

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

SUPPLEMENTAL REPORT

(Based on a June 30, 1977 Census)

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PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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Public Employees Retirement Association

SUMMARY SHEET
(Census as of June 30, 1977)

<u>General</u>	<u>Percent Change</u>		<u>Police and Fire</u>	<u>Percent Change</u>
<u>MEMBERSHIP</u>				
13,243	4.8%	Retired Members & Beneficiaries	673	9.4%
\$ 28,895,452	18.6%	Annual Benefit Payments	\$ 1,937,706	24.6%
82,026	(2.1%)	Active Members [#]	3,732	(1.8%)
\$707,400,545	7.6%	Participating Payroll	\$52,889,851	12.9%
<u>FUNDED STATUS</u>				
\$702,740,021	13.6%	Value of Benefits Earned to Date	\$85,084,108	13.4%
613,887,437	20.1%	Assets	81,962,092	22.3%
<u>87.4%</u>	<u>4.8%</u>	Funding Ratio	<u>96.3%</u>	<u>7.0%*</u>

ADEQUACY OF CONTRIBUTIONS**

9.500%	Member/Employer	20.000%
9.511%	Actuarial Requirement	18.613%
<u>(0.011%)</u>	Margin	<u>1.387%</u>

* Increase in Funding Ratio not Percentage Change.

** Assumes Basic Member additional will be funded over their remaining working lifetime.

Reflects change in considered active members. Members with no contributions for prior 12 months are excluded.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Fund

STATEMENT OF FINANCIAL CONDITION AND STATUS
OF FUNDING AS OF JUNE 30, 1977

This section is designed to show the financial condition of the retirement system by comparing the assets on hand to the value of the benefits earned to date; to derive the unfunded past service obligation; and to show the trend of the ratio of assets to the funding objective, i.e., the present value of benefits earned to date.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONGeneral FundSTATEMENT OF FINANCIAL CONDITION
(Year Ended - June 30, 1977)ASSETS

Cash and Investments (Net)	\$613,887,437
Benefits Earned to Date Remaining to be Financed by Members and Employers	<u>88,852,584</u>
<u>Total</u>	<u>\$702,740,021</u>

LIABILITIES

Benefits Payable to Retired Members and their Beneficiaries	\$243,455,277
Vested and Inactive Members	10,452,347
Benefits Earned to Date by Active Members	<u>448,832,397</u>
<u>Total</u>	<u>\$702,740,021</u>

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONGeneral FundANALYSIS OF FUNDED STATUS
(Year ended - June 30, 1977)

	<u>Assets</u>	<u>Obligation</u>	<u>Unfunded Obligation</u>
Retired Members and Beneficiaries	\$243,455,277	\$243,455,277	\$ - 0 -
Vested and Inactive Members	10,452,347	10,452,347	- 0 -
Active Members	<u>359,979,813</u>	<u>448,832,397</u>	<u>88,852,584</u>
<u>Total</u>	<u>\$613,887,437</u>	<u>\$702,740,021</u>	<u>\$88,852,584</u>
Ratio of Assets to Obligation	87.4%		

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONGeneral FundPROGRESS OF FUNDING

<u>Year Ending 6/30</u>	<u>Funding Objective</u>	<u>Book Value of Assets</u>	<u>Ratio Assets/ Funding Objective</u>
1973	\$478,489,266	\$349,259,698	73.0%
1974	534,952,952*	406,488,349	76.0
1975	556,873,746	449,178,269	80.7
1976	618,471,693	511,152,418	82.6
1977	702,740,021	613,887,437	87.4

* Reflects 1974 Amendments

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Fund

ACTUARIAL BASIS FOR DETERMINATION OF THE
ENTRY AGE NORMAL LEVEL FINANCING REQUIREMENT
(AS A PERCENTAGE OF PAYROLL) OF THE PROGRAM

This section is designed to illustrate the adequacy of the Employer/Member contribution rate by comparing it to the level actuarial requirement, expressed as a percentage of payroll.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONGeneral FundACTUARIAL BALANCE SHEET
(Year ended - June 30, 1977)

