Minnesota State Retirement System
Correctional Employees Retirement Fund

Actuarial Valuation and Review as of July 1, 2006

SEGAL

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November 29, 2006

Mr. Dave Bergstrom
Minnesota State Retirement System
Correctional Employees Retirement Fund
60 Empire Drive, Suite 300
St. Paul, Minnesota 55103-3000

Dear Mr. Bergstrom:

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 and financial information on which our calculations were based was prepared by the Minnesota State Retirement System. 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	*Andre Latia, FSA, MAAA, EA*	*Brad E. Ramirez, FSA, MAAA, EA*
Senior Vice President and Chief Actuary	*Senior Vice President and 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)

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Purpose

This report has been prepared by The Segal Company to present a valuation of the Minnesota State Retirement System (Correctional Employees Retirement 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:

- Applicable Minnesota Statutes;
- The benefit provisions of the Retirement Fund, as administered by the MSRS;
- The data as provided and confirmed by the MSRS staff;
- The characteristics of covered active participants, inactive vested participants, 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.

Significant Issues in Valuation Year

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

- The statutory contribution rate under Chapter 352 is equal to 13.67% of payroll compared to the required contribution rate under Chapter 356 of 23.34% of payroll. Therefore, the contribution deficiency is 9.67% of payroll or $15,734,595. A contribution deficiency in any year will lead to an increased deficiency in all future years.
- The Employee and Employer contribution rates (as a percentage of salary) will change as shown in the schedule below:

Date of Increase	Employee	Employer
Current	5.69%	7.98%
July 1, 2007	6.40%	9.10%
July 1, 2008	7.00%	10.10%
July 1, 2009	7.70%	11.10%
July 1, 2010	8.60%	12.10%

- The actuarial accrued liability funded ratio based on the actuarial value of assets over the actuarial accrued liability as of July 1, 2006 is 82.68% compared to 92.21% 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. Before plan and assumption changes, the funded ratio was 87.77%.
- There were no changes in actuarial cost methods since the prior valuation.
- The only changes in plan provisions are the future employee and employer contribution rates.
- The following actuarial assumptions were changed based on recommendations from the most recent experience study:
  - Mortality for pre-retirement, post-retirement and post-disability,
  - Withdrawal rates (including the added select period),
  - Disability incidence rates, and
  - Retirement rates.

  See Section 4, Exhibit VII for a description of the new assumptions.
- The changes in actuarial assumptions increased the actuarial accrued liability by $37,549,189. Amortizing this over 30 years increases the required contribution by $2,018,034, or 1.24% of payroll.

Summary of Key Valuation Results

	2006	2005
Contributions (% of payroll) for plan year beginning July 1:		
Statutory – Chapter 352	13.67%	13.67%
Required – Chapter 356	23.34%	17.71%
Sufficiency/(Deficiency)	-9.67%	-4.04%
Funding elements for plan year beginning July 1:		
Normal cost	$28,786,714	$22,111,459
Market value of assets	549,986,069	503,806,699
Actuarial value of assets (AVA)	535,356,819	503,573,272
Actuarial accrued liability (AAL)	647,480,269	546,117,680
Unfunded/(Overfunded) actuarial accrued liability	112,123,450	42,544,408
Funded ratios:		
Accrued Benefit Funded Ratio	87.43%	100.15%
Current assets (AVA)	$535,356,819	$503,573,272
Current benefit obligations	612,358,420	502,823,402
Projected Benefit Funded Ratio	78.89%	90.16%
Current and expected future assets	$700,031,747	$629,187,190
Current and expected future benefit obligations (Present Value of Benefits)	887,336,773	697,892,019
GASB 25/27 for plan year beginning July 1:		
Annual required employer contributions	$16,870,946	$15,189,293
Accrued Liability Funded Ratio (AVA/AAL)	82.68%	92.21%
Covered actual payroll*	$145,879,208	$132,334,733
Demographic data for plan year beginning July 1:		
Number of pensioners and beneficiaries	1,375	1,279
Number of vested terminated participants	817	738
Number of other non-vested terminated participants	388	351
Number of active participants	3,910	3,607
Total projected payroll**	$162,744,640	$147,385,402
Average projected compensation**	41,623	40,861

** Reflects actual pay for the period July 1, 2005 to July 1, 2006.*
*** Calculated as covered actual payroll, projected one year with salary scale.*

A. PARTICIPANT DATA

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

This section presents a summary of significant statistical data on these participant 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 participant population has changed over the past five valuations can be seen in this chart.

CHART 1

Participant Population: 2002 – 2006

Year Ended June 30	Active Participants	Vested Terminated Participants*	Pensioners and Beneficiaries	Ratio of Non-Actives to Actives
2002	3,249	550	938	0.46
2003	3,262	601	1,060	0.51
2004	3,326	678	1,188	0.56
2005	3,607	738	1,279	0.56
2006	3,910	817	1,375	0.56

**Excludes terminated participants due a refund of employee contributions.*

Active Participants
Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 3,910 active participants with an average age of 40.2, average years of service of 7.4 years and average projected compensation of $41,623. The 3,607 active participants in the prior valuation had an average age of 40.5, average service of 7.7 years and average projected payroll of $40,861.

Inactive Participants
In this year's valuation, there were 817 participants with a vested right to a deferred or immediate vested benefit.

In addition, there were 388 other non-vested terminated participants entitled to a return of their employee contributions.

