

Washington State Department of Retirement Systems

Funds of the State of Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2008

Prepared by the Washington State Department of Retirement Systems

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Office of Financial Management	Bret Brodersen
Office of the Attorney General	Anne Hall

Department of Retirement Systems

Guiding Principles

The personal financial security of our members is a key part of the economic vitality of Washington State.

*

Long-term financial security provides the opportunity for individuals to reach their personal goals.

*

Lifetime financial security is more likely to be achieved when individuals have access to unbiased information and instruments that recognize the challenges of saving.

*

An informed, competent, self-confident staff provides outstanding services to plan members.

*

Appreciation for performance, mutual accountability for underperformance, and recognition for outstanding performance are the foundation of the employee/employer relationship.

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Introductory Section

Message from the Director



Sports legend Yogi Berra once observed “the future ain’t what it used to be.” When it comes to retirement planning today, truer words were never written. An ever changing economy coupled with the fact that people are living longer is shifting the way many will experience retirement.

Planning and saving for retirement is key to our members’ future, but we

know it’s not the only priority competing for their time and attention. With that in mind, we’ve continued to focus on making it simple for them to obtain retirement planning information and to understand what it means for their future.

Over this last year, we’ve redesigned the packet of information sent to prospective retirees – enhancing the clarity of complex information and consolidating forms wherever possible. In the coming months, we’ll be asking members and retirees what else we can do to make the materials even easier to use.

We also worked closely with the Washington State Investment Board on a new investment option for Plan 3, the Deferred Compensation Program and the Judicial Retirement Account. This one-step method simplifies investing by automatically changing the asset mix as an individual moves closer to a target date for withdrawing the money.

Whether a member is early in a career, midway through, nearing retirement or already retired, we are committed to ensuring the best in responsive, friendly, and knowledgeable service. Our team answers customer phone calls within an average of 16 seconds and walk-in customers

are met by trained, informed staff within an average of two minutes. Yet our administrative cost per member remains lower than many other public pension systems.

We currently serve more than 617,000 active, inactive and retired members. With 15 different retirement plans and the state’s Deferred Compensation Program to administer, combining this high level of customer support with demonstrated cost-effectiveness is a significant accomplishment that has earned us national recognition.

While the future may not be what it used to be, our commitment to excellent customer service at a great value remains the same. We hope our 2008 financial report reflects our pride in the services we offer, and we look forward to serving our customers in 2009.

Sincerely,

A handwritten signature in black ink that reads "Sandy Matheson".

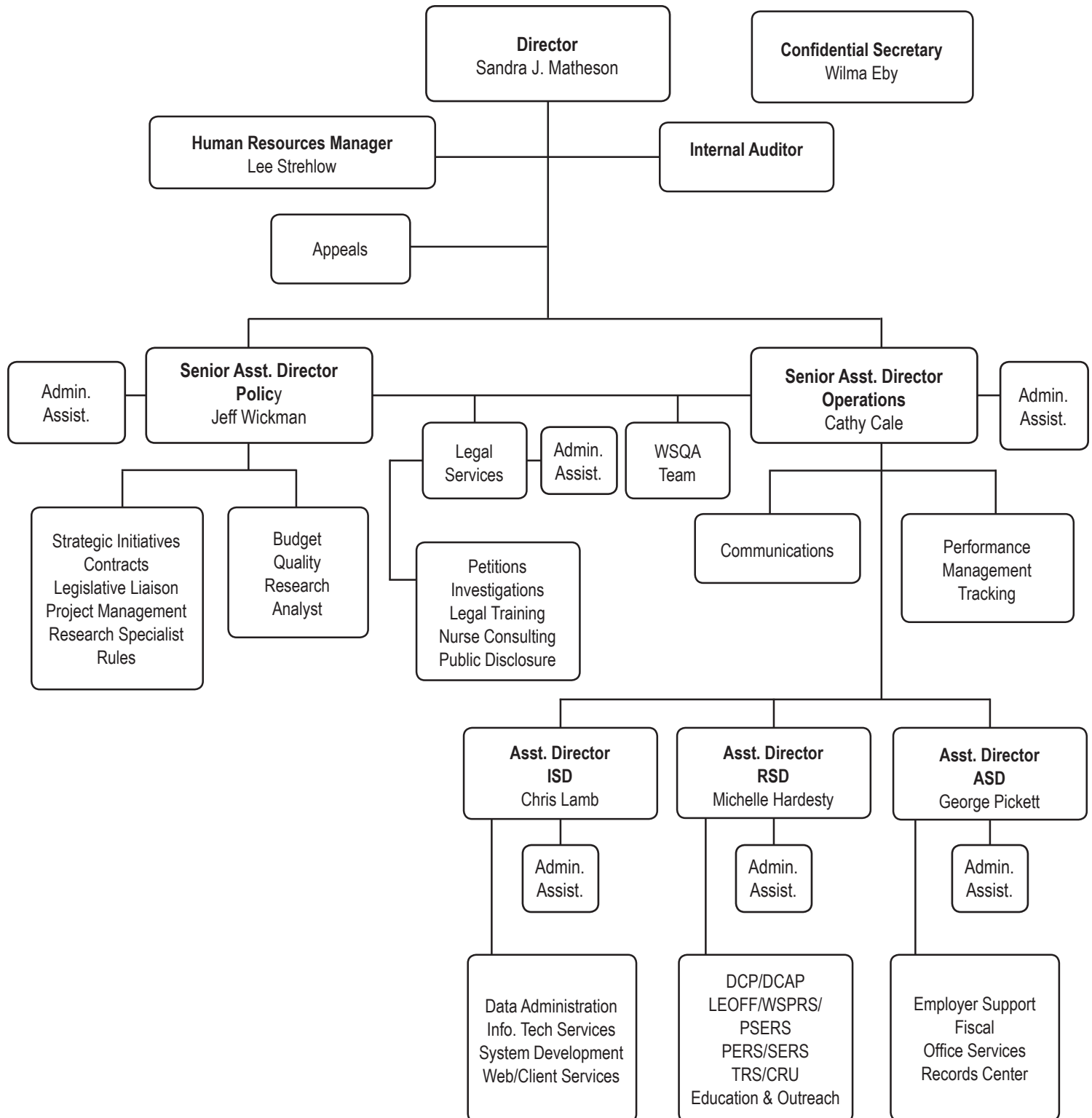
Sandy Matheson
Director

December 2008

If you have questions about this report or would like to request additional information, please call us toll-free at 1-800-547-6657. In the Olympia area, dial 664-7000. You may also write us at P.O. Box 48380, Olympia, WA 98504-8380 or visit our Web site at www.drs.wa.gov.

Department of Retirement Systems' Organization

June 2008



Pension System Roles and Responsibilities

Department of Retirement Systems (DRS)

Collects and accounts for employer and employee contributions; maintains retirement records; pays benefits; communicates pension information; provides investment education; and administers the Deferred Compensation and Dependent Care Assistance Programs.

The governor appoints the director of DRS.

P.O. Box 48380, Olympia, WA 98504-8380

Telephone: (360) 664-7000, in Olympia, or toll-free at 1-800-547-6657

Web site: www.drs.wa.gov

Legislative Fiscal Committees

Review and report on retirement bills to the full Legislature.

The legislative fiscal committees are the House Appropriations Committee and the Senate Ways and Means Committee.

House Appropriations Committee

P.O. Box 40600, Olympia, WA 98504-0600

Telephone: (360) 786-7573 or toll-free 1-800-562-6000

(Legislative Hotline)

Web site: www1.leg.wa.gov/legislature

Senate Ways and Means Committee

P.O. Box 40482, Olympia, WA 98504-0482

Telephone: (360) 786-7715 or toll-free 1-800-562-6000

(Legislative Hotline)

Web site: www1.leg.wa.gov/legislature

Select Committee On Pension Policy

Studies pension issues and retirement finances. Develops pension policies and recommends pension legislation.

The Select Committee on Pension Policy is composed of four members of the Senate, four members of the House of Representatives, four representatives of active state retirement system members, two representatives of retired members, four employer representatives and the directors of the Office of Financial Management and the Department of Retirement Systems.

Committee Membership (June 30, 2008)

Representative Barbara Bailey	Lois Clement - PERS Retiree
Representative Steve Conway (Vice Chair)	Bob Keller - PERS Active
Representative Larry Crouse	Corky Mattingly - PERS Employers
Representative Bill Fromhold	Doug Miller - PERS Employers
Senator Steve Hobbs	Glenn Olson - PERS Employers
Senator Janea Holmquist	Pat Thompson - PERS Active
Senator Ed Murray	David Westberg - SERS Active
Senator Mark Schoesler (Chair)	Elaine Banks - TRS Retiree
Sandra J. Matheson - Director, Department of Retirement Systems	Randy Davis - TRS Active
Victor Moore - Director, Office of Financial Management	Charles Cuzzetto - SERS and TRS Employers

Can be contacted through the State Actuary's office
P.O. Box 40914, Olympia, WA 98504-0914
Telephone: (360) 786-6140
Web site: www1.leg.wa.gov/scpp

Pension Funding Council

Adopts economic assumptions for pension funding and member and employer pension contribution rates for LEOFF Plan 1, PERS, PSERS, SERS, TRS and WSPRS.

Membership consists of the directors of DRS and Office of Financial Management, and the Chairs and Ranking Minority Members of the Senate Ways and Means Committee and House Appropriations Committee.

Council Membership

Sandra J. Matheson—Director, Department of Retirement Systems, Chairperson
Victor Moore—Director, Office of Financial Management
Representative Gary Alexander—Ranking minority member, Appropriations Committee
Representative Helen Sommers—Chair, Appropriations Committee
Senator Margarita Prentice—Chair, Ways and Means Committee
Senator Joseph Zarelli—Ranking minority member, Ways and Means Committee

Can be contacted through DRS. See information on preceding page.

Office of Financial Management

Advises the governor on pension and funding policies and issues.

The governor appoints the director of OFM.

P. O. Box 43113, Olympia, WA 98504-3113

Telephone: (360) 902-0555

Web site: www.ofm.wa.gov

Washington State Investment Board

Invests and accounts for pension funds. The Board consists of ten voting members.

Membership consists of the director of DRS; the state treasurer; the director of Department of Labor and Industries; a state senator; a state representative; an active member of LEOFF, PERS, SERS, and TRS; and a retired member of one of the seven systems.

Board Members (Voting Members, June 30, 2008)

Senator Lisa Brown

Michael J. Murphy
State Treasurer

Glenn Gorton (Chair)
Representative of SERS

Mason Petit
Representative of PERS

George Masten
Representative of Retired Members

Mike Ragan
Representative of TRS

Sandra J. Matheson (Vice Chair)
Director, Department of Retirement Systems

Judy Schurke
Director, Department of Labor and Industries

Patrick McElligott
Representative of LEOFF

Representative Helen Sommers

(Nonvoting Members, June 30, 2008)

Charles A. Kaminski
Investment Professional

Robert S. Nakahara
Investment Professional

Jeffrey Seely
Investment Professional

John Magnuson
Investment Professional

David Nierenberg
Investment Professional

P.O. Box 40916, Olympia, WA 98504-0916

Telephone: (360) 956-4600

Web site: www.sib.wa.gov

Office of the State Actuary

Acts as an advisory agency to the legislature and director of DRS. Performs actuarial studies and reports on retirement bills. Creates formulas used to compute benefit payment adjustments that are based on early retirement, cost-of-living or long-term survivor benefits.

The State Actuary is appointed by the Select Committee on Pension Policy.

P.O. Box 40914, Olympia, WA 98504-0914

Telephone: (360) 786-6140

Web site: osa.leg.wa.gov

Employee Retirement Benefits Board

Provides recommendations to the Washington State Investment Board on self-directed investment options for defined contribution plans; determines the payment options available for Plan 3 members; ratifies administrative charges assessed to members who participate in self-directed investment options; and provides recommendations on investment options for the Deferred Compensation Program. Board members are appointed by the governor.

Board Membership (June 30, 2008)

Board Chairperson

- Sandra J. Matheson—Director, Department of Retirement Systems

Representing experience in defined contribution plan administration:

- Al Symington (Vice-Chair)—Retired

Representing Public Employees' Retirement System members:

- Claude Burfekt—DSHS/Fircrest School
- Dorothy Kiest—Retired
- Dr. Robert Lenigan—Psychologist/Program Coordinator, Western State Hospital

Representing Teachers' Retirement System members:

- Michael Coleman—Retired
- Brian Talbott—Superintendent, White Pass School District
- Staci Vesneske—Executive Director, Human Resources, Spokane Public Schools

Representing School Employees' Retirement System members:

- Chet Griffith—Mechanic, Sedro-Woolley School District
- Sheila Marcy—Retired
- Judi Owens—Head Secretary, Maintenance Department, Central Valley School District

Representing Deferred Compensation Program Participants:

- Kathy Whitlock—Retired

Can be contacted through DRS. See information on page 5.

DRS Advisory Committee

Serves in an advisory role to the director of DRS on retirement administrative issues. The committee consists of members representing active and retired members of the retirement systems administered by DRS.

Committee Membership (June 30, 2008)

PERS

Patrick J. Dull
Active

John I. Payne
Active

Eva Jean Ann Shamley
Retired

Mary L. Sherman
Active

LEOFF

Detective Harry James
Active
(law enforcement officer)

Patrick McElligott
Active
(fire fighter)

Richard Warbrouck
Retired

TRS

Nancy Baldwin (Chair)
Retired

Todd Beese
Active
(teacher)

Darrell Heisler
Active
(administrator)

JRS

Judge Michael Heavey
Active

WSPRS

Captain Michael DePalma
Active

Can be contacted through DRS. See information on page 5.

Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board

Policy-making board that studies pension issues, acts as fiduciary of LEOFF Plan 2, sets contribution rates and recommends pension policy to the Legislature for LEOFF Plan 2 members. The LEOFF Plan 2 Retirement Board consists of three active fire fighters, three active police officers, three employers and two legislators.

Committee Membership (June 30, 2008)

Kelly Fox, Chair
Fire Fighter Representative

Pat Hepler
Fire Fighter Representative

Mark Johnston
Fire Fighter Representative

Jeff Holy
Law Enforcement Representative

Ryan Martin
Law Enforcement Representative

Jack L. Simington, Vice Chair
Law Enforcement Representative

Clint Olson
Employer Representative

Glenn Olson
Employer Representative

Vacant
Employer Representative

Representative Geoff Simpson

Senator Linda Evans Parlette

P.O. Box 40918, Olympia, WA 98504-0918
(360) 586-2320
Web site: www.leoff.wa.gov

Letter of Transmittal



STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
P.O. Box 48380 • Olympia, Washington 98504-8380

December 19, 2008

The Honorable Christine Gregoire, Governor
Members of the Sixtieth Legislature
Members of the Select Committee on Pension Policy
State of Washington
Olympia, Washington 98504

We are pleased to present to you the Department of Retirement Systems' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This CAFR is designed to comply with the requirements of chapters 41.50.050(4) RCW, 41.50.780(9) RCW, and 41.04.630(2) RCW.

Responsibility for the accuracy of the data and the fairness and completeness of this presentation, including all disclosures, rests with the management of the Department of Retirement Systems (DRS). To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to provide a fair representation of the financial position and results of the operations of the department.

Peterson Sullivan PLLC, Certified Public Accountants, have issued an unqualified ("clean") opinion on DRS' basic financial statements for the year ended June 30, 2008. The independent auditor's report is located at the front of the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Agency Description and History

As of June 30, 2008, DRS administered eight statewide public employee retirement systems, which were comprised of 12 defined benefit pension plans and three combination defined benefit/defined contribution plans.

The purpose of DRS is to administer pension plan coverage for state employees, teachers and classified educational employees, law enforcement officers and fire fighters, and other employees of participating political subdivisions. As of June 30, 2008, there were 1,308 covered employers participating in multiple systems and/or plans administered by DRS. The eligibility requirements and provisions of each plan can be found in Note 2 of the Notes to the Financial Statements. DRS also administers a deferred compensation program and a dependent care reimbursement program. Additionally, DRS is responsible for all accounting and reporting services and the collection of contributions for the Judicial Retirement Account (JRA), a defined contribution pension plan administered by the State of Washington Administrative Office of the Courts.

The Washington State Legislature created the Department of Retirement Systems in 1976 to administer the Public Employees' (PERS), Teachers' (TRS), Law Enforcement Officers' and Fire Fighters' (LEOFF), Washington State Patrol (WSPRS), and Judicial (JRS) retirement systems, and the Judges' Retirement Fund (Judges).

Significant events in DRS history are listed below:

1930s-1940s

The PERS, TRS, WSPRS, Judges and many local police and fire fighters' retirement systems were created.

1950s-1960s

Independent administration of individual retirement systems continued.

1960s-1970s

Local police and fire fighters' retirement systems were consolidated into LEOFF.

1976

The Department of Retirement Systems was created to administer state retirement systems.

The Office of the State Actuary was created to provide pension cost estimates.

1977

The LEOFF Plan 2, PERS Plan 2 and TRS Plan 2 were created.

1981

The Washington State Investment Board was created to handle the investment of all state trust funds.

1987

The Joint Committee on Pension Policy was created.

1995

The TRS Plan 3 was created effective July 1, 1996.

1996

The state Deferred Compensation and Dependent Care programs were transferred to DRS.

DRS assumed accounting and reporting responsibility for the Judicial Retirement Account (JRA) defined contribution plan.

1998

The School Employees' Retirement System (SERS) Plans 2 and 3 were created effective September 1, 2000.

The Pension Funding Council was created.

1999

The PERS Plan 3 was created effective March 1, 2002, for state and higher education employees, and effective September 1, 2002, for local government employees.

2001

The WSPRS Plan 2 was created effective January 1, 2003.

2003

The LEOFF 2 Board was established effective July 1, 2003.

The Joint Committee on Pension Policy became the Select Committee on Pension Policy effective July 27, 2003.

2004

The Public Safety Employees' Retirement System (PSERS) was created effective July 1, 2006.

2006

DRS assumed responsibility for the collection of JRA contributions.

2007

The Judges' Benefit Multiplier bill, effective January 1, 2007, gave justices and judges in PERS and TRS a one-time irrevocable option to increase their contributions in order to fund a larger retirement benefit.

Accounting System and Internal Control

This report has been prepared to conform with the principles of accounting and reporting established by the Governmental Accounting Standards Board (GASB). The basic financial statements are presented in accordance with guidelines established by GASB Statement No. 25, *Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contribution Plans*, and other GASB statements, as appropriate. Specific accounting treatments are detailed in the Notes to the Financial Statements found in the Financial Section of this report.

In April and June 2004 respectively, the GASB issued two related statements: Statement No. 43 (GASB 43) *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (OPEB) and Statement No. 45 (GASB 45) *Accounting and Financial Reporting by Employers for*

Postemployment Benefits Other Than Pensions. DRS was not required to implement GASB 43 because the agency administers only pension and deferred compensation plans. DRS has not implemented GASB 45 because its estimated annual OPEB cost and net OPEB obligation lack materiality in relation to the agency's net assets.

In May 2007, the GASB issued Statement No. 50 (GASB 50), *Pension Disclosures--an amendment of GASB Statements No. 25 and No. 27*. Effective for Fiscal Year 2008 reporting, DRS implemented the provisions of GASB 50. GASB 50 has no monetary impact on the financial statements of DRS, but does require additional disclosure. As a result, the information in the Notes to the Financial Statements and in the Required Supplementary Information in the Financial Section, has been expanded and modified.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. In addition, budgetary controls are maintained by the Office of Financial Management and the Washington State Legislature.

Funding

The goal of pension funding is to accumulate enough money during a member's working career to pay retirement benefits after the member retires. Measurements of funding status indicate how well a retirement plan is accomplishing that goal. There are two standard indicators of funding status: the funding ratio and the existence of an

unfunded liability. Both measure the benefit obligations, or liabilities, of a plan against its assets. If the funding level is adequate, the ratio of total accumulated assets to total liabilities will be larger and more funds will be available for investment purposes. Also, an adequate funding level gives the participants assurance that their pension benefits are secure.

The actuarial value of assets available as of the latest actuarial date for all systems was \$50,791 million. The accrued liability is \$56,467 million. The accrued liability exceeds the net actuarial value of assets available for benefits by \$5,676 million. The ratio of assets to liabilities is 90 percent compared to 91 percent last year.¹ Current contribution rates remain in keeping with the goal of attaining a funding ratio of 100 percent by the amortization dates applicable to each plan (June 30, 2024, or earlier), as required by chapter 41.45 RCW. Valuations are performed for all DRS-administered retirement systems on a yearly (now, July 1 through June 30) basis. These calculations are prepared by the Office of the State Actuary and reflect the latest valuation results. Additional actuarial information is included in the Actuarial Section of this report.

Investments

The Washington State Investment Board (WSIB) has sole authority and responsibility for the investment of all state and local pension fund assets. The enabling statute requires the WSIB to "...establish investment policies and procedures designed exclusively to maximize return at a prudent level of risk." The policies adopted by the WSIB include provisions for the setting of strategic asset allocation objectives, as well as strategies and return objectives for individual asset classes. A summary of the asset allocation can be found in the Investment Section of this report. For Fiscal Year 2008, the commingled trust fund (CTF) investments provided a negative 1.24 percent rate of return. The CTF annualized rate of return over the last three years was 11.82 percent and 13.03 percent over the last five years.

¹ As dictated by GASB Statement No. 25, the ratios noted here are the result of calculating accrued liabilities utilizing the Entry Age method for non-standard valuation methods (such as the variation of the Frozen Initial Liability (FIL) method used by the Office of the State Actuary (OSA) for PERS Plan 1 and TRS Plan 1). When this Entry Age method is used, the liabilities are higher, and the ratios are lower, than those produced by the methods included in the valuation report published by OSA.

The day-to-day management of pension fund assets is the responsibility of WSIB staff. Further investment information is included in the Investment Section of this report.

Departmental Initiatives

The department's activities are highlighted in the "Message from the Director" on page 3 of this Introductory Section.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to DRS for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the fourteenth consecutive year that DRS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.


In November 2008, DRS also received the Public Pension Standards 2008 Recognition Award for Administration from the Public Pension Coordinating Council (PPCC). The PPCC is a coalition of three national associations that serve public pension funds. It represents substantially all employees of state and local government in the United States. Eligibility for this award entails meeting the professional standards for plan administration as set forth in the Public Pension Standards. These standards are intended to reflect minimum expectations for public retirement system administration.

Acknowledgments

This report was made possible by the staff of DRS based in part on information provided by the Office of Financial Management, the Office of the State Actuary, the Office of the State Treasurer and the Washington State Investment Board. Each member of these agencies has our sincere appreciation. The report will be provided to the Governor, the members of the Select Committee on Pension Policy, and other interested parties.

This report is intended to provide complete and reliable information that can be used to make management decisions, determine compliance with legal provisions, and evaluate responsible stewardship of DRS-administered retirement system funds.

Respectfully submitted,



Sandra J. Matheson
Director

Certificate of Achievement

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Washington State
Department of Retirement
Systems

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



A handwritten signature in black ink, reading "Charles S. Cox".

President

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director



Public Pension Coordinating Council

***Recognition Award for Administration
2008***

Presented to

Washington State Department of Retirement Systems

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

Presented by the Public Pension Coordinating Council, a confederation of

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

A handwritten signature in black ink, reading 'Alan H. Winkle'.

Alan H. Winkle
Program Administrator

2008 Washington State Legislative Actions

The 2008 Washington State Legislature passed seven pension-related bills that were signed into law by Governor Gregoire. These bills are described below:

Dependent Care Assistance Program

- House Bill 2652 transfers administration of the Dependent Care Assistance Program from the Department of Retirement Systems to the Health Care Authority, effective January 1, 2009.

Law Enforcement Officers' and Fire Fighters' Retirement System

- House Bill 2510 allows law enforcement officers, fire fighters and other public employees participating in a qualified retirement system to obtain Medicare coverage through the "divided referendum" process. This process allows those who vote in favor of a referendum to participate in Medicare, while those who vote against it do not. Under this bill, active members of LEOFF who choose to do so will pay for Medicare coverage.
- Senate Bill 6573 provides that when state general fund revenues increase by at least five percent over the prior biennium's revenue, the State Treasurer must transfer, subject to appropriation by the legislature, specific amounts to the Local Public Safety Enhancement Account. Half of the money in this account would be proportionately distributed, by the State Treasurer, to all jurisdictions with LEOFF Plan 2 members. Those jurisdictions would be allowed to use these funds for public safety purposes. The other half would be transferred to the Law Enforcement Officers' and Fire Fighters (LEOFF) Retirement System Benefits Improvement Account to fund enhancements for LEOFF Plan 2 members.

Public Employees' Retirement System/Judges

- House Bill 2887 allows judges, at the time of retirement, to purchase prior judicial service at the higher benefit multiplier. The cost of purchasing the service is the lesser of the full actuarial cost or five percent (2.5 percent for Plan 3) of the salary earned for each month of service credit, plus 5.5 percent interest, from the date the service was earned.
- This bill also allows active and inactive members of the Public Employees Retirement System who are not currently serving as a judge, but who have served as a judge or justice in the past, to increase the benefit multiplier for their periods of past judicial service. The application for the higher benefit multiplier must be made between January 1, 2009 and June 30, 2009.

Teachers' Retirement System

- Senate Bill 6657 amends the definition of "earnable compensation" to include bonuses paid to teachers who are certified by the National Board for Professional Teaching Standards.
- House Bill 3024 reduces the number of service credit years a member must have before he or she is eligible to purchase service credit earned for education experience outside the state.

Teachers' Retirement System and School Employees' Retirement System

- House Bill 3019 granted six months of service credit to members of the Teachers' Retirement System and School Employees' Retirement System Plans 2 and 3 who work at least five months of a six-month period, from September through August, and earn 630 hours or more within that six-month period.

Financial Section


PETERSON SULLIVAN LLP

CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT

Ms. Sandra J. Matheson, Director
 State of Washington Department of Retirement Systems
 Olympia, Washington

We have audited the accompanying financial statements (including the individual fund financial statements) of the Washington State Department of Retirement Systems as of and for the year ended June 30, 2008. The Department of Retirement Systems is a part of the State of Washington's primary government. These financial statements are the responsibility of the Department of Retirement Systems' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Washington State Department of Retirement Systems' June 30, 2007, financial statements and in our report dated November 30, 2007, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the 2008 financial statements referred to above present fairly, in all material respects, the financial position of the Washington State Department of Retirement Systems as of June 30, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the financial statements present fairly, in all material respects, the financial position of each of the individual funds of the Washington State Department of Retirement Systems as of June 30, 2008, and the results of operations of such funds for the year then ended in conformity with accounting principles generally accepted in the United States.

The accompanying management discussion and analysis and required supplementary information listed in the accompanying table of contents is not a required part of the basic financial statements, but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supporting schedules and the statement of changes in assets and liabilities – dependent care agency fund as listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the financial statements of the Washington State Department of Retirement Systems. Such information has been subject to the auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds taken as a whole.

The introductory, actuarial, investment, and statistical sections of this report are not required parts of the financial statements, and we did not audit or apply limited procedures to such information and do not express any assurance on such information.

November 26, 2008

An independent firm associated with
MOORE STEPHENS
 INTERNATIONAL LIMITED

Management's Discussion and Analysis

This discussion and analysis of the Washington State Department of Retirement Systems (DRS) financial performance provides an overview of DRS' financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Letter of Transmittal beginning on page 10 and DRS' financial statements, which begin on page 25 of this report.

DRS' overall financial position remained sound at June 30, 2008 despite declining results caused by the turbulence in the capital markets during the fiscal year.

FINANCIAL HIGHLIGHTS

The following financial highlights occurred during the fiscal year ended June 30, 2008:

- The combined plan net assets of all the pension funds administered by DRS decreased by \$1,891.6 million during Fiscal Year 2008.
- The covered payroll requiring both employee and employer pension contributions reported during the year totaled \$15,761.1 million, representing an increase of 8%.
- Employer contributions totaled \$906.6 million and member contributions totaled \$907.1 million, representing increases of 42% and 17%, respectively, over the previous fiscal year.
- Net investment earnings (net appreciation in the fair value of investments, plus interest and dividend income, less investment expenses) decreased \$13,088.2 million to \$(1,142.8) million, representing a 110% reduction from the last fiscal year.
- Pension benefits paid to retirees and beneficiaries increased \$158.5 million bringing the total benefit payments to \$2,492.5 million. Refunds of contributions paid to former retirement system members increased from \$305.4 million to \$344.4 million.
- Administrative expenses totaled \$30.8 million, an increase of \$3.1 million from last fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the DRS basic financial statements, which consist of the following components: basic financial statements, notes to the financial statements, required supplementary information, and other supporting schedules.

Basic Financial Statements

The basic financial statements presented for the fiduciary funds are fund financial statements and include a Statement of Plan Net Assets and a Statement of Changes in Plan Net Assets. The fiduciary funds include defined benefit and defined contribution pension trust funds, the deferred compensation program trust fund, and the dependent care assistance program agency fund. The Statement of Plan Net Assets presented on pages 25-28 reports the assets, liabilities and resulting net assets available for pension and other benefits as of June 30, 2008. The Statement of Changes in Plan Net Assets presented on pages 29-32 reports the additions to, deductions from, and resulting net change in net assets for the fiscal year ending June 30, 2008.

DRS also administers a small governmental (special revenue) fund to account for the operations of the Dependent Care Assistance Program. The financial statements for this fund are presented on pages 33 and 34 of this report. These statements show the conversion of the fund's Balance Sheet (at June 30, 2008) and Statement of Revenues, Expenditures, and Changes in Fund Balance (for the year ending June 30, 2008), both of which use the current financial resources measurement focus and modified accrual basis of accounting, to the Statement of Net Assets and Statement of Activities, respectively, which use the economic resources measurement focus and accrual basis of accounting.

Notes to the Financial Statements

The notes to the financial statements presented on pages 35-75 of this report are an integral part of the financial statements and include additional information not readily evident in the statements themselves. Note 1 provides a summary of significant accounting policies and plan asset matters including

the reporting entity, measurement focus, basis of accounting, investments, reserves, capital assets, long-term liabilities, financial statement formatting, and any accounting and reporting changes. Note 2 provides a general description of DRS, plan descriptions, and funding policy. Section D of this note also provides current year funded status and funding progress information as well as a summary of the actuarial and economic methods and significant assumptions used.

Required Supplementary Information

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the plan's ongoing plan perspective. The required supplementary information consists of two historical trend schedules. The Schedules of Funding Progress presented on pages 76-79 include historical trend information about the actuarially funded status of each plan from a long-term, ongoing plan perspective and the progress made in accumulating sufficient assets to pay benefits when due. The Schedule of Contributions from Employers and Other Contributing Entities presented on page 80 includes historical trend information about the annual required contributions of employers and the contributions made by employers in relation to this requirement. These schedules provide information that contributes to understanding the changes over time in the funded status of the plans.

Supporting Schedules and Other Financial Information

These schedules and the Statement of Changes in Assets and Liabilities--Dependent Care Agency Fund are presented on pages 81-84 and they provide additional detailed information useful in evaluating the condition of the plans administered by DRS. These schedules include information on administrative expenses, investment expenses, payments to consultants, and other additional information.

FINANCIAL ANALYSIS OF DRS FUNDS

Analysis of Net Assets – Fiduciary Funds

(dollars in millions)

Net Assets	Fiscal Year 2008	Fiscal Year 2007	Increase (Decrease) Amount	Increase (Decrease) Percentage
Assets				
Cash and Pooled				
Investments	\$ 45.7	\$ 57.9	\$ (12.2)	(21)%
Receivables	538.4	515.5	22.9	4%
Capital Assets, Net of Depreciation	0.5	0.6	(0.1)	(17)%
Investments, Noncurrent	71,094.1	75,176.0	(4,081.9)	(5)%
Other Assets	1.4	1.4	-	-
Total Assets	71,680.1	75,751.4	(4,071.3)	(5)%
Liabilities				
Obligations Under Security Lending Agreements	3,961.9	5,737.1	(1,775.2)	(31)%
Other Short-Term Liabilities	549.3	953.8	(404.5)	(42)%
Long-Term Obligations	1.4	1.4	-	-
Total Liabilities	4,512.6	6,692.3	(2,179.7)	(33)%
Total Net Assets	\$67,167.5	\$69,059.1	\$(1,891.6)	(3)%

Total trust fund assets as of June 30, 2008 were \$71,680.1 million and were mostly comprised of investments, contributions due from employers and cash. This was a decrease of \$4,071.3 million or 5% from the last fiscal year. This decrease was largely due to the drop in the fair value of investments, as detailed below.

Investments decreased by \$4,081.9 million largely as a result of the turbulence in the public equity markets in 2007 and 2008. Of this amount, \$1,766.0 million is attributed to securities on loan and \$173.0 million to securities in the defined contribution plans and the deferred compensation program.

Total trust fund liabilities as of June 30, 2008 were \$4,512.6 million, representing a 33% or \$2,179.7 million decrease from the previous year. Although, at \$3,961.9 million, obligations under security lending agreements made up the bulk of this category, the decrease in total liabilities was also related to the turbulent market place and the reduced activity therein, as evidenced by the drop of \$1,775.2 million in obligations

under security lending agreements and of \$392.4 million in short term investment payables.

As a result of the factors listed above, total combined trust fund plan net assets at June 30, 2008 were \$67,167.5 million, representing a reduction of \$1,891.6 million or 3% from the last fiscal year.

Analysis of Changes in Net Assets – Fiduciary Funds

(dollars in millions)

Changes in Net Assets	Fiscal Year 2008	Fiscal Year 2007	Increase (Decrease) Amount	Increase (Decrease) Percentage
Additions				
Employer Contributions	\$ 906.6	\$ 638.5	\$ 268.1	42%
Member Contributions	907.1	774.6	132.5	17%
State Contributions	55.5	47.8	7.7	16%
Participant Contributions	188.7	175.1	13.6	8%
Net Income from Investment Activities	(1,142.8)	11,945.4	(13,088.2)	(110)%
Net Income from Securities Lending Activities	34.2	15.6	18.6	119%
Charges For Services	26.3	26.8	(0.5)	(2)%
Transfers from Other Pension Plans	330.0	5.7	324.3	5,689%
Other Additions	1.1	1.1	-	-
Total Additions	<u>1,306.7</u>	<u>13,630.6</u>	<u>(12,323.9)</u>	<u>(90)%</u>
Deductions				
Benefits	2,492.5	2,334.0	158.5	7%
Refunds of Contributions	344.4	305.4	39.0	13%
Transfers to Other Pension Plans	330.0	5.7	324.3	5,689%
Transfers to State General Fund	0.6	-	0.6	n/a
Administrative Expenses	30.8	27.7	3.1	11%
Total Deductions	<u>3,198.3</u>	<u>2,672.8</u>	<u>525.5</u>	<u>20%</u>
Increase/(Decrease) in Net Assets	<u>(1,891.6)</u>	<u>10,957.8</u>	<u>(12,849.4)</u>	<u>(117)%</u>
Net Assets - Beginning of Year	<u>69,059.1</u>	<u>58,101.3</u>	<u>10,957.8</u>	<u>19%</u>
Net Assets - End of Year	<u><u>\$67,167.5</u></u>	<u><u>\$69,059.1</u></u>	<u><u>\$(1,891.6)</u></u>	<u><u>(3)%</u></u>

Additions to the retirement trust funds primarily consist of contributions from employers, active system members and the state, and from investment earnings. Additions to the deferred compensation trust fund primarily consist of participant contributions and investment earnings. Total trust fund additions (excluding plan transfers) for Fiscal Year 2008 amounted to \$976.7 million, a decrease of \$12,648.2 million or 93% from Fiscal Year 2007. This decrease was primarily due to the \$13,088.2 million reduction in net income from investment activities largely resulting from the turbulence in the public equity markets during the year. Other major increases in this category were the result of increased employer, member and state contributions, all due to higher required actuarial contribution rates, as follows:

- Employer contributions increased \$268.1 million or 42% reflecting the increased rates for the Public Employees' Retirement System (PERS) Plan 1, PERS Plan 2/3, the PERS Judicial Benefit Multiplier (JBM) Plan 1, PERS JBM Plan 2 and PERS JBM Plan 3, the School Employees' Retirement System (SERS) Plan 2/3, the Public Safety Employees' Retirement System (PSERS) Plan 2, the Teachers' Retirement System (TRS) Plan 1, TRS Plan 2/3, and the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2.
- Member contributions increased \$132.5 million or 17% and reflected the higher required rates of Plan 2 members of PERS, SERS and LEOFF.
- State contributions also increased by \$7.7 million or 16% and reflected the increased rates for LEOFF Plan 2.

Deductions to the retirement trust funds primarily consist of the payment of benefits to retirees and beneficiaries, the refund of contributions to former retirement system members, and the cost of administering the retirement systems. Benefit payments to members include both pension and annuity benefits. Expenses for the management of trust funds are incurred by the Washington State Investment Board and funded from earnings on investments. Deductions to the deferred compensation trust fund primarily consist of refunds

paid to plan participants and administrative expenses. Total trust fund deductions (excluding plan transfers) for Fiscal Year 2008 were \$2,868.3 million, an increase of \$201.2 million or 8% over Fiscal Year 2007. This was primarily due to an increase in benefits paid to retirees and beneficiaries, and to the increase in refunds of contributions to former members. Benefit payments increased \$158.5 million or 7% due to an increase in the number of retirees during the year, the annual cost of living adjustments that increased benefit payouts, and the higher salaries of those newly retired. In Fiscal Year 2008, there were 7,057 additional retirees representing an increase of 191 over the previous year's retirements. Refunds also grew 13% to \$344.4 million as system members leaving state employment increasingly opted to have their contributions returned.

Transfers from and to other pension plans totaled \$330.0 million in Fiscal Year 2008 representing an increase of \$324.3 million or 5,629% over the previous fiscal year. The majority of this increase was directly related to the \$319.5 million gain sharing distribution processed in January 2008 as a result of legislation enacted in 2007.

**Analysis of Net Assets – Governmental Fund
Dependent Care Administrative Fund**
(dollars in thousands)

Net Assets	Fiscal Year 2008	Fiscal Year 2007	Increase (Decrease) Amount	Increase (Decrease) Percentage
Assets				
Cash and Pooled Investments	\$ 40	\$ 76	\$ (36)	(47)%
Total Assets	<u>40</u>	<u>76</u>	<u>(36)</u>	<u>(47)%</u>
Liabilities				
Due to Other Agencies	-	2	(2)	(100)%
Accounts Payable & Accrued Liabilities	1	3	(2)	(67)%
Total Liabilities	<u>1</u>	<u>5</u>	<u>(4)</u>	<u>(80)%</u>
Total Net Assets	<u>\$ 39</u>	<u>\$ 71</u>	<u>\$ (32)</u>	<u>(45)%</u>

The Dependent Care Administrative Fund's total assets as of June 30, 2008 were \$40,000, and were entirely comprised of cash. This was a decrease of \$36,000 from last fiscal year.

The Dependent Care Administrative Fund's total liabilities as of June 30, 2008 were \$1,000 and were comprised of accrued salaries, representing a decrease of \$4,000 from the previous year.

**Analysis of Changes in Net Assets – Governmental Fund
Dependent Care Administrative Fund**
(dollars in thousands)

Changes in Net Assets	Fiscal Year 2008	Fiscal Year 2007	Increase (Decrease) Amount	Increase (Decrease) Percentage
Revenues				
Charges For Services	\$ 81	\$ 158	\$ (77)	(49)%
Total Revenues	<u>81</u>	<u>158</u>	<u>(77)</u>	<u>(49)%</u>
Expenses				
Administrative Expenses	106	145	(39)	(27)%
Operating Transfers Out	<u>7</u>	<u>-</u>	<u>7</u>	n/a
Total Expenses and Operating Transfers Out	<u>113</u>	<u>145</u>	<u>(32)</u>	<u>(22)%</u>
Increase/Decrease in Net Assets	<u>(32)</u>	<u>13</u>	<u>(45)</u>	<u>(346)%</u>
Net Assets - Beginning of Year	<u>71</u>	<u>58</u>	<u>13</u>	<u>22%</u>
Net Assets - End of Year	<u>\$ 39</u>	<u>\$ 71</u>	<u>\$ (32)</u>	<u>(45)%</u>

The Dependent Care Administrative Fund's revenues consist of charges for services. Up until December 2007, DRS billed state agencies with participating employees a percentage of the payroll taxes saved by the agencies and used these amounts (charges for services) to operate the program. As of January 2008, the program has been operated under an interagency agreement with the Health Care Authority (HCA) using a different revenue model. Total fund revenues for Fiscal Year 2008 were \$81,000 representing a decrease of \$77,000 or 49% from Fiscal Year 2007. This decrease was the result of the change in the administration of the program.

The only expenses of the Dependent Care Administrative Fund are for the cost of administering the Dependent Care Assistance Program. Administrative expenses for this fund

include personnel expenses, goods and services, travel, and other miscellaneous expenses. Administrative expenses for Fiscal Year 2008 totaled \$106,000, a decrease of \$39,000 or 27% from the prior fiscal year. This decrease was primarily due to reductions of \$17,000 in personnel expenses, \$11,000 in printing and reproduction costs, and an additional \$11,000 in miscellaneous other goods and services purchased. Also during the fiscal year, a transfer of \$7,000 was made to the State General Fund for technology purchases.

CAPITAL ASSETS

DRS' investment in capital assets for its fiduciary activities includes furnishings, equipment and improvements other than buildings. As of June 30, 2008, total investment was \$2.7 million, with accumulated depreciation of \$2.2 million, leaving a net book value of \$0.5 million. This amount represents a decrease of 5% from the previous year, resulting from the disposal of computer equipment. Additional information on DRS' capital assets can be found in section H of Note 1 to the financial statements.

OTHER LONG-TERM OBLIGATIONS

At year-end, DRS had \$1.4 million in outstanding general long-term obligations, which represented no significant change from the prior year. These long-term obligations represent DRS' liability for accumulated annual and sick leave. Additional information on DRS' long-term debt obligations can be found in section J of Note 1 to the financial statements.

CONTACTING DRS' FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of DRS' finances. If you have questions about this report or need additional financial information, contact the Department of Retirement Systems' Administrative Services Division, P. O. Box 48380, Olympia, WA 98504-8380.

Financial Statements

Statement of Plan Net Assets Pension and Other Employee Benefit Trust Funds by Plan and Agency Fund As of June 30, 2008 (page 1 of 4) (expressed in thousands)

	Pension Trust				
	PERS Plan 1	PERS Plan 2/3	PERS Plan 3 Defined Contribution	SERS Plan 2/3	SERS Plan 3 Defined Contribution
ASSETS					
Cash and Pooled Investments	\$ 5,294	\$ 7,303	\$ 171	\$ 2,614	\$ 1,551
Receivables					
Due from Other Governments	5,230	39,367	4,004	5,984	5,029
Member Accounts Receivable (Net of Allowance)	586	158	-	4	-
Interest and Dividends	32,462	53,507	2,580	7,410	2,585
Investment Trades Pending Receivable - Short Term	31,878	52,744	2,545	7,288	2,548
Due from Pension Funds	1,271	-	10,991	1,534	6,898
Due from Other Funds	6	6	-	1	-
Due from Other Washington State Agencies	16	18	-	1	-
Other Receivables - Short Term	1	1	-	-	-
Total Receivables	<u>71,450</u>	<u>145,801</u>	<u>20,120</u>	<u>22,222</u>	<u>17,060</u>
Capital Assets, net of accumulated depreciation	<u>122</u>	<u>135</u>	<u>-</u>	<u>13</u>	<u>-</u>
Investments, Noncurrent					
Equity in CTF	11,329,092	18,744,390	904,522	2,590,214	905,336
Money Market Investments	11,561	42,328	2,043	9,784	3,420
Other Noncurrent Investments	1,128	438	548,247	354	266,571
Total Investments, Noncurrent	<u>11,341,781</u>	<u>18,787,156</u>	<u>1,454,812</u>	<u>2,600,352</u>	<u>1,175,327</u>
Other Assets	<u>320</u>	<u>354</u>	<u>-</u>	<u>33</u>	<u>-</u>
TOTAL ASSETS	<u>11,418,967</u>	<u>18,940,749</u>	<u>1,475,103</u>	<u>2,625,234</u>	<u>1,193,938</u>
LIABILITIES					
Obligations under Security Lending Agreements	679,344	1,122,378	54,121	155,373	54,170
Accounts Payable	4,192	6,317	345	880	346
Investment Trades Pending Payable - Short Term	78,953	130,631	6,304	18,051	6,309
Due to Other Governments	5,908	945	-	171	-
Due to Pension Funds	55	11,935	121	7,124	1,501
Due to Other Washington State Agencies	114	163	-	17	-
Deposits Payable - Short Term	2	1	-	-	-
Other Short-Term Liabilities	6	1,966	-	3	-
Other Long-Term Obligations	320	354	-	33	-
Accrued Salaries	150	161	-	15	-
Deferred Revenue	127	378	-	30	-
TOTAL LIABILITIES	<u>769,171</u>	<u>1,275,229</u>	<u>60,891</u>	<u>181,697</u>	<u>62,326</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS	<u>\$ 10,649,796</u>	<u>\$ 17,665,520</u>	<u>\$ 1,414,212</u>	<u>\$ 2,443,537</u>	<u>\$ 1,131,612</u>

The accompanying notes are an integral part of this statement.

Financial Statements

Statement of Plan Net Assets

Pension and Other Employee Benefit Trust Funds by Plan and Agency Fund

As of June 30, 2008 (page 2 of 4)

(expressed in thousands)

	Pension Trust					
	PSERS Plan 2	TRS Plan 1	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2
ASSETS						
Cash and Pooled Investments	\$ 308	\$ 4,836	\$ 5,278	\$ 5,321	\$ 2,621	\$ 2,213
Receivables						
Due from Other Governments	1,498	3,317	13,092	20,452	-	14,466
Member Accounts Receivable (Net of Allowance)	-	359	5	-	38	25
Interest and Dividends	102	27,192	17,958	8,016	18,382	16,073
Investment Trades Pending Receivable - Short Term	97	26,614	17,686	7,903	18,091	15,837
Due from Pension Funds	-	990	5,315	19,874	163	83
Due from Other Funds	-	5	3	-	3	1
Due from Other Washington State Agencies	-	13	8	-	8	4
Other Receivables - Short Term	-	-	-	-	-	-
Total Receivables	1,697	58,490	54,067	56,245	36,685	46,489
Capital Assets, net of accumulated depreciation	-	105	62	-	61	31
Investments, Noncurrent						
Equity in CTF	34,441	9,458,290	6,404,045	2,689,847	6,429,081	5,628,124
Money Market Investments	2,503	59,356	17,092	7,638	1,056	17,825
Other Noncurrent Investments	29	857	794	1,546,131	390	150
Total Investments, Noncurrent	36,973	9,518,503	6,421,931	4,243,616	6,430,527	5,646,099
Other Assets	-	274	162	-	161	82
TOTAL ASSETS	38,978	9,582,208	6,481,500	4,305,182	6,470,055	5,694,914
LIABILITIES						
Obligations under Security Lending Agreements	2,089	567,086	377,043	168,052	385,245	336,992
Accounts Payable	15	3,253	2,249	1,065	2,495	1,908
Investment Trades Pending Payable - Short Term	240	65,916	43,802	19,574	44,805	39,223
Due to Other Governments	-	5,574	229	-	43	8
Due to Pension Funds	75	57	20,953	5,172	4	139
Due to Other Washington State Agencies	2	68	46	-	48	25
Deposits Payable - Short Term	-	-	-	-	-	-
Other Short-Term Liabilities	-	5	73	-	3	1
Other Long-Term Obligations	-	274	162	-	161	82
Accrued Salaries	-	123	72	-	72	38
Deferred Revenue	-	171	37	-	-	68
TOTAL LIABILITIES	2,421	642,527	444,666	193,863	432,876	378,484
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS	<u>\$ 36,557</u>	<u>\$ 8,939,681</u>	<u>\$ 6,036,834</u>	<u>\$ 4,111,319</u>	<u>\$ 6,037,179</u>	<u>\$ 5,316,430</u>

The accompanying notes are an integral part of this statement.

Financial Statements

Statement of Plan Net Assets Pension and Other Employee Benefit Trust Funds by Plan and Agency Fund As of June 30, 2008 (page 3 of 4) (expressed in thousands)

	Pension Trust				
	WSPRS Plan 1/2	JRS	JUDGES	JRA Defined Contribution	Deferred Compensation
ASSETS					
Cash and Pooled Investments	\$ 1,246	\$ 346	\$ 3,624	\$ 9	\$ 2,049
Receivables					
Due from Other Governments	488	9	-	-	-
Member Accounts Receivable (Net of Allowance)	117	1	4	-	1,760
Interest and Dividends	2,831	5	10	-	5
Investment Trades Pending Receivable - Short Term	2,787	-	-	-	-
Due from Pension Funds	22	-	-	-	1
Due from Other Funds	-	-	-	-	-
Due from Other Washington State Agencies	1	-	-	-	1
Other Receivables - Short Term	-	-	-	-	-
Total Receivables	<u>6,246</u>	<u>15</u>	<u>14</u>	<u>-</u>	<u>1,767</u>
Capital Assets, net of accumulated depreciation	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investments, Noncurrent					
Equity in CTF	990,356	-	-	-	-
Money Market Investments	707	625	-	-	-
Other Noncurrent Investments	126	46	332	13,024	2,431,834
Total Investments, Noncurrent	<u>991,189</u>	<u>671</u>	<u>332</u>	<u>13,024</u>	<u>2,431,834</u>
Other Assets	<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>998,710</u>	<u>1,032</u>	<u>3,970</u>	<u>13,033</u>	<u>2,435,650</u>
LIABILITIES					
Obligations under Security Lending Agreements	59,407	45	332	1	193
Accounts Payable	342	1	1	-	8
Investment Trades Pending Payable - Short Term	6,902	-	-	-	-
Due to Other Governments	173	30	2	-	-
Due to Pension Funds	6	-	-	-	-
Due to Other Washington State Agencies	5	-	-	-	11
Deposits Payable - Short Term	-	-	-	-	-
Other Short-Term Liabilities	-	-	-	-	11
Other Long-Term Obligations	21	-	-	-	-
Accrued Salaries	10	-	-	-	43
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	<u>66,866</u>	<u>76</u>	<u>335</u>	<u>1</u>	<u>266</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS	<u>\$ 931,844</u>	<u>\$ 956</u>	<u>\$ 3,635</u>	<u>\$ 13,032</u>	<u>\$ 2,435,384</u>

The accompanying notes are an integral part of this statement.

Financial Statements

Statement of Plan Net Assets Pension and Other Employee Benefit Trust Funds by Plan and Agency Fund As of June 30, 2008 (page 4 of 4) (expressed in thousands)

	Agency Dependent Care	Totals	
		June 30, 2008	June 30, 2007
ASSETS			
Cash and Pooled Investments	\$ 922	\$ 45,706	\$ 57,902
Receivables			
Due from Other Governments	-	112,936	98,675
Member Accounts Receivable (Net of Allowance)	-	3,057	2,982
Interest and Dividends	-	189,118	198,380
Investment Trades Pending Receivable - Short Term	-	186,018	171,237
Due from Pension Funds	-	47,142	44,235
Due from Other Funds	-	25	-
Due from Other Washington State Agencies	-	70	10
Other Receivables - Short Term	-	2	2
Total Receivables	-	538,368	515,521
Capital Assets, net of accumulated depreciation	-	537	566
Investments, Noncurrent			
Equity in CTF	-	66,107,738	70,054,679
Money Market Investments	-	175,938	139,218
Other Noncurrent Investments	-	4,810,451	4,982,105
Total Investments, Noncurrent	-	71,094,127	75,176,002
Other Assets	-	1,407	1,396
TOTAL ASSETS	922	71,680,145	75,751,387
LIABILITIES			
Obligations under Security Lending Agreements	-	3,961,871	5,737,105
Accounts Payable	-	23,417	40,213
Investment Trades Pending Payable - Short Term	-	460,710	853,138
Due to Other Governments	-	13,083	13,214
Due to Pension Funds	-	47,142	44,235
Due to Other Washington State Agencies	-	499	397
Deposits Payable - Short Term	-	3	3
Other Short-Term Liabilities	922	2,990	856
Other Long-Term Obligations	-	1,407	1,396
Accrued Salaries	-	684	644
Deferred Revenue	-	811	1,104
TOTAL LIABILITIES	922	4,512,617	6,692,305
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS	\$ -	\$ 67,167,528	\$ 69,059,082

The accompanying notes are an integral part of this statement.

Statement of Changes in Plan Net Assets
Pension Trust Funds by Plan
For the Year Ended June 30, 2008 (page 1 of 4)
(expressed in thousands)

	Pension Trust				
	PERS Plan 1	PERS Plan 2/3	PERS Plan 3 Defined Contribution	SERS Plan 2/3	SERS Plan 3 Defined Contribution
ADDITIONS					
Retirement Contributions					
Employer	\$ 221,787	\$ 318,740	\$ -	\$ 52,139	\$ -
Plan Member	41,925	268,573	82,707	20,726	58,381
State	-	-	-	-	-
Plan Member Restorations	9,024	9,872	-	185	-
Total Retirement Contributions	<u>272,736</u>	<u>597,185</u>	<u>82,707</u>	<u>73,050</u>	<u>58,381</u>
Participant Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment Income					
Net Appreciation (Depreciation) in Fair Value of Investments	(425,711)	(713,629)	(74,910)	(97,536)	(55,130)
Interest	110,438	166,960	13,298	23,187	11,501
Dividends	209,104	332,377	16,609	45,868	16,568
Less: Investment Expense	(14,281)	(20,117)	(1,748)	(2,777)	(1,380)
Net Income from Investing Activities	<u>(120,450)</u>	<u>(234,409)</u>	<u>(46,751)</u>	<u>(31,258)</u>	<u>(28,441)</u>
Securities Lending Income:					
Securities Lending Income	33,723	55,784	2,705	7,694	2,711
Less: Costs of Lending Securities	(27,868)	(46,099)	(2,235)	(6,358)	(2,240)
Net Securities Lending Income	<u>5,855</u>	<u>9,685</u>	<u>470</u>	<u>1,336</u>	<u>471</u>
Total Net Investment Income	<u>(114,595)</u>	<u>(224,724)</u>	<u>(46,281)</u>	<u>(29,922)</u>	<u>(27,970)</u>
Charges For Services	4,204	7,312	201	1,202	202
Transfers from Other Pension Plans	343	316	68,408	2,118	89,449
Miscellaneous	<u>34</u>	<u>61</u>	<u>-</u>	<u>11</u>	<u>-</u>
TOTAL ADDITIONS	<u>162,722</u>	<u>380,150</u>	<u>105,035</u>	<u>46,459</u>	<u>120,062</u>
DEDUCTIONS					
Benefits	1,027,934	170,317	-	22,627	-
Refunds of Contributions	5,573	26,574	38,291	2,045	39,815
Annuity Payments	-	-	23	-	8
Transfers to Other Pension Plans	62	70,761	261	89,448	183
Transfer to Other Funds	97	174	-	33	-
Administrative Expenses	4,739	9,889	201	1,267	202
TOTAL DEDUCTIONS	<u>1,038,405</u>	<u>277,715</u>	<u>38,776</u>	<u>115,420</u>	<u>40,208</u>
NET INCREASE (DECREASE)	<u>(875,683)</u>	<u>102,435</u>	<u>66,259</u>	<u>(68,961)</u>	<u>79,854</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS					
Beginning of Year: July 1	11,525,479	17,563,085	1,347,953	2,512,498	1,051,758
End of Year: June 30	<u>\$ 10,649,796</u>	<u>\$ 17,665,520</u>	<u>\$ 1,414,212</u>	<u>\$ 2,443,537</u>	<u>\$ 1,131,612</u>

The accompanying notes are an integral part of this statement.

