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Maine Public Employees Retirement System Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2009

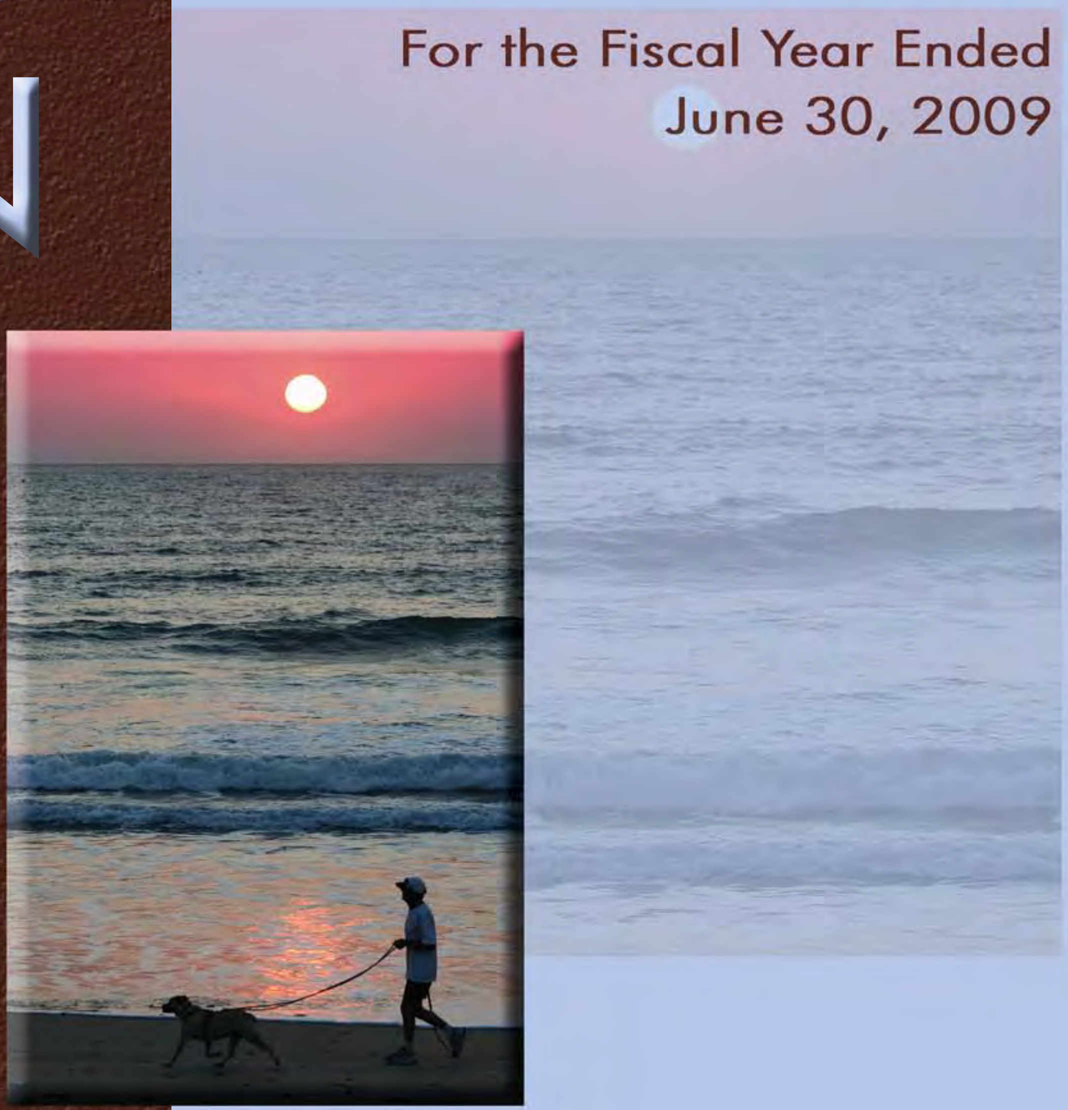
Maine Public Employees Retirement System

2009

Comprehensive Annual Financial Report

mainePERS
Public Employees Retirement System

For the Fiscal Year Ended
June 30, 2009



MainePERS
A Component Unit of the State of Maine

Maine Public Employees Retirement System

A Component Unit of the State of Maine

Comprehensive Annual Financial Report

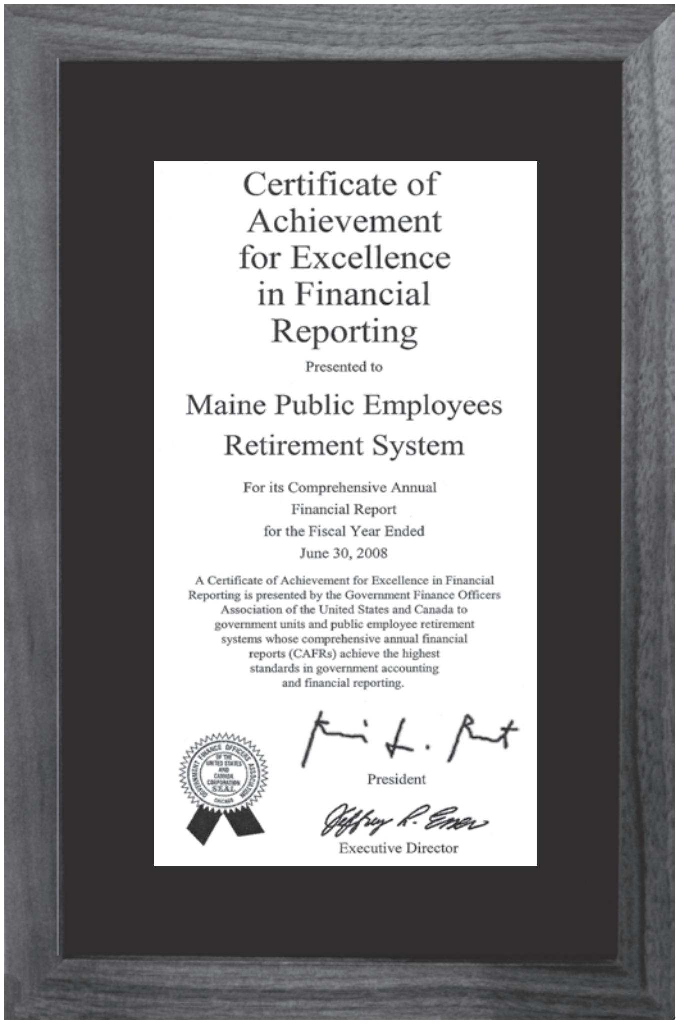
For the fiscal year ended June 30, 2009

46 State House Station, Augusta, Maine 04333

This report has been produced as required by 5 M.R.S.A. §17102 (10), which states that the Maine Public Employees Retirement System must publish an annual report showing "the fiscal transactions of the retirement system for the fiscal year and the assets and liabilities of the retirement system at the end of the fiscal year; and the actuary's report on the actuarial valuation of the financial condition of the retirement system for the fiscal year."

This report was prepared by the Financial, Administrative and Investment staff of the Maine Public Employees Retirement System. Costs for producing this report were paid from the operating budget of the Maine Public Employees Retirement System.

FSC


Certificate of Achievement for Excellence in Financial Reporting

Presented to

Maine Public Employees Retirement System

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

PPCC

Public Pension Coordinating Council

Recognition Award for Funding
2009

Presented to

Maine Public Employees Retirement System

In recognition of meeting professional standards for
plan funding as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

Maine Public Employees Retirement System
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INTRODUCTORY SECTION

maine PERS Public Employees Retirement System

Sandra J. Matheson, *Executive Director*

John C. Milazzo, *General Counsel and Chief Deputy Executive Director*

LETTER OF TRANSMITTAL

December 4, 2009

In accordance with the requirements of 5 M.R.S.A. §17102, I am pleased to present the Comprehensive Annual Financial Report ("CAFR" or "Annual Report") of the Maine Public Employees Retirement System ("MainePERS" or the "System") for the fiscal year ended June 30, 2009. Please note that the name of the System was changed by statute from the Maine State Retirement System to the Maine Public Employees Retirement System in September 2007. This CAFR, taken as a whole, provides details on all aspects of the System. It is written so as to conform to the requirements of the Governmental Accounting Standards Board (GASB). Management of the System takes full responsibility for the accuracy, completeness and fairness of the representations made in this report.

FUNDING OF RETIREMENT PLANS AND GROUP LIFE INSURANCE PLAN

The System's defined benefit retirement plans are the dominant element in its financial activities and position. The design of defined benefit plans presupposes that the return on invested contributions will supply a significant amount of the benefit funding resources of such plans. When the investment markets do not provide the return expected, the resulting funding shortfall must be made up by employer contributions. For this reason, the performance of the investment markets is the single most significant factor affecting the financial activities or position of the System, and the effects of market performance flow through to contributions made by its participating employers.

As with all actuarially-funded defined benefit plans, the System uses actuarial methods and procedures that integrate short-term market behavior with the long demographic time horizon of the plan. This actuarial "smoothing" of investment results moderates the volatility of employer contribution requirements. Finally, while investment market performance affects plan funding requirements, it does not affect benefits being paid or to be paid in the future. The basic defined benefit retirement plan equation provides that, over the long term, contributions plus investment earnings must be equal to benefits.

The interplay of liabilities (i.e., the obligation to pay benefits) and assets (i.e., contributions and investment earnings thereon) can be seen in the plan's actuarial funded ratio and changes in funded ratios over time. The funded ratio of the State Employee and Teacher Program had improved steadily and consistently since the mid-1980s. Low or negative returns in the investment market during 2009 adversely affected the funding ratio for the year. The actuarial funded ratio of those plans at June 30, 2009 was 67.6 percent compared to 74.0 percent in 2008.

The Judicial Program was slightly overfunded last year and is slightly underfunded this year due to negative investment returns. The greater than 100 percent funded status of the Consolidated Plan for Participating Local Districts (PLDs) continues and reflects the circumstances and structure of the plan and its relatively recent inception. Information regarding overall funding progress appears in the MD&A on page 19. More information on the funding levels of all of the System's retirement programs can be obtained from the System.

The System also operates a program of defined contribution retirement plans under sections 401(a), 403(b) and 457(b) of the Internal Revenue Code, collectively referred to as MaineSTART. At the conclusion of fiscal year 2009, there were 44 participating employers in MaineSTART, with 567 participants. While MaineSTART constitutes a small part of the System's retirement programs, we believe that it provides an important supplement for our defined benefit participants and a valuable alternative for our other members. MaineSTART offers a family of funds by Vanguard designed to be very low cost and enticingly easy to manage.

The Group Life Insurance Program is funded by premiums paid by its participants and the employers of those participants, and investment returns on reserves. The investment strategy for these reserves is the same strategy employed for the defined benefit plan assets.

Investments

Both the necessary inflows of employer and member contributions and healthy long-term returns from the investment of assets are essential to the funding of the defined benefit retirement programs administered by the System. The centerpiece of the investment policy is the mix of investment types in which assets are reinvested and the allocation of assets among asset classes. Until June 2008, under its investment policy, the permitted asset classes for the System's portfolio included domestic equities, international equities, Treasury Inflation Protected Securities (TIPS), real estate and infrastructure. In June, 2008, a new asset allocation was established that allocates additional investments in alternative strategies including private equity and provides for investment in opportunistic strategies. The System's Board of Trustees is responsible for establishing the policy that is the framework for investment of the plan assets. The Board employs in-house experts and outside investment consultants to advise it on investment matters, including policy. The Board's choice of asset classes reflects its assessment of expected investment return and the nature, level, and management of risk. The defined benefit plan assets perform two functions; they collateralize the benefits owed to participants, and they provide investment earnings. All benefit payments must eventually be funded from contributions or from investment earnings.

The defined benefit and group life insurance portfolio experienced a second year of negative returns, following five consecutive years of positive returns, with an overall return of negative 18.8%. Total value of the portfolio declined to $8.3 billion at June 30, 2009 from $10.5 billion at June 30, 2008. The decrease in investment income is primarily attributable to weakness in equity markets worldwide.

The 122nd Legislature enacted a law requiring the System to divest of non-commingled investments in companies doing business in the Republic of Sudan when it could be done in accordance with sound investment criteria and the Board's fiduciary responsibilities. The Board reported to the Legislature in December 2008 about its progress in this regard, and at that time, it had divested $21.5 million of securities of firms determined to be in violation of the mandate. Staff of the System actively researches allegations of portfolio companies' involvement in Sudan, and regularly updates the list of prohibited investments, as well as lists of other companies whose alleged involvement requires ongoing attention.

The 123rd Legislature created an Investment Trust (Retiree Health Insurance Post-Employment Benefits Investment Trust) for the purpose of investing funds set aside by the State of Maine to cover Other Post Employment Benefits (OPEB) liabilities for retiree health insurance benefits for state employees and other eligible participants. The Trustees of MainePERS were named Trustees for this Investment Trust with the responsibility of investing these funds. MainePERS received the first funds in FY08.

HIGHLIGHTS OF THE PAST YEAR

In Fiscal Year 2009, the System continued efforts to review and update all member and retiree data in the legacy system, in preparation for conversion to the new, line of business, pension administration software. This year, efforts focused on updating member and retiree retirement and Group Life Insurance beneficiary designations, as well as records of service credit purchases.

As previously reported, the System launched a major project in 2006 to install a complete "line-of-business" technology system that will result in the automation of nearly all pension administrative services and functions. Vitech Systems Group was the vendor selected to deliver, configure, customize, and implement the line-of-business automated system. In January of this year, the System implemented the Benefits Administration Payroll System (BAPS) module and began paying retirement payments from the new system, officially retiring an obsolete legacy system. Currently, the System is testing the Employer Self-Service (ESS) module and has begun training employers in preparation for implementation. ESS is the V3 module that employers will use to submit payrolls and conduct other transactions over the web. In the new system, employers will submit almost all forms electronically. Other portions of the new technology are in various stages of design and development. We anticipate a full implementation of all core functionality in the Spring of 2010.

RECENT DEVELOPMENTS

Along with all major investors, the Trustees are concerned about the turmoil in the financial markets and the negative effect on earnings that can be expected to flow from these chaotic events. Given that the recent volatility of the financial markets can make investors of all types uneasy, the System has taken care to reassure retirees that the defined benefits they receive are not directly affected by a decline in the stock market. The System Trustees operate under a carefully constructed investment policy believed to balance the long range return on, and expected volatility of, the System's assets.

ACKNOWLEDGEMENTS

Once again, we are pleased to inform you that for the fifth consecutive year, the System was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA). In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, with contents that meet or exceed program standards. We are extremely proud that we are recognized for handling and accounting for your retirement funds in a manner that satisfies generally accepted accounting practices and all applicable legal requirements. We expect ourselves to be in compliance with all of the Certificate of Achievement Program requirements into the future. This 2009 CAFR will also be submitted to the GFOA.

The System, through its management staff, is responsible for establishing and maintaining an internal control structure that is designed to provide reasonable assurance that assets are protected from theft, fraud, or misuse and that financial recordkeeping is complete and accurate. Management believes the existing internal accounting controls accomplish these objectives. An internal auditor works with both staff and the Board to ensure appropriate internal control procedures. Management is also responsible for the completeness, accuracy and fair presentation of financial information and for all disclosures. This responsibility notably encompasses the System's financial statements themselves, including the amounts therein that, necessarily, are based on estimates and judgments.

The preparation of this report has been a collaborative effort of senior management, the Accounting and Finance Department, the Investment Department and the Communications Department. The System takes responsibility for all of the information contained in the report and confidently presents it as a basis for the many decisions of the Board of Trustees, staff and others who will rely on it.

Respectfully submitted,

Sandra J. Matheson

Sandra J. Matheson
Executive Director

I am joined in transmitting this Comprehensive Annual Financial Report to all of our constituencies by the System's Director of Finance.

Sherry Tripp Vandrell
Director of Finance

Note: In April of this year, Sandra J. Matheson joined the System as its new Executive Director. Ms. Matheson most recently was director of the Washington State Retirement System. The Board of Trustees selected Ms. Matheson for her leadership skills and vision. She brings broad-based public pension experience and innovative thinking on design and funding of programs and services that will assist MainePERS to meet future challenges. She holds degrees from Northwestern University and Washington State University.

Appendix A to Letter of Transmittal

OVERVIEW OF THE SYSTEM

The Maine Public Employees Retirement System (MainePERS) is an independent public agency of the State of Maine that traces its history to 1942. By the authority granted to it by the Maine Legislature, the System administers retirement programs that cover State employees, the State's public school teachers, judges, legislators, and employees of the 279 municipalities and other public entities, called "participating local districts" (PLDs) that have chosen to provide retirement plans through MainePERS. The System is also responsible for the payment of retirement and survivors' benefits to former governors and their surviving spouses and to judges who retired prior to the establishment of the Judicial Retirement Program in 1984. In addition, the System administers a Group Life Insurance Program that provides or makes available life insurance benefits for active and retired System members and for the employees of a few PLDs for whom MainePERS administers only the Group Life Insurance Program. The System also administers defined contribution plans for PLD employees.

Board of Trustees

Responsibility for the operation of the Maine Public Employees Retirement System is held by the System's Board of Trustees, which is comprised of eight members. State law specifies the Board's composition. Each individual appointed to serve as a trustee is subject to the legislative confirmation process. All appointed trustees are required to have "a working knowledge of retirement policy and legal issues and a general knowledge and understanding of banking, finance, and investment practices." Three trustees are System members, one of whom is proposed and elected by the Maine Education Association, one of whom is proposed and elected by the Maine State Employees Association, and one of whom is a PLD member proposed by the governing body of the Maine Municipal Association. The Governor in turn appoints these seats. Four other trustees are appointed by the Governor. Of these, one must be selected by the Governor from a list of nominees submitted by the Maine Retired Teachers Association and one must be a MainePERS retiree selected from a list of nominees submitted by State and/or PLD retirees. The remaining two appointees are direct gubernatorial appointments, both of whom must be qualified through training or experience in investments, accounting, banking or insurance or as actuaries. The eighth trustee is the State Treasurer, who serves ex-officio. All trustee terms are three years, except for the two-year term of the State Treasurer. The Board annually elects its chair and vice chair from among its members.

The MainePERS Trustees also serve as Trustees of the Judicial and Legislative Retirement Programs as well as for the Retiree Health Insurance Post-Employment Benefits Investment Trust.

The Board contracts for the services of an actuary to prepare annual valuations of the assets and liabilities of each of the retirement programs administered by the System. The actuary also provides information and recommendations as to sound and appropriate actuarial assumptions, which are utilized, together with valuation information, to determine the programs' funding requirements. The System's actuary in FYs 2008 and 2009 was the firm of Cheiron, Inc.

The Board's management of MainePERS investments is embodied in its investment policy. The policy states the Board's underlying investment objectives, sets out the investment strategies intended to realize the objectives, and establishes guidelines and criteria for implementation of the strategies. The Board currently contracts with the firm of Ennis Knupp & Associates to advise it on the investment policy and the carrying out of the investment program.

The Board is the final administrative decision maker in matters involving the rights, credits, and benefits of members. It has established an administrative appeals process for the making of such decisions; in this process relevant factual information and legal requirements are identified and analyzed by the Hearing Officers who serve under contract. In decisions on disability retirement appeals, statutorily established medical boards and individual medical advisors provide recommendations as to the medical aspects of disability. The Board's final administrative decisions are appealable to Superior Court.

Administration

The **Office of the Executive Director** has overall administrative responsibility for all aspects of the System and its operations. The Executive Director oversees all actuarial work and investments, and has administrative responsibility for the internal audit function. Actuarial work is carried out with the assistance of an actuary; investment operations are carried out with the assistance of the System's Chief Investment Officer and staff, one or more investment consultants, investment managers and other appropriate advisors. In addition, the Office performs the executive functions of the System and has day-to-day responsibility for legislative matters, appeals, federal, state, and local governmental relations, planning, organizational development, and numerous special projects.

The **Department of Service Programs** administers the service and disability retirement programs, MaineSTART defined contribution plans, employer programs, survivor benefit and group life insurance programs, and payrolls administration. The Department is the System's primary contact for members, participating employers, and benefit recipients.

The **Department of Administration** is responsible for most administrative and support functions, including accounting and finance, information technology supports, communications, facilities, and human resources.

The System's primary responsibility is the administration of defined benefit retirement plans. Retirement and related benefits provided by MainePERS include:

- service retirement benefits, which provide retirement income to qualified members;
- disability retirement benefits, which provide income to a member who becomes disabled under MainePERS law while the member is in service and before the member retires; and
- death benefits, which are paid to a member's designated beneficiaries.

Administration of these programs includes financial administration, investments, recordkeeping of members' work and compensation data, and provision of retirement-related services to members, employers and retirees.

The System also administers the **MaineSTART** defined contribution retirement plans that are established under sections 401(a), 403(b), and 457(b) of the Internal Revenue Code. These plans are presently available to employees of those employers in the Consolidated Plan for PLDs that have adopted one or more of the plans.

The System itself and all of its programs are established by and operate within the scope of Maine statutes. The operation of the System's defined benefit retirement plans is also governed by provisions of the Maine Constitution, not all of which apply to all of the plans.

Membership and Contributions

State employees and teachers are covered under the Maine Public Employees Retirement System's State Employee and Teacher Retirement Program. State employees are required by law to become members of MainePERS when hired. There is an exception to this rule for elected and appointed officials, for whom membership is optional. Public school teachers, other than substitute teachers, must also become members of MainePERS when hired. PLD employees become members of MainePERS when they are hired if their employer participates as a PLD in MainePERS at that time and if they meet the membership eligibility requirements in effect when they are hired. For some PLD employees, membership is optional. These employees include those employed by their PLD before the PLD joined MainePERS, those whose employers provide Social Security under a federal law, elected and appointed officials, and chief administrative officers.

The Legislative Retirement Program, also administered by MainePERS, was established to provide a retirement program for those serving in the Maine Legislature. Except as provided by statute, membership in the Maine Legislative Retirement Program is mandatory for legislators entering service on or after December 3, 1986.

The Judicial Retirement Program was established to cover Maine's judges. Membership in the Judicial Retirement Program is a condition of employment for all judges serving on or after December 1, 1984.

All members of the System contribute a percentage of their compensation to the System. Each employer also contributes to the System an amount for the normal costs of the programs that is a percentage of total wages paid to members who are employees of that employer.

The State pays the normal cost employer contributions and unfunded actuarial liability contributions on behalf of all teacher members as well as all State employee members. These employer contribution percentages are actuarially determined by plan and vary from year to year.

The State's employer normal cost contributions, along with current member contributions, support benefits currently being earned by active members. The State's unfunded actuarial liability (UAL) contribution is payment on the amortized debt that represents the liability for benefits in excess of the amount supported by assets of the System. The Maine Constitution requires that the UAL be fully funded in not more than 31 years from July 1, 1997. The amortization period at the end of FY 2009 is 19 years, requiring full payment of the UAL by the end of FY 2028.

The System also administers pay-as-you-go retirement programs for judges who retired prior to the establishment of the Judicial Retirement Program in 1984 and governors and their surviving spouses. The programs are funded each biennium by a direct appropriation from the Legislature and in the case of active governors, by employee contributions required by statute.

The Group Life Insurance Program is provided or made available to all State employees, public school teachers, and the employees of those PLDs who elect to offer this coverage to their employees, as well as members of the Legislative and Judicial Retirement Programs. Basic coverage for the employee is equal to the employee's annual base compensation rounded up to the next $1,000; supplemental coverage for the employee and coverage for dependents are also available.
Further details regarding program and plan provisions can be found elsewhere in this report in the actuarial valuation for each program.

Financial Reporting

Beginning in FY 2008, the System began drawing the funds formerly provided by the State of Maine to support its operating expenses directly from the trust funds. In the past, the State, as employer, contributed a certain amount for the System's administrative costs. Total operating expenses for staff and all other costs of operations, with the exception of certain investment related expenses required by law to be paid directly from investments, are allocated among the System's three employer/employee groups (i.e. State employees (including for this purpose judges and legislators), teachers, and PLDs). The System's administrative budget allocates these funds, is approved annually by the Board of Trustees, and is reported to the Legislature.

The System's financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis, in accordance with the standards and requirements of the Governmental Accounting Standards Board (GASB). The financial statements are presented in accordance with GASB Statement No. 25, Financial Reporting for Defined Benefit Plans, GASB Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis for State and Local Governments, and, with respect to the Group Life Insurance Program, GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Financial information presented throughout this Report is consistent with the financial statements. The financial statements are prepared on the accrual basis of accounting.

The System also has an Internal Audit program, staffed by one internal auditor. This program is currently focused on first-time, in-depth audits of internal controls in all of the departments at the System. The internal auditor presents audit reports to both management and the Audit Committee of the Board of Trustees.

The independent auditor, Baker Newman Noyes (BNN), has conducted an audit of the financial statements in accordance with, as stated in its audit report, generally accepted auditing standards and including those tests and procedures BNN deemed necessary to express its opinion in its audit report.

The auditors have unrestricted access to the Board and the Board's Audit Committee to discuss the audit and their findings with respect to the integrity of the System's financial reporting and adequacy of the System's internal controls.

The System's defined benefit retirement plans are reported as an agent multiple employer plan. Separate actuarial valuations are performed for each of the retirement programs that the System administers; contributions, inflows, and benefits payments are separately tracked and recorded, and separate trust fund balances are attributed to each such program. The System reports the Group Life Insurance Program and the MaineSTART Defined Contribution plans as separate plans. The System's financial statements, notes thereto and required supplementary information are prepared accordingly. As additional supplementary information, the System includes with its financial statements a schedule that sets out in relevant detail the trust fund balances of the State Employee and Teacher Retirement Program, the Judicial Retirement Program, the Legislative Retirement System Program, and the Consolidated Plan for PLDs and the non-consolidated PLDs combined.

BOARD OF TRUSTEES, MANAGEMENT STAFF, and PRINCIPAL PROFESSIONAL CONSULTANTS
June 30, 2009

BOARD OF TRUSTEES

Peter M. Leslie, *Chair*	Public Member, Governor's direct appointee
Benedetto Viola, *Vice Chair*	State Employee member, elected by the Maine State Employees Association
Dimitri N. Balatsos	Public member, Governor's direct appointee
George A. Burgoyne	Retired MainePERS recipient member, nominated by retired State employees and Participating Local District retirees, appointed by the Governor
David G. Lemoine	State Treasurer, *Ex-officio* member
Richard T. Metivier	MainePERS Participating Local District member, appointed by the Maine Municipal Association and the Governor
Catherine R. Sullivan	Retired Teacher member, elected by the Maine Retired Teachers Association and appointed by the Governor
Kenneth L. Williams	Teacher member, elected by the Maine Education Association

SENIOR ADMINISTRATIVE STAFF

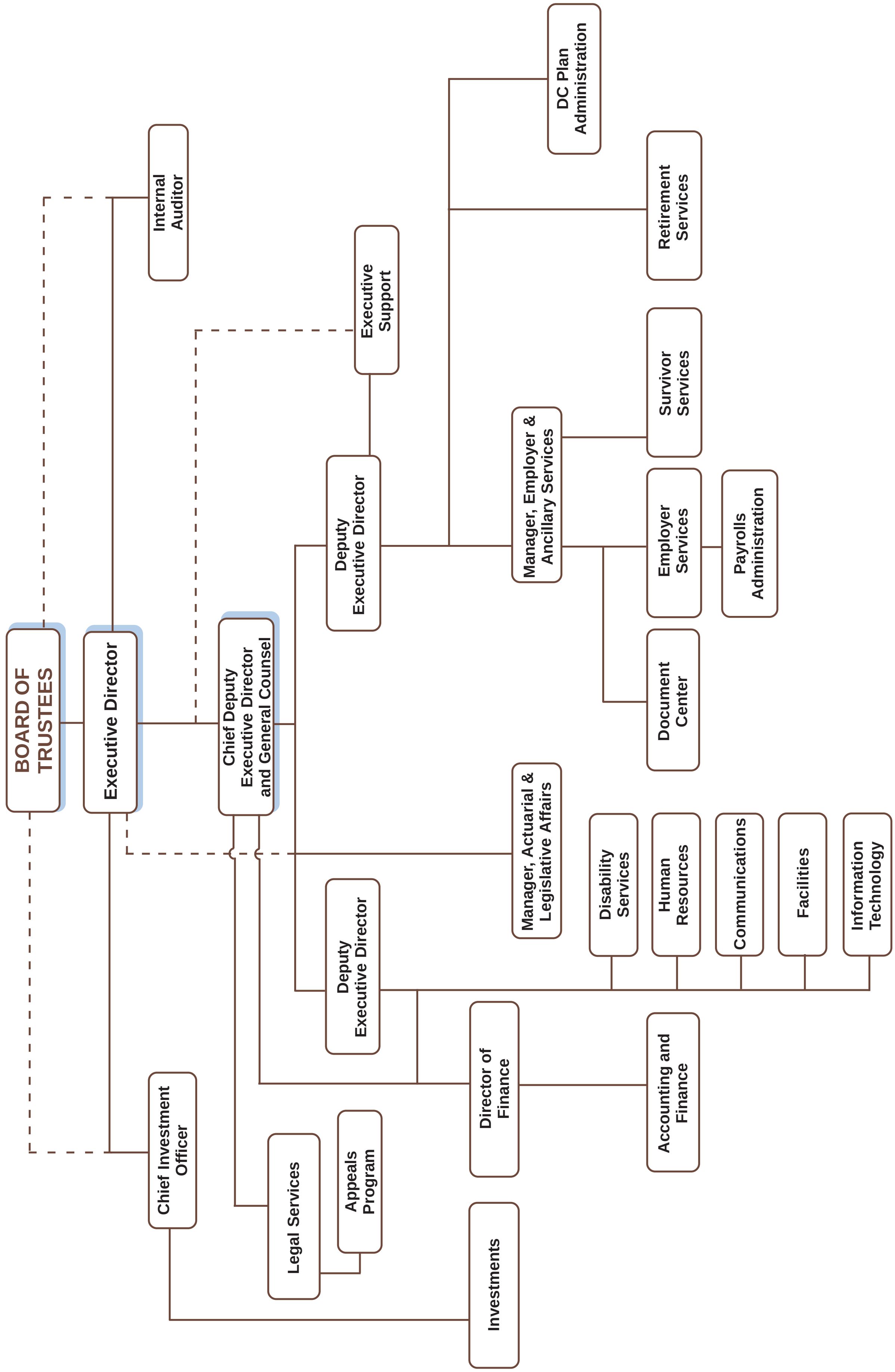
Sandra J. Matheson	Executive Director
John C. Milazzo	General Counsel and Chief Deputy Executive Director
Andrew H. Sawyer, CFA, CAIA	Chief Investment Officer
Christine S. Gianopoulos	Deputy Executive Director
Rebecca A. Grant	Deputy Executive Director
Sherry Tripp Vandrell	Director of Finance
Marlene McMullen-Pelsor	Manager, Payrolls Administration, Employer and Ancillary Services
Kathy J. Morin	Manager, Actuarial and Legislative Affairs

PRINCIPAL PROFESSIONAL CONSULTANTS

Actuary	Investment Consultant	Auditors	Internal Auditor
Cheiron, Inc.	Ennis Knupp + Associates	Baker Newman & Noyes, LLC	John F. Fleming

See page 72 for a list of professional investment management firms.

MainePERS Organizational Chart by Function



Legislative Update

LEGISLATION ENACTED IN THE FIRST REGULAR SESSION OF THE 124th LEGISLATURE

An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2010 and June 30, 2011

PL 2009, c. 213 [L.D. #353]
Effective Date: May 28, 2009

This is the State's biennial budget and it contains several sections that pertain to the laws that govern the System. Specifically, the bill (1) provides funding for a subset of the members who are awaiting such funding in order to be eligible to purchase military service credit at a subsidized rate; (2) codifies current practice that group life insurance coverage provided for legislators through MainePERS is based on an average of the salary paid over the 2-year term; and (3) establishes the conditions under which State employees subject to shutdown days, merit pay freezes and suspended longevity in fiscal years 2010 and 2011 may include those missed earnings towards their retirement benefit.

An Act to Correct Inequities for Certain Maine Community College System Employees in the Maine Public Employees Retirement System

PL 2009, c. 236 [L.D. #1219]
Effective Date: June 2, 2009

This bill makes Group Life Insurance available to two groups of Maine Community College System employees previously either not eligible for that coverage or required to file evidence of insurability in order to obtain that coverage.

An Act to Address an Inequity in the Judicial Retirement System

PL 2009, c. 254 [L.D. #488]
Effective Date: September 12, 2009

This bill permits judges who had retired prior to the effective date of PL 2007, c. 449 to pay the full actuarial cost to include unfunded cost-of-living salary increases for fiscal years 2004 and 2005 in the calculation of their retirement benefits.

An Act to Amend the Laws to Ensure Equity in the Judicial Retirement Program

PL 2009, c. 267 [L.D. #947]
Effective Date: September 12, 2009

This bill permits a judge with previous creditable service in the Legislative Retirement Program to pay the full actuarial cost to have that service portable to the Judicial Retirement Program.

continued on next page

Legislative Update *continued*

LEGISLATION ENACTED IN THE FIRST REGULAR SESSION OF THE 124th LEGISLATURE

An Act to Provide More Transparency and Protection for Public Employees in the Laws Governing the Maine Public Employees Retirement System

PL 2009, c. 322 [L.D. #322]
Effective Date: September 12, 2009

This bill makes several changes to retirement laws as well as System areas of operation. The key substantative changes impact the manner in which the System recovers money owed to it and the process by which final eligibility for disability retirement benefits is determined.

An Act to Protect Benefits for State Retirees

PL 2009, c. 433 [L.D. #1496]
Effective Date: June 17, 2009

This bill changes how cost-of-living adjustments are made when the Consumer Price Index is negative. Specifically, in a year in which the index is negative, no adjustment will be made. In the subsequent year, rather than making an adjustment based on the full Consumer Price Index, the actual cost-of-living adjustment will be actuarially compounded to include the impact of the negative index in the previous year.

Resolve, To Reform Public Retirement Benefits and Eliminate Social Security Offsets

Resolve c. 111 [L.D. #1431]
Effective Date: September 12, 2009

This resolve establishes a task force whose purpose is to design a unified pension and benefit plan for state employees and teachers first hired after December 31, 2010. The resolve sets forth the composition of the task force as well as some guidance as to the design of the new plan. The task force must submit a report on its design of the plan by March 1, 2010, along with any legislation necessary to implement the plan.

FINANCIAL SECTION

BAKER | NEWMAN | NOYES LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Maine Public Employees Retirement System

We have audited the accompanying statement of fiduciary net assets of Maine Public Employees Retirement System (the System) (A Component Unit of the State of Maine) as of June 30, 2009 and the related statement of changes in fiduciary net assets for the year then ended. 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. The prior year summarized comparative information has been derived from the System's 2008 financial statements as restated and, in our report dated November 18, 2008, we expressed an unqualified opinion on the financial statements of the System.

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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly we express no such opinion. 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of 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 November 30, 2009 on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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 on pages 19 through 26 and the historical pension information on pages 54 through 58 are not required parts of the 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.

Our audit was conducted for the purpose of forming an opinion on the Maine Employees Public Retirement System's basic financial statements. The accompanying schedules on pages 59 and 60 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baker Newman & Noyes
Limited Liability Company

Portland, Maine
November 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009 Financial Report

Introduction

This Management Discussion and Analysis (MD&A) is prepared by the management staff of the Maine Public Employees Retirement System (MainePERS or the System) for the purpose of providing an overview of the System's financial statements.

Financial Reporting Structure

The System's financial statements are prepared on an accrual basis of accounting in accordance with Governmental Accounting Standards Board (GASB) pronouncements. The accrual basis of accounting requires the recognition and recording of financial transactions and other related events when they occur and not just in conjunction with the inflows and outflows of cash and other resources.

The funds managed by the System are constitutionally restricted and held in trust for the payment of pension and related benefits to its members or in the case of the Retiree Health Insurance Trust Fund, for the payment of retiree health premiums for eligible retirees of the State of Maine. The System's Board of Trustees, in its fiduciary capacity, establishes the System's investment policies and oversees their overall implementation. The System maintains separate reserves and accounts and performs separate actuarial valuations for each pension plan. The System administers an agent multiple employer pension plan and reports its financial statements on an aggregated basis.

The System reports the Defined Benefit (DB) Plans, Defined Contribution (DC) Plans, the Group Life Insurance (GLI) Plan and the Retiree Health Insurance Trust as separate funds and in separate columns in the financial statements. The Statement of Fiduciary Net Assets reports the balance of Net Assets held in trust for future benefits as of the fiscal year end, with comparative values reported as of the previous fiscal year end. The Statement of Changes in Fiduciary Net Assets reports the net change in Net Assets for the fiscal year, with comparative values reported for the previous fiscal year.

The Schedule of Funding Progress for the Defined Benefit Plans (Required Supplementary Information) presents a summary of the defined benefit retirement plans administered by the System. This Schedule compares the actuarial value of pension assets to actuarial accrued liabilities, as of actuarial valuation dates over a period of six years, and reports the unfunded actuarial accrued liability (UAAL). The Schedule also presents the actuarial funded ratio and the UAAL as a percentage of the covered payroll of all members.

The Schedule of Employers' Contributions (Required Supplementary Information) presents the annual required contributions as defined by GASB for all employers participating in MainePERS defined benefit plans and compares them to actual employer contributions, over a period of six years. It also provides the percentage of the required to actual contributions for each year.

The Schedule of Funding Progress for the Group Life Insurance Plan (Required Supplementary Information) compares the actuarial value of plan assets with actuarial liabilities, as of actuarial valuation dates over a period of six years, and presents the unfunded actuarial liability (UAL). The Schedule also presents the actuarial funded ratio.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009 Financial Report
(continued)

Financial Highlights and Analysis

The Net Assets of the System in 2009 decreased by $2,204 million (20.7%) from the prior year's Net Asset balance. This decrease was due primarily to $2,014 million of Net Losses from Investment Activities during fiscal year 2009, coupled with increased benefits paid and other deductions. By comparison, Net Income from Investment Activities during fiscal year 2008 reflected a decrease of $341 million. As of June 30, 2009, approximately 32% of the System's assets were invested in domestic common stocks, 28% in foreign common stocks, 36% in domestic bonds, and 4% in real estate, either with direct holdings or through investment in common/collective trusts.

The Net Assets of the System in 2008 had decreased by $383 million (3.5 %) from the prior year's Net Asset balance. This decrease was due primarily to $341 million of Net Losses from Investment Activities during fiscal year 2008, coupled with increased benefits paid and other deductions. By comparison, Net Income from Investment Activities during fiscal year 2007 reflected an increase of $1,546 million. As of June 30, 2008, approximately 41% of the System's assets were invested in domestic common stocks, 21% in foreign common stocks, 33% in index linked government bonds, and 5% in real estate, either with direct holdings or through investment in common/collective trusts.

The following are the Condensed Comparative Statements of Fiduciary Net Assets and Condensed Comparative Statements of Changes in Fiduciary Net Assets for the System for the fiscal years ended June 30, 2009, 2008, and 2007:

Condensed Comparative Statements of Changes in Fiduciary Net Assets
(Dollar Values Expressed in Millions)

	June 30, 2009	June 30, 2008	June 30, 2007
ADDITIONS (SUBTRACTIONS):			
Member Contributions	$ 161.0	$ 163.7	$ 171.1
Employer Contributions	339.1	418.0	323.6
Net Investment and Other Income	(2,014.2)	(341.3)	1,546.2
Total Additions (Subtractions)	**$ (1,514.1)**	**$ 240.4**	**$ 2,040.9**
DEDUCTIONS:			
Benefits	$ 632.6	$ 584.6	$ 549.4
Other	57.4	38.9	34.0
Total Deductions	**$ 690.0**	**$ 623.5**	**$ 583.4**
Net Increase (Decrease)	**$ (2,204.1)**	**$ (383.1)**	**$ 1,457.5**
Net Assets, Beginning of Year	**$ 10,647.2**	**$ 11,030.3**	**$ 9,572.8**
Net Assets, End of Year	**$ 8,443.1**	**$ 10,647.2**	**$ 11,030.3**

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009 Financial Report
(continued)

Condensed Comparative Statements of Fiduciary Net Assets
(Dollar Values Expressed in Millions)

	June 30, 2009	June 30, 2008	June 30, 2007
Cash and Receivables	$ 524.1	$ 789.7	$ 387.5
Investments at Fair Value	8,536.5	10,259.4	10,746.6
Securities Lending Collateral	199.2	2,689.8	3,031.7
Other Assets	10.2	4.9	4.2
Total Assets	**$ 9,270.0**	**$ 13,743.8**	**$ 14,170.0**
Investment Purchases	$ 321.1	$ 198.8	$ 71.5
Securities Lending Payable	199.2	2,689.8	3,031.7
Investment Management Fees Payable	6.3	6.7	7.3
Other Liabilities	300.3	201.3	29.2
Total Liabilities	**$ 826.9**	**$ 3,096.6**	**$ 3,139.7**
Net Assets Held in Trust for Benefits	**$ 8,443.1**	**$ 10,647.2**	**$ 11,030.3**

Assets

Investments at Fair Value decreased by $1,723 million (16.8%), primarily due to unfavorable equity markets in the United States and abroad. As a result of this decline in Investments at Fair Value, coupled with a decrease in securities lending collateral held at year end, total assets decreased $4,474 million during 2009. The System records as an asset and corresponding liability, the cash collateral it holds due to its securities lending activity. Securities lending activity declined by $2,491 million (92.6%) largely due to the transfer of fixed income assets into commingled funds during the year. The System's custodian records an Investment Purchase or Sale Receivable between the time it enters into a trade and the time that trade is settled. The receivable for outstanding trades at June 30, 2009 was approximately $278 million more than at June 30, 2008, due to the timing of investment purchases by the System's investment managers.

Total assets had decreased $426 million (3.0%) during 2008. This decrease was primarily attributable to a decrease in Investments at Fair Value combined with increased cash and the addition of the Retiree Health Insurance Trust Fund. The $487 million (4.5%) decrease in Investments at Fair Value was attributable primarily to unfavorable equity markets in the United States and abroad.

Refer to the Investment Section for more information on the System's investments.

Liabilities

The System's custodian records an Investment Purchase or Sale between the time it enters into a trade and the time that trade is settled. The outstanding trades at June 30, 2009 were approximately $122 million more than at June 30, 2008, due to the timing of investment purchases by the System's investment managers. The System records as an asset and corresponding liability, the cash collateral it holds due to its securities lending activity. On June 30, 2009, the amount of loans outstanding in the securities lending program was approximately $2,491 million less than at June 30, 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009 Financial Report
(continued)

Outstanding trades at June 30, 2008 were approximately $127 million more than at June 30, 2007. On June 30, 2008, the amount of loans outstanding in the securities lending program was $342 million less than at June 30, 2007.

Additions to/Subtractions from Fiduciary Net Assets

Subtractions from fiduciary net assets during fiscal year 2009 totaled $1,514 million, a decrease of 730% from the additions to fiduciary net assets in fiscal year 2008 which were $240 million. This was largely due to the fact that investment income net of fees and other deductions decreased by 490% ($1,673 million). The decrease in investment income is primarily attributable to poor equity returns. US equities fell more than 26%, while international equities fell nearly 31%. These two asset classes alone account for approximately 60% of the MainePERS investments at June 30, 2009.

During fiscal year 2008, additions to fiduciary net assets totaled $240 million, a decrease of 88% from the additions to fiduciary net assets in fiscal year 2007. This was largely due to the fact that investment income net of fees and other deductions decreased by 122% ($1,888 million). The decrease in investment income was primarily attributable to poor equity returns. US equities fell more than 12%, while international equities fell 6.5%. These two asset classes alone accounted for approximately 62% of the MainePERS fund.

Pension Contributions

The State's contributions on behalf of State employees totaled $117.0 million, $110.0 million, and $93.3 million for fiscal years 2009, 2008, and 2007, respectively. The State's contributions on behalf of teachers totaled $183.7 million, $177.1 million, and $184.1 million, for fiscal years 2009, 2008, and 2007, respectively.

An additional employer contribution is mandated by statute to be made when General Fund Surplus (GFS) monies designated for the purpose of funding the unfunded actuarial liability of the State Employee/Teacher Retirement Program exist at fiscal year end. There were no GFS monies available for this purpose at June 30, 2009, June 30, 2008 or June 30, 2007. When available, these additional contributions are allocated, according to System policy, in equal parts to the unfunded liabilities of the State employee and teacher plan.

The State's fiscal 2009 contribution on behalf of judges was $1.3 million; in fiscal years 2008 and 2007 this contribution was $1.2 million and $1.0 million, respectively. Based on the funding methodology used and considering the funded status of the Maine Legislative Retirement Plan, no employer contribution was required in fiscal years 2009, 2008, or 2007. For Participating Local Districts (PLDs) in the Consolidated Plan, the range of employer contributions as a percent of earnable compensation in fiscal year 2009 and in fiscal year 2008 was 1.5% to 6.5%. The Consolidated Plan's funded status and established funding approach results in employers of the Consolidated Plan currently paying less than what the true normal cost would otherwise require. The amount paid is never less than a base level that is appropriate given the then-current funding status. New entrants to the Consolidated Plan pay the true normal cost for a period of three years. The range of true normal cost in fiscal year 2009 was 3.6% to 16.8% across regular and special plans.

Member and employer data, contribution and benefit data for the 21 non-consolidated PLDs are specific to each PLD and are obtainable from the System. Contribution amounts for each of these membership groups are available at the System.

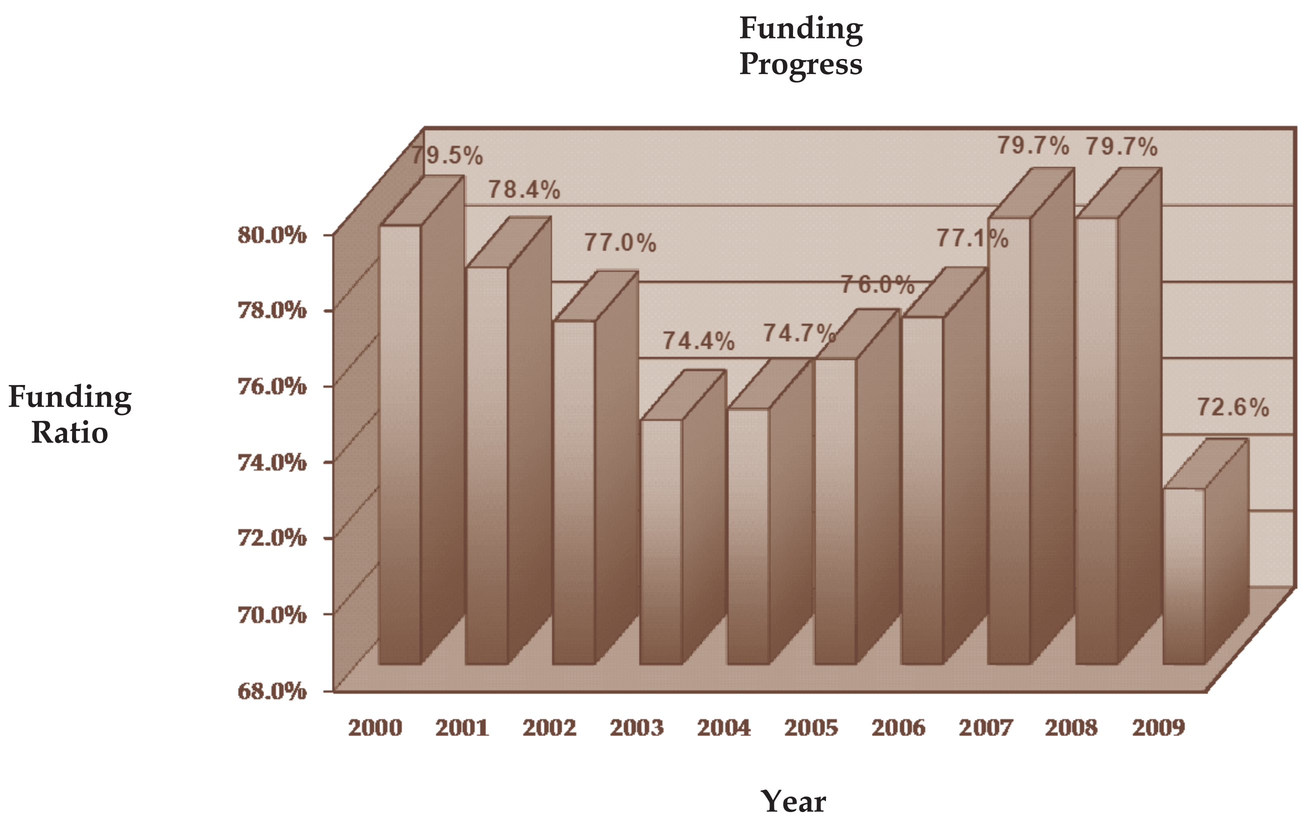
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009 Financial Report
(continued)

Deductions from Fiduciary Net Assets

Total deductions from fiduciary net assets during fiscal year 2009 increased by 10.7% ($67 million). The fiscal year 2009 increase was due to the increased cost of benefits paid and refunds and withdrawals of contributions. The increase in benefits paid is the result of the annual application of a cost-of-living adjustment of 4.0% for State Employee/Teacher, Judicial and Legislative retirement programs as well as for participating local districts, and an increase in the number of retirees and beneficiaries receiving benefits. Benefit payments in 2009 exceeded contributions by $133 million. Contributions totaled $500 million, and benefit payments totaled $633 million.

Total deductions from fiduciary net assets during fiscal year 2008 had increased by 6.9% ($40 million). The fiscal year 2008 increase was due to the increased cost of benefits paid and refunds and withdrawals of contributions. The increase in benefits paid was the result of the annual application of a cost-of-living adjustment of 2.7% for State Employee/Teacher, Judicial and Legislative retirement programs as well as for participating local districts, and an increase in the number of retirees and beneficiaries receiving benefits. Benefit payments exceeded contributions in 2008 by $3 million. Contributions totaled $582 million, and benefit payments totaled $585 million. Included in fiscal year 2008 contributions are $100 million in contributions to the Retiree Health Insurance Trust.

System Funding Status for the Defined Benefit Plan

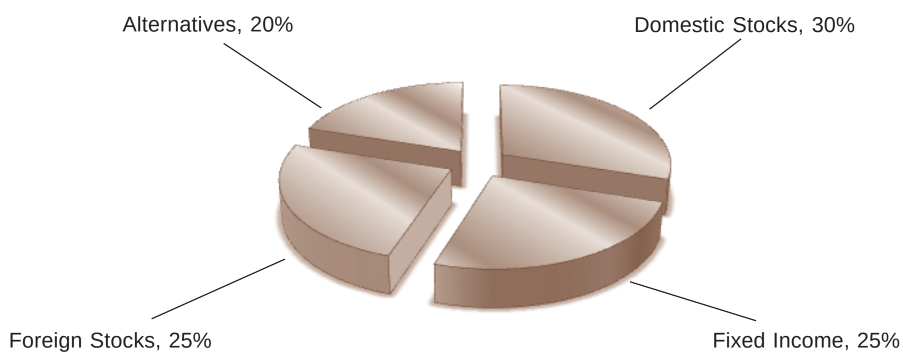


MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009 Financial Report
(continued)

At June 30, 2009, the State/Teacher and PLD defined benefit plans were actuarially funded at 72.6%, a decline from the actuarial funding level of 79.7% at June 30, 2008. As illustrated in the chart, the actuarial funded ratio of the System decreased steadily from 2000 to a low of 74.4% in 2003. The decline was due primarily to the investment markets. The funding level remained steady in 2004, followed by smaller incremental increases in 2005, 2006, and in 2007 to a high of 79.7%. This level remained steady for 2008, followed by a significant decline in 2009 to 72.6%. This decline is due primarily to poor returns in the investment market.

Investments

The assets of all the defined benefit retirement plans that the System administers are commingled for investment purposes. Investments of the Group Life Insurance Plan and the Retiree Health Insurance Trust are invested following the same Target Asset Allocation but are not commingled with the assets of the defined benefit retirement plans.



Essentially all of the assets administered by the System in its investment portfolio are currently invested in six asset classes: publicly traded domestic stocks, publicly traded foreign stocks, cash and cash-like securities, publicly traded domestic bonds, infrastructure, and real estate. Publicly traded derivative securities are used in some portfolios to emulate one or more of the six asset classes. The investment policy established by the System's Board of Trustees in 2008 assigns strategic target allocations for each of four asset classes. These targets are 30% for domestic stocks, 25% for foreign stocks, 25% for fixed income, and 20% for alternative investments. Alternative investments include private equity, infrastructure, and real estate. In addition to these targets the board approved an allocation to "opportunistic strategies" of up to 10%, but no target was set. Opportunistic strategies are investment strategies that do not fit into one of the other broad asset classes for which the Board of Trustees has set an explicit target. The Board of Trustees anticipates that it may take three to five years to fully reach the new asset allocation targets.

Essentially all of the assets invested by the System are in portfolios managed by professional investment management firms. These managers act as fiduciaries and invest the assets assigned to them in accordance with the Board's investment policy and their separate contractual arrangements. At June 30, 2009, total assets in these portfolios (together with the amounts otherwise managed) were $8.6 billion. The total assets as of June 30, 2008 were $10.8 billion. The investment return for the fiscal year ending June 30, 2009 was negative 18.8%. The investment return for the fiscal year ending June 30, 2008 was negative 3.1%. Investment returns in fiscal year 2009 were less than in 2008 primarily because approximately 60% of the System's portfolio was invested in equity markets, which performed poorly. Over the five and ten year periods ended June 30, 2009, the average annual investment return was positive 1.8% and positive 2.3%, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009 Financial Report
(continued)

System Membership

The following membership counts are derived from actuarial valuation data:

System Membership	2009	2008
Current participants:		
Vested and nonvested	50,477	51,402
Terminated participants:		
Vested	7,782	8,193
Retirees and beneficiaries receiving benefits	34,962	34,182
	93,221	93,777

The number of State employees at June 30, 2009 in the Regular and Special plans was 14,036, a decrease of 298 from June 30, 2008. The number of Teachers at June 30, 2009 was 26,450, a decrease of 777 from June 30, 2008. Membership for judges was 57, a decrease of 2 from the previous year. Membership for Legislators was 172, an increase of 2 from June 30, 2008. The Consolidated Plan for Participating Local Districts (PLDs) offers 11 retirement plans. Each PLD participating in the Consolidated Plan chooses the plan or plans under which its employees will be covered. Membership in the Consolidated Plan at June 30, 2009 was 9,762, an increase of 150 from June 30, 2008.

Group Life Insurance Plan

The following summarized data is derived from actuarial valuation data for the Group Life Insurance Plan:

Group Life Insurance Plan Actuarial Data

(Dollar Values Expressed in Millions)

	June 30		
	2009	2008	2007
Actuarial Value of Assets	$43.5	$52.0	$50.6
Actuarial Liability	$139.8	$133.2	$135.5
Unfunded Actuarial Liability	**$96.3**	**$81.2**	**$84.9**

Defined Contribution Plan

The Section 401(a), Section 457, and Section 403(b) Plans administered by the System's Board of Trustees are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of employees of PLDs that elect to participate in the Defined Contribution Plans. Contributions may be made to the Plans subject to plan and Internal Revenue Code limitations. Investments in the Defined Contribution Plans are individually directed and controlled by plan participants.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009 Financial Report
(continued)

Retiree Health Insurance Trust Fund

The Maine State Legislature established the Retiree Health Insurance Post Employment Investment Trust as an irrevocable trust for the sole purpose of holding and investing funds appropriated or otherwise provided to the Fund for the purpose of accumulating assets to provide funding to the State's unfunded liability obligations for retiree health benefits. The Trustees of the Maine Public Employees Retirement System were named Trustees of the Investment Trust Fund. At June 30, 2009, the value of this fund was $82,284,083.

Currently Known Facts, Decisions, or Conditions

The Maine law requiring divestiture of companies doing business in Sudan has resulted in the divestiture of $21.1 million. Investment managers are presently prohibited from holding equities in a total of 128 corporations.

Requests for Information

Questions concerning this Management Discussion and Analysis, other parts of the System's financial statements or the System's financial activities should be directed to Maine Public Employees Retirement System, Sherry Tripp Vandrell, Director of Finance, at 46 State House Station, Augusta, Maine 04333 or at (207) 512-3100 or toll-free at (800) 451-9800.

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STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2009
With Summarized Information as of June 30, 2008

	Defined Benefit	Group Life Insurance	Defined Contribution
Assets:			
Cash and cash equivalents (note 3)	$ 26,660,241	$ 4,830,340	$ 39,735
Investments at fair value (notes 3 and 4):			
Debt securities:			
U.S. Government and government agencies	1,029,319,256	–	–
Corporate	303,036,817	–	–
Common equity securities	1,449,110,136	–	–
Preferred equity securities	13,320,694	–	–
Common/collective trusts	5,261,923,264	45,401,413	7,620,114
Mutual funds	344,243,199	–	–
Real estate/mortgages	225,139	–	–
Total investments	8,401,178,505	45,401,413	7,620,114
Receivables:			
State and local agency contributions and premiums (notes 6 and 7)	10,689,824	547,664	45,840
Accrued interest and dividends	15,408,353	–	–
Due from brokers for securities sold	465,884,160	–	–
Total receivables	491,982,337	547,664	45,840
Collateral on loaned securities (note 5)	199,187,608	–	–
Fixed assets, net of accumulated depreciation	9,869,519	298,476	–
Total assets	9,128,878,210	51,077,893	7,705,689
Liabilities:			
Accounts payable	6,050,286	20,404	–
Due to brokers for securities purchased	321,132,792	–	–
Securities sold not yet purchased	277,243,236	–	–
Other liabilities	9,262,868	7,573,979	5,733
Accrued investment management fees	6,253,881	3,395	–
Obligations under securities lending activities (note 5)	199,187,608	–	–
Total liabilities	819,130,671	7,597,778	5,733
Net assets held in trust for benefits	$8,309,747,539	$ 43,480,115	$7,699,956

See accompanying notes.

STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2009
With Summarized Information as of June 30, 2008
(continued)

Retiree Health Insurance Trust	2009 Total	2008 Summarized (Restated) (Note 10)
$ –	$ 31,530,316	$ 568,401,876
–	1,029,319,256	3,862,729,575
–	303,036,817	383,103,766
–	1,449,110,136	2,056,862,354
–	13,320,694	6,439,312
82,284,083	5,397,228,874	3,580,786,334
–	344,243,199	363,955,138
–	225,139	5,552,151
82,284,083	8,536,484,115	10,259,428,630
–	11,283,328	10,288,805
–	15,408,353	23,064,726
–	465,884,160	187,899,187
–	492,575,841	221,252,718
–	199,187,608	2,689,790,040
–	10,167,995	4,897,692
82,284,083	9,269,945,875	13,743,770,956
–	6,070,690	4,877,661
–	321,132,792	198,801,529
–	277,243,236	176,659,380
55,695	16,898,275	19,769,061
6,712	6,263,988	6,691,377
–	199,187,608	2,689,790,040
62,407	826,796,589	3,096,589,048
$82,221,676	$8,443,149,286	$10,647,181,908

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Year Ended June 30, 2009
With Summarized Information for the Year Ended June 30, 2008

	Defined Benefit	Group Life Insurance	Defined Contribution
Additions (subtractions):			
Investment income:			
From investing activities:			
Net (depreciation) appreciation in the fair value of plan investments	$(2,128,689,313)	$ (8,818,295)	$(1,131,741)
Interest	110,215,306	42,431	342
Dividends	45,111,725	–	–
Less:			
Investment expenses	(23,098,670)	(75,830)	(42,422)
Net loss from investing activities	(1,996,460,952)	(8,851,694)	(1,173,821)
From securities lending activities:			
Securities lending income	23,923,872	–	–
Securities lending expenses:			
Borrower rebates	(14,114,959)	–	–
Management fees	(1,471,144)	–	–
Total securities lending expenses	(15,586,103)	–	–
Net income from securities lending activities	8,337,769	–	–
Total net investment loss	(1,988,123,183)	(8,851,694)	(1,173,821)
Contributions and premiums (notes 6 and 7):			
Members	154,546,403	4,501,396	1,967,488
State and local agencies	332,102,517	6,812,155	153,334
Total contributions	486,648,920	11,313,551	2,120,822
Total additions (subtractions)	(1,501,474,263)	2,461,857	947,001
Deductions:			
Benefits paid, net	622,604,996	9,966,568	–
Refunds and withdrawals	45,611,942	32,291	470,750
Claims processing expenses (note 7)	–	717,587	–
Administrative expenses	9,993,542	269,784	159,635
Total deductions	678,210,480	10,986,230	630,385
Net (decrease) increase	(2,179,684,743)	(8,524,373)	316,616
Net assets held in trust for benefits, beginning of year	10,489,432,282	52,004,488	7,383,340
Net assets held in trust for benefits, end of year	$ 8,309,747,539	$43,480,115	$7,699,956

See accompanying notes.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Year Ended June 30, 2009
With Summarized Information for the Year Ended June 30, 2008
(continued)

Retiree Health Insurance Trust	2009 Total	2008 Summarized (Restated) (Note 10)
$(16,056,300)	$(2,154,695,649)	$ (544,701,920)
–	110,258,079	161,182,924
–	45,111,725	57,474,926
(28,127)	(23,245,049)	(34,660,885)
(16,084,427)	(2,022,570,894)	(360,704,955)
–	23,923,872	140,661,340
–	(14,114,959)	(117,839,414)
–	(1,471,144)	(3,423,064)
–	(15,586,103)	(121,262,478)
–	8,337,769	19,398,862
(16,084,427)	(2,014,233,125)	(341,306,093)
–	161,015,287	163,711,128
–	339,068,006	417,994,752
–	500,083,293	581,705,880
(16,084,427)	(1,514,149,832)	240,399,787
–	632,571,564	584,556,572
–	46,114,983	27,899,076
–	717,587	621,203
55,695	10,478,656	10,445,686
55,695	689,882,790	623,522,537
(16,140,122)	(2,204,032,622)	(383,122,750)
98,361,798	10,647,181,908	11,030,304,658
$ 82,221,676	$ 8,443,149,286	$10,647,181,908

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

1. Overview of the Maine Public Employees Retirement System Benefit Plans

Background

The Maine Public Employees Retirement System (the System), which is a component unit of the State of Maine, is the administrator of a public employee retirement system established and administered under the Laws of the State of Maine. The System was formerly named the Maine State Retirement System. The System provides pension, disability, and death benefits to its members, which includes employees of the State, public school employees (defined by Maine law as teachers and for whom the State is the employer for retirement contribution and benefit purposes) and employees of 279 local municipalities and other public entities (participating local districts, or PLDs) in Maine, each of which contracts for participation in the System under provisions of the relevant statutes.

Individual PLDs are permitted by law to withdraw from participation in the System. Withdrawal precludes the PLD's nonmember employees, if any, and its employees hired subsequent to withdrawal from membership in the System. Depending on the circumstances and requirements of the PLDs participation under the System, a withdrawn PLD has continuing funding obligations after withdrawal with respect to its employees who are active members at time of withdrawal and who continue to be members thereafter, to its terminated vested employee members, and to its former employee members who are retired at the time of withdrawal.

Defined Benefit Plan

Pension funds managed by the System are constitutionally restricted and held in trust for the payment of pension and related benefits to its members. The System's Board of Trustees, in its fiduciary capacity, establishes the System's investment policies and oversees their overall implementation. The System maintains separate reserves and accounts and performs separate actuarial valuations for each pension plan. Management's interpretation of the State of Maine statutes is that the System is administering an agent multiple employer plan for financial reporting purposes.