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

CHART 2

Distribution of Active Participants by Age as of June 30, 2006

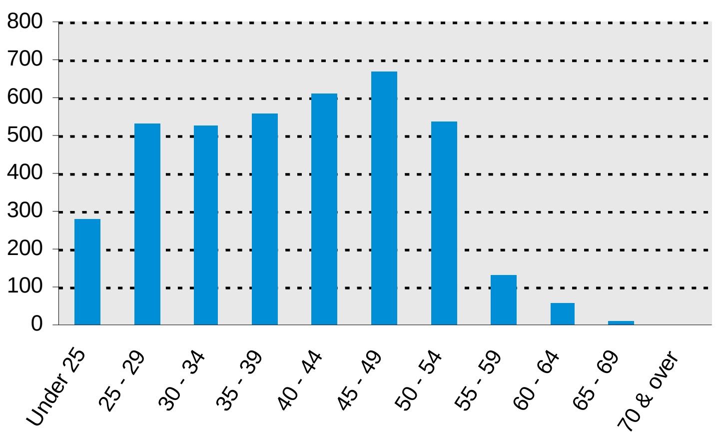
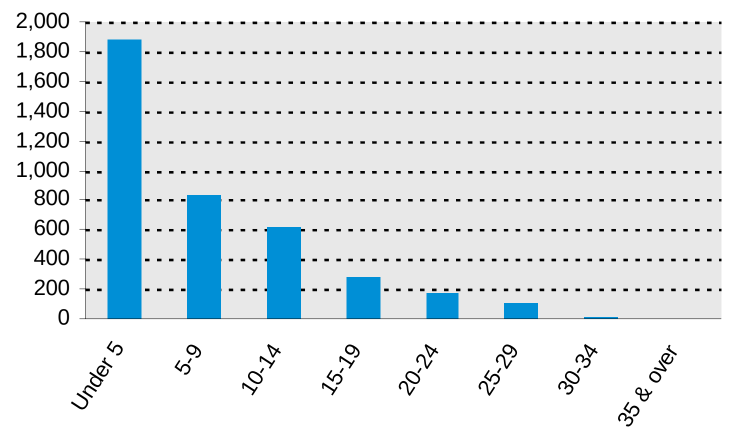


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2006



Pensioners and Beneficiaries

As of June 30, 2006, 1,269 pensioners (1,101 retired and 168 disabled participants) and 106 beneficiaries were receiving average monthly benefits of $1,272. For comparison, in the previous valuation, there were 1,175pensioners (1,025 retired and 150 disabled participants) and 104 beneficiaries receiving average monthly benefits of $1,601.

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

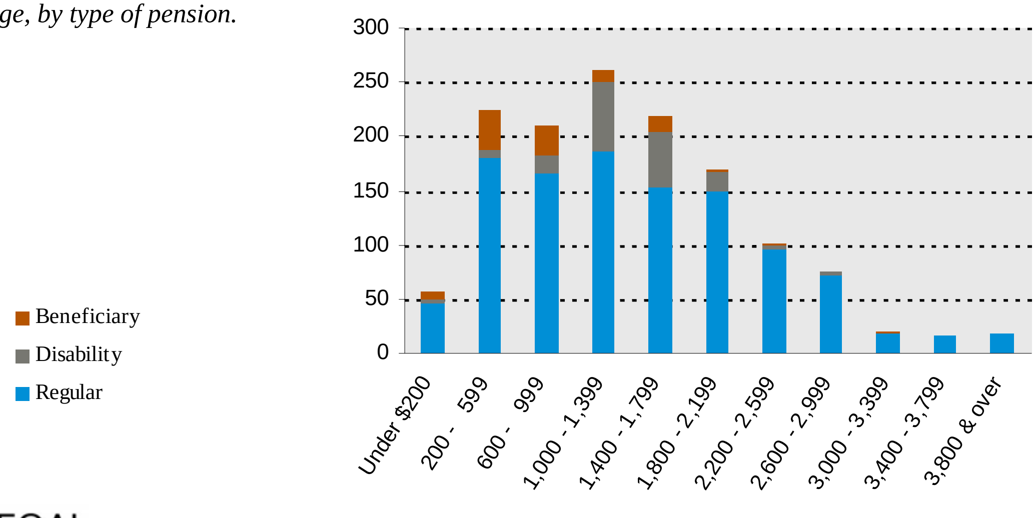
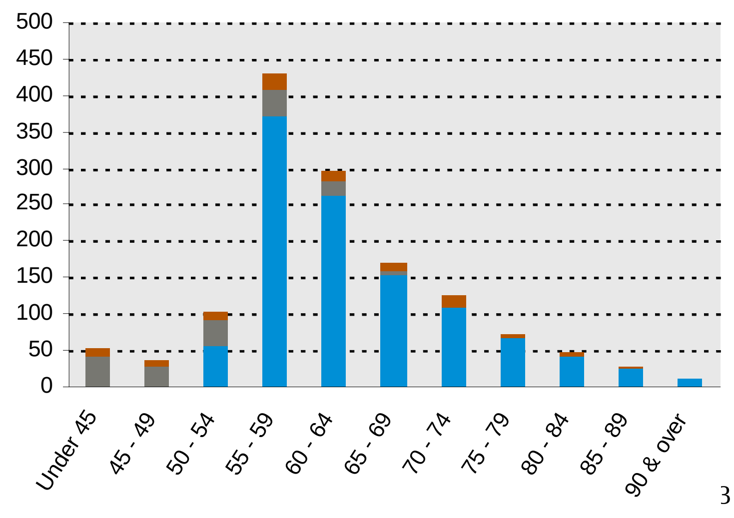


CHART 5

Distribution of Pensioners and Beneficiaries by Type and by Age as of June 30, 2006



B. FINANCIAL INFORMATION

It is desirable to have level and predictable plan costs from one year to the next. For this reason, 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

1.	Market value of assets available for benefits				$549,986,069
			Original Amount	% Not Recognized	
2.	Calculation of unrecognized return				
	(a)	Year ended June 30, 2006	$9,447,186	80%	$7,557,749
	(b)	Year ended June 30, 2005	5,634,248	60%	3,380,549
	(c)	Year ended June 30, 2004	16,844,381	40%	6,737,752
	(d)	Year ended June 30, 2003	-15,234,000	20%	-3,046,800
	(e)	Total unrecognized return			$14,629,250
3.	Actuarial value of assets ("Current Assets"): (1) – (2e)				$535,356,819
4.	Actuarial value as a percent of market value				97.3%

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 $26,435,835, including a loss of $5,282,955 from investments, a gain of $6,102,666 from salary increases, a loss of $20,501,452 from demographic experience, and a loss of $6,754,094 from all other sources. The net experience variation from individual sources other than investments and salary increases was 1.04% of the total actuarial accrued liability.

