

Disability Income Plan of North Carolina

Report on the Annual Valuation
Prepared as of December 31, 2013

October 2014



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October 7, 2014

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Members of the Board:

This report presents the results of the valuation of the Disability Income Plan of North Carolina (referred to as "DIPNC" or the "Disability Income Plan"), prepared as of December 31, 2013.

The valuation has been prepared in accordance with the parameters set forth in Statement Nos. 43 and 45 of the Governmental Accounting Standards Board.

The primary purpose of the valuation report is to determine the required employer contribution rates, to describe the current financial condition of DIPNC, and to analyze changes in such condition. In addition, the report provides information that the Office of the State Controller (OSC) requires for its Comprehensive Annual Financial Report (CAFR) and it summarizes census data. Use of this report for any other purposes or by anyone other than OSC and its auditors may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. The attached pages should not be provided without a copy of this cover letter. No one may make any representations or warranties based on any statements or conclusions contained in this report without Buck Consultants' written consent.

The valuation is based upon membership data and financial information as furnished by the Retirement Systems Division and as summarized in this report. Although reviewed for reasonableness and consistency with the prior valuation, these elements have not been audited by Buck and we cannot certify as to the accuracy and completeness of the data supplied. The valuation is also based on benefit and contribution provisions as presented in this report. If you have reason to believe that the plan provisions are incorrectly described, that important plan provisions relevant to this valuation are not described, or that conditions have changed since the calculations were made, you should contact the authors of this actuarial report prior to relying on this information.

The valuation is further based on the actuarial valuation assumptions, approved by the Board of Trustees, as presented in this report. We believe that these assumptions are reasonable and comply with the requirements of GASB Nos. 43 and 45. We prepared this report in accordance with the requirements of these standards.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. Because of limited scope, Buck performed no analysis of the potential range of such future differences.

The Table of Contents, which immediately follows, outlines the material contained in the report.

The undersigned actuaries together meet the Qualification Standards of the American Academy of Actuaries (AAA) to render the actuarial opinions contained in this report. Michael A. Ribble and Larry Langer meet the qualification standards of the AAA in the pension practice area and render the opinion related to the long-term aspects of this calculation. Melissa Bissett meets the qualification standards of the AAA in the health practice area and renders the opinion related to the short-term aspects of this calculation. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and we are available to answer questions about it.

Respectfully submitted,



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Section 1: Introduction

This report presents the results of the actuarial valuation of the Disability Income Plan of North Carolina, prepared as of December 31, 2013. The purpose of the valuation is to determine the present value of future payments to disabled members as of December 31, 2013, to determine the expected cost of new claims for 2014, and to provide the Annual Required Contribution under GASB Statements 43 and 45 for postemployment benefits.

Appendix A of this report presents detailed tabulations of the active membership of the plan as of the valuation date.

Appendix B of this report presents detailed tabulations of the disabled membership of the plan as of the valuation date.

Appendix C of this report presents the development of the actuarial value of assets.

Appendix D outlines the full set of actuarial assumptions and methods employed.

The valuation was based on provisions of the Plan as amended through December 31, 2013. A summary of the main Plan provisions used for valuation purposes appears in Appendix E.

Section 2: Summary of Principal Results

For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized on the following page.

Table 1: Summary of Principal Results

Valuation Date	December 31, 2013	December 31, 2012
Number of active members		
Teachers' and State Employees' Retirement System	310,370	312,512
Optional Retirement Program	15,272	14,082
Total	325,642	326,594
Reported compensation		
Teachers' and State Employees' Retirement System	\$ 12,834,121,020	\$ 12,774,187,282
Optional Retirement Program	1,459,896,474	1,389,017,079
Total	\$ 14,294,017,494	\$ 14,163,204,361
Valuation compensation*		
Teachers' and State Employees' Retirement System	\$ 13,607,743,917	\$ 13,597,412,201
Optional Retirement Program	1,590,205,013	1,536,870,478
Total	\$ 15,197,948,930	\$ 15,134,282,679
Number of disabled members receiving Long term disability benefits	7,012	6,884
Annual reported benefits	\$ 75,004,516	\$ 77,153,069
Assets and Liabilities as of	December 31, 2013	December 31, 2012
Assets		
Actuarial Value	\$ 442,422,332	\$ 432,667,367
Market Value	420,925,066	446,326,005
Liability for currently disabled members	\$ 372,335,533	\$ 348,052,419
Deficit/(Surplus)	\$ (70,086,799)	\$ (84,614,948)
GASB 43/45 Results for Fiscal Year Ending	June 30, 2016	June 30, 2015
Annual required contribution (ARC)		
Normal cost	0.41%	0.41%
Accrued liability	0.00%	0.00%
Total	0.41%	0.41%

* Reported compensation adjusted to reflect the assumed rate of pay increase prior to the valuation date.

Section 2: Summary of Principal Results

Table 2: Reconciliation of Change in Annual Required Contribution

Fiscal year ending June 30, 2015 Preliminary ARC (based on 12/31/12 valuation)	0.41%
Impact of Legislative Changes	<u>0.00%</u>
Fiscal year ending June 30, 2015 Final ARC	0.41%
Change Due to Demographic (Gain)/Loss	0.00%
Change Due to Investment (Gain)/Loss	0.00%
Change Due to Contributions Greater Than ARC	<u>0.00%</u>
Fiscal year ending June 30, 2016 Preliminary ARC (based on 12/31/13 valuation)	0.41%

Commentary: The annual required contribution rate increased less than 0.01% of payroll due to legislative changes

Section 3: Membership Data

Data for 310,370 active members of the Teachers' and State Employees' Retirement System with reported compensation of \$12,834,121,020 and 15,272 members of the Optional Retirement Program with reported compensation of \$1,459,896,474 were furnished by the Retirement Systems Division as of December 31, 2013. The reported compensation includes annual longevity payments. The number and reported compensation of active members, distributed by age, as of December 31, 2013 are shown in Appendix A.

The membership service requirement for short term disability benefits under the Plan is one year and the membership service requirement for long term disability benefits under the Plan is five years.

The Retirement Systems Division also supplied data for 7,012 disabled employees in receipt of annual long-term disability benefits totaling \$75,004,516 as of the valuation date. Of this number, 120 disabled employees are grandfathered under all provisions of the old Disability Salary Continuation Plan and 6,892 are receiving long-term disability benefits under the provisions of this Plan. Appendix B presents a comparison of the number and annual amount of benefits payable as of the current and previous valuation dates.

Section 4: Assets

Asset information taken into account in this valuation is based principally on information reported by the Retirement Systems Division. The market value of assets was \$420,925,066 as of December 31, 2013.

For valuation purposes, the assets were valued at market related actuarial value. The market related actuarial value as of the valuation date was \$442,422,332. The development of this amount is shown in Appendix C.

The following table shows an allocation of investments by category as of December 31, 2013.

**Table 3: Allocation of Investments by Category
as of December 31, 2013**

Cash and Receivables	8.7%
Fixed Income (LTIF)	91.3
Public Equity	0.0
Other*	<u>0.0</u>
Total	100.0%

* Real Estate, Alternatives, Inflation and Credit.

Section 5: Condition of the Plan

The following table shows the assets and liabilities of the Plan as of the current valuation date of December 31, 2013. The items shown in the table, other than the actuarial value of assets, are present values actuarially determined as of the valuation date.

**Table 4: Statement of Condition of the Plan
as of December 31, 2013**

Present value of prospective benefits payable to all disabled members on LTD as of the valuation date for:		
LTD approved claims	\$	298,672,145
LTD incurred but not reported claims		62,769,274
STD incurred but not reported claims		10,894,114
Total claim liability	\$	372,335,533
Actuarial value of assets		442,422,332
Deficit/(Surplus)	\$	(70,086,799)
Prospective present value of benefits for current active members	\$	618,431,431
Present value of benefits not covered by actuarial value of assets	\$	548,344,632
Present value of compensation for active members		\$135,474,669,800
Level contribution as a percentage of compensation to fund present value of benefits not covered by actuarial value of assets		0.41%

Claim liabilities are equal to the present value of future claim payments the Plan is obligated to make to members disabled as of the valuation date. The claim liabilities are separated into three classifications, which reflect the status of each claim as of the valuation date.

- (a) Approved claim liabilities are for long term disabilities which have occurred, have been approved, and are in long term payment status as of the valuation date.
- (b) LTD incurred but not reported liabilities are for disabilities which have occurred but are not in payment status as of the valuation date. These liabilities are estimated based on the one-year term cost for expected disablements during the year and a reserve of 14/12 of the term cost is added to account for the time after disability to receive LTD benefits.

Section 5: Condition of the Plan

- (c) STD incurred but not reported liabilities are for disabilities which have occurred but are not in payment status as of the valuation date. These liabilities are estimated based on the one-year term cost for expected disablements during the year and a reserve of 62/72 of the term cost is added to account for the timing of STD payments.

The method of determining claim liabilities and the assumptions used are described in Appendix D.

Section 6: Experience

Section V shows that the deficit/(surplus) under the Plan has increased by \$4,525,149 from \$(84,614,948) to \$(70,086,799) since the previous valuation date.

The following table shows a detailed reconciliation of the change in deficit/(surplus) since the prior valuation.

**Table 5: Reconciliation of Change in Deficit/(Surplus)
Since the Prior Valuation**

Prior Year Deficit/(Surplus)	\$(84,614,948)
Prior Year Term Cost	67,495,418
Actual Contributions	(65,921,700)
Interest Adjustment	(4,820,115)
STD Experience	(1,216,258)
LTD Experience	13,616,488
Asset Loss/(Gain)	<u>5,374,316</u>
Current Deficit/(Surplus)	\$(70,086,799)

Section 7: Accounting Information

Statement Nos. 43 and 45 of the Governmental Accounting Standards Board (GASB) set forth certain items of information to be disclosed in the financial statements of the Plan. One such item is a distribution of the number of employees by type of membership, as follows:

Number of Active and Disabled Participants as of December 31, 2013

Group	Number
Disabled members receiving long-term disability benefits	7,012
Terminated members and survivors of deceased members entitled to benefits but not yet receiving benefits	0
Active members, including those in the waiting period or on short-term disability	<u>325,642</u>
Total	332,654

Another such item is the schedule of funding progress as shown below.

Schedule 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)
12/31/07	\$326,674,352	\$474,614,167	\$147,939,815	68.8%	\$13,849,158,462	1.07%
12/31/08	350,145,153	477,574,565	127,429,412	73.3	14,493,066,028	0.88
12/31/09	352,627,921	492,731,413	140,103,492	71.6	14,534,661,403	0.96
12/31/10	377,994,992	498,505,723	120,510,731	75.8	14,360,373,354	0.84
12/31/11	406,067,915	511,416,654	105,348,739	79.4	14,139,467,246	0.75
12/31/12	432,667,367	503,192,392	70,525,025	86.0	14,163,204,361	0.50
12/31/13	442,422,332	522,940,655	80,518,323	84.6	14,294,017,494	0.56

The aggregate cost method does not identify or separately amortize unfunded liabilities. Information about the plan's funded status and funding progress have been prepared using the entry age actuarial cost method as an approximation and as required by GASB Statements 43 and 45.

Section 7: Accounting Information

Following is a reconciliation of the preliminary employer annual required contribution rate to the final employer annual required contribution for fiscal year ending June 30, 2014. The preliminary annual required contribution rate is based on the December 31, 2011 valuation.

	Fiscal Year Ending June 30, 2014
Preliminary Annual Required Contribution Rate	
Normal	0.43%
Accrued Liability	0.00
Total	0.43%
Impact of Legislative Changes	0.01
Final Annual Required Contribution Rate	0.44%
Actual Payroll for Fiscal Year Ending June 30, 2014	\$ 14,938,742,906
Annual Required Contribution	\$ 65,730,469

Following is the calculation of the annual OPEB cost and net OPEB obligation for the fiscal year ending June 30, 2014 followed by a three-year trend of the net OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation for Fiscal Year Ending 6/30/2014

(a) Employer annual required contribution	\$ 65,730,469
(b) Interest on net OPEB obligation*	(1,349,781)
(c) Adjustment to annual required contribution**	2,658,455
(d) Annual OPEB cost: (a) + (b) + (c)	\$ 67,039,143
(e) Employer contributions made for fiscal year ending 6/30/2014	65,730,469
(f) Increase (decrease) in net OPEB obligation: (d) – (e)	\$ 1,308,674
(g) Net OPEB obligation beginning of fiscal year	(23,474,444)
(h) Net OPEB obligation end of fiscal year: (f) + (g)	\$ (22,165,770)

Trend Information

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
June 30, 2012	\$68,310,415	111.5%	\$(24,846,574)
June 30, 2013	65,437,243	97.9	(23,474,444)
June 30, 2014	67,039,143	98.0	(22,165,770)

* Based on the 5.75% investment rate of return assumption used for the December 31, 2011 valuation.

