34%	3.95%
3053	1416	Pawtucket Housing	B	0.00%	0.00%	0.00%
3056	1126	Cumberland Housing	C	7.43%	4.83%	4.43%
3057	1306	Lincoln Housing	B	8.50%	8.75%	9.25%
3059	1016	Bristol Housing		0.00%	0.00%	0.00%
3065	1036	Burrillville Housing	B	3.70%	0.00%	0.00%
3066	1386	North Providence Housing	B	25.43%	21.19%	23.90%
3067	1177	East Smithfield Water	C	0.00%	0.12%	2.59%



Comparison of Employer Contribution Rates

Old Unit Number	New Unit Number	Unit	Code(s)	June 30, 2009 Actuarial Valuation, for FY2012	June 30, 2008 Actuarial Valuation, for FY2011	June 30, 2007 Actuarial Valuation, for FY2010
(1)	(2)	(3)	(4)	(5)	(6)	(7)
3068	1227	Greenville Water	B	0.00%	0.00%	0.00%
3069	1356	Newport Housing	C	14.20%	9.76%	9.68%
3071	1566	Warren Housing	B	2.08%	0.05%	6.66%
3072	1286	Johnston Housing		4.05%	2.41%	3.16%
3077	1538	Tiverton Local 2670A	C	7.18%	5.78%	5.76%
3078	1002 1003 1007 1009	Barrington COLA	C	5.06%	2.54%	2.90%
3079	1096	Coventry Housing		4.46%	2.75%	3.24%
3080	1496	South Kingstown Housing	C	4.55%	3.23%	6.43%
3081	1403	N. RI Collaborative Adm. Services	C	9.87%	9.80%	9.48%
3083	1616	West Warwick Housing	B	8.71%	7.18%	8.08%
3084	1476	Smithfield Housing		0.53%	0.00%	0.00%
3094	1478	Smithfield COLA	C	7.43%	5.60%	5.56%
3096	1056	Central Falls Housing	C	10.60%	12.25%	13.03%
3098	1293	Lime Rock Administrative Services		7.42%	6.34%	5.11%
3099	1063	Central Falls Schools	C	9.39%	8.54%	8.13%
3100	1023	Bristol/Warren Schools	B	12.11%	10.39%	10.36%
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	3.71%	1.60%	7.00%
3102	1712	Harrisville Fire District (ADMIN)	C	9.44%	8.65%	8.94%
General Employee Units Average				9.59%	7.52%	8.50%
Police & Fire Units						
4016	1285	Johnston Fire	D	9.19%	8.24%	8.99%
4029	1454	Richmond Police	6	10.22%	10.50%	11.14%
4031	1474	Smithfield Police	C,D	20.38%	20.85%	21.37%
4042	1555	Valley Falls Fire	D	9.45%	7.68%	7.96%
4047	1395 1435	North Smithfield Voluntary Fire	B,D	15.71%	13.30%	14.75%
4050	1155	East Greenwich Fire	C,D	19.74%	17.68%	18.28%
4054	1154	East Greenwich Police	C,D	16.57%	11.50%	13.09%
4055	1375	North Kingstown Fire	C,D	17.66%	15.09%	17.52%
4056	1374	North Kingstown Police	C,D	21.94%	18.87%	21.00%
4058	1385	North Providence Fire	D	11.86%	9.67%	11.45%
4059	1008	Barrington Fire (25)	C	13.68%	15.11%	15.49%
4060	1004	Barrington Police	C,D	30.41%	28.60%	26.74%
4061	1005	Barrington Fire (20)	C,D	11.60%	5.17%	7.07%
4062	1564 1565	Warren Police & Fire	C,D	25.83%	24.18%	23.71%
4063	1494	South Kingstown Police	B,I	16.03%	12.60%	12.24%
4073	1464	Scituate Police	5	0.00%	0.00%	0.00%
4076	1394	North Smithfield Police	C,D	17.08%	12.91%	13.20%
4077	1534	Tiverton Fire	C,D	9.14%	9.03%	9.18%
4082	1194	Foster Police	C,D	21.49%	18.28%	16.82%
4085	1634	Woonsocket Police	C,D	19.22%	14.18%	13.22%
4086	1084	Charlestown Police	C,D	25.64%	24.03%	23.52%
4087	1264	Hopkinton Police	C,D,6	24.01%	16.90%	18.43%
4088	1214	Glocester Police	C,D	17.01%	16.08%	18.38%
4089	1604	West Greenwich Police/Rescue	C,D	20.09%	17.25%	18.79%
4090	1034	Burrillville Police	C,D,6	10.79%	10.17%	12.23%
4091	1148	Cumberland Rescue	C,D	7.66%	7.38%	8.82%
4093	1635	Woonsocket Fire	C,D	12.05%	10.68%	11.93%



Comparison of Employer Contribution Rates

Old Unit Number	New Unit Number	Unit	Code(s)	June 30, 2009 Actuarial Valuation, for FY2012	June 30, 2008 Actuarial Valuation, for FY2011	June 30, 2007 Actuarial Valuation, for FY2010
(1)	(2)	(3)	(4)	(5)	(6)	(7)
4094	1015	Bristol Fire	D	0.00%	0.00%	0.00%
4095	1135	Cumberland Hill Fire	C,D	21.88%	18.37%	19.83%
4096	1014	Bristol Police	C,D	10.45%	9.81%	11.03%
4098	1095	Coventry Fire	D	12.80%	10.22%	10.87%
4099	1505	South Kingstown EMT	C,D	4.67%	3.28%	6.08%
4101	1365	North Cumberland	C,D	23.10%	20.61%	11.30%
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	21.07%	19.63%	19.33%
4103	1255	Hopkins Hill Fire	C,D	13.36%	16.26%	9.94%
4104	1114	Cranston Police	C,D,4	21.43%	20.95%	15.30%
4105	1115	Cranston Fire	C,D,4	21.33%	20.57%	14.37%
4106	1125	Cumberland Fire	B,D	23.26%	22.01%	20.70%
4107	1305	Lincoln Rescue	C	18.75%	17.58%	15.17%
4108	1344	New Shoreham Police	B,D	24.74%	23.61%	26.63%
4109	1324	Middletown Police & Fire	C,D	12.44%	13.11%	13.67%
4110	1715	Harrisville Fire District	C,D	13.26%	12.15%	13.69%
4111	1705	Albion Fire District	C	18.03%	22.15%	20.75%
Police & Fire Units Average				17.24%	15.42%	14.85%
All MERS Units Average				11.48%	9.41%	10.00%

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2007 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



Components Used in Determining Contribution Rates

Old Unit Number	New Unit Number	Unit	Code(s)	Adjusted Compensation	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3002	1012 1019	Bristol	B	4,406,314	543,829	20,791,168	15,039,954
3003	1032 1033	Burrillville	C	5,589,303	740,071	22,446,076	23,499,023
3004	1052	Central Falls		2,446,693	272,780	6,656,557	5,212,157
3005	1082	Charlestown	C	1,803,892	223,044	5,935,641	4,111,545
3007	1112 1113	Cranston	B	25,915,483	3,486,887	126,143,717	128,570,070
3008	1122 1123	Cumberland		8,343,966	909,372	24,970,902	19,203,157
3009	1152 1153	East Greenwich	C	1,129,564	147,087	6,218,210	7,611,272
3010	1162 1163	East Providence	B	17,851,998	2,308,503	94,579,444	63,607,593
3011	1183	Exeter/West Greenwich	B	2,473,983	338,710	8,415,997	6,935,738
3012	1192 1193	Foster		1,290,836	150,380	3,325,353	2,861,484
3013	1212 1213	Glocester	C	2,500,025	334,019	7,649,321	6,192,776
3014	1262	Hopkinton	C	1,407,364	202,774	3,271,996	3,804,392
3015	1272 1273	Jamestown	C	3,297,840	427,550	11,355,851	8,736,704
3016	1282 1283	Johnston	C	8,196,113	1,140,563	37,747,077	30,947,972
3017	1302 1303	Lincoln		851,031	96,381	1,483,154	1,307,918
3019	1322 1323	Middletown	C	5,268,332	681,684	16,612,259	12,574,146
3021	1352 1353 1354	Newport	B	11,855,170	1,511,632	65,391,781	46,291,715
3022	1342 1343	New Shoreham	B	2,089,994	277,234	5,209,876	4,500,415
3023	1372 1373	North Kingstown	C	11,833,062	1,570,234	52,144,406	40,052,448
3024	1382 1383	North Providence		7,197,732	770,237	23,197,133	27,063,016
3025	1392 1393	North Smithfield	B	2,856,531	390,072	11,489,027	13,501,632
3026	1412 1413	Pawtucket	C	21,468,606	2,784,292	110,065,250	92,326,512
3027	1515	Union Fire District		235,722	23,087	392,852	354,633
3029	1452	Richmond		757,557	89,111	1,664,550	1,470,905
3030	1462 1463	Scituate	B	2,691,498	353,934	12,103,315	9,338,334
3031	1472 1473	Smithfield	C	3,014,073	415,496	11,040,131	11,522,530
3032	1492 1493	South Kingstown	B	11,974,048	1,589,425	47,009,273	43,192,087
3033	1532 1533	Tiverton	C	3,047,377	422,157	9,423,527	11,267,260
3034	1562	Warren	C	1,723,468	208,031	6,973,207	4,502,664
3036	1622 1623	Westerly		64,591	5,538	962,696	439,397
3037	1602	West Greenwich	C	917,798	124,268	3,187,703	2,168,589
3039	1632 1633	Woonsocket	B	11,960,719	1,584,970	59,703,241	64,835,107
3040	1073	Chariho School District	C	5,152,916	680,322	16,218,058	12,643,833
3041	1203	Foster/Glocester	B	1,584,082	220,896	6,387,816	4,923,096
3042	1528	Tiogue Fire & Lighting	C,5	-	-	5,314	40,282
3043	1336	Narragansett Housing	C	172,527	21,209	372,374	297,738
3045	1098	Coventry Lighting District	C	35,615	4,146	648,642	1,414,169
3046	1242	Hope Valley Fire	C	115,376	14,247	330,307	379,682
3050	1156	East Greenwich Housing	C	448,906	64,010	1,167,448	905,431
3051	1116	Cranston Housing	C	957,523	125,960	3,440,664	3,708,573
3052	1166	East Providence Housing	B	580,016	82,673	2,367,009	2,763,632
3053	1416	Pawtucket Housing	B	2,167,874	278,650	8,135,509	11,701,288
3056	1126	Cumberland Housing	C	427,894	56,867	1,197,304	1,128,975
3057	1306	Lincoln Housing	B	441,514	65,166	1,472,735	1,426,944
3059	1016	Bristol Housing		337,740	35,420	1,165,075	1,861,868
3065	1036	Burrillville Housing	B	159,971	22,584	880,818	963,028
3066	1386	North Providence Housing	B	227,002	30,541	1,397,078	787,678
3067	1177	East Smithfield Water	C	134,975	17,977	754,811	881,832
3068	1227	Greenville Water	B	221,886	28,780	790,864	1,043,052
3069	1356	Newport Housing	C	1,109,281	148,230	7,853,802	6,666,585



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

Components Used in Determining Contribution Rates

Old Unit Number	New Unit Number	Unit	Code(s)	Adjusted Compensation	Normal Cost (Total)	Actuarial Accrued Liability	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Employee Units							
3071	1566	Warren Housing	B	244,552	35,297	1,082,610	1,277,072
3072	1286	Johnston Housing		350,512	40,228	947,336	1,027,852
3077	1538	Tiverton Local 2670A	C	938,855	126,274	3,395,971	3,302,979
3078	1002 1003 1007 1009	Barrington COLA	C	7,220,306	954,757	27,991,776	29,456,427
3079	1096	Coventry Housing		487,984	53,332	797,649	839,981
3080	1496	South Kingstown Housing	C	164,024	23,343	107,038	185,321
3081	1403	N. RI Collaborative Adm. Services	C	1,502,841	211,401	3,022,999	2,352,919
3083	1616	West Warwick Housing	B	367,272	44,263	1,404,218	1,236,515
3084	1476	Smithfield Housing		130,488	13,526	220,669	291,999
3094	1478	Smithfield COLA	C	3,573,554	461,341	12,595,388	11,858,810
3096	1056	Central Falls Housing	C	908,788	118,512	2,332,747	1,653,693
3098	1293	Lime Rock Administrative Services		86,500	8,497	240,224	194,781
3099	1063	Central Falls Schools	C	4,686,321	661,057	13,080,984	11,510,996
3100	1023	Bristol/Warren Schools	B	4,302,408	580,870	18,113,045	14,647,851
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	5,115,215	682,512	16,311,482	17,136,331
3102	1712	Harrisville Fire District (ADMIN)	C	184,015	23,028	447,299	335,386
3103	1702	Albion Fire District (ADMIN)	C	-	-	73,186	52,348
				\$ 230,999,416	\$ 30,059,268	\$ 974,562,323	\$ 863,942,093
Police & Fire Units							
4016	1285	Johnston Fire	D	2,316,237	416,658	1,944,014	1,941,048
4029	1454	Richmond Police	6	544,497	87,146	818,067	666,743
4031	1474	Smithfield Police	C,D	2,345,796	500,980	7,180,764	4,219,709
4042	1555	Valley Falls Fire	D	707,478	125,130	3,036,987	3,005,363
4047	1395 1435	North Smithfield Voluntary Fire	B,D	1,124,490	232,035	5,506,044	4,976,447
4050	1155	East Greenwich Fire	C,D	2,302,492	498,013	12,629,805	10,154,829
4054	1154	East Greenwich Police	C,D	1,933,255	420,709	13,549,427	12,515,512
4055	1375	North Kingstown Fire	C,D	4,005,886	842,935	29,534,211	26,351,379
4056	1374	North Kingstown Police	C,D	2,684,648	571,401	20,673,297	16,853,498
4058	1385	North Providence Fire	D	5,251,101	889,979	30,293,297	27,898,425
4059	1008	Barrington Fire (25)	C	804,843	153,137	1,314,721	874,160
4060	1004	Barrington Police	C,D	1,291,422	275,470	10,602,888	7,193,130
4061	1005	Barrington Fire (20)	C,D	474,279	95,969	8,662,986	8,731,954
4062	1564 1565	Warren Police & Fire	C,D	1,392,633	288,222	10,579,134	7,799,931
4063	1494	South Kingstown Police	B,1	2,734,277	566,213	22,560,153	21,236,264
4073	1464	Scituate Police	5	-	-	24,272	173,152
4076	1394	North Smithfield Police	C,D	1,154,239	249,310	8,661,456	7,928,277
4077	1534	Tiverton Fire	C,D	1,671,055	370,107	7,729,733	8,542,359
4082	1194	Foster Police	C,D	390,876	90,337	2,611,328	2,166,398
4085	1634	Woonsocket Police	C,D	4,728,198	1,026,594	34,272,940	29,773,835
4086	1084	Charlestown Police	C,D	1,172,189	247,702	8,128,234	5,813,138
4087	1264	Hopkinton Police	C,D,6	786,001	190,771	5,075,599	4,109,089
4088	1214	Glocester Police	C,D	1,003,507	214,982	5,162,180	4,476,658
4089	1604	West Greenwich Police/Rescue	C,D	709,164	159,466	3,274,318	2,551,645
4090	1034	Burrillville Police	C,D,6	1,285,819	290,449	7,322,217	7,553,018
4091	1148	Cumberland Rescue	C,D	891,927	191,329	3,451,531	4,040,881
4093	1635	Woonsocket Fire	C,D	6,559,575	1,423,165	26,832,008	27,011,294
4094	1015	Bristol Fire	D	46,256	8,586	176,977	264,526



Components Used in Determining Contribution Rates

Old Unit Number (1)	New Unit Number (2)	Unit (3)	Code(s) (4)	Adjusted Compensation (5)	Normal Cost (Total) (6)	Actuarial Accrued Liability (7)	Actuarial Value of Assets (8)
Police & Fire Units							
4095	1135	Cumberland Hill Fire	C,D	625,764	133,318	4,533,918	3,722,209
4096	1014	Bristol Police	C,D	1,572,138	349,260	2,410,103	2,840,215
4098	1095	Coventry Fire	D	697,160	119,200	2,834,810	2,442,260
4099	1505	South Kingstown EMT	C,D	707,353	160,800	1,404,279	2,241,231
4101	1365	North Cumberland	C,D	662,356	141,476	4,026,259	2,967,543
4102	235 1525	Central Coventry Fire	C,D	1,885,943	407,722	8,219,812	5,825,584
4103	1255	Hopkins Hill Fire	C,D	484,922	104,659	1,123,709	1,035,227
4104	1114	Cranston Police	C,D,4	6,578,878	1,821,610	20,823,809	16,664,831
4105	1115	Cranston Fire	C,D,4	8,404,470	2,251,984	33,859,726	27,822,453
4106	1125	Cumberland Fire	B,D	614,853	131,671	3,735,601	2,816,322
4107	1305	Lincoln Rescue	C	766,026	137,963	2,923,841	2,071,497
4108	1344	New Shoreham Police	B,D	237,034	53,824	1,251,857	833,702
4109	1324	Middletown Police & Fire	C,D	1,602,902	382,689	1,090,815	1,328,917
4110	1715	Harrisville Fire District	C,D	256,715	55,754	650,845	607,180
4111	1705	Albion Fire District	C	179,371	34,647	592,394	383,069
Police & Fire Units Subtotal				<u>\$ 75,588,025</u>	<u>\$ 16,713,372</u>	<u>\$ 381,090,367</u>	<u>\$ 332,424,901</u>
All MERS Units Total				\$ 306,587,441	\$ 46,772,640	\$ 1,355,652,690	\$ 1,196,366,995

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2007 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

