

Teachers Retirement Association Fund

*Actuarial Valuation and Review
as of July 1, 2006*

Copyright © 2006

**THE SEGAL GROUP, INC.,
THE PARENT OF THE SEGAL COMPANY
ALL RIGHTS RESERVED**



The Segal Company
6300 S. Syracuse Way, Suite 750 Englewood, CO 80111
T 303.714.9900 F 303.714.9990 www.segalco.com

November 28, 2006

*Ms. Laurie Hacking
Teachers Retirement Association Fund
60 Empire Drive, Suite 400
St. Paul, Minnesota 55103 - 1855*

Dear Ms. Hacking:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2006. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2007 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. Further, in our opinion, the assumptions used in the valuation are consistent with those in the statute, and reasonably represent the experience of the plan.

Sincerely,

THE SEGAL COMPANY

By: _____
Thomas D. Levy, FSA, MAAA, EA Brad E. Ramirez, FSA, MAAA, EA Susan M. Hogarth, MAAA, EA
Senior Vice President and Chief Actuary Consulting Actuary Consulting Actuary

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

SECTION 1

VALUATION SUMMARY

Purpose	i
Significant Issues in Valuation Year.....	ii
Summary of Key Valuation Results.....	iv

SECTION 2

VALUATION RESULTS

A. Member Data	1
B. Financial Information.....	4
C. Actuarial Experience.....	5
D. Information Required by the GASB.....	6

SECTION 3

SUPPLEMENTAL INFORMATION

EXHIBIT A Table of Plan Coverage	7
EXHIBIT B Members in Active Service as of June 30, 2006.....	8
EXHIBIT C Retired Participants as of June 30, 2006.....	12
EXHIBIT D Disabled Members as of June 30, 2006.....	16
EXHIBIT E Beneficiaries as of June 30, 2006	20
EXHIBIT F Reconciliation of Member Data.....	24
EXHIBIT G Statement of Change in Net Plan Assets for Year Ended June 30, 2006	27
EXHIBIT H Statement of Plan Net Assets for Year Ended June 30, 2006.....	29
EXHIBIT I Development of the Fund Through June 30, 2006.....	30
EXHIBIT J Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2006.....	31
EXHIBIT K Definitions of Pension Terms	32

SECTION 4

REPORTING INFORMATION

EXHIBIT I Summary of Actuarial Valuation Results	34
EXHIBIT II Actuarial Balance Sheet.....	38
EXHIBIT III Supplementary Information Required by the GASB – Schedule of Employer Contributions	39
EXHIBIT IV Supplementary Information Required by the GASB – Schedule of Funding Progress	40
EXHIBIT V Determination of Contribution Sufficiency.....	41
EXHIBIT VI Supplementary Information Required by the GASB.....	45
EXHIBIT VII Actuarial Assumptions and Actuarial Cost Method	46
EXHIBIT VIII Summary of Plan Provisions - Basic (Non-MTRFA Members).....	51
EXHIBIT IX Summary of Plan Provisions - Basic (MTRFA Members).....	56
EXHIBIT X Summary of Plan Provisions - Coordinated	60

SECTION 1: Valuation Summary for the Teachers Retirement Association Fund

Purpose

This report has been prepared by The Segal Company to present a valuation of the Teachers Retirement Association Fund as of July 1, 2006. 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 administered by the Fund;
- The characteristics of covered active members, inactive vested members, pensioners and beneficiaries as of July 1, 2006, provided by the Fund;
- The assets of the Fund as of June 30, 2006, 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 Teachers Retirement Association Fund

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, 2006 is 92.05% compared to 98.51% as of July 1, 2005. This ratio is a measure of funding status, and its history is a measure of funding progress, and is the ratio required to be reported under GASB 25.
- The statutory contribution rate under Chapter 354 is equal to 11.31% of payroll compared to the required contribution rate under Chapter 356 of 12.11% of payroll. Therefore the contribution deficiency is 0.80% of payroll as of July 1, 2006. Each year that there is a contribution deficiency leads to an increased deficiency in all future years.
- There were no changes in actuarial cost methods since the prior valuation.
- Effective June 30, 2006 the Minneapolis Teachers' Retirement Fund Association (MTRFA) merged into the Teachers Retirement Association (TRA) Fund.
- Changes in plan provisions include:
 - The benefit multiplier is increased by 0.2% for all years of service after June 30, 2006 for all TRA (non-MTRFA and former MTRFA) Coordinated members.
 - The Coordinated employee contribution rates increased from 5.00% to 5.50% of payroll for the non-MTRFA members, effective July 1, 2006.
 - The former MTRFA Basic employee contribution rates increased from 8.50% to 9.00% of payroll effective July 1, 2006.
 - The deferred annuity benefit increase rate for post June 30, 2006 hires is reduced to 2.50% for all years. This change does not impact the results stated in this July 1, 2006 actuarial valuation.
- The changes in actuarial assumptions are as follows:
 - All non-MTRFA and former MTRFA members use the TRA actuarial assumptions, except former MTRFA Basic members continue to use prior MTRFA Basic Retirement Rates.
 - The payment on the unfunded actuarial accrued liability is amortized over the reinstated statutory amortization date of July 1, 2037 (31 years as of July 1, 2006). The amortization period is 30 years for GASB purposes.

SECTION 1: Valuation Summary for the Teachers Retirement Association Fund

- The cost impact to the TRA plan due to the plan merger effective June 30, 2006, and the changes stated above is shown below:
 - The increase in actuarial accrued liability (AAL) equals \$1,985,200,427 (\$20,679,110,879 (post-merger) minus \$18,693,910,452 (non-MTRFA members only)).
 - The increase in normal cost (NC) equals \$56,181,160 (\$349,678,399 (post-merger) minus \$293,497,239 (non-MTRFA members only)).

SECTION 1: Valuation Summary for the Teachers Retirement Association Fund

Summary of Key Valuation Results

	2006*	2005
Contributions (% of payroll) for plan year beginning July 1:		
Statutory – Chapter 354	11.31%	10.00%
Required – Chapter 356	12.11%	9.05%
Sufficiency/(Deficiency)	-0.80%	0.95%
Funding elements for plan year beginning July 1:		
Normal cost	\$349,678,399	\$271,801,325
Market value of assets	19,785,671,584	17,806,012,464
Actuarial value of assets (AVA)	19,035,611,839	17,752,917,313
Actuarial accrued liability (AAL)	20,679,110,879	18,021,410,061
Unfunded/(Overfunded) actuarial accrued liability	1,643,499,040	268,492,748
Funded ratios:		
<u>Accrued Benefit Funded Ratio</u>	95.64%	103.31%
Current assets (AVA)	\$19,035,611,839	\$17,752,917,313
Current benefit obligations	19,902,652,650	17,184,241,402
<u>Projected Benefit Funded Ratio</u>	97.63%	101.82%
Current and expected future assets	\$23,163,841,989	\$20,807,440,232
Current and expected future benefit obligations (Present Value of Benefits)	23,726,317,592	20,435,323,407
GASB 25/27 for plan year beginning July 1:		
Annual required employer contributions	\$133,388,506	\$103,102,940
Accrued Liability Funded Ratio (AVA/AAL)	92.05%	98.51%
Covered actual payroll	\$3,430,645,420	\$3,121,571,447
Demographic data for plan year beginning July 1:		
Number of pensioners and beneficiaries	44,683	38,957
Number of vested terminated members	11,773	9,880
Number of other non-vested terminated members	21,956	19,151
Number of active members	79,164	74,552
Total projected payroll**	\$3,707,900,584	\$3,389,066,754
Average annual compensation (projected dollars)**	46,838	45,459

*The results of the July 1, 2006 actuarial valuation reflect the MTRFA merger effective June 30, 2006.

**Calculated as covered actual payroll, projected one year with salary scale.

SECTION 2: Valuation Results for the Teachers Retirement Association Fund

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.

For the year ended June 30, 2006, the MTRFA plan was merged into the TRA plan. This merger increased the TRA member population by the following counts for former MTRFA members:

Active members: 4,381 (includes 56 on leave of absence)
 Vested terminated members: 1,548
 Pensioners and Beneficiaries: 3,958

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 five valuations can be seen in this chart.

CHART 1
Member Population: 2002 – 2006

Year Ended June 30	Active Members	Vested Terminated Members*	Pensioners and Beneficiaries	Ratio of Non-Actives to Actives
2002	71,690	8,680	34,974	0.61
2003	71,916	9,304	36,199	0.63
2004	72,008	10,767	37,649	0.67
2005	74,552	9,880	38,957	0.66
2006**	79,164	11,773	44,683	0.71

*Excludes terminated members due a refund of employee contributions
 **May include duplicate records due to the MTRFA merger effective June 30, 2006.

SECTION 2: Valuation Results for the Teachers Retirement Association Fund

Active Members

Plan costs are affected by the age, years of service and projected payroll of active members. In this year's valuation, there were 79,164 active members with an average age of 43.3, average years of service of 11.6 years and average projected compensation of \$46,838. This includes 74,783 non-MTRFA active members with an average age of 43.1, average years of service of 11.6 years and average projected compensation of \$46,702. This also includes 4,381 former MTRFA active members with an average age of 45.8, average years of service of 10.7 years and average projected compensation of \$49,166.

Inactive Members

In this year's valuation, there were 11,773 (10,225 non-MTRFA and 1,548 former MTRFA) members with a vested right to a deferred or immediate vested benefit.

In addition, there were 21,956 (18,060 non-MTRFA and 3,896 former MTRFA) 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, 2006 (Total)

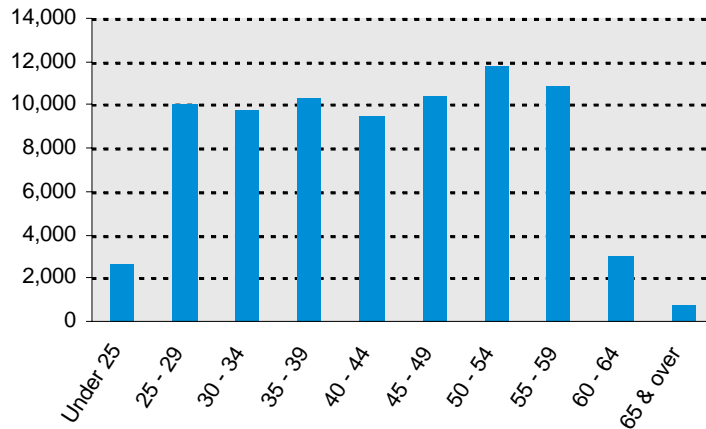
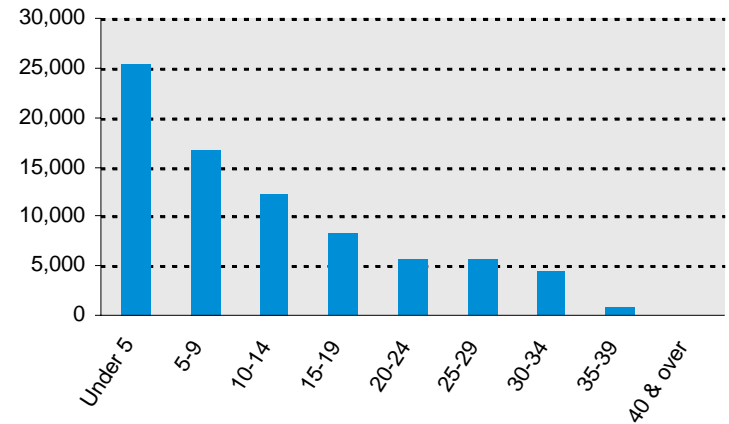


CHART 3

Distribution of Active Members by Years of Service as of June 30, 2006 (Total)



SECTION 2: Valuation Results for the Teachers Retirement Association Fund

Pensioners and Beneficiaries

As of June 30, 2006, 41,639 pensioners (including 630 disabled participants) and 3,044 beneficiaries were receiving total monthly benefits of \$103,972,036. This includes 37,971 non-MTRFA pensioners (including 598 disabled participants) and 2,754 beneficiaries receiving total monthly benefits of \$93,398,278. This also includes 3,668 former MTRFA pensioners (including 32 disabled) and 290 beneficiaries receiving total monthly benefits of \$10,573,758.

