

**St. Paul Teachers' Retirement Fund Association**

*Actuarial Valuation and Review  
as of July 1, 2004*

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*December 20, 2004*

*Mr. Phillip Kapler  
St. Paul Teachers' Retirement Fund Association  
1619 Dayton Avenue, Room 309  
Saint Paul, MN 55104-6206*

*Dear Mr. Kapler:*

*We are pleased to submit this Actuarial Valuation and Review as of July 1, 2004. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2005 and analyzes the preceding year's experience.*

*The census information on which our calculations were based was prepared by the Fund and the financial information was provided by the Fund. That assistance is gratefully acknowledged. The actuarial calculations were completed under our supervision.*

*This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate.*

*We look forward to reviewing this report at your next meeting and to answering any questions.*

*Sincerely,*

*THE SEGAL COMPANY*

*By: \_\_\_\_\_*  
*Leslie L. Thompson, FSA, MAAA, EA      Wally Malles, ASA, MAAA, EA      Susan M. Hogarth*  
*Senior Vice President and Actuary      Associate Actuary      Actuarial Associate*

*cc: Legislative Commission on Pensions and Retirement (3 copies)  
Minnesota Legislative Reference Library (6 copies)  
Minnesota Department of Finance (2 copies)*

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## **SECTION 1: Valuation Summary for the St. Paul Teachers' Retirement Fund Association**

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### **Purpose**

This report has been prepared by The Segal Company to present a valuation of the St. Paul Teachers' Retirement Fund Association as of July 1, 2004. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- Section 356.215 of the Minnesota Statutes;
- The benefit provisions of the Retirement Fund, as prescribed in the bylaws governing statutes and policies of the Fund;
- The characteristics of covered active members, inactive vested members, pensioners and beneficiaries as of July 1, 2004, provided by the Fund;
- The assets of the Fund as of June 30, 2004, provided by the Fund;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

## SECTION 1: Valuation Summary for the St. Paul Teachers' Retirement Fund Association

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### Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- The actuarial accrued liability funded ratio based on the actuarial value of assets over the actuarial accrued liability as of July 1, 2004 is 71.82% compared to 75.57% as of July 1, 2003. This ratio is a measure of funding status, its history is a measure of funding progress, and is the ratio required to be reported under GASB 25.
- As indicated on page 4 of this report, the total unrecognized investment loss as of June 30, 2004 is \$26,957,142. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent it is not offset by recognition of investment gains derived from future experience.
- The statutory contribution rate under Chapter 354A is equal to 16.62% of payroll compared to the required contribution rate under Chapter 356 of 21.59% of payroll. Therefore, the contribution deficiency is 4.97% of payroll as of July 1, 2004.
- The amortization date for the Fund is June 30, 2021, due to the 2002 legislative assumption changes which added one year to the original amortization date of June 30, 2020, set by Section 356.215 of the Minnesota Statutes.
- There were no changes in plan provisions, actuarial assumptions or actuarial cost methods since the prior valuation. This is the first year that The Segal Company prepared the actuarial valuation of the Fund.

**SECTION 1: Valuation Summary for the St. Paul Teachers' Retirement Fund Association**

**Summary of Key Valuation Results**

	<b>2004</b>	<b>2003</b>
<b>Contributions (% of payroll) for plan year beginning July 1:</b>		
Statutory – Chapter 354A	16.62%	16.90%
Required – Chapter 356	21.59%	20.36%
Sufficiency/(Deficiency)	-4.97%	-3.46%
<b>Funding elements for plan year beginning July 1:</b>		
Normal cost	\$21,479,177	\$22,076,000
Market value of assets	871,902,590	757,640,000
Actuarial value of assets (AVA)	898,859,732	898,760,000
Actuarial accrued liability (AAL)	1,251,460,084	1,189,361,000
Unfunded/(Overfunded) actuarial accrued liability	352,600,352	290,601,000
<b>Funded ratios:</b>		
<u>Accrued Benefit Funded Ratio</u>	74.90%	79.00%
Current assets (AVA)	\$898,859,732	\$898,760,000
Current benefit obligations	1,200,070,893	1,137,675,000
<u>Projected Benefit Funded Ratio</u>	88.95%	91.56%
Current and expected future assets	\$1,304,887,865	\$1,282,863,000
Current and expected future benefit obligations (Present Value of Benefits)	1,467,063,988	1,401,096,000
<b>GASB 25/27 for plan year beginning January 1:</b>		
Annual required employer contributions	\$30,827,547	\$23,948,000
Accrued Liability Funded Ratio (AVA/AAL)	71.82%	75.57%
Covered actual payroll	\$221,685,475	\$205,655,000
<b>Demographic data for plan year beginning July 1:</b>		
Number of pensioners and beneficiaries	2,361	2,248
Number of vested terminated members	1,261	858
Number of other non-vested terminated members	1,664	1,966
Number of active members	4,435	4,331
Number of members on leave of absence*	133	184
Total projected payroll**	\$230,777,730	\$218,898,000
Average annual payroll (projected dollars)**	50,521	50,542

\* For 2004, members on leave of absence treated as active members. For 2003, members on leave of absence treated as vested terminated members and liability included in active liability.

\*\* Includes members on leave of absence for 2004.

**SECTION 2: Valuation Results for the St. Paul Teachers' Retirement Fund Association**

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**A. MEMBER DATA**

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, vested terminated members, pensioners and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, C, D, E and F.

*A historical perspective of how the member population has changed over the past three valuations can be seen in this chart.*

**CHART 1**  
**Member Population: 2002 – 2004**

<b>Year Ended June 30</b>	<b>Active Members*</b>	<b>Vested Terminated Members**</b>	<b>Pensioners and Beneficiaries</b>	<b>Ratio of Non-Actives to Actives</b>
2002	4,306	815	2,136	0.69
2003	4,331	858	2,248	0.72
2004	4,568	1,261	2,361	0.79

\* For 2004, includes 133 members on leave of absence.

\*\* Excludes terminated members due a refund of employee contributions

**SECTION 2: Valuation Results for the St. Paul Teachers' Retirement Fund Association**

**Active Members**

Plan costs are affected by the age, years of service and payroll of active members. In this year's valuation, there were 4,568 active members (including 133 members on leave of absence) with an average age of 43.8, average years of service of 10.5 years and average payroll of \$50,521. The 4,331 active members in the prior valuation had an average age of 44.0, average service of 11.2 years and average payroll of \$50,542.

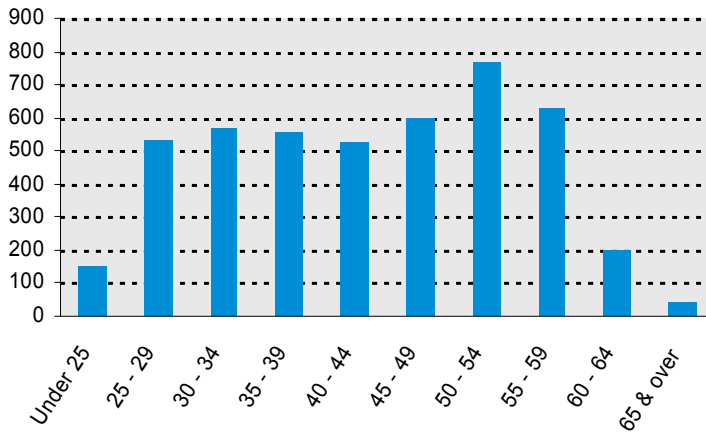
**Inactive Members**

In this year's valuation, there were 1,261 members with a vested right to a deferred or immediate vested benefit.

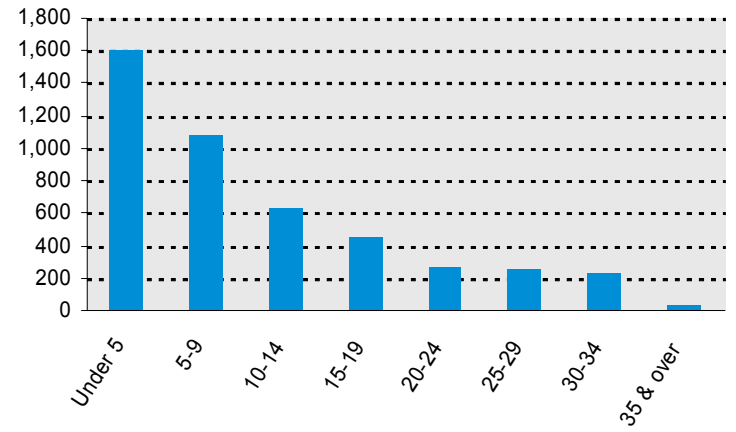
In addition, there were 1,664 other non-vested terminated members entitled to a return of their employee contributions.

*These graphs show a distribution of active members by age and by years of service.*

**CHART 2**  
**Distribution of Active Members by Age as of June 30, 2004**



**CHART 3**  
**Distribution of Active Members by Years of Service as of June 30, 2004**





**SECTION 2: Valuation Results for the St. Paul Teachers' Retirement Fund Association**

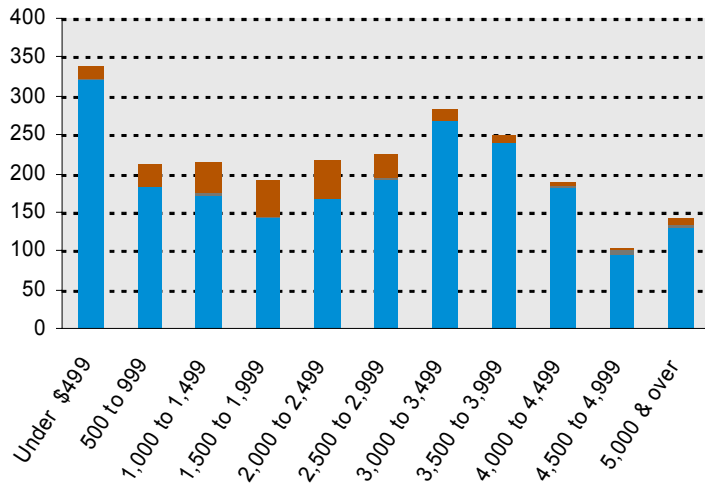
**Pensioners and Beneficiaries**

As of June 30, 2004, 2,112 pensioners (including 28 disabled participants) and 249 beneficiaries were receiving total monthly benefits of \$5,927,295. For comparison, in the previous valuation, there were 2,009 pensioners (including 21 disabled participants) and 239 beneficiaries receiving monthly benefits of \$5,554,045.

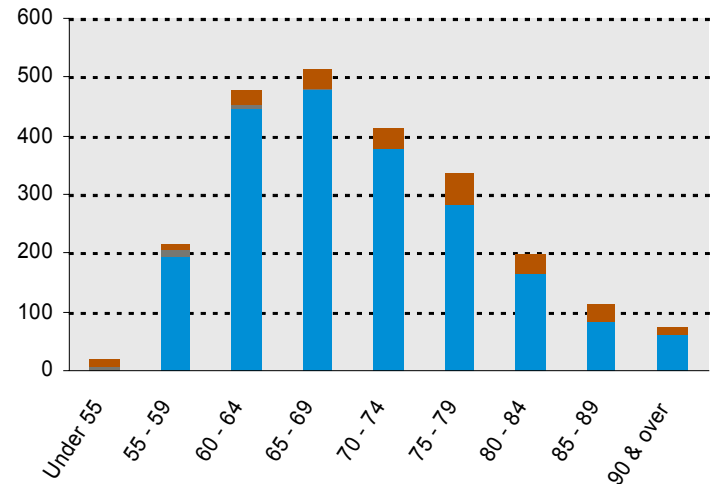
*These graphs show a distribution of the current pensioners and beneficiaries based on their monthly amount and age, by type of pension.*

- Survivor
- Disability
- Service

**CHART 4**  
**Distribution of Pensioners and Beneficiaries by Type and by Monthly Amount as of June 30, 2004**



**CHART 5**  
**Distribution of Pensioners and Beneficiaries by Type and by Age as of June 30, 2004**



**SECTION 2: Valuation Results for the St. Paul Teachers' Retirement Fund Association**

**B. FINANCIAL INFORMATION**

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Minnesota Statutes require an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

Both the actuarial value and market value of assets are representations of the Fund's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Fund's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

*The chart shows the determination of the actuarial value of assets as of the valuation date.*

**CHART 6**  
**Determination of Actuarial Value of Assets for Year Ended June 30, 2004**

	Original Amount	% Not Recognized	
1. Market value of assets available for benefits			\$871,902,590
2. Calculation of unrecognized return			
(a) Year ended June 30, 2004	\$82,512,072	80%	\$66,009,658
(b) Year ended June 30, 2003	-56,015,000	60%	-33,609,000
(c) Year ended June 30, 2002	-96,072,000	40%	-38,428,800
(d) Year ended June 30, 2001	-104,645,000	20%	<u>-20,929,000</u>
(e) Total unrecognized return			-\$26,957,142
3. Actuarial value of assets: (1) - (2e) ("Current Assets")			<u>\$898,859,732</u>

**SECTION 2: Valuation Results for the St. Paul Teachers' Retirement Fund Association**

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**C. ACTUARIAL EXPERIENCE**

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions.

For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is \$52,483,293, which includes a loss of \$43,646,529 from investments and a loss of \$8,836,764 from all other sources. The net experience variation from individual sources other than investments was 0.7% of the actuarial accrued liability, which is less than 1.0% of the actuarial accrued liability and includes age/service retirements, disability mortality (pre and post-retirement), withdrawal, and salary increases.

*This chart provides a summary of the actuarial experience during the past year.*

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**CHART 7**  
**Actuarial Experience for Year Ended June 30, 2004**

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1. Net gain/(loss) from investments	-\$43,646,529
2. Net gain/(loss) from other experience	<u>-8,836,764</u>
3. Net experience gain/(loss): (1) + (2)	<u>-\$52,483,293</u>

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## **SECTION 2: Valuation Results for the St. Paul Teachers' Retirement Fund Association**

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### **D. INFORMATION REQUIRED BY THE GASB**

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Section 4, Exhibit III presents a schedule of this information for the Fund.

The other critical piece of information regarding the Fund's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

GASB requires that the actuarial value of assets be used to determine the funded ratio, as shown in Section 4, Exhibit IV.

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT A**  
**Table of Plan Coverage**

<b>Category</b>	<b>Year Ended June 30</b>		<b>Change From Prior Year</b>
	<b>2004</b>	<b>2003</b>	
<b>Active members in valuation*:</b>			
Number	4,568	4,331	5.5%
Average age	43.8	44.0	N/A
Average service	10.5	11.2	N/A
Total projected payroll	\$230,777,730	\$218,899,267	5.4%
Average projected payroll	50,521	50,542	0.0%
Total active vested members	3,506	3,285	6.7%
<b>Vested terminated members</b>	1,261	858	47.0%
<b>Retired participants:</b>			
Number in pay status	2,084	1,988	4.8%
Average age	70.5	70.6	N/A
Average monthly benefit	\$2,558	\$2,531	1.1%
<b>Disabled members:</b>			
Number in pay status	28	21	33.3%
Average age	58.1	56.6	N/A
Average monthly benefit	\$2,797	\$2,450	14.2%
<b>Other non-vested terminated members</b>	1,664	1,966	-15.4%
<b>Beneficiaries:</b>			
Number in pay status	249	239	4.2%
Average age	74.7	73.6	N/A
Average monthly benefit	\$2,081	\$1,974	5.4%

\* For 2004, includes 133 members on leave of absence.

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT B-1**

**Members in Active Service as of June 30, 2004  
By Age, Years of Service, and Average Projected Payroll - Total**

Age	Years of Service								
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	153	153	--	--	--	--	--	--	--
	\$14,951	\$14,951	--	--	--	--	--	--	--
25 - 29	532	432	100	--	--	--	--	--	--
	\$32,534	\$29,467	\$45,783	--	--	--	--	--	--
30 - 34	569	245	285	39	--	--	--	--	--
	\$42,552	\$33,856	\$47,998	\$57,380	--	--	--	--	--
35 - 39	558	176	217	143	22	--	--	--	--
	\$48,689	\$34,441	\$51,706	\$59,006	\$65,851	--	--	--	--
40 - 44	524	135	151	122	110	6	--	--	--
	\$54,172	\$32,910	\$54,561	\$59,739	\$72,054	\$81,757	--	--	--
45 - 49	596	159	125	120	91	73	28	--	--
	\$54,403	\$32,147	\$52,378	\$62,314	\$65,409	\$69,835	\$79,918	--	--
50 - 54	765	155	113	112	120	95	119	51	--
	\$58,713	\$26,486	\$52,906	\$64,424	\$66,516	\$69,762	\$76,052	\$77,583	--
55 - 59	627	83	66	76	77	68	81	157	19
	\$65,022	\$27,106	\$52,882	\$62,955	\$66,758	\$71,969	\$77,192	\$78,944	\$82,283
60 - 64	199	39	28	16	34	24	25	18	15
	\$58,805	\$17,525	\$52,480	\$64,607	\$66,468	\$68,888	\$76,896	\$77,183	\$86,045
65 & Over	45	21	6	1	3	4	2	6	2
	\$35,661	\$7,104	\$20,888	\$49,147	\$64,846	\$73,678	\$74,111	\$77,062	\$90,625
Total	4,568	1,598	1,091	629	457	270	255	232	36
	\$50,521	\$28,858	\$50,713	\$61,247	\$67,623	\$70,584	\$76,906	\$78,459	\$84,314