Statement of Changes in Plan Net Assets
Pension Trust Funds by Plan
For the Year Ended June 30, 2008 (page 2 of 4)
(expressed in thousands)

	Pension Trust				
	PSERS Plan 2	TRS Plan 1	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1
ADDITIONS					
Retirement Contributions					
Employer	\$ 11,700	\$ 113,089	\$ 109,523	\$ -	\$ 8
Plan Member	11,740	26,480	14,739	234,661	-
State	-	-	-	-	-
Plan Member Restorations	-	4,314	892	-	927
Total Retirement Contributions	<u>23,440</u>	<u>143,883</u>	<u>125,154</u>	<u>234,661</u>	<u>935</u>
Participant Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment Income					
Net Appreciation (Depreciation) in Fair Value of Investments	(1,435)	(355,165)	(238,141)	(256,969)	(242,251)
Interest	248	93,013	56,189	32,950	60,922
Dividends	422	175,400	111,568	50,287	117,812
Less: Investment Expense	(26)	(12,118)	(6,382)	(5,304)	(7,861)
Net Income from Investing Activities	<u>(791)</u>	<u>(98,870)</u>	<u>(76,766)</u>	<u>(179,036)</u>	<u>(71,378)</u>
Securities Lending Income:					
Securities Lending Income	78	28,154	19,059	8,011	19,138
Less: Costs of Lending Securities	(52)	(23,266)	(15,750)	(6,620)	(15,815)
Net Securities Lending Income	<u>26</u>	<u>4,888</u>	<u>3,309</u>	<u>1,391</u>	<u>3,323</u>
Total Net Investment Income	<u>(765)</u>	<u>(93,982)</u>	<u>(73,457)</u>	<u>(177,645)</u>	<u>(68,055)</u>
Charges For Services	14	3,527	3,507	597	2,240
Transfers from Other Pension Plans	3	5	339	168,817	-
Miscellaneous	<u>-</u>	<u>29</u>	<u>33</u>	<u>-</u>	<u>18</u>
TOTAL ADDITIONS	<u>22,692</u>	<u>53,462</u>	<u>55,576</u>	<u>226,430</u>	<u>(64,862)</u>
DEDUCTIONS					
Benefits	-	790,139	36,016	-	313,530
Refunds of Contributions	152	1,000	2,190	84,776	150
Annuity Payments	-	54,847	-	45	-
Transfers to Other Pension Plans	2	-	168,771	512	4
Transfer to Other Funds	-	82	95	-	52
Administrative Expenses	26	3,646	3,629	597	2,417
TOTAL DEDUCTIONS	<u>180</u>	<u>849,714</u>	<u>210,701</u>	<u>85,930</u>	<u>316,153</u>
NET INCREASE (DECREASE)	<u>22,512</u>	<u>(796,252)</u>	<u>(155,125)</u>	<u>140,500</u>	<u>(381,015)</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS					
Beginning of Year: July 1	<u>14,045</u>	<u>9,735,933</u>	<u>6,191,959</u>	<u>3,970,819</u>	<u>6,418,194</u>
End of Year: June 30	<u>\$ 36,557</u>	<u>\$ 8,939,681</u>	<u>\$ 6,036,834</u>	<u>\$ 4,111,319</u>	<u>\$ 6,037,179</u>

The accompanying notes are an integral part of this statement.

Statement of Changes in Plan Net Assets
Pension Trust Funds by Plan
For the Year Ended June 30, 2008 (page 3 of 4)
(expressed in thousands)

	Pension Trust			
	LEOFF Plan 2	WSPRS Plan 1/2	JRS	Judges
ADDITIONS				
Retirement Contributions				
Employer	\$ 73,364	\$ 6,064	\$ 112	\$ -
Plan Member	115,567	5,239	112	-
State	45,926	-	9,600	-
Plan Member Restorations	873	107	-	-
Total Retirement Contributions	<u>235,730</u>	<u>11,410</u>	<u>9,824</u>	<u>-</u>
Participant Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment Income				
Net Appreciation (Depreciation) in Fair Value of Investments	(215,477)	(37,472)	1	14
Interest	49,837	9,199	99	171
Dividends	99,245	17,926	-	-
Less: Investment Expense	(6,770)	(1,157)	(2)	(6)
Net Income from Investing Activities	<u>(73,165)</u>	<u>(11,504)</u>	<u>98</u>	<u>179</u>
Securities Lending Income:				
Securities Lending Income	16,753	2,948	-	-
Less: Costs of Lending Securities	(13,845)	(2,436)	-	-
Net Securities Lending Income	<u>2,908</u>	<u>512</u>	<u>-</u>	<u>-</u>
Total Net Investment Income	<u>(70,257)</u>	<u>(10,992)</u>	<u>98</u>	<u>179</u>
Charges For Services	2,097	368	1	1
Transfers from Other Pension Plans	117	89	-	-
Miscellaneous	17	3	-	-
TOTAL ADDITIONS	<u>167,704</u>	<u>878</u>	<u>9,923</u>	<u>180</u>
DEDUCTIONS				
Benefits	27,505	32,963	9,514	545
Refunds of Contributions	7,639	269	-	-
Annuity Payments	-	-	-	-
Transfers to Other Pension Plans	-	-	-	-
Transfer to Other Funds	49	8	-	-
Administrative Expenses	2,298	391	-	2
TOTAL DEDUCTIONS	<u>37,491</u>	<u>33,631</u>	<u>9,514</u>	<u>547</u>
NET INCREASE (DECREASE)	<u>130,213</u>	<u>(32,753)</u>	<u>409</u>	<u>(367)</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year: July 1	5,186,217	964,597	547	4,002
End of Year: June 30	<u>\$ 5,316,430</u>	<u>\$ 931,844</u>	<u>\$ 956</u>	<u>\$ 3,635</u>

The accompanying notes are an integral part of this statement.

Statement of Changes in Plan Net Assets
Pension Trust Funds by Plan
For the Year Ended June 30, 2008 (page 4 of 4)
(expressed in thousands)

	Pension Trust		Totals	
	JRA Defined Contribution	Deferred Compensation	June 30, 2008	June 30, 2007
ADDITIONS				
Retirement Contributions				
Employer	\$ 70	\$ -	\$ 906,596	\$ 638,471
Plan Member	71	-	880,921	757,362
State	-	-	55,526	47,767
Plan Member Restorations	-	-	26,194	17,257
Total Retirement Contributions	<u>141</u>	<u>-</u>	<u>1,869,237</u>	<u>1,460,857</u>
Participant Contributions	<u>-</u>	<u>188,735</u>	<u>188,735</u>	<u>175,055</u>
Investment Income				
Net Appreciation (Depreciation) in Fair Value of Investments	(1,312)	(238,553)	(2,953,676)	9,754,713
Interest	245	35,517	663,774	974,599
Dividends	181	36,978	1,230,345	1,267,424
Less: Investment Expense	(20)	(3,264)	(83,213)	(51,293)
Net Income from Investing Activities	<u>(906)</u>	<u>(169,322)</u>	<u>(1,142,770)</u>	<u>11,945,443</u>
Securities Lending Income:				
Securities Lending Income	-	-	196,758	326,014
Less: Costs of Lending Securities	-	-	(162,584)	(310,412)
Net Securities Lending Income	<u>-</u>	<u>-</u>	<u>34,174</u>	<u>15,602</u>
Total Net Investment Income	<u>(906)</u>	<u>(169,322)</u>	<u>(1,108,596)</u>	<u>11,961,045</u>
Charges For Services	-	838	26,311	26,823
Transfers from Other Pension Plans	-	-	330,004	5,649
Miscellaneous	<u>6</u>	<u>833</u>	<u>1,045</u>	<u>1,179</u>
TOTAL ADDITIONS	<u>(759)</u>	<u>21,084</u>	<u>1,306,736</u>	<u>13,630,608</u>
Deductions				
Benefits	6,540	-	2,437,630	2,282,920
Refunds of Contributions	-	135,877	344,351	305,459
Annuity Payments	-	-	54,923	51,119
Transfers to Pension Plans	-	-	330,004	5,649
Transfers to Other Funds	-	-	590	23
Administrative Expenses	-	1,488	30,792	27,689
TOTAL DEDUCTIONS	<u>6,540</u>	<u>137,365</u>	<u>3,198,290</u>	<u>2,672,859</u>
NET INCREASE (DECREASE)	<u>(7,299)</u>	<u>(116,281)</u>	<u>(1,891,554)</u>	<u>10,957,749</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year: July 1	<u>20,331</u>	<u>2,551,665</u>	<u>69,059,082</u>	<u>58,101,333</u>
End of Year: June 30	<u>\$ 13,032</u>	<u>\$ 2,435,384</u>	<u>\$ 67,167,528</u>	<u>\$ 69,059,082</u>

The accompanying notes are an integral part of this statement.

Balance Sheet/Statement of Net Assets
Special Revenue Fund
As of June 30, 2008
(expressed in thousands)

Dependent Care Administrative Fund			
	Balance Sheet	Adjustments	Statement of Net Assets
ASSETS			
Cash and Pooled Investments	\$ 40	\$ -	\$ 40
TOTAL ASSETS	40	-	40
LIABILITIES			
Accrued Liabilities	1	-	1
Due to Other Washington State Agencies	-	-	-
TOTAL LIABILITIES	1	-	1
FUND BALANCE/NET ASSETS:			
Fund Balance:			
Unreserved, Reported in Special Revenue Funds	39	(39)	-
Total Fund Balance	39	(39)	-
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 40</u>		
Net Assets:			
Unrestricted		-	-
TOTAL NET ASSETS		<u>\$ (39)</u>	<u>\$ 39</u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities
Special Revenue Fund
For the Year Ended June 30, 2008
(expressed in thousands)

REVENUES	Dependent Care Administrative Fund		
	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
Charges for Services	\$ 80	\$ -	\$ 80
Miscellaneous Revenues	1	-	1
TOTAL REVENUES	81	-	81
EXPENDITURES/EXPENSES			
Personnel Services	74	-	74
Goods and Services	30	-	30
Miscellaneous	2	-	2
TOTAL EXPENDITURES/EXPENSES	106	-	106
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	(25)	-	(25)
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	7	-	7
TOTAL OTHER FINANCING SOURCES (USES)	7	-	7
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	(32)	32	-
CHANGE IN NET ASSETS		(32)	(32)
FUND BALANCE/NET ASSETS:			
Beginning of Year: July 1	71	-	71
End of Year: June 30	\$ 39	\$ -	\$ 39

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2008

Note 1: Summary of Significant Accounting Policies and Plan Asset Matters

A. Reporting Entity

The Department of Retirement Systems (DRS) is a part of the primary government of the state of Washington. The Governmental Accounting Standards Board has developed criteria relating to elements of financial accountability to be used to determine the reporting entity. Financial accountability is manifest when the primary government appoints a voting majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. An organization is fiscally dependent if it is unable to determine its budget without another government having the substantive authority to approve or modify that budget, or to set rates or charges without substantive approval by another government. Based on this criteria, DRS is considered part of the state of Washington financial reporting entity and is included in the state's comprehensive annual financial report as the administrator of the pension trust funds.

Copies of the state of Washington's Comprehensive Annual Financial Report may be obtained by writing to:

Washington State Office of Financial Management
300 Insurance Building
P.O. Box 43113
Olympia, WA 98504-3113

The state of Washington, through DRS, administers eight retirement systems for public employees of the state and political subdivisions: the Public Employees' Retirement System, the School Employees' Retirement System, the Public Safety Employees' Retirement System, the Teachers' Retirement System, the Law Enforcement Officers' and Fire Fighters' Retirement System, the Washington State Patrol Retirement System, the Judicial Retirement System, and the Judges' Retirement Fund. The Director of DRS is appointed by the Governor. The state Legislature establishes laws pertaining to the creation and administration of all public retirement systems. The members of the public retirement systems together with their employers and the state provide funding for all costs of the systems based upon actuarial valuations. The state establishes benefit levels and approves the actuarial assumptions used in determining contribution levels. Based upon these criteria, DRS views itself as part of the state of Washington's primary government.

B. Basic Financial Statements

Separate financial statements are provided for the fiduciary funds and the governmental fund.

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. DRS' fiduciary funds include the retirement pension trust funds, the deferred compensation trust fund, and the dependent care assistance program agency fund. The statements presented for the fiduciary funds include a Statement of Plan Net Assets and a Statement of Changes in Plan Net Assets. The statements provide a separate column for each plan administered by DRS. The Statement of Plan Net Assets includes information about the assets, liabilities, and net assets for each plan. The Statement of Changes in Plan Net Assets includes information about the additions to,

deductions from, and net increase (or decrease) in net assets for each plan for the year.

DRS' governmental fund is a special revenue fund used to account for the administrative revenues and operating expenditures incurred in administering the dependent care program. Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The statements presented for the special revenue fund include a Balance Sheet/Statement of Net Assets and a Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities. The statements for the special revenue fund are presented following the statements for the fiduciary funds because the fiduciary funds are the main focus of DRS. Since the special revenue fund is a minor administrative fund for DRS, showing this fund on a statement preceding the fiduciary fund statements would improperly put too much focus on it.

The Balance Sheet/Statement of Net Assets for the special revenue fund has three separate columns: Balance Sheet, Adjustments, and Statement of Net Assets. The Balance Sheet column presents the assets, liabilities, and fund balance using the current financial resources measurement focus and the modified accrual basis of accounting. The Statement of Net Assets column presents the difference between assets and liabilities as net assets and uses the economic resources measurement focus and accrual basis of accounting. The Adjustments column contains the reconciliation between these two different bases of accounting.

The Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities for the special revenue fund has three separate columns: Statement of Revenues, Expenditures, and Changes in Fund Balance; Adjustments; and Statement of Activities. The Statement of Revenues, Expenditures, and Changes in Fund Balance column presents the inflows, outflows, and balances of current financial resources using the current financial resources measurement focus and the modified accrual basis of accounting. The Statement of Activities is presented using the economic resources measurement focus and accrual basis of accounting. The Adjustments column contains the reconciliation between these two different bases of accounting.

C. Measurement Focus and Basis of Accounting

DRS' financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). The retirement plans are accounted for in pension trust funds using the flow of economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The deferred compensation plan is accounted for in a pension trust fund using the flow of economic resources measurement focus and the accrual basis of accounting. Participant contributions are recognized as revenues in the period in which the contributions are due. Refunds are recognized when due and payable in accordance with the terms of the plan. DRS maintains an administrative fund to account for the administrative revenues and operating expenditures incurred in administering the deferred compensation plan. Since these costs are incurred in the administration of the deferred compensation plan, they have been reported within the deferred compensation plan.

The dependent care assistance program is accounted for in two separate funds. The administrative revenues and operating expenditures incurred in administering the dependent care program are accounted for in the dependent care administrative fund. This fund is classified as a special revenue fund using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available to finance current expenditures of the fund. The dependent care salary reduction plan is classified as an agency fund and is accounted for using the accrual basis of accounting. Agency funds are custodial in nature and do not measure the results of operations or have a measurement focus.

D. Method Used to Value Investments

Investments are reported at fair value. The fair value of investments is based on published market prices, quotations from national security exchanges and security pricing services. The fair value of investments that are organized as limited part-

nerships and have no readily ascertainable fair value (such as private equity, real estate, innovation and tangible assets) has been determined by management based on the individual investment's capital account balance at the closest available reporting period, adjusted for subsequent contributions, distributions and management fees. These investments are valued at \$23 billion as of June 30, 2008. Management's estimated fair values for investments without readily ascertainable fair values could differ significantly if a ready market for these assets existed. The Retirement Funds have no investments of any commercial or industrial organization whose market value exceeds five percent of each plan's net assets. The assets of the Retirement Funds are adjusted to fair values monthly. Unrealized gains and losses are included as investment earnings in the Statement of Changes in Net Assets.

E. Allocation

DRS maintains an administrative fund to account for the administrative additions and deductions incurred in administering the pension plans (excluding any fees incurred while protecting the pension plans). All additions received are based on a legislatively approved percent of employer contributions. These additions and deductions have been allocated to the pension plans based on asset balance.

DRS maintains a general capital assets fund to account for the capital assets used in administering the pension plans. These capital assets have been allocated to the pension plans based on asset balance. DRS also maintains a general long-term obligation fund to account for accumulated compensated absences incurred in administering the pension plans. These general long-term obligations have also been allocated to the pension plans based on asset balance.

F. Deposits, Investments, and Securities Lending

Deposits: DRS' deposits are managed by the Office of the State Treasurer (OST) and consist of securities issued by AAA rated issuers or deposits in financial institutions partially insured by the Federal Deposit Insurance Corporation (FDIC) and by the Washington Public Deposit Protection Commission (PDPC) up to statute limitations. The PDPC constitutes a multiple financial institution collateral pool. Pledged securities under the PDPC collateral pool are held by the PDPC's agent in the name of the collateral pool. State law (chapter 43.84.080

RCW) specifies that whenever there is a fund or cash balance in the state treasury more than sufficient to meet the current expenditures properly payable therefrom, the OST may invest or reinvest such portion of such funds or balances as the OST deems expedient. Statute authorizes the OST to buy and sell the following types of instruments: U.S. Government and Agency securities, bankers' acceptances, commercial paper and certificates of deposit with qualified public depositories. Securities underlying repurchase and reverse repurchase agreements are limited to those stated above. DRS receives its proportionate share of investment earnings from surplus balances in the state treasury based upon its daily balance for the period. DRS' deposits are separately displayed on the Statement of Plan Net Assets as cash and pooled investments.

Deposits--Custodial Credit Risk: Custodial credit risk is the risk that deposits may not be returned to a depositor in the event of the failure of a financial institution. The OST minimizes custodial credit risk by restrictions set forth in state law. Statutes restrict the OST to deposit funds in financial institutions that are physically located in Washington unless otherwise expressly permitted by statute and authorized by the PDPC. As of June 30, 2008, the carrying amount of DRS' cash and pooled investment deposits is \$44.8 million for the pension trust funds, \$0.9 million for the dependent care agency fund, and \$40,000 for the dependent care special revenue fund, all of which are insured or collateralized.

Investments: The Washington State Investment Board (WSIB) has been authorized by statute as having the investment management responsibility for Retirement and Deferred Compensation Funds. The WSIB is authorized to invest as provided by statute (chapter 43.33A RCW) and WSIB policy. The WSIB is authorized and invests in the following: U.S. Treasury Bills; discount notes; repurchase agreements; reverse repurchase agreements; bankers' acceptances; commercial paper; guaranteed investment contracts; U.S. Government and Agency (government sponsored corporations eligible for collateral purposes at the Federal Reserve) securities; non-U.S. dollar bonds; investment grade corporate bonds; non-investment grade corporate bonds; publicly traded mortgage-backed securities; privately placed mortgages; private placements of corporate debt; U.S. and foreign common stock; U.S. preferred

stock; convertible securities; private equity including but not limited to: investment corporations, partnerships, and limited liability companies for venture capital, leveraged buy-outs, real estate, or other forms of private equity; asset backed securities; and derivative securities including futures, options, options on futures, forward contracts, and swap transactions.

There were no violations of these investment restrictions during Fiscal Year 2008.

Investments--Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The WSIB does not have a formal policy regarding interest rate risk.

Effective duration is the measure of a debt investment's exposure to fair value changes arising from changes in interest rates. Effective duration uses the present value of cash flows, weighted for those flows as a percentage of the investments' full price. Increases in prevailing interest rates generally translate into decreases in fair values of those investments. The WSIB's fixed income investments are to be actively managed to exceed the return of the Lehman Universal Index, with volatility as measured by duration to be similar to or less than the index. As of June 30, 2008 the Retirement Funds' durations of the various fixed income classes were within the duration targets of the Lehman Universal Index.

The Retirement Funds hold both U.S. agencies and corporate debt variable-rate securities, most of which reset periodically to the market interest rate. Because these securities frequently reprice to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date. In the schedule on page 39, variable-rate securities are presented according to the length of time until the next reset date, rather than the stated maturity. The schedule provides information about the interest rate risks associated with the Retirement Funds' investments as of June 30, 2008. The schedule also displays various asset classes held by maturity in years and effective durations. The investment types are presented consistent with their separately issued financial statements by investment type.

Investments--Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The WSIB does not have a formal policy regarding credit risk but mitigates said risk through active management and credit analysis. The Retirement Funds' rated debt investments as of June 30, 2008, were rated by Moody's and/or an equivalent national rating organization. Credit ratings for the Retirement Funds' rated debt investments as of June 30, 2008 are presented in the schedule on page 39. Investment types with multiple credit ratings are presented in the schedule on page 40.

Investments--Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The WSIB's policy states that no corporate fixed income issue shall exceed three percent of cost at the time of purchase or six percent of fair value of the fund thereafter and that no high yield issues shall exceed one percent of cost or two percent of the fair value of the fund. There was no concentration of credit risk exceeding these policy guidelines as of June 30, 2008. Additionally, no single investment (other than any issued or explicitly guaranteed by the U.S. government, or involving mutual funds or investment pools) comprised more than five percent of DRS' net investments at the end of Fiscal Year 2008.

Investment Maturities
as of June 30, 2008
(expressed in thousands)

Investment Type	Fair Value	Maturity				Effective Duration	Credit Rating
		Less than one year	1-5 years	6-10 years	More than 10 years		
Asset Backed Securities	\$ 610	\$ -	\$ 610	\$ -	\$ -	0.99	AAA
Mortgages:							
Collateralized Mortgage Obligations	1,771,580	4,075	584,976	1,079,778	102,751	5.48	AAA
Pass Throughs	2,607,494	261	1,702,954	904,279	-	3.63	AAA
Commercial Mortgage Backed Securities	564,824	20,786	268,291	274,561	1,186	4.09	Multiple
Corporate Bonds-Domestic	6,708,900	341,483	2,085,126	3,048,524	1,233,767	5.92	Multiple
Corporate Bonds-Foreign	385,036	-	164,757	111,198	109,081	4.76	Multiple
Government Securities-Domestic:							
U.S. Government Treasuries	77,980	-	26,209	51,771	-	4.09	AAA
Treasury Inflation Protected Securities	1,486,655	-	1,016,872	469,783	-	2.98	AAA
Enhanced Equity Index Fund-Domestic							
Asset Backed Securities	7,663	-	-	-	7,663	11.91	Multiple
Collateralized Mortgage Obligations	12,442	-	-	-	12,442	14.21	AAA
Pass Throughs	96,850	-	-	-	96,850	18.69	Multiple
Corporate Bonds-Domestic	39,718	4,362	22,629	10,198	2,529	3.92	Multiple
Variable Rate Notes	519,078	15,087	72,387	24,755	406,849	13.82	Multiple
Equity Investments							
Corporate Bonds-Domestic	2,280	-	-	-	2,280	16.83	NR
Corporate Bonds-Foreign	51	-	51	-	-	0.26	NR
Total Categorized Investments	\$14,281,161	\$ 386,054	\$5,944,862	\$5,974,847	\$1,975,398		
Commingled Enhanced Equity Index Funds - Domestic	914,935						
Enhanced Equity Index Funds - Domestic	1,087,703						
Equity Index Funds - Domestic	7,423,256						
Commingled Equity Index Funds - Foreign	5,205,365						
Corporate Stock - Foreign	8,461,282						
Innovation	554,444						
Money Market Funds	1,055,139						
Private Equity	13,808,307						
Real Estate	8,670,413						
Tangible Assets	446,819						
Cash Overlay	286,783						
Currency - Foreign	132,590						
Repurchase Agreements	4,643						
Securities Lending Collateral Balances	80,279						
Defined Contribution Plan Assets:							
Horizon Funds	461,939						
Mutual Funds:							
Domestic Equity - Passive	1,258,677						
Non-U.S. Passive Developed	321,198						
Domestic Equity Active	993,523						
Non-U.S. Active Developed	141,724						
Washington State Bond Fund	403,832						
Guaranteed Investment Contracts	824,037						
Life Annuity	4						
Money Market Mutual Funds	400,680						
Repurchase Agreements	194						
Total Defined Contribution Plan Assets	\$ 4,805,808						
Securities On Loan Domestic	3,013,894						
Securities On Loan Foreign	861,306						
Total Investments - 6/30/2008	\$71,094,127						

Investments with Multiple Credit Ratings
as of June 30, 2008
(expressed in thousands)

Investment Type	Fair Value	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3 and below
Commercial Mortgage Backed Securities	\$ 564,824	\$ 543,361	\$ 21,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds-Domestic	6,708,900	764,815	167,722	503,168	737,979	556,839	644,054	576,965	590,383	1,086,842	1,080,133
Corporate Bonds-Foreign	385,036	145,158	25,028	-	-	41,199	-	28,108	-	24,257	121,286
Enhanced Equity Index Fund - Domestic Asset Backed Securities	7,663	4,625	-	-	-	-	-	-	-	-	3,038
Pass Throughs	96,850	62,218	-	-	-	-	-	-	-	-	34,632
Corporate Bonds-Domestic	39,718	3,616	-	-	2,038	-	1,733	2,339	-	14,525	15,467
Variable Rate Notes	519,078	251,191	-	2,635	11,878	8,255	29,999	7,871	5,945	17,976	183,328
Total	\$8,322,069	\$1,774,984	\$ 214,213	\$505,803	\$751,895	\$606,293	\$675,786	\$615,283	\$596,328	\$1,143,600	\$1,437,884

Investments-Custodial Credit Risk: Custodial credit risk is the risk that, in the event of failure of the custodian, the WSIB would not be able to recover its investment securities or collateral securities that are in the possession of the custodian. The WSIB has no formal policy regarding custodial credit risk. However, as all of the retirement system assets are registered and held in the State of Washington's name, they are not subject to custodial credit risk.

Investments-Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The WSIB does not have a formal policy to limit the Retirement Funds' foreign currency risk.

The WSIB manages its exposure to fair value loss by requiring its international securities investment managers to maintain diversified portfolios by sector and by issuer to limit foreign currency and security risk. The Retirement Funds' exposure to foreign currency risk as of June 30, 2008, is presented in the schedule on page 41. The schedule provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars. The Retirement Funds also had \$5,205.4 million invested in an international commingled equity index fund. Because these funds are commingled, they are not included in this schedule.

Foreign Currency Risk
as of June 30, 2008
(expressed in thousands)

Investment Type in U.S. Dollar Equivalent

Foreign Currency Denomination	Short Term	Fixed Income	Equity	Private Equity	Real Estate	Total
Australia - Dollar	\$ 13,884	\$ 108,985	\$ 432,328	\$ -	\$ 39,221	\$ 594,418
Brazil - Real	1,466	191,952	100,017	-	-	293,435
Britain - Pound	6,204	-	1,552,376	27,312	57,925	1,643,817
Canada - Dollar	19,645	-	581,325	-	2,005	602,975
Chinese - Yuan	-	-	-	-	79,809	79,809
Denmark - Krone	693	-	87,855	-	-	88,548
E.M.U. - Euro	43,206	51	2,696,930	1,394,166	746,806	4,881,159
Egypt - Pound	-	-	16,128	-	-	16,128
Hong Kong - Dollar	11,566	-	189,529	-	39,757	240,852
Hungary - Forint	-	-	29,711	-	7,944	37,655
Indonesia - Rupiah	-	-	7,706	-	7,702	15,408
Israel - Shekel	89	-	6,484	-	-	6,573
Japan - Yen	9,341	-	1,496,105	-	517,302	2,022,748
Lithuania - Litas	161	-	-	-	-	161
Malaysia - Ringgit	26	-	8,597	-	-	8,623
Mexico - Peso	31	31,677	10,733	-	3,313	45,754
New Zealand - Dollar	183	-	18,426	-	-	18,609
Norway - Krone	3,996	-	110,697	-	-	114,693
Pakistan - Rupee	58	-	8,566	-	-	8,624
Philippines - Peso	31	-	-	-	-	31
Poland - Zloty	134	-	36,792	-	1,876	38,802
Singapore - Dollar	463	-	133,144	298	(40)	133,865
South Africa - Rand	25	-	36,596	-	-	36,621
South Korea - Won	219	-	39,815	-	218,626	258,660
Sweden - Krona	8,565	-	97,729	46,072	-	152,366
Switzerland - Franc	3,093	-	522,582	-	-	525,675
Taiwanese - Dollar	-	-	-	-	(139)	(139)
Thailand - Baht	16	-	4,921	-	(137)	4,800
Turkey - Lira	12	52,422	36,904	-	-	89,338
Sub-Total	123,107	385,087	8,261,996	1,467,848	1,721,970	11,960,008
Foreign Investments Denominated in US Dollars	-	-	199,286	-	218,861	418,147
Total Foreign Investments	\$123,107	\$385,087	\$8,461,282	\$1,467,848	\$1,940,831	\$12,378,155

Source: Washington State Investment Board

Securities Lending: Securities lending management responsibilities as authorized by statute are as follows:

WSIB—Washington State law and WSIB policy permit the WSIB to participate in securities lending transactions to augment the investment income of the Retirement Funds. The Board has entered into an agreement with JP Morgan (JPM) to act as agent for the WSIB in securities lending transactions. As JPM is the custodian bank for the WSIB, it is a counterparty to these transactions.

In accordance with GASB Statement No. 28, the Retirement Funds report securities lent (the underlying securities) as assets in the Statement of Plan Net Assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are also reported as assets if the WSIB has the ability to pledge or sell them without a borrower default. Liabilities resulting from these transactions are reported in the Statement of Plan Net Assets. Securities lending transactions collateralized by securities that the WSIB does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities.

Securities were loaned and collateralized by the WSIB's agent with cash and U.S. government securities (exclusive of mortgage backed securities and letters of credit), and irrevocable letters of credit. When the loaned securities had collateral denominated in the same currency, the collateral requirement was 102% of the fair value, including accrued interest, of the securities loaned. All other securities were required to be collateralized at 105% of the fair value, including accrued interest, of the loaned securities.

Credit Risk: The WSIB mitigates credit risk in securities lending with a policy that strictly limits the types of collateral that may be used to secure these transactions.

Custodial Credit Risk: At June 30, 2008, the fair value of securities on loan was \$3,875.2 million. The corresponding collateral held totalled \$3,955.5 million and was comprised

of securities held in the WSIB's own Short-Term Investment Fund. As such, these securities are not subject to custodial credit risk.

During Fiscal Year 2008, securities lending transactions could be terminated on demand by either the WSIB or the borrower. The weighted average maturity of overall loans was 21 days.

Cash collateral was invested by the WSIB's agents in securities issued or guaranteed by the U.S. government, the WSIB's short term investment pool (average final maturity of 136 days) or term loans. Because the securities lending agreements were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. Non-cash collateral could not be pledged or sold absent borrower default. There are no restrictions on the amount of securities that can be lent.

Securities were lent with the agreement that they would be returned in the future for exchange of the collateral. JPM indemnified the WSIB by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return the loaned securities or pay distributions thereon. JPM's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

During Fiscal Year 2008, there were no significant violations of legal or contractual provisions nor failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the WSIB incurred no losses during Fiscal Year 2008 resulting from a default by either the borrowers or the securities lending agents.

OST—Statute authorizes the OST to buy and sell the following types of instruments: U.S. government and agency securities, bankers' acceptances, commercial paper, and certifi-

cates of deposit with qualified public depositories. Securities underlying repurchase and reverse repurchase agreements are limited to those stated above.

The OST has statutory authority to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The OST contracted with a third party securities lending agent (The Bank of New York, through September 30, 2007 and with Union Bank of California (UBC) through September 30, 2011), to lend the OST's U.S. Government and Agency securities portfolio. The agent lends securities for collateral in the form of cash or other securities at 102 percent of the loaned securities value. The collateral for the loans is maintained at 102 percent. On June 30, 2008, there were \$4.8 million repurchase agreements outstanding.

Credit Risk: The OST limits its credit risk with an investment policy that restricts the types of investments in which the OST can participate. Additionally, the OST investment policy requires that any securities on loan be made available by the lending agent for next day liquidity at the option of the OST. At June 30, 2008, OST has no credit risk exposure to borrowers because the amounts the OST owes borrowers exceeds the amounts that the borrowers owe the OST. The contract with the agent requires it to indemnify the OST if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or if the borrower fails to pay OST for income distributions by the securities' issuers while the securities are on loan.

All securities loans can be terminated on demand by either the OST or the borrower. Cash collateral is invested in accordance with the investment guidelines approved by the OST. The OST cannot pledge or sell collateral securities received unless the borrower defaults. Generally, the maturity of the securities on loan is matched with the term of the investment of the cash collateral. On June 30, 2008, the average life of both the loans and the investment of cash collateral received as collateral was one day.

Custodial Credit Risk: The OST investment policy requires that securities purchased be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities accepted as collateral for repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the OST's exposure to risk and ensure the safety of the investment.

During Fiscal Year 2008, there were no violations of legal or contractual provisions nor any losses resulting from a default by either the borrowers or the securities lending agent.

Derivatives: WSIB is authorized to utilize various derivative financial instruments, including mortgage-backed securities, financial futures, forward contracts, interest rate swaps, credit default swaps, equity swaps and options to manage its exposure to fluctuations in interest and currency rates while increasing portfolio returns. Derivative transactions involve, to varying degrees, market and credit risk. The WSIB mitigates market risks arising from derivative transactions by requiring collateral in cash and investments to be maintained equal to the securities positions outstanding, and thereby prohibiting the use of leverage or speculation. Credit risks arising from derivative transactions are mitigated by selecting and monitoring creditworthy counterparties and collateral issuers.

Consistent with the WSIB's authority to invest in derivatives, international and domestic active equity managers may make limited investments in financial futures, forward contracts or other derivative securities to equitize excess cash holdings.

At June 30, 2008, the Retirement Funds hold swap contracts, consisting of credit default swaps and interest rate swaps. The unrealized loss for the swap contracts amounted to \$0.5 million and \$1.4 million, respectively. The credit default swap contracts are used to mitigate credit risk and the interest rate swap contracts are used to mitigate interest rate risk.

Futures contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value

and do not involve an actual transfer of the specific instrument. Because of daily settlement, the futures contracts have no fair value. At June 30, 2008, the notional values, in millions of dollars, of futures contracts consist of the following:

<u>Buy Contracts</u>	
Equity index futures	\$1,076.7
Bond index futures	\$785.5
Interest rate futures	\$429.2
<u>Sell Contracts</u>	
Bond index futures	\$250.2

At June 30, 2008, the Retirement Funds' fixed income portfolio held derivative securities consisting of collateralized mortgage obligations of \$1,771.6 million.

Domestic and foreign passive equity index fund managers may also utilize various derivative securities to manage exposure to risk and increase portfolio returns. Information on the extent of use and holdings of derivative securities by passive equity index fund managers is unavailable.

The WSIB had no repurchase agreements outstanding for the Retirement Funds at June 30, 2008. Repurchase agreements are collateralized at 102 percent. The collateral is priced daily and held by WSIB's agent in WSIB's name.

Certain investment types in DRS' portfolio cannot be categorized within the guidelines established by GASB Statement Number 3. These investments total approximately \$56.8 billion in both carrying value and fair value.

State law permits WSIB to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers margin against a decline in the fair value of the securities. If the dealers default on

their obligations to resell these securities to the WSIB or provide securities or cash of equal value, the Retirement Funds would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. There were no reverse repurchase agreements during the year and there were no liabilities outstanding as of June 30, 2008.

Management Fees: The fees paid by the WSIB are accounted for as a reduction of investment income to the trust funds. These fees include investment management fees and commissions, investment consultant fees, and legal fees. As of June 30, 2008, total investment management fees were \$245.8 million. For a detailed disclosure, refer to the Schedule of Investment Expenses in the Financial Section of this report.

Unfunded Commitments: The WSIB has entered into agreements that commit the DRS pension funds, upon request, to make additional investment purchases up to a predetermined amount. As of June 30, 2008, the Retirement Funds had the following unfunded investment commitments in millions of dollars:

Private Equity Partnerships	\$8,395.8
Real Estate	\$7,657.2
Tangible Assets	\$136.9

G. Reserves

Member Reserves: The member reserves reflect the total liability for all contributions made by members. These reserves are increased by employee contributions and interest earnings and are decreased by contributions refunded and contributions transferred to the benefit reserves for current year retirees. The member reserves are considered fully funded.

Because the PERS Plan 3, SERS Plan 3 and TRS Plan 3 defined contribution plans each offer two separate investment programs to members, DRS is required to maintain two separate member reserves for each defined contribution plan. The "PERS Plan 3—WSIB," "SERS Plan 3—WSIB," and "TRS Plan 3—WSIB" reserves account for members who partici-

pate in the investment programs offered by the Washington State Investment Board (WSIB). The “PERS Plan 3—SELF,” “SERS Plan 3—SELF,” and “TRS Plan 3—SELF” reserves account for members who participate in the self-directed investment offerings established by the Employee Retirement Benefits Board (ERBB).

Member reserves as of June 30, 2008 and 2007 are as follows:

	June 30, 2008 (expressed in thousands)	June 30, 2007 (expressed in thousands)
PERS Plan 1	\$ 1,190,482	\$ 1,272,393
PERS Plan 2/3	4,144,795	3,805,368
PERS Plan 3-WSIB	861,877	800,637
PERS Plan 3-SELF	552,335	547,316
SERS Plan 2/3	277,876	252,630
SERS Plan 3-WSIB	863,402	792,449
SERS Plan 3-SELF	268,210	259,309
PSERS Plan 2	18,939	6,745
TRS Plan 1	847,223	931,117
TRS Plan 2/3	444,053	423,345
TRS Plan 3-WSIB	2,554,938	2,353,772
TRS Plan 3-SELF	1,556,381	1,617,048
LEOFF Plan 1	62,457	72,945
LEOFF Plan 2	1,379,022	1,232,440
WSPRS Plan 1/2	63,259	57,393
JRS	3,900	3,971
Judges	-	-
Total Member Reserves	\$ 15,089,149	\$ 14,428,878

Benefit Reserves: The benefit reserves reflect the funded liability associated with all retired members of DRS administered systems. These reserves are increased by employer contributions, state contributions, investment earnings, and employee contributions which are attributable to current year retirees. These reserves are decreased by the amounts of pensions actually paid in the current year, interest payments transferred to the member reserves, and administrative expenses in support of the trust funds.

Benefit reserves as of June 30, 2008 and 2007 are as follows:

	June 30, 2008 (expressed in thousands)	June 30, 2007 (expressed in thousands)
PERS Plan 1	\$ 9,455,298	\$10,249,161
PERS Plan 2/3	13,516,291	13,753,403
SERS Plan 2/3	2,165,244	2,259,475
PSERS Plan 2	17,617	7,300
TRS Plan 1	8,089,019	8,801,455
TRS Plan 2/3	5,590,739	5,766,651
LEOFF Plan 1	5,972,700	6,343,265
LEOFF Plan 2	3,936,384	3,952,783
WSPRS Plan 1/2	868,315	906,943
JRS	(2,948)	(3,425)
Judges	3,628	4,008
Total Benefit Reserves	\$49,612,287	\$52,041,019

The funded status of each of the benefit reserves is the same as the funded status of each of the respective pension plans. The funded status of the pension plans is shown in the Solvency Test schedules in the Actuarial Section of this report.

H. Capital Assets

All capital assets with a unit cost (including ancillary costs) of \$5,000 or greater are capitalized and reported in the accompanying financial statements. Capital leases with a net present value or fair market value, whichever is less, of \$10,000 or more are capitalized and also included in these financial statements. All purchased capital assets are valued at cost where historical records exist. Donated capital assets are valued at their estimated fair market value on the date of donation. Where necessary, estimates of original cost and fair market value are derived by factoring price levels from the current period to the time of acquisition.

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

and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

Depreciation is calculated using the straight-line method with estimated useful lives of 5 to 50 years for buildings, and 3 to 50 years for furnishings and equipment, other improvements, and miscellaneous capital assets.

Following is a summary of changes in capital assets for Fiscal Year 2008:

Assets	Beginning Balance	Acquisition/ Increase Depreciation	Disposal	Ending Balance
(expressed in thousands)				
Improvements Other Than Buildings	\$ 634	\$ -	\$ -	\$ 634
Furnishings & Equipment	2,115	205	(250)	2,070
Accumulated Depreciation	(2,183)	(233)	249	(2,167)
Total	\$ 566	\$ (28)	\$ (1)	\$ 537

I. Leases

DRS leases land, office facilities, office and computer equipment. Lease terms vary. Leases are considered non-cancelable for financial reporting purposes. All DRS leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease. Certain operating leases are renewable for specified periods. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following schedule presents future minimum payments for operating leases as of June 30, 2008:

Operating Leases	
(expressed in thousands)	
By Fiscal Year:	
2009	\$822
2010	96
2011	32
Total Future Minimum Payments	<u>\$950</u>

The total operating lease rental expenditure for Fiscal Year 2008 was \$1.4 million.

J. Other Long-Term Obligations

Annual Leave: DRS employees accrue annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 30 days at the employee's anniversary date. The expense and accrued liability is recognized when the annual leave is earned. DRS' liability for accumulated annual leave was \$1.0 million as of June 30, 2008.

Sick Leave: Employees accrue sick leave at the rate of one day per month without limitation on the amount that can be accumulated. Sick leave is not vested; i.e., the department does not pay employees for unused sick leave upon termination except upon employee death or retirement, at which time DRS is liable for 25 percent of the employee's accumulated sick leave. In addition, the department has a "sick leave buyout option" in which each January, employees who accumulate sick leave in excess of 60 days may redeem sick leave earned but not taken during the previous year at the rate of one day's pay in exchange for each four days of sick leave. The expense and accrued liability is recognized when the sick leave is earned. DRS' liability for accumulated sick leave was \$0.4 million as of June 30, 2008.

Following is a summary of changes in compensated absences for the fiduciary funds for Fiscal Year 2008:

Compensated Absences	Beginning Balance	Additions	Deletions	Ending Balance
(expressed in thousands)				
Annual Leave	\$ 1,004	\$ 1,042	\$ (1,067)	\$ 979
Sick Leave	392	153	(117)	428
Total	\$ 1,396	\$ 1,195	\$ (1,184)	\$ 1,407

K. Transfers

Transfers to and from other pension plans, as reported in the financial statements, typically reflect routine transfers among the various trust funds resulting from plan membership changes and member-directed defined contribution plan selections. In Fiscal Year 2008, these transfers totaled \$330.0 million and represented an increase of \$324.3 million or 5,529% over the previous fiscal year. The majority of this increase was directly related to the \$319.5 million gain sharing distribution processed in January 2008 as a result of legislation enacted in 2007.

L. Recent Pronouncements

In April and June 2004 respectively, the GASB issued two related statements: Statement No. 43 (GASB 43) *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (OPEB) and Statement No. 45 (GASB 45) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Implementation of these statements was set for periods beginning after December 15, 2005 (for GASB 43) and December 15, 2006 (for GASB 45).

DRS only administers pension and deferred compensation plans and was thus not required to implement GASB 43. In addition, the agency has not implemented GASB 45 since its estimated annual OPEB cost and OPEB obligation lack materiality in relation to the net assets reflected in the financial statements of this report.

M. Contingencies--Litigation

DRS is involved in pending legal actions of the type that normally occur in governmental operations. In the case of *Probst v. Department of Retirement Systems*, a lawsuit representing two different cases in a small class of Plan 2 members who transferred to Plan 3, the parties have participated in mediation which has led to a \$5.5 million settlement agreement. This settlement has been accepted by the trial court but has been appealed by one of the class members. In light of the court's action, DRS has reflected the \$5.5 million settlement amount in the accompanying financial statements.

N. Subsequent Events--Investment Market Conditions

The financial markets have continued to experience volatility in response to the credit crisis that began with the collapse of the sub-prime mortgages in the summer of 2007. Subsequent to June 30, 2008, the Retirement Funds realized the following losses:

- \$81.7 million from the September 15, 2008 bankruptcy filing of Lehman Brothers
- \$3.0 million from the September 16, 2008 Federal Reserve Bank bailout of AIG
- \$21.0 million from the September 26, 2008 failure of Washington Mutual Bank.

The above realized losses are not reflected in the accompanying financial statements.

Also subsequent to June 30, 2008, the Retirement Funds sustained unrealized losses on investments due to turmoil within the capital markets. The Washington State Investment Board has concluded that the decline in fair value is temporary. Unrealized losses are not reflected in the accompanying financial statements.

Note 2: General Description of the Retirement Systems

A. General

The Department of Retirement Systems (DRS) administers retirement systems covering eligible employees of the state and local governments. The state Legislature establishes laws pertaining to the creation and administration of all public retirement systems, and the Governor appoints the Director of DRS to manage the systems. Information pertinent to each system is provided later in this section.

As established in the Revised Code of Washington (RCW) chapter 41.50, DRS administers eight retirement systems comprising 12 defined benefit pension plans and three combination defined benefit/defined contribution plans as follows:

Administration of the PERS, SERS, PSERS, TRS, LEOFF and WSPRS systems and plans was funded by an employer rate of .16 percent of employee salaries. Administration of the JRS and Judges' plans was funded by means of legislative appropriations.

Public Employees' Retirement System (PERS)

Plan 1—defined benefit

Plan 2—defined benefit

Plan 3—defined benefit/defined contribution

School Employees' Retirement System (SERS)

Plan 2—defined benefit

Plan 3—defined benefit/defined contribution

Public Safety Employees' Retirement System (PSERS)

Plan 2—defined benefit

Teachers' Retirement System (TRS)

Plan 1—defined benefit

Plan 2—defined benefit

Plan 3—defined benefit/defined contribution

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

Plan 1—defined benefit

Plan 2—defined benefit

Washington State Patrol Retirement System (WSPRS)

Plan 1—defined benefit

Plan 2—defined benefit

Judicial Retirement System (JRS)

Defined benefit

Judges' Retirement Fund (Judges)

Defined benefit

Number of Participating Members

Plan	Retirees and Beneficiaries Receiving Benefits	Terminated Members Entitled to But Not Yet Receiving Benefits	Active Plan Members Vested	Active Plan Members Nonvested	Total
PERS Plan 1	54,686	2,656	12,097	878	70,317
PERS Plan 2	15,959	21,343	84,435	36,190	157,927
PERS Plan 3	599	2,584	8,915	15,507	27,605
SERS Plan 2	2,026	3,993	16,066	1,701	23,786
SERS Plan 3	1,115	3,681	15,004	18,054	37,854
PSERS Plan 2	-	-	-	2,755	2,755
TRS Plan 1	35,384	2,036	6,239	92	43,751
TRS Plan 2	1,664	2,624	6,403	349	11,040
TRS Plan 3	1,043	4,768	27,352	24,504	57,667
LEOFF Plan 1	8,161	4	513	-	8,678
LEOFF Plan 2	924	629	12,391	3,708	17,652
WSPRS Plan 1	821	112	881	4	1,818
WSPRS Plan 2	-	1	16	136	153
JRS	130	1	11	-	142
Judges	15	-	-	-	15
Total	122,527	44,432	190,323	103,878	461,160

The latest actuarial valuation date for all plans was June 30, 2007.

Source: Washington State Investment Board

Number of Participating Employers

Plan	State Agencies	School Districts	Counties/Municipalities	Other Political Subdivisions	Total
PERS Plan 1	147	239	173	202	761
PERS Plan 2	176	-	272	475	923
PERS Plan 3	162	-	199	265	626
SERS Plan 2	-	299	-	-	299
SERS Plan 3	1	303	-	-	304
PSERS Plan 2	9	-	62	-	71
TRS Plan 1	63	276	-	-	339
TRS Plan 2	22	277	-	-	299
TRS Plan 3	30	302	-	-	332
LEOFF Plan 1	-	-	71	16	87
LEOFF Plan 2	7	-	219	148	374
WSPRS Plan 1	1	-	-	-	1
WSPRS Plan 2	1	-	-	-	1
JRS	3	-	-	-	3
Judges	-	-	-	-	-
Total	622	1,696	996	1,106	4,420

Employers can participate in multiple systems and/or plans. The actual total number of participating employers as of June 30, 2008 is 1,308.

For a listing of the covered employers, refer to the Statistical Section of this report.

B. Plan Descriptions

Public Employees' Retirement System (PERS): PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS is comprised of three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2008, the DRS-

established rate on employee contributions was 5.5 percent compounded quarterly. Employees in PERS Plan 1 and 2 can elect to withdraw total employee contributions and interest thereon upon separation from PERS-covered employment.

PERS defined contribution benefits are financed from employee contributions and investment earnings. Employees in PERS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from the investment of those contributions upon separation from PERS-covered employment.

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments. Approximately 52 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is 2 percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance is granted at age 66 based upon years of service times the COLA amount, increased by 3 percent annually. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while actively serving in the military, if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any worker's compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance is granted at age 66 based upon years of service times the COLA amount which is set at 3 percent annually. Plan 1 members may also elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, with an allowance of 2 percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The

defined benefit portion provides a benefit calculated at 1 percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or they may retire at age 55 with 10 years of service. PERS Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. See section E of Note 2 for a description of the defined contribution component of PERS Plan 3.

PERS Plan 2 and Plan 3 members can purchase service credit for military service that interrupts employment. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving in the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the AFC for each year of service. For Plan 3 the allowance amount is 1 percent of the AFC for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

Beneficiaries of a PERS Plan 2 or Plan 3 member with 10 years of service who is killed in the course of employment

receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

In addition, a \$150,000 death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of their covered employment, if found eligible by the Department of Labor and Industries.

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and 2 were able to make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5% multiplier. The benefit would be capped at 75% of average final compensation. Judges in PERS Plan 3 could elect a 1.6% of pay per year of service benefit, capped at 37.5% of average final compensation.

Members who chose to participate would:

- Accrue service credit at the higher multiplier beginning with the date of their election.
- Be subject to the benefit cap of 75% of AFC.
- Stop contributing to the Judicial Retirement Account (JRA).
- Pay higher contributions.
- Be given the option to increase the multiplier on past judicial service.

Members who did not choose to participate would:

- Continue to accrue service credit at the regular multiplier (i.e., 1%, 2% or 3%).
- Continue to participate in JRA, if applicable.
- Never be a participant in the JBM Program.
- Continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would:

- Return to prior PERS Plan if membership had previously been established.
- Be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member.
- Accrue the higher multiplier for all judicial service.
- Not contribute to JRA.
- Not have the option to increase the multiplier for past judicial service.

The following changes to the PERS plans are the result of recent years' legislation:

Effective July 1, 2006:

- PERS Plan 2 and Plan 3 members who apply for early retirement may, at the time of retirement, purchase up to five years of additional service credit. The cost of the additional service credit is the actuarial equivalent value of the resulting increase in the member's benefit. (SSB 6251 - HB 2535, Chapter 172, Laws of 2004).
- The minimum benefit established in 2004 for PERS Plan 1 retirees who have at least 25 years of service and have been retired 20 years or more is increased by 3 percent annually. The benefit of those PERS Plan 1 retirees, who have at least 20 years of service and have been retired 25 years or more, is also extended and likewise increased. (SB 6453, Chapter 244, Laws of 2006).
- PERS members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement, and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance. (HB 2690, Chapter 214, Laws of 2006).

Effective July 1, 2007:

- After being retired one year, PERS Plan 1 retirees will receive the annual COLA adjustment in July if they turn

66 years of age any time in the calendar year in which the COLA is given. (SB 5175, Chapter 89, Laws of 2007).

Effective July 22, 2007:

- The portability of retirement benefits is changed by: 1) allowing compensation that is reportable in all dual member systems, except in WSPRS, to be included in the calculation of all dual members' benefits, and 2) removing the "maximum benefit rule" for dual members who have less than 15 years of service in one capped plan and service in one uncapped plan. (SHB 1264, Chapter 207, Laws of 2007).
- The \$150,000 duty-related death benefit is extended to include death from occupational disease or duty-related illness. Also, the refund provided to survivors of PERS Plan 2 members that leave eligible employment after earning 10 years of service credit and are subsequently killed in uniformed service to the United States while participating in Operation Enduring Freedom or Persian Gulf, Operation Iraqi Freedom is increased from 100 to 200 percent of the accumulated contributions in the member's account. (SHB 1266, Chapter 487, Laws of 2007).
- The formula for the calculation of the amount at which justices and judges who are members of PERS may purchase prior judicial service for a higher multiplier at retirement is changed. Any justice or judge that purchased prior service before the passage of this bill may have the cost recalculated with the new formula and have any excess payment returned. (ESHB 1649, Chapter 123, Laws of 2007).
- Gain sharing for PERS Plan 1 and Plan 3 members is discontinued after the January 2008 distribution. Additional cost of living adjustments are provided for eligible PERS Plan 1 retirees in July 2009, and new alternative early retirement provisions are created for PERS Plan 2 and Plan 3 members. (EHB 2391, Chapter 491, Laws of 2007).

Effective June 12, 2008:

- Justices and judges who are members of PERS may purchase prior judicial service at a higher multiplier at retirement. Also, during the period of January 1, 2009 through June 30, 2009, active and inactive PERS members who are not then serving as justices or judges, but who have served as such in the past, may request

an increase in their benefit multiplier for past periods of judicial service and pay a cost that is the actuarial equivalent of the increase. (HB 2887, Chapter 300, Laws of 2008).

There were no other material changes in PERS benefit provisions for the fiscal year ended June 30, 2008.

PERS pension benefit provisions have been established by chapters 41.34 and 41.40 RCW.

School Employees' Retirement System (SERS): SERS is a cost-sharing multiple-employer retirement system comprised of two separate plans for membership purposes: Plan 2 is a defined benefit plan and Plan 3 is a defined benefit plan with a defined contribution component. As of September 1, 2000, the membership of classified school employees in PERS Plan 2 was transferred to SERS Plan 2. Those who joined on or after October 1, 1977 and by August 31, 2000 are SERS Plan 2 members unless they exercised an option to transfer their membership to Plan 3. Until June 30, 2007, SERS participants joining the system on or after September 1, 2000, and those who exercised their transfer option, became members of SERS Plan 3. Legislation passed in 2007 now gives SERS members hired on or after July 1, 2007 ninety days to make an irrevocable choice to become a member of either SERS Plan 2 or Plan 3. At the end of the ninety days, any member who has not chosen either Plan 2 or Plan 3 membership, becomes a member of Plan 3. Notwithstanding, SERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

SERS is comprised of two separate plans for accounting purposes: Plan 2/3 and Plan 3. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

SERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the SERS Plan 2 defined benefit plan accrue interest at a rate specified by DRS. During Fiscal Year 2008, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in SERS Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from SERS-covered employment. SERS defined contribution benefits are financed from employee contributions and investment earnings. Employees in SERS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from the investment of those contributions upon separation from SERS-covered employment.