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

CHART 4
Distribution of Pensioners and Beneficiaries by Type and by Monthly Amount as of June 30, 2006 (Total)

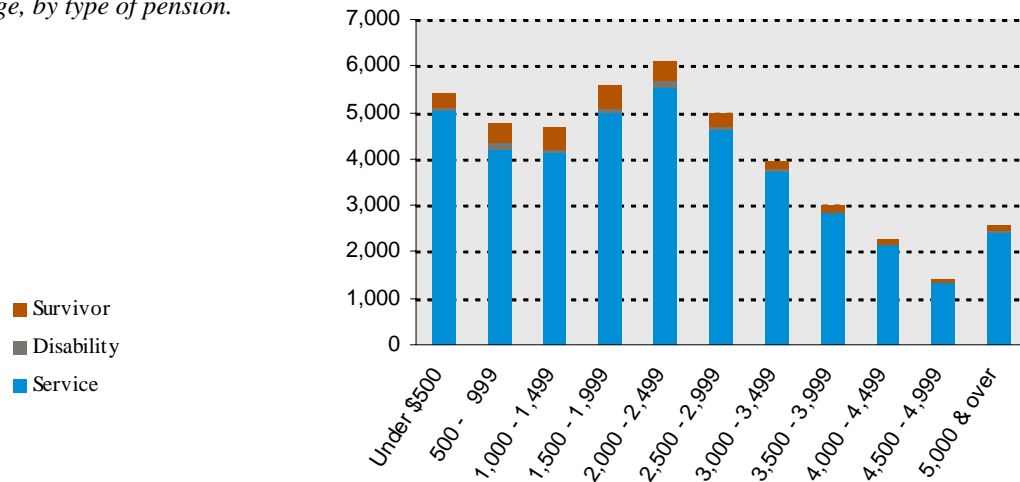
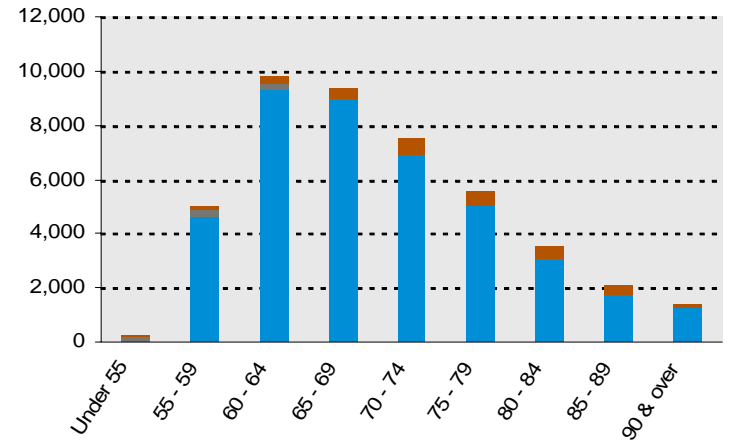


CHART 5
Distribution of Pensioners and Beneficiaries by Type and by Age as of June 30, 2006 (Total)



SECTION 2: Valuation Results for the Teachers Retirement Association Fund

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, 2006

	Original Amount	% Not Recognized	
1. Market value of assets available for benefits			\$19,785,671,584
2. Calculation of unrecognized return			
(a) Year ended June 30, 2006	\$653,165,303	80%	\$522,532,242
(b) Year ended June 30, 2005	179,823,045	60%	107,893,827
(c) Year ended June 30, 2004	499,642,191	40%	199,856,876
(d) Year ended June 30, 2003	-401,116,000	20%	<u>-80,223,200</u>
(e) Total unrecognized return			\$750,059,745
3. Actuarial value of assets: (1) – (2e) ("Current Assets")			<u>\$19,035,611,839</u>
4. Actuarial value as a percent of market value			<u>96.2%</u>

SECTION 2: Valuation Results for the Teachers Retirement Association Fund

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.

For the plan year ended June 30, 2006, the total loss is \$104,722,542, including a loss of \$146,446,633 from investments and a gain of \$41,724,091 from all other sources. The net experience variation from individual sources other than investments was 0.2% of the actuarial accrued liability, which is under 1.0% of the total 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.

CHART 7

Actuarial Experience for Year Ended June 30, 2006

1. Net gain/(loss) from investments	-\$146,446,633
2. Net gain/(loss) from other experience	<u>41,724,091</u>
3. Net experience gain/(loss): (1) + (2)	-\$104,722,542

SECTION 2: Valuation Results for the Teachers Retirement Association Fund

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 within the range of the GASB reporting 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 factors.

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 Teachers Retirement Association Fund

EXHIBIT A

Table of Plan Coverage*

Category	Year Ended June 30		Change From Prior Year
	2006	2005	
Active members in valuation:			
Number	79,164	74,552	6.2%
Average age	43.3	43.1	N/A
Average service	11.6	11.7	N/A
Total projected payroll	\$3,707,900,584	\$3,389,066,754	9.4%
Average projected compensation	46,838	45,459	3.0%
Total active vested members	61,741	57,941	6.6%
Vested terminated members	11,773	9,880	19.2%
Retired participants:			
Number in pay status	41,009	35,779	14.6%
Average age	70.3	70.0	N/A
Average monthly benefit	\$2,353	\$2,313	1.7%
Disabled members:			
Number in pay status	630	581	8.4%
Average age	57.5	57.5	N/A
Average monthly benefit	\$1,656	\$1,620	2.2%
Beneficiaries:			
Number in pay status	3,044	2,597	17.2%
Average age	76.6	76.5	N/A
Average monthly benefit	\$2,113	\$2,029	4.1%
Other non-vested terminated members	21,956	19,151	14.6%

*For the year ended June 30, 2006, information reflects the MTRFA merger effective June 30, 2006, and may include duplicate records due to the merger.

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT B-1

**Members in Active Service as of June 30, 2006
By Age, Years of Service, and Average Projected Compensation – Total***

Age	Years of Service									
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over
Under 25	2,665	2,665	--	--	--	--	--	--	--	--
	\$24,902	\$24,902	--	--	--	--	--	--	--	--
25 - 29	10,061	8,085	1,976	--	--	--	--	--	--	--
	\$32,670	\$29,940	\$43,838	--	--	--	--	--	--	--
30 - 34	9,747	3,350	5,431	965	1	--	--	--	--	--
	\$41,189	\$30,512	\$45,401	\$54,527	\$56,252	--	--	--	--	--
35 - 39	10,349	2,509	3,022	4,138	680	--	--	--	--	--
	\$46,412	\$28,602	\$45,371	\$55,311	\$62,599	--	--	--	--	--
40 - 44	9,490	2,288	1,808	2,234	2,486	673	1	--	--	--
	\$48,729	\$25,674	\$45,745	\$55,306	\$61,823	\$64,927	\$44,616	--	--	--
45 - 49	10,363	2,450	1,743	1,637	1,754	1,950	828	1	--	--
	\$48,855	\$21,744	\$44,837	\$54,917	\$60,578	\$64,350	\$64,227	\$44,687	--	--
50 - 54	11,832	1,692	1,402	1,650	1,601	1,408	2,686	1,393	--	--
	\$55,193	\$23,670	\$43,879	\$53,816	\$60,686	\$64,937	\$66,883	\$67,798	--	--
55 - 59	10,882	1,352	934	1,230	1,330	1,188	1,634	2,701	513	--
	\$57,550	\$21,382	\$41,609	\$52,653	\$60,475	\$65,322	\$68,683	\$69,446	\$69,964	--
60 - 64	3,009	613	325	357	430	394	379	232	249	30
	\$52,467	\$14,981	\$37,451	\$50,137	\$60,565	\$65,788	\$70,532	\$79,424	\$77,424	\$73,950
65 & Over	766	398	90	51	49	57	37	29	38	17
	\$32,856	\$8,681	\$27,342	\$47,531	\$62,360	\$70,902	\$71,047	\$81,617	\$89,667	\$8,099
Total	79,164	25,402	16,731	12,262	8,331	5,670	5,565	4,356	800	47
	\$46,838	\$26,613	\$44,599	\$54,545	\$61,128	\$64,934	\$67,289	\$69,526	\$73,222	\$75,451

*May include duplicate records due to the MTRFA merger effective June 30, 2006.

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT B-2

**Members in Active Service as of June 30, 2006
By Age, Years of Service, and Average Projected Compensation – Non-MTRFA**

Age	Years of Service									
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over
Under 25	2,601	2,601	--	--	--	--	--	--	--	--
	\$25,359	\$25,359	--	--	--	--	--	--	--	--
25 - 29	9,801	7,861	1,940	--	--	--	--	--	--	--
	\$33,052	\$30,309	\$44,164	--	--	--	--	--	--	--
30 - 34	9,316	3,223	5,169	923	1	--	--	--	--	--
	\$41,289	\$30,790	\$45,439	\$54,696	\$56,252	--	--	--	--	--
35 - 39	9,805	2,414	2,828	3,893	670	--	--	--	--	--
	\$46,241	\$28,627	\$45,252	\$55,088	\$62,478	--	--	--	--	--
40 - 44	8,908	2,205	1,677	1,987	2,395	643	1	--	--	--
	\$48,339	\$25,551	\$45,335	\$54,703	\$61,714	\$64,842	\$44,616	--	--	--
45 - 49	9,432	2,090	1,593	1,431	1,646	1,853	818	1	--	--
	\$49,619	\$23,285	\$44,881	\$53,822	\$60,357	\$64,106	\$64,362	\$44,687	--	--
50 - 54	11,199	1,627	1,298	1,470	1,464	1,309	2,647	1,384	--	--
	\$54,927	\$23,453	\$43,357	\$52,793	\$60,336	\$64,307	\$66,812	\$67,720	--	--
55 - 59	10,272	1,300	865	1,053	1,206	1,091	1,572	2,678	507	--
	\$57,146	\$21,261	\$40,433	\$51,037	\$59,357	\$64,497	\$68,402	\$69,368	\$69,838	--
60 - 64	2,758	594	293	278	383	360	368	216	237	29
	\$51,601	\$14,964	\$35,696	\$47,428	\$59,387	\$65,285	\$70,466	\$79,459	\$77,199	\$73,911
65 & Over	691	381	78	41	34	49	33	27	32	16
	\$31,109	\$8,436	\$27,106	\$45,867	\$63,209	\$70,032	\$69,911	\$80,665	\$92,745	\$78,392
Total	74,783	24,296	15,741	11,076	7,799	5,305	5,439	4,306	776	45
	\$46,702	\$26,978	\$44,462	\$53,906	\$60,762	\$64,460	\$67,165	\$69,409	\$73,031	\$75,504

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT B-3

**Members in Active Service as of June 30, 2006
By Age, Years of Service, and Average Projected Compensation – MTRFA Basic**

Age	Years of Service									
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over
Under 25	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--	--	--	--
40 - 44	--	--	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--	--	--
50 - 54	41	--	--	3	4	6	19	9	--	--
	\$75,269	--	--	\$74,921	\$64,824	\$73,880	\$75,825	\$79,777	--	--
55 - 59	97	--	--	2	9	22	36	22	6	--
	\$76,605	--	--	\$73,896	\$66,779	\$79,476	\$75,444	\$78,818	\$80,578	--
60 - 64	48	--	--	2	3	10	6	14	12	1
	\$72,547	--	--	\$61,207	\$58,935	\$65,713	\$67,331	\$76,029	\$81,868	\$75,093
65 & Over	12	--	--	--	1	1	2	2	5	1
	\$76,152	--	--	--	\$63,881	\$65,567	\$83,152	\$94,470	\$71,144	\$73,413
Total	198	--	--	7	17	39	63	47	23	2
	\$75,317	--	--	\$70,710	\$64,764	\$74,729	\$75,031	\$78,837	\$79,200	\$74,253

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT B-4

**Members in Active Service as of June 30, 2006
By Age, Years of Service, and Average Projected Compensation – MTRFA Coordinated**

Age	Years of Service									
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over
Under 25	64	64	--	--	--	--	--	--	--	--
	\$6,332	\$6,332	--	--	--	--	--	--	--	--
25 - 29	260	224	36	--	--	--	--	--	--	--
	\$18,283	\$16,998	\$26,284	--	--	--	--	--	--	--
30 - 34	431	127	262	42	--	--	--	--	--	--
	\$39,008	\$23,463	\$44,650	\$50,824	--	--	--	--	--	--
35 - 39	544	95	194	245	10	--	--	--	--	--
	\$49,495	\$27,952	\$47,113	\$58,867	\$70,731	--	--	--	--	--
40 - 44	582	83	131	247	91	30	--	--	--	--
	\$54,694	\$28,936	\$50,995	\$60,161	\$64,699	\$66,753	--	--	--	--
45 - 49	931	360	150	206	108	97	10	--	--	--
	\$41,107	\$12,796	\$44,366	\$62,519	\$63,937	\$69,010	\$53,129	--	--	--
50 - 54	592	65	104	177	133	93	20	--	--	--
	\$58,836	\$29,097	\$50,395	\$61,954	\$64,418	\$73,219	\$67,789	--	--	--
55 - 59	513	52	69	175	115	75	26	1	--	--
	\$62,031	\$24,400	\$56,354	\$62,131	\$71,711	\$73,173	\$76,344	\$71,945	--	--
60 - 64	203	19	32	77	44	24	5	2	--	--
	\$59,487	\$15,518	\$53,523	\$59,633	\$70,930	\$73,367	\$79,239	\$99,347	--	--
65 & Over	63	17	12	10	14	7	2	--	1	--
	\$43,765	\$14,175	\$28,878	\$54,353	\$60,188	\$77,761	\$77,686	--	\$83,799	--
Total	4,183	1,106	990	1,179	515	326	63	3	1	--
	\$47,929	\$18,582	\$46,776	\$60,449	\$66,559	\$71,470	\$70,216	\$90,213	\$83,799	--

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT C-1

**Retired Participants as of June 30, 2006
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 & Over
Under 45	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
50 - 54	30	30	--	--	--	--	--	--
	\$29,870	\$29,870	--	--	--	--	--	--
55 - 59	4,624	4,247	377	--	--	--	--	--
	\$32,091	\$31,475	\$39,026	--	--	--	--	--
60 - 64	9,329	4,106	5,118	104	1	--	--	--
	\$28,652	\$27,294	\$29,727	\$29,537	\$11,133	--	--	--
65 - 69	8,998	1,562	4,995	2,373	65	2	1	--
	\$23,312	\$16,921	\$23,949	\$26,263	\$20,783	\$5,597	\$20,831	--
70 - 74	6,938	195	1,729	3,690	1,287	35	2	--
	\$28,874	\$14,129	\$24,533	\$31,593	\$29,132	\$30,158	\$15,584	--
75 - 79	5,020	41	171	1,570	2,070	1,132	35	1
	\$31,148	\$14,505	\$24,057	\$29,476	\$31,454	\$34,830	\$23,511	\$16,987
80 - 84	3,057	9	27	147	1,013	1,519	327	15
	\$31,418	\$10,771	\$21,518	\$32,485	\$28,879	\$35,081	\$23,937	\$14,736
85 & Over	3,013	2	--	7	108	956	1,210	730
	\$26,184	\$2,023	--	\$9,477	\$30,946	\$29,763	\$27,425	\$18,962
Total	41,009	10,192	12,417	7,891	4,544	3,644	1,575	746
	\$28,237	\$27,131	\$26,866	\$29,539	\$30,053	\$33,544	\$26,596	\$18,875

*May include duplicate records due to the MTRFA merger effective June 30, 2006.

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT C-2

**Retired Participants as of June 30, 2006
By Age, Years Retired, and Average Annual Benefit – Non-MTRFA**

Age	Years Retired							
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30 & Over
Under 45	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
50 - 54	18	18	--	--	--	--	--	--
	\$21,479	\$21,479	--	--	--	--	--	--
55 - 59	4,203	3,970	233	--	--	--	--	--
	\$31,585	\$31,266	\$37,033	--	--	--	--	--
60 - 64	8,526	3,802	4,685	38	1	--	--	--
	\$28,347	\$27,556	\$29,042	\$22,067	\$11,133	--	--	--
65 - 69	8,271	1,426	4,670	2,145	28	2	--	--
	\$22,649	\$16,792	\$23,564	\$24,675	\$14,297	\$5,597	--	--
70 - 74	6,383	171	1,597	3,431	1,174	8	2	--
	\$28,457	\$13,169	\$24,418	\$31,251	\$27,960	\$39,363	\$15,584	--
75 - 79	4,559	38	146	1,456	1,861	1,050	8	--
	\$30,841	\$14,250	\$22,875	\$29,445	\$30,853	\$34,547	\$20,116	--
80 - 84	2,737	5	23	130	920	1,392	264	3
	\$31,137	\$15,536	\$17,812	\$31,539	\$28,397	\$35,196	\$20,524	\$33,045
85 & Over	2,676	2	--	7	93	874	1,069	631
	\$26,238	\$2,023	--	\$9,477	\$30,132	\$29,901	\$27,388	\$18,905
Total	37,373	9,432	11,354	7,207	4,077	3,326	1,343	634
	\$27,823	\$27,152	\$26,201	\$28,865	\$29,331	\$33,592	\$25,984	\$18,973

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT C-3

**Retired Participants as of June 30, 2006
By Age, Years Retired, and Average Annual Benefit – MTRFA Basic**

Age	Years Retired							
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30 & Over
Under 45	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
50 - 54	11	11	--	--	--	--	--	--
	\$45,117	\$45,117	--	--	--	--	--	--
55 - 59	342	201	141	--	--	--	--	--
	\$42,712	\$42,549	\$42,945	--	--	--	--	--
60 - 64	654	194	399	61	--	--	--	--
	\$36,531	\$30,796	\$39,459	\$35,618	--	--	--	--
65 - 69	594	54	284	218	37	--	1	--
	\$35,132	\$26,134	\$32,376	\$42,646	\$25,691	--	\$15,213	--
70 - 74	498	9	107	244	111	27	--	--
	\$36,340	\$35,953	\$29,482	\$37,801	\$41,938	\$27,431	--	--
75 - 79	441	1	20	104	206	82	27	1
	\$35,349	\$39,182	\$35,412	\$32,062	\$37,261	\$38,445	\$24,517	\$16,987
80 - 84	317	3	3	16	93	127	63	12
	\$34,081	\$3,550	\$55,049	\$42,009	\$33,654	\$33,819	\$38,238	\$10,159
85 & Over	337	--	--	--	15	82	141	99
	\$25,757	--	--	--	\$35,991	\$28,291	\$27,710	\$19,325
Total	3,194	473	954	643	462	318	232	112
	\$35,390	\$35,535	\$36,711	\$38,413	\$36,691	\$33,044	\$30,143	\$18,322

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT C-4

**Retired Participants as of June 30, 2006
By Age, Years Retired, and Average Annual Benefit – MTRFA Coordinated**

Age	Years Retired							
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30 & Over
Under 45	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
50 - 54	1	1	--	--	--	--	--	--
	\$13,191	\$13,191	--	--	--	--	--	--
55 - 59	79	76	3	--	--	--	--	--
	\$13,002	\$13,134	\$9,680	--	--	--	--	--
60 - 64	149	110	34	5	--	--	--	--
	\$11,530	\$12,036	\$9,805	\$12,125	--	--	--	--
65 - 69	133	82	41	10	--	--	--	--
	\$11,707	\$13,093	\$9,441	\$9,625	--	--	--	--
70 - 74	57	15	25	15	2	--	--	--
	\$10,368	\$11,972	\$10,693	\$8,812	\$5,949	--	--	--
75 - 79	20	2	5	10	3	--	--	--
	\$8,366	\$7,008	\$13,135	\$7,182	\$5,270	--	--	--
80 - 84	3	1	1	1	--	--	--	--
	\$5,933	\$8,613	\$6,148	\$3,038	--	--	--	--
85 & Over	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total	442	287	109	41	5	--	--	--
	\$11,519	\$12,583	\$9,987	\$8,876	\$5,542	--	--	--

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT D-1

**Disabled Members as of June 30, 2006
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 & Over
Under 45	29	19	8	2	--	--	--	--
	\$6,298	\$7,012	\$5,370	\$3,226	--	--	--	--
45 - 49	23	13	7	3	--	--	--	--
	\$11,324	\$11,839	\$10,077	\$11,999	--	--	--	--
50 - 54	90	46	29	13	2	--	--	--
	\$14,110	\$15,233	\$12,418	\$15,038	\$6,802	--	--	--
55 - 59	269	136	91	30	9	2	1	--
	\$20,596	\$20,349	\$20,460	\$24,468	\$13,676	\$23,769	\$6,403	--
60 - 64	212	63	78	53	13	3	2	--
	\$24,301	\$18,577	\$27,542	\$27,246	\$18,196	\$45,522	\$8,044	--
65 - 69	7	7	--	--	--	--	--	--
	\$16,168	\$16,168	--	--	--	--	--	--
70 - 74	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
75 - 79	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
80 - 84	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
85 & Over	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total	630	284	213	101	24	5	3	--
	\$19,871	\$17,742	\$21,050	\$23,921	\$15,551	\$36,821	\$7,496	--

*May include duplicate records due to the MTRFA merger effective June 30, 2006.

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT D-2

**Disabled Members as of June 30, 2006
By Age, Years Disabled, and Average Annual Benefit – Non-MTRFA**

Age	Years Disabled							
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30 & Over
Under 45	27	17	8	2	--	--	--	--
	\$6,392	\$7,246	\$5,370	\$3,226	--	--	--	--
45 - 49	22	12	7	3	--	--	--	--
	\$11,651	\$12,483	\$10,077	\$11,999	--	--	--	--
50 - 54	85	45	26	12	2	--	--	--
	\$14,173	\$15,210	\$13,639	\$12,668	\$6,802	--	--	--
55 - 59	254	128	87	28	9	1	1	--
	\$19,781	\$19,819	\$19,805	\$22,339	\$13,676	\$9,596	\$6,403	--
60 - 64	203	60	76	50	12	3	2	--
	\$23,457	\$18,341	\$27,490	\$24,701	\$15,370	\$45,522	\$8,044	--
65 - 69	7	7	--	--	--	--	--	--
	\$16,168	\$16,168	--	--	--	--	--	--
70 - 74	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
75 - 79	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
80 - 84	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
85 & Over	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total	598	269	204	95	23	4	3	--
	\$19,286	\$17,502	\$20,982	\$21,632	\$13,962	\$36,540	\$7,496	--

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT D-3

**Disabled Members as of June 30, 2006
By Age, Years Disabled, and Average Annual Benefit – MTRFA Basic**

Age	Years Disabled							
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30 & Over
Under 45	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
50 - 54	2	--	1	1	--	--	--	--
	\$22,668	--	\$1,865	\$43,470	--	--	--	--
55 - 59	8	3	2	2	--	1	--	--
	\$52,881	\$52,526	\$59,493	\$54,270	--	\$37,942	--	--
60 - 64	5	--	1	3	1	--	--	--
	\$62,508	--	\$51,462	\$69,659	\$52,102	--	--	--
65 - 69	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
70 - 74	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
75 - 79	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
80 - 84	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
85 & Over	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total	15	3	4	6	1	1	--	--
	\$52,061	\$52,526	\$43,078	\$60,164	\$52,102	\$37,942	--	--

