

***NEBRASKA PUBLIC EMPLOYEES  
RETIREMENT SYSTEMS***  
**STATE PATROL RETIREMENT SYSTEM  
2006**

**Fifty-first Actuarial Report for  
State Fiscal Year Ending June 30, 2008  
and  
System Plan Year Beginning July 1, 2006**

**December 2006**

Submitted By:  
Buck Consultants  
1200 Seventeenth Street, Suite 1200  
Denver, CO 80202

**buckconsultants**   
an ACS company **A C S**



**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS**  
**STATE PATROL SYSTEM**

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December 5, 2006

Public Employees Retirement Board  
Nebraska Public Employees Retirement System  
Post Office Box 94816  
Lincoln, NE 68509

**RE Certification of Actuarial Valuation  
State Patrol Retirement System**

Ladies and Gentlemen:

This report summarizes the results of the actuarial valuation of the State Patrol Retirement System as of July 1, 2006 performed by Buck Consultants, LLC.

The actuarial valuation is based on unaudited financial and member data provided to us by the Nebraska Public Employees Retirement System as summarized in this report. The benefits considered are those delineated in Nebraska State Statutes, effective as amended July 1, 2006.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. This report fully and fairly discloses the actuarial position of the plan.

An actuarial experience analysis was last completed in parallel with the July 1, 2002, valuation. In our opinion, the assumptions represent reasonable expectations and our best estimate of the anticipated experience under the plan. A summary of the actuarial assumptions used in this actuarial valuation are shown in Exhibit 10.

Based on the results of our actuarial valuation, an additional contribution to the State Patrol Retirement System will keep it actuarially sound. Annual funding required from the State as defined under statute for current plan members is equal to the member contributions and appropriations, plus an additional payment necessary to meet the actuarially required contribution. For the 2007/2008 fiscal year, the State's additional payment requirement is \$813,159.

We are available to answer any questions on the material contained in this report, or to provide explanations to further details as may be appropriate.

Respectively submitted,

BUCK CONSULTANTS, LLC.



David H. Sliskinsky, A.S.A., E.A., M.A.A.A.  
Principal and Consulting Actuary



Michelle Reding DeLange, F.S.A., E.A., M.A.A.A.  
Director, Consulting Actuary



**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS**  
**STATE PATROL SYSTEM**

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**SUMMARY OF ACTUARIAL REPORT FOR CONTRIBUTION REQUIREMENTS AND  
FUNDED STATUS FOR PLAN YEAR 2006/2007**

The main purposes of this report are:

1. To determine the level of State contributions for the fiscal year ending June 30, 2008, sufficient to meet the funding policy defined under Nebraska State statutes;
2. To review the current funded status of the system; and
3. To compare actual and expected experience under the plan during the plan year beginning July 1, 2005 and ending June 30, 2006.

The 2006 actuarial valuation is based upon the plan provisions as of July 1, 2006, as described in Exhibit 8. The actuarial methods and assumptions are described in Exhibits 9 and 10.

Highlights from the current valuation:

1. An additional State contribution is required for the 2007/2008 fiscal year to meet the actuarially required contribution. Expected member contributions and State contributions fall short of the total funding requirement. The system's actuarial liability has increased by \$1,007,155 from \$19,610,055 as of July 1, 2005 to \$20,617,210 as of July 1, 2006.
2. A loss was experienced on the Actuarial Value of Assets during the 2005/2006 plan year. The annual rate of return on Market Value was 10.3%. The rate of return on Actuarial Value of 6.8% fell short of the 8% assumed investment return rate by 1.2%, resulting in a decrease to the Actuarial Value by \$2,542,850.
3. The plan experienced a decremental loss in the actuarial accrued liability since the July 1, 2005 actuarial valuation, primarily due to larger salary increases than expected and deferred vesteds retiring earlier than expected during the year. The actuarial accrued liability increased by \$2,826,243 as a result of decremental experience. The actuarial valuation system was changed, resulting in some non-material adjustments to accrued liabilities and normal costs.
4. The funded status of the system as measured by the ratio of the system assets over the Pension Benefit Obligation (PBO) decreased. The PBO is calculated using the Projected Unit Credit Method, which determines the benefit by using service at the valuation date and projecting salary to assumed termination or retirement. Since the July 1, 2005 actuarial valuation, the funded percentage on Actuarial Value decreased from 93.0% to 92.3%. This decrease was primarily due to more retirements than expected.



**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
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**EXECUTIVE SUMMARY**

**Basic Actuarial Valuation Results**

The 2006 actuarial valuation results are based upon the plan provisions as of July 1, 2006 as described in Exhibit 8. The actuarial methods and assumptions are described in detail in Exhibits 9 and 10, respectively.

**1. State Contribution**

The State's funding policy is to contribute 15% of pay during the 2006/2007 plan years and 13% thereafter, pay required appropriations through the 2010/2011 Fiscal Year, and make additional payments if necessary, to meet the actuarially required contribution. The member contribution rate is 13% of pay during the 2006/2007 plan year and 12% thereafter. The actuarially required contribution is equal to the normal cost plus an amortization payment for unfunded liabilities. Unfunded liabilities created due to experience gains or losses, plan changes or assumption changes are amortized over 30 years.

Total expected State funding for the 2006/2007 plan year is \$3,942,430. Member contributions and matching State contributions and appropriations are not expected to meet the total actuarially required funding. The additional State funding required for the 2006/2007 plan year, payable July 1, 2007, is \$813,159.

<b>History of Expected State Contributions</b>			
<b>Plan Year</b>	<b>State Contribution*</b>	<b>Additional Contributions</b>	<b>Total</b>
2006/2007	\$ 3,942,430	\$ 813,159	\$ 4,755,589
2005/2006	3,766,098	1,080,050	4,846,148
2004/2005	3,050,645	948,654	3,999,299
2003/2004	2,745,970	434,202	3,180,172
2002/2003	2,413,762	0	2,413,762
2001/2002	2,257,610	0	2,257,610
2000/2001	1,958,304	0	1,958,304
1999/2000	2,298,256**	0	2,298,256**
1998/1999	1,753,478	0	1,753,478
1997/1998	1,714,946	0	1,714,946
1996/1997	1,728,778	0	1,728,778
1995/1996	1,340,120	0	1,340,120

\* Includes State Appropriations.