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	-$5,282,955
2.	Net gain/(loss) from salary increases	6,102,666
3.	Net gain/(loss) from demographic experience	-20,501,452
4.	Net gain/(loss) from other experience	-6,754,095
5.	Net experience gain/(loss): (1) + (2) + (3) + (4)	-$26,435,834*

**Based upon July 1, 2005 valuation assumptions.*

D. INFORMATION REQUIRED BY THE GASB

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

Critical information to GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of the GASB reporting requirements. Section IV, Exhibit III presents a schedule of this information of 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.

EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2006	Year Ended June 30 2005	Change From Prior Year
Active participants in valuation:			
Number	3,910	3,607	8.4%
Average age	40.2	40.5	N/A
Average service	7.4	7.7	N/A
Total projected payroll*	$162,744,640	$147,385,402	10.4%
Average projected compensation*	41,623	40,861	1.9%
Total active vested participants	2,468	2,464	0.2%
Vested terminated participants	817	738	10.7%
Retired participants:			
Number in pay status	1,101	1,025	7.4%
Average age	64.1	64.0	N/A
Average monthly benefit	$1,457	$1,708	-14.7%
Disabled participants:			
Number in pay status	168	150	12.0%
Average age	50.6	50.4	N/A
Average monthly benefit	$1,371	$1,348	1.7%
Beneficiaries:			
Number in pay status	106	104	1.9%
Average age	60.7	61.9	N/A
Average monthly benefit	$886	$911	-2.7%
Other non-vested terminated participants	388	351	10.5%

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

EXHIBIT B

Participants in Active Service as of June 30, 2006
By Age, Years of Service, and Average Projected Compensation

		Years of Service							
Age	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over
Under 25	277	277	- -	- -	- -	- -	- -	- -	- -
	$28,246	$28,246	- -	- -	- -	- -	- -	- -	- -
25 - 29	530	460	70	- -	- -	- -	- -	- -	- -
	33,119	32,052	$40,126	- -	- -	- -	- -	- -	- -
30 - 34	525	312	178	35	- -	- -	- -	- -	- -
	38,048	34,653	41,598	$50,262	- -	- -	- -	- -	- -
35 - 39	560	220	158	163	19	- -	- -	- -	- -
	40,870	32,483	41,400	49,992	$55,329	- -	- -	- -	- -
40 - 44	611	214	129	136	108	24	- -	- -	- -
	44,547	35,949	43,488	49,286	54,697	$54,371	- -	- -	- -
45 - 49	670	176	138	145	90	87	34	- -	- -
	46,662	36,214	45,857	48,132	51,146	58,811	$54,800	- -	- -
50 - 54	538	131	114	110	52	52	67	11	1
	49,380	41,417	47,364	50,501	53,845	53,681	57,664	$58,913	$83,456
55 - 59	130	65	32	14	7	7	1	3	1
	46,412	41,680	49,351	53,086	50,332	53,048	72,856	51,118	52,026
60 - 64	56	22	17	12	4	- -	1	- -	- -
	50,945	45,216	57,978	52,084	49,492	- -	49,563	- -	- -
65 - 69	11	3	2	3	1	1	- -	1	- -
	48,859	42,538	42,055	52,457	53,504	51,312	- -	63,539	- -
70 & Over	2	2	- -	- -	- -	- -	- -	- -	
	16,197	16,197	- -	- -	- -	- -	- -	- -	
Total	3,910	1,882	838	618	281	171	103	15	2
	$41,623	$33,944	$43,844	$49,629	$53,258	$56,348	$56,787	$57,662	$67,742

EXHIBIT C

Retired Participants as of June 30, 2006
By Age, Years Since Retirement, and Average Annual Benefit

		Years Since Retirement							
Age	**Total**	**Under 5**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35 & Over**
Under 45	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
45 - 49	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
50 - 54	69	3	4	14	10	18	15	5	- -
	$16,942	$1,939	$4,321	$9,772	$14,534	$16,616	$26,682	$32,886	- -
55 - 59	409	42	63	79	53	77	75	20	- -
	15,859	2,869	6,463	11,260	16,550	21,108	25,733	31,836	- -
60 - 64	226	34	48	23	35	42	35	8	1
	16,490	3,103	6,734	12,311	18,755	25,631	27,979	34,266	$28,663
65 - 69	152	20	17	35	21	32	20	7	- -
	19,466	2,821	7,548	13,267	20,135	28,021	37,538	34,216	- -
70 - 74	104	8	14	23	19	20	17	3	- -
	18,293	3,170	8,540	12,004	17,192	24,899	30,295	47,270	- -
75 - 79	63	3	5	8	16	10	11	10	- -
	23,514	1,018	5,525	10,485	20,056	26,351	35,255	39,464	- -
80 - 84	44	- -	1	7	9	15	10	2	- -
	22,562	- -	4,770	9,677	16,742	21,353	35,216	48,532	- -
85 - 89	23	- -	2	3	2	12	2	2	- -
	17,132	- -	4,553	6,791	9,990	17,803	21,742	43,732	- -
90 & Over	11	- -	1	5	1	- -	2	2	- -
	12,728	- -	3,190	6,680	10,234	- -	19,772	26,820	- -
Total	1,101	110	155	197	166	226	187	59	1
	$17,486	$2,879	$6,711	$11,448	$17,651	$22,978	$28,867	$35,414	$28,663

EXHIBIT D

Disabled Participants as of June 30, 2006
By Age, Years Since Disability, and Average Annual Benefit

