

Public Employees Retirement Fund
ACTUARIAL VALUATION REPORT

JULY 1, 1994

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November 7, 1994

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

RE: **Public Employees Retirement Fund**

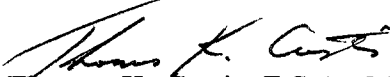
Commission Members:


Pursuant to the terms of our Actuarial Services Contract, we have performed an actuarial valuation of the Fund as of July 1, 1994.

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

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with the requirements of Section 356.215, Minnesota Statutes, and the requirements of the Standards for Actuarial Work, adopted by the Commission on July 8, 1992.

Respectfully submitted,


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Consulting Actuary


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TKC/WVH/bh

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Public Employees Retirement Fund

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Public Employees Retirement Fund

Report Highlights

(dollars in thousands)

	07/01/93 Valuation	07/01/94 Valuation
A. CONTRIBUTIONS (Table 11)		
1. Statutory Contributions - Chapter 353 % of Payroll	9.04%	8.90%
2. Required Contributions - Chapter 356 % of Payroll	9.58%	9.76%
3. Sufficiency (Deficiency): (A.1. - A.2.)	-0.54%	-0.86%
B. FUNDING RATIOS		
1. Accrued Benefit Funding Ratio		
a. Current Assets (Table 1)	\$4,374,459	\$4,747,128
b. Current Benefit Obligations (Table 8)	\$5,163,767	\$5,625,598
c. Funding Ratio: (a/b)	84.71%	84.38%
2. Accrued Liability Funding Ratio		
a. Current Assets (Table 1)	\$4,374,459	\$4,747,128
b. Actuarial Accrued Liability (Table 9)	\$5,784,318	\$6,223,622
c. Funding Ratio: (a/b)	75.63%	76.28%
3. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets	\$6,899,439	\$7,232,704
b. Current and Expected Future Benefit Obligations	\$7,192,321	\$7,681,359
c. Funding Ratio: (a/b)	95.93%	94.16%
C. PLAN PARTICIPANTS		
1. Active Members		
a. Number (Table 3)	114,932	120,199
b. Projected Annual Earnings	\$2,578,604	\$2,749,217
c. Average Annual Earnings (Actual \$)	\$22,436	\$22,872
d. Average Age	43.2	43.1
e. Average Service	8.9	8.0
2. Others		
a. Service Retirements (Table 4)	28,279	30,414
b. Disability Retirements (Table 5)	794	871
c. Survivors (Table 6)	4,895	5,091
d. Deferred Retirements (Table 7)	5,402	6,277
e. Terminated Other Non-vested (Table 7)	9,307	9,180
f. Total	48,677	51,833

Public Employees Retirement Fund

Commentary

Purpose

The purpose of this valuation is to determine the financial status of the Plan. 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 financial status of the Plan 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. It is based upon benefits which have been earned by service to the valuation date. This year's ratio is 84.38%. The corresponding ratio for the prior year was 84.71%.
- ° 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 1994 the ratio is 76.28%, which is an increase from the 1993 value of 75.63%.
- ° The Projected Benefit Funding Ratio is a measure of the adequacy or deficiency in the contribution level. This year's ratio of 94.16% shows that the current statutory contributions are inadequate.

Asset Information (Tables 1 and 2)

Minnesota Statutes require that the asset value used for actuarial purposes recognize only a third of the unrealized gains and losses. This requirement exists because market values (which include all unrealized gain and losses) are typically volatile and can produce erratic changes in the contribution requirements from year to year.

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

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.

This Plan participates in the Minnesota Post Retirement Investment Fund (i.e. MPRIF). After the MPRIF liability has been calculated for each participating Plan, the State Board of Investments, (i.e. SBI), will determine each Plan's portion of the excess earnings for the January benefit increase as well as the Plan's allocated market share of MPRIF.

Actuarial Balance Sheet (Table 8)

An actuarial balance sheet provides a method for evaluating current and future levels of funding.

The Current Benefit Obligation used to measure current funding levels is calculated in accordance with Statement No. 5 of the Governmental Accounting Standards Board (GASB). Those requirements are:

- ° For Active Members - salary and service are projected to retirement to determine benefits for each member and the ratio of credited service to total service establishes the portion of the projected benefit to be used in calculating the current funding level.
- ° For Non-active Members - the discounted value of benefits, including augmentation in cases where benefits have not commenced.

GASB Disclosure

The Current Benefit Obligation amounts in Table 8 are required to be disclosed by Statement No. 5 of the Governmental Accounting Standards Board (GASB). However, Statement No. 5 uses the terms "Actuarial Present Value of Credited Projected Benefits" and "Pension Benefit Obligation" rather than "Current Benefit Obligation".

The JULY 1, 1994 Pension Benefit Obligation reported in Table 8 is reformatted for GASB reporting purposes in the following table:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$3,027,087,000
Current Employees	
Accumulated employee contributions including allocated investment income	\$793,249,000
Employer-financed vested	1,602,766,000
Employer-financed nonvested	<u>202,496,000</u>
Total Pension Benefit Obligation	\$5,625,598,000
Net Assets Available for Benefits at Cost	\$4,733,845,000
Total Benefit Obligation less Assets	\$891,753,000
Funded Ratio	84.15%

Actuarial Cost Method (Table 9)

The approach used by the State of Minnesota to determine contribution sufficiency is the Entry Age Normal Actuarial 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) illustrates the two techniques for allocating liabilities of active Members to 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. Both approaches, however, calculate the value of all future benefits the same way (see line F of Table 8 and line A6, column 1, of Table 9).

An Unfunded Actuarial Accrued Liability is computed under the Entry Age Normal Actuarial 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 that remain a constant percentage of payroll each year.

The payments will increase 6.5% each year because 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 cover the interest and also repay a portion of the unfunded.

Sources of Actuarial Gains and Losses (Table 10)

The assumptions used in making the calculations using the Entry Age Normal Actuarial Cost Method are based on long-term expectations. Each year the actual experience will deviate from the long-term expectation. For a detailed analysis of the major components, refer to Table 10.

Contribution Sufficiency (Table 11)

This report determines the adequacy of Statutory Contributions by comparing the Statutory Contributions to the Required Contributions.

The Required Contributions, set forth in Chapter 356, consist of:

- ° Normal costs based on the Entry Age Normal Actuarial Cost Method.
- ° A Supplemental Contribution for amortizing any Unfunded Actuarial Accrued Liability.
- ° An Allowance for Expenses.

Table 11 shows the Plan has a contribution deficiency since the Statutory Contribution Rate is 8.90% compared to the Required Contribution Rate of 9.76%.