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT D-4

**Disabled Members as of June 30, 2006
By Age, Years Disabled, and Average Annual Benefit – MTRFA Coordinated**

Age	Years Disabled							
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30 & Over
Under 45	2	2	--	--	--	--	--	--
	\$5,019	\$5,019	--	--	--	--	--	--
45 - 49	1	1	--	--	--	--	--	--
	\$4,113	\$4,113	--	--	--	--	--	--
50 - 54	3	1	2	--	--	--	--	--
	\$6,634	\$16,265	\$1,819	--	--	--	--	--
55 - 59	7	5	2	--	--	--	--	--
	\$13,276	\$14,613	\$9,933	--	--	--	--	--
60 - 64	4	3	1	--	--	--	--	--
	\$19,367	\$23,284	\$7,614	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
70 - 74	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
75 - 79	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
80 - 84	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
85 & Over	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total	17	12	5	--	--	--	--	--
	\$12,026	\$14,445	\$6,223	--	--	--	--	--

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT E-1

Beneficiaries as of June 30, 2006

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 & Over
Under 45	42	29	12	--	--	1	--	--
	\$11,088	\$9,096	\$13,844	--	--	\$35,809	--	--
45 - 49	27	15	8	2	--	2	--	--
	\$11,537	\$12,289	\$13,524	\$2,357	--	\$7,137	--	--
50 - 54	60	41	12	6	--	1	--	--
	\$14,223	\$15,935	\$8,612	\$14,902	--	\$7,292	--	--
55 - 59	164	110	33	19	2	--	--	--
	\$17,527	\$19,421	\$14,617	\$12,663	\$7,560	--	--	--
60 - 64	256	148	84	24	--	--	--	--
	\$22,236	\$23,274	\$21,119	\$19,741	--	--	--	--
65 - 69	350	153	112	59	25	--	1	--
	\$20,665	\$21,263	\$20,195	\$22,435	\$15,024	--	\$18,333	--
70 - 74	600	205	184	130	58	12	6	5
	\$26,230	\$28,449	\$25,341	\$26,263	\$21,834	\$27,500	\$29,663	\$10,927
75 - 79	535	198	140	92	62	27	10	6
	\$28,650	\$30,139	\$28,110	\$29,687	\$26,117	\$27,597	\$26,532	\$10,604
80 - 84	508	176	127	68	64	46	19	8
	\$28,720	\$30,088	\$28,686	\$28,510	\$27,265	\$27,401	\$30,829	\$15,160
85 & Over	502	134	117	81	65	45	35	25
	\$28,094	\$32,763	\$27,071	\$23,908	\$26,974	\$31,970	\$27,340	\$18,410
Total	3,044	1,209	829	481	276	134	71	44
	\$25,358	\$25,989	\$24,493	\$25,266	\$24,546	\$28,594	\$28,229	\$15,905

*May include duplicate records due to the MTRFA merger effective June 30, 2006.

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT E-2

Beneficiaries as of June 30, 2006

By Age, Years Since Death, and Average Annual Benefit – Non-MTRFA

Age	Years Since Death							
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30 & Over
Under 45	23	18	5	--	--	--	--	--
	\$6,150	\$6,977	\$3,174	--	--	--	--	--
45 - 49	17	10	5	2	--	--	--	--
	\$7,557	\$9,670	\$5,411	\$2,357	--	--	--	--
50 - 54	56	39	11	6	--	--	--	--
	\$13,831	\$15,052	\$8,919	\$14,902	--	--	--	--
55 - 59	156	106	32	17	1	--	--	--
	\$17,271	\$18,916	\$14,956	\$11,879	\$8,551	--	--	--
60 - 64	238	132	82	24	--	--	--	--
	\$21,958	\$23,051	\$20,848	\$19,741	--	--	--	--
65 - 69	329	142	107	55	25	--	--	--
	\$20,178	\$20,760	\$20,526	\$20,345	\$15,024	--	--	--
70 - 74	492	189	146	88	50	10	5	4
	\$25,659	\$27,613	\$25,726	\$25,053	\$20,483	\$25,294	\$26,630	\$8,582
75 - 79	494	179	133	91	55	24	6	6
	\$28,506	\$30,517	\$28,287	\$29,211	\$24,235	\$25,528	\$31,611	\$10,604
80 - 84	480	160	125	66	63	44	15	7
	\$28,776	\$29,961	\$28,721	\$28,458	\$27,560	\$27,698	\$32,445	\$15,541
85 & Over	469	122	112	76	64	42	31	22
	\$28,346	\$32,983	\$27,092	\$24,092	\$27,090	\$33,041	\$28,501	\$18,182
Total	2,754	1,097	758	425	258	120	57	39
	\$25,206	\$25,801	\$24,628	\$24,614	\$24,075	\$28,934	\$29,702	\$15,557

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT E-3

Beneficiaries as of June 30, 2006

By Age, Years Since Death, and Average Annual Benefit – MTRFA Basic

Age	Years Since Death							
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30 & Over
Under 45	13	5	7	--	--	1	--	--
	\$20,794	\$16,853	\$21,465	--	--	\$35,809	--	--
45 - 49	9	4	3	--	--	2	--	--
	\$18,221	\$17,145	\$27,045	--	--	\$07,137	--	--
50 - 54	4	2	1	--	--	1	--	--
	\$19,705	\$33,145	\$5,237	--	--	\$7,292	--	--
55 - 59	6	2	1	2	1	--	--	--
	\$18,981	\$32,448	\$3,774	\$19,323	\$6,570	--	--	--
60 - 64	16	14	2	--	--	--	--	--
	\$25,666	\$24,725	\$32,253	--	--	--	--	--
65 - 69	17	8	4	4	--	--	1	--
	\$29,920	\$27,833	\$15,731	\$51,180	--	--	\$18,333	--
70 - 74	106	14	38	42	8	2	1	1
	\$28,636	\$38,207	\$23,859	\$28,797	\$30,278	\$38,526	\$44,825	\$20,307
75 - 79	38	16	7	1	7	3	4	--
	\$31,175	\$27,746	\$24,752	\$73,053	\$40,903	\$44,146	\$18,913	--
80 - 84	21	9	2	2	1	2	4	1
	\$28,199	\$35,181	\$26,512	\$30,234	\$8,724	\$20,877	\$24,769	\$12,497
85 & Over	32	11	5	5	1	3	4	3
	\$24,918	\$32,246	\$26,602	\$21,111	\$19,526	\$16,978	\$18,345	\$20,087
Total	262	85	70	56	18	14	14	5
	\$27,313	\$29,447	\$23,339	\$30,213	\$31,298	\$25,682	\$22,233	\$18,613

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT E-4

Beneficiaries as of June 30, 2006

By Age, Years Since Death, and Average Annual Benefit – MTRFA Coordinated

Age	Years Since Death							
	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30 & Over
Under 45	6	6	--	--	--	--	--	--
	\$8,987	\$8,987	--	--	--	--	--	--
45 - 49	1	1	--	--	--	--	--	--
	\$19,060	\$19,060	--	--	--	--	--	--
50 - 54	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
55 - 59	2	2	--	--	--	--	--	--
	\$33,130	\$33,130	--	--	--	--	--	--
60 - 64	2	2	--	--	--	--	--	--
	\$27,854	\$27,854	--	--	--	--	--	--
65 - 69	4	3	1	--	--	--	--	--
	\$21,344	\$27,553	\$2,718	--	--	--	--	--
70 - 74	2	2	--	--	--	--	--	--
	\$39,205	\$39,205	--	--	--	--	--	--
75 - 79	3	3	--	--	--	--	--	--
	\$20,387	\$20,387	--	--	--	--	--	--
80 - 84	7	7	--	--	--	--	--	--
	\$26,455	\$26,455	--	--	--	--	--	--
85 & Over	1	1	--	--	--	--	--	--
	\$11,604	\$11,604	--	--	--	--	--	--
Total	28	27	1	--	--	--	--	--
	\$22,024	\$22,739	\$2,718	--	--	--	--	--

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT F-1

Reconciliation of Member Data – Total*

	Active Members	Leave of Absence	Inactive Vested Members	Other Non- Vested Members	Retired Participants	Disabled	Beneficiaries	Other Beneficiaries	Total
A. Number in June 30, 2005 report	79,254	54	11,257	22,755	39,282	606	2,874	34	156,116
B. Adjustments	<u>-28</u>	<u>0</u>	<u>17</u>	<u>-193</u>	<u>-47</u>	<u>6</u>	<u>34</u>	<u>0</u>	<u>-211</u>
C. Number as of June 30, 2005	79,226	54	11,274	22,562	39,235	612	2,908	34	155,905
D. Additions	7,777	12	1,674	3,691	2,548	88	272	2	16,064
E. Deletions:									
1. Retirements from Active/Inactive	-2,076	-7	-339	-81	0	0	0	0	-2,503
2. Disability Retirements from Active	-103	-1	0	0	0	0	0	0	-104
3. Retirements from Disability	0	0	0	0	0	-49	0	0	-49
4. Active Disability from Inactive	0	0	-21	-3	0	0	0	0	-24
5. Died with beneficiary	-1	0	0	0	-218	-9	0	0	-228
6. Died without beneficiary	-48	0	-23	-20	-575	-7	-60	0	-733
7. Terminated - deferred	-1,644	0	0	0	0	0	0	0	-1,644
8. Terminated - other non-vested	-3,542	0	-63	0	0	0	0	0	-3,605
9. Refunds	-471	-1	-33	-891	0	0	0	0	-1,396
10. Contributions written off	0	0	0	-1,942	0	0	0	0	-1,942
11. Rehired as active	0	-1	-694	-1,360	0	0	0	0	-2,055
12. Expired benefits	0	0	0	0	-17	-5	-76	0	-98
13. Leave of absence	<u>-10</u>	<u>0</u>	<u>-2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-12</u>
F. Number as of June 30, 2006	79,108	56	11,773	21,956	40,973	630	3,044	36	157,576

*May include duplicate records due to the MTRFA merger effective June 30, 2006.

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT F-2

Reconciliation of Member Data – Non-MTRFA

	Active Members	Leave of Absence	Inactive Vested Members	Other Non- Vested Members	Retired Participants	Disabled	Beneficiaries	Other Beneficiaries	Total
A. Number in June 30, 2005 report	74,552	0	9,880	19,151	35,779	581	2,597	0	142,540
B. Adjustments	<u>-28</u>	<u>0</u>	<u>17</u>	<u>-193</u>	<u>-43</u>	<u>3</u>	<u>34</u>	<u>0</u>	<u>-210</u>
C. Number as of June 30, 2005	74,524	0	9,897	18,958	35,736	584	2,631	0	142,330
D. Additions	7,293	0	1,387	3,277	2,366	81	242	0	14,646
E. Deletions:									
1. Retirements from Active/Inactive	-1,956	0	-286	-76	0	0	0	0	-2,318
2. Disability Retirements from Active	-102	0	0	0	0	0	0	0	-102
3. Retirements from Disability	0	0	0	0	0	-49	0	0	-49
4. Active Disability from Inactive	0	0	-21	-3	0	0	0	0	-24
5. Died with beneficiary	0	0	0	0	-190	-9	0	0	-199
6. Died without beneficiary	-48	0	-21	-18	-522	-4	-51	0	-664
7. Terminated - deferred	-1,368	0	0	0	0	0	0	0	-1,368
8. Terminated - other non-vested	-3,131	0	-63	0	0	0	0	0	-3,194
9. Refunds	-429	0	0	-822	0	0	0	0	-1,251
10. Contributions written off	0	0	0	-1,942	0	0	0	0	-1,942
11. Rehired as active	0	0	-668	-1,314	0	0	0	0	-1,982
12. Expired benefits	0	0	0	0	-17	-5	-68	0	-90
13. Leave of absence	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
F. Number as of June 30, 2006	74,783	0	10,225	18,060	37,373	598	2,754	0	143,793

