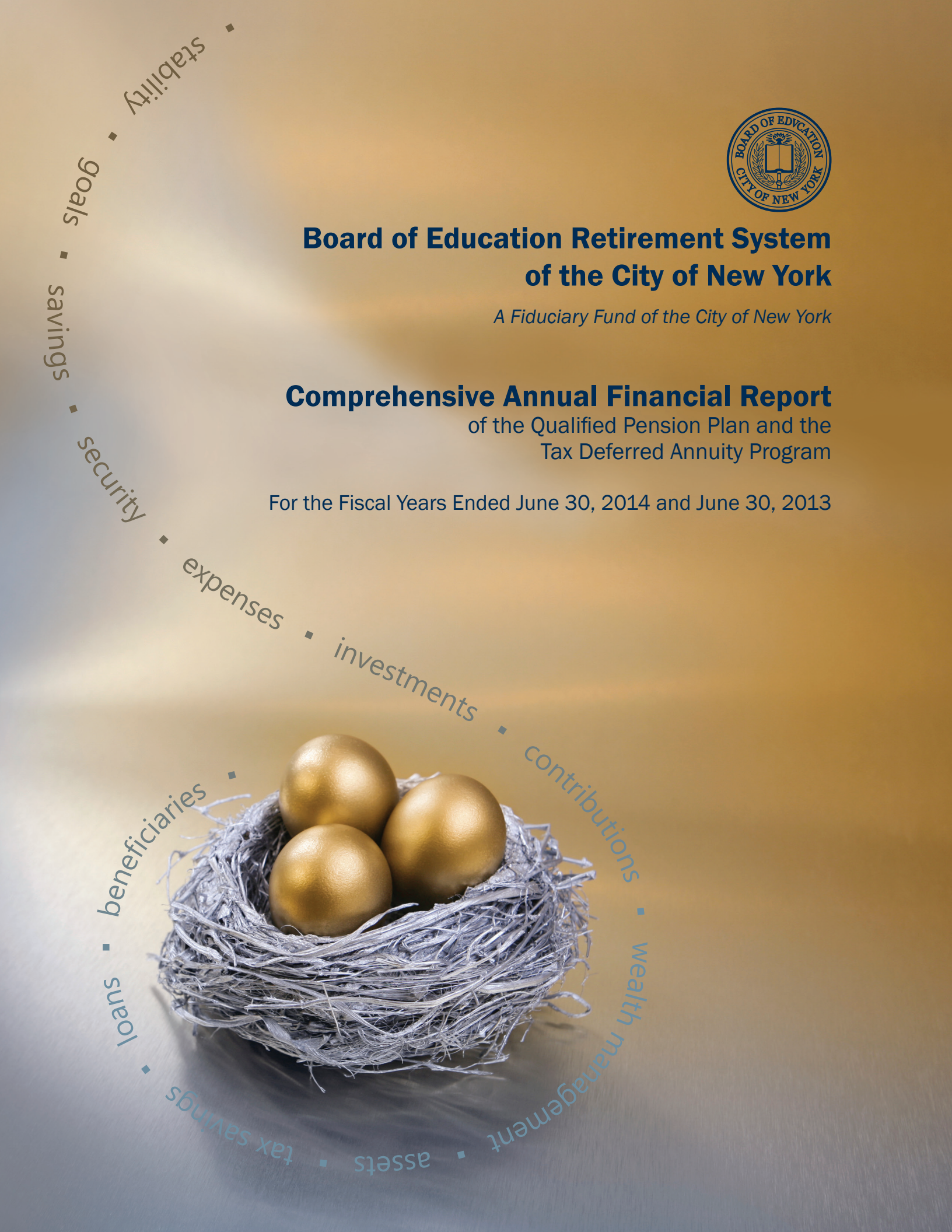
Board of Education Retirement System of the City of New York

A Fiduciary Fund of the City of New York

Comprehensive Annual Financial Report

of the Qualified Pension Plan and the
Tax Deferred Annuity Program

For the Fiscal Years Ended June 30, 2014 and June 30, 2013



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Comprehensive Annual Financial Report
of the Qualified Pension Plan and the
Tax Deferred Annuity Program

For the Fiscal Years Ended
June 30, 2014 and June 30, 2013

Prepared by

Christine Bailey, Executive Director

Rick Hederman, Director of Fiscal Operations

State of New York

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The goal of retirement is to live off your assets– not on them.
Frank Eberhart

1 INTRODUCTORY

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BOARD OF EDUCATION RETIREMENT SYSTEM
OF THE CITY OF NEW YORK
65 COURT STREET, 16th FLOOR
BROOKLYN, NEW YORK 11201- 4965

CHRISTINE BAILEY
EXECUTIVE DIRECTOR

718-935-5400
OUTSIDE NEW YORK STATE
1-800-843-5575

December 29, 2014

Board of Trustees
Board of Education Retirement System
City of New York
65 Court Street, 16th Floor
Brooklyn, NY 11201

Ladies and Gentlemen:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the New York City Board of Education Retirement System (BERS) for the fiscal years ended June 30, 2014 and June 30, 2013. This year, as a result of an analysis performed by the City's management, it was determined that it was preferable to present the New York City Board of Education Retirement System's financial statements on a combined basis for presentation purposes. As a result, data on the BERS Tax Deferred Annuity Program (TDA Program) is included in the financial statements and the 2013 financial statements were restated to conform to this change.

The QPP was initiated in 1921 to provide benefits for employees of the New York City Board of Education who are not eligible to participate in the New York City Teachers' Retirement System. Today, the membership of the QPP includes employees of the New York City School Construction Authority, School Crossing Guards employed by the New York City Police Department, employees of certain charter schools, and transferred contributors employed by other New York City agencies. The QPP is governed by Section 2575 of the New York Education Law, by the New York Retirement and Social Security Law, by certain provisions of the Administrative Code of New York City, and by other State and federal laws.

The TDA Program was created and is administered pursuant to the Internal Revenue Code Section 403(b) and existing State statutes and City laws. Certain members of the Qualified pension Plan (QPP) have the option to participate in the TDA Program, which provides a means of deferring income tax payments on their voluntary tax-deferred contributions until the period after retirement or upon withdrawal of contributions. Contributions to the TDA Program are made by the members only. The TDA Program is maintained as a separate plan.

The responsibility of the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with BERS. All disclosures necessary to enable the reader to gain an understanding of the system's financial activities have been included. Please refer to the Management's Discussion and Analysis in the Financial section of the CAFR for further discussions.

MAJOR LEGAL INITIATIVES - July 1, 2013 through June 30, 2014

Chapter 235 of the Laws of 2013: Information Disclosure – This act allows the tax department to disclose certain information to the commissioner of finance of the City of New York for purposes of administering laws relating to taxes and charges collected by department of finance of the City of New York.

Chapter 270 of the Laws of 2013: Child Support – This act revises certain procedures for income executions for child support; specifies the entities that qualify as issuers of income withholdings; imposes an obligation on the income payer to notify the issuer promptly if the debtor is no longer receiving income, and to provide the debtor's last known address; revises the information that must be included on an income withholding form; and specifies that payments for child support alone must be made to the State Disbursement Unit.

Chapter 489 of the Laws of 2013: World Trade Center Disability – This act addresses limitations in existing disability provisions intended to protect public employees who suffered illness or disability in WTC rescue, recovery and cleanup operations; specifies the covered conditions for which WTC disability may be granted; extends the deadline for filing a written statement to September 11, 2014; extends the covered periods in which the disability was manifested through September 11, 2012; permits vested and separated members to file for WTC disability; and permits the beneficiaries of deceased members to file claims.

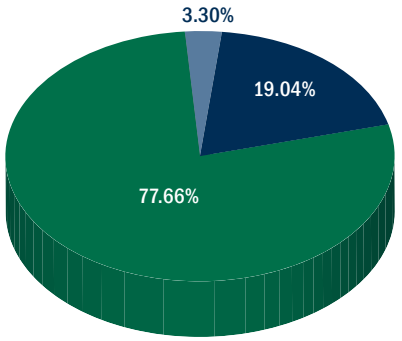
FUNDING

The financial objective of the QPP is to fund members' retirement benefits during their active service. The Employers contribute amounts that, together with member contributions and investment income, would ultimately be sufficient to accumulate assets to pay benefits when due. The Office of the Actuary establishes employer contribution rates which, expressed as a percentage of annualized covered payroll, remain approximately level from year to year. An adequate funding level provides assurance and security for payment of future benefits. In fiscal year 2014, BERS sought to maintain a level of funding within the established guidelines of the Government Accounting Standards Board (GASB).

One measure of the QPP's funded status, the ratio of Actuarial Asset Value to Entry Age Actuarial Accrued Liability, determined as of June 30, 2013, is 60.9%. Please refer to the report's Actuarial Section for a detailed discussion of BERS' measures of funded status.

The chart below summarizes the contribution funding sources for fiscal year 2014 for the QPP.

Funding Sources		
Funds	**Percentage**	**Contribution (In thousands)**
Member Contributions	3.30%	$37,193
Employer Contributions	19.04%	$214,590
Investment Income	77.66%	$875,453
Total	**100.00%**	**$1,127,236**



FUNDING SOURCES CHART

Member Contributions

Employer Contributions

Investment Income

Contributions to the TDA Program are made on a voluntarily basis by certain members of the QPP. The accounts of TDA Members who elect to participate in the fixed return fund investment program are credited with the statutory rate of interest, currently 7% for members represented by a recognized teacher organization for collective bargaining purposes which for BERS is the United Federation of Teachers (UFT) members and 8.25% for all other members. Members can also elect to participate in a variable return fund program.

INVESTMENTS

Investment Summary

BERS investments within the fixed return fund increased in value for the fiscal year ending June 2014 with a return of 19.5%, compared to 18.3% for the BERS Policy Benchmark, against which it is measured. The investments' market value just having achieved the $2.9 billion mark two years ago cleared another milestone and ended Fiscal Year 2014 at $4.2 billion. Performance was not only strong in an absolute sense (this represents the second consecutive year of double-digit returns), but BERS investments also outperformed its benchmark for the fiscal year as well as nearly all other comparably sized public pension funds. Performance also remains strong over the trailing five and ten year time periods, where the BERS investments are also ahead of benchmark and ranks within the top quartile of its peer group. Over the trailing ten-year period, BERS' investments have returned an annualized 8.0% versus 7.7% for the benchmark.

Investment Description

The pension fund is a long-term investment fund structured to provide assets for the payouts needed for the benefits of the participants. The Trustees establish a target asset mix after considering the long-term growth prospects for the diversified group of investments and the cost of the plan participants' benefits. This asset allocation does not change significantly from year to year, and the fund is rebalanced to the target mix as it pays out benefits and receives contributions. The goal of the broad diversification of the fund is to have some portion of the investments in above average performing segments regardless of the overall market conditions. For more detailed information, please refer to our investment section.

The System's assets are invested in two investment programs. These are the fixed return fund, which is managed by BERS, and the variable return fund (consisting primarily of equity securities), which is managed by the New York City Teachers Retirement System (TRS).

Under the fixed return program, the mix of investment assets purchased with monies from the TDA Program fixed return fund is the same as that purchased with member and employer contributions to the QPP. TDA Program members and certain Tier 1 and 2 QPP members may transfer their balances between the fixed return fund and the variable return fund on a quarterly basis. The QPP's assets within the variable return fund are co-invested with those assets of the TDA Program that are earmarked for the variable return fund. These financial statements reflect both the QPP and the TDA Program's investment activity in the fixed return fund as well as the variable return fund.

Investment Policy

BERS' investment policy statement, ratified by the Board of Trustees in January 2009 and amended in October 2011 and in January 2013, addresses investment objectives, investment philosophy and strategy, monitoring and evaluating performance, risk management, security lending protocol and rebalancing investment mix. The investment policy is available upon request.

Investment Valuation

Investments are reported at fair value. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be resold. Fair value is defined as the quoted market value on the last trading day of the period, except for the International Investment Funds (the "IIF") and Alternative Investment Funds (the "ALTINVF"). The IIF are private funds of publicly traded securities which are managed by various investment managers on behalf of BERS. Fair value is determined by BERS management based on information provided by the various investment managers. The investment managers determine fair value using the last available quoted price for each security owned adjusted by any contributions to or withdrawals from the fund during the period. The ALTINVF are investments for which exchange quotations are not readily available and are valued at estimated fair value as determined in good faith by the General Partner (GP). These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results and other factors deemed relevant by the GP. Fair value is determined by plan management based on information provided by the various GP's after review by an independent consultant and the custodian bank for the fund.

No investment in any one security represents 5% or more of BERS net position held in trust for benefits.

ECONOMIC AND MARKET COMMENT

The US economy continued to grow and the labor market data indicated continued improvement. In response, the Federal Reserve began to pare back quantitative easing measures and market participants caught glimpse of a return to normal interest rates in the horizon. GDP was solid with the latest government estimates reporting 2.5% growth during the fiscal year. Inflation remained relatively constrained and grew at 2.1%, the first time it had achieved the Federal Reserve's informal 2.0% target since 2012. The job market continued to show continued improvement and added an average 206,000 jobs a month, a pace not seen since Fiscal Year 2012. The unemployment rate continued to decline, falling from 7.5% to 6.1% over the course of the fiscal year, below the informal 6.5% target that the Federal Reserve had previously cited where a return to a more normalized monetary policy would be appropriate (but subsequently retracted). These favorable indicators of economic health have had a proportionate effect on BERS investments.

The US stock market, as measured by the Russell 3000 stock index, returned 25.2% for the fiscal year, performing similarly to the 21.5% return generated during the preceding fiscal year. Although the Federal government began to pare back quantitative easing as part of the unwinding of accommodative monetary policy, equities continued to climb given sentiment that improving economic conditions would offset. In addition, interest rates remained low as market participants anticipated the unwinding of easy monetary policy to occur in a more gradual manner. International stocks did similarly well, with the MSCI EAFE Index returning 24.1%. This was achieved despite lacking signs of recovery in Europe. Fixed income returns were positive despite the prospect of higher interest rates. The yield on the 10-Year Treasury Note spiked from 2.5% to over 3.0% on the elimination of quantitative easing purchases and increased likelihood for a forth coming rate hike. Higher rates proved to be short-lived, however, as a combination of muted inflation figures and a relatively "dovish" bias on the part of the Fed caused interest rates to revert back down to beginning of year levels. The Barclays Aggregate Index, which represents a proxy of investment-grade bonds, returned 4.4% for the fiscal year. High yield fixed income, which is highly correlated to the movement of equity prices, returned 11.7%.

OTHER INFORMATION

Internal Control

The Executive Director is responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance that the assets of the system are safeguarded and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The system's internal control practices are designed to provide reasonable assurance that these objectives are met.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Accounting and Reporting

The accrual basis of accounting is used to record assets, liabilities, revenues and expenses. Fixed income assets and equity investments are recorded at market value. This CAFR has been prepared in conformity with principles

of governmental accounting and reporting, promulgated by the Governmental Accounting Standards Board (GASB), and according to guidelines adopted and published by the Government Finance Officers Association of the United States and Canada (GFOA).

In 2014, BERS adopted Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25.* This Statement establishes financial reporting standards for state and local governmental pension plans, defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements in which: (1) contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable (2) pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms and (3) pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets are also legally protected from creditors of the plan members. For defined benefit pension plans, this statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Distinctions are made regarding the particular requirements depending upon the type of pension plan administered. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and Statement No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statement No. 25 and Statement No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide post-employment benefits other than pensions. Implementation of GASB Statement No. 67 did not impact the QPP or TDA Program's fiduciary net position, however, certain changes to note disclosures and required supplementary information have been incorporated to comply with the new standard.

Independent Audit

The five major retirement systems of the City of New York are required to undergo an annual audit by a firm of certified public accountants, in accordance with generally accepted auditing standards. Deloitte & Touche LLP, whose opinion is presented in the Financial Section of this report, conducted the audit of the financial statements of BERS for the fiscal year ended 2014. The five New York retirement systems also undergo a five year audit conducted by the New York State Department of Financial Services. During the fiscal year 2010, BERS went through an audit covering fiscal year 2004 thru fiscal year 2008.

Professional Services

Buck Consultants and Britten Network are consultants retained by the Retirement Board to perform professional services that are essential to the effective and efficient operations of the BERS.

BERS is going through the process of installing an Enterprise Resource Planning software, Comprehensive Pension Management System (CPMS). It is a multiyear project and the services of Vitech Systems Group Incorporated; GTJZ Consulting; and KPMG LLP have been retained to guide BERS.

The Chief Actuary provides actuarial services for the five major pension systems maintained by the City. His actuarial report and certification are included in this annual report. The New York City Comptroller and the Teachers' Retirement System retain investment managers to assist in the execution of investment policy in accordance with statutory authority, Retirement Board decisions and standard governing fiduciary practices.

Awards

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the BERS for its CAFR for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state and local government finance reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. BERS has received a Certificate of Achievement over the last twenty seven consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and it will be submitted to the GFOA.

Acknowledgments

The dedicated service of the managers and staff of BERS made the preparation of this CAFR, on a timely basis, possible. In addition, our appreciation is extended to those members of the staffs of the Bureaus of Accountancy and Asset Management of the New York City Comptroller's Office and the Office of the Actuary who worked closely with the BERS personnel in the compilation of this report. We hope that the members of the Retirement Board, officials of the Department of Education of the City of New York, our members and the citizens of the City will find this report informative and helpful.

Respectfully submitted,

Christine Bailey, Executive Director

New York City Board of Education Retirement System

For the Fiscal Year Ended June 30, 2014

BOARD OF TRUSTEES

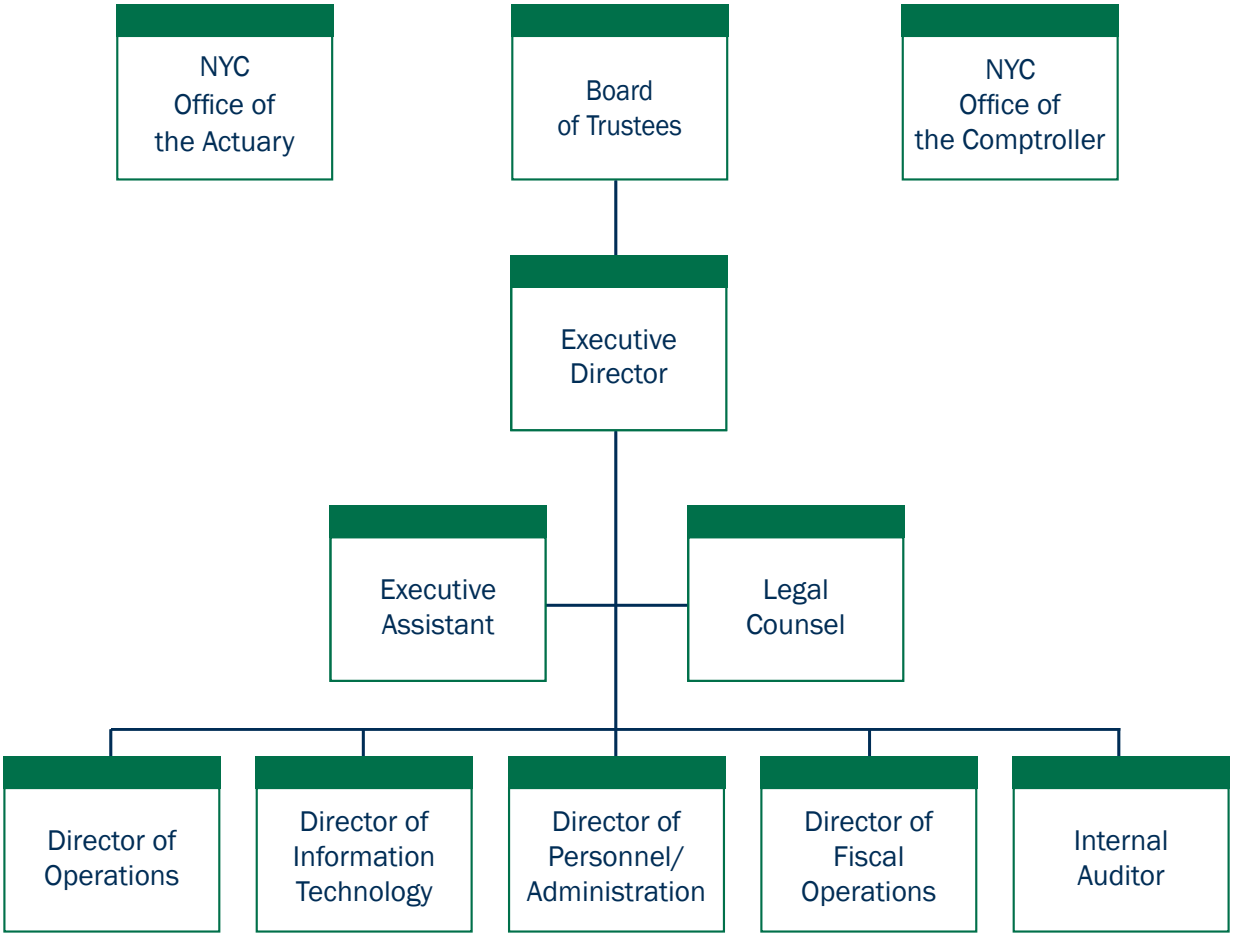
Prepared By:
Christine Bailey, Executive Director
Rick Hederman, Director of Fiscal Operations

Actuary:
Robert C. North, Jr.,
Chief Actuary

Custodian of the Funds:
Scott M. Stringer,
Comptroller of the City of New York

Headquarters Address:
Board of Education Retirement System
City of New York
65 Court Street, 16th Floor
Brooklyn, New York 11201

ORGANIZATION CHART



New York City Board of Education Retirement System

For the Fiscal Year Ended June 30, 2014

CONSULTING AND PROFESSIONAL SERVICES

Actuary
Office of the Actuary
255 Greenwich Street, 9th Floor
New York, NY 10007

Auditors
Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112

CPMS Consultants
Gary Tunnicliffe & Jack Ziegler, LLC
321 Union Street, #4A
Brooklyn, NY 11231

KPMG LLP
345 Park Avenue
New York, NY 10154

Vitech Systems Group, Inc.
401 Park Avenue South, 12th Floor
New York, NY 10016

Custodians of Funds
Office of the Comptroller
1 Centre Street
New York, NY 10007

Teachers Retirement System
55 Water Street
New York, NY 10041

Investment Consultants
Britten Network
434 Main Street
Royersford, PA 19468

Buck Investment Consultants
485 Lexington Avenue
New York, NY 10167

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

New York City

Board of Education Retirement System

Qualified Pension Plan, New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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2 FINANCIAL

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
New York City Board of Education Retirement
System:

Report on the Financial Statements

We have audited the accompanying combined statements of fiduciary net position of the New York City Board of Education Retirement System, which are comprised of the New York City Board of Education Retirement System Qualified Pension Plan and the New York City Board of Education Retirement System Tax-Deferred Annuity Program (the "System") as of June 30, 2014 and 2013, and the related combined statements of changes in fiduciary net position for the years then ended, and the related notes to the combined financial statements, which collectively comprise the Systems' basic combined financial statements as listed in the table of contents.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Systems' preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Systems' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined fiduciary net position as of June 30, 2014 and 2013, and the combined changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Member of
Deloitte Touche Tohmatsu Limited

Emphasis of Matters

As discussed in Note 2 to the combined financial statements, in 2014, the Systems adopted Governmental Accounting Standards Board ("GASB") Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

As discussed in Note 2, in 2014, as a result of an analysis performed and determination by the City's management, it was preferable to present the New York City Board of Education Retirement Systems' financial statements on a combined basis for presentation purposes. As a result, the Systems 2013 financial statements were restated to conform to this change. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule 1, Schedule 2 and Schedule 3, as listed in the table of contents, be presented to supplement the basic combined financial statements. Such information, although not a part of the basic combined financial statements, is required by the GASB who considers it to be an essential part of the financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audit of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements. The Introductory Section, Additional Supplementary Information, Investment Section, Actuarial Section, and Statistical Section, as listed in the foregoing table of contents, are presented for the purpose of additional analysis and are not a required part of the basic combined financial statements.

The Additional Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combined financial statements or to the basic combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion the Additional Supplementary Information is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.

The Introductory Section, Investment Section, Actuarial Section, and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Deloitte & Touche LLP

October 29, 2014

This narrative discussion and analysis of the New York City Board of Education Retirement System's ("BERS" or the "System") financial performance provides an overview of the System's financial activities for the Fiscal Years ended June 30, 2014 and 2013. It is meant to assist the reader in understanding the System's combined financial statements by providing an overall review of the combined financial activities during the years and the effects of significant changes, as well as a comparison with the prior years' activities and results. This discussion and analysis is intended to be read in conjunction with the System's financial statements. The System administers the BERS Qualified Pension Plan (the "QPP") and the BERS Tax-Deferred Annuity Program (the "TDA Program").

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the System's basic combined financial statements. The basic combined financial statements, which are prepared in accordance with Governmental Accounting Standards Board ("GASB") pronouncements and include the financial statements of the QPP and the TDA Program, are as follows:

- **The Combined Statements of Fiduciary Net Position** — presents the financial position of the System at fiscal year end. It provides information about the nature and amounts of resources with present service capacity that the System presently controls (assets), consumption of net assets by the System that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the System has little or no discretion to avoid (liabilities), and acquisition of net assets by the System that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position. Investments are shown at fair value. All other assets and liabilities are determined on an accrual basis.

- **The Combined Statements of Changes in Fiduciary Net Position** — presents the results of activities during the fiscal year. All changes affecting the assets/deferred outflow and liabilities/deferred inflow of the System are reflected on an accrual basis when the activity occurred, regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net appreciation (depreciation) in fair value of investments.

- **The Notes to Combined Financial Statements** — provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the System's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

- **Required Supplementary Information** — as required by GASB is presented after the notes to the combined financial statements.

In 2014, the System adopted GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25.* Implementation of GASB Statement No. 67 did not impact the combined fiduciary net position of the System; however, certain changes to note disclosures and required supplementary information have been incorporated to comply with the new standard.

FINANCIAL HIGHLIGHTS

QPP Fiduciary Net Position

During Fiscal Year 2014, the QPP's net position held in trust for benefits increased to $3.28 billion, a net increase of $625.61 million or 23.58% from Fiscal Year 2013. The increase in Fiscal Year 2014 was due primarily to the increase in the fair value of investment, which increased by 18.03%. The QPP's fair value of investments including collateral security lending was $4.74 billion, a net increase of $723.88 million.

During Fiscal Year 2013, the QPP's net position held in trust for benefits increased to $2.65 billion, a net increase of $343.05 million or 14.85 % from Fiscal Year 2012. The increase in Fiscal Year 2013 was due to an increase in the fair market value of investment, which increased by 19.34%. For the Fiscal Year end 2013, the QPP's fair value of investments including collateral security lending was $4.02 billion, a net increase of $650.73 million.

QPP Fiduciary Net Position
as of June 30, 2014, 2013, and 2012
(In thousands)

	2014	2013	2012
Assets:			
Cash	$ 8,903	$ 903	$ 231
Receivables	223,667	164,666	177,304
Investments at fair value	4,327,245	3,620,069	3,097,934
Collateral from securities lending	412,592	395,890	267,293
Other	14,150	10,559	691
Total assets	4,986,557	4,192,087	3,543,453
Liabilities:			
Accounts payable	14,783	11,190	8,582
Payable for investments purchased	273,978	257,507	199,349
Accrued benefits payable	6,816	7,784	5,339
Due to the TDA Program from the System	999,123	866,065	752,292
Payables for securities lending	412,592	395,890	267,293
Total liabilities	1,707,292	1,538,436	1,232,855
Net position held in trust for benefits	$ 3,279,265	$ 2,653,651	$ 2,310,598

Total receivables increased from $164.67 million in Fiscal Year 2013 to $223.68 million at the close of Fiscal Year 2014. Included in these receivables are QPP member loans outstanding which at Fiscal Year 2014 and 2013 were $42.31 million and $39.28 million, respectively.

The QPP's receivables and payables for investments are primarily generated through the timing differences between the trade and settlement dates for investment securities purchased or sold.

As of June 30, 2014, the QPP's other assets increased to $14.15 million from $10.56 million, a 34.01% increase. A continuation of capitalization of expenses for an Enterprise Resource Plan ("ERP") project is the main component of the QPP's other assets.

Changes in QPP Fiduciary Net Position

During Fiscal Year 2014, QPP member contributions decreased to $37.19 million, a 4.77% decrease from the 2013 contribution amount of $39.06 million. This decrease can be explained as a normalization of member contributions compared to last year's increase due to the onset of Tier 6 on April 1, 2012.

During Fiscal Year 2013, member contributions to the QPP increased to $39.06 million, an 18.83% increase from the $32.87 million contributed in Fiscal Year 2012. This increase was due to contributions made during the fiscal year by new Tier 4 members, who joined the QPP by March 31, 2012, the last day to be enrolled in the Tier 4 program.

Employer contributions received by the QPP in Fiscal Year 2014 were at $214.59 million, an increase of 9.35% over the Fiscal Year 2013 figure of $196.25 million. This increase is primarily due to the net result of actuarial gains and losses. Employer contributions are made on a statutory basis based on the One-Year Lag methodology.

Employer contributions received in Fiscal Year 2013 were at $196.25 million, a decrease of 8.15% from the Fiscal Year 2012 figure of $213.65 million. This decrease is primarily due to the net result of actuarial gains and losses.

Changes in QPP Fiduciary Net Position as of June 30, 2014, 2013, and 2012 (In thousands)

	2014	2013	2012
Additions:			
Member contributions	$ 37,193	$ 39,056	$ 32,866
Employer contributions	214,590	196,246	213,651
Net investment income	874,539	658,543	111,764
Net securities lending income	914	2,284	1,973
Transfer of investment income to the TDA Program from the System	(206,615)	(163,756)	(28,396)
Net receipts (payments to) from other retirement systems	(70,916)	(176,301)	(141,694)
Total additions	849,705	556,072	190,164
Deductions:			
Benefit payments and withdrawals	214,315	204,093	194,507
Administrative expenses	9,776	8,927	8,687
Total deductions	224,091	213,020	203,194
Net increase (decrease) in net position	625,614	343,052	(13,030)
Net position held in trust for benefits:			
Beginning of year	2,653,651	2,310,599	2,323,629
End of year	$ 3,279,265	$ 2,653,651	$ 2,310,599

The benefit payments and withdrawals increased by 5.01% in Fiscal Year 2014, from $204.09 million to $214.31 million. The increase in Fiscal Year 2014 was primarily due to an increase in the pension benefits to retirees, which went up 5.63% to $202.23 million.

During Fiscal Year 2013, plan benefits and withdrawals increased by 4.93%, from $194.51 million to $204.09 million. The increase in Fiscal Year 2013 was mostly due to an increase of 15.10% in the death benefit payments from Fiscal Year 2012.

In 2014, the administrative expenses account showed an increase of 9.51 % to $9.78 million. The marginal increase was due to higher personnel expenses in 2014, which went up by 13.25%.

In 2013, the administrative expenses account showed an increase of 2.76 % to $8.93 million. The marginal increase was due to higher allocation of expenses to the pension program.

Changes in TDA Program Fiduciary Net Position

During Fiscal Year 2014, the TDA Program's net position held in trust for benefits increased to $1.44 billion, a net increase of $199.39 million or 16.11% from Fiscal Year 2013. The increase in Fiscal Year 2014 was primarily due to an increase in the fair value of investment, which increased by 21.31%.

The TDA Program's net position held in trust for benefits increased from Fiscal Year 2012 to Fiscal Year 2013 by $163.52 million or 15.22 % to $1.24 billion.

At the end of Fiscal Year 2014, the TDA Program's fair value of investment including collateral security lending was $420.12 million for the variable return fund and $999.12 million in the fixed return fund through co-investment with the QPP. At the close of Fiscal Year 2013, fair value of investment including collateral security lending were $346.31 million and $866.07 million, respectively. These asset figures are reported as offsets in the QPP, which acts as the lead investing partnering fund.

TDA Program Fiduciary Net Position
as of June 30, 2014, 2013, and 2012
(In thousands)

	2014	2013	2012
Assets:			
Cash	$ 2,902	$ 309	$ 75
Receivables	39,102	37,011	31,926
Investments, at fair value	403,176	346,168	298,236
Due to the TDA Program from the System	999,123	866,065	752,292
Collateral from securities lending	16,940	138	2,845
Other	3,619	3,256	2,990
Total assets	1,464,862	1,252,947	1,088,364
Liabilities:			
Accounts payable	42	2,996	4,106
Payable for investments purchased	3,668	5,388	1,446
Accrued benefits payable	6,750	6,355	5,415
Securities lending transactions	16,940	138	2,845
Total liabilities	27,400	14,877	13,812
Net position held in trust for benefits	$ 1,437,462	$ 1,238,070	$ 1,074,552

Total receivables went from $37.01 million in Fiscal Year 2013 to $39.10 million at the close of Fiscal Year 2014. Included in these receivables, the TDA Program's member loans outstanding went from $31.52 million at the close of Fiscal Year 2013 to $34.76 million at the close of Fiscal Year 2014, a 10.29% increase. Member loans outstanding at the end of Fiscal Year 2012 were $30.23 million.

The TDA Program's other assets went from $3.26 million in Fiscal Year 2013 to $3.62 million at the end of Fiscal Year 2014, an increase of 11.15%.

The TDA Program's receivables and payables are primarily generated through the timing differences between the trade and settlement dates for investment securities purchased or sold within the variable return fund.

Changes in TDA Program Fiduciary Net Position

Changes in TDA Program Fiduciary Net Position
as of June 30, 2014, 2013, and 2012
(In thousands)

	2014	2013	2012
Additions:			
Member contributions	$ 63,767	$ 61,550	$ 59,024
Net investment income	82,136	62,114	6,468
Net securities lending income	87	20	-
Transfer of investment income to the TDA Program from the System	206,615	163,756	28,396
Net receipts from (payments to) other retirement systems	(110,273)	(86,810)	26,593
Total additions	242,332	200,630	120,481
Deductions:			
Benefit payments and withdrawals	40,410	34,657	33,811
Administrative expenses	2,530	2,455	2,445
Total deductions	42,940	37,112	36,256
Net increase in net position	199,392	163,518	84,225
Net position held in trust for benefits:			
Beginning of year	1,238,070	1,074,552	990,327
End of year	$ 1,437,462	$ 1,238,070	$ 1,074,552

During Fiscal Year 2014, member contributions to the TDA Program increased to $63.77 million, a 3.60% increase from the $61.55 million contributed in Fiscal Year 2013.

Member contributions to the TDA Program increased to $61.55 million during Fiscal Year 2013, a 4.28% increase from the $59.02 million contributed in Fiscal Year 2012.

The benefit payments and withdrawals experienced a $5.75 million (16.60%) increase from June 30, 2013 to June 30, 2014; and a $0.85 million (2.50%) increase from June 30, 2012 to June 30, 2013. The increase in Fiscal Year 2014 was mostly due to an increase in death benefits of 42% to $9.24 million.

In 2014, administrative expenses showed an increase of 3.06 % to $2.53 million. The marginal increase was due to higher personnel expenses allocated to the TDA program in 2014. This expense category went up by 3.20%. The TDA Program's incurred $2.46 million of administrative expenses during Fiscal Year 2013 and $2.45 million during Fiscal Year 2012.

Investment Summary

Investments held by BERS' QPP and TDA Program (which includes the fixed return fund and the variable return fund programs), including collateral from securities lending transactions from both programs, are listed according to their investment classification in the following table:

Investment Summary
as of June 30, 2014, 2013, and 2012
(In thousands)

Fair Value	2014	2013	2012
Short Term Investments	$ 157,989	$ 67,852	$ 8,975
Debt Securities	791,282	858,808	854,315
U.S. Equity Securities	907,430	1,841,854	1,421,768
Private Equity Securities	280,168	202,598	159,660
International Equity Securities	958,686	765,943	692,919
Mutual Fund Securities	1,634,866	228,586	87,426
Promissory Notes	-	596	1,107
Security Lending Transactions	429,532	396,028	270,138
Total	$ 5,159,953	$ 4,362,265	$ 3,666,308

Because the QPP's liabilities are of a long-term nature, the assets of the QPP, and, de facto, of the TDA Program, are invested with a long-term investment horizon. Assets are invested in a diversified portfolio of capital market securities. Investments in these assets are expected to produce higher returns, but are also subject to greater volatility and may produce negative returns. The QPP's investments increased by 18.29% in Fiscal Year 2014, and increased by 18.98% in Fiscal Year 2013. In 2014, as well as in 2013, strong market performance was the reason behind these increases.

CONTACT INFORMATION

This financial report is designed to provide a general overview of The New York City Board of Education Retirement System's finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Chief Accountant, New York City Board of Education Retirement System, 65 Court Street, 16th Floor, Brooklyn, New York 11201.

