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# Maine State Retirement System Annual Report for the Fiscal Year Ended June 30, 1991

Maine State Retirement System

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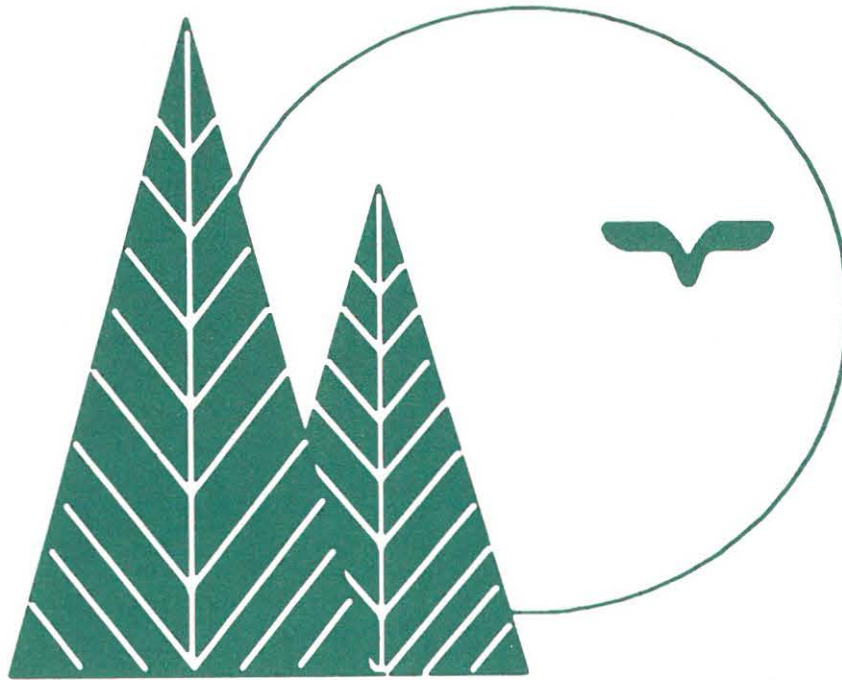
# MAINE STATE RETIREMENT SYSTEM

Annual Report for the Fiscal Year Ended June 30, 1991

AUG 06 1992

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MAINE STATE RETIREMENT SYSTEM  
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## REPORT FROM THE EXECUTIVE DIRECTOR FOR THE FISCAL YEAR ENDING JUNE 30, 1991

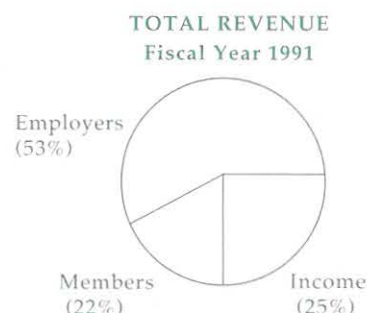
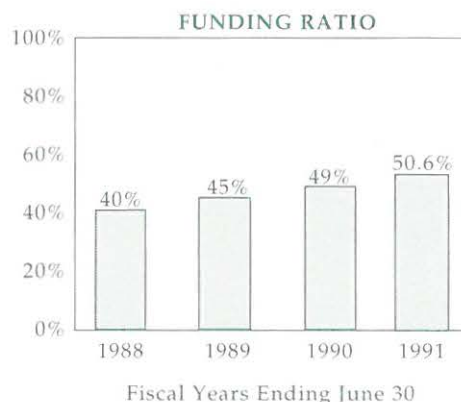
### OVERVIEW

The fiscal year for the System ended on a mixed note. On the positive side, the System's financial condition continued to improve as indicated by the funding ratio calculated by the System's actuary. This ratio measures the relationship between the System's assets and liabilities. As such, an increasing funding ratio indicates that the System's financial condition is improving. Specifically, the funding ratio increased from 49% to 50.6% in the last fiscal year. Four years ago, the ratio stood at 40%.

Although this year's improvement in the ratio is encouraging, it does not foretell the future. The future improvement depends on the State's willingness to continue funding the program at required levels, and that willingness is uncertain. At year's end, \$13.5 million of contributions were deferred and additional deferrals of \$73.4 million were scheduled to occur during the next two years. These deferrals coupled with increases in liabilities due to retirement incentive programs and furlough days work to increase the System's unfunded liability near term and thereby reduce the funding ratio.

However, actual growth in assets is difficult to predict. Should investment returns exceed expectations in the next few years, the negative effects of the liability increases would be mitigated. Whether exceptional investment returns should be expected to make up for deferred contributions and other factors contributing to the System's unfunded liability is another question for State lawmakers, the Governor, System members, and others to consider when considering the future of the Maine State Retirement System.

During the upcoming budget cycle, we here at the Maine State Retirement System will endeavor to work closely with the Administration and the Legislature to help address these complex funding issues so that both the State's current needs and the System's future needs can be met.



### INVESTMENTS

Investment returns for the year ended June 30, 1991, were 6.14%; for the five years preceeding June 30, 1991, they were 8.04%. Although the one-year returns were lower than expected, the long term returns as represented by the five-year period continue to meet expectations.

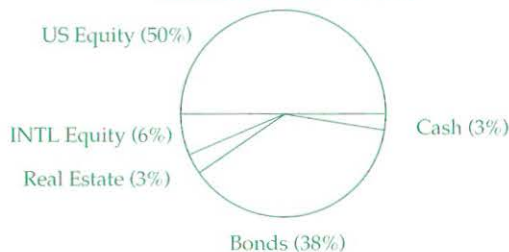




### ASSET ALLOCATION: LONG-TERM TARGETS

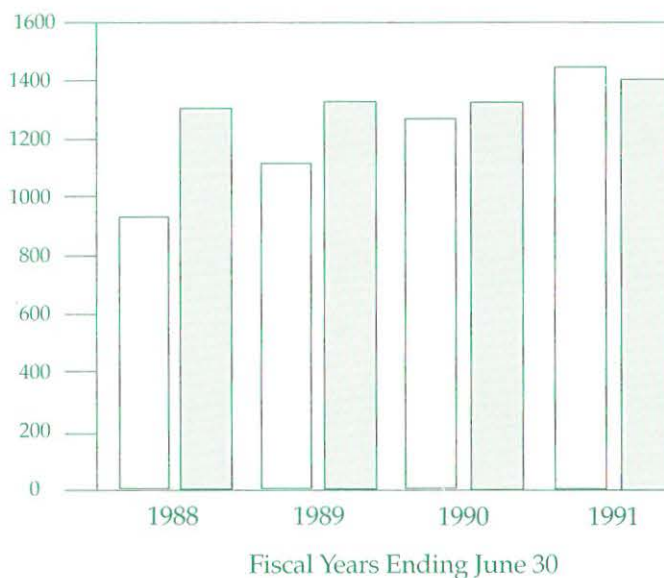


### ASSET ALLOCATION: MARKET VALUE 06/30/91



### INVESTED ASSETS VS. UNFUNDED LIABILITY

Millions of \$\$



During the year, the Board of Trustees maintained a broadly diversified portfolio with holdings in domestic and international stocks, bonds, real estate, and cash. Index funds, which provide a broad market representation of securities at a relatively low cost, continue to be used along with an assortment of active managers who invest System assets.

Historically, the Board has been very active in monitoring the performance of its investment managers and over the past five years has replaced a number of firms as a result. The Board employs the services of an investment consultant to assist it in this process and to provide technical support as required.

As always, the Board will continue to explore various investment options presented to it in order to maintain its policy of diversification while earning the maximum return possible within acceptable limits of risk.

## LIABILITIES

The System's unfunded accrued benefits liability (UBL), excluding the participating local districts (PLDs), was \$1.39 billion at year's end, representing an increase of \$86 million or 6.6% compared to the previous year. However, despite the UBL increasing during the year, the System's funding ratio improved. This indicates that System assets grew at a faster rate than liabilities, reflecting a positive trend that has developed during the past five years.

However, this positive trend does not mean there is not cause for some concern at the present time. A large one-time gain is reflected in the current figures (\$61 million) that resulted from plan modifications enacted by the Legislature during last year's special session. Prospectively, the Legislature has deferred a portion of employer contributions for the next two years, which will have a negative effect on the System's funding status. The "Actuaries' Report" provides further details regarding the System's funding situation.

An important objective adopted by the Board of Trustees when it formulated the System's investment strategy and actuarial assumptions was to develop a funding program that maintained a level percent of payroll over time. The underlying principle is that although payrolls are expected to increase over time, the employer's contribution rate, expressed as a percentage, will remain relatively constant.





## BENEFITS AND PLAN DESIGN

The Retirement System continues to provide a comprehensive package of employee benefits in the areas of retirement, life insurance, disability, and survivors' benefits.

Retirement is offered as a defined benefit program in which benefits are calculated at the point of retirement based on a prescribed formula. The Life Insurance Program provides term insurance with various supplemental options whereby an employee can increase coverage at a reasonable rate. Finally, the Disability and Survivors' Programs are designed to protect employees and their families in the event of death or illness prior to retirement.

During the 115th Legislative session, the Legislature enacted plan amendments modifying benefits of employees with less than seven years of creditable service as of December 1, 1991. As previously indicated, this change resulted in a decrease of \$61 million in the unfunded liability.

The Legislature also formed a commission to develop a plan to comply with recently enacted Federal mandates concerning disabled workers. The *Older Workers Benefit Protection Act* requires the State to expand its disability coverage for older workers and modify the manner in which it pays benefits. The commission is to report back to the Legislature with its recommendations and implementation program to insure compliance. The new program must be implemented by November 1992.

## MEMBERSHIP

Membership in the Retirement System as of June 30, 1991, stood at 108,344, an increase of 840 over the previous year. In conjunction with the growth in membership, the number of participants receiving benefits (including retirement disability and survivor benefits) also continues to increase and approximated 23,791 as of June 1991, with a total of over \$184 million being disbursed in annual benefits.

The Retirement System continues to offer term life insurance coverage to all public sector employees as well as retirees throughout the State. Current coverage exceeds \$5 billion and is expected to increase into the future. The program offers low-cost coverage to all eligible employees as well as their spouses and dependents. The System's actuary has initiated an extensive review of the life insurance reserves to determine if they are adequate to meet current and future obligations. This review will ensure that benefits will be paid into the future at a reasonable expense to both the employers and employees.

The System also acts as the Social Security coverage agents for the State and local governments. Although its responsibilities were reduced by the Omnibus Budget Reconciliation Act of 1986, the legislation did not relieve the System from the administrative duties of phasing out collection and deposit responsibilities until April 1990. The System also continues to assist employers in applying for Social Security and Medicare coverages, and acting as intermediaries when questions arise.

Congress has mandated that all public sector employees not otherwise covered by a qualified pension plan be covered under Social Security. The Internal Revenue Service has also issued regulations further clarifying requirements for Social Security. The MSRS will make every effort to work with employers throughout the State in order to ensure compliance by year's end.

## ADMINISTRATION

The Retirement System performs an important role as the administrator of the various State retirement, life insurance, disability and survivors' benefit programs. This role includes recordkeeping, counseling, determining eligibility and communicating with the System's members about their benefits.

Unfortunately, the System's ability to continue to improve service to its membership while maintaining adequate internal controls is now questionable in light of recent events. Furlough and shutdown days will reduce staff time





for performing these functions while benefit changes and retirement incentive programs add to the workload. The MSRS will make every effort to minimize the disruption to plan participants, but delays in responding to questions and processing retirement applications will be inevitable.

We here at the Retirement System continue to value our good relationship with all plan participants and their employers, and will continue to seek ways of maintaining that relationship through these difficult times.

**Claude R. Perrier**  
**Executive Director**

## SYSTEM SUMMARY

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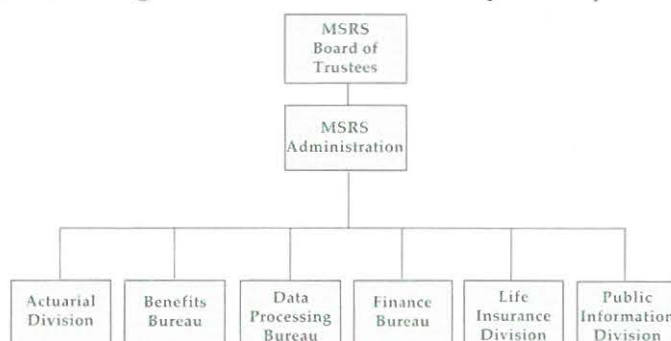


## OVERVIEW

The Maine State Retirement System was established by the legislature in 1942. It is a contributory retirement system covering all public school teachers, state employees (except members of the Judiciary and Legislature, who are covered under the Judicial and Legislative Retirement Systems), and the employees of 275 political subdivisions.

The responsibility for the operation of the Retirement System is vested in the Board of eight Trustees. The Board formulates policies for and exercises general supervision over the System under the provisions of 5 MRSA Chapters 421, 423, and 425, and appoints the Executive Director, who is charged with the administrative responsibility of the System, including approval of benefit payments.

The Board is comprised of members elected by the Maine State Employees Association (MSEA), the Maine Teachers Association (MTA), the Maine Municipal Association (MMA), four members appointed by the Governor—one who is a retired teacher nominated by the Maine State Retired Teachers Association (MSRTA) and one who is retired under the system and who is selected from a list or lists submitted by retired state employees and retired local district employees—and the State Treasurer, who serves as an ex-officio member.



## MEMBERS OF THE BOARD OF TRUSTEES

as of June 30, 1991

Jon A. Lund, Chairman  
 David S. Wakelin, Vice Chairman  
 George Burgoyne  
 William J. Deering, Ph.D.  
 Charles M. Jackson  
 John Kimball  
 Grover MacLaughlin  
 Samuel Shapiro

Governor's Appointment  
 Governor's Appointment  
 MSEA  
 Retired & Governor's Appt.  
 MMA  
 MTA  
 MSRTA & Governor's Appointment  
 State Treasurer, Ex-officio Member

The Board employs an actuary whose duties include making funding recommendations to the Legislature and preparing annual valuations of the assets and liabilities of the system on the basis of actuarial assumptions adopted by the Board. The actuary is also required to make such investigations of the experience of the System as deemed necessary.

A medical board composed of three physicians who are not eligible to participate in the System assist the Board in evaluating disability retirement claims.

As of June 30, 1991, there were 46,529 active members, including:

State Employees	14,658
Teachers	22,905
Participating Local Districts	8,966

In addition, there were 38,034 inactive accounts representing deposits by former members who have terminated service and whose contributions have been left on deposit with the System.





## ASSETS

As of June 30, 1991, the book value of the total assets of the Maine State Retirement System amounted to \$1,892.5 million, an increase of \$130.0 million over assets at the beginning of the year. The composition of the assets is as follows:

Stock	\$1,041.3 million
Bonds	676.6 million
Mortgage-Type Investments	168.0 million
Cash Due from Other Funds	4.7 million
Other Assets	13.4 million
Due Other Funds	(11.7 million)
(Judicial and Legislative Retirement Systems)	

These assets had a market value of \$2,152 million at year end.

## TRUST FUND RESERVES

The System's trust fund reserves were \$1,884.0 million as of June 30, 1991, an increase of \$127.5 million over reserves at the beginning of the year. A comparison of these reserves by membership grouping is as follows:

	<u>June 30, 1991</u>	<u>June 30, 1990</u>
State Employees	\$ 604.8 million	\$ 547.3 million
Teachers (post-July 1, 1924)	871.8 million	777.2 million
Teachers (pre-July 1, 1924)	(220.6) million	(189.0) million
Participating Local Districts	456.2 million	418.2 million
Consolidated (Disability and Survivor Benefits)	171.8 million	202.8 million
TOTAL	\$1,884.0 million	\$1,756.5 million

The pre-July 1, 1924 teacher account deficit increased slightly this year. The accumulated deficit represents the excess of benefit payments with interest charges over any funding or contributions made by the State and individual teachers in this particular category.

Employer contributions to the System for benefits during the past fiscal year totaled \$168.8 million. They were made as follows:

State Employees	\$75.6 million
Teachers	64.3 million
Participating Local Districts	28.9 million

Individual member contributions totaled \$72.4 million, as compared with \$68.0 million during the previous year.



## NET INCOME FROM INVESTMENTS

Net income from investments amounted to \$80.6 million, summarized as follows:

1. Net Gain/Sale of Securities		\$12.7 million
2. Income from Investments		
A. Bond Interest	\$59.8 million	
B. Stock Dividends	12.1 million	
C. Loan Premiums	0.2 million	
	<hr/>	
TOTAL		\$72.1 million
3. Less: Investment/Management Fees		(\$3.9) million
		<hr/>
TOTAL INCOME FROM INVESTMENTS		\$80.9 million
4. Investment Income Distribution		
A. Maine State Retirement System	\$80.1 million	
B. Judicial Retirement System	0.7 million	
C. Legislative Retirement System	0.1 million	
	<hr/>	
TOTAL DISTRIBUTION OF INVESTMENT INCOME		\$80.9 million

Expenditures and other charges to the fund totaled \$193.8 million during the year ended June 30, 1991. Retirement benefit payments totaled \$180.2 million; payments to survivors of former members were \$3.1 million; and refunds to former members and beneficiaries of former members were \$10.5 million.

## RETIREMENT ALLOWANCE PAYROLL AND RETIREES

For the month of June 1991, the retirement allowance payroll totaled \$15.5 million and was distributed as follows:

	<u>Payroll Dollars</u>	<u>Number of Retirees</u>
Regular Benefit Recipients	\$13.0 million	19,237
Beneficiaries of Deceased Retirees	1.2 million	2,514
Disability Benefit Recipients	1.0 million	1,034
Survivor Benefit Recipients	0.3 million	1,006
	<hr/>	
TOTAL	\$15.5 million	23,791

Retirement allowance payments during the recent fiscal year were \$13.3 million more than retirement allowance payments during the previous year. The increase in payments was due to a larger number of retirees, the statutory 4.0% cost-of-living increase granted in September 1990, and to higher average final compensation.





## GROUP LIFE INSURANCE

The State Group Life Insurance Plan is administered by the Board of Trustees of the Maine State Retirement System and is available to all public school teachers, state employees, and the employees of those participating local districts that elect to provide the plan for their employees. There are three sections of the Group Life Insurance Program: basic, supplemental, and dependent plans. The basic plan offers insurance equal to the member's annual compensation, rounded up to the nearest \$1,000. Members can purchase supplemental insurance in increments equal to one, two, or three times their annual salary. There are two levels of benefits also available under dependent life insurance. Employee participation is optional under all plans.

The Group Life Insurance Fund assets, which are invested through a fund manager, totaled \$22.7 million at fiscal year end. The breakdown is as follows:

Cash	\$ 1.3 million
Bonds	21.0 million
Stocks	0.3 million
Accrued Interest	0.1 million

Funds received during fiscal year 1991 amounted to \$7.2 million. This included premiums from employees and employers amounting to \$5.5 million and earnings on investments of \$1.7 million.

Charges to the Group Life Insurance Program included payments in the following categories in fiscal year 1991:

Claims: Active Employees/Dependents	\$4.20 million
Retired Persons	1.92 million
Administrative Expenses	0.50 million

The Reserve for Future Premiums, which totaled \$11.9 million at June 30 1991, is held for the payment of premiums on account of retired State employees and teachers. Retired persons who participated in the Group Life Insurance Program for 10 continuous years prior to their retirement carry this insurance into retirement at no cost under the statute. Premiums for retired State employees and teachers are paid from the Reserve for Future Premiums. Premiums for retired PLD employees are paid by their former employers.

## SOCIAL SECURITY

On October 17, 1986, Congress passed the Omnibus Budget Reconciliation Act of 1986, which transferred responsibility for depositing State and local government Social Security contributions from the individual State Social Security Agencies to the Internal Revenue Service, effective January 1, 1987. However, the budget reconciliation bill did not change the status of the State as the Social Security coverage agent for State and local government coverage. It also did not release the State from liability for the time up to and including tax year 1986 until April 15, 1990, when corrections become barred under the Federal Statute of Limitations. The legislation did not relieve the State from the administrative costs of phasing out the collection and deposit responsibilities until April 1990.

On April 7, 1986, the President signed Public Law 99-272, the Consolidated Omnibus Reconciliation Act of 1985. This law mandated that state and local employees hired after March 31, 1986, as well as employees hired prior to April 1, 1986, who were working in positions not considered to be substantial and regular, be covered by the Medicare portion of the Social Security tax if they were not already covered by Social Security. The collection of the tax and the audit of returns for this "Medicare only" coverage was also administered by this office.

When Congress initially enacted Section 218 of the Social Security Act providing Social Security coverage to state and local governments, it realized the need for the State Social Security Agencies to be funded for their intermediary role as collector, auditor, depositor, and liaison between the sub-state entities and the Social Security Administration. States were allowed to retain the investment earnings gained from their collections prior to deposit through the



Federal Reserve Banking System. Today all 50 states fund the operation of their Social Security Agencies directly or indirectly from these interest earnings.

In removing the Social Security collection and deposit responsibility for local government employees from the individual states, Congress eliminated a source of funding needed by states to continue their role in administering Section 218 Social Security coverage for state and local government employees. The wage and contributions for both Medicare and Social Security for all the years including 1986 for the State of Maine has been reconciled to the wage and tax statements (W-2s) and any and all necessary corrections have been made. It now remains a matter for the Federal government to balance its records with those of the State of Maine.





## STATISTICAL AND FINANCIAL INFORMATION

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## STATISTICAL DATA SUMMARY FOR FISCAL YEARS 1985 TO 1991

### RETIREMENT AND SURVIVOR BENEFIT PAYMENTS

<u>Fiscal Year ending June 30</u>	<u>Retirement Payments</u>	<u>Survivor Benefit Payments</u>
1991	\$180,240,581	\$3,094,169
1990	167,483,164	2,508,650
1989	155,286,147	2,186,009
1988	143,426,113	2,139,130
1987	133,329,267	2,231,083
1986	125,371,133	2,034,197

### MEMBER AND EMPLOYER CONTRIBUTIONS

<u>Fiscal Year ending June 30</u>	<u>Employee</u>	<u>Employer</u>
1991	\$72,350,546	\$168,770,434
1990	67,973,299	217,814,910
1989	61,303,632	187,138,244
1988	55,866,375	176,388,571 *
1987	51,322,687	146,804,654 *
1986	47,503,907	140,201,854

\*includes \$19,859,100 funding for the non-contributory teachers provided by the Legislative Appropriation Act.

### NUMBERS OF RETIREMENT ALLOWANCE RECIPIENTS

<u>Fiscal Year ending June 30</u>	<u>Total</u>
1991	23,791
1990	23,212
1989	22,806
1988	22,071
1987	20,298
1986	19,569

**BALANCE SHEET AS OF JUNE 30, 1991****ASSETS**

1. Investments	
A. Bonds	\$ 676,604,458.19
B. Common Stocks	1,041,317,070.73
C. Mortgages	48,568.31
D. Commingled Funds	
1. Morgan Guaranty	155,101,648.03
2. Travelers	12,854,438.86
E. Land & Building	2,377,511.72
F. Due Other Funds*	
	(11,668,433.81)

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Total Investments	\$1,876,635,262.03
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2. Other Assets	
A. Cash-Due from Other Funds	\$16,353,675.79
B. Cash-Fiduciary Due from Other Funds	(11,591,877.84)
C. Accrued Interest	9,330,056.42
D. Capital Equipment	1,510,861.88
E. Accounts Receivable	306,591.20

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Total Other Assets	\$ 15,909,307.05
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<b><u>TOTAL ASSETS</u></b>	<b><u>\$1,892,544,569.48</u></b>
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**TRUST RESERVES AND LIABILITIES**

1. Trust Reserves	
A. Members Contribution Fund-Current	\$ 788,452,855.37
B. Members Contribution Fund-Prior	39,450.35
C. Retirement Allowance Fund	1,056,572,964.47
D. Survivor Benefit Fund	38,908,061.25

---

Total Trust Reserves	\$1,833,973,331.44
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2. Liabilities & Operating Reserves	
A. Accounts Payable	\$ 257,790.26
B. Reserve for Expenditures	596,953.04
C. Retirees Health Insurance	7,615,686.25
D. Suspense Account	100,808.49

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Total Liabilities & Operating Reserves	\$ 8,571,238.04
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<b><u>TOTAL TRUST RESERVES AND LIABILITIES</u></b>	<b><u>\$1,892,544,569.48</u></b>
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\*Assets Due the Judicial Retirement System  
Assets Due the Legislative Retirement System

\$11,021,367.44  
647,066.37



## TRUST RESERVES AND LIABILITY DETAIL AS OF JUNE 30, 1991

### 1. TRUST RESERVES

A. Members Contribution Fund-Current		
1. State	\$243,304,776.82	
2. Teachers		
a. pre-July 1, 1924	0.00	
b. post-July 1, 1924	420,555,547.37	
3. Participating Districts	109,582,748.86	
4. Consolidated		
a. Accidental Death	0.00	
b. Disability	15,009,782.32	
c. Survivor Benefit	0.00	
Total		\$ 788,452,855.37
B. Members Contribution Fund-Prior		
1. Teachers pre-July 1, 1924	\$ 39,450.35	\$ 39,450.35
C. Retirement Allowance Fund		
1. State	\$361,612,889.76	
2. Teachers		
a. pre-July 1, 1924	(220,569,480.08)	
b. post-July 1, 1924	451,188,984.84	
3. Participating Districts	346,310,928.61	
4. Consolidated		
a. Accidental Death	5,121,345.86	
b. Disability	112,908,295.48	
c. Survivor Benefit	0.00	
Total		\$1,056,572,964.47
D. Survivor Benefit Fund	\$ 38,908,061.25	\$ 38,908,061.25

<u>TOTAL TRUST RESERVES</u>	<u>\$1,883,973,331.44</u>
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### 2. LIABILITIES AND OPERATING RESERVES

A. Accounts Payable	\$ 257,790.26
B. Reserve for Expenditures	\$ 596,953.04
C. Retirees Health Insurance	\$ 7,615,686.25
D. Suspense Account	\$ 100,808.49

<u>TOTAL LIABILITIES AND OPERATING RESERVES</u>	<u>\$ 8,571,238.04</u>
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<u>TOTAL TRUST RESERVES AND LIABILITIES</u>	<u>\$1,892,544,569.48</u>
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## COMPARATIVE BALANCE SHEET FOR THE FISCAL YEARS ENDING JUNE 30, 1991 AND JUNE 30, 1990

<u>ASSETS</u>	<u>at June 30, 1991</u>	<u>at June 30, 1990</u>	<u>Increase (Decrease)</u>
1. Investments			
A. Bonds	\$ 676,604,458.19	\$ 676,365,268.05	\$ 239,190.14
B. Common Stocks	1,041,317,070.73	846,850,126.78	194,466,943.95
C. Mortgages	48,568.31	52,261.19	(3,692.88)
D. Commingled Funds			
1. Morgan Guaranty	155,101,648.03	192,396,370.37	(37,294,722.34)
2. Travelers	12,854,438.86	12,908,111.76	(53,672.90)
E. Land & Building	2,377,511.72	2,355,391.57	22,120.15
F. Due Other Funds*	(11,668,433.81)	(9,969,751.66)	(1,698,682.15)
Total Investments	\$1,876,635,262.03	\$1,720,957,778.06	\$155,677,483.97
2. Other Assets			
A. Cash-Due from Other Funds	\$ 16,353,675.79	\$ 35,481,518.54	(\$ 19,127,842.75)
B. Cash-Fiduciary Due from Other Funds	(11,591,877.84)	(2,543,800.53)	(9,048,077.31)
C. Accrued Interest	9,330,056.42	9,339,638.96	(9,582.54)
D. Capital Equipment	1,510,861.88	995,396.86	515,465.02
E. Accounts Receivable	306,591.20	363,745.57	(57,154.37)
Total Other Assets	\$ 15,909,307.45	\$ 43,636,499.40	(\$ 27,727,191.95)
<b><u>TOTAL ASSETS</u></b>	<b><u>\$1,892,544,569.48</u></b>	<b><u>\$1,764,594,277.46</u></b>	<b><u>\$127,950,292.02</u></b>
 <b><u>TRUST RESERVES AND LIABILITIES</u></b>			
1. Trust Reserves			
A. Members Contribution Fund-Current	\$ 788,452,855.37	\$ 721,977,424.91	\$ 66,475,430.46
B. Members Contribution Fund-Prior	39,450.35	48,129.93	(8,679.58)
C. Retirement Allowance Fund	1,056,572,964.47	987,794,756.42	68,778,208.05
D. Survivor Benefit	38,908,061.25	46,641,593.25	(7,733,532.00)
Total Trust Reserves	\$1,883,973,331.44	\$1,756,461,904.51	\$127,511,426.93
2. Liabilities and Operating Reserves			
A. Accounts Payable	\$ 257,790.26	\$ 1,472,225.88	(\$ 1,214,435.62)
B. Reserve for Expenditures	596,953.04	524,008.21	72,944.83
C. Retirees Health Insurance	7,615,686.25	6,022,930.99	1,592,755.26
D. Suspense Account	100,808.49	113,207.87	(12,399.38)
Total Liabilities and Operating Reserves	\$ 8,571,238.04	\$ 8,132,372.95	\$ 438,865.09
<b><u>TOTAL TRUST RESERVES AND LIABILITIES</u></b>	<b><u>\$1,892,544,569.48</u></b>	<b><u>\$1,764,594,277.46</u></b>	<b><u>\$127,950,292.02</u></b>

\* Amounts shown are due Legislative & Judicial Retirement Systems.