Explanation of Rate Changes

All rates are gross: before recognizing 0% minimum contribution rate

Old Unit Number	New Unit Number	Unit	June 30, 2008 Actuarial Valuation	Source of Rate Change						June 30, 2009 Actuarial Valuation
				Salary (Gains)/ Losses	Payroll (Gains)/ Losses	Other Non-Asset (Gains)/ Losses	Asset (Gains)/ Losses	Assumption Change	Provision Changes	
(1)	(2)	(3)	(4)	(5)	(6)	(5)	(6)	(7)	(8)	(9)
General Employee Units										
3002	1012 1019	Bristol	12.32%	(0.06%)	(0.19%)	0.75%	1.60%	-	-	14.42%
3003	1032 1033	Burrillville	3.08%	(0.08%)	(0.04%)	0.06%	1.96%	-	-	4.98%
3004	1052	Central Falls	8.38%	(0.52%)	0.48%	(0.21%)	0.92%	-	-	9.05%
3005	1082	Charlestown	9.94%	0.98%	(0.58%)	1.13%	1.01%	-	-	12.48%
3007	1112 1113	Cranston	4.00%	(0.51%)	(0.24%)	0.28%	2.37%	-	-	5.90%
3008	1122 1123	Cumberland	8.56%	0.06%	0.04%	0.00%	1.02%	-	-	9.68%
3009	1152 1153	East Greenwich	1.60%	(0.51%)	(0.08%)	0.90%	1.80%	-	-	3.71%
3010	1162 1163	East Providence	15.26%	(0.36%)	1.06%	0.41%	1.71%	-	-	18.08%
3011	1183	Exeter/West Greenwich	9.08%	0.69%	(0.32%)	0.10%	1.25%	-	-	10.80%
3012	1192 1193	Foster	6.92%	0.20%	(0.06%)	0.01%	1.00%	-	-	8.07%
3013	1212 1213	Glocester	9.33%	(0.22%)	(0.25%)	0.39%	1.08%	-	-	10.33%
3014	1262	Hopkinton	3.57%	(0.30%)	(0.40%)	0.69%	1.24%	-	-	4.80%
3015	1272 1273	Jamestown	10.18%	0.11%	0.16%	(0.16%)	1.14%	-	-	11.43%
3016	1282 1283	Johnston	9.19%	(0.26%)	0.39%	1.70%	1.81%	-	-	12.83%
3017	1302 1303	Lincoln	6.67%	(0.18%)	0.18%	(0.99%)	0.75%	-	-	6.43%
3019	1322 1323	Middletown	9.50%	(0.03%)	(0.17%)	0.89%	1.03%	-	-	11.22%
3021	1352 1353 1354	Newport	13.81%	0.94%	0.04%	0.43%	1.86%	-	-	17.08%
3022	1342 1343	New Shoreham	7.34%	(0.28%)	(0.02%)	0.42%	0.93%	-	-	8.39%
3023	1372 1373	North Kingstown	11.45%	0.09%	0.24%	0.13%	1.53%	-	-	13.44%
3024	1382 1383	North Providence	(0.89%)	(0.10%)	(0.14%)	0.28%	1.82%	-	-	0.97%
3025	1392 1393	North Smithfield	0.19%	(0.32%)	(0.65%)	0.26%	2.29%	-	-	1.77%
3026	1412 1413	Pawtucket	9.20%	(0.77%)	0.38%	0.95%	2.05%	-	-	11.81%
3027	1515	Union Fire District	5.74%	(0.16%)	0.00%	(0.68%)	0.55%	-	-	5.45%
3029	1452	Richmond	6.72%	(0.08%)	0.02%	0.23%	0.85%	-	-	7.74%
3030	1462 1463	Scituate	11.11%	0.07%	0.61%	0.21%	1.65%	-	-	13.65%
3031	1472 1473	Smithfield	4.79%	(0.12%)	0.10%	(0.15%)	1.80%	-	-	6.42%
3032	1492 1493	South Kingstown	6.20%	(0.24%)	0.03%	0.95%	1.65%	-	-	8.59%
3033	1532 1533	Tiverton	1.07%	(0.49%)	0.10%	0.28%	1.71%	-	-	2.67%
3034	1562	Warren	13.20%	(0.81%)	0.35%	0.74%	1.30%	-	-	14.78%
3036	1622 1623	Westerly	53.40%	(1.24%)	1.99%	2.03%	3.86%	-	-	60.04%
3037	1602	West Greenwich	11.81%	(0.14%)	0.96%	0.81%	1.02%	-	-	14.46%
3039	1632 1633	Woonsocket	0.67%	(0.52%)	(0.68%)	1.34%	2.63%	-	-	3.44%
3040	1073	Chariho School District	9.55%	0.39%	(0.07%)	0.02%	1.05%	-	-	10.94%
3041	1203	Foster/Glocester	12.37%	(0.23%)	(0.13%)	(0.15%)	1.39%	-	-	13.25%
3043	1336	Narragansett Housing	7.35%	(0.34%)	0.05%	0.26%	0.70%	-	-	8.02%
3045	1098	Coventry Lighting District	(62.61%)	(0.29%)	(107.08%)	(17.11%)	20.01%	-	-	(167.08%)
3046	1242	Hope Valley Fire	1.69%	(0.11%)	0.00%	(0.37%)	1.44%	-	-	2.65%
3050	1156	East Greenwich Housing	7.63%	(0.52%)	0.67%	2.65%	0.89%	-	-	11.32%
3051	1116	Cranston Housing	2.52%	(0.27%)	(0.02%)	0.32%	1.75%	-	-	4.30%
3052	1166	East Providence Housing	1.34%	(0.54%)	(0.39%)	(0.09%)	2.22%	-	-	2.54%
3053	1416	Pawtucket Housing	(9.92%)	(0.35%)	1.66%	(0.44%)	2.57%	-	-	(6.48%)
3056	1126	Cumberland Housing	4.83%	(0.22%)	(0.02%)	1.46%	1.38%	-	-	7.43%
3057	1306	Lincoln Housing	8.75%	0.10%	(0.01%)	(1.80%)	1.46%	-	-	8.50%
3059	1016	Bristol Housing	(13.85%)	0.24%	0.64%	(1.21%)	2.63%	-	-	(11.55%)
3065	1036	Burrillville Housing	(4.30%)	1.46%	(1.31%)	4.93%	2.92%	-	-	3.70%

EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND



Explanation of Rate Changes

All rates are gross: before recognizing 0% minimum contribution rate

Old Unit Number	New Unit Number	Unit	Source of Rate Change							June 30, 2009 Actuarial Valuation
			June 30, 2008 Actuarial Valuation	Salary (Gains)/ Losses	Payroll (Gains)/ Losses	Other Non-Asset (Gains)/ Losses	Asset (Gains)/ Losses	Assumption Change	Provision Changes	
(1)	(2)	(3)	(4)	(5)	(6)	(5)	(6)	(7)	(8)	(9)
General Employee Units										
3066	1386	North Providence Housing	21.19%	(1.02%)	3.52%	0.00%	1.74%	-	-	25.43%
3067	1177	East Smithfield Water	0.12%	0.64%	0.33%	(4.69%)	2.70%	-	-	(0.90%)
3068	1227	Greenville Water	(4.93%)	(0.03%)	0.28%	(0.14%)	2.22%	-	-	(2.60%)
3069	1356	Newport Housing	9.76%	(0.65%)	0.57%	1.52%	3.00%	-	-	14.20%
3071	1566	Warren Housing	0.05%	(0.12%)	(0.03%)	(0.26%)	2.44%	-	-	2.08%
3072	1286	Johnston Housing	2.41%	(0.62%)	(0.03%)	0.92%	1.37%	-	-	4.05%
3077	1538	Tiverton Local 2670A	5.78%	(0.60%)	(0.03%)	0.38%	1.65%	-	-	7.18%
3078	1003 1007 1	Barrington COLA	2.54%	(0.08%)	(0.01%)	0.69%	1.92%	-	-	5.06%
3079	1096	Coventry Housing	2.75%	0.36%	0.27%	0.31%	0.77%	-	-	4.46%
3080	1496	South Kingstown Housing	3.23%	0.24%	(0.14%)	0.78%	0.44%	-	-	4.55%
3081	1403	N. RI Collaborative Adm. Services	9.80%	(1.10%)	0.27%	0.28%	0.62%	-	-	9.87%
3083	1616	West Warwick Housing	7.18%	(0.09%)	0.00%	0.11%	1.51%	-	-	8.71%
3084	1476	Smithfield Housing	(5.20%)	0.13%	3.11%	1.53%	0.96%	-	-	0.53%
3094	1478	Smithfield COLA	5.60%	0.00%	0.02%	0.33%	1.48%	-	-	7.43%
3096	1056	Central Falls Housing	12.25%	(0.71%)	0.21%	(1.87%)	0.72%	-	-	10.60%
3098	1293	Lime Rock Administrative Services	6.34%	0.10%	(0.02%)	0.05%	0.95%	-	-	7.42%
3099	1063	Central Falls Schools	8.54%	(0.30%)	0.05%	0.02%	1.08%	-	-	9.39%
3100	1023	Bristol/Warren Schools	10.39%	0.01%	0.11%	(0.01%)	1.61%	-	-	12.11%
3101	1157 1158	Town of E. Greenwich-COLA-NCE	1.60%	(0.51%)	(0.08%)	0.90%	1.80%	-	-	3.71%
3102	1712	Harrisville Fire District (ADMIN)	8.65%	(0.62%)	0.37%	0.32%	0.72%	-	-	9.44%
General Employee Units Averages			7.52%	(0.19%)	0.09%	0.31%	1.86%	-	-	9.59%
Police & Fire Units										
4016	1285	Johnston Fire	8.24%	(0.16%)	0.11%	0.68%	0.32%	-	-	9.19%
4029	1454	Richmond Police	10.50%	0.06%	(0.05%)	(0.72%)	0.43%	-	-	10.22%
4031	1474	Smithfield Police	20.85%	(0.38%)	0.52%	(1.21%)	0.60%	-	-	20.38%
4042	1555	Valley Falls Fire	7.68%	(0.15%)	(0.11%)	0.05%	1.98%	-	-	9.45%
4047	1395 1435	North Smithfield Voluntary Fire	13.30%	0.37%	(0.04%)	0.10%	1.98%	-	-	15.71%
4050	1155	East Greenwich Fire	17.68%	(0.72%)	(0.11%)	0.93%	1.96%	-	-	19.74%
4054	1154	East Greenwich Police	11.50%	(0.06%)	0.05%	2.11%	2.97%	-	-	16.57%
4055	1375	North Kingstown Fire	15.09%	(1.01%)	0.26%	0.27%	3.05%	-	-	17.66%
4056	1374	North Kingstown Police	18.87%	0.01%	0.45%	(0.29%)	2.90%	-	-	21.94%
4058	1385	North Providence Fire	9.67%	(1.11%)	0.13%	0.71%	2.46%	-	-	11.86%
4059	1008	Barrington Fire (25)	15.11%	0.24%	(0.64%)	(1.38%)	0.35%	-	-	13.68%
4060	1004	Barrington Police	28.60%	0.30%	(0.05%)	(1.05%)	2.61%	-	-	30.41%
4061	1005	Barrington Fire (20)	5.17%	(0.56%)	(1.33%)	(0.98%)	9.30%	-	-	11.60%
4062	1564 1565	Warren Police & Fire	24.18%	(1.45%)	0.46%	0.04%	2.60%	-	-	25.83%
4063	1494	South Kingstown Police	12.60%	(0.04%)	0.01%	(0.23%)	3.69%	-	-	16.03%
4073	1464	Scituate Police	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	0.00%
4076	1394	North Smithfield Police	12.91%	(0.50%)	0.10%	1.36%	3.21%	-	-	17.08%
4077	1534	Tiverton Fire	9.03%	0.45%	0.09%	(2.80%)	2.37%	-	-	9.14%
4082	1194	Foster Police	18.28%	0.01%	(0.67%)	1.36%	2.51%	-	-	21.49%
4085	1634	Woonsocket Police	14.18%	0.17%	0.28%	1.73%	2.86%	-	-	19.22%
4086	1084	Charlestown Police	24.03%	1.61%	0.09%	(2.30%)	2.21%	-	-	25.64%
4087	1264	Hopkinton Police	16.90%	0.25%	1.16%	3.43%	2.27%	-	-	24.01%



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

Explanation of Rate Changes

All rates are gross: before recognizing 0% minimum contribution rate

Source of Rate Change

Old Unit Number	New Unit Number	Unit	June 30, 2008 Actuarial Valuation	Source of Rate Change						June 30, 2009 Actuarial Valuation
				Salary (Gains)/ Losses	Payroll (Gains)/ Losses	Other Non-Asset (Gains)/ Losses	Asset (Gains)/ Losses	Assumption Change	Provision Changes	
(1)	(2)	(3)	(4)	(5)	(6)	(5)	(6)	(7)	(8)	(9)
Police & Fire Units										
4088	1214	Glocester Police	16.08%	(0.56%)	0.02%	(0.49%)	1.96%	-	-	17.01%
4089	1604	West Greenwich Police/Rescue	17.25%	2.88%	(0.97%)	(0.65%)	1.58%	-	-	20.09%
4090	1034	Burrillville Police	10.17%	(0.46%)	(0.18%)	(1.39%)	2.65%	-	-	10.79%
4091	1148	Cumberland Rescue	7.38%	(1.71%)	(0.43%)	0.42%	2.00%	-	-	7.66%
4093	1635	Woonsocket Fire	10.68%	(0.77%)	(0.02%)	0.40%	1.76%	-	-	12.05%
4094	1015	Bristol Fire	(7.01%)	(0.08%)	(0.04%)	0.54%	2.85%	-	-	(3.74%)
4095	1135	Cumberland Hill Fire	18.37%	(0.34%)	0.94%	0.22%	2.69%	-	-	21.88%
4096	1014	Bristol Police	9.81%	(0.18%)	0.28%	(0.12%)	0.66%	-	-	10.45%
4098	1095	Coventry Fire	10.22%	0.97%	0.03%	0.00%	1.58%	-	-	12.80%
4099	1505	South Kingstown EMT	3.28%	(0.82%)	0.30%	0.51%	1.40%	-	-	4.67%
4101	1365	North Cumberland	20.61%	(0.81%)	1.44%	0.08%	1.78%	-	-	23.10%
4102	1045 1235 1525 1585	Central Coventry Fire	19.63%	(0.50%)	0.42%	0.22%	1.30%	-	-	21.07%
4103	1255	Hopkins Hill Fire	16.26%	(0.29%)	0.02%	(3.34%)	0.71%	-	-	13.36%
4104	1114	Cranston Police	20.95%	(0.84%)	(0.13%)	0.46%	0.99%	-	-	21.43%
4105	1115	Cranston Fire	20.57%	0.04%	(0.38%)	(0.21%)	1.31%	-	-	21.33%
4106	1125	Cumberland Fire	22.01%	(0.29%)	0.06%	(0.58%)	2.06%	-	-	23.26%
4107	1305	Lincoln Rescue	17.58%	(0.16%)	0.01%	0.18%	1.14%	-	-	18.75%
4108	1344	New Shoreham Police	23.61%	(0.04%)	(0.09%)	(0.38%)	1.64%	-	-	24.74%
4109	1324	Middletown Police & Fire	13.11%	0.14%	0.20%	(1.21%)	0.20%	-	-	12.44%
4110	1715	Harrisville Fire District	12.15%	0.92%	(0.02%)	(0.71%)	0.92%	-	-	13.26%
4111	1705	Albion Fire District	22.15%	(0.28%)	(2.55%)	(2.08%)	0.79%	-	-	18.03%
Police & Fire Units Averages			15.42%	(0.34%)	0.08%	0.12%	1.96%	-	-	17.24%
All MERS Units Averages			9.41%	(0.23%)	0.14%	0.27%	1.88%	-	-	11.48%

Units with no active members are excluded from this exhibit



Schedule of Funding Progress

Old Unit Number	New Unit Number	Unit	Code (s)	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (5) - (4)	Funded Ratio (4)/(5)	Annual Covered Payroll	UAAL as % of Payroll (7)/(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Employee Units									
3002	1012 1019	Bristol	B	15,039,954	20,791,168	5,751,215	72.3%	4,406,314	130.5%
3003	1032 1033	Burrillville	C	23,499,023	22,446,076	(1,052,947)	104.7%	5,589,303	(18.8%)
3004	1052	Central Falls		5,212,157	6,656,557	1,444,400	78.3%	2,446,693	59.0%
3005	1082	Charlestown	C	4,111,545	5,935,641	1,824,096	69.3%	1,803,892	101.1%
3007	1112 1113	Cranston	B	128,570,070	126,143,717	(2,426,353)	101.9%	25,915,483	(9.4%)
3008	1122 1123	Cumberland		19,203,157	24,970,902	5,767,745	76.9%	8,343,966	69.1%
3009	1152 1153	East Greenwich	C	7,611,272	6,218,210	(1,393,061)	122.4%	1,129,564	(123.3%)
3010	1162 1163	East Providence	B	63,607,593	94,579,444	30,971,851	67.3%	17,851,998	173.5%
3011	1183	Exeter/West Greenwich	B	6,935,738	8,415,997	1,480,259	82.4%	2,473,983	59.8%
3012	1192 1193	Foster		2,861,484	3,325,353	463,869	86.1%	1,290,836	35.9%
3013	1212 1213	Glocester	C	6,192,776	7,649,321	1,456,545	81.0%	2,500,025	58.3%
3014	1262	Hopkinton	C	3,804,392	3,271,996	(532,396)	116.3%	1,407,364	(37.8%)
3015	1272 1273	Jamestown	C	8,736,704	11,355,851	2,619,147	76.9%	3,297,840	79.4%
3016	1282 1283	Johnston	C	30,947,972	37,747,077	6,799,105	82.0%	8,196,113	83.0%
3017	1302 1303	Lincoln		1,307,918	1,483,154	175,236	88.2%	851,031	20.6%
3019	1322 1323	Middletown	C	12,574,146	16,612,259	4,038,113	75.7%	5,268,332	76.6%
3021	352 1353 1354	Newport	B	46,291,715	65,391,781	19,100,065	70.8%	11,855,170	161.1%
3022	1342 1343	New Shoreham	B	4,500,415	5,209,876	709,462	86.4%	2,089,994	33.9%
3023	1372 1373	North Kingstown	C	40,052,448	52,144,406	12,091,958	76.8%	11,833,062	102.2%
3024	1382 1383	North Providence		27,063,016	23,197,133	(3,865,883)	116.7%	7,197,732	(53.7%)
3025	1392 1393	North Smithfield	B	13,501,632	11,489,027	(2,012,604)	117.5%	2,856,531	(70.5%)
3026	1412 1413	Pawtucket	C	92,326,512	110,065,250	17,738,738	83.9%	21,468,606	82.6%
3027	1515	Union Fire District		354,633	392,852	38,219	90.3%	235,722	16.2%
3029	1452	Richmond		1,470,905	1,664,550	193,644	88.4%	757,557	25.6%
3030	1462 1463	Scituate	B	9,338,334	12,103,315	2,764,981	77.2%	2,691,498	102.7%
3031	1472 1473	Smithfield	C	11,522,530	11,040,131	(482,399)	104.4%	3,014,073	(16.0%)
3032	1492 1493	South Kingstown	B	43,192,087	47,009,273	3,817,186	91.9%	11,974,048	31.9%
3033	1532 1533	Tiverton	C	11,267,260	9,423,527	(1,843,733)	119.6%	3,047,377	(60.5%)
3034	1562	Warren	C	4,502,664	6,973,207	2,470,543	64.6%	1,723,468	143.3%
3036	1622 1623	Westerly		439,397	962,696	523,299	45.6%	64,591	810.2%
3037	1602	West Greenwich	C	2,168,589	3,187,703	1,019,114	68.0%	917,798	111.0%
3039	1632 1633	Woonsocket	B	64,835,107	59,703,241	(5,131,866)	108.6%	11,960,719	(42.9%)
3040	1073	Chariho School District	C	12,643,833	16,218,058	3,574,225	78.0%	5,152,916	69.4%
3041	1203	Foster/Glocester	B	4,923,096	6,387,816	1,464,720	77.1%	1,584,082	92.5%
3042	1528	Tiogue Fire & Lighting	C,5	40,282	5,314	(34,968)	758.0%	0	-
3043	1336	Narragansett Housing	C	297,738	372,374	74,636	80.0%	172,527	43.3%
3045	1098	Coventry Lighting District	C	1,414,169	648,642	(765,527)	218.0%	35,615	(2149.4%)
3046	1242	Hope Valley Fire	C	379,682	330,307	(49,375)	114.9%	115,376	(42.8%)
3050	1156	East Greenwich Housing	C	905,431	1,167,448	262,017	77.6%	448,906	58.4%
3051	1116	Cranston Housing	C	3,708,573	3,440,664	(267,909)	107.8%	957,523	(28.0%)
3052	1166	East Providence Housing	B	2,763,632	2,367,009	(396,623)	116.8%	580,016	(68.4%)
3053	1416	Pawtucket Housing	B	11,701,288	8,135,509	(3,565,778)	143.8%	2,167,874	(164.5%)
3056	1126	Cumberland Housing	C	1,128,975	1,197,304	68,330	94.3%	427,894	16.0%
3057	1306	Lincoln Housing	B	1,426,944	1,472,735	45,791	96.9%	441,514	10.4%
3059	1016	Bristol Housing		1,861,868	1,165,075	(696,793)	159.8%	337,740	(206.3%)
3065	1036	Burrillville Housing	B	963,028	880,818	(82,210)	109.3%	159,971	(51.4%)
3066	1386	North Providence Housing	B	787,678	1,397,078	609,399	56.4%	227,002	268.5%
3067	1177	East Smithfield Water	C	881,832	754,811	(127,021)	116.8%	134,975	(94.1%)
3068	1227	Greenville Water	B	1,043,052	790,864	(252,188)	131.9%	221,886	(113.7%)



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

Schedule of Funding Progress

Old Unit Number	New Unit Number	Unit	Code (s)	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (5) - (4)	Funded Ratio (4)/(5)	Annual Covered Payroll	UAAL as % of Payroll (7)/(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Employee Units									
3069	1356	Newport Housing	C	6,666,585	7,853,802	1,187,217	84.9%	1,109,281	107.0%
3071	1566	Warren Housing	B	1,277,072	1,082,610	(194,462)	118.0%	244,552	(79.5%)
3072	1286	Johnston Housing		1,027,852	947,336	(80,516)	108.5%	350,512	(23.0%)
3077	1538	Tiverton Local 2670A	C	3,302,979	3,395,971	92,992	97.3%	938,855	9.9%
3078	2 1003 1007 1009	Barrington COLA	C	29,456,427	27,991,776	(1,464,651)	105.2%	7,220,306	(20.3%)
3079	1096	Coventry Housing		839,981	797,649	(42,332)	105.3%	487,984	(8.7%)
3080	1496	South Kingstown Housing	C	185,321	107,038	(78,283)	173.1%	164,024	(47.7%)
3081	1403	N. RI Collaborative Adm. Services	C	2,352,919	3,022,999	670,080	77.8%	1,502,841	44.6%
3083	1616	West Warwick Housing	B	1,236,515	1,404,218	167,702	88.1%	367,272	45.7%
3084	1476	Smithfield Housing		291,999	220,669	(71,330)	132.3%	130,488	(54.7%)
3094	1478	Smithfield COLA	C	11,858,810	12,595,388	736,578	94.2%	3,573,554	20.6%
3096	1056	Central Falls Housing	C	1,653,693	2,332,747	679,054	70.9%	908,788	74.7%
3098	1293	Lime Rock Administrative Services		194,781	240,224	45,443	81.1%	86,500	52.5%
3099	1063	Central Falls Schools	C	11,510,996	13,080,984	1,569,987	88.0%	4,686,321	33.5%
3100	1023	Bristol/Warren Schools	B	14,647,851	18,113,045	3,465,193	80.9%	4,302,408	80.5%
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	17,136,331	16,311,482	(824,849)	105.1%	5,115,215	(16.1%)
3102	1712	Harrisville Fire District (ADMIN)	C	335,386	447,299	111,913	75.0%	184,015	60.8%
3103	1702	Albion Fire District (ADMIN)	C	52,348	73,186	20,837	71.5%	0	-
General Employee Units Subtotal				\$ 863,942,093	\$ 974,562,323	\$110,620,230	88.6%	\$ 230,999,416	47.9%
Police & Fire Units									
4016	1285	Johnston Fire	D	1,941,048	1,944,014	2,965	99.8%	2,316,237	0.1%
4029	1454	Richmond Police	6	666,743	818,067	151,324	81.5%	544,497	27.8%
4031	1474	Smithfield Police	C,D	4,219,709	7,180,764	2,961,055	58.8%	2,345,796	126.2%
4042	1555	Valley Falls Fire	D	3,005,363	3,036,987	31,624	99.0%	707,478	4.5%
4047	1395 1435	North Smithfield Voluntary Fire	B,D	4,976,447	5,506,044	529,597	90.4%	1,124,490	47.1%
4050	1155	East Greenwich Fire	C,D	10,154,829	12,629,805	2,474,976	80.4%	2,302,492	107.5%
4054	1154	East Greenwich Police	C,D	12,515,512	13,549,427	1,033,914	92.4%	1,933,255	53.5%
4055	1375	North Kingstown Fire	C,D	26,351,379	29,534,211	3,182,832	89.2%	4,005,886	79.5%
4056	1374	North Kingstown Police	C,D	16,853,498	20,673,297	3,819,798	81.5%	2,684,648	142.3%
4058	1385	North Providence Fire	D	27,898,425	30,293,297	2,394,872	92.1%	5,251,101	45.6%
4059	1008	Barrington Fire (25)	C	874,160	1,314,721	440,560	66.5%	804,843	54.7%
4060	1004	Barrington Police	C,D	7,193,130	10,602,888	3,409,758	67.8%	1,291,422	264.0%
4061	1005	Barrington Fire (20)	C,D	8,731,954	8,662,986	(68,968)	100.8%	474,279	(14.5%)
4062	1564 1565	Warren Police & Fire	C,D	7,799,931	10,579,134	2,779,203	73.7%	1,392,633	199.6%
4063	1494	South Kingstown Police	B,1	21,236,264	22,560,153	1,323,890	94.1%	2,734,277	48.4%
4073	1464	Scituate Police	5	173,152	24,272	(148,880)	713.4%	0	-
4076	1394	North Smithfield Police	C,D	7,928,277	8,661,456	733,180	91.5%	1,154,239	63.5%
4077	1534	Tiverton Fire	C,D	8,542,359	7,729,733	(812,626)	110.5%	1,671,055	(48.6%)
4082	1194	Foster Police	C,D	2,166,398	2,611,328	444,931	83.0%	390,876	113.8%
4085	1634	Woonsocket Police	C,D	29,773,835	34,272,940	4,499,105	86.9%	4,728,198	95.2%
4086	1084	Charlestown Police	C,D	5,813,138	8,128,234	2,315,096	71.5%	1,172,189	197.5%
4087	1264	Hopkinton Police	C,D,6	4,109,089	5,075,599	966,510	81.0%	786,001	123.0%
4088	1214	Glocester Police	C,D	4,476,658	5,162,180	685,522	86.7%	1,003,507	68.3%
4089	1604	West Greenwich Police/Rescue	C,D	2,551,645	3,274,318	722,673	77.9%	709,164	101.9%
4090	1034	Burrillville Police	C,D,6	7,553,018	7,322,217	(230,800)	103.2%	1,285,819	(17.9%)
4091	1148	Cumberland Rescue	C,D	4,040,881	3,451,531	(589,350)	117.1%	891,927	(66.1%)
4093	1635	Woonsocket Fire	C,D	27,011,294	26,832,008	(179,287)	100.7%	6,559,575	(2.7%)



Schedule of Funding Progress

Old Unit Number	New Unit Number	Unit	Code (s)	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded Actuarial Liability (UAAL) (5) - (4)	Funded Ratio (4)/(5)	Annual Covered Payroll	UAAL as % of Payroll (7)/(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Police & Fire Units									
4094	1015	Bristol Fire	D	264,526	176,977	(87,549)	149.5%	46,256	(189.3%)
4095	1135	Cumberland Hill Fire	C,D	3,722,209	4,533,918	811,709	82.1%	625,764	129.7%
4096	1014	Bristol Police	C,D	2,840,215	2,410,103	(430,112)	117.8%	1,572,138	(27.4%)
4098	1095	Coventry Fire	D	2,442,260	2,834,810	392,550	86.2%	697,160	56.3%
4099	1505	South Kingstown EMT	C,D	2,241,231	1,404,279	(836,952)	159.6%	707,353	(118.3%)
4101	1365	North Cumberland	C,D	2,967,543	4,026,259	1,058,716	73.7%	662,356	159.8%
4102	5 1235 1525 1585	Central Coventry Fire	C,D	5,825,584	8,219,812	2,394,228	70.9%	1,885,943	127.0%
4103	1255	Hopkins Hill Fire	C,D	1,035,227	1,123,709	88,483	92.1%	484,922	18.2%
4104	1114	Cranston Police	C,D,4	16,664,831	20,823,809	4,158,978	80.0%	6,578,878	63.2%
4105	1115	Cranston Fire	C,D,4	27,822,453	33,859,726	6,037,272	82.2%	8,404,470	71.8%
4106	1125	Cumberland Fire	B,D	2,816,322	3,735,601	919,279	75.4%	614,853	149.5%
4107	1305	Lincoln Rescue	C	2,071,497	2,923,841	852,344	70.8%	766,026	111.3%
4108	1344	New Shoreham Police	B,D	833,702	1,251,857	418,154	66.6%	237,034	176.4%
4109	1324	Middletown Police & Fire	C,D	1,328,917	1,090,815	(238,102)	121.8%	1,602,902	(14.9%)
4110	1715	Harrisville Fire District	C,D	607,180	650,845	43,665	93.3%	256,715	17.0%
4111	1705	Albion Fire District	C	383,069	592,394	209,326	64.7%	179,371	116.7%
Police & Fire Units Subtotal				<u>\$ 332,424,901</u>	<u>\$ 381,090,367</u>	<u>\$ 48,665,466</u>	87.2%	<u>\$ 75,588,025</u>	64.4%
All MERS Units Total				1,196,366,995	1,355,652,690	159,285,696	88.3%	306,587,441	52.0%

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2007 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

Asset Values

Old Unit Number (1)	New Unit Number (2)	Unit (3)	Code (4)	Market Value of Assets (5)	Actuarial Value of Assets (6)
General Employee Units					
3002	1012 1019	Bristol	B	\$ 11,215,758	\$ 15,039,954
3003	1032 1033	Burrillville	C	17,523,947	23,499,023
3004	1052	Central Falls		3,886,866	5,212,157
3005	1082	Charlestown	C	3,066,106	4,111,545
3007	1112 1113	Cranston	B	95,878,671	128,570,070
3008	1122 1123	Cumberland		14,320,387	19,203,157
3009	1152 1153	East Greenwich	C	5,675,961	7,611,272
3010	1162 1163	East Providence	B	47,434,146	63,607,593
3011	1183	Exeter/West Greenwich	B	5,172,194	6,935,738
3012	1192 1193	Foster		2,133,897	2,861,484
3013	1212 1213	Glocester	C	4,618,144	6,192,776
3014	1262	Hopkinton	C	2,837,053	3,804,392
3015	1272 1273	Jamestown	C	6,515,230	8,736,704
3016	1282 1283	Johnston	C	23,078,858	30,947,972
3017	1302 1303	Lincoln		975,355	1,307,918
3019	1322 1323	Middletown	C	9,376,929	12,574,146
3021	1352 1353 1354	Newport	B	34,521,162	46,291,715
3022	1342 1343	New Shoreham	B	3,356,098	4,500,415
3023	1372 1373	North Kingstown	C	29,868,347	40,052,448
3024	1382 1383	North Providence		20,181,727	27,063,016
3025	1392 1393	North Smithfield	B	10,068,584	13,501,632
3026	1412 1413	Pawtucket	C	68,850,731	92,326,512
3027	1515	Union Fire District		264,461	354,633
3029	1452	Richmond		1,096,899	1,470,905
3030	1462 1463	Scituate	B	6,963,884	9,338,334
3031	1472 1473	Smithfield	C	8,592,706	11,522,530
3032	1492 1493	South Kingstown	B	32,209,673	43,192,087
3033	1532 1533	Tiverton	C	8,402,344	11,267,260
3034	1562	Warren	C	3,357,776	4,502,664
3036	1622 1623	Westerly		327,672	439,397
3037	1602	West Greenwich	C	1,617,184	2,168,589
3039	1632 1633	Woonsocket	B	48,349,541	64,835,107
3040	1073	Chariho School District	C	9,428,897	12,643,833
3041	1203	Foster/Glocester	B	3,671,305	4,923,096
3042	1528	Tiogue Fire & Lighting	C,5	30,040	40,282
3043	1336	Narragansett Housing	C	222,032	297,738
3045	1098	Coventry Lighting District	C	1,054,589	1,414,169
3046	1242	Hope Valley Fire	C	283,141	379,682
3050	1156	East Greenwich Housing	C	675,208	905,431
3051	1116	Cranston Housing	C	2,765,598	3,708,573
3052	1166	East Providence Housing	B	2,060,925	2,763,632
3053	1416	Pawtucket Housing	B	8,726,012	11,701,288



Asset Values

Old Unit Number	New Unit Number	Unit	Code	Market Value of Assets	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)
3056	1126	Cumberland Housing	C	841,911	1,128,975
3057	1306	Lincoln Housing	B	1,064,116	1,426,944
3059	1016	Bristol Housing		1,388,453	1,861,868
3065	1036	Burrillville Housing	B	718,160	963,028
3066	1386	North Providence Housing	B	587,396	787,678
3067	1177	East Smithfield Water	C	657,609	881,832
3068	1227	Greenville Water	B	777,836	1,043,052
3069	1356	Newport Housing	C	4,971,478	6,666,585
3071	1566	Warren Housing	B	952,352	1,277,072
3072	1286	Johnston Housing		766,501	1,027,852
3077	1538	Tiverton Local 2670A	C	2,463,133	3,302,979
3078	1002 1003 1007 1009	Barrington COLA	C	21,966,567	29,456,427
3079	1096	Coventry Housing		626,400	839,981
3080	1496	South Kingstown Housing	C	138,199	185,321
3081	1403	N. RI Collaborative Adm. Services	C	1,754,645	2,352,919
3083	1616	West Warwick Housing	B	922,108	1,236,515
3084	1476	Smithfield Housing		217,753	291,999
3094	1478	Smithfield COLA	C	8,843,481	11,858,810
3096	1056	Central Falls Housing	C	1,233,210	1,653,693
3098	1293	Lime Rock Administrative Services		145,254	194,781
3099	1063	Central Falls Schools	C	8,584,105	11,510,996
3100	1023	Bristol/Warren Schools	B	10,923,355	14,647,851
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	12,779,091	17,136,331
3102	1712	Harrisville Fire District (ADMIN)	C	250,108	335,386
3103	1702	Albion Fire District (ADMIN)	C	39,038	52,348
General Employee Units Subtotal				\$ 644,268,296	\$ 863,942,093
Police & Fire Units					
4016	1285	Johnston Fire	D	\$ 1,447,500	\$ 1,941,048
4029	1454	Richmond Police	6	497,211	666,743
4031	1474	Smithfield Police	C,D	3,146,767	4,219,709
4042	1555	Valley Falls Fire	D	2,241,192	3,005,363
4047	1395 1435	North Smithfield Voluntary Fire	B,D	3,711,090	4,976,447
4050	1155	East Greenwich Fire	C,D	7,572,770	10,154,829
4054	1154	East Greenwich Police	C,D	9,333,204	12,515,512
4055	1375	North Kingstown Fire	C,D	19,651,037	26,351,379
4056	1374	North Kingstown Police	C,D	12,568,174	16,853,498
4058	1385	North Providence Fire	D	20,804,717	27,898,425
4059	1008	Barrington Fire (25)	C	651,888	874,160
4060	1004	Barrington Police	C,D	5,364,140	7,193,130
4061	1005	Barrington Fire (20)	C,D	6,511,688	8,731,954



Asset Values

Old Unit Number	New Unit Number	Unit	Code	Market Value of Assets	Actuarial Value of Assets
(1)	(2)	(3)	(4)	(5)	(6)
4062	1564 1565	Warren Police & Fire	C,D	5,816,649	7,799,931
4063	1494	South Kingstown Police	B,1	15,836,538	21,236,264
4073	1464	Scituate Police	5	129,125	173,152
4076	1394	North Smithfield Police	C,D	5,912,361	7,928,277
4077	1534	Tiverton Fire	C,D	6,370,301	8,542,359
4082	1194	Foster Police	C,D	1,615,550	2,166,398
4085	1634	Woonsocket Police	C,D	22,203,268	29,773,835
4086	1084	Charlestown Police	C,D	4,335,036	5,813,138
4087	1264	Hopkinton Police	C,D,6	3,064,274	4,109,089
4088	1214	Glocester Police	C,D	3,338,382	4,476,658
4089	1604	West Greenwich Police/Rescue	C,D	1,902,840	2,551,645
4090	1034	Burrillville Police	C,D,6	5,632,519	7,553,018
4091	1148	Cumberland Rescue	C,D	3,013,410	4,040,881
4093	1635	Woonsocket Fire	C,D	20,143,156	27,011,294
4094	1015	Bristol Fire	D	197,265	264,526
4095	1135	Cumberland Hill Fire	C,D	2,775,766	3,722,209
4096	1014	Bristol Police	C,D	2,118,036	2,840,215
4098	1095	Coventry Fire	D	1,821,269	2,442,260
4099	1505	South Kingstown EMT	C,D	1,671,355	2,241,231
4101	1365	North Cumberland	C,D	2,212,989	2,967,543
4102	1045 1235 1525 1585	Central Coventry Fire	C,D	4,344,318	5,825,584
4103	1255	Hopkins Hill Fire	C,D	772,000	1,035,227
4104	1114	Cranston Police	C,D,4	12,427,479	16,664,831
4105	1115	Cranston Fire	C,D,4	20,748,063	27,822,453
4106	1125	Cumberland Fire	B,D	2,100,218	2,816,322
4107	1305	Lincoln Rescue	C	1,544,779	2,071,497
4108	1344	New Shoreham Police	B,D	621,718	833,702
4109	1324	Middletown Police & Fire	C,D	991,014	1,328,917
4110	1715	Harrisville Fire District	C,D	452,793	607,180
4111	1705	Albion Fire District	C	285,666	383,069
Police & Fire Units Subtotal				\$ 247,899,514	\$ 332,424,901
All MERS Units Total				\$ 892,167,810	\$ 1,196,366,995

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2007 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

The actuarial valuation uses the Entry Age actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability (UAAL).

The employer normal cost rate is the total normal cost rate, less the member contribution rate. The total normal cost rate is the level percentage-of-pay contribution which would theoretically pay for all benefits if it had been made each year from the inception of the plan and if there had never been any changes of benefits, any changes of assumptions or methods, or any experience gains or losses. The normal costs are determined on an individual basis.

The actuarial accrued liability is the difference between the actuarial present value of all future benefits and the actuarial present value of future normal costs. It is the amount to which the normal costs would have accumulated under the assumptions described in the preceding paragraph. The unfunded actuarial accrued liability (UAAL) is the difference between the actuarial accrued liability and the actuarial value of assets.

The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

III. Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses. The actuarial value is calculated in the aggregate for all units combined, and then it is allocated to each unit in ratio to that unit's market value.

IV. Actuarial Assumptions

A. *Economic Assumptions*

1. *Investment return*: 8.25% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.



2. *Salary increase rate:* For general employees, the sum of (i) a 4.50% wage inflation assumption (composed of a 3.00% price inflation assumption and a 1.50% additional general increase), and (ii) a service-related component as shown below:

General Employees		
Years of Service	Service-Related Component	Total Increase
0	4.00%	8.50%
1	3.50	8.00
2	3.00	7.50
3	2.75	7.25
4	2.50	7.00
5	2.25	6.75
6	1.50	6.00
7	1.00	5.50
8	0.75	5.25
9	0.50	5.00
10 or more	0.00	4.50

For police/fire employees, the sum of (i) a 4.75% wage inflation assumption (composed of a 3.00% price inflation assumption and a 1.75% additional general increase), and (ii) a service-related component as shown below:

Police/Fire Employees		
Years of Service	Service-Related Component	Total Increase
0	10.00%	14.75%
1	8.50	13.25
2	5.00	9.75
3	2.00	6.75
4	1.75	6.50
5	1.50	6.25
6	0.50	5.25
7	0.25	5.00
8	0.25	5.00
9	0.25	5.00
10 or more	0.00	4.75



Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. For employees with less than one year of service, the reported rate of pay is used rather than the fiscal year salary paid.

3. *Payroll growth rate:* In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 4.25% per year. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth.

B. Demographic Assumptions

1. *Post-retirement mortality rates:*

- a. Male employees: Based on the 1994 Group Annuity Mortality Tables for males set forward one year.
- b. Female employees: Based on the 1994 Group Annuity Mortality Tables for females.
- c. Disabled males – 65% of the PBGC Table Va for disabled males eligible for Social Security disability benefits
- d. Disabled females – 100% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.

Sample rates are shown below:

Number of Deaths per 100				
Age	Healthy Males	Healthy Females	Disabled Males	Disabled Females
50	0.29	0.14	2.49	2.57
55	0.49	0.23	3.13	2.95
60	0.90	0.44	3.92	3.31
65	1.62	0.86	4.41	3.70
70	2.60	1.37	4.80	4.11
75	4.09	2.27	5.47	4.92
80	6.86	3.94	7.33	7.46



2. Pre-retirement mortality (combined ordinary and duty): 65% multiplier of the post-retirement mortality. Sample rates are shown below:

Number of Deaths per 100		
Age	Males	Females
25	0.05	0.02
30	0.05	0.02
35	0.06	0.03
40	0.08	0.05
45	0.11	0.06
50	0.19	0.09
55	0.32	0.15
60	0.58	0.29
65	1.06	0.56

3. Disability rates: Sample rates per 1,000 active members are shown below. Ordinary disability rates are not applied to members eligible for retirement.