Combined Statement Of Fiduciary Net Position
June 30, 2014
(In thousands)

	QPP	TDA Program	Eliminations	Total
ASSETS:				
Cash	$ 8,903	$ 2,902	$ -	$ 11,805
Receivables:				
Investment securities sold	181,295	3,824	-	185,119
Accrued interest and dividends	61	516	-	577
Member loans	42,307	34,762	-	77,069
Other	4	-	-	4
Total receivables	223,667	39,102	-	262,769
Investments — at fair value				
Fixed return funds:				
Short-term investments:				
Commercial paper	39,502	-	-	39,502
Short-term investment fund	26,295	-	-	26,295
Discount notes	87,031	-	-	87,031
Debt securities	781,227	-	-	781,227
Equity Securities	472,007	-	-	472,007
Alternative Investments	280,168	-	-	280,168
Collective Trust Funds:				
International equity	958,686	-	-	958,686
Domestic equity	1,389,836	-	-	1,389,836
Mortgage debt security	20,519	-	-	20,519
Treasury inflation protected securities	141,253	-	-	141,253
Fixed income	83,258	-	-	83,258
Collateral from securities lending	410,598	-	-	410,598
Variable return funds:				
Short-term investments	544	4,617	-	5,161
Debt securities	1,059	8,996	-	10,055
Equities	45,860	389,563	-	435,423
Collateral from securities lending	1,994	16,940	-	18,934
Total investments	4,739,837	420,116	-	5,159,953
Due to the TDA Program from the System	-	999,123	(999,123)	-
Other assets	14,150	3,619	-	17,769
Total assets	4,986,557	1,464,862	(999,123)	5,452,296
LIABILITIES:				
Accounts payable	14,783	42	-	14,825
Payable for investment securities purchased	273,978	3,668	-	277,646
Accrued benefits payable	6,816	6,750	-	13,566
Due to the TDA Program from the System	999,123	-	(999,123)	-
Securities lending	412,592	16,940	-	429,532
Total liabilities	1,707,292	27,400	(999,123)	735,569
NET POSITION HELD IN TRUST FOR BENEFITS:				
Benefits to be provided by QPP	3,279,265	-	-	3,279,265
Benefits to be provided by TDA Program	-	1,437,462	-	1,437,462
TOTAL NET POSITION HELD IN TRUST FOR BENEFITS	$ 3,279,265	$ 1,437,462	$ -	$ 4,716,727

See notes to combined financial statements.

Combined Statement Of Fiduciary Net Position
June 30, 2013
(In thousands)

	QPP	TDA Program	Eliminations	Total
ASSETS:				
Cash	$ 903	$ 309	$ -	$ 1,212
Receivables:				
Investment securities sold	123,297	5,024	-	128,321
Accrued interest and dividends	55	469	-	524
Member loans	39,281	31,518	-	70,799
Other	2,033	-	-	2,033
Total receivables	164,666	37,011	-	201,677
Investments — at fair value				
Fixed return funds:				
Short-term investments:				
Commercial paper	27,650	-	-	27,650
Short-term investment fund	26,449	-	-	26,449
Discount notes	10,022	-	-	10,022
Debt securities:				
U.S. government and U.S. government agency	453,013	-	-	453,013
Corporate and others	389,317	-	-	389,317
Promissory notes	596	-	-	596
Equities	1,475,472	-	-	1,475,472
Alternative investments	202,598	-	-	202,598
Collective trust funds:				
International equity	765,943	-	-	765,943
Mortgage debt security	14,902	-	-	14,902
Treasury inflation protected securities	135,243	-	-	135,243
Fixed income	78,441	-	-	78,441
Collateral from securities lending	395,874	-	-	395,874
Variable return funds:				
Short-term investments	390	3,341	-	3,731
Debt securities	1,723	14,755	-	16,478
Equities	38,310	328,072	-	366,382
Collateral from securities lending	16	138	-	154
Total investments	4,015,959	346,306	-	4,362,265
Due to the TDA Program from the System	-	866,065	(866,065)	-
Other assets	10,559	3,256	-	13,815
Total assets	4,192,087	1,252,947	(866,065)	4,578,969
LIABILITIES:				
Accounts payable	11,190	2,996	-	14,186
Payable for investment securities purchased	257,507	5,388	-	262,895
Accrued benefits payable	7,784	6,355	-	14,139
Due to the TDA Program from the System	866,065	-	(866,065)	-
Securities lending	395,890	138	-	396,028
Total liabilities	1,538,436	14,877	(866,065)	687,248
NET POSITION HELD IN TRUST FOR BENEFITS:				
Benefits to be provided by QPP	2,653,651	-	-	2,653,651
Benefits to be provided by TDA Program	-	1,238,070	-	1,238,070
TOTAL NET POSITION HELD IN TRUST FOR BENEFITS	$ 2,653,651	$ 1,238,070	$ -	$ 3,891,721

See notes to combined financial statements.

Combined Statement Of Changes In Fiduciary Net Position
Year Ended June 30, 2014
(In thousands)

	QPP	TDA Program	Total
ADDITIONS:			
Contributions			
Member contributions	$ 37,193	$ 63,767	$ 100,960
Employer contributions	214,590	-	214,590
Total contributions	251,783	63,767	315,550
Investment income			
Interest income	44,321	2,877	47,198
Dividend income	60,033	5,593	65,626
Net appreciation in fair value of investments	781,671	74,351	856,022
Total investment income	886,025	82,821	968,846
Less — investment expenses	(11,486)	(685)	(12,171)
Net investment income	874,539	82,136	956,675
Securities lending transactions			
Securities lending income (loss)	997	87	1,084
Securities lending fees	(83)	-	(83)
Net securities lending income	914	87	1,001
Net investment income	875,453	82,223	957,676
Other — payments to other retirement systems & other revenues/expenses	(70,916)	(110,273)	(181,189)
Transfer of Investment income to the TDA Program from the System	(206,615)	206,615	-
Total additions	849,705	242,332	1,092,037
DEDUCTIONS:			
Benefit payments and withdrawals	214,315	40,410	254,725
Administrative expenses	9,776	2,530	12,306
Total deductions	224,091	42,940	267,031
NET INCREASE IN NET POSITION	625,614	199,392	825,006
NET POSITION HELD IN TRUST FOR BENEFITS:			
Beginning of year	2,653,651	1,238,070	3,891,721
End of year	$ 3,279,265	$ 1,437,462	$ 4,716,727

See notes to combined financial statements.

Combined Statement Of Changes In Fiduciary Net Position
Year Ended June 30, 2013
(In thousands)

	QPP	TDA Program	Total
ADDITIONS:			
Contributions			
Member contributions	$ 39,056	$ 61,550	$ 100,606
Employer contributions	196,246	-	196,246
Total contributions	235,302	61,550	296,852
Investment income			
Interest income	40,531	3,490	44,021
Dividend income	50,865	6,512	57,377
Net appreciation in fair value of investments	576,115	52,779	628,894
Total investment income	667,511	62,781	730,292
Less — investment expenses	8,968	667	9,635
Net investment income	658,543	62,114	720,657
Securities lending transactions			
Securities lending income (loss)	2,469	87	2,556
Securities lending fees	(185)	(67)	(252)
Net securities lending income	2,284	20	2,304
Net investment income	660,827	62,134	722,961
Other- payments to other retirement systems & other revenues/expenses	(176,301)	(86,810)	(263,111)
Transfer of Investment income to the TDA Program from the System	(163,756)	163,756	-
Total additions	556,072	200,630	756,702
DEDUCTIONS:			
Benefit payments and withdrawals	204,093	34,657	238,750
Administrative expenses	8,927	2,455	11,382
Total deductions	213,020	37,112	250,132
NET INCREASE IN NET POSITION	343,052	163,518	506,570
NET POSITION HELD IN TRUST FOR BENEFITS:			
Beginning of year	2,310,599	1,074,552	3,385,151
End of year	$ 2,653,651	$ 1,238,070	$ 3,891,721

See notes to combined financial statements.

1. SYSTEM DESCRIPTION

The City of New York (the "City") maintains a number of pension systems providing benefits for employees of its various agencies (as defined within New York State ("State") statutes and City laws). The City's five major actuarially-funded pension systems are the New York City Board of Education Retirement System ("BERS" or the "System"), the New York City Employees' Retirement System ("NYCERS"), the Teachers' Retirement System of the City of New York ("TRS"), the New York City Police Pension Fund ("POLICE"), and the New York Fire Department Pension Fund ("FIRE"). Each pension system is a separate Public Employee Retirement System ("PERS") with a separate oversight body and is financially independent of the others.

BERS administers the BERS Qualified Pension Plan (the "QPP") and the BERS Tax-Deferred Annuity Program (the "TDA Program"). BERS is the fiduciary for the QPP and the TDA Program, which are included under BERS in the Pension and Other Employee Benefit Trust Funds section of the City's Comprehensive Annual Financial Report ("CAFR").

The QPP is a cost-sharing, multiple-employer PERS. The QPP provides pension benefits for non-pedagogical employees of the Department of Education and certain other specific schools and certain employees of the New York City School Construction Authority (collectively, the "Employer"). Substantially, all Department of Education non-pedagogical permanent employees, other than members of TRS, become members of the QPP on the first day of permanent employment. Employees classified as noncompetitive, exempt or provisional by Civil Service are eligible to enroll in the QPP voluntarily. Membership date is governed by the date of filing.

The QPP functions in accordance with existing State statutes and City laws, which establish and amend the benefit terms and the employer and member contribution requirements. It combines features of a defined benefit pension plan with those of a defined contribution pension plan. Contributions are made by the employer and the members.

At June 30, 2012 and June 30, 2011, the dates of the QPP's most recent actuarial valuations, the QPP membership consisted of:

	2012	2011
Retirees and beneficiaries receiving benefits	14,874	14,399
Terminated vested members not yet receiving benefits	184	189
Other inactives*	3,305	3,445
Active members receiving salary	27,840	23,131
Total	46,203	41,164

* Represents members who are no longer on payroll but not otherwise classified.

In June 1991, the Governmental Accounting Standards Board ("GASB") issued Statement No. 14, *The Financial Reporting Entity.* The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the System considered whether its officials appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the System. The System also considered whether there are organizations that are fiscally dependent on it. Although it was previously determined that there are no component units of the System, in 2014, the City revised its interpretation of GASB 14. For consistency with this revision, BERS has revised its financial statement to include a report of fiduciary net position.

The TDA Program was created and is administered pursuant to the Internal Revenue Code Section 403(b) and existing State statutes and City laws. Certain members of the QPP have the option to participate in the TDA Program, which provides a means of deferring income tax payments on their voluntary tax-deferred contributions until the period after retirement or upon withdrawal of contributions. Contributions to the TDA Program are made by the members only. The TDA Program is maintained as a separate plan.

At June 30, 2012 and June 30, 2011, the TDA Program participants consisted of:

	2012	2011
Contributing members	13,987	13,631
Retired members with TDA balances	4,895	4,500
% of QPP members contributing to TDA	36%	43%

Summary of Benefits

QPP Benefits

The State Constitution provides that pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, 1976, 1983 and 2012, significant amendments made to the State Retirement and Social Security Law ("RSSL") modified certain benefits for employees joining the QPP on or after the effective date of such amendments. As such, benefits under the QPP fall into various categories based on the year when an employee joined the QPP. A brief overview follows:

- Members who joined prior to July 1, 1973 ("Tier 1") are entitled to service retirement benefits of 55% of "final salary" (as defined within State statutes and City laws) after 25 years of qualifying service and attainment of age 55, a portion of which is provided from member contributions. Additional benefits equal to a specified percentage per year of service of "final salary" are payable for years in excess of the 25 year minimum. These additional benefits are increased, where applicable, by an annuity attributable to accumulated member contributions in excess

of the minimum required balance and by any benefits attributable to the Increased-Take-Home Pay ("ITHP") contributions accumulated after the 25th year of member qualifying service. ITHP represents amounts contributed by the City in lieu of members' own contributions. These amounts reduce the contributions that members would have to make to the QPP during their service and thereby increase their take-home pay. Members have the choice of waiving their ITHP reduction, which would reduce their take-home pay, but provide them with increased benefits upon retirement. Tier 1 members contribute on the basis of a normal rate of contribution which is assigned by the QPP at membership, and which is dependent upon age and actuarial tables in effect at the time of membership.

In addition, these same members could elect a service retirement benefit with no minimum service requirement which provides an annual benefit for each year of service equal to a specified percentage (as described within State statutes and City laws) of "final salary", payable upon attainment of age 55. This benefit is increased, where applicable, by an annuity attributable to the member contributions and ITHP contributions.

For all members who enrolled in the QPP prior to July 27, 1976, ITHP contributions made on their behalf as well as their own contributions are invested, at their election, in either the fixed return fund or the variable return fund, or 50% of such contributions in each. These investment elections can be changed every two years. The QPP guaranteed a 7.5% return on member contributions or ITHP contributions to the fixed return fund until June 30, 1982, increased the guaranteed return to 8% as of July 1, 1982, and to 8.25% as of July 1, 1988, for members who enrolled in the QPP prior to July 27, 1976 (5% on member contributions for members enrolled on or after July 27, 1976). The variable return fund includes only member contributions and ITHP contributions made on their behalf as described above and is expressed in terms of units, which are valued monthly, based on investment experience.

Certain members of Tier 1 and Tier 2 have the right to make voluntary member contributions ("Voluntary Contributions") in excess of their required member contributions ("Required Contributions"). The investment of the Voluntary Contributions and the Required Contributions is directed by each member. A member may invest: (1) in the QPP's fixed return fund, which is credited with interest at the Statutory Interest Rate (currently 8.25%), and/or (2) in the QPP's variable return fund. At the time of retirement or refund of contributions, a member's aggregate balance of actual Required Contributions and Voluntary Contributions, including the actual accumulated earnings thereon, less the outstanding balance of any member loans ("Net Actual Contributions"), may exceed ("Excess of Contributions") or fall short of ("Deficiency of Contributions") the member's Expected Balance. The Expected Balance is the sum of the Required Contributions which a member should have made during his or her credited service, plus the earnings that would have accumulated thereon at the Statutory Interest rate. The amount of the member's retirement annuity or the refund of contributions that he or she is entitled to

is increased by any Excess of Contributions or reduced by any Deficiency of Contributions. The total value of members' Excess of Contributions, net of all Deficiencies of Contributions, is $6.13 million and $5.57 million, for the years ended June 30, 2014 and 2013, respectively. Actuarial estimates of the impacts of Excesses and Deficiencies are incorporated into calculation of the QPP's net pension liability (see Note 5, below).

- Members who joined after July 1, 1973 and before July 27, 1976 ("Tier 2") have provisions similar to Tier 1, except that the eligibility requirements for retirement and the salary base for benefits are different and there was a limitation on their maximum benefit. This maximum benefit limitation was subsequently eliminated under Chapter 574 of the Laws of 2000 for all Tier 2 members who retired after December 8, 2000. Tier 2 members contribute on the basis of a normal rate of contribution which is assigned by the QPP at membership, and which is dependent upon age and actuarial tables in effect at the time of membership.

- Members who joined the QPP on or after July 27, 1976 and prior to September 1, 1983 ("Tier 3") were originally entitled to a retirement benefit upon the completion of ten years of service at age 62. The formula for this benefit was 1.67% of "Final Average Salary" ("FAS") per year of credited service for members with less than 20 years of service, or 2% of FAS per year of service for members with 20 to 30 years of service. Tier 3 benefits were reduced by one half of the primary Social Security benefit attributable to service with the employer, and provided an annual cost-of-living escalator in pension benefits of not more than 3%. Tier 3 required member contributions of 3% of salary for a period not to exceed 30 years. After September 1, 1983, all Tier 3 members were mandated into the Tier 4 plan. However, these members retain their Tier 3 rights. Effective October 1, 2000, Tier 4 members with Tier 3 rights, like other Tier 4 members, are not required to make contributions once the tenth anniversary of their membership date has passed, or upon completion of 10 years of credited service, whichever is earlier, and are eligible for a pension upon the completion of five years of credited service at age 62.

- Members who joined the QPP on or after September 1, 1983 and prior to April 1, 2012 ("Tier 4") are eligible for a pension upon the completion of five years of credited service at age 62. The annual benefit is 1.67% of FAS per year of service for members with less than 20 years of service, or 2% of FAS per year of service for members with 20 to 30 years of service, plus an addition of 1.5% of FAS per year of service for service in excess of 30 years of service. Tier 4 members were originally required to make contributions of 3% of salary until termination of service. As of October 1, 2000, these members are not required to make contributions after the tenth anniversary of their membership date or upon completion of ten years of credited service, whichever is earlier (Chapter 126 of Laws of 2000). Certain members retiring prior to the age of 62 experience an age-reduction factor in their retirement allowance.

- Effective June 28, 1995, active Tier 2 and Tier 4 members, excluding those who hold a position represented by the recognized teacher organization for collective bargaining purposes (currently, the United Federation of Teachers or "UFT"), were eligible to enroll in an early retirement program permitting them to retire at age 55 with 25 years of credited service ("55/25"), with no age reduction factor to their retirement allowance, or at age 50 with 25 years of credited service in a physically taxing position (Chapter 96 of the Laws of 1995). Additionally, Tier 4 members in non-UFT positions who joined BERS on or after June 28, 1995 and before April 1, 2012 were mandated into an early retirement program permitting them to retire at age 57 with 5 years of credited service ("57/5"), with no age reduction factor to their retirement allowance, or at age 50 with 25 years of credited service in a physically taxing position. Participants in the 55/25 and 57/5 early retirement programs are required to remit additional contributions of 1.85%, or 3.83% for physically taxing positions.

- Effective February 27, 2008, active Tier 4 members who hold a position represented by the recognized teacher organization for collective bargaining purposes (currently, UFT) were eligible to enroll in an early retirement program permitting them to retire at age 55 with 25 years of credited service ("55/25 UFT"), with no age reduction factor to their retirement allowance (Chapter 19 of the Laws of 2008). Those choosing the age 55 retirement option are required to make additional contributions of 1.85% of salary from February 28, 2008 until June 29, 2008, or until they have accumulated 25 years of credited service, whichever is later. UFT members in covered titles who joined after February 27, 2008 but before December 10, 2009, were automatically enrolled in a 55 retirement age minimum and 27 credited years of service retirement program ("55/27 UFT"). These members are required to make additional plan contributions of 1.85% of salary until they have accumulated 27 years of credited service.

  UFT members in covered titles who joined the QPP after December 10, 2009 and prior to April 1, 2012 are covered by 55/27 UFT, but are required to make contributions of 4.85% of salary until they have 27 years of credited service, and contributions of 1.85% of salary thereafter (Chapter 504 of the Laws of 2009). Additionally, QPP benefits for this population vest in 10 years, rather than 5 years, as for other Tier 4 members.

- Members who join the QPP on or after April 1, 2012 are subject to the provisions of Chapter 18 of the Laws of 2012 ("Chapter 18/12"), also known as "Tier 6". BERS members in Tier 6 are eligible for a pension upon the completion of ten years of credited service at age 63. The annual benefit is 1.67% of FAS for the first 20 years of credited service, plus an addition of 2% of FAS per year of service for service in excess of 20 years of service. Additionally, the FAS period is 5 years, rather than 3, and a cap is imposed on the maximum permissible FAS. Tier 6 members are required to make Basic Member Contributions ("BMC") until they separate from service or until they retire. The BMC rate is dependent on annual wages earned during a plan year and ranges from 3% for salaries less than

$45,000 to 6% for salaries greater than $100,000. Tier 6 members become vested after ten years of service.

- Under all service retirement categories, annuities attributable to member contributions are reduced on an actuarial basis for any loans with unpaid balances outstanding at the date of retirement.

- Subject to certain conditions, members become fully vested as to QPP benefits upon the completion of five years of credited service, or ten years of credited service for Tier 4 55/27 UFT members who joined after December 10, 2009 and for Tier 6 members.

- The QPP provides death benefits and retirement benefits on the occurrence of accidental or ordinary disability.

- During the spring 2000 session, the State Legislature approved and the State Governor ("Governor") signed laws that provide automatic Cost-of-Living Adjustments ("COLA") for certain retirees and beneficiaries (Chapter 125 of the Laws of 2000). It also provides additional service credits for certain Tier 1 and Tier 2 members and reduced member contributions for certain Tier 3 and Tier 4 members (Chapter 126 of the Laws of 2000).

TDA Program Benefits

Contributions to the TDA Program are made by the participants only, and are voluntary. In order to contribute to the TDA Program, certain active members of the QPP are required to submit a salary reduction agreement and TDA enrollment request. A participant may elect to exclude an amount of his or her compensation from current taxable income (within the maximum allowed by the Internal Revenue Service) by contributing it to the TDA Program. The basic contribution limit, as of 2014, is $17,500. Certain participants are permitted to make additional contributions, based on age or years of service. The additional contribution limit for 2014 is $5,500. Additionally, participants can elect to invest their contributions in either the fixed return fund or the variable return fund.

Benefits provided under the TDA Program are derived from participants' accumulated contributions and earnings on those contributions. No contributions are provided by the employer.

A participant may withdraw all or part of the balance of his or her account at the time of retirement, termination of employment, or under certain hardship conditions. Beginning January 1, 1989, the tax laws restricted withdrawals of TDA contributions and accumulated earnings thereon for reasons other than retirement or termination.

Contributions made after December 31, 1988, and investment earnings credited after that date, may only be withdrawn by active participants upon attainment of age 59½ or for reasons of

hardship (as defined by Internal Revenue Service regulations). Hardship withdrawals are limited to contributions only.

Contributions made on or before December 31, 1989, and earnings credited on or before that date, may be withdrawn by active participants even before age 59½. A member who has received a withdrawal may not contribute to the TDA Program for the remainder of the current year.

If a member dies in active service, or after retirement while his or her TDA account is in deferral, the full value of his or her account at the date of death is paid to the member's beneficiary(ies) or estate.

When a member resigns before attaining vested rights under the QPP, he or she may withdraw the value of his or her TDA Program account, or leave the funds in the account for a period of up to five years after the date of resignation. If a member resigns after attaining vested rights under the QPP, he or she may leave his or her funds in the TDA Program account, accruing earnings until reaching the age at which minimum distributions are required by IRS regulations. Once a member withdraws from the QPP, participation in the TDA Program will cease, and the member will receive a refund of the value of his or her account in the TDA Program.

When a TDA Program participant applies to retire from the QPP and has a positive TDA Program account balance, the participant has three options:

a. The participant may withdraw the total balance, either by receiving it as a taxable distribution or by rolling it over into an Individual Retirement Account (IRA);
b. The participant may defer distribution of the account; or
c. The participant may elect to receive the balance of the account as a life annuity. The available benefit options depend on the member's Tier.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SYSTEM ASSET MATTERS

Basis of Accounting — In 2014, as a result of an analysis performed and determination by the City's management, it is more preferable to present the BERS financial statements on a combined basis for presentation purposes. As a result, the Systems' 2013 financial statements were restated to conform to this change.

The QPP as well as the TDA Program use the accrual basis of accounting where the measurement focus is on a flow of economic resources. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Contributions from members are recognized when respective employers make payroll deductions from the QPP's members and the TDA Program participants. Employer contributions to the QPP are recognized when due, and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of governing the QPP and the TDA Program.

Investment Valuation — Investments are reported at fair value. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be resold. Fair value is defined as the quoted market value on the last trading day of the period, except for the Short-Term Investment fund ("STIF") (a money market fund), International Investment funds ("IIF") and Alternative Investment funds ("ALTINVF"). The IIF are private funds of publicly traded securities which are managed by various investment managers on behalf of BERS. Fair value is determined by BERS management based on information provided by the various investment managers. The investment managers determine fair value using the last available quoted price for each security owned adjusted by any contributions to or withdrawals from the fund during the period. The ALTINVF are investments for which exchange quotations are not readily available and are valued at estimated fair value as determined in good faith by the General Partner ("GP"). These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results and other factors deemed relevant by the GP. Fair value is determined by BERS management based on information provided by the various GP's after review by an independent consultant and the custodian bank for the fund.

Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

No investment in any one security represents 5% or more of QPP's net position held in trust for benefits.

The System does not possess an investment risk policy statement nor does it actively manage its assets to specified risk targets. Rather, investment risk management is an inherent function of the System's asset allocation process. Plan assets are diversified over a broad range of asset classes and encompass multiple investment strategies aimed at limiting concentration risk.

Investment Programs — The System's assets are invested in two investment programs. These are the fixed return fund, which is managed by BERS, and the variable return fund (consisting primarily of equity securities), which is managed by TRS.

Under the fixed return program, the mix of investment assets purchased with monies from the TDA Program fixed return fund is the same as that purchased with member and employer contributions to the QPP. Members' TDA Program accounts are credited with the statutory rate of interest, currently 7% for UFT members and 8.25% for all other members. TDA Program members and certain Tier 1 and 2 QPP members may transfer their balances between the fixed return fund and the variable investment fund on a quarterly basis.

The QPP's assets within the variable return fund are co-invested with those assets of the TDA Program that are earmarked for the variable return fund. These financial statements reflect both the QPP and the TDA Program's investment activity in the fixed return fund; as well as, the variable return fund.

Income Taxes — Income earned by the QPP and the TDA Program is not subject to federal income tax until it is normally distributed. Other taxes apply in case of premature distributions.

Accounts Payable — Accounts payable is principally comprised of amounts owed by BERS for overdrawn bank balances. BERS's practice is to fully invest cash balances in most bank accounts on a daily basis. Overdrawn balances result primarily from outstanding benefit checks that are presented to the banks for payment on a daily basis and these balances are routinely settled each day.

Income Attributable to the TDA Program Fixed Return Fund – The fixed interest credited on TDA Program member account balances invested in the fixed return fund is reported as part of the entry "transfer of investment income to the TDA Program from the System".

Securities Lending Transactions — State statutes and Board policies permit the System to lend its investments (the underlying securities) to broker-dealers and other entities for collateral, with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian lends the following types of securities: short-term securities, common stock, long-term corporate bonds, U.S. Government and U.S. Government Agency bonds, asset-backed securities and international equities and bonds held in collective investment funds. In return, it receives collateral in the form of cash, and U.S. Treasury and U.S. Government agency securities at 100% to 105% of the principal plus accrued interest for reinvestment. At June 30, 2014 and 2013, management believes the System has no credit risk exposure to borrowers because the amounts the System owed the borrowers equaled or exceeded the amounts the borrowers owed the System. The contracts with the System custodian require borrowers to indemnify the System if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities loaned. The System is also indemnified for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand within a period specified in each agreement by either the System or the borrowers. Cash collateral is invested in the lending agents' short-term investment pools, which have a weighted average maturity of 90 days. The underlying fixed income securities in these pools have an average maturity of ten years.

The securities lending program in which the System participates only allows pledging or selling securities in the case of borrower default.

GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions,* requires that securities loaned as assets and related liabilities be reported in the statements of fiduciary net position. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are also reported as assets if the government entity has the ability to pledge or sell them without a borrower default. Accordingly, the System recorded the investments purchased with the cash collateral as collateral from securities lending with a corresponding liability for return of collateral to the counter-party. Securities on loan are carried at fair value and the value as of June 30, 2014 and 2013 was $397.3

million and $435.2 million, respectively for the Fixed Return funds, and $17.5 million and $0.1 million, respectively for the Variable-Return funds. Cash collateral received related to securities lending as of June 30, 2014 and 2013 was $410.6 million and $395.9 million, respectively for the Fixed Return funds, and $18.9 million and $0.2 million, respectively for the Variable-Return funds. As of the date of the statements of fiduciary net position, the maturities of the investments made by the Funds with cash collateral, on average, exceed the maturities of the securities loans by approximately 30 days.

New Accounting Standards Adopted — In Fiscal Year 2013, the System adopted Governmental Accounting Standards Board ("GASB") Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Statement's objective is to provide a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. The System concluded that except for the change in nomenclature, the adoption of GASB Statement No. 63 had no impact on its financial position and results from operations.

The System has adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* GASB Statement No. 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The System has determined that GASB Statement No. 65 had no impact on its financial position or results of operations and therefore it is not applicable to its operation at the present time.

In 2014, BERS adopted Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25.* This Statement establishes financial reporting standards for state and local governmental pension plans, defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements in which: (1) contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable (2) pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms and (3) pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets are also legally protected from creditors of the plan members. For defined benefit pension plans, this statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Distinctions are made regarding the particular requirements depending upon the type of pension plan administered. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and Statement No. 50, Pension Disclosures, as they relate

to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statement No. 25 and Statement No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of GASB Statement No. 67 did not impact the QPP or TDA Program's fiduciary net position; however, certain changes to note disclosures and required supplementary information have been incorporated to comply with the new standard.

3. INVESTMENTS AND DEPOSITS

The Comptroller of the City of New York (the "Comptroller") acts as an investment advisor to BERS. In addition, BERS employs an independent investment consultant as an investment advisor. BERS utilizes several investment managers to manage the long-term debt and equity portfolios. The managers are regularly reviewed with regard to both their investment performance and their adherence to investment guidelines.

The BERS investment policy statement was ratified by the Board of Trustees in January 2009 and amended in October 2011 and January 2013. It addresses investment objectives, investment philosophy and strategy, monitoring and evaluating performance, risk management, security lending protocol and rebalancing investment mix. Assets may be invested in fixed income, equity and other vehicles as permitted by New York State RSSL § 176-178(a) and Banking Law § 235, the New York City Administrative Code, and the Legal Investments for New York Savings Banks list as published by the New York State Banking Department.

The System does not possess an investment risk policy statement, nor does it actively manage its assets to specified risk targets. Rather, investment risk management is an inherent function of the System's asset allocation process. QPP and TDA Program assets are diversified over a broad range of asset classes and encompass multiple investment strategies aimed at limiting concentration risk.

Beginning October 2013, State Street Bank and Trust Company is the primary custodian for the fixed return fund. Prior to October 2013, the Bank of New York Mellon ("BNYM") was the primary custodian for substantially all of the securities of the fixed return fund. The variable return fund assets are held in custody at Chase Bank.

Cash deposits are insured by the Federal Deposit Insurance Corporation for up to $250,000 per member of the System and are, therefore, fully insured.

Concentration of Credit Risk — The System does not have any investments in any one entity that represent 5% or more of the System's net position held in trust for benefits.

The legal requirements for the System's investments are as follows:

a. Fixed income, equity and other investments may be made as permitted by New York State RSSL §§ 176-178(a) and Banking Law § 235, the New York City Administrative Code, and the Legal Investments for New York Savings Banks list as published by The New York State Banking Department, subject to Note 3(b).

b. Investments up to 25% of total pension fund assets may be made in instruments not expressly permitted by the State RSSL.

The information reflected in the credit ratings and in the Years to Maturity is derived from the Custodian's Risk and Performance Analytics Reporting System. Such information is prepared as a result of the Custodian's Risk Management Analysis.

Credit Risk — Portfolios other than U.S. Government and related portfolios have credit rating limitations. Investment grade portfolios are limited to mostly ratings of BBB and above except that managers are also permitted a 10% maximum exposure to BB & B rated securities. While non-investment grade managers are primarily invested in BB & B rated securities, they can also invest up to 7% of their portfolio in securities rated CCC. Non rated securities are considered to be non-investment grade. The quality ratings of investments of the fixed return fund, by percentage of the rated portfolio, as described by nationally recognized statistical rating organizations, at June 30, 2014 and 2013 are as follows:

	Moody's Quality Ratings									
Investment Type* June 30, 2014	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short Term**	**Not Rated**	**Total**
U.S. Government	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %
Corporate bonds	1.73	2.84	9.16	21.48	11.78	16.38	5.52	-	6.62	75.51
Short term:										
Commercial paper	-	-	-	-	-	-	-	6.70	-	6.70
Pooled fund	-	-	-	-	-	-	-	3.04	-	3.04
Discount notes and T-bills	-	-	-	-	-	-	-	14.75	-	14.75
Portfolio	1.73%	2.84%	9.16%	21.48%	11.78%	16.38%	5.52%	24.49 %	6.62%	100.00%

	S&P Quality Ratings									
Investment Type* June 30, 2013	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short Term**	**Not Rated**	**Total**
U.S. Government	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %
Corporate bonds	0.59	3.21	14.15	25.17	12.21	18.11	6.35	-	7.51	87.30
Short term:										
Commercial paper	-	-	-	-	-	-	-	6.20	-	6.20
Pooled fund	-	-	-	-	-	-	-	4.26	-	4.26
Discount notes and T-bills	-	-	-	-	-	-	-	2.24	-	2.24
Portfolio	0.59%	3.21%	14.15%	25.17%	12.21%	18.11%	6.35%	12.70 %	7.51%	100.00%

* U.S. Treasury bonds, notes and treasury-inflation protected securities are obligations of the U.S. government or explicitly guaranteed by the U.S. government and therefore not considered to have credit risk and are not included above.

The quality ratings of investments of the variable return fund, by percentage of the rated portfolio, as described by nationally recognized statistical rating organizations, at June 30, 2014 and 2013, are as follows:

	Moody's Quality Ratings									
Investment Type* June 30, 2014	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short Term**	**Not Rated**	**Total**
U.S. Government	0.11%	1.28%	- %	0.29%	- %	- %	- %	- %	- %	1.68%
Corporate bonds	-	2.15	11.42	14.21	4.24	4.01	0.83	-	14.33	51.19
Yankee bonds	-	0.04	0.19	-	-	-	-	-	-	0.23
Short term:										
Money market	-	-	-	-	-	-	-	46.90	-	46.90
Portfolio	0.11%	3.47%	11.61%	14.50%	4.24%	4.01%	0.83%	46.90 %	14.33%	100.00%

	S&P Quality Ratings									
Investment Type* June 30, 2013	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short Term**	**Not Rated**	**Total**
U.S. Government	- %	27.36%	0.13%	- %	- %	- %	- %	- %	- %	27.49%
Corporate bonds	0.82	1.88	8.57	9.58	5.04	2.42	0.82	-	8.44	37.57
Yankee bonds	0.09	0.20	0.01	0.03	-	-	-	-	0.01	0.43
Short term:										
Money market	-	-	-	-	-	-	-	-	34.51	34.51
Portfolio	0.91%	29.44%	8.71%	9.61%	5.04%	2.42%	0.82%	- %	43.05%	100.00%

* U.S. Treasury bonds, notes and treasury-inflation protected securities are obligations of the U.S. government or explicitly guaranteed by the U.S. government and therefore not considered to have credit risk and are not included above.

Custodial Credit Risk — Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the System, and are held by either the counterparty or the counterparty's trust department or agent but not in the System's name.

Consistent with the System's investment policy, the investments are held by the System's custodian and registered in the System's name.

All of the System's deposits are insured and are collateralized by securities held by a financial institution separate from the System's depository financial institution.

All of the System's securities are held by the System's custodial bank in the System's name.

Interest Rate Risk — Interest rate risk is the risk that the fair value of investments could be adversely affected by the change in interest rates. Duration limits are used to control the portfolios exposure to interest rate changes. In the investment grade core Fixed Income portfolios duration is limited to a range of one year shorter than the benchmark duration to 0.75 years longer than the duration of the benchmark indices. Duration range is a measure of the overall portfolio, while statements of the stated maturity reflect the specific maturities of the individual securities held. The System has no formal risk policy. The lengths of investment maturities for fixed return fund (in years), as shown by the percent of the rated portfolio, at June 30, 2014 and 2013 are as follows:

Years to Maturity		Investment Maturities			
Investment Type June 30, 2014	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. Government	36.27 %	0.43%	2.65 %	9.92 %	23.27 %
Corporate bonds	48.12	2.39	12.41	19.04	14.28
Short term:					
Commercial paper	4.27	4.27	-	-	-
Pooled fund	1.94	1.94	-	-	-
Discount notes and T-bills	9.40	9.40	-	-	-
Percent of rated portfolio	100.00 %	18.43 %	15.06%	28.96 %	37.55 %

Years to Maturity		Investment Maturities			
Investment Type June 30, 2013	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. Government	50.39 %	0.57 %	2.22 %	7.48 %	40.12 %
Corporate bonds	43.31	2.20	10.70	18.58	11.83
Short term:					
Commercial paper	3.08	3.08	-	-	-
Pooled fund	2.11	2.11	-	-	-
Discount notes and T-bills	1.11	1.11	-	-	-
Percent of rated portfolio	100.00 %	9.07 %	12.92%	26.06 %	51.95 %

The lengths of investment maturities (in years) of the variable return fund, as shown by the percent of the rated portfolio, at June 30, 2014 and 2013 are as follows:

Years to Maturity		Investment Maturities			
Investment Type June 30, 2014	**Fair Value**	**Less Than One Year**	**One to Five Years**	**Six to Ten Years**	**More Than Ten Years**
U.S. Government	21.67 %	0.23 %	21.11 %	0.33 %	- %
Corporate bonds	40.85	5.19	22.28	6.20	7.18
Yankee bonds	0.18	-	0.15	0.03	-
Short term:					
Money market	37.30	37.30	-	-	-
Percent of rated portfolio	100.00 %	42.72 %	43.54%	6.56 %	7.18 %

Years to Maturity		Investment Maturities			
Investment Type June 30, 2013	**Fair Value**	**Less Than One Year**	**One to Five Years**	**Six to Ten Years**	**More Than Ten Years**
U.S. Government	27.49 %	3.40 %	24.09 %	- %	- %
Corporate bonds	37.58	3.56	23.93	2.09	8.00
Yankee bonds	0.42	0.04	0.35	0.03	-
Short term:					
Money market	34.51	34.51	-	-	-
Percent of rated portfolio	100.00 %	41.51 %	48.37%	2.12 %	8.00 %

Foreign Currency Risk — Foreign currency risk is the risk where changes in the exchange rates adversely impact the fair value of an investment. Currency risk is present in underlying portfolios that invest in foreign stock and/or bonds. The currency markets have proven to be good diversifiers in a total portfolio context; therefore, the System has numerous managers that invest globally. In general, currency exposure is viewed as a benefit for its diversification reasons and not as an inherent risk within the portfolio. The System has no formal risk policy.