## NET INCOME FROM INVESTMENT OPERATIONS FOR THE 12 MONTHS ENDING JUNE 30, 1991

Gains/Losses on Security Sales		
A. Gain on Sale of Stock	\$12,852,086.62	
B. Loss on Sale of Bonds	(127,178.41)	
	<hr/>	
Net Gain on Security Sales		\$12,724,908.21
Income from Investments		
A. Interest Paid-Bonds	\$59,802,005.20	
B. Cash Dividends-Stock	12,097,269.65	
C. Premiums Paid-Loan of Securities	147,930.09	
D. Interest Paid-Mortgages	7,404.82	
	<hr/>	
Total Income from Investments		\$72,054,609.76
Deductions from Investment Income		
A. Investment Advisor & Custodial Fees	\$3,737,461.09	
B. General Operating Expenses	182,893.94	
	<hr/>	
Total Deductions from Investment Income		(\$ 3,920,355.03)
		<hr/>
<b><u>NET INCOME FROM INVESTMENTS*</u></b>		<b><u>\$80,859,162.94</u></b>
* Income Due to Judicial Retirement System	\$652,243.05	
Income Due to Legislative Retirement System	\$42,485.87	



## INVESTMENT BOOK AND MARKET VALUES AS OF JUNE 30, 1991

<u>Investments</u>	<u>Book Value</u>	<u>Market Value</u>
Bonds	\$ 676,604,458.19	\$ 740,591,428.00
Stocks	1,041,317,070.73	1,192,973,813.00
Mortgages	48,568.31	44,566.00
Comingled Funds:		
Morgan Guaranty	155,101,648.03	178,428,214.00
Travelers Insurance	12,854,438.86	12,349,302.00
Land/Building	2,377,511.72	2,301,000.00
Cash-Due from Other Funds	16,353,675.79	16,353,675.00
Cash-Fiduciary	(11,591,877.84)	(2,663,405.00)
Accrued Interest	9,330,056.42	9,330,056.00
Capital Equipment	1,510,861.88	1,510,862.00
Accounts Receivable	306,591.20	306,591.00
	<hr/>	<hr/>
SUBTOTAL	\$1,904,213,003.29	\$2,151,526,102.00
Due Other Funds*	(11,668,433.81)	0.00
	<hr/>	<hr/>
<u>TOTAL</u>	<u>\$1,892,544,569.48</u>	<u>\$2,151,526,102.00</u>

\*Assets Due the Judicial and Legislative Retirement Systems



## CHANGES IN TRUST FUND RESERVES FOR THE 12 MONTHS ENDING JUNE 30, 1991

<u>BALANCE IN TRUST FUND RESERVES ON JULY 1, 1990</u>		\$1,756,461,904.51
ADDITIONS		
A. Employer Contributions		
1. State Employees	\$ 75,542,251.13	
2. Teachers	64,279,825.12	
3. Participating Districts	28,948,357.39	
	<hr/>	
Total Employer Contributions		\$168,770,433.64
B. Employee Contributions		
1. State Employees	\$ 21,124,264.72	
2. Teachers	38,964,680.50	
3. Participating Districts	12,251,600.38	
	<hr/>	
Total Employee Contributions		\$ 72,340,545.60
C. Net Income from Investments		
Net Income	\$ 80,859,162.94	
(Less: Due Judicial/Legislative)	(694,728.92)	
	<hr/>	
Total Net Income from Investments		\$ 80,164,434.02
		<hr/>
TOTAL ADDITIONS		\$ 321,275,413.26
DEDUCTIONS		
A. Retirement Allowances		
Paid & COLA	\$180,240,580.58	
B. Survivor Benefits	3,094,169.24	
C. Refunds	10,429,236.51	
	<hr/>	
TOTAL DEDUCTIONS		\$(193,763,986.33)
		<hr/>
NET INCREASE		127,511,426.93
		<hr/>
<u>BALANCE IN TRUST FUND RESERVES ON JUNE 30, 1991</u>		<u>\$1,883,973,331.44</u>

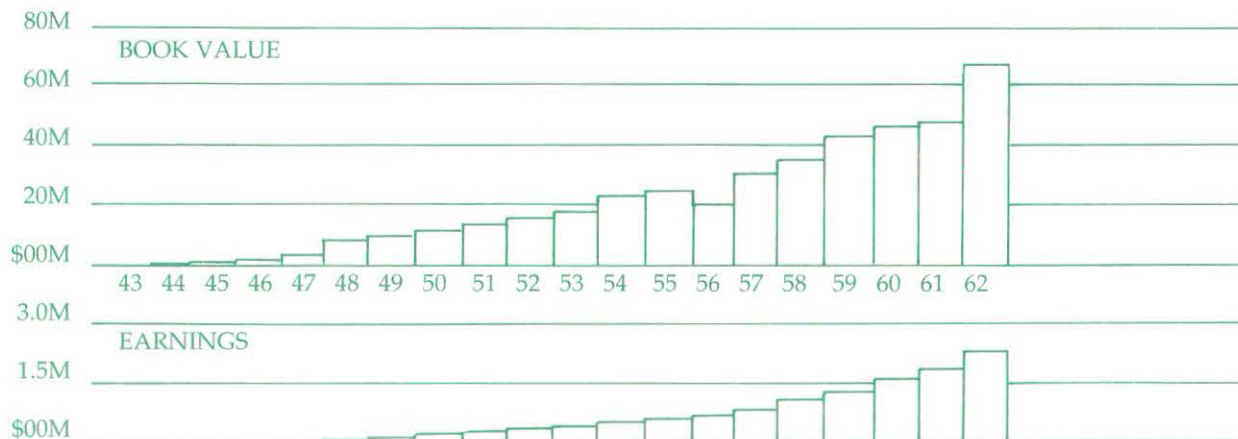


## 20-YEAR SUMMARY OF EARNINGS: JULY 1, 1942 - JUNE 30, 1962

<u>Fiscal Year Ending June 30</u>	<u>Book Value of Investments</u>	<u>Net Increase in Investment Book Value</u>	<u>Earnings for the Year * (Accrual Basis)</u>
1943	\$ 576,142.97	\$ 318,000.00	\$ 1,884.35
1944	1,026,142.97	450,000.00	12,154.46
1945	1,486,142.97	460,000.00	25,560.90
1946	1,930,142.97	444,000.00	50,140.29
1947	2,489,142.97	559,000.00	52,522.09
1948	7,263,648.72	4,774,505.75	159,487.91
1949	9,038,648.72	1,775,000.00	206,934.14
1950	11,023,648.72	1,985,000.00	256,688.07
1951	12,934,768.72	1,911,120.00	317,497.98
1952	15,432,488.89	2,497,720.17	368,620.65
1953	17,823,719.34	2,391,230.45	464,578.19
1954	21,346,256.29	3,522,536.95	576,314.21
1955	24,801,155.43	3,454,899.14	713,411.34
1956	20,012,312.28	4,211,156.85	820,511.51
1957	33,137,935.09	4,125,622.81	1,014,162.82
1958	38,302,811.29	4,164,876.20	1,233,750.20
1959	44,511,070.88	6,208,259.59	1,473,324.30
1960	50,880,174.72	6,359,103.84	1,781,368.02
1961	57,633,773.71	6,753,598.99	2,145,427.31
1962	66,498,248.08	8,864,474.37	2,540,623.88

\* Earnings applicable to all Trust Fund Reserves

BOOK VALUE OF INVESTMENTS & EARNINGS FOR YEAR FISCAL YEAR 1943/1962



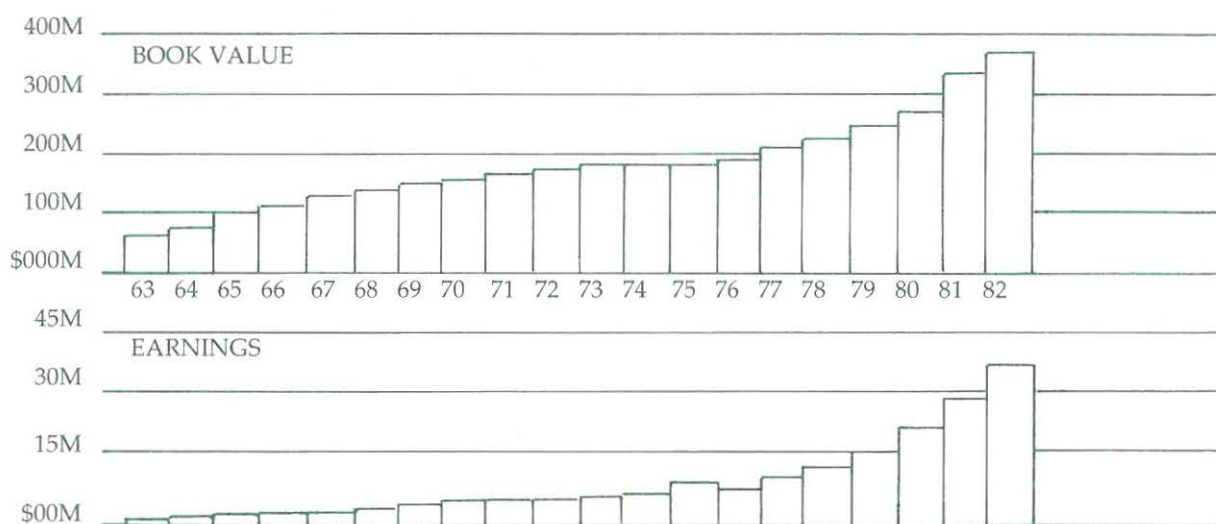


## 20-YEAR SUMMARY OF EARNINGS: JULY 1, 1962 - JUNE 30, 1982

<u>Fiscal Year Ending June 30</u>	<u>Book Value of Investments</u>	<u>Net Increase in Investment Book Value</u>	<u>Earnings for the Year * (Accrual Basis)</u>
1963	\$ 75,022,765.44	\$ 8,524,517.36	\$ 2,925,300.13
1964	85,913,758.52	10,890,993.08	3,328,056.40
1965	96,930,762.57	11,017,004.05	3,870,496.12
1966	108,555,742.38	11,624,979.81	4,475,359.34
1967	120,564,775.29	12,009,032.91	5,070,389.31
1968	135,081,371.78	14,516,596.49	5,741,943.99
1969	150,501,422.09	15,420,050.31	6,103,338.79
1970	163,500,431.87	12,999,009.76	6,310,034.78
1971	175,261,654.19	11,761,222.32	6,357,344.92
1972	184,789,453.85	9,527,799.66	6,593,475.25
1973	185,867,989.22	1,078,535.37	6,651,554.76
1974	188,846,484.91	2,978,495.69	8,344,366.67
1975	188,397,103.61	(449,381.30)	9,386,916.98
1976	193,878,411.56	5,481,307.95	8,861,728.87
1977	206,401,915.73	12,523,504.17	10,751,249.86
1978	230,676,904.21	24,274,988.48	12,899,069.24
1979	247,923,507.81	17,246,603.60	16,314,180.33
1980	272,523,379.27	24,599,871.46	21,918,345.94
1981	346,806,884.82	74,283,505.55	28,628,894.51
1982	383,750,315.90	36,943,431.08	37,883,766.72

\* Earnings applicable to all Trust Fund Reserves

### BOOK VALUE OF INVESTMENTS & EARNINGS FOR YEAR FISCAL YEAR 1963/1982







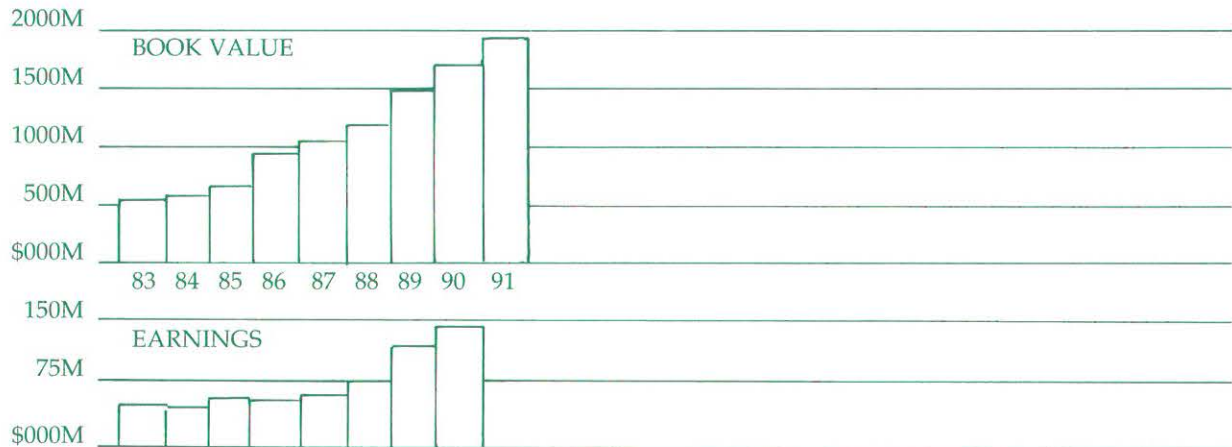
## 8-YEAR SUMMARY OF EARNINGS: JULY 1, 1982 - JUNE 30, 1991

<u>Fiscal Year Ending June 30</u>	<u>Book Value of Investments</u>	<u>Net Increase in Investment Book Value</u>	<u>Earnings for the Year * (Accrual Basis)</u>
1983 **	\$ 558,616,451.76	\$174,866,135.86	\$ 39,351,815.31
1984	608,064,138.37	49,447,686.61	38,999,433.27
1985	739,717,509.89	116,892,719.22	49,530,863.11
1986	985,219,232.88	245,501,722.99	47,093,860.43
1987	1,133,419,105.21	148,199,872.33	53,417,394.28
1988	1,232,019,924.16	98,600,818.95	76,190,284.72
1989	1,493,743,313.45	261,723,389.29	124,309,924.44
1990	1,720,957,778.06	227,214,464.61	142,029,430.02
1991	1,904,213,003.29	183,255,224.23	80,859,162.94
1992			
1993			
1994			
1995			
1996			
1997			
1998			
1999			
2000			
2001			
2002			

\* Earnings applicable to all Trust Fund Reserves

\*\* Incl \$105,000,000 in "New Cash" for Fiscal Year 1983

### BOOK VALUE OF INVESTMENTS & EARNINGS FOR YEAR FISCAL YEAR 1983/1991

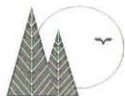




## STATEMENT OF TRUST FUND BALANCES AS OF JUNE 30, 1991

Ref Nbr	Plan or District Name	Members' Contribution	Retirement Allowance	Total Trust Fund Reserves
1	State of Maine	\$243,304,776.82	\$361,612,889.76	\$604,917,666.58
2	Portland	18,277,802.08	36,165,693.33	54,443,495.41
3	Millinocket	1,235,282.80	4,267,464.45	5,502,747.25
4	Presque Isle	1,746,779.88	5,774,735.40	7,521,515.28
5	Cumberland County	780,337.25	2,225,756.63	3,006,093.88
6	Disability	15,009,782.32	112,908,295.48	127,918,077.80
7	Teachers (post-July 1, 1924)	420,555,547.37	451,188,984.84	871,744,532.21
8	Camden	323,675.73	861,546.45	1,185,222.18
9	South Portland	2,440,014.40	12,017,544.14	14,457,558.54
10	Houlton	358,570.35	1,228,689.45	1,587,259.80
11	Penobscot County	467,214.42	1,849,879.41	2,317,093.83
12	Kittery Water District	289,835.54	616,789.08	906,624.62
13	Ellsworth	434,068.29	1,466,666.30	1,900,734.59
14	Kittery	616,465.80	2,367,239.29	2,983,705.09
15	Bar Harbor	341,577.62	1,145,702.54	1,487,280.16
16	Mount Desert	319,107.00	1,008,601.19	1,327,708.19
17	Fort Fairfield	62,900.39	633,523.88	696,424.27
18	Rockland	741,471.61	4,424,588.63	5,166,060.24
19	Bath Water District	225,322.06	702,005.97	927,328.03
20	Bangor	10,637,569.28	30,964,120.18	41,601,689.46
21	Boothbay Harbor Water District	123,395.79	235,655.71	359,051.50
22	Bangor Public Library	405,033.04	1,027,572.22	1,432,605.26
23	Augusta	4,756,385.82	13,673,747.84	18,430,133.66
24	Gardiner	744,585.18	2,071,973.81	2,816,558.99
25	Teachers (pre-July 1, 1924)	0.00	(220,569,480.08)	(220,569,480.08)
26	Houlton Water District	571,960.37	1,985,612.61	2,557,572.98
27	Auburn	3,192,119.30	14,415,102.22	17,607,221.52
28	York	839,948.20	1,516,520.45	2,356,468.65
29	Limestone Water/Sewer	43,058.95	87,384.11	130,443.06
30	Saint Agatha	8,198.06	123,346.43	131,544.49
31	Kennebec Water District	249,279.57	594,834.73	844,114.30
32	Livermore Falls Water District	120,194.58	383,396.11	503,590.69
33	Knox County	54,526.38	331,880.56	386,406.94
34	Augusta Water District	238,003.15	1,153,792.08	1,391,795.23
35	Belfast	353,239.51	1,136,422.40	1,489,661.91
36	Calais	373,550.92	1,001,129.23	1,374,680.15
37	York County	286,480.55	1,557,793.94	1,844,274.49
38	Maine Maritime Academy	1,900,959.30	10,658,710.21	12,559,669.51
39	York Water District	127,485.13	352,244.66	479,729.79
40	Washington County	211,599.64	825,852.83	1,037,452.47





**STATEMENT OF TRUST FUND BALANCES**  
**AS OF JUNE 30, 1991**  
(continued)

<u>Ref Nbr</u>	<u>Plan or District Name</u>	<u>Members' Contribution</u>	<u>Retirement Allowance</u>	<u>Total Trust Fund Reserves</u>
41	Portland Public Library	818,024.68	1,912,080.96	2,730,105.64
42	Brunswick	1,902,409.51	7,174,706.50	9,077,116.01
43	Auburn Public Library	71,142.33	302,633.91	373,776.24
44	Maine-NH Bridge Authority	0.00	0.00	0.00
45	Jay	405,390.07	1,256,594.08	1,661,984.15
46	Waldo County	151,992.43	682,821.95	834,814.38
47	Kennebec County	276,208.53	1,128,923.83	1,405,132.36
48	Lewiston	5,518,317.32	22,779,681.53	28,297,998.85
49	Maine Turnpike Authority	5,239,773.84	14,090,683.39	19,330,457.23
50	SAD 31	84,654.72	396,896.92	481,551.64
51	Auburn Sewer District	83,439.52	241,723.68	325,163.20
52	Auburn Water District	222,660.50	717,599.03	940,259.53
54	East Millinocket	568,790.63	1,533,759.90	2,102,550.53
55	Maine Municipal Association	138,583.38	381,086.83	519,670.21
56	Hancock County	262,741.18	1,018,438.51	1,281,179.69
57	Oxford County	301,323.48	1,272,015.20	1,573,338.68
58	Falmouth Memorial Library	43,982.78	100,992.63	144,975.41
59	Bangor Water District	239,411.95	808,416.86	1,047,828.81
60	Rumford Fire/Police	611,021.49	3,754,367.42	4,365,388.91
61	Orono	269,869.01	894,424.83	1,164,293.84
62	Kennebunk Light/Power	230,841.33	716,797.03	947,638.36
63	Brewer	1,530,026.07	3,530,946.24	5,060,972.31
64	Augusta Sanitary District	421,472.59	1,013,927.50	1,435,400.09
65	Rumford Water District	91,064.00	429,084.76	520,148.76
66	Waterville Fire/Police	1,471,967.95	4,438,813.85	5,910,781.80
67	Androscoggin County	470,987.74	1,741,199.04	2,212,186.78
68	Brewer Water District	60,141.85	206,771.36	266,913.21
69	Baileyville	52,007.29	289,866.39	341,873.68
70	Westbrook Fire/Police	964,113.66	6,685,189.87	7,649,303.53
71	Greater Portland Public Development	0.00	0.00	0.00
72	Brunswick Sewer District	141,069.31	458,588.33	599,657.64
73	Bath	2,129,125.66	10,776,096.31	12,905,221.97
74	Mexico	206,096.93	447,002.15	653,099.08
75	Accidental Death	0.00	5,121,345.86	5,121,345.86
76	Lincoln	351,910.52	869,057.52	1,220,968.04
77	SAD 34	297,863.97	1,113,537.20	1,411,401.17
78	SAD 28	0.00	21,049.29	21,049.29
79	Old Town Water District	179,661.95	324,591.35	504,253.30
80	Skowhagan	589,258.46	2,136,232.75	2,725,491.21
81	Topsham	196,956.82	542,821.38	739,778.20



## STATEMENT OF TRUST FUND BALANCES AS OF JUNE 30, 1991 (continued)

Ref Nbr	Plan or District Name	Members' Contribution	Retirement Allowance	Total Trust Fund Reserves
82	Madawaska	686,927.00	1,698,429.29	2,385,356.29
83	Sanford	1,566,017.71	5,623,563.38	7,189,581.09
84	Kennebunk	206,430.78	942,714.23	1,149,145.01
85	Cape Elizabeth	683,942.85	2,581,028.45	3,264,971.30
86	Wilton	136,494.68	304,813.12	441,307.80
87	Falmouth	289,920.54	968,913.37	1,258,833.91
88	Lubec Water/Electric	34,614.01	257,746.67	292,360.68
89	Sanford Sewer District	120,126.94	330,325.08	450,452.02
90	Rumford	937,298.40	2,396,086.88	3,333,385.28
91	Fort Kent	134,963.66	390,430.27	525,393.93
92	Lincoln Water District	40,591.62	130,307.71	170,899.33
93	Maine Municipal Bond Bank	124,413.58	181,195.45	305,609.03
94	Greater Portland Council of Government	193,695.88	598,247.89	791,943.77
95	Lincoln County	148,033.72	804,888.84	952,922.56
96	Sagadahoc County	73,165.97	731,363.47	804,529.44
97	Dexter	126,976.23	317,367.87	444,344.10
98	Frenchville	26,050.03	62,519.16	88,569.19
100	Farmington	314,788.96	1,663,727.07	1,978,516.03
101	Somerset County	180,719.22	487,909.72	668,628.94
102	Franklin County	160,060.71	384,982.83	545,043.54
103	Lisbon	550,196.69	1,751,795.71	2,301,992.40
104	Milo	33,675.70	164,581.61	198,257.31
105	Maine State Principals Association	108,155.34	343,431.53	451,586.87
106	Aroostook County	799,746.11	1,964,220.76	2,763,966.87
107	Wells	646,222.51	1,824,823.27	2,471,045.78
108	Berwick	107,484.73	197,056.71	304,541.44
109	Livermore Falls	109,494.87	231,831.55	341,326.42
110	Pittsfield	86,379.64	300,756.65	387,136.29
111	Old Town	374,267.95	2,609,052.78	2,983,320.73
112	Franklin County	144,442.94	424,416.18	568,859.12
113	SAD 66	0.00	173,699.61	173,699.61
114	Mechanic Falls	74,421.28	287,687.57	362,108.85
115	SAD 54	204,415.52	986,323.21	1,190,738.73
116	Yarmouth	719,037.58	2,503,169.74	3,222,207.32
117	Searsport	73,949.46	229,315.18	303,264.64
118	Farmington Village Corporation	25,838.05	60,575.68	86,413.73
119	SAD 9	441,647.62	1,369,764.01	1,811,411.63
120	Mount Desert Regional Schools	75,131.43	187,279.79	262,411.22
121	Piscataquis County	118,175.16	668,081.35	786,256.51
122	Westbrook	651,332.12	2,971,788.98	3,623,121.10