The Legislature created SERS in 1998 to be effective in 2000. Membership in the system includes classified employees of school districts or educational service districts. SERS is comprised principally of non-state-agency employees. SERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

SERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of 2 percent of the average final compensation (AFC) per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

SERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the AFC per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, SERS Plan 3 members

are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by September 1, 2000. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65. SERS Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. See section E of Note 2 for a description of the defined contribution component of SERS Plan 3.

SERS Plan 2 and Plan 3 members can purchase service credit for military service that interrupts employment. Additionally SERS members who become totally incapacitated for continued employment while serving in the uniformed services, may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

SERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the AFC for each year of service. For Plan 3, the allowance amount is 1 percent of the AFC for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option.

Beneficiaries of a SERS Plan 2 or Plan 3 member with 10 years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

In addition, a \$150,000 death benefit is provided to the estate (or duly designated nominee) of a SERS member who dies in the line of service as a result of injuries sustained in the course

of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of their covered employment, if found eligible by the Department of Labor and Industries.

The following changes to the SERS plans are the result of recent years' legislation:

Effective July 1, 2006:

- SERS Plan 2 and Plan 3 members who apply for early retirement may, at the time of retirement, purchase up to five years of additional service credit. The cost of said additional service credit is the actuarial equivalent value of the resulting increase in the member's benefit. (SSB 6251 - HB 2535, Chapter 172, Laws of 2004).
- SERS members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement, and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance. (HB 2690, Chapter 214, Laws of 2006).

Effective July 22, 2007:

- SERS members may purchase up to 24 consecutive months of service credit (up from 12 months) for each period of temporary duty disability. (SHB 1261, Chapter 40, Laws of 2007).
- The portability of retirement benefits is changed by: 1) allowing compensation that is reportable in all dual member systems, except in WSPRS, to be included in the calculation of all dual members' benefits, and 2) removing the "maximum benefit rule" for dual members who have less than 15 years of service in one capped plan and service in one uncapped plan. (SHB 1264, Chapter 207, Laws of 2007).
- The \$150,000 duty-related death benefit is extended to include death from occupational disease or duty-related illness. (SHB 1266, Chapter 487, Laws of 2007).
- Gain sharing for SERS Plan 3 members is discontinued after the January 2008 distribution. New alternative early retirement provisions are created for SERS Plan 2 and Plan 3 members. (EHB 2391, Chapter 491, Laws of 2007).

Effective June 12, 2008:

- SERS Plan 2 and Plan 3 members who work for at least five months of a six-month period, from September through August, and earn 630 hours or more within that six-month period now receive six months of service credit. (GB 3019, Chapter 204, Laws of 2008).

There were no other material changes in SERS benefit provisions for the fiscal year ended June 30, 2008.

SERS pension benefit provisions have been established by chapters 41.34 and 41.35 RCW.

Public Safety Employees' Retirement System (PSERS): PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2. PSERS was created by the 2004 legislature and became effective July 1, 2006.

PSERS Plan 2 membership includes:

- full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the election period of July 1, 2006 to September 30, 2006; and
- full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

A "covered employer" is one that participates in PSERS. Covered employers include:

- State of Washington agencies: Department of Corrections, Parks and Recreation Commission, Gambling Commission, Washington State Patrol, Liquor Control Board, and effective July 22, 2007, the Department of Natural Resources;
- Washington state counties; and
- Washington state cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full time basis and:

- have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job: OR
- have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; OR
- function as a limited authority Washington peace officer, as defined in RCW 10.93.020; OR
- have primary responsibility to supervise eligible members who meet the above criteria.

PSERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PSERS Plan 2 defined benefit plan accrue interest at a rate specified by DRS. During Fiscal Year 2008, the DRS established rate on employee contributions was 5.5 percent compounded quarterly. Employees in PSERS Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PSERS-covered employment.

PSERS Plan 2 members are vested after completing five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of 2 percent of the average final compensation (AFC) per year of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. Eligibility is based on the member being totally incapacitated for continued employment with a PSERS employer and leaving that employment as a result of the disability. The disability allowance is 2% of the average final compensation (AFC) for each year of service. AFC is based on the member's 60 consecutive highest creditable months of service. Service credit is the total years and months of service credit at the time the member separates from employment. Benefits are actuarially reduced for each year that the member's age is less than 60 (with 10 or more service credit years in PSERS), or less than 65 (with fewer than 10 service credit years).

Beneficiaries of a PSERS Plan 2 member with 10 years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, if found eligible by the Director of the Department of Labor and Industries.

PSERS Plan 2 members can purchase service credit for military service that interrupts employment. Additionally, PSERS members who become totally incapacitated for continued employment while serving in the uniformed services, may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

In addition, a \$150,000 death benefit is provided to the estate (or duly designated nominee) of a PSERS member who dies as a result of injuries sustained in the course of employment, if found eligible by the Department of Labor and Industries.

The following changes to the PSERS plans are the result of recent years' legislation:

Effective July 1, 2006:

- PSERS members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement, and cannot be used to qualify for any retirement eligibility

or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance. (HB 2690, Chapter 214, Laws of 2006).

Effective July 22, 2007:

- PSERS members may purchase up to 24 consecutive months of service credit (up from 12 months) for each period of temporary duty disability. (SHB 1261, Chapter 40, Laws of 2007).
- The portability of retirement benefits is changed by: 1) allowing compensation that is reportable in all dual member systems, except in WSPRS, to be included in the calculation of all dual members' benefits, and 2) removing the "maximum benefit rule" for dual members who have less than 15 years of service in one capped plan and service in one uncapped plan. (SHB 1264, Chapter 207, Laws of 2007).
- The \$150,000 duty-related death benefit is extended to include death from occupational disease or duty-related illness. (SHB 1266, Chapter 487, Laws of 2007).

There were no other material changes to PSERS benefit provisions for the Fiscal Year ended June 30, 2008.

PSERS pension benefit provisions have been established by chapter 41.37 RCW.

Teachers' Retirement System (TRS): TRS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. TRS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by June 30, 1996 are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. Until June 30, 2007, TRS participants joining the system on or after July 1, 1996, and those who exercised their transfer option, became members of TRS Plan 3. Legislation passed in 2007 now gives TRS members hired on or after July 1, 2007 ninety days to make an irrevocable choice to become a member of either TRS Plan 2 or Plan 3. At the end of the ninety days, any member who has not chosen either Plan 2 or Plan 3 membership, becomes a member of Plan 3. Notwithstanding, TRS Plan 2 and Plan 3

members may opt out of plan membership if terminally ill, with less than five years to live.

TRS is comprised of three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

TRS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the TRS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2008, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in TRS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from TRS-covered employment. TRS Plan 3 defined contribution benefits are financed from employee contributions and investment earnings. Employees in TRS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from the investment of those contributions upon separation from TRS-covered employment.

TRS was legislatively established in 1938. Eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity. TRS is comprised principally of non-state-agency employees. TRS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

TRS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five

years of service, or at the age of 55 with 25 years of service. The annual pension is two percent of the average final compensation (AFC) per year of service (AFC is based on the greatest compensation during the highest of any consecutive two compensation contract years), capped at 60 percent. A cost-of-living allowance is granted at age 66 based upon years of service times the COLA amount, increased by 3% annually. Plan 1 members may also elect to receive an additional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

TRS Plan 1 provides death, as well as, permanent and temporary disability benefits. TRS Plan 1 members receive the following additional lump sum death benefits: retired members-\$400 (if retired with ten years of full-time membership), \$400 (if inactive with ten years of membership), active members-\$600 (if employed full-time at time of death). TRS Plan 1 members on temporary disability receive a monthly payment of \$180 payable for up to two years, for the same occurrence. After five years of service, members on a disability retirement receive an allowance based on their salary and service to date of disability. Members enrolled in TRS prior to April 25, 1973, may elect a benefit based on the formula in effect at that time.

TRS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of 2 percent of the AFC per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) TRS Plan 2 members that are at least 55 years of age and have 20 years of service credit receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise, an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

TRS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component.

The defined benefit portion provides a benefit calculated at 1 percent of the AFC per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service if 12 months of that service are earned after age 44; or after five service credit years earned in TRS Plan 2 by July 1, 1996 and transferred to Plan 3. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65. TRS Plan 3 members that are at least 55 years of age with at least 10 years of service credit receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. See section E of Note 2 for a description of the defined contribution component of TRS Plan 3.

TRS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the AFC for each year of service. For Plan 3, the allowance amount is 1 percent of the AFC for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option.

Beneficiaries of a TRS Plan 2 or Plan 3 member with 10 years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

TRS members can purchase service credit for military service that interrupts employment. Additionally, TRS members who become totally incapacitated for continued employment may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

In addition, a \$150,000 death benefit is provided to the estate (or duly designated nominee) of a TRS member who dies in the line of service as a result of injuries sustained in the course of employment, if found eligible by the Department of Labor and Industries.

Beginning January 1, 2007 through December 31, 2007, judicial members of TRS were given the choice to participate in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in TRS Plan 1 were able to make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5% multiplier. The benefit would be capped at 75% of average final compensation.

Members who chose to participate would:

- Accrue service credit at the higher multiplier beginning with the date of their election.
- Be subject to the benefit cap of 75% of AFC.
- Stop contributing to the Judicial Retirement Account (JRA).
- Pay higher contributions.
- Be given the option to increase the multiplier on past judicial service.

Members who did not choose to participate would:

- Continue to accrue service credit at the regular multiplier (i.e., 2%).
- Continue to participate in JRA, if applicable.
- Never be a participant in the JBM Program.
- Continue to pay contributions at the regular TRS rate.

Newly elected or appointed justices and judges who chose to become TRS members on or after January 1, 2007, or who had not previously opted into TRS membership, were required to participate in the JBM Program. Members required into the JBM program would:

- Return to prior TRS Plan if membership had previously been established.
- Accrue the higher multiplier for all judicial service.

- Not contribute to JRA.
- Not have the option to increase the multiplier for past judicial service.

The following changes to the TRS plans are the result of recent years' legislation:

Effective July 1, 2006:

- The minimum benefit established in 2004 for TRS Plan 1 retirees who have at least 25 years of service and have been retired 20 years or more is increased by 3 percent annually. The benefit of those TRS Plan 1 retirees, who have at least 20 years of service and have been retired 25 years or more, is also extended and likewise increased. (SB 6453, Chapter 244, Laws of 2006).
- TRS members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement, and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance. (HB 2690, Chapter 214, Laws of 2006).

Effective January 1, 2007:

- Active TRS Plan 2 and Plan 3 members may make a one-time purchase of up to seven years of service credit for education experience earned in a state or federal public school outside the state of Washington. Completion of at least five years of service under TRS is required. (ESHB 2680, Chapter 257, Laws of 2006).

Effective July 1, 2007:

- After being retired one year, TRS Plan 1 retirees will receive the annual COLA adjustment in July if they turn 66 years of age any time in the calendar year in which the COLA is given. (SB 5175, Chapter 89, Laws of 2007).

Effective July 22, 2007:

- TRS members may purchase up to 24 consecutive months of service credit for each period of temporary duty disability. (SHB 1261, Chapter 49, Laws of 2007).
- The TRS Plan 1 post-retirement employment program was amended to be more consistent with the PERS Plan 1 program. (SHB 1262, Chapter 50, Laws of 2007).

- The portability of retirement benefits is changed by: 1) allowing compensation that is reportable in all dual member systems, except in WSPRS, to be included in the calculation of all dual members' benefits, and 2) removing the "maximum benefit rule" for dual members who have less than 15 years of service in one capped plan and service in one uncapped plan. (SHB 1264, Chapter 207, Laws of 2007).
- The \$150,000 duty-related death benefit is extended to include death from occupational disease or duty-related illness. (SHB 1266, Chapter 487, Laws of 2007).
- The formula for the calculation of the amount at which justices and judges who are members of TRS may purchase prior judicial service for a higher multiplier at retirement is changed. Any justice or judge who purchased prior service before the passage of this bill may have the cost recalculated and have any excess payment returned. (ESHB 1649, Chapter 123, Laws of 2007).
- Gain sharing for TRS Plan 1 and Plan 3 members is discontinued after the January 2008 distribution. Additional cost of living adjustments are provided for TRS retirees in July 2009 and new alternative early retirement provisions are created for TRS Plan 2 and Plan 3 members. (EHB 2391, Chapter 491, Laws of 2007).

Effective June 12, 2008:

- TRS Plan 2 and Plan 3 members who work for at least five months of a six-month period, from September through August, and earn 630 hours or more within that six-month period now receive six months of service credit. (HB 3019, Chapter 204, Laws of 2008).
- TRS Plan 2 and Plan 3 members need now have only two years of service credit in order to be eligible to purchase up to seven years of service credit for public education experience earned in another state or with the federal government. (HB 3024, Chapter 101, Laws of 2008).
- The definition of "earnable compensation" for TRS members no longer excludes bonuses paid to teachers certified by the National Board for Professional Teaching Standards. (SB 6657, Chapter 175, Laws of 2008).

There were no other material changes in TRS benefit provisions for the fiscal year ended June 30, 2008.

TRS pension benefit provisions have been established by chapters 41.32 and 41.34 RCW.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF): LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement officers, firefighters, and as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers who were first included prospectively effective July 27, 2003, being an exception.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan. LEOFF retirement benefit provisions are established in state statute and may be amended by the state Legislature.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2008, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of FAS
20+	2.0%
10 - 19	1.5%
5 - 9	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each eligible surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) If no eligible spouse, 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 per-cent limitation of FAS.

The LEOFF Plan 1 disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability allowance or service retirement allowance.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the FAS per year of service (FAS is based on the highest consecutive 60 months). Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 members can purchase service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while serving in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty-related, and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement allowance of at least 10 percent of final average salary and two percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

Beneficiaries of a LEOFF Plan 2 member with 10 years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

In addition, a \$150,000 death benefit is provided to the estate (or duly designated nominee) of a LEOFF member who dies as a result of injuries sustained in the course of employment, if found eligible by the Department of Labor and Industries.

The following changes to the LEOFF plans are the result of recent years' legislation:

Effective March 14, 2006:

- LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of substantial gainful employment in any capacity in the future, can receive a catastrophic disability benefit from LEOFF Plan 2, equal to 70 percent of their final average salary subject to offsets for workers' compensation and Social Security disability benefits received. (HB 2932, Chapter 39, Laws of 2006).

Effective June 7, 2006:

- Coverage is extended for the \$150,000 death benefit to LEOFF Plan 2 members who die from a duty-related illness such as an infectious disease or cancer, which results from a job-related exposure. (SHB 2933, Chapter 351, Laws of 2006).
- Eligible survivors of LEOFF Plan 2 members who are killed in the line of duty are reimbursed for the cost of on-going health care insurance coverage. (SB 6723, Chapter 345, Laws of 2006).

Effective July 1, 2006:

- The benefit cap of 60% of a LEOFF Plan 1 member's final average salary is removed for a member enrolled on or after February 19, 1974. (SHB 2688, Chapter 350, Laws of 2006).
- LEOFF Plan 2 members may purchase up to five years of additional service credit at retirement. (HB 1269, Chapter 21, Laws of 2005).
- LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement, and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance. (HB 2690, Chapter 214, Laws of 2006).

Effective July 22, 2007:

- LEOFF Plan 2 members may purchase up to 24 consecutive months of service credit (up from 12 months) for each period of temporary duty disability. (SHB 1261, Chapter 40, Laws of 2007).

- The portability of retirement benefits is changed by: 1) adding LEOFF Plan 2 to those plans that are able to combine service under portability for indexing purposes, 2) allowing compensation that is reportable in all dual member systems, except in WSPRS, to be included in the calculation of all dual members' benefits, and 3) removing the "maximum benefit rule" for dual members who have less than 15 years of service in one capped plan and service in one uncapped plan. (SHB 1264, Chapter 207, Laws 2007).
- The \$150,000 duty-related death benefit is extended to include death from occupational disease or duty-related illness. (SHB 1266, Chapter 487, Laws of 2007).
- The terms of the employer representatives on the LEOFF Plan 2 Board are now staggered so that no more than one position expires in the same year. Legislative terms are now two years and run from January through December. After January 1, 2008, one member of the Board must be a retired LEOFF Plan 2 participant. (SHB 1679, Chapter 303, Laws of 2007).
- An exception is made to the five-year waiting period required before transferring prior PERS service credit for those Emergency Medical Technicians who joined LEOFF Plan 2 as a result of legislation passed in 2003 and 2005 and who retire due to disability, or die. (HB 1680, Chapter 304, Laws of 2007).

Effective June 12, 2008:

- Active LEOFF members can choose whether or not to obtain and pay for Medicare coverage through a "divided referendum" process. (HB 2510, Chapter 142, Laws of 2008).
- Beginning in 2011, when state general fund revenues increase by at least five percent over the prior biennium's revenues, the State Treasurer will transfer, subject to legislative appropriation, specific amounts into a Local Public Safety Enhancement Account. Half of this transfer will be proportionately distributed to all jurisdictions with LEOFF Plan 2 members. The other half will be transferred to a LEOFF Retirement System Benefits Improvement Account to fund benefit enhancements for LEOFF Plan 2 members. (SB 6573, Chapter 99, Laws of 2008).

There were no other material changes in LEOFF benefit provisions for the year ended June 30, 2008.

LEOFF pension benefit provisions have been established by chapter 41.26 RCW.

Washington State Patrol Retirement System (WSPRS): WSPRS is a single-employer defined benefit retirement system. WSPRS participants who joined the system by December 31, 2002 are Plan 1 members. Those who joined on or after January 1, 2003 are Plan 2 members. For financial reporting and investment purposes, however, both plans are accounted for in the same pension fund.

WSPRS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to WSPRS accrue interest at a rate specified by DRS. During Fiscal Year 2008, the DRS-established rate on employee contributions was 5.364 percent annually, compounded monthly. Employees in WSPRS can elect to withdraw total employee contributions and interest earnings upon separation from WSPRS-covered employment.

WSPRS was established by the Legislature in 1947. Any commissioned employee of the Washington State Patrol is eligible to participate. WSPRS benefits are established in state statute and may be amended only by the state Legislature.

There is no vesting requirement for active WSPRS members. Inactive WSPRS members are vested after the completion of five years of eligible service. Members are eligible for retirement at the age of 55 with five years of service, or after 25 years of service. The annual pension is 2 percent of the average final salary (AFS) per year of service, capped at 75 percent. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

WSPRS benefit provisions include death benefits; however, the system provides no disability benefits. Disability benefits may be available from the Washington State Patrol (WSP). If disability benefits are received, the member may be eligible to acquire service credit for the period of disability. In addition, a duty death benefit of \$150,000 is provided to WSPRS members.

For WSPRS Plan 1 members, AFS is based on the average of the two highest-paid service credit years and excludes voluntary overtime. Death benefits for these members, if on

active duty, consist of the following: (1) If eligible spouse, 50 percent of the AFS, plus 5 percent of the AFS for each eligible surviving child, with a limitation on the combined allowances of 60 percent of the AFS; or (2) If no eligible spouse, 30 percent of AFS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of AFS.

For WSPRS Plan 2 members, AFS is based on the average of the five consecutive highest-paid service credit years and excludes both voluntary overtime and cash-outs of annual and holiday leave. At retirement, these members also have the option of selecting an actuarially reduced benefit in order to provide for post-retirement survivor benefits. Death benefits for these members, if on active duty, consist of the following: (1) If the member is single or has less than 10 years of service, the return of the member's accumulated contributions; or (2) If the member is married, has an eligible child, or has completed 10 years of service, a reduced benefit allowance reflecting a joint and 100 percent survivor option or 150 percent of the member's accumulated contributions, at the survivor's option.

WSPRS Plan 2 members can purchase service credit for military service that interrupts employment. Additionally, WSPRS Plan 2 members who become totally incapacitated for continued employment while serving in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

Beneficiaries of a WSPRS Plan 2 member with 10 years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

The following changes to the WSPRS plans are the result of recent years' legislation:

Effective June 7, 2006:

- Legislation clarifies how benefits are calculated for the surviving spouses of disabled State Patrol troopers.

Survivor benefits for a WSPRS Plan 1 member who becomes disabled are the average monthly salary received by active members of the WSP during the two years prior to the death of the disabled member; five years for WSPRS Plan 2 members. (HB 3137, Chapter 94, Laws of 2006).

Effective July 1, 2006:

- WSPRS members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement, and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance. (HB 2690, Chapter 214, Laws of 2006).

Effective July 1, 2007:

- WSPRS member contribution rates will be no more than seven percent of pay plus half the cost of any future benefit improvements. Employers will pay the contribution rate required to cover all system costs that are not covered by the member contribution rate. Also, a minimum total contribution rate is established for WSPRS, beginning July 1, 2009. (ESHB 1260, Chapter 300, Laws of 2007).
- The WSPRS mandatory retirement age is changed from 60 to 65, but does not apply to the member serving as chief of the Washington State Patrol. (SB 5313, Chapter 87, Laws of 2007).

Effective July 22, 2007:

- The \$150,000 duty-related death benefit is extended to include death from occupational disease or duty-related illness. (SHB 1266, Chapter 487, Laws of 2007).
- The spouse and dependent children of a WSPRS member who is killed in the course of employment will be reimbursed for any payments of medical premiums to the Washington State Health Care Authority. (SHB 1417, Chapter 488, Laws of 2007).

There were no other material changes in WSPRS benefit provisions for the fiscal year ended June 30, 2008.

WSPRS pension benefit provisions have been established by chapter 43.43 RCW.

Judicial Retirement System (JRS): JRS is an agent multiple-employer retirement system comprised of a single defined benefit plan. JRS retirement benefits are financed on a pay-as-you-go basis from a combination of investment earnings, employer contributions, employee contributions, and a special funding situation in which the state pays the remaining contributions.

JRS was established by the Legislature in 1971. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts on or after August 9, 1971. The system was closed to new entrants on July 1, 1988, with new judges joining PERS Plan 2. JRS retirement benefit provisions are established in state statute and may be amended only by the state Legislature.

During Fiscal Year 2008, the DRS-established rate on employee contributions was 5.5 percent, compounded quarterly. JRS employees who are vested in the plan may not elect to withdraw their contributions upon termination. However, any JRS member that left the system before July 1, 1988, or his/her spouse, who was ineligible to receive a benefit at that time, may apply and receive a refund of such contributions from DRS, if said contributions have not been already refunded via a sundry claims appropriation from the state legislature.

JRS members are eligible for retirement at the age of 60 with 15 years of service, or after 12 years of service (if the member left office involuntarily) with at least 15 years after beginning judicial service.

The benefit per year of service calculated as a percent of average final compensation (AFC) is shown in the table below. This benefit is capped at 75% of AFC, exclusive of cost of living increases.

Term of Service	Percent of AFC
15+	3.5%
10 - 14	3.0%

Death and disability benefits are also provided. Eligibility for death benefits while on active duty requires ten or more years of service. A monthly spousal benefit is provided which is equal to 50 percent of the benefit a member would have

received if retired. If the member is retired, the surviving spouse receives the greater of 50 percent of the member's retirement benefit or 25 percent of the AFC. For members with ten or more years of service, a disability benefit of 50 percent of AFC is provided.

There were no material changes in JRS benefit provisions for the fiscal year ended June 30, 2008.

JRS pension benefit provisions have been established by chapter 2.10 RCW.

Judges' Retirement Fund: The Judges' Retirement Fund is an agent multiple-employer retirement system comprised of a single defined benefit plan. There are currently no active members in this plan. Retirement benefits are financed on a pay-as-you-go basis from a combination of past employee and employer contributions, and a special funding situation in which the state contributes to the plan. Retirees did not earn interest on their contributions, nor could they elect to withdraw their contributions upon termination.

The Judges' Retirement Fund was created by the Legislature on March 22, 1937, pursuant to RCW 2.12, to provide retirement benefits to judges of the Supreme Court, Court of Appeals, or Superior Courts of the state of Washington. Subsequent legislation required that all judges first appointed or elected to office on or after August 9, 1971, enter the Judicial Retirement System. Judges' retirement benefit provisions are established in state statute and may be amended only by the state Legislature.

Judges' members are eligible for retirement at the age of 70 with ten years of service, or at any age with 18 years of service. Members are eligible to receive a partial retirement allowance after 12 years of credited service as a judge. With the exception of a partial retirement allowance, the member receives a benefit equal to one-half of the monthly salary being received as a judge at the time of retirement, or at the end of the term immediately prior to retirement if retirement occurs after the expiration of the member's term in office. A partial retirement allowance is based on the proportion of the member's 12 or more years of service in relation to 18 years of service.

There were no material changes in Judges' benefit provisions for the fiscal year ended June 30, 2008.

Judges' pension benefit provisions have been established by chapter 2.12 RCW.

C. Funding Policy

PERS: Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from five to 15 percent; two of the options are graduated rates dependent on the employee's age.

As a result of the implementation of the Judicial Benefit Multiplier (JBM) Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. These new higher rates are detailed below.

Required employer contribution rates:

- PERS employer of Supreme Court justices--PERS contribution rate plus 2.5% of pay.
- PERS employer of Court of Appeals and Superior Court Judges--PERS contribution rate only (member pays the 2.5% difference, as detailed below).

Required member contribution rates:

- PERS 1 Supreme Court justices--PERS 1 rate of 6.0% plus 3.76%.

- PERS 1 Court of Appeals and Superior Court judges-- PERS 1 rate of 6.0% plus 3.76%, plus the 2.50% mentioned previously.
- PERS 2 Supreme Court justices -- 250% of the PERS 2 member contribution rate less 2.5% of pay.
- PERS 2 Court of Appeals and Superior Court judges -- 250% of the PERS 2 member contribution rate.
- PERS 3 Supreme Court justices, Court of Appeals and Superior Court judges--variable based on member's selection, subject to a 7.5% minimum.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2008 were as follows:

PERS Actual Contribution Rates			
	Plan 1	Plan 2	Plan 3
<u>Members Not Participating in JBM:</u>			
Employer Rates:			
State Agencies*	6.13%	6.13%	6.13% **
Local Governmental Units*	6.13%	6.13%	6.13% **
State Government Elected Officials*	9.12%	6.13%	6.13% **
Employee Rates:			
State Agencies	6.00%	4.15%	***
Local Governmental Units	6.00%	4.15%	***
State Government Elected Officials	7.50%	4.15%	***
<u>Members Participating in JBM:</u>			
Employer Rates:			
State Agencies*	8.63%	8.63%	8.63% **
Local Governmental Units*	6.13%	6.13%	6.13% **
Employee Rates:			
State Agencies	9.76%	7.88%	7.50%****
Local Governmental Units	12.26%	10.38%	7.50%****

*Includes an administrative expense rate of 0.16 percent.
 **Plan 3 defined benefit portion only.
 ***Variable from 5% to 15% based on rate selected by the member.
 **** Minimum rate.

SERS: Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 employer contribution rates. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under SERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated dependent on the employee's age.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.35 and 41.45 RCW.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2008 were as follows:

SERS Actual Contribution Rates		
	Plan 2	Plan 3
Employer Rates:		
State Agencies*	5.88%	5.88% **
Local Governmental Units*	5.88%	5.88% **
Employee Rates:		
State Agencies	3.90%	***
Local Governmental Units	3.90%	***

*Includes an administrative expense rate of 0.16 percent.
 ** Plan 3 defined benefit portion only.
 ***Variable from 5% to 15% based on rate selected by the member.

PSERS: Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.37 and 41.45 RCW.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2008 were as follows:

PSERS Actual Contribution Rates	
	Plan 2
Employer Rates:	
State Agencies*	8.55%
Local Governmental Units*	8.55%
Employee Rates:	
State Agencies	6.57%
Local Governmental Units	6.57%

*Includes an administrative expense rate of 0.16 percent.

TRS: Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under TRS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.32 and 41.45 RCW.

As a result of the implementation of the Judicial Benefit Multiplier (JBM) Program in January 2007, a second tier of employee rates was developed to fund the increased retirement benefits of those judges that participate in the program. The required employer contribution rate for a TRS employer of Supreme Court justices, court of appeals judges and superior court judges equals the TRS contribution rate. The required member contribution rate of TRS 1 Supreme Court justices, court of appeals judges and superior court judges is the TRS 1 rate of 6.0 percent plus 3.76 percent of pay. These higher rates, along with investment earnings, are intended to fund the increased retirement benefits of those judges that participate in the JBM program.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2008 were as follows:

TRS Actual Contribution Rates			
	Plan 1	Plan 2	Plan 3
<u>Members Not Participating in JBM:</u>			
Employer Rates*	5.82%	5.82%	5.82%**
Employee Rates:			
State Agencies	6.00%	2.90%	***
Local Governmental Units	6.00%	2.90%	***
State Government Elected Officials	7.50%	2.90%	***
<u>Members Participating in JBM:</u>			
Employer Rates*	5.82%	n/a	n/a
Employee Rates:			
State Agencies	9.76%	n/a	n/a

*Includes an administrative expense rate of 0.16 percent.
 **Plan 3 defined benefit portion only.
 ***Variable from 5% to 15% based on rate selected by the member.

LEOFF: Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2008 were as follows:

LEOFF Actual Contribution Rates		
	Plan 1	Plan 2
Employer Rates:		
Cities, Counties, Fire Districts, etc.*	0.16%	5.35%
Ports and Universities*	n/a	8.80%
Employee Rates:		
Cities, Counties, Fire Districts, etc.	--	8.64%
Ports and Universities	n/a	8.64%
State of Washington	n/a	3.45%
* Includes an administrative expense rate of 0.16 percent.		

The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. For Fiscal Year 2008, the state contributed \$45.9 million to LEOFF Plan 2.

WSPRS: Each biennium, the state Pension Funding Council adopts the employee and the state contribution rates, subject to revision by the Legislature. The preliminary employee and the state contribution rates are developed by the Office of the State Actuary to fully fund the plan. State statute also requires employees to contribute at a rate of at least 2 percent.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 43.43 and 41.45 RCW.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2008 were as follows:

WSPRS Actual Contribution Rates		
	Plan 1	Plan 2
Employer Rate*	7.86%	7.86%
Employee Rate	6.65%	6.65%*
*Includes an administrative expense rate of 0.16 percent.		

JRS: Contributions made are based on rates set in chapter 2.10 RCW. By statute, employees are required to contribute 7.5 percent with an equal amount contributed by the state. In addition, the state guarantees the solvency of the JRS on a pay-as-you-go basis. Each biennium, the Legislature, through biennial appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For Fiscal Year 2008, the state contributed \$9.6 million.

Judges: Contributions made are based on rates set in chapter 2.12 RCW. By statute, employees are required to contribute 6.5 percent with an equal amount contributed by the state. In addition, the state guarantees the solvency of the Judges' Retirement fund on a pay-as-you-go basis. As of June 30, 2008, there are no active members remaining in the Judges Retirement Fund and member contributions are no longer collected. Each biennium, the Legislature, through biennial appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For Fiscal Year 2008, however, no such appropriations or contributions were made.

D. Funded Status and Funding Progress

The funded status of each plan as of June 30, 2007, the most recent actuarial valuation date, is as follows (dollar amounts in millions):

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PERS Plan 1	\$ 9,715.0	\$ 13,740.0	\$ 4,025.0	71%	\$ 676.0	595%
PERS Plan 2/3*	\$ 14,888.0	\$ 14,661.0	\$ (227.0)	102%	\$ 7,157.0	(3)%
SERS Plan 2/3*	\$ 2,133.0	\$ 1,998.0	\$ (136.0)	107%	\$ 1,283.0	(11)%
PSERS Plan 2*	\$ 14.0	\$ 12.0	\$ (1.0)	110%	\$ 134.0	(1)%
TRS Plan 1	\$ 8,302.0	\$ 10,826.0	\$ 2,524.0	77%	\$ 426.0	592%
TRS Plan 2/3*	\$ 5,277.0	\$ 4,682.0	\$ (594.0)	113%	\$ 3,318.0	(18)%
LEOFF Plan 1	\$ 5,298.0	\$ 4,340.0	\$ (958.0)	122%	\$ 43.0	(2,228)%
LEOFF Plan 2*	\$ 4,360.0	\$ 3,626.0	\$ (734.0)	120%	\$ 1,234.0	(59)%
WSPRS 1/2*	\$ 800.0	\$ 702.0	\$ (98.0)	114%	\$ 72.0	(136)%
JRS	\$ 0.5	\$ 85.0	\$ 84.5	1%	\$ 1.3	6,500%
Judges	\$ 4.0	\$ 3.9	\$ (0.1)	103%	\$ -	n/a

*These plans all use the Aggregate actuarial cost method which does not identify or separately amortize unfunded actuarial liabilities. For this reason, the information shown above has been prepared using the Entry Age actuarial cost method and is intended to serve as a surrogate for the funded status and funding progress of these plans.

Note: Totals may not agree due to rounding. Percentages are calculated using unrounded totals.

Source: Washington State Office of the State Actuary

The Schedules of Funding Progress, presented as Required Supplementary information (RSI) following the Notes to the Financial Statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information for the Defined Benefit Plans as of the latest valuation is shown below:

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3	SERS Plan 2/3
Valuation - Date	6/30/2007	6/30/2007	6/30/2007	6/30/2007	6/30/2007
Actuarial Cost Method	frozen initial liability ¹	aggregate ²	frozen initial liability ¹	aggregate ²	aggregate ²
Amortization Method					
Funding	level % ⁴	n/a	level % ⁴	n/a	n/a
GASB	level \$	n/a	level \$	n/a	n/a
Remaining Amortization Years (Closed)	17.00	n/a	17.00	n/a	n/a
Remaining Amortization Period (Closed)	6/30/2024	n/a	6/30/2024	n/a	n/a
	8-year graded smoothed fair value ⁶	8-year graded smoothed fair value ⁶	8-year graded smoothed fair value ⁶	8-year graded smoothed fair value ⁶	8-year graded smoothed fair value ⁶
Investment Rate of Return	8.00%	8.00%	8.00%	8.00%	8.00%
Projected Salary Increases					
Salary Inflation at 4.25%, Plus the Merit Increases Described Below ⁵ :					
Initial Salary Merit (Grades Down to 0%)	6.1%	6.1%	5.8%	5.8%	6.9%
Merit Period (Years of Service)	17 yrs	17 yrs	26 yrs	26 yrs	20 yrs
Includes Inflation at Cost of Living Adjustments	n/a Uniform COLA ⁷	3.50% CPI increase, maximum 3%	n/a Uniform COLA ⁷	3.50% CPI increase, maximum 3%	3.50% CPI increase, maximum 3%

N/A indicates data not applicable

¹ Based on a variation of the Frozen Initial Liability (FIL) cost method.

² The aggregate cost method does not identify or separately amortize unfunded actuarial accrued liabilities.

³ Pay As You Go basis for funding.

⁴ Level percent of system payroll, including system growth.

⁵ LEOFF Plan 2 assumes 4.5% salary inflation.

⁶ Asset Valuation Method - 8 year smoothed fair value - The actuarial value of assets is calculated under an adjusted market value method by starting with the market value of assets. For subsequent years, the actuarial value of assets is determined by adjusting the market value of assets to reflect the difference between the actual investment return and the expected investment return during each of the last eight years or, if fewer, the completed years since adoption, at the following rates per year (annual recognition):

Annual Gain/Loss					
Rate of Return	Smoothing Period	Annual Recognition	Rate of Return	Smoothing Period	Annual Recognition
15% and up	8 years	12.50%	6-7%	2 years	50.00%
14-15%	7 years	14.29%	5-6%	3 years	33.33%
13-14%	6 years	16.67%	4-5%	4 years	25.00%
12-13%	5 years	20.00%	3-4%	5 years	20.00%
11-12%	4 years	25.00%	2-3%	6 years	16.67%
10-11%	3 years	33.33%	1-2%	7 years	14.29%
9-10%	2 years	50.00%	1% and lower	8 years	12.50%
7-9%	1 year	100.00%			

Source: Washington State Office of the State Actuary

Chart continued on page 71

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PSERS Plan 2	LEOFF Plan 1	LEOFF Plan 2	WSPRS Plan 1/2	Judicial	Judges
6/30/2007	6/30/2007	6/30/2007	6/30/2007	6/30/2007	6/30/2007
aggregate ²	frozen initial liability ¹	aggregate ²	aggregate ²	entry age ³	entry age ³
n/a	level % ⁴	n/a	n/a	n/a	n/a
n/a	level \$	n/a	n/a	level \$	level \$
n/a	17.75	n/a	n/a	1.51	1.51
n/a	6/30/2024	n/a	n/a	12/31/2008	12/31/2008
8-year graded smoothed fair value ⁶	8-year graded smoothed fair value ⁶	8-year graded smoothed fair value ⁶	8-year graded smoothed fair value ⁶	market	market
8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
6.1%	11.0%	11.0%	7.1%	0.0%	0.0%
17 yrs	21 yrs	21 yrs	26 yrs	n/a	n/a
3.50% CPI increase, maximum 3%	3.50% CPI increase	3.50% CPI increase, maximum 3%	3.50% CPI increase, maximum 3%	3.50% 3.00%	3.50% none

⁷ The Uniform COLA

Generally, all retirees over age 66 receive an increase in their monthly benefit at least once a year. The Uniform COLA amount is calculated as the last unrounded Uniform COLA amount increased by 3%, rounded to the nearest penny. These are some historical monthly COLA amounts per year of service:

<u>Date</u>	<u>COLA Type</u>	<u>Amount</u>
7/1/2003	Uniform	\$1.18
7/1/2004	Uniform	\$1.21
7/1/2005	Uniform	\$1.25
7/1/2006	Uniform	\$1.29
7/1/2007	Uniform	\$1.33

E. Defined Contribution Plans

Public Employees' Retirement System Plan 3: The Public Employees' Retirement System (PERS) Plan 3 is a defined benefit plan, with a defined contribution component, administered by the state through DRS. Eligible employees include: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS participants who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants who joined the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. As of June 30, 2008, there are 626 participating employers in PERS Plan 3. See section B of Note 2 for PERS plan descriptions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by RCW 41.34, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries based on member choice. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

Membership in PERS Plan 3 consisted of the following as of the latest actuarial valuation date of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	599
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	2,584
Active Plan Members Vested	8,915
Active Plan Members Nonvested	<u>15,507</u>
Total	27,605

PERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions as authorized by the Employee Retirement Benefits Board. Any expenses incurred in conjunction with self-directed investments are to be paid by members. Absent a member's self-direction, PERS Plan 3 investments are made in the same portfolio as that of the PERS 2/3 defined benefit plan.

For Fiscal Year 2008, employee contributions were \$82.7 million, and plan refunds paid out were \$38.3 million.

School Employees' Retirement System Plan 3: The School Employees' Retirement System (SERS) Plan 3 is a defined benefit plan, with a defined contribution component, administered by the state through DRS. Eligible employees include classified employees of school districts and educational service districts who joined PERS Plan 2 on or after October 1, 1977 and by August 31, 2000, and were transferred to SERS Plan 2 on September 1, 2000. Members transferred from PERS Plan 2 to SERS Plan 2 may exercise an option to transfer their membership to SERS Plan 3. SERS participants joining the system on or after September 1, 2000, and before July 1, 2007, are members of SERS Plan 3. SERS members hired on or after July 1, 2007 have 90 days to choose between SERS Plan 3 and SERS Plan 2. Individuals who fail to make a choice will default to SERS Plan 3. As of June 30, 2008, there are 304 participating employers in SERS Plan 3. See section B of Note 2 for SERS plan descriptions.

SERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by RCW 41.34, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries based on member choice. There are currently no requirements for employer contributions to the defined contribution component of SERS Plan 3.

Membership in SERS Plan 3 consisted of the following as of the latest actuarial valuation date of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	1,115
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	3,681
Active Plan Members Vested	15,004
Active Plan Members Nonvested	18,054
Total	37,854

SERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions as authorized by the Employee Retirement Benefits Board. Any expenses incurred in conjunction with self-directed investments are to be paid by members. Absent a member's self-direction, SERS Plan 3 investments are made in the same portfolio as that of the SERS 2/3 defined benefit plan.

For Fiscal Year 2008, employee contributions were \$58.4 million, and plan refunds paid out were \$39.8 million.

Teachers' Retirement System Plan 3: The Teachers' Retirement System (TRS) Plan 3 is a defined benefit plan, with a defined contribution component, administered by the state through DRS. Eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity. TRS participants who joined on or after October 1, 1977 and by June 30, 1996 are Plan 2 members unless they exercised an

option to transfer their membership to Plan 3. TRS participants joining the system on or after July 1, 1996, and those who exercised their transfer option, are members of TRS Plan 3. As of June 30, 2008, there are 332 participating employers in TRS Plan 3. See section B of Note 2 for TRS plan descriptions.

TRS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by RCW 41.34, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries based on member choice. There are currently no requirements for employer contributions to the defined contribution component of TRS Plan 3.

Membership in TRS Plan 3 consisted of the following as of the latest actuarial valuation date of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	1,043
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	4,768
Active Plan Members Vested	27,352
Active Plan Members Nonvested	24,504
Total	57,667

TRS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions as authorized by the Employee Retirement Benefits Board. Any expenses incurred in conjunction with self-directed investments are to be paid by members. Absent a member's self-direction, TRS Plan 3 investments are made in the same portfolio as that of the TRS 2/3 defined benefit plan.

For Fiscal Year 2008, employee contributions required and made were \$234.7 million and plan refunds paid out were \$84.8 million.

Judicial Retirement Account: The Judicial Retirement Account (JRA) was established by the Legislature in 1988 to provide supplemental retirement benefits. It is a defined contribution plan administered by the state of Washington Administrative Office of the Courts, under the direction of the Board for Judicial Administration. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts, and who are members of the PERS for their services as a judge. Vesting is full and immediate. At June 30, 2008, there were 34 active members and 184 inactive members in JRA. There are three participating employers in JRA.

Beginning January 1, 2007 through December 31, 2007 any judicial members of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) eligible to participate in JRA were able to make a one-time irrevocable election to discontinue future contributions to JRA, in lieu of prospective contributions to the Judicial Benefit Multiplier Program (JBM). Beginning January 1, 2007 any newly elected or appointed Supreme Court Justice, Court of Appeals Judge or Superior Court Judge can no longer participate in JRA and will be enrolled in the JBM Program enacted in 2006. As of June 30, 2008, 189 JRA member judges have elected to enroll in JBM.

JRA plan members are required to contribute 2.5 percent of covered salary. The state, as employer, contributes an equal amount on a monthly basis. The employer and employee obligations to contribute are established per RCW 2.14. Plan provisions and contribution requirements are established in state statute and may be amended only by the State Legislature.

A JRA member who separates from judicial service for any reason is entitled to receive a lump-sum distribution of the accumulated contributions. The administrator of JRA may adopt rules establishing other payment options. If a member dies, the amount of accumulated contributions standing to the member's credit at the time of the member's death is to be paid to the member's estate, or such person or persons, trust or organization as the member has nominated by written designation.

The Administrator of JRA has entered into an agreement with DRS for accounting and reporting services, and the Washington State Investment Board (WSIB) for investment services. Under this agreement, DRS is responsible for all record keeping, accounting, and reporting of member accounts and the WSIB is granted the full power to establish investment policy, develop participant investment options and manage the investment funds from the JRA plan, consistent with the provisions of RCW 2.14.080 and RCW 43.84.150. As of April 2006, DRS also became responsible for the collection of all JRA contributions.

F. Employer Contributions Required and Paid

The following table presents DRS' required contributions to cost-sharing plans in accordance with the funding policy. All contributions required by the funding method were paid.

	2008	2007	2006
(amounts expressed in thousands)			
PERS Plan 1	\$82.5	\$ 60.4	\$ 35.0
PERS Plan 2/3	717.2	487.9	250.0
TRS Plan 1	-	-	1.0
Total	<u>\$799.7</u>	<u>\$ 548.3</u>	<u>\$ 286.0</u>

G. Deferred Compensation Plan

The state of Washington offers its employees and employees of those political subdivisions that elect to participate, a deferred compensation plan pursuant to RCW 41.50.770, in accordance with Internal Revenue Code Section 457. Under the plan, eligible employees elect to defer a portion of their salary until future time periods. The deferred compensation is not available to employees until termination, retirement, disability, death or unforeseeable financial emergency. This deferred compensation plan is administered by DRS.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust by the Washington State Investment Board (WSIB), as set forth under RCW 43.33A.030, for the exclusive benefit of the state deferred compensation plan's participants and their beneficiaries. Neither the participant, nor the participant's benefi-

ciary or beneficiaries, nor any other designee, has any right to commute, sell, assign, transfer, or otherwise convey the right to receive any payments under the plan. These payments and rights thereto are nonassignable and nontransferable.

Employees participating in the state Deferred Compensation Plan self-direct the investment of the deferred portion of their income through the selection of investment options. These options are provided by the WSIB after consultation with the Employee Retirement Benefits Board. The WSIB has the full power to invest moneys in the state deferred compensation plan in accordance with RCW 43.84.150, 43.33A.140, and 41.50.770. Pursuant to RCW 41.50.770, no state board, commission, agency, or any officer, employee or member thereof is liable for any loss or deficiency resulting from participant investments selected, or from reasonable efforts to implement investment directions.

The Deferred Compensation Plan offers a stable principal Savings Pool and eleven other diversified investment options. The investment options consist of the following:

- Savings Pool
- Active U.S. Core Stock Fund
- Active U.S. Value Stock Fund
- Fidelity Growth Company Fund
- International Stock Fund
- U.S. Small Stock Index Fund
- U.S. Stock Market Index Fund
- Washington State Bond Fund
- Washington State Long-Horizon Fund
- Washington State Mid-Horizon Fund
- Washington State Short-Horizon Fund
- Washington State Social Balanced Fund

More detailed information and discussion regarding investment strategies and an overview of investments in general can be obtained by contacting DRS.

G. Dependent Care Assistance Program

The state of Washington offers its employees a dependent care assistance program pursuant to RCW 41.04.600, in accordance with Internal Revenue Code Section 129. Under the program, eligible employees elect to reduce their taxable

salary (before federal income and social security taxes) by amounts paid or incurred by the employer for dependent care assistance provided to the employee. DRS fully administered this dependent care assistance program (DCAP) through the end of the 2007 calendar year. Recent legislation (HB 2652, Chapter 229, Laws of 2008) transferred the administration of this program to the Health Care Authority, effective January 1, 2009. During the 2008 transitional calendar year, DCAP is being operated under an interagency agreement between the two agencies.

Participation in DCAP requires the employee to estimate the amount of dependent care expense he/she expects to incur during the plan year. The amount of salary reduction elected should not exceed those expenses. The reductions are taken in equal amounts each regular pay period and deposited into a dependent care account. Eligible expenses are charges for care of a qualifying person inside or outside the employee's home which enable the employee to work. If the eligible employee is married, the expenses must also occur while the employee's spouse is employed (or if the employee's spouse is a full-time student, on days the spouse attends school).

Qualifying persons are as follows:

- Children under age 13 who qualify as IRS dependents;
- Any other IRS dependent who is physically and/or mentally incapable of self-care; or
- A spouse who is physically or mentally incapable of self-care.

Every action taken by DRS in administering the Dependent Care Assistance Program is deemed to be a fair and reasonable exercise of the authority vested in or the duties imposed upon it. DRS is deemed to have exercised reasonable care, diligence, and prudence and to have acted impartially as to all persons interested unless the contrary be proved by clear and convincing affirmative evidence.

Required Supplementary Information

Schedule of Funding Progress: PERS Plan 1

	(dollars in millions)					
	2007	2006	2005	2004	2003	2002
Actuarial Valuation Date	6/30/07	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02
Actuarial Value of Plan Assets	\$9,715	\$9,591	\$9,707	\$9,928	\$10,227	\$10,757
Actuarial Accrued Liability	\$13,740	\$13,129	\$13,704	\$12,855	\$12,692	\$12,560
Unfunded Actuarial Liability	\$4,025	\$3,538	\$3,997	\$2,927	\$2,465	\$1,803
Funded Ratio	71%	73%	71%	77%	81%	86%
Covered Payroll	\$676	\$725	\$786	\$863	\$945	\$1,023
Unfunded Actuarial Liability as a Percentage of Covered Payroll	595%	488%	509%	339%	261%	176%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: PERS Plan 2/3

	(dollars in millions)					
	2007	2006	2005	2004	2003	2002
Actuarial Valuation Date	6/30/07	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02
Actuarial Value of Plan Assets	\$14,888	*	*	*	*	*
Actuarial Accrued Liability	\$14,661	*	*	*	*	*
Unfunded Actuarial Liability	\$(227)	*	*	*	*	*
Funded Ratio	102%	*	*	*	*	*
Covered Payroll	\$7,157	*	*	*	*	*
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(3)%	*	*	*	*	*

*Data not available

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: SERS Plan 2/3

	(dollars in millions)					
	2007	2006	2005	2004	2003	2002
Actuarial Valuation Date	6/30/07	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02
Actuarial Value of Plan Assets	\$2,133	*	*	*	*	*
Actuarial Accrued Liability	\$1,998	*	*	*	*	*
Unfunded Actuarial Liability	\$(136)	*	*	*	*	*
Funded Ratio	107%	*	*	*	*	*
Covered Payroll	\$1,283	*	*	*	*	*
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(11)%	*	*	*	*	*

*Data not available

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: PSERS Plan 2

	(dollars in millions)					
	2007	2006	2005	2004	2003	2002
Actuarial Valuation Date	6/30/07	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02
Actuarial Value of Plan Assets	\$14	*	*	*	*	*
Actuarial Accrued Liability	\$12	*	*	*	*	*
Unfunded Actuarial Liability	\$(1)	*	*	*	*	*
Funded Ratio	110%	*	*	*	*	*
Covered Payroll	\$134	*	*	*	*	*
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(1)%	*	*	*	*	*

*Data not available

Note: Totals may not agree due to rounding. Percentages are calculated using unrounded totals.

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: TRS Plan 1

	(dollars in millions)					
	2007	2006	2005	2004	2003	2002
Actuarial Valuation Date	6/30/07	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02
Actuarial Value of Plan Assets	\$8,302	\$8,275	\$8,450	\$8,728	\$9,086	\$9,366
Actuarial Accrued Liability	\$10,826	\$10,359	\$10,894	\$10,401	\$10,325	\$10,235
Unfunded Actuarial Liability	\$2,524	\$2,084	\$2,444	\$1,673	\$1,239	\$869
Funded Ratio	77%	80%	78%	84%	88%	92%
Covered Payroll	\$426	\$478	\$546	\$616	\$692	\$741
Unfunded Actuarial Liability as a Percentage of Covered Payroll	592%	436%	448%	272%	179%	117%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: TRS Plan 2/3

	(dollars in millions)					
	2007	2006	2005	2004	2003	2002
Actuarial Valuation Date	6/30/07	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02
Actuarial Value of Plan Assets	\$5,277	*	*	*	*	*
Actuarial Accrued Liability	\$4,682	*	*	*	*	*
Unfunded Actuarial Liability	\$(594)	*	*	*	*	*
Funded Ratio	113%	*	*	*	*	*
Covered Payroll	\$3,318	*	*	*	*	*
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(18)%	*	*	*	*	*

*Data not available

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: LEOFF Plan 1

	(dollars in millions)					
	2007	2006	2005	2004	2003	2002
Actuarial Valuation Date	6/30/07	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02
Actuarial Value of Plan Assets	\$5,298	\$5,018	\$4,800	\$4,666	\$4,803	\$5,095
Actuarial Accrued Liability	\$4,340	\$4,309	\$4,243	\$4,266	\$4,275	\$4,259
Unfunded Actuarial Liability	\$(958)	\$(709)	\$(557)	\$(400)	\$(528)	\$(836)
Funded Ratio	122%	116%	113%	109%	112%	120%
Covered Payroll	\$43	\$48	\$56	\$64	\$71	\$80
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(2,243)%	(1,475)%	(995)%	(625)%	(744)%	(1,045)%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: LEOFF Plan 2

	(dollars in millions)					
	2007	2006	2005	2004	2003	2002
Actuarial Valuation Date	6/30/07	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02
Actuarial Value of Plan Assets	\$4,360	*	*	*	*	*
Actuarial Accrued Liability	\$3,626	*	*	*	*	*
Unfunded Actuarial Liability	\$(734)	*	*	*	*	*
Funded Ratio	120%	*	*	*	*	*
Covered Payroll	\$1,234	*	*	*	*	*
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(59)%	*	*	*	*	*

*Data not available
Source: Washington State Office of the State Actuary

Schedule of Funding Progress: WSPRS 1/2

	(dollars in millions)					
	2007	2006	2005	2004	2003	2002
Actuarial Valuation Date	6/30/07	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02
Actuarial Value of Plan Assets	\$800	*	*	*	*	*
Actuarial Accrued Liability	\$702	*	*	*	*	*
Unfunded Actuarial Liability	\$(98)	*	*	*	*	*
Funded Ratio	114%	*	*	*	*	*
Covered Payroll	\$72	*	*	*	*	*
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(136)%	*	*	*	*	*

*Data not available
Source: Washington State Office of the State Actuary

Schedule of Funding Progress: JRS

	(dollars in millions)					
	2007	2006	2005	2004	2003	2002
Actuarial Valuation Date	6/30/07	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02
Actuarial Value of Plan Assets	\$1.0	\$0.3	\$2	\$4	\$6	\$8
Actuarial Accrued Liability	\$85	\$88	\$89	\$89	\$91	\$92
Unfunded Actuarial Liability	\$85	\$88	\$87	\$85	\$85	\$84
Funded Ratio	1%	0%	2%	4%	7%	9%
Covered Payroll	\$1.3	\$1.4	\$1.7	\$2.4	\$2.6	\$3.0
Unfunded Actuarial Liability as a Percentage of Covered Payroll	6,374%	6,071%	5,118%	3,542%	3,269%	2,800%
Source: Washington State Office of the State Actuary						

Schedule of Funding Progress: Judges

	(dollars in millions)					
	2007	2006	2005	2004	2003	2002
Actuarial Valuation Date	6/30/07	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02
Actuarial Value of Plan Assets	\$4.0	\$4.1	\$4.2	\$4.4	\$4.5	\$4.7
Actuarial Accrued Liability	\$3.9	\$4.0	\$4.5	\$4.7	\$5.2	\$5.5
Unfunded Actuarial Liability	\$(0.1)	\$(0.1)	\$0.3	\$0.3	\$0.7	\$0.8
Funded Ratio	103%	103%	93%	94%	87%	85%
Covered Payroll	\$-	\$-	\$-	\$-	\$-	\$0.1
Unfunded Actuarial Liability as a Percentage of Covered Payroll	n/a	n/a	n/a	n/a	n/a	800%
Source: Washington State Office of the State Actuary						

Note on PERS Plan 2/3, SERS Plan 2/3, PSERS Plan 2, TRS Plan 2/3, LEOFF Plan 2, and WSPRS Plan 1/2: These plans all use the Aggregate actuarial cost method which does not identify or separately amortize unfunded actuarial accrued liabilities. For this reason, the information about funded status and funding progress shown above for these plans has been prepared using the Entry Age actuarial cost method and is intended to serve as a surrogate for the funded status and funding progress information of these plans, as required by GASB 50.

