ELECTIVE STATE OFFICERS RETIREMENT FUND

ACTUARIAL VALUATION REPORT

JULY 1, 1985

THE Wyatt COMPANY

ACTUARIES AND CONSULTANTS

EMPLOYEE BENEFITS
COMPENSATION PROGRAMS
EMPLOYEE COMMUNICATIONS
ADMINISTRATIVE SYSTEMS
RISK MANAGEMENT
INTERNATIONAL SERVICES

NORTHWESTERN FINANCIAL CENTER
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MINNEAPOLIS, MINNESOTA 55431
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OFFICES IN PRINCIPAL CITIES
AROUND THE WORLD

December 27, 1985

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

RE: ELECTIVE STATE OFFICERS RETIREMENT FUND

Gentlemen:

We have prepared an actuarial valuation of the Fund as of July 1, 1985 based on membership and financial data supplied by the Fund.

We certify that to the best of our knowledge and belief this actuarial valuation was performed in accordance with the requirements of Section 356.215, Minnesota Statutes, and the requirements of the Standards for Actuarial Work, adopted by the Commission on June 11, 1985.

Respectfully submitted,

THE WYATT COMPANY

Allan J. Grosh
Vice President

Robert E. Perkins
Robert E. Perkins
Consulting Actuary

ELECTIVE STATE OFFICERS RETIREMENT FUND

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* Not included since this is the first valuation of the Fund.

ELECTIVE STATE OFFICERS RETIREMENT FUND

REPORT HIGHLIGHTS
(DOLLARS IN THOUSANDS)

	07/01/85 VALUATION
A. CONTRIBUTIONS (TABLE 11)	
1. Statutory Contributions - Chapter 3A % of Payroll	9.00%
2. Required Contributions - Chapter 356 % of Payroll	37.42%
3. Sufficiency (Deficiency) (A1-A2)	-28.42%
B. FUNDING RATIOS	
1. Accrued Benefit Funding Ratio	
a. Current Assets (Table 1)	$197
b. Current Benefit Obligations (Table 8)	$1,595
c. Funding Ratio (a/b)	12.35%
2. Accrued Liability Funding Ratio	
a. Current Assets (Table 1)	$197
b. Actuarial Accrued Liability (Table 9)	$1,745
c. Funding Ratio (a/b)	11.29%
3. Projected Benefit Funding Ratio (Table 8)	
a. Current and Expected Future Assets	$762
b. Current and Expected Future Benefit Obligations	$2,116
c. Funding Ratio (a/b)	36.01%
C. PLAN PARTICIPANTS	
1. Active Members (Table 3)	
a. Number	6
b. Projected Annual Earnings	$366
c. Average Annual Earnings (Actual $)	$61,000
d. Average Age	46.2
e. Average Service	5.9
2. Others	
a. Service Retirements (Table 4)	6
b. Disability Retirements (Table 5)	NA
c. Survivors (Table 6)	3
d. Deferred Retirements (Table 7)	5
e. Terminated Other Non-vested (Table 7)	1
f. Total	15

ELECTIVE STATE OFFICERS RETIREMENT FUND

COMMENTARY

Purpose

The purpose of this valuation is to determine the financial status of the Fund. In order to achieve this purpose, an actuarial valuation is made at the beginning of each fiscal year as required by Section 356.215 of Minnesota Statutes.

Report Highlights

The statutory contributions, representing only member contributions, for the Elective State Officers Retirement Fund are 9.00%. The remaining 28.42% needed to reach the required contribution level of 37.42% will be paid by the State as needed in future years according to Chapter 3A of Minnesota Statutes.

The financial status of the Fund can be measured by three different funding ratios:

- The Accrued Benefit Funding Ratio is a measure of current funding status, and when viewed over a period of years, presents a view of the funding progress. This ratio is based on recently published Governmental Accounting Standards Board proposals. This year's ratio is 12.35%.

- The Accrued Liability Funding Ratio is also a measure of funding status and funding progress. It is based on the actuarial cost method that has historically been used by the State. For 1985 the ratio is 11.29%.