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT F-3

Reconciliation of Member Data – MTRFA

	Active Members	Leave of Absence	Inactive Vested Members	Other Non- Vested Members	Retired Participants	Disableds	Beneficiaries	Other Beneficiaries	Total
A. Number in June 30, 2005 report	4,702	54	1,377	3,604	3,503	25	277	34	13,576
B. Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-4</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>-1</u>
C. Number as of June 30, 2005	4,702	54	1,377	3,604	3,499	28	277	34	13,575
D. Additions	484	12	287	414	182	7	30	2	1,418
E. Deletions:									
1. Retirements from Active/Inactive	-120	-7	-53	-5	0	0	0	0	-185
2. Disability Retirements from Active	-1	-1	0	0	0	0	0	0	-2
3. Retirements from Disability	0	0	0	0	0	0	0	0	0
4. Active Disability from Inactive	0	0	0	0	0	0	0	0	0
5. Died with beneficiary	-1	0	0	0	-28	0	0	0	-29
6. Died without beneficiary	0	0	-2	-2	-53	-3	-9	0	-69
7. Terminated - deferred	-276	0	0	0	0	0	0	0	-276
8. Terminated - other non- vested	-411	0	0	0	0	0	0	0	-411
9. Refunds	-42	-1	-33	-69	0	0	0	0	-145
10. Contributions written off	0	0	0	0	0	0	0	0	0
11. Rehired as active	0	-1	-26	-46	0	0	0	0	-73
12. Expired benefits	0	0	0	0	0	0	-8	0	-8
13. Leave of absence	<u>-10</u>	<u>0</u>	<u>-2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-12</u>
F. Number as of June 30, 2006	4,325	56	1,548	3,896	3,600	32	290	36	13,783

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT G

Statement of Change in Net Plan Assets for Year Ended June 30, 2006

	Non-MPRIF Assets	MPRIF Reserve	Market Value
A. Assets available at beginning of period			
1. TRA as of July 1, 2005	\$7,367,961,106	\$10,438,051,358	\$17,806,012,464
2. MTRFA as of July 1, 2005	745,214,858	-	745,214,858
B. Additions:			
1. Member contributions	\$177,084,905	-	\$177,084,905
2. Employer contributions	179,021,626	-	179,021,626
3. Contributions from other sources	3,182,223	-	3,182,223
4. MPRIF income	-	\$865,479,866	865,479,866
5. Net investment income:			
(a) Interest and dividends	\$680,655,345	-	\$680,655,345
(b) Net appreciation/(depreciation)	562,492,562	-	562,492,562
(c) Investment expenses	<u>-13,112,860</u>	<u>-</u>	<u>-13,112,860</u>
(d) Net subtotal	\$1,230,035,047	-	\$1,230,035,047
6. Other	<u>29,494,099</u>	<u>=</u>	<u>29,494,099</u>
7. Total additions	\$1,618,817,900	\$865,479,866	\$2,484,297,766
C. Operating expenses:			
1. Service retirements	\$119,169,297	\$1,067,733,747	\$1,186,903,044
2. Disability benefits	13,118,722	-	13,118,722
3. Survivor benefits	8,976,762	15,213,496	24,190,258
4. Refunds	11,872,504	-	11,872,504
5. Administrative expenses	11,912,701	-	11,912,701
6. Other	<u>1,856,275</u>	<u>-</u>	<u>1,856,275</u>
7. Total operating expenses	\$166,906,261	\$1,082,947,243	\$1,249,853,504
D. Other changes in reserves:			
1. Annuities awarded			
(a) Non-MTRFA members	-\$1,174,768,874	\$1,174,768,874	-
(b) Former MTRFA members	-712,586,000	712,586,000	-
(c) Shortfall due to MTRFA merger	-263,995,000	263,995,000	-
2. Mortality gain/(loss)	728,728	-728,728	-
3. Change in MPRIF assumptions	<u>-</u>	<u>-</u>	<u>-</u>
4. Total other changes	-\$2,150,621,146	\$2,150,621,146	-
E. Assets available at end of period	\$7,414,466,457	\$12,371,205,127	\$19,785,671,584

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT G (Continued)

Statement of Change in Net Plan Assets for Year Ended June 30, 2006

	Non-MPRIF Assets	MPRIF Reserve	Market Value
F. Determination of current year unrecognized asset return			
1. Average balance:			
(a) Non-MPRIF Assets available at BOY: (A.1) + (A.2)			\$8,113,175,964
(b) Non-MPRIF Assets available at EOY*: (E)			7,413,737,729
(c) Average balance [(a) + (b) – Net Investment Income] / 2			
Net Investment Income: (B.5.(d)) + (B.6)			7,133,692,274
2. Expected return: 8.50% x (F.1. (c)):			606,363,843
3. Actual return: (B.5.(d)) + (B.6)			<u>1,259,529,146</u>
4. Current year unrecognized asset return: (F.3) – (F.2)			\$653,165,303

**Before adjustment for MPRIF mortality gain (loss) and new MPRIF assumptions.*

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT H

Statement of Plan Net Assets for Year Ended June 30, 2006

	Market Value	Cost Value
Assets in trust		
Cash, equivalents, short-term securities	\$83,230,595	\$83,230,595
Fixed income	1,679,142,236	1,781,009,388
Equity	5,642,284,536	5,403,884,944
Real estate	-	-
Equity in Minnesota Post-Retirement Investment Fund*	12,371,205,127	12,371,205,127
Invested securities lending collateral	2,114,270,243	2,114,270,243
Other assets	<u>11,469,647</u>	<u>11,469,647</u>
Total assets in trust	\$21,901,602,384	\$21,765,069,944
Assets receivable	\$18,820,662	\$18,820,662
Liabilities		
Invested securities lending collateral	-\$2,114,270,243	-\$2,114,270,243
Other	<u>-20,481,221</u>	<u>-20,481,221</u>
Total liabilities	-\$2,134,751,464	-\$2,134,751,464
Net assets held in trust for pension benefits		
MPRIF reserves	\$12,371,205,127	\$12,371,205,127
Member reserves	1,765,117,058	1,765,117,058
Other non-MPRIF reserves	<u>5,649,349,399</u>	<u>5,512,816,958</u>
Total assets available for benefits	\$19,785,671,584	\$19,649,139,143
Net Assets at Market/Cost Value	<u>\$19,785,671,584</u>	<u>\$19,649,139,143</u>

* The number shown is the full MPRIF reserve amount. The actual MPRIF market value of \$10,350,059,985 is not used for funding purposes because this deficiency is accounted for separately and is expected to be recovered from future excess earnings on MPRI funds.

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT I

Development of the Fund Through June 30, 2006

Year Ended June 30	Employer Contributions and Other Sources	Employee Contributions	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2002	--	--	--	--	--	\$17,378,994,000
2003	\$150,971,000	\$155,577,000	\$696,917,000	\$13,158,000	\$985,122,000	17,384,179,000
2004	154,394,908	159,139,548	849,647,285	12,179,212	1,015,272,179	17,519,909,350
2005	160,678,168	160,982,004	977,415,580	10,883,151	1,055,184,638	17,752,917,313
2006	182,203,849	177,084,905	2,171,403,001	11,912,701	1,236,084,528	19,035,611,839

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

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT J

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2006

1. Unfunded/(Overfunded) actuarial accrued liability at beginning of year*		\$1,241,051,585
2. Normal cost at beginning of year, including expenses*		305,695,299
3. Total contributions		356,106,531
4. Interest:		
(a) For whole year on (1) + (2)	\$131,473,485	
(b) For half year on (3)	<u>15,134,527</u>	
(c) Total interest: (4a) – (4b)		<u>116,338,958</u>
5. Expected unfunded/(overfunded) actuarial accrued liability: (1) + (2) – (3) + (4)		\$1,306,979,311
6. Changes due to (gain)/loss from:		
(a) Investments	\$146,446,633	
(b) Other demographics**	<u>-41,724,091</u>	
(c) Total changes due to (gain)/loss		\$104,722,542
7. Changes to plan provision and assumptions due to the MTRFA merger		<u>\$231,797,187</u>
8. Unfunded/(Overfunded) actuarial accrued liability at end of year		<u>\$1,643,499,040</u>

*Equals the sum of TRA and former MTRFA results stated in the July 1, 2005 actuarial valuation.

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

SECTION 3: Supplemental Information for the Teachers Retirement Association Fund

EXHIBIT K

Definitions of Pension Terms

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 Teachers Retirement Association Fund

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 Teachers Retirement Association Fund

EXHIBIT I

Summary of Actuarial Valuation Results

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

1. Pensioners as of the valuation date (including 3,044 beneficiaries in pay status)		44,683
2. Members inactive during year ended June 30, 2006 with vested rights		11,773
3. Members active during the year ended June 30, 2006		79,164
Fully vested	61,741	
Not vested	17,423	
4. Other non-vested terminated members as of June 30, 2006		21,956

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

EXHIBIT I (continued)

Summary of Actuarial Valuation Results - Total

	Actuarial Present Value of Projected Benefits	Actuarial Present Value of Future Normal Costs	Actuarial Accrued Liability
A. Determination of Actuarial Accrued Liability (Total)			
1. Active members:			
(a) Retirement benefits	\$9,837,479,619	\$2,412,354,977	\$7,425,124,642
(b) Disability benefits	186,347,284	73,057,808	113,289,476
(c) Death benefits	83,167,006	31,464,775	51,702,231
(d) Withdrawal benefits	<u>712,401,851</u>	<u>530,329,153</u>	<u>182,072,698</u>
(e) Total	\$10,819,395,760	\$3,047,206,713	\$7,772,189,047
2. Vested terminated members	\$345,169,495	-	\$345,169,495
3. Other non-vested terminated members	35,164,455	-	35,164,455
4. Annuitants in MPRIF	12,371,205,127	-	12,371,205,127
5. Annuitants not in MPRIF	<u>155,382,755</u>	-	<u>155,382,755</u>
6. Total	\$23,726,317,592	\$3,047,206,713	\$20,679,110,879
B. Determination of Unfunded Actuarial Accrued Liability			
1. Actuarial Accrued Liability			\$20,679,110,879
2. Actuarial Value of Assets			<u>19,035,611,839</u>
3. Unfunded Actuarial Accrued Liability: (B.1) – (B.2)			\$1,643,499,040
C. Determination of Supplemental Contribution Rate (Statutory Amortization Date)			
1. Present value of future payrolls through the amortization date of June 30, 2037			\$70,196,327,078
2. Supplemental contribution rate: (B.3) / (C.1)			2.34%
D. Determination of GASB Contribution Rate (Amortization Period of 30 Years)			
1. Present value of future payrolls through the amortization date of June 30, 2036			\$68,869,461,736
2. Supplemental contribution rate: (B.3) / (D.1)			2.39%

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

EXHIBIT I (continued)

Summary of Actuarial Valuation Results – Non-MTRFA

	Actuarial Present Value of Projected Benefits	Actuarial Present Value of Future Normal Costs	Actuarial Accrued Liability
E. Determination of Actuarial Accrued Liability (Non-MTRFA)			
1. Active members:			
(a) Retirement benefits	\$9,283,898,534	\$2,269,175,992	\$7,014,722,542
(b) Disability benefits	175,358,813	68,778,138	106,580,675
(c) Death benefits	78,328,300	29,704,724	48,623,576
(d) Withdrawal benefits	<u>677,125,747</u>	<u>503,596,468</u>	<u>173,529,279</u>
(e) Total	\$10,214,711,394	\$2,871,255,322	\$7,343,456,072
2. Vested terminated members	\$301,173,420	-	\$301,173,420
3. Other non-vested terminated members	31,713,379	-	31,713,379
4. Annuitants in MPRIF	10,967,889,351	-	10,967,889,351
5. Annuitants not in MPRIF	<u>155,382,755</u>	<u>-</u>	<u>155,382,755</u>
6. Total	\$21,670,870,299	\$2,871,255,322	\$18,799,614,977

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

EXHIBIT I (continued)

