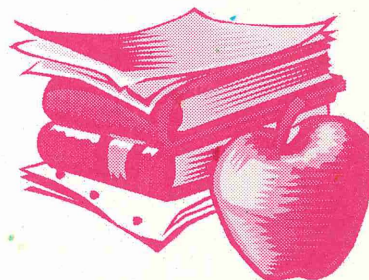


St. Paul Teachers' Retirement Fund Association

Annual Report *of the* Board of Trustees

Fiscal Year Ended
June 30, 1999



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St. Paul Teachers' Retirement Fund Association

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Annual Report *of the* Board of Trustees

**Fiscal Year Ended
June 30, 1999**

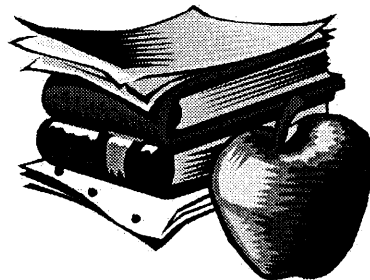


Table of Contents

Introductory Information	3
Mission Statement	4
Board of Trustees	5
Letter of Transmittal	6
Executive and Professional Listing	8
 Financial Section	 9
Independent Auditor's Report	10
Statement of Plan Net Assets	11
Statement of Changes in Net Plan Assets	13
Notes to the Financial Statements	15
Schedule of Funding Progress and Contributions	25
Notes to the Schedules	26
Year 2000 Statement	28
 Actuarial Section	 29
Actuarial Certification Letter	30
Report Highlights	31
Accounting Balance Sheet	32
Change in Assets Available for Benefits	33
Actuarial Balance Sheet	34
Supplemental Contribution Rate	35
Changes in Unfunded Actuarial Accrued Liability	36
Determination of Contribution Sufficiency	37
Summary of Actuarial Assumptions and Methods	38
 Investment Section	 41
Investment Manager Returns	42
Listings of Holdings	43
 Benefits Section	 47
Pre-Retirement Topics	48
Retirement Topics	49
Post-Retirement Topics	51
Coordinated Plan Summary of Tier Benefits	52
Basic Plan Summary of Tier Benefits	53
Administrative Service Charge	54
Retirement Record	55

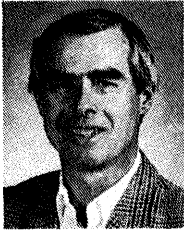
Mission Statement

The Mission of St. Paul Teachers' Retirement Fund Association is to:

- Provide our members and their beneficiaries with retirement, survivor and disability benefits as specified in law and the Association Articles and Bylaws.
- Assist our members in planning a secure retirement by providing friendly, high quality, consumer oriented service, pre-retirement education and information in a professional and cost effective manner.
- Prudently invest the assets of the fund to provide the optimum return while preserving principal by controlling the portfolio risk.

St. Paul Teachers' Retirement Fund Association

Board of Trustees



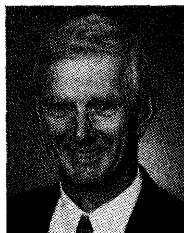
James P. Gillach
President

Feryle W. Borgeson
Trustee



Carol J. Adams
Vice President

Richard J. Cherveney
Trustee



Eugene R. Waschbusch
Secretary-Treasurer

John R. Kunz
Trustee



Mary Thornton Phillips
Ex-Officio Trustee

Erma E. McGuire
Trustee



W. Matthew Bogenschultz
Trustee

Richard K. Wagenknecht
Trustee



St. Paul Teachers' Retirement Fund Association

1619 Dayton Avenue, Room 309
Saint Paul, MN 55104-6206
Phone (651) 642-2550
Fax (651) 642-2553

BOARD OF TRUSTEES

MEMBERS

W. Matthew Bogenschultz
Feryle W. Borgeson
Richard J. Cherveney
Mary Thornton Phillips, Ex-Officio

John R. Kunz
Erma E. McGuire
Richard K. Wagenknecht

OFFICERS

James P. Gillach
Carol J. Adams
Eugene R. Waschbusch

President
Vice President
Secretary-Treasurer

The Board of Trustees of the St. Paul Teachers' Retirement Fund Association (SPTRFA) submits herewith the Financial Report for the fiscal year July 1, 1998 to June 30, 1999 in accordance with the provisions of Minnesota Statutes 356.20.

The financial statements of the Association were audited by the Office of the State Auditor. A copy of the report is included in this document.

Portions of the Actuarial Valuation from the actuary retained by the Legislative Commission on Pensions and Retirement, Milliman and Robertson, Inc., are also included in this report. The complete reports are on file in our office.

Legal services were performed by the firms of Doherty, Rumble & Butler, and Oppenheimer, Wolfe & Donnelly, LLP, our legal counsel.

REVENUES

The reserves required to finance benefits come from employee and employer contributions and through investment gains. During fiscal year 1998-99, total contributions amounted to \$32,714,646. Net investment income including unrealized market appreciation for the same period was \$67,225,297.

EXPENSES

Benefits to annuitants, disabilitants, survivors and dependent children paid in this fiscal year totaled \$41,724,750. Refunds to members who left the Association totaled \$692,746. Administrative expenses amounted to \$417,041.

INVESTMENTS

The investments of SPTRFA had a rate of return of 9.45% for the fiscal year ending June 30, 1999. This return is over the 8.5% rate the actuaries assume when determining our funding status. The net assets of the fund held in trust for pension benefits increased from \$744,660,838 on June 30, 1998, to \$801,954,037 on June 30, 1999.

MEMBER SERVICES

Member service continues to be an important reason for our independent existence. Again this year, through school visitations, members were able to obtain pertinent information about their pension benefits. During the year, our Information Officer, Stacey Estes, left SPTRFA in pursuit of a MBA. We have replaced Stacey with Kim Myers, a recent graduate of Hamline University. Over 300 active members at 22 schools met with a retirement counselor for an individual consultation.

SPTRFA sent detailed benefit estimates to each vested member over age 45. All members under age 45 received a statement of account. We also conducted our fourth annual Retirement Planning Seminar, which focuses on long term retirement planning.

The document you are reading is the complete Annual Report of the Board of Trustees. A copy of this report has been mailed to each school building and location where members work. To save printing costs, each member has been sent a summary version of this report which contains all of the relevant information but less detail. A complete Annual Report will be sent to any member on request.

FUNDING

The Actuary for the State of Minnesota, Milliman & Robertson, Inc. determines the funding status of our Association. This year, the funding ratio is 75.01%. This is an increase from the 72.55% funding ratio for fiscal year 1998. This increase shows that SPTRFA is on track to attain full funding by our target date of 2020.

LEGISLATION

The 1999 legislative session was positive for SPTRFA. The most notable piece of legislation that was enacted dealt with process and procedures for an active member to purchase prior maternity, military, private and parochial school service, or out of state teaching service. This "portability" legislation has been sought by members for many years.

ADMINISTRATIVE SERVICE CHARGE

This newsletter contains a summary of the calculation of the member service charge as required by law. Based on the administrative expenses for the current year, the member service charge will be zero beginning January 1, 2000. Members will not be assessed a service charge because the administrative expense of SPTRFA was less than our benchmark.

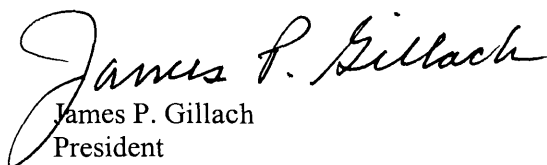
90TH ANNIVERSARY OF SPTRFA

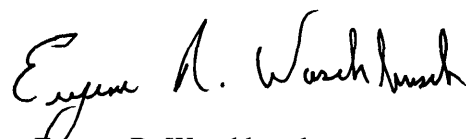
SPTRFA is celebrating its 90th anniversary this year, as it was established in 1909 under the provisions of the Laws of Minnesota. Membership was initially voluntary, and members paid an initiation fee of \$5. Dues were 1% of salary, paid on a semi-annual basis. Originally, the benefit amount for members was \$30 per month.

Numerous improvements in benefits and funding have occurred since our beginnings. The fund now exceeds \$800 million, and the annual payroll for the retirees is approximately \$42 million. On January 1, 2000, all qualified retirees will receive a 9.2619% post-retirement increase. Over the past 90 years, SPTRFA has had a rich history of helping its members gain a successful retirement.

On behalf of the members of the Board of Trustees we wish to express our gratitude to the Association staff, ISD #625, and to others who have helped assure our successful operation. 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

St. Paul Teachers' Retirement Fund Association

Executive and Professional Listing

Actuaries

Milliman & Robertson, Inc.
Gabriel, Roeder, Smith & Company

Auditor

Office of the State Auditor

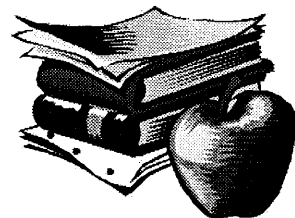
Investment Counsel

Barclays Global Investors
Capital Guardian Trust
The Clifton Group
Investment Advisors, Inc.
Morgan Stanley Asset Management
Oppenheimer Capital
State Street Research & Management Co.
Voyageur Asset Management

Legal Counsel

Oppenheimer, Wolfe & Donnelly, LLP

Financial *Section*



page

9



STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

SUITE 400
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
stateauditor@osa.state.mn.us (E-Mail)
1-800-627-3529 (Relay Service)

JUDITH H. DUTCHER
STATE AUDITOR

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
St. Paul Teachers' Retirement Fund Association

We have audited the basic financial statements of the St. Paul Teachers' Retirement Fund Association as of and for the years ended June 30, 1999 and 1998, as listed in the table of contents. These basic financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the plan net assets of the St. Paul Teachers' Retirement Fund Association as of June 30, 1999 and 1998, and the changes in plan net assets for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplementary information referred to in the table of contents is not a required part of the basic financial statements but is required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the information in the schedules, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. In addition, we do not provide assurance that the St. Paul Teachers' Retirement Fund Association is or will become year 2000 compliant, that the Association's remediation efforts will be successful in whole or in part, or that parties with which the Association does business are or will become year 2000 compliant.