- The Projected Benefit Funding Ratio is a measure of the adequacy or deficiency in the contribution level. This year's ratio of 36.01% verifies that the current statutory contributions by members are going to cover only a portion of the plan benefits. Since the State will make the neccessary payments to pay other benefits as they come due, this Funding Ratio may be considered to be 100%.

Asset Information

Beginning in 1984, changes in Section 356.215 of Minnesota Statutes require that the asset value used for actuarial purposes reflect a portion of the unrealized gains and losses. Only a portion of these gains and losses are considered because market values are typically volatile and could produce erratic changes in the contribution requirements from year to year.

The calculation of assets for actuarial purposes begins with the reporting of Total Assets by the Fund (Table 1, line B). These Total Assets reduced by any Amounts Currently Payable (line C) produces the Assets Available for Benefits (line D5), which is the starting value for determining the Actuarial Value of Assets.

The calculation of the Actuarial Value of Assets is shown in Table 1 on lines F1 to F6. It combines the cost value and one-third of the difference between market value and cost value.

The term "Actuarial Value of Assets" is used to indicate that the value was determined for use in this actuarial valuation. Since Minnesota Statutes refer to this value as "Current Assets", the latter phrase will be used in the remainder of this report.

The term MPRIF appears on some of the tables with a corresponding value of zero. MPRIF stands for Minnesota Post Retirement Investment Fund, which is used by many of the public funds. For purposes of consistency all of the actuarial reports follow the same format.

Membership Data

Tables 3 through 6 summarize statistical information on members by category. Active members are grouped by age and completed years of service in Table 3.

The service retirements in Table 4 include not only those retiring from active status but also members with deferred benefits who have attained retirement age and started receiving benefits. The survivors category (Table 6) includes spouses and children of deceased members.

Actuarial Balance Sheet

An actuarial balance sheet is required by Section 356.215, Subdivision 4f of Minnesota Law. This balance sheet (Table 8) establishes a method for evaluating both current and future levels of funding.

Current funding levels are evaluated by comparing Current Assets on line A to Current Benefit Obligations on line D5. The difference between the obligations and the assets is shown as Current Unfunded Liability on line G.

The measurement of the Current Benefit Obligation is based on the Proposed

Statement of Governmental Accounting Standards published by the Governmental Accounting Standards Board (GASB) in August 1985. This value is known as the Actuarial Present Value of Credited Projected Benefits.

The first step in the GASB calculation for active members involves projecting salaries and service to determine future benefits payable under the plan and then discounting those projected benefits to the date of the valuation. The second step is to determine the discounted value of benefits for the non-active members. For those non-active members whose benefits have not commenced, the liability includes augmentation of benefits to date of commencement. The result of the first two steps is shown on line F, Total Current and Expected Future Benefit Obligations.

The third step is to determine the portion that represents Current Benefit Obligations. In the case of active members the Current Benefit Obligation is computed by attributing an equal benefit amount to each year of credited and expected future employee service. For all others, their entire liability is considered a Current Benefit Obligation.

Current and future funding levels are evaluated by comparing Current and Future Expected Assets on line C to Current and Expected Future Benefit Obligations on line F. The difference between the obligations and the assets is shown as the Current and Future Unfunded Liability on line H.

Since line F has already been calculated, the remaining step is to determine the Expected Future Assets. Since the State does not have a set statutory contribution rate, only future member contributions are included in Expected

Future Assets on line B2.

The Current Unfunded Liability, line G, is a measurement of the status of the funding to the date of the valuation. The Current and Future Unfunded Liability is a measurement of the adequacy of the current statutory contribution level.

Contribution Sufficiency

The approach used by the State of Minnesota to determine contribution sufficiency is the Entry Age Normal Cost Method. The primary characteristic of this method is that it allocates costs as a level percentage of payroll.

A comparison of this actuarial method (Table 9) to the actuarial balance sheet (Table 8) shows similarities and differences. The similarity is that both approaches calculate the value of all future benefits the same way. This can be verified by comparing line F of Table 8 to line A6, column 1, of Table 9. The difference arises from the technique for allocating liabilities between past and future. As noted in the prior section, the balance sheet allocates benefits and the corresponding liabilities, on the basis of service. The method used in Table 9 allocates liabilities so that the cost each year will be a constant percentage of payroll.