**STATEMENT OF TRUST FUND BALANCES**  
**AS OF JUNE 30, 1991**  
(continued)

<u>Ref</u> <u>Nbr</u>	<u>Plan or District Name</u>	<u>Members' Contribution</u>	<u>Retirement Allowance</u>	<u>Total Trust</u> <u>Fund Reserves</u>
124	Searsport Water District	32,998.81	93,244.08	126,242.89
125	Norway	158,830.58	478,953.25	637,783.83
126	SAD 67	224,767.37	1,030,225.20	1,254,992.57
127	Paris	116,763.65	404,670.10	521,433.75
128	SAD 71	177,244.61	758,656.35	935,900.96
129	SAD 53	47,462.10	108,387.67	155,849.77
130	Bucksport	544,149.58	1,121,036.38	1,665,185.96
131	Fort Fairfield Utility District	60,617.39	273,013.73	333,631.12
132	Belfast Water District	39,981.88	308,669.22	348,651.10
133	Gorham	553,977.66	1,276,905.32	1,830,882.98
134	Lincoln Academy	65,715.02	176,330.30	242,045.32
135	So. Kennebec Valley Regional Planning	34,330.82	60,491.54	94,822.36
136	Norway Water District	47,511.65	147,716.91	195,228.56
137	Dover-Foxcroft Water District	0.00	36,142.49	36,142.49
138	Naples	6,658.34	105,653.98	112,312.32
139	York Sewage District	45,645.52	211,925.20	257,570.72
140	Old Orchard Beach	607,726.21	2,415,390.21	3,023,116.42
141	South Berwick	71,364.50	308,653.67	380,018.17
142	Freeport	104,044.62	394,292.10	498,336.72
143	SAD 41	485,617.56	1,228,788.42	1,714,405.98
144	Winslow	302,402.22	885,518.36	1,187,920.58
145	Auburn Housing Authority	135,125.21	433,278.44	568,403.65
146	Boothbay Harbor	61,630.77	328,674.71	390,305.48
147	Scarborough	358,293.05	1,658,489.96	2,016,783.01
148	Cranberry Isles	0.00	2,067.68	2,067.68
149	Fryburg	0.00	78,820.58	78,820.58
150	Hermon	93,023.01	339,939.92	432,962.93
151	Hampden	226,666.72	539,830.33	766,497.05
152	Sanford Housing Authority	62,156.21	252,258.26	314,414.47
153	Vassalboro	43,808.01	108,244.05	152,052.06
154	Lewiston Housing Authority	354,691.36	538,828.97	893,520.33
155	Garland	0.00	1,898.19	1,898.19
156	Exeter	5,680.36	8,922.31	14,602.67
157	Bingham Water District	83.46	27,890.57	27,974.03
158	Biddeford	1,284,168.92	2,963,718.62	4,247,887.54
159	Paris Utilities District	122,411.42	194,209.40	316,620.82
160	Hallowell	27,232.89	137,693.07	164,925.96
161	Rockport	61,823.37	218,361.22	280,184.59
162	Wallagrass Plantation	7.75	9,771.81	9,779.56
163	Lewiston-Auburn Water Pollution	68,922.34	269,624.68	338,547.02





## STATEMENT OF TRUST FUND BALANCES AS OF JUNE 30, 1991 (continued)

Ref Nbr	Plan or District Name	Members' Contribution	Retirement Allowance	Total Trust Fund Reserves
164	Thomaston	55,778.55	259,067.50	314,846.05
165	Pleasant Point/Passamaquoddy Reserv.	20,456.04	109,854.07	130,310.11
166	Orland	28,932.52	157,963.62	186,896.14
167	Dover-Foxcroft	146,315.03	415,353.61	561,668.64
168	SAD 29	154,750.61	525,495.68	680,246.29
169	Maine Housing Authority	178,384.08	477,789.17	656,173.25
170	Sanford Water District	211,462.57	528,897.86	740,360.43
171	So Berwick Water District	14,439.41	51,905.67	66,345.08
172	New Canada Plantation	0.00	15,737.79	15,737.79
173	Indian Township/Passamaquoddy RHA	25.20	63,562.29	63,587.49
174	Glenburn	39,678.33	66,097.81	105,776.14
175	Sabattus	37,408.11	232,033.36	269,441.47
176	Bridgton	22,438.68	206,452.83	228,891.51
177	Brownville	45,681.32	136,929.13	182,610.45
178	SAD 2	0.00	0.00	0.00
179	Winthrop	370,276.31	735,556.29	1,105,832.60
180	Eliot	107,252.69	348,583.99	455,836.68
181	Lebanon	22,407.73	114,260.17	136,667.90
182	Van Buren	170,173.78	378,874.29	549,048.07
183	Hampden Water District	21,121.64	50,500.21	71,621.85
184	Monson	36,319.33	53,269.16	89,588.49
185	Portland Housing Authority	484,491.89	1,498,262.57	1,982,754.46
186	Milford	544.52	57,809.21	58,353.73
187	SAD 60	97,137.08	692,637.93	789,775.01
188	Kennebunkport	364,303.53	1,089,988.46	1,454,291.99
189	SAD 49	59,672.34	295,814.63	355,486.97
190	SAD 16	54,132.65	255,141.27	309,273.92
191	Damariscotta	25,609.01	78,978.12	104,587.13
192	Saco	628,894.14	2,497,933.54	3,126,827.68
193	Otisfield	14,462.94	51,949.90	66,412.84
194	Medway	100,371.41	204,239.77	304,611.18
195	Waldoboro	219,715.81	387,928.82	607,644.63
196	Waterville Urban Renewal Authority	0.00	1,484.56	1,484.56
197	Dixfield	685.34	134,876.30	135,561.64
198	SAD 51	277,732.82	706,965.96	984,698.78
199	Bradford	0.00	8,882.91	8,882.91
200	Oxford	22,599.39	110,476.89	133,076.28
201	Kennebunk Sewer Authority	70,077.37	233,059.82	303,137.19
202	Phippsburg	57,638.88	90,527.11	148,165.99
203	Cheverus High School	142,566.91	309,444.05	452,010.96



**STATEMENT OF TRUST FUND BALANCES**  
**AS OF JUNE 30, 1991**  
(continued)

<u>Ref</u> <u>Nbr</u>	<u>Plan or District Name</u>	<u>Members' Contribution</u>	<u>Retirement Allowance</u>	<u>Total Trust</u> <u>Fund Reserves</u>
204	Boothbay/Boothbay Harbor CSD	52,130.17	143,155.76	195,285.93
205	Gould Academy	69,539.22	239,412.27	308,951.49
206	South Portland Housing Authority	172,896.96	435,671.06	608,568.02
207	Berwick Sewer District	94,843.36	287,482.97	382,326.33
208	Caribou Fire and Police	363,694.24	1,276,192.40	1,639,886.64
209	Orrington	139,253.51	239,274.52	378,528.03
210	New Gloucester	154,760.29	324,651.34	479,411.63
211	SAD 21	179,169.33	441,763.76	620,933.09
212	Readfield	11,580.85	19,136.43	30,717.28
213	Richmond	36,846.27	224,084.17	260,930.44
214	Linneus	15,159.46	38,184.30	53,343.76
215	Hodgdon	22,435.73	106,710.50	129,146.23
216	Cumberland	324,404.05	511,105.09	835,509.14
217	Corinna	44,073.81	142,353.35	186,427.16
218	SAD 56	73,231.04	202,299.25	275,530.29
219	Lincoln Sanitary District	75,133.01	100,811.66	175,944.67
220	Kennebec Sanitary District	113,091.59	311,078.81	424,170.40
221	Gardiner Water District	53,798.71	100,328.59	154,127.30
222	Waterville Sewer District	131,612.97	225,324.30	356,937.27
223	SAD 13	122,345.34	313,057.27	435,402.61
224	Waldoboro Regional Voc. Region 7	7,540.80	74,505.77	82,046.57
225	Maine County Commissioners Assn.	132.31	24,570.69	24,703.00
226	Jackman Water District	17,480.52	38,340.65	55,821.17
227	Mars Hill	74,983.10	150,639.84	225,622.94
228	Lubec	35,429.20	57,613.13	93,042.33
229	Van Buren Housing Authority	29,589.31	93,042.70	122,632.01
230	Washburn	33,763.95	169,829.49	203,593.44
231	Androscoggin Valley Reg. Plg. Comm.	148,459.61	247,047.60	395,507.21
232	Howland	0.00	28,412.24	28,412.24
233	Community School District 915	60,320.16	246,443.75	306,763.91
234	Durham	44,826.74	77,617.86	122,444.60
235	China	18,699.19	52,369.48	71,068.67
236	Madawaska Water District	73,603.36	81,971.02	155,574.38
237	Penquis CAP	385,932.99	1,049,952.53	1,435,885.52
238	Milo Water District	39,594.44	139,176.11	178,770.55
239	Maine School Management Assoc.	342,334.02	601,289.90	943,623.92
240	Easton	165,298.96	446,506.45	611,805.41
241	Franklin County Comm. Action Council	136,729.13	329,746.54	466,475.67
242	Richmond Utilities District	25,249.20	76,776.36	102,025.56
243	Lisbon Water District	24,560.79	58,739.47	83,300.26





## STATEMENT OF TRUST FUND BALANCES AS OF JUNE 30, 1991 (continued)

Ref Nbr	Plan or District Name	Members' Contribution	Retirement Allowance	Total Trust Fund Reserves
244	Indian Township Tribal Government	69,088.14	500,038.21	569,126.35
245	Limestone	95,118.66	90,389.80	185,508.46
246	Bethel	39,669.39	134,943.36	174,612.75
247	Rumford/Mexico Sewer District	15,429.61	54,722.95	70,152.56
248	Brewer Housing Authority	55,038.95	110,199.00	165,237.95
249	Erskine Academy	23,558.58	73,001.27	96,559.85
250	Winter Harbor Utility District	15,270.40	7,717.80	22,988.20
251	Corinna Sewer District	40,457.42	54,823.02	95,280.44
252	Community School District 912	19,800.03	39,396.41	59,196.44
253	Bridgton Water District	17,237.37	26,889.58	44,126.95
254	North Berwick	115,228.63	235,033.22	350,261.85
255	Kennebunk/Knbkprt/Wells Water District	566,019.30	1,208,198.07	1,774,217.37
256	Auburn-Lewiston Airport	25,434.91	128,802.11	151,237.02
257	Maine Development Foundation	0.00	0.00	0.00
258	Princeton	65,438.67	119,288.70	184,727.37
259	Westbrook Housing Authority	31,121.42	41,759.80	72,881.22
260	Fairfield	102,017.38	223,287.92	325,305.30
261	Georgetown	766.81	30,833.23	31,600.04
262	Old Town Housing Authority	85,157.25	117,558.21	202,715.46
265	Mapleton	63,926.74	150,960.15	214,886.89
266	Wells-Ogunquit CSD	110,081.90	287,141.58	397,223.48
267	Tri-Community Sanitary Landfill	24,859.37	30,334.00	55,193.37
268	Project Lodestone	2,538.82	13,477.30	16,016.12
269	So. Penobscot Voc. School Region 4	47,408.82	49,197.40	96,606.22
270	Harpswell	60,876.89	201,899.22	262,776.11
271	Maine Veterans Home	746,598.44	1,403,423.70	2,150,022.14
272	Sabattus Sanitary District	0.00	0.00	0.00
273	Brunswick Public Library	42,097.29	147,841.20	189,938.49
274	Eagle Lake Water/Sewer	25,538.85	48,554.92	74,093.77
275	Fort Fairfield Housing Authority	37,684.10	46,031.81	83,715.91
276	Lovell	8,514.85	27,422.04	35,936.89
277	Carabasset Valley	16,588.33	35,950.24	52,538.57
278	Yarmouth Water District	32,071.37	81,645.50	113,716.87
279	Preschool HCS Council	32,274.48	51,570.36	83,844.84
280	Harrison	41,171.17	32,403.10	73,574.27
281	Mid-Maine Waste Action Corp.	0.00	3,131.41	3,131.41
282	Mechanic Falls Sanitary District	9,425.40	11,299.27	20,724.67
283	Mars Hills Utility District	2,698.73	3,888.85	6,587.58
284	Norway/Paris Solid Waste Corp	6,836.58	11,852.74	18,689.32
285	The Homestead Project	14,920.01	28,422.12	43,342.13



**STATEMENT OF TRUST FUND BALANCES**  
**AS OF JUNE 30, 1991**  
(continued)

<u>Ref</u> <u>Nbr</u>	<u>Plan or District Name</u>	<u>Members' Contribution</u>	<u>Retirement Allowance</u>	<u>Total Trust</u> <u>Fund Reserves</u>
286	No. Maine Regional Planning	0.00	0.00	0.00
287		1,234.63	3,004.72	
350	Judicial	1,224,854.23	9,653,094.23	10,877,948.46
351	Legislative	65,780.09	576,220.98	642,001.07



## GROUP LIFE INSURANCE PROGRAM STATEMENT OF OPERATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 1991

### RECEIPTS

Premiums Collected			
Employee Contributions - State	\$1,381,841.88		
Employer Contributions - State	1,291,238.73		
Teacher and PLD's	2,807,995.46		
	<hr/>		
Total Premiums Collected		\$5,481,076.07	
 Earnings on Investments	 \$1,719,860.81	 \$1,719,860.81	
		<hr/>	
<u>TOTAL RECEIPTS</u>			<u>\$7,200,936.88</u>

### EXPENSES

Claims Paid to Insurer			
Basic	\$2,115,421.35		
Supplemental	1,749,682.11		
Dependent	339,098.67		
Retired Employees	1,919,640.04		
Supplemental Distribution	14,153.35		
	<hr/>		
Total Claims Paid to Insurer		\$6,137,995.52	
 Program Administration	 \$ 496,482.28	 \$ 496,432.28	
Retention	\$ 443,439.00	\$ 443,439.00	
	<hr/>	<hr/>	
<u>TOTAL EXPENSES</u>			<u>\$7,077,866.80</u>



**GROUP LIFE INSURANCE PROGRAM  
COMPARATIVE BALANCE SHEET  
FOR THE FISCAL YEARS ENDING JUNE 30, 1990, AND JUNE 30, 1991**

<u>ASSETS</u>	<u>at June 30, 1991</u>	<u>at June 30, 1990</u>	<u>Increase (Decrease)</u>
Cash	\$ 1,298,160.93	\$ 856,809.70	\$441,351.23
Cash (Fiduciary)	0.43	0.43	0.00
Investments - Bonds	21,060,746.85	21,042,020.77	18,726.08
Investments - Stock	250,000.00	734,575.00	(484,575.00)
Accrued Interest	72,096.76	77,457.31	(5,360.55)
<b><u>TOTAL ASSETS</u></b>	<b><u>\$22,681,004.97</u></b>	<b><u>\$22,710,863.21</u></b>	<b><u>(\$29,858.24)</u></b>
 <b><u>RESERVES AND WORKING CAPITAL</u></b>			
Reserves for Future Premiums	887,331.36	\$13,026,967.07	(\$ 1,139,635.71)
Reserves for Supplemental Distributions	422,946.96	437,100.31	(14,153.35)
<b><u>TOTAL RESERVES AND WORKING CAPITAL</u></b>	<b><u>\$12,310,278.32</u></b>	<b><u>\$13,464,067.38</u></b>	<b><u>(\$ 1,153,789.06)</u></b>
 <b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 814.00	\$ 162,468.56	(\$ 161,654.56)
Premiums Payable	10,369,912.65	9,084,327.27	1,285,585.38
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$10,370,726.65</u></b>	<b><u>\$ 9,246,795.83</u></b>	<b><u>\$1,123,930.82</u></b>
<b><u>TOTAL RESERVES, WORKING CAPITAL AND LIABILITIES</u></b>	<b><u>\$22,681,004.97</u></b>	<b><u>\$22,710,863.21</u></b>	<b><u>(\$29,858.24)</u></b>



## ADMINISTRATION FUND FOR THE FISCAL YEARS ENDING JUNE 30, 1990, AND JUNE 30, 1991

<u>REVENUE FROM EMPLOYER CONTRIBUTIONS</u>	<u>Fiscal Year 1991</u>	<u>Fiscal Year 1990</u>
1. State Employees	\$1,427,730.81	\$1,482,009.08
2. Teachers	1,784,321.77	1,822,862.38
3. Participating Districts	559,356.77	599,267.10
4. Other Sources	765,657.64	550,841.43
<b><u>TOTAL REVENUE FROM EMPLOYER CONTRIBUTIONS</u></b>	<b><u>\$4,537,066.99</u></b>	<b><u>\$4,454,979.99</u></b>
 <u>EXPENDITURES</u>		
1. Personal Services	\$1,976,720.98	\$1,728,997.80
2. Actuarial Services	314,166.88	256,398.68
3. Data Processing (DP)	221,262.75	337,695.75
4. Utilities	53,285.24	82,443.05
5. Postage & Mailing	110,913.74	127,725.88
6. Repairs to Equipment	34,656.88	24,882.08
7. Printing & Binding	56,721.14	51,258.79
8. Office Supplies	85,406.41	77,675.71
9. Retirement Costs	405,885.34	345,907.93
10. Research & Legal Services	53,077.99	32,836.00
11. Health Insurance	218,088.05	152,309.55
12. STA-CAP Costs	63,470.35	30,986.62
13. General Operating	140,300.88	94,995.92
14. Travel	58,243.00	59,341.95
15. Service Contract for DP	11,907.00	0.00
16. Unemployment	4,557.95	1,763.83
17. Per Diem	9,040.68	6,655.00
18. Medical Services	62,790.13	34,582.99
19. Intragovernmental	18,967.73	17,456.85
20. Workers' Compensation	11,862.90	54,813.45
21. Video Production	179,793.00	0.00
22. Building Rental	197,226.00	189,166.70
23. Depreciation	60,000.00	50,000.00
24. Contracted Services	122,165.44	229,203.27
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>\$4,464,510.46</u></b>	<b><u>\$3,987,097.80</u></b>
 Current Year Reserves	\$72,556.53	\$467,882.19
Prior Year Reserves	524,396.51	56,126.02
<b><u>BALANCE OF RESERVES</u></b>	<b><u>\$596,953.04</u></b>	<b><u>\$524,008.21</u></b>





## ACTUARIES' REPORT

The Maine State Retirement System has retained the firm of Milliman and Robertson, Inc., as consulting actuaries. The firm's report to the System on its actuarial valuation is what this section contains. The contents of this report include the following sections:

	Page
Executive Summary	39
Assets	47
Liabilities	51
Contributions	55
Reserves for Disability, Survivor, and Accidental Death Benefits	58
Membership Data	60
Summary of Plan Provisions for State Employees and Teachers	64
Actuarial Assumptions and Methods	68





## EXECUTIVE SUMMARY

### OVERVIEW

This report presents the results of our June 30, 1991, actuarial valuation of the Maine State Retirement System. These results provide a "snapshot" view of the System's financial condition on June 30, 1991, and do not reflect any factors which have occurred since then that could affect the System's finances.

Such factors include:

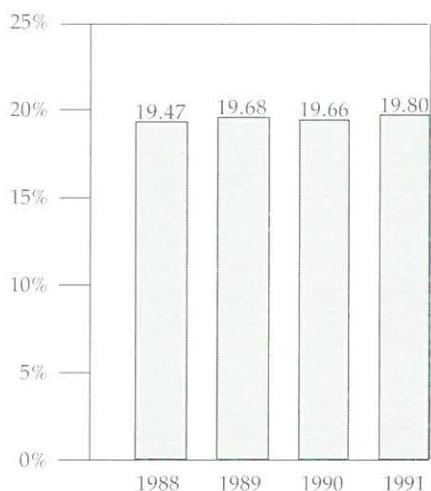
- the State not paying required contributions on schedule
- employee furloughs resulting in lower state and member contributions but not lower future benefits
- unanticipated future liabilities created by various retirement incentive programs being offered by the State and local boards of education

We are concerned about the future financial condition of the System. Following decades of underfunding, the State adopted a program to amortize the underfunding in an orderly manner. For several years the financial condition of the System has been improving and the State's contribution level has been relatively stable. However, if the State continues to defer the required contributions, the financial condition of the System will deteriorate. The situation is not yet critical and can be corrected, as long as there is a commitment by the State to pay required contributions on schedule.

The balance of this section summarizes recent trends in the System's finances, analyzes the actuarial experience in the System during the past year, and concludes with summary tables useful for reference purposes.

### SYSTEM TRENDS

#### Retirement System Contribution Rates\*

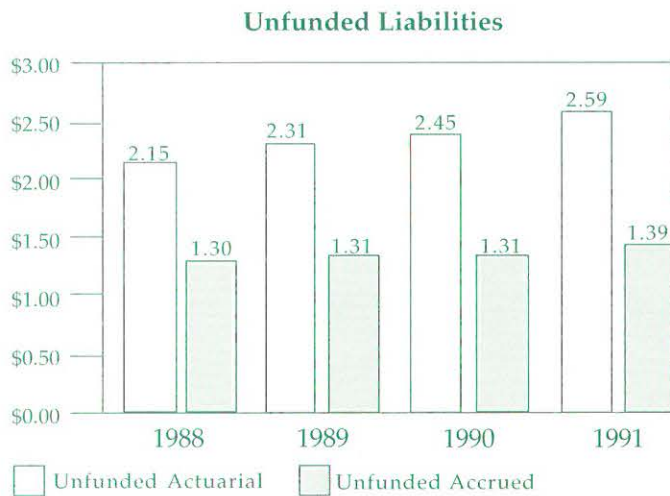
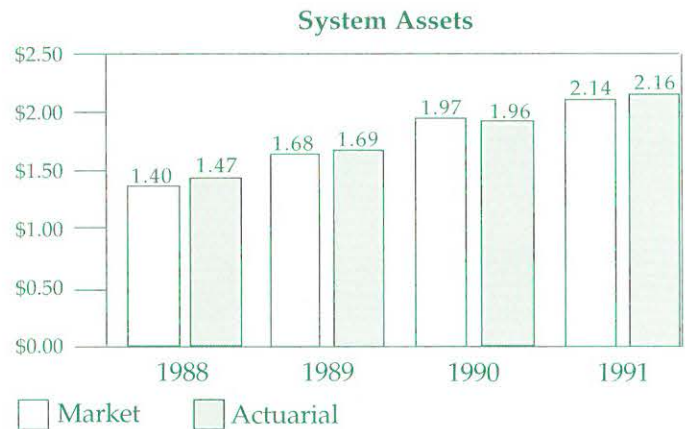


There was an increase in the System's contribution rate over the past year despite the fact that plan changes were made reducing future benefits. Without the plan change the contribution rate would have been 20.10%.

\* Rates do not include retiree health insurance charges, administrative expenses or payments to fund Old System Teachers. Rates shown are composite rates for the State regular employees, MTRA teachers, and the State special groups: State Police, Game Wardens, Sea and Shore Wardens, Prison Wardens, Liquor Inspectors, and Forest Rangers.

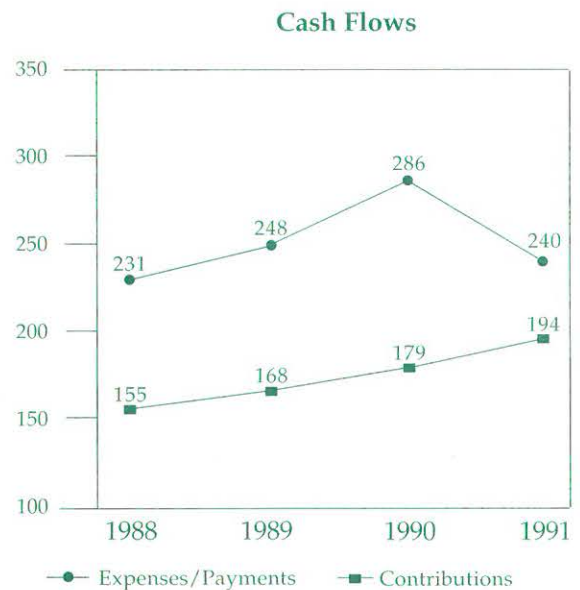


The System's assets continue to grow. However, the increase from 1990 to 1991 was somewhat less than expected, reversing the pattern of asset gains experienced during the preceding several years.



The unfunded actuarial liability increased by more than \$100 million over what was expected between 1990 and 1991. This "loss" will have to be funded by increased contributions over the next 26 years.

The downturn in 1991 of net cash flows to the System is cause for concern. If this trend continues, the System's financial condition may rapidly erode.







## SYSTEM EXPERIENCE

July 1, 1990 - June 30, 1991

The key indicator of overall experience in the System is the composite State contribution rate. The rate is set so that it will be stable from year to year if experience is exactly as expected. An increase in the rate indicates unfavorable experience and a decrease, favorable experience, during the previous year. Since the rate increased from 19.66% to 19.80%, the overall experience of the System during the year ending June 30, 1991, was less favorable than expected. If it were not for the plan change which resulted in a decrease in plan liabilities, the State contribution rate would have increased to 20.10%. The balance of this part examines the System's experience in more detail.