Age	Number of Disabilities per 1,000					
	General Employees, Ordinary, Males	General Employees, Accidental, Males	General Employees, Ordinary, Females	General Employees, Accidental, Females	Police & Fire, Ordinary, Males and Females	Police & Fire, Accidental, Males and Females
25	0.63	0.23	0.27	0.09	0.43	2.98
30	0.77	0.28	0.33	0.11	0.55	3.85
35	1.05	0.38	0.45	0.15	0.73	5.08
40	1.54	0.55	0.66	0.22	1.10	7.70
45	2.52	0.90	1.08	0.36	1.80	12.60
50	4.27	1.53	1.83	0.61	3.03	21.18
55	7.07	2.53	3.03	1.01	3.03	21.18
60	9.87	3.53	4.23	1.41	3.03	21.18
65	0.00	0.00	0.00	0.00	3.03	21.18



4. *Termination rates* (for causes other than death, disability, or retirement) are a function of the member's service. Termination rates are not applied to members eligible for retirement. Rates are shown below:

Service	Male General Employees	Female General Employees	Police & Fire, Males & Females
0	0.1750	0.1800	0.1000
1	0.0959	0.1069	0.0528
2	0.0825	0.0906	0.0481
3	0.0713	0.0769	0.0436
4	0.0618	0.0653	0.0394
5	0.0541	0.0558	0.0354
6	0.0480	0.0481	0.0316
7	0.0431	0.0420	0.0281
8	0.0395	0.0374	0.0249
9	0.0368	0.0341	0.0219
10	0.0350	0.0318	0.0191
11	0.0338	0.0304	0.0166
12	0.0330	0.0297	0.0143
13	0.0326	0.0295	0.0123
14	0.0323	0.0295	0.0105
15	0.0319	0.0297	0.0090
16	0.0312	0.0297	0.0077
17	0.0302	0.0295	0.0067
18	0.0285	0.0287	0.0059
19	0.0261	0.0273	0.0000
20	0.0227	0.0250	0.0000
21	0.0182	0.0217	0.0000
22	0.0124	0.0170	0.0000
23	0.0052	0.0110	0.0000
24	0.0052	0.0032	0.0000



5. Retirement Rates: Separate male and female rates for general employees. For members who reach 30 years of service before age 58, service-based rates are used. For other members, age-based rates are used.

General Employees							
Males				Females			
Service (00/30)		Age (58/10)		Service (00/30)		Age (58/10)	
Service	Ret. Rate	Age	Ret. Rate	Service	Ret. Rate	Age	Ret. Rate
30	30.0%	58	15.0%	30	20.0%	58	15.0%
31	25.0%	59	10.0%	31	15.0%	59	10.0%
32	15.0%	60	10.0%	32	7.5%	60	10.0%
33	15.0%	61	10.0%	33	7.5%	61	10.0%
34	15.0%	62	30.0%	34	7.5%	62	20.0%
35	25.0%	63	25.0%	35	15.0%	63	15.0%
36	25.0%	64	25.0%	36	20.0%	64	15.0%
37	25.0%	65	25.0%	37	20.0%	65	20.0%
38	25.0%	66	30.0%	38	15.0%	66	20.0%
39	25.0%	67	30.0%	39	15.0%	67	20.0%
40	100.0%	68	30.0%	40	100.0%	68	20.0%
		69	30.0%			69	20.0%
		70	20.0%			70	20.0%
		71	20.0%			71	20.0%
		72	20.0%			72	20.0%
		73	20.0%			73	20.0%
		74	20.0%			74	20.0%
		75	100.0%			75	100.0%

Unisex, service based rates are used for police and fire. Rates depend on whether the unit has elected the optional 20-year retirement provisions. All members are assumed to retire upon reaching age 65 with at least ten years of service.



Police and Fire		
Service	Units with the Optional 20-year retirement election*	Units without the Optional 20-year retirement election
20	15.0%	
21	10.0%	
22	5.0%	
23	5.0%	
24	10.0%	
25	12.0%	50.0%
26	12.0%	12.0%
27	14.0%	14.0%
28	16.0%	16.0%
29	18.0%	18.0%
30+	35.0%	35.0%

* These rates were used for Richmond Police for service from 22 to 32 years.

C. Other Assumptions

1. Percent married: 85% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an annuity.
4. Percent electing deferred termination benefit: Vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.
5. Recovery from disability: None assumed.
6. Remarriage: It is assumed that no surviving spouse will remarry and there will be no children's benefit.
7. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at the first age at which unreduced benefits are available.
8. Investment and administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.



9. *Inactive members:* Liabilities for inactive members are approximated as a multiple of their member contribution account balances. For nonvested inactive members, the multiple is 1.0. For vested inactive members, the multiple is 8.0 for members with 25 or more years of service, 3.0 for vested inactive members age 45 or older with less than 25 years of service, and 1.0 for other vested inactive members younger than age 45.

10. *Decrement timing:* For all members, decrements are assumed to occur at the middle of the year.

V. Participant Data

Participant data was supplied on electronic files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for an active members included birthdate, sex, service, salary and employee contribution account balance. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

Salary supplied for the current year was based on the earnings for the year preceding the valuation date. This salary was adjusted by the salary increase rate for one year. However, for members with less than one year of service, the current rate of salary was used. This salary was adjusted by the salary increase rate for one year.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

SUMMARY OF BENEFIT PROVISIONS

1. *Authority:* The Municipal Employees' Retirement System (MERS) covers employees of certain participating Rhode Island municipalities and other local governmental units, such as housing authorities, water districts, etc. Benefits are described in Rhode Island General Laws, Title 45, Chapters 19, 19.1, 21, 21.1, 21.2, and 21.3.

2. *Plan Year:* A twelve-month period ending June 30th.

3. *Administration:* MERS is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy.

4. *Type of Plan:* MERS is a qualified governmental defined benefit retirement plan. Separate contribution rates are determined for each participating governmental unit. For Governmental Accounting Standards Board purposes, it is an agent multiple-employer plan.

5. *Eligibility:* General employees, police officers and firefighters employed by electing municipalities participate in MERS. Teachers and administrators are covered by the separate Employees' Retirement System of Rhode Island, but other school employees may be covered by MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be classified as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be classified as general employees with



no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a separate unit from the general employees, with separate contribution rates applicable.

6. Employee Contributions: General employees contribute 6.00% of their salary per year, and police officers and firefighters contribute 7.00%. In addition, if the municipality has elected one of the optional cost-of-living provisions, an additional member contribution of 1.00% of salary is required. If a municipality elects the optional 20-year retirement provision for its police officers and/or its firefighters, an additional contribution of 1.00% of salary will be required from these members. The municipality, at its election, may choose to “pick up” the members’ contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).

7. Salary: Salary includes the member’s base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

8. Employer Contributions: Each participating unit’s contribution rate is determined actuarially. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.

9. Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

10. Final Average Compensation (FAC): The average of the member’s highest three consecutive annual salaries. Monthly benefits are based on one-twelfth of this amount.

11. Retirement

a. Eligibility: General employees are eligible for retirement on or after age 58 if they have credit for 10 or more years of service, or at any age if they have credit for at least 30 years of service. Members designated as police officers or firefighters may retire at or after age 55 with credit for at least 10 years of service, or at any age with credit for 25 or more years of service. Members may retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elects to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member may retire at any age with 20 or more years of service.

b. Monthly Benefit: 2.00% of the member’s monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum). If the optional 20-year retirement provisions are adopted by the municipality and the member has attained 20 years of service, the benefit is 2.50% of the member’s monthly FAC for each year of service, up to 30 years (75% of FAC maximum). If a police officer or firefighter not covered by the 20-year retirement provision retires before age 55 with at least 20, but less than 25, years of service, benefits are reduced 0.5% per month that the member’s age at retirement is less than 55.

c. Payment Form: Benefits are paid as a monthly life annuity. Optional forms of payment are available; see below.

d. Death benefit: After retirement, death benefits are based on the form of annuity elected. If no option is elected, i.e., if payments are made as a life annuity, there is a minimum death benefit equal to the



sum of the member's contributions without interest, less the sum of the monthly benefit payments made before the member's death. In addition, a lump-sum death benefit is payable upon the death of any retired member, regardless of option elected. This lump sum is equal to a percentage of the lump-sum death benefit that was available to the member at the time of retirement. The percentage is 100% in the first year of retirement, 75% in the second year, 50% in the third year, and 25% in the fourth and subsequent years of retirement. However, in no event will the lump sum death benefit be less than \$4,000.

12. Disability Retirement

- a. Eligibility: A member is eligible provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.
- b. Ordinary Disability Benefit: The benefit payable under the retirement formula, using FAC and service at the time of disability, but not less than 10 years of service.
- c. Occupational Disability Benefit: An annual annuity equal to two-thirds of salary at the time of disability.
- d. Payment Form: The disability benefit commences immediately upon the member's retirement. Benefits cease upon recovery or reemployment. Disability benefits are payable as a monthly life annuity with a guarantee that, at the member's death, the sum of the member's contributions plus interest as of the date of retirement will be paid in a lump-sum to the member's beneficiary. All alternative forms of payment except for the Social Security Option are permitted in the case of disability retirement.

13. Deferred Termination Benefit

- a. Eligibility: A member with at least ten years of service is vested. A vested member who does not withdraw his/her contributions from the fund is eligible for a deferred termination benefit.
- b. Monthly Benefit: The monthly benefit is based on the retirement formula described above. Both FAC and service are determined at the time the member leaves active employment. Benefits may commence at age 58 or at such earlier age that the member has met the requirements for a retirement benefit.
- c. Payment Form: The same as for Retirement above.
- d. Death Benefit before Retirement: A member who dies after leaving active service but before retiring is entitled to receive a benefit as described below in Item 15.
- e. Death Benefit after Retirement: The same as for Retirement above.

14. Withdrawal (Refund) Benefit

- a. Eligibility: All members leaving covered employment with less than ten years of service are eligible. Optionally, vested members (those with ten or more years of service) may withdraw their accumulated contributions in lieu of the deferred benefits otherwise due.
- b. Benefit: The member who withdraws receives a lump-sum payment of equal to the sum of his/her employee contributions. No interest is credited on these contributions.



15. Death Benefit of Active or Inactive Members

a. Eligibility: Death must have occurred while an active member or while an inactive, non-retired member. The basic benefit plus the lump-sum benefit are paid on behalf of an active, general employee, and the special police/fire benefit and the lump-sum benefit are paid on behalf of an active police officer or firefighter. If the death was due to accidental, duty-related causes, the accidental death benefit is paid regardless of whether the employee is a general employee, a police officer, or a firefighter. Inactive members receive a refund of their accumulated contributions without interest.

b. Basic Benefit: Upon the death of a non-vested member, or upon the death of a vested, inactive member, or upon the death of an active, unmarried member, a refund of the member's contributions (without interest) is paid. Upon the death of a vested, married, active member, the spouse may elect (i) the refund benefit described above, or (ii) a life annuity paid to the spouse or beneficiary. The amount of the annuity is equal to the amount which would have been paid had the member retired at the time of his death and elected the Joint and 100% Survivor option. If the member was not eligible for retirement, the annuity benefit is reduced 6% per year from the date at which the member would have been eligible had he or she remained in service.

c. Lump-sum Benefit: \$800 per year of service, with a maximum benefit of \$16,000 and a minimum of \$4,000.

d. Special Police/Fire Death Benefit: In lieu of the basic benefit above, if a police officer or firefighter dies while an active member, an annuity of 30% of the member's salary will be paid to the member's spouse, for life or until remarriage. Children's benefits may also be payable.

e. Special Police/Fire Death Benefit: In lieu of the basic benefit above, if a police officer or firefighter dies while an active member, an annuity of 30% of the member's salary will be paid to the member's spouse, for life or until remarriage. Children's benefits may also be payable.

f. Accidental Duty-related Death Benefit: If a member dies as the result of an accident while in the course of his or her duties, in lieu of the above benefits the member's spouse may elect to receive (i) a refund of all contributions made (including interest), and (ii) an annual life annuity equal to 50% of the member's salary at the time of death. The annuity benefit stops when the spouse remarries or dies, although it may be continued to any children under age 18 or to any dependent parents.

16. Optional Forms of Payment: In addition to a life annuity, MERS offers members these optional forms of payment on an actuarially equivalent basis:

a. Option 1 (Joint and 100% Survivor) - A life annuity payable while either the participant or his beneficiary is alive.

b. Option 2 (Joint and 50% Survivor) - A life annuity payable to the member while both the member and beneficiary are alive, reducing to 50% of this amount if the member predeceases the beneficiary.

c. Social Security Option - An annuity paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Actuarial equivalence is based on tables adopted by the Employees' Retirement Board.



17. Post-retirement Benefit Increase: Members employed by municipalities who elect one of the optional COLA provisions receive an increase equal to 3% of the original retirement benefit each year, beginning January 1 following the member's retirement. This increase is not tied in any way to actual increases in the cost of living, and increases are not compounded. When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

18. Special Provisions Applying to Specific Units: Some units have specific provisions that apply only to that unit. The following summarizes those provisions:

a. Rhode Island General Law §45-21.2-22.1 contains special provisions that apply to employees of Burrillville Police, but only if adopted by the Town of Burrillville. The Town adopted these provisions effective July 1, 2006. Under these special provisions, the retirement benefit for a member with 20 or more years of service is improved. The new formula is 60.00% x Final Average Compensation (FAC), plus 1.50% x FAC x Years of Service in Excess of 20, with a maximum benefit equal to 75% of FAC. In addition to this benefit change, the member contribution rate increased from 9.00% to 10.20%.

b. Rhode Island General Law § 45-21.2-6.1, § 45-21.2-5(5), and § 45-21.2-14(d) contain special provisions that apply to members of the South Kingstown police department. Under these special provisions, the member receives a retirement allowance which is a life annuity terminable at the death of the annuitant, and is an amount equal to the sum of two and one-half percent (2.5%) of final compensation multiplied by the years of service accrued after July 1, 1993 and two percent (2%) of final compensation multiplied by the years of service accrued prior to July 1, 1993. The annual retirement allowance in no event shall exceed seventy-five percent (75%) of final compensation. The member contribution rate is 8.00%, plus 1.00% for the adoption of the optional COLA, for a total of 9.00%.

c. Rhode Island General Law § 45-21.2-5 (9) contains special provisions that apply to members of the Hopkinton police department. Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. The member contribution rate is 9.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.

d. Rhode Island General Law § 45-21.2-5 (7) and § 45-21.2-14 contain special provisions that apply to members of the Cranston fire department hired after July 1, 1995 or with less than 5 years of service at that date. Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. The member contribution rate is 10.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.

e. Rhode Island General Law §§ 45-21.2-5 (8) and § 45-21.2-14 contain special provisions that apply to members of the Cranston police department hired after July 1, 1995 or with less than 5 years of service at that date. Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing



on an annual basis on that date. The member contribution rate is 10.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.

f. Rhode Island General Law §§ 45-21.2-6.3 contains special provisions that apply to employees of Richmond Police. The Town adopted these provisions on April 3, 2008, effective July 1, 2008. Under these special provisions, members are eligible to retire after attaining 22 years of service. The retirement benefit for a member with 22 or more years of service was improved to 50.00% x Final Average Compensation (FAC), plus 2.2727% x FAC x Years of Service in Excess of 22, with a maximum benefit equal to 75% of FAC.

STATE POLICE ACTUARIAL INFORMATION

STATE POLICE
RETIREMENT BENEFITS TRUST

ACTUARIAL INFORMATION

July 14, 2010

Retirement Board
40 Fountain Street, First Floor
Providence, RI 02903-1854

Dear Members of the Board:

Subject: Actuarial Valuation of SPRBT as of June 30, 2009

This is the June 30, 2009 actuarial valuation of the State Police Retirement Benefits Trust (SPRBT). This report describes the current actuarial condition of the SPRBT, determines the recommended employer contribution rate, and analyzes changes in the contribution rate. Valuations are prepared annually, as of June 30, the last day of the SPRBT plan year. Benefits for state police officers hired before July 1, 1987 are funded by the state from general assets, on a pay-as-you-go basis, and are not included in this valuation.

Under Rhode Island General Laws, the employer contribution rate for state police is certified annually by the State of Rhode Island Retirement Board. This rate is determined actuarially, based on the plan provisions in effect as of the valuation date and the actuarial assumptions and methods adopted by the Board or set by statute. The Board's current policy is that the contribution rate determined by a given actuarial valuation becomes effective two years after the valuation date. For example, the rate determined by the June 30, 2009 actuarial valuation will be applicable for the year beginning July 1, 2011 and ending June 30, 2012.

Financing objectives and funding policy

The actuarial cost method and the amortization periods are set by statute. Contribution rates and liabilities are computed using the entry age normal actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost rate is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999, 20 years as of June 30, 2009). The amortization rate is adjusted for the two-year deferral in contribution rates.

Progress toward realization of financing objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%.

The funded ratio increased from 79.6% to 79.8% between the valuations. Likewise, the employer contribution rate increased from 24.58% to 25.39% for fiscal year 2012. An analysis of the changes in the employer contribution rate appears on page 137.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2009. There were no material changes adopted since the previous actuarial valuation. The benefit provisions are summarized in the Summary of Benefit Provisions of this report.

Assumptions and methods

All assumptions and methods are described in the Summary & Actuarial Methods and Assumptions of this report and are unchanged from the last valuation. The actuarial assumptions were last changed as a result of the experience study approved by the Board on June 13, 2007. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of SPRBT.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities and the calculated contribution rates.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

Data

The System's staff supplied data for active, inactive, and retired members as of June 30, 2009. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2009.

Certification

All of our work conforms with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where

applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries. All are Enrolled Actuaries, Members of the American Academy of Actuaries. They all meet the Qualification Standards of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems.

Sincerely,
Gabriel, Roeder, Smith & Company



J. Christian Conradi, ASA, MAAA, EA
Senior Consultant



Joseph P. Newton, FSA, MAAA, EA
Senior Consultant



Mark R. Randall, MAAA, EA
Executive Vice President

3014\2010\val\Stpl\SPoliceVal09.doc



Actuarial Valuation - June 30, 2009
 State Police Retirement Benefits Trust - Executive Summary

Item	Valuation Date:	
	June 30, 2009	June 30, 2008
Membership		
• Number of		
- Active members	176	177
- Retirees and beneficiaries	4	4
- Inactive members	2	2
- Total	182	183
• Payroll for benefits	\$ 17,096,202	\$ 16,698,764
Contribution rates		
• Member	8.75%	8.75%
• State	25.39%	24.58%
Assets		
• Market value	\$ 45,747,494	\$ 51,883,909
• Actuarial value	60,232,045	54,927,390
• Return on market value	-19.1%	-5.9%
• Return on actuarial value	2.0%	9.0%
• Employer contribution	\$ 3,340,746	\$ 3,720,281
• Ratio of actuarial value to market value	131.7%	105.9%
Actuarial Information		
• Employer normal cost %	17.14%	17.19%
• Unfunded actuarial accrued liability (UAAL)	\$ 15,247,960	\$ 14,102,123
• Amortization rate	8.25%	7.39%
• Funding period	20 years	21 years
• GASB funded ratio	79.8%	79.6%
Projected employer contribution		
• Fiscal year ending June 30,	2,012	2,011
• Projected payroll for contributions	\$ 14,445,921	\$ 14,038,134
• Projected employer contribution	3,667,819	3,450,573



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

The actuarial valuation uses the entry age normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability (UAAL).

