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MINNESOTA
STATE
RETIREMENT
SYSTEM



COMPREHENSIVE ANNUAL REPORT
July 1, 1981–June 30, 1982

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
of the
MINNESOTA STATE RETIREMENT SYSTEM**

July 1, 1981–June 30, 1982

Paul L. Groschen
Executive Director
Minnesota State Retirement System
529 Jackson Street at 10th
St. Paul, MN 55101

COMPREHENSIVE ANNUAL REPORT FISCAL YEAR ENDED JUNE 30, 1982

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LETTER OF TRANSMITTAL



OFFICERS

Paul L. Groschen, Executive Director

Assistant Directors

Douglas Mewhorter
Warren D. Dreyer

MINNESOTA STATE RETIREMENT SYSTEM

No. 529 Jackson at 10th Street St. Paul, Minnesota 55101

Tel. (612) 296-2761

December 31, 1982

BOARD OF DIRECTORS

Elected

Carolyn Anderson, Chairwoman
University of Minnesota

Karl W. Christey, Vice Chairman
Department of Public Safety

Joseph J. Bright
Retired

Abigail P. Robles
Department of Revenue

Richard G. Ryan
Metropolitan Transit Comm.

Luther C. Thompson
Department of Public Service

Bernard O. Weber
Department of Transportation

Appointed

Lieutenant Governor

Mel Hansen, Minneapolis

Leo Wells, St. Paul

To the Board of Directors
Minnesota State Retirement System

As prescribed by Minnesota Statutes, Chapter 356, the comprehensive annual report of the Minnesota State Retirement System for the fiscal year ended June 30, 1982 is submitted herewith. This report covers the operation of the funds and plans as indicated below:

State Employees Retirement Fund
General Employees Retirement Plan
Military Affairs Retirement Plan
Correctional Officers Retirement Plan
Highway Patrol Retirement Fund
Judges Retirement Fund
Unclassified Employees Retirement Plan
Deferred Compensation Plan

The System also administers two plans which are a part of the State General Fund. Highlights of these plans and the Minnesota Post Retirement Investment Fund (MPRIF) as well as a short description of the 1982 law changes can be found in this section of the report.

Accounting System and Reports

This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and pronouncements of the National Council on Governmental Accounting.

The accrual basis of accounting is used to record assets, liabilities, revenues and expenses. Revenues for the System are taken into account when earned without regard to date of collection, and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Fixed assets are recorded at cost and depreciated through charges to expense over the estimated useful lives of the assets.

Summary annual reports have been sent to all active and retired members of the funds or plans indicated above with a notice that they may receive a copy of this report on request.

AN EQUAL OPPORTUNITY EMPLOYER

Revenues

Employee, employer contributions and investment income provide the funding for the System. Contributions and investment income for fiscal year 1982 totaled \$175,916,310. This represents a 5% increase over fiscal year 1981. Contribution rates for both the employee and employer were reduced for all three plans in the State Employees Retirement Fund as outlined in the "1982 Law Changes"; which can be found in this section of the report.

Expenses

The expenses of the System consist of annuity and other monthly benefit payments, refunds of contributions, interest on refunds and administrative expenses. Expenses for fiscal year 1982 totaled \$46,495,034; an increase of 17% over fiscal year 1981 expenses. Revenues exceeded expenses by \$129,421,276 during fiscal year 1982.

Reserves

The amounts of the Total Required Reserves in the Balance Sheet in the financial section of this report represent the total accrued liability for retired, inactive and active employees. The liabilities of the reserves exceed the total net assets available. The amount by which the liabilities exceed the net assets is called the "unfunded accrued liability" and is shown on the Balance Sheet as such. The amortization of the unfunded accrued liability is illustrated in the actuarial section of the report under the heading "Solvency Test - Funding Ratio".

Investments

Investments contribute a substantial portion of the income to the System. Income from investments, excluding the unrealized loss on equities, amounted to \$82,563,397 or 47% of total revenue. Of the total investment income, 30% is from the basic retirement funds and the remaining 17% is from the participation in the Minnesota Post Retirement Investment Fund. This represents a combined yield of 9.1% for the three basic retirement funds and 9.6% for the Minnesota Post Retirement Investment Fund for fiscal year 1982. When the gain on sale of stock is included, the yields increase to 9.9% and 10.7% respectively. (The MPRIF is explained further in this section of the report).

Funding

The health of a retirement system is indicated by its level of funding. The higher the level of funding, the larger the ratio of assets accumulated to accrued liabilities and the greater the potential for investment income. Also, a higher level of funding gives the participants a greater degree of assurance of the security of their pension benefits. Although the historical level of funding for the State Employees Fund has been very good, the reduction in contribution rates as referred to under "Revenues" had a detrimental effect on the fund. Fortunately, there was a provision in the law that requires re-instatement of part of the contribution rates. According to the law, the higher rates will take effect with the first payroll beginning after January 17, 1983. The Highway Patrol Fund has not been as well funded as the State Employees Fund, but a 1.5% increase in employee contributions effective July 1, 1982 may help alleviate this problem. To the extent it will provide the necessary funding will not be known until after the 1983 actuarial valuation has been performed. The increase in contributions was, however, coupled with a benefit improvement. The Judges Fund is partially on a terminal funding basis and partially on a pay-as-you-go basis. Neither basis provides for sound funding of a retirement plan. The Unclassified and Deferred Compensation Plans are Defined Contribution Plans and consequently, are not funded plans.

Professional Services

The actuarial firm of Touche Ross & Co., represented by John H. Flittie, F.S.A. and Andrea Feshbach, F.S.A. is retained on contract to provide actuarial services for the System. Actuarial valuations must be made annually, while experience studies must be made every four years as provided by Minnesota Statutes 356.215. The last experience study was performed as of June 30, 1979.

The actuary's certification letter is included as the first item in the actuarial section.

The State Commissioner of Health or his designee is the medical advisor to the System as provided by Minnesota Statutes, 352.03, Subd. 8. It is his responsibility to designate physicians to examine disability applicants, investigate medical statements for disability applicants and report his conclusions and recommendations to the Executive Director.

The Attorney General, represented by Merwin Peterson, is the legal advisor to the System as provided by Minnesota Statutes 352.03, Subd. 11. There were no litigation proceedings during fiscal 1982, nor are there any pending.

The Legislative Auditor is charged with the responsibility of auditing the books and records of MSRS. His audit opinion for the fiscal year ended June 30, 1982 is included as the first item in the financial section.

Administration

Continued effort was made this year to bring the highest quality of service to the covered employees through group retirement presentations, individual counseling in person or by telephone, or written correspondence with informational data supplied.

Acknowledgements

This report is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship for assets contributed by the members and their employers.

I would like to take this opportunity to express my gratitude to the Board of Directors, staff, the advisors, and to the many people who worked so diligently to assure the successful operation of the System.

Respectfully submitted,



Paul L. Groschen
Executive Director

**MINNESOTA STATE RETIREMENT SYSTEM
ADMINISTRATIVE ORGANIZATION
JUNE 30, 1982**

BOARD OF DIRECTORS

Carolyn Anderson, Chairwoman
University of Minnesota
2226 Arthur St. N.E.
Minneapolis, Minnesota 55418
Telephone 612/373-3991 or 789-9368
Term: March 4, 1980-March 5, 1984
Elected—State Employee

Karl W. Christey, Vice Chairman
Minnesota State Patrol
565 Wheeler Drive
Excelsior, Minnesota 55331
Telephone 612/541-9411 or 474-6167
Term: March 2, 1982-March 3, 1986
Elected—Highway Patrol Member

Joseph J. Bright
2189 Powers Avenue
St. Paul, Minnesota 55119
Telephone 612/735-6906
Term: March 2, 1982-March 5, 1984

Mel Hansen
4505—28th Avenue South
Minneapolis, Minnesota 55406
Telephone 612/722-2182
Term: February 25, 1981-January 7, 1985
Appointed—Public Member

Abigail Robles
Department of Revenue
1171 Kruse
West St. Paul, Minnesota 55118
Telephone 612/296-3491 or 450-0768
Term: March 2, 1982—March 3, 1986
Elected—State Employee

Richard G. Ryan
Metropolitan Transit Commission
2985 Vincent Avenue North
Minneapolis, Minnesota 55411
Telephone 612/379-2914 or 529-2423
Term: March 4, 1980-March 5, 1984
Appointed—MTC/TOD Designate

Luther Thompson
Department of Public Service
2212 Kings Drive
Woodbury, Minnesota 55125
Telephone 612/296-1065 or 738-6656
Term: March 2, 1982-March 3, 1986
Elected—State Employee

Lou Wangberg
Lieutenant Governor
2427 Farrington Circle
Roseville, Minnesota 55113
Telephone 612/296-2374 or 482-8344
Term: Co-Terminous with Governor's
Appointed—Constitutional Officer

Bernard O. Weber
Department of Transportation
126 Riverside Drive N.E.
St. Cloud, Minnesota 56301
Telephone 612/255-4268 or 251-6766
Term: March 4, 1980-March 5, 1984
Elected—State Employee

Leo D. Wells
1755 Highland Parkway
St. Paul, Minnesota 55116
Telephone 612/690-4949
Term: February 25, 1981—January 2, 1984
Appointed—Public Member

OFFICERS

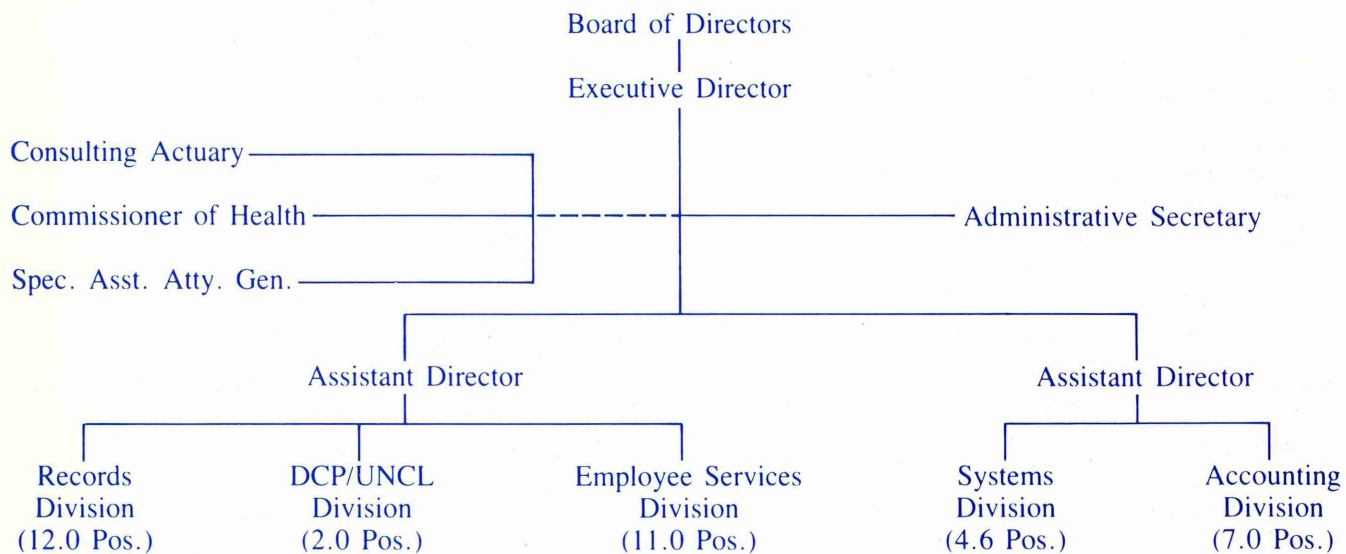
Paul L. Groschen, Executive Director

Assistant Directors

Douglas Mewhorter, Employee Services and Records

Warren D. Dreyer, Finance and Systems

MINNESOTA STATE RETIREMENT SYSTEM ORGANIZATION CHART June 30, 1982



Number of Positions		
	Unclass.	Class.
Full Time	2.0	37.0
Part Time	.0	.6
Student	1.0	.0
	3.0	37.6

CHAIRWOMAN'S REPORT



OFFICERS

Paul L. Groschen, Executive Director

Assistant Directors
Douglas Mewhorter
Warren D. Dreyer

MINNESOTA STATE RETIREMENT SYSTEM

No.

529 Jackson at 10th Street

St. Paul, Minnesota 55101

Tel. (612) 296-2761

December 31, 1982

BOARD OF DIRECTORS Elected

Carolyn Anderson, Chairwoman
University of Minnesota

Karl W. Christey, Vice Chairman
Department of Public Safety

Joseph J. Bright
Retired

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Department of Revenue

Richard G. Ryan
Metropolitan Transit Comm.

Luther C. Thompson
Department of Public Service

Bernard O. Weber
Department of Transportation

Appointed

Lieutenant Governor

.....
Mel Hansen, Minneapolis

.....
Leo Wells, St. Paul

To all Participants
of the
Minnesota State Retirement System

This annual report of the Minnesota State Retirement System again illustrates the strong financial position of the system. Contributions to the System were reduced to a level which would have been highly detrimental to the fund if left unchanged, but the Legislature provided for restoration to an adequate funding level in just such an event. The State of Minnesota recognizes the important role served by a retirement system in attracting and retaining competent employees, and is committed, as is the Board of Directors, to maintaining a sound system.

Through its retirement plans, the State of Minnesota makes promises of future payments to its employees. To assure that these benefits will be paid, actuarial valuations are performed every year, and experience studies every four years, to determine costs and to test the adequacy of the financing.

The Board receives and considers requests for improvement or change in the retirement plans. The Board weighs several factors in determining whether to recommend to the legislature that a benefit should be added; principally need, cost and equity of the proposed provision. As the Board has a responsibility to maintain a sound system, adequate financing for each plan improvement must be a major consideration.

The MSRS Board of Directors experienced two changes during the fiscal year. Mrs. Robles and Mr. Thompson were elected to replace Mr. Hage and Mr. Blanck. The entire Board and staff extend their appreciation to Mr. Hage and Mr. Blanck for their many years of dedicated service to the board. Mr. Bright and Mr. Christey were both re-elected by their respective constituents.

On behalf of the other members of the Board and the MSRS staff, I would like to express our thanks to all the System's participants and advisors. We ask for your continued support, so that through a group effort, we may continue to provide a sound and secure retirement future.

Sincerely,

A handwritten signature in blue ink that reads "Carolyn Anderson".

Carolyn Anderson
Chairwoman
Board of Directors

AN EQUAL OPPORTUNITY EMPLOYER

1982 LAW CHANGES**STATE BOARD OF INVESTMENT**

The investment board is authorized to employ qualified private firms to invest and manage the assets of funds over which the board has investment management responsibility. (Laws 1982, Chapter 587, Section 1)

The authorized investments were expanded to include pools of residential mortgages issued by the Minnesota Housing Finance Agency subject to certain restrictions. (Laws 1982, Chapter 587, Section 2)

RETIREMENT SYSTEMS, GENERALLY

All covered public service, pursuant to M.S. 356.30, can be used for determining eligibility for a disability benefit, but not for the calculation of the benefit. (Laws 1982, Chapter 449)

The initial retirement or disability benefit cannot exceed a persons final monthly salary. This change was enacted in lieu of the 40 year limitation on service credit, which limitation was repealed. (Laws 1982, Chapter 578, Article 1, Sections 10, 18 and 19)

The State of Minnesota will continue to pay the State portion of the premium costs for hospital, medical and dental insurance to age 65 for employees who were at least age 60 on July 1, 1982, and under age 65 (between ages 55 and 65 for members of the Highway Patrol or Correctional Plan), who had a minimum of twenty years service and who qualified for and did retire earlier than required by terminating State service and applying for their annuity between March 23 and May 21, 1982, inclusive. The act also provides for further negotiation of early retirement incentives for the balance of the biennium if such agreements result in a cost saving to the State. (Laws 1982, Chapter 522)

Buybacks for certain persons were authorized. The law entitled certain persons to purchase credit for prior service as long as the present value of the future improved benefit is paid. The payment is the responsibility of the employee, but the employer may pay all or a portion of the required amount. The employer must establish a uniform policy on picking up part or all of the cost. (Laws 1982, Chapter 578, Article 2, Sections 1-5)

STATE EMPLOYEES RETIREMENT FUND

Employee, Employer and Employer Additional contributions for the General Employees, Correctional Officers and Military Affairs Plans were reduced beginning with the first full payperiod after December 31, 1981. (Laws 1981, Third Special Session, Chapter 2, Article 1, Sections 64-67)

Employee and Employer contributions for the Military Affairs Plan were established at 1.6 percent higher than the General Employees Plan effective March 24, 1982. (Laws 1982, Chapter 575, Section 2)

Employee, Employer and Employer Additional contributions for the General Employees, Correctional Officers and Military Affairs Plans were further modified effective June 30, 1982. The law further provided that if the actuarial valuation for the year ended June 30, 1982, shows that this reduction would not amortize the unfunded accrued liability by June 30, 2009, the contributions would revert back to what they were prior to this law. (Laws 1982, Chapter 641, Article 1, Sections 2, 9-12)

Below is a summary of the effect, by plan, of the three laws cited above:

	Former Rate	Laws 1981 Chapter 2 Effective 1-13-82	Laws 1982 Chapter 575 Effective 3-24-82	Laws 1981 Chapter 2 Effective 6-30-82 ¹	Laws 1982 Chapter 641 Effective 6-30-82
A. GENERAL					
Employee	4%	3.46%	N/A	3.73%	3.46%
Employer	4	3.46	N/A	3.73	3.46
Additional	2	1.74	N/A	1.87	1.58
TOTAL	10%	8.66%	N/A	9.33%	8.50%
B. CORRECTIONAL					
Employee	6%	3.78%	N/A	4.89%	4.50%
Employer	9	5.66	N/A	7.335	6.75
Additional	5	3.16	N/A	4.08	1.32
TOTAL	20%	12.60%	N/A	16.305%	12.57%
C. MILITARY					
Employee	5%	4.46%	5.06%	5.33%	5.06%
Employer	5	4.46	5.06	5.33	5.06
Additional	2	1.74	1.74	1.87	1.58
TOTAL	12%	10.66%	11.86%	12.53%	11.70%

¹The actuarial valuation for the year ended June 30, 1982 did show that the reduction would not amortize the unfunded accrued liability; therefore, these rates are to take effect with the first full payperiod beginning after January 17, 1983.