### Assets

As of June 30, 1991, the System has present funds, when measured on a market value basis, of \$2.14 billion, an increase of \$0.17 billion from a 1990 figure of \$1.97 billion. When measured on an actuarial basis, using a method which smooths market fluctuations, System assets increased by \$.20 billion to \$2.16 billion in 1991 from \$1.96 billion in 1990. The components of this change are:

+	\$240 million from employer and member contributions
-	\$194 million from payment of benefits and expenses
+	\$168 million from expected investment experience (i.e., 8.5%)
-	\$ 10 million from investment loss (i.e., actual rate was 8.0%)
<hr/>	
=	\$204 million total increase in assets

The next section of this report presents more detailed information on System assets.

### Liabilities

Throughout this report we discuss three types of liability: actuarial liability, accrued benefit liability, and pension benefit obligation.

#### Actuarial Liability

In general, actuarial liabilities are calculated for purposes of determining future contributions and are directly dependent upon the particular "funding method" used by the actuary. Use of different funding methods would provide entirely different results, when nothing else has changed (e.g., inflation, salaries, etc.). Unfunded actuarial liabilities include future anticipated increases in pay and service credits.

As of June 30, 1991, the State's unfunded actuarial liability was \$2.59 billion. This compares to a June 30, 1990, unfunded actuarial liability of \$2.45 billion, an increase of \$137 million. This compares with an expected increase of \$72 million. The components of this increase are as follows:



Unfunded Actuarial Liability, June 30, 1990	\$2,454million
• increase expected	72 million
• increase due to asset loss	10 million
• increase due to contributions less than expected	13 million
• other losses (see below)	103 million
• decrease due to plan amendment	(61) million
Unfunded Actuarial Liability, June 30, 1991	<u>\$2,591million</u>

The unexpected increase in unfunded liabilities from "other losses" is attributable to the combined effect of the following factors.

- salary increases greater than expected
- differences between assumed and actual rates of members retiring, terminating employment or dying
- growth in membership
- payment form selections made by retiring members

#### Accrued Benefit Liability

The second type of liability is the accrued benefit liability. This represents the liabilities for all future benefits, based on members' earnings and service credits as of the valuation date June 30, 1991. The difference between this figure and the market value of System assets represents the unfunded accrued benefit liability. As of June 30, 1991, the unfunded accrued benefit liability was \$1.39 billion, as compared to a June 30, 1990, unfunded accrued benefit liability of \$1.31 billion.

#### Pension Benefit Obligation

The third type of liability is the pension benefit obligation (PBO). This is similar to the accrued benefit liability, but it reflects anticipated pay increases. The PBO is a liability disclosure required by the Governmental Accounting Standards Board and is compared with the book value of System assets to determine the amount unfunded. The unfunded PBO was \$2.19 billion on June 30, 1990, and is \$2.39 billion on June 30, 1991.

#### Contributions

The "Contributions" section of this report, we present detailed information on the development of State contribution rates to the System, calculated as of June 30, 1991. In addition, this section discusses the application of the State contribution rate for fiscal year budget purposes.

Contributions to the System consist of:

- a "normal contribution" for the portion of projected liabilities attributable to service of members during the year following the valuation date
- an "unfunded actuarial liability contribution" for the excess of projected liabilities allocated to service to date over assets on hand



- a "disability benefit" contribution for the expected value of future disability (new law) benefits to be paid as a result of disablements occurring during the year following the valuation date
- a "death benefit" contribution (consisting of two parts: survivor benefits, and accidental death benefits) for the expected value of future death benefits to be paid as a result of deaths occurring during the year following the valuation date

The composite contribution rate for all State employees and teachers increased from 19.66% of payroll as of June 30, 1990, to 19.80% of payroll as of June 30, 1991. The primary components of this change are shown below.

Contribution Rate as of June 30, 1990	19.66 %
Contributions less than expected	0.06
Asset Loss	0.05
Net effect of plan amendment	(0.30)
Net effect Liability Losses, Membership Growth, and Shifts in Payroll Among the State Employee and Teacher Groups	0.33
Contribution Rate as of June 30, 1991	19.80 %



**VALUATION OF THE  
MAINE STATE RETIREMENT SYSTEM  
TOTAL\***

**SUMMARY OF PRINCIPAL RESULTS**

1. Participant Data	<u>June 30, 1991</u>	<u>June 30, 1990</u>
Number of:		
Active Members	38,411	38,504
Retired Members and Beneficiaries	16,690	16,326
Vested Deferred Members	604	603
Annual Salaries of Active Members	\$985,642,223	\$923,528,314
Annual Retirement Allowances for Retired Members and Beneficiaries	\$145,936,961	\$135,005,263
2. Assets and Liabilities		
Actuarial Value of Assets	\$1,442,408,751	\$1,264,824,834
Unfunded Actuarial Liability	\$2,590,848,538	\$2,454,148,341
Market Value of Assets	\$1,428,708,354	\$1,270,568,001
Unfunded Accrued Liability	\$1,393,541,823	\$1,307,598,824
Accrued Benefit Funding Ratio	50.62%	49.28%
3. Contribution Results as a Percent of Payroll (composite rate for all State Employees and Teachers)**		
Normal Cost	6.39%	6.38%
Unfunded Actuarial Liability	11.55%	11.42%
Disability	1.49%	1.49%
Survivor Benefits	0.27%	0.27%
Accidental Death	0.10%	0.10%
Total	19.80%	19.66%

\* Excludes participating local districts

\*\* Excludes Old System Teachers, and charges for retiree health insurance and administrative expenses.





# VALUATION OF THE MAINE STATE RETIREMENT SYSTEM MTRA\*

## SUMMARY OF PRINCIPAL RESULTS

1. Participant Data	<u>June 30, 1991</u>	<u>June 30, 1990</u>
Number of:		
Active Members	22,905	22,281
Retired Members and Beneficiaries	7,622	7,505
Vested Deferred Members	417	441
Annual Salaries of Active Members	\$577,618,755	\$528,431,027
Annual Retirement Allowances for Retired Members and Beneficiaries	\$73,986,829	\$68,959,109
2. Assets and Liabilities		
Actuarial Value of Assets	\$981,754,023	\$853,132,332
Unfunded Actuarial Liability	\$1,484,536,038	\$1,401,971,329
Market Value of Assets	\$973,665,872	\$856,502,387
Unfunded Accrued Liability	\$658,193,346	\$625,033,896
Accrued Benefit Funding Ratio	59.67%	57.81%
3. Contribution Results as a Percent of Payroll		
Normal Cost	6.29%	6.28%
Unfunded Actuarial Liability	12.48%	12.51%
Disability	1.50%	1.50%
Survivor Benefits	0.23%	0.23%
Accidental Death	0.08%	0.08%
Total	20.58%	20.60%

\* Excludes Old System Teachers, and charges for retiree health insurance and administrative expenses.





**VALUATION OF THE  
MAINE STATE RETIREMENT SYSTEM  
STATE REGULAR\***

**SUMMARY OF PRINCIPAL RESULTS**

1. Participant Data	<u>June 30, 1991</u>	<u>June 30, 1990</u>
Number of:		
Active Members	14,658	15,344
Retired Members and Beneficiaries	7,894	7,577
Vested Deferred Members	179	158
Annual Salaries of Active Members	\$379,919,609	\$368,254,605
Annual Retirement Allowances for Retired Members and Beneficiaries	\$59,169,745	\$53,314,316
2. Assets and Liabilities		
Actuarial Value of Assets	\$588,127,800	\$515,854,698
Unfunded Actuarial Liability	\$742,616,195	\$716,217,441
Market Value of Assets	\$583,282,526	\$517,892,434
Unfunded Accrued Liability	\$402,817,113	\$382,659,896
Accrued Benefit Funding Ratio	59.15%	57.51%
3. Contribution Results as a Percent of Payroll (State Portion only)*		
Normal Cost	5.91%	5.92%
Unfunded Actuarial Liability	9.49%	9.17%
Disability	1.50%	1.50%
Survivor Benefits	0.33%	0.33%
Accidental Death	0.12%	0.11%
Total	17.35%	17.03%

\* Excludes eight special groups, and charges for retiree health insurance and administrative expenses.



## ASSETS

In this section we present the value assigned to assets held by the System. These assets are valued on three different bases: the book value, the market value, and the actuarial value.

### Book Value of Assets

Table II-1 is a comparison, on a book value basis, of System assets as of June 30, 1991, and June 30, 1990, in total and by investment category. The book value is essentially the purchase price for equity investments and amortized value for fixed income investments such as bonds.

### Market Value of Assets

For accounting statement purposes, System assets are valued at current market values. Briefly stated, these values represent the "snapshot" or "cash-out" value of System assets as of the valuation date. In addition, the market value of assets provides a reference point for comparison purposes. Table II-2 presents both book value and market value of total System assets by investment category as of June 30, 1991, and also shows the proportion of total assets by investment category for market value.

### Actuarial Value of Assets

The market value of assets, representing a "liquidation" value of the funds, is not a good measure of the System's ongoing ability to meet its obligations. Ongoing funding requirements established using market values are subject to significant variability because of the volatility of market values.

As a consequence, actuarial valuations employ a technique for determining the actuarial value of assets which dampens the swings in market value. The specific technique adopted sets the actuarial value of assets by the following method:

**Step 1:** Determine the total yield on the investments of the System using the full investment return (including capital gains) measured by the difference in the actuarial value of the assets at the beginning of the fiscal year just ended and the market value of assets at the end of the year (7.01%).

**Step 2:** Calculate the excess of the yield determined in Step 1 over the expected yield for the same year according to the actuarial assumptions. ( $7.01\% - 8.50\% = -1.49\%$ )

**Step 3:** Calculate an adjusted rate equal to the expected rate plus one-third of the rate determined in step 2. ( $8.50\% + (1/3 * -1.49\%) = 8.00\%$ )

**Step 4:** The actuarial value of assets used in this valuation equals the amount that would have existed if the actual yield on the assets had been at the rate determined in Step 3.

### Allocation by Group

Since retirement benefit costs are calculated separately for State Employees, Teachers and other Special Groups, total assets (market and actuarial values) must be allocated to each of these groups. We have made this allocation as of June 30, 1991, in proportion to System reserves (provided at book value). These are shown in Table II-3. The total for each group has been further allocated between the Member Contribution Fund and the Retirement Allowance Fund. The resulting allocations are shown in Tables II-4 and II-5.



**TABLE II-1**  
**ASSET COMPARISON AT BOOK VALUE**

<u>Asset Category</u>	<u>June 30, 1991</u>	<u>June 30, 1990</u>	<u>Increase (Decrease)</u>
Bonds & Cash Equivalents	\$681,366,256	\$707,831,152	(\$26,464,896)
Stocks	1,041,317,071	846,850,127	194,466,944
Commingled Fund	167,956,087	205,304,482	(37,348,395)
Mortgages	48,568	52,261	(3,693)
Land & Buildings	2,377,512	2,355,392	22,120
Other Assets	11,147,509	10,698,781	448,728
Other Liabilities	(8,571,238)	(6,660,539)	(1,910,699)
<b>TOTAL</b>	<b>\$11895,641,765</b>	<b>\$1,766,431,656</b>	<b>\$129,210,109</b>

**TABLE II-2**  
**BOOK AND MARKET VALUES BY ASSET CATEGORY**

<u>Asset Category</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Market Value % to Total</u>
Bonds	\$676,604,458	\$740,591,428	34.56%
Cash Equivalents	\$4,761,798	\$13,690,271	0.64
Stocks	1,041,317,071	\$1,192,973,813	55.67
Commingled Funds	167,956,087	\$190,777,516	8.90
Mortgages 48,568	\$44,566	0.00	
Land & Buildings	2,377,512	\$2,301,000	0.11
Other Assets	11,147,509	11,147,509	0.52
Other Liabilities	(8,571,238)	(8,571,238)	-0.40
<b>TOTAL</b>	<b>\$1,895,641,765</b>	<b>\$2,142,954,865</b>	<b>100.00%</b>





**TABLE II-3**  
**ALLOCATION OF BOOK VALUE OF ASSETS**

	Allocation to:		
	Member <u>Contribution Fund</u>	Retirement <u>Allowance Fund</u>	<u>Total</u>
<b>RETIREMENT RESERVES</b>			
State Employees	\$243,304,777	\$361,612,890	\$604,917,667
MRTA Teacher	\$420,594,998	\$451,188,985	\$871,783,983
Old System Teachers	\$0	(\$220,569,480)	(\$220,569,480)
Judges	\$1,224,854	\$9,653,094	\$10,877,948
Legislators	\$65,780	\$576,221	\$642,001
Subtotal State	\$665,190,409	\$602,461,710	\$645,001
Participating Districts	\$109,582,749	\$346,310,927	\$455,893,676
Total	\$774,773,158	\$948,772,637	\$1,267,652,119
<b>COMMINGLED RESERVES</b>			
Disability	\$15,009,782	\$112,908,296	\$127,918,078
Accidental Death	\$0	\$5,121,346	\$5,121,346
Survivor Benefits	\$0	\$39,056,546	\$39,056,546
Total	\$15,009,782	\$157,086,188	\$172,095,970
<b>TOTAL RESERVES</b>	\$789,782,940	\$1,105,858,825	\$1,895,641,765

**TABLE II-4**  
**ALLOCATION OF MARKET VALUE OF ASSETS**

	Allocation to:		
	Member <u>Contribution Fund</u>	Retirement <u>Allowance Fund</u>	<u>Total</u>
<b>RETIREMENT RESERVES</b>			
State Employees	\$243,304,777	\$432,307,186	\$675,611,963
MRTA Teacher	\$420,594,998	\$553,070,874	\$973,665,872
Old System Teachers	\$0	(\$220,569,480)	(\$220,569,480)
Judges	\$1,224,854	\$10,924,356	\$12,149,210
Legislators	\$65,780	\$651,249	\$717,029
Subtotal State	\$665,190,409	\$776,384,185	\$1,441,574,594
Participating Districts	\$109,582,749	\$399,589,388	\$509,172,137
Total	\$774,773,158	\$1,175,973,573	\$1,950,746,731
<b>COMMINGLED RESERVES</b>			
Disability	\$15,009,782	\$127,857,567	\$142,867,349
Accidental Death	\$0	\$5,719,857	\$5,719,857
Survivor Benefits	\$0	\$43,620,928	\$43,620,928
Total	\$15,009,782	\$177,198,352	\$192,208,134
<b>TOTAL RESERVES</b>	\$789,782,940	\$1,353,171,925	\$2,142,954,865



**TABLE II-5**  
**ALLOCATION OF ACTUARIAL VALUE OF ASSETS**

	Allocation to:		Total
	<u>Member Contribution Fund</u>	<u>Retirement Allowance Fund</u>	
<b>RETIREMENT RESERVES</b>			
State Employees	\$243,304,777	\$437,919,431	\$681,224,208
MRTA Teacher	\$420,594,998	\$561,159,025	\$981,754,023
Old System Teacher	\$0	(\$220,569,480)	(\$220,569,480)
Judges	\$1,224,854	\$11,025,278	\$12,250,132
Legislators	\$65,780	\$657,205	\$722,985
Subtotal State	\$665,190,409	\$790,191,459	\$1,455,381,868
Participating Districts	\$109,582,749	\$403,819,033	\$513,401,782
Total	\$774,773,158	\$1,194,010,492	\$1,968,783,650
<b>COMMINGLED RESERVES</b>			
Disability	\$15,009,782	\$129,044,353	\$144,054,135
Accidental Death	\$0	\$5,767,371	\$5,767,371
Survivor Benefits	\$0	\$43,983,283	\$43,983,283
Total	\$15,009,782	\$178,795,007	\$193,804,789
<b>TOTAL RESERVES</b>	<b>\$789,782,940</b>	<b>\$1,372,805,499</b>	<b>\$2,162,588,439</b>





## LIABILITIES

### Actuarial Liabilities

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. There are several methods currently used in making such a determination.

The method used for this valuation is referred to as the "entry age normal actuarial cost method." Under this method, a level-percent-of-pay employer cost is determined which, along with member contributions, will pay for projected benefits at retirement for a new entrant into the plan. It is assumed applicable to all active plan members. The level percent developed is called the normal cost rate and the product of that rate and payroll is the normal cost.

The actuarial 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 funds accumulated as of the same date is referred to as the unfunded actuarial liability. If the employer's contributions exceed the employer's normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial liability, this liability will be reduced. Benefit improvements, actuarial gains and losses, and changes in actuarial procedures will also have an effect on the total actuarial liability and on the portion of it that is unfunded.

After the amount of the unfunded actuarial liability has been determined, a schedule of contributions is established to amortize that amount over a given period. Effective with the 1987 valuation, a thirty year amortization period was adopted for the Maine State Retirement System. Payments to fund the actuarial liability will be a level percentage of payroll.

In Table III-1 we have summarized the actuarial liabilities as of June 30, 1991, and the amounts that were unfunded.



**TABLE III-1**  
**ACTUARIAL LIABILITIES**

	<u>State Employees</u>	<u>MTRA Teachers</u>	<u>Old System Teachers</u>	<u>All State Employees</u>
1. Active employees				
(a) Current accrued benefits	\$438,958,276	\$823,760,096	\$0	\$1,262,718,372
(b) Future benefit accruals	\$864,931,883	\$1,579,993,501	\$0	\$2,444,925,384
(c) Total active projected benefits	\$1,303,890,159	\$2,403,753,597	\$0	\$3,707,643,756
2. Inactive Employees	\$725,856,671	\$808,099,122	\$25,576,012	\$1,559,531,805
3. Total Present Value of Projected Benefits (1 + 2)	\$2,029,746,830	\$3,211,852,719	\$25,576,012	\$5,267,175,561
4. Future Contributions	\$488,355,614	\$745,562,658	\$0	\$1,233,918,272
5. Actuarial Liability (3 - 4)	\$1,541,391,216	\$2,466,290,061	\$25,576,012	\$4,033,257,289
6. Invested Assets (Actuarial Value)	\$681,224,208	\$981,754,023	(\$220,569,480)	\$1,442,408,751
7. Unfunded Actuarial Liability (5 - 6)	\$860,167,008	\$1,484,536,038	\$246,145,492	\$2,590,848,538



## Accounting Statement Information

Statement No. 35 of the Financial Accounting Standards Board requires the System to disclose certain information regarding its funded status.

Statement No. 5 of the Governmental Accounting Standards Board, issued during 1986, establishes standards for disclosure of pension information by public employee retirement systems and governmental employers in notes to financial statements and supplementary information. This statement specifies that a comparison of the present value of accrued (accumulated) plan benefits with the value of plan assets must be provided by the System.

As directed by the above referenced accounting statements, the liabilities shown in Table III-2, Accrued Benefit Liabilities, do not include any projections for future creditable service and pay increases. The liabilities shown in Table III-3, GASB Disclosure, are based on current creditable service but include future pay projections.

Both present values of accrued benefits are determined assuming that the plan is ongoing and participants continued to terminate employment, retire, etc. in accordance with the actuarial assumptions.

**TABLE III-2  
ACCRUED BENEFIT LIABILITIES**

	<u>State Employees</u>	<u>MTRA Teachers</u>	<u>Old System Teachers</u>	<u>All State Employees</u>
1. Present Value of Accrued Benefits				
(a) Employees terminated with vested rights	\$5,186,160	\$9,489,946	\$0	\$14,676,106
(b) Retired employees	\$720,670,511	\$798,609,176	\$25,576,012	\$1,544,855,699
(c) Active employees	\$438,958,276	\$823,760,096	\$0	\$1,262,718,372
(d) Total	\$1,164,814,947	\$1,631,859,218	\$25,576,012	\$2,822,250,177
2. Invested Assets (Market Value)	\$675,611,962	\$973,665,872	(\$220,569,480)	\$1,428,708,354
3. Unfunded Present Value of Accrued Benefits (1 - 2)	\$489,202,985	\$658,193,346	\$246,145,492	\$1,393,541,823
4. Accrued Benefit Funding Ratio (2 / 1)	58.0%	59.7%	N/A	50.6%



**TABLE III-3**  
**GASB DISCLOSURE**

	<u>State Employees</u>	<u>MTRA Teachers</u>	<u>Old System Teachers</u>	<u>All State Employees</u>
1. Pension Benefit Obligation:				
(a) Retirees and disabled members, and beneficiaries, currently receiving benefits and vested deferred members	\$725,856,671	\$808,099,122	\$25,576,012	\$1,559,531,805
(b) Current Employees				
(1) Accumulated employee contributions including allocated investment earnings	\$243,304,777	\$420,594,998	\$0	\$663,899,775
(2) Employer-financed vested	\$165,670,612	\$363,738,422	\$0	\$529,409,034
(3) Employer-financed nonvested	\$304,828,841	\$590,638,041	\$0	\$895,466,882
(c) Total Pension Benefit Obligation	\$1,439,660,901	\$2,183,070,583	\$25,576,012	\$3,648,307,496
2. Net Assets Available for Benefits (at cost)	\$604,917,668	\$871,783,983	(\$220,569,480)	\$1,256,132,171
3. Unfunded Pension Benefit Obligation (not less than \$0)	\$834,743,233	\$1,311,286,600	\$246,145,492	\$2,392,175,325





## CONTRIBUTIONS

### General Comments

Under established procedures, contribution rates based on this June 30, 1991, actuarial valuation will be used to determine Fiscal Year 1993 State appropriations to the Maine State Retirement System. In this context, the term "contribution rate" means the percentage which is applied to a particular active member payroll to determine the actual contribution amount (i.e., in dollars) for the group.

### Description of Rate Components

Except for ancillary benefits (disability, survivors' and accidental death benefits), the entry age normal method was used to develop the contribution rates in this section. Under this funding method, as with most other actuarial funding methods, a total contribution rate is determined which consists of two elements: the normal cost rate and the unfunded actuarial liability rate. The contribution rates for ancillary benefits were determined separately using a term cost method. These elements are described in more detail below.

#### Normal Cost Rate

For State employees, teachers (MTRA) and each special group, an individual entry age normal cost rate was determined for a typical new entrant of each respective group. This rate was 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 his expected future salary. The normal cost rate, so determined separately for each group, was assumed applicable to all active members of the group.

#### Unfunded Actuarial Liability Rate

The unfunded actuarial liability under the entry age normal method equals the present value, at time of valuation, of future benefits less the present value of future normal costs, future member contributions and current assets. The unfunded actuarial liability rate (or amortization rate) is the level percent of active member payroll which, when applied to each year's payroll, is sufficient to amortize the unfunded actuarial liability over 30 years from June 30, 1987.

#### Ancillary Benefit Rate

For each separate cost group (State employees, teachers, etc.) the cost of claims expected to be incurred during the year was determined as a percent of active member payroll. The State appropriation for ancillary benefits will then be determined by applying the ancillary benefit rate to the appropriate active member payroll.

### Total Contribution Rate Summary

In Table IV-1 we present total contribution rates, determined as of June 30, 1991, applicable for determining the Fiscal Year 1993 State appropriations to the System, using the cost methods described above. These were developed using actuarial assumptions and methods described in the "Actuarial Assumptions and Methods" section.

The derivations of the unfunded actuarial liability rates for each group are shown in Table IV-2.





**TABLE IV-1**  
**RECOMMENDED STATE CONTRIBUTION RATES\***  
**FOR FISCAL YEAR 1992/1993**

	<u>RETIREMENT</u> <u>BENEFITS</u>		<u>ANCILLARY BENEFITS</u>			
	<u>NORMAL</u> <u>COST**</u>	<u>UNF</u> <u>ACTRL</u> <u>LIAB</u>	<u>DISAB</u>	<u>SURV</u>	<u>AC</u> <u>DEATH</u>	<u>ALL</u> <u>BENEFITS</u>
STATE EMPLOYEES	5.91%	9.49%	1.50%	0.33%	0.12%	17.35%
SPECIAL GROUPS						
State Police (Closed Plan)	20.00%	32.51%	0.71%	0.19%	0.22%	53.63%
State Police (Open Plan)	20.00%	0.00%	0.76%	0.12%	0.16%	21.04%
Sea and Shore Wardens (Closed Plan)	17.50%	37.28%	0.80%	0.24%	0.24%	56.06%
Game Wardens (Closed Plan)	20.00%	37.97%	0.61%	0.19%	0.19%	58.96%
Prison Wardens (Closed Plan)	8.00%	13.36%	1.60%	0.49%	0.55%	24.00%
Prison Wardens (Open Plan)	8.00%	0.00%	1.18%	0.17%	0.32%	9.67%
Liquor Inspectors (Closed Plan)	8.00%	13.73%	1.41%	0.42%	0.51%	24.07%
Forest Rangers (Closed Plan)	7.50%	18.88%	1.43%	0.50%	0.50%	28.81%
MTRA TEACHERS	6.29%	12.48%	1.50%	0.23%	0.08%	20.58%

\* These rates do not include charges to cover retiree health insurance or administrative expenses.

\*\* Includes cost of automatic Option 2.

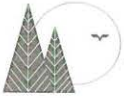


**TABLE IV-2**  
**JUNE 30, 1991, VALUATION**  
**DERIVATION OF UNFUNDED ACTUARIAL LIABILITY RATES**

	STATE REGULAR	STATE POLICE*	SEA AND SHORE WARDENS	GAME WARDENS	PRISON WARDENS*	LIQUOR INSPECTOR	FOREST RANGERS	MTRA TEACHERS
1. Present Value of Future Benefits	1,785,356,418	121,364,846	14,990,835	49,305,145	38,051,584	2,795,506	17,882,496	3,211,852,719
2. Normal Cost Rate**	5.50%	20.00%	17.50%	20.00%	8.00%	8.00%	7.50%	6.00%
3. Present Value of Future Payroll	3,788,436,861	62,176,030	3,331,774	7,837,055	70,977,908	2,779,473	15,013,670	5,964,501,264
4. Present Value of Future Normal Costs: (2) x (3)	208,364,027	12,436,206	583,060	1,567,411	5,678,233	222,358	1,126,025	357,870,076
5. Present Value of Future Member Contributions	246,248,396	4,663,203	249,883	587,779	5,323,343	180,666	1,126,025	387,692,282
6. Actuarial Liability: (1) - (4) - (5)	1,330,743,995	104,266,437	14,157,892	47,149,955	27,050,008	2,392,482	15,630,446	2,466,290,061
7. Actuarial Value of Assets	588,127,800	46,080,982	6,257,139	20,838,117	11,954,863	1,057,367	6,907,940	981,754,023
8. Unfunded Actuarial Liability: (6) - (7)	742,616,195	58,185,455	7,900,753	26,311,838	15,095,145	1,335,115	8,722,506	1,484,536,038
9. Estimated Payroll	379,919,609	12,096,332	1,029,108	3,364,943	8,898,391	472,071	2,243,014	577,618,755
10. Amortization Factor	20.5921	20.5921	20.5921	20.5921	20.5921	20.5921	20.5921	20.5921
11. Unfunded Actuarial Liability Rate (8) / (9) / (10)	9.49%	23.36%	37.28%	37.97%	8.24%	13.73%	18.88%	12.48%

\* Includes closed and open plans

\*\* Does not include cost of Automatic Option 2



## RESERVES FOR DISABILITY, SURVIVOR, AND ACCIDENTAL DEATH BENEFITS

Retirement benefits under the System are funded on a basis expected to result in level percent of pay contributions over the members' working lives. This funding method involves projecting the expected benefits payable in all future years and spreading the costs to produce a level pattern.

