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OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Sixty-Fifth
Annual Actuarial Report

OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM

as of January 1, 2017

www.CavMacConsulting.com

May 10, 2017

Board of Trustees
Omaha School Employees' Retirement System
3215 Cuming Street
Omaha, Nebraska 68131

Re: Sixty-Fifth Annual Actuarial Report

Members of the Board:

At your request, we have performed the annual actuarial valuation of the Omaha School Employees' Retirement System (OSERS) as of January 1, 2017. The major findings of the valuation are contained in this report, including the actuarial contribution rate and any additional School District contribution for the year ending December 31, 2017. Since the prior valuation, changes have been made to the System's actuarial assumptions and methods, the benefit provisions and the valuation date. The changes to the actuarial assumptions and methods were adopted by the Board as a result of a five-year experience study submitted to the Board at their meeting on April 5, 2017. The valuation date was changed from September 1 to January 1 in conjunction with the movement of the investment of plan assets to the Nebraska Investment Council. As a result, there is a 16-month period from the prior valuation date of September 1, 2015, to the current valuation date of January 1, 2017. All of the changes to the valuation process that have occurred since the prior valuation are discussed in more detail in the executive summary of this report.

In preparing this report, we relied, without audit, on information (some oral and some written) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, member data and financial information. While we found this information to be reasonably consistent and comparable with information used for other purposes, we did not audit the data. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the System's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix C.

The actuarial computations presented in this report are for purposes of determining the actuarial contribution amount for the System as set out in the Nebraska State Statutes. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes. For example, actuarial computations for purposes of fulfilling financial accounting requirements for the System under Governmental Accounting Standards No. 67 and No. 68 are presented in separate reports.

The consultants who worked on this assignment are pension actuaries. Cavanaugh Macdonald Consulting's advice is not intended to be a substitute for qualified legal or accounting counsel.

This is to certify that the independent consulting actuaries have experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System. We, Patrice A. Beckham, FSA and Bryan K. Hoge, FSA, are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. We are available to answer any questions on the material contained in this report or to provide explanations or further details as may be appropriate.

We herewith submit the following report and look forward to discussing it with you.

Respectfully Submitted,

Cavanaugh Macdonald Consulting, LLC

Patrice Beckham

Patrice A. Beckham, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

Bryan K. Hoge, FSA, EA, FCA, MAAA
Senior Actuary

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The primary purposes of performing the valuation are as follows:

- to certify that School District contributions for the Plan Year, which are equal to 101% of members' contributions, in addition to contributions paid by the members and the State, will be sufficient to fund the benefits expected to be paid to members, or to determine the actuarial contribution rate necessary to maintain the solvency of the System, as set in the Board's Funding Policy;
- to evaluate the funded status of the System and disclose various asset and liability measures as of the valuation date;
- to determine the experience of the System since the last valuation; and
- to analyze and report on trends in System contributions, assets, and liabilities over the past several years.

This report presents the results of the January 1, 2017 actuarial valuation of the Omaha School Employees' Retirement System (OSERS). Historically, actuarial valuations have been performed on September 1 of each year. As part of moving the responsibility for the investment of plan assets to the Nebraska Investment Council, the valuation date was changed to January 1. The last actuarial valuation, prepared with a September 1 date, was as of September 1, 2015. Therefore, the January 1, 2017 actuarial valuation reflects the change in the assets and liabilities over a 16-month period rather than a 12-month period and the results should be viewed in that context.

In addition to the new valuation date, other changes occurred since the prior valuation. There were several changes to the System's actuarial assumptions and methods as a result of a comprehensive Experience Study performed for the System and presented to the Board of Trustees at their April 5, 2017 meeting. The most significant changes are outlined below:

- The investment return assumption was lowered from 8.00% to 7.50%.
- The inflation assumption was lowered from 3.00% to 2.75%.
- The assumed interest rate credited on employee contributions was lowered from 3.00% to 2.75%.
- The general wage increase assumption was lowered from 4.00% to 3.25%.
- The mortality assumption has been changed to the RP-2014 Mortality Table, with a one-year age set forward for males and a one-year age setback for females. Generational mortality improvements are modeled using the MP-2016 scale.
- Retirement rates were modified for both Certificated and Classified employees.
- The probability of electing a refund at termination was modified for Classified employees.
- Termination rates for Certificated employees are now the same regardless of gender, and are purely service-based for both Certificated and Classified employees.
- The salary increase assumption was changed to a service-based assumption for both Certificated and Classified employees.
- The amortization of the UAAL was changed to a "layered" approach with new pieces of UAAL amortized over a 25-year period beginning on the valuation date. The legacy UAAL continues to be amortized on its current schedule.

The assumption change with the greatest impact on costs and liabilities was lowering the investment return to 7.5%.

The impact of these changes on the January 1, 2017 valuation results is summarized in the following table (in millions):

	Old Assumptions and Methods	New Assumptions and Methods	Difference
Actuarial Accrued Liability (AAL)	$1,912.9	$2,050.6	$137.7
Actuarial Value of Assets (AVA)	1,338.0	1,338.0	0.0
Unfunded AAL (UAAL)	$ 574.9	$ 712.6	$137.7
Normal Cost Rate	11.44%	13.07%	1.63%
UAAL Rate	10.31%	13.22%	2.91%
Recommended Contribution Rate	21.75%	26.29%	4.54%

There was also a change to the benefit provisions since the September 1, 2015 valuation. LB 447 was passed during the 2016 session of the Nebraska Legislature, which, among other things, created a new benefit structure for members hired on or after July 1, 2016. The new benefit structure mirrors that of the Nebraska School Retirement System. The key changes are outlined below:

- The State service annuity benefit and the OSERS supplemental medical COLA benefit are eliminated.
- Members are eligible to retire upon meeting one of the following criteria:
  - 35 years of service
  - Age 55 and 85 points
  - Age 60 and 10 years of service
- The early retirement factor reduces the benefit for each month the member's retirement date precedes age 65 for members who have not reached 85 points and attained age 55.

Since these changes only affect members hired on or after July 1, 2016, it had a small impact on the current valuation results. As time passes and members covered under the prior benefit structures terminate employment and are replaced by members covered under the new benefit structure, the System's cost is expected to decline.

The actuarial valuation results provide a "snapshot" view of the System's financial condition on January 1, 2017 based on the System's membership, benefit structure, and assets on that date. The valuation results reflect net unfavorable experience for the past 16 months as demonstrated by an unfunded actuarial accrued liability that was higher than expected, based on the results of the prior valuation. The largest source of unfavorable experience was the result of an actuarial loss on assets ($63.1 million).

Membership

The table on the following page summarizes the System's membership, by group, in the current and prior valuation. Over the 16-month period, there was a 3.5% increase in the System's total membership. The active member count increased from 7,393 to 7,462 (0.9%) and the retiree/beneficiary count increased from 4,351 to 4,542 (4.4%). Total covered payroll increased 3.1% from $325.7 million in the September 1, 2015 valuation to $335.8 million in the current valuation.

The 2016 session of the Nebraska Legislature created a new benefit structure for members hired on or after July 1, 2016 (called Tier 3). Tier 1 covers all members hired before July 1, 2013 and Tier 2 covers members hired after June 30, 2013 and before July 1, 2016. Over time, as current Tier 1 and Tier 2 members leave covered employment and are replaced by Tier 3 members, the proportion of active members in Tier 3 will increase and reduce the System's cost.

As of January 1, 2017, there are 483 Tier 3 members in the valuation (about 6% of the active population).

SYSTEM MEMBERSHIP	Jan. 1, 2017	Sept. 1, 2015	% Chg
1. Active Members			
a. Certificated			
(1) Tier 1	3,469	3,721	(6.8)
(2) Tier 2	1,023	1,035	(1.2)
(3) Tier 3	316	0	N/A
(4) Total	**4,808**	**4,756**	**1.1**
b. Classified			
(1) Tier 1	1,751	2,041	(14.2)
(2) Tier 2	736	596	23.5
(3) Tier 3	167	0	N/A
(4) Total	**2,654**	**2,637**	**0.6**
c. Total			
(1) Tier 1	5,220	5,762	(9.4)
(2) Tier 2	1,759	1,631	7.8
(3) Tier 3	483	0	N/A
(4) Total	**7,462**	**7,393**	**0.9**
2. Retirees and Disabled Members	4,295	4,111	4.5
3. Beneficiaries	247	240	2.9
4. Inactive Vested Members	1,035	984	5.2
5. Nonvested Terminations	347	210	65.2
6. Total	13,386	12,938	3.5

Assets

As of January 1, 2017, the System had total assets of $1.149 billion measured on a market value basis. This was a decrease of $62 million from the prior valuation and represents an annualized rate of return of -0.7%, net of expenses. The components of this change are shown in the following table:

	Market Value ($M)
Net Assets, September 1, 2015	$ 1,211
• District, State and Member Contributions	+ 102
• Benefit Payments and Refunds	– 153
• Administrative Expenses	– 2
• Investment Return	– 9
Net Assets, January 1, 2017	$ 1,149

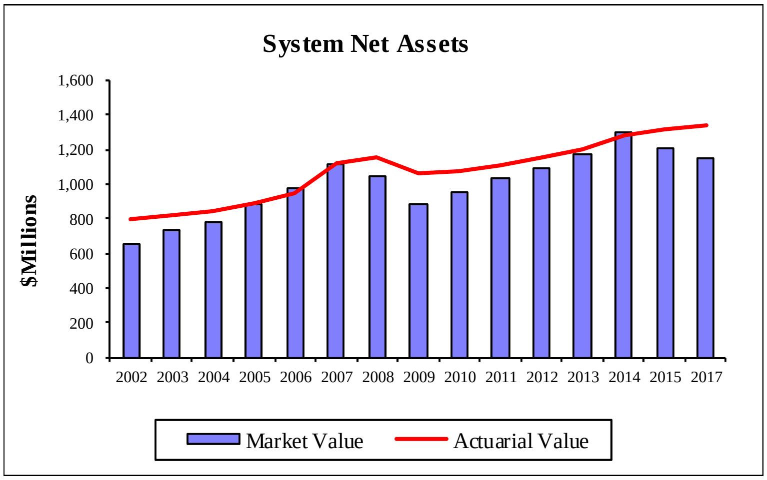
The market value of assets is not used directly in the calculation of the unfunded actuarial accrued liability (UAAL) and actuarial contribution rate. An asset valuation method, which smoothes the effect of market fluctuations, is used to determine the value of assets used in the valuation. This amount, called the "actuarial value of assets", is equal to the expected asset value, based on the actuarial value in the prior valuation and the assumed interest rate in the prior valuation of 8.0%, plus 25% of the difference between the actual market value and the expected asset value. The resulting value must be no less than 80% of market value and no more than 120% of market value (referred to as a corridor). The corridor did not apply this year as the actuarial value of assets was 116% of market value. The actuarial value of assets as of January 1, 2017 was $1.338 billion, an increase of $25 million from the prior year. The components of change in the actuarial value of assets from September 1, 2015 to January 1, 2017 are shown in the following table.

	Actuarial Value ($M)
Actuarial Assets, September 1, 2015	$ 1,313
• District, State and Member Contributions	+ 102
• Benefit Payments and Refunds	– 153
• Expected Investment Income (based on 8.0% assumption)	+ 139
• Actuarial Investment Gain/(Loss)	– 63
Preliminary Actuarial Assets, January 1, 2017	$ 1,338
• Application of Corridor	N/A
Final Actuarial Assets, January 1, 2017	$ 1,338

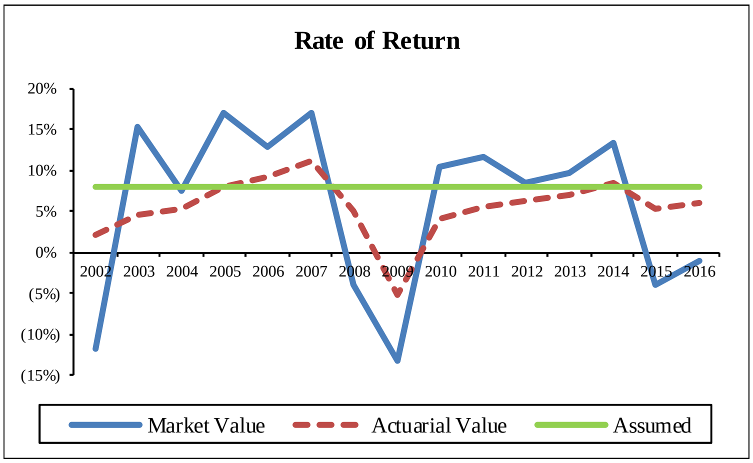
The dollar-weighted annualized rate of return, net of investment and administrative expenses, measured on the actuarial value of assets was approximately 4.4%. A comparison of asset values on both the market and actuarial basis is shown below:

	9/1/2011	9/1/2012	9/1/2013	9/1/2014	9/1/2015	1/1/2017
Market Value of Assets	$ 1,033	$ 1,096	$ 1,170	$ 1,295	$ 1,211	$ 1,149
Actuarial Value of Assets	1,110	1,155	1,205	1,278	1,313	1,338
Actuarial Value/Market Value	107%	105%	103%	99%	108%	116%

There is currently $189 million of deferred (unrecognized) investment loss, about 16% of the market value of assets. Absent favorable investment experience in future years to offset the recognition of this significant deferred loss, it will decrease the System's funded ratio and increase the actuarial contribution rate as it is reflected through the asset smoothing method.



For most of this period, the actuarial value of assets has exceeded the market value of assets. With the use of an asset smoothing method, the actuarial value is expected to be both above and below the market value of assets over a long period of time.



The estimated rate of return on both the actuarial and market value of assets for the last decade is shown here. The asset smoothing method mitigates the volatility of market value returns as shown in the rates of return on the actuarial versus market value of assets.