Schedule of Contributions from Employers and Other Contributing Entities

The following schedule covers the fiscal years ended 2003-2008.

	(dollars in millions)											
	Annual Required Contribution*						Percentage Contributed					
	2008	2007	2006	2005	2004	2003	2008	2007	2006	2005	2004	2003
PERS Plan 1	\$ 453.1	\$ 397.3	\$ 438.5	\$ 340.3	\$ 295.1	\$ 228.9	49%	30%	7%	7%	8%	25%
PERS Plan 2/3	363.3	331.3	307.6	227.7	192.6	141.7	88%	73%	49%	33%	36%	27%
SERS Plan 2/3	75.8	71.5	81.4	64.0	52.3	44.2	69%	64%	37%	16%	17%	14%
PSERS Plan 2**	12.4	7.1	n/a	n/a	n/a	n/a	94%	93%	n/a	n/a	n/a	n/a
TRS Plan 1	294.7	249.8	287.5	224.3	185.7	153.4	38%	24%	5%	4%	6%	13%
TRS Plan 2/3	208.9	167.7	166.4	117.4	96.2	79.5	52%	61%	45%	29%	31%	23%
LEOFF Plan 1	0.0	0.1	0.0	0.0	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a
LEOFF Plan 2	102.1	94.9	101.3	80.8	69.2	56.8	117%	101%	79%	67%	74%	74%
WSPRS Plan 1/2	6.8	5.3	6.1	3.4	2.6	0.0	89%	62%	48%	0%	0%	n/a
JRS	26.6	37.3	27.7	21.7	18.5	16.2	36%	26%	24%	29%	34%	38%
Judges	0.0	0.0	0.1	0.1	0.2	0.1	n/a	n/a	300%	500%	250%	300%

* The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from the methods used to derive the actual contributions required by law. These differences include the use of different actuarial valuations (actual contributions may be based on an earlier valuation) and different actuarial cost methods. For these reasons, the actual contributions will not match the Annual Required Contributions.

** PSERS Plan 2 became effective on July 1, 2006.

Source: Washington State Office of the State Actuary

Supporting Schedules

Schedule of Administrative Expenses For the Year Ended June 30, 2008 (expressed in thousands)

	Retirement Pension Trust Funds	Deferred Compensation Pension Trust Fund	Dependent Care Administrative Special Revenue Fund	Totals	
				June 30, 2008	June 30, 2007
Current					
Personnel:					
Salaries and Wages	\$ 11,649	\$ 870	\$ 56	\$ 12,575	\$ 11,827
Employee Benefits	3,528	269	18	3,815	3,296
Personal Service Contracts	1,139	21	-	1,160	1,531
Total Personnel Expenses	16,316	1,160	74	17,550	16,654
Goods and Services:					
Supplies and Materials	60	6	-	66	54
Communications	622	9	1	632	579
Utilities	133	9	1	143	147
Rental and Leases	1,293	83	10	1,386	1,383
Repairs and Alterations	401	5	1	407	353
Printing and Reproduction	394	34	1	429	358
Employee Professional Development and Training	144	7	-	151	146
Subscriptions	15	3	-	18	22
Facilities and Services	341	22	3	366	334
Data Processing Services	2,235	22	7	2,264	2,188
Attorney General Services	36	13	2	51	54
Personnel Services	64	4	1	69	168
Medical Consultant Services	107	-	-	107	88
Insurance	60	4	1	65	121
Other Contractual Services	693	36	-	729	1,067
Vehicle Maintenance	10	10	-	20	15
Actuary Services	1,522	-	-	1,522	1,309
Pension Funding Council Services	94	-	-	94	102
Audit Services	227	15	2	244	207
Archives and Records Management	55	4	-	59	48
Legal Fees	3,516	-	-	3,516	1,282
Bad Debts Expense	47	-	-	47	49
Fraudulent Collections	127	-	-	127	112
OWMBE Services	3	-	-	3	2
Other Goods and Services	61	-	-	61	73
Total Goods and Services	12,260	286	30	12,576	10,261
Miscellaneous Expenses:					
Travel	82	35	1	118	96
Noncapitalized Equipment	290	7	1	298	315
Total Miscellaneous Expenses	372	42	2	416	411
Total Current Expenses	28,948	1,488	106	30,542	27,326
Capital Outlays:					
Furnishings, Equipment and Software	123	-	-	123	293
Total Capital Outlays	123	-	-	123	293
Depreciation - Capital Assets	233	-	-	233	215
Total Administrative Expenses	\$ 29,304	\$ 1,488	\$ 106	\$ 30,898	\$ 27,834

Schedule of Investment Expenses
Pension Trust Funds
For the Year Ended June 30, 2008
(expressed in thousands)

	Investment Management Expense
Public Equity Securities	
U.S. Active Equity Managers	\$ 585
U.S. Passive Equity Managers	920
International Active Equity Managers	10,027
International Passive Equity Managers	267
Equity Commissions Paid	11,908
Total Public Equity Securities	23,707
Alternative Investments	
Innovation	503
Private Equity	29,748
Real Estate	8,380
Tangibles	1,558
Total Alternative Investments	40,189
Securities Lending	
Securities Lending Broker Rebates Paid	157,635
Securities Lending Fees	4,949
Total Securities Lending	162,584
Other Expenses	
Accounting	128
Consultants and Advisors	109
Custodians	3,165
Legal Fees	184
Research Services	268
PERS Plan 3 Management Fees	677
SERS Plan 3 Management Fees	322
TRS Plan 3 Management Fees	1,955
Deferred Compensation Management Fees	3,264
Miscellaneous Fees	28
OST Operating Costs	104
WSIB Operating Costs	9,113
Total Other Expenses	19,317
Total Investment Expenses	\$ 245,797

Schedule of Payments to Consultants
For the Year Ended June 30, 2008
(expressed in thousands)

	<u>Commission/Fee</u>
Communications	
Daniels-Brown Communications	\$ 25
Total Communications	<u>25</u>
Computer/Technology	
Aetea Information Technology Inc.	182
Daniels Consulting	143
Martin Analysis and Programming, Inc.	307
Milestone Technology	31
Seitel Leeds & Associates, Inc.	<u>53</u>
Total Computer/Technology	<u>716</u>
Legal	
Dixie Cattell & Associates	12
Foster Pepper & Shefelman PLLC	96
Ice Miller Legal & Business Advisors	<u>119</u>
Total Legal	<u>227</u>
Management	
Bartel Associates, LLC	94
Cost Effectiveness Measurement, Inc.	30
Mercer Investment Consulting	38
Peterson Sullivan LLP	54
Professional Personnel Services	74
Social Marketing Services, Inc.	<u>18</u>
Total Management	<u>308</u>
Recordkeeping	
ICMA Retirement Corporation	<u>1,000</u>
Total Recordkeeping	<u>1,000</u>
Total Payments to Consultants	<u><u>\$ 2,276</u></u>

For fees paid to investment professionals, refer to the Investment section of this report.

Statement of Changes in Assets and Liabilities
Dependent Care Agency Fund
For the Year Ended June 30, 2008
(expressed in thousands)

	Balance 07/01/07	Additions	Deductions	Balance 06/30/08
ASSETS				
Cash and Pooled Investments	\$ 656	\$ 13,315	\$ 13,049	\$ 922
Due From Other Funds	1	-	1	-
Other Receivables	-	2	2	-
Total Assets	<u>\$ 657</u>	<u>\$ 13,317</u>	<u>\$ 13,052</u>	<u>\$ 922</u>
LIABILITIES				
Accrued Liabilities	\$ 657	\$ 5,188	\$ 4,923	\$ 922
Total Liabilities	<u>\$ 657</u>	<u>\$ 5,188</u>	<u>\$ 4,923</u>	<u>\$ 922</u>

Investment Section

Report On Investment Activity

Prepared by the Washington State Investment Board

Overview

The Washington State Investment Board (WSIB) manages retirement fund assets to maximize return at a prudent level of risk (Chapter 43.33A.110 RCW). Investment decisions are made within the framework of a Strategic Asset Allocation Policy, and a series of written WSIB-adopted investment policies for the various asset classes in which WSIB invests.

The Retirement Funds, collectively called the Commingled Trust Fund (CTF), decreased in value by \$1.7 billion during fiscal 2008 to \$62.2 billion. The CTF return was (1.24) percent for the fiscal year.

Established in July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Additional general information about the CTF includes:

- **Participant Concentration**—The retirement funds that make up the CTF and their respective concentrations include: PERS 1 (17.1%), PERS 2/3 DB and DC plans (29.7%), SERS 2/3 DB and DC plans (5.3%), PSERS 2 (0.1%), TRS 1 (14.3%), TRS 2/3 DB and DC plans (13.8%), WSPRS 1/2 (1.5%), LEOFF 1 (9.7%) and LEOFF 2 (8.5%).
- **External Managers**—The WSIB engages 135 general partnerships and external managers to assist in the management of the CTF's investments.
- **Risk**—The various risks of the CTF portfolio include interest rate risk, credit risk, concentration risk, and foreign currency risk as described in Note 1 of the Financial Section of this report. The WSIB has not created a total fund risk profile for the CTF.
- **Leverage**—The WSIB does not leverage the CTF portfolio as a whole. Individual securities within the CTF do have leverage; however, the WSIB does not capture this information on a total basis.
- **Earnings**—The CTF does not distribute earnings directly to the owner funds. The Retirement Fund plans are allowed to purchase or sell units in the pool, based on the fair value of the underlying assets, on the first business

day of each month. The net asset value includes interest and dividend income which is recognized when earned, capital gains and losses which are recognized on a trade date basis, and purchases and sales of investments which are recorded on a trade date basis.

- **Expense**—The CTF's expense ratio for the year ended March 31, 2008 was 0.4069%.
- **Yield**—The CTF's fixed income portfolio has a yield of 5.18%
- **Weighted Average Maturity**—The CTF has a weighted average maturity of 7.23. Additional maturity information is available in Note 1 of the Financial Section of this report.

Performance

The chart below shows the returns for the CTF on a total fund basis, as well as by asset class. Appropriate benchmark returns are provided for comparison purposes.

Periods Ending 6/30/2008

	1 Year	3 Year	5 Year
TOTAL FUND	(1.24)%	11.82%	13.03%
<i>Passive Benchmark</i>	(5.81)%	7.54%	9.85%
Fixed Income	8.28%	5.01%	4.71%
<i>Lehman Universal</i>	6.22%	4.14%	4.15%
Tangible	n/a	n/a	n/a
<i>CPI (Lagged One Quarter) + 400 bp</i>	n/a	n/a	n/a
Real Estate	10.18%	19.69%	18.87%
<i>NCREIF (Lagged One Quarter) + 100 bp</i>	14.58%	17.75%	16.07%
Global Equity	(10.48)%	9.55%	12.71%
<i>Dow Jones Wilshire Global</i>	(9.65)%	10.69%	14.18%
U.S. Equity	(13.83)%	4.43%	8.41%
<i>Dow Jones Wilshire 5000</i>	(12.53)%	5.02%	8.73%
International Equity	(7.52)%	15.43%	18.71%
<i>Custom Blended Benchmark (MSCI ACW ex U.S./ACW IMI)</i>	(6.97)%	15.85%	19.23%
Private Equity	3.00%	22.82%	23.91%
<i>S&P 500 (Lagged One Quarter) + 500 bp</i>	(0.08)%	10.85%	16.32%
Innovation	(14.16)%	n/a	n/a
<i>Lehman TIPS + 300 bp</i>	2.95%	n/a	n/a
Cash	4.29%	4.54%	3.20%
<i>90 Day T-Bills</i>	3.63%	4.27%	3.18%

Performance information is compiled by the custodian, State Street Bank and Trust. Performance numbers are reported net of management fees, and are prepared using a time-weighted rate of return based on the current market value.

Asset Allocation

Investment performance is a result of two primary factors: individual asset selection and the allocation of the portfolio among asset classes (e.g. stocks, fixed income, real estate). Studies suggest that more than 90 percent of investment performance can be explained by asset allocation decision.

Accordingly, the WSIB sets a specific long-term target asset mix and adopts tight ranges around those targets to control the overall risk and return of the CTF. On a daily basis, the WSIB reviews the asset allocation in relation to the established ranges. The staff shifts assets whenever the allocation range for an asset exceeds the approved range or when cash is needed elsewhere. The WSIB reviews changes to the overall asset mix every three to four years.

The chart below shows the CTF's asset allocation as of June 30, 2008, as well as the long-term target allocations.

Current Asset Allocation and Long-Term Target Allocations		
Asset Type	Target Allocation	Actual Allocation
Fixed Income	20.00%	23.36%
Tangible Assets	5.00%	0.72%
Real Estate	13.00%	13.97%
Global Equity	37.00%	38.67%
Private Equity	25.00%	22.28%
Innovation	0.00%	0.89%
Cash	0.00%	0.10%

Global Equity

In September 2007, the WSIB revised its investment policy to consider all global, publicly-traded equity as one asset class. This reflects the fact that companies are increasingly global. Leading U.S. companies like Coca-Cola, Microsoft, and Ford do business around the world. Similarly, international companies like Honda, Sony, and Nestle are recognizable names in the U.S. market. The adoption of a global equity asset class, benchmarked to the Dow Jones Wilshire Total Global Index,

acknowledges the new reality and allows the WSIB to manage its public equity in an optimal and flexible way, although for now, most managers are still separated into U.S. equity and international equity mandates.

**Retirement Funds' Ten Largest Global Equity Holdings
as of 6/30/2008**

Exxon Mobil Corp.	1.34%	Johnson & Johnson	0.57%
Total S.A.	0.75%	Chevron Corp.	0.57%
General Electric Co.	0.71%	AT&T Inc.	0.56%
BP PLC	0.70%	Vodafone Group PLC	0.55%
Microsoft Corp.	0.66%	Procter & Gamble Co.	0.54%

**Retirement Funds' Ten Largest Global Equity Exposures by Country
as of 6/30/2008**

	CTF Weight	DJW Global Index Weight		CTF Weight	DJW Global Index Weight
United States	42.75%	40.76%	Germany	3.97%	3.49%
United Kingdom	9.67%	8.61%	Switzerland	3.02%	2.83%
Japan	8.96%	9.99%	Australia	2.78%	2.90%
France	4.64%	4.21%	Brazil	1.70%	1.86%
Canada	4.11%	4.32%	Spain	1.66%	1.60%

The ten largest country exposures comprise 83.3% of the portfolio versus the index at 80.6%.

U.S. Equity

The U.S. Equity portfolio is structured to capture the returns of the broad U.S. equity market as measured by the Dow Jones Wilshire 5000 Index. The index is comprised of all U.S. domiciled common equities for which pricing information is readily available, and currently represents approximately 5,000 companies. The portfolio is managed externally using primarily passive management strategies that track the index. The remainder is invested in active enhanced strategies.

International

Almost 88% percent of the International equity portfolio is invested in the developed markets with the remaining portion invested in the emerging markets. Portfolios are managed by external managers employing a combination of both active and passive management strategies.

Fixed Income

The Fixed Income portfolio is internally managed by WSIB staff with the Lehman Universal Index as the performance benchmark. The management strategy is primarily one of sector selection. The portfolio is structured to be over – or under-weighted relative to the index's sectors: primarily treasuries, agencies, credit, mortgage backed securities and asset backed securities. The duration of the portfolio is 4.42 percent longer than that of the Lehman Universal Index.

Retirement Funds' Fixed Income Sector Distribution as of 6/30/2008		
Investment Type	Lehman Universal	WSIB Fixed Income
Treasury Inflation Protected Securities (TIPS)	0.00%	10.66%
U.S. Treasury	18.90%	0.56%
U.S. Credit	32.78%	51.28%
U.S. Agency	8.70%	0.00%
Pass Through Mortgages	33.90%	18.62%
Commercial Mtge. Backed Securities (CMBS)	5.04	4.04%
Collateralized Mortgage Obligations (CMO)	0.00%	12.65%
Asset Backed Securities (ABS)	0.68%	0.00%
Cash	0.00%	2.19%

Private Equity

The private equity portfolio, originated in 1981, is primarily invested in partnerships that acquire or create ongoing businesses or operating companies. The WSIB has investments in all stages of the business life cycle, from private start-up technology companies to large multinational public concerns. These are long-term investments, typically 10 to 12 years in life. They are expected to generate investment returns well in excess of public equity securities. At the portfolio company level, approximately 39.0 percent is invested in private equity outside the United States.

Real Estate

The Real Estate portfolio is invested in a diversified group of properties including office buildings, retail facilities, apartments, warehouses and specialty properties. The majority of these investments have been made in partnerships with operating management groups. The WSIB invests in real estate both in the United States and internationally.

Tangible Assets

The Board added Tangible Assets to its asset allocation in November 2007, and adopted an investment policy for the new asset class in January 2008. The long-term allocation target is 5 percent, plus or minus 2 percent, and the benchmark is the Consumer Price Index (CPI) lagged one quarter plus 400 basis points. The categories of investments in this asset class are agriculture, commodities, infrastructure, natural resource rights, and timber. As this is a new asset class, the WSIB is still working towards building to its allocated target.

Portfolio Holdings

A complete list of portfolio holdings is available by contacting:

Washington State Investment Board
2100 Evergreen Park Drive SW
PO Box 40916
Olympia WA 98504-0916
(360) 956-4600

Summary of Investment Policies

The Washington State Investment Board (WSIB) has been authorized by statute as having the investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk (RCW 43.33A.110).

Retirement Fund Asset Allocation

WSIB establishes asset allocation targets that must be considered at all times when making investment decisions. The asset mix may deviate from the target. Deviations greater than predetermined acceptable levels require rebalancing back to the target. When an asset class exceeds its range, the goal of rebalancing will be to meet the target allocation within consideration of the other remaining asset classes.

Retirement funds are invested in the Commingled Trust Funds (CTF). The CTF's performance benchmark objective is to exceed the return of a policy benchmark consisting of public market indices weighted according to asset allocation targets. The asset allocation for the CTF is formally reviewed every three or four years. WSIB reviews the asset allocation in relation to the established ranges periodically.

Public Markets Equity

The Public Markets equity program seeks to:

- Achieve the highest return possible consistent with the desire to control asset volatility;
- Ensure protection for long-term liabilities, since shorter term liabilities are more suitably protected by lower volatility instruments such as fixed income securities; and
- Provide diversification to the WSIB's overall investment program.

The public markets equity portion of the retirement fund includes strategies in the U.S., developed international, and emerging markets. Since the U.S. equity markets are generally efficient, the domestic equity portfolio is 75 percent passively managed with the rest in an active enhanced index strategy. Over time, the domestic equity portfolio should track the return of a broad U.S. market benchmark, the Dow Jones Wilshire 5000 Index. Non-U.S. markets are generally less efficient than the U.S.

market; therefore, more active management will be included in the approach taken with international markets. The weightings of the elements of the developed markets and emerging markets of the international equity program will be similar to the weightings of the MSCI All Country World ex. U.S. IMI Index which serves as the benchmark for the WSIB's entire international program.

Fixed Income

The WSIB's fixed income investments are actively managed with the goal of exceeding the return of the Lehman Universal Index over the long term. The major permissible investments include U.S. Treasuries and government agencies, Treasury Inflation Protection Securities (TIPS), mortgage-backed securities, asset-backed securities, and credit bonds, both investment grade in quality and below investment grade.

The portfolio is constrained by policy from investing more than one percent of the portfolio's par holdings in any single issuer with a quality rating below investment grade, and from having a duration (the sensitivity of the portfolio's market value to changes in the level of interest rates) that is more than 20% different than the duration of the Universal Index. In addition, the major sector allocations are limited to the following ranges:

U.S. Treasuries and Government Agencies	10 – 45%
Credit Bonds	10 – 60%
Asset-Backed Securities	0 – 10%
Commercial Mortgage-Backed Securities	0 – 10%
Mortgage-Backed Securities	5 – 45%
Below Investment Grade Credit Bonds	0 – 15%

Private Equity Investing

The WSIB can invest in any appropriate private equity investment opportunity which has the potential for returns superior to traditional investment opportunities and which is not prohibited by the WSIB's policies or by law. As previously indicated, these investment types are divided into venture capital investments, corporate finance (including leveraged, management and employee buyouts), distressed, international, and mezzanine investments. Private equity investments are made through limited partnership vehicles.

To meet the return and plan objectives, the private equity portfolio has diversified investments in companies in a variety of stages of growth. The portfolio also includes a broad cross-section of opportunities in different industries and geographic regions.

Real Estate Program

The WSIB's real estate program is an externally managed pool of selected partnership investments, intended to provide alternative portfolio characteristics when compared to traditional stock and bond investments. The majority of the WSIB's partnerships invest in institutional-quality real estate assets that are leased to third parties. The combination of income generated from bond-like lease payments, coupled with the hard asset qualities of real estate, combine to generate returns that are expected to fall between the return expectations for fixed income and equities. The real estate portfolio is managed to deliver risk-adjusted returns that are consistent with the Board's long term return expectations for the asset class. The WSIB's real estate partnerships typically invest in private real estate assets that are held for long term income and appreciation. Many of the WSIB's investment partnerships do not involve co-investment with other financial entities, thereby providing the WSIB with control provisions related to liquidation, acquisition, and ongoing operational decisions for annual capital expenditures.

Volatility within the real estate portfolio is minimized through a combination of factors. First, the majority of the WSIB's partners own real estate assets in a private investment form which is not subject to public market volatility. Secondly, real estate capital is diversified among a host of partners with varying investment styles. Thirdly, partnership assets are invested in numerous economic regions, including foreign markets, and in various property types. Finally, WSIB partners invest at different points within the properties' capital structure and life cycle.

The WSIB's current benchmark for real estate calls for a target net return of one percent above the National Council of Real Estate Investment Fiduciaries (NCREIF) property index.

Tangible Assets

The WSIB can invest in any tangible asset investment opportunity demonstrating acceptable risk-adjusted returns provided such opportunities are not prohibited by Board policy or by law. The WSIB will seek to establish a prudent and disciplined approach to achieving a well-diversified portfolio of tangible asset investments targeting appropriate risk-adjusted returns for the asset class. Staff will make best efforts to obtain significant co-investment from their investment partners in order to improve alignment of interests.

Staff will prudently seek to diversify the portfolio cognizant of each partner's strategy and business plan. Investments will not be made solely to achieve product type or geographic diversification.

Schedule of Investment Management Fees and Commissions
For the Year Ended June 30, 2008
(expressed in thousands)

	Assets Under Management*	Total Fees and Commissions Expenses at 6/30/08
Public Equity Securities:		
U.S. Active Equity Managers	\$ 2,678,390	\$ 585
U.S. Passive Equity Managers	7,423,256	920
International Active Equity Managers	8,463,614	10,027
International Passive Equity Managers	5,205,365	267
Equity Commissions Paid	—	11,908
Alternative Investments:		
Innovation	554,444	503
Private Equity	13,808,307	29,748
Real Estate	8,670,413	8,380
Tangibles	446,819	1,558
Securities Lending:		
Securities Lending Broker Rebates Paid	—	157,635
Securities Lending Fees	—	4,949
Other Fees:		
Accounting	—	128
Consultants and Advisors	—	109
Custodians	—	3,165
Legal Fees	—	184
Research Services	—	268
PERS Plan 3 Management Fees	—	677
SERS Plan 3 Management Fees	—	322
TRS Plan 3 Management Fees	—	1,955
Deferred Compensation Management Fees	—	3,264
Miscellaneous Fees	—	28
OST Operating Costs	—	104
WSIB Operating Costs	—	9,113
Total	\$ 47,250,608	\$ 245,797

* This schedule excludes those assets managed by the Washington State Investment Board.

**Schedule of Broker Volume and Equity Commissions Paid
For the Year Ended June 30, 2008 (page 1 of 5)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long -Term Volume Transacted	Short-Term Volume Transacted
ABD SECURITIES	\$ 964,064	83,907	\$ 4,976	\$ 0.06	\$ -	\$ -
ABG SECURITIES	9,990,062	1,400,585	30,718	0.02	-	-
ABN AMRO BANK IV	51,927,467	8,502,290	124,927	0.01	4,989,556	-
ADP CLEARING & OUTSOURCING	-	29,039	929	0.03	-	-
AGORA FINANCIAL	13,580,465	804,922	32,202	0.04	-	-
ALFA CAPITAL	-	217,448	1,539	0.01	-	-
ALPES CCTVM	32,229	13,971	963	0.07	-	-
ALPHA FINANCE	1,137,439	158,635	2,857	0.02	-	-
ARBITRAGE MANAGEMENT	-	-	-	-	5,679,795	-
AUTRANET	48,149,270	3,050,914	45,764	0.02	-	-
BAIRD, ROBERT & CO.	284,048	4,491	569	0.13	-	-
BANC OF AMERICA SECURITIES LLC	-	107,874	2,661	0.02	1,820,115,347	-
BANCBOSTON ROBERTSON STEPHENS	22,794,333	6,313,972	19,303	0.00	-	-
BANCO BILBAO VISCAYA	132,450	45,305	4,635	0.10	-	-
BANCO ITUA SA	1,853,810	134,809	5,293	0.04	-	-
BANCO NATIONALE	-	-	-	-	43,309,349	51,846
BANCO SANTANDER DE NEGOCIOS	22,296,785	1,895,633	62,093	0.03	-	-
BANK AM BELLEVUE ZURICH	1,091,665	41,998	8,400	0.20	-	-
BANK JULIUS	-	2,375	715	0.30	-	-
BANK OF AMERICA	226,475	74,633	3,732	0.05	1,004,001,135	-
BANK OF NY SECURITIES INC	18,667,873	3,281,137	47,413	0.01	195,652,990	-
BANK VONTOBEL	-	42,611	12,675	0.30	-	-
BANQUE NATIONALE DE PARIS	5,266,316	147,200	5,890	0.04	-	-
BARCLAYS CAPITAL INC	-	-	-	-	35,964,951	-
BARCLAYS TRUST & BANKING CO	-	-	-	-	719,194,663	-
BARING SECURITIES	11,110,621	4,006,521	24,122	0.01	-	-
BATUCHA SECURITIES	-	71,616	2,438	0.03	-	-
BBVA SECURITIES	626,572	14,020	1,256	0.09	-	-
BEAR, STEARNS & COMPANY	194,250,372	26,172,642	288,012	0.01	288,479,307	-
BERENBERG BANK	2,114,395	88,745	8,943	0.10	-	-
BMO NESBITT BURNS INTERNATIONAL	983,043	87,951	1,878	0.02	-	-
BNP PARIBAS	14,950,521	5,813,466	53,918	0.01	638,663	-
BOATMENS BANK	-	33,705	1,203	0.04	-	-
BROCKHOUSE & COOPER	79,015,118	10,834,333	100,555	0.01	-	-
BROWN BROS. HARRIMAN	1,656,749	72,773	4,325	0.06	-	-
BROWN, ALEX & SONS INC	-	-	-	-	60,964,592	-
BUNTING WARBURG, INC	16,409,180	1,093,197	40,742	0.04	-	-
C.L. GLAZER & COMPANY INC.	3,549,546	2,813,112	11,234	0.00	-	-
C.S.F.B.	12,195,174	1,608,563	50,378	0.03	-	-
CABRERA CA	8,785,617	336,196	10,086	0.03	-	-
CAIB SECURITIES	1,811,639	37,543	5,451	0.15	-	-
CAISSE DES DEPOTS	295,142	31,035	1,186	0.04	-	-
CANACCORD CAPITAL CORP	4,507,146	121,174	6,111	0.05	-	-
CANTOR FITZGERALD & COMPANY	40,949,716	4,085,671	52,694	0.01	-	-
CAPP SECURITIES	12,249,191	14,768,652	-	-	-	-
CARNEGIE CORPORATION	19,259,242	1,309,947	45,495	0.03	-	-
CAZENOVE & CO.	56,922,467	14,652,757	115,943	0.01	-	-
CEDEL BANK	1,402,346	19,200	2,268	0.12	-	-
CENTRO INTERNATIONALE HANDELSBANK	4,244,910	53,464	6,378	0.12	-	-

**Schedule of Broker Volume and Equity Commissions Paid
For the Year Ended June 30, 2008 (page 2 of 5)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long -Term Volume Transacted	Short-Term Volume Transacted
CHARLES STANLEY	\$ -	165,254	\$ 997	\$ 0.01	\$ -	\$ -
CHASE MANHATTAN BANK	3,595,378	233,676	11,738	0.05	30,095,127	-
CHEVREUX DE VIRIEU	8,852,731	312,404	13,548	0.04	-	-
CHINA INTERNATIONAL	-	444,569	2,652	0.01	-	-
CI NORDIC	1,446,524	263,992	13,056	0.05	-	-
CIBC WORLD MARKETS CORP.	20,614,238	766,565	29,799	0.04	-	-
CIBC/WOOD GUNDY	-	78,136	2,735	0.04	-	-
CISF - BANCO DE INVESTIMENTO	-	8,614	140	0.02	-	-
CITIBANK	9,119,269	2,246,346	22,345	0.01	-	-
CITICORP SECURITIES INC	561,713	130,632	8,917	0.07	-	-
CITIGROUP	308,229,036	47,629,345	648,298	0.01	561,005,758	-
CLSA SINGAPORE	1,610,543	759,410	4,753	0.01	-	-
COLLINS STEWART	1,883,354	272,750	11,705	0.04	-	-
COMMERZBANK, AG	4,280,483	281,523	13,977	0.05	-	-
COMPAGNIE ITALIANO	496,619	15,313	-	-	-	-
COWEN & COMPANY	-	70,020	1,381	0.02	-	-
CREDIT AGRICOLE	29,063,413	1,984,739	81,480	0.04	-	-
CREDIT LYONNAIS	97,213,811	33,362,021	185,074	0.01	-	-
CREDIT SUISSE FIRST BOSTON	648,788,730	106,010,153	866,780	0.01	489,798,420	159,115
DAIN RAUSCHER	654,602	37,122	1,484	0.04	110,728,235	-
DAIWA BANK LTD	523,486	50,532	2,080	0.04	-	-
DAIWA SECURITIES GROUP	9,677,529	1,207,074	34,989	0.03	-	-
DAVY STOCKBROKERS	1,780,980	103,783	2,562	0.02	-	-
DBS SECURITIES	2,304,473	604,634	8,580	0.01	-	-
DEN DANSKE BANK	8,387,651	900,969	2,610	0.00	-	-
DEN NORSKE BANK	3,624,766	27,628	7,264	0.26	-	-
DEUTSCHE BANK	179,675,859	22,657,288	319,653	0.01	495,336,586	-
DEUTSCHE SECURITIES	51,701,513	3,288,830	115,859	0.04	-	-
DEXIA BANK	3,301,233	169,568	1,427	0.01	-	-
DIRECT INVESTMENT	2,407,986,376	620,600,512	75,494	0.00	497,284,378	4,126,660
DRESDNER BANK	4,469,210	335,637	17,733	0.05	-	-
DRESDNER SECURITIES	30,454,440	4,284,764	82,736	0.02	-	-
EDEN GROUP	-	998	151	0.15	-	-
ELVI SECURITIES	3,624,585	140,659	5,445	0.04	-	-
ENSKILDA SECURITIES	12,179,063	1,053,514	38,825	0.04	-	-
ERSTE BANK DER OESTERREICHISCH	853,831	85,727	11,933	0.14	-	-
ESN NORTH	7,988,380	94,740	14,755	0.16	-	-
EUROCLEAR	3,127,366	5,422,480	2,410	0.00	-	-
EUROMOBILIARE	7,223,994	651,003	14,195	0.02	-	-
EXANE	31,676,121	714,899	60,611	0.08	-	-
EXECUTION SERVICES INC	-	428	6	0.01	-	-
FIDENTIS	796,242	288,496	10,431	0.04	-	-
FIRST BOSTON CORPORATION	63,183,558	15,303,576	155,692	0.01	6,216,273	-
FIRST PACIFIC	534,777	408,386	1,903	0.00	-	-
FIRST TENNESSEE BANK	-	-	-	-	7,873,520	-
FIRST UNION CAPITAL MARKETS	-	-	-	-	279,415	-
FIRST VICTORIA NATIONAL BANK	-	1,145	57	0.05	-	-
FORTIS BANK	-	23,069	2,855	0.12	-	-
FOX-PITT, KELTON INC	8,004,808	922,493	16,493	0.02	-	-
FUJI SECURITIES	1,436,159	265,100	4,943	0.02	-	-

**Schedule of Broker Volume and Equity Commissions Paid
For the Year Ended June 30, 2008 (page 3 of 5)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long -Term Volume Transacted	Short-Term Volume Transacted
G-TRADE SERVICES	\$ 666,994	71,324	\$ 629	\$ 0.01	\$ -	\$ -
G.K. GOH	734,623	1,041,320	1,837	0.00	-	-
GARBAN SECURITIES	7,802,748	450,354	8,293	0.02	-	-
GOLDMAN SACHS & COMPANY	167,477,736	20,333,170	492,979	0.02	1,652,352,207	-
GOODBODY STOCKBROKERS	7,637,480	1,253,177	26,860	0.02	-	-
GRANVILLE DAVIS	-	14,367	718	0.05	-	-
GREENFIELD ARBITRAGE PARTNERS	-	-	-	-	62,539,099	-
GREENLINE INVESTOR SERVICES INC	5,735,576	101,687	1,017	0.01	-	-
GREENWICH CAPITAL MARKETS INC	-	-	-	-	102,998,401	-
GRIFFITHS MCBURNEY	3,152,741	316,438	12,406	0.04	-	-
GRISWOLD CO	3,118,908	503,138	10,064	0.02	-	-
HEDGING	9,911,012	322,310	32,977	0.10	-	-
HELEN BOE	-	-	-	-	8,207,540	-
HSBC INVESTMENT BANK, PLC	10,666,701	807,042	23,625	0.03	-	-
HSBC SECURITIES INC	21,352,279	1,764,208	64,447	0.04	-	-
ICAP SECURITIES	352,432	4,753	423	0.09	-	-
ING BANK BRAZIL	19,216,579	1,766,223	61,093	0.03	-	-
ING BARING SECURITIES	1,646,717	51,428	3,300	0.06	-	-
INSTINET	692,593,145	124,120,348	997,237	0.01	-	-
INTERMONTE	-	47,600	1,622	0.03	-	-
INTERSTATE SECURITIES	16,120,453	12,003,348	26,273	0.00	-	-
INVESTEC SECURITIES	-	13,572	903	0.07	-	-
INVESTMENT TECHNOLOGY GROUP INC	715,355,308	65,759,141	479,427	0.01	-	-
ITG INC	131,390,488	11,278,445	90,347	0.01	-	-
IXIS SECURITIES	-	124,340	6,263	0.05	-	-
J & E DAVY	1,106,466	128,032	4,196	0.03	-	-
J.B. WERE & SON	1,268,883	161,162	2,498	0.02	-	-
J.P. MORGAN SECURITIES INC	280,631,696	192,957,248	566,537	0.00	829,852,242	167,775,211
JAMES B. McCREERY COMPANY	-	-	-	-	256,753,711	-
JEFFERIES & COMPANY	36,538,898	1,641,678	31,760	0.02	3,592,481	-
JMP SECURITIES	19,995,664	749,939	1,383	0.00	-	-
JOHN BERENBERG GOSSLER	-	126,835	5,527	0.04	-	-
JONES & ASSOCIATES	58,670,411	1,706,659	26,299	0.02	-	-
JULIUS BAER	31,193,155	932,536	31,621	0.03	-	-
KAS-ASSOCIATES	6,934,993	313,609	10,887	0.03	-	-
KAUPTHING BANK	1,383,739	169,527	4,848	0.03	-	-
KBC FINANCE	12,492,899	1,425,508	42,070	0.03	-	-
KEB SMITH BARNEY SECURITIES	-	2,575	1,718	0.67	-	-
KEEFE BRUYETTE & WOOD	7,361,651	621,171	31,270	0.05	-	-
KEMPEN & COMPANY	579,761	114,959	3,010	0.03	-	-
KEPLER EQUITIES	3,276,132	234,754	9,814	0.04	-	-
KIM ENGINEERING SECURITIES	960,435	1,952,214	2,408	0.00	-	-
KLEINWORTH BENSON INC	8,570,303	864,027	24,111	0.03	-	-
KNIGHT SECURITIES	38,601,746	1,135,943	7,083	0.01	-	-
LAZARD ASSET MANAGEMENT	1,062,842	1,353,989	15,208	0.01	-	-
LAZARD BROS CAPITAL MARKETS	17,283,392	868,221	23,346	0.03	-	-
LAZARD FRERES & CO	612,229	106,499	3,791	0.04	-	-
LEHMAN BROTHERS INC	304,137,470	26,697,159	419,135	0.02	1,761,720,401	10,853,108

**Schedule of Broker Volume and Equity Commissions Paid
For the Year Ended June 30, 2008 (page 4 of 5)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long -Term Volume Transacted	Short-Term Volume Transacted
LIQUIDNET	\$ 24,699,453	2,210,721	\$ 35,143	\$ 0.02	\$ -	\$ -
LOCATION C	3,536,241	199,283	-	-	-	-
LYNCH, JONES & RYAN	-	44,108	1,544	0.04	-	-
M. RAMSEY KING SECURITIES	-	393,756	11,807	0.03	-	-
M.M. WARBURG	1,876,159	13,246	3,760	0.28	-	-
MACQUARIE EQUITIES	46,180,549	19,216,766	166,628	0.01	-	-
MALONEY & COMPANY	4,122,629	1,654,027	62,984	0.04	-	-
MAN FINANCIAL	757,552	39,118	910	0.02	-	-
MCDONALD & COMPANY	-	15,068	452	0.03	-	-
MCSD	272,671	97,194	11,026	0.11	-	-
MEDIOBANCA S.p.A MILANO	3,123,673	256,499	6,231	0.02	-	-
MERRILL LYNCH	514,177,244	64,739,142	810,013	0.01	571,964,033	-
MERRIMAN, CURHAN, FORD & CO	5,381,891	196,806	5,374	0.03	-	-
MISCHLER FINANCIAL GROUP	17,052,207	797,561	23,475	0.03	-	-
MIZUHO SECURITIES	6,215,481	358,990	9,249	0.03	-	-
MONTGOMERY SECURITIES	6,126,694	340,642	4,215	0.01	566,528,609	-
MORGAN SCHIFF & CO INC	-	-	-	-	1,995,823	-
MORGAN STANLEY & COMPANY	782,982,499	121,261,570	932,520	0.01	7,635,096,125	21,905,456
NATEXIS	1,757,734	83,039	12,820	0.15	-	-
NATIONAL FINANCIAL	238,151	10,578	423	0.04	-	-
NBC LEVESQUE	5,134,579	162,759	6,668	0.04	-	-
NCB STOCKBROKERS	11,228,323	707,487	25,029	0.04	-	-
NEONET SECURITIES	950,623	430,021	6,811	0.02	-	-
NESBITT BURNS	13,742,974	430,898	17,980	0.04	-	-
NOMURA SECURITIES INTL	96,313,747	9,268,453	127,749	0.01	-	-
NORDIC PARTNERS INC	1,338,817	57,066	3,110	0.05	-	-
NUMIS SECURITIES	2,604,220	541,916	5,627	0.01	-	-
NZB	2,646,776	101,716	13,963	0.14	-	-
ODDO DESACHE PARIS	-	48,199	3,535	0.07	-	-
OPPENHEIMER & COMPANY	7,573,205	678,379	26,357	0.04	-	-
PACIFIC CREST	860,219	50,622	1,294	0.03	-	-
PANMURE GORDON	10,157	3,233	15	0.00	-	-
PARCEL PARIS	2,650,678	82,789	2,871	0.03	-	-
PARETO FUNDS & SECURITIES, LTD	2,209,028	331,657	6,132	0.02	-	-
PARIBAS COMPANY	1,832,243	549,169	3,191	0.01	-	-
PENSON FINANCIAL SERVICES INC	6,132,014	1,705,917	21,525	0.01	-	-
PEREIRE TOD, LTD	-	351	71	0.20	-	-
PERSHING & COMPANY	117,546,661	18,760,889	265,003	0.01	86	-
PETER MORGAN	-	-	-	-	5,582,003	-
PETERBROECK, VAN CAMPENHOUT & CIE	4,429,430	60,158	8,877	0.15	-	-
PETERCAM AMSTERDAM	709,766	126,107	3,818	0.03	-	-
PETERS & COMPANY	300,267	18,661	705	0.04	-	-
PIONEER SECURITIES, INC	-	-	-	-	37,760,962	-
PIPER JAFFRAY INC	2,273,304	22,944	1,147	0.05	-	-
RABOBANK NETHERLAND	516,325	12,075	413	0.03	-	-
RAYMOND JAMES & ASSOCIATES	3,043,918	159,113	8,674	0.05	-	-
RBC DOMINION SECURITIES	10,134,589	838,150	23,767	0.03	-	-
REDBURN PARTNERS	3,475,847	280,726	15,219	0.05	-	-

**Schedule of Broker Volume and Equity Commissions Paid
For the Year Ended June 30, 2008 (page 5 of 5)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long -Term Volume Transacted	Short-Term Volume Transacted
RENAISSANCE	\$ 331,843	51,228	\$ 499	\$ 0.01	\$ -	\$ -
REUBEN ALSTEAD & COMPANY	-	-	-	-	778,371	-
SALOMON BROTHERS	79,104,899	11,782,207	94,434	0.01	2,175,447	-
SALOMON, SMITH BARNEY	47,334,924	1,378,589	60,825	0.04	-	-
SAMSUNG SECURITIES CO LTD	441,703	6,595	488	0.07	-	-
SANFORD BERNSTEIN	30,493,362	2,575,457	75,276	0.03	-	-
SANTANDER CENTRAL HISPANO	768,966	171,123	1,776	0.01	-	-
SANTANDER INVESTMENT SECURITIES	-	100,504	3,478	0.03	35,924,806	-
SCOTIA CAPITAL MARKET	499,943	48,099	1,539	0.03	31,933,161	-
SCOTIA MCLEOD	22,254,227	807,451	33,053	0.04	-	-
SECURITY PACIFIC BANK	-	66,388	5,265	0.08	-	-
SG COWEN SECURITIES CORP	22,969,178	1,941,740	25,754	0.01	-	-
SIMMONS & COMPANY	5,139,326	108,657	2,173	0.02	-	-
SIS SEGAIINTERSETTLE AG	457,896	7,642	688	0.09	-	-
SKANDINAVISKA ENSKILDA	248,008	39,788	1,942	0.05	-	-
SOCIETE GENERALE	223,261,465	26,588,834	256,295	0.01	-	-
SPEAR, LEEDS & KELLOG	2,842,070	88,016	1,401	0.02	-	-
SPROTT SECURITIES LTD	496,038	54,985	2,103	0.04	-	-
SSGA	444,654,641	48,755,386	-	-	-	-
STATE STREET BANK & TRUST	2,014,022	26,226,127	5,373	0.00	-	898,784,314
SUNTRUST CAPITAL MARKETS	365,928	37,921	1,138	0.03	-	-
SVENSKA HANDELSBANKEN	7,204,771	1,388,459	25,916	0.02	-	-
SWEDBANK STOCKHOLM	-	27,995	-	-	-	-
SWISS BANK	6,838,550	661,140	12,702	0.02	40,449,401	-
TD WATERHOUSE INVESTOR SVCS.	7,569,492	186,210	1,862	0.01	-	-
TEZAIL MENKUL	7,221,115	1,466,513	14,471	0.01	-	-
THINK EQUITY	7,526,470	263,268	6,349	0.02	-	-
THOMAS WEISEL PARTNERS	15,048,101	469,579	11,679	0.02	-	-
TOKYO MITSUBISHI INTL.	11,998,972	1,206,048	23,212	0.02	-	-
TORONTO DOMINION	20,020,728	867,285	36,648	0.04	-	-
U.S. CLEARING	5,170,481	52,989	1,696	0.03	-	-
UBS SECURITIES	145,700,553	20,243,424	325,663	0.02	254,467,374	-
UBS WARBURG	114,737,592	24,442,062	270,838	0.01	65,665,832	-
UBS-DB CORPORATION	-	228,131	1,705	0.01	-	-
UNPUBLISHED EUROCLEAR	330,310	97,455	4,960	0.05	-	-
VONTOBEL	540,293	12,029	4,609	0.38	-	-
VPC STOCKHOLM	1,427,849	146,693	1,715	0.01	-	-
WACHOVIA BANK	2,570	100	-	-	53,458,107	-
WALL STREET PLANNING INC	-	-	-	-	7,025,295	-
WARBURG DILLON READ, LLC	18,286,632	4,317,606	53,866	0.01	-	-
WARBURG SECURITIES	99,359	131,047	2,379	0.02	-	-
WATERHOUSE SECURITIES INC	1,523,545	113,862	4,268	0.04	-	-
WEEDEN & COMPANY	5,753,876	558,142	13,088	0.02	-	-
WEST DEUTSCHE LANDESBANK	5,323,150	254,017	13,380	0.05	-	-
WITTOW & COMPANY INC	2,989,133	92,852	1,196	0.01	-	-
WOORI INVESTMENTS	-	3,173	2,794	0.88	-	-
YORKTON SECURITIES INC	1,541,431	119,550	4,979	0.04	-	-
Total	\$10,300,896,937	\$1,891,116,460	\$11,908,281	\$0.01	\$20,366,429,577	\$1,103,655,710

Summary of Investments Owned on June 30, 2008
Pension Trust Funds (page 1 of 7)
(expressed in thousands)

Description	Total Market Value	Percent of Total Market Value
CURRENCIES		
E.M.U. - EURO	\$ 42,732	0.06%
CANADA - DOLLAR	19,645	0.03%
AUSTRALIA - DOLLAR	13,884	0.02%
HONG KONG - DOLLAR	11,567	0.02%
JAPAN - YEN	9,341	0.01%
SWEDEN - KRONA	8,565	0.01%
UNITED STATES - DOLLAR	8,446	0.01%
BRITAIN - POUND	5,521	0.01%
NORWAY - KRONE	3,996	0.01%
Others	6,699	0.01%
TOTAL CURRENCIES	130,396	0.18%
ASSET BACKED SECURITIES		
AMERICAN HOME MORTGAGE INVESTMENT TRUST, 5.08%, 9/25/2035	3,047	-
AMERICAN HOME MORTGAGE INVESTMENT TRUST, 5.74%, 12/25/2036	3,038	-
MERRILL LYNCH MORTGAGE INVESTMENT INC, 5.67%, 5/25/2046	1,102	-
FNMA 95-W1 A7, 8.20%, 4/25/2025	610	-
CWABS INC, 4.80%, 5/25/2032	476	-
TOTAL ASSET BACKED SECURITIES	8,273	-
COLLATERALIZED MORTGAGE OBLIGATIONS		
FANNIE MAE, 6.00%, 6/25/2035	73,343	0.10%
JP MORGAN MORTGAGE TRUST, 6.00%, 7/25/2037	45,280	0.06%
GNMA, 5.50%, 10/20/2030	42,254	0.06%
FREDDIE MAC, 6.00%, 7/15/2035	39,485	0.06%
FNMA FHR 2003-70 BH, 4.50%, 10/25/2031	38,915	0.05%
FHLMC 2006 3177 KD, 6.00%, 6/15/2035	38,237	0.05%
FANNIE MAE, 6.00%, 9/25/2036	37,470	0.05%
FANNIE MAE, 5.50%, 3/25/2017	36,476	0.05%
FREDDIE MAC, 5.50%, 1/15/2036	36,321	0.05%
Others	1,396,241	1.96%
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS	1,784,022	2.51%
PASS THROUGHs		
FANNIE MAE, 6.00%, 1/1/2023	96,395	0.14%
FREDDIE MAC, 6.00%, 3/1/2023	93,331	0.13%
FANNIE MAE, 6.00%, 6/1/2022	78,141	0.11%
GNMA II SF PL 3852, 6.00%, 5/20/2036	77,880	0.11%
FNMA TBA JUL 30 SINGLE FAMILY, 6.00%, 12/1/2099	69,458	0.10%
FNMA TBA JUL 30 SINGLE FAMILY, 5.50%, 12/1/2099	69,243	0.10%
FNMA POOL # 889598, 6.00%, 12/1/2022	62,860	0.09%
FANNIE MAE, 5.50%, 8/1/2021	60,232	0.08%
FREDDIE MAC, 5.50%, 9/1/2034	57,992	0.08%
Others	2,194,722	3.09%
TOTAL PASS THROUGHs	2,860,254	4.02%

Summary of Investments Owned on June 30, 2008
Pension Trust Funds (page 2 of 7)
(expressed in thousands)

Description	Total Market Value	Percent of Total Market Value
NON-STANDARD MORTGAGES		
MISSION TOWERS, 7.50%, 6/1/2018	\$ 1,199	-
SUTTER VILLAGE, 7.50%, 2/2/2018	574	-
FHA PRJ-REILLY MTG GRP #55, 7.43%, 3/1/2024	430	-
BURIEN HAUS, 7.50%, 12/1/2017	332	-
TOTAL NON-STANDARD MORTGAGES	2,535	-
COMMERCIAL MORTGAGE-BACKED SECURITIES		
CITIGROUP/DEUTSCHE BANK COMMERCIAL LOANS, 5.54%, 1/15/2046	47,354	0.07%
MERRILL LYNCH/COUNTRYWIDE COMMERCIAL LOANS, 5.38%, 1/12/2017	46,195	0.06%
CITIGROUP/DEUTSCHE BANK COMMERCIAL LOANS, 5.32%, 1/11/2017	41,751	0.06%
GS MORTGAGE SECURITIES CORP, 5.55%, 4/10/2038	38,237	0.05%
MORGAN STANLEY CAPITAL I, 5.56%, 3/12/2016	38,199	0.05%
BEAR STEARNS COMMERCIAL MORTGAGE, 5.54%, 9/11/2041	33,373	0.05%
CITIGROUP COMMERCIAL MORTGAGE, 5.43%, 10/15/2049	28,176	0.04%
FUNBC 2001-C2 A2, 6.66%, 1/12/2043	25,739	0.04%
CSFB 2002-CKP1 A3, 6.44%, 12/15/2035	25,578	0.04%
Others	237,687	0.33%
TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES	562,289	0.79%
CORPORATE BONDS – DOMESTIC		
IFFIM, 5.00%, 11/14/2011	93,604	0.13%
CANADIAN NATIONAL RAILWAY, 6.71%, 7/15/2036	82,740	0.12%
NATIONAL AUSTRALIA BANK, 5.55%, 6/15/2011	74,259	0.10%
BANK OF ENGLAND, EURO NOTE, 4.63%, 3/22/2010	72,996	0.10%
SANTANDER ISSUANCES, 5.91%, 6/20/2016	66,583	0.09%
PETROBRAS INTERNATIONAL FINANCE CO, 6.13%, 10/6/2016	65,961	0.09%
GTL TRADE FINANCE INC, 7.25%, 10/20/2017	61,157	0.09%
NOVA SCOTIA PROVINCE, 5.13%, 1/26/2017	59,127	0.08%
NEXEN INC, 6.40%, 5/15/2037	58,904	0.08%
Others	6,115,035	8.60%
TOTAL CORPORATE BONDS – DOMESTIC	6,750,366	9.49%
CORPORATE BONDS – FOREIGN		
AMERICA MOVIL SA DE CV, 8.46%, 12/18/2036	31,678	0.04%
NESTLE HOLDINGS INC, 6.00%, 1/29/2010	27,924	0.04%
AMBEV INTERNATIONAL FINANCE CO LT, 9.50%, 7/24/2017	26,360	0.04%
NIREFS BOND, 1.00%, 6/14/2012	51	-
TOTAL CORPORATE BONDS – FOREIGN	86,013	0.12%
U.S. GOVERNMENT TREASURIES		
U.S. TREASURY BOND, 4.25%, 11/15/2014	52,057	0.07%
U.S. TREASURY NOTE, 6.00%, 8/15/2009	25,923	0.04%
TOTAL U.S. GOVERNMENT TREASURIES	77,980	0.11%

Summary of Investments Owned on June 30, 2008
Pension Trust Funds (page 3 of 7)
(expressed in thousands)

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
TREASURY INFLATION PROTECTED SECURITIES		
U.S. TREASURY INFLATION INDEX, 0.88%, 4/15/2010	\$ 498,627	0.70%
U.S. TREASURY INFLATION INDEX, 3.00%, 7/15/2012	288,951	0.41%
U.S. TREASURY INFLATION INDEX, 2.00%, 7/15/2014	241,551	0.34%
U.S. TREASURY INFLATION INDEX, 3.38%, 1/15/2012	161,317	0.23%
U.S. TREASURY INFLATION INDEX, 2.00%, 1/15/2014	153,944	0.22%
U.S. TREASURY INFLATION INDEX, 2.00%, 1/15/2016	73,932	0.10%
U.S. TREASURY INFLATION INDEX, 4.25%, 1/15/2010	68,332	0.10%
TOTAL TREASURY INFLATION PROTECTED SECURITIES	1,486,654	2.09%
GOVERNMENT SECURITIES - FOREIGN		
INTERNATIONAL FINANCE CORP, 7.50%, 2/28/2013	52,717	0.07%
INTERNATIONAL BANK OF RECONSTRUCTION & DEVELOPMENT, 13.63%, 5/9/2017	52,422	0.07%
FEDERATIVE REPUBLIC OF BRAZIL, 10.25%, 1/10/2028	48,071	0.07%
CHASE INTERNATIONAL JERSEY, --, 7/1/2010	47,122	0.07%
FEDERATIVE REPUBLIC OF BRAZIL, 12.50%, 1/5/2016	42,713	0.06%
ASIAN DEVELOPMENT BANK, 7.13%, 3/19/2013	28,344	0.04%
EUROPEAN INVESTMENT BANK, 11.25%, 2/14/2013	27,686	0.04%
TOTAL GOVERNMENT SECURITIES - FOREIGN	299,075	0.42%
VARIABLE RATE NOTES		
CWABS INC, 2.73%, 11/25/2035	12,721	0.02%
FORD MOTOR CREDIT CO, 5.46%, 1/13/2012	11,810	0.02%
OWNIT MORTGAGE LOAN TRUST, 5.29%, 12/25/2036	9,296	0.01%
CWABS INC, 2.78%, 2/25/2036	7,554	0.01%
GOLDMAN SACHS MORTGAGE SECURITIES CORP, 5.18%, 1/25/2036	7,299	0.01%
BEAR STEARNS ALTERNATIVE ASSET TRUST 2007 1, 2.64%, 1/25/2047	7,259	0.01%
BANC OF AMERICA FUNDING TRUST, 5.68%, 9/20/2046	6,921	0.01%
GMAC MORTGAGE LOAN TRUST, 5.20%, 11/19/2035	6,859	0.01%
CITIGROUP MORTGAGE LOAN TRUST, 5.70%, 12/25/2035	6,632	0.01%
Others	443,260	0.62%
TOTAL VARIABLE RATE NOTES	519,611	0.73%
CORPORATE STOCK – DOMESTIC		
EXXON MOBIL CORP	34,959	0.05%
WESTERN ASSET OPPORTUNITY LOCAL MARKET DEBT SECURITIES	19,897	0.03%
GENERAL ELEC CO	19,653	0.03%
MICROSOFT CORP	18,992	0.03%
JOHNSON & JOHNSON	16,058	0.02%
AT&T INCORPORATED	15,084	0.02%
PROCTER & GAMBLE CO	14,254	0.02%
INTERNATIONAL BUSINESS MACHINES	13,815	0.02%
WAL MART STORES INC	13,006	0.02%
Others	773,700	1.09%
TOTAL CORPORATE STOCK – DOMESTIC	939,418	1.32%

