

AGENDA
Joint Committee on Public Retirement & Social Security Programs

Monday, December 12, 2011

04:30 PM

**ASU Campus-Fowler Center, 201 Olympic Drive, State University
Jonesboro, Arkansas**

Sen. Johnny Key, Chair
Sen. Joyce Elliott, Vice Chair
Sen. Jimmy Jeffress
Sen. Jim Luker
Sen. Gene Jeffress
Sen. David Wyatt
Sen. Jason Rapert
Sen. Bill Sample
Sen. Jeremy Hutchinson
Sen. Mike Fletcher

Rep. Les "Skip" Carnine, Chair
Rep. Butch Wilkins, Vice Chair
Rep. Johnnie J. Roebuck
Rep. Randy Stewart
Rep. Tim Summers
Rep. Mark Perry
Rep. Jim Nickels
Rep. Allen Kerr
Rep. Homer Lenderman
Rep. Gary Deffenbaugh
Rep. Tommy Wren, Non-Voting
Rep. John Catlett, Non-Voting

Rep. David L. Branscum, Non-Voting
Rep. Sheilla E. Lampkin, Non-Voting
Rep. Fred Allen, Alternate
Rep. Billy W. Gaskill, Alternate
Rep. Toni Bradford, Alternate
Rep. Duncan Baird, Alternate
Rep. Robert E. Dale, Alternate
Rep. Jody Dickinson, Alternate
Rep. James Ratliff, Alternate
Rep. Josh Johnston, Alternate
Rep. Nate Bell, Alternate
Rep. Efreem Elliott, Alternate

- A. Call to Order
- B. Comments by Co-Chairs—Representative Les Carnine and Senator Johnny Key
- C. Welcome from host legislator—The Honorable Butch Wilkins, State Representative, District 74
- D. Recognition of attending legislators—Representative Les Carnine, House Co-Chair
- E. Briefing on state-supported retirement systems **[Exhibit E]**
 1. Arkansas Local Police and Fire Retirement System (LOPFI) – Mr. David Clark, Executive Director **[Exhibit E-1]**
 - a. Committee questions and discussion
 - b. Public comments
 2. Arkansas Public Employees Retirement System (APERS) - Ms. Gail Stone, Executive Director **[Exhibit E-2]**
 - a. Committee questions and discussion
 - b. Public comments
 3. Arkansas Teacher Retirement System (ATRS) – Mr. George Hopkins, Executive Director
 - a. Committee questions and discussion **[Exhibit E-3]**
 - b. Public comments
 4. Arkansas State Highway Employees Retirement System (ASHERS) - Mr. Larry Dickerson, Executive Secretary **[Exhibit E-4]**
 - a. Committee questions and discussion
 - b. Public comments

Notice: Silence your cell phones. Keep your personal conversations to a minimum. Observe restrictions designating areas as "*Members and Staff Only*"

5. Arkansas State Police Retirement System (ASPRS) – Ms. Gail Stone, Executive Secretary
[Exhibit E-5]

- a. Committee questions and discussion
- b. Public comments

6. Arkansas Judicial Retirement System (AJRS) – Ms. Gail Stone, Executive Director

- a. Committee questions and discussion **[Exhibit E-6]**
- b. Public comments

F. Arkansas Diamond Deferred Compensation Plan

- Mr. Jason Lee, Executive Director, Employee Benefits Division, Department of Finance & Administration **[Exhibit F]**

G. Other Business

H. Adjournment

ARKANSAS DEFERRED RETIREMENT OPTION PLANS (DROPS)

	EFFECTIVE	ELIGIBILITY	% OF MONTHLY ANNUITY	DURATION	INCREASES	INTEREST	CONTRIBUTIONS
APERS	1997 (Act 1052)	30 yrs; 28 yrs (reduced) (Act 1325 of 1999)	75%	7 years (Act 762 of 2001)	Annual COLA and retirees' increases	3% compounded	Employer (ER) contribution continues to system (Act 558 of 2011; effective 1/1/12) Employee contributions cease
ATRS	1995 (Act 1096)	30 yrs; 28 yrs (reduced) (Act 1590 of 1999)	Reduced 1% each contributory year of service. 6/10% each non-contrib. yr of service. additional reduction of 6% each yr under 30	10 years	Annual COLA	variable: 2%-6% compounded	Employer contributions continue (Act 992 of 2003; effective 9/1/2003)
ASPRS (1)	1995 (Act 967)	30 yrs credited [20 yrs of public safety]	100%	7 years (Act 1969 of 2005)	COLA and retirees' increases	set by the Board of Trustees	Employer (ER) contribution continues to system
ASPRS (2)	2009 (Act 1242)	30 yrs credited	72%	7 years (Act 1242 of 2009)	COLA and retirees' increases	minimum rate of 1% maximum rate of 5%	Employer (ER) contribution continues to system
ASHERS	1997 (Act 1073) 2003 (Act 776)	age 65 w/5 ser yrs age 62 w/15 ser yrs age 60 w/20 ser yrs 30 ser yrs	90%; can be reduced to offset increase in DROP duration (Act 776 of 2003)	5 years; or until age 65 6% employee	COLA and retirees' increases	6% compounded	All contributions cease; after 5 years employee continue and employer pays 6.9%
LOPFI	2003 (Act 1734)	age 55 w/20 ser yrs 28 ser yrs regardless of age	72% (Act 871 of 2005) 75%	5 years	limited to an increase in the multiplier	6% compounded	Employer and employee contribution continues
LOCAL POLICE (2)	1993 (Act 757)	20 years	100%	5 years 10 years (if board and municipal board approve)	Retirees' increases (Act 258 of 2005)	2% below return rate minimum rate of 0% (Act 1369 of 2003)	Employer and employee (EE) continue and distributed differently-according to cities' population (3)
LOCAL FIRE (2)	1993 (Act 1004)	20 years	100% 100% (Act 1251 of 2005)	10 years (if board and municipally approve) (Act 1369 of 2003) 2nd 5-yr period	Retirees' increase if in covered class	2% below return rate minimum rate of 0% (Act 1369 of 2003)	Employer and employee continue and distributed differently-according to cities' population (3)

(1) Only available to Tier 1 participants
 (2) Requires local board approval
 (3) 20,000 + & ER divided between pension fund & DROP account; EE credited to pension fund
 Local board may decide to credit full ER to fund
 Less than 20,000, ER contribution to pension fund & EE contribution to DROP account

LOPFI

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

620 W. 3rd, Suite 200
 Little Rock, Arkansas 72201-2223
 Telephone: 501.682.1745
 Toll-Free: 866.859.1745
 Fax: 501.682.1751
 email: info@lopfi-prb.com
 website: www.lopfi-prb.com

Following is a summary of Acts from the 2011 Legislative Session that may interest members of LOPFI and the Local Fire and Police Pension Funds. Acts with an emergency clause have the effective date at the end of its summary; those without a date mean the effective date will be July 27, 2011. An asterisk (*) indicates the act was part of the LOPFI Board of Trustees' or Pension Review Board's legislative plan. Acts are located on the General Assembly's web site, which is accessible via the Links tab on LOPFI's web site.

Act 91* (Senate Bill 57, J. Key) Military Service Credit Purchase

Increased amount of time that can be purchased for former military service credit. LOPFI members can purchase up to five (5) years of active duty military service that was earned prior to becoming a member of LOPFI. The cost calculation changed to an actuarial based method. Effective February 23, 2011.

Act 17* (Senate Bill 58, J. Key) LOPFI-Technical Changes

Added definitions for active member and actual service; improved definition of pay; removed obsolete language throughout LOPFI's code; added language to assist with IRS determination letter; and added the words Active and Actual to the Other Service Credit provision (24-10-508). Effective February 9, 2011.

Act 556* (Senate Bill 79, J. Key) PRB-Technical Changes

Allow transfer of excess subsidy account monies to a local fire or police pension fund; updated language pertaining to annual financial reports filed with the PRB; removed conflicting language in police section of code regarding surviving spouse benefits and amended language to ensure a child over 18 will still receive a benefit as long as he/she is a full-time student; removed obsolete language in the local fire pension board of trustees code and added language stating the trustees of fire pension boards must be actual members, not beneficiaries, and that they serve without compensation. Effective March 22, 2011.

Act 167 (Senate Bill 170, J. Key) Cadet Service Credit Purchase

Permit LOPFI members who had paid service as a cadet to purchase that time. The cadet service had to be rendered at a municipality that also has a local fire or police pension fund and the service credit purchase will be based on its actuarial cost.

Act 979 (Senate Bill 181, J. Key)

Revised Premium Tax Distribution

Amends several sections of the premium tax distribution formula. Premium taxes are used to defray a portion of the employer contributions for LOPFI and the local fire and police pension funds. Several of the changes will phase in over the next five years, so the full effect of this act will not be realized until the 2016 premium tax distribution. Amendments include:

- Beginning January 1, 2012, NEW locations that adopt LOPFI coverage will no longer have prior service credit added. In other words, service credit will begin to accrue on the first day of the month that LOPFI coverage is adopted.
- Move LOPFI paid service locations to a single employer contribution rate. This is similar to the uniform volunteer employer contribution rate.
- When the phase-in period of the act is completed, LOPFI paid service locations will have 40% of their cost funded by premium tax (volunteer locations continue with the funding formula currently used); local fire and police funds and consolidated funds will have 30% of their cost funded by premium tax. Cost for local pension funds and consolidated funds are determined on the base benefit i.e. 50% of salary for paid service and \$100/month for volunteer service.
- The Guarantee Fund used for funding assistance to local fire and police pension funds and consolidated funds will end effective with the 2016 distribution. In its place will be an additional allocation defined in 24-11-217. To be eligible for the additional allocation, which is 10% of the pension fund's calculated cost, the city must contribute at least 80% of the calculated cost to the local pension fund. Cost is determined on the base benefit i.e. 50% of salary for paid service and \$100/month for volunteer service.

Act 621 (House Bill 1589, Summers)

Municipal Accounting

Several amendments are included in this act; however, the applicable aspect for LOPFI employers is the ability to remit their monthly payments to the system electronically. LOPFI's section of code has permitted electronic payments for a number of years; however, municipal accounting did not contain such language. This act provides the necessary updates to municipal code for electronic payments.

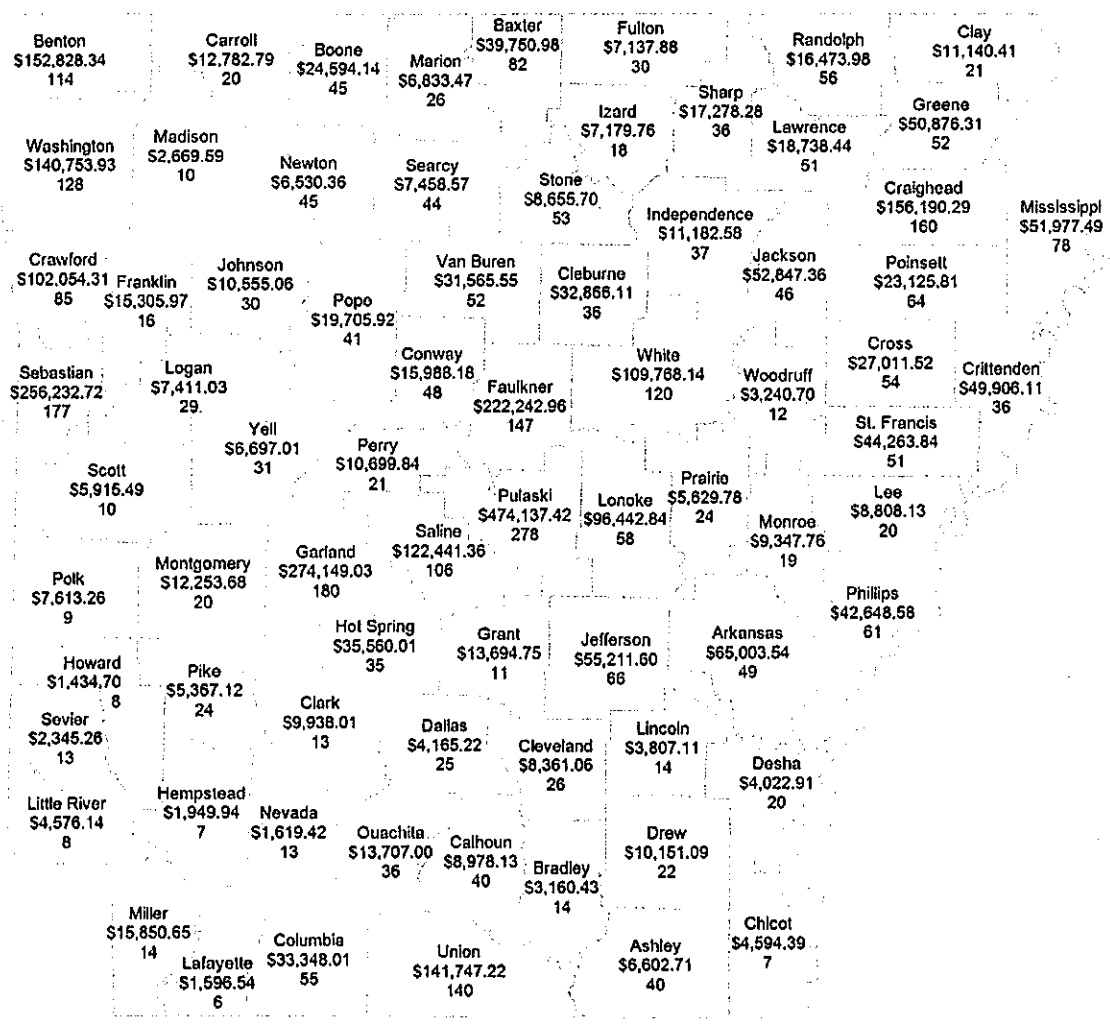
Senate Joint Resolution 5 (Files)

