

January 30, 2009

Mr. David C. Craik
 Pension Administrator
 Delaware Public Employees' Retirement System
 McArdle Building
 860 Silver Lake Boulevard, Suite 1
 Dover, Delaware 19904

Re: Special Pensioners June 30, 2008 Actuarial Valuation

Dear Dave:

We have completed our actuarial valuation of the 23 special pensioners as of June 30, 2008. Our results are as follows:

Valuation Results	
Actuarial Accrued Liability	\$ 491,600
Present Value Accumulated Plan Benefits	\$ 491,600
Assets	
At market value	\$ 616,400
At actuarial value	\$ 613,900

The actuarial value of assets is a smoothed asset value that recognizes 20% of the difference between the expected actuarial value and the market value of assets. The expected actuarial value equals the prior year's actuarial value adjusted with contributions, payments and investment earnings of 8.0%, the assumption as of last year's valuation date. This method tempers the volatile fluctuations in market value.

Data Summary			
	Count	Average Age	Average Monthly Benefit
Healthy Retirees	9	88	\$ 415.08
Disabled Retirees	1	80	\$ 612.99
Beneficiaries	13	84	\$ 235.53



Data and Assumptions

This calculation is based on census and financial information supplied by the Office of Pension Staff. We did not audit this data. However, we compared the information with the previous year's information and reviewed the results for reasonableness.

We found the data to be reasonably consistent and comparable with data used in the prior valuation. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

The actuarial liability was based on an 8.00% net investment return and monthly tables as outlined below:

Mortality Tables		
	Males	Females
Healthy Retirees and Beneficiaries	85% of RP-2000 MB Mortality Table with Mortality Improvements (Base Year is 1999)	87% of RP-2000 FW Mortality Table with Mortality Improvements (Base Year is 1999)
Disabled Retirees	63% of 1965 Railroad Retirement Board Disabled Mortality	92% of 1981 PBGC Disabled Mortality with Social Security

We believe these assumptions reflect our best estimate of anticipated future experience of the plan. Our results are dependent upon future experience conforming to these assumptions. It is certain that actual experience will not conform exactly to these assumptions. Actual amounts will differ from projected amounts to the extent actual experience differs from expected experience.

If you have any questions on this material, please let me know.

Sincerely,
Cheiron



Fiona E. Liston, FSA, EA
Consulting Actuary