In addition, the System has investments in foreign stocks and/or bonds denominated in foreign currencies. The System's foreign currency exposures as of June 30, 2014 and 2013 in the fixed return fund are as follows (amounts in U.S. dollars, in thousands):

Trade Currency	2014	2013
Australian Dollar	$ 22,762	$ 25,728
Brazilian Real	31,293	21,865
British Pnd Sterling	120,061	93,521
Canadian Dollar	17,493	12,353
Chilean Peso	-	491
Colombian Peso	-	295
Czech Koruna	-	70
Danish Krone	15,887	9,798
Egyptian Pound	560	316
Euro Currency	186,244	132,802
Hong Kong Dollar	68,735	58,985
Hungarian Forint	1,576	1,304
Indian Rupee	32,324	15,088
Indonesian Rupiah	4,223	4,733
Israeli Shekel	130	-
Japanese Yen	108,982	89,045
Malaysian Ringgit	7,147	8,532
Mexican Nuevo Peso	8,936	6,375
Moroccan Dirham	1	15
New Taiwan Dollar	31,816	23,489
New Zealand Dollar	45	28
Norwegian Krone	10,541	4,952
Pakistan Rupee	5	201
Peru Nuevo Sol	-	-
Philippines Peso	646	1,716
Polish Zloty	5,571	3,536
Renminbi Yuan	-	270
Russian Ruble	-	28
Qatari Rial	76	-
Singapore Dollar	19,766	16,303
South African Rand	24,693	15,673
South Korean Won	42,705	34,837
Swedish Krona	38,233	26,198
Swiss Franc	67,319	60,072
Thai Baht	11,458	10,435
Turkish Lira	1,492	-
Total	**$ 880,720**	**$ 679,054**

The foreign currency exposures of the variable return funds as of June 30, 2014 and 2013 are as follows (amounts in U.S. dollars, in thousands):

Trade Currency	2014	2013
Australian Dollar	$ 1,086	$ 730
Brazilian Real	47	-
British Pnd Sterling	6,994	5,501
Canadian Dollar	1,136	760
Danish Krone	210	304
Euro Currency	10,097	6,091
Hong Kong Dollar	1,250	1,338
Hungarian Forint	45	31
Israeli Shekel	162	91
Japanese Yen	6,415	5,464
Norwegian Krone	473	290
Singapore Dollar	901	624
South African Rand	299	178
Swedish Krona	541	515
Swiss Franc	3,350	2,600
Thai Baht	23	-
Total	**$ 33,029**	**$ 24,517**

Notes to Combined Financial Statements
Years Ended June 30, 2014 and 2013
(Cont'd)

Securities Lending Transactions:

Credit Risk — The quality ratings of investments held as collateral for Securities Lending are as follows:

Investment Type and Fair Value - Fixed Return Fund
Securities Lending Transactions
(In thousands)

	S&P Quality Ratings									
June 30, 2014	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short Term**	**Not Rated**	**Total**
U.S. government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-	$ -
Corporate bonds	-	-	-	-	-	-	-	-	-	-
Yankee bonds	-	-	-	-	-	-	-	-	-	-
Short term:										
Commercial paper	-	-	-	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-	-	-	-
Money market	157,668	-	-	-	-	-	-	-	-	157,668
Bank notes	-	-	-	-	-	-	-	-	98,383	98,383
U.S. Agency	-	-	-	-	-	-	-	-	-	-
Reverse repurchase agreements	-	-	-	-	-	-	-	-	114,179	114,179
Repurchase agreements	-	-	-	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-	-	-	-
Certificates of deposit — floaters	-	-	-	-	-	-	-	-	-	-
Time deposit	-	-	-	-	-	-	-	-	-	-
Cash	-	-	40,368	-	-	-	-	-	-	40,368
Other	-	-	-	-	-	-	-	-	-	-
Total	$ 157,688	$ -	$ 40,368	$ -	$ -	$ -	$ -	$ -	$ 212,562	$ 410,598
Percent of securities lending portfolio	38.40 %	- %	9.83 %	- %	- %	-%	- %	- %	51.77 %	100.00 %

Investment Type and Fair Value - Fixed Return Fund
Securities Lending Transactions
(In thousands)

	S&P Quality Ratings									
June 30, 2013	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC & Below**	**Short Term**	**Not Rated**	**Total**
U.S. government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Corporate bonds	53,130	116,352	61,214	-	-	661	-	-	3,282	233,978
Yankee bonds	-	-	-	-	-	-	-	-	-	-
Short term:										
Commercial paper	-	-	27,558	-	-	-	-	-	-	27,558
Mutual funds	-	-	-	-	-	-	-	-	-	-
Money market	-	-	-	-	-	-	-	-	-	-
Bank notes	-	-	-	-	-	-	-	-	-	-
U.S. Agency	-	-	-	-	-	-	-	-	23,326	23,326
Reverse repurchase agreements	-	-	-	-	-	-	-	-	74,665	74,665
Repurchase agreements	-	-	-	-	-	-	-	-	-	-
Certificates of deposit	-	-	36,706	-	-	-	-	-	-	36,706
Certificates of deposit — floaters	-	-	-	-	-	-	-	-	-	-
Time deposit	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	(359)	(359)
Total	$ 53,130	$ 116,352	$ 125,478	$ -	$ -	$ -	$ -	$ -	$ 100,914	$ 395,874
Percent of securities lending portfolio	13.42 %	29.39 %	31.70 %	- %	- %	- %	- %	- %	25.49 %	100.00 %

Notes to Combined Financial Statements
Years Ended June 30, 2014 and 2013
(Cont'd)

Investment Type and Fair Value of QPP & TDA Program - Variable Return Fund Securities Lending Transactions (In thousands)

June 30, 2014	S&P Quality Ratings									
	AAA	AA	A	BBB	BB	B	CCC & Below	Short Term	Not Rated	Total
U.S. government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-	$ -
Corporate bonds	-	-	-	-	-	-	-	-	-	-
Yankee bonds	-	-	-	-	-	-	-	-	-	-
Short term:										
Commercial paper	-	-	-	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-	-	-	-
Money market	-	-	-	-	-	-	-	-	-	-
Bank notes	-	-	-	-	-	-	-	-	20	20
U.S. Agency	-	-	-	-	-	-	-	-	-	-
Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-
Repurchase agreements	13,522	-	-	-	-	-	-	-	960	14,482
Certificates of deposit	-	-	-	-	-	-	-	-	-	-
Certificates of deposit — floaters	-	-	-	-	-	-	-	-	-	-
Time deposit	3,455	-	-	-	-	-	-	-	-	3,455
Cash	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	977	977
Total	$ 16,977	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,957	$ 18,934
Percent of securities lending portfolio	89.66 %	- %	- %	- %	- %	- %	- %	- %	10,34 %	100.00 %

Investment Type and Fair Value of QPP & TDA Program - Variable Return Fund Securities Lending Transactions (In thousands)

June 30, 2013	S&P Quality Ratings									
	AAA	AA	A	BBB	BB	B	CCC & Below	Short Term	Not Rated	Total
U.S. government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Corporate bonds	0.48	3	-	-	-	-	-	-	-	3
Yankee bonds	-	-	-	-	-	-	-	-	-	-
Short term:										
Commercial paper	-	-	-	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-	-	-	-
Money market	-	-	-	-	-	-	-	-	-	-
Bank notes	-	-	-	-	-	-	-	-	-	-
U.S. Agency	-	-	-	-	-	-	-	-	-	-
Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-
Repurchase agreements	-	-	-	-	-	-	-	-	92	92
Certificates of deposit	-	-	-	-	-	-	-	-	-	-
Certificates of deposit — floaters	-	-	-	-	-	-	-	-	-	-
Time deposit	59	-	-	-	-	-	-	-	-	59
Other	-	-	-	-	-	-	-	-	-	-
Total	$ 59	$ 3	$ -	$ -	$ -	$ -	$ -	$ -	$ 92	$ 154
Percent of securities lending portfolio	38.50 %	2 %	- %	- %	- %	- %	- %	- %	59.55 %	100.00 %

Interest Rate Risk — The lengths of investment maturities (in years) of the collateral for Securities Lending are as follows:

Years to Maturity Investment Type - Fixed Return Fund (In thousands) June 30, 2014	Fair Value	Investment Maturities Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. government	$ -	$ -	$ -	$ -	$ -
Corporate bonds	-	-	-	-	-
Yankee bonds	-	-	-	-	-
Short term:					
Commercial paper	-	-	-	-	-
Mutual fund	-	-	-	-	-
Money market	157,668	157,668	-	-	-
Bank notes	98,383	69,820	28,563	-	-
U.S. Agency	-	-	-	-	-
Reverse repurchase agreements	114,179	114,179	-	-	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Certificates of deposit — floaters	-	-	-	-	-
Time deposit	-	-	-	-	-
Cash	40,368	40,368	-	-	-
Other	-	-	-	-	-
Total	$ 410,598	$ 382,035	$ 28,563	$ -	$ -
Percent of securities lending portfolio	100.00 %	93.04 %	6.96 %	- %	- %

Years to Maturity Investment Type - Fixed Return Fund (In thousands) June 30, 2013	Fair Value	Investment Maturities Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. government	$ -	$ -	$ -	$ -	$ -
Corporate bonds	233,978	125,036	108,942	-	-
Yankee bonds	-	-	-	-	-
Short term:					
Commercial paper	27,558	27,558	-	-	-
Mutual fund	-	-	-	-	-
Money market	-	-	-	-	-
Bank notes	-	-	-	-	-
U.S. Agency	23,326	17,526	5,800	-	-
Reverse repurchase agreements	-	-	-	-	-
Repurchase agreements	74,665	74,665	-	-	-
Certificates of deposit	36,706	36,706	-	-	-
Certificates of deposit — floaters	-	-	-	-	-
Time deposit	-	-	-	-	-
Other	(359)	(359)	-	-	-
Total	$ 395,874	$ 281,132	$ 114,742	$ -	$ -
Percent of securities lending portfolio	100.00 %	71.02 %	28.98 %	- %	- %

Years to Maturity
Investment Type of QPP & TDA Program - Variable Return Fund
(In thousands)
June 30, 2014

	Fair Value	Investment Maturities: Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. government	$ -	$ -	$ -	$ -	$ -
Corporate bonds	-	-	-	-	-
Yankee bonds	-	-	-	-	-
Short term:					
Commercial paper	-	-	-	-	-
Mutual fund	-	-	-	-	-
Money market	-	-	-	-	-
Bank notes	20	20	-	-	-
U.S. Agency	-	-	-	-	-
Reverse repurchase agreements	-	-	-	-	-
Repurchase agreements	14,482	14,482	-	-	-
Certificates of deposit	-	-	-	-	-
Certificates of deposit — floaters	-	-	-	-	-
Time deposit	3,455	3,455	-	-	-
Cash	874	874	-	-	-
Other	103	103	-	-	-
Total	$ 18,934	$ 18,934	$ -	$ -	$ -
Percent of securities lending portfolio	100.00 %	100.00 %	- %	- %	- %

Years to Maturity
Investment Type of QPP & TDA Program - Variable Return Fund
(In thousands)
June 30, 2013

	Fair Value	Investment Maturities: Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. government	$ -	$ -	$ -	$ -	$ -
Corporate bonds	3	3	-	-	-
Yankee bonds	-	-	-	-	-
Short term:					
Commercial paper	-	-	-	-	-
Mutual fund	-	-	-	-	-
Money market	-	-	-	-	-
Bank notes	-	-	-	-	-
U.S. Agency	-	-	-	-	-
Reverse repurchase agreements	-	-	-	-	-
Repurchase agreements	92	92	-	-	-
Certificates of deposit	-	-	-	-	-
Certificates of deposit — floaters	-	-	-	-	-
Time deposit	59	59	-	-	-
Other	-	-	-	-	-
Total	$ 154	$ 154	$ -	$ -	$ -
Percent of securities lending portfolio	100.00 %	100.00 %	- %	- %	- %

For the years ended June 30, 2014 and 2013, the annual money-weighted rate of return on the System's fixed return fund investments, net of investment expense on the System's fixed return fund, was 19.51% and 12.68%. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

4. CONTRIBUTIONS AND ACTUARIAL ASSUMPTIONS

The financial objective of the QPP is to fund members' retirement benefits during their active service and to establish employer contribution rates which, expressed as a percentage of annualized covered payroll, will remain approximately level from year to year. The Employer contributes amounts that, together with member contributions and investment income, would ultimately be sufficient to accumulate assets to pay benefits when due.

Contributions to the TDA program are made on a voluntarily basis by certain members of the QPP.

Member Contributions

- Members who joined the QPP prior to July 1, 1973 ("Tier 1") contribute on the basis of a normal rate of contribution which is assigned by the QPP at membership, and which is dependent upon age and actuarial tables in effect at the time of membership. Tier 1 members can also make Increased Take Home Pay ("ITHP") contributions, for which they can receive an additional annuity after retirement.

- Members who joined after July 1, 1973 and before July 27, 1976 ("Tier 2") also contribute on the basis of a normal rate of contribution which is assigned by the QPP at membership, and which is dependent upon age and actuarial tables in effect at the time of membership. Note that the actuarial tables are different in Tier 2. Tier 2 members can also make ITHP contributions, for which they can receive an additional annuity after retirement.

- Members who joined after July 27, 1976 and before April 1, 2012 ("Tier 4") contribute 3% of salary until the earlier of the 10th anniversary of their membership date, or upon the completion of 10 years of credited service. Certain Tier 4 members are enrolled in special early retirement plans and must therefore also make Additional Member Contributions ("AMC"), depending on the specific plan.

- Members who joined on or after April 1, 2012 ("Tier 6") are required to make Basic Member Contributions ("BMC") until they separate from service or until they retire. The BMC rate is dependent on annual wages earned during a plan year and ranges from 3% for salaries less than $45,000 to 6% for salaries greater than $100,000. Certain Tier 6 members are enrolled in special early retirement plans and must therefore also make Additional Member Contributions ("AMC"), depending on the specific plan.

Employer Contributions —Statutorily-required contributions ("Statutory Contributions") to the QPP, determined by the System's Chief Actuary of the Office of the Actuary (the "Actuary") in accordance with State statutes and City laws, are generally funded by the employer within the appropriate fiscal year.

5. QPP NET PENSION LIABILITY

The components of the net pension liability of the Employers at June 30, 2014 and 2013 were as follows:

	(in thousands)	
	2014	2013
Total pension liability	$4,185,839	$3,969,305
Fiduciary net position *	$3,279,265	$2,653,651
Employers' net pension liability	$ 906,574	$1,315,654
Fiduciary net position as a percentage of the total pension liability	78.34%	66.85%

* Such amounts represent the preliminary Systems' fiduciary net position and may differ from the final Systems' fiduciary net position.

Actuarial Methods and Assumptions

The total pension liability as of June 30, 2014 and 2013 were determined by an actuarial valuation as of June 30, 2012 that was updated to roll forward the total pension liability to the respective fiscal year end. The following actuarial assumptions were applied to all periods included in the measurement:

Projected Salary Increases*	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per annum.
Investment Rate of Return*	7.0% per annum, net of Investment Expenses.
COLAs*	1.5% per annum.

* Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per annum.

Mortality tables for Service and Disability pensioners were developed from an experience study of the QPP. The mortality tables for beneficiaries were also developed from an experience review.

Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems ("NYCRS") are conducted every two years.

The most recently completed study was published by The Hay Group ("Hay"), dated December 2011, and analyzed experience for Fiscal Years 2006 through 2009. Hay made recommendations with respect to the actuarial assumptions and methods based on their analysis.

The previously completed study was published by The Segal Company ("Segal"), dated November 2006, and analyzed experience for Fiscal Years 2002 through 2005. Segal made recommendations with respect to the actuarial assumptions and methods based on their analysis.

Expected Rate of Return on Investments

The long-term expected rate of return on QPP investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of QPP investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation, best estimates of arithmetic real rates of return for each major asset class included in the QPP's target asset allocation, portfolio component arithmetic real rates of return, and portfolio long-term average arithmetic real rate of return as of the June 30, 2012 actuarial valuation is summarized in the following table:

Discount Rate			
Asset Class	Target Allocation	Real Return Arithmetic Basis	Portfolio Component Arithmetic Real
U.S. Public Markets Equities	35.0%	6.60%	2.31%
International Public Market Equities	17.0%	7.00%	1.19%
Emerging Public Market Equities	5.0%	7.90%	0.40%
Private Market Equities	6.0%	9.90%	0.59%
Fixed Income (Core, TIPS, High Yield, Opportunistic, Convertibles)	30.0%	2.70%	0.81%
Alternatives (Real Assets, Hedge Funds)	7.0%	4.00%	0.28%
Total	100.0%		5.58%

The discount rate used to measure the total pension liability as of June 30, 2014 and 2013 was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable to the current Tier for each member and that Employer contributions will be made at rates as determined by the Actuary. Based on those assumptions, the QPP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active QPP members. Therefore, the long-term expected rate of return on QPP investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the Employers, calculated using the discount rate of 7.0%, as well as what the Employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	(in thousands)		
	1% Decrease (6.0%)	Current discount rate (7.0%)	1% Increase (8.0%)
Employers' net pension liability—June 30, 2014	$1,376,789	$906,574	$510,719

6. MEMBER LOANS

Members of the QPP are permitted to borrow up to 75% of their employee contribution account balances, including accumulated interest, subject to the limitations of Section 72 of the Internal Revenue Code. The balance of QPP member loans receivable at June 30, 2014 and 2013 is $42.31 million and $39.28 million, respectively. When a member withdraws from the QPP with an outstanding QPP loan balance, this outstanding QPP loan balance will be deducted from the refund of the member's contribution balance. When a member retires with an outstanding QPP loan balance, the member's retirement benefit will be reduced by the actuarial value of the amount of the outstanding QPP loan balance, unless this balance is paid off.

Members of the TDA Program are permitted to borrow up to 75% of their TDA Program account balances, including accumulated interest, subject to the limitations of Section 72 of the Internal Revenue Code. The balance of TDA Program member loans receivable at June 30, 2014 and 2013 is $34.76 million and $31.52 million, respectively.

7. RELATED PARTIES

The Comptroller has been appointed by law as custodian for the assets of the QPP and the TDA Program. Fixed return fund securities are held by certain banks under custodial agreements with the Comptroller. The Comptroller also provides cash receipt and cash disbursement services to the System. Actuarial services are provided to the System by the Actuary who is employed by the Boards of Trustees of the City's main pension systems. The City's Corporation Counsel provides legal services to the System. Other administrative services are also provided by the City. Costs of $1.08 million and $1.10 million were incurred on behalf of the System by other City agencies, primarily the Comptroller's Office for 2014 and 2013, respectively. The fixed return fund assets of the QPP are co invested with those of the TDA Program. The variable return fund assets of the QPP are co invested with those of the TDA Program and TRS (see Note 2). TRS holds the assets of the variable return fund.

8. ADMINISTRATIVE EXPENSES

In Fiscal Years 2014 and 2013, as per Chapter 307 of the New York State Laws of 2002, The City provided BERS with Corpus funding for administrative expenses in the amount of $12.30 million and $11.38 million, respectively.

9. CONTINGENT LIABILITIES AND OTHER MATTERS

Contingent Liabilities — The System has claims pending against it and has been named as a defendant in lawsuits and also has certain other contingent liabilities. Management of the System, on the advice of legal counsel, believes that such proceedings and contingencies will not have a material effect on the net position of the System or changes in the net position of the System. Under the existing State statutes and City laws that govern the functioning of the System, increases in the obligations of the System to members and beneficiaries ordinarily result in increases in the obligations of the New York City Board of Education to the System.

Other Matters — During Fiscal Years 2014 and 2013, certain events described below took place, which, in the opinion of the System's management, could have the effect of increasing the obligations of the System to the members and/or their beneficiaries. The effect of such events has not been fully quantified. However, it is the opinion of the System's management that such developments would not have a material effect on the net position held in trust by the System for retirement benefits, or cause changes in the net position held in trust by the System for retirement benefits.

Actuarial Audit — Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems ("NYCRS") are conducted every two years.

Refer to Note 5 for the results of the most recent actuarial audits for the QPP.

Revised Actuarial Assumptions and Methods — In accordance with the ACNY and with appropriate practice, the Boards of Trustees of the five actuarially-funded NYCRS are to periodically review and adopt actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions.

Based, in part, upon a review of the Segal and Hay studies, the Actuary issued a February 10, 2012 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2011 for the New York City Board of Education Retirement System" ("February 2012 Report").

The Board of Trustees of BERS adopted those changes to actuarial assumptions that require Board approval. The State Legislature and the Governor enacted Chapter 3/13 to provide for those changes to the actuarial assumptions and methods that require legislation, including the AIR assumption of 7.0% per annum, net of investment expenses.

New York State Legislation (only significant laws included) —

Chapter 18 of the Laws of 2012 amended portions of the Retirement and Social Security Law and ACNY that affect the contributions and benefits of members who join a New York State public retirement system (including BERS) on or after April 1, 2012. These changes are sometimes referred to as Tier 6.

Chapter 3 of the Laws of 2013 ("Chapter 3/13") implemented changes in the actuarial procedures for determining Employer Contributions beginning Fiscal Year 2012. In particular, Chapter 3/13 continued the OYLM, employed the Entry Age Actuarial Cost Method ("EAACM"), established an Actuarial Interest Rate ("AIR") assumption of 7.0% per annum, net of investment expenses, continued it and other interest rates until June 20, 2016, and defined the amortization of Unfunded Actuarial Accrued Liabilities ("UAAL").

Chapter 489 of the Laws of 2013 ("Chapter 489/13") extended the WTC Disability Laws to vested members.

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
(In thousands)

	2014	2013
Total pension liability:		
Service cost	$ 142,687	$ 138,530
Interest	288,162	271,738
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments and withdrawals	(214,315)	(204,093)
Net change in total pension liability	216,534	206,175
Total pension liability – beginning	3,969,305	3,763,130
Total pension liability – ending (a)	4,185,839	3,969,305
Plan fiduciary net position:		
Employer contributions	214,590	196,246
Member contributions	37,193	39,056
Net investment income	875,453	660,827
Payment of interest on TDA program fixed return funds	(206,615)	(163,756)
Benefit payments and withdrawals	(214,315)	(204,093)
Administrative expenses	(9,776)	(8,927)
Other	(70,916)	(176,301)
Net change in plan fiduciary net position	625,614	343,052
Plan fiduciary net position – beginning	2,653,651	2,310,599
Plan fiduciary net position – ending (b) *	3,279,265	2,653,651
Employer's net pension liability – ending (a)-(b)	$ 906,574	$ 1,315,654
Plan fiduciary net position as a percentage of the total pension liability	78.34%	66.85%
Covered-employee payroll	$ 989,168	$ 886,186
Employer's net pension liability as a percentage of covered-employee payroll	91.65%	148.46%

Additionally, in accordance with GASB No. 67, paragraph 50, such information was not readily available for periods prior to 2013.

* Such amounts represent the preliminary Funds' fiduciary net position and may differ from the final Funds' fiduciary net position.

Required Supplementary Information (Unaudited)
Qualified Pension Plan (Cont'd)
Schedule 2

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS
(In thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	$ 214,590	$ 196,246	$ 213,651	$ 180,191	$ 147,349	$ 134,225	$ 143,100	$ 129,820	$ 90,839	$ 106,359
Contributions in relation to the actuarially determined contribution	214,590	196,246	213,651	180,191	147,349	134,225	143,100	129,820	90,839	96,648
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	-	$ -	$ -	$ -	$ 9,711
Covered-employee payroll	$ 989,168	$ 886,186	$ 879,476	$ 880,656	$ 826,782	$ 755,516	$ 729,098	$ 696,422	$ 608,596	$ 624,866
Contributions as a percentage of covered-employee payroll	21.69%	22.15%	24.29%	20.46%	17.82%	17.77%	19.63%	18.64%	14.93%	15.47%

Required Supplementary Information (Unaudited)
Qualified Pension Plan (Cont'd)
Schedule 2 (Cont'd)

NOTES TO SCHEDULE OF EMPLOYERS' CONTRIBUTIONS

With the exception of fiscal year 2005, the above actuarially determined contributions were developed using a One-Year Lag Methodology, under which the actuarial valuation determines the employer contribution for the second following fiscal year (e.g. Fiscal Year 2014 contributions were determined using an actuarial valuation as of June 30, 2012). The Fiscal Year 2005 employer contribution was determined using an actuarial valuation as of the immediate prior fiscal year (June 30, 2004). This change in methodology caused two actuarial valuations to be performed as of June 30, 2004.
The methods and assumptions used to determine the actuarially determined contributions are as follows:

Valuation Dates	**June 30, 2012**	**June 30, 2011**	**June 30, 2010**	**June 30, 2009 - June 30, 2004**	**June 30, 2004**
Actuarial cost method	Entry Age	Entry Age	Entry Age	Frozen Initial Liability1	Frozen Initial Liability1
Amortization method for Unfunded Actuarial Accrued Liabilities:					
Initial Unfunded	Increasing	Increasing Dollar	Increasing Dollar	NA[2]	NA[2]
Post-2010 Unfundeds	Level Dollar	Level Dollar	Level Dollar	NA[2]	NA[2]
Remaining amortization period:					
Initial Unfunded	20 years (closed)	21 years (closed)	22 years (closed)	NA[2]	NA[2]
2011 Actuarial Gain	14 years (closed)	15 years (closed)	NA	NA[2]	NA[2]
2012 Actuarial Loss	15 years (closed)	NA	NA	NA[2]	NA[2]
Actuarial Asset Valuation (AAV) Method	Modified six-year moving average of market values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AAV is defined to recognize Fiscal Year 2011 investment performance.	Modified six-year moving average of market values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AAV is defined to recognize Fiscal Year 2011 investment performance.	"Modified six-year moving average of market values with a "Market Value Restart" as of June 30, 2011. The June 30, 2010 AAV is defined to recognize Fiscal Year 2011 investment performance.	Modified six-year moving average of market values with "Market Value Restart" as of June 30, 1999.	Modified six-year moving average of market values with "Market Value Restart" as of June 30, 1999.
Actuarial assumptions:					
Assumed rate of return[3]	7.0% per annum, net of investment expenses	7.0% per annum, net of investment expenses	7.0% per annum, net of investment expenses	8.0% per annum, gross of investment expenses	8.0% per annum, gross of investment expenses
Post-retirement mortality	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2006	Tables adopted by Board of Trustees during Fiscal Year 2000
Active service: withdrawal, death, disability, service retirement	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2012	Tables adopted by Board of Trustees during Fiscal Year 2006[4]	Tables adopted by Board of Trustees during Fiscal Year 2000
Salary increases[3]	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per year.
Cost-of-Living Adjustments[3]	1.5% per annum	1.5% per annum	1.5% per annum	1.3% per annum	1.3% per annum

1. Under this actuarial cost method, the Initial Liability was reestablished as of June 30, 1999, by the Entry Age Actuarial Cost Method but with the unfunded actuarial accrued liability (UAAL) not less than $0. The financial results using this Frozen Initial Liability Actuarial Cost Method are the same as those that would be produced using the Aggregate Actuarial Cost Method.
2. In conjunction with Chapter 85 of the Laws of 2000, there is an amortization method. However, the June 30, 1999 UAAL for the QPP equaled $0 and no amortization period was required.
3. Developed using a long-term Consumer Price Inflation assumption of 2.5% per year.
4. In the June 30, 2009 actuarial valuation, the tables adopted by the Board of Trustees during Fiscal Year 2006 were supplemented by additional assumptions adopted by the Board of Trustees during Fiscal Year 2011 for valuing benefits payable to Tier 3 active members.

SCHEDULE OF INVESTMENT RETURNS

The following table displays annual money-weighted rate of return, net of investment expense, for each of the past two fiscal years:

Years of Service	Money-weighted Rate of Return
June 30, 2014	19.513%
June 30, 2013	12.679%

Note: In accordance with GASB No. 67, paragraph 50, such information was not readily available for periods prior to 2013.

SCHEDULE OF INVESTMENT EXPENSES

	INVESTMENT MANAGER	INVESTMENT TYPE	MGMT FEE
1	**Fixed Investment Expenses:**		
	Daruma Asset Mgmt Small Cap	Equity	157,829
	Blackrock R2000 Growth	Equity	525
	Blackrock R2000 Value	Equity	510
	Wellington Mgmt MCC	Equity	511,000
	State Street GA S&P 400	Equity	3,171
	Zevenbergen	Equity	165,766
	F.I.S. Fund Mgmt	Equity	542,685
	Total Progress Trust	Equity	332,190
	BlackRock R3000	Equity	7,963
			$ 1,721,638
	Baillie	International Equity	812,650
	Sprucegrove	International Equity	800,496
	Acadian EAFE Small Cap MTA	International Equity	300,360
	Acadian	International Equity	1,105,970
			$ 3,019,477
	Apollo Investment Fd VIII	Private Equity	238,053
	Ardian Secondary	Private Equity	11,891
	Carlyle Ptnrs VI	Private Equity	236,382
	CVC Capital Ptnrs	Private Equity	9,825
	Fairview Private Equity Fd	Private Equity	55,948
	Landmark Equity Ptnrs XV	Private Equity	197,493
	Mesirow Partners Fund III	Private Equity	183,354
	Mesirow Partners Fund IV	Private Equity	64,250
	Mesirow Partners Fund V	Private Equity	331,500
	New York Fairview	Private Equity	12,914
	Pre EMMES AM Co	Private Equity	38,593
	Pre Franklin Temp	Private Equity	161,238
	Platinum Eq Cap Ptnrs III	Private Equity	1,377,704
	Warburg Pincus XI	Private Equity	334,562
	Prudential Privest	Private Equity	6,880
	RFM NYCERS Sandy LLC	Private Equity	27,983
	Blackstone Real Estate Ptnrs IV	Private Equity	94,975
	Brookfield Strategic RE Ptnrs	Private Equity	122,659
	Brook Field	Private Equity	20,046
	Hudson Separate Account	Private Equity	15,174
	Lasalle US Property Fd	Private Equity	159,712
	UBS Trumbull Property Fd	Private Equity	504,334
			$ 4,205,470
	State Street	Fixed Income	43,108
	Pimco	Fixed Income	157,908
	Prudential	Fixed Income	99,130
	Taplin Canida	Fixed Income	80,630
	Loomis Sayles	Fixed Income	364,354
	Shenkman	Fixed Income	394,848
	Securities Lending	Fixed Income	40,511
			$ 1,180,489
	Pimco	TIPS	**$ 100,358**

SCHEDULE OF INVESTMENT EXPENSES (Cont'd)

	Babson BL MTA	Mutual Fund Fixed Income	$ 311,804
	Blackrock R1000 Growth	Mutual Fund Equity	5,308
	Blackrock R1000 Value	Mutual Fund Equity	5,605
			$ 10,913
	Access RBC	Mutual Fund Mortgage	11,023
	AFL-CIO Housing Inv Trust	Mutual Fund Mortgage	102,615
			$ 113,638
	Fixed Investment Expenses:	Sub-total	$10,663,786
2	**Variable Investment Expenses:**		
	Qualified Pension Plan		79,709
	Tax Deferred Annuity Program		$ 685,256
	Variable Investment Expenses:	Sub-total	$ 764,965
3	**Consultants:**		
	Courtlandt Partners		9,632
	Ernst & Young (SR Batliboi & Co)		1,084
	Hamilton Lane		73,750
	Nat'l Instit on Retirement Sec		160
	Rodriguez Velazquez		53
	Townsend Group		39,227
	Cox, Castle & Nicholson		18,128
	Foster Pepper		4,869
	Nixon Peabody		17,820
	Reinhart Boerner VanDeuren		2,309
	Seward & Kissel		10,037
	Buck Consultants, LLC		184,000
	Britten Network Co.		218,472
	Prudential		163,221
	Consultants:	Sub-total	$ 742,761
Total Investment Expense for FY 2014			$12,171,512

SCHEDULE OF DIRECT PAYMENTS TO CONSULTANTS

INDIVIDUAL OR FIRM NAME	NATURE OF SERVICES	AMOUNT
Buck Consultants, LLC 485 Lexington Avenue New York, NY 10017	Investment Consultation	$ 184,000
Britten Network Co. 536 Main Street Royersford, PA 19468	Investment Consultation	218,472
Prudential Insurance Co. 200 Wood Ave South Iselin, NJ 08830	Professional Services	163,221
KPMG 345 Park Avenue New York, NY 10154	CPMS Consultants*	289,078
Vitech Systems Group, Inc. 401 Park Avenue South, 12th Floor New York, NY 10016	CPMS Consultants	2,735,744
Gary Tunnicliffe & Jack Ziegler, LLC 321 Union Street, #4A Brooklyn, NY 11231	CPMS Consultants	507,300
Total Consulting Fees for FY 2014		**$ 4,097,815**

* CPMS - Comprehensive Pension Management System

SCHEDULE OF ADMINISTRATIVE EXPENSES
(In thousands)

	EXPENSE TYPE		AMOUNT
1	**Administrative Expenses (QPP):**		
	Salaries paid to Plan Personnel		$ 5,705
	Consumable Supplies and Materials		67
	Furniture and Equipment		63
	General Services		119
	Contractual services		3,822
		Sub-Total	**9,776**
2	**Administrative Expenses (TDA):**		
	Salaries paid to Program Personnel		$ 1,753
	Contractual services		778
		Sub-Total	**2,531**
3	**Miscellaneous Expenses:**		
	Related Parties Administrative Expenses	Sub-Total	**1,083**
	(Adm expenses made by the Comptroller on our behalf. Charged on investment)		
	Total Administrative Expenses for FY 2014		**$13,390**

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3 INVESTMENT

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Principal

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fax 212.330.1252

Date: October 1, 2014

To: New York City Board of Education Retirement System

From: Donald Eibsen and Donald Silk
Buck Global Investment Advisors

Re: Report on Investment Activity

Dear Members of the New York City Board of Education Retirement System:

Fund Summary

The Board of Education Retirement System total fund increased in value for the fiscal year ending June 2014 with a return of 19.5%, compared to 18.3% for the Board of Education Policy Benchmark[1], against which it is measured. The market value of the fund, just having achieved the $3 billion mark two years ago, cleared another milestone and ended FY2014 at $4.2 billion. Performance was not only strong in an absolute sense (this represents the second consecutive year of double-digit returns), but the Fund also outperformed its benchmark for the fiscal year as well as nearly all other comparably sized public pension funds. Performance also remains strong over the trailing five- and ten-year time periods, where the Fund is also ahead of benchmark and ranks within the top quartile of its peer group. Over the trailing ten-year period, the Fund has returned an annualized 8.0% versus 7.7% for the benchmark.

Economic and Market Comment

The US economy continued to grow and the labor market data indicated continued improvement. In response, the Federal Reserve began to pare back quantitative easing measures and market participants caught glimpse of a return to normal interest rates in the horizon. GDP was solid with the latest government estimates reporting 2.5% growth during the fiscal year. Inflation remained relatively constrained and grew at 2.1%, the first time it had achieved the Federal Reserve's informal 2.0% target since 2012. The job market continued to show continued improvement and added an average 206,000 jobs a month, a pace not seen since FY2012. The unemployment rate continued to decline, falling from 7.5% to 6.1% over the course of the fiscal year, below the informal 6.5%

[1] The Board of Education Policy Benchmark is a custom index representing the weighted average return of the benchmarks for each major investment program in the Plan. The Policy Benchmark as of 6/30 consisted of: 42.26% Russell 3000, 17% MSCI EAFE, 5% MSCI Emerging Markets, 2.91% Russell 3000+300bps, 2.83% NFI ODCE Net + 100bps, 17% NYC Core+5 fixed income, 5% Barclays Capital US TIPS, 5.5% Citigroup BB&B Index, and 2.5% Credit Suisse Leveraged Loan Index.

target that the Federal Reserve had previously cited where a return to a more normalized monetary policy would be appropriate (but subsequently retracted). These favorable indicators of economic health have had a proportionate effect on BERS investments.

The U.S. stock market, as measured by the Russell 3000 stock index, returned 25.2% for the fiscal year, performing similarly to the 21.5% return generated during the preceding fiscal year. Although the Fed began to pare back quantitative easing as part of the unwinding of accommodative monetary policy, equities continued to climb given sentiment that improving economic conditions would offset. In addition, interest rates remained low as market participants anticipated the unwinding of easy monetary policy to occur in a more gradual manner. International stocks did similarly well, with the MSCI EAFE Index returning 24.1%. This was achieved despite lacking signs of recovery in Europe. Fixed income returns were positive despite the prospect of higher interest rates. The yield on the 10-Year Treasury Note spiked from 2.5% to over 3.0% on the elimination of quantitative easing purchases and increased likelihood for a forth coming rate hike. Higher rates proved to be short-lived, however, as a combination of muted inflation figures and a relatively "dovish" bias on the part of the Fed caused interest rates to revert back down to beginning of year levels. The Barclays Aggregate Index, which represents a proxy of investment-grade bonds, returned 4.4% for the fiscal year. High yield fixed income, which is highly correlated to the movement of equity prices, returned 11.7%.

Fund Description

Asset allocation is a major contributor to the Board of Education Retirement System fund's historical returns. The Trustees establish a target asset mix after considering the long-term growth prospects for the diversified group of investments and the cost of the plan participants' benefits. This asset allocation does not change significantly from year to year, and the fund is rebalanced to the target mix as it pays out benefits and receives contributions. The fund's target asset mix is 70% stocks (including non-US stocks, private equity, and real estate) and 30% bonds. Over the long investment future of the pension fund, we expect stocks to outperform bonds by a substantial margin. Our expectations were again easily exceeded this year as the domestic public equity allocation of the fund returned 26.1% (including a 29.3% return from actively managed strategies). International equity also performed exceptionally well and returned 23.7%, slightly ahead of the MSCI EAFE. Emerging market equities were somewhat weak in a relative sense, but still returned in solid double digits. Fixed income were also solid, with a 7.1% return for the year (excluding cash), and outperformance from the enhanced yield and credit managers contributed to outperformance versus benchmark.