Liabilities

The actuarial accrued liability is that portion of the present value of future benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial accrued liability (UAAL). The unfunded actuarial accrued liability will be reduced if the employer's contributions exceed the employer's normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial accrued liability. Benefit improvements, experience gains and losses, and changes in actuarial assumptions and methods will also impact the total actuarial accrued liability (AAL) and the unfunded portion thereof.

The unfunded actuarial accrued liability as of January 1, 2017 is shown below:

Actuarial Accrued Liability	$	2,050,581,000
Actuarial Value of Assets		1,337,983,000
Unfunded Actuarial Accrued Liability	$	712,598,000

Numerous factors contributed to the change in the System's UAAL over the 16-month period from September 1, 2015 to January 1, 2017. The components are examined in the following discussion. Changes to the actuarial assumptions and methods were the most significant contributing factor to the change in the System's UAAL since the September 1, 2015 valuation. The net result of all the assumption changes was an increase in the UAAL of $137.7 million.

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These "experience" (or actuarial) gains or losses are reflected in the UAAL and are measured as the difference between the expected unfunded actuarial accrued liability and the actual unfunded actuarial accrued liability, taking into account any changes due to assumption, method or benefit provision changes. Overall, the System experienced an actuarial loss of $87.5 million due to a $63.1 million loss on the actuarial value of assets and a $24.4 million loss on the actuarial accrued liability.

The change in the unfunded actuarial accrued liability between September 1, 2015 and January 1, 2017 is shown in the following table (in millions):

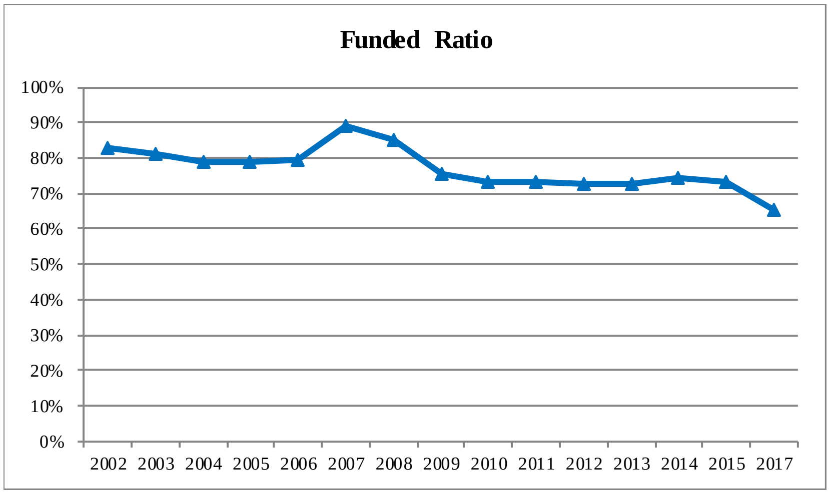
Unfunded Actuarial Accrued Liability, September 1, 2015	$	486
• Expected change in UAAL		
– Amortization method	+	12
– Contributions in excess of actuarial required contribution	–	4
• Investment experience	+	63
• Liability experience	+	24
• Assumption changes	+	138
• Other experience	–	6
Unfunded Actuarial Accrued Liability, January 1, 2017	$	713

Both the assumption changes and the unfavorable actuarial experience had a significant impact on the unfunded actuarial accrued liability.

An evaluation of the unfunded actuarial accrued liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both large numbers) is reflected. Another way to evaluate the unfunded actuarial accrued liability and the progress made in its funding is to track the funded status, the ratio of the actuarial value of assets to the actuarial accrued liability. Note that the funded ratio does not necessarily indicate whether or not additional funding is needed, nor does it indicate whether or not the plan has sufficient funds to settle all current obligations.

The funded status information for OSERS is shown below (in millions):

	9/1/11	9/1/12	9/1/13	9/1/14	9/1/15	1/1/17
Using Actuarial Value of Assets:						
Funded Ratio (AVA/AAL)	73%	73%	73%	74%	73%	65%
Unfunded AAL (AAL - AVA)	$404	$435	$454	$446	$486	$713
Using Market Value of Assets:						
Funded Ratio (MVA/AAL)	68%	69%	70%	75%	67%	56%
Unfunded AAL (AAL - MVA)	$483	$497	$490	$429	$588	$902



Changes in actuarial assumptions and methods, coupled with investment returns below the assumed rate and contributions below the actuarial rate significantly reduced the funded ratio over much of this period. However, with the adoption of the Board's current funding policy, the funded ratio is expected to increase steadily in the future assuming assumptions are met and scheduled contributions are made.

Contributions

The actuarial contribution rate for the System consists of:

- a "normal cost" for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date,
- an "unfunded actuarial accrued liability contribution" for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets.

As recommended in the 2017 Experience Study, the System is moving to a "layered" approach for the amortization of the UAAL. Under this methodology, the dollar amount of the UAAL, as of January 1, 2017, is split into two pieces: (1) the UAAL at January 1, 2017 determined prior to the assumption changes and (2) the amount of the January 1, 2017 UAAL that is attributable to the adoption of the new assumptions. The first piece will continue to be amortized, as a level-percent of pay, over a closed 30-year period beginning with the September 1, 2013 valuation (27 years remain for the January 1, 2017 valuation). The second piece of the UAAL is amortized, as a level-percent of pay, over a closed 25-year period beginning on January 1, 2017. All ensuing UAAL bases that result from future actuarial experience (actual versus expected experience) will be amortized, as a level-percent of pay, over a new 25-year period commencing on the respective valuation date.

The actuarial contribution rate is computed based on the funding policy developed by the Board of Trustees and adopted at the May, 2013 Board of Trustees meeting. On that basis, the actuarial contribution rate (item 3 below) is equal to the normal cost rate plus the amortization payment on the UAAL (described earlier). The actuarial contribution rate for the plan year ending December 31, 2017 is computed based on the January 1, 2017 actuarial valuation. The actual contributions to the System are set by state statute and are shown below in item 4, "Statutory Contribution Rate", which includes the member, State, and School District contribution rates.

As a result, there is now a contribution shortfall of 4.63%, as shown in the table below:

	Actuarial Valuation	
Contribution Rate	**1/1/2017**	**9/1/2015**
1. Normal Cost	13.07%	11.96%
2. UAAL Contribution	13.22%	8.80%
3. Total Actuarial Contribution Rate	26.29%	20.76%
4. Statutory Contribution Rate	21.66%	21.66%
5. Contribution Shortfall/(Margin) (3) – (4)	4.63%	(0.90%)
6. Additional District Contribution ($M)	$15.5	$0.0

Changes to the actuarial assumptions were the most significant contributing factor to the change in the System's actuarial contribution rate since the prior valuation (September 1, 2015). The net result of the assumption changes was an increase in the actuarial contribution rate of 4.54% of covered payroll. Overall, there was an increase of 5.53% in the actuarial contribution rate from the September 1, 2015 to the January 1, 2017 valuation.

The difference in the actuarial contribution rate and the statutory contribution rate results in a contribution shortfall for 2017 of 4.63% of covered payroll, or $15.5 million. Also, with the unfavorable investment experience for the 16-month period ending December 31, 2016, there is now $189 million of deferred investment loss. Absent favorable investment experience in future years to offset the recognition of the deferred loss, the actuarial contribution rate is expected to increase as the loss is reflected through the asset smoothing method. If this occurs, the System's funded status is expected to decrease and the contribution shortfall is expected to increase, possibly significantly (see the table on page 9).

Comments

The January 1, 2017 actuarial valuation reflects a dramatic decline in the System's funded ratio and a corresponding increase in the actuarial contribution rate. The System's unfunded actuarial accrued liability increased from $486 million in the September 1, 2015 valuation to $713 million in the current valuation. The funded ratio decreased from 73% in the prior valuation to 65% in the January 1, 2017 valuation. The dramatic change is the result of changes in the actuarial assumptions, the most significant of which is a decrease in the investment return assumption from 8.0%to 7.5%. In addition, unfavorable experience in the 16-month period between valuation dates occurred on both the System's assets and liabilities. The assumption changes increased the actuarial contribution rate by 4.54% of covered payroll. When the unfavorable experience is also recognized, the actuarial contribution rate increased by 5.53% compared to the September 1, 2015 valuation.

The Nebraska statutes provide that the School District shall contribute the greater of (a) one hundred and one percent of the contributions made by the employees or (b) such amount as may be necessary to maintain the solvency of the System, as determined annually by the Board upon recommendation of the Actuary and the Trustees. The Trustees have adopted a Funding Policy that sets the criteria for determining the contribution amount necessary to maintain the solvency of the System. On this basis, the Actuarial Contribution Rate for plan year ending December 31, 2017 is 26.29% of payroll. The total of contributions made by members, the State, and the School District for plan year ending December 31, 2017 is 21.66% of payroll so the actuarial contribution rate exceeds the statutory contribution rate by 4.63%. This contribution shortfall represents an additional required contribution by the School District of $15.5 million for the current plan year.

The deferred investment loss (actuarial value less market value of assets) is $189 million as of January 1, 2017. Absent favorable investment experience in future years, the deferred investment loss of $189 million will eventually be reflected in the actuarial value of assets in future years. While the use of an asset smoothing method is a common procedure for public retirement systems, it is important to identify the potential impact of the deferred investment experience. This is accomplished by comparing the key valuation results from the January 1, 2017 actuarial valuation using both the actuarial and market value of assets (see table below).

	Using Actuarial Value of Assets	Using Market Value of Assets
Actuarial Accrued Liability	$2,050,581,000	$2,050,581,000
Asset Value	1,337,983,000	1,148,582,000
Unfunded Actuarial Accrued Liability	$ 712,598,000	$ 901,999,000
Funded Ratio	65.25%	56.01%
Normal Cost Rate	13.07%	13.07%
UAAL Contribution Rate	13.22%	16.71%
Actuarial Contribution Rate	26.29%	29.78%
Total Statutory Contribution Rate	(21.66%)	(21.66%)
Contribution Shortfall	4.63%	8.12%

We conclude this executive summary by presenting comparative statistics and actuarial information from both the September 1, 2015 and January 1, 2017 valuations.

	Jan. 1, 2017*	Sept. 1, 2015	% Chg
SYSTEM MEMBERSHIP			
1. Active Membership			
- Number of Members	7,462	7,393	0.9
- Projected Payroll for Upcoming Fiscal Year	$ 335.8M	$ 325.7M	3.1
- Average Salary	44,998	44,050	2.2
2. Inactive Membership			
- Number Not in Pay Status	1,382	1,194	15.7
- Number of Retirees/Beneficiaries	4,542	4,351	4.4
- Total Annual Benefits in Pay	$ 116.0M	$ 109.5M	5.9
ASSETS AND LIABILITIES			
1. Net Assets			
- Market Value	$ 1,149M	$ 1,211M	(5.1)
- Actuarial Value	1,338M	1,313M	1.9
2. Projected Liabilities			
- Retired Members	$ 1,231M	$ 1,099M	12.0
- Inactive Members	36M	30M	20.0
- Active Members	1,168M	995M	17.4
- Total Liability	2,434M	2,124M	14.6
3. Actuarial Accrued Liability (AAL)	$2,051M	$1,799M	14.0
4. Unfunded Actuarial Accrued Liability	$ 713M	$ 486M	46.7
5. Funded Ratio			
a. Actuarial Value Assets/AAL	65.25%	72.99%	(10.6)
b. Market Value Assets/AAL	56.01%	67.33%	(16.8)
SYSTEM CONTRIBUTIONS			
1. Total Actuarial Contribution Rate	26.29%	20.76%	26.6
2. Statutory Contribution Rate			
a. Member Contribution Rate	9.78%	9.78%	0.0
b. Employer Contribution Rate	9.88%	9.88%	0.0
c. State Contribution Rate	2.00%	2.00%	0.0
d. Total	21.66%	21.66%	0.0
3. Contribution Shortfall/(Margin) (1.) - (2.d.)	4.63%	(0.90%)	(614.4)
4. Additional District Contribution	$15,546,493	$0	N/A

M = ($)Millions

Note: Numbers may not add due to rounding

* Jan. 1, 2017 results reflect new assumptions.

HISTORICAL CHANGES IN THE OSERS UNFUNDED ACTUARIAL ACCRUED LIABILITY

(dollars in millions)

	Valuation Date														
	9/1/03	9/1/04	9/1/05	9/1/06	9/1/07	9/1/08	9/1/09	9/1/10	9/1/11	9/1/12	9/1/13	9/1/14	9/1/15	1/1/17	Total
Prior Valuation UAAL	163	191	223	240	246	138	198	349	390	406	437	455	446	486	
Amortization Method	4	5	6	7	5	3	4	6	2	8	9	10	9	12	90
Actual Contributions															
Less than ARC	0	0	2	0	3	0	0	2	4	0	2	0	0	0	13
More than ARC	0	0	0	(2)	0	(7)	(2)	0	0	(4)	0	(4)	(5)	(4)	(28)
Actual vs Expected Experience															
Investment	27	23	1	(10)	(29)	33	151	42	26	20	12	(6)	34	63	387
Salary	(5)	(6)	(1)	4	1	1	0	(13)	(15)	(12)	(6)	(8)	(3)	*	(63)
Retirement	3	0	3	2	2	3	(2)	(4)	(1)	4	4	6	9	*	29
Mortality	2	5	4	3	3	1	(2)	0	(2)	2	(2)	(1)	2	*	15
Termination of Employment	(4)	(1)	2	3	1	7	2	3	2	0	1	(1)	(2)	*	13
Other	1	3	0	(1)	(3)	(1)	0	0	0	13	(8)	(5)	(4)	(6)	(11)
Benefit Changes	0	0	0	0	(3)[2]	0	0	0	0	0	(4)	0	0	0	(7)
Assumption Changes	0	0	0	0	0	20	0	0	0	0	10	0	0	138	168
Change to Actuarial Methods	0	3[1]	0	0	(88)[3]	0	0	5	0	0	0	0	0	0	(80)
Total Change for Year End	28	32	17	6	(108)	60	151	41	16	31	18	(9)	40	227*	550*
UAAL on Valuation Date	**191**	**223**	**240**	**246**	**138**	**198**	**349**	**390**	**406**	**437**	**455**	**446**	**486**	**713**	

[1]Included part-time members who are vested
[2]Increase in member contribution rate
[3]Actuarial asset value reset to market value
* Not calculated. Total liability experience was a $24 million loss, which is included in the total change at year end.