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT B-2**

**Members in Active Service as of June 30, 2004  
By Age, Years of Service, and Average Projected Payroll - Basic**

Age	Years of Service								
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--	--	--
40 - 44	--	--	--	--	--	--	--	--	--
45 - 49	9	--	--	--	--	1	8	--	--
	\$79,011	--	--	--	--	\$73,918	\$79,648	--	--
50 - 54	110	--	--	--	5	11	57	37	--
	74,749	--	--	--	\$56,634	67,239	76,079	\$77,380	--
55 - 59	198	--	--	--	--	8	39	134	17
	78,421	--	--	--	--	71,900	77,492	78,845	\$80,278
60 - 64	39	--	--	--	--	1	9	16	13
	78,469	--	--	--	--	76,702	73,551	77,352	83,385
65 & Over	6	--	--	--	--	--	--	4	2
	82,662	--	--	--	--	--	--	78,680	90,625
Total	362	--	--	--	5	21	113	191	32
	\$77,395	--	--	--	\$56,634	\$69,783	\$76,618	\$78,433	\$82,187

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT B-3**

**Members in Active Service as of June 30, 2004  
By Age, Years of Service, and Average Projected Payroll - Coordinated**

Age	Years of Service								
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	153	153	--	--	--	--	--	--	--
	\$14,951	\$14,951	--	--	--	--	--	--	--
25 - 29	532	432	100	--	--	--	--	--	--
	32,534	29,467	\$45,783	--	--	--	--	--	--
30 - 34	569	245	285	39	--	--	--	--	--
	42,552	33,856	47,998	\$57,380	--	--	--	--	--
35 - 39	558	176	217	143	22	--	--	--	--
	48,689	34,441	51,706	59,006	\$65,851	--	--	--	--
40 - 44	525	135	151	122	110	6	1	--	--
	54,159	32,910	54,561	59,739	72,054	\$81,757	\$47,299	--	--
45 - 49	586	159	125	120	91	72	19	--	--
	54,037	32,147	52,378	62,314	65,409	69,778	81,748	--	--
50 - 54	655	155	113	112	115	84	62	14	--
	56,020	26,486	52,906	64,424	66,946	70,092	76,028	\$78,121	--
55 - 59	429	83	66	76	77	60	42	23	2
	58,838	27,106	52,882	62,955	66,758	71,978	76,912	79,517	\$99,323
60 - 64	160	39	28	16	34	23	16	2	2
	54,012	17,525	52,480	64,607	66,468	68,548	78,778	75,835	103,338
65 & Over	39	21	6	1	3	4	2	2	--
	28,430	7,104	20,888	49,147	64,846	73,678	74,111	73,825	--
Total	4,206	1,598	1,091	629	452	249	142	41	4
	\$48,207	\$28,858	\$50,713	\$61,247	\$67,744	\$70,652	\$77,135	\$78,583	\$101,331



**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT C-1**

**Retired Participants as of June 30, 2004  
By Age, Years Retired and Average Annual Benefit - Total**

Age	Years Retired									
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 45	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
50 - 54	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
55 - 59	192	192	--	--	--	--	--	--	--	--
	\$32,206	\$32,206	--	--	--	--	--	--	--	--
60 - 64	447	311	134	2	--	--	--	--	--	--
	27,921	28,110	\$27,758	\$9,515	--	--	--	--	--	--
65 - 69	476	131	259	86	--	--	--	--	--	--
	31,744	27,310	35,261	27,906	--	--	--	--	--	--
70 - 74	379	14	131	165	66	2	1	--	--	--
	35,337	7,927	42,191	35,095	\$27,385	\$52,861	\$51,020	--	--	--
75 - 79	283	4	15	82	140	40	2	--	--	--
	32,004	24,016	32,407	38,517	30,961	21,517	60,648	--	--	--
80 - 84	162	1	3	7	57	79	15	--	--	--
	27,147	27,423	21,186	37,178	25,101	28,651	23,491	--	--	--
85 - 89	82	1	--	3	12	32	32	2	--	--
	25,519	49,908	--	58,212	26,444	24,260	22,556	\$26,278	--	--
90 & Over	61	--	--	--	--	2	38	15	4	2
	19,800	--	--	--	--	20,148	18,510	22,645	\$20,196	\$21,821
Total	2,082	654	542	345	275	155	88	17	4	2
	\$30,702	\$28,728	\$34,924	\$34,211	\$28,691	\$26,106	\$22,157	\$23,073	\$20,196	\$21,821

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT C-2**

**Retired Participants as of June 30, 2004  
By Age, Years Retired and Average Annual Benefit - Basic**

Age	Years Retired									
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 45	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
50 - 54	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
55 - 59	154	153	--	1	--	--	--	--	--	--
	\$35,484	\$35,647	--	\$10,582	--	--	--	--	--	--
60 - 64	318	210	107	1	--	--	--	--	--	--
	33,197	34,346	\$1,175	8,448	--	--	--	--	--	--
65 - 69	348	63	207	78	--	--	--	--	--	--
	38,741	41,871	41,088	29,986	--	--	--	--	--	--
70 - 74	323	--	106	149	65	2	1	--	--	--
	39,422	--	48,646	37,675	\$27,793	\$52,861	\$51,020	--	--	--
75 - 79	252	1	8	66	135	40	2	--	--	--
	34,240	34,296	44,170	44,858	31,840	21,517	60,648	--	--	--
80 - 84	152	--	3	6	51	77	15	--	--	--
	28,207	--	21,186	38,655	27,649	28,956	23,491	--	--	--
85 - 89	81	1	--	3	12	31	32	2	--	--
	25,792	49,908	--	58,212	26,444	24,935	22,556	\$26,278	--	--
90 & Over	61	--	--	--	--	2	38	15	4	2
	19,800	--	--	--	--	20,148	18,510	22,645	\$20,196	\$21,821
Total	1,689	428	431	304	263	152	88	17	4	2
	\$34,606	\$35,955	\$40,405	\$37,298	\$29,781	\$26,377	\$22,157	\$23,073	\$20,196	\$21,821

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT C-3**

**Retired Participants as of June 30, 2004**

**By Age, Years Retired and Average Annual Benefit - Coordinated**

Age	Years Retired									
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35 -39	40 & over
45 & Under	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
50 - 54	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
55 - 59	39	39	--	--	--	--	--	--	--	--
	\$18,708	\$18,708	--	--	--	--	--	--	--	--
60 - 64	128	101	27	--	--	--	--	--	--	--
	14,950	15,145	\$14,217	--	--	--	--	--	--	--
65 - 69	128	68	52	8	--	--	--	--	--	--
	12,719	13,820	12,063	\$7,624	--	--	--	--	--	--
70 - 74	56	14	25	16	1	--	--	--	--	--
	11,777	7,927	14,820	11,073	\$852	--	--	--	--	--
75 - 79	31	3	7	16	5	--	--	--	--	--
	13,825	20,589	18,963	12,364	7,251	--	--	--	--	--
80 - 84	10	1	--	1	6	2	--	--	--	--
	11,024	27,423	--	28,315	3,443	\$16,921	--	--	--	--
85 - 89	1	--	--	--	--	1	--	--	--	--
	3,340	--	--	--	--	3,340	--	--	--	--
90 & Over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	393	226	111	41	12	3	--	--	--	--
	\$13,926	\$15,041	\$13,643	\$11,324	\$4,813	\$12,394	--	--	--	--

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT D-1**

**Disabled Members as of June 30, 2004  
By Age, Years Disabled and Average Annual Benefit - Total**

Age	Years Disabled									
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 45	1	--	1	--	--	--	--	--	--	--
	\$2,342	--	\$2,342	--	--	--	--	--	--	--
45 - 49	3	2	1	--	--	--	--	--	--	--
	16,113	\$21,760	4,820	--	--	--	--	--	--	--
50 - 54	2	1	1	--	--	--	--	--	--	--
	23,234	8,355	38,112	--	--	--	--	--	--	--
55 - 59	11	3	6	2	--	--	--	--	--	--
	35,098	17,355	38,386	\$51,851	--	--	--	--	--	--
60 - 64	7	1	5	--	--	--	1	--	--	--
	31,543	19,018	36,884	--	--	--	\$17,367	--	--	--
65 - 69	4	1	1	1	1	--	--	--	--	--
	58,912	62,051	50,886	65,176	\$57,534	--	--	--	--	--
70 - 74	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
75 - 79	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
80 - 84	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
85 - 89	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
90 & Over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	28	8	15	3	1	--	1	--	--	--
	\$33,560	\$23,126	\$34,060	\$56,293	\$57,534	--	\$17,367	--	--	--

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT D-2**

**Disabled Members as of June 30, 2004  
By Age, Years Disabled and Average Annual Benefit - Basic**

Age	Years Disabled									
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
45 & Under	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
45 - 49	2	2	--	--	--	--	--	--	--	--
	\$21,760	\$21,760	--	--	--	--	--	--	--	--
50 - 54	1	--	1	--	--	--	--	--	--	--
	38,112	--	\$38,112	--	--	--	--	--	--	--
55 - 59	7	1	4	2	--	--	--	--	--	--
	49,081	32,580	51,821	\$51,851	--	--	--	--	--	--
60 - 64	9	2	4	1	1	--	1	--	--	--
	46,917	40,535	50,276	65,176	\$57,534	--	\$17,367	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 - 74	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
75 - 79	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
80 - 84	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
85 - 89	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
90 & Over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	19	5	9	3	1	--	1	--	--	--
	\$44,603	\$31,434	\$49,611	\$56,293	\$57,534	--	\$17,367	--	--	--

