

DATE: June 15, 2005

TO: All Retirees/Benefit Recipients

FROM: Osey McGee, Jr.
Executive Director

SUBJECT: Advance Payment for Benefit Recipients

In order to assist our retirees during this time when regular cost-of-living increases are not available by law, our Board of Trustees has approved a change in the method of payment of your monthly benefits that we believe will be beneficial to you.

Historically, our Fund has paid monthly benefits at the end of each month for the month just completed, or paid in arrears. For example, when you retired you received your first monthly benefit for that month on the last day of that month.

Effective July 1, 2005, we will change that method of payment and begin to pay your monthly benefit in advance on the first day of each month. In order to implement this change, we will use the following payment schedule:

- June 30, 2005 – we will pay your monthly benefit for the month of June as normally scheduled.
- July 8, 2005 – we will pay your first advance monthly benefit for the month of July. This payment will be for the full amount of your monthly benefit. The one-week delay from the 1st of the month is to allow the conversion in our operations. Thereafter, monthly benefits will be paid on the 1st day of each month for the current month.
- August 1, 2005 – we will pay your benefit for the month of August and on the first of each subsequent month.

Please understand that your Board of Trustees and our staff have the greatest concern for the well being of our retirees, and will always work to provide you with the best benefits possible while maintaining an actuarially sound retirement system capable of ensuring payments of benefits for the lifetime of our members.

Our Legislative/Benefits Committee is currently working with our actuary and legal counsel to thoroughly study the various provisions of the law regulating payment of cost-of-living increases. The goal of the Committee and the staff is to formulate and propose changes in the 2006 legislative session that will improve the prospects for more frequent cost-of-living increases in the future.

Thank you for your patience as we recover from the difficult market conditions of the past few years. Please be assured that we have one of the most financially sound retirement systems in the state, and that we have your best interest at heart. Our very best regards to you and your families.