In contrast, employer contributions for certain ancillary benefits are determined on a "term cost" basis. Under this funding method, the annual cost for a year is determined as the value of benefit claims expected to be "incurred" during the year.

For example, the value (or cost) of a survivor pension expected to become payable during a year is the present value of all the future monthly payments expected because of a member's death. Under the term cost method, the employer contribution reflects only the cost of events (deaths or disabilities) expected to occur in the current year.

Types of benefits under the System which are funded using the term cost method are the "new" disability benefit (effective in 1977), survivor benefits, and accidental death benefits. The cost of benefits for members who became disabled under the old provisions is funded along with retirement benefits.

For each of these benefits funded by the term cost method, a separate trust fund reserve is maintained. Each fund is increased by employer contributions and investment earnings and decreased by benefits paid.

Each year, as a part of the actuarial valuation we compare the present value of benefits payable (theoretical reserve) with the trust fund reserve (actual reserve). Under ideal circumstances the actual reserve will exceed the theoretical reserve to allow for a margin or "cushion" to absorb future experience losses. We show the trust fund at "actuarial value", as described in the "Assets" section.

Trends in the ratio of actual to theoretical reserves may indicate a need to change the assumptions used to value benefits which, in turn, will lead to a change in employer contribution rates. For example, this year we reduced the calculated contribution rate for disability benefits by approximately 15% to reflect favorable experience in that fund.

The following sections compare the actual reserves with theoretical reserves based on an assumed rate of investment return of 8%.

### A. Disability Benefits Reserve

#### 1. Theoretical Reserve

a. State Employees	\$58,422,612
b. Teachers	\$51,313,096
c. Participating Districts	\$6,169,613
d. Total	\$115,905,321

2. Actual Reserve (Actuarial Value) \$144,054,135

3. Ratio: (2) / (1) 124.29%



## B. Survivor Benefits Reserve

## 1. Theoretical Reserve

a. State Employees	\$18,761,579
b. Teachers	\$8,965,871
c. Participating Districts	\$3,078,544
d. Total	\$30,805,994

2. Actual Reserve (Actuarial Value) \$43,983,283

3. Ratio: (2) / (1) 142.78%

## C. Accidental Death Benefit Reserve

1. Theoretical Reserve \$3,468,747

2. Actual Reserve (Actuarial Value) \$5,767,371

3. Ratio: (2) / (1) 166.27%



## MEMBERSHIP DATA

### ACTIVE MEMBER DATA

#### Teachers

Count	22,905
Average Current Age	42.2
Average Service	12.1
Average Valuation Pay	\$25,218

#### State Regular\*

Count	14,652
Average Current Age	41.8
Average Service	10.3
Average Valuation Pay	\$25,914

#### Airplane Pilots

Count	6
Average Current Age	47.0
Average Service	10.5
Average Valuation Pay	\$37,034

#### Forest Rangers (Closed Plan)

Count	72
Average Current Age	42.6
Average Service	16.8
Average Valuation Pay	\$31,153

#### Game Wardens (Closed Plan)

Count	95
Average Current Age	42.4
Average Service	18.1
Average Valuation Pay	\$35,420

#### Liquor Inspectors (Closed Plan)

Count	13
Average Current Age	45.5
Average Service	20.3
Average Valuation Pay	\$36,313

\* Includes Forest Rangers, Game Wardens, Liquor Inspectors, and Sea and Shore Wardens hired after August 31, 1984, plus seasonal employees.





## ACTIVE MEMBER DATA

(continued)

### Prison Wardens (Closed Plan)

Count	171
Average Current Age	44.4
Average Service	13.7
Average Valuation Pay	\$32,085

### Prison Wardens (Open Plan)

Count	130
Average Current Age	35.5
Average Service	3.2
Average Valuation Pay	\$26,245

### State Police (Closed Plan)

Count	223
Average Current Age	41.2
Average Service	16.5
Average Valuation Pay	\$38,977

### State Police (Open Plan)

Count	115
Average Current Age	29.5
Average Service	4.3
Average Valuation Pay	\$29,603

### Sea and Shore Wardens (Closed Plan)

Count	29
Average Current Age	40.5
Average Service	16.4
Average Valuation Pay	\$35,486

### State Totals

Count	15,506
Average Current Age	41.7
Average Service	10.4
Average Valuation Pay	\$26,314

**NON-ACTIVE MEMBER DATA - TEACHERS (MTRA)**

<u>Retired</u> (Options 0-4)	
Count	7,152
Average Benefit	\$9,800
<u>Disabilities</u> (Options 7,8,9)	
Count	36
Average Benefit	\$13,155
<u>Beneficiaries</u>	
Count	434
Average Benefit	\$7,885
<u>Terminated Vested</u>	
Count	417
Average Benefit	\$3,046
<u>New Law Disabilities</u> (Options 6, A-E)	
Count	325
Average Benefit	\$14,523

**NON-ACTIVE MEMBER DATA - OLD SYSTEM TEACHERS**

<u>Retired</u> (Options 0-4)	
Count	530
Average Benefit	\$8,756
<u>Disabilities</u> (Options 7,8,9)	
Count	—
Average Benefit	—
<u>Beneficiaries</u>	
Count	82
Average Benefit	\$4,299
<u>Terminated Vested</u>	
Count	—
Average Benefit	—
<u>New Law Disabilities</u> (Options 6, A-E)	
Count	—
Average Benefit	—

**NON-ACTIVE MEMBER DATA - STATE REGULAR**

<u>Retired</u> (Options 0-4)	
Count	6,728
Average Benefit	\$7,742
<u>Disabilities</u> (Options 7,8,9)	
Count	57
Average Benefit	\$10,309
<u>Beneficiaries</u>	
Count	1,109
Average Benefit	\$5,814
<u>Terminated Vested</u>	
Count	179
Average Benefit	\$4,662
<u>New Law Disabilities</u> (Options 6, A-E)	
Count	560
Average Benefit	\$10,175

**NON-ACTIVE MEMBER DATA - SPECIAL GROUPS**

<u>Retired</u> (Options 0-4)	
Count	516
Average Benefit	\$14,454
<u>Disabilities</u> (Options 7,8,9)	
Count	5
Average Benefit	\$8,934
<u>Beneficiaries</u>	
Count	41
Average Benefit	\$8,063
<u>Terminated Vested</u>	
Count	8
Average Benefit	\$7,461
<u>New Law Disabilities</u> (Options 6, A-E)	
Count	—
Average Benefit	—



## SUMMARY OF PLAN PROVISIONS FOR STATE EMPLOYEES AND TEACHERS

### 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 6.5% of earnable compensation.

Contribution requirements for special groups:

- State police, inland fisheries and wildlife officers (game wardens), and marine resources officers (sea and shore wardens) employed before 9/1/84 - 7.5% of earnable compensation for 20 years; 6.5% thereafter.
- State police and prison employees employed after 8/31/84 - 7.5% of earnable compensation for 25 years; 6.5% thereafter.
- Forest rangers and state prison employees employed before 9/1/84 - 7.5% of earnable compensation until eligible for retirement; 6.5% thereafter.

### 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 3 years of creditable service (not necessarily consecutive) which produce the highest such average.

### 4. Creditable Service

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

### 5. Service Retirement Benefits

Except as otherwise described below:

Eligibility for members in service - 25 years of creditable service, or attainment of age 60 with either 10 years of creditable service or one year of service immediately before retirement.

Eligibility for members not in service - 25 years of creditable service, or attainment of age 60 with 10 years of creditable service.

Benefit -  $1/50$  of average final compensation multiplied by years of membership service and up to 25 years of prior service, reduced for retirement before age 60.

Form of payment - life annuity.



For participants entering the plan after 12/1/84 the eligibility age is increased to age 62 and early retirement benefits are reduced 6% for each year before 62.

If greater than the benefits produced by the standard formulas, the following benefits are available for special groups:

State police, inland fisheries and wildlife officers (game wardens), and marine resources officers (sea and shore wardens) employed before 9/1/84:

Eligibility - 20 years of creditable service in named positions.

Benefit -  $1/2$  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 compensation.

Form of payment - 50% joint and survivor annuity.

State police employed after 8/31/84:

Eligibility - 25 years of creditable service as a state police officer.

Benefit - same as for general employees, reduced for payment before age 55 rather than age 60.

Form of payment - life annuity.

Forest rangers employed before 9/1/84:

Eligibility - age 50 with 25 years of creditable service as a forest ranger.

Benefit -  $1/2$  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 compensation.

Form of payment - life annuity.

Airplane pilots employed before 9/1/84:

Eligibility - age 55 and 25 years of creditable service as an airplane pilot.

Benefit - greater of (1)  $1/2$  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.

Liquor inspectors employed before 9/1/84:

Eligibility - age 55 and 25 years of creditable service as a liquor inspector.

Benefit -  $1/2$  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 compensation.

Form of payment - life annuity.





State prison employees employed before 9/1/84:

Eligibility - age 50 and 20 years of creditable service as a prison employee.

Benefit -  $1/2$  of average final compensation plus 2% for each year of service earned after qualification for retirement.

Form of payment - life annuity.

State prison employees employed after 8/31/84:

Eligibility - 25 years of creditable service as a prison employee.

Benefit - same as for general employees, reduced for retirement before age 55 rather than age 60.

Form of payment - life annuity.

## 6. Disability Retirement Benefits

Eligibility - permanently mentally or physically incapacitated before normal retirement age while in service; unable to perform duties of own position.

Benefit -  $66\frac{2}{3}\%$  of average final compensation, reduced by employment earnings over \$10,000, 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 5 years, unless the member is unable to engage in any gainful activity; in which case payments cease on the earlier of 10 years following normal retirement age or 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  $66\frac{2}{3}\%$  of average final compensation or 10 years after the normal retirement date, if earlier, the disability benefit converts to a service retirement benefit based on service and adjusted average final compensation at that point.

## 7. Ordinary Death Benefits Before Eligibility for Service Retirement

Eligibility - death while active or disabled before eligibility for service retirement.

Benefit - member's accumulated contributions at time of death. A surviving spouse, children, parents, or other beneficiaries may be eligible to elect (in lieu of contributions) survivor benefits in monthly amounts varying by number of eligible survivors.

## 8. Ordinary Death Benefits After Eligibility for Service Retirement

Eligibility - death while active or disabled after eligibility for retirement but before benefit commencement date.

Benefit - option 2 (see item 12) is automatically effective with benefits payable to designated beneficiary, spouse, or parents; however, beneficiary may elect benefit in item 7 instead. Otherwise, accumulated contributions are payable to the estate.



## 9. Accidental Death Benefits

Eligibility - death while active or disabled resulting from injury related to employment.

Benefit - if the member leaves no dependent children, 2/3 of the member's average final compensation to the surviving spouse until death; if there remain surviving dependent children, an annual sum of the member's final average compensation shared between dependent children and surviving spouse (if any). Benefits are reduced by amounts payable under worker's compensation.

## 10. Refund of Contributions

Eligibility - termination of service except by retirement or death.

Benefit - member's accumulated contributions (see definition of in 5 MRSA Section 17001(1)).

## 11. Cost-of-Living Adjustments

All retirement and survivor benefits are adjusted each year there is a percentage change in the Consumer Price Index, based on the change in 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 increase or decrease is 4%. Earnable compensation used in determining benefits for disabled members is indexed similarly.

## 12. Optional Methods of Payment

Option 1: Cash refund equal to the excess of accumulated contributions at date of retirement over total payments made to date of death which are attributable to member contributions.

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Any other benefit which is actuarially equivalent to the retirement allowance and is approved by the Board.



## ACTUARIAL ASSUMPTIONS AND METHODS

### A. Actuarial Assumptions

		<u>State Employees</u>	<u>Teachers</u>
1. Rate of Investment Return	1990-91	8.5%	8.5%
	1991 (ultimate)	8.0%	8.0%
2. Cost-of-living Increases in Benefits		4.0%	4.0%
3. Rates of Salary Increase (% at Selected Ages)	<u>Age</u>		
	20	10.0	10.0
	25	8.8	8.8
	30	7.7	7.7
	35	7.2	7.2
	40	6.7	6.7
	45	6.2	6.2
	50	6.0	6.0
	55	6.0	6.0
	60	6.0	6.0
	65	6.0	6.0

*Includes 6% across-the-board increase at each age*

		<u>State Employees</u>			<u>Teachers</u>		
4. Rates of Termination at Select and Ultimate Service (% at Selected ages)*	<u>Age</u>	<u>Service</u>			<u>Service</u>		
		0-1	1-2	2+	0-1	1-2	2+
	20	40.0	20.0	15.0	30.0	20.0	15.0
	25	35.0	20.0	10.0	25.0	20.0	10.0
	30	30.0	15.0	8.0	25.0	20.0	8.0
	35	25.0	15.0	6.0	25.0	20.0	6.0
	45	25.0	10.0	3.0	25.0	20.0	3.0
	50	25.0	10.0	2.5	25.0	20.0	2.5
	55	20.0	10.0	2.0	25.0	20.0	2.0

\* 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



5. Rates of Healthy Life Mortality at Selected Ages (number of deaths per 10,000 members)*	Age	Male	Female	Male	Female
	20	5	3	5	2
	25	6	3	6	3
	30	8	5	7	4
	35	11	7	10	6
	40	16	9	14	8
	45	29	14	23	12
	50	53	22	42	18
	55	85	33	71	27
	60	131	55	109	44
	65	213	96	174	77
	70	361	165	292	129

\* For State Regular and Teachers 5% of deaths assumed to be accidental; for State Special 20% of deaths assumed to be accidental

6. Rates of Disabled Life Mortality at Selected Ages (number of deaths per 10,000 members)	Age	State Employees		Teachers	
		Male	Female	Male	Female
	45	349	210	349	210
	50	376	228	376	228
	55	420	263	420	263
	60	488	317	488	317
	65	595	403	595	403
	70	763	537	763	537

7. Rates of Retirement at Selected Ages (number retiring per 1,000 members)	Age	State Employees **	Teachers
	45	25	3
	50	38	50
	55	100	126
	59	120	146
	60	150	200
	61	100	150
	62	350	400
	63	250	250
	64	250	250
	65	750	750
	70	1000	1000

8. Rates of Disability at Selected Ages (members becoming disabled per 10,000 members)***	Age	State Employees **	Teachers
	25	5.7	5.7
	30	6.3	6.3
	35	7.3	7.3
	40	11.0	11.0
	45	22.0	22.0
	50	42.0	42.0
	55	71.9	71.9
	60	124.2	124.2

\*\* Members of special plans are assumed to retire when first eligible for unreduced benefits.

\*\*\* 10% assumed to receive Workers Compensation benefits of 66 2/3% of pay; also, rates for State special groups are higher by 7 per 10,000 at all ages. Note: Disability costs calculated using these rates were reduced 15% to reflect favorable experience.





9. Family Composition Assumptions 80% of active members are married with two children born at ages 24 and 28 (dependent until age 18); female spouse is three years younger than male spouse; no dependent parents; unmarried members have beneficiaries entitled to benefits worth 80% as much as those of married members' beneficiaries.

## B. Actuarial Methods

### 1. Funding Method

The aggregate 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 (MTRA) and State employees, including each of the eight State special groups, 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 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 his expected future salary.

In addition to contributions required to meet the System's normal cost, contributions will be required to fund the System'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 the System's 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 over a 26 year period from July 1, 1991. The payments are determined so that they will be a level percentage of pay, assuming total pay increases 6% per year.

Costs for ancillary benefits (death and disability) are determined using a term cost method.

### 2. Asset Valuation Method

For purposes of the June 30, 1991, actuarial valuation, assets are valued at an "actuarial value" as described in the "Assets" section in this report.



## INVESTMENTS

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## INVESTMENT SUMMARY BY FUND, MANAGER, OR ACCOUNT

<u>FUND/MANAGER/ACCOUNT</u>	<u>COST</u>	<u>MARKET VALUE</u>
Peregrine Capital	\$ 49,024,771.78	\$ 48,199,721.58
Geo Capital	51,092,982.58	49,580,996.38
Alliance Capital Management (Equity)	105,245,534.04	122,730,377.00
Aliance Capital Management (Fixed)	116,570,680.11	117,039,847.81
MSRS Group Life	21,310,746.85	22,669,561.11
Morgan Guaranty - Mortgages	113,906,275.65	134,112,871.63
Putnam Advisory	113,204,814.18	114,502,110.43
Travelers Insurance Co.	12,854,438.86	12,349,301.84
Panagora Asset Management (Equity)	399,581,588.40	560,363,884.87
Columbus Circle	98,278,327.62	123,200,279.00
Bankers Trust Co.	81,145,814.24	73,296,963.15
State Street Bank	57,907,128.81	50,351,330.32
Lehman Ark Management	99,545,579.96	98,977,546.50
Panagora Asset Management (Fixed)	227,377,930.76	257,313,369.56
Morgan Guaranty Private Placements	41,195,372.38	44,315,341.75
Gouws Capital Management	102,990,319.08	102,898,164.38
Property Capital Advisors	43,614,146.15	41,878,518.50
Boston Co. Institutional Investors	159,104,367.03	171,530,932.12
MSRS Liquidity Account	11,313,741.00	11,313,741.38
First Reserve Energy	1,972,371.50	1,056,030.00
<b>TOTAL INVESTMENTS</b>	<b>\$1,907,236,930.98</b>	<b>\$2,157,680,889.31</b>



## INVESTMENT SUMMARY BY TYPE

	<u>COST</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
Cash & Equivalents	\$ 64,234,187.00	\$ 64,234,187.00	\$ 0.00
Common Stock	1,007,219,929.02	1,191,061,018.31	183,841,089.29
Convertible Securities	5,153,926.24	5,119,400.00	(34,526.24)
Preferred Stock	451,312.50	515,625.00	64,312.50
Fixed Income	773,708,991.21	842,522,838.66	68,813,847.45
Real Estate	56,468,585.01	54,227,820.34	(2,240,764.67)
 TOTAL INVESTMENTS	 \$1,907,236,930.98	 \$2,157,680,889.31	 \$250,443,958.33

## CASH & CASH EQUIVALENTS

### THE BOSTON COMPANY, INC POOLED EMPLOYEE FUNDS

	<u>COST</u>	<u>MARKET VALUE</u>
Columbus Circle	\$ 7,554,429.00	\$ 7,554,429.00
Lehman Management Co.	4,393,939.00	4,393,939.00
Peregrine	3,040,841.00	3,040,841.00
GEO Capital	1,314,682.00	1,314,682.00
Alliance Capital Equity	5,539,527.00	5,539,527.00
Alliance Capital Fixed Income	14,944,447.00	14,944,447.00
Group Life Account	1,908,711.00	1,908,711.00
Pitnam Fixed Income	1,138,798.00	1,138,798.00
Liquidity	11,268,882.00	11,268,882.00
Gouws Capital Management	12,115,832.00	12,115,832.00
Fixed Income Transition Account	293.00	293.00
Stems Account	1,013,806.00	1,013,806.00
 TOTAL CASH & CASH EQUIVALENTS	 \$64,234,187.00	 \$64,234,187.00



## COMMON STOCK

	SHARES/ PAR	COST	MARKET PRICE	MARKET VALUE	UNREALIZED GAIN (LOSS)
WILSHIRE 5000 INDEX POOLED FD	256,594,494	\$399,581,588.40	\$2.18	\$560,363,884.87	
AMR CORP DEL	30,100	1,515,547.13	60.75	1,828,575.00	313,027.87
ADVANCED MICRO DEVICES INC	98,100	1,294,893.70	12.00	1,177,200.00	(117,693.70)
AIR PRODS & CHEMS INC	34,900	2,141,485.40	67.38	2,351,387.50	209,902.10
ALZA CORP CL A	47,700	2,716,949.10	56.63	2,701,012.50	(15,936.60)
AMERADA HESS CORP	40,000	1,982,315.40	51.38	2,055,000.00	72,684.60
BANKAMERICA CORP	53,100	1,495,765.70	36.25	1,924,875.00	429,109.30
BIOMET INC	64,900	1,314,123.97	26.25	1,703,625.00	389,501.03
BLOCK H & R INC	91,000	3,343,142.90	55.00	5,005,000.00	1,661,857.10
BORLAND INTL INC	34,600	1,569,193.00	43.00	1,487,800.00	(81,393.00)
CSX CORP	28,500	1,211,657.40	45.38	1,293,187.50	81,530.10
CHEMICAL WASTE MGMT INC	54,200	1,225,992.50	19.88	1,077,225.00	(148,767.50)
CHIRON CORP	18,000	733,575.53	51.75	931,500.00	197,924.47
CONSOLIDATED RAIL CORP	24,200	1,188,651.40	57.00	1,379,400.00	190,748.60
CORNING INC	30,300	1,706,222.37	62.13	1,882,387.50	176,165.13
DELTA AIR LINES INC DEL	19,000	1,131,150.10	68.63	1,303,875.00	172,724.90
DILLARD DEPT STORES INC CL A	36,500	3,138,862.50	121.38	4,430,187.50	1,291,325.00
FEDERAL NATL MTG ASSN	94,500	3,030,007.11	49.50	4,677,750.00	1,647,742.89
FEDERAL PAPER BRD INC	49,500	1,412,439.40	30.63	1,515,937.50	103,498.10
GAP INC	38,300	1,604,708.30	59.88	2,293,212.50	688,504.20
GENERAL MLS INC	43,000	1,941,360.80	56.50	2,429,500.00	488,139.20
GEORGIA GULF CORP PAR \$0.01	103,900	1,825,220.80	17.13	1,779,287.50	(45,933.30)
GEORGIA PAC CORP	63,900	2,887,576.50	52.25	3,338,775.00	451,198.50
HOME DEPOT INC	99,000	1,927,354.00	45.13	4,467,375.00	2,540,021.00
INTEL CORP	51,200	2,285,943.38	46.50	2,380,800.00	94,856.62
K MART CORP	42,400	1,745,798.80	45.25	1,918,600.00	172,801.20
LIZ CLAIBORNE INC	59,700	1,385,470.62	46.88	2,798,437.50	1,412,966.88
ZERO CORP	40,000	491,950.00	13.63	545,000.00	53,050.00
WEYERHAEUSER CO	30,000	693,888.00	26.75	802,500.00	108,612.00
WILLIAMS COS INC	10,000	255,800.00	31.75	317,500.00	61,700.00
WITCO CORP	15,000	510,107.47	41.13	616,875.00	106,767.53
SOUTH JERSEY IND	30,000	547,511.68	18.50	555,000.00	7,488.32
SOUTHWESTERN PUBLIC SVC CO	70,000	1,855,600.00	28.63	2,003,750.00	148,150.00
SUN INC	35,000	1,136,785.00	29.00	1,015,000.00	(121,785.00)
TRW INC	25,000	993,312.50	42.13	1,053,125.00	59,812.50
TENNECO INC	5,900	246,000.50	40.00	236,000.00	(10,000.50)
TEXAS INSTRS INC	40,000	1,419,100.00	33.25	1,330,000.00	(89,100.00)
THOMAS INDS INC	40,000	615,500.00	10.88	435,000.00	(180,500.00)
TIMES MIRROR CO SER A	10,000	268,200.00	29.50	295,000.00	26,800.00
TIMKEN CO	30,000	719,600.00	25.75	772,500.00	52,900.00
TRAVELERS CORP	40,000	1,702,035.00	21.75	870,000.00	(832,035.00)
USX-MARATHON GROUP NEW	50,000	1,441,711.34	22.50	1,125,000.00	(316,711.34)
USF&G CORP	15,000	493,575.00	9.00	135,000.00	(358,575.00)
USX-U S STL GROUP	10,000	240,938.66	22.88	228,750.00	(12,188.66)
UNION ELEC CO	35,000	929,638.18	29.75	1,041,250.00	111,611.82
UNITED STATES SHOE CORP	30,000	248,343.75	12.75	382,500.00	134,156.25
WATKINS JOHNSON CO	40,000	633,400.00	15.88	635,000.00	1,600.00
HERCULES INC	30,000	1,291,050.00	37.00	1,110,000.00	(181,050.00)
HEWLETT PACKARD CO	10,000	417,650.00	50.75	507,500.00	89,850.00
HOMESTAKE MNG CO	60,000	861,700.00	16.75	1,005,000.00	143,300.00
HUGHES SUPPLY INC	27,000	442,415.00	12.38	334,125.00	(108,290.00)





