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**1989-1990**

# *Annual Report*

## **of the BOARD OF TRUSTEES**

*For the Period*

*July 1, 1989 — June 30, 1990*

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St. Paul, Minnesota 55155

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
St. Paul, Minnesota 55104

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Wyatt Company

Auditor  
Office of the State Auditor

Investment Counsel  
Capital Supervisors, Inc.

Legal Counsel  
Doherty, Rumble and Butler

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
1619 Dayton Avenue Room 309  
St. Paul, Minnesota 55104  
612-642-2550

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APR 16 1991



# *Saint Paul Teachers' Retirement Fund Association*

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## BOARD OF TRUSTEES

1619 DAYTON AVENUE, ROOM 309

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James P. Gillich  
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Eugene R. Waschbusch

### OFFICERS

President  
Vice-President  
Secretary-Treasurer

SAINT PAUL, MINNESOTA 55104

PHONE: 642-2550

The Board of Trustees of St. Paul Teachers' Retirement Fund Association submits herewith the Financial Report for the fiscal year July 1, 1989 to June 30, 1990 in accordance with the provisions of Minnesota Statutes 356.20.

The financial statements of the Association were audited by the State Auditor of Minnesota. A copy of his report is included as a part of this report.

Portions of the Actuarial Valuation from the actuary retained by the Legislative Commission on Pensions and Retirement, the Wyatt Company, are included in this report. The complete report is on file in our office.

## REVENUES

The reserves required to finance benefits come from employee and employer contributions and through investment gains. During fiscal year 1989-90, total contributions amounted to \$16,910,649. Investment income for the same period was \$39,039,791.

## EXPENSES

This fiscal year benefits to our annuitants, disabilitants, survivors and dependent children totaled \$17,764,567. Refunds to members who left our Association totaled \$480,503. Administrative expenses amounted to \$315,030. Net assets available for plan benefits increased \$37,396,957 during fiscal year 1990.

## INVESTMENTS

You are encouraged to read the letter from Capital Supervisors. A complete list of our investment portfolio on June 30, 1990 is included in this report.

## MEMBER SERVICES

This year the Association staff continued the two year cycle of visits to the schools and other locations where members work. The purpose of these visits is to provide access to individual pension information. Each member over 50 years old will receive a pension benefit estimate showing his/her July 1, 1990 benefit available and estimated benefits at ages 55, 60 and 65.

Beginning this year to reduce printing costs, each member will receive a consolidated summary of our annual report. A copy of the complete report is available at the Administration office of each school or location where members work. Complete reports will be available at the Annual Member Meeting. Any member who wishes a complete report will be sent one on request.



## BENEFIT CHANGES

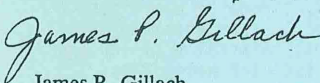
This year the following benefit changes apply to members of St. Paul Teachers' Retirement Fund Association.

1. **Annuitizing Bonus Check** - The Bonus Check (13th check) can now be annuitized. Annuitants who now receive the 13th check as a lump sum payment will have the option of electing a permanent increase in their monthly annuity in lieu of this lump sum payment.
2. **Extended Leave Change** - Members currently have an employer granted extended leave of absence program that allows qualified members to earn pension service credit by paying the required employer and employee contributions in any portion as agreed. This extended leave period is for a minimum of three years and a maximum of five years. New legislation allows that this leave may be renewed.
3. **Maternity/Parental Leave Payment** - A member who is granted a maternity/parental leave by ISD #625 now has until the year following the year in which the leave terminates to make the necessary contributions to earn pension service credit for the period of that leave.
4. **Medical Leave** - Active members who suffer a long term illness but are not "totally and permanently disabled" may request a non-paid medical leave of absence after all sick days are used up. Any member on a medical leave after May 1, 1990 can pay the employer and employee contributions and earn pension service credit for the time on medical leave. The maximum time that can be earned is one year.

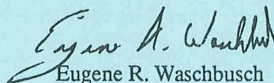
In summary, Fiscal year 1989-90 was a positive year for our fund. The year end value of total assets available for benefits valued at cost was \$287,332,388. Investment returns paid for all pension and fiscal year expenses with a surplus for future benefit payments.

On behalf of the members of the Board of Trustees we pledge to continue to administer the affairs of the Association in the most competent and efficient manner possible.

Respectfully submitted,



James P. Gillach  
President



Eugene R. Waschbusch  
Secretary-Treasurer



ARNE H. CARLSON  
STATE AUDITOR

# STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR  
SUITE 400  
525 PARK STREET  
SAINT PAUL 55103

296-2551

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
St. Paul Teachers' Retirement  
Fund Association

We have audited the accompanying statement of net assets available for plan benefits of the St. Paul Teachers' Retirement Fund Association as of June 30, 1990 and 1989, and the related statement of changes in net assets available for plan benefits for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the St. Paul Teachers' Retirement Fund Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the Association's policy is to prepare its financial statements on the basis of accounting practices prescribed by State of Minnesota statutes. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Paul Teachers' Retirement Fund Association as of June 30, 1990 and 1989, and changes in its financial position for the years then ended, in conformity with the basis of accounting as described in Note 1.

AN EQUAL OPPORTUNITY EMPLOYER

The information presented in Note 6 for the period July 1, 1980, through June 30, 1987, was audited by other auditors who issued unqualified opinions thereon, on the basis of accounting described in Note 1.

*Arne H. Carlson*

ARNE H. CARLSON  
State Auditor

September 11, 1990



**ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
ST. PAUL, MINNESOTA**

**EXHIBIT 1**

**COMPARATIVE STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS  
JUNE 30, 1990 AND 1989**

	<u>1990</u>	<u>1989</u>
<b>Assets</b>		
Cash	<u>\$ 53,865</u>	<u>\$ 255,659</u>
Investments (aggregate market value of \$305,656,453)		
Commercial paper	\$ 60,361,850	\$ 80,499,547
Bankers acceptance	994,340	
United States Government Securities	43,864,264	38,740,388
Corporate bonds	83,805,998	69,318,809
Common stock	64,196,980	60,783,085
Collective Trust Funds		
- Bond Index Fund	16,075,329	-
- Equity Index Fund	15,404,523	-
First American Institutional Money Fund	197,665	-
Real estate, limited partnership	728,800	728,800
Participation loan receivable	<u>186,616</u>	<u>225,975</u>
Total investments - Note 2	<u>\$ 285,816,365</u>	<u>\$ 250,296,604</u>
Receivables		
Contributions	\$ 906,917	\$ 783,212
Interest	3,006,440	2,816,275
Dividends	244,109	270,553
Security sales	1,967,000	-
Bonds, principal repayments	198,387	250,312
Net gain on partial redemption	<u>739</u>	<u>767</u>
Total receivables	<u>\$ 6,323,592</u>	<u>\$ 4,121,119</u>
Furniture and fixtures (at cost, less accumulated depreciation of \$15,894 and \$16,080 in 1990 and 1989, respectively)	<u>\$ 23,637</u>	<u>\$ 21,226</u>
Total Assets	<u>\$ 292,217,459</u>	<u>\$ 254,694,608</u>
<b>Liabilities</b>		
Accrued bonus payable to annuitants - Note 3	\$ 2,861,335	\$ 2,485,795
Accounts payable	52,361	29,122
Security purchases payable	<u>1,971,375</u>	<u>2,244,260</u>
Total Liabilities	<u>\$ 4,885,071</u>	<u>\$ 4,759,177</u>
Net Assets Available for Plan Benefits - Note 4	<u>\$ 287,332,388</u>	<u>\$ 249,935,431</u>

The notes to the financial statements are an integral part of this statement.

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
ST. PAUL, MINNESOTA

EXHIBIT 1  
(Continued)

COMPARATIVE STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS  
JUNE 30, 1990 AND 1989

	<u>1990</u>	<u>1989</u>
Summary of net assets available for plan benefits		
Actuarial present value of credited projected benefits payable to		
Beneficiaries now receiving benefits	\$ 153,815,000	\$ 140,084,000
Deferred vested and inactive teachers	2,120,000	2,129,000
Active teachers	<u>281,021,000</u>	<u>263,441,000</u>
Total projected benefits payable - Note 4	\$ 436,956,000	\$ 405,654,000
Unfunded actuarial present value of credit projected benefits - Note 4	<u>(149,623,612)</u>	<u>(155,718,569)</u>
Total Net Assets Available for Plan Benefits -Note 4	<u>\$ 287,332,388</u>	<u>\$ 249,935,431</u>

The notes to the financial statements are an integral part of this statement.

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
ST. PAUL, MINNESOTA

EXHIBIT 2

COMPARATIVE STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
FOR THE YEARS ENDED JUNE 30, 1990 AND 1989

	<u>1990</u>	<u>1989</u>
<b>Additions</b>		
Investment income (loss)		
Interest	\$ 17,838,659	\$ 15,854,469
Dividends	2,379,817	2,735,744
Gain on sale of investments	23,062,645	7,584,753
Loss on sale of investments	(4,108,712)	(3,896,178)
Gain on partial redemption	131,226	136,118
Loss on partial redemption	(7,152)	(8,595)
Direct investment expenses	<u>(256,692)</u>	<u>(229,790)</u>
Total investment income	<u>\$ 39,039,791</u>	<u>\$ 22,176,521</u>
<b>Contributions</b>		
Governmental units		
State of Minnesota	\$ 9,769,766	\$ 9,175,759
Other	17,743	29,277
Members		
Required withholdings	6,980,739	6,468,746
Voluntary	<u>142,401</u>	<u>156,498</u>
Total contributions - Note 5	<u>\$ 16,910,649</u>	<u>\$ 15,830,280</u>
<b>Other income</b>		
Miscellaneous	\$ 6,617	\$ 312
Total Additions	<u>\$ 55,957,057</u>	<u>\$ 38,007,113</u>
<b>Deductions</b>		
Benefits to participants		
Retirement	\$ 16,270,398	\$ 14,557,719
Disability	549,883	522,077
Survivor	919,047	801,007
Dependent children	25,239	27,332
Contribution refunds	<u>480,503</u>	<u>251,638</u>
Total benefits and refunds	<u>\$ 18,245,070</u>	<u>\$ 16,159,773</u>
Administrative expenses	<u>315,030</u>	<u>315,157</u>
Total Deductions	<u>\$ 18,560,100</u>	<u>\$ 16,474,930</u>

The notes to the financial statements are an integral part of this statement.



ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
ST. PAUL, MINNESOTA

EXHIBIT 2  
(Continued)

COMPARATIVE STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
FOR THE YEARS ENDED JUNE 30, 1990 AND 1989

	<u>1990</u>	<u>1989</u>
Change in net assets available for plan benefits	\$ 37,396,957	\$ 21,532,183
Net assets available for plan benefits, beginning	<u>249,935,431</u>	<u>228,403,248</u>
Net Assets Available for Plan Benefits, Ending - Note 4	<u>\$ 287,332,388</u>	<u>\$ 249,935,431</u>

The notes to the financial statements are an integral part of this statement.

**ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
ST. PAUL, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

The St. Paul Teachers' Retirement Fund is a defined benefit pension plan administered by the St. Paul Teachers' Retirement Fund Association, pursuant to the Association bylaws and Minn. Stat. chs. 354A and 356. The Fund's membership consists of eligible employees of Independent School District 625, St. Paul. The Association is governed by a ten-member board of trustees.

**A. Basis of Accounting and Financial Statement Presentation**

The St. Paul Teachers' Retirement Fund Association maintains its accounting records on the accrual basis. Minn. Stat. § 356.20 establishes cost as the accounting basis for investments, which in certain instances may vary from the valuation of investments as required by generally accepted accounting principles. The accompanying financial statements were prepared on the basis prescribed by statutes and are not intended to present financial position or results of operations of the Association in accordance with generally accepted accounting principles.

**B. Investments**

Investments are reported at cost.

**C. Revenue Recognition**

Investment income is recognized when earned.

Member employee contributions are recorded as revenues when withheld or when paid directly by the member employee.

Employer contributions are computed as a percentage of covered payroll. These revenues are recorded based upon covered payroll.

**2. Deposits and Investments**

**Deposits**

Minn. Stat. § 118.005 authorized the Association to deposit its cash in financial institutions designated by the Board of Trustees. At June 30, 1990 and 1989, the Association had bank deposits of \$56,746 and \$374,733 respectively, all of which were insured or collateralized with securities held by the Association or its agent in the Association's name.

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
ST. PAUL, MINNESOTA

2. Deposits and Investments (Continued)

Investments

The Association's investments are categorized to give an indication of the level of credit risk assumed by the fund at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Association or its agent in the Association's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Association's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Association's name. This risk categorization does not reflect market risk.

Minn. Stat. § 11A.24 authorizes the types of securities available to the Association for investment. Following are the carrying amounts and market values of the Association's investments at June 30, 1990, and the level of credit risk for these investments.

	<u>Risk Category</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Commercial paper	2	\$ 60,361,850	\$ 60,361,850
Bankers acceptance	2	994,340	994,340
United States Government Securities	1	43,864,264	45,859,812
Corporate bonds	1	81,812,535	84,052,239
Corporate bonds	2	1,993,463	2,428,037
Common stocks	1	64,196,980	79,192,457
Real estate limited partnerships	1	728,800	736,161
Participation loan receivable	1	186,616	186,616
<b>Total</b>		<b>\$254,138,848</b>	<b>\$273,811,512</b>
 Add			
Collective Trust Fund		31,479,852	31,647,276
Mutual Fund		197,665	197,665
 <b>Total Investments</b>		<b>\$285,816,365</b>	<b>\$305,656,453</b>

The investments of St. Paul Teachers' Retirement Fund Association are governed primarily by an investment authority known as the "prudent person rule." The prudent person rule, as set forth in Minn. Stat. § 356A.04, subd. 2, establishes a standard for all fiduciaries, which includes anyone that has authority with respect to the system.



ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
ST. PAUL, MINNESOTA

3. Description of Plans

The following brief description of the plans is provided for general information purposes only. Participants should refer to the plan agreements for more complete information.

The plans are not subject to the provisions of the Employee Retirement Income Security Act of 1974.

General

The St. Paul Teachers' Retirement Fund Association was created to provide retirement and other specified benefits for its members. The Association maintains two defined benefit pension plans covering all teachers in the St. Paul Public School System. The basic plan provides all retirement benefits for its members, while the coordinated plan combines benefits from the plan with Social Security.

Membership

At June 30, 1990, the St. Paul Teachers' Retirement Fund Association's membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	\$ 1,306
Current employees (including members on leave)	
Vested	\$ 2,489
Nonvested	983
Total	\$ 3,472

Pension Benefits

Members who satisfy required length of service and minimum age requirements are entitled to annual pension benefits equal to a certain percentage of final average salary (as defined in each plan) multiplied by the number of years of accredited service.

Disability Benefits

Active members who become totally and permanently disabled and satisfy required length of service requirements are entitled to receive annual disability benefits as calculated under each plan.

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
ST. PAUL, MINNESOTA

3. Description of Plans (Continued)

Other Benefits

Limited service pensions, deferred pensions, survivor benefits and family benefits are available to qualifying members and their survivors.

Bonus Payments

The plans provide a bonus payment plan for all annuitants who have been receiving benefits for at least three years. The amount of the bonus is equal to up to one percent of the asset value of the fund at the end of the previous fiscal year and is payable in each year that the fund earns a return on its assets of at least six percent. The amount of the bonus is determined by the board of trustees subject to the one percent maximum. Each annuitant receiving benefits for more than three years receives a bonus payment based upon a combination of years of service and years in which benefit payments have been received by the eligible person. Bonus payments totaling \$2,861,335 and \$2,485,795 were accrued for the years ended June 30, 1990 and 1989, respectively.

4. Funding Status and Progress

- The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the Association's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employees retirement systems. The measure is independent of the actuarial funding method used to determine contributions.

Credited projected benefits are those future periodic payments, including lump-sum distributions, that are attributable under the plans' provisions to the service employees have rendered. Credited projected benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. The credited projected benefits for active employees are based on their age, service, and earnings up to the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances--retirement, death, disability--are included, to the extent that they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of credited projected benefits is determined by an actuary, using the entry age normal cost method, and is that amount that results from applying actuarial assumptions to adjust the credited projected benefits to reflect the time value of money (through discounts for interest)



ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
ST. PAUL, MINNESOTA

4. Funding Status and Progress (Continued)

and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. Significant actuarial assumptions used at June 30, 1990, include (a) a rate of return on the investment of present and future assets of 8.5 percent per year, (b) projected salary increases of 6.5 percent per year.

The retirement age assumption for the Basic Plan was reduced from the greater of age 62 or age 60 and 25 years of service to the greater of age 61 or age 60 and 25 years of service. The effect of this change was recognized in the actuarial valuation used at June 30, 1990, as follows:

	Impact Due to Changes in Actuarial Assumptions
Actuarial accrued liability	\$ (3,971,000)
Pension benefit obligation	(2,537,000)
Normal cost	(.08%)
Supplemental contribution	(.16%)
Required contribution	(.24%)

There were also several changes in actuarial assumptions in 1989 that were recognized in the actuarial valuation used at June 30, 1989. The net effect of the changes in actuarial assumptions was a decrease in the pension benefit obligation at June 30, 1989, of \$9,409,000.

Total unfunded pension benefit obligation of the Association as of June 30, 1990 and 1989, is shown below.

	1990			
	Old Assumptions	New Assumptions	Change	1989
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$155,935,000	\$155,935,000	\$ -	\$142,213,000
Current Employees				
Accumulated employee contributions including allocated investment income	102,297,000*	102,297,000*	-	94,854,000*
Employer-financed vested	152,415,000	151,639,000	(776,000)	141,030,000
Employer-financed nonvested	28,846,000	27,085,000	(1,761,000)	27,557,000
Total Pension Benefit Obligation	<u>\$439,493,000</u>	<u>\$436,956,000</u>	<u>\$(2,537,000)</u>	<u>\$405,654,000</u>
Net assets available for benefits (market value of \$307,172,476 and \$279,404,675 1990 and 1989, respectively)		<u>287,332,388</u>		<u>249,935,431</u>
Unfunded Pension Benefit Obligation		<u>\$149,623,612</u>		<u>\$155,718,569</u>

\* Estimated



ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
ST. PAUL, MINNESOTA

4. Funding Status and Progress (Continued)

The measurement of the pension benefit obligation is based on actuarial valuations as of June 30, 1990 and 1989. Net assets available to pay pension benefits were valued as of the same date.

5. Contributions Required and Made

Under the basic program, member employees contributed eight percent of their salaries during the years ended June 30, 1990 and 1989. Employer contributions are paid in an amount provided for by statute, which was 12.63 percent for the years ended June 30, 1990 and 1989.

Effective July 1, 1978, the Association established, pursuant to Minnesota statutes, a coordinated retirement program for all new teachers qualifying for membership and any present members who wished to coordinate with Social Security. Participants contributed 4.5 percent of their salaries to the coordinated plan for the years ended June 30, 1990 and 1989. Employer contributions of 4.5 percent under this program were also paid for the years then ended.

Contributions to the Fund for the years ended June 30, 1990 and 1989, were:

	1990	1989
Employer	\$ 9,787,509	\$ 9,205,036
Employee	7,123,140	6,625,244
<b>Total</b>	<b>\$ 16,910,649</b>	<b>\$ 15,830,280</b>

Using the above actuarial assumptions prescribed by state statutes as of June 30, 1990, the consulting actuary has calculated the required contribution rate to be:

	Percentage of Covered Payroll		
	Basic Plan	Coordinated Plan	Combined
Employee contribution	8.00%	4.50%	6.50%
Employer contribution	12.63%	4.50%	9.14%
<b>Total contribution</b>	<b>20.63%</b>	<b>9.00%</b>	<b>15.64%</b>
<b>Normal cost</b>	<b>13.73%</b>	<b>8.30%</b>	<b>11.40%</b>
Amortization of unfunded actuarial accrued liability			6.94%
Allowance for expenses			0.52%
<b>Total required contributions</b>			<b>18.86%</b>
<b>Contribution sufficiency (deficiency)</b>			<b>(3.22)%</b>

**ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION  
ST. PAUL, MINNESOTA**

**5. Contributions Required and Made (Continued)**

The actuarial present value of credited projected benefits is in excess of the net assets available for plan benefits by approximately \$149,623,612 and \$155,718,569 at June 30, 1990 and 1989, respectively.

There were several changes in benefits in 1989 that were recognized in the actuarial valuation used at June 30, 1989. The impact of the changes in plan benefits on the pension benefit obligation at June 30, 1989, was a net increase of \$30,034,000. There were no changes in benefits reflected in the actuarial valuation at June 30, 1990.

**6. Historical Trend Information**

Historical trend information related to the pension is presented here. The information is presented to enable the reader to assess the progress made by the St. Paul Teachers' Retirement Fund Association in accumulating sufficient assets to pay pension benefits as they become due.