Fiscal year 2014 saw continued implementation of the revised asset allocation. Flexibility was added in the use of US public equity indexing strategies, by converting from the use of a single total-market strategy, to the utilization of four different style-specific index funds. Private equity and direct real estate continue to be funded with the goal of reaching their respective 6% and 7% allocation targets. With the latter, exposure was diversified to include an allocation to real assets, and the addition of a specialty consultant in the sector. The Total Fund remains ahead of its median public fund peer over nearly all longer time periods (lags over 15 years by only 2 basis points, but is still ahead of benchmark). All returns are calculated using a time-weighted rate of return and fully accrued market values. Data is collected by the fund custodian and presented, to the degree possible, in conformance with industry presentation standards. The pension fund is a long-term investment fund structured to provide assets for the payouts needed for the benefits of the participants. The fund is measured over time periods consistent

with those future requirements. The primary strategy for the fund going forward will be the continued focus on investments in lower-correlated asset classes with favorable expected return characteristics, such as private equity and private real estate. Implementation of such investments will be biased toward relatively larger deal sizes in high quality managers, to the extent possible, with the goal of improving portfolio efficiency, while seeking to prevent over diversification from an excessive number of investments.

Asset markets continue to post impressive gains, but risks remain, be it from the prospects of tighter monetary policy in the United States, or a flaring up in conflict in the Middle East and Eastern Europe. We continue to follow the course of seeking investment diversification to mitigate the effects on the fund. We will continue to monitor market conditions and fund performance in order to accomplish the goal of providing the plan benefits as promised.

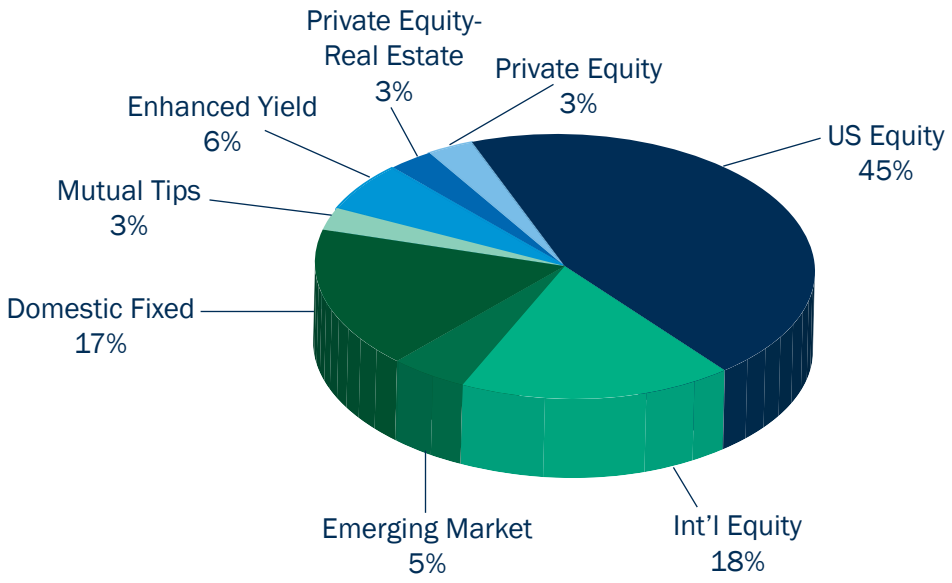
Sincerely,

Donald R. Eibsen, CFA
Principal

Donald H. Silk, CFA
Principal

DHS:AF

Qualified Pension Plan and Tax Deferred Annuity Program (Fixed)
Assets Allocation
Fiscal Year Ended June 30, 2014



Years	US Equity	Int'l Equity	Emerging Market	Domestic Fixed	Mutual TIPS	Enhanced Yield	Private Equity-Real Estate	Private Equity
6/30/2005	39.80	15.65	8.94	33.39	0.00	2.22	0.00	0.00
6/30/2006	39.16	18.05	4.50	36.32	0.00	1.97	0.00	0.00
6/30/2007	47.90	19.30	4.50	20.40	2.80	4.40	0.00	0.70
6/30/2008	36.49	19.57	16.38	20.62	2.69	2.95	0.00	1.30
6/30/2009	34.28	20.48	11.00	26.06	2.73	3.94	0.00	1.51
6/30/2010	36.22	21.67	8.46	25.27	2.72	3.66	0.00	2.00
6/30/2011	39.97	21.51	5.37	22.63	2.62	3.43	1.66	2.81
6/30/2012	37.79	19.03	4.48	24.81	2.46	6.00	2.15	3.28
6/30/2013	42.90	17.59	4.56	20.01	3.91	5.60	2.39	3.04
6/30/2014	44.72	18.27	4.67	16.69	3.38	6.19	2.83	3.25

Qualified Pension Plan and Tax Deferred Annuity Program (Fixed)
Assets Allocation
Fiscal Year Ended June 30, 2014

Investment Summary (Fixed and Variable)
Fiscal Year Ended June 30, 2014
(In thousands)

Type of Investments	Market Value	Percentage
Short Term Investments:	**$ 157,989**	**3.06%**
Debt Securities:	**791,282**	**15.34**
Promissory Notes:	**-**	**-**
Equity Securities:	**907,430**	**17.59**
Alternative Investments:	**280,168**	**5.43**
Collective Trust Funds:		
International Equity	958,686	18.58
Domestic Equity	1,389,836	26.94
Mortgage Debt Security	20,519	0.40
Treasury Inflation-Protected Securities	141,253	2.74
Fixed Income	83,258	1.61
Total Collective Trust Funds:	**2,593,552**	**50.26**
Collateral From Securities Lending:	**429,532**	**8.32**
Total Investments	**$ 5,159,953**	**100.00%**

Schedule of Investment Returns (Fixed)
Annualized Investments Results (Unaudited)
Fiscal Year Ended June 30, 2014

Assets $K	Assets %		3 Mos Apr-14 Jun-14 %	6 Mos Jan-14 Jun-14 %	1 Yr Jul-13 Jun-14 %	3 Yrs Jul-11 Jun-14 %	5 Yrs Jul-09 Jun-14 %	10 Yrs Jul-04 Jun-14 %
2,142,011	45.67	**U.S. Equities**	**4.66**	**6.66**	**26.06**	**16.28**	**19.37**	**8.37**
		Russell 3000 Index	4.87	6.94	25.22	16.46	19.33	8.23
958,686	20.44	**Total International Equities**	**3.87**	**4.85**	**23.68**	**7.44**	**13.92**	**9.89**
763,522	16.28	**Int'l. Equities-Developed Markets**						
		MSCI EAFE	4.09	4.78	23.57	8.10	11.77	6.93
195,164	4.16	**Int'l. Equities-Emerging Markets**						
		MSCI Emerging Markets Free	6.60	6.14	14.31	-0.39	9.24	11.94
3,100,697	**66.11**	**Total Equities - Public & Private**	**4.70**	**6.37**	**24.69**	**12.82**	**17.22**	**8.65**
1,026,257	**21.88**	**U.S. Fixed Income**	**2.70**	**5.27**	**7.10**	**6.14**	**7.93**	**6.45**
781,227	16.66	Total Government	2.87	6.35	3.97	5.52	5.88	6.19
245,030	5.22	Total Corporate	2.87	6.10	8.24	6.71	8.63	5.68
410,598	**8.75**	**Securities lending**						
152,828	**3.26**	**Short-term Investments**	**0.05**	**0.09**	**0.75**	**0.39**	**0.51**	**2.31**
4,690,380	**100.00**	**Total Portfolio**	**4.14**	**6.02**	**19.47**	**10.53**	**14.04**	**8.01**

Yield data were obtained from the NYCBERS Performance Overview as of June 30, 2014

These returns are calculated using a time weighted rate of return based on the market value of the portfolio, (QPP) for time periods greater than one year the returns are annualized.

Does not include QPP/TDA variable.

List of 50 Largest Equity Holdings (Fixed)
Fiscal Year Ended June 30, 2014

	NAME OF EQUITY HOLDINGS	COST	FAIR VALUE
1	TESLA MOTORS INC COMMON STOCK USD.001	$ 1,160,505	$ 5,521,380
2	NETFLIX INC COMMON STOCK USD.001	771,502	3,877,280
3	AMAZON.COM INC COMMON STOCK USD.01	1,416,514	3,605,058
4	ZILLOW INC CLASS A COMMON STOCK USD.0001	978,812	3,373,148
5	ADVANCE AUTO PARTS INC COMMON STOCK USD.0001	1,504,741	3,120,700
6	PRA GROUP INC COMMON STOCK USD.01	1,496,766	3,107,466
7	PRICELINE GROUP INC/THE COMMON STOCK USD.008	849,637	3,079,680
8	LINKEDIN CORP A COMMON STOCK USD.0001	2,395,208	3,069,313
9	FACEBOOK INC A COMMON STOCK USD.000006	1,128,471	3,001,134
10	CELGENE CORP COMMON STOCK USD.01	1,582,671	2,902,744
11	EQUIFAX INC COMMON STOCK USD1.25	1,789,362	2,826,811
12	VANTIV INC CL A COMMON STOCK USD.00001	1,870,614	2,760,168
13	ROBERT HALF INTL INC COMMON STOCK USD.001	1,505,410	2,712,587
14	GENPACT LTD W/D COMMON STOCK USD.01	2,491,610	2,676,954
15	TRIPADVISOR INC COMMON STOCK USD.001	1,099,529	2,657,606
16	ALKERMES PLC COMMON STOCK USD.01	1,216,681	2,576,594
17	MARKEL CORP COMMON STOCK NPV	1,902,717	2,483,564
18	GILEAD SCIENCES INC COMMON STOCK USD.001	2,254,613	2,462,427
19	CATAMARAN CORP COMMON STOCK NPV	2,184,702	2,380,224
20	PRECISION CASTPARTS CORP COMMON STOCK NPV	926,493	2,347,320
21	M + T BANK CORP COMMON STOCK USD.5	1,525,231	2,319,735
22	PIONEER NATURAL RESOURCES CO COMMON STOCK USD.01	1,026,374	2,298,100
23	TRIMBLE NAVIGATION LTD COMMON STOCK NPV	1,635,912	2,268,730
24	MANPOWERGROUP INC COMMON STOCK USD.01	1,548,084	2,224,258
25	LENNOX INTERNATIONAL INC COMMON STOCK USD.01	1,003,912	2,166,519
26	HARLEY DAVIDSON INC COMMON STOCK USD.01	991,176	2,148,237
27	AKAMAI TECHNOLOGIES INC COMMON STOCK USD.01	1,748,893	2,137,650
28	CARMAX INC COMMON STOCK USD.5	1,335,480	2,092,258
29	WASTE CONNECTIONS INC COMMON STOCK USD.01	1,370,584	2,068,230
30	NXP SEMICONDUCTORS NV COMMON STOCK	968,615	2,058,860
31	NVR INC COMMON STOCK USD.01	1,178,401	2,007,797
32	PANDORA MEDIA INC COMMON STOCK USD.0001	1,462,443	2,000,100
33	MSC INDUSTRIAL DIRECT CO A COMMON STOCK USD.001	1,384,165	1,930,685
34	YELP INC COMMON STOCK USD.000001	1,184,094	1,909,332
35	NATIONAL INSTRUMENTS CORP COMMON STOCK USD.01	1,577,169	1,909,229
36	CLEAN HARBORS INC COMMON STOCK USD.01	1,593,214	1,866,206
37	SEI INVESTMENTS COMPANY COMMON STOCK USD.01	1,168,675	1,853,307
38	SCHWAB (CHARLES) CORP COMMON STOCK USD.01	1,299,712	1,852,784
39	SUPERIOR ENERGY SERVICES INC COMMON STOCK USD.001	1,184,485	1,839,996
40	ALLIANCE DATA SYSTEMS CORP COMMON STOCK USD.01	962,220	1,828,125
41	SALIX PHARMACEUTICALS LTD COMMON STOCK USD.001	789,228	1,781,174
42	UGI CORP COMMON STOCK NPV	1,004,891	1,773,257
43	ALLISON TRANSMISSION HOLDING COMMON STOCK USD.01	1,201,610	1,719,830
44	GOOGLE INC CL A COMMON STOCK USD.001	648,626	1,672,156
45	UNIVERSAL HEALTH SERVICES B COMMON STOCK USD.01	1,276,908	1,670,246
46	ALLEGHANY CORP COMMON STOCK USD1.	1,201,802	1,651,712
47	GOOGLE INC CL C COMMON STOCK USD.001	644,620	1,645,301
48	PATTERSON UTI ENERGY INC COMMON STOCK USD.01	1,083,317	1,640,153
49	AUTODESK INC COMMON STOCK USD.01	1,014,509	1,599,501
50	MICHAEL KORS HOLDINGS LTD COMMON STOCK NPV	914,566	1,595,700

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

List of 50 Largest Bond Holdings (Fixed)
Fiscal Year Ended June 30, 2014

	NAME OF BOND HOLDINGS	PAR VALUE	FAIR VALUE
1	FED HM LN PC POOL G18514	$ 14,000,000	$ 14,529,060
2	FNMA POOL AB7848	13,672,419	13,522,706
3	FNMA POOL 995939	11,308,030	12,773,777
4	FNMA TBA JUL 15YR	11,500,000	11,681,470
5	GNMA II TBA JUL 30 4.0PCT	10,000,000	10,701,600
6	GNMA II TBA AUG 30 JUMBOS	9,000,000	9,349,470
7	FNMA TBA JUL 30YR SINGLE FAM	8,000,000	8,490,000
8	FNMA TBA AUG 30 SINGLE FAM	7,500,000	8,103,825
9	FNMA TBA JUL 30 SINGLE FAM	7,000,000	7,773,290
10	GNMA II TBA JUL 30 4.5PCT	6,500,000	7,097,415
11	GNMA II SINGLE FAMILY TBA	7,000,000	7,065,660
12	FNMA POOL AT5994	6,966,379	6,890,097
13	US TREASURY N/B 08/23 2.5	6,630,000	6,669,382
14	US TREASURY N/B 05/24 2.5	6,295,000	6,286,124
15	US TREASURY N/B 04/16 0.25	5,445,000	5,432,422
16	FNMA TBA JUL 15 SINGLE FAM	5,000,000	5,307,800
17	US TREASURY N/B 08/22 1.625	5,564,000	5,282,350
18	US TREASURY N/B 08/40 3.875	4,450,000	4,936,741
19	FHLMC GOLD CONV	5,000,000	4,932,400
20	US TREASURY N/B 11/18 1.25	4,970,000	4,924,972
21	FED HM LN PC POOL C91768	4,679,880	4,892,861
22	FNMA POOL AS1808	4,600,222	4,809,900
23	GNMA II POOL 004113 G2 04/38 FIXED 5	4,310,889	4,754,307
24	US TREASURY N/B 05/21 3.125	4,400,000	4,697,352
25	FREDDIE MAC NOTES 05/20 1.375	4,600,000	4,474,466
26	FNMA POOL AU9333	4,521,094	4,468,965
27	FNMA POOL AL5363	4,194,332	4,386,181
28	US TREASURY N/B 02/39 3.5	4,135,000	4,314,624
29	GNMA POOL 782386 GN 08/38 FIXED 5	3,792,744	4,169,136
30	GNMA TBA 30YR	4,000,000	4,159,680
31	US TREASURY N/B 07/20 2	3,985,000	4,006,479
32	US TREASURY N/B 11/14 0.25	4,000,000	4,002,640
33	US TREASURY N/B 02/43 3.125	4,090,000	3,937,279
34	FNMA TBA JUL 30 SINGLE FAM	3,500,000	3,790,395
35	FNMA TBA JUL 15YR SINGLE FAMIL	3,500,000	3,635,625
36	GOVERNMENT NATL MTG ASSN TBA	3,000,000	3,204,390
37	US TREASURY N/B 11/20 2.625	3,075,000	3,194,156
38	FNMA TBA JUL 15 SINGLE FAM	3,000,000	3,184,230
39	FHLMC GOLD TBA 30 YR TBA	3,000,000	3,178,140
40	US TREASURY N/B 05/44 3.375	3,125,000	3,146,000
41	GNMA II TBA JUL 30YR JUMBOS	3,000,000	3,124,920
42	FNMA POOL AT5908	2,845,376	3,031,720
43	US TREASURY N/B 11/20 2	2,968,000	2,966,368
44	FNMA POOL AJ5704	2,652,902	2,827,861
45	FNMA POOL AL1169	2,516,829	2,685,834
46	ALCATEL LUCENT USA INC SR UNSECURED 03/29 6.45	2,645,000	2,618,550
47	US TREASURY N/B 05/24 2.5	2,500,000	2,496,475
48	SPRINT CAPITAL CORP COMPANY GUAR 11/28 6.875	2,450,000	2,474,500
49	FED HM LN PC POOL G05478	2,253,143	2,467,620
50	FNMA POOL AS2321	2,300,000	2,405,202

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

List of 50 Largest International Equity Holdings (Fixed)
Fiscal Year Ended June 30, 2014

	NAME OF INT'L EQUITY HOLDINGS	COST	FAIR VALUE
1	SOFTBANK CORP	$ 10,456,965	$ 14,470,822
2	BAIDU INC SPON ADR	6,192,324	14,302,316
3	NOVARTIS AG REG	8,780,833	12,797,577
4	INDITEX	7,005,714	11,795,287
5	AIA GROUP LTD	9,292,950	11,052,640
6	SAMSUNG ELECTRONICS CO LTD	7,939,190	10,810,898
7	TENCENT HOLDINGS LTD	3,164,646	10,638,894
8	BANCO POPULAR ESPANOL	8,003,162	10,437,071
9	PRUDENTIAL PLC	5,508,523	10,373,655
10	ARM HOLDINGS PLC	7,272,946	10,150,758
11	BANCO SANTANDER SA	7,740,476	10,121,557
12	TOTAL SA	6,591,345	9,846,275
13	UNICREDIT SPA	5,113,017	9,747,546
14	RAKUTEN INC	5,811,728	9,702,083
15	NOVO NORDISK A/S B	4,523,045	9,611,657
16	L OREAL	7,098,975	9,539,591
17	ATLAS COPCO AB A SHS	6,439,258	9,503,609
18	ROYAL DUTCH SHELL PLC B SHS	6,921,850	9,394,213
19	ROLLS ROYCE HOLDINGS PLC	6,101,787	9,322,967
20	HSBC HOLDINGS PLC	9,350,841	9,059,443
21	BANCO SANTANDER SA	8,159,946	8,768,109
22	CIE FINANCIERE RICHEMON REG	4,130,745	8,436,525
23	INVESTMENT AB KINNEVIK B SHS	6,845,359	7,896,696
24	NESTLE SA REG	5,589,543	7,570,322
25	SVENSKA HANDELSBANKEN A SHS	4,982,704	7,485,198
26	BAYERISCHE MOTOREN WERKE AG	4,202,983	7,397,834
27	FIAT SPA	4,181,430	7,248,958
28	UNITED OVERSEAS BANK LTD	6,181,395	6,902,070
29	SMC CORP	3,971,763	6,893,760
30	KERING	4,755,518	6,686,331
31	SYNGENTA AG REG	5,881,462	6,502,167
32	STANDARD CHARTERED PLC	7,991,067	6,210,920
33	TESCO PLC	7,019,607	6,129,009
34	CHINA MOBILE LTD	6,169,575	5,901,890
35	TRAVIS PERKINS PLC	4,581,693	5,863,738
36	CARNIVAL PLC	5,393,902	5,825,787
37	CHINA CONSTRUCTION BANK H	5,720,991	5,479,057
38	ASML HOLDING NV	4,531,424	5,390,629
39	AUST AND NZ BANKING GROUP	4,105,179	5,168,579
40	HOLCIM LTD REG	4,310,826	5,161,054
41	AGGREKO PLC	5,176,667	5,120,045
42	HONDA MOTOR CO LTD	5,057,209	5,103,690
43	CRH PLC	4,151,769	5,064,153
44	HON HAI PRECISION INDUSTRY	4,031,494	5,015,555
45	NAVER CORP	1,741,455	5,011,860
46	BOSKALIS WESTMINSTER	3,127,326	4,989,085
47	SASOL LTD	3,457,131	4,902,822
48	HOYA CORP	2,747,866	4,797,204
49	ABB LTD REG	3,873,102	4,690,201
50	SBM OFFSHORE NV	4,529,548	4,658,032

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

List of 50 Largest EAFE Investment Holdings (Fixed)
Fiscal Year Ended June 30, 2014

	NAME OF EAFE INVESTMENT HOLDINGS	COST	FAIR VALUE
1	SOFTBANK CORP	$ 10,456,965	$ 14,470,822
2	NOVARTIS AG REG	8,780,833	12,797,577
3	INDITEX	7,005,714	11,795,287
4	AIA GROUP LTD	9,292,950	11,052,640
5	TENCENT HOLDINGS LTD	3,164,646	10,638,894
6	BANCO POPULAR ESPANOL	8,003,162	10,437,071
7	PRUDENTIAL PLC	5,508,523	10,373,655
8	ARM HOLDINGS PLC	7,272,946	10,150,758
9	BANCO SANTANDER SA	7,740,476	10,121,557
10	TOTAL SA	6,591,345	9,846,275
11	UNICREDIT SPA	5,113,017	9,747,546
12	RAKUTEN INC	5,811,728	9,702,083
13	NOVO NORDISK A/S B	4,523,045	9,611,657
14	L OREAL	7,098,975	9,539,591
15	ATLAS COPCO AB A SHS	6,439,258	9,503,609
16	ROYAL DUTCH SHELL PLC B SHS	6,921,850	9,394,213
17	ROLLS ROYCE HOLDINGS PLC	6,101,787	9,322,967
18	HSBC HOLDINGS PLC	9,350,841	9,059,443
19	BANCO SANTANDER SA	8,159,946	8,768,109
20	CIE FINANCIERE RICHEMON REG	4,130,745	8,436,525
21	INVESTMENT AB KINNEVIK B SHS	6,845,359	7,896,696
22	NESTLE SA REG	5,589,543	7,570,322
23	SVENSKA HANDELSBANKEN A SHS	4,982,704	7,485,198
24	BAYERISCHE MOTOREN WERKE AG	4,202,983	7,397,834
25	FIAT SPA	4,181,430	7,248,958
26	UNITED OVERSEAS BANK LTD	6,181,395	6,902,070
27	SMC CORP	3,971,763	6,893,760
28	KERING	4,755,518	6,686,331
29	SYNGENTA AG REG	5,881,462	6,502,167
30	STANDARD CHARTERED PLC	7,991,067	6,210,920
31	TESCO PLC	7,019,607	6,129,009
32	CHINA MOBILE LTD	6,169,575	5,901,890
33	TRAVIS PERKINS PLC	4,581,693	5,863,738
34	CARNIVAL PLC	5,393,902	5,825,787
35	CHINA CONSTRUCTION BANK H	5,720,991	5,479,057
36	ASML HOLDING NV	4,531,424	5,390,629
37	AUST AND NZ BANKING GROUP	4,105,179	5,168,579
38	HOLCIM LTD REG	4,310,826	5,161,054
39	AGGREKO PLC	5,176,667	5,120,045
40	HONDA MOTOR CO LTD	5,057,209	5,103,690
41	CRH PLC	4,151,769	5,064,153
42	BOSKALIS WESTMINSTER	3,127,326	4,989,085
43	HOYA CORP	2,747,866	4,797,204
44	ABB LTD REG	3,873,102	4,690,201
45	SBM OFFSHORE NV	4,529,548	4,658,032
46	FUGRO NV CVA	4,647,888	4,650,274
47	JARDINE MATHESON HLDGS LTD	4,932,594	4,579,554
48	ESSILOR INTERNATIONAL	3,402,973	4,576,019
49	SEMBCORP INDUSTRIES LTD	3,733,929	4,322,969
50	OMRON CORP	2,377,766	4,292,230

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

List of 50 Largest Emerging Market Investment Holdings (Fixed)
Fiscal year Ended June 30, 2014

	NAME OF EMERGING MARKET INVESTMENT HOLDINGS	COST	FAIR VALUE
1	SAMSUNG ELECTRONICS CO LTD	$ 7,939,190	$ 10,810,898
2	HON HAI PRECISION INDUSTRY	4,031,494	5,015,555
3	NAVER CORP	1,741,455	5,011,860
4	SASOL LTD	3,457,131	4,902,822
5	HYUNDAI MOTOR CO	2,587,697	3,935,646
6	TENAGA NASIONAL BHD	2,394,917	3,786,543
7	HCL TECHNOLOGIES LTD	2,176,052	3,684,466
8	FIRSTRAND LTD	2,940,108	3,603,822
9	SK HYNIX INC	2,889,323	3,476,571
10	GAIL INDIA LTD	2,728,342	3,403,052
11	HINDALCO INDUSTRIES LTD	2,315,674	3,285,479
12	TIGER BRANDS LTD	3,135,107	3,282,322
13	SASOL LTD	2,721,739	3,223,534
14	KIA MOTORS CORP	2,392,711	3,155,548
15	STATE BANK OF INDIA	1,674,210	2,849,771
16	CIA BRASILEIRA DE DIS PREF	3,069,453	2,828,537
17	STEINHOFF INTL HOLDINGS LTD	2,033,432	2,682,182
18	PETROBRAS PETROLEO BRAS PR	3,146,237	2,644,991
19	KROTON EDUCACIONAL SA	1,412,662	2,639,196
20	FUBON FINANCIAL HOLDING CO	1,685,575	2,621,195
21	TELEFONICA BRASIL S.A. PREF	3,198,384	2,575,730
22	TATA MOTORS LTD	2,086,947	2,565,587
23	BANCO DO BRASIL S.A.	2,699,984	2,559,000
24	CIA ENERGETICA MINAS GER PRF	2,682,618	2,545,906
25	PTT PCL/FOREIGN	2,645,577	2,545,156
26	AMERICA MOVIL SAB DE C SER L	2,373,398	2,451,583
27	PTT GLOBAL CHEMICAL PCL FOR	2,793,683	2,404,071
28	WIPRO LTD	1,992,008	2,394,300
29	STANDARD BANK GROUP LTD	1,990,428	2,297,627
30	TAIWAN SEMICONDUCTOR MANUFAC	1,261,924	2,161,604
31	TIM PARTICIPACOES SA	1,392,758	1,980,125
32	LG DISPLAY CO LTD	1,662,541	1,980,049
33	PEGATRON CORP	1,700,328	1,899,200
34	PGE SA	1,482,114	1,871,106
35	INFOSYS LTD	1,892,339	1,848,903
36	SK TELECOM	1,359,270	1,815,340
37	GRUMA S.A.B. B	643,117	1,745,858
38	INNOLUX CORP	1,950,778	1,720,515
39	CAIRN INDIA LTD	1,440,741	1,663,327
40	BM+FBOVESPA SA	2,011,625	1,591,717
41	CELLTRION INC	1,232,665	1,522,062
42	RICHTER GEDEON NYRT	1,201,656	1,516,513
43	POU CHEN	1,038,867	1,512,085
44	CJ CORP	900,908	1,492,710
45	KT CORP	1,625,990	1,485,338
46	POLSKI KONCERN NAFTOWY ORLEN	1,423,728	1,437,404
47	BANK RAKYAT INDONESIA PERSER	1,227,564	1,375,880
48	MRF LTD	878,647	1,326,133
49	BRASKEM SA PREF A	1,654,051	1,304,126
50	LUPIN LTD	978,674	1,205,271

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

List of 50 Economically Targeted Investment Holdings (Fixed)
Fiscal year Ended June 30, 2014

	NAME OF ECONOMICALLY TARGETED INVESTMENT HOLDINGS	PAR VALUE	FAIR VALUE
1	FNMA POOL AW0982	$ 293,815	$ 312,258
2	FNMA POOL AU7004	287,996	306,074
3	FNMA POOL AU1707	267,114	275,392
4	FNMA POOL AV0680	255,439	271,473
5	FNMA POOL AW3604	202,471	215,180
6	FNMA TBA JUL 30YR SINGLE FAM	202,662	215,075
7	FNMA POOL 466026	201,471	213,405
8	NYC ETI ACS / RBC 2%	208,665	206,895
9	FNMA POOL AU6719	191,306	203,314
10	FNMA POOL AV7745	188,733	200,579
11	FNMA POOL AB7800	198,086	195,917
12	FNMA POOL AW6468	173,697	184,600
13	FNMA POOL AV7090	153,300	162,923
14	FNMA POOL AV3535	145,231	154,348
15	FNMA POOL AI3490	127,839	138,861
16	JPM CHASE- PPAR 1%	133,117	130,056
17	LIIF LOW INCOME INVE 1%	113,148	128,933
18	CCD CITIBANK NA PPA 1%	119,341	127,473
19	FNMA POOL AV1504	118,867	126,328
20	CCD CITIBANK NA PPA 1%	115,363	123,224
21	FHLMC MULTIFAMILY STRUCTURED P	106,973	118,584
22	FNMA POOL AO3388	113,314	116,826
23	FNMA POOL AK6714	110,256	113,673
24	FNMA POOL AW1221	106,301	112,973
25	GNMA BC35	106,973	112,288
26	FNMA POOL AU8082	98,499	104,682
27	GNMA POOL 738395	93,811	102,533
28	BOA BANK OF AMERICA 1%	89,545	100,595
29	LIIF LOW INCOME INVE 1%	91,345	100,267
30	JPM CHASE- PPAR 1%	102,459	99,848
31	FNMA POOL AV6080	93,794	99,681
32	FNMA POOL AB7476	99,177	98,091
33	FNMA POOL AT2700	96,295	95,240
34	FNMA POOL AT7919	93,678	92,653
35	FNMA POOL AW5184	85,089	90,430
36	NYC ETI CCD 1%	69,261	81,879
37	GNMA II POOL 770735	71,807	78,617
38	FNMA POOL AW4122	69,675	74,048
39	NYC ETI LIIF 1%	63,779	69,191
40	NYC ETI CCD 1%	51,430	67,524
41	FNMA POOL AH8883	62,173	67,449
42	FNMA POOL AV9010	63,209	67,177
43	FNMA POOL AT1989	65,368	64,653
44	NYC ETI ACS / RBC 1.367%	61,830	61,068
45	NYC ETI CCD 1%	52,167	57,620
46	FNMA POOL AI3485	50,796	56,747
47	FNMA POOL AI3484	52,038	56,541
48	NYC ETI CFSB-PPAR 1%	51,075	56,018
49	FNMA POOL AS2431	52,008	55,272
50	FNMA POOL AS0792	51,192	54,406

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

List of Largest Tips Holdings (Fixed)
Fiscal Year Ended June 30, 2014

	NAME OF LARGEST TIPS HOLDINGS	PAR VALUE	MARKET VALUE
1	TIPS POSITION HELD AT PIMCO	$ 144,445,580	$ 141,253,067

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

Largest 50 Domestic Equity Holdings "Variable A" Program
Fiscal Year Ended June 30, 2014

	NAME OF DOMESTIC EQUITY HOLDINGS "VARIABLE A" PROGRAM	COST	FAIR VALUE
1	APPLE INC	$ 1,521,906	$ 6,384,137
2	MICROSOFT CORP	3,428,738	4,606,363
3	EXXON MOBIL CORP	3,316,916	4,591,743
4	GOOGLE INC	1,988,058	3,953,601
5	JOHNSON & JOHNSON	2,052,633	3,247,623
6	GENERAL ELECTRIC CO.	3,727,323	3,036,230
7	CHEVRON CORP	1,803,440	3,036,032
8	WELLS FARGO & CO	2,741,416	2,876,925
9	PROCTER & GAMBLE CO	2,264,636	2,735,967
10	BERKSHIRE HATHAWAY INC	1,703,116	2,537,168
11	VERIZON COMMUNICATIONS INC	2,026,018	2,533,364
12	JPMORGAN CHASE & CO	2,052,719	2,520,482
13	AT&T INC	2,257,761	2,389,705
14	INTERNATIONAL BUSINESS MACHINES CORP	1,455,407	2,324,205
15	PFIZER INC	1,890,707	2,296,544
16	MERCK & CO INC	1,508,146	2,195,600
17	QUALCOMM INC	1,342,537	2,118,048
18	PEPSICO INC	1,572,883	2,056,363
19	BANK OF AMERICA CORP	4,367,442	1,953,713
20	COMCAST CORP	1,078,944	1,947,210
21	CITIGROUP INC	4,148,229	1,933,027
22	BIOGEN IDEC INC	1,206,842	1,919,611
23	COCA-COLA CO	1,132,645	1,869,822
24	UNITEDHEALTH GROUP INC	1,420,047	1,863,586
25	WALT DISNEY(HLDG)CO DISNEY	840,137	1,815,046
26	INTEL CORP	1,256,568	1,785,508
27	SCHLUMBERGER LTD	1,245,124	1,765,327
28	PHILIP MORRIS INTERNATIONAL INC	1,034,562	1,695,037
29	WAL-MART STORES INC	1,209,627	1,685,920
30	FACEBOOK INC	963,158	1,673,677
31	AMGEN INC	1,163,366	1,509,871
32	CISCO SYSTEMS INC	1,525,699	1,460,180
33	ORACLE CORP	696,526	1,444,346
34	UNITED TECHNOLOGIES CORP	919,250	1,407,029
35	VISA INC	684,974	1,370,117
36	GILEAD SCIENCES INC	302,060	1,356,227
37	AMERICAN INTERNATIONAL GROUP INC	2,492,405	1,320,496
38	EOG RESOURCES INC	731,568	1,316,441
39	CVS CAREMARK CORP	613,356	1,295,864
40	ANADARKO PETROLEUM CORP	804,336	1,261,793
41	AMAZON COM INC	286,111	1,261,266
42	3M CO	771,839	1,238,762
43	MCDONALD'S CORP	677,713	1,236,565
44	CELGENE CORP	693,130	1,227,263
45	HOME DEPOT INC	577,479	1,201,861
46	CONOCOPHILLIPS	712,055	1,169,599
47	WALGREEN CO	772,674	1,113,952
48	THERMO FISHER SCIENTIFIC INC	752,663	1,098,799
49	FOREST LABORATORIES INC	724,986	1,042,511
50	DIRECTV	625,163	1,029,038

NOTE: Full listing of holdings can be obtained at
NYC Board of Education Retirement System
65 Court Street, Room 1603, Brooklyn, NY 11201

Schedule of Payments of Commissions to Brokers
Fiscal Year Ended June 30, 2014

INDIVIDUAL OR BROKERAGE FIRM	# OF SHARES	COMMISSION PAID	COMMISSION PER SHARE (in $)
ABEL NOSER CORPORATION	8,475	68	0.01
ACADEMY SECURITIES INC	61,350	1,396	0.05
AGORA COR DE TITUL E VAL MOB	306,755	2,379	0.05
AMERICAN PORTFOLIOS FINANIAL	110	4	0.04
ANCORA SECIRITIES INC	2,760	110	0.04
ANCORA SECURITIES INC	1,208	48	0.04
APEX CLEARING CORPORATION	444	18	0.04
AQUA SECURITIES L.P.	7,900	158	0.02
AVONDALE PARTNERS, LLC	22,731	804	0.07
B.RILEY &CO., LLC	51,648	1,380	0.05
BAIRD ROBERT W & CO INC	73,856	2,589	0.04
BARCLAYS BANK PLC	80,546	411	0.01
BARCLAYS CAPITAL	979,332	1,291	0.00
BARCLAYS CAPITAL INC.	1,000,000	347	0.00
BARCLAYS CAPITAL INC./LE	39,131	1,193	0.06
BARCLAYS CAPITAL LE	459,415	3,086	0.09
BARCLAYS CAPITAL SECS LONDON	1,499,531	2,357	0.01
BAYPOINT TRADING LLC	14,038	418	0.03
BB&T SECURITIES, LLC	22,647	805	0.07
BLAIR WILLIAM & COMPANY LLC	86,748	2,939	0.03
BLAYLOCK & CO INC	11,407	285	0.03
BLAYLOCK ROBERT VAN LLC	49,998	1,539	0.03
BLOOMBERG TRADEBOOK	17,654	280	0.02
BLOOMBERGTRADEBOOK LLC	23,516	579	0.02
BMO CAPITAL MARKETS	21,751	805	0.04
BMO NESBITT BURNS CORP	12,573	414	0.03
BNP PARIBAS SECS SERVICES, LDN	5,439	954	0.18
BNP PARIBAS SECURITIES CORP	5,461	191	0.04
BNP PARIBAS SECURITIES SERVICE	31,056	442	0.01
BNY CONVERGEX LJR	832	14	0.02
BREAN CAPITAL LLC	20,174	769	0.04
BREAN MURRAY, CARRET& CO., LLC	11,965	437	0.07
BROADCORT CAPITAL CORP-SUB OF	775	31	0.04
BROCHHOUSE COOPER	44,086	241	0.01
BROCKHOUSE AND COOPER MONTREAL CANA	361,690	1,318	0.03
BTIG, LLC	76,738	2,679	0.06
BUCKINGHAM RESEARCH GROUP INC	2,003	80	0.08
CABRERA CAPITAL MARKETS	74,768	1,834	0.05
CANACCORD GENUITY INC	80,660	2,904	0.07
CANADIAN IMPERIAL BANK OF COMMERCE	21,614	88	0.00
CANTOR FITZGERALD & CO	90,054	2,277	0.07
CANTOR FITZGERALD & CO / CASTLEOAK SEC	14,966	348	0.02
CANTOR FITZGERALD/CASTLEOAK	13,971	285	0.02
CANTOR FITZGERALD/CLEARING SVC	13,950	174	0.02
CAPITAL INSTITUTIONAL SERVICES	281	11	0.04
CAPITAL INSTITUTIONAL SVCS INC EQUITIES	67,385	1,205	0.04
CHEEVERS & CO. INC.	367,418	11,402	0.06
CHINA FORTUNE SECURITIES.,LTD	263,849	223	0.00
CHINA INTERNATIONAL CAPITAL CO	1,051	57	0.05
CHINA INTL CAP CORP LIMITED	531,798	330	0.00
CIBC LONDON	121,036	4,659	0.04
CIBC WORLD MARKETS - TORONTO	2,304	18	0.01