If a department fails to take employee retirement deductions for a period in excess of 60 days, the department, not the employee, shall be liable for the past due employee and employer contributions plus an amount equal to six percent of the total in lieu of interest. (Laws 1982, Chapter 578, Article 1, Section 2)

HIGHWAY PATROL RETIREMENT FUND

Effective July 1, 1982 employee contributions were increased from 7 to 8.5% of payroll and the retirement formula was changed from 2½% per year of the high five salary for the first 20 years to the first 25 years. The percentage for additional years service remains at 2%. The law further provides for a refund of contributions to the members estate in case of death if no other benefits are payable and makes some changes to spouse death benefits. The law also provides for a six percent increase in benefits on July 1, 1982, and each July 1 thereafter for those whose benefit was computed under the laws in effect prior to June 1, 1973. (Laws 1982, Chapter 397)

JUDGES RETIREMENT FUND

Supreme Court Judges who did not elect coverage under the new law effective January 1, 1974, are now eligible for a deferred benefit at retirement age if they have the required service. In addition, the minimum service requirement on the Supreme Court to begin receiving a benefit at age 65 was reduced from 15 years to 12 years. (Laws 1982, Chapter 578, Article I, Sections 12 and 13)

ELECTED OFFICERS RETIREMENT PLAN

Retired elected officers and surviving spouses are now eligible for post retirement increases in their benefit in the same manner and amount as benefits paid from the Minnesota Post Retirement Fund. (Laws 1982, Chapter 578, Article I, Section 3).

UNCLASSIFIED EMPLOYEES RETIREMENT PLAN

Employees whose principle place of employment is at the State Ceremonial House were made eligible to the Unclassified Plan retroactively to their date of employment in that service. (Laws 1982, Chapter 399)

The chief executive officers of state correctional facilities, hospitals and nursing homes were made eligible to the Unclassified Plan. In addition, persons participating in the Unclassified Plan whose position is changed to the classified service by this law or any other authority may elect to remain in the Unclassified Plan as long as he holds the same position or a position in a higher class in the same agency. (Laws 1982, Chapter 560, Sections 56, 57)

Employee and employer contributions are no longer those established pursuant to M.S. 352.04 but are set at four percent employee and six percent employer. (Laws 1981, Third Special Session, Chapter 2, Article 1, Section 68)

MINNESOTA POST RETIREMENT INVESTMENT FUND**OWNERSHIP OF THE MPRI FUND**

The Minnesota Post Retirement Investment Fund (MPRIF) as provided in M.S. 11A.18 is the investment medium for the reserves set aside to pay benefits to retired public employees. An amount of money determined necessary to fully fund the retirement annuity based on an actuarially estimated life expectancy and an assumption that the monies will earn at a rate of 5%, is transferred to the MPRI Fund at time of retirement by the participating retirement plan. The public retirement funds or plans participating in the Minnesota Post Retirement Investment Fund are the following:

State Employees Retirement Fund
 Highway Patrol Retirement Fund
 Judges Retirement Fund
 Legislators Retirement Plan
 State Teachers Retirement Fund
 Public Employees Retirement Fund
 Public Employees Police and Fire Fund

The funds or plans authorized to participate in the MPRIF own an undivided participation in all the assets of the fund. The extent of each fund or plan's annual participation is determined by adding to the prior years participation all transfers of funds, interest income and adjustments. The participation shown on the balance sheet is equal to the required reserves. Any difference between the two is explained in the footnotes to the accounting statements.

MORTALITY ADJUSTMENT

The actuarial tables used to determine the amount of money transferred to the Minnesota Post Retirement Investment Fund for a retired employee are based on a five percent interest assumption and a determined life expectancy. If a retired employee lives longer than expected, there is an actuarial loss; if death occurs sooner than anticipated in the tables, there is an actuarial gain.

Since the assets of the Minnesota Post Retirement Investment Fund are owned by several retirement funds, the actuarially determined reserves are adjusted annually for the actual mortality experienced during the year by each participating fund.

The cash transfer for mortality adjustments as of June 30, 1982 were as follows:

Transferred from the MPRIF to MSRS for mortality gains		Transferred from MSRS to the MPRIF for mortality losses	
State Employees	Judges	Highway Patrol	Legislators
\$503,548	\$ 66,520	\$408,450	\$ 90,377

MPRI FUND ASSETS

The book value of the assets of the MPRI Fund increased from \$1,338 million at June 30, 1981 to \$1,350 million at June 30, 1982. This is after the withdrawal of the Minneapolis Municipal Employees Fund of \$194 million.

The fixed income and convertible securities are valued at amortized cost while the remaining assets are valued at cost. Effective June 30, 1981, up to 75% of the fund at market may be invested in common stock, convertible debentures, commingled funds and limited partnerships. Prior to June 30, 1981, the restriction on equities was 50% of book value.

The MPRIF assets were invested in the type of securities indicated at June 30:

	<u>At Market Value</u>		<u>At Book Value</u>	
	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>
Equities	32.75%	37.52%	38.56%	43.44%
Fixed Income Securities	59.34%	38.66%	46.44%	46.25%
Convertible Securities	.00%	.00%	.10%	.12%
U.S. Govt. Short Term Securities	5.31%	18.23%	6.98%	3.90%
Commercial Paper	2.60%	5.59%	7.92%	6.29%
Total Portfolio (%)	100.00%	100.00%	100.00%	100.00%
Total Portfolio (Millions \$)	\$1,167	\$1,229	\$1,122	\$968

MPRI FUND INCOME

The income to the MPRI Fund includes dividends, interest, accruals and realized capital gains or losses on equities offset by a portion of the balance of the Deferred Yield Adjustment Account which is the unamortized loss on the sale or disposition of debt securities. The account is increased by the loss on the sale of debt securities and decreased by the gain on the sale of such securities with a portion of the balance offset against investment income each year.

Total income to the fund for FY 1982 was \$139,386,219. The yield to the fund was 9.6% excluding the gain on sale of stock and 10.7% including the gain. Of the total income, \$1,727,499 was added to the FY 1981 deferred income of \$69,099,949 to provide the January 1, 1982 increase in benefits. The required earnings of 5% on the required reserves amounted to \$58,065,705 leaving a balance of excess investment income in the amount of \$79,593,015. Of the excess, \$3,979,651 was used to reduce the deficiency of the fund and the remaining \$75,613,364 increased by 2½% from FY 1983 income will be used to provide a permanent increase in benefits for those eligible, effective January 1, 1983.

The deficiency of the fund was reduced from \$32,271,661 to \$22,084,889. The reduction is the result of the 5% of excess income, \$3,979,651, the decrease in the Deferred Yield Adjustment Account of \$253,345, and a prior year adjustment of \$5,953,776 due to the withdrawal of the Minneapolis Municipal Employees Fund from this fund.

MPRI Fund income distribution to the four participating funds or plans administered by MSRS was as follows:

	<u>State Employees</u>	<u>Highway Patrol</u>	<u>Judges</u>	<u>Legislators</u>
Fiscal 1982 Income				
Distributed To:				
Required Reserves	\$12,203,407	\$1,035,436	\$250,618	\$185,714
Deficiency	928,015	91,532	5,412	11,342
January 1982 Increase	359,901	29,041	6,693	4,072
Undistributed	<u>15,582,812</u>	<u>1,367,361</u>	<u>312,516</u>	<u>237,037</u>
Total	\$29,074,135	\$2,523,370	\$575,239	\$438,165

BENEFIT ADJUSTMENTS

An increase in benefit payments is possible on January 1 following the close of the fiscal year for those participants whose benefit began to accrue at least one year prior to the close of the fiscal year. The increase is dependent upon the income of the fund.

If the fund earned more than the 5% on the required reserves, then any excess may be used for increased benefits. However, if there is a deficiency in the fund, then 5% of the excess income is withheld to gradually eliminate the deficiency. The remaining 95% of the excess income increased by 2½% is then available for increased benefits on January 1 following the close of the fiscal year. The resulting dollar amount is then divided by the total present value of benefits of all participating funds or plans for those eligible participants to determine a percentage amount to increase benefits.

There was income in excess of the 5% required for the fiscal year ended June 30, 1982 so those participants whose benefit began to accrue prior to July 1, 1981 will receive a 6.853% increase in benefits beginning January 1, 1983. The MPRI Fund provided a 7.436% increase on January 1, 1982 for those participants whose benefit began to accrue prior to July 1, 1980.

MPRI FUND DEFICIENCY

If the required reserves, as determined by the actuary, as of June 30 are greater than the book value of the assets of the fund, a deficiency exists. If the income to the fund exceeds the 5% required, then 5% of the excess is used to gradually eliminate this deficiency. Such was the case this past fiscal year.

The actuarially determined reserve requirement for annuities in force on June 30, 1982 for the funds or plans administered by MSRS exceeded their share of the MPRI Fund assets as of June 30:

	<u>State Employees</u>	<u>Highway Patrol</u>	<u>Judges</u>	<u>Legislators</u>
Reserve Requirement	\$281,990,853	\$24,789,335	\$5,535,498	\$4,139,333
MPRIF Participation	276,840,916	24,281,489	5,505,459	4,076,287
Deficiency	\$ 5,149,937	\$ 507,846	\$ 30,039	\$ 63,046

LEGISLATORS RETIREMENT PLAN

The Legislators Retirement Plan is a defined benefit plan covering the legislators, their spouses and children. The plan is administered in accordance with Chapter 3A of Minnesota Statutes. The plan is a part of the State General Fund and accordingly is reported as a part of that fund. MSRS is the administrator of the plan.

The retired legislators participate in the MPRI Fund and their benefits are funded on a terminal funding basis. The spouses and children do not participate in the MPRIF and their benefits as well as other expenses of the plan are on a pay-as-you-go basis.

There are 201 legislators who are required by statute to contribute 9% of salary towards their retirement. During FY 1982, their contributions amounted to \$331,220 leaving a net balance of accumulated contributions of \$1,820,880. Their contributions are deposited and credited to the State General Fund.

During FY 1982, the state contributed \$748,281 of which \$51,547 represented legislators contributions. There were four legislators that took a refund of their accumulated contributions amounting to \$12,472. Surviving spouse and children benefits totaled \$72,358 while administrative costs amounted to \$21,106. The present value of benefits which was transferred to the MPRIF for the legislators that retired during the year amounted to \$537,793 of which \$39,075 represented legislators contributions. The remaining \$104,552 was transferred to the MPRI Fund for the FY 1981 mortality loss.

There was \$453,336 paid in benefits to retired legislators from the MPRI Fund during FY 82. One retired legislator died and there were 8 new retirees during the year, leaving 93 retired legislators at June 30, 1982 receiving an average monthly benefit of \$429.48. There were 25 spouses and 15 children receiving an average monthly benefit of \$194.98 and \$90.37 respectively, at June 30, 1982. There are 83 former legislators eligible for a deferred benefit averaging \$498 per month.

ELECTIVE STATE OFFICERS RETIREMENT PLAN

The Elective State Officers Retirement Plan is a defined benefit plan covering the elected constitutional state officers, their spouses and children in accordance with Chapter 352C of Minnesota Statutes. The plan is a part of the State General Fund and accordingly, is reported as a part of that fund. MSRS is the administrator of the plan.

There are six elected officers who are required by statute to contribute 9% of salary towards their retirement. Their contributions are deposited and credited to the State General Fund. All funds necessary for the administration of the plan are appropriated as needed.

During FY 1982, the elected officers contributed \$24,447, leaving a total net accumulated contributions of \$186,833 at June 30, 1982. Benefits paid to the retired elected officers totaled \$67,602 during FY 1982 while survivor benefits totaled \$18,204 and administrative expenses were \$1,115.

There were six retired elected officers at June 30, 1982 receiving an average monthly benefit of \$938.92. There were three spouses receiving benefits at June 30, 1982 for an average monthly benefit of \$505.65. There are five former elected officers eligible for a deferred benefit averaging \$681 per month.

MINNESOTA STATE RETIREMENT SYSTEM

SECTION II

FINANCIAL SECTION



STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR

Veterans Service Building
St. Paul, Minnesota 55155

GERALD W. CHRISTENSON
Legislative Auditor

(612) 296-4708

Executive Director and Members of the Board
Minnesota State Retirement System

We have examined the combining and individual fund financial statements of the Minnesota State Retirement System as of and for the year ended June 30, 1982 as presented in the financial section of this report. Our examination was 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.

Reserves required, totaling \$1,038,907,353 for the State Employees Retirement Fund, \$111,455,693 for the Highway Patrol Retirement Fund, and \$35,217,146 for the Judges Retirement Fund at June 30, 1982, are presented in accordance with reports certified by the consulting actuary of the system.

As explained in note 7, investments in marketable equity securities are valued at the lower of cost or market as required by generally accepted accounting principles. Minnesota Statutes require valuation of equity securities at cost. Since the statutory provision differs from generally accepted accounting principles, the basic statements are not in compliance with the statute. Note 7 contains the necessary disclosures which must be considered together with the basic financial statements to fulfill the statutory reporting requirements.

In our opinion, relying on the certification from the consulting actuary as to the reserves required, the combining and individual fund financial statements referred to above present fairly the financial position of the individual funds of the Minnesota State Retirement System at June 30, 1982, and the results of operations and changes in financial position of such funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. In addition, except for the valuation of equity securities as discussed in the preceding paragraph, the aforementioned financial statements are in compliance with the reporting requirements of Minnesota Statute Section 356.20.

Executive Director and Members of the Board
Minnesota State Retirement System
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The Schedules of Operating Expenses and Changes in Investments for the year ended June 30, 1982 are presented for supplementary analysis purposes and are not necessary for the fair presentation of the combining and individual fund financial statements in conformance with generally accepted accounting principles. These schedules have been subjected to the tests and other audit procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the combining financial statements taken as a whole.

Sincerely,

Gerald W. Christenson

Gerald W. Christenson
Legislative Auditor

December 17, 1982

COMBINING BALANCE SHEET **JUNE 30, 1982**

ASSETS	Defined Benefit Plans				Defined Contribution Plans	
	Total	State Employees	Highway Patrol	Judges	Unclassified	Deferred Compensation
Cash	\$ 45,574	\$ 31,422	\$ 4,840	\$ 1,904	\$ 4,365	\$ 3,043
Short term investments (at cost) ³	44,950,850	39,515,850	4,779,000	357,000	0	299,000
Accounts receivable						
a) Accrued employee contributions	1,359,171	1,262,434	54,416	3,279	39,042	0
b) Accrued employer contributions	2,218,187	1,992,205	160,015	0	65,967	0
c) Employee buybacks	156,883	156,883	0	0	0	0
d) Other	15,288	15,288	0	0	0	0
Due from other plans	302,688	96,286	0	0	204,131	2,271
Due from the MPRI Fund	570,068	503,548	0	66,520	0	0
Accrued interest on investments	6,822,507	6,203,984	574,336	44,159	0	28
Dividends receivable	1,267,846	1,157,269	104,330	6,247	0	0
Debt securities (at amortized cost) ³	256,328,839	234,149,014	20,189,073	1,990,752	0	0
Equities (at lower of cost or market) ³	232,262,566	214,515,664	16,991,093	755,809	0	0
Equipment at depreciated cost ⁴	18,077	18,077	0	0	0	0
Deferred Yield Adjustment Account	3,936,534	3,713,620	142,938	79,976	0	0
Equity in investment funds	373,226,236	281,990,853	24,789,336	5,535,498	15,654,944	45,255,605
Total Assets	<u>\$ 923,481,314</u>	<u>\$ 785,322,397</u>	<u>\$ 67,789,377</u>	<u>\$ 8,841,144</u>	<u>\$15,968,449</u>	<u>\$45,559,947</u>
LIABILITIES AND RESERVES						
<i>Liabilities</i>						
Accounts Payable						
a) Annuities	\$ 268	\$ 268	\$ 0	\$ 0	\$ 0	\$ 0
b) Annuitant deposits	17,834	17,834	0	0	0	0
c) Accrued expenses	119,339	110,258	0	0	6,779	2,302
Due to Unclassified Retirement Plan	204,131	204,131	0	0	0	0
Due to MPRI Fund	13,153,728	12,413,181	740,547	0	0	0
Due to SER Fund	67,286	0	40,830	26,456	0	0
Deferred county reimbursement	74,268	0	0	74,268	0	0
Total Liabilities	<u>\$ 13,636,854</u>	<u>\$ 12,745,672</u>	<u>\$ 781,377</u>	<u>\$ 100,724</u>	<u>\$ 6,779</u>	<u>\$ 2,302</u>
<i>Reserves</i>						
Minnesota Post Retirement Investment						
Fund reserve ⁵	\$ 312,315,687	\$ 281,990,853	\$ 24,789,336	\$ 5,535,498	\$ 0	\$ 0
Survivor benefit reserve	340,606	193,698	146,908	0	0	0
Disability reserve	567,702	0	567,702	0	0	0
"Old law" Judges reserve	1,340,785	0	0	1,340,785	0	0
Add'l Judges & Survivors reserve	7,940,810	0	0	7,940,810	0	0
Employee reserve ⁶	240,809,436	165,800,421	10,954,514	2,535,186	15,961,670	45,557,645
State reserve	683,784,481	590,922,381	74,997,233	17,864,867	0	0
Total Required Reserves ⁷	<u>\$1,247,099,507</u>	<u>\$1,038,907,353</u>	<u>\$111,455,693</u>	<u>\$35,217,146</u>	<u>\$15,961,670</u>	<u>\$45,557,645</u>
Unfunded accrued liability ⁷	(325,006,759)	(255,257,747)	(43,272,286)	(26,476,726)	0	0
Unrealized loss on equities	(12,248,288)	(11,072,881)	(1,175,407)	0	0	0
Net Reserves	<u>\$ 909,844,460</u>	<u>\$ 772,576,725</u>	<u>\$ 67,008,000</u>	<u>\$ 8,740,420</u>	<u>\$15,961,670</u>	<u>\$45,557,645</u>
Total Liabilities and Reserves	<u>\$ 923,481,314</u>	<u>\$ 785,322,397</u>	<u>\$ 67,789,377</u>	<u>\$ 8,841,144</u>	<u>\$15,968,449</u>	<u>\$45,559,947</u>

The footnotes are an integral part of the financial statements.