## COMMON STOCK (Continued)

	SHARES/ PAR	COST	MARKET PRICE	MARKET VALUE	UNREALIZED GAIN (LOSS)
INTL BUSINESS MACHS CORP	25,000	2,831,807.73	97.13	2,428,125.00	(403,682.73)
K MART CORP	40,000	1,361,160.00	45.25	1,810,000.00	448,840.00
KAMAN CORP CL A	70,000	794,140.00	9.00	630,000.00	(164,140.00)
LOCKHEED CORP	10,000	465,544.50	43.63	436,250.00	(29,294.50)
M A COM INC	115,000	936,532.00	5.50	632,500.00	(304,032.00)
MAXUS ENERGY CORP	20,000	161,400.00	8.50	170,000.00	8,600.00
MCDONALDS CORP	30,000	938,350.00	32.88	986,250.00	47,900.00
MEREDITH CORP	5,100	121,494.50	27.50	140,250.00	18,755.50
NATIONAL FUEL GAS CO N J	40,000	911,233.00	24.00	960,000.00	48,767.00
NATIONAL SVC INDS INC	25,000	630,500.00	25.00	625,000.00	(5,500.00)
NEW ENGLAND BUSINESS SVC INC	35,000	565,400.00	17.75	621,250.00	55,850.00
NEW ENGLAND ELECTRIC SYS	56,200	1,464,502.69	28.00	1,573,600.00	109,097.31
NIAGARA MOHAWK PWR CORP	80,000	1,099,200.00	15.38	1,230,000.00	130,800.00
NYNEX CORP	25,000	1,771,750.00	71.38	1,784,375.00	12,625.00
OHIO EDISON CO	60,000	1,096,150.00	18.25	1,095,000.00	(1,150.00)
PAINE WEBBER GROUP INC	10,000	277,320.92	19.63	196,250.00	(81,070.92)
PARKER HANNIFIN CORP	45,000	1,174,680.00	26.88	1,209,375.00	34,695.00
PENN CENT CORP	90,000	2,131,261.29	22.50	2,025,000.00	(106,261.29)
PERKIN ELMER CORP	20,000	455,571.74	28.50	570,000.00	114,428.26
POTASH CORP SASK INC	15,500	207,310.00	16.13	249,937.50	42,627.50
QUESTAR CORP	60,000	1,027,695.00	19.13	1,147,500.00	119,805.00
RAYCHEM CORP	40,000	1,309,135.00	26.00	1,040,000.00	(269,135.00)
RITE AID CORP	35,000	1,149,050.00	42.63	1,491,875.00	342,825.00
ROYAL DUTCH PETE CO N Y REG SH	10,000	309,519.00	77.50	775,000.00	465,481.00
RYDER SYS INC	51,000	904,195.00	19.25	981,750.00	77,555.00
SALOMON INC	55,000	1,476,000.00	32.50	1,787,500.00	311,500.00
SEARS ROEBUCK & CO	50,000	1,827,738.89	37.88	1,893,750.00	66,011.11
SKYLINE CORP	75,400	1,090,010.24	15.25	1,149,850.00	59,839.76
GENERAL SIGNAL CORP WT	24	0.00	0.00	0.02	0.02
CASTLE ENERGY CORP	28,538	0.00	4.75	135,555.50	135,555.50
AETNA LIFE & CAS CO	20,000	966,100.00	41.38	827,500.00	(138,600.00)
ALLIED SIGNAL INC	70,000	2,661,037.05	33.00	2,310,000.00	(351,037.05)
AMERICAN ELEC PWR INC	70,000	1,777,254.87	28.38	1,986,250.00	208,995.13
AMERICAN EXPRESS CO	10,000	278,200.00	22.50	225,000.00	(53,200.00)
AMETEK INC	120,000	1,479,412.50	12.50	1,500,000.00	20,587.50
AMOCO CORP	20,000	1,021,400.00	50.63	1,012,500.00	(8,900.00)
ARMCO INC	125,400	1,355,357.00	5.13	642,675.00	(712,682.00)
ATLANTIC ENERGY INC N J	60,000	1,984,597.88	34.75	2,085,000.00	100,402.12
AVERY DENNISON CORP	68,400	1,565,975.08	24.75	1,692,900.00	126,924.92
AVNET INC	10,000	266,950.00	27.75	277,500.00	10,550.00
BALL CORP	50,000	1,326,000.00	31.50	1,575,000.00	249,000.00
BEARINGS INC NEW	10,000	211,987.35	23.00	230,000.00	18,012.65
BROWN GROUP INC	30,000	678,350.00	23.50	705,000.00	26,650.00
BRUNSWICK CORP	60,000	835,249.99	14.13	847,500.00	12,250.01
BRUSH WELLMAN INC	50,000	844,450.00	17.75	887,500.00	43,050.00
CABOT CORP	50,000	1,532,610.52	29.25	1,462,500.00	(70,110.52)
CABOT OIL & GAS CORP CL A	3,961	57,102.48	14.88	58,919.88	1,817.40
CENTRAL ME PWR CO	80,000	1,415,089.21	17.88	1,430,000.00	14,910.79
CHAMPION INTL CORP	70,000	2,164,662.50	28.38	1,986,250.00	(178,412.50)
CONTINENTAL CORP	50,000	1,561,500.00	27.25	1,362,500.00	(199,000.00)



## COMMON STOCK (Continued)

	SHARES/ PAR	COST	MARKET PRICE	MARKET VALUE	UNREALIZED GAIN (LOSS)
DEXTER CORP	55,000	1,166,605.00	20.25	1,113,750.00	(52,855.00)
DUFF & PHELPS UTILS INCOME INC	160,000	1,359,633.50	8.75	1,400,000.00	40,366.50
DUN & BRADSTREET CORP	5,000	187,205.00	47.38	236,875.00	49,670.00
EASTERN ENTERPRISES	40,000	1,015,890.00	24.25	970,000.00	(45,890.00)
EASTMAN KODAK CO	45,000	1,829,975.00	38.75	1,743,750.00	(86,225.00)
EMERSON ELEC CO	20,000	487,109.47	46.63	932,500.00	445,390.53
EXXON CORP	45,000	2,026,100.00	58.13	2,615,625.00	589,525.00
FORD MTR CO DEL	35,000	1,509,575.00	36.00	1,260,000.00	(249,575.00)
GENERAL MTRS CORP	20,000	811,600.00	40.75	815,000.00	3,400.00
GENUINE PARTS CO	45,000	1,695,880.00	42.88	1,929,375.00	233,495.00
GOODRICH B F CO	20,000	834,100.00	39.50	790,000.00	(44,100.00)
HARRIS CORP DEL	45,000	1,161,900.00	25.88	1,164,375.00	2,475.00
HECLA MNG CO	70,000	911,912.50	11.50	805,000.00	(106,912.50)
HELMERICH & PAYNE INC	35,000	821,200.00	23.00	805,000.00	(16,200.00)
WILMINGTON TR CO DEL	40,000	1,372,333.40	48.00	1,920,000.00	547,666.60
STORAGE TECHNOLOGY CORP PAR	20,000	613,838.00	39.13	782,500.00	168,662.00
STRATUS COMPUTER INC	50,000	1,081,454.22	29.38	1,468,750.00	387,295.78
SUN MICROSYSTEMS INC	20,000	730,000.00	27.88	557,500.00	(172,500.00)
TEXACO INC	50,000	3,015,950.00	60.13	3,006,250.00	(9,700.00)
TOYS R US INC	120,000	3,169,000.60	28.13	3,375,000.00	205,999.40
UNOCAL CORP	90,000	2,113,139.74	23.50	2,115,000.00	1,860.26
VINTAGE PETE INC	74,800	746,625.00	6.88	514,250.00	(232,375.00)
WASTE MGMT INC	80,000	1,608,389.90	36.50	2,920,000.00	1,311,610.10
HALLIBURTON CO	30,000	1,366,689.00	36.50	1,095,000.00	(271,689.00)
INTEL CORP	80,000	3,312,919.58	46.50	3,720,000.00	407,080.42
LIMITED INC	150,000	2,721,743.12	28.25	4,237,500.00	1,515,756.88
MARTIN MARIETTA CORP	20,000	818,078.00	55.88	1,117,500.00	299,422.00
MASCO CORP	40,000	880,000.00	23.00	920,000.00	40,000.00
MCCAW CELLULAR COMMUNICATIONS	60,000	1,701,539.08	21.25	1,275,000.00	(426,539.08)
MELVILLE CORP	70,000	3,008,183.00	48.50	3,395,000.00	386,817.00
MORGAN J P & CO INC	20,000	721,405.70	52.13	1,042,500.00	321,094.30
NAC RE CORP	20,000	631,565.00	36.75	735,000.00	103,435.00
PEPSICO INC	109,000	1,788,564.20	29.00	3,161,000.00	1,372,435.80
PFIZER INC	60,000	3,332,817.90	55.50	3,330,000.00	(2,817.90)
PHILIP MORRIS COS INC	180,000	6,589,251.08	63.50	11,430,000.00	4,840,748.92
PYRAMID TECHNOLOGY CORP	80,000	1,353,193.20	12.13	970,000.00	(383,193.20)
REPUBLIC N Y CORP	50,000	2,579,957.50	59.88	2,993,750.00	413,792.50
SOUTHWEST AIRL CO	70,000	1,797,120.00	26.00	1,820,000.00	22,880.00
AMERICAN CYANAMID CO	75,000	4,261,156.40	64.63	4,846,875.00	585,718.60
VITAL SIGNS INC	60,000	1,076,250.00	12.75	765,000.00	(311,250.00)
WILEY JOHN & SONS INC CL A	35,500	1,272,329.00	37.00	1,313,500.00	41,171.00
AMERICAN EXPRESS CO	200,000	4,644,091.94	22.50	4,500,000.00	(144,091.94)
AMERICAN INTL GROUP INC	60,000	4,018,252.56	84.25	5,055,000.00	1,036,747.44
AMERICAN TELEVISION & COMM	20,000	868,858.00	38.25	765,000.00	(103,858.00)
AMGEN INC	12,000	1,596,440.00	117.88	1,414,500.00	(181,940.00)
SYSTEMS CTR INC	50,300	433,165.20	9.75	490,425.00	57,259.80
T2 MED INC	15,000	666,880.00	45.50	682,500.00	15,620.00
TETRA TECHNOLOGIES INC DEL	30,400	608,530.00	19.50	592,800.00	(15,730.00)
TOPPS CO INC	87,500	1,165,697.50	14.25	1,246,875.00	81,177.50
TOTAL PHARMACEUTICAL CARE INC	40,500	531,000.00	12.25	496,125.00	(34,875.00)





## COMMON STOCK (Continued)

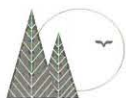
	SHARES/ PAR	COST	MARKET PRICE	MARKET VALUE	UNREALIZED GAIN (LOSS)
UNITED HEALTHCARE CORP	35,000	1,555,599.00	44.88	1,570,625.00	15,026.00
U S TRUST CORP	28,000	1,076,585.00	37.25	1,043,000.00	(33,585.00)
VALUE HEALTH INC	65,000	1,043,648.00	15.25	991,250.00	(52,398.00)
APPLE COMPUTER INC	40,000	1,980,370.00	41.50	1,660,000.00	(320,370.00)
AVON PRODS INC	60,000	2,063,699.85	42.50	2,550,000.00	486,300.15
BAUSCH & LOMB INC	40,000	2,731,470.00	80.88	3,235,000.00	503,530.00
BOEING CO	90,000	4,267,466.45	45.75	4,117,500.00	(149,966.45)
BRISTOL MYERS SQUIBB	120,000	6,705,250.00	77.75	9,330,000.00	2,624,750.00
CBI INDS INC	4,800	152,665.60	32.75	157,200.00	4,534.40
CHILES OFFSHORE CORP	81,400	720,008.85	5.50	447,700.00	(272,308.85)
CHIQUITA BRANDS INTL INC	40,000	1,513,301.00	42.00	1,680,000.00	166,699.00
COASTAL CORP	90,000	2,898,303.20	29.00	2,610,000.00	(288,303.20)
COCA COLA CO	20,000	1,100,020.00	54.50	1,090,000.00	(10,020.00)
COMCAST CORP CL A	75,000	838,823.81	14.38	1,078,125.00	239,301.19
COOPER INDS INC	40,000	1,809,575.62	53.63	2,145,000.00	335,424.38
DELTA AIR LINES INC DEL	20,000	1,432,333.50	68.63	1,372,500.00	(59,833.50)
DILLARD DEPT STORES INC CL A	20,000	1,591,946.14	121.38	2,427,500.00	835,553.86
GENERAL RE CORP	60,000	4,467,280.90	95.13	5,707,500.00	1,240,219.10
GRACE W R & CO	70,000	2,080,936.00	33.63	2,353,750.00	272,814.00
CENTURY COMMUNICATIONS CORP CL	47,565	471,267.00	8.88	422,139.38	(49,127.62)
CHIRON CORP	30,000	1,498,063.00	51.75	1,552,500.00	54,437.00
CONTINENTAL MED SYS INC	30,000	677,500.00	19.50	585,000.00	(92,500.00)
CRITICAL CARE AMER INC	27,900	871,932.20	32.75	913,725.00	41,792.80
EASEL CORP	80,000	1,610,000.00	16.50	1,320,000.00	(290,000.00)
FIRST ILL CORP	158,600	1,353,891.83	11.63	1,843,725.00	489,833.17
GENETICS INST INC	60,000	2,116,245.00	30.75	1,845,000.00	(271,245.00)
HEALTH IMAGES INC	61,000	735,627.00	9.13	556,625.00	(179,002.00)
HOMEDCO GROUP INC	68,000	1,158,750.00	19.00	1,292,000.00	133,250.00
LA QUINTA MTR INNS INC	46,300	632,331.10	13.88	642,412.50	10,081.40
LEGENT CORP	50,000	1,480,000.00	25.13	1,256,250.00	(223,750.00)
LEGG MASON INC	35,100	620,205.20	18.63	653,737.50	33,532.30
MGI PHARMA INC	30,000	247,500.00	8.25	247,500.00	0.00
MEDICAL IMAGING CTRS AMER INC	40,000	447,440.00	12.13	485,000.00	37,560.00
MERCURY FIN CO	80,800	1,570,598.60	19.88	1,605,900.00	35,301.40
MULTIMEDIA INC NEW	25,000	703,125.00	27.50	687,500.00	(15,625.00)
NATIONAL PIZZA CO CL A	10,000	242,500.00	25.50	255,000.00	12,500.00
NEIMAN MARCUS GROUP INC	32,100	533,697.30	16.63	533,662.50	(34.80)
NEW ENGLAND BUSINESS SVC INC	42,000	752,250.00	17.75	745,500.00	(6,750.00)
NOVACARE INC	55,000	1,657,450.00	28.75	1,581,250.00	(76,200.00)
PRIMARK CORP	61,700	704,862.70	10.75	663,275.00	(41,587.70)
SEI CORP	17,500	450,625.00	26.25	459,375.00	8,750.00
SERVICE CORP INTL	20,000	454,375.00	21.75	435,000.00	(19,375.00)
SHONEYS INC	95,000	1,609,981.90	15.50	1,472,500.00	(137,481.90)
SIERRA TUCSON COS INC	21,500	408,500.00	19.38	416,562.50	8,062.50
SIZZLER INTL INC	68,200	1,094,754.75	16.88	1,150,875.00	56,120.25
SOFTWARE PUBG CORP	17,500	364,367.50	14.38	251,562.50	(112,805.00)
STATE OF THE ART INC	81,000	745,500.00	7.88	637,875.00	(107,625.00)
STRUCTURAL DYNAMICS RESH CORP	45,000	1,518,750.00	32.50	1,462,500.00	(56,250.00)
SYMANTEC CORP	30,000	1,260,000.00	42.75	1,282,500.00	22,500.00
SYNERGEN INC	42,000	1,392,945.00	33.88	1,422,750.00	29,805.00



## COMMON STOCK (Continued)

	SHARES/ PAR	COST	MARKET PRICE	MARKET VALUE	UNREALIZED GAIN (LOSS)
SYNOPTICS COMMUNICATIONS INC	47,000	1,656,530.50	28.75	1,351,250.00	(305,280.50)
AICORP INC	70,000	508,750.00	6.00	420,000.00	(88,750.00)
VICOR CORP	16,900	573,275.55	36.25	612,625.00	39,349.45
XILINX INC	39,600	878,000.00	21.00	831,600.00	(46,400.00)
TETRA TECHNOLOGIES INC DEL	21,300	372,365.00	19.50	415,350.00	42,985.00
IFI INC	41,300	1,428,302.14	33.25	1,373,225.00	(55,077.14)
US HEALTHCARE INC	40,000	1,279,066.73	32.25	1,290,000.00	10,933.27
VANGUARD CELLULAR SYS INC CL A	47,000	951,750.00	20.00	940,000.00	(11,750.00)
ALTA HEALTH STRATEGIES INC	79,000	976,312.50	12.00	948,000.00	(28,312.50)
BHA GROUP INC CL A	30,100	484,712.50	16.50	496,650.00	11,937.50
BMC SOFTWARE INC	45,000	1,587,197.00	36.75	1,653,750.00	66,553.00
BEAR STEARNS COS INC	55,000	806,216.50	13.63	749,375.00	(56,841.50)
CABLETRON SYS INC	34,000	1,068,927.20	36.75	1,249,500.00	180,572.80
CADENCE DESIGN SYS INC	40,000	947,410.00	17.75	710,000.00	(237,410.00)
CELLULAR COMMUNICATIONS INC	40,000	1,357,385.00	31.00	1,240,000.00	(117,385.00)
CENTEX CORP	41,900	1,570,140.60	37.63	1,576,487.50	6,346.90
NOVACARE INC	30,700	940,875.00	28.75	882,625.00	(58,250.00)
ORBITAL SCIENCES CORP	18,800	333,700.00	17.00	319,600.00	(14,100.00)
PARKER & PARSKEY PETE CO DEL	66,500	733,199.30	11.00	731,500.00	(1,699.30)
PREFERRED HEALTH CARE LTD	35,100	684,781.00	16.50	579,150.00	(105,631.00)
QUAL-MED INC	35,600	480,600.00	11.25	400,500.00	(80,100.00)
SCHWAB CHARLES CORP NEW	17,100	338,751.00	24.75	423,225.00	84,474.00
SCI MED LIFE SYS INC	17,100	838,355.34	65.50	1,120,050.00	281,694.66
SCIGENETICS INC UNIT 1CALL &	55,200	1,219,005.70	24.00	1,324,800.00	105,794.30
SCITEX LTD	46,100	1,301,384.30	31.38	1,446,387.50	145,003.20
SHOWBIZ PIZZA TIME INC NEW	19,300	547,637.50	30.75	593,475.00	45,837.50
STATE OF THE ART INC	55,000	495,000.00	7.88	433,125.00	(61,875.00)
SUNRISE TECHNOLOGIES INC	17,300	277,640.44	13.50	233,550.00	(44,090.44)
SYMANTEC CORP	14,100	671,480.50	42.75	602,775.00	(68,705.50)
TCF FINL CORP	35,300	529,398.65	14.00	494,200.00	(35,198.65)
TPI ENTERPRISES INC	32,400	199,362.50	5.25	170,100.00	(29,262.50)
TELXON CORP	48,300	1,003,597.85	17.13	827,137.50	(176,460.35)
CISCO SYS INC	38,400	1,154,853.80	30.50	1,171,200.00	16,346.20
CLAYTON HOMES INC	23,700	456,485.97	17.63	417,712.50	(38,773.47)
CONTINENTAL MED SYS INC	48,900	1,149,315.85	19.50	953,550.00	(195,765.85)
COR THERAPEUTICS INC	82,000	618,750.00	8.00	656,000.00	37,250.00
CYGNUS THERAPEUTIC SYS	43,800	542,212.50	12.00	525,600.00	(16,612.50)
CYTOGEN CORP	30,600	445,274.70	14.75	451,350.00	6,075.30
DESTEC ENERGY INC	40,400	1,052,186.20	22.75	919,100.00	(133,086.20)
DRECO ENERGY SVCS LTD CL A	11,700	169,344.16	8.76	102,456.33	(66,887.83)
ELAN PLC ADR	37,800	1,320,430.40	29.75	1,124,550.00	(195,880.40)
ELAN PLC UNIT 1 DRUG RESH CORP	11,000	257,205.80	22.50	247,500.00	(9,705.80)
ELECTRONIC ARTS	20,000	411,298.49	17.13	342,500.00	(68,798.49)
EMPLOYEE BENEFIT PLANS INC	16,800	621,600.00	42.25	709,800.00	88,200.00
FIRST EMPIRE ST CORP	11,200	893,202.60	87.25	977,200.00	83,997.40
GENENTECH INC RED	48,600	1,414,371.00	27.50	1,336,500.00	(77,871.00)
GENETICS INST INC	4,500	141,750.00	30.75	138,375.00	(3,375.00)
GENZYME CORP	44,900	1,550,035.40	30.75	1,380,675.00	(169,360.40)
GRANITE CONSTR INC	19,400	548,050.00	27.00	523,800.00	(24,250.00)
HEALTHSOUTH REHABILITATION	28,600	915,200.00	27.50	786,500.00	(128,700.00)





## COMMON STOCK (Continued)

	SHARES/ PAR	COST	MARKET PRICE	MARKET VALUE	UNREALIZED GAIN (LOSS)
HEALTHSOURCE INC	26,600	791,350.00	26.25	698,250.00	(93,100.00)
IMMUNE RESPONSE CORP DEL	33,400	397,787.50	10.88	363,225.00	(34,562.50)
INTERNATIONAL GAME TECHNOLOGY	6,900	260,016.36	44.13	304,462.50	44,446.14
INTERPHASE CORP	51,700	620,975.00	12.25	633,325.00	12,350.00
IVAX CORP	43,400	884,922.62	26.13	1,133,825.00	248,902.38
LDDS COMMUNICATIONS INC CL A	26,700	445,000.00	19.75	527,325.00	82,325.00
LANDMARK GRAPHICS CORP	30,800	700,117.95	20.50	631,400.00	(68,717.95)
LECHTERS INC	18,900	491,400.00	30.25	571,725.00	80,325.00
MBNA CORP	44,800	1,262,572.47	30.88	1,383,200.00	120,627.53
MATRIX SVC CO	24,000	450,000.00	21.50	516,000.00	66,000.00
MERCURY FIN CO	49,866	987,815.03	19.88	991,086.75	3,271.72
MICRO FOCUS GROUP PLC	33,400	1,077,150.00	27.50	918,500.00	(158,650.00)
MUTUAL RISK MGMT LTD	27,600	463,266.00	18.75	517,500.00	54,234.00
NABORS INDS INC	64,600	454,654.80	5.38	347,225.00	(107,429.80)
UPJOHN CO	27,600	1,127,614.25	42.38	1,169,550.00	41,935.75
WOOLWORTH CORP	39,600	1,210,203.97	30.75	1,217,700.00	7,496.03
ALBERT FISHER GROUP PLC ADR	45,700	964,987.50	19.25	879,725.00	(85,262.50)
ALIAS RESH INC	22,200	531,635.00	18.25	405,150.00	(126,485.00)
TEXACO INC	39,300	2,343,113.68	60.13	2,362,912.50	19,798.82
TEXAS INSTRS INC	59,600	2,187,494.83	33.25	1,981,700.00	(205,794.83)
USX-MARATHON GROUP NEW	110,800	2,917,996.04	22.50	2,493,000.00	(424,996.04)
USX-U S STL GROUP	54,820	1,281,874.55	22.88	1,254,007.50	(27,867.05)
UNION ELEC CO	43,700	1,174,350.63	29.75	1,300,075.00	125,724.37
UNION PAC CORP	12,300	884,996.53	83.50	1,027,050.00	142,053.47
U S WEST INC	65,600	2,431,749.72	35.38	2,320,600.00	(111,149.72)
UNITED TECHNOLOGIES CORP	7,300	339,899.71	44.50	324,850.00	(15,049.71)
APPLIED EXTRUSION TECHNOLOGIES	52,500	537,232.50	8.50	446,250.00	(90,982.50)
AU BON PAIN INC CL A	42,000	378,000.00	12.75	535,500.00	157,500.00
BMC SOFTWARE INC	13,700	548,225.00	36.75	503,475.00	(44,750.00)
BIOGEN INC	29,300	914,021.93	27.00	791,100.00	(122,921.93)
CML GROUP INC	15,200	549,368.69	42.63	647,900.00	98,531.31
CUC INTL INC	58,200	1,272,899.96	24.50	1,425,900.00	153,000.04
CALDOR CORP	24,100	543,117.60	20.88	503,087.50	(40,030.10)
CARENWORK INC	41,500	718,319.50	16.25	674,375.00	(43,944.50)
GREAT WESTN FINL CORP	49,700	791,605.09	17.75	882,175.00	90,569.91
HALLIBURTON CO	21,200	844,362.16	36.50	773,800.00	(70,562.16)
HUMANA INC	20,900	912,908.68	47.88	1,000,587.50	87,678.82
ITT CORP	41,300	2,235,635.00	56.25	2,323,125.00	87,490.00
INTL BUSINESS MACHS CORP	28,700	3,195,674.81	97.13	2,787,487.50	(408,187.31)
LILLY ELI & CO	34,500	2,624,323.17	71.88	2,479,687.50	(144,635.67)
LOEWS CORP	9,300	919,693.15	100.13	931,162.50	11,469.35
LONG ISLAND LTG CO	55,400	1,106,382.91	22.38	1,239,575.00	133,192.09
MCI COMMUNICATIONS CORP	37,000	867,835.07	28.13	1,040,625.00	172,789.93
MCDONALDS CORP	83,400	2,659,431.08	32.88	2,741,775.00	82,343.92
MCGRAW HILL INC	5,400	317,975.93	59.38	320,625.00	2,649.07
MELVILLE CORP	25,000	1,226,806.07	48.50	1,212,500.00	(14,306.07)
MOTOROLA INC	10,100	556,930.39	66.50	671,650.00	114,719.61
NATIONAL MED ENTERPRISES INC	34,700	1,426,911.23	43.63	1,513,787.50	86,876.27
NORTHEAST UTILS	46,300	950,540.28	20.63	954,937.50	4,397.22
NORWEST CORP	46,300	1,143,138.46	27.50	1,273,250.00	130,111.54