Schedule of Payments of Commissions to Brokers
Fiscal Year Ended June 30, 2014
(Cont'd)

INDIVIDUAL OR BROKERAGE FIRM	# OF SHARES	COMMISSION PAID	COMMISSION PER SHARE (in $)
CIBC WORLD MARKETS INC	7,398	296	0.04
CITIBANK N.A. NEW YORK	35,613	183	0.01
CITIGROUP GLOBAL MARKETS INC	8,115,509	12,671	0.14
CITIGROUP GLOBAL MARKETS INDIA PRV	175,304	216	0.00
CITIGROUP GLOBAL MARKETS LTD, LDN	378,472	2,058	0.19
CITIGROUPGLOBAL MARKETS INDIA	68,277	98	0.00
CITIGROUPGLOBAL MARKETS LIMITED	798,815	2,523	0.00
CLSA AUSTRALIA PTY LTD	1,810	7	0.00
CLSA LTD, HONG KONG	681,416	2,047	0.05
CLSA SECURITIES KOREA	(0)	(0)	0.05
CLSA SINGAPORE PTE LTD.	397,912	1,580	0.07
COMPASS POINT RESEARCH + TRADING, LLC	7,325	293	0.08
CONVERGEX EXECUTION SOLUTIONS	40,287	1,045	0.03
CONVERGEXEXECUTION SOLUTIONS LLC	97,269	2,197	0.02
COWEN & CO LLC	65,504	2,212	0.06
CRAIG - HALLUM	97,387	3,091	0.06
CREDIT AGRICOLE	570,602	10,921	0.02
CREDIT AGRICOLE SEC USA	9,694	339	0.04
CREDIT LYONNAIS SECURITIES INDIA	353,937	7,344	0.04
CREDIT LYONNAIS SECURITIES(ASIA)	4,214,692	1,679	0.00
CREDIT RESEARCH + TRADING LLC	6,506	274	0.08
CREDIT SUISSE 1ST BOSTON CORP,NY	3,388,948	4,130	0.04
CREDIT SUISSE FIRST BOSTON	325,428	3,494	0.04
CREDIT SUISSE FIRST BOSTON (EUROPE)	55	34	0.62
CREDIT SUISSE FIRST BOSTON, LDN	38,304	180	0.00
CREDIT SUISSE SECS (MALAYSIA)	(14)	(0)	0.00
CREDIT SUISSE SECS INDIA PRIVATE LTD	921,222	2,502	0.00
CREDIT SUISSE SECURITIES (EUROPE) LTD	98,407	2,602	0.03
CREDIT SUISSE SECURITIES (USA) LLC	19,128,852	18,315	0.13
CS FIRST BOSTON INDIA SEC PTE LTD	262,362	490	0.01
CSFB (EUROPE) LTD, LONDON	1,919	16	0.01
CSI US INSTITUTIONAL DESK	14,564	488	0.03
CUTTONE & CO. INC	4,014	140	0.11
DAIWA CAP MKTS AMERICA INC	34,400	370	0.01
DAIWA SECURITIES (HK) LTD.	104,300	217	0.00
DAIWA SECURITIES AMERICA	64,195	2,359	0.74
DAIWA SECURITIES AMERICA INC	304,367	1,184	0.01
DAIWA SECURITIES SMBC HK LTD	318,087	975	0.00
DAIWA SECURITIES SMBC INDIA PR	33,064	174	0.01
DANSKE BANK A.S.	6,536	248	0.04
DANSKE BANK AS COPENHAGEN	1,142	14	0.01
DAVIDSON D.A & CO INC NSCC	5,014	155	0.03
DAVIDSON D.A. + COMPANY INC.	8,417	286	0.03
DAVY STOCKBROKERS, DUBLIN	59,424	657	0.01
DBS VICKERS SECURITIES (S) PTE LTD	41,410	318	0.02
DBS VICKERS SECURITIES (SINGAPORE)	14,544	728	0.05
DEUTSCHE BANC SECURITIES INC.	1,162,946	11,215	0.18
DEUTSCHE BANK AG LONDON	12	18	1.56
DEUTSCHE SECURITIES ASIA LIMITED	31,353	26	0.00
DEUTSCHE SECURITIES ASIA LTD, HK	76,725	60	0.00
DOUGHERTY COMPANY	90,782	3,018	0.07
DREXEL HAMILTON LLC	31,696	994	0.07

Schedule of Payments of Commissions to Brokers
Fiscal Year Ended June 30, 2014
(Cont'd)

INDIVIDUAL OR BROKERAGE FIRM	# OF SHARES	COMMISSION PAID	COMMISSION PER SHARE (in $)
DSP MERRILL LYNCH LTD	568,913	1,008	0.01
EVERCORE GROUP LLC	890	31	0.04
FATOR - DORIA ATHERINO S/A CV	397,571	4,333	0.02
FBN SECURITIES INC	2,668	107	0.04
FIDELITY CAPITAL MARKETS	18,307	506	0.06
FIDELITY CLEARING CANADA ULC	10,681	214	0.02
FIG PARTNERS LLC	3,950	158	0.04
FIRST ANALYSIS SECURITIES CORP	3,090	107	0.07
FRANK RUSSELL SEC/BROADCORT	17	0	0.01
FRANK RUSSELL SEC/BROADCORT CAP CLEARING	335	3	0.01
FRIEDMAN, BILLINGS & RAMSEY	51,359	1,609	0.06
G TRADE SERVICES LTD	514,706	6,051	0.01
GABELLI & CO	5,950	238	0.08
GFI SECURITIES LLC	730	26	0.04
GILFORD SEC	3,000	90	0.03
GLOBAL HUNTER SECURITIES	19,021	552	0.06
GOLDMAN SACHS + CO	4,369,854	13,746	0.20
GOLDMAN SACHS CO CUST ISCC PO, NY	5,227	99	0.02
GOLDMAN SACHS CO, NY	1,265,489	1,349	0.03
GOLDMAN SACHS EXECUTION & CL	142,478	1,361	0.01
GOLDMAN SACHS INTERNATIONAL	628,835	12,357	0.03
GOODBODY STOCKBROKERS DUBLIN	12,751	141	0.01
GREENTREE BROKERAGE SERVICES	8,000	160	0.02
GREENTREEBROKERAGE SERVICES INC	8,320	166	0.02
G-TRADE SERVICES LTD	363,007	2,737	0.19
GUGGENHEIM CAPITAL MARKETS LLC	17,295	574	0.07
GUZMAN AND COMPANY	6,490	130	0.02
HEIGHT SECURITIES, LLC	4,415	155	0.07
HIBERNIA SOUTHCOAST CAPITAL	686	27	0.04
HIBERNIA SOUTHCOAST CAPITAL INC	363	15	0.04
HONGKONG AND SHANGHAI BANKING CORP	2,450,415	1,236	0.00
HSBC BANK BRASIL, SAO PAULO	(4)	(0)	0.01
HSBC BANK PLC (JC HIB SETTLEMENT)	356,761	1,385	0.09
HSBC BANKBRASIL SA BANCO MULTIPLO	158,167	1,135	0.01
HSBC BANKPLC	61,852	938	0.02
HSBC BROKERAGE USA	8,824	191	0.03
HSBC BROKERAGE (USA) INC	2,908	36	0.03
HSBC LTD SEOUL SECURITIES BRANCH	29,702	900	0.10
HSBC MEXICO S A INSTITUCION	61,788	247	0.01
HSBC MEXICO S A INSTITUCION DE BANCA MLT	82,403	220	0.00
HSBC SEC INC NY USA	399,295	3,724	0.03
HSBC SECS BROKERS(ASIA) LTD	107,633	138	0.00
HSBC SECURITIES	2,012,485	1,146	0.00
HSBC SECURITIES (USA) INC.	3,076,621	788	0.00
HSBC SECURITIES ASIA LTD, TAIPEI	1,553,082	1,314	0.00
HSBC SECURITIES INDIA HLDGS, MUMBAI	42,385	647	0.02
HSBC SECURITIES INDIA HOLDINGS	8,277	78	0.01
ICAP DO BRASIL DTVM LTDA	13,338	123	0.01
ICICI BROKERAGE SERVICES	388,416	1,728	0.00
IMPERIAL CAPITAL LLC	28,649	904	0.06
INSTINET	563,285	5,113	0.02
INSTINET CLEARING SER, INC.	364,327	7,011	0.09

INDIVIDUAL OR BROKERAGE FIRM	# OF SHARES	COMMISSION PAID	COMMISSION PER SHARE (in $)
INSTINET EUROPE LIMITED LONDO	862,416	5,932	0.42
INSTINET PACIFIC LTD	9,004,996	1,381	0.00
INSTINET SINGAPORE SERVICES PT	150,134	636	0.00
INSTINET SINGAPORE SERVICES PTE LTD	118,675	612	0.01
INSTINET U.K. LTD	1,416,693	6,887	0.00
INSTINET, LLC	373,993	4,030	0.05
INTERACCIONES CASA DE BOLSA MEXICO	21,555	169	0.01
INVESTMENT TECHN GROUP, DUBLIN	102,087	2,333	0.20
INVESTMENT TECHNOLOGY GROUP	36,882	484	0.03
INVESTMENT TECHNOLOGY GROUP INC.	57,389	938	0.03
INVESTMENT TECHNOLOGY GROUP LTD	406,666	5,095	0.01
ISI GROUP, INC.	77,155	2,181	0.06
ISLAND TRADER SECURITIES INC	107,823	3,988	0.04
ITG AUSTRALIA LTD.	40,789	70	0.00
ITG CANADA	16,580	95	0.01
ITG HOENIG LIMITED, HONG KONG	841,690	1,742	0.01
ITG INC.	63,136	328	0.01
ITG SECURITIES (HK) LTD	64,037	892	0.01
IVY SECURITIES, INC.	27,750	833	0.06
J P MORGAN CORREDORES DE BOLSA SPA	(5)	(0)	0.00
J P MORGAN INDIA PRIVATE LTD	28,717	153	0.01
J.P. MORGAN CLEARING CORP.	1,187,010	11,775	0.05
J.P. MORGAN SECURITES SINGAP PV LTD	(23)	(0)	0.00
J.P. MORGAN SECURITIES (TAIWAN) LTD	840,561	624	0.00
J.P. MORGAN SECURITIES INC.	766,267	9,198	0.14
J.P.MORGAN SECURITIES (FAR EAST) LT	7,109	34	0.05
JANNEY MONTGOMERY, SCOTT INC	30,691	998	0.06
JEFFERIES LLC	77,280	1,922	0.06
JEFFERIES+ COMPANY INC	136,070	2,946	0.04
JEFFERIESINTERNATIONAL LTD	180,653	996	0.01
JEFFRIES INTERNATIONAL LTD LONDON	19,336	363	0.02
JMP SECURITIES	19,954	785	0.08
JNK SECURITIES INC	14,556	582	0.08
JOH BERENBERG GOSSLER AND CO	17,947	376	0.02
JOHNSON RICE & CO	16,632	565	0.07
JONESTRADING INST SVCS LLC	63,583	1,419	0.02
JONESTRADING INSTITUTIONAL SERVICES LLC	138,204	3,458	0.03
JP MORGAN CHASE BANK	229,499	3,613	0.03
JP MORGAN INDIA PRIVATE LTD, MUMBAI	56,799	4,236	0.16
JP MORGAN SECS AUST LTD PID 2972	27,567	1,756	0.06
JP MORGAN SECS INC NEW YORK	81,546	417	0.02
JP MORGAN SECS LTD (EQUITIES), LDN	(2)	(0)	0.02
JP MORGAN SECS LTD LONDON	11,787	1,100	0.17
JP MORGANSECURITIES PLC	479,850	3,324	0.01
JPMORGAN CHASE BANK NA	22,334	105	0.00
JPMORGAN CHASE BANK NA LONDON	1,505	2	0.00
JPMORGAN SECURIT (ASIA PACIFIC), HK	1,623,010	545	0.00
JPMORGAN SECURITIES(ASIA PACIFIC)LTD	1,073,591	679	0.00
KEEFE BRUYETTE & WOODS INC.	76,704	3,065	0.08
KEPLER EQUITIES, PARIS	85,504	894	0.11
KEYBANC CAPITAL MARKETS INC.	60,802	1,941	0.06
KING, CL, & ASSOCIATES	190,217	4,633	0.02

Schedule of Payments of Commissions to Brokers
Fiscal Year Ended June 30, 2014
(Cont'd)

INDIVIDUAL OR BROKERAGE FIRM	# OF SHARES	COMMISSION PAID	COMMISSION PER SHARE (in $)
KING, CL,& ASSOCIATES, INC	388,223	9,339	0.02
KINGSWAY FINANCIAL SERVICES GP LTD	906,032	695	0.00
KNIGHT CLEARING SERVICES LLC	2,413	12	0.01
KNIGHT DIRECT LLC	1,436	7	0.01
KNIGHT EQUITY MARKETS L.P.	65,117	1,394	0.06
LADENBURG THALMAN & CO	1,542	31	0.04
LAZARD FRERES & COMPANY	8,357	328	0.04
LEERINK SWANN AND COMPANY	49,427	1,842	0.07
LIQUIDNET INC	200,445	5,220	0.06
LONGBOW SECURITIES LLC	11,501	460	0.08
LOOP CAPITAL	368	7	0.02
LOOP CAPITAL MARKETS	684,567	15,653	0.06
LOOP CAPITAL MARKETS INC	112	2	0.02
LOOP CAPITAL MARKETS LLC	3,745	150	0.04
LYNCH JONES & RYAN INC	3,150	55	0.02
LYNCH JONES RYAN	250	5	0.02
M RAMSEY KING SECURITIES INC	5,189	156	0.03
M. RAMSEY KING SECURITIES	1,334	38	0.03
MACQUARIE BANK LIMITED	5,797,371	3,710	0.00
MACQUARIE CAPITAL USA INC	12,820	217	0.03
MACQUARIE SECS USA INC	10,916	402	0.08
MACQUARIE SECURITIES LTD - SEOUL	12,136	568	0.09
MAINFIRSTBANK DE	4,247	972	0.23
MANDATORYEXCHANGE NON CASH	1,433	59	0.04
MAXIM GROUP	19,612	787	0.08
MERRILL LYNCH AND CO INC	42,037	116	0.00
MERRILL LYNCH AND CO INC NEW YORK	102,211	958	0.01
MERRILL LYNCH CO INC (AGS), NY	144,060	492	0.01
MERRILL LYNCH CORREDORES DE BOLSA S	(1)	(0)	0.01
MERRILL LYNCH INTERNATIONAL	11,264,745	14,118	0.00
MERRILL LYNCH INTL LTD EQUIT SETTL	1,722,359	5,003	0.10
MERRILL LYNCH PIERCE FENNER	89,323	2,512	0.04
MERRILL LYNCH PIERCE FENNER &	365	11	0.03
MERRILL LYNCH PIERCE FENNER + SMITH INC	182,005	4,915	0.05
MERRILL LYNCH PIERCE FENNER AND S	2,109,133	9,497	0.00
MERRILL LYNCH PIERCE FENNER Smith I	102,224	987	0.07
MERRILL LYNCH PROFESSIONAL	594	24	0.04
MERRILL LYNCH PROFESSIONAL CLEARING CORP	57,969	2,547	0.04
MERRILL LYNCH SA CTVM, SAO PAULO	(5)	(0)	0.00
MERRILL LYNCH,PIERCE, FENNER, SMITH	210,614	3,752	0.10
MIDWOOD SECURITIES	4,330	173	0.08
MILLER,TABAK, HIRSCH & CO	459	9	0.02
MIRABAUD SECURITIES LLP	20,401	383	0.02
MISCHLER FINANCIAL GROUP, INC	14,250	477	0.03
MISCHLER FINANCIAL GROUP, INC-EQUITIES	42,677	1,407	0.03
MIZUHO SECURITIES USA INC.	5,645	198	0.07
MKM PARTNERS LLC	5,654	212	0.04
MLV	259	5	0.02
MONTROSE SECURITIES EQUITIES	22,294	892	0.08
MORGAN STANLEY	77,281	403	0.01
MORGAN STANLEY & CO LLC	85,311	2,679	0.11
MORGAN STANLEY AND CO INTL LTD,LDN	384,355	1,029	0.01

INDIVIDUAL OR BROKERAGE FIRM	# OF SHARES	COMMISSION PAID	COMMISSION PER SHARE (in $)
MORGAN STANLEY AND CO INTL TAIPEI METRO	242,747	113	0.00
MORGAN STANLEY AND CO INTL, SEOUL	160,643	5,508	0.13
MORGAN STANLEY AND CO. INTERNATIONAL	290,818	1,922	0.03
MORGAN STANLEY CO INC NEW YORK	3,383,853	13,052	0.08
MORGAN STANLEY CO INCORPORATED	3,640,427	13,001	0.04
MORGAN STANLEY CO INTL LTD TAIPEI	726,642	863	0.00
MORGAN STANLEY DW ASIA HONG KONG	198,234	497	0.00
MORGAN STANLEY INDIA COMPANY PVT LTD	95,187	251	0.00
MR BEAL & COMPANY	80,333	1,667	0.04
NATIONAL FINANCIAL SERVICES CORP.	41,466	1,659	0.04
NATL FINANCIAL SERVICES LLC	14,684	480	0.03
NEEDHAM & CO	76,587	2,405	0.06
NOBLE INTL INVESTMENTS INC	13,907	417	0.03
NOMURA FINANCIAL AND INVESTMENT	41,624	212	0.01
NOMURA FINANCIAL AND INVESTMENT KOR	19,217	81	0.02
NOMURA SECURITIES CO LTD	252,312	90	0.00
NORTH SOUTH CAPITAL LLC	3,673	147	0.08
NORTHLAND SECURITIES INC.	55,168	1,803	0.07
OPPENHEIMER + CO. INC.	114,354	3,473	0.06
PACIFIC CREST SECURITIES	77,213	3,202	0.08
PAREL	46,623	1,262	0.03
PAREL, PARIS	4,463	592	0.19
PAVILION GLOBAL MARKETS LTD	138,681	881	0.01
PENSERRA SECURITIES	18,156	454	0.04
PERSHING LLC	104,622	927	0.10
PERSHING SECURITIES LIMITED	806,810	1,855	0.00
PERSHING SECURITIES LONDON	8,724	1	0.00
PICKERING ENERGY PARTNERS INC	480	17	0.04
PIPER JAFFRAY	85,634	3,168	0.04
PIPER JAFFRAY & CO	40,571	1,389	0.03
PULSE TRADING LLC	17,715	223	0.03
RAYMOND, JAMES & ASSOC., INC.	185,424	6,023	0.07
RBC CAPITAL MARKETS	128,152	4,259	0.03
RBC CAPITAL MARKETS LLC	36,836	1,100	0.03
RBS Asia Limited	(1)	(0)	0.00
REDBURN PARTNERS LLP	105,612	789	0.01
RESULT OF DEMERGER	1	1	0.68
ROBERT W.BAIRD CO.INCORPORATE	83,304	2,852	0.03
ROSENBLATT SECURITIES LLC	4,057	142	0.07
ROTH CAPITAL PARTNERS, LLC	33,644	1,293	0.08
ROYAL BANK OF CANADA EUROPE LTD	169,753	2,141	0.01
ROYAL BANK OF CANADA EUROPE LTD,LDN	70,492	1,298	0.02
SAMSUNG SECURITIES CO LTD SEOUL	8,601	1,367	0.35
SAMUEL A RAMIREZ & COMPANY INC	36,349	363	0.01
SANDLER O'NEILL & PARTNERS LP	18,009	610	0.07
SANFORD C BERNSTEIN & CO.,LLC	380,528	1,532	0.04
SANFORD C. BERNSTEIN LONDON	633,651	2,557	0.11
SANFORD C. BERNSTEIN LTD	91,164	3,237	0.04
SANTANDER CENTRAL HISPANO BOLSA	218,048	979	0.01
SCOTIA CAPITAL (USA) INC	9,562	338	0.07
SG AMERICAS SECURITIES LLC	191,834	1,637	0.11
SG ASIA SECURITIES (INDIA) PVT LTD	83,889	642	0.01

Schedule of Payments of Commissions to Brokers
Fiscal Year Ended June 30, 2014
(Cont'd)

INDIVIDUAL OR BROKERAGE FIRM	# OF SHARES	COMMISSION PAID	COMMISSION PER SHARE (in $)
SG COWEN SECURITIES CORP, NEW YORK	106,039	428	0.02
SG SECURITIES (HK) LIMITED	1,095,858	1,620	0.01
SG SECURITIES HK	5,268,396	5,006	0.00
SHENYIN AND WANGUO SECURITIES CO. LTD	463,726	309	0.00
SIDOTI & COMPANY, LLC	60,583	1,969	0.07
SIMMONS & CO	2,730	96	0.04
SIMMONS +COMPANY INTERNATIONAL	2,825	99	0.04
SOCIETE GENERALE BANK AND TRUST	2,055	867	0.42
SOCIETE GENERALE LONDON BRANCH	851,927	2,289	0.00
SOCIETE GENERALE LONDON BRANCH, LDN	19,429	173	0.03
SOCIETE GENERALE PARIS, ZURICH	518	1,735	3.35
STATE STREET GLOBAL MARKETS, LLC	5,797	62	0.01
STEPHENS, INC.	58,849	2,172	0.07
STERNE AGEE & LEACH INC.	55,964	1,761	0.06
STEVEN AMES	3,062	122	0.04
STIFEL NICHOLAUS & CO, INC	204,100	6,573	0.10
STRATEGAS SECURITIES LLC	950	29	0.03
STURDIVANT AND CO., INC.	7,802	156	0.02
SUNTRUST CAPITAL MARKETS, INC.	51,152	1,839	0.07
TELSEY ADVISORY GROUP LLC	305,875	11,343	0.04
THE BENCHMARK CO LLC	18,639	636	0.07
THE HONGKONG AND SHANGHAI BANK	29,934	789	0.03
THE WILLIAMS CAPITAL GROUP LP	78,397	1,749	0.02
TOPEKA CAPITAL MARKETS INC.	28,188	884	0.06
TROIKA DIALOG UK LIMITED	29,918	1,944	0.06
UBS AG	2,607,173	15,401	0.01
UBS AG LONDON EQUITIES	2,211,441	3,193	0.07
UBS SECURITIES ASIA LTD	3,782,206	3,868	0.01
UBS SECURITIES CANADA INC	26,328	143	0.01
UBS SECURITIES LLC	270,643	3,551	0.06
UBS WARBURG LTD	5,514	162	0.03
VANDHAM SECURITIES CORP	60,300	912	0.03
WEDBUSH MORGAN SECURITIES INC	103,935	2,008	0.02
WEDBUSH SECURITIES INC	59,228	1,424	0.02
WEEDEN & CO	85,325	2,823	0.06
WELLS FARGO PRIME SERVICES, LLC	65,448	654	0.01
WELLS FARGO SECURITIES, LLC	58,282	1,920	0.07
WILLIAM BLAIR & COMPANY L.L.C	108,303	3,565	0.03
WILLIAMS CAPITAL GROUP LP (THE)	88,237	2,004	0.04
WUNDERLICH SECURITIES INC.	25,105	943	0.08

4 ACTUARIAL

OFFICE OF THE ACTUARY

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ROBERT C. NORTH, JR.
ACTING CHIEF ACTUARY

December 12, 2014

Board of Trustees
New York City Board of Education
Retirement System
65 Court Street
Brooklyn, NY 11201

Re: Actuarial Information for the Comprehensive Annual Financial Report ("CAFR") for the Fiscal Year Ended June 30, 2014

Dear Members:

The financial objective of the New York City Board of Education Retirement System - Qualified Pension Plan ("BERS" or the "Plan") is to fund members' retirement benefits during their active service and to establish employer normal contribution rates that, expressed as a percentage of active member annualized covered payroll, would remain approximately level over the future working lifetimes of those active members and, together with member contributions and investment income, are intended to ultimately be sufficient to accumulate assets to pay benefits when due.

An actuarial valuation of the Plan is performed annually as of the second June 30 preceding each fiscal year to determine the Employer Contributions to be paid for that fiscal year (i.e., June 30, 2012 (Lag) actuarial valuation to determine Fiscal Year 2014 Employer Contributions).

Employers are required to contribute statutorily-required contributions ("Statutory Contributions") and these contributions are generally funded by Employers within the appropriate fiscal year.

For Fiscal Year 2014, the Actuarial Contributions to BERS, are equal to those recommended by the Actuary for the New York City Retirement Systems (the "Actuary") and represent the Statutory Contributions.

During June 2012 the Governmental Accounting Standards Board ("GASB") released two new accounting standards for public pension plans, Statement No. 67 ("GASB67") and Statement No. 68 ("GASB68"), collectively "GASB67/68".

GASB67, *Financial Reporting for Pension Plans*, amends GASB Statement No. 25 ("GASB25") and is effective for financial statements for fiscal years beginning after June 15, 2013 (i.e., Fiscal Year 2014 for BERS).

GASB68, *Accounting and Financial Reporting for Pensions*, amends GASB Statement No. 27 ("GASB27") and is effective for financial statements for fiscal years beginning after June 15, 2014 (i.e., Fiscal Year 2015 for the City of New York (the "City")).

The City decided to "early implement" and presented its Fiscal Year 2014 financial statements under the provisions of GASB68.

On October 16, 2014 the Actuary published the, "First Annual GASB 67/68 Report for the City of New York and the New York City Retirement Systems For Fiscal Year Ended June 30, 2014" (the "First GASB67/68 Report"). Appendix C of the First GASB67/68 Report contains information developed in accordance with GASB67 for BERS.

Actuarial Assumptions and Methods

Provided in this Actuarial Section of the CAFR is a "Summary of Actuarial Assumptions and Methods in Effect for the June 30, 2012 (Lag) Actuarial Valuation." These actuarial assumptions and methods (the "2012 A&M") were first employed in the June 30, 2010 (Lag) actuarial valuation that was used to determine Fiscal Year 2012 Employer Contributions to the Plan.

These actuarial assumptions and methods are generally unchanged from those employed in the June 30, 2011 (Lag) actuarial valuation that was used to determine Fiscal Year 2013 Employer Contributions to the Plan.

Those 2012 A&M were developed after reviewing the results of independent actuarial studies dated December 2012 by The Hay Group ("Hay") and November 2006 by The Segal Company ("Segal") in accordance with Section 96 of the New York City Charter, after which the Actuary issued a February 10, 2012 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2011 for the New York City Board of Education Retirement System, ("February 2012 Report").

The Board of Trustees of the Plan adopted those changes in actuarial assumptions that require Board approval. The State Legislature and the Governor enacted Chapter 3 of the Laws of 2013 ("Chapter 3/13") to provide for those changes to the actuarial assumptions and methods that require legislation, including the Actuarial Interest Rate ("AIR") assumption of 7.0% per annum, net of investment expenses.

Benefits and Census Data

A summary of the benefits applicable to Plan members included in the June 30, 2012 (Lag) actuarial valuation is shown later in this Actuarial Section of the CAFR.

Included in the summary of benefits are benefit provisions that have been passed by the New York State Legislature and enacted as Chapter 504 of the Laws of 2009. These benefit provisions became applicable to certain members who join the Plan on and after December 10, 2009. Also included are the benefit provisions enacted as Chapter 18 of the Laws of 2012 (i.e., Tier 6). These benefit provisions became applicable to members who join the Plan on and after April 1, 2012.

Census data are submitted by the Plan's administrative staff and by the employers' payroll facilities and are reviewed by the Office of the Actuary ("OA") for consistency and reasonability.

A summary of the census data used in the June 30, 2012 (Lag) actuarial valuation is included in this CAFR. A summary of the census data used in the June 30, 2011 (Lag) actuarial valuation of the Plan is available in the June 30, 2013 CAFR.

Funded Status

The Funded Status of the Plan is usually expressed in various relationships of Assets to Liabilities.

With respect to the Funded Status of the Plan, included in the Financial Section of the CAFR is a Schedule of Funding Progress (Schedule 1).

Included in the Actuarial Section of the CAFR is a Solvency Test (i.e., Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets) as prescribed by the Government Finance Officers Association ("GFOA"). This Solvency Test represents an alternative approach to describing progress toward funding objectives.

In addition to the Schedule of Funding Progress and the Solvency Test, included for informational purposes in the Actuarial Section of the CAFR (following the Solvency Test) is an Additional Discussion of Plan Funding and Other Measures of Funded Status that provides different comparisons between the Assets and Liabilities of the Plan.

Presentation Style and Sources of Information

The actuarial information herein is being presented in a manner believed to be consistent with the requirements of the GFOA and, where applicable, with GASB67.

The Additional Discussion of Plan Funding and Other Measures of Funded Status represents information provided by the Actuary to assist those users who desire additional disclosures.

The following schedules in the Actuarial Section of the CAFR were prepared by the OA:

- Summary of Actuarial Assumptions and Methods in Effect for the June 30, 2012 (Lag) Actuarial Valuation.
- Active Member Valuation Data.
- Funded Status Based on Entry Age Actuarial Cost Method.
- Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets - Solvency Test.
- Additional Discussion of Plan Funding and Other Measures of Funded Status.
- Retirants and Beneficiaries Added to and Removed from Rolls.
- Statutory vs. Actuarial Contributions.
- Summary of Plan Provisions.

In addition, the following schedules were prepared by the OA:

- Schedule of Funding Progress.
- Schedule of Employer Contributions.
- Schedule of Actuarial Assumptions and Methods.

The following information and schedules in other sections of the CAFR were also prepared by the OA:

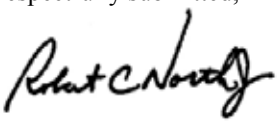
- Summary of Plan Membership.
- Schedule of Participating Employer.

If you have any questions about any of the information in this Actuarial Section or any of the actuarial information elsewhere presented in this CAFR, please do not hesitate to contact Mr. John R. Gibney, Jr., Mr. Edward Hue or me.

Acknowledgment of Qualification

A Statement of Actuarial Opinion ("SAO"), acknowledging the qualification of the Actuary to render the actuarial opinion contained herein, appears at the end of this Actuarial Section.

Respectfully submitted,



Robert C. North, Jr., FSA, MAAA
Acting Chief Actuary

RCN/srh

Att.

cc: Ms. C.A. Bailey
Mr. J.R. Gibney
Mr. E. Hue
Mr. S.H. Rumley

(1) Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems ("NYCRS") are conducted every two years.

The most recently completed study was published by The Hay Group (Hay), dated December 2011, and analyzed experience for Fiscal Years 2006 through 2009. Hay made recommendations with respect to the actuarial assumptions and methods based on their analysis.

The previously completed study was published by The Segal Company (Segal), dated November 2006, and analyzed experience for Fiscal Years 2002 through 2005. Segal made recommendations with respect to the actuarial assumptions and methods based on their analysis.

In accordance with the Administrative Code of the City of New York ("ACNY") and with appropriate practice, the Boards of Trustees of the five actuarially-funded NYCRS are to periodically review and adopt actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions.

Based, in part, upon a review of the Segal and Hay studies, the Actuary issued a February 10, 2012 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2011 for the New York City Board of Education Retirement System" ("February 2012 Report").

The Board of Trustees of the Plan adopted those changes to actuarial assumptions that require Board approval. The State Legislature and the Governor have enacted Chapter 3 of the Laws of 2013 ("Chapter 3/13") to provide for those changes to the actuarial assumptions and methods that require legislation, including the Actuarial Interest Rate ("AIR") assumption of 7.0% per annum, net of investment expenses, the Entry Age Actuarial Cost Method and the amortization of Unfunded Actuarial Accrued Liabilities

(2) The investment rate of return assumption is 7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the Variable Annuity Program).

(3) The mortality tables for service and disability pensioners were developed from an experience study of the Plan's pensioners. Sample probabilities are shown in Table 1A. Mortality tables for beneficiaries were developed from experience review. Sample probabilities are shown in Table 1B.

(4) Active Service tables are used to estimate various withdrawals from active service. Sample probabilities are shown in Table 2A for members withdrawing from active service due to death or disability who did not elect an improved retirement program and Table 2B for members electing an improved retirement program, in Table 3 for members withdrawing for other than death or disability or retirement, and in Table 4 for members withdrawing from active service after eligibility for service retirement.

(5) A Salary Scale is used to estimate salaries at termination, retirement or death. Sample percentage increases are shown in Table 5. The Salary Scale includes a General Wage Increase ("GWI") assumption of 3.0% per annum.

(6) The economic assumptions (i.e., the assumed investment return rate, GWI rate and Cost-of-Living Adjustments ("COLA")) were developed assuming a long-term Consumer Price Inflation ("CPI") assumption of 2.5% per annum. The COLA assumption is 1.5% per annum.

(7) The valuation assumes a closed group of members. Salaries of members on the valuation date are assumed to increase in accordance with the Salary Scale.

(8) Beginning with the June 30, 2010 (Lag) actuarial valuation, the Entry Age Actuarial Cost Method ("EAACM") of funding is utilized by the Plan's Actuary to calculate the contribution required of the Employer.

Under this method, the Actuarial Present Value ("APV") of Benefits ("APVB") of each individual included in the 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 employer portion of this APV allocated to a valuation year is the Employer Normal Cost. The portion of this APV not provided for at a valuation date by the APV of Future Employer Normal Costs or future member contributions is the Actuarial Accrued Liability ("AAL").

The excess, if any, of the AAL over the Actuarial Asset Value ("AAV") is the Unfunded Actuarial Accrued Liability ("UAAL").

Under this method, actuarial gains (losses), as they occur, reduce (increase) the UAAL and are explicitly identified and amortized.

Increased (decreases) in obligations due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized.

Chapter 105 of the Laws of 2010 established, as of June 30, 2011, an Early Retirement Incentive ("ERI") for certain BERS members. The UAAL attributable to the ERI is amortized on a level basis over a period of five years (4 payments under the One-Year Lag Methodology).

(9) One-Year Lag Methodology ("Lag" or "OYLM") uses a June 30, 2012 valuation date to determine Fiscal Year 2014 Employer Contributions.

This methodology requires technical adjustments to certain components used to determine Fiscal Year 2014 Employer Contributions as follows:

- Present Value of Future Salary ("PVFS").

  The PVFS at June 30, 2012 is reduced by the value of salary projected to be paid during Fiscal Year 2013.

- Salary for Determining Employer Contributions.

  Salary used to determine the employer normal contribution is the salary projected to be paid during Fiscal Year 2014 to members on payroll at June 30, 2012.

- UAAL Payments.

  For determining the UAAL payments for Fiscal Year 2014, and to be consistent with OYLM, the UAAL as of June 30, 2012 is adjusted by the discounted value of employer normal contributions paid during Fiscal Year 2013 and the discounted value of the administrative expenses reimbursed during Fiscal Years 2013 and 2014.

(10) Beginning with the June 30, 2004 (Lag) actuarial valuation, the Actuarial Asset Valuation Method ("AAVM") was changed to a method that reset the Actuarial Asset Value ("AAV") to Market Value (i.e., "Market Value Restart") as of June 30, 1999. As of each June 30 thereafter, the AAVM recognizes investment returns greater or less than expected over a period of six years.

Under this revised AAVM, any Unexpected Investment Returns ("UIR") for Fiscal Years 2000 and later are phased into the AAV beginning the following June 30 at a rate of 15%, 15%, 15%, 15%, 20% and 20% per year (or cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

These revised averaging factors were applied against the UIR computed under the prior five-year AAVM used for Fiscal Years 2000 to 2004.

The revised AAVM was utilized for the first time in the June 30, 2004 (Lag) actuarial valuation to determine the Fiscal Year 2006 Employer Contributions in conjunction with the One-Year Lag Methodology and the revised economic and noneconomic assumptions.

The AAVM in effect for the June 30, 2009 (Lag) actuarial valuation was unchanged from the AAVM used in the June 30, 2008 (Lag) actuarial valuation.

The concept in use for the AAVM for actuarial valuations on and after June 30, 2012 is the same as that in use for the June 30, 2009 (Lag) actuarial valuation.

In accordance with this AAVM, actual Unexpected Investment Returns ("UIR") for Fiscal Years 2012, 2013, etc. are phased into the Actuarial Asset Value ("AAV") beginning June 30, 2012, 2013, etc. at rates of 15%, 15%, 15%, 15%, 20% and 20% per year (i.e., cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

The Actuary reset the Actuarial Asset Value to the Market Value of Assets ("MVA") as of June 30, 2011 (i.e., "Market Value Restart").

For the June 30, 2010 (Lag) actuarial valuation, the AAV is defined to recognize Fiscal Year 2011 investment performance. The June 30, 2010 AAV is derived as equal to the June 30, 2011 MVA, discounted by the AIR assumption (adjusted for cash flow) to June 30, 2010.

(11) The Actuarial Present Value of Future Benefits ("APVB") as of June 30, 2012, used to determine Fiscal Year 2014 Employer Contributions, includes estimates of liabilities for:

- World Trade Center Disability Benefits.
- World Trade Center Death Benefits.

(12) As discussed herein, the actuarial assumptions and methods are generally unchanged from those used in the June 30, 2011 (Lag) actuarial valuation.