Summary of Investments Owned on June 30, 2008
Pension Trust Funds (page 4 of 7)
(expressed in thousands)

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
CORPORATE STOCK – FOREIGN		
TOTAL SA (SOUTH AMERICA)	\$ 131,856	0.19%
BP AMOCO	119,571	0.17%
ROYAL DUTCH SHELL	94,127	0.13%
BANCO SANTANDER CENTRAL HISPANO	77,612	0.11%
NESTLE SA	74,349	0.10%
TELEFONICA CA	71,891	0.10%
NOVARTIS AG	70,166	0.10%
VODAFONE GROUP	68,655	0.10%
ROYAL BANK OF SCOTLAND	63,951	0.09%
Others	7,787,862	10.95%
TOTAL CORPORATE STOCK – FOREIGN	8,560,040	12.04%
COMMINGLED INDEX FUNDS – DOMESTIC		
BGI US EQUITY MARKET FUND	7,049,231	9.92%
RUSSELL 3000 ALPHA TILTS FD L	914,935	1.29%
BGI STRUCTURED SOLUTIONS	374,027	0.53%
TOTAL COMMINGLED INDEX FUNDS – DOMESTIC	8,338,193	11.73%
COMMINGLED INDEX FUNDS – FOREIGN		
MSCI CANADA SMALL CAP PROVISIONAL	1,835,492	2.58%
WORLD EX US ALPHA TILTS	1,239,401	1.74%
GMO TRUST	531,013	0.75%
LAZARD FRERES CAPITAL MANAGEMENT	293,376	0.41%
EMERGING MARKETS GROWTH FUND I	290,837	0.41%
JPMCB EMERGING MARKETS EQUITY	285,160	0.40%
PICTET GLOBAL EMERGING MARKETS	275,507	0.39%
MSCI SMALL CAP INDEX PROVISIONAL	218,899	0.31%
CANADA MSCI INDEX	184,916	0.26%
Others	50,765	0.07%
TOTAL COMMINGLED INDEX FUNDS – FOREIGN	5,205,366	7.32%
OPTIONS		
DB INT RATE SWAP REC FWD, --, 9/17/2018	43,048	0.06%
0WP055957 CDS USD R F, .75000, 6/20/2012	11,902	0.02%
IR SWAP DEUTSCHE, 4.5000, 9/17/2018	11,189	0.02%
0WP056856 CDS USD R F, .75000, 6/20/2012	4,724	0.01%
0WR073156 CDS, --, 7/25/2045	4,214	0.01%
CDS-ABX. .18000, 7/24/2045	2,630	0.00%
0WP060239 CDS USD R F, .75000, 6/20/2012	2,362	0.00%
0WP056872 CDS USD R F, .75000, 6/20/2012	2,271	0.00%
0WP056831 CDS USD R F, .75000, 6/20/2012	2,181	0.00%
Others	(87,244)	(0.12)%
TOTAL OPTIONS	(2,723)	-

Summary of Investments Owned on June 30, 2008
Pension Trust Funds (page 5 of 7)
(expressed in thousands)

Description	Total Market Value	Percent of Total Market Value
MONEY MARKET FUNDS		
JPM INTRA-DAY LIQUIDITY FUND	\$ 912,335	1.28%
JP MORGAN DOMESTIC LIQUIDITY FUND	293,851	0.41%
U.S.A. TREASURY BILL	63,066	0.09%
FNMA	55,236	0.08%
UNITED STATES DOLLAR	3,543	-
BRITAIN-POUND	683	-
EURO CURRENCY	474	-
TOTAL MONEY MARKET FUNDS	1,329,188	1.87%
PRIVATE EQUITY		
KKR MILLENNIUM FUND	1,474,371	2.07%
KKR 2006 FUND	1,066,080	1.50%
WARBURG PINCUS PRIVATE EQUITY IX	729,450	1.03%
TPG PARTNERS V	590,018	0.83%
KKR EUROPEAN FUND II LP	475,676	0.67%
MADISON DEARBORN CAPITAL PARTNERS IV LP	333,103	0.47%
WARBURG PINCUS PRIVATE EQUITY VIII	323,270	0.45%
KKR EUROPEAN FUND	308,693	0.43%
NORDIC CAPITAL VI	221,493	0.31%
Others	8,186,960	11.52%
TOTAL PRIVATE EQUITY	13,709,114	19.28%
REAL ESTATE		
HOMETOWN AMERICA, LLC	1,231,699	1.73%
FILLMORE STRATEGIC INVESTORS LLC	996,256	1.40%
PRINCIPAL ENTERPRISE CAPITAL HOLDINGS	920,058	1.29%
CORPORATE PROPERTIES OF THE AMERICAS LLC	569,296	0.80%
EUROPEAN INVESTMENT PROPERTY LIMITED	527,200	0.74%
MSREF V INTERNATIONAL LP	379,482	0.53%
MSRE SPECIAL SITUATIONS FUND FD III, LP	373,069	0.52%
TERRAMAR RETAIL CENTER	367,493	0.52%
LONE STAR FUND V (US) LP	360,112	0.51%
Others	2,945,748	4.14%
TOTAL REAL ESTATE	8,670,413	12.20%
INNOVATION		
JP MORGAN DOMESTIC LIQUIDITY FUND	10,459	0.01%
JOHNSON & JOHNSON	8,632	0.01%
PHILIP MORRIS INTERNATIONAL INC	8,542	0.01%
NESTLE SA	8,334	0.01%
E ON AG VEB	7,796	0.01%
INTERNATIONAL BUSINESS MACHINES	7,003	0.01%
ENI	6,855	0.01%
CHEVRON CORP	6,482	0.01%
WAL MART STORES INC	6,287	0.01%
Others	494,513	0.70%
TOTAL INNOVATION	564,903	0.79%

Summary of Investments Owned on June 30, 2008
Pension Trust Funds (page 6 of 7)
(expressed in thousands)

Description	Total Market Value	Percent of Total Market Value
TANGIBLE ASSETS		
HAWTHORNE TIMBER LLC	\$ 261,450	0.37%
ALINDA CAPITAL MANAGEMENT	110,107	0.15%
AIG HIGHSTAR	42,011	0.06%
SHERIDAN PRODUCTION PARTNERS I, LP	33,250	0.05%
TOTAL TANGIBLE ASSETS	<u>446,818</u>	<u>0.63%</u>
SECURITIES LENDING PORTFOLIO		
SECURITIES LENDING COLLATERAL BALANCES	80,278	0.11%
TOTAL SECURITIES LENDING PORTFOLIO	<u>80,278</u>	<u>0.11%</u>
GUARANTEED INVESTMENT CONTRACTS		
SAVINGS POOL	824,037	1.16%
TOTAL GUARANTEED INVESTMENT CONTRACTS	<u>824,037</u>	<u>1.16%</u>
HORIZON FUNDS		
LONG HORIZON	194,087	0.27%
MID-HORIZON	193,647	0.27%
SHORT HORIZON	74,205	0.10%
TOTAL HORIZON FUNDS	<u>461,939</u>	<u>0.65%</u>
LIFE ANNUITY		
G.E. CAPITAL ASSURANCE	4	-
TOTAL LIFE ANNUITY	<u>4</u>	<u>-</u>
MONEY MARKET FUNDS (IN DEFINED CONTRIBUTION PLANS)		
JPMORGAN	400,680	0.56%
TOTAL MONEY MARKET FUNDS	<u>400,680</u>	<u>0.56%</u>
MUTUAL FUNDS		
U.S. STOCK MARKET INDEX	540,774	0.76%
U.S. LARGE STOCK INDEX	382,674	0.54%
U.S. SMALL STOCK INDEX	335,228	0.47%
U.S. ACTIVE VALUE	327,665	0.46%
INTERNATIONAL STOCK INDEX	321,198	0.45%
GROWTH COMPANY FUND	317,597	0.45%
U.S. ACTIVE CORE	269,637	0.38%
INTERNATIONAL STOCK FUND	141,724	0.20%
U.S. SOCIAL RESPONSIBLE FUND	78,625	0.11%
TOTAL MUTUAL FUNDS	<u>2,715,122</u>	<u>3.82%</u>
BOND FUNDS		
WASHINGTON STATE BOND FUND	403,832	0.57%
TOTAL BOND FUNDS	<u>403,832</u>	<u>0.57%</u>

Summary of Investments Owned on June 30, 2008
Pension Trust Funds (page 7 of 7)
(expressed in thousands)

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
REPURCHASE AGREEMENTS		
HSBC, 2.55%, 7/1/2008	\$ 1,865	-
UBS, 2.5%, 7/1/2008	1,865	-
BNP PARIBAS, 2.4%, 8/1/2008	1,107	-
TOTAL REPURCHASE AGREEMENTS	<u>4,837</u>	<u>0.01%</u>
SECURITIES ON LOAN		
SECURITIES ON LOAN - DOMESTIC	3,013,894	4.24%
SECURITIES ON LOAN - DOMESTIC	861,306	1.21%
TOTAL SECURITIES ON LOAN	<u>3,875,200</u>	<u>5.45%</u>
TOTAL INVESTMENTS	<u>\$71,094,127</u>	<u>100.00%</u>

*Percentage totals may not agree due to rounding.

NOTE: Investments in this schedule are categorized by type. Individual category totals, therefore, may not necessarily coincide with the category totals shown on the Investment Maturities Schedule on page 39 of this report, where the investments are categorized by investment manager and maturity.

Actuarial Section

State Actuary's Certification Letter



Office of the State Actuary

"Securing tomorrow's pensions today."

October 27, 2008

Ms. Sandra J. Matheson, Director
Department of Retirement Systems
PO Box 48380
Olympia, Washington 98504-8380

RE: ACTUARIAL CERTIFICATION LETTER

Dear Sandy:

We prepared the following information for inclusion in the 2008 Comprehensive Annual Financial Report (CAFR):

- Number of Participating Members
- Distribution of Membership
- Schedule of Benefit Recipients by Type of Benefit
- Schedule of Average Benefit Payments to Service Retirees in Year of Retirement
- GASB 45 Requirements
- Financial Information - Funding Paragraph and Footnote
- Schedule of Funding Progress
- Schedule of Active Member Valuation Data
- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Solvency Test
- Note 2: General Description of the Retirement System – Part C: Funding Policy
- Schedule of Contributions from Employers and Other Contributing Entities
- Note 2: General Description of the Retirement System – Part D: Employer Contributions Required and Paid
- Notes to the Required Supplementary Information
- Summary of Actuarial Assumptions and Methods
- Analysis of Selected Experience

The primary purpose of this information is to satisfy the actuarial reporting requirements of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA). Readers should not use this information for other purposes.



Ms. Sandra J. Matheson
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We prepare annual actuarial valuations for the plans included in the CAFR. We performed the most recent actuarial valuation in 2008 with a valuation date of June 30, 2007.

Since we report actual and required contributions based on the results of different actuarial valuations, the actual amounts reported will not match those required. We determined required contributions and prepared related accounting disclosures based on the results of the 2007 Actuarial Valuation Report (AVR). The Legislature adopted the contribution rates collected during the 2007-2009 Biennium based on the results of the 2005 AVR. These results provided the most current actuarial information available at the time of rate adoption. We used these rates to report actual contributions.

The State's funding policy is found in Chapter 41.45 RCW – Actuarial Funding of State Retirement Systems. It includes the objectives to:

- Continue to fully fund the retirement system Plans 2 and 3, and the Washington State Patrol Retirement System (WSPRS), as provided by law.
- Amortize fully the total cost of PERS 1, TRS 1, and LEOFF 1, not later than June 30, 2024.

All retirement system Plans 2 and 3, WSPRS, and LEOFF 1 are fully funded as of the latest actuarial valuation. The State and participating employers are on schedule to fully amortize the PERS 1 and TRS 1 unfunded actuarial accrued liability by not later than June 30, 2024, as provided by law.

We prepared the required accounting disclosures in accordance with GASB statements 25, 27, 45, and 50. We prepared all other items in accordance with generally accepted actuarial principles and standards of practice as of the date of this letter.

We relied on participant data provided by your department to perform the latest actuarial valuation. We checked the data for reasonableness as appropriate based on the purpose of the valuation. The Washington State Investment Board, your department, and the Office of the State Treasurer provided financial and asset information. The financial and asset information was audited. The participant data was not audited. I relied on all the information provided as complete and accurate. In my opinion, this information is adequate and substantially complete for purposes of this valuation. Please see the Actuarial Certification Letter in the 2007 AVR for additional information on the certification of the latest actuarial valuation results.

I certify that the actuarial submissions in the 2008 CAFR meet the GFOA standards for actuarial reporting.



Ms. Sandra J. Matheson
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The undersigned, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,

Matthew M. Smith, FCA, EA, MAAA
State Actuary

Summary of Plan Provisions

A narrative summary of retirement plans managed by DRS is provided in Section B of Note 2 in the Financial Section of this CAFR. A tabular summary of key plan provisions as of June 30, 2008, is provided below.

Plan	Membership Eligibility	Vesting	Retirement Eligibility	Benefit
PERS Plan 1 (By 9/30/77)	State employees, elected officials, employees of local governments, legislative committees, community/technical colleges, classified employees of school districts, district/municipal court judges, and some employees of the Supreme, Appeals, and Superior Courts	After five years of eligible service	After 30 years of service, or at age 60 with five years service, or at age 55 with 25 years of service	2% of average final compensation (AFC) per year of service JBM Participants: 3.5% of AFC per year of service
PERS Plan 2 (On or after 10/1/77)	Same as PERS Plan 1, except classified school district employees; new employees hired on or after 3/1/02 at state agencies and higher education, or on or after 9/1/02 at all other employers, must choose Plan 2 or Plan 3	After five years of eligible service	At age 65 with five years of service, or an actuarially reduced benefit at age 55 with 20 years of service	2% of AFC per year of service JBM Participants: 3.5% of AFC per year of service
PERS Plan 3 (Varies by employer)	Same as PERS Plan 2; new employees hired on or after 3/1/02 at state agencies and higher education, or on or after 9/1/02 at all other employers, must choose Plan 2 or Plan 3	Varies	At age 65 if vested or an actuarially reduced benefit at age 55 with 10 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion). JBM Participants: 1.6% of AFC per year of service The defined contribution portion depends on the member's contribution level and on investment performance.
SERS Plan 2 (By 8/31/00)	All classified employees of school districts or educational service districts. Also includes individuals first hired on or after July 1, 2007 with no past PERS Plan 2 service who chose Plan 2 within the 90-day window.	After five years of eligible service	At age 65 with five years of service, or an actuarially reduced benefit at age 55 with 20 years of service	2% of AFC per year of service
SERS Plan 3 (On or after 9/1/00)	All classified employees of school districts or educational service districts. Also includes individuals first hired on or after July 1, 2007 with no past PERS Plan 2 service who chose Plan 3 within the 90-day window.	Varies	At age 65 if vested or an actuarially reduced benefit at age 55 with 10 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion). The defined contribution portion depends on the member's contribution level and on investment performance.
PSERS Plan 2 (On or after 7/1/06)	All full-time public safety officers at select state agencies, counties and cities, except Seattle, Spokane and Tacoma	After five years of eligible service	At age 65 with five years of service, at age 60 with 10 years of PSERS service, or at age 53 with 20 years of service reduced three percent for each year under age 60.	2% of AFC per year of service
TRS Plan 1 (By 9/30/77)	All certificated public school employees who work in an instructional, administrative or supervisory capacity	After five years of eligible service	Any age with 30 years of service, or at age 60 with five years of service or at age 55 with 25 years of service	2% of AFC per year of service JBM Participants: 3.5% of AFC per year of service

Chart continued on page 111

Chart continued from page 110

Plan	Membership Eligibility	Vesting	Retirement Eligibility	Benefit
TRS Plan 2 (On or after 10/1/77 and by 6/30/96)	All certificated public school employees who work in an instructional, administrative or supervisory capacity	After five years of eligible service	At age 65 with five years of service, or an actuarially reduced benefit at age 55 with 20 years of service	2% of AFC per year of service
TRS Plan 3 (On or after 7/1/96)	All certificated public school employees who work in an instructional, administrative or supervisory capacity	Varies	At age 65 if vested or an actuarially reduced benefit at age 55 with 10 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion). The defined contribution portion depends on the member's contribution level and on investment performance.
LEOFF Plan 1 (By 9/30/77)	All full-time, fully compensated law enforcement officers and fire fighters	After five years of eligible service	At age 50 with five years of service	20+ years of service = 2% of final average salary (FAS) per year of service 10-19 years of service = 1.5% of FAS per year of service 5-9 years of service = 1% of FAS per year of service
LEOFF Plan 2 (On or after 10/1/77)	All full-time, fully compensated law enforcement officers, fire fighters and, as of 7/24/05, emergency medical technicians	After five years of eligible service	At age 53 with five years of service or a benefit at age 50 with 20 years of service reduced 3% for each year under age 53	2% of FAS per year of service
WSPRS Plan 1 (On or after 8/1/47 and by 12/31/02)	Commissioned employees of the Washington State Patrol	No requirement for active members; after five years of eligible service for inactive members.	At age 55 or after 25 years of service	2% of average final salary per year of service (AFS); capped at 75% of AFS.
WSPRS Plan 2 (On or after 1/1/03)	Commissioned employees of the Washington State Patrol	No requirement for active members; after five years of eligible service for inactive members.	At age 55 or after 25 years of service	2% of average final salary per year of service (AFS); capped at 75% of AFS.
JRS (On or after 8/9/71 and by 6/30/88 - New judges on or after 7/1/88 join PERS Plan 2 or 3)	Judges elected or appointed to the Supreme Court, the Court of Appeals and Superior Courts	After 15 years of service	At age 60	15 years of service = 3.5% of AFC per year of service; capped at 75% of AFC. 10-14 years of service = 3% of AFC per year of service; capped at 75% of AFC.
Judges (By 8/8/71)	Judges elected or appointed to the Supreme Court, the Court of Appeals and Superior Courts	After 12 years of service	At age 70 with 10 years of service or any age with 18 years of service	1/2 of the monthly salary

DRS publishes handbooks describing the rights and benefits for each system and plan, including disability and survivor benefits. These handbooks are provided to members by their employers. They are also available from DRS and are on the DRS Web site at www.drs.wa.gov.

Summary of Actuarial Assumptions and Methods

1. Actuarial Assumptions and Methods Selection:

Economic Assumptions and Methods:

Developed in accordance with Washington State law and the Pension Funding Council.

Demographic Assumptions and Methods:

Derived by the Washington State Office of the State Actuary (OSA) and based on the 2001-2006 Experience Studies (adopted July, 2008). Additional assumptions for subsequent events and law changes are current as of the latest actuarial valuation report.

2. Investment Return:

8.0% per annum

3. Mortality Tables:

Mortality rates are based on the RP-2000 Combined Healthy Table and Combined Disabled Table (except LEOFF Plan 1) published by the Society of Actuaries. OSA recognized future improvements in mortality rates using 50% of Scale AA (published by the Society of Actuaries) beginning with the 2007 valuation.

Class	Contributing Members and Members Retired from Service	Disabled Members
PERS	RP-2000 Combined Healthy Table <i>males set back one year;</i> <i>females set back one year</i>	RP-2000 Combined Healthy Table; <i>no age offset;</i> <i>no age offset</i>
SERS	RP-2000 Combined Healthy Table; <i>males unadjusted;</i> <i>females set back two years</i>	RP-2000 Combined Healthy Table; <i>no age offset;</i> <i>no age offset</i>
TRS	RP-2000 Combined Healthy Table; <i>males set back two years;</i> <i>females set back two years</i>	RP-2000 Combined Healthy Table; <i>no age offset;</i> <i>no age offset</i>
PSERS	RP-2000 Combined Healthy Table <i>males set back one year;</i> <i>females set back one year</i>	RP-2000 Combined Healthy Table; <i>no age offset;</i> <i>no age offset</i>
LEOFF	RP-2000 Combined Healthy Table <i>males set back one year;</i> <i>females set forward one year</i>	RP-2000 Combined Healthy Table; <i>no age offset except for LEOFF Plan 1 which is set forward</i> <i>two years for both males and females</i>
WSPRS	RP-2000 Combined Healthy Table <i>males set back one year;</i> <i>females set forward one year</i>	RP-2000 Combined Healthy Table; <i>no age offset;</i> <i>no age offset</i>
JRS	RP-2000 Combined Healthy Table <i>males set back six years;</i> <i>females set forward six years</i>	RP-2000 Combined Healthy Table; <i>males set forward six years;</i> <i>females set forward six years</i>

4. Retirement (page 1 of 2): Probabilities of service retirement are illustrated in the following tables.

Age	PERS						SERS						PSERS	
	Plan 1			Plan 2/3*			Plan 2/3*			Plan 2			Plan 2	
				Service Less Than 30 Years			Service Greater Than Or Equal To 30 Years							
	Male	Female		Male	Female		Male	Female		Male	Female		Male	Female
50	55%	35%		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
51	45%	35%		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
52	45%	35%		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
53	45%	31%		0%	0%	0%	0%	0%	0%	0%	0%	3%	3%	3%
54	45%	48%		0%	0%	0%	0%	0%	0%	0%	0%	3%	3%	3%
55	22%	23%		3%	3%	13%	3%	3%	13%	3%	14%	3%	3%	3%
56	18%	18%		3%	3%	12%	3%	3%	12%	3%	12%	8%	8%	8%
57	18%	18%		3%	3%	13%	3%	3%	13%	3%	13%	8%	8%	8%
58	18%	17%		7%	3%	14%	7%	3%	14%	7%	13%	15%	11%	11%
59	22%	33%		7%	3%	18%	7%	3%	18%	7%	28%	16%	12%	12%
60	15%	17%		9%	9%	14%	9%	9%	14%	9%	15%	30%	36%	36%
61	23%	21%		9%	12%	22%	9%	12%	22%	9%	20%	26%	26%	26%
62	33%	29%		25%	22%	33%	25%	22%	33%	25%	29%	36%	36%	36%
63	23%	21%		20%	20%	25%	20%	20%	25%	20%	25%	50%	50%	50%
64	30%	26%		55%	55%	60%	50%	50%	55%	50%	55%	89%	89%	89%
65	40%	39%		45%	45%	45%	45%	45%	45%	45%	45%	46%	31%	31%
66	26%	22%		26%	25%	26%	26%	25%	26%	26%	25%	30%	30%	30%
67	26%	23%		20%	22%	20%	20%	22%	20%	20%	22%	22%	26%	26%
68	20%	22%		20%	23%	20%	20%	23%	20%	20%	23%	22%	26%	26%
69	23%	25%		22%	21%	22%	22%	21%	22%	22%	21%	26%	22%	22%
70	24%	20%		20%	23%	20%	20%	23%	20%	20%	23%	100%	100%	100%

*Approximately 50% of those eligible to retire with at least 20, but less than 30 years of service in Plan 3 elect to defer their benefits.

4. Retirement (page 2 of 2):

	TRS														LEOFF	WSPRS	JRS	
	Plan 1						Plan 2/3*						Plan 1	Plan 2			Plan 1/2	
	Service Not Equal To 30 Years		Service Equal To 30 Years		Service Less Than 30 Years		Service Equal To 30 Years				Service Greater Than 30 Years							
							Male	Female	Male	Female								
Age	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male & Female	Male & Female	Male & Female	Male & Female	Age	
50	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%	5%	28%	0%	50	
51	0%	0%	0%	30%	0%	0%	0%	0%	0%	0%	0%	0%	7%	5%	23%	0%	51	
52	0%	20%	40%	35%	0%	0%	0%	0%	0%	0%	0%	0%	7%	5%	23%	0%	52	
53	25%	20%	40%	35%	0%	0%	0%	0%	0%	0%	0%	0%	7%	10%	23%	0%	53	
54	25%	20%	40%	35%	0%	0%	0%	0%	0%	0%	0%	0%	11%	12%	23%	0%	54	
55	25%	22%	40%	35%	3%	2%	24%	21%	15%	13%	12%	15%	23%	15%	23%	0%	55	
56	25%	22%	35%	35%	3%	3%	23%	23%	17%	15%	12%	15%	23%	15%	23%	0%	56	
57	25%	22%	35%	35%	3%	7%	25%	25%	18%	16%	15%	15%	23%	15%	23%	0%	57	
58	25%	23%	40%	35%	3%	7%	31%	27%	20%	18%	16%	20%	20%	20%	20%	0%	58	
59	25%	28%	45%	35%	3%	7%	38%	29%	21%	24%	16%	20%	23%	20%	23%	0%	59	
60	25%	23%	45%	35%	11%	9%	41%	32%	23%	21%	23%	20%	23%	20%	23%	1%	60	
61	25%	25%	50%	45%	11%	12%	48%	43%	24%	24%	25%	25%	25%	25%	25%	1%	61	
62	40%	30%	60%	60%	25%	25%	60%	60%	40%	35%	25%	25%	25%	25%	25%	14%	62	
63	29%	23%	50%	50%	20%	25%	50%	50%	30%	30%	25%	25%	25%	25%	27%	14%	63	
64	27%	25%	50%	50%	50%	45%	55%	50%	55%	50%	25%	25%	25%	25%	33%	18%	64	
65	40%	44%	70%	60%	50%	45%	50%	45%	50%	45%	25%	25%	100%	25%	100%	30%	65	
66	40%	36%	70%	60%	40%	30%	40%	30%	40%	30%	25%	25%	100%	25%	100%	33%	66	
67	33%	26%	70%	60%	35%	25%	35%	25%	35%	25%	25%	25%	100%	25%	100%	18%	67	
68	28%	30%	70%	60%	30%	25%	30%	25%	30%	25%	25%	25%	100%	25%	100%	18%	68	
69	28%	28%	70%	60%	30%	40%	30%	40%	30%	40%	25%	25%	100%	25%	100%	18%	69	
70	23%	35%	100%	45%	30%	25%	30%	25%	30%	25%	100%	100%	100%	100%	22%	22%	70	

*Approximately 50% of those eligible to retire with at least 20, but less than 30 years of service in Plan 3 elect to defer their benefits.

5. Disablement: Probabilities of disablement are illustrated in the following tables.

	PERS				SERS		PSERS		
	Plan 1		Plan 2/3		Plan 2/3		Plan 2		
Age	Male	Female	Male	Female	Male	Female	Male	Female	Age
20	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	20
25	0.0000%	0.0000%	0.0052%	0.0000%	0.0000%	0.0000%	0.0052%	0.0000%	25
30	0.0000%	0.0000%	0.0115%	0.0056%	0.0000%	0.0048%	0.0115%	0.0056%	30
35	0.0310%	0.0319%	0.0156%	0.0194%	0.0081%	0.0176%	0.0156%	0.0194%	35
40	0.0762%	0.0710%	0.0235%	0.0275%	0.0258%	0.0164%	0.0235%	0.0275%	40
45	0.1481%	0.1431%	0.0476%	0.0467%	0.0568%	0.0201%	0.0476%	0.0467%	45
50	0.2542%	0.3023%	0.0922%	0.1003%	0.1102%	0.0797%	0.0922%	0.1003%	50
55	0.8240%	0.6411%	0.2630%	0.2782%	0.3175%	0.2166%	0.2630%	0.2782%	55
60	1.1701%	0.6502%	0.7603%	0.7681%	0.7200%	0.5888%	0.7603%	0.7681%	60
64	1.1701%	0.5495%	1.0244%	1.0271%	1.2600%	0.4943%	1.0244%	1.0271%	64

	TRS				LEOFF		WSPRS	JRS	
	Plan 1		Plan 2/3		Plan 1	Plan 2	Plan 1/2	Plan 1/2	
Age	Male	Female	Male	Female	Male & Female	Male & Female	Male & Female		Age
20	0.0013%	0.0014%	0.0003%	0.0003%	0.1000%	0.0981%	0.0256%	*	20
25	0.0091%	0.0092%	0.0024%	0.0019%	0.1000%	0.1088%	0.0353%	*	25
30	0.0187%	0.0190%	0.0048%	0.0040%	0.7968%	0.1208%	0.0488%	*	30
35	0.0321%	0.0326%	0.0083%	0.0068%	1.4888%	0.1652%	0.0675%	*	35
40	0.0428%	0.0434%	0.0111%	0.0091%	2.3471%	0.2263%	0.0933%	*	40
45	0.0944%	0.0957%	0.0244%	0.0201%	4.0000%	0.2988%	0.1290%	*	45
50	0.1634%	0.1656%	0.0422%	0.0347%	7.0000%	1.0134%	0.1783%	*	50
55	0.3347%	0.3393%	0.1118%	0.0750%	9.0000%	2.4045%	0.2465%	*	55
60	0.4686%	0.4750%	0.2500%	0.1875%	10.0000%	2.4045%	0.3408%	*	60
64	0.7213%	0.7311%	0.4759%	0.3903%	10.8000%	2.4045%	0.0700%	*	64

*A 1 percent rate of disability is assumed at all ages after ten years of service.

6. Termination: Probabilities of termination are illustrated in the following table.

	PERS		SERS		PSERS		TRS		LEOFF		WSPRS	JRS	
	All Plans		All Plans		Plan 2		All Plans		Plan 1	Plan 2	Plan 1/2		
Age	Male	Female	Male	Female	Male	Female	Male	Female	Male & Female	Male & Female	Male & Female	Male & Female	Age
0	26.2397%	26.7698%	25.5974%	19.9030%	26.2397%	26.7698%	10.7968%	10.8867%	10.7153%	10.6172%	3.3365%	2.0000%	0
1	15.4534%	16.7747%	15.8775%	13.1281%	15.4534%	16.7747%	9.2756%	9.7130%	4.8178%	4.7198%	2.8665%	2.0000%	1
2	10.0683%	11.7007%	0.1169%	10.2908%	10.0683%	11.7007%	5.9747%	7.2137%	2.4604%	2.3624%	2.5639%	2.0000%	2
3	7.5236%	9.2904%	9.9510%	7.8600%	7.5236%	9.2904%	4.3174%	5.9168%	2.1731%	2.0751%	2.3870%	2.0000%	3
4	6.3052%	7.6024%	8.1055%	6.7558%	6.3052%	7.6024%	4.1379%	5.0333%	2.0554%	1.9573%	2.2614%	2.0000%	4
5	5.4443%	6.6544%	7.0001%	6.2423%	5.4443%	6.6544%	3.6574%	4.5110%	1.9806%	1.8826%	1.5865%	2.0000%	5
6	4.5887%	6.0712%	6.1045%	5.5595%	4.5887%	6.0712%	3.1921%	4.0204%	1.9379%	1.8398%	1.5069%	2.0000%	6
7	4.2956%	5.4587%	5.6497%	5.2581%	4.2956%	5.4587%	2.4566%	3.4185%	1.9344%	1.8363%	1.4396%	2.0000%	7
8	3.8441%	5.0026%	4.9878%	4.9707%	3.8441%	5.0026%	2.2431%	2.9563%	1.7982%	1.7001%	1.3813%	2.0000%	8
9	3.6120%	4.4536%	4.7679%	4.7491%	3.6120%	4.4536%	2.1313%	2.4037%	1.7549%	1.6568%	1.3299%	2.0000%	9
10	3.4062%	4.0754%	4.3892%	4.5725%	3.4062%	4.0754%	2.0225%	2.3050%	1.7151%	1.6170%	1.0034%	2.0000%	10
11	3.1228%	3.7102%	4.0911%	4.4832%	3.1228%	3.7102%	1.9121%	2.1650%	1.5263%	1.4282%	0.9618%	0.0000%	11
12	3.0279%	3.3673%	3.8637%	4.4156%	3.0279%	3.3673%	1.8631%	1.9982%	1.5122%	1.4141%	0.9238%	0.0000%	12
13	2.8580%	3.2309%	3.6863%	4.4032%	2.8580%	3.2309%	1.3880%	1.6962%	1.4522%	1.3541%	0.8889%	0.0000%	13
14	2.7921%	3.1248%	3.2877%	4.2560%	2.7921%	3.1248%	1.3353%	1.6596%	1.1562%	1.0582%	0.8566%	0.0000%	14
15	2.6640%	2.9525%	3.0517%	4.2740%	2.6640%	2.9525%	1.2356%	1.5984%	1.0816%	0.9835%	0.6999%	0.0000%	15
16	2.4254%	2.7411%	2.8186%	3.9160%	2.4254%	2.7411%	1.1763%	1.5336%	1.0571%	0.9590%	0.6718%	0.0000%	16
17	2.1960%	2.4231%	2.5793%	3.6424%	2.1960%	2.4231%	1.0705%	1.3331%	0.8522%	0.7542%	0.6453%	0.0000%	17
18	1.9650%	2.1981%	2.2867%	3.4565%	1.9650%	2.1981%	1.0276%	1.2106%	0.8696%	0.7715%	0.6204%	0.0000%	18
19	1.6561%	1.9927%	2.0112%	3.2224%	1.6561%	1.9927%	0.9342%	1.1378%	0.8644%	0.7663%	0.5968%	0.0000%	19
20	1.3551%	1.7270%	1.8112%	2.8822%	1.3551%	1.7270%	0.8641%	1.0689%	0.8773%	0.7792%	0.3269%	0.0000%	20
21	1.1848%	1.4418%	1.7086%	2.7134%	1.1848%	1.4418%	0.7229%	0.8065%	0.8544%	0.7564%	0.3056%	0.0000%	21
22	1.0082%	1.2500%	1.5797%	2.5300%	1.0082%	1.2500%	0.7090%	0.7507%	0.8178%	0.7198%	0.2853%	0.0000%	22
23	0.8454%	1.0608%	1.5356%	2.0548%	0.8454%	1.0608%	0.6964%	0.7282%	0.7594%	0.6613%	0.2659%	0.0000%	23
24	0.7544%	0.8007%	1.5275%	1.9208%	0.7544%	0.8007%	0.6974%	0.6871%	0.7248%	0.6267%	0.2473%	0.0000%	24
25	0.6909%	0.6627%	1.1837%	1.5628%	0.6909%	0.6627%	0.6776%	0.6864%	0.6671%	0.5690%	0.0000%	0.0000%	25
26	0.5537%	0.5548%	1.0103%	1.1826%	0.5537%	0.5548%	0.6634%	0.6591%	0.7674%	0.6694%	0.0000%	0.0000%	26
27	0.6646%	0.5862%	0.7945%	0.8882%	0.6646%	0.5862%	0.6491%	0.6487%	0.7033%	0.6053%	0.0000%	0.0000%	27
28	0.5876%	0.4781%	0.4945%	0.7339%	0.5876%	0.4781%	0.5385%	0.5369%	0.6222%	0.5242%	0.0000%	0.0000%	28
29	0.5174%	0.4290%	0.4945%	0.7339%	0.5174%	0.4290%	0.4563%	0.4634%	0.1841%	0.0860%	0.0000%	0.0000%	29
30+	0.4516%	0.3866%	0.4945%	0.7339%	0.4516%	0.3866%	0.3953%	0.3817%	0.1646%	0.0666%	0.0000%	0.0000%	30+

7. Future Salaries (page 1 of 2): The following tables indicate the scale of relative salary values used to estimate future salaries for valuation purposes. In addition to increases in salary due to promotions and longevity, there is an assumed 4.25 percent per annum rate of increase in the general salary level of membership. However, LEOFF Plan 2 still assumes a 4.50 percent per annum rate.

Step Salary Increases													
	PERS		SERS		PSERS		TRS		LEOFF		WSPRS		
	All Plans		All Plans		Plan 2		All Plans		All Plans		All Plans		
Age	Percent Increase	Salary Ratio	Percent Increase	Salary Ratio	Percent Increase	Salary Ratio	Percent Increase	Salary Ratio	Percent Increase	Salary Ratio	Percent Increase	Salary Ratio	Age
0	6.1%	1.370	6.9%	1.385	6.1%	1.370	5.8%	1.584	11.0%	1.840	7.1%	1.626	0
1	6.1%	1.291	6.9%	1.295	6.1%	1.291	5.8%	1.497	11.0%	1.657	7.1%	1.519	1
2	4.8%	1.217	3.9%	1.212	4.8%	1.217	4.3%	1.415	7.7%	1.493	5.9%	1.418	2
3	3.8%	1.161	2.9%	1.166	3.8%	1.161	4.1%	1.357	6.1%	1.386	5.2%	1.339	3
4	2.9%	1.119	2.3%	1.133	2.9%	1.119	3.5%	1.303	4.0%	1.307	5.2%	1.273	4
5	2.2%	1.087	2.2%	1.108	2.2%	1.087	3.1%	1.259	2.8%	1.256	5.2%	1.210	5
6	1.5%	1.064	1.6%	1.084	1.5%	1.064	2.8%	1.221	2.0%	1.222	4.5%	1.150	6
7	1.1%	1.048	1.3%	1.067	1.1%	1.048	2.6%	1.188	1.6%	1.198	0.8%	1.100	7
8	0.9%	1.037	1.2%	1.053	0.9%	1.037	2.4%	1.158	1.5%	1.179	0.8%	1.092	8
9	0.7%	1.027	0.9%	1.041	0.7%	1.027	2.2%	1.131	1.4%	1.162	0.8%	1.083	9
10	0.5%	1.020	0.8%	1.031	0.5%	1.020	2.0%	1.107	1.7%	1.146	0.8%	1.074	10
11	0.4%	1.015	0.7%	1.023	0.4%	1.015	1.9%	1.085	1.3%	1.127	0.8%	1.066	11
12	0.3%	1.011	0.4%	1.016	0.3%	1.011	1.7%	1.065	1.3%	1.112	0.4%	1.057	12
13	0.2%	1.008	0.4%	1.012	0.2%	1.008	1.5%	1.047	1.3%	1.098	0.4%	1.053	13
14	0.2%	1.006	0.3%	1.008	0.2%	1.006	1.0%	1.031	1.3%	1.084	0.4%	1.049	14
15	0.2%	1.004	0.1%	1.005	0.2%	1.004	0.8%	1.021	1.3%	1.070	0.4%	1.045	15
16	0.2%	1.002	0.1%	1.004	0.2%	1.002	0.4%	1.013	1.1%	1.056	0.4%	1.041	16
17	0.0%	1.000	0.1%	1.003	0.0%	1.000	0.1%	1.009	1.1%	1.045	0.4%	1.037	17
18	0.0%	1.000	0.1%	1.002	0.0%	1.000	0.1%	1.008	1.1%	1.033	0.4%	1.032	18
19	0.0%	1.000	0.1%	1.001	0.0%	1.000	0.1%	1.007	1.1%	1.022	0.4%	1.028	19
20	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.1%	1.006	1.1%	1.011	0.4%	1.024	20
21	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.1%	1.005	0.0%	1.000	0.4%	1.020	21
22	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.1%	1.004	0.0%	1.000	0.4%	1.016	22
23	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.1%	1.003	0.0%	1.000	0.4%	1.012	23
24	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.1%	1.002	0.0%	1.000	0.4%	1.008	24
25	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.1%	1.001	0.0%	1.000	0.4%	1.004	25
26	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	26
27	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	27
28	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	28
29	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	29
30+	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	0.0%	1.000	30+

Note: For JRS, general salary levels are assumed to increase 4.5% per year.

7. Future Salaries (page 2 of 2):

Relative Salary Values						
	PERS/SERS/ PSERS	TRS	LEOFF 1	LEOFF 2	WSPRS	JRS
Annual Percent Increase	5.55%	5.19%	5.55%	5.81%	5.55%	4.25%
Attributed to Growth In Active Group Size	1.25%	0.90%	1.25%	1.25%	1.25%	0.00%
Attributed to the Effects of Inflation on Salaries	4.25%	4.25%	4.25%	4.50%	4.25%	4.25%

8. Other Specific Assumptions that Have a Material Impact on Valuation Results:

- Members of PERS Plan 1 increase their Average Final Compensation by an average of up to 4.5 percent by cashing out sick leave or annual leave pay, or by increasing overtime.
- Members of TRS Plan 1 increase their Average Final Compensation by an average of up to 1 percent by cashing out sick leave or annual leave pay, or by increasing overtime.
- LEOFF Plan 1 post-retirement cost-of-living increases are assumed to be 3.5 percent each year.
- Members of WSPRS Plan 1 increase their Average Final Compensation by an average of up to 7.5 percent by cashing out sick leave or annual leave pay, or by increasing overtime.
- LEOFF Plan 2 members are assumed to disable or die due to duty-related injury or illness at a rate which varies with age. For more details, contact the Office of the State Actuary.
- Other assumptions include the recognition of service earned in another plan (portability), the probability of a vested terminated member not withdrawing his or her contributions from the plan, the probability of being married, military service, single life annuity refund on death, and beneficiary age. More details on these and other assumptions can be obtained from the Office of the State Actuary.

9. Change in Assumptions:

- Salary growth assumption.
- Projected improvements in mortality.
- Updated demographic assumptions as a result of the 2001-2006 Experience Study. For details of the analysis behind the changes, see the Experience Study report which can be obtained from the Office of the State Actuary.

10. Actuarial Cost Method:

Valuation assets are at market value with gains and losses recognized on a graded scale over an eight-year period. Additionally, the actuarial value of assets may not exceed 130%, nor drop below 70%, of the market value of assets. JRS and Judges use the market value of assets for valuation assets.

PERS Plan 1, TRS Plan 1, LEOFF Plan 1, JRS, and Judges:

Funding (Actual Contributions): A variation of the Frozen Initial Liability (FIL) Cost Method is used for PERS and TRS plans 1. The contribution toward the UAAL has been developed in the valuation as a level percentage of expected future covered payrolls which will amortize the UAAL over the period to June 30, 2024. No contributions are required when the LEOFF Plan 1 UAAL is fully funded. JRS and Judges are funded on a pay-as-you-go basis.

Disclosure (Annual Required Contributions): The funding method described in the previous paragraph for PERS Plan 1, TRS Plan 1, and LEOFF Plan 1 is not an acceptable method for the GASB Statement Number 25 disclosures. In order to meet GASB Statement Number 25 requirements, the Entry Age cost method has been used for these plans. The UAAL is amortized as a level dollar amount over the applicable amortization period. For PERS, TRS and LEOFF, the end of the amortization period is June 30, 2024. For JRS and Judges, the end of the amortization period is December 31, 2008.

PERS Plan 2/3, SERS Plan 2/3, TRS Plan 2/3, PSERS Plan 2, LEOFF Plan 2, and WSPRS Plan 1/2:

The Aggregate Actuarial Cost Method is used to calculate the contribution rates. Under this method the unfunded actuarial present value of fully projected benefits is amortized over the projected earnings of the active group. The entire contribution is normal cost, and no UAAL exists. All gains and losses are amortized over future salaries of current active members.

11. Change in Funding Policy:

Pension funding legislation in 2006 adopted annual UAAL contribution rates over a three-year "phase in" period from 2006-09.

12. Material Changes in Benefit Provisions and Contribution Rates:

The GASB disclosure contribution rates are based on the latest actuarial valuations as of June 30, 2007.

The funding (or actual) contribution rates in effect at the close of the fiscal year were based on the 2005 actuarial valuations in accordance with funding policy. The rates include appropriate adjustments for subsequent law changes.

The following laws enacted in 2008 had an immediate impact on the latest actuarial valuation contribution rates:

- TRS /SERS Half-Year Contracts (Chapter 204, Laws of 2008)
- Judges' Increased Benefit Multiplier (Chapter 300, Laws of 2008)
- TRS Salary Bonuses (Chapter 175, Laws of 2008)
- TRS Out-of-State Service Credit Purchase (Chapter 101, Laws of 2008)
- LEOFF 2 Alternate Revenue (Chapter 99, Laws of 2008)

Additional Actuarial Schedules

Schedule of Active Member Valuation Data: PERS Plan 1

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	12,975	\$676.4	\$52,130	2.1%
9/30/06	14,213	725.5	51,042	3.6%
9/30/05	15,962	786.1	49,248	1.8%
9/30/04	17,829	862.6	48,383	1.1%
9/30/03	19,740	945.1	47,876	1.7%
9/30/02	21,737	1,023.4	47,080	4.1%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: PERS Plan 2

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	120,625	\$6,004.6	\$49,779	2.9%
9/30/06	118,341	5,726.6	48,391	4.3%
9/30/05	118,400	5,493.7	46,399	3.0%
9/30/04	118,572	5,340.3	45,038	2.7%
9/30/03	117,262	5,142.5	43,855	3.5%
9/30/02	116,939	4,952.6	42,352	4.0%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: PERS Plan 3

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	24,422	\$1,152.0	\$47,172	1.5%
9/30/06	22,473	1,043.9	46,452	3.6%
9/30/05	21,216	950.8	44,817	1.1%
9/30/04	19,855	880.3	44,335	(1.1%)
9/30/03	17,548	786.6	44,823	(1.8%)
9/30/02*	15,509	707.8	45,638	n/a

* PERS Plan 3 became effective on March 1, 2002.

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: SERS Plan 2

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	17,767	\$471.4	\$26,531	4.3%
9/30/06	18,464	469.5	25,426	3.8%
9/30/05	19,387	474.9	24,494	3.8%
9/30/04	20,424	482.1	23,604	2.8%
9/30/03	21,504	493.9	22,967	6.4%
9/30/02	22,870	493.8	21,593	6.9%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: SERS Plan 3

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	33,058	\$811.4	\$24,544	2.7%
9/30/06	32,354	773.4	23,905	1.9%
9/30/05	30,963	726.5	23,462	0.6%
9/30/04	29,430	686.2	23,315	1.1%
9/30/03	27,710	638.7	23,051	4.8%
9/30/02	26,921	591.9	21,988	3.1%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: PSERS Plan 2

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	2,755	\$134.2	\$48,710	(2.0)%
9/30/06*	2,073	103.1	49,714	n/a
9/30/05	-	-	-	-
9/30/04	-	-	-	-
9/30/03	-	-	-	-
9/30/02	-	-	-	-

* PSERS Plan 2 became effective on July 1, 2006.

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: TRS Plan 1

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	6,331	\$426.1	\$67,310	3.9%
9/30/06	7,382	478.3	64,796	2.0%
9/30/05	8,592	545.9	63,531	1.7%
9/30/04	9,862	616.1	62,470	0.8%
9/30/03	11,175	692.3	61,954	4.1%
9/30/02	12,456	741.1	59,496	3.9%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: TRS Plan 2

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	6,752	\$420.1	\$62,213	5.2%
9/30/06	6,983	413.1	59,164	3.1%
9/30/05	7,205	413.4	57,379	3.3%
9/30/04	7,470	414.9	55,540	2.2%
9/30/03	7,637	414.9	54,333	6.3%
9/30/02	7,809	399.2	51,123	5.3%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: TRS Plan 3

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	51,856	\$2,897.6	\$55,879	6.1%
9/30/06	53,371	2,812.0	52,689	2.5%
9/30/05	51,473	2,645.0	51,386	2.9%
9/30/04	49,302	2,463.0	49,958	2.3%
9/30/03	47,263	2,308.1	48,836	5.3%
9/30/02	45,798	2,123.6	46,369	4.6%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: LEOFF Plan 1

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	513	\$42.7	\$83,262	3.3%
9/30/06	596	48.1	80,630	4.5%
9/30/05	723	55.8	77,139	2.5%
9/30/04	848	63.8	75,222	4.6%
9/30/03	991	71.3	71,924	3.2%
9/30/02	1,147	79.9	69,667	5.6%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: LEOFF Plan 2

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	16,099	\$1,233.7	\$76,632	2.8%
9/30/06	15,718	1,172.0	74,562	3.5%
9/30/05	15,168	1,092.3	72,015	4.2%
9/30/04	14,754	1,019.5	69,098	4.1%
9/30/03	14,560	966.6	66,388	3.2%
9/30/02	14,011	901.6	64,347	5.2%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: WSPRS Plan 1

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	885	\$63.6	\$71,907	3.3%
9/30/06	906	63.1	69,606	6.7%
9/30/05	941	61.4	65,254	5.2%
9/30/04	997	61.9	62,042	0.3%
9/30/03	1,045	64.6	61,848	2.4%
9/30/02	1,035	62.5	60,422	3.1%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: WSPRS Plan 2

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	152	\$8.2	\$54,162	3.6%
9/30/06	116	6.1	52,278	8.3%
9/30/05	81	3.9	48,250	9.1%
9/30/04	60	2.7	44,206	7.8%
9/30/03	34	1.4	41,018	n/a
9/30/02*	-	-	-	-

* WSPRS Plan 2 became effective on January 1, 2003.

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: JRS

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	11	\$1.5	\$134,386	2.2%
9/30/06	11	1.4	131,436	3.0%
9/30/05	13	1.7	127,647	2.3%
9/30/04	19	2.4	124,801	0.1%
9/30/03	21	2.6	124,636	2.4%
9/30/02	24	2.9	121,741	6.3%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: Judges

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/07	-	\$-	\$-	n/a
9/30/06	-	-	-	n/a
9/30/05	-	-	-	n/a
9/30/04	-	-	-	n/a
9/30/03	-	-	-	n/a
9/30/02	1	0.1	134,584	2.3%

Source: Washington State Office of the State Actuary

Note for all schedules: Averages are based on actual, not rounded amounts.

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: PERS Plan 1

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/07	1,555	\$41,444,329	1,703	\$19,287,556	54,686	\$989,949,533	\$18,102	2.5%
9/30/06	2,345	58,991,956	2,306	25,314,598	54,834	966,044,139	17,618	5.3%
9/30/05	2,453	59,678,441	2,226	23,265,522	54,795	917,109,978	16,737	5.8%
9/30/04	2,508	61,107,155	2,312	22,315,395	54,568	867,079,469	15,890	6.4%
9/30/03	2,661	63,493,857	2,295	21,236,351	54,372	815,176,602	14,993	7.3%
9/30/02	2,783	62,818,651	2,315	20,053,126	54,006	759,744,392	14,068	7.8%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: PERS Plan 2

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/07	1,363	\$16,027,735	285	\$2,398,926	15,959	\$146,703,879	\$9,193	10.3%
9/30/06	1,753	19,273,543	343	2,418,970	14,881	132,989,872	8,937	17.9%
9/30/05	1,667	17,489,923	302	2,004,746	13,471	112,808,257	8,374	18.2%
9/30/04	1,460	14,389,517	258	1,585,538	12,106	95,405,344	7,881	18.0%
9/30/03	1,403	12,591,831	240	1,365,574	10,904	80,863,349	7,416	19.3%
9/30/02	1,328	10,886,277	238	1,489,346	9,741	67,775,431	6,958	19.5%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: PERS Plan 3

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/07	120	\$767,458	7	\$36,995	599	\$3,222,482	\$5,380	29.4%
9/30/06	149	788,987	6	28,021	486	2,490,907	5,125	48.2%
9/30/05	124	603,358	3	10,266	343	1,681,231	4,902	57.4%
9/30/04	140	660,151	4	17,401	222	1,068,252	4,812	154.7%
9/30/03	77	375,280	-	-	86	419,481	4,878	859.8%
9/30/02	9	43,707	-	-	9	43,707	4,856	n/a

*PERS Plan 3 became effective on March 1, 2002.