## COMMON STOCK (Continued)

	SHARES/ PAR	COST	MARKET PRICE	MARKET VALUE	UNREALIZED GAIN (LOSS)
NYNEX CORP	47,700	3,605,663.07	71.38	3,404,587.50	(201,075.57)
PACIFIC ENTERPRISES	38,700	1,265,267.62	26.13	1,011,037.50	(254,230.12)
PACIFIC GAS & ELEC CO	44,800	1,047,809.14	25.25	1,131,200.00	83,390.86
PHILADELPHIA ELEC CO	72,400	1,408,839.57	20.13	1,457,050.00	48,210.43
PHILIP MORRIS COS INC	34,400	1,945,734.42	63.50	2,184,400.00	238,665.58
POLAROID CORP	14,300	390,433.89	24.63	352,137.50	(38,296.39)
PUBLIC SVC ENTERPRISE GROUP	48,000	1,132,794.72	25.88	1,242,000.00	109,205.28
RAYTHEON CO	21,800	1,775,982.62	80.00	1,744,000.00	(31,982.62)
RITE AID CORP	10,800	446,224.36	42.63	460,350.00	14,125.64
ROYAL DUTCH PETE CO N Y REG SH	15,900	927,258.23	77.50	1,232,250.00	304,991.77
SCECORP	24,200	840,709.00	38.88	940,775.00	100,066.00
SCOTT PAPER CO	8,500	334,942.14	41.75	354,875.00	19,932.86
SECURITY PAC CORP	32,900	797,055.46	23.00	756,700.00	(40,355.46)
TANDEM COMPUTERS INC	45,300	698,346.88	13.88	628,537.50	(69,809.38)
TELE COMMUNICATIONS INC CL A	71,400	1,113,136.32	13.75	981,750.00	(131,386.32)
XILINX INC	55,700	1,043,198.00	21.00	1,169,700.00	126,502.00
WAL MART STORES INC	113,000	1,624,282.42	42.75	4,830,750.00	3,206,467.58
WILLAMETTE INDS INC	23,500	1,210,542.20	57.13	1,342,437.50	131,895.30
UAL CORP	10,800	1,474,408.32	138.75	1,498,500.00	24,091.68
UNION PAC CORP	18,500	1,635,329.30	83.50	1,544,750.00	(90,579.30)
UNITED HEALTHCARE CORP	115,900	2,155,616.80	44.88	5,201,012.50	3,045,395.70
UNITED STATES SURGICAL CORP	52,400	1,867,233.41	62.63	3,281,550.00	1,414,316.59
BANKERS TR INTL EQU INDEX FUND	645,021	81,145,814.24	113.64	73,296,963.15	(7,848,851.09)
STATE STREET AUSTRALIA FD	473,948	5,055,055.69	12.13	5,749,464.33	694,408.64
STATE STREET GERMANY FD	142,614	2,372,590.56	15.48	2,207,238.64	(165,351.92)
STATE STREET HONG KONG FD	400,186	5,270,631.63	16.25	6,501,424.03	1,230,792.40
STATE STREET ITALY FD	813,742	10,266,338.60	11.09	9,023,583.96	(1,242,754.64)
STATE STREET JAPAN FD	2,805,167	29,867,510.74	7.97	22,365,595.07	(7,501,915.67)
STATE STREET NEW ZEALAND FD	150,012	1,319,000.00	7.08	1,062,086.13	(256,913.87)
STATE STREET FINLAND FD	128,724	1,261,901.59	7.00	901,199.52	(360,702.07)
LOUISIANA PAC CORP	45,900	1,929,263.20	40.88	1,876,162.50	(53,100.70)
MCCORMICK & CO NON VOTING	47,900	1,658,428.40	40.00	1,916,000.00	257,571.60
MEDCO CONTAINMENT SVCS INC	54,400	1,632,258.00	48.00	2,611,200.00	978,942.00
MEDICAL CARE INTL INC	40,900	1,621,969.70	54.50	2,229,050.00	607,080.30
MICROSOFT CORP	57,900	3,012,228.64	68.13	3,944,437.50	932,208.86
MORGAN J P & CO INC	68,300	3,089,546.30	52.13	3,560,137.50	470,591.20
NEWELL CO	36,700	1,280,565.40	33.50	1,229,450.00	(51,115.40)
NORDSTROM INC	69,900	2,995,571.60	39.50	2,761,050.00	(234,521.60)
NORWEST CORP	105,900	2,779,841.60	27.50	2,912,250.00	132,408.40
PPG INDS INC	43,800	2,419,002.90	55.38	2,425,425.00	6,422.10
PALL CORP	37,700	1,190,189.00	35.88	1,352,487.50	162,298.50
PHILIP MORRIS COS INC	53,800	2,325,845.42	63.50	3,416,300.00	1,090,454.58
ROHM & HAAS CO	27,000	1,167,059.80	43.00	1,161,000.00	(6,059.80)
STRYKER CORP	108,000	1,857,404.80	25.00	2,700,000.00	842,595.20
SUN MICROSYSTEMS INC	46,400	1,716,003.50	27.88	1,293,400.00	(422,603.50)
TEMPLE INLAND INC	27,700	1,282,702.10	45.38	1,256,887.50	(25,814.60)
STATE STREET SINGAPORE FD	36,593	500,000.00	16.21	593,237.71	93,237.71
STATE STREET BELGIUM FD	37,744	461,100.00	11.96	451,488.42	(9,611.58)
STATE STREET FRANCE FD	103,366	1,533,000.00	14.47	1,496,012.51	(36,987.49)
AMERADA HESS CORP	18,900	870,782.88	51.38	970,987.50	100,204.62



## COMMON STOCK (Continued)

	SHARES/ PAR	COST	MARKET PRICE	MARKET VALUE	UNREALIZED GAIN (LOSS)
AMERICAN ELEC PWR INC	38,800	1,044,868.08	28.38	1,100,950.00	56,081.92
AMERICAN EXPRESS CO	123,700	3,373,630.18	22.50	2,783,250.00	(590,380.18)
AMERICAN HOME PRODS CORP	24,300	1,212,730.07	59.63	1,448,887.50	236,157.43
AMERICAN INTL GROUP INC	24,700	2,011,787.61	84.25	2,080,975.00	69,187.39
AMERICAN TEL & TELEG CO	47,000	1,493,016.06	38.25	1,797,750.00	304,733.94
ANADARKO PETE CORP	46,600	1,366,170.27	24.75	1,153,350.00	(212,820.27)
APPLE COMPUTER INC	37,900	2,068,688.02	41.50	1,572,850.00	(495,838.02)
ARCHER DANIELS MIDLAND CO	35,300	772,124.43	23.63	833,962.50	61,838.07
ARKLA INC	91,700	1,706,236.96	16.63	1,524,512.50	(181,724.46)
BAKER HUGHES INC	88,200	2,272,176.46	23.50	2,072,700.00	(199,476.46)
BANKAMERICA CORP	23,300	659,133.64	36.25	844,625.00	185,491.36
BAXTER INTL INC	16,700	529,980.86	32.25	538,575.00	8,594.14
BECTON DICKINSON & CO	15,200	1,087,691.16	74.38	1,130,500.00	42,808.84
CBS INC	900	136,233.84	161.00	144,900.00	8,666.16
CMS ENERGY CORP	76,400	2,206,598.13	25.38	1,938,650.00	(267,948.13)
CATERPILLAR INC	8,800	420,042.21	49.38	434,500.00	14,457.79
CHASE MANHATTAN CORP	63,500	1,243,253.19	16.25	1,031,875.00	(211,378.19)
CHUBB CORP	21,100	1,100,896.94	69.75	1,471,725.00	370,828.06
COMMONWEALTH EDISON CO	42,800	1,508,736.69	36.13	1,546,150.00	37,413.31
DAYTON HUDSON CORP	14,300	1,002,767.26	71.50	1,022,450.00	19,682.74
DELTA AIR LINES INC DEL	15,000	1,051,031.99	68.63	1,029,375.00	(21,656.99)
DIGITAL EQUIP CORP	38,500	2,763,133.37	59.50	2,290,750.00	(472,383.37)
EASTMAN KODAK CO	43,500	1,833,310.51	38.75	1,685,625.00	(147,685.51)
FORD MTR CO DEL	32,900	1,160,119.34	36.00	1,184,400.00	24,280.66
GTE CORP		1,357,812.66	29.63	1,359,787.50	1,974.84
GENERAL CINEMA CORP	31,200	722,180.66	23.50	733,200.00	11,019.34
GENERAL ELEC CO	23,800	1,352,108.49	74.00	1,761,200.00	409,091.51
GENERAL MTRS CORP	20,400	847,567.03	40.75	831,300.00	(16,267.03)
RAY HOLIFELD & GARY T NANNEN0	659,003	659,002.79	24.44	161,046.98	(497,955.81)
CHAUVERDO II LOAN AGREEMENT	156,563	156,563.18	28.16	44,095.28	(112,467.90)
FAULCONE/BOSTON 85-1 LTD PTNRS	100	0.00		144,057.39	144,057.39
ESCO BOSTON 86-1 LTD PTSHIP	1,156,805	1,156,805.28	49.38	571,274.96	(585,530.32)

TOTAL COMMON STOCK

\$1,007,219,929.02

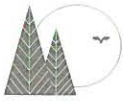


## SECURITIES

	SHARES/ PAR	COST	MARKET PRICE	MARKET VALUE	UNREALIZED GAIN (LOSS)
<u>PREFERRED SECURITIES</u>					
BAXTER INTL INC PFD ADJUSTABLE	12,500	\$451,312.50	\$41.25	\$515,625.00	64,312.50
<u>TOTAL PREFERRED</u>		\$451,312.50		\$515,625.00	\$64,312.50
<u>CONVERTIBLE SECURITIES</u>					
RJR NABISCO HLDGS CORP PFD CON	22,400	567,187.14	35.00	784,000.00	216,812.86
KELLEY OIL & GAS SUB DEB CONV	910,000	910,000.00	82.00	746,200.00	(163,800.00)
GOODRICH B F CO PFD SER D CONV	13,800	599,913.60	42.75	589,950.00	(9,963.60)
CUMMINS ENGINE INC DEPOSITARY	14,700	656,551.00	36.00	529,200.00	(127,351.00)
CIGNA CORP SUB DEB CONV	2,000,000	1,862,900.00	96.00	1,920,000.00	57,100.00
WILLIAMS COS INC PFD CONV	11,400	557,374.50	48.25	550,050.00	(7,324.50)
<u>TOTAL CONVERTIBLES</u>		\$5,153,926.24		\$5,119,400.00	(\$34,526.24)

MATURITY DATE	COUPON	SHARES/ PAR	COST	MARKET PRICE	MARKET VALUE	UNREALIZED GAIN (LOSS)
<u>FIXED INCOME SECURITIES</u>						
INTER-AMERICAN DEVELOPMENT BAN						
11/7/91	12.75%	1,500,000	\$1,571,250.00	\$102.063	\$1,530,945.00	(\$40,305.00)
U S TREAS STRIP GENERIC TINT						
5/15/92	0.00%	19,000,000	13,776,575.20	94.797	18,011,430.00	4,234,854.80
U S TREAS STRIP GENERIC TINT						
11/15/92	0.00%	10,790,000	4,726,268.00	91.438	9,866,160.20	5,139,892.20
U S WEST FINL MED TERM NTS						
1/15/92	9.08%	1,100,000	1,103,894.00	101.196	1,113,156.00	9,262.00
VIRGINIA ELEC & PWR CO MTN - B						
10/15/91	7.45%	3,000,000	2,993,880.00	100.241	3,007,230.00	13,350.00
A T & T CAP CORP NT						
11/7/91	7.85%	1,500,000	1,507,875.00	100.283	1,504,245.00	(3,630.00)
A T & T MED TERM NTS						
1/23/92	9.45%	3,000,000	3,029,040.00	101.536	3,046,080.00	17,040.00
ANADARKO PETE CORP NT						
5/1/92	8.95%	2,800,000	2,819,704.00	100.416	2,811,648.00	(8,056.00)
BELL SOUTH CAP MED TERM NT						
5/20/92	8.87%	2,700,000	2,700,000.00	101.645	2,744,415.00	44,415.00
CAROLINA PWR & LT MTN #TR002						
5/11/92	9.23%	2,500,000	2,500,000.00	101.827	2,545,675.00	45,675.00
CPN TREAS RCPTS 11/15/1992 FR						
11/15/92	0.00%	2,150,625	923,779.46	91.372	1,965,069.08	1,041,289.62
CPN TR RCPT INT PMT 08/15/1992						
8/15/92	0.00%	2,100,000	927,927.00	92.927	1,951,467.00	1,023,540.00





## SECURITIES (Continued)

<u>MATURITY DATE</u>	<u>COUPON</u>	<u>SHARES/ PAR</u>	<u>COST</u>	<u>MARKET PRICE</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
CPN TREAS RCPTS 11/15/1992 FR						
11/15/92	0.00%	1,113,750	478,400.18	91.372	1,017,655.65	539,255.47
EUROPEAN INVT BK MED TERM NTS						
1/1/91	8.35%	3,000,000	3,020,340.00	100.674	3,020,220.00	(120.00)
FNMA GTD REMIC P/T CTF 90-72-E						
3/25/93	9.50%	1,016,725	1,024,201.24	101.748	1,034,497.44	10,296.20
FIFTH THIRD BK C/D						
8/19/91	8.63%	5,000,000	5,000,000.00	100.100	5,005,000.00	5,000.00
FORD MTR CR CO NT						
4/15/92	7.50%	1,500,000	1,509,720.00	99.940	1,499,100.00	(10,620.00)
GENERAL ELEC CAP CORP NT						
4/23/92	6.25%	5,200,000	5,180,448.00	99.590	5,178,680.00	(1,768.00)
GMAC MED TERM NTS #TR 00638						
6/8/92	8.88%	4,800,000	4,884,144.00	101.603	4,876,944.00	(7,200.00)
HYDRO-QUEBEC DEB SER EK						
9/1/91	17.38%	1,000,000	1,066,720.00	101.702	1,017,020.00	(49,700.00)
INTER AMERN DEV BK NT						
8/1/92	14.63%	1,900,000	2,103,509.00	106.999	2,032,981.00	(70,528.00)
MORGAN STANLEY GRP MTN SR00019						
7/1/92	9.03%	2,000,000	2,000,800.00	101.909	2,038,180.00	37,380.00
REPUBLIC NATL BK N Y DEP NT						
5/15/92	8.63%	1,500,000	1,524,180.00	101.463	1,521,945.00	(2,235.00)
SOUTHERN CALIF EDI 1ST REF MTG						
5/1/92	9.13%	2,000,000	1,997,500.00	101.173	2,023,460.00	25,960.00
TOYOTA MTR CR CORP NT						
9/15/91	8.75%	1,000,000	1,008,020.00	100.441	1,004,410.00	(3,610.00)
UNION PAC CORP NT						
3/1/92	6.00%	2,000,000	1,979,120.00	99.108	1,982,160.00	3,040.00
U S TREASURY NOTES						
11/15/91	6.50%	5,000,000	5,009,375.00	100.156	5,007,800.00	(1,575.00)
U S TREASURY NOTES						
2/15/92	6.63%	7,000,000	7,000,820.31	100.187	7,013,090.00	12,269.69
U S TREASURY NOTES						
5/15/92	6.63%	5,000,000	5,011,718.75	100.187	5,009,350.00	(2,368.75)
U S TREASURY NOTES						
6/30/92	8.25%	5,000,000	4,959,375.00	101.750	5,087,500.00	128,125.00
U S TREASURY NOTES						
5/15/92	9.00%	5,000,000	5,032,812.50	102.125	5,106,250.00	73,437.50
U S TREASURY NOTES						
8/31/91	8.25%	7,500,000	7,494,257.81	100.312	7,523,400.00	29,142.19
U S TREASURY NOTES						
11/30/91	7.75%	10,000,000	10,027,343.75	100.656	10,065,600.00	38,256.25
U S TREASURY NOTES						
12/31/91	7.63%	11,775,000	11,842,875.32	100.781	11,866,962.75	24,087.43
U S TREASURY NOTES						
2/29/92	8.50%	10,000,000	10,087,109.38	101.375	10,137,500.00	50,390.62
U S TREASURY NOTES						
3/31/92	8.50%	5,000,000	4,989,843.75	101.562	5,078,100.00	88,256.25
U S TREASURY NOTES						
6/30/92	8.38%	15,000,000	15,277,734.38	101.812	15,271,800.00	(5,934.38)





## SECURITIES (Continued)

<u>MATURITY DATE</u>	<u>COUPON</u>	<u>SHARES/ PAR</u>	<u>COST</u>	<u>MARKET PRICE</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
FARMER HM ADM INDS LN VAR MATS						
	5.00%	44,566	44,566.25	1.000	44,566.25	0.00
U S TREASURY NOTES						
5/15/97	8.50%	25,300,000	26,128,406.94	102.062	25,821,686.00	(306,720.94)
U S TREASURY BONDS						
8/15/17	8.88%	3,500,000	3,422,343.75	103.469	3,621,415.00	199,071.25
U S TREASURY NOTES						
5/15/96	7.38%	6,164,000	6,072,610.63	97.875	6,033,015.00	(39,595.63)
STANDARD CR CARD TR 1990-5 A						
6/10/95	9.38%	5,000,000	5,077,343.75	103.549	5,177,450.00	100,106.25
STANDARD CR CARD TR 1990-6 A						
7/10/97	9.38%	1,250,000	1,246,484.38	102.314	1,278,925.00	32,440.62
UNITED STATES LEASING INTL INC						
5/1/96	8.75%	2,000,000	1,998,340.00	98.849	1,976,980.00	(21,360.00)
U S TREASURY BONDS						
11/15/11	14.00%	2,695,000	4,001,232.81	145.906	3,932,166.70	(69,066.11)
GNMA POOL #0261111						
7/15/18	8.00%	477,751	451,554.28	94.125	449,682.81	(1,871.47)
GNMA POOL #0298847						
3/15/21	8.00%	296,298	280,054.85	94.125	278,890.41	(1,164.44)
IRELAND REP BD						
4/15/1	8.63%	2,250,000	2,235,937.50	98.261	2,210,872.50	(25,065.00)
KIDDER PEABODY MTG TR 6 CMO G7						
7/20/18	7.95%	1,500,000	1,365,000.00	93.145	1,397,175.00	32,175.00
MANITOBA PRV CDA CDN\$ DB SR AZ						
7/17/16	7.75%	5,000,000	4,691,550.00	97.334	4,866,700.00	175,150.00
NEW ENGLAND TELEPHONE						
11/15/29	7.88%	2,000,000	1,890,160.00	98.200	1,964,000.00	73,840.00
SEARS CR ACCT TR 90-A ACCT P/T						
1/15/95	8.75%	2,000,000	2,023,125.00	101.254	2,025,080.00	1,955.00
SEARS CR ACCT TR 90-D ACCT P/T						
10/15/95	9.35%	5,000,000	5,070,480.27	103.500	5,175,000.00	104,519.73
U S TREAS STRIP GENERIC TINT						
2/15/92	0.00%	1,820,000	1,739,639.76	96.242	1,751,604.40	11,964.64
U S TREAS CPN GENERIC CUBE						
8/15/91	0.00%	783,750	776,945.39	99.413	779,149.39	2,204.00
U S TREAS NT STRIP PRIN PMT						
11/15/94	0.00%	13,512,000	9,126,680.40	77.886	10,523,956.32	1,397,275.92
AMERICAN HSG TR A SR MTG CL 3						
8/25/18	7.63%	1,810,456	1,610,809.41	89.500	1,620,357.97	9,548.56
CHASE MANHATTAN CR CARD TR 91						
8/15/99	8.75%	2,500,000	2,497,875.00	100.406	2,510,150.00	12,275.00
COLL MTG OBLIG TR TWO-4 CL Z						
7/25/16	9.75%	4,097,538	4,244,895.37	99.916	4,094,095.77	(150,799.60)
COLL MTG OBLIG TR 15 CL D						
12/20/16	5.00%	6,000,000	4,756,406.25	80.227	4,813,620.00	57,213.75
EXPORT IMPORT BK KOREA BD						
5/1/98	9.00%	2,250,000	2,238,750.00	98.833	2,223,742.50	(15,007.50)
FHLMC MULTICLASS CTFES SER 31-D						
5/15/20	7.55%	2,350,000	2,062,429.56	95.039	2,233,416.50	170,986.94



## SECURITIES (Continued)

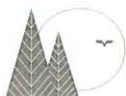
<u>MATURITY DATE</u>	<u>COUPON</u>	<u>SHARES/ PAR</u>	<u>COST</u>	<u>MARKET PRICE</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
FHLMC MULTICLASS CTFS SER 46-B						
9/15/20	7.80%	5,250,000	4,838,437.50	96.229	5,052,022.50	213,585.00
FHLMC GROUP #53-0990						
1/1/17	8.00%	852,447	805,259.70	95.000	809,824.84	4,565.14
FNMA POOL #0033634						
8/1/16	8.00%	78,520	72,110.60	95.515	74,997.95	2,887.35
FNMA POOL #0035495						
3/1/17	8.00%	397,692	366,439.33	94.156	374,450.88	8,011.55
FNMA POOL #0037698						
2/1/17	8.00%	713,605	657,166.83	95.515	681,599.82	24,432.99
FNMA POOL #0040978						
2/1/17	8.00%	583,664	538,553.97	94.156	549,554.86	11,000.89
FNMA POOL #0041864						
2/1/17	8.00%	695,873	636,848.32	95.515	664,663.16	27,814.84
FNMA POOL #0042225						
2/1/17	8.00%	37,350	34,454.88	95.515	35,674.57	1,219.69
FNMA POOL #0043744						
3/1/17	8.00%	625,051	566,813.23	94.156	588,523.09	21,709.86
FNMA POOL #0044046						
2/1/14	7.50%	3,864,505	3,509,419.82	95.812	3,702,659.70	193,239.88
FNMA POOL #0048468						
6/1/17	8.00%	485,774	457,742.29	94.156	457,384.93	(357.36)
FNMA POOL #0070732						
12/1/20	8.00%	2,502,002	2,361,064.60	94.156	2,355,784.99	(5,279.61)
GNMA POOL #0145941						
6/15/16	8.00%	251,008	234,042.93	94.125	236,261.49	2,218.56
GNMA POOL #0160008						
10/15/16	8.00%	65,863	57,217.76	94.125	61,993.83	4,776.07
GNMA POOL #0173053						
7/15/16	8.00%	22,297	21,073.41	94.125	20,986.60	(86.81)
GNMA POOL #0182873						
11/15/16	8.00%	862,460	750,882.24	94.125	811,790.92	60,908.68
GNMA POOL #0187412						
4/15/17	8.00%	775,431	663,161.55	94.125	729,874.34	66,712.79
GNMA POOL #0188016						
2/15/17	8.00%	624,379	546,591.17	94.125	587,696.92	41,105.75
GNMA POOL #0191256						
9/15/17	8.00%	44,348	38,687.18	94.125	41,742.61	3,055.43
GNMA POOL #0192772						
5/15/17	8.00%	75,572	71,408.10	94.125	71,132.11	(275.99)
GNMA POOL #0194200						
2/15/17	8.00%	262,776	244,391.98	94.125	247,337.90	2,945.92
GNMA POOL #0195783						
1/15/17	8.00%	371,491	346,094.28	94.125	349,665.84	3,571.56
GNMA POOL #0197012						
5/15/17	8.00%	247,223	214,041.93	94.125	232,698.83	18,656.90
GNMA POOL #0197218						
4/15/17	8.00%	302,901	282,215.71	94.125	285,105.88	2,890.17
GNMA POOL #0200523						
3/15/17	8.00%	757,485	642,365.57	94.125	712,982.88	70,617.31



## SECURITIES (Continued)

<u>MATURITY DATE</u>	<u>COUPON</u>	<u>SHARES/ PAR</u>	<u>COST</u>	<u>MARKET PRICE</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
GNMA POOL #0202206						
1/15/17	8.00%	300,894	280,968.02	94.125	283,216.76	2,248.74
GNMA POOL #0202738						
2/15/17	8.00%	382,182	355,322.48	94.125	359,728.75	4,406.27
GNMA POOL #0204362						
5/15/17	8.00%	536,159	506,749.28	94.125	504,659.73	(2,089.55)
GNMA POOL #0205373						
3/15/17	8.00%	274,807	255,189.83	94.125	258,661.76	3,471.93
GNMA POOL #0207677						
4/15/17	8.00%	595,212	518,095.09	94.125	560,243.31	42,148.22
GNMA POOL #0208592						
3/15/17	8.00%	244,020	230,411.84	94.125	229,683.81	(728.03)
GNMA POOL #0208895						
3/15/17	8.00%	58,363	55,161.53	94.125	54,934.26	(227.27)
GNMA POOL #0209488						
4/15/17	8.00%	376,723	349,545.89	94.125	354,590.52	5,044.63
GNMA POOL #0209635						
5/15/17	8.00%	368,986	348,055.82	94.125	347,308.32	(747.50)
GNMA POOL #0209718						
4/15/17	8.00%	520,924	492,338.82	94.125	490,319.53	(2,019.29)
GNMA POOL #0211220						
5/15/17	8.00%	241,372	210,381.75	94.125	227,191.82	16,810.07
GNMA POOL #0211496						
4/15/17	8.00%	352,413	328,912.51	94.125	331,708.83	2,796.32
GNMA POOL #0213128						
6/15/17	8.00%	247,274	230,318.71	94.125	232,746.21	2,427.50
GNMA POOL #0215589						
5/15/17	8.00%	265,585	247,407.41	94.125	249,981.53	2,574.12
GNMA POOL #0215961						
6/15/17	8.00%	246,088	232,570.75	94.125	231,630.28	(940.47)
GNMA POOL #0216162						
4/15/17	8.00%	406,164	383,880.05	94.125	382,301.77	(1,578.28)
GNMA POOL #0216271						
5/15/17	8.00%	522,140	459,117.12	94.125	491,463.82	32,346.70
GNMA POOL #0217096						
5/15/17	8.00%	164,906	155,521.51	94.125	155,218.05	(303.46)
GNMA POOL #0217520						
5/15/17	8.00%	405,897	354,087.62	94.125	382,050.82	27,963.20
GNMA POOL #0219768						
6/15/17	8.00%	660,340	575,845.08	94.125	621,544.64	45,699.56
GNMA POOL #0220268						
5/15/17	8.00%	621,989	587,861.94	94.125	585,446.95	(2,414.99)
GNMA POOL #0221164						
5/15/17	8.00%	439,721	415,204.26	94.125	413,887.82	(1,316.44)
GNMA POOL #0222254						
5/15/17	8.00%	336,956	318,461.20	94.125	317,159.96	(1,301.24)
GNMA POOL #0222777						
5/15/17	8.00%	464,496	439,009.85	94.125	437,206.67	(1,803.18)
GNMA POOL #0227964						
7/15/17	8.00%	311,673	290,865.72	94.125	293,361.99	2,496.27





