



ADVISOR



TEACHERS, EMPLOYEES, PUBLIC, STATE POLICE AND JUDICIAL

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SERVING OVER 300,000 MEMBERS

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World Class Company

COMING TO MOBILE

International Shipholding Corp., Mobile's newest corporate citizen, will move its corporate headquarters to the port city in about six months. It will be the only company based in Mobile that trades on the New York Stock Exchange. The company owns 15 subsidiaries, operates 40 ships and more than 850 barges around the world.

The corporate headquarters will bring about 150 jobs to Mobile, while leasing two floors in the RSA Battlehouse Tower, a 35-story office building owned by the RSA. The frequency of sailings, about 90 per year, helps the local maritime industry and will bring an extra 20,000 rail cars per year through the port.

Sincere congratulations to the Alabama state docks and the leaders of state, city, and county governments.

INTERNATIONAL SHIPHOLDING CORPORATION



Worldwide attention will come to Alabama and the Robert Trent Jones Golf Trail for three years starting in the fall of 2007. The Ladies Professional Golf Association (LPGA) tour with 140 plus ladies from over 20 different countries will be competing in the Navistar LPGA Classic on the Senator LPGA Classic on the Senator LPGA Course at the Capitol Hill location in Prattville. The purse will exceed \$1.3 million each year and be televised around the globe.

Navistar International Corporation produces commercial trucks, school buses and mid-range engines. Its facility in Huntsville employs approximately 400 people who make engines for Ford trucks. The RSA has invested in Navistar for decades. Now that relationship will grow with joint advertisements of Navistar products and the RTJ Trail in our newspaper (CNHI) and television (Raycom) investments.

NAVISTAR LPGA Classic



Official Event

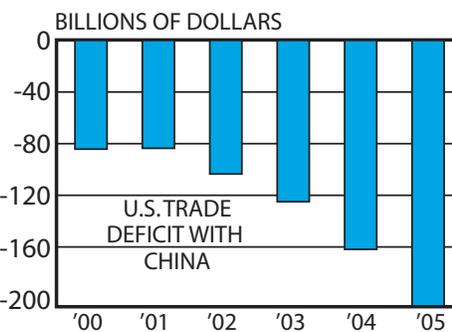
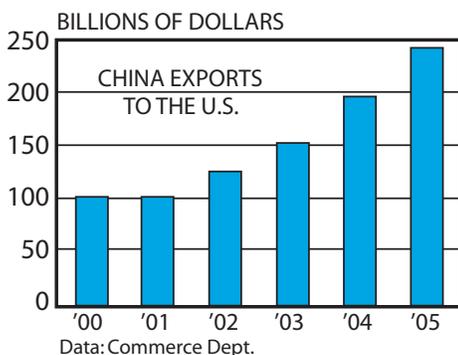
THESE GIRLS ROCK

ROBERT TRENT JONES GOLF TRAIL



CHINA-U.S. TRADE

Since China joined WTO in late 2001, trade with the U.S. has surged. So has the U.S. trade deficit.



There Must Be A Better Method

Primary spending

Amount of reported pre-primary expenditures by Alabama Supreme Court candidates since 2000

YEAR	AMOUNT SPENT	NUMBER CANDIDATES	AVERAGE SPENT
2006	\$4.6 million	11	\$413,000
2004	\$3.0 million	8	\$374,000
2002	\$275,000	2	\$139,000
2000	\$1.5 million	4	\$366,000

Source: State campaign finance disclosure forms

A BIRMINGHAM NEWSCHART

First Anniversary

Editorial – *Florence Times Daily*

It has been controversial and it has faced some delays, but by all accounts, the opening of the Marriott Shoals Hotel, Spa and Conference Center, along with the Robert Trent Jones Golf Trail courses, is an unqualified success.

Together, the hotel complex in Florence and the golf courses in Colbert County are bringing people to the Shoals who would never have given this area a second thought as a traveling destination.

The hotel and golf courses are part of an economic development project that partners the Retirement Systems of Alabama with governments in Colbert and Lauderdale counties. RSA invested \$40 million and local governments invested \$17 million through bonds that will be repaid with a 2-cents-per-gallon fuel tax.

After a year of operation, the Marriott has hosted more than 60,000 guests—many of them attending conferences—and ranks No. 1 in overall guest satisfaction among more than 340 properties in the Marriott chain. That's an auspicious beginning.

At the golf courses—the first 18-hole course opened in August 2004 and the second in July 2005—about 50 percent of play has been by golfers outside a two-hour radius of the Shoals. Officials expect 50,000 rounds to be played this year. Already, golfers from all 50 states, Canada, Europe, South America, Asia and Australia have played the courses. There's another auspicious beginning.

All of this is good for the economy and is good for business. It's also become the single largest marketing tool for the Shoals, thanks to the financial clout of RSA and Marriott.

When RSA Chief Executive Officer David Bronner proposed the venture four years ago, another good thing happened: elected officials in the two counties began working together as they had never done. Because the project straddled the Tennessee River, which has been a barrier in more ways than one, elected officials began thinking more often about the area as a whole and not just their political boundaries.

The project has created more than 300 service sector jobs. While those are not the kinds of jobs most people associate with traditional economic development, they provide work for people with limited skills. There's nothing wrong with that.

The next step is to capitalize on this project and recruit better-paying jobs, such as those that will be offered by North American Lighting, a Japanese-owned auto parts company that will employ several hundred people. Bronner worked with state, federal and local officials to bring the company to Muscle Shoals. Bronner will be a valuable community partner.

China

Source: 13D Research

Lester Brown, president of the Earth Policy Institute, weighs in with some fascinating China consumption statistics.

- In 2005, China consumed 380 million tons of grain versus 260 million tons in the U.S. China leads the U.S. in consumption of both wheat and rice, trailing the U.S. only in corn.
- In 2005, China consumed 67 million tons of meat versus 38 million tons in the U.S. Our meat consumption is fairly evenly distributed between beef, pork and poultry—but in China pork dominates, with half the world's pigs located there.
- China's consumption of steel is more than twice that of the U.S. For example, in 2004, China consumed 250 million metric tons of steel versus 119 million metric tons in the U.S. according to the Mittal Steel Fact Book...
- In terms of coal, China uses 800 million metric tons of oil equivalents a year versus 574 million in the U.S. Soon, according to Brown, China's carbon emissions will equal those of the U.S.—and then the two countries will essentially be driving climate change.
- The story is the same for consumer goods. China leads in the number of cell phones, television sets and refrigerators. The U.S. leads in the number of personal computers—but not for much

longer—and in automobiles.

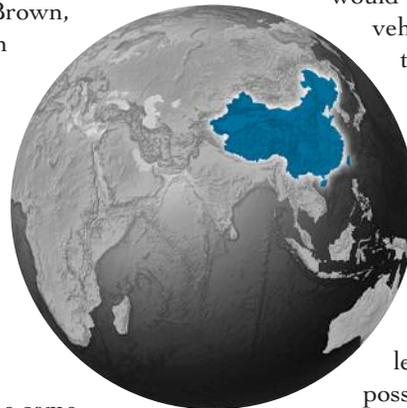
- Brown calculates that if the Chinese economy grows at 8% a year, by 2031, income per person will be equal to that of the U.S. in 2004.

The one laggard area is oil consumption—but not for long in Brown's opinion.

- According to recent projections, China could have roughly 130 million vehicles on its roads by 2020 (it currently has about 33 million cars).
- Between 1994 and 2004, oil consumption in the U.S. grew by 16%, but doubled in China. The U.S. currently consumes over 20 million barrels per day of oil, and China, about 7 million barrels. If oil consumption per person reaches the U.S. levels of 2031, China will consume 99 million barrels a day of oil.
- The U.S. currently has three cars for every four people. If China were to have the same ratio in 2031, its auto fleet would total 1.1 billion vehicles, well above the global fleet of 800 million.

Brown concludes that there simply are not enough resources in the world for China to reach U.S. consumption levels. And, if it isn't possible for China, it certainly will not be for India, or the other 3 billion people in developing countries who hope for a Western standard of living.

Something will have to give!



Health-Care Costs To Hit Workers, Retirees Harder

By Jilian Mincer, *Wall Street Journal*

Americans should expect to pay more for medical costs whether they are employed or retired, according to two new studies. The reports, by Milliman Inc. and Watson Wyatt Worldwide, show that health-care costs are still rising at a fast pace—despite slowing from double-digit rates in recent years—and that businesses expect to curtail or limit retiree medical benefits....

The average annual medical cost for a family of four participating in a preferred provider organization, or PPO, program is up 9.6% from 2005 to \$13,382 in 2006, according to Milliman, a consulting and actuarial firm that released its second annual study. Unlike other major health-care cost studies, which look at costs in terms of annual premiums or just the employer's share, the Milliman study also factors in employees' costs, including out-of-pocket expenses.

A separate study by Watson Wyatt, a global management-consulting firm, found that businesses expect to further restrict or eliminate retiree medical plans.

The Milliman study says that employers are projected to pay about \$8,362, or 62%, of the total medical cost for a family of four. The total is \$13,382.

The employee pays about \$5,020, \$2,810 in payroll deductions and \$2,210 in cost sharing....

The vast majority of businesses are planning to curtail medical plans for current and future retirees, according to the Watson Wyatt study. The survey of 164 companies found that 14% plan to eliminate the benefit for future retirees over age 65, and 6% plan to eliminate it for their current retirees over age 65.

While most employers who still provide the coverage plan to continue it, retirees should expect to pay more for their coverage. "The good news is that they're all not jumping out. The majority are still going to provide it," says Cara Jareb, director of retiree medical consulting at Watson Wyatt. "The bad news is they will be paying more for this coverage."

Nearly two-thirds of employers expect to increase the financial contribution for future retirees, and half expect to change the design of their plans. Twenty-four percent plan to tighten eligibility for future retirees.

Fidelity Investments has estimated that a 65-year-old couple retiring without employer-provided health benefits will need \$200,000 for out-of-pocket health-care expenses during retirement.

Politicians & Pensions

By Barry Massey, *The Associated Press*

SANTA FE, N.M.—A former New Mexico state treasurer was indicted for a second time—this time on state charges—in what prosecutors say was a scheme to steer millions of public dollars to investment advisers in exchange for kickbacks.

Michael Montoya, who served as treasurer from 1995 through 2002, was indicted Thursday by a Santa Fe County grand jury on 16 counts that include bribery, racketeering and receiving an illegal kickback.

If convicted of all counts, he could face 42 years in prison.

Last year, Montoya pleaded guilty to one federal count of extortion over the same allegations and agreed to testify at the corruption trial of Robert Vigil, Montoya's successor as treasurer.

At Vigil's trial, Montoya testified that he demanded kickbacks from investment advisers and securities brokers in exchange for steering business to them. Vigil's trial ended last month with the jury deadlocked; a retrial is planned.

Also indicted Thursday were a California investment adviser accused of paying kickbacks and two alleged middlemen: an Albuquerque businessman and a former treasurer's office employee. They also testified against Vigil.

None of the men's agreements with federal prosecutors included immunity from state charges, Attorney General Patricia Madrid said Friday in announcing the indictments. Vigil was not charged because his federal case is continuing, a spokeswoman said.

Marines Aid Troopers

By Phillip Rawls, *The Associated Press*

Montgomery—A charity started by five Marines is expanding to Alabama to provide college scholarships to the children of state troopers killed in the line of duty....

Richard Torkyian, director of the investment banking firm Lazard Freres & Co. in New York, was one of five Marines who started the educational charity in 1995. Since then, it has provided \$23 million in scholarship aid to the children of Marines and federal law enforcement officers killed in the line of duty.

"We realized there were a lot of kids out there who needed college educa-

tions," he said in a phone interview.

Torkyian said the officers of the charity cover the overhead, and the donated money goes for scholarships, which has earned the charity a four-star rating from Charity Navigator.

When an officer in one of the covered programs is killed in the line of duty, the foundation buys zero-coupon bonds that will be worth \$20,000 to \$40,000 when each of the officer's children reaches 18. The organization even covers pregnancies, he said.

It also doesn't place any grade requirements on the aid. "The world is

run by 'C' students," Torkyian said.

Alabama is the fourth state where the charity has decided to cover state troopers or highway patrol officers.

Neil Tew, president of the Alabama State Troopers Association, said the new benefit erases one of the financial concerns faced by the families of troopers killed in the line of duty.

Torkyian, who served in the Marines from 1963 to 1967, said the decision to cover Alabama state troopers resulted from his 30-year friendship with David Bronner, chief executive of the Retirement Systems of Alabama....

SAD

By Paul R. Hubbert, AEA

A recent report by the Southern Regional Education Board (SREB) shows that Alabama schools still lag the Southeastern Region in the number of high school graduates taking and passing advance placement courses. These academically advanced programs give high school students who have the ability and work ethic an opportunity to earn college level credit and, therefore, with a high enough score be exempted from taking some freshman courses in college.

In Alabama, only ten percent of graduating high school seniors in 2005 took advanced placement (AP) courses. Of that number, only one-half (five percent) scored three or higher on at least one AP exam. Only Louisiana at five percent and Mississippi at nine percent had fewer graduating seniors who had taken AP courses and exams.

Arkansas had 24 percent, Florida had 33 percent, Georgia had 24 percent, Kentucky had 17 percent, North Carolina had 30 percent, South Carolina had 22 percent and Tennessee had 15 percent compared to our state's ten percent.

Alabama has had no real concerted effort to put more advance placement opportunities in our high school curricu-

lum. Most of the current programs have been the result of local school district initiatives and most AP programs tend to be available in the more urban high school settings.

The small size of schools or school districts do not seem to have been a deterrent, however, to states such as Arkansas or South Carolina, both of which have more than twice as many of their graduates taking AP courses compared to Alabama.

Although our total number is only ten percent of the total 2005 graduates, only 15 percent of the ten percent number were black while 85 percent were white, Asian or Hispanic. Since blacks account for 32 percent of the overall student population, the small numbers taking AP courses are disproportionately low....

Many more Alabama students should have the opportunity to face a more challenging program of study which Advance Placement Courses and the testing accompanying program require. As our state becomes better able to fund its schools, Advance Placement is one area which should be given attention by those responsible for setting educational policy.



The ADVISOR

CEO

David G. Bronner

Deputy

Marc Reynolds

Executives

Communications

Michael E. Pegus

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Norman D. Turnipseed

Employees' and Judicial Retirement

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Field Services

Judy P. Guy

Information Technology Services

Peggi Douglass

Investments

Marc Green

Legal

William T. Stephens

William F. Kelley, Jr.

Legislative Counsel

Lindy J. Beale

RSA-1

Teresa Pettus

Teachers' Health Insurance

Lee Hayes

Teachers' Retirement

Donald L. Yancey

The Retirement Systems of Alabama

135 South Union Street

P.O. Box 302150

Montgomery, Alabama 36130-2150

Phone: 334/832-4140

1-800-214-2158

RSA Web site:

<http://www.rsa.state.al.us>

RETIREMENT SYSTEMS OF ALABAMA
135 SOUTH UNION
P.O. BOX 302150
MONTGOMERY, ALABAMA 36130-2150

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