An Unfunded Actuarial Accrued Liability is computed under the Entry Age Normal Cost Method by comparing the liabilities allocated to past service (Actuarial Accrued Liability) to the Current Assets. This amount, line B3, is funded over the remaining years to the amortization date by a series of payments, representing a constant percentage of payroll each year.

Under this new approach the payments will increase 6.5% each year since that is the assumed rate of increase in payroll. Although the payment schedule will be adequate to amortize the existing unfunded, the lower payments in the earlier years will not be sufficient to cover the interest on the unfunded liability. After a few years the annual payment will begin to cover not only the interest but also repay a portion of the unfunded.

Projected Cash Flow

Table 12 illustrates the anticipated cash flow over the amortization period. The cash flow begins with the Current Assets. Contributions are then added based on the present statutory rates for employees. As members become eligible for payments, disbursements are made from the Fund.

This projected cash flow assumes that future payrolls increase by 6.5%. For purposes of this table only, new members are assumed to be hired in order to replace those who terminate from the active group. This open group method provides a more realistic picture of future cash flow. The statutory interest rate of 8% is used to project future investment return.

TABLE 1

ELECTIVE STATE OFFICERS RETIREMENT FUND

ACCOUNTING BALANCE SHEET
(DOLLARS IN THOUSANDS)

July 1, 1985

	MARKET VALUE	COST VALUE
A. ASSETS		
1. Cash and Cash Equivalents	$0	$0
2. Investments		
a. Fixed Income	0	0
b. Equity	0	0
c. Real Estate	0	0
3. Equity in Minnesota Post-Retirement Investment Fund (MPRIF)	0	0
4. Other	201	201
B. TOTAL ASSETS	$201	$201
C. AMOUNTS CURRENTLY PAYABLE	$4	$4
D. ASSETS AVAILABLE FOR BENEFITS		
1. Member Reserves	$197	$197
2. State Reserves	0	0
3. MPRIF Reserves	0	0
4. Non-MPRIF Reserves	0	0
5. Total Assets Available for Benefits	$197	$197
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	$201	$201

F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS		
1. Cost Value of Assets Available for Benefits (D5)		$197
2. Market Value (D5)	$197	
3. Cost Value (D5)	197	
4. Market Over Cost (F2-F3)	$0	
5. 1/3 of Market Over Cost(F4)/3		0
6. Actuarial Value of Assets (F1+F5) (Same as "Current Assets")		$197

TABLE 2

ELECTIVE STATE OFFICERS RETIREMENT FUND

CHANGES IN ASSETS AVAILABLE FOR BENEFITS
(DOLLARS IN THOUSANDS)

YEAR ENDING JUNE 30, 1985

	MARKET VALUE	COST VALUE
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	$196	$196
B. OPERATING REVENUES		
1. Member Contributions	$29	$29
2. Employer Contributions	0	0
3. Investment Income	0	0
4. MPRIF Income	0	0
5. Net Realized Gain (Loss)	0	0
6. Other	95	95
7. Net Change in Unrealized Gain (Loss)	0	0
8. Total Revenue	$124	$124
C. OPERATING EXPENSES		
1. Service Retirements	$80	$80
2. Disability Benefits	0	0
3. Survivor Benefits	22	22
4. Refunds	17	17
5. Expenses	4	4
6. Other	0	0
7. Total Disbursements	$123	$123
D. OTHER CHANGES IN RESERVES	0	0
E. ASSETS AVAILABLE AT END OF PERIOD	$197	$197

ELECTIVE STATE OFFICERS RETIREMENT FUND

ACTIVE MEMBERS AS OF JUNE 30, 1985

AGE	YEARS OF SERVICE ≤1	1-4	5-9	10-14	15-19	20-24	25-29	30+	TOTAL
<25									0
25-29									0
30-34									0
35-39		2							2
40-44		1							1
45-49				1					1
50-54			1						1
55-59				1					1
60-64									0
65+									0
TOTAL	0	3	1	2	0	0	0	0	6

