GEORGE V. STENNES AND ASSOCIATES

CONSULTING ACTUARIES

2850 METRO DRIVE
MINNEAPOLIS, MINNESOTA 55420
(612) 854-1155

ACTUARIES

GEORGE V. STENNES, F.S.A.
FRANKLIN C. SMITH, A.S.A.
JOHN H. FLITTIE, F.S.A.
JAMES W. KEMBLE, F.S.A.
WILLIAM G. NORDSTROM, F.S.A
C. D. SPANGLER, F.C.A.P.
ORLEN E. LUNDE, F.S.A.
ERNIE FRANKOVICH, F.S.A.
DANIEL H. HAAK, A.S.A.
RICHARD A. SWIFT, F.S.A.
GALE D. PATRICK, A.S.A.
JOHN E. TEISBERG, A.S.A.
RICHARD L. JACOBSEN, F.S.A.
JAMES R. BORDEWICK, F.S.A.
RAYMOND B. KRIEGER, F.S.A.
PAUL R. FLEISCHACKER, F.S.A.
DAVID G. ADAMS, F.S.A.
ROBERT P. MAST, A.S.A.
JAMES R. MILLER, A.S.A.
DON PENNEY, A.S.A.
STEPHEN A. ROBB, F.S.A.
J. ROBERT HOPSON, F.S.A.
BRADLEY J. JOERN, A.S.A.

PENSION ADMINISTRATION

PALMER G. ROOT
ROSALYN BERNSTEIN
CAROLYN RUCKER
PHYLLIS EAGEN
SUZANNE DRESSLER

July 17, 1974

Retirement Allowance Committee
Twin City Lines Employees' Retirement Plan
Minneapolis, Minnesota

Gentlemen:

At your request we have made an Actuarial Valuation of the Twin City Lines Employees' Retirement Plan as of January 1, 1974. The attached report summarizes the results of this valuation.

The results of the valuation indicate that the period of time required for an annual contribution of 14.7% of compensation to fully fund all current benefits has remained the same as compared to the results of the January 1, 1973 valuation. It is our opinion that if the current contribution rates of 4.9% for employees and 9.8% for the Company are continued and the total covered payroll remains at the current level, normal costs will be met and the accrued liability will be funded by October 1, 1991.

We certify that all calculations in respect to the valuation were performed on the basis of the assumptions outlined in the report and that the results are correct to the best of our knowledge.

Respectfully submitted,

John H. Flittie

John H. Flittie
Fellow, Society of Actuaries

James R. Bordewick

James R. Bordewick
Fellow, Society of Actuaries

JRB:ml

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TWIN CITY LINES

EMPLOYEES' RETIREMENT PLAN

ACTUARIAL VALUATION

AS OF JANUARY 1, 1974

This report contains the results of the actuarial valuation of the Plan performed as of January 1, 1974.

The actuarial assumptions as to mortality, morbidity, termination, and interest rates which were adopted in 1961 were again used for the current valuation. (These assumptions reflect closely the Plan's own experience in the 1955 - 1960 period.)

The contribution rates for employees and the Company set forth later in the report are expressed in percentages of compensation so it is important to understand that the level of gross payroll of the Company is of great importance in determining the level of contributions required to support the pension benefits. The covered payroll as of January 1, 1974 is estimated at approximately $14,975,000 annually. This is a 14.9% increase from the January 1, 1973 covered payroll. The number of active employees covered increased by 71 from the previous valuation. The average prospective pension for active employees increased by 8.8% from the previous year.

The calculations underlying the results set forth below assume a continuation of the covered payroll at its current level. A drop in covered payroll will increase the percentage of pay necessary to fund the pension benefits over a fixed period of time, or will lengthen the period necessary for a fixed contribution rate to fully fund the benefits. An increase in covered payroll will have the opposite effect.

The Plan commenced July 1, 1944 and was amended as of January 1, 1950, as of January 1, 1965, and as of January 1, 1972. It is supported by joint contributions of employees and the Company. Company contributions according to the Plan are to be two-thirds of the total required contributions. Article Six of the Plan, prior to the 1965 amendments, provided that the contributions to be made in years following 1951 "shall be the annual amounts necessary (a) to fund the cost of current service credit for such year, and (b) to fund the accrued liability over a period of 40 years." The 1965 amendments froze the total contribution rate at 14.7% for a three year period, and lengthened the funding period to whatever period of years necessary, which as of January 1, 1965 was 35 1/2 years from that date.

This valuation reflects certain changes in the actuarial methods for determining disability, withdrawal, and death benefit costs and liabilities. In addition, certain other refinements were made to the computational process. The result of these changes was to increase the unfunded liability by $798,056. Instead of including this increase in the unfunded liability shown in the report, we have assumed that it will be amortized over a five year period and accordingly have increased the normal cost by 20% of this amount or $159,611. This increased the normal cost by 1.07% of current covered annual payroll.

RESULTS OF VALUATION

This valuation is the thirteenth which has been based on the actual past experience of the Plan, projected for future developments. Since the actuarial factors used in the valuation reflect closely the Plan's recent experience, fluctuations in the funding period due to actuarial gains and losses can be expected from year to year, which will not be cushioned by conservative actuarial assumptions. For example, 1973 again showed higher mortality among retirees than expected and fewer new disability than expected, both of which produce gains.

The outstanding changes in the history of this fund have been: (1) the decline in employment accompanied by a steady increase in retired participants, (now reversed by a sharp increase in covered payroll, a slight increase in employment, and a continued decrease in the number of retirees); (2) the more favorable rates of investment earnings which have been achieved in the last few years; (3) a trend toward earlier retirement, (this trend toward earlier retirement has slowed down and there is evidence that the cost of this feature may not be as high as calculated on a strictly theoretical basis since it appears to be elected by employees in less than average health. However, the 1972 Plan amendments, the increased Social Security benefits and a liberalized "earnings" test, and economic and employment conditions could create a much greater trend toward early retirement in the future and create a financial strain on this Plan.); (4) a continued high level of disability costs; (5) in the past four years, a sharp increase in the growth rate of the fund - $1,149,000, $1,046,000, $904,000 and $463,000 for 1973, 1972, 1971 and 1970, respectively, compared to an average of approximately $140,000 in the five previous years).

The report submitted last year, the first after the 1972 amendments, indicated that the combined contribution rate of 14.7% of covered payroll would pay the normal annual cost and amortize the unfunded liability over a period of approximately 18.75 years from January 1, 1973, (by October 1, 1991), assuming the covered payroll is unchanged and experience followed the actuarial assumptions. The January 1, 1974 valuation indicates that the unfunded liability will be amortized in approximately 17.75 years from January 1, 1974 (by October 1, 1991). The full funding date, October 1, 1991, did not change from the previous year according to the actuarial method utilized. If we had elected to reflect the increase of $798,056 - the result of refinements in actuarial techniques - in the unfunded liability, the normal cost would have been reduced and the unfunded liability increased and the estimated full funding date would be January 1, 1990. The funding of the Plan is progressing on the schedule estimated at the time of the 1972 amendments.

Valuation Date	Estimated "Full Funding" Date
January 1, 1965	July 1, 2000
January 1, 1966	March 1, 2002
January 1, 1967	January 1, 2002
January 1, 1968	July 1, 1998
January 1, 1969	July 1, 1999
January 1, 1970	October 1, 1994
January 1, 1971	July 1, 1992
January 1, 1972	November 1, 1990
January 1, 1973 (Before Change)	May 1, 1988
January 1, 1973 (After Change)	October 1, 1991
January 1, 1974	October 1, 1991