At June 30, the membership counts are as follows:

System Membership	**2009**	**2008**
Current participants:		
Vested and nonvested	50,477	51,402
Terminated participants:		
Vested	7,782	8,193
Retirees and beneficiaries receiving benefits	34,962	34,182
	93,221	93,777

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

Group Life Insurance Plan

The Group Life Insurance Plan was established by the State Legislature to provide group life insurance benefits, during active service as well as in retirement, to State employees, Teachers, members of the Judiciary and the Legislature, as well as Elected and Appointed Officers of the State, that are eligible for membership in the System. Group Life Insurance benefits are also provided to the employees of PLDs that elect to participate in the Group Life Insurance Plan. Employees are eligible for coverage under the Plan, subject to their membership in one or more of the aforementioned eligible employment classes and any other conditions of eligibility that the Board of Trustees of the System may prescribe by rule or decision.

Group Life Insurance funds managed by the System are held in trust for the payment of benefits to participants and/or their beneficiaries. The System's Board of Trustees, in its fiduciary capacity, establishes the System's investment policies and oversees their overall implementation. The System maintains separate reserves and accounts for each of the employment classes and a single actuarial valuation for the plan is performed that provides separate data for each of the five classes.

At June 30, 2009, the Group Life Insurance participant levels for each employment class are as follows:

	Group Life Insurance Participants					
	State	Teachers	Judges	Legislators	PLD	Totals
Actives	13,907	14,116	59	4	5,945	34,031
Retirees	7,396	5,204	31	33	2,254	14,918
	21,303	19,320	90	37	8,199	48,949

Defined Contribution Plans

The Section 401(a), Section 457 and Section 403(b) Plans administered by the System's Board of Trustees are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of employees of PLDs that elect to participate in the Defined Contribution Plans. Contributions may be made to the Plans by Plan participants subject to plan and Internal Revenue Code limitations. At June 30, 2009, there were ten employers participating in the Section 401(a) plan with 88 plan participants and 33 employers participating in the Section 457 plan with 295 plan participants. One employer participates in the Section 403(b) plan with 184 plan participants.

Investments in the Defined Contribution Plans are individually directed and controlled by plan participants.

Retiree Health Insurance Trust Fund

The Maine State Legislature established the Retiree Health Insurance Post Employment Investment Trust as an irrevocable trust for the sole purpose of holding and investing funds appropriated or otherwise provided to the Fund for the purpose of accumulating assets to provide funding to the

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

State's unfunded liability obligations for retiree health benefits. The Trustees of the Maine Public Employees Retirement System were named Trustees of the Investment Trust Fund.

2. Summary of Significant Accounting Policies

Basis of Accounting

The System's financial statements are prepared using the accrual basis of accounting.

Comparative Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the System's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

Revenue Recognition

Pension contributions and group life insurance premiums are recognized as additions in the period when they become due pursuant to formal commitments or statutory or contractual requirements. Contributions to Defined Contribution Plans and the Retiree Health Insurance Trust are recognized in the period they are contributed. Investment income is recognized when earned.

Net investment income includes net appreciation (depreciation) in the fair value of investments, interest and dividend income, foreign currency transaction gains and losses, and securities lending income, less investment expenses, which include investment management and custodial fees and all other significant investment related costs. Investment income and expenses are recorded on the accrual basis.

Benefits and Refunds

Pension and group life insurance benefits and contributions and premium refunds to the System's members and beneficiaries are recognized as deductions when due and payable in accordance with the terms of the statutes. In addition, an estimate is made for group life insurance death benefits incurred before year end but not reported to the System until after year end. Group life insurance death benefits payable and incurred but not reported are reflected as other liabilities. Distributions from Defined Contribution Plans and the Retiree Health Insurance Trust are recognized in the period the disbursement is made.

Investments

Investments are reported at fair value. Debt and equity securities that are traded on recognized exchanges are valued at the last sales price and the current exchange rates on the reporting date. Other regularly traded securities, including derivatives, are valued by the System's custodians through a variety of external sources. Investments that do not have an established market are reported at estimated fair value. The fair value of shares in managed investment pools is based on unit values reported by the funds. The fair value of other investments, including real estate holdings and mortgage participation agreements, are based on third-party appraisals and valuations provided by the sponsor of the agreement. Management reviews and approves all such appraisals and valuations

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

prepared by other parties. Investment purchases and sales are recorded as of their trade date. Proceeds related to securities sold not yet purchased are carried as a liability and are adjusted to the fair value of the securities.

Due to/from Brokers

Amounts due to/from brokers for securities purchased or sold consist of trades not yet settled.

Cash and Cash Equivalents

The System considers all highly liquid debt instruments that have a maturity of 90 days or less when purchased to be cash equivalents.

Administrative Expenses

The cost of administering the Plans is paid out of the assets of the Plans and other designated revenues.

Fixed Assets

All fixed assets with a unit cost of $5,000 or greater are capitalized and reported in the accompanying financial statements. Purchased assets are valued at cost where historical records exist. Where necessary, for real estate, estimates of original cost are derived from historical real estate appraisals, historical real estate tax valuation records, and relevant accounting information derived from the records.

Fixed asset costs include the purchase price or construction cost, plus those costs necessary to place the asset in its intended location and condition for use.

Depreciation is calculated using the straight-line method with estimated useful lives of 3 to 40 years.

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 significant estimates and assumptions. These estimates affect the reported amounts of net assets held in trust for benefits at the date of the financial statements, the actuarial information included in the required supplementary information as of the actuarial information date, the changes in net assets during the reporting period and, when applicable, the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Reclassification

Certain 2008 amounts have been reclassified to conform to the 2009 financial statement presentation.

Risks and Uncertainties

The System makes investments in accordance with the Board of Trustees' investment policy in a combination of equities, fixed income securities, derivative financial instruments, other investment securities and mutual funds and common/collective trusts holding such investments. The investment

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

policy specifically prohibits investment managers from using derivative financial instruments to introduce leverage without specific prior approval by the Board. Investment securities and securities underlying certain investments are exposed to various risks, such as interest rate risk, market risk, custodial credit risk and credit risk. Investments in the Defined Contribution Plans are individually directed and controlled by plan participants. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, changes in the values of investment securities are likely to occur in the near term and it is at least possible that such changes could materially affect the amounts reported in the statement of fiduciary net assets and the statement of changes in fiduciary net assets.

Employers' contributions to the Defined Benefit Plan are established by an actuarial valuation on the basis of actuarial assumptions related to economic indicators (e.g., interest rates, inflation rates), and member and retiree compensation and demographics. By law, the assumptions are adopted by the Board of Trustees based on recommendation of the System's actuary. The System is also required by Maine law to perform an actuarial experience study whenever the Board of Trustees, on recommendation of its actuary, determines such a study to be necessary for actuarial soundness or prudent administration.

New Accounting Pronouncements Not Yet Adopted

Governmental Accounting Standards Board (GASB) Statement No. 55, *Accounting and Financial Reporting for Derivative Investments*, will be effective in fiscal 2010. Management has not yet determined the effect of adoption on the System's financial statements.

3. Cash and Investments

Custodial credit risk is the risk that in the event of a financial institution failure, the System's deposits may not be returned to it. Cash and cash-like securities are held at three institutions: Bangor Savings Bank, KeyBank National Association and Northern Trust Company. Balances in Bangor Savings Bank and KeyBank up to $250,000 at June 30, 2009 are insured by the Federal Deposit Insurance Corporation (FDIC). Both Bangor Savings Bank and KeyBank mitigate custodial credit risk through use of securities repurchase arrangements. Other securities are held by a prime broker and may participate in short sales of securities.

Cash equivalents at Northern Trust are invested in the Government Short Term Investment Fund (GSTIF). The GSTIF is composed of short term debt securities held in a collective fund for the benefit of the System and other investors. All securities purchased in the GSTIF must either be payable on demand or have a maturity not exceeding eighteen months from the time of purchase. The System's custodial credit risk exposure for cash and investments at June 30 is summarized in the table below:

	2009	2008
Exposed to Custodial Credit Risk (uninsured and uncollateralized)	$ 1,894,497	$ 691,031
Not Exposed to Custodial Credit Risk	8,566,119,934	10,827,139,475
Total Fair Value	$8,568,014,431	$10,827,830,506

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

Amounts are not exposed to custodial credit risk (a) because the underlying investments are registered in the name of the System and held by the System's custodian or (b) because their existence is not evidenced by securities that exist in physical or book entry form.

These amounts are disclosed in the financial statements at June 30 as follows:

	2009	2008
Cash and cash equivalents	$ 31,530,316	$ 568,401,876
Investments	8,536,484,115	10,259,428,630
Total Fair Value	$8,568,014,431	$10,827,830,506

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. The following table summarizes the System's fixed income portfolio credit ratings for the fiscal years ended June 30, 2009 and 2008:

Quality Rating	2009	2008
AAA	$ 288,295,348	$ 577,201,622
AA+	–	1,850,277
AA	18,056,758	34,652,133
AA-	2,466,150	48,870,392
A+	–	18,642,214
A	72,735,149	24,839,827
A-	–	4,732,571
BBB+	–	8,581,728
BBB	55,691,754	11,340,706
BBB-	–	25,985,468
BB+	4,495,355	2,328,853
BB	7,957,110	5,923,576
BB-	–	9,695,808
B+	–	4,884,558
B	4,978,943	5,715,367
CCC	4,323,729	–
Total credit risk debt	459,000,296	785,245,100
U.S. Government & Agencies(1)	873,355,777	3,460,588,241
	$1,332,356,073	$ 4,245,833,341

(1) Includes securities issued by GNMA, which are explicitly guaranteed by the U.S. Government, and excludes securities issued by FHLMC and FNMA.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

As a matter of practice, there are no overarching limitations for credit risk exposures in the portfolio. The System's contractual guidelines with each manager specify a level of tracking error. Tracking error is the standard deviation of the difference between the manager's return and the return of that manager's benchmark. The manager has the responsibility of determining the amount of credit risk that is compatible with the specified tracking error. In addition, the contractual guidelines generally specify credit quality limits that are appropriate for the portfolio's strategy. Managers may not hold unrated securities, unless the security is downgraded subsequent to purchase, in which case the manager has a period of time to divest the security.

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of investment in a single issue. As of June 30, 2009 and 2008, the System did not have investments in any one organization, other than the U.S. government, which represented greater than 5% of net assets held in trust.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All of the System's fixed income portfolios are managed in accordance with contractual guidelines. These guidelines specify a level of tracking error. The investment manager has the responsibility of determining the amount of interest rate risk that is compatible with the specified tracking error. In addition, contractual guidelines generally specify a range of effective duration for the portfolio. Duration is widely used in the management of fixed income portfolios as a measure of a debt investment's exposure to fair value changes arising from changing interest rates. The following table details the System's interest rate risk for its investments at June 30, using the segmented time distribution method.

Maturities as of June 30, 2009

Investment Type	Fair Value	Less than 1 Year	1 to 6 Years	6 to 10 Years	10+ Years
Asset-Backed Securities	$ 2,645,684	$ –	$ 585,304	$ –	$ 2,060,380
Bank Loans	9,984,856	–	9,984,856	–	–
Commercial Mortgage Backed	23,123,580	–	–	–	23,123,580
Corporate Bonds	158,978,213	20,259,281	89,957,360	27,094,464	21,667,108
Government Bonds	3,899,512	–	2,519,512	1,380,000	–
Government Mortgage-Backed Securities	261,981,625	891,049	–	–	261,090,576
Index Linked Government Bonds	760,587,982	13,900,049	330,644,290	177,617,671	238,425,972
Municipal Bonds	2,850,137	–	–	–	2,850,137
Nongovernment-Backed Collateralized Mortgage Obligations	108,304,484	–	–	1,629,994	106,674,490
Total	$ 1,332,356,073	$ 35,050,379	$ 433,691,322	$ 207,722,129	$ 655,892,243

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

Maturities as of June 30, 2008

Investment Type	Fair Value	Less than 1 Year	1 to 6 Years	6 to 10 Years	10+ Years
Asset-Backed Securities	$ 13,440,120	$ –	$ 9,040,425	$ –	$ 4,399,695
Bank Loans	16,715,302	–	15,536,353	1,178,949	–
Commercial Mortgage Backed	15,101,206	–	–	–	15,101,206
Corporate Bonds	175,439,523	36,663,729	112,595,859	5,759,446	20,420,489
Government Bonds	35,741,296	–	–	–	35,741,296
Government Mortgage-Backed Securities	420,152,718	594,980	3,586,810	6,787,410	409,183,518
Index Linked Government Bonds	3,404,430,875	–	1,358,312,043	1,094,876,979	951,241,853
Municipal Bonds	2,404,685	–	–	–	2,404,685
Nongovernment-Backed Collateralized Mortgage Obligations	162,407,616	–	–	–	162,407,616
Total	$4,245,833,341	$ 37,258,709	$1,499,071,490	$1,108,602,784	$1,600,900,358

Investments in foreign fixed income corporate securities included above at June 30, 2009 mature as follows:

Date	
September 15, 2066	$ 2,041,557
March 15, 2067	501,466
	$ 2,543,023

Foreign currency risk is the risk that changes in exchange rates will adversely impact the recorded fair value of an investment. The System's currency exposures reside primarily in the System's international equity investments. Managers may or may not hedge a portfolio's foreign currency exposure with currency forward contracts depending on their views of the currency relative to the dollar. All of the System's portfolios are managed in accordance with contractual guidelines. These guidelines specify a level of tracking error. The investment manager has the responsibility of determining the amount of foreign currency risk that is compatible with the specified tracking error.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

The System's exposure to foreign currency risk in U.S. dollars as of June 30, 2009 and 2008 is highlighted in the table below:

June 30, 2009

Currency	Cash	Equity	Fixed Income	Total
Australian Dollar	$ 1,669	$ 8,034,334	$ –	$ 8,036,003
Brazilian Real	(550,307)	2,848,704	–	2,298,397
Canadian Dollar	210	16,451,467	–	16,451,677
Swiss Franc	44,529	34,487,155	–	34,531,684
Danish Krone	–	2,759,841	–	2,759,841
Egyptian Pound	–	1,097,484	–	1,097,484
Euro	(2,440,803)	133,048,056	2,041,557	132,648,810
British Pound Sterling	(225,202)	65,392,135	501,466	65,668,399
Hong Kong Dollar	327,564	23,901,989	–	24,229,553
Hungarian Forint	(238,139)	374,186	–	136,047
New Isreali Shekel	–	1,234,803	–	1,234,803
Japanese Yen	(4,457,713)	53,925,252	–	49,467,539
South Korean Won	–	5,008,340	–	5,008,340
Mexican Peso	18,019	9,194,357	–	9,212,376
Malaysian Ringgit	–	2,030,616	–	2,030,616
Norwegian Krone	–	5,169,119	–	5,169,119
Swedish Krona	–	91,574	–	91,574
Singapore Dollar	–	5,131,309	–	5,131,309
Thai Baht	–	1,073,120	–	1,073,120
Turkish Lira	–	702,825	–	702,825
New Taiwan Dollar	1,717,261	12,283,328	–	14,000,589
South African Rand	62	3,353,490	–	3,353,552
Total	$ (5,802,850)	$387,593,484	$ 2,543,023	$384,333,657

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

June 30, 2008

Currency	Cash	Equity	Fixed Income	Total
Australian Dollar	$ 29,061,366	$ 9,059,828	$ –	$ 38,121,194
Brazilian Real	1,040,793	3,168,060	3,519,909	7,728,762
Canadian Dollar	23,793,868	70,057,648	–	93,851,516
Swiss Franc	(12,035,602)	46,473,385	–	34,437,783
Chilean Peso	(44,642)	–	–	(44,642)
Danish Krone	–	7,678,201	–	7,678,201
Egyptian Pound	–	2,294,061	–	2,294,061
Euro	231,654,091	123,150,716	18,724,542	373,529,349
British Pound Sterling	115,898,748	60,309,401	–	176,208,149
Hong Kong Dollar	(1,028,084)	17,264,751	–	16,236,667
Indonesian Rupiah	–	1,377,261	–	1,377,261
New Israeli Shekel	–	1,089,555	–	1,089,555
Japanese Yen	51,944,114	103,995,170	13,643,882	169,583,166
South Korean Won	–	8,301,089	–	8,301,089
Mexican Peso	(94,396)	5,932,834	–	5,838,438
Malaysian Ringgit	4,286,231	3,809,890	–	8,096,121
Norwegian Krone	–	11,255,472	–	11,255,472
New Zealand Dollar	1,125	–	–	1,125
Philippine Peso	4,215,257	–	–	4,215,257
Swedish Krona	–	5,001,275	–	5,001,275
Singapore Dollar	4,442,941	6,092,239	–	10,535,180
Thai Baht	–	3,709,604	–	3,709,604
Turkish Lira	–	287,302	–	287,302
New Taiwan Dollar	5,006,198	10,177,975	–	15,184,173
South African Rand	–	1,482,389	–	1,482,389
Total	$458,142,008	$501,968,106	$35,888,333	$ 995,998,447

4. **Derivative Securities**

Derivative financial instruments are financial contracts whose value depends on the value of one or more underlying assets, reference rates or financial indices. They include futures, forwards, options, and swap contracts. In addition, some traditional securities can have derivative-like characteristics, e.g., asset-backed securities, including collateralized mortgage obligations (CMOs), which are sensitive to changes in interest rates and to prepayments.

The System is a party, both directly and indirectly, to various derivative financial investments that are used in the normal course of investing to enhance expected returns on investments, to manage the risk of exposure to changes in value of investments due to fluctuations in market conditions, and to gain passive exposure to markets. In addition to normal market risks these investments may involve, to varying degrees, elements of interest rate risk, credit risk, leverage risk, counterparty risk, and custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

Interest rate risk is the risk that fixed income securities and derivatives will decline in value because of changes in interest rates.

Credit risk is the risk that an issuer or guarantor of a fixed income security or derivative is unable or unwilling to make timely principal and/or interest payments.

Leverage risk may be created with derivatives. Financial leverage generally involves borrowing and then reinvesting the proceeds with the hope of earning a higher rate of return than the borrowing costs. With derivative instruments economic leverage may be effectively created without any explicit borrowing. Leveraged investments may be more volatile than if an investment had not been leveraged. Leveraging tends to exaggerate the effect of any increase or decrease in the value of an underlying investment. In a leveraged transaction an amount more than the initial investment may be lost.

Counterparty risk is the risk that the counterparty to a derivative transaction is unwilling or unable to deliver on their obligations to the System.

The System manages interest rate risk, leverage risk, and counterparty risk on a manager by manager basis establishing guidelines with each manager. The manager is customarily allowed to invest within these predetermined guidelines.

Custodial credit risk is the risk that in the event of a financial institution failure, the System's investments may not be returned to it. Derivative securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the System, and are held by either the counterparty or the counterparty's trust department or agent but not in the System's name.

The System's investments in derivative securities only have nominal exposure to custodial credit risk. Credit risk is managed, in the case of exchange-traded derivatives, by the execution of trades through a clearinghouse and, in the case of over-the-counter transactions, by managers' due diligence assessment and approval of counterparties. Market risk arises due to adverse changes in market price or to interest rate or foreign exchange rate fluctuations that may result in a decrease in the market value of a financial investment and/or increase its funding cost. Market risk is managed by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and are monitored by the Chief Investment Officer, and the risk positions of the investment managers are reviewed on a periodic basis to monitor compliance with the limits.

Foreign currency forward contracts are used to hedge against the currency risk in the System's foreign equity and fixed income security portfolios. A foreign currency forward contract is an agreement to buy or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed upon price. The contracts are valued at forward exchange rates, and the changes in value of open contracts are recognized in the statement of changes in fiduciary net assets. The unrealized gain or loss on forward currency contracts represents the difference between the value of the original contracts and the closing value of such contracts and is included in the statement of changes in fiduciary net assets. As of June 30, 2009 and 2008, the fair value of forward currency contracts held by the System was $7,115,696 and $(63,474,439), respectively.

The System's fixed income managers invest in CMOs and Asset-Backed Securities to improve the yield or adjust the duration of the fixed income portfolio. As of June 30, 2009 and 2008, the carrying value of the System's CMO and Asset-Backed Securities holdings totaled $110,950,168 and $175,847,736, respectively.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

The System's managers also invest in swaps. Interest rate swaps are used to adjust interest rate and yield curve exposures and substitute for physical securities. Long swap positions increase exposure to long term rates; short positions decrease exposure. Credit default swaps are used to manage credit exposure. Purchased credit default swaps decrease credit exposure, while written credit default swaps increase exposure. Total return swaps are a means to gain exposure to an index. As of June 30, 2009 and 2008, the System carried swaps with fair market values of $(3,370,962) and $(5,426,447) and notional values of $244,085,514 and $1,898,393,980, respectively.

The System also holds investments in futures and options, which are used to manage various risks within the portfolio. A financial futures contract is an agreement between two parties to buy or sell units of a particular index or a certain amount of a security at a set price on a future date. The System may purchase and sell financial futures contracts to hedge against the effect of changes in the values of securities it owns or expects to purchase.

Upon entering into such a contract, the System is required to pledge to the broker an amount of cash or securities equal to a certain percentage of the contract amount (initial margin deposit). Pursuant to the contract, the System agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as "variation margin" and are recorded by the custodial bank on behalf of the System as unrealized gains or losses. When the contract is closed, the custodial bank on behalf of the System records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The potential risk to the System is that the change in value of futures contracts primarily corresponds to the value of the underlying instruments, which may not correspond to the change in value of the hedged instruments. In addition, there is a risk that the System may not be able to close out its futures positions due to an illiquid secondary market or the potential inability of a counterparty to meet the terms of a contract.

Futures and options with a fair value of $(479,059) and $316,161 and net short position of $(58,700,000) and notional value of $893,683,429 were held for investment purposes at June 30, 2009 and 2008, respectively. Gains and losses on futures and options are determined based upon quoted market prices and recorded in the statement of changes in plan net assets.

In addition to the derivative financial instruments directly held, the System may have indirect exposure to risk through its ownership interests in commingled investment funds, which use, hold or write derivative financial instruments. There also may be indirect exposure in the securities lending programs in which the System participates, in which some collateral pools may include derivatives (note 5). Where derivatives are held in those funds/pools, risks and risk management are as described above.

5. Securities Lending

The System has entered into agreements with its master custodian to lend to broker-dealers and other entities any type of security held in the System's portfolio and custodied at the master custodian. Securities are loaned against collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned against collateral generally valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned against collateral valued at 105% of the market value of the securities plus any accrued interest.

Noncash collateral cannot be pledged or sold unless the borrower defaults.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

All securities loans can be terminated on demand by either the lender or the borrower. The average term of the System's loans was approximately 41 days and 178 days as of June 30, 2009 and 2008, respectively.

Cash open collateral is invested in a short-term investment pool, the Core Limited Collateral Section, which had an interest sensitivity of 20 and 32 days as of June 30, 2009 and 2008, respectively. Cash collateral may also be invested separately in "term loans," in which case the investments match the loan term. These loans can be terminated on demand by either lender or borrower.

During fiscal years 2009 and 2008, there were no violations of legal or contractual provisions, and no borrower or lending agent default losses identified to the System by the securities lending agent. There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to the System on approximately the fifteenth day of the following month.

Custodial credit risk is the risk that the System's securities are not returned due to the insolvency of a borrower and the master custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. The master custodian's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending. At June 30, 2009 and 2008, all of the collateral for securities lending is subject to custodial credit risk.

Because of the program's collateralization of loans, generally at 102% (or more), plus accrued interest for fixed income securities, the System believes that there is no credit risk as defined in GASB Statement No. 28 and GASB Statement No. 40.

Some of the System's assets are held in common/collective trusts and are subject to similar agreements arranged by those trusts. The income from those arrangements and the associated collateral are not included in the securities lending amounts reported.

Securities on loan by asset class:

	2009	2008
Domestic equity	$ 90,305,865	$ 277,108,056
Foreign equity	53,148,907	117,078,223
Domestic fixed income	24,924,881	16,627,622
Foreign fixed income	1,895,797	1,881,460
U.S. Government and government agencies	22,939,552	3,318,647,778
Total securities on loan	$193,215,002	$3,731,343,139

Securities lending collateral:

	2009	2008
Short-term investment collateral pool	$199,187,608	$2,689,790,040
Noncash collateral (debt and equity securities, at fair value)	859,932	1,133,611,765
Total collateral	$200,047,540	$3,823,401,805

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

6. Defined Benefit Plan

Benefits

The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers; separate legislation enacted the same reduced requirement for judges, legislators, and employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers, judges and legislative members is age 60 or 62. The normal retirement age is determined by whether a member had at least ten years of creditable service on June 30, 1993. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 6.0%.

Funding Policy

The Maine Constitution, Maine statutes and the System's funding policy provide for the State Employee and Teacher Program periodic employer contributions in addition to the normal cost contributions. These are actuarially determined amounts that, based on certain actuarial assumptions are sufficient to fully fund, on an actuarial basis, the State Employee and Teacher Retirement Program by the year 2028 (Unfunded Actuarial Liability (UAL) payments). Level percentage of payroll employer contribution rates are determined using the entry age normal actuarial funding method. The System also uses the level percentage of payroll method to amortize the unfunded liability of the State Employee and Teacher Retirement Program. For participating local districts having separate (i.e., unpooled) unfunded liabilities, the level percentage of payroll method is also used.

Funded Status and Funding Progress

The funded status of the defined benefit plan, stated in millions of dollars, as of June 30, 2009 was as follows:

Actuarial accrued liability (AAL)	$14,410.0
Actuarial value of plan assets	10,466.9
Unfunded actuarial accrued liability (UAAL)	$ 3,943.1
Funded ratio (actuarial value of plan assets/AAL)	72.6%
Covered payroll (active plan members)	$ 2,061.4
UAAL as a percentage of covered payroll	191.3%

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

Actuarial valuations of ongoing plans involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Assumptions in an actuarial valuation typically include projections concerning future employment, mortality, and inflation. Actuarially determined contributions requirements are subject to continual periodic revision as actual results are compared to past expectations and new estimates are made concerning the future. The Schedules of Funding Progress, presented as Required Supplementary Information immediately following the Notes to Financial Statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the provisions of the plan in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions 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 funding methodologies.

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the 7.75% actuarial assumption for investment return.

Costs are developed using the entry age normal cost method (based on a level percentage of covered payroll). Assets are valued for funding purposes using a three-year moving average.

The unfunded actuarial accrued liability of the state employee and teacher program is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements (note 11). The unfunded actuarial accrued liability credit of the judicial plan is amortized for a period of ten years.

The Initial Unpooled Unfunded Actuarial Liabilities (IUUALs) of PLDs are amortized over periods established for each PLD separately.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2009 and 2008 are as follows:

Investment Return – 7.75% per annum, compounded annually.

Salary Increases – State employee and teacher plan, 4.75% to 10.0% per year; Judicial plan, 4% per year; Legislative plan, 4.75% per year; Consolidated plan for PLDs, 4.5% to 10.5% per year for 2009 and 4.5% to 9% for 2008.

Mortality Rates – For active State employee members and non-disabled retirees of the State employees', participating local district's and judicial plans, the UP 1994 Tables are used; for active members and non-disabled retirees of the teacher's plan, 85% of the UP 1994 Tables are used; for all active and non-disabled retired legislators, the UP 1994 Tables are used; for all recipients of disability benefits, the RPA 1994 Tables for pre-1995 disabilities is used.

Cost of Living Benefit Increases – 3.75% per annum.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings from investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer normal cost contributions are each a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the terms of the plan under which a member is covered. Employers' contributions are determined by actuarial valuations.

Included in the State and Local Agency Contributions reported in the statement of changes in fiduciary net assets are contributions received from the State of Maine on behalf of state employees, judges, and teachers in the total amount of $302.0 million and $288.3 million for the years ended June 30, 2009 and 2008, respectively. There were no contributions due from the State of Maine on behalf of legislators in 2009 or 2008.

Apart from the amount of required normal cost and unfunded actuarial liability contributions, the State of Maine is required by Maine law to remit a percentage of its unallocated General Fund Surplus, if sufficient, at the end of its fiscal year to the System, in order to reduce any unfunded pension liability for state employees and teachers. For fiscal years 2009 and 2008, there was no additional contribution to the System due to the lack of sufficient General Fund Surplus dollars.

Retirement contribution rates for all employee members are set by law. Employer normal cost retirement contribution rates as applied to State employee members' and teacher members' compensation are the actuarially determined rates. The UAL rate as applied to State employee members' compensation is first established through the annual valuation process as an amount that will meet the required unfunded actuarial liability payment amount; it is then adjusted in the State's budget process to take into account differences in salary growth projections of the State Budget Office. This adjusted rate, expressed as a percentage of payroll, is the actual rate paid by the State as payment of the required UAL payment amount for State employees. For teachers, the actuarially determined UAL amount is paid in twelve equal monthly installments. PLD employer contribution rates are the actuarially determined rates. The rates in effect in 2009 and 2008 appear in the table on the following page.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

Contribution Rates[3] (effective July 1 through June 30 of each fiscal year)

	2009	**2008**
State:		
Employees[1]	7.65 – 8.65%	7.65 – 8.65%
Employer[1]	15.85 – 50.14%	15.87 – 49.11%
Teachers:		
Employees	7.65%	7.65%
Employer	16.72%	16.72%
Participating local districts:		
Employees[1]	3.0 – 8.0%	3.0 – 8.0%
Employers[1]	1.5 – 6.5%	1.5 – 6.5%
Employer other[2]	5.1 – 10.3%	5.1 – 10.3%

(1) Employer and Employee retirement contribution rates vary depending on specific terms of plan benefits for certain classes of employees or in the case of PLDs, on benefit plan options selected by a particular PLD. The contributions of withdrawn entities that do not have active employees but continue to have other liabilities are set in dollar amounts, not as rates.

(2) “Employer Other” retirement contribution rates refer to rates for new or returning employers to the Consolidated PLD Plan. These rates, reflecting the true normal cost of the fully funded consolidated plan are assessed for a three year period to previously withdrawn PLDs who choose to return to participation in the System, and to public entities that newly elect to participate in the System as a PLD employer. After three years, the rates for all other Consolidated Plan participants are assessed.

(3) Employer Contribution Rates include normal cost and UAL required payment, expressed as a percentage of payroll.

7. <u>Group Life Insurance Plan</u>

<u>Plan Description</u>

Group Life Insurance Plan coverage is available to eligible participants and includes Basic insurance which consists of life insurance and accidental death and dismemberment insurance in the amount equal to the participant’s annual base compensation rounded up to the next $1,000. Additional Supplemental insurance coverage is available to those participants who elect Basic coverage. Participants may also elect to insure the life of a dependent not otherwise insured under the Basic and Supplemental insurance provisions of the plan.

The Group Life Insurance Plan provides Basic group life insurance benefits, during retirement, to retirees who participated in the group life insurance plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree’s average final compensation. The initial amount of Basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or $2,500. Eligible employment classes include retirees who were State employees, Teachers, and members of the Judiciary and the Legislature.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

Group Life Insurance benefits are also provided to the retired employees of PLDs in the Retirement Program and those that elect to participate only in the Group Life Insurance Plan. At June 30, 2009, the employees of State of Maine, the Judiciary, the Legislature, as well as 262 school districts, and 169 PLDs were participating in the Group Life Insurance Plan

Funding Policy

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employee, legislative and judicial employment classes, the premiums for retiree life insurance coverage are factored into the premiums paid for Basic coverage while participants are active members. Premiums for retiree life insurance coverage for retired teachers are paid by the State of Maine based on a rate of $.33 per $1,000 of coverage per month during the post-employment retired period. Employers of retired PLD employees are required to remit a premium of $0.46 per $1,000 of coverage per month during the post-employment retired period.