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT D-3**

**Disabled Members as of June 30, 2004  
By Age, Years Disabled and Average Annual Benefit - Coordinated**

Age	Years Disabled									
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 45	1	--	1	--	--	--	--	--	--	--
	\$2,342	--	\$2,342	--	--	--	--	--	--	--
45 - 49	1	--	1	--	--	--	--	--	--	--
	4,820	--	4,820	--	--	--	--	--	--	--
50 - 54	1	1	--	--	--	--	--	--	--	--
	8,355	\$8,355	--	--	--	--	--	--	--	--
55 - 59	4	2	2	--	--	--	--	--	--	--
	10,629	9,742	11,517	--	--	--	--	--	--	--
60 - 64	2	--	2	--	--	--	--	--	--	--
	17,100	--	17,100	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 - 74	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
75 - 79	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
80 - 84	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
85 - 89	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
90 & Over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	9	3	6	--	--	--	--	--	--	--
	\$10,248	\$9,280	\$10,733	--	--	--	--	--	--	--

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT E-1**

**Beneficiaries as of June 30, 2004**

**By Age, Years Since Death and Average Annual Benefit - Total**

Age	Years Since Death								
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 50	9	7	1	1	--	--	--	--	--
	\$11,202	\$12,667	\$9,625	\$2,523	--	--	--	--	--
50 - 54	5	2	1	--	1	--	--	1	--
	10,692	7,376	11,745	--	\$23,616	--	--	\$3,350	--
55 - 59	9	2	4	1	1	1	--	--	--
	24,326	13,850	29,949	35,401	18,613	\$17,424	--	--	--
60 - 64	25	7	5	8	4	1	--	--	--
	32,683	33,306	37,131	31,591	31,180	20,824	--	--	--
65 - 69	34	3	7	12	6	3	3	--	--
	27,261	38,021	32,397	29,485	23,210	13,019	\$17,973	--	--
70 - 74	32	1	1	9	15	3	2	1	--
	32,170	29,514	89,215	39,146	28,282	24,103	23,586	14,686	--
75 - 79	52	--	1	5	22	21	3	--	--
	25,291	--	51,492	26,215	27,571	20,781	29,860	--	--
80 - 84	37	--	--	2	5	16	12	2	--
	22,617	--	--	65,234	21,821	22,158	17,718	15,054	--
85 - 90	32	--	--	--	2	11	19	--	--
	19,694	--	--	--	11,232	17,862	21,645	--	--
90 & Over	14	--	--	--	--	2	8	4	--
	20,724	--	--	--	--	21,950	22,617	16,325	--
Total	249	22	20	38	56	58	47	8	--
	\$24,975	\$23,084	\$34,715	\$33,114	\$26,224	\$20,361	\$21,180	\$14,180	--

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT E-2**

**Beneficiaries as of June 30, 2004**

**By Age, Years Since Death and Average Annual Benefit - Basic**

Age	Years Since Death								
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 50	4	3	1	--	--	--	--	--	--
	\$13,275	\$14,492	\$9,625	--	--	--	--	--	--
50 - 54	3	1	--	--	1	--	--	1	--
	9,283	883	--	--	\$23,616	--	--	\$3,350	--
55 - 59	7	1	3	1	1	1	--	--	--
	29,566	19,221	38,768	\$35,401	18,613	\$17,424	--	--	--
60 - 64	22	4	5	8	4	1	--	--	--
	33,567	38,639	37,131	31,591	31,180	20,824	--	--	--
65 - 69	32	2	6	12	6	3	3	--	--
	27,016	37,999	33,745	29,485	23,210	13,019	\$17,973	--	--
70 - 74	31	1	1	8	15	3	2	1	--
	32,974	29,514	89,215	43,134	28,282	24,103	23,586	14,686	--
75 - 79	50	--	1	3	22	21	3	--	--
	26,041	--	51,492	39,333	27,571	20,781	29,860	--	--
80 - 84	37	--	--	2	5	16	12	2	--
	22,617	--	--	65,234	21,821	22,158	17,718	15,054	--
85 - 90	32	--	--	--	2	11	19	--	--
	19,694	--	--	--	11,232	17,862	21,645	--	--
90 & Over	14	--	--	--	--	2	8	4	--
	20,724	--	--	--	--	21,950	22,617	16,325	--
Total	232	12	17	34	56	58	47	8	--
	\$25,742	\$26,971	\$38,515	\$36,338	\$26,224	\$20,361	\$21,180	\$14,180	--



**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT E-3**

**Beneficiaries as of June 30, 2004  
By Age, Years Since Death and Average Annual Benefit - Coordinated**

Age	Years Since Death								
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 50	5	4	--	1	--	--	--	--	--
	\$9,543	\$11,298	--	\$2,523	--	--	--	--	--
50 - 54	2	1	1	--	--	--	--	--	--
	12,807	13,868	\$11,745	--	--	--	--	--	--
55 - 59	2	1	1	--	--	--	--	--	--
	5,985	8,478	3,492	--	--	--	--	--	--
60 - 64	3	3	--	--	--	--	--	--	--
	26,196	26,196	--	--	--	--	--	--	--
65 - 69	2	1	1	--	--	--	--	--	--
	31,185	38,064	24,306	--	--	--	--	--	--
70 - 74	1	--	--	1	--	--	--	--	--
	7,244	--	--	7,244	--	--	--	--	--
75 - 79	2	--	--	2	--	--	--	--	--
	6,538	--	--	6,538	--	--	--	--	--
80 - 84	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
85 - 90	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
90 & Over	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
Total	17	10	3	4	--	--	--	--	--
	\$14,505	\$18,419	\$13,181	\$5,711	--	--	--	--	--

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT F**

**Reconciliation of Member Data**

	Active Members	Leave of Absence	Vested Terminated Members	Other Non-Vested Terminated Members	Retired Participants	Disableds	Beneficiaries	Other Beneficiaries	Total
A. Number as of June 30, 2003	4,331	184	858	1,966	1,982	21	239	6	9,587
B. Additions	574	74	482	249	149	9	16	-	1,553
C. Deletions:									
1. Retirements	-111	-3	-9	-25	-	-1	-	-	-149
2. Disability	-1	-2	-2	-	-4	-	-	-	-9
3. Died with beneficiary	-2	-	-	-	-14	-	-	-	-16
4. Died without beneficiary	-5	-	-1	-5	-37	-1	-7	-	-56
5. Terminated - deferred	-67	-39	-	-337	-	-	-	-	-443
6. Terminated – other non-vested	-230	-14	-5	-	-	-	-	-	-249
7. Refunds	-101	-8	-52	-189	-	-	-	-	-350
8. Rehired as active	121	-62	-10	-49	-	-	-	-	-
9. Leave of absence	-74	-	-	-	-	-	-	-	-74
10. Expired benefits	-	-	-	-	-	-	-1	-	-1
11. Resigned Non-vested	-	-	-	50	-	-	-	-	50
12. Write-offs	-	-	-	4	-	-	-	-	4
D. Data adjustments	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>7</u>
E. Total as of June 30, 2004	4,435	133	1,261	1,664	2,078	28	249	6	9,854

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT G**

**Change in Assets Available for Benefits for Year Ended June 30, 2004**

	<b>Market Value</b>	<b>Cost Value</b>
A. Assets available at beginning of period	\$757,639,499	\$665,876,000
B. Operating revenues		
1. Member contributions	\$14,307,616	\$14,307,616
2. Employer contributions	20,378,315	20,378,315
3. Supplemental contributions	3,392,761	3,392,761
4. Investment income	8,142,002	8,142,002
5. Investment expenses	-2,846,415	-2,846,415
6. Net realized gain/(loss)	34,834,326	34,834,326
7. Other	177,431	177,431
8. Net change in unrealized gain/(loss)	<u>105,273,098</u>	<u>0</u>
9. Total operating revenues	\$183,659,134	\$78,386,036
C. Operating expenses:		
1. Service retirements	\$61,039,171	\$61,039,171
2. Disability benefits	1,006,552	1,006,552
3. Survivor benefits	5,896,198	5,896,198
4. Refunds	938,407	938,407
5. Administrative expenses	<u>515,715</u>	<u>515,715</u>
6. Total operating expenses	\$69,396,043	\$69,396,043
D. Change in accounting method	0	0
E. Assets available at end of period	\$871,902,590	\$674,865,993
F. Determination of current year gross asset return		
1. Average balance:		
(a) Assets available at BOY: (A)		\$757,639,499
(b) Assets available at EOY: (E)		871,902,590
(c) Average balance [(a) + (b) – Net Investment Income] / 2		741,980,824
[Net Investment Income: (B.4) + (B.5) + (B.6) + (B.7) + (B.8)]		
2. Expected return: 8.50% x (F.1)		\$63,068,370
3. Actual return: (B.4) + (B.5) + (B.6) + (B.7) + (B.8)		<u>145,580,442</u>
4. Current year gross asset return: (F.3) – (F.2)		\$82,512,072