Changes in Actuarial Assumptions

Mortality rates were updated to the 1983 Group Annuity Mortality table, salary increases were changed to a select and ultimate table and payroll growth was changed from 6.5% to 6%. These changes were made to reflect experience of the plan. The table below illustrates the impact of these assumption changes on key results:

	Without Assumption Changes	With Assumption Changes
A. CONTRIBUTIONS (Table 11)		
1. Statutory Contributions - Chapter 353 % of Payroll	8.90%	8.90%
2. Required Contributions - Chapter 356 % of Payroll	9.58%	9.76%
3. Sufficiency (Deficiency): (A.1. - A.2.)	-0.68%	-0.86%
B. FUNDING RATIOS		
1. Accrued Benefit Funding Ratio		
a. Current Assets (Table 1)	\$4,747,128	4,747,128
b. Current Benefit Obligations (Table 8)	\$5,569,002	5,625,598
c. Funding Ratio: (a/b)	85.24%	84.38%
2. Accrued Liability Funding Ratio		
a. Current Assets (Table 1)	\$4,747,128	4,747,128
b. Actuarial Accrued Liability (Table 9)	\$6,175,933	6,223,622
c. Funding Ratio: (a/b)	76.86%	76.28%
3. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets	\$7,317,379	7,232,704
b. Current and Expected Future Benefit Obligations	\$7,689,238	7,681,359
c. Funding Ratio: (a/b)	95.16%	94.16%

Changes in Plan Provisions

There were no changes in plan provisions since the last valuation which impacted funding costs.

TABLE 1

Public Employees Retirement Fund

Accounting Balance Sheet
(dollars in thousands)

JULY 1, 1994

	<u>Market Value</u>	<u>Cost Value</u>
A. ASSETS		
1. Cash, Equivalents, Short-term Securities	\$70,272	\$70,272
2. Investments		
a. Fixed Income	597,707	622,504
b. Equity	1,346,286	1,273,227
c. Real Estate	89,561	97,973
3. Equity in Minnesota Post-Retirement Investment Fund (MPRIF)	2,770,552	2,770,552
4. Other	1,099	1,099
B. TOTAL ASSETS	<u>\$4,875,477</u>	<u>\$4,835,627</u>
C. AMOUNTS CURRENTLY PAYABLE	\$101,782	\$101,782
D. ASSETS AVAILABLE FOR BENEFITS		
1. Member Reserves	\$834,418	\$834,418
2. Employer Reserves	1,168,725	1,128,875
3. MPRIF Reserves	2,770,552	2,770,552
4. Non-MPRIF Reserves	0	0
5. Total Assets Available for Benefits	<u>\$4,773,695</u>	<u>\$4,733,845</u>
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	<u>\$4,875,477</u>	<u>\$4,835,627</u>
<hr/>		
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS		
1. Cost Value of Assets Available for Benefits (D5)		\$4,733,845
2. Market Value (D5)	\$4,773,695	
3. Cost Value (D5)	4,733,845	
4. Market Over Cost: (F2-F3)	<u>\$39,850</u>	
5. 1/3 of Market Over Cost: (F4)/3		13,283
6. Actuarial Value of Assets (F1+F5) (Same as "Current Assets")		<u>\$4,747,128</u>

TABLE 2

Public Employees Retirement Fund

Change In Assets Available For Benefits
(dollars in thousands)

YEAR ENDING JUNE 30, 1994

	<u>Market Value</u>	<u>Cost Value</u>
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$4,515,052	\$4,304,163
B. OPERATING REVENUES		
1. Member Contributions	\$112,940	\$112,940
2. Employer Contributions	119,390	119,390
3. Investment Income	224,906	224,906
4. MPRIF Income	251,991	251,991
5. Net Realized Gain (Loss)	0	0
6. Other	3,567	3,567
7. Net Change in Unrealized Gain (Loss)	<u>(170,156)</u>	<u>0</u>
8. Total Revenue	<u>\$542,638</u>	<u>\$712,794</u>
C. OPERATING EXPENSES		
1. Service Retirements	\$244,913	\$244,913
2. Disability Benefits	5,960	5,960
3. Survivor Benefits	13,360	13,360
4. Refunds	11,336	11,336
5. Investment Fees	3,131	3,131
6. Administrative Expenses	4,397	4,397
7. Other	<u>898</u>	<u>15</u>
8. Total Disbursements	<u>\$283,995</u>	<u>\$283,112</u>
D. OTHER CHANGES IN RESERVES	0	0
E. ASSETS AVAILABLE AT END OF PERIOD	<u><u>\$4,773,695</u></u>	<u><u>\$4,733,845</u></u>

TABLE 3

Public Employees Retirement Fund

ACTIVE MEMBERS AS OF JUNE 30, 1994

AGE	YEARS OF SERVICE								ALL
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30+	
<25	1,482	1,860	32	1					3,375
25-29	2,095	5,163	1,453	43				1	8,755
30-34	1,799	5,955	4,347	1,488	78				13,667
35-39	2,005	7,139	5,175	3,136	1,744	66	1		19,266
40-44	1,753	6,727	5,867	3,276	3,057	1,187	46		21,913
45-49	2,236	5,667	5,328	3,164	2,621	1,779	530	10	21,335
50-54	557	2,463	3,261	2,480	2,193	1,525	919	215	13,613
55-59	352	1,501	1,997	1,745	1,837	1,500	808	389	10,129
60-64	161	901	1,174	1,007	1,055	1,024	503	132	5,957
65+	104	534	567	290	279	259	109	47	2,189
ALL	12,544	37,910	29,201	16,630	12,864	7,340	2,916	794	120,199

AVERAGE ANNUAL EARNINGS

AGE	YEARS OF SERVICE								ALL
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30+	
<25	9,338	12,389	17,648	14,699					11,100
25-29	11,613	17,766	22,847	20,628				17,888	17,151
30-34	11,292	18,686	26,207	25,822	25,800				20,922
35-39	11,008	16,914	25,538	29,679	29,095	28,800	9,087		21,837
40-44	10,695	15,889	23,441	30,339	33,837	32,910	32,982		23,118
45-49	9,417	15,577	22,026	27,073	32,714	37,563	38,358	31,674	22,759
50-54	11,163	16,085	20,857	23,685	27,110	32,867	38,345	37,913	23,915
55-59	10,215	14,573	19,687	22,223	23,278	25,770	33,230	39,040	22,413
60-64	8,732	13,314	18,520	20,944	23,082	24,546	29,361	37,748	21,063
65+	6,816	9,189	12,638	15,612	19,112	17,684	21,709	27,989	14,118
ALL	10,546	16,364	22,977	26,493	29,061	30,829	34,664	37,747	21,592

PRIOR FISCAL YEAR EARNINGS (IN MILLIONS) BY YEARS OF SERVICE									
AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30+	ALL
ALL	132	620	671	441	374	226	101	30	2,595

TABLE 4

Public Employees Retirement Fund

SERVICE RETIREMENTS AS OF JUNE 30, 1994

AGE	YEARS RETIRED							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	1							1
50-54	8	4	2					14
55-59	567	755	12					1,334
60-64	1,234	2,147	839	2				4,222
65-69	884	3,777	3,164	269				8,094
70-74	164	924	4,244	1,669	33	2		7,036
75-79	36	141	932	3,462	465	4		5,040
80-84	8	20	111	644	2,041	140	4	2,968
85+	2	6	21	68	340	959	309	1,705
ALL	2,904	7,774	9,325	6,114	2,879	1,105	313	30,414

AVERAGE ANNUAL BENEFIT

AGE	YEARS RETIRED							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	3,485							3,485
50-54	8,424	8,391	8,705					8,454
55-59	13,246	7,389	16,520					9,960
60-64	9,903	7,997	9,322	13,547				8,820
65-69	7,397	5,840	8,775	19,744				7,619
70-74	5,749	5,034	6,713	10,949	7,537	11,636		7,481
75-79	3,705	3,497	5,569	7,206	11,325	12,799		7,159
80-84	1,891	3,777	3,606	5,771	6,948	9,997	7,738	6,677
85+	2,967	2,556	2,131	2,534	6,070	5,818	6,533	5,807
ALL	9,449	6,441	7,499	8,578	7,558	6,383	6,549	7,587

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS RETIRED								
AGE	<1	1-4	5-9	10-14	15-19	20-24	25+	ALL
ALL	27,440	50,072	69,928	52,446	21,760	7,053	2,050	230,751

TABLE 5

Public Employees Retirement Fund

SURVIVORS AS OF JUNE 30, 1994

AGE	YEARS SINCE DEATH							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	21	43	46	14	4		1	129
50-54	19	53	25	13	9	1	1	121
55-59	12	81	75	37	18	4	2	229
60-64	22	118	169	60	28	11	9	417
65-69	6	118	297	218	64	27	26	756
70-74		59	238	350	131	48	60	886
75-79	3	32	100	292	290	89	87	893
80-84	9	45	62	105	232	157	149	759
85+	7	49	102	110	162	206	265	901
ALL	99	598	1,114	1,199	938	543	600	5,091

AVERAGE ANNUAL BENEFIT

AGE	YEARS SINCE DEATH							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	4,802	7,456	5,228	8,129	6,074		3,320	6,228
50-54	7,387	7,808	8,434	9,289	6,541	13,228	4,551	7,954
55-59	5,412	6,194	9,445	9,098	9,092	4,425	5,361	7,877
60-64	4,128	5,360	8,797	9,138	7,358	5,731	3,900	7,344
65-69	5,205	4,699	9,588	9,052	7,552	4,696	3,496	8,079
70-74		3,971	7,133	7,713	7,504	5,115	3,068	6,822
75-79	5,999	3,543	5,786	6,706	6,681	4,988	3,078	5,955
80-84	4,317	4,258	6,271	6,009	5,937	6,146	3,443	5,409
85+	4,440	4,799	5,005	5,562	6,075	6,361	4,933	5,539
ALL	5,213	5,347	7,782	7,500	6,629	5,866	4,028	6,521

AGE	TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS SINCE DEATH							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
ALL	516	3,198	8,669	8,993	6,218	3,185	2,417	33,198

TABLE 6

Public Employees Retirement Fund

DISABILITY RETIREMENTS AS OF JUNE 30, 1994

AGE	YEARS DISABLED							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	31	95	24	4				154
50-54	16	60	22	6	2			106
55-59	33	117	45	5	5			205
60-64	38	167	109	33	10			357
65-69	4	22	16	5	2			49
70-74								
75-79								
80-84								
85+								
ALL	122	461	216	53	19			871

AVERAGE ANNUAL BENEFIT

AGE	YEARS DISABLED							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	4,069	3,781	3,589	3,858				3,811
50-54	4,713	5,525	5,032	7,043	3,961			5,357
55-59	7,265	8,504	6,615	10,309	6,137			7,876
60-64	6,912	7,653	7,060	9,861	9,522			7,649
65-69	9,351	4,679	7,769	11,709	6,587			6,865
70-74								
75-79								
80-84								
85+								
ALL	6,077	6,653	6,428	9,305	7,737			6,701

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS DISABLED								
AGE	<1	1-4	5-9	10-14	15-19	20-24	25+	ALL
ALL	741	3,067	1,388	493	147			5,837

TABLE 7

Public Employees Retirement Fund

Reconciliation Of Members

	Actives	Terminated	
		Deferred Retirement	Other Non-Vested
A. ON JUNE 30, 1993	114,932	5,402	9,307
B. ADDITIONS	14,288	1,557	2,530
C. DELETIONS			
1. Service Retirement	(2,506)	(375)	(108)
2. Disability	(162)	(22)	(1)
3. Death	(184)	(6)	(23)
4. Terminated - Deferred	(1,481)	0	0
5. Terminated - Refund	(3,041)	0	(1,109)
6. Terminated - Other Non-Vested	(1,599)	0	0
7. Returned as Active	0	(237)	(809)
8. Transferred to Other Fund	0	0	0
D. DATA ADJUSTMENTS	(48)	(42)	(607)
Vested	86,594		
Non-Vested	33,605		
E. TOTAL ON JUNE 30, 1994	120,199	6,277	9,180

	Recipients		
	Retirement Annuitants	Disabled	Survivors
A. ON JUNE 30, 1993	28,279	794	4,895
B. ADDITIONS	3,095	216	434
C. DELETIONS			
1. Service Retirement	0	(62)	0
2. Death	(947)	(74)	(232)
3. Annuity Expired	0	0	0
4. Returned as Active	0	0	0
D. DATA ADJUSTMENTS	(13)	(3)	(6)
E. TOTAL ON JUNE 30, 1994	30,414	871	5,091

TABLE 8

Public Employees Retirement Fund

Actuarial Balance Sheet*(dollars in thousands)*

JULY 1, 1994

A. CURRENT ASSETS (TABLE 1, F6)				\$4,747,128
B. EXPECTED FUTURE ASSETS				
1. Present Value of Expected Future Statutory Supplemental Contributions (See Table 11)				\$1,027,839
2. Present Value of Future Normal Costs				1,457,737
3. Total Expected Future Assets				<u>\$2,485,576</u>
C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS				<u>\$7,232,704</u>
D. CURRENT BENEFIT OBLIGATIONS	Non-Vested	Vested	Total	
1. Benefit Recipients				
a. Retirement Annuities		\$2,569,884	\$2,569,884	
b. Disability Benefits		57,077	57,077	
c. Surviving Spouse and Child Benefits		324,529	324,529	
2. Deferred Retirements with Future Augmentation		72,222	72,222	
3. Former Members without Vested Rights		3,375	3,375	
4. Active Members				
a. Retirement Annuities	10,476	1,875,156	1,885,632	
b. Disability Benefits	140,205	0	140,205	
c. Survivor's Benefits	43,828	0	43,828	
d. Deferred Retirements	7,987	486,838	494,825	
e. Refund Liability Due to Death or Withdrawal	0	34,021	34,021	
5. Total Current Benefit Obligations	<u>\$202,496</u>	<u>\$5,423,102</u>	<u>\$5,625,598</u>	
E. EXPECTED FUTURE BENEFIT OBLIGATIONS				<u>\$2,055,761</u>
F. TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS				<u>\$7,681,359</u>
G. CURRENT UNFUNDED ACTUARIAL LIABILITY (D5-A)				\$878,470
H. CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY (F-C)				\$448,655

TABLE 9

Public Employees Retirement Fund

**Determination Of Unfunded Actuarial Accrued Liability (UAAL)
And Supplemental Contribution Rate**
(dollars in thousands)

JULY 1, 1994

	Actuarial Present Value of Projected Benefits (1)	Actuarial Present Value of Future Benefits (2)	Actuarial Accrued Liability (3)=(1)-(2)
A. DETERMINATION OF ACTUARIAL ACCRUED LIABILITY (AAL)			
1. Active Members			
a. Retirement Annuities	\$3,407,194	\$833,961	\$2,573,233
b. Disability Benefits	261,780	106,399	155,381
c. Survivor's Benefit	76,831	29,583	47,248
d. Deferred Retirements	840,351	429,581	410,770
e. Refunds Due to Death or Withdrawal	68,117	58,213	9,904
f. Total	<u>\$4,654,273</u>	<u>\$1,457,737</u>	<u>\$3,196,536</u>
2. Deferred Retirements With Future Augmentation	72,222		72,222
3. Former Members Without Vested Rights	3,375		3,375
4. Annuitants in MPRIF	2,770,552		2,770,552
5. Recipients Not in MPRIF	<u>180,937</u>		<u>180,937</u>
6. Total	<u>\$7,681,359</u>	<u>\$1,457,737</u>	<u>\$6,223,622</u>
B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)			
1. AAL (A6)			\$6,223,622
2. Current Assets (Table 1, F6)			4,747,128
3. UAAL (B1-B2)			<u>\$1,476,494</u>
C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE			
1. Present Value of Future Payrolls Through the Amortization Date of July 1, 2020			\$51,899,490
2. Supplemental Contribution Rate (B3/C1)			2.84%

Public Employees Retirement Fund

Changes In Unfunded Actuarial Accrued Liability (UAAL)
(dollars in thousands)

YEAR ENDING JUNE 30, 1994

A. UAAL AT BEGINNING OF YEAR	\$1,409,859
B. CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING	
1. Normal Cost and Expenses	\$180,084
2. Contribution	(232,330)
3. Interest on A, B1 and B2	117,618
4. Total (B1+B2+B3)	\$65,372
C. EXPECTED UAAL AT END OF YEAR (A+B4)	\$1,475,231
D. INCREASE (DECREASE) DUE TO ACTUARIAL LOSSES (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED	
1. Salary Increases	(\$64,319)
2. Investment Return	4,688
3. MPRIF Mortality	18,713
4. Mortality of Other Benefit Recipients	(6,257)
5. Repayment of Refunded Contributions	0
6. Other Items	749
7. Total	(\$46,426)
E. UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTION (C+D5)	\$1,428,805
F. CHANGE IN ACTUARIAL ACCRUED LIABILITY DUE TO PLAN AMENDMENTS	0
G. CHANGE IN ACTUARIAL ACCRUED LIABILITY DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS	47,689
H. UAAL AT END OF YEAR (E+F+G)	\$1,476,494

TABLE 11

Public Employees Retirement Fund

Determination Of Contribution Sufficiency*(dollars in thousands)*

JULY 1, 1994

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 353		
1. Employee Contributions	4.30%	\$118,851
2. Employer Contributions	4.60%	127,162
3. Total	8.90%	\$246,013
 B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	3.95%	\$108,637
b. Disability benefits	0.49%	13,372
c. Survivors	0.13%	3,586
d. Deferred Retirement Benefits	1.91%	52,604
e. Refunds Due to Death or Withdrawal	0.27%	7,298
f. Total	6.75%	\$185,497
2. Supplemental Contribution Amortization by July 1, 2020 of UAAL	2.84%	78,078
3. Allowance for Expenses	0.17%	4,674
4. Total	9.76%	\$268,249
C. CONTRIBUTION SUFFICIENCY (DEFICIENCY) [A3-B4]	-0.86%	(\$22,236)

Note: Projected Annual Payroll for Fiscal Year Beginning on JULY 1, 1994 is \$2,749,217.

Public Employees Retirement Fund

Summary of Actuarial Assumptions and Methods

Interest:	Pre-Retirement: 8.5% per annum
	Post-Retirement: 5.0% per annum
Salary Increases:	Reported salary for prior fiscal year, with new hires annualized, increased to current fiscal year and annually for each future year according to the rate table below.
Mortality:	<p>Pre-Retirement:</p> <p>Male - 1983 Group Annuity Mortality Table for males setback five years.</p> <p>Female - 1983 Group Annuity Mortality Table for females setback five years.</p> <p>Post-Retirement:</p> <p>Male - 1983 Group Annuity Mortality Table for males set forward one year.</p> <p>Female - 1983 Group Annuity Mortality Table for females set forward one year.</p> <p>Post-Disability:</p> <p>Male - 1965 RRB rates</p> <p>Female - 1965 RRB rates</p>
Retirement Age:	Age 64 or if over age 64, one year from valuation date. In addition, 50% of employees are assumed to retire under the Rule of 90 when first eligible.
Separation:	Graded rates based on experience as of June 30, 1990. Rates are shown in rate table.
Disability:	Rates as shown in rate table.
Administrative and Investment Expenses:	Prior year expenses expressed as percentage of prior year 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.

TABLE 12
(Continued)

Family Composition:	85% of male Members and 65% of female Members are assumed to be married. Female is four years younger than male. Assume Members have no children.
Social Security:	N/A
Benefit Increases After Retirement:	Payment of earnings on retired reserves in excess of 5% accounted for by 5% post-retirement assumptions.
Special Consideration:	Married Members assumed to elect subsidized joint and survivor form of annuity as follows: <div style="margin-left: 40px;"> Males - 30% elect 50% J&S option 45% elect 100% J&S option Females - 15% elect 50% J&S option 15% elect 100% J&S option </div>
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method with normal costs expressed as a level percentage of earnings. 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 of 6% per annum.

TABLE 12
(Continued)

Public Employees Retirement Fund

Summary of Actuarial Assumptions and Methods

Separation Expressed as Number of Occurrences Per 10,000:

Age	Pre-Retirement Death		Withdrawal		Disability		Retirement		Salary Increases
	Male	Female	Male	Female	Male	Female	Male	Female	
20	3	1	2,542	2,913	9	9	0	0	7.7%
21	3	1	2,277	2,666	9	9	0	0	7.7
22	3	2	2,050	2,450	9	9	0	0	7.7
23	4	2	1,854	2,259	10	10	0	0	7.7
24	4	2	1,684	2,091	10	10	0	0	7.7
25	4	2	1,536	1,942	10	10	0	0	7.6
26	4	2	1,406	1,808	10	10	0	0	7.51
27	4	2	1,291	1,688	10	10	0	0	7.39
28	4	2	1,189	1,580	11	11	0	0	7.30
29	4	2	1,099	1,482	11	11	0	0	7.2
30	5	3	1,018	1,394	11	11	0	0	7.2
31	5	3	945	1,313	11	11	0	0	7.1
32	5	3	880	1,239	11	11	0	0	7.1
33	5	3	821	1,172	12	12	0	0	7.0
34	6	3	767	1,110	12	12	0	0	7.0
35	6	3	719	1,053	12	12	0	0	6.9
36	7	4	675	1,000	12	12	0	0	6.8
37	7	4	634	952	13	13	0	0	6.7
38	8	4	597	907	13	13	0	0	6.6
39	9	4	563	865	14	14	0	0	6.5
40	9	5	532	826	15	15	0	0	6.4
41	10	5	503	790	16	16	0	0	6.3
42	10	5	476	756	17	17	0	0	6.3
43	11	6	452	724	18	18	0	0	6.3
44	12	6	429	695	20	20	0	0	6.2
45	14	7	408	667	22	22	0	0	6.2
46	15	7	388	641	23	23	0	0	6.09
47	17	8	370	616	25	25	0	0	6.0
48	19	8	352	593	27	27	0	0	5.9
49	22	9	336	571	30	30	0	0	5.8

TABLE 12
(Continued)

Public Employees Retirement Fund

Summary of Actuarial Assumptions and Methods

Separation Expressed as Number of Occurrences Per 10,000:

<u>Age</u>	<u>Pre-Retirement Death</u>		<u>Withdrawal</u>		<u>Disability</u>		<u>Retirement</u>		<u>Salary Increases</u>
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	
50	22	10	321	550	33	33	0	0	5.7%
51	25	11	316	531	36	36	0	0	5.7
52	28	12	310	513	40	40	0	0	5.7
53	31	14	270	495	45	45	0	0	5.7
54	35	15	230	487	51	51	0	0	5.7
55	39	16	195	478	58	58	0	0	5.7
56	43	18	150	410	66	66	0	0	5.7
57	48	19	100	362	76	76	0	0	5.7
58	52	21	50	210	88	88	0	0	5.7
59	57	23	20	50	102	102	0	0	5.0
60	61	25	0	0	118	118	0	0	5.0
61	66	28	0	0	136	136	0	0	5.0
62	71	31	0	0	157	157	0	0	5.0
63	77	34	0	0	181	181	0	0	5.0
64	83	38	0	0	208	208	10,000	10,000	5.0
65	91	42	0	0	0	0	0	0	5.0
66	101	47	0	0	0	0	0	0	5.0
67	111	52	0	0	0	0	0	0	5.0
68	124	58	0	0	0	0	0	0	5.0
69	139	64	0	0	0	0	0	0	5.0
70	156	71	0	0	0	0	0	0	5.0

TABLE 3A
BASIC

Public Employees Retirement Fund

ACTIVE MEMBERS AS OF JUNE 30, 1994

AGE	YEARS OF SERVICE								ALL
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30+	
<25									
25-29									
30-34									
35-39									
40-44						2	2		4
45-49						5	173	8	186
50-54			1		1	2	371	165	540
55-59						5	341	283	629
60-64	1					3	203	85	292
65+						2	56	39	97
ALL	1		1		1	19	1,146	580	1,748

AVERAGE ANNUAL EARNINGS

AGE	YEARS OF SERVICE								ALL
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30+	
<25									
25-29									
30-34									
35-39									
40-44						22,787	37,118		29,953
45-49						29,003	37,293	34,982	36,971
50-54			1,986		52,376	22,534	38,285	37,489	37,942
55-59						32,370	33,885	37,589	35,540
60-64	10,283					25,420	27,905	31,908	28,984
65+						27,863	19,683	26,922	22,762
ALL	10,283		1,986		52,376	27,868	34,076	35,975	34,617

PRIOR FISCAL YEAR EARNINGS (IN THOUSANDS) BY YEARS OF SERVICE									
AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30+	ALL
ALL	10		2		52	530	39,051	20,866	60,511

TABLE 4A
BASIC

Public Employees Retirement Fund
SERVICE RETIREMENTS AS OF JUNE 30, 1994

AGE	YEARS RETIRED							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	1							1
50-54	7	4	2					13
55-59	256	210	10					476
60-64	348	613	377	2				1,340
65-69	150	805	1,284	232				2,471
70-74	21	160	1,493	1,043	28	2		2,747
75-79	3	17	278	1,889	376	3		2,566
80-84		3	23	273	1,392	130	4	1,825
85+	1	2	4	22	233	703	290	1,255
ALL	787	1,814	3,471	3,461	2,029	838	294	12,694

AVERAGE ANNUAL BENEFIT

AGE	YEARS RETIRED							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	3,485							3,485
50-54	7,709	8,391	8,705					8,072
55-59	21,679	17,783	17,121					19,864
60-64	18,917	17,685	17,218	13,547				17,867
65-69	14,700	12,981	16,012	21,696				15,479
70-74	17,487	12,344	12,860	14,630	8,067	11,636		13,488
75-79	7,595	12,476	11,921	10,458	12,621	15,469		10,949
80-84		17,710	11,636	9,781	8,374	10,358	7,738	8,781
85+	5,200	3,442	6,930	5,143	7,259	6,655	6,730	6,753
ALL	18,794	15,053	14,419	12,383	9,029	7,273	6,744	12,715

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS RETIRED								
AGE	<1	1-4	5-9	10-14	15-19	20-24	25+	ALL
ALL	14,790	27,306	50,048	42,857	18,319	6,094	1,982	161,404

TABLE 5A
BASIC

Public Employees Retirement Fund
SURVIVORS AS OF JUNE 30, 1994

AGE	YEARS SINCE DEATH							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	3	11	17	8	3		1	43
50-54	4	24	11	10	8	1	1	59
55-59	4	19	42	27	16	4	2	114
60-64	2	36	86	43	23	11	9	210
65-69		34	160	161	56	26	26	463
70-74		25	114	242	106	45	60	592
75-79	3	27	56	193	230	79	87	675
80-84	9	44	55	76	168	130	146	628
85+	7	47	101	102	139	187	264	847
ALL	32	267	642	862	749	483	596	3,631

AVERAGE ANNUAL BENEFIT

AGE	YEARS SINCE DEATH							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	13,554	14,109	8,795	11,347	7,737		3,320	10,760
50-54	15,221	12,539	15,063	10,736	7,242	13,228	4,551	12,044
55-59	8,506	12,769	13,548	11,242	9,803	4,425	5,361	11,706
60-64	13,995	9,709	14,088	11,234	8,567	5,731	3,900	11,273
65-69		8,027	14,232	10,883	8,270	4,680	3,496	10,751
70-74		5,385	10,673	9,587	8,419	5,337	3,068	8,426
75-79	5,999	3,649	7,783	8,467	7,658	5,188	3,078	6,853
80-84	4,317	4,351	6,845	7,216	6,661	6,798	3,415	5,823
85+	4,440	4,768	5,044	5,549	6,675	6,646	4,947	5,676
ALL	7,859	7,378	10,765	9,055	7,475	6,195	4,029	7,692

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS SINCE DEATH								
AGE	<1	1-4	5-9	10-14	15-19	20-24	25+	ALL
ALL	251	1,969	6,911	7,805	5,598	2,992	2,401	27,929

TABLE 6A
BASIC

Public Employees Retirement Fund
DISABILITY RETIREMENTS AS OF JUNE 30, 1994

AGE	YEARS DISABLED							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	1			1				2
50-54	1	6	3	2	1			13
55-59	3	25	9	2	4			43
60-64	5	34	30	19	9			97
65-69	1		4	4	2			11
70-74								
75-79								
80-84								
85+								
ALL	11	65	46	28	16			166

AVERAGE ANNUAL BENEFIT

AGE	YEARS DISABLED							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	23,153			5,013				14,083
50-54	18,072	18,053	12,879	11,184	6,643			14,926
55-59	16,010	22,568	18,742	21,024	6,904			19,781
60-64	17,967	15,105	17,696	15,019	10,399			15,600
65-69	22,556		20,324	14,485	6,587			15,906
70-74								
75-79								
80-84								
85+								
ALL	18,332	18,248	17,815	14,740	8,814			16,632

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS DISABLED								
AGE	<1	1-4	5-9	10-14	15-19	20-24	25+	ALL
ALL	201	1,186	819	412	141			2,760

Public Employees Retirement Fund

Determination Of Contribution Sufficiency
(dollars in thousands)

JULY 1, 1994

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 353		
1. Employee Contributions	8.23%	\$5,259
2. Employer Contributions	10.73%	6,857
3. Total	18.96%	\$12,116
 B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	4.87%	\$3,112
b. Disability benefits	0.79%	502
c. Survivors	0.55%	349
d. Deferred Retirement Benefits	3.45%	2,205
e. Refunds Due to Death or Withdrawal	0.01%	5
f. Total	9.67%	\$6,173

Note: Projected Annual Payroll for Fiscal Year Beginning on JULY 1, 1994 is \$63,902.

Public Employees Retirement Fund

Summary of Plan Provisions

GENERAL

<i>Eligibility:</i>	A public employee who is not covered under the Social Security Act. General exceptions are employees covered by other public funds and certain part-time employees.
<i>Contributions:</i>	
<i>Member:</i>	8.23% of salary.
<i>Employer:</i>	10.73% of salary.
<i>Allowable Service:</i>	Service during which Member contributions were deducted. May also include certain leaves of absence and military service.
<i>Salary:</i>	Includes amounts deducted for deferred compensation or supplemental retirement plans, net income from fees and sick leave payments funded by the employer. Excludes unused annual leave and sick leave payments, severance payments, Workers' Compensation benefits and employer-paid flexible spending accounts, cafeteria plans, healthcare expense accounts, day-care expenses, fringe benefits and the cost of insurance coverage.
<i>Average Salary:</i>	Average of the five highest successive years of salary. Average salary is based on all Allowable Service if less than five years.

RETIREMENT

Normal Retirement Benefit:

<i>Eligibility:</i>	Age 65 and three years of Allowable Service. Proportionate Retirement Annuity is available at age 65 and one year of Allowable Service.
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Early Retirement Benefit:

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

Amount: The greater of
2% of average salary for each of the first 10 years of Allowable Service and 2.5% 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 age 62 if 30 years of Allowable Service. No reduction if age plus years of Allowable Service totals 90;
OR
2.5% of average salary for each year of Allowable Service assuming augmentation to age 65 at 3% per year and actuarial reduction for each month the Member is under age 65.

Form of Payment: Life annuity with return on death of any balance of contributions over aggregate monthly payments. Actuarially equivalent options are:

50% or 100% joint and survivor with bounce back feature without additional reduction (option canceled if Member is predeceased by beneficiary).

Benefit Increases: Benefits may be increased each January 1 depending on the investment performance of the Minnesota Post Retirement Investment Fund (MPRIF). (Note: The MPRIF methodology for this increase will change effective 1/1/94.) 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.

Benefit Increases: (continued) Members retired under laws in effect before July 1, 1973 receive an additional lump-sum payment each year. In 1989, this lump-sum payment is the greater of \$25 times each full year of Allowable Service or the difference between \$400 times each full year of Allowable Service and the sum of the benefits paid from any Minnesota public pension plan plus cash payments from the Social Security Administration for the preceding fiscal year July 1, 1988 through June 30, 1989. In each following year, the lump-sum payment will increase by the same percentage increase that is applied to regular annuities paid from MPRIF.

DISABILITY

Disability Benefit:

Eligibility: 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. Supplemental benefit of \$25 per month payable to the later of the normal retirement age or the 5-year anniversary at commencement of disability. The disability benefit is reduced to that amount which, when added to Workers' Compensation, does not exceed the salary the disabled Member received as of the date of the disability or the salary currently payable for the same employment position substantially similar to the one the person held as of the date of the disability, whichever is greater.

Payments stop if disability ceases. If death occurs prior to age 65 or within five years of disability, the surviving spouse can receive a refund or a survivor benefit. Dependent children are entitled to dependent child benefits subject to the 70% family maximum. Payments change to a retirement annuity at normal retirement age. Benefits may be reduced on resumption of partial employment.

Form of Payment: Same as for retirement.

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

Retirement After Disability

Eligibility: Normal retirement age.

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.

DEATH

Surviving Spouse Benefit

Eligibility: Active Member with 18 months of Allowable Service or Member receiving a disability benefit.

Amount: 50% of salary averaged over last six months. Family benefit is maximum of 70% and minimum of 50% of average salary. Benefit paid until spouse's death but no payments while spouse is remarried prior to July 1, 1991.

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

Surviving Dependent Child Benefit

Eligibility: Active Member with 18 months of Allowable Service or Member receiving a disability benefit.

Amount: 10% of salary averaged over last six months for each child. Family benefit minimum (including spouse's benefit) of 50% of salary and maximum of 70% of average salary. Benefits paid until child marries, dies, or attains age 18 (age 22 if full-time student.)

Surviving Spouse Optional Annuity

Eligibility: Member or former Member who dies before retirement benefits commence and other survivor annuity is waived by spouse.

Amount: Survivor's payment of the 100% joint and survivor benefit the Member could have elected if terminated 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 PERA to provide same increase as MPRIF.

Refund of Contributions

Eligibility: Member dies before receiving any retirement benefits and survivor benefits are not payable.

Amount: The excess of the Member's contributions with 6% interest over any disability or survivor benefits paid.

TERMINATION

Refund of Contributions

<i>Eligibility:</i>	Termination of public service.
<i>Amount:</i>	Member's contributions with 5% interest compounded annually if termination occurred before May 16, 1989 and 6% 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

<i>Eligibility:</i>	Three years of Allowable Service.
<i>Amount:</i>	Benefit computed under law in effect at termination and increased by the following percentage compounded annually: 0% before 7/1/71; 5% from 7/1/71 to 1/1/81; and 3% thereafter until January 1 of the year following attainment of age 55 and 5% thereafter until the annuity begins. Amount is payable as a normal or early retirement.

SUMMARY OF SIGNIFICANT CHANGES

None

TABLE 3B
COORDINATED

Public Employees Retirement Fund

ACTIVE MEMBERS AS OF JUNE 30, 1994

AGE	YEARS OF SERVICE								ALL
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30+	
<25	1,482	1,860	32	1					3,375
25-29	2,095	5,163	1,453	43				1	8,755
30-34	1,799	5,955	4,347	1,488	78				13,667
35-39	2,005	7,139	5,175	3,136	1,744	66	1		19,266
40-44	1,753	6,727	5,867	3,276	3,057	1,185	44		21,909
45-49	2,236	5,667	5,328	3,164	2,621	1,774	357	2	21,149
50-54	557	2,463	3,260	2,480	2,192	1,523	548	50	13,073
55-59	352	1,501	1,997	1,745	1,837	1,495	467	106	9,500
60-64	160	901	1,174	1,007	1,055	1,021	300	47	5,665
65+	104	534	567	290	279	257	53	8	2,092
ALL	12,543	37,910	29,200	16,630	12,863	7,321	1,770	214	118,451

AVERAGE ANNUAL EARNINGS

AGE	YEARS OF SERVICE								ALL
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30+	
<25	9,338	12,389	17,648	14,699					11,100
25-29	11,613	17,766	22,847	20,628				17,888	17,151
30-34	11,292	18,686	26,207	25,822	25,800				20,922
35-39	11,008	16,914	25,538	29,679	29,095	28,800	9,087		21,837
40-44	10,695	15,889	23,441	30,339	33,837	32,927	32,794		23,116
45-49	9,417	15,577	22,026	27,073	32,714	37,587	38,873	18,443	22,634
50-54	11,163	16,085	20,862	23,685	27,098	32,881	38,386	39,310	23,335
55-59	10,215	14,573	19,687	22,223	23,278	25,748	32,752	42,916	21,544
60-64	8,722	13,314	18,520	20,944	23,082	24,543	30,346	48,309	20,655
65+	6,816	9,189	12,638	15,612	19,112	17,604	23,851	33,192	13,717
ALL	10,546	16,364	22,978	26,493	29,059	30,836	35,044	42,549	21,399

PRIOR FISCAL YEAR EARNINGS (IN MILLIONS) BY YEARS OF SERVICE

AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30+	ALL
ALL	132	620	671	441	374	226	62	9	2,535

TABLE 4B
COORDINATED

Public Employees Retirement Fund
SERVICE RETIREMENTS AS OF JUNE 30, 1994

AGE	YEARS RETIRED							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50								
50-54	1							1
55-59	311	545	2					858
60-64	886	1,534	462					2,882
65-69	734	2,972	1,880	37				5,623
70-74	143	764	2,751	626	5			4,289
75-79	33	124	654	1,573	89	1		2,474
80-84	8	17	88	371	649	10		1,143
85+	1	4	17	46	107	256	19	450
ALL	2,117	5,960	5,854	2,653	850	267	19	17,720

AVERAGE ANNUAL BENEFIT

AGE	YEARS RETIRED							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50								
50-54	13,430							13,430
55-59	6,306	3,384	13,518					4,467
60-64	6,363	4,126	2,880					4,614
65-69	5,905	3,906	3,833	7,509				4,166
70-74	4,026	3,504	3,378	4,817	4,574			3,634
75-79	3,352	2,267	2,869	3,302	5,854	4,791		3,229
80-84	1,891	1,319	1,508	2,821	3,891	5,306		3,320
85+	734	2,114	1,003	1,287	3,483	3,520	3,533	3,170
ALL	5,975	3,821	3,396	3,616	4,049	3,592	3,533	3,915

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS RETIRED

AGE	<1	1-4	5-9	10-14	15-19	20-24	25+	ALL
ALL	12,649	22,773	19,880	9,593	3,441	959	67	69,373

TABLE 5B
COORDINATED

Public Employees Retirement Fund

SURVIVORS AS OF JUNE 30, 1994

AGE	YEARS SINCE DEATH							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	18	32	29	6	1			86
50-54	15	29	14	3	1			62
55-59	8	62	33	10	2			115
60-64	20	82	83	17	5			207
65-69	6	84	137	57	8	1		293
70-74		34	124	108	25	3		294
75-79		5	44	99	60	10		218
80-84		1	7	29	64	27	3	131
85+		2	1	8	23	19	1	54
ALL	67	331	472	337	189	60	4	1,460

AVERAGE ANNUAL BENEFIT

AGE	YEARS SINCE DEATH							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	3,344	5,170	3,138	3,839	1,086			3,962
50-54	5,298	3,894	3,227	4,468	936			4,063
55-59	3,865	4,180	4,223	3,312	3,411			4,082
60-64	3,142	3,452	3,316	3,837	1,799			3,359
65-69	5,205	3,353	4,166	3,881	2,529	5,120		3,857
70-74		2,932	3,880	3,514	3,627	1,800		3,593
75-79		2,972	3,245	3,273	2,937	3,416		3,175
80-84		210	1,761	2,848	4,038	3,009	4,845	3,430
85+		5,536	1,140	5,728	2,451	3,556	1,347	3,395
ALL	3,950	3,710	3,726	3,525	3,279	3,225	3,971	3,609

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS SINCE DEATH								
AGE	<1	1-4	5-9	10-14	15-19	20-24	25+	ALL
ALL	264	1,228	1,758	1,187	619	193	15	5,269

TABLE 6B
COORDINATED

Public Employees Retirement Fund
DISABILITY RETIREMENTS AS OF JUNE 30, 1994

AGE	YEARS DISABLED							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	30	95	24	3				152
50-54	15	54	19	4	1			93
55-59	30	92	36	3	1			162
60-64	33	133	79	14	1			260
65-69	3	22	12	1				38
70-74								
75-79								
80-84								
85+								
ALL	111	396	170	25	3			705

AVERAGE ANNUAL BENEFIT

AGE	YEARS DISABLED							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	3,433	3,781	3,589	3,473				3,676
50-54	3,823	4,134	3,794	4,973	1,279			4,020
55-59	6,391	4,683	3,584	3,166	3,069			4,717
60-64	5,238	5,749	3,022	2,861	1,636			4,684
65-69	4,950	4,679	3,585	607				4,248
70-74								
75-79								
80-84								
85+								
ALL	4,863	4,750	3,347	3,219	1,995			4,363

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS DISABLED								
AGE	<1	1-4	5-9	10-14	15-19	20-24	25+	ALL
ALL	539	1,881	568	80	5			3,075

Public Employees Retirement Fund

Determination Of Contribution Sufficiency
(dollars in thousands)

JULY 1, 1994

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 353		
1. Employee Contributions	4.23%	\$113,592
2. Employer Contributions	4.48%	120,306
3. Total	8.71%	\$233,898
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	3.93%	\$105,525
b. Disability benefits	0.48%	12,869
c. Survivors	0.12%	3,237
d. Deferred Retirement Benefits	1.88%	50,400
e. Refunds Due to Death or Withdrawal	0.27%	7,293
f. Total	6.68%	\$179,324

Note: Projected Annual Payroll for Fiscal Year Beginning on JULY 1, 1994 is \$2,685,396.

Public Employees Retirement Fund

Summary of Plan Provisions

GENERAL

<i>Eligibility</i>	A public employee who is covered under the Social Security Act. General exceptions are employees covered by other public funds and certain part-time employees. City managers and persons holding elective office may choose to become Members.
<i>Contributions</i>	
<i>Member:</i>	4.23% of salary.
<i>Employer:</i>	4.48% of salary.
<i>Allowable Service:</i>	Service during which Member contributions were deducted. May also include certain leaves of absence and military service.
<i>Salary:</i>	Includes amounts deducted for deferred compensation or supplemental retirement plans, net income from fees and sick leave payments funded by the employer. Excludes unused annual leave and sick leave payments, severance payments, Workers' Compensation benefits and employer-paid flexible spending accounts, cafeteria plans, healthcare expense accounts, day-care expenses, fringe benefits and the cost of insurance coverage.
<i>Average Salary:</i>	Average of the five highest successive years of salary. Average salary is based on all Allowable Service if less than five years.

RETIREMENT

Normal Retirement Benefit

<i>Eligibility:</i>	First hired before July 1, 1989: Age 65 and three years of Allowable Service. Proportionate Retirement Annuity is available at age 65 and one year of Allowable Service.
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Eligibility: **First hired after June 30, 1989:**
(Continued) The greater of age 65 or the age eligible for full Social Security retirement benefits and three years of Allowable Service. Proportionate Retirement Annuity is available at normal retirement age and one year of Allowable Service.

Amount: 1.5% of Average salary for each year of Allowable Service.

Early Retirement Benefit

Eligibility: **First hired before July 1, 1989:**
Age 55 and three years of Allowable Service. Any age with 30 years of Allowable Service. Rule of 90: Age plus Allowable Service totals 90.

First hired after June 30, 1989:
Age 55 with three years of Allowable Service.

Amount: **First hired before July 1, 1989:**
The greater of
1% of average salary for each of the first 10 years of Allowable Service and 1.5% 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 age 62 if 30 years of Allowable Service. No reduction if age plus years of Allowable Service totals 90;

OR

1.5% of average salary for each year of Allowable Service assuming augmentation to age 65 at 3% per year and actuarial reduction for each month the Member is under age 65.

First hired after June 30, 1989:
1.5% of average salary for each year of allowable Service assuming augmentation to the age eligible for full Social Security retirement benefits at 3% per year and actuarial reduction for each month the Member is under the Social Security retirement age.

Form of Payment: Life annuity with return on death of any balance of contributions over aggregate monthly payments. Actuarially equivalent options are:

50% or 100% joint and survivor with bounce back feature without additional reduction (option canceled if Member is predeceased by beneficiary).

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. Benefit recipients receiving benefits for at least one full month but less than 12 full months will receive a partial increase.

Members retired under laws in effect before July 1, 1973 receive an additional lump-sum payment each year. In 1989, this lump-sum payment is \$25 times each full year of Allowable Service. In each following year, the lump-sum payment will increase by the same percentage increase that is applied to regular annuities paid from MPRIF.

DISABILITY

Disability Benefit

Eligibility: 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. The disability benefit is reduced to that amount which, when added to Workers' Compensation, does not exceed the salary the disabled Member received as of the date of the disability or the salary currently payable for the same employment position substantially similar to the one the person held as of the date of the disability, whichever is greater.

TABLE 13B
COORDINATED
(Continued)

Amount: Payments stop if disability ceases or death occurs. Payments
(Continued) change to a retirement annuity at normal retirement age.
Benefits may be reduced on resumption of partial employment.

Form of Payment: Same as for retirement.

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

Retirement After Disability

Eligibility: Normal retirement age.

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.

DEATH

Surviving Spouse Optional Annuity

Eligibility: Member or former Member who dies before retirement or disability benefits commence.

Amount: Survivor's payment of the 100% joint and survivor benefit the Member could have elected if terminated 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 PERA to provide same increase as MPRIF.

Refund of Contributions

<i>Eligibility:</i>	Member dies before receiving any retirement benefits and survivor benefits are not payable.
<i>Amount:</i>	The excess of the Member's contributions with 6% interest over any disability or survivor benefits paid.

TERMINATION

Refund of Contributions

<i>Eligibility:</i>	Termination of public service.
<i>Amount:</i>	Member's contributions with 5% interest compounded annually if termination occurred before May 16, 1989 and 6% 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

<i>Eligibility:</i>	Three years of Allowable Service.
<i>Amount:</i>	Benefit computed under law in effect at termination and increased by the following percentage compounded annually: 0% before 7/1/71; 5% from 7/1/71 to 1/1/81; and 3% thereafter until January 1 of the year following attainment of age 55 and 5% thereafter until the annuity begins. Amount is payable as a normal or early retirement.

SUMMARY OF SIGNIFICANT CHANGES

None