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**MINNEAPOLIS TEACHERS'  
RETIREMENT FUND  
ASSOCIATION**

**SIXTY-NINTH ANNUAL REPORT  
OF THE BOARD OF TRUSTEES**

1670 NORTHWESTERN BANK BUILDING  
MINNEAPOLIS, MINNESOTA 55402

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**MINNEAPOLIS TEACHERS' RETIREMENT FUND  
ASSOCIATION**

Incorporated under the Laws of the State of Minnesota,  
September 17, 1909, and reorganized January 1, 1924

**Officers**

Geneveve K. Johnston ..... *President*  
A. James Heller ..... *Vice President*  
Robert W. Rose ..... *Secretary*  
Eleanor L. Matsis ..... *Treasurer*

**Board of Trustees**

Betty S. Hammack ..... *Annuitant*  
A. James Heller ..... *Instructor, Henry High School*  
Geneveve K. Johnston ..... *Annuitant*  
Carol R. Lind ..... *School Board Representative*  
Eleanor L. Matsis ..... *Instructor, West High School*  
E. Dudley Parsons ..... *Annuitant*  
Robert W. Rose ..... *Instructor, Olson Junior High School*

**Standing Committees**

*Finance*

Eleanor L. Matsis, *Chairman*  
Betty S. Hammack  
Geneveve K. Johnston (*Ex officio*)

*Membership*

*Annuity*

Betty S. Hammack, *Chairman*      E. Dudley Parsons, *Chairman*  
A. James Heller                      Robert W. Rose  
Geneveve K. Johnston (*Ex officio*)      Geneveve K. Johnston (*Ex officio*)

**Administrative Personnel**

*Executive Secretary* ..... Newell Gaasedelen  
*Counsel* ..... Richard H. Bachelder  
*Actuary* ..... Peat, Marwick, Mitchell & Co.  
*Auditors* ..... Peat, Marwick, Mitchell & Co.

## REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees of the Minneapolis Teachers' Retirement Fund Association, in compliance with the Articles of Incorporation, submits its report of the transactions of the Association for the year ended December 31, 1978, together with the audit and actuary reports of Peat, Marwick, Mitchell & Co., Certified Public Accountants; and a statement showing mean ledger assets, as adjusted, and the amount and rate of interest earned for the years 1924 to 1978, inclusive.

The Minneapolis Teachers' Retirement Fund Association was incorporated on September 17, 1909, under the laws of the State of Minnesota. Revised Articles of Incorporation, effective January 1, 1924, were adopted during the year 1923 and have been amended from time to time. The charter was extended for a period of thirty years on April 29, 1969. Pursuant to the Agreement with the City Council, relative to the removal of the limitation of one mill in the amount levied by taxation for the purposes of the Association, amendments to the Articles of Incorporation were adopted during the year 1929.

The regular annual meeting of the Association was held April 27, 1978. Miss Eleanor L. Matsis and Mr. E. Dudley Parsons, nominated as trustees for a three-year term, were elected by the members pursuant to Article IX of the By-Laws.

During the year, our Articles were amended to provide for the following:

1. A new retirement plan coordinated with Social Security applicable to all who become members of the Association on or after July 1, 1978.
2. Allow service outside Minneapolis to count toward the 30 years required for the "30 and out" provision of the Formula Annuity.
3. That the beneficiaries of the "B" Death Benefit be the same as permitted under the "A" Death Benefit.
4. That the time and place of the annual meeting be a matter for decision by the Board of Trustees.
5. That the Association bear the expense of and responsibility for defending any Trustee, Board Officer or employee against any suit or judicial proceeding for damages resulting from acts performed for or on behalf of the Association by such Board Member, Officer or employee. (This is in accordance with State Statutes.)

Members deposited \$5,653,102 compared to \$5,673,484 during the previous year. The revenues from taxes were \$7,542,296 for 1978.

Annuity applications totaled 79 which was a decrease of 4 from the previous year. A total of \$10,439,233 was paid to annuitants during the year.

A book value of investments at the close of the year was \$126,393,298 compared to \$115,473,369 for the year before.

Interest and dividends earned amounted to \$8,244,038. Members' deposits were credited with 5% interest and interest credited to the Annuity Reserve Fund was computed at 5% on the mean monthly balances.

The reserve for investment and other losses amounted to \$16,069,272 as of December 31, 1978.

Peat, Marwick, Mitchell & Co., auditors for the Association since its organization in 1909, made the annual audit of the accounts.

Geneveve K. Johnston, President

April 6, 1979

Board of Trustees  
Minneapolis Teachers' Retirement  
Fund Association  
Northwestern Bank Building  
Minneapolis, Minnesota 55402

Gentlemen:

We are pleased to submit the final results of our actuarial valuation of the Minneapolis Teachers Retirement Fund as of December 31, 1978. The valuation was performed on the basis of employee data which was not audited by us and of data and financial information provided by the Executive Secretary of the Fund.

*Objectives*

The principal objectives of the valuation may be summarized as follows:

1. Prepare information in accordance with Minnesota Statutes, Section 356.20 to 356.23 (refer to page No. 1 of this Report for additional detail of methods used).
2. Summarize the actuarial status of the Fund.
3. Analyze the experience of the Fund.

*Summary of Findings*

The results of our valuation, which were determined under 5% interest and 3½% salary increase assumptions as required by statute, may be summarized as follows:

1. The employer's normal cost for the year is 5.75% of payroll.
2. The necessary contribution to meet normal cost, and prevent the unfunded accrued liability (deficit) from increasing is 20.06% of payroll, compared to 18.29% shown in the December 31, 1977 valuation.
3. Assets of the Fund are in excess of the present value of benefits for current retirees.

Based on the above mentioned data and information, our interpretation of plan provisions and the valuation method and assumptions set forth in this report, we hereby certify that the summaries on the following pages represent the results of the valuation.

PEAT, MARWICK, MITCHELL & CO.

Donald G. Brackey, F.S.A.  
Enrolled Actuary Number 2765

Dennis M. Polisner, F.S.A., M.A.A.A.  
Enrolled Actuary Number 986

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION**  
**SUMMARY OF ACTUARIAL ASSUMPTIONS**

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**December 31, 1978**

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Interest	5%												
Turnover	2/3 of the 1970 experience, graduated for smoothness:												
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Attained Age</th> <th style="text-align: center; border-bottom: 1px solid black;">Turnover Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">20</td> <td style="text-align: center;">.200</td> </tr> <tr> <td style="text-align: center;">30</td> <td style="text-align: center;">.133</td> </tr> <tr> <td style="text-align: center;">40</td> <td style="text-align: center;">.028</td> </tr> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">.017</td> </tr> <tr> <td style="text-align: center;">60</td> <td style="text-align: center;">.002</td> </tr> </tbody> </table>	Attained Age	Turnover Rate	20	.200	30	.133	40	.028	50	.017	60	.002
Attained Age	Turnover Rate												
20	.200												
30	.133												
40	.028												
50	.017												
60	.002												
Retirement Age	The later of age 63 or attained age on the valuation date.												
Salary Scale — Annual Increase	3½%												
Mortality	The 1971 Group Annuity Mortality Table with projection to 1975 by Scale D. For males the male rates were used with age set back one year. For females, the male rates were used with age set back seven years.												
Valuation Assets	For valuation purposes assets are valued at cost and include effect of cumulative write-up of \$1,911,326 as provided in Article IX Subsection (15), of the Articles of Incorporation with amendments to July 1, 1975.												
Disablement	1955 UAW rates of disablement (with separate rates for males and females).												

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION  
ANALYSIS OF ACTUARIAL ASSUMPTIONS**

Shown below is the description of the basis for each principal assumption summarized on the previous page.

*INTEREST*

In 1978, the Fund's earning rates were as follows:

1. Excluding realized and unrealized capital gains and losses: 6.921%
2. Including realized capital gains and losses: 7.531%

Over the last five years, the averages of the Fund's annual earning rates were as follows:

1. Excluding realized and unrealized capital gains and losses: 6.026%
2. Including realized capital gains and losses: 6.124%

*RETIREMENT AGE*

Over the last several years, the average retirement age has approximated age 63. In 1978, the average age at retirement was 62.20. Last year's costs were calculated using an assumed retirement age of 64. This year's costs are calculated using an assumed retirement age of 63.

*TURNOVER*

Turnover rates corresponding to 2/3 of the turnover rates experienced by the Fund in 1970 were used in this year's valuation. During 1978, actual turnover rates were approximately 16% lower than the assumed rates.

*ASSETS*

The cost basis of the assets plus a cumulative write-up of \$1,911,326 was used for purposes of the actuarial valuation. Over the last ten years, unrealized appreciation on stocks has decreased from \$15,750,295 on December 31, 1968 to \$9,120,278 on December 31, 1978.

*SALARY SCALE*

A 3½% annual salary scale assumption was used. At the end of 1978, the overall average salary was \$18,997 compared to \$17,661 at the end of 1977 representing a 7.6% increase. Average salaries have increased approximately 9.34% a year since 1973, and approximately 8.71% a year since 1970.

*MORTALITY*

For active and retired lives, the 1971 Group Annuity Mortality Table with projection to 1975 was used. (Male Table for males; the mortality rates for females are equal to those for males six years younger.) To account for teacher mortality which is expected to be less than the average group mortality, an additional one year setback was used.

**EXHIBIT I**

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION**  
**SUMMARY OF COSTS AS OF DECEMBER 31, 1978**

Assumed retirement age is 63,  
5% Interest and  
2/3 of 1970 Turnover

	<u>Normal Cost</u>	<u>Accrued Liability</u>
1. Active Members		
Retirement benefits .....	\$6,260,960	\$158,803,614
Disability benefits .....	835,900	12,930,723
Refunds due to death or withdrawal	2,148,263	15,218,794
2. Deferred Annuitants and Former Members Without Vested Rights ...	0	4,406,476
3. Annuitants .....	0	112,722,039
4. Total .....	\$9,245,123	\$304,081,646
5. Member deposits (8½% of compensation for all basic plan participants and 4% of compensation for all coordinated plan participants) .....	\$5,510,942	
6. Employer normal cost .....	\$3,734,181	
7. Valuation assets .....		129,026,544
8. Actual unfunded accrued liability .....		175,055,102
Total Payroll .....		\$64,963,263

**EXHIBIT II**  
**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION**  
**SUMMARY OF CONTRIBUTION LEVELS FOR TWO YEARS**

	<u>December 31, 1978</u>	<u>December 31, 1977</u>
Employer normal cost .....	\$ 3,734,181	\$ 3,455,101
Percentage of payroll .....	5.75%	5.35%
Unfunded accrued liability .....	175,055,100	156,895,749
Employer contribution required to meet normal cost and amortize unfunded accrued liability by December 31, 1997 assuming payment at the beginning of the plan year .....	17,112,242	15,109,632
Percentage of payroll .....	26.34%	23.41%
Employer contribution required to meet normal cost and prevent unfunded accrued liability from increasing, assuming payment at the end of the plan year .....	12,673,645	11,472,644
Percentage of payroll .....	19.51%	17.77%
Administrative expense .....	360,486	334,989
Percentage of payroll .....	.55%	.52%
Employer contribution required to meet normal cost and administrative expense and amortize unfunded accrued liability by December 31, 1997 assuming payment at the beginning of the plan year .....	17,472,728	15,444,621
Percentage of payroll .....	26.90%	23.93%
Employer contribution required to meet normal cost and administrative expense and prevent unfunded accrued liability from increasing, assuming payment at the end of the plan year .....	13,034,131	11,807,633
Percentage of payroll .....	20.06%	18.29%

**EXHIBIT III**  
**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION**  
**COMPARISON OF CONTRIBUTIONS WITH TOTAL INCOME FROM**  
**GOVERNMENTAL UNITS**

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Employer contribution as of December 31, 1978 to meet normal cost and administrative expense and prevent unfunded accrued liability from increasing .....	\$13,034,131
Percentage of payroll on December 31, 1978 .....	<u>20.06%</u>
Total 1978 state tax revenue (including ad valorem city taxes of \$592,604) .....	7,542,296
Percentage of payroll on December 31, 1978 .....	<u>11.61%</u>

EXHIBIT IV

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION  
SUMMARY OF ANNUITIES IN FORCE ON DECEMBER 31, 1978**

Option	Annuity Plan	Number of Annuitants	Annuity Reserve Fund		Contingent Reserve Fund		Total	
			Annual Amount	Reserve	Annual Amount	Reserve	Annual Amount	Reserve
1	Life .....	1,299	\$1,631,376	\$14,323,329	\$4,143,608	\$39,556,951	\$ 5,774,984	\$ 53,880,280
2	Life, 15 year guarantee .....	499	756,747	8,486,110	1,596,401	19,599,259	2,353,148	28,085,369
3	Survivorship (50%) .....	83	178,902	1,941,098	454,504	5,350,834	633,406	7,291,932
4	Annuities Certain .....	67	93,999	848,691	226,127	2,265,251	320,126	3,113,942
5	Life, 3 year guarantee .....	66	165,939	2,001,205	311,384	4,229,393	477,323	6,230,598
6	Survivorship (75%) .....	37	106,796	1,340,227	278,404	3,781,815	385,200	5,122,042
7	Survivorship (100%) .....	50	96,804	1,290,794	210,860	3,050,436	307,664	4,341,230
8	Death Benefit .....	13	11,778	162,139	44,996	673,703	56,774	835,842
9	Disability .....	51	57,339	722,220	230,062	3,098,584	287,401	3,820,804
Totals .....		2,165	\$3,099,680	\$31,115,813	\$7,496,346	\$81,606,226	\$10,596,026	\$112,722,039

## MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION

## Assets and Current Liabilities as of December 31, 1977 and 1978

Assets (Cost Basis)	<u>December 31, 1977</u>	<u>December 31, 1978</u>
Cash .....	\$ 1,568,626	\$ 1,428,024
Stock dividends receivable.....	366,988	456,627
Accrued interest on investments .....	941,529	1,052,472
Bonds, mortgages and equities (including real estate) .....	112,990,877*	121,305,806**
Due from affiliate .....	2,482,492	5,087,492
Receivable for investments sold .....	—	85,229
Accounts receivable — state tax revenues .....	672,742	712,780
Miscellaneous receivables.....	425	725
Total .....	<u>\$119,023,679</u>	<u>\$130,129,155</u>
<b>Current Liabilities</b>		
Claims payable .....	\$ 74,406	\$ 265,951
Accounts payable .....	11,505	10,874
Payable for investments purchased .....	53,895	670,103
Deferred premiums on written options .....	121,460	155,683
Sub-Total .....	\$ 261,266	\$ 1,102,611
Reserve for Section 15 increase .....	1,911,326	***
Balance available for plan benefits .....	116,851,087	129,026,544
Total .....	<u>\$119,023,679</u>	<u>\$130,129,155</u>

\*Includes effect of a cumulative write-up of \$1,911,326 and a write-down of \$230,000 in 1977.

\*\*Includes effect of a cumulative write-up of \$1,911,326 and a write-down of \$92,500 in 1978.

\*\*\*The present value of retirement benefits and the balance available for plan benefits is increased by \$1,911,326 to include the reserve for Section 15 increases.

Note: Certain 1977 balances have been reclassified to conform with current year's presentation.

**EXHIBIT VI**  
**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION**

**SUMMARY OF ACTUARIAL GAINS AND LOSSES  
AS OF DECEMBER 31, 1978**

(a) Actual unfunded accrued liability as of December 31, 1977 .....	\$156,895,749
(b) Normal cost as of December 31, 1977 .....	8,941,932
(c) Interest at 5% on (a) and (b) .....	8,291,884
(d) Employee contribution during 1978 .....	5,671,271
(e) Employer contribution during 1978 .....	7,542,297
(f) Estimated interest on (d) and (e) .....	330,339
(g) Expected unfunded accrued liability as of December 31, 1978 (before the effect of a change in the actuarial cost method and in the retirement age assumption) = (a) + (b) + (c) - (d) - (e) - (f) .....	\$160,585,658
(h) Actual unfunded accrued liability as of December 31, 1978 (before the effect of a change in actuarial cost method and in the retirement age assumption) .....	\$165,217,887
(i) Actuarial gain (loss) before the effect of a change in actuarial cost method and in the retirement age assumption = (g) - (h) .....	(\$4,632,229)
(j) Increase in accrued liability due to a change in the retirement age assumption .....	\$5,350,898
(k) Increase in accrued liability due to a change in actuarial cost method for Sections 8, 9, 14 and 15 increases .....	\$4,486,315
(l) Unfunded accrued liability as of December 31, 1978 (h) + (j) + (k) .....	\$175,055,100

## MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION

COVERED EARNINGS OF ACTIVE PARTICIPANTS INCLUDED  
IN DECEMBER 31, 1978 VALUATION. DISTRIBUTION BY  
SEX AND SERVICE GROUPS\*ANNUAL EARNINGS BY SERVICE GROUPS

Service Group	MALE			FEMALE			TOTAL		
	Number of Participants	Total Annual Earnings	Average Annual Earnings	Number of Participants	Total Annual Earnings	Average Annual Earnings	Number of Participants	Total Annual Earnings	Average Annual Earnings
0	0	\$ 0	\$ 0	0	\$ 0	\$ 0	0	\$ 0	\$ 0
1	31	311,871	10,060	118	1,076,457	9,123	149	1,388,328	9,318
2	24	377,473	15,728	90	949,469	10,550	114	1,326,942	11,640
3	29	402,340	13,874	155	1,988,674	12,830	184	2,391,014	12,995
4	22	386,260	17,557	77	963,471	12,513	99	1,349,731	13,634
0-4	106	1,477,944	13,943	440	4,978,071	11,314	546	6,456,015	11,824
5-9	299	5,518,840	18,458	643	9,301,000	14,465	942	14,819,840	15,732
10-14	348	7,944,899	22,830	437	8,060,487	18,445	785	16,005,386	20,389
15-19	212	5,456,178	25,737	213	4,629,072	21,733	425	10,085,250	23,730
20-24	223	5,893,121	26,427	140	2,946,036	21,043	363	8,839,157	24,350
25-29	172	4,737,288	27,542	90	1,982,020	22,022	262	6,719,308	25,646
30-34	11	285,107	25,919	25	579,271	23,171	36	864,378	24,011
35-39	1	30,375	30,375	0	0	0	1	30,375	30,375
40+	0	0	0	1	27,554	27,554	1	27,554	27,554
Total	1,372	\$31,343,752	\$22,845	1,989	\$32,503,511	\$16,342	3,361	\$63,847,263	\$18,997

\*Excludes 170 participants with estimated total annual earnings of \$1,116,000, included in the valuation, but for whom data was incomplete.

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION**  
**COVERED EARNINGS OF ACTIVE PARTICIPANTS INCLUDED**  
**IN DECEMBER 31, 1978 VALUATION. DISTRIBUTION BY**  
**SEX AND AGE GROUPS\***

**ANNUAL EARNINGS BY AGE GROUPS**

Age Group	MALE			FEMALE			TOTAL		
	Number of Participants	Total Annual Earnings	Average Annual Earnings	Number of Participants	Total Annual Earnings	Average Annual Earnings	Number of Participants	Total Annual Earnings	Average Annual Earnings
0-19	0	\$ 0	\$ 0	0	\$ 0	\$ 0	0	\$ 0	\$ 0
20-24	2	19,891	9,946	20	186,513	9,326	22	206,404	9,382
25-29	57	673,495	11,816	243	2,533,822	10,427	300	3,207,317	10,691
30-34	214	3,569,874	16,682	472	6,457,920	13,682	686	10,027,794	14,618
35-39	248	5,350,448	21,574	311	5,200,548	16,722	559	10,550,996	18,875
40-44	222	5,427,766	24,449	217	3,768,982	17,369	439	9,196,748	20,949
45-49	208	5,455,766	26,230	224	4,239,046	18,924	432	9,694,812	22,442
50-54	223	5,857,065	26,265	190	3,746,514	19,718	413	9,603,579	23,253
55-59	149	3,830,198	25,706	180	3,681,981	20,455	329	7,512,179	22,833
60-64	46	1,109,318	24,116	126	2,579,917	20,476	172	3,689,235	21,449
65-69	1	22,641	22,641	6	108,268	18,045	7	130,909	18,701
70-74	1	20,500	20,500	0	0	0	1	20,500	20,500
75-79	1	6,790	6,790	0	0	0	1	6,790	6,790
80-84	0	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0	0
Total	1,372	\$31,343,752	\$22,845	1,989	\$32,503,511	\$16,342	3,361	\$63,847,263	\$18,997

\*Excludes 170 participants with estimated total annual earnings of \$1,116,000, included in the valuation, but for whom data was incomplete.

EXHIBIT IX

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION  
COMPARISON OF INCREASES IN AVERAGE SALARY

All Active Teachers			New Annuitants		
Year	Average Salary	% Increase	Year	Average Salary	% Increase
1978	\$18,997	7.6%	1978	\$20,183	6.3%
1977	17,661	15.0%	1977	18,987	8.7%
1976	15,361	5.3%	1976	17,460	5.9%
1975	14,590	7.2%	1975	16,491	6.0%
1974	13,612	11.6%	1974	15,563	13.0%
1973	12,193	1.1%	1973	13,773	5.6%
1972	12,064	13.0%	1972	13,044	10.8%
1971	10,674	8.9%	1971	11,776	10.6%
1970	9,799	—	1970	10,643	5.0%
			1969	10,136	6.2%
			1968	9,544	4.8%
			1967	9,106	6.5%
			1966	8,552	3.0%
			1965	8,302	

**EXHIBIT X**

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION  
COMPARISON OF AVERAGE AGES AT ENTRY**

<u>Year</u>	<u>Average* Employment Age for New Entrants</u>
1978 .....	32.5
1977 .....	30.1
1976 .....	29.8
1975 .....	30.1
1974 .....	30.6
1973 .....	29.4
1972 .....	27.8
1971 .....	27.1
1970 .....	26.9
1969 .....	27.0
1968 .....	28.2
1967 .....	30.9
1966 .....	28.6
1965 .....	27.8

\*Arithmetic mean.

**EXHIBIT XI**

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION  
COMPARISON OF AVERAGE AGES AT RETIREMENT**

<u>Year</u>	<u>Average Age* at Retirement</u>
1978 .....	62.20
1977 .....	61.66
1976 .....	63.36
1975 .....	62.85
1974 .....	64.41
1973 .....	64.14
1972 .....	64.69
1971 .....	63.86
1970 .....	64.38
1969 .....	63.33
1968 .....	64.77
1967 .....	63.84
1966 .....	64.28
1965 .....	64.35

\*Arithmetic mean.

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION  
APPROXIMATE BREAKDOWN OF THE CHANGE IN UNFUNDED  
ACRUED LIABILITY AS OF DECEMBER 31, 1978**

1. Actual unfunded accrued liability as of December 31, 1978 .....	\$175,055,102
2. Actual unfunded accrued liability as of December 31, 1977 .....	\$156,895,749
3. Increase in Actual unfunded accrued liability = (1) - (2) .....	<u>\$ 18,159,353</u>

Sources of Increase and (Decrease)

Interest experience - excluding realized capital gains and losses .....	\$ (2,289,069)
Realized capital gains .....	\$ (699,679)
Salary change experience .....	\$ 6,794,400
Turnover experience .....	\$ 1,853,700
Mortality experience .....	\$ (442,200)
New entrants .....	\$ 58,900
Book asset writedown during the year .....	\$ 92,500
Change in assumed retirement age .....	\$ 5,350,898
Change in actuarial cost method for Sections 8, 9, 14 and 15 increases .....	\$ 4,486,315
Loss on Deferred Annuitants and Former Members without Vested Rights .....	\$ 1,431,600
Amortization of UAL* .....	\$ 3,689,909
Others - unallocated .....	<u>\$ (2,167,921)</u>
Total .....	<u>\$ 18,159,353</u>

\*The portion of the 1978 contribution applied to amortize the UAL is \$3,689,909. This is derived from Exhibit VI as the excess of item (a) over item (g) therein.

The Board of Trustees  
Minneapolis Teachers' Retirement Fund Association:

We have examined the statements of net assets available for plan benefits of Minneapolis Teachers' Retirement Fund Association as of December 31, 1978 and 1977, and the related statements of revenues, expenditures and provision for losses, and changes in obligations for plan benefits, reserves and funding deficiency for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Minneapolis Teachers' Retirement Fund Association at December 31, 1978 and 1977 and its revenues, expenditures and provision for losses, and changes in obligations for plan benefits, reserves and funding deficiency for the years then ended, in conformity with generally accepted accounting principles consistently applied during the period subsequent to the change, made in 1977 with which we concur, in the actuarial method used in valuing certain ancillary benefits, as described in note 4 to the financial statements.

The examinations referred to above were directed primarily toward formulating an opinion on the financial statements of Minneapolis Teachers' Retirement Fund Association, taken as a whole. The supplementary data included in Schedules 1 through 5 are presented for supplementary analysis purposes and are not necessary for a fair presentation of the net assets available for plan benefits and revenues, expenditures and provision for losses and changes in obligations for plan benefits, reserves and funding deficiency of Minneapolis Teachers' Retirement Fund Association. The supplementary data have been subjected to the auditing procedures applied in the examinations of the basic financial statements and, in our opinion, are stated fairly in all material respects only when considered in conjunction with the financial statements taken as a whole.

PEAT, MARWICK, MITCHELL & CO.

Minneapolis, Minnesota  
February 23, 1979

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION**

**Statements of Net Assets Available for Plan Benefits  
December 31, 1978 and 1977**

Assets	<u>1978</u>	<u>1977</u>
Cash and savings accounts .....	\$ 1,428,024	1,568,626
Accounts receivable from governmental units .....	712,780	672,742
Accrued interest receivable .....	1,052,472	941,529
Accrued dividends receivable .....	456,627	366,988
Receivable for investments sold .....	85,229	—
Investments (notes 2 and 3):		
Common stocks .....	58,841,971	57,229,321
Bonds .....	47,848,173	44,219,642
Commercial paper and certificates of deposit .....	10,825,682	7,724,019
Real estate mortgages .....	<u>485,442</u>	<u>513,357</u>
	118,001,268	109,686,339
Valuation adjustment for unrealized appreciation on common stocks .....	<u>1,911,326</u>	<u>1,911,326</u>
Total investments .....	<u>119,912,594</u>	<u>111,597,665</u>
Investment in and advances to (\$5,087,492 and \$2,482,492 in 1978 and 1977, respectively) MRT Properties, Inc., underlying net assets of \$7,028,324 and \$4,339,679 in 1978 and 1977 .....	6,480,704	3,875,704
Deposit .....	<u>725</u>	<u>425</u>
	<u>\$130,129,155</u>	<u>119,023,679</u>
 <b>Liabilities and Net Assets</b>		
<b>Available for Plan Benefits</b>		
Member deposits payable .....	265,951	74,406
Payable for investment securities purchased .....	670,103	53,895
Accounts payable .....	10,874	11,505
Deferred premiums received from outstanding call options on common stock .....	155,683	121,460
Total liabilities	<u>1,102,611</u>	<u>261,266</u>
Obligations for plan benefits:		
Annuity reserve fund .....	36,020,244	34,659,659
Retirement deposit fund .....	91,610,807	81,888,803
Unfunded accrued plan benefits .....	<u>175,055,102</u>	<u>156,895,749</u>
Total obligations for plan benefits .....	302,686,153	273,444,211
Reserve for investment and other losses .....	16,069,272	12,315,120
Funding deficiency — State of Minnesota .....	(14,673,779)	(10,101,169)
Actuarial unfunded liability .....	<u>(175,055,102)</u>	<u>(156,895,749)</u>
Net assets available for plan benefits .....	<u>129,026,544</u>	<u>118,762,413</u>
	<u>\$130,129,155</u>	<u>119,023,679</u>

See accompanying notes to financial statements.

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION**

**Statements of Revenues, Expenditures and Provision for Losses  
Years ended December 31, 1978 and 1977**

<b>Revenues</b>	<u>1978</u>	<u>1977</u>
Revenue from governmental units:		
Ad Valorem city taxes .....	\$ 592,604	25,322
State contributions .....	<u>6,949,692</u>	<u>6,750,999</u>
Total revenue from governmental units .....	<u>7,542,296</u>	<u>6,776,321</u>
Contributions by members:		
Required .....	5,653,102	5,673,484
Other .....	<u>18,169</u>	<u>13,362</u>
Total contributions by members .....	<u>5,671,271</u>	<u>5,686,846</u>
Investment income:		
Interest .....	4,363,417	3,774,384
Dividends .....	3,880,621	3,306,100
Gain on sale of investments, net .....	<u>699,679</u>	<u>526,581</u>
Total investment income .....	<u>8,943,717</u>	<u>7,607,065</u>
Total revenues .....	<u>22,157,284</u>	<u>20,070,232</u>
<b>Expenditures and provisions for losses:</b>		
Retirement, beneficiary and disability annuities .....	10,439,233	9,947,491
Withdrawals .....	902,485	480,507
Death benefits .....	98,449	70,678
Administrative expenses .....	360,486	334,990
Provision for losses on investments .....	<u>92,500</u>	<u>230,000</u>
Total expenditures and provision for losses .....	<u>11,893,153</u>	<u>11,063,666</u>
Revenues in excess of expenditures and provision for losses .....	<u>\$10,264,131</u>	<u>9,006,566</u>
<b>Distribution of Excess Revenues (in accordance with the Articles of Incorporation)</b>		
Annuity reserve fund .....	(1,331,412)	(1,251,267)
Retirement deposit fund .....	12,961,132	12,943,270
Reserve for investment and other losses .....	3,207,021	2,248,641
Funding deficiency .....	<u>(4,572,610)</u>	<u>(4,934,078)</u>
Total distributions .....	<u>\$10,264,131</u>	<u>9,006,566</u>

See accompanying notes to financial statements.

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION**  
**Statement of Changes in Obligations for Plan Benefits, Reserves and Funding Deficiency**  
**Years ended December 31, 1978 and 1977**

	<u>Annuity Reserve Fund</u>	<u>Retirement Deposit Fund</u>	<u>Unfunded Accrued Liability</u>	<u>Reserve for Investment and Other Losses</u>	<u>Funding Deficiency — State of Minnesota</u>
Balance at December 31, 1976 .....	\$32,887,353	72,257,413	103,944,165	9,778,172	(5,167,091)
Distribution of excess revenues .....	(1,251,267)	12,943,270	—	2,248,641	(4,934,078)
Transfers:					
From retirement deposit fund to annuity reserve fund for purchase of annuities .....	3,023,573	(3,023,573)	—	—	—
From retirement deposit fund to reserve for investments and other losses for cancellation of employer contributions .....	—	(288,307)	—	288,307	—
Increase in actuarially computed prospective plan benefits and administrative expenses over Association assets (note 4) .....	—	—	52,951,584	—	—
Balance at December 31, 1977 .....	<u>34,659,659</u>	<u>81,888,803</u>	<u>156,895,749</u>	<u>12,315,120</u>	<u>(10,101,169)</u>
Distribution of excess revenues .....	(1,331,412)	12,961,132	—	3,207,021	(4,572,610)
Transfers:					
From retirement deposit fund to annuity reserve fund for purchase of annuities .....	2,691,997	(2,691,997)	—	—	—
From retirement deposit fund to reserve for investments and other losses for cancellation of employer contributions .....	—	(547,131)	—	547,131	—
Increase in actuarially computed prospective plan benefits and administrative expenses over Association assets .....	—	—	18,159,353	—	—
Balance at December 31, 1978 .....	<u>\$36,020,244</u>	<u>91,610,807</u>	<u>175,055,102</u>	<u>16,069,272</u>	<u>(14,673,779)</u>

See accompanying notes to financial statements.

# MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION

## Notes to Financial Statements December 31, 1978 and 1977

### (1) Summary of Significant Accounting Policies

#### Principal Business

The principal business of the Association is the management and control of funds obtained from contributions by members, public taxes and income from investments. The Association uses these funds to pay annuities and other benefits to members of the Association.

Effective July 1, 1978, Minnesota State Statutes required that a plan, coordinated with social security, be established within the Association and apply to all new members subsequent to June 30, 1978. Members' contributions and benefits under the coordinated plan have been adjusted to reflect contributions to and benefits from Social Security.

#### Basis of Accounting

The financial statements reflect a modified accrual basis of accounting in which revenues are recognized as described under revenues below, and expenditures are recognized when services are rendered or plan benefits and claims are payable. Fixed assets are not capitalized but instead are charged to expenditures in the year purchased.

The Association's investment in MRT Properties, Inc., a wholly-owned subsidiary, is carried at cost with dividend income recognized when received. The subsidiary's principal activity consists of investing in fee interests in real estate.

The Association is classified as a tax exempt organization by the Internal Revenue Service and is subject to Federal income tax only on net unrelated business income. The Association currently has no unrelated business income.

#### Revenues

Members' contributions are recorded in revenues based on 8½ percent of compensation paid to members.

State contributions are based upon a specific formula applied to teacher compensation used to fund all teachers' retirement plans in the state of Minnesota and are recognized when received.

Interest income is recorded when earned and dividend income is recorded as of the date of record. Average cost is used in determining net realized gains and losses.

#### Investments

Common stocks, bonds and real estate mortgages are carried at cost, reduced by provisions for losses on certain securities with apparent permanent declines in the underlying value and earning power of the individual issuers. Commercial paper and certificates of deposit are carried at amortized cost. Pursuant to the Association's Articles of Incorporation, a valuation adjustment for a certain portion of unrealized appreciation of investments in common stocks has been included in the accompanying statement of net assets available for plan benefits (notes 2 and 3).

#### Annuity Reserve Fund

At the time a member ceases to teach in the public schools of Minneapolis, the accumulation of the member's deposits and, under certain conditions, state deposits may be applied by the member for the purchase of an annuity. Funds to the member's credit in the Retirement Deposit Fund are then transferred to the Annuity Reserve Fund from which annuities are paid. Interest is added annually at a rate of 5% to the fund.

#### Retirement Deposit Fund

All amounts received for deposit by or on behalf of members, plus interest at a rate of 5% annually, are held in the Retirement Deposit Fund for providing of benefits until withdrawal, death or retirement.

#### Reserve for Investments and Other Losses

Amounts included in this reserve represent profits and losses from security transactions, provisions for losses and other costs related to maintaining the investment portfolio.

**Funding Deficiency — State of Minnesota**

The funding deficiency represents the cumulative excess of the actual cost of annuities purchased upon member's retirement and management expenses in excess of revenues received from the State of Minnesota.

**Unfunded Accrued Plan Benefits and Actuarial Unfunded Liability**

The unfunded accrued plan benefits and the actuarial unfunded liability represent the excess of the present value of future benefits over current plan assets.

**(2) Valuation Adjustment for Unrealized Appreciation of Common Stocks**

Prior to the amendment to the Articles of Incorporation on July 1, 1976, Article IX, subsection (15), provided that certain qualified members be entitled to increases in their annuities and that the Board of Trustees increase the carrying value of common stocks as determined in accordance with a prescribed formula. Such increase in the carrying value of common stocks was then applied to fund annuity increases. Such increases provided in years prior to July 1, 1976 amounted to \$1,911,326 which has been credited to the Annuity Reserve Fund.

**(3) Investments**

Investments at December 31, 1978 and 1977 are summarized as follows:

	<u>Carrying value</u>	<u>Approximate market value</u>	<u>Unrealized appreciation (depreciation)</u>
December 31, 1978:			
Common stocks .....	\$ 58,841,971	67,962,249	9,120,278
Bonds .....	47,848,173	42,453,573	(5,394,600)
Commercial paper and certificates of deposit .....	10,825,682	10,825,682	—
Real estate mortgages .....	485,442	485,442	—
	<u>118,001,268</u>	<u>121,726,946</u>	<u>3,725,678</u>
Valuation adjustment for unrealized appreciation of common stocks (note 2) .....			
	<u>1,911,326</u>		
	<u>\$119,912,594</u>		
December 31, 1977:			
Common stocks .....	57,229,321	65,739,516	8,510,195
Bonds .....	44,219,642	41,279,838	(2,939,804)
Commercial paper and certificates of deposit .....	7,724,019	7,724,019	—
Real estate mortgages .....	513,357	513,357	—
	<u>109,686,339</u>	<u>115,256,730</u>	<u>5,570,391</u>
Valuation adjustment for unrealized appreciation of common stocks (note 2) .....			
	<u>1,911,326</u>		
	<u>\$111,597,665</u>		

Management of the Association believes that unrealized depreciation of bonds is primarily a function of the rise in interest rates since dates of purchase and does not reflect unfavorably on the ability of the underlying issuers to meet principal payments upon maturity. It is the Association's normal practice to hold bonds until maturity at which time the carrying values are expected to be recovered.

**(4) Change in Actuarial Method**

For the actuarial valuation performed as of December 31, 1977, the actuarial method used to value disability, death and withdrawal benefits was changed from the One Year Term Cost method to the Entry Age Normal method. This change was made to comply with the State of Minnesota Statutes. The effect of this change is an increase of \$29,401,973 in the unfunded accrued plan benefits and actuarial unfunded liability in 1977.

**Schedule 1**

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION**  
**Tax Revenue**  
**Years ended December 31, 1978 and 1977**

	<u>1978</u>	<u>1977</u>
Tax revenue collected:		
Ad valorem city taxes .....	\$ 592,604	25,322
State contributions .....	<u>6,949,692</u>	<u>6,750,999</u>
Total revenue .....	<u>\$ 7,542,296</u>	<u>6,776,321</u>
Application of tax revenue:		
Credited to:		
Contingent fund: .....		
For general annuities .....	200,454	173,505
For expenses of management .....	360,486	289,824
For payments made to annuitants .....	<u>7,186,707</u>	<u>6,871,948</u>
	7,747,647	7,335,277
Retirement deposit fund for stipulated deposits ...	4,367,259	4,375,122
Funding deficiency — State of Minnesota .....	<u>(4,572,610)</u>	<u>(4,934,078)</u>
	<u>\$ 7,542,296</u>	<u>6,776,321</u>

Note: Amounts charged during the year to the contingent fund are the unfunded portion of monthly annuity payments and general and administrative expenses. State contributions in excess of stipulated deposits are credited to the contingent fund. At the end of each year, the remaining balance in the contingent fund is transferred to the funding deficiency — State of Minnesota.

See accompanying accountants' report.

**Schedule 2**

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION**  
**Annuity Reserve Fund**  
**Years ended December 31, 1978 and 1977**

	<u>1978</u>	<u>1977</u>
Balance at beginning of year .....	\$34,659,659	32,887,353
Add (deduct):		
Interest at 5% .....	1,720,660	1,650,771
Annuity payments .....	<u>(3,052,072)</u>	<u>(2,902,038)</u>
Annuity payments in excess of		
revenues .....	<u>(1,331,412)</u>	<u>(1,251,267)</u>
Members' accumulations transferred from		
retirement deposit fund for purchase		
of annuities .....	<u>2,691,997</u>	<u>3,023,573</u>
Balance at end of year .....	<u>\$36,020,244</u>	<u>34,659,659</u>

See accompanying accountants' report.

**Schedule 3**

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION**  
**Retirement Deposit Fund**  
**Years ended December 31, 1978 and 1977**

	<b>1978</b>	<b>1977</b>
Balance at beginning of year .....	\$81,888,803	72,257,413
Add:		
Members' contributions:		
Required .....	5,653,102	5,673,484
Other .....	18,169	13,362
	5,671,271	5,686,846
Tax revenue credited to members — stipulated state deposits .....	4,367,259	4,375,122
Interest at 5% .....	3,923,536	3,432,487
	13,962,066	13,494,455
Deduct:		
Death benefits .....	98,449	70,678
Withdrawals — members' contribution refundable .....	902,485	480,507
Transfer to annuity reserve fund for purchase of annuities .....	2,691,997	3,023,573
Cancellation of employer's contributions in accordance with the Articles of Incorporation .....	547,131	288,307
	4,240,062	3,863,065
Balance at end of year .....	\$91,610,807	81,888,803

See accompanying accountants' report.

**Schedule 4**

**MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION**  
**Annuity Payments**  
**Years ended December 31, 1978 and 1977**

	<b>1978</b>	<b>1977</b>
Charged to the annuity reserve fund .....	\$ 3,052,072	2,902,038
Charged to the contingent fund:		
In accordance with Articles of Incorporation, Article IX, sections:		
8 .....	4,518	4,969
9 .....	435,418	434,589
11 .....	5,336,291	5,066,629
14 .....	1,254,286	1,201,205
15 .....	156,194	164,556
	7,186,707	6,871,948
General annuities .....	200,454	173,505
	7,387,161	7,045,453
	\$10,439,233	9,947,491

See accompanying accountants' report.

## MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION

## Administrative Expenses

Years ended December 31, 1978 and 1977

	<u>1978</u>	<u>1977</u>
Personal service:		
Staff payroll .....	\$113,473	103,089
Social security taxes .....	6,511	5,563
Professional fees .....	<u>113,455</u>	<u>97,972</u>
	233,439	206,624
Investment and travel:		
Air transportation .....	10,328	11,023
Conference fees, tuition and registration .....	10,648	10,310
Hotels and meals .....	15,561	15,097
Investment expense .....	<u>14,235</u>	<u>12,978</u>
	50,772	49,408
Other expenses:		
Postage and mailing .....	6,094	6,524
Telephone and electricity .....	5,273	4,970
Printing, binding and address plates .....	9,110	8,447
Office supplies .....	2,013	3,056
Office rent .....	24,909	23,746
Employees' hospitalization insurance .....	7,099	5,966
Other insurance .....	1,771	1,164
Office equipment purchased .....	4,740	10,902
Collection and exchange .....	200	200
Data processing .....	9,433	8,113
Miscellaneous .....	<u>5,633</u>	<u>5,870</u>
	<u>\$360,486</u>	<u>334,990</u>

See accompanying accountants' report.

## Membership

ACTIVE MEMBERS — teachers employed by the Board of Education

INACTIVE MEMBERS — teachers who have left the employ of the Board of Education, but retain membership because they are entitled to a present or future benefit.

ANNUITANTS — members who have applied for an annuity

	Women	Men	Total
<b>ACTIVE MEMBERS:</b>			
January 1, 1978 .....	2301	1516	3817
December 31, 1978 .....	2125	1414	3539
<b>INACTIVE MEMBERS:</b>			
January 1, 1978 .....	193	79	272
December 31, 1978 .....	235	127	362
<b>ANNUITANTS:</b>			
January 1, 1978 .....	1690	320	2010
December 31, 1978 .....	1686	332	2018
<b>TOTAL MEMBERSHIP</b>	<b>4046</b>	<b>1873</b>	<b>5919</b>

Annuities paid to Beneficiaries in Accordance with Article IX, Section 2, Subsections (b) and (c):

January 1, 1978 .....		145
December 31, 1978 .....		147

### DECEASED

Name	Status	Date of Death
Sarah F. Holbrook .....	Active .....	1-8-78
Dale E. Mielke .....	Active .....	1-29-78
Michael Frederick Sundberg .....	Active .....	2-22-78
John Kratz .....	Inactive .....	2-23-78
Phyllis D. Bassie .....	Active .....	8-4-78
Saundra J. Simon .....	Active .....	10-3-78

## ANNUITANTS

In the calendar year 1978, the following new annuities were granted: 51 Formula Annuities and 28 other Annuities. In addition to these 79, 1 other annuity was granted to an individual who had previously retired and was already among our annuitants. Annuities paid amounted to \$10,439,233 and annuities in force at the close of the year totaled \$10,596,027.00.

NAME	Date Effective	NAME	Date Effective
William J. Diehl .....	12-1-77	Geraldine P. Richards .....	7-1-78
Earl J. Follmuth .....	12-1-77	Bernard A. Robbins .....	7-1-78
Thomas Carter White .....	12-1-77	Edna D. Sanders .....	7-1-78
Irene S. Ahlquist .....	1-1-78	Virtue Jane Sanford .....	7-1-78
Barbara L. McCart .....	1-1-78	Chester A. Sorensen .....	7-1-78
Opal L. Boese Ratzlaff .....	1-1-78	Elizabeth S. Telke .....	7-1-78
Owen Skreen .....	1-1-78	Annette E. Teige .....	7-1-78
Donna M. Anderson Smith .....	1-1-78	Margaret E. M. Vierath .....	7-1-78
Hildegarde M. Strom .....	1-1-78	Mildred M. Wiste .....	7-1-78
Janet S. Aelony .....	2-1-78	Mary M. Wooldrik .....	7-1-78
Anne E. Holahan .....	2-1-78	Mae F. Wright .....	7-1-78
Neva A. Munson .....	2-1-78	Muriel Zieve .....	7-1-78
Kenneth I. Nelson .....	2-1-78	Fuji T. Katayama .....	8-1-78
Kathryn M. Neville .....	2-1-78	Evelyn C. Kayser .....	8-1-78
Arensa M. Thomsen .....	2-1-78	Everett C. Zellers .....	8-1-78
Irene L. Zimmerman .....	2-1-78	Alden Jensen .....	9-1-78
Donald G. Gurnoe, Sr. ....	3-1-78	Alden T. McCutchan .....	9-1-78
James M. Hilgendorf .....	3-1-78	Helen N. Morrau .....	9-1-78
Jerry E. Murphy .....	3-1-78	Margaret C. Porter .....	9-1-78
Ethel Wall Taylor .....	3-1-78	James A. Reinertson .....	9-1-78
Alden D. Groff .....	4-1-78	Shirley E. Carlson .....	10-1-78
Rodney D. Martin .....	4-1-78	Alida R. Gille .....	10-1-78
Dorice C. Steen .....	4-1-78		
Linnea E. Sletten .....	5-1-78	The following death benefit annuities were granted:	
Irene L. Timm .....	6-1-78	Hans B. Gernes .....	9-1-77
Doris M. Acker .....	7-1-78	Addie E. Jenner .....	8-1-77
Doris K. Banks .....	7-1-78	Dale E. Mielke .....	2-1-78
Margaret A. Barbery .....	7-1-78	Phyllis D. Bassie .....	9-1-78
Calista Bechthold .....	7-1-78		
Myrtle H. Benson .....	7-1-78	<b>DECEASED</b>	
Ervin W. Bly .....	7-1-78	Myra Goode Haeffner .....	10-22-77
Alice L. Bronk .....	7-1-78	Lloyd L. Stowell .....	12-4-77
Bernice S. Brown .....	7-1-78	Louesa Weatherhead .....	12-21-77
Vera C. Brown .....	7-1-78	Marie McDonald .....	12-22-77
Joseph Benjamin Clawson .....	7-1-78	Mildred E. Ward .....	12-29-77
Evaline W. Dautermann .....	7-1-78	Mary G. Beedon .....	1-4-78
Gerald A. Doherty .....	7-1-78	*Medary S. Copeland .....	1-15-78
Barbara T. Fellows .....	7-1-78	Edna L. Thompson .....	1-20-78
Philip M. Ford .....	7-1-78	Floyd Valley .....	1-21-78
Katherine J. Gurnoe .....	7-1-78	Eliza S. Palin .....	1-28-78
Edith O. Kleven .....	7-1-78	Janet McPhee .....	2-2-78
Frederick H. Lang .....	7-1-78	*Harry E. Pulver .....	2-4-78
Evelyn Ruth Larson .....	7-1-78	Gertrude C. Wahl .....	2-5-78
Anne Madsen .....	7-1-78	Everil N. Schellenberg .....	2-6-78
Ruby D. McGee .....	7-1-78	Herbert V. Warner .....	2-6-78
Mable O. Melby .....	7-1-78	Adelia Nordby .....	2-12-78
Alice M. Nelson .....	7-1-78	*Karl H. Covell .....	2-14-78
Camilla A. Nelson .....	7-1-78	Mathilda L. Krefting .....	2-18-78
Donald O. Nelson .....	7-1-78	Hellen Leicher .....	2-18-78
Margaret H. O'Brien .....	7-1-78	Velma Denny .....	2-19-78
Florence C. Peterson .....	7-1-78	*Margaret Nordenson .....	2-26-78
Jean K. Pollock .....	7-1-78	*Alice R. Waddell .....	2-26-78
Donald A. Randall .....	7-1-78		

## DECEASED

Marjorie F. Holmes .....	3-30-78	*Margaret L. Peterson .....	7-13-78
Jane Berg .....	3-31-78	Leota G. Hagen .....	7-30-78
Lulu F. Champion .....	4-1-78	Nora M. Barron .....	8-3-78
Edith M. Redlund .....	4-1-78	*Aili L. Pelto .....	8-13-78
*William B. Morgan .....	4-8-78	*Marion A. Clark .....	8-17-78
Sophia R. Haveson .....	4-10-78	Mary Beedon Mason .....	9-3-78
Margaret E. Owens .....	4-16-78	Laura C. Peterson .....	9-5-78
Loretta M. Wadden .....	4-18-78	Luella L. Meinke .....	9-8-78
Estelle Finnberg .....	4-20-78	Grace E. Guptill .....	9-11-78
Teresa C. Gainor .....	4-21-78	Vahlborg S. Nelson .....	9-11-78
*Thomas C. White .....	5-6-78	Helen T. Junge .....	9-15-78
Hugo M. Wickstrom .....	5-15-78	Ilene Thorpe .....	9-18-78
Nora S. Leslie .....	5-22-78	Dana M. Anderson .....	10-18-78
Gertrude P. Frissell .....	5-23-78	Effie A. Powell .....	10-18-78
Lavinia Mansfield .....	6-6-78	LuVerne Vetter .....	11-4-78
Carmen N. Richards .....	6-9-78	Genevieve M. Holkesvig .....	11-7-78
Signora N. Johnson .....	6-10-78	L. Eleen Denning .....	11-19-78
Phyllis F. Nelsen .....	6-11-78	Dorothy Meder .....	11-19-78
Helen B. Curry .....	6-15-78	Emma R. Deutsch .....	11-22-78
Lyla G. Plantikow .....	6-16-78	Hazel B. Olson .....	11-24-78
Mercia M. Lesh .....	6-25-78	Harry O. Schoonover .....	11-24-78
*Almond J. Pihlstrom .....	6-30-78	*Elizabeth K. Pagels .....	12-10-78
Nora C. Anderson .....	7-5-78	*Annuity continued to beneficiary according to Article IX, Section (2), Subsections (b) and (c).	
Joana L. Kennedy .....	7-7-78		
Leonard Dickey .....	7-13-78		

**Statement Showing Mean Ledger Assets, as Adjusted and Amount and Rate of Interest Earned for the Years 1924 to 1978 Inclusive**

Year ended December 31	Mean Ledger	
	Assets, as adjusted	Interest Earned Amount      Rate
1924	\$ 587,050.08	\$ 22,420.03      3.819%
1925	1,006,594.73	43,241.84      4.296
1926	1,448,643.89	64,792.71      4.473
1927	1,897,742.32	86,296.42      4.547
1928	2,364,529.38	106,684.96      4.512
1929	2,895,964.01	129,892.32      4.485
1930	3,513,913.19	156,459.89      4.453
1931	4,173,207.88	182,277.63      4.368
1932	4,810,177.70	207,277.66      4.309
1933	5,395,507.11	227,254.57      4.212
1934	6,036,087.19	256,574.71      4.251
1935	6,741,092.30	275,790.07      4.091
1936	7,452,624.01	283,542.42      3.805
1937	8,154,626.79	301,951.16      3.703
1938	8,836,807.22	318,229.50      3.601
1939	9,524,180.18	329,502.33      3.460
1940	10,196,598.63	333,087.48      3.267
1941	10,817,852.83	325,629.10      3.010
1942	11,303,712.07	344,634.06      3.049
1943	11,752,470.13	349,777.19      2.976
1944	12,240,130.42	354,096.35      2.892
1945	12,714,006.41	379,850.01      2.987
1946	13,384,728.20	391,046.39      2.921
1947	14,536,784.39	373,731.25      2.571
1948	15,695,815.67	415,271.39      2.646
1949	16,547,387.66	472,841.11      2.858
1950	17,550,340.60	520,238.90      2.964
1951	18,559,601.68	566,824.11      3.054
1952	19,457,766.21	607,935.49      3.124
1953	20,370,891.76	658,579.25      3.233
1954	21,429,372.66	703,029.44      3.281
1955	22,627,156.81	751,597.06      3.321
1956	23,958,498.11	810,268.45      3.381
1957	25,230,130.36	912,070.82      3.615
1958	26,560,860.62	991,336.08      3.732
1959	27,846,792.94	1,126,328.62      4.045
1960	29,080,638.95	1,142,686.48      3.929
1961	30,437,359.43	1,164,795.25      3.826
1962	31,899,302.87	1,247,245.82      3.909
1963	33,647,847.97	1,349,232.98      4.009
1964	35,391,079.71	1,517,775.56      4.288
1965	37,449,239.33	1,611,580.12      4.303
1966	39,281,614.43	1,756,422.58      4.471
1967	42,365,970.56	1,884,841.39      4.448
1968	46,162,651.99	2,111,541.20      4.575
1969	50,987,871.61	2,291,990.27      4.495
1970	57,281,444.00	2,680,399.00      4.679
1971	63,956,260.00	3,082,911.00      4.820
1972	73,156,501.00	3,507,766.00      4.794
1973	82,860,227.00	4,248,383.00      5.127
1974	89,803,630.00	4,748,985.00      5.288
1975	96,021,440.00	5,356,739.00      5.579
1976	102,482,504.00	6,031,834.00      5.886
1977	109,690,047.00	7,080,484.00      6.455
1978	119,002,976.00	8,244,038.00      6.928

Notes:

- (1) The mean ledger assets, as adjusted, have been computed in accordance with the formula approved by State Insurance Commissioners and represent the average of the net ledger assets at the beginning and end of each year, less one-half of the interest earned. The non-ledger assets excluded from the computation include "Interest due and accrued on investment," and "Taxes due and accrued."
- (2) For the years 1941 to 1945, inclusive, amounts aggregating \$197,284,21 representing the net premiums realized from the sale of securities (principally tax exempt) have been applied against purchases in determining costs for the reason that, in effect, the transactions amount to an exchange. In view of the change in investment policy, profits or losses on security sold or called have been credited to income account, but have been excluded from the interest earned in the above tabulation.