		Years Since Disability							
Age	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over
Under 45	40	4	6	2	20	8	- -	- -	- -
	$14,245	$11,408	$14,000	$20,096	$14,267	$14,327	- -	- -	- -
45 - 49	30	4	2	2	6	16	- -	- -	- -
	17,283	8,259	31,188	16,235	18,419	19,756	- -	- -	- -
50 - 54	36	5	3	1	15	9	3	- -	- -
	17,467	10,622	18,008	18,982	14,415	23,994	$23,504	- -	- -
55 - 59	37	1	1	5	21	6	2	1	- -
	16,185	2,986	17,478	14,048	14,689	16,446	34,495	$31,983	- -
60 - 64	15	1	4	2	4	4	- -	- -	- -
	18,809	7,444	19,518	15,230	16,610	24,932	- -	- -	- -
65 - 69	4	- -	- -	- -	4	- -	- -	- -	- -
	17,871	- -	- -	- -	17,871	- -	- -	- -	- -
70 - 74	1	- -	- -	- -	1	- -	- -	- -	- -
	21,137	- -	- -	- -	21,137	- -	- -	- -	- -
75 - 79	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
80 - 84	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
85 - 89	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
90 & Over	5	- -	- -	- -	- -	5	- -	- -	- -
	14,671	- -	- -	- -	- -	14,671	- -	- -	- -
Total	168	15	16	12	71	48	5	1	- -
	$16,452	$9,480	$16,247	$16,028	$15,206	$19,134	$27,900	$31,983	$0

EXHIBIT E

Beneficiaries as of June 30, 2006
By Age, Years Since Death, and Average Annual Benefit

		Years Since Death							
Age	Total	Under 5	5-9	10-14	15-19	20-24	25-29	30 - 34	35 & Over
Under 45	4	3	- -	1	- -	- -	- -	- -	- -
	$4,181	$5,474	- -	$301	- -	- -	- -	- -	- -
45 - 49	8	1	2	2	2	1	- -	- -	- -
	8,404	3,607	$6,974	5,706	$9,649	$18,965	- -	- -	- -
50 - 54	11	1	- -	3	1	2	4	- -	- -
	9,425	467	- -	7,437	17,055	18,694	$6,614	- -	- -
55 - 59	24	4	2	4	4	3	6	1	- -
	11,127	6,100	6,338	11,590	9,169	10,517	17,745	$8,920	- -
60 - 64	13	1	3	2	1	2	4	- -	- -
	9,067	2,446	6,377	4,026	17,339	9,085	13,184	- -	- -
65 - 69	11	2	1	3	2	3	- -	- -	- -
	15,676	9,875	35,140	10,307	11,353	21,305	- -	- -	- -
70 - 74	14	2	- -	2	2	3	3	2	- -
	14,702	7,253	- -	9,538	7,602	12,428	28,160	17,641	- -
75 - 79	7	1	- -	2	4	- -	- -	- -	- -
	7,461	2,859	- -	8,186	8,249	- -	- -	- -	- -
80 - 84	5	- -	1	- -	1	2	- -	1	- -
	12,719	- -	1,457	- -	13,759	15,659	- -	17,063	- -
85 - 89	2	- -	- -	- -	1	- -	- -	1	- -
	9,358	- -	- -	- -	5,253	- -	- -	13,462	- -
90 & Over	7	1	- -	6	- -	- -	- -	- -	- -
	5,947	3,207	- -	6,404	- -	- -	- -	- -	- -
Total	106	16	9	25	18	16	17	5	- -
	$10,632	$5,479	$9,150	$7,729	$10,016	$14,912	$15,891	$14,945	$0

EXHIBIT F

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Other Non-Vested Terminated Participants	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2005	3,607	738	351	150	1,025	104	5,975
New participants	679	N/A	2	N/A	N/A	N/A	681
Terminations – with vested rights	-101	113	-12	0	0	0	0
Terminations – without vested rights	-146	-1	147	N/A	N/A	N/A	0
Retirements	-85	-12	-1	N/A	98	N/A	0
New disabilities	-18	-1	0	19	N/A	N/A	0
Return to work	36	-24	-12	0	0	N/A	0
Died with beneficiary	0	0	0	0	-12	12	0
Died without beneficiary	-6	-2	0	-3	-22	-5	-38
Transferred to Fund	0	0	-38	0	0	0	-38
Refund	-114	-10	-42	0	0	N/A	-166
Certain period expired	N/A	N/A	0	0	0	0	0
Data adjustments	58	16	-7	2	12	-5	76
Valuation number as of July 1, 2006	3,910	817	388	168	1,101	106	6,490

EXHIBIT G

Summary Statement of Income and Expenses on a Market Value Basis for Year Ended June 30, 2006

				Non-MPRIF Assets	MPRIF Reserve	Market Value
A.	Assets available at beginning of period			$280,262,774	$223,543,925	$503,806,699
B.	Operating revenues:					
	1.	Member contributions		$8,964,262	$0	$8,964,262
	2.	Employer contributions		12,151,508	0	12,151,508
	3.	MPRIF income		0	19,698,957	19,698,957
	4.	Net investment income				
		(a)	Interest and dividends	$27,987,803	$0	$27,987,803
		(b)	Net appreciation/(depreciation)	5,288,129	0	5,288,129
		(c)	Investment expenses	-343,881	0	-343,881
		(d)	Net subtotal	$32,932,051	$0	$32,932,051
	5.	Other		0	0	0
	6.	Total additions		$54,047,821	$19,698,957	$73,746,778
C.	Operating expenses:					
	1.	Benefits		$0	$26,161,450	$26,161,450
	2.	Refunds		730,016	0	730,016
	3.	Administrative expenses		336,221	0	336,221
	4.	Other		339,721	0	339,721
	5.	Total operating expenses		$1,405,958	$26,161,450	$27,567,408
D.	Other changes in reserves					
	1.	Annuities awarded		-$27,650,292	$27,650,292	$0
	2.	Mortality gain/(loss)		-24,771,591	24,771,591	0
	3.	Change in MPRIF assumptions		-20,866,365	20,866,365	0
	4.	Total other changes		-$73,288,248	$73,288,248	$0
E.	Assets available at end of period			$259,616,389	$290,369,680	$549,986,069
F.	Determination of current year unrecognized asset return (UAR)					
	1.	Average balance:				
		(a)	Non-MPRIF assets available at BOY: (A)			$280,262,774
		(b)	Non-MPRIF assets available at EOY*: (E) – (D.2) – (D.3)			305,254,345
		(c)	Average balance: [(F.1(a)) + (F.1(b)) – (B.4(d)) – B.5)]/2			276,292,534
	2.	Expected return: 8.50% x (F.1(c))				23,484,865
	3.	Actual return: (B.4(d)) + (B.5)				32,932,051
	4.	Current year UAR: (F.3) – (F.2)				$9,447,186

**Before adjustment for MPRIF Mortality gain/loss*

EXHIBIT H

Table of Financial Information for Year Ended June 30, 2006

	Market Value	Cost Value
Assets in trust		
Cash, equivalents, short-term securities:	$4,734,336	$4,734,336
Fixed income	70,195,859	73,517,228
Equity	229,617,007	218,437,930
Real estate	0	0
Equity in MPRIF	290,369,680	290,369,680
Other	0	0
Total assets in trust	$594,916,882	$587,059,174
Assets receivable	$1,135,694	$1,135,694
Total assets	$596,052,576	$588,194,868
Amounts currently payable	-$46,066,507	-$46,066,507
Assets available for benefits		
MPRIF reserves	290,369,680	290,369,680
Member reserves	67,221,065	67,221,065
Other non-MPRIF reserves	192,395,324	184,537,616
Net Assets Available for Benefits	$549,986,069	$542,128,361
Net Assets at Market/Cost Value	$549,986,069	$542,128,361

EXHIBIT I

Development of the Fund Through June 30, 2006

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2003	$10,480,000	$7,610,000	$15,359,000	$286,000	$19,863,000	$470,716,000
2004	10,627,131	7,748,150	19,821,058	275,310	22,019,997	486,617,032
2005	11,015,887	7,942,818	22,760,994	298,358	24,465,101	503,573,272
2006	12,151,508	8,964,262	37,895,464	336,221	26,891,466	535,356,819

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

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		$42,544,408
2.	Normal cost at beginning of year		22,111,459
3.	Total contributions		21,115,770
4.	Interest		4,598,328
5.	Expected unfunded/(overfunded) actuarial accrued liability (1) + (2) – (3) + (4)		$48,138,425
6.	Changes due to (gain)/loss from:		
	(a) Investments	$5,282,955	
	(b) Salary increases	-6,102,666	
	(c) MPRIF mortality	24,771,591	
	(d) Other experience	2,483,954	
	(e) Total changes due to (gain)/loss		$26,435,834
7.	Assumption changes		$37,549,189
8.	Unfunded/(Overfunded) actuarial accrued liability at end of year		$112,123,450

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.

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.

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 106 beneficiaries in pay status)		1,375
2.	Participants inactive during year ended June 30, 2006 with vested rights		817
3.	Participants active during the year ended June 30, 2006		3,910
	Fully vested	2,468	
	Not vested	1,442	
4.	Other non-vested terminated participants as of June 30, 2006		388

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

	Actuarial Present Value of Projected Benefits	Actuarial Present Value of Future Normal Costs	Actuarial Accrued Liability
A. Determination of Actuarial Accrued Liability			
1. Active participants:			
(a) Death benefits	$9,593,347	$2,965,600	$6,627,747
(b) Disability benefits	56,687,818	37,993,501	18,694,317
(c) Withdrawal benefits	22,980,494	11,187,212	11,793,282
(d) Retirement benefits	447,832,515	175,727,818	272,104,697
(e) Refunds	7,675,996	11,982,373	-4,306,377
(f) Total	$544,770,170	$239,856,504	$304,913,666
2. Vested terminated participants	$51,627,199	$0	$51,627,199
3. Other non-vested terminated participants	569,724	0	569,724
4. Annuitants in MPRIF	290,369,680	0	290,369,680
5. Annuitants not in MPRIF	0	0	0
6. Total	$887,336,773	$239,856,504	$647,480,269

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

B.	**Determination of Unfunded Actuarial Accrued Liability**		
1.	Prior assumptions and employee contribution rates		
	(a)	Actuarial accrued liability	$609,331,080
	(b)	Actuarial value of assets	535,356,819
	(c)	Unfunded actuarial accrued liability: (B.1.(a)) – (B.1.(b))	$74,574,261
2.	New assumptions and employee contribution rates		
	(a)	Actuarial Accrued Liability	$647,480,269
	(b)	Actuarial Value of Assets	535,356,819
	(c)	Unfunded Actuarial Accrued Liability: (B.2.(a)) – (B.2.(b))	$112,123,450
3.	Change in Unfunded Actuarial Accrued Liability due to new assumptions		$37,549,189
C.	**Determination of Supplemental Contribution Rate**		
1.	Prior assumptions and employee contribution rates		
	(a)	Present value of future payrolls through the amortization date of July 1, 2020	$1,777,342,142
	(b)	Supplemental contribution rate: (B.1.(c)) / (C.1.(a))	4.20%
2.	Change due to new assumptions and employee contribution rates		
	(a)	Present value of future payrolls through the amortization date of July 1, 2036	$3,022,771,366
	(b)	Supplemental contribution rate: (B.3) / (C.2.(a))	1.24%
3.	Supplemental contribution rate		
	(a)	Supplemental contribution rate: (C.1.(b) + C.2.(b))	5.44%
	(b)	Amortization date (17 years from valuation date)	July 1, 2023