** Based on the ratio of the present value of future salary to valuation compensation for the December 31, 2011 valuation.

Section 7: Accounting Information

The annual required contribution (ARC) of the employer as a percentage of payroll, determined in accordance with the parameters of GASB 43/45, is shown below.

2015/2016 Fiscal Year Annual Required Contribution(ARC) Based on Valuation as of December 31, 2013	
Annual Required Contribution (ARC)	Rate
Normal cost	0.41%
Accrued liability	<u>0.00%</u>
Total	0.41%

Additional information as of December 31, 2013 follows.

Valuation date	December 31, 2013
Actuarial cost method	Aggregate
Amortization method	Level percent
Remaining amortization period	The aggregate cost method does not identify or separately amortize unfunded liabilities
Asset valuation method	20% of market value plus 80% of expected actuarial value (not greater than 120% of market value and not less than 80% of market value)
Actuarial assumptions:	
Investment rate of return*	5.75%
Projected salary increases**	4.25% - 9.10%
* Includes inflation of	3.00%
** Includes inflation and productivity of	3.50%
Cost-of-living adjustments	3.50% for gross long term disability benefits
Total Claim Liability	\$ 372,335,533
Market Related Value of Assets	<u>442,422,332</u>
Deficit/(Surplus)	\$ (70,086,799)

Appendix A: Detailed Tabulations of the Active Member Data

Table A-1: The Number and Average Reported Compensation of Active Members Distributed by Age and Service as of December 31, 2013

Age	Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	
Under 25	3,421	4,766	25	0	0	0	0	0	0	0	8,212
	12,910	29,676	26,558	0	0	0	0	0	0	0	22,682
25 to 29	3,695	18,650	5,392	30	0	0	0	0	0	0	27,767
	12,439	33,257	35,096	34,658	0	0	0	0	0	0	30,845
30 to 34	2,265	11,293	15,252	5,151	71	0	0	0	0	0	34,032
	14,246	37,273	38,710	42,514	38,476	0	0	0	0	0	37,180
35 to 39	1,814	9,167	11,321	11,151	3,927	27	0	0	0	0	37,407
	14,013	41,721	43,895	46,379	48,512	42,603	0	0	0	0	43,137
40 to 44	1,595	9,060	11,643	9,747	10,323	3,355	67	0	0	0	45,790
	12,410	39,467	44,289	47,322	50,908	53,341	45,369	0	0	0	45,027
45 to 49	1,349	7,660	10,738	9,232	7,319	7,242	2,851	44	0	0	46,435
	12,441	38,467	42,359	46,832	49,510	55,051	55,665	49,644	0	0	45,668
50 to 54	1,044	6,557	9,642	8,997	7,698	5,554	6,250	1,423	17	0	47,182
	11,719	39,385	41,355	44,881	47,775	54,514	58,105	61,026	49,227	0	46,509
55 to 59	739	4,900	8,107	7,888	7,159	5,743	4,770	2,046	587	11	41,950
	12,948	40,345	42,252	44,665	47,667	55,405	59,515	66,463	65,625	50,356	48,164
60 to 64	331	2,840	5,419	5,134	4,381	3,837	2,813	1,185	694	169	26,803
	14,675	41,950	43,693	46,592	49,246	56,820	64,768	80,510	76,830	69,358	51,352
65 to 69	71	668	1,812	1,652	1,179	896	670	405	309	171	7,833
	14,817	47,364	48,070	52,228	57,818	68,357	77,603	92,962	103,153	84,947	60,198
70 & Up	32	220	465	452	319	222	166	105	104	146	2,231
	11,980	35,345	39,795	49,251	50,305	66,084	75,005	85,763	107,231	102,233	57,005
Total	16,356	75,781	79,816	59,434	42,376	26,876	17,587	5,208	1,711	497	325,642
	12,991	37,368	41,739	46,012	49,323	55,577	60,011	70,481	79,313	83,958	43,895

Appendix A: Detailed Tabulations of the Active Member Data

Table A-2: The Number and Reported Compensation of Active Members Distributed by Age as of December 31, 2013

Age	Men		Women	
	Number	Compensation	Number	Compensation
19	8	\$ 111,531	6	\$ 73,733
20	28	364,630	18	282,883
21	112	1,992,755	80	1,185,269
22	310	5,976,251	629	10,059,572
23	711	14,561,867	2,021	40,269,090
24	1,109	27,752,973	3,176	83,583,460
25	1,341	36,462,541	3,567	100,304,468
26	1,410	40,072,989	3,855	115,600,872
27	1,615	49,219,628	3,852	119,704,246
28	1,813	58,633,880	4,171	132,163,254
29	1,892	63,670,950	4,251	140,656,842
30	1,919	67,183,839	4,384	149,618,270
31	2,066	76,290,778	4,587	160,266,632
32	2,129	81,862,706	4,713	171,439,927
33	2,230	90,741,283	4,760	180,681,543
34	2,355	98,896,030	4,889	188,340,601
35	2,325	104,023,007	4,890	195,931,599
36	2,392	110,106,909	5,024	203,522,386
37	2,410	116,003,794	5,088	210,487,897
38	2,362	114,991,105	4,983	207,105,379
39	2,506	125,277,214	5,427	226,177,104
40	2,588	127,204,728	5,395	228,207,109
41	2,660	132,993,828	5,716	240,141,748
42	2,962	150,333,523	6,245	264,157,521
43	3,275	164,804,386	6,974	294,378,509
44	3,107	166,096,306	6,868	293,471,836
45	3,090	165,976,567	6,569	279,106,835
46	2,956	155,437,396	6,205	259,399,420
47	2,876	155,295,587	6,224	261,982,430
48	2,962	158,712,450	6,123	256,151,080
49	3,008	158,300,845	6,426	270,249,375
50	3,049	167,073,389	6,463	272,805,431
51	3,017	164,223,910	6,527	278,219,408
52	2,980	160,310,489	6,666	285,942,793
53	2,941	159,430,638	6,464	277,281,734
54	2,745	151,398,083	6,330	277,704,060
55	2,782	154,398,616	6,056	263,100,507
56	2,746	153,733,333	6,001	267,731,024
57	2,677	148,135,146	5,838	262,537,646
58	2,592	141,447,762	5,476	247,613,529