## SECURITIES (Continued)

<u>MATURITY DATE</u>	<u>COUPON</u>	<u>SHARES/ PAR</u>	<u>COST</u>	<u>MARKET PRICE</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
GNMA POOL #0228717						
6/15/17	8.00%	357,739	333,582.73	94.125	336,721.83	3,139.10
GNMA POOL #0231921						
7/15/17	8.00%	529,049	499,627.72	94.125	497,967.48	(1,660.24)
GNMA POOL #0233245						
11/15/17	8.00%	309,740	289,247.02	94.125	291,542.61	2,295.59
ARISTAR INC SR NT						
6/1/95	8.55%	2,000,000	2,000,000.00	98.403	1,968,060.00	(31,940.00)
BANKAMERICA CORP SUB DEB						
4/1/1	9.50%	2,100,000	2,083,599.00	99.807	2,095,947.00	12,348.00
BARNETT BKS INC SUB NT						
6/1/1	9.88%	1,000,000	987,500.00	98.042	980,420.00	(7,080.00)
BEAR STEARNS COS INC SR NT						
4/15/98	9.13%	1,750,000	1,742,650.00	98.474	1,723,295.00	(19,355.00)
CHASE MANHATTAN CORP						
3/1/96	8.50%	1,500,000	1,380,900.00	94.192	1,412,880.00	31,980.00
CHEMICAL NEW YORK CORP						
6/15/99	9.75%	1,750,000	1,654,980.00	95.662	1,674,085.00	19,105.00
U S TREASURY NOTES						
2/29/96	7.50%	3,600,000	3,585,806.69	98.562	3,548,232.00	(37,574.69)
U S TREASURY NOTES						
11/15/96	7.25%	950,000	937,828.12	96.750	919,125.00	(18,703.12)
U S TREASURY NOTES						
1/15/98	7.88%	13,000,000	12,971,562.50	98.844	12,849,720.00	(121,842.50)
CPN TR RCPT INT PMT 02/15/1993						
2/15/93	0.00%	2,880,000	2,531,989.05	89.600	2,580,480.00	48,490.95
FFCB CONS SYSTEMWIDE BDS SER D						
12/2/91	13.65%	2,000,000	2,266,875.00	103.062	2,061,240.00	(205,635.00)
FEDERAL HOME LN BKS CONS BD						
10/26/92	10.85%	1,000,000	1,008,125.00	104.937	1,049,370.00	41,245.00
FEDERAL HOME LN BKS CONS BD						
11/25/92	11.10%	1,910,000	1,951,781.25	105.500	2,015,050.00	63,268.75
MORGAN STANLEY GROUP INC NT						
3/1/98	9.25%	3,500,000	3,479,000.00	99.590	3,485,650.00	6,650.00
NEW YORK N Y TAXABLE-SER F						
11/15/96	10.00%	1,400,000	1,385,440.00	97.959	1,371,426.00	(14,014.00)
REFCO SER A-INT PMT 8.125%						
10/15/97	0.00%	20,000,000	11,876,200.00	59.419	11,883,800.00	7,600.00
REFCO STRIPS GENERIC INT PMT						
4/15/1	0.00%	3,800,000	1,594,214.00	43.363	1,647,794.00	53,580.00
REFCO STRIPS GENERIC INT PMT						
4/15/4	0.00%	13,000,000	4,202,640.00	33.077	4,300,010.00	97,370.00
REFCO STRIPS GENERIC INT PMT						
10/15/6	0.00%	15,000,000	3,925,500.00	26.412	3,961,800.00	36,300.00
U S TREASURY NOTES						
5/15/1	8.00%	1,750,000	1,747,265.63	98.406	1,722,105.00	(25,160.63)
U S TREASURY NOTES						
5/31/96	7.63%	1,000,000	984,531.25	98.844	988,440.00	3,908.75
CHRYSLER FINL CORP BD						
6/15/92	10.30%	2,000,000	1,998,780.00	98.920	1,978,400.00	(20,380.00)





## SECURITIES (Continued)

<u>MATURITY DATE</u>	<u>COUPON</u>	<u>SHARES/ PAR</u>	<u>COST</u>	<u>MARKET PRICE</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
CORESTATES CAP CORP						
2/15/1	9.63%	2,000,000	2,023,700.00	100.601	2,012,020.00	(11,680.00)
FHA INSD MTG P/T SER GOLDOME						
5/1/16	6.88%	309	0.00	0.000	0.00	0.00
FHLMC GROUP #27-2635						
1/1/10	8.00%	10,461,922	10,130,082.96	97.218	10,170,871.38	40,788.42
FNMA POOL #0000200						
3/1/9	6.50%	8,301,045	7,744,530.46	97.390	8,084,387.43	339,856.97
FIRST CHICAGO CORP SUB NT						
5/1/1	10.25%	2,000,000	1,991,000.00	100.889	2,017,780.00	26,780.00
FIRST INSTST BANCORP SR NT						
3/1/96	10.50%	2,000,000	2,003,590.00	103.473	2,069,460.00	65,870.00
FLEET/NORSTAR FINL GROUP INC						
6/15/1	9.90%	1,100,000	1,100,000.00	100.253	1,102,783.00	2,783.00
GENERAL MTRS CORP SR NT						
3/1/21	8.80%	3,750,000	3,747,487.50	99.586	3,734,475.00	(13,012.50)
GOLDEN WEST FINL CORP DEL SUB						
5/23/98	9.15%	2,000,000	1,986,820.00	99.084	1,981,680.00	(5,140.00)
GREAT WESTRN BK A FED SVGS BK						
6/15/1	9.88%	2,000,000	1,993,080.00	99.902	1,998,040.00	4,960.00
HELLER FINL INC NT						
3/15/98	9.38%	2,000,000	1,995,000.00	100.197	2,003,940.00	8,940.00
LONG ISLAND LTG CO GEN&REFBD						
5/1/96	8.75%	1,000,000	998,770.00	99.253	992,530.00	(6,240.00)
MANUFACTURERS HANOVER CORP NT						
3/15/94	9.50%	2,000,000	2,000,000.00	101.305	2,026,100.00	26,100.00
MARRIOTT CORP DEB						
6/15/7	9.38%	2,000,000	1,886,900.00	96.980	1,939,600.00	52,700.00
MERRILL LYNCH & CO NT						
5/1/98	9.00%	3,500,000	3,486,875.00	98.587	3,450,545.00	(36,330.00)
<u>FIXED INCOME SUB-TOTAL</u>			\$391,229,412.42		\$406,781,255.72	\$15,551,843.30
<u>POOLED FIXED INCOME</u>						
BOND INDEX FUND		156,370,170	227,377,930.76	1.646	257,313,369.56	29,935,438.80
MGT COMM FD PRIVATE PLACEMENT		142,991	41,195,372.38	30,991.700	44,315,341.75	3,119,969.37
MGT COMM FD MORTGAGE FUND		481,39711	3,906,275.65	27,859.100	134,112,871.63	20,206,595.98
<u>TOTAL POOLED FUNDS</u>		382,479,578.79			435,741,582.94	53,262,004.15
<u>TOTAL FIXED INCOME</u>		\$773,708,991.21			\$842,522,838.66	\$68,813,847.45



## REAL ESTATE

	<u>COST</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
TRAVLRS SEPARATE A/C R EQUITY (SHARES/PAR 96,012)	\$12,854,438.86	\$12,349,301.84	(505,137.02)
CORAL KEY APTS LTD PARTNERSHIP	9,000,000.00	9,000,000.00	0.00
SHATTUCK OFFICE CTR	9,327,772.80	6,999,976.73	(2,327,796.07)
SHATTUCK OFFICE CENTER ADDITIO	120,023.21	120,023.21	0.00
ORCHARD PARKWAY/RIVER OAKS	12,128,500.00	13,192,845.01	1,064,345.01
3 CANAL PLAZA	3,658,699.00	2,448,435.25	(1,210,263.75)
3 CANAL PLAZA ADDITIONS	528,555.76	528,555.76	0.00
REAL ESTATE BROOKSIDE PLAZA	8,312,500.00	9,050,587.16	738,087.16
BROOKSIDE PLAZA ADDITIONS	538,095.38	538,095.38	0.00
<u>TOTAL REAL ESTATE</u>	\$56,468,585.01	\$54,227,820.34	(2,240,764.67)

# REPORT ON THE LEGISLATIVE AND JUDICIAL RETIREMENT SYSTEMS

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## MAINE LEGISLATIVE RETIREMENT SYSTEM ACTUARIAL VALUATION

### 1. PARTICIPANT DATA

A. Number of Active Employees	123
B. Active Payroll	\$1,291,500
C. Number of Retired Members	15
D. Annual Retiree Benefits	\$13,746
E. Number of Vested Inactive Members	0

### 2. COSTS

A. Retirement Benefits	
Employer Normal Cost	9.70%
Unfunded Actuarial Reserve	0.00%
Total Retirement Cost	9.70%
B. Disability Cost	1.78%
C. Survivor Benefit Cost	1.18%
Total Costs	12.66%

### 3. ACCOUNTING INFORMATION

A. GASB Disclosure	
1. Pension Benefit Obligation:	
a. Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 141,026
b. Current employees	
-Accumulated employee contributions including allocated investment earnings	179,466
-Employer-financed vested contributions	(49,385)
-Employer-financed non-vested contributions	543,370
Total Pension Benefit Obligation	\$814,477
2. Net Assets Available for Benefits(at cost)	\$959,665*
Unfunded Pension Benefit Obligation (not less than \$0)	0
B. Other Accounting Information	
1. Actuarial Value of Assets	\$1,080,721
2. Unfunded Actuarial Reserve	0
3. Market Value of Assets	1,071,818
4. Unfunded Accrued Reserve	0
5. Amortization Period	N/A

\*This number reflects a post fiscal year closing adjustment.



## MAINE LEGISLATIVE RETIREMENT SYSTEM SUMMARY OF ACTUARIAL ASSUMPTIONS

This schedule summarizes the actuarial assumptions and methods used in the valuation.

### ACTUARIAL ASSUMPTIONS

1. Annual Rate of Investment Return: 8.0%
2. Annual Rate of Salary Increase: 6.0%
3. Annual Cost-of-Living Increase: 4.0%
4. Expense Allowance: None
5. Retirement Age: 60
6. Probabilities of employment termination:

<u>at Age</u>	<u>due to:</u>	<u>Death</u>	<u>Disability</u>	<u>Quitting</u>
25		.0006	.0006	.07
30		.0008	.0006	.06
35		.0011	.0007	.05
40		.0016	.0011	.04
45		.0029	.0022	.03
50		.0053	.0042	.02
55		.0085	.0072	.01

### FUNDING METHOD

1. Retirement Benefits: Aggregate
2. Ancillary Benefits: Term Cost Method
3. Amortization Period: Future Service Lifetime  
(Level Percent of Payroll)

### ASSET VALUATION METHOD

Assets are valued at actuarial value. See the "Assets" section of the "Actuaries Report" for a detailed description.



## MAINE LEGISLATIVE RETIREMENT SYSTEM SUMMARY OF PLAN PROVISIONS

1. **MEMBERSHIP.** Membership is mandatory for legislators entering on or after December 3, 1986 (except for those granted a waiver by the presiding officer) and optional for those who were members of the Maine State 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 4% 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.
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 are made at the rate applicable at the Maine State Retirement System, including appropriate interest
  - C. Service while receiving disability benefits under the System
  - D. All service creditable under the Maine State Retirement System, provided the member elects to have his own and the employer's contributions on behalf of the service transferred to the legislative system

5. **SERVICE RETIREMENT BENEFITS.**

Eligibility for members in service: 25 years of creditable service or attainment of age 60.

Eligibility for members not in service: attainment of age 60 with 10 years of creditable service (or five full terms as a legislator).

For the purpose of determining eligibility, creditable service includes service under the Maine State Retirement System after termination of legislative service.

Benefit:  $1/50$  of average final compensation multiplied by years of creditable service, reduced for retirement before age 60; minimum \$100 per month if there are at least 10 years of creditable service.

Form of payment: life annuity.

6. **DISABILITY RETIREMENT BENEFITS.**

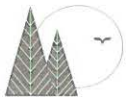
Eligibility: permanent mental or physical incapacitation before normal retirement age while in service; unable to perform duties of own position.

Benefit:  $66\frac{2}{3}\%$  of average final compensation, reduced by employment earnings over \$10,000, 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 gainful activity; in which case payments cease on the earlier of 10 years following normal retirement age or 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  $66\frac{2}{3}\%$  of average final compensation or ten (10) years after the normal retirement date, if earlier, the disability benefit converts to a service retirement benefit based on service and pay at that point.





## MAINE LEGISLATIVE RETIREMENT SYSTEM SUMMARY OF PLAN PROVISIONS (Continued)

### 7. ORDINARY DEATH BENEFITS BEFORE ELIGIBILITY FOR SERVICE RETIREMENT

Eligibility: death while active or disabled before eligibility for service retirement.

Benefit: member's accumulated contributions at time of death. A surviving spouse, children, parents, or other beneficiaries may be eligible to elect (in lieu of contributions) survivor benefits in monthly amounts varying by number of eligible survivors.

### 8. ORDINARY DEATH BENEFITS AFTER ELIGIBILITY FOR SERVICE RETIREMENT

Eligibility: death while active or disabled after eligibility for retirement but before benefit commencement date.

Benefit: Option 2 (see item 12) is automatically effective with benefits payable to designated beneficiary, spouse, or parents; however, beneficiary may elect benefit described in item 7 instead. Otherwise, accumulated contributions are payable to the estate.

### 9. ACCIDENTAL DEATH BENEFITS

Eligibility: death while active or disabled resulting from injury related to employment.

Benefit: if the member leaves no dependent children, two-thirds of the member's average final compensation to the surviving spouse until death; if there remain surviving dependent children, an annual sum of the member's final average compensation shared between dependent children and surviving spouse (if any). Benefits are reduced by amounts payable under worker's compensation.

### 10. REFUND OF CONTRIBUTIONS

Eligibility: termination of service except by retirement or death.

Benefit: member's accumulated contributions.

### 11. COST-OF-LIVING ADJUSTMENTS

All 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 six months. The maximum increase or decrease is 4%. Earnable compensation used in determining benefits for disabled members is indexed similarly.

### 12. OPTIONAL METHODS OF PAYMENT.

Option 1: Cash refund equal to the excess of accumulated contributions at date of retirement over total payments made to date of death which are attributable to member contributions.

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Any other benefit which is actuarially equivalent to the retirement allowance and is approved by the Board.





## MAINE JUDICIAL RETIREMENT SYSTEM ACTUARIAL VALUATION

### 1. PARTICIPANT DATA

A. Number of Active Employees	47
B. Active Payroll	\$3,545,966
C. Number of Retired Members	20
D. Annual Retiree Benefits	\$726,958
E. Number of Vested and Inactive Members	1

### 2. COST RESULTS

A. Retirement Benefits	
1. Employer Normal Cost	21.08%
2. Unfunded Actuarial Reserve	11.45%
Total Retirement Cost	32.53%
B. Disability Cost	2.32%
C. Survivor Benefit Cost	0.24%
Total Cost	35.09%

### 3. ACCOUNTING INFORMATION

A. GASB Disclosure	
1. Pension Benefit Obligation:	
a. Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 9,173,019
b. Current employees	
-Accumulated employee contributions including allocated investment earnings	1,224,854
-Employer-financed vested contributions	6,414,639
-Employer-financed non-vested contributions	3,924,438
Total Pension Benefit Obligation	\$20,736,950
2. Net Assets Available for Benefits (at cost)	\$10,877,948
Unfunded Pension Benefit Obligation (not less than \$0)	\$ 9,859,002
B. Other Accounting Information	
1. Actuarial Value of Assets	\$12,250,132
2. Unfunded Actuarial Reserve	\$ 8,606,991
3. Market Value of Assets	\$12,149,210
4. Unfunded Accrued Reserve	\$ 5,951,750
5. Amortization Period	26 years



## MAINE JUDICIAL RETIREMENT SYSTEM SUMMARY OF ACTUARIAL ASSUMPTIONS

This schedule summarizes the actuarial assumptions and methods used in the valuation.

### ACTUARIAL ASSUMPTIONS

1. Annual Rate of Investment Return: 8.0 percent
2. Annual Rate of Salary Increase: 6.0 percent
3. Annual Cost-of-Living Increase: 4.0 percent
4. Expense Allowance: None
5. Retirement Age: 60
6. Probabilities of employment termination:

at Age	due to:	<u>Death</u>	<u>Disability</u>	<u>Quitting</u>
25		.0006	.0006	.07
30		.0008	.0006	.06
35		.0011	.0007	.05
40		.0016	.0011	.04
45		.0029	.0022	.03
50		.0053	.0042	.02
55		.0085	.0072	.01

### FUNDING METHOD

1. Retirement Benefits: Entry Age Normal
2. Ancillary Benefits: Term Cost Method
3. Amortization Period: 26 Years

### ASSET VALUATION METHOD

Assets are valued at actuarial value. See the "Assets" section of the "Actuaries Report" for a detailed description.



## MAINE JUDICIAL RETIREMENT SYSTEM SUMMARY OF PLAN PROVISIONS

### Retirement On or After December 1, 1984

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.
2. **MEMBER CONTRIBUTIONS.** Members are required to contribute 6.5% 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 as a judge (not necessarily consecutive) which produce the highest such average.
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 while receiving disability benefits under the System
  - D. All service creditable under the Maine State Retirement System provided the member elects to have his own and the employer's contributions on behalf of the service transferred to the judicial system
5. **SERVICE RETIREMENT BENEFITS**

Eligibility: 25 years of creditable service, or attainment of age 60 with 10 years of creditable service, or attainment of age 70 and one year of service immediately before retirement.

Benefit: sum of (A)  $1/50$  of average final compensation multiplied by years of membership service and creditable service transferred from the Retirement System, and (B) 75% of November 30, 1984 salary for the position held at retirement, pro-rated for prior service less than 10 years. The benefit is reduced for retirement before age 60.

Maximum Benefit: 60% of average final compensation.

Minimum Benefit: for a judge in service and age 50 on December 1, 1984, 75% of salary on June 30, 1984 for the position held at retirement.

Form of Payment: life annuity; except for a judge in service and age fifty (50) before December 1, 1984, 50% joint and survivor annuity.

### 6. DISABILITY RETIREMENT BENEFITS

Eligibility: permanently mentally or physically incapacitated while in service before eligibility for unreduced retirement; unable to perform duties of own position.

Benefit:  $66 \frac{2}{3}\%$  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 Workers' Compensation, exceeds 80% of the average final compensation. A member in service on November 30, 1984, may elect benefits applicable for retirement before December 1, 1984.

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 gainful activity; in which case payments cease on the earlier of attainment of age 70 and date the service retirement benefit exceeds the disability benefit.



## MAINE JUDICIAL RETIREMENT SYSTEM SUMMARY OF PLAN PROVISIONS (Continued)

### Retirement On or After December 1, 1984

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. ORDINARY DEATH BENEFITS BEFORE ELIGIBILITY FOR SERVICE RETIREMENT

Eligibility: death while active or disabled before eligibility for service retirement.

Benefit: member's accumulated contributions at time of death. A surviving spouse, children, parents or other beneficiaries may be eligible to elect (in lieu of contributions) survivor benefits in monthly amounts varying by number of eligible survivors.

Minimum Benefit: 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.

#### 8. ORDINARY DEATH BENEFITS AFTER ELIGIBILITY FOR SERVICE RETIREMENT

Eligibility: death after eligibility for retirement but before benefit commencement date.

Benefit: Option 2 (see item 12) is automatically effective with benefits payable to designated beneficiary, spouse, or parents; however, beneficiary may elect benefit described in item 7 instead. Otherwise, accumulated contributions are payable to the estate.

#### 9. ACCIDENTAL DEATH BENEFITS

Eligibility: death while active or disabled resulting from injury related to employment.

Benefit: if the member leaves no dependent children, two-thirds of the member's average final compensation to the surviving spouse until death; if there remain surviving dependent children, an annual sum of the member's average final compensation shared between dependent children and surviving spouse (if any).

#### 10. REFUND OF CONTRIBUTIONS

Eligibility: termination of service except by retirement or death.

Benefit: member's accumulated contributions.

#### 11. COST-OF-LIVING ADJUSTMENTS. Except as described below, all retirement and survivor benefits are adjusted each year there is a percentage change in the Consumer Price Index (CPI), based on the CPI. Cost-of-living adjustments are effective September 1 and are applied to all benefits which have been in payment for six months. The maximum increase or decrease is 4%. Earnable compensation used in determining benefits for disabled members is indexed similarly.

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





## MAINE JUDICIAL RETIREMENT SYSTEM SUMMARY OF PLAN PROVISIONS (Continued)

### Retirement On or After December 1, 1984

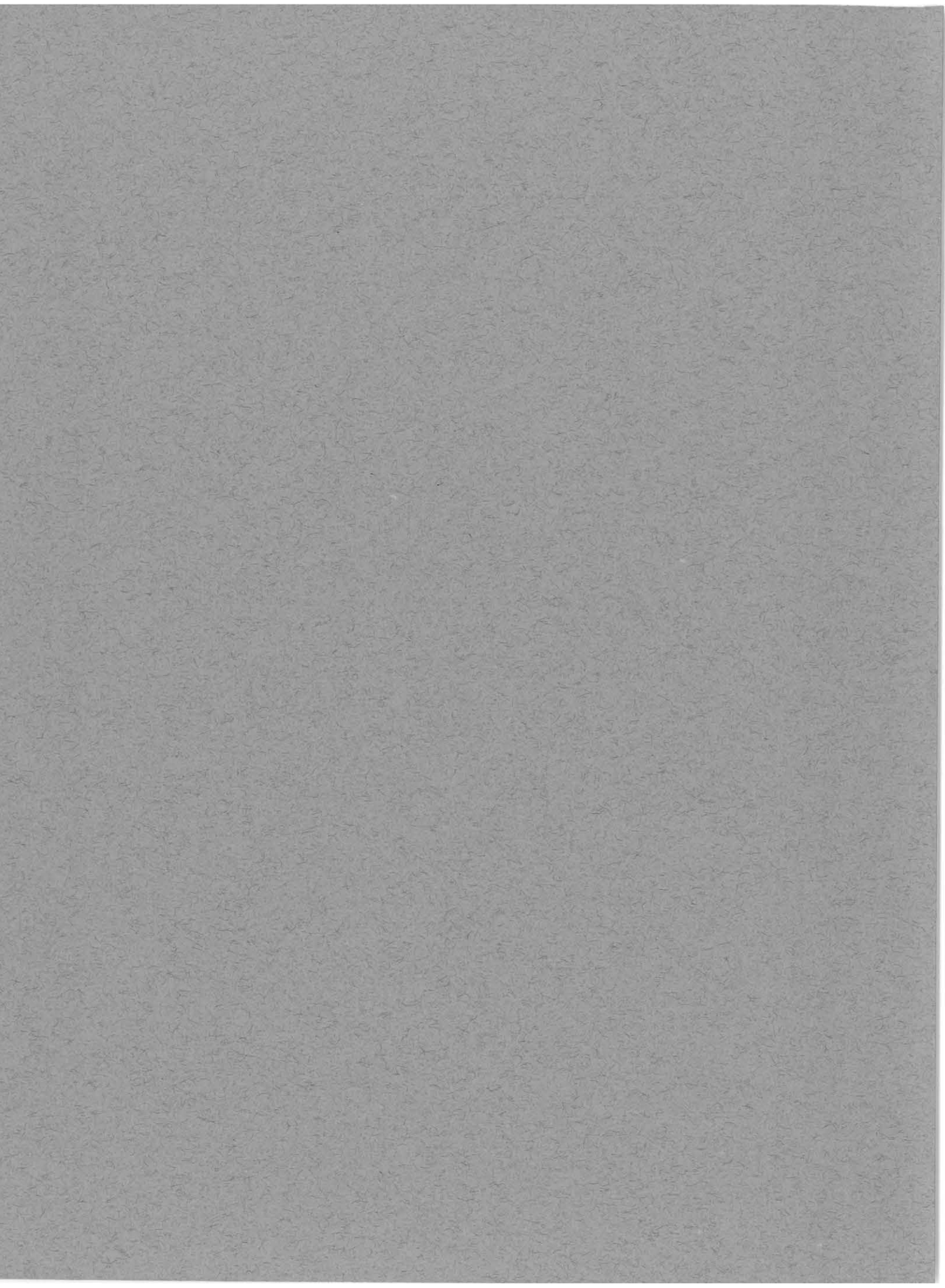
#### 12. OPTIONAL METHODS OF PAYMENT

- Option 1: Cash refund equal to the excess of accumulated contributions at date of retirement over total payments made to date of death which are attributable to member contributions.
- Option 2: 100% joint and survivor annuity.
- Option 3: 50% joint and survivor annuity.
- Option 4: Any other benefit which is actuarially equivalent to the retirement allowance and is approved by the Board.

### Retirement Prior to December 1, 1984 (Administered by the Court System)

1. CURRENTLY EFFECTIVE ANNUAL SALARY. For determination of benefit payments, currently effective annual salary is the salary on June 30, 1984 for the position last held, increased by 6% per year each July 1, beginning July 1, 1984.
2. REGULAR RETIREMENT BENEFITS
  - Eligibility: attainment of age 70 with seven years of service or attainment of age 65 with 12 years of service, or attainment of age 60 with 20 years of service.
  - Benefit: three-quarters of currently effective annual salary.
3. DISABILITY BENEFITS. Three-quarters of currently effective annual salary.
4. SURVIVOR BENEFITS. Three-eighths of current effective annual salary, payable to the surviving spouse of dependent children.





Maine State Retirement System  
State House Station #46  
Augusta, ME 04333