1. First, the actuarial present value of future benefits is determined by discounting the projected benefits for each member back to the valuation date using the assumed investment return rate as the discount rate. For active members, the projected benefits are based on the member's age, service, sex and compensation, and based on the actuarial assumptions. The calculations take into account the probability of the member's death, disability, or termination of employment prior to becoming eligible for a retirement benefit, as well as the possibility of the member will remain in service and receive a service retirement benefit. Future salary increases are anticipated. The present value of the expected benefits payable to all active members is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits. Liabilities for future members are not included.
2. The employer contributions required to support the benefits are determined as a level percentage of salary, and consist of a normal contribution and an amortization contribution.
3. The required contribution is determined using the entry age normal cost method. Under this method, a calculation is made to determine the rate of contribution which, if applied to the compensation of each new member during the entire period of anticipated covered service, would be required to meet the cost of all benefits payable on his behalf. This calculation reflects the plan provisions that apply to members hired after July 1, 2007, i.e., the Article 22 provisions, even for members hired before that date. That is, the normal cost is the cost of a replacement employee. The salary-weighted average of these rates is the normal cost rate.
4. The employer normal cost rate is equal to (i) the normal cost rate, minus (ii) the member contribution rate.
5. The actuarial accrued liability is equal to the present value of all benefits less the present value of future normal costs. The unfunded actuarial accrued liability (UAAL) is then determined as (i) the actuarial accrued liability, minus (ii) the actuarial value of assets.
6. The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates



for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.

III. Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

IV. Actuarial Assumptions

A. *Economic Assumptions*

1. *Investment return:* 8.25% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.

2. *Salary increase rate:* The sum of (i) a 4.50% wage inflation assumption (composed of a 3.00% price inflation assumption and a 1.50% additional general increase), and (ii) a service-related component as shown below:

Years of Service	Service-Related Component	Total Increase
0	4.25%	8.75%
1	4.00	8.50
2	4.00	8.50
3	8.00	12.50
4	5.00	9.50
5	3.25	7.75
6	1.25	5.75
7	1.25	5.75
8	1.00	5.50
9	1.00	5.50
10-14	0.75	5.25
15-19	0.50	5.00
20-24	0.25	4.75
25&up	0.00	4.50

Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period between the valuation date and the first anniversary of the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption.

3. *Payroll growth rate:* In the amortization of the unfunded frozen liability, payroll is assumed to increase 4.50% per year. This assumption includes no allowance for future membership growth.



B. Demographic Assumptions

1. Post-termination mortality rates

- a. Healthy males – Based on the 1994 Group Annuity Mortality Table for males. Rates are set forward one year.
- b. Healthy females - Based on the 1994 Group Annuity Mortality Table for females
- c. Disabled males – 65% of the PBGC Table Va for disabled males eligible for Social Security disability benefits
- d. Disabled females – 100% of the PBGC Table VIa for disabled females eligible for Social Security disability benefits.

2. Pre-retirement mortality: 65% of the post-termination mortality rates. 15% of active member deaths are occupational.

3. Disability rates – Rates are applied, with 75% of disabilities considered work related, and no recoveries assumed once disabled:

Age	Rate
20	0.12%
25	0.17
30	0.22
35	0.29
40	0.44
45	0.72
50	1.21

Disabilities that are not work-related are assumed to result in a refund. The disability rates for non work-related causes stop once the member is eligible for retirement.

4. Termination rates - None



5. *Retirement rates* – State police are assumed to retire after completion of 20 years of service if employed before July 1, 2007 or after completion of 25 years of service if hired on or after July 1, 2007, in accordance with the probabilities as shown below. For members hired before July 1, 2007, 100% are assumed to retire at age 60 and completion of 20 years of service if still active. For members hired on or after July 1, 2007, 100% are assumed to retire at age 60 and completion of 25 years of service if still active.

State Police Employed Before July 1, 2007	
Service	Ret. Rate
20	25.0%
21	15.0%
22	10.0%
23	20.0%
24	30.0%
25	100.0%

State Police Employed On or After July 1, 2007	
Service	Ret. Rate
25	35.0%
26	25.0%
27	20.0%
28	30.0%
29	40.0%
30	100.0%

C. *Other Assumptions*

1. *Percent married:* 85% of employees are assumed to be married.
2. *Age difference:* Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses
3. No surviving spouse will remarry and there will be no children's benefit.
4. *Administrative expenses:* The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.

V. Participant Data

Participant data was supplied in electronic files for active and retired members. The data for an active members included birthdate, sex, service, salary and employee contribution account balance. We were also supplied with a separate file showing both the salary for contribution purposes and the salary for benefit purposes. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.



SUMMARY OF BENEFIT PROVISIONS

1. *Effective Date and Authority:* The State Police Retirement Benefits Trust (SPRBT) became effective on July 1, 1989 for state police officers originally hired on or after July 1, 1987. Benefits are described in Rhode Island General Laws, Title 42, Chapter 28.
2. *Plan Year:* A twelve-month period ending June 30th.
3. *Administration:* The State Police Retirement Benefits Trust is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy. Assets are commingled for investment purposes with those of the Employees' Retirement System of Rhode Island and various other plans and programs.
4. *Type of Plan:* The State Police Retirement Benefits Trust is a qualified governmental defined benefit retirement plan. For Governmental Accounting Standards Board purposes, it is a single-employer plan.
5. *Eligibility:* All state police officers, and the Superintendent of State Police, hired on or after July 1, 1987, participate in this plan. Benefits for state police officers hired before July 1, 1987 are being paid by the state from the general assets of the state, on a pay-as-you-go basis. Eligible employees become members at their date of employment.
6. *Salary for Contribution Purposes:* Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.
7. *Employee Contributions:* State police officers contribute 8.75% of their salary per year. The state "picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).
8. *Employer Contributions:* The state contributes an actuarially determined percentage of the member's annual salary. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.
9. *Service:* Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.
10. *Final Salary* (Salary for Benefit Purposes): Benefits are determined using a different, more expansive, definition of salary than is used for determining member and employer contributions. Final Salary includes base pay, longevity increases, 400 hours of overtime pay, holiday pay and the member's clothing allowance. For members who work more than 25 years, the Final Salary shall not be more than the Final Salary in the 25th year. In determining monthly benefits, Final Salary is expressed as a monthly amount.



11. Retirement

a. Eligibility:

- (i) For members hired before July 1, 2007: Eligible for retirement at any age after completion of 20 years of service.
- (ii) For members hired on or after July 1, 2007: Eligible for retirement at any age after completion of 25 years of service.
- (iii) The Superintendent of State Police: May retire on or after age 60 if he has credit for 10 years of service.

b. Monthly Benefit:

- (i) For members hired before July 1, 2007: 50% of Final Salary, plus 3% of Final Salary for each year of service in excess of 20. After earning 25 years of service, a member's benefit will be 65% of Final Salary, which is the maximum benefit allowable under the plan.
- (ii) For members hired on or after July 1, 2007: 50% of Final Salary, plus 3% of Final Salary for each year of service in excess of 25. After earning 30 years of service, a member's benefit will be 65% of Final Salary, which is the maximum benefit under the plan.
- (iii) The Superintendent of State Police: Receives a minimum benefit of 50% of Final Salary. The member also earns an additional 3% of Final Salary for each year of service in excess of 25. The member's maximum benefit is 65% of Final Salary.

c. Payment Form: Benefits are paid as a monthly life annuity. There are no optional forms of payment available.

d. Death benefit: After the death of a retired member, if the member was married, a benefit will be paid to the spouse equal to 2.00% of the member's Final Salary for each year of service. There is a minimum benefit of 25% of Final Salary. Benefits are increased one-third for each dependent child. The maximum benefit is 50% of Final Salary. Benefits may not begin before the spouse is age 40, and benefits stop upon the spouse's death or remarriage.

12. Disability Retirement

a. Eligibility: A member is eligible if the disability is work-related. (Non work-related disabilities result in a refund.)

b. Occupational Disability Benefit: 75% of Final Salary.

c. Payment Form: The disability benefit commences immediately upon the member's retirement. Benefits cease upon recovery or reemployment. Disability benefits are payable as a monthly life annuity. The same provisions that apply upon the death of a retired member apply upon the death of a disabled member.

13. Refunds

a. Eligibility: All members leaving covered employment prior to eligibility for other benefits.

b. Benefit: A lump-sum payment equal to the sum of his/her employee contributions. No interest is



credited on these contributions.

14. Death Benefit of Active Members

a. Eligibility: Death must have occurred from a service-related cause, or the member must have 10 or more years of service.

b. Ordinary Benefit: After the death of an active member, if the member was married, a benefit will be paid to the spouse equal to 2.00% of the member's Final Salary for each year of service. There is a minimum benefit of 25% of Final Salary. Benefits are increased one-third for each dependent child. The maximum benefit is 50% of Final Salary. Benefits may not begin before the spouse is age 40 without a dependent child, and benefits stop upon the spouse's death or remarriage.

c. Duty-related Death Benefit: 75% of Final Salary, paid to the spouse or other dependent relative. Benefits cease when the spouse or other relatives die or are no longer dependent.

15. Post-retirement Benefit Increase: Members receive an increase of \$1,500 per year (\$125.00 per month) beginning on the January 1 next following the third anniversary date of the retirement, and in every year thereafter. The increase applies to service retirement, disability retirement and death benefits. This increase is not tied in any way to actual increases in the cost of living.



Plan Net Assets
(Assets at Market or Fair Value)

Item	June 30, 2009	June 30, 2008
(1)	(2)	(3)
1. Cash and cash equivalents	\$ 63,182	\$ 339,361
2. Receivables:		
a. Employer and member contributions	\$ 911,804	\$ -
b. Transfers receivable	-	-
c. Miscellaneous	-	50
d. Total receivables	<u>\$ 911,804</u>	<u>\$ 50</u>
3. Investments		
a. Pooled trust	\$ 44,771,977	\$ 51,566,725
b. Plan specific investments	-	-
c. Total	<u>\$ 44,771,977</u>	<u>\$ 51,566,725</u>
4. Invested securities lending collateral	\$ -	\$ 7,367,438
5. Property and equipment (net of depreciation)	\$ 13,546	\$ 17,592
6. Total assets	\$ 45,760,509	\$ 59,291,166
7. Liabilities		
a. Other post-employment benefit liability, net	\$ 348	\$ 277
b. Securities lending liability	-	7,367,438
c. Other reserves and payables	12,667	39,542
d. Total liabilities	<u>\$ 13,015</u>	<u>\$ 7,407,257</u>
8. Total market value of assets available for benefits		
Total (Item 6 - Item 7)	\$ 45,747,494	\$ 51,883,909



Reconciliation of Plan Net Assets

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
1. Market value of assets as of beginning of year		
a. Market value of assets as of beginning of year	\$ 51,883,909	\$ 50,445,259
b. Adjustment for market value of assets	-	(3)
c. Adjusted market value of assets as of beginning of year	<u>\$ 51,883,909</u>	<u>\$ 50,445,256</u>
2. Contributions		
a. Members	\$ 1,122,991	\$ 1,050,103
b. State	3,340,746	3,720,281
c. Service purchases	-	-
d. Miscellaneous revenue	-	104
e. Total	<u>\$ 4,463,737</u>	<u>\$ 4,770,488</u>
3. Investment earnings, net of investment expenses	\$ (10,272,571)	\$ (3,097,423)
4. Expenditures for the year		
a. Benefit payments	\$ (234,504)	\$ (187,033)
b. Cost-of-living adjustments	(12,750)	(9,000)
c. Death benefits	-	-
d. Social security supplements	-	-
e. Supplemental pensions	-	-
f. Refunds	(36,241)	(17)
g. Administrative expenses	(44,086)	(38,362)
h. Total expenditures	<u>\$ (327,581)</u>	<u>\$ (234,412)</u>
5. Transfers and other adjustments	\$ -	\$ -
6. Market value of assets at end of year	\$ 45,747,494	\$ 51,883,909

**Analysis of Change in Employer Cost**

<u>Basis</u>	<u>Employer Cost</u>
1. Employer contribution rates from prior valuation	24.58%
2. Impact of changes, gains and losses	
a. Non-salary liability experience (gain)/loss	-0.42%
b. Salary (gain)/loss	-1.12%
c. Total payroll growth (gain)/loss	0.11%
d. Investment experience (gain)/loss	2.24%
e. Changes in assumptions	0.00%
f. Changes in plan provisions	<u>0.00%</u>
g. Total	0.81%
3. Employer contribution rates from current valuation	25.39%

JUDICIAL RETIREMENT
BENEFITS TRUST

ACTUARIAL INFORMATION

JUDICIAL ACTUARIAL INFORMATION

July 14, 2010

Retirement Board
40 Fountain Street, First Floor
Providence, RI 02903-1854

Dear Members of the Board:

Subject: Actuarial Valuation of the JRBT as of June 30, 2009

This is the June 30, 2009 actuarial valuation of the Judicial Retirement Benefits Trust (JRBT). This report describes the current actuarial condition of the JRBT, determines the recommended employer contribution rate, and analyzes changes in the contribution rate. Valuations are prepared annually, as of June 30, the last day of the JRBT plan year. Benefits for state judges hired before January 1, 1990 are funded by the state from general assets, on a pay-as-you-go basis, and are not included in this valuation.

Under Rhode Island General Laws, the employer contribution rate for Judges is certified annually by the State of Rhode Island Retirement Board. This rate is determined actuarially, based on the plan provisions in effect as of the valuation date and the actuarial assumptions and methods adopted by the Board or set by statute. The Board's current policy is that the contribution rate determined by a given actuarial valuation becomes effective two years after the valuation date. For example, the rate determined by the June 30, 2009 actuarial valuation will be applicable for the year beginning July 1, 2011 and ending June 30, 2012. However, because of the enactment of Article 16 in June 2010, the contribution rate is also being applied to fiscal years 2010 and 2011.

Financing objectives and funding policy

The actuarial cost method and the amortization periods are set by statute. Contribution rates and liabilities are computed using the entry age normal actuarial cost method. The employer contribution rate is the sum of two pieces: the employer normal cost rate and the amortization rate. The normal cost rate is determined as a percent of pay. The employer normal cost rate is the difference between this and the member contribution rate. The amortization rate is determined as a level percent of pay. It is the amount required to amortize the unfunded actuarial accrued liability over a closed period (30 years as of June 30, 1999, 20 years remaining as of June 30, 2009). The amortization rate is adjusted for the two-year deferral in contribution rates.

Progress toward realization of financing objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%.

Since the June 30, 2008 valuation, the benefit provisions were changed for non-grandfathered members through Article 16 in 2010 sessions. The changes decreased the employer contribution rate by 7.87% for FY2010 and FY2011. The rate determined by this valuation is 18.69% of payroll, which will be applicable for FY2012. The funded ratio which was shown as 81.7% in the prior valuation report increased to 88.3% this year.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on June 30, 2009, modified for the changes made by the Article 16 in 2010. The benefit provisions are summarized in the Summary of Benefit Provisions of this report.

Assumptions and methods

All assumptions and methods are described in the Summary of Actuarial Methods and Assumptions on page 143 of this report and are unchanged from the last valuation. The actuarial assumptions were last changed as a result of the experience study approved by the Board on June 13, 2007. We believe the assumptions are internally consistent and are reasonable, based on the actual experience of JRBT.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities and the calculated contribution rates.

The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

Data

The System's staff supplied data for active members and retirees as of June 30, 2009. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The System's staff also supplied asset data as of June 30, 2009.

Certification

All of our work conforms with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Rhode Island state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries. All are Enrolled Actuaries and Members of the American Academy of Actuaries. They all meet the Qualification Standards of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems.

Sincerely,
Gabriel, Roeder, Smith & Company



J. Christian Conradi, ASA, MAAA, EA
Senior Consultant



Joseph P. Newton, FSA, MAAA, EA
Senior Consultant



Mark R. Randall, MAAA, EA
Executive Vice President

3014\2010\Val\Jdgs\Judval09.doc



Actuarial Valuation - June 30, 2009
Judicial Retirement Benefits Trust - Executive Summary

Item	Valuation Date:		
	June 30, 2009	June 30, 2008	
	Reflecting Article 16	Reflecting Article 16	Disclosed in Prior Year's Report
Membership			
• Number of:			
- Active members	45	43	43
- Retirees and beneficiaries	10	7	7
- Inactive members	-	-	-
- Total	55	50	50
• Payroll supplied by ERSRI, annualized	\$ 6,843,454	\$ 6,601,889	\$ 6,601,889
Contribution rates			
• Member	8.75%	8.75%	8.75%
• State	18.69%	16.19%	24.06%
Assets			
• Market value	\$ 27,729,085	\$ 32,783,006	\$ 32,783,006
• Actuarial value	36,839,221	34,670,394	34,670,394
• Return on market value	-19.5%	-5.9%	-5.9%
• Return on actuarial value	1.9%	9.1%	9.1%
• Employer contribution	\$ 1,700,174	\$ 2,127,643	\$ 2,127,643
• Ratio of actuarial value to market value	132.9%	105.8%	105.8%
Actuarial Information			
• Employer normal cost %	13.46%	13.38%	16.26%
• Unfunded actuarial accrued liability (UAAL)	\$ 4,898,819	\$ 3,445,208	\$ 7,785,062
• Amortization rate	5.23%	2.81%	7.80%
• Funding period	20 years	21 years	21 years
• GASB funded ratio	88.3%	91.0%	81.7%
Projected employer contribution			
• Fiscal year ending June 30,	2012	2011	2011
• Projected payroll	\$ 7,809,518	\$ 7,533,852	\$ 7,533,852
• Projected employer contribution	1,459,599	1,219,731	1,812,645



SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

The actuarial valuation uses the entry age normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability (UAAL).

1. First, the actuarial present value of future benefits is determined by discounting the projected benefits for each member back to the valuation date using the assumed investment return rate as the discount rate. For active members, the projected benefits are based on the member's age, service, sex and compensation, and based on the actuarial assumptions. The calculations take into account the probability of the member's death, disability, or termination of employment prior to becoming eligible for a retirement benefit, as well as the possibility of the member will remain in service and receive a service retirement benefit. Future salary increases are anticipated. The present value of the expected benefits payable to all active members is added to the present value of the expected future payments to retired participants and beneficiaries to obtain the present value of all expected benefits. Liabilities for future members are not included.
2. The employer contributions required to support the benefits are determined as a level percentage of salary, and consist of a normal contribution and an amortization contribution.
3. The normal contribution is determined using the entry age method. Under this method, a calculation is made to determine the rate of contribution which, if applied to the compensation of each new member during the entire period of anticipated covered service, would be required to meet the cost of all benefits payable on his behalf. This calculation reflects the plan provisions that apply to members hired after July 1, 2009, i.e., the Article 16 provisions, even for members hired before that date. That is, the normal cost is the cost of a replacement employee. The salary-weighted average of these rates is the normal cost rate.
4. The employer normal cost rate is equal to (i) the normal cost rate, minus (ii) the member contribution rate.
5. The actuarial accrued liability is equal to the present value of all benefits less the present value of future normal costs. The unfunded actuarial accrued liability (UAAL) is then determined as (i) the actuarial accrued liability, minus (ii) the actuarial value of assets.
6. The amortization contribution rate is the level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The UAAL is being amortized over the remainder of a closed 30-year period from June 30, 1999. The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The determination of the contribution rate reflects this deferral. The unfunded actuarial accrued liability (UAAL) and covered payroll are projected forward for two years, and we then determine the amortization charge required to amortize the UAAL over the remaining amortization period from that point. In projecting the UAAL, we increase the UAAL for interest at the assumed rate and we decrease it for the amortization payments. The amortization payments for these two years are determined by subtracting the current employer normal cost from the known contribution rates for these years, based on the two prior actuarial valuations. Contributions are assumed to be made monthly throughout the year.



III. Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. Expected investment income is determined using the assumed investment return rate and the market value of assets (adjusted for receipts and disbursements during the year). The returns are computed net of administrative and investment expenses.

IV. Actuarial Assumptions

A. *Economic Assumptions*

1. *Investment return*: 8.25% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses.