\*\* Includes accrued State contributions of \$436,759.

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**2. Asset Values**

The total assets of the system as of the current and prior valuation date at both market value and actuarial value, and the rate of return during the period is as follows:

	July 1, 2005	July 1, 2006	Annual Rate of Return
(a) Market value	\$221,307,954	\$241,017,483	10.3%
(b) Actuarial value, an adjusted value intended to reduce the effect of market fluctuations (See Exhibit 1B)	\$219,831,273	\$231,740,772	6.8%

**3. Actuarial Liability/(Reserve)**

The actuarial liability of the system is the excess of the total benefit obligation (present value of future benefits) over the projected financial resources (sum of (i) the actuarial value of assets, (ii) the present value of future member and matching State contributions, and (iii) the present value of future State appropriations). If the projected financial resources exceed the total benefit obligation, the system has a Reserve. The actuarial position of the system as of the current and prior valuation dates are as follows:

	July 1, 2005	July 1, 2006
(a) Present value of future benefits	\$ 293,279,644	\$ 307,372,200
(b) Actuarial value of assets	219,831,273	231,740,772
(c) Present value of future member contributions	25,018,678	25,660,736
(d) Present value of matching State contributions	27,103,568	27,799,131
(e) Present value of future State appropriations*	<u>1,716,070</u>	<u>1,554,351</u>
(f) Actuarial Liability/(Reserve) [(a) - (b) - (c) - (d) - (e)]	\$ 19,610,055	\$ 20,617,210

\*Includes appropriation for COLA benefit under LB 137.

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**4. Pension Benefit Obligation (PBO)**

The Pension Benefit Obligation represents a standardized disclosure measure of the present value of pension benefits payable in the future, which incorporates the effects of projected salary increases, based on service earned at the valuation date. The measure is intended to provide information regarding the Plan's funded status on an ongoing-concern basis, progress made in accumulating sufficient assets to pay benefits when due, and comparability to other plans.

Funded Status	July 1, 2005	July 1, 2006
(a) Pension Benefit Obligation		
i) retirees, disabled members and beneficiaries receiving benefits and deferred vested members not yet receiving benefits	\$ 138,427,564	\$ 152,248,709
ii) active members	<u>98,063,999</u>	<u>98,844,717</u>
iii) total pension benefit obligation	\$ 236,491,563	\$ 251,093,426
(b) Assets available for benefit (actuarial value)	<u>219,831,273</u>	<u>231,740,772</u>
(c) Unfunded Pension Benefit Obligation/(Reserve)	\$ 16,660,290	\$ 19,352,654
(d) Funded percentage on actuarial value of assets [(b) ÷ (a)(iii)]	93.0%	92.3%

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**EXECUTIVE SUMMARY**

**5. Benefit Accrual Cost**

The cost of benefits accruing over an active member's working career can be expressed as a level percentage of compensation. This cost represents the true cost of accruing benefits since it is not adjusted for any overfunding or underfunding which may exist on the valuation date. It is determined using the Entry Age Actuarial Cost Method and is also called the Normal Cost. The level benefit accrual cost determined during the current and prior valuation dates are as follows:

	July 1, 2005	July 1, 2006
(a) Benefit accrual cost amount	\$ 6,354,865	\$ 6,718,400
(b) Annual compensation before assumed retirement age	\$ 22,882,413	\$ 23,985,004
(c) Benefit accrual cost rate [(a) ÷ (b)]	27.772%	28.011%

**6. Forecast of Disbursements**

A forecast of the annual benefit disbursements expected over the next thirty years is presented in Exhibit 7. This forecast is based on the same actuarial assumptions with respect to salary increases and decrement rates used to determine the funding requirements. The forecast should be a useful guide in discussing the cash-flow needs of the system with investment managers and in projecting the future financing needs of the system.

**7. Actuarial Methods and Assumptions**

The required contribution developed in this report is an estimate of the amount necessary to provide ongoing benefits to plan members assuming the system is funded in a systematic manner. These estimates are based upon the actuarial method defined under State Statutes to allocate the total cost of the plan to various years and actuarial assumptions regarding the return on investments, salary rates, employee termination rates, mortality rates and other risk factors. The actuarial method used to determine the actuarial contribution requirement is the Entry Age Actuarial Cost Method.

The actuarial assumptions represent the expected long-term experience of the system on an explicit basis for each risk area considered. The experience is reviewed periodically. Where necessary, changes are recommended by the actuary and adopted by the Public Employees Retirement Board.

A summary of the actuarial methods and assumptions used in the current valuation is presented in Exhibits 9 and 10, respectively.

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***EXECUTIVE SUMMARY***

**8. Changes Since the Last Actuarial Valuation**

Per LB 1019, the Nebraska Revised Statutes Section 81-2017(3) was amended such that the unfunded liability is reinitialized as of July 1, 2006 and amortized over a 30-year period. There have been no other changes in the actuarial cost method, assumptions or plan provisions since the last actuarial valuation as of July 1, 2005.



**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
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**SYSTEM ASSETS**

A. Summary of Assets	Market Value as of June 30, 2005	Market Value as of June 30, 2006
1. Cash and Equivalents	\$ 57,150	\$ 75,209
2. Investments	218,462,918	241,830,815
3. Capital Assets	1,271,195	986,555
4. Receivables and Prepaids	2,933,077	3,608,927
5. Accounts Payable	(1,416,386)	(5,484,023)
<b>6. Net Assets Available for Pension Benefits Considered [1 + 2 + 3 + 4 + 5]</b>	<b>\$ 221,307,954</b>	<b>\$ 241,017,483</b>