Appendix A: Detailed Tabulations of the Active Member Data

Table A-2: The Number and Reported Compensation of Active Members Distributed by Age as of December 31, 2013 (continued)

Age	Men		Women	
	Number	Compensation	Number	Compensation
59	2,517	\$ 143,743,481	5,265	\$ 238,043,053
60	2,463	141,346,782	5,014	229,490,052
61	2,157	123,796,565	4,253	195,839,711
62	2,001	119,580,060	3,512	167,650,121
63	1,587	100,509,327	2,570	124,429,981
64	1,225	78,426,672	2,021	95,310,882
65	1,070	75,475,200	1,565	77,399,620
66	825	62,403,377	1,116	56,945,477
67	725	53,030,741	855	43,512,050
68	453	35,048,379	473	23,158,716
69	377	26,861,582	374	17,697,586
70	290	20,859,233	253	11,220,918
71	244	17,838,280	210	8,846,890
72	187	14,410,345	136	5,554,563
73	137	9,066,610	112	4,342,705
74	110	6,530,075	76	3,446,602
75	79	4,352,674	54	2,003,011
76	62	4,108,064	40	1,431,560
77	51	4,394,375	27	1,262,563
78	22	1,018,945	21	834,264
79	18	1,156,222	18	581,059
80	16	689,591	7	246,252
81	8	443,577	9	260,273
82	12	734,116	3	116,340
83	5	424,239	4	91,962
84	6	290,124	1	44,839
85	2	54,168		
86	3	279,793	1	68,074
87			2	80,528
88			2	40,663
89	2	43,443	1	10,475
Total	104,710	\$ 5,266,419,682	220,932	\$ 9,027,597,812

Appendix A: Detailed Tabulations of the Active Member Data

Table A-3: The Number and Reported Compensation of Active Members Distributed by Service as of December 31, 2013

Service	Men		Women	
	Number	Compensation	Number	Compensation
0	5,005	\$ 67,415,246	11,351	\$ 145,067,492
1	8,660	308,922,304	17,207	537,897,752
2	6,943	298,526,326	13,282	485,367,930
3	5,626	251,545,259	10,646	401,423,549
4	4,763	214,281,935	8,654	333,809,261
5	4,022	204,855,179	7,658	296,855,445
6	6,083	277,886,916	12,572	478,835,710
7	5,392	257,723,781	11,741	452,173,134
8	5,218	252,149,068	11,951	464,872,492
9	4,656	224,553,023	10,523	421,499,770
10	4,305	215,670,640	9,624	396,582,808
11	3,810	197,457,322	8,357	358,745,627
12	3,249	177,231,332	7,496	326,982,032
13	3,321	183,871,761	8,188	356,216,981
14	3,249	179,484,250	7,835	342,414,840
15	3,010	168,636,608	7,302	321,063,486
16	2,693	152,895,133	6,534	296,685,729
17	2,497	143,565,581	5,732	262,868,315
18	2,377	139,777,309	5,253	247,272,752
19	2,163	125,209,378	4,815	232,128,215
20	2,279	137,794,872	4,457	218,613,823
21	1,840	120,256,078	3,959	203,112,102
22	1,791	113,560,425	3,525	181,216,122
23	1,381	91,362,518	2,837	153,171,704
24	1,672	108,344,269	3,134	166,195,510
25	1,457	93,565,090	3,081	164,046,379
26	1,372	91,471,273	2,762	150,417,805
27	1,187	82,780,622	2,221	125,705,543
28	924	66,440,729	1,901	111,416,229
29	880	65,924,501	1,801	103,584,405
30	735	56,490,685	1,317	79,850,431
31	414	34,898,788	692	44,662,643
32	294	26,297,048	507	34,324,304
33	274	23,555,654	381	24,512,285
34	204	18,581,083	390	23,893,166
35	214	19,706,365	329	21,536,966
36	182	18,741,241	269	17,434,273
37	149	13,661,920	176	11,870,684
38	93	9,463,939	127	8,761,991
39	80	7,495,615	92	7,031,520

Appendix A: Detailed Tabulations of the Active Member Data

Table A-3: The Number and Reported Compensation of Active Members Distributed by Service as of December 31, 2013 (continued)

Service	Men		Women	
	Number	Compensation	Number	Compensation
40	71	\$ 6,568,650	95	\$ 6,072,046
41	36	3,389,296	52	3,616,500
42	50	4,695,985	35	2,685,055
43	22	2,096,349	20	1,506,545
44	22	2,530,269	19	1,240,400
45	10	1,087,242	12	1,024,288
46	18	1,821,406	6	375,726
47	4	402,137	2	141,875
48	3	609,595		
49	2	283,551	2	132,650
50	3	238,457		
51	2	269,034	6	458,716
52			1	37,896
53	2	320,399	1	48,365
54	1	56,246	1	65,783
58			1	70,762
Total	104,710	\$ 5,266,419,682	220,932	\$ 9,027,597,812

Appendix B: Detailed Tabulations of the Disabled Member Data

Table B-1: The Number and Annual Amount of Long Term Disability Benefits Reported

Group	As of December 31, 2013		As of December 31, 2012	
	Number	Annual Reported Benefits	Number	Annual Reported Benefits
Disabled prior to January 1, 1988	120	\$ 238,645	133	\$ 252,549
Disabled after January 1, 1988	<u>6,892</u>	<u>74,765,871</u>	<u>6,751</u>	<u>76,900,520</u>
Total	7,012	\$ 75,004,516	6,884	\$ 77,153,069