2. *Salary increase rate*: Salaries are assumed to increase at the rate of 4.50% per year.

Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period between the valuation date and the first anniversary of the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption.

3. *Payroll growth rate*: In the amortization of the unfunded frozen liability, payroll is assumed to increase 4.50% per year. This assumption includes no allowance for future membership growth.

B. *Demographic Assumptions*

1. *Post-termination mortality rates*

a. Healthy males – Based on the 1994 Group Annuity Mortality Table for males. Rates are set forward one year.

b. Healthy females - Based on the 1994 Group Annuity Mortality Table for females.

2. *Pre-termination mortality rates* – 65% of the mortality rates for non-disabled retirees

3. *Disability rates* – None

4. *Termination rates* - None

5. *Retirement rates* – 33% of members are assumed to retire when first eligible for a reduced retirement benefit (age 65 with 10 years of service, or any age with 20 years of service). All other members are assumed to retire when eligible for an unreduced retirement benefit (age 65 with 20 years of service, or age 70 with 15 years of service). Judges who have not reached eligibility for a retirement benefit by age 75 are assumed to terminate at age 75 and receive either a reduced retirement benefit, if eligible, or a refund.

C. *Other Assumptions*

1. *Percent married*: 85% of employees are assumed to be married.

2. *Age difference*: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.

3. No surviving spouse will remarry and there will be no children's benefit.



4. Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.

V. Participant Data

Participant data was supplied in electronic files for active members and retirees. The data for active members included birth date, sex, service, salary and employee contribution account balance. For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

SUMMARY OF BENEFIT PROVISIONS

1. Effective Date and Authority: The Judicial Retirement Benefits Trust (JRBT) became effective on January 1, 1990 for judges hired on or after that date. Benefits are described in Rhode Island General Laws, Title 8, Chapters 3, 8, and 16, Title 28, Chapter 30, and Title 31, Chapter 43.
2. Plan Year: A twelve-month period ending June 30th
3. Administration: The Judicial Retirement Benefits Trust is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy. Assets are commingled for investment purposes with those of the Employees' Retirement System of Rhode Island and various other plans and programs.
4. Type of Plan: The Judicial Retirement Benefits Trust is a qualified governmental defined benefit retirement plan. For Governmental Accounting Standards Board purposes, it is a single-employer plan.
5. Eligibility: All judges or justices of the Supreme Court, a superior court, a district court, a family court, an administrative adjudication court or a workers' compensation court participate in this plan if they were hired on or after January 1, 1990. (These are referred to collectively as state judges.) Benefits for state judges hired before January 1, 1990 are being paid by the state from the general assets of the state, on a pay-as-you-go basis. Eligible state judges become members at their date of employment.
6. Salary: Contributions are based on the judge's salary. Benefits are based on the judge's salary at the time of retirement.
7. Employee Contributions: State judges contribute 8.75% of their salary per year. The state "picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).
8. Employer Contributions: The state contributes an actuarially determined percentage of the member's annual salary. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.
9. Final Average Compensation (FAC)
 - a. For judges who became members on or before July 2, 1997, one-twelfth of the judge's annual salary at the time of retirement.
 - b. For judges who became members after July 2, 1997 but before July 1, 2009, one-twelfth of the average of the judge's highest three consecutive annual salaries.
 - c. For judges who became members on or after July 1, 2009, one-twelfth of the average of the judge's



highest five consecutive annual salaries.

d. Benefits for death while an active member are based on the member's salary at the time of death, regardless of when the judge became a member.

10. Full Retirement

a. Eligibility: All judges are eligible for unreduced retirement at or after age 65 if the judge has served for 20 years, or at or after age 70 after 15 years of service.

b. Monthly Benefit:

(i) Judges who were appointed prior to January 1, 2009 receive 100% of FAC at retirement.

(ii) Judges who were appointed on or after January 1, 2009 but prior to July 1, 2009 receive 90% of FAC at retirement, and take an additional 10% reduction to 80% of FAC at retirement if they wish to elect the spouse's death benefit.

(iii) Judges who were appointed on or after July 1, 2009 receive 80% of FAC at retirement, or 70% of FAC at retirement if they wish to elect the spouse's death benefit.

c. Payment Form: Benefits are paid as a monthly life annuity. Members appointed prior to January 1, 2009 automatically receive the spouse's death benefit described below. Members appointed on or after January 1, 2009 must elect to a reduced benefit as described above if they wish to receive the spouse's death benefit. There are no other optional forms of payment available.

d. Death Benefit: After the death of a retired member, if the member was married, 50% of the retiree's benefit is paid to the surviving spouse for life (or until remarriage) if spouse's death benefit is elected. (No election or benefit reduction is required for members appointed prior to January 1, 2009.)

11. Reduced Retirement

a. Eligibility: A judge is eligible for a reduced retirement benefit at age 65 if the judge has served for 10 years, or at any age after 20 years of service.

b. Reduced Retirement Benefit:

(i) For judges who were appointed prior to January 1, 2009: receive 75% of FAC at retirement.

(ii) For judges who were appointed on or after January 1, 2009 but prior to July 1, 2009: receive 70% of FAC at retirement, and take an additional 10% reduction to 60% of FAC at retirement if they wish to elect the spouse's death benefit.

(iii) For judges who were appointed on or after July 1, 2009: receive 65% of FAC at retirement, or 55% of FAC at retirement if they wish to elect the spouse's death benefit.

c. Payment Form: Same as for Full Retirement.

d. Death Benefit: Same as for Full Retirement.

12. Refunds

a. Eligibility: All judges leaving covered employment for a reason other than death or retirement.



b. *Benefit:* A lump-sum payment equal to the sum of his/her employee contributions. No interest is credited on these contributions.

13. *Death Benefit of Active Members*

After the death of an active member, if the member was married, a benefit will be paid to the spouse until his/her death or remarriage. The benefit is equal to 25% of the judge's salary at death if the member had less than seven years of service. If the judge had at least seven but less than 15 years of service, the benefit is equal to 1/3 of the judge's salary at death. If the judge had at least 15 years of service or if the judge was eligible for retirement, the spouse receives 50% of the judge's salary at death. Benefits are payable until the spouse's death or remarriage. Benefits may be paid to any minor children after the death of the spouse. If an active member dies without having a spouse or minor children, a refund is paid to the member's beneficiary.

14. *Post-retirement Benefit Increase:*

a. For members who retired or will be eligible for retirement as of June 30, 2010: members receive an increase equal to 3.00% of the original benefit each year, beginning in January of the year in which the member reaches the third anniversary of retirement. The increase applies to both retirement and death benefits. This increase is not tied in any way to actual increases in the cost of living. (Judges of the administrative adjudication and workers compensation courts receive a compound 3.00% increase, rather than a simple 3.00% increase.)

b. For members who are or were formally justices of supreme, superior, family, and district courts and were not retired or were not eligible to retire as of June 12, 2010: The member will receive the first COLA upon the later of their third anniversary of retirement or when the member reaches age 65. The annual increase in the member's benefit will be equal to the lesser of their original benefit and the COLA limit in effect in the year the member retires, multiplied by the percentage increase in CPI up to a maximum of 3.0% per year. The COLA will be provided on a simple basis. The applicable annual COLA limit will be \$35,000 in 2010, and increase annually by the percentage increase in the Consumer Price Index (CPI) up to a maximum of 3.0% per year. No COLA would be paid on any part of the annual benefit in excess of this limit. The annual increase in the COLA limit will be determined on a compound basis.

c. For members who are or were formally judges of the administrative adjudication court, traffic tribunal, and workers' compensation court and were not retired or were not eligible to retire as of June 12, 2010: The member will receive the first COLA upon the later of their third anniversary of retirement or when the member reaches age 65. The annual increase in the member's benefit will be equal to the lesser of the current benefit and the current COLA limit, multiplied by the percentage increase in CPI up to a maximum of 3.0% per year. The COLA will be provided on a compound basis. The applicable annual COLA limit will initially be \$35,000, and increase annually by the percentage increase in the Consumer Price Index (CPI) up to a maximum of 3.0% per year. No COLA would be paid on any part of the annual benefit in excess of this limit. The annual increase in the COLA limit will be determined on a compound basis.



Plan Net Assets
(Assets at Market or Fair Value)

Item (1)	June 30, 2009 (2)	June 30, 2008 (3)
1. Cash and cash equivalents	\$ 37	\$ 141,444
2. Receivables:		
a. Employer and member contributions	\$ 297,349	\$ -
b. Transfers receivable	-	-
c. Miscellaneous	-	32
d. Total receivables	\$ 297,349	\$ 32
3. Investments		
a. Pooled trust	\$ 27,429,812	\$ 32,654,159
b. Plan specific investments	-	-
c. Total	\$ 27,429,812	\$ 32,654,159
4. Invested securities lending collateral	\$ -	\$ 4,665,404
5. Property and equipment	\$ 8,720	\$ 11,327
6. Total assets	\$ 27,735,918	\$ 37,472,366
7. Liabilities		
a. Other post-employment benefit liability, net	\$ 228	\$ 182
b. Securities lending liability	-	4,665,404
c. Accounts and vouchers payable	6,605	23,774
d. Total liabilities	\$ 6,833	\$ 4,689,360
8. Total market value of assets available for benefits Total (Item 6 - Item 7)	\$ 27,729,085	\$ 32,783,006

Analysis of Change in Employer Cost

Basis	Employer Cost
1. Employer contribution rates from prior valuation	24.06%
2. Impact of changes, gains and losses	
a. Non-salary liability experience (gain)/loss	1.61%
b. Salary (gain)/loss	-1.71%
c. Total payroll growth (gain)/loss	0.02%
d. Investment experience (gain)/loss	2.58%
e. Changes in assumptions	0.00%
f. Changes in plan provisions	-7.87%
g. Total	-5.37%
3. Employer contribution rates from current valuation	18.69%



Reconciliation of Plan Net Assets

Item (1)	June 30, 2009 (2)	June 30, 2008 (3)
1. Market value of assets as of beginning of year		
a. Market value of assets as of beginning of year	\$ 32,783,006	\$ 32,548,957
b. Adjustment for market value of assets	-	(1)
c. Adjusted market value of assets as of beginning of year	<u>\$ 32,783,006</u>	<u>\$ 32,548,956</u>
2. Contributions		
a. Members	\$ 617,315	\$ 580,507
b. State	1,700,174	2,127,643
c. Service purchases	-	-
d. Total	<u>\$ 2,317,489</u>	<u>\$ 2,708,150</u>
3. Investment earnings, net of investment expenses	\$ (6,506,645)	\$ (1,977,525)
4. Expenditures for the year		
a. Benefit payments	\$ (808,249)	\$ (450,644)
b. Cost-of-living adjustments	(28,073)	(20,775)
c. Post-retirement death benefits	-	-
d. Pre-retirement death benefits	-	-
e. Social security supplements	-	-
f. Supplemental pensions	-	-
g. Refunds	-	-
h. Administrative expenses	(28,443)	(25,156)
i. Total expenditures	<u>\$ (864,765)</u>	<u>\$ (496,575)</u>
5. Transfers and other adjustments	\$ -	\$ -
6. Market value of assets at end of year	\$ 27,729,085	\$ 32,783,006

EMPLOYEES' RETIREMENT SYSTEM
OF RHODE ISLAND

STATISTICAL INFORMATION

STATISTICAL INFORMATION



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

**Distribution of Active Members by Age and by Years of Service (Teachers)
As of 06/30/2009**

Attained Age	Years of Credited Service													
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	Total	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 25	18 \$42,616	63 \$36,337	15 \$41,166	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	96 \$38,269
25-29	36 \$42,043	162 \$38,496	146 \$40,966	184 \$45,360	140 \$48,884	260 \$52,471	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	928 \$45,866
30-34	15 \$40,270	103 \$41,059	73 \$45,291	88 \$50,988	145 \$49,262	1,055 \$59,733	218 \$71,490	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1,697 \$57,968
35-39	9 \$55,116	56 \$38,689	48 \$51,071	85 \$52,146	75 \$56,928	747 \$63,936	945 \$72,596	117 \$75,896	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	2,082 \$66,791
40-44	17 \$45,412	48 \$45,115	47 \$50,129	46 \$51,506	55 \$53,263	456 \$64,455	656 \$73,515	573 \$75,841	110 \$77,089	0 \$0	0 \$0	0 \$0	0 \$0	2,008 \$69,794
45-49	8 \$49,793	39 \$42,042	22 \$48,331	46 \$52,725	53 \$54,877	409 \$64,877	403 \$73,992	385 \$75,779	365 \$77,456	40 \$77,599	1 \$81,438	0 \$0	0 \$0	1,771 \$70,819
50-54	3 \$66,476	21 \$50,531	19 \$53,755	28 \$54,583	37 \$56,581	361 \$65,342	428 \$73,813	356 \$75,463	326 \$77,697	222 \$79,222	81 \$80,047	0 \$0	0 \$0	1,882 \$72,980
55-59	2 \$53,659	12 \$47,260	18 \$56,510	23 \$60,234	22 \$65,787	210 \$66,894	338 \$74,540	445 \$75,712	412 \$76,864	220 \$77,667	254 \$79,598	69 \$81,177	69 \$81,177	2,025 \$75,077
60-64	3 \$105,543	10 \$60,121	9 \$78,418	17 \$72,614	6 \$84,401	92 \$69,810	138 \$73,430	174 \$76,327	203 \$77,612	128 \$79,937	74 \$83,133	87 \$81,968	87 \$81,968	941 \$77,015
65 & Over	0 \$0	2 \$77,474	4 \$102,003	2 \$73,798	1 \$101,194	34 \$72,824	33 \$74,956	50 \$74,596	53 \$77,379	26 \$79,510	26 \$79,800	28 \$77,550	28 \$77,550	259 \$76,856
Total	111 \$46,617	516 \$40,912	401 \$47,202	519 \$50,782	534 \$52,889	3,624 \$62,605	3,159 \$73,323	2,100 \$75,752	1,469 \$77,335	636 \$78,738	436 \$80,298	184 \$80,999	184 \$80,999	13,689 \$68,010



Membership Data (Teachers)

	June 30, 2009 (1)	June 30, 2008 (2)	June 30, 2007 (3)
1. Active members			
a. Schedule A, Grandfathered	1,485	1,883	
b. Schedule A, NonGrandfathered	3,721	3,849	
c. Schedule B	8,483	8,267	
d. Number	13,689	13,999	14,146
e. Number vested	7,984	7,703	7,436
f. Total payroll supplied by ERSRI	\$ 930,993,404	\$928,250,193	\$902,193,640
g. Average salary	68,010	66,308	63,777
h. Average age	45.0	44.9	44.6
i. Average service	12.9	12.8	12.5
2. Inactive members			
a. Number	2,466	2,410	2,257
3. Service retirees			
a. Number	9,078	8,680	8,479
b. Total annual benefits	\$ 365,186,546	\$367,646,720	\$350,529,010
c. Average annual benefit	40,228	42,356	41,341
d. Average age	68.2	67.9	67.6
4. Disabled retirees			
a. Number	275	264	253
b. Total annual benefits	\$ 7,464,773	\$6,931,993	\$6,501,706
c. Average annual benefit	27,145	26,258	25,698
d. Average age	63.3	62.9	62.8
5. Beneficiaries and spouses			
a. Number	396	393	386
b. Total annual benefits	\$ 8,505,804	\$8,137,097	\$7,766,852
c. Average annual benefit	21,479	20,705	20,121
d. Average age	72.0	71.6	71.3



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

**Distribution of Active Members by Age and by Years of Service (State Employees)
As of 06/30/2009**

Attained Age	Years of Credited Service												Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.
Under 25	60 \$34,811	26 \$33,005	20 \$32,679	20 \$29,681	4 \$29,075	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	130 \$33,156
25-29	103 \$40,819	65 \$35,148	77 \$38,699	94 \$37,868	106 \$39,462	64 \$40,386	1 \$35,455	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	510 \$38,885
30-34	93 \$41,697	53 \$38,065	66 \$40,906	83 \$41,824	84 \$42,057	263 \$46,315	47 \$48,942	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	689 \$43,659
35-39	75 \$41,589	43 \$42,879	58 \$37,967	75 \$45,707	97 \$43,102	352 \$48,384	207 \$53,449	65 \$51,579	3 \$38,718	0 \$0	0 \$0	0 \$0	975 \$47,526
40-44	75 \$47,719	50 \$41,919	59 \$45,364	80 \$42,671	72 \$38,129	311 \$49,301	271 \$55,627	391 \$58,754	168 \$52,786	8 \$52,841	0 \$0	0 \$0	1,485 \$51,974
45-49	84 \$40,169	42 \$42,073	65 \$44,864	88 \$44,578	72 \$46,354	331 \$48,051	221 \$54,147	368 \$56,615	479 \$60,109	195 \$57,326	2 \$45,122	0 \$0	1,947 \$53,459
50-54	62 \$45,171	46 \$35,843	49 \$43,565	90 \$43,584	59 \$40,597	287 \$48,575	256 \$53,631	378 \$56,908	430 \$61,127	318 \$63,784	87 \$59,676	0 \$0	2,062 \$55,211
55-59	43 \$38,938	30 \$42,307	27 \$49,133	54 \$41,930	60 \$45,836	252 \$46,553	201 \$53,693	272 \$58,740	328 \$60,710	233 \$61,354	140 \$68,087	28 \$73,076	1,668 \$56,099
60-64	25 \$42,086	12 \$39,469	18 \$46,595	29 \$54,621	28 \$48,531	127 \$50,310	140 \$47,825	201 \$50,411	239 \$57,566	131 \$65,331	81 \$67,991	37 \$70,754	1,068 \$55,212
65 & Over	10 \$37,072	9 \$64,145	8 \$51,526	10 \$38,281	10 \$46,297	59 \$48,402	44 \$50,083	82 \$53,780	112 \$52,538	84 \$58,435	34 \$60,435	27 \$68,074	489 \$53,908
Total	630 \$41,493	376 \$39,457	447 \$42,148	623 \$42,605	592 \$42,336	2,046 \$47,875	1,388 \$53,215	1,757 \$56,455	1,759 \$58,906	969 \$61,555	344 \$65,047	92 \$70,674	11,023 \$52,125



Membership Data (State Employees)

	June 30, 2009 (1)	June 30, 2008 (2)	June 30, 2007 (3)
1. Active members			
a. Schedule A, Grandfathered	1,649	2,898	
b. Schedule A, NonGrandfathered	3,451	3,526	
c. Schedule B	5,923	5,546	
d. Total Count	11,023	11,970	12,572
e. Number vested	6,309	7,192	7,487
f. Total payroll supplied by ERSRI	\$ 574,569,170	\$617,622,521	\$626,192,680
g. Average salary	52,125	51,598	49,809
h. Average age	48.1	48.6	48.2
i. Average service	13.6	14.9	14.7
2. Inactive members			
a. Number	2,496	2,527	2,405
3. Service retirees			
a. Number	9,409	8,615	8,362
b. Total annual benefits	\$ 237,250,724	\$218,820,230	\$198,858,810
c. Average annual benefit	25,215	25,400	23,781
d. Average age	71.2	72.5	72.7
4. Disabled retirees			
a. Number	733	719	701
b. Total annual benefits	\$ 13,585,412	\$12,690,384	\$11,899,261
c. Average annual benefit	18,534	17,650	16,975
d. Average age	63.3	63.0	62.7
5. Beneficiaries and spouses			
a. Number	1,000	1,062	1,100
b. Total annual benefits	\$ 15,660,173	\$16,233,493	\$16,093,714
c. Average annual benefit	15,660	15,286	14,631
d. Average age	76.6	76.9	76.7



Historical Summary of Active Member Data

(State Employees & Teachers)

