WILSHIRE
COMPASS

Winter 2004

Setting New Standards in Fund Sponsor Information Systems and Investment Technology

Topics Inside:

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2004 Report on City & County Retirement Systems

This is Wilshire's second report on the financial condition of city- and county-sponsored defined benefit retirement systems and is based upon data gathered from the most recent financial and actuarial reports provided by 104 retirement systems.

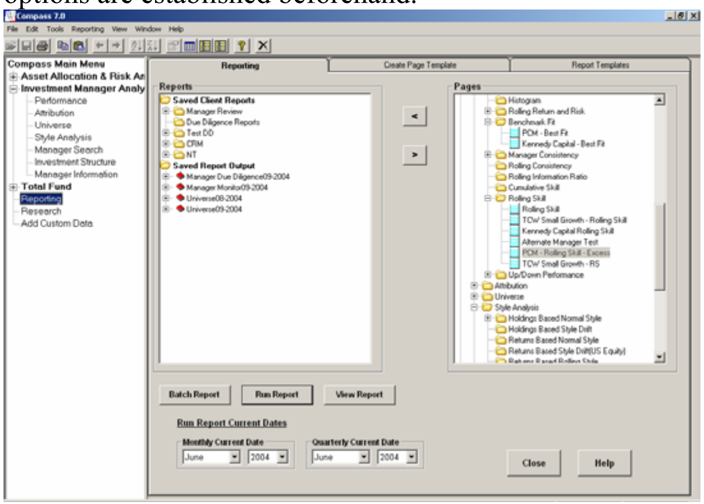
- 63 city and county retirement systems provided actuarial data for 2003; pension assets and liabilities were \$148.6 billion and \$179.2 billion, respectively. The ratio of pension assets-to-liabilities, or *funding ratio*, for all 63 city and county plans was 83% in 2003, down slightly from 84% for the same 63 plans in 2002. The average underfunded plan has a ratio of assets-to-liabilities equal to 79%.
- 99 city and county retirement systems provided actuarial data for 2002; pension assets and liabilities were \$256.3 billion and \$319.2 billion, respectively. The funding ratio for all 99 city and county pension plans was 80% in 2002.
- The fiscal health of retirement plans among cities and counties varies widely. Eight retirement plans which reported actuarial values for 2003, maintain pension plans whose funding ratios fall below 70% with the lowest reporting 43%.
- City and County pension portfolios have a 65% average allocation to equities – including real estate and private equity – and 35% allocation to fixed income. The 65% allocation is slightly higher than the 63% allocation in the prior year.
- Wilshire forecasts a long-term return on city and county pension assets equal to 7.0% per annum, which is 0.9 percentage points below the average actuarial interest rate assumption of 7.9%.
- The complete report is available in the Compass Research Module.

Exhibit 1
City and County Retirement Systems ($billions)

	2001	2002	2003
Total Pension Assets:			
- Market Value	\$291.5	\$256.3	\$148.6
- Actuarial Value	\$305.6	\$302.0	\$158.2
Total Pension Liabilities:	\$307.0	\$319.2	\$179.2
Difference:			
- Market Value	-\$15.5	-\$62.9	-\$30.6
- Actuarial Value	-\$1.4	-\$17.2	-\$21.0
Assets as a % of Liabilities:			
- Market Value	95%	80%	83%
- Actuarial Value	100%	95%	88%
Total No. of Retirement Systems:	104	99	63

Compass 7 Enhancements

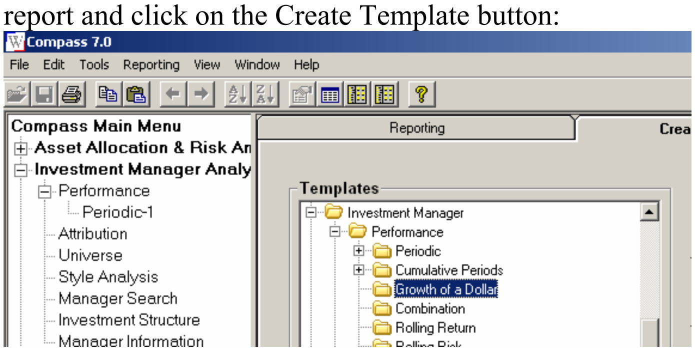
An option to create 'template' Pages and Reports that can be re-used with user selected managers, indexes and universes has been added to the Reporting Module. Users are able to create a report of multiple pages that is copied and renamed; the user is prompted to provide the manager(s), index(es), and universe(s) options. All other options are established beforehand.



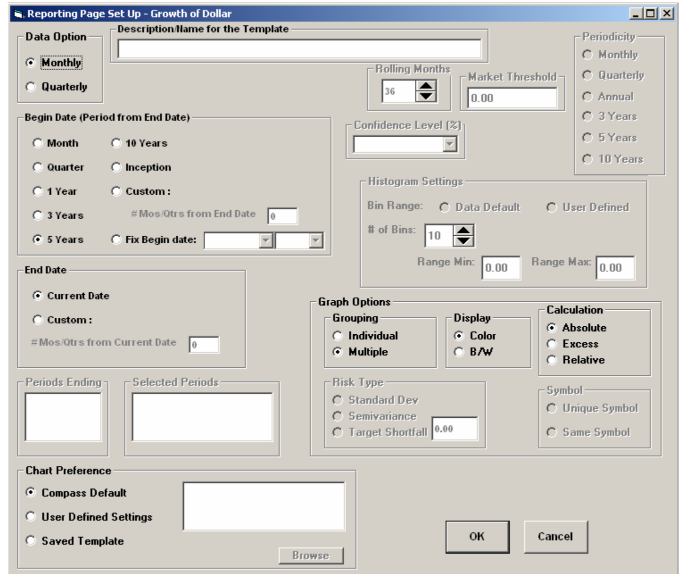
There are now three general sections of the Reporting Module Interface: Reporting, Create Page Template, and Report Templates. The Create Page Template section is used to create the actual content for the repetitive reports, the Report Templates section is used to manage and create the reports, and the Reporting section is used to run and view the reports.