Financial Reform

A proposed Constitutional amendment to issue county or municipal bonds. Relevant aspect for local fire and police pension funds is if the fund is consolidated with LOPFI, they can ask voters at a general election or special election to retire the unfunded liability of the pension fund by issuing bonds. Voters would approve the dollar amount of the bonds as well as the amount of sales tax to retire the bonds.

Please feel free to contact Tracy Warfe, Denise Reed, or David Clark with any questions about this summary.

LOPFI Benefit Recipients (as of December 1, 2011 Payroll)



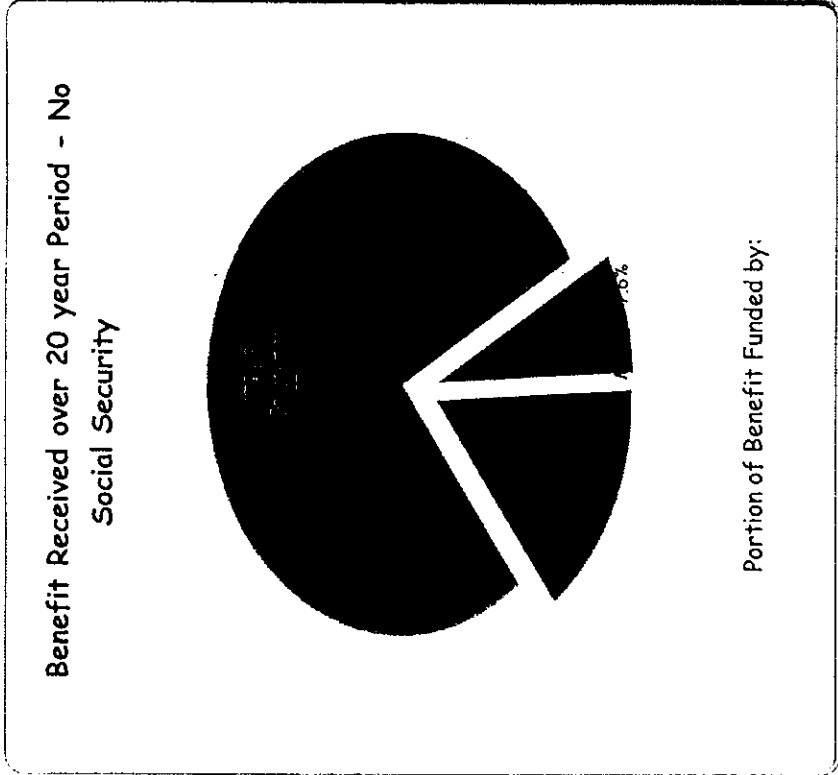
Summary of Monthly Data

	Arkansas	Out of State
Total Recipients	3,693	231
LOPFI	1,805	131
Local Plan	1,867	100
LOPFI/Local Plan*	21	0
Total Payments	\$3,308,701.72	\$232,606.21
LOPFI	\$1,498,127.64	\$122,412.59
Local Plan	\$1,810,574.08	\$110,193.62

*recipients having both a LOPFI retirement and Local Plan retirement

Average Annual Salary	\$ 44,529.00
Average Monthly Salary	\$ 3,710.75
Benefit Multiplier	2.94%
Years of Service	28
Monthly Benefit	\$ 3,054.69

No Social Security			
Yr.	Monthly Benefit	Annual Benefit	Cumulative Benefits Received
1	\$ 3,054.69	\$ 36,656.28	\$ 36,656.28
2	\$ 3,146.33	\$ 37,755.97	\$ 74,412.25 (1)
3	\$ 3,240.72	\$ 38,888.65	\$ 113,300.90
4	\$ 3,337.94	\$ 40,055.31	\$ 153,356.20
5	\$ 3,438.08	\$ 41,256.97	\$ 194,613.17
6	\$ 3,541.22	\$ 42,494.68	\$ 237,107.84 (2)
7	\$ 3,647.46	\$ 43,769.52	\$ 280,877.36
8	\$ 3,756.88	\$ 45,082.60	\$ 325,959.96
9	\$ 3,869.59	\$ 46,435.08	\$ 372,395.04
10	\$ 3,985.68	\$ 47,828.13	\$ 420,223.17
11	\$ 4,105.25	\$ 49,262.98	\$ 469,486.15
12	\$ 4,228.41	\$ 50,740.86	\$ 520,227.01
13	\$ 4,355.26	\$ 52,263.09	\$ 572,490.10
14	\$ 4,485.92	\$ 53,830.98	\$ 626,321.08
15	\$ 4,620.49	\$ 55,445.91	\$ 681,767.00
16	\$ 4,759.11	\$ 57,109.29	\$ 738,876.28
17	\$ 4,901.88	\$ 58,822.57	\$ 797,698.85
18	\$ 5,048.94	\$ 60,587.25	\$ 858,286.10
19	\$ 5,200.41	\$ 62,404.86	\$ 920,690.96
20	\$ 5,356.42	\$ 64,277.01	\$ 984,967.97
		\$ 984,967.97	