JUDITH H. DUTCHER
STATE AUDITOR

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

October 19, 1999

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

EXHIBIT 1

**COMPARATIVE STATEMENT OF PLAN NET ASSETS
JUNE 30, 1999 AND 1998**

	1999	1998
<u>Assets</u>		
Cash	\$ 1,470,274	\$ 965,092
Receivables		
Employer and employee contributions	\$ 1,637,892	\$ 1,147,559
Interest	1,576,308	1,871,226
Dividends	42,829	431,383
Sales of securities	4,378,314	5,301,680
Other	3,671	17,794
Total receivables	\$ 7,639,014	\$ 8,769,642
Investments, at fair value		
Commercial paper	\$ 56,344,265	\$ 14,935,459
U.S. government securities	81,709,010	79,613,452
Corporate bonds	54,186,601	69,458,387
Common stocks	88,949,434	270,352,737
Commingled investment funds		
Morgan Stanley Pooled International Equity Trust	99,735,819	72,721,843
Barclays Global Investors Bond Index Fund	73,309,000	71,377,662
Barclays Global Investors Equity Index Fund	210,952,523	102,722,161
Barclays Global Investors Small Capital Index Fund	3,325,404	1,452,403
Barclays Global Investors Extended Equity Index Fund	51,766,562	20,950,881
Barclays Global Investors Russell 2000 Indexed	10,860,721	-
Emerging Markets Growth Fund	25,258,088	10,771,190
Capital Guardian International Small Capital Fund	25,733,969	10,004,889
First American Institutional Money Fund	30,180,599	17,220,493
Total investments, at fair value	\$ 812,311,995	\$ 741,581,557
Invested securities lending collateral	\$ 64,630,521	\$ 186,558,316
Furniture and fixtures (at cost, less accumulated depreciation of \$39,176 and \$41,251 in 1999 and 1998, respectively)	\$ 25,214	\$ 28,588
Total Assets	\$ 886,077,018	\$ 937,903,195

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 PLAN NET ASSETS
JUNE 30, 1999 AND 1998**

	<u>1999</u>	<u>1998</u>
<u>Liabilities</u>		
Accounts payable	\$ 410,364	\$ 494,848
Security purchases payable	18,605,654	6,189,193
Variation margins payable	476,442	-
Securities lending collateral	64,630,521	186,558,316
Total Liabilities	\$ 84,122,981	\$ 193,242,357
 Net Assets Held in Trust for Pension Benefits (A Schedule of Funding Progress is Presented on Page 17)	 \$ 801,954,037	 \$ 744,660,838

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 PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**

	<u>1999</u>	<u>1998</u>
Additions		
Contributions		
Employer	\$ 17,514,764	\$ 16,192,817
Members	11,648,657	11,056,660
Other sources		
State of Minnesota	3,551,225	5,508,853
Total contributions	\$ 32,714,646	\$ 32,758,330
Investment income		
From investing activity		
Net appreciation (depreciation) in fair value of investments	\$ 52,500,468	\$ 85,661,274
Interest	12,003,946	13,422,717
Dividends	4,843,515	6,269,741
Other	18,286	62,924
Total investing activity income	\$ 69,366,215	\$ 105,416,656
Less: investing activity expense	(2,140,918)	(2,339,076)
Net income from investing activity	\$ 67,225,297	\$ 103,077,580
From securities lending activity		
Securities lending income	\$ 7,142,833	\$ 11,189,712
Less: securities lending expense		
Borrower rebates	\$ (6,831,670)	\$ (10,801,092)
Management fees	(123,370)	(150,146)
Total securities lending expense	\$ (6,955,040)	\$ (10,951,238)
Net income from securities lending activity	\$ 187,793	\$ 238,474
Total net investment income	\$ 67,413,090	\$ 103,316,054
Total Additions	\$ 100,127,736	\$ 136,074,384

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 PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**

	<u>1999</u>	<u>1998</u>
Deductions		
Benefits to participants		
Retirement	\$ 37,748,099	\$ 34,375,242
Disability	752,522	638,894
Survivor	3,200,367	2,812,032
Dependent children	23,762	25,931
Withdrawals and refunds	692,746	417,089
 Total benefits, withdrawals, and refunds	 \$ 42,417,496	 \$ 38,269,188
 Administrative expenses	 417,041	 393,992
 Total Deductions	 \$ 42,834,537	 \$ 38,663,180
 Net Increase (Decrease)	 \$ 57,293,199	 \$ 97,411,204
 Net Assets Held in Trust for Pension Benefits		
Beginning of Year (Note 1)	744,660,838	647,249,634
 End of Year	 \$ 801,954,037	 \$ 744,660,838

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 BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

1. Summary of Significant Accounting Policies

Reporting Entity

The St. Paul Teachers' Retirement Fund (Fund) is a single-employer defined benefit pension fund administered by the St. Paul Teachers' Retirement Fund Association (Association), pursuant to the Association's bylaws and Minn. Stat. chs. 354A and 356. The Fund's membership consists of eligible employees of Independent School District 625, St. Paul, employees formerly employed by Independent School District 625, charter schools, and the employees of the Association. The Association is governed by a ten-member Board of Trustees.

Basis of Presentation

The accompanying financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Basis of Accounting

The basis of accounting is the method by which revenues and expenses are recognized in the accounts and reported in the financial statements. The Association uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred.

Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on an exchange are valued at the last reported sales price at current exchange rates.

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

1. Summary of Significant Accounting Policies

Investments (Continued)

Net appreciation (depreciation) in fair value of investments includes net unrealized and realized gains and losses. Purchases and sales of securities are recorded on the trade date.

The Association participates in a securities lending program. In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, investments lent under the program are reported as assets on the balance sheet and collateral received on those investments is reported as an asset and a liability.

Derivative Investments

The Association invests in futures contracts using a static asset allocation investment strategy.

Upon entering into a futures contract, each party is required to deposit with the broker an amount, referred to as the initial margin, equal to a percentage of the purchase price indicated by the futures contract. In lieu of a cash initial margin, the Association holds certain investments in its account for the broker as collateral. Subsequent deposits, referred to as variation margins, are received or paid each day by each party equal to the daily fluctuations in the fair value of the contract. These amounts are recorded by each party as unrealized gains or losses. When a contract is closed, each party records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

Futures contracts involve, to varying degrees, credit and market risks. The Association enters into contracts only on exchanges or boards of trade where the exchange or board of trade acts as the counterparty to the transactions. Thus, credit risk on such transactions is limited to the failure of the exchange or board of trade. Losses in value may arise from changes in the value of the underlying instruments or if there is an illiquid secondary market for the contracts.

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

1. Summary of Significant Accounting Policies (Continued)

Investment Income

Interest income is recognized when earned on an accrual basis. Dividend income is recorded on the ex-dividend date.

Contributions

Member employee contributions are recognized when withheld or when paid directly by the member employee. Employer contributions are recognized as a percentage of covered payroll as earned. Direct state aid and state amortization aid are recognized pursuant to state statute.

Benefits and Refunds

Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Furniture and Fixtures

Furniture and fixtures are carried at cost less accumulated depreciation. Depreciation has been provided using the straight-line method over estimated useful lives ranging from five to ten years.

2. 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 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.

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

2. Description of Plans

General (Continued)

Effective July 1, 1978, the Association established a plan, coordinated with Social Security, in accordance with Minnesota statutes (the Coordinated Plan). Teachers who became members of the Association subsequent to June 30, 1978, automatically became members of the Coordinated Plan. Members' contributions and benefits under the Coordinated Plan have been adjusted to reflect contributions to and benefits from Social Security. Teachers who were members of the Association prior to July 1, 1978, are generally covered under the Basic Plan, which provides all retirement benefits for its members.

Membership

At June 30, 1999 and 1998, the Association's membership consisted of:

	<u>1999</u>	<u>1998</u>
Retirees and beneficiaries currently receiving benefits	1,860	1,789
Terminated employees entitled to but not yet receiving benefits	220	183
Terminated, non-vested	1,108	839
Current active plan members (including members on leave)	<u>4,615</u>	<u>4,653</u>
Total Membership	<u><u>7,803</u></u>	<u><u>7,464</u></u>

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.

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

2. Description of Plans (Continued)

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.

Other Benefits

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

3. Deposits and Investments

Deposits

Minn. Stat. § 356A.06 authorizes the Association to deposit its cash in financial institutions designated by the Board of Trustees. At June 30, 1998, the carrying amount of the Association's deposits was \$964,892 and the bank balance was \$283,147. At June 30, 1999, the carrying amount of the Association's deposits was \$1,470,074 and the bank balance was \$1,445,347.

Minnesota statutes require that all Association deposits be covered by deposit insurance, surety bond, or pledged collateral.

The following is a summary of the June 30, 1999, insurance and collateral as it relates to the Association's custodial credit risk for its deposits.

	<u>Bank Balance</u>
Covered Deposits	
Insured, or collateralized with securities held by the Association or its agent in the Association's name	\$ 1,268,638
Uncollateralized	<u>176,709</u>
Total	<u>\$ 1,445,347</u>

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

3. Deposits and Investments (Continued)

Investments

The Association's investments are categorized to give an indication of the level of custodial credit risk assumed by the Association 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.

Minn. Stat. § 356A.06 authorizes the types of securities available to the Association for investment. Following are the Association's investments at June 30, 1999 and 1998, and the level of custodial credit risk for these investments.

<u>1999</u>	<u>Risk Category</u>	<u>Carrying and Fair Value</u>
Commercial paper	1	\$ 7,500,000
Commercial paper	3	48,844,264
U.S. government securities	1	56,832,858
Corporate bonds	1	49,536,508
Common stocks	1	55,476,416
Repurchase agreements - invested securities lending collateral	3	<u>64,630,521</u>
Total		\$ 282,820,567
Add		
Investments held by broker-dealers under securities loans		
U.S. government securities		24,876,152
Corporate bonds		4,650,093
Common stocks		33,473,018
Commingled investment funds		<u>531,122,686</u>
Total Investments		<u><u>\$ 876,942,516</u></u>

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

3. Deposits and Investments

Investments (Continued)

<u>1998</u>	<u>Risk Category</u>	<u>Carrying and Fair Value</u>
Commercial paper	1	\$ 10,000,000
Commercial paper	3	4,935,459
U.S. government securities	1	26,422,921
Corporate bonds	1	67,124,045
Common stocks	1	143,523,256
Repurchase agreements - invested securities lending collateral	3	<u>186,173,173</u>
Total		\$ 438,178,854
Add		
Investments held by broker-dealers under securities loans		
U.S. government securities		53,190,531
Corporate bonds		2,334,342
Common stocks		126,829,481
Commingled investment funds		307,221,522
Invested securities lending collateral		<u>385,143</u>
Total Investments		<u><u>\$ 928,139,873</u></u>

The Association has no concentration of five percent or more of the plan's net investments in securities of a single organization.

The investments of the 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 any party that has authority with respect to the system.

4. Securities Lending Program

The Association participates in a securities lending program. On June 30, 1999 and 1998, 28 and 44 percent, respectively, of its U.S. government securities, corporate bonds, and common stocks were loaned out.

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

4. Securities Lending Program (Continued)

Minn. Stat. § 356A.06, subd. 7, permits the Association to enter into securities lending transactions. These are loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Loans may be made only to pre-approved borrowers. The Association's securities custodian is the agent in lending the Association's securities for collateral of 102 percent of the market value of loaned securities. Loaned investments are marked to market daily. If the collateral provided by the borrower falls below 100 percent of the market value of the loaned investment, the borrower is required to provide additional collateral to bring the collateral to 102 percent of the current market value. Collateral may be provided in securities or cash. All of the collateral at June 30, 1999 and 1998, was provided in cash. The Association has no credit risk exposure to borrowers because the amounts the Association owes borrowers exceed amounts borrowers owe the Association. The contract with the trust company does not require the trust company to indemnify the Association if borrowers fail to return the securities but does provide for the trust company to deliver collateral up to the market value of the loaned securities to the Association.

All securities loans may be terminated on demand by either the Association or the borrower. The term to maturity of the securities loans is matched with the term of maturity of the investment of the cash collateral by investing in overnight repurchase agreements and short-term investment pools.

5. Contributions

Funding

Benefit and contribution provisions are established by state law and may be amended only by the State of Minnesota Legislature.

Minn. Stat. § 354A.12 sets the rate for employee and employer contributions that, expressed as a percentage of annual covered payroll, are sufficient to fully fund the pension plan by the year 2020. The requirement to reach full funding by the year 2020 is set in Minn. Stat. § 356.215, subd. 4g. As part of the annual actuarial valuation, the actuary determines the sufficiency or deficiency

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

5. Contributions

Funding (Continued)

of the statutory contribution rates toward meeting the required full funding deadline. The actuary compares the actual contribution rate to a "required" contribution rate. The required contribution rate consists of: (a) normal costs based on entry age normal cost methods, (b) a supplemental contribution for amortizing any unfunded actuarial accrued liability by the required date for full funding, and (c) an allowance for administrative expenses.

Required Contributions

For the fiscal years ended June 30, 1999 and 1998, the contribution rates required by statute were as follows:

	<u>Percentage of Members' Salaries</u>	
	<u>Basic Plan</u>	<u>Coordinated Plan</u>
Employee contribution	8.00%	5.50%
Employer contribution	11.64	8.34

Other Contributions

Minn. Stat. § 354A.12, requires the state to annually provide the Association with direct aid until it reaches the same funded status as the Minnesota Teachers' Retirement Association (TRA). The direct state aid contribution was \$2,827,000 and \$4,827,000 for fiscal years 1999 and 1998, respectively.

Minn. Stat. § 423A.02, subd. 3, requires the state to annually provide certain aid to the Association until it is fully funded. The state amortization aid contribution was \$724,225 and \$681,853 for fiscal years 1999 and 1998, respectively. Beginning in fiscal year 1998, the school district must make an additional annual contribution to the Association in order for the Association to continue receiving state amortization aid. The school district contributed \$400,000 and \$200,000 for fiscal years 1999 and 1998, respectively.

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

5. Contributions

Other Contributions (Continued)

Statutes also require active and retired members of the Association to provide contributions for the relative difference (per member) between the administrative expenses incurred by the Association and the TRA.

Reserve

At June 30, 1999 and 1998, \$3,325,404 and \$2,134,256, respectively, of the net assets is considered reserved as it represents the amount of state amortization aid which, pursuant to legislation, must be separately accounted for and may not be used in determining benefit increases. This is considered to be fully funded.

6. Risk Management

The Association is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. To cover its liabilities, the Association purchases commercial insurance. There were no significant reductions in insurance coverage from coverage in the prior year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

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

Schedule 1

**SCHEDULE OF FUNDING PROGRESS
(IN THOUSANDS OF DOLLARS)**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1994	\$ 407,275	\$ 596,441	\$ 189,166	68.28%	\$ 129,308	146.29%
1995	445,733	633,070	187,337	70.41%	139,175	134.61%
1996	494,931	664,072	169,141	74.53%	145,677	116.11%
1997	556,406	805,066	248,660	69.11%	151,363	164.28%
1998	625,053	861,584	236,531	72.55%	168,564	140.32%
1999	704,233	938,847	234,614	75.01%	178,254	131.62%

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

Schedule 2

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
AND OTHER CONTRIBUTING ENTITIES
(IN THOUSANDS OF DOLLARS)**

Fiscal Year	Annual Required Contributions	Employer Percentage Contributed	State Contributions	State Percentage Contributed
1994	\$ 15,055	74.63%	\$ 500	3.32%
1995	17,140	73.42%	500	2.92%
1996	17,071	82.75%	974	5.71%
1997	16,202	92.70%	1,023	6.32%
1998	23,246	69.66%	5,509	23.70%
1999	21,899	79.98%	3,551	16.22%

Note:

The annual required contributions are actuarially determined. The employer and state are required by statute to make contributions, all of which have been made.

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

**NOTES TO SCHEDULE 1 AND SCHEDULE 2
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

Actuarial Methods and Assumptions

The actuarial accrued liability is determined as part of an annual actuarial valuation on July 1. Significant methods and assumptions are as follows:

- The most recent actuarial valuation date is July 1, 1999.
- Actuarial cost is determined using the Entry Age Normal Actuarial Cost Method.
- The amortization method assumes level percentage of payroll each year is used to pay the unfunded actuarial accrued liability.
- The amortization period is closed.
- The remaining amortization period at July 1, 1999, is 21 years.
- Actuarial value of assets is determined using cost plus one-third of unrealized gains or losses.
- Actuarial Assumptions
 - Investment rate of return is 8.5 percent.
 - Inflation and projected salary increase based on an age-related table with rates ranging from 7.25 to 5.25 percent.
 - Two percent annual post-retirement adjustment.
 - Pre-retirement mortality using the 1983 Group Annuity Mortality Table set back five years for males and three years for females.
 - Post-retirement mortality using the 1983 Group Annuity Mortality Table set back three years for males and one year for females.
 - Disabilitant mortality using the 1987 Railroad Retirement Board Mortality Table for disabled annuitants.

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

Significant Plan Provision and Actuarial Methods and Assumption Changes

1993

- Second round of additional contributions from the state and St. Paul Public Schools.
- 90-day retroactive pension accrual.
- Coordinated plan survivor benefits made available to survivors at any age versus age 50.

1996

- Additional state and employer funding.

1997

- Coordinated Plan formula increased by 0.2 percent for each year of service in both tiers.
- Change in methodology used to determine post-retirement benefit increases.
- Additional state and employer funding.
- Coordinated Plan member contribution rate increased from 4.5 to 5.5 percent.
- Normal retirement age for post July 1, 1989, hires capped at age 66.
- Salary increase assumption changed to age-based system ranging from 5.25 to 7.25 percent individual increases and five percent for total payroll growth.

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

Schedule 3

YEAR 2000

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the St. Paul Teachers' Retirement Fund Association's operations as early as 1999. The year 2000 issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be called 00. Computer programs need to be adjusted to recognize the difference between those two years or the programs will fail or create errors. Also, the year 2000 issue could affect electronic equipment--such as environmental systems, elevators, and vehicles--containing computer chips with date recognition features.

The stages of work necessary to implement a year 2000-compliant system include:

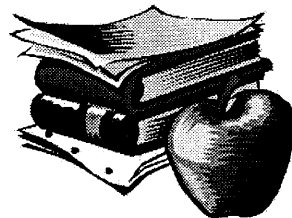
- Awareness Stage--establishing a budget and project plan dealing with the year 2000 issue.
- Assessment Stage--identifying the systems and components for which year 2000 compliance work is needed.
- Remediation and Validation Stages--making changes to the systems and equipment.
- Validation/Testing Stage--validating and testing changes.

Currently, the Association is in the validation/testing stage of testing its upgraded computer systems and other electronic equipment critical to conducting operations. The Association is also working with its vendors and service organization to ensure they are year 2000 compliant. The entire work is planned to be completed by the end of 1999. The Association has not estimated the cost involved.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and later. The Board of Trustees cannot ensure that the Association is or will be year 2000 ready, that the Association's remediation efforts will be successful in whole or in part, or that parties with whom the Association does business will be year 2000 ready.

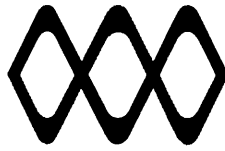
(Unaudited)

Actuarial *Section*



page

29



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November 5, 1999

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

Re: *St. Paul Teachers' Retirement Fund*
July 1, 1999 Actuarial Valuation Report

Commission Members:

Pursuant to the terms of our actuarial services contract, we have performed an actuarial valuation of the St. Paul Teachers' Retirement Fund as of July 1, 1999.