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES **YEAR ENDED JUNE 30, 1982**

	Total	Defined Benefit Plans			Defined Contribution Plans	
		State Employees	Highway Patrol	Judges	Unclassified	Deferred Compensation
Operating Revenues						
Employee contributions ⁸	\$ 30,196,844	\$ 28,387,528	\$ 1,340,657	\$ 468,659	\$ 0	\$ 0
Employer contributions ⁸	31,549,334	28,824,842	2,286,992	437,500	0	0
Employer add'l contributions ⁸	18,232,421	16,510,196	1,722,225	0	0	0
General Fund appropriations	1,620,031	1,557,327	62,704	0	0	0
Investment income ⁹	78,549,269	68,611,025	5,884,655	839,172	314,385	2,900,032
Realized and unrealized gain on investments	4,014,128	3,361,029	375,325	18,978	199,506	59,290
Other	648,650	265,715	30	87,844	118,192	176,869
Total Operating Revenues	<u>\$164,810,677</u>	<u>\$147,517,662</u>	<u>\$11,672,588</u>	<u>\$1,852,153</u>	<u>\$ 632,083</u>	<u>\$ 3,136,191</u>
Operating Expenses						
Benefits						
Service	\$ 30,192,131	\$ 27,090,033	\$ 1,874,005	\$1,228,093	\$ 0	\$ 0
Disability	1,756,522	1,668,970	69,826	17,726	0	0
Spouse	453,701	24,229	101,973	327,499	0	0
Surviving children	36,187	0	36,187	0	0	0
Refunds						
Left service	8,438,278	8,338,946	77,398	21,934	0	0
Employee death	374,498	369,749	4,749	0	0	0
Annuitant death	33,828	33,828	0	0	0	0
Erroneous deductions	57,437	52,661	4,374	402	0	0
Interest on refunds	453,520	449,956	0	3,564	0	0
Administrative expenses ¹⁰	1,330,411	955,110	40,830	26,456	53,512	254,503
Other	197,870	65,477	0	0	132,199	194
Total Operating Expenses	<u>\$ 43,324,383</u>	<u>\$ 39,048,959</u>	<u>\$ 2,209,342</u>	<u>\$1,625,674</u>	<u>\$ 185,711</u>	<u>\$ 254,697</u>
Other Changes in Reserves						
Cumulative effect due to accounting principles change ¹¹	\$ (46,236)	\$ (46,236)	\$ 0	\$ 0	\$ 0	\$ 0
Shares purchased:						
Employee contributions	9,551,099	0	0	0	1,047,797	8,503,302
Employer contributions	1,554,534				1,554,534	0
Shares withdrawn:						
Refunds	(3,124,415)	0	0	0	(1,159,695)	(1,964,720)
Total Other Changes	<u>\$ 7,934,982</u>	<u>\$ (46,236)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,442,636</u>	<u>\$ 6,538,582</u>
Net Reserve Balance Additions	\$129,421,276	\$108,422,467	\$ 9,463,246	\$ 226,479	\$ 1,889,008	\$ 9,420,076
Unrealized loss on equities	(12,248,288)	(11,072,881)	(1,175,407)	0	0	0
Reserve Balance at June 30, 1981	792,671,472	675,227,139	58,720,161	8,513,941	14,072,662	36,137,569
Reserve Balance at June 30, 1982	<u>\$909,844,460</u>	<u>\$772,576,725</u>	<u>\$67,008,000</u>	<u>\$8,740,420</u>	<u>\$15,961,670</u>	<u>\$45,557,645</u>

The footnotes are an integral part of the financial statements.

STATE EMPLOYEES RETIREMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES
YEAR ENDED JUNE 30, 1982

	<u>Total</u>	<u>Reserve for Employee Contributions</u>	<u>Reserve for Survivor Benefits</u>	<u>Reserve for Participation in the MPRIF</u>	<u>Reserve for State Contributions</u>	<u>Reserve for Unfunded Liability</u>
Operating Revenues						
Employee contributions ⁸	\$ 28,387,528	\$ 28,387,528	\$	\$	\$	\$
Employer contributions ⁸	28,824,842				28,824,842	
Employer add'l contributions ⁸	16,510,196				16,510,196	
General Fund appropriation	1,557,327				1,557,327	
Investment income ⁹	68,611,025			26,959,352	41,651,673	
Gain on sale of stock	3,361,029				3,361,029	
Interest on buybacks	112,144				112,144	
Other	153,571	41,660		20,593	91,318	
Total Operating Revenues	<u>\$147,517,662</u>	<u>\$ 28,429,188</u>	<u>\$ 0</u>	<u>\$ 26,979,945</u>	<u>\$ 92,108,529</u>	<u>\$ 0</u>
Operating Expenses						
Benefits						
Service	\$ 27,090,033	\$	\$	\$ 25,535,442	\$ 1,554,591	\$
Disability	1,668,970			1,668,970		
Spouse	24,229		21,493		2,736	
Refunds						
Left service	8,338,946	8,338,946				
Employee death	369,749	369,749				
Annuitant death	33,828			33,828		
Erroneous deductions	52,661	52,661				
Interest on refunds	449,956				449,956	
Administrative expenses ¹⁰	955,110				955,110	
Other	65,477	26,756			38,721	
Total Operating Expenses	<u>\$ 39,048,959</u>	<u>\$ 8,788,112</u>	<u>\$ 21,493</u>	<u>\$ 27,238,240</u>	<u>\$ 3,001,114</u>	<u>\$ 0</u>
Other Changes in Reserves						
Cumulative effect due to accounting principles change ¹¹	\$ (46,236)	\$	\$	\$	\$ (46,236)	\$
Transfer inactive employee contributions to the fund	0	(86,178)			86,178	
Adjust reserves to actuarial requirement	0		17,294		(17,294)	
Actuarial value of benefits authorized	0	(7,072,126)		52,325,707	(45,253,581)	
Adjust for mortality (gain) or loss	0			(503,548)	503,548	
Total Other Changes	<u>\$ (46,236)</u>	<u>\$ (7,158,304)</u>	<u>\$ 17,294</u>	<u>\$ 51,822,159</u>	<u>\$ (44,727,385)</u>	<u>\$ 0</u>
Net Reserve Balance Additions	<u>\$108,422,467</u>	<u>\$ 12,482,772</u>	<u>\$ (4,199)</u>	<u>\$ 51,563,864</u>	<u>\$ 44,380,030</u>	<u>\$ 0</u>
Unrealized loss on equities	(11,072,881)					(11,072,881)
Increase in Actuarial Liability					68,826,584	(68,826,584)
Reserve Balance at June 30, 1981	<u>675,227,139</u>	<u>153,317,649</u>	<u>197,897</u>	<u>230,426,989</u>	<u>477,715,767</u>	<u>(186,431,163)</u>
Reserve Balance at June 30, 1982	<u>\$772,576,725</u>	<u>\$165,800,421</u>	<u>\$ 193,698</u>	<u>\$281,990,853</u>	<u>\$590,922,381</u>	<u>\$(266,330,628)</u>

The footnotes are an integral part of the financial statements.

HIGHWAY PATROL RETIREMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES
YEAR ENDING JUNE 30, 1982

	<u>Total</u>	<u>Reserve for Employee Contributions</u>	<u>Reserve for Survivor Benefits</u>	<u>Reserve for Participation in the MPRIF</u>	<u>Reserve for State Contributions</u>	<u>Reserve for Unfunded Liability</u>
Operating Revenues						
Employee contributions	\$ 1,340,657	\$ 1,340,657	\$	\$	\$	\$
Employer contributions	2,286,992				2,286,992	
Employer add'l contributions	1,722,225				1,722,225	
General Fund appropriation	62,704				62,704	
Investment income ⁹	5,884,655			2,226,129	3,658,526	
Gain on sale of stock	375,325				375,325	
Other	30				30	
Total Operating Revenues	<u>\$11,672,588</u>	<u>\$ 1,340,657</u>	<u>\$ 0</u>	<u>\$ 2,226,129</u>	<u>\$ 8,105,802</u>	<u>\$ 0</u>
Operating Expenses						
Benefits						
Service	\$ 1,874,005	\$	\$	\$ 1,811,877	\$ 62,128	
Disability	69,826		69,250		576	
Spouse	101,973			101,973		
Surviving children	36,187		36,187			
Refunds						
Left service	77,398	77,398				
Employee death	4,749	4,749				
Erroneous deduction	4,374	4,374				
Administrative expenses	40,830				40,830	
Total Operating Expenses	<u>\$ 2,209,342</u>	<u>\$ 86,521</u>	<u>\$ 105,437</u>	<u>\$ 1,913,850</u>	<u>\$ 103,534</u>	<u>\$ 0</u>
Other Changes in Reserves						
Adjust reserves to						
actuarial requirement	\$ 0	\$	\$ 103,748	\$	\$ (103,748)	\$
Actuarial value of						
benefits authorized	0	(551,521)	(418,387)	4,947,426	(3,977,518)	
Adjust for mortality (gain)						
or loss	0			408,450	(408,450)	
Total Other Changes	<u>\$ 0</u>	<u>\$ (551,521)</u>	<u>\$ (314,639)</u>	<u>\$ 5,355,876</u>	<u>\$ (4,489,716)</u>	<u>\$ 0</u>
Net Reserve Balance Additions	\$ 9,463,246	\$ 702,615	\$ (420,076)	\$ 5,668,155	\$ 3,512,552	\$ 0
Unrealized loss on equities	(1,175,407)					(1,175,407)
Increase in Actuarial Liability					1,474,538	(1,474,538)
Reserve Balance at June 30, 1981	<u>58,720,161</u>	<u>10,251,899</u>	<u>1,134,686</u>	<u>19,121,181</u>	<u>70,010,143</u>	<u>(41,797,748)</u>
Reserve Balance at June 30, 1982	<u>\$67,008,000</u>	<u>\$10,954,514</u>	<u>\$ 714,610</u>	<u>\$24,789,336</u>	<u>\$74,997,233</u>	<u>\$(44,447,693)</u>

The footnotes are an integral part of the financial statements.

JUDGES RETIREMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES
YEAR ENDED JUNE 30, 1982

	Total	Reserve for Judges Contr.	Reserve for Add'l Judges and Surv.	Reserve for "Old Law" Judges	Reserve for Participation in the MPRIF	Reserve for State Contr.	Reserve for Unfunded Liability
Operating Revenues							
Judges contributions	\$ 468,659	\$ 450,884	\$ 17,775	\$	\$	\$	\$
Employer contributions	437,500					437,500	
Investment income ⁹	839,172				525,034	314,138	
Gain on sale of stock	18,978					18,978	
Other	87,844					87,844	
Total Operating Revenues	<u>\$1,852,153</u>	<u>\$ 450,884</u>	<u>\$ 17,775</u>	<u>\$ 0</u>	<u>\$ 525,034</u>	<u>\$ 858,460</u>	<u>\$ 0</u>
Operating Expenses							
Benefits							
Service	\$1,228,093	\$	\$ 491,427	\$ 140,631	\$ 596,035	\$	\$
Disability	17,726				17,726		
Spouse	327,499		327,499				
Refunds							
Left service	21,934	21,934					
Erroneous deductions	402	402					
Interest on refunds	3,564					3,564	
Administrative expenses	26,456					26,456	
Total Operating Expenses	<u>\$1,625,674</u>	<u>\$ 22,336</u>	<u>\$ 818,926</u>	<u>\$ 140,631</u>	<u>\$ 613,761</u>	<u>\$ 30,020</u>	<u>\$ 0</u>
Other Changes in Reserves							
Adjust reserves to actuarial requirement	\$ 0	\$	\$ 976,906	\$ 507,124	\$	\$	\$ (1,484,030)
Actuarial value of benefits authorized	0	(71,164)	488,553		785,905	(894,960)	(308,334)
Adjust for mortality (gain) or loss	0				(66,520)	66,520	
Total Other Changes	<u>\$ 0</u>	<u>\$ (71,164)</u>	<u>\$1,465,459</u>	<u>\$ 507,124</u>	<u>\$ 719,385</u>	<u>\$ (828,440)</u>	<u>\$ (1,792,364)</u>
Net Reserve Balance Additions	<u>\$ 226,479</u>	<u>\$ 357,384</u>	<u>\$ 664,308</u>	<u>\$ 366,493</u>	<u>\$ 630,658</u>	<u>\$ 0</u>	<u>\$ (1,792,364)</u>
Increase in Actuarial Liability						583,052	(583,052)
Reserve Balance at June 30, 1981	<u>8,513,941</u>	<u>2,177,802</u>	<u>7,276,502</u>	<u>974,292</u>	<u>4,904,840</u>	<u>17,281,815</u>	<u>(24,101,310)</u>
Reserve Balance at June 30, 1982	<u><u>\$8,740,420</u></u>	<u><u>\$2,535,186</u></u>	<u><u>\$7,940,810</u></u>	<u><u>\$1,340,785</u></u>	<u><u>\$5,535,498</u></u>	<u><u>\$17,864,867</u></u>	<u><u>\$(26,476,726)</u></u>

The footnotes are an integral part of the financial statements.

**COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1982**

	Defined Benefit Plans				Defined Contribution Plans	
	Total	State Employees	Highway Patrol	Judges	Unclassified	Deferred Compensation
Resources Provided by:						
Net reserve balance additions	\$ 129,421,276	\$ 108,422,467	\$ 9,463,246	\$ 226,479	\$ 1,889,008	\$ 9,420,076
Items not requiring resources currently:						
Depreciation	5,309	5,309	0	0	0	0
Deferred yield amortization	911,087	797,514	105,211	8,362	0	0
Total resources provided	\$ 130,337,672	\$ 109,225,290	\$ 9,568,457	\$ 234,841	\$ 1,889,008	\$ 9,420,076
Resources Used by:						
Current acquisition of equipment	\$ 2,468	\$ 2,468	\$ 0	\$ 0	\$ 0	\$ 0
Unrealized loss on equities	12,248,288	11,072,881	1,175,407	0	0	0
Total resources used	\$ 12,250,756	\$ 11,075,349	\$ 1,175,407	\$ 0	\$ 0	\$ 0
Net Increase in Working Capital	\$ 118,086,916	\$ 98,149,941	\$ 8,393,050	\$ 234,841	\$ 1,889,008	\$ 9,420,076
Elements of Net Increase (Decrease) in Working Capital						
Current Assets						
Cash	\$ 19,607	\$ 33,727	\$ 4,369	\$ (20,343)	\$ 35	\$ 1,819
Contributions receivable	664,884	664,942	(45,512)	978	44,476	0
Accrued interest and dividends	(484,214)	(533,734)	57,674	(7,988)	0	(166)
Due from MPRI Fund	(69,682)	41,758	(177,960)	66,520	0	0
Other receivables	(91,075)	(9,432)	(1,655)	(40)	(82,020)	2,072
Investments						
Short term	(34,405,762)	(33,178,711)	(532,051)	(655,000)	0	(40,000)
Debt securities	22,518,227	20,871,859	1,655,341	(8,973)	0	0
Equities	73,047,150	70,607,496	2,412,922	26,732	0	0
Participation in Investment Funds	69,247,145	51,563,864	5,668,155	630,658	1,925,832	9,458,636
Total Current Assets Change	\$ 130,446,280	\$ 110,061,769	\$ 9,041,283	\$ 32,544	\$ 1,888,323	\$ 9,422,361
Current Liabilities						
Accrued expenses	\$ 2,146	\$ 19,984	\$ (11,816)	\$ (7,622)	\$ (685)	\$ 2,285
Accounts payable	(538,785)	(454,012)	(80,498)	(4,275)	0	0
Due to MPRI	12,896,003	12,345,856	740,547	(190,400)	0	0
Total current liability changes	\$ 12,359,364	\$ 11,911,828	\$ 648,233	\$ (202,297)	\$ (685)	\$ 2,285
Working Capital Change	\$ 118,086,916	\$ 98,149,941	\$ 8,393,050	\$ 234,841	\$ 1,889,008	\$ 9,420,076

The footnotes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS**1. Description of the System**

The Minnesota State Retirement System administers several retirement funds and plans in accordance with a variety of statutes. The funds and plans included in this report include the following:

Defined Benefit Plans**Statutory Reference**

State Employees Retirement Fund

M.S. 352

General Employees Plan**(a) Coverage**

—Virtually all state employees, including administrative personnel of the University of Minnesota, State Universities and Community Colleges.

(b) Benefits

—Annuity or disability benefit, death benefits or refund of contributions.

(c) Formula

—1% of high five year average salary for first 10 years of service plus 1½% for each year over 10.

(d) Retirement age and years of service

—Age 65 with one year service—no reduction.

—Age 62 with 30 years service—no reduction.

—Age 62 with 10 years service—reduced from age 65.

—Age 58 with 20 years service—reduced from age 65, or if 30 years service, reduced from age 62.

(e) Disability

—Total and permanent.

—Under age 65 with 10 years service—no reduction.

—Age 50 with 5 years service—no reduction.

—Formula as in (c) with no reduction.

(f) Death While Eligible

—If employee was eligible to retire at date of death, generally, the spouse is eligible for a 50% joint and survivor annuity or a refund of all contributions plus 3½% interest compounded annually.

(g) Refunds

—All employee contributions plus interest at 3½% compounded annually on contributions after the third year of service.

(h) Annuity and Disability Options

—100% joint and survivor.

—50% joint and survivor.

—15 year period certain and life thereafter.

(i) Contributions

—3.46% employee, 3.46% employer, 1.58% employer additional for unfunded liability, plus Social Security.

Correctional Officers Plan**(a) Coverage**

—State employees who have direct contact with inmates at Minnesota Correctional Facilities.

(b) Benefits

—Same as General Plan.

- (c) Formula
 - 2½% of high five year average salary for first 20 years of service and 2% for each year over 20 payable for 84 months or until age 65, then reverts to General Plan formula.
- (d) Retirement Age and Years of Service
 - Age 55 with 10 years service.
- (e) Disability
 - Unable to perform the duties.
 - Under age 55.
 - Formula, equal to 50% of high five average salary plus 2% for each year in excess of 20.
- (f) Refunds
 - Same as General Plan.
- (g) Annuity and Disability Options
 - Same as General Plan.
- (h) Contributions
 - 4.50% employee, 6.75% employer, 1.32% employer additional for unfunded liability, plus Social Security.

Military Affairs Plan

- (a) Coverage
 - Department of Military Affairs employees required to retire from federal military status at age 60.
- (b) Benefits
 - Same as General Plan.
- (c) Formula
 - Same as General Plan.
- (d) Retirement Age and Years of Service
 - Age 60 with at least 10 years of service—no reduction.
- (e) Disability
 - Unable to perform the duties.
 - Under age 60 with 10 years service—no reduction.
 - Age 50 with 5 years service—no reduction.
 - Formula as in (c) with no reduction.
- (f) Death While Eligible
 - Same as General Plan.
- (g) Refunds
 - Same as General Plan.
- (h) Annuity and Disability Options
 - Same as General Plan.
- (i) Contributions
 - 5.06% employee, 5.06% employer, 1.58% employer additional for unfunded liability, plus Social Security.

Highway Patrol Retirement Fund

M.S. 352B

- (a) Coverage
 - State of Minnesota Highway Patrolmen, conservation officers and crime bureau officers.
- (b) Benefits
 - Annuity or disability benefit, survivor benefits or refund of contributions.

- (c) Formula
 - 2½% of high five successive years salary for first 25 years of service plus 2% for each year over 25.
- (d) Retirement Age and Years of Service
 - Age 55 with 10 years of service—no reduction.
- (e) Disability
 - Same as Correctional Officers Plan.
- (f) Survivor Benefits
 - Spouse
 - Death of member in service—20% of final average salary. With 10 or more years of service, changes to a 100% joint and survivor annuity amount as of the date the employee would have attained age 55.
 - Children
 - Death of member in service—10% of final average salary per child plus \$20 per month prorated equally to such children until age 18 or age 22 if a student, or until married. Total benefit limited to 40% of final average salary.
- (g) Refunds
 - Refund of contributions without interest.
- (h) Annuity and Disability Options
 - 100% joint and survivor.
 - 50% joint and survivor.
 - 100% joint and survivor with reversion.
 - 50% joint and survivor with reversion.
- (i) Contributions
 - 8½% employee, 12% employer, 9% employer additional for unfunded liability. No Social Security coverage.