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT H**

**Accounting Balance Sheet for Year Ended June 30, 2004**

	<b>Market Value</b>	<b>Cost Value</b>
<b>Assets</b>		
Cash, equivalents, short-term securities	\$9,078,897	\$9,078,897
Investments:		
Fixed income	\$175,398,207	\$146,760,746
Equity	668,698,126	500,155,718
Real estate	0	0
Alternative	17,848,296	17,991,569
Other assets*	<u>1,682,593</u>	<u>1,682,593</u>
Total assets	\$872,706,119	\$675,669,523
<b>Amounts currently payable</b>	\$803,529	\$803,529
<b>Assets available for benefits</b>		
Member reserves	\$122,808,137	\$122,808,137
Employer reserves	<u>749,094,453</u>	<u>552,057,856</u>
Total assets available for benefits	\$871,902,590	\$674,865,993
<b>Total amounts currently payable and assets available for benefits</b>	<u>\$872,706,119</u>	<u>\$675,669,522</u>
<b>Net assets at Market/Cost value</b>	<u>\$872,706,119</u>	<u>\$675,669,522</u>

\* *Other Assets:*

*Accounts Receivable:*

Employer contribution	\$1,081,569
Employee contribution	98,590
Commission recapture	3,610
MN amortization match	430,761
RWI management fee	<u>31,858</u>
Total accounts receivable	\$1,646,388
Fixed assets	<u>36,205</u>
Total other assets	\$1,682,593

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT I**

**Development of the Fund Through June 30, 2004**

<b>Year Ended June 30</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Supplemental Contributions</b>	<b>Net Investment Return*</b>	<b>Administrative Expenses</b>	<b>Benefit Payments</b>	<b>Actuarial Value of Assets at End of Year</b>
2002	--	--	--	--	--	--	\$899,572,000
2003	\$19,186,000	\$14,222,000	\$4,184,000	\$26,429,000	\$499,000	\$64,334,000	\$898,760,000
2004	20,378,315	14,307,616	3,392,761	31,417,083	515,715	68,880,328	\$898,859,732

\* *Net Investment Return on an Actuarial Value of Assets basis and net of investment fees.*

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

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**EXHIBIT J**

**Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2004**

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1. Unfunded/(Overfunded) actuarial accrued liability at beginning of year		\$290,601,000
2. Normal cost at beginning of year, including expenses		22,591,715
3. Total contributions		38,078,692
4. Interest		
(a) For whole year on (1) + (2)	\$26,621,380	
(b) For half year on (3)	<u>1,618,344</u>	
(c) Total interest: (4a) – (4b)		<u>25,003,036</u>
5. Expected unfunded/(overfunded) actuarial accrued liability		\$300,117,059
6. Changes due to (gain)/loss from:		
(a) Investments	\$43,646,529	
(b) Demographics*	<u>8,836,764</u>	
(c) Total changes due to (gain)/loss		<u>\$52,483,293</u>
7. Unfunded/(Overfunded) actuarial accrued liability at end of year		<u>\$352,600,352</u>

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\* Includes (gain)/loss due to age/service retirements, disability, mortality (pre and post-retirement), withdrawal and salary increases.

**SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association**

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**EXHIBIT K**

**Definitions of Pension Terms**

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The following list defines certain technical terms for the convenience of the reader:

**Assumptions or Actuarial Assumptions:**

The estimates on which the cost of the Fund is calculated including:

- (a) Investment return — the rate of investment yield that the Fund will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

**Normal Cost:**

The amount of contributions required to fund the benefit allocated to the current year of service.

**Actuarial Accrued Liability For Actives:**

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

**Actuarial Accrued Liability For Pensioners:**

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

**Unfunded Actuarial Accrued Liability:**

The extent to which the actuarial accrued liability of the Fund exceeds the assets of the Fund. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

### SECTION 3: Supplemental Information for the St. Paul Teachers' Retirement Fund Association

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#### **Amortization of the Unfunded**

**Actuarial Accrued Liability:** Payments made over a period of years equal in value to the Fund's unfunded actuarial accrued liability.

#### **Investment Return:**

The rate of earnings of the Fund from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

#### **Accrued Benefit Funded Ratio:**

A current year funded status that measures the percent of benefits covered by Current Assets. This ratio is based on benefits earned to the valuation date (accrued service) and includes future salary increases to retirement. The liability for these benefits is defined as the Current Benefit Obligations. The Accrued Benefit Funded Ratio is calculated as the Actuarial Value of Assets (Current Assets) divided by the Current Benefit Obligations.

#### **Projected Benefit Funded Ratio:**

A projected funded status that measures contribution sufficiency/deficiency, which is based on a present value of all plan benefits for the lifetime of all plan members. The liability for these benefits is defined as the Current and Expected Future Benefit Obligations, or Present Value of Benefits. The Current and Expected Future Assets are determined as the sum of the Actuarial Value of Assets (Current Assets), the Present Value of Expected Future Statutory Supplemental Contributions and the Present Value of Future Normal Costs. The Projected Benefit Funded Ratio is calculated as the Current and Expected Future Assets divided by the Current and Expected Future Benefit Obligations. If the ratio is equal to or more than 100%, there is a contribution sufficiency, and if it is less than 100% there is a contribution deficiency.



**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

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**EXHIBIT I**

**Summary of Actuarial Valuation Results**

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The valuation was made with respect to the following data supplied to us:

1. Pensioners as of the valuation date (including 249 beneficiaries in pay status)		2,361
2. Members inactive during year ended June 30, 2004 with vested rights		1,261
3. Members active during the year ended June 30, 2004		4,568
Fully vested	3,506	
Not vested	1,062	
4. Other non-vested terminated members as of June 30, 2004		1,664

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**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT I (continued)**

**Summary of Actuarial Valuation Results**

	<b>Actuarial Present Value of Projected Benefits</b>	<b>Actuarial Present Value of Future Normal Costs</b>	<b>Actuarial Accrued Liability</b>
<b>A. Determination of Actuarial Accrued Liability</b>			
1. Active members:			
(a) Retirement benefits	\$649,799,904	\$185,209,030	\$464,590,874
(b) Disability benefits	11,639,382	5,297,496	6,341,886
(c) Death benefits	11,694,121	4,966,177	6,727,944
(d) Withdrawal benefits	<u>22,680,947</u>	<u>20,131,201</u>	<u>2,549,746</u>
(e) Total	\$695,814,354	\$215,603,904	\$480,210,450
2. Vested terminated members	\$31,232,331	\$0	\$31,232,331
3. Other non-vested terminated members	2,055,239	0	2,055,239
4. Annuitants	<u>737,962,064</u>	<u>0</u>	<u>737,962,064</u>
5. Total	\$1,467,063,988	\$215,603,904	\$1,251,460,084
<b>B. Determination of Unfunded Actuarial Accrued Liability</b>			
1. Actuarial Accrued Liability			\$1,251,460,084
2. Actuarial Value of Assets			<u>898,859,732</u>
3. Unfunded Actuarial Accrued Liability: (1) – (2)			\$352,600,352
<b>C. Determination of Supplemental Contribution Rate</b>			
1. Present value of future payrolls through the amortization date of June 30, 2021			\$2,925,635,082
2. Supplemental contribution rate: (B.3) / (C.1)			12.05%

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT II  
Actuarial Balance Sheet**

A. Current Assets				\$898,859,732
B. Expected Future Assets				
1. Present Value of Expected Future Statutory Supplemental Contributions				\$190,424,229
2. Present Value of Future Normal Costs				<u>215,603,904</u>
3. Total Expected Future Assets				\$406,028,133
C. Total Current and Expected Future Assets				\$1,304,887,865
D. Current Benefit Obligations	<b><u>Non-Vested</u></b>	<b><u>Vested</u></b>		<b><u>Total</u></b>
1. Benefit recipients:				
(a) Retirement annuities	\$0	\$676,334,117		\$676,334,117
(b) Disability benefits	0	8,322,941		8,322,941
(c) Beneficiaries	0	53,305,006		53,305,006
2. Vested terminated members	0	31,232,331		31,232,331
3. Other non-vested terminated members	0	2,055,239		2,055,239
4. Active members:				
(a) Retirement benefits	\$2,091,132	\$401,501,385		\$403,592,517
(b) Disability benefits	73,599	6,485,760		6,559,359
(c) Death benefits	67,330	6,330,492		6,397,822
(d) Withdrawal benefits	<u>533,566</u>	<u>11,737,995</u>		<u>12,271,561</u>
5. Total Current Benefit Obligations	\$2,765,627	\$1,197,305,266		\$1,200,070,893
E. Expected Future Benefit Obligations				<u>\$266,993,095</u>
F. Total Current and Expected Future Benefit Obligations - Present Value of Benefits: (D.5 + E)				\$1,467,063,988
G. Current Unfunded Actuarial Liability (D.5 - A)				\$301,211,161
H. Current and Future Unfunded Actuarial Liability (F - C)				\$162,176,123