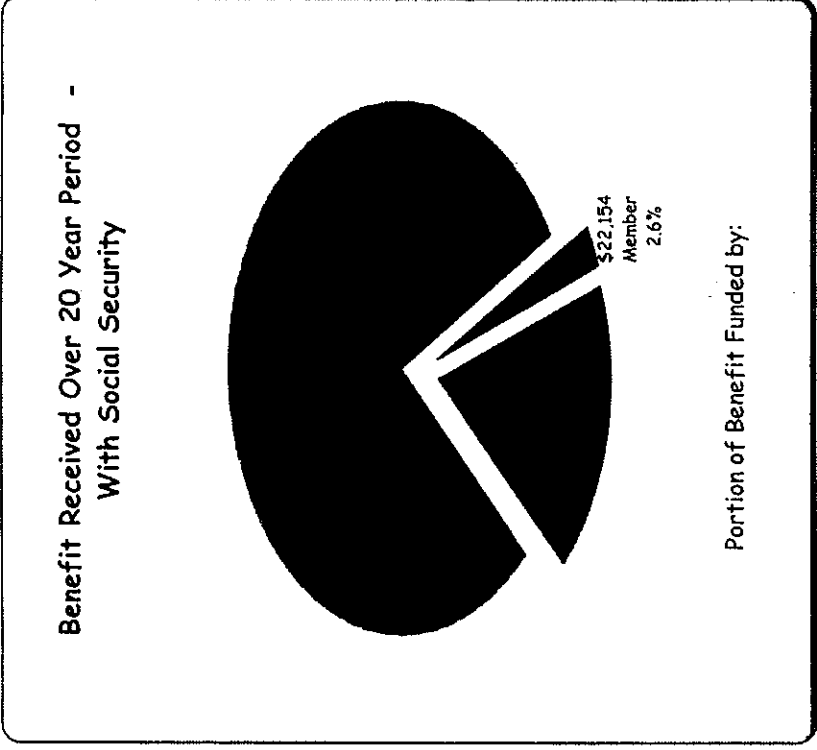
Benefit Received over 20 year period	\$ 984,967.97
Amount Financed by :	
Member Contributions	\$ 75,323.00 - FROM CONTRIBUTIONS TAB
Employer Contributions	\$ 150,912.00 - FROM CONTRIBUTIONS TAB
Investment Earnings	\$ 758,732.97

(1) - Will have received all funds contributed to the system by the member.

(2) - Will have received all funds contributed to the system by the member and the employer.

Average Annual Salary	\$ 44,529.00
Average Monthly Salary	\$ 3,710.75
Benefit Multiplier	2.94%
Years of Service	28
Monthly Benefit	\$ 3,054.69

Covered by Social Security		
Yr.	Monthly Benefit	Cumulative Benefits Received
1	\$ 3,054.69	\$ 36,656.28 (1)
2	\$ 3,146.33	\$ 74,412.25
3	\$ 3,240.72	\$ 113,300.90
4	\$ 3,337.94	\$ 153,356.20
5	\$ 3,438.08	\$ 194,613.17 (2)
6	\$ 3,541.22	\$ 237,107.84
7	\$ 3,647.46	\$ 280,877.36
8	\$ 3,756.88	\$ 325,959.96
9	\$ 3,869.59	\$ 372,395.04
10	\$ 3,985.68	\$ 420,223.17
11	\$ 4,066.24	\$ 457,018.03 (3)
12	\$ 4,158.23	\$ 494,916.73
13	\$ 4,252.97	\$ 533,952.39
14	\$ 4,350.56	\$ 574,159.12
15	\$ 4,451.08	\$ 615,572.05
16	\$ 4,554.61	\$ 658,227.37
17	\$ 4,661.25	\$ 702,162.36
18	\$ 4,771.09	\$ 747,415.39
19	\$ 4,884.22	\$ 794,026.01
20	\$ 4,000.75	\$ 842,034.95
		\$ 842,034.95



Benefit Received over 20 year period \$ 842,034.95

Amount Financed by:

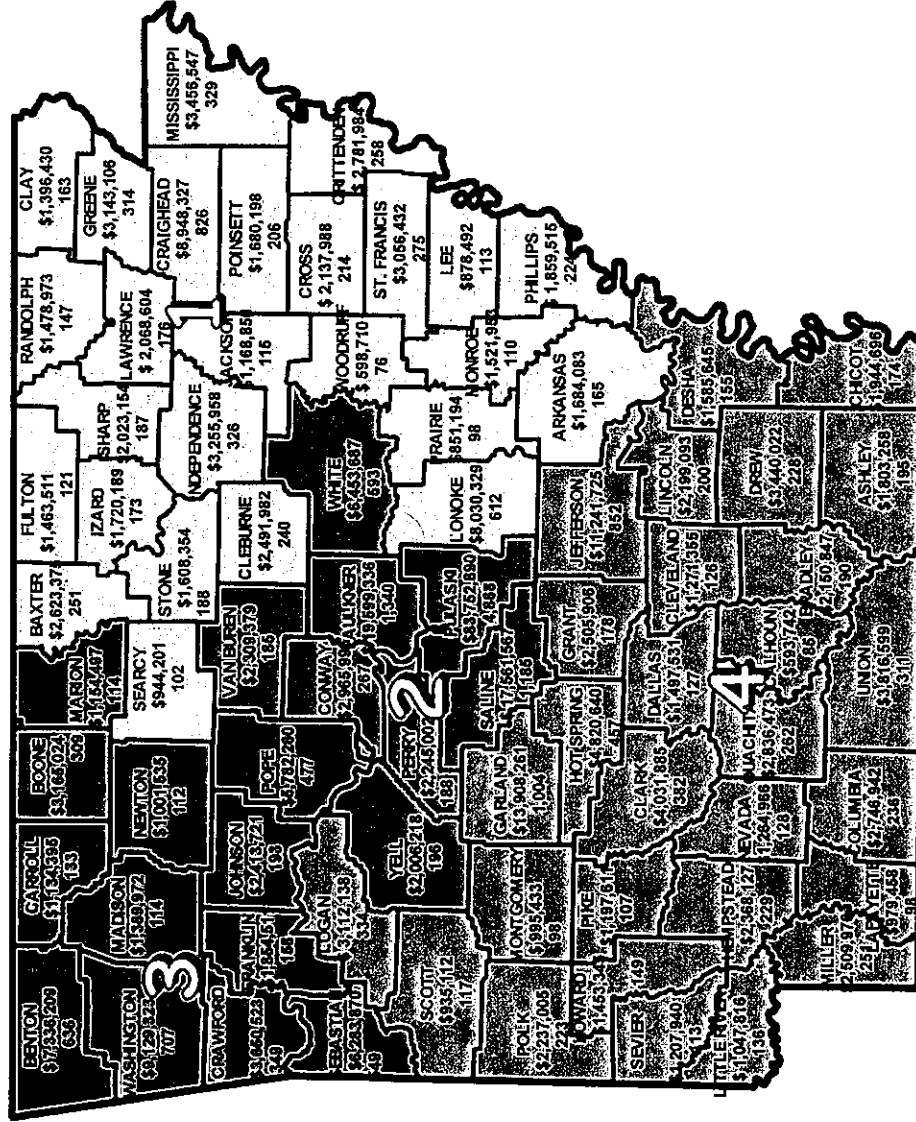
Member Contributions	\$ 22,154.00	- FROM CONTRIBUTIONS TAB
Employer Contributions	\$ 150,912.00	- FROM CONTRIBUTIONS TAB
Investment Earnings	\$ 668,968.95	

(1) - Will have received all funds contributed to the system by the member.
(2) - Will have received all funds contributed to the system by the member and the employer.
(3) - Assumes 1% temporary annuity ceases after 10 years of retirement.