Table 1A

DEATHS AMONG SERVICE AND DISABILITY PENSIONERS
Percentage of Pensioners Dying within Next Year

	Service Pensioners		Disability Pensioners	
Age	Males	Females	Males	Females
40	.1021%	.0493%	1.3736%	1.3502%
45	.2982	.0845	1.4166	1.3932
50	.4534	.1538	1.4646	1.4412
55	.6227	.2919	1.5176	1.4942
60	.7906	.5143	1.8782	1.6692
65	1.1438	.7339	2.3097	2.0464
70	1.6956	1.1757	2.7412	2.5358
75	2.3912	1.7747	3.5479	2.9979
80	4.4180	2.9858	5.1537	4.0595
85	7.5225	5.0839	7.5395	6.7921
90	12.1869	9.2180	12.2049	12.0106
95	22.1828	16.7157	22.2018	20.5966
100	33.6045	23.1601	33.6045	24.5034
105	39.7886	29.3116	39.7886	29.3116
110	100.0000	100.0000	100.0000	100.0000

Table 1B

DEATHS AMONG BENEFICAIRIES
Percentage of Pensioners Dying within Next Year

Years of Service	Males	Females
40	.1021%	.0591%
45	.2684	.1014
50	.3401	.1846
55	.5880	.3893
60	.8400	.7716
65	1.3072	1.1533
70	1.8086	1.5676
75	2.7100	2.2479
80	5.3016	3.7819
85	8.4627	6.3549
90	15.2335	11.5224
95	24.6664	19.5152
100	33.6045	23.1881
105	39.7886	29.3116
110	100.0000	100.0000

Table 2A

**WITHDRAWALS FROM ACTIVE SERVICE (DUE TO DEATH OR DISABILITY)
MEMBERS WHO DO NOT ELECT AN IMPROVED RETIREMENT PROGRAM**

Percentage of Active Members Separating within Next Year

	Accidental Disability		Ordinary Disability		Death	
Age	Males	Females	Males	Females	Males	Females
20	.04%	.02%	.20%	.20%	.040%	.030%
25	.04	.02	.20	.20	.040	.030
30	.04	.02	.20	.20	.060	.040
35	.04	.02	.30	.20	.080	.050
40	.04	.02	.40	.25	.100	.060
45	.04	.02	.50	.30	.150	.100
50	.04	.02	.60	.50	.200	.150
55	.04	.02	.70	.70	.300	.200
60	.04	.02	.70	.70	.400	.250
65	.04	.02	.70	.70	.500	.300
70	NA	NA	NA	NA	NA	NA

Table 2B

**WITHDRAWALS FROM ACTIVE SERVICE (DUE TO DEATH OR DISABILITY)
MEMBERS WHO ELECTED AN IMPROVED RETIREMENT PROGRAM**

Percentage of Active Members Separating within Next Year

	Accidental Disability		Ordinary Disability		Death	
Age	Males	Females	Males	Females	Males	Females
20	.04%	.02%	.20%	.20%	.040%	.030%
25	.04	.02	.20	.20	.040	.030
30	.04	.02	.20	.20	.060	.040
35	.04	.02	.30	.20	.080	.050
40	.04	.02	.40	.25	.100	.060
45	.04	.02	.50	.30	.150	.100
50	.04	.02	.60	.50	.200	.150
55	.04	.02	.70	.70	.300	.200
60	.04	.02	.70	.70	.400	.250
65	.04	.02	.70	.70	.500	.300
70	NA	NA	NA	NA	NA	NA

Table 3

WITHDRAWALS FOR OTHER THAN DEATH OR DISABILITY OR RETIREMENT

Percentage of Active Members Withdrawing within Next Year

	Probability of Withdrawal	
Years of Service	Males	Females
0	6.00%	4.00%
5	4.00	3.00
10	2.50	2.00
15	1.50	1.50
20	1.00	1.00
25	1.00	1.00

Table 4

WITHDRAWALS FROM ACTIVE SERVICE (AFTER ELIGIBILITY FOR SERVICE RETIREMENT)

Percentage of Eligible Active Members Retiring Within Next Year

		With Unreduced Benefit[1]					
		Members not Electing Optional Retirement Program			Members Electing Optional Retirement Program		
		Years of Service Since First Elig.			Years of Service Since First Elig.		
Age	With[2] Reduced Benefits	0-1	1-2	2+	0-1	1-2	2+
50	0.00%	20.00%	15.00%	10.00%	40.00%	20.00%	15.00%
55	2.00	20.00	15.00	10.00	40.00	20.00	15.00
60	4.00	20.00	15.00	10.00	40.00	20.00	15.00
65	0.00	30.00	25.00	20.00	60.00	25.00	25.00
70	NA	100.00	100.00	100.00	100.00	100.00	100.00

(1) Separate probabilities of Service Retirement are applicable to those active members who elected an Optional Retirement Program such as Chapter 96 of the Laws of 1995 or Chapter 19 of the Laws of 2008.

(2) Applicable to members whose benefits will be reduced upon retiring prior to the date eligible for unreduced Service Retirement.

Table 5

SALARY SCALE

Years of Service	Assumed Annual Percentage Increases Within Next Year*
0	9.00%
5	5.00
10	4.50
15	4.50
20	4.25
25	4.00
30	4.00
35	4.00
40	4.00

* Salary Scale includes a General Wage Increase assumption of 3.0% per annum.

Valuation Date	Number	Annual Payroll	Annual Average Salary	Percentage Increase (Decrease) in Average Salary
6/30/99	22,933	$592,168,563	$25,822	3.9%
6/30/00	24,720	666,033,084	26,943	4.3
6/30/01	24,651	694,178,952	28,160	4.5
6/30/02	25,253	736,741,106	29,174	3.6
6/30/03	21,678	651,032,658	30,032	2.9
6/30/04[1]	20,899	624,883,613	29,900	(0.4)
6/30/05 (Lag)	23,005	715,077,619	31,084	4.0
6/30/06 (Lag)	23,095	749,962,525	32,473	4.5
6/30/07 (Lag)	21,947	777,626,307	35,432	9.1
6/30/08 (Lag)	22,729	852,105,791	37,490	5.8
6/30/09 (Lag)	23,303	910,609,483	39,077	4.2
6/30/10 (Lag)[2]	23,324	912,290,136	39,114	0.1
6/30/11 (Lag)	23,131	920,369,154	39,789	1.7
6/30/12 (Lag)	27,840	1,018,895,365	36,598	(8.0)
6/30/13 (Lag)[3]	25,848	1,034,525,472	40,023	9.4

(1) Same amounts apply for June 30, 2004 (Lag) Actuarial Valuation.

(2) Beginning with the June 30, 2010 (Lag) actuarial valuation, the annualized covered payroll is based on revised actuarial assumptions.

(3) Preliminary.

Funded Status Based on Entry Age Actuarial Cost Method (Dollar Amounts in Thousands)

This Schedule is being provided by the Actuary for the Plan to improve the transparency and decision usefulness of this financial report.

Prior to the June 30, 2010 (Lag) Actuarial Valuation, the Actuarial Cost Method ("ACM") used to develop the funding requirements for the Plan was the Frozen Initial Liability ("FIL") ACM. Under this ACM, following establishment of any Initial Unfunded Actuarial Accrued Liabilities ("UAAL"), actuarial gains and losses are financed over the working lifetimes of active participants and are not identified as separate UAAL.

The funding status and funding progress information provided in this Schedule has been prepared using the Entry Age ACM where the Actuarial Present Value ("APV") of any obligations of the Plan not provided by the APV of Future Contributions (Employer and Employee), as determined under the Entry Age ACM, equals the Actuarial Accrued Liability ("AAL"). Under the Entry Age ACM, the UAAL equals the AAL minus the Actuarial Value of Assets

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) - Entry Age (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/ c)
June 30, 2013 (Lag)[1,2]	$2,421,856	$3,974,887	$1,553,031	60.9%	$1,034,525	150.1%
June 30, 2012 (Lag)[1]	2,371,613	3,763,130	1,391,517	63.0	1,018,895	136.6
June 30, 2011 (Lag)[1]	2,323,629	3,681,694	1,358,065	63.1	920,369	147.6
June 30, 2010 (Lag)[1]	2,056,452	3,558,251	1,501,799	57.8	912,290	164.6
June 30, 2009 (Lag)	1,963,719	2,858,115	894.396	68.7	910,609	98.2
June 30, 2008 (Lag)	2,084,116	2,721,629	637,513	76.6	852,106	74.8
June 30, 2007 (Lag)	1,983,714	2,591,773	608,059	76.5	777,626	78.2

Note: This schedule is based on actuarial assumptions used for determining Employer Contributions.

1 Reflects revised actuarial assumptions and methods based on experience review, including an AIR assumptions of 7.0% per annum, net of expenses.

2 Preliminary.

Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets

SOLVENCY TEST

(Dollar Amounts in thousands)

As of June 30	Aggregate Accrued Liabilities For			Actuarial Value of Assets	Percentage of Actuarial Values Covered by Actuarial Value of Assets		
	Accumulated Member Contributions	Current Retirants and Beneficiaries	Active Members' Employer Financed Portion				
	(A)	(B)	(C)	(D)	(A)	(B)	(C)
1999	$201,855	$707,681	$493,231*	$1,705,424	100%	100%	100%
2000	225,604	825,066	585,044*	1,749,405	100	100	100
2001	238,052	860,142	618,938*	1,781,702	100	100	100
2002	320,182	897,094	689,951*	1,835,770	100	100	90
2003	291,168	1,024,724	675,042	1,833,798	100	100	77
2004	289,999	1,086,068	667,724	1,822,740	100	100	67
2004 (Lag)	289,999	1,092,068	674,381	1,843,786	100	100	68
2005 (Lag)	301,021	1,131,335	742,368	1,841,041	100	100	55
2006 (Lag)	317,544	1,181,666	809,206	1,830,338	100	100	41
2007 (Lag)	319,153	1,233,708	839,993	1,983,714	100	100	51
2008 (Lag)	337,821	1,262,046	904,890	2,084,116	100	100	54
2009 (Lag)	359,122	1,303,453	965,681	1,963,719	100	100	31
2010 (Lag)	388,082	1,627,094	1,306,868	2,056,452	100	100	3
2011 (Lag)	409,625	1,714,099	1,319,938	2,323,629	100	100	15
2012 (Lag)	434,215	1,804,626	1,283,582	2,371,613	100	100	10

* Amounts shown were revised in the Fiscal Year 2004 CAFR from amounts published earlier to include annuitization of Variable Funds.

Also, see following "SOLVENCY TEST – NOTES."

SOLVENCY TEST - NOTES

The ultimate test of financial soundness in a retirement system is its ability to pay all of its promised benefits when due. The retirement system's progress in accumulating assets to pay all promised benefits can be measured by comparing the Actuarial Value of Assets of the retirement system with the Aggregate Accrued Liabilities for:

(A) Accumulated Member Contributions;
(B) Current Retirants and Beneficiaries; and
(C) Active Members' Employer Financed Portion.

The Aggregate Accrued Liabilities are the APV of projected benefits produced by the projected benefit attribution approach prorated on service. The Aggregate Accrued Liabilities were calculated in accordance with Governmental Accounting Standards Board Statement No. 5 ("GASB 5").

This comparative summary allocated assets as if they were priority groups, somewhat similar to (but not identical to) the priority categories of Section 4044 of the Employee Retirement Income Security Act of 1974 ("ERISA").

The values in the table are dependent upon census data, benefit levels (which have changed on occasion over the past years), and the actuarial assumptions and methods employed at each valuation date. The two most recent changes in assumptions and methods occurred in the June 30, 2004 (Lag) valuation use to compute Employer Contributions for Fiscal Year 2006 and in the June 30, 2010 (Lag) valuation used to compute Employer Contributions for Fiscal Year 2012. These underlying bases can be found within the Comprehensive Annual Financial Report for each respective year.

To fully evaluate trends in financial soundness, changes in assumptions need to be evaluated. For the valuation dates appearing in the table, the Actuarial Interest Rate and General Wage Increase assumptions were all equal to 8.0% per annum, gross of expenses, and 3.0% per annum, respectively, through the June 30, 2009 (Lag) actuarial valuation. Beginning with the June 30, 2010 (Lag) actuarial valuations, the Actuarial Interest Rate assumption equals 7.0% per annum, net of investment expenses, and the General Wage Increase assumption equals 3.0% per annum.

ON-GOING FUNDING OF THE PLAN

Under the basic equation of pension funding, Contributions plus Investment Earnings pay for Benefits plus Expenses.

There are three major sources for financing those Benefits and Expenses paid from the Plan.

First, Member Contributions are established by statute and paid as percentages of member salaries.

Second, Investment Earnings reflect the rates of return achieved on the amounts of assets held in different asset classes in the Trust.

Third, Employer Contributions are determined by actuarial methodology to finance the Benefits payable by the Plan that are not provided by either Member Contributions or Investment Earnings and for the Administrative and Investment Expenses of the Plan.

This actuarial methodology includes demographic and certain tabular assumptions proposed by the Actuary and adopted by the Board of Trustees, and certain economic assumptions and financing methods proposed by the Actuary, supported by the Board of Trustees and, where required, enacted into law by the New York State Legislature and Governor.

Employer Contributions are particularly responsive to Investment Earnings and increase (decrease) on a smoothed basis whenever Investment Earnings are less (more) than expected.

For example, during Fiscal Years 2001 to 2003, the Assets of the Plan decreased because they earned less than expected. Consequently, over the following several years, the actuarial methodology responded by increasing Employer Contributions in order to bring the overall financial status of the Plan back into balance.

The New York City Charter requires an independent actuary to conduct an experience review of the Plan every two years. The Actuary utilizes this information and regularly proposes changes in actuarial assumptions and methods, most recently during Fiscal Year 2012.

These most recent changes, approved by the Board of Trustees and implemented during Fiscal Year 2012, include (1) updated demographic assumptions, (2) updated economic assumptions, (3) employing the Entry Age Actuarial Cost Method, (4) establishing Unfunded Actuarial Accrued Liabilities, their payment periods and payment methods, (5) resetting the Actuarial Asset Value to Market Value (i.e., “Market Value Restart”) as of June 30, 2011 and (6) defining the AAV as of June 30, 2010 to recognize Fiscal Year 2011 investment performance.

The ongoing process of actuarial rebalancing and periodic reviews of actuarial assumptions and methods by the Actuary and the Board of Trustees, coupled with a financially responsible, long-duration employer like the City of New York (the “City”) and other participating Employers that can afford some variability of Employer Contributions, help provide financial security for the Plan and its participants and reasonable intergenerational budget equity for taxpayers.

With the City and other participating Employers that have always paid and are expected to continue to pay the statutorily-required Employer Contributions as calculated by the Actuary and approved by the Board of Trustees, changes in Employer Contributions represent the source for rebalancing the basic equation of pension funding.

OTHER MEASURES OF FUNDED STATUS

Measures of Funded Status of the Plan are determined at specific points in time and are usually expressed in various relationships of Assets to Obligations. Assets as percentages of Obligations are referred to as Funded Ratios.

Comparisons of Funded Status over time provide insight into the evolving financial condition of the Plan.

The Other Measures of Funded Status presented herein provide different perspectives of the financial condition of the Plan and comparisons amongst these Other Measures of Funded Status can prove insightful.

As noted, there are multiple, possible definitions of the Plan's Assets and Obligations. Some of these definitions of and comments on Assets and Obligations are set forth immediately hereafter. Additional observations about the meanings and usefulness of and the relationships amongst certain of the Funded Ratios are provided following the Table of Funded Ratios.

DEFINITION OF AND COMMENTS ON ASSETS

With respect to Assets, both the Market Value of Assets ("MVA") and the Actuarial Value of Assets (or Actuarial Asset Value ("AAV")) are used to determine Funded Ratios.

In the case of the Plan, the AAVM currently in use provides for smoothing of the MVA by phasing any Unexpected Investment Returns (i.e., Investment Earnings greater or less than those expected under the actuarial interest rate assumption each year) into the AAV over a period of six years.

The advantage of using MVA is that it represents the fair value of the Assets of the Plan at any point in time.

The advantage of using AAV is that it is smoothed to remove the volatility of MVA. The disadvantage of AAV is that it is not the fair value of Assets in the marketplace and, therefore, does not show the volatility of the Assets.

DEFINITION OF AND COMMENTS ON OBLIGATIONS

With respect to Obligations, the Actuarial Accrued Liability ("AAL") under any particular Actuarial Cost Method ("ACM") is that portion of the APV of projected benefits which is not provided by future normal costs (employer and employee).

With respect to the Plan, where, prior to Fiscal Year 2012, the ACM was the Frozen Initial Liability ("FIL") ACM, the AAL mathematically can be recast as the Unfunded AAL ("UAAL") plus the AAV. To the extent that the UAAL does not change much year to year, then the related AAL remained relatively consistent in value with the AAV each year.

With respect to the ongoing funding of the Plan, the use of the FIL ACM provided for amortizing actuarial gains and losses over the future working lifetimes of active employees. As used by the Plan, the FIL ACM generally resulted in funding that was more conservative (i.e., greater Employer Contributions) than that of most other Public Pension Plans.

The Entry Age Accrued Liability ("EAAL") is defined as the APV of projected benefits less the sum of the APV of future employee contributions and the APV of future employer Entry Age Normal Costs and is a required disclosure under Governmental Accounting Standards Board ("GASB") Statement Number 67 ("GASB67") and GASB Statement Number 68 ("GASB68").

The EAAL is also a required disclosure in accordance with GASB Statement Number 43 ("GASB 43") and GASB Statement Number 45 ("GASB 45") for Other Post-Employment Benefits ("OPEB") whose UAAL are determined under the Aggregate ACMs.

In accordance with GASB Statement Number 50 ("GASB 50"), beginning with Fiscal Year 2008, the EAAL is a required disclosure for Public Pension Plans that determine employer contributions using the Aggregate ACM.

The Entry Age ACM is the most-commonly utilized ACM for funding Public Pension Plans.

Beginning with the June 30, 2010 (Lag) actuarial valuation (i.e., Fiscal Year 2012 Employer Contributions), the Entry Age ACM is being used for the on-going funding of the Plan.

The Projected Benefit Obligation ("PBO") is defined as the proportion of APV of all benefits attributed by the Plan's benefit formula to employee service rendered prior to the valuation date. The PBO was required reporting under GASB Statement Number 5 ("GASB 5") prior to its replacement by GASB 25 and GASB 27.

The Accumulated Benefit Obligation ("ABO") is determined in a manner somewhat comparable to the PBO but using only salaries prior to the valuation date (i.e. assuming no future salaries or future salary increases).

The Market Value Accumulated Benefit Obligation ("MVABO") is determined in the same manner as an ABO using the same actuarial assumptions except that projected benefit payments are discounted using annual yields on U.S. Treasury securities of like duration. The MVABO is sometimes described as a Mark-to-Market measure of Obligations or a Market Value of Liabilities ("MVL").

Additional Discussion of Plan Funding and Other Measures of Funded Status (Cont'd)

TABLE OF ASSETS AND OBLIGATION VALUES

The following table presents the values of Assets and Obligations used to calculate alternative Funded Ratios.

Component Measures of Funded Status

(DOLLAR AMOUNTS IN MILLIONS)

Valuation Date June 30	Market Value of Assets (MVA)	Actuarial Asset Value (AAV)(1)	Actuarial Accrued Liability (AAL)(2)	Entry Age Accrued Liability (EAAL)(3)	Projected Benefit Obligation (PBO)(3)	Accumulated Benefit Obligation (ABO)(3)	Market Value Accumulated Benefit Obligation (MVABO)(4)	MVABO Equivalent Discount Yield (Per Annum)	MVABO Weighted Average Duration (Years)
1999	$1,705.4	$1,705.4	$1,705.4	$1,461.8	$1,402.8	$1,220.2	$1,468.4	6.0%	10.4
2000	1,771.6	1,749.4	1,749.4	1,726.8	1,635.7	1,466.6	1,770.2	6.0	11.1
2001	1,546.4	1,781.7	1,781.7	1,862.8	1,717.1	1,526.3	1,903.5	5.7	10.8
2002	1,438.4	1,835.8	1,835.8	2,086.7	1,907.2	1,702.5	2,120.9	5.7	10.5
2003	1,410.6	1,833.8	1,842.0	2,144.1	1,990.9	1,808.6	2,561.2	4.6	11.5
2004	1,594.5	1,822.7	1,829.5	2,030.3	2,043.8	1,873.5	2,379.6	5.5	10.6
2004 (Lag)(5)	1,594.5	1,843.8	1,850.6	2,221.9	2,056.4	1,860.1	2,366.1	5.5	10.8
2005 (Lag)	1,685.5	1,841.0	1,846.3	2,361.3	2,174.7	1,943.1	2,886.7	4.2	12.6
2006 (Lag)	1,809.4	1,830.3	1,834.0	2,502.1	2,308.4	2,055.4	2,657.2	5.4	11.6
2007 (Lag)	2,179.5	1,983.7	1,985.6	2,591.8	2,392.9	2,105.7	2,792.4	5.2	11.7
2008 (Lag)	2,021.9	2,084.1	2,084.1	2,721.6	2,504.8	2,202.5	3,201.4	4.5	12.0
2009 (Lag)	1,536.6	1,963.7	1,963.7	2,858.1	2,628.3	2,318.3	3,519.2	4.1	12.1
2010 (Lag)(6)	1,785.9	2,056.5	3,558.3	3,558.3	3,322.0	2,983.4	4,487.7	3.7	13.5
2011 (Lag)	2,323.6	2,323.6	3,681.7	3,681.7	3,443.7	3,118.5	4,439.9	4.1	12.7
2012 (Lag)	2,310.6	2,371.6	3,763.1	3,763.1	3,522.4	3,236.0	5,826.4	2.4	14.6
2013 (Lag)(7)	2,653.7	2,421.9	3,974.9	3,974.9	3,723.7	3,370.8	5,358.7	3.2	13.5

(1) The AAV used for the June 30, 1999 to June 30, 2009 actuarial valuations assumes the AAV was reset to MVA as of June 30, 1999. As of each June 30 thereafter, the AAV recognizes Investment Returns greater or less than expected over a period of five years (six years beginning with the June 30, 2004 (Lag) actuarial valuation). The AAV used for June 30, 2010 and after assumes the AAV was reset to MVA as of June 30, 2011 with the June 30, 2010 AAV defined to recognize Fiscal Year 2011 investment performance and the June 30, 2012 and after AAV recognizing Investment Returns greater or less than expected over a period of six years.

(2) Calculated in accordance with the Actuarial Cost Method and actuarial assumptions used for determining Employer Contributions.

(3) Calculated based on actuarial assumptions used for determining Employer Contributions.

(4) Calculated based on actuarial assumptions used for determining Employer Contributions except that projected benefit payments are discounted using annual yields derived from U.S. Treasury Spot Rates as published by the U.S. Department of the Treasury Office of Thrift Supervision ("OTS") in its Selected Asset and Liability Price Tables. For June 30, 2012 and after, these Spot Yields are based on OTS methodology as provided by the U.S. Department of Treasury. Also shown are the related MVABO Equivalent Discount Yield and the MVABO Weighted Average Duration.

(5) Beginning with the June 30, 2004 (Lag) actuarial valuation, figures are based on the revised actuarial assumptions and methods used to develop Fiscal Year 2006 employer contributions.

(6) Beginning with the June 30, 2010 (Lag) actuarial valuation, figures are based on the revised actuarial assumptions and methods used to develop Fiscal Year 2012 employer contributions, including the EAACM and an AIR assumption of 7.0% per annum, net of investment expenses.

(7) Preliminary.

TABLE OF FUNDED RATIOS

The following table presents alternative Funded Ratios comparing Assets to Obligations, including: (1) AAV divided by AAL, (2) AAV divided by EAAL, (3) MVA divided by EAAL, (4) AAV divided by PBO, (5) MVA divided by PBO, (6) AAV divided by ABO, (7) MVA divided by ABO and (8) MVA divided by MVABO.

Funded Ratios								
Valuation Date	AAV/ AAL	AAV/ EAAL	MVA/ EAAL	AAV/ PBO	MVA/ PBO	AAV/ ABO	MVA/ ABO	MVA/ MVABO
6/30/99	100%	117%	117%	122%	122%	140%	140%	116%
6/30/00	100	101	103	107	108	119	121	100
6/30/01	100	96	83	104	90	117	101	81
6/30/02	100	88	69	96	75	108	84	68
6/30/03	100	86	66	92	71	101	78	55
6/30/04	100	90	79	89	78	97	85	67
6/30/04 (Lag)	100	83	72	90	78	99	86	67
6/30/05 (Lag)	100	78	71	85	78	95	87	58
6/30/06 (Lag)	100	73	72	79	78	89	88	68
6/30/07 (Lag)	100	77	84	83	91	94	104	78
6/30/08 (Lag)	100	77	74	83	81	95	92	63
6/30/09 (Lag)	100	69	54	75	58	85	66	44
6/30/10 (Lag)	58	58	50	62	54	69	60	40
6/30/11 (Lag)	63	63	63	67	67	75	75	52
6/30/12 (Lag)	63	63	61	67	66	73	71	40
6/30/13 (Lag)	61	61	67	65	71	72	79	50

COMMENTS ON FUNDED RATIOS AND FUNDING METHODOLOGY

With respect to the different Funded Ratios shown in the preceding table, the ratio of AAV/AAL is from the Schedule of Funding Progress (Schedule 1) presented in the Financial Section of this CAFR. Due to the mathematics of the FIL ACM where AAL equals AAV plus UAAL, the AAV/AAL Funded Ratios prior to Fiscal Year 2012 tended to remain relatively constant from year to year and provided limited insight into the ongoing financial performance of the Plan.

The Other Measures of Funded Status shown in the preceding table provide different relationships between the Assets and Obligations of the Plan and are designed to offer additional insight into the Funded Status of the Plan that the Actuary believes useful to some users.

The ratios of AAV/EAAL reflect information that is now a required disclosure for certain Public Pension Plans that utilize the Aggregate ACM. This requirement also exists for certain OPEB plans under GASB 43 and GASB 45.

The ratio of MVA/EAAL is a required disclosure for certain Public Pension Plans under GASB67 and GASB68.

The ratios of AAV/PBO present information that was previously required under GASB 5 and is a comparable but somewhat different representation of the information shown in the Solvency Test presented earlier in this Section of the CAFR.

The ratios of MVA/MVABO provide information on Funded Status that is (1) independent of the asset allocation of the Plan, (2) exclusive of any advance recognition of expected asset risk premia (e.g., equity risk premium) and (3) absent any smoothing of asset values.

Inherent in its design, the MVA/MVABO Funded Ratio is expected to be volatile due to the impact of asset gains and losses without smoothing and the impact of changes in interest rates in the economy. Such volatility is a reflection of markets and can provide useful disclosure information. However, such volatility is not consistent with the needs of budgeting. Those budgeting needs are met by the actuarial assumptions and ACM currently in use to determine Employer Contributions.

Comparing the MVA/EAAL to AAV/EAAL, MVA/PBO to AAV/PBO or MVA/ABO to AAV/ABO provides an opportunity to evaluate the degree of smoothing provided by the Actuarial Asset Valuation Method.

Comparing Funded Ratios based on the same Assets (i.e., MVA or AAV) but different definitions of Obligations (e.g., EAAL versus PBO versus ABO) provides an opportunity to evaluate the differences in those different definitions of Obligations.

Comparing AAV/PBO with AAV/ABO provides insight into the impact of expected salary growth on the value of benefits earned to date.

Comparing MVA/ABO with MVA/MVABO provides an opportunity to compare the impact of alternative interest rates on discounting the ABO.

It should also be noted that Measures of Funded Status are best examined with more consideration of their trends over time than their values at any given point in time.

Finally, over time, it should be noted that as the City and other participating Employers pay into the Plan the actuarially-determined Employer Contributions, all Funded Ratios can be expected to increase from their current levels.

Retirants and Beneficiaries Added To and Removed From Rolls

Year Ended	Added to Rolls		Removed from Rolls		Rolls End of Year		% Increase In Annual Allowances	Average Annual Allowances
	Number	Annual Allowances[2]	Number	Annual Allowances	Number	Annual Allowances[1]		
6/30/99	536	$6,876,212	272	$2,262,330	9,058	$87,724,653	5.6%	$9,685
6/30/00	673	7,000,476	324	2,652,306	9,407	92,072,823	5.0	9,788
6/30/01	711	13,847,963	280	2,815,207	9,838	103,105,579	12.0	10,480
6/30/02	693	7,712,942	256	3,039,034	10,275	107,779,487	4.5	10,489
6/30/03	1,068	16,795,369	360	3,581,174	10,983	120,993,682	12.3	11,016
6/30/04	995	11,412,512	353	3,527,249	11,625	128,878,945	6.5	11,086
6/30/05	779	8,763,397	431	3,995,277	11,973	133,647,065	3.7	11,164
6/30/06	1,066	12,053,392	466	3,414,306	12,573	142,286,151	6.5	11,317
6/30/07	958	10,886,720	540	3,850,151	12,991	149,322,720	4.9	11,494
6/30/08	667	8,148,653	462	4,350,475	13,196	153,120,898	2.5	11,604
6/30/09	936	10,879,798	491	4,135,086	13,641	159,865,610	4.4	11,719
6/30/10	850	10,705,737	522	4,700,094	13,969	165,871,253	3.8	11,874
6/30/11	901	14,977,636	471	4,325,573	14,399	176,523,316	6.4	12,259
6/30/12	1,053	16,201,746	578	6,211,198	14,874	186,513,864	5.7	12,540

(1) Allowances shown in table are those used in the actuarial valuation as of the Year Ended date and are not adjusted for anticipated changes due to finalization of benefit calculation or contract settlements.

(2) Balancing Item – Amounts shown include changes due to benefit finalization, change in benefit type (e.g., Service to Accident Disability), COLA increases and other changes.

Statutory vs. Annual Required Contributions

Fiscal Year Ended	Statutory Contribution(1)	Annual Required Contribution	Employer Rate of Contribution(2)
6/30/00	$9,514,029	$9,514,029	1.607%
6/30/01	39,202,604	52,070,363	5.886
6/30/02	56,547,710	66,660,509	8.146
6/30/03	70,215,171	87,924,410	9.531
6/30/04	84,054,254	95,004,623	12.911
6/30/05	96,648,286	106,358,977	15.467
6/30/06	90,838,671	90,838,671	14.926
6/30/07	129,820,109	129,820,109	18.641
6/30/08	143,100,327	143,100,327	19.627
6/30/09	134,224,615	134,224,615	17.766
6/30/10	147,348,563	147,348,563	17.822
6/30/11	180,191,397	180,191,397	20.461
6/30/12	213,650,880	213,650,880	24.293
6/30/13	196,245,777	196,245,777	22.145
6/30/14	214,589,565	214,589,565	21.694

(1) Represents total employer contributions accrued for fiscal year.

The Statutory Contributions for Fiscal Years 2001 and 2002 were computed in accordance with Chapter 125/00 which provided for a five-year phase-in of the additional actuarial liabilities attributable to Chapter 125/00.

The Statutory Contributions for Fiscal Years 2003 through 2005 were computed in accordance with Chapter 278/02 which extended from five to ten years the phase-in period for the funding of the additional actuarial liabilities attributable to Chapter 125/00.

Beginning Fiscal Year 2006, the Statutory Contributions were computed using a One-Year Lag Methodology in accordance with Chapter 152/06 which also eliminated the use of ten-year phase-in of Chapter 278/02 for funding the additional actuarial liabilities attributed to Chapter 125/00.

Beginning Fiscal Year 2012, the Statutory Contributions were computed in accordance with Chapter 3/13.

(2) The Employer Rate of Contribution equals the Statutory Contribution as a percentage of the salaries of members who were on payroll or projected to be on payroll (under One-Year Lag Methodology) as of the preceding June 30 and adjusted, where applicable, to be consistent with collective bargaining agreements estimated to be achieved.

This Summary of Plan Provisions is applicable to Plan members included in the June 30, 2012 (Lag) actuarial valuation.

A. MEMBERSHIP

Membership in the New York City Board of Education Retirement System – Qualified Pension Plan is available to all non-temporary employees in education service, regardless of part-time or full-time status, other than persons eligible to participate in the New York City Teachers' Retirement System – Qualified Pension Plan.

All such persons holding permanent civil service positions are required to become members of the New York City Board of Education Retirement System – Qualified Pension Plan.

B. BRIEF HISTORY

The Board of Education Retirement System was established as of September 1, 1921 and originally provided for its members a fractional retirement plan (i.e., age 60-1/140th). Subsequently, additional fractional plans were made available (i.e., the age 55-1/120th and the age 55-1/100th). These plans are known as the Old Service Fraction Plans.

Amendments in 1968 to the Rules and Regulations of the Board of Education Retirement System substantially revised the benefit structure by establishing two new retirement plans effective July 1, 1968. Members who joined the System on or after the effective date were required to choose either one of the two plans, namely (1) the Career Pension Plan ("Plan A"), or (2) the 55-Year Increased-Service-Fraction Plan ("Plan B"). A member who joined the System prior to the effective date could continue under his/her existing plan, or could elect one of these new plans, providing such election was made prior to July 1, 1970. Members who elected one of these new plans are referred to as Tier I members.

Chapter 1046 of the Laws of 1973 imposed certain limitations on the benefits available to members joining the System after June 30, 1973. For members who joined the System between July 1, 1973 and June 30, 1976 (Tier II members), two plans were available: the Modified Career Pension Plan ("Plan C"); and the Modified 55-Year-Increased-Service-Fraction Plan ("Plan D").

Chapter 890 of the Laws of 1976 established a new statewide pension plan, the Coordinated Escalator ("CO-ESC") Retirement Plan, covering all employees joining on or after July 1, 1976 (Tier III members). However, the New York Court of Appeals on May 31, 1988 held, in Civil Service Employees' Association vs. Regan, that persons who became members between July 1, 1976 and July 26, 1976 are considered Tier II (i.e., Plans C and D) members.

Chapter 414 of the Laws of 1983 established the Coordinated Retirement Plan, effective September 1, 1983, superseding the CO-ESC plan for most employees joining the System on or after July 27, 1976 (Tier IV members). This plan set a normal retirement age of 62, and mandated a 3% contribution by the member for all years of membership. Members who joined July 27, 1976 through August 31, 1983, however, are entitled to receive a benefit from either the CO-ESC or Coordinated Plan, whichever provides a greater benefit.

Chapter 749 of the Laws of 1992 set forth pension rights, including retroactive rights, to part-time employees.

Chapter 96 of the Laws of 1995 ("Chapter 96/95") established an Optional Retirement Program effective during Fiscal Year 1996. This Program increased early retirement benefits and required additional member contributions. This Program is optional for those hired prior to the effective date of the legislation and mandatory for those hired after.

Chapter 442 of the Laws of 1997 reduced from 4.35% to 2.85% the Additional Member Contributions for Tier II and Tier IV members participating in the Chapter 96/95 Optional Retirement Program.

Chapter 266 of the Laws of 1998 improved benefits for Tier IV members who had at least 20 years of service but less than 25 years of service and permitted certain Tier III retirees to elect to receive Tier IV benefits.

Chapter 388 of the Laws of 1998 provided a pre-retirement death benefit for certain vested members of the Plan.

Chapter 389 of the Laws of 1998 allowed certain members of the Plan to become vested after five years of service.

Chapter 390 of the Laws of 1998 ("Chapter 390/98") provided additional benefits for cost-of-living increases for certain retirees of the Plan. An initial increase for members who retired on or before Calendar Year 1992 is effective as of September 1998 as enacted by the City Council on August 27, 1998. A subsequent increase for members who retired on or before Calendar Year 1993 is effective as of September 1999 as enacted by the City Council on August 27, 1998.

Chapter 644 of the Laws of 1998 provided that any active member with ten or more years of service and within three years of retirement may purchase up to three years of member service credit for U.S. Military Service during a period of war.

Chapter 646 of the Laws of 1999 provided active and future members the right to reinstate earlier membership by repaying prior member contributions with 5% interest.

Chapter 659 of the Laws of 1999 reduced to five years the amount of service credit needed for Tier III/IV vested members to receive benefits at age 55.

Chapter 110 of the Laws of 2000 amended the language of the legislation that later became Chapter 126 of the Laws of 2000 which provides for benefit enhancements for certain members.

Chapter 125 of the Laws of 2000 ("Chapter 125/00") provided eligible retirees with annual automatic Cost-of-Living Adjustments. It also provided for a five-year phase-in for the funding of the additional actuarial liabilities.

Chapter 126 of the Laws of 2000 provided for benefit enhancements (i.e., elimination of employee basic contributions for Tier III/IV members with more than 10 years of membership, additional service credit for Tier I/II members of up to a maximum of 24 months, and allows Tier III/IV members to retire at age 55 with reduced benefits under the same formula as used for Tier II members) for certain members of the New York City Retirement Systems.

Chapter 553 of the Laws of 2000 permitted Tier IV members to retire early with a reduced benefit beginning at age 55 provided they have at least 5 years of credited service and are not members of the 25 Year Early Retirement Program or the Age 57 Retirement Program.

Chapter 554 of the Laws of 2000 provided that Tiers II, III and IV members who joined prior to January 1, 2001 and who elected Death Benefit One will receive the greater of Death Benefit One or Death Benefit Two coverage. New members on and after January 1, 2001 will only receive coverage under Death Benefit Two.

Chapter 509 of the Laws of 2001 reduced from 2.85% to 1.85% the Additional Member Contribution rate for Tier II and Tier IV members participating in the Chapter 96/95 Optional Retirement Programs.

Chapter 69 of the Laws of 2002 provided an Early Retirement Incentive ("ERI") program for certain members.

Chapter 278 of the Laws of 2002 ("Chapter 278/02") revised the phase-in schedule of Chapter 125/00 for Fiscal Year 2003 and later by extending from five to ten years the phase-in period for the funding of the additional actuarial liabilities attributable to Chapter 125/00.

Chapter 307 of the Laws of 2002 provided Corpus Funding of administrative expenses for the Plan commencing July 1, 2002 and allows for the appointment of an Executive Director for the Plan.

Chapter 623 of the Laws of 2004 provided for an Excess Benefit Plan to be established which would provide benefits to those pensioners whose annual retirement benefits are limited because those benefits exceed the limitations set by IRC Section 415 (b). The law is retroactive to July 1, 2000.