SUMMARY OF FUND ACTIVITY
(Market Value Basis)

For Period Ended December 31, 2016

NET ASSETS ON SEPTEMBER 1, 2015	**$**	**1,211,107,000**
ADDITIONS		
Salary deductions	$	45,237,000
School District contributions		45,494,000
Purchases of service		277,000
State service annuity receipts		1,887,000
Sec. 79-916 deposits		8,931,000
Income from investments, including realized and unrealized gains		(9,764,000)
Total additions	**$**	**92,062,000**
DEDUCTIONS		
Retirement benefits	$	(146,804,000)
Refunds to employees		(6,004,000)
Professional fees		(1,124,000)
Other		(107,000)
Personnel costs		(548,000)
Total deductions	**$**	**(154,587,000)**
NET ASSETS ON JANUARY 1, 2017	**$**	**1,148,582,000**

ACTUARIAL VALUE OF NET ASSETS

As of January 1, 2017

1. Actuarial Value of Assets as of September 1, 2015	$	1,312,905,000
2. Actual Contributions/Disbursements		
a. Contributions		101,826,000
b. Benefit payments		(152,808,000)
c. Net change		(50,982,000)
3. Expected Value of Assets as of January 1, 2017 $[(1) \times 1.08^{4/3}] + [(2c) \times (1.08)^{2/3}]$		1,401,117,000
4. Market Value of Assets as of January 1, 2017		1,148,582,000
5. Difference between Market and Expected Values (4) – (3)		(252,535,000)
6. Initial Actuarial Value of Assets as of January 1, 2017 (3) + [(5) x 25%]		1,337,983,000
7. Corridor as of January 1, 2017		
a. 120% of Market Value of Assets as of January 1, 2017		1,378,298,000
b. 80% of Market Value of Assets as of January 1, 2017		918,866,000
8. Final Actuarial Value of Assets as of January 1, 2017* (6), but not greater than (7a), nor less than (7b)		1,337,983,000
9. Actuarial value divided by market value (8) / (4)		116.5%
10. Market value less actuarial value	$	(189,401,000)

** The estimated annualized rate of return on the actuarial value of assets for the period ended December 31, 2016 is about 4.4%*

ACTUARIAL BALANCE SHEET

As of January 1, 2017

ASSETS

Actuarial Value of Assets		$	1,337,983,000
Present Value of Contributions for Unfunded Actuarial Accrued Liability			712,598,000
Present Value of Future Normal Costs			383,795,000
Total Assets		**$**	**2,434,376,000**

LIABILITIES

Present Value of Future Benefits			
Retirees, Beneficiaries, and Disableds		$	1,230,588,000
Inactive Vesteds			34,139,000
Nonvested Terminations			1,830,000
Active Members			
Retirement benefits	$ 1,102,056,000		
Termination benefits	56,137,000		
Death benefits	9,626,000		
			1,167,819,000
Total Liabilities		**$**	**2,434,376,000**

UNFUNDED ACTUARIAL ACCRUED LIABILITY

As of January 1, 2017

1. Present Value of Future Benefits	$	2,434,376,000
2. Present Value of Future Normal Costs		383,795,000
3. Actuarial Accrued Liability (1) – (2)		2,050,581,000
4. Actuarial Value of Assets	$	1,337,983,000
5. Unfunded Actuarial Accrued Liability (3) – (4)		712,598,000

AMORTIZATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)

Amortization Bases	Original Amount	1/1/2017 Remaining Payments	Date of Last Payment	Outstanding Balance as of Jan. 1, 2017	Annual Contribution*
2017 UAAL Base	$ 574,871,000	27	1/1/2043	$ 574,871,000	$ 35,515,940
2017 Assumption Changes	137,727,000	25	1/1/2041	137,727,000	8,887,605
Total				**$ 712,598,000**	**$ 44,403,545**

* Contribution amount reflects mid-year timing.

1. Total UAAL Amortization Payments	$ 44,403,545
2. Projected Payroll for plan year ending December 31, 2017	$ 335,777,378
3. UAAL Amortization Payment Rate	13.22%

ANALYSIS OF CONTRIBUTION RATE

The System is financed by contributions from the members, the School District and the State. Effective September 1, 2013, the members contribute 9.78% of pay. The District is obligated to pay the greater of (a) one hundred and one percent of the member contributions or (b) such amount as may be necessary to maintain the solvency of the System. Under the funding policy adopted by the Board in May 2013, the Actuarial Recommended Contribution rate (ARC) is the normal cost rate plus the contribution necessary to amortize the UAAL. The State contributes 2.0% of pay, effective July 1, 2014.

1. Normal Cost	$	40,204,518
2. a. Expected Payroll for Current Actives for Year End December 31, 2017		307,636,339
b. Total Expected Payroll for Year End December 31, 2017		335,777,378
3. Normal Cost Rate		13.07%
(1)/(2a)		
4. Unfunded Actuarial Accrued Liability at Valuation Date		712,598,000
5. UAAL Contribution at Mid-Year		44,403,545
6. UAAL Contribution Rate		13.22%
(5)/(2b)		
7. Actuarial Recommended Contribution Rate		26.29%
(3) + (6)		
8. Statutory Contribution Rate:		
(a) Member		9.78%
(b) District		9.88%
(c) State		2.00%
(d) Total		21.66%
9. Contribution Shortfall		4.63%
(7) - (8d)		
10. Additional District Contribution	$	15,546,493
(9) * (2b)		

CALCULATION OF ACTUARIAL GAIN/(LOSS)

The overall actuarial gain/(loss) is comprised of both a liability gain/(loss) and an actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2017.

1.	Expected Actuarial Accrued Liability		
	a. Actuarial Accrued Liability as of September 1, 2015	$	1,798,706,000
	b. Normal cost for 16-month period ending December 31, 2016		48,705,000
	c. Benefit payments for 16-month period ending December 31, 2016		(152,808,000)
	d. Additional liability for state service annuities and service purchases		2,164,000
	e. Interest on a., b., c., and d. to end of year		191,709,000
	f. Increase due to assumption changes		137,727,000
	g. Expected Actuarial Accrued Liability	$	2,026,203,000
2.	Actuarial Accrued Liability as of January 1, 2017	$	2,050,581,000
3.	Liability Gain/(Loss) (1.g.) – (2)	$	(24,378,000)
4.	Liability Gain/(Loss) as a Percent of Actuarial Accrued Liability		(1.19%)
5.	Expected Actuarial Value of Assets		
	a. Actuarial value of assets as of September 1, 2015	$	1,312,905,000
	b. Contributions for 16-month period ending December 31, 2016 (including state service annuities and service purchases)		101,826,000
	c. Benefit payments for 16-month period ending December 31, 2016		(152,808,000)
	d. Interest on a., b., and c. to end of year		139,194,000
	e. Expected actuarial value of assets	$	1,401,117,000
6.	Actuarial Value of Assets as of January 1, 2017	$	1,337,983,000
7.	Asset Gain/(Loss) (6) – (5.e.)	$	(63,134,000)
8.	Asset Gain/(Loss) as a Percent of Actuarial Value of Assets		(4.72%)
9.	Overall Actuarial Gain/(Loss) (3) + (7)	$	(87,512,000)

Gain/(Loss) By Source

Due to the change in the valuation date, the sources of actuarial gains and losses cannot be accurately determined. This section will again be included in the January 1, 2018 valuation report.

Comments

The purpose of conducting an actuarial valuation of a retirement system is to determine the costs and liabilities for the benefits under the system, to determine the annual level of contribution required to support these benefits and, finally, to analyze the system's overall experience as it compares with the actuarial assumptions used in the valuation. The costs and liabilities of a retirement system reported in the valuation depend not only upon the level of benefits provided, but also upon factors such as investment return on invested funds, mortality rates for active and retired members, withdrawal rates among active members, rates at which salaries increase, and rates of retirement for ages at which members retire. The actuarial assumptions employed as to these and other contingencies in the current valuation are set forth in Appendix C of this report.

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

HISTORICAL FUNDING INFORMATION

Year Ending	Annual Required Contribution (a)	Total Employer Contribution* (b)	Percentage of ARC Contribution (b/a)
8/31/2005	$22,459,221	$20,210,403	89.99%
8/31/2006	24,311,628	26,766,000	110.10%
8/31/2007	28,143,388	24,981,000	88.76%
8/31/2008	19,491,557	26,162,000	134.22%
8/31/2009	24,103,114	25,918,000	107.53%
8/31/2010	30,900,224	29,182,000	94.44%
8/31/2011	34,180,566	30,255,000	88.52%
8/31/2012	32,957,547	37,109,000	112.60%
8/31/2013	35,032,074	33,623,000	95.98%
8/31/2014	34,225,147	38,198,000	111.61%
8/31/2015	34,614,093	39,562,000	114.29%
8/31/2016	37,665,061	40,564,000	107.70%
12/31/2016**	12,836,281	13,861,000	107.98%

* Includes State and School District contributions.
** For the short Plan Year from September 1, 2016 through December 31, 2016.

Note: The Total Employer Contribution for fiscal year ending 8/31/2014 was changed because during our work on the GASB reports, we discovered the Service Annuity contribution was different from what was initially reported to us. This figure now matches the number found in the GASB reports.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)		Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)		UAAL as a Percentage of Covered Payroll [(b - a)/c]
9/1/2005	$ 887,165,000		$ 1,126,967,000	$ 239,802,000	78.72%	$ 231,708,783		103.49%
9/1/2006	948,938,000		1,195,354,000	246,416,000	79.39%	248,759,070		99.06%
9/1/2007	1,117,628,000	*	1,255,527,000	137,899,000	89.02%	272,844,149		50.54%
9/1/2008	1,149,289,000		1,346,999,000	197,710,000	85.32%	272,720,007		72.50%
9/1/2009	1,061,326,000		1,410,318,000	348,992,000	75.25%	287,770,291		121.27%
9/1/2010	1,078,269,000		1,467,850,000	389,581,000	73.46%	302,229,282		128.90%
9/1/2011	1,110,033,000		1,516,284,000	406,251,000	73.21%	310,228,916		130.95%
9/1/2012	1,155,495,000		1,592,738,000	437,243,000	72.55%	307,258,065		142.30%
9/1/2013	1,205,265,000		1,660,287,000	455,022,000	72.59%	313,946,237		144.94%
9/1/2014	1,277,546,000		1,723,970,000	446,424,000	74.10%	323,077,710		138.18%
9/1/2015	1,312,905,000		1,798,706,000	485,801,000	72.99%	333,166,135		145.81%
1/1/2017	1,337,983,000		2,050,581,000	712,598,000	65.25%	351,940,122	**	202.48%

* The actuarial value of assets was reset to market value as of 9/1/2007.
** Covered Payroll was annualized for the short Plan Year in 2016.

SOLVENCY TEST

A short-term solvency test, which is one means of determining a system's progress under its funding program, compares the plan's present assets with: 1) the liability for active member contributions on deposit; 2) the liability for future benefits to present retirees; and (3) the liability for service already rendered by active members. In a system that has been following the level-percent of payroll financing discipline, the obligation for active member contributions on deposit (Item 1) and the liabilities for future benefits to present retired lives (Item 2) will be fully covered by present assets with the exception of rare circumstances. The obligation for service already rendered by active members (Item 3) will be partially covered by the remainder of present assets. Absent any significant benefit changes, if the system has been using level cost financing, the funded portion of Item 3 usually will increase over a period of time.

Actuarial Valuation*	Active Member Contributions (1)	Retirees, Beneficiaries, and Inactives (2)	Active Members Employer Financed Portion (3)	Actuarial Value of Assets	Portion of Liabilities Covered by Assets (1)	(2)	(3)
2012	$249,903,000	$955,399,000	$387,436,000	$1,155,495,000	100%	95%	0%
2013	272,347,000	1,001,953,000	385,987,000	1,205,265,000	100%	93%	0%
2014	281,672,000	1,058,156,000	384,142,000	1,277,546,000	100%	94%	0%
2015	292,731,000	1,129,399,000	376,576,000	1,312,905,000	100%	90%	0%
2017	306,276,000	1,266,557,000	477,748,000	1,337,983,000	100%	81%	0%

* The actuarial valuation date for years prior to 2017 was September 1.

ESTIMATED BENEFIT PAYMENTS*

Year End	Currently In-Pay	Currently Not-In-Pay	Total
2017	$113,229,000	$ 6,948,000	$120,177,000
2018	113,128,000	11,457,000	124,585,000
2019	112,918,000	16,032,000	128,950,000
2020	112,524,000	20,657,000	133,181,000
2021	111,953,000	25,586,000	137,539,000
2022	111,222,000	30,714,000	141,936,000
2023	110,412,000	36,031,000	146,443,000
2024	109,616,000	41,611,000	151,227,000
2025	108,818,000	47,512,000	156,330,000
2026	107,614,000	53,995,000	161,609,000
2027	106,045,000	60,916,000	166,961,000
2028	104,338,000	68,031,000	172,369,000
2029	102,309,000	75,620,000	177,929,000
2030	100,067,000	83,707,000	183,774,000
2031	97,638,000	91,948,000	189,586,000

*Amounts shown are the cash flows for current members only, based on the current benefit structure and assuming that all actuarial assumptions are met in each future year. To the extent that actual experience deviates from that expected, results will vary. Amounts are shown in future nominal dollars and have not been discounted to the valuation date.