Summary of Actuarial Valuation Results – MTRFA

	Actuarial Present Value of Projected Benefits	Actuarial Present Value of Future Normal Costs	Actuarial Accrued Liability
F. Determination of Actuarial Accrued Liability (MTRFA)			
1. Active members:			
(a) Retirement benefits	\$553,581,085	\$143,178,985	\$410,402,100
(b) Disability benefits	10,988,471	4,279,670	6,708,801
(c) Death benefits	4,838,706	1,760,051	3,078,655
(d) Withdrawal benefits	<u>35,276,104</u>	<u>26,732,685</u>	<u>8,543,419</u>
(e) Total	\$604,684,366	\$175,951,391	\$428,732,975
2. Vested terminated members	\$43,996,075	-	\$43,996,075
3. Other non-vested terminated members	3,451,076	-	3,451,076
4. Annuitants in MPRIF	1,403,315,776	-	1,403,315,776
5. Annuitants not in MPRIF	<u>-</u>	<u>-</u>	<u>-</u>
6. Total	\$2,055,447,293	\$175,951,391	\$1,879,495,902

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

EXHIBIT II

Actuarial Balance Sheet - Total

A. Current Assets				\$19,035,611,839
B. Expected Future Assets				
1. Present Value of Expected Future Statutory Supplemental Contributions				\$1,081,023,437
2. Present Value of Future Normal Costs				<u>3,047,206,713</u>
3. Total Expected Future Assets				\$4,128,230,150
C. Total Current and Expected Future Assets				\$23,163,841,989
D. Current Benefit Obligations				
		<u>Non-Vested</u>	<u>Vested</u>	<u>Total</u>
1. Benefit recipients:				
(a) Retirement annuities		-	\$11,791,747,113	\$11,791,747,113
(b) Disability benefits		-	158,375,802	158,375,802
(c) Beneficiaries		-	576,464,967	576,464,967
2. Vested terminated members		-	345,169,495	345,169,495
3. Other non-vested terminated members		-	35,164,455	35,164,455
4. Active members:				
(a) Retirement benefits	\$30,002,940		\$6,405,754,683	\$6,435,757,623
(b) Disability benefits	1,075,706		107,810,430	108,886,136
(c) Death benefits	469,292		49,640,233	50,109,525
(d) Withdrawal benefits	<u>14,523,962</u>		<u>386,453,572</u>	<u>400,977,534</u>
5. Total Current Benefit Obligations	\$46,071,900		\$19,856,580,750	\$19,902,652,650
E. Expected Future Benefit Obligations				<u>3,823,664,942</u>
F. Total Current and Expected Future Benefit Obligations - Present Value of Benefits: (D.5 + E)				\$23,726,317,592
G. Current Unfunded Actuarial Liability (D.5 - A)				\$867,040,811
H. Current and Future Unfunded Actuarial Liability (F - C)				\$562,475,603

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Actuarially Required Contribution Rate (a)	Actual Covered Payroll (b)	Actual Member Contributions (c)	Annual Required Contributions [(a) x (b)] – (c)	Actual Employer Contributions ⁽¹⁾	Percentage Contributed
1991	13.11%	\$1,943,375,000	\$89,313,000	\$165,463,000	\$159,439,000	96.36%
1992	13.04	1,989,624,000	91,506,000	167,941,000	162,370,000	96.68
1993	13.13	2,065,881,000	94,709,000	176,541,000	168,071,000	95.20
1994	12.75	2,150,300,000	100,803,000	173,360,000	171,855,000	99.13
1995	14.73	2,204,693,000	143,536,000	181,215,000	179,672,000	99.15
1996	14.30	2,268,390,000	148,051,000	176,329,000	184,495,000	104.63
1997	12.78	2,359,011,000	154,161,000	147,321,000	191,670,000	130.10
1998 ⁽²⁾	9.55	2,422,957,000	124,096,000	107,296,000	151,323,000	141.03
1999 ⁽²⁾	8.39	2,625,254,000	132,040,000	88,219,000	130,526,000	147.96
2000 ⁽²⁾	8.36	2,704,575,000	138,696,000	87,406,000	134,419,000	153.79
2001 ^{(2), (3)}	7.92	2,812,000,000	145,075,000	77,635,000	139,799,000	180.07
2002 ⁽²⁾	7.85	2,873,771,000	152,331,000	73,260,000	142,222,000	194.13
2003 ^{(2), (4)}	7.57	2,952,887,000	155,577,000	67,957,000	149,481,000	219.96
2004 ⁽²⁾	8.37	3,032,483,365	159,139,548	94,679,310	151,028,911	159.52
2005 ⁽²⁾	8.46	3,121,571,447	160,982,004	103,102,940	157,693,090	152.95
2006 ⁽⁵⁾	9.05	3,430,645,420	177,084,905	133,388,506	179,021,626	134.21
2007 ⁽⁶⁾	12.16					

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

⁽²⁾ Actuarially Required Contributions calculated according to parameters of GASB 25 using a 30-year amortization of the negative unfunded actuarial accrued liability.

⁽³⁾ Actuarially Required Contribution Rate prior to change in Actuarial Assumptions and Asset Valuation Method is 7.31%.

⁽⁴⁾ Actuarially Required Contribution Rate prior to change in Actuarial Assumptions is 8.11%.

⁽⁵⁾ Actuarially Required Contribution Rate shown is the contribution rate stated in the TRA July 1, 2005 actuarial valuation.

⁽⁶⁾ Actuarially Required Contributions calculated according to parameters of GASB 25 (30-year amortization period), and post-merger of the Minneapolis Teachers' Retirement Fund Association.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

EXHIBIT IV

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) – (a)	Funded Ratio (a) / (b)	Actual Covered Payroll (Previous FY) (c)	UAAL as a Percentage of Covered Payroll [(b) – (a)] / (c)
07/01/1991	\$5,614,924,000	\$7,213,720,000	\$1,598,796,000	77.84%	\$1,943,375,000	82.27%
07/01/1992	6,324,733,000	7,662,522,000	1,337,789,000	82.54	1,989,624,000	67.24
07/01/1993	7,045,937,000	8,266,059,000	1,220,122,000	85.24	2,065,881,000	59.06
07/01/1994	7,611,936,000	9,115,266,000	1,503,330,000	83.51	2,150,300,000	69.91
07/01/1995	8,348,124,000	9,717,623,000	1,369,499,000	85.91	2,204,693,000	62.12
07/01/1996	9,541,221,000	10,366,168,000	824,947,000	92.04	2,268,390,000	36.37
07/01/1997	11,103,759,000	10,963,637,000	-140,122,000	101.28	2,359,011,000	-5.94
07/01/1998	12,727,546,000	12,046,312,000	-681,234,000	105.66	2,422,957,000	-28.12
07/01/1999	14,011,247,000	13,259,569,000	-751,678,000	105.67	2,625,254,000	-28.63
07/01/2000	15,573,151,000	14,802,441,000	-770,710,000	105.21	2,704,575,000	-28.50
07/01/2001	16,834,024,000	15,903,984,000	-930,040,000	105.85	2,812,000,000	-33.07
07/01/2002	17,378,994,000	16,503,099,000	-875,895,000	105.31	2,873,771,000	-30.48
07/01/2003	17,384,179,000	16,856,379,000	-527,800,000	103.13	2,952,887,000	-17.87
07/01/2004	17,519,909,350	17,518,783,700	-1,125,650	100.01	3,032,483,365	-0.04
07/01/2005	17,752,917,313	18,021,410,061	268,492,748	98.51	3,121,571,447	8.60
07/01/2006	19,035,611,839	20,679,110,879	1,643,499,040	92.05	3,430,645,420	47.91

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Exhibit V

Determination of Contribution Sufficiency – Total

	July 1, 2006	
	Percent of Payroll	Dollar Amount
A. Statutory Contributions – Chapter 354		
1. Member contributions	5.51%	\$204,456,479
2. Employer contributions	5.23	193,832,020
3. Supplemental contributions*		
(a) 1993 Legislation	0.13	5,000,000
(b) 1996 Legislation	0.08	3,005,110
(c) 1997 Legislation	<u>0.36</u>	<u>13,314,000</u>
4. Total	<u>11.31%</u>	<u>\$419,607,609</u>
B. Required Contributions – Chapter 356		
1. Normal Cost:		
(a) Retirement	7.68%	\$284,803,369
(b) Disability	0.21	7,729,157
(c) Death	0.10	3,530,985
(d) Withdrawal	<u>1.45</u>	<u>53,614,888</u>
(e) Total	<u>9.44%</u>	<u>\$349,678,399</u>
1. Supplemental contribution amortization	2.34%	\$86,764,874
2. Allowance for administrative expenses	<u>0.33%</u>	<u>12,236,072</u>
3. Total	<u>12.11%</u>	<u>\$448,679,345</u>
C. Contribution Sufficiency / (Deficiency): (A.3) – (B.4)	-0.80%	-\$29,071,736
Projected annual payroll** for fiscal year beginning on the valuation date		\$3,707,900,584

*Includes contributions from School District #1, the City of Minneapolis, and matching State contributions.

** Calculated as covered actual payroll, projected one year with salary scale.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Exhibit V (continued)

Determination of Contribution Sufficiency – Non-MTRFA

	July 1, 2006	
A. Statutory Contributions – Chapter 354	Percent of Payroll	Dollar Amount
Member contributions	5.50%	\$192,087,654
Employer contributions	5.00	174,625,140
Supplemental contributions*		
(a) 1993 Legislation	0.13	4,540,254
(b) 1996 Legislation	0.08	2,794,002
(c) 1997 Legislation	<u>0.36</u>	<u>12,573,010</u>
Total	<u>11.07%</u>	<u>\$386,620,060</u>
B. Required Contributions – Chapter 356		
1. Normal Cost:		
(a) Retirement	7.63%	\$266,380,764
(b) Disability	0.21	7,233,696
(c) Death	0.10	3,319,794
(d) Withdrawal	<u>1.45</u>	<u>50,797,381</u>
(e) Total	<u>9.39%</u>	<u>\$327,731,635</u>
Projected annual payroll** for fiscal year beginning on the valuation date		\$3,492,502,804

*Includes contributions from School District #1, the City of Minneapolis, and matching State contributions.

**Calculated as covered actual payroll, projected one year with salary scale.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Exhibit V (continued)

Determination of Contribution Sufficiency – MTRFA Basic

	July 1, 2006	
	Percent of Payroll	Dollar Amount
A. Statutory Contributions – Chapter 354		
Member contributions	9.00%	\$1,342,150
Employer contributions	12.64	1,884,976
Supplemental contributions*		
(a) 1993 Legislation	0.13	19,387
(b) 1996 Legislation	0.08	11,930
(c) 1997 Legislation	<u>0.36</u>	<u>53,686</u>
Total	<u>22.21%</u>	<u>\$3,312,129</u>
B. Required Contributions – Chapter 356		
1. Normal Cost:		
(a) Retirement	11.83%	\$1,763,778
(b) Disability	0.26	39,116
(c) Death	0.12	18,486
(d) Withdrawal	<u>2.25</u>	<u>335,572</u>
(e) Total	<u>14.46%</u>	<u>\$2,156,952</u>
Projected annual payroll** for fiscal year beginning on the valuation date		\$14,912,783

*Includes contributions from School District #1, the City of Minneapolis, and matching State contributions.

**Calculated as covered actual payroll, projected one year with salary scale.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Exhibit V (continued)

Determination of Contribution Sufficiency – MTRFA Coordinated

	July 1, 2006	
	Percent of Payroll	Dollar Amount
A. Statutory Contributions – Chapter 354		
Member contributions	5.50%	\$11,026,675
Employer contributions	8.64	17,321,904
Supplemental contributions*		
(a) 1993 Legislation	0.13	260,630
(b) 1996 Legislation	0.08	160,388
(c) 1997 Legislation	<u>0.36</u>	<u>721,746</u>
Total	<u>14.71%</u>	<u>\$29,491,343</u>
B. Required Contributions – Chapter 356		
1. Normal Cost:		
(a) Retirement	8.31%	\$16,658,827
(b) Disability	0.23	456,345
(c) Death	0.10	192,705
(d) Withdrawal	<u>1.24</u>	<u>2,481,935</u>
(e) Total	<u>9.88%</u>	<u>\$19,789,812</u>
Projected annual payroll** for fiscal year beginning on the valuation date		\$200,484,997

*Includes contributions from School District #1, the City of Minneapolis, and matching State contributions.