Valuation as of June 30,	Active Members		Covered Payroll		Average Salary		Average Age	Average Service
	Number	Percent Increase	Amount in \$ Millions	Percent Increase	\$ Amount	Percent Increase		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>State Employees</i>								
1999	13,369	2.0%	476	3.9%	35,606	1.8%	46.4	14.4
2000	13,305	-0.5%	499	4.8%	37,510	5.3%	46.7	14.4
2001	13,594	2.2%	521	4.4%	38,321	2.2%	46.9	14.5
2002	13,795	1.5%	563	8.1%	40,812	6.5%	47.4	14.3
2003	13,281	-3.7%	576	2.3%	43,364	6.3%	47.8	14.8
2004	12,957	-2.4%	576	-0.1%	44,422	2.4%	47.6	14.6
2005	12,789	-1.3%	576	0.0%	45,019	1.3%	47.8	14.5
2006	12,817	0.2%	612	6.2%	47,726	6.0%	47.9	14.4
2007	12,572	-1.9%	626	2.4%	49,809	4.4%	48.2	14.7
2008	11,970	-4.8%	618	-1.4%	51,598	3.6%	48.6	14.9
2009	11,023	-7.9%	575	-7.0%	52,125	1.0%	48.1	13.6
<i>Teachers</i>								
1999	13,282	3.1%	633	5.7%	47,642	2.6%	45.0	14.6
2000	13,607	2.4%	659	4.0%	48,402	1.6%	44.7	14.0
2001	14,092	3.6%	697	5.9%	49,491	2.3%	44.4	13.3
2002	14,710	4.4%	735	5.4%	49,986	1.0%	44.4	12.5
2003	14,410	-2.0%	782	6.3%	54,248	8.5%	44.2	12.7
2004	14,556	1.0%	810	3.6%	55,652	2.6%	43.7	12.0
2005	14,469	-0.6%	840	3.7%	58,081	4.4%	44.1	12.1
2006	14,343	-0.9%	859	2.3%	59,915	3.2%	44.3	12.2
2007	14,146	-1.4%	902	5.0%	63,777	6.4%	44.6	12.5
2008	13,999	-1.0%	928	2.9%	66,308	4.0%	44.9	12.8
2009	13,689	-2.2%	931	0.3%	68,010	2.6%	45.0	12.9



Municipal Employees' Retirement System

Active Member Statistics

Old Unit Number	New Unit Number	Unit	Code(s)	Active Employees as of June 30, 2009				Active Employees as of June 30, 2008			
				Number	Average Age	Average Service	Average Salary	Number	Average Age	Average Service	Average Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
General Employee Units											
3002	1012 1019	Bristol	B	105	46.7	12.1	41,965	102	46.0	12.0	40,540
3003	1032 1033	Burrillville	C	149	51.8	13.2	37,512	151	50.9	12.4	35,899
3004	1052	Central Falls		68	48.8	9.2	35,981	75	47.9	8.6	35,776
3005	1082	Charlestown	C	38	46.6	12.4	47,471	38	45.9	11.2	41,956
3007	1112 1113	Cranston	B	821	52.4	12.1	31,566	861	51.7	11.5	31,329
3008	1122 1123	Cumberland		256	51.6	10.7	32,594	256	51.0	10.3	31,501
3009	1152 1153	East Greenwich	C	16	50.8	11.2	70,598	17	49.5	11.8	68,965
3010	1162 1163	East Providence	B	436	49.7	11.3	40,945	475	49.6	11.1	39,484
3011	1183	Exeter/West Greenwich	B	79	51.6	11.0	31,316	76	51.7	10.5	28,617
3012	1192 1193	Foster		43	52.6	10.1	30,019	42	51.1	9.8	28,481
3013	1212 1213	Glocester	C	73	50.8	10.8	34,247	71	50.4	11.7	31,570
3014	1262	Hopkinton	C	34	53.1	9.3	41,393	36	50.3	8.4	41,350
3015	1272 1273	Jamestown	C	83	50.0	10.9	39,733	88	49.5	9.7	37,067
3016	1282 1283	Johnston	C	273	51.1	9.1	30,022	282	50.9	9.7	30,391
3017	1302 1303	Lincoln		18	48.6	7.4	47,280	20	49.3	6.9	50,804
3019	1322 1323	Middletown	C	130	50.3	12.8	40,526	127	50.1	12.4	38,525
3021	1352 1353 1354	Newport	B	272	50.7	12.7	43,585	290	49.7	11.8	39,297
3022	1342 1343	New Shoreham	B	56	49.3	8.6	37,321	55	48.0	7.8	35,872
3023	1372 1373	North Kingstown	C	350	51.4	11.8	33,809	370	51.5	11.6	31,790
3024	1382 1383	North Providence		243	50.5	10.7	29,620	250	49.7	10.1	28,280
3025	1392 1393	North Smithfield	B	90	51.0	9.8	31,739	93	50.2	9.0	32,077
3026	1412 1413	Pawtucket	C	593	50.3	12.4	36,203	636	48.7	11.9	35,280
3027	1515	Union Fire District		6	53.3	11.2	39,287	6	52.3	10.2	37,958
3029	1452	Richmond		23	55.1	7.7	32,937	23	55.0	7.6	32,299
3030	1462 1463	Scituate	B	84	51.8	10.4	32,042	92	52.0	10.0	30,944
3031	1472 1473	Smithfield	C	88	51.5	10.1	34,251	85	50.7	9.8	32,867
3032	1492 1493	South Kingstown	B	359	51.2	11.4	33,354	366	50.2	11.5	32,545
3033	1532 1533	Tiverton	C	90	51.6	8.9	33,860	87	49.6	9.1	33,106
3034	1562	Warren	C	43	44.2	9.9	40,081	42	44.1	9.3	40,782
3036	1622 1623	Westerly		1	58.3	26.9	64,591	1	57.3	26.0	64,034
3037	1602	West Greenwich	C	23	49.7	11.4	39,904	26	50.2	11.9	38,559
3039	1632 1633	Woonsocket	B	367	51.6	11.8	32,591	399	51.0	11.7	32,408
3040	1073	Chariho School District	C	169	48.9	10.3	30,491	169	47.7	9.7	28,801
3041	1203	Foster/Glocester	B	48	49.9	9.7	33,002	51	48.8	8.7	29,143
3042	1528	Tiogogue Fire & Lighting	C,5	---	---	---	---	---	---	---	---
3043	1336	Narragansett Housing	C	4	46.7	10.2	43,132	4	45.7	9.2	42,153
3045	1098	Coventry Lighting District	C	1	69.7	32.3	35,615	2	67.3	34.0	38,283
3046	1242	Hope Valley Fire	C	3	55.8	17.2	38,459	3	54.8	16.2	36,805
3050	1156	East Greenwich Housing	C	10	48.0	8.1	44,891	11	49.0	9.2	47,690
3051	1116	Cranston Housing	C	20	53.8	14.1	47,876	20	52.8	12.9	46,162
3052	1166	East Providence Housing	B	13	52.2	8.8	44,617	13	58.0	12.9	45,490
3053	1416	Pawtucket Housing	B	45	51.2	12.3	48,175	39	51.1	13.2	48,355
3056	1126	Cumberland Housing	C	11	45.4	6.5	38,899	12	46.5	8.5	39,604
3057	1306	Lincoln Housing	B	11	54.6	6.3	40,138	11	55.1	7.1	39,339
3059	1016	Bristol Housing		9	47.7	10.4	37,527	9	48.8	9.4	34,734
3065	1036	Burrillville Housing	B	4	47.4	7.2	39,993	5	49.8	12.0	37,769
3066	1386	North Providence Housing	B	5	52.6	12.1	45,400	6	52.5	9.3	43,895



Municipal Employees' Retirement System

Active Member Statistics

Old Unit Number	New Unit Number	Unit	Code(s)	Active Employees as of June 30, 2009				Active Employees as of June 30, 2008			
				Number	Average Age	Average Service	Average Salary	Number	Average Age	Average Service	Average Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
3067	1177	East Smithfield Water	C	3	45.9	11.3	44,992	3	44.9	10.3	41,741
3068	1227	Greenville Water	B	4	48.5	11.1	55,472	4	47.8	10.1	51,921
3069	1356	Newport Housing	C	26	51.6	12.1	42,665	28	51.0	11.3	42,258
3071	1566	Warren Housing	B	6	58.5	12.4	40,759	6	57.5	11.4	39,173
3072	1286	Johnston Housing		8	54.2	13.6	43,814	8	54.9	15.3	42,579
3077	1538	Tiverton Local 2670A	C	27	51.8	10.4	34,772	27	50.7	9.5	34,352
3078	02 1003 1007 10	Barrington COLA	C	188	51.0	11.4	38,406	187	51.2	11.0	37,011
3079	1096	Coventry Housing		13	50.0	6.5	37,537	11	47.2	6.8	36,048
3080	1496	South Kingstown Housing	C	5	53.4	2.3	32,805	1	51.7	9.0	45,715
3081	1403	N. RI Collaborative Adm. Services	C	57	50.8	8.2	26,366	58	49.2	7.1	27,286
3083	1616	West Warwick Housing	B	8	59.2	16.9	45,909	8	58.2	15.9	44,073
3084	1476	Smithfield Housing		3	47.6	12.5	43,496	2	45.2	17.3	39,982
3094	1478	Smithfield COLA	C	75	49.0	11.1	47,647	83	48.6	10.2	44,718
3096	1056	Central Falls Housing	C	22	45.2	7.3	41,309	21	47.8	7.1	43,213
3098	1293	Lime Rock Administrative Services		2	53.3	18.2	43,250	2	52.3	17.2	41,215
3099	1063	Central Falls Schools	C	149	51.1	9.0	31,452	152	50.6	8.6	30,457
3100	1023	Bristol/Warren Schools	B	129	51.8	11.2	33,352	135	51.7	10.8	31,240
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	162	50.4	9.9	31,575	164	50.1	10.0	30,592
3102	1712	Harrisville Fire District (ADMIN)	C	4	46.2	11.7	46,004	4	45.2	10.8	48,213
3103	1702	Albion Fire District (ADMIN)	C	---	---	---	---	---	---	---	---
All General Employee Units				6,554	50.9	11.2	\$ 35,246	6,797	50.3	10.9	\$ 34,109
Police & Fire Units											
4016	1285	Johnston Fire	D	45	37.2	4.5	51,472	32	37.7	5.2	51,974
4029	1454	Richmond Police	6	12	35.6	6.3	45,375	12	34.8	5.3	\$ 41,957
4031	1474	Smithfield Police	C,D	38	36.3	11.5	61,731	40	35.2	10.4	59,423
4042	1555	Valley Falls Fire	D	14	37.8	9.6	50,534	15	40.5	12.0	48,920
4047	1395 1435	North Smithfield Voluntary Fire	B,D	22	41.4	10.4	51,113	21	40.7	9.7	49,848
4050	1155	East Greenwich Fire	C,D	44	39.3	9.1	52,329	40	39.2	10.6	54,402
4054	1154	East Greenwich Police	C,D	31	42.0	14.1	62,363	33	40.9	12.1	58,029
4055	1375	North Kingstown Fire	C,D	76	42.1	14.7	52,709	80	41.4	14.1	51,898
4056	1374	North Kingstown Police	C,D	48	37.4	11.6	55,930	50	37.5	11.6	54,260
4058	1385	North Providence Fire	D	97	40.0	12.9	54,135	104	39.7	12.8	54,198
4059	1008	Barrington Fire (25)	C	16	32.7	5.1	50,303	14	38.4	4.7	47,010
4060	1004	Barrington Police	C,D	22	39.0	12.6	58,701	22	39.9	12.1	56,188
4061	1005	Barrington Fire (20)	C,D	8	51.2	25.0	59,285	9	50.5	24.7	57,893
4062	1564 1565	Warren Police & Fire	C,D	24	40.7	14.5	58,026	24	39.7	13.4	57,582
4063	1494	South Kingstown Police	B,1	51	39.4	11.6	53,613	55	38.4	10.9	50,558
4073	1464	Scituate Police	5	---	---	---	---	---	---	---	---
4076	1394	North Smithfield Police	C,D	21	39.8	13.2	54,964	21	40.6	14.0	55,758
4077	1534	Tiverton Fire	C,D	33	40.1	10.5	50,638	33	40.2	10.7	47,929
4082	1194	Foster Police	C,D	8	40.0	8.0	48,860	7	39.2	7.4	48,161



Municipal Employees' Retirement System

Active Member Statistics

Old Unit Number	New Unit Number	Unit	Code(s)	Active Employees as of June 30, 2009				Active Employees as of June 30, 2008			
				Number	Average Age	Average Service	Average Salary	Number	Average Age	Average Service	Average Salary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
4085	1634	Woonsocket Police	C,D	87	38.6	11.3	54,347	93	38.1	12.6	52,129
4086	1084	Charlestown Police	C,D	19	38.7	12.7	61,694	20	41.7	12.6	56,361
4087	1264	Hopkinton Police	C,D,6	14	41.4	10.3	56,143	16	39.4	12.6	55,863
4088	1214	Glocester Police	C,D	19	41.5	12.1	52,816	19	40.7	11.1	50,905
4089	1604	West Greenwich Police/Rescue	C,D	13	42.4	9.6	54,551	13	41.5	8.6	45,401
4090	1034	Burrillville Police	C,D,6	24	43.1	15.9	53,576	25	42.0	14.8	51,454
4091	1148	Cumberland Rescue	C,D	18	40.0	11.4	49,552	18	39.1	10.2	50,290
4093	1635	Woonsocket Fire	C,D	115	41.3	13.7	57,040	113	39.3	13.1	56,309
4094	1015	Bristol Fire	D	1	52.5	8.5	46,256	1	51.5	7.5	44,477
4095	1135	Cumberland Hill Fire	C,D	13	38.6	11.8	48,136	14	38.8	12.2	48,677
4096	1014	Bristol Police	C,D	30	35.0	6.6	52,405	26	33.2	6.5	52,973
4098	1095	Coventry Fire	D	13	39.7	11.9	53,628	14	40.0	12.0	48,123
4099	1505	South Kingstown EMT	C,D	17	38.5	8.0	41,609	16	38.3	7.5	41,061
4101	1365	North Cumberland	C,D	14	45.1	14.1	47,311	15	45.5	14.3	49,101
4102	45 1235 1525 15	Central Coventry Fire	C,D	38	39.7	11.8	49,630	40	38.4	10.7	47,331
4103	1255	Hopkins Hill Fire	C,D	11	47.3	8.9	44,084	11	45.1	9.7	43,778
4104	1114	Cranston Police	C,D,4	126	38.3	8.7	52,213	118	35.7	8.2	51,954
4105	1115	Cranston Fire	C,D,4	138	40.7	11.8	60,902	126	40.7	11.9	59,048
4106	1125	Cumberland Fire	B,D	13	43.9	12.5	47,296	13	43.4	11.5	45,603
4107	1305	Lincoln Rescue	C	16	41.5	10.2	47,877	16	37.5	9.8	46,126
4108	1344	New Shoreham Police	B,D	5	40.7	4.1	47,407	5	40.6	3.3	44,716
4109	1324	Middletown Police & Fire	C,D	35	37.0	3.3	45,797	31	36.1	3.0	43,089
4110	1715	Harrisville Fire District	C,D	5	39.3	9.7	51,343	5	38.3	8.7	47,756
4111	1705	Albion Fire District	C	4	41.7	10.6	44,843	3	42.8	12.4	44,474
All Police & Fire Units				1,398	39.8	11.1	\$ 54,069	1,383	39.1	11.1	\$ 52,743
All MERS Units				7,952	48.9	11.2	\$ 38,555	8,180	48.4	10.9	\$ 37,260

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2009 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

**Distribution of Active Members by Age and by Years of Service (General Employees)
As of 06/30/2009**

Attained Age	Years of Credited Service												Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 25	6 \$26,256	7 \$29,031	8 \$31,626	4 \$25,980	2 \$33,833	1 \$32,889	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	28 \$29,222
25-29	8 \$29,562	18 \$35,835	17 \$32,351	26 \$31,082	14 \$32,021	33 \$35,384	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	116 \$33,238
30-34	11 \$30,866	24 \$25,485	19 \$32,440	18 \$34,821	18 \$38,816	86 \$38,967	19 \$41,158	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	195 \$36,032
35-39	19 \$38,956	22 \$35,848	24 \$33,878	30 \$33,218	20 \$40,438	127 \$36,253	61 \$38,961	23 \$38,012	1 \$44,207	0 \$0	0 \$0	0 \$0	327 \$36,839
40-44	21 \$30,118	31 \$29,868	36 \$26,235	45 \$33,599	37 \$34,410	241 \$36,494	102 \$40,059	104 \$44,796	53 \$45,822	0 \$0	0 \$0	0 \$0	670 \$37,696
45-49	25 \$32,990	30 \$30,927	45 \$25,658	55 \$28,747	44 \$30,923	386 \$31,790	231 \$37,236	119 \$41,065	101 \$44,597	28 \$45,350	1 \$45,155	0 \$0	1,065 \$35,143
50-54	170 \$29,526	106 \$27,576	149 \$27,690	119 \$29,873	122 \$31,576	607 \$30,598	301 \$35,163	195 \$38,748	118 \$42,229	64 \$48,108	22 \$47,609	1 \$33,086	1,974 \$33,095
55-59	20 \$32,781	25 \$37,371	37 \$34,552	29 \$29,866	19 \$37,686	239 \$32,637	267 \$33,615	256 \$35,884	141 \$40,586	75 \$45,501	37 \$59,020	17 \$44,758	1,162 \$36,568
60-64	6 \$42,614	7 \$22,356	14 \$34,940	18 \$27,527	17 \$36,582	142 \$34,835	131 \$34,719	137 \$33,770	127 \$38,271	56 \$42,404	20 \$61,074	14 \$57,336	689 \$36,864
65-69	4 \$27,352	6 \$19,209	3 \$23,180	7 \$28,910	5 \$48,327	65 \$31,120	69 \$33,203	62 \$34,299	53 \$38,199	21 \$36,479	19 \$43,291	14 \$39,678	328 \$34,595
70 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
Total	290 \$30,935	276 \$29,824	352 \$29,245	351 \$30,619	298 \$33,856	1,927 \$32,986	1,181 \$35,770	896 \$37,852	594 \$41,360	244 \$44,680	99 \$53,740	46 \$46,786	6,554 \$35,246



**Distribution of Active Members by Age and by Years of Service (Police & Fire)
As of 06/30/2009**

Attained Age	Years of Credited Service												Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over		
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.		
Under 25	10 \$45,424	8 \$40,739	3 \$41,557	6 \$48,307	1 \$76,635	1 \$49,765	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	29 \$45,554
25-29	15 \$42,970	16 \$39,090	19 \$45,151	27 \$49,605	16 \$50,154	32 \$51,814	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	125 \$47,422
30-34	9 \$43,764	11 \$38,901	14 \$45,750	12 \$47,484	12 \$49,871	118 \$53,268	17 \$56,405	1 \$58,058	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	194 \$51,202
35-39	2 \$41,946	8 \$41,108	8 \$45,239	11 \$49,047	10 \$46,809	84 \$53,265	110 \$57,588	29 \$58,063	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	262 \$54,485
40-44	35 \$37,012	18 \$38,880	26 \$45,442	29 \$49,635	24 \$50,055	87 \$54,023	63 \$55,598	104 \$59,199	53 \$63,197	0 \$0	0 \$0	0 \$0	0 \$0	439 \$53,591
45-49	1 \$29,950	1 \$41,063	1 \$56,685	3 \$49,032	0 \$0	22 \$53,431	32 \$54,660	68 \$59,539	74 \$62,107	14 \$66,657	1 \$77,776	0 \$0	0 \$0	217 \$59,239
50-54	0 \$0	0 \$0	0 \$0	1 \$39,871	0 \$0	8 \$53,056	3 \$54,128	28 \$55,980	26 \$61,883	18 \$61,471	6 \$58,777	0 \$0	0 \$0	90 \$58,469
55-59	2 \$58,134	0 \$0	0 \$0	0 \$0	0 \$0	3 \$43,446	3 \$66,711	7 \$60,956	3 \$53,456	4 \$56,784	4 \$63,131	1 \$72,333	1 \$0	27 \$58,733
60-64	0 \$0	0 \$0	1 \$87,520	0 \$0	0 \$0	2 \$59,234	0 \$0	3 \$43,936	2 \$55,144	2 \$61,202	2 \$63,362	2 \$59,203	2 \$0	13 \$57,866
65-69	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	2 \$74,825	0 \$0	0 \$0	0 \$0	2 \$74,825
70 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
Total	74 \$40,786	62 \$39,501	72 \$45,981	89 \$49,044	63 \$49,952	357 \$53,267	228 \$56,613	240 \$58,638	158 \$62,183	40 \$63,472	12 \$62,194	3 \$0	1,398 \$54,069	