Appendix B: Detailed Tabulations of the Disabled Member Data

Table B-2: The Number and Annual Long Term Disability Benefits of Disabled Members by Age as of December 31, 2013
Disabled Prior to January 1, 1988

Age	Men		Women	
	Number	Contributions	Number	Contributions
52			1	\$ 4,973
56			1	4,478
57			4	9,171
58			5	15,292
59	1	\$ 471	3	10,488
60	1	1,078		
61	1	2,315	5	11,380
62	2	4,351	1	176
63	2	3,621	1	472
64	2	4,081	1	3,078
65	1	2,652	2	3,477
66	3	5,184	6	18,589
67	2	5,539	1	1,075
68	1	2,140	2	3,023
69	1	2,090	2	7,770
70	1	2,203	2	4,739
71	1	1,127	3	3,325
72	2	2,955	3	7,227
73			2	3,946
75	1	307	1	2,298
76			1	1,764
77	1	2,717	1	1,059
78			1	6,443
79			1	130
80	1	2,192	1	1,209
81			3	3,836
82			2	3,911
83			2	858
84	1	2,114	3	5,994
85			6	13,884
86			3	1,415
87	1	1,664	1	4,645
88			5	9,796
89			1	622
90	1	1,144	5	5,095
91			4	4,399
92	1	1,229		
93			1	1,052
94			1	1,550
95			1	2,660

Appendix B: Detailed Tabulations of the Disabled Member Data

Table B-2: The Number and Annual Long Term Disability Benefits of Disabled Members by Age as of December 31, 2013 (continued)

Disabled Prior to January 1, 1988

Age	Men		Women	
	Number	Contributions	Number	Contributions
97			1	\$ 565
99	1	\$ 623	1	984
Total	29	\$ 51,797	91	\$ 186,848

Appendix B: Detailed Tabulations of the Disabled Member Data

Table B-3: The Number and Annual Long Term Disability Benefits of Disabled Members by Age as of December 31, 2013

Disabled After January 1, 1988

Age	Men		Women	
	Number	Contributions	Number	Contributions
27	2	\$ 16,353		
28			2	\$ 25,454
29	1		3	59,734
30	1	9,762	2	36,418
31	2	23,986	8	129,153
32	2	20,164	6	62,268
33	3	40,007	11	138,926
34	5	61,337	14	214,139
35	7	115,967	22	311,384
36	12	161,199	26	472,857
37	9	107,867	33	534,211
38	17	257,621	30	459,003
39	18	267,279	24	353,853
40	19	225,939	41	577,575
41	21	248,476	58	779,111
42	17	203,733	68	861,827
43	25	264,104	88	1,168,790
44	33	339,471	81	1,238,243
45	51	451,936	99	1,353,132
46	47	464,284	106	1,427,097
47	59	746,042	126	1,596,742
48	69	816,861	146	1,699,124
49	67	754,522	160	1,964,225
50	88	856,857	171	2,289,796
51	91	821,209	197	2,253,116
52	84	947,849	243	2,663,349
53	107	1,135,805	222	2,563,218
54	121	1,312,831	250	2,713,279
55	124	1,188,997	248	2,840,455
56	151	1,606,942	265	2,748,275
57	131	1,141,429	288	3,139,586
58	127	1,178,035	292	2,982,520
59	136	1,188,689	294	3,284,465
60	112	998,731	221	2,401,190
61	123	981,294	250	2,441,111
62	133	936,199	240	2,549,787
63	126	846,789	212	1,820,100
64	81	592,283	111	1,081,336
65	2	21,393	3	46,685
67	2	39,571		

Appendix B: Detailed Tabulations of the Disabled Member Data

Table B-3: The Number and Annual Long Term Disability Benefits of Disabled Members by Age as of December 31, 2013 (continued)
Disabled After January 1, 1988

Age	Men		Women	
	Number	Contributions	Number	Contributions
68	1	\$ 36,000		
69			1	\$ 12,876
70			2	31,997
74	1	11,651		
Total	2,228	\$ 21,439,464	4,664	\$ 53,326,407

Appendix C: Development of Actuarial Value of Assets

Table C-1: Development of Actuarial Value of Assets for the Year Ending December 31, 2013

1.	Actuarial Value of Assets as of December 31, 2012	\$ 432,667,367
2.	2013 Net Cash Flow	
a.	Contributions	65,921,700
b.	Disbursements	<u>75,398,339</u>
c.	Net Cash Flow: (a) - (b)	(9,476,639)
3.	Expected Investment Return: [(1) x .0575] + [(2)c x .02875]	24,605,920
4.	Expected Actuarial Value of Assets as of December 31, 2013: (1) + (2)c + (3)	447,796,648
5.	Market Value of Assets as of December 31, 2013	420,925,066
6.	Excess of Market Value over Expected Actuarial Value of Assets: (5) - (4)	(26,871,582)
7.	20% Adjustment towards Market Value: (6) * .20	(5,374,316)
8.	Preliminary Actuarial Value of Assets as of December 31, 2013 (4) + (7)	\$ 442,422,332
9.	Final Actuarial Value of Assets as of December 31, 2013 [(8) not less than 80% of (5) and not greater than 120% of (5)]	\$ 442,422,332
10.	Rate of investment return on actuarial value	4.49%
11.	Rate of investment return on market value	(3.61)%

Appendix D: Statement of Actuarial Assumptions and Methods

Assumptions are based on the experience investigation of the Teachers' and State Employees' Retirement System of North Carolina prepared as of December 31, 2009 and adopted by the Board of Trustees on October 21, 2010. The next experience investigation will be based on the five-year period ending December 31, 2014. The actuary will present this investigation during the fall of 2015 for adoption by the Board of Trustees with the intent of using the assumptions recommended in the December 31, 2014 experience review beginning with the December 31, 2015 annual valuation.

Interest Rate: 5.75% per annum, compounded annually.

Inflation: General inflation is assumed to be 3.00% per annum.

Real Wage Growth: 0.50% per annum.