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT III**

**Supplementary Information Required by the GASB – Schedule of Employer Contributions**

<b>Plan Year Ended June 30</b>	<b>Actuarially Required Contribution Rate (Prior Year) (a)</b>	<b>Actual Covered Payroll (b)</b>	<b>Actual Member Contributions (c)</b>	<b>Annual Required Contributions [(a) x (b)] – (c) = (d)</b>	<b>Actual Employer Contributions<sup>(1)</sup> (e)</b>	<b>Percentage Contributed (e) / (d)</b>
1991	18.86%	\$110,131,000	\$7,518,000	\$13,253,000	\$10,255,000	77.38%
1992	18.87	115,274,000	7,821,000	13,931,000	10,489,000	75.29
1993	19.74	122,930,000	8,202,000	16,064,000	10,839,000	67.47
1994	18.68	129,308,000	9,100,000	15,055,000	11,736,000	77.95
1995	18.63	139,175,000	8,788,000	17,140,000	13,084,000	76.34
1996	17.96	145,677,000	9,093,000	17,071,000	15,101,000	88.46
1997	16.97	151,363,000	9,484,000	16,202,000	16,043,000	99.02
1998	20.35	168,564,000	11,057,000	23,246,000	21,702,000	93.36
1999	18.82	178,254,000	11,649,000	21,898,000	21,066,000	96.20
2000	18.09	187,950,000	13,184,000	20,816,000	22,622,000	108.68
2001	16.57	202,915,000	13,170,000	20,453,000	23,569,000	115.23
2002	15.81	201,456,000	14,468,000	17,382,000	24,216,000	139.32
2003 <sup>(2)</sup>	18.56	205,655,000	14,222,000	23,948,000	23,370,000	97.59
2004 <sup>(3)</sup>	20.36	221,685,475	14,307,616	30,827,547	23,771,076	77.11

(1) *Includes contributions from other sources (if applicable).*

(2) *Actuarially Required Contribution Rate prior to change in Actuarial Assumptions and Plan Provisions is 16.19%.*

(3) *Imputed Actual Covered Payroll is based on actual contributions received.*

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT IV**

**Supplementary Information Required by the GASB – Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded/ (Overfunded) AAL (UAAL) (b) – (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Actual Covered Payroll (Previous FY) (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b) – (a)] / (c)</b>
07/01/1991	\$326,357,000	\$495,740,000	\$169,383,000	65.83%	\$110,131,000	153.80%
07/01/1992	355,998,000	533,865,000	177,867,000	66.68	115,274,000	154.30
07/01/1993	393,168,000	571,059,000	177,891,000	68.85	122,930,000	144.71
07/01/1994	407,275,000	596,441,000	189,166,000	68.28	129,308,000	146.29
07/01/1995	445,733,000	633,070,000	187,337,000	70.41	139,175,000	134.61
07/01/1996	494,931,000	664,072,000	169,141,000	74.53	145,677,000	116.11
07/01/1997	556,406,000	805,066,000	248,660,000	69.11	151,363,000	164.28
07/01/1998	625,053,000	861,584,000	236,531,000	72.55	168,564,000	140.32
07/01/1999	704,233,000	938,847,000	234,614,000	75.01	178,254,000	131.62
07/01/2000	801,823,000	998,253,000	196,430,000	80.32	187,950,000	104.51
07/01/2001	869,045,000	1,060,931,000	191,886,000	81.91	202,915,000	94.56
07/01/2002	899,572,000	1,141,300,000	241,728,000	78.82	201,456,000	119.99
07/01/2003	898,760,000	1,189,361,000	290,601,000	75.57	205,655,000	141.31
07/01/2004	898,859,732	1,251,460,084	352,600,352	71.82	221,685,475	159.05

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT V**

**Determination of Contribution Sufficiency – Total**

	July 1, 2004	
	Percent of Payroll	Dollar Amount
<b>A. Statutory Contributions – Chapter 354A</b>		
1. Employee contributions	5.80%	\$13,393,204
2. Employer contributions	8.74	20,171,429
3. Supplemental contributions		
(a) 1996 Legislation	0.80	1,850,000
(b) 1997 Legislation	1.28	2,953,000
4. Administrative expense assessment	<u>0.00</u>	<u>0</u>
5. Total	<u>16.62%</u>	<u>\$38,367,633</u>
<b>B. Required Contributions – Chapter 356</b>		
1. Normal Cost:		
(a) Retirement	8.08%	\$18,653,171
(b) Disability	0.22	515,998
(c) Death	0.20	454,448
(d) Withdrawal	<u>0.80</u>	<u>1,855,560</u>
(e) Total	<u>9.30%</u>	<u>\$21,479,177</u>
2. Supplemental contribution amortization	12.05%	\$27,808,716
3. Allowance for administrative expenses	<u>0.24</u>	<u>553,867</u>
4. Total	<u>21.59%</u>	<u>\$49,841,760</u>
<b>C. Contribution Sufficiency / (Deficiency): (A.5) – (B.4)</b>	-4.97%	-\$11,474,127
<b>Projected annual payroll for fiscal year beginning on the valuation date</b>		<b>\$230,777,730</b>

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT VI**

**Determination of Contribution Sufficiency – Basic**

<b>July 1, 2004</b>		
<b>A. Statutory Contributions – Chapter 354A</b>	<b>Percent of Payroll</b>	<b>Dollar Amount</b>
1. Employee contributions	8.00%	\$2,241,373
2. Employer contributions	11.64	3,261,197
3. Supplemental contributions		
(a) 1996 Legislation	0.80	224,137
(b) 1997 Legislation	1.28	358,620
4. Administrative expense assessment	<u>0.00</u>	<u>0</u>
5. Total	<u>21.72%</u>	<u>\$6,085,327</u>
<b>B. Required Contributions – Chapter 356</b>	<b>Percent of Payroll</b>	<b>Dollar Amount</b>
1. Normal Cost:		
(a) Retirement	10.17%	\$2,850,300
(b) Disability	0.36	101,483
(c) Death	0.19	52,805
(d) Withdrawal	<u>1.40</u>	<u>393,486</u>
(e) Total	<u>12.12%</u>	<u>\$3,398,074</u>
 <b>Projected annual payroll for fiscal year beginning on the valuation date</b>		 \$28,017,160

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

**EXHIBIT VII**

**Determination of Contribution Sufficiency – Coordinated**

			<b>July 1, 2004</b>	
<b>A. Statutory Contributions – Chapter 354A</b>			<b>Percent of Payroll</b>	<b>Dollar Amount</b>
1.	Employee contributions		5.50%	\$11,151,831
2.	Employer contributions		8.34	16,910,232
3.	Supplemental contributions			
	(a) 1996 Legislation		0.80	1,622,085
	(b) 1997 Legislation		1.28	2,595,335
4.	Administrative expense assessment		<u>0.00</u>	<u>0</u>
5.	Total		<u>15.92%</u>	<u>\$32,279,483</u>
<b>B. Required Contributions – Chapter 356</b>			<b>Percent of Payroll</b>	<b>Dollar Amount</b>
1.	Normal Cost:			
	(a) Retirement		7.79%	\$15,802,871
	(b) Disability		0.20	414,515
	(c) Death		0.20	401,644
	(d) Withdrawal		<u>0.72</u>	<u>1,462,074</u>
	(e) Total		<u>8.91%</u>	<u>\$18,081,104</u>
<b>Projected annual payroll for fiscal year beginning on the valuation date</b>				<b>\$202,760,570</b>



**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

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**EXHIBIT VIII**

**Supplementary Information Required by the GASB**

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<b>Valuation date</b>	July 1, 2004
<b>Actuarial cost method</b>	Entry Age Normal
<b>Amortization method</b>	Level percentage of payroll, assuming payroll increases of 5.00% per annum
<b>Remaining amortization period</b>	17 years remaining as of July 1, 2004
<b>Asset valuation method</b>	Market Value, adjusted for amortization obligations receivable at the end of each fiscal year, less a percentage of the Unrecognized Asset Return determined at the close of each of the four preceding fiscal years. Unrecognized Asset Return is the difference between actual net return on Market Value of Assets and the asset return expected during that fiscal year (based on the assumed interest rate employed in the July 1 Actuarial Valuation of the fiscal year).