AVERAGE ANNUAL EARNINGS

AGE	YEARS OF SERVICE ≤1	1-4	5-9	10-14	15-19	20-24	25-29	30+	ALL
<25									0
25-29									0
30-34									0
35-39		44,383							44,383
40-44		63,841							63,841
45-49				45,255					45,255
50-54			49,370						49,370
55-59				78,964					78,964
60-64									0
65+									0
ALL	0	50,869	49,370	62,110	0	0	0	0	54,366

PRIOR FISCAL YEAR EARNINGS (IN THOUSANDS) BY YEARS OF SERVICE ≤1	1-4	5-9	10-14	15-19	20-24	25-29	30+	TOTAL
0	153	49	124	0	0	0	0	326

TABLE 4

ELECTIVE STATE OFFICERS RETIREMENT FUND

SERVICE RETIREMENTS AS OF JUNE 30, 1985

	YEARS RETIRED							
AGE	≤1	1-4	5-9	10-14	15-19	20-24	25+	TOTAL
<50								0
50-54								0
55-59								0
60-64								0
65-69								0
70-74			4					4
75-79				1				1
80-84								0
85+				1				1
TOTAL	0	0	4	2	0	0	0	6

AVERAGE ANNUAL ANNUITY

	YEARS RETIRED							
AGE	≤1	1-4	5-9	10-14	15-19	20-24	25+	ALL
<50								0
50-54								0
55-59								0
60-64								0
65-69								0
70-74			12,471					12,471
75-79				19,034				19,034
80-84								0
85+				14,097				14,097
ALL	0	0	12,471	16,566	0	0	0	13,836

TOTAL ANNUAL ANNUITY (IN THOUSANDS) BY YEARS OF RETIREMENT							
≤1	1-4	5-9	10-14	15-19	20-24	25+	TOTAL
0	0	50	33	0	0	0	83

TABLE 6

ELECTIVE STATE OFFICERS RETIREMENT FUND

SURVIVORS AS OF JUNE 30, 1985

AGE	YEARS SINCE DEATH <1	1-4	5-9	10-14	15-19	20-24	25+	TOTAL
<50								0
50-54								0
55-59								0
60-64								0
65-69								0
70-74								0
75-79								0
80-84				1				1
85+					2			2
TOTAL	0	0	0	1	2	0	0	3

AVERAGE ANNUAL BENEFIT

AGE	YEARS SINCE DEATH <1	1-4	5-9	10-14	15-19	20-24	25+	ALL
<50								0
50-54								0
55-59								0
60-64								0
65-69								0
70-74								0
75-79								0
80-84				5,671				5,671
85+					8,342			8,342
ALL	0	0	0	5,671	8,342	0	0	7,451

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS SINCE DEATH <1	1-4	5-9	10-14	15-19	20-24	25+	TOTAL
0	0	0	6	16	0	0	22

TABLE 7

ELECTIVE STATE OFFICERS RETIREMENT FUND

RECONCILIATION OF MEMBERS

	ACTIVES	TERMINATED DEFERRED RETIREMENT	TERMINATED OTHER NON-VESTED
A. On June 30, 1984	6	5	NA
B. Additions	0	0	NA
C. Deletions:			
1. Service Retirement	0	0	
2. Disability	0		
3. Death	0	0	
4. Terminated-Deferred	0		
5. Terminated-Refund	0	0	
6. Terminated-Other Non-vested	0		
7. Returned as Active		0	NA
D. Data Adjustments	0	0	NA
Vested	2		
Non-Vested	4		
E. Total on June 30, 1985	6	5	1

	RECIPIENTS RETIREMENT ANNUITANTS	DISABLED	SURVIVORS
A. On June 30, 1984	6	0	3
B. Additions	0	0	0
C. Deletions:			
1. Service Retirement		0	
2. Death	0	0	0
3. Annuity Expired	0		0
4. Returned as Active	0	0	
D. Data Adjustments	0	0	0
E. Total on June 30, 1985	6	0	3

TABLE 8

ELECTIVE STATE OFFICERS RETIREMENT FUND

ACTUARIAL BALANCE SHEET
(DOLLARS IN THOUSANDS)

JULY 1, 1985

A. CURRENT ASSETS (TABLE 1, F6)			$197
B. EXPECTED FUTURE ASSETS			
1. Present Value of Expected Future Supplemental Contributions			194
2. Present Value of Future Normal Costs			371
3. Total Expected Future Assets			$565
C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS			$762
D. CURRENT BENEFIT OBLIGATIONS	Non-Vested	Vested	Total
1. Benefit Recipients			
a. Retirement Annuities		$793	$793
b. Disability Benefits		0	0
c. Surviving Spouse's Benefits		123	123
d. Surviving Children's Benefits		0	0
2. Deferred Retirements		208	208
3. Former Members without Vested Rights		7	7
4. Active Members			
a. Retirement Annuities	58	349	407
b. Disability Benefits	0	0	0
c. Survivors' Benefits	6	12	18
d. Deferred Retirements	0	0	0
e. Refund Liability Due to Death or Withdrawal	38	1	39
5. Total Current Benefit Obligations	$102	$1,493	$1,595
E. EXPECTED FUTURE BENEFIT OBLIGATIONS			$521
F. TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS			$2,116
G. CURRENT UNFUNDED LIABILITY (D5-A)			$1,398
H. CURRENT AND FUTURE UNFUNDED LIABILITY (F-C)			$1,354

TABLE 9

ELECTIVE STATE OFFICERS RETIREMENT FUND

DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY AND SUPPLEMENTAL CONTRIBUTION RATE (DOLLARS IN THOUSANDS)

JULY 1, 1985

	ACTUARIAL PRESENT VALUE OF PROJECTED BENEFITS (1)	ACTUARIAL PRESENT VALUE OF FUTURE NORMAL COSTS (2)	ACTUARIAL ACCRUED LIABILITY (3)=(1)-(2)
A. DETERMINATION OF ACTUARIAL ACCRUED LIABILITY (AAL)			
1. Active Members			
a. Retirement Annuities	$884	$282	$602
b. Disability Benefits	0	0	0
c. Survivors Benefits	33	21	12
d. Deferred Retirements	0	0	0
e. Refunds Due to Death or Withdrawal	67	68	(1)
f. Total	$984	$371	$613
2. Deferred Retirements	$208		$208
3. Former Members Without Vested Rights	7		7
4. Annuitants in MPRIF	0		0
5. Recipients Not in MPRIF	917		917
6. Total AAL	$2,116	$371	$1,745

B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	
1. AAL (A6)	$1,745
2. Current Assets (Table 1,F6)	197
3. UAAL (B1-B2)	$1,548
C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE	
1. Present Value of Future Payrolls to the Amortization Date of July 1, 2009	$7,206
2. Supplemental Contribution Rate (B3/C1)	21.48%

TABLE 11

ELECTIVE STATE OFFICERS RETIREMENT FUND

DETERMINATION OF CONTRIBUTION SUFFICIENCY
(DOLLARS IN THOUSANDS)

JULY 1, 1985

	% OF PAYROLL	$ AMOUNT
A. STATUTORY CONTRIBUTIONS - CHAPTER 3A		
1. Employee Contributions	9.00%	$33
2. Employer Contributions	0.00%	0
3. Total	9.00%	$33
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	11.23%	$41
b. Disability Benefits	0.00%	0
c. Survivors	0.82%	3
d. Deferred Retirement Benefits	0.00%	0
e. Refunds Due to Death or Withdrawal	2.73%	10
f. Total	14.78%	$54
2. Supplemental Contribution Amortization by July 1, 2009 of UAAL of $1,548	21.48%	$79
3. Allowance for Expenses	1.16%	$4
4. Total	37.42%	$137
C. CONTRIBUTION SUFFICIENCY (DEFICIENCY) (A3-B4)	-28.42%	($104)

Note: Projected Annual Payroll for Fiscal Year Beginning on July 1, 1985 is $366

TABLE 12

ELECTIVE STATE OFFICERS RETIREMENT FUND

PROJECTED CASH FLOW
(DOLLARS IN THOUSANDS)