Separations From Active Service: Representative values of the assumed rates of separation from active service are as follows:

Service	Annual Rates of Withdrawal					
	General Employees and Other Education		Classroom Teachers		Law Enforcement Officers	
	Male	Female	Male	Female	Male	Female
0	.270	.270	.260	.220	.180	.180
1	.180	.185	.180	.170	.090	.090
2	.120	.120	.130	.130	.070	.070
3	.080	.100	.100	.100	.070	.070
4	.070	.090	.080	.080	.060	.060

Age	General Employees and Other Education Annual Rates of			
	Withdrawal and Vesting*		Base Mortality**	
	Male	Female	Male	Female
25	.0650	.0900	.0004	.0002
30	.0650	.0800	.0005	.0003
35	.0500	.0600	.0008	.0005
40	.0400	.0400	.0011	.0008
45	.0350	.0400	.0016	.0012
50	.0350	.0400	.0023	.0018
55	.0350	.0400	.0033	.0028
60	.0350	.0400	.0054	.0043
65			.0081	.0062
69			.0099	.0076

* These rates apply only after five years of membership in the system.

** Base mortality rates as of December 31, 2003.

Appendix D: Statement of Actuarial Assumptions and Methods

Classroom Teachers

Annual Rates of

Age	Withdrawal and Vesting*		Base Mortality**	
	Male	Female	Male	Female
25	.0600	.0700	.0004	.0002
30	.0550	.0600	.0004	.0003
35	.0400	.0450	.0007	.0005
40	.0350	.0300	.0010	.0007
45	.0350	.0300	.0014	.0011
50	.0350	.0300	.0020	.0017
55	.0350	.0300	.0028	.0025
60	.0350	.0300	.0044	.0039
65			.0070	.0058
69			.0091	.0073

* These rates apply only after five years of membership in the system.

** Base mortality rates as of December 31, 2003.

Law Enforcement Officers

Annual Rates of

Age	Withdrawal and Vesting*		Base Mortality**	
	Male	Female	Male	Female
25	.0400	.0400	.0004	.0002
30	.0350	.0350	.0004	.0003
35	.0300	.0350	.0008	.0005
40	.0300	.0350	.0011	.0007
45	.0300	.0350	.0015	.0011
50	.0300	.0350	.0021	.0017
55	.0300	.0350	.0030	.0025
60	.0300	.0350	.0049	.0039
65			.0076	.0058
69			.0095	.0073

* These rates apply only after five years of membership in the system.

** Base mortality rates as of December 31, 2003.

Retirements: Representative values of the assumed rates of retirement from active service are as follows:

Appendix D: Statement of Actuarial Assumptions and Methods

General Employees and Other Education - Males

Age	Service						
	<u>5</u>	<u>10</u>	<u>15</u>	<u>20</u>	<u>25</u>	<u>30</u>	<u>35</u>
50				0.0370	0.1000	0.3500	0.3500
55				0.0550	0.1000	0.3000	0.2000
60	0.1000	0.1000	0.1000	0.1000	0.3500	0.3000	0.2250
65	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
70	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250
75	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

General Employees and Other Education - Females

Age	Service						
	<u>5</u>	<u>10</u>	<u>15</u>	<u>20</u>	<u>25</u>	<u>30</u>	<u>35</u>
50				0.0400	0.0350	0.3500	0.3500
55				0.0550	0.0900	0.3500	0.2250
60	0.1400	0.1400	0.1400	0.1400	0.4500	0.3500	0.2500
65	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
70	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
75	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Classroom Teachers - Males

Age	Service						
	<u>5</u>	<u>10</u>	<u>15</u>	<u>20</u>	<u>25</u>	<u>30</u>	<u>35</u>
50				0.0300	0.0900	0.3000	0.3000
55				0.0450	0.0900	0.3750	0.3000
60	0.1200	0.1200	0.1200	0.1200	0.4000	0.3750	0.3000
65	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
70	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
75	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Classroom Teachers - Females

Age	Service						
	<u>5</u>	<u>10</u>	<u>15</u>	<u>20</u>	<u>25</u>	<u>30</u>	<u>35</u>
50				0.0350	0.0900	0.3000	0.3000
55				0.0550	0.1000	0.4500	0.2750
60	0.1500	0.1500	0.1500	0.1500	0.5000	0.4500	0.2750
65	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
70	0.2750	0.2750	0.2750	0.2750	0.2750	0.2750	0.2750
75	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Appendix D: Statement of Actuarial Assumptions and Methods

Law Enforcement Officers							
Age	Service						
	5	10	15	20	25	30	35
50			0.0600	0.0600	0.0600	0.5000	0.5000
55	0.3000	0.3000	0.3000	0.3000	0.3000	0.5000	0.5000
60	0.2500	0.2500	0.2500	0.2500	0.2500	0.5000	0.5000
65	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
70	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
75	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Salary Increases: Representative values of the assumed annual rates of salary increases are as follows:

Annual Rate of Salary Increase			
Service	Teachers	General Employees	Law Enforcement Officers
0	7.55%	5.50%	9.10%
5	6.55	5.50	7.10
10	5.70	5.45	5.40
15	5.45	5.25	4.95
20	5.25	5.25	4.65
25	5.25	5.25	4.25
30	5.25	5.25	4.25
35	5.25	5.25	4.25
40	4.75	4.75	4.25
45	4.25	4.25	4.25
50	4.25	4.25	4.25

Deaths Prior to Retirement: According to the RP-2000 Mortality tables for active employees. These tables are set back one year for male teachers, set forward one year for all general employees and unadjusted for female teachers and all law enforcement officers. The base RP-2000 tables for active employees have no rates after age 70. The rates from ages 71 to 79 are smoothed based on the active rate at age 70 and the retiree rate at age 80. Retiree rates are used for ages 80 and beyond.

Mortality Projection (Non-Disabled): All mortality rates are projected from December 31, 2003 using generational improvement with Scale AA.

Timing of Assumptions: All withdrawals, deaths, disabilities, retirements and salary increases are assumed to occur on July 1 of each year.