**Calculated as covered actual payroll, projected one year with salary scale.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

EXHIBIT VI

Supplementary Information Required by the GASB

Valuation date	July 1, 2006
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, assuming payroll increases of 5.00% per annum
Remaining amortization period	30 years remaining as of July 1, 2006 (changed from prior valuation)
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 that fiscal year (based on the assumed interest rate employed in the July 1 Actuarial Valuation of the fiscal year).

Actuarial assumptions:

Investment rate of return:	
Pre-retirement	8.50% per annum
Post-retirement	6.00% per annum
Projected salary increases	Select and ultimate rates by age, with ultimate rates of 5.00% - 6.00%

Plan membership:

Pensioners and beneficiaries receiving benefits	44,683
Terminated vested members entitled to, but not yet receiving benefits	11,773
Other terminated non-vested members	21,956
Active members	<u>79,164</u>
Total	157,576

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

EXHIBIT VII

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy Pre-Retirement:

Male:	1983 Group Annuity Mortality Table for males set back 12 years
Female:	1983 Group Annuity Mortality Table for females set back 10 years

Healthy Post-Retirement:

Male:	1983 Group Annuity Mortality Table for males set back 6 years
Female:	1983 Group Annuity Mortality Table for females set back 3 years

Disabled:

Male:	1965 Railroad Retirement Board (RRB) rates through age 54. For ages 55 to 64, graded rates between 1965 RRB rates and the Healthy Post-Retirement mortality table. For ages 65 and later, the Healthy Post-Retirement mortality table.
Female:	1965 Railroad Retirement Board (RRB) rates through age 54. For ages 55 to 64, graded rates between 1965 RRB rates and the Healthy Post-Retirement mortality table. For ages 65 and later, the Healthy Post-Retirement mortality table.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Summary of Rates:

Shown below for selected ages:

Age	Rate (%)						Salary Increases
	Pre-Retirement Mortality		Withdrawal		Disability		
	Male	Female	Male	Female	Male	Female	
20	0.03	0.01	3.70	4.50	0.00	0.00	6.00
25	0.03	0.01	3.20	4.50	0.00	0.00	6.00
30	0.04	0.02	2.70	4.50	0.00	0.00	6.00
35	0.04	0.03	2.50	3.90	0.01	0.01	6.00
40	0.05	0.03	2.35	2.75	0.03	0.03	5.70
45	0.07	0.05	2.10	2.10	0.05	0.05	5.20
50	0.10	0.07	1.85	1.85	0.11	0.10	5.00
55	0.17	0.10	0.00	0.00	0.22	0.16	5.00
60	0.31	0.16	0.00	0.00	0.33	0.25	5.30
65	0.52	0.25	0.00	0.00	0.00	0.00	5.70
70	0.77	0.42	0.00	0.00	0.00	0.00	5.70
71	0.84	0.47	0.00	0.00	0.00	0.00	5.70

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Summary of Retirement Rates: Shown below for selected ages:

Age	All Non-MTRFA and MTRFA Coordinated Members Eligible for Rule of 90	All Non-MTRFA and MTRFA Coordinated Members Not Eligible for Rule of 90	Age	MTRFA Basic Members Eligible for 30 and Out Provision	MTRFA Basic Members Not Eligible for 30 and Out Provision
55 & under	50.0	9.0	55 & under	40.0	5.0
60	50.0	12.0	60	25.0	25.0
65	50.0	50.0	65	40.0	40.0
70	35.0	35.0	70	60.0	60.0
71	100.0	100.0	75	60.0	60.0
			80 & over	100.0	100.0

Withdrawal Rates: Select and ultimate rates were based on recent plan experience as of June 30, 2000. Ultimate rates after the third year are shown in the rate table. Select rates are as follows:

	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>
Male:	45.00%	12.00%	6.00%
Female:	40.00%	10.00%	8.00%

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

Retirement Age: Graded rates beginning at age 55 as shown in rate table. Members who have attained the highest assumed retirement age will retire in one year.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Percent Married:	85% of male members and 65% of female members are assumed to be married. Assume members have no children.
Age of Spouse:	Females three years younger than males.
Net Investment Return:	
<i>Pre-Retirement:</i>	8.50% per annum
<i>Post-Retirement:</i>	6.00% per annum
Administrative Expenses:	Prior year administrative expenses expressed as percentage of prior year payroll.
Allowance for Combined Service Annuity:	Liabilities for active members are increased by 1.40% and liabilities for former members are increased by 4.00% to account for the effect of some Participants having eligibility for a Combined Service Annuity.
Return of Contributions:	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.
Interest on Member Contributions:	Members and former members who are eligible for the money purchase annuity are assumed to receive interest credits equal to the Pre-Retirement interest rate. All other members and former members receive the interest crediting rate as specified in statutes.
Special Consideration:	Married members assumed to elect subsidized joint and survivor form of annuity as follows: Males: 15% elect 50% J&S option 25% elect 75% J&S option 55% elect 100% J&S option Females: 20% elect 50% J&S option 10% elect 75% J&S option 30% elect 100% J&S option

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Benefit Increases After Retirement:	Payment of earnings on retired reserves in excess of 6.00% accounted for by 6.00% post-retirement assumptions.
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:	A level percentage of payroll each year to the statutory amortization date assuming payroll increases of 5.00% per annum.
Changes in Actuarial Assumptions and Cost Methods:	<p>There have been no changes made to the actuarial cost methods since the prior valuation.</p> <p>Effective June 30, 2006, the Minneapolis Teachers' Retirement Fund Association (MTRFA) merged into the Teachers Retirement Association Fund. All members follow the TRA actuarial assumptions, except former MTRFA Basic members continue to use prior MTRFA Basic retirement rates.</p>

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

EXHIBIT VIII

Summary of Plan Provisions – Basic (Non-MTRFA Members)

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.

Plan Year:	July 1 through June 30
Eligibility:	A public school or MNSCU teacher who is not covered by the Social Security Act, except for teachers employed by St. Paul or Duluth public schools or by the University of Minnesota. Effective July 1, 2002, charter school teachers employed by St. Paul or Duluth public schools are covered by this fund. No MNSCU teacher is a Member if that person elected coverage under Chapter 354B.
Contributions:	Member: 9.00% of Salary. Employer: 9.00% of Salary.
Allowable Service:	A day of credit is earned if five hours are taught that day. A year is earned if 170 days of service are credited. Credit may also be provided for certain leaves if contributions are paid into the fund.
Salary:	Compensation used for contribution purposes excluding lump sum annual or sick leave payments, severance payments, any payments made in lieu of employer paid fringe benefits or expenses, and employer contributions to a Section 457 deferred compensation plan.
Average Salary:	Average of the five highest successive years of Salary. Average Salary is based on all Allowable Service if less than five years.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Retirement:

Normal Retirement:

- Age/Service Requirement:*
- (a) Age 65 and three years of Allowable Service.
 - (b) Age 62 and 30 years of Allowable Service.
- Proportionate Retirement Annuity is available at age 65 and one year of Allowable Service.

Early Retirement:

- Age/Service Requirement:*
- (a) Age 55 and three years of Allowable Service.
 - (b) Any age with 30 years of Allowable Service.
 - (c) Rule of 90: Age plus Allowable Service totals 90.

Amount:

The greater of (a), (b) or (c):

- (a) 2.20% of Average Salary for each of the first ten years of Allowable Service and 2.70% of Average Salary for each subsequent year with reduction of 0.25% for each month the member is under age 65 at time of retirement or under age 62 if 30 years of Allowable Service. No reduction if age plus years of Allowable Service totals 90.
- (b) 2.70% 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.
- (c) For eligible members, money purchase annuity equal to the actuarial equivalent of 220.00% of the member's accumulated deductions plus interest thereon.

Form of Payment:

Life annuity. Actuarially equivalent options are:

- (a) 50%, 75% or 100% Joint and Survivor with bounce back feature without additional reduction.
- (b) 15-year Certain and Life.
- (c) Guaranteed Refund.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Benefit Increases: Benefits may be increased each January 1 based on a formula in the Minnesota Statute consisting of both an inflation component and an investment based component of the Minnesota Post Retirement Investment Fund (MPRIF). A member who has been receiving a benefit for a least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one full month but less than 12 full months will receive a partial pro rata increase.

Disability:

Age/Service Requirement: Total and permanent disability before normal retirement age with three years of Allowable Service.

Amount: Normal Retirement Benefit based on Allowable Service and Average Salary at disability without reduction for commencement before Normal Retirement Age unless an optional annuity plan is selected. Supplemental benefit of \$25 per month.

Payments stop at normal retirement age or the five year anniversary of the effective date of the disability benefit, whichever is later. Payments stop earlier if disability ceases or death occurs. Benefits may be reduced on resumption of partial employment. If death occurs before retirement status, the surviving spouse and dependent children are eligible for survivor benefits.

Form of Payment: Same as for retirement.

Benefit Increases: Adjusted by TRA to provide same increase as MPRIF.

Retirement After Disability:

Age/Service Requirement: Normal Retirement Age or the five year anniversary of the effective date of the disability benefit, whichever is later.

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

Benefit Increases: Same as for retirement.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Death:

Surviving Spouse Benefit:

Age/Service Requirement: Active member with 18 months of Allowable Service or member receiving a disability benefit.

Amount: 50% of salary for the last full fiscal year preceding death. Maximum family benefit is \$1,000 per month. Benefits paid until spouse's death.

Surviving spouse optional annuity or refund of contributions may be elected in lieu of this benefit.

Surviving Dependent Child Benefit:

Age/Service Requirement: Active member with 18 months of Allowable Service or member receiving a disability benefit.

Amount: 10% of salary for the last full fiscal year preceding death. Family benefit minimum (including spouse's benefit) of 50% of salary and maximum \$1,000 per month. Benefits paid until child marries, dies, or attains age 18 (age 22 if full-time student).

Surviving Spouse Optional Annuity:

Age/Service Requirement: Member or former member with three years of Allowable Service who dies before retirement or disability benefits commence.

Amount: Survivor's payment of the 100% Joint and Survivor benefit or an actuarial equivalent term certain annuity. If commencement is prior to age 65 (age 62 if 30 years of service), the benefit is reduced same as early retirement with half the applicable reduction factor used from age 55 to the actual commencement age. If no surviving spouse, then an actuarial equivalent dependent child benefit is paid to age 20 or for five years if longer.

Benefit Increases: Adjusted by TRA to provide same increase as MPRIF except surviving spouse optional annuity benefit increases which are paid from MPRIF.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Refund of Contributions:

Age/Service Requirement: Member dies before receiving any retirement benefits and survivor benefits are not elected.

Amount: The excess of the member's contributions over any disability benefits paid plus 6.00% interest compounded annually if death occurred on or after May 16, 1989.

Withdrawal:

Refund of Contributions:

Age/Service Requirement: Thirty days following termination of teaching service.

Amount: Member's contributions with 6.00% interest compounded annually if termination occurred on or after May 16, 1989. A deferred annuity may be elected in lieu of a refund.

Deferred Annuity:

Age/Service Requirement: Vested at date of termination. Current requirement is three years of Allowable Service.

Amount: The benefit computed under law in effect at termination and increased by the following percentage compounded annually:

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

Amount is payable as a normal or early retirement.

A member who terminated service before July 1, 1997 whose benefit does not commence until after June 30, 1997 shall receive an actuarially equivalent increase to reflect the change from 5.00% to 6.00% in the post-retirement interest assumption; or

For eligible former members, money purchase annuity equal to the actuarial equivalent of 220.00% of the former member's accumulated deductions plus interest thereon.

Changes in Plan Provisions: There have been no changes made to the plan provisions since the prior valuation.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

EXHIBIT IX

Summary of Plan Provisions – Basic (MTRFA Members)

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.

