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December 17, 2001

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

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Re: *Minneapolis Teachers' Retirement Fund*
July 1, 2001 Actuarial Valuation Report

Commission Members:

Pursuant the terms of our actuarial services contract, we have performed an actuarial valuation of the Minneapolis Teachers' Retirement Fund as of July 1, 2001.

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 Minneapolis 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 as adopted by the Commission on Pensions and Retirement.

We, Thomas K. Custis and Lance M. Burma, are actuaries for Milliman USA. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

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

Minneapolis Teachers' Retirement Fund
ACTUARIAL VALUATION REPORT

July 1, 2001

Minneapolis Teachers' Retirement Fund
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Minneapolis Teachers' Retirement Fund
Report Highlights
(dollars in thousands)

	July 1, 2000 Valuation	July 1, 2001 Valuation
A. CONTRIBUTIONS % OF PAYROLL (Table 11)		
1. Statutory Contributions - Chapter 422A	23.25%	22.72%
2. Required Contributions - Chapter 356	25.25%	25.45%
3. Sufficiency / (Deficiency)	(2.00%)	(2.73%)
B. FUNDING RATIOS		
1. Accrued Benefit Funding Ratio		
a. Current Assets (Table 1)	\$ 1,027,633	\$ 1,061,983
b. Current Benefit Obligations (Table 8)	1,489,180	1,556,387
c. Funding Ratio	69.01%	68.23%
2. Accrued Liability Funding Ratio		
a. Current Assets (Table 1)	\$ 1,027,633	\$ 1,061,983
b. Actuarial Accrued Liability (Table 9)	1,544,358	1,610,364
c. Funding Ratio	66.54%	65.95%
3. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets	\$ 1,635,867	\$ 1,677,911
b. Current and Expected Future Benefit Obligations	1,791,915	1,859,209
c. Funding Ratio	91.29%	90.25%
C. PLAN PARTICIPANTS		
1. Active Members		
a. Number (Table 3)	5,777	5,813
b. Projected Annual Earnings	\$ 255,488	\$ 267,977
c. Average Annual Earnings (Actual dollars)	\$ 44,225	\$ 46,100
d. Average Age	42.6	42.6
e. Average Service	8.4	8.3
f. Additional Members on Leave of Absence *	67	64
2. Others		
a. Service Retirements (Table 4)	3,033	3,161
b. Disability Retirements (Table 5)	20	20
c. Survivors (Table 6)	254	263
d. Deferred Retirements (Table 7)	756	802
e. Terminated Other Non-Vested (Table 7)	1,815	2,250
f. Total	5,878	6,496

* Valued as deferred retirements, liability included with actives.

Minneapolis Teachers' Retirement Fund *Commentary*

Purpose

The purpose of this valuation is to determine the financial status of the Plan. To achieve this purpose, an actuarial valuation is made at the beginning of each fiscal year as required by Section 356.215 of Minnesota Statutes.

Report Highlights

The financial status of the Plan can be measured by three different funding ratios:

The *Accrued Benefit Funding Ratio* is a measure of current funding status and, when viewed over a period of years, presents a view of the funding progress. It is based upon benefits which have been earned by service to the valuation date. This year's ratio is 68.23%. The corresponding ratio for the prior year was 69.01%.

The *Accrued Liability Funding Ratio* is also a measure of funding status and funding progress. It is based on the actuarial cost method that has historically been used by the State. For 2001 the ratio is 65.95%, which is a decrease from the 2000 value of 66.54%.

The *Projected Benefit Funding Ratio* is a measure of the adequacy or deficiency in the contribution level. This year's ratio of 90.25% shows that the current statutory contributions are insufficient in the long run.

Asset Information (Tables 1 and 2)

Effective with the July 1, 2000 valuation of the fund, Minnesota Statutes require that the asset value used for actuarial purposes spread differences between actual return (measured on a market-value basis) and expected return on assets over a five year period. The previous method required under Minnesota Statutes recognized one third of the unrealized gains and losses. An Asset Valuation Method requirement exists because market values (which include all unrealized gains and losses) are typically volatile and can produce erratic changes in the contribution requirements from year to year. The intent of the change to the current method is to employ a more effective asset smoothing technique which is market-value based and which eliminates artificial bias related to manager style. The effective date of this requirement is July 1, 2000 with full transition to be accomplished as of July 1, 2003.

The calculation of the Actuarial Value of Assets is shown in Table 1 on lines F.1 to F.4. Actuarial Value of Assets is determined as:

Market Value of Assets at June 30, 2001, *less*

80% of the current year Unrecognized Asset Return at July 1, 2001 (the difference between actual net return on Market Value of Assets between June 30, 2000 and June 30,

2001 and the asset return expected during that period based on the assumed interest rate employed in the July 1, 2000 Actuarial Valuation); *less*

60% of the current year Unrecognized Asset Return at July 1, 2000 (the difference between actual net return on Market Value of Assets between June 30, 1999 and June 30, 2000 and the asset return expected during that period based on the assumed interest rate employed in the July 1, 1999 Actuarial Valuation); *less*

30% of the Unrecognized Asset Return at July 1, 1999 (the difference between Market Value of Assets on June 30, 1999 and the Actuarial Value of Assets used in the July 1, 1999 Actuarial Valuation).

The term "Actuarial Value of Assets" is used to indicate that the value was determined for use in this actuarial valuation. Since Minnesota Statutes refer to this value as "Current Assets", the latter phrase will be used in the remainder of this report.

Actuarial Balance Sheet (Table 8)

An actuarial balance sheet provides a method for evaluating current and future levels of funding. The Current Benefit Obligation used to measure current funding level is calculated as follows:

For Active Members - salary and service are projected to retirement to determine benefits for each member and the ratio of credited service to total service establishes the portion of the projected benefit to be used in calculating the current funding level.

For Non-active Members - the discounted value of benefits, including augmentation in cases where benefits have not commenced.

Actuarial Cost Method (Table 9)

The approach used by the State of Minnesota to determine contribution sufficiency is the Entry Age Normal Actuarial Cost Method. The primary characteristic of this method is that it allocates costs as a level of percentage of payroll.

A comparison of this actuarial method (Table 9) to the actuarial balance sheet (Table 8) illustrates the two techniques for allocating liabilities of active Members to past and future. As noted in the prior section, the balance sheet allocates benefits and the corresponding liabilities, on the basis of service. The method used in Table 9 allocates liabilities so that the cost each year will be a constant percentage of payroll. Both approaches, however, calculate the value of all future benefits the same way (see line F of Table 8 and line A.6, column 1, of Table 9).

An Unfunded Actuarial Accrued Liability is computed under the Entry Age Normal Actuarial Cost Method by comparing the liabilities allocated to past service (Actuarial Accrued Liability) to the Current Assets. This amount, line B.3, is funded over the remaining years to the amortization date by a series of payments that remain a constant percentage of payroll each year.

The payments will increase 5.0% each year because that is the assumed rate of increase in payroll. Although the payment schedule will be adequate to amortize the existing unfunded, the

lower payments in the earlier years will not be sufficient to cover the interest on the unfunded liability. After a few years, the annual payment will cover the interest and also repay a portion of the unfunded.

Sources of Actuarial Gains and Losses (Table 10)

The assumptions used in making the calculations using the Entry Age Normal Actuarial Cost Method are based on long-term expectations. Each year, the actual experience will deviate from the long-term expectation. For an analysis of the major components of the Actuarial Gain or Loss refer to Table 10.

Contribution Sufficiency (Table 11)

This report determines the adequacy of Statutory Contributions by comparing the Statutory Contributions to the Required Contributions.

The Required Contributions, set forth in Chapter 356, consist of:

- Normal Costs based on the Entry Age Normal Actuarial Cost Method.
- A Supplemental Contribution for amortizing any Unfunded Actuarial Accrued Liability.
- An Allowance for Expenses.

Table 11 shows the Fund has a current year contribution deficiency since the Statutory Contribution Rate is 22.72% compared to the Required Contribution Rate of 25.45%.

Changes in Actuarial Assumption

All other actuarial assumptions are the same as those used in the prior valuation. Table 12 contains a summary of all actuarial assumptions and methods.

Changes in Plan Provisions

Effective with this July 1, 2001 valuation, the following plan provisions have been added or amended:

Effective January 1, 2002, the annual lump sum benefits payable to pre-1974 retirees will be paid as monthly installments.

All other plan provisions are the same as those used in the prior actuarial valuation of the Fund. Tables 13A and 13B contain summaries of current plan benefits.

Minneapolis Teachers' Retirement Fund
Accounting Balance Sheet
(dollars in thousands)

July 1, 2001

	Market Value	Cost Value
A. ASSETS		
1. Cash, Equivalents, Short-Term Securities	\$ 123,430	\$ 123,430
2. Investments		
a. Fixed Income	378,075	393,133
b. Equity	473,022	446,639
c. Real Estate	4,336	4,336
3. Equity in Minnesota Post-Retirement Investment Fund	-	-
4. Other Assets	28,484	30,302
B. TOTAL ASSETS	<u>\$ 1,007,347</u>	<u>\$ 997,840</u>
C. AMOUNTS CURRENTLY PAYABLE	\$ 74,949	\$ 74,949
D. ASSETS AVAILABLE FOR BENEFITS		
1. Member Reserves	\$ 237,283	\$ 237,283
2. Employer Reserves	695,115	685,608
3. MPRIF Reserves	-	-
4. Non-MPRIF Reserves	-	-
5. Total Assets Available for Benefits	<u>\$ 932,398</u>	<u>\$ 922,891</u>
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	<u>\$ 1,007,347</u>	<u>\$ 997,840</u>
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS		
1. Market Value of Assets Available for Benefits (D.5)	\$ 932,398	
2. Unrecognized Asset Returns		
a. June 30, 2001	\$ (217,974)	
b. June 30, 2000	44,266	
c. June 30, 1999	60,783	
3. UAR Adjustment: $.80 * 2(a) + .60 * 2(b) + .30 * 2(c)$		(129,585)
4. Actuarial Value of Assets (F.1 - F.3)		<u>\$ 1,061,983</u>

Minneapolis Teachers' Retirement Fund
Change In Assets Available for Benefits
(dollars in thousands)

June 30, 2001

	Market Value	Cost Value
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$ 1,099,516	\$ 972,933
B. OPERATING REVENUES		
1. Member Contributions	\$ 16,321	\$ 16,321
2. Employer Contributions	22,029	22,029
3. Supplemental Contributions *	20,875	20,875
4. Investment Income	42,312	42,312
5. MPRIF Income	-	-
6. Net Realized Gain / (Loss)	(45,029)	(45,029)
7. Other	-	-
8. Net Change in Unrealized Gain / (Loss)	(117,076)	-
9. Total Operating Revenue	\$ (60,568)	\$ 56,508
C. OPERATING EXPENSES		
1. Service Retirements	\$ 91,896	\$ 91,896
2. Disability Benefits	839	839
3. Survivor Benefits	6,168	6,168
4. Refunds	516	516
5. Administrative Expenses	672	672
6. Investment Expenses	6,459	6,459
7. Total Operating Expenses	\$ 106,550	\$ 106,550
D. CHANGE IN ACCOUNTING METHOD	\$ -	\$ -
E. ASSETS AVAILABLE AT END OF PERIOD	\$ 932,398	\$ 922,891
F. DETERMINATION OF CURRENT YEAR UNRECOGNIZED ASSET RETURN		
1. Average Balance		
(a) Assets Available at Beginning of Period	1,099,516	
(b) Assets Available at End of Period	932,398	
(c) Average Balance $\{[(a) + (b) - \text{Net Investment Income}] / 2\}$	\$ 1,079,083	
{Net Investment Income: B.4+B.5+B.6+B.7+B.8-C.6}		
2. Expected Return: $.085 * F.1$	91,722	
3. Actual Return	(126,252)	
4. Current Year UAR: $F.3 - F.2$	(217,974)	

* Includes contributions from School District #1, the City of Minneapolis, and matching State contributions.

TABLE 3
Total Plan

Minneapolis Teachers' Retirement Fund
ACTIVE MEMBERS AS OF JUNE 30, 2001

<u>Age</u>	<u>Years of Service</u>								<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
<25	117	38	0	0	0	0	0	0	155
25-29	214	467	49	0	0	0	0	0	730
30-34	120	327	337	5	0	0	0	0	789
35-39	52	196	296	95	15	0	0	0	654
40-44	138	208	253	124	113	8	1	0	845
45-49	54	217	250	153	107	41	12	0	834
50-54	62	111	231	145	116	83	113	60	921
55-59	26	62	130	88	85	44	70	91	596
60-64	15	30	41	36	40	20	14	32	228
65+	6	4	11	16	5	4	3	12	61
ALL	804	1,660	1,598	662	481	200	213	195	5,813

AVERAGE ANNUAL EARNINGS

<u>Age</u>	<u>Years of Service</u>								<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
<25	11,611	23,545	0	0	0	0	0	0	14,537
25-29	15,916	29,211	36,154	0	0	0	0	0	25,780
30-34	16,563	33,118	40,853	52,414	0	0	0	0	34,026
35-39	19,813	37,297	45,951	49,877	55,619	0	0	0	42,071
40-44	17,096	32,855	46,792	53,997	58,724	49,326	38,047	0	41,178
45-49	20,412	36,991	47,872	57,241	61,241	60,221	73,945	0	47,679
50-54	17,232	38,454	48,780	59,518	64,091	65,754	68,997	70,894	54,482
55-59	19,421	33,437	49,955	57,280	65,095	65,555	68,374	72,869	56,959
60-64	22,065	35,764	43,123	57,139	66,278	67,036	70,933	70,677	54,717
65+	11,320	16,183	31,162	38,433	60,161	82,384	67,484	56,669	42,675
ALL	16,438	33,142	45,570	55,584	62,250	64,380	69,032	70,905	42,868

PRIOR FISCAL YEAR EARNINGS (IN THOUSANDS) BY YEARS OF SERVICE

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	<u>ALL</u>
All	13,216	55,016	72,821	36,797	29,942	12,876	14,704	13,827	249,192

TABLE 4
Total Plan

Minneapolis Teachers' Retirement Fund

SERVICE RETIREMENTS AS OF JUNE 30, 2001

<u>Age</u>	<u>Years Retired</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	13	58	0	1	0	0	0	72
55-59	36	331	51	0	0	0	0	418
60-64	19	293	222	31	0	0	0	565
65-69	8	134	277	113	24	2	0	558
70-74	0	36	148	220	89	22	1	516
75-79	0	4	18	124	153	74	10	383
80-84	0	1	1	22	94	132	26	276
85+	0	0	0	3	25	99	246	373
ALL	76	857	717	514	385	329	283	3,161

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Retired</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	34,551	32,880	0	15,164	0	0	0	32,936
55-59	19,397	38,133	28,837	0	0	0	0	35,385
60-64	16,473	27,731	37,903	21,164	0	0	0	30,989
65-69	8,605	23,283	34,463	39,595	18,156	17,883	0	31,686
70-74	0	28,570	27,488	34,546	36,051	23,511	15,647	31,857
75-79	0	39,443	40,702	31,510	31,695	33,664	6,867	31,871
80-84	0	10,479	39,167	33,550	25,874	28,782	12,737	26,632
85+	0	0	0	24,910	35,480	20,294	19,188	20,620
ALL	20,122	31,471	33,852	33,979	30,683	26,907	18,147	30,382

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS RETIRED

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	1,529	26,971	24,272	17,465	11,813	8,852	5,136	96,038

TABLE 5
Total Plan

Minneapolis Teachers' Retirement Fund

DISABILITY RETIREMENTS AS OF JUNE 30, 2001

<u>Age</u>	<u>Years Disabled</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	1	0	0	0	0	0	1
50-54	1	4	3	0	0	0	0	8
55-59	0	1	4	1	1	0	0	7
60-64	0	1	2	1	0	0	0	4
65-69	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	1	7	9	2	1	0	0	20

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Disabled</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	1,718	0	0	0	0	0	1,718
50-54	8,597	43,438	45,756	0	0	0	0	39,952
55-59	0	46,471	48,378	47,991	34,948	0	0	46,132
60-64	0	7,153	24,225	31,080	0	0	0	21,670
65-69	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	8,597	32,727	42,137	39,536	34,948	0	0	36,547

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS DISABLED

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	9	229	379	79	35	0	0	731

TABLE 6
Total Plan

Minneapolis Teachers' Retirement Fund

SURVIVORS AS OF JUNE 30, 2001

<u>Age</u>	<u>Years Since Death</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	10	24	23	6	4	0	0	67
50-54	1	1	4	1	0	0	0	7
55-59	1	0	2	0	0	0	0	3
60-64	3	6	7	0	0	0	0	16
65-69	0	10	10	5	0	1	1	27
70-74	4	9	13	10	4	4	1	45
75-79	0	15	11	5	3	5	1	40
80-84	2	6	7	0	1	1	2	19
85+	2	3	5	10	6	9	4	39
ALL	23	74	82	37	18	20	9	263

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Since Death</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	17,837	14,552	17,631	3,749	13,212	0	0	15,052
50-54	7,064	63,716	34,822	6,051	0	0	0	30,874
55-59	54,784	0	23,147	0	0	0	0	33,693
60-64	18,339	18,334	21,089	0	0	0	0	19,540
65-69	0	37,703	42,766	34,910	0	16,887	18,704	37,586
70-74	17,701	25,002	35,633	29,158	43,165	24,344	15,107	29,684
75-79	0	29,263	26,894	23,055	19,584	20,900	11,510	25,620
80-84	23,959	26,656	23,598	0	27,493	19,636	19,989	24,218
85+	17,616	31,794	23,277	20,356	17,420	18,918	14,674	20,104
ALL	19,530	24,585	26,915	21,987	23,126	20,433	15,999	23,794

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS SINCE DEATH

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	449	1,819	2,207	814	416	409	144	6,258

TABLE 7

Minneapolis Teachers' Retirement Fund
Reconciliation of Members

	<u>Actives</u>	<u>Terminated</u>		
		<u>Leave of Absence</u>	<u>Deferred Retirement</u>	<u>Other Non-Vested</u>
A. ON JUNE 30, 2000	5,777	67	756	1,815
B. ADDITIONS	857	7	109	514
C. DELETIONS				
1. Service Retirement	(149)	(8)	(50)	(8)
2. Disability	0	(1)	(1)	0
3. Death - Survivor	0	0	0	0
4. Death - Other	(2)	(1)	(1)	0
5. Terminated - Deferred	(109)	0	0	0
6. Terminated - Refund	(80)	0	(11)	(36)
7. Terminated - Other Non-Vested	(521)	0	0	0
8. Returned as active	49	0	(19)	(30)
D. DATA ADJUSTMENTS	(9)	0	19	(5)
1. Vested	3,802	64	802	2,250
2. Non-Vested	2,011	0	0	0
E. TOTAL ON JUNE 30, 2001	5,813	64	802	2,250

	<u>Recipients</u>			
	<u>Retirement Annuitants</u>	<u>Disabled</u>	<u>Survivors</u>	<u>Other Beneficiary</u>
A. ON JUNE 30, 2000	3,010	20	254	23
B. ADDITIONS	218	2	14	0
C. DELETIONS				
1. Service Retirement	0	(3)	0	0
2. Death	(87)	0	(7)	0
3. Annuity Expired	0	0	(14)	0
4. Returned as Active	0	0	0	0
D. DATA ADJUSTMENTS	(4)	1	16	1
E. TOTAL ON JUNE 30, 2001	3,137	20	263	24

Minneapolis Teachers' Retirement Fund
Actuarial Balance Sheet
(dollars in thousands)

July 1, 2001

A. CURRENT ASSETS (Table 1; Line F.6)				\$	1,061,983
B. EXPECTED FUTURE ASSETS					
1. Present Value of Expected Future Statutory Supplemental Contributions				\$	367,083
2. Present Value of Future Normal Costs					248,845
3. Total Expected Future Assets					<u>615,928</u>
C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS				\$	<u>1,677,911</u>
D. CURRENT BENEFIT OBLIGATIONS		Non-Vested	Vested		Total
1. Benefit Recipients					
a. Retirement Annuities			\$ 1,018,897	\$	1,018,897
b. Disability Benefits			6,952		6,952
c. Surviving Spouse and Child Benefits			59,818		59,818
2. Deferred Retirements			31,038		31,038
3. Former Members Without Vested Rights			1,900		1,900
4. Active Members					
a. Retirement Annuities *	\$	2,529	397,167		399,696
b. Disability Benefits		18,218	-		18,218
c. Surviving Spouse and Child Benefits		4,839	-		4,839
d. Deferred Retirements		308	11,749		12,057
e. Refund Liability Due to Death or Withdrawal		-	2,972		2,972
5. Total Current Benefit Obligations	\$	25,894	\$ 1,530,493	\$	<u>1,556,387</u>
E. EXPECTED FUTURE BENEFIT OBLIGATIONS				\$	<u>302,822</u>
F. TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS				\$	<u>1,859,209</u>
G. CURRENT UNFUNDED ACTUARIAL LIABILITY (D.5 - A)				\$	494,404
H. CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY (F - C)				\$	181,298

* Includes members on leave of absence.

Minneapolis Teachers' Retirement Fund
Determination of Unfunded Actuarial Accrued Liability (UAAL) and
Supplemental Contribution Rate

(dollars in thousands)

July 1, 2001

	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	\$ 667,726	\$ 200,528	\$ 467,198
b. Disability Benefits	33,370	16,257	17,113
c. Surviving Spouse and Child Benefits	9,698	4,805	4,893
d. Deferred Retirements	22,495	19,623	2,872
e. Refund Liability Due to Death or Withdrawal	7,315	7,632	(317)
f. Total	<u>\$ 740,604</u>	<u>\$ 248,845</u>	<u>\$ 491,759</u>
2. Deferred Retirements	\$ 31,038		\$ 31,038
3. Former Members Without Vested Rights	1,900		1,900
4. Annuitants in MPRIF	-		-
5. Annuitants Not in MPRIF	1,085,667		1,085,667
6. Total	<u>\$ 1,859,209</u>	<u>\$ 248,845</u>	<u>\$ 1,610,364</u>
B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)			
1. Actuarial Accrued Liability (A.6)			\$ 1,610,364
2. Current Assets (Table 1; Line F.6)			1,061,983
3. Unfunded Actuarial Accrued Liability (B.1 - B.2)			<u>\$ 548,381</u>
C. DETERMINATION OF SUPPLEMENTAL CONTRIBUTION RATE			
1. Present Value of Future Payrolls Through the Amortization Date of June 30, 2020			3,671,680
2. Supplemental Contribution Rate (B.3 / C.1)			<u>14.94%</u>

