

the State had made all required contributions, and thus as of June 30, 1997 and 1996, the State did not have a net pension obligation.

*Annual Pension Cost and Net Pension Obligation:*

Three-Year Historical Trend Information for the System is as follows (amounts expressed in thousands).

Plan	Annual Pension Cost Fiscal Year Ending June 30,		
	1997	1996	1995
Teachers' Retirement and Pension System.....	\$502,424	\$479,007	\$458,035
Employees' Retirement and Pension System.....	208,821	165,055	160,336
State Police Retirement System.....	10,918	11,801	11,911
Judges' Retirement System.....	12,931	12,361	12,408
Natural Resources Law Enforcement Officers Pension System.....	4,237	4,085	3,667
Municipal Corp. Law Enforcement Officers and Fire Fighters Pension System.....	927	709	656

Percentage of Annual Pension Cost Contributed

The State contributed 100% of the annual pension cost for each of the fiscal years ending June 30, 1997, 1996 and 1995 for each of the six plans listed above.

Net Pension Obligation

The State's net pension obligation was zero as of June 30, 1997, 1996 and 1995 for each of the six plans listed. In addition, there was no transition liability determined in accordance with GASB Statement No. 27.

The fiscal year 1997 annual pension cost and net pension obligations were determined as a part of an actuarial valuation as of June 30, 1997. The significant actuarial assumptions listed below were used for all plans.

Valuation method.....	Aggregate Entry Age Normal
Cost method of valuing assets.....	Smoothing (difference in experienced and assumed return)
Rate of return on investments.....	7.50%
Rate of salary increase.....	Varies
Projected inflation rate.....	5.00%
Postretirement benefit increase.....	Varies
Amortization method.....	Level Percent of Payroll
Amortization period.....	23 years as of June 30, 1997
Status of period (Open or Closed).....	Closed

During fiscal year 1997, the only significant change in actuarial assumptions or benefit provisions from 1996 which significantly affected the valuation of the annual pension cost and net pension obligation occurred due to Senate Bill #1 which offered an early retirement incentive that was accepted by 2,272 members. The incentive had the effect of increasing the present value of accumulated benefits by \$179 million dollars. No significant changes in these assumptions are planned in the near term.

*Mass Transit Administration Pension Plan (Plan):*

The 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. For the year ended June 30, 1997, the Administration's covered payroll was \$95,333,000 and, its total payroll was \$95,633,000. The Plan is administered and funded in compliance with the collective bargaining agreements which established the Plan. Separate statements for the Plan are not issued.

*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 52 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.

As of June 30, 1997, membership in the Plan includes 929 retirees and beneficiaries currently receiving benefits, 230 terminated members entitled to, but not yet receiving benefits and 2,550 current active members.