Municipal Employees' Retirement System
Retired Member Statistics

Old Unit Number	New Unit Number	Unit	Code(s)	Retirees and Beneficiaries As of June 30, 2009			Retirees and Beneficiaries As of June 30, 2008		
				Number	Average Age	Average Monthly Benefit	Number	Average Age	Average Monthly Benefit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Employee Units									
3002	1012 1019	Bristol	B	83	76.0	1,100	81	75.4	1,064
3003	1032 1033	Burrillville	C	79	73.8	913	77	73.5	876
3004	1052	Central Falls		30	72.2	1,009	28	72.3	895
3005	1082	Charlestown	C	10	72.3	1,370	10	71.3	1,338
3007	1112 1113	Cranston	B	489	74.0	1,113	469	74.0	1,045
3008	1122 1123	Cumberland		146	74.7	706	145	74.5	663
3009	1152 1153	East Greenwich	C	69	76.8	527	67	76.3	515
3010	1162 1163	East Providence	B	359	71.7	1,364	340	72.0	1,337
3011	1183	Exeter/West Greenwich	B	24	68.0	963	23	67.4	957
3012	1192 1193	Foster		18	72.2	645	16	72.4	618
3013	1212 1213	Glocester	C	24	68.5	862	23	68.7	799
3014	1262	Hopkinton	C	11	74.4	597	11	73.4	592
3015	1272 1273	Jamestown	C	27	68.1	1,161	26	68.1	1,139
3016	1282 1283	Johnston	C	181	74.1	1,117	167	74.7	1,002
3017	1302 1303	Lincoln		4	67.8	1,319	3	66.8	1,759
3019	1322 1323	Middletown	C	18	65.3	1,379	17	64.6	1,338
3021	1352 1353	Newport	B	212	71.6	1,400	207	71.4	1,333
3022	1342 1343	New Shoreham	B	14	75.6	847	14	74.6	827
3023	1372 1373	North Kingstown	C	177	72.1	1,024	159	72.4	1,019
3024	1382 1383	North Providence		154	74.7	633	155	74.4	625
3025	1392 1393	North Smithfield	B	66	75.5	832	66	74.9	808
3026	1412 1413	Pawtucket	C	484	73.1	1,065	478	73.0	989
3027	1515	Union Fire District		---	---	---	---	---	---
3029	1452	Richmond		9	74.0	613	8	74.1	505
3030	1462 1463	Scituate	B	55	74.4	954	55	74.4	895
3031	1472 1473	Smithfield	C	81	76.3	668	81	75.4	657
3032	1492 1493	South Kingstown	B	133	72.0	1,125	120	72.3	980
3033	1532 1533	Tiverton	C	55	75.8	722	55	75.7	694
3034	1562	Warren	C	50	78.6	831	51	77.9	811
3036	1622 1623	Westerly		8	81.2	1,132	8	80.2	1,132
3037	1602	West Greenwich	C	10	67.4	1,090	7	68.8	892
3039	1632 1633	Woonsocket	B	322	74.4	905	303	74.9	805
3040	1073	Chariho School District	C	42	67.7	1,090	40	66.7	1,045
3041	1203	Foster/Glocester	B	29	70.7	966	29	71.0	945
3042	1528	Tiogue Fire & Lighting	C,5	---	---	---	---	---	---
3043	1336	Narragansett Housing	C	1	73.8	437	1	72.8	437
3045	1098	Coventry Lighting District	C	1	83.3	5582.5	1	82.3	5428.9
3046	1242	Hope Valley Fire	C	---	---	---	---	---	---
3050	1156	East Greenwich Housing	C	1	66.8	4020.1	---	---	---
3051	1116	Cranston Housing	C	9	76.8	721	9	75.8	710
3052	1166	East Providence Housing	B	10	74.4	1,190	7	75.9	791
3053	1416	Pawtucket Housing	B	24	73.8	1,116	23	73.0	1,184
3056	1126	Cumberland Housing	C	5	72.2	1,183	4	73.7	843



Municipal Employees' Retirement System
Retired Member Statistics

Old Unit Number	New Unit Number	Unit	Code(s)	Retirees and Beneficiaries As of June 30, 2009			Retirees and Beneficiaries As of June 30, 2008		
				Number	Average Age	Average Monthly Benefit	Number	Average Age	Average Monthly Benefit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
3057	1306	Lincoln Housing	B	7	76.5	1,162	6	77.9	1,200
3059	1016	Bristol Housing		5	75.1	1,069	5	74.1	1,069
3065	1036	Burrillville Housing	B	2	66.1	2,189	1	67.0	1,290
3066	1386	North Providence Housing	B	5	72.0	1,540	5	71.0	1,503
3067	1177	East Smithfield Water	C	3	69.2	923	3	68.2	899
3068	1227	Greenville Water	B	1	63.3	2,759	1	62.3	2,687
3069	1356	Newport Housing	C	25	65.5	1,828	24	64.9	1,735
3071	1566	Warren Housing	B	3	69.6	1,557	3	68.6	1,518
3072	1286	Johnston Housing		4	80.5	704	3	85.5	560
3077	1538	Tiverton Local 2670A	C	13	69.3	932	13	68.3	907
3078	1002 1003 1003	Barrington COLA	C	111	75.5	919	109	75.4	874
3079	1096	Coventry Housing		7	77.4	484	7	76.4	484
3080	1496	South Kingstown Housing	C	---	---	---	---	---	---
3081	1403	N. RI Collaborative Adm. Services	C	5	60.0	1,421	5	59.0	1,384
3083	1616	West Warwick Housing	B	3	79.1	922	3	78.1	900
3084	1476	Smithfield Housing		---	---	---	---	---	---
3094	1478	Smithfield COLA	C	24	65.2	1,791	18	66.3	1,659
3096	1056	Central Falls Housing	C	8	71.4	1,046	9	70.8	987
3098	1293	Lime Rock Administrative Services		---	---	---	---	---	---
3099	1063	Central Falls Schools	C	42	67.1	927	37	66.8	869
3100	1023	Bristol/Warren Schools	B	78	68.5	1,061	75	67.9	993
3101	1157 1158	Town of E. Greenwich-COLA-NCE	C	24	62.6	2,062	19	62.7	2,209
3102	1712	Harrisville Fire District (ADMIN)	C	---	---	---	---	---	---
3103	1702	Albion Fire District (ADMIN)	C	---	---	---	---	---	---
All General Employee Units				3,894	73.1	\$1,050	3,730	73.1	\$988
Police and Fire Units									
4016	1285	Johnston Fire	D	1	46.2	\$2,557	1	45.2	\$2,557
4029	1454	Richmond Police	6	1	48.8	2,199	1	47.8	2,199
4031	1474	Smithfield Police	C,D	1	81.5	238	1	80.5	238
4042	1555	Valley Falls Fire	D	6	58.6	2,322	5	62.1	2,006
4047	1395 1435	North Smithfield Voluntary Fire	B,D	7	60.4	2,277	7	59.4	2,221
4050	1155	East Greenwich Fire	C,D	22	61.3	2,238	19	62.7	2,080
4054	1154	East Greenwich Police	C,D	18	60.7	2,507	17	60.7	2,419
4055	1375	North Kingstown Fire	C,D	54	65.8	2,064	50	65.7	1,951
4056	1374	North Kingstown Police	C,D	29	55.2	2,705	24	55.6	2,845
4058	1385	North Providence Fire	D	53	55.3	2,369	45	55.2	2,295
4059	1008	Barrington Fire (25)	C	1	63.0	4,117	1	62.0	4,012
4060	1004	Barrington Police	C,D	26	65.3	1,900	26	64.3	1,873
4061	1005	Barrington Fire (20)	C,D	30	67.6	1,554	30	67.9	1,530
4062	1564 1565	Warren Police & Fire	C,D	24	66.0	1,835	25	65.7	1,755
4063	1494	South Kingstown Police	B,1	41	61.5	2,493	38	61.3	2,441
4073	1464	Scituate Police	5	1	78.6	301	1	79.0	497
4076	1394	North Smithfield Police	C,D	14	62.0	2,305	12	64.0	2,226



**Municipal Employees' Retirement System
Retired Member Statistics**

Old Unit Number (1)	New Unit Number (2)	Unit (3)	Code(s) (4)	Retirees and Beneficiaries As of June 30, 2009			Retirees and Beneficiaries As of June 30, 2008		
				Number (5)	Average Age (6)	Average Monthly Benefit (7)	Number (8)	Average Age (9)	Average Monthly Benefit (10)
4077	1534	Tiverton Fire	C,D	16	62.6	1,701	18	63.4	1,640
4082	1194	Foster Police	C,D	6	60.0	1,973	6	59.0	1,930
4085	1634	Woonsocket Police	C,D	45	46.9	2,719	31	45.7	2,740
4086	1084	Charlestown Police	C,D	11	54.1	2,664	10	52.4	2,519
4087	1264	Hopkinton Police	C,D,6	6	55.0	2,747	3	62.3	2,049
4088	1214	Glocester Police	C,D	9	58.4	1,418	9	57.4	1,383
4089	1604	West Greenwich Police/Rescue	C,D	5	57.7	2,156	5	56.7	2,115
4090	1034	Burrillville Police	C,D,6	7	64.3	2,201	7	63.3	2,163
4091	1148	Cumberland Rescue	C,D	3	49.1	1,440	3	48.1	1,404
4093	1635	Woonsocket Fire	C,D	6	41.3	2,460	5	38.9	2,410
4094	1015	Bristol Fire	D	1	59.9	1,019	1	58.9	1,019
4095	1135	Cumberland Hill Fire	C,D	8	54.2	2,434	7	53.5	2,016
4096	1014	Bristol Police	C,D	---	---	---	---	---	---
4098	1095	Coventry Fire	D	5	53.4	1,976	4	51.2	1,907
4099	1505	South Kingstown EMT	C,D	---	---	---	---	---	---
4101	1365	North Cumberland	C,D	5	53.4	1,987	3	52.2	2,135
4102	1045 1235 15	Central Coventry Fire	C,D	9	55.5	2,149	8	55.9	2,105
4103	1255	Hopkins Hill Fire	C,D	1	41.6	984	---	---	---
4104	1114	Cranston Police	C,D,4	6	47.5	3,667	6	46.5	3,560
4105	1115	Cranston Fire	C,D,4	3	46.7	3,077	2	45.9	3,212
4106	1125	Cumberland Fire	B,D	6	59.4	2,413	6	58.4	2,352
4107	1305	Lincoln Rescue	C	5	51.7	1,874	4	48.9	2,146
4108	1344	New Shoreham Police	B,D	2	48.2	2,984	2	47.2	2,904
4109	1324	Middletown Police & Fire	C,D	---	---	---	---	---	---
4110	1715	Harrisville Fire District	C,D	---	---	---	---	---	---
4111	1705	Albion Fire District	C	1	67.1	1,763	1	66.1	1,717
All Police & Fire Units				495	58.9	\$2,247	444	59.3	\$2,159
All MERS Units				4,389	71.5	\$1,185	4,174	71.7	\$1,112

B - Municipality has adopted COLA Plan B

C - Municipality has adopted COLA Plan C

D - Municipality has adopted the "20-year" optional Police & Fire Plan

1 - S.Kingstown Police have a unique plan that provides 2.0% of salary for service prior to July 1, 1993, and 2.5% of salary for service on or after July 1, 1993.

2 - New unit in 2009 valuation.

3 - Closed unit.

4 - Cranston Fire and Police are contributing 10% due to special plan provision.

5 - This unit has no active members.

6 - Special plan provisions apply to this unit.



**Distribution of Active Members by Age and by Years of Service (State Police)
As of 06/30/2009**

Attained Age	Years of Credited Service												Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.
Under 25	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
25-29	0 \$0	0 \$0	0 \$0	0 \$0	8 \$82,258	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	8 \$82,258
30-34	0 \$0	0 \$0	0 \$0	0 \$0	10 \$82,258	5 \$87,058	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	15 \$83,858
35-39	0 \$0	0 \$0	0 \$0	0 \$0	14 \$83,021	6 \$87,058	14 \$91,005	3 \$101,532	0 \$0	0 \$0	0 \$0	0 \$0	37 \$88,197
40-44	0 \$0	0 \$0	0 \$0	0 \$0	2 \$83,228	6 \$87,538	36 \$92,863	33 \$112,838	0 \$0	0 \$0	0 \$0	0 \$0	77 \$100,758
45-49	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	8 \$93,098	22 \$112,244	0 \$0	0 \$0	0 \$0	0 \$0	30 \$107,139
50-54	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	2 \$87,058	2 \$92,546	5 \$117,043	0 \$0	0 \$0	0 \$0	0 \$0	9 \$104,936
55-59	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
60-64	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
65 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
Total	0 \$0	0 \$0	0 \$0	0 \$0	34 \$82,629	19 \$87,209	60 \$92,450	63 \$112,426	0 \$0	0 \$0	0 \$0	0 \$0	176 \$97,138

**Membership Data (State Police)**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
	(1)	(2)
1. Active members		
a. Number	176	177
b. Number vested	0	0
c. Total payroll supplied by State (for benefits)	\$ 17,096,202	\$ 16,698,764
d. Average salary	\$ 97,138	\$ 94,343
e. Average age	40.9	39.9
f. Average service	12.6	11.6
2. Inactive members		
a. Number	2	2
3. Service retirees		
a. Number	1	1
b. Total annual benefits	\$ 78,279	\$ 76,779
c. Average annual benefit	78,279	76,779
d. Average age	70.6	69.6
4. Disabled retirees		
a. Number	3	3
b. Total annual benefits	\$ 171,225	\$ 168,225
c. Average annual benefit	57,075	56,075
d. Average age	43.4	42.4
5. Beneficiaries and spouses		
a. Number	0	0
b. Total annual benefits	\$ -	\$ -
c. Average annual benefit	N/A	N/A
d. Average age	N/A	N/A

EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND



**Historical Summary of Active Member Data
(State Police)**

Valuation as of June 30, (1)	Active Members		Covered Payroll*		Average Salary*		Average Age (8)	Average Service (9)
	Number (2)	Percent Increase (3)	Amount (4)	Percent Increase (5)	Amount (6)	Percent Increase (7)		
1996	97	---	\$4,948,746	---	\$51,018	---	31.1	3.8
1997	96	-1.0%	\$5,370,985	8.5%	\$55,948	9.7%	32.2	4.8
1998	130	35.4%	\$7,211,874	34.3%	\$55,476	-0.8%	32.3	4.4
1999	130	0.0%	\$7,502,433	4.0%	\$57,711	4.0%	33.3	5.4
2000	152	16.9%	\$8,916,914	18.9%	\$58,664	1.7%	33.7	5.5
2001	151	-0.7%	\$9,139,418	2.5%	\$60,526	3.2%	34.7	6.6
2002	150	-0.7%	\$10,933,360	19.6%	\$72,889	20.4%	35.5	7.5
2003	150	0.0%	\$11,286,365	3.2%	\$75,242	3.2%	36.6	8.4
2004	148	-1.3%	\$11,421,880	1.2%	\$77,175	2.6%	37.6	9.5
2005	181	22.3%	\$13,225,400	15.8%	\$73,069	-5.3%	36.9	8.6
2006	179	-1.1%	\$13,474,588	1.9%	\$75,277	3.0%	37.9	9.6
2007	179	0.0%	\$15,836,354	17.5%	\$88,471	17.5%	38.9	10.6
2008	177	-1.1%	\$16,698,764	5.4%	\$94,343	6.6%	39.9	11.6
2009	176	-0.6%	\$17,096,202	2.4%	\$97,138	3.0%	40.9	12.6

*Based on salary used for benefits

**Distribution of Active Members by Age and by Years of Service (State Judges)
As of 06/30/2009**

Attained Age	Years of Credited Service													Total Count & Avg. Comp.
	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.		
Under 30	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
30-34	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
35-39	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
40-44	0 \$0	0 \$0	0 \$0	1 \$132,062	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$132,062
45-49	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$135,082	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$135,082
50-54	1 \$161,224	0 \$0	0 \$0	1 \$138,665	1 \$167,602	5 \$145,554	2 \$151,959	3 \$157,009	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	13 \$151,554
55-59	0 \$0	1 \$144,073	0 \$0	0 \$0	0 \$0	2 \$147,503	1 \$161,092	5 \$170,708	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	9 \$161,523
60-64	0 \$0	0 \$0	0 \$0	0 \$0	1 \$144,073	3 \$155,416	2 \$153,465	2 \$156,483	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	8 \$153,777
65-69	0 \$0	0 \$0	0 \$0	1 \$152,403	1 \$138,665	2 \$141,369	3 \$53,991	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	7 \$105,111
70 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	4 \$236,208	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	4 \$236,208
Total	1 \$161,224	1 \$144,073	0 \$0	3 \$141,043	3 \$150,113	13 \$146,680	12 \$156,562	10 \$163,753	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	43 \$153,532

**Membership Data (State Judges)**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
	(1)	(2)
1. Active members		
a. Number	45	43
b. Number vested	7	7
c. Total annualized payroll supplied by State	\$ 6,843,454	\$ 6,601,889
d. Average salary	\$ 152,077	\$ 153,532
e. Average age	58.6	59.4
f. Average service	10.0	10.4
2. Inactive members		
a. Number	0	0
3. Service retirees		
a. Number	6	4
b. Total annual benefits	\$ 793,210	\$ 494,346
c. Average annual benefit	\$ 132,202	123,587
d. Average age	72.0	71.4
4. Disabled retirees		
a. Number	0	0
b. Total annual benefits	\$ 0	\$ 0
c. Average annual benefit	N/A	N/A
d. Average age	N/A	N/A
5. Beneficiaries and spouses		
a. Number	4	3
b. Total annual benefits	\$ 235,298	\$ 142,677
c. Average annual benefit	\$ 58,825	\$ 47,559
d. Average age	74.9	73.0



Historical Summary of Active Member Data (State Judges)

Valuation as of June 30,	Active Members		Covered Payroll		Average Salary		Average Age	Average Service
	Number	Percent Increase	Amount	Percent Increase	Amount	Percent Increase		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1996	27	---	\$ 2,596,860	---	\$ 96,180	---	51.5	3.2
1997	28	3.7%	2,815,218	8.4%	100,544	4.5%	53.0	4.1
1998	29	3.6%	3,039,957	8.0%	104,826	4.3%	54.0	4.9
1999	29	0.0%	3,169,183	4.3%	109,282	4.3%	55.0	5.9
2000	31	6.9%	3,533,354	11.5%	113,979	4.3%	55.9	6.5
2001	35	12.9%	4,092,423	15.8%	116,926	2.6%	55.4	6.4
2002	39	11.4%	4,738,059	15.8%	121,489	3.9%	55.6	7.5
2003	42	7.7%	5,303,153	11.9%	126,266	3.9%	55.8	7.6
2004	44	4.8%	5,637,865	6.3%	128,133	1.5%	56.9	8.2
2005	44	0.0%	5,684,585	0.8%	129,195	0.8%	58.3	8.4
2006	45	2.3%	6,313,069	11.1%	140,290	8.6%	58.3	9.0
2007	44	-2.2%	6,451,666	2.2%	146,629	4.5%	59.0	9.8
2008	43	-2.3%	6,601,889	2.3%	153,532	4.7%	59.4	10.4
2009	45	4.7%	6,843,454	3.7%	152,077	(0.9%)	58.6	10.0