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: SERS Plan 2

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/07	231	\$1,721,633	20	\$112,108	2,026	\$14,110,609	\$6,965	13.0%
9/30/06	410	2,890,809	21	120,279	1,815	12,492,085	6,883	32.2%
9/30/05	345	2,373,320	16	83,179	1,426	9,452,517	6,629	34.4%
9/30/04	370	2,399,840	9	25,759	1,097	7,032,456	6,411	53.8%
9/30/03	307	1,968,085	8	45,290	736	4,573,302	6,214	76.5%
9/30/02	251	1,550,754	5	19,458	437	2,591,035	5,929	150.3%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: SERS Plan 3

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/07	178	\$695,857	6	\$14,025	1,115	\$3,730,124	\$3,345	22.7%
9/30/06	246	830,604	8	24,025	943	3,040,090	3,224	39.5%
9/30/05	231	738,686	7	15,225	705	2,179,342	3,091	52.2%
9/30/04	177	570,787	2	3,717	481	1,432,100	2,977	68.6%
9/30/03	124	376,893	3	8,584	306	849,635	2,777	80.3%
9/30/02	109	272,549	2	3,471	185	471,143	2,547	137.8%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: TRS Plan 1

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/07	370	\$6,636,490	731	\$11,088,213	35,384	\$735,750,464	\$20,793	(0.7)%
9/30/06	1,522	41,976,669	1,041	15,570,734	35,745	740,789,520	20,724	5.1%
9/30/05	1,599	43,037,533	959	13,226,439	35,264	704,678,752	19,983	5.8%
9/30/04	1,724	45,066,813	955	13,060,274	34,624	666,008,994	19,235	6.5%
9/30/03	1,667	41,501,938	960	11,973,348	33,855	625,084,100	18,464	6.5%
9/30/02	1,892	46,113,665	939	11,361,709	33,148	587,202,226	17,715	7.9%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: TRS Plan 2

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/07	105	\$1,426,931	15	\$141,168	1,664	\$22,470,949	\$13,504	6.2%
9/30/06	239	3,646,802	16	140,601	1,574	21,157,013	13,442	23.5%
9/30/05	233	3,546,914	9	96,832	1,351	17,129,967	12,679	27.9%
9/30/04	183	2,463,176	13	105,183	1,127	13,398,162	11,888	23.9%
9/30/03	151	1,770,105	17	133,929	957	10,809,534	11,295	21.1%
9/30/02	120	1,493,131	6	50,461	823	8,927,586	10,848	22.8%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: TRS Plan 3

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/07	115	\$826,838	5	\$17,533	1,043	\$6,680,207	\$6,405	13.9%
9/30/06	233	1,707,380	6	34,323	933	5,863,113	6,284	44.0%
9/30/05	172	1,203,187	7	17,172	706	4,070,809	5,766	44.0%
9/30/04	160	941,453	4	31,834	541	2,827,124	5,226	50.4%
9/30/03	105	578,041	3	9,313	385	1,879,859	4,883	47.3%
9/30/02	81	360,835	1	6,282	283	1,276,593	4,511	42.7%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: LEOFF Plan 1

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/07	153	\$7,238,334	164	\$5,380,231	8,161	\$309,181,019	\$37,885	4.2%
9/30/06	229	10,517,551	206	6,565,445	8,172	296,662,837	36,302	4.2%
9/30/05	221	9,390,330	182	5,893,176	8,149	284,639,305	34,929	2.8%
9/30/04	252	9,912,303	196	6,146,955	8,110	277,017,151	34,157	2.5%
9/30/03	234	9,466,933	167	5,043,126	8,054	270,247,173	33,554	3.3%
9/30/02	259	9,948,573	166	4,995,289	7,987	261,664,183	32,761	5.4%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: LEOFF Plan 2

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/07	153	\$4,353,299	8	\$144,930	924	\$21,611,590	\$23,389	24.3%
9/30/06	211	5,655,854	6	89,270	779	17,388,315	22,321	51.4%
9/30/05	151	3,758,745	9	103,594	574	11,487,120	20,012	49.2%
9/30/04	120	2,577,269	4	58,849	432	7,698,642	17,821	51.4%
9/30/03	77	1,551,039	5	33,065	316	5,083,630	16,087	46.2%
9/30/02	61	1,069,822	1	11,964	244	3,476,883	14,250	48.1%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: WSPRS Plan 1

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/07	22	\$801,594	9	\$182,796	821	\$31,779,147	\$38,708	2.1%
9/30/06	28	1,101,085	12	321,334	808	31,134,976	38,533	6.3%
9/30/05	49	1,781,905	19	443,543	792	29,291,456	36,984	7.5%
9/30/04	40	1,426,848	13	273,255	762	27,245,683	35,755	7.1%
9/30/03	28	1,222,157	11	216,943	735	25,438,609	34,610	7.1%
9/30/02	35	1,156,113	13	194,199	718	23,743,788	33,069	7.4%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: JRS

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/07	3	\$160,260	5	\$392,686	130	\$9,201,726	\$70,783	(2.5)%
9/30/06	6	385,845	5	376,793	132	9,434,152	71,471	3.0%
9/30/05	8	631,467	4	217,950	131	9,163,352	69,949	7.5%
9/30/04	5	355,654	7	399,709	127	8,525,718	67,132	1.8%
9/30/03	6	367,945	8	415,446	129	8,373,681	64,912	1.4%
9/30/02	4	229,792	7	294,080	131	8,258,774	63,044	2.1%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: Judges

Year Ended	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls-End of Year</u>		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
6/30/07	-	\$-	-	\$75,233	15	\$578,135	\$38,542	0.0%
9/30/06	1	18,033	2	75,234	15	578,135	38,542	(9.0)%
9/30/05	1	16,763	1	7,011	16	635,336	39,709	1.6%
9/30/04	1	39,168	2	111,861	16	625,584	39,099	(10.4)%
9/30/03	2	94,021	3	20,715	17	698,277	41,075	11.7%
9/30/02	1	37,131	1	74,261	18	624,971	34,721	(5.6)%

Source: Washington State Office of the State Actuary

Solvency Test: PERS Plan 1

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/07	\$1,120.4	\$10,575.9	\$2,044.2	\$13,740.5	\$9,715.5	100%	81%	0%
9/30/06	1,186.4	9,473.0	2,470.1	13,129.4	9,591.0	100%	89%	0%
9/30/05	1,271.5	9,455.7	2,976.5	13,703.7	9,706.9	100%	89%	0%
9/30/04	1,343.2	8,827.4	2,684.9	12,855.5	9,928.2	100%	97%	0%
9/30/03	1,411.3	8,327.8	2,952.8	12,691.9	10,227.3	100%	100%	17%
9/30/02	1,462.7	7,848.9	3,248.8	12,560.4	10,756.8	100%	100%	44%

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

Solvency Test: PERS Plan 2/3

(dollars in millions)

Accrued Liabilities (Aggregate Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/07	\$2,464.6	\$2,966.5	\$9,456.7	\$14,887.9	\$14,887.9	100%	100%	100%
9/30/06	2,294.7	2,470.0	8,764.2	13,528.9	13,528.9	100%	100%	100%
9/30/05	2,154.9	2,131.4	7,987.7	12,274.0	12,274.0	100%	100%	100%
9/30/04	2,055.1	1,816.0	7,560.0	11,431.1	11,431.1	100%	100%	100%
9/30/03	1,962.7	1,582.3	7,297.3	10,842.3	10,842.3	100%	100%	100%
9/30/02	1,891.8	1,386.2	7,422.8	10,700.8	10,700.8	100%	100%	100%

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

Solvency Test: SERS Plan 2/3

(dollars in millions)

Accrued Liabilities (Aggregate Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/07	\$207.1	\$431.4	\$1,494.9	\$2,133.4	\$2,133.4	100%	100%	100%
9/30/06	188.7	350.1	1,395.5	1,934.3	1,934.3	100%	100%	100%
9/30/05	178.2	288.1	1,281.1	1,747.4	1,747.4	100%	100%	100%
9/30/04	175.1	216.4	1,238.5	1,630.0	1,630.0	100%	100%	100%
9/30/03	173.8	150.0	1,222.2	1,546.0	1,546.0	100%	100%	100%
9/30/02	174.5	97.4	1,247.1	1,519.0	1,519.0	100%	100%	100%

Source: Washington State Office of the State Actuary

Solvency Test: PSERS Plan 2

(dollars in millions)

Accrued Liabilities (Aggregate Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/07	\$6.7	\$0.2	\$6.9	\$13.7	\$13.7	100%	100%	100%
9/30/06	0.6	0.0	0.5	1.1	1.1	100%	100%	100%
9/30/05	-	-	-	-	-	-	-	-
9/30/04	-	-	-	-	-	-	-	-
9/30/03	-	-	-	-	-	-	-	-
9/30/02	-	-	-	-	-	-	-	-

* PSERS Plan 2 became effective July 1, 2006

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

Solvency Test: TRS Plan 1

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/07	\$766.4	\$8,670.1	\$1,389.0	\$10,825.6	\$8,302.3	100%	87%	0%
9/30/06	839.3	7,831.8	1,687.5	10,358.6	8,275.5	100%	95%	0%
9/30/05	915.5	7,848.6	2,129.9	10,894.0	8,449.7	100%	96%	0%
9/30/04	985.0	7,345.6	2,070.7	10,401.3	8,728.3	100%	100%	19%
9/30/03	1,049.5	6,934.0	2,341.6	10,325.1	9,085.9	100%	100%	47%
9/30/02	1,091.2	6,627.2	2,516.6	10,235.0	9,365.9	100%	100%	65%

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

Solvency Test: TRS Plan 2/3

(dollars in millions)

Accrued Liabilities (Aggregate Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/07	\$302.6	\$790.8	\$4,183.7	\$5,277.0	\$5,277.0	100%	100%	100%
9/30/06	285.5	653.4	3,896.4	4,835.3	4,835.3	100%	100%	100%
9/30/05	275.8	548.4	3,587.0	4,411.2	4,411.2	100%	100%	100%
9/30/04	272.2	442.2	3,423.7	4,138.1	4,138.1	100%	100%	100%
9/30/03	264.5	364.5	3,320.0	3,949.0	3,949.0	100%	100%	100%
9/30/02	259.3	314.3	3,226.6	3,800.2	3,800.2	100%	100%	100%

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

Solvency Test: LEOFF Plan 1

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/07	\$72.4	\$3,916.3	\$351.5	\$4,340.2	\$5,297.7	100%	100%	100%
9/30/06	80.7	3,826.1	402.1	4,309.0	5,017.8	100%	100%	100%
9/30/05	92.8	3,763.8	386.7	4,243.3	4,799.9	100%	100%	100%
9/30/04	103.6	3,757.7	404.7	4,266.0	4,665.9	100%	100%	100%
9/30/03	115.2	3,718.5	441.2	4,274.9	4,803.3	100%	100%	100%
9/30/02	126.6	3,648.3	484.1	4,259.0	5,095.0	100%	100%	100%

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

Solvency Test: LEOFF Plan 2

(dollars in millions)

Accrued Liabilities (Aggregate Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/07	\$1,178.3	\$451.7	\$2,729.6	\$4,359.6	\$4,359.6	100%	100%	100%
9/30/06	1,087.8	355.6	2,400.3	3,843.8	3,843.8	100%	100%	100%
9/30/05	980.4	264.7	2,084.0	3,329.1	3,329.1	100%	100%	100%
9/30/04	896.4	192.7	1,858.2	2,947.3	2,947.3	100%	100%	100%
9/30/03	820.0	137.2	1,783.2	2,740.4	2,740.4	100%	100%	100%
9/30/02	750.8	99.9	1,795.3	2,646.0	2,646.0	100%	100%	100%

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

Solvency Test: WSPRS Plan 1/2

(dollars in millions)

Accrued Liabilities (Aggregate Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/07	\$50.8	\$444.2	\$304.9	\$799.9	\$799.9	100%	100%	100%
9/30/06	48.7	413.3	281.5	743.5	743.5	100%	100%	100%
9/30/05	46.2	392.9	255.0	694.1	694.1	100%	100%	100%
9/30/04	47.0	356.6	256.4	660.0	660.0	100%	100%	100%
9/30/03	47.4	335.4	281.2	664.0	664.0	100%	100%	100%
9/30/02	46.9	313.2	328.9	689.0	689.0	100%	100%	100%

Source: Washington State Office of the State Actuary

Solvency Test: JRS

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/07	\$3.7	\$75.3	\$6.0	\$85.0	\$0.5	15%	0%	0%
9/30/06	3.5	78.7	5.8	88.0	0.3	7%	0%	0%
9/30/05	3.8	78.7	6.9	89.4	1.7	46%	0%	0%
9/30/04	4.9	73.9	10.2	89.0	4.3	88%	0%	0%
9/30/03	4.9	74.5	11.4	90.8	6.3	100%	2%	0%
9/30/02	5.1	74.4	12.7	92.2	8.1	100%	4%	0%

Note: Percentages calculated using unrounded totals.

This is a relatively small fund administered by DRS which is funded on a pay-as-you-go basis.

Source: Washington State Office of the State Actuary

Solvency Test: Judges

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
6/30/07	\$-	\$3.9	\$-	\$3.9	\$4.0	n/a	100%	n/a
9/30/06	-	4.0	-	4.0	4.1	n/a	100%	n/a
9/30/05	-	4.5	-	4.5	4.2	n/a	93%	n/a
9/30/04	-	4.7	-	4.7	4.4	n/a	93%	n/a
9/30/03	-	5.2	-	5.2	4.5	n/a	87%	n/a
9/30/02	-	4.7	0.8	5.5	4.7	100%	100%	0%

Note: Percentages calculated using unrounded totals.

This is a relatively small fund administered by DRS which is funded on a pay-as-you-go basis.

Source: Washington State Office of the State Actuary

Note on PERS Plan 2/3, SERS Plan 2/3, PSERS Plan 2, TRS Plan 2/3, LEOFF Plan 2 and WSPRS Plan 1/2: The actuarial accrued liability (AAL) presented in these charts reflects the actual actuarial valuation method (Aggregate Cost) used to calculate the annual required contributions for these plans. This Aggregate Cost method does not separately amortize unfunded actuarial liabilities and, by definition, sets the accrued liabilities equal to the assets. Therefore, the funded status is always 100%. These AAL amounts differ from those presented in the schedules of funded status and funding progress included in the Notes to the Financial Statements in the Financial Section, where a different valuation method (Entry Age) was used as a surrogate.

Analysis of Selected Experience: PERS Plan 1
Selected Gains and Losses During Years Ended 2002 to 2007
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2007	2006	2005	2004	2003	2002
Investment Gains*	\$186.0	\$5.6	\$(163.9)	\$(321.7)	\$(679.7)	\$(702.2)
Salary Gains	30.7	(7.6)	63.3	106.7	90.8	(14.7)
Termination of Employment	7.2	6.1	5.4	17.3	16.4	8.5
Return to Work from Terminated Status	(14.4)	(25.1)	(25.1)	(17.8)	(16.6)	(15.5)
Gain (or Loss) During Year from Selected Experience	\$209.5	\$(21.0)	\$(120.3)	\$(215.5)	\$(589.1)	\$(723.9)

*Actuarial value of assets

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: PERS Plan 2/3
Selected Gains and Losses During Years Ended 2002 to 2007
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2007	2006	2005	2004	2003	2002
Investment Gains*	\$327.6	\$97.0	\$(112.4)	\$(295.7)	\$(802.9)	\$(680.5)
Salary Gains	124.2	12.1	178.4	326.9	245.5	(12.1)
Termination of Employment	131.1	155.5	57.9	41.8	41.5	4.2
Return to Work from Terminated Status	(86.8)	(92.6)	(87.9)	(82.5)	(77.9)	(65.8)
Gain (or Loss) During Year from Selected Experience	\$496.1	\$172.0	\$36.0	\$(9.5)	\$(593.8)	\$(754.2)

*Actuarial value of assets

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: SERS Plan 2/3
Selected Gains and Losses During Years Ended 2002 to 2007
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2007	2006	2005	2004	2003	2002
Investment Gains*	\$46.3	\$11.3	\$(18.7)	\$(45.1)	\$(101.4)	\$(107.2)
Salary Gains	9.6	23.8	25.4	59.3	5.8	(0.3)
Termination of Employment	16.1	11.7	9.8	25.6	32.0	6.9
Return to Work from Terminated Status	(74.3)	(27.1)	(13.8)	(13.3)	(9.5)	(18.0)
Gain (or Loss) During Year from Selected Experience	\$(2.3)	\$19.7	\$2.7	\$26.5	\$(73.1)	\$(118.6)

*Actuarial value of assets

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: PSERS Plan 2
Selected Gains and Losses During Years Ended 2002 to 2007
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2007	2006	2005	2004	2003	2002
Investment Gains*	\$-	-	-	-	-	-
Salary Gains	1.3	-	-	-	-	-
Termination of Employment	(1.0)	-	-	-	-	-
Return to Work from Terminated Status	-	-	-	-	-	-
Gain (or Loss) During Year from Selected Experience	\$0.3	-	-	-	-	-

*Actuarial value of assets

**PSERS 2 became effective July 1, 2006 and has only one year of plan experience; therefore, there is no Gain/Loss data.

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: TRS Plan 1
Selected Gains and Losses During Years Ended 2002 to 2007
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2007	2006	2005	2004	2003	2002
Investment Gains*	\$24.9	\$(111.7)	\$(260.0)	\$(400.6)	\$(405.9)	\$(409.1)
Salary Gains	4.3	45.6	59.1	102.6	(2.1)	13.3
Termination of Employment	(7.5)	0.8	2.6	10.8	14.9	6.0
Return to Work from Terminated Status	(6.8)	(22.9)	(19.4)	(13.7)	(12.1)	(13.8)
Gain (or Loss) During Year from Selected Experience	\$14.9	\$(88.2)	\$(217.7)	\$(300.9)	\$(405.2)	\$(403.6)

*Actuarial value of assets

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: TRS Plan 2/3
Selected Gains and Losses During Years Ended 2002 to 2007
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2007	2006	2005	2004	2003	2002
Investment Gains*	\$88.5	\$(1.7)	\$(79.0)	\$(146.2)	\$(160.1)	\$(159.7)
Salary Gains	20.6	70.1	62.0	148.7	1.1	32.7
Termination of Employment	56.5	33.6	33.7	79.6	78.5	15.3
Return to Work from Terminated Status	(139.7)	(43.1)	(47.5)	(44.3)	(46.7)	(20.6)
Gain (or Loss) During Year from Selected Experience	\$25.9	\$58.9	\$(30.8)	\$37.8	\$(127.2)	\$(132.3)

*Actuarial value of assets

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: LEOFF Plan 1
Selected Gains and Losses During Years Ended 2002 to 2007
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2007	2006	2005	2004	2003	2002
Investment Gains*	\$217.8	\$134.2	\$54.0	\$(236.5)	\$(422.1)	\$(513.7)
Salary Gains	4.8	2.3	10.5	13.7	17.9	9.4
Termination of Employment	(0.1)	(0.7)	(1.6)	-	-	0.5
Return to Work from Terminated Status	(1.0)	-	(1.0)	(3.3)	(2.4)	(0.5)
Gain (or Loss) During Year from Selected Experience	\$221.5	\$135.8	\$61.9	\$(226.1)	\$(406.6)	\$(504.3)

*Actuarial value of assets

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: LEOFF Plan 2
Selected Gains and Losses During Years Ended 2002 to 2007
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2007	2006	2005	2004	2003	2002
Investment Gains*	\$159.7	\$95.2	\$39.4	\$(108.3)	\$(198.6)	\$(246.2)
Salary Gains	61.2	48.3	28.0	101.9	113.9	28.8
Termination of Employment	4.4	5.2	4.0	31.7	20.9	0.9
Return to Work from Terminated Status	(43.9)	(25.8)	(0.3)	-	(21.3)	(2.0)
Gain (or Loss) During Year from Selected Experience	\$181.4	\$122.9	\$71.1	\$25.3	\$(85.1)	\$(218.5)

*Actuarial value of assets

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: WSPRS Plan 1/2
Selected Gains and Losses During Years Ended 2002 to 2007
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2007	2006	2005	2004	2003	2002
Investment Gains*	\$32.0	\$19.6	\$8.0	\$(31.0)	\$(55.6)	\$(68.1)
Salary Gains	5.5	(1.9)	2.3	23.8	11.2	6.9
Termination of Employment	0.1	1.2	1.4	(0.6)	(0.9)	0.3
Return to Work from Terminated Status	(49.7)	(0.7)	(0.5)	(0.7)	(0.7)	(0.2)
Gain (or Loss) During Year from Selected Experience	\$(12.1)	\$18.2	\$11.2	\$(8.5)	\$(46.0)	\$(61.1)

*Actuarial value of assets

Source: Washington State Office of the State Actuary

Statistical Section

Statistical Section

This part of the Department of Retirement Systems' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about DRS' overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how DRS' financial performance and well-being have changed over time.</i>	138
Demographic Information <i>These schedules contain demographic and historical information regarding membership and employer participation in the pension plans offered by DRS.</i>	149
Operating Information <i>These schedules contain detailed payment information to enhance the reader's understanding of the benefit services provided by DRS.</i>	168
Deferred Compensation and Dependent Care Assistance Programs Information <i>These schedules contain comprehensive information to enhance the reader's understanding of these optional programs.</i>	192

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule of Changes in Plan Net Assets: PERS Plan 1 (dollars in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 41,925	\$ 44,775	\$ 48,457	\$ 52,246	\$ 57,196	\$ 62,065	\$ 67,670	\$ 70,266	\$ 73,260	\$ 74,706
Employer Contributions	221,787	118,660	29,601	22,360	22,789	56,618	68,631	181,712	200,135	234,076
Transfers	343	519	68	242	310	487	355	789	663	1,295
Investment Income ¹	(114,595)	2,086,563	1,534,382	1,163,797	1,319,155	320,787	(644,307)	(662,074)	1,319,575	1,107,105
Miscellaneous ²	13,262	9,513	7,719	10,048	10,147	10,268	10,868	8,636	8,122	7,549
<i>Total Additions</i>	<i>162,722</i>	<i>2,260,030</i>	<i>1,620,227</i>	<i>1,248,693</i>	<i>1,409,597</i>	<i>450,225</i>	<i>(496,783)</i>	<i>(400,671)</i>	<i>1,601,755</i>	<i>1,424,731</i>
Deductions from Plan Net Assets by Type:										
Benefits	1,027,934	978,995	929,423	880,874	828,765	776,683	718,730	669,877	617,114	571,410
Administrative Expenses	4,739	4,763	4,754	4,903	4,917	5,596	6,181	6,847	5,811	5,742
Refunds	5,573	6,215	6,553	5,143	5,628	5,678	7,446	8,466	8,807	8,620
Transfers	159	31	369	966	4	358	245	408	252	97
<i>Total Deductions</i>	<i>1,038,405</i>	<i>990,004</i>	<i>941,099</i>	<i>891,886</i>	<i>839,314</i>	<i>788,315</i>	<i>732,602</i>	<i>685,598</i>	<i>631,984</i>	<i>585,869</i>
Total Changes in Plan Net Assets	\$ (875,683)	\$ 1,270,026	\$ 679,128	\$ 356,807	\$570,283	\$ (338,090)	\$ (1,229,385)	\$ (1,086,269)	\$ 969,771	\$ 838,862
Net Assets Held in Trust for Pension Benefits:										
<i>Beginning of Year</i>	<i>11,525,479</i>	<i>10,255,453</i>	<i>9,576,325</i>	<i>9,219,518</i>	<i>8,649,235</i>	<i>8,987,325</i>	<i>10,216,710</i>	<i>11,302,979</i>	<i>10,333,208</i>	<i>9,494,346</i>
End of Year	\$10,649,796	\$11,525,479	\$10,255,453	\$ 9,576,325	\$ 9,219,518	\$ 8,649,235	\$ 8,987,325	\$10,216,710	\$11,302,979	\$10,333,208
<i>Employer Contributions: Percent of Covered Payroll</i>	<i>31.1%</i>	<i>15.6%</i>	<i>3.6%</i>	<i>2.5%</i>	<i>2.3%</i>	<i>5.4%</i>	<i>6.1%</i>	<i>15.7%</i>	<i>16.6%</i>	<i>18.9%</i>

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: PERS Plan 2/3

(dollars in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 268,573	\$ 207,144	127,800	\$ 63,806	\$ 60,953	\$ 34,498	\$ 48,579	\$ 116,564	\$ 102,549	\$ 237,048
Employer Contributions	318,740	242,544	149,579	74,720	69,377	38,287	50,953	115,039	101,869	237,706
Transfers	316	292	239	254	251	602	275	727	443	493
Investment Income ¹	(224,724)	3,054,707	2,020,702	1,415,136	1,453,909	365,915	(659,567)	(599,323)	1,438,869	1,163,733
Miscellaneous ²	17,245	11,825	10,655	9,609	9,749	8,400	10,295	7,164	7,538	6,303
Total Additions	380,150	3,516,512	2,308,975	1,563,525	1,594,239	447,702	(549,465)	(359,829)	1,651,268	1,645,283
Deductions from Plan Net Assets by Type:										
Benefits	170,317	143,802	121,096	102,742	86,174	72,460	60,551	50,798	40,976	32,400
Administrative Expenses	9,889	7,344	6,599	5,960	5,779	6,054	6,270	6,638	5,989	5,814
Refunds	26,574	26,465	26,476	24,086	27,082	30,835	42,087	48,311	59,394	53,206
Transfers	70,935	3,904	4,296	4,718	22,918	611,867	31,165	1,903,538	1,192	707
Total Deductions	277,715	181,515	158,467	137,506	141,953	721,216	140,073	2,009,285	107,551	92,127
Total Changes in Plan Net Assets	\$ 102,435	\$ 3,334,997	\$ 2,150,508	\$ 1,426,019	\$ 1,452,286	\$ (273,514)	\$ (689,538)	\$ (2,369,114)	\$ 1,543,717	\$ 1,553,156
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	17,563,085	14,228,088	1 2,077,580	10,651,561	9,199,275	9,472,789	10,162,327	12,531,441	10,987,724	9,434,568
End of Year	\$17,665,520	\$17,563,085	\$14,228,088	\$12,077,580	\$10,651,561	\$ 9,199,275	\$ 9,472,789	\$10,162,327	\$12,531,441	\$ 10,987,724
<i>Employer Contributions: % of Covered Payroll</i>	4.9%	4.1%	2.6%	1.4%	1.9%	0.7%	0.9%	2.2%	1.8%	4.7%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: SERS Plan 2/3 (dollars in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 20,726	\$ 17,371	\$ 11,818	\$ 4,166	\$ 3,501	\$ 1,828	\$ 5,171	\$ 14,168	**	**
Employer Contributions	52,139	45,950	30,419	10,160	9,076	6,154	11,312	19,939	**	**
Transfers	2,118	1,998	2,589	1,959	1,631	1,970	17,923	1,902,646	**	**
Investment Income ¹	(29,922)	435,696	287,224	201,723	203,668	55,417	(90,080)	(152,510)	**	**
Miscellaneous ²	1,398	1,301	1,313	1,316	1,562	1,234	1,241	1,154	**	**
<i>Total Additions</i>	46,459	502,316	333,363	219,324	219,438	66,603	(54,433)	1,785,397	**	**
Deductions from Plan Net Assets by Type:										
Benefits	22,627	17,641	13,500	10,114	6,692	4,305	2,048	285	**	**
Administrative Expenses	1,267	1,124	1,069	990	1,080	1,113	1,117	1,098	**	**
Refunds	2,045	2,516	2,477	2,191	2,025	2,220	2,397	1,397	**	**
Transfers	89,481	275	434	568	545	355	1,495	478,439	**	**
<i>Total Deductions</i>	115,420	21,556	17,480	13,863	10,342	7,993	7,057	481,219	**	**
Total Changes in Plan Net Assets	\$ (68,961)	\$ 480,760	\$ 315,883	\$ 205,461	\$ 209,096	\$ 58,610	\$ (61,490)	\$ 1,304,178	**	**
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	2,512,498	2,031,738	1,715,855	1,510,394	1,301,298	1,242,688	1,304,178	-	**	**
End of Year	\$ 2,443,537	\$ 2,512,498	\$ 2,031,738	\$ 1,715,855	\$ 1,510,394	\$ 1,301,298	\$ 1,242,688	\$ 1,304,178	**	**
<i>Employer Contributions: % of Covered Payroll</i>	8.3%	9.2%	6.1%	2.0%	0.8%	0.5%	1.1%	2.4%		

1 Investment Income reflects dividends, interest, realized capital gains and unrealized gains and losses.
2 Miscellaneous additions include restorations of employee contributions.
**SERS Plan 2/3 became effective September 1, 2000.

Schedule of Changes in Plan Net Assets: PSERS Plan 2

(dollars in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 11,740	\$ 6,664	**	**	**	**	**	**	**	**
Employer Contributions	11,700	6,612	**	**	**	**	**	**	**	**
State Contributions	-	-	**	**	**	**	**	**	**	**
Transfers	3	-	**	**	**	**	**	**	**	**
Investment Income ¹	(765)	813	**	**	**	**	**	**	**	**
Miscellaneous ²	14	6	**	**	**	**	**	**	**	**
<i>Total Additions</i>	22,692	14,095	**	**	**	**	**	**	**	**
Deductions from Plan Net Assets by Type:										
Benefits	-	-	**	**	**	**	**	**	**	**
Administrative Expenses	26	27	**	**	**	**	**	**	**	**
Refunds	152	23	**	**	**	**	**	**	**	**
Transfers	2	-	**	**	**	**	**	**	**	**
<i>Total Deductions</i>	180	50	**	**	**	**	**	**	**	**
Total Changes in Plan Net Assets	\$ 22,512	\$ 14,045	**	**	**	**	**	**	**	**
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	14,045	-	**	**	**	**	**	**	**	*
End of Year	\$ 36,557	\$ 14,045	**	**	**	**	**	**	**	**
<i>Employer Contributions: % of Covered Payroll</i>	6.5%	6.5%	**	**	**	**	**	**	**	**

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.²Miscellaneous additions include restorations of employee contributions.

** PSERS Plan 2 became effective July 1, 2006.

Schedule of Changes in Plan Net Assets: TRS Plan 1 (dollars in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 26,480	\$ 29,995	\$ 33,790	\$ 38,087	\$ 42,706	\$ 46,790	\$ 50,180	\$ 55,898	\$ 57,538	\$ 59,238
Employer Contributions	113,089	60,462	15,077	8,793	11,385	20,352	59,434	141,351	182,982	222,516
Transfers	5	84	78	168	147	333	253	355	397	211
Investment Income ¹	(93,982)	1,762,480	1,292,574	981,556	1,112,120	275,057	(548,365)	(567,631)	1,142,019	962,321
Miscellaneous ²	7,870	8,546	8,941	8,607	7,338	6,433	6,761	6,527	6,165	5,723
Total Additions	53,462	1,861,567	1,350,460	1,037,211	1,173,696	348,965	(431,737)	(363,500)	1,389,101	1,250,009
Deductions from Plan Net Assets by Type:										
Benefits	844,986	802,344	763,613	741,118	692,243	689,254	679,009	632,674	579,261	532,933
Administrative Expenses	3,646	3,752	3,790	3,894	3,926	4,555	5,132	5,619	4,673	4,761
Refunds	1,000	1,878	1,042	1,180	1,792	1,521	2,313	2,762	2,188	2,755
Transfers	82	3	314	817	-	283	207	348	199	94
Total Deductions	849,714	807,977	768,759	747,009	697,961	695,613	686,661	641,403	586,321	540,543
Total Changes in Plan Net Assets	\$ (796,252)	\$ 1,053,590	\$ 581,701	\$ 290,202	\$ 475,735	\$ (346,648)	\$ (1,118,398)	\$ (1,004,903)	\$ 802,780	\$ 709,466
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	9,735,933	8,682,343	8,100,642	7,810,440	7,334,705	7,681,352	8,799,750	9,804,653	9,001,873	8,292,407
End of Year	\$ 8,939,681	\$ 9,735,933	\$ 8,682,343	\$ 8,100,642	\$ 7,810,440	\$ 7,334,704	\$ 7,681,352	\$ 8,799,750	\$ 9,804,653	\$ 9,001,873
Employer Contributions: % of Covered Payroll	21.5%	10.3%	2.3%	1.2%	1.4%	2.4%	6.7%	15.6%	19.1%	22.6%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: TRS Plan 2/3
(dollars in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 14,739	\$ 12,227	\$ 8,990	\$ 3,549	\$ 3,108	\$ 633	\$ 5,433	\$ 11,078	\$ 12,744	\$ 22,097
Employer Contributions	109,523	102,180	75,353	33,767	29,921	18,225	46,359	69,579	75,311	100,190
Transfers	339	201	261	500	439	429	369	296	140	1,288
Investment Income ¹	(73,457)	1,078,134	712,495	500,432	503,551	136,127	(224,452)	(197,822)	390,190	322,142
Miscellaneous ²	4,432	3,951	3,385	3,827	4,154	3,461	3,297	3,168	2,533	2,171
Total Additions	55,576	1,196,693	800,484	542,075	541,173	158,875	(168,994)	(113,701)	480,918	447,888
Deductions from Plan Net Assets by Type:										
Benefits	36,016	28,534	22,351	17,118	13,416	10,862	8,669	6,810	4,943	3,529
Administrative Expenses	3,629	3,067	2,781	3,027	2,940	3,093	3,108	3,053	2,433	2,158
Refunds	2,190	2,726	2,399	3,110	2,858	3,537	4,510	3,871	4,964	5,632
Transfers	168,866	440	963	1,278	1,003	956	1,704	3,574	77,351	152,597
Total Deductions	210,701	34,767	28,494	24,533	20,217	18,448	17,991	17,308	89,691	163,916
Total Changes in Plan Net Assets	\$ (155,125)	\$ 1,161,926	\$ 771,990	\$ 517,542	\$ 520,956	\$ 140,427	\$ (186,985)	\$ (131,009)	\$ 391,227	\$ 283,972

Net Assets Held in Trust for Pension Benefits:

Beginning of Year	6,191,959	5,030,033	4,258,043	3,740,501	3,219,545	3,079,118	3,266,103	3,397,112	3,005,885	2,721,913
End of Year	\$ 6,036,834	\$ 6,191,959	\$ 5,030,033	\$ 4,258,043	\$ 3,740,501	\$ 3,219,545	\$ 3,079,118	\$ 3,266,103	\$ 3,397,112	\$ 3,005,885

Employer Contributions: % of Covered Payroll

19.1%	23.7%	17.8%	8.0%	1.1%	0.7%	1.9%	3.2%	3.9%	5.7%
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¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: LEOFF Plan 1 (dollars in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ -	\$ 50	\$ 61	\$ (2)	\$ -	\$ 40	\$ 76	\$ 21	\$ 6,300	\$ 7,099
Employer Contributions	8	56	70	9	1	62	98	130	6,303	7,196
State Contributions	-	-	-	-	-	-	-	-	-	48,793
Transfers	-	-	102	-	-	167	163	256	117	376
Investment Income ¹	(68,055)	1,152,792	818,343	604,304	665,380	162,220	(314,972)	(324,373)	649,734	548,669
Miscellaneous ²	3,185	3,109	2,736	2,651	2,896	2,762	2,963	3,105	2,640	2,393
Total Additions	(64,862)	1,156,007	821,312	606,962	668,277	165,251	(311,672)	(320,861)	665,094	614,526
Deductions from Plan Net Assets by Type:										
Benefits	313,530	300,452	288,209	279,957	272,118	264,618	252,625	238,938	225,175	211,949
Administrative Expenses	2,417	2,544	2,405	2,455	2,450	2,789	3,088	3,218	2,612	2,655
Refunds	150	11	3	5	133	158	92	12	82	102
Transfers	56	2	201	526	27	166	135	203	372	1,983
Total Deductions	316,153	303,009	290,818	282,943	274,728	267,731	255,940	242,371	228,241	216,689
Total Changes in Plan Net Assets	\$ (381,015)	\$ 852,998	\$ 530,494	\$ 324,019	\$ 393,549	\$ (102,480)	\$ (567,612)	\$ (563,232)	\$ 436,853	\$ 397,837
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	6,418,194	5,565,196	5,034,702	4,710,683	4,317,134	4,419,614	4,987,226	5,550,458	5,113,605	4,715,768
End of Year	\$ 6,037,179	\$ 6,418,194	\$ 5,565,196	\$ 5,034,702	\$ 4,710,683	\$ 4,317,134	\$ 4,419,614	\$ 4,987,226	\$ 5,550,458	\$ 5,113,605
<i>Employer Contributions: % of Covered Payroll</i>	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	6.0%	6.3%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: LEOFF Plan 2

(dollars in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 115,567	\$ 95,552	\$ 79,780	\$ 53,913	\$ 50,698	\$ 41,372	\$ 39,401	\$ 52,939	\$ 43,729	\$ 56,680
Employer Contributions	73,364	58,191	48,472	32,780	30,773	25,583	23,997	31,450	26,214	34,310
State Contributions	45,926	37,928	31,666	21,266	20,193	16,404	15,551	20,919	17,093	22,210
Transfers	117	-	1	17	-	234	62	96	54	72
Investment Income ¹	(70,257)	892,480	576,139	393,129	391,911	98,627	(155,059)	(146,265)	273,831	218,027
Miscellaneous ²	2,987	3,905	4,273	2,440	2,371	1,759	1,595	1,500	1,259	1,068
Total Additions	167,704	1,088,056	740,331	503,545	495,946	183,979	(74,453)	(39,361)	362,180	332,367
Deductions from Plan Net Assets by Type:										
Benefits	27,505	20,813	14,433	8,978	6,043	4,059	2,743	1,726	929	800
Administrative Expenses	2,298	2,073	1,842	1,659	1,490	1,528	1,477	1,450	1,092	1,042
Refunds	7,639	7,995	7,115	7,765	5,720	5,124	9,143	8,343	11,054	10,192
Transfers	49	32	250	331	-	94	109	165	135	399
Total Deductions	37,491	30,913	23,640	18,733	13,253	10,805	13,472	11,684	13,210	12,433
Total Changes in Plan Net Assets	\$ 130,213	\$ 1,057,143	\$ 716,691	\$ 484,812	\$ 482,693	\$ 173,174	\$ (87,925)	\$ (51,045)	\$ 348,970	\$ 319,934
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	5,186,217	4,129,074	3,412,383	2,927,571	2,444,878	2,271,704	2,359,629	2,410,674	2,061,704	1,741,770
End of Year	\$ 5,316,430	\$ 5,186,217	\$ 4,129,074	\$ 3,412,383	\$ 2,927,571	\$ 2,444,878	\$ 2,271,704	\$ 2,359,629	\$ 2,410,674	\$ 2,061,704
<i>Employer Contributions: % of Covered Payroll</i>	5.5%	4.8%	4.2%	3.1%	3.1%	2.7%	2.7%	3.9%	3.5%	5.1%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: WSPRS Plan 1/2
(dollars in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 5,239	\$ 3,278	\$ 3,134	\$ 1,316	\$ 1,322	\$ 1,314	\$ 1,245	\$ 1,817	\$ 4,050	\$ 3,756
Employer Contributions	6,064	3,278	3,133	-	1	-	-	-	15	5,935
Transfers	89	163	8	98	121	144	265	252	403	650
Investment Income ¹	(10,992)	171,393	118,855	86,150	92,736	22,783	(42,059)	(42,487)	83,669	69,603
Miscellaneous ²	478	385	409	381	452	377	396	408	430	296
Total Additions	878	178,497	125,539	87,945	94,632	24,618	(40,153)	(40,010)	88,567	80,240
Deductions from Plan Net Assets by Type:										
Benefits	32,963	31,393	30,666	27,606	25,724	24,047	22,316	20,359	18,787	17,147
Administrative Expenses	391	381	408	358	347	378	398	410	324	327
Refunds	269	291	125	173	303	220	199	88	317	173
Transfers	8	-	29	70	-	23	16	26	15	6
Total Deductions	33,631	32,065	31,228	28,207	26,374	24,668	22,929	20,883	19,443	17,653
Total Changes in Plan Net Assets	\$ (32,753)	\$ 146,432	\$ 94,311	\$ 59,738	\$ 68,258	\$ (50)	\$ (63,082)	\$ (60,893)	\$ 69,124	\$ 62,587
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	964,597	818,165	723,854	664,116	595,858	595,908	658,990	719,883	650,759	588,172
End of Year	\$ 931,844	\$ 964,597	\$ 818,165	\$ 723,854	\$ 664,116	\$ 595,858	\$ 595,908	\$ 658,990	\$ 719,883	\$ 650,759
Employer Contributions: % of Covered Payroll	7.7%	4.5%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.1%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: JRS (dollars in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 112	\$ 111	\$ 115	\$ 155	\$ 196	\$ 215	\$ 229	\$ 257	\$ 306	\$ 307
Employer Contributions	112	111	115	155	197	215	229	257	306	306
State Contributions	9,600	9,539	6,601	5,995	5,995	6,000	6,000	7,000	7,000	8,500
Transfers	-	-	-	-	-	-	-	-	-	-
Investment Income ¹	98	139	61	73	54	116	243	576	503	369
Miscellaneous ²	1	-	-	1	3	4	6	5	5	4
Total Additions	9,923	9,900	6,892	6,379	6,445	6,550	6,707	8,095	8,120	9,486
Deductions from Plan Net Assets by Type:										
Benefits	9,514	9,356	9,247	8,761	8,404	8,279	8,060	7,719	7,331	7,368
Administrative Expenses	-	-	-	1	2	4	5	5	5	4
Refunds	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	1	-	-
Total Deductions	9,514	9,356	9,247	8,762	8,406	8,283	8,065	7,725	7,336	7,372
Total Changes in Plan Net Assets	\$ 409	\$ 544	\$ (2,355)	\$ (2,383)	\$ (1,961)	\$ (1,733)	\$ (1,358)	\$ 370	\$ 784	\$ 2,114
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	547	3	2,358	4,741	6,702	8,435	9,793	9,423	8,639	6,525
End of Year	\$ 956	\$ 547	\$ 3	\$ 2,358	\$ 4,741	\$ 6,702	\$ 8,435	\$ 9,793	\$ 9,423	\$ 8,639
<i>Employer Contributions: % of Covered Payroll</i>	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: JUDGES

(dollars in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	6	8	8	8	8
Employer Contributions	-	-	-	-	-	6	9	8	8	8
State Contributions	-	300	300	500	500	250	250	750	750	750
Transfers	-	-	-	-	-	-	-	-	-	-
Investment Income ¹	179	184	139	86	20	109	214	335	190	180
Miscellaneous ²	1	2	2	2	3	3	3	4	2	1
<i>Total Additions</i>	<u>180</u>	<u>486</u>	<u>441</u>	<u>588</u>	<u>523</u>	<u>374</u>	<u>484</u>	<u>1,105</u>	<u>958</u>	<u>947</u>
Deductions from Plan Net Assets by Type:										
Benefits	545	581	624	641	685	639	656	662	662	665
Administrative Expenses	2	1	2	2	2	3	3	4	2	2
Refunds	-	-	-	13	-	-	-	-	-	-
Transfers	-	-	-	1	-	-	-	-	-	-
<i>Total Deductions</i>	<u>547</u>	<u>582</u>	<u>626</u>	<u>657</u>	<u>687</u>	<u>642</u>	<u>659</u>	<u>666</u>	<u>664</u>	<u>667</u>
Total Changes in Plan Net Assets	\$ (367)	\$ (96)	\$ (185)	\$ (69)	\$ (164)	\$ (268)	\$ (175)	\$ 439	\$ 294	\$ 280
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	4,002	4,098	4,283	4,352	4,516	4,784	4,959	4,520	4,226	3,946
End of Year	<u><u>\$ 3,635</u></u>	<u><u>\$ 4,002</u></u>	<u><u>\$ 4,098</u></u>	<u><u>\$ 4,283</u></u>	<u><u>\$ 4,352</u></u>	<u><u>\$ 4,516</u></u>	<u><u>\$ 4,784</u></u>	<u><u>\$ 4,959</u></u>	<u><u>\$ 4,520</u></u>	<u><u>\$ 4,226</u></u>
<i>Employer Contributions: % of Covered Payroll</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>6.5%</i>	<i>6.5%</i>	<i>6.5%</i>

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Distribution of Membership

For the Years Ended June 30, 2007 and September 30, 1998-2006

Active Members by System and Plan:

Plan		2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
PERS 1	Percent	4.41%	4.85%	5.50%	6.16%	6.89%	7.59%	8.46%	9.24%	10.26%	11.31%
	Individuals	12,975	14,213	15,962	17,829	19,740	21,737	23,981	25,833	28,168	30,374
	Avg. Age	58	57	57	56	55	55	54	54	53	52
PERS 2	Percent	41.00%	40.39%	40.81%	40.97%	40.93%	40.85%	45.50%	45.23%	61.27%	60.14%
	Individuals	120,625	118,341	118,400	118,572	117,262	116,939	128,955	126,428	168,214	161,476
	Avg. Age	46	46	46	45	45	44	43	43	43	43
PERS 3	Percent	8.30%	7.67%	7.31%	6.86%	6.12%	5.42%	-	-	-	-
	Individuals	24,422	22,473	21,216	19,855	17,548	15,509	-	-	-	-
	Avg. Age	42	42	42	42	42	43	-	-	-	-
SERS 2	Percent	6.04%	6.30%	6.68%	7.06%	7.51%	7.99%	8.49%	9.20%	-	-
	Individuals	17,767	18,464	19,387	20,424	21,504	22,870	24,063	25,714	-	-
	Avg. Age	51	51	50	49	48	47	47	46	-	-
SERS 3	Percent	11.24%	11.04%	10.67%	10.17%	9.67%	9.40%	8.57%	7.87%	-	-
	Individuals	33,058	32,354	30,963	29,430	27,710	26,921	24,284	22,011	-	-
	Avg. Age	47	47	46	46	46	45	45	45	-	-
PSERS 2	Percent	0.94%	0.71%	-	-	-	-	-	-	-	-
	Individuals	2,755	2,073	-	-	-	-	-	-	-	-
	Avg. Age	38	39	-	-	-	-	-	-	-	-
TRS 1	Percent	2.15%	2.52%	2.96%	3.41%	3.90%	4.35%	4.93%	6.16%	6.83%	7.51%
	Individuals	6,331	7,382	8,592	9,862	11,175	12,456	13,971	17,222	18,737	20,165
	Avg. Age	58	58	57	56	55	55	54	53	53	52
TRS 2	Percent	2.30%	2.38%	2.48%	2.58%	2.67%	2.73%	2.84%	2.99%	3.16%	3.37%
	Individuals	6,752	6,983	7,205	7,470	7,637	7,809	8,056	8,356	8,663	9,058
	Avg. Age	52	51	51	50	49	49	48	47	46	45
TRS 3	Percent	17.63%	18.22%	17.74%	17.03%	16.50%	16.00%	15.59%	13.70%	12.85%	12.14%
	Individuals	51,856	53,371	51,473	49,302	47,263	45,798	44,193	38,280	35,284	32,605
	Avg. Age	43	42	42	42	41	41	40	40	40	39
LEOFF 1	Percent	0.17%	0.20%	0.25%	0.29%	0.35%	0.40%	0.46%	0.54%	0.64%	0.74%
	Individuals	513	596	723	848	991	1,147	1,315	1,499	1,743	1,986
	Avg. Age	57	56	56	55	54	53	52	52	51	51
LEOFF 2	Percent	5.47%	5.37%	5.23%	5.10%	5.08%	4.90%	4.79%	4.70%	4.63%	4.42%
	Individuals	16,099	15,718	15,168	14,754	14,560	14,011	13,585	13,133	12,713	11,870
	Avg. Age	41	41	41	40	40	39	39	38	38	37
WSPRS 1	Percent	0.30%	0.31%	0.33%	0.34%	0.36%	0.36%	0.36%	0.36%	0.35%	0.35%
	Individuals	885	906	941	997	1,045	1,035	1,027	1,013	968	929
	Avg. Age	41	41	40	39	39	38	38	38	38	39
WSPRS 2	Percent	0.05%	0.04%	0.03%	0.02%	0.01%	-	-	-	-	-
	Individuals	152	116	81	60	34	-	-	-	-	-
	Avg. Age	31	30	30	29	29	-	-	-	-	-
JRS	Percent	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%
	Individuals	11	11	13	19	21	24	26	32	38	40
	Avg. Age	66	66	65	63	63	61	61	61	60	59
Judges	Percent	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Individuals	-	-	-	-	-	1	1	1	1	1
	Avg. Age	n/a	n/a	n/a	n/a	n/a	76	75	74	73	72
Totals	Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Individuals	294,201	293,001	290,124	289,422	286,490	286,257	283,457	279,522	274,529	268,504

Source: Washington State Office of the State Actuary
 Figures are as of the latest valuation date for each year.

Distribution of Membership For the Years Ended June 30, 2007 and September 30, 1998-2006

Inactive and Retired Members by System and Plan:

Plan		2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
PERS 1	Percent	34.34%	35.47%	37.53%	39.14%	40.64%	42.00%	43.41%	45.42%	46.97%	48.61%
	Individuals	57,342	57,509	57,628	57,561	57,514	57,286	56,848	56,381	55,810	55,200
	Avg. Age	73	73	72	72	72	72	72	72	72	72
PERS 2	Percent	22.34%	21.88%	20.46%	19.62%	19.08%	18.64%	18.14%	17.74%	16.50%	14.68%
	Individuals	37,302	35,485	31,412	28,860	26,993	25,415	23,753	22,021	19,603	16,666
	Avg. Age	59	59	59	59	58	57	57	57	56	56
PERS 3	Percent	1.91%	1.74%	1.39%	1.02%	0.61%	0.15%	-	-	-	-
	Individuals	3,183	2,817	2,136	1,506	856	207	-	-	-	-
	Avg. Age	52	51	50	49	48	46	-	-	-	-
SERS 2	Percent	3.61%	3.36%	2.93%	2.40%	1.86%	1.35%	0.85%	0.45%	-	-
	Individuals	6,019	5,442	4,499	3,525	2,638	1,834	1,120	564	-	-
	Avg. Age	57	56	56	55	54	53	52	49	-	-
SERS 3	Percent	2.87%	2.60%	2.08%	1.71%	1.38%	0.98%	0.55%	0.16%	-	-
	Individuals	4,796	4,210	3,196	2,516	1,954	1,333	715	196	-	-
	Avg. Age	56	56	55	54	53	52	51	49	-	-
TRS 1	Percent	22.41%	22.80%	23.83%	24.54%	25.09%	25.64%	26.11%	25.63%	26.09%	26.66%
	Individuals	37,420	36,969	36,592	36,099	35,504	34,970	34,190	31,824	31,005	30,280
	Avg. Age	71	71	70	70	70	70	70	70	70	70
TRS 2	Percent	2.57%	2.54%	2.53%	2.47%	2.44%	2.43%	2.33%	2.19%	2.17%	2.23%
	Individuals	4,288	4,116	3,887	3,637	3,450	3,310	3,051	2,718	2,578	2,534
	Avg. Age	59	58	57	56	54	53	52	50	49	47
TRS 3	Percent	3.48%	3.07%	2.52%	2.24%	1.98%	1.78%	1.48%	1.08%	0.81%	0.21%
	Individuals	5,811	4,978	3,864	3,302	2,803	2,434	1,933	1,334	969	238
	Avg. Age	55	54	53	52	50	49	48	45	44	42
LEOFF 1	Percent	4.89%	5.04%	5.31%	5.52%	5.70%	5.87%	6.05%	6.29%	6.45%	6.60%
	Individuals	8,165	8,177	8,156	8,117	8,068	8,009	7,923	7,811	7,663	7,495
	Avg. Age	68	67	67	66	65	65	64	64	63	63
LEOFF 2	Percent	0.93%	0.85%	0.74%	0.65%	0.53%	0.45%	0.37%	0.31%	0.27%	0.26%
	Individuals	1,553	1,376	1,144	953	755	620	487	391	316	300
	Avg. Age	53	52	52	51	51	50	50	50	50	48
WSPRS 1	Percent	0.56%	0.56%	0.58%	0.59%	0.59%	0.60%	0.60%	0.61%	0.61%	0.61%
	Individuals	933	918	894	862	828	813	785	756	729	694
	Avg. Age	64	64	63	63	63	63	62	62	62	62
WSPRS 2	Percent	0.00%	-	-	-	-	-	-	-	-	-
	Individuals	1	-	-	-	-	-	-	-	-	-
	Avg. Age	29	-	-	-	-	-	-	-	-	-
JRS	Percent	0.08%	0.08%	0.09%	0.09%	0.09%	0.10%	0.10%	0.11%	0.11%	0.12%
	Individuals	131	133	133	129	132	134	137	133	133	135
	Avg. Age	78	77	77	76	76	76	75	75	76	75
Judges	Percent	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%	0.02%
	Individuals	15	15	16	16	17	18	18	18	18	19
	Avg. Age	79	79	78	78	78	80	79	78	77	77
Totals	Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Individuals	166,959	162,145	153,557	147,083	141,512	136,383	130,960	124,147	118,824	113,561

Source: Washington State Office of the State Actuary
Figures are as of the latest valuation date for each year.

