

Years of Service Buyback Analysis for JB

Report date: May 21, 2002

Year (from now)	Age at Start of Year	If you buy back...				If you save the money instead...	
		Estimated Normal Pension	Estimated Increased Pension with Buyback	Extra Pension Income	Extra Income Cumulated at Interest of 5.00%	Savings Cumulated at Interest of 5.00%	Gain/(Loss) from Buyback
1	48	0	0	0	0	52,500	(52,500)
2	49	0	0	0	0	55,125	(55,125)
3	50	0	0	0	0	57,881	(57,881)
4	51	0	0	0	0	60,775	(60,775)
5	52	0	0	0	0	63,814	(63,814)
6	53	0	0	0	0	67,005	(67,005)
7	54	0	0	0	0	70,355	(70,355)
8	55	0	0	0	0	73,873	(73,873)
9	56	0	0	0	0	77,566	(77,566)
10	57	0	0	0	0	81,445	(81,445)
11	58	48,596	55,325	6,728	6,895	85,517	(78,622)
12	59	53,721	61,159	7,438	14,876	89,793	(74,917)
13	60	55,842	63,573	7,731	23,557	94,282	(70,725)
14	61	57,962	65,987	8,025	32,974	98,997	(66,023)
15	62	60,083	68,401	8,319	43,163	103,946	(60,783)
16	63	62,203	70,816	8,612	54,163	109,144	(54,980)
17	64	64,324	73,230	8,906	66,015	114,601	(48,586)
18	65	66,445	75,644	9,199	78,761	120,331	(41,570)
19	66	68,565	78,058	9,493	92,445	126,348	(33,902)
20	67	70,686	80,472	9,787	107,115	132,665	(25,550)
21	68	72,806	82,886	10,080	122,821	139,298	(16,478)
22	69	74,927	85,301	10,374	139,613	146,263	(6,651)
23	70	77,047	87,715	10,667	157,546	153,576	3,969
24	71	79,168	90,129	10,961	176,677	161,255	15,422
25	72	81,289	92,543	11,254	197,066	169,318	27,748
26	73	83,409	94,957	11,548	218,776	177,784	40,992
27	74	85,530	97,371	11,842	241,873	186,673	55,200
28	75	87,650	99,786	12,135	266,427	196,006	70,420
29	76	89,771	102,200	12,429	292,509	205,807	86,703
30	77	91,891	104,614	12,722	320,198	216,097	104,101
31	78	94,012	107,028	13,016	349,572	226,902	122,670
32	79	96,133	109,442	13,310	380,716	238,247	142,469
33	80	98,253	111,856	13,603	413,719	250,159	163,560
34	81	100,374	114,271	13,897	448,674	262,667	186,007
35	82	102,494	116,685	14,190	485,678	275,801	209,877
36	83	104,615	119,099	14,484	524,834	289,591	235,243
37	84	106,735	121,513	14,778	566,249	304,070	262,178

38	85	108,856	123,927	15,071	610,036	319,274	290,762
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Notes:

All dollar figures are shown as of the end of the year. The year is measured from the date of the report.

The figures presented are illustrative only. All values are estimates based on the assumptions indicated in the following paragraph. Actual future experience is likely to differ from these assumptions, and results will therefore be either better or worse than those shown. In particular, rates of return are unlikely to match those assumed, and the amount and timing of fluctuations in returns would produce different results even if the average rate of return exactly matched that assumed. In addition, future changes in retirement plan benefits may occur due to changes in legislation and/or, in the case of cost-of-living adjustments, changes in the investment experience of the state retirement plan funds. Timing of cost-of-living adjustments may differ somewhat from that assumed in the calculations. The analysis does not take into account possible future fluctuations in tax rates or rates of compensation increases.

These calculations assume retirement from the California State Teachers' Retirement System (STRS), in 10 years. We have estimated your retirement benefit at that age to be \$53,014 if no extra years of service are purchased, or \$60,354 if 5 extra year(s) of service are purchased. These benefit estimates reflect our current understanding of this plan, but are not certified to be accurate. In particular, projected retirement prior to normal retirement age may involve an estimate rather than an exact calculation of early retirement penalties. The buyback is assumed to involve an immediate lump-sum payment of \$50,000. All funds not spent directly on the buyback are assumed to earn an effective annual return of 5.00%. Salary increases prior to retirement are assumed to be 3.00% per year. Cost-of-living adjustments to your pension are assumed to be 4.00% per year. Cost-of-living adjustments do not begin until the January after one year of retirement has passed.

This report is for illustration purposes only. For complete details regarding legal or tax considerations of any information discussed or presented in this report, please consult your attorney or tax advisor.