Appendix D: Statement of Actuarial Assumptions and Methods

Rates of Disability: The assumed rates of disability per 1,000 lives exposed are as follows:

Age	Rate of Disability Per 1,000 Lives	
	Males	Females
20 – 24	1.18	1.50
25 – 29	1.26	1.63
30 – 34	1.44	2.13
35 – 39	1.87	3.16
40 – 44	2.66	4.02
45 – 49	4.31	5.60
50 – 54	7.18	7.89
55 – 59	12.03	10.83
60 – 64	17.07	12.80

Rates of Termination: Monthly select rates of termination of disability were used for the first 24 months of disability. Sample rates of termination per 1,000 lives are as follows:

Males									
Duration of Disability (in months)	Age at Disability								
	<u>22</u>	<u>27</u>	<u>32</u>	<u>37</u>	<u>42</u>	<u>47</u>	<u>52</u>	<u>57</u>	<u>62</u>
5	142.2	129.1	118.7	106.4	94.1	81.5	67.3	49.8	27.5
10	69.0	60.0	52.3	45.6	39.0	32.9	26.4	18.5	11.2
15	44.0	38.6	34.0	29.9	25.2	21.3	17.8	12.2	6.3
20	28.0	25.5	23.0	21.2	18.5	15.3	13.1	8.9	4.9
24	20.2	18.6	16.7	15.7	14.0	11.6	9.8	7.5	4.8

Females									
Duration of Disability (in months)	Age at Disability								
	<u>22</u>	<u>27</u>	<u>32</u>	<u>37</u>	<u>42</u>	<u>47</u>	<u>52</u>	<u>57</u>	<u>62</u>
5	147.7	134.1	123.3	110.5	97.8	84.7	69.9	51.7	28.6
10	78.6	68.3	59.6	51.9	44.4	37.5	30.1	21.1	12.8
15	45.9	40.3	35.5	31.2	26.3	22.2	18.6	12.7	6.6
20	28.2	25.7	23.1	21.3	18.6	15.4	13.2	9.0	4.9
24	19.7	18.1	16.3	15.3	13.6	11.3	9.5	7.3	4.7

Appendix D: Statement of Actuarial Assumptions and Methods

Annual select and ultimate rates of termination of disability were used after the first 24 months of disability, with select rates effective from 24 months to 10 years. Sample rates per 1,000 lives are as follows:

Males									
Duration of Disability (in months)	Age at Disability								
	<u>22</u>	<u>27</u>	<u>32</u>	<u>37</u>	<u>42</u>	<u>47</u>	<u>52</u>	<u>57</u>	<u>62</u>
5	105.9	93.8	78.4	63.5	52.9	48.2	48.5	50.5	48.8
10	27.3	28.5	30.3	32.6	36.4	36.9	37.3	44.9	57.2
15	25.1	27.0	29.9	34.2	36.3	38.2	46.0	64.1	90.9
20	27.0	29.9	34.2	36.3	38.2	46.0	64.1	90.9	131.4

Females									
Duration of Disability (in months)	Age at Disability								
	<u>22</u>	<u>27</u>	<u>32</u>	<u>37</u>	<u>42</u>	<u>47</u>	<u>52</u>	<u>57</u>	<u>62</u>
5	73.7	65.3	54.6	44.2	36.8	33.5	33.8	35.1	34.0
10	18.2	19.0	20.2	21.7	24.3	24.6	24.9	29.9	38.2
15	16.8	18.1	20.0	22.9	24.3	25.6	30.8	42.9	60.9
20	18.1	20.0	22.9	24.3	25.6	30.8	42.9	60.9	88.1

Social Security Assumptions: The assumed rate of approval for Social Security disability benefits prior to completion of four years of disability from the conclusion of the waiting period is 50%.

National Average Wage: National average wage growth is assumed to be 3.50% per year for purposes of calculating Social Security benefits.

Future Increases in Social Security Benefits: Social Security disability benefits are assumed to increase by 3.00% per year. This impacts those disabled on or after January 1, 1988.

Across-the-Board Salary Increases: 3.50% per year. This impacts the LTD benefits (before reductions) for those disabled on or after January 1, 1988.

Other Offsets: No additional offsets due to Worker's Compensation or Outside Earnings, other than those reported, have been assumed.

Leave Conversions: Sick leave can be converted to increase creditable service and used to meet the eligibility requirements for retirement. Unused vacation leave can be converted to increase creditable service, but does not add to the eligibility service. The assumed impact of these conversions is shown on the table below.

Appendix D: Statement of Actuarial Assumptions and Methods

	Classroom Teachers		General		Law Enforcement		Other Education	
	Males	Females	Males	Females	Males	Females	Males	Females
Increase in AFC	2.25%	2.25%	2.25%	2.25%	1.50%	1.50%	3.50%	3.50%
Increase in Creditable Service (years)								
Credited	1.25	1.00	0.90	0.65	1.50	1.50	1.25	1.00
Eligibility	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Reported Compensation: Calendar year compensation as furnished by the system's office.

Valuation Compensation: Reported compensation adjusted based on the assumed annual rates of salary increase to reflect the assumed rate of pay as of the valuation date.

Administrative Expenses: No allowance made. It is assumed that the administrative costs of the plan are provided for out of the general operating funds of the state.

Valuation Method: Aggregate.

Asset Valuation Method: Actuarial value, as developed in Appendix C. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected actuarial value. The actuarial value of assets is not allowed to be greater than 120% of the market value of assets or less than 80% of the market value of assets.

Incurred But Not Reported Claims (IBNR): IBNR claims are based on the one-year term cost for expected disablements during the year. For short-term disability, a reserve of 62/72 of the term cost is added to account for the timing of STD payments. That reserve includes an allowance for STD that has been incurred but not reported, as well as STD in pay status. For long-term disability, a reserve of 14/12 of the term cost is added to account for the waiting time after disability to receive LTD benefits.

Changes Since Prior Valuation: None.

Appendix E: Summary of Main Benefit Provisions as Interpreted for Valuation Purposes

The Disability Income Plan of North Carolina became effective January 1, 1988. The Plan replaced the Disability Salary Continuation Plan for Teachers and State Employees of North Carolina (DSC Plan). Those beneficiaries disabled prior to January 1, 1988 continue to be covered under the provisions of the DSC Plan as in effect December 31, 1987. Beneficiaries disabled on or after January 1, 1988 are covered under the provisions of the Disability Income Plan. The following summary describes the main membership, benefit and contribution provisions of the Plan as interpreted for the valuation.