Principal Participating Employers by Plan: PERS 1
Current Year and Nine Years Prior

2008				1999**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Dept. of Social & Health Services	953	1	8.0%	Dept. of Social & Health Services	2,470	1	8.9%
University of Washington	833	2	7.0%	University of Washington	1,738	2	6.2%
Dept. of Transportation	393	3	3.3%	Dept. of Transportation	991	3	3.6%
King County	319	4	2.7%	King County	934	4	3.4%
KC Metro	303	5	2.6%	KC Metro	725	5	2.6%
Dept. of Employment Security	280	6	2.4%	Dept. of Employment Security	713	6	2.6%
Dept. of Labor & Industries	219	7	1.9%	Dept. of Labor & Industries	523	7	1.9%
Seattle SD 001	195	8	1.6%	Seattle SD 001	403	8	1.4%
Pierce County	143	9	1.2%	Dept. of Fish & Wildlife	397	9	1.4%
WA State Ferries	137	10	1.2%	Washington State University	394	10	1.4%
All other*	8,071		68.1%	All other	18,504		66.6%
Total (761 employers)	11,846		100.0%	Total (922 employers)	27,792		100.0%

*In 2008, "all other" consisted of:

Type	Number	Employees
State Agencies	141	2,985
School Districts	238	2,292
Counties/Municipalities	171	1,758
Other Political Subdivisions	201	1,036
Total	751	8,071

**1999 calendar year statistics

Principal Participating Employers by Plan: PERS 2
Current Year and Nine Years Prior

2008				1999**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
University of Washington	12,023	1	9.5%	University of Washington	11,358	1	9.2%
Dept. of Social & Health Services	8,989	2	7.1%	Dept. of Social & Health Services	8,733	2	7.1%
Dept. of Transportation	4,741	3	3.7%	King County	5,591	3	4.5%
King County	4,650	4	3.7%	Dept. of Transportation	4,069	4	3.3%
KC Metro	4,519	5	3.6%	KC Metro	3,595	5	2.9%
Pierce County	2,470	6	1.9%	Washington State University	2,213	6	1.8%
Corrections NW Region	2,384	7	1.9%	Dept. of Labor & Industries	2,101	7	1.7%
Snohomish County	2,197	8	1.7%	Pierce County	2,082	8	1.7%
Dept. of Labor & Industries	2,172	9	1.7%	Snohomish County	2,056	9	1.7%
Western State Hospital	1,789	10	1.4%	Western State Hospital	1,802	10	1.5%
All other*	80,933		63.8%	All other	79,710		64.6%
Total (923 employers)	126,867		100.0%	Total (1,137 employers)	123,310	***	100.0%

*In 2008, "all other" consisted of:

Type	Number	Employees
State Agencies	170	35,079
School Districts	-	-
Counties/Municipalities	428	34,591
Other Political Subdivisions	315	11,263
Total	913	80,933

**August 31, 1999 statistics

***1999 statistics do not include SERS 2 employees who were PERS 2 members in 1999.

Principal Participating Employers by Plan: PERS 3 Current Year and Nine Years Prior

2008				1999**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
University of Washington	3,774	1	14.3%				
Dept. of Social & Health Services	1,738	2	6.6%				
Dept. of Transportation	1,075	3	4.1%				
Washington State University	760	4	2.9%				
King County	726	5	2.7%				
KC Metro	619	6	2.3%				
Dept. of Ecology	448	7	1.7%				
Pierce County	439	8	1.6%				
Corrections SW Region	400	9	1.5%				
Dept. of Natural Resources	388	10	1.5%				
All other*	16,076		60.8%				
Total (627 employers)	26,443		100.0%				

*In 2008, "all other" consisted of:

Type	Number	Employees
State Agencies	156	7,946
School Districts	-	-
Counties/Municipalities	315	6,150
Other Political Subdivisions	146	1,980
Total	617	16,076

**PERS 3 was not available in 1999.

Principal Participating Employers by Plan: SERS 2 Current Year and Nine Years Prior

2008				1999**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	992	1	4.9%	Seattle SD 001	1,648	1	3.8%
Tacoma SD 010	758	2	3.8%	Spokane Public Schools	1,254	2	2.9%
Vancouver SD 037	496	3	2.5%	Tacoma SD 010	1,195	3	2.8%
Spokane Public Schools	495	4	2.4%	Vancouver SD 037	1,105	4	2.6%
Kent SD 415	471	5	2.3%	Kent SD 415	1,081	5	2.5%
Highline SD 401	447	6	2.2%	Evergreen SD 114	937	6	2.2%
Federal Way SD 210	384	7	1.9%	Highline SD 401	932	7	2.2%
Evergreen SD 114	379	8	1.9%	Edmonds SD 015	931	8	2.2%
Edmonds SD 015	371	9	1.8%	Lake Washington SD 414	891	9	2.1%
Lake Washington SD 414	369	10	1.8%	Federal Way SD 210	839	10	2.0%
All other*	15,048		74.5%	All other	31,978		74.7%
Total (299 employers)	20,210		100.0%	Total (549 employers)	42,791	***	100.0%

*In 2008, "all other" consisted of:

Type	Number	Employees
State Agencies	-	-
School Districts	289	15,048
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	289	15,048

**August 31, 1999 statistics

***SERS 2 was not available in 1999. This total represents those SERS 2 employees who were PERS 2 members in 1999.

Principal Participating Employers by Plan: SERS 3
Current Year and Nine Years Prior

2008				1999**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	1,068	1	3.2%				
Kent SD 415	987	2	2.9%				
Evergreen SD 114	854	3	2.5%				
Spokane Public Schools	849	4	2.5%				
Tacoma SD 010	735	5	2.2%				
Vancouver SD 037	726	6	2.2%				
Lake Washington SD 414	699	7	2.1%				
Federal Way SD 210	682	8	2.0%				
Edmonds SD 015	664	9	2.0%				
Northshore SD 417	653	10	1.9%				
All other*	25,700		76.5%				
Total (303 employers)	33,617		100.0%				

*In 2008, "all other" consisted of:

Type	Number	Employees
State Agencies	-	-
School Districts	293	25,700
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	293	25,700

**SERS 3 was not available in 1999.

Principal Participating Employers by Plan: PSERS 2
Current Year and Nine Years Prior

2008				1999**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Corrections NW Region	738	1	18.5%				
Corrections SE Region	528	2	13.3%				
Corrections SW Region	518	3	13.0%				
King County	297	4	7.5%				
Pierce County	172	5	4.3%				
Parks & Recreation Commission	150	6	3.8%				
Corrections NE Region	150	7	3.8%				
Snohomish County	148	8	3.7%				
Spokane County	118	9	3.0%				
Yakima County	115	10	2.9%				
All other*	1,043		26.2%				
Total (72 employers)	3,977		100.0%				

*In 2008, "all other" consisted of:

Type	Number	Employees
State Agencies	4	145
School Districts	-	-
Counties/Municipalities	58	898
Other Political Subdivisions	-	-
Total	62	1,043

**PSERS 2 was not available in 1999.

Principal Participating Employers by Plan: TRS 1 Current Year and Nine Years Prior

2008				1999**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	357	1	5.7%	Seattle SD 001	1,014	1	5.8%
Tacoma SD 010	247	2	4.0%	Tacoma SD 010	722	2	4.1%
Spokane Public Schools	178	3	2.9%	Spokane Public Schools	558	3	3.2%
Northshore SD 417	163	4	2.6%	Northshore SD 417	429	4	2.4%
Lake Washington SD 414	150	5	2.4%	Kent SD 415	404	5	2.3%
Evergreen SD 114	125	6	2.0%	Vancouver SD 037	384	6	2.2%
Kent SD 415	120	7	1.9%	Lake Washington SD 414	372	7	2.1%
Vancouver SD 037	118	8	1.9%	Evergreen SD 114	343	8	1.9%
Puyallup SD 003	108	9	1.7%	Edmonds SD 015	331	9	1.9%
Central Valley SD 356	103	10	1.6%	Highline SD 401	310	10	1.8%
All other*	4,576		73.3%	All other	12,705		72.3%
Total (339 employers)	6,245		100.0%	Total (380 employers)	17,572		100.0%

*In 2008, "all other" consisted of:

Type	Number	Employees
State Agencies	63	303
School Districts	266	4,273
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	329	4,576

**August 31, 1999 statistics

Principal Participating Employers by Plan: TRS 2 Current Year and Nine Years Prior

2008				1999**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	598	1	7.0%	Seattle SD 001	708	1	7.9%
Tacoma SD 010	406	2	4.8%	Tacoma SD 010	450	2	5.0%
Spokane Public Schools	273	3	3.2%	Spokane Public Schools	329	3	3.7%
Kent SD 415	178	4	2.1%	Highline SD 401	210	4	2.4%
Evergreen SD 114	177	5	2.1%	Kent SD 415	201	5	2.3%
Highline SD 401	169	6	2.0%	Edmonds SD 015	192	6	2.1%
Vancouver SD 037	166	7	1.9%	Lake Washington SD 414	186	7	2.1%
Federal Way SD 210	166	8	1.9%	Bethel SD 403	178	8	2.0%
Puyallup SD 003	162	9	1.9%	Federal Way SD 210	176	9	2.0%
Lake Washington SD 414	159	10	1.9%	Evergreen SD 114	168	10	1.9%
All other*	6,082		71.2%	All other	6,118		68.6%
Total (299 employers)	8,536		100.0%	Total (311 employers)	8,916		100.0%

*In 2008, "all other" consisted of:

Type	Number	Employees
State Agencies	22	50
School Districts	267	6,032
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	289	6,082

**August 31, 1999 statistics

Principal Participating Employers by Plan: TRS 3
Current Year and Nine Years Prior

2008				1999**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	2,646	1	4.8%	Seattle SD 001	1,590	1	4.3%
Spokane Public Schools	1,742	2	3.2%	Spokane Public Schools	1,144	2	3.1%
Tacoma SD 010	1,569	3	2.8%	Kent SD 415	1,029	3	2.8%
Evergreen SD 114	1,496	4	2.7%	Tacoma SD 010	950	4	2.6%
Kent SD 415	1,461	5	2.6%	Lake Washington SD 414	942	5	2.6%
Lake Washington SD 414	1,298	6	2.4%	Federal Way SD 210	853	6	2.3%
Federal Way SD 210	1,275	7	2.3%	Edmonds SD 015	838	7	2.3%
Vancouver SD 037	1,186	8	2.2%	Evergreen SD 114	813	8	2.2%
Puyallup SD 003	1,158	9	2.1%	Vancouver SD 037	770	9	2.1%
Edmonds SD 015	1,141	10	2.1%	Northshore SD 417	730	10	2.0%
All other*	40,116		72.8%	All other	27,072		73.7%
Total (332 employers)	55,088		100.0%	Total (326 employers)	36,731		100.0%

*In 2008, "all other" consisted of:

Type	Number	Employees
State Agencies	292	39,966
School Districts	30	150
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	322	40,116

**August 31, 1999 statistics

Principal Participating Employers by Plan: LEOFF 1
Current Year and Nine Years Prior

2008				1999**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
City of Seattle	108	1	25.3%	City of Seattle	345	1	20.6%
City of Spokane	30	2	7.0%	City of Tacoma	142	2	8.5%
City of Tacoma	24	3	5.6%	City of Spokane	141	3	8.4%
City of Bellevue	19	4	4.5%	King County	61	4	3.6%
City of Everett	17	5	4.0%	City of Bellingham	56	5	3.3%
City of Bellingham	15	6	3.5%	City of Bellevue	48	6	2.9%
City of Renton	10	7	2.4%	City of Everett	39	7	2.3%
King County	10	8	2.4%	City of Yakima	38	8	2.3%
Pierce County FPD 02	10	9	2.4%	City of Vancouver	36	9	2.1%
City of Bremerton	7	10	1.6%	Spokane County	33	10	2.0%
All other*	176		41.3%	All other	738		44.0%
Total (87 employers)	426		100.0%	Total (156 employers)	1,677		100.0%

*In 2008, "all other" consisted of:

Type	Number	Employees
State Agencies	-	-
School Districts	-	-
Counties/Municipalities	58	124
Other Political Subdivisions	19	52
Total	77	176

**1999 calendar year statistics

Principal Participating Employers by Plan: LEOFF 2 Current Year and Nine Years Prior

2008				1999**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
City of Seattle	2,187	1	12.3%	City of Seattle	1,892	1	14.9%
City of Tacoma	972	2	5.5%	City of Tacoma	630	2	5.0%
King County	762	3	4.3%	King County	591	3	4.7%
City of Spokane	756	4	4.3%	City of Spokane	448	4	3.5%
City of Vancouver	544	5	3.1%	City of Everett	298	5	2.4%
City of Bellevue	371	6	2.1%	Pierce County	293	6	2.3%
City of Everett	358	7	2.0%	City of Bellevue	281	7	2.2%
Pierce County	347	8	2.0%	City of Vancouver	270	8	2.1%
City of Kent	324	9	1.8%	City of Kent	239	9	1.9%
Snohomish County	287	10	1.6%	Snohomish County	200	10	1.6%
All other*	<u>10,802</u>		<u>61.0%</u>	All other	<u>7,519</u>		<u>59.4%</u>
Total (374 employers)	<u>17,710</u>		<u>100.0%</u>	Total (351 employers)	<u>12,661</u>		<u>100.0%</u>

*In 2008, "all other" consisted of:

Type	Number	Employees
State Agencies	7	231
School Districts	-	-
Counties/Municipalities	209	7,180
Other Political Subdivisions	<u>148</u>	<u>3,391</u>
Total	<u>364</u>	<u>10,802</u>

**1999 calendar year statistics

Principal Participating Employers by Plan: JRS Current Year and Nine Years Prior

2008				1999*			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Administrative Office of the Courts	7	1	70.0%	Administrative Office of the Courts	27	1	75.0%
Court of Appeals	2	2	20.0%	Court of Appeals	6	2	16.7%
Supreme Court	<u>1</u>	3	<u>10.0%</u>	Supreme Court	<u>3</u>	3	<u>8.3%</u>
Total (3 employers)	<u>10</u>		<u>100.0%</u>	Total (3 employers)	<u>36</u>		<u>100.0%</u>

**1999 calendar year statistics

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2008 (page 1 of 11)

State Agencies

Administrative Office of the Courts
Archaeology-Historic Preservation
Board for Volunteer Firefighters
Board of Industrial Insurance Appeals
Board of Tax Appeals
Child Study & Treatment Ctr.
Civil Legal Aide
Consolidated Support Services
County Road Administration Board
Court of Appeals
Dept. of Agriculture
Dept. of Community, Trade & Economic
Development
Dept. of Corrections
Corrections Northeast Region
Corrections Northwest Region
Corrections Southeast Region
Corrections Southwest Region
Dept. of Early Learning
Dept. of Ecology
Dept. of Employment Security
Dept. of Financial Institutions
Dept. of Fish & Wildlife
Dept. of General Administration
Dept. of Health
Dept. of Info. Services
Dept. of Labor & Industries
Dept. of Licensing
Dept. of Natural Resources
Dept. of Personnel
Dept. of Printing
Dept. of Retirement Systems
Dept. of Revenue
Dept. of Services for the Blind
Dept. of Social & Health Services (9)
Dept. of Transportation
Dept. of Veterans' Affairs
Eastern State Hospital
Eastern WA State Historical Society
Echo Glen Children's Ctr.

Economic Development Finance Auth.
Environmental Hearings Office
Fircrest School
Frances H. Morgan Ctr.
Governor's Office of Indian Affairs
Green Hill School
Health Care Facilities Authority
Higher Education Coordinating Board
Home Care Quality Authority
House of Representatives
Human Resource Info. System Division
Indeterminate Sentence Review Board
Joint Legislative Audit & Review Committee
Joint Legislative Systems Committee
Joint Transportation Committee
Lakeland Village
Law Library
LEAP Committee
LEOFF Plan 2 Retirement Board
Liquor Control Board
Maple Lane School
Military Dept.
Naselle Youth Camp
Office of Administrative Hearings
Office of Financial Mgmt.
Office of Minority & Women's Business
Enterprises
Office of Public Defense
Office of the Attorney General
Office of the Forecast Council
Office of the Governor
Office of the Insurance Commissioner
Office of the Lieutenant Governor
Office of the Secretary of State
Office of the State Actuary
Office of the State Auditor
Office of the State Treasurer
Puget Sound Partnership
Rainier School
Recreation & Conservation Office
Senate

Soldiers Home of WA State
Special Commitment Ctr.
State Board for Community & Technical
Colleges
State Board of Accountancy
State of WA Caseload Forecast Council
Statute Law Committee
Superintendent of Public Instruction
Supreme Court
Transportation Improvement Board
Veterans Home - Spokane
WA Pollution Liability Insurance Agency
WA State Bar Assn.
WA State Ferries
WA State Health Care Auth.
WA State Historical Society
WA State Investment Board
WA State Patrol
WA State School Directors' Assn.
WA State School for the Blind
WA State School for the Deaf
WA Veterans' Home
Western State Hospital
Western WA Growth Mgmt. Hearings Board
Workforce Training & Education
Coordinating Board
Yakima Valley School

State Commissions

African American Affairs
Apple
Arts
Asian American Affairs
Beef
Columbia River Gorge
Conservation
Criminal Justice Training
Dairy Products
Fruit
Fryer
Gambling

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2008 (page 2 of 11)

State Commissions (continued)

Hispanic Affairs	Brewster	Deer Park
Hop	Bridgeport	Dieringer
Horse Racing	Brinnon	Dixie
Housing Finance	Burlington-Edison	East Valley (Spokane Co.)
Human Rights	Camas	East Valley (Yakima Co.)
Judicial Conduct	Cape Flattery	Eastmont
Lottery	Carbonado Historical	Easton
Marine Employees	Cascade	Eatonville
Parks & Recreation	Cashmere	Edmonds
Potato	Castle Rock	Ellensburg
Public Disclosure	Centerville	Elma
Public Employment Relations	Central Kitsap	Endicott
Puget Sound Pilotage	Central Valley	Entiat
Salaries for Elected Officials	Centralia	Enumclaw
Sentencing Guidelines	Chehalis	Ephrata
Traffic Safety	Cheney	Evaline
Tree Fruit Research	Chewelah	Everett
Utilities & Transportation	Chimacum	Evergreen (Clark Co.)
Wheat	Clarkston	Evergreen (Stevens Co.)
Wine	Cle Elum Roslyn	Federal Way

School Districts

Aberdeen	Clover Park	Ferndale
Adna	Colfax	Fife
Almira	College Place	Finley
Anacortes	Colton	Franklin Pierce
Arlington	Columbia (Stevens Co.)	Freeman
Asotin Anatone	Columbia (Walla Walla Co.)	Garfield
Auburn	Colville	Glenwood
Bainbridge Island	Concrete	Goldendale
Battle Ground	Conway	Grand Coulee Dam
Bellevue	Cosmopolis	Grandview
Bellingham	Coulee	Granger
Benge	Coupeville	Granite Falls
Bethel	Crescent	Grapeview
Bickelton	Creston	Great Northern
Blaine	Curlew	Green Mountain
Boistfort	Cusick	Griffin
Bremerton	Damman	Harrington
	Darrington	Highland
	Davenport	Highline
	Dayton	Hockinson

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2008 (page 3 of 11)

School Districts (continued)

Hood Canal	Mercer Island	Orcas Island
Hoquiam	Meridian	Orchard Prairie
Inchelium	Methow Valley	Orient
Index	Mill A	Orondo
Issaquah	Monroe	Oroville
Kahlotus	Montesano	Orting
Kalama	Morton	Othello
Keller	Moses Lake	Palisades
Kelso	Mossyrock	Palouse
Kennewick	Mount Adams	Pasco
Kent	Mount Baker	Pateros
Kettle Falls	Mount Pleasant	Paterson
Kiona-Benton City	Mount Vernon	Pe Ell
Kittitas	Mukilteo	Peninsula
Klickitat	Naches Valley	Pioneer
La Center	Napavine	Pomeroy
La Conner	Naselle-Grays River Valley	Port Angeles
LaCrosse	Nespelem	Port Townsend
Lake Chelan	Newport	Prescott
Lake Stevens	Nine Mile Falls	Prosser
Lake Washington	Nooksack Valley	Pullman
Lakewood	North Beach	Puyallup
Lamont	North Franklin	Queets-Clearwater
Liberty	North Kitsap	Quilcene
Lind	North Mason	Quillayute
Longview	North River	Quinault Lake
Loon Lake	North Thurston	Quincy
Lopez	Northport	Rainier
Lyle	Northshore	Raymond
Lynden	Oak Harbor	Reardan-Edwall
Mabton	Oakesdale	Renton
Mansfield	Oakville	Republic
Manson	Ocean Beach	Richland
Mary M. Knight	Ocosta	Ridgefield
Mary Walker	Odessa	Ritzville
Marysville	Okanogan	Riverside
McCleary	Olympia	Riverview
Mead	Omak	Rochester
Medical Lake	Onalaska	Roosevelt
	Onion Creek	Rosalia

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2008 (page 4 of 11)

School Districts (continued)

Royal	Thorp
Saint John	Toledo
San Juan Island	Tonasket
Satsop	Toppenish
Seattle	Touchet
Sedro Woolley	Toutle Lake
Selah	Trout Lake
Selkirk	Tukwila
Sequim	Tumwater
Shaw Island	Union Gap
Shelton	University Place
Shoreline	Valley
Skamania	Vancouver
Skykomish	Vashon Island
Snohomish	Wahkiakum
Snoqualmie Valley	Wahluke
Soap Lake	Waitsburg
South Bend	Walla Walla
South Kitsap	Wapato
South Whidbey	Warden Jr. Consolidated
Southside	Washougal
Spokane Public Schools	Washtucna
Sprague	Waterville
Stanwood-Camano	Wellpinit
Star	Wenatchee
Starbuck	West Valley (Spokane Co.)
Stehekin	West Valley (Yakima Co.)
Steilacoom Historical	White Pass
Steptoe	White River
Stevenson-Carson	White Salmon
Sultan	Wilbur
Summit	Willapa Valley
Sumner	Wilson Creek
Sunnyside	Winlock
Tacoma	Wishkah Valley
Taholah	Wishram
Tahoma	Woodland
Tekoa	Yakima
Tenino	Yelm
	Zillah

Educational Service Districts

E.S.D. 101
E.S.D. 105
E.S.D. 112
E.S.D. 113
E.S.D. 123
E.S.D. 189
North Central WA E.S.D.
Olympic E.S.D.
Puget Sound E.S.D.

Community Colleges, Technical Colleges

Bates Technical College
Bellevue Community College
Bellingham Technical College
Big Bend Community College
Cascadia Community College
Clark Community College
Clover Park Technical College
Columbia Basin Community College
Community College District 12
Community College of Spokane
Edmonds Community College
Everett Community College
Grays Harbor College
Green River Community College
Highline Community College
Lake Washington Technical College
Lower Columbia Community College
Olympic College
Peninsula College
Pierce College
Renton Technical College
Seattle Community College
Shoreline Community College
Skagit Valley College
South Puget Sound Community College
Tacoma Community College
Walla Walla Community College

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2008 (page 5 of 11)

Community Colleges, Technical Colleges (continued)

Wenatchee Valley College
Whatcom Community College
Yakima Valley College

Universities

Central Washington University
Eastern Washington University
Evergreen State College
University of Washington
Washington State University
Western Washington University

Cities & Towns

Aberdeen
Airway Heights
Algona
Anacortes
Arlington
Asotin
Auburn
Bainbridge Island
Battle Ground
Beaux Arts Village
Bellevue
Bellingham
Benton City
Bingen
Black Diamond
Blaine
Bonney Lake
Bothell
Bremerton
Brewster
Bridgeport (Town of)
Brier
Buckley
Burien

Burlington
Camas
Carbonado (Town of)
Carnation
Cashmere
Castle Rock
Cathlamet (Town of)
Centralia
Chehalis
Chelan
Cheney
Chewelah
Clarkston
Cle Elum
Clyde Hill
Colfax
College Place
Colton (Town of)
Colville
Concrete (Town of)
Connell
Cosmopolis
Coulee City (Town of)
Coulee Dam (Town of)
Coupeville (Town of)
Creston (Town of)
Cusick (Town of)
Darrington (Town of)
Davenport
Dayton
Deer Park
Des Moines
Dupont
Duvall
East Wenatchee
Eatonville (Town of)
Edgewood
Edmonds
Electric City (Town of)

Ellensburg
Elma
Elmer City (Town of)
Entiat
Enumclaw
Ephrata
Everett
Everson
Federal Way
Ferndale
Fife
Fircrest
Forks
Friday Harbor (Town of)
George
Gig Harbor
Gold Bar
Goldendale
Grand Coulee
Grandview
Granger (Town of)
Granite Falls (Town of)
Harrington (Town of)
Hoquiam
Hunts Point (Town of)
Ilwaco
Issaquah
Kalama
Kelso
Kenmore
Kennewick
Kent
Kettle Falls
Kirkland
Kittitas
La Center
La Conner (Town of)
Lacey
Lake Forest Park

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2008 (page 6 of 11)

Cities & Towns (continued)

Lake Stevens	North Bonneville	Seatac
Lakewood	Oak Harbor	Seattle
Langley	Oakesdale (Town of)	Sedro Woolley
Leavenworth	Oakville	Selah
Liberty Lake	Ocean Shores	Sequim
Lind (Town of)	Odessa (Town of)	Shelton
Long Beach	Okanogan	Shoreline
Longview	Olympia	Skykomish (Town of)
Lynden	Omak	Snohomish
Lynnwood	Oroville	Snoqualmie
Mabton	Orting	Soap Lake
Mansfield (Town of)	Othello	South Bend
Maple Valley	Pacific	South Cle Elum (Town of)
Marysville	Palouse	Spangle (Town of)
Mattawa (Town of)	Pasco	Spokane
McCleary	Pateros	Spokane Valley
Medical Lake	Port Angeles	Sprague
Medina	Port Orchard	Springdale (Town of)
Mercer Island	Port Townsend	Stanwood
Metaline Falls (Town of)	Poulsbo	Steilacoom (Town of)
Mill Creek	Prosser	Stevenson
Millwood (Town of)	Pullman	Sultan
Milton	Puyallup	Sumas
Monroe	Quincy	Sumner
Montesano	Rainier	Sunnyside
Morton	Raymond	Tacoma
Moses Lake	Reardan (Town of)	Tekoa
Mossyrock	Redmond	Tenino
Mount Vernon	Renton	Tieton
Mountlake Terrace	Republic	Toledo
Moxee	Richland	Tonasket
Mukilteo	Ridgefield	Toppenish
Naches (Town of)	Ritzville	Tukwila
Napavine	Rock Island	Tumwater
Newcastle	Rosalia (Town of)	Twisp (Town of)
Newport	Roslyn	Union Gap
Nooksack	Roy	Uniontown (Town of)
Normandy Park	Royal City	University Place
North Bend	Ruston (Town of)	Vader
	Sammamish	Vancouver

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2008 (page 7 of 11)

Cities & Towns (continued)

Waitsburg
Walla Walla
Wapato
Warden
Washougal
Washtucna (Town of)
Waterville (Town of)
Wenatchee
West Richland
Westport
White Salmon (Town of)
Wilbur (Town of)
Winlock
Winthrop (Town of)
Woodinville
Woodland
Woodway (Town of)
Yacolt (Town of)
Yakima
Yarrow Point (Town of)
Yelm
Zillah

Counties

Adams
Asotin
Benton
Chelan
Clallam
Clark
Columbia
Cowlitz
Douglas
Ferry
Franklin
Garfield
Grant
Grays Harbor
Island

Jefferson
King
Kitsap
Kittitas
Klickitat
Lewis
Lincoln
Mason
Okanogan
Pacific
Pend Oreille
Pierce
San Juan
Skagit
Skamania
Snohomish
Spokane
Stevens
Thurston
Wahkiakum
Walla Walla
Whatcom
Whitman
Yakima

Air Quality Authorities

Benton Clean Air Auth.
NW Clean Air Auth.
Olympic Region Clean Air Agency
Puget Sound Clean Air Agency
Spokane Regional Clean Air Auth.
SW Clean Air Agency
Yakima Regional Clean Air Auth.

Area Agencies on Aging

Aging & Adult Care of Central WA
Aging & Long-Term Care of Eastern WA
Lewis, Mason, Thurston Area Agency on Aging
Olympic Area Agency on Aging

Conservation Districts

Clallam
Columbia
Cowlitz
King
Kittitas
Pacific
Snohomish
Spokane Co.
Stevens Co.
Thurston
Wahkiakum

Fire Protection Districts

Adams Co. FPD 5
Asotin Co. FPD 1
Bainbridge Island Fire Dept.
Benton Co. FPDs 1, 2, 4 & 6
Central Kitsap Fire & Rescue
Central Whidbey Island Fire & Rescue
Chelan Co. FPDs 1, 3, 5, 7 & 9
Clallam Co. FPDs 2 & 3
Clark Co. FPDs 3, 5, 6, 9-11 & 13
Columbia Co. FPD 3
Cowlitz Co. FPDs 1-3, 5 & 6
Cowlitz-Skamania Co. FPD 7
Douglas Co. FPD 2
Douglas-Okanogan Co. FPD 15
Franklin Co. FPD 3
Grant Co. FPDs 3, 4, 5, 8 & 10
Grays Harbor Co. FPDs 2 & 5
Island Co. FPDs 1 & 3
Jefferson Co. FPDs 1-4
King Co. FPDs 2, 10, 16, 20, 27, 34, 37, 40, 43-45 & 50
Kitsap Co. FPD 18
Kittitas Co. FPD 2
Klickitat Co. FPD 3 & 7
Lake Stevens Fire
Lewis Co. FPDs 2, 3, 8, 10 & 14

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2008 (page 8 of 11)

Fire Protection Districts (continued)

Marysville Fire Dist. 12
 Mason Co. FPDs 2-6, & 13
 North County Regional Fire Authority
 North Highline Fire Dist.
 North Kitsap Fire & Rescue
 North Olympia Fire Dept.
 North Whatcom Fire & Rescue
 North Whidbey Fire & Rescue
 Okanogan Co. FPD 6
 Pacific Co. FPD 1
 Pend Oreille FPDs 2, 3 & 4
 Pierce Co. FPDs 2, 3, 5, 6, 8, 10, 13, 14,
 16-18, 21-23 & 27
 Prosser FPD 3
 Riverside Fire Authority
 San Juan Co. FPDs 2-5
 Shoreline Fire Dept.
 Skagit Co. FPD 8
 Snohomish Co. FPDs 1, 3-5, 7, 15, 17, 19,
 22, 26 & 28
 South King Fire & Rescue
 South Kitsap Fire & Rescue
 South Pierce Fire & Rescue 15
 Spokane Co. FPDs 1, 3, 4, 8-10
 Stevens Co. FPD 1
 Thurston Co. FPDs 1, 3, 5, 6, 8, 9, 11-13 & 17
 Valley Regional Fire Authority
 Vashon Island Fire & Rescue
 Walla Walla Co. FPDs 4 & 5
 Whatcom Co. FPDs 1, 2, 4, 7, 8, 14 & 17
 Woodinville Fire-Life Safety Dist.
 Yakima Co. FPDs 4, 5, & 12
 Yelm Fire Dist.

Public Health

Asotin Co. Health Dist.
 Benton-Franklin Health Dist.
 Chelan-Douglas Health Dist.

Garfield Co. Health Dist.
 Grant Co. Health Dist.
 Greater Columbia Behavioral Health
 King Co. Public Health Dept.
 Kitsap Co. Health Dist.
 North Central WA Regional Support Network
 North Sound Mental Health Administration
 Snohomish Health Dist.
 Spokane Regional Health Dist.
 Yakima Co. Health Dist.

Emergency Service & Communication Districts

Chelan Co. Emergency Mgmt.
 Emergency Services Coordinating Agency
 Franklin Co. Emergency Mgmt.
 Grays Harbor Communications
 Island Co. Emergency Services
 Communication Ctr.
 KITTCOM
 Multi Agency Communications Center
 North Country Emergency Medical Service
 RIVERCOM
 San Juan Is. Emergency Medical Services
 Skagit 911 (SECOM)
 Snocom Medic-7
 Snohomish Co. Emergency Radio System
 South Beach Ambulance Service
 Valley Communication Center

Housing Authorities

Anacortes
 Asotin Co.
 Bellingham
 Bremerton
 Clallam Co.
 Everett
 Grant Co.
 Grays Harbor Co.
 Island Co.

Jefferson Co.
 Joint Republic Ferry Co.
 Kelso
 Kennewick
 King Co.
 Kitsap Co. Consolidated
 Kittitas Co.
 Longview
 Mason Co.
 Othello
 Pasco/Franklin Co.
 Pierce Co.
 Renton
 Richland
 Seattle
 Skagit Co.
 Snohomish Co.
 Spokane
 Tacoma
 Thurston Co.
 Vancouver
 Walla Walla
 Walla Walla Co.

Insurance Authorities

Transit Insurance Pool of WA
 WA Cities Insurance Auth.
 WA Counties Insurance Fund
 WA Counties Risk Pool
 WA Governmental Entity Pool
 Water & Sewer Insurance Pool

Irrigation, Sewer & Water Districts

Agnew Irrigation Dist.
 Ahtanum Irrigation Dist.
 Alderwood Water Dist.
 Beacon Hill Sewer Dist.
 Belfair Water Dist.
 Benton Irrigation Dist.

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2008 (page 9 of 11)

Irrigation, Sewer & Water Districts (continued)

Birch Bay Water & Sewer Dist.
 Brewster Flat Irrigation Dist.
 Cascade Irrigation Dist.
 Cedar River Water & Sewer Dist.
 Chinook Water Dist.
 Clark Regional Wastewater Dist.
 Clinton Water Dist.
 Coal Creek Utility Dist.
 Coalition for Clean Water
 Columbia Irrigation Dist.
 Consolidated Diking Improvement Dist. 1 & 2
 Consolidated Irrigation Dist. 19
 Covington Water Dist.
 Cross Valley Water Dist.
 Diamond Lake Water & Sewer Dist.
 Douglas Co. Sewer Dist. 1
 East Columbia Basin Irrigation Dist.
 East Spokane Water Dist. 1
 East Wenatchee Water Dist.
 Eastsound Sewer & Water Dist.
 Evergreen Water-Sewer Dist. 19
 Fall City Water Dist.
 Franklin Co. Irrigation Dist. 1
 Gardena Farms Dist. 13
 Glacier Water Dist.
 Grays Harbor Co. Water District 1
 Greater Wenatchee Irrigation Dist.
 Highland Irrigation Dist.
 Highline Water Dist.
 Holmes Harbor Sewer Dist.
 Icicle Irrigation Dist.
 Irvin Water Dist. 6
 Kennewick Irrigation Dist.
 King Co. Water Dist. 20, 45, 49, 54, 90, 111,
 119 & 125
 Kiona Irrigation Dist.
 Kittitas Reclamation Dist.
 Lake Chelan Reclamation Dist.
 Lake Forest Park Water Dist.
 Lake Stevens Sewer Dist.
 Lakehaven Sewer Dist.
 Lakehaven Utility Dist.
 Lakewood Water Dist.
 Loon Lake Sewer Dist. 4
 LOTT Alliance
 Malaga Water Dist.
 Manchester Water Dist.
 Midway Sewer Dist.
 Moab Irrigation Dist. 20
 Model Irrigation Dist. 18
 Moses Lake Irrigation & Rehabilitation Dist.
 Mukilteo Water Dist.
 Naches Selah Irrigation Dist.
 NE Sammamish Sewer & Water Dist.
 North Perry Ave. Water Dist.
 North Spokane Irrigation Dist. 8
 Northshore Utility Dist.
 Okanogan Irrigation Dist.
 Olympic View Water Dist.
 Orchard Ave. Irrigation Dist.
 Oroville-Tonasket Irrigation Dist.
 Pasadena Park Irrigation Dist. 17
 Point Roberts Water Dist. 4
 Quincy Columbia Basin Irrigation Dist.
 Ronald Wastewater District
 Roza Irrigation District
 Samish Water Dist.
 Sammamish Plateau Water & Sewer Dist.
 Selah-Moxee Irrigation Dist.
 Shoreline Water Dist.
 Silverdale Water Dist. 16
 Silverlake Water Dist.
 Skyway Water & Sewer Dist.
 Snoqualmie Pass Utility Dist.
 Soos Creek Water & Sewer Dist.
 South Columbia Basin Irrigation Dist.
 South King Co. Regional Water Assn.
 Stemilt Irrigation Dist.

Stevens Pass Sewer Dist.
 Sunland Water Dist.
 Sunnyside Valley Irrigation Dist.
 SW Suburban Sewer Dist.
 Terrace Heights Sewer Dist.
 Three Rivers Reg. Wastewater Plant
 Trentwood Irrigation Dist. 3
 Valley View Sewer Dist.
 Valley Water Dist.
 Vera Irrigation Dist. 15
 Water District 19
 Wenatchee Reclamation Dist.
 Whatcom Co. Water Dist. 2, 7 & 10
 Whitestone Reclamation Dist.
 Whitworth Water Dist. 2
 Willapa Valley Water Dist.
 Woodinville Water Dist.
 Yakima-Tieton Irrigation Dist.

Weed Control Districts

Ferry Co. Weed Board
 Grant Co. Noxious Weed Board
 Grant Co. Weed Dist. 1 & 3
 Pierce Co. Noxious Weed Board
 Spokane Co. Noxious Weed Control Board

Mosquito Districts

Adams Co. Mosquito Dist.
 Benton Co. Mosquito Control Dist.
 Columbia Mosquito Control Dist.
 Franklin Co. Mosquito Control Dist.
 Yakima Co. Mosquito Control

Libraries, Library Districts

Columbia County Rural Library Dist.
 Fort Vancouver Regional Library
 King Co. Law Library
 King Co. Public Library
 Kitsap Regional Library
 La Conner Regional Library

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2008 (page 10 of 11)

Libraries, Library Districts (continued)

Lopez Island Library Dist.
Mid-Columbia Regional Library
North Central Regional Library
North Olympic Library System
Orcas Island Library Dist.
Pend Oreille Library
Pierce Co. Law Library
Pierce Co. Rural Library Dist.
San Juan Island Co. Library
Sno-Isle Regional Library
Spokane Co. Law Library
Spokane Co. Library Dist.
Stevens Co. Rural Library
Timberland Regional Library
Upper Skagit Library Dist.
Walla Walla Co. Rural Library
Whatcom Co. Public Library
Whitman Co. Rural Library
Yakima Valley Regional Library

Ports

Allyn
Anacortes
Bellingham
Benton
Bremerton
Brownsville
Camas-Washougal
Centralia
Chelan Co.
Clarkston
Columbia
Douglas Co.
Edmonds
Ephrata
Everett
Friday Harbor
Grays Harbor

Ilwaco
Kalama
Kennewick
Kingston
Klickitat
Longview
Mattawa
Moses Lake
Olympia
Orcas
Othello
Pasco
Peninsula
Port Angeles
Port Townsend
Quincy
Ridgefield
Royal Slope
Seattle
Shelton
Skagit Co.
Skamania Co.
Sunnyside
Tacoma
Vancouver
Wahkiakum Co. 1
Walla Walla
Warden
Whitman Co.
Willapa Harbor
Woodland

Public Utility Districts

Asotin Co. PUD 1
Benton Co. PUD 1
Chelan Co. PUD 1
Clallam Co. PUD 1
Clark Co. PUD
Cowlitz Co. PUD
Douglas Co. PUD 1

Energy Northwest
Ferry Co. PUD 1
Franklin Co. Public Works 1
Franklin Co. PUD 1
Grand Coulee Project Hydroelectric
Authority
Grant Co. Public Works
Grant Co. PUD 2
Grays Harbor Co. PUD 1
Jefferson Co. PUD 1
Kitsap Co. PUD 1
Kittitas Co. PUD 1
Klickitat Co. PUD 1
Lewis Co. PUD 1
Mason Co. PUD 1 & 3
Okanogan Co. PUD 1
Pacific Co. PUD 2
Pend Oreille Co. PUD 1
Skagit Co. PUD 1
Skamania Co. PUD 1
Snohomish Co. PUD 1
Stevens Co. PUD
Thurston Co. PUD 1
Wahkiakum Co. PUD 1
Wells Hydroelectric Project
West Sound Utility Dist.

Transit Authorities, Transportation Districts

Benton-Franklin P.T.B.A.
Central Puget Sound Transit Auth.
Chelan-Douglas P.T.B.A.
Clallam Transit System
Clark Co. P.T.B.A.
Columbia County Public Transportation
Community Transit
Grays Harbor Transportation Auth.
Intercity Transit
Island Transit
Jefferson Transit Auth.

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2008 (page 11 of 11)

Transit Authorities, Transportation Districts (continued)

King County Metro
Kitsap Transit
Lewis P.T.B.A.
Mason Co. Transportation Auth.
Pacific Transit System
Pierce Co. P.T.B.A.
Spokane Regional Transportation Council
Valley Transit
Whatcom Transportation Auth.

Associations, Unions

Assn. of Washington Cities
Inlandboatmen's Union of the Pacific
King County Assn. of Suburban Cities
King County Directors Assn.
Public School Employees of WA
WA Assn. of County Officials
WA Federation of State Employees
WA Public Employees Assn.
WA State Council of County-City
Employees

Airports, Airport Boards

Centralia-Chehalis Airport Board
Snohomish Co. Airport
Spokane International Airport
Walla Walla Regional Airport
Yakima Air Terminal

Councils

Cowlitz-Wahkiakum Council of
Governments
Grays Harbor Council of Governments
Northwest Regional Council
Pacific Council of Governments
Puget Sound Regional Council
Skagit Council of Governments
South Central Workforce Council
Thurston Regional Planning Council
Wenatchee Valley Transportation Council
Whatcom Council of Governments

Parks & Recreation Districts

Bainbridge Island Metro Parks & Recreation
Dist.
Eastmont Metropolitan Park Dist.
Fidalgo Pool & Fitness Ctr.
Manson Parks & Recreation Dist.
Metropolitan Park Dist. of Tacoma
Peninsula Metropolitan Park Dist.
San Juan Island Park & Recreation Dist.
Si View Metropolitan Park Dist.
South Whidbey Parks & Recreation Dist.

Development Authorities/ Districts

Cultural Development Auth. of King Co.
Grays Harbor Public Development Auth.
Tricounty Economic Development Dist.

Cemetery Districts

Clark Co. Cemetery Dist. 4
Cowlitz Co. Cemetery Dist. 1 & 2
Pend Oreille Cemetery Dist. 1
Skagit Co. Cemetery Dist. 2

Road Departments

Chelan Co. Roads
Lincoln Co. Highway Dept.

Public Facility Districts

Dist. Public Stadium Auth.
Edmonds Public Facilities District
Lynnwood Public Facilities
Spokane Public Facility Dist.

Other Government Entities

Pierce Co. Law Enforcement Support
Agency
Snohomish Co. Police Staff Auxiliary
Tacoma-Pierce Co. Employment & Training
Consortium
WA School Information Processing
Cooperative

Schedule of Benefit Recipients by Type of Benefit: PERS Plan 1
For the Nine Months Ended June 30, 2007

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100**	182	142	26	7	7	155	23	2	2
101-200	1,059	729	1	82	247	707	238	112	2
201-300	2,170	1,549	3	152	466	1,440	489	231	10
301-400	2,476	1,743	32	142	559	1,595	595	281	5
401-500	2,631	1,892	1	137	601	1,683	566	371	11
501-600	2,692	2,008	1	123	560	1,741	520	411	20
601-700	2,641	1,948	1	117	575	1,619	558	447	17
701-800	2,542	1,869	2	110	561	1,542	527	449	24
801-900	2,530	1,959	2	110	459	1,542	501	462	25
901-1,000	2,315	1,849	3	91	372	1,431	478	384	22
Over 1,000	<u>33,448</u>	<u>31,213</u>	<u>5</u>	<u>415</u>	<u>1,815</u>	<u>21,169</u>	<u>5,719</u>	<u>5,279</u>	<u>1,281</u>
Totals	<u>54,686</u>	<u>46,901</u>	<u>77</u>	<u>1,486</u>	<u>6,222</u>	<u>34,624</u>	<u>10,214</u>	<u>8,429</u>	<u>1,419</u>

*1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half the monthly benefit for life,

4 – Beneficiary receives two-thirds the monthly benefit for life.

**Includes L&I holdoffs.

Source: Washington State Office of the State Actuary

Schedule of Benefit Recipients by Type of Benefit: PERS Plan 2
For the Nine Months Ended June 30, 2007

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100	384	172	-	175	37	250	117	12	5
101-200	1,349	871	-	334	144	921	350	58	20
201-300	1,509	1,078	-	261	170	994	391	95	29
301-400	1,511	1,135	-	212	164	1,000	390	81	40
401-500	1,414	1,120	-	171	123	914	349	111	40
501-600	1,260	1,044	-	108	108	826	322	78	34
601-700	1,224	1,057	-	85	82	784	276	108	56
701-800	1,097	970	-	62	65	721	252	85	39
801-900	999	902	-	52	45	658	201	89	51
901-1,000	931	858	-	38	35	624	171	104	32
Over 1,000	<u>4,281</u>	<u>4,135</u>	<u>-</u>	<u>51</u>	<u>95</u>	<u>2,886</u>	<u>641</u>	<u>533</u>	<u>221</u>
Totals	<u>15,959</u>	<u>13,342</u>	<u>-</u>	<u>1,549</u>	<u>1,068</u>	<u>10,578</u>	<u>3,460</u>	<u>1,354</u>	<u>567</u>

*1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half the monthly benefit for life,

4 – Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

Schedule of Benefit Recipients by Type of Benefit: PERS Plan 3
For the Nine Months Ended June 30, 2007

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100	10	2	-	7	1	7	3	-	-
101-200	85	50	-	19	16	44	36	4	1
201-300	123	105	-	9	9	81	29	9	4
301-400	116	106	-	8	2	69	26	14	7
401-500	83	76	-	3	4	56	15	11	1
501-600	50	46	-	2	2	36	7	7	-
601-700	45	43	-	-	2	35	4	2	4
701-800	25	25	-	-	-	17	4	3	1
801-900	16	16	-	-	-	12	3	-	1
901-1,000	12	12	-	-	-	12	-	-	-
Over 1,000	34	34	-	-	-	20	9	5	-
Totals	599	515	-	48	36	389	136	55	19

* 1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half the monthly benefit for life,
 4 – Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

Schedule of Benefit Recipients by Type of Benefit: SERS Plan 2
For the Nine Months Ended June 30, 2007

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$0-100	43	12	-	25	6	20	20	2	1
101-200	248	188	-	42	18	174	62	6	6
201-300	286	235	-	31	20	198	65	15	8
301-400	261	233	-	19	9	186	52	15	8
401-500	207	184	-	18	5	158	38	7	4
501-600	198	181	-	9	8	147	33	14	4
601-700	169	161	-	4	4	134	23	10	2
701-800	140	137	-	2	1	108	15	14	3
801-900	99	97	-	1	1	77	14	6	2
901-1,000	90	86	-	1	3	62	16	9	3
Over 1,000	285	277	-	4	4	205	33	36	11
Totals	2,026	1,791	-	156	79	1,469	371	134	52

* 1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half the monthly benefit for life,
 4 – Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: SERS Plan 3
For the Nine Months Ended June 30, 2007**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	68	53	-	12	3	42	22	2	2
101-200	383	332	-	26	25	273	89	15	6
201-300	312	293	-	9	10	243	57	8	4
301-400	146	139	-	5	2	101	33	6	6
401-500	102	99	-	3	-	82	11	4	5
501-600	34	33	-	1	-	28	3	2	1
601-700	30	29	-	1	-	25	1	3	1
701-800	17	17	-	-	-	13	2	2	-
801-900	7	7	-	-	-	7	-	-	-
901-1,000	5	5	-	-	-	4	-	1	-
Over 1,000	11	11	-	-	-	8	-	2	1
Totals	1,115	1,018	-	57	40	826	218	45	26

* 1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half the monthly benefit for life,
4 – Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: TRS Plan 1
For the Nine Months Ended June 30, 2007**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	49	47	-	-	2	40	7	2	-
101-200	320	279	-	8	33	217	76	23	4
201-300	604	516	-	23	65	433	133	35	3
301-400	597	465	-	30	102	386	158	48	5
401-500	661	498	-	40	123	414	155	86	6
501-600	664	463	-	43	158	396	145	117	6
601-700	756	522	-	45	189	443	144	163	6
701-800	819	529	-	32	258	397	191	227	4
801-900	835	559	-	40	236	410	202	216	7
901-1,000	922	660	-	37	225	485	206	223	8
Over 1,000	29,157	27,514	-	467	1,176	18,327	5,674	4,185	971
Totals	35,384	32,052	-	765	2,567	21,948	7,091	5,325	1,020

* 1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half the monthly benefit for life,
4 – Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

Schedule of Benefit Recipients by Type of Benefit: TRS Plan 2
For the Nine Months Ended June 30, 2007

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	26	19	-	5	2	18	7	1	-
101-200	37	23	-	11	3	24	10	2	1
201-300	70	53	-	11	6	49	20	1	-
301-400	84	67	-	10	7	59	21	3	1
401-500	93	79	-	9	5	70	14	4	5
501-600	83	68	-	6	9	47	29	4	3
601-700	103	88	-	8	7	66	27	7	3
701-800	111	90	-	10	11	63	38	7	3
801-900	84	72	-	6	6	57	22	2	3
901-1,000	107	102	-	2	3	83	12	8	4
Over 1,000	866	848	-	9	9	627	129	71	39
Totals	1,664	1,509	-	87	68	1,163	329	110	62

* 1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half the monthly benefit for life,
 4 – Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

Schedule of Benefit Recipients by Type of Benefit: TRS Plan 3
For the Nine Months Ended June 30, 2007

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	23	7	-	9	7	11	10	2	-
101-200	107	65	-	15	27	61	41	3	2
201-300	164	131	-	11	22	103	49	10	2
301-400	141	131	-	4	6	111	21	5	4
401-500	133	123	-	3	7	112	17	2	2
501-600	124	121	-	2	1	98	15	6	5
601-700	84	79	-	-	5	65	14	5	-
701-800	62	62	-	-	-	44	9	8	1
801-900	51	49	-	-	2	30	11	6	4
901-1,000	46	43	-	-	3	30	11	2	3
Over 1,000	108	107	-	-	1	80	15	7	6
Totals	1,043	918	-	44	81	745	213	56	29

* 1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half the monthly benefit for life,
 4 – Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

Schedule of Benefit Recipients by Type of Benefit: LEOFF Plan 1 For the Nine Months Ended June 30, 2007

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2**	3**	4**
\$ 0-100	5	5	-	-	-	5	-	-	-
101-200	6	6	-	-	-	6	-	-	-
201-300	7	4	-	-	3	6	1	-	-
301-400	6	6	-	-	-	6	-	-	-
401-500	11	8	-	-	3	11	-	-	-
501-600	16	13	-	-	3	15	1	-	-
601-700	15	11	-	-	4	13	2	-	-
701-800	15	12	-	-	3	13	1	1	-
801-900	22	15	-	-	7	22	-	-	-
901-1,000	18	13	-	-	5	17	1	-	-
Over 1,000	8,040	2,627	3,548	541	1,324	7,500	436	44	60
Totals	8,161	2,720	3,548	541	1,352	7,614	442	45	60

* 1 – Standard option "A", 100% joint and survivor, with additional benefits to eligible children, 2 – Beneficiary receives same monthly benefit for life,

3 – Beneficiary receives half the monthly benefit for life, 4 – Beneficiary receives two-thirds the monthly benefit for life.

** Joint and survivor options are available for post-retirement marriages.

Source: Washington State Office of the State Actuary

Schedule of Benefit Recipients by Type of Benefit: LEOFF Plan 2 For the Nine Months Ended June 30, 2007

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	4	3	-	1	-	2	1	1	-
101-200	6	3	-	3	-	4	2	-	-
201-300	11	5	2	2	2	7	2	2	-
301-400	17	9	4	1	3	9	6	2	-
401-500	29	22	2	5	-	13	13	3	-
501-600	24	19	2	1	2	10	10	1	3
601-700	25	19	2	1	3	12	10	3	-
701-800	35	27	6	1	1	19	12	2	2
801-900	25	19	2	1	3	14	7	3	1
901-1,000	16	11	2	1	2	13	2	-	1
Over 1,000	732	628	58	15	31	360	221	80	71
Totals	924	765	80	32	47	463	286	97	78

* 1 – Retiree's lifetime, 2 – Beneficiary receives same monthly benefit for life, 3 – Beneficiary receives half the monthly benefit for life,

4 – Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: WSPRS Plan 1
For the Nine Months Ended June 30, 2007**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*	
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2
\$ 0-100	-	-	-	-	-	-	-
101-200	2	2	-	-	-	2	-
201-300	1	-	-	-	1	1	-
301-400	-	-	-	-	-	-	-
401-500	-	-	-	-	-	-	-
501-600	4	-	-	-	4	4	-
601-700	9	2	-	-	7	7	2
701-800	13	1	-	-	12	13	-
801-900	7	1	-	-	6	7	-
901-1,000	13	1	-	-	12	12	1
Over 1,000	<u>772</u>	<u>687</u>	<u>-</u>	<u>-</u>	<u>85</u>	<u>618</u>	<u>154</u>
Totals	<u><u>821</u></u>	<u><u>694</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>127</u></u>	<u><u>664</u></u>	<u><u>157</u></u>

* 1 – Standard option "A", 100% joint and survivor, with initial pension equal to the lesser of 50% AFC and 100% member's accrued benefit,
2 – Option "B", 100% joint and survivor, with initial pension being the actuarial equivalent of the single life annuity.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: PERS Plan 1

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/06 to 6/30/07						
Average Monthly Benefit*	\$440.05	\$826.24	\$1,377.09	\$2,026.97	\$2,968.26	\$3,044.75
Average Final Salary (Monthly)*	\$3,734.14	\$3,282.95	\$3,951.49	\$4,478.61	\$5,257.35	\$5,270.50
Number of Active Retirees	73	78	105	122	456	420
Period 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$393.64	\$855.83	\$1,297.98	\$1,792.25	\$2,753.99	\$2,916.86
Average Final Salary (Monthly)*	\$3,495.56	\$3,576.91	\$3,776.29	\$4,016.80	\$4,933.84	\$5,003.15
Number of Active Retirees	150	104	171	173	770	587
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$409.58	\$855.17	\$1,203.75	\$1,726.20	\$2,692.95	\$2,810.89
Average Final Salary (Monthly)*	\$3,688.81	\$3,350.51	\$3,557.55	\$3,814.38	\$4,836.00	\$4,832.86
Number of Active Retirees	142	122	144	193	834	586
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$347.11	\$793.25	\$1,190.84	\$1,893.20	\$2,638.10	\$2,890.47
Average Final Salary (Monthly)*	\$3,282.37	\$3,213.42	\$3,449.66	\$4,190.20	\$4,724.51	\$5,001.17
Number of Active Retirees	136	108	166	215	891	543
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$352.67	\$745.84	\$1,216.41	\$1,696.38	\$2,672.02	\$2,902.88
Average Final Salary (Monthly)*	\$3,143.11	\$3,052.16	\$3,572.79	\$3,686.95	\$4,815.61	\$4,995.48
Number of Active Retirees	138	118	157	243	988	504
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$307.42	\$725.55	\$1,095.01	\$1,718.64	\$2,489.82	\$2,707.39
Average Final Salary (Monthly)*	\$3,341.89	\$2,928.81	\$3,286.45	\$3,704.50	\$4,498.05	\$4,728.35
Number of Active Retirees	117	110	155	361	1,010	511
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$307.83	\$678.34	\$1,100.55	\$1,552.78	\$2,314.61	\$2,595.25
Average Final Salary (Monthly)*	\$3,458.70	\$2,774.76	\$3,303.24	\$3,331.65	\$4,174.12	\$4,535.78
Number of Active Retirees	109	104	87	301	755	394
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$334.45	\$631.61	\$1,048.38	\$1,515.01	\$2,317.25	\$2,532.19
Average Final Salary (Monthly)*	\$3,085.45	\$2,661.97	\$3,146.53	\$3,283.62	\$4,192.22	\$4,448.62
Number of Active Retirees	121	131	138	505	973	479
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$404.00	\$747.37	\$1,093.49	\$1,428.98	\$2,253.87	\$2,440.78
Average Final Salary (Monthly)*	\$2,848.46	\$2,951.93	\$3,163.59	\$3,145.52	\$4,067.96	\$4,331.37
Number of Active Retirees	50	71	127	492	858	426
Period 1/1/98 to 12/31/98						
Average Monthly Benefit*	\$355.35	\$677.53	\$1,006.77	\$1,338.49	\$2,106.62	\$2,385.54
Average Final Salary (Monthly)*	\$2,356.44	\$2,583.30	\$3,009.49	\$3,027.76	\$3,822.24	\$4,247.70
Number of Active Retirees	46	72	95	482	756	347

Retirees with missing or invalid data elements were excluded.

*At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: PERS Plan 2

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/06 to 6/30/07						
Average Monthly Benefit*	\$429.68	\$817.10	\$1,261.88	\$1,561.89	\$1,850.45	\$-
Average Final Salary (Monthly)*	\$3,251.50	\$3,407.38	\$3,902.20	\$4,152.54	\$4,176.21	\$-
Number of Active Retirees	303	225	239	223	131	-
Period 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$381.31	\$840.64	\$1,153.19	\$1,443.59	\$1,861.25	\$-
Average Final Salary (Monthly)*	\$3,096.35	\$3,495.45	\$3,599.48	\$4,014.82	\$4,159.12	\$-
Number of Active Retirees	397	289	318	308	130	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$371.37	\$815.79	\$1,182.15	\$1,441.42	\$1,778.30	\$2,157.26
Average Final Salary (Monthly)*	\$3,005.28	\$3,321.68	\$3,659.92	\$3,939.40	\$4,158.20	\$5,347.53
Number of Active Retirees	352	346	317	262	81	1
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$357.19	\$796.20	\$1,105.47	\$1,413.09	\$1,641.65	\$3,148.28
Average Final Salary (Monthly)*	\$2,790.65	\$3,311.56	\$3,463.09	\$3,809.36	\$3,766.28	\$5,874.68
Number of Active Retirees	309	316	289	243	32	2
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$339.47	\$743.37	\$1,081.58	\$1,281.20	\$1,301.54	\$2,733.22
Average Final Salary (Monthly)*	\$2,553.67	\$3,028.09	\$3,360.33	\$3,497.56	\$2,957.96	\$4,853.02
Number of Active Retirees	298	319	297	201	10	1
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$330.72	\$683.82	\$1,029.00	\$1,201.49	\$-	\$-
Average Final Salary (Monthly)*	\$2,394.70	\$2,829.33	\$3,212.41	\$3,521.90	\$-	\$-
Number of Active Retirees	313	300	267	182	-	-
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$337.87	\$684.28	\$979.64	\$1,182.54	\$1,005.31	\$-
Average Final Salary (Monthly)*	\$2,437.56	\$2,861.20	\$3,144.89	\$3,409.91	\$3,361.68	\$-
Number of Active Retirees	220	198	169	122	1	-
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$320.99	\$686.13	\$923.82	\$972.29	\$-	\$-
Average Final Salary (Monthly)*	\$2,348.25	\$2,824.36	\$2,928.27	\$2,908.84	\$-	\$-
Number of Active Retirees	344	279	300	150	-	-
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$322.89	\$667.16	\$858.96	\$1,007.80	\$-	\$-
Average Final Salary (Monthly)*	\$2,254.63	\$2,722.44	\$2,708.99	\$3,010.29	\$-	\$-
Number of Active Retirees	217	190	255	84	-	-
Period 1/1/98 to 12/31/98						
Average Monthly Benefit*	\$304.00	\$623.27	\$902.60	\$986.82	\$-	\$-
Average Final Salary (Monthly)*	\$2,295.58	\$2,601.21	\$2,812.72	\$3,193.26	\$-	\$-
Number of Active Retirees	188	206	220	14	-	-

Retirees with missing or invalid data elements were excluded.