Annual Required Contribution

The annual required contributions and contributions made for all employment classes are as follows:

Year Ended	Annual Required Contribution	Annual Contribution	Percentage of Annual Cost Contributed
2009	$6,500,000	$6,812,155	104.8%
2008	6,000,000	6,363,100	106.1

Funded Status and Funding Progress

The funded status of the plan, stated in millions of dollars, as of June 30, 2009 was as follows:

Actuarial accrued liability (AAL)	$ 139.8
Actuarial value of plan assets	43.5
Unfunded actuarial accrued liability (UAAL)	$ 96.3
Funded ratio (actuarial value of plan assets/AAL)	31.1%
Covered payroll (active plan members)	$ 1,494.0
UAAL as a percentage of covered payroll	6.4%

Actuarial valuations of ongoing plans involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Assumptions in an actuarial valuation typically include projections concerning future employment, mortality, and inflation. Actuarially determined contribution requirements are subject to continual periodic revision as actual results are compared to past expectations and new estimates are made concerning the future. The Schedules of Funding Progress, presented as Required Supplementary Information immediately following the Notes to Financial Statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the provisions of the plan in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions 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 funding methodologies.

In the June 30, 2009 and 2008 actuarial valuations, the individual entry age normal actuarial method was used. The actuarial assumptions included a 7.75% investment rate of return and salary rate increase of 4.75% to 10.0% per year for the State and Teacher classes, 4% per year for the Judicial class, 4.75% per year for the Legislative class, and 4.5% to 10.5% per year for PLDs in 2009 and 4.5% to 9% in 2008.

Mortality Rates – For active State employee members and non-disabled retirees of the State employees' participating local district's, judicial and legislative programs, the UP 1994 Tables are used; for active members and non-disabled retirees of the teacher's plan, 85% of the UP 1994 Tables are used; for all recipients of disability benefits, the RPA 1994 Table for pre-1995 disabilities is used.

The unfunded actuarial accrued liability is being amortized as a level percentage of pay over a 30-year period on an open basis.

Premiums

The basic life benefits for participants are funded by the State, school districts, participating local districts and individuals. Participants pay additional premiums for Supplemental and Dependent insurance based upon the coverage selected.

The Statutes require the System's Board of Trustees to establish on a regular basis the premium rates for participants in the Group Life Insurance Plan. The premium rates are determined to be actuarially sufficient to pay anticipated claims and cover administrative costs. The State remits premiums at a single rate that supports basic coverage for active and retired state employees (including Judicial and Legislative employees). This rate is $.56 per month for every $1,000 of coverage. The State remits premiums for retired teachers at a rate of $.33 per month for every $1,000 of coverage. As per individual collective bargaining agreements between employers and employees, individual school districts or teachers themselves pay premiums at the rate of $.11 per month for every $1,000 of coverage while active and employees of participating local districts or the district itself pay premiums of $.46 per month for every $1,000 in coverage for employees while active and retired. Employees' contributions are usually deducted from employees' compensation and remitted to the System.

New premium rates in Group Life Insurance were adopted by the Board after an extensive premium study of the Group Life Insurance Program in 2006. This study resulted in changes in both the funding structure and premium rates that became effective in fiscal 2008.

Included in the Members Premiums in the statement of changes in fiduciary net assets are group life insurance premiums received from the State on behalf of active and retired state employees, retired teachers, judges, and legislators in the total amount of $6.6 million and $6.2 million for the years ended June 30, 2009 and 2008, respectively.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

Benefits

Upon service retirement, basic life insurance only in an amount equal to the retiree's average final compensation will continue at no cost to the participant as long as the retiree participated in the group life insurance plan prior to retirement for a minimum of 10 years.

If a participant becomes eligible for disability retirement, the amount of Basic insurance in force at the time of such retirement will be continued until normal retirement age, after which the amount will be reduced at the same rate as for a service retiree. The 10-year participation requirement does not apply to recipients of disability retirement benefits.

Under the Accidental Death and Dismemberment provisions of the plan, no legal action can be brought to recover under any benefit after 3 years from the deadline for filing claims. The deadline for filing claims under the Accidental Death and Dismemberment provisions of the plan is 90 days after the date of the loss giving rise to the claim.

All benefits are processed and paid by a third-party administrator (TPA). The fees incurred for services performed by the TPA totaled $717,587 and $621,203 for the years ended June 30, 2009 and 2008, respectively, and are listed as claims processing expenses in the basic financial statements.

8. Defined Contribution Plans

The Defined Contribution Plans are funded by participants through voluntary deferrals of compensation into the plan, within the limits of plan provisions, and by employer contributions made into the Plan on behalf of employees. The recognition of deferred compensation, employer contributions, and earnings on the accounts are not recognized by Plan participants for income tax purposes until actually paid to the participant or beneficiary.

9. Retiree Health Insurance Trust Fund

The Maine State Legislature established the Retiree Health Insurance Post Employment Investment Trust as an irrevocable trust for the sole purpose of holding and investing funds appropriated or otherwise provided to the Fund for the purpose of accumulating assets to provide funding to the State's unfunded liability obligations for retiree health benefits. The Trustees of the Maine Public Employees Retirement System were named Trustees of the Investment Trust Fund. The effective date of the establishment of the Fund was July 1, 2007. The assets in the Investment Trust Fund are unrelated to and not available to pay benefits for any plan administered by the System. Additionally, the State of Maine is obligated to comply with reporting requirements under GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

10. Restatement

The summarized information relating to the statement of fiduciary net assets as of June 30, 2008 was restated to reflect the Retiree Health Insurance Trust as a fiduciary fund rather than an agency fund in accordance with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* as follows, since the Trustees of the System are also Trustees of the Retirement Health Insurance Trust. The impact of this change is to reflect amounts held for Retiree Health Insurance Trust as part of net assets held in trust rather than as a liability as previously reported.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

	Retiree Health Insurance Trust	Total All Plans
Net assets held in trust for benefits:		
As previously reported	$ –	$10,548,820,110
Adjustment	98,361,978	98,361,798
Net assets held in trust for benefits (restated)	$98,361,978	$10,647,181,908

The summarized information relating to the statement of changes in fiduciary net assets for the period ended June 30, 2008 was restated to properly reflect the additions and deductions for the Retiree Health Insurance Trust as follows:

	Retiree Health Insurance Trust	Total All Plans
Additions:		
As previously reported	$ –	$ 142,009,642
Adjustment	98,390,145	98,390,145
Total Additions (restated)	$98,390,145	$ 240,399,787
Deductions:		
As previously reported	$ –	$ 623,494,190
Adjustment	28,347	28,347
Total Deductions (restated)	$ 28,347	$ 623,522,537
Net increase (decrease):		
As previously reported	$ –	$(481,484,548)
Adjustment	98,361,798	98,361,798
Net increase (decrease) (restated):	$98,361,798	$(383,122,750)

11. Statutory and Constitutional Requirements

An amendment to the Maine constitution approved in November 1995 requires the State to fund the unfunded actuarial liabilities of the State Employee and Teacher Retirement Program existing on June 30, 1996, over a period not to exceed 31 years beginning July 1, 1997. The amendment also prohibits the creation of new unfunded liabilities in that Program except those arising from experience losses, which must be funded over a period of not more than ten years. In addition, the amendment requires use of actuarially sound current cost accounting, reinforcing existing statutory requirements. In 1998, the State enacted a statute that required the State to fund the unfunded actuarial liabilities of the State Employee and Teacher Retirement Program existing on June 30, 1998 over a period not to exceed 25 years, commencing June 30, 1998, thus adopting a shorter amortization period than required by the State constitution. In 2000, the amortization period was further reduced by the Legislature to 19 years, commencing June 30, 2000. The two legislative changes made in 1998 and 2000 shortened the amortization period by a total of nine years. In 2004, the Legislature re-extended the amortization

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008 *continued*

period to the full extent permitted under the constitution for the Fiscal years 2004 and 2005 and enacted a "sunset" provision that would have the effect of reducing the amortization period beginning July 1, 2005 (the beginning of fiscal year 2006) back to 14 years. In 2005, the State repealed the "sunset" provision, with the result that the period for reduction of these unfunded actuarial liabilities continues to the full extent permitted by the State constitution, or June 30, 2028.

12. System's Employees

Defined Benefit Plan

The System, as the employer of its staff, is a participating employer (i.e., a PLD) in the Consolidated Plan for Participating Local Districts administered by the System. As such, System employees are required by statute to contribute 6.5% of their annual covered salaries. The System is required to contribute at the contribution rate established by the Board of Trustees under the actuarial valuation of the Consolidated Plan. The contribution rate was 2.8% of annual covered payroll for 2009, 2008 and 2007, respectively, and the employer contribution on behalf of its employees, equal to the required contribution, was $142,693, $140,810 and $153,427 for 2009, 2008 and 2007, respectively. The actuarial assumptions used in the Consolidated Plan valuation are described in the actuarial assumptions and methods footnote to the required supplementary information.

Group Life Insurance Plan

The System, as the employer of its staff, is a participating employer (i.e., a PLD) in the Group Life Insurance plan administered by the System. The System pays the premiums for Basic only coverage for all active employees. Employees who elect additional coverage under the Supplemental and/or Dependent provisions have the additional required premiums withheld from their pay in order to fund such coverage.

The System was required to pay premiums for Basic coverage at the rate of $0.46 per $1,000 of coverage for the 2009, 2008, and 2007 fiscal years. The total premiums the System paid on behalf of its active employees were $25,932, $24,164, and $27,410 for 2009, 2008, and 2007, respectively.

The System, as a PLD, is also required to continue to pay the Basic Group Life Insurance premiums due for its retirees, based upon the reduced coverage for retired employees. The total premiums paid by the System on behalf of its retirees were $4,535, $3,948, and $3,565, for 2009, 2008, and 2007, respectively.

Other Post Employment Benefits

The System provides Other Post Employment Benefits to its retirees in the form of health insurance coverage and group life insurance coverage.

The System, as the employer of its staff, provides for continued health insurance coverage into retirement for eligible retirees. The total premiums paid by the System on behalf of its retirees were $125,767, $126,021, and $88,546, for 2009, 2008, and 2007, respectively. The other post-employment benefits liability for this plan is immaterial.

REQUIRED SUPPLEMENTAL SCHEDULE

SCHEDULE OF HISTORICAL PENSION INFORMATION
DEFINED BENEFIT PLAN

June 30, 2009
(UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Dollars in Millions

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
June 30, 2009	$ 10,466.9	$ 14,410.0	$ 3,943.1	72.6%	$ 2,061.4	191.3%
June 30, 2008	10,892.7	13,674.9	2,782.2	79.7	1,991.2	139.7
June 30, 2007	10,437.1	13,089.4	2,652.3	79.7	1,940.2	136.7
June 30, 2006	9,530.6	12,357.4	2,826.8	77.1	1,872.6	151.0
June 30, 2005	8,888.2	11,689.7	2,801.5	76.0	1,821.4	153.8
June 30, 2004	8,273.6	11,068.6	2,795.0	74.7	1,764.8	158.4

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS

Dollars in Millions

Year Ended:	Annual Required Contribution	Annual Contribution	Percentage Contributed
2009	$ 331.7	$ 331.7	100.0%
2008	317.5	317.5	100.0
2007	313.9	314.2	100.1
2006	296.7	313.8	105.8
2005	271.1	284.1	104.8
2004	260.9	292.3	112.0

See notes to historical pension information.

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTAL SCHEDULE

SCHEDULE OF HISTORICAL PENSION INFORMATION
GROUP LIFE INSURANCE PLAN

June 30, 2009
(UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Dollars in Millions

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Liability	(b-a) Unfunded Actuarial Liability	(a/b) Funded Ratio	(c) Annual Covered Payroll[1]	((b-a)/c) UAAL as a Percentage of Covered Payroll [1]
June 30, 2009	$43.5	$139.8	$96.3	31.1%	$1,494.0	6.4%
June 30, 2008	52.0	133.2	81.2	39.0	1,426.7	5.7
June 30, 2007	50.6	135.5	84.9	37.3	1,250.0	6.8
June 30, 2006	43.5	129.8	86.3	33.5	–	–
June 30, 2005	41.8	127.0	85.2	32.9	–	–
June 30, 2004	40.1	91.7	51.6	43.7	–	–

(1) The System currently has this information available for the valuation date indicated. This required information will be updated annually until the requisite six years is obtained.

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS[1]

Year Ended:	Annual Required Contribution	Annual Contribution	Percentage Contributed
2009	$6,500,000	$6,812,155	104.8%
2008	6,000,000	6,363,100	106.1

(1) The System currently has this information available for the valuation date indicated. This required information will be updated annually until the requisite six years is obtained.

See notes to historical pension information.

See accompanying independent auditors' report.

NOTES TO HISTORICAL PENSION INFORMATION
June 30, 2009 - UNAUDITED

1. **Basis of Presentation**

For reporting purposes, the historical pension information includes combined amounts for all participating entities: State employees, teachers, judicial and legislative employees, as well as employees of PLDs.

2. **Actuarial Methods and Assumptions – State, Teacher, Judicial, Legislative, and PLD Valuations**

The information in the historical pension information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date, June 30, 2009, is as follows:

Actuarial Cost Method

The entry age normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability (UAL) rate.

The normal cost rate is developed for a typical new entrant. This rate is determined by taking the value, as of the entry age to the plan, of the member's projected future benefits, reducing it by the value of future member contributions, and dividing it by the value, also as of the member's entry age, of the member's expected future salary.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the 7.75% actuarial assumption for investment return.

Amortization

The unfunded actuarial accrued liability of the State Employee and Teacher Retirement Program is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements (note 11 to the Financial Statements). The unfunded actuarial accrued liability credits of both the Judicial Retirement Program and the Legislative Retirement Program are amortized by annual payments over open ten year periods.

The Initial Unpooled Unfunded Actuarial Liabilities (IUUALs) of PLDs are amortized over periods established for each PLD separately. During fiscal year 2009 and 2008 there were no additional contributions to reduce or pay in full IUUALs. The Consolidated Plan has no Pooled Unfunded Actuarial Liability.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2009 are as follows:

Investment Return – 7.75% per annum, compounded annually.

NOTES TO HISTORICAL PENSION INFORMATION
June 30, 2009 - UNAUDITED *(continued)*

Salary Increases – State Employee and Teacher Retirement Program, 4.75% to 10.0% per year; Judicial Retirement Program, 4% per year; Legislative Retirement Program, 4.75% per year; Consolidated Plan for PLDs, 4.5% to 10.5% per year.

Mortality Rates – For active State employee members and non-disabled retirees of the State employees', participating local district's, judicial and legislative programs, the UP 1994 Tables are used; for active members and non-disabled retirees of the teacher's plan, 85% of the UP 1994 Tables are used; for all recipients of disability benefits, the RPA 1994 Table for pre-1995 disabilities is used.

Cost of Living Benefit Increases – 3.75% per annum.

3. Actuarial Methods and Assumptions – Group Life Insurance Plan

Many of the assumptions used to determine the actuarial liability in this plan are the same as for the pension plan.

The information in the historical group life information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date, June 30, 2009, is as follows:

Actuarial Cost Method

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his expected future salary. The normal cost for each employee is the product of his pay and his normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

The actuarial liability is defined as the present value of future benefits less the present value of future normal costs. The unfunded actuarial liability is the total of the actuarial liability for all members less the actuarial value of the System's assets.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial liability.

Asset Valuation Method

Asset amounts are taken as reported to the actuaries by the System without audit or change, except that State assets are allocated to State, Judges, and Legislation based upon total actuarial liability.

Amortization

The unfunded actuarial accrued liability is being amortized as a level percentage of pay over a 30-year period on an open basis.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2009 are as follows:

Investment Return – 7.75% per annum, compounded annually.

NOTES TO HISTORICAL PENSION INFORMATION
June 30, 2009 - UNAUDITED *(continued)*

Salary Increases – State Employee and Teacher Program, 4.75% to 10.0% per year; Judicial Retirement Program, 4% per year; Legislative Retirement Program, 4.75% per year; Consolidated Plan for PLDs, 4.5% to 10.5% per year.

Mortality Rates – For all active members and non-disabled retirees of the State employees', participating local district's, judicial and legislative programs, the UP 1994 Tables are used; for active members and non-disabled retirees of the teacher's plan, 85% of the UP 1994 Tables are used; for all recipients of disability benefits, the RPA 1994 Table for pre-1995 disabilities is used.

Cost of Living Benefit Increases – N/A.

Participation Percent for Future Retirees – 100% of those currently enrolled.

Conversion Charges – Apply to the cost of active group life insurance not retiree group life insurance.

Form of Benefit Payment – Lump Sum.

SUPPLEMENTARY INFORMATION
June 30, 2009

SCHEDULE OF ADMINISTRATIVE EXPENSES

For the Year Ended June 30, 2009

	Defined Benefit Pension Plan	Group Life Insurance Plan	Defined Contri-bution Plan	Retiree Health Insurance Trust	Total
Personal services	$6,108,851	$165,486	$ 97,956	$34,163	$ 6,406,456
Professional services	856,209	23,194	13,730	4,788	897,921
Communications	399,471	10,821	6,406	2,234	418,932
Computer support and system development	591,499	16,023	9,485	3,308	620,315
Office rent	449,295	12,171	7,205	2,513	471,184
Miscellaneous:					
Computer maintenance and supplies	258,611	7,006	4,147	1,446	271,210
Depreciation	851,013	23,054	13,646	4,759	892,472
Office equipment and supplies	77,432	2,098	1,242	433	81,205
Professional development	48,463	1,313	777	271	50,824
Maintenance and repair – vehicle	823	22	13	5	863
Maintenance and repair – facilities	1,576	43	25	9	1,653
Medical records and exams	34,513	–	–	–	34,513
Miscellaneous operating expenses	315,786	8,553	5,003	1,766	331,108
Total miscellaneous	1,588,217	42,089	24,853	8,689	1,663,848
Total administrative expenses	$9,993,542	$269,784	$159,635	$55,695	$10,478,656

SCHEDULE OF PROFESSIONAL FEES

For the Year Ended June 30, 2009

Professional services:	
Audit	$ 106,157
Actuarial services	157,338
Legal services	180,254
Medical consulting	129,311
Other services	324,861
Total professional services	$ 897,921

SUPPLEMENTARY INFORMATION
June 30, 2009 *continued*

SCHEDULE OF INVESTMENT EXPENSES

For the Year Ended June 30, 2009

	Defined Benefit Pension Plan	Group Life Insurance Plan	Defined Contri-bution Plan	Retiree Health Insurance Trust	Total
Active equity:					
Capital Guardian	$ 1,084,943	$ 3,309	$ –	$ –	$ 1,088,252
Legg Mason	684,169	2,086	–	–	686,255
Jacobs Levy	866,759	2,643	–	–	869,402
Jacobs Levy 120/20	1,022,154	3,117	–	–	1,025,271
Grantham, Mayo, Van Oterloo (GMO)	1,775,356	5,414	–	–	1,780,770
Templeton Investment Counsel	1,041,710	3,177	–	–	1,044,887
Barclays Global Investors	1,551,526	7,993	–	21,666	1,581,185
Infrastructure:					
Carlyle Infrastructure	800,021	2,440	–	–	802,461
Global Infrastructure	1,803,917	5,501	–	–	1,809,418
Alinda Infrastructure	810,030	2,470	–	–	812,500
Passive equity – domestic:					
Barclays Global Investors Extended Equity	44,291	135	–	–	44,426
Barclays Global Investors US Total Market	125,115	382	–	–	125,497
Passive equity – foreign:					
Barclays Global Investors MSCIA CWIEX.US	174,962	1,928	–	4,382	181,272
Russell	186,876	570	–	–	187,446
Passive fixed income:					
Barclays Global Investors Custom Fixed Income	30,203	92	–	–	30,295
Barclays Global Investors Long Tips	170,539	520	–	–	171,059
Real Estate:					
Barclays Global Investors (Index RESI)	46,999	878	–	1,908	49,785
Principal	678,354	2,069	–	–	680,423
BlackRock	568,309	1,733	–	–	570,042
JP Morgan	1,360,777	4,150	–	–	1,364,927
Prudential	740,589	2,258	–	–	742,847
Opportunistic Strategies:					
Pacific Investment Management (PIMCO)	1,526,779	4,656	–	171	1,531,606
Other investment expenses	5,250,457	16,010	42,422	–	5,308,889
In-house investment management	753,835	2,299	–	–	756,134
Total investment expenses	$23,098,670	$75,830	$42,422	$28,127	$23,245,049

INVESTMENT SECTION

ENNISKNUPP

December 10, 2009

Board of Trustees
Maine Public Employees Retirement System
46 State House Station
Augusta, ME 04333-046

As independent investment advisor to the Board of Trustees of the Maine Public Employees Retirement System ("MainePERS"), we comment on the reporting of MainePERS investment results, MainePERS investment policy and the Board's oversight of System investments.

Investment Results. Investment results are calculated independently by Northern Trust, and reviewed by Ennis Knupp + Associates for reasonableness. It is our understanding that all measurements and comparisons have been made using standard performance evaluation methods, consistent with the CFA Institute guidelines. MainePERS investment results, as presented in this report, fairly represent, in our opinion, the investment performance of MainePERS assets.

Investment Policy. MainePERS assets are managed under well-articulated policies, which, in our opinion, are appropriate to the circumstances of MainePERS. Investment policy is progressive, yet prudent. The policies ensure diversification and exhibit attention to risk control generally. Throughout the year the Board, Executive Director and staff have taken appropriate measures to ensure that investments have conformed with the Board's policies.

Prudent Oversight. While delegating day-to-day investment management responsibility to its staff, the Board retains the responsibility to monitor all aspects of investment. In our opinion, the Board has established and executed an appropriately comprehensive process for overseeing the management of assets. Through regular reviews by the Board, quarterly performance appraisals by an independent firm, and the day-to-day oversight activities of the staff, the Board has achieved a high degree of awareness and critical oversight of MainePERS investments.

Very truly yours,

Stephen Cummings, CFA
Principal

Ennis Knupp + Associates
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INVESTMENT ACTIVITY

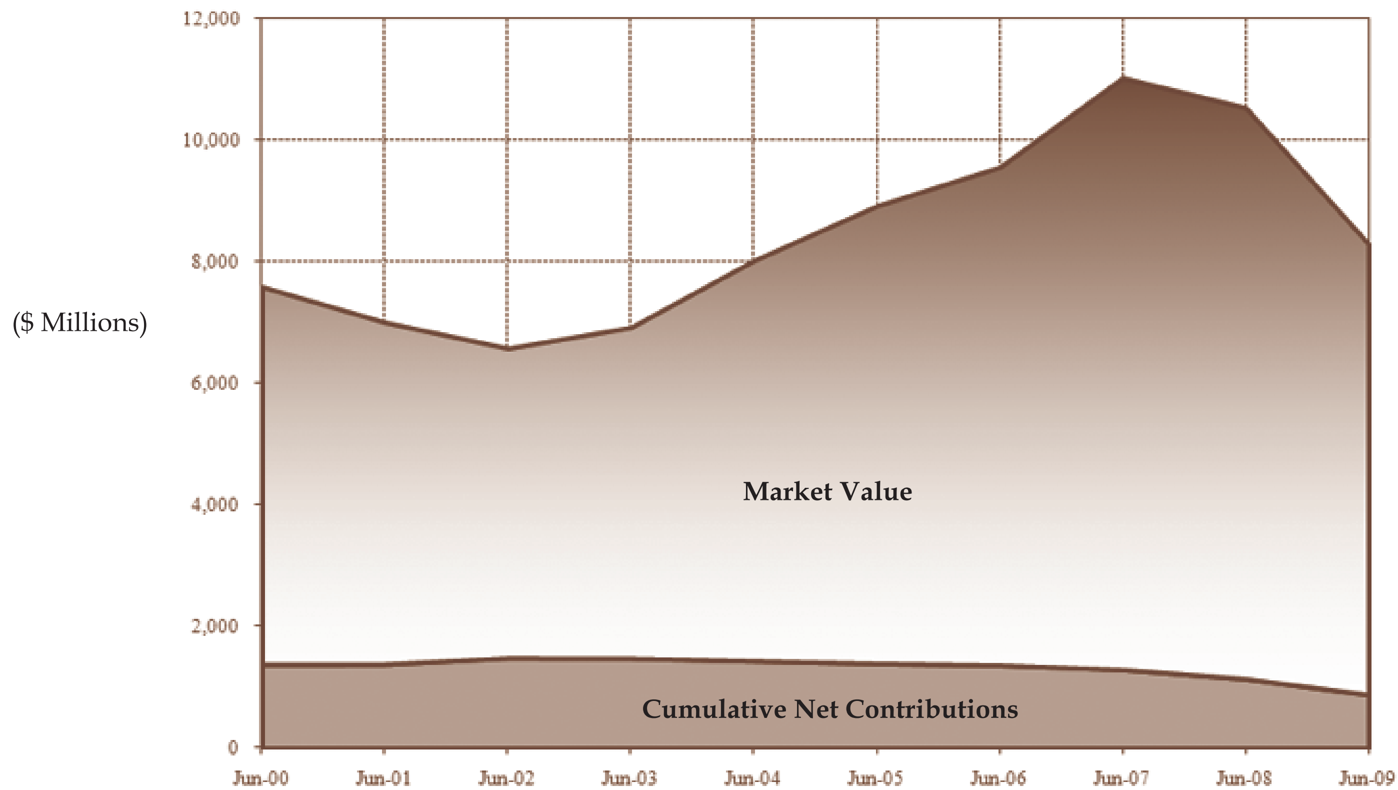
The table and graph below summarize portfolio activity for the ten years ended June 30, 2009. During this period, assets grew by $1.4 billion from $6.9 billion to $8.3 billion. Substantially all of this increase is attributable to net investment gains. Contributions in excess of benefit payments over the period was a very small portion of the gain. In the year ended June 30, 2009 benefit payments exceeded contributions, and this is expected to continue in the future.

The rates of return displayed in the table are time weighted rates of return. The table displays the net invested assets of the investment portfolio. Securities lending liabilities are netted against securities lending collateral. Certain assets, such as cash in the System's operating bank accounts and office buildings are not considered part of the investment portfolio, and are therefore not included in the table or graph.

SUMMARY OF INVESTMENT ACTIVITY

FY Ended June 30	Opening Market Value ($ millions)	Closing Market Value ($ millions)	Rate of Return
2009	10,539	8,291	-18.8%
2008	11,031	10,539	-3.1%
2007	9,559	11,031	16.2%
2006	8,921	9,559	7.5%
2005	8,021	8,921	11.8%
2004	6,919	8,021	16.6%
2003	6,574	6,919	5.3%
2002	7,001	6,574	-7.5%
2001	7,587	7,001	-7.8%
2000	6,885	7,587	9.7%
Annualized 10-year period			2.3%
Cumulative 10-year period			25.9%

SUMMARY OF INVESTMENT ACTIVITY *(continued)*



INVESTMENT PORTFOLIO

The graph above illustrates the importance of investment returns to the financing of the System's benefit plans. In this section, the investment strategy MainePERS has adopted to optimize the financial health of the plans is reviewed.

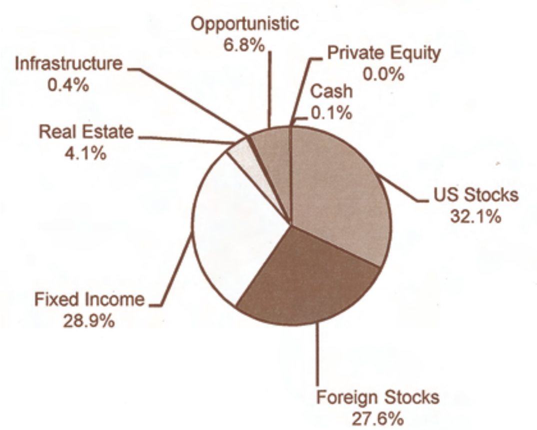
The System invests essentially all of the plan assets in four major asset classes: publicly traded domestic stocks, publicly traded foreign stocks, publicly traded bonds, and alternatives. MainePERS also uses derivative positions to emulate these asset classes. The table and pie charts on the following page display the actual allocations at June 30 for the years ended June 30, 2009 and 2008. MainePERS assigns target allocations for each asset class, with minor variations permitted between actual allocations and the targets. The current strategic targets are 30% for domestic stocks, 25% for foreign stocks, 20% for alternatives and 25% for fixed income.

The Board of Trustees is of the view that a prudent investment strategy for these plan assets requires accepting some level of investment risk. The Board allocates 60% to 80% of assets to equities and equity-like securities and is of the view that this provides a prudent compromise between low risk and high return for the plans.

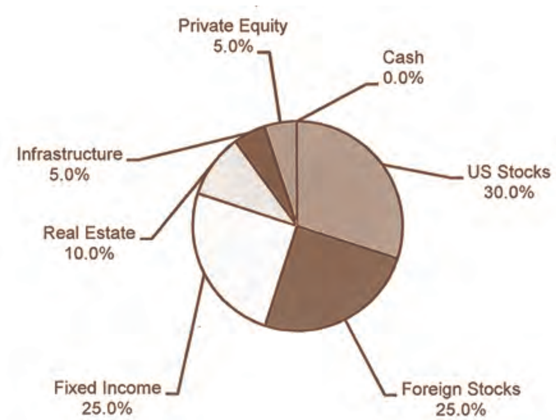
STRATEGIC ASSET ALLOCATION

	US Stocks	Foreign Stocks	Fixed Income	Real Estate	Infrastructure	Opportunistic	Private Equity	Cash	
Current Actual	32.1%	27.6%	28.9%	4.1%	0.4%	6.8%	0.0%	0.1%	100.0%
Current Target	30.0%	25.0%	25.0%	10.0%	5.0%	0.0%	5.0%	0.0%	100.0%
Former Target	41.0%	20.0%	30.0%	5.0%	4.0%	0.0%	0.0%	0.0%	100.0%

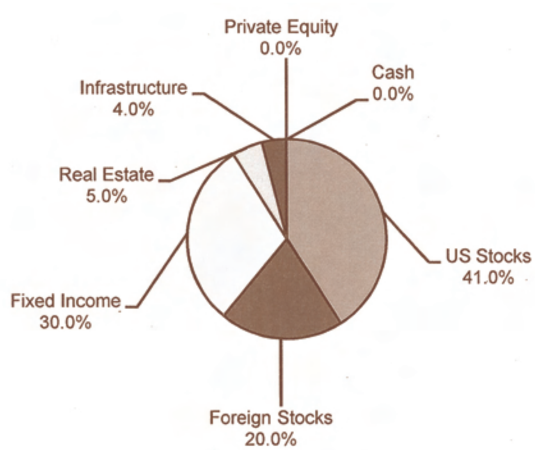
Current Actual Allocation at June 30, 2009



Current Target Allocation



Former Target Allocation



The System does not shift funds between asset classes based on short-term forecasts or results. The Board believes such "market timing" is a high-cost and high-risk strategy, inconsistent with the long-term nature of pension investments. In 2008, the System reduced its target allocation to publicly traded stocks and fixed income investments and created a target allocation of 20% to alternative investments including private equity, infrastructure and increased the real estate target allocation to 10%. At the same time, the Board approved an allocation of up to 10%to opportunistic strategies. Opportunistic strategies may include, but are not limited to other alternative investments such as global tactical asset allocation, market neutral strategies, alpha transport strategies, long/short strategies, concentrated portfolios, and strategies that seek to take advantage of temporary market dislocations. While the Board has approved the new Asset Allocation targets, it will take several years to implement and fully fund the alternatives allocation.

Because most of its benefit payments are not due for several decades into the future, the System has concluded that it is prudent to invest a substantial portion of its assets in equities. For the past ten years, the System has invested between 60% and 70% of its assets in equities. Over sufficiently long periods, equities have been shown to outperform bonds. The System expects this relationship to hold in the future.