APPENDIX A

HISTORICAL BACKGROUND

Historical Background

Since 1909, the Omaha School District has maintained a retirement system for its teachers. Since then, systems covering other employees were added. In 1951, the Nebraska Legislature consolidated the existing systems into one new System. Amendments of significance in the Nebraska statutes and federal Social Security Act have occurred from time to time. These changes in order of their occurrence are outlined briefly below:

1951 - New System

Prior to 1951, three separate retirement systems existed. In 1951 the Nebraska Legislature repealed these three separate systems and created the present single System covering all employees. This act provided, however, that a member of a pre-existing system might elect to retain his benefit and contribution rights under one of the former systems in lieu of the new System benefits and contributions. The members who so elected then became known by the following titles for retirement purposes:

(1) Employees covered by the former Omaha Teachers Retirement System were known as "Teachers,"

(2) Employees covered by the former Non-Teaching Employee Retirement System were known as "Non-Teachers,"

(3) Employees covered by the former Cafeteria Employee Retirement System were known as "Cafeteria."

All other employees became members of the new System and received credit for membership service starting September 1, 1951. Benefits as well as contributions under the new System became directly related to a member's compensation by formula. The maximum covered annual compensation under the new System became $5,000, but the maximum for Teachers, Non-Teachers and Cafeteria remained $3,000.

1955 Amendments

On September 24, 1955, Omaha School employees voted to become participants in the federal Social Security program. All Social Security benefits are payable in addition to the System benefits. As a result of Social Security coverage, changes were made in the benefit and contribution formulas of the System effective August 31, 1955. In general, the changes reduced contributions and benefits to 60% of the rates formerly in effect. In addition, the maximum covered compensation was increased from $5,000 to $6,000 except for Teachers, Non-Teachers and Cafeteria which remained at $3,000.

The amount contributed by the School District was also reduced to 60% of the rates in effect prior to the change and the School District's contributions, matching the refunds paid upon the withdrawal or death of employees, were retained in the retirement fund rather than being returned to the School District.

1963 Amendments

Effective September 1, 1963, several changes were made in the new System. The limit on covered compensation for contributions and benefits of members was removed.

The service retirement annuity credit was increased in order to integrate with the modifications in federal Social Security between 1955 and 1963. The disability annuity for members was increased to 100% of the service retirement annuity accrued to date of disability and the restriction as to the number of years for which it was payable was removed. The offset in the benefit formula for the Nebraska State Service Annuity credit was placed on a year-to-year basis for all members, increasing the annuity credit for service after September 1, 1951 for active and retired alike.

The employees who were participating as Teachers, Non-Teachers and Cafeteria began to make contributions and receive benefit credits at the same rates as other members of the System. It should be noted that any employee who retained rights under a pre-existing system still receives credit in accordance with the provisions of the former system if this is more than the credit, after the State service annuity offset, would be under the 1963 amendments.

The contribution rate for employees was changed to integrate with the modifications in Social Security and was no longer subject to revision depending upon the degree of actuarial soundness of the System as had been provided in 1962. The School District became solely responsible for maintaining the solvency of the System on the basis of annual actuarial valuations. The School District again became entitled to refunds equal to the refunds paid upon withdrawal or death of employees.

The restriction prohibiting the crediting of interest on refunds to employees who withdraw from employment during the first ten years of service was removed. Thus, all employees who withdraw after one year or more of service receive interest on their contributions made since September 1, 1951.

1965 Amendments

Effective September 1, 1965, a pre-retirement survivor's annuity was added to the System for long-service employees. This change gave an employee with 25 or more years of service protection at death approximately equivalent in value to the vesting which already existed at termination of employment for an employee with the same period of service.

Effective January 1, 1966, the Social Security tax base was increased from $4,800 to $6,600 per year. This change became effective in the System's contribution and benefit formulas as of September 1, 1966.

1967 Amendments

The 77th Session of the Nebraska Legislature enacted LB 494 which amended the Nebraska School Retirement System, effective October 23, 1967. A major change was the increase in the State service annuity credit from $1.50 to $3.00 per month for each year of credited service after July 1, 1968 and the removal of the 35 year limitation on credited State service. For the purpose of determining the new State service annuity offset in calculating the net Omaha annuity, the additional $1.50 per month for each year of service after July 1, 1968 is not applicable, but removal of the 35 year limitation does apply. This means that the State service annuity offset is still determined on the basis of $1.50 per month for each year of service. The increase in the State service annuity offset by virtue of eliminating the 35 year limitation represents a lower cost to the Omaha System for those members having more than 35 years of State service by age 65.

Another change with regard to the State service annuity was the manner in which the funds are transferred from the State to the Omaha System to pay these annuities. For retirements occurring after the effective date of the amendments (October 23, 1967), the State transfers the commuted value (equivalent single sum) of the individual State service annuity to the Omaha System and then the payment of the monthly annuity to the retired member is the School District's responsibility.

In 1967 the eligibility provisions for the pre-retirement survivors' annuity and the vested retirement rights were changed, reducing the service required from 25 years to 20 years and thereby granting these options to a larger number of employees.

Effective January 1, 1968, the federal Social Security taxable wage base was increased from $6,600 to $7,800 per year. This change became effective in the System's contribution and benefit formulas as of September 1, 1968.

1969 Amendments

The 80th Session of the Nebraska Legislature enacted LB 530 which amended the System effective August 11, 1969. The provisions of this bill improved the benefit structure of the System in two ways. The membership annuity credits (credits after 9/1/51) were increased approximately 10% and the Social Security wage base was "frozen" at the $7,800 level for purposes of calculating benefit credits and employee contributions.

By freezing the Social Security base, benefit credits and employee contributions for service after September 1, 1969 will not be reduced by virtue of future increases in the Social Security wage base. The System benefits will remain integrated with the Social Security program at the level provided by the $7,800 base.

1972 Amendments

During 1972, the Nebraska Legislature enacted LB 1116 which amended the System. These amendments were to become effective for retirements occurring on or after September 1, 1972. The provisions of this bill improved the benefit structure of the System and liberalized the eligibility condition for qualification upon termination for the deferred vested retirement benefit.

The benefits of the System were improved by increasing the membership annuity credits (credits after 9/1/51) by approximately 20% over those in existence on September 1, 1971.

In order to be eligible upon resignation to elect a deferred vested service annuity, the years of creditable service was reduced from 20 years to 15 years.

1973 Amendments

The 1973 Session of the Nebraska Legislature enacted LB 445 which created increases in the State service annuity of the Nebraska School Retirement System. LB 445 provides for (a) a State service annuity credit of $3.00 per month for each year of creditable service for all emeritus members and for all full time school employees who retire on or after July 1, 1973 and (b) for increases in the State service annuity for members who retired prior to July 1, 1973 based upon the difference between the Consumers Price Index on the date of retirement and July 1, 1973.

1976 Amendments

The 1976 Session of the Nebraska Legislature enacted LB 994 which increased the membership annuity credits (credits after 9/1/51) by 20%.
The members' contributions were increased to 2.90% of compensation up to $7,800 per year plus 5.25% of salary in excess of that amount.

1979 Amendments

The 1979 Session of the Nebraska Legislature changed the mandatory retirement date from age 65 to age 70. Late retirement benefits are actuarially increased from what would have been payable at the normal retirement date.

1982 Amendments

The 1982 Session of the Nebraska Legislature enacted LB 131 which made considerable changes to the System. LB 131 was approved by the Governor on February 19, 1982.

The most major revision in the System was to change the previous primary benefit formula from the step rate formula based on each year of salary to a final average compensation formula. The primary benefit formula became 1.5% of final average compensation for each year of creditable service not in excess of 30. Final average compensation was then defined to be 1/36 of the total compensation received during the three fiscal years of highest compensation. Also, the creditable service not in excess of 30 years was allowed to continue to accrue after the fiscal year in which the employee attains age 65. In addition, the State service annuity offset of $1.50 per year of creditable service was removed with respect to the final average compensation formula. The prior provisions of the System were retained as a minimum benefit, recognizing creditable service for those provisions through the earlier of the date of retirement or August 31, 1983.

Another major revision in the System was to change the step rate formula for employee contributions to a level 4.90% of compensation. In addition, the provision entitling the School District to receive refunds of its own contributions equal to the contributions refunded to employees was removed.

The early retirement date was liberalized. Previously an employee needed to have either 35 years of creditable service or to have attained age 60 with 25 years of creditable service. Now an employee can retire early if he has at least 10 years of creditable service and has attained age 55.

The actuarial equivalent of the annuity payable at the end of the fiscal year in which the employee attains age 65 was changed in the following two ways:

1. For employees retiring before age 62, the monthly formula retirement annuity is a reduced amount based on the actuarial equivalent of the annuity deferred to the employee's 62nd birthday. If retirement is at age 62 or later, there is no actuarial reduction. Previously there was an actuarial reduction, based on the benefit deferred to age 65, for any retirement before age 65.

2. For employees retiring on or after age 65, the monthly formula retirement annuity is to be based on total years of creditable service (not in excess of 30) and the employee's entire compensation history at date of retirement. Consequently, for retirements after the fiscal year in which the employee attains age 65 there is no longer an actuarial increase from the benefit available at the normal retirement date.

The eligibility provision to elect a deferred vested service annuity upon resignation was changed from 15 years of creditable service to 10 years.

1983 Amendments

The 1983 Session of the Nebraska Legislature enacted LB 488 which created benefit increases effective September 1, 1983 for members having retired before February 21, 1982. The amount of benefit increase was limited to the smaller of:

1. The percentage increase in the Consumer Price Index for all Urban consumers from the effective date of retirement to June 30, 1983 applied to benefits being paid and

2. The sum of $1.50 per month for each year of creditable service and $1.00 per month for each completed year of retirement from the effective date of retirement to June 30, 1983, actuarially adjusted for joint and survivor elections.

1985 Amendments

The 1985 Session of the Nebraska Legislature enacted LB 215 which removed the 30 year limit on years of service used in the benefit formula, provided for vesting after five years of service rather than ten years, and reduced the eligibility period for disability from ten years of service to five years of service.

LP215 also provided for the employer “pick up” of employee contribution under IRC 414(h), thereby allowing employee contributions to be made on a pre-tax basis.

Unisex factors are now being used for determining early retirement reductions and actuarial equivalents for joint and survivor optional benefits.

1986 Amendments

The 1985 Session of the Nebraska Legislature enacted LB 1048 which granted increases in benefits for most retirees to reflect cost-of-living increases over the last several years. The increases ranged up to a maximum of 10.5%.

1987 Amendments

A "window of opportunity" was created for the buy-in or buy-back of service credits for participants qualifying for that right.

1989 Amendments

LB 237 was enacted by the 1989 Session of the Nebraska Legislature and provided: annual benefit accruals of 1.65% of final average compensation (up from 1.50%), unreduced benefits if a member retires with 35 or more years of service, a five year certain and life thereafter annuity as the normal form of benefit (instead of just a life annuity), employee contributions of 5.8% of pay (up from 4.9%), and increased benefits to retirees (the increases ranged up to 9.0%). There were some other changes as a result of this bill, but none that had a direct actuarial cost impact.

1992 Amendments

The 1992 Session of the Nebraska Legislature enacted LB 1001 which increased annual benefit accruals from 1.65% of final average compensation to 1.70%, and increased benefits to retirees (3% increase per year of retirement, not exceeding 9% total increase), a change in the preretirement joint and survivor option to allow it to become effective automatically after 20 years of service, and allowed employees to "buy-in" their time with other public school systems by means of a tax-deferred rollover of their refund from that System.

1995 Amendments

The 1995 Session of the Nebraska Legislature enacted LB 505 which increased annual benefit accruals from 1.70% to 1.80% of final average compensation. It also provided for unreduced retirement benefits when the sum of age and service equals or exceeds 85 (still maintaining the age 55 minimum), and reduced early retirement reductions to .25% per month prior to age 62. Early retirement at 84, 83, or 82 points is also allowed with a maximum reduction of 3%, 6% and 9% respectively. Employee contributions were increased to 6.3% of pay. The bill also provided for a one time increase to current retirees of 3% per year since retirement (not to exceed 9%), or if larger, 90% restoration of the purchasing power of their original pension. There are other changes resulting from this bill, which are not included since they did not have a direct actuarial impact. One change with no actuarial impact but worth noting is the provision for employer "pick up" of employee contributions to the System used to buy in outside service, pursuant to Section 414(h) of the Internal Revenue Code.

1998 Amendments

The 1998 Session of the Nebraska Legislature enacted LB 497 which increased annual benefit accruals from 1.80% to 1.85% of final average compensation. The bill also provided for a one time increase to current retirees of 3% per year since retirement (not to exceed 9%) and provides an annual automatic cost of living adjustment, not greater than 1.5%, beginning January 1, 2000.

2000 Amendments and Cost of Living Adjustment

The 2000 session of the Nebraska Legislature enacted LB 155 which increased accruals from 1.85% to 2.00% of final average compensation.

Pursuant to LB 497, the OSERS Board and the Omaha School District Board authorized a 1.5% discretionary COLA beginning January 1, 2000 in addition to the automatic COLA.

2001 Amendments and Cost of Living Adjustment

The 2001 session of the Nebraska Legislature enacted LB 711 which provided that certain members who previously left employment due to pregnancy could purchase their "lost" service. It also provided a post-retirement supplemental benefit to assist with medical costs. The supplement commences 10 years after retirement, beginning at $10 per month for each year retired and increasing by $10 each year to a maximum of $250 per month. For retirees with less than twenty years of service, the benefit is reduced proportionately.

Additionally, the OSERS Board and the Omaha School Board authorized a discretionary COLA to restore full purchasing power, beginning January 1, 2001, in addition to the automatic COLA.

2002 Cost of Living Adjustment

The automatic 1.5% COLA was granted beginning January 1, 2002.

2003 Cost of Living Adjustment

The automatic 1.5% COLA was granted beginning January 1, 2003.

2004 Cost of Living Adjustment

The automatic 1.5% COLA was granted beginning January 1, 2004.