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 St. Paul Teachers' 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 of Actuarial Work, adopted by the Commission.

Respectfully submitted,

Thomas K. Custis, F.S.A., M.A.A.A.
Consulting Actuary

Lance M. Burma, F.S.A., M.A.A.A.
Consulting Actuary

Enclosure

St. Paul Teachers' Retirement Fund
Report Highlights
(dollars in thousands)

	July 1, 1998 Valuation	July 1, 1999 Valuation
A. CONTRIBUTIONS % OF PAYROLL (Table 11)		
1. Statutory Contributions - Chapter 354A	17.59%	17.52%
2. Required Contributions - Chapter 356	18.82%	18.09%
3. Sufficiency / (Deficiency)	(1.23%)	(0.57%)
B. FUNDING RATIOS		
1. Accrued Benefit Funding Ratio		
a. Current Assets (Table 1)	\$ 625,053	\$ 704,233
b. Current Benefit Obligations (Table 8)	809,945	888,491
c. Funding Ratio	77.17%	79.26%
2. Accrued Liability Funding Ratio		
a. Current Assets (Table 1)	\$ 625,053	\$ 704,233
b. Actuarial Accrued Liability (Table 9)	861,584	938,847
c. Funding Ratio	72.55%	75.01%
3. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets	\$ 975,282	\$ 1,058,827
b. Current and Expected Future Benefit Obligations	1,010,085	1,088,161
c. Funding Ratio	96.55%	97.30%
C. PLAN PARTICIPANTS		
1. Active Members		
a. Number (Table 3)	4,494	4,378
b. Projected Annual Earnings	\$ 178,365	\$ 188,717
c. Average Annual Earnings (Actual dollars)	\$ 37,509	\$ 40,716
d. Average Age	42.7	42.9
e. Average Service	10.3	10.8
f. Additional Members on Leave of Absence*	159	237
2. Others		
a. Service Retirements (Table 4)	1,571	1,637
b. Disability Retirements (Table 5)	24	24
c. Survivors (Table 6)	194	199
d. Deferred Retirements (Table 7)	183	220
e. Terminated Other Non-Vested (Table 7)	839	1,108
f. Total	2,811	3,188

* Valued as deferred retirements, liability included with actives.

St. Paul Teachers' Retirement Fund
Accounting Balance Sheet
(dollars in thousands)

July 1, 1999

	Market Value	Cost Value
A. ASSETS		
1. Cash, Equivalents, Short-Term Securities	\$ 61,915	\$ 61,915
2. Investments		
a. Fixed Income	205,614	201,415
b. Equity	516,582	374,198
c. Real Estate	-	-
d. Cash Overlay	11,065	11,065
3. Equity in Minnesota Post-Retirement Investment Fund	-	-
4. Other Assets*	7,665	7,665
B. TOTAL ASSETS	\$ 802,841	\$ 656,258
C. AMOUNTS CURRENTLY PAYABLE	\$ 886	\$ 886
D. ASSETS AVAILABLE FOR BENEFITS		
1. Member Reserves	\$ 101,379	\$ 101,379
2. Employer Reserves	700,576	553,993
3. MPRIF Reserves	-	-
4. Non-MPRIF Reserves	-	-
5. Total Assets Available for Benefits	\$ 801,955	\$ 655,372
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	\$ 802,841	\$ 656,258
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS		
1. Cost Value of Assets Available for Benefits (D.5)		\$ 655,372
2. Market Value of Assets Available for Benefits (D.5)	\$ 801,955	
3. Cost Value of Assets Available for Benefits (D.5)	655,372	
4. Market over Cost (F.2 - F.3)	\$ 146,583	
5. 1/3 of Market over Cost (F.4 / 3)		48,861
6. Actuarial Value of Assets (F.1 + F.5)		\$ 704,233

*See "Asset Information" in the Commentary Section of this report.

St. Paul Teachers' Retirement Fund
Change In Assets Available for Benefits
(dollars in thousands)

June 30, 1999

	Market Value	Cost Value
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$ 744,661	\$ 565,249
B. OPERATING REVENUES		
1. Member Contributions	\$ 11,649	\$ 11,649
2. Employer Contributions	17,115	17,115
3. Supplemental Contributions	3,951	3,951
4. Investment Income	17,004	17,004
5. MPRIF Income	-	-
6. Investment Expenses	(2,140)	(2,140)
7. Net Realized Gain / (Loss)	85,379	85,379
8. Other	-	-
9. Net Change in Unrealized Gain / (Loss)	(32,829)	-
10. Total Operating Revenue	\$ 100,129	\$ 132,958
C. OPERATING EXPENSES		
1. Service Retirements	\$ 37,748	\$ 37,748
2. Disability Benefits	753	753
3. Survivor Benefits	3,224	3,224
4. Refunds	693	693
5. Administrative Expenses	417	417
6. Total Operating Expenses	\$ 42,835	\$ 42,835
D. OTHER CHANGES IN RESERVES	\$ -	\$ -
E. ASSETS AVAILABLE AT END OF PERIOD	\$ 801,955	\$ 655,372

St. Paul Teachers' Retirement Fund
Actuarial Balance Sheet
(dollars in thousands)

July 1, 1999

A. CURRENT ASSETS (Table 1; Line F.6)				\$	704,233
B. EXPECTED FUTURE ASSETS					
1. Present Value of Expected Future Statutory Supplemental Contributions				\$	205,280
2. Present Value of Future Normal Costs					149,314
3. Total Expected Future Assets					<u>354,594</u>
C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS				\$	<u>1,058,827</u>
D. CURRENT BENEFIT OBLIGATIONS					
1. Benefit Recipients					
a. Retirement Annuities			\$	467,017	\$ 467,017
b. Disability Benefits				7,806	7,806
c. Surviving Spouse and Child Benefits				34,105	34,105
2. Deferred Retirements				4,634	4,634
3. Former Members Without Vested Rights				696	696
4. Active Members					
a. Retirement Annuities *	\$	7,798		333,211	341,009
b. Disability Benefits		14,342		-	14,342
c. Surviving Spouse and Child Benefits		4,023		-	4,023
d. Deferred Retirements		1,415		10,651	12,066
e. Refund Liability Due to Death or Withdrawal		-		2,793	2,793
5. Total Current Benefit Obligations	\$	27,578	\$	860,913	\$ 888,491
E. EXPECTED FUTURE BENEFIT OBLIGATIONS				\$	<u>199,670</u>
F. TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS				\$	<u>1,088,161</u>
G. CURRENT UNFUNDED ACTUARIAL LIABILITY (D.5 - A)				\$	184,258
H. CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY (F - C)				\$	29,334

* Includes members on leave of absence.

St. Paul Teachers' Retirement Fund
Determination of Unfunded Actuarial Accrued Liability (UAAL) and
Supplemental Contribution Rate
(dollars in thousands)

July 1, 1999

	Actuarial Present Value of Projected Benefits	Actuarial Present Value of Future Normal Costs	Actuarial Accrued Liability
A. DETERMINATION OF ACTUARIAL ACCRUED LIABILITY (AAL)			
1. Active Members			
a. Retirement Benefits	\$ 516,720	\$ 112,715	\$ 404,005
b. Disability Benefits	24,101	9,982	14,119
c. Surviving Spouse and Child Benefits	6,723	2,538	4,185
d. Deferred Retirements	20,266	13,914	6,352
e. Refund Liability Due to Death or Withdrawal	6,093	10,165	(4,072)
f. Total	<u>\$ 573,903</u>	<u>\$ 149,314</u>	<u>\$ 424,589</u>
2. Deferred Retirements	\$ 4,634		\$ 4,634
3. Former Members Without Vested Rights	696		696
4. Annuitants in MPRIF	-		-
5. Annuitants Not in MPRIF	508,928		508,928
6. Total	<u><u>\$ 1,088,161</u></u>	<u><u>\$ 149,314</u></u>	<u><u>\$ 938,847</u></u>
B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)			
1. Actuarial Accrued Liability (A.6)			\$ 938,847
2. Current Assets (Table 1; Line F.6)			704,233
3. Unfunded Actuarial Accrued Liability (B.1 - B.2)			<u><u>\$ 234,614</u></u>
C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE			
1. Present Value of Future Payrolls Through the Amortization Date of June 30, 2020			2,763,799
2. Supplemental Contribution Rate (B.3 / C.1)			<u><u>8.49%</u></u>

St. Paul Teachers' Retirement Fund
Changes in Unfunded Actuarial Accrued Liability (UAAL)
(dollars in thousands)

June 30, 1999

A. UAAL AT BEGINNING OF YEAR	\$ 236,531
B. CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING	
1. Normal Cost and Expenses	\$ 17,942
2. Contributions	(32,715)
3. Interest	20,240
4. Total	<u>\$ 5,467</u>
C. EXPECTED UAAL AT END OF YEAR (A. + B.4)	\$ 241,998
D. INCREASE / (DECREASE) DUE TO ACTUARIAL LOSSES / (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED	
1. Age and Service Retirements *	\$ -
2. Disability Retirements *	-
3. Death-in-Service Benefits *	-
4. Withdrawal *	-
5. Salary Increases	10,702
6. Contribution Income *	-
7. Investment Income **	4,194
8. Mortality of Annuitants	(3,990)
9. Other Items ***	(13,910)
10. Total	<u>\$ (3,004)</u>
E. UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS (C + D.10)	\$ 238,994
F. CHANGE IN UAAL DUE TO PLAN AMENDMENTS	(4,380)
G. CHANGE IN UAAL DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS	<u>-</u>
H. UAAL AT END OF YEAR (E + F + G)	<u><u>\$ 234,614</u></u>

* Included in Item D.9.