Chapter 104 of the Laws of 2005, as amended by Chapter 93 of the Laws of 2005, created a presumptive eligibility for accidental disability in connection with the World Trade Center attack on September 11, 2001.

Chapter 105 of the Laws of 2005 states that a member killed in the U.S. Armed Forces on and after June 14, 2005 is deemed a Line-of-Duty death while on active payroll.

Chapter 133 of the Laws of 2005 continued the valuation and other interest rates for one year to June 30, 2006 from June 30, 2005.

Chapter 152 of the Laws of 2006 ("Chapter 152/06") provided for the changes in actuarial assumptions and methods that require legislation, including the continuation of the AIR assumption of 8.0% per annum and continuation of the current Frozen Initial Liability ("FIL") Actuarial Cost Method and the existing Unfunded Actuarial Accrued Liability ("UAAL"). In addition, Chapter 152/06 provided for the elimination of the use of the ten-year phase-in of Chapter 278/02 for funding the additional actuarial liabilities created by the benefits provided by Chapter 125/00.

Chapter 445 of the Laws of 2006 ("Chapter 445/06") created a presumptive eligibility of accidental death benefits in conjunction with the World Trade Center attack on September 11, 2001.

Chapter 5 of the Laws of 2007 amended Chapter 445/06 to clarify the World Trade Center accidental disability benefits payable to retirees who die in the first 25 years of retirement. It also amended Chapter 445/06 to include World Trade Center deaths as presumptive accidental deaths in the Line of Duty.

Chapter 260 of the Laws of 2007 is a reopener of the Chapter 96/95 Optional Retirement Program for Tier II and Tier IV members in the Loader and Handler job titles.

Chapter 19 of the Laws of 2008 established retirement programs to permit certain Tier II and Tier IV members to elect to retire between ages 55 and 62 without reduction provided they have 25 years of service, by paying an additional contribution of 1.85% of future pay. New members after February 27, 2008 are mandated into this plan and are required to be age 55 and have 27 years of service to retire without reduction.

Chapter 489 of the Laws of 2008 expanded and redefined the eligibility provisions of the accidental disability and accidental death benefits that arise in connection with the World Trade Center attack on September 11, 2001.

Chapter 211 of the Laws of 2009 continued the valuation and other interest rates for one year to June 30, 2011 from June 30, 2009.

Chapter 504 of the Laws of 2009 ("Chapter 504/09") provides that individuals joining the Plan after December 10, 2009, who are represented by the United Federation of Teachers ("UFT") and who participate in the 55/27 retirement program, will be required to make pension contributions of 4.85% of salary until they have 27 years of credited service and contributions of 1.85% of salary thereafter. These members will become vested after ten years of credited service.

Also, under Chapter 504/09, all members of the Plan represented by the UFT who participate in the Tax Deferred Annuity Program ("TDA"), will receive an interest rate of 7.0% per annum credited to their TDA Fixed Funds accounts beginning December 10, 2009.

Chapter 105 of the Laws of 2010 ("Chapter 105/10") provided an Early Retirement Incentive ("ERI") program for certain members.

Chapter 157 of the Laws of 2011 provided that members who were laid off from the School Construction Authority ("SCA") on or after December 1, 2002 and who returned to work prior to January 8, 2008, can buy back their layoff time for retirement purposes.

Chapter 265 of the Laws of 2011 continued the valuation and other interest rates for one year to June 30, 2011 from June 30, 2010.

Chapter 180 of the Laws of 2011 continued the valuation and other interest rates for one year to June 30, 2012 from June 30, 2011.

Chapter 18 of the Laws of 2012 ("Chapter 18/12") placed certain limitations on the Tier III and Tier IV benefits available to participants hired on and after April 1, 2012 in most New York State PERS, including BERS. These changes are sometimes referred to as Tier VI.

Chapter 3 of the Laws of 2013 ("Chapter 3/13") implemented changes in the actuarial procedures for determining Employer Contributions beginning Fiscal Year 2012. In particular, Chapter 3/13 continued the OYLM, employed the Entry Age Actuarial Cost Method (EAACM), an Actuarial Interest Rate (AIR) assumption of 7.0% per annum, net of investment expenses and defined the amortization of Unfunded Actuarial Accrued Liabilities (UAAL).

Chapter 489 of the Laws of 2013 ("Chapter 489/13") extended the WTC Disability Law benefits to vested members.

Following is a description of the principal benefit provisions of the System, preceded by simplified definitions of the technical terms used therein.

C. COORDINATED RETIREMENT PLAN

ARTICLE 15 OF THE RETIREMENT AND SOCIAL SECURITY LAW ("RSSL")

I. Definitions

Final Average Salary ("FAS") - The average salary earned during any three consecutive years (five years for Tier 6) which provides the highest average salary. If the salary earned during any year included in the three-year period, however, exceed that of the average of the previous two years by more than 10%, the amount in excess of 10% will be excluded from the computation of FAS.

Salary - The regular compensation earned by and paid to a member.

II. Benefits Under The Coordinated Retirement Plan

A member whose date of membership is July 27, 1976 or later, belongs to the Coordinated Retirement Plan.

a. SERVICE RETIREMENT

1. Normal Service Retirement

(a) Payability Date depends on Plan as follows:

(1) Age 62 and 5 years of service;
(2) Age 57 and 5 years of service;
(3) Age 55 and 25 years of service; or
(4) Age 55 and 27 years of service; or
(5) Age 63 and 10 years of service.

(b) (1) Pension payable for members with fewer than 20 years of service (25 for members in Optional Retirement Plans): 1/60 times FAS times years of service.

(2) Pension payable for members with at least 20 years of service (Tier 6) (25 for members in Optional Retirement Plans), but fewer than 30 years of service (Tier 4): 1/50 times FAS times years of service (Tier 4) or 35% plus 2% times FAS times years of service in excess of 20 (Tier 6).

(3) Pension payable for members with 30 or more years of service: 1/50 times FAS for each of the first thirty years of service, plus 3/200 times FAS for each additional year (Tier 4).

2. Early Service Retirement

Commencing as early as age 55, requires completion of five years of credited service (ten years for Tier 6). Benefit is equal to the Service Retirement benefit reduced depending on the number of months prior to age 62 (age 63 for Tier 6).

3. Deferred Vested Benefit

A member who has five or more years of service upon termination of employment (ten years if hired after December 10, 2009) is entitled to a deferred vested benefit payable starting at age 62 (age 63 for Tier 6). The benefit formulas are the same as those set forth under Normal Service Retirement.

b. DISABILITY RETIREMENT

1. Requirements

A member is eligible for ordinary disability retirement if:

(a) he/she has completed ten or more years of service and,

(b) he/she is incapacitated from performance of gainful employment.

If the disability is judged to be the result of an accident in the performance of duty, the service requirement is waived.

2. Benefit Payable

The benefit is the greatest of:

(a) ⅓ of FAS,
(b) 1/60 times FAS times years of credited service, or
(c) the service retirement allowance but only if member has met the eligibility requirements for Service Retirement.

c. ORDINARY DEATH BENEFIT

Upon the death of a member in active service, a benefit is payable to his/her designated beneficiary. Under legislation effective July 26, 1986, the death benefits are the same as those applicable to members who joined the System between July 1, 1973 and July 26, 1976 (described in Section D.II.e of this Summary Of Plan Provisions).

d. ACCIDENTAL DEATH BENEFIT

1. Requirements

A beneficiary is entitled to the benefit if the member died before the effective date of retirement as a natural and proximate result of an accident sustained in the performance of duty, and the accident was not caused by the member's own willful negligence.

2. Pension Payable

The beneficiary receives a pension equal to 50% of wages earned during the last year of actual service (must be applied for within two years of death) and within 60 days if member joined after August 31, 1983.

3. Other Provisions

(a) If the eligible beneficiary becomes ineligible to continue to receive the benefit, it shall be continued to the next eligible class of beneficiaries, and if none, to each successive class.

(b) If the benefits paid do not exceed the amount of the ordinary lump sum benefit because of the absence of eligible beneficiaries, the difference is to be paid to the last eligible beneficiary, or if none, to the member's estate.

e. DESIGNATION OF BENEFICIARY

Beneficiaries are dealt with differently for ordinary death and accidental death benefits. For the ordinary death benefit, the latest named beneficiary, duly designated on a System form filed with the System will receive the death benefit. If none is designated, the benefit is paid to the member's estate.

For the accidental death benefit, beneficiaries are prescribed in the following order:

1. a surviving spouse who has not renounced survivorship rights in a separation agreement until remarriage;

2. surviving children, until age 25;

3. dependent parents whose eligibility shall be determined in accordance with regulations promulgated by the Board of Trustees; and,

4. any other person who qualified as a dependent on the final federal income tax return of the member filed in the year immediately preceding the year of death, until such person reaches 21 years of age.

D. PLANS FOR MEMBERS JOINING PRIOR TO JULY 27, 1976

I. Definitions

ACCUMULATED DEDUCTIONS - The total contributions made by a member to his annuity savings account, with regular and special interest, or increment thereon.

FINAL SALARY - (1) For a member who joined prior to July 1, 1973, salary earnable by the member in the year ending on the date of retirement or alternatively, the average annual compensation during any three calendar years designated by the member. (2) For a member who joined after June 30, 1973, the average salary earned during any three consecutive years which provides the highest average salary. However, if the salary earned during any year included in this three year period exceeds the average of the previous two years by more than 20%, the amount in excess of 20% is excluded from the computation.

MINIMUM ACCUMULATION - The amount of normal contributions accumulated with interest to the date on which a member either completed or could have completed 25 years of Career Pension Plan service, less the amount of the reserve for Increased-Take-Home-Pay on such date.

PAYABILITY DATE - For members who elected the Career Pension Plan, the date on which the service retirement allowance begins, which is the latest of (1) the date on which the member retires, (2) the date on which he/she attains the age 55 (age 50 for members in physically taxing positions for at least 25 years of service), or (3) the date on which he/she could have completed 25 years of service had he/she remained in Educational City Service. Except that for a member who last joined the System prior to July 1, 1959, the payability date is the date of retirement, regardless of age, provided such member has completed 35 years of service. For all other members, the retirement allowance begins on the date of retirement.

PHYSICALLY TAXING POSITION - Any career pension plan position which has been included as physically taxing by the List Administrator.

RESERVE-FOR-INCREASED-TAKE-HOME-PAY - A reserve of 2 percent, 2.5 percent, 4 percent or 5 percent of the member's salary, pursuant to the provisions of Section 28 of the Rules and Regulations, accumulated with regular and additional interest, or increment thereon.

II. Benefits

a. SERVICE RETIREMENT

1. Career Pension Plan - (i) A member who joined prior to July 1, 1973 who elected the career pension plan (Plan A) is eligible to retire after having completed 20 years of career pension plan qualifying service, with benefits to begin on the payability date. Regardless of the number of years of service, however, a member who has elected the career pension plan and who is at least 55 years of age may retire with benefits payable immediately by canceling his election of the career pension plan, thereby becoming eligible for the benefits under the 55 year-increased-service-fraction plan which is described in paragraph (2) below. (ii) In order for a member who joined after June 30, 1973 (Plan C) to be eligible for retirement, he must (a) have attained age 55 and (b) have rendered five years of credited service, in addition to the aforementioned requirements.

   The service retirement allowance is the sum of (a) 2.2% of final salary, multiplied by the number of years of career pension plan service not in excess of 25, reduced by an annuity which is the actuarial equivalent of the Minimum Accumulation, (b) an annuity which is the actuarial equivalent of the accumulated deductions, and (c) for all years of service other than the first 25 years of career pension plan service, (i) a pension for increased-take-home-pay made in each year and (ii) 1.2% of final salary for each such year prior to July 1, 1968 and 1.7% of final salary for each year beginning on or after that date.

2. 55-Year-Increased-Service-Fraction Plan - (i) A member who joined prior to July 1, 1973 (Plan B) and who elected the 55-year-increased-service-fraction plan may retire after having attained age 55 with benefits payable immediately upon retirement. (ii) In order for a member who joined after June 30 1973, (Plan D) to be eligible for retirement, he must have rendered five years of credited service, in addition to the aforementioned requirement.

   The service retirement allowance consists of a pension for service, a pension for increased-take-home-pay and an annuity. The pension for service is equal to 1.2% of final salary multiplied by each year of service prior to July 1, 1968, plus 1.53% of final salary multiplied by each year of service after June 30, 1968; the pension for increased-take-home-pay is the actuarial equivalent of the reserve for increased-take-home-pay; and the annuity is the actuarial equivalent of the member's accumulated deductions.

   Any Plan C or D member who did not join the Optional Retirement Programs and who retires prior to age 62 will have his pension for service reduced by 0.5% for each of the first 24 months that the payability date precedes age 62, and by 0.25% for each such additional month.

b. ORDINARY DISABILITY RETIREMENT

Regardless of the plan elected, a member, who has completed 10 or more years of city service immediately preceding the occurrence of disability from causes other than accident in the actual performance of duty, is entitled to an ordinary disability retirement allowance.

If upon becoming disabled, the member could have retired for service with benefits payable immediately, the ordinary disability allowance is the same as the service retirement allowance. For all other members, the ordinary disability allowance is computed in the same manner as though the member had been eligible for service retirement under the 55-year-increased-service-fraction plan with benefits payable immediately regardless of age and without reduction for age.

c. ACCIDENT DISABILITY RETIREMENT

Upon the occurrence of disability caused by an accident in the actual performance of duty, a member is entitled to an accident disability retirement allowance consisting of a pension equal to three-fourths of final compensation, a pension for increased-take-home-pay which is the actuarial equivalent of the reserve for increased-take-home-pay, and an annuity purchased with the member's accumulated deductions. The pension is subject to reduction because of Worker's Compensation benefits granted on account of the accident.

d. CHANGING RETIREMENT PLAN

1. A member in Plan A (Plan C) may change to Plan B (Plan D) at any time after his first year of coverage under Plan A (Plan C).

2. A member who elected Plan B (Plan D) can change to Plan A (Plan C) at any time.

3. A member in an Old Service Fraction Plan can change to Plan A, B, C or D.

4. A Plan A (Plan C) member who intends to leave city service who has at least 5 years but less than 20 years of service credit, and who wishes to vest his rights must elect Plan B (Plan D) by filing with the Retirement System an affidavit withdrawing from Plan A (Plan C), prior to resignation.

e. ORDINARY DEATH BENEFIT

Upon the death of a member from causes other than an accident in the actual performance of duty, a benefit is paid to the member's estate or to such person as the member shall have nominated.

With respect to a member who joined before July 1, 1973, and total number of years of allowable service less than ten, the benefit is equal to the compensation earnable by the member in the six months immediately preceding death and, if the total number of years of allowable service is greater than ten, but less than twenty, the benefit is equal to the compensation earnable during the twelve months immediately preceding death. If the total number of years of allowable service is greater than twenty, the benefit is equal to twice the compensation earnable during the twelve months immediately preceding death.

In addition, the member's accumulated deductions and the reserve for increased-take-home-pay are paid to the member's estate or to the member's designated beneficiary. The benefit payable on account of such a member who at the time of death would have been eligible for service retirement is either the benefit described above or an amount equal to the reserve on the retirement allowance which would have been payable had the member retired on the day before death, whichever is larger.

A member who joins after June 30, 1973 must choose between the following two death benefits which cannot be changed; upon death, a benefit is paid pursuant to such election.

Death Benefit 1: One month's salary for each year of service up to a maximum of three years' salary. In addition, the member's accumulated deductions are payable. If the member would have been eligible to receive an unreduced retirement allowance at the time of death, the benefit is the reserve on the retirement allowance which would have been payable had the member retired on the day before his death, if greater.

Death Benefit 2: In addition to a refund of the member's accumulated deductions, one year's salary for each year of service up to a maximum of three years' salary. The maximum benefit declines after age 60 at the rate of 5% per year, to a minimum of 50% of the benefit in effect at age 60.

A benefit is also payable upon death after retirement, which benefit is expressed as a percent of the benefit in force immediately before retirement as follows: If death occurs in the first year after retirement, 50% of such benefit; if death occurs in the second year following retirement, 25%; upon death occurring subsequently, 10%. If retirement occurred after age 60, the minimum death benefit payable after retirement is 10% of the death benefit in force at age 60.

The Rules and Regulations adopted by the Board of Trustees in accordance with Chapter 581 of the Laws of 1970 provide that the first $50,000 of each benefit on account of death in active service is payable from the group term life insurance plan. Only the amount in excess of $50,000, if any, is payable by the retirement system

f. ACCIDENTAL DEATH

The benefit is payable upon the death of a member which occurs as a result of an accident sustained in the performance of duty.

The accidental death benefit is a lump sum equal to the reserve for increased-take-home-pay and a pension equal to one-half of final average salary, payable to the surviving spouse until remarriage or death, or if there is no surviving spouse, to a child or children until the attainment of age 18 of the youngest child, or if there is no surviving spouse or child to the dependent parents. In addition, the member's accumulated deductions are paid to his/her estate or to the designated beneficiary. The pension is subject to reduction because of Worker's Compensation benefits granted on account of the accidental death.

g. TERMINATION OF EMPLOYMENT

A member who either resigns or is dismissed with fault receives a benefit equal to his accumulated deductions. At resignation with at least 5 years of service the member may elect, in lieu of a return of his accumulated deductions, to receive an allowance computed in the same manner as the retirement allowance for retirement under the 55-year-increased-service-fraction plan, except that the allowance is deferred to age 55. Should a member with less than 10 years of service who elected to receive a deferred retirement allowance die before the attainment of age 55, the benefit consists of the accumulated deductions. If a member who at resignation had at least 10 years of service and elected to receive a deferred retirement allowance dies before the attainment of age 55, the benefit is one-half of the ordinary death benefit.

A member not eligible for service retirement and who is removed from service without fault or delinquency and has not less than one-half year of service in the year immediately preceding the date of termination or who is so removed from a position in the competitive or labor class, regardless of service, is entitled to the return of his accumulated deductions in a lump sum payment or to a pension whose present value is equal to the pension he would have received at his earliest payability date, based on his service to date of termination. If the member has attained age 50 and has completed at least 20 years of service, an additional pension is payable equal to one-half the difference between the pension so computed and the pension payable at his earliest age for service retirement. In addition, he receives a pension which is the actuarial equivalent of his reserve for increased-take-home-pay and an annuity of such amount as his accumulated deductions will purchase.

h. AUTOMATIC ANNUAL COST-OF-LIVING ADJUSTMENTS ("COLA")

COLA are payable to members who are either (1) at least age 62 and have been retired for at least 5 years or (2) at least age 55 and have been retired for at least 10 years. Additionally, COLA are payable to members who retired for disability after being retired for 5 or more years and beneficiaries receiving accidental death benefits who have been receiving them for at least 5 years.

Starting with benefits for September 2001, COLA are 50% of the increase in the CPI-U based on the year ending March 31, rounding to the next higher .1%, not less than 1% nor greater than 3% of the first $18,000 of the sum of the maximum retirement allowance and prior COLA.

COLA are payable during the life of the retired member. One half of the amount is also payable after the member's death and during the life of the spouse beneficiary if such retired member had elected one of the options under the Administrative Code which provides that benefits are to be continued for the life of such spouse after the death of the retired member, and where the death of such retired member occurred or occurs more than thirty days after the effective date of the retirement of such member.

E. OPTIONS ON RETIREMENT OR DEATH

No Option (Maximum Retirement Allowance)

A member upon retirement may receive the basic maximum retirement allowance payable in monthly installments throughout life with all payments ending at death.

Alternatively, a member may elect to receive an actuarial equivalent benefit in any one of the following optional forms.

With respect to plans other than the Coordinated Retirement Plan (Article 15):
Option 1 (Cash Refund)

With respect to members who joined prior to July 1, 1973, a cash refund allowance under which reduced payments will be made during life with a provision that in case of death before such payments have equaled the present value of the retirement allowance at date of retirement, the balance shall be paid to the designated beneficiary or estate. With respect to members who joined after June 30, 1973, this option is only available with respect to the benefits derived from employee contributions (annuity).

Option 2 (Joint and 100% Survivor Allowance)

Option 3 (Joint and 50% Survivor Allowance)

A joint and survivor allowance under which reduced payments will be made during life with a provision that at the death of the member the same payments (Option 2) or one half of such payments (Option 3) shall be continued throughout the life of such other person as the member shall have designated.

Option 4

Such other form of benefit which is the actuarial equivalent as may be certified by the Actuary and approved by the Board of Trustees. By resolution, the Board of Trustees has approved an option under which reduced payments will be made during life with a provision that upon his/her death, a sum specified by the member at the time of retirement shall be paid to the designated beneficiary or estate.

Option 4-2 and 4-3

Option 4-2 and Option 4-3 are known as the "Pop-Up" options. These are called "Pop-Ups" because they are variations of Options 2 and 3 that provide if a joint and survivor option is elected and the beneficiary predeceases the retiree, then the retirement allowance will increase (pop-up) to the level of the maximum retirement allowance.

Ten-Year (or Five-Year) Certain and Life

Ten-year (or five-year) certain and life allowance under which reduced payments will be made during the lifetime of the member with a provision that in case of death within ten (five) years of retirement, the remaining benefit that would have been payable had the member survived for ten (five) years shall be paid to the designated beneficiary or estate for the balance of the ten (five) years.

With respect to Article 15, the options are as follows:

a. A five-year or ten-year certain and life option, the same as described above.

b. A joint and survivor option under which reduced payments will be made during life with a provision that at the death of the member, 100%, 75%, 50% or 25% of such payments shall be continued throughout the life of such other person as the member shall have designated.

c. A pop-up option as described above.

F. CONTRIBUTIONS

The benefits of the system are financed by employee and employer contributions and from investment earnings of the System.

I. Employee Contributions

A member of Article 15 who joins BERS on or after April 1, 2012 (Tier 6) and is not a member of the Automotive or Special Officers Programs is required to contribute between 3.0% and 6.0% of salary, depending on salary level, for all years of service. Tier 6 members in the Automotive or Special Officers Programs contribute 3.0% of salary plus Additional Member Contributions ("AMC").

A Tier 4 member of Article 15 (Coordinated Retirement Plan) who joined BERS on or before March 31, 2012 is mandated to contribute 3% of salary during all years of coverage. Effective October 1, 2000, these members are not required to make contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. For those who elected or were mandated into the Optional Retirement Plans, AMC are required.

A member who joined prior to July 27, 1976 contributes by salary deductions on the basis of a normal rate of contribution which is assigned by the System at the time he/she elects his/her plan. The normal rate, which is dependent upon the member's age and plan, as well as the tables in effect for that purpose at the time he/she became a member, is determined so as to provide approximately one-third of the benefit on account of the first 25 years of service.

In the plans which permit retirement for service at age 55, the normal contribution rate is calculated so as to provide an annuity equal to 1% of final salary for each year of service at the earliest age for service retirement. For such plans, the contribution rate for members who enter at age 55 or over is the rate applicable to a member entering at age 54.

Member contributions are accumulated with interest on individually maintained ledger accounts. Except under Article 15, upon retirement, the amount to his/her credit (i.e., accumulated deductions) is used to purchase an annuity on the basis of the tables adopted by the Board of Trustees. Upon death in service, the accumulated deductions are paid to the beneficiary.

Beginning July 1, 1960, on a year to year basis, the normal rates of contribution of members who joined before July 27, 1976 were reduced by an increased-take-home-pay rate equal to two and one-half percentage points and equal to five percentage points beginning July 1, 1961. Between July 1, 1968 and December 31, 1975, an increased-take-home-pay rate of four percentage points was effective for all members. On January 1, 1976, an increased-take-home-pay rate of two percentage points became effective for all members. Following is a table showing the effective periods and increased-take-home-pay rate.

Period	Increased-Take-Home-Pay Rate
07-01-1960 - 06-30-1961	2.5%
07-01-1961 - 06-30-1968	5%
07-01-1968 - 12-31-1975	4%
01-01-1976 and after	2% for non-Article 14 & 15 Members 0% for Article 14 & 15 Members

At present the reduction is two percentage points for members other than members in the Coordinated Retirement Plan. In general, the retirement and death benefits payable to or on account of members are supplemented by the reserve for increased-take-home-pay, accumulated from City contributions equal to the increased-take-home-pay rate times salary so that in general, the total benefit is equal to the benefit which would have been paid if the members' rates of contribution had not been reduced. However, the reserve for increased-take-home-pay is not payable upon death of a member who joins after June 30, 1973.

II. Purchase Of Prior Service

A member is eligible to purchase credit for city service rendered prior to membership date by an additional contribution based on salary and periods of service being purchased.

In the case of any member in BERS prior to July 1, 1968, who has purchased service, the amount of purchased service can be used toward the twenty-five years needed for retirement eligibility under Plan A, provided such service was continuous and immediately preceded membership.

III. Loans

a. After one year of membership in the Retirement System, a member may borrow up to 75% of accumulated deductions.

b. A member may take one loan during any twelve month period.

c. Loans are repaid through payroll deduction of not less than 5% of gross salary.

Beginning 90 days after the inception of the loan, the unpaid portion is insured without limitation. Should the borrower retire before the loan is repaid, the actuarial equivalent of the amount outstanding is deducted from his/her retirement allowance.

IV. Employer Contributions

The Entry Age Actuarial Cost Method is utilized by the Plan's Actuary to calculate the contribution from the employers.

Employer contributions are accrued by the Plan and are funded by the employers on a current basis.

G. VARIABLE ANNUITY PROGRAM

Beginning July 1, 1970, members were given the option to participate in a Variable Annuity Program, thereby providing a means which can reasonably be expected to protect a portion of their retirement income against the effect of increases in the cost of living. The monthly variable annuity payment is a fixed number of units, the value of which varies each month to reflect the financial experience of the investments which are almost entirely in common stocks. A member may elect to place part or all of his/her contributions and the City's contributions for increased-take-home-pay in the variable annuity program. The remaining portion of the retirement allowance which is provided by the City must be paid in fixed dollar amounts. Subject to certain prescribed limitations, a member may periodically elect either to participate in the variable annuity program or to revoke a previous election.

An individual account of the member's own contributions is maintained in the Variable Annuity Savings Fund. Another individual account based on the City's contribution for increased-take-home-pay is maintained in the Variable Pension Accumulation Fund. Deposits in these accounts are credited in terms of units, the value of which is determined at the beginning of each month and remains unchanged during that month. On July 1, 1970, the effective date of the program, a unit was assigned an arbitrary value of $10. Each month, thereafter, the unit value changed reflecting the investment experience of the common stock fund during the preceding month.

H. TAX-DEFERRED ANNUITY PROGRAM

Beginning January 1, 1970, members were given the option to participate in a tax-deferred annuity program, thereby providing a means of deferring income tax payments on their tax deferred contributions until the period after retirement. Each calendar year, a member may elect to contribute to the Tax-Deferred Annuity Program any amount not in excess of the maximum permissible amount under Section 403 (b) of the Internal Revenue Code. The City makes no contributions to the Tax-Deferred Annuity Program, but if elected by members, will guarantee the benefit payments to retired members. A member has the option either to have his/her contributions accumulate at regular and special interest per annum, or to have his/her contributions invested in variable funds.

The Tax-Deferred Annuity Program is maintained as a separate account within the Board of Education Retirement System. An individual account of the member's fixed dollar contributions is maintained in the Tax-Deferred-Annuity Savings Fund if he/she elected to have his/her benefit paid in fixed dollars; otherwise, in the Tax-Deferred Variable Annuity Savings Fund.

NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014

ACKNOWLEDGEMENT OF QUALIFICATION

I, Robert C. North, Jr., am the Acting Chief Actuary for the New York City Retirement Systems. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Robert C. North, Jr., FSA, FSPA, FCA, MAAA, EA
Acting Chief Actuary
New York City Retirement Systems
December 12, 2014

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"You must learn to save first and spend afterwards."
John Poole

5 STATISTICAL

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INTRODUCTION:

The Statistical section presents three sets of data. The first group of data is comprised of six (6) schedules and accompanying graphs that provide a comparative horizontal base of the financials over a ten year spread for the QPP and three year spread for the TDA. The second group of data offers an analysis of the BERS benefit payments based on demographic information. The third and final group gives a comparative analysis of the contributors based on their salary and their provenance.

The schedules and graphs of the first group are:

a) Revenue by source for the QPP
b) Expenses by type for the QPP
c) Refunds by type for the QPP
d) Schedule of changes in QPP net position
e) Schedule of changes in TDA net position
f) Benefit expenses by type for the QPP

The second group of data is comprised of the following: - QPP

a) Age and service retirement
b) Ordinary disability retirement
c) Accidental disability retirement
d) Accidental death retirement
e) Other beneficiaries
f) All pensioneers and beneficiaries

The third group of data is comprised of the following: - QPP

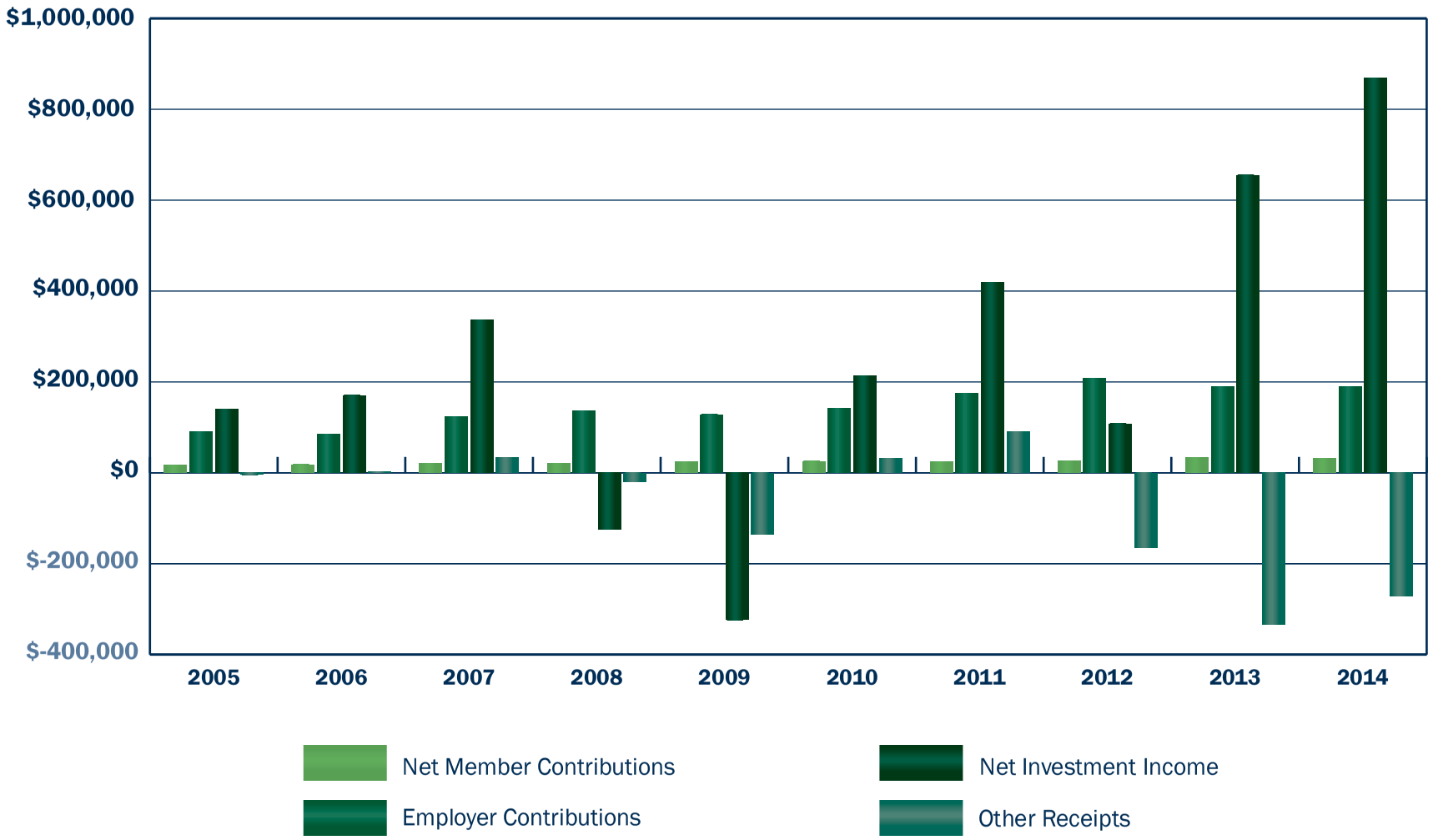
a) Summary of activities by Age and Service
b) Average annual benefit payments
c) Participating Employers

Qualified Pension Plan
Revenues by Source
(In thousands)

Fiscal Year Ended June 30	Net Member Contributions	Employer Contributions	Net Investment Income	Other Income	Total	Employer Contributions as % of Payroll
2005	$23,087	$96,650	$145,767	($9,746)	**$255,758**	15.5
2006	$23,810	$90,839	$176,320	($2,378)	**$288,591**	15.0
2007	$26,148	$129,820	$342,656	$39,148	**$537,772**	18.2
2008	$27,109	$143,100	($130,569)	($24,831)	**$14,809**	19.1
2009	$30,971	$134,225	($329,365)	($141,090)	**($305,259)**	17.3
2010	$31,361	$147,349	$218,872	$38,232	**$435,814**	17.3
2011	$31,008	$180,191	$425,690	$95,958	**$732,847**	19.8
2012	$32,866	$213,651	$113,738	($170,091)	**$190,164**	23.4
2013	$39,056	$196,246	$660,827	($340,057)	**$556,072**	21.3
2014	$37,193	$214,590	$875,453	($277,531)	**$849,705**	21.1

The table offers a horizontal comparison base for the revenue sources of the Plan for the past 10 years.
It particularly stresses the importance of employer contributions that have steadily increased over the years.
Net Investment Income has been restated for the fiscal years 2012 and 2013 due to the reclassification of certain data based on the GASB 67 recommendation.

Qualified Pension Plan Revenues by Source (In thousands)

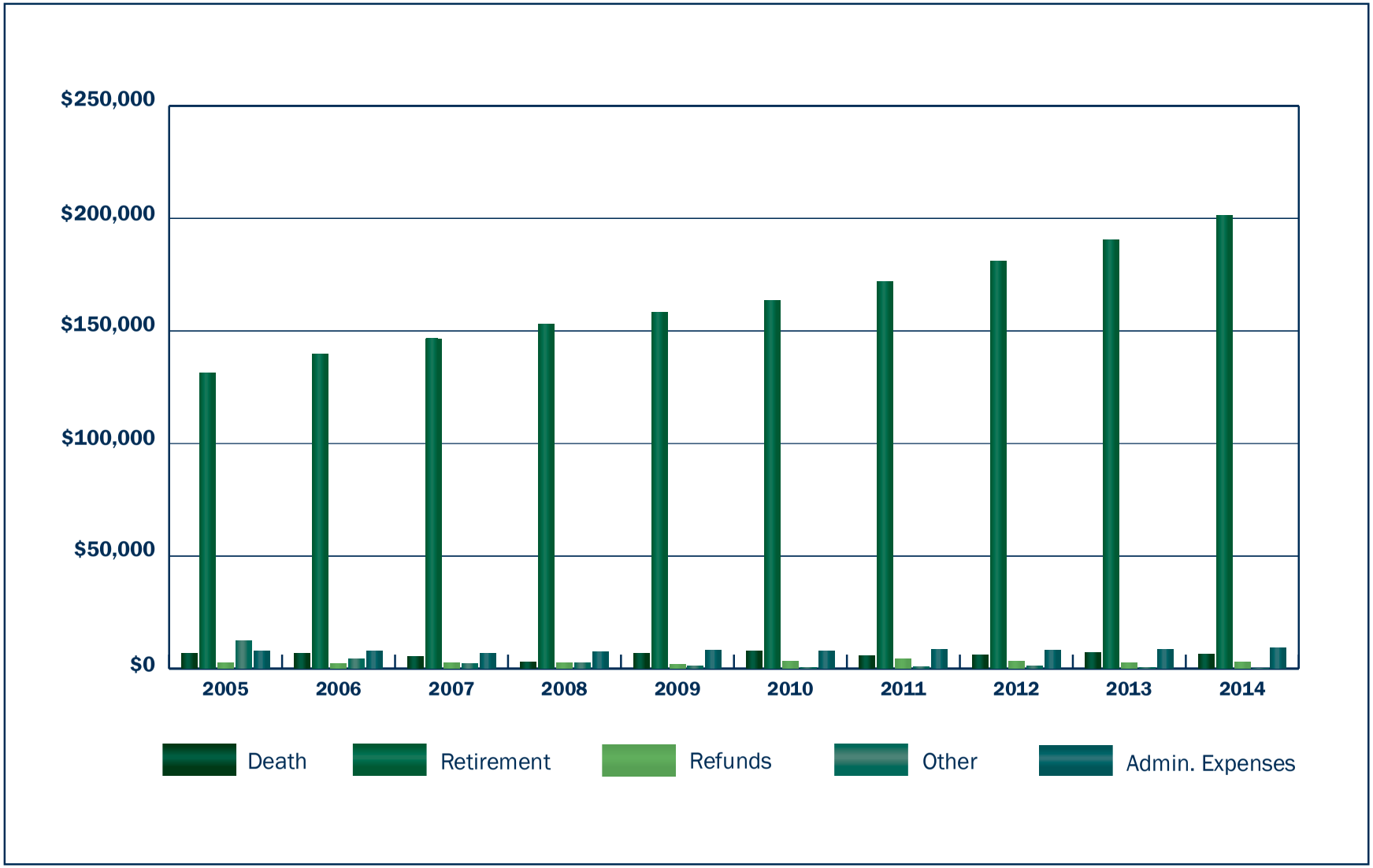


Qualified Pension Plan Expenses by Type (In thousands)

Fiscal Year Ended June 30	Benefit Payments				Administrative Expenses	Total
	Death	Retirement	Refunds	Other		
2005	$7,640	$132,075	$3,533	$13,164	$8,364	**$164,776**
2006	$7,656	$140,626	$3,145	$5,083	$8,195	**$164,705**
2007	$6,326	$147,399	$3,534	$3,191	$7,281	**$167,731**
2008	$3,827	$153,886	$3,395	$3,448	$7,854	**$172,410**
2009	$7,544	$159,262	$2,768	$2,018	$8,413	**$180,006**
2010	$8,548	$164,362	$4,207	$1,296	$8,047	**$186,460**
2011	$6,686	$172,680	$5,237	$1,662	$8,892	**$195,158**
2012	$6,827	$181,735	$4,009	$1,936	$8,687	**$203,194**
2013	$7,858	$191,463	$3,360	$1,412	$8,927	**$213,020**
2014	$7,274	$202,233	$3,827	$981	$9,776	**$224,091**

The table offers a horizontal comparison base for the expense groups of the Plan for the past 10 years.