2005 Cost of Living Adjustment

The automatic 1.5% COLA was granted beginning January 1, 2005.

2006 Cost of Living Adjustment

The automatic 1.5% COLA was granted beginning January 1, 2006.

2007 Amendment and Cost of Living Adjustment

The 2007 session of the Nebraska Legislature enacted Section 79-9, 113 which changed the employee contribution rate from 6.30% of compensation to 7.30% and provided for an employer contribution equal to 101% of the employee contribution rate.

The automatic 1.5% COLA was granted beginning January 1, 2007.

2008 Cost of Living Adjustment

The automatic 1.5% COLA was granted beginning January 1, 2008.

2009 Amendment and Cost of Living Adjustment

The 2009 session of the Nebraska Legislature enacted Legislative Bill 187 (LB 187), which increased the State's contribution from 0.7% to 1.0% of covered pay from July 1, 2009 to July 1, 2014. On July 1, 2014 the State's contribution returns to 0.7%. LB 187 also increased the employee contribution rate from 7.30% of compensation to 8.30%. The School District's contribution is equal to 101% of the employee contribution rate so the District's contribution rate increased from 7.373% of compensation to 8.383% as a result of the increase in the member contribution rate.

The automatic 1.5% COLA was granted beginning January 1, 2009.

2010 Amendment and Cost of Living Adjustment

The automatic 1.5% COLA was granted beginning January 1, 2010.

2011 Amendment and Cost of Living Adjustment

The 2011 session of the Nebraska Legislature enacted Legislative Bill 382 (LB 382), which increased the Member's contribution from 8.30% of compensation to 9.30%. The School District's contribution is equal to 101% of the employee contribution rate so the District's contribution rate increased from 8.383% of compensation to 9.393% as a result of the increase in the member contribution rate. LB 382 also extended the 1% of payroll contribution by the State from July 1, 2014 to July 1, 2017.

The automatic 1.5% COLA was granted beginning January 1, 2011.

2012 Cost of Living Adjustment

The automatic 1.5% COLA was granted beginning January 1, 2012.

2013 Amendments and Cost of Living Adjustment

The 2013 session of the Nebraska Legislature enacted Legislative Bill 553 (LB 553), which increased the Member contribution rate from 9.30% of pay to 9.78% of pay. The School District's contribution is equal to 101% of the employee contribution rate so the District's contribution rate increased from 9.393% of pay to 9.878% of pay as a result of the increase in the member contribution rate. LB 553 also ended the scheduled decrease in the State contribution rate and instead increased the State contribution from 1.0% of pay to 2.0% of pay, effective July 1, 2014. LB 553 also created a new benefit structure for members hired on or after July 1, 2013. For these members, annual cost of living adjustments will be the lesser of 1.0% or CPI, and the final average compensation is defined as 1/60 of the total compensation received during the five fiscal years of highest compensation.

The automatic 1.5% COLA was granted beginning January 1, 2013.

2014 Cost of Living Adjustment

The automatic 1.5% COLA was granted beginning January 1, 2014.

2015 Cost of Living Adjustment

The automatic 1.5% COLA was granted beginning January 1, 2015.

2016 Amendments and Cost of Living Adjustment

The 2016 session of the Nebraska Legislature enacted Legislative Bill 447 (LB 447), which created a new benefit structure for members hired on or after July 1, 2016. The changes result in the same benefit structure for new OSERS members as for new members of the Nebraska School Retirement System. These members will not receive the supplemental medical COLA offered to employees hired before July 1, 2016. Other changes for these employees include a revised early retirement benefit reduction schedule and different retirement eligibility requirements.

The automatic 1.5% COLA was granted beginning January 1, 2016.

2017 Cost of Living Adjustment

The automatic 1.5% COLA was granted beginning January 1, 2017.

APPENDIX B

SUMMARY OF PLAN PROVISIONS

Contributions

Employee Contributions: Employees contribute 9.78% of compensation, effective September 1, 2013. Such contributions are payable each year while employed. Contributions accumulated with interest are refundable at resignation unless the vested retirement benefit has been elected and at death unless the pre-retirement survivor's benefit has been elected.

State Contribution: The State contributes annually an amount equal to 2.0% of the members' compensation, effective July 1, 2014.

School District Contribution: The School District contributes the greater of (a) one hundred and one percent of the contributions by the employees or (b) such amount as may be necessary to maintain the solvency of the system, as determined annually by the board upon recommendation of the actuary and the trustees.

Interest Credited on Refunds: Contributions made prior to September 1, 1951 and refunded at withdrawal or death are not credited with interest. Contributions after September 1, 1951 are credited with interest at the rate declared annually by the Board of Education upon the recommendation of the Board of Trustees.

Benefits

General: The System provides annuities upon retirement from service or disability and upon death to designated survivors.

The service retirement formula is 2.0% per year of creditable service times the final average compensation.

Final average compensation is defined as 1/36 of the total compensation received during the three fiscal years of highest compensation for members hired before July 1, 2013. For members hired on or after July 1, 2013, final average compensation is defined as 1/60 of the total compensation received during the five fiscal years of highest compensation.

Annuities are paid for life, with 5 years guaranteed. Optional forms of payment are available.

The disability annuity, the pre-retirement survivor annuity and the vested retirement right are summarized in the following sections.

Benefits in pay status are subject to an annual cost of living adjustment equal to the lesser of 1.5% or CPI for members hired before July 1, 2013. There is an additional COLA if surplus assets exist beginning January 1, 2000. Effective October 3, 2001, a medical cost of living adjustment is payable to retired members. Such amount will commence 10 years after retirement and shall be an amount equal to $10 per month for each year retired (subject to a maximum of $250 per month), prorated for years of service less than 20. For members hired on or after July 1, 2013, the annual cost of living adjustment is capped at 1.0%.

Members hired on or after July 1, 2016 are not eligible to receive the medical COLA benefit.

Retirement Annuities: An employee hired before July 1, 2016 may begin receiving a retirement benefit once the employee has left the employment of the School district, selected a retirement date and

(a) remained employed until his or her 65th birthday and completed at least five years of creditable Omaha service,

or

(b) has 10 years of creditable service (with at least five of those years being creditable Omaha service) and attained age 55.

If an employee who was hired before July 1, 2016 begins receiving an annuity after age 62, or when age and service equals or exceeds 85, there is no adjustment for the retirement annuity. If, however, such employee begins receiving an annuity before age 62, the annuity shall be reduced by .25% for each month prior to age 62, but if 84 points have been achieved then the reduction is limited to 3%, if 83 points, 6%, and 82 points, 9%.

An employee hired on or after July 1, 2016 may begin receiving a retirement benefit once the employee has left the employment of the School district, selected a retirement date and

(a) has completed 35 years of creditable service,

or

(b) has attained age 55 and the sum of the member's attained age and creditable service totals 85,

or

(b) has 10 years of creditable service (with at least five of those years being creditable Omaha service) and attained age 60.

For employees who were hired on or after July 1, 2016, if an employee begins receiving an annuity before age 65, such annuity shall be reduced by .25% for each month prior to age 65. If, however, the employee has achieved 85 points, then there is no reduction to the annuity.

Disability Retirement Annuities: Each employee who becomes totally disabled and who has completed five or more years of creditable Omaha service is entitled to a disability retirement annuity equal to the amount of service annuity earned to date of disability. Alternatively, the employee may defer the disability retirement and accrue service and compensation increases in the interim. The disability retirement annuity is payable each month until disability ceases, if before unreduced retirement, or death.

Pre-Retirement Survivor Annuities: Upon the death of a member who has completed 20 or more years of creditable service and who has not retired, a pre-retirement survivor annuity shall be paid to the member's primary beneficiary. The survivor must be a spouse or one other person whose attained age in the calendar year of the member's death is no more than 10 years less than the attained age of the member in such calendar year. The survivor annuity is the actuarial equivalent of the member's annuity accrued to the date of death, determined on the basis of the member's and beneficiary's attained ages on said date. The survivor annuity is payable in lieu of a refund of the member's accumulated contributions. However, a member may elect out of the survivor annuity and specify that such a refund be paid in lieu of the annuity. An election out of the pre-retirement survivor annuity is entirely independent of the election of a joint and survivor option at retirement. Within 60 days after the member's death, the beneficiary may request a refund of the member's accumulated contributions instead of the annuity; provided, however, that the member may direct the System to pay only an annuity.

If the member (not retired) has less than 20 years of creditable service, or the beneficiary does not meet the requirements stated above, a refund of the member's accumulated contributions shall be paid.

Vested Retirement Right: Each employee who has completed five or more years of creditable Omaha service is eligible upon resignation to elect a deferred vested benefit, first payable as an unreduced amount at age 65, in lieu of a refund of his accumulated contributions. With ten or more years of total creditable service (including at least five years of creditable Omaha service), the deferred vested benefit could commence, unreduced, at age 62 for employees who were hired before July 1, 2016. If benefits start before age 62 (but not earlier than attained age 55), the benefit shall then be reduced as described above.

For employees who were hired on or after July 1, 2016, the deferred vested benefit could commence, unreduced, at age 65. If benefits start before age 65 (but not earlier than attained age 55), the benefit shall then be reduced as described above.

APPENDIX C

ACTUARIAL ASSUMPTIONS AND METHODS

The valuation assumptions and methods used in conducting the current actuarial valuation are as follows:

Actuarial Assumptions

Investment Return Assumption: 7.50% per annum, compounded annually, net of expenses.

Mortality Rates: RP-2014 Mortality Table for males, set forward one year.
RP-2014 Mortality Table for females, set back one year.

Future mortality rates are projected on a generational basis using Scale MP-2016, which reflects the expectation that mortality rates will decline over time.

Disabled retirees use the RP-2014 Disabled Retiree Mortality Table, without generational improvement.

Disability: None assumed.

Termination of Employment: (prior to retirement eligibility)

Illustrative rates of termination are as follows:

Certificated:

Duration	Percent Terminating Rate
1	11.25%
5	8.00
10	4.50
15	2.25
20	1.00
25	1.00

Classified:

	Percent Terminating	
Duration	Male	Female
1	11.00%	15.00%
5	6.00	9.00
10	2.40	4.00
15	1.00	1.75
20	1.00	1.00
25	1.00	1.00

Retirement Rates:

Early retirement rates are assumed to occur according to the schedule illustrated below:

Certificated:		Classified:	
Age	Early	Age	Early
55	10%	55	3%
56	6	56	3
57	6	57	3
58	6	58	3
59	8	59	3
60	12	60	5
61	12	61	10

Unreduced retirement rates are assumed to occur according to the schedule illustrated below:

Certificated:

Age	1st Year Eligible	Ultimate
55	60%	
56	50	35%
57	45	35
58	45	35
59	45	25
60	35	25
61	25	25
62	25	25
63	25	25
64	30	30
65	35	35
66	35	35
67	35	35
68	35	35
69	100	35
70	100	100

Classified:

Age	1st Year Eligible	Ultimate
55	20%	
56	10	12%
57	10	12
58	10	12
59	15	12
60	15	12
61	15	20
62	20	20
63	20	20
64	20	20
65	25	35
66	20	23
67	20	23
68	20	23
69	20	23
70	100	100

Deferred vested members are assumed to retire at first unreduced retirement age.

Salary Scale:

Salaries are assumed to increase according to the schedule illustrated below:

	Annual Salary Increase	
Duration	Certificated	Classified
0	5.75%	6.25%
1	5.75	5.75
2	5.75	5.25
3	5.75	5.00
4-6	5.75	4.75
7-11	5.75	4.25
12-14	5.75	3.75
15-21	5.25	3.75
22+	4.25	3.75

Note: Salaries are assumed to increase by 3.0% for members who have not yet finalized their contract negotiations as of the valuation date.

Pre-Retirement Survivor Annuity:

It is assumed that females are three years younger than males, and that all members are married.

Probability of Electing a Refund:	The proportion of terminating vested members electing a refund of member contributions: 20% for Certificated members 40% for Classified members
Assumed Interest Rate Credited on Employee Contributions:	2.75% compounded annually.
Inflation (CPI):	2.75% compounded annually.
Total Payroll Growth:	3.25% compounded annually.
Decrement Timing:	Middle of year
Cost of Living Adjustments:	1.5% for members hired before 7/1/2013 1.0% for members hired on or after 7/1/2013

Actuarial Cost Method

The actuarial cost method is a procedure for allocating the actuarial present value of pension plan benefits and expenses to time periods. The method used for the valuation is known as the individual entry-age actuarial cost method, and has the following characteristics.

(i) The annual normal costs for individual active member are sufficient to accumulate the value of the member's pension at time of retirement.
(ii) Each annual normal cost is a constant percentage of the member's year-by-year projected pensionable compensation.

The entry-age actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's pensionable compensation between the entry-age of the member and the assumed exit-ages.

The portion of the actuarial present value allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the actuarial accrued liability. Deducting accrued assets from the actuarial accrued liability determines the unfunded actuarial accrued liability (UAAL).

Asset Valuation Method

Assets are valued at expected value at the valuation date plus 25% of the difference between the market value and expected value. As a starting point for implementation of this asset valuation method, the actuarial value of assets as of September 1, 1996 was set equal to the market value. As of September 1, 2007, the actuarial value was again reset to market value. The smoothing method was again implemented in the 2008 valuation. Effective September 1, 2008, the actuarial value must fall within a corridor of 80% to 120% of market value.

UAAL Amortization Method

Effective with the January 1, 2017 valuation, OSERS will amortize the UAAL using a "layered" approach. Under the current method, the UAAL as of January 1, 2017 is split into two pieces: (1) the UAAL that would have existed if no assumption changes had been adopted for the January 1, 2017 valuation and (2) the amount of the January 1, 2017 UAAL that is attributable to the adoption of the new assumptions. The first piece is amortized, as a level-percent of pay, over a closed 30-year period beginning with the September 1, 2013 valuation (so 27 years remain for the January 1, 2017 valuation). The second piece is amortized, as a level-percent of pay, over a closed 25-year period beginning on January 1, 2017. All ensuing UAAL bases that result from future actuarial experience will be amortized, as a level-percent of pay, over a new 25-year period commencing on the valuation date.