Essentially all of the assets of the System's plans are in portfolios managed by professional investment management firms. These managers act as fiduciaries and invest the assets assigned to them in accordance with the System's investment policies and the individual agreements between MainePERS and the investment managers.

Approximately 61% of assets were invested in passively managed index funds and separate accounts at June 30, 2009. The Board of Trustees views index funds as a cost-effective way of investing in most of the world's capital markets. However, the System does make use of actively managed portfolios where it has identified managers who are thought to be able to add value over an index fund, net of all costs. At June 30, 2008, approximately 57% of assets were invested in passively managed index funds. Historically, the System's proportion of passively managed assets has been between 45% and 60%.

The System uses a single firm to manage all of its passive investments. This enables the System to obtain attractive fees and also provides other cost savings on certain kinds of transactions. Since passively managed portfolios have a low risk of significantly underperforming their benchmarks, the Board finds this concentration of assets to be appropriate.

BENEFIT PLANS
INVESTMENT PORTFOLIO

	6/30/2009			6/30/2008		
		$ millions	% of assets		$ millions	% of assets
Active Equity						
Barclays Global Investors	$	485	6%	$	711	7%
Capital Guardian		461	6%		663	6%
Grantham, Mayo, Van Oterloo (GMO)		468	6%		523	5%
Jacobs Levy Equity Management		537	6%		775	7%
Legg Mason		153	2%		221	2%
Pacific Investment Management (PIMCO)		563	7%		819	8%
Templeton Global Equity		239	3%		326	3%
Total Active Equity	$	2,906	35%	$	4,037	38%
Passive Equity						
Barclays Global Investors (Domestic)	$	1,478	18%	$	1,913	18%
Barclays Global Investors (Foreign)		1,264	15%		120	1%
Russell MSCI ACWI ex US (Foreign)		0	0%		606	6%
Total Passive Equity	$	2,742	33%	$	2,638	25%
Passive Fixed Income						
Barclays Global Investors - General	$	1,643	20%	$	-	0%
Barclays Global Investors - TIPS		599	7%		3,265	31%
Total Passive Fixed Income	$	2,243	27%	$	3,265	31%
Real Estate						
Barclays Global Investors (RESI)	$	44	1%	$	80	1%
Principal		55	1%		81	1%
BlackRock		46	1%		76	1%
JP Morgan		117	1%		159	2%
Prudential		78	1%		124	1%
Total Real Estate	$	340	4%	$	520	5%
Infrastructre						
Carlyle Infrastructure	$	11	0%	$	13	0%
Global Infrastructure Partners		26	0%		20	0%
Total Infrastructure	$	37	0%	$	33	0%
Cash						
Liquidity Account		23	0%		46	0%
Total Cash	$	23	0%	$	46	1%
Total Assets	$	8,291	100%	$	10,539	100%

LARGEST HOLDINGS
at June 30, 2009

Top 10 Direct Common Stock Holdings	$ Millions	% of Assets
The Goldman Sachs Group, Inc.	19	0.23%
International Business Machines Corporation	18	0.21%
The AES Corporation	14	0.17%
Amgen, Inc.	14	0.17%
Roche Holdings AG	14	0.16%
Google Inc., Class A	13	0.16%
UnitedHealth Group, Inc.	12	0.15%
State Street Corporation	11	0.13%
Wells Fargo & Company	11	0.13%
Cisco Systems, Inc.	11	0.13%

Top 10 Direct Bond Holdings	$ Millions	% of Assets
General Electric Capital Corp Floating Rate Note 02-11-2011	69	0.83%
General Electric Capital Corp Floating Rate Note 12-15-2009	59	0.72%
US Treasury Inflation Indexed Bonds 2.375% 01-15-2025	37	0.44%
US Treasury Inflation Indexed Bonds 3.875% 04-15-2029	35	0.42%
US Treasury Inflation Indexed Bonds 3.000% 07-15-2012	34	0.41%
US Treasury Inflation Indexed Bonds 2.000% 01-15-2014	31	0.37%
US Treasury Inflation Indexed Bonds 1.875% 07-15-2013	30	0.37%
US Treasury Inflation Indexed Bonds 3.625% 04-15-2028	29	0.35%
US Treasury Inflation Indexed Bonds 2.000% 07-15-2014	28	0.34%
US Treasury Inflation Indexed Bonds 1.625% 01-15-2015	27	0.33%

Some of the System's index fund investments are made through commingled funds, with MainePERS owning units in the funds, and having beneficial, rather than direct ownership of the securities. The largest holdings list reports direct holdings held outside of the commingled funds. For a complete list of the System's holdings, contact MainePERS.

SECURITIES LENDING

MainePERS earns additional income on its investment portfolio by lending its securities. The System pays its custodian for managing the securities lending program. Information regarding the results of the securities lending program for the current and prior fiscal years may be found in the Financial Section starting on page 17.

Several of the collective trusts through which the System holds interests in commingled funds also lend securities. Because these trusts are legal entities separate from MainePERS, their lending activities are not reflected in the securities lending results reported in the financial statements. The System shares in the income and the risks of the securities lending activity in the commingled funds, and the income is included in the total income and return figures in this Investment Section and the Financial Statements.

INVESTMENT PERFORMANCE

The table on the following pages displays the rates of return on the System's investment portfolio over the last ten years, and for the three, five, and ten-year periods ended June 30, 2009. Because the System's investment strategy has changed very little from year to year, these results are determined almost entirely by the behavior of the capital markets. Negative returns for the years ended June 30, 2001 and 2002 were the result of declines in domestic and foreign stock markets, partially offset by gains in the domestic bond market.

The table contains three asset classes that were entered in 2005. The categories of Global Equity and Global Balanced were added because the Board has retained new managers whose investment mandates cross traditional asset class lines. The third added class is Real Estate.

Over the ten-year period, the annualized rate of return on the System's assets was 2.3%. MainePERS experienced six years of positive returns and four years of negative returns. These results are consistent with the long-term risk/return strategy that forms the basis of the System's policies. At 2.3%, the ten-year return has underperformed relative to the 7.75% investment return assumption utilized in the actuarial process throughout this period.

Because the Board of Trustees rarely changes its asset class allocation targets, most of the System's investment return is determined by the choice of targets, i.e., by the System's choice of investment strategy and, as mentioned above, the behavior of the capital markets in general. A small portion of the investment return is determined by how well the investment managers perform their assignments. To measure this, the Board compares the return on each manager's portfolio to an appropriate benchmark. Over the ten years ended June 30, 2009, the return on the System's actual total portfolio approximated the return on its total performance benchmark. Positive performance in five of the ten years was offset by negative performance in five of the ten years. In terms of asset classes, negative performance in domestic and international equities over the ten years was partially offset by positive or equal performance in other categories.

The total return figures in the table on pages 70 and 71 are net of all expenses that can be directly attributed to the investment program (see Expenses, page 72). The table reports time weighted rates of return and all figures for periods greater than one year are annualized.

PERFORMANCE: ACTUAL RETURNS VS. BENCHMARK RETURNS

(All returns are time weighted)

	TOTAL FUND			DOMESTIC EQUITY			FOREIGN EQUITY		
Fiscal Yead Ended June 30	Actual Return	Benchmark (7) Return	Excess (1) Return	Actual Return	Benchmark (8) Return	Excess (1) Return	Actual Return	Benchmark (9) Return	Excess (1) Return
2009	-18.8%	-19.0%	0.2%	-29.3%	-26.4%	-2.9%	-32.1%	-30.5%	-1.6%
2008	-3.1%	-1.9%	-1.2%	-15.0%	-12.5%	-2.4%	-7.5%	-6.2%	-1.3%
2007	16.2%	16.3%	-0.1%	19.9%	20.5%	-0.6%	29.8%	30.2%	-0.4%
2006	7.5%	7.3%	0.2%	9.4%	9.9%	-0.6%	28.0%	27.9%	0.1%
2005	11.8%	12.1%	-0.3%	7.9%	8.2%	-0.3%	15.7%	16.5%	-0.8%
2004	16.6%	15.9%	0.7%	21.3%	21.2%	0.1%	30.5%	32.0%	-1.5%
2003	5.3%	4.3%	1.0%	0.9%	1.3%	-0.4%	-4.5%	-4.6%	0.1%
2002	-7.5%	-6.8%	-0.7%	-17.4%	-16.6%	-0.9%	-9.5%	-8.4%	-1.1%
2001	-7.9%	-7.8%	-0.1%	-14.8%	-15.3%	0.6%	-24.0%	-24.1%	0.1%
2000	9.7%	9.1%	0.6%	10.0%	9.5%	0.5%	19.0%	17.8%	1.1%
3 years ending 2009	-2.9%	-2.6%	-0.3%	-10.3%	-8.1%	-2.2%	-6.6%	-5.3%	-1.2%
5 years ending 2009	1.9%	2.1%	-0.2%	-3.2%	-1.6%	-1.6%	3.9%	4.8%	-0.9%
10 years ending 2009	2.3%	2.3%	0.0%	-2.1%	-1.3%	-0.8%	2.1%	2.7%	-0.6%

Notes:

1. Excess Return is Actual Return minus Benchmark Return.
2. The inception date for Global Equity was 12/08/04.
3. The inception date for Global Balanced was 12/06/04.
4. The Real Estate Return for the year ending 06/30/05 is attributable to REIT's only.
5. The asset class of General Fixed Income was closed in the 1st quarter of 2007 and re-opened in the 4th quarter of 2008.
6. Fixed Income includes TIPS as of 7/31/04.

TABLE CONTINUED ON NEXT PAGE

PERFORMANCE: ACTUAL RETURNS VS. BENCHMARK RETURNS

(All returns are time weighted)

GLOBAL EQUITY [2]			GLOBAL BALANCED [3]			REAL ESTATE [4]			FIXED INCOME [5,6]		
Actual Return	Benchmark [10] Return	Excess [1] Return	Actual Return	Benchmark[11] Return	Excess [1] Return	Actual Return	Benchmark [12] Return	Excess [1] Return	Actual Return	Benchmark [13] Return	Excess [1] Return
-29.1%	-30.9%	1.8%	-10.7%	-19.9%	9.3%	-35.0%	-19.6%	-15.4%	-0.1%	-0.1%	0.0%
-8.4%	-8.8%	0.4%	-1.0%	-2.7%	1.7%	3.0%	9.2%	-6.2%			0.0%
23.5%	25.2%	-1.7%	15.7%	16.6%	-0.9%	16.5%	17.2%	-0.7%			0.0%
20.6%	18.0%	2.6%	7.6%	7.6%	0.0%	20.2%	20.5%	-0.4%	-0.5%	-0.8%	0.3%
-1.4%	-0.4%	-1.0%	3.0%	1.8%	1.2%	6.6%	6.6%	0.0%	6.8%	6.8%	0.0%
									3.1%	1.0%	2.1%
									13.1%	11.0%	2.1%
									7.3%	8.6%	-1.4%
									9.6%	11.2%	-1.6%
									5.2%	4.6%	0.6%
-7.1%	-7.6%	0.5%	0.8%	-3.2%	4.0%	-7.9%	1.0%	-8.9%			

Benchmarks:

7. Total Fund Benchmark: A combination of the benchmarks for the five major asset classes using the target asset class weights.

8. Domestic Equity Benchmark: Dow Jones Total Stock Market Index.

9. Foreign Equity Benchmark: Morgan Stanley Capital Internatinal All Country World Ex-U.S. Free, since Jan. 1, 1998.

10. Global Equity Benchmark: Morgan Stanley Capital International All Country World Index since December 31, 2004.

11. Global Balanced Benchmark: A combination of the benchmarks for Domestic Equity, Foreign Equity, and TIPS benchmarks, approximating the Total Fund benchmark.

12. Real Estate Benchmark: A combination of the Dow Jones Real Estate Securities Index and National Council of Real Estate Investment Fiduciaries Property Index since July 1, 2005.

13. General Fixed Income Benchmark: Barclays Capital Aggregate Bond Index less Governments plus TIPS, since Oct 2008.

TABLE CONTINUED FROM PREVIOUS PAGE

INVESTMENT EXPENSES

The adjacent table displays investment management expenses directly attributable to the investment program and paid directly by the System. Examples of directly attributable expenses include fees paid to investment managers and compensation and expenses of the System's own investment staff. Examples of expenses that are not directly attributable to the investment program and therefore not included in expenses include office space expense and time spent on investment matters by staff other than full-time investment staff. Other expenses not paid directly by the System include the expenses of securities lending programs conducted by managers of the commingled funds.

Where the table displays an expense as a percentage of assets, the percentage is calculated with respect to the assets associated with the particular expense item. For example, Legg Mason's $0.68 million of management fees in 2009 was 0.45% of the average assets managed by Legg Mason.

The decrease of expenses in 2009 can be attributed to significant declines in capital markets. The securities lending expenses (also lower in 2009) are offset by securities lending revenue which dropped off for 2009.

INVESTMENT MANAGEMENT EXPENSES

Year ended 6/30/2009	$ Expenses	% of Total Assets
Investment management fees	23,245,049	0.28%
Active Equity		
Barclays Global Investors	1,559,519	0.32%
Capital Guardian	1,088,252	0.24%
Grantham, Mayo, Van Oterloo (GMO)	1,780,770	0.38%
Jacobs Levy Equity Management (Long)	869,402	0.29%
Jacobs Levy Equity Management (120/20)	1,025,271	0.44%
Legg Mason	686,255	0.45%
Russell Investments	187,446	0.12%
Templeton Investment Counsel	1,044,887	0.44%
Passive Equity		
Barclays Global Investors (Domestic)	169,923	0.01%
Barclays Global Investors (Foreign)	176,890	0.01%
Passive Treasury Inflation Protected Securities		
Barclays Global Investors - Fixed Income	30,295	0.02%
Barclays Global Investors - TIPS	171,059	0.01%
Real Estate		
Barclays Global Investors (Index RESI)	47,877	0.11%
Principal	680,423	1.23%
BlackRock	570,042	1.24%
JP Morgan	1,364,927	1.17%
Prudential	742,847	0.95%
Infrastructure		
Carlyle	802,461	1.50%
Global Infrastructure Partners	1,809,418	2.00%
Alinda Infrastructure	812,500	1.50%
Opportunistic Strategies		
Pacific Investment Management (PIMCO)	1,531,435	0.27%
Other Investment Expenses	5,266,467	
In House Expenses	756,134	
DC Investment Expenses	42,422	
Retiree Health Insurance Trust	28,127	

Total for FY ended June 30	$ Millions	% of Total Assets
2009	23.1	0.28%
2008	34.6	0.19%
2007	19.7	0.33%
2006	18.8	0.20%
2005	15.3	0.17%
2004	12.0	0.16%
2003	9.6	0.14%
2002	10.4	0.15%
2001	10.8	0.15%

BROKERAGE COMMISSIONS

Year Ended June 30, 2009

Broker	Commissions $ Millions	Amount Traded $ Millions	% Cost of Trade	Total Shares Millions	Commissions cents per Share
JEFFERIES & COMPANY	$ 0.18	$ 906	0.02%	47.1	0.38
CREDIT SUISSE	0.15	132	0.12%	20.0	0.38
INVESTMENT TECHNOLOGY	0.13	717	0.02%	32.2	0.76
UBS	0.12	151	0.08%	21.5	0.40
MERRILL LYNCH	0.11	90	0.13%	8.0	0.54
CITIBANK	0.10	77	0.13%	8.0	1.43
LIQUIDNET INC	0.09	101	0.09%	5.7	1.27
MORGAN STANLEY	0.09	62	0.15%	6.5	1.64
GOLDMAN SACHS	0.09	68	0.13%	7.9	1.38
DEUTSCHE BANK	0.06	45	0.13%	5.3	1.09
All Remaining Brokers	0.71	603	0.12%	234.9	1.38
Total	**$ 1.82**	**$ 2,951.2**	**0.06%**	**397.0**	**0.78**

Commissions reported above are those paid directly by MainePERS. The table does not include other transaction costs that the System may incur, nor does it include brokerage commissions incurred indirectly through investments in commingled funds. Brokerage commissions and other transaction costs are excluded from the expense table on page 72. Those commissions and expenses are accounted for in the net income and total return figures reported elsewhere in this report.

Selection of brokers is at the discretion of the System's investment managers, subject to their fiduciary obligations. MainePERS does not have any directed brokerage programs, commission recapture programs, or similar arrangements. Some of the System's managers have soft dollar arrangements with brokers, in which the broker agrees to provide additional services to the manager beyond trade execution.

GROUP LIFE INSURANCE PROGRAM

The Group Life Insurance program is supported by premiums paid by its participants and by reserves. Substantially all the reserves are maintained in an investment portfolio, for which the summary results are displayed below. (Certain assets, such as the cash in the operating bank account, are not considered part of the investment portfolio.) Over this period, there has been a small net cash outflow from the investment portfolio, and the increase in portfolio value is solely attributable to investment return.

SUMMARY OF INVESTMENT ACTIVITY

FY Ended June 30	Opening Market Value ($ millions)	Closing Market Value ($ millions)	Actual Return	Benchmark Return	Performance
2009	53.0	50.2	-18.8%	-19.0%	0.2%
2008	52.3	53.0	-3.1%	-1.9%	-1.2%
2007	44.3	52.3	16.2%	16.3%	-0.1%
2006	42.9	44.3	3.1%	3.9%	-0.8%
2005	41.8	42.9	2.7%	2.1%	0.6%
2004	41.5	41.8	0.7%	0.5%	0.2%
2003	39.3	41.5	5.5%	4.9%	0.6%
2002	36.6	39.3	7.5%	7.0%	0.5%
2001	34.4	36.6	9.5%	9.3%	0.2%
2000	32.9	34.4	3.8%	5.5%	-1.7%
		3 yrs ended 2009	4.0%	4.5%	-0.5%
		5 yrs ended 2009	3.6%	3.9%	-0.3%
		10 yrs ended 2009	4.5%	4.6%	-0.2%

Benchmarks:
Merrill Lynch 1 to 3 year Treasury Index prior to January 1, 2000
Lehman Brothers 1 to 3 year Govt. Bond Index from January 1, 2000 through March 31, 2005
Merrill Lynch 1 to 3 year Treasury Index from April 1, 2005 through November 30, 2005
MainePERS Total Fund Benchmark since December 1, 2005

In Fiscal Year 2009, the Group Life Insurance assets were separated from the defined benefit plan assets while maintaining the same type of investment strategy. Prior to the change, in fiscal Year 2006, the assets were combined with those of the other plans in the general investment portfolio. This change occurred on November 30, 2005. In the Board's view, this change better positioned the Plan to meet its future obligations. Prior to November 30, 2005, the assets were invested in a medium term, investment grade fixed income portfolio, managed by Pacific Investment Management Company (PIMCO) in a mutual fund. Prior to April 2005, the funds were managed by State Street Global Advisors in a commingled fund of a similar nature. Because the assets were invested in a mutual fund, they were not available for the System's own securities lending program. Any securities lending undertaken by the mutual fund is not covered in this report, although any results are reflected in the total return and gain/loss figures.

Over the ten-year period ended June 30, 2009, the actual return on the portfolio was slightly lower than the return on the performance benchmark. A portion of investment return is determined by how well the investment manager performs its assignment. To measure this, MainePERS compares the returns on the actual portfolio to an appropriate benchmark.

The fees paid by the portfolio are consistent with those detailed in the fees and expenses tables of the previous section. For the period of time the portfolio was invested in a mutual fund, fees were consistent with other holders of the institutional class of shares, as detailed in the fund's prospectus.

ACTUARIAL SECTION

ACTUARIAL SECTION

The System's Comprehensive Annual Financial Report (CAFR) includes actuarial reports for its programs prepared as of June 30th of the fiscal year prior to the fiscal year of the CAFR itself. These are presented in order to better align the data contained in the valuation with its resulting effect on the System's financial condition, as described by the financial statements.

Actuarial valuations presented in this FY 2009 Comprehensive Annual Financial Report are for the year ended June 30, 2008. Data with respect to four valuations are presented:

- State Employee and Teacher Retirement Program
- Legislative Retirement Program
- Judicial Retirement Program
- Consolidated Plan for Participating Local Districts

State and Teacher, Legislative and Judicial Programs

Results of program valuations prepared as of June 30 of an even-numbered year are implemented as employer contribution rates in the State's biennial budget that covers the two-year period beginning July 1st of the following year of the valuations. For example, the results of the June 30, 2008 valuations established the employer contribution rates for the FY 2010-2011 biennium which began July 1, 2009. The State of Maine makes the employer contribution for all non-grant funded employees who are members under the State Employee and Teacher Retirement Program and the Legislative and Judicial programs. Valuation results as of June 30 of odd-numbered years, such as the June 30, 2009 valuation, while comprising important information, are not used to set State employer contribution rates.

Consolidated Plan for Participating Local Districts (PLD)

The Consolidated Plan valuation is prepared each year, reporting results as of June 30th. These results are then implemented in PLD budgets covering a twelve month period that begins as of July 1st one year later. For example, the valuation results for the period ending June 30, 2008 established the participating employer rates for the twelve month period beginning July 1, 2009. Each participating local district that is in the Consolidated Plan makes the employer contribution required by the Consolidated Plan valuation for the plan(s) covering its employee members.

CHEIRON Classic Values, Innovative Advice

November 20, 2008

Board of Trustees
Maine Public Employees Retirement System
#46 State House Station
Augusta, Maine 04333-0046

Dear Members of the Board:

At your request, we have conducted our annual actuarial valuation of each of the funded pension programs administered by the Board of the Maine Public Employees Retirement System as of June 30, 2008. The results of the valuation are contained in the enclosed exhibits.

Funding Objective

The funding objective of the Programs administered by the System is to establish contribution rates that, over time, will remain level as a percent of payroll. In order to achieve this, we developed a contribution rate that will provide for current cost (i.e., normal cost expressed as a level percent of payroll) plus a level percent of payroll amortization of the unfunded liability over a specified period.

To our knowledge, the State has consistently funded the full amounts required based on the actuarial valuations and specific statutory provisions.

Assumptions and Methods

The actuarial assumptions and methods used in these valuations have been recommended by the actuary, and adopted by the Board of Trustees, based on the actuary's most recent review of each Program's experience.

We believe that all the costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Programs administered by the System and reasonable expectations) and which, in the aggregate, offer our best estimate of anticipated experience affecting the Programs. Nevertheless, the emerging costs will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions.

The calculations in the following exhibits have been made on a basis consistent with our understanding of the System's funding requirements and goals, and of GASB Statement No. 25. The Group Life Insurance numbers disclosed in the Financial Section were produced in accordance with the requirements of GASB Statement No. 43. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

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8200 Greensboro Drive, Suite 1125, McLean, VA 22102 Tel: 877 CHEIRON (243.4766) Fax: 703.893.2006 www.cheiron.us

Reliance on Others
In performing this analysis, we relied on data and information (some oral and some written) supplied by the System's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable. Such a review was beyond the scope of our assignment.

Supporting Schedules
The figures disclosed in the Required Supplemental Schedules to the Financial Section were provided by Cheiron. In addition, we were responsible for the 2006-2008 entries in all of the schedules to be found in this Actuarial Section. Numbers reported for previous years were developed by the prior actuary and are reported per their valuation reports.

Certification
I believe that the State's pension plans are adequately and appropriately financed, in that the contributions are determined and funded on a level cost as a percentage of payroll basis using reasonable actuarial methods and assumptions.

I hereby certify that, to the best of my knowledge, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Guides to Professional Conduct, Amplifying Opinions, and Supporting Recommendations and Interpretations of the Actuarial Standards Board. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,
Cheiron

Fiona E. Liston

Fiona E. Liston, FSA, EA
Consulting Actuary

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CHEIRON

SECTION I
DEMOGRAPHIC INFORMATION

Schedule of Active Member Valuation Data

Valuation Date June 30,	Number of Active Members	Annual Salaries of Active Members*	Average Annual Pay	Percentage Increase in Average Pay
State Employee and Teacher Program				
2008	41,561	$1,619,705,846	$38,972	3.63%
2007	42,184	$1,586,436,561	$37,608	4.26%
2006	42,643	$1,538,201,110	$36,072	2.60%
2005	42,910	$1,508,645,818	$35,158	2.78%
2004	42,816	$1,464,608,355	$34,207	2.20%
2003	42,862	$1,434,596,605	$33,470	2.99%
Consolidated Plan for Participating Local Districts				
2008	9,562	$360,693,816	$37,722	5.58%
2007	9,587	$342,528,740	$35,728	3.12%
2006	9,347	$323,834,104	$34,646	5.88%
2005	9,186	$300,582,274	$32,722	0.80%
2004	8,859	$287,585,984	$32,463	2.42%
2003	8,720	$276,384,548	$31,695	6.92%
Withdrawn Participating Local Districts				
2008	50	$2,089,427	$41,789	-0.56%
2007	59	$2,479,392	$42,024	6.85%
2006	62	$2,438,504	$39,331	-1.53%
2005	110	$4,393,404	$39,940	NC
Judicial Retirement System				
2008	59	$6,461,343	$109,514	-0.61%
2007	60	$6,611,028	$110,184	8.18%
2006	56	$5,703,886	$101,855	2.13%
2005	55	$5,485,040	$ 99,728	0.61%
2004	56	$5,550,873	$ 99,123	0.95%
2003	56	$5,498,574	$ 98,189	1.49%
Legislative Retirement Program				
2008	170	$2,254,173	$13,260	4.75%
2007	170	$2,151,925	$12,658	3.66%
2006	174	$2,124,786	$12,211	7.49%
2005	173	$1,965,349	$11,360	(4.92%)
2004	176	$2,102,999	$11,949	5.59%
2003	175	$1,980,328	$11,316	0.60%

* Legislative salaries in even-numbered valuation years have been increased to approximate a full session amount because data was based on previous, odd numbered year, data.

SECTION I
DEMOGRAPHIC INFORMATION *(continued)*

Schedule of Benefit Recipients Valuation Data

Valuation Date June 30,	Total Number of Benefit Recipients at Year End	Annual Payments to Benefit Recipients	Average Annual Benefit	Percentage Increase in Average Benefit
State Employee and Teacher Program				
2008	26,821	$485,529,823	$18,103	4.21%
2007	26,301	$456,863,471	$17,371	5.84%
2006	25,731	$422,302,916	$16,412	1.50%
2005	25,123	$406,220,642	$16,169	5.27%
2004	24,388	$374,579,605	$15,359	4.19%
2003	23,768	$350,388,824	$14,742	3.46%
Consolidated Plan for Participating Local Districts				
2008	6,939	$87,059,562	$12,546	4.94%
2007	6,872	$82,159,217	$11,956	5.26%
2006	6,777	$76,975,417	$11,358	0.74%
2005	6,618	$74,615,077	$11,275	5.70%
2004	6,554	$69,907,181	$10,666	4.67%
2003	6,483	$66,065,496	$10,191	4.20%
Withdrawn Participating Local Districts				
2008	252	$2,636,025	$10,460	6.68%
2007	253	$2,480,655	$9,805	6.08%
2006	260	$2,403,244	$9,243	-5.11%
2005	362	$3,526,359	$9,741	NC
Judicial Retirement Program				
2008	50	$2,484,586	$49,692	0.84%
2007	43	$2,119,008	$49,279	0.52%
2006	43	$2,108,084	$49,025	(0.42%)
2005	43	$2,116,914	$49,231	1.27%
2004	41	$1,993,183	$48,614	0.07%
2003	38	$1,846,018	$48,579	2.67%
Legislative Retirement Program				
2008	120	$205,417	$1,712	10.94%
2007	117	$180,530	$1,543	5.04%
2006	107	$157,216	$1,469	1.10%
2005	104	$151,096	$1,453	4.23%
2004	92	$128,270	$1,394	2.73%
2003	92	$124,843	$1,357	1.94%

SECTION I
DEMOGRAPHIC INFORMATION *(continued)*

Schedule of Retirees and Beneficiaries Added to and Removed from the Rolls

Year Ended June 30,	Added to Rolls No.	Added to Rolls Annual Allowance	Removed from Rolls No.	Removed from Rolls Annual Allowance	On Rolls at Year End No.	On Rolls at Year End Annual Allowance
State Employee and Teacher Program						
2008	1,462	$42,000,560	942	$13,334,208	26,821	$ 485,529,823
2007	1,486	$46,699,912	916	$12,139,357	26,301	$ 456,863,471
2006	1,439	$30,429,167	831	$14,346,893	25,731	$ 422,302,916
2005					25,123	$ 406,220,642
Participating Local Districts (Consolidated and non-Consolidated Plans)						
2008	366	$ 7,295,589	295	$ 2,239,222	7,196	$ 89,695,587
2007	333	$ 7,007,116	245	$ 2,110,419	7,125	$ 84,639,220
2006	375	$ 5,131,207	318	$ 3,460,785	7,037	$ 79,742,522
2005					6,980	$ 78,072,101
Judicial Retirement Program						
2008	8	$ 394,227	1	$ 71,836	50	$ 2,484,586
2007	1	$ 114,167	1	$ 60,055	43	$ 2,162,196
2006	2	$ 80,525	2	$ 89,355	43	$ 2,108,084
2005					43	$ 2,116,914
Legislative Retirement Program						
2008	4	$ 28,388	6	$ 3,501	120	$ 205,417
2007	15	$ 29,215	5	$ 5,901	117	$ 180,530
2006	4	$ 8,035	1	$ 1,915	107	$ 157,216
2005					104	$ 151,096

We will add one year of information to this chart in each of the next two years until it is built up to the full six-years that are recommended for disclosure purposes.

SECTION II
ACCOUNTING INFORMATION

ACCOUNTING STATEMENT INFORMATION
as of June 30, 2008

	State Employee & Teacher Program	Consolidated Plan for PLD & Withdrawn	Judicial Retirement Program	Legislative Retirement Program
A. FASB No. 35 Basis				
1. Present Value of Benefits Accrued and Vested to Date				
a. Members Currently Receiving Payments	$ 5,764,122,503	$ 969,095,039	$ 24,462,252	$ 1,956,256
b. Vested Terminated and Inactive Members	444,883,113	50,717,883	481,324	1,281,620
c. Active Members	3,957,496,428	716,164,099	20,880,544	2,176,497
d. Total PVAB	$10,166,502,044	$ 1,735,977,021	$ 45,824,120	$ 5,414,373
2. Assets at Market Value	8,311,970,624	2,120,135,491	48,552,160	8,762,234
3. Unfunded Present Value of Accrued Benefits, But Not Less Than Zero	$ 1,854,531,420	$ 0	$ 0	$ 0
4. Ratio of Assets to Value of Benefits (2) / (1)(d)	82%	122%	106%	162%
B. GASB No. 25 Basis				
1. Actuarial Liabilities				
a. Members Currently Receiving Payments	$ 5,764,122,503	$ 969,095,039	$ 24,462,252	$ 1,956,256
b. Vested Deferred and Inactive Status Members	444,883,113	50,717,883	460,082	1,281,620
c. Active Members	5,459,026,895	933,816,098	22,690,876	2,367,129
d. Total	$11,668,032,511	$ 1,953,629,021	$ 47,634,452	$ 5,605,005
2. Actuarial Value of Assets	8,631,557,629	2,201,652,592	50,418,942	9,099,133
3. Unfunded Actuarial Liability	$ 3,036,474,882	$ (248,023,571)	$ (2,784,490)	$ (3,494,128)
4. Ratio of Actuarial Value of Assets to Actuarial Liability (2) / (1)(d)	74%	113%	106%	162%

SECTION II
ACCOUNTING INFORMATION *(continued)*

STATEMENT OF CHANGES IN
Total Actuarial Present Value of All Accrued Benefits

	State Employee & Teacher Program	Consolidated Plan for PLD & Withdrawn	Judicial Retirement Program	Legislative Retirement Program
Actuarial Present Value of Accrued Benefits as of June 30, 2007	$ 9,679,295,888	$ 1,659,836,641	$ 41,523,603	$ 4,648,664
Increase (Decrease) During Years Attributable to:				
Passage of Time	730,497,948	124,999,043	3,127,509	350,981
Benefits Paid – FY 2008	(507,031,819)	(93,891,515)	(237,289)	(239,759)
Plan Amendment	0	0	0	0
Assumption Change	0	0	0	0
Benefits Accrued, Other Gains/Losses	263,740,027	45,032,852	3,510,297	654,487
Net Increase (Decrease)	487,206,156	76,140,380	4,300,517	765,709
Actuarial Present Value of Accrued Benefits as of June 30, 2008	$ 10,166,502,044	$ 1,735,977,021	$ 45,824,120	$ 5,414,373

SECTION II
ACCOUNTING INFORMATION *(continued)*

NOTES TO TREND DATA

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

	State Employee & Teacher Program	Consolidated Plan for PLD	Judicial Retirement Program	Legislative Retirement Program
Valuation date	June 30, 2008	June 30, 2008	June 30, 2008	June 30, 2008
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent closed	Level dollar open	Level percent open	Level percent open
Remaining amortization period	20 years	15 years	10 years	10 years
Asset valuation method	3-Year smoothed market	3-Year smoothed market	3-Year smoothed market	3-Year smoothed market
Actuarial assumptions:				
Investment rate of return*	7.75%	7.75%	7.75%	7.75%
Projected salary increases*	4.75%-10.00%	4.50%-9.0%	4.00%	4.75%
*Includes inflation at	4.50%	4.50%		
Cost-of-living adjustments	3.75%	3.75%	3.75%	3.75%
Most Recent Review of Plan Experience:	2006	2008	2006	2006

The actuarial assumptions used have been recommended by the actuary and adopted by the System's Board of Trustees based on the most recent review of the Program's experience.

The rate of employer contributions is composed of the normal cost and an amortization of the unfunded actuarial accrued liability. The normal cost is a level percent of payroll cost which, along with the member contributions, will pay for projected benefits at retirement for the average new entrant. The actuarial accrued liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial accrued liability.

SECTION II
ACCOUNTING INFORMATION *(continued)*

ANALYSIS OF FINANCIAL EXPERIENCE
Gain and Loss in Accrued Liability During Year
Resulting from Differences Between Assumed Experience and Actual Experience
For Year Ended June 30, 2008

Type of Activity	State Employee & Teacher Program	Consolidated Plan for PLD	Judicial Retirement Program	Legislative Retirement Program
Investment Income	$(160,831,089)	$ (34,263,890)	$ (935,002)	$(168,074)
Combined Liability Experience	68,570,730	24,408,739	2,322,951	83,558
Gain (or Loss) During Year from Financial Experience	$(92,260,359)	(9,855,151)	$ 1,387,948	$ (84,516)
Non-Recurring Items	0	0	0	0
Composite Gain (or Loss) During Year	**$ (92,260,359)**	**$ (9,855,151)**	**$ 1,387,948**	**$ (84,516)**

SECTION II
ACCOUNTING INFORMATION *(continued)*

SOLVENCY TEST*
Aggregate Accrued Liabilities For

Valuation Date June 30,	(1) Active Member Contributions	(2) Retirees Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
State Employee and Teacher Program							
2008	$ 1,898,148,565	$ 6,209,005,616	$ 3,560,878,330	$ 8,631,557,629	100%	100%	15%
2007	1,789,362,929	5,850,882,771	3,517,524,438	8,245,520,019	100%	100%	17%
2006	1,645,241,719	5,367,785,679	3,534,271,796	7,504,219,546	100%	100%	14%
2005	1,569,409,748	4,832,994,427	3,596,845,863	6,964,597,457	100%	100%	16%
2004	1,464,936,256	4,387,963,456	3,589,489,687	6,452,570,243	100%	100%	17%
Consolidated Plan for Participating Local Districts & Withdrawn							
2008	$ 300,245,422	$ 1,019,812,922	$ 633,570,676	$ 2,201,652,592	100%	100%	139%
2007	276,537,426	966,459,013	636,689,069	2,134,633,222	100%	100%	140%
2006	246,927,961	911,285,480	600,858,747	1,974,083,999	100%	100%	136%
2005	224,374,016	864,100,913	556,860,350	1,874,380,141	100%	100%	141%
2004	201,503,697	816,412,720	530,796,552	1,769,280,433	100%	100%	142%
Judicial Retirement Program							
2008	$ 7,481,505	$ 24,943,576	$ 15,209,371	$ 50,418,942	100%	100%	118%
2007	6,941,423	21,133,577	18,767,351	48,225,053	100%	100%	107%
2006	6,463,859	20,608,730	16,029,820	44,350,649	100%	100%	108%
2005	6,026,669	19,988,075	15,916,386	41,842,216	100%	100%	99%
2004	5,600,058	18,534,194	12,254,479	39,210,995	100%	100%	123%
Legislative Retirement Program							
2008	$ 1,892,250	$ 3,237,876	$ 474,879	$ 9,099,133	100%	100%	836%
2007**	1,783,293	3,101,175	211,170	8,721,571	100%	100%	1817%
2006	1,648,363	2,634,954	3,661,151	7,944,468	100%	100%	100%
2005	1,526,704	2,662,444	3,217,327	7,406,475	100%	100%	100%
2004	1,359,835	2,203,021	3,264,622	6,827,478	100%	100%	100%

* This chart will be built up to the required six-years of disclosures.

** The funding method was changed for the Legislative Plan from the Aggregate to Entry Age Normal in 2007.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

State Employee and Teacher Program

A. Actuarial Assumptions

1. **Rate of Investment Return:**

   State Employees: 7.75% Teachers: 7.75%

2. **Cost-of-Living Increases in Benefits:**

   State Employees: 3.75% Teachers: 3.75%

3. **Rates of Salary Increase (% at Selected Years of Service):**

SERVICE	STATE EMPLOYEES AND TEACHERS
0	10.00%
5	7.50
10	6.07
15	5.28
20	4.90
25 and over	4.75

The above rates include a 4.75% across-the-board increase at each year of service.

4. **Rates of Termination (% at Selected Service):**

SERVICE	STATE EMPLOYEES	TEACHERS
0	30.00%	37.00%
5	7.50	12.50
10	4.40	6.00
15	3.50	4.50
20	2.00	3.00
25	2.00	2.00

Members with ten or more years of service and whose age plus service totals 60 or more are assumed to elect deferred vested benefits; other terminations are assumed to elect refunds.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

5. Rate of Mortality for Active Healthy Lives and Retired Healthy Lives at Selected Ages (number of deaths per 10,000 members)*:

	STATE EMPLOYEES		TEACHERS	
Age	**Male**	**Female**	**Male**	**Female**
20	5	3	5	3
25	7	3	6	3
30	9	4	7	3
35	9	5	8	4
40	12	8	10	6
45	17	10	14	9
50	28	15	24	13
55	48	25	40	21
60	86	48	73	41
65	156	93	133	79
70	255	148	217	125

* For State Regular and Teachers 5% of deaths assumed to arise out of and in the course of employment; for State Special 20% of deaths are assumed to arise out of and in the course of employment.

6. Rates of Mortality for Future Disabled Lives and Retired Disabled Lives at Selected Ages (number of deaths per 10,000 members):

	STATE EMPLOYEES		TEACHERS	
Age	**Male**	**Female**	**Male**	**Female**
25	92	72	92	72
30	112	89	112	89
35	134	109	134	109
40	160	126	160	126
45	193	144	193	144
50	236	165	236	165
55	295	191	295	191
60	362	226	362	226
65	446	272	446	272
70	576	331	576	331

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

7. Rates of Retirement at Selected Ages (number retiring per 1,000 members): *

	STATE EMPLOYEES*		TEACHERS	
Age	Tier 1	Tier 2	Tier 1	Tier 2
45	28	28	18	18
50	42	42	39	39
55	103	103	106	106
59	200	148	156	100
60	228	148	225	100
61	133	133	139	100
62	268	250	277	250
63	202	202	224	224
64	221	221	223	223
65	478	478	485	485
70	589	589	570	570

* Members of Special Groups are assumed to retire at a rate of 50% per year, once they reach eligibility for unreduced benefits at every age.

In the case of State Regular and Teacher employees, Tier 1 refers to those who had accrued at least 10 years of service by July 1, 1993. Tier 2 are those who had not or were hired after that date.

8. Rates of Disability at Selected Ages (members becoming disabled per 10,000 members):**

AGE	STATE EMPLOYEES	TEACHERS
25	6.8	4.6
30	7.6	5.0
35	10.2	5.5
40	19.0	6.8
45	27.9	15.5
50	42.7	24.3
55	81.0	33.0
60	119.3	41.8

** 10% assumed to receive Workers Compensation benefits offsetting disability benefit; also, rates for State Special groups are higher by 7 per 10,000 at all ages.

9. Family Composition Assumptions:

80% of active members are married and have two children born when the member is 24 and 28; children are dependent until age 18; female spouse is three years younger than male spouse; member has no dependent parents; unmarried members have beneficiaries entitled to benefits worth 80% as much as those of married members' beneficiaries.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

10. Vacation/Sick Leave Credits:

For members who had ten years of service on July 1, 1993, credits for unused vacation and sick leave may be used to increase final average compensation and/or creditable service. In order to reflect this, projected benefits are increased by 1.0% for state employees and 1.3% for teachers.

11. Changes Since Last Valuation:

None.

B. Actuarial Methods

1. Funding Method:

The Entry Age Normal method is used to determine costs. Under this funding method, a total contribution rate is determined which consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

For Teachers and State Employees, including each of the State Special Plans, a normal cost rate is determined for a typical new entrant. This rate is determined by taking the value, as of age at entry into a plan in the Program, of the member's projected future benefits, reducing it by the value of future member contributions, and dividing it by the value, also as of the member's entry age, of the member's expected future salary.

In addition to contributions required to meet the plan's normal cost, contributions are required to fund the plan's unfunded actuarial liability. The actuarial liability is defined as the present value of future benefits less the present value of future normal costs and future member contributions. The unfunded actuarial liability is the total of the actuarial liability for all members less the actuarial value of assets. The actuarial liability includes projections of future member pay increases and future service credits and should not be confused with the Accrued Benefit Liability.

The unfunded actuarial liability is amortized by annual payments. The payments are determined so that they will be a level percentage of pay, assuming payroll increases 4.75% per year. The UAL measured as of June 30, 2008 is amortized over a 20 year period.

Annual gains and losses are explicitly calculated under this method and are amortized in the same fashion as the rest of the unfunded actuarial liability. The Analysis of Financial Experience discloses the annual gains and losses for this Program.

2. Asset Valuation Method:

For purposes of determining the State contribution to the plans in the Program, we use an actuarial value of assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

In determining the actuarial value of assets, we calculate an expected actuarial value based on cash flow for the year and imputed returns at the actuarial assumption. This expected value is compared to the market value and one-third of the difference is added to the preliminary actuarial value to arrive at the final actuarial value.

C. Plan Provisions

1. Membership:

Membership is a condition of employment for state employees and teachers, and optional for elected and appointed officials.

Membership ceases on the earlier of withdrawal of contributions, retirement, or death.

2. Member Contributions:

Except as otherwise described below, members are required to contribute 7.65% of earnable compensation.

Contribution Requirements for Special State Employee Groups

State police, inland fisheries and wildlife officers, and marine resources officers employed before 9/1/84 - 8.65% of earnable compensation for 20 years; 7.65% thereafter.

Forest rangers and state prison employees employed before 9/1/84 - 8.65% of earnable compensation until eligible for retirement; 7.65% thereafter.

1998 Special Plan employees which include state prison employees, airplane pilots, forest rangers, defense, veterans and emergency management firefighters employed at Bangor International Airport, corrections employees, Baxter State Park Authority rangers, fire marshals, investigators and inspectors, oil and hazardous materials emergency response workers and capitol security officers - 8.65% of earnable compensation for 25 years; 7.65% thereafter.

State police employed on or after 9/16/84 and special agent investigators hired before 6/21/82 - 8.65% of earnable compensation for 25 years; 7.65% thereafter.

Inland fisheries and wildlife officers and marine resources officers employed on or after 9/1/84 - 8.65% of earnable compensation for 25 years; 7.65% thereafter.

3. Average Final Compensation:

For purposes of determining benefits payable, average final compensation is the average annual rate of earnable compensation for the three years of creditable service (not necessarily consecutive) which produce the highest such average.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS
(continued)

For compensation paid on or after July 1, 1993, increases in earnable compensation of greater than 5% per year or 10% over the highest three years are not included in calculating average final compensation unless the employer pays the cost of including such compensation. Earnable compensation does not include sick and vacation pay for those members who had less than ten years of service at July 1, 1993. For members for whom sick and vacation pay is includible in arnable compensation, these payments are included in applying the caps described in the preceding paragraph.

4. Creditable Service:

Creditable service includes service while a member, certain service prior to the establishment of the Program, purchased military service credit, other purchased service credit, and service while receiving disability benefits under the Program.

5. Service Retirement Benefits:

A. Regular Plan (State Employees and Teachers)

i. Provisions for Members With at Least Ten Years of Creditable Service on July 1, 1993

Normal Retirement Age: 60

Eligibility for Members in Active Service and Inactive Members: 25 years of creditable service.

Eligibility Alternative for Members in Active Service: At least one year of creditable service immediately before retirement and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, and not in Active Service on or After October 1, 1999: At least ten years of creditable service and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, but in Active Service on or After October 1, 1999: At least five years of creditable service and at least normal retirement age.

Benefit: 1/50 of average final compensation multiplied by years of membership service and up to 25 years of prior service, reduced by approximately 2¼% for each year retirement age is less than age 60.

Form of Payment: Life annuity.

ii. Provisions for Members With Less Than Ten Years of Creditable Service on July 1, 1993

Normal Retirement Age: 62

Eligibility for Members in Active Service and Inactive Members: 25 years of creditable service.

Eligibility Alternative for Members in Active Service: At least one year of creditable service immediately before retirement age and at least normal retirement age.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

Eligibility for Members not in Active Service at Retirement, and not in Active Service on or After October 1, 1999: At least ten years of creditable service and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, but in Active Service on or After October 1, 1999: At least five years of creditable service and at least normal retirement age.

Benefit: 1/50 of average final compensation multiplied by years of membership service and up to 25 years of prior service, reduced by 6% for each year retirement age is less than age 62.

Form of Payment: Life annuity.

B. Special Plans (State Employees)

i. State Police Employed Before 9/16/84; Inland Fisheries and Wildlife Officers and Marine Resource Officers Employed Before 9/1/84

Eligibility: 20 years of creditable service in named positions.

Benefit: one-half of average final compensation plus 2% for each year of service in excess of 20. If greater, the pro-rated portion of the benefit for service before July 1, 1976 is based on annual pay instead of average final pay.

Form of Payment: 50% joint and survivor annuity, or life annuity.

ii. Forest Rangers Employed Before 9/1/84

Eligibility: Age 50 with 25 years of creditable service as a forest ranger.

Benefit: one-half of average final compensation plus 2% for each year of service earned after qualification for retirement. If greater, the pro-rated portion of the benefit for service before July 1, 1976 is based on annual pay instead of average final pay.

Form of Payment: Life annuity.

iii. Airplane Pilots Employed Before 9/1/84

Eligibility: Age 55 and 25 years of creditable service as an airplane pilot.

Benefit: Greater of (1) one-half of average final compensation plus 2% for each year of service earned after qualification for retirement, and (2) if retiring after age 60, the benefit under the general formula.

Form of Payment: Life annuity.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS
(continued)

iv. Liquor Inspectors Employed Before 9/1/84

Eligibility: Age 55 and 25 years of creditable service as a liquor inspector.

Benefit: one-half of average final compensation plus 2% for each year of service earned after qualification for retirement. If greater, the pro-rated portion of the benefit for service before July 1, 1976 is based on annual pay instead of average final pay.

Form of Payment: Life annuity.

v. State Prison Employees Employed Before 9/1/84

Eligibility: Age 50 and 20 years of creditable service as a prison employee.

Benefit: one-half of average final compensation plus 2% for each year of service earned after qualification for retirement.

Form of Payment: Life annuity.

vi. 1998 Special Plan

1998 Entrants: State prison employees, airline pilots, forest rangers and liquor inspectors, employed after 8/31/84; defense, veterans and emergency management firefighters employed on and after 7/1/98.

2000 Entrants: Baxter State Park Authority rangers, correctional employees and state fire marshals employed on or after 1/1/2000.

2002 Entrants: Capitol security officers and oil and hazardous materials emergency response workers.

Eligibility: Ten years of creditable service under the 1998 Special Plan in one or a combination of the covered capacities and the attainment of age 55 - OR - 25 years of creditable service in one or a combination of the covered capacities.

Benefit: For service prior to coverage in the 1998 Special Plan, 1/50 of average final compensation multiplied by years of service reduced for retirement before age 60 or 62, except certain prison employee benefits are reduced for retirement before age 55.

-AND-

for service under the 1998 Special Plan, 1/50 of average final compensation multiplied by years of service reduced for retirement before age 55.

Form of Payment: Life annuity.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

vii. 25 & Out Plan

1998 Entrants: State police employed on or after 9/16/84 and special agent investigators hired before 6/21/82.

2002 Entrants: Inland fisheries and wildlife officers and marine resources officers employed on and after 8/31/84.

Eligibility: 25 years of creditable service in named positions.

Benefit: 1/50 of average final compensation multiplied by years of service.

Form of Payment: Life annuity.

Members in Special Plans who fail to qualify for special plan benefits can receive regular plan benefits when and as eligible and qualified.

6. Disability Retirement Benefits Other Than No Age Benefits (See Item 7):

Eligibility: Disabled as defined in the MainePERS statutes prior to normal retirement age; employed prior to October 16, 1992 and did not elect No Age Disability Benefits.
Benefit: 66?% of average final compensation, reduced by employment earnings over the specified statutory limit, and to the extent that the benefit, in combination with Worker's Compensation and Social Security, exceeds 80% of average final compensation.

Form of Payment: Payment begins on termination of service and ceases on cessation of disability or after five or two years, depending on disability plan, unless the member is unable to engage in any substantially gainful activity, in which case payments cease on the earlier of ten years following normal retirement age or on the date the service retirement benefit equals or exceeds the disability benefit.

Conversion to Service Retirement: During the period of disability, average final compensation is increased with cost-of-living adjustments and service is credited. On the date when service benefits reach a level of 66?% of average final compensation or ten years after the normal retirement date, if earlier, the disability benefit converts to a service retirement benefit based on service and average final compensation at that point.

7. No Age Disability Retirement Benefits:

Eligibility: Disabled as defined in the MainePERS statutes; employed on or after October 16, 1992 or employed prior to October 16, 1992 and elected the provisions of No Age Disability.

Benefit: 59% of average final compensation, reduced by employment earnings over the specified statutory limit, and to the extent that the benefit, in combination with Worker's Compensation and Social Security, exceeds 80% of average final compensation.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS
(continued)

Form of Payment: Payment begins on termination of service and ceases on cessation of disability or after five or two years, depending on disability plan, unless the member is unable to engage in any substantially gainful activity; in which case payments cease on the date the service retirement benefit equals or exceeds the disability benefit.

Conversion to Service Retirement: During the period of disability, average final compensation is increased with cost-of-living adjustments and service is credited. On the date when service benefits reach a level of 59% of average final compensation, the disability benefit converts to a service retirement benefit based on service and average final compensation at that point.

8. Pre-Retirement Ordinary Death Benefits:

Eligibility: Death while active, inactive eligible to retire, or disabled.

Benefit: Designated beneficiary, spouse, child(ren), or parents entitled to benefit calculated as if deceased member had retired under Option 2 (see item 12); however, beneficiary may elect survivor benefits payable to a surviving spouse, dependent child(ren), parent, or other designated beneficiaries in monthly amounts varying by status of beneficiary and number of eligible survivors. Otherwise accumulated contributions with interest are payable to designated beneficiary, spouse, child(ren), older parents, or estate.

9. Pre-Retirement Accidental Death Benefits:

Eligibility: Death while active or disabled resulting from an injury received in the line of duty.

- If the member is survived by a spouse who has the care of dependent child(ren) of the member, the surviving spouse shall receive an annual sum equal to the member's average final compensation. When there is no longer any dependent child, the surviving spouse shall receive 2/3 of member's average final compensation until death.

- If the member is survived by a spouse who does not have the care of the member's dependent child(ren), the surviving spouse and dependent child(ren) shall share equally an annual sum equal to the member's average final compensation. When there is no longer any dependent child, the surviving spouse shall receive 2/3 of member's average final compensation until death.

- If the member leaves no spouse, the dependent child(ren) shall be paid an annual sum equal to the member's average final compensation. Benefits will cease when the last dependent child no longer meets the definition of "dependent child".

10. Refund of Contributions:

Eligibility: Termination of service without retirement or death.

Benefit: Member's accumulated contributions with interest.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

11. Cost-of-Living Adjustments:

All service and disability retirement and survivor benefits are adjusted each year that there is a percentage change in the Consumer Price Index, based on the Index.

Cost-of-living adjustments are effective September 1 and are applied to all benefits which have been in payment for twelve months. The maximum annual increase or decrease is 4%. Average final compensation used in determining disability benefits for disabled members is similarly adjusted for purposes of determining the recipient's service retirement benefit if and when the recipient moves to service retirement.

Members on service retirement who did not have ten years of service on July 1, 1993 will not receive a cost-of-living adjustment until 12 months after their normal retirement age.

12. Methods of Payment of Service Retirement Benefits:

At retirement, a member who retires with a benefit must choose from the following methods of payment:

Full Benefit: Unadjusted benefit paid for the life of the member only.

Option 1: Cash refund equal to the remaining employee contribution balance, if any, at the date of death (where the employee contribution balance has been reduced each month by the portion of the monthly benefit deemed to be provided by employee contributions).

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Joint and survivor annuity at any percentage other than those available under Option 2 and Option 3.

Option 5: Designated percentage of the benefit (not less than 51%) payable to the member, with the remaining percentage (the two to equal 100%) payable to a beneficiary (may only be a sole beneficiary) while both are alive. At the death of either, the higher of the two percentages is paid to the survivor for the survivor's life, and the lower-percentage benefit ceases to be paid.

Option 6: 100% joint and survivor annuity (Option 2) with pop-up*.

Option 7: 50% joint and survivor annuity (Option 3) with pop-up.*

Option 8: Option 4 with pop-up*.

* The "pop-up" feature attached to a given Option means that in the case of a beneficiary predeceasing the member, the member's benefit will be revised prospectively to the amount that the benefit would have been had the member selected Full Benefit payment upon retirement.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

Consolidated Plan for Participating Local Districts

A. Actuarial Assumptions

1. **Annual Rate of Investment Return:** 7.75%

2. **Cost-of-Living Increases in Benefits:** 3.75% (Where Applicable)

3. **Rates of Termination at Selected Ages*:**

AGE	REGULAR	SPECIAL
25	19.5%	7.5%
30	12.5	7.5
35	10.0	4.2
40	7.5	3.2
45	5.3	2.2
50	3.6	2.0
55	2.3	2.0

* Members with five or more years of service are assumed to elect deferred vested benefits; other terminations are assumed to elect refunds.

4. **Rates of Active Healthy Life Mortality at Selected Ages (number of deaths per 10,000 members)**:**

AGE	MALE	FEMALE
25	7	3
30	9	4
35	9	5
40	12	8
45	17	10
50	28	15
55	48	25
60	86	48
65	156	93
70	255	148

** For Regulars, 5% of deaths are assumed to arise out of and in the course of employment; for Specials, 20% of deaths are assumed to arise out of and in the course of employment.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

5. Rates of Mortality for Disabled Lives at Selected Ages (number of deaths per 10,000 members):

AGE	MALE	FEMALE
25	92	72
30	112	89
35	134	109
40	160	126
45	193	144
50	236	165
55	295	191
60	362	226
65	446	272
70	576	331

6. Rates of Retirement at Selected Ages (number retiring per 1,000 members):

Regular Plans

AGE	ASSUMPTION
25	50
30	50
35	100
40	100
45	100
50	150
55	250
60	400
65	250
70	1,000

Special Plans

50% of those eligible to retire in each year.

7. Rates of Disability at Selected Ages (members becoming disabled per 10,000 members) **:

AGE	REGULAR PLAN	SPECIAL PLAN
25	6	13
30	6	13
35	7	14
40	11	18
45	22	29
50	42	49
55	72	79

** 10% assumed to receive Workers Compensation benefits offsetting disability benefit.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

8. **Family Composition Assumptions:**

   80% of active members are married and have two children born when the member is 24 and 28; children are dependent until age 18; spouses are same age; member has no dependent parents; unmarried members have beneficiaries entitled to benefits worth 80% as much as those of married members' beneficiaries.

9. **Salary Growth Assumption:**

RATES OF INCREASES AT SELECTED AGES	
Age	Increase
25	9.0%
30	7.5
35	5.5
40	5.5
45	5.0
50	4.5
55	4.5
60	4.5

10. **Assumption Changes Since Last Valuation:**

    None.

B. Actuarial Methods

1. **Funding Method:**

   The Entry Age Normal method is used to determine costs. Under this funding method, the total employer contribution rate is determined which consists of two elements, the normal cost rate and the pooled unfunded actuarial liability (PUAL) rate. The actual contribution for a given PLD will include an IUUAL payment as well, unless the PLD came into the Plan with surplus assets.

   For each Regular and Special Plan, a normal cost rate is determined for the average new entrant. This rate is determined by taking the value, as of age at entry into the Plan, of the member's projected future benefits, reducing it by the value of future member contributions, and dividing it by the value, also as of the member's entry age, of the member's expected future salary.

   In addition to normal cost contributions calculated per Plan, the employers in each Plan are required to make contributions to fund that plan's PUAL, if any. The actuarial liability is defined as the present value of future benefits less the present value of future normal costs, less future member contributions, and less expected IUUAL payments. The PUAL is the total of the actuarial liability for all members less the actuarial value of the Plan's assets. The actuarial liability includes projections of future member pay increases and future service credits.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

The Initial Unpooled Unfunded Actuarial Liability (IUUAL) was calculated at entry into the Consolidated Plan for each PLD. For PLDs with liabilities greater than assets, these amounts are amortized by annual payments over a fixed number of years. Additional unpooled unfunded liability amounts that arise for a given PLD after its entry to the Consolidated Plan are amortized over a period of not more than 15 years.

Annual gains and losses are explicitly calculated under this method and are amortized in the same fashion as the rest of the unfunded actuarial liability. The Analysis of Financial Experience discloses the annual gains and losses for this plan.

2. Asset Valuation Method:

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swings in market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is in excess of the 7.75% actuarial assumption for investment return.

C. Plan Provisions

1. Member Contributions:

Members are required to contribute a percent of earnable compensation which varies by Plan as follows:

Regular AC & AN	6.5%
Regular BC	3.0%
Special 1C & 1N	6.5%
Special 2C & 2N	6.5%
Special 3C & 3N	8.0% for first 25 years, 6.5% after
Special 4C & 4N	7.5% for first 25 years, 6.5% after

2. Average Final Compensation:

For purposes of determining benefits payable under the Plan, average final compensation is the average annual rate of earnable compensation for the 3 years of creditable service (not necessarily consecutive) which produce the highest such average.

3. Creditable Service:

Creditable service includes service while a member, certain service prior to the establishment of the Plan, purchased service credit of which there are several types, and service while receiving disability benefits under the Plan.

4. Service Retirement Benefits:

Regular Plan AC

Normal Retirement Age: 60

Eligibility for Member in Active Service and Inactive Members: 25 years of creditable service.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

Eligibility Alternative for Members in Active Service: At least one year of creditable service immediately before retirement and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, and not in Active Service on or after October 1, 1999: At least ten years of creditable service and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, but in Active Service on or After October 1, 1999: At least five years of creditable service and at least normal retirement age.

Benefit: 1/50 of average final compensation multiplied by years of membership service under Consolidated Plan AC reduced by approximately 2¼% for each year that a member is younger than age 60 at retirement.

Form of Payment: Life annuity ("full benefit"), unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 10.

Regular Plan AN

This benefit plan is the same as Regular Benefit Plan AC, except that there is no provision for cost-of-living adjustments.

Regular Plan BC

Normal Retirement Age: 60

Eligibility for Member in Active Service and Inactive Members: 25 years of creditable service.

Eligibility Alternative for Members in Active Service: At least one year of creditable service immediately before retirement and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, and not in Active Service on or After October 1, 1999: At least 10 years of creditable service and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, but in Active Service on or After October 1, 1999: At least five years of creditable service and at least normal retirement age.

Benefit: 1/100 of average final compensation multiplied by years of membership service under Consolidated Plan BC reduced by approximately 2¼% for each year that a member is younger than age 60 at retirement.

Form of Payment: Life annuity ("full benefit"), unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 10.

Regular Plan Notes

1. Under certain circumstances, Regular Plan service can count, on a pro rata basis, toward meeting Special Plan benefit eligibility requirements.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

2. The actual benefit for service earned prior to coverage under the Consolidated Plan may be based on a variable percentage of average final compensation multiplied by years of service under any previous plan(s) (the percentage depends on the previous plan(s)).

Special Plan 1C

Eligibility: 20 years of creditable service in named positions.

Benefit: One-half of average final compensation plus 2% for each year of service in excess of 20.

Form of Payment: Life annuity ("full benefit"), unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 10.

Special Plan 1N

This benefit plan is identical to Special Benefit Plan 1C, except that there is no provision for cost-of-living adjustments.

Special Plan 2C

Eligibility: 25 years of creditable service in named positions.

Benefit: One-half average final compensation plus 2% for each year of service in excess of 25.

Form of Payment: Life annuity ("full benefit"), unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 10.

Special Plan 2N

This benefit plan is identical to Special Benefit Plan 2C, except that there is no provision for cost-of-living adjustments.

Special Plan 3C

Eligibility: 25 years of creditable service in named positions.

Benefit: Two thirds of average final compensation plus 2% for each year of service in excess of 25.

Form of Payment: Life annuity ("full benefit"), unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 10.

Special Plan 3N

This benefit is identical to Regular Benefit Plan 3C, except that there is no provision for cost-of-living adjustments.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

Special Plan 4C

Eligibility: Age 55 with 25 years of creditable service in named positions.

Benefit: 1/50 of average final compensation multiplied by years of membership service under Consolidated Plan 4C reduced by approximately 2¼% for each year that a member is younger than age 55 at retirement.

Form of Payment: Life annuity ("full benefit"), unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 10.

Special Plan 4N

This benefit plan is identical to Special Benefit Plan 4C, except that there is no provision for cost-of-living adjustments.

Special Plan Notes

1. If a Special Plan member fails to meet the Special Plan eligibility criteria, their service retirement benefit is that provided by the applicable underlying Regular Plan; Special Plan service credits are used toward Regular Plan eligibility requirements.

2. Service in all Special Plans counts, on a percentage basis, toward meeting the benefit eligibility requirements of any Special Plan.

3. The actual benefit for service earned prior to coverage under the Consolidated Plan may be based on a variable percentage of average final compensation multiplied by years of service under any previous plan(s) (the percentage depends on the previous plan(s)).

5. Pre-Retirement Accidental Death Benefits:

Eligibility: Death while active or disabled resulting from injury received in the line of duty.

Benefit:

- If the member leaves no dependent children, two-thirds of the member's average final compensation to the surviving spouse until death.

- If the member is survived by a spouse who has the care of dependent child(ren) of the member, the surviving spouse shall receive an annual sum equal to the member's average final compensation. When there is no longer any dependent child(ren), the surviving spouse shall receive two-thirds of member's average final compensation until death.

- If the member is survived by a spouse who does not have the care of the member's dependent child(ren), the surviving spouse and dependent child(ren) shall share equally an annual sum equal to the member's average final compensation. When there is no longer any dependent child(ren), the surviving spouse shall receive two-thirds of member's average final compensation until death.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

- If the member leaves no spouse, the dependent child(ren) shall be paid an annual amount equal to the member's average final compensation. Benefits will cease when the last dependent child no longer meets the definition of "dependent child".

6. **Pre-Retirement Ordinary Death Benefits:**

Eligibility: Death while active, inactive, eligible to retire, or disabled.

Benefit: Designated beneficiary, spouse, child(ren), or parents entitled to benefit calculated as if deceased member had retired under Option 2 (see item 12); however, beneficiary may elect survivor benefits payable to a surviving spouse, dependent child(ren), parents, or other designated beneficiaries in monthly amounts varying by status of beneficiary and number of eligible survivors. Otherwise, accumulated contributions with interest are payable to designated beneficiary, spouse, child(ren), older parent or estate.

7. **Disability Retirement Benefits Other Than No Age Benefits (See Item 8):**

Eligibility: Disabled as defined in the MainePERS statutes, prior to normal retirement age; employed prior to October 16, 1992 and did not elect No Age Disability Benefits.

Benefit: 66?% of average final compensation, reduced by employment earnings over the specified statutory limit, and to the extent that the benefit, in combination with Worker's Compensation and Social Security, exceeds 80% of average final compensation.

Form of Payment: Payment begins on termination of service and ceases on cessation of disability or after five years, unless the member is unable to engage in any substantially gainful activity; in which case payments cease on the earlier of ten years following normal retirement age or date the service retirement benefit equals or exceeds the disability benefit.

Conversion to Service Retirement: During the period of disability, service is credited and average final compensation may be increased with cost-of-living adjustments (see item 10). On the date when service benefits reach a level of 66?% of average final compensation or ten years after the normal retirement date, if earlier, the disability converts to a service retirement benefit based on service and average final compensation at that point.

8. **No-Age Disability Benefits:**

Eligibility: Disabled as defined in the MainePERS statutes; employed on or after October 16, 1992 or employed prior to October 16, 1992 and elected the provisions of No Age Disability.

Benefit: 59% of average final compensation, reduced by employment earnings over the specified statutory limit, and to the extent that the benefit, in combination with Worker's Compensation and Social Security, exceeds 80% of average final compensation.

Form of Payment: Payment begins on termination of service and ceases on cessation of disability or after five years, unless the member is unable to engage in any substantially gainful activity; in which case payments cease on the date the service retirement benefit equals or exceeds the disability benefit.

Conversion to Service Retirement: During the period of disability, service is credited and

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

average final compensation may be increased with cost-of-living adjustments (see item 10). On the date when service benefits reach a level of 59% of average final compensation, the disability benefit converts to a service retirement benefit based on service and average final compensation at that point.

9. Refund of Contributions:

Eligibility: Termination of service other than by retirement or death.

Benefit: Member's accumulated contributions with interest.

10. Cost-of-Living Adjustments (COLA):

All service and disability retirement (and survivor) benefits payable to (or in relation to) benefit recipients who were employed by a PLD that elected a plan which provides for a COLA are adjusted each year that there is a percentage change in the Consumer Price Index, based on the Index. Cost-of-living adjustments are effective September 1 and are applied to all benefits which have been in payment for six months. The maximum annual increase or decrease is 4%.

11. Methods of Payment of Service Retirement Benefits:

At retirement, a member must choose one of the following methods of payment.

Full Benefit: Unadjusted benefit paid for the life of the member only.

Option 1: Cash refund equal to the remaining employee contribution balance, if any, at the date of death (the employee contribution balance having been reduced each month by the portion of the monthly benefit deemed to be provided by employee contributions).

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Joint and survivor annuity at any percentage other than those available under Option 2 and Option 3.

Option 5: Designated percentage of the benefit (not less than 51%) payable to the member, with the remaining percentage (the two to equal 100%) payable to a beneficiary (may only be a sole beneficiary) while both are alive. At the death of either, the higher of the two percentages is paid to the survivor for the survivor's life, and the lower-percentage benefit ceases to be paid.

Option 6: 100% joint and survivor annuity (Option 2) with pop-up*.

Option 7: 50% joint and survivor annuity (Option 3) with pop-up*.

Option 8: Option 4 with pop-up*.

* The "pop-up" feature attached to a given Option means that in the case of a beneficiary predeceasing the member, the member's benefit will be revised prospectively to the amount that the benefit would have been had the member selected Full Benefit payment upon retirement.

JUDICIAL RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

Judicial Retirement Program

A. Actuarial Assumptions

1. **Annual Rate of Investment Return:** 7.75%

2. **Annual Rate of Salary Increase:** 4.00%

3. **Annual Cost-of-Living Increase:** 3.75%

4. **Normal Retirement Age:** Age 60 for members with at least ten years of creditable service on July 1, 1993.

   Age 62 for members with less than ten years of creditable service on July 1, 1993.

5. **Probabilities of Employment Termination at Selected Ages Due to:**

			DEATH	
Age	Disability	Termination	Male	Female
25	.0006	.07	.0007	.0003
30	.0006	.06	.0009	.0004
35	.0007	.05	.0009	.0005
40	.0011	.04	.0012	.0008
45	.0022	.03	.0017	.0010
50	.0042	.02	.0028	.0015
55	.0072	.01	.0048	.0025

6. **Rate of Healthy Life Mortality at Selected Ages:**

AGE	MALE	FEMALE
25	.0007	.0003
30	.0009	.0004
35	.0009	.0005
40	.0012	.0008
45	.0017	.0010
50	.0028	.0015
55	.0048	.0025

7. **Rates of Disabled Life Mortality at Selected Ages:**

AGE	MALE	FEMALE
25	.0092	.0072
30	.0112	.0089
35	.0134	.0109
40	.0160	.0126
45	.0193	.0144
50	.0236	.0165
55	.0295	.0191

JUDICIAL RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS
(continued)

8. **Assumption Changes Since Last Valuation:**

   None.

B. Actuarial Methods

1. **Funding Method:**

   The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability (UAL) rate.

   The normal cost rate is developed for a typical new entrant. This rate is determined by taking the value, as of entry age to the plan, of the member's projected future benefits, reducing it by the value of future member contributions, and dividing it by the value, also as of the member's entry age, of the member's expected future salary.

   In addition to contributions required to meet the plan's normal cost, contributions will be required to fund the plan's unfunded actuarial liability. The actuarial liability is defined as the present value of future benefits, less the present value of future normal costs and future member contributions. The unfunded actuarial liability is the total actuarial liability less the actuarial value of plan assets.

   The unfunded liability is amortized by annual payments over an open 10-year period from June 30, 2008. The payments are determined so that they will be a level percentage of pay, assuming total pay increases 4% per year.

   Annual gains and losses are explicitly calculated under this method and are amortized in the same fashion as the rest of the unfunded actuarial liability. The Analysis of Financial Experience discloses the annual gains and losses for this plan.

2. **Asset Valuation Method:**

   The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swings in market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the 7.75% actuarial assumption for investment return.

C. Plan Provisions

1. **Membership:**

   Membership is a condition of employment for all judges serving on or after December 1, 1984.

   Membership ceases on the earlier of withdrawal of contributions, retirement, or death.

   Judges who retired prior to December 1, 1984 are covered under a different System.

JUDICIAL RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

2. Member Contributions:

Members are required to contribute 7.65% of earnable compensation.

3. Average Final Compensation:

For purposes of determining benefits payable under the System, average final compensation is the average annual rate of earnable compensation for the three years of creditable service (not necessarily consecutive) which produce the highest such average.

For active judges as of July 1, 2003 and July 1, 2004, average final compensation shall be increased to reflect missed salary inreases.

4. Creditable Service:

Creditable service includes the following:

a. all judicial service as a member after November 30,1984;

b. all judicial service before December 1, 1984;

c. service credited while receiving disability benefits under the System; and

d. all service creditable under the Maine Public Employees Retirement System provided the member elects to have is own and the employer's contributions on behalf of the service transferred to the Judicial System.

5. Service Retirement Benefits:

<u>**Eligibility**</u>

a. Eligibility for Members With at Least Ten Years of Creditable Service on July 1, 1993

i. Eligibility for members in active service and inactive members:

25 years of creditable service.

ii. Eligibility alternative for members in active service:

Attainment of age 70 with at least one year of service immediately before retirement.

iii. Eligibility for members not in active service at retirement, and not in active service on or after October 1, 1999:

Attainment of age 60 and ten years of creditable service.

iv. Eligibility for members not in active service at retirement, but in active service on or after October 1, 1999:

Attainment of age 60 and five years of creditable service.

JUDICIAL RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

b. *Eligibility for Members With Less Than Ten Years of Creditable Service on July 1, 1993*

i. Eligibility for members in active service and inactive members:

25 years of creditable service.

ii. Eligibility alternative for members in active service:

Attainment of age 70 with at least one year of service immediately before retirement.

iii. Eligibility for members not in active service at retirement, and not in active service on or after October 1, 1999:

Attainment of age 62 with ten years of creditable service.

iv. Eligibility for Members not in Active Service at Retirement, but in Active Service on or After October 1, 1999:

Attainment of age 62 and five years of creditable service.

Benefit

Sum of:

(1) for service after November 30, 1984 and before July 1, 1998 and creditable service allowed under Section 1302(3), 2% of average final compensation multiplied by years of service;

(2) for service on or after July 1, 1998, 3% of average final compensation multiplied by years of service; and

(3) for judicial service prior to December 1, 1984, 75% of November 30, 1984 salary for the position held at retirement, pro-rated for prior service less than ten years.

The benefit is reduced for retirement before age 60 at the rate of approximately 2¼% for each year retirement age is less than 60, for members with at least ten years creditable service on July 1, 1993; reduced for retirement before age 62 by 6% for each year the member's age is less than age 62, if less than ten years creditable service on July 1, 1993.

Maximum Benefit

Total benefit cannot exceed 70% of average final compensation except as provided under the minimum benefit provision.

Minimum Benefit

For a judge in service and age 50 or older on December 1, 1984, 75% of salary on 6/30/84 for the position held at retirement, increased by 6% per year from 6/30/84 to 6/30/89 or retirement date if earlier, and increased beyond 6/30/89 by the cost-of-living increase granted the previous September.

JUDICIAL RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

Form of Payment

Life annuity; except, for a judge in service and age 50 before December 1, 1984, 50% joint and survivor annuity to surviving spouse.

6. Disability Retirement Benefits Other Than No Age Benefits:

Conditions

Disabled as defined in the Judicial Retirement Program statutes, prior to normal retirement age; employed as a judge prior to October 16, 1992 and did not elect No Age Disability Option.

Benefit

66-2/3% of average final compensation, reduced by employment earnings over the specified statutory limit, and to the extent that the benefit, in combination with worker's compensation and Social Security, exceeds 80% of average final compensation.

Form of Payment

Payment begins on termination of service and ceases on cessation of disability or after two years, unless the member is unable to engage in any substantially gainful activity; in which case payments cease on the earlier of age 70 and the date the service retirement benefit exceeds the disability benefit.

Conversion to Service Retirement

During the period of disability, average final compensation is increased with cost-of-living adjustments and service is credited. On the date when service benefits reach a level of 66-2/3% of average final compensation, or at age 70, if earlier, the disability benefit converts to a service retirement benefit based on service and pay at that point.

7. No Age Disability Retirement Benefits:

Conditions

Disabled as defined in the Judicial Retirement Program statutes; employed as a judge on or after October 16, 1992 or employed as a judge prior to October 16, 1992 and elected the provisions of No Age Disability.

Benefit

59% of average final compensation, reduced by the amount by which employment earnings plus the disability allowance exceeds the current salary of the position held at disability, and to the extent that the benefit, in combination with worker's compensation exceeds 80% of average final compensation. A member in service on 11/30/84 may elect benefits applicable for retirement before December 1, 1984.

JUDICIAL RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

<u>**Form of Payment**</u>

Payment begins on termination of service and ceases on cessation of disability or after two years, unless the member is unable to engage in any substantially gainful activity; in which case payments cease on the date the service retirement benefit exceeds the disability benefit.

<u>**Conversion to Service Retirement**</u>

During the period of disability, average final compensation is increased with cost-of-living adjustments and service is credited. On the date when service benefits reach a level of 59% of average final compensation the disability benefit converts to a service retirement benefit based on service and pay at that point.

8. Pre-Retirement Ordinary Death Benefits:

<u>**Eligibility**</u>

Death while active, inactive eligible to retire or disabled.

<u>**Benefit**</u>

Designated beneficiary, spouse, child(ren), or parents entitled to benefit calculated as if deceased member had retired under Option 2 (see item 12); however, beneficiary may elect survivor benefits payable to a surviving spouse, dependent child(ren), parents, or other designated beneficiaries in monthly amounts varying by status of beneficiary and number of eligible survivors. Otherwise, accumulated contributions with interest are payable to designated beneficiary, spouse, child(ren), older parent or estate.

<u>**Minimum Benefit**</u>

For a judge in service prior to December 1, 1984, one-half of the judge's retirement benefit determined on date of death, payable to the spouse and/or dependent children.

9. Pre-Retirement Accidental Death Benefits:

<u>**Eligibility**</u>

Death while active or disabled resulting from injury received in the line of duty.

<u>**Benefit**</u>

If the member leaves no dependent children, two-thirds of the member's average final compensation to the surviving spouse until death.

- If the member is survived by a spouse who has the care of dependent child(ren) of the member, the surviving spouse shall receive an annual sum equal to the member's average final compensation. When there is no longer any dependent child, the surviving spouse shall receive two-thirds of member's average final compensation until death.

JUDICIAL RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

- If the member is survived by a spouse who does not have the care of the member's dependent child(ren), the surviving spouse and dependent child(ren) shall share equally an annual sum equal to the member's average final compensation. When there is no longer any dependent child, the surviving spouse shall receive two-thirds of member's average final compensation until death.

- If the member leaves no spouse, the dependent child(ren) shall be paid an annual amount equal to the member's average final compensation. Benefits will cease when the last dependent child no longer meets the definition of "dependent child".

10. Refund of Contributions:

Eligibility

Termination of service without retirement or death.

Benefit

Member's accumulated contributions with interest.

11. Cost-of-Living Adjustments:

Except as described below, all service and disability retirement and survivor benefits are adjusted each year there is a percentage change in the Consumer Price Index, based on the Index.

Cost-of-living adjustments are effective September 1 and are applied to all benefits which have been in payment for 12 months. The maximum increase or decrease is 4%. Average final compensation used in determining disability benefits for disabled members is similarly adjusted for purposes of determining the recipient's service retirement benefit if and when the recipient moves to service retirement.

Members on service retirement who did not have at least ten years creditable service on July 1, 1993 are not eligible to receive a cost-of-living adjustment until 12 months after the member reaches normal retirement age.

Minimum benefits are increased 6% per year from July, 1985 through June, 1989, and as described above thereafter.

12. Methods of Payment of Service Retirement Benefits:

At retirement, a member must choose from the following methods of payment:

Full Benefit: Unadjusted benefit is paid for the life of the member only.

Option 1: Cash refund equal to the remaining employee contribution balance at the date of death (where the employee contribution balance has been reduced each month by the portion of the monthly benefit deemed to be provided by employee contributions).

JUDICIAL RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Joint and survivor annuity at any percentage other than those available under Option 2 and Option 3.

Option 5: Designated percentage of the benefit (not less than 51%) payable to the member, with the remaining percentage (the two to equal 100%) payable to a beneficiary (may only be a sole beneficiary) while both are alive. At the death of either, the higher of the two percentages is paid to the survivor for the survivor's life, and the lower-percentage benefit ceases to be paid.

Option 6: 100% joint and survivor annuity with pop-up*.

Option 7: 50% joint and survivor annuity with pop-up*.

Option 8: Option 4 with pop-up*.

* The "pop-up" feature attached to a given Option means that in the case of a beneficiary predeceasing the member, the member's benefit will be revised prospectively to the amount that the benefit would have been had the member selected Full Benefit payment upon retirement.

13. Plan Change Since Last Valuation:

None.

LEGISLATIVE RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

Legislative Retirement Program

A. Actuarial Assumptions

1. **Annual Rate of Investment Return:** 7.75%

2. **Annual Rate of Salary Increase:** 4.75%

3. **Annual Cost-of-Living Increase:** 3.75%

4. **Normal Retirement Age:**

   Age 60 for members with at least ten years of creditable service on July 1, 1993.

   Age 62 for members with less than ten years of creditable service on July 1, 1993.

5. **Probabilities of Employment Termination at Selected Ages Due to:**

			DEATH	
Age	Disability	Termination	Male	Female
25	.0006	.07	.0007	.0003
30	.0006	.06	.0009	.0004
35	.0007	.05	.0009	.0005
40	.0011	.04	.0012	.0008
45	.0022	.03	.0017	.0010
50	.0042	.02	.0028	.0015
55	.0072	.01	.0048	.0025

6. **Rate of Healthy Life Mortality at Selected Ages:**

AGE	MALE	FEMALE
25	.0007	.0003
30	.0009	.0004
35	.0009	.0005
40	.0012	.0008
45	.0017	.0010
50	.0028	.0015
55	.0048	.0025

7. **Rates of Disabled Life Mortality at Selected Ages:**

AGE	MALE	FEMALE
25	.0092	.0072
30	.0112	.0089
35	.0134	.0109
40	.0160	.0126
45	.0193	.0144
50	.0236	.0165
55	.0295	.0191

LEGISLATIVE RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

8. Assumption Changes Since Last Valuation:

None.

B. Actuarial Methods

1. Funding Method:

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability (UAL) rate.

The normal cost rate is developed for a typical new entrant. This rate is determined by taking the value, as of entry age to the plan, of the member's projected future benefits, reducing it by the value of future member contributions, and dividing it by the value, also as of the member's entry age, of the member's expected future salary.

In addition to contributions required to meet the program's normal cost, contributions will be required to fund the program's unfunded actuarial liability. The actuarial liability is defined as the present value of future benefits, less the present value of future normal costs and future member contributions. The unfunded actuarial liability is the total actuarial liability less the actuarial value of plan assets.

The unfunded liability is amortized by annual payments over an open 10-year period. The payments are determined so that they will be a level percentage of pay, assuming total pay increases 4.75% per year.

2. Asset Valuation Method:

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swings in market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the 7.75% actuarial assumption for investment return.

C. Plan Provisions

1. Membership:

Except as provided by statute, membership is mandatory for every Legislator in service in the Legislature on or after December 3, 1986, and optional for those who were members of the Maine Public Employees Retirement System on December 2, 1986.

Membership ceases on the earlier of withdrawal of contributions, retirement, or death.

2. Member Contributions:

Members are required to contribute 7.65% of earnable compensation.

LEGISLATIVE RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

3. Average Final Compensation:

For purposes of determining benefits payable under the System, average final compensation is the average annual rate of earnable compensation for the three years of creditable service (not necessarily consecutive) as a legislator which produce the highest such average.

4. Creditable Service:

Creditable service includes the following:

a. all legislative service as a member after December 2, 1986;

b. all legislative service before December 3, 1986, for which contributions have been made at the rate applicable to the Maine Public Employees Retirement System, including appropriate interest;

c. service credited while receiving disability benefits under the System; and

d. all service creditable under the Maine Public Employees Retirement System as a State Employee, provided the member elects to have the member's own and the employer's contributions on behalf of such service transferred to the Legislative System.

5. Service Retirement Benefits:

<u>**Eligibility**</u>

a. Eligibility for Members with at Least Ten Years of Creditable Service on July 1, 1993

i. Eligibility for members in active service and inactive members:

25 years of creditable service.

ii. Eligibility alternative for members in active service:

Attainment of age 60.

iii. Eligibility for members not in active service at retirement, and not in active service on or after October 1, 1999:

Attainment of age 60 and ten years of creditable service.

iv. Eligibility for members not in active service at retirement, but in active service on or after October 1, 1999:

Attainment of age 60 and five years of creditable service.

LEGISLATIVE RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

b. Eligibility for Members with Less Than Ten Years of Creditable Service on July 1, 1993

i. Eligibility for members in active service and inactive members:

25 years of creditable service.

ii. Eligibility alternative for members in active service:

Attainment of age 62.

iii. Eligibility for members not in active service at retirement, and not in active service on or after October 1, 1999:

Attainment of age 62 with ten years of creditable service.

iv. Eligibility for members not in active service at retirement, but in active service on or after October 1, 1999:

Attainment of age 62 and five years of creditable service.

For eligibility, creditable service includes service under the Maine Public Employees Retirement System.

Benefit

1/50 of average final compensation multiplied by years of creditable service, reduced for retirement before age 60 at the rate of approximately 2¼% for each year retirement age is less than age 60, for members with at least ten years creditable service on July 1, 1993; reduced for retirement before age 62 at the rate of 6% for each year retirement age is less than age 62, for members with less than ten years creditable service on July 1, 1993; minimum benefit $100 per month if at least ten years of creditable service.

Form of Payment

Life annuity.

6. Disability Retirement Benefits Other Than No Age Benefits (See Item 7):

Eligibility

Disabled as defined in the MAINEPERS statutes, prior to normal retirement age; employed prior to October 16, 1992 and did not elect No Age Disability Option.

Benefit

66-2/3% of average final compensation, reduced by employment earnings over the specified statutory limit, and to the extent that the benefit, in combination with worker's compensation and Social Security, exceeds 80% of average final compensation.

LEGISLATIVE RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

Form of Payment

Payment begins on termination of service and ceases on cessation of disability or after five years, unless the member is unable to engage in any substantially gainful activity; in which case payments cease on the earlier of ten years following normal retirement age or the date the service retirement benefit equals or exceeds the disability benefit.

Conversion to Service Retirement

During the period of disability, average final compensation is increased with cost-of-living adjustments and service is credited. On the date when service benefits reach a level of 66-2/3% of average final compensation or ten years after the normal retirement date, if earlier, the disability benefit converts to a service retirement benefit based on service and average final compensation at that point.

7. **No Age Disability Retirement Benefits:**

Eligibility

Disabled as defined in the MAINEPERS statutes; employed on or after October 16, 1992 or employed prior to October 16, 1992 and elected the provisions of No Age Disability.

Benefit

59% of average final compensation, reduced by employment earnings over the specified statutory limit, and to the extent that the benefit, in combination with worker's compensation and Social Security, exceeds 80% of average final compensation.

Form of Payment

Payment begins on termination of service and ceases on cessation of disability or after five years, unless the member is unable to engage in any substantially gainful activity; in which case payments cease on the date the service retirement benefit equals or exceeds the disability benefit.

Conversion to Service Retirement

During the period of disability, average final compensation is increased with cost-of-living adjustments and service is credited. On the date when service benefits reach a level of 59% of average final compensation, the disability benefit converts to a service retirement benefit based on service and average final compensation at that point.

8. **Pre-Retirement Ordinary Death Benefits:**

Eligibility

Death while active, inactive eligible to retire or disabled.

LEGISLATIVE RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

Benefit
Designated beneficiary, spouse, child(ren), or parents entitled to benefit calculated as if deceased member had retired under Option 2 (see item 12); however, beneficiary may elect survivor benefits payable to a surviving spouse, dependent child(ren), parents, or other designated beneficiaries in monthly amounts varying by status of beneficiary and number of eligible survivors. Otherwise, accumulated contributions with interest are payable to designated beneficiary, spouse, child(ren), older parent or estate.

9. **Pre-Retirement Accidental Death Benefits:**

Eligibility

Death while active or disabled resulting from injury received in the line of duty.

Benefit

If the member leaves no dependent children, two-thirds of the member's average final compensation to the surviving spouse until death.

- If the member is survived by a spouse who has the care of dependent child(ren) of the member, the surviving spouse shall receive an annual sum equal to the member's average final compensation. When there is no longer any dependent child, the surviving spouse shall receive two-thirds of member's average final compensation until death.
- If the member is survived by a spouse who does not have the care of the member's dependent child(ren), the surviving spouse and dependent child(ren) shall share equally an annual sum equal to the member's average final compensation. When there is no longer any dependent child, the surviving spouse shall receive two-thirds of member's average final compensation until death.
- If the member leaves no spouse, the dependent child(ren) shall be paid an annual amount equal to the member's average final compensation. Benefits will cease when the last dependent child no longer meets the definition of "dependent child."

10. **Refund of Contributions:**

Eligibility

Termination of service without retirement or death.

Benefit

Member's accumulated contributions with interest.

11. **Cost-of-Living Adjustments:**

All service and disability retirement and survivor benefits are adjusted each year there is a percentage change in the Consumer Price Index, based on the Index.

LEGISLATIVE RETIREMENT PROGRAM
SUMMARY OF ACTUARIAL ASSUMPTIONS, METHODS, AND PLAN PROVISIONS

(continued)

Cost-of-living adjustments are effective September 1 and are applied to all benefits which have been in payment for 12 months. The maximum increase or decrease is 4%. Average final compensation used in determining disability benefits for disabled members is similarly adjusted for purposes of determining the recipient's service retirement benefit if and when the recipient moves to service retirement.

Members on service retirement who did not have at least ten years creditable service on July 1, 1993 are not eligible to receive a cost-of-living adjustment until 12 months after their normal retirement age.

12. Methods of Payment of Service Retirement Benefits:

At retirement, a member who retires with a benefit must choose from the following methods of payment:

Full Benefit: Unadjusted benefit is paid for the life of the member only.

Option 1: Cash refund equal to the remaining employee contribution balance, if any, at the date of death (where the employee contribution balance has been reduced each month by the portion of the monthly benefit deemed to be provided by employee contributions).

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Joint and survivor annuity at any percentage other than those available under Option 2 and Option 3.

Option 5: Designated percentage of the benefit (not less than 51%) payable to the member, with the remaining percentage (the two to equal 100%) payable to a beneficiary (may only be a sole beneficiary) while both are alive. At the death of either, the higher of the two percentages is paid to the survivor for the survivor's life, and the lower-percentage benefit ceases to be paid.

Option 6: 100% joint and survivor annuity (Option 2) with pop-up*.

Option 7: 50% joint and survivor annuity (Option 3) with pop-up*.

Option 8: Option 4 with pop-up*.

* The "pop-up" feature attached to a given Option means that in the case of a beneficiary predeceasing the member, the member's benefit will be revised prospectively to the amount that the benefit would have been had the member selected Full Benefit payment upon retirement.

STATISTICAL SECTION

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATISTICAL SECTION
(unaudited)

This section of the Maine Public Employees Retirement System's Comprehensive Annual Financial Report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditor.

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FINANCIAL TRENDS 124 - 128

These tables contain trend information that may assist the reader in assessing the System's current financial performance by placing it in historical perspective.

Source:

Unless otherwise noted, the information in the Financial Trends tables is derived from the annual financial reports for the relevant year.

OPERATING INFORMATION 129 - 140

These tables contain service and infrastructure indicators that can enhance one's understanding of how the information in the System's financial statements relates to the services the System provides and the activities it performs.

DEFINED BENEFIT PLAN
CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Additions										
Member contributions	154,546,403	150,522,802	155,061,294	144,397,946	138,622,166	132,254,628	128,911,129	122,613,972	116,032,261	112,423,344
Employer contributions	332,102,517	317,757,236	323,376,847	321,901,020	291,615,599	299,900,485	295,154,266	423,674,078	272,419,817	256,351,148
Other contributions	-	-	-	-	-	-	-	-	-	-
Investment Income (net of expenses)	(1,988,123,183)	(337,429,208)	1,538,866,448	663,893,160	942,303,248	1,143,956,814	349,190,234	(532,832,471)	(594,457,402)	676,758,637
Total additions to plan net assets	(1,501,474,263)	130,850,830	2,017,304,589	1,130,192,126	1,372,541,013	1,576,111,927	773,255,629	13,455,579	(206,005,324)	1,045,533,129
Deductions										
Benefit payments	622,604,996	576,345,663	541,387,999	503,027,886	470,218,358	433,798,828	410,080,688	387,950,631	362,594,933	336,010,159
Refunds	45,611,942	27,308,551	21,938,751	18,907,578	15,975,376	15,677,722	13,816,968	15,807,418	17,453,576	17,713,820
Administrative expenses	9,993,542	10,179,823	10,892,369	9,459,332	9,323,141	9,328,218	8,828,510	7,572,748	7,321,806	7,298,667
Total deductions from plan net assets	678,210,480	613,834,037	574,219,119	531,394,796	495,516,875	458,804,768	432,726,166	411,330,797	387,370,315	361,022,646
Change in net assets	$ (2,179,684,743)	$ (482,983,207)	$ 1,443,085,470	$ 598,797,330	$ 877,024,138	$ 1,117,307,159	$ 340,529,463	$ (397,875,218)	$ (593,375,639)	$ 684,510,483

GROUP LIFE INSURANCE PLAN
CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Additions										
Member contributions	4,501,396	5,643,608	6,614,117	6,462,425	6,299,199	6,173,418	6,030,238	5,756,733	5,446,710	5,459,703
Employer contributions	6,812,155	6,363,100	2,223,692	2,170,510	2,157,420	2,171,823	2,029,475	1,892,137	1,769,459	1,733,554
Other contributions	-	220,933	243,115	216,103	211,576	211,691	215,777	184,336	178,086	176,388
Investment Income (net of expenses)	(8,851,694)	(1,755,010)	6,978,299	1,290,819	1,122,921	391,887	2,150,357	2,762,100	3,219,707	1,481,132
Total additions to plan net assets	2,461,857	10,472,631	16,059,223	10,139,857	9,791,116	8,948,819	10,425,847	10,595,306	10,613,962	8,850,777
Deductions										
Benefit payments	9,966,568	8,210,909	8,020,342	7,571,942	7,215,050	7,104,121	7,100,216	8,447,953	6,221,450	7,306,079
Refunds	32,291	20,511	30,157	32,002	17,279	19,535	17,195	14,724	14,688	15,000
Administrative expenses	987,371	842,136	856,436	812,833	841,752	854,891	895,521	734,383	703,686	650,303
Total deductions from plan net assets	10,986,230	9,073,556	8,906,935	8,416,777	8,074,081	7,978,547	8,012,932	9,197,060	6,939,824	7,971,382
Change in net assets	$ (8,524,373)	$ 1,399,075	$ 7,152,288	$ 1,723,080	$ 1,717,035	$ 970,272	$ 2,412,915	$ 1,398,246	$ 3,674,138	$ 879,395

DEFINED BENEFIT AND GROUP LIFE INSURANCE PLANS COMBINED CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Additions										
Member contributions	159,047,799	156,166,410	161,675,411	150,860,371	144,921,365	138,428,046	134,941,367	128,370,705	121,478,971	117,883,047
Employer contributions	338,914,672	324,120,336	325,600,539	324,071,530	293,773,019	302,072,308	297,183,741	425,566,215	274,189,276	258,084,702
Other contributions		220,933	243,115	216,103	211,576	211,691	215,777	184,336	178,086	176,388
Investment Income (net of expenses)	(1,996,974,877)	(339,184,218)	1,545,844,747	665,183,979	943,426,169	1,144,348,701	351,340,591	(530,070,371)	(591,237,695)	678,239,769
Total additions to plan net assets	(1,499,012,406)	141,323,461	2,033,363,812	1,140,331,983	1,382,332,129	1,585,060,746	783,681,476	24,050,885	(195,391,362)	1,054,383,906
Deductions										
Benefit payments	632,571,564	584,556,572	549,408,341	510,599,828	477,433,408	440,902,949	417,180,904	396,398,584	368,816,383	343,316,238
Refunds	45,644,233	27,329,062	21,968,908	18,939,580	15,992,655	15,697,257	13,834,163	15,822,142	17,468,264	17,728,820
Administrative expenses	10,980,913	11,021,959	11,748,805	10,272,165	10,164,893	10,183,109	9,724,031	8,307,131	8,025,492	7,948,970
Total deductions from plan net assets	689,196,710	622,907,593	583,126,054	539,811,573	503,590,956	466,783,315	440,739,098	420,527,857	394,310,139	368,994,028
Change in net assets	$ (2,188,209,116)	$ (481,584,132)	$ 1,450,237,758	$ 600,520,410	$ 878,741,173	$ 1,118,277,431	$ 342,942,378	$ (396,476,972)	$ (589,701,501)	$ 685,389,878