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**Actuarial assumptions:**

Investment rate of return:

Pre-retirement	8.50% per annum
Post-retirement	8.50% per annum
Projected salary increases	Select and ultimate rates by age, with ultimate rates of 5.00% - 6.90%

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**Plan membership:**

Pensioners and beneficiaries receiving benefits	2,361
Terminated vested members entitled to, but not yet receiving benefits	1,261
Other terminated non-vested members	1,664
Active members	<u>4,568</u>
Total	9,854

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**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

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**EXHIBIT IX**

**Actuarial Assumptions and Actuarial Cost Method**

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**Mortality Rates:**

*Healthy Pre-Retirement:*

Male: 1983 Group Annuity Mortality Table for males set back 7 years

Female: 1983 Group Annuity Mortality Table for females set back 5 years

*Healthy Post-Retirement:*

Male: 1983 Group Annuity Mortality Table for males set back 3 years

Female: 1983 Group Annuity Mortality Table for females set back 1 year

*Disability:*

Male: 1977 Railroad Retirement Board Mortality Table for Disabled Lives

Female: 1977 Railroad Retirement Board Mortality Table for Disabled Lives

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

**Summary of Rates:**

Shown below for selected ages:

Age	Rate (%)						
	Pre-Retirement Mortality		Post-Retirement Mortality		Withdrawal	Disability	Post-Disability Mortality
	Male	Female	Male	Female			
20	0.03	0.02	0.03	0.02	6.00	0.02	2.71
25	0.04	0.02	0.04	0.02	4.50	0.02	2.72
30	0.04	0.03	0.05	0.03	3.00	0.03	2.72
35	0.05	0.03	0.07	0.04	2.25	0.03	2.73
40	0.07	0.05	0.10	0.06	1.50	0.04	2.73
45	0.10	0.07	0.15	0.09	1.25	0.06	2.74
50	0.17	0.10	0.28	0.15	1.00	0.12	2.89
55	0.31	0.16	0.48	0.23	0.50	0.24	3.71
60	0.52	0.25	0.71	0.38	0.00	0.48	4.73
65	0.77	0.42	1.11	0.64	0.00	0.00	5.98

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

**Summary of Retirement Rates:** Shown below for selected age:

Age	Rate (%)			
	Basic Members Eligible for Rule of 90 Provision	Basic Members Not Eligible for Rule of 90 Provision	Coordinated Members Eligible for Rule of 90 Provision	Coordinated Members Not Eligible for Rule of 90 Provision
54 & under	40.00	0.00	40.00	0.00
55	40.00	10.00	40.00	5.00
60	40.00	10.00	40.00	5.00
65	40.00	40.00	40.00	20.00
70	50.00	50.00	40.00	40.00
75	80.00	80.00	80.00	80.00
80 & over	100.00	100.00	100.00	100.00

**Withdrawal Rates:** Select and ultimate rates are based on recent plan experience. Ultimate rates after the third year are shown in the rate table. Select rates are as follows:  
 First year: 40%  
 Second year: 10%  
 Third year: 6%

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

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**Salary Increases:**

Reported salary for prior fiscal year, with new hires annualized, increased to current fiscal year and annually for each future year according to the ultimate rate table below. During a ten-year select period,  $0.30\% \times (10-T)$  where T is completed years of service is added to the ultimate rate.

<b>Age</b>	<b>Ultimate Rate of Annual Salary Increases</b>
Less than 22	6.90%
25	6.75
30	6.50
35	6.25
40	6.00
45	5.75
50	5.50
55	5.25
60 & Over	5.00

**Retirement Age:**

*Active Members:*

Active members are assumed to retire according to the graded rates shown in the rate table. Rates are applied beginning at the participant's first early retirement age.

*Deferred Members:*

Basic members are assumed to retire at age 60. Coordinated members are assumed to retire at age 63. If over the assumed retirement age, one year from valuation date.

*Other Non-Vested Members:*

Return of contributions is assumed to occur immediately.

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

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<b>Unknown Data for Members:</b>	<p>The submitted participant data has been reviewed for reasonableness and consistency with data submitted for prior valuations. We have not audited this data, and the results of this valuation may change based on the accuracy of the underlying data. In cases where submitted data was missing or incomplete, the following assumptions were applied:</p> <p>Date of Birth: July 1, 1960 Sex: Male Deferred Benefit: Calculate estimate using service at termination date. Salary at termination is estimated based on assumed termination date if not available.</p>
<b>Percent Married:</b>	<p>85% of male members and 60% of female members are assumed to be married. Married members are assumed to have two children.</p>
<b>Age of Spouse:</b>	<p>Female four years younger than male.</p>
<b>Net Investment Return:</b>	
<i>Pre-Retirement:</i>	8.50% per annum
<i>Post-Retirement:</i>	8.50% per annum
<b>Administrative Expenses:</b>	<p>Prior year administrative expenses (excluding investment expenses) expressed as a percentage of prior year payroll.</p>
<b>Allowance for Combined Service Annuity:</b>	<p>7.00% load on liabilities for active members and 30.00% load on liabilities for former members.</p>
<b>Return of Contributions:</b>	<p>All employees withdrawing after becoming eligible for a deferred benefit were assumed to take the larger of their contributions accumulated with interest or the value of their deferred benefit.</p>

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

**Special Consideration:** Additional post retirement benefit increase is accounted for by increasing the reserve value for all service retirements, disability retirements and survivors eligible for the increase by an amount that equals the excess of the five year time weighted total rate of return over the assumed interest rate of 8.50% multiplied by the quantity of one minus the rate of contribution deficiency.

**Benefit Increases After Retirement (COLA):** 2.00% per annum.

**Optional Benefit Forms:** Married members assumed to elect the following forms of benefit:

	<u>Males</u>	<u>Females</u>
Life Annuity Option	45%	80%
50% J&S Option	10%	10%
100% J&S Option	45%	10%

**Asset Valuation Method:** Market Value, adjusted for amortization obligations receivable at the end of each fiscal year, less a percentage of the Unrecognized Asset Return determined at the close of each of the four preceding fiscal years. Unrecognized Asset Return is the difference between actual net return on Market Value of Assets and the asset return expected during the fiscal year (based on the assumed interest rate employed in the July 1 Actuarial Valuation of the fiscal year).

**Actuarial Cost Method:** Entry Age Normal Cost Method. Entry age is the age at the time the participant commenced employment. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are expressed as a level percentage of payroll, with Normal Cost determined as if the current benefit accrual rate had always been in effect.

**Payment on the Unfunded Actuarial Accrued Liability:** The Unfunded Actuarial Accrued Liability is amortized as level percentage of payroll each year to the statutory amortization date assuming payroll increases of 5.00% per annum.

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

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**Supplemental Contributions:** The St. Paul School District and the State of Minnesota are scheduled to make the following supplemental contributions to the plan.

*1996 Legislation:* Supplemental contributions according to the following schedule:

<u>Year</u>	<u>State</u>	<u>School</u>
06/30/03+	\$1,050,000	\$800,000

*1997 Legislation:* Annual supplemental contributions of \$2,953,000 made on October 1.

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**Changes in Actuarial Assumptions and Cost Methods:** There have been no changes made to the actuarial assumptions and cost methods since the prior valuation.



**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

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**EXHIBIT X**

**Summary of Plan Provisions - Basic**

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This summary of provisions reflects the interpretation of applicable Statutes for purposes of preparing this valuation. This interpretation is not intended to create or rescind any benefit rights in conflict with any Minnesota Statutes.

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<b>Plan Year:</b>	July 1 through June 30
<b>Eligibility:</b>	A teacher who is employed in a public school district, other than a charter school, located in the corporate limits of the City of St. Paul and who is not covered by the Social Security Act. Also includes employees of the St. Paul Teachers Retirement Fund.
<b>Contributions:</b>	Member: 8.00% of Salary. Employer: 11.64% of Salary.
<b>Allowable Service:</b>	All periods of service for which salary deductions were made and service during sabbatical leave. After June 30, 1974, St. Paul service for part-time teachers is granted on a proportional basis using actual duty days vs. the agreed number of annual duty days. Years of service credited prior to May 31, 1976 are not recomputed.
<b>Salary:</b>	Total compensation. Excludes lump-sum payments for unused vacation leave or unused sick leave at separation.
<b>Average Salary:</b>	Average of the five highest years of Salary during the last ten years while making contributions or while disabled.

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**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

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**Retirement:**

Normal Retirement Benefit:

*Age/Service Requirement:* Age 65 and five years of Allowable Service. Proportionate Retirement Annuity is available at age 65 and one year of Allowable Service.

*Amount:* 2.50% of Average Salary for each year of Allowable Service.

Early Retirement Benefit:

*Age/Service Requirement:* An unreduced benefit is available upon the attainment of age 60 and 25 years of Allowable Service, or Rule of 90 (Age plus Allowable Service totals 90).

A reduced benefit is available upon the attainment of age 55 and five years of Allowable Service.

*Amount:* The greater of (a) or (b):

- (a) 2.00% of Average Salary for each year of Allowable Service not to exceed 40 years with reduction of 0.25% for each month the member is under age 65 (age 60 if 25 years of Allowable Service). No reduction if age plus years of Allowable Service totals 90.
- (b) 2.50% of Average Salary for each year of Allowable Service assuming augmentation to age 65 at 3.00% per year and actuarial reduction for each month the member is under age 65.

*Form of Payment:* Life annuity.

*Benefit Increases:* Benefits are increased 2.00% annually beginning on the January 1 following fiscal year end if the member has been receiving benefits for at least 12 months at fiscal year end.

Beneficiaries are entitled to the increase the member would have received. In addition, if the time weighted rate of return over the last five years exceeds 8.50%, the Board of Trustees will increase benefits by the excess rate of return multiplied by the quantity of one minus the rate of contribution deficiency.

#### SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association

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##### **Disability:**

<i>Age/Service Requirement:</i>	Totally and permanently disabled before the age of 65 with five years of St. Paul service.
<i>Amount:</i>	An annuity of 75% of the annual contract salary for the last full year of service reduced by any Social Security and Workers' Compensation benefits.  Payments are recomputed as a retirement at age 65. Payments stop if disability ceases or death occurs.
<i>Form of Payment:</i>	Life annuity.
<i>Benefit Increases:</i>	Same as for retirement.
<u><i>Retirement After Disability:</i></u>	
<i>Age/Service Requirement:</i>	Age 65 with continued disability.
<i>Amount:</i>	Normal Retirement Benefit based on Average Salary and Allowable Service as if member had continued in his latest position during the period of his disability.
<i>Form of Payment:</i>	Life annuity.
<i>Benefit Increases:</i>	Same as for retirement.

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##### **Death:**

<u><i>Family Benefit:</i></u>	
<i>Age/Service Requirement:</i>	Active member with three years of St. Paul service.
<i>Amount:</i>	Benefit of 15% of B.A. salary to spouse plus 25% of B.A. salary to each eligible child (maximum of two). B.A. salary is the maximum salary payable to a teacher holding a B.A. degree.

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Spouse's benefits cease upon death or when the spouse elects to receive survivor's benefits. Such election does not affect benefits paid to children but total benefits may not exceed 90% of the member's final salary. Children's benefits cease upon marriage or age 18 (22 if full time student).

Survivor's Benefits:

*Age/Service Requirement:*

Active or retired member with five years of St. Paul service. A surviving spouse must have been married to the member for three years at the time of his death or retirement, whichever occurs first.

*Amount:*

Survivor's payment of the 100% joint and survivor benefit earned by the member to the date of his death or his retirement, whichever occurs first.

*Benefit Increases:*

Same as for a retired person if payments have been made over one year. The allocation is based on the years of Allowable Service of the person on whose behalf the annuity is paid and the years receiving the payment.

Refund of Contributions:

*Age/Service Requirement:*

Death of a member or former member when Family Benefits and Survivor's Benefits are not payable.

*Amount:*

The excess of the member's contributions with 6.00% interest (unless the member was disabled) over total benefits paid.

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**Withdrawal:**

Deferred Annuity:

*Age/Service Requirement:*

Five years of Allowable Service.

*Amount:*

Benefit computed under law in effect at termination and increased by the following annual percentage:

- (a) 3.00% until January 1 of the year following the attainment of 55, and
- (b) 5.00% thereafter until the annuity begins.

Amount is payable as a normal or early retirement benefit.

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

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**Refund of Contributions:**

*Age/Service Requirement:* Termination of teaching service.

*Amount:* Member's contributions with 5.00% interest if termination occurred before May 16, 1989 and 6.00% interest if termination occurred after May 16, 1989. A deferred annuity may be elected in lieu of a refund.

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

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**EXHIBIT XI**

**Summary of Plan Provisions - Coordinated**

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This summary of provisions reflects the interpretation of applicable Statutes for purposes of preparing this valuation. This interpretation is not intended to create or rescind any benefit rights in conflict with any Minnesota Statutes.

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<b>Plan Year:</b>	July 1 through June 30
<b>Eligibility:</b>	A teacher who is employed in a public school district, other than a charter school, located in the corporate limits of the City of St. Paul and who is covered by the Social Security Act. Also includes employees of the St. Paul Teachers Retirement Fund.
<b>Contributions:</b>	Member: 5.50% of Salary.  Employer: 8.34% of Salary.
<b>Allowable Service:</b>	All periods of service for which salary deductions were made and service during sabbatical leave. After June 30, 1974, St. Paul service for part-time teachers is granted on a proportional basis using actual duty days vs. the agreed number of annual duty days. Years of service credited prior to May 31, 1976 are not recomputed.
<b>Salary:</b>	Total compensation. Excludes lump-sum payments for unused vacation leave or unused sick leave at separation.
<b>Average Salary:</b>	Average of the five highest successive years of Salary. Average Salary is based on all Allowable Service if less than five years.

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## SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association

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### Retirement:

#### Normal Retirement Benefit:

##### *Age/Service Requirement:*

First hired before July 1, 1989:

- (a) Age 65 and three years of Allowable Service.
- (b) Proportionate Retirement Annuity is available at age 65 and one year of Allowable Service.

First hired after July 1, 1989:

- (a) The greater of age 65 or the age eligible for full Social Security retirement benefits (but not greater than age 66) and three years of Allowable Service.
- (b) Proportionate Retirement Annuity is available at Normal Retirement Age and one year of Allowable Service.

##### *Amount:*

1.70% of Average Salary for each year of Allowable Service.

#### Early Retirement Benefit:

##### *Age/Service Requirement:*

Age 55 and three years of Allowable Service. Any age with 30 years of Allowable Service. Rule of 90: Age plus Allowable Service totals 90.

##### *Amount:*

First hired before July 1, 1989:

The greater of (a) or (b):

- (a) 1.20% of Average Salary for each of the first ten years of Allowable Service plus 1.70% of Average Salary for each subsequent year of Allowable Service with reduction of 0.25% for each month the member is under age 65 (age 62 if 30 years of Allowable Service). No reduction if age plus years of Allowable Service totals 90.
- (b) 1.70% of Average Salary for each year of Allowable Service assuming augmentation to age 65 at 3.00% per year and actuarial reduction for each month the member is under age 65.

**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

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First hired after July 1, 1989:

1.70% of Average Salary for each year of Allowable Service assuming augmentation to Normal Retirement Age at 3.00% per year and actuarial reduction for each month the member is under Normal Retirement Age.

*Form of Payment:*

Life annuity. Actuarial equivalent options are:

- (a) Guaranteed refund,
- (b) 15 year certain and life, and
- (c) 50% or 100% joint and survivor with bounce back feature without additional reduction.

*Benefit Increases:*

Benefits are increased 2.00% annually beginning on the January 1 following fiscal year end if the member has been receiving benefits for at least 12 months at fiscal year end. Beneficiaries are entitled to the increase the member would have received.

In addition, if the time weighted rate of return over the last five years exceeds 8.50%, the Board of Trustees will increase benefits by the excess rate of return multiplied by the quantity of one minus the rate of contribution deficiency.

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**Disability:**

*Age/Service Requirement:*

Totally and permanently disabled before Normal Retirement Age with three years of Allowable Service. Also, at least two of the years of Allowable Service must have been uninterrupted.

*Amount:*

Normal Retirement Benefit based on Allowable Service and Average Salary at disability without reduction for commencement before Normal Retirement Age. Benefit is reduced by Workers' Compensation.



**SECTION 4: Reporting Information for the St. Paul Teachers' Retirement Fund Association**

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Payments are recomputed as a retirement benefit at the Normal Retirement Age. Payments stop if disability ceases or death occurs. Benefits may be reduced on resumption of partial employment.

*Form of Payment:* Same as for retirement.

*Benefit Increases:* Same as for retirement.

*Retirement After Disability:*

*Age/Service Requirement:* Normal Retirement Age with continued disability.

*Amount:* Any optional annuity continues, otherwise the larger of the disability benefit paid before Normal Retirement Age or the normal retirement benefit available at the Normal Retirement Age, or an actuarially equivalent optional annuity.

*Benefit Increases:* Same as for retirement.

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**Death:**

*Surviving Spouse Annuity:*

*Age/Service Requirement:* Any active member who dies with three years of Allowable Service prior to retirement or disability benefits commence.

Any former member who dies before retirement or disability benefits commence.

*Amount:* Survivor's payment of the 100% joint and survivor benefit the member could have elected if terminated.

Upon the death of any vested active member, the benefit is calculated using 50.00% of otherwise applicable early retirement reduction from the member's age 55 to the member's benefit commencement age.

If a former member had attained age 55 prior to death and had earned at least three years of Allowable Service prior to separation of service, benefits will commence immediately, reduced for early commencement from Normal Retirement Age. If a former member had earned at least 30 years of Allowable Service prior to separation

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of service, benefit will commence immediately, reduced for early commencement from age 62. If a former member dies prior to age 55, benefits are deferred to age 55.

*Benefit Increases:*

Same as for a retired person if payments have been made over one year. The allocation is based on the years of Allowable Service of the person on whose behalf the annuity is paid and the years receiving the payment.

Refund of Contributions:

*Age/Service Requirement:*

Member or former member dies before receiving any disability or retirement benefits and Survivor's Benefits are not payable.

*Amount:*

Member's contributions with 5.00% interest if death occurred before May 16, 1989 and 6.00% interest if death occurred after May 16, 1989.

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**Withdrawal:**

Deferred Annuity:

*Age/Service Requirement:*

Three years of Allowable Service.

*Amount:*

Benefit computed under law in effect at termination and increased by the following annual percentage:

- (a) 3.00% until January 1 of the year following the attainment of 55, and
- (b) 5.00% thereafter until the annuity begins.

Amount is payable as a normal or early retirement benefit.

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**Refund of Contributions:**

*Age/Service Requirement:*

Termination of teaching service.

*Amount:*

Member's contributions with 5.00% interest if termination occurred before May 16, 1989 and 6.00% interest if termination occurred after May 16, 1989. A deferred annuity may be elected in lieu of a refund.

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**Changes in Plan Provisions:**

There have been no changes made to the plan provisions since the prior valuation.