Ten-year historical trend information is required by Governmental Accounting Standards Board (GASB) Statement No. 5. The pension benefit obligation based on the standardized measure required by GASB Statement No. 5 was not calculated by the actuary for years prior to 1987; therefore, only four years of the required supplementary disclosures are presented below. This information is intended to help users assess the Association's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other associations.

**Analysis of Funding Progress (in millions)**

<u>Fiscal Year*</u>	<u>Net Assets Available for Benefits</u>	<u>Pension Benefit Obligation</u>	<u>Percentage Funded</u>	<u>Unfunded Actuarial Credited Pension Benefit Obligation</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Credited Pension Benefit Obligation as a Percentage of Covered Payroll</u>
1987	208.1	340.6	61.1%	132.5	88.7	149.4%
1988	228.4	360.5	63.4	132.1	91.2	144.8
1989	249.9	405.6	61.6	155.7	95.4	163.2
1990	287.3	436.9	65.8	149.6	102.3	146.2

\* Year ended June 30.

Analysis of the dollar value of net assets available for benefits, pension benefits obligation, and unfunded actuarial credited pension benefit obligation in isolation can be misleading. Expressing net assets as a percentage of the pension benefit obligation provides one indication of the Association's funding status on a going-concern basis. Analysis of this



**ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION**  
ST. PAUL, MINNESOTA

**6. Historical Trend Information (Continued)**

percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater the percentage, the stronger the Association. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing unfunded actuarial credited pension benefit obligation as a percentage of annual covered payroll approximately adjusts the effects of inflation and aids analysis of the Association's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Association.

Fiscal Year	Revenues by Source			
	Employee Contributions	Contributions	Investment Income	Total
1981 (a)	\$ 4,503,691	\$ 6,763,210	\$ 10,343,521	\$ 21,610,422
1982 (a)	4,823,200	7,256,112	9,603,909	21,683,221
1983 (a)	5,690,593	5,990,211	12,122,545	23,803,349
1984 (a)	5,473,729	8,370,749	12,921,217	26,765,695
1985 (b)	3,143,531	4,563,109	7,030,030	14,736,670
1986 (b)	5,825,234	8,506,315	18,980,646	33,312,195
1987 (b)	6,234,314	8,478,763	37,480,797	52,193,874
1988 (b)	6,314,269	8,866,122	20,892,151	36,072,542
1989 (b)	6,625,244	9,205,036	22,176,521	38,006,801
1990 (b)	7,123,140	9,787,509	39,039,791	55,950,440

Fiscal Year	Expenses by Type			
	Benefits	Administrative Expenses	Refunds	Total
1981 (a)	\$ 7,136,188	\$ 194,615	\$ 524,933	\$ 7,855,736
1982 (a)	7,787,410	164,063	887,293	8,838,766
1983 (a)	8,627,791	185,042	377,524	9,190,357
1984 (a)	9,523,821	182,908	1,329,843	11,036,572
1985 (b)	5,576,454	104,495	405,370	6,086,319
1986 (b)	11,494,373	208,133	375,930	12,078,436
1987 (b)	13,211,859	250,780	360,659	13,823,298
1988 (b)	14,866,181	273,852	655,392	15,795,425
1989 (b)	15,908,135	315,157	251,638	16,474,930
1990 (b)	17,764,567	315,030	480,503	18,560,100

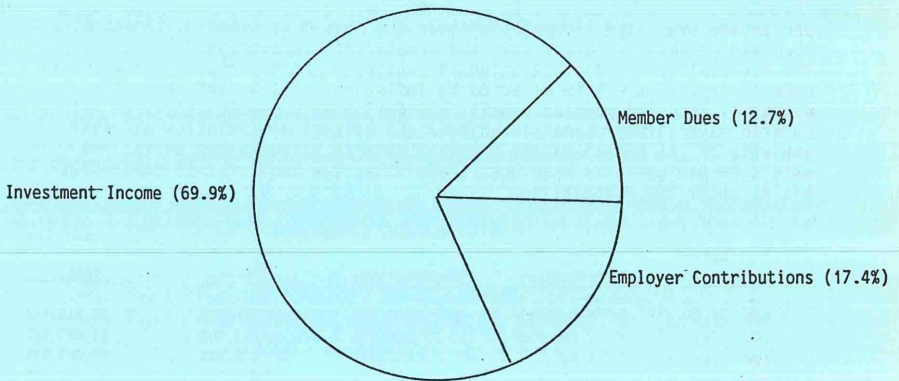
(a) Information presented is for the fiscal years ended December 31.

(b) Information presented is for the six months ended June 30, 1985, and fiscal years ended June 30 thereafter.

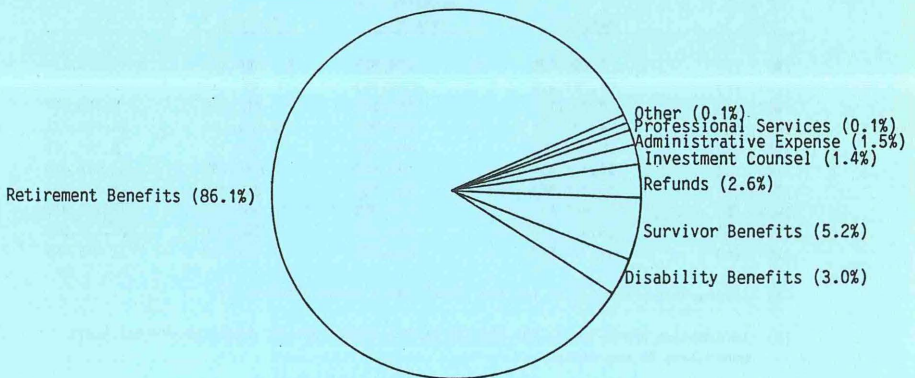


## 1990 REVENUE AND EXPENDITURES

### Revenue by Source



### Expenditures of Type



Graphs prepared by SPTRFA

THE *Wyatt* COMPANY

ACTUARIAL SERVICES  
PENSION PROGRAMS  
ADMINISTRATIVE SYSTEMS  
INTERNATIONAL SERVICES  
ORGANIZATION SURVEYS

15TH FLOOR  
8400 NORMANDALE LAKE BOULEVARD  
MINNEAPOLIS, MINNESOTA 55437

(612) 921-8700

EMPLOYEE BENEFITS  
EMPLOYEE COMMUNICATIONS  
RISK MANAGEMENT  
INSURANCE CONSULTING  
HEALTH CARE CONSULTING

November 28, 1990

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

RE: ST. PAUL TEACHERS' RETIREMENT FUND

Commission Members:

We have prepared an actuarial valuation of the Fund as of July 1, 1990 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 September 20, 1989.

Respectfully submitted,

THE WYATT COMPANY

Robert E. Perkins  
Robert E. Perkins, FSA  
Consulting Actuary

Michael C. Gunvalson  
Michael C. Gunvalson, FSA  
Actuary

OFFICES IN PRINCIPAL CITIES AROUND THE WORLD

# ST. PAUL TEACHERS' RETIREMENT FUND

## REPORT HIGHLIGHTS (DOLLARS IN THOUSANDS)

	07/01/89 <u>VALUATION</u>	07/01/90 <u>VALUATION</u>
<b>A. CONTRIBUTIONS (TABLE 11)</b>		
1. Statutory Contributions - Chapter 354A % of Payroll	15.98%	15.64%
2. Required Contributions - Chapter 356 % of Payroll	19.75%	18.86%
3. Sufficiency (Deficiency) (A1-A2)	-3.77%	-3.22%
<b>B. FUNDING RATIOS</b>		
1. Accrued Benefit Funding Ratio		
a. Current Assets (Table 1)	\$260,402	\$296,819
b. Current Benefit Obligations (Table 8)	\$405,654	\$436,956
c. Funding Ratio (a/b)	64.19%	67.93%
2. Accrued Liability Funding Ratio		
a. Current Assets (Table 1)	\$260,402	\$296,819
b. Actuarial Accrued Liability (Table 9)	\$434,587	\$466,137
c. Funding Ratio (a/b)	59.92%	63.68%
3. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets	\$460,041	\$501,700
b. Current and Expected Future Benefit Obligations	\$547,666	\$580,264
c. Funding Ratio (a/b)	84.00%	86.46%
<b>C. PLAN PARTICIPANTS</b>		
1. Active Members		
a. Number (Table 3)	3,312	3,343
b. Projected Annual Earnings	\$102,290	\$109,881
c. Average Annual Earnings (Actual \$)	\$30,885	\$32,869
d. Average Age	43.0	43.3
e. Average Service	11.1	11.3
f. Additional Members on Leave of Absence	124	129
2. Others		
a. Service Retirements (Table 4)	1,080	1,111
b. Disability Retirements (Table 5)	30	30
c. Survivors (Table 6)	126	129
d. Deferred Retirements (Table 7)	36	36
e. Terminated Other Non-vested (Table 7)	1,186	888
f. Total	2,458	2,194



TABLE 1

## ST. PAUL TEACHERS' RETIREMENT FUND

ACCOUNTING BALANCE SHEET  
(DOLLARS IN THOUSANDS)

July 1, 1990

	MARKET VALUE	COST VALUE
A. ASSETS		
1. Cash, Equivalents, Short-Term Securities	\$60,911	\$60,911
2. Investments		
a. Fixed Income	149,030	144,628
b. Equity	95,079	79,602
c. Real Estate	729	729
3. Equity in Minnesota Post-Retirement Investment Fund (MPRIF)	0	0
4. Other	6,347	6,347
	-----	-----
B. TOTAL ASSETS	\$312,096	\$292,217
	=====	=====
C. AMOUNTS CURRENTLY PAYABLE	\$2,024	\$2,024
D. ASSETS AVAILABLE FOR BENEFITS		
1. Member Reserves	\$63,990	\$63,990
2. Employer Reserves	246,082	226,203
3. MPRIF Reserves	0	0
4. Non-MPRIF Reserves	0	0
	-----	-----
5. Total Assets Available for Benefits	\$310,072	\$290,193
	-----	-----
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	\$312,096	\$292,217
	=====	=====
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS		
1. Cost Value of Assets Available for Benefits (D5)		\$290,193
2. Market Value (D5)	\$310,072	
3. Cost Value (D5)	290,193	
	-----	
4. Market Over Cost (F2-F3)	\$19,879	
5. 1/3 of Market Over Cost (F4)/3		6,626
		-----
6. Actuarial Value of Assets (F1+F5) (Same as "Current Assets")		\$296,819
		=====

**ST. PAUL TEACHERS' RETIREMENT FUND**  
**CHANGES IN ASSETS AVAILABLE FOR BENEFITS**  
**(DOLLARS IN THOUSANDS)**

TABLE 2

YEAR ENDING JUNE 30, 1990

	<u>MARKET VALUE</u>	<u>COST VALUE</u>
A. ASSETS AVAILABLE AT BEGINNING OF YEAR	\$276,364	\$252,421
 B. OPERATING REVENUES		
1. Member Contributions	\$7,123	\$7,123
2. Employer Contributions	9,788	9,788
3. Investment Income	20,218	20,218
4. MPRIF Income	0	0
5. Net Realized Gain (Loss)	19,078	19,078
6. Other	0	0
7. Net Change in Unrealized Gain (Loss)	(4,064)	0
	-----	-----
8. Total Revenue	\$52,143	\$56,207
	-----	-----
 C. OPERATING EXPENSES		
1. Service Retirements	\$15,888	\$15,888
2. Disability Benefits	550	550
3. Survivor Benefits	944	944
4. Refunds	481	481
5. Expenses	572	572
6. Other	0	0
	-----	-----
7. Total Disbursements	\$18,435	\$18,435
	-----	-----
 D. CHANGES IN RESERVES	0	0
 E. ASSETS AVAILABLE AT END OF YEAR	\$310,072	\$290,193
	=====	=====

## ST. PAUL TEACHERS' RETIREMENT FUND

TABLE 7

## RECONCILIATION OF MEMBERS

	<u>ACTIVES*</u>	<u>TERMINATED</u>	
		<u>DEFERRED RETIREMENT</u>	<u>OTHER NON-VESTED</u>
A. On June 30, 1989	3,436	36	1,186
B. Additions	477	22	290
C. Deletions:			
1. Service Retirement	(53)	(8)	0
2. Disability	(1)	(1)	0
3. Death	(6)	0	0
4. Terminated-Deferred	(22)	-	0
5. Terminated-Refund	(69)	(3)	(443)
6. Terminated-Other Non-vested	(269)	(1)	-
7. Returned as Active		0	(17)
D. Data Adjustments	(21)	(9)	(128)
	Vested 2,489		
	Non-Vested 983		
E. Total on June 30, 1990	3,472	36	888

	<u>RETIREMENT ANNUITANTS</u>	<u>RECIPIENTS</u>	
		<u>DISABLED</u>	<u>SURVIVORS</u>
A. On June 30, 1989	1,080	30	126
B. Additions	65	2	8
C. Deletions:			
1. Service Retirement		0	
2. Death	(32)	(3)	(5)
3. Annuity Expired	0	0	(1)
4. Returned as Active	0	0	
D. Data Adjustments	(2)	1	1
E. Total on June 30, 1990	1,111	30	129

\* Includes members on leave.



## ST. PAUL TEACHERS' RETIREMENT FUND

TABLE 8

ACTUARIAL BALANCE SHEET  
(DOLLARS IN THOUSANDS)

JULY 1, 1990

A. CURRENT ASSETS (TABLE 1, F6)			\$296,819
B. EXPECTED FUTURE ASSETS			
1. Present Value of Expected Future Statutory Supplemental Contributions			90,754
2. Present Value of Future Normal Costs			114,127
3. Total Expected Future Assets			204,881
C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS			\$501,700
			=====
D. CURRENT BENEFIT OBLIGATIONS	<u>Non-Vested</u>	<u>Vested</u>	<u>Total</u>
1. Benefit Recipients			
a. Retirement Annuities		\$138,644	\$138,644
b. Disability Benefits		6,345	6,345
c. Surviving Spouse and Child Benefits		8,826	8,826
2. Deferred Retirements with Future Augmentation		1,556	1,556
3. Former Members without Vested Rights		564	564
4. Active Members			
a. Retirement Annuities	700	224,092	224,792
b. Disability Benefits	18,781	0	18,781
c. Survivors' Benefits	7,327	0	7,327
d. Deferred Retirements	277	26,934	27,211
e. Refund Liability Due to Death or Withdrawal	0	2,910	2,910
5. Total Current Benefit Obligations	\$27,085	\$409,871	\$436,956
E. EXPECTED FUTURE BENEFIT OBLIGATIONS			\$143,308
F. TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS			\$580,264
			=====
G. CURRENT UNFUNDED ACTUARIAL LIABILITY (D5-A)			\$140,137
H. CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY (F-C)			\$78,564

TABLE 9

## ST. PAUL TEACHERS' RETIREMENT FUND

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

JULY 1, 1990

	ACTUARIAL PRESENT VALUE OF PROJECTED BENEFITS (1)	ACTUARIAL PRESENT VALUE OF FUTURE NORMAL COSTS (2)	ACTUARIAL ACCRUED LIABILITY (3)=(1)-(2)
<b>A. DETERMINATION OF ACTUARIAL ACCRUED LIABILITY (AAL)</b>			
1. Active Members			
a. Retirement Annuities	\$345,352	\$72,585	\$272,767
b. Disability Benefits	26,833	10,514	16,319
c. Survivors Benefits	10,061	3,410	6,651
d. Deferred Retirements	37,676	20,397	17,279
e. Refunds Due to Death or Withdrawal	4,407	7,221	(2,814)
	-----	-----	-----
f. Total	\$424,329	\$114,127	\$310,202
	-----	-----	-----
2. Deferred Retirements with Future Augmentation	\$1,556		\$1,556
3. Former Members Without Vested Rights	564		564
4. Annuitants in MPRIF	0		0
5. Recipients Not in MPRIF	153,815		153,815
	-----	-----	-----
6. Total	\$580,264	\$114,127	\$466,137
	=====	=====	=====
<b>B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)</b>			
1. AAL (A6)			\$466,137
2. Current Assets (Table 1,F6)			296,819
			-----
3. UAAL (B1-B2)			\$169,318
			=====
<b>C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE</b>			
1. Present Value of Future Payrolls through the Amortization Date of July 1, 2020			\$2,439,619
2. Supplemental Contribution Rate (B3/C1)			6.94%

TABLE 10

**ST. PAUL TEACHERS' RETIREMENT FUND**  
**CHANGES IN UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)**  
**(DOLLARS IN THOUSANDS)**

**YEAR ENDING JUNE 30, 1990**

A. UAAL AT BEGINNING OF YEAR	\$174,185
B. CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING	
1. Normal Cost and Expenses	\$13,244
2. Contribution	(16,911)
3. Interest on A, B1, and B2	14,650
4. Total (B1+B2+B3)	----- \$10,983 -----
C. EXPECTED UAAL AT END OF YEAR (A+B4)	\$185,168
D. INCREASE (DECREASE) DUE TO ACTUARIAL LOSSES (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED	
1. Salary Increases	(\$630)
2. Investment Return	(15,872)
3. MPRIF Mortality	0
4. Mortality of Other Benefit Recipients	2,108
5. Other Items	2,515
6. Total	----- (\$11,879) -----
E. UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS (C+D6)	\$173,289
F. CHANGE IN ACTUARIAL ACCRUED LIABILITY DUE TO PLAN AMENDMENTS	\$0
G. CHANGE IN ACTUARIAL ACCRUED LIABILITY DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS	(\$3,971)
H. UAAL AT END OF YEAR (E+F+G)	----- \$169,318 =====



**ST. PAUL TEACHERS' RETIREMENT FUND**  
**DETERMINATION OF CONTRIBUTION SUFFICIENCY**  
**(DOLLARS IN THOUSANDS)**

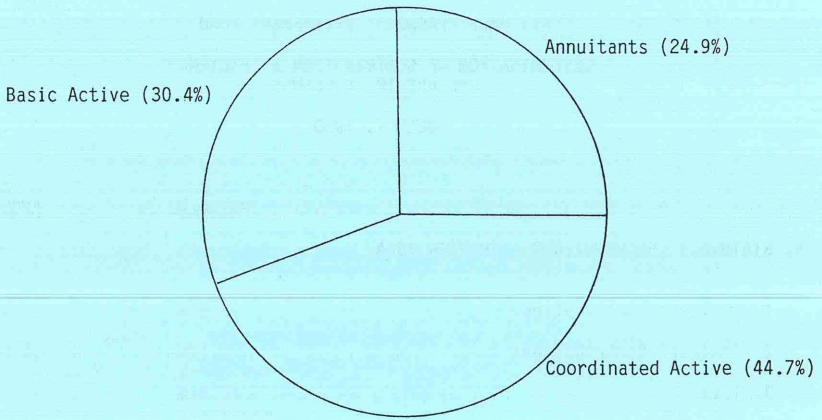
TABLE 11

JULY 1, 1990

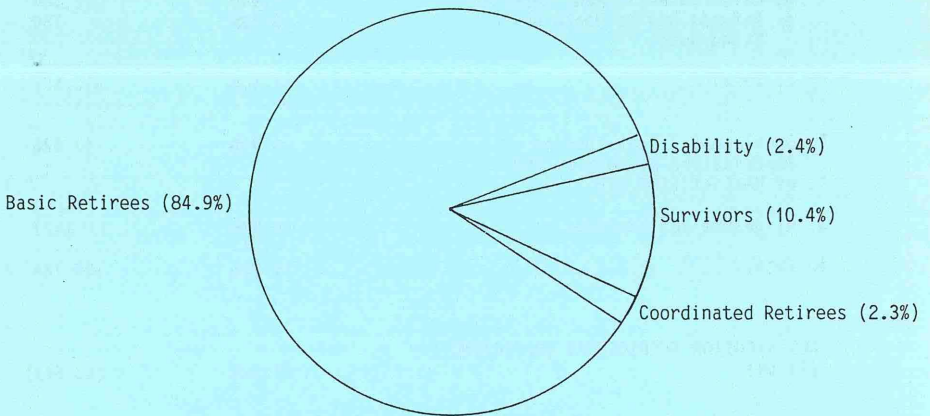
	<u>% OF</u> <u>PAYROLL</u>	<u>\$</u> <u>AMOUNT</u>
<b>A. STATUTORY CONTRIBUTIONS - CHAPTER 354A</b>		
1. Employee Contributions	6.50%	\$7,139
2. Employer Contributions	9.14%	10,042
3. Total	----- 15.64% =====	----- \$17,181 =====
<b>B. REQUIRED CONTRIBUTIONS - CHAPTER 356</b>		
1. Normal Cost		
a. Retirement Benefits	7.23%	\$7,941
b. Disability Benefits	1.11%	1,218
c. Survivors	0.37%	412
d. Deferred Retirement Benefits	1.99%	2,187
e. Refunds Due to Death or Withdrawal	0.70%	769
f. Total	----- 11.40% -----	----- \$12,527 -----
2. Supplemental Contribution Amortization by July 1, 2020 of UAAL of \$169,318	6.94%	\$7,626
3. Allowance for Expenses	0.52%	\$571
4. Total	----- 18.86%	----- \$20,724
<b>C. CONTRIBUTION SUFFICIENCY (DEFICIENCY)</b> (A3-B4)	-3.22%	(\$3,543)

Note: Projected Annual Payroll for Fiscal Year Beginning  
on July 1, 1990 is \$109,881

SPTRFA Current Membership



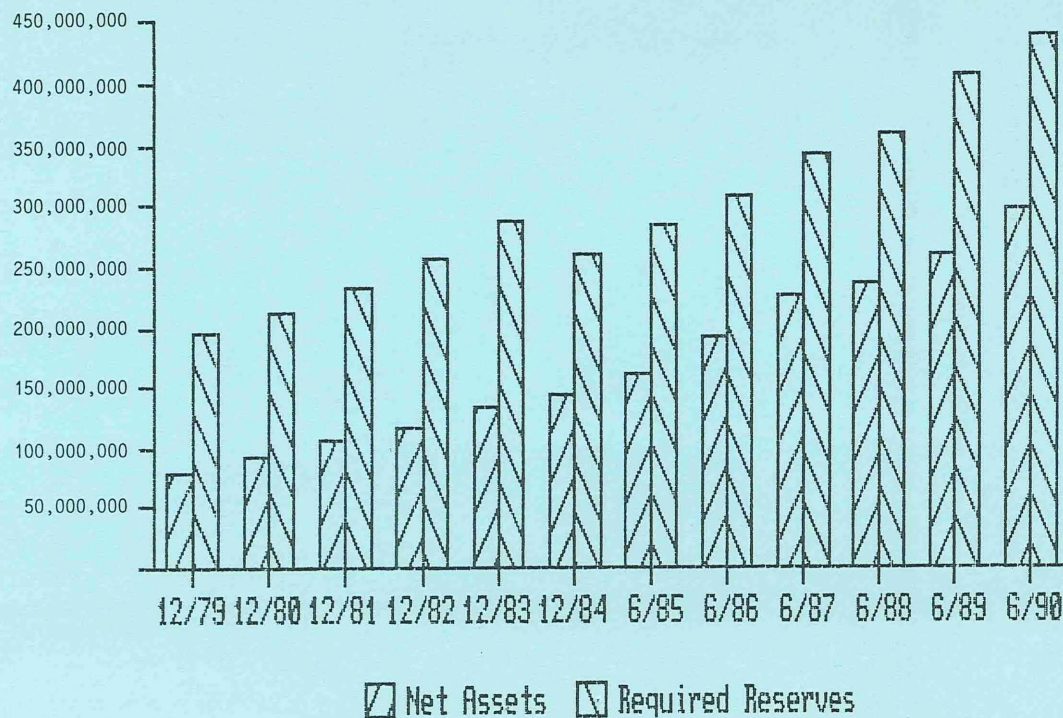
Benefit Recipients



Graphs prepared by SPTRFA



# Summary of Net Assets, Required Reserves



FINANCIAL SECTION

THE FOLLOWING UNAUDITED REPORTS

WERE PREPARED BY

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION

# ST PAUL TEACHERS' RETIREMENT FUND ASSOCIATION

## Statement of Revenues and Expenditures For the Period July 1, 1989 through June 30, 1990

### REVENUES

Employer Contributions			
ISD #625	-Basic	\$ 7,723,435.74	
	-Coordinated	<u>2,064,073.36</u>	
			\$ 9,787,509.10
Member Contributions			
Current Dues	-Basic	4,910,441.98	
	-Coordinated	2,073,527.86	
Repayment of Refunded Dues		120,949.36	
Extended Leave		<u>18,220.57</u>	
			\$ 7,123,139.77
Investment Income			
Interest		17,324,941.66	
Dividends		2,783,271.03	
Rents - BKX		107,064.57	
Gain on Sale of Bonds		289,785.26	
Loss on Sale of Bonds		-119,610.17	
Gain on Redemption of Bonds		124,074.29	
Gain on Sale of Stock		22,772,859.57	
Loss on Sale of Stock		-3,989,101.50	
Securities Lending		<u>3,198.45</u>	
			<u>\$39,296,483.16</u>
TOTAL REVENUES			\$56,207,132.03

### EXPENDITURES

Benefits Paid			
Pensions		12,841,531.89	
Reversionary Pensions		9,540.24	
Survivor Benefits		919,047.08	
Family Benefits		25,238.94	
Disability Benefits		549,882.91	
Bonus Checks		2,479,178.40	
Supplemental Bonus Checks		<u>557,991.13</u>	
			\$17,382,410.59
Refund of Dues			
Basic Refunds		166,952.06	
Coordinated Refunds		238,700.95	
Death in Active Service		27,817.00	
Transfer to MSRS Unclassified Plan		<u>47,032.87</u>	
			\$ 480,502.88



**EXPENDITURES** - Continued

Operating Expenses		
Administrative Expenses		\$ 2,313.78
Bank Service Charges		5,729.51
Data Processing Expense		4,152.50
Delegate Expense		9,990.13
Depreciation		6,264.47
Dues - Affiliations		575.00
Employee Compensation -		
Salaries	187,643.93	
Retirement - Employer Contribution	17,743.28	
Medical Insurance	11,646.72	
Life Insurance	<u>212.55</u>	
		\$ 217,246.48
Insurance		
Fire, Theft, Liability	485.36	
Surety Bond	117.82	
Workers Compensation	<u>428.88</u>	
		\$ 1,032.06
Investment Services		256,691.86
Office Equipment		8,676.00
Office Expenses		6,575.22
Office Rent & Utilities		19,757.01
Postage		7,661.40
Printing		3,821.12
Professional Services -		
Auditing Expense	7,875.00	
Legal Expense	<u>6,202.60</u>	
		\$ 14,077.60
Taxes - Social Security / Unemployment		13,386.14
Telephone		<u>2,447.67</u>
TOTAL EXPENDITURES		\$18,443,311.42
NET REVENUES OVER EXPENDITURES		<u>\$37,763,820.61</u>
(To be applied to reserves)		



Capital Supervisors, Inc. / 20 North Clark Street, Suite 700, Chicago, Illinois 60602 / Phone (312) 236-8271

A. Lee Thurow  
Chairman of the Board

October 9, 1990

Mr. Eugene R. Waschbusch  
Secretary - Treasurer  
St. Paul Teachers' Ret. Fund Assn.  
1619 Dayton Avenue, Room 309  
St. Paul, MN 55104

Dear Mr. Waschbusch:

The good news is that in spite of being more cautious and maintaining a defensive portfolio this last fiscal year ended 6/30/90, your portfolio under our supervision experienced a very satisfactory return of 11.5%. These results maintain the better than 10% average annual returns that your portfolio has obtained since we started working together in 1976.

Comparative numbers by your outside consultant for this period show the median balanced fund increasing 9.5%. Your common stocks increased 16.4%, the same as the S & P 500, while your bonds advanced 8% compared to 6.2% for the Shearson/Lehman Govt./Corp. bond index. Your above-average buying reserves and below-average common stock exposure has helped us get off to a good relative start in the current fiscal year.

Our weightings of your portfolio confirm our ongoing concern for preservation of principal as our first goal. We see little reason to turn aggressive at this point and suspect that when the fiscal year is over, we will be talking about relative return rather than large absolute gains. We also continue to overweight fixed income investments both because of their lower volatility and our expectation that they will experience above-average returns in the next few years as interest returns to more historical levels. The quality of your holdings, particularly bonds, remain very high, also reducing risk.

Finally, we want to acknowledge our appreciation of the opportunity to work for and with you.

Sincerely,

Lee Thurow

/cmn

cc: Board Members



## ASSET LISTING

### Corporate Bond Holdings as of June 30, 1990

<u>Description</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Par</u>	<u>Cost</u>	<u>Market</u>
American General Finance	8.875	11/01/92	\$ 400,000.00	\$ 399,840.00	\$ 399,312.00
American General Notes	9.500	12/15/94	2,000,000.00	1,995,000.00	1,994,780.00
American Tel. & Tel.	6.000	08/01/00	500,000.00	323,873.00	401,250.00
American Tel. & Tel.	7.750	01/15/97	1,400,000.00	1,118,496.00	1,332,114.00
Amerifirst Capital Corp.	8.500	10/01/97	487,446.55	483,638.38	485,302.00
Associates Corp.	8.550	07/15/09	2,000,000.00	1,989,780.00	1,935,000.00
Atlantic Richfield Corp.	8.625	04/01/00	500,000.00	466,645.00	492,010.00
Bank of NY Euro Time Deposit	8.470	07/19/90	350,000.00	350,000.00	350,000.00
Burlington Northern Equip.	11.625	01/15/91	1,000,000.00	1,000,000.00	1,015,250.00
Canadian Govt Series H (CAD)	8.750	12/15/91	1,200,000.00	978,382.98	1,135,224.00
CBS Inc.	10.875	08/01/95	2,000,000.00	2,188,420.00	2,076,920.00
Chemical Bank Grantor	9.125	09/15/94	346,798.94	345,823.43	347,319.00
Conrail Corp.	11.000	01/01/99	644,870.48	644,870.48	730,950.00
Consolidated Edison of N.Y.	8.900	01/15/00	250,000.00	237,142.50	245,628.00
Continental Pipeline Co.	7.500	05/01/94	39,000.00	39,000.00	37,712.00
DCS Capital Corp.	12.375	10/15/96	2,000,000.00	2,011,000.00	2,198,760.00
Eaton Corp.	8.000	08/15/06	2,000,000.00	1,851,020.00	1,892,500.00
Ford Credit (AUD)	13.375	10/04/90	500,000.00	387,991.50	492,813.00
G.T.E. Corp.	10.750	09/15/17	1,000,000.00	1,022,080.00	1,071,380.00
General Electric Capital	8.250	05/01/18	350,000.00	347,557.00	347,865.00
General Electric Credit	8.750	11/15/92	2,000,000.00	1,991,240.00	1,992,120.00
General Motors Acceptance	5.500	12/15/01	1,100,000.00	759,253.00	797,654.00
General Motors Acceptance	8.125	07/15/90	500,000.00	499,110.00	499,920.00
General Motors Corp.	7.500	08/15/93	1,000,000.00	962,730.00	958,280.00
General Motors Corp.	8.000	04/01/96	500,000.00	472,650.00	471,875.00
Hahn Issuing Corp.	8.300	10/19/90	350,000.00	335,232.92	335,233.00
Houston Light & Power	8.750	03/01/05	500,000.00	351,670.00	463,695.00
I.T.T. Financial Corp.	10.125	04/05/99	2,000,000.00	2,000,000.00	2,055,840.00
ICI North America	8.875	01/15/03	785,000.00	596,199.00	756,183.00
Illinois Bell Telephone	4.375	07/01/32	950,000.00	343,225.50	619,866.00
J.C. Penney Credit Card Trust	9.625	06/15/00	3,000,000.00	2,978,970.00	2,997,300.00
Mitsubishi Bank Ltd	10.350	10/29/90	300,000.00	302,106.00	302,286.00
Mobil Corp.	10.350	11/01/90	500,000.00	499,270.00	499,375.00
Monsanto Company	8.875	12/15/09	2,000,000.00	1,976,940.00	1,873,160.00
Norfolk & Western Equip.	8.750	02/01/04	2,000,000.00	1,941,340.00	1,938,120.00



Corporate Bond Holdings as of June 30, 1990 - Continued

<u>Description</u>	<u>Rate</u>	<u>Maturity</u>		<u>Par</u>	<u>Cost</u>	<u>Market</u>
		<u>Date</u>				
Olympic Pipeline Note	8.850	09/01/01	\$	881,350.47	\$ 679,754.25	\$ 823,445.00
Pacific Bell Tel.	11.375	08/15/24		2,000,000.00	2,277,500.00	2,175,020.00
Pacific Gas & Electric	8.250	09/01/08		1,100,000.00	906,235.00	976,712.00
Pembroke Capital Co.	11.500	08/01/05		2,000,000.00	1,921,800.00	2,299,100.00
Penin Properties Inc.	8.750	12/01/99		134,934.99	134,934.99	120,824.00
Procter & Gamble	7.000	05/15/02		1,000,000.00	886,510.00	858,340.00
Province of Ontario	7.850	05/15/01		500,000.00	332,305.00	457,310.00
Public Service Electric & Gas	8.450	09/01/06		1,250,000.00	1,101,675.00	1,146,275.00
Research Properties Inc.	8.250	11/01/99		334,422.37	335,258.43	316,417.00
San Diego Gas & Electric	8.000	09/01/01		500,000.00	528,750.00	453,690.00
Sears Credit Acct. Trust	9.000	09/15/93		2,000,000.00	1,988,125.00	1,993,560.00
Shell Oil Co.	8.000	04/15/07		1,300,000.00	1,120,301.00	1,168,583.00
So. New England Tel.	4.375	12/01/01		500,000.00	311,520.00	337,000.00
Southwestern Bell Tel.	5.875	06/01/03		1,000,000.00	417,920.00	754,830.00
Southwestern Bell Tel.	6.750	06/01/08		325,000.00	255,628.75	254,488.00
Standard Credit Card Trust	9.375	07/10/97		2,000,000.00	1,991,700.00	1,995,320.00
Trailer Train Company	11.875	07/15/96		577,649.81	577,649.81	584,362.00
Union Pacific Corp.	7.875	12/15/96		1,000,000.00	926,030.00	927,510.00
Westinghouse Elec. (AUD)	13.500	07/15/90		800,000.00	627,088.80	800,000.00
Wisconsin Natural Gas Co.	4.875	10/01/90		<u>325,000.00</u>	<u>263,188.50</u>	<u>321,913.00</u>
				\$55,981,473.61	\$51,774,371.22	\$54,307,695.00

**Government & Agency Bond Holdings as of June 30, 1990**

<u>Description</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Par</u>	<u>Cost</u>	<u>Market</u>
American Southwest Financial	8.500	08/01/09	\$ 350,000.00	\$ 340,812.50	\$ 349,892.00
Bay Houston Maritime	9.250	03/31/02	2,008,507.94	1,961,846.16	1,972,916.00
Bear Stearns CMO	9.050	12/01/18	341,895.38	339,224.32	339,981.00
C.A.T.S. - Series D	0.000	05/15/01	3,000,000.00	942,150.00	1,165,920.00
Cajun Electric Coop. Trust	8.920	03/15/19	2,000,000.00	2,020,000.00	1,912,320.00
Cajun Electric Coop. Trust	9.520	03/15/19	2,000,000.00	1,993,660.00	2,028,000.00
CIT Group Holdings	8.875	06/15/96	2,000,000.00	1,959,980.00	1,958,120.00
CMO Trust 15	5.000	12/20/16	2,000,000.00	1,465,000.00	1,601,260.00
CMO Trust 21	8.100	05/01/17	2,000,000.00	1,999,000.00	1,915,000.00
CMO Trust One-2 Class C	9.050	07/20/04	200,744.94	200,243.80	199,490.00
Community Program Trust	4.500	04/01/02	3,000,000.00	1,966,200.00	1,991,250.00
Community Program Trust	4.500	10/01/97	2,000,000.00	1,484,375.00	1,647,500.00
Conseco Mortgage CMO	9.700	10/15/15	2,000,000.00	1,903,600.00	1,918,000.00
Drexel Burnham CMO	8.550	09/20/15	2,000,000.00	1,987,500.00	1,872,620.00
Federal Home Loan Bank	9.500	12/30/98	2,000,000.00	1,982,460.00	2,073,760.00
Federal Home Loan CMO	12.000	04/01/15	95,187.48	99,472.88	101,464.00
Federal Home Loan Mortgage	8.850	03/15/08	1,080,000.00	761,350.00	1,040,515.00
Federal Home Loan Mortgage	9.400	09/15/08	867,000.00	704,157.20	860,229.00
Federal Home Loan Mortgage	9.875	03/15/09	408,000.00	384,950.95	414,630.00
Federal Home Loan Mortgage	10.000	09/15/09	2,016,000.00	2,078,370.00	2,060,735.00
Federal Home Loan Mortgage	10.250	03/15/09	2,193,000.00	2,151,777.94	2,264,952.00
Federal Home Loan Mortgage	12.450	09/15/09	921,600.00	1,018,853.73	982,942.00
Federal Investment Corp.	10.350	08/03/18	2,000,000.00	1,967,500.00	2,259,380.00
Federal Natl Mortgage Assn.	7.100	12/25/97	250,000.00	235,937.50	218,600.00
Federal Natl Mortgage Assn.	9.250	08/01/16	140,262.34	133,950.48	137,500.00
Federal Natl Mortgage Assn.	8.650	12/10/99	500,000.00	498,984.38	484,065.00
Federal Natl Mortgage Assn.	12.500	03/15/91	750,000.00	751,406.25	771,098.00
Federal Natl Mortgage Assn.	9.000	08/25/19	2,000,000.00	1,956,875.00	1,958,760.00
First Boston Mortgage Trust	9.450	08/20/08	2,000,000.00	1,938,750.00	1,990,620.00
GNMA Pool #33300	9.500	08/15/09	525,694.80	403,284.54	522,571.00
GNMA Pool #35121	9.500	10/15/09	81,886.54	63,566.57	81,400.00
GNMA Pool #37637	9.500	12/15/09	500,756.34	388,728.59	497,781.00
GNMA Pool #48044	13.750	04/15/96	29,256.31	28,757.05	33,114.00
GNMA Pool #49506	13.750	05/15/96	23,113.16	22,761.90	26,160.00
Kidder Peabody Mortgage	8.950	10/20/12	2,000,000.00	1,940,826.00	1,903,120.00
Morgan Stanley Mtg-CMO	8.050	01/20/15	2,000,000.00	1,917,500.00	1,825,000.00
Resolution Trust Co Series B	0.000	04/15/04	9,000,000.00	2,567,610.00	2,700,450.00
Rural Electric Cooperative	9.700	09/30/17	2,000,000.00	2,000,000.00	2,052,180.00
Ryland Acceptance Corp	8.500	10/01/03	343,400.03	340,832.47	340,935.00
Small Business Admin	9.050	09/01/09	1,481,780.25	1,462,576.38	1,468,814.00
Tennessee Valley Authority	8.375	10/01/99	2,000,000.00	1,993,820.00	1,940,000.00



Government & Agency Bond Holdings as of June 30, 1990 - Continued

<u>Description</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Par</u>	<u>Cost</u>	<u>Market</u>
Thrift Financial Corp CMO	8.800	05/20/13	\$ 2,000,000.00	\$1,992,000.00	\$ 1,905,000.00
U.S. Treasury Bonds	7.500	11/15/16	1,000,000.00	867,187.50	895,940.00
U.S. Treasury Bonds	8.375	08/15/00	700,000.00	696,190.50	691,033.00
U.S. Treasury Bonds	8.750	05/15/17	1,000,000.00	998,980.00	1,025,630.00
U.S. Treasury Bonds	8.875	02/15/19	1,000,000.00	1,007,500.00	1,043,440.00
U.S. Treasury Bonds	9.125	05/15/09	1,000,000.00	960,625.00	1,038,130.00
U.S. Treasury Bonds - Strip	0.000	05/15/03	4,000,000.00	969,800.00	1,341,200.00
U.S. Treasury Notes	8.000	07/15/94	2,000,000.00	1,931,250.00	1,973,760.00
U.S. Treasury Notes	8.500	05/15/97	5,000,000.00	4,859,950.00	5,001,550.00
U.S. Treasury Notes	8.625	08/15/97	2,000,000.00	1,986,800.00	2,013,120.00
U.S. Treasury Notes	8.750	09/30/92	5,000,000.00	4,946,093.75	5,045,300.00
U.S. Treasury Notes	12.375	04/15/91	1,000,000.00	1,093,750.00	1,030,630.00
U.S. Treasury Notes	13.000	11/15/90	2,000,000.00	1,915,625.00	2,033,760.00
U.S. Treasury Notes	14.625	02/15/92	1,000,000.00	998,710.00	1,098,750.00
U.S.A.T. Mortgage Securities	8.950	12/25/05	<u>1,000,000.00</u>	<u>998,010.00</u>	<u>991,560.00</u>
			\$91,808,085.51	\$76,581,123.34	\$79,011,847.00

Wells Fargo Government/Corporate Bond Indexed Fund

\$16,075,328.77

\$15,760,970.44



# Current Stock Holdings As of June 30, 1990

<u>Name</u>	<u>Shares</u>	<u>Total Cost</u>	<u>Market</u>
Air Products & Chemicals	75,000	\$ 4,089,125.00	\$ 4,237,500.00
American Tel & Tel	100,000	4,341,800.00	3,850,000.00
Baker Hughes Inc.	125,000	2,736,750.00	3,406,250.00
Bausch & Lomb Inc.	42,300	2,383,883.80	2,934,562.00
Burlington Resources Inc.	50,000	1,280,625.00	2,093,750.00
CBI Industries Inc.	100,000	3,796,100.94	4,062,500.00
Dow Chemical Stock Rights	68,246	358,838.00	733,644.00
Emerson Electric Co.	75,000	3,154,425.00	3,075,000.00
Fluor Corp.	100,000	2,785,996.00	4,475,000.00
Halliburton Company	100,000	4,705,450.00	4,812,500.00
Harris Corp.	50,000	1,753,500.00	1,718,750.00
Jostens Inc.	100,000	2,739,925.80	2,687,500.00
Kerr McGee Corp.	59,500	2,518,040.00	2,692,375.00
Mc Donalds Corp.	80,000	925,000.00	2,840,000.00
Minnesota Mining & Mfg.	25,000	833,176.53	2,165,625.00
NALCO Chemical Co.	55,000	2,717,192.50	3,114,375.00
National Medical Enterprises	100,000	3,589,528.00	3,787,500.00
Sherwin Williams	100,000	3,826,598.50	3,987,500.00
Southern Company	150,000	2,657,662.50	3,787,500.00
Texas Utilities Company	170,000	4,892,020.00	6,013,750.00
Travelers Corp.	20,000	750,269.00	595,000.00
Tyco Laboratories, Inc.	100,000	2,226,973.14	5,687,500.00
Unocal Corp.	100,000	2,253,000.00	2,712,500.00
Walgreen Company	75,000	<u>2,881,100.18</u>	<u>3,721,875.00</u>
		\$64,196,979.89	\$79,192,456.00
 Wells Fargo Indexed Stock		 \$15,404,523.33	 \$15,886,304.17

# Short Term Inventory as of June 30, 1990

	Rate	Maturity Date	Face Value	Cost
General Motors Acceptance Corp.	8.16	07-02-90	\$ 1,500,000.00	\$ 1,488,862.50
Westinghouse Credit Corp.	8.26	07-02-90	1,300,000.00	1,275,430.00
International Multifoods Corp.	8.27	07-03-90	1,500,000.00	1,491,095.00
International Multifoods Corp.	8.33	07-03-90	1,500,000.00	1,485,218.75
Sears Roebuck Acceptance Corp.	8.13	07-03-90	1,000,000.00	992,826.67
Midwest Commercial Paper LC/FBNA	8.26	07-05-90	1,350,000.00	1,339,545.00
Salomon Brothers Inc.	8.20	07-05-90	1,300,000.00	1,289,711.94
Bighorn Funding LC/Longterm Credit Bank	8.09	07-06-90	1,700,000.00	1,687,865.78
Merrill-Lynch Commercial Paper	8.16	07-09-90	2,000,000.00	1,984,250.00
Sears Roebuck Acceptance Corp.	8.25	07-09-90	2,000,000.00	1,993,606.67
Discover Credit Corp.	8.18	07-10-90	1,750,000.00	1,738,546.01
General Motors Acceptance Corp.	8.14	07-10-90	1,500,000.00	1,488,223.96
Tokai Credit Corp LC/Tokai Bank	8.18	07-11-90	1,600,000.00	1,587,729.78
Directors Mortgage LC/Sec Pacific	8.18	07-12-90	1,500,000.00	1,489,511.67
Itoh Real Estate LC/Dai-Ichi Bank	8.21	07-13-90	1,300,000.00	1,285,045.67
I.T.T. Financial Corp.	8.17	07-13-90	1,500,000.00	1,491,536.46
Bankers Acceptance - First Bank	8.20	07-16-90	1,000,000.00	994,340.28
Sanwa Business Credit Corp.	8.11	07-17-90	1,250,000.00	1,240,496.53
So Dakota Student Loan LC/Lloyds	8.24	07-17-90	1,500,000.00	1,483,700.00
Norwest Commercial Paper	8.22	07-18-90	1,300,000.00	1,289,405.00
Sears Roebuck Acceptance Corp.	8.21	07-18-90	2,000,000.00	1,986,416.67
Federal Hoffman LC/First Bank	8.26	07-19-90	1,500,000.00	1,488,383.33
Southwestern Bell Telephone	8.13	07-19-90	1,500,000.00	1,485,912.50
JELD-WEN Inc. LC/Bank of Tokyo	8.21	07-20-90	1,500,000.00	1,486,772.50
Riese Organization Inc. LC/Bank of Tokyo	8.23	07-20-90	1,500,000.00	1,489,106.67
Cargill Inc.	8.04	07-23-90	1,500,000.00	1,487,380.83
Rio Grande Resources LC/Sec Pacific	8.20	07-23-90	1,000,000.00	990,752.22
N.Z.I. Capital Corp.	8.28	07-24-90	1,000,000.00	992,465.00
DRM Funding LC/Banque Paribus	8.28	07-24-90	1,700,000.00	1,686,480.28
General Electric Credit Corp.	8.12	07-26-90	1,500,000.00	1,486,247.92
Discover Credit Corp.	8.26	07-27-90	1,400,000.00	1,391,071.11
General Motors Acceptance Corp.	8.18	07-27-90	1,500,000.00	1,485,150.00
Norwest Commercial Paper	8.18	07-30-90	2,000,000.00	1,979,300.00
Carter Hawley Hale Commercial Paper	8.23	07-31-90	1,500,000.00	1,486,077.08
Discover Credit Corp.	8.28	07-31-90	2,000,000.00	1,984,473.33
McDonnell Douglas Corp.	8.38	07-31-90	1,300,000.00	1,287,411.67
N.Z.I. Capital Corp.	8.34	08-01-90	1,600,000.00	1,586,768.00
General Electric Capital Corp.	8.19	08-01-90	1,500,000.00	1,473,837.50
Morgan Stanley Commercial Paper	8.24	08-02-90	1,700,000.00	1,686,496.80
Directors Mortgage LC/Sec Pacific	8.28	08-08-90	1,250,000.00	1,238,611.11
Westinghouse Credit Corp.	8.12	09-04-90	<u>1,400,000.00</u>	<u>1,374,894.50</u>
			\$61,200,000.00	\$60,670,956.69

First Asset Money Market	07-01-90	\$ 197,665.77
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**St. Paul Teachers' Retirement Fund Association**  
**Real Estate and Participation Loan Receivable as of June 30, 1990**

**REAL ESTATE**

	<u>Rate</u>	<u>Cost</u>	<u>Market Value</u>
Lartnec Investments Inc.	13.00	\$ 728,800.00	\$ 736,161.00

**PARTICIPATION LOAN RECEIVABLE**

	<u>Rate</u>	<u>Cost</u>	<u>Market Value</u>
Interim Construction Financing -Central Village	Adjustable	\$ 186,616.00	\$ 186,616.00

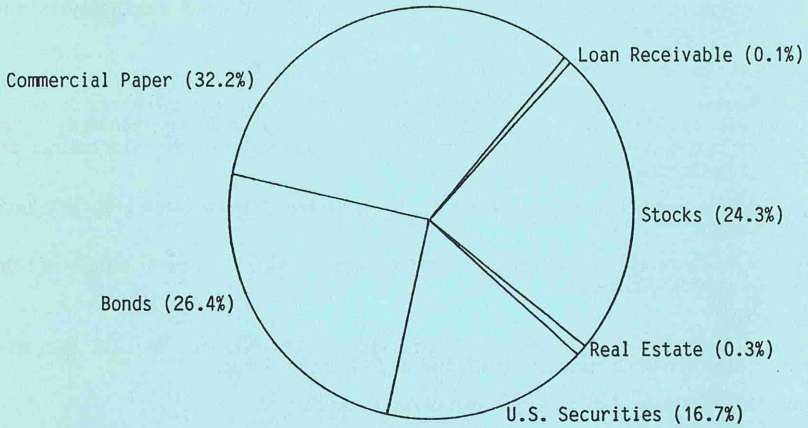
**TOTAL PORTFOLIO HOLDINGS**

	<u>Cost</u>	<u>Market Value</u>
BONDS	\$144,430,823.00	\$149,080,512.00
PARTICIPATION LOAN RECEIVABLE	\$ 186,616.00	\$ 186,616.00
REAL ESTATE	\$ 728,800.00	\$ 736,161.00
SHORT TERM INVESTMENTS	\$ 60,868,622.00	\$ 60,868,622.00
COMMON STOCK	<u>\$ 79,601,503.00</u>	<u>\$ 95,078,760.00</u>
TOTAL VALUE	\$285,816,364.00	\$305,950,671.00

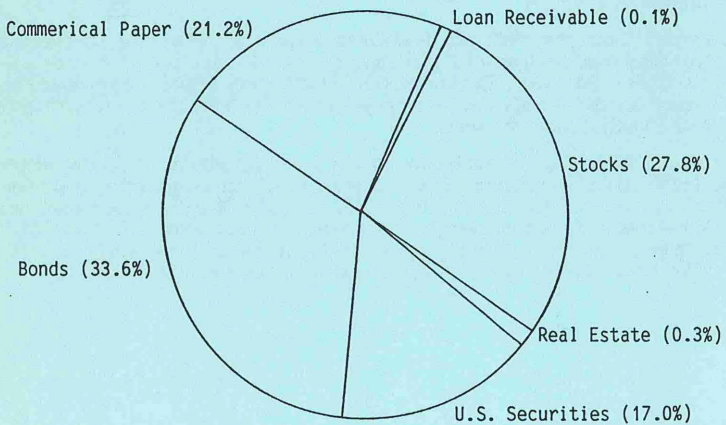


INVESTMENT CHANGES FISCAL YEAR 1990

Investments Beginning Fiscal Year 1989-90



Investment Ending Fiscal Year 1989-90



Graphs prepared by SPTRFA

## SUMMARY OF BASIC PLAN PROVISIONS

**Eligibility** - A teacher who is employed in a public school district located in the corporate limits of the City of St. Paul and who is not covered by the Social Security Act. Also includes employees of the St. Paul Teachers' Retirement Fund Association.

**Contributions** - *Member*: 8.0% of Salary. *Employer*: 12.63% of Salary.

**Allowable Service** - All periods of service for which salary deductions were made and service during sabbatical leave. After June 30, 1974, St. Paul service for part-time teachers is granted on a proportional basis of actual duty days to the agreed number of annual duty days. Years of service credited prior to May 31, 1976 shall not be recomputed.

**Salary** - Total Compensation. Excludes lump sum payments for unused vacation leave or unused sick leave at separation.

**Average Salary** - Average of the 5 highest years of Salary during the last 10 years while making contributions or while disabled.

### **RETIREMENT**

**Normal Retirement Benefit** - *Eligibility*: Age 65 and 5 years of Allowable Service. Proportionate Retirement Annuity is available at age 65 and 1 year of Allowable Service.

*Amount*: 2.5% of Average Salary for each year of Allowable Service.

**Early Retirement Benefit** - *Eligibility*: Age 55 and 5 years of Allowable Service. Age 60 and 25 years of Allowable Service. Rule of 90: Age plus Allowable Service totals 90.

*Amount*: The greater of 2% of Average Salary for each year of Allowable Service not to exceed 40 years with reduction of 0.25% for each month the Member is under age 65 (age 60 if 25 years of Allowable Service). No reduction if age plus years of Allowable Service totals 90 OR 2.5% of Average Salary for each year of Allowable Service not to exceed 40 years 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.

**Benefit Increases**: If the investment income of the fund was at least 6% of the asset value of the fund at the end of the fiscal year, the Board of Trustees may declare a bonus of up to 1% of the asset value of the fund at the end of the fiscal year. This bonus is allocated to those eligible on a prorated basis according to the combined number of years of service and years receiving a benefit. A retired Member is eligible if receiving an annuity for at least 3 years.

Members retired under laws in effect before January 1, 1970 receive an additional lump sum payment each year. In 1989, this lump sum payment was 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 will increase by the rate that is determined by the laws of Minnesota Chapter 11A.18.



## **DISABILITY**

**Disability Benefit - Eligibility:** Totally and permanently disabled before the age of 65 with 5 years of St. Paul service.

**Amount:** An annuity of 75% of the annual contract salary for the last full year of service reduced by any Social Security and Workers' Compensation benefits. Payments are recomputed as a retirement at age 65. Payments stop if disability ceases or death occurs.

**Form of Payment:** Life Annuity

**Benefit Increases:** Same as for retirement

**Retirement After Disability - Eligibility:** Age 65 with continued disability.

**Amount:** Normal Retirement Benefit based on Average Salary and Allowable Service as if Member had continued in his latest position during the period of his disability.

**Form of Payment:** Life annuity.

**Benefit Increases:** Same as for retirement

## **DEATH**

**Family Benefits - Eligibility:** Active Member with 3 years of St. Paul service.

**Amount:** Benefit of 15% of B.A. salary to spouse plus 25% of B.A. salary to each eligible child (maximum of 2). B.A. salary is the maximum salary payable to a teacher holding a B.A. degree. Children's benefits cease upon marriage or age 18 (22 if full time student)

**Survivor's Benefits - Eligibility:** Active or retired Member with 5 years of St. Paul service. A surviving spouse must have been married to the Member for 3 years at the time of the Member's death or retirement, whichever occurs first.

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

**Benefit Increases:** Same as for a retired person if payments have been made over three years. The allocation is based on the years of service of the person on whose behalf the annuity is paid and the years receiving payment.

**Refund of Contributions - Eligibility:** Death of a Member or former Member when Family Benefits and Survivor's Benefits are not payable.

**Amount:** The Excess of the Member's contributions with 5% interest if death occurred before May 16, 1989 and 6% interest if death occurred on or after May 16, 1989 (unless the Member was disabled) over total benefits paid.

## **TERMINATION**

**Refund of Contributions - Eligibility:** Termination of teaching service.

**Amount:** Member's contributions with 5% interest compounded annually if termination occurred before May 16, 1989, and 6% interest compounded annually if termination occurred on or after May 16, 1989. A deferred annuity may be elected in lieu of a refund.

**Deferred Annuity - Eligibility:** 5 years of Allowable Service.

**Amount:** Benefit computed under law in effect at termination and increased by the following annual percentage: 3% 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 COORDINATED PLAN PROVISIONS

**Eligibility** - A teacher who is employed by a public school district located in the corporate limits of the City of St. Paul and who is covered by the Social Security Act. Also includes employees of the St. Paul Teachers' Retirement Fund Association.

**Contributions** - *Member*: 4.5% of Salary. *Employer*: 4.5% of Salary.

**Allowable Service** - All periods of service for which salary deductions were made and service during sabbatical leave. After June 30, 1974, St. Paul service for part-time teachers is granted on a proportional basis of actual duty days to the agreed number of annual duty days. Years of service credited prior to May 31, 1976 shall not be recomputed.

**Salary** - Total Compensation. Excludes lump sum payments for unused vacation leave or unused sick leave at separation.

**Average Salary** - Average of the 5 highest successive years of Salary. Average Salary is based on all Allowable Service if less than 5 years.

### **RETIREMENT**

**Normal Retirement Benefit** - *Eligibility*: First hired before July 1, 1989: Age 65 and 3 years of allowable service. Proportional Retirement Annuity is available at age 65 and 1 year of Allowable Service. First hired after June 30, 1989: The greater of age 65 or the age eligible for full Social Security retirement benefits and 3 years of Allowable Service. Proportionate Retirement Annuity is available at normal retirement age and 1 year of Allowable Service.

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

**Early Retirement Benefit** - *Eligibility*: Age 55 and 3 years of Allowable Service. Any age with 30 years of Allowable Service. Rule of 90: Age plus Allowable Service totals 90.

*Amount*: First hired before July 1, 1989: The greater of 1% of Average Salary for 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 (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. Actuarially equivalent options are: Guaranteed refund, 15 year certain and life, 50% or 100% joint and survivor with bounce back feature without additional reduction (option is cancelled if Member is pre-deceased by beneficiary).

*Benefit Increases*: If the investment income of the fund was at least 6% of the asset value of the fund at the end of the fiscal year, the Board of Trustees may declare a bonus of up to 1% of the asset value of the fund at the end of the fiscal year. This bonus is allocated to those eligible on a prorated basis according to the combined number of years of service and years receiving a benefit. A retired Member is eligible if receiving an annuity for at least 3 years.

## **DISABILITY**

**Disability Benefit - Eligibility:** Total and permanent disability before normal retirement age with 3 years of Allowable Service. Also, at least 2 of the years of Allowable Service must have been uninterrupted.

**Amount:** Normal Retirement Benefit based on Allowable Service and Average Salary at disability without reduction for commencement before normal retirement age. Benefit is reduced by Workers' Compensation. Payments are recomputed as a retirement at normal retirement age. Payments stop if disability ceased or death occurs. Benefits may be reduced on resumption of partial employment.

**Form of Payment:** Same as for retirement.

**Benefit Increases:** Same as for retirement.

**Retirement After Disability - Eligibility:** Normal retirement age with continued disability.

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

**Benefit Increases:** Same as for retirement.

## **DEATH**

**Surviving Spouse Annuity - Eligibility:** Member of former Member who dies before retirement or disability benefits commence, if age 50 with 3 years of Allowable Service or any age with 30 years of Allowable Service. If the Member dies before age 55, benefits commence when Member would have been age 55.

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

**Benefit Increases:** Same as for a retired person if payments have been made over three years. The allocation is based on the years of service of the person on whose behalf the annuity is paid and the years receiving payment.

**Refund of Contributions - Eligibility:** Member of former Member dies before receiving any disability or retirement benefits and survivor benefits are not payable.

**Amount:** Member's contributions with 5% interest compounded annually if death occurred before May 16, 1989 and 6% interest compounded annually if death occurred on or after May 16, 1989.

## **TERMINATION**

**Refund of Contributions - Eligibility:** Termination of teaching service.

**Amount:** Member's contributions with 5% interest compounded annually if termination occurred before May 16, 1989, and 6% interest compounded annually if termination occurred on or after May 16, 1989. A deferred annuity may be elected in lieu of a refund.

**Deferred Benefit - Eligibility:** 3 years of Allowable Service.

**Amount:** Benefit computed under law in effect at termination and increased by the following annual percentage: 3% 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.



# RETIREMENT RECORD

YEAR	PENSIONS GRANTED	PERSONS ON PAYROLL AT END OF YEAR	BENEFITS PAID DURING YEAR
1910	15	13	\$ 4,860.00
1930-31	8	125	69,023.70
1931-32	8	130	72,961.43
1932-33	2	126	74,190.43
1933-34	6	127	74,119.87
1934-35	9	131	74,000.70
1935-36	14	135	75,864.08
1936-37	19	151	80,747.43
1937-38	17	160	89,709.13
1938-39	11	161	93,184.46
1939- Dec. 39	0	158	23,869.78
1940	71	222	170,685.43
1941	35	246	210,256.94
1942	27	266	234,217.27
1943	38	286	253,030.76
1944	34	311	282,299.18
1945	56	350	308,112.55
1946	51	378	337,511.79
1947	28	387	360,570.89
1948	42	413	375,912.29
1949	42	441	419,617.54
1950	30	461	450,641.30
1951	27	476	472,669.54
1952	28	486	508,922.59
1953	32	487	525,959.02
1954	10	482	529,428.97
1955	38	509	666,993.54
1956	46	529	750,146.33
1957	59	560	840,882.59
1958	41	579	1,019,501.72
1959	30	585	1,084,505.78

YEAR	PENSIONS GRANTED	PERSONS ON PAYROLL AT END OF YEAR	BENEFITS PAID DURING YEAR
1960	38	600	\$ 1,144,380.21
1961	39	611	1,230,715.41
1962	49	624	1,352,779.11
1963	42	647	1,467,460.56
1964	33	653	1,545,252.32
1965	40	668	1,631,554.34
1966	43	676	1,770,082.68
1967	36	682	1,862,248.99
1968	45	695	1,969,759.81
1969	53	726	2,319,185.68
1970	31	719	2,385,867.50
1971	47	731	2,522,349.85
1972	51	745	2,742,660.45
1973	36	744	3,039,252.98
1974	46	754	3,372,452.55
1975	52	778	3,765,322.19
1976	77	883	4,393,513.35
1977	63	919	5,050,507.44
1978	48	946	5,523,548.09
1979	40	946	6,240,308.59
1980	47	963	6,623,803.55
1981	47	981	7,139,037.16
1982	61	996	7,725,616.62
1983	72	1042	8,555,098.87
1984	64	1061	9,466,663.63
Jan- June 85	59	1103	5,324,727.30
June 86	66	1134	11,267,144.00
June 87	117	1191	12,478,180.00
June 88	70	1210	14,690,455.00
June 89	67	1236	15,506,957.00
June 90	67	1270	17,382,410.00