	<u>Residual Benefit</u>	<u>Integrated Plan</u>	<u>Total</u>
<u>RESOURCES</u>			
Cash and Investments (net)	\$275,781,811	\$338,105,626	\$ 613,887,437
Present Value of All Remaining Benefits to Be Funded By Future Contributions	<u>111,641,388</u>	<u>639,814,939</u>	<u>751,456,327</u>
<u>Total</u>	<u>\$387,423,199</u>	<u>\$977,920,565</u>	<u>\$1,365,343,764</u>

LIABILITIES AND RESERVES

Benefits Payable to Retired Members and Their Beneficiaries	\$121,257,025	\$122,198,252	\$ 243,455,277
Vested and Inactive Members	3,505,719	6,946,628	10,452,347
Active Members	<u>262,660,455</u>	<u>848,775,685</u>	<u>1,111,436,140</u>
<u>Total</u>	<u>\$387,423,199</u>	<u>\$977,920,565</u>	<u>\$1,365,343,764</u>

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONGeneral FundANALYSIS OF ACTUARIAL OBLIGATION
(Census as of June 30, 1977)Retired Members

Service Retirement (Payable from Minnesota Adjustable Fixed Benefit Fund) - Net	\$183,725,007	
Disability	11,035,691	
Survivor	39,125,717	
Reserve for Future Old Law Survivors	<u>9,568,862</u>	\$ 243,455,277

Vested and Inactive Members

10,452,347

Active Members

Retirement	\$872,124,371	
Vesting	115,180,457	
Disability	56,800,853	
Survivor	31,294,571	
Refund	<u>36,035,888</u>	<u>1,111,436,140</u>

Total Obligation\$1,365,343,764

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONGeneral Fund

DETERMINATION OF THE PRIOR ENTRY AGE
NORMAL CONTRIBUTION REQUIREMENTS
 (Census as of June 30, 1977)

	<u>Residual Benefit</u>	<u>Integrated Plan</u>	<u>Total</u>
Total Obligation	\$387,423,199	\$977,920,565	\$1,365,343,764
Net Assets on Hand	<u>275,781,811</u>	<u>338,105,626</u>	<u>613,887,437</u>
Obligation to be Funded in the Future	\$111,641,388	\$639,814,939	\$ 751,456,327
Present Value of Future Attained Age Normal Contribution	\$111,641,388	Not Applicable	\$ 111,641,388
Present Value of Future Entry Age Normal Level Contribution Requirements	Not Applicable	\$353,614,345	\$ 353,614,345
Prior Entry Age Normal Level Contribution Requirements <u>Accumulated to Date</u>	<u>\$ - 0 -</u>	<u>\$286,200,594</u>	<u>\$ 286,200,594</u>

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONGeneral FundINTEREST REQUIREMENT ON THE
PRIOR ENTRY AGE NORMAL REQUIREMENTS
(Census as of June 30, 1977)Integrated Plan

Prior Entry Age Normal Level Contribution Requirements Accumulated to Date	\$286,200,594
Interest Requirement on Accumulated Net Prior Requirement	14,310,030
Considered Payroll	707,400,545
Interest Requirement as Percentage of Considered Payroll	<u>2.023%</u>
Forty Year Funding Requirement	16,679,198
Forty Year Funding Requirement as a Percentage of Considered Payroll	<u>2.358%</u>

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONGeneral FundENTRY AGE NORMAL LEVEL CONTRIBUTION REQUIREMENTS
(Census as of June 30, 1977)

	<u>Residual Benefit</u>	<u>Integrated Plan</u>
Present Value of Future Entry Age Normal Level Contribution Requirements	\$ 111,641,388	\$ 353,614,345
Present Value of Future Payroll of Current Members of the Association	1,271,542,000	4,938,163,000
Attained Age Normal Level Contribution Rate*	8.780%	Not Applicable
Entry Age Normal Level Contribution Rate at Beginning of the Year*	Not Applicable	7.161%
Entry Age Normal Level Contribution Rate Adjusted for Mid-Year Receipt	<u>9.000%</u>	<u>7.340%</u>

* Future Requirements-Future Payroll

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONGeneral Fund

ACTUARIAL BALANCE EXPRESSED AS A
PERCENTAGE OF COVERED PAYROLL
 (Census as of June 30, 1977)

	<u>Residual Benefit</u>	<u>Integrated Plan</u>	
Member Contribution Rate	4.000%	4.000%	
Employer Contribution Rate	<u>5.000</u>	<u>5.500</u>	
<u>Total</u>	<u>9.000%</u>	<u>9.500%</u>	
	<u>Requirement</u>		
	<u>Residual Benefit</u>	<u>Expected Ultimate Level</u>	<u>Federal Law</u>
Attained Age Normal Contribution Requirement	9.000%		
Entry Age Normal Level Contribution Rate		7.340%	7.340%
Interest Requirement on Prior Level Requirements		2.023	2.358
Expense Allocance		<u>0.148</u>	<u>0.148</u>
Total Level Requirement	<u>9.000%</u>	<u>9.511%</u>	<u>9.846%</u>
Actuarial Balance Contribution Rate Less Level Requirement	<u>0.000%</u>	<u>(0.011%)</u>	<u>(0.346%)</u>

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Police and Fire Fund

STATEMENT OF FINANCIAL CONDITION AND
STATUS OF FUNDING AS OF JUNE 30, 1977

This section is designed to show the financial condition of the retirement system by comparing the assets on hand to the value of the benefits earned to date; to derive the unfunded past service obligation; and to show the trend of the ratio of assets to the funding objective, i.e., the present value of benefits earned to date.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONPolice and Fire FundSTATEMENT OF FINANCIAL CONDITION
(Year Ended - June 30, 1977)ASSETS

Cash and Investments (Net)	\$81,962,092
Benefits Earned to Date Remaining to be Financed by Members and Employers	<u>3,122,016</u>
<u>Total</u>	<u>\$85,084,108</u>

LIABILITIES

Benefits Payable to Retired Members and their Beneficiaries	\$19,911,425
Vested and Inactive Members	2,100,528
Benefits Earned to Date by Active Members	<u>63,072,155</u>
<u>Total</u>	<u>\$85,084,108</u>

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONPolice and Fire FundANALYSIS OF FUNDED STATUS
(Year Ended - June 30, 1977)

	<u>Assets</u>	<u>Obligation</u>	<u>Unfunded Obligation</u>
Retired Members and Beneficiaries	\$19,911,425	\$19,911,425	\$ - 0 -
Vested and Inactive Members	2,100,528	2,100,528	- 0 -
Active Members	<u>59,950,139</u>	<u>63,072,155</u>	<u>3,122,016</u>
<u>Total</u>	<u>\$81,962,092</u>	<u>\$85,084,108</u>	<u>\$3,122,016</u>
Ratio of Assets to Obligation	<u>96.3%</u>		

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONPolice and Fire FundPROGRESS OF FUNDING

<u>Year Ending 6/30</u>	<u>Funding Objective</u>	<u>Book Value of Assets</u>	<u>Ratio Assets/ Funding Objective</u>
1973	\$51,833,540	\$38,959,178	75.2%
1974	56,824,407	47,546,849	83.7
1975	60,295,656	56,100,213	93.0
1976	75,033,240	67,027,999	89.3
1977	85,084,108	81,962,092	96.3

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Police and Fire Fund

ACTUARIAL BASIS FOR DETERMINATION OF THE
ENTRY AGE NORMAL LEVEL FINANCING REQUIREMENT
(AS A PERCENTAGE OF PAYROLL) OF THE PROGRAM

This section is designed to illustrate the adequacy of the Employer/Member contribution rate by comparing it to the level actuarial requirement, expressed as a percentage of payroll.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONPolice and Fire FundACTUARIAL BALANCE SHEET
(Year Ended - June 30, 1977)RESOURCES

Cash and Investments (net)	\$ 81,962,092
Present Value of All Remaining Benefits to Be Funded By Future Contributions	<u>121,239,883</u>
<u>Total</u>	<u>\$203,201,975</u>

LIABILITIES AND RESERVES

Benefits Payable to Retired Members and Their Beneficiaries	\$ 19,911,425
Vested and Inactive Members	2,100,528
Active Members	<u>181,190,022</u>
<u>Total</u>	<u>\$203,201,975</u>

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONPolice and Fire FundANALYSIS OF ACTUARIAL OBLIGATION
(Census as of June 30, 1977)Retired Members

Service Retirement (Payable from Minnesota Adjustable Fixed Benefit Fund) - Net	\$ 15,326,631	
Disability	870,559	
Survivor	3,289,547	
Reserve for Future Old Law Survivors	<u>424,688</u>	\$ 19,911,425

Vested and Inactive Members

2,100,528

Active Members

Retirement	\$124,472,689	
Vesting	11,754,423	
Disability	33,296,890	
Survivor	7,446,127	
Refund	<u>4,219,893</u>	<u>181,190,022</u>

Total Obligation\$203,201,975

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Police and Fire Fund

DETERMINATION OF THE PRIOR ENTRY AGE
NORMAL CONTRIBUTION REQUIREMENTS
(Census as of June 30, 1977)

Total Obligation	\$203,201,975
Net Assets on Hand	81,962,092
Obligation to be Funded in the Future	121,239,883
Present Value of Future Entry Age Normal Level Contribution Requirements	<u>100,904,234</u>
Prior Entry Age Normal Level Contribution Requirements <u>Accumulated to Date</u>	<u>\$ 20,335,649</u>

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONPolice and Fire FundINTEREST REQUIREMENT ON THE
PRIOR ENTRY AGE NORMAL REQUIREMENTS
(Census as of June 30, 1977)

Prior Entry Age Normal Level Contribution Requirements Accumulated to Date	\$20,335,649
Interest Requirement on Accumulated Net Prior Requirement	1,016,782
Considered Payroll	52,889,851
Onterest Requirement as Percentage of Considered Payroll	<u>1.922%</u>
Forty Year Funding Requirement	\$ 1,185,121
Forty Year Funding Requirement as a Percentage of Considered Payroll	<u>2.241%</u>

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Police and Fire Fund

ENTRY AGE NORMAL LEVEL CONTRIBUTION REQUIREMENTS
(Census as of June 30, 1977)

Present Value of Future Entry Age Normal Level Contribution Requirements	\$100,904,234
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Present Value of Future Payroll of Current Members of the Association	622,966,800
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Entry Age Normal Level Contribution Rate at Beginning of the Year*	<u>16.197%</u>
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Entry Age Normal Level Contribution Rate Adjusted for Mid-Year Receipt	<u>16.602%</u>
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* Future Requirements-Future Payroll

PUBLIC EMPLOYEES RETIREMENT ASSOCIATIONPolice and Fire Fund

ACTUARIAL BALANCE EXPRESSED AS A
PERCENTAGE OF COVERED PAYROLL
 (Census as of June 30, 1977)

Member Contribution Rate	8.000%
Employer Contribution Rate	<u>12.000</u>
<u>Total</u>	<u>20.000%</u>

	<u>Requirement</u>	
	<u>Expected</u>	
	<u>Ultimate Level</u>	<u>Federal Law</u>
Entry Age Normal Level Contribution Rate	16.602%	16.602%
Interest Requirement on Prior Level Requirements	1.922	2.241
Expense Allowance	<u>0.089</u>	<u>0.089</u>
Total Level Requirement	<u>18.613%</u>	<u>18.932%</u>
Actuarial Balance Contribution Rate Less Level Requirement	<u>1.387%</u>	<u>1.068%</u>