B. Development of Actuarial Value of Assets	Amount
1. Actuarial Value of Assets as of July 1, 2005	\$ 219,831,273
2. Unrecognized Return as of July 1, 2005	1,476,681
3. Contributions	
(a) Member	\$ 3,179,645
(b) State	3,668,144
(c) State appropriations	<u>1,413,786</u>
(d) Total	\$ 8,261,575
4. Distributions	
(a) Benefit payments	\$ 11,168,135
(b) Refund of contributions	<u>145,502</u>
(c) Total	\$ 11,313,637
5. Expected Return at 8% on	
(a) Item 1	\$ 17,586,502
(b) Item 2	118,134
(c) Item 3 (d)	324,106
(d) Item 4 (c)	<u>406,197</u>
(e) Total [(a) + (b) + (c) - (d)]	\$ 17,622,545
6. Actual Return on Market Value for Plan Year, Net of Expenses	\$ 22,761,591
7. Return to be Spread for Plan Year [6 - 5(e)]	\$ 5,139,046

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
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**SYSTEM ASSETS**

<b>B. Development of Actuarial Value of Assets</b>		<b>Amount</b>																								
8.	Total Market Value of Assets as of July 1, 2006	\$ 241,017,483																								
9.	Return to be Spread																									
<table border="1"> <thead> <tr> <th>Plan Year</th> <th>Return to be Spread</th> <th>Unrecognized Percent</th> <th>Unrecognized Return</th> </tr> </thead> <tbody> <tr> <td>2005/2006</td> <td>\$ 5,139,046</td> <td>80%</td> <td>\$ 4,111,237</td> </tr> <tr> <td>2004/2005</td> <td>2,820,479</td> <td>60%</td> <td>1,692,287</td> </tr> <tr> <td>2003/2004</td> <td>11,450,232</td> <td>40%</td> <td>4,580,093</td> </tr> <tr> <td>2002/2003</td> <td>(5,534,531)</td> <td>20%</td> <td>(1,106,906)</td> </tr> <tr> <td colspan="3"><b>Total</b></td> <td><b>\$ 9,276,711</b></td> </tr> </tbody> </table>			Plan Year	Return to be Spread	Unrecognized Percent	Unrecognized Return	2005/2006	\$ 5,139,046	80%	\$ 4,111,237	2004/2005	2,820,479	60%	1,692,287	2003/2004	11,450,232	40%	4,580,093	2002/2003	(5,534,531)	20%	(1,106,906)	<b>Total</b>			<b>\$ 9,276,711</b>
Plan Year	Return to be Spread	Unrecognized Percent	Unrecognized Return																							
2005/2006	\$ 5,139,046	80%	\$ 4,111,237																							
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2003/2004	11,450,232	40%	4,580,093																							
2002/2003	(5,534,531)	20%	(1,106,906)																							
<b>Total</b>			<b>\$ 9,276,711</b>																							
10.	Total Actuarial Value of Assets at July 1, 2006 [8 - 9]	\$ 231,740,772																								
11.	Ratio of Actuarial Value to Market Value [10 ÷ 8]	96.2%																								

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS**  
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**SYSTEM ASSETS**

<b>C. Change in Asset Values During 2005/2006</b>	<b>Actuarial Value</b>	<b>Market Value</b>
1. Asset value as of July 1, 2005	\$ 219,831,273	\$ 221,307,954
2. Contributions for 2005/2006		
(a) Member contributions paid during the year	\$ 3,179,645	\$ 3,179,645
(b) State contributions paid	3,668,144	3,668,144
(c) State appropriations for the year	<u>1,413,786</u>	<u>1,413,786</u>
(d) Contributions for 2005/2006 [(a) + (b) + (c)]	\$ 8,261,575	\$ 8,261,575
3. Disbursements for 2005/2006		
(a) Benefit payments	\$ 11,168,135	\$ 11,168,135
(b) Expenses and fees	815,299	815,299
(c) Refund of contributions	<u>145,502</u>	<u>145,502</u>
(d) Disbursements for 2005/2006 [(a) + (b) + (c)]	\$ 12,128,936	\$ 12,128,936
4. Investment return for 2005/2006	\$ 15,776,860	\$ 23,576,890
5. Asset value as of July 1, 2006 [1 + 2(d) - 3(d) + 4]	\$ 231,740,772	\$ 241,017,483
6. Approximate rate of investment return, net of expenses	6.8%	10.3%

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
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**ACTUARIAL CONTRIBUTION REQUIREMENT**

A. Development of Actuarially Required Funding Rate	July 1, 2006
1. Actuarial present value of benefits	
(a) Active members	\$ 155,123,491
(b) Inactive members	474,257
(c) Retired members, disabilities and beneficiaries	<u>151,774,452</u>
(d) Total	\$ 307,372,200
2. Present Value of Future Normal Costs	<u>61,999,098</u>
3. Total Actuarial Accrued Liability [1(d) - 2]	\$ 245,373,102
4. Actuarial Value of Assets	<u>231,740,772</u>
5. Unfunded Actuarial Accrued Liability/(Reserve) [3 - 4]	\$ 13,632,330
6. 30-Year Amortization of the Unfunded Actuarial Accrued Liability/(Reserve)	
(a) Amount	\$ 1,165,213
(b) Amount as % of Pay	4.84%
7. Normal Cost	
(a) Amount	\$ 6,718,400
(b) Amount as % of Pay	27.93%
8. Total Actuarially Required Contribution	
(a) Amount	\$ 7,883,613
(b) Amount as % of Pay	32.77%

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS**  
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**ACTUARIAL CONTRIBUTION REQUIREMENT**

<b>B. Development of Additional State Contributions for Fiscal Year 2007/2008</b>	<b>Annual Amount as a % of Pay</b>
1. Actuarially Required Contribution	
(a) Total Contribution Amount	\$ 7,883,613
(b) State Appropriations	210,220
(c) Expected State Appropriation for LB 137 COLA benefit	<u>123,516</u>
(d) Net Contribution Amount [1(a) - 1(b) - 1(c)]	\$ 7,549,877
(e) Net Amount as % of Pay	31.38%
2. Statutory Contribution Rates during 2006/2007	
(a) Employee Contribution Rate	13.00%
(b) Employer Contribution Rate	<u>15.00%</u>
(c) Total Employee/Employer Contribution Rate [2(a) + 2(b)]	28.00%
3. Additional Required State Contribution	
(a) Additional Required State Contribution Rate [1(e) - 2(c), not less than 0.00%]	3.38%
(b) Additional Required State Contribution Amount	\$ 813,159

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***ACTUARIAL CONTRIBUTION REQUIREMENT***

<b>C. Schedule of Amortization Bases</b>	<b>Original Amount</b>	<b>July 1, 2006 Remaining Payments</b>	<b>Date of Last Payment</b>	<b>Outstanding Balance as of July 1, 2006</b>	<b>Annual Contribution</b>
Reinitialized base for 2006 per LB 1019	\$ 13,632,330	30	07/01/2036	\$ 13,632,330	\$ 1,165,213

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
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**ACTUARIAL (GAIN)/LOSS**

<b>A. Change in Actuarial Accrued Liability</b>		
1.	Actual Actuarial Accrued Liability as of July 1, 2005	\$ 236,026,471
2.	Benefits accrued during the 2005/2006 plan year	6,354,865
3.	Benefit payments during the 2005/2006 plan year	11,313,637
4.	Interest at 8%	<u>18,725,225</u>
5.	Expected Actuarial Accrued Liability as of July 1, 2006 [1 + 2 - 3 + 4]	\$ 249,792,924
6.	Decremental (Gain)/Loss by Source	
	(a) Retirement	\$ 1,602,955
	(b) Termination	328,317
	(c) Disability	82,229
	(d) Pre-retirement mortality	183,670
	(e) Post-retirement mortality	187,744
	(f) Salary	508,376
	(g) New Entrants / Rehires	46,212
	(h) Data changes/miscellaneous	<u>(113,260)</u>
	(i) Total decremental (gain)/loss	\$ 2,826,243
7.	Change in Actuarial Assumptions	0
8.	Change in Plan Provisions	0
9.	System changes	<u>(7,246,065)</u>
10.	Actual Actuarial Accrued Liability as of July 1, 2006 [5 + 6(i) + 7 + 8 + 9]	\$ 245,373,102
<b>B. Change in Actuarial Value of Assets</b>		
1.	Expected Actuarial Value of Assets as of July 1, 2006	\$ 234,283,622
2.	Actual Actuarial Value of Assets as of July 1, 2006	<u>231,740,772</u>
3.	Actuarial (Gain)/Loss from Asset Sources [1 - 2]	\$ 2,542,850
<b>C. Total Actuarial (Gain)/Loss for the 2005/2006 plan year [A(6)(i) + B(3)]</b>		
		<b>\$ 5,369,093</b>

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
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**ACTUARIAL BALANCE SHEET**

<b>A. Financial Resources</b>	<b>July 1, 2006</b>
1. Actuarial Value of Assets	\$ 231,740,772
2. Present Value of Future Contributions	
(a) Member	\$ 25,660,736
(b) Employer	27,799,131
(c) State Appropriations	<u>1,554,351</u>
(d) Total	55,014,218
3. Actuarial Liability/(Reserve)	<u>20,617,210</u>
4. Total Assets [1 + 2(d) + 3]	\$ 307,372,200

<b>B. Benefit Obligations</b>	<b>July 1, 2006</b>
1. Present Value of Future Benefits	
(a) Active members	\$ 155,123,491
(b) Inactive members	474,257
(c) Retirees, disabilities and beneficiaries	<u>151,774,452</u>
(d) Total	\$ 307,372,200

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
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**ACCOUNTING INFORMATION**

**A. Pension Benefit Obligation under the Projected Unit Credit Cost Method**

	July 1, 2005	July 1, 2006
<b>Pension Benefit Obligation (PBO)</b>		
Vested PBO		
(a) members currently receiving payments	\$ 137,890,496	\$ 151,774,452
(b) other members		
i) accumulated member contributions	27,476,124	28,715,126
ii) employer financed vested	<u>57,113,106</u>	<u>53,584,637</u>
Total Vested PBO	\$ 222,479,726	\$ 234,074,215
Nonvested PBO	<u>14,011,837</u>	<u>17,019,211</u>
Total PBO	\$ 236,491,563	\$ 251,093,426
Actuarial Value of Assets	<u>219,831,273</u>	<u>231,740,772</u>
Unfunded Pension Benefit Obligation (Reserve)	\$ 16,660,290	\$ 19,352,654
Funded Percentage		
(a) on vested PBO	98.8%	99.0%
(b) on total PBO	93.0%	92.3%

**B. Change in Pension Benefit Obligation from July 1, 2005 to July 1, 2006**

<b>Pension Benefit Obligation at July 1, 2005</b>	\$ 236,491,563
Increase/(Decrease) during Period	
Plan Provision Changes	\$ 0
Assumption/ Method Changes	0
Benefits Accumulated	5,480,943
Benefits Paid	(11,313,637)
Interest Cost	18,951,603
Plan Experience/Systems Change	<u>1,482,954</u>
Total Change	\$ 14,601,863
<b>Pension Benefit Obligation at July 1, 2006</b>	\$ 251,093,426

Exhibits 9 and 10 provide a more detailed summary of the underlying actuarial methods and assumptions used in the calculations of the Pension Benefit Obligation. The benefits valued are those in effect on July 1, 2006 and 2005, respectively, as outlined in Exhibit 8. The determination of the Pension Benefit Obligation has been made in accordance with generally accepted actuarial principles and practices.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
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**ACCOUNTING INFORMATION**

**C. Schedule of Employer Contributions - Disclosure Requirements Under GASB No. 25**

Plan Year Ending	Annual Required Contributions	Percentage Contributed
June 30, 2006	\$ 5,081,930	100%
June 30, 2005	3,868,904	82%
June 30, 2004	3,018,366	96%
June 30, 2003	2,652,857	100%
June 30, 2002	2,428,025	100%
June 30, 2001	2,257,609	100%

**D. Actuarial Assumptions, Method and Additional Information under GASB No. 25**

Valuation Date	June 30, 2006
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar amount, closed
Equivalent Single Amortization Period	30 years
Asset Valuation Method	5 year smoothed market
Actuarial Assumptions:	
Investment rate of return*	8.0%
Projected salary increases*	4.5% - 12.0%
*Includes inflation at	3.5%
Cost-of-living adjustment	2.5% with a floor benefit equal to 60% purchasing power of original benefit