Membership in the Plan

All teachers and other employees who are in active service and are members of the Teachers and State Employees' Retirement System or the Optional Retirement Program on or after January 1, 1988 are eligible to participate in the Plan.

Benefits

Definition of Disability

The mental or physical incapacity for the further performance of duty of a beneficiary; provided that such incapacity was not the result of terrorist activity, of active participation in a riot, of the commission or attempt to commit a felony, or of the intentional self-infliction of an injury.

Waiting Period

A beneficiary shall receive no benefits from the Plan for a period of 60 continuous calendar days from the onset of disability determined as the last actual day of service or the day succeeding at least 365 calendar days after the commencement of service as a teacher or employee, whichever is later.

Salary Continuation Benefits

During the waiting period, a beneficiary may be paid such salary continuation as provided by an employer through the use of sick leave, vacation leave or any other salary continuation.

A disabled beneficiary may elect to receive any such salary continuation in lieu of STD benefits provided such election shall not extend the 365 days duration of the STD period.

A disabled beneficiary may elect to receive any such salary continuation in lieu of LTD benefits provided such election shall not extend the first 36 consecutive calendar months of the LTD period.

Appendix E: Summary of Main Benefit Provisions as Interpreted for Valuation Purposes

Eligibility for Short Term Disability	Any beneficiary who becomes disabled and is no (STD) Benefits longer able to perform his usual occupation after at least 365 calendar days succeeding his date of initial employment and at least one year of contributing membership service in the Teachers' and State Employees' Retirement System (TSERS) may be eligible for STD benefits.
Commencement of STD Benefits	The STD benefit commences on the first day succeeding the waiting period.
Duration of STD Benefits	These benefits are payable for 365 days following the waiting period. The first six months of benefits are payable by the employer outside of the trust. The remaining six months are paid by the employer outside of the trust but the employer is reimbursed by the trust quarterly. STD benefits may be extended up to an additional 365 days if the Medical Board determines that the beneficiary's disability is temporary and is likely to end within the extended period. During this extended period, STD benefits are paid directly from the trust.
Amount of Monthly STD Benefits	50% of 1/12th of the annual base rate of compensation last payable to the beneficiary prior to the beginning of the STD period plus 50% of 1/12th of the annual longevity payment (see below) to which the beneficiary would be eligible, to a maximum of \$3,000 per month, reduced by monthly payments for Workers' Compensation. Provided that a beneficiary has earnings in excess of the STD benefit, the STD benefit shall be reduced on a dollar-for-dollar basis by the amount that exceeds the STD benefit.
Eligibility for Long Term Disability	Any beneficiary who has five or more years of (LTD) Benefits membership service may receive LTD benefits from the Plan upon approval by the Board of Trustees provided that the disability is likely to be permanent.

Appendix E: Summary of Main Benefit Provisions as Interpreted for Valuation Purposes

Commencement of LTD Benefits	Benefits commence on the first day succeeding the conclusion of the short-term disability period provided the beneficiary makes application for such benefits within 180 days after the short-term disability period ceases or after salary continuation payments cease, whichever is later.
Duration of LTD Benefits	The LTD benefit is payable until the earliest date at which the beneficiary is eligible for an unreduced service retirement allowance from TSERS as described in the December 31, 2012 valuation report for TSERS.
Amount of Monthly LTD Benefits	65% of 1/12th of the annual base rate of compensation last payable to the beneficiary prior to the beginning of the STD benefit period plus 65% of 1/12th of the annual longevity payment (see below) to which the beneficiary would be eligible, to a maximum of \$3,900 per month, reduced by benefits payable from other plans including but not limited to the "Plan Offsets" (listed below).
Post Disability Benefit Adjustments	The compensation upon which the short-term or long-term disability benefit is calculated may be increased by any percentage across-the-board salary increases granted by the General Assembly. Benefits shall be reduced by future increases granted by the Social Security Administration.
Plan Offsets	<p>(1) Primary Social Security disability benefits. For beneficiaries not approved for Primary Social Security disability benefits, upon completion of four years from the conclusion of the waiting period, the beneficiary's benefit shall be reduced by an amount as determined by the Board of Trustees, equal to a Primary Social Security disability benefit to which the beneficiary might be entitled had the beneficiary been awarded Social Security disability benefits. For members with less than five years of service as of July 31, 2007, the LTD benefit ceases after 36 months if the member has not been approved for Social Security disability benefits.</p> <p>(2) Workers' Compensation and statutory disability plans.</p>

Appendix E: Summary of Main Benefit Provisions as Interpreted for Valuation Purposes

(3) Teachers' and State Employees' Retirement System, or other retirement systems supported by the State.

(4) Other insurance plans to which the State contributes.

(5) Wages or other income paid by public or private employers.

Annual Longevity Payments

These payments are based on service and are additional components of the STD and LTD benefit formulas.

<u>Years of Service</u>	<u>Percentage of Base Salary</u>
less than 10	0.00%
10 - 14	1.50%
15 - 19	2.25%
20 - 24	3.25%
25 and over	4.50%

Benefits for Participants Disabled Prior to January 1, 1988 and Receiving Payments Under Former Disability Salary Continuation Plan

The LTD benefit is payable until termination of disability and pays 60% of monthly salary to a maximum of \$1,000 per month reduced by benefits payable from other plans including but not limited to the "Plan Offsets."

Plan Offsets include:

- Social Security benefits payable:
Prior to July 1, 1974 - Full family benefits.
July 1, 1974 and after – Primary benefits only.
- Workers' Compensation and statutory disability plans.
- Teachers' and State Employees' Retirement System, or other retirement systems supported by the State.

Appendix E: Summary of Main Benefit Provisions as Interpreted for Valuation Purposes

- Other insurance plans to which the State contributes.
- Wages or other income paid by public or private employers.

Benefits shall not be increased by future across-the-board salary increases granted by the General Assembly nor decreased by any future increases granted by the Social Security Administration.

Contributions

All contributions are to be made by the State or Employing Units.

Changes Since Prior Valuation None.