(b) Contributions made by members together with interest thereon are credited to the Employee Annuity Savings Fund.

(c) Contributions made by the employer and investment income thereon are credited to the Retirement Accumulation Fund.

Mass Transit Administration Pension Plan (Plan):

The Mass Transit Administration Pension Plan is a single employer non-contributory plan which covers all Mass Transit Administration (Administration) employees covered by a collective bargaining agreement and all those management employees who were employed by the Baltimore Transit Company. In addition, employees who enter the management group as a result of a transfer from a position covered by a collective bargaining agreement maintain their participation. The Plan is part of the State's financial reporting entity and is included in the State's financial statements as a Pension Trust Fund. For the year ended June 30, 1992, the Administration's covered payroll was $80,700,000 and its total payroll was $98,700,000.

Plan Description:

The Plan provides retirement (normal and early), death and disability benefits. Members may retire with full benefits at age 65 with ten years of credited service or age 60 with 30 years of credited service. The annual normal retirement benefit is 1.1% of final average compensation multiplied by credited service, with minimum and maximum benefit limitations. Participants are fully vested after five years of credited service.

There were no investments in, loans to, or leases with parties related to the Plan.

Funding Status and Progress:

The fiscal year 1992 pension benefit obligations was determined as a part of an actuarial valuation as of June 30, 1992. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 5.75% per year compounded annually, and (c) postretirement benefit increases of 3% of the original benefit amount effective August 1, 1991.

At June 30, 1992, the unfunded pension benefit obligation (i.e. pension obligation less net assets available for benefits) of the Plan was as follows (amounts expressed in thousands):

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$30,966
Current employees:	
Employer—financed vested	43,000
Employer—financed non-vested	18,752
Total pension benefit obligation	92,718
Net assets available for benefits, at cost (market value is $8,891)	8,481
Unfunded pension benefit obligation	$84,237

Plan amendments, effective from July 1, 1992, through June 30, 1993, arising from the recent collective bargaining agreement increased the Plan's unfunded actuarial liability by approximately $5,000,000.

Contribution Required and Contribution Made:

The Administration's retirement contributions are appropriated annually, based upon actuarial valuation. In this regard, the Plan has engaged an independent firm of consulting actuaries to prepare annual actuarial valuations and perform various actuarial consulting services. Effective January 1, 1990, in accordance with the law governing the Plan, all benefits of the Plan are funded in advance. The entry age normal cost method is the actuarial cost method used to determine the employer's normal and accrued liability contribution rates and the unfunded actuarial accrued liability.

Employer contributions to the Plan totalling $7,327,000 (9.1% of covered payroll) for fiscal year 1992 were made in accordance with actuarially determined contribution requirements based on an actuarial valuation performed as of July 1, 1989. This amount consisted of $1,429,000 normal cost and $5,898,000 amortization of the unfunded actuarial accrued liability (1.8% and 7.3%, respectively, of covered payroll).

The liquidation period for the unfunded actuarial accrued liabilities (as provided by law) is 27 years from June 30, 1992. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation.