

LEGISLATIVE REFERENCE LIBRARY



3 0307 00001 4475

1 copy

74TH
ANNUAL REPORT
of the
BOARD OF TRUSTEES

Duluth Teachers Retirement Fund Association

June 30, 1983

LB
2842.2
.D84cx
1983

Pursuant to Mn Stat 356.20

TABLE OF CONTENTS

	Page
Notice of Annual Meeting	1
Annual Report of Executive Secretary	2-3
Text of Proposed Amendments to Articles of Incorporation	4-6
Communication from Capital Supervisors - Investment Counsel	7
Comparative Balance Sheet June 30, 1982 and 1983 Duluth Teachers' Retirement Fund	8
Statement of Revenues and Expenditures of the Fiscal Years Ended June 30, 1982 and 1983	9
Actuarial Statements of Assets and Required Reserves	10-11
Investments on Hand June 30, 1983	12-15
Membership Notes - Retirements and Deaths	16
Tax Shelter Funds Balance Sheets and Income Statements	
Money Market Fund	17
Fixed Shelter Fund	18-19
Variable Fund	20-21
Minutes of the 73rd Annual Membership Meeting	22-23
Plan Benefits Information	
Improved Old Plan Summary - Date of Hire Prior to 7-1-81	24-25
New Coordinated Plan Summary - Date of Hire After 7-1-81	26
Benefit Estimation Worksheet - Old Plan	27
Benefit Estimation Worksheet - Coordinated Plan	28
Survivor Benefit Reduction Factors (applicable to both Old Plan and Coordinated Plan)	29
Social Security Leveling Adjustment Worksheet (applicable to both Old Plan and Coordinated Plan for members retiring prior to age 62)	30
Chart of Maximum Contract Salaries by Lane to Aid in Computation of High 5 Average Salary	31
Active and Retired Membership Distributions and Historical Data	32-35

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION

22 EAST FIRST STREET / DULUTH, MINNESOTA 55802 / Phone (218) 722-2894

E. K. BLANCK, JR.
Executive Secretary

NOTICE OF THE REGULAR ANNUAL MEMBERSHIP MEETING

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION

MONDAY - OCTOBER 31, 1983 - 4:15 p.m.
ORDEAN JUNIOR HIGH SCHOOL AUDITORIUM

SOCIAL HOUR - 3:15 - 4:15 p.m.
REFRESHMENTS WILL BE SERVED

Dear Member:

The 74th Annual Meeting of the Membership will be held at Ordean Junior High School Auditorium at 4:15 p.m. on October 31, 1983 for the following purposes:

- 1) To approve the Acts and Proceedings of the Board of Trustees for the period of October 25, 1982 through October 31, 1983.
- 2) To elect (3) Trustees for the expiring or unfilled terms of active members Walter J. Garvue and Curtis Miller. To elect (1) Trustee for the expiring term of retired Trustee George A. Beck.
- 3) We will discuss and vote upon proposed Article and ByLaw changes of a housekeeping and administrative nature. Members are encouraged to attend and express their goals for our Association, and to give the Board guidance in areas of concern or interest. Our plan is a totally member oriented organization administered for the exclusive benefit of the membership. Your participation and guidance is vital, especially when we pursue improvements through the Legislature.
- 4) Transact any other business which may legally come before the meeting.

BOARD OF TRUSTEES

June 30, 1983

Active Members

Walter J. Garvue, President
Robert J. Childs, Vice-President
Roy Meyer
Curtis Miller
Maxine Stromme

Retired Members

George A. Beck
Agnes Hansen

School Board Members

Mary Ryland, Treasurer
Richard Braun
David Kruell

Ex Officio

Richard B. Pearson

Executive Secretary

Edward K. Blanck, Jr.

The Board of Trustees hopes you will take an hour or two on Monday, October 31 to meet with us at Ordean to express your goals for our retirement plan and our Tax Shelter Programs.

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION
ANNUAL REPORT OF THE EXECUTIVE SECRETARY
Year ending June 30, 1983

Dear Member:

Our Fund has passed a significant milestone. Total assets under management are now well above \$50 million. We were fortunate to have participated in a major up market in both our stock and bond investments. Our Basic Fund increased approximately 35% in total value this year. Please refer to our investment advisor's letter for further information.

The Legislature was active in pension matters in the 1982-83 session, resulting in a small increase in our active members net after tax income. The temporary 2% shift in pension contributions from the State to the member caused a decrease in active members net income of 2% of gross pay. However, the State made the entire employee contribution, (4 1/2 + 2%) tax deductible on your federal return. The Legislature then reversed itself, (a special thanks to Senator Sam Solon) and shifted the 2% additional contribution back to the State in July, but left your 4 1/2% contribution tax deductible. What does it all mean? Your 1983 gross federal taxable earnings will be reduced by all pension contributions made in 1983. I estimate a teacher earning \$25,000 will receive a \$300 larger federal refund, or owe \$300 less than they otherwise would have.

There are three small negatives. You will have your 1983 pension contributions added back into your state income for state tax purposes. If you receive a refund in the future because of resignation, all pension contributions made after 1/1/83 will be returned as ordinary income (they can be rolled into an IRA), and if you retire, your pension will become taxable much sooner. In fact, any new members hired after 1/1/83 will have all contributions made "tax free" and their pension will be immediately taxable upon retirement. All members employed before 1/1/83 have a locked in amount to be recovered tax free after retirement.

Another area of legislative interest was the rule of "85". Rules of "85", "75" or "90" are sometimes used in pension plans to encourage or permit early retirement. They simply mean that when your age and service equal some magic number, you are allowed to retire with a full formula benefit and no actuarial reduction for early retirement. In our plan at age 55, it would mean a 30% increase in benefits. If you were age 60 it would mean no increase because you already have attained the full formula benefit. The rule of "85" almost passed the Legislature, but was converted to a study at the last moment. Because it would only affect about 2% of a plan's members, the Legislature questioned its value and cost, and decided to study it further.

A bill almost passed which would have raised from 6% to 8% the interest rate charged when repaying refunds. The bill applied to all Minnesota funds and fortunately contained a one year grace period at 6%. The bill may pass this next session. The decision to repay a refund is quite difficult. Unfortunately, this bill might force many members to make a decision sooner than they would have.

I wish to thank Paul Rigstad, Beth Johnson, Gertrude McLaughlin and Eugene Shabatura for the generous amount of time they spent on the AdHoc administrative committee. The committee was formed by action at the 73rd annual meeting to study how the Association governs itself. The proposed amendments this year represent a majority of the recommendations the committee made to the Board of Trustees. The administrative and housekeeping changes are: reducing the Board size from 11 to 9 by having one school board member rather than the present three, making it clearer that the Executive Secretary can be Secretary of the Association when not actually a Trustee, conduct all meetings according to Robert's Rules of Order where state law and our Articles and ByLaws are mute, appoint a Treasurer other than the school board Treasurer and eliminate a no longer used provision requiring oaths of office for Trustees.

A special thank you should be given to our three retiring board members. Walter Garvue, Curtis Miller and Mary Ryland have combined service on our board of 44 years. They exemplify the type of dedication which has made our Association vital and successful for 74 years.

Our board is ably supported, and wishes to thank our attorney, William D. Watters, our auditors, Eikill and Schilling, our actuaries, Hewitt and Associates and Capital Supervisors, our investment counselors.

Sincerely,

Edward K. Blanck, Jr.
Executive Secretary

MEMBERSHIP CHARACTERISTICS

	<u>1983</u>	<u>1982</u>
Active - Number	1,119	1,173
Average Age	43.4	42.8
Average Service	12.6	11.9
Average Compensation	\$23,015	\$21,781
Retired - Number	526	503

RESOLUTIONS

1. RESOLVED, that Article 5 of the Articles of Incorporation of the Duluth Teachers Retirement Fund Association shall be amended to read as follows:

ARTICLE V ADMINISTRATION OF AFFAIRS

The government of the Association and the management of its affairs shall be vested in a Board of ~~eleven-(11)~~ nine (9) trustees, of whom ~~three-(3)~~ one (1) shall be a members of the Board of Education of the City of Duluth ~~chosen-by-said-Board-of-Education~~ appointed by the Chairperson of said Board; one shall be the Superintendent of Schools of the City of Duluth, ex-officio, with a vote, and seven (7) shall be elected by ballot by the members of the Association from among their number, of which five (5) shall be contributing members and two (2) shall be retired members.

Whenever any of the five contributing members of the Board of Trustees elected by the members shall cease to be a contributing member of the Association, such cessation shall ipso facto terminate such member's membership on the Board of Trustees.

Whenever ~~any~~ the member of the Board of Trustees ~~chosen by~~ from the Board of Education shall cease to be a member of the Board of Education of the City of Duluth, such cessation shall ipso facto terminate such member's membership on the Board of Trustees.

The officers of the Association shall be a President, a Vice President, a ~~Secretary~~ and a Treasurer, ~~the-first-two-of-whom~~ who shall be elected annually by the Board of Trustees from among its own membership, and a Secretary who shall be elected annually who need not be a member of the Board of Trustees. The Secretary and Treasurer ~~shall-be-chosen-by-the-Board-of-Trustees-and~~ shall receive for his services such remuneration from the funds of the Association as the Board of Trustees may determine; the Treasurer shall furnish to the Association a bond in such form and with such conditions as the Board of Trustees shall deem proper, and a reasonable fee paid to the bonding company for such bond shall be paid from the funds of the Association.

The annual meeting of the Association shall be held on the last Monday in October of each year at four o'clock P.M. Other regular and special meetings may be held as may be provided in the By-Laws.

The term of service and manner of election of the members of the Board of Trustees shall be as follows: ~~Once-each-year-the-Board-of-Education-of-the-City-of-Duluth-shall-choose-one-of-its-members-to-be-a-member-of-the-Board-of-Trustees-of-the-Association-for-the-period-of-three-years.~~

The Chairperson of the Board of Education shall appoint one of the members of said Board to be a member of the Board of Trustees of the Association for a period of 3 years. If said position becomes vacant for any reason prior to the expiration of the 3 year term, the Chairperson of the Board of Education shall appoint a successor as soon as practicable to hold office for the balance of the unexpired term.

At each annual meeting of the Association there shall be elected for the period of three years one or two trustees, as the case may be, to take the places of those trustees whose terms of office, as such trustee, are about to expire. ~~The initial term of the retired member of the Board of Trustees shall be until November 15, 1971, and thereafter he shall be elected for three-year terms.~~

All trustees and officers shall hold their respective positions until their successors are elected and qualified.

Whenever any vacancy occurs in the office of any one of the trustees elected by the Association, the remainder of the Board of Trustees shall thereupon elect a successor to such trustee to hold office until the next regular annual meeting of the Association, or until ~~his~~ a successor shall have been elected and qualified. At such next regular annual meeting of the Association, the Association shall elect a successor to such trustee to hold office for the then balance of the unexpired term.

2. RESOLVED FURTHER, that the By-Laws shall set forth an interim schedule of trustees and terms to facilitate the change in number of and terms of the trustees.
3. RESOLVED FURTHER, that the officers and Board of Trustees of the Association are hereby empowered to execute any and all documents necessary and to take any further steps necessary to effect the amendment to the Articles of Incorporation herein.
4. RESOLVED FURTHER, that By-Laws I and II shall be amended by adding the following paragraph to each of such By-Laws:

All meetings described hereunder shall be conducted in accord with Robert's Rules of Order, revised, unless the same shall be contrary to the Articles of Incorporation, By-laws or Minnesota Statutes.

5. RESOLVED FURTHER, that in the interim period required to implement from the date of adoption of the Amendment to Article V of the Articles of Incorporation, the following trustees shall be elected:

1983 - The position of the Trustee from the Board of Education with a term expiring November 15, 1983 shall not be filled.

1984 - The position of the Trustee from the Board of Education with a term expiring November 15, 1984 shall not be filled.

6. RESOLVED FURTHER, that By-Law III shall be amended to read as follows:

BY-LAW III
ELECTION AND VACANCIES

- (a) The Board of Trustees shall annually elect from its members the President ~~and the Vice-President~~ and Treasurer of the Association. The Board shall also annually elect the Secretary of the Association and determine the salary which shall be paid the Secretary. The said officers shall be elected at a meeting of the Board of Trustees to be held after the annual meeting of the Association but not later than November 15 in each year.

- (b) The term of office of each officer or trustee elected by the members shall commence on November 15 in the year in which said officer or trustee chosen by from the Board of Education of the City of Duluth shall commence at the first regular meeting of the Board of Trustees held following his election the appointment as trustee. ~~The term of office of the Treasurer shall commence upon the date said Treasurer is elected and qualified as Treasurer of the Board of Education of the City of Duluth.~~ All officers the trustees shall hold their respective office until their successors have been elected and have qualified. ~~The funds of the Association being derived in part from public taxation, each officer and/or trustee before assuming office shall take and file with the Secretary of the Association the oath of office required of the members of every public board.~~
- (c) Whenever any vacancy occurs in the office of any one of the trustees elected by the Association, the remainder of the Board of Trustees shall thereupon elect a successor to such trustee to hold office until the next regular annual meeting of the Association, or until his a successor shall have been elected and qualified. At such next regular annual meeting of the Association, the Association shall elect a successor to such trustee to hold office for the then balance of the unexpired term.
- (d) Whenever any vacancy occurs in the office of President, Vice-President, Treasurer, or Secretary, the Board of Trustees shall thereupon elect a successor to such office for the unexpired term.
- (e) When any trustee elected by the members of the Association shall take any leave of absence granted for more than sixty (60) days by the Board of Education of the City of Duluth, whether such leave of absence be granted for illness, travel, study, or otherwise, said office shall be declared vacant and a successor to said trustee shall be elected by the Board of Trustees.

RESOLVED FURTHER, that the Board of Trustees are authorized and empowered to undertake any and all steps necessary and execute any documents necessary to effect these changes in the By-Laws.



Capital Supervisors, Inc. / 20 North Clark Street, Suite 700, Chicago, Illinois 60602 / Phone (312) 236-8271

A. Lee Thurow
President

August 24, 1983

Mr. Edward K. Blanck, Jr.
Executive Secretary
Duluth Teachers' Retirement
Fund Association
22 East First Street
Duluth, Minnesota 55802

Dear Trustees:

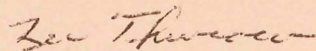
Fiscal 1983 results were most encouraging, returning the portfolios to a better than 10% plus annual rate. In fact the basic fund increased 35% while the fixed fund advanced 30% and the more aggressive variable fund 45%. This spread in results is not surprising when you recall that the basic fund remains balanced while the fixed, as the name implies, is all fixed income assets. The variable now contains only common stocks. Each of the funds will have part of their assets in short term buying reserves at any given time.

At this juncture the outlook still seems quite positive although it is not realistic to assume that we can maintain the pace of the last twelve months.

Possibly the best indicator of trouble is interest rates and you can keep your eyes on that just as we do. A return to higher levels could suggest renewed inflation, crowding out in the debt markets, continued Federal debt difficulties or some unpleasant surprises in the international debt situation. However, rather than emphasize potential problems we would prefer to highlight the improved outlook and our anticipation of another good year for your portfolios. In line with the greater volatility associated with common stocks this group should lead the way.

As in past years, I want to take this opportunity to thank you for the opportunity to work with you. Capital Supervisors is proud of our relationship and will be making every effort to justify and maintain your support.

Sincerely,


Lee Thurow

LT:bj

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION
DULUTH, MINNESOTA

COMPARATIVE BALANCE SHEET
JUNE 30, 1982 and 1983

<u>ASSETS</u>	<u>1983</u>	<u>1982</u>
Cash - checking and savings accounts	\$ 185,791	\$ 147,556
Accounts receivable, brokers	550,524	592,007
Accrued interest and dividends declared	483,447	554,887
Investments		
Short-term securities	5,390,846	10,516,486
Marketable corporate stock (at cost) (market value \$26,660,523)	19,903,198	12,173,893
Corporate bonds (market value \$11,997,161)	16,077,268	13,389,902
Mortgage loans secured by real estate	1,895,325	2,032,090
Land and Building	14,042	15,063
Office Furniture and Equipment	6,783	3,409
Deferred Insurance Premiums	1,073	1,120
Total Assets	\$44,508,297	\$39,426,413
<u>LIABILITIES AND FUND BALANCES</u>		
Accounts Payable, brokers	\$ 1,600,178	\$ 10,337
Deposits - Active Members	11,830,699	10,767,398
Fund Balance	31,077,420	28,648,678
Total Liabilities and Fund Balances	\$44,508,297	\$39,426,413

MEMBERSHIP STATISTICS

	<u>1983</u>	<u>1982</u>
Active members - beginning of period	1,173	1,221
New entrants	50	62
Resignations	(68)	(63)
Retirements	(33)	(27)
Deferred Annuities	(1)	(13)
Deaths	(1)	(5)
Disability	(1)	(2)
Total Active Membership	1,119	1,173
Retired membership	503	482
New Retirees	42*	33*
Deaths	(19)	(12)
Total Retired Membership	526	503
Total Disability Benefits	8	5
Total Deferred Annuities	50	63
Total Beneficiaries	23	23

*Includes statewide combined service annuity participants who repaid for prior Duluth service.

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION
DULUTH, MINNESOTA
STATEMENT OF REVENUES AND EXPENDITURES - STATUTORY BASIS
FOR THE FISCAL YEARS ENDED JUNE 30,

	<u>1983</u>	<u>1982</u>
Revenues		
State of Minnesota participation	\$ 979,771	\$1,480,922
Members' contributions	1,411,309	1,222,718
Federally funded participation	34,917	42,631
Interest on investments, plus discounts earned, less amortized premiums and de- ferred yield adjustment	2,570,730	2,115,646
Dividends received	1,029,603	983,332
Rents	1,200	1,200
Return of prior years' refunds	38,481	1,664
Net gains or (losses) on sales of common stocks	<u>(168,068)</u>	<u>272,838</u>
Total Revenues	<u>\$5,897,943</u>	<u>\$6,120,951</u>
Expenditures		
Benefits		
Annuities paid members	\$1,969,301	\$1,770,034
Contingent beneficiaries	50,394	56,209
Disability	19,869	8,208
Contribution refunds		
Resignation	162,622	254,394
Death	12,827	74,717
Administrative Expenses	<u>190,917</u>	<u>161,357</u>
Total Expenditures	<u>\$2,405,930</u>	<u>\$2,324,919</u>
Excess of revenues over expenditures	<u>\$3,492,013</u>	<u>\$3,796,032</u>

Duluth Teachers' Retirement Fund Association

FINANCIAL REPORT

June 30, 1983

A. <u>Assets</u>	
Cash in office	\$ 200
Deposits in banks	185,591
Short-term investments	5,390,846
Accounts receivable	550,524
Accrued members' contributions	0
Accrued employer contributions	0
Other	0
Accrued interest on investments	483,447
Dividends on stocks, declared but not yet received	0
Investment in bonds at amortized cost	16,077,268
Investment in stocks at cost	19,903,198
Investment in real estate	1,895,325
Equipment at cost, less depreciation	6,783
Land and building, less depreciation	14,042
Other	1,073
Total Assets	<u>\$44,508,297</u>
B. <u>Unfunded Accrued Liability</u>	\$20,729,900
C. <u>Accumulated Members' Contributions</u>	\$11,830,699
D. <u>Current Liabilities</u>	
Accounts payable	\$ 1,600,208
Annuity payments	0
Survivor benefit payments	0
Refund to members	0
Accrued expenses	0
Suspense items	0
Total Current Liability	<u>\$ 1,600,208</u>
E. <u>Total Reserves Required as per attached schedule</u>	<u>\$86,753,993</u>

Duluth Teachers' Retirement Fund Association

FINANCIAL REPORT
June 30, 1983

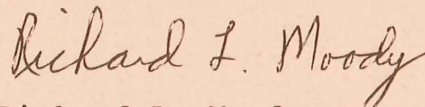
Schedule of Total Required Reserves

	<u>Basic Program</u>	<u>Coordinated Program</u>	<u>Total</u>
1. For active members			
a. Retirement benefits	\$51,393,469	\$3,836,681	\$55,230,150
b. Disability benefits	4,174,962	37,441	4,212,403
c. Refundable liability due to death or withdrawal	3,904,852	129,449	4,034,301
d. Survivor benefits	4,428,135	11,790	4,439,925
2. For deferred annuitants	263,762	0	263,762
3. For former members without vested rights	0	0	0
4. For annuitants			
a. Retirement benefits	16,749,980	1,119,978	17,869,958
b. Disability benefits	264,908	0	264,908
c. Survivor benefits	438,586	0	438,586
Total Required Reserves	\$81,618,654	\$5,135,339	<u>\$86,753,993</u>

Certification

The above exhibit has been prepared in accordance with the Entry Age Normal Cost (Level Normal Cost) basis, interest at the rate of 5% per annum and other provisions of Minnesota Statutes. The Financial Report information regarding assets and employee contributions are those submitted to us by the Association.

Respectfully Submitted
HEWITT ASSOCIATES



Richard L. Moody
Fellow, Society of Actuaries

DULUTH TEACHERS RETIREMENT FUND ASSOCIATION-BASIC FUND

EQUITY HOLDINGS RANKED BY MARKET VALUE

NO OF UNITS	DESCRIPTION	UNIT COST	MARKET PRICE	MARKET VALUE	% OF PORT.	CURR. YIELD	UNREALIZED GAIN-(LOSS)
21,400	International Business Machines	55.46	120 1/4	2,573,350.00	5.61	3.16	1,386,435.00
26,000	General Electric Co	21.85	55	1,430,000.00	3.12	3.45	862,018.00
22,000	Procter & Gamble Co	43.24	55 1/8	1,212,750.00	2.64	4.35	261,497.00
32,000	Capital Holding Corp	19.21	34 7/8	1,116,000.00	2.43	4.01	501,131.00
54,000	Southwestern Public Service Co	11.92	17 7/8	965,250.00	2.10	9.06	321,691.00
28,750	Goodyear Tire & Rubber Co	23.03	32 1/4	927,186.00	2.02	4.34	265,157.00
15,000	J C Penney Co	52.02	59 1/2	892,500.00	1.94	3.63	112,145.00
15,000	Norfolk Southern Corp	55.66	57 1/2	862,500.00	1.88	4.87	27,580.00
40,000	Houston Industries Inc	19.45	20 7/8	835,000.00	1.82	11.11	56,938.00
20,000	Bristol Myers Co	19.84	40 7/8	817,500.00	1.78	2.94	420,778.00
15,000	Standard Oil Co of Indiana	14.31	51 1/2	772,500.00	1.68	5.44	557,790.00
48,000	Southern Co	12.80	15 5/8	750,000.00	1.63	10.88	135,600.00
12,000	Emerson Electric Co	38.43	61 3/4	741,000.00	1.61	3.40	279,831.00
20,000	Rainier Bancorporation	28	32 3/4	655,000.00	1.43	4.89	95,000.00
12,000	Schlumberger Ltd	36.61	54	648,000.00	1.41	1.78	208,680.00
15,000	Consolidated Foods Corp	36.92	42 3/4	641,250.00	1.40	5.43	87,410.00
5,000	NCR Corp	116.82	117 1/2	587,500.00	1.28	2.21	3,400.00
10,000	Syntex Corp	51.30	56 1/4	562,500.00	1.23	2.49	49,509.00
13,500	International Minerals & Chemical Corp	32.73	40 1/8	541,686.00	1.18	6.48	99,806.00
12,000	Schering-Plough Corp	46.51	44 5/8	535,500.00	1.17	3.76	-22,613.00
15,000	Deere & Co	37.93	34 1/4	513,750.00	1.12	2.92	-55,132.00
7,000	Eastman Kodak Co	86.78	72 5/8	508,375.00	1.11	4.89	-99,058.00
20,000	Archer Daniels Midland Co	20.48	25 1/4	505,000.00	1.10	.55	95,301.00
10,000	Coca Cola Co	54.12	49 7/8	498,750.00	1.09	5.37	-42,487.00
28,895	Central Louisiana Elec Co	13.09	16 7/8	487,601.00	1.06	10.90	109,447.00
14,400	Exxon Corp	33.98	33 3/4	486,000.00	1.06	8.89	-3,313.00
19,000	Commonwealth Edison Co	18.80	25 1/4	479,750.00	1.05	11.88	122,624.00
12,000	Southwest Airlines Co	29.94	39 3/4	477,000.00	1.04	.40	117,726.00
8,000	Tampax Inc	39.05	58	464,000.00	1.01	4.83	151,595.00
10,000	IC Industries Inc	39	44 5/8	446,250.00	.97	5.29	56,237.00
15,000	Jostens Inc	23.43	28 7/8	433,125.00	.94	3.46	81,641.00
10,000	Aetna Life & Casualty Co	39.80	38 7/8	388,750.00	.85	6.79	-9,233.00
10,000	Chesebrough-Pond's Inc	33.70	38 7/8	388,750.00	.85	4.73	51,714.00
6,600	State Street Boston Corp	33.88	46 3/4	308,550.00	.67	1.93	84,975.00
Total				24,452,623.00	53.28	4.88	6,371,820.00

DULUTH TEACHERS RETIREMENT FUND ASSOCIATION-BASIC FUND

BONDS - PORTFOLIO HOLDINGS

<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>UNIT COST</u>	<u>MARKET PRICE</u>	<u>TOTAL COST</u>	<u>MARKET VALUE</u>	<u>% OF TOTAL</u>	<u>MOODY RATE</u>	<u>ANNUAL INCOME</u>	<u>CURR. YIELD YTM</u>
<u>CONVERTIBLE CORPORATE BONDS</u>									
400,000	Borg Warner Corp Adj Rt Int Qtrly 0% 11/15/2002	100	132.25	400,000	529,000	1.2	NR	19,596	2.7
300,000	Worthington Inds CV SF Deb Reg 11% 8/15/2006	100.83	140	302,500	420,000	.9	BA-1	33,000	7.3
Total Convertible Corporate Bonds				702,500	949,000	2.1		52,596	
<u>CORPORATE BONDS</u>									
250,000	Commonwealth Edison Co 1st Mtg 9% 8/1/83	100.85	100	252,117	250,000	.5	A-2	22,500	8.8
200,000	Spiegel Inc 5% 4/1/87	94.05	83.88	188,104	167,750	.4	BA-3	10,000	10.2
300,000	Household Finance Corp 6.375% 1/1/88	76.86	85.02	230,578	255,051	.6		19,125	10.6
600,000	Deere & Co Nts 11.50% 11/1/89	100	101.13	600,000	606,750	1.3	A02	69,000	11.2
600,000	Chrysler Corp Secd Nt US Govt 10.35% 6/1/90	95.44	95.38	572,637	572,250	1.3	NR	62,100	11.3
500,000	National Pwr Corp Gtd Bonds 8.25% 12/31/91	76.35	87	381,743	435,000	1.0	NR	41,250	10.6
250,000	Standard Brands Inc. 6.75% 6/1/93	65.83	78.25	164,564	195,625	.4	AA-2	16,875	10.3
500,000	General Motors Acceptance Corp 7.75% 10/1/94	62.70	80.13	313,500	400,625	.9	AA-3	38,750	10.8
500,000	Trailer Train Co 11.875% 7/15/96	100	90.43	500,000	452,170	1.0		59,375	13.4
250,000	ACF Inds Inc RQ TR Ctf Ser L 14.50% 12/1/96	98.08	113.87	245,201	284,687	.6	A-2	36,250	12.3
200,000	Consolidated Edison Co NY 5.90% 12/15/96	98.31	63.38	196,622	126,750	.3	AA-2	11,800	11.2
200,000	Northern Pacific RY Co Prior Ln 4% 1/1/97	81.50	54.13	163,000	108,250	.2	A-2	8,000	10.3
500,000	Olympic Pipeline 8.85% 9/1/2001	77.13	73.31	385,625	366,525	.8		44,250	12.6
250,000	Illinois Power Co 1st Mtg 7.625% 6/1/2003	73.17	65	182,922	162,500	.4	AA-3	19,062	12.3

DULUTH TEACHERS RETIREMENT FUND ASSOCIATION-BASIC FUND

BONDS - PORTFOLIO HOLDINGS

<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>UNIT COST</u>	<u>MARKET PRICE</u>	<u>TOTAL COST</u>	<u>MARKET VALUE</u>	<u>% OF TOTAL</u>	<u>MOODY RATE</u>	<u>ANNUAL INCOME</u>	<u>CURR. YIELD YTM</u>
<u>CORPORATE BONDS</u>									
600,000	Pembroke Cap Co 11.50% 8/1/2005	96.50	111.88	579,000	671,250	1.5		69,000	10.1
500,000	General Tel of Southwest 1st Mtg 14% 11/1/2010	112.25	104.25	561,250	521,250	1.1	A-3	70,000	13.4
400,000	New England Tel & Tel Deb Reg 15.25% 6/15/2018	117.75	114	471,000	456,000	1.0	AA-3	61,000	13.3
	Total Corporate Bonds			5,987,863	6,032,433	13.1		658,337	
<u>U.S. GOVERNMENT & AGENCY BONDS</u>									
500,000	Federal Home Loan Bank 7.65% 5/26/87	100	89.75	500,000	448,750	1.0	AAA	38,250	10.9
1,000,000	U S Treasury Notes Ser C-88 12.375% 1/15/88	99.01	105.31	990,053	1,053,120	2.3	AAA	123,750	10.8
1,000,875	U S Treasury Bond CP 0% 5/15/89	43.87	52.13	439,104	521,796	1.1	AAA		11.4
1,023,750	U S Treasury Bond CP 0% 11/15/91	32.76	39.51	335,381	404,514	.9	AAA		11.4
1,575,000	U S Treasury Bond CP 0% 5/15/92	30.83	37.38	485,620	588,782	1.3	AAA		11.4
500,000	U S Treasury Note 10.50% 11/15/92	100	101.53	500,000	507,655	1.1	AAA	52,500	10.2
200,000	U S Treasury Bonds Reg 6.75% 2/15/93	81.17	75.88	162,338	151,750	.3	AAA	13,500	10.8
500,000	U S Treasury Bonds 7.50% 8/15/93/88	85.56	79.50	427,819	397,500	.9	AAA	37,500	10.8
712,500	Treasury Bd Rcpts S-1 Int Pmt 14.25% 0% 8/15/93	32.56	32.54	231,976	231,883	.5	AAA		11.4
945,000	U S Treasury Bond CP 0% 11/15/95	21.24	25.36	200,756	239,652	.5	AAA		11.4
805,440	Government Natl Mtg Assn #46472 13.75% 6/15/96	98.37	103	792,351	829,603	1.8	AAA	110,748	13.2
679,900	FHLMC Gtd CTF B 8.375% 6/15/96	78.83	88.50	535,964	601,711	1.3	AAA	56,941	9.8
500,000	Government Natl Mtg Assn 8% 7/15/2006	99.69	81.63	498,438	408,125	.9	AAA	40,000	10.0
1,134,000	Federal Home Loan Mtg Corp 8.85% 3/15/2008	80.35	86.50	911,146	980,910	2.1	AAA	100,359	10.3

DULUTH TEACHERS RETIREMENT FUND ASSOCIATION-BASIC FUND
BONDS - PORTFOLIO HOLDINGS

<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>UNIT COST</u>	<u>MARKET PRICE</u>	<u>TOTAL COST</u>	<u>MARKET VALUE</u>	<u>% OF TOTAL</u>	<u>MOODY RATE</u>	<u>ANNUAL INCOME</u>	<u>CURR. YIELD YTM</u>
596,000	Federal Home Loan Mtg Corp 9.40% 9/15/2008	85.99	91.63	512,530	546,085	1.2	AAA	56,024	10.3
594,500	Federal Home Loan Mtg Corp 10.25 3/15/2009	89.42	93.75	531,594	557,343	1.2	AAA	60,936	10.9
521,500	Federal Home Loan Mtg Corp 12.45% 9/15/2009	102.25	101.50	533,233	529,322	1.2	AAA	64,926	12.2
	Total U.S. Government & Agency Bonds			8,588,303	8,998,501	19.6		755,434	
	Total Bonds			15,278,666	15,979,934	34.8		1,466,367	

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION

Membership Notes

NEW RETIREMENTS

DEATHS

Harold Ahlbom	6/30/83		Retired	
Paul Akers	12/3/82			
Kathryn Anderson	6/10/83	Lillian Berg		12/15/82
Marjorie Anderson	4/30/83	Frederica Bremer		3/21/83
Yvonne Anglesburg	8/31/82	Lloyd Clemmons		11/30/82
Grozdana Baich	6/30/83	Ruth Dahl		7/3/83
Charles Banks	6/10/83	Martha Erickson		9/27/82
Robert Bergstrom	6/30/83	Leo Falardeau		2/24/83
Joseph Berini	6/17/83	Gwen Fisher		6/8/83
Ann Carlson	6/10/83	Winnifred Fiske		6/23/83
June Carlson	6/10/83	Leonard Gagnon		1/26/83
Cyrilla Collard	6/10/83	Margaret Gatzweiler		9/8/83
Betty Crofoot	6/30/83	Florence Gorton		6/21/83
Ruth Dishington	6/10/83	Grayce Gruben		11/16/82
Paul Filipi	6/10/83	Gertrude LaMontagne		3/26/83
Walter Garvue	6/10/83	J. Robert McEldowney		12/26/82
Joan Goodman	1/31/83	Stella McNally		7/17/83
Elizabeth Hnatko	6/30/83	Esther Mueller		7/25/83
Ray Ignatius	6/10/83	Esther Paulson		11/4/82
Ruth Johnson	6/10/83	Cora Schaffer		9/12/83
Reed Lamberson	6/10/83	Hattie Swenson		11/17/82
Jean Manthey	7/1/82	Cora Trudeau		9/14/83
Edward Martin	9/1/82	Arvin Ukura		6/18/83
Marian McCall	6/10/83	Ethel Watts		1/24/83
Curtis Miller	6/30/83	Phebe Young		10/14/82
Mabel Nosek	6/10/83			
Sofia Ogard	6/10/83			
Mary Patterson	6/10/83		Active	
Ruby Patterson	6/10/83			
Blanche Pergol	8/1/82	Tony Emanuel		3/27/83
Sylvia Peterson	12/31/82			
Marjorie Pritchard	6/10/83			
Carol Proffit	12/17/82			
Thomas Pulford	6/10/83			
Dwight Rindahl	12/3/82			
Irving Ritari	6/10/83			
Glenn Rolle	6/10/83			
Betty Rudeseal	6/10/83			
William Shimmin	6/30/83			
George Tastsides	6/10/83			
Helen Toppson	6/10/83			
Arthur Vieira	6/10/83			
Betty Jo Weichselbaum	6/30/83			
Thurza Wolf	6/1/83			

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION
DULUTH, MINNESOTA
MONEY MARKET FUND
COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30,

	<u>1983</u>	<u>1982</u>
<u>ASSETS</u>		
Cash - checking	\$ 97	\$ 95
- Merrill Lynch Ready Asset Trust	<u>277,286</u>	<u>258,964</u>
Total assets	\$277,383	\$259,059
<u>Liabilities</u>		
Net assets	<u>-0-</u>	<u>-0-</u>
Units outstanding	277,383	259,059
Asset value per unit	\$1	\$1

STATEMENTS OF CHANGES IN UNITS
FOR THE SIX AND TWELVE MONTHS ENDED JUNE 30

Units at beginning of year	\$259,059	\$ -0-
Units issued during period	144,233	259,059
Units refunded	<u>(125,909)</u>	<u>-0-</u>
Balance June 30	<u>\$277,383</u>	<u>\$259,059</u>

STATEMENTS OF OPERATIONS
FOR THE SIX AND TWELVE MONTHS ENDED JUNE 30

<u>Revenue</u>		
Members' contributions	\$121,263	\$253,500
Interest earned	23,406	5,564
Total income	<u>\$144,669</u>	<u>\$259,064</u>
<u>Expense</u>		
Members withdrawals	126,322	-0-
Bank Charges	<u>23</u>	<u>5</u>
Excess of revenue over expenses	\$ 18,324	\$259,059
Net assets - beginning of year	<u>259,059</u>	<u>-0-</u>
Net assets - end of year	<u>\$277,383</u>	<u>\$259,059</u>

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION
DULUTH, MINNESOTA
FIXED SHELTER FUND
COMPARATIVE STATEMENTS OF NET ASSETS JUNE 30

	<u>1983</u>	<u>1982</u>
<u>ASSETS</u>		
Cash (less accounts payable of \$58,144 in 1982)	\$ 41,152	\$ 147,063
Interest and dividends receivable	42,641	42,879
Receivable from related funds	-0-	33,686
Investments		
Short term securities, at market	107,000	317,364
Corporate stocks, at market	-0-	476,483
Bonds, at market	<u>1,926,858</u>	<u>880,580</u>
Total Assets at Market Value	\$2,117,651	\$1,898,055
<u>Liabilities</u>		
Estimated additional premium due Canada Life	<u>5,000</u>	<u>100,000</u>
Net Assets at Market Value	<u>\$2,112,651</u>	<u>\$1,798,055</u>
Units outstanding	1,489,720.3363	1,635,892.9290
Asset value per unit	1.4182	1.0991

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30

<u>Revenues</u>		
Members' deposits	250,263	209,386
Interest earned	285,757	222,445
Dividends earned	-0-	62,850
Net gains on sale	<u>2,991</u>	<u>2,672</u>
Total	\$ 539,011	\$ 497,353
<u>Expenditures</u>		
Benefits paid - monthly annuities to 12-31-81	\$ -0-	\$ 96,860
Members' refunds and transfers between funds	400,928	417,018
Administrative	<u>3,584</u>	<u>3,373</u>
Total	\$ 404,512	\$ 517,251
Excess (deficit) of revenues over expenditures	\$ 134,499	\$ (19,898)
Refund - Purchase single premium annuities - Canada Life	33,752	(1,348,766)
Market value adjustment - prior to 7-1-81	-0-	(351,919)
- during fiscal year	146,345	15,966
Net assets		
Beginning of period	<u>1,798,055</u>	<u>3,502,672</u>
Net assets, ending	<u>\$2,112,651</u>	<u>\$1,798,055</u>

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION
DULUTH, MINNESOTA

FIXED SHELTER FUND

SCHEDULE OF CORPORATE BONDS
JUNE 30, 1983

<u>Bonds</u>	<u>Yield to Maturity</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Cost</u>	<u>Market Value</u>
Chrysler Corporation	11.4	7/15/90	\$ 100,000	\$ 100,000	\$ 100,000
Federal Home Loan Mortgage	10.3	3/15/08	134,000	117,976	115,910
Federal Home Loan Mortgage	10.9	3/15/09	131,000	118,689	122,812
General Motors Acceptance	11.9	6/01/99	100,000	98,357	78,125
Government National Mortgage	13.2	6/15/96	89,493	88,289	88,024
Trailer Train	14.4	7/15/96	93,077	93,077	84,170
Union Carbide	11.8	1/15/05	100,000	100,000	74,380
U.S. Treasury Notes	10.8	9/30/82	100,000	98,947	105,312
Bell Telephone PA	13.3	1/15/88	100,000	115,336	113,125
Continental Illinois	12.1	4/15/21	200,000	102,500	95,006
Federal Home Loan Mortgage	10.3	11/1/89	131,000	105,253	120,022
Michigan Bell Telephone	13.2	9/15/08	100,000	118,500	118,250
Pacific Gas	12.8	9/01/92	200,000	202,222	226,500
Texas Federal Savings	12.4	7/22/88	100,000	60,000	54,626
Texas Federal Savings	12.1	3/21/94	200,000	63,637	57,000
U.S. Treasury Notes	11.4	11/15/91	551,250	226,923	217,815
U.S. Treasury Notes	11.4	2/15/02	106,875	50,812	57,282
United Telecommunications	11.1	4/15/88	100,000	99,800	98,500
Totals			<u>\$2,636,695</u>	<u>\$1,960,318</u>	<u>\$1,926,859</u>

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION
DULUTH, MINNESOTA
VARIABLE FUND

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30,

	<u>1983</u>	<u>1982</u>
Net assets, beginning of period	\$555,470	\$688,931
Revenue		
Members' deposits	\$ 95,569	\$ 62,793
Interest	11,371	26,005
Dividends	28,788	29,523
Totals	<u>\$135,728</u>	<u>\$118,321</u>
Expenses		
Annuities - monthly	\$ 17,998	\$ 18,406
Members' Refunds and transfers	49,949	131,016
Administrative	1,153	1,251
Totals	<u>\$ 69,100</u>	<u>\$150,673</u>
Excess of revenue over expenses or (expenses over revenue)	\$ 66,628	\$(32,352)
Purchase single premium annuities Canada Life	-	(25,304)
Net market value adjustment		
Sales during year	\$233,404	
Cost (on identified bases)	<u>239,250</u>	
Net gain	(5,846)	3,429
Unrealized gain or (loss)		
Market value loss - end of year	\$209,810	
Market value gain - beginning of year	<u>(28,379)</u>	
Increase or (decrease)	<u>238,189</u>	<u>(79,234)</u>
Net assets, end of period	<u>\$854,441</u>	<u>\$555,470</u>

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION
DULUTH, MINNESOTA

VARIABLE FUND

STATEMENTS OF NET ASSETS
JUNE 30,

		<u>1983</u>	<u>1982</u>
<u>ASSETS</u>			
Cash and receivables (less liabilities of \$25,304 in 1982)		\$ 31,422	\$ 17,284
Investments - short-term securities (at market value)		67,885	157,889
Investments - corporate stock	Cost	Value	
Allied Corp	\$ 18,072	\$ 21,550	
Archer Daniels	16,396	20,200	
Bolt Beranek and Newman	16,058	36,500	
Borg Warner	20,000	26,450	
Bristol Myers	10,244	24,525	
Capital Holding	18,654	34,875	
Central Louisiana Electric	7,170	12,066	
Chesebrough Ponds	13,481	15,550	
Commonwealth Edison	18,375	25,250	
Deere & Co	19,256	17,125	
Exxon	23,178	23,625	
General Electric	19,959	44,000	
Goodyear	13,320	18,544	
Houston Industries Inc.	19,808	20,875	
Huntingdon Research Center	15,000	14,750	
I C Industries	15,601	17,850	
IBM	30,488	60,125	
Interco	10,746	16,700	
J.C. Penney	13,065	17,850	
Josten's Inc.	22,955	28,875	
Norfolk & Southern	16,902	17,250	
Proctor & Gamble	22,444	27,563	
Ranier Bancorporation	14,313	16,375	
Schering Plough	23,254	22,311	
Schlumberger	18,305	27,000	
Southern Co.	25,600	31,250	
Southwest Airlines	20,450	31,800	
Southwestern Public Service	14,170	21,450	
State Street Bank	20,325	28,050	
Subaru	13,475	12,300	
Syntex Corp.	<u>14,259</u>	<u>22,500</u>	
		<u>755,134</u>	<u>380,297</u>
Net assets		<u>\$854,441</u>	<u>\$555,470</u>
Units outstanding		767,202.5189	707,125.7363
Asset values per unit		\$1.1137	\$.7855

Duluth, Minnesota
October 25, 1982

MINUTES OF 73rd ANNUAL MEMBERSHIP MEETING

The seventy Third Annual Meeting of the Membership of the Duluth Teachers' Retirement Fund Association was held in the auditorium of Ordean Junior High School on Monday October 25, 1983 at 4:15 p.m. There were 103 members present with 50 members needed for a quorum to transact business. President Walter Garvue acted as chairman of the meeting with Edward K. Blanck, Jr., Executive Secretary, acting as Secretary.

Trustees and special guests were introduced by the Chairman.

READING OF THE MINUTES

A motion was made, seconded, and carried to approve and suspend the reading of the minutes of the 72nd Annual Meeting held October 26, 1981.

REPORT OF THE OFFICERS

Chairman Garvue stated the Executive Secretary's report and Treasurer's report had been printed and delivered to each member of record, therefore, they would not be read at that time. Mr. Garvue then reviewed the operations of the Association for the prior 12 months, highlighting the 1982 Legislative Session.

Past presidents of the Association were introduced; present were: William Simons, Nordal Anderson, Jerome Benson, Adolph Juten and Hazel Hanson.

Mr. Garvue read the names of members who became deceased during the year, and a moment of silence was given in their memory.

A motion was then made, seconded, and carried that the report of the Officers, Acts and Proceedings of the Board of Trustees be approved for the period of October 26, 1981 to October 25, 1982.

ELECTION OF THREE TRUSTEES

Two separate elections were called to fill the expiring terms of active members Maxine Stromme and Walter Garvue. In the two elections, nominations for Mrs. Stromme and Mr. Garvue were made. Nominations were then closed and the Secretary was instructed to cast an elected ballot in each case. An election was called to fill the expiring term of retired Trustee Agnes Hansen. Nominations were made for Agnes Hansen and Betty High. There being no further nominations, nominations were closed. A vote was taken and Agnes Hansen was declared the winner. It was moved, seconded and carried that the ballots be destroyed.

NEW BUSINESS

Copies of the complete text of proposed amendments to the Articles of Incorporation were included in the 73rd Annual Report to the members. Proposed amendments are to allow the Association through its tax shelter funds to accept qualified deductible employee contributions. QDEC contributions are in all ways identical to individual retirement account contributions, and allow participants greater flexibility in their retirement savings. The proposed amendments were moved, seconded and unanimously passed by the membership.

REPORT OF COMMITTEES

Ray Muskat, President of Port Plaza Inc., reported that HUD rejected all three Duluth proposals for 202 housing. The corporation is currently considering re-submitting the proposal, co-sponsoring with another group, funding or building a smaller building or buildings. They also have plans to meet further with developers and planners. He sincerely thanked the membership for their generous financial and moral support and the many legal, architectural and housing consultants that helped Port Plaza this past year.

A motion was made, seconded and carried that the president appoint an AdHoc committee made up of active and retired members of the Duluth Teachers' Retirement Fund Association to review the makeup of the Board of Trustees and to make recommendations to the Association.

COMMUNICATIONS

A. Lee Thurow, President, Capital Supervisors, Chicago, spoke to the members on the past years performance and expectations for 1983.

He stated the United States would probably experience a slow but steady recovery. He also predicted stock and bond prices would continue to rise as interest rates continued to decline. He discussed our use of zero coupon bonds as a method of locking in long term, the high interest rates currently available.

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Edward K. Blanck, Jr.
Executive Secretary

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION

PLAN SUMMARY INCLUDING AMENDMENTS

Effective July 1, 1981 for all Members Hired Before July 1, 1981,
Including all State Law and Bylaw Changes Through June 30, 1983

1) The Duluth Fund was established in 1910, the Tax Shelter Fixed Fund in 1964, the Tax Shelter Variable Fund in 1973 and the Tax Shelter Money Market Fund in 1981.

2) MEMBERSHIP DATA

Membership in the Basic Plan is compulsory for all instructional staff of the Duluth Public School System. As of June 30, 1983, there were 1,119 active members, and 557 retired members. Participation in tax shelter plans is voluntary.

3) CREDITABLE SERVICE

Duluth service for which a state license is required. Time for which a member is granted a leave of absence may be credited if normal contributions are made within two years under our Bylaws, or one year under a state program. There are also provisions for reciprocity of service with other Minnesota public funds, effective July 1, 1975.

4) WITHDRAWALS AND REFUNDS

Members who have terminated their employment may withdraw their contributions with 4% interest if they do not wish to participate under the Minnesota Combined Service Annuity Law. Members may repay previous refunds plus 6% interest to reinstate Duluth service.

5) VESTING

Benefits vest after 10 year's service or age 60 or participation under the Minnesota Combined Service Annuity Law.

6) RETIREMENT REQUIREMENTS AND BENEFIT FORMULAS

Normal Retirement is age 60 with one or more years of credited service. The benefit formula is: highest five years average salary times years of service times 1.25% = annual benefit.

Early Retirement - immediate - is available between age 55 and 60 with 10 or more years of service. Benefits are reduced by .5% per month if paid before age 60. The maximum reduction is 30% at age 55. (60 mos. X .5% = 30%)

Early Retirement - deferred - if resignation occurs at any age with 10 or more years of service, an annuity will be payable upon the attainment of age 55 at a reduced rate or at age 60 at full formula. The 10 years required may be the total of service in any Minnesota Fund participating under the Minnesota Combined Service Annuity Law.

Disability Benefit - Full formula is payable at any age with five or more years of service. There is no reduction for age. Member must be totally and permanently disabled from teaching.

Post retirement adjustments - are made as additional funds become available. Members retiring before 1966 have received increases of 52%; 1967 + 38.1%; 1969 + 29.1%; 1970 + 23.6%; 1971 + 18.2%; and 1974 + 10.7%. In addition, pre-1957 retirees received an average monthly increase of \$5.34 as a result of a state-wide post retirement increase enacted and funded by the 1976 Legislature. Effective December 1, 1977, annuities are paid in advance. Therefore, thirteen checks were received in 1977. An 8.7% increase became effective August 1, 1981.

Plan Summary -

Tax Shelter Fund - 403(b) and IRA contributions have been administered internally since 1964. Currently, the Association manages a Bond Fund, an Equity Fund and a Money Market Fund. The funds are designed to maximize investment return within carefully monitored risk limits at the lowest possible cost to the member. There are no early withdrawal penalties imposed by the Association. Total administrative costs were .0018% of assets. Performance for 1 year ending June 30, 1983 - Bonds +29.5%, Stock +47.6% and Money Market +10.7%. Tax free rollovers are permitted to and from other carriers.

7) LUMP SUM DEATH BENEFIT

Active Member - Two times member's accumulated contributions with interest paid to named beneficiary; members are covered from first day of service.

Retired Member - Refund of remainder of member's deposits after deduction of total checks received to date of death if no survivor election was made at retirement.

8) SURVIVOR BENEFITS

Active Member - If more than ten years service and beneficiary is spouse of three years, survivor benefit is two times contributions as a refund; 2.4 X contributions as the cash value of either a deferred or immediate life annuity; or a spouse's benefit equal to the value of a retirement benefit earned by the member at death.

Retired Member - At retirement, a member may choose a survivor option. An actuarial reduction is made from the normal amount to provide one of the following: equal amount to survivor; one half amount to survivor; 5, 10, 15 or 20 year term certain to survivor; or any plan of actuarial equivalence to the above.

9) FINANCING

Basic Fund - Benefits are financed jointly. Members contribute 4.5% of their total earnings. The State of Minnesota contributes 5.79% of earnings.

Tax Shelter Funds - Benefits are financed entirely from member's deposits and investment income.

10) INVESTMENTS

Basic Fund - Equity investments are limited to 65% of Assets; Bonds are also limited to 65% of Assets, and no single holding of either stocks or bonds shall exceed 6% of total assets. Investments are limited to permissible holdings under the state law. Benefits are currently funded with assets of \$44.5 million, book value.

Tax Shelter Funds - Limited to permissible holdings under the state law. Benefits are currently funded with assets of \$3.1 million, book value.

11) ADMINISTRATION

The Fund is administered by a Board of Trustees of eleven members; three members of the Board of Education of Duluth, the Superintendent of Schools ex-officio, five active members and two retired members. Active and retired members are elected by the entire active and retired membership.

12) SOCIAL SECURITY COVERAGE

Since 1957, all members are covered under Social Security. All benefits are in addition to Social Security.

Social Security Leveling Adjustment - Any member retiring before age 62 may elect to receive a higher benefit from the Duluth Fund until eligible to receive Social Security.

EDWARD K. BLANCK, JR., Executive Secretary
Duluth Teachers' Retirement Fund Association
22 East First Street
Duluth, Minnesota 55802

Telephone: 722-2894

Office hours: 8:30-5:00 and by appointment
Parking is available behind our office

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION
CITIES OF THE FIRST CLASS CO-ORDINATED PLAN SUMMARY

For Members Hired or Rehired after June 30, 1981 and Old Plan Members
Irrevocably Electing this Plan

1) AGE AND SERVICE REQUIREMENTS

Full Formula retirement benefits are earned at age 65 or with 30 + years of service over age 62.

Early Retirement - age 55 with 10 or more years service. An early retirement actuarial reduction of 1/2% per month between age 65 and 60 and 1/4% per month between age 60 and 55 is made. Retirement with 30 or more years of service, an actuarial reduction of 1/2% per month between age 62 and 60 and 1/4% per month between age 60 and age at retirement is made.

2) FORMULA

Annual benefit = 1% for years 1-10 and 1.5% for years 11+ times High 5 successive average salary times years of service.

3) VESTING

Retirement benefits vest after 10 years or age 65.

4) DISABILITY

10 years service or 5 years after age 50. Total and permanent definition is used.

5) SURVIVOR BENEFITS

A. Death before retirement - Refund of contributions plus 3 1/2% interest to surviving spouse.

B. Death while eligible to retire - if over age 55 with 20 years service, or any age with 30 years service, a surviving spouse joint and last survivor annuity is available.

C. Death after retirement - The optional annuity elected at retirement is payable - options are joint and last and life with term certain.

6) REFUNDS

30 days after ceasing to render teaching service, a member may receive a refund of their contributions without interest.

DULUTH TEACHERS' RETIREMENT FUND
Improved Old Plan
for Members Hired Before 7-1-81
ANNUITY PER YEAR OF SERVICE BY AGE

HIGH 5
AVERAGE
SALARY

		55	56	57	58	59	60+
\$15,000		10.93	11.87	12.80	13.74	14.68	15.62
16,000		11.66	12.66	13.66	14.66	15.66	16.66
17,000		12.39	13.45	14.51	15.57	16.63	17.70
18,000		13.12	14.25	15.37	16.50	17.62	18.75
19,000	BA	13.85	15.04	16.22	17.41	18.60	19.79
20,000	BA 45	14.58	15.83	17.08	18.33	19.58	20.83
21,000		15.30	16.62	17.93	19.24	20.55	21.87
22,000		16.00	17.41	18.78	20.16	21.53	22.91
23,000		16.76	18.20	19.63	21.07	22.51	23.95
24,000	MA	17.50	19.00	20.50	22.00	23.50	25.00
25,000	MA 45	18.22	19.79	21.35	22.91	24.47	26.04
26,000		18.95	20.58	22.20	23.83	25.45	27.08
27,000		19.68	21.37	23.05	24.74	26.43	28.12
28,000		20.41	22.16	23.91	25.66	27.41	29.16
29,000		21.14	22.95	24.76	26.57	28.38	30.20
30,000		21.87	23.75	25.62	27.50	29.37	31.25
31,000		22.57	24.51	26.44	28.38	30.31	32.25
32,000		23.33	25.33	27.33	29.33	31.33	33.33
33,000		24.05	26.12	28.18	30.24	32.30	34.37
34,000		24.78	26.91	29.03	31.16	33.28	35.41
35,000		25.51	27.70	29.88	32.07	34.26	36.45
36,000		26.25	28.50	30.75	33.00	35.25	37.50
37,000		26.97	29.29	31.60	33.91	36.22	38.54
38,000		27.70	30.08	32.70	34.83	37.20	39.58
39,000		28.43	30.87	33.30	35.74	38.18	40.62
40,000		29.16	31.66	34.16	36.66	39.16	41.66

WORK SHEET

1. Years of Duluth Service	_____ Yrs	Example 25 yrs
2. Annuity From Above Chart (Example: Age 55, 24,000 Average Salary)	\$ _____	\$17.50
3. Multiply #1 Times #2 = Monthly Benefit (Stop here if no survivor benefit is wanted)	\$ _____	\$437.00
4. Survivor Option Reduction From Table (Example: Survivor age 55, Option II)	_____ %	.92%
5. Multiply #3 Times #4 = Monthly Benefit	\$ _____ *	\$402.50

*Social Security Leveling Adjustment can increase this benefit for member age 55-62. Social Security is in addition to this amount for members over age 62.

Duluth Teachers' Retirement Fund Association
 "1st Class Cities Coordinated Formula"

Applicable to all members hired or rehired after 7-1-81,
 or upon election by member hired before 7-1-81

Percent of High 5 Average Successive Salaries
 Age at Retirement

Years Service	55	56	57	58	59	60	61	62	63	64	65+
10	5.5	5.8	6.1	6.4	6.7	7.0	7.6	8.2	8.8	9.4	10.0
11	6.3	6.7	7.0	7.4	7.7	8.1	8.7	9.4	10.1	10.8	11.5
12	7.2	7.5	7.9	8.3	8.7	9.1	9.9	10.7	11.4	12.2	13.0
13	8.0	8.4	8.8	9.3	9.7	10.2	11.0	11.9	12.8	13.6	14.5
14	8.8	9.3	9.8	10.2	10.7	11.2	12.2	13.1	14.1	15.0	16.0
15	9.6	10.2	10.7	11.2	11.7	12.3	13.3	14.4	15.4	16.5	17.5
16	10.5	11.0	11.6	12.2	12.7	13.3	14.4	15.6	16.7	17.9	19.0
17	11.3	11.9	12.5	13.1	13.7	14.4	15.6	16.8	18.0	19.3	20.5
18	12.1	12.8	13.4	14.1	14.7	15.4	16.7	18.0	19.4	20.7	22.0
19	12.9	13.6	14.3	15.0	15.7	16.5	17.9	19.3	20.7	22.1	23.5
20	13.8	14.5	15.3	16.0	16.8	17.5	19.0	20.5	22.0	23.5	25.0
21	14.6	15.4	16.2	17.0	17.8	18.6	20.1	21.7	23.3	24.9	26.5
22	15.4	16.2	17.1	17.9	18.8	19.6	21.3	23.0	24.6	26.3	28.0
23	16.2	17.1	18.0	18.9	19.8	20.7	22.4	24.2	26.0	27.7	29.5
24	17.1	18.0	18.9	19.8	20.8	21.7	23.6	25.4	27.3	29.1	31.0
25	17.9	18.9	19.8	20.8	21.8	22.8	24.7	26.7	28.6	30.6	32.5
26	18.7	19.7	20.7	21.8	22.8	23.8	25.8	27.9	29.9	32.0	34.0
27	19.5	20.6	21.7	22.7	23.8	24.9	27.0	29.1	31.2	33.4	35.5
28	20.4	21.5	22.6	23.7	24.8	25.9	28.1	30.3	32.6	34.8	37.0
29	21.2	22.3	23.5	24.6	25.8	27.0	29.3	31.6	33.9	36.2	38.5
30	29.2	30.4	31.6	32.8	34.0	35.2	37.6	40.0	40.0	40.0	40.0
31	30.3	31.5	32.8	34.0	35.3	36.5	39.0	41.5	41.5	41.5	41.5
32	31.4	32.7	34.0	35.3	36.6	37.8	40.4	43.0	43.0	43.0	43.0
33	32.5	33.8	35.2	36.5	37.8	39.2	41.8	44.5	44.5	44.5	44.5
34	33.6	35.0	36.3	37.7	39.1	40.5	43.2	46.0	46.0	46.0	46.0
35	34.7	36.1	37.5	39.0	40.4	41.8	44.7	47.5	47.5	47.5	47.5
36		37.2	38.7	40.2	41.7	43.1	46.1	49.0	49.0	49.0	49.0
37			39.9	41.4	42.9	44.4	47.5	50.5	50.5	50.5	50.5
38				42.6	44.2	45.8	48.9	52.0	52.0	52.0	52.0
39					45.5	47.1	50.3	53.5	53.5	53.5	53.5
40						48.4	51.7	55.0	55.0	55.0	55.0
41							53.1	56.5	56.5	56.5	56.5
42								58.0	58.0	58.0	58.0
43									59.5	59.5	59.5
44										61.0	61.0
45											62.5

WORK SHEET

1. Highest 5 Successive Average Salary \$ _____ \$ 24,000
 2. Factor from Chart (Example-age 55, 25 yrs) _____ .179%
 3. Annual Annuity (line 1 times line 2) \$ _____ \$ 4,296
- (Skip to Line 6 if no survivor benefit is needed)
4. Survivor Option Reduction from Table _____ .92%
 5. Annual Benefit with Survivor Benefit _____ \$ 3,952
 6. Monthly Benefit - divide line 3 or 5 by 12 _____ \$ 329

DULUTH TEACHERS' RETIREMENT FUND
APPROXIMATE SURVIVOR BENEFIT PERCENTAGES*

All annuities are lifetime to member with some remaining benefit to a named beneficiary.

OPTION I 100% CONTINUED TO BENEFICIARY

Beneficiary		55	56	57	58	59	60	61	62	63	64	65
Member	55	86%	87	87	88	88	89	89	90	91	91	92
	56	85	86	86	87	87	88	89	89	90	90	91
	57	84	85	85	86	86	87	88	88	89	90	90
	58	83	84	84	85	85	86	87	87	88	89	89
	59	81	83	83	83	84	85	86	86	87	88	88
	60	80	81	81	82	83	84	84	85	85	87	87
	61	79	80	80	81	82	83	83	84	85	86	86
	62	77	79	79	80	80	81	82	83	84	84	85
	63	76	77	77	78	79	80	81	82	82	83	84
	64	74	76	76	77	78	78	79	80	81	82	83
	65	73	74	74	75	76	77	78	79	80	81	81

OPTION II 50% CONTINUED TO BENEFICIARY

Beneficiary		55	56	57	58	59	60	61	62	63	64	65
Member	55	92%	93	93	93	94	94	94	95	95	95	95
	56	92	92	92	93	93	93	94	94	94	95	95
	57	91	91	92	92	93	93	93	94	94	94	95
	58	90	91	91	91	92	92	93	93	93	94	94
	59	90	90	90	91	92	92	92	92	92	93	94
	60	89	89	90	90	91	91	91	92	92	93	93
	61	88	88	89	89	90	90	91	91	91	92	92
	62	87	87	88	88	89	89	90	90	90	91	92
	63	86	87	87	88	89	89	89	90	89	90	91
	64	85	86	86	87	88	88	88	89	88	89	90
	65	84	85	85	86	87	87	87	88	88	88	90

OPTION III TERM CERTAIN REMAINDER OF TERM TO BENEFICIARY

Member	55	56	57	58	59	60	61	62	63	64	65
5 Yr	99%	99	99	99	99	98	98	98	98	98	98
10 Yr	97	97	96	96	96	95	95	94	94	93	92
15 Yr	94	94	93	92	92	91	90	89	88	87	85
20 Yr	90	90	89	88	87	85	84	83	81	80	78

*Percentages shown are only carried to two places because of space limitations. Benefits computed will be a maximum of 1% understated.

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION
SOCIAL SECURITY ADJUSTMENT OPTION
 (Applicable to Retirement Before Age 62 Only)

1. Enter date of commencement of benefits	_____	<u>6-30-84</u>
2. Enter nearest attained age as of commencement of benefits. Participant's age _____ yrs. _____ mos.		
3. Enter factor from table based on date on line 1 and age on line 2	_____	<u>.431</u>
4. Enter estimated Primary Social Security benefit at age 65 obtained from Social Security office.	\$ _____	\$ <u>500.00</u>
5. Multiply line 4 times .8 (80% Benefit at age 62)	\$ _____	\$ <u>400.00</u>
6. Multiply line 3 times line 5.	\$ _____	\$ <u>172.40</u>
7. Enter early retirement benefit from worksheet (Example: Member and Spouse Age 55, Op II)	\$ _____	\$ <u>402.50</u>
8. Subtract line 6 from line 7 - this is the monthly benefit payable on and after attainment of age 62.	\$ _____	\$ <u>230.10</u>
9. Add line 5 plus line 8 - this is the monthly benefit payable from early retirement date to attainment of age 62.	\$ _____	\$ <u>630.10</u>

Leveling Adjustment Table

Years Months	55	56	57	58	59	60	61	62
0	\$.431	\$.387	\$.337	\$.283	\$.223	\$.157	\$.083	
1	.428	.383	.333	.278	.218	.150	.076	
2	.424	.378	.328	.273	.212	.144	.069	
3	.420	.374	.324	.268	.207	.138	.062	
4	.416	.370	.319	.263	.201	.132	.055	
5	.413	.366	.315	.258	.195	.126	.048	
6	.409	.362	.310	.253	.190	.120	.041	
7	.405	.358	.306	.248	.184	.113	.034	
8	.402	.354	.301	.243	.179	.107	.028	
9	.398	.350	.297	.238	.173	.101	.021	
10	.394	.346	.292	.233	.168	.095	.014	
11	.390	.342	.288	.228	.162	.089	.007	

CONTRACT SALARIES BY LANE*

1972-73 to 1982-83

	BA or BS	Plus 15	Plus 30	Plus 45	MA or MS, Equ.	Plus 15	Plus 30	Plus 45	PhD.
72-73	12,200	12,375	12,550	-	15,100	15,275	15,450	15,625	15,800
73-74	12,450	12,675	12,900	-	15,450	15,675	15,900	16,125	16,350
74-75	13,700	14,000	14,300	-	17,200	17,500	17,800	18,100	18,400
75-76	14,590	14,890	15,190	-	18,315	18,615	18,915	19,215	19,515
76-77 ⁽¹⁾	15,400	15,700	16,000	-	19,325	19,625	19,925	20,225	20,525
77-78 ⁽¹⁾	15,970	16,270	16,570	-	20,020	20,320	20,620	20,920	21,220
78-79 ⁽¹⁾	16,720	17,020	17,320	-	20,970	21,270	21,570	21,870	22,170
79-80 ⁽²⁾	17,475	17,775	18,075	18,375	22,125	22,425	22,725	23,025	23,325
80-81 ⁽³⁾	18,025	18,325	18,625	18,925	23,275	23,575	23,875	24,175	24,475
81-82 ⁽³⁾	19,583	19,887	20,187	20,487	25,504	25,804	26,104	26,404	26,704
82-83 ⁽³⁾	20,862	21,162	21,462	21,767	27,752	28,052	28,352	28,652	28,952

(1) Career Increment + \$100 W/25 or more years

(2) Career Increment + \$200 W/20, + \$400 W/ 25 years or more

(3) Career Increment + \$400 W/20, + \$900 W/25 years or more

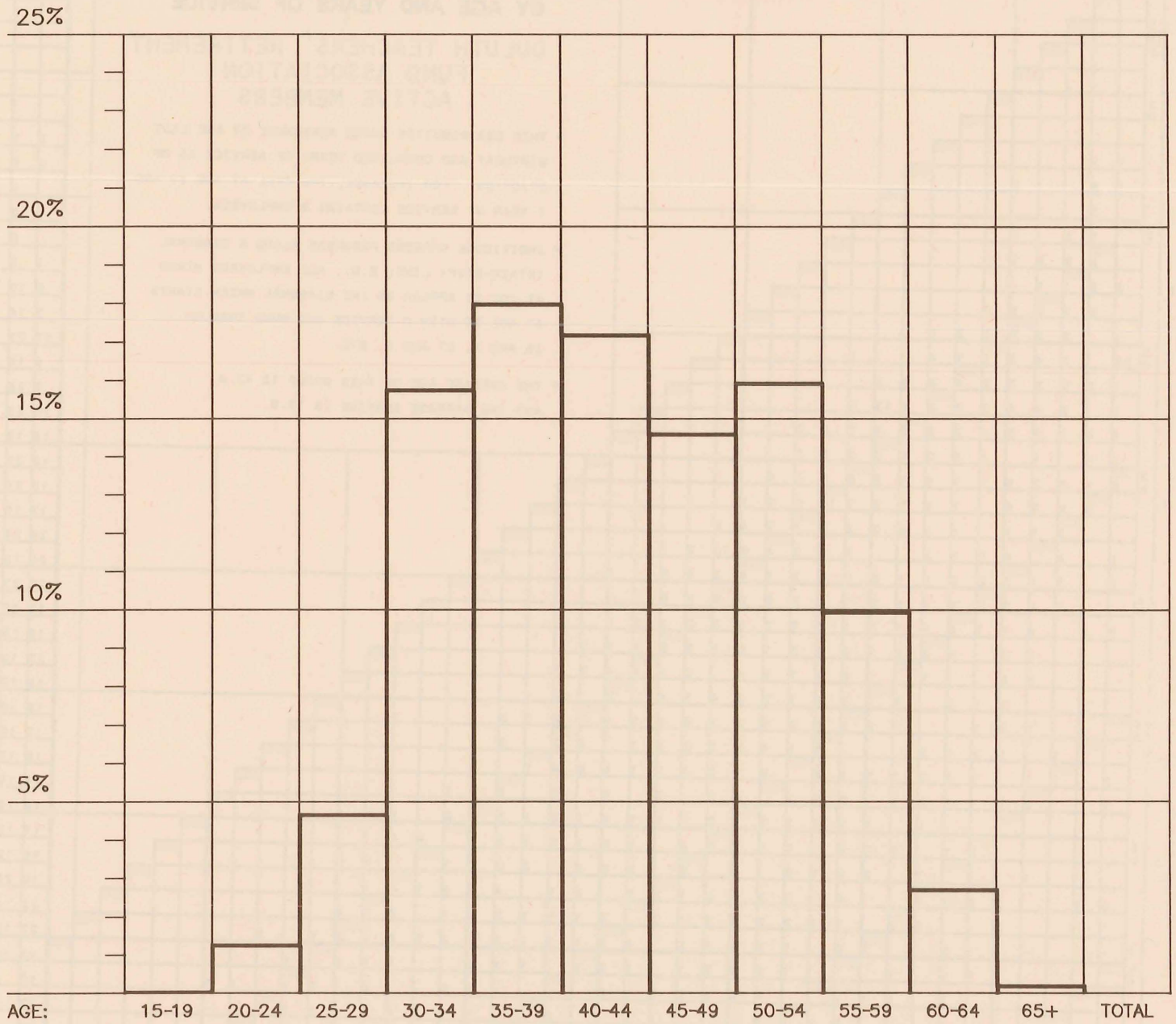
*Extra curricular is in addition to these amounts, severance pay is not used in the computation of Social Security or the Duluth Teachers' Retirement Plan.

Estimated Monthly Benefits Available with 25 Years Service on June 30, 1984 Including use of Duluth Teachers' Retirement, Social Security Leveling Adjustment, Social Security and Spouse's Social Security Where Applicable:

	BA				MA			
	55	58	62	65	55	58	62	65
Single Member	585	781	1,015	1,120	691	817	1,133	1,275
Married Members - Spouse Same Age - Using Option II	557	739	1,195	1,368	656	774	1,308	1,537
Survivor Benefit if Members Death Occured 1 Day After Retirement	159	208	747	834	201	216	808	931

DISTRIBUTION OF PERSONNEL BY AGE

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION
ACTIVE MEMBERS



NUMBER	0	14	52	176	201	192	163	178	111	30	2	1,119
AVERAGE PAY	0	7,730	11,752	16,380	22,329	24,123	25,640	27,877	28,257	23,682	21,603	23,015
AVERAGE SERVICE	0.0	1.7	3.6	6.2	10.1	12.3	14.9	18.2	20.3	16.7	9.3	12.6

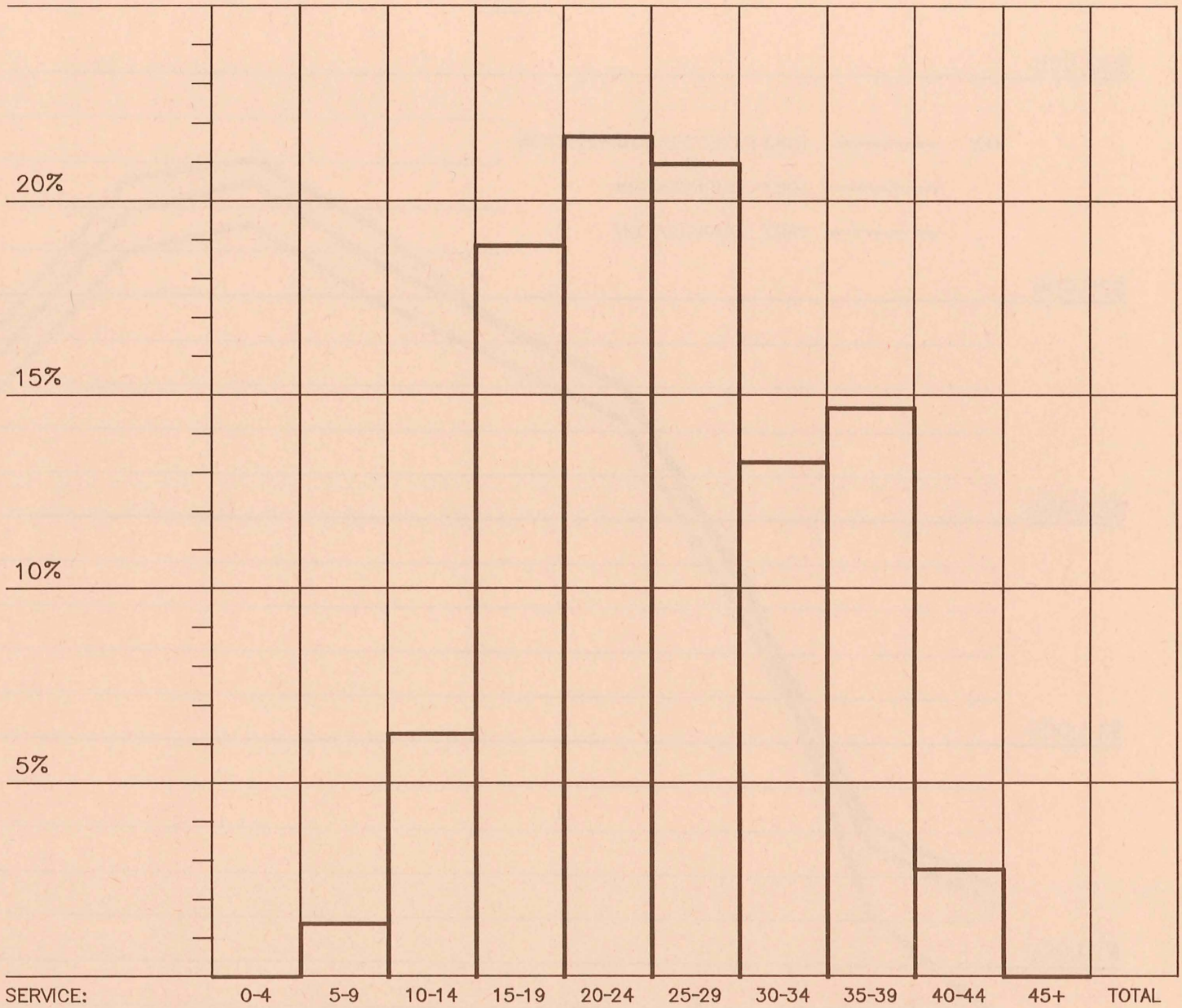
DETAIL OF EMPLOYEES 55 & OVER

AGE:	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70+
NUMBER	28	25	20	15	23	11	8	8	2	1	1	1	0	0	0	0
AVERAGE PAY	27,782	27,800	27,388	29,195	29,475	22,493	22,894	25,210	28,322	21,554	15,035	28,171	0	0	0	0
AVERAGE SERVICE	18.6	20.8	19.5	23.7	20.1	13.9	19.7	18.9	12.3	15.8	5.3	13.3	0.0	0.0	0.0	0.0

DISTRIBUTION OF PERSONNEL BY EXPECTED SERVICE AT AGE 65
(BASED UPON PERSONNEL AGE 55 AND OVER)

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION
ACTIVE MEMBERS

25%



SERVICE:	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45+	TOTAL
NUMBER	0	2	9	27	31	30	19	21	4	0	143
AVERAGE PAY	0	8,465	21,008	25,152	27,046	28,088	29,523	30,580	30,225	0	27,204
AVERAGE SERVICE AT AGE 65 *	0.0	5.2	13.0	17.9	23.2	27.2	32.9	37.5	41.7	0.0	26.1

* OR CURRENT AGE IF OLDER

AVERAGE COMPENSATION BY AGE

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION
 INCLUDES MEMBERS WHO WERE ACTIVE
 BOTH JUNE 30, 1982 AND JUNE 30, 1983

