

Changes in the System's pension fund balance for the year ended June 30, 1994, are as follows (amounts expressed in thousands):

| | Fund Balance (a) | |
|--|----------------------------------|---------------------------------|
| | Employee Annuity Savings Fund(b) | Retirement Accumulation Fund(c) |
| Balance, July 1, 1993..... | \$1,522,095 | \$12,619,991 |
| Increases: | | |
| Member contributions..... | 93,626 | |
| Employer contributions..... | | 657,429 |
| Investment income..... | | 1,498,576 |
| Decreases: | | |
| Benefit payments..... | | (785,905) |
| Refunds..... | (476,586) | (14,775) |
| Administrative expenses..... | | (21,320) |
| Transfers to the Employee Annuity Savings Fund for interest credited to members' accounts..... | 426,131 | (426,131) |
| Transfers to the Retirement Accumulation Fund for contributions of retiring members..... | (98,292) | 98,292 |
| Balance, June 30, 1994..... | \$1,466,974 | \$13,626,157 |

(a) The consulting actuary annually determines the changes in fund balances resulting from transfers of employees from the Employees' and Teachers' Retirement Systems to the Employees' and Teachers' Pension Systems and allocations of investment income.

(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, 1994, the Administration's covered payroll was \$88,491,000 and its total payroll was \$102,557,000. The Plan is administered and funded in compliance with the collective bargaining agreements which established the Plan.

Plan Description:

The Plan provides retirement (normal and early), death and disability benefits. Members may retire with full benefits at age 65 with five years of credited service or age 55 with 30 years of credited service. The annual normal retirement benefit is 1.3% 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 with parties related to the Plan.

Funding Status and Progress:

The fiscal year 1994 pension benefit obligation was determined as a part of an actuarial valuation as of June 30, 1994. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5% per year, (b) projected salary increases for inflation of 5.75% per year, (c) projected salary increases for seniority and merit of 1% to 7% per year and (d) postretirement benefit increases of 3% of the original benefits amount effective August 1, 1991.