DEFINED BENEFIT PLAN
BENEFIT AND REFUND DEDUCTIONS FROM NET ASSETS
BY TYPE

LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Type of Benefit										
Service retirement benefits	$ 564,341,497	$ 516,877,544	$ 484,050,311	$ 448,493,907	$ 419,704,172	$ 387,324,422	$ 365,631,640	$ 346,156,313	$ 323,949,709	$ 301,236,374
Disability benefits	45,703,611	53,404,352	51,475,049	48,853,164	44,900,918	41,176,546	39,350,573	36,748,652	33,686,219	29,951,365
Pre-Retirement death benefits	12,559,888	6,063,767	5,862,639	5,680,814	5,613,268	5,297,859	5,098,475	5,045,666	4,959,005	4,822,420
Total benefits	$ 622,604,996	$ 576,345,663	$ 541,387,999	$ 503,027,886	$ 470,218,358	$ 433,798,828	$ 410,080,688	$ 387,950,631	$ 362,594,933	$ 336,010,159
Type of Refund										
Death	$ 4,833,774	$ 3,517,392	$ 3,272,721	$ 2,002,560	$ 1,917,019	$ 2,209,683	$ 2,481,807	$ 1,690,232	$ 1,359,147	$ 1,080,789
Separation	38,700,530	21,950,987	17,176,811	15,494,157	12,704,938	11,686,892	10,115,976	11,060,713	13,453,867	15,107,647
Other	2,077,637	1,840,172	1,489,218	1,410,862	1,353,419	1,781,147	1,219,184	3,056,473	2,640,562	1,525,385
Total refunds	$ 45,611,942	$ 27,308,551	$ 21,938,751	$ 18,907,578	$ 15,975,376	$ 15,677,722	$ 13,816,968	$ 15,807,418	$ 17,453,576	$ 17,713,820

GROUP LIFE INSURANCE PLAN
BENEFIT AND REFUND DEDUCTIONS FROM NET ASSETS
BY TYPE

LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Type of Benefit										
Basic active claims	$ 2,109,195	$ 1,667,981	$ 1,650,657	$ 1,553,776	$ 1,680,927	$ 1,451,264	$ 1,684,414	$ 1,559,284	$ 1,227,841	$ 1,421,541
Supplemental claims	1,520,346	1,471,000	1,505,000	1,280,000	846,410	1,612,705	731,000	1,943,000	1,030,982	1,302,693
Dependent claims	190,477	245,000	182,942	218,988	250,344	211,500	314,224	240,086	296,440	318,386
Accidental Death & Dismemberment claims	801,156	95,000	21,000	147,042	233,000	143,027	-	169,042	-	451,601
Basic retiree claims	5,215,134	4,647,103	4,509,130	4,169,092	4,111,284	3,649,725	4,302,678	4,412,198	3,579,737	3,765,336
	9,836,308	8,126,084	7,868,729	7,368,899	7,121,965	7,068,221	7,032,316	8,323,610	6,135,000	7,259,557
Conversion expense	130,260	84,825	151,613	203,044	93,085	35,900	67,900	124,343	86,450	46,522
Total benefits	$ 9,966,568	$ 8,210,909	$ 8,020,342	$ 7,571,942	$ 7,215,050	$ 7,104,121	$ 7,100,216	$ 8,447,953	$ 6,221,450	$ 7,306,079
Type of Refund										
Group Life Insurance premiums	32,291	20,511	30,157	32,002	17,279	19,535	17,195	14,724	14,688	15,000
Total refunds	$ 32,291	$ 20,511	$ 30,157	$ 32,002	$ 17,279	$ 19,535	$ 17,195	$ 14,724	$ 14,688	$ 15,000

DEFINED BENEFIT PLAN - RETIRED MEMBERS BY TYPE OF BENEFIT

Fiscal Year Ending June 30:	Service Retirees	Service Retiree Beneficiary Recipients	Disability Benefit Recipients	Pre-Retirement Death Benefits Recipients	Total Pension Benefit Recipients
2009	24,948	6,417	1,492	2,137	34,994
2008	27,000	3,407	2,733	1,117	34,257
2007	26,416	3,397	2,703	1,134	33,650
2006	25,800	3,360	2,628	1,119	32,907
2005	25,245	3,306	2,531	1,136	32,218
2004	24,603	3,309	2,403	1,109	31,424
2003	24,127	3,271	2,292	1,101	30,791
2002	23,714	3,172	2,165	1,071	30,122
2001	23,285	3,146	2,101	1,114	29,646
2000	22,852	3,074	1,953	1,130	29,009

DEFINED BENEFIT PLAN - AVERAGE BENEFIT PAYMENTS

Retirement Effective Dates

July 1, 1999 - June 30, 2009 — **Years of Creditable Service**

	Less than 5	5-10	10-15	15-20	20-25	25-30	Greater than 30
Period 7/1/1999 to 6/30/2000							
Average Monthly Benefit	108	276	421	709	1,174	1,355	1,925
Average Final Salary	14,350	16,737	15,386	18,931	23,466	27,265	28,803
Number of Active Retirants	399	1,065	2,968	2,431	3,431	4,861	4,696
Period 7/1/2000 to 6/30/2001							
Average Monthly Benefit	113	289	439	740	1,233	1,424	2,028
Average Final Salary	14,796	17,383	16,093	19,593	24,288	28,405	30,555
Number of Active Retirants	389	1,026	2,986	2,400	3,428	5,038	4,895
Period 7/1/2001 to 6/30/2002							
Average Monthly Benefit	118	301	456	768	1,279	1,479	2,109
Average Final Salary	15,389	17,866	16,542	20,259	24,904	29,146	31,792
Number of Active Retirants	391	998	2,989	2,401	3,450	5,191	5,111
Period 7/1/2002 to 6/30/2003							
Average Monthly Benefit	121	306	468	791	1,312	1,515	2,170
Average Final Salary	16,083	18,912	17,361	21,472	26,137	30,469	33,730
Number of Active Retirants	379	968	2,935	2,397	3,473	5,417	5,366
Period 7/1/2003 to 6/30/2004							
Average Monthly Benefit	125	320	487	818	1,347	1,566	2,247
Average Final Salary	16,802	19,889	18,134	22,389	26,958	31,602	35,366
Number of Active Retirants	369	949	2,868	2,420	3,526	5,631	5,610
Period 7/1/2004 to 6/30/2005							
Average Monthly Benefit	132	329	511	855	1,408	1,634	2,343
Average Final Salary	17,769	20,676	18,974	23,337	28,063	32,716	36,905
Number of Active Retirants	375	957	2,827	2,442	3,607	5,843	5,925
Period 7/1/2005 to 6/30/2006							
Average Monthly Benefit	137	339	534	884	1,449	1,688	2,429
Average Final Salary	18,131	21,370	19,934	24,207	28,918	33,712	38,236
Number of Active Retirants	372	972	2,801	2,472	3,644	6,033	6,205
Period 7/1/2006 to 6/30/2007							
Average Monthly Benefit	143	357	561	931	1,514	1,769	2,549
Average Final Salary	18,663	22,659	20,722	25,350	29,825	34,774	39,620
Number of Active Retirants	371	1,009	2,806	2,484	3,682	6,264	6,476
Period 7/1/2007 to 6/30/2008							
Average Monthly Benefit	148	371	585	966	1,565	1,831	2,643
Average Final Salary	19,644	23,981	21,766	26,250	30,720	35,744	41,078
Number of Active Retirants	371	1065	2796	2510	3718	6412	6789
Period 7/1/2008 to 6/30/2009							
Average Monthly Benefit	388	398	616	1,017	1,625	1,907	2,737
Average Final Salary	23,532	24,858	22,828	27,456	31,630	36,735	42,107
Number of Active Retirants	451	1132	2810	2570	3827	6657	7501

DEFINED BENEFIT PLAN
RETIRED MEMBERS BY TYPE OF BENEFIT AND OPTION
As of June 30, 2009

		Type of Retirement				Option Selected									
Amount of Monthly Benefit	Number of Retired Members	1	2	3	4	0	1	2	3	4	5	6	7	8	Other
0 - 250	4,323	1,258	1,317	606	1,142	749	151	201	47	2	1,013	27	8	8	2,117
251 - 500	4,332	1,776	1,845	533	178	1,003	233	250	73	4	1,567	44	11	13	1,134
501 - 750	3,475	1,851	1,212	232	180	997	214	250	92	6	1,019	58	14	22	803
751 - 1000	2,699	1,840	632	86	141	933	193	177	121	9	534	49	20	22	641
1001 - 1250	2,586	2,021	393	27	145	933	222	190	118	8	470	53	34	37	521
1251 - 1500	2,724	2,323	303	5	93	1,011	255	236	164	5	541	52	27	36	397
1501 - 1750	2,679	2,408	187	2	82	1,078	243	207	188	11	508	66	34	42	302
1751 - 2000	2,526	2,295	166	1	64	1,069	233	194	135	14	463	45	44	46	283
2001 - over	9,650	9,176	362	0	112	4,621	866	772	610	123	1,328	241	229	247	613
Totals	34,994	24,948	6,417	1,492	2,137	12,394	2,610	2,477	1,548	182	7,443	635	421	473	6,811

EMPLOYEE CONTRIBUTION RATES

LAST TEN FISCAL YEARS

Employer	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Judicial Employees	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Legislative Employees	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
School Teacher Employees	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
State of Maine Employees										
Employee Class:										
General	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Police	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8.65%
Police - Grandfathered	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
Marine Wardens - Grandfathered	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
Game Wardens - Grandfathered	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
Prison Wardens	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8.65%	8.65%	8.65%
Prison Wardens - Grandfathered	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
Liquor Inspectors - Grandfathered	n/a	n/a	n/a	n/a	n/a	n/a	7.65%	7.65%	7.65%	7.65%
Forest Rangers - Grandfathered	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
1998 Special Groups	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
HazMat/DEP 24030	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	n/a	n/a
Participating Local District Employees										
Employee Class:										
AC - General COLA	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
BC - General COLA	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
1C - Special COLA	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
2C - Special COLA	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
3C - Special COLA	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
4C - Special COLA	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
AN - General No COLA	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
1N - Special No COLA	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
2N - Special No COLA	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
3N - Special No COLA	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
4N - Special No COLA	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

EMPLOYER CONTRIBUTION RATES

LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Judicial Employees	15.85%	15.87%	15.01%	15.09%	18.08%	18.10%	14.93%	14.45%	24.30%	24.12%
Legislative Employees	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School Teacher Employees	16.72%	16.72%	17.23%	17.23%	16.02%	16.05%	17.71%	17.71%	18.34%	18.34%
State of Maine Employees										
Employee Class:										
General	17.37%	17.01%	15.88%	15.52%	13.74%	13.39%	12.43%	12.19%	14.81%	14.47%
Police	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	16.48%
Police - Grandfathered	48.69%	47.70%	44.04%	43.02%	35.00%	34.32%	36.37%	35.65%	43.90%	42.89%
Marine Wardens - Grandfathered	40.67%	39.94%	45.63%	44.55%	38.27%	37.43%	35.36%	35.15%	43.61%	42.62%
Game Wardens - Grandfathered	50.14%	49.11%	47.07%	45.94%	39.03%	38.13%	37.12%	36.35%	40.23%	39.32%
Prison Wardens	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13.88%	16.87%	16.48%
Prison Wardens - Grandfathered	25.68%	25.15%	24.29%	23.70%	17.79%	17.44%	18.76%	18.39%	22.28%	21.76%
Liquor Inspectors - Grandfathered	n/a	n/a	n/a	n/a	n/a	n/a	16.43%	16.02%	20.26%	19.87%
Forest Rangers - Grandfathered	22.18%	21.70%	18.21%	17.79%	15.78%	15.47%	14.93%	14.65%	17.65%	17.27%
1998 Special Groups	19.50%	19.09%	18.11%	17.68%	15.55%	15.21%	14.16%	13.88%	16.87%	16.48%
HazMat/DEP	19.50%	19.09%	18.11%	17.68%	15.55%	15.21%	14.96%	14.68%	n/a	n/a
Participating Local District Employees										
Employee Class:										
AC - General COLA	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	3.30%
BC - General COLA	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	2.00%
1C - Special COLA	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	7.70%
2C - Special COLA	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.70%
3C - Special COLA	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	6.30%
4C - Special COLA	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	4.10%
AN - General No COLA	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%
1N - Special No COLA	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	4.30%
2N - Special No COLA	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.50%
3N - Special No COLA	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	3.40%
4N - Special No COLA	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	2.20%

PRINCIPAL PARTICIPATING EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

2009

Participating Entity	Covered Employees	Rank	Percentage of Total System
State of Maine	15,651	1	26.54%
Maine Veterans Home - Central	1,309	2	2.22%
Portland School Department	1,242	3	2.11%
Portland, City Of	802	4	1.36%
Lewiston School Department	786	5	1.33%
Bangor School Department	672	6	1.14%
Auburn School Department	652	7	1.11%
MSAD #75 Topsham	598	8	0.94%
MSAD #6 Bar Mills	556	9	0.94%
South Portland School Department	519	10	0.88%
All Others	36,872	11	61.43%
Total (605 Participating Entities)	**58,955**		**100.00%**

2001

Participating Entity	Covered Employees	Rank	Percentage of Total System
State of Maine	17,024	1	26.42%
Portland School Department	1,379	2	2.13%
Maine Veterans Home - Central Office	1,113	3	1.73%
Portland, City Of	950	4	1.47%
Bangor School Department	779	5	1.21%
Lewiston School Department	736	6	1.14%
MSAD #75 Topsham	717	7	1.11%
Auburn School Department	688	8	1.06%
Bangor, City Of	628	9	0.97%
MSAD #6 Bar Mills	628	10	0.97%
All Others	39,788	11	61.79%
Total (549 Participating Entities)	**64,430**		**100.00%**

* All Others includes employees covered under two or more employer types

In 2009, "All Others" consisted of:.

Employer Type	Number of Employers	Covered Employees
Judicial Retirement System	1	61
Legislative Retirement System	1	176
Participating Local Districts	316	9,192
School Districts	277	27,443
	595	**36,872**

Note: Covered employees of these employers are eligible to participate in the Defined Benefit Plans administered by MainePERS, which provide normal and disability retirement benefits and certain survivor benefits, as well as benefits under the Group Life Insurance Plan.

EMPLOYERS FOR WHOM MAINEPERS ADMINISTERS RETIREMENT PROGRAMS

PROGRAM: STATE EMPLOYEE / TEACHER RETIREMENT PROGRAM

Participants: **State Employees**
Employer: **State of Maine**
Reporting Entity: **State of Maine**

Participants: **State Employees**
Employers: **Various**
Reporting Entity: **(as follows)**

Central Maine Community College
Eastern Maine Community College
Kennebec Valley Community College
Maine Community College System - Admin
Maine Dairy & Nutrition Council
Maine Developmental Disabilities Council
Maine Potato Board
ME Community College - Career Advantage
MECDHH/Gov. Baxter School for the Deaf
Northern Maine Community College
Southern Maine Community College
University Of Maine
Washington County Community College
Wild Blueberry Commission of Maine
York County Community College

Participants: **Teachers**
Employers: **State of Maine; School Administrative Units for Grant-funded Teachers**
Reporting Entity: **(as follows)**

Acton School Department
Arundel School Department
Auburn School Department
Augusta School Department
Bangor School Department
Biddeford School Department
Brewer School Department
Bridgewater School Department
Brunswick School Department
Bucksport School Department
CSD #3 Boothbay Harbor
CSD #4 Flanders Bay
CSD #7 Mt. Desert
CSD #8 Airline CSD
CSD #9 South Aroostook
CSD #10 Maranacook
CSD #11 Schoodic
CSD #12 East Range
CSD #13 Deer Isle - Stonington
CSD #14 Great Salt Bay - Damariscotta
CSD #15 Oak Hill
CSD #17 Moosabec
CSD #18 Wells-Ogunquit
CSD #19 Five Town CSD
Cape Elizabeth School Department
Caribou School Department
Caswell School Department
Chebeague Island School Department
Cutler School Department
Dedham School Department
Dresden School Department
East Machias School Department
Easton School Department
Ellsworth School Department
Erskine Academy
Falmouth School Department
Fayette School Department
Foxcroft Academy
Freeport School Department
Fryeburg Academy
George Stevens Academy
Glenburn School Department
Gorham School Department
Gould Academy
Harmony School Department
Hermon School Department
Indian Island
Indian Township
Isle Au Haut School Department
Islesboro School Department
Jay School Department
Kittery School Department
Lee Academy
Lewiston School Department
Limestone School Department
Lincoln Academy
Lincolnville School Department
Long Island School Department
MSAD #1 Presque Isle
MSAD #3 Unity
MSAD #4 Guilford
MSAD #5 Rockland
MSAD #6 Bar Mills
MSAD #7 North Haven
MSAD #8 Vinalhaven
MSAD #9 Farmington
MSAD #10 Allagash
MSAD #11 Gardiner
MSAD #12 Jackman
MSAD #13 Bingham
MSAD #14 Danforth
MSAD #15 Gray
MSAD #16 Hallowell
MSAD #17 South Paris
MSAD #18 Bucksport
MSAD #19 Lubec
MSAD #20 Fort Fairfield
MSAD #21 Dixfield
MSAD #22 Hampden
MSAD #23 Carmel
MSAD #24 Van Buren
MSAD #25 Sherman Station

EMPLOYERS FOR WHOM MAINEPERS ADMINISTERS RETIREMENT PROGRAMS

(continued)

TEACHERS *(continued)*

MSAD #26 Ellsworth
MSAD #27 Fort Kent
MSAD #28 Camden
MSAD #29 Houlton
MSAD #30 Lee
MSAD #31 Howland
MSAD #32 Ashland
MSAD #33 St. Agatha
MSAD #34 Belfast
MSAD #35 Eliot
MSAD #36 Livermore Falls
MSAD #37 Harrington
MSAD #38 Etna
MSAD #39 Buckfield
MSAD #40 Waldoboro
MSAD #41 Milo
MSAD #42 Mars Hill
MSAD #43 Mexico
MSAD #44 Bethel
MSAD #45 Washburn
MSAD #46 Dexter
MSAD #47 Oakland
MSAD #48 Newport
MSAD #49 Fairfield
MSAD #50 Thomaston
MSAD #51 Cumberland Center
MSAD #52 Turner
MSAD #53 Pittsfield
MSAD #54 Skowhegan
MSAD #55 Cornish
MSAD #56 Searsport
MSAD #57 Waterboro
MSAD #58 Kingfield
MSAD #59 Madison
MSAD #60 North Berwick
MSAD #61 Bridgton
MSAD #62 Pownal
MSAD #63 East Holden
MSAD #64 East Corinth
MSAD #65 Matinicus
MSAD #67 Lincoln
MSAD #68 Dover-Foxcroft
MSAD #70 Hodgdon
MSAD #71 Kennebunk
MSAD #72 Fryeburg
MSAD #74 North Anson
MSAD #75 Topsham
MSAD #76 Swans Island
MSAD #77 Machias
Machiasport School Department
Madawaska School Department
Maine Central Institute
Maine Education Association
Maine Indian Education
Maine School of Science & Mathematics
Millinocket School Department
Monhegan Plantation School Department
Monmouth School Department
Old Orchard Beach School Department
Old Town School Department
Orland School Department
Orrington School Department
Oxford Hill Technical School #11
Peninsula Community School District
Pleasant Point School
Portland School Department
Raymond School Department
Region 2 Southern Aroostook County
Region 3 Northern Penobscot County
Region 4 Southern Penobscot County
Region 7 Waldo County Technical Center
Region 8 Knox County Vocational School
Region 9 School of Applied Technology
Region 10 Cumberland-Sagadahoc County
Regional School Unit #1
Richmond School Department
Sanford School Department
Scarborough School Department
School Agent Carrabassett
School Agent Coplin Plantation
School Union 52, Winslow
School Union 132, Central Office
School Union 133, Central Office
South Portland School Department
Thornton Academy
Union 7 Dayton
Union 7 Saco
Union 29 Mechanic Falls
Union 29 Minot
Union 30 Durham
Union 30 Lisbon
Union 37 Lincoln Plantation
Union 37 Rangeley
Union 42 Manchester
Union 42 Mount Vernon
Union 42 Readfield
Union 42 Wayne
Union 44 Litchfield
Union 44 Sabattus
Union 44 Wales
Union 47 Administration
Union 47 Georgetown
Union 47 Phippsburg
Union 47 West Bath
Union 47 Woolwich
Union 49 Edgecomb
Union 49 Southport
Union 52 China
Union 52 Vassalboro
Union 60 Greenville
Union 60 Shirley
Union 69 Appleton

EMPLOYERS FOR WHOM MAINEPERS ADMINISTERS RETIREMENT PROGRAMS

(continued)

TEACHERS *(continued)*

Union 69 Hope
Union 74 Bristol
Union 74 Damariscotta
Union 74 Nobleboro
Union 74 South Bristol
Union 76 Brooklin
Union 76 Sedgewick
Union 87 Orono
Union 87 Veazie
Union 90 Alton
Union 90 Bradley
Union 90 Greenbush
Union 90 Greenfield
Union 90 Milford
Union 92 Hancock
Union 92 Lamoine
Union 92 Otis
Union 92 Surry
Union 92 Trenton
Union 93 Blue Hill
Union 93 Brooksville
Union 93 Castine
Union 93 Penobscot
Union 96 Steuben
Union 98 Administration
Union 98 Cranberry Isle
Union 98 Frenchboro
Union 98 Mount Desert
Union 98 Southwest Harbor
Union 98 Tremont
Union 102 Jonesboro
Union 102 Machias
Union 102 Marshfield
Union 102 Northfield
Union 102 Roque Bluffs
Union 102 Wesley
Union 102 Whitneyville
Union 103 Beals
Union 103 Jonesport
Union 104 Charlotte
Union 104 Eastport
Union 104 Pembroke
Union 104 Perry
Union 106 Alexander
Union 106 Calais
Union 106 Robbinston
Union 107 Baileyville
Union 107 Princeton
Union 108 Vanceboro
Union 110 Reed Plantation
Union 113 East Millinocket
Union 113 Medway
Union 122 New Sweden
Union 122 Stockholm
Union 122 Westmanland
Union 122 Woodland
Union 132 Chelsea
Union 132 Jefferson
Union 132 Whitefield
Union 133 Palermo
Union 133 Somerville
Union 133 Windsor
Washington Academy
Waterville School Department
Westbrook School Department
Whiting School Department
Windham School Department
Winthrop School Department
Wiscasset School Department
Yarmouth School Department

PROGRAM:	**LEGISLATIVE RETIREMENT PROGRAM**
Participants:	**Legislators**
Employer:	**State of Maine**
Reporting Entity:	**Office of the Executive Director of the Maine Legislature**

PROGRAM:	**JUDICIAL RETIREMENT PROGRAM**
Participants:	**Judges**
Employer:	**State of Maine**
Reporting Entity:	**Administrative Office of the Courts**

PROGRAM:	**PARTICIPATING LOCAL DISTRICT RETIREMENT PROGRAM**
Employers:	**Participating Local Districts (Active and Withdrawn)**
Reporting Entities:	**(as follows)**

Androscoggin County
Androscoggin Valley Council of Government
Aroostook County
Auburn Housing Authority
Auburn Lewiston Airport
Auburn Public Library
Auburn, City of
Auburn School Support
Auburn Water and Sewer District
Augusta, City of
Augusta School Support
Baileyville, Town of
Baileyville School Support
Bangor Housing Authority
Bangor, City of
Bangor Public Library
Bangor School Support
Bangor Water District
Bar Harbor School Support
Bar Harbor, Town of

EMPLOYERS FOR WHOM MAINEPERS ADMINISTERS RETIREMENT PROGRAMS

(continued)

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS *(continued)*

Bath Water District
Bath, City of
Belfast Water District
Belfast, City of
Berwick Sewer District
Berwick, Town of
Bethel, Town of
Biddeford Housing Authority
Biddeford School Department
Biddeford, City of
Boothbay Harbor, Town of
Boothbay Region Water District
Bowdoinham Water District
Brewer Housing Authority
Brewer, City of
Bridgton Water District
Brunswick Fire and Police
Brunswick Public Library Association
Brunswick Sewer District
Brunswick, Town of
Brunswick School Support
Bucksport, Town of
Bucksport School Support
Calais, City of
Calais School Support
Camden, Town of
Cape Elizabeth Police
Caribou Fire & Police
Carrabassett Valley, Town of
Chesterville, Town of
Cheverus High School
China, Town of
Coastal Counties Workforce Incorporated
Community School District #912
Community School District #915
Community School District #918
Corinna Sewer District
Corinna, Town of
Cumberland County
Cumberland, Town of
Dexter, Town of
Dover-Foxcroft Water District
Dover-Foxcroft, Town of
Durham, Town of
Durham School Support
Eagle Lake Water & Sewer District
East Millinocket, Town of
East Millinocket School Support
Easton, Town of
Eliot, Town of
Ellsworth, City of
Ellsworth School Support
Erskine Academy
Fairfield, Town of
Falmouth Memorial Library
Falmouth, Town of
Falmouth School Support
Farmington Village Corporation
Farmington, Town of
Fayette, Town of
Fort Fairfield Housing Authority
Fort Fairfield Utilities District
Fort Fairfield, Town of
Franklin County
Freeport, Town of
Frenchville, Town of
Fryeburg, Town of
Gardiner Water District
Gardiner, City of
Glenburn, Town of
Glenburn School Support
Gorham School Support
Gorham, Town of
Gould Academy
Grand Isle, Town of
Greater Augusta Utility District
Greenville, Town of
Greenville School Support
Hallowell, City of
Hampden Water District
Hampden, Town of
Hancock County
Harpswell, Town of
Harrison, Town of
Hermon School Support
Hermon, Town of
Hodgdon, Town of
Houlton Water Company
Houlton, Town of
Indian Township Tribal Government
Jackman Utility District
Jay, Town of
Jay School Support
Kennebec County
Kennebec Sanitary Treatment District
Kennebec Water District
Kennebunk Kennebunkport Wells Water District
Kennebunk Light & Power District
Kennebunk Sewer District
Kennebunk, Town of
Kennebunkport, Town of
Kittery School Support
Kittery Water District
Kittery, Town of
Lebanon, Town of
Lewiston Auburn 911
Lewiston Housing Authority
Lewiston, City of
Lewiston-Auburn Water Pollution Control Authority
Lewiston School Support
Limestone, Town of

EMPLOYERS FOR WHOM MAINEPERS ADMINISTERS RETIREMENT PROGRAMS

(continued)

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS *(continued)*

Limestone School Support
Lincoln Academy
Lincoln County
Lincoln County Sheriffs
Lincoln Sanitary District
Lincoln Water District
Lincoln, Town of
Lincoln & Sagadahoc Multi-County Jail Authority
Linneus, Town of
Lisbon Water Department
Lisbon, Town of
Lisbon School Support
Livermore Falls Water District
Livermore Falls, Town of
Lovell, Town of
Lubec Water & Electric District
Lubec, Town of
M.A.D.S.E.C.
MSAD #9 Farmington
MSAD #13 Bingham
MSAD #16 Hallowell
MSAD #21 Dixfield
MSAD #29 Houlton
MSAD #31 Howland
MSAD #41 Milo
MSAD #49 Fairfield
MSAD #51 Cumberland
MSAD #53 Pittsfield
MSAD #54 Skowhegan
MSAD #60 Berwick
MSAD #67 Lincoln
MSAD #71 Kennebunk
Madawaska Water District
Madawaska, Town of
Madawaska School Support
Maine County Commissioners Association
Maine International Trade Center
Maine Maritime Academy
Maine Municipal Bond Bank
Maine Principals' Association
Maine Public Employees Retirement System
Maine School Management Association
Maine State Housing Authority
Maine Turnpike Authority
Maine Veterans' Homes
Mapleton, Town of
Mars Hill Utility District
Mars Hill, Town of
Mechanic Falls Sanitary District
Mechanic Falls School Support
Mechanic Falls, Town of
Medway School Support
Medway, Town of
Mexico, Town of
Milford, Town of
Millinocket, Town of
Millinocket School Support
Milo Water District
Monmouth, Town of
Monson, Town of
Mount Desert Island Regional
Mount Desert Water District
Mt. Desert School Support
Mt. Desert, Town of
Naples, Town of
New Gloucester, Town of
Newport, Town of
Newport Water District
North Berwick, Town of
Norway Water District
Norway, Town of
Ogunquit, Town of
Old Orchard Beach, Town of
Old Orchard Beach School Support
Old Town Housing Authority
Old Town Water District
Old Town, City of
Old Town School Support
Orland, Town of
Orland School Support
Orono, Town of
Orono School Support
Orrington, Town of
Orrington School Support
Otisfield, Town of
Oxford County
Oxford, Town of
Paris Utility District
Paris, Town of
Penobscot County
Penquis C.A.P.
Phippsburg, Town of
Phippsburg School Support
Piscataquis County
Pittsfield, Town of
Pleasant Pt. Passamaquoddy Reservation Housing Auth.
Portland Housing Authority
Portland Public Library
Portland, City of
Portland School Support
Princeton, Town of
Princeton School Support
Region 4 So. Penobscot
Regional School Unit 1
Richmond Utility District
Richmond, Town of
Rockland, City of
Rockport, Town of
Rumford Fire & Police
Rumford Mexico Sewerage District
Rumford Water District

EMPLOYERS FOR WHOM MAINEPERS ADMINISTERS RETIREMENT PROGRAMS

(continued)

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS *(continued)*

Rumford, Town of
Rumford School Support
Sabattus, Town of
Sabattus School Support
Saco, City of
Saco School Support
Sagadahoc County
Sanford Housing Authority
Sanford Sewerage District
Sanford Water District
Sanford, Town of
Sanford School Support
Scarborough, Town of
Scarborough School Support
Searsport Water District
Searsport, Town of
Skowhegan, Town of
Somerset County
South Berwick Sewer District
South Berwick Water District
South Berwick, Town of
South Portland Housing Authority
South Portland, City of
South Portland School Support
St. Agatha, Town of
Thompson Free Library
Topsham Sewer District
Topsham, Town of
Tri-Community Recycle/Sanitary Landfill
Van Buren Housing Authority
Van Buren, Town of
Vassalboro, Town of
Veazie Fire & Police
Waldo County
Waldo County Technical Center
Waldoboro, Town of
Washburn, Town of
Washington County
Waterville Fire & Police
Waterville Sewer District
Wells, Town of
Westbrook Fire & Police
Westbrook, City of
Westbrook Housing Authority
Westbrook School Support
Wilton, Town of
Windham, Town of
Winslow School Support
Winslow, Town of
Winter Harbor Utility District
Winterport Water & Sewer Districts
Winthrop, Town of
Yarmouth Water District
Yarmouth, Town of
Yarmouth School Support
York County
York Sewer District
York Water District
York, Town of

PROGRAM: **PARTICIPATING LOCAL DISTRICT RETIREMENT PROGRAM**

Individual Employers: **Withdrawn (Non-Consolidated) Participating Local Districts**
Reporting Entities: **(as follows)**

Bingham Water District
Bradford, Town of
Bridgton, Town of
Brownville, Town of
Cape Elizabeth, Town of
Cape Elizabeth School Support
Community School District #903
Cranberry Isles
Damariscotta, Town of
Exeter, Town of
Fort Kent, Town of
Garland, Town of
Georgetown School Support
Georgetown, Town of
Greater Portland Council of Government
Howland, Town of
Knox County
Limestone Water & Sewer District
MSAD #34 Belfast
MSAD #56 Searsport
Maine Development Foundation
Maine Municipal Association
Mid-Maine Waste Action Corporation
Milo, Town of
New Canada, Town of
Norway-Paris Solid Waste Incorporated
Presque Isle, City of
Readfield, Town of
Richmond School Support
Sabattus Sanitary District
Thomaston, Town of
Wallagrass Plantation
Western Maine Community Action

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