Plan Year:	July 1 through June 30
Eligibility:	A teacher who is employed by the Board of Education of Special School District No. 1, other than a charter school, and who is not covered by the Social Security Act. Certain part-time licensed employees are covered as well as employees of the Minneapolis Teachers Retirement Fund.
Contributions:	Member: 9.00% of Salary. Employer: 12.64% of Salary for July 1, 2006 through June 30, 2007; and 13.14% after June 30, 2007
Teaching Service:	A year is earned during a calendar year if the member is employed in a covered position and employee contributions are deducted. Certain part-time service and military service is also included.
Salary:	Total compensation. Excludes lump sum payments for unused vacation leave or unused sick leave at separation.
Average Salary:	Average of the five highest consecutive years of Salary.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Retirement:

Normal Retirement:

Age/Service Requirement: Age 60, or any age with 30 years of Teaching Service.

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

Early Retirement:

Age/Service Requirement: Age 55 with less than 30 years of Teaching Service.

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

- (d) 2.25% of Average Salary for each year of Teaching Service with reduction of 0.25% for each month the Member is under age first eligible for a normal retirement benefit.
- (e) 2.50% of Average Salary for each year of Teaching Service assuming augmentation to the age first eligible for a normal retirement benefit at 3.00% per year and actuarial reduction for each month the member is under the age first eligible for a normal retirement benefit.

An alternative benefit is available to members who are at least age 50 and have seven years of Teaching Service. The benefit is based on the accumulation of the 6.50% “city deposits” to the Retirement Fund. Other benefits are also provided under this alternative depending on the member’s age and Teaching Service.

Form of Payment: Life annuity. Actuarially equivalent options are:

- (d) 10 or 15-year Certain and Life.
- (e) 50%, 75%, or 100% Joint and Survivor with bounce back feature without additional reduction (option is canceled if member is predeceased by beneficiary).

Benefit Increases: Benefits may be increased each January 1 based on a formula in the Minnesota Statute consisting of both an inflation component and an investment based component of the Minnesota Post Retirement Investment Fund (MPRIF). A member who has been receiving a benefit for a least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one full month but less than 12 full months will receive a partial pro rata increase.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Disability:

Age/Service Requirement: Total and permanent disability with three years of Teaching Service.

Amount: An annuity based on the continued accumulation of member and city contributions at the current rate for a period of 15 years (but not beyond age 65) plus an additional benefit equal to the smaller of 100% of the annuity provided by city contributions only or \$150 per month. A member with 20 years of Teaching Service also receives an additional \$7.50 per month.

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.

Death:

Choice of Benefit A, Benefit B or Benefit C.

Benefit A:

Age/Service Requirement: Death before retirement.

Amount: The accumulation of member and city contributions plus 5.00% interest if death occurred before May 16, 1989, or 6.00% interest if death occurred on or after May 16, 1989. Paid as a life annuity, 15-year Certain and Life, or lump sum. If an annuity is chosen the beneficiary also receives additional benefits.

Benefit B:

Age/Service Requirement: An active member with seven years of Teaching Service. A former member age 60 with seven years of Teaching Service who dies before retirement or disability benefits begin.

Amount: The actuarial equivalent of any benefits the member could have received if he had resigned on the date of death.

Benefit C:

Age/Service Requirement: An active member who dies and leaves surviving children.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Amount: A monthly benefit of \$248.30 to the surviving widow while caring for a child and an additional \$248.30 per month for each surviving dependent child. The maximum family benefit is \$579.30 per month. These benefits may be increased by the Board of Trustees.

Benefits to the widow cease upon death or when no longer caring for an eligible child. Benefits for dependent children cease upon marriage or age 18 (age 22 if a full time student).

Benefit Increases: Same as retirement.

Withdrawal:

Deferred Annuity:

Age/Service Requirement: Seven years of Teaching 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.

In addition, the interest earned on the member and city contributions between termination and age 60 can be applied to provide an additional annuity.

Refund of Contributions:

Age/Service Requirement: Termination of Teaching Service.

Amount: Member's contributions with 6.00% interest. A deferred annuity may be elected in lieu of a refund.

Changes in Plan Provisions:

The only change in plan provisions since the prior MTRFA valuation is the increase in the employee contribution rate of 0.50% of payroll beginning July 1, 2006.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

EXHIBIT X

Summary of Plan Provisions - Coordinated

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.

Plan Year:	July 1 through June 30
Eligibility:	A public school or MNSCU teacher who is covered by the Social Security Act, except for teachers employed by St. Paul or Duluth public schools or by the University of Minnesota. Effective July 1, 2002, charter school teachers employed by St. Paul or Duluth public schools are covered by this fund. No MNSCU teacher will become a new Member unless that person elects coverage as defined by Minnesota Statutes under Chapter 354B.
Contributions:	Member: 5.50% of Salary. Employer: 8.64% of Salary.
Allowable Service:	A day of credit is earned if five hours are taught that day. A year is earned if 170 days of service are credited. Credit may also be provided for certain leaves if contributions are paid into the fund.
Salary:	Compensation used for contribution purposes excluding lump sum annual or sick leave payments, severance payments, any payments made in lieu of employer paid fringe benefits or expenses, and employer contributions to a Section 457 deferred compensation plan.
Average Salary:	Average of the five highest successive years of Salary. Average Salary is based on all Allowable Service if less than five years.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Retirement:

Normal Retirement:

Age/Service Requirement:

First hired before July 1, 1989:

- (a) Age 65 and three years of Allowable Service.
- (b) Age 62 and 30 years of Allowable Service.

Proportionate Retirement Annuity is available at age 65 and one year of Allowable Service.

First hired after June 30, 1989:

The greater of (a) or (b):

- (a) Age 65.
- (b) The age eligible for full Social Security retirement benefits (but not to exceed age 66) and three years of Allowable Service.

Proportionate Retirement Annuity is available at normal retirement age and one year of Allowable Service.

Early Retirement:

Age/Service Requirement:

First hired before July 1, 1989:

- (a) Age 55 and three years of Allowable Service.
- (b) Any age with 30 years of Allowable Service.
- (c) Rule of 90: Age plus Allowable Service totals 90.

First hired after June 30, 1989:

- (a) Age 55 with three years of Allowable Service.

Amount:

First hired before July 1, 1989:

The greater of (a), (b) or (c):

- (a) 1.20% of Average Salary for each of the first ten years of Allowable Service, 1.70% of Average Salary for each subsequent year prior to July 1, 2006, and 1.90% of Average Salary for years of Allowable Service July 1, 2006 and after. No actuarial reduction if age plus years of service totals 90. Otherwise

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

reduction of 0.25% for each month the member is under age 65 (or 62 if 30 years of Allowable Service) at time of retirement.

- (b) 1.70% of Average Salary for each year of Allowable Service prior to July 1, 2006 and 1.90% for each year of Allowable Service beginning July 1, 2006, assuming augmentation to age 65 at 3.00% per year and actuarial reduction for each month the member is under age 65.
- (c) For eligible members, money purchase annuity equal to the actuarial equivalent of 220.00% of the member's accumulated deductions plus interest thereon.

First hired after June 30, 1989:

1.70% of Average Salary for each year of Allowable Service prior to July 1, 2006 and 1.90% for each year of Allowable Service beginning July 1, 2006, assuming augmentation to age eligible for full Social Security retirement benefits at 3.00% per year and actuarial reduction for each month the member is under the full Social Security benefit retirement age but not to exceed age 66.

Form of Payment:

Life annuity. Actuarially equivalent options are:

- (a) 50%, 75% or 100% Joint and Survivor with bounce back feature without additional reduction.
- (b) 15-year Certain and Life.
- (c) Guaranteed Refund.

Benefit Increases:

Benefits may be increased each January 1 depending on the investment performance of the Minnesota Post Retirement Investment Fund (MPRIF). A member who has been receiving a benefit for a least 12 full months as of the previous June 30 will receive a full increase. Members receiving benefits for at least one full month but less than 12 full months will receive a partial pro rata increase.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Disability:

<i>Age/Service Requirement:</i>	Total and permanent disability before Normal Retirement Age with three years of Allowable Service.
<i>Amount:</i>	Normal Retirement Benefit based on Allowable Service and Average Salary at disability without reduction for commencement before Normal Retirement Age unless an optional annuity plan is selected. Payments stop at Normal Retirement Age or the five year anniversary of the effective date of the disability benefit, whichever is later. Payments stop earlier if disability ceases or death occurs. Benefits may be reduced on resumption of partial employment.
<i>Form of Payment:</i>	Same as for retirement.
<i>Benefit Increases:</i>	Adjusted by TRA to provide same increase as MPRIF.

Retirement After Disability:

<i>Age/Service Requirement:</i>	Normal Retirement Age or the five year anniversary of the effective date of the disability benefit, whichever is later.
<i>Amount:</i>	Any optional annuity continues. Otherwise, the larger of the disability benefit paid before Normal Retirement Age or the normal retirement benefit available at Normal Retirement Age, or an actuarially equivalent optional annuity.
<i>Benefit Increases:</i>	Same as for retirement.

Death:

Surviving Spouse Optional Annuity:

<i>Age/Service Requirement:</i>	Member or former member with three years of Allowable Service who dies before retirement benefits commence.
<i>Amount:</i>	Survivor's payment of the 100% Joint and Survivor benefit or an actuarial equivalent term certain annuity. If commencement is prior to age 65 (age 62 if 30 years of service), the benefit is reduced same as early retirement with half the applicable reduction factor used from age 55 to the actual commencement age. If no surviving spouse, then an actuarial equivalent dependent child benefit is paid to age 20 or for five years if longer.

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

Benefit Increases: Same as for normal retirement.

Refund of Contributions:

Age/Service Requirement: Member dies before receiving any retirement benefits and the surviving spouse optional annuity is not elected.

Amount: The excess of the member's contributions over any disability benefits paid plus 6.00% interest compounded annually if death occurred on or after May 16, 1989.

Withdrawal:

Refund of Contributions:

Age/Service Requirement: Thirty days following termination of teaching service.

Amount: Member's contributions with 6.00% interest compounded annually if termination occurred on or after May 16, 1989. A deferred annuity may be elected in lieu of a refund.

Deferred Annuity:

Age/Service Requirement: Vested at date of termination. Current requirement is three years of Allowable Service.

Amount: For members first hired prior to July 1, 2006, the benefit is computed under law in effect at termination and increased by the following percentage compounded annually:
(a) 3.00% thereafter until January 1 of the year following attainment of age 55; and
(b) 5.00% thereafter until the annuity begins.

For members hired after June 30, 2006, the benefit is computed under law in effect at termination and increased by 2.50% for all years.

Amount is payable as a normal or early retirement.

A member who terminated service before July 1, 1997 whose benefit does not commence until after June 30, 1997 shall receive an actuarially equivalent increase to reflect the change from 5.00% to 6.00% in the post-retirement interest assumption; or

SECTION 4: Reporting Information for the Teachers Retirement Association Fund

For eligible former members, money purchase annuity equal to the actuarial equivalent of 220% of the former member's accumulated deductions plus interest thereon.

For members first hired July 1, 2006 and after, the greater of the benefit computed under law in effect at termination and increased by 2.50% compounded annually until the annuity begins.

Changes in Plan Provisions:

The changes in plan provisions since the prior valuation are as follows:

The Laws of Minnesota (2006) Chapter 277 authorized the merger of the Minneapolis Teachers Retirement Association Fund (MTRFA) into TRA. All assets, liabilities, active, inactive and retired MTRFA members were transferred to TRA as of June 30, 2006.

As part of Chapter 277, all TRA Coordinated members received a formula multiplier improvement (1.70% per year to 1.90% per year) for years of service worked beginning after July 1, 2006. TRA Coordinated employee contribution rates were increased 0.50% of payroll beginning July 1, 2006.

All TRA members hired after June 30, 2006 receive deferred annuity benefit increases of 2.50% per year between the date of termination and effective date of retirement. TRA members hired prior to July 1, 2006 receive deferred annuity benefit increases of 3.00% per year prior to age 55 and 5.00% per year from age 55 until date of retirement. This change does not impact the results of the July 1, 2006 actuarial valuation.