Judges Retirement Fund

M.S. 490

- (a) Coverage
 - All Minnesota State, County and Supreme Court Judges.
- (b) Benefits
 - Annuity or disability benefit, death benefits or refund of contributions.
- (c) Formula
 - 2½% of high five years average salary within the last 10 years of service for each year of service prior to July 1, 1980 plus 3% of same average salary for service rendered after June 30, 1980.
- (d) Retirement Age and Years of Service
 - Age 70 with 1 year service—no reduction.
 - Age 65 with 10 years service—no reduction.
 - Age 62 with 10 years service—reduced from age 65.
- (e) Disability
 - Unable to perform the duties.
 - Continuation of full salary for two years, then as computed under the formula with no reduction, subject to minimum of 25% of high five year average salary.
- (f) Death Benefits
 - Spouse eligible for 60% of normal annuity subject to a minimum of 25% of final average salary.
- (g) Refunds
 - Refund of all contributions plus interest at the rate of 5% compounded annually.
- (h) Annuity and Disability Options
 - 100% joint and survivor.
 - 50% joint and survivor.

(i) Contributions

- Social Security rate plus $\frac{1}{2}\%$ employee.
- Balance necessary from employer.
- Social Security maximum paid first, then balance of contributions to the fund. $\frac{1}{2}\%$ contribution paid entirely to the fund.

Defined Contribution Plans**Unclassified Employees Plan**

M.S. 352D

(a) Coverage

- Certain specified employees of the State of Minnesota in unclassified positions.

(b) Benefits

- Annuity or disability benefit or withdrawal of contributions and investment gain or loss; refund of one-half the account plus annuity based on the remaining one-half.

(c) Formula

- Money purchase based upon age and 5% interest assumption.

(d) Retirement Age and Years of Service

- Age 58 with any length of service.

(e) Disability

- Total and permanent.
- Refund of total account; refund of one-half the account plus annuity or annuity based on entire account.

(f) Refunds

- Value of account.

(g) Annuity and Disability Options

- 100% joint and survivor.
- 50% joint and survivor.
- 15 year period certain.

(h) Contributions

- 4% employee and 6% employer credited to employees account, plus Social Security.

Deferred Compensation Plan

M.S. 352

(a) Coverage

- Optional for all State employees and employees of political subdivisions.

(b) Investment Selection

- Minnesota Supplemental Investment Fund
 - Income Share Account
 - Growth Share Account
 - Fixed Return Account
- Minnesota Mutual Life Insurance Company
 - Fixed annuity contract
 - Variable annuity contract
- Great West Life Assurance Company
 - Fixed annuity contract

(c) Withdrawal Events

- Termination of service.
- Death.
- Unforeseeable emergency.
- Delayed distribution after termination of service.

(d) Withdrawal Options

- Minnesota Supplemental Investment Fund
- Lump sum.
- Lump sum purchase of a fixed or variable annuity contract.
- Monthly installment over a period specified not to exceed 240 months.
- Insurance Companies
- The life of the participant.
- The life of the participant or a period certain, whichever is greater.
- The joint lifetime of the participant and a named beneficiary.

(e) Contributions

- Tax deferred.
- Minimum of \$10.00 per pay period.
- Maximum of 33 1/3% of includable compensation or \$7,500, whichever is less.

These summary plan descriptions are not intended to be all inclusive but are provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

2. Summary of Significant Accounting Policies.

(a) Employee Contributions

Employee contributions are established by statute as a percentage of total compensation and are deducted from the employee's salary and remitted by the employers. The Employee Contribution Reserve represents employee contributions less amounts transferred to reserves for retirement and disability or refunded.

(b) Employer Contributions

Employer normal cost contributions and additional contributions, which are used to amortize the past fund deficit, are set by statute as a percentage of total compensation with the exception of the Judges Fund. For the Judges Fund, the employer contributions are on a "terminal funding basis." The counties pay to the fund a basic retirement benefit for county and probate court judges retired prior to January 1, 1974. All other funds necessary for the administration of the Judges Retirement Fund are appropriated from the State General Fund as needed.

(c) Benefit and Disability Reserves

The benefit and disability reserves represent the present value of benefits in effect as of June 30. All benefit and disability payments are made from these reserves. The accumulated contributions of the employees are transferred to these reserves upon retirement. The balance necessary to fully fund their benefit as well as any monies necessary for mortality adjustments are transferred from the State contribution reserve.

(d) State Contribution Reserve

The State contribution reserve is credited with all investment earnings and employer contributions. Also included in this reserve is the unfunded accrued liability which is the amount necessary to place the retirement fund on a fully funded basis.

(e) Actuarial Valuations

Actuarial valuations are performed annually and experience studies are performed every four years. The last completed experience study was as of June 30, 1979. The entry age normal method, a projected benefit cost method, is used to value the funds with contributions being made as a level percentage of covered employee salaries. A salary scale of 3 1/2% and interest assumption of 5% are prescribed by statute.

(f) Investments

Stock is reflected on the balance sheet at cost or market, whichever is lower. Short term investments are reflected at cost and Fixed Income investments are reflected at the adjusted amortized cost. Income is recognized over the life of the investment. The cost of investments sold is determined using the original cost for stock and amortized cost for debt securities. Dividend income is recognized based on the payable date for dividends declared.

(g) Equipment and Fixtures

Equipment and fixtures are capitalized at the time of acquisition. Depreciation is computed on the straight line method over the estimated useful life of the asset.

(h) Basis of Accounting

The basic financial statements were prepared using the accrual basis of accounting.

		State Employees Fund	Highway Patrol Fund	Judges Fund
3. <u>At Cost</u>	<u>Total</u>			
Short Terms	\$ 44,651,850	\$ 39,515,850	\$ 4,779,000	\$ 357,000
Debt Securities	256,328,839	234,149,014	20,189,073	1,990,752
Equities	244,510,854	225,588,545	18,166,500	755,809
Total	\$545,491,543	\$499,253,409	\$43,134,573	\$3,103,561
<u>At Market</u>				
Short Terms *	\$ 44,651,850	\$ 39,515,850	\$ 4,779,000	\$ 357,000
Debt Securities *	194,412,993	178,149,596	14,909,070	1,354,327
Equities	232,278,042	214,515,664	16,991,093	771,285
Total	\$471,342,885	\$432,181,110	\$36,679,163	\$2,482,612

* Some securities are loaned out to generate additional income of 0.5%. Securities on loan at June 30, totaled \$14,030,000 for the SER Fund and \$500,000 for the Highway Patrol Fund with collateral of 105% of market value.

There are no investments which represent five percent or more of the net assets available for benefits of any of the funds.

4. Cost of Equipment and Fixtures	\$67,466
Less: Accumulated depreciation	49,389
Depreciated Cost	\$18,077

5. The retirement funds actual participation in the net assets of the MPRIF are less than the required reserves. The deficiency is part of the MPRIF and is funded by part of the earnings in excess of the 5% required.

	Total	State Employees	Highway Patrol	Judges
Participation	\$306,627,864	\$276,840,916	\$24,281,489	\$5,505,459
Deficiency	5,687,823	5,149,937	507,847	30,039
Reserves Required	\$312,315,687	\$281,990,853	\$24,789,336	\$5,535,498

The deficiency of the MPRIF is not included in the unfunded accrued liability of the basic retirement funds (Note 7).

6. The employee reserve for the defined benefit plans represents the total accumulated contributions without interest at June 30, 1982 for those employees who have not retired or been refunded. For the defined contribution plans, it represents the total net assets of the plans.

7. Determinations of Accrued Liability and Unfunded Accrued Liability as of June 30, 1982. Minnesota Statutes, Chapter 356 requires that equities be valued at cost. GAAP requires equities be valued at lower of cost or market. Therefore, the valuation assets and unfunded accrued liability are reported both ways for the State Employees and Highway Patrol Retirement Funds below. The balance sheet reflects the GAAP method only. The "Determination of Accrued Liability" and the "Determination of Unfunded Accrued Liability—Chapter 356" were prepared by the Actuary, Touche Ross & Co.

(a) STATE EMPLOYEES RETIREMENT FUND	(1)	(2) Present Value of Applicable Portion of Normal Cost Contribution	(3) Accrued Liability Equals Reserves Required (1)-(2)
	Present Value of Benefits		
A. DETERMINATION OF ACCRUED LIABILITY			
1. Active Members			
a. Retirement benefits	\$ 940,017,242	\$335,679,330	\$ 604,337,912
b. Disability benefits	69,509,058	25,759,855	43,749,203
c. Refundments due to death or withdrawal	110,473,106	104,447,161	6,025,945
d. Surviving spouse benefits	30,161,633	9,269,646	20,891,987
e. Deferred retirement benefits	98,751,386	33,875,439	64,875,947
f. Subtotal	\$1,248,912,425	\$ 509,031,431	\$ 739,880,994
2. Deferred annuitants	15,378,676		15,378,676
3. Former members without vested rights	1,463,132		1,463,132
4. Survivors	193,698		193,698
5. Participation in MPRI Fund	281,990,853		281,990,853
6. Total	\$1,547,938,784	\$ 509,031,431	\$1,038,907,353
B. DETERMINATION OF UNFUNDED ACCRUED LIABILITY—CHAPTER 356			
1. Accrued Liability	—	—	\$1,038,907,353
2. Valuation assets	—	—	783,649,606
3. Unfunded accrued liability (1-2)	—	—	255,257,747
C. DETERMINATION OF UNFUNDED ACCRUED LIABILITY—GAAP			
1. Accrued Liability	—	—	\$1,038,907,353
2. Valuation assets	—	—	772,576,725
3. Unfunded accrued liability (1-2)	—	—	266,330,628

(b) HIGHWAY PATROL RETIREMENT FUND

(1)

(2)

(3)

Present Value
of Benefits

Present Value
of Applicable
Portion of
Normal Cost
Contribution

Accrued
Liability
Equals Reserves
Required
(1)-(2)

A. DETERMINATION OF ACCRUED LIABILITY

1. Active Members			
a. Retirement benefits	\$109,300,112	\$ 31,499,280	\$ 77,800,832
b. Disability benefits	7,413,068	3,840,077	3,572,991
c. Refundments due to death or withdrawal	216,238	516,272	(300,034)
d. Survivor and children's benefits	3,589,786	2,205,217	1,384,569
e. Vested termination benefits	3,088,571	2,224,885	863,686
f. Total active	\$123,607,775	\$ 40,285,731	\$ 83,322,044
2. Deferred annuitants	2,630,219	—	2,630,219
3. Former members without vested rights	(516)	—	(516)
4. Survivors-children	146,908	—	146,908
5. Disabled members	567,702	—	567,702
6. Participation in MPRI Fund	24,789,336	—	24,789,336
7. Total	\$151,741,424	\$ 40,285,731	\$ 111,455,693

B. DETERMINATION OF UNFUNDED ACCRUED LIABILITY—CHAPTER 356

1. Accrued Liability	—	—	\$111,455,693
2. Valuation assets	—	—	68,183,407
3. Unfunded accrued liability (1-2)	—	—	43,272,286

C. DETERMINATION OF UNFUNDED ACCRUED LIABILITY—GAAP

1. Accrued Liability	—	—	\$111,455,693
2. Valuation assets	—	—	67,008,000
3. Unfunded accrued liability (1-2)	—	—	44,447,693

(c) JUDGES RETIREMENT FUND

	(1) Present Value of Benefits	(2) Present Value of Applicable Portion of Normal Cost Contribution	(3) Accrued Liability Equals Reserves Required (1)-(2)
A. DETERMINATION OF ACCRUED LIABILITY			
1. Active Members			
a. Retirement benefits	\$ 30,337,310	\$ 12,671,432	\$ 17,665,878
b. Disability benefits	2,315,455	1,417,407	898,048
c. Refundments due to death or withdrawal	—	—	—
d. Surviving spouse benefits	4,888,167	3,238,557	1,649,610
e. Subtotal	\$ 37,540,932	\$ 17,327,396	\$ 20,213,536
2. Deferred annuitants	186,127	—	186,127
3. Former members without vested rights	390	—	390
4. Retirement and survivors benefits from Judge's Fund	9,281,595	—	9,281,595
5. Participation in MPRI Fund	5,535,498	—	5,535,498
6. Total	\$ 52,544,542	\$ 17,327,396	\$ 35,217,146

B. DETERMINATION OF UNFUNDED ACCRUED LIABILITY—CHAPTER 356

1. Accrued Liability	—	—	\$ 35,217,146
2. Valuation assets	—	—	8,740,420
3. Unfunded accrued liability (1-2)	—	—	26,476,726

8. The employee, employer, and employer additional contribution levels were reduced by 1982 legislation for the State Employees Fund with the provision that if the actuarial valuation for June 30, 1982, showed that the employer additional contribution was no longer sufficient to pay the unfunded liability by June 30, 2009, the contributions would revert to what they were prior to the passage of this law. The actuarial valuation did show that the contributions were not sufficient to pay the unfunded liability by June 30, 2009. Therefore, the contributions will revert to the higher level.

9. Investment Income

Defined Benefit Plans**From Basic Funds:**

	<u>Total</u>	<u>State Employees</u>	<u>Highway Patrol</u>	<u>Judges</u>
Short Terms	\$ 6,706,594	\$ 6,108,593	\$ 519,119	\$ 78,882
Debt Securities	27,293,868	24,921,239	2,185,919	186,710
Dividends	11,623,875	10,621,841	953,488	48,546
Subtotal	<u>\$45,624,337</u>	<u>\$41,651,673</u>	<u>\$3,658,526</u>	<u>\$314,138</u>

From MPRI Fund:

Total income	\$32,172,744	\$29,074,135	\$2,523,370	\$575,239
Deferred from prior year	15,825,419	14,396,044	1,161,652	267,723
Total available	<u>\$47,998,163</u>	<u>\$43,470,179</u>	<u>\$3,685,022</u>	<u>\$842,962</u>
Used for Deficiency	1,024,959	928,015	91,532	5,412
Deferred to next F.Y.	17,262,689*	15,582,812	1,367,361	312,516
Recognized	<u>\$29,710,515</u>	<u>\$26,959,352</u>	<u>\$2,226,129</u>	<u>\$525,034</u>
Total Income	<u>\$75,334,852</u>	<u>\$68,611,025</u>	<u>\$5,884,655</u>	<u>\$839,172</u>

Defined Contribution Plans

		<u>Unclassified</u>	<u>Deferred Compensation</u>
Short Terms	\$ 79,487	\$ 0	\$ 79,487
Fixed Return Earnings	3,134,930	314,385	2,820,545
Total Income	<u>3,214,417</u>	<u>\$ 314,385</u>	<u>\$2,900,032</u>
Combined Total	<u>\$78,549,269</u>		

* The deferred income increased by 2.5% from FY 1983 income is used to fund a 6.853% benefit increase effective January 1, 1983 for those whose benefit began to accrue prior to July 1, 1981.

10. Leases

The office facilities and seventeen parking spaces are leased under a noncancellable lease agreement through August 31, 1983, requiring an annual rent payment of \$34,697.

11. Unused vacation and sick leave accumulated prior to July 1, 1981. The liability for FY 1982 is included in the administrative expense.

12. Subsequent events.

During a special legislative session in December, 1982, the legislature enacted, and the Governor signed, a bill reducing employer contributions for all public employee retirement plans in Minnesota by 4% for the first six months of 1983. The bill also provided that all employees would pay an additional 2% of salary to the retirement plans for the entire year of 1983. This is currently being challenged in court by several employee unions. The law also provided for employer pickup of employee contributions to various public employee retirement plans, thus providing for tax deferral of employee contributions for Federal income tax purposes only. They are still subject to State income tax. The full impact of this law will not be known until after the next actuarial valuation.

**SCHEDULE OF OPERATING EXPENSES
YEAR ENDED JUNE 30, 1982**

Personal Services	
Staff salaries	\$ 729,151
Social Security	46,345
Retirement	40,504
Insurance	48,440
Tuition	120
Total Personal Services	<u>\$ 864,560</u>
Professional Services	
Actuarial	\$ 40,663
Data processing	
System development	84,436
System operations	121,428
Audit	24,513
Disability examinations	14,436
Legal counsel	6,525
Total Professional Services	<u>\$ 292,001</u>
Communication	
Printing	\$ 37,183
Telephone	8,715
Postage	50,374
Travel	7,331
Subscriptions and memberships	976
Total Communication	<u>\$ 104,579</u>
Rentals	
Office Space	\$ 34,697
Equipment leasing	2,070
Total Rentals	<u>\$ 36,767</u>
Miscellaneous	
Utilities	\$ 6,117
Supplies	12,004
Repairs	2,424
Department Head and Board	
Member expense	1,835
Depreciation	8,421
Other purchased services	6,945
Total Miscellaneous	<u>\$ 37,746</u>
Total Operating Expenses	<u>\$1,335,653</u>
Expense attributable to other plans	
Highway Patrol Fund	\$ 40,830
Judges Retirement Fund	26,456
Legislators Retirement	21,106
Elected Officials	1,115
Deferred Compensation	237,524
Unclassified Employees	53,512
Total distribution to other plans	<u>\$ 380,543</u>
Balance attributable to the SER Fund	<u>\$ 955,110</u>

SCHEDULE OF CHANGES IN INVESTMENTS YEAR ENDED JUNE 30, 1982

	STATE EMPLOYEES FUND	HIGHWAY PATROL FUND	JUDGES FUND
CORPORATE STOCK (At Cost)			
Balances at June 30, 1981	\$143,908,168	\$ 14,578,171	\$ 729,077
Add: Purchases	90,548,234	4,457,611	63,558
	<u>\$234,456,402</u>	<u>\$ 19,035,782</u>	<u>\$ 792,635</u>
Deduct: Frac. and Stk. Divd. Sold	18	22	31
Stock sold	8,867,839	869,260	36,795
Balances at June 30, 1982	<u>\$225,588,545</u>	<u>\$ 18,166,500</u>	<u>\$ 755,809</u>
Yield on Current Portfolio	5.5%	5.9%	6.3%
Market Value at June 30, 1981	\$165,639,743	\$ 16,595,269	\$ 885,980
Market Value at June 30, 1982	\$214,515,664	\$ 16,991,093	\$ 771,285
DEBT SECURITIES (Par Value)			
Balances at June 30, 1981	\$231,404,031	\$ 20,417,330	\$ 2,029,022
Add: Purchases*	76,500,000	5,000,000	200,000
	<u>\$307,904,031</u>	<u>\$ 25,417,330</u>	<u>\$ 2,229,022</u>
Deduct: Maturities and Calls	21,251,678	1,312,723	210,093
Debt Securities Sold	31,000,000	1,500,000	0
Balances at June 30, 1982**	<u>\$255,652,353</u>	<u>\$ 22,604,607</u>	<u>\$ 2,018,929</u>
Avg. Yield to Maturity(Mkt)	14.87%	14.92%	14.82%
Book Value at June 30, 1981	\$213,277,155	\$ 18,533,732	\$ 1,999,725
Book Value at June 30, 1982	\$234,149,014	\$ 20,189,073	\$ 1,990,752
Estimated Market Value-June 30, 1981	\$162,006,470	\$ 13,761,502	\$ 1,387,295
Estimated Market Value-June 30, 1982	\$178,149,596	\$ 14,909,070	\$ 1,354,327
SHORT TERM INVESTMENTS (At Cost)			
Balances at June 30, 1981	\$ 72,694,561	\$ 5,311,051	\$ 1,012,000
Add: Purchases	848,598,455	72,634,802	11,619,450
	<u>\$921,293,016</u>	<u>\$ 77,945,853</u>	<u>\$ 12,631,450</u>
Deduct: Redemptions*	881,777,166	73,166,853	12,274,450
Balances at June 30, 1982	<u>\$ 39,515,850</u>	<u>\$ 4,779,000</u>	<u>\$ 357,000</u>
Current Average Yield	14.3%	13.4%	13.6%
Market value approximates cost			
*Included in the purchases of Debt Securities are transfers from short term investments.	\$ 30,000,000	\$ 2,500,000	\$ 200,000
**Distribution of Debt Securities			
Municipals	\$ 278,000	\$ 21,000	\$ 0
U.S. Govt. Agency & Govt. Guar.	80,253,558	3,279,220	243,024
Canadian Govt. & Govt. Guar.	22,001,500	2,123,000	300,000
Corporate Obligations	153,119,295	17,181,387	1,475,905
	<u>\$255,652,353</u>	<u>\$ 22,604,607</u>	<u>\$ 2,018,929</u>

Space and cost restrictions make it impractical to print the entire investment portfolio in this report. However, a portfolio listing is available for review at the system's office.