APPENDIX D

MEMBERSHIP DATA

SUMMARY OF MEMBERSHIP DATA

	Active	Inactive Vesteds	Nonvested Terminations	Retirees	Beneficiaries	Disabled Retirees	Total
Members on 9/1/2015	7,393	984	210	4,097	240	14	12,938
Terminated – vested	(173)	173	0	0	0	0	0
Terminated – refund due	(200)	0	200	0	0	0	0
Terminated – refunded	(165)	(40)	(141)	0	0	0	(346)
Retired	(256)	(56)	0	312	0	0	0
Disability retirement	0	0	0	0	0	0	0
Death	(16)	(7)	0	(137)	(12)	0	(172)
Payments ended	0	0	0	0	(8)	0	(8)
New beneficiaries	0	0	0	0	27	0	27
New Alternate Payees	0	0	0	6	0	0	6
New members	843	0	98	0	0	0	941
Rehires	36	(16)	(20)	0	0	0	0
Corrections/adjustments	0	(3)	0	0	0	3	0
Members on 1/1/2017	7,462	1,035	347	4,278	247	17	13,386

Approximately 2,000 active members are part of bargaining groups that did not have a settled contract as of the date the data was received. These groups included operations employees, paraprofessionals, school psychologists, security employees, and transportation employees. At the direction of OSERS staff, we assumed that these groups will receive a 3.0% increase effective January 1, 2017.

HISTORICAL SUMMARY OF MEMBERS

The following table displays selected historical data that was used in the actuarial valuation for the System.

Valuation		Active Members						Number			
			Average								
Date January 1*	Total Count	Number	Age	Entry Age	Service	Annual Pay ($)	Pay Increase	Inactive Vested	Inactive Nonvested	Retired	Act/Ret Ratio
1998	8,204	5,680	44.2	33.7	10.5	28,912		330		2,194	2.59
1999	8,564	5,864	43.9	34.0	9.9	29,493	2.01%	386		2,314	2.53
2000	8,885	6,057	43.8	34.1	9.7	30,544	3.56%	380		2,448	2.47
2001	9,156	6,259	44.0	34.4	9.6	32,091	5.06%	368		2,529	2.47
2002	9,409	6,383	43.9	34.5	9.4	33,406	4.10%	384		2,642	2.42
2003	9,425	6,279	44.0	34.5	9.5	33,877	1.41%	385		2,761	2.27
2004	9,711	6,399	44.2	34.6	9.6	34,698	2.42%	473		2,839	2.25
2005	10,124	6,623	44.1	34.8	9.3	35,234	1.54%	485		3,016	2.20
2006	10,522	6,972	44.1	34.9	9.2	35,732	1.41%	442		3,108	2.24
2007	10,769	7,041	44.2	35.1	9.1	36,720	2.77%	483		3,245	2.17
2008	11,228	7,313	44.2	35.2	9.0	37,725	2.74%	515		3,400	2.15
2009	11,480	7,438	44.5	35.5	9.0	38,686	2.55%	553		3,489	2.13
2010	11,644	7,491	44.7	35.4	9.3	39,152	1.20%	566		3,587	2.09
2011	11,602	7,215	45.1	35.2	9.9	40,394	3.17%	680		3,707	1.95
2012	11,881	7,315	44.9	35.0	9.9	40,793	0.99%	723		3,843	1.90
2013	12,152	7,372	44.9	34.9	10.0	41,731	2.30%	813		3,967	1.86
2014	12,477	7,415	44.7	34.8	9.9	42,427	1.67%	937		4,125	1.80
2015	12,938	7,393	44.5	34.7	9.8	44,050	3.83%	984	210	4,351	1.70
2017	13,386	7,462	44.5	34.1	10.4	44,998	2.15%	1,035	347	4,542	1.64

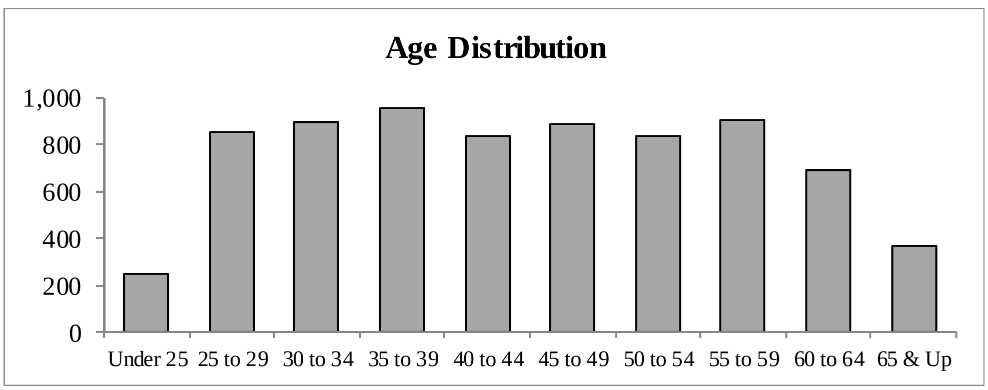
* Years prior to 2017 have a valuation date of September 1.

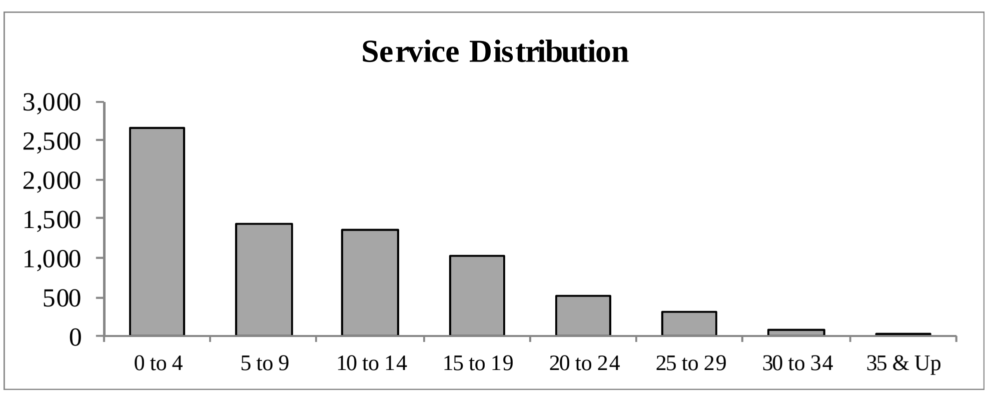
OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS

as of January 1, 2017

Total

	Service								
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & Up	Total
Under 25	246	1	0	0	0	0	0	0	247
25 to 29	766	88	0	0	0	0	0	0	854
30 to 34	411	386	97	0	0	0	0	0	894
35 to 39	282	221	378	69	1	0	0	0	951
40 to 44	206	150	174	276	27	0	0	0	833
45 to 49	207	143	177	182	156	23	1	0	889
50 to 54	153	123	160	139	103	125	27	1	831
55 to 59	201	142	152	174	115	81	31	8	904
60 to 64	135	108	125	140	93	53	20	16	690
65 & Up	59	75	85	56	31	35	13	15	369
Total	2,666	1,437	1,348	1,036	526	317	92	40	7,462



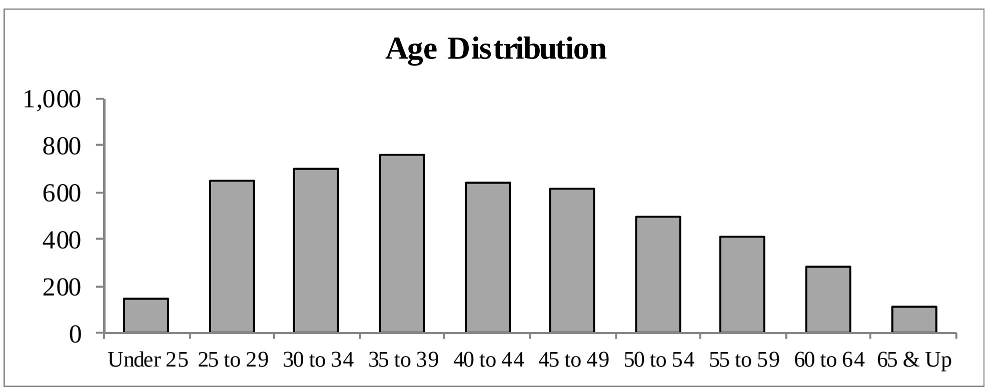


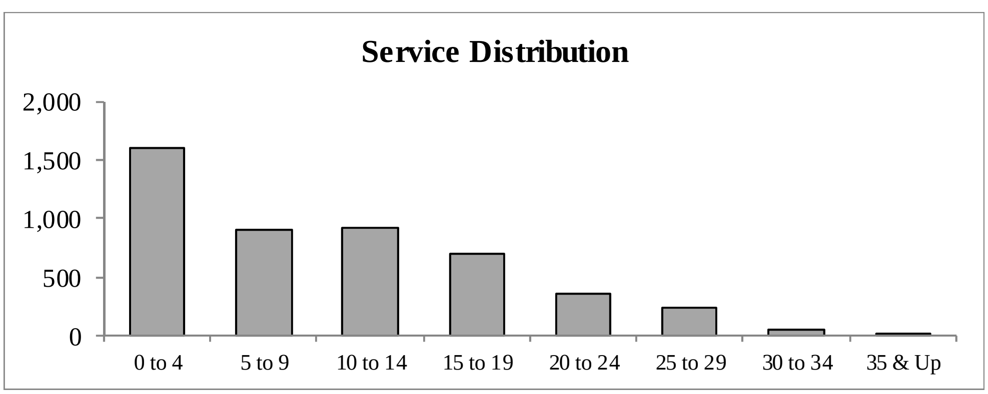
OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS

as of January 1, 2017

Certificated - Total

	Service								
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & Up	Total
Under 25	150	0	0	0	0	0	0	0	150
25 to 29	581	64	0	0	0	0	0	0	645
30 to 34	287	322	87	0	0	0	0	0	696
35 to 39	182	171	350	58	1	0	0	0	762
40 to 44	117	112	145	246	22	0	0	0	642
45 to 49	105	90	107	150	143	20	1	0	616
50 to 54	55	50	90	86	79	111	20	1	492
55 to 59	66	42	69	79	64	65	21	4	410
60 to 64	47	34	52	62	43	27	12	8	285
65 & Up	11	18	20	22	9	13	7	10	110
Total	1,601	903	920	703	361	236	61	23	4,808



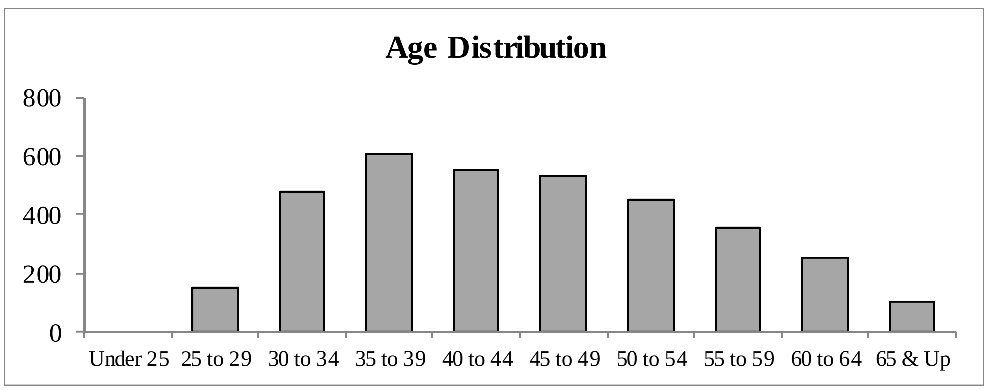


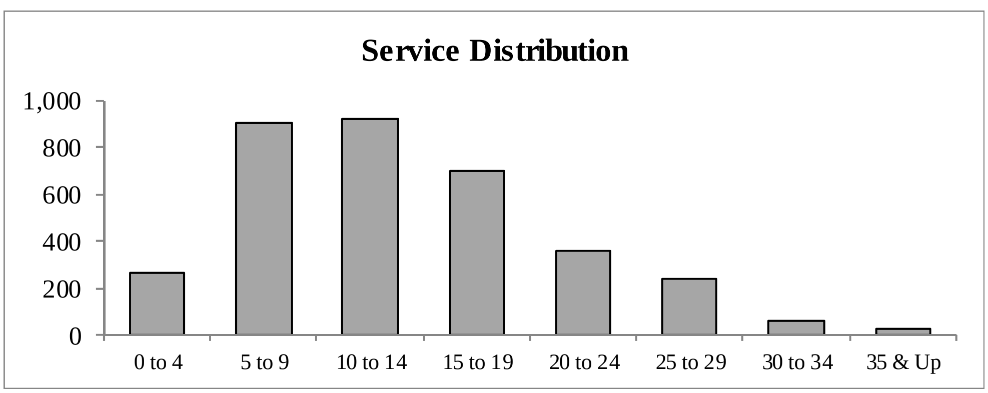
OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS

as of January 1, 2017

Certificated - Tier 1

	Service								
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & Up	Total
Under 25	0	0	0	0	0	0	0	0	0
25 to 29	84	64	0	0	0	0	0	0	148
30 to 34	73	320	87	0	0	0	0	0	480
35 to 39	30	171	349	58	1	0	0	0	609
40 to 44	24	112	145	246	22	0	0	0	549
45 to 49	19	89	107	150	143	20	1	0	529
50 to 54	11	50	90	86	79	111	20	1	448
55 to 59	9	42	69	79	64	65	21	4	353
60 to 64	13	34	52	62	43	27	12	8	251
65 & Up	3	18	20	22	9	13	7	10	102
Total	266	900	919	703	361	236	61	23	3,469



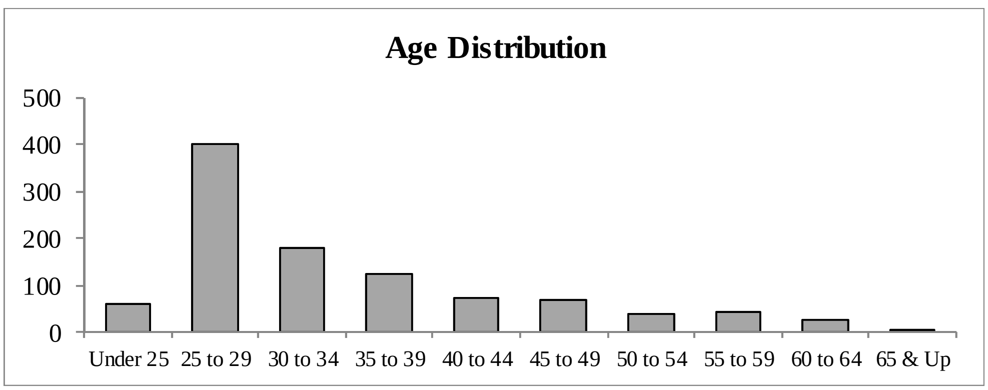


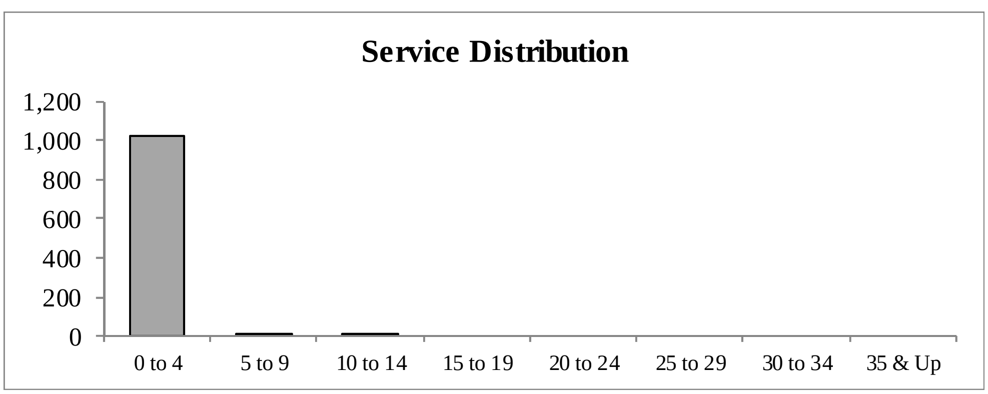
OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS

as of January 1, 2017

Certificated - Tier 2

	Service								
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & Up	Total
Under 25	61	0	0	0	0	0	0	0	61
25 to 29	400	0	0	0	0	0	0	0	400
30 to 34	176	2	0	0	0	0	0	0	178
35 to 39	123	0	1	0	0	0	0	0	124
40 to 44	75	0	0	0	0	0	0	0	75
45 to 49	69	1	0	0	0	0	0	0	70
50 to 54	38	0	0	0	0	0	0	0	38
55 to 59	43	0	0	0	0	0	0	0	43
60 to 64	27	0	0	0	0	0	0	0	27
65 & Up	7	0	0	0	0	0	0	0	7
Total	1,019	3	1	0	0	0	0	0	1,023



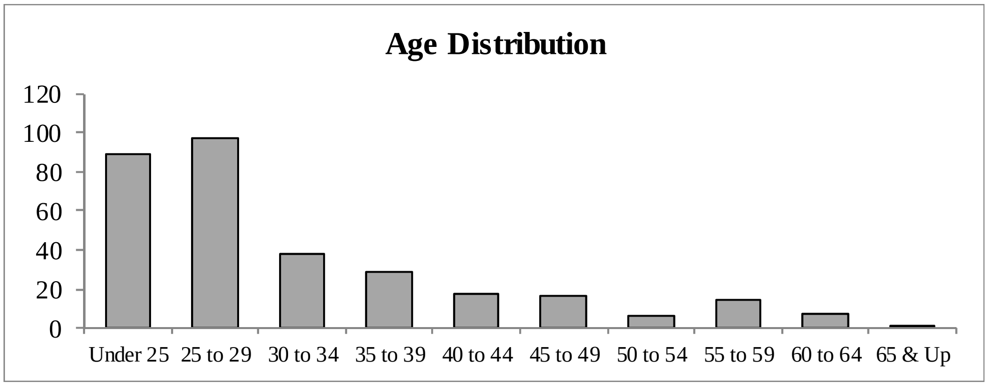


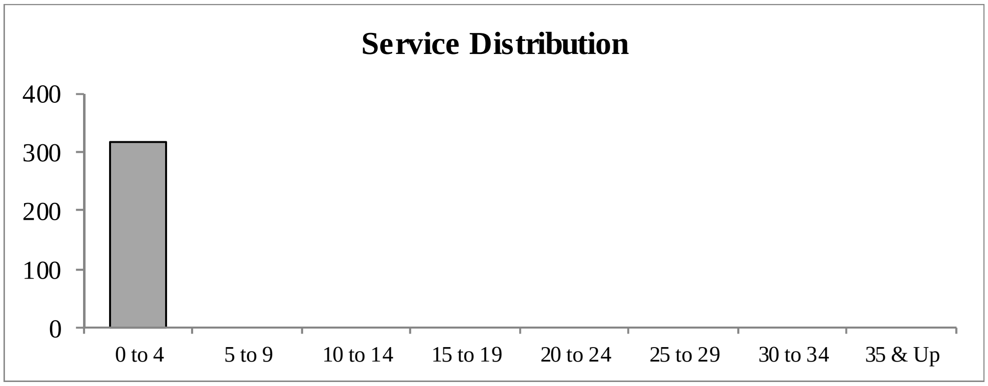
OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS

as of January 1, 2017

Certificated - Tier 3

	Service								
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & Up	Total
Under 25	89	0	0	0	0	0	0	0	89
25 to 29	97	0	0	0	0	0	0	0	97
30 to 34	38	0	0	0	0	0	0	0	38
35 to 39	29	0	0	0	0	0	0	0	29
40 to 44	18	0	0	0	0	0	0	0	18
45 to 49	17	0	0	0	0	0	0	0	17
50 to 54	6	0	0	0	0	0	0	0	6
55 to 59	14	0	0	0	0	0	0	0	14
60 to 64	7	0	0	0	0	0	0	0	7
65 & Up	1	0	0	0	0	0	0	0	1
Total	316	0	0	0	0	0	0	0	316



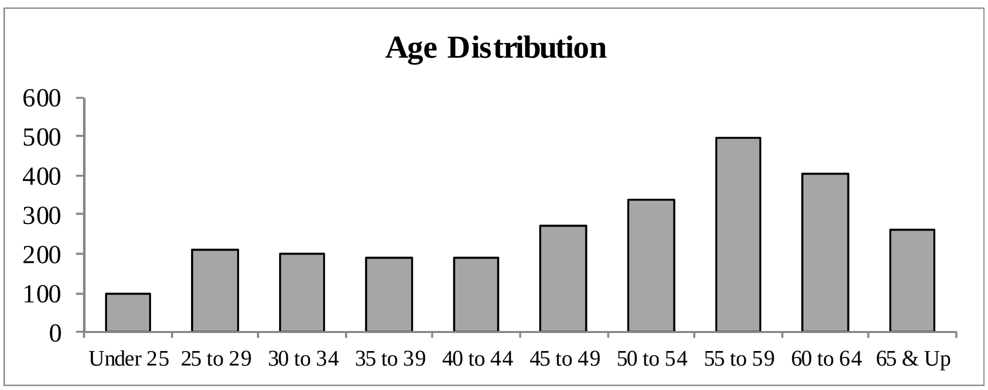


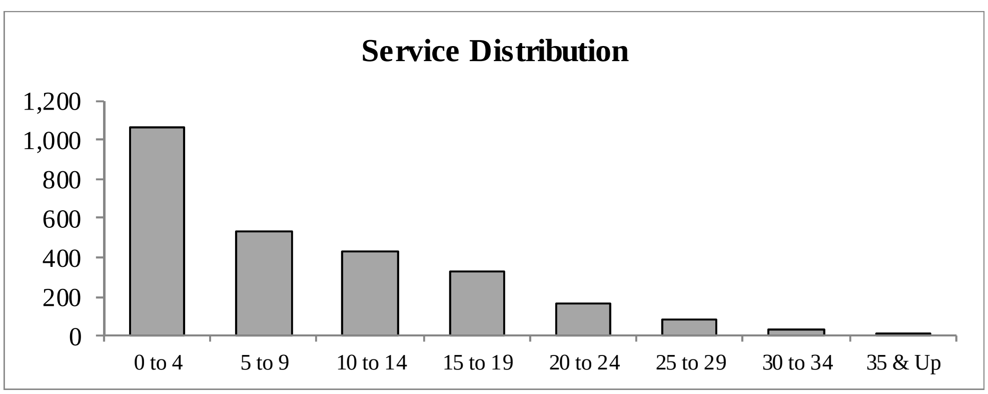
OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS

as of January 1, 2017

Classified - Total

	Service								
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & Up	Total
Under 25	96	1	0	0	0	0	0	0	97
25 to 29	185	24	0	0	0	0	0	0	209
30 to 34	124	64	10	0	0	0	0	0	198
35 to 39	100	50	28	11	0	0	0	0	189
40 to 44	89	38	29	30	5	0	0	0	191
45 to 49	102	53	70	32	13	3	0	0	273
50 to 54	98	73	70	53	24	14	7	0	339
55 to 59	135	100	83	95	51	16	10	4	494
60 to 64	88	74	73	78	50	26	8	8	405
65 & Up	48	57	65	34	22	22	6	5	259
Total	1,065	534	428	333	165	81	31	17	2,654



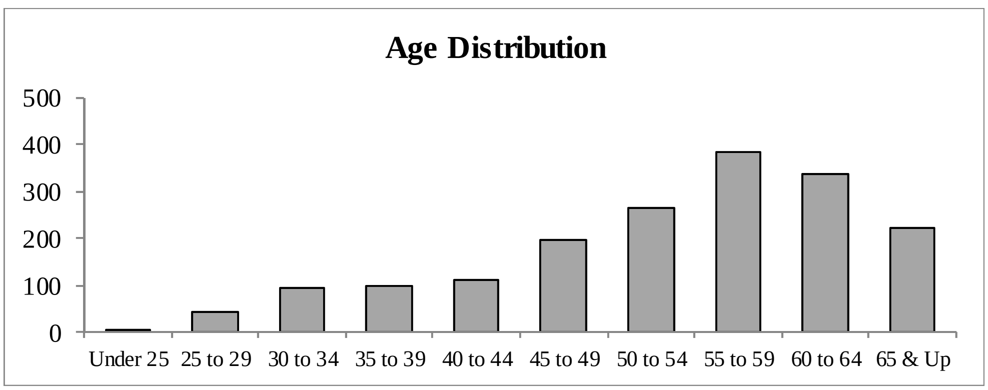


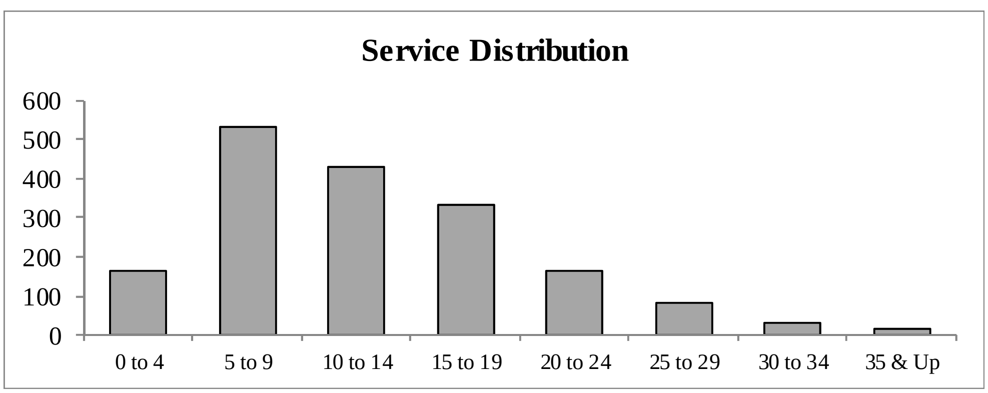
OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS

as of January 1, 2017

Classified - Tier 1

	Service								
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & Up	Total
Under 25	1	1	0	0	0	0	0	0	2
25 to 29	20	24	0	0	0	0	0	0	44
30 to 34	21	64	10	0	0	0	0	0	95
35 to 39	9	50	28	11	0	0	0	0	98
40 to 44	10	38	29	30	5	0	0	0	112
45 to 49	26	53	70	32	13	3	0	0	197
50 to 54	25	72	70	53	24	14	7	0	265
55 to 59	24	99	83	95	51	16	10	4	382
60 to 64	19	74	73	78	50	26	8	8	336
65 & Up	9	57	65	34	22	22	6	5	220
Total	164	532	428	333	165	81	31	17	1,751