Qualified Pension Plan
Expenses by Type
(In thousands)



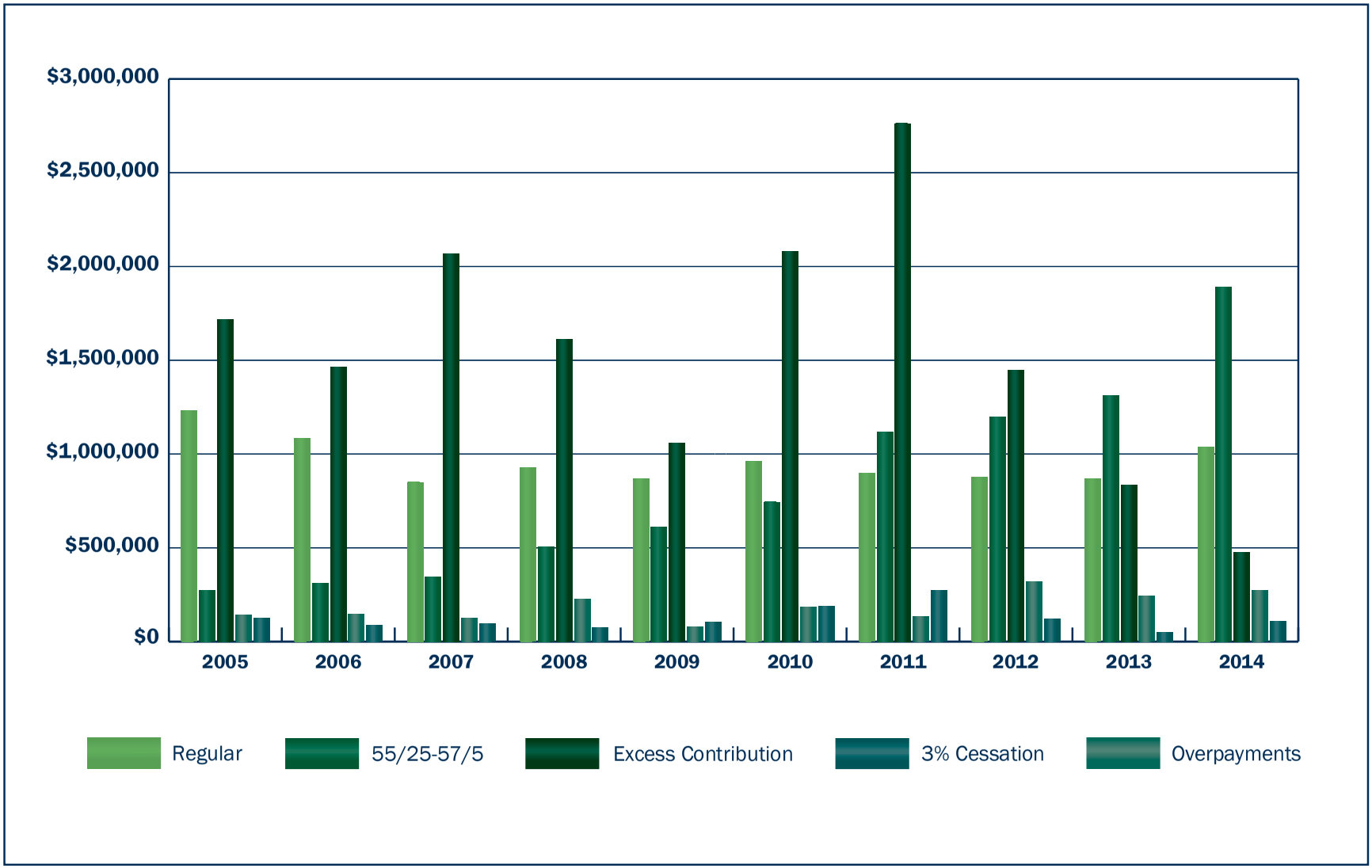
Qualified Pension Plan
Refunds by Type
(In thousands)

Fiscal Year Ended June 30	Refunds					
	Regular Resignation	Add Pension 55/25-57/5	Excess Contribution	3% Cessation	Other Overpayments	Total
2005	$1,242	$281	$1,726	$150	$134	**$3,533**
2006	$1,095	$323	$1,473	$157	$98	**$3,145**
2007	$859	$356	$2,079	$133	$106	**$3,534**
2008	$937	$514	$1,622	$236	$85	**$3,395**
2009	$879	$620	$1,067	$88	$113	**$2,768**
2010	$971	$754	$2,092	$193	$197	**$4,207**
2011	$909	$1,129	$2,772	$144	$283	**$5,237**
2012	$888	$1,206	$1,456	$328	$130	**$4,009**
2013	$880	$1,322	$846	$251	$61	**$3,360**
2014	$1,047	$1,899	$484	$281	$116	**$3,827**

The table offers a horizontal comparison base for the refund segment of the expense groups of the Plan for the past 10 years.

The refund segment is broken down by type. It shows that additional contribution based refunds are more significant than resignation from the system.

Qualified Pension Plan
Refunds by Type
(In thousands)



Qualified Pension Plan
Schedule of Changes in Net Position
(In thousands)

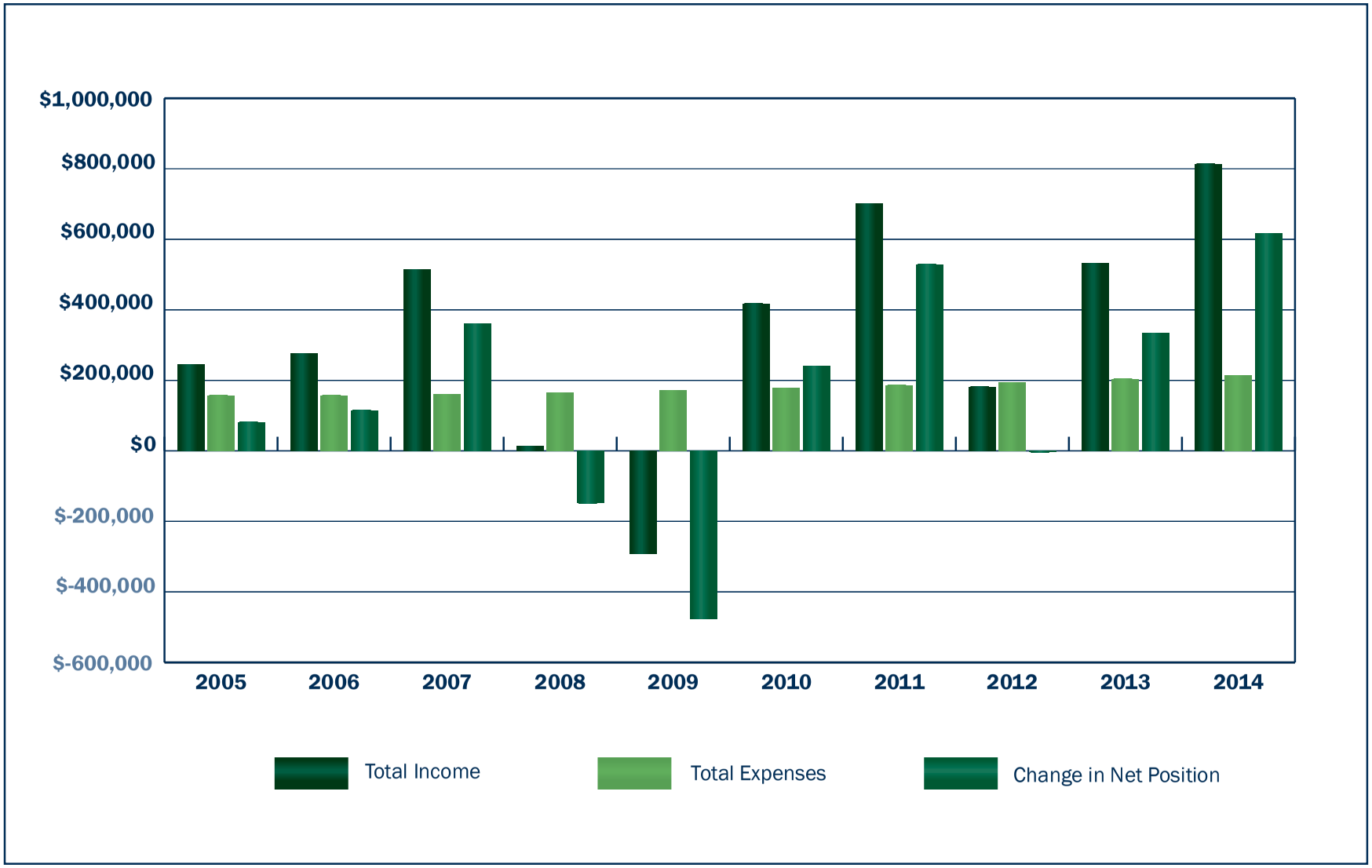
Year Ended	Member Contributions	Employer Contributions	Net Investment Income	Other Receipts	Total Income	Benefit Payments				Administrative Expenses	Total Expenses	Net Change in Position
						Death	Refund	Retirement	Other			
2005	$23,087	$96,650	$145,767	($9,746)	**$255,758**	$7,640	$3,533	$132,075	$13,164	$8,364	**$164,776**	$90,982
2006	$23,810	$90,839	$176,320	($2,378)	**$288,591**	$7,656	$3,145	$140,626	$5,083	$8,195	**$164,705**	$123,886
2007	$26,148	$129,820	$342,656	$39,148	**$537,772**	$6,326	$3,534	$147,399	$3,191	$7,281	**$167,731**	$370,041
2008	$27,109	$143,100	($130,569)	($24,831)	**$14,809**	$3,827	$3,395	$153,886	$3,448	$7,854	**$172,410**	($157,601)
2009	$30,971	$134,225	($329,365)	($141,090)	**($305,259)**	$7,544	$2,768	$159,262	$2,018	$8,413	**$180,006**	($485,265)
2010	$31,361	$147,349	$218,872	$38,232	**$435,814**	$8,548	$4,207	$164,362	$1,296	$8,047	**$186,460**	$249,354
2011	$31,008	$180,191	$425,690	$95,958	**$732,847**	$6,686	$5,237	$172,680	$1,662	$8,892	**$195,158**	$537,689
2012	$32,866	$213,651	$113,738	($170,091)	**$190,164**	$6,827	$4,009	$181,735	$1,936	$8,687	**$203,194**	($13,030)
2013	$39,056	$196,246	$660,827	($340,057)	**$556,072**	$7,858	$3,360	$191,463	$1,412	$8,927	**$213,020**	$343,052
2014	$37,193	$214,590	$875,453	($277,531)	**$849,705**	$7,274	$3,827	$202,233	$981	$9,776	**$224,091**	$625,614

The table offers a 10 year horizontal comparison base for the operations of the BERS.

It shows that over the years, revenues had more impact on the changes of net assets than the expenses.

Net Investment Income is restated for the fiscal years 2012 and 2013 due to the reclassification of certain data based on the GASB 67 recommendation.

Qualified Pension Plan
Schedule of Changes in Net Position
(In thousands)



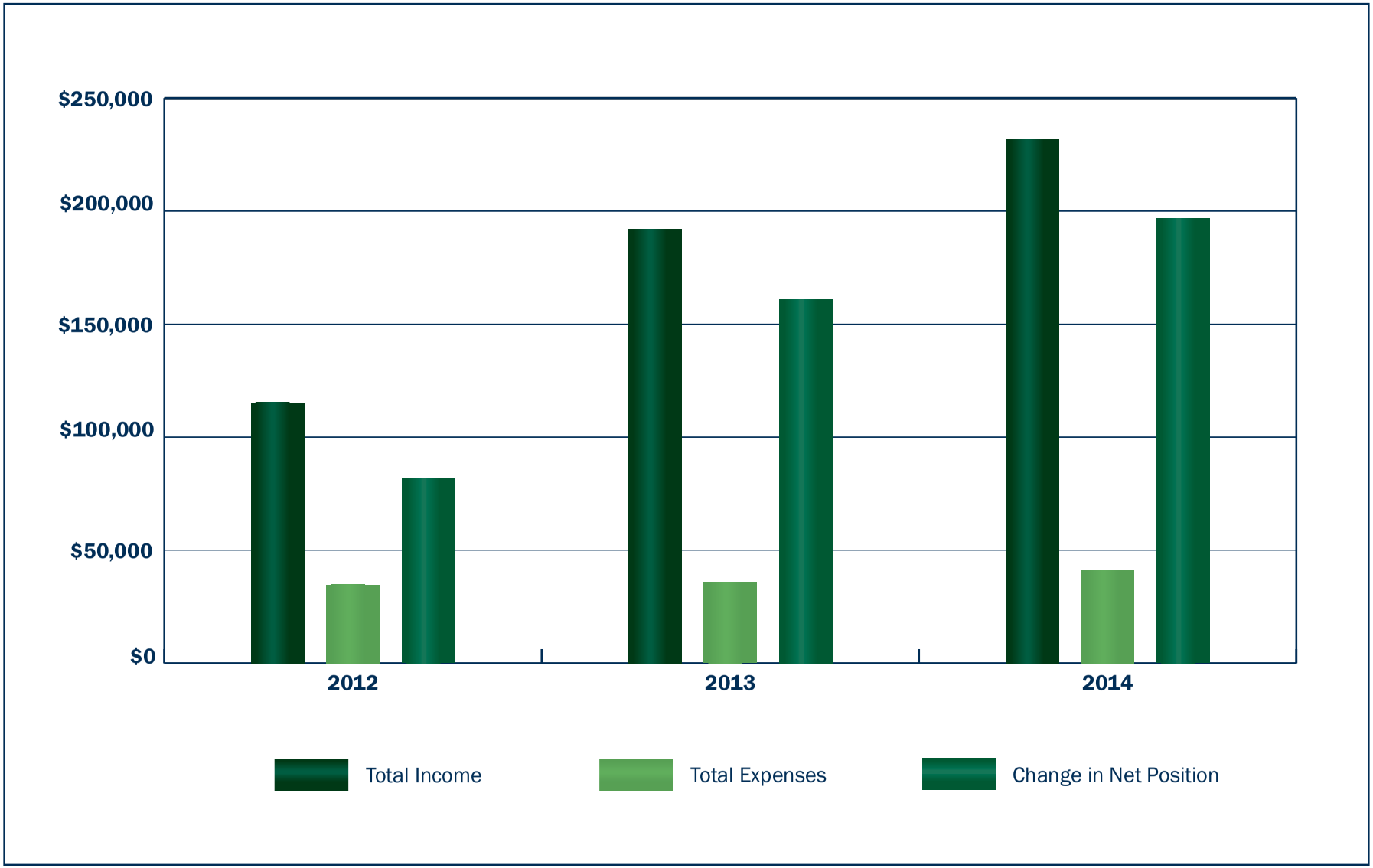
Tax Deferred Annuity Program
Schedule of Changes in Net Position
(In thousands)

Year Ended	Participant Contributions	Net Investment Income	Other Receipts	Transfer of Investment Income	Total Income	Benefit Payments				Administrative Expenses	Total Expenses	Net Change in Position
						Death	Refund	Retirement	Other			
2012	$59,024	$6,468	$26,593	$28,396	**$120,481**	$8,272	$25,146	$325	$68	$2,445	**$36,256**	$84,225
2013	$61,550	$62,134	($86,810)	$163,756	**$200,630**	$6,523	$27,802	$301	$31	$2,455	**$37,112**	$163,518
2014	$63,767	$82,223	($110,273)	$206,615	**$242,332**	$9,242	$30,755	$354	$59	$2,531	**$42,941**	$199,391

The table offers a 3 year horizontal comparison base for the operations of the BERS TDA Program.

As part of the introduction of the TDA data in this report, only 3 years worth of TDA data went through the restatement process and were therefore available for insertion.

Tax Deferred Annuity Program
Schedule of Changes in Net Position
(In thousands)



Qualified Pension Plan Benefit Expenses by Type (In thousands)

Fiscal Year Ended June 30	Age And Service Retirement Benefits	Disability Retirement Benefits		Lump Sum Payments			Total
		Duty	Non-Duty	Survivors	Death In Service	Death After Retirement	
2005	$120,113	$1,480	$3,108	$8,636	$7,600	$687	**$141,624**
2006	$122,753	$1,592	$3,343	$9,288	$6,172	$1,064	**$144,212**
2007	$147,399	$1,712	$3,595	$1,167	$4,678	$481	**$159,032**
2008	$148,179	$1,841	$3,866	$1,226	$2,318	$284	**$157,715**
2009	$153,124	$1,980	$4,158	$1,288	$6,188	$68	**$166,806**
2010	$157,760	$2,130	$4,472	$1,624	$6,887	$37	**$172,910**
2011	$165,580	$2,291	$4,810	$1,280	$5,328	$77	**$179,366**
2012	$174,099	$2,464	$5,173	$1,782	$5,035	$10	**$188,562**
2013	$183,250	$2,649	$5,564	$1,963	$5,890	$5	**$199,321**
2014	$193,400	$2,849	$5,984	$2,469	$4,768	$37	**$209,507**

The table offers a horizontal comparison base for the benefit segment of the expense groups of the Plan across the past 10 years. The benefit segment is broken down by type.

AGE AND SERVICE RETIREMENT

Age	Men		Women	
	Number Of Retirants	Average Annual Allowance	Number Of Retirants	Average Annual Allowance
49 & UNDER	1	$29,037	2	$36,248
50 - 54	6	40,231	0	0
55 - 59	85	35,450	283	13,252
60 - 64	340	31,110	1,187	10,518
65 - 69	498	28,814	2,240	10,426
70 - 74	491	27,920	2,046	8,886
75 - 79	447	25,747	1,673	8,002
80 - 84	387	23,895	1,524	7,600
85 - 89	215	25,070	1,123	7,647
90 & OVER	83	20,065	587	7,416
TOTALS	**2,553**	**$27,313**	**10,665**	**$8,978**

ORDINARY DISABILITY (NON-DUTY) RETIREMENT

Age	Men		Women	
	Number Of Retirants	Average Annual Allowance	Number Of Retirants	Average Annual Allowance
49 & UNDER	13	$21,264	16	$12,149
50 - 54	19	21,154	33	12,437
55 - 59	34	16,722	85	10,812
60 - 64	45	16,700	136	9,469
65 - 69	32	15,806	148	9,211
70 - 74	22	12,610	88	8,718
75 - 79	10	13,547	21	8,088
80 - 84	9	16,827	13	6,488
85 - 89	2	15,223	2	3,696
90 & OVER	2	6,961	1	12,063
TOTALS	**188**	**$16,558**	**543**	**$9,605**

NOTE: This schedule is based on 2012 data (LAG)

Qualified Pension Plan
Retired Members by Type of Benefit
(Cont'd)

ACCIDENTAL DISABILITY (DUTY) RETIREMENT

Age Of Retirants	Men		Women	
	Number Of Retirants	Average Annual Allowance	Number Of Retirants	Average Annual Allowance
49 & UNDER	2	$15,985	5	$8,493
50 - 54	8	16,269	8	9,909
55 - 59	4	15,844	11	10,622
60 - 64	9	13,871	18	8,558
65 - 69	9	18,780	16	6,509
70 - 74	9	25,696	15	7,127
75 - 79	5	23,239	13	7,172
80 - 84	3	40,922	4	6,077
85 - 89	5	22,229	3	8,314
90 & OVER	0	0	1	1,700
TOTALS	**54**	**$20,384**	**94**	**$7,956**

ACCIDENTAL DEATH (DUTY) RETIREMENT

Age Of Retirants	Men		Women	
	Number Of Retirants	Average Annual Allowance	Number Of Retirants	Average Annual Allowance
49 & UNDER	0	$0	0	$0
50 - 54	1	5,883	0	0
55 - 59	0	0	0	0
60 - 64	0	0	0	0
65 - 69	0	0	0	0
70 - 74	0	0	0	0
75 - 79	0	0	1	8,899
80 - 84	0	0	0	0
85 - 89	0	0	0	0
90 & OVER	0	0	0	0
TOTALS	**1**	**$5,883**	**1**	**$8,899**

NOTE: This schedule is based on 2012 data (LAG)

OTHER BENEFICIARIES

Age Of Retirants	Men		Women	
	Number Of Retirants	Average Annual Allowance	Number Of Retirants	Average Annual Allowance
49 & UNDER	23	$6,811	41	$5,977
50 - 54	8	4,058	19	5,755
55 - 59	11	6,288	23	10,740
60 - 64	15	4,521	41	14,945
65 - 69	21	6,561	51	16,656
70 - 74	20	5,788	76	19,277
75 - 79	24	7,101	96	20,245
80 - 84	19	6,790	98	17,321
85 - 89	9	12,780	102	16,442
90 & OVER	7	6,780	71	13,392
TOTALS	**157**	**$6,634**	**618**	**$15,854**

ALL PENSIONERS AND BENEFICIARIES

Age Of Retirants	Men		Women	
	Number Of Retirants	Average Annual Allowance	Number Of Retirants	Average Annual Allowance
49 & UNDER	39	$12,669	64	$8,663
50 - 54	42	19,329	60	9,984
55 - 59	134	27,719	402	12,520
60 - 64	409	28,170	1,382	10,520
65 - 69	560	27,075	2,455	10,457
70 - 74	542	26,445	2,225	9,222
75 - 79	486	24,549	1,804	8,649
80 - 84	418	23,087	1,639	8,169
85 - 89	231	24,444	1,230	8,372
90 & OVER	92	18,769	660	8,058
TOTALS	**2,953**	**$25,395**	**11,921**	**$9,355**

NOTE: This schedule is based on 2012 data (LAG)

Qualified Pension Plan
Summary of Actives by Age and Service
Male

DATA USED IN THE JUNE 30, 2012 (LAG) ACTUARIAL VALUATION FOR DETERMINING FISCAL YEAR 2014 EMPLOYER CONTRIBUTIONS

Age \ Svc	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	All Years
Number:										
UNDER 20	8	0	0	0	0	0	0	0	0	8
20 TO 24	198	10	0	0	0	0	0	0	0	208
25 TO 29	415	26	0	0	0	0	0	0	0	441
30 TO 34	421	135	29	0	0	0	0	0	0	585
35 TO 39	394	238	90	9	0	0	0	0	0	731
40 TO 44	378	223	142	62	14	0	0	0	0	819
45 TO 49	365	231	161	128	85	14	2	0	0	986
50 TO 54	303	186	176	141	172	79	15	2	0	1,074
55 TO 59	218	171	147	106	146	94	44	6	0	932
60 TO 64	118	109	92	68	74	58	22	33	4	578
65 TO 69	41	57	40	23	26	22	11	6	3	229
70 & UP	26	25	33	19	14	10	4	4	1	136
TOTAL	**2,885**	**1,411**	**910**	**556**	**531**	**277**	**98**	**51**	**8**	**6,727**
Salaries (In thousands):										
UNDER 20	75	0	0	0	0	0	0	0	0	75
20 TO 24	3,959	414	0	0	0	0	0	0	0	4,373
25 TO 29	13,157	906	0	0	0	0	0	0	0	14,062
30 TO 34	18,316	7,413	1,139	0	0	0	0	0	0	26,868
35 TO 39	18,586	15,356	5,001	595	0	0	0	0	0	39,538
40 TO 44	16,572	15,183	9,088	3,815	947	0	0	0	0	45,605
45 TO 49	16,288	15,393	10,787	9,089	6,270	861	226	0	0	58,913
50 TO 54	11,193	11,479	11,206	9,301	13,471	6,207	1,177	241	0	64,274
55 TO 59	9,109	10,097	8,809	7,105	11,733	7,869	4,517	473	0	59,713
60 TO 64	4,138	5,324	4,642	3,816	6,019	4,999	2,289	2,873	376	34,475
65 TO 69	1,640	2,490	2,144	1,584	1,972	1,677	1,031	523	248	13,308
70 & UP	808	709	1,142	629	850	630	299	206	121	5,395
TOTAL *	**113,839**	**84,764**	**53,957**	**35,935**	**41,261**	**22,243**	**9,539**	**4,316**	**745**	**366,599**
Average Salaries: **										
UNDER 20	9,345	0	0	0	0	0	0	0	0	9,345
20 TO 24	19,995	41,445	0	0	0	0	0	0	0	21,026
25 TO 29	31,702	34,837	0	0	0	0	0	0	0	31,887
30 TO 34	43,507	54,908	39,259	0	0	0	0	0	0	45,927
35 TO 39	47,173	64,519	55,565	66,164	0	0	0	0	0	54,087
40 TO 44	43,841	68,084	63,999	61,536	67,622	0	0	0	0	55,683
45 TO 49	44,624	66,637	66,999	71,006	73,759	61,479	113,091	0	0	59,749
50 TO 54	36,939	61,716	63,669	65,962	78,318	78,570	78,466	120,719	0	59,846
55 TO 59	41,784	59,049	59,927	67,030	80,363	83,714	102,669	78,801	0	64,070
60 TO 64	35,065	48,842	50,456	56,117	81,334	86,191	104,036	87,047	94,101	59,645
65 TO 69	39,989	43,680	53,598	68,870	75,865	76,231	93,715	87,182	82,543	58,115
70 & UP	31,066	28,378	34,617	33,129	60,727	62,999	74,770	51,420	121,463	39,672
TOTAL	**39,459**	**60,074**	**59,294**	**64,631**	**77,705**	**80,300**	**97,340**	**84,619**	**93,187**	**54,497**

Note: Age is last birthday. Service is completed years.

* Total may not add up due to rounding.

** Average based on actual unrounded salary.

DATA USED IN THE JUNE 30, 2012 (LAG) ACTUARIAL VALUATION FOR DETERMINING FISCAL YEAR 2014 EMPLOYER CONTRIBUTIONS

Age \ Svc	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	All Years
Number:										
UNDER 20	10	0	0	0	0	0	0	0	0	10
20 TO 24	261	2	0	0	0	0	0	0	0	263
25 TO 29	704	60	1	0	0	0	0	0	0	765
30 TO 34	860	290	47	0	0	0	0	0	0	1,197
35 TO 39	894	436	198	29	0	0	0	0	0	1,557
40 TO 44	1,118	545	382	86	25	1	0	0	0	2,157
45 TO 49	1,340	886	693	195	100	37	3	0	0	3,254
50 TO 54	1,230	920	1,073	401	175	97	27	1	0	3,924
55 TO 59	851	817	1,094	556	314	93	61	30	2	3,818
60 TO 64	396	464	750	464	366	102	36	26	6	2,610
65 TO 69	135	166	269	209	162	72	19	6	5	1,043
70 & UP	57	59	98	102	122	49	22	4	2	515
TOTAL	**7,856**	**4,645**	**4,605**	**2,042**	**1,264**	**451**	**168**	**67**	**15**	**21,113**
Salaries (In thousands):										
UNDER 20	87	0	0	0	0	0	0	0	0	87
20 TO 24	4,746	57	0	0	0	0	0	0	0	4,803
25 TO 29	25,577	2,564	18	0	0	0	0	0	0	28,159
30 TO 34	35,173	15,589	1,961	0	0	0	0	0	0	52,723
35 TO 39	31,360	21,203	9,507	1,224	0	0	0	0	0	63,294
40 TO 44	30,580	20,253	14,879	4,154	1,476	78	0	0	0	71,420
45 TO 49	32,634	27,499	20,663	7,931	5,038	2,409	167	0	0	96,340
50 TO 54	30,095	26,894	28,443	13,194	7,286	5,927	1,732	83	0	113,653
55 TO 59	20,847	23,648	28,275	16,253	10,643	4,823	3,875	1,892	84	110,340
60 TO 64	9,363	12,651	18,402	12,599	11,505	4,810	1,807	1,600	240	72,978
65 TO 69	3,215	4,163	6,008	5,088	4,323	2,453	855	302	381	26,789
70 & UP	1,067	1,311	2,264	2,067	2,716	1,302	782	108	93	11,709
TOTAL *	**224,744**	**155,832**	**130,419**	**62,511**	**42,986**	**21,804**	**9,219**	**3,984**	**799**	**652,296**
Average Salaries: **										
UNDER 20	8,690	0	0	0	0	0	0	0	0	8,690
20 TO 24	18,184	28,664	0	0	0	0	0	0	0	18,264
25 TO 29	36,332	42,725	18,465	0	0	0	0	0	0	36,810
30 TO 34	40,899	53,754	41,714	0	0	0	0	0	0	44,046
35 TO 39	35,078	48,632	48,014	42,213	0	0	0	0	0	40,652
40 TO 44	27,352	37,161	38,951	48,306	59,023	78,473	0	0	0	33,111
45 TO 49	24,353	31,037	29,816	40,673	50,378	65,100	55,538	0	0	29,607
50 TO 54	24,468	29,233	26,508	32,902	41,633	61,102	64,134	82,686	0	28,964
55 TO 59	24,497	28,945	25,846	29,232	33,896	51,865	63,532	63,055	41,800	28,900
60 TO 64	23,645	27,265	24,536	27,153	31,434	47,161	50,208	61,536	40,022	27,961
65 TO 69	23,815	25,079	22,333	24,345	26,688	34,073	45,015	50,337	76,288	25,685
70 & UP	18,712	22,213	23,097	20,262	22,261	26,581	35,549	26,917	46,716	22,736
TOTAL	**28,608**	**33,548**	**28,321**	**30,612**	**34,008**	**48,345**	**54,872**	**59,462**	**53,240**	**30,895**

Note: Age is last birthday. Service is completed years.

* Total may not add up due To rounding.

** Average based on actual unrounded salary.

Qualified Pension Plan
Summary of Actives by Age and Service
Male and Female

DATA USED IN THE JUNE 30, 2012 (LAG) ACTUARIAL VALUATION FOR DETERMINING FISCAL YEAR 2014 EMPLOYER CONTRIBUTIONS

Age \ Svc	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	All Years
Number:										
UNDER 20	18	0	0	0	0	0	0	0	0	18
20 TO 24	459	12	0	0	0	0	0	0	0	471
25 TO 29	1,119	86	1	0	0	0	0	0	0	1,206
30 TO 34	1,281	425	76	0	0	0	0	0	0	1,782
35 TO 39	1,288	674	288	38	0	0	0	0	0	2,288
40 TO 44	1,496	768	524	148	39	1	0	0	0	2,976
45 TO 49	1,705	1,117	854	323	185	51	5	0	0	4,240
50 TO 54	1,533	1,106	1,249	542	347	176	42	3	0	4,998
55 TO 59	1,069	988	1,241	662	460	187	105	36	2	4,750
60 TO 64	514	573	842	532	440	160	58	59	10	3,188
65 TO 69	176	223	309	232	188	94	30	12	8	1,272
70 & UP	83	84	131	121	136	59	26	8	3	651
TOTAL	**10,741**	**6,056**	**5,515**	**2,598**	**1,795**	**728**	**266**	**118**	**23**	**27,840**
Salaries (In thousands):										
UNDER 20	162	0	0	0	0	0	0	0	0	162
20 TO 24	8,705	472	0	0	0	0	0	0	0	9,177
25 TO 29	38,734	3,469	18	0	0	0	0	0	0	42,222
30 TO 34	53,490	23,001	3,099	0	0	0	0	0	0	79,590
35 TO 39	49,946	36,559	14,508	1,820	0	0	0	0	0	102,832
40 TO 44	47,152	35,436	23,967	7,970	2,422	78	0	0	0	117,025
45 TO 49	48,921	42,892	31,450	17,020	11,307	3,269	393	0	0	155,253
50 TO 54	41,288	38,373	39,648	22,494	20,756	12,134	2,909	324	0	177,927
55 TO 59	29,955	33,745	37,085	23,358	22,376	12,693	8,393	2,364	84	170,053
60 TO 64	13,501	17,975	23,044	16,415	17,524	9,809	4,096	4,472	617	107,453
65 TO 69	4,855	6,653	8,151	6,672	6,296	4,130	1,886	825	629	40,098
70 & UP	1,874	2,020	3,406	2,696	3,566	1,932	1,081	313	215	17,104
TOTAL *	**338,582**	**240,596**	**184,376**	**98,445**	**84,248**	**44,047**	**18,758**	**8,300**	**1,544**	**1,018,895**
Average Salaries: **										
UNDER 20	8,981	0	0	0	0	0	0	0	0	8,981
20 TO 24	18,965	39,315	0	0	0	0	0	0	0	19,484
25 TO 29	34,615	40,340	18,465	0	0	0	0	0	0	35,010
30 TO 34	41,756	54,121	40,777	0	0	0	0	0	0	44,663
35 TO 39	38,778	54,242	50,373	47,885	0	0	0	0	0	44,944
40 TO 44	31,518	46,140	45,739	53,849	62,110	78,473	0	0	0	39,323
45 TO 49	28,693	38,400	36,826	52,693	61,121	64,106	78,559	0	0	36,616
50 TO 54	26,933	34,696	31,744	41,502	59,817	68,943	69,252	108,041	0	35,600
55 TO 59	28,022	34,155	29,883	35,285	48,644	67,875	79,933	65,679	41,800	35,801
60 TO 64	26,266	31,370	27,368	30,855	39,826	61,309	70,625	75,805	61,653	33,705
65 TO 69	27,583	29,834	26,380	28,760	33,489	43,940	62,871	68,760	78,633	31,523
70 & UP	22,582	24,048	25,999	22,282	26,220	32,753	41,583	39,169	71,632	26,274
TOTAL	**31,522**	**39,728**	**33,432**	**37,893**	**46,935**	**60,504**	**70,518**	**70,335**	**67,134**	**36,598**

Note: Age is last birthday. Service is completed years.

* Total may not add up due to rounding.

** Average based on actual unrounded salary.

Qualified Pension Plan
Annual Average Benefit Payments Amount

Fiscal Year Ended June 30	Service Retirement Benefits			Ordinary (Non-Duty) Disability Benefits			Accidental (Duty) Disability Benefits			Survivor Benefits		
	Number	Average Annual Allowance	Average Monthly Allowance	Number	Average Annual Allowance	Average Monthly Allowance	Number	Average Annual Allowance	Average Monthly Allowance	Number	Average Annual Allowance	Average Monthly Allowance
2002	9,286	$10,362	$864	325	$9,566	$797	99	$12,355	$1,030	565	$12,785	$1,065
2003	9,898	$10,938	$912	399	$9,785	$815	104	$12,294	$1,025	582	$12,968	$1,081
2004	10,450	$11,018	$918	454	$9,881	$823	118	$12,295	$1,025	603	$12,942	$1,079
2004 (Lag)	10,450	$11,018	$918	454	$9,881	$823	118	$12,295	$1,025	603	$12,942	$1,079
2005 (Lag)	10,723	$11,106	$926	495	$9,802	$817	125	$12,555	$1,046	628	$12,956	$1,080
2006 (Lag)	11,246	$11,260	$938	543	$9,967	$831	127	$12,501	$1,042	657	$13,168	$1,097
2007 (Lag)	11,618	$11,440	$953	565	$10,031	$836	141	$12,354	$1,030	667	$13,497	$1,125
2008 (Lag)	11,820	$11,556	$963	575	$10,278	$857	133	$12,614	$1,051	668	$13,382	$1,115
2009 (Lag)	12,176	$11,665	$972	627	$10,547	$879	118	$13,036	$1,086	720	$13,448	$1,121
2010 (Lag)	12,435	$11,844	$987	671	$10,655	$888	133	$12,700	$1,058	730	$13,356	$1,113
2011 (Lag)	12,841	$12,244	$1,020	698	$10,975	$915	138	$12,559	$1,047	722	$13,724	$1,144
2012 (Lag)	13,218	$12,520	$1,043	731	$11,393	$949	148	$12,490	$1,041	777	$13,969	$1,164

Participating Employers
As Of June 30, 2012 (Lag)

Employer	As of June 30, 2012 (Lag)		As of June 30, 2004	
	Number of Employees*	Annual Payroll*	Number of Employees*	Annual Payroll*
NYC Board of Education **	27,260	$ 965,217,331	20,548	$ 598,412,618
NYC Schools Construction Authority	567	$ 53,226,642	339	$ 26,005,741
Charter Schools				
Beginning with Children	3	$ 97,667	5	$ 130,762
Renaissance	10 13	$ 353,725 $ 451,392	7 12	$ 334,492 $ 465,254
Total	**27,840**	**$ 1,018,895,365**	**20,899**	**$ 624,883,613**

* The Number of Employees and their corresponding salaries (Annual Payroll) include only current active members receiving salary as of June 30th.

** A limited number of these employees have been reported as employed by employers other than those listed in the table.
For actuarial valuation purposes these employees are included with the NYC Department of Education pending confirmation of status.

stability ▪ goals ▪ savings ▪ security ▪ expenses ▪ investments ▪ contributions ▪ wealth management ▪ assets ▪ tax savings ▪ loans ▪ beneficiaries ▪

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