MINNESOTA STATE RETIREMENT SYSTEM

SECTION III

ACTUARIAL SECTION

Touche Ross & Co.

January 7, 1983

Board of Directors
Minnesota State Retirement System
529 Jackson at 10th Street
St. Paul, Minnesota 55101

Ladies and Gentlemen:

We have performed an actuarial valuation as of June 30, 1982 for the following three funds:

Minnesota State Retirement System,
Judges Retirement Fund

Minnesota State Retirement System,
Highway Patrolmen's Retirement Fund

Minnesota State Retirement System,
State Employee's Retirement Fund

The valuation was performed on the basis of accepted actuarial methods and procedures, in accordance with the applicable provisions set forth in Minnesota Statutes (Chapter 356) and stipulated in the Contract between the State of Minnesota and Touche Ross & Co.

We hereby certify that the entry age normal cost method was utilized in determining the accrued liability for all benefits payable under the Fund.

We hereby certify that on the basis of our valuation, contributions required from employees and the State under Minnesota Statutes (Chapter 352) represent 87.9% of the requirements set forth in Chapter 356 for the Highway Patrolmen's Retirement Fund and 93.8% of the requirements set forth in Chapter 356 for the State Employee's Retirement Fund.

Board of Directors

January 7, 1983

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We further certify the following:

The actuarial valuation determines a contribution amount which includes the normal cost (computed as a level percentage of payroll on a variation of the Entry Age Normal actuarial cost method) and a level dollar amortization of the unfunded actuarial liability by the year 2009 for the Judges and Highway Patrolmen's Plans, and by the year 2010 for the State Employees' Plan.

Contributions:

Judges -

Participants contribute amounts specified by state law. State employer contributions to the fund are made on a "terminal funding" basis. Total contributions of the year ended June 30, 1982 were less than the amount determined as of June 30, 1981 by the method described in the above paragraph.

Highway Patrolmen -

The contributions made in recent years have not been sufficient to equal the contribution amount calculated in the valuation.

State Employees -

The contributions made in recent years have been sufficient to meet the objective. However, the legislated contributions as of June 30, 1982 for the year ending June 30, 1983 will not be sufficient.

Changes since prior valuation:

Judges -

No significant changes have occurred since the previous valuation in the nature of this plan, or actuarial assumptions or methods. Benefits paid to some retirees and beneficiaries were increased 7.436% on January 1, 1982 in accordance with Chapter 11A of the Minnesota Statutes.

Board of Directors

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Highway Patrolmen -

No significant changes have occurred since the previous valuation in the actuarial assumptions or methods. Various changes to Chapter 352B were made by the 1982 Statutes. However, because those changes did not become effective until July 1, 1982, the Executive Director instructed us not to reflect them in this valuation. Benefits paid to some retirees and beneficiaries were increased 7.436% on January 1, 1982 in accordance with Chapter 11A of the Minnesota Statutes.

State Employees -

Two changes have been made to Chapter 352 since the June 30, 1981 actuarial valuation. The first involves the contribution rates, which were amended by the 1982 laws as follows:

General Plan

	Prior Support Rate (before 1/1/82)	Rate for 6 months (1/1-7/1/82)	Rate Beginning 7/1/82
Employee	4	3.46	3.46
Employer	4	3.46	3.46
	<u>8</u>	<u>6.92</u>	<u>6.92</u>
Additional	2	1.74	1.58
TOTAL	<u>10</u>	<u>8.66</u>	<u>8.50</u>

Correctional Plan

Employee	6	3.78	4.50
Employer	9	5.66	6.75
	<u>15</u>	<u>9.44</u>	<u>11.25</u>
Additional	5	3.16	1.32
TOTAL	<u>20</u>	<u>12.60</u>	<u>12.57</u>

The second change removed the forty year limit on service credit which was created by 1978 legislation.

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The actuarial assumptions used were unchanged from the 6/30/81 valuation, with the following exception:

Change in assumption with respect to employees terminating with eligibility for a deferred annuity: In previous valuations, it was assumed that all such individuals would elect a refund of contributions in lieu of a deferred benefit. However, actual experience over the past three years indicates that, on average, approximately 40% of such individuals elect the deferred benefit. Accordingly, for this valuation, we recommended, and the Board agreed, that the assumption should reflect actual experience.

Benefits paid to some retirees and beneficiaries were increased 7.436% on January 1, 1982 in accordance with Chapter 11A of the Minnesota Statutes.

Actuarial valuations are performed once a year. The most recent valuation was as of June 30, 1982.

Plan assets are valued at cost value for stock and short-term investments, and adjusted amortized cost for fixed income investments.

All employee and financial data were provided by the plan administrator, and we relied on that data, performing only general checks of reasonableness.

In general, the actuarial assumptions were specified by the administrative board of the plan with the recommendation of the previous actuary on the basis of an experience study performed as of June 30, 1979. However, the interest and salary scale assumptions are set by state law, and the assumption change noted above was based on actual experience during the period July 1, 1979 - June 30, 1982.

It is our opinion that the assumptions used produce results which, in the aggregate, relate reasonably to the past and anticipated experience of the plan.

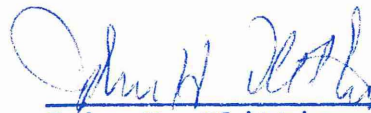
Board of Directors

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The "Determination of Accrued Liability" and the "Determination of the Unfunded Liability -- Chapter 356" as found in note 7 of the notes to financial statements of this report were prepared by Touche Ross & Co.

TOUCHE ROSS & CO.



John H. Flittie, F.S.A.



Andrea Feshbach, F.S.A.

AF:11f

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

	State Employees Retirement Fund	Highway Patrol Retirement Fund	Judges Retirement Fund
1. Mortality:	1. 1971 Group Annuity Mortality Table with ages set back eight years for females. Adopted 1980	1. Same	1. Same
2. Post-Disablement Mortality:	2. Combined Annuity Mortality Table. Adopted 1972	2. N/A	2. N/A
3. Withdrawal:	3. Graded rates based on actual experience developed by the June 30, 1971 experience analysis. Adopted 1972	3. Graded rates starting at .03 at age 20 and decreasing uniformly to zero at age 50.	3. None. Adopted 1980
4. Expenses:	4. .18% of covered payroll. Adopted 1980	4. Same	4. .16% of payroll. Adopted 1980
5. Interest Rate:	5. Set by statute at 5% per annum. Adopted 1973	5. Same	5. Same
6. Salary Scale:	6. Set by statute at 3½% per annum. Adopted 1973	6. Same	6. Same
7. Assumed Retirement Age:	7. Graded rates beginning at age 58 for the General Employees Plan. Assumed age 60 for the Military Affairs Plan and age 58 for the Correctional Officers Plan. Adopted 1979	7. Age 57 for Highway Patrolmen and for State Police Officers hired after June 30, 1961. Age 63 for State Police Officers hired before July 1, 1961. Adopted 1974	7. Judges Plan: Age 68. Adopted 1980 Supreme Court Justices Only: Latest of: —attainment of age 70 —completion of 12 years of service, or —one year from valuation date. Adopted 1979
8. Actuarial Cost Method:	8. Entry age cost method, with normal cost determined as a level percentage of future covered payroll, on an aggregate basis. Prescribed by statute.	8. Same	8. Same
9. Social Security:	9. Correctional Officers Plan Only: Based on the present law (2nd phase 1982) and 3½% salary scale applicable to current salaries. No wage base increases in the current year are projected. No cost of living increases are projected. Adopted 1980	9. N/A	9. a. Primary amount: \$729.00 per month, increasing with salary scale. Adopted 1974 b. Level contribution rate: 6.99% assumed for all future years. Adopted 1974 c. Covered annual wages: \$32,400 increasing with salary scale. Adopted 1974
10. Assumed survivor status:	10. N/A	10. 100% assumed married, female spouse 3 years younger. Fifteen percent load on spouse benefits for children's benefits. Adopted 1979	10. 100% assumed married, female spouse 3 years younger. Adopted 1979
11. Contribution refund:	11. 60% of employees with a vested benefit withdrawing before retirement are assumed to elect return of contributions in lieu of a deferred benefit. Adopted 1982 ¹	11. All employees withdrawing after ten years of service were assumed to leave their contributions on deposit and receive a deferred annuitant benefit. Adopted 1979	11. N/A

¹ Assumption change—prior to the June 30, 1982 valuation, all employees were assumed to elect a refund of contributions.

ANALYSIS OF CHANGE IN THE UNFUNDED ACCRUED LIABILITY

Fiscal Year Ending June 30, 1982

	STATE EMPLOYEES FUND	HIGHWAY PATROL FUND	JUDGES FUND
1. Unfunded accrued liability as of June 30, 1981	\$186,431,163	\$41,797,748	\$24,101,310
2. Change due to current rate of funding and interest requirements			
a. 1981-82 past service contribution	(19,057,594)	(2,135,207)	739,933
b. 5% interest requirement	9,321,558	2,089,887	1,205,066
3. Change due to actuarial gains or losses because of experience deviations from expected			
a. Salary increases	35,715,690	3,004,946	(755,275)
b. Investment income	(22,306,939)	(2,053,358)	(134,186)
c. MPRI Fund mortality	(503,548)	408,450	(66,520)
d. Withdrawals, death, disability	2,780,422	159,820	1,050,801
e. Social Security	N/A	N/A	(106,374)
f. Mortality on other retirees	N/A	N/A	91,096
4. Unfunded accrued liability as of June 30, 1982 before non-recurring items	\$192,380,752	\$43,272,286	\$26,125,851
5. Increase due to elimination of 40 year service credit limitation	13,555,956	N/A	N/A
6. Increase due to decrease in contribution rates	5,809,400	N/A	N/A
7. Increase due to assumption change ¹	43,511,639	N/A	N/A
8. Increase due to value of survivor benefits for "Old Law" judges not included at June 30, 1981	N/A	N/A	350,875
9. Unfunded accrued liability as of June 30, 1982	<u>\$255,257,747</u>	<u>\$43,272,286</u>	<u>\$26,476,726</u>

Note: Gains are indicated by parentheses ().

¹ For this valuation it was assumed that 40% of employees terminating with a vested benefit would leave their contributions in the fund and receive a deferred benefit. Prior to this valuation, it was assumed all terminating employees would take a refund of contributions.

DEPTH OF FUNDING—PLAN CONTINUATION BASIS

The Plan Continuation Ratio is an indication of the extent to which the benefits *earned to date* are funded. The value of the benefits earned to date are calculated on a plan continuation basis applying all ongoing actuarial assumptions including assumed future salary increases and turnover. It is measured by the ratio of the valuation assets to the present value of accrued benefits.

On this basis, a ratio of 100% indicates full funding of all benefits earned to date.

STATE EMPLOYEES RETIREMENT FUND

Valuation Date	Present Value of Accrued Benefits			Reported Assets	Portion of Benefits Earned To Date Covered By Reported Assets
	Active, Deferred, Inactive	Retirees and Beneficiaries	Total		
6-30-76	\$254,079,150	\$110,267,694	\$364,346,844	\$293,008,488	80.7%
6-30-77	266,439,050	140,980,813	407,419,863	357,556,308	87.8
6-30-78	314,298,931	151,518,891	465,817,822	408,755,610	87.8
6-30-79	384,816,431	179,314,989	564,131,420	482,465,961	85.5
6-30-80	448,335,844	205,332,561	653,668,405	569,165,868	87.1
6-30-81	508,876,656	230,624,886	739,501,542	675,227,139	91.3
6-30-82	580,683,102	282,184,551	862,867,653	783,649,606	90.8

HIGHWAY PATROL RETIREMENT FUND

Valuation Date	Present Value of Accrued Benefits			Reported Assets	Portion of Benefits Earned To Date Covered By Reported Assets
	Active, Deferred, Inactive	Retirees and Beneficiaries	Total		
6-30-79	\$ 49,097,648	\$ 14,228,659	\$ 63,326,307	\$ 41,712,515	65.9%
6-30-80	61,488,728	17,209,819	78,698,547	49,620,012	63.1
6-30-81	71,272,075	20,255,867	91,527,942	58,720,161	64.2
6-30-82	76,462,655	25,503,946	101,966,601	68,183,407	66.9

JUDGES RETIREMENT FUND

Valuation Date	Present Value of Accrued Benefits			Reported Assets	Portion of Benefits Earned To Date Covered By Reported Assets
	Active, Deferred, Inactive	Retirees and Beneficiaries	Total		
6-30-77	\$ 12,699,612	\$ 3,187,489	\$ 15,887,101	\$ 3,946,736	24.8%
6-30-78	13,422,428	3,844,849	17,267,277	4,933,299	28.6
6-30-79	17,665,090	10,648,749	28,313,839	6,845,192	24.2 ¹
6-30-80	20,698,947	11,924,903	32,623,850	7,641,062	23.4
6-30-81	24,231,198	13,155,634	37,386,832	8,513,941	22.8
6-30-82	24,868,165	14,817,093	39,685,258	8,740,420	22.0

¹ Several law changes subsequent to the establishment of the fund brought all Judges and Judges Survivors plans into the fund. This is the first valuation that recognized all of the various Judges plans.

SOLVENCY TEST—FUNDING RATIO

One of the tests of financial solvency is to determine what portion of the accrued liabilities are covered by current assets. If the funding is on a sound basis, the retirement fund will pay all promised benefits when due.

In a short term solvency test, the funds current assets are compared with the liabilities for active member contributions (liability 1), the liabilities for future benefits to present retired lives (liability 2) and the employer liability for service already rendered by active employees (liability 3). Generally, if the fund has been using level cost financing, the funded portion of liability 3 should increase over time with liability 1 and 2 being fully funded.

STATE EMPLOYEES RETIREMENT FUND

Valuation Date	Aggregate Accrued Liabilities For			Reported Assets	Portion of Accrued Liabilities Covered By Reported Assets			Funding Ratio (1) + (2) + (3)
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)		(1)	(2)	(3)	
6-30-73	\$ 51,746,933	\$ 61,988,765	\$249,548,762	\$204,230,993	100%	100%	36.3%	56.2%
6-30-74	57,523,937	85,378,345	255,048,944	234,857,990	100	100	36.1	59.0
6-30-75	65,678,307	103,633,726	279,180,173	265,533,524	100	100	34.5	59.2
6-30-76	75,780,365	110,267,694	284,383,583	293,008,488	100	100	37.6	62.3
6-30-77	87,098,476	140,980,813	293,079,566	357,556,308	100	100	44.2	68.6
6-30-78	100,278,842	151,518,891	343,729,375	408,755,610	100	100	45.7	68.6
6-30-79	121,815,771	179,314,989	365,970,371	482,465,961	100	100	49.6	72.3
6-30-80	136,370,228	205,332,561	425,544,372	569,165,868	100	100	53.5	74.2
6-30-81	153,317,649	230,624,886	477,715,767	675,227,139	100	100	61.0	78.4
6-30-82	165,800,421	282,184,551	590,922,381	783,649,606	100	100	56.8	75.4

HIGHWAY PATROL RETIREMENT FUND

Valuation Date	Aggregate Accrued Liabilities For			Reported Assets	Portion of Accrued Liabilities Covered By Reported Assets			Funding Ratio (1) + (2) + (3)
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)		(1)	(2)	(3)	
6-30-73	\$ 4,137,612	\$ 6,371,350	\$22,755,848	\$16,594,046	100%	100%	26.7%	49.9%
6-30-74	4,735,107	7,167,513	28,876,492	19,646,248	100	100	26.8	48.2
6-30-75	5,404,991	7,783,120	30,158,762	22,125,269	100	100	29.6	51.0
6-30-76	6,155,117	8,708,776	32,358,063	25,593,705	100	100	33.2	54.2
6-30-77	6,873,913	11,132,877	36,019,646	31,081,251	100	100	36.3	57.5
6-30-78	7,747,055	12,618,680	39,277,660	36,348,010	100	100	40.7	60.9
6-30-79	8,505,215	14,228,659	46,063,984	41,712,515	100	100	42.1	61.5
6-30-80	9,432,724	17,209,819	59,187,851	49,620,012	100	100	38.8	57.8
6-30-81	10,251,899	20,255,867	70,010,143	58,720,161	100	100	40.3	58.4
6-30-82	10,954,514	25,503,946	74,997,233	68,183,407	100	100	42.3	61.2

JUDGES RETIREMENT FUND

Valuation Date	Aggregate Accrued Liabilities For			Reported Assets	Portion of Accrued Liabilities Covered By Reported Assets			Funding Ratio (1) + (2) + (3)
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)		(1)	(2)	(3)	
6-30-74	\$ 231,072	\$ 679,945	\$13,651,955	\$ 780,620	100%	80.8%	0%	5.4% ¹
6-30-75	398,946	1,464,278	12,374,606	1,970,436	100	100	.9	13.8
6-30-76	726,518	1,635,315	12,874,727	2,375,815	100	100	.1	15.7
6-30-77	920,246	3,187,489	15,124,130	3,946,736	100	94.9	0	20.5
6-30-78	1,263,739	3,844,849	15,276,202	4,933,299	100	95.4	0	24.2
6-30-79	1,553,850	10,648,749	16,976,458	6,845,192	100	49.7	0	23.5 ²
6-30-80	1,867,726	11,924,903	17,574,412	7,641,062	100	48.4	0	24.4
6-30-81	2,177,802	13,155,634	17,281,815	8,513,941	100	48.2	0	26.1
6-30-82	2,535,186	14,817,093	17,864,867	8,740,420	100	41.9	0	24.8

¹ The fund was established January 1, 1974.

² Several law changes subsequent to the establishment of the fund brought all Judges and Judges Survivors plans into the fund. This is the first valuation that recognized all of the various Judges plans.

UNFUNDED ACCRUED LIABILITY (UAL)

The unfunded accrued liability is the total liability of a fund for benefits earned in the past as well as those earnable in the future, less the assets on hand, less the present value of future employee contributions and less the present value of future employer normal cost contributions.

Looking at just the dollar amounts of the UAL can be misleading. By dividing the unfunded accrued liability by the active employee payroll, we can provide an index which indicates whether the fund is becoming financially stronger or weaker. The smaller the ratio of unfunded liabilities to active member payroll, the stronger the fund.

STATE EMPLOYEES RETIREMENT FUND

Valuation Date	Aggregate Accrued Liabilities	Reported Assets	UAL	Active Member Payroll	UAL As A % of Active Member Payroll
6-30-73	\$ 363,284,460	\$204,230,993	\$159,053,467	\$321,499,616	49.5%
6-30-74	397,951,226	234,857,990	163,093,236	360,573,148	45.2
6-30-75	448,492,206	265,533,524	182,958,682	414,852,162	44.1
6-30-76	470,431,642	293,008,488	177,423,154	460,999,409	38.5
6-30-77	521,158,855	357,556,308	163,602,547	483,203,504	33.9
6-30-78	595,527,108	408,755,610	186,771,498	569,301,385	32.8
6-30-79	667,101,131	482,465,961	184,635,170	637,592,557	29.0
6-30-80	767,247,161	569,165,868	198,081,293	703,470,202	28.2
6-30-81	861,658,302	675,227,139	186,431,163	796,297,430	23.4
6-30-82	1,038,907,353	783,649,606	255,257,747	830,395,472	30.7

HIGHWAY PATROL RETIREMENT FUND

Valuation Date	Aggregate Accrued Liabilities	Reported Assets	UAL	Active Member Payroll	UAL As A % of Active Member Payroll
6-30-73	\$ 33,264,810	\$16,594,046	\$16,670,764	\$ 9,036,012	184.5%
6-30-74	40,779,112	19,646,248	21,132,864	11,051,726	191.2
6-30-75	43,346,873	22,125,269	21,221,604	11,214,526	189.2
6-30-76	47,221,956	25,593,705	21,628,251	11,996,584	180.3
6-30-77	54,026,436	31,081,251	22,945,185	12,974,808	176.8
6-30-78	59,643,395	36,348,010	23,295,385	13,771,848	169.2
6-30-79	67,797,858	41,712,515	26,085,343	16,429,135	158.8
6-30-80	85,830,394	49,620,012	36,210,382	18,003,587	201.1 ¹
6-30-81	100,517,909	58,720,161	41,797,748	19,967,408	209.3
6-30-82	111,455,693	68,183,407	43,272,286	20,922,575	206.8

JUDGES RETIREMENT FUND

Valuation Date	Aggregate Accrued Liabilities	Reported Assets	UAL	Active Member Payroll	UAL As A % of Active Member Payroll
6-30-74	\$14,562,972	\$ 780,620	\$13,782,352	\$ 5,940,432	232.0% ²
6-30-75	14,237,830	1,970,436	12,267,394	5,645,172	217.3
6-30-76	15,146,560	2,375,815	12,770,745	6,058,740	210.8
6-30-77	19,231,865	3,946,736	15,285,129	9,041,000	169.1
6-30-78	20,384,790	4,933,299	15,451,491	9,089,988	170.0
6-30-79	29,179,057	6,845,192	22,333,865	9,606,000	232.5 ³
6-30-80	31,367,041	7,641,062	23,725,979	10,278,000	230.8
6-30-81	32,615,251	8,513,941	24,101,310	10,618,500	227.0
6-30-82	35,217,146	8,740,420	26,476,726	10,616,226	249.4

¹ The ratio increased due to a change in actuarial assumptions of which the change for mortality had the greatest impact.

² The fund was established January 1, 1974.

³ Several law changes subsequent to the establishment of the fund brought all Judges and Judges Survivors plans into the fund. This is the first valuation that recognized all of the various Judges plans.

CURRENT SUPPORT

Employee and employer contributions are set by statute at a specified rate and apply to total salary. The employer additional contributions are for the purpose of paying for the unfunded accrued liability. It has been a philosophy of the legislature that the employee and employer share the normal cost of retirement benefits on an equal basis.

	<u>Employee Contributions</u>	<u>Employer Normal Cost Contributions</u>	<u>Employer Additional Contributions</u>	<u>Total</u>
STATE EMPLOYEES RETIREMENT FUND				
General Employees Plan	3.46%	3.46%	1.58%	8.50%
Military Affairs Plan	5.06%	5.06%	1.58%	11.70%
Correctional Officers Plan	4.50%	6.75%	1.32%	12.57%
HIGHWAY PATROL RETIREMENT FUND	7.0% ¹	12%	9%	28.0%

JUDGES RETIREMENT FUND

Judges pay the social security tax rate, applied to their entire salary, plus an additional ½ % subject to a minimum of 7% in total.

All judges appointed after January 1, 1974, and those judges that elected to be covered by Social Security after the fund was established first pay up to the maximum at the social security rate to Social Security with the remainder paid to the Judges Fund. For those judges that did not elect Social Security coverage, their entire contribution is paid to the Judges Fund. Any additional funds needed for the administration of the fund are appropriated from the State General Fund as needed.

¹ Increased to 8.5% effective July 1, 1982.

NORMAL COST

The entry age normal cost method of funding is required by statute. Under this method, a level contribution rate is determined, which, if contributed on behalf of all employees from date of entry into service to date of separation, will be adequate to provide the full funding of prospective benefits. Factors of great importance in such determinations are the projected rate of earnings of the fund, the rates of separation from active service, salary progression scales and mortality rates.

Comparative normal cost figures, including administrative expenses, were as follows:

<u>Valuation Date</u>	STATE EMPLOYEES RETIREMENT FUND			HIGHWAY PATROL FUND	JUDGES FUND
	<u>General Employees Plan</u>	<u>Military Affairs Plan</u>	<u>Correctional Officers Plan</u>		
6-30-77	7.23%	N/A	11.18%	14.72%	13.27%
6-30-78	7.20%	N/A	11.16%	14.44%	12.79%
6-30-79	6.67%	N/A	10.38%	14.83%	13.67%
6-30-80	7.00%	¹	10.82%	15.68%	15.32%
6-30-81	6.91%	¹	11.23%	15.95%	14.89%
6-30-82	7.02%	¹	10.70%	17.14%	15.33%

¹ Included in the General Employees Plan.

MINNESOTA STATE RETIREMENT SYSTEM

SECTION IV

STATISTICAL SECTION

RETURN ON INVESTMENTS

In Minnesota, insurance companies calculate earnings using the following formula:

$$\frac{2I}{A + B - I}$$

where, I = Net investment income

A = Sum of invested assets, cash, accrued interest and dividends at the beginning of the year

B = Same as A except sum is at the end of the year

Earnings for the last four years were calculated using the above formula, modified to include the Deferred Yield Adjustment Account in the beginning and ending assets. Income on investments is accounted for on an accrual basis and includes interest on bonds (adjusted for amortization of premiums and accumulation of discounts), interest on short term investments, dividends on corporate stock, premium on bonds called and the sum of these adjusted for amortization of the Deferred Yield Adjustment Account. The Deferred Yield Adjustment Account represents the capitalized losses on bond sales to be written off against income over the remaining life of the bonds sold.

Earnings	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>
STATE EMPLOYEES RETIREMENT FUND				
Excluding gain on stock sales	9.13%	8.58%	7.76%	6.86%
Including gain on stock sales	9.91%	12.90%	9.49%	7.10%
HIGHWAY PATROL RETIREMENT FUND				
Excluding gain on stock sales	9.18%	8.61%	7.95%	7.01%
Including gain on stock sales	10.17%	12.70%	9.93%	7.18%
JUDGES RETIREMENT FUND				
Excluding gain on stock sales	9.19%	8.67%	8.61%	8.95%
Including gain on stock sales	9.77%	11.53%	8.54%	9.12%

DISTRIBUTION OF INVESTMENTS

The law provides that the aggregate of equity type investments (stocks, convertible issues, investments in commingled funds and investments in limited partnerships) cannot exceed 75% of the total invested assets at market value at any time.

The funds assets were invested at market as follows at June 30:

	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>
STATE EMPLOYEES RETIREMENT FUND				
Bonds				
Government				
U.S. Government	15.6%	12.1%	9.8%	6.4%
Canadian Government	3.1%	3.9%	5.6%	7.4%
Municipal	<u>.1%</u>	<u>.1%</u>	<u>.2%</u>	<u>.4%</u>
Total Government	<u>18.8%</u>	<u>16.1%</u>	<u>15.6%</u>	<u>14.2%</u>
Corporate				
Public Utilities	8.7%	8.9%	3.1%	4.2%
Financial	5.1%	5.0%	5.7%	6.5%
Industrial	5.7%	8.2%	12.4%	15.3%
Transportation	<u>2.3%</u>	<u>1.9%</u>	<u>3.2%</u>	<u>4.0%</u>
Total Corporate	<u>21.8%</u>	<u>24.0%</u>	<u>24.4%</u>	<u>30.0%</u>
Total Bonds	40.6%	40.1%	40.0%	44.2%
Short Term Investments	9.2%	18.8%	17.5%	8.2%
Equities	<u>50.2%</u>	<u>41.1%</u>	<u>42.5%</u>	<u>47.6%</u>
Total Portfolio (%)	100.0%	100.0%	100.0%	100.0%
Total Portfolio (Millions \$)	\$438.5	\$403.3	\$360.5	\$300.0
HIGHWAY PATROL RETIREMENT FUND				
Bonds				
Government				
U.S. Government	7.5%	5.2%	4.8%	4.3%
Canadian Government	3.7%	3.4%	4.8%	6.3%
Municipal	<u>.1%</u>	<u>.1%</u>	<u>.1%</u>	<u>.3%</u>
Total Government	<u>11.3%</u>	<u>8.7%</u>	<u>9.7%</u>	<u>10.9%</u>
Corporate				
Public Utilities	13.6%	12.7%	5.4%	7.5%
Financial	3.8%	3.5%	5.7%	5.2%
Industrial	7.6%	9.0%	13.4%	14.2%
Transportation	<u>4.3%</u>	<u>4.5%</u>	<u>6.7%</u>	<u>7.0%</u>
Total Corporate	<u>29.3%</u>	<u>29.7%</u>	<u>31.2%</u>	<u>33.9%</u>
Total Bonds	40.6%	38.4%	40.9%	44.8%
Short Term Investments	13.1%	15.2%	17.4%	8.1%
Equities	<u>46.3%</u>	<u>46.4%</u>	<u>41.7%</u>	<u>47.1%</u>
Total Portfolio (%)	100.0%	100.0%	100.0%	100.0%
Total Portfolio (Millions \$)	\$36.7	\$35.8	\$34.1	\$28.7
JUDGES RETIREMENT FUND				
Bonds				
Government				
U.S. Government	6.0%	7.0%	8.0%	12.3%
Canadian Government	<u>7.4%</u>	<u>5.9%</u>	<u>6.6%</u>	<u>8.1%</u>
Total Government	<u>13.4%</u>	<u>12.9%</u>	<u>14.6%</u>	<u>20.4%</u>
Corporate				
Public Utilities	13.0%	9.8%	10.3%	12.8%
Financial	10.1%	7.4%	12.1%	8.3%
Industrial	9.9%	9.9%	16.1%	16.4%
Transportation	<u>8.1%</u>	<u>2.1%</u>	<u>2.2%</u>	<u>2.7%</u>
Total Corporate	<u>41.1%</u>	<u>29.2%</u>	<u>40.7%</u>	<u>40.2%</u>
Total Bonds	54.5%	42.1%	55.3%	60.6%
Short Term Investments	14.5%	31.1%	14.5%	17.6%
Equities	<u>31.0%</u>	<u>26.8%</u>	<u>30.2%</u>	<u>21.8%</u>
Total Portfolio (%)	100.0%	100.0%	100.0%	100.0%
Total Portfolio (Millions \$)	\$ 2.5	\$ 3.3	\$ 3.9	\$ 3.6

SCHEDULE OF REVENUE BY SOURCE**STATE EMPLOYEES RETIREMENT FUND**

<u>Year Ending</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Miscellaneous</u>	<u>Total</u>
6-30-73	\$ 8,648,559	\$11,531,159	\$14,376,714	\$ 723	\$ 34,557,155
6-30-74	12,278,882	18,864,384	11,487,006	1,012	42,631,284
6-30-75	14,634,281	22,459,969	11,697,401	1,960	48,793,611
6-30-76	16,771,281	25,785,186	13,852,593	4,592	56,413,652
6-30-77	18,316,117	28,080,209	23,653,136	2,217,806 ¹	72,267,268
6-30-78	20,450,119	31,426,248	22,312,348	1,403	74,190,118
6-30-79	23,228,656	36,966,944	29,339,452	21,245,704 ²	110,780,756
6-30-80	25,442,110	40,650,797	40,424,477	2,745,965 ³	109,263,349
6-30-81	28,316,881	45,027,367	65,933,604	220,236	139,498,088
6-30-82	28,387,528	45,335,038	71,972,054	1,823,042 ³	147,517,662

HIGHWAY PATROL RETIREMENT FUND

<u>Year Ending</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Miscellaneous</u>	<u>Total</u>
6-30-73	\$ 616,700	\$1,692,005	\$ 1,177,541	\$ 0	\$ 3,486,246
6-30-74	762,498	2,088,163	990,749	0	3,841,410
6-30-75	841,956	2,314,847	1,100,910	0	4,257,713
6-30-76	957,335	2,625,932	1,279,575	0	4,862,842
6-30-77	1,030,791	2,828,652	2,085,783	237,356 ¹	6,182,582
6-30-78	1,203,801	3,306,684	2,045,792	0	6,556,277
6-30-79	1,066,932	3,173,261	2,615,178	0	6,855,371
6-30-80	1,203,127	3,608,060	3,752,249	118,223 ³	8,681,659
6-30-81	1,282,849	3,841,515	5,795,019	3,960	10,923,343
6-30-82	1,340,657	4,009,217	6,259,980	62,734 ³	11,672,588

JUDGES RETIREMENT FUND

<u>Year Ending</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Miscellaneous</u>	<u>Total</u>
6-30-74	\$231,146	\$ 488,218	\$ 82,841	\$ 0	\$ 802,205
6-30-75	309,108	1,875,114	110,844	0	2,295,066
6-30-76	313,898	1,690,994	109,346	0	2,114,238
6-30-77	311,528	1,198,078	328,050	0	1,837,656
6-30-78	423,812	1,319,305	319,324	0	2,062,441
6-30-79	403,497	2,040,717	449,883	0	2,894,097
6-30-80	415,914	1,181,152	496,332	7,143	2,100,541
6-30-81	489,714	1,164,361	742,207	443	2,396,725
6-30-82	468,659	525,044	858,150	0	1,851,853

¹ State General Fund appropriation to fund a 4% benefit increase effective 1-1-78.² Transfer of assets and liabilities from the Metropolitan Transit Commission retirement plan to the General Plan.³ State General Fund appropriation to fund lump sum benefits for pre 7-1-73 retirees.

SCHEDULE OF EXPENSES BY TYPE**STATE EMPLOYEES RETIREMENT FUND**

Year Ending	Aggregate Benefit Payments				Admin. Expense	Miscellaneous	Total
	Annuities	Disabilities	Refunds	Interest			
6-30-73	\$ 5,901,290	\$ 222,041	\$2,469,715	\$ 67,543	\$ 441,493	\$ 0	\$ 9,102,082
6-30-74	8,649,174	312,080	2,793,105	132,034	461,848	0	12,348,241
6-30-75	11,152,822	400,201	3,108,967	143,978	551,892	0	15,357,860
6-30-76	13,279,774	510,946	2,904,458	175,585	676,331	0	17,547,094
6-30-77	14,523,069	642,792	3,985,695	191,106	721,493	0	20,064,155
6-30-78	15,942,445	746,625	4,237,578	197,124	910,926	0	22,034,698
6-30-79	19,143,247	1,201,406	5,864,072	234,401	1,041,312	0	27,484,438
6-30-80	21,797,465	1,286,141	6,897,282	375,253	1,063,439	20,131 ¹	31,439,711
6-30-81	23,648,844	1,450,559	6,585,925	299,733	1,335,426	125,671 ²	33,446,158
6-30-82	27,114,262	1,668,970	8,859,864	449,956	955,110	797	39,048,959

HIGHWAY PATROL RETIREMENT FUND

Year Ending	Aggregate Benefit Payments			Admin. Expense	Miscellaneous	Total
	Annuities	Disabilities	Refunds			
6-30-73	\$ 475,839	\$ 6,030	\$18,056	\$15,982	\$ 0	\$ 515,907
6-30-74	685,036	11,340	23,503	30,969	0	750,848
6-30-75	781,728	19,169	25,329	29,081	0	855,307
6-30-76	876,564	24,996	26,179	30,817	0	958,556
6-30-77	1,006,855	39,795	28,187	34,981	0	1,109,818
6-30-78	1,154,699	61,500	38,881	34,438	0	1,289,518
6-30-79	1,364,064	63,565	26,163	37,322	0	1,491,114
6-30-80	1,490,622	62,153	54,243	32,290	16,190 ¹	1,655,498
6-30-81	1,666,388	58,432	41,146	52,646	5,231 ²	1,823,843
6-30-82	2,012,741	69,250	86,521	40,830	0	2,209,342

JUDGES RETIREMENT FUND

Year Ending	Aggregate Benefit Payments				Admin. Expense	Total
	Annuities	Disabilities	Refunds	Interest		
6-30-74	\$ 12,503	\$ 0	\$ 74	\$ 0	\$ 9,008	\$ 21,585 ³
6-30-75	1,021,258	0	8,350	0	11,972	1,041,580
6-30-76	1,076,510	0	7,075	0	11,500	1,095,085
6-30-77	996,092	3,239	2,827	0	15,775	1,017,933 ⁴
6-30-78	1,019,706	11,727	1,726	0	13,694	1,046,853
6-30-79	1,253,320	25,761	4,371	0	15,437	1,298,889 ⁵
6-30-80	1,322,073	16,560	6,937	198	11,037	1,356,805
6-30-81	1,426,434	16,825	36,622	9,886	34,078	1,523,845
6-30-82	1,555,592	17,726	22,336	3,564	26,156	1,625,374

¹ Interest expense on mortality adjustment.² Interest expense on excess General Fund appropriation.³ The fund was established January 1, 1974. Even though all plans were not a part of the fund until later years, their revenue and expenses are included retroactively for consistency.⁴ Benefits for two groups of recipients were suspended for part of the year due to a legal challenge and lack of appropriation. Their full benefits were paid during F.Y. 78.⁵ The County Paid Judges Plan was transferred from the counties to the fund effective July 1, 1978.

**SUMMARY DATA
FOR THE
FISCAL YEAR ENDED JUNE 30, 1982**

STATE EMPLOYEES RETIREMENT FUND

ACTIVE EMPLOYEES	Number Beg. of Yr.	Increases		Decreases				Net Transfers	Number At End Of Year			Average Accumulated Contributions
		New	Refunds	Annuities	Disabilities	Inactive	Death		Total	Vested	Non-Vested	
General Plan	46,663	6470	6583	800	61	1926	81	(61)	43621	13369	30252	\$3551
Correctional Plan	965	187	79	14	3	19	0	(27)	1010	228	782	4993
Mil. Aff. Plan	6	1	0	0	0	0	0	0	7	2	5	6234
Total	47,634	6658	6662	814	64	1945	81	(88)	44638	13599	31039	\$3585

INACTIVE EMPLOYEES	Number Beg. of Yr.	Increases		Decreases				Number At End Of Year			Average Accumulated Contributions
		From Active	Transfer	To Active	To Annuity	To Refunds	To Retirement Fund	Total	Vested	Non-Vested	
General Plan	4613	1926	446	24	59	670	474	5758	880	4878	\$ 777
Correctional Plan	43	19	4	12	0	5	0	49	10	39	2,698
Mil. Aff. Plan	0	0	0	0	0	0	0	0	0	0	—
Total	4656	1945	450	36	59	675	474	5807	890	4917	\$ 793

Averages

ANNUITANTS	Number Beg. of Yr.	Increases		Decreases		Net Transfers	Number End of Yr.	All Annuitants On June 30 New In Fiscal Year 1982					
		New	Re-instate	Deaths	Rescinded			Age	Service	Monthly Benefit	Age	Service	Monthly Benefit
General Plan	8996	935	0	370	0	35	9526	72.7	21.8	\$229	63.2	22.2	\$372
Correctional Plan	267	23	0	7	0	0	283	63.9	19.7	448	56.4	22.1	779
Mil. Aff. Plan	3	0	0	0	0	0	3	62.9	26.4	787	—	—	—
Total	9266	958	0	377	0	35	9812	72.5	21.7	\$235	63.0	22.2	\$381

Averages

DISABILITANTS	Number Beg. of Yr.	Increases		Decreases		Net Transfers	Number End of Yr.	All Disabilitants On June 30 New In Fiscal Year 1982					
		New	Re-instate	Deaths	Rescinded			Age	Service	Monthly Benefit	Age	Service	Monthly Benefit
General Plan	639	63	0	43	0	22	681	55.0	18.1	\$232	57.0	18.8	\$297
Correctional Plan	8	3	0	1	0	0	10	53.4	17.9	326	48.1	22.0	386
Mil. Aff. Plan	0	0	0	0	0	0	0	—	—	—	—	—	—
Total	647	66	0	44	0	22	691	55.0	18.1	\$233	57.0	18.8	\$299

REFUNDS	Number of Refunds			Average Age of Member		Average Years of Service Forfeited		Number of Refunds With Interest	Number of Members Forfeiting Vested Rights
	Male	Female	Total	Male	Female	Male	Female		
General Plan	2633	4967	7600	32.7	31.0	2.5	2.3	2014	273
Correctional Plan	86	11	97	31.8	34.3	2.9	3.1	36	3
Mil. Aff. Plan	0	0	0	—	—	—	—	0	0
Total	2719	4978	7697	32.7	31.0	2.5	2.3	2050	276

SUMMARY DATA FOR THE FISCAL YEAR ENDED JUNE 30, 1982

HIGHWAY PATROL RETIREMENT FUND

ACTIVE EMPLOYEES	Number	Increases	Decreases					Net	Number At End Of Year			Average	
	Beg. of Yr.	New	Refunds	Annuities	Disabilities	Inactive	Death	Transfers	Total	Vested	Non-Vested	Accumulated Contributions	
	793	7	8	22	0	2	0	0	763	502	261	\$13,890.33	
INACTIVE EMPLOYEES	Number Beg. of Yr.	Increases	Decreases			Number At End Of Year			Average				
		From Active	To Active	To Annuity	To Refunds	Total	Vested	Non-Vested	Accumulated Contributions				
	35	5	0	2	1	37	28	9	\$8,506.80				
ANNUITANTS	Number Beg. of Yr.	Increases New	Re-instate	Deaths	Rescinded	Net Transfers	Number End of Yr.	Averages					
								All Annuitants On June 30			New In Fiscal Year 1982		
								Age	Service	Monthly Benefit	Age	Service	Monthly Benefit
	280	31	0	7	0	9	313	58.6	25.7	\$579	58.4	26.6	\$946
DISABILITANTS	Number Beg. of Yr.	Increases New	Re-instate	Deaths	Rescinded	Net Transfers	Number End of Yr.	Averages					
								All Disabilitants On June 30			New In Fiscal Year 1982		
								Age	Service	Monthly Benefit	Age	Service	Monthly Benefit
	10	0	0	1	0	4	5	50.0	19.8	\$645	—	—	—
REFUNDS	Number of Refunds			Average Age of Member		Average Years of Service Forfeited		Number of Members Forfeiting Vested Rights					
	Male	Female	Total	Male	Female	Male	Female						
	10	0	10	34.0	—	7.4	—	4					

SUMMARY DATA FOR THE FISCAL YEAR ENDED JUNE 30, 1982

JUDGES RETIREMENT FUND

ACTIVE JUDGES	Number	Increases		Decreases				Net	Number At End Of Year			Average	
	Beg. of Yr.	New		Refunds	Annuities	Disabilities	Inactive	Death	Transfers	Total	Vested	Non-Vested	Accumulated Contributions
Judges Plan	215	7		2	3	0	0	1	0	216	111	105	\$11,596
Supreme Court	5	0		0	1	0	0	0	0	4	4	0	0*
Total	220	7		2	4	0	0	1	0	220	115	105	\$11,596
INACTIVE JUDGES	Number	Increases		Decreases		Number At End Of Year			Average				
	Beg. of Yr.	From Active	To Active	To Annuity	To Refunds	Total	Vested	Non-Vested	Accumulated Contributions				
Judges Plan	6	0	0	0	1	5	5	0	\$5,348				
ANNUITANTS	Number	Increases		Decreases		Number	Average	Average Monthly Benefit					
	Beg. of Yr.	New	Re-instate	Deaths	Rescinded	End of Yr.	Monthly Benefit	For Fiscal Year New Annuitants					
Service	77	4	0	4	0	77	\$1,336.24	\$1,986.50					
Disability	3	0	0	0	0	3	885.90	0.00					
Survivors	46	4	0	2	0	48	623.98	771.87					
Total	126	8	0	6	0	128	\$1,058.59	\$1,379.18					
REFUNDS	Number of Refunds			Average Age of Member		Average Years of Service Forfeited		Number of Members Forfeiting Vested Rights					
	Male	Female	Total	Male	Female	Male	Female						
Judges Plan	2	1	3	49.5	47.0	6.5	8.0	0					

*Contributions to the survivors fund are not refundable therefore they are not credited to the individuals accounts.

Year Ending	ACTIVE EMPLOYEES											
	Average Entry Age For New Members			Averages For All Members								
				Entry Age			Attained Age			Service Credit		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
STATE EMPLOYEES RETIREMENT FUND												
General Employees Retirement Plan												
6/30/78	30.7	29.1	29.5	29.5	28.2	28.8	40.2	36.2	38.2	8.9	5.5	7.2
6/30/79	30.7	28.9	29.4	29.7	28.1	28.9	40.1	35.5	37.8	9.2	5.7	7.5
6/30/80	31.4	29.9	30.5	29.6	28.2	28.9	40.5	36.1	38.2	9.2	5.7	7.5
6/30/81	28.9	27.8	28.2	29.9	28.8	29.3	40.0	35.9	37.8	9.4	5.9	7.6
6/30/82	28.4	27.3	27.7	29.3	28.4	28.8	40.5	36.5	38.4	10.0	6.4	8.1
Correctional Officers Retirement Plan												
6/30/78	29.1	30.0	29.2	28.2	29.1	28.2	35.8	36.0	35.8	5.9	6.0	5.9
6/30/79	28.5	31.0	28.9	28.0	28.8	28.1	36.4	36.9	36.5	6.8	6.0	6.7
6/30/80	30.1	32.8	30.7	28.1	29.4	28.2	36.2	36.4	36.2	7.0	5.7	6.9
6/30/81	28.4	29.2	28.6	28.5	29.8	28.6	36.2	36.7	36.3	7.1	6.0	7.0
6/30/82	27.7	27.3	27.9	28.0	28.7	28.1	36.0	36.9	36.1	7.0	6.5	6.9
HIGHWAY PATROL RETIREMENT FUND												
6/30/78	26.1	26.3	26.1	N/A	N/A	27.9	N/A	N/A	N/A	N/A	N/A	13.3
6/30/79	28.2	26.5	28.1	27.9	26.1	27.9	41.0	29.7	40.8	13.6	4.2	13.4
6/30/80	25.7	22.5	25.5	26.5	24.1	26.4	40.9	30.1	40.7	13.7	4.8	13.5
6/30/81	27.6	27.8	27.6	26.8	25.0	26.8	40.8	30.6	40.5	13.7	5.0	13.5
6/30/82	24.7	—	24.7	26.2	24.6	26.2	41.1	31.7	40.9	14.2	6.0	14.0
JUDGES RETIREMENT FUND												
6/30/78	N/A	N/A	46.8	41.6	40.2	41.5	53.1	52.2	53.1	10.7	5.7	10.5
6/30/79	N/A	N/A	38.7	41.1	40.6	41.1	53.2	47.2	52.9	11.5	6.6	11.3
6/30/80	N/A	N/A	46.3	41.3	42.5	41.3	53.8	47.5	53.6	11.7	4.0	11.4
6/30/81	44.8	33.0	43.8	41.2	41.4	41.2	53.5	45.9	53.2	11.9	4.6	11.6
6/30/82	41.3	—	41.3	41.3	41.8	41.3	53.9	46.9	53.7	12.2	5.2	12.0

EMPLOYEES ELIGIBLE TO AN IMMEDIATE ANNUITY ON JUNE 30, 1982**STATE EMPLOYEES RETIREMENT FUND****General Employees Retirement Plan**

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Full Benefit	201	180	381
Reduced Benefit Due To Early Retirement	923	553	1476
Full Benefit (MTC/TOD Savings Clause)	24	0	24
Reduced Benefit Due To Service Less Than 30 Years (MTC/TOD Savings Clause)	153	10	163
Proportional Benefit (Age Equal To Or Greater Than 65, Service Less Than 10 Years)	68	72	140
Subtotals	<u>1,369</u>	<u>815</u>	<u>2,184</u>
Employees Not Eligible to Immediate Benefit	19,453	21,990	41,443
Totals	<u>20,822</u>	<u>22,805</u>	<u>43,627</u>

Correctional Officers Retirement Plan

Full Benefit	32	6	38
Employees Not Eligible to Immediate Benefit	<u>868</u>	<u>104</u>	<u>972</u>
Totals	<u>900</u>	<u>110</u>	<u>1,010</u>

Military Affairs Retirement Plan

Full Benefit	0	0	0
Employees Not Eligible to Immediate Benefit	<u>7</u>	<u>0</u>	<u>7</u>
Totals	<u>7</u>	<u>0</u>	<u>7</u>

HIGHWAY PATROL RETIREMENT FUND

Full Benefit	88	0	88
Employees Not Eligible to Immediate Benefit	<u>655</u>	<u>20</u>	<u>675</u>
Totals	<u>743</u>	<u>20</u>	<u>763</u>

JUDGES RETIREMENT FUND**Judges Plan**

Full Benefit	25	0	25
Judges Not Eligible to Immediate Benefit	<u>183</u>	<u>8</u>	<u>191</u>
Totals	<u>208</u>	<u>8</u>	<u>216</u>

Supreme Court Judges

Full Benefit	4	0	4
Judges Not Eligible to Immediate Benefit	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>4</u>	<u>0</u>	<u>4</u>

REFUND STATISTICS

STATE EMPLOYEES RETIREMENT FUND

General Employees Retirement Plan

Year Ending	Number of Refunds			Average Age of Member		Average Years of Service Forfeited		Number of Refunds With Interest*	Number of Members Forfeiting Vested Rights
	Male	Female	Total	Male	Female	Male	Female		
6-30-73	1,914	4,124	6,038	33.5	29.8	2.3	2.0	N/A	99
6-30-74	1,972	4,023	5,995	33.2	29.7	2.3	2.0	1,498	87
6-30-75	2,039	4,022	6,061	32.5	29.7	2.3	2.0	1,408	71
6-30-76	1,745	3,552	5,297	32.4	29.7	2.2	1.7	1,011	57
6-30-77	1,882	3,837	5,719	31.7	30.7	2.0	1.8	1,243	82
6-30-78	2,091	3,849	5,940	32.0	30.0	1.6	1.6	1,344	78
6-30-79	2,145	4,036	6,181	32.5	30.9	2.3	2.3	1,637	110
6-30-80	2,151	4,240	6,391	35.6	30.5	2.3	2.4	1,709	138
6-30-81	1,960	4,259	6,219	32.3	30.7	1.8	1.8	1,547	150
6-30-82	2,633	4,967	7,600	32.7	31.0	2.5	2.3	2,014	273

Correctional Officers Retirement Plan

Year Ending	Number of Refunds			Average Age of Member		Average Years of Service Forfeited		Number of Refunds With Interest*	Number of Members Forfeiting Vested Rights
	Male	Female	Total	Male	Female	Male	Female		
6-30-77	133	18	151	31.3	31.4	1.8	1.9	24	1
6-30-78	97	15	112	32.4	30.2	2.0	1.3	23	0
6-30-79	117	15	132	31.1	34.9	2.3	2.8	39	2
6-30-80	112	23	135	30.6	30.6	3.6	2.8	39	1
6-30-81	82	19	101	31.7	32.5	2.1	2.1	25	3
6-30-82	86	11	97	31.8	34.3	2.9	3.1	36	3

*Prior to June 30, 1973 interest was not paid on a normal refund. Since then interest (3½% Compounded Annually) is paid on deductions taken after the third year of coverage.

HIGHWAY PATROL RETIREMENT FUND

Year Ending	Number of Refunds			Average Age of Member		Average Years of Service Forfeited		Number of Members Forfeiting Vested Rights
	Male	Female	Total	Male	Female	Male	Female	
6-30-77	9	0	9	37.9	—	4.5	—	1
6-30-78	9	0	9	34.1	—	4.9	—	1
6-30-79	4	2	6	35.5	29.5	4.6	6.1	0
6-30-80	8	3	11	32.9	29.7	5.7	0.1	2
6-30-81	10	1	11	30.0	22.0	2.6	1.3	0
6-30-82	10	0	10	34.0	—	7.4	—	4

JUDGES RETIREMENT FUND

Year Ending	Number of Refunds			Average Age of Judges		Average Years of Service Forfeited		Number of Judges Forfeiting Vested Rights
	Male	Female	Total	Male	Female	Male	Female	
6-30-81	5	0	5	53.6	—	6.4	—	0
6-30-82	2	1	3	49.5	47.0	6.5	8.0	0

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT JUNE 30, 1982

STATE EMPLOYEES RETIREMENT FUND

Amount of Monthly Benefit	Deferred	Number of Retirees	Type of Retirement*								Option Selected#			
			1	2	3	4	5	6	7	8	Life	I	II	III
\$ 1-\$100	248	2862	1654	705	414	70	19	0	0	0	2561	274	23	4
101- 200	207	3173	1792	1173	30	123	39	1	0	15	2742	381	45	5
201- 300	153	1822	1088	612	1	74	45	1	0	1	1583	225	10	4
301- 400	95	954	616	257	0	32	47	2	0	0	777	157	7	13
401- 500	69	622	435	133	0	23	31	0	0	0	470	136	1	15
501- 600	47	377	273	62	0	11	30	1	0	0	278	95	1	3
601- 700	31	258	176	44	0	9	28	0	1	0	164	93	0	1
701- 800	23	176	133	24	0	2	16	0	1	0	117	59	0	0
801- 900	11	106	84	10	0	2	10	0	0	0	69	37	0	0
901-1000	6	60	43	5	0	2	9	0	1	0	41	19	0	0
Over 1000	0	97	74	8	0	1	14	0	0	0	53	44	0	0
Totals	890	10507	6368	3033	445	349	288	5	3	16	8855	1520	87	45
Average Benefit (\$)	263	235	252	204	57	232	448	326	787	111	219	331	154	350

Deferred—Former member with deferred future benefit

*Type of Retirement

- 1—Normal retirement for age & service
- 2—Early retirement
- 3—Proportionate annuity
- 4—Disability retirement
- 5—Correctional Annuity
- 6—Correctional Disability
- 7—Military Affairs
- 8—Survivors of Deceased Former Members (Non MPRIF)

#Option Selected

- Life
- Option I —Joint & Survivor
- Option II —Death while eligible and "Old Law" survivors
- Option III—Period Certain

HIGHWAY PATROL RETIREMENT FUND

Amount of Monthly Benefit	Deferred	Number of Retirees	Type of Retirement*			Option Selected#		
			1	2	3	Life	I	II
\$ 1-\$100	4	0	0	0	0	0	0	0
101- 200	2	64	47	0	17	3	44	17
201- 300	1	24	19	0	5	3	16	5
301- 400	3	43	42	0	1	9	33	1
401- 500	1	28	25	1	2	9	17	2
501- 600	3	24	21	1	2	9	13	2
601- 700	4	23	21	1	1	11	11	1
701- 800	3	27	23	2	2	11	14	2
801- 900	2	22	21	0	1	8	13	1
901-1000	5	21	21	0	0	7	14	0
Over 1000	0	42	41	0	1	20	21	1
Total	28	318	281	5	32	90	196	32
Average Benefit (\$)	720	579	606	645	336	765	533	336

Deferred—Former member with deferred future benefit

*Type of Retirement

- 1—Normal retirement for age & service
- 2—Disability (Non-MPRIF)
- 3—Survivor

#Option Selected

- Life
- Option I —Joint & Survivor
- Option II—Death while eligible and old law survivor

Not included in this table are average benefits of \$127 for each of 21 children surviving 13 former members.