The initial report set-up begins in the Create Page Template Section. Click on the

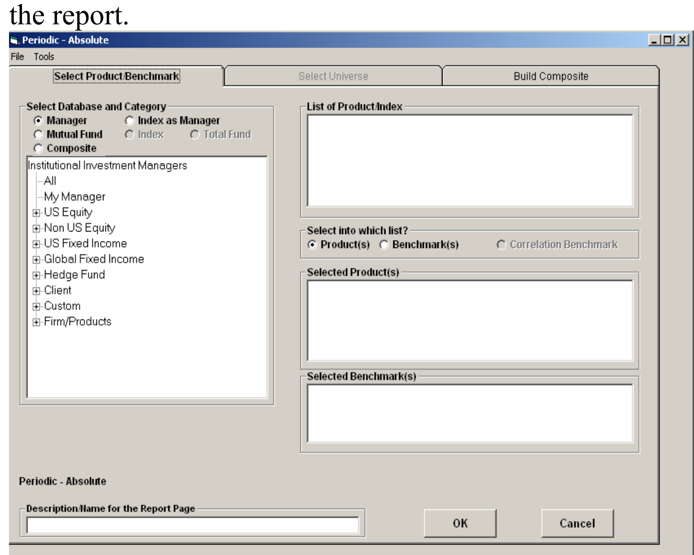
tab at the top of the screen. On this screen, the analytic template or, report options, are defined and saved. Once the analytic template is saved, the page template must be set-up for the initial use. To create the analytic template, click on the folder containing the analytic desired, highlight the report and click on the Create Template button:



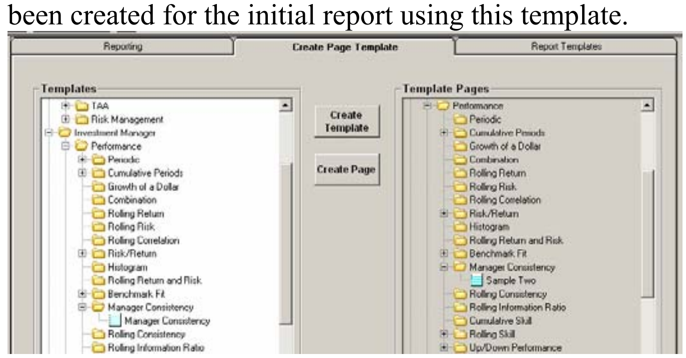
The Reporting Page Set-up is displayed. The set-up or parameters for running this report in the future are entered at this screen and the template is named:



Now, with the newly defined template highlighted, click on the Create Page button and a screen is displayed to select Product/Benchmark and also name this page for the report.



Now, a template exists for future reports and a page has been created for the initial report using this template.



Once all of the pages have been created for the initial report, it is necessary to compile the pages into a report. This is done by clicking on the Reporting tab at the top of the page.

(Continued on Page 3, Column 2)

2005 Investment Technology Seminar

The Wilshire Compass team is pleased to announce that we have finalized arrangements for the 2005 Investment Technology Seminar. The conference will be held **April 26th - 28th** at the Westin Resort in Hilton Head, South Carolina.

Sessions will include broad investment topics and a number of hands-on training sessions. A brochure with the full agenda and other important conference information will be available soon on our web-site www.wilshirecompass.com. The cost for the seminar will be $337 + tax per night for a single occupancy ($475 + tax per night for double occupancy). This rate covers the room cost and all meals (including gratuity) for the duration of the conference.

Should you have any questions, please feel free to contact any of the Compass client service team members. We hope to see you there

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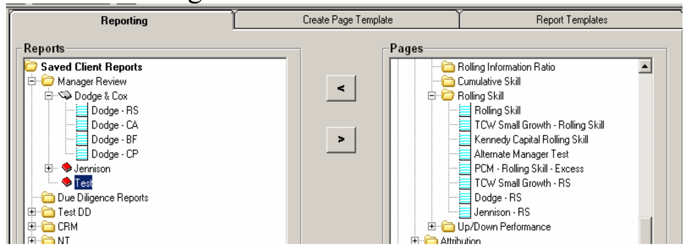
Reports are shown on the left and the available Pages are shown on the right.



New folders can be created under Saved Client Reports and new reports can be created within the folders. In the image illustrated above, a folder called Manager Review has been created. Within this folder, manager reports can be compiled and run on a routine basis. For example, a Dodge & Cox report is illustrated above and it consists of four previously created pages. The first page is a Rolling Skill graph (refer to the pages on the right side) named Dodge – RS. The pages are moved to the report by highlighting the page and clicking on the  button. To run a report, highlight the appropriate report, set the appropriate Monthly or Quarterly Current Date, if desired, and click on the Run Report button. The output will appear under Saved Report Output. Highlight the report under Saved Report Output and click on the View Report Button.