FISCAL YEAR	STATUTORY CONTRIBUTIONS	TRANSFERS TO MPRIF	OTHER DISBURSEMENTS	INVESTMENT RETURN	CURRENT ASSETS YEAR END
1985					$197
1986	$33	$0	$104	$13	139
1987	35	0	140	$7	41
1988	37	0	94	$1	(15)
1989	40	0	110	($4)	(89)
1990	42	0	86	($9)	(142)
1991	45	0	164	($16)	(277)
1992	48	0	129	($25)	(383)
1993	51	0	164	($35)	(531)
1994	54	0	129	($45)	(651)
1995	58	0	143	($55)	(791)
1996	62	0	146	($67)	(942)
1997	66	0	164	($79)	(1,119)
1998	70	0	209	($95)	(1,353)
1999	75	0	223	($114)	(1,615)
2000	80	0	194	($134)	(1,863)
2001	85	0	208	($154)	(2,140)
2002	90	0	203	($176)	(2,429)
2003	96	0	228	($200)	(2,761)
2004	102	0	203	($225)	(3,087)
2005	109	0	243	($252)	(3,473)
2006	116	0	231	($282)	(3,870)
2007	124	0	246	($314)	(4,306)
2008	132	0	252	($349)	(4,775)
2009	140	0	292	($388)	(5,315)
2010	149	0	299	($431)	(5,896)

TABLE 13

ELECTIVE STATE OFFICERS RETIREMENT FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Interest:	Pre-Retirement: 8% per annum Post-Retirement: 5% per annum
Salary Increases:	Reported salary at valuation date increased 2% to current fiscal year and 6.5% annually for each future year.
Mortality:	Pre-Retirement: Male - 1971 Group Annuity Mortality Table Female - 1971 Group Annuity Mortality Table male rates set back 8 years Post-Retirement: Male - Same as above Female - Same as above Post-Disability: Male - NA Female - NA
Retirement Age:	Age 62, or if over age 62, one year from the valuation date.
Separation:	Rates based on years of service:

Year	Rate
1	0%
2	0
3	0
4	50
5	0
6	0
7	0
8	50

Disability:	None
Expenses:	Prior year expenses expressed as percentage of prior year payroll. (1.16% of payroll)
Return of Contributions:	All employees withdrawing after 8 years of service were assumed to leave their contributions on deposit and receive a deferred annuitant benefit.
Family Composition:	85% of members are married. Female is three years younger than male. Each member may have up to two dependent children depending on the member's age.

TABLE 13
(cont)

Social Security:	NA
Benefit Increases After Retirement:	Payment of earnings on retired reserves in excess of 5% accounted for by 5% post-retirement assumptions.
Special Consideration:	Current IRC Section 415 benefit limits are applied by assuming indexing of maximum benefit at 6.5% annually beginning in 1988.
Actuarial Cost Method:	Entry Age Actuarial Cost Method based on earnings and the date the employee entered the plan is applied to all plan benefits. Under this method Actuarial Gains(Losses) reduce(increase) the Unfunded Actuarial Accrued Liability.
Asset Valuation Method:	Cost Value plus one-third Unrealized Gains or Losses.
Payment on the Unfunded Actuarial Accrued Liability:	A level percentage of payroll each year to the statutory amortization date assuming payroll increases 6.5% per annum.
Projected Cash Flow Method:	Cash flows for the Fund were projected based on the current plan benefits, participant data, and actuarial assumptions. In addition new entrants were assumed so that the total payroll would increase by 6.5% per annum.

TABLE 14

ELECTIVE STATE OFFICERS RETIREMENT FUND

SUMMARY OF PLAN PROVISIONS

Eligibility	Employment as a "Constitutional Officer" or "Commissioner".
Contributions	
Member	9% of Salary.
Employer	No statutory contributions.
Allowable Service	Service while in an elgibile position.
Salary	Salary upon which Elective State Officers Retirement Plan contributions have been made.
Average Salary	Average of the 5 highest successive years of Salary.
RETIREMENT	
Normal Retirement Benefit	
Eligibility	Age 62 and 8 years of Allowable Service.
Amount	2.5% of Average Salary per year of Allowable Service.
Early Retirement Benefit	
Eligibility	Age 60 and 8 years of Allowable Service.
Amount	Normal Retirement Benefit based on Allowable Service and Average Salary at retirement date with reduction of 0.5% for each month the member is under age 62 at time of retirement.
Form of Payment	Life annuity.
Benefit Increases	Adjusted by MSRS to provide same increase as MPRIF.
DISABILITY	None.
DEATH	
Surviving Spouse Benefit	
Eligibility	Death while active or after retirement or with at least 8 years of Allowable Service.
Amount	Survivor's payment of 50% of the retirement benefit of the Member assuming the Member had attained age 62 and had a minimum of 8 years of Allowable Service. Benefit is paid for life or until remarriage. A former Member's benefit is augmented the same as a Deferred Annuity to date of death before determining the portion payable to the spouse.