EXHIBIT II
Actuarial Balance Sheet

A. Current Assets				$535,356,819
B. Expected Future Assets				
1. Present Value of Expected Future Statutory Supplemental Contributions				-$75,181,576
2. Present Value of Future Normal Costs				239,856,504
3. Total Expected Future Assets				$164,674,928
C. Total Current and Expected Future Assets				$700,031,747
D. Current Benefit Obligations	**Non-Vested**	**Vested**	**Total**	
1. Benefit recipients:				
(a) Retirement annuities	$0	$238,726,188	$238,726,188	
(b) Disability benefits	0	38,178,518	38,178,518	
(c) Beneficiaries	0	13,464,974	13,464,974	
2. Vested terminated participants	0	51,627,199	51,627,199	
3. Other non-vested terminated participants	0	569,724	569,724	
4. Active participants	9,320,745	260,471,072	269,791,817	
5. Total Current Benefit Obligations	$9,320,745	$603,037,675	$612,358,420	
E. Expected Future Benefit Obligations				274,978,353
F. Total Current and Expected Future Benefit Obligations - Present Value of Benefits: (D.5 + E)				$887,336,773
G. Current Unfunded Actuarial Liability (D.5 - A)				$77,001,601
H. Current and Future Unfunded Actuarial Liability (F - C)				$187,305,026

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Year Ended June 30	Actuarially Required Contribution Rate (a)	Actual Covered Payroll (b)	Actual Member Contributions (c)	Annual Required Employer Contributions [(a) x (b)] – (c) = (d)	Actual Employer Contributions[(1)] (e)	Percentage Contributed (e) / (d)
1991	10.73%	$43,429,000	$2,128,000	$2,532,000	$2,731,000	107.86%
1992	10.82%	47,592,000	2,332,000	2,817,000	2,955,000	104.90%
1993	11.41%	52,122,000	2,554,000	3,393,000	3,217,000	94.81%
1994	10.97%	54,673,000	2,679,000	3,319,000	3,355,000	101.08%
1995	11.30%	66,939,000	3,280,000	4,284,000	4,195,000	97.92%
1996	11.11%	72,959,000	3,575,000	4,531,000	4,559,000	100.62%
1997	11.21%	112,408,000	5,508,000	7,093,000	9,129,000	128.70%
1998	12.49%	105,796,000	5,954,000	7,260,000	8,146,000	112.20%
1999	12.99%	106,131,000	6,378,000	7,408,000	8,172,000	110.31%
2000	13.66%[(2)]	112,587,000	6,526,000	8,853,000	8,984,000	101.48%
2001	13.72%[(3)]	120,947,000	6,996,000	9,598,000	9,652,000	100.56%
2002	13.81%	124,373,000	7,207,000	9,969,000	9,925,000	99.56%
2003	14.73%[(4)]	131,328,000	7,610,000	11,735,000	10,480,000	89.31%
2004	15.83%	133,172,068	7,748,150	13,332,988	10,627,131	79.71%
2005	17.48%	132,334,733	7,942,818	15,189,293	11,015,887	72.52%
2006	17.71%	145,879,208	8,964,262	16,870,946	12,151,508	72.03%
2007	23.34%[(5)]					

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

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

(3) *Actuarially Required Contribution Rate prior to change in Asset Valuation Method is 13.34%.*

(4) *Actuarially Required Contribution Rate prior to change in Actuarial Assumptions is 14.46%.*

(5) *Actuarially Required Contribution Rate prior to change in Actuarial Assumptions and employee contribution rates is approximately 22.10%.*

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 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	$105,925,000	$112,171,000	$6,246,000	94.43%	$43,429,000	14.38%
07/01/1992	121,051,000	123,515,000	2,464,000	98.01%	47,592,000	5.18%
07/01/1993	135,939,000	134,280,000	-1,659,000	101.24%	52,122,000	-3.18%
07/01/1994	148,163,000	152,702,000	4,539,000	97.03%	54,673,000	8.30%
07/01/1995	165,427,000	153,491,000	-11,936,000	107.78%	66,939,000	-17.83%
07/01/1996	193,833,000	170,959,000	-22,874,000	113.38%	72,959,000	-31.35%
07/01/1997	241,916,000	212,638,000	-29,278,000	113.77%	112,408,000	-26.05%
07/01/1998	295,291,000	261,869,000	-33,422,000	112.76%	105,796,000	-31.59%
07/01/1999	335,408,000	307,408,000	-28,000,000	109.11%	106,131,000	-26.38%
07/01/2000	386,964,000	359,885,000	-27,079,000	107.52%	112,587,000	-24.05%
07/01/2001	431,134,000	398,633,000	-32,501,000	108.15%	120,947,000	-26.87%
07/01/2002	457,416,000	446,426,000	-10,990,000	102.46%	124,373,000	-8.84%
07/01/2003	470,716,000	484,974,000	14,258,000	97.06%	131,328,000	10.86%
07/01/2004	486,617,032	524,215,028	37,597,996	92.83%	133,172,068	28.23%
07/01/2005	503,573,272	546,117,680	42,544,408	92.21%	132,334,733	32.15%
07/01/2006	535,356,819	647,480,269	112,123,450	82.68%	145,879,208	76.86%

EXHIBIT V

Determination of Contribution Sufficiency

		July 1, 2006	
A.	**Statutory Contributions – Chapter 352**	**Percent of Payroll**	**Dollar Amount**
1.	Member Contributions	5.69%	$9,260,170
2.	Employer Contributions	7.98%	12,987,022
3.	Total	13.67%	$22,247,192
B.	**Required Contributions – Chapter 356**		
1.	Normal Cost		
	(a) Retirement Benefits	13.02%	$21,194,230
	(b) Disability Benefits	3.06%	4,985,596
	(c) Survivors	0.20%	326,900
	(d) Deferred Retirement Benefits	0.68%	1,099,062
	(e) Refunds	0.73%	1,180,926
	(f) Total	17.69%	$28,786,714
2.	Amortization of Supplemental Contribution UAAL		
	(a) Prior Assumptions	4.20%	6,835,275
	(b) Increase due to changes in plan and assumptions	1.24%	2,018,034
3.	Allowance for Expenses	0.21%	341,764
4.	Total	23.34%	$37,981,787
C.	**Contribution Sufficiency (Deficiency) (A.3 – B.4)**	-9.67%	-$15,734,595
D.	**Projected* annual payroll for fiscal year beginning on the valuation date**		$162,744,640

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

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 at 5.00% per annum
Remaining amortization period	14 years remaining as of July 1, 2006 prior to change in plan and assumptions. 30 years remaining as of July 1, 2006 for additional cost due to changes in employee contribution rates and 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 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 (payment of earnings on retired reserves in excess of 6.00% accounted for by 6.00% post-retirement assumption)
Plan membership:	
Pensioners and beneficiaries receiving benefits	1,375
Terminated participants entitled to, but not yet receiving benefits	817
Other non-vested terminated participants due a refund of contributions	388
Active participants	3,910
Total	6,490

EXHIBIT VII

Actuarial Assumptions and Actuarial Cost Method

Net Investment Return:		
Pre-Retirement:	8.50% per annum.	
Post-Retirement:	8.50% per annum.	
Benefit Increases After Retirement:	Payment of earnings on retired reserves in excess of 6.00% accounted for by using a 6.00% post-retirement assumption.	
Salary Increases:	Reported salary at valuation date increased according to the rate table on page 30 to current fiscal year and annually for each future year. Prior fiscal year salary is annualized for new members.	
Mortality Rates:		
Healthy Pre-Retirement:	Male -	1983 Group Annuity Mortality Table for males set back five years.
	Female -	1983 Group Annuity Mortality Table for females set back two years.
Healthy Post-Retirement:	Male -	1983 Group Annuity Mortality Table for males set back two years.
	Female -	1983 Group Annuity Mortality Table for females set back one year.
Disabled:	Male -	Combined Annuity Mortality Table for males up to age 40, grading to healthy mortality for ages 60 and over.
	Female -	Combined Annuity Mortality Table for females up to age 40, grading to healthy mortality for ages 60 and over.

Retirement Rates:	Age-related table as follows: Ages: 50-54 5.00% 55 60.00 56-61 10.00 62-64 25.00 65 & over 100.00
Withdrawal Rates:	Graded rates based on actual experience, including a three-year select period, developed by the most recent experience analysis. Rates are shown in rate table.
Disability:	Rates as shown in rate table.
Allowance for Combined Service Annuity:	Liabilities for active members are increased by 0.00% and liabilities for former members are increased by 30.00% to account for the effect of some participants having eligibility for a Combined Service Annuity.
Administrative Expenses:	Prior year administration expenses expressed as percentage of prior year projected payroll.
Return of Contributions:	All employees withdrawing after becoming eligible for a deferred benefit take the larger of their contributions accumulated with interest or the value of their deferred benefit.
Percent Married:	85.00% of members are assumed to be married.
Age of Spouse:	Females are assumed to be three years younger than males.
Social Security:	Based on the present law and 6.00% retroactive salary scale. Only earnings history while in state service is used. Future Social Security benefits replace the same proportion of salary as at present.

Special Consideration:	Married members assumed to elect subsidized joint and survivor form of annuity as follows: Males - 25.00% elect 50% J&S option 25.00% elect 100% J&S option Females - 5.00% elect 50% J&S option 5.00% elect 100% J&S option
Actuarial Cost Method:	Entry Age Normal Actuarial 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. The actuarial cost method was changed as of July 1, 1997 to permit negative amortization of supplemental contribution surpluses.
Asset Valuation Method:	Market Value 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).
Payment on the Unfunded Actuarial Accrued Liablity:	A level percentage of payroll each year to the statutory amortization date assuming payroll increases of 5.00% per annum. If there is a negative Unfunded Actuarial Accrued Liability, the surplus amount shall be amortized over 30 years as a level percentage of payroll. The additional cost, for 2006 and all future years, due to the change in the plan and assumptions effective July 1, 2006 will be amortized over 30 years, as a level percentage of payroll each year assuming payroll increase of 5.00% per annum.

Summary of Rates: Shown below for selected ages:

	Rates (%)							
	Healthy Pre-Retirement Mortality		Healthy Post-Retirement Mortality		Disabled Mortality		Withdrawal*	
Age	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
20	0.03%	0.02%	0.04%	0.02%	0.21%	0.21%	12.00%	8.00%
25	0.04	0.02	0.04	0.02	0.22	0.22	7.35	7.00
30	0.05	0.03	0.05	0.03	0.24	0.24	4.55	6.75
35	0.06	0.04	0.07	0.04	0.31	0.31	3.00	6.45
40	0.09	0.06	0.10	0.06	0.46	0.46	2.20	5.20
45	0.12	0.08	0.17	0.09	0.58	0.48	1.70	3.20
50	0.22	0.14	0.31	0.15	0.69	0.49	1.20	2.35
55	0.39	0.21	0.52	0.23	0.80	0.51	0.70	1.65
60	0.61	0.34	0.77	0.38	0.92	0.52	0.00	0.00
65	0.92	0.58	1.24	0.64	1.56	0.87	0.00	0.00
70	1.56	0.97	2.22	1.09	2.75	1.62	0.00	0.00

** For the first three years of participation, employee withdrawal is assumed to be 10.0%.*

Summary of Rates: (continued) Shown below for selected ages:

	Rates (%)				
	Disability Retirement		**Retirement**		**Salary Increases**
Age	**Male**	**Female**	**Male**	**Female**	
20	0.05%	0.08%	0.00%	0.00%	7.25%
25	0.08	0.12	0.00	0.00	7.00
30	0.11	0.16	0.00	0.00	7.00
35	0.15	0.22	0.00	0.00	7.00
40	0.24	0.36	0.00	0.00	6.50
45	0.39	0.58	0.00	0.00	5.75
50	0.67	1.00	5.00	5.00	5.50
55	1.17	1.76	60.00	60.00	5.25
60	1.88	2.82	10.00	10.00	5.25
65	0.00	0.00	100.00	100.00	5.25
70	0.00	0.00	100.00	100.00	0.00

Changes in Actuarial Assumptions and Actuarial Cost Methods:	Pre-Retirement mortality changed from 1983 GAM with a set back of one year for males and no set back for females to 1983 GAM with a set back of five years for males and two years for females. Post-Retirement mortality changed from 1983 GAM set forward two years for both males and females to 1983 GAM set back two years for males and one year for females. Disabled combined annuity mortality table was updated as shown previously. Withdrawal rates were updated as shown previously and a three-year select period was added. Retirement rates were updated as shown previously. Language was added to the definition of the payment on the unfunded Actuarial Accrued Liability, to be amortized over 30 years for additional costs due to the changes in plan and actuarial assumptions effective July 1, 2006, for 2006 and all future years.