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**ACCOUNTING INFORMATION**

**E. Schedule of Funding Progress Under GASB No. 25**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded Accrued Liabilities (UAL) (b-a)</b>	<b>Funded Ratio (a÷b)</b>	<b>Covered Payroll (c)</b>	<b>UAL as a % of Covered Payroll [(b-a)/c]</b>
June 30, 2006	\$ 231,740,772	\$ 245,373,102	\$ 13,632,330	94.4%	\$ 24,057,960	56.7%
June 30, 2005	219,831,273	236,026,471	16,195,198	93.1%	22,882,413	70.8%
June 30, 2004	216,422,556	222,161,512	5,738,956	97.4%	22,640,907	25.3%
June 30, 2003	214,657,454	210,930,784	(3,726,670)	101.8%	21,929,399	(17.0)%
June 30, 2002	214,527,994	197,615,091	(16,912,903)	108.6%	18,846,776	(89.7)%
June 30, 2001	208,372,640	187,284,490	(21,088,150)	111.3%	16,727,477	(126.1)%

NOTE: The Actuarial Cost Method was changed from Frozen Entry Age to Entry Age as of June 30, 2002, per LB 407.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS**  
**STATE PATROL SYSTEM**

**SUMMARY OF MEMBER DATA**

<b>A. Active Members</b>	<b>July 1, 2005</b>	<b>July 1, 2006</b>
1. Number of active members		
(a) Before assumed retirement age	473	476
(b) Beyond assumed retirement age	<u>0</u>	<u>1</u>
(c) Total	473	477
2. Annual considered compensation		
(a) Before assumed retirement age	\$ 22,882,413	\$ 23,985,004
(b) Beyond assumed retirement age	<u>0</u>	<u>72,956</u>
(c) Total	\$ 22,882,413	\$ 24,057,960
3. Accumulated contributions	\$ 26,939,056	\$ 28,240,869
4. Active member averages		
(a) Age	38.9	38.8
(b) Service	11.6	11.3
(c) Compensation	\$ 48,377	\$ 50,436
(d) Accumulated contributions	\$ 56,954	\$ 59,205
<b>B. Inactive Members</b>		
1. Number of inactive members	10	14
2. Accumulated member contributions	\$ 537,068	\$ 474,257
3. Inactive member averages		
(a) Age (vesteds only)	45.4	41.7
(b) Accumulated member contributions	\$ 53,707	\$ 33,876
<b>C. Retired and Disabled Members and Beneficiaries</b>		
1. Number of members		
(a) Retired	255	268
(b) Disabled	6	7
(c) Beneficiaries	<u>55</u>	<u>56</u>
(d) Total	316	331
2. Annual benefits		
(a) Retired	\$ 9,442,146	\$ 10,433,395
(b) Disabled	178,483	208,789
(c) Beneficiaries	<u>999,961</u>	<u>1,107,965</u>
(d) Total	\$ 10,620,590	\$ 11,750,149

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
STATE PATROL SYSTEM**

**SUMMARY OF MEMBER DATA**

**D. Distribution of Retired and Disabled Members and Beneficiaries as of July 1, 2006**

Age Range	Number	Annual Benefit	Average Annual Benefit
59 & Under	121	\$ 5,198,635	\$ 42,964
60-64	51	1,975,176	38,729
65-69	57	1,849,013	32,439
70-74	35	995,259	28,436
75-79	28	730,124	26,076
80-84	28	726,509	25,947
85-89	10	262,646	26,265
90 & Over	1	12,786	12,786
Total	331	\$ 11,750,148	\$ 35,499

**E. Member Data Reconciliation**

	Active Members	Inactive Members				Total
		With Deferred Benefits	Terminated With Balance	Retired Members and Beneficiaries	Disabled Members	
As of July 1, 2005	473	6	4	310	6	799
Changes in status						
a) Normal & early retirements	(15)	(2)	0	17	0	0
b) Became payable	0	0	0	0	0	0
c) Deaths	0	0	0	(5)	0	(5)
d) Nonvested terminations	(4)	0	4	0	0	0
e) Vested terminations	(4)	4	0	0	0	0
f) Contribution refund	(2)	(1)	0	0	0	(3)
g) Beneficiaries in receipt	0	0	0	3	0	3
h) Disability retirements	(1)	0	0	0	1	0
i) Return to active service	2	0	(2)	0	0	0
j) Expired or forfeited benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total changes in status	(24)	1	2	15	1	(5)
New entrants / Data Changes						
a) Without prior service	28	0	0	0	0	28
b) With prior service	<u>0</u>	<u>0</u>	<u>1</u>	<u>(1)</u>	<u>0</u>	<u>0</u>
Total new members	28	0	1	(1)	0	28
Net change	4	1	3	14	1	23
As of July 1, 2006	477	7	7	324	7	822

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
STATE PATROL SYSTEM**

**SUMMARY OF MEMBER DATA**

**F. Age and Service Distribution of Active Members as of July 1, 2006**

Age Last Birthday		0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 34	Total
<b>20-24</b>	Number	11	0	0	0	0	0	0	0	11
	Total Salary	\$ 379,624	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 379,624
	Average Sal.	\$ 34,511	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,511
<b>25-29</b>	Number	57	5	0	0	0	0	0	0	62
	Total Salary	\$ 2,324,018	\$ 211,824	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,535,842
	Average Sal.	\$ 40,772	\$ 42,365	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,901
<b>30-34</b>	Number	44	56	5	0	0	0	0	0	105
	Total Salary	\$ 1,799,183	\$ 2,619,238	\$ 247,611	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,666,032
	Average Sal.	\$ 40,891	\$ 46,772	\$ 49,522	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,438
<b>35-39</b>	Number	18	35	22	19	0	0	0	0	94
	Total Salary	\$ 741,526	\$ 1,574,336	\$ 1,185,756	\$ 1,054,663	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,556,281
	Average Sal.	\$ 41,196	\$ 44,981	\$ 53,898	\$ 55,509	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,471
<b>40-44</b>	Number	10	8	12	32	21	0	0	0	83
	Total Salary	\$ 526,025	\$ 393,925	\$ 663,163	\$ 1,892,934	\$ 1,247,383	\$ 0	\$ 0	\$ 0	\$ 4,723,430
	Average Sal.	\$ 52,603	\$ 49,241	\$ 55,264	\$ 59,154	\$ 59,399	\$ 0	\$ 0	\$ 0	\$ 56,909
<b>45-49</b>	Number	5	5	6	12	27	24	0	0	79
	Total Salary	\$ 258,369	\$ 245,450	\$ 346,552	\$ 716,185	\$ 1,632,409	\$ 1,477,061	\$ 0	\$ 0	\$ 4,676,026
	Average Sal.	\$ 51,674	\$ 49,090	\$ 57,759	\$ 59,682	\$ 60,460	\$ 61,544	\$ 0	\$ 0	\$ 59,190
<b>50-54</b>	Number	6	2	1	5	9	8	3	0	34
	Total Salary	\$ 324,503	\$ 111,949	\$ 51,801	\$ 275,474	\$ 501,875	\$ 491,921	\$ 180,353	\$ 0	\$ 1,937,876
	Average Sal.	\$ 54,084	\$ 55,975	\$ 51,801	\$ 55,095	\$ 55,764	\$ 61,490	\$ 60,118	\$ 0	\$ 56,996
<b>55 &amp; Up</b>	Number	2	0	1	2	0	0	1	3	9
	Total Salary	\$ 115,809	\$ 0	\$ 59,759	\$ 97,259	\$ 0	\$ 0	\$ 72,956	\$ 237,066	\$ 582,849
	Average Sal.	\$ 57,904	\$ 0	\$ 59,759	\$ 48,630	\$ 0	\$ 0	\$ 72,956	\$ 79,022	\$ 64,761
<b>TOTAL</b>	Number	153	111	47	70	57	32	4	3	477
	Total Salary	\$ 6,469,057	\$ 5,156,722	\$ 2,554,642	\$ 4,036,515	\$ 3,381,667	\$ 1,968,982	\$ 253,309	\$ 237,066	\$ 24,057,960
	Average Sal.	\$ 42,281	\$ 46,457	\$ 54,354	\$ 57,664	\$ 59,327	\$ 61,531	\$ 63,327	\$ 79,022	\$ 50,436

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS**  
**STATE PATROL SYSTEM**

**FORECAST OF EXPECTED DISBURSEMENTS**

Plan Year Ending June 30	Active Employees	Retired and Disabled Members and Beneficiaries	Total
2007	\$ 438,734	\$ 11,704,203	\$ 12,142,937
2008	1,128,453	11,889,850	13,018,303
2009	1,906,958	12,067,874	13,974,832
2010	2,695,405	12,237,164	14,932,569
2011	3,289,010	12,396,561	15,685,571
2012	3,928,067	12,544,837	16,472,904
2013	4,816,653	12,680,740	17,497,393
2014	5,830,084	12,806,047	18,636,131
2015	6,931,986	12,917,084	19,849,070
2016	7,825,012	13,012,509	20,837,521
2017	\$ 8,756,543	\$ 13,093,878	\$ 21,850,421
2018	9,669,350	13,156,803	22,826,153
2019	10,678,973	13,199,755	23,878,728
2020	11,844,812	13,222,255	25,067,067
2021	13,075,856	13,221,889	26,297,745
2022	14,320,593	13,197,228	27,517,821
2023	15,634,873	13,146,713	28,781,586
2024	17,133,450	13,068,064	30,201,514
2025	18,883,556	12,959,541	31,843,097
2026	20,739,286	12,822,360	33,561,646
2027	\$ 22,668,469	\$ 12,651,292	\$ 35,319,761
2028	24,882,091	12,444,785	37,326,876
2029	27,083,809	12,201,726	39,285,535
2030	28,822,949	11,923,795	40,746,744
2031	30,559,911	11,608,044	42,167,955
2032	32,153,178	11,254,918	43,408,096
2033	33,553,245	10,865,499	44,418,744
2034	34,732,036	10,441,726	45,173,762
2035	35,889,475	9,986,335	45,875,810
2036	36,887,035	9,501,426	46,388,461

**Note:** These amounts exclude distributions for vested inactive members eligible to receive future benefit payments. Benefit amounts for these members have not yet been determined.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
STATE PATROL SYSTEM**

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***SUMMARY OF PLAN PROVISIONS***

<b>Member</b>	Any member of the Nebraska State Patrol, permanent force.
<b>Participation Date</b>	Date of becoming a member.
<b>Definitions</b>	
<i>Covered pay</i>	Gross annual earnings subject to contributions. For a patrol officer with service prior to January 4, 1979, total salary includes pay for unused sick leave accrued during his final three years of service, and pay for unused vacation leave (including leave not allowed to be carried over).
<i>Final average earnings</i>	The average of the highest three 12-month periods of covered pay, ending on the earlier of the participant's termination date or retirement date. For a patrol officer with service prior to January 4, 1979, it includes pay for 25% of unused sick leave accrued during his final three years of service, and pay for unused vacation leave (including leave not allowed to be carried over).
<i>Fiscal year</i>	Twelve month period ending June 30.
<i>Member and employer contributions</i>	13% of monthly salary for the 2005/2006 and 2006/2007 plan years, 12% thereafter, plus 11% of pay received at termination for unused sick leave and vacation leave for a patrol officer with service prior to January 4, 1979. Such contributions are credited with regular interest in conformity with the statutes. Employer contributions are 15% of monthly salary for the 2005/2006 and 2006/2007 plan years, 13% thereafter.
<i>Pension benefit</i>	3% of final average salary times pension service. The benefit is subject to a maximum of 75% of Final Average Salary. Effective July 1, 2001, an automatic annual cost-of-living adjustment (COLA) equal to the CPI-W index, with a maximum increase of 2.5% in any one year is provided for current and future retirees by LB 711. Also provided is a minimum floor benefit equal to 60% of the purchasing power of the original benefit.
<i>Normal Retirement Date (NRD)</i>	First of month coinciding with or next following (a) the completion of 25 years of service and attaining age 50, (b) the completion of ten years of service and attaining age 55, or (c) attaining age 60 regardless of service.
<i>Pension service</i>	Length of service includes all service with the Nebraska State Patrol, permanent force, computed to the nearest one-twelfth year, plus declared emergency service in the armed forces.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
STATE PATROL SYSTEM**