Surviving Dependent Children's Benefit	
Eligibility	Same as spouse's benefit.
Amount	Benefit for first child is 25% of the retirement benefit (computed as for surviving spouse) with 12.5% for each additional child. Maximum payable (including spouse) is 100% of the retirement benefit. Benefits cease when a child marries or attains age 18 (22 if a full time student).
Benefit Increases	Adjusted by MSRS to provide same increase as MPRIF.
TERMINATION	
Refund of Contributions	
Eligibility	Termination of Service.
Amount	Member's contributions with 5% interest. A deferred annuity may be elected in lieu of a refund.
Deferred Benefit	
Eligibility	8 years of Allowable Service.
Amount	Benefit computed under law in effect at termination and increased by the following annual percentage: 0% before 7/1/79, 5% from 7/1/79 to 1/1/81, and 3% thereafter until the annuity begins. Amount is payable as a normal or early retirement.

TABLE 15

ELECTIVE STATE OFFICERS RETIREMENT FUND

MEMBERSHIP CHANGES
(DOLLARS IN THOUSANDS)

JUNE 30, 1985

A. ACTIVE MEMBERS	NUMBER	PAYROLL
1. As of the Last Valuation Date	6	$337
2. New Entrants	0	NA
3. Total	6	NA
4. Separations from Active Service		
a. Refund of Contributions	0	0
b. Separation with Deferred Annuity	0	0
c. Separation with neither Refund nor Deferred Annuity	0	0
d. Disability	0	0
e. Death	0	0
f. Retirement with Service Annuity	0	0
5. Total Separations	0	0
6. Data Adjustments	0	NA
7. As of Current Valuation Date	6	$359

B. SERVICE RETIREMENT ANNUITANTS	NUMBER	ANNUAL ANNUITY
1. As of the Last Valuation Date	6	$78
2. New Entrants	0	0
3. Total	6	78
4. Terminations		
a. Deaths	0	0
b. Others	0	0
5. Total Terminations	0	0
6. Data Adjustments	0	5
7. As of Current Valuation Date	6	$83

C. DISABLED ANNUITANTS	NUMBER	ANNUAL ANNUITY
1. As of the Last Valuation Date	0	$0
2. New Entrants	0	0
3. Total	0	0
4. Terminations		
a. Deaths	0	0
b. Others	0	0
5. Total Terminations	0	0
6. Data Adjustments	0	0
7. As of Current Valuation Date	0	$0

TABLE 15
(cont)

D. SURVIVING SPOUSE ANNUITANTS	NUMBER	ANNUAL ANNUITY
1. As of the Last Valuation Date	3	$21
2. New Entrants	0	0
3. Total	3	21
4. Terminations		
a. Deaths	0	0
b. Others	0	0
5. Total Terminations	0	0
6. Data Adjustments	0	1
7. As of Current Valuation Date	3	$22

E. SURVIVING CHILDREN ANNUITANTS	NUMBER	ANNUAL ANNUITY
1. As of the Last Valuation Date	0	$0
2. New Entrants	0	0
3. Total	0	0
4. Terminations		
a. Deaths	0	0
b. Others	0	0
5. Total Terminations	0	0
6. Data Adjustments	0	0
7. As of Current Valuation Date	0	$0

F. DEFERRED ANNUITANTS	NUMBER	ANNUAL ANNUITY
1. As of the Last Valuation Date	5	$40
2. New Entrants	0	0
3. Total	5	40
4. Terminations		
a. Deaths	0	0
b. Others	0	0
5. Total Terminations	0	0
6. Data Adjustments	0	0
7. As of Current Valuation Date	5	$40