

*Revised
Jan 1967*

MINNESOTA STATE POLICE OFFICERS RETIREMENT ASSOCIATION

After the June 30, 1966 valuation had been completed, the Association discovered that one widow and five orphans had not been included in the census data sent to the actuary.

When these persons are included in the valuation, the Accrued Liability for Inactive Members is increased.

Attached to this sheet are the revised pages of the actuarial valuation report. These revised pages should replace the corresponding pages of the original report.

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C. REVISED RESULTS OF VALUATION

1. Valuation

Normal Cost of Benefits	\$ 131,473
Accrued Liability	3,249,270

2. Current Deficit from Full Funding.

Accrued Liability	\$ 3,249,270
Assets in Fund *	1,203,413
Unfunded Accrued Liability	\$ 2,045,857

3. Annual Payment to Achieve Full Funding by 1997.

Annual Deposit to retire deficit by 1997	\$ 99,311
Total Normal Cost	131,473
Total Annual Payment	\$ 230,784

4. Minimum Contribution to prevent increase in Deficit.

Interest on deficit at 3%	\$ 61,376
Total Normal Cost	131,473
Minimum Contribution	\$ 192,849

5. *Income of Fund during fiscal year ending June 30, 1966.

Members' Contributions	\$ 63,918.84
Taxes or Public Funds	130,449.38
Other	0.00
Total Contributions	\$ 194,368.22
Investment Income	\$ 42,873.30

6. Annual Payroll.

Covered Payroll (\$7,200 limit) as of 6-30-66	\$ 1,108,428
Total Payroll (no limit) as of 6-30-66	\$ 1,147,020

* Data furnished by Association.

D. REVISED DISCUSSION OF RESULTS

The valuation was made by a method known as the entry age normal cost method. Under this method, the normal cost is determined based on the age at hire of each member. This normal cost is the annual deposit required (using the assumptions outlined in Section B above) to pay for the cost of each member's prospective benefits over the period from his date of hire to his date of retirement.

The elements of normal cost for this plan are:

<u>Type of Benefit</u>	<u>Normal Cost</u>
Service Retirement Benefit	\$ 89,272
Disability Benefit	20,355
Withdrawal Benefit	999
Survivor's Benefit	20,847
Total Normal Cost	\$ 131,473

This total normal cost is 11.9% of the total covered payroll as of June 30, 1966.

When a retirement plan is fully funded, the fund contains an amount equal to the accumulation (under the actuarial assumptions made) of the normal cost for each member from his date of hire to the date of the valuation. This accumulation is called the accrued liability or the required reserve.

The elements of accrued liability for this plan are:

<u>Type of Benefit</u>	<u>Accrued Liability</u>
1. <u>Active Members</u>	
Retirement Benefit	\$ 1,969,674
Disability Benefit	131,082
Withdrawal Benefit	6,245
Survivor's Benefit	103,317
Total for Active Members	\$ 2,210,318
2. <u>Inactive Members</u>	
Retired	\$ 618,227
Deferred Retired	53,293
Widows	245,374
Orphans	23,941
Survivor's Benefit	98,117
Total for Inactive Members	\$ 1,038,952
Total Accrued Liability	\$ 3,249,270

E. REVISED CENSUS OF MEMBERSHIP AND ANNUITANTS

Following is a summary of membership and survivors of deceased members as of June 30, 1966:

<u>Status</u>	<u>Number</u>
Active Members	171
Deferred Annuitants	4
Service Retirements	32
Disabled Members	1
Widows of Deceased Members	22
Children of Deceased Members	10

F. REVISED BENEFITS BEING PAID AS OF JUNE 30, 1966

	<u>Number</u>	<u>Monthly Benefit</u>
Service Retirements	32	\$ 6,159.01
Disabled Members	1	160.00
Widows of Deceased Members	22	1,695.00
Children of Deceased Members	10	<u>385.00</u>
Total		\$ 8,399.01

(Equivalent Total Annual Benefit \$100,788.12)