JUDGES RETIREMENT FUND

Amount of Monthly Benefit	Deferred	Number of Retirees	Type Of Retirement*									Option Selected [#]			
			1	2	3	4	5	6	7	8	9	Life	I	II	III
\$ 1–\$200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
201– 400	0	13	0	0	1	0	0	5	6	0	1	0	0	13	0
401– 600	1	15	2	0	7	0	0	0	2	0	4	0	1	14	0
601– 800	3	32	7	1	1	0	0	20	0	0	3	3	2	27	0
801–1000	0	10	4	1	1	0	0	3	0	0	1	1	3	6	0
1001–1200	0	11	5	0	0	0	1	1	0	1	3	1	1	9	0
1201–1400	0	12	10	0	0	1	0	1	0	0	0	1	4	6	1
1401–1600	0	18	5	0	0	12	0	0	0	1	0	1	2	15	0
1601–1800	0	3	2	0	0	0	0	0	0	1	0	0	1	2	0
1801–2000	1	4	2	0	0	0	0	0	0	2	0	1	0	3	0
Over 2000	0	10	4	0	0	4	0	0	0	2	0	0	1	9	0
	5	128	41	2	10	17	1	30	8	7	12	8	15	104	1
Average Benefit (\$)	842	1059	1249	765	550	1813	1128	735	302	1724	733	1106	1167	1038	1205

Deferred—Former member with deferred future benefit

*Type of Retirement

Benefits provided under laws effective January 1, 1974

- 1—Judges Plan—Service (MPRIF)
- 2—Judges Plan—Disability (MPRIF)
- 3—Judges Plan—Survivor

Benefits provided under laws in effect prior to January 1, 1974

- 4—Supreme and District Court Judges Plan—Service
- 5—Supreme and District Court Judges Plan—Disability
- 6—Survivor of Supreme and District Court Judges Plan
- 7—Survivors of County Court Judges Plan
- 8—Judges Plan—Service
- 9—County Paid Judges Plan—Service

#Option Selected

Life

Option I —Joint & Survivor

Option II —Life plus 50% Survivor

Option III—Period Certain

ANNUITY & DISABILITY DEATHS

STATE EMPLOYEES RETIREMENT FUND

General Employees Retirement Plan

Year Ending	Average								Number of Deaths		Percent of Members Who Received More In Annuity Payments Than They Had Contributed		Ratio Of Annuity Payments/Con- tributions For Deceased Service Annuitants*
	Average Age At Death				Years of Retirement								
	Annuity		Disability		Annuity		Disability		Annuity	Disability			
	Male	Female	Male	Female	Male	Female	Male	Female					
6-30-73	76.0	77.4	63.0	68.3	10.0	10.9	3.7	6.3	225	25	86.2%	56.0%	4.0
6-30-74	76.9	77.6	58.1	62.2	10.3	11.3	2.6	4.8	252	24	84.9	45.8	4.4
6-30-75	77.2	77.7	63.2	64.5	10.5	11.4	4.2	4.7	249	30	89.2	50.0	4.0
6-30-76	77.0	78.1	59.2	66.7	11.2	12.2	4.5	4.5	279	17	93.2	58.8	4.7
6-30-77	76.8	77.5	63.4	60.5	10.7	11.0	4.4	3.7	255	36	91.4	52.8	4.3
6-30-78	77.3	78.6	59.8	66.1	11.3	12.2	3.2	5.4	255	31	93.5	54.8	5.0
6-30-79	77.3	77.8	66.9	65.1	12.0	12.3	9.6	6.4	350	44	87.1	72.7	4.6
6-30-80	77.9	79.2	66.3	61.2	12.5	13.8	9.9	5.1	350	49	91.5	61.2	5.2
6-30-81	76.7	80.9	64.7	60.8	11.8	13.9	8.0	5.7	378	43	94.2	74.4	5.4
6-30-82	76.7	77.8	65.3	67.4	12.1	13.9	9.2	9.5	375	35	93.9	85.7	6.1

Correctional Officers Retirement Plan

Year Ending	Average								Number of Deaths		Percent of Members Who Received More In Annuity Payments Than They Had Contributed		Ratio Of Annuity Payments/Con- tributions For Deceased Service Annuitants*
	Age At Death				Years of Retirement								
	Annuity		Disability		Annuity		Disability						
	Male	Female	Male	Female	Male	Female	Male	Female	Annuity	Disability	Annuity	Disability	
6-30-76	63.0	—	—	—	1.4	—	—	—	3	0	100%	N/A	1.8
6-30-77	64.0	—	—	—	2.4	—	—	—	3	0	100	N/A	2.5
6-30-78	61.5	—	—	—	3.2	—	—	—	2	0	100	N/A	3.3
6-30-79	58.0	—	—	—	3.7	—	—	—	6	0	100	N/A	4.0
6-30-80	64.8	—	—	—	4.1	—	—	—	9	0	100	N/A	4.2
6-30-81	64.4	—	53.0	—	5.1	—	1.8	—	7	1	100	0%	4.1
6-30-82	66.3	67.0	44.0	—	7.3	7.7	0.9	—	7	1	100	0%	6.0

HIGHWAY PATROL RETIREMENT FUND

Year Ending	Average								Number of Deaths		Percent of Members Who Received More In Annuity Payments Than They Had Contributed	Ratio Of Annuity Payments/Con- tributions For Deceased Service Annuitants*	
	Age At Death				Years of Retirement								
	Annuity		Disability		Annuity		Disability						
	Male	Female	Male	Female	Male	Female	Male	Female	Annuity	Disability			
6-30-78	79.0	83.7	—	—	16.0	6.8	—	—	9	0	100%	N/A	3.4
6-30-79	72.0	78.5	—	—	10.2	5.8	—	—	6	0	100	N/A	1.7
6-30-80	75.9	78.0	—	—	13.4	4.7	—	—	17	0	100	N/A	2.8
6-30-81	74.4	76.0	—	—	15.0	13.6	—	—	12	0	100	N/A	3.1
6-30-82	72.0	70.0	—	—	13.2	4.9	—	—	6	0	83.3	N/A	3.3

JUDGES RETIREMENT FUND

Year Ending	Average Age At Death				Average Years of Retirement				Number of Deaths	
	Annuity		Disability		Annuity		Disability		Annuity	Disability
	Male	Female	Male	Female	Male	Female	Male	Female		
6-30-81	85.8	86.5	—	—	11.0	4.0	—	—	8	0
6-30-82	79.5	90.0	—	—	10.5	19.7	—	—	6	0

*i.e. In 1973 the average annuitant who died had received annuity payments in excess of his contributions equal to 4.0 times the contributions he had made as an employee.

SCHEDULE OF AVERAGE ANNUITY AND DISABILITY BENEFIT PAYMENTS AUTHORIZED WITHIN A FISCAL YEAR

STATE EMPLOYEES RETIREMENT FUND

General Employees Retirement Plan

Retirement Effective Dates	YEARS OF CREDITED SERVICE									Totals
	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40 +	
Period 7/1/77—6/30/78										
Average Monthly Benefit	26.67	61.85	96.20	161.20	226.81	316.21	476.26	547.08	748.39	199.14
Average Final Salary	1076.23	773.78	769.75	831.33	891.10	983.00	1193.64	1165.82	1434.30	889.48
Average Age At Retirement	64.0	63.7	63.8	63.3	63.6	63.5	62.9	62.4	64.7	63.5
Number Retired	26	73	215	106	112	66	48	27	13	686
Period 7/1/78—6/30/79										
Average Monthly Benefit	37.64	68.61	111.58	178.55	255.84	338.88	491.11	599.83	698.69	235.20
Average Final Salary	1313.87	883.93	877.23	929.39	995.00	1068.62	1233.10	1291.56	1295.61	1003.26
Average Age At Retirement	64.4	64.0	62.8	63.1	62.8	62.8	62.1	62.7	63.4	63.0
Number Retired	23	65	216	122	97	54	83	40	12	712
Period 7/1/79—6/30/80										
Average Monthly Benefit	35.18	76.67	127.42	200.92	274.13	389.34	537.34	722.54	757.95	280.86
Average Final Salary	1407.14	956.22	978.41	1002.70	1057.35	1199.14	1352.45	1441.74	1507.64	1111.69
Average Age At Retirement	64.6	63.7	63.2	63.1	62.7	62.3	62.1	62.3	63.1	63.2
Number Retired	18	40	195	105	103	52	89	34	17	653
Period 7/1/80—6/30/81										
Average Monthly Benefit	33.08	81.97	133.77	212.04	298.42	430.94	596.53	741.97	793.15	280.69
Average Final Salary	1170.44	1002.58	1056.76	1101.97	1189.68	1321.06	1498.31	1608.45	1546.83	1188.73
Average Age At Retirement	64.0	64.2	63.2	63.7	63.0	62.8	62.9	62.8	63.7	63.3
Number Retired	26	45	235	147	113	69	68	23	18	764
Period 7/1/81—6/30/82										
Average Monthly Benefit	39.6	79.3	139.28	220.28	315.55	404.01	606.30	750.65	925.20	349.01
Average Final Salary	1508.42	1030.38	1088.37	1143.98	1169.96	1219.50	1406.65	1668.43	1678.66	1242.93
Average Age At Retirement	63.6	64.2	63.8	63.2	62.5	62.8	62.3	62.4	64.1	63.0
Number Retired	24	45	196	153	170	107	166	66	19	946

Correctional Officers Retirement Plan

Retirement Effective Dates	YEARS OF CREDITED SERVICE								Totals
	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35 +	
Period 7/1/77—6/30/78									
Average Monthly Benefit	0.00	180.81	354.08	445.59	659.10	705.12	0.00	0.00	524.39
Average Final Salary	0.00	964.30	1195.28	1097.67	1208.67	1102.40	0.00	0.00	1149.85
Average Age At Retirement	0.0	62.0	59.7	56.2	55.8	55.0	0.0	0.0	57.0
Number Retired	0	1	3	4	6	2	0	0	16
Period 7/1/78—6/30/79									
Average Monthly Benefit	0.00	217.65	383.33	384.55	693.16	985.47	722.70	0.00	573.60
Average Final Salary	0.00	1133.32	1266.30	1123.45	1245.19	1474.47	1118.14	0.00	1241.59
Average Age At Retirement	0.0	56.4	59.6	56.2	62.0	55.0	59.3	0.0	57.4
Number Retired	0	3	5	4	1	5	4	0	22
Period 7/1/79—6/30/80									
Average Monthly Benefit	0.00	277.76	421.28	541.56	664.54	750.74	1269.50	0.00	580.27
Average Final Salary	0.00	1357.74	1330.72	1228.65	1286.13	1403.15	1813.47	0.00	1337.98
Average Age At Retirement	0.0	62.7	56.9	57.4	56.4	54.9	61.9	0.0	56.9
Number Retired	0	1	10	4	6	5	1	0	27
Period 7/1/80—6/30/81									
Average Monthly Benefit	0.00	0.00	373.93	537.30	627.14	906.29	704.97	0.00	567.06
Average Final Salary	0.00	0.00	1283.37	1391.98	1352.92	1380.36	1251.38	0.00	1341.45
Average Age At Retirement	0.0	0.0	54.6	58.4	55.3	55.0	55.0	0.0	56.1
Number Retired	0	0	8	9	3	4	2	0	26
Period 7/1/81—6/30/82									
Average Monthly Benefit	0.00	0.00	437.37	671.82	737.60	1125.06	993.21	0.00	797.92
Average Final Salary	0.00	0.00	1415.99	1603.58	1251.68	1542.48	940.61	0.00	1406.89
Average Age At Retirement	0.0	0.0	56.4	57.1	56.8	56.1	55.2	0.0	56.4
Number Retired	0	0	5	6	5	7	3	0	26

SCHEDULE OF AVERAGE BENEFIT ANNUITY AND DISABILITY PAYMENTS AUTHORIZED WITHIN A FISCAL YEAR

HIGHWAY PATROL RETIREMENT FUND

Retirement Effective Dates	YEARS OF CREDITED SERVICE								Totals
	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35 +	
Period 7/1/77—6/30/78									
Average Monthly Benefit	0.00	0.00	0.00	0.00	687.63	759.30	951.24	0.00	765.78
Average Final Salary	0.00	0.00	0.00	0.00	1130.09	1265.35	1566.18	0.00	1269.39
Average Age At Retirement	0.0	0.0	0.0	0.0	55.7	57.7	60.3	0.0	57.5
Number Retired	0	0	0	0	4	9	2	0	15
Period 7/1/78—6/30/79									
Average Monthly Benefit	0.00	158.94	331.68	376.80	603.30	866.89	1019.76	913.38	761.79
Average Final Salary	0.00	1137.22	1521.66	656.34	1165.49	1494.65	1528.12	1315.42	1339.14
Average Age At Retirement	0.0	62.4	56.9	60.0	53.9	57.5	60.1	60.2	58.7
Number Retired	0	1	1	2	2	4	6	1	17
Period 7/1/79—6/30/80									
Average Monthly Benefit	0.00	0.00	0.00	597.69	719.53	914.29	991.92	0.00	811.09
Average Final Salary	0.00	0.00	0.00	1752.23	1525.95	1619.34	1713.54	0.00	1606.10
Average Age At Retirement	0.0	0.0	0.0	56.8	56.2	56.8	60.4	0.0	57.1
Number Retired	0	0	0	1	5	3	2	0	11
Period 7/1/80—6/30/81									
Average Monthly Benefit	0.00	278.44	0.00	0.00	814.60	1038.15	1085.40	0.00	850.32
Average Final Salary	0.00	1585.45	0.00	0.00	1676.97	1863.38	1812.66	0.00	1745.08
Average Age At Retirement	0.0	62.6	0.0	0.0	59.0	57.9	61.0	0.0	59.8
Number Retired	0	4	0	0	7	6	6	0	23
Period 7/1/81—6/30/82									
Average Monthly Benefit	0.00	289.49	483.33	0.00	875.39	931.93	1284.5	0.00	1067.42
Average Final Salary	0.00	1694.58	1867.05	0.00	1163.93	1334.35	1955.31	0.00	1721.21
Average Age At Retirement	0.0	55.0	59.1	0.0	56.4	54.6	58.5	0.0	57.5
Number Retired	0	1	2	0	4	4	15	0	26

JUDGES RETIREMENT FUND

Retirement Effective Dates	YEARS OF CREDITED SERVICE					Totals
	10-15	15-20	20-24	25-30	30-35	
Period 7/1/79—6/30/80						
Average Monthly Benefit	0.00	1508.49	1571.65	0.00	0.00	1546.39
Average Final Salary	0.00	3325.61	2946.47	0.00	0.00	3098.13
Average Age At Retirement	0.0	67.2	68.3	0.0	0.0	67.8
Number Retired	0	2	3	0	0	5
Period 7/1/80—6/30/81						
Average Monthly Benefit	865.72	1065.62	1815.93	1300.53	2750.00	1531.07
Average Final Salary	3559.26	3261.65	3278.75	2842.21	4333.33	3474.63
Average Age At Retirement	70.9	64.3	66.1	66.0	66.3	66.8
Number Retired	2	2	1	2	2	9
Period 7/1/81—6/30/82						
Average Monthly Benefit	0.00	2827.09	1369.75	1504.58	2244.58	1968.50
Average Final Salary	0.00	4916.66	4000.00	4000.00	4000.00	4229.16
Average Age At Retirement	0.0	65.9	64.0	65.1	65.1	65.2
Number Retired	0	1	1	1	1	4

UNCLASSIFIED PLAN

Certain employees in the Unclassified State service who are eligible for coverage under the General Employees Retirement Plan may elect to participate in the Unclassified Employees Retirement Plan. Both employee and employer contributions are used to purchase shares in the Supplemental Retirement Fund. The following provides information on the activity within this plan during the fiscal year ending June 30, 1982.

CURRENT PARTICIPANTS

On June 30, 1982, there were 1,146 participants in the Unclassified Employees Retirement Plan with shares to their credit. 831 were active and 315 were inactive.

The distribution of participants selecting the various investment options follows:

	June 30, 1980	June 30, 1981	June 30, 1982
100% Income shares	36.4%	34.4%	36.6%
75% Income shares, 25% Growth shares	12.8%	14.4%	11.7%
50% Income shares, 50% Growth shares	28.5%	29.2%	28.8%
100% Fixed return	15.0%	15.0%	16.1%
75% Fixed return, 25% Growth shares	7.3%	7.0%	6.8%

WITHDRAWALS

During fiscal year 1982, there were 157 participants who withdrew employee and employer shares to their credit in the Unclassified Employees Retirement Plan compared to 116 in fiscal 1981.

ANNUITANTS

Four former participants are receiving monthly benefits from the Unclassified Employees Retirement Plan as of June 30, 1981. One retired in fiscal 1975, one in 1976, one in 1978, and the other in 1979. Their average service credit at retirement was 6 years, 1 month, their average age is 68.5 years, and their average monthly benefit is \$99.48. One of the four elected a 15 year period certain annuity, three elected straight life annuities.

DEFERRED COMPENSATION PLAN

The information provided below pertains only to participation in the Minnesota Supplemental Investment Fund and does not include any data from member participation with any of the insurance companies. We have an obligation to audit certain information provided by the insurance companies and do perform this function.

The deferred compensation is invested in the Income Share Account, Growth Share Account, or the Fixed Return Account of the Minnesota Supplemental Investment Fund, or in various combinations of these accounts.

On June 30, 1982 there were 3,264 active contributing participants in the Deferred Compensation Plan and 345 in withdrawal status.

Distribution of Amounts Deferred in the Month of June, 1982

Dollars Deferred Per Month	Income Shares	Growth Shares	Fixed Return	Income & Growth	Income & Fix-RT	Growth & Fix-RT	Income, Growth & Fixed Return	Totals
\$10-\$99	39	21	66	701	105	162	7	1101
100-199	73	42	119	335	43	75	19	706
200-299	54	31	57	255	16	41	13	467
300-399	43	21	35	153	8	16	13	289
400-499	30	13	25	129	8	16	7	228
500-599	29	14	32	123	0	13	9	220
Over 600	18	15	17	166	14	20	3	253
	286	157	351	1862	194	343	71	3264

Distribution by Age Group of Members in Withdrawal Status at June 30, 1982

Ages	Number of Members	Average Monthly Dollar Value Withdrawn			
		Income	Growth	Fixed	Total
Over 75	7	\$114.25	\$ 82.01	\$ 0.00	\$196.26
74-75	7	236.77	99.84	61.43	398.04
72-73	16	247.01	77.48	28.75	353.24
70-71	38	113.16	42.69	17.24	173.09
68-69	81	99.73	23.52	78.89	202.14
66-67	67	53.81	40.85	109.25	203.91
64-65	55	79.02	51.13	184.55	314.70
62-63	35	96.36	66.80	194.27	357.43
60-61	17	94.08	73.90	141.39	309.37
55-59	14	136.60	65.97	141.07	343.64
50-54	2	0.00	41.60	52.50	94.10
Under 50	6	40.57	127.57	30.83	198.97
	345	\$ 98.16	\$ 49.15	\$106.88	\$254.19