

(a) The following assumed rates of returns, as promulgated by the Pension Benefit Guaranty Corporation, were used in determining the actuarial present value of accumulated plan benefits:

for immediate annuities - 10%

for deferred annuities - 9 1/4% for the first 7 years prior to benefit commencement, 8% for the next 8 years, 4% thereafter

(b) Net assets at actuarially determined market value as of June 30, 1985.

(c) The actuarial present value of accumulated plan benefits and the net assets available for plan benefits is not available for the Mass Transit Administration Pension Plan.

The actuarially computed value of the unfunded accrued liabilities (amounts expressed in thousands) for each plan is as follows:

	June 30, 1985
Employees' Retirement System .....	\$2,104,195
Teachers' Retirement System .....	4,945,413
State Police Retirement System .....	144,224
Employees' Pension System .....	47,124
Teachers' Pension System .....	289,162
Judges' Pension System .....	63,373
Mass Transit Administration Pension Plan .....	40,608
<b>Total .....</b>	<b>\$7,634,099</b>

The funding method has been changed from the unit credit method to the entry age normal cost method. The 1984 actuarial liabilities for 1984 have been recalculated using the entry age method. This change resulted in a \$1,109,435,000 increase in the 1984 unfunded liability.

The actuarially computed value of the unfunded accrued liabilities is greater than the unfunded actuarial present value of accumulated plan benefits principally because the method for determining the actuarial present value of accumulated plan benefits does not take into consideration anticipated future wage and salary increases and uses different rate assumptions.

For asset and investment management purposes, the State combined the assets of all State administered retirement and pension systems into a pooled trust fund. Accordingly, the financial statements for the State administered pension fund are presented on a combined basis in the fiduciary fund type financial statements. Individual retirement systems' equity in the pension fund balance (amounts expressed in thousands) as of June 30, 1986 is as follows:

	Fund Balance (a)	
	Employee Annuity Savings (b)	Retirement Accumulation Fund (c)
Employees' Retirement System .....	\$ 336,699	\$1,056,093
Teachers' Retirement System .....	703,440	2,037,619
State Police Retirement System .....	31,231	166,262
Employees' Pension System .....	4,563	490,764
Teachers' Pension System .....	6,229	388,295
Judges' Pension System .....	6,050	
<b>Total .....</b>	<b>\$1,088,212</b>	<b>\$4,139,032</b>

Changes in the pension fund balances (amounts expressed in thousands) for the year ended June 30, 1986, were as follows: