ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION



Mission Statement

The Mission of St. Paul Teachers' Retirement Fund Association is to:

- Provide our members and their beneficiaries with retirement, survivor and disability benefits as specified in law and the Association Articles and Bylaws.
- Assist our members in planning a secure retirement by providing friendly, high quality, consumer oriented service, pre-retirement education and information in a professional and cost effective manner.
- Prudently invest the assets of the fund to provide the optimum return while preserving principal by controlling the portfolio risk.

Table of Contents

JAN 27 1998

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Introductory Section

Executive and Professional Listing	6
Board of Trustees	7
Letter of Transmittal	8

Financial Section

Report of Independent Accountants	12
Statement of Net Plan Assets	13
Statement of Changes in Net Plan Assets	14
Notes to Financial Statements	16
Schedules to Financial Statements	25

Actuarial Section

Actuarial Certification Letter	28
Report Highlights	29
Accounting Balance Sheet	30
Change in Assets Available for Benefits	31
Reconciliation of Members	32
Actuarial Balance Sheet	33
Supplemental Contribution Rate	34
Changes in Unfunded Actuarial Accrued Liability (UAAL)	35
Determination of Contribution Sufficiency	36

Investment Section

Investment Manager Returns	38
Listing of Holdings	39

Historical Section

Basic Plan Summary	45
Coordinated Plan Summary	46
Calculation of Administrative Service Charge	47
Retirement Record	48

1996-97 Revenue by Source



Member Contributions 13.24%

Employer Contributions 20.96%

Realized Investment Income 65.80%



St. Paul Teachers' Retirement Fund Association

Executive and Professional Listing

Actuaries Milliman & Robertson, Inc. Gabriel, Roeder, Smith & Company

Auditor Office of the State Auditor

Investment Counsel

BZW Barclays Capital Guardian Investment Advisors, Inc. Morgan Stanley Asset Management Oppenheimer Capital Management State Street Research Voyageur Asset Management

> Legal Counsel Doherty, Rumble and Butler

St. Paul Teachers' Retirement Fund Association

Board of Trustees



James P. Gillach President Richard J. Cherveny Trustee



Carol J. Adams Vice President Franklin D. Jondal Trustee



John R. Kunz Trustee





Becky Montgomery Ex-Officio Trustee

Eugene R. Waschbusch

Secretary-Treasurer

Erma E. McGuire, Ed.D. Trustee





Feryle W. Borgeson Trustee Richard K. Wagenknecht Trustee



INTRODUCTORY SECTION

7

St. Paul Teachers' Retirement Fund Association

BOARD OF TRUSTEES

MEMBERS

Feryle W. Borgeson Richard J. Cherveny Franklin D. Jondal Becky Montgomery, Ex-Officio John R. Kunz Erma E. McGuire Richard K. Wagenknecht James P. Gillach Carol J. Adams Eugene R. Waschbusch

OFFICERS

President Vice President Secretary-Treasurer 1619 Dayton Avenue, Room 309 Saint Paul, MN 55104-6206 Phone (612) 642-2550 Fax (612) 642-2553

The Board of Trustees of St. Paul Teachers' Retirement Fund Association (SPTRFA) submits herewith the Financial Report for the fiscal year July 1, 1996 to June 30, 1997 in accordance with the provisions of Minnesota Statutes 356.20.

The financial statements of the Association were audited by the Office of the State Auditor. A copy of the report is included in this document.

Portions of the Actuarial Valuation from the actuary retained by the Legislative Commission on Pensions and Retirement, Milliman and Robertson, Inc., are included in this report. The complete report is on file in our office.

Legal services were performed by the firm of Doherty, Rumble & Butler, our legal counsel.

REVENUES

The reserves required to finance benefits come from employee and employer contributions and through investment gains. During fiscal year 1996-97, total contributions amounted to \$25,527,470. Realized investment income, that is dividends, interest and gains on sales, for the same period was \$47,138,951.

EXPENSES

Benefits to annuitants, disabilitants, survivors and dependent children paid in this fiscal year totaled \$32,056,518. Refunds to members who left the Association totaled \$246,105. Administrative expenses amounted to \$407,004. Revenues in excess of benefit payments and expenses amounted to \$39,956,798 during fiscal year 1996-97. This year benefits and refunds accounted for 99% of all expenses.

INVESTMENTS

The investments of SPTRFA had a rate of return of 18.90% for the fiscal year ending June 30, 1997. This return is well over the 8.5% rate the actuaries assume when determining our funding status. Our 18.90% return placed us at the median of comparable pension funds in the country.

MEMBER SERVICES

Member service continues to be an important reason for our independent existence. Again this year, through school visitations, each member was able to obtain pertinent information about his/her pension benefits. Over 700 active members met with a retirement counselor for an individual consultation.

SPTRFA made format changes to our estimate that we send to each member over age 45. The new format enables us to project benefit amounts for each year between the ages of 55 and 68--a change from the old estimate which projected benefits for ages 55, 60, 62 and 65. All members under age 45 receive a statement of account. We also conducted our second annual Coordinated Retirement Planning Seminar, which focuses on long term retirement planning.

The document you are reading is the complete Annual Report of the Board of Trustees. A copy of this report will be mailed to each school building and location where members work. To save printing costs each member has been sent a summary version of this report which contains all of the relevant information but less detail. A complete Annual Report will be sent to any member on request.

FUNDING

The Actuary for the State of Minnesota, Milliman & Robertson, Inc. determines the funding status of our Association. This year, the funding ratio is 73.44% and the contributions are sufficient to achieve full funding by our target date, 2020.

LEGISLATION

The 1997 legislative session was positive for SPTRFA. The uniformity bill enacted by the legislature provided additional state contributions and served as a major step toward the full funding of SPTRFA. This additional aid along with continuing excellent investment returns has eliminated our contribution deficiency. Just five years ago in 1992 our contribution deficiency was 4.65% of payroll or over \$5,000,000 per year.

In addition, retirees will now be guaranteed an annual post-retirement increase of 2% plus an additional increase based on the excess investment earnings. Together these increases are three times that of the Consumer Price Index (CPI) for the 1996-97 fiscal year.

Finally, the formula accrual rates for our coordinated members were increased from 1.0% to 1.2% and from 1.5% to 1.7%.

This report contains a summary of the calculation of the member service charge. The service charge this year is .05% (.0005) of payroll for active members and the same .05% (.0005) of benefits received for retirees. This is a .01% decrease from last year.

On behalf of the members of the Board of Trustees we wish to express our gratitude to the Association staff, ISD #625, and to others who have helped assure our successful operation. We pledge to continue to administer the affairs of the Association in the most competent and efficient manner possible.

Respectfully submitted,

ames P. Sillach

James P. Gillach President

Éugene R. Waschbusch Secretary-Treasurer

1996-97 Expenses by Type



Benefits 97.63%

Refunds of Dues 0.89%

□ Administrative Expenses 1.48%





STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 400 525 PARK STREET SAINT PAUL, MN 55103-2139

(612) 296-2551 (Voice) (612) 296-4755 (Fax) stateauditor@osa.state.mn.us (E-Mail) 1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Board of Trustees St. Paul Teachers' Retirement Fund Association

We have audited the basic financial statements of the St. Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 1997, as listed in the table of contents. These basic financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the plan net assets of the Association as of June 30, 1997, and the changes in plan net assets for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the St. Paul Teachers' Retirement Fund Association implemented Governmental Accounting Standards Board Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules referred to in the table of contents are not a required part of the basic financial statements but are required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the information in the schedules, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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JUDITH H. DUTCHER STATE AUDITOR

GREG HIERLINGER, CPA DEPUTY STATE AUDITOR

October 8, 1997

EXHIBIT 1

STATEMENT OF PLAN NET ASSETS JUNE 30, 1997

A	22	0	12

Cash	\$	891,506
Receivables		
Employer and employee contributions	\$	1,068,356
Interest		1,958,946
Dividends		375,098
Sales of securities		1,442,244
Other		18,030
Total receivables	\$	4,862,674
Investments, at fair value		
Commercial paper	\$	19,235,358
U.S. government securities	Ŧ	98,575,748
Corporate bonds		47,550,189
Common stocks		252,392,664
Commingled investment funds		,,,
Morgan Stanley Pooled International Equity Trust		62,804,217
Barclays Global Investors Bond Index Fund		64,090,469
Barclays Global Investors Equity Index Fund		78,900,764
Barclays Global Investors Small Capital Index Fund		604,931
Emerging Markets Growth Fund		11,994,221
First American Institutional Money Fund		11,567,118
Total investments, at fair value	\$	647,715,679
Invested securities lending collateral	\$	187,467,033
Furniture and fixtures (at cost, less accumulated depreciation		
of \$48,205)	\$	15,383
Total Assets	\$	840,952,275
Liabilities		
Accounts payable	\$	532,845
Security purchases payable Securities lending collateral		5,702,763
Securius lenuing collateral		187,467,033
Total Liabilities	\$	193,702,641
Net Assets Held in Trust for Pension Benefits (A Schedule		
of Funding Progress is Presented on Page 16)	\$	647,249,634

The notes to the financial statements are an integral part of this statement.

EXHIBIT 2

STATEMENT OF CHANGES IN PLAN NET ASSETS FOR THE YEAR ENDED JUNE 30, 1997

Additions Contributions		
Employer	\$ 15,019,9	080
Members	9,484,1	
Other sources	3,404,1	104
State of Minnesota	1,023,3	127
Total contributions	\$ 25,527,4	70
Investment income		
From investing activity		
Net appreciation (depreciation) in fair value of investments	\$ 79,913,8	390
Interest	16,271,0)59
Dividends	6,750,2	
Other	69,3	321
	\$ 103,004,5	:20
Total investing activity income	\$ 103,004,5	30
Less: investing activity expense	(2,046,3	392)
Net income from investing activity	\$ 100,958,1	46
From securities lending activity		
Securities lending income	\$ 8,303,6	06
Less: securities lending expense		
Borrower rebates	\$ (8,033,3	396)
Management fees	(97,7	
Total securities lending expense	\$ (8,131,1	66)
Net income from securities lending activity	\$ 172,4	40
Total net investment income	\$ 101,130,5	586
	A 100 050 0	150
Total Additions	\$ 126,658,0	150
Deductions		
Benefits to participants		
Retirement	\$ 24,578,7	739
Disability	452,5	
Survivor	1,838,0	
Dependent children	28,1	
Withdrawals and refunds	246,1	
Total benefits, withdrawals, and refunds	\$ 27,143,6	313
Administrative expenses	407,0	004
Total Deductions	\$ 27,550,6	817
Iorai nagacanis	<u>♥ 27,330,0</u>	

The notes to the financial statements are an integral part of this statement.

14

FINANCIAL SECTION

EXHIBIT 2 (Continued)

STATEMENT OF CHANGES IN PLAN NET ASSETS FOR THE YEAR ENDED JUNE 30, 1997

Net increase (decrease)	\$	99,107,439
Net Assets Held in Trust for Pension Benefits Beginning of Year (Note 1)		548,142,195
End of Year	<u>\$</u>	647,249,634

The notes to the financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 1997

1. Summary of Significant Accounting Policies

Reporting Entity

The St. Paul Teachers' Retirement Fund (Fund) is a single-employer defined benefit pension fund administered by the St. Paul Teachers' Retirement Fund Association (the Association), pursuant to the Association's bylaws and Minn. Stat. chs. 354A and 356. The Fund's membership consists of eligible employees of Independent School District 625, St. Paul, employees formerly employed by Independent School District 625, charter schools, and the employees of the Association. The Association is governed by a ten-member Board of Trustees.

Basis of Presentation

The accompanying financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Basis of Accounting

The basis of accounting is the method by which revenues and expenses are recognized in the accounts and reported in the financial statements. The Association uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred.

Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on an exchange are valued at the last reported sales price at current exchange rates.

Net appreciation (depreciation) in fair value of investments includes net unrealized and realized gains and losses. Purchases and sales of securities are recorded on the trade date.

1. Summary of Significant Accounting Policies

Investments (Continued)

The Association participates in a securities lending program. In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, investments lent under the program are reported as assets on the balance sheet and collateral received on those investments is reported as an asset and a liability.

Investment Income

Interest income is recognized when earned on an accrual basis. Dividend income is recorded on the ex-dividend date.

Contributions

Member employee contributions are recognized when withheld or when paid directly by the member employee. Employer contributions are recognized as a percentage of covered payroll as earned. Direct state aid and state amortization aid are recognized pursuant to state statute.

Benefits and Refunds

Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Furniture and Fixtures

Furniture and fixtures are carried at cost less accumulated depreciation. Depreciation has been provided using the straight-line method over estimated useful lives ranging from five to ten years.

Change in Accounting Principle

The Association implemented GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. The statement was effective for periods beginning after June 15, 1996. Implementation resulted in an increase in investments to reflect the change in valuation from cost to fair value.

1. <u>Summary of Significant Accounting Policies</u>

Change in Accounting Principle (Continued)

Fund balance - June 30, 1996, as previously reported Change from cost to fair value

\$468,133,235 80,008,960

Net Assets Held in Trust for Pension Benefits -June 30, 1996, as Restated

<u>\$548,142,195</u>

2. Description of Plans

The following brief description of the plans is provided for general information purposes only. Participants should refer to the plan agreements for more complete information.

The plans are not subject to the provisions of the Employee Retirement Income Security Act of 1974.

General

The Association was created to provide retirement and other specified benefits for its members. The Association maintains two defined benefit pension plans covering all teachers in the St. Paul Public School System.

Effective July 1, 1978, the Association established a plan, coordinated with Social Security, in accordance with Minnesota statutes (the Coordinated Plan). Teachers who become members of the Association subsequent to June 30, 1978, automatically become members of the Coordinated Plan. Members' contributions and benefits under the Coordinated Plan have been adjusted to reflect contributions to and benefits from Social Security. Teachers who were members of the Association prior to July 1, 1978, are generally covered under the Basic Plan, which provides all retirement benefits for its members.

2. Description of Plans (Continued)

Membership

At June 30, 1997, the Association's membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,720
Terminated employees entitled to but not yet	
receiving benefits	148
Terminated, non-vested	783
Current active plan members (including members	
on leave)	4,021
Total Membership	6,672

Total Membership

Pension Benefits

Members who satisfy required length-of-service and minimum age requirements are entitled to annual pension benefits equal to a certain percentage of final average salary (as defined in each plan) multiplied by the number of years of accredited service.

Disability Benefits

Active members who become totally and permanently disabled and satisfy required length-of-service requirements are entitled to receive annual disability benefits as calculated under each plan.

Other Benefits

Limited service pensions, deferred pensions, survivor benefits, and family benefits are available to qualifying members and their survivors.

3. Deposits and Investments

Deposits

Minn. Stat. § 356A.06 authorizes the Association to deposit its cash in financial institutions designated by the Board of Trustees. All cash deposits are required to be insured or collateralized.

At June 30, 1997, the carrying amount of the Association's deposits was \$891,306 and the bank balance was \$426,538.

	Bank Balance
Insured Uncollateralized	\$ 158,406
Total	<u>\$ 426,538</u>

Investments

The Association's investments are categorized to give an indication of the level of custodial credit risk assumed by the Association at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Association or its agent in the Association's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Association's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Association's name.

Minn. Stat. § 356A.06 authorizes the types of securities available to the Association for investment. Following are the Association's investments at June 30, 1997, and the level of custodial credit risk for these investments.

3. Deposits and Investments

Investments (Continued)

	Risk Category	Carrying and Market Value
Commercial paper	1	\$ 11,864,676
Commercial paper	3	7,370,682
U.S. government securities	1	48,328,865
Corporate bonds	1	47,550,189
Common stocks	1	120,108,584
Repurchase agreements - invested		
securities lending collateral	3	165,812,706
Total		\$401,035,702
Add		
Investments held by broker-dealers under securities loans		
U.S. government securities		50,246,883
Common stocks		132,284,080
Commingled investment funds		229,961,720
Invested securities lending collateral		21,654,327
Total Investments		<u>\$835,182,712</u>

The Association has no concentration of five percent or more of the plan's net investments in securities of a single organization (other than the U.S. government).

The investments of the Association are governed primarily by an investment authority known as the "prudent person rule." The prudent person rule, as set forth in Minn. Stat. § 356A.O4, subd. 2, establishes a standard for all fiduciaries, which includes any party that has authority with respect to the system.

4. Securities Lending Program

The Association participates in a securities lending program. On June 30, 1997, 52 percent of its U.S. government securities and common stocks were loaned out.

4. <u>Securities Lending Program</u> (Continued)

Minn. Stat. § 356A.06, subd. 7, permits the Association to enter into securities lending transactions. These are loans of securities to broker dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Loans may be made only to preapproved borrowers. The Association's securities custodian is the agent in lending the Association's securities for collateral of 102 percent of the market value of loaned securities. Loaned investments are marked to market daily. If the collateral provided by the borrower falls below 100 percent of the market value of the loaned investment, the borrower is required to provide additional collateral to bring the collateral to 102 percent of the current market value. Collateral may be provided in securities or cash. All of the collateral at June 30, 1997, was provided in cash. The Association has no credit risk exposure to borrowers because the amounts the Association owes borrowers exceed amounts borrowers owe the Association. The contract with the trust company does not require the trust company to indemnify the Association if borrowers fail to return the securities but does provide for the trust company to deliver collateral up to the market value of the loaned securities to the Association.

All securities loans may be terminated on demand by either the Association or the borrower. The term to maturity of the securities loans is matched with the term of maturity of the investment of the cash collateral by investing in overnight repurchase agreements and short-term investment pools.

5. Contributions

Funding

Benefit and contribution provisions are established by state law and may be amended only by the State of Minnesota Legislature.

Minn. Stat. § 354A.12 sets the rate for employee and employer contributions that, expressed as a percentage of annual covered payroll, are sufficient to fully fund the pension plan by the year 2020. The requirement to reach full funding by the year 2020 is set in Minn. Stat. § 356.215, subd. 4g. As part of the annual actuarial valuation, the actuary determines the sufficiency or deficiency of the statutory contribution rates toward meeting the required full funding deadline. The

5. Contributions

<u>Funding</u> (Continued)

actuary compares the actual contribution rate to a "required" contribution rate. The required contribution rate consists of: (a) normal costs based on entry age normal cost methods, (b) a supplemental contribution for amortizing any unfunded actuarial accrued liability by the required date for full funding, and (c) an allowance for administrative expenses.

Required Contributions

For the fiscal year ended June 30, 1997, the contribution rates required by statute are as follows:

		Percentage of				
	Members	' Salaries				
	Basic	Coordinated				
	Plan	Plan				
Employee contribution	8.00%	4.50%				
Employer contribution	11.64%	8.14%				

Other Contributions

Minn. Stat. § 354A.12, subd. 3a, requires the state to annually provide the Association with direct aid until it reaches the same funded status as the Minnesota Teachers' Retirement Association (TRA). Direct state aid contribution was \$556,000 for fiscal year 1997.

Minn. Stat. § 423A.02, subd. 3, requires the state to annually provide certain aid to the Association until it is fully funded. The state amortization aid contribution was \$467,327 for fiscal year 1997. Beginning in fiscal year 1998, the school district must make an additional annual contribution to the Association in order for the Association to continue receiving state amortization aid.

Statutes also require active and retired members of the Association to provide contributions for the relative difference (per member) between the administrative expenses incurred by the Association and the TRA.

23

5. <u>Contributions</u> (Continued)

<u>Reserve</u>

At June 30, 1997, \$1,072,257 of the net assets is considered reserved as it represents the amount of state amortization aid which, pursuant to legislation, must be separately accounted for and may not be used in determining benefit increases. This is considered to be fully funded.

6. Risk Management

The Association is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. To cover its liabilities, the Association purchases commercial insurance. There were no significant reductions in insurance coverage from coverage in the prior year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

FINANCIAL SECTION

REQUIRED SUPPLEMENTAL INFORMATION

Schedule 1

Actuarial Valuation Date	Actuarial Value of Ian Assets (a)	Ac Liabili	tuarial ccrued ity (AAL) — try Age (b)	 Unfun ded AAL (UAAL) (b-a)	Fun ded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1992	\$ 355,998	\$	533,865	\$ 177,867	66.68%	\$ 115,274	154.30%
1993	393,168		571,059	177,891	68.85%	122,930	144.71%
1994	407,275		596,441	189,166	68.28%	129,308	146.29%
1995	445,733		633,070	187,337	70.41%	139,175	134.61%
1996	494,931		664,072	169,141	74.53%	145,677	116.11%
1997	556,406		757,589	201,183	73.44%	151,363	132.91%

SCHEDULE OF FUNDING PROGRESS (IN THOUSANDS OF DOLLARS)

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION ST. PAUL, MINNESOTA

Schedule 2

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES (IN THOUSANDS OF DOLLARS)

Fiscal Year	R	Annual lequired ntributions	Employer Percentage Contributed	State Contributions	State Percentage Contributed
1992	\$	13,931	75.29%	\$ -	_
1993		16,064	67.47%	-	-
1994		15,055	74.63%	500	3.32%
1995		17,140	73.42%	500	2.92%
1996		17,071	82.75%	974	5.71%
1997		16,202	92.70%	1,023	6.31%

Note:

The annual required contributions are actuarially determined. The employer and state are required by statute to make contributions, all of which have been made.



1996-97 Summary of Net Assets and Required Reserves





Internationally WOODROW MILLIMAN

Suite 1850, 8500 Normandale Lake Boulevard, Minneapolis, Minnesota 55437-3830 Telephone: 612/897-5300 Fax: 612/897-5301

November 21, 1997

Legislative Commission on Pensions and Retirement 55 State Office Building St. Paul, Minnesota 55155

Re: St. Paul Teachers' Retirement Fund

Commission Members:

Pursuant the terms of our actuarial services contract, we have performed an actuarial valuation of the St. Paul Teachers' Retirement Fund as of July 1, 1997.

The results of our calculations are set forth in the following report, as are the actuarial assumptions upon which our calculations have been made. We have relied on the basic employee data and asset figures as submitted by the St. Paul Teachers' Retirement Fund.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with the requirements of Section 356.215, Minnesota Statutes, and the requirements of the Standards of Actuarial Work, adopted by the Commission.

Respectfully submitted,

for x Cuis

Thomas K. Custis, F.S.A., M.A.A.A. Consulting Actuary

Enclosure

Fance M. Dumo

Lance M. Burma, F.S.A., M.A.A.A. Consulting Actuary

St. Paul Teachers' Retirement Fund Report Highlights

(dollars in thousands)

		y 1, 1996 aluation	y 1, 1997 aluation
A. CONTRIBUTIONS % OF PAYROLL (Table 11)			
1. Statutory Contributions - Chapter 354A		15.91%	19.24%
2. Required Contributions - Chapter 356		16.97%	18.45%
3. Sufficiency / (Deficiency)	,	(1.06%)	0.79%
B. FUNDING RATIOS			
1. Accrued Benefit Funding Ratio			
a. Current Assets (Table 1)	\$	494,931	\$ 556,406
b. Current Benefit Obligations (Table 8)		631,393	 708,052
c. Funding Ratio		78.39%	78.58%
2. Accrued Liability Funding Ratio			
a. Current Assets (Table 1)	\$	494,931	\$ 556,406
b. Actuarial Accrued Liability (Table 9)		664,072	757,589
c. Funding Ratio		74.53%	73.44%
3. Projected Benefit Funding Ratio (Table 8)			
a. Current and Expected Future Assets	\$	773,005	\$ 877,947
b. Current and Expected Future Benefit Obligations		801,818	 892,866
c. Funding Ratio		96.41%	98.33%
C. PLAN PARTICIPANTS			
1. Active Members			
a. Number (Table 3)		3,805	3,842
b. Projected Annual Earnings	\$	155,146	\$ 160,200
c. Average Annual Earnings (Actual dollars)	\$	40,774	\$ 41,697
d. Average Age		43.8	43.4
e. Average Service		11.2	11.7
f. Additional Members on Leave of Absence *		129	179
2. Others			
a. Service Retirements (Table 4)		1,395	1,518
b. Disability Retirements (Table 5)		22	22
c. Survivors (Table 6)		178	180
d. Deferred Retirements (Table 7)		136	148
e. Terminated Other Non-Vested (Table 7)		1,011	783
f. Total		2,742	2,651

* Valued as deferred retirements, liability included with actives.

St. Paul Teachers' Retirement Fund Accounting Balance Sheet

(dollars in thousands)

July 1, 1997

	Market Value		Cost Value
A. ASSETS			
 Cash, Equivalents, Short-Term Securities Investments 	\$ 31,694	\$	31,694
a. Fixed Income	210,216		210,433
b. Equity	406,697		270,497
c. Real Estate	-		-
3. Equity in Minnesota Post-Retirement Investment Fund	-		-
4. Other Assets*	 4,878	· · · · · · · · · · · · · · · · · · ·	4,878
B. TOTAL ASSETS	\$ 653,485	\$	517,502
C. AMOUNTS CURRENTLY PAYABLE	\$ 6,236	\$	6,517
D. ASSETS AVAILABLE FOR BENEFITS			
1. Member Reserves	\$ 90,257	\$	90,257
2. Employer Reserves	556,992		420,727
3. MPRIF Reserves	-		-
4. Non-MPRIF Reserves	-		-
5. Total Assets Available for Benefits	\$ 647,249	\$	510,984
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND			
ASSETS AVAILABLE FOR BENEFITS	\$ 653,485	\$	517,501
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS			
1. Cost Value of Assets Available for Benefits (D.5)		\$	510,984
2. Market Value of Assets Available for Benefits (D.5)	\$ 647,249		
3. Cost Value of Assets Available for Benefits (D.5)	 510,984	-	
4. Market over Cost (F.2 - F.3)	\$ 136,265		15 100
5. 1/3 of Market over Cost (F.4 / 3)			45,422
6. Actuarial Value of Assets (F.1 + F.5)		\$	556,406

*See "Asset Information" in the Commentary Section of this report.

St. Paul Teachers' Retirement Fund Change In Assets Available for Benefits

(dollars in thousands)

June 30, 1997

	Market Value	Cost Value
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$ 548,545	\$ 468,124
B. OPERATING REVENUES		
1. Member Contributions	\$ 9,484	\$ 9,484
2. Employer Contributions	16,043	16,043
3. Supplemental Contributions *	-	-
4. Investment Income	24,412	24,412
5. MPRIF Income	-	-
6. Investment Expenses	(2,046)	(2,046)
7. Net Realized Gain / (Loss)	22,728	22,728
8. Other	-	-
9. Net Change in Unrealized Gain / (Loss)	55,844	-
10. Total Operating Revenue	\$ 126,465	\$ 70,621
C. OPERATING EXPENSES		
1. Service Retirements	\$ 24,790	\$ 24,790
2. Disability Benefits	453	453
3. Survivor Benefits	1,866	1,866
4. Refunds	246	246
5. Administrative Expenses	406	406
6. Total Operating Expenses	\$ 27,761	\$ 27,761
D. OTHER CHANGES IN RESERVES	\$ -	\$ -
E. ASSETS AVAILABLE AT END OF PERIOD	\$ 647,249	\$ 510,984

*Included in Employer Contribution

St. Paul Teachers' Retirement Fund Reconciliation of Members

			Termi	inated
		Actives*	Deferred Retirement	Other Non-Vested
A.	ON JUNE 30, 1996	3934	136	1,011
B.	ADDITIONS	525	27	198
C.	DELETIONS			
	1. Service Retirement	(150)	(2)	-
	2. Disability	(4)	·	-
	3. Death – Survivor	(1)	-	_ *
	4. Death – Other	(3)	-	-
	5. Terminated - Deferred	(27)	· -	-
	6. Terminated – Refund	(56)	(7)	(168)
	7. Terminated - Other Non-Vested**	(195)	(3)	(258)
	8. Returned as Active	1	(1)	-
D.	DATA ADJUSTMENTS	(3)	(2)	-
	Vested	2,848		
	Non-Vested	1,173		
E.	TOTAL ON June 30, 1997	4,021	148	783

			Recipients	
		Retirement Annuitants	Disabled	Survivors
A.	ON JUNE 30, 1996	1,395	22	178
B.	ADDITIONS	163	4	13
C.	DELETIONS			
	1. Service Retirement	-	(2)	-
	2. Death	(39)	(1)	(11)
	3. Annuity Expired	-	-	-
	4. Returned as Active	-	-	-
D.	DATA ADJUSTMENTS	(1)	(1)	-
E.	TOTAL ON June 30, 1997	1518	22	180

*Includes members on leave of absence.

** Includes participants who transferred service credits to another fund.

St. Paul Teachers' Retirement Fund Actuarial Balance Sheet

(dollars in thousands)

July 1, 1997

B. EXPECTED FUTURE ASSETS 1. Present Value of Expected Future Statutory Supplemental Contributions \$ 186,264 2. Present Value of Future Normal Costs 321,541 3. Total Expected Future Assets 321,541 C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS \$ 877,947 D. CURRENT BENEFIT OBLIGATIONS Non-Vested Vested 1. Benefit Recipients \$ 325,202 \$ 325,202 a. Retirement Annuities \$ 325,202 \$ 325,202 b. Disability Benefits 19,308 19,308 c. Surviving Spouse and Child Benefits 19,308 19,308 2. Deferred Retirements 5,629 5,629 3. Former Members Without Vested Rights 402 402 4. Active Members 16,549 16,549 a. Retirement Annuities * \$ 6,596 310,989 317,583 b. Disability Benefits 16,549 4,000 4,000 c. Surviving Spouse and Child Benefits 4,000 - 4,000 c. Surviving Spouse and Child Benefits 4,000 - 4,000 c. Surviving Spouse and Child Benefits 4,000 - 4,000 c. Surviving Spouse and Child Benefits							
1. Present Value of Expected Future Statutory Supplemental Contributions \$ 186,264 2. Present Value of Future Normal Costs 321,541 3. Total Expected Future Assets 321,541 C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS \$ 877,947 D. CURRENT BENEFIT OBLIGATIONS Non-Vested Vested 1. Benefit Recipients \$ 325,202 \$ 325,202 a. Retirement Annuities \$ 325,202 \$ 325,202 b. Disability Benefits 4,403 4,403 c. Surviving Spouse and Child Benefits 19,308 19,308 2. Deferred Retirements 5,629 5,629 3. Former Members Without Vested Rights 402 402 4. Active Members 16,549 - 16,549 a. Retirement Annuities * \$ 6,596 310,989 317,583 b. Disability Benefits 16,549 - 16,549 c. Surviving Spouse and Child Benefits 4,006 - 4,006 d. Deferred Retirements 975 12,190 13,166 e. Refund Liability Due to Death or Withdrawal - 1,803 1,803 5. Total Current Benefit Obligations \$ 28,126 679,926 <td>A. CURRENT ASSETS (Table 1; Line F.6)</td> <td></td> <td></td> <td></td> <td></td> <td>\$</td> <td>556,406</td>	A. CURRENT ASSETS (Table 1; Line F.6)					\$	556,406
1. Present Value of Expected Future Statutory Supplemental Contributions \$ 186,264 2. Present Value of Future Normal Costs 321,541 3. Total Expected Future Assets 321,541 C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS \$ 877,947 D. CURRENT BENEFIT OBLIGATIONS Non-Vested Vested 1. Benefit Recipients \$ 325,202 \$ 325,202 a. Retirement Annuities \$ 325,202 \$ 325,202 b. Disability Benefits 4,403 4,403 c. Surviving Spouse and Child Benefits 19,308 19,308 2. Deferred Retirements 5,629 5,629 3. Former Members Without Vested Rights 402 402 4. Active Members 16,549 - 16,549 a. Retirement Annuities * \$ 6,596 310,989 317,583 b. Disability Benefits 16,549 - 16,549 c. Surviving Spouse and Child Benefits 4,006 - 4,006 d. Deferred Retirements 975 12,190 13,166 e. Refund Liability Due to Death or Withdrawal - 1,803 1,803 5. Total Current Benefit Obligations \$ 28,126 679,926 <td>B EXPECTED FUTURE ASSETS</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	B EXPECTED FUTURE ASSETS						
2. Present Value of Future Normal Costs135,2773. Total Expected Future Assets321,541C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS\$ 877,947D. CURRENT BENEFIT OBLIGATIONSNon-VestedVested1. Benefit Recipients\$ 325,202\$ 325,202a. Retirement Annuities\$ 325,202\$ 325,202b. Disability Benefits4,4034,403c. Surviving Spouse and Child Benefits19,30819,3082. Deferred Retirements5,6295,6293. Former Members Without Vested Rights4024024. Active Members16,549-a. Retirement Annuities *\$ 6,596310,9893. Former Members Without Vested Rights16,549-4. Active Members16,549-16,549c. Surviving Spouse and Child Benefits16,549-4,000d. Deferred Retirements97512,19013,163e. Refund Liability Due to Death or Withdrawal-1,8031,8035. Total Current Benefit Obligations\$ 28,126\$ 679,926\$ 708,053E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$ 184,814		emen	tal Contribu	ition	s	\$	186.264
3. Total Expected Future Assets 321,541 C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS \$ 877,947 D. CURRENT BENEFIT OBLIGATIONS Non-Vested Vested Total 1. Benefit Recipients \$ 325,202 \$ 325,202 \$ 325,202 b. Disability Benefits 4,403 4,403 c. Surviving Spouse and Child Benefits 19,308 19,308 2. Deferred Retirements 5,629 5,629 3. Former Members Without Vested Rights 402 400 4. Active Members 16,549 - 16,549 a. Retirement Annuities * \$ 6,596 310,989 317,583 b. Disability Benefits 16,549 - 16,549 c. Surviving Spouse and Child Benefits 4,006 - 4,000 d. Deferred Retirements 975 12,190 13,163 e. Refund Liability Due to Death or Withdrawal - 1,803 1,803 5. Total Current Benefit Obligations \$ 28,126 679,926 708,055 E. EXPECTED FUTURE BENEFIT OBLIGATIONS \$ 184,814					-	Ŧ	,
D. CURRENT BENEFIT OBLIGATIONSNon-VestedVestedTotal1. Benefit Recipientsa. Retirement Annuities\$ 325,202\$ 325,202b. Disability Benefits4,4034,403c. Surviving Spouse and Child Benefits19,30819,3082. Deferred Retirements5,6295,6293. Former Members Without Vested Rights4024024. Active Members402402a. Retirement Annuities *\$ 6,596310,989317,582b. Disability Benefits16,549-16,549c. Surviving Spouse and Child Benefits4,006-4,000d. Deferred Retirements97512,19013,163e. Refund Liability Due to Death or Withdrawal-1,8031,8035. Total Current Benefit Obligations\$ 28,126\$ 679,926\$ 708,055E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$ 184,814							321,541
D. CURRENT BENEFIT OBLIGATIONSNon-VestedVestedTotal1. Benefit Recipientsa. Retirement Annuities\$ 325,202 \$ 325,202b. Disability Benefits4,4034,403c. Surviving Spouse and Child Benefits19,30819,3082. Deferred Retirements5,6295,6293. Former Members Without Vested Rights4024024. Active Members402402a. Retirement Annuities *\$ 6,596310,989b. Disability Benefits16,549-c. Surviving Spouse and Child Benefits4,006-d. Deferred Retirements97512,190d. Deferred Retirements97512,190d. Deferred Retirements97512,190e. Refund Liability Due to Death or Withdrawal-1,8035. Total Current Benefit Obligations\$ 28,126 \$ 679,926 \$ 708,055E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$ 184,814							
1. Benefit Recipients325,202325,202a. Retirement Annuities\$325,202\$b. Disability Benefits4,4034,403c. Surviving Spouse and Child Benefits19,30819,3082. Deferred Retirements5,6295,6293. Former Members Without Vested Rights4024024. Active Members402402a. Retirement Annuities *\$6,596b. Disability Benefits16,549-c. Surviving Spouse and Child Benefits16,549-d. Deferred Retirements97512,190d. Deferred Retirements97512,190e. Refund Liability Due to Death or Withdrawal-1,8035. Total Current Benefit Obligations\$28,126E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$184,814	C. TOTAL CURRENT AND EXPECTED FUTURE AS	SSET	S			\$	877,947
1. Benefit Recipients325,202325,202a. Retirement Annuities\$325,202\$b. Disability Benefits4,4034,403c. Surviving Spouse and Child Benefits19,30819,3082. Deferred Retirements5,6295,6293. Former Members Without Vested Rights4024024. Active Members402402a. Retirement Annuities *\$6,596b. Disability Benefits16,549-c. Surviving Spouse and Child Benefits16,549-d. Deferred Retirements97512,190d. Deferred Retirements97512,190e. Refund Liability Due to Death or Withdrawal-1,8035. Total Current Benefit Obligations\$28,126E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$184,814							_
a. Retirement Annuities\$ 325,202 \$ 325,202b. Disability Benefits4,403c. Surviving Spouse and Child Benefits19,3082. Deferred Retirements5,6293. Former Members Without Vested Rights4024. Active Members402a. Retirement Annuities *\$ 6,596b. Disability Benefits16,549c. Surviving Spouse and Child Benefits16,549d. Deferred Retirements97512,19013,163c. Surviving Spouse and Child Benefits4,006d. Deferred Retirements97512,19013,163e. Refund Liability Due to Death or Withdrawal-5. Total Current Benefit Obligations\$ 28,126 \$ 679,926 \$ 708,055E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$ 184,814		No	on-Vested		Vested		Total
b. Disability Benefits4,4034,403c. Surviving Spouse and Child Benefits19,30819,3082. Deferred Retirements5,6295,6293. Former Members Without Vested Rights4024024. Active Members402402a. Retirement Annuities *\$ 6,596310,989b. Disability Benefits16,549-c. Surviving Spouse and Child Benefits4,006-d. Deferred Retirements97512,190e. Refund Liability Due to Death or Withdrawal-1,8035. Total Current Benefit Obligations\$ 28,126\$ 679,926E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$ 184,814						÷	
c. Surviving Spouse and Child Benefits19,30819,3082. Deferred Retirements5,6295,6293. Former Members Without Vested Rights4024024. Active Members402402a. Retirement Annuities *\$ 6,596310,989b. Disability Benefits16,549-c. Surviving Spouse and Child Benefits4,006-d. Deferred Retirements97512,190e. Refund Liability Due to Death or Withdrawal-1,8035. Total Current Benefit Obligations\$ 28,126\$ 679,926E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$ 184,814				\$		\$	
2. Deferred Retirements5,6295,6293. Former Members Without Vested Rights4024024. Active Members402402a. Retirement Annuities *\$ 6,596310,989317,585b. Disability Benefits16,549-16,549c. Surviving Spouse and Child Benefits4,006-4,000d. Deferred Retirements97512,19013,165e. Refund Liability Due to Death or Withdrawal-1,8031,8055. Total Current Benefit Obligations\$ 28,126\$ 679,926\$ 708,055E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$ 184,814	•						
3. Former Members Without Vested Rights4024024. Active Membersa. Retirement Annuities *\$ 6,596310,989317,583b. Disability Benefits16,549-16,549c. Surviving Spouse and Child Benefits4,006-4,000d. Deferred Retirements97512,19013,163e. Refund Liability Due to Death or Withdrawal-1,8031,8035. Total Current Benefit Obligations\$ 28,126\$ 679,926\$ 708,053E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$ 184,814	0 x						
4. Active Membersa. Retirement Annuities *\$ 6,596b. Disability Benefits16,549c. Surviving Spouse and Child Benefits4,006d. Deferred Retirements975e. Refund Liability Due to Death or Withdrawal-f. Total Current Benefit Obligations\$ 28,126f. EXPECTED FUTURE BENEFIT OBLIGATIONS\$ 184,814	2. Deferred Retirements				5,629		5,629
a. Retirement Annuities *\$6,596310,989317,583b. Disability Benefits16,549-16,549c. Surviving Spouse and Child Benefits4,006-4,000d. Deferred Retirements97512,19013,163e. Refund Liability Due to Death or Withdrawal-1,8031,8035. Total Current Benefit Obligations\$28,126\$679,926\$E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$184,814	3. Former Members Without Vested Rights				402		402
b. Disability Benefits16,549-16,549c. Surviving Spouse and Child Benefits4,006-4,000d. Deferred Retirements97512,19013,163e. Refund Liability Due to Death or Withdrawal-1,8031,8035. Total Current Benefit Obligations\$28,126\$679,926\$E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$184,814	4. Active Members						
c. Surviving Spouse and Child Benefits4,006-4,006d. Deferred Retirements97512,19013,165e. Refund Liability Due to Death or Withdrawal-1,8031,8035. Total Current Benefit Obligations\$28,126\$679,926\$E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$184,814	a. Retirement Annuities *	\$	6,596		310,989		317,585
d. Deferred Retirements97512,19013,163e. Refund Liability Due to Death or Withdrawal-1,8031,8035. Total Current Benefit Obligations\$28,126\$679,926\$708,053E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$184,814	b. Disability Benefits		16,549		-		16,549
e. Refund Liability Due to Death or Withdrawal-1,8031,8035. Total Current Benefit Obligations\$28,126\$679,926\$708,052E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$184,814	c. Surviving Spouse and Child Benefits		4,006		-		4,006
5. Total Current Benefit Obligations\$ 28,126 \$ 679,926 \$ 708,052E. EXPECTED FUTURE BENEFIT OBLIGATIONS\$ 184,814	d. Deferred Retirements		975		12,190		13,165
E. EXPECTED FUTURE BENEFIT OBLIGATIONS \$ 184,81	e. Refund Liability Due to Death or Withdrawal		-		1,803		1,803
<u> </u>	5. Total Current Benefit Obligations	\$	28,126	\$	679,926	\$	708,052
<u> </u>							
F. TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS \$ 892,86	E. EXPECTED FUTURE BENEFIT OBLIGATIONS					\$	184,814
	F. TOTAL CURRENT AND EXPECTED FUTURE BI	ENEF	TT OBLIGA	ATIC	DNS	\$	892,866

H. CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY (F - C)

G. CURRENT UNFUNDED ACTUARIAL LIABILITY (D.5 - A)

* Includes members on leave of absence.

151,646

14,919

\$

\$

St. Paul Teachers' Retirement Fund Determination of Unfunded Actuarial Accrued Liability (UAAL) and Supplemental Contribution Rate

(dollars in thousands)

July 1, 1997

	Pr	Actuarial Present Value of Projected Benefits		Actuarial Present Value of Future Normal Costs		Actuarial Accrued Liability
 A. DETERMINATION OF ACTUARIAL ACCRUED LIABILITY (AAL) 1. Active Members a. Retirement Benefits 	\$	482,014	\$	101,860	\$	380,154
b. Disability Benefits	Ψ	25,250	Ψ	9,545	Ψ	15,705
c. Surviving Spouse and Child Benefits		6,391		2,263		4,128
d. Deferred Retirements		20,518		13,727		6,791
e. Refund Liability Due to Death or Withdrawal		3,749		7,882		(4,133)
f. Total	\$	537,922	\$	135,277	\$	402,645
2. Deferred Retirements	\$	5,629			\$	5,629
3. Former Members Without Vested Rights		402				402
4. Annuitants in MPRIF		-				-
5. Annuitants Not in MPRIF		348,913				348,913
6. Total	\$	892,866	\$	135,277	\$	757,589
 B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) 1. Actuarial Accrued Liability (A.6) 2. Current Assets (Table 1; Line F.6) 3. Unfunded Actuarial Accrued Liability (B.1 - B.2) 					\$	757,589 556,406 201,183
C. DETERMINATION OF SUPPLEMENTAL CONTR	IBU	TION RATE				
1. Present Value of Future Payrolls Through the						
Amortization Date of June 30, 2020						2,497,439
2. Supplemental Contribution Rate (B.3 / C.1)						8.06%

ACTUARIAL SECTION

St. Paul Teachers' Retirement Fund

Changes in Unfunded Actuarial Accrued Liability (UAAL)

(dollars in thousands)

June 30, 1997

	A. UAAL AT BEGINNING OF YEAR	\$	169,141
]	B. CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING		
	1. Normal Cost and Expenses	\$	17,280
	2. Contributions		(25,527)
	3. Interest		14,761
	4. Total	\$	6,514
	C. EXPECTED UAAL AT END OF YEAR (A + B.4)	\$	175,655
	D. INCREASE / (DECREASE) DUE TO ACTUARIAL LOSSES / (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED		
	1. Age and Service Retirements *	\$	-
	2. Disability Retirements *	Ψ	-
	3. Death-in-Service Benefits *		-
	4. Withdrawal *		_
	5. Salary Increases		(14,076)
	6. Contribution Income *		-
	7. Investment Income **		(7,848)
	8. Mortality of Annuitants		(8,716)
	9. Other Items		1,279
	10. Total	\$	(29,360)
	E. UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS (C + D.5)	\$	146,295
	F. CHANGE IN UAAL DUE TO PLAN AMENDMENTS		76,934
	G. CHANGE IN UAAL DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS		(22,046)
	H. UAAL AT END OF YEAR $(E + F + G)$	\$	201,183

* Included in Item D.9.