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***SUMMARY OF PLAN PROVISIONS***

**Eligibility for Benefits**

<i>Deferred vested</i>	Termination for reasons other than death, disability, or retirement after completing at least six years of pension service.
<i>Disability retirement</i>	Retirement by reason of disability as defined by statute.
<i>Early retirement</i>	Retirement before NRD and on or after both attaining age 50 and completing ten years of pension service.
<i>Normal retirement</i>	Retire on NRD.
<i>Postponed retirement</i>	Retire after NRD.
<i>Post-retirement death benefit</i>	Death after retirement with surviving spouse or dependent children under age 19. For non-disability retirement, the surviving spouse must have been married to the member at the date of retirement.
<i>Pre-retirement death benefit</i>	Death prior to retirement.

**Monthly Benefits Paid Upon the Following Events**

<i>Normal retirement</i>	Pension benefit determined as of NRD.
<i>Early retirement</i>	Pension benefit determined as of early retirement date, reduced by 5/9% for each month that commencement (which must be after age 50 and ten years of service) of payment precedes the earlier of age 55 or completion of 25 years of service. No reduction is made after 25 years of service.
<i>Postponed retirement</i>	Monthly pension benefit determined as of actual retirement date.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
STATE PATROL SYSTEM**

**SUMMARY OF PLAN PROVISIONS**

*Termination with deferred vested benefit*

Refund of contributions with regular interest or a percentage of the pension benefit determined as of termination date, reduced by 5/9% for each month that commencement (which must be after age 50 and ten years of service) of payment precedes the earlier of age 55 or completion of 25 years of service. This percentage is based upon completed years of pension service as follows:

<u>Years</u>	<u>Vested Percentage</u>
5 and under	0%
6	20
7	40
8	60
9	80
10 or more	100

*Disability retirement*

A monthly benefit equal to 50% of current monthly salary at the date of disablement for members with less than 17 years of service.

For members with more than 17 years of service, a monthly benefit equal to the product of 3% of final monthly salary, times total years of service subject to a maximum of 75% of final average monthly salary.

*Pre-retirement death benefits*

**Surviving spouse or dependent children under age 19:** Benefit is computed as if member retired for disability on the date of death. This benefit is payable to the surviving spouse as long as spouse has dependent children under age 19. If spouse dies or remarries, 75% of this benefit continues to children until the youngest attains age 19. If there are no dependent children under age 19, 75% of this benefit is payable to the surviving spouse until death or remarriage.

**No surviving spouse or dependent children under age 19:** A lump sum equal to the member's contributions plus regular interest.

*Post-retirement death benefits*

100% of member's annuity is payable to the surviving spouse provided spouse has dependent children under 19. If there is no surviving spouse or spouse dies or remarries, 75% of member's annuity continues to children until the youngest attains age 19. If there are no dependent children under age 19, 75% of member's annuity continues to surviving spouse.

*Forms of payment*

Normal form is 75% Joint and Survivor benefit. Members may also elect a refund of contributions. If there is no surviving spouse or dependent children under age 19, the member's accumulated contributions with interest are paid to the beneficiary or estate.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
STATE PATROL SYSTEM**

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**SUMMARY OF PLAN PROVISIONS**

**State Appropriations**

LB 700, passed in 1996, provided for annual cost of living increases of 0.3%, beginning in the sixth year after retirement for members ceasing employment on or after April 10, 1996. Funding for these benefits shall be made by the State into the State Patrol Purchasing Power Stabilization Fund. Beginning with the 1996/1997 fiscal year, the funding shall be 3.04888% of \$6,895,000, or \$210,220 will be made for each year through the 2010/2011 Fiscal Year.

LB 137 provides cost-of-living benefits for members who retired prior to 1985. This benefit is funded by an annual state appropriation and declines over time.

LB 674, passed in 2000 (effective July 1, 2001), provided for an annual cost-of-living increase equal to the CPI-W index, with a maximum of 2% in any one year, a minimum floor benefit equal to 60% of the purchasing power of the original benefit and the elimination of the State Patrol Purchasing Power Stabilization Fund. The existing assets in the State Patrol PPSF were transferred to the Nebraska State Patrol Retirement Fund. The State appropriation continues, as defined above to the Nebraska Patrol Retirement Fund through the 2010/2011 Fiscal Year. LB 711, passed in 2001, increased the maximum annual cost-of-living increase in any one year from 2% to 2.5%.

**Benefits Reflected in Valuation**

All benefits were valued, including future cost of living increases granted by LB 711.

**Plan Provisions Effective After June 30, 2003**

No future changes in plan provisions were recognized in determining the GASB 25 funded status and in determining the actuarial soundness of statutory contribution levels.

**Changes in Plan Provisions Since the Prior Year**

There were no changes in the plan provisions since the prior year valuation.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS**  
**STATE PATROL SYSTEM**

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**SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JULY 1, 2006**

**A. ACTUARIAL METHODS**

- 1. Calculation of Normal Cost and Actuarial Accrued Liability:** The method used to determine the normal cost and actuarial accrued liability was the Entry Age Actuarial Cost Method described below.

**Entry Age Actuarial Cost Method**

Projected pension and preretirement spouse's death benefits were determined for all active members under age 60. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the assumed retirement age were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members under age 60 and determining an average normal cost rate which is then related to the total payroll of active members under age 60. The actuarial assumptions shown in Exhibit 10 were used in determining the projected benefits and cost factors. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, active members age 60 and over, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. The initial unfunded actuarial accrued liability established July 1, 2004, is amortized with a level dollar payment amount over 25 years. At subsequent valuation dates, amortization bases equal to changes in the unfunded actuarial accrued liability are established and amortized with a level dollar payment over a 25-year period. The unfunded liability was reinitialized as of July 1, 2006 and amortized over a 30-year period. At subsequent valuation dates, amortization bases equal to changes in the unfunded actuarial accrued liability are established and amortized over a level dollar payment over a 30-year period. If the unfunded actuarial accrued liability is \$0 or less on the valuation date, all previous amortization bases are considered fully amortized.

