The fiscal year 1993 pension benefit obligation was determined as a part of an actuarial valuation as of June 30, 1993. 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 from 5% to 6% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from .94% to 6.82% per year, attributable to seniority/merit, and (d) postretirement benefit increases ranging from 3% to 6% per year depending on the system.

As of June 30, 1993, the unfunded pension benefit obligation (i.e., pension obligation less net assets available for benefits) for covered employees, excluding paticipating municipalities, was as follows (amounts expressed in thousands):

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$ 8,508,435
Current employees:	
Accumulated employee contributions including allocated investment income	1,445,189
Employer-financed vested	8,390,242
Employer-financed nonvested	331,335
Total pension benefit obligation	18,675,201
Net assets available for benefits, at cost (market value is $15,396,553)	13,197,548
Unfunded pension benefit obligation	$ 5,477,653

There were no changes in actuarial assumptions or benefit provisions which significantly affected the valuation of the pension benefit obligation during fiscal year 1993.

Contributions Required and Made:

The State's retirement contributions are appropriated annually, based upon actuarial valuations. In this regard, the System has engaged an independent firm of consulting actuaries to prepare annual actuarial valuations and perform various actuarial consulting services. Effective July 1, 1980, in accordance with the law governing the Systems, all benefits of the System are funded in advance. The entry age normal cost method is the actuarial cost method used to determine the employers' normal and accrued liability contribution rates and the unfunded actuarial accrued liability. Using this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.

Employer contributions for covered State employees to the System totalling $617,782,000 (13.6% of covered payroll) for fiscal year 1993 were made in accordance with actuarially determined contribution requirements based on an actuarial valuation performed as of June 30, 1991. This amount consisted of $340,769,000 normal cost and $277,013,000 amortization of the unfunded actuarial accrued liability (7.5% and 6.1%, respectively, of covered payroll). Employee contributions to the System for fiscal year 1993 were $91,635,000 (2.0% of covered payroll).

The liquidation period for the unfunded actuarial accrued liabilities (as provided by law) is 27 years from June 30, 1993. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation.

The computation of the pension contribution requirements for fiscal year 1993 was based on the same actuarial assumptions, benefit provisions, actuarial funding method, and other significant factors used to determine pension contribution requirements in the previous year.

Two-Year Historical Trend Information for the System, excluding participating municipalities (amounts expressed in thousands):

Fiscal Year	(1) Net Assets Available for Benefits at Cost	(2) Pension Benefit Obligation	(3) Percentage Funded (1)÷(2)	(4) Unfunded Pension Benefit Obligation (2)−(1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4)÷(5)	(7) Employer Contributions	(8) Employer Contributions as a Percentage of Annual Covered Payroll (7)÷(5)
1992	$11,884,463	$17,625,026	67.4%	$5,740,563	$4,487,636	127.9%	$588,785	13.1%
1993	13,197,548	18,675,201	70.7	5,477,653	4,542,599	120.6	617,782	13.6