** Includes a gross investment gain (\$21,735) offset by amounts used to provide next year's cost of living adjustments to retirees totaling \$13,887

St. Paul Teachers' Retirement Fund Determination of Contribution Sufficiency

(dollars in thousands)

July 1, 1997

	Percent of Payroll	Do	llar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A	· ,		
1. Employee Contributions	6.30%	\$	10,091
2. Employer Contributions	9.40%	Ψ	15,051
3. Supplemental Contribution	211070		10,001
a. 1993 Legislation	0.00%		-
b. 1996 Legislation	0.45%		725
c. 1997 Legislation	3.01%		4,827
4. Administrative Expense Assessment	0.08%		128
5. Total	19.24%	\$	30,822
B. REQUIRED CONTRIBUTIONS - CHAPTER 3561. Normal Cost	2 3 2		•••
a. Retirement Benefits	7.55%	\$	12,094
b. Disability Benefits	0.78%		1,244
c. Surviving Spouse and Child Benefits	0.16%		264
d. Deferred Retirements	1.00%		1,599
e. Refund Liability Due to Death or Withdrawal	0.63%		1,015
f. Total	10.12%	\$	16,216
2. Supplemental Contribution Amortization	8.06%		12,905
3. Allowance for Administrative Expenses	0.27%		426
5. Total	18.45%	\$	29,547
C. CONTRIBUTION SUFFICIENCY / (DEFICIENCY) (A.3 - B.5)	0.79%		1,275
Projected Annual Payroll for Fiscal Year Beginning on the Valuation	Date:	\$	160,200

ACTUARIAL SECTION

36


St. Paul Teachers' Retirement Fund Associaiton Investment Manager Returns for the Period Ended June 30, 1997

	Assets Under Management	Investment Performance (Fiscal Year Ended)
		June 30, 1997)
Domestic Equity	\$ 342,674,677	25.34 %
BZW Barclays	78,900,764	34.74
BZW Barclays-Small Cap	604,930	19.51
Investment Advisors, Inc.	47,888,883	15.95
Oppenheimer Capital	66,722,338	28.08
Voyageur Asset	138,834,941	26.19
In-House Equity	9,722,821	
International Equity	\$ 74,798,438	26.67 %
Capital Guardian	11,994,221	
Morgan Stanley	62,804,217	25.74
Fixed Income	\$ 218,589,667	8.34 %
BZW Barclays	64,090,461	7.74
State Street	102,583,773	8.45
Voyageur Asset	51,915,433	8.94
Short Term	\$ 7,391,932	5.57 %
In-House Cash	7,391,932	5.57
Total Fund	\$ 643,454,714	18.90 %

Active Fixed Income Accounts

As of June 30, 1997

NAME	RATE	MATURITY	PAR	MARKET
Allmerica Financial Corp.	7.63	10/15/25	\$500,000	\$488,905
American Health Properties Inc.	7.05	1/15/02	1,000,000	996,400
Amresco Comm Mtg Corp.	6.73 6.70	6/17/29 2/15/05	548,026	548,112
Arcadia Auto Trust Corp. Arkansas Power & Light Co.	7.00	3/1/02	525,000 1,000,000	528,773 1,003,490
Associates Corp.	6.75	7/15/01	1,500,000	1,502,100
Banc One Cr Card Master Trust	7.80	12/15/00	2,100,000	2,151,849
Capital One Bank Corp.	7.08	10/30/01	1,000,000	1,003,590
Case Credit Corp.	6.13	2/15/03	500,000	483,045
CIT Group Holdings Inc.	6.70	5/28/01	600,000	601,308
Citicorp.	8.01	2/15/27	1,550,000	1,555,813
Columbia Healthcare Corp.	6.91	6/15/05	1,000,000	993,750
Commercial Credit Co.	5.50	5/15/98	2,000,000	1,990,320
Commercial Credit Group Inc.	6.75	5/15/00	1,000,000	1,004,210
Countrywide Capital Corp.	8.00	12/15/26	2,015,000	1,979,093
Countrywide Funding Corp.	6.28	1/15/03	1,000,000	968,430
Darden Restaurant Inc.	6.38 6.50	2/1/06 6/1/25	1,000,000	933,440
Eaton Corp. Federal Home Ln Mtg Corp. #65512	7.50	11/1/25	1,280,000 1,655,725	1,259,789 1,664,517
Federal Home Ln Mtg Corp. #67232	7.00	1/1/26	1,527,652	1,504,738
Federal Home Ln Mtg Corp. #E00469	6.50	12/1/11	2,338,026	2,294,538
Federal Natl Mtg Assoc.	7.00	8/21/04	1,025,000	1,027,883
Federal Natl Mtg Assoc.	7.00	7/14/27	1,450,000	1,411,938
Federal Natl Mtg Assoc.	7.00	8/13/27	1,450,000	1,423,266
Federal Natl Mtg Assoc.	6.54	10/3/05	2,000,000	1,977,600
Federal Natl Mtg Assoc.	5.94	12/12/05	1,275,000	1,211,378
Federal Natl Mtg Assoc.	6.50	11/30/01	1,500,000	1,479,900
Federal Natl Mtg Assoc. #050995	7.50	1/1/24	2,313,947	2,331,301
Federal Natl Mtg Assoc. #190059	9.50	8/1/22	2,609,898	2,815,819
Federal Natl Mtg Assoc. #303920	9.50	10/1/03	492,857	528,283
Federal Natl Mtg Assoc. #303973	7.50	6/1/03	472,317	479,262
First Union Lehman Inc.	7.30	8/18/29	750,000	765,938
Firstplus Home Loan Corp. GE Capital Mtg Services Inc.	6.82 6.00	12/10/01 1/25/09	900,000 847,352	897,750 824,974
GE Capital Mtg Services Inc.	6.00	2/25/09	873,538	826,795
GE Global Insurance Holdings Corp.	7.00	2/15/26	1,100,000	1,044,483
General Motors Acceptance Cop.	7.12	5/1/01	1,020,000	1,032,750
Govt Natl Mtg Assoc. #19966	6.50	2/16/20	1,475,000	1,449,373
Govt Natl Mtg Assoc. #323425	8.00	6/15/22	827,798	851,597
Govt Natl Mtg Assoc. #328116	8.00	8/15/22	634,878	653,131
Govt Natl Mtg Assoc. #360248	7.00	5/1/24	6,207,072	6,126,567
Govt Natl Mtg Assoc. #383507	6.50	3/15/09	352,077	347,345
Govt Natl Mtg Assoc. #423999	8.00	9/15/26	917,218	939,002
Govt Natl Mtg Assoc. #431845	7.50	1/15/27	4,683,719	4,699,784
Govt Natl Mtg Assoc. #432369	7.50	2/15/27	4,080,872	4,094,869
Govt Natl Mtg Assoc. #447506	7.50	4/15/27	4,533,337	4,548,886
Govt Natl Mtg Assoc. #780227	8.00	12/15/22	774,478	796,745
Govt Natl Mtg Assoc. #780263	8.00	11/15/17	581,272	604,033
Govt Natl Mtg Assoc. #780303 Govt Natl Mtg Assoc. #780316	6.50 6.50	2/15/09 7/15/09	665,179 1,432,788	656,239 1,419,033
Govt Nati Mig Assoc. #780318 Govt Nati Mig Assoc. #780419	7.50	12/15/09	767,938	782,936
Govt Nati Mtg Assoc. #780413	8.00	9/15/17	966,049	1,003,879
Govt Natl Mtg Assoc. #780462	7.50	6/15/09	999,905	1,015,161
Green Tree Home Loan Corp.	7.16	3/15/28	1,270,000	1,283,295
Green Tree Recreational Equipment	5.55	2/15/18	720,596	713,129
Guaranteed Export Trust Co.	6.55	6/15/04	699,999	701,056
Household Finance Corp.	6.88	3/1/03	900,000	896,481
Hydro Quebec	9.40	2/1/21	1,250,000	1,483,975
Lehman Brothers Holdings Inc.	7.37	5/15/04	1,000,000	1,007,500
Merrill Lynch Mtg Corp.	6.96	10/25/06	850,000	841,976
Metris Master Trust Co.	7.11	10/20/05	750,000	757,266
Millipore Corp.	7.20	4/1/02	500,000	505,390
Nationsbank Cr Card Master Trust	6.45	8/15/00	2,000,000 1,000,000	2,001,560
Norwest Financial Inc.	7.75	8/15/01	1.000.000	1,036,710

Active Fixed Income Accounts

Continued . . .

NAME	RATE	MATURITY	PAR	MARKET
Prime Credit Master Trust	6.75	8/15/02	\$500,000	\$502,890
Province of Manitoba	8.88	9/15/21	300,000	351,513
Prudential Home Mtg Corp.	7.00	6/25/23	306,843	307,129
Prudential Home Mtg Corp.	6.50	2/25/24	527,118	527,120
Prudential Home Mtg Corp.	6.50	2/25/24	525,000	494,116
Residential Accredited Loan Corp.	6.75	2/25/27	1,060,000	1,032,334
Salomon Brothers Inc.	7.12	2/14/05	1,100,000	1,090,023
Sears Credit Acct Master Trust	8.10	6/15/04	2,000,000	2,076,560
Southern Calif Edison Co.	5.88	1/15/01	900,000	877,914
Southern Investments Corp.	6.80	12/1/06	750,000	732,653
U.S. Treasury Bonds	6.25	8/15/23	2,875,000	2,660,266
U.S. Treasury Bonds	8.13	8/15/21	8,175,000	9,357,841
U.S. Treasury Bonds	9.88	11/15/15	1,050,000	1,381,076
U.S. Treasury Bonds	12.00	8/15/13	525,000	739,268
U.S. Treasury Bonds	6.75	8/15/26	1,250,000	1,236,725
U.S. Treasury Notes	3.38	1/15/07	1,005,880	976,250
U.S. Treasury Notes	5.13	6/30/98	2,575,000	2,558,906
U.S. Treasury Notes	6.25	8/31/00	425,000	424,737
U.S. Treasury Notes	6.25	2/28/02	3,025,000	3,008,000
U.S. Treasury Notes	6.38	3/31/01	1,100,000	1,102,068
U.S. Treasury Notes	6.50	8/15/05	2,875,000	2,867,813
U.S. Treasury Notes	6.63	7/31/01	2,625,000	2,651,250
U.S. Treasury Notes	6.75	5/31/99	225,000	227,601
U.S. Treasury Notes	6.88	3/31/00	3,075,000	3,124,969
U.S. Treasury Notes	7.13	9/30/99	1,225,000	1,250,272
U.S. Treasury Notes	7.25	5/15/04	300,000	312,657
U.S. Treasury Notes	7.88	11/15/04	5,950,000	6,418,563
U.S. Treasury Notes	3.38	1/15/07	1,040,000	1,015,300
U.S. Treasury Notes	5.88	11/15/05	700,000	669,816
U.S. Treasury Notes	6.12	5/15/98	3,000,000	3,008,430
U.S. Treasury Notes	6.38	5/15/00	900,000	903,375
U.S. Treasury Notes	6.50	5/15/05	1,000,000	998,440
U.S. Treasury Notes	7.00	7/15/06	1,500,000	1,543,125
Usinor Sacilor Corp.	7.25	8/1/06	950,000	945,545
Wisconsin Power & Light Co.	7.00	6/15/07	900,000	899,127
Xerox Capital Trust Corp.	8.00	2/1/27	1,100,000	1,099,824
TOTAL ACTIVE FIXED INCOME			\$143,899,354	\$146,125,944

Indexed Fixed Income Fund

As of June 30, 1997

NAME	MARKET
Barclays Global Investors	\$64,090,470
TOTAL INDEXED FIXED INCOME FUND	\$64,090,470

Commercial Paper As Of June 30, 1997

NAME	RATE	MATURITY	MARKET
General Motors Acceptance Corp.	5.65	7/1/97	\$1,299,797
Three River Funding Co.	5.53	7/1/97	999,847
Sigma Financial Corp.	5.41	7/1/97	399,940
Ford Motor Credit Corp	5.46	7/1/97	2,999,545
ndustrial Funding Corp.	5.59	7/25/97	697,302
Ford Motor Credit Corp.	5.44	8/1/97	995,200
TOTAL COMMERCIAL PAPER			\$7,391,632

Active Domestic Equity Accounts As Of June 30, 1997

Active Domestic Equity Accounts Continued . . .

SHARES NAME MARKET 39,700 360 Communications Co. \$679,863 86,400 Abbott Laboratories 5,767,200 46,000 ABC Rail Products Corp. 787,750 53,000 ACE LTD 3,915,375 24,000 ACI Telecentrius Inc. 138,000 8,000 ADC Telecommunications Inc. 267,000 54,400 Aetrium Inc. 1,006,400 131,000 Albertsons Inc. 4,781,500 10,000 Andrew Corp. 1,382,314 8,300 Andrew Corp. 2,33,433 96,000 Ancher Daniels Midland Co. 5,358,000 40,700 Autt Inc. 351,038 82,000 Bandag Inc. 4,074,416 33,000 BankBoston Corp. 2,383,375 14,100 Baxter International Inc. 773,613 52,000 Berchnize-Hatmayay Inc. 566,400 34,500 BMC Industries Inc. 1,181,625 14,000 Bortshire-Hathaway Inc. 568,400 34,500 BMC Industries Inc. </th <th>AM</th> <th>N/</th> <th>AME</th> <th></th> <th>MARKET</th> <th>1</th> <th>SI</th> <th>ARES</th>	AM	N/	AME		MARKET	1	SI	ARES
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14,500 Green Tree Financial Corp. 516,563 10,400 HALO Industries Inc. 245,700 10,000 Harley Davidson Inc. 479,372 17,000 HealthCare Compare Corp. 890,375 40,000 Hercules Inc. 1,915,000 87,000 Hercules Inc. 1,915,000 87,000 Hewlitt Packard Co. 4,872,000 85,000 Home Depot Inc. 5,865,000 33,800 Idex Corp. 1,115,400 22,300 Illinois Central Corp. 779,117 12,000 Illinois Tool Works Inc. 599,256	Frair	G	rainger W.W. Inc.					26,000
10,400 HALO Industries Inc. 245,700 10,000 Harley Davidson Inc. 479,372 17,000 HealthCare Compare Corp. 890,375 40,000 Hercules Inc. 1,915,000 87,000 Hercules Inc. 1,915,000 87,000 Hewlitt Packard Co. 4,872,000 85,000 Home Depot Inc. 5,865,000 33,800 Idex Corp. 1,115,400 22,300 Illinois Central Corp. 779,117 12,000 Illinois Tool Works Inc. 599,256	irea	G	reat Lakes Chemical Corp.		3,771,000		1	30,000
10,000 Harley Davidson Inc. 479,372 17,000 HealthCare Compare Corp. 890,375 40,000 Hercules Inc. 1,915,000 87,000 Hewlitt Packard Co. 4,872,000 85,000 Home Depot Inc. 5,865,000 33,800 Idex Corp. 1,115,400 22,300 Illinois Central Corp. 779,117 12,000 Illinois Tool Works Inc. 599,256	iree	G	reen Tree Financial Corp.		516,563			50,000
17,000 HealthCare Compare Corp. 890,375 40,000 Hercules Inc. 1,915,000 87,000 Hewlitt Packard Co. 4,872,000 85,000 Home Depot Inc. 5,865,000 33,800 Idex Corp. 1,115,400 22,300 Illinois Central Corp. 779,117 12,000 Illinois Tool Works Inc. 599,256	AL(H/	ALO Industries Inc.		245,700			84,415
40,000 Hercules Inc. 1,915,000 87,000 Hewlitt Packard Co. 4,872,000 85,000 Home Depot Inc. 5,865,000 33,800 Idex Corp. 1,115,400 22,300 Illinois Central Corp. 779,117 12,000 Illinois Tool Works Inc. 599,256	larle	Ha	arley Davidson Inc.		479,372		9	42,500
87,000 Hewlitt Packard Co. 4,872,000 85,000 Home Depot Inc. 5,865,000 33,800 Idex Corp. 1,115,400 22,300 Illinois Central Corp. 779,117 12,000 Illinois Tool Works Inc. 599,256	leal	He	ealthCare Compare Corp.		890,375			30,000
85,000 Home Depot Inc. 5,865,000 33,800 Idex Corp. 1,115,400 22,300 Illinois Central Corp. 779,117 12,000 Illinois Tool Works Inc. 599,256	lerc	He	ercules Inc.		1,915,000			38,000
85,000 Home Depot Inc. 5,865,000 33,800 Idex Corp. 1,115,400 22,300 Illinois Central Corp. 779,117 12,000 Illinois Tool Works Inc. 599,256	lewl	He	ewlitt Packard Co.		4,872,000			12,600
33,800 Idex Corp. 1,115,400 22,300 Illinois Central Corp. 779,117 12,000 Illinois Tool Works Inc. 599,256	lom	H	ome Depot Inc.					21,100
22,300 Illinois Central Corp. 779,117 12,000 Illinois Tool Works Inc. 599,256	dex	Id	lex Corp.		1,115,400			36,000
12,000 Illinois Tool Works Inc. 599,256								20,200
					599,256			55,000
	nati	Im	nation Corp.					67,900

HARES 14,900 6,000 31,000	NAME	MARKET
14,900 6,000 31,000		
6,000 31,000	IMC Global Inc.	\$521,500
31,000		
	Intel Corp.	850,878
40.000	ITI Technologies Inc.	709,125
18,000	Johnson Controls Inc.	739,134
9,400	Jostens Inc.	251,450
9,000	Juno Lighting Inc.	146,250
16,400	Land's End Inc.	485,850
34,000	Life USA Holdings Inc.	484,500
53,100	Lodgenet Entertainment Corp.	531,000
45,000		
	Loral Space & Communications	675,000
50,000	Lucasvarity PLC	1,731,300
7,000	Marguette Medical Systems Inc.	154,000
10,000	Mattel Inc.	3,726,250
43,000	McDonalds Corp.	2,077,459
65,000	McDonnell Douglas Corp.	4,452,500
50,000	Merck & Co. Inc.	5,115,650
13,900	Merrill Corp.	505,613
19,000	Metris Cos.	623,447
00,000	Midamerican Energy Co.	1,731,300
20,000	Minnesota Mining & Mfg Co.	2,045,000
3,800	MMI Companies	99,283
90,000	National Semiconductor Corp.	2,756,250
33,000	Newell Co.	
		1,311,750
30,000	Northfield Laboratory Inc.	311,250
20,400	Northland Cranberries Inc.	328,950
89,000	Norwest Corp.	5,006,250
25,000	Nutrition Medical Inc.	75,000
20,300	Patterson Dental Co.	696,554
35,000	Pentair Inc.	1,150,625
11,000	Philip Morris Cos. Inc.	4,911,750
70,000	Pitney Bowes Inc.	4,865,000
35,700	Polaris Industries Inc.	1,162,499
29,100	Possis Medical Inc.	491,063
14,200	Racing Champions Corp.	220,100
76,500	Racotek Inc.	172,125
39,000	Recovery Engineering Inc.	643,500
10,000	Reliastar Financial Corp.	731,250
25,000	Richardson Electric LTD.	207,825
00,000	Royal Dutch Petroleum Co.	5,437,500
33,700	Sara Lee Corp.	5,565,263
32,000	Schering Plough Corp.	
		6,319,500
12,600	Sears Roebuck & Co.	677,250
40,000	Secure Computing Corp.	235,000
27,000	Sheldahl Co.	556,875
32,000	Shell Trans. & Trading PLC	5,532,991
	· · · · · · · · · · · · · · · · · · ·	
11,500	Shopko Stores Inc.	293,250
44,000	Sigma Aldrich Corp.	5,049,072
14,900	Sitel Corp.	307,313
39,900	Snap-On Inc.	1,571,063
26,000	South Trust Corp.	5,213,250
	-	
30,000	Sysco Corp.	4,745,000
50,000	Tenneco Inc.	2,259,400
84,415	Texas Utilities Co.	2,907,121
	Thermo Sentron Inc.	
42,500		472,813
30,000	Transamerica Corp.	2,806,860
38,000	Triton Energy LTD.	1,740,894
12,600	Urologix Inc.	214,200
12,000	US Frieghtways Corp.	545,963
		All a second
21,100	UST Inc.	3,799,568
21,100 36,000		
21,100	Valspar Corp	598,425
21,100 36,000	Valspar Corp Varian Associates Inc.	598,425 2,983,750
21,100 36,000 20,200 55,000	Varian Associates Inc.	2,983,750
21,100 36,000 20,200		
21,100 36,000 20,200 55,000	Varian Associates Inc.	2,983,750

Active Domestic Equity Accounts

Continued . . .

SHARES	NAME	MARKET
6,000	Wagreens Co.	\$321,750
169,000	Wal-Mart Stores Inc.	5,714,397
20,000	Washington Gas & Light Co.	502,500
17,833	Wells Fargo & Co.	4,805,994
6,000	Woodhead Industries Inc.	113,250
16,000	Zebra Technologies Corp.	446,000
TOTAL ACTI	VE DOMESTIC	
EQUITY ACC	OUNTS	\$252,392,664

Indexed Equity Fund

As Of June 30, 1997

NAME	MARKET
Baclays Global Investors	\$78,900,764
Baclays Global Investors - Small Cap	604,930
TOTAL INDEXED EQUITY FUND	\$79,505,694

International Equity Fund

As Of June 30, 1997

NAME	MARKET
Morgan Stanley Pooled International Equity Trust	\$62,804,217
Capital International, Inc.	11,994,221
TOTAL INTERNATIONAL EQUITY FUND	\$74,798,438

Cash and Cash Equivalents

As Of June 30, 1997

NAME	MARKET
Active Domestic Equity Cash Equivalents	\$11,567,119
Active Fixed Income Cash Equivalents	11,843,726
TOTAL CASH AND CASH EQUIVALENTS	\$23,410,845



1996-97 Total Portfolio Holdings - Market Value



Summary of Basic Plan Benefits

60 55	25	Formula = 2.0% x YOS x FAS. The Rule of 90 will also produce an unreduced benefit in Tier I.
55		그는 그는 흔들고 있는 것이 다 그는 것이 같다. 것이 많이
	25	Formula reduced by discount of 0.25% (0.0025) for each month a member's age is under 60.
65	5	Formula = 2.5% x YOS x FAS.
55	5	Formula reduced by the use of actuarial discount tables.
N/A	5	Formula earned pension of member reduced by use of joint and survivor tables.
Pensioned		Based on earned pension of member reduced by use of joint and survivor tables.
N/A	3	25% of maximum B.A. salary for each child (max. 2) plus 15% for surviving parent if maintaining home for children—paid in lieu of survivor benefit.
55	3	Formula with applicable reduction augmented by 3% per year from date of resignation to age 55, then 5% per year after age 55 to date of retirement.
N/A	3	75% of the previous year salary less any benefits from Workers Compensation or Social Security.
N/A	N/A	Amount member contributed plus 6% interest compounded annually.
	65 55 N/A Pensioned N/A 55	65 5 55 5 N/A 5 Pensioned N/A 3 55 3 N/A 3

Summary of Coordinated Plan Benefits

Benefit	Minimum Age	Minimum Service	How Computed			
Tier I						
Normal Unreduced Benefit	62	30	Formula = (1.2% for each of first 10 YOS + 1.7% for each remaining YOS) x FAS. The Rule of 90 will also produce an unreduced benefit in Tier I.			
Normal Reduced Benefit	Any Age	30	Formula reduced by discount of 0.25% (0.0025) for each month a member's age is under 62.			
Tier II						
Normal Unreduced Benefit	65 if first em- ployed before July 1, 1989	3	Formula = 1.7% x YOS x FAS.			
Normal Reduced Benefit	55	3	Formula reduced by the use of actuarial discount tables.			
Other						
Surviving Spouse of Active Member	N/A	3	Survivor benefit under the 100% Joint and Survivor annuity or a Term Certain annuity.			
Surviving Spouse of Retired Member	Pensioned		Based on elected option at time of member's retirement.			
Family Benefit	N/A	3	Actuarial equivalent of survivor benefit if no survivor benefit is payable.			
Deferred Retirement	55	3	Formula with applicable reduction augmented by 3% per year from date of resignation to age 55, then 5% per year after age 55 to date of retirement.			
Disability Retirement	N/A	3	Formula with no discount.			
Refund of Contributions	N/A	N/A	Amount member contributed plus 6% interest compounded annually.			

Calculation Of 1998 Administrative Service Charge

As part of the 1993 increased funding package, SPTRFA members both active and retired are paying an "administrative service charge" to be applied to the fund's administrative expenses.

The calculation of this charge is illustrated in the paragraphs to follow so that all may see that the administrative service charge is distributed equally among all SPTRFA members, both active and retired.

Following are the steps used in determining the administrative service charge:

SPTRFA's administrative expenses (\$407,004) are compared to the State of Minnesota Teachers Retirement Association's administrative expenses (\$304,380). Therefore, the 1998 administrative expense charge to SPTRFA members is \$102,624.

To determine the cost to each member we calculate the total payroll. This is done by adding SPTRFA's anticipated 1998 active member payroll (\$160,200,000) to the anticipated 1998 retiree payroll (\$38,200,000). As a result, SPTRFA's total payroll amounts to \$198,400,000.

In order to distribute the charge equally we need to break the 1998 administrative expense charge down to a percent of total payroll.

In other words, SPTRFA's administrative charge to members (\$102,624) divided by SPTRFA's total payroll (\$198,400,000) equals 0.05% or 0.0005.

This administrative expense charge will be applied to the required contribution rate of each active member.

The retiree assessment will be 0.05% of the 1998 retiree total pension payments.



Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid (\$)	Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid (\$)
June 1910	15	13	\$ 4,860	December 1975	52	778	\$ 3,765,322
June 1931	8	125	69,024	December 1976	77	883	4,393,513
June 1932	8	130	72,961	December 1977	63	919	5,050,507
June 1933	2	126	74,190	December 1978	48	946	5,523,548
June 1934	6	127	74,120	December 1979	40	946	6,240,309
June 1935	9	131	74,001	December 1980	47	963	6,623,804
June 1936	14	135	75,864	December 1981	47	981	7,139,037
June 1937	19	151	80,747	December 1982	61	996	7,725,617
June 1938	17	160	89,709	December 1983	72	1,042	8,555,099
June 1939	11	161	93,184	December 1984	64	1,061	9,466,664
June 1939 to				January 1985 to			
December 1939	0	158	23,870	June 1985	59	1,103	5,324,727
December 1940	71	222	170,685	June 1986	66	1,134	11,267,144
December 1941	35	246	210,257	June 1987	117	1,191	12,478,180
December 1942	27	266	234,217	June 1988	70	1,210	14,690,455
December 1943	38	286	253,031	June 1989	67	1,236	15,506,957
December 1944	34	311	282,299	June 1990	67	1,270	17,382,410
December 1945	56	350	308,113	June 1991	80	1,309	18,811,677
December 1946	51	378	337,512	June 1992	83	1,357	20,509,335
December 1947	28	387	360,571	June 1993	120	1,426	22,763,806
December 1948	42	413	375,912	June 1994	92	1,469	25,044,494
December 1949	42	441	419,618	June 1995	113	1,539	26,792,534
December 1950	30	461	450,641	June 1996	119	1,595	29,446,215
Decemebr 1951	27	476	472,670	June 1997	179	1,720	32,056,967
December 1952	28	486	508,923				
December 1953	32	487	525,959				
December 1954	10	482	529,429				
December 1955	38	509	666,994				
December 1956	46	529	750,146				
December 1957	59	560	840,883				
December 1958	41	579	1,019,502				
December 1959	30	585	1,084,506				
December 1960	38	600	1,144,380				
December 1961	39	611	1,230,715				
December 1962	49	624	1,352,779				
December 1963	42	647	1,467,461				
December 1964	33	653	1,545,252				
December 1965	40	668	1,631,554				
December 1966	43	676	1,770,083				
December 1967	36	682 605	1,862,249				
December 1968	45	695 726	1,969,760				
December 1969	53	726	2,319,186				
December 1970	31	719	2,385,868				
December 1971	47	731	2,522,350				
December 1972	51	745	2,742,660				
December 1973	36	744	3,039,253				
December 1974	46	754	3,372,453				