Under this method, experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS**  
**STATE PATROL SYSTEM**

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***SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JULY 1, 2006***

- 2. Calculation of the Actuarial Value of Assets:** The actuarial value of assets is based on a five-year smoothing method and is determined by spreading the effect of each year's investment return in excess of or below the expected return. The Market Value of assets at the valuation date is reduced by the sum of the following:
- (i) 80% of the return to be spread during the first year preceding the valuation date,
  - (ii) 60% of the return to be spread during the second year preceding the valuation date,
  - (iii) 40% of the return to be spread during the third year preceding the valuation date, and
  - (iv) 20% of the return to be spread during the fourth year preceding the valuation date.

The return to be spread is the difference between (1) the actual investment return on Market Value and (2) the expected return on Actuarial Value. Effective July 1, 2000, the expected return on Actuarial Value includes interest on the previous year's unrecognized return.

- 3. Calculation of Pension Benefit Obligation:** The method used to determine the Pension Benefit Obligation was the Projected Unit Credit Actuarial Cost Method without service proration. Under this method, the benefit is based on salary projected to assumed termination or retirement and service as of the valuation date.

**B. VALUATION PROCEDURES**

No actuarial liability is included for participants who terminated without being vested prior to the valuation date, except those due a refund of contributions.

The compensation amounts used in the projection of benefits and liabilities for active members were prior plan year compensations.

In computing accrued benefits, average compensation was determined by applying the salary scale assumption to most recent compensation to construct any missing salary history.

Projected benefits were limited by the dollar limitation required by the Internal Revenue Code Section 415 as it applies to governmental plans and compensation limited by Section 401(a)(17).

**Changes in Methods and Procedures Since the Prior Year**

Per LB 1019, the Nebraska Revised Statutes Section 81-2017(3) was amended such that the unfunded liability is reinitialized as of July 1, 2006 and amortized over a 30-year period. There were no other changes in the actuarial methods or procedures since the last valuation as of July 1, 2005.



**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
STATE PATROL SYSTEM**

**SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JULY 1, 2006**

c. Mortality rates under the mortality tables are shown below at sample ages:

Sample Age	Mortality Rates			
	Healthy Members		Disabled Members	
	Males	Females	Males	Females
30	.08%	.04%	.08%	.05%
40	.11	.07	.16	.09
50	.26	.14	.53	.22
60	.80	.44	1.31	.55
70	2.37	1.37	3.61	1.65
80	6.20	3.94	8.74	5.61

d. Life expectancies under the mortality tables are shown below at sample ages:

Sample Age	Life Expectancy (Years)			
	Healthy Members		Disabled Members	
	Males	Females	Males	Females
30	49.7	54.3	45.6	51.0
40	40.1	44.5	36.0	41.3
50	30.7	34.9	26.9	31.8
60	21.8	25.6	18.8	23.5
70	14.3	17.3	11.9	15.3
80	8.4	10.3	7.0	8.9

2. Retirement

Retirement is assumed to occur upon attaining certain age and service requirements. The retirement assumption varies depending on benefit eligibility age at retirement, and years elapsed since first eligible for benefits.

Those eligible for reduced early retirement (age 50 and 10 years of service) are assumed to retire at a rate of 21% in the first year eligible and 3% in the second and following years eligible.

Those eligible for unreduced early retirement (age 50 and 25 years of service or age 55 and 10 years of service) are assumed to retire at a rate of 75% in the first year eligible, 50% in the second year eligible, and 25% in the third and following years eligible.

Those reaching age 60 are assumed to retire at a rate of 100%.

3. Termination

3% at all ages.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
STATE PATROL SYSTEM**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2006**

4. Disability

Rates vary by age. Sample rates are as follows:

Age	Rate
25	.08%
30	.10%
35	.13%
40	.20%
45	.31%
50	.52%
55	.91%
60	1.36%

**OTHER ASSUMPTIONS**

1. Form of Payment

75% Joint & Survivor Annuity. Deferred vesteds are assumed to take a refund of contributions.

2. Marital Status

- a. Percent married
- b. Spouse's age

100% married  
Females assumed to be three years younger than males.

3. Children

All members are assumed to have one dependent child at death or retirement. The child is assumed to be 28 years younger than the member, and is assumed to always survive until age 19.

3. Administrative Expense

Investment return is assumed to be net of expenses.

4. Cost of living adjustments

2.5% per annum, compounded annually, and 3.5% per annum, compounded annually, after reaching 60% purchasing power floor benefit.

**CHANGES IN ASSUMPTIONS SINCE THE PRIOR YEAR**

There have been no changes in assumptions since the prior year valuation.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS  
STATE PATROL SYSTEM**

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**GLOSSARY OF TERMS**

<i>Actuarial Accrued Liability</i>	Total accumulated cost to fund pension benefits arising from service in all prior years.
<i>Actuarial Cost Method</i>	Technique used to assign or allocate, in a systematic and consistent manner, the expected cost of a pension plan for a group of participants to the years of service that give rise to that cost.
<i>Actuarial Present Value of Future Benefits</i>	Amount which, together with future interest, is expected to be sufficient to pay all future benefits.
<i>Actuarial Valuation</i>	Study of probable amounts of future pension benefits and the necessary amount of contributions to fund those benefits.
<i>Actuary</i>	Person who performs mathematical calculations pertaining to pension and insurance benefits based on specific procedures and assumptions.
<i>Annual Required Contribution</i>	Disclosure measure of annual pension cost.
<i>GASB 25</i>	Governmental Accounting Standards Board Statement number 25 which specifies how the Annual Required Contribution is to be calculated.
<i>Normal Cost</i>	That portion of the actuarial present value of benefits assigned to a particular year in respect to an individual participant or the plan as a whole.
<i>Unfunded Actuarial Accrued Liability</i>	The portion of the actuarial accrued liability not offset by plan assets.
<i>Vested Benefits</i>	Benefits which are unconditionally guaranteed regardless of employment status.