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM 2011

size at 6/30/11:	\$ 5.8 billion	
unfunded liability:	\$ 2,254 million	
pct. funded:	71%	
active members:	45,135	
retirees (Incl. DROPs):	28,008	
Active/Retiree Ratio:	1.7 (2.4 in 2002)	
benefits paid in FY 11:	\$ 344.0 million	(96% stays in AR)
avg per retiree:	\$12,328	
employer contr. rate:	12.46% FY11	14.24% FY13
	13.47% FY12	
employee contr. rate:	5%	
	(more than 48% of employees are contributory since 7/1/05)	
Investments Rates of Return:		
1-year return	26.00%	
5-year return (cumulative)	4.70%	
Estimated funding level:	71%	

BREAKDOWN BY COUNTY



ARKANSAS PUBLIC EMPLOYEES
RETIREMENT SYSTEM
FISCAL YEAR 2011

1st District	
TOTAL RETIREES	6,009
TOTAL AMOUNT	\$62,872,439
2nd District	
TOTAL RETIREES	8,822
TOTAL AMOUNT	\$136,894,073
3rd District	
TOTAL RETIREES	3,851
TOTAL AMOUNT	\$44,295,841
4th District	
TOTAL RETIREES	7,145
TOTAL AMOUNT	163,407,094
OUT OF STATE	
TOTAL RETIREES	1,732
TOTAL AMOUNT	\$15,442,565
TOTAL RETIREES AND BENEFITS	
TOTAL RETIREES	27,559
TOTAL AMOUNT	\$341,208,465



FY 2011 OVERVIEW MEMBERSHIP

<u>MEMBER DATA</u>	<u>06/30/2011</u>	<u>Current</u>
Active	86,899	80,546
Salary of Active Members for FY 2011	\$ 2,238,025,179	2,376,038,033
 Retired	 32,096	 33,834
Monthly Benefit to Retired Members	\$ 54,649,204	59,182,912
Annual Benefit to Retired Members	\$ 655,790,448	(est) 710,194,944
 T-DROP	 4,310	 4,530
Retired from T-DROP as of 07/01/11	584	n/a
Accumulated Deposits to T-DROP Members	468,753,914	446,470,509
 Working Retirees	 4,240	 n/m
Annual Employer 14% Contribution		
Received on behalf of Working Retirees (<i>approximately</i>)	\$ 12,530,000	n/m
Working Retirees who are Certified (Teachers)	2,172	51%
Working Retirees who are Classified (Support Personnel)	1,735	41%
Working Retirees who are Administrators	333	8%

*not measurable

FY 2011 OVERVIEW INVESTMENTS

*NET ASSET VALUE (as of June 30, 2011)

Domestic Equity	2,896,693,500
Global Equity	3,417,114,500
Fixed Income	2,443,794,800
Private Equity	862,656,200
Real Estate	870,057,400
Activist Managers	370,154,100
Timber/Alternatives	516,421,600
Liquidity/Cash/Transition	330,703,700

TOTAL ATRS VALUE

\$ 11,707,595,800

*Unaudited and subject to final revisions



ACTUARY UPDATE

ATRS just completed an experience study that indicates the average retiree is living longer. The preliminary annual actuarial valuation conducted by Gabriel Roeder Smith & Company for the June 30, 2011, was presented to the Board of Trustees on December 5, 2011. The actuarial valuation included the four year smoothing and other factors to reach the result. The bottom line result for June 30, 2011, is a 66 year amortization period with a funded ratio of 72%. If the smoothing were removed, (real deal numbers), then ATRS would have an amortization period of 34 years and would be 77% funded.

Saving of only one cost-cutting act from the 2011 legislative session is reflected in the actuarial valuation for June 30, 2011. That was Act 69 of 2011, the actuarial equivalent of service purchases. The other cost savings acts from the 2009 and 2011 legislative sessions will be incrementally amortized over time as reflected in experience studies. Over time, as these gains are recognized by reduced costs, it will be reflected in a reduction of the amortization period annually as the savings occur. Due to actuarial standard procedures, the savings could not be included in a "forward looking" analysis.