COMPARATIVE

ACTUARIAL BALANCE SHEET

AS OF JANUARY 1, 1973 AND JANUARY 1, 1974

	1-1-73	1-1-74
Assets		
Total Funds (at cost) per Trustee	$ 8,207,816	$ 9,356,334
Present Value of Future Contributions for:		
Current Service	$ 6,538,879	$ 7,781,638
Accrued Liability	16,767,907	16,161,991
	$23,306,786	$23,943,629
Total Assets	$31,514,602	$33,299,963
Liabilities		
Present Value of Retirement Allowances Payable to Currently Retired Participants:		
Regular Retirements	$ 7,643,678	$ 8,585,944
Disability Retirements	1,190,508	1,205,988
Total for Retirees	$ 8,834,186	$ 9,791,932
Present Value of Future Benefits for Participants Terminated with a Vested Interest	266,739	152,083
Present Value of Future Benefits for Active Participants	22,413,677	23,355,948
Total Liabilities	$31,514,602	$33,299,963

STATEMENT OF INCOME AND DISBURSEMENTS

1-1-73 TO 12-31-73

Trust Assets, 1-1-73 (Includes Accrued Contributions of $149,972.58)		$ 8,207,815.56
Income		
Company and Employee Contributions	$2,030,429.16	
Company and Employee Contributions (Accrued)	181,799.55	
Interest and Dividends *	420,928.08	
Loss on Sale and Redemption of Securities	(53,854.68)	
Total Income		2,579,302.11
Sum		$ 10,787,117.67
Disbursements		
Pensions and Refunds at Death on Retirees	$1,242,473.40	
Refunds of Contributions on Actives	168,261.80	
Trustee's Fees to 6-30-73	9,670.00	
Actuarial Fees	6,550.00	
Auditors' Fees	1,250.00	
Miscellaneous (Postage, Insurance, Printing, Administration, etc.)	2,578.10	
Total Disbursements		1,430,783.30
Trust Assets, 12-31-73 (Cost) (Includes Accrued Contributions of $181,799.55)		$ 9,356,334.37

* Balancing Item: A detailed accounting for the interest and dividend income earned from 1-1-73 to 6-30-73 was not furnished.

The total assets of the fund of $33,299,963 minus the funds in hand (including accrued contributions) of $9,356,334 represent the present value of required future contributions to the Plan toward future service credits and the unfunded accrued liability for earned and projected benefits.

The unfunded accrued liability for earned and projected benefits is $16,161,991, a decrease of $605,916 since last year.

The normal cost for total estimated future benefits, expressed as a level amount for each year of service and assuming level salaries, is allocated as follows:

Regular Retirement Allowances	$ 504,534
Disability Retirement Allowances	45,619
Death Benefits Before Retirement	40,714
Withdrawal Benefits	253,782
Amortization of Cost Increase Due to Actuarial Refinements	159,611
Total Adjusted Normal Cost	$ 1,004,260

The adjusted normal cost is 6.71% of current covered annual payroll.

The estimated total (Employees and Company) contributions to the Plan in 1974 are $2,201,316. After deducting the normal cost of $1,004,260, this leaves $1,197,056 as available as an amortization payment toward the unfunded accrued liability. (This compares with $1,194,217 available for the payment toward the unfunded liability in 1973.)

Amortization payments at this level would be required for approximately 17.75 years from January 1, 1974 to completely fund the accrued liability. Thus, the date on which the Plan could become fully funded is estimated to be approximately October 1, 1991, the same as shown by last year's valuation.

In our opinion, the current contribution rate of 14.7% will support the Plan on the basis outlined above, assuming the covered payroll does not decrease. However, any changes which would materially increase the unfunded liability, decrease the income of the fund, or a substantial decrease in covered payroll, would have a very adverse effect on the future security of pension benefits.

The total number of retirees increased slightly from the previous year. There was an increase in the non-disability retirements, and this was due to the large number of participants reaching age 65 during 1973. The total number of disability retirements decreased again this year by five participants. During 1973, there were ten out of forty-three non-disability retirees who elected optional forms of retirement income, seven of which elected the period certain and life options while three elected the Joint and 50% to Joint Annuitant options.

APPENDIX I

Membership of Plan

The following tables show the participants in the plan, arranged by type of membership.

The total annual compensation shown is the approximate annual rate in effect on December 31, 1973 rather than the amount actually paid in 1973.

The total prospective annual pension is the pension which will be accrued by the group based on the assumption that compensation remains constant.

ACTIVE - OPERATING

Age Group	12-31-71 ** No.	12-31-71 ** Total Prospective Ann. Pension (Thousands)	12-31-71 ** Total Annual Salary* (Thousands)	12-31-72 ** No.	12-31-72 ** Total Prospective Ann. Pension (Thousands)	12-31-72 ** Total Annual Salary * (Thousands)	12-31-73 ** No.	12-31-73 ** Total Prospective Ann. Pension (Thousands)	12-31-73 ** Total Annual Salary * (Thousands)
25 & Under	120	$ 656	$ 1,023	142	$ 811	$ 1,265	173	$ 1,075	$ 1,673
26 - 28	96	532	892	112	667	1,108	121	776	1,285
29 - 31	93	485	871	91	524	927	105	642	1,135
32 - 34	77	410	771	85	473	892	89	533	1,000
35 - 37	56	276	560	79	420	835	79	461	915
38 - 40	37	169	378	46	223	494	63	342	742
41 - 43	45	186	448	56	234	582	56	263	657
44 - 46	51	196	497	40	162	426	44	185	506
47 - 49	74	307	751	71	309	786	62	281	745
50 - 52	77	288	782	74	298	824	79	334	949
53 - 55	93	311	917	86	306	916	74	293	886
56 - 58	92	285	883	88	308	926	95	347	1,109
59 - 61	76	205	719	87	280	916	89	308	1,025
62 - 64	47	107	438	45	145	459	40	126	453
65 & Over	13	26	94	11	37	100	3	9	33
Total	1,047	$ 4,439	$ 10,024	1,113	$ 5,197	$ 11,456	1,172	$ 5,975	$ 13,113
Average Annual Pension		$ 4,240			$ 4,669			$ 5,098	

* This is the salary of employees who have not reached their normal retirement date.

** Approximate.

ACTIVE - OFFICE AND SUPERVISORY

Age Group	12-31-71 **			12-31-72 **			12-31-73 **		
	No.	Total Prospective Ann. Pension (Thousands)	Total Annual Salary* (Thousands)	No.	Total Prospective Ann. Pension (Thousands)	Total Annual Salary* (Thousands)	No.	Total Prospective Ann. Pension (Thousands)	Total Annual Salary* (Thousands)
25 & Under	17	$ 73	$ 112	23	$ 108	$ 165	25	$ 134	$ 203
26 - 28	9	43	70	12	59	98	10	56	92
29 - 31	7	33	60	9	52	90	12	75	130
32 - 34	6	29	54	8	46	85	9	48	88
35 - 37	8	41	79	9	45	91	9	52	104
38 - 40	4	15	32	8	39	83	8	45	94
41 - 43	7	27	62	6	23	56	6	27	65
44 - 46	8	32	75	10	47	109	12	56	133
47 - 49	17	62	159	17	63	172	13	48	142
50 - 52	9	29	82	13	50	136	22	85	251
53 - 55	19	58	186	15	53	167	14	48	155
56 - 58	11	36	112	13	44	141	15	54	190
59 - 61	7	17	64	6	22	67	12	42	153
62 - 64	12	32	130	8	22	90	4	10	40
65 & Over	3	4	12	5	17	27	3	8	22
Total	144	$ 531	$ 1,289	162	$ 690	$ 1,577	174	$ 788	$ 1,862
Average Annual Pension		$ 3,688			$ 4,259			$ 4,529	

* This is the salary of employees who have not reached their normal retirement date.

** Approximate.

RETIRED

Non-Disability Retirements

Age Group	12-31-71 No.	12-31-71 Pension*	12-31-72 No.	12-31-72 Pension*	12-31-73 No.	12-31-73 Pension*
Under 50	0	$ 0	0	$ 0	0	$ 0
50 - 54	0	0	0	0	0	0
55 - 59	3	2,871	2	2,339	7	8,137
60 - 64	24	36,146	23	47,552	21	54,416
65 - 69	106	179,455	96	189,103	119	278,820
70 - 74	154	209,589	144	223,441	125	195,320
75 - 79	134	191,373	141	228,728	141	227,347
80 - 84	116	163,026	106	162,951	103	157,241
85 - 89	55	75,222	58	89,806	63	97,119
90 & Over	19	16,574	19	24,223	20	28,821
Total	611	$874,256	589	$968,143	599	$1,047,221
Average Annual Pension		1,431		1,644		1,748

* All pension shown are on an annual basis.

RETIRED

Disability Retirements

Age Group	12-31-71 No.	12-31-71 Pension*	12-31-72 No.	12-31-72 Pension*	12-31-73 No.	12-31-73 Pension*
Under 50	3	$ 3,730	3	$ 4,151	1	$ 1,284
50 - 54	6	8,351	5	7,373	10	18,617
55 - 59	10	13,301	11	20,803	11	22,024
60 - 64	23	31,896	22	34,919	20	33,259
65 - 69	15	20,007	19	31,241	17	30,455
70 - 74	24	29,635	22	30,521	18	24,948
75 - 79	33	38,328	27	36,567	20	27,000
80 - 84	18	20,257	15	20,889	20	27,606
85 - 89	2	2,542	5	7,109	7	9,509
90 & Over	0	0	0	0	0	0
Total	134	$ 168,047	129	$ 193,573	124	$ 194,702
Average Annual Pension		$ 1,254		$ 1,501		$ 1,570

ALL RETIREMENTS

December 31:	1971	1972	1973
Total Retired	745	718	723
Total Pensions	$ 1,042,303	$ 1,161,716	$ 1,241,923

* All pensions shown are on an annual basis.

TERMINATED WITH A VESTED INTEREST

Age Group	12-31-71 No.	12-31-71 Annual Pension at 65	12-31-72 No.	12-31-72 Annual Pension at 65	12-31-73 No.	12-31-73 Annual Pension at 65
Under 50	3	$ 7,973	3	$ 7,547	1	$ 3,311
50 - 54	7	11,227	5	12,082	3	7,330
55 - 59	3	6,471	6	13,766	3	6,544
60 - 64	1	724	0	0	0	0
65 & Over	1	756	1	2,120	1	2,120
Total	15	$ 27,151	15	$ 35,515	8	$ 19,305
Average Annual Pension		$ 1,810		$ 2,368		$ 2,413

APPENDIX II

Interest Earnings

The rate of earnings on the assets of the pension fund are of great importance in the ultimate determination of the cost of a pension plan.

The net yield (after subtraction of Trustee's fees) realized on approximate average assets each year is shown below on a cash basis, both including and excluding realized capital gains and losses.

Year	Total	Excluding Realized Capital Gains and Losses
1961	3.71%	3.77%
1962	4.59	3.83
1963	3.88	3.94
1964	4.05	4.05
1965	4.42	4.07
1966	4.27	4.24
1967	4.38	4.28
1968	5.08	4.33
1969	4.98	4.20
1970	3.20	4.91
1971	6.57	4.66
1972	6.61	4.87
1973	4.15	4.80

In 1973, there was a realized loss of $53,855.

It should be noted that interest earnings in excess of the rate of 3.50% assumed in the calculations result in an actuarial gain to the trust fund, and help to reduce the unfunded liability. Also, any unrealized market appreciation can be thought of as a partial offset to the unfunded liability. However, at the end of 1973, the market value was approximately $1,491,000 less than the cost value of the current assets. This amounted to an unrealized loss during 1973 of approximately $945,000.

APPENDIX III

Actuarial Assumptions

Interest:	3 1/2% per annum, net after Investment expenses.
Death Rates:	
Non-Disabled Lives:	
Males:	A modification of the 1937 Standard Annuity Table set back one year.
Females:	This Table set back four years.
Disabled Lives:	A modification of the Society of Actuaries 1952 Study of Disability Benefits - Benefit 1, Total and Permanent Disability.
Withdrawal Rates:	A special table constructed from the Plan's experience from July 1, 1955 to June 30, 1960, with some margin added.
Disablement Rates:	140% of the UAW - 1955 Table.
Retirement Rates:	Average Retirement Age: 65
Future Salary Increases:	None.
Provision for future non-investment expenses:	None.
Cost Method:	Entry Age Normal.

APPENDIX IV

Summary of Benefits and Contributions

BENEFITS (AFTER 1972 AMENDMENTS)

1. Normal retirement allowance is a monthly pension payable for life commencing on the first day of the month following the employee's sixty-fifth birthday equal to the greater of

(a) 1% of past service compensation for each year, or fraction thereof in complete months, of continuous service prior to January 1, 1950 plus 1 1/4% of the employee's total creditable compensation between that date and December 31, 1964, plus 1 1/2% of the employee's total creditable compensation after December 31, 1964 subject to minimum and maximum provisions. (Past Service compensation is defined at specified amounts of $3,120, $3,480 and the total earnings for the best of the five years preceding January 1, 1950, for various classes of employees.); or

(b) $8.00 per month per year of credited service up to 30 years of credited service plus $9.00 per month per year of credited service in excess of 30 years.

The minimum allowance is $150 provided an employee has 20 years creditable service and has attained age 65 or more. The minimum is proportionately reduced for shorter periods of service. The maximum allowance is $7,500 per year.

2. Early retirement is permitted after attainment of age 55. The early retirement allowance is equal to a participant's earned allowance up to his actual retirement reduced by 5% for each year that his age is below 65 at retirement. No reduction is made if retirement occurs after age 60 if the employee has completed 35 years of service or after age 62 if the employee has completed 30 years of service. The allowance paid upon late retirement is the same as if the employee had retired on his normal retirement date.

3. Disability retirement allowance is permitted under certain circumstances after an employee has been employed continuously by the Company for 10 years. The disability retirement allowance is equal to his earned allowance up to the date of his disability, but not less than $115 monthly. Upon recovery from disability and return to active employment, service credits are retained and equal to credits from date of original employment less the credits for years and months during which a disability benefit was paid.

4. Return of employee contributions is made to an employee who resigns or is dismissed before retirement. The amount is equal to:

(a) his contributions made after January 1, 1950 with interest at 2%, plus

(b) One-half of his contributions made prior to that date without interest.

5. In the event of the death of a participant before retirement, a death benefit will be paid which is equal to the withdrawal benefit described in item (4) above minus any benefits received from the Plan prior to his death. In the event a participant dies after retirement, the death benefit is the withdrawal benefit described in item (4)(a) above, minus any benefit received from the Plan.

6. The allowance accrued by a participant up to the time of his withdrawal is vested in him if he has completed 10 years of service at that time provided he does not withdraw his contributions. The benefit provided is a retirement allowance starting at age 65 equal to his accrued credits to the date of his termination.

7. The retirement allowance of all pensioners on the rolls as of December 31, 1964 was increased $5.00 per month, effective January 1, 1965 and was also increased for all pensioners on the rolls as of December 31, 1971, effective January 1, 1972 by the following:

(a) $10.00 per month for employees who started to receive benefits on or after January 1, 1965 and prior to January 1, 1972.

(b) $15.00 per month for employees who started to receive benefits prior to January 1, 1965.

(c) If, after the increases in (a) and (b) above, the monthly benefit for a Normal Retiree with 20 years of service or any Disability Retiree was less than $100, the benefit was increased to $100 a month.

APPENDIX IV

(Continued)

Summary of Benefits and Contributions

CONTRIBUTIONS

Since amendment of the Plan as of January 1, 1960, employees contribute one-third and the Company two-thirds of the amounts necessary to fund current service as it accrues and to fund past service over a period of years.

Contribution rates expressed as a percentage of compensation have been as follows:

Fiscal Year Ending June 30	Company	Employee
1950	4.50%	2.25%
1951	5.00	2.50
1952 to 1955	8.50	4.25
1956 to 1960	11.00	5.50
6 Months Ending 12-31-60	11.00	5.50
1-1-61 to 1974	9.80	4.90

TWIN CITY LINES VALUATION AS OF JANUARY 1, 1974

The purpose of this memorandum is to discuss the valuation report of the Twin City Lines Employees' Retirement Plan as of January 1, 1974. The valuation was made on the basis of the entry age normal cost method and assuming 3 1/2% interest. The current valuation was prepared by John H. Flittie and James R. Bordewick of George V. Stennes and Associates.

This memorandum contains the following:

1. Statistical and Valuation Data
2. Discussion of Valuation Results
3. Conclusion

1. Statistical and Valuation Data

Results of the valuation reports as of January 1, 1973 and January 1, 1974 are shown for comparative purposes. Figures are rounded where necessary for simplicity of presentation.

	As of January 1, 1973	As of January 1, 1974
(1) Membership		
Active Members	1,275	1,346
Retired Members	589	599
Disabled Members	129	124
Deferred Annuitants	15	8
(2) Payroll and Annuities Payable	(Thousands of Dollars)	
Covered Payroll	$13,033	$14,975
Annuities (Annual)	1,162	1,242
(3) Valuation Balance Sheet	(Thousands of Dollars)	
Accrued Liability	$24,976	$25,518
Assets	8,208	9,356
Unfunded Accrued Liability (Deficit)	16,768	16,162
Funding Ratio (Assets/Accrued Liability)	32.9%	36.7%

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	As of January 1, 1973	As of January 1, 1974
(4) Normal Costs and Funding Costs	Percent of Payroll	Percent of Payroll
Normal Cost	5.54%	6.71%
Expenses	.08	.07
	5.62%	6.78%
Normal Cost Plus Expenses	5.62%	6.78%
Interest on Deficit	4.50	3.78
Minimum Contribution	10.12%	10.56%
Normal Cost Plus Expenses	5.62%	6.78%
Amortization by 1997	7.48	6.49
Total Contribution	13.10%	13.27%
(5) Current Contributions		
Employee	4.9%	4.9%
Employer	9.8	9.8
Total	14.7%	14.7%
(6) Estimated Investment Yield *	4.87%	4.80%

* Ratio of reported investment income to estimated mean assets for fiscal year.

2. Discussion of Valuation Results

The benefits and contributions under this plan are subject to bargaining but with the restriction that adequate financing must be maintained. The agreements provide for an employer contribution double that of the employee but without any allocation of specific portions between normal cost and amortization of the deficit. Thus, at the time of a valuation, the amortization period is the unknown quantity to be determined.

In recent years, the contribution rates have been 4.9% of pay by the employees and 9.8% by the employer. The results of the 1974 valuation indicate that the deficit will be retired by October 1, 1991.

In the 1974 valuation, some changes were introduced in the methods for determining the costs for disability benefits, death benefits and withdrawal benefits. These changes would have increased the unfunded liabilities by $798,056, but instead of adding this to the unfunded liability, the actuaries have chosen to increase the normal cost by $159,611 (20% of $798,056) to retire the $798,056 over a period of about 5 1/2 years. This accounts for the sharp increase in the normal cost which otherwise would have been 5.64%.

The fund continues to earn just under 5%, but during 1973, capital losses of $53,855 were realized. Moreover, at the end of 1973, the market value of the fund was about $1,491,000 less than the value at cost which is shown on page 1.

The unfunded accrued liability decreased from $16,767,907 to $16,161,991, a decrease of $605,916. The Actuaries for the Plan have prepared the following analysis of this change:

Decreases:		
Amortization Contribution	$922,191	
Gain from Interest	114,981	
Total Decreases		$1,037,172
Increases:		
Net Actuarial Losses (Mainly Salary Increases)	$377,401	
Capital Loss	53,855	
Total Increases		431,256
Net Decrease		$ 605,916

3. Conclusion

As stated above, the bargaining agreement stipulates benefits and contribution rates, and the purpose of a valuation is to determine the period required to amortize the unfunded accrued liability. The valuation has been performed by the entry age normal cost method and is still based upon an assumed interest rate of 3 1/2% because the valuation was made within the period covered by the most recent bargaining agreement.

As indicated above, the present level of total support is more than adequate to provide the normal cost and to amortize the deficit before 1997 (14.70% vs. 13.27%) even with the 3 1/2% interest assumption.

Franklin C. Smith
Associate, Society of Actuaries
GEORGE V. STENNES AND ASSOCIATES
Consulting Actuaries