*At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: PERS Plan 3*

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/06 to 6/30/07						
Average Monthly Benefit**	\$248.25	\$355.02	\$492.07	\$825.20	\$1,066.43	\$-
Average Final Salary (Monthly)**	\$3,227.02	\$4,094.89	\$3,994.40	\$4,749.23	\$5,518.83	\$-
Number of Active Retirees	9	24	34	25	11	-
Period 10/1/05 to 9/30/06						
Average Monthly Benefit**	\$250.54	\$330.93	\$430.38	\$781.75	\$848.25	\$-
Average Final Salary (Monthly)**	\$4,241.98	\$3,707.32	\$4,000.23	\$4,518.98	\$4,933.97	\$-
Number of Active Retirees	12	34	51	21	10	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit**	\$285.06	\$297.72	\$483.21	\$675.71	\$1,070.36	\$-
Average Final Salary (Monthly)**	\$3,613.75	\$3,779.45	\$4,041.78	\$4,262.63	\$5,475.22	\$-
Number of Active Retirees	14	35	36	18	2	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit**	\$251.18	\$275.34	\$466.69	\$604.86	\$601.39	\$1,078.98
Average Final Salary (Monthly)**	\$3,795.68	\$3,559.40	\$3,829.15	\$4,127.26	\$3,584.08	\$4,515.84
Number of Active Retirees	4	46	38	24	1	1
Period 10/1/02 to 9/30/03						
Average Monthly Benefit**	\$196.52	\$274.26	\$487.31	\$600.85	\$-	\$-
Average Final Salary (Monthly)**	\$3,629.00	\$3,898.30	\$3,868.59	\$4,409.49	\$-	\$-
Number of Active Retirees	2	24	30	14	-	-
Period 10/1/01 to 9/30/02						
Average Monthly Benefit**	\$-	\$297.95	\$367.83	\$673.48	\$-	\$-
Average Final Salary (Monthly)**	\$-	\$4,619.45	\$3,071.63	\$3,766.71	\$-	\$-
Number of Active Retirees	-	4	3	2	-	-

Retirees with missing or invalid data elements were excluded.

*PERS 3 became effective March 1, 2002

** At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: SERS Plan 2*

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/06 to 6/30/07						
Average Monthly Benefit**	\$235.84	\$463.48	\$688.93	\$1,068.36	\$1,199.69	\$-
Average Final Salary (Monthly)**	\$1,673.42	\$1,807.94	\$2,101.47	\$2,811.31	\$2,836.34	\$-
Number of Active Retirees	43	52	43	43	18	-
Period 10/1/05 to 9/30/06						
Average Monthly Benefit**	\$227.30	\$481.10	\$700.31	\$807.10	\$1,220.00	\$-
Average Final Salary (Monthly)**	\$1,624.78	\$1,907.18	\$2,240.95	\$2,255.18	\$3,008.47	\$-
Number of Active Retirees	84	84	93	81	32	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit**	\$231.01	\$446.11	\$677.70	\$808.30	\$1,134.52	\$-
Average Final Salary (Monthly)**	\$1,747.89	\$1,799.64	\$2,082.32	\$2,173.51	\$2,455.74	\$-
Number of Active Retirees	62	67	58	91	23	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit**	\$236.39	\$417.64	\$830.21	\$789.63	\$1,092.79	\$-
Average Final Salary (Monthly)**	\$1,576.56	\$1,693.92	\$2,522.60	\$2,095.77	\$2,611.95	\$-
Number of Active Retirees	86	69	60	97	11	-
Period 10/1/02 to 9/30/03						
Average Monthly Benefit**	\$211.05	\$452.92	\$669.60	\$798.53	\$1,215.34	\$-
Average Final Salary (Monthly)**	\$1,396.53	\$1,818.45	\$2,039.61	\$2,148.25	\$2,652.12	\$-
Number of Active Retirees	63	61	64	81	4	-
Period 10/1/01 to 9/30/02						
Average Monthly Benefit**	\$240.96	\$415.32	\$730.68	\$829.12	\$-	\$-
Average Final Salary (Monthly)**	\$1,534.65	\$1,697.54	\$2,185.84	\$2,177.96	\$-	\$-
Number of Active Retirees	45	54	60	49	-	-
Period 1/1/01 to 9/30/01						
Average Monthly Benefit**	\$194.00	\$405.98	\$607.23	\$800.16	\$-	\$-
Average Final Salary (Monthly)**	\$1,436.54	\$1,653.89	\$1,772.23	\$2,140.37	\$-	\$-
Number of Active Retirees	40	38	35	31	-	-
Period 1/1/00 to 12/31/00						
Average Monthly Benefit**	\$215.88	\$520.57	\$577.60	\$790.56	\$-	\$-
Average Final Salary (Monthly)**	\$1,467.89	\$1,905.60	\$1,859.92	\$2,565.72	\$-	\$-
Number of Active Retirees	6	7	10	2	-	-

Retirees with missing or invalid data elements were excluded.

*SERS became effective September 1, 2000.

** At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: SERS Plan 3*

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/06 to 6/30/07						
Average Monthly Benefit**	\$120.59	\$215.61	\$327.88	\$370.12	\$803.06	\$-
Average Final Salary (Monthly)**	\$2,141.06	\$2,086.67	\$2,413.29	\$2,203.55	\$3,744.44	\$-
Number of Active Retirees	12	37	56	42	15	-
Period 10/1/05 to 9/30/06						
Average Monthly Benefit**	\$158.83	\$209.91	\$294.67	\$345.13	\$533.98	\$-
Average Final Salary (Monthly)**	\$2,050.86	\$2,042.36	\$2,119.57	\$2,091.65	\$2,833.81	\$-
Number of Active Retirees	18	56	74	57	16	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit**	\$170.25	\$223.05	\$255.66	\$372.45	\$411.51	\$-
Average Final Salary (Monthly)**	\$2,422.04	\$2,030.62	\$1,944.44	\$2,217.29	\$2,113.99	\$-
Number of Active Retirees	11	52	88	46	10	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit**	\$164.16	\$178.43	\$260.42	\$418.11	\$455.03	\$-
Average Final Salary (Monthly)**	\$2,235.27	\$1,796.28	\$1,911.45	\$2,453.85	\$2,722.73	\$-
Number of Active Retirees	12	44	66	40	3	-
Period 10/1/02 to 9/30/03						
Average Monthly Benefit**	\$163.96	\$203.20	\$280.10	\$363.17	\$586.34	\$-
Average Final Salary (Monthly)**	\$2,396.04	\$2,116.34	\$2,046.41	\$2,213.72	\$2,291.93	\$-
Number of Active Retirees	17	34	40	23	1	-
Period 10/1/01 to 9/30/02						
Average Monthly Benefit**	\$107.15	\$170.83	\$255.17	\$397.87	\$-	\$-
Average Final Salary (Monthly)**	\$1,460.85	\$1,916.83	\$1,919.31	\$2,326.24	\$-	\$-
Number of Active Retirees	13	41	31	12	-	-
Period 1/1/01 to 9/30/01						
Average Monthly Benefit**	\$155.58	\$178.65	\$201.73	\$325.92	\$-	\$-
Average Final Salary (Monthly)**	\$2,150.78	\$1,883.80	\$1,972.90	\$2,372.24	\$-	\$-
Number of Active Retirees	10	24	28	12	-	-

Retirees with missing or invalid data elements were excluded.

* SERS became effective September 1, 2000

**At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: TRS Plan 1

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/06 to 6/30/07						
Average Monthly Benefit*	\$348.74	\$839.10	\$1,321.85	\$1,820.11	\$2,848.13	\$2,588.78
Average Final Salary (Monthly)*	\$2,641.07	\$3,364.49	\$4,122.54	\$4,444.75	\$5,736.18	\$5,917.60
Number of Active Retirees	39	35	45	40	55	24
Period 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$367.34	\$1,011.54	\$1,519.99	\$2,017.00	\$2,817.52	\$2,880.89
Average Final Salary (Monthly)*	\$2,936.42	\$4,174.56	\$4,765.76	\$5,018.16	\$5,632.88	\$5,640.67
Number of Active Retirees	61	58	100	157	486	465
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$389.23	\$870.30	\$1,416.79	\$2,105.47	\$2,726.57	\$2,727.08
Average Final Salary (Monthly)*	\$3,167.27	\$3,608.64	\$4,393.83	\$4,973.52	\$5,501.61	\$5,466.36
Number of Active Retirees	62	72	117	153	551	484
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$356.95	\$875.67	\$1,363.14	\$1,925.47	\$2,657.77	\$2,777.56
Average Final Salary (Monthly)*	\$2,662.53	\$3,897.99	\$4,303.80	\$4,830.72	\$5,458.75	\$5,633.93
Number of Active Retirees	55	86	127	176	632	441
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$328.49	\$866.35	\$1,289.24	\$1,843.72	\$2,623.39	\$2,662.54
Average Final Salary (Monthly)*	\$2,814.56	\$3,588.64	\$4,100.72	\$4,601.64	\$5,352.38	\$5,360.55
Number of Active Retirees	92	93	95	156	665	358
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$254.31	\$803.93	\$1,157.14	\$1,861.65	\$2,396.72	\$2,473.71
Average Final Salary (Monthly)*	\$2,597.54	\$3,432.41	\$4,037.84	\$4,841.25	\$5,162.29	\$5,246.20
Number of Active Retirees	79	66	83	229	770	483
Period 7/1/00 to 9/30/01						
Average Monthly Benefit*	\$274.13	\$733.44	\$1,134.70	\$1,688.10	\$2,180.01	\$2,207.91
Average Final Salary (Monthly)*	\$2,785.27	\$3,264.23	\$4,152.92	\$4,541.32	\$4,896.71	\$4,936.26
Number of Active Retirees	98	118	122	374	1,526	1,040
Period 7/1/99 to 6/30/00						
Average Monthly Benefit*	\$295.10	\$588.36	\$1,088.95	\$1,575.42	\$2,072.88	\$2,083.78
Average Final Salary (Monthly)*	\$3,033.65	\$2,818.93	\$3,783.64	\$4,294.24	\$4,614.38	\$4,724.18
Number of Active Retirees	61	58	64	188	814	418
Period 7/1/98 to 6/30/99						
Average Monthly Benefit*	\$396.88	\$715.87	\$1,159.08	\$1,503.29	\$2,005.94	\$2,038.77
Average Final Salary (Monthly)*	\$3,403.67	\$3,482.60	\$3,890.87	\$4,261.02	\$4,481.23	\$4,600.30
Number of Active Retirees	11	23	44	192	700	407
Period 7/1/97 to 6/30/98						
Average Monthly Benefit*	\$439.30	\$787.27	\$1,115.08	\$1,533.71	\$1,985.26	\$2,014.68
Average Final Salary (Monthly)*	\$3,075.22	\$3,403.57	\$3,854.23	\$4,175.42	\$4,405.69	\$4,541.03
Number of Active Retirees	14	26	48	160	654	448

Retirees with missing or invalid data elements were excluded.

*At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: TRS Plan 2

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/06 to 6/30/07						
Average Monthly Benefit*	\$375.95	\$970.16	\$1,585.44	\$1,911.48	\$2,622.91	\$-
Average Final Salary (Monthly)*	\$3,634.96	\$4,054.58	\$4,891.30	\$5,337.42	\$5,601.05	\$-
Number of Active Retirees	24	28	20	16	5	-
Period 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$515.76	\$1,042.26	\$1,516.39	\$1,875.65	\$2,282.00	\$-
Average Final Salary (Monthly)*	\$3,562.09	\$4,270.10	\$4,672.24	\$4,924.09	\$4,870.42	\$-
Number of Active Retirees	47	49	48	53	18	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$512.93	\$1,041.49	\$1,465.30	\$1,971.26	\$2,102.62	\$-
Average Final Salary (Monthly)*	\$3,572.31	\$4,406.34	\$4,563.44	\$5,059.40	\$4,870.05	\$-
Number of Active Retirees	51	49	57	47	15	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$415.43	\$952.94	\$1,417.11	\$1,996.13	\$1,917.24	\$-
Average Final Salary (Monthly)*	\$3,309.83	\$3,949.77	\$4,525.46	\$4,927.74	\$4,654.53	\$-
Number of Active Retirees	39	43	37	34	8	-
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$440.63	\$927.24	\$1,316.90	\$1,744.68	\$-	\$-
Average Final Salary (Monthly)*	\$3,377.29	\$4,076.97	\$4,256.03	\$4,673.16	\$-	\$-
Number of Active Retirees	38	40	33	25	-	-
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$498.47	\$920.61	\$1,350.13	\$1,710.86	\$-	\$-
Average Final Salary (Monthly)*	\$3,408.04	\$3,873.98	\$4,265.37	\$4,362.12	\$-	\$-
Number of Active Retirees	33	25	21	30	-	-
Period 7/1/00 to 9/30/01						
Average Monthly Benefit*	\$502.96	\$944.22	\$1,246.40	\$1,497.10	\$-	\$-
Average Final Salary (Monthly)*	\$3,386.67	\$3,859.24	\$4,071.52	\$4,098.62	\$-	\$-
Number of Active Retirees	55	44	50	36	-	-
Period 7/1/99 to 6/30/00						
Average Monthly Benefit*	\$477.49	\$806.42	\$1,340.51	\$1,368.88	\$-	\$-
Average Final Salary (Monthly)*	\$3,292.52	\$3,519.21	\$4,130.82	\$3,985.34	\$-	\$-
Number of Active Retirees	37	30	32	11	-	-
Period 7/1/98 to 6/30/99						
Average Monthly Benefit*	\$465.45	\$956.60	\$1,342.24	\$875.44	\$-	\$-
Average Final Salary (Monthly)*	\$3,432.16	\$3,759.73	\$4,317.44	\$3,516.92	\$-	\$-
Number of Active Retirees	16	13	28	2	-	-
Period 7/1/97 to 6/30/98						
Average Monthly Benefit*	\$420.47	\$913.02	\$1,252.09	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$3,521.53	\$3,802.50	\$3,964.16	\$-	\$-	\$-
Number of Active Retirees	17	13	19	-	-	-

Retirees with missing or invalid data elements were excluded.

*At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: TRS Plan 3

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/06 to 6/30/07						
Average Monthly Benefit*	\$254.63	\$452.49	\$712.80	\$1,061.00	\$1,243.51	\$-
Average Final Salary (Monthly)*	\$4,146.59	\$4,575.87	\$4,909.18	\$5,447.02	\$5,750.52	\$-
Number of Active Retirees	19	22	24	22	4	-
Period 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$297.95	\$448.22	\$666.82	\$869.07	\$1,101.94	\$-
Average Final Salary (Monthly)*	\$4,392.04	\$4,659.35	\$4,950.00	\$5,187.16	\$5,239.94	\$-
Number of Active Retirees	32	45	73	41	20	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$234.33	\$447.08	\$690.49	\$959.64	\$985.06	\$-
Average Final Salary (Monthly)*	\$3,873.88	\$4,905.43	\$4,783.98	\$5,249.36	\$4,894.49	\$-
Number of Active Retirees	31	42	31	44	5	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$226.49	\$370.52	\$577.81	\$880.22	\$932.39	\$-
Average Final Salary (Monthly)*	\$3,739.73	\$4,166.11	\$4,685.49	\$4,953.13	\$4,994.64	\$-
Number of Active Retirees	27	34	43	27	7	-
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$215.81	\$376.46	\$545.68	\$730.52	\$-	\$-
Average Final Salary (Monthly)*	\$3,948.35	\$4,622.77	\$4,386.17	\$4,580.21	\$-	\$-
Number of Active Retirees	17	25	31	21	-	-
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$220.32	\$343.01	\$485.97	\$558.34	\$-	\$-
Average Final Salary (Monthly)*	\$3,727.15	\$4,114.94	\$4,282.65	\$4,355.04	\$-	\$-
Number of Active Retirees	9	27	16	16	-	-
Period 7/1/00 to 9/30/01						
Average Monthly Benefit*	\$248.98	\$343.19	\$479.65	\$571.69	\$-	\$-
Average Final Salary (Monthly)*	\$4,040.17	\$4,098.63	\$4,240.39	\$4,429.45	\$-	\$-
Number of Active Retirees	15	37	28	20	-	-
Period 7/1/99 to 6/30/00						
Average Monthly Benefit*	\$129.91	\$284.85	\$527.43	\$431.09	\$-	\$-
Average Final Salary (Monthly)*	\$3,245.45	\$3,850.47	\$4,450.93	\$4,342.86	\$-	\$-
Number of Active Retirees	3	19	14	2	-	-
Period 7/1/98 to 6/30/99						
Average Monthly Benefit*	\$204.33	\$274.94	\$444.58	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$4,630.42	\$3,676.21	\$4,108.33	\$-	\$-	\$-
Number of Active Retirees	2	13	15	-	-	-
Period 7/1/97 to 6/30/98						
Average Monthly Benefit*	\$143.82	\$274.92	\$416.11	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$5,722.32	\$3,739.84	\$4,121.50	\$-	\$-	\$-
Number of Active Retirees	1	2	2	-	-	-

Retirees with missing or invalid data elements were excluded.

*At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: LEOFF Plan 1

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/06 to 6/30/07						
Average Monthly Benefit*	\$-	\$1,086.32	\$-	\$-	\$3,785.27	\$5,086.57
Average Final Salary (Monthly)*	\$-	\$5,203.92	\$-	\$-	\$6,727.37	\$7,548.05
Number of Active Retirees	-	1	-	-	20	63
Period 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$3,627.67	\$-	\$-	\$3,307.40	\$3,999.96	\$4,870.88
Average Final Salary (Monthly)*	\$6,595.75	\$-	\$-	\$6,549.30	\$7,104.56	\$7,484.82
Number of Active Retirees	1	-	-	1	47	80
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$-	\$770.99	\$3,204.91	\$2,402.75	\$3,702.10	\$4,478.06
Average Final Salary (Monthly)*	\$-	\$2,796.81	\$6,409.82	\$5,085.81	\$6,565.39	\$6,917.86
Number of Active Retirees	-	1	1	2	45	76
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$2,572.50	\$1,219.55	\$1,648.30	\$2,950.79	\$3,428.97	\$4,325.06
Average Final Salary (Monthly)*	\$5,145.00	\$3,222.11	\$4,381.50	\$5,839.05	\$6,314.70	\$6,624.47
Number of Active Retirees	1	2	2	6	71	66
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$2,025.18	\$2,222.50	\$790.85	\$2,759.90	\$3,608.96	\$3,963.91
Average Final Salary (Monthly)*	\$4,050.36	\$4,445.00	\$2,747.33	\$5,517.10	\$6,558.24	\$6,465.99
Number of Active Retirees	2	1	1	10	89	60
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$-	\$-	\$2,331.10	\$2,988.91	\$3,274.02	\$3,885.10
Average Final Salary (Monthly)*	\$-	\$-	\$5,080.50	\$6,074.97	\$6,046.00	\$6,405.84
Number of Active Retirees	-	-	2	20	95	56
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$345.68	\$894.28	\$1,579.67	\$2,816.73	\$3,109.33	\$3,584.16
Average Final Salary (Monthly)*	\$2,610.67	\$2,696.79	\$4,023.37	\$5,434.91	\$5,763.09	\$5,837.19
Number of Active Retirees	2	2	6	39	87	49
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$-	\$-	\$1,650.47	\$2,689.59	\$3,032.38	\$3,750.90
Average Final Salary (Monthly)*	\$-	\$-	\$3,990.61	\$5,121.64	\$5,608.80	\$6,132.45
Number of Active Retirees	-	-	3	48	141	60
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$-	\$-	\$-	\$2,433.96	\$2,953.55	\$3,753.25
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$5,047.65	\$5,205.80	\$5,754.30
Number of Active Retirees	-	-	-	17	71	31
Period 1/1/98 to 12/31/98						
Average Monthly Benefit*	\$-	\$-	\$1,409.20	\$2,317.78	\$2,893.12	\$3,822.23
Average Final Salary (Monthly)*	\$-	\$-	\$3,523.00	\$4,787.24	\$5,192.90	\$5,838.70
Number of Active Retirees	-	-	2	16	77	30

Retirees with missing or invalid data elements were excluded.

*At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: LEOFF Plan 2

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/06 to 6/30/07						
Average Monthly Benefit*	\$730.74	\$1,419.11	\$2,036.97	\$2,944.90	\$3,301.90	\$3,326.98
Average Final Salary (Monthly)*	\$5,214.92	\$5,723.21	\$6,063.32	\$6,574.48	\$6,490.35	\$6,032.87
Number of Active Retirees	10	15	24	37	37	1
Period 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$603.71	\$1,133.58	\$1,965.38	\$2,733.20	\$3,186.75	\$-
Average Final Salary (Monthly)*	\$4,482.80	\$4,740.11	\$5,532.82	\$6,249.84	\$6,319.38	\$-
Number of Active Retirees	16	19	24	65	41	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$691.80	\$1,256.62	\$1,922.51	\$2,575.48	\$2,965.91	\$-
Average Final Salary (Monthly)*	\$4,885.48	\$5,170.23	\$5,657.35	\$5,805.46	\$6,128.98	\$-
Number of Active Retirees	15	12	18	45	30	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$801.24	\$1,298.02	\$1,819.42	\$2,342.40	\$3,069.32	\$-
Average Final Salary (Monthly)*	\$5,595.05	\$5,158.93	\$5,350.85	\$5,471.12	\$6,524.11	\$-
Number of Active Retirees	18	12	31	36	7	-
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$669.51	\$988.59	\$1,809.39	\$2,396.28	\$1,704.94	\$-
Average Final Salary (Monthly)*	\$4,892.20	\$4,219.61	\$5,132.09	\$5,531.87	\$3,602.73	\$-
Number of Active Retirees	12	9	18	26	1	-
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$634.41	\$1,202.59	\$1,637.57	\$2,313.58	\$-	\$-
Average Final Salary (Monthly)*	\$3,952.56	\$4,737.99	\$4,821.85	\$5,533.30	\$-	\$-
Number of Active Retirees	8	9	14	14	-	-
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$626.16	\$943.10	\$1,885.84	\$2,066.47	\$-	\$-
Average Final Salary (Monthly)*	\$4,995.09	\$4,004.33	\$5,212.68	\$5,146.12	\$-	\$-
Number of Active Retirees	8	8	12	11	-	-
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$650.73	\$1,027.96	\$1,346.56	\$1,976.68	\$-	\$-
Average Final Salary (Monthly)*	\$5,539.05	\$3,806.93	\$4,218.39	\$5,245.36	\$-	\$-
Number of Active Retirees	7	10	13	5	-	-
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$570.78	\$854.44	\$1,475.41	\$2,577.73	\$-	\$-
Average Final Salary (Monthly)*	\$4,065.54	\$3,620.92	\$4,020.36	\$6,211.40	\$-	\$-
Number of Active Retirees	6	6	6	1	-	-
Period 1/1/98 to 12/31/98						
Average Monthly Benefit*	\$470.21	\$904.73	\$1,422.44	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$3,210.43	\$4,021.01	\$4,803.66	\$-	\$-	\$-
Number of Active Retirees	4	1	6	-	-	-

Retirees with missing or invalid data elements were excluded.

*At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: WSPRS Plan 1

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/06 to 6/30/07						
Average Monthly Benefit*	\$-	\$1,385.52	\$2,000.54	\$-	\$3,887.12	\$4,422.67
Average Final Salary (Monthly)*	\$-	\$5,980.57	\$5,755.62	\$-	\$7,254.30	\$6,698.61
Number of Active Retirees	-	1	1	-	5	6
Period 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$-	\$-	\$-	\$-	\$3,488.08	\$3,996.14
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$-	\$6,559.78	\$6,112.68
Number of Active Retirees	-	-	-	-	15	7
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$-	\$-	\$-	\$3,235.65	\$3,459.02	\$3,777.55
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$6,646.16	\$6,515.54	\$5,821.81
Number of Active Retirees	-	-	-	11	17	9
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$928.66	\$1,025.81	\$1,499.18	\$3,407.73	\$3,868.03	\$4,105.68
Average Final Salary (Monthly)*	\$7,410.04	\$3,907.07	\$3,871.44	\$6,922.32	\$6,944.49	\$6,321.05
Number of Active Retirees	1	2	1	7	9	10
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$-	\$-	\$1,100.95	\$3,502.58	\$3,708.64	\$4,234.55
Average Final Salary (Monthly)*	\$-	\$-	\$2,861.31	\$7,149.96	\$6,584.12	\$6,437.39
Number of Active Retirees	-	-	1	3	10	11
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$-	\$562.42	\$2,534.99	\$3,475.76	\$3,691.11	\$3,722.77
Average Final Salary (Monthly)*	\$-	\$2,502.73	\$6,208.20	\$7,146.99	\$6,784.48	\$5,449.78
Number of Active Retirees	-	1	1	7	9	7
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$-	\$-	\$-	\$2,024.21	\$3,604.37	\$4,322.36
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$4,264.99	\$6,348.08	\$6,362.57
Number of Active Retirees	-	-	-	2	12	15
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$-	\$-	\$-	\$3,211.61	\$3,277.30	\$3,488.65
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$6,332.66	\$5,870.93	\$5,447.32
Number of Active Retirees	-	-	-	7	21	6
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$-	\$-	\$-	\$2,861.87	\$3,186.29	\$3,197.98
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$5,633.93	\$5,578.02	\$4,817.43
Number of Active Retirees	-	-	-	7	21	7
Period 1/1/98 to 12/31/98						
Average Monthly Benefit*	\$-	\$-	\$-	\$2,661.26	\$3,028.54	\$4,001.54
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$5,261.77	\$5,416.48	\$5,838.87
Number of Active Retirees	-	-	-	7	18	8

Retirees with missing or invalid data elements were excluded.

*At retirement (may not be audited).

Source: Washington State Office of the State Actuary

**Schedule of Benefit Expenses and Refunds by Type: PERS Plan 1
For the Years Ended 1999-2008**

(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99
Benefit Expenses										
Service	\$ 947,353	\$ 901,730	\$ 854,882	\$ 809,658	\$ 760,454	\$ 710,565	\$ 656,113	\$ 635,006	\$ 588,662	\$ 540,638
Disability	15,121	14,950	15,171	15,159	14,970	15,210	14,506	14,198	13,255	12,964
Survivor	65,460	62,315	59,370	56,057	53,341	50,908	48,111	45,946	43,556	40,689
Refunds										
Separations	4,011	4,194	4,796	4,093	4,309	4,224	5,422	5,799	7,407	7,322
Death	1,562	2,021	1,757	1,050	1,319	1,453	2,024	1,486	1,413	1,612
Total	\$ 1,033,507	\$ 985,210	\$ 935,976	\$ 886,017	\$ 834,393	\$ 782,360	\$ 726,176	\$ 702,435	\$ 654,293	\$ 603,225

**Schedule of Benefit Expenses and Refunds by Type: PERS Plan 2/3
For the Years Ended 1999-2008**

(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99
Benefit Expenses										
Service	\$ 154,388	\$ 129,890	\$ 109,007	\$ 92,401	\$ 77,193	\$ 64,733	\$ 54,065	\$ 49,589	\$ 40,969	\$ 32,220
Disability	8,294	7,669	6,871	5,969	5,456	4,920	4,310	3,958	3,507	3,076
Survivor	7,635	6,243	5,218	4,372	3,525	2,807	2,177	1,863	1,527	1,130
Refunds										
Separations	24,498	21,866	22,378	20,515	23,729	27,645	38,626	36,945	53,785	52,744
Death	2,076	4,599	4,098	3,571	3,353	3,190	3,460	2,703	3,570	3,171
Total	\$ 196,891	\$ 170,267	\$ 147,572	\$ 126,828	\$ 113,256	\$ 103,295	\$ 102,638	\$ 95,058	\$ 103,358	\$ 92,341

Schedule of Benefit Expenses and Refunds by Type: PERS Plan 3*
For the Years Ended 1999-2008
(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99
Benefit Expenses										
Service	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
Refunds										
Separations	35,702	33,724	34,854	24,563	25,601	5,515	-	-	-	-
Death	2,589	1,530	685	970	980	222	-	-	-	-
Total	<u>\$ 38,314</u>	<u>\$ 35,254</u>	<u>\$ 35,539</u>	<u>\$ 25,533</u>	<u>\$ 26,581</u>	<u>\$ 5,737</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* PERS Plan 3 became effective March 1, 2002.

Schedule of Benefit Expenses and Refunds by Type: SERS Plan 2/3*
For the Years Ended 1999-2008
(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99
Benefit Expenses										
Service	\$ 20,944	\$ 16,230	\$ 12,352	\$ 9,167	\$ 5,902	\$ 3,647	\$ 1,646	\$ 931	\$ 27	\$ -
Disability	928	781	736	664	568	442	355	131	4	-
Survivor	755	630	412	283	222	216	47	15	1	-
Refunds										
Separations	1,752	2,148	1,970	1,970	1,855	1,972	2,090	2,328	608	-
Death	293	368	507	221	170	248	307	259	16	-
Total	<u>\$ 24,672</u>	<u>\$ 20,157</u>	<u>\$ 15,977</u>	<u>\$ 12,305</u>	<u>\$ 8,717</u>	<u>\$ 6,525</u>	<u>\$ 4,445</u>	<u>\$ 3,664</u>	<u>\$ 656</u>	<u>\$ -</u>

* SERS Plan 2/3 became effective September 1, 2000.

Schedule of Benefit Expenses and Refunds by Type: SERS Plan 3*
For the Years Ended 1999-2008
(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99
Benefit Expenses										
Service	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
Refunds										
Separations	39,438	30,539	24,104	20,777	11,731	10,528	10,498	8,371	-	-
Death	377	1,538	842	701	633	800	373	-	-	-
Total	\$ 39,823	\$ 32,077	\$ 24,946	\$ 21,478	\$ 12,364	\$ 11,328	\$ 10,871	\$ 8,371	\$ -	\$ -

* SERS Plan 3 became effective September 1, 2000.

Schedule of Benefit Expenses and Refunds by Type: PSERS Plan 2*
For the Years Ended 1999-2008
(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99
Benefit Expenses										
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
Refunds										
Separations	151	22	-	-	-	-	-	-	-	-
Death	1	1	-	-	-	-	-	-	-	-
Total	\$ 152	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* PSERS Plan 2 became effective July 1, 2006.

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 1 For the Years Ended 1999-2008

(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99
Benefit Expenses										
Service ¹	\$ 798,668	\$ 757,896	\$ 720,921	\$ 700,288	\$ 653,560	\$ 652,419	\$ 644,218	\$ 521,534	\$ 481,936	\$ 446,676
Disability	11,186	11,301	11,379	11,325	11,129	10,916	10,691	10,337	9,930	9,493
Survivor	35,132	33,147	31,313	29,505	27,554	25,919	24,100	23,058	21,297	19,558
Refunds										
Separations	827	841	714	878	1,792	1,521	2,313	1,306	1,478	1,945
Death	173	1,037	328	302	-	-	-	788	1,210	483
Total	\$ 845,986	\$ 804,222	\$ 764,655	\$ 742,298	\$ 694,035	\$ 690,775	\$ 681,322	\$ 557,023	\$ 515,851	\$ 478,155

¹6/30/06 service amount adjusted to include \$49,165 in annuity payments.

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 2/3 For the Years Ended 1999-2008

(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99
Benefit Expenses										
Service	\$ 33,984	\$ 26,770	\$ 20,716	\$ 15,953	\$ 12,389	\$ 9,988	\$ 7,876	\$ 6,999	\$ 5,368	\$ 3,740
Disability	882	732	796	616	521	406	437	477	333	282
Survivor	1,150	1,032	839	549	506	467	356	304	262	192
Refunds										
Separations	1,712	2,284	2,023	2,611	2,432	3,082	4,220	3,178	9,065	4,805
Death	478	442	376	499	426	456	290	449	1,087	344
Total	\$ 38,206	\$ 31,260	\$ 24,750	\$ 20,228	\$ 16,274	\$ 14,399	\$ 13,179	\$ 11,407	\$ 16,115	\$ 9,363

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 3 For the Years Ended 1999-2008

(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99
Benefit Expenses										
Service	\$ 45	\$ 18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
Refunds										
Separations	82,756	59,658	40,397	33,660	23,911	18,611	17,375	18,223	19,356	12,877
Death	2,020	3,152	1,511	1,922	2,021	720	1,020	1,194	458	852
Total	<u>\$ 84,821</u>	<u>\$ 62,828</u>	<u>\$ 41,908</u>	<u>\$ 35,582</u>	<u>\$ 25,932</u>	<u>\$ 19,331</u>	<u>\$ 18,395</u>	<u>\$ 19,417</u>	<u>\$ 19,814</u>	<u>\$ 13,729</u>

Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 1 For the Years Ended 1999-2008

(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99
Benefit Expenses										
Service	\$ 119,464	\$ 112,073	\$ 105,527	\$ 100,529	\$ 95,318	\$ 89,457	\$ 83,586	\$ 82,789	\$ 77,262	\$ 71,669
Disability	145,795	143,468	140,552	139,928	139,544	139,236	135,537	131,427	125,340	119,272
Survivor	48,271	44,911	42,130	39,500	37,256	35,925	33,502	31,911	29,709	27,593
Refunds										
Separations	-	1	3	5	4	153	6	3	12	80
Death	150	10	-	-	129	5	87	94	73	-
Total	<u>\$ 313,680</u>	<u>\$ 300,463</u>	<u>\$ 288,212</u>	<u>\$ 279,962</u>	<u>\$ 272,251</u>	<u>\$ 264,776</u>	<u>\$ 252,718</u>	<u>\$ 246,224</u>	<u>\$ 232,396</u>	<u>\$ 218,614</u>

Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 2
For the Years Ended 1999-2008

(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99
Benefit Expenses										
Service	\$ 23,096	\$ 16,889	\$ 11,801	\$ 7,672	\$ 5,338	\$ 3,596	\$ 2,481	\$ 2,073	\$ 1,199	\$ 795
Disability	3,480	3,204	2,139	967	498	319	200	145	77	42
Survivor	929	720	493	339	207	144	61	41	23	9
Refunds										
Separations	6,350	7,557	6,238	7,117	5,367	4,810	8,554	7,357	10,571	9,428
Death	1,289	438	877	648	353	314	590	234	579	885
Total	\$ 35,144	\$ 28,808	\$ 21,548	\$ 16,743	\$ 11,763	\$ 9,183	\$ 11,886	\$ 9,850	\$ 12,449	\$ 11,159

Schedule of Benefit Expenses and Refunds by Type: WSPRS 1/2
For the Years Ended 1999-2008

(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99
Benefit Expenses										
Service	\$ 30,293	\$ 29,048	\$ 27,619	\$ 25,796	\$ 24,111	\$ 22,536	\$ 20,874	\$ 20,066	\$ 18,286	\$ 16,780
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	2,670	2,345	3,047	1,810	1,613	1,511	1,442	1,355	1,292	1,206
Refunds										
Separations	269	291	125	173	303	221	199	124	173	243
Death	-	-	-	-	-	-	-	-	33	-
Total	\$ 33,232	\$ 31,684	\$ 30,791	\$ 27,779	\$ 26,027	\$ 24,268	\$ 22,515	\$ 21,545	\$ 19,784	\$ 18,229

Schedule of Benefit Expenses and Refunds by Type: JRS
For the Years Ended 1999-2008
(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99
Benefit Expenses										
Service	\$ 7,719	\$ 7,696	\$ 7,732	\$ 7,333	\$ 7,076	\$ 6,966	\$ 6,769	\$ 6,768	\$ 6,247	\$ 6,183
Disability	-	-	-	-	-	34	56	55	55	14
Survivor	1,795	1,660	1,515	1,428	1,328	1,279	1,235	1,228	1,173	1,135
Refunds										
Separations	-	-	-	-	-	-	-	-	-	-
Death	-	-	-	-	-	-	-	-	-	-
Total	\$ 9,514	\$ 9,356	\$ 9,247	\$ 8,761	\$ 8,404	\$ 8,279	\$ 8,060	\$ 8,051	\$ 7,475	\$ 7,332

Schedule of Benefit Expenses and Refunds by Type: Judges
For the Years Ended 1999-2008
(expressed in thousands)

	6/30/08	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/98
Benefit Expenses										
Service	\$ 466	\$ 483	\$ 497	\$ 521	\$ 597	\$ 567	\$ 603	\$ 622	\$ 622	\$ 622
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	79	98	127	120	88	72	53	40	40	41
Refunds										
Separations	-	-	-	13	-	-	-	-	-	-
Death	-	-	-	-	-	-	-	-	-	-
Total	\$ 545	\$ 581	\$ 624	\$ 654	\$ 685	\$ 639	\$ 656	\$ 662	\$ 662	\$ 663

Deferred Compensation Program and Dependent Care Assistance Program

Background

In 1981, the Washington State legislature established the Deferred Compensation Program (DCP) and created the Committee for Deferred Compensation (CDC) as the governing body. From 1981 to 1984, the CDC contracted with the National Plan Coordinators Inc. to provide administrative and marketing services. In 1985, the CDC took over responsibility for administering the program, and assumed marketing responsibility in 1986.

In 1988, the Committee initiated the Dependent Care Assistance Program (DCAP) for state employees. In 1989, the Committee began managing investments for the Judicial Retirement Account (JRA) as a result of an agreement with the Administrative Office of the Courts. In 1995, the state legislature decided to transfer administrative responsibility for the program to DRS. The merger of DCP and DRS took effect on July 1, 1996.

Recent legislation transferred the administration of DCAP to the Health Care Authority (HCA), effective January 1, 2009. During the 2008 transitional calendar year, the program is being operated under an interagency agreement between DRS and HCA.

What is DCP?

DCP is a voluntary retirement savings plan established for employees of the state and other political subdivisions, elected and appointed state officials, members of the state legislature, and some judges. The program meets the requirements of Section 457 of the Internal Revenue Code.

The intent of the program is to provide additional income to participants upon retirement. By deferring part of their income, participants can reduce their taxable income each year. Participants can choose to invest in a number of different investment options. The investments made each month grow tax free until they are withdrawn. The program provides participants with a means to easily save money and help supplement their other retirement income.

What is DCAP?

DCAP is a program that allows eligible employees to set aside a portion of their income, before federal and social security taxes, for reimbursement of child or elderly care expenses. The program meets the requirements of Section 129 of the Internal Revenue Code.

Deferred Compensation Program Status Report

(dollars in thousands)

	June 30, 2008		June 30, 2007		June 30, 2006		June 30, 2005		June 30, 2004		June 30, 2003		June 30, 2002		June 30, 2001		June 30, 2000		June 30, 1999	
	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%
Savings Pool	\$819,272	33.71	\$723,624	28.41	\$696,006	31.86	\$648,046	33.74	\$571,790	32.84	\$539,970	36.95	\$463,982	34.30	\$418,606	28.60	\$384,809	24.18	\$376,038	28.66
Active U.S. Core Stock Fund ¹	267,879	11.02	352,142	13.82	318,035	14.56	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Active U.S. Value Stock Fund ²	326,400	13.43	500,501	19.65	412,711	18.89	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Calvert Social Investment Fund - Balanced Portfolio	-	-	-	-	-	-	-	-	-	-	30,619	2.09	29,556	2.18	32,442	2.22	32,547	2.05	31,332	2.39
Fidelity Equity-Income Fund	-	-	-	-	-	-	385,152	20.05	363,619	20.88	289,313	19.80	317,669	23.49	352,111	24.06	324,213	20.37	403,300	30.74
Fidelity Growth Company Fund	315,284	12.97	279,402	10.97	262,555	12.02	218,618	11.38	209,736	12.05	153,105	10.48	136,675	10.10	197,718	13.51	260,554	16.37	107,354	8.18
Fidelity Independence Fund ³	-	-	-	-	-	-	298,141	15.52	293,937	16.88	264,735	18.12	275,006	20.33	346,223	23.65	488,730	30.71	319,185	24.33
Fidelity Intermediate Bond Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,084	1.51	26,022	1.98
Fidelity Overseas Fund	-	-	-	-	-	-	-	-	40,802	2.34	19,788	1.35	20,534	1.52	22,550	1.54	29,182	1.83	15,160	1.16
International Stock Fund ⁴	140,526	5.78	167,724	6.58	95,487	4.37	51,946	2.70	-	-	-	-	-	-	-	-	-	-	-	-
U.S. Small Stock Index Fund ⁵	64,641	2.66	87,907	3.45	75,769	3.47	46,398	2.42	33,788	1.94	4,620	0.32	-	-	-	-	-	-	-	-
U.S. Stock Market Index Fund ⁶	134,940	5.55	152,066	5.97	119,714	5.48	101,902	5.30	84,955	4.88	57,304	3.92	48,248	3.57	48,561	3.32	47,408	2.98	33,555	2.56
Washington State Bond Fund ⁷	132,298	5.44	87,000	3.42	72,714	3.33	74,565	3.88	70,776	4.07	85,999	5.89	52,445	3.88	41,005	2.80	-	-	-	-
Washington State Long-Horizon Fund ⁸	64,478	2.65	62,784	2.46	35,668	1.63	20,823	1.08	12,745	0.73	4,785	0.33	3,046	0.23	1,660	0.11	-	-	-	-
Washington State Mid-Horizon Fund ⁸	72,182	2.97	61,143	2.40	38,058	1.74	23,593	1.23	14,528	0.83	6,395	0.44	3,379	0.25	1,741	0.12	-	-	-	-
Washington State Short-Horizon Fund ⁸	34,602	1.42	24,892	0.98	15,218	0.70	11,053	0.58	7,548	0.43	4,491	0.31	2,018	0.15	1,104	0.07	-	-	-	-
Washington State Social Balanced Fund ⁹	58,317	2.40	48,082	1.89	42,519	1.95	40,750	2.12	37,079	2.13	-	-	-	-	-	-	-	-	-	-
TOTAL	\$2,430,819	100.00	\$2,547,267	100.00	\$2,184,454	100.00	\$1,920,987	100.00	\$1,741,303	100.00	\$1,461,124	100.00	\$1,352,558	100.00	\$1,463,721	100.00	\$1,591,527	100.00	\$1,311,946	100.00

STATISTICAL SECTION

¹ This fund replaced the Fidelity Independence Fund as of January 1, 2006.
² This fund replaced the Fidelity Equity-Income Fund as of January 1, 2006.
³ The Fidelity Retirement Growth Fund was renamed the Fidelity Independence Fund effective January 27, 2001.
⁴ This fund replaced the Fidelity Overseas Fund as of April 1, 2005.
⁵ This investment option was added in October 2002.
⁶ This investment option was added in July 1998.
⁷ This fund replaced the Fidelity Intermediate Bond Fund as of September 1, 2000.
⁸ These investment options were added on September 1, 2000.
⁹ This fund replaced the Calvert Social Investment Fund-Balanced Portfolio as of July 1, 2003.

Deferred Compensation Program

Performance – Periods Ending June 30, 2008

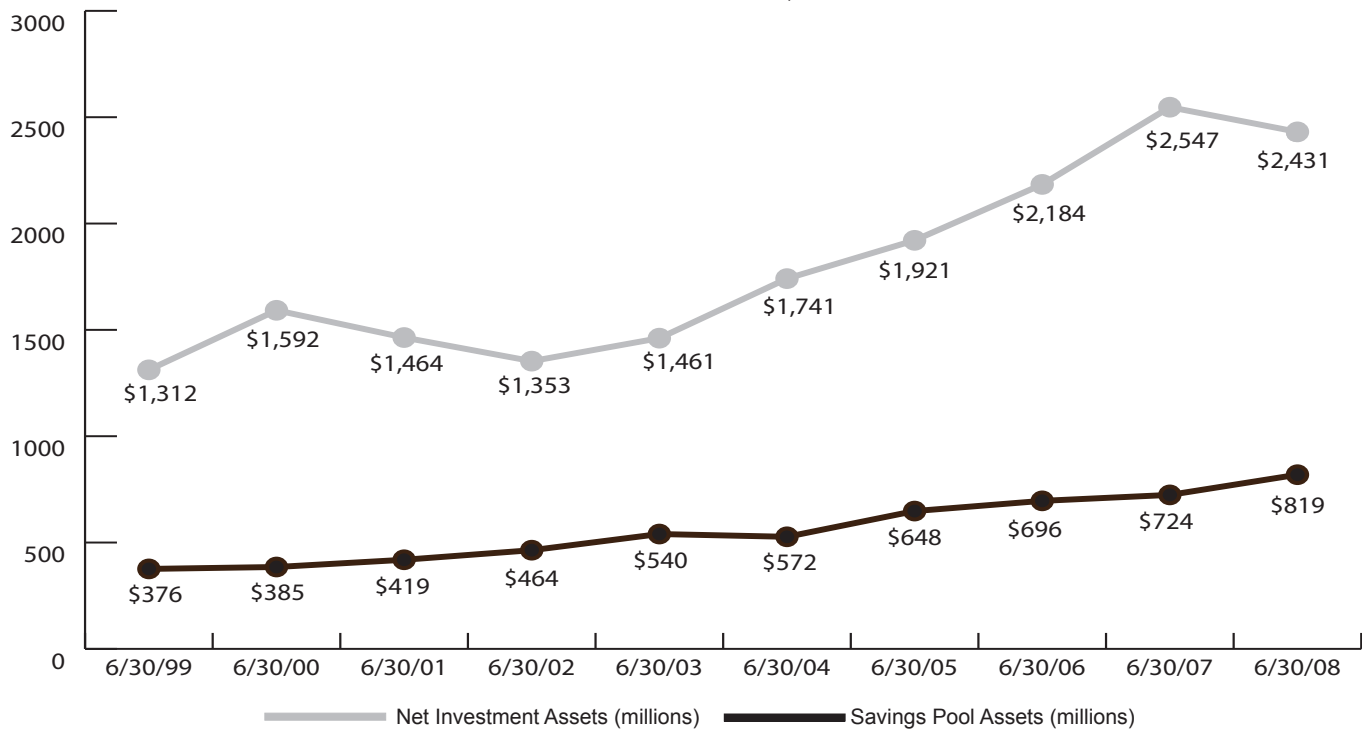
Fund Name <i>Benchmark</i>	3 Month Return	Performance History ¹ Average Annual Total Returns			
		1 Year	3 Year	5 Year	10 Year
Savings Pool	1.17%	4.73%	4.66%	4.79%	5.58%
Active U.S. Core Stock Fund <i>S&P 500</i>	(0.88)% (2.73)%	(14.14)% (13.12)%	** 4.41%	** 7.58%	** 2.88%
Active U.S. Value Stock Fund <i>Russell 1000 Value Index</i>	(5.67)% (5.31)%	(23.12)% (18.78)%	** 3.53%	** 8.92%	** **
Fidelity Growth Company Fund <i>Russell 3000 Growth</i>	7.00% 1.51%	3.93% (6.38)%	12.26% 5.93%	13.43% 7.56%	7.56% 1.08%
International Stock Fund <i>MSCI EAFE</i>	(1.00)% (2.25)%	(13.00)% (10.61)%	** 12.84%	** 16.67%	** 5.83%
U.S. Small Stock Index Fund <i>Russell 2000 Index</i>	0.45% 0.58%	(16.24)% (16.19)%	3.76% 3.79%	10.29% 10.29%	** 5.52%
U.S. Stock Market Index Fund <i>Wilshire 5000 Index</i>	(1.59)% (1.55)%	(12.38)% (12.53)%	5.06% 5.02%	8.78% 8.73%	3.82% 3.59%
Washington State Bond Fund <i>Lehman Intermediate Credit Index</i>	(1.04)% (1.00)%	8.01% 4.55%	4.61% 3.38%	3.85% 3.26%	** 5.62%
Washington State Long-Horizon Fund <i>Long-Horizon Custom Benchmark</i> ²	(1.48)% (1.48)%	(7.61)% (8.26)%	7.04% 6.76%	9.77% 9.65%	** 4.94%
Washington State Mid-Horizon Fund <i>Mid-Horizon Custom Benchmark</i> ²	(1.28)% (1.28)%	(2.44)% (3.98)%	6.50% 5.89%	8.03% 7.75%	** 5.40%
Washington State Short-Horizon Fund <i>Short-Horizon Custom Benchmark</i> ²	(0.72)% (0.73)%	1.57% (0.05)%	5.81% 5.25%	6.13% 5.89%	** 5.21%
Washington State Social Balanced Fund <i>Social Balanced Custom Benchmark</i> ²	(0.51)% (1.84)%	(2.54)% (4.25)%	5.69% 4.42%	** 6.04%	** 4.47%

** Data not available. These funds have not been in existence long enough to have performance history for these periods.

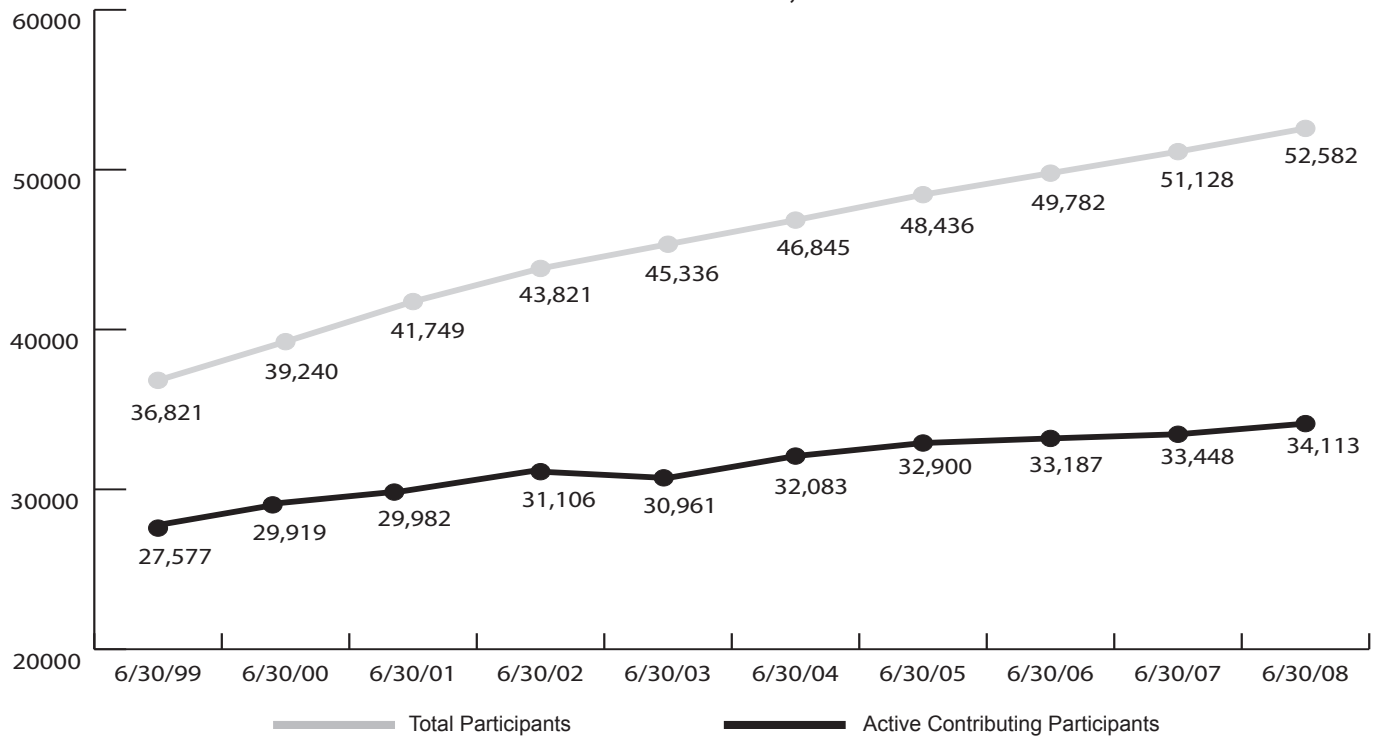
¹ Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. Total return assumes that an investment is made at the beginning of the period and redeemed at the end of the period after reinvestment of any dividends and capital gains distributions. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the contributions to your individual account. All returns are calculated in U.S. dollars.

² Estimated returns the portfolio would have earned using the return data from the various components.

**Deferred Compensation Program
Net Investment Asset Growth
For the Years Ended June 30, 1999-2008**



**Deferred Compensation Program
Participation
For the Years Ended June 30, 1999-2008**



Dependent Care Assistance Program Participation Report For the Years Ended December 31, 1998-2007 (dollars in thousands)

	End of 2007	End of 2006	End of 2005	End of 2004	End of 2003	End of 2002	End of 2001	End of 2000	End of 1999	End of 1998
Total Participants	1,175	1,137	1,166	1,189	1,224	1,215	1,270	1,344	1,379	1,514
Increase (Decrease) Over Prior Year	38	(29)	(23)	(35)	9	(55)	(74)	(35)	(135)	29
Percentage Change Over Prior Year	3.34%	(2.49)%	(1.93)%	(2.86)%	0.74%	(4.33)%	(5.51)%	(2.54)%	(8.92)%	1.95%
Estimated Benefits to State										
Taxable Wage Base	\$ 97.5	\$ 94.2	\$ 90.0	\$ 87.9	\$ 87.0	\$ 84.9	\$ 80.4	\$ 76.2	\$ 72.6	\$ 68.4
FICA & Medicare Rate	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Salary Reductions	\$ 4,423	\$ 4,177	\$ 4,324	\$ 4,473	\$ 4,714	\$ 4,635	\$ 4,801	\$ 5,150	\$ 5,138	\$ 5,741
OASDI & Medicare Savings ¹	\$ 330	\$ 312	\$ 338	\$ 337	\$ 338	\$ 337	\$ 346	\$ 366	\$ 374	\$ 402
Earnings ¹	33	26	15	8	12	19	27	28	25	30
Forfeitures ^{1 & 2}	6	7	5	5	5	11	10	6	10	10
Estimated Gross Benefit to State	369	345	358	350	355	367	383	400	409	442
Expenditures ³	139	165	183	180	163	186	160	174	153	194
Benefit to State	\$ 230	\$ 180	\$ 175	\$ 170	\$ 192	\$ 181	\$ 223	\$ 226	\$ 256	\$ 248

¹ Revenues associated with the Dependent Care Salary Reduction Program flow initially to various state agencies in the form of employer OASDI and Medicare tax savings, the State Treasurer in the form of interest, and to the dependent care administrative fund in the form of forfeitures. The figures for OASDI estimated tax savings are after removal of salary reductions deemed to occur above the taxable wage base.

² The agency attempts to avoid forfeitures. Forfeiture is required under federal law when a participant sets aside a greater amount than s/he incurs and is able to have reimbursed by the program. The number and amount of forfeitures are determined as of March 31, the annual deadline for submitting claims for reimbursement of expenses.

³ Effective July 1, 1993, by legislative direction, the Committee for Deferred Compensation (now DRS) bills state agencies with participating employees a percentage of the payroll taxes saved by the agency and uses these amounts to operate the program. Previously, agencies were permitted to retain all of these payroll tax savings. Now they retain approximately 44 percent of the savings.