EXHIBIT VIII
Summary of Plan Provisions

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:	State employees in covered correctional service.
Contributions:	Shown as percent of salary:

Date of Increase	Employee	Employer
Current	5.69%	7.98%
July 1, 2007	6.40%	9.10%
July 1, 2008	7.00%	10.10%
July 1, 2009	7.70%	11.10%
July 1, 2010	8.60%	12.10%

Allowable Service:	Service during which member contributions were made. May also include certain leaves of absence, military service and periods while temporary Worker's Compensation is paid.
Salary:	Includes wages, allowances and fees. Excludes lump sum payments at separation and reduced salary while receiving Worker's Compensation benefits.
Average Salary:	Average of the five highest successive years of salary. Average Salary is based on all Allowable Service if less than five years.

Retirement:

<u>Normal Retirement Benefit</u>:	
Age/Service Requirement:	Age 55 and three years of Allowable Service under the Correctional and General Plans. Proportionate Retirement Annuity is available at age 65 and one year of Allowable Service.
Amount:	2.40% of Average Salary for each year of Allowable Service, pro rata for completed months.
<u>Early Retirement Benefit</u>:	
Age/Service Requirement:	Age 50 and three years of Allowable Service.
Amount:	Normal Retirement Benefit based on Allowable Service and Average Salary at retirement date reduced by 2/10% per month for each month that the member is under age 55.
Form of Payment:	Life annuity. Actuarially equivalent options are: (a) 50% or 100% joint and survivor with bounce back feature without additional reduction. (b) 15 year certain and life benefits. (c) Level Social Security option either to age 62 or Social Security Retirement Age.
Benefit Increases:	Benefits may be increased each January 1 depending on the investment performance of the Minnesota Post Retirement Investment Fund (MPRIF). A benefit recipient who has been receiving a benefit for at 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 increase.

Disability:

<u>Occupational Disability</u>:	
Age/Service Requirement:	Member who cannot perform his duties as a direct result of a disability relating to an act of duty.
Amount:	50.00% of Average Salary plus 2.40% of Average Salary for each year in excess of 20 years and 10 months of Allowable Service (pro rata for completed months). Maximum of 75.00% of Average Salary.
	Payment begins at disability and stops at age 65 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 paid upon re-employment but salary plus benefit cannot exceed current salary of position held at time of disability
<u>Non-Occupational Disability</u>:	
Age/Service Requirement:	At least one year of Correctional service and disability not related to covered employment.
Amount:	Normal Retirement Benefit based on Allowable Service (minimum of 15 years) and Average Salary at disability.
	Payment begins at disability and ends at age 65 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 paid upon re-employment but salary plus benefit cannot exceed current salary of position held at time of disability.
Form of Payment:	Same as for retirement.
Benefit Increases:	Adjusted by MSRS to provide same increase as MPRIF.

Retirement Disability:

Age/Service Requirement:	Age 62 with continued disability.
Amount:	Benefit computed as a normal retirement benefit under General Plan based on same Allowable Service and without reduction for age.
Form of Payment:	Same as for retirement.
Benefit Increases:	Same as for retirement.

Death:

Surviving Spouse Benefit:

Age/Service Requirement:	Member at any age or former member age 50 or older who dies before retirement or disability benefits commence with three years of Allowable Service. If a former member dies before age 55 and has less than 30 years of Allowable Service, benefits commence when the former member would have been age 55. If an active member dies, benefits may commence immediately, regardless of age.
Amount:	Surviving spouse receives the 100% joint and survivor benefit using the Normal Retirement formula above. If commencement is prior to age 55, the appropriate early retirement formula described above applies except that one-half the monthly reduction factor is used from age 55 to the commencement age and the Rule of 90 does not apply. In lieu of this benefit, the surviving spouse may elect a refund of contributions with interest or an actuarially equivalent term certain annuity (lump sum payable to estate at death).
Benefit Increases:	Adjusted by MSRS to provide same income as MPRIF.

Surviving Dependent Children's Benefit:

Age/Service Requirement:	If no surviving spouse, all dependent children (biological or adopted) below age 20 who are dependent for more than half of their support on deceased member.
Amount:	Actuarially equivalent to surviving spouse 100% joint and survivor annuity payable to the later of age 20 or five years. The amount is to be proportionally divided among surviving children.

Refund of Contributions With Interest:	
Age/Service Requirement:	Active employee dies and survivor benefits are not payable or a former employee dies before annuity begins. If accumulated contributions with interest exceed total payments to the surviving spouse and children, then the remainder is paid out.
Amount:	The member's contributions with 5.00% interest if death occurred on or after May 16, 1989 and 6.00% interest if death occurred on or after May 16, 1989.
Termination:	
Refund of Contributions:	
Age/Service Requirement:	Termination of state service.
Amount:	Member's contributions with 5.00% interest compounded annually if termination occurred before May 16, 1989 and 6.00% interest if termination occurred on or after May 16, 1989. A deferred annuity may be elected in lieu of a refund if three or more years of Allowable Service.
Deferred Benefit:	
Age/Service Requirement:	Three years of Correctional and General Service.
Amount:	Benefit computed under law in effect at termination.
Changes in Plan Provisions:	The only changes in plan provisions since the prior valuation are the future employee and employer contribution rates previously stated.