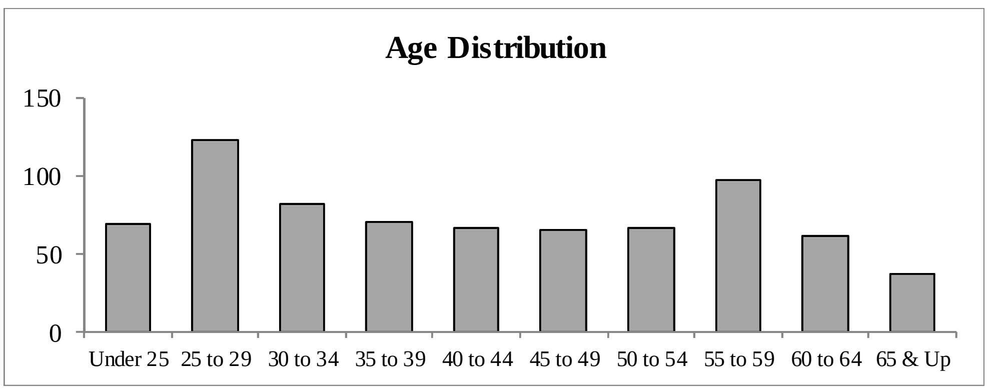


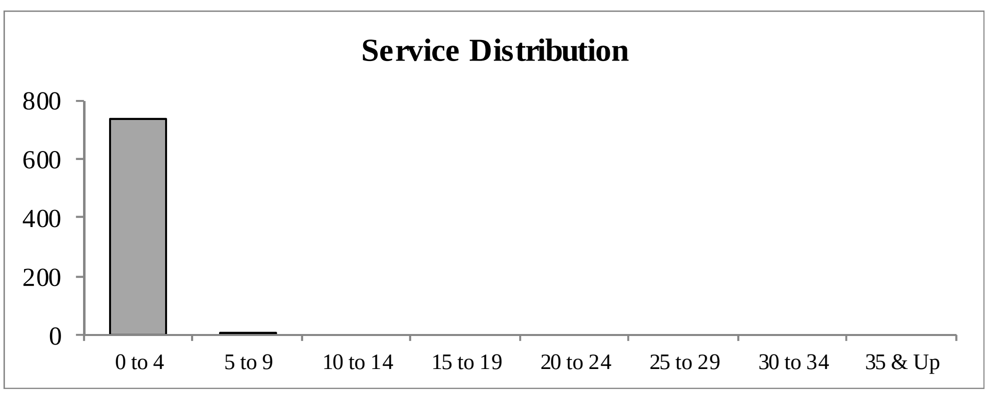
OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS

as of January 1, 2017

Classified - Tier 2

	Service								
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & Up	Total
Under 25	69	0	0	0	0	0	0	0	69
25 to 29	123	0	0	0	0	0	0	0	123
30 to 34	82	0	0	0	0	0	0	0	82
35 to 39	70	0	0	0	0	0	0	0	70
40 to 44	66	0	0	0	0	0	0	0	66
45 to 49	65	0	0	0	0	0	0	0	65
50 to 54	65	1	0	0	0	0	0	0	66
55 to 59	96	1	0	0	0	0	0	0	97
60 to 64	61	0	0	0	0	0	0	0	61
65 & Up	37	0	0	0	0	0	0	0	37
Total	734	2	0	0	0	0	0	0	736



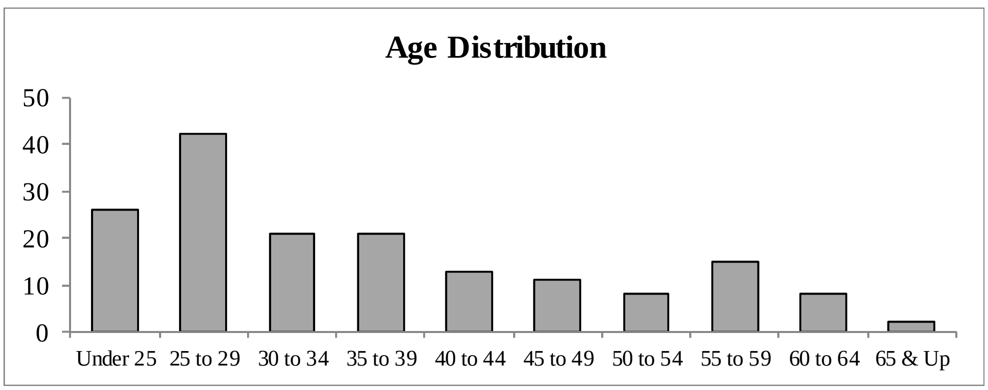


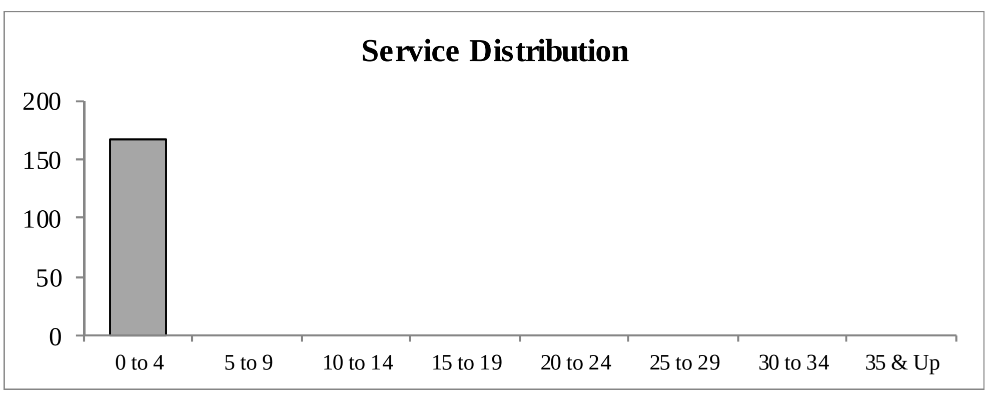
OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS

as of January 1, 2017

Classified - Tier 3

	Service								
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & Up	Total
Under 25	26	0	0	0	0	0	0	0	26
25 to 29	42	0	0	0	0	0	0	0	42
30 to 34	21	0	0	0	0	0	0	0	21
35 to 39	21	0	0	0	0	0	0	0	21
40 to 44	13	0	0	0	0	0	0	0	13
45 to 49	11	0	0	0	0	0	0	0	11
50 to 54	8	0	0	0	0	0	0	0	8
55 to 59	15	0	0	0	0	0	0	0	15
60 to 64	8	0	0	0	0	0	0	0	8
65 & Up	2	0	0	0	0	0	0	0	2
Total	167	0	0	0	0	0	0	0	167





OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUMMARY OF ACTIVE MEMBERS

as of January 1, 2017

Total

	Number			Salaries		
Age	Males	Females	Total	Males	Females	Total
Under 25	48	199	247	$ 1,780,312	$ 6,339,546	$ 8,119,858
25 to 29	181	673	854	6,964,180	25,374,017	32,338,197
30 to 34	214	680	894	9,326,048	29,112,601	38,438,649
35 to 39	249	702	951	12,542,354	33,166,029	45,708,383
40 to 44	225	608	833	12,317,512	29,292,011	41,609,523
45 to 49	209	680	889	12,016,756	32,946,581	44,963,337
50 to 54	220	611	831	11,438,075	29,154,800	40,592,875
55 to 59	235	669	904	11,897,331	28,775,099	40,672,430
60 to 64	198	492	690	9,087,416	19,754,594	28,842,010
65 & Up	131	238	369	5,491,868	9,000,248	14,492,116
Total	1,910	5,552	7,462	$ 92,861,852	$ 242,915,526	$ 335,777,378

OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUMMARY OF ACTIVE MEMBERS

as of January 1, 2017

Certificated

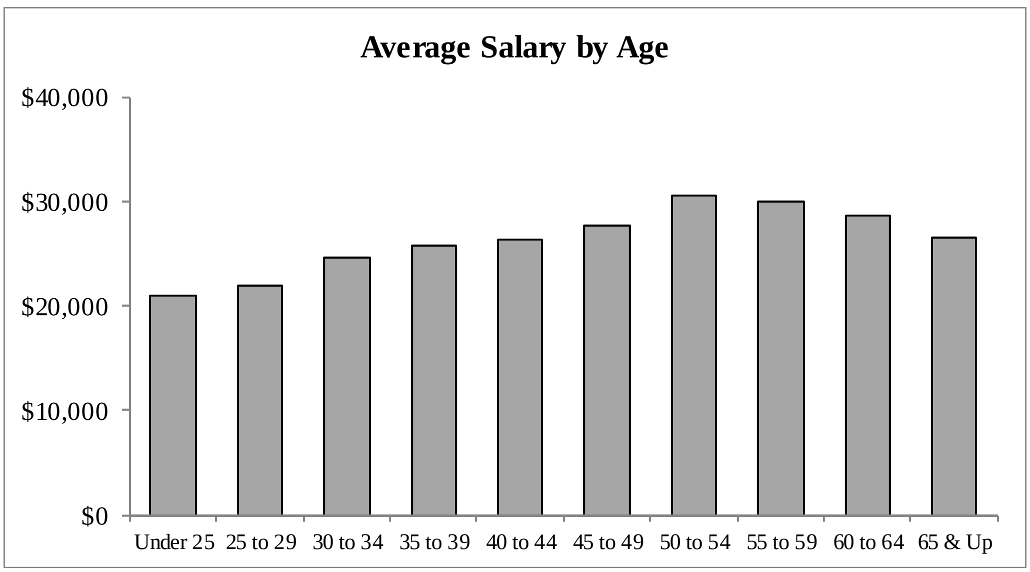
	Number			Salaries		
Age	Males	Females	Total	Males	Females	Total
Under 25	30	120	150	$ 1,212,399	$ 4,873,281	$ 6,085,680
25 to 29	126	519	645	5,429,937	22,342,686	27,772,623
30 to 34	147	549	696	7,230,445	26,321,385	33,551,830
35 to 39	201	561	762	10,836,039	30,009,579	40,845,618
40 to 44	172	470	642	10,402,920	26,191,634	36,594,554
45 to 49	142	474	616	9,294,731	28,090,186	37,384,917
50 to 54	99	393	492	6,293,248	23,968,800	30,262,048
55 to 59	86	324	410	5,434,478	20,416,744	25,851,222
60 to 64	70	215	285	4,201,644	13,052,290	17,253,934
65 & Up	35	75	110	2,646,995	4,995,518	7,642,513
Total	1,108	3,700	4,808	$ 62,982,836	$ 200,262,103	$ 263,244,939

OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUMMARY OF ACTIVE MEMBERS

as of January 1, 2017

Classified

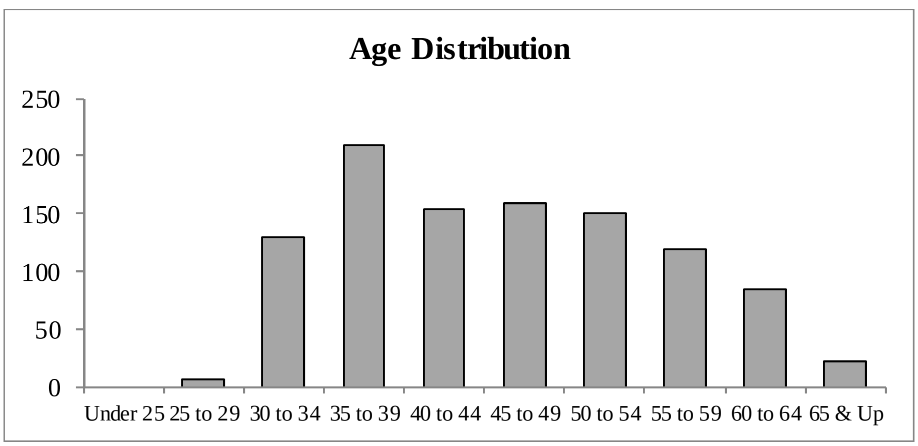
	Number			Salaries		
Age	Males	Females	Total	Males	Females	Total
Under 25	18	79	97	$ 567,913	$ 1,466,265	$ 2,034,178
25 to 29	55	154	209	1,534,243	3,031,331	4,565,574
30 to 34	67	131	198	2,095,603	2,791,216	4,886,819
35 to 39	48	141	189	1,706,315	3,156,450	4,862,765
40 to 44	53	138	191	1,914,592	3,100,377	5,014,969
45 to 49	67	206	273	2,722,025	4,856,395	7,578,420
50 to 54	121	218	339	5,144,827	5,186,000	10,330,827
55 to 59	149	345	494	6,462,853	8,358,355	14,821,208
60 to 64	128	277	405	4,885,772	6,702,304	11,588,076
65 & Up	96	163	259	2,844,873	4,004,730	6,849,603
Total	802	1,852	2,654	$ 29,879,016	$ 42,653,423	$ 72,532,439



OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUMMARY OF DEFERRED VESTED MEMBERS

as of January 1, 2017

	Number			Monthly Benefit at Unreduced Retirement		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25 to 29	0	6	6	0	1,826	1,826
30 to 34	26	104	130	10,918	46,605	57,523
35 to 39	42	168	210	25,061	93,951	119,012
40 to 44	35	119	154	28,265	82,545	110,810
45 to 49	34	125	159	28,048	68,725	96,773
50 to 54	35	116	151	39,321	79,002	118,323
55 to 59	18	101	119	15,017	61,303	76,320
60 to 64	12	72	84	5,665	29,774	35,439
65 & Up	1	21	22	883	7,008	7,891
Total	203	832	1,035	$ 153,178	$ 470,739	$ 623,917



OMAHA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUMMARY OF RETIRED MEMBERS AND BENEFICIARIES

as of January 1, 2017

	Number			Total Monthly Benefit		
Age	Males	Females	Total	Males	Females	Total
Under 55	5	14	19	$ 1,742	$ 19,391	$ 21,133
55 to 59	46	166	212	106,794	435,652	542,446
60 to 64	158	421	579	415,836	1,085,888	1,501,724
65 to 69	309	870	1,179	790,070	1,909,794	2,699,864
70 to 74	332	684	1,016	780,319	1,406,728	2,187,047
75 to 79	200	474	674	440,737	795,845	1,236,582
80 to 84	135	331	466	302,988	530,726	833,714
85 to 89	52	186	238	109,860	277,688	387,548
90 to 94	28	97	125	60,428	139,998	200,426
95 & Up	4	30	34	11,065	42,897	53,962
Total	1,269	3,273	4,542	$ 3,019,839	$ 6,644,607	$ 9,664,446