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ST. PAUL, MINN. 55155

Teachers' Retirement Fund Association
St. Paul, Minnesota

SUPPLEMENTAL REPORT

May 13, 1974

LEGISLATIVE REFERENCE LIBRARY
STATE OF MINNESOTA

A. S. Hansen, inc.

Teachers' Retirement Fund Association
St. Paul, Minnesota

SUMMARY SHEET
 (Census as of December 31, 1973)

MEMBERSHIP

	<u>Prior Year</u>	<u>Current Year</u>	<u>Net Change</u>
Retired Members and Beneficiaries		801	
Annual Benefit Payments		\$ 3,261,550	
Active Members		2,803	
Participating Payroll		<u>37,933,849</u>	

FUNDED STATUS

Value of Benefits Earned to Date		\$62,756,402	
Assets		33,004,303	
Funding Ratio	<u>46.2%</u>	<u>52.6%</u>	<u>+6.40%</u>

ADEQUACY OF CONTRIBUTIONS

Member/Employer		19.000%	
Actuarial Requirement		18.289%	
Margin	<u>(0.154%)</u>	<u>0.711%</u>	<u>+0.865%</u>

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ACTUARIAL BALANCE SHEET
 (Year Commencing January 1, 1974)

INVESTMENT RETURN 5%

RESOURCES

Assets on Hand	\$ 33,004,303
Present Value of Future Entry Age Normal Level Contribution Requirements	38,331,626
Entry Age Normal Level Contribution Requirements Accumulated to Date	<u>63,573,194</u>
<u>Total Resources</u>	<u>\$134,909,123</u>

REQUIREMENTS

Present Value of Benefits (Past and Future Service) Retired Members and Beneficiaries	\$ 25,204,930
Deferred Vested Benefits	551,376
Active Members	<u>109,152,817</u>
<u>Total Requirements</u>	<u>\$134,909,123</u>

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ENTRY AGE NORMAL LEVEL CONTRIBUTION REQUIREMENT
(Year Commencing January 1, 1974)

INVESTMENT RETURN 5%

Present Value of Future Entry Age Normal Level Contribution Requirements (Exhibit 1)	\$ 38,331,626
Present Value of Future Payroll of Current Members	416,726,700
Entry Age Normal Level Contribution Rate at Beginning of Year	<u>9.198%</u>
Entry Age Normal Level Contribution Rate Adjusted for Mid-Year Receipt	<u>9.428%</u>

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INTEREST REQUIREMENT ON UNFUNDED OBLIGATION
(Year Commencing January 1, 1974)

INVESTMENT RETURN 5%

Entry Age Normal Level Contribution Requirement Accumulated to Date (Exhibit 1)	\$63,573,194
Interest Requirement on Level Contribution Requirement at End of Year	<u>\$ 3,178,660</u>
Interest Requirement on Level Contribution Requirement Adjusted for Mid-year Receipt	\$ 3,258,127
Considered Payroll	<u>\$37,933,849</u>
Interest Requirement as Percentage of Considered Payroll	<u>8.589%</u>

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DETERMINATION OF PROVISION FOR ACCRUED LIABILITY
(Year Commencing January 1, 1974)

A. <u>5% Basis</u>	Present Value of <u>Vested Benefits</u>	Percentage Funding Objective		<u>Funding Objective</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Plan in Effect - 1973	\$62,756,402	45%	50%	\$31,378,301
Assets on Hand				33,004,303
Provision for Accrued Liability (Objective - Assets)				0
Covered Payroll				37,933,849
Provision for Accrued Liability as Percentage of Covered Payroll				<u>0</u>
B. <u>40-Year Funding Basis</u>				
Net Unfunded Entry Age Normal Level Contribution Requirements Accumulated to Date				\$63,573,194
Principal Payment - 40-Year Funding Basis				526,259
Covered Payroll				37,933,849
Principal Payment as a Percentage of Covered Payroll				<u>1.387%</u>
Provision for the Accrued Liability (Lesser of A or B)				<u>0</u>

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PROGRESS OF FUNDING

<u>Year Ending 12/31</u>	<u>Present Value of Vested Benefits</u>	<u>Assets on Hand</u>	<u>Funding Ratio</u>
1971	\$59,501,403	\$22,541,277	37.9%
1972	59,593,105	27,554,138	46.2%
1973	62,756,402	33,004,303	52.6%

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ACTUARIAL BALANCE EXPRESSED
AS A PERCENTAGE OF COVERED PAYROLL
(Year Commencing January 1, 1974)

INVESTMENT RETURN 5%

Member and Employer Contribution Rate		19.00%
Entry Age Normal Level Contribution Rate (Exhibit 2)	9.428%	
Interest Requirement on Unfunded Obligation (Exhibit 3)	8.589%	
Expense Requirement	0.272%	
Total Level Requirement		<u>18.289%</u>
<u>Contribution Rate Less Level Requirement</u>		<u>0.711%</u>
Provision for Accrued Liability (Exhibit 4)		0
<u>Contribution Rate Less Actuarial Balance: Current Accrual Requirement</u>		<u>0.711%</u>

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MINIMUM ACCOUNTING ACCRUAL REQUIREMENT
(5% Interest, 3-1/2% Salary Scale)

	<u>Year Ending 1971</u>	<u>Year Ending 1972</u>	<u>Year Ending 1973</u>
Payroll	\$35,291,273	\$35,030,594	\$37,933,849
Past Service Obligation	95,046,976	95,193,387	96,577,497
Assets on Hand	\$22,541,277	\$27,554,138	\$33,004,303
Present Value of Future Past Service Payments	<u>25,365,929</u>	<u>24,686,060</u>	<u>26,170,562</u>
Unfunded Past Service	\$47,139,770	\$42,953,189	\$37,402,632
5% Interest on Unfunded	<u>2,356,989</u>	<u>2,147,659</u>	<u>1,870,132</u>
5% Interest on Unfunded Payroll	6.68%	6.13%	4.93%
14% less Normal Cost	<u>4.95</u>	<u>4.75</u>	<u>4.80</u>
Estimated Rate Deficit	<u>(1.73%)</u>	<u>(1.38%)</u>	<u>(0.13%)</u>