Minneapolis Teachers' Retirement Fund
Changes in Unfunded Actuarial Accrued Liability (UAAL)
(dollars in thousands)

June 30, 2001

A. UAAL AT BEGINNING OF YEAR	\$ 516,725
B. CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING	
1. Normal Cost and Expenses	\$ 28,101
2. Contributions	(59,225)
3. Interest	43,793
4. Total	<u>\$ 12,669</u>
C. EXPECTED UAAL AT END OF YEAR (A + B.4)	\$ 529,394
D. INCREASE / (DECREASE) DUE TO ACTUARIAL LOSSES / (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED	
1. Age and Service Retirements (b)	\$ -
2. Disability Retirements (b)	-
3. Death-in-Service Benefits (a)	-
4. Withdrawal (b)	-
5. Salary Increases	(12,689)
6. Contribution Income (b)	-
7. Investment Income (c)	13,655
8. Mortality of Annuitants	848
9. Other Items	17,173
10. Total	<u>\$ 18,987</u>
E. UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS (C + D.5)	\$ 548,381
F. CHANGE IN UAAL DUE TO PLAN AMENDMENTS	-
G. CHANGE IN UAAL DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS	<u>-</u>
H. UAAL AT END OF YEAR (E + F + G)	<u><u>\$ 548,381</u></u>

(a) Included in Item D.8.

(b) Included in Item D.9.

(c) Includes a gross investment loss of \$10,396 increased by \$3,259 used to provide next year's cost of living adjustment to annuitants.

Minneapolis Teachers' Retirement Fund
Determination of Contribution Sufficiency
(dollars in thousands)

July 1, 2001

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	5.99%	\$ 16,058
2. Employer Contributions	8.80%	23,573
3. Supplemental Contribution *		
a. 1993 Legislation	1.87%	5,000
b. 1996 Legislation	1.23%	3,290
c. 1997 Legislation	4.83%	12,954
4. Administrative Expense Assessment	0.00%	-
5. Total	22.72%	\$ 60,875
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	8.31%	\$ 22,277
b. Disability Benefits	0.69%	1,850
c. Surviving Spouse and Child Benefits	0.18%	484
d. Deferred Retirements	0.79%	2,126
e. Refund Liability Due to Death or Withdrawal	0.28%	756
f. Total	10.25%	\$ 27,493
2. Supplemental Contribution Amortization	14.94%	40,036
3. Allowance for Administrative Expenses	0.26%	706
4. Total	25.45%	\$ 68,235
C. CONTRIBUTION SUFFICIENCY / (DEFICIENCY) (A.3 - B.5)	(2.73%)	(7,360)
Projected Annual Payroll for Fiscal Year Beginning on the Valuation Date:		\$ 267,977

* Includes contributions from School District #1, the City of Minneapolis, and matching State contributions.

Minneapolis 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. Graded rates are shown in the rate table.
<i>Mortality:</i>	<p><u>Pre-Retirement:</u></p> <p>Male: 1983 Group Annuity Mortality Table male rates set back 6 years.</p> <p>Female: 1983 Group Annuity Mortality Table female rates set back 4 years.</p> <p><u>Post-Retirement:</u></p> <p>Male: 1983 Group Annuity Mortality Table male rates set back 4 years.</p> <p>Female: 1983 Group Annuity Mortality Table female rates set back 2 years.</p> <p><u>Post-Disability:</u></p> <p>Male: 1977 Railroad Retirement Board Mortality for Disabled Annuitants</p> <p>Female: 1977 Railroad Retirement Board Mortality for Disabled Annuitants</p>
<i>Retirement Age:</i>	<p><u>Active Members:</u></p> <p>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.</p> <p><u>Deferred Members:</u></p> <p>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.</p> <p><u>Other Non-Vested Members:</u></p> <p>Return of contributions is assumed to occur immediately.</p>
<i>Separation:</i>	Graded rates shown in the rate table.
<i>Disability:</i>	Graded rates shown in the rate table.

<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>	80% of male Members and 60% of female Members are assumed to be married. Female is assumed to be three years younger than male.
<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: 25% elect life annuity option 15% elect 50% J&S option 20% elect 75% J&S option 40% elect 100% J&S option</p> <p>Females: 70% elect life annuity option 15% elect 50% J&S option 5% elect 75% 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>	Market Value, adjusted for amortization obligations receivable at the end of each fiscal year, less of a percentage of the Unrecognized Asset Return determined at the close of each of the four preceding fiscal years. Unrecognized Asset Return is the difference between actual net return on Market Value of Assets and the asset return expected during that fiscal year (based on the assumed interest rate employed in the July 1 Actuarial Valuation of the fiscal year). Transition rules apply between July 1, 2000 and July 1, 2003, when the method is fully in effect.										
<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.										
<i>Missing Data:</i>	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: <table> <tr> <td>Date of Birth:</td><td>Average age of participant group based on prior years valuation report. Assumed date for 07/01/2001 is July 1, 1958.</td></tr> <tr> <td>Date of Hire:</td><td>Current valuation date minus years of service.</td></tr> <tr> <td>Years of Service:</td><td>Years of service on last year's valuation plus one year.</td></tr> <tr> <td>Sex:</td><td>Male.</td></tr> <tr> <td>Deferred Benefit:</td><td>Calculated. Service at termination is calculated assuming termination on the valuation date in which the participant is first reported in vested status. Salary at termination is estimated based on assumed termination date if not available. Estimated salary begins at \$15,000 for 1993 termination date and increases according to the salary assumption thereafter. Current level is \$24,629.</td></tr> </table>	Date of Birth:	Average age of participant group based on prior years valuation report. Assumed date for 07/01/2001 is July 1, 1958.	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. Service at termination is calculated assuming termination on the valuation date in which the participant is first reported in vested status. Salary at termination is estimated based on assumed termination date if not available. Estimated salary begins at \$15,000 for 1993 termination date and increases according to the salary assumption thereafter. Current level is \$24,629.
Date of Birth:	Average age of participant group based on prior years valuation report. Assumed date for 07/01/2001 is July 1, 1958.										
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. Service at termination is calculated assuming termination on the valuation date in which the participant is first reported in vested status. Salary at termination is estimated based on assumed termination date if not available. Estimated salary begins at \$15,000 for 1993 termination date and increases according to the salary assumption thereafter. Current level is \$24,629.										

Supplemental Contributions: The City of Minneapolis, the Minneapolis School District, and the State of Minnesota are scheduled to make the following supplemental contributions to the plan:

1993 Legislation:

Supplemental contributions of \$5,000,000 annually are assumed to be made until the amortization date of June 30, 2020.

1996 Legislation:

Supplemental contributions of \$1,740,000 annually are assumed to be made until the amortization date of June 30, 2020 plus additional supplemental contributions according to the following schedule:

<u>Year</u>	<u>Amount</u>
June 30, 2002	1,550,000
June 30, 2003	1,850,000
June 30, 2004 - 2020	2,000,000

1997 Legislation:

Supplemental contributions of \$12,954,000 annually are assumed to be made beginning July 1, 1999 and continuing until the amortization date of June 30, 2020.

TABLE 12
(cont)

Minneapolis Teachers' Retirement Fund
Summary of Actuarial Assumptions and Methods

Separations Expressed as the Number of Occurrences per 10,000:

<u>Age</u>	<u>Withdrawal</u>		<u>Disability</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
20	1,200	1,200	3	4
21	1,150	1,150	3	4
22	1,100	1,100	3	4
23	1,050	1,050	3	5
24	1,000	1,000	3	5
25	950	950	3	5
26	900	900	4	5
27	850	850	4	5
28	800	800	4	6
29	750	750	4	6
30	700	700	4	6
31	650	650	4	6
32	600	600	4	7
33	550	550	5	7
34	500	500	5	8
35	450	450	5	8
36	400	400	6	8
37	350	350	6	9
38	300	300	6	9
39	250	250	6	10
40	200	200	7	10
41	190	190	7	11
42	180	180	8	12
43	170	170	8	13
44	160	160	9	14
45	150	150	10	15
46	140	140	11	16
47	130	130	12	18
48	120	120	14	20
49	110	110	16	23
50	100	100	18	26
51	90	90	20	29
52	80	80	23	33
53	70	70	26	37
54	60	60	30	42

Minneapolis Teachers' Retirement Fund
Summary of Actuarial Assumptions and Methods

Separations Expressed as the Number of Occurrences per 10,000:

<u>Age</u>	<u>Withdrawal</u>		<u>Disability</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	50	50	36	49
56	40	40	42	58
57	30	30	50	68
58	20	20	59	80
59	10	10	69	94
60	0	0	90	121
61	0	0	116	154
62	0	0	146	193
63	0	0	0	0
64	0	0	0	0
65	0	0	0	0
66	0	0	0	0
67	0	0	0	0
68	0	0	0	0
69	0	0	0	0
70	0	0	0	0

TABLE 12
(cont)

Minneapolis Teachers' Retirement Fund
Summary of Actuarial Assumptions and Methods

Deaths Expressed as the Number of Occurrences per 10,000:

<u>Age</u>	Pre-Retirement Mortality		Post-Retirement Mortality		Post-Disability Mortality	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
20	3	1	3	2	271	271
21	3	2	3	2	271	271
22	3	2	4	2	271	271
23	3	2	4	2	272	272
24	4	2	4	2	272	272
25	4	2	4	2	272	272
26	4	2	4	2	272	272
27	4	2	4	3	272	272
28	4	2	4	3	272	272
29	4	3	5	3	272	272
30	4	3	5	3	272	272
31	5	3	5	3	272	272
32	5	3	5	3	272	272
33	5	3	6	4	272	272
34	5	3	6	4	273	273
35	6	4	6	4	273	273
36	6	4	7	4	273	273
37	6	4	7	5	273	273
38	7	4	8	5	273	273
39	7	5	9	5	273	273
40	8	5	9	6	273	273
41	9	5	10	6	273	273
42	9	6	10	7	273	273
43	10	6	11	7	274	274
44	10	7	12	8	274	274
45	11	7	14	8	274	274
46	12	8	15	9	275	275
47	14	8	17	10	276	276
48	15	9	19	11	279	279
49	17	10	22	12	283	283
50	19	11	25	14	289	289
51	22	12	28	15	297	297
52	25	14	31	16	310	310
53	28	15	35	18	327	327
54	31	16	39	19	348	348

Minneapolis Teachers' Retirement Fund
Summary of Actuarial Assumptions and Methods

Separations Expressed as the Number of Occurrences per 10,000:

<u>Age</u>	Pre-Retirement Mortality		Post-Retirement Mortality		Post-Disability Mortality	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	35	18	43	21	371	371
56	39	19	48	23	395	395
57	43	21	52	25	417	417
58	48	23	57	28	437	437
59	52	25	61	31	455	455
60	57	28	66	34	473	473
61	61	31	71	38	494	494
62	66	34	77	42	516	516
63	71	38	84	47	541	541
64	77	42	92	52	569	569
65	84	47	101	58	598	598
66	92	52	111	64	628	628
67	101	58	124	71	658	658
68	111	64	139	78	687	687
69	124	71	156	87	716	716
70	139	78	176	97	746	746

TABLE 12
(cont)

Minneapolis Teachers' Retirement Fund
Summary of Actuarial Assumptions and Methods

Retirements Expressed as the Number of Occurrences per 10,000:

Age	Basic Members Eligible for 30 and out Provision	Basic Members Not Eligible for 30 and out Provision	Coordinated Members Eligible for Rule of 90 Provision	Coordinated Members Not Eligible for Rule of 90 Provision
55 or less	3,000	300	3,000	200
56	3,000	300	3,000	200
57	3,000	300	3,000	200
58	3,000	300	3,000	200
59	3,000	300	3,000	200
60	5,000	5,000	3,000	800
61	5,000	5,000	3,000	800
62	5,000	5,000	3,000	800
63	5,000	5,000	3,000	2,000
64	5,000	5,000	3,000	2,000
65	7,500	7,500	5,000	5,000
66	7,500	7,500	5,000	5,000
67	7,500	7,500	5,000	5,000
68	7,500	7,500	5,000	5,000
69	7,500	7,500	5,000	5,000
70	7,500	7,500	7,500	7,500
71	7,500	7,500	7,500	7,500
72	7,500	7,500	7,500	7,500
73	7,500	7,500	7,500	7,500
74	7,500	7,500	7,500	7,500
75	7,500	7,500	7,500	7,500
76	7,500	7,500	7,500	7,500
77	7,500	7,500	7,500	7,500
78	7,500	7,500	7,500	7,500
79	7,500	7,500	7,500	7,500
80 or more	10,000	10,000	10,000	10,000

TABLE 12
(cont)

Minneapolis Teachers' Retirement Fund
Summary of Actuarial Assumptions and Methods

Annual Salary Increases

<u>Age</u>	<u>Male</u>	<u>Female</u>
<22	7.50%	7.50%
23	7.40%	7.40%
24	7.30%	7.30%
25	7.20%	7.20%
26	7.10%	7.10%
27	7.00%	7.00%
28	6.90%	6.90%
29	6.80%	6.80%
30	6.70%	6.70%
31	6.60%	6.60%
32	6.50%	6.50%
33	6.40%	6.40%
34	6.30%	6.30%
35	6.20%	6.20%
36	6.10%	6.10%
37	6.00%	6.00%
38	5.90%	5.90%
39	5.80%	5.80%
40	5.70%	5.70%
41	5.60%	5.60%
42	5.50%	5.50%
43	5.45%	5.45%
44	5.40%	5.40%
45	5.35%	5.35%
46	5.30%	5.30%
47	5.25%	5.25%
48	5.20%	5.20%
49	5.15%	5.15%
50	5.10%	5.10%
51	5.05%	5.05%
52	5.00%	5.00%
53	5.00%	5.00%
54	5.00%	5.00%
55	5.00%	5.00%

TABLE 3A
Basic Plan

Minneapolis Teachers' Retirement Fund
ACTIVE MEMBERS AS OF JUNE 30, 2001

<u>Age</u>	<u>Years of Service</u>								<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
<25	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	4	3	5	20	12	0	44
50-54	0	1	2	11	25	49	112	60	260
55-59	0	1	3	5	26	31	68	91	225
60-64	0	0	0	3	8	11	14	30	66
65+	0	0	0	0	1	3	3	12	19
ALL	0	2	9	22	65	114	209	193	614

AVERAGE ANNUAL EARNINGS

<u>Age</u>	<u>Years of Service</u>								<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
<25	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	60,828	56,955	54,824	61,213	73,945	0	63,634
50-54	0	79,543	76,690	60,907	67,158	64,484	69,084	70,894	68,202
55-59	0	60,562	51,449	58,502	67,906	66,080	67,540	72,869	69,090
60-64	0	0	0	67,848	66,941	66,939	70,933	70,938	69,646
65+	0	0	0	0	65,498	86,841	67,484	56,669	63,605
ALL	0	70,053	61,227	60,768	66,456	65,169	68,962	70,948	68,213

PRIOR FISCAL YEAR EARNINGS (IN THOUSANDS) BY YEARS OF SERVICE

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	<u>ALL</u>
All	0	140	551	1,337	4,320	7,429	14,413	13,693	41,883

TABLE 4A
Basic Plan

Minneapolis Teachers' Retirement Fund

SERVICE RETIREMENTS AS OF JUNE 30, 2001

<u>Age</u>	<u>Years Retired</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	13	58	0	1	0	0	0	72
55-59	30	316	47	0	0	0	0	393
60-64	14	263	213	31	0	0	0	521
65-69	7	112	265	112	24	2	0	522
70-74	0	27	135	216	89	22	1	490
75-79	0	3	17	124	153	74	10	381
80-84	0	1	1	22	94	132	26	276
85+	0	0	0	3	25	99	246	373
ALL	64	780	678	509	385	329	283	3,028

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Retired</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	34,551	32,880	0	15,164	0	0	0	32,936
55-59	22,214	39,591	30,608	0	0	0	0	37,190
60-64	19,240	29,819	39,134	21,164	0	0	0	32,828
65-69	9,400	25,957	35,642	39,907	18,156	17,883	0	33,255
70-74	0	34,463	29,503	35,091	36,051	23,511	15,647	33,132
75-79	0	50,704	42,932	31,510	31,695	33,664	6,867	32,017
80-84	0	10,479	39,167	33,550	25,874	28,782	12,737	26,632
85+	0	0	0	24,910	35,480	20,294	19,188	20,620
ALL	22,668	33,667	35,356	34,264	30,683	26,907	18,147	31,349

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS RETIRED

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	1,450	26,260	23,971	17,440	11,812	8,852	5,135	94,924

TABLE 5A
Basic Plan

Minneapolis Teachers' Retirement Fund

DISABILITY RETIREMENTS AS OF JUNE 30, 2001

<u>Age</u>	<u>Years Disabled</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	1	0	0	0	0	0	1
50-54	0	3	3	0	0	0	0	6
55-59	0	1	4	1	1	0	0	7
60-64	0	1	1	1	0	0	0	3
65-69	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	0	6	8	2	1	0	0	17

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Disabled</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	1,718	0	0	0	0	0	1,718
50-54	0	54,739	45,756	0	0	0	0	50,248
55-59	0	46,471	48,378	47,991	34,948	0	0	46,132
60-64	0	7,153	39,552	31,080	0	0	0	25,928
65-69	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	0	36,593	46,292	39,536	34,948	0	0	41,407

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS DISABLED

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	0	219	370	79	34	0	0	703

TABLE 6A
Basic Plan

Minneapolis Teachers' Retirement Fund

SURVIVORS AS OF JUNE 30, 2001

<u>Age</u>	<u>Years Since Death</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	10	24	23	6	4	0	0	67
50-54	1	1	4	1	0	0	0	7
55-59	1	0	2	0	0	0	0	3
60-64	3	6	7	0	0	0	0	16
65-69	0	10	10	5	0	1	1	27
70-74	4	9	13	10	4	4	1	45
75-79	0	15	11	5	3	5	1	40
80-84	2	6	7	0	1	1	2	19
85+	2	3	5	10	6	9	4	39
ALL	23	74	82	37	18	20	9	263

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Since Death</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	17,837	14,552	17,631	3,749	13,212	0	0	15,052
50-54	7,064	63,716	34,822	6,051	0	0	0	30,874
55-59	54,784	0	23,147	0	0	0	0	33,693
60-64	18,339	18,334	21,089	0	0	0	0	19,540
65-69	0	37,703	42,766	34,910	0	16,887	18,704	37,586
70-74	17,701	25,002	35,633	29,158	43,165	24,344	15,107	29,684
75-79	0	29,263	26,894	23,055	19,584	20,900	11,510	25,620
80-84	23,959	26,656	23,598	0	27,493	19,636	19,989	24,218
85+	17,616	31,794	23,277	20,356	17,420	18,918	14,674	20,104
ALL	19,530	24,585	26,915	21,987	23,126	20,433	15,999	23,794

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS SINCE DEATH

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	449	1,819	2,207	813	416	408	143	6,257

Minneapolis Teachers' Retirement Fund
Determination of Contribution Sufficiency
(dollars in thousands)

July 1, 2001

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	8.50%	\$ 3,738
2. Employer Contributions	12.14%	5,339
3. Supplemental Contribution *		
a. 1993 Legislation	1.87%	822
b. 1996 Legislation	1.23%	541
c. 1997 Legislation	4.83%	2,124
4. Administrative Expense Assessment	0.00%	-
5. Total	28.57%	\$ 12,564
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	11.90%	\$ 5,234
b. Disability Benefits	1.42%	625
c. Surviving Spouse and Child Benefits	0.20%	87
d. Deferred Retirements	1.73%	759
e. Refund Liability Due to Death or Withdrawal	0.49%	216
f. Total	15.74%	\$ 6,921
Projected Annual Payroll for Fiscal Year Beginning on the Valuation Date:		\$ 43,976

* Includes contributions from School District #1, the City of Minneapolis, and matching State contributions.

**Minneapolis Teachers' Retirement Fund
Summary of Plan Provisions**

GENERAL

<i>Eligibility:</i>	A teacher who is employed by the Board of Education of Special School District No. 1 and who is not covered by the Social Security Act. Certain part-time licensed employees are covered as well as employees of the Minneapolis Teachers Retirement Fund.
<i>Contributions:</i>	Member: 8.50% of Salary. Employer: 12.14% of Salary.
<i>Teaching Service:</i>	A year is earned during a calendar year if the Member is employed in a covered position and employee contributions are deducted. Certain part-time service and military service is also included.
<i>Salary:</i>	Total compensation. Excludes lump sum payments for unused vacation leave or unused sick leave at separation.
<i>Average Salary:</i>	Average of the 5 highest consecutive years of Salary.

RETIREMENT

Normal Retirement Benefit:

<i>Eligibility:</i>	Age 60. Any age with 30 years of Teaching Service.
<i>Amount:</i>	2.50% of Average Salary for each year of Teaching Service.

Early Retirement Benefit:

<i>Eligibility:</i>	Age 55 with less than 30 years of Teaching Service.
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Amount:

The greater of:

2.25% of Average Salary for each year of Teaching Service with reduction of 0.25% for each month the Member is under age first eligible for a normal retirement benefit.

or

2.50% of Average Salary for each year of Teaching Service assuming augmentation to the age first eligible for a normal retirement benefit at 3.00% per year and actuarial reduction for each month the Member is under the age first eligible for a normal retirement benefit.

An alternative benefit is available to Members who are at least age 50 and have 7 years of Teaching Service. The benefit is based on the accumulation of the 6.5% "city deposits" to the Retirement Fund. Other benefits are also provided under this alternative depending on the Member's age and Teaching Service.

Form of Payment:

Life annuity.

Actuarially equivalent options are:

- 10 or 15 year certain and life
- 50%, 75% or 100% joint and Survivor with bounce back feature without additional reduction (option is canceled if Member is predeceased by beneficiary).

Benefit Increases:

Benefits are increased 2.0% annually beginning on the January 1 or July 1 if the Member has been receiving benefits for at least 12 months. Beneficiaries are entitled to the same increase the Member would have received.

In addition, if the time weighted rate of return over the last 5 years exceeds 8.5%, the Board of Trustees will increase benefits by the excess rate of return multiplied by the quantity of one minus the rate of contribution deficiency.

Members retired under laws in effect before May 1, 1974 and before any adjustment under Laws 1987, Chapter 372, receive an additional lump sum payment each year. In 1989, this lump sum payment is the greater of \$25 times

each full year of Teaching Service and the sum of the benefits paid from any Minnesota public pension plan plus cash payments from the Social Security Administration for the preceding fiscal year July 1, 1988 through June 30, 1989. In each following year the lump sum will increase by the same increase that is applied to regular annuities. Effective January 1, 2002, annual lump sum payment is divided by 12 and paid as monthly life annuity in the annuity form elected.

DISABILITY

Disability Benefit:

Eligibility: Total and permanent disability with 3 years of Teaching Service.

Amount: An annuity based on the continued accumulation of Member and city contributions at the current rate for a period of 15 years (but not beyond age 65) plus an additional benefit equal to the smaller of 100% of the annuity provided by city contributions only or \$150 per month. A Member with 20 years of Teaching Service also receives an additional \$7.50 per month.

Payments stop if disability ceases or death occurs. Benefits may be reduced on resumption of partial employment.

Form of Payment: Same as for retirement.

Benefit Increases: Same as for retirement.

DEATH

A choice of Benefit A, Benefit B, or Benefit C.

Benefit A:

Eligibility: Death before retirement.

Amount: The accumulation of Member and city contributions plus 5% interest if death occurred before May 16, 1989, or 6% interest if death occurred on or after May 16, 1989. Paid as a life annuity, 15 year certain and life, or lump sum. If an

annuity is chosen the beneficiary also receives additional benefits.

Benefit B:

Eligibility: An active Member with 7 years of Teaching Service. A former Member age 60 with 7 years of Teaching Service who dies before retirement or disability benefits begin.

Amount: The actuarial equivalent of any benefits the Member could have received if he had resigned on the date of death. Paid to the beneficiary in the form of a life annuity or a 15 year certain and life annuity.

Benefit C:

Eligibility: An active Member who dies and leaves surviving children.

Amount: A monthly benefit of \$248.30 to the surviving widow while caring for a child and an additional \$248.30 per month for each surviving dependent child. The maximum family benefit is \$579.30 per month. These benefits may be increased by the Board of Trustees.

Benefits to the widow cease upon death or when no longer caring for an eligible child. Benefits for dependent children cease upon marriage or age 18 (age 22 if a full time student).

Benefit Increases: Same as retirement.

TERMINATION

Deferred Annuity:

Eligibility: 7 years of Teaching Service.

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

3.00% until January 1 of the year following the attainment of 55, and,

5.00% thereafter until the annuity begins.

In addition, the interest earned on the Member and city contributions between termination and age 60 can be applied to provide an additional annuity.

Refund of Contributions:

Eligibility: Termination of teaching service.

Amount: Member's contributions with 6.00% interest. A deferred annuity may be elected in lieu of a refund.

TABLE 3B
Coordinated Plan

Minneapolis Teachers' Retirement Fund

ACTIVE MEMBERS AS OF JUNE 30, 2001

<u>Age</u>	<u>Years of Service</u>								<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
<25	117	38	0	0	0	0	0	0	155
25-29	214	467	49	0	0	0	0	0	730
30-34	120	327	337	5	0	0	0	0	789
35-39	52	196	296	95	15	0	0	0	654
40-44	138	208	253	124	113	8	1	0	845
45-49	54	217	246	150	102	21	0	0	790
50-54	62	110	229	134	91	34	1	0	661
55-59	26	61	127	83	59	13	2	0	371
60-64	15	30	41	33	32	9	0	2	162
65+	6	4	11	16	4	1	0	0	42
ALL	804	1,658	1,589	640	416	86	4	2	5,199

AVERAGE ANNUAL EARNINGS

<u>Age</u>	<u>Years of Service</u>								<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
<25	11,611	23,545	0	0	0	0	0	0	14,537
25-29	15,916	29,211	36,154	0	0	0	0	0	25,780
30-34	16,563	33,118	40,853	52,414	0	0	0	0	34,026
35-39	19,813	37,297	45,951	49,877	55,619	0	0	0	42,071
40-44	17,096	32,855	46,792	53,997	58,724	49,326	38,047	0	41,178
45-49	20,412	36,991	47,662	57,247	61,555	59,277	0	0	46,791
50-54	17,232	38,081	48,536	59,404	63,249	67,583	59,241	0	49,085
55-59	19,421	32,992	49,920	57,206	63,857	64,304	96,723	0	49,602
60-64	22,065	35,764	43,123	56,166	66,113	67,154	0	66,757	48,635
65+	11,320	16,183	31,162	38,433	58,826	69,015	0	0	33,207
ALL	16,438	33,098	45,481	55,406	61,593	63,333	72,684	66,757	39,875

PRIOR FISCAL YEAR EARNINGS (IN THOUSANDS) BY YEARS OF SERVICE

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	<u>ALL</u>
All	13,216	54,877	72,269	35,460	25,623	5,447	291	134	207,310

TABLE 4B
Coordinated Plan

Minneapolis Teachers' Retirement Fund

SERVICE RETIREMENTS AS OF JUNE 30, 2001

<u>Age</u>	<u>Years Retired</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0
55-59	6	15	4	0	0	0	0	25
60-64	5	30	9	0	0	0	0	44
65-69	1	22	12	1	0	0	0	36
70-74	0	9	13	4	0	0	0	26
75-79	0	1	1	0	0	0	0	2
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	12	77	39	5	0	0	0	133

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Retired</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0
55-59	5,315	7,430	8,028	0	0	0	0	7,018
60-64	8,728	9,434	8,793	0	0	0	0	9,223
65-69	3,040	9,673	8,430	4,704	0	0	0	8,936
70-74	0	10,891	6,573	5,124	0	0	0	7,845
75-79	0	5,663	2,798	0	0	0	0	4,231
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	6,548	9,233	7,709	5,040	0	0	0	8,386

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS RETIRED

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	78	710	300	25	0	0	0	1,115

TABLE 5B
Coordinated Plan

Minneapolis Teachers' Retirement Fund

DISABILITY RETIREMENTS AS OF JUNE 30, 2001

<u>Age</u>	<u>Years Disabled</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	1	1	0	0	0	0	0	2
55-59	0	0	0	0	0	0	0	0
60-64	0	0	1	0	0	0	0	1
65-69	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	1	1	1	0	0	0	0	3

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Disabled</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	8,597	9,535	0	0	0	0	0	9,066
55-59	0	0	0	0	0	0	0	0
60-64	0	0	8,899	0	0	0	0	8,899
65-69	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	8,597	9,535	8,899	0	0	0	0	9,010

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS DISABLED

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	8	9	8	0	0	0	0	27

TABLE 6B
Coordinated Plan

Minneapolis Teachers' Retirement Fund

SURVIVORS AS OF JUNE 30, 2001

<u>Age</u>	<u>Years Since Death</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0
55-59	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	0	0	0	0	0	0	0	0

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Since Death</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0
55-59	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	0	0	0	0	0	0	0	0

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS SINCE DEATH

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	0	0	0	0	0	0	0	0

Minneapolis Teachers' Retirement Fund
Determination of Contribution Sufficiency
(dollars in thousands)

July 1, 2001

	Percent of Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	5.50%	\$ 12,320
2. Employer Contributions	8.14%	18,234
3. Supplemental Contribution *		
a. 1993 Legislation	1.87%	4,178
b. 1996 Legislation	1.23%	2,749
c. 1997 Legislation	4.83%	10,830
4. Administrative Expense Assessment	0.00%	-
5. Total	21.57%	\$ 48,311
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	7.61%	\$ 17,043
b. Disability Benefits	0.55%	1,225
c. Surviving Spouse and Child Benefits	0.18%	397
d. Deferred Retirements	0.61%	1,367
e. Refund Liability Due to Death or Withdrawal	0.24%	540
f. Total	9.19%	\$ 20,572

Projected Annual Payroll for Fiscal Year Beginning on the Valuation Date: \$ 224,001

* Includes contributions from School District #1, the City of Minneapolis, and matching State contributions.

**Minneapolis Teachers' Retirement Fund
Summary of Plan Provisions**

GENERAL

<i>Eligibility:</i>	A teacher who is employed by the Board of Education of Special School District No. 1 and who is covered by the Social Security Act. Certain part-time licensed employees are covered as well as employees of the Minneapolis Teachers Retirement Fund (unless they belong to the Minneapolis Employees Retirement Fund).
<i>Contributions:</i>	Member: 5.50% of Salary. Employer: 8.14% of Salary.
<i>Allowable Service:</i>	A year is earned during a school year if the Member is employed in a covered position and employee contributions are deducted. May also include certain part-time service, extended leaves of absence, sabbatical leaves, and military service.
<i>Salary:</i>	Total compensation. Excludes lump sum payments for unused vacation leave or unused sick leave at separation.
<i>Average Salary:</i>	Average of the 5 highest consecutive years of Salary. Average Salary is based on all Allowable Service if less than 5 years.

RETIREMENT

Normal Retirement Benefit:

<i>Eligibility:</i>	
First hired before July 1, 1989:	Age 65 and 3 years of Allowable Service. Proportionate Retirement Annuity is available at age 65 and 1 year of Allowable Service.
First hired after July 1, 1989:	The greater of age 65 or the age eligible for full Social Security retirement benefits (but not later than age 66) and 3 years of Allowable Service. Proportionate Retirement

Annuity is available at normal retirement age and 1 year of Allowable Service.

Amount: 1.70% of Average Salary for each year of Allowable Service.

Early Retirement Benefit:

Eligibility: Age 55 and 3 years of Allowable Service. Any age with 30 years of Allowable Service. Rule of 90: Age plus Allowable Service totals 90.

Amount:

**First hired before
July 1, 1989:**

The greater of:

1.20% of Average Salary for each of the first 10 years of Allowable Service plus 1.70% of Average Salary for each subsequent year of Allowable Service with reduction of 0.25% for each month the Member is under age 65 (age 62 if 30 years of Allowable Service). No reduction if age plus years of Allowable Service totals 90.

or

1.70% of Average Salary for each year of Allowable Service assuming augmentation to age 65 at 3.00% per year and actuarial reduction for each month the Member is under age 65.

**First hired after
July 1, 1989:**

1.70% of Average Salary for each year of Allowable Service assuming augmentation to the age eligible for Normal Retirement benefits at 3.00% per year and actuarial reduction for each month the Member is under the Normal Retirement Age.

Form of Payment:

Life annuity. Actuarial equivalent options are:

- Guaranteed refund
- 10 or 15 year certain and life

- 50%, 75%, or 100% joint and survivor with bounce back feature without additional reduction (option is canceled if Member is predeceased by beneficiary).

Benefit Increases:

Benefits are increased 2.0% annually beginning on the January 1 or July 1 if the Member has been receiving benefits for at least 12 months. Beneficiaries are entitled to the increase the Member would have received.

In addition, if the time weighted rate of return over the last 5 years exceeds 8.5%, the Board of Trustees will increase benefits by the excess rate of return multiplied by the quantity of one minus the rate of contribution deficiency.

DISABILITY

Disability Benefit:

Eligibility:

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

Amount:

Normal Retirement Benefit based on Allowable Service and Average Salary at disability without reduction for commencement before the normal retirement age. Benefit is reduced by Workers' Compensation.

Payments are recomputed as a retirement at the normal retirement age. Payments stop if disability ceases or death occurs. Benefits may be reduced on resumption of partial employment.

Form of Payment:

Same as for retirement.

Benefit Increases:

Same as for retirement.

Retirement After Disability:

Eligibility:

Normal retirement age with continued disability.

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

Benefit Increases: Same as for retirement.

DEATH

Surviving Spouse Annuity:

Eligibility: Any active Member who dies with 3 years of Allowable Service prior to retirement or disability benefits commence.

Any former Member who dies before retirement or disability benefits commence, if age 50 with 3 years of Allowable Service or any age with 30 years of Allowable Service. If the former Member dies prior to age 55 benefits are deferred to age 55.

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

Upon the death of any vested active member, the benefit is calculated using 50% of otherwise applicable early retirement reduction from the Member's age 55 to the Member's benefit commencement age.

Benefit Increases: Same as for retirement.

Refund of Contributions:

Eligibility: Member or former Member dies before receiving any retirement benefits and survivor's benefits are not payable.

Amount: Member's contributions with 6.00% interest.

TERMINATION

Deferred Annuity:

Eligibility: 3 years of Allowable Service.

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

3.00% until January 1 of the year following the attainment of 55, and

5.00% thereafter until the annuity begins.

Amount is payable as a normal or early retirement benefit.

Refund of Contributions:

Eligibility: Termination of teaching service.

Amount: Member's contributions with 6.00% interest. A deferred annuity may be elected in lieu of a refund.

Minneapolis Teachers' Retirement Fund
Schedule of Funding Progress
(dollars in thousands)

July 1, 2001

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Unfunded AAL (UAAL) (B)-(A)	Funded Ratio (A)/(B)	Actual Covered Payroll (Previous FY) (C)	UAAL as % of Covered Payroll ((B)-(A))/(C)
07/01/91	\$ 424,677	\$ 826,574	\$ 401,897	51.38%	\$ 119,065	337.54%
07/01/92	457,978	840,840	382,862	54.47%	136,870	279.73%
07/01/93	501,741	878,693	376,952	57.10%	135,505	278.18%
07/01/94	514,138	920,470	406,332	55.86%	155,671	261.02%
07/01/95	554,960	983,249	428,289	56.44%	163,824	261.43%
07/01/96	612,852	1,055,063	442,211	58.09%	171,060	258.51%
07/01/97	673,209	1,173,412	500,203	57.37%	185,229	270.05%
07/01/98	809,978	1,267,424	457,446	63.91%	199,376	229.44%
07/01/99	939,459	1,394,357	454,898	67.38%	230,189	197.62%
07/01/00	1,027,633	1,544,358	516,725	66.54%	242,072	213.46%
07/01/01	1,061,983	1,610,364	548,381	65.95%	254,100	215.81%

Minneapolis Teachers' Retirement Fund
Schedule of Employer Contributions
(dollars in thousands)

July 1, 2001

Year Ended June 30	Actuarially Required Contribution Rate (A)	Actual Covered Payroll (B)	Actual Member Contributions (C)	Annual Required Contributions [(A)*(B)]-(C)	Actual Employer Contributions*	Percentage Contributed
1991	30.40%	\$ 119,065	\$ 9,337	\$ 26,859	\$ 12,358	46.01%
1992	30.55%	136,870	10,307	31,507	13,638	43.29%
1993	27.43%	135,505	10,713	26,456	13,711	51.83%
1994	25.83%	155,671	11,507	28,703	16,355	56.98%
1995	25.03%	163,824	10,470	30,535	21,194	69.41%
1996	25.18%	171,060	11,294	31,779	23,085	72.64%
1997	25.15%	185,229	11,697	34,888	24,021	68.85%
1998	28.23%	199,376	13,852	42,432	43,640	102.85%
1999	25.80%	230,189	14,935	44,464	40,476	91.03%
2000	23.88%	242,072	16,169	41,638	42,556	102.21%
2001	25.25%	254,100	16,321	47,839	42,904	89.68%

*Includes contributions from other sources (if applicable)