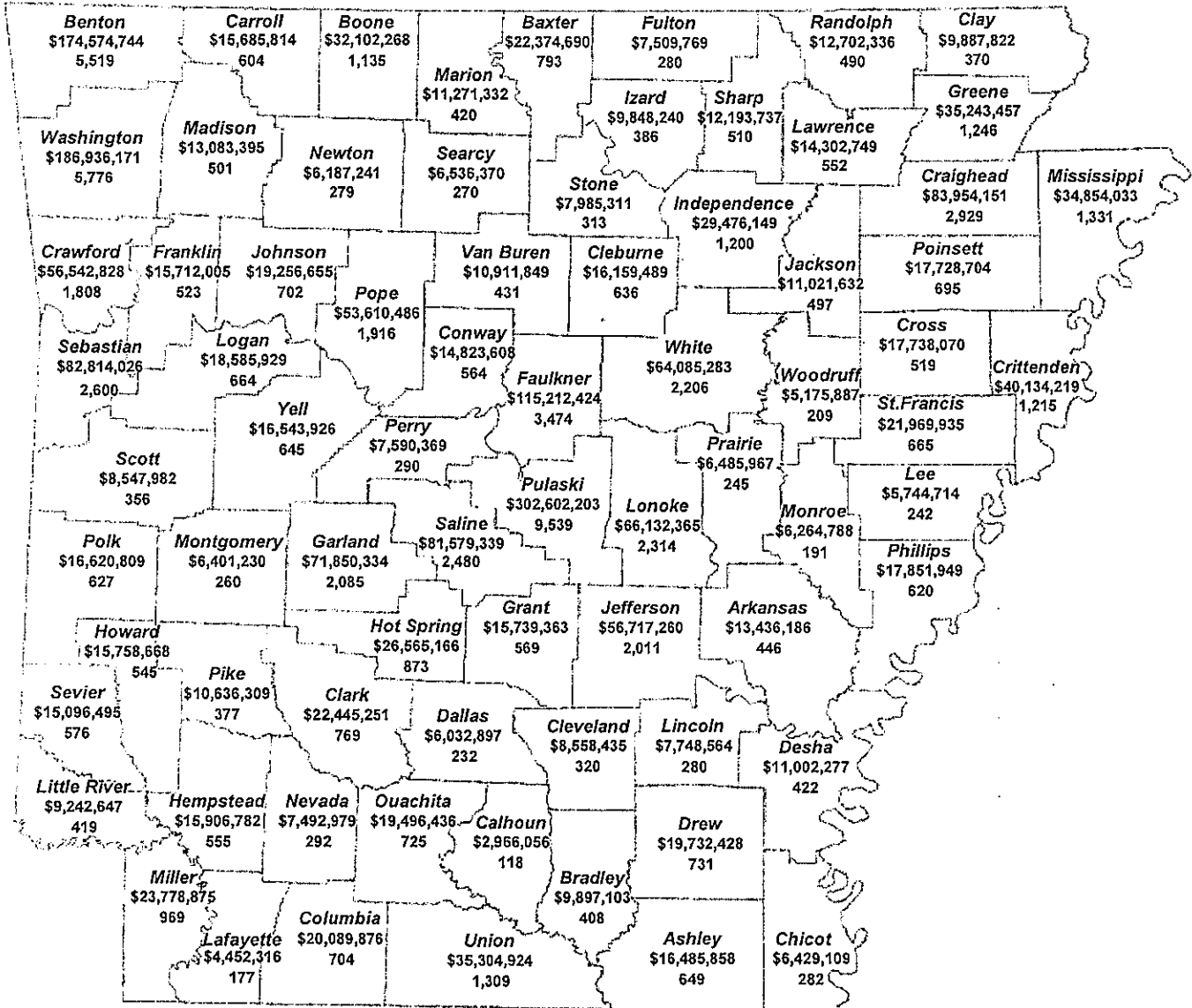
Comparisons for June 30, 2010 and June 30, 2011 with Smoothing:

	2010	2011
Accrued Liabilities	\$3.8 billion	\$4.3 billion
Percent Funded	74%	72%
Amortization Years	52 years	66 years

Comparisons for June 30, 2010 and June 30, 2011 without Smoothing:

	2010	2011	Difference
Accrued Liabilities	\$4.8 billion	\$3.7 billion	(\$1.1 billion)
Percent Funded	67% funded	77% funded	10%
Amortization Years	>100 years	34 years	66+ years

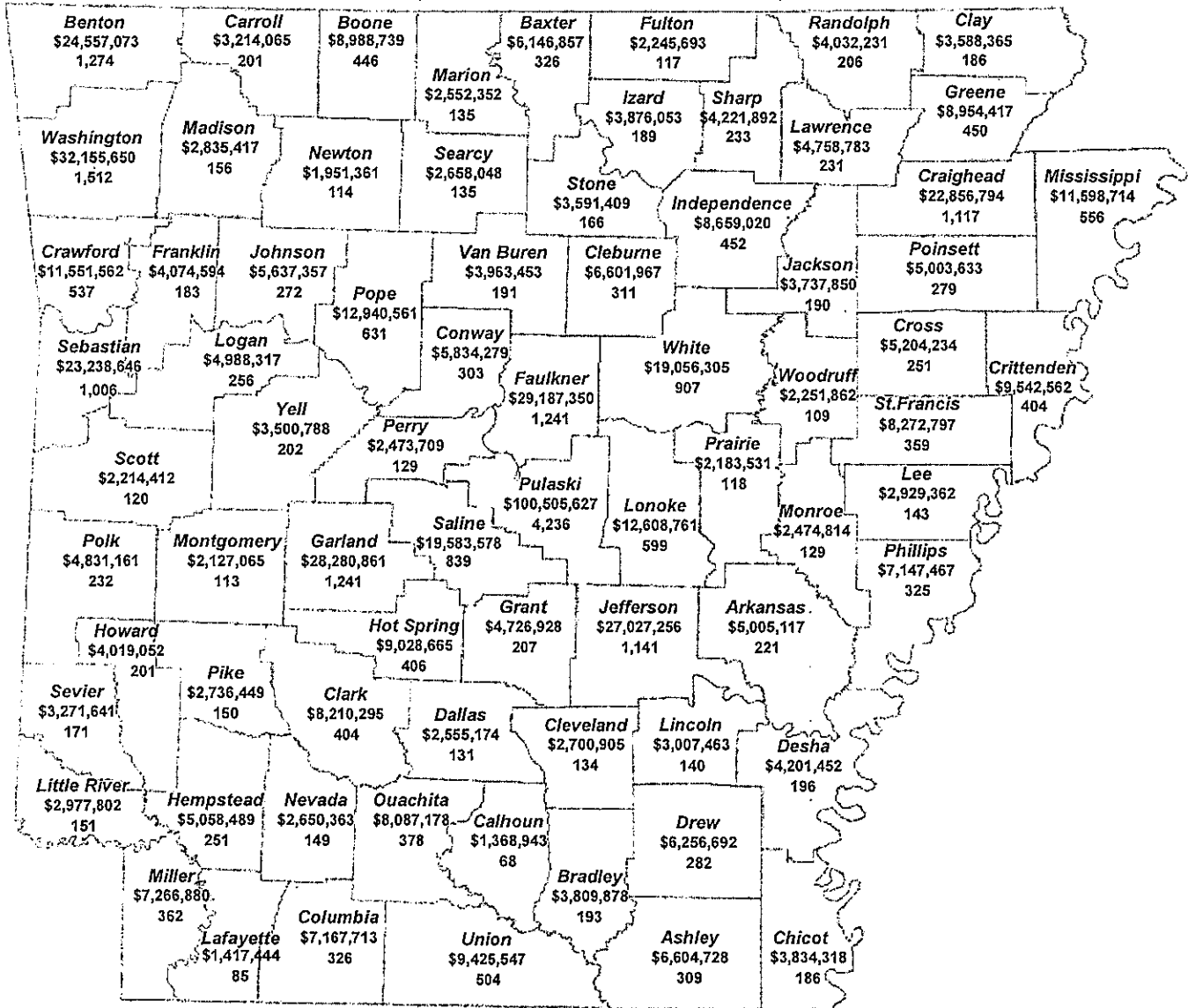
Active Members (current as of 12/01/2011)



CURRENT TOTALS AS OF 12/01/2011:

- # - Active Members: 80,546 total (1,666 outside Arkansas)
- \$ - Salary of Active Members: \$2,376,038,033 total (\$52,616,990 outside Arkansas)