** Includes a gross investment gain (\$36,601) offset by amounts used to provide next year's cost of living adjustments to retirees totaling \$40,795

*** Includes correction in valuation of benefit formula gain of (\$5,729)

St. Paul Teachers' Retirement Fund
Determination of Contribution Sufficiency
(dollars in thousands)

July 1, 1999

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	6.12%	\$ 11,557
2. Employer Contributions	9.16%	17,294
3. Supplemental Contribution		
a. 1996 Legislation	0.74%	1,400
b. 1997 Legislation	1.50%	2,827
4. Administrative Expense Assessment	0.00%	-
5. Total	17.52%	\$ 33,078
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	7.05%	\$ 13,313
b. Disability Benefits	0.64%	1,207
c. Surviving Spouse and Child Benefits	0.15%	289
d. Deferred Retirements	0.85%	1,604
e. Refund Liability Due to Death or Withdrawal	0.68%	1,279
f. Total	9.37%	\$ 17,692
2. Supplemental Contribution Amortization	8.49%	16,020
3. Allowance for Administrative Expenses	0.23%	438
4. Total	18.09%	\$ 34,150
C. CONTRIBUTION SUFFICIENCY / (DEFICIENCY) (A.5 - B.4)	(0.57%)	(1,072)
Projected Annual Payroll for Fiscal Year Beginning on the Valuation Date:		\$ 188,717

St. Paul Teachers' Retirement Fund
Summary of Actuarial Assumptions and Methods

<i>Interest:</i>	Pre-Retirement:	8.50% per annum
	Post-Retirement:	8.50% per annum
<i>Salary Increases:</i>	Total reported pay for prior fiscal year increased through the salary increase assumption to current fiscal year.	
<i>Mortality:</i>	<u>Pre-Retirement:</u>	
	Male:	1983 Group Annuity Mortality Table male rates set back 5 years.
	Female:	1983 Group Annuity Mortality Table female rates set back 3 years.
	<u>Post-Retirement:</u>	
	Male:	1983 Group Annuity Mortality Table male rates set back 3 years.
	Female:	1983 Group Annuity Mortality Table female rates set back 1 years.
	<u>Post-Disability:</u>	
	Male:	1987 Railroad Retirement Board Mortality for Disabled Annuitants
<i>Retirement Age:</i>	Female:	1987 Railroad Retirement Board Mortality for Disabled Annuitants
	<u>Active Members:</u>	
	Active Members are assumed to retire according to the graded rates shown in the rate table. Rates are applied beginning at the participant's first early retirement age.	
	<u>Deferred Members:</u>	
	Basic Members are assumed to retire at age 60. Coordinated Members are assumed to retire at age 63. If over the assumed retirement age, one year from valuation date.	
	<u>Other Non-Vested Members:</u>	
	Return of contributions is assumed to occur immediately.	

<i>Administrative Expenses:</i>	Prior year administrative expenses (excluding investment expenses) expressed as a percentage of prior year payroll.
<i>Return of Contributions:</i>	All employees withdrawing after becoming eligible for a deferred benefit were assumed to take the larger of their contributions accumulated with interest or the value of their deferred benefit.
<i>Family Composition:</i>	85% of male Members and 60% of female Members are assumed to be married. Female is assumed to be four years younger than male. Married members are assumed to have two children.
<i>Social Security:</i>	N/A
<i>Benefit Increases After Retirement:</i>	2.0% per annum
<i>Special Consideration:</i>	Additional post retirement benefit increase is accounted for by increasing the reserve value for all service retirements, disability retirements and survivors eligible for the increase by an amount that equals the excess of the five year time weighted total rate of return over the assumed interest rate of 8.50% multiplied by the quantity of one minus the rate of contribution deficiency.
<i>Optional Benefit Forms:</i>	<p>Married Members are assumed to elect the following forms of benefit:</p> <p>Males: 35% elect life annuity option 15% elect 50% J&S option 50% elect 100% J&S option</p> <p>Females: 80% elect life annuity option 10% elect 50% J&S option 10% elect 100% J&S option</p>
<i>Actuarial Cost Method:</i>	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.
<i>Asset Valuation Method:</i>	Cost Value plus one-third of Unrealized Gains or Losses.
<i>Payment on the Unfunded Actuarial Accrued Liability:</i>	The Unfunded Actuarial Accrued Liability is amortized as level percentage of payroll each year to the statutory amortization date assuming payroll increases of 5.00% per annum.

Missing Data:

The submitted participant data has been reviewed for reasonableness and constancy with data submitted for prior valuations. We have not audited this data, and the results of this valuation may change based on the accuracy of the underlying data. In cases where submitted data was missing or incomplete, the following assumptions were applied:

Date of Birth:	Average age of participant group based on prior years valuation report.
Date of Hire:	Current valuation date minus years of service.
Years of Service:	Years of service on last year's valuation plus one year.
Sex:	Male.
Deferred Benefit:	Calculated. Salary at termination is estimated based on termination date. Estimated salary is \$45,369 for 1998/1999 terminations and is decreased by 6.5% for each year that actual termination precedes July 1, 1999.

Supplemental Contributions: The St. Paul School District and the State of Minnesota are scheduled to make the following supplemental contributions to the plan:

1996 Legislation:

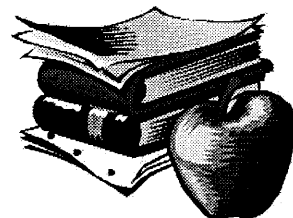
Supplemental contributions according to the following schedule (thousands of dollars):

<u>Year</u>	<u>State</u>	<u>School</u>
06/30/00	800	600
06/30/01	850	800
06/30/02	950	800
06/30/03+	1,050	800

1997 Legislation:

Annual supplemental contributions of \$2,827,000 made on October 1.

Investment *Section*



page

41

St. Paul Teachers' Retirement Fund Association
Investment Manager Returns
For the Period Ended June 30, 1999

	Assets Under Management (Market Value)	Investment Performance
Domestic Equity	\$ 376,873,794	14.76%
Barclays Global Investors—S & P 500 Index	210,952,523	22.82
Barclays Global Investors—Small Cap Index	14,186,125	3.35
Barclays Global Investors—Extended Market Index	51,766,562	10.01
Investment Advisors, Inc.	22,287,979	2.21
Oppenheimer Capital Co.	75,942,282	7.14
In-House Equity	1,738,760	--
International Equity	\$ 150,727,876	8.76%
Capital International, Inc.	25,258,088	20.59
Capital Guardian Trust, Co.	25,733,969	2.99
Morgan Stanley	99,735,819	7.68
Fixed Income	\$ 211,467,864	2.66%
Barclays Global Investors—Government/Corp Index	73,309,000	2.71
State Street Research	79,752,783	2.80
Voyageur Asset Management	58,406,081	3.09
Alternative	\$ 11,064,930	10.65%
Clifton Group	11,064,930	10.65
Short Term	\$ 49,294,892	5.28%
In-House Cash & Cash Equivalents	49,294,892	5.28
Total Fund	\$ 799,429,356	9.45%

Active Fixed Income Accounts

As of June 30, 1999

Name	Rate	Maturity	Par	Market
Arcadia Auto Trust Corp.	6.550	6/15/2004	\$ 500,000	\$ 503,670
Arcadia Auto Trust Corp.	6.700	2/15/2005	525,000	530,329
AT&T Capital Corp.	7.500	11/15/2000	1,100,000	1,106,523
Atlantic Richfield Co.	5.900	4/15/2009	825,000	773,693
CA Infrastructure & Development	6.280	9/25/2005	525,000	523,520
CA Infrastructure & Development	6.420	9/25/2008	1,650,000	1,642,262
Capital One Bank Corp.	6.480	1/28/2002	475,000	470,844
Capital One Bank Corp.	6.620	8/4/2003	825,000	812,625
Capital One Bank Corp.	7.080	10/30/2001	1,000,000	1,005,460
Chase Commercial Mtg Corp.	6.025	8/18/2007	526,235	511,595
Chase Manhattan Master Trust	7.040	2/15/2001	1,025,000	1,043,091
Citibank Master Credit Trust	5.875	3/10/2011	425,000	394,081
Citibank Master Credit Trust	5.800	2/7/2005	900,000	879,156
Citigroup Inc.	6.200	3/15/2009	800,000	751,496
Credit Suisse First Boston Mtg	6.520	1/17/2035	725,000	708,347
Darden Restaurants Inc.	6.375	2/1/2006	1,000,000	952,970
Discover Card Master Trust	5.600	11/15/2003	1,075,000	1,041,062
DLJ Commercial Mtg Corp.	6.240	11/12/2031	300,000	286,125
DLJ Commercial Mtg Corp.	6.460	1/10/2009	825,000	797,800
Federal Home Ln Mtg Corp #3134	7.100	4/10/2007	650,000	675,415
Federal National Mtg Assoc. #252570	6.500	6/1/2029	823,572	791,231
Federal National Mtg Assoc. #303920	9.500	10/1/2003	197,120	205,651
Federal National Mtg Assoc. #323422	6.500	11/1/2028	2,983,709	2,868,508
Federal National Mtg Assoc. #323425	6.000	12/1/2028	1,127,124	1,061,255
Federal National Mtg Assoc. #323551	6.000	1/1/2029	2,166,190	2,039,597
Federal National Mtg Assoc. #323591	6.500	3/1/2029	918,535	906,387
Federal National Mtg Assoc. #323832	7.500	6/1/2029	1,523,777	1,539,015
Federal National Mtg Assoc. #440718	6.500	11/1/2028	1,148,284	1,111,493
Federal National Mtg Assoc. #444478	6.500	10/1/2028	960,695	929,914
Federal National Mtg Assoc. #449105	6.000	11/1/2028	960,443	904,315
Federal National Mtg Assoc. (Aug) TBA	7.000	8/16/2029	2,425,000	2,403,403
Federal National Mtg Assoc. (Aug) TBA	8.000	8/16/2029	2,725,000	2,742,457
Federal National Mtg Assoc. (July) TBA	7.000	8/16/2029	3,725,000	3,656,320
Federal National Mtg Assoc. Benchmark	5.250	1/15/2009	525,000	479,378
First Union Commercial Mtg Trust	6.070	10/15/2035	300,000	282,654
Ford Motor Credit Co.	5.800	1/12/2009	825,000	752,549
General Electric Insurance Hld Corp.	7.000	2/15/2026	1,100,000	1,061,676
General Electric Mtg Services Inc.	6.000	1/25/2009	219,211	218,115
GMAC Commercial Mtg Corp. #97-C2	6.451	12/15/2004	485,585	482,929
GMAC Commercial Mtg Corp. #98-C1	6.411	11/15/2007	504,802	500,067
GMAC Commercial Mtg Corp. #99-C1	5.830	5/15/2008	315,538	304,296
Govt Natl Mtg Assoc. #1996-6	6.500	2/16/2020	1,475,000	1,467,625
Govt Natl Mtg Assoc. #383507	6.500	3/15/2009	242,784	242,024
Govt Natl Mtg Assoc. #780303	6.500	2/15/2009	440,977	439,596
Govt Natl Mtg Assoc. #780316	6.500	7/15/2009	571,341	569,553
Govt Natl Mtg Assoc. #780419	7.500	12/15/2009	468,565	481,816
Govt Natl Mtg Assoc. #780462	7.500	6/15/2009	563,610	579,549
Govt Natl Mtg Assoc. #780896	7.000	11/15/2028	820,627	811,133
Govt Natl Mtg Assoc. #780912	6.500	11/15/2028	2,711,278	2,614,675
Govt Natl Mtg Assoc. (Jul) TBA	7.000	7/22/2029	1,350,000	1,323,000
Govt Natl Mtg Assoc. (Jul) TBA	7.000	7/22/2029	1,600,000	1,568,000
Govt Natl Mtg Assoc. (Jul) TBA	7.000	7/22/2029	1,625,000	1,597,578
GTE Corp.	6.940	4/15/2028	400,000	380,312
Guaranteed Export Trust Co.	6.550	6/15/2004	499,997	501,712
Hellenic Republic Govt Bonds	8.800	6/19/2007	617,690	694,258
Hellenic Republic Of Greece	6.950	3/4/2008	1,125,000	1,130,445
Household Finance Corp.	6.875	3/1/2003	225,000	225,527
Household Finance Corp.	6.125	7/15/2012	550,000	543,637
Lehman Brothers Mtg Trust Co.	6.210	10/15/2008	275,000	261,850
Lehman Brothers Mtg Trust Co.	6.330	10/18/2004	461,242	456,482
Lucent Technologies Inc.	6.450	3/15/2029	750,000	685,313
MBNA Corp. Mtg Notes	6.875	11/15/2002	750,000	735,233
MBNA Master Credit Card Trust	5.900	8/15/2011	400,000	377,624
MBNA Master Credit Card Trust	5.250	2/15/2003	1,200,000	1,151,436
Morgan Stanley Capital Corp.	6.220	5/3/2005	540,599	530,798
New Zealand Govt Bonds	8.000	11/15/2006	2,550,000	1,472,306
News America Holdings Inc.	6.625	1/9/2008	465,000	440,588
News America Holdings Inc.	7.375	10/17/2008	785,000	779,725
Peco Energy Trust Services	6.130	3/1/2009	825,000	782,199
Prime Credit Master Trust	6.750	8/15/2002	500,000	506,950
Province of Quebec	5.750	2/15/2009	1,100,000	1,002,870
Prudential Home Mtg Corp.	6.800	5/25/2024	367,614	368,647
Solutia Inc.	6.500	2/10/2015	1,000,000	985,930
Tyco International Group S A	6.250	6/15/2013	1,100,000	1,082,631
Continued...				

Active Fixed Income Accounts

Continued...

Name	Rate	Maturity	Par	Market
US Treasury Bonds	5.250	2/15/2029	\$ 450,000	\$ 404,508
US Treasury Bonds	12.000	8/15/2013	525,000	736,806
US Treasury Bonds	8.500	2/15/2020	700,000	875,441
US Treasury Bonds	5.250	11/15/2028	1,625,000	1,438,125
US Treasury Bonds	8.125	8/15/2021	2,350,000	2,858,916
US Treasury Notes	4.750	2/15/2004	25,000	24,024
US Treasury Strips	0.000	5/15/2018	775,000	235,647
US Treasury Strips	0.000	5/15/2007	2,950,000	1,846,494
Us West Capital Funding Inc.	6.875	7/15/2028	350,000	315,490
Worldcom Inc.	6.125	8/15/2001	1,000,000	995,150
Cash and Cash Equivalents			2,579,894	2,579,894
TOTAL State Street Research			\$ 83,322,038	\$ 79,752,783

Name	Rate	Maturity	Par	Market
Advanta Business Services	5.770	12/15/2006	\$ 14,939	\$ 14,942
Americredit Auto Recv Trust	5.780	4/5/2003	595,000	590,294
ARG Funding Corp.	5.880	5/20/2003	675,000	663,660
Boston Scientific Corp.	6.625	3/15/2005	525,000	504,819
Calenergy Inc.	7.520	9/15/2008	825,000	824,348
Cendant Corp.	7.750	12/1/2003	620,000	626,200
CIT Group Holdings Inc.	6.500	6/14/2002	1,200,000	1,198,872
Contimortgage Home Eqty Loan Trust	6.580	12/15/2018	1,000,000	993,590
Continental Airlines Inc.	6.545	8/2/2020	970,000	922,101
Copelco Capital Funding Corp.	5.920	7/15/2003	1,060,000	1,056,513
Federal Home Ln Mtg Corp #E00469	6.500	12/1/2011	1,643,060	1,623,804
Federal Home Ln Mtg Corp #G00541	7.000	6/1/2026	1,268,931	1,259,008
Federal Home Ln Mtg Corp #G00853	7.000	1/1/2028	1,615,288	1,602,156
Federal Home Ln Mtg Corp #NT3134A	5.750	7/15/2003	1,280,000	1,270,016
Federal Home Ln Mtg Corp Ser #2165	6.000	2/15/2028	3,260,000	3,052,794
Federal National Mtg Assoc Med Term Notes	5.125	2/13/2004	3,510,000	3,362,931
Federal National Mtg Assoc. #NT31359	5.750	4/15/2003	940,000	929,096
Federal National Mtg Assoc.#DEB31359	6.160	8/7/2028	600,000	558,180
Finova Capital Corp.	5.875	10/15/2001	1,110,000	1,097,513
Firstplus Home Loan Trust	6.820	12/10/2001	900,000	902,700
GATX Capital Corp.	6.500	11/1/2000	1,030,000	1,030,958
Govt Natl Mtg Assoc. #465579	6.000	12/15/2028	1,661,997	1,558,637
Govt Natl Mtg Assoc. #475485	6.000	5/15/2013	1,554,065	1,504,770
Govt Natl Mtg Assoc. #486769	6.500	12/15/2028	1,624,833	1,566,940
Govt Natl Mtg Assoc. #491145	6.500	12/15/2028	3,600,682	3,472,390
Govt Natl Mtg Assoc. #491208	6.000	1/15/2014	1,934,595	1,870,192
Govt Natl Mtg Assoc. #498323	6.000	2/15/2014	734,563	710,110
Green Tree Financial Corp.	6.130	2/15/2019	850,000	835,780
Household Finance Corp.	6.125	7/15/2002	1,000,000	988,430
JC Penney Co.	7.400	4/1/2037	900,000	906,327
Metris Master Trust Co.	7.110	10/20/2005	750,000	751,170
Monsanto Co.	6.600	12/1/2028	870,000	770,759
Murphy Oil Corp.	7.050	5/1/2029	640,000	592,096
Northwest Airlines Inc.	7.575	3/1/2019	380,000	398,088
Occidental Petroleum Corp.	7.375	11/15/2008	470,000	462,800
Paramount Communications Inc.	8.250	8/1/2022	670,000	679,420
Phillips Petroleum Co.	6.375	3/30/2009	235,000	224,608
Sprint Capital Corp.	6.875	11/15/2028	470,000	427,929
US Treasury Bonds	7.875	2/15/2021	2,470,000	2,925,419
US Treasury Bonds	4.750	11/15/2008	2,145,000	1,968,702
US Treasury Bonds	6.125	8/15/2007	1,485,000	1,501,246
US Treasury Notes	4.250	11/15/2003	775,000	731,166
US Treasury Notes	5.500	5/15/2009	950,000	927,732
US Treasury Notes	5.625	5/15/2008	1,010,000	989,173
US Treasury Notes	5.750	8/15/2003	1,590,000	1,590,000
US Treasury Notes	7.000	7/15/2006	675,000	715,082
US West Communications Inc.	6.625	9/15/2005	800,000	792,368
Wachovia Corp.	5.625	12/15/2008	550,000	499,296
Williams Cos. Inc.	6.200	8/1/2002	700,000	686,980
Cash and Cash Equivalents			3,273,979	3,273,979
TOTAL Voyageur Asset Management			\$ 59,411,932	\$ 58,406,081

Commercial Paper

As of June 30, 1999

Name	Rate	Maturity	Market
American Crystal Sugar	5.100	7/2/1999	\$ 1,999,436
Amsterdam Funding Corp	5.120	7/26/1999	1,394,843
Check Point CP	5.180	8/5/1999	1,989,700
Clipper Receivables Corp	4.970	7/26/1999	1,494,638
Ford Motor Credit Corp.	4.750	7/1/1999	1,799,764
General Motors Acceptance Corp	4.750	7/1/1999	3,099,592
General Motors Acceptance Corp	4.780	7/1/1999	499,934
Glencor Asset Inc.	5.000	7/26/1999	498,205
Golden Funding Corp.	4.800	7/9/1999	2,996,415
Gramercy Capital Corp.	4.820	7/7/1999	2,997,200
Lexington Parker Inc.	4.770	7/6/1999	4,496,438
MOAT Funding LLC	4.880	7/9/1999	3,239,060
Nike Inc.	4.770	7/6/1999	2,997,625
Puget Sound and Energy	5.420	7/26/1999	1,992,200
Sears Roebuck Acceptance Corp	4.990	7/16/1999	4,889,176
Sears Roebuck Acceptance Corp	5.160	7/28/1999	4,980,011
Sunbelt - Dix Inc.	4.960	7/19/1999	3,490,875
US Bancorp	4.770	7/6/1999	2,997,625
US Bancorp Bankers Acceptance	4.930	7/26/1999	1,096,107
TOTAL Commercial Paper			\$ 48,948,843

Indexed Fixed Income Fund

As of June 30, 1999

Name	Market
Barclays Global Investors	\$ 73,309,000
TOTAL Indexed Fixed Income Fund	\$ 73,309,000

Indexed Equity Fund

As of June 30, 1999

Name	Market
Barclays Global Investors	\$ 210,952,523
Barclays Global Investors - Extended Market	51,766,562
Barclays Global Investors - Small Cap	3,325,404
Russell 2000 Index	10,860,721
TOTAL Indexed Equity Fund	\$ 276,905,210

International Equity Fund

As of June 30, 1999

Name	Market
Capital Guardian Trust Co.	\$ 25,733,969
Capital International Inc.	25,258,088
Morgan Stanley Pooled International Equity Trust	99,735,819
TOTAL International Equity Fund	\$ 150,727,876

Alternative Investment

As of June 30, 1999

Name	Market
Clifton Group	\$ 11,064,930
TOTAL Alternative Investment	\$ 11,064,930

Active Domestic Equity Accounts

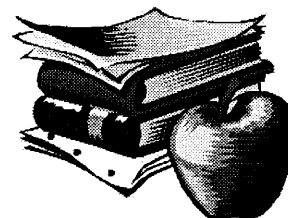
As of June 30, 1999

Shares	Name	Market
18,557	Abbott Laboratories	\$ 842,024
8,500	ADC Telecommunications Inc.	387,286
7,000	Allstate Corp.	251,125
7,000	Ameritech Corp.	514,500
11,500	Aptargroup Inc.	345,000
8,000	AT&T Corp.	446,504
8,500	Baxter International Inc.	515,313
11,000	Biomet Inc.	437,250
11,800	C H Robinson Worldwide Inc.	433,650
9,000	Chicago Title Corp.	321,192
4,500	Clear Channel Communications Inc.	310,221
10,800	Commercial Federal Corp.	250,430
10,000	Computer Network Technology	216,250
5,000	Dayton Hudson Corp.	325,000
14,300	Dean Foods Co.	594,351
17,000	Donaldson Inc.	416,500
10,935	Ecolab Inc.	477,039
5,000	Fastenal Co.	262,190
12,000	Fiserv Inc.	375,756
5,165	Galileo International Inc.	276,007
10,000	Household International Inc.	473,750
4,500	Illinois Tool Works Inc.	367,875
31,000	Intranet Solutions Inc.	261,578
5,000	Kohls Corp.	384,375
5,000	Lands' End Inc.	240,625
11,000	McDonalds Corp.	452,375
5,000	MCI Worldcom Inc.	430,315
5,500	Medtronic Inc.	428,313
4,500	MGIC Investment Corp.	218,813
4,000	Patterson Dental Co.	139,000
9,000	Pentair Inc.	411,750
4,500	Rayovac Corp.	102,096
11,000	Reliastar Financial Corp.	481,250
6,000	Snap-On Inc.	217,128
11,500	Spyglass Inc.	231,438
19,200	Sybron International Corp.	529,210
12,116	Tootsie Roll Industries Inc.	467,981
10,843	Valspar Corp.	412,034
17,000	Walgreens Co.	499,375
4,000	Wrigley (Wm) Co.	356,752
--	Cash and Cash Equivalents	7,184,361
TOTAL Investment Advisors Inc.		\$ 22,287,979

Shares	Name	Market
15,000	Alcoa Inc.	\$ 928,125
27,300	American Home Products Corp.	1,566,338
31,500	AMR Corp.	2,149,875
34,000	BankBoston Corp.	1,738,250
52,500	Boeing Co.	2,310,000
17,500	Cadence Design Systems Inc.	220,938
38,000	Canadian Pacific Ltd	904,894
14,800	Champion International Corp.	708,550
15,000	Chancellor Media Corp.	826,875
92,998	Citigroup Inc.	4,417,405
80,000	Compaq Computer Corp.	1,895,040
62,000	Computer Associates International	3,394,500
62,800	Diageo PLC	2,700,400
72,640	Donnelley (RR) & Sons	2,692,256
32,000	Dover Corp.	1,120,000
28,000	Du Pont Co.	1,912,764
65,000	Federal Home Loan Mtg Corp.	3,770,000
33,000	Household International Inc.	1,563,375
40,000	ITT Industries Inc.	1,525,000
4,500	M & T Bank Corp.	2,475,000
30,600	Mattel Inc.	799,425
30,000	May Department Stores	1,226,250
115,000	McDonalds Corp.	4,729,375
7,800	MCI Worldcom Inc.	671,291
20,000	Minnesota Mining & Mfg Co.	1,738,760
65,000	Monsanto Co.	2,571,595
18,000	Motorola Inc.	1,705,500
20,000	News Corp. Ltd	631,260
11,500	Raytheon Co.	810,750
25,000	Rockwell International Corp.	1,518,750
45,000	Sabre Group Holdings Inc.	3,093,750
20,000	Sprint Corp.	1,060,000
9,000	Time Warner Inc.	653,625
26,000	UAL Corp.	1,680,250
8,000	United Technologies Corp.	576,000
40,000	Unitrode Corp.	1,147,525
30,000	Waste Management Inc.	1,612,500
77,000	Wells Fargo & Co.	3,291,750
66,710	XI Capital Ltd	3,769,115
--	Cash and Cash Equivalents	3,835,226
TOTAL Oppenheimer Inc.		\$ 75,942,282

Shares	Name	Market
20,000	Minnesota Mining & Mfg Co.	\$ 1,738,760
TOTAL In House Equities		\$ 1,738,760

Benefits *Section*



page

47

Pre-Retirement Topics

Allowable Service Credit

A full year's service credit equals 170 days worked. Partial years are calculated based on the ratio of days worked to 170 days. No more than one year of service credit is allowable during any fiscal year.

Definition of Salary

Minnesota Statutes Section 354 defines salary. Salary is the entire compensation upon which member contributions are required and made.

Refund of Contributions

In lieu of a monthly retirement benefit, a member who resigns from the place of their employment may apply for a refund of employee contributions, plus interest of 6% compounded annually. Coordinated Plan members have access to a refund of contributions at any age. Basic Plan members must be ineligible for a pension to receive a refund of contributions.

Repaying a Refund of Contributions

A member who received a refund may reinstate previous St. Paul service by repaying the amount refunded plus 8.5% interest compounded annually from the date the refund was taken. The repayment can only be made after the member has accumulated at least two years of allowable service since the last refund was taken.

Beneficiary

A beneficiary is the person, persons or organization designated to receive a refund of employee contributions plus interest upon the death of the member if no survivor or family benefit is payable. If no valid beneficiary form is on file for a member, a refund of contributions plus interest, if applicable, will be paid to the member's estate.

Marriage Dissolution

Minnesota Statutes Section 518 covers marriage dissolutions and requires that SPTRFA receive a copy of the petition and summons, as well as a copy of the affidavit of service before information will be released. In the event that the court orders that future pension benefits be divided, a formula for splitting the benefit should be put into the dissolution decree. All inquiries are kept confidential.

Retirement Topics

Basic and Coordinated Plans

"Basic Plan members," all of who were hired prior to July 1, 1978, do not contribute to Social Security. Basic Plan members are vested once they have five years of retirement credit.

All members hired since July 1, 1978 contribute both to SPTRFA and Social Security and are known as "Coordinated Plan members." Coordinated Plan members are vested once they have three years of retirement service credit.

Steps to Retirement

When planning to retire, members should contact SPTRFA to set up an appointment to apply for pension benefits. It is advisable that the members contact the office up to 60 days in advance of retirement. All inquiries are kept confidential.

A member may apply for retirement benefits up to 90 days after the last date of employment provided that the member has not returned to employment. The retirement benefits would be retroactive to the first eligible retirement date after the termination of employment.

Deferred Pension

A deferred pension is available to members who terminate employment after they are vested. A deferred benefit may begin to be paid at age 55.

The benefit is computed by applying the normal retirement formula at the time of termination. It will be augmented by 3% each year until the member is age 55 and augmented by 5% each year thereafter. This augmentation continues until the member chooses to begin receiving his/her monthly benefit. If the member begins to receive a benefit before normal retirement age, applicable discounts will apply.

Combined Service

The Combined Service Law provides for the combination of a member's service in all public funds in Minnesota to determine benefits at the time of retirement.

The total credited years of service in all funds will be considered when determining eligibility for benefits. Benefit payments will be made by each fund in which the member has credited service.

Retirement Topics, Continued

Disability Benefit

A disability benefit is payable to members who become totally and permanently disabled. Members must be vested to be eligible for a disability benefit. Members may not have more than 60 sick days remaining at the time of application for the benefit, and they must have used all sick days prior to beginning the benefit.

In the Coordinated Plan, the disability benefit is calculated as the unreduced pension benefit amount using the member's years of service and final average salary at the time of the disability, less any benefits received from Worker's Compensation. The member may also apply for a disability benefit from Social Security.

A Basic Plan member's disability benefit is calculated to be 75% of the member's earnings for the last full year of service, less any benefits received from Workers' Compensation or Social Security.

Basic Plan Retirement Options

Basic Plan members receive a formula benefit payable for life. Survivor benefits are based on the ages of the member and spouse at the time of retirement. The survivor benefit does not cause a reduction in the member's benefit.

Coordinated Plan Retirement Options

At the time of retirement, Coordinated Plan members select one of the five optional annuity plans.

C-1	No Refund	Formula benefit payable for life to the member, with no refund payable to a beneficiary.
C-2	Guaranteed Refund	Formula benefit payable for life to the member that is reduced by use of actuarial tables to provide reduced benefit payments for life to the member and a guaranteed refund of unused member contributions to the beneficiary.
C-3	15-Year Certain	Formula benefit reduced by use of actuarial tables to provide reduced benefit payments for life to the member with the guarantee that payments will be made for at least 15 years. If the retiree dies before receiving payments for the guaranteed 15 years, the beneficiary will be paid the same monthly annuity for the remaining years of the guarantee.
C-4	100% Joint & Survivor	Formula benefit that is reduced by use of actuarial tables to provide reduced payments for life to the member and the same amount payable to the survivor for life with no refund.
C-5	50% Joint & Survivor	Formula benefit that is reduced by use of actuarial tables to provide reduced payments for life to the member and 50% of the reduced amount payable to the survivor for life with no refund.

If a Coordinated Member elects a joint and survivor option, and the spouse dies before the member, the member benefit will be increased to the C-1 amount. This is called the "pop-up" feature.

Post-Retirement Topics

Teaching After Retirement

If a retired member of SPTRFA is reemployed by ISD #625 or by a charter school or technical college located within the corporate limits of St. Paul, earnings are limited to the amount that causes a reduction in the primary Social Security benefit for that calendar year. If the retiree earns more than the allowable amount, the pension will be reduced one dollar for every three dollars the member earns over the limit. A retired member can work for any other employer without losing pension benefits.

Post-Retirement Increase

The post-retirement increase is an annual guaranteed 2% compounding increase. An “excess investment earnings increase” will be paid in addition to the guaranteed 2% increase in years when SPTRFA’s five year annualized rate of return exceeds 8.5%.

Retirees must be retired for one full year at the end of SPTRFA’s fiscal year (July 1-June 30) to qualify for the post retirement increase. Eligible retirees receive adjustments on January 1 of each year.

Pre-78 Supplemental Bonus

An annual supplemental bonus payment is paid to retirees who retired before July 1, 1978.

Coordinated Plan Summary of Tier Benefits

Vested members of the Coordinated Plan are eligible to receive a lifetime monthly pension based on the member's Final Average Salary (FAS), Years of Service (YOS) and Applicable Service Factor (ASF). Members first hired after June 30, 1989 are only eligible for Tier II benefits.

The following chart provides an overview of the Tier I and Tier II retirement benefits:

Benefit	Minimum Age	Minimum Service	Computation of Benefit
Tier I			
<i>Normal Unreduced Benefit</i>	62	30	<p>Formula = FAS x [YOS (10) x 1.2% ASF + YOS (in excess of 10) x 1.7% ASF].</p> <p>The Rule of 90 will also produce an unreduced benefit in Tier I.</p>
<i>Normal Reduced Benefit</i>	Any Age	30	Formula reduced by discount of 0.25% for each month a member's age is under 62.
Tier II			
<i>Normal Unreduced Benefit</i>	65 if first employed before July 1, 1989. 65-66 if first employed after June 30, 1989.	3	Formula = FAS x YOS x 1.7% ASF.
<i>Normal Reduced Benefit</i>	55	3	Formula reduced by the use of actuarial tables.

Basic Plan Summary of Tier Benefits

Vested members of the Basic Plan are eligible to receive a lifetime monthly pension based on the member's Final Average Salary (FAS), Years of Service (YOS) and Applicable Service Factor (ASF).

The following chart provides an overview of the Tier I and Tier II retirement benefits:

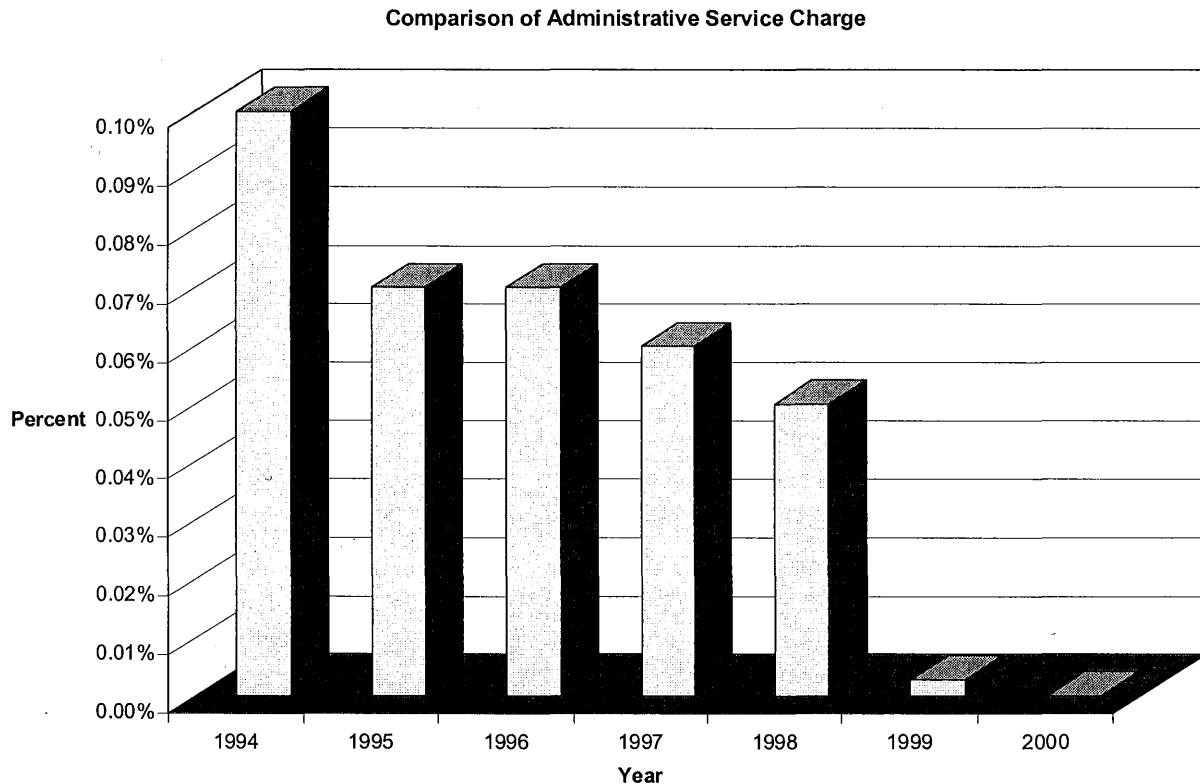
Benefit	Minimum Age	Minimum Service	Computation of Benefit
Tier I			
<i>Normal Unreduced Benefit</i>	60	25	Formula = FAS x YOS x 2.0% ASF. The Rule of 90 will also produce an unreduced benefit in Tier I.
<i>Normal Reduced Benefit</i>	55	25	Formula reduced by discount of 0.25% for each month a member's age is under 60.
Tier II			
<i>Normal Unreduced Benefit</i>	65	5	Formula = FAS x YOS x 2.5% ASF.
<i>Normal Reduced Benefit</i>	55	5	Formula reduced by the use of actuarial tables.

2000 Administrative Service Charge

As part of the 1993 increased funding package, SPTRFA members, both active and retired, pay an "administrative service charge" to be applied to the fund's administrative expenses.

This charge applies whenever the administrative expenses for the previous fiscal year exceed the comparable administrative expenses in the State of Minnesota Teachers Retirement Association (TRA).

This year, there is no administrative service charge to the active or retired members of SPTRFA because our administrative expenses for the fiscal year 1998-99 are lower than the comparable charges of TRA.



Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid (\$)
June 1910	15	13	\$ 4,860
June 1931	8	125	69,024
June 1932	8	130	72,961
June 1933	2	126	74,190
June 1934	6	127	74,120
June 1935	9	131	74,001
June 1936	14	135	75,864
June 1937	19	151	80,747
June 1938	17	160	89,709
June 1939	11	161	93,184
June 1939 to			
December 1939	0	158	23,870
December 1940	71	222	170,685
December 1941	35	246	210,257
December 1942	27	266	234,217
December 1943	38	286	253,031
December 1944	34	311	282,299
December 1945	56	350	308,113
December 1946	51	378	337,512
December 1947	28	387	360,571
December 1948	42	413	375,912
December 1949	42	441	419,618
December 1950	30	461	450,641
December 1951	27	476	472,670
December 1952	28	486	508,923
December 1953	32	487	525,959
December 1954	10	482	529,429
December 1955	38	509	666,994
December 1956	46	529	750,146
December 1957	59	560	840,883
December 1958	41	579	1,019,502
December 1959	30	585	1,084,506
December 1960	38	600	1,144,380
December 1961	39	611	1,230,715
December 1962	49	624	1,352,779
December 1963	42	647	1,467,461
December 1964	33	653	1,545,252
December 1965	40	668	1,631,554
December 1966	43	676	1,770,083
December 1967	36	682	1,862,249
December 1968	45	695	1,969,760
December 1969	53	726	2,319,186
December 1970	31	719	2,385,868
December 1971	47	731	2,522,350
December 1972	51	745	2,742,660
December 1973	36	744	3,039,253
December 1974	46	754	3,372,453

Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid (\$)
December 1975	52	778	\$ 3,765,322
December 1976	77	883	4,393,513
December 1977	63	919	5,050,507
December 1978	48	946	5,523,548
December 1979	40	946	6,240,309
December 1980	47	963	6,623,804
December 1981	47	981	7,139,037
December 1982	61	996	7,725,617
December 1983	72	1,042	8,555,099
December 1984	64	1,061	9,466,664
January 1985 to			
June 1985	59	1,103	5,324,727
June 1986	66	1,134	11,267,144
June 1987	117	1,191	12,478,180
June 1988	70	1,210	14,690,455
June 1989	67	1,236	15,506,957
June 1990	67	1,270	17,382,410
June 1991	80	1,309	18,811,677
June 1992	83	1,357	20,509,335
June 1993	120	1,426	22,763,806
June 1994	92	1,469	25,044,494
June 1995	113	1,539	26,792,534
June 1996	119	1,595	29,446,215
June 1997	179	1,720	32,056,967
June 1998	129	1,789	37,852,099
June 1999	114	1,861	41,724,751

For More Information

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