Retired Members (current as of 12/01/2011)

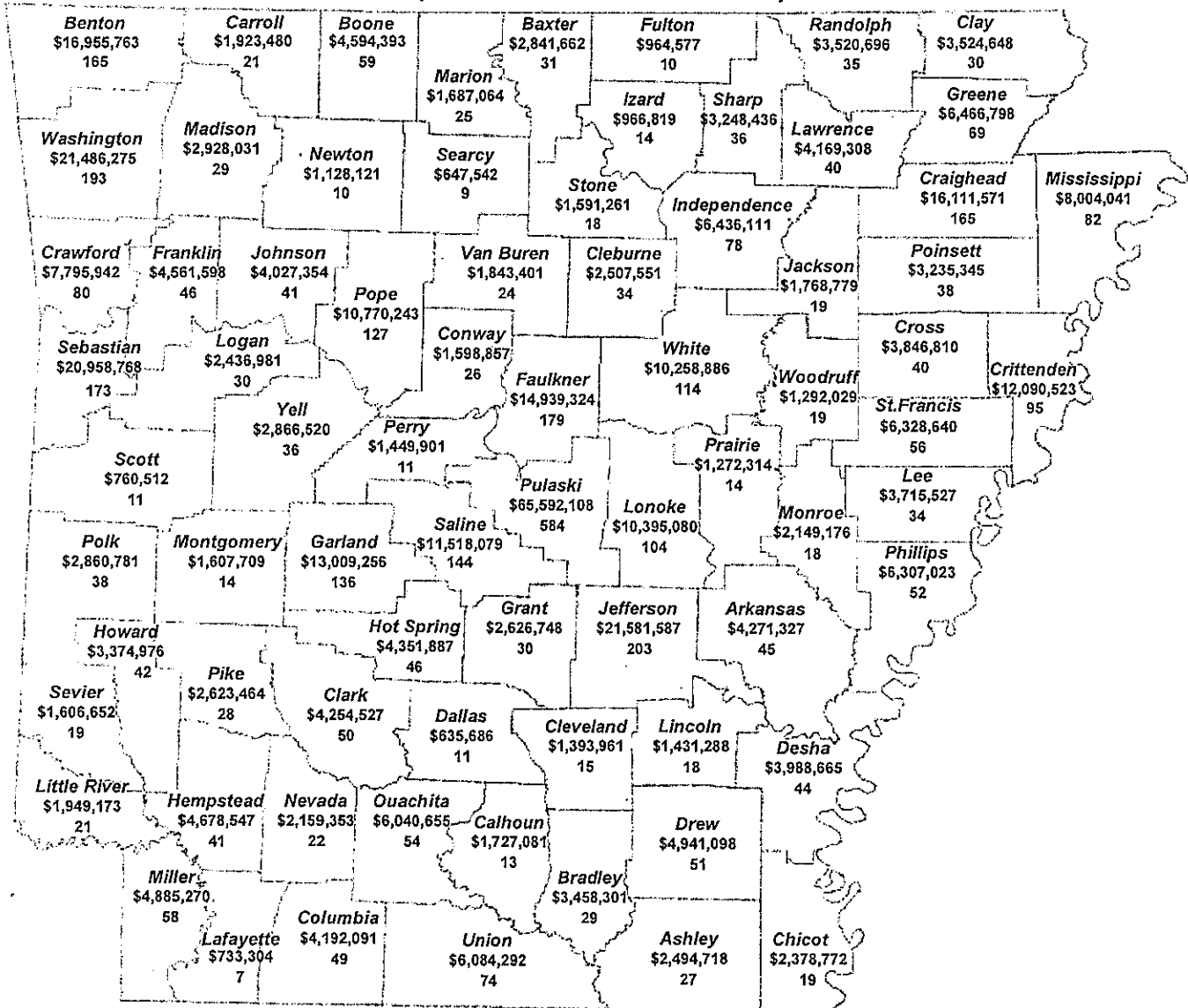


CURRENT BENEFITS AS OF 12/01/2011:

- Recipients: 33,828 total (3,024 outside Arkansas) (includes Retirees, Surviving Spouses and Children)

\$ - Annual Benefit to Retired Members: \$710,149,038 total (\$52,341,268 outside Arkansas)

T-DROP Members (current as of 12/01/2011)



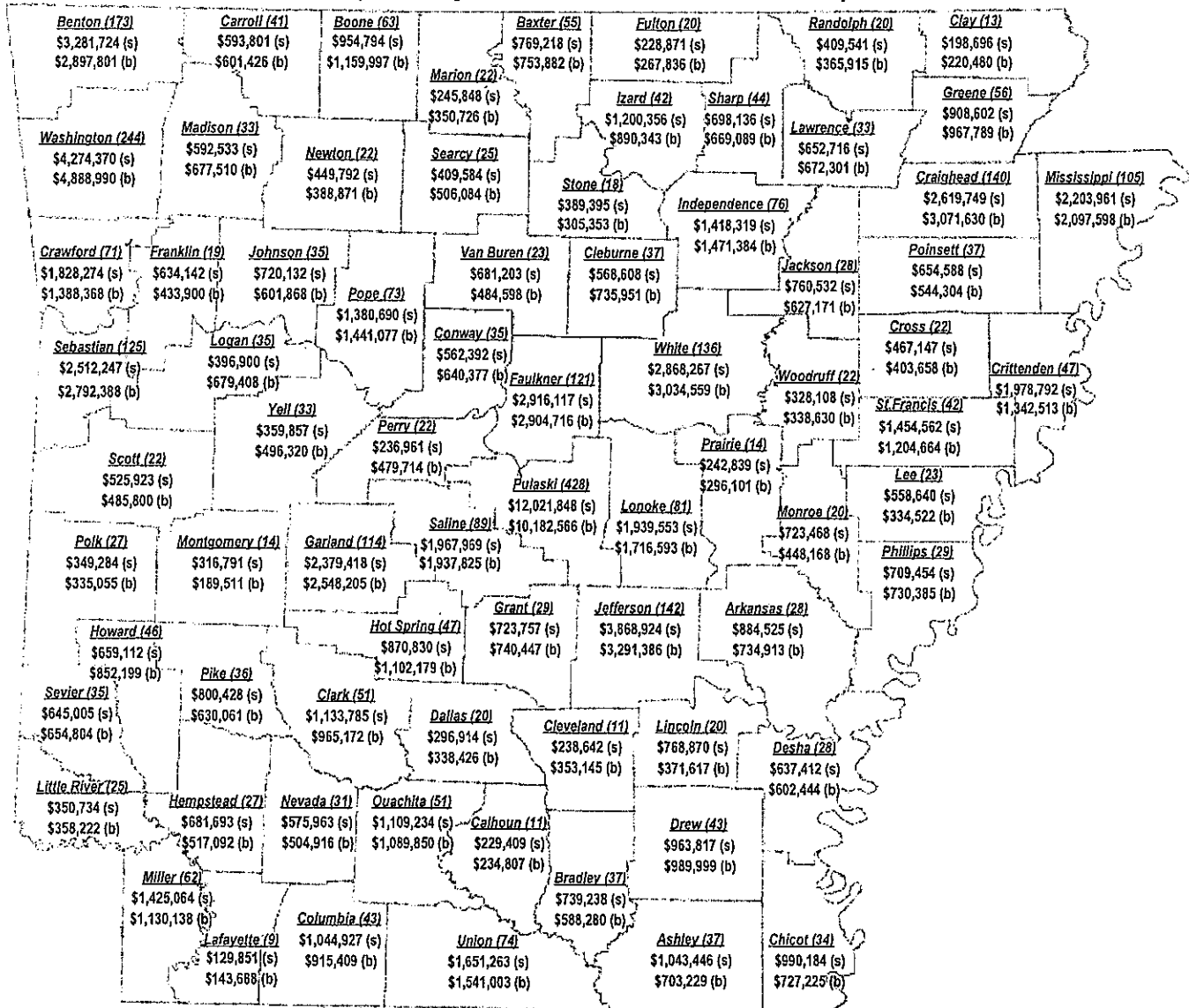
CURRENT TOTALS AS OF 12/01/2011:

- T-DROP Members: 4,530 total (58 outside Arkansas)

\$ - Accumulated Benefit to T-DROP Members: \$446,470,509 total (\$5,645,468 outside Arkansas)

Working Retirees

(fiscal year 2011 as of 12/01/2011)



CURRENT TOTALS FOR FISCAL YEAR 2011:

- (#) - Working Retirees: 4,106 total (60 outside Arkansas)
- \$(s) - Salary of Working Retirees: \$89,505,404 total (\$1,497,665 outside Arkansas)
- \$(b) - Benefits of Working Retirees: \$84,147,859 total (\$1,063,288 outside Arkansas)

Arkansas State Highway Employees Retirement System
Actuarial Valuation - June 30, 2011
Executive Summary

The key results of the valuation of the Arkansas State Highway Employees Retirement System as of June 30, 2011, are summarized as below:

	<u>6/30/2011</u>	<u>6/30/2010</u>
1 Assets		
Market Value	\$1,298.5 million	\$1,052.2 million
Actuarial Value	\$1,227.7 million	\$1,199.4 million
2 Members		
Active not in DROP	3,206	3,144
Active in DROP	436	448
Inactive, vested	236	228
Retirees and Beneficiaries	2,884	2,831
3 Normal Cost rate	13.68%	13.68%
4 Unfunded Actuarial Accrued Liability		
Actuarial Value	\$115.0 million	\$105.6 million
Market Value	\$44.2 million	\$252.8 million
5 Actuarial assets as % of actuarial accrued liability		
Actuarial Value	91.40%	91.90%
Market Value	96.70%	80.60%
6 Funding Period		
Actuarial Value	27.7 Years	24.6 Years
Market Value	8.0 Years	Infinity
7 Yield on Market Value	29.80%	11.10%
8 Members Contributions	\$8.5 million	\$8.6 million
9 Members Contribution rate	6%	6%
10 State Contributions	\$17.7 million	\$18.0 million
11 State Contribution rate	12.90%	12.90%
12 Benefit, refund, and expense payments	\$83.8 million	\$78.6 million
13 Net Investment income	\$298.3 million	\$105.6 million

ARKANSAS STATE POLICE RETIREMENT SYSTEM2011

Actives	530	
Retired	630	76 DROPs
Total	1,160	

Active Avgs:	42.0	age
	14.4	service
\$	52,950	salary

Retired Avgs:	53.1	age
	33.8	service
\$	3,399	m'ly bene.

Total Benefits Paid FY2011:	\$	21,879,000	(incl. DROP)
Avg. Benefit Paid:	\$	36,284.00	

Funding Ratio:	63%	(unchanged)
Unfunded Liability:	\$	126,300,000
Amortization Period:	30	years

Required contribution rate:	45.85%	(up from 44.67% in 2010)
Statutory contribution rate:	22.00%	

Market Value 6/30/11:	\$	227.50	million	(up from \$133M in 2009)
Investment Rate of Return:	26%			

annual transfer (insurance premium tax):	\$	5,232,634
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ARKANSAS JUDICIAL RETIREMENT SYSTEM2010/2011

size at 6/30/11: \$ 170,714,567 million

unfunded liability (6/30/10): \$ 165,243,516 million

pct. funded: 90.3%

Investment Return: 21.30%

employer contr. rate: 12.00%

required contr. Rate 6/30/10: 29.08%

(shortfall covered by court fees, annual tfr.)

employee contr. rate: 6% Tier I

5% Tier II

active members (6/30/10): 136

Tier I: 35

Tier II: 101

retirees: 121

benefits paid in FY 10: \$ 9.2 million

avg. per retiree (annual): \$ 75,640

maximum benefit: 75% of pay Tier I

80% of pay Tier II

Arkansas Diamond – Deferred Compensation Plan – 457 (b)

Established under A.C. A. § 21-5-501 et. seq. for employees of the state, or any county, city, town, etc. Administrative responsibility rests with Executive Director of the Employee Benefits Division of the Department of Finance and Administration. Investment Consulting through Stephens Inc. and account administration, member information, and enrollment services by ING

Plan Characteristics:

Voluntary and year-round enrollment

No state funds for operation or administration

No matching contribution

Pre-tax contribution / tax deferred growth / taxable compensation at distribution

Plan Statistics:

Approximately 14,500 with majority being state employees

\$450 million in account balance (\$399 million on 6/30/10 and \$341.5 million on 6/30/09)

Average participant balance of \$31,500

Over \$30 million in contributions last 12 months with 900 new members

Distribution of Plan Assets:

54% in fixed income investments

46% in equity investments

20 individual funds

5 asset allocation models

Options include money market, fixed accounts, bonds, and mutual funds

Contribution Limits for 2011:

\$16,500 for ages 49 or less

\$22,000 for ages 50 and over

\$33,000 for pre-retirement 3 year catch-up

Upcoming Change:

ROTH option – anticipated release 1st Quarter 2012