

**M**INNESOTA**S**TATE**R**ETIREMENT**S**YSTEM

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COMPREHENSIVE ANNUAL REPORT

July 1, 1982–June 30, 1983

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

July 1, 1982–June 30, 1983

THIS REPORT IS DEDICATED TO THE MEMORY OF
WARREN D. DREYER, ASSISTANT DIRECTOR AND
FINANCE OFFICER FROM OCTOBER 10, 1979 TO
OCTOBER 23, 1983.

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

**MINNESOTA STATE RETIREMENT SYSTEM
COMPREHENSIVE ANNUAL REPORT
FISCAL YEAR ENDED JUNE 30, 1983**

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OFFICERS

Paul L. Groschen, Executive Director

Assistant Directors
Douglas Mewhorter
Warren D. Dreyer



MINNESOTA STATE RETIREMENT SYSTEM

529 Jackson at 10th Street

St. Paul, Minnesota 55101

Tel. (612) 296-2761

LETTER OF TRANSMITTAL

To the Board of Directors
Minnesota State Retirement System

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

As prescribed by Minnesota Statutes, Chapter 356, the comprehensive annual report of the Minnesota State Retirement System for the fiscal year ended June 30, 1983 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
State 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 1983 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 1983 totaled \$205,005,148. This represents a 16.5% increase over fiscal year 1982. Contribution rates for both the employee and employer were temporarily modified for all public retirement plans in the State as outlined in the "1983 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 1983 totaled \$50,817,707; an increase of 9.3% over fiscal year 1982 expenses. Revenues exceeded expenses by \$154,187,441 during fiscal year 1983.

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 funds 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, was \$115,733,687 or 56% of total revenue. Of the total investment income, 71% is from the basic retirement funds and the remaining 29% is from the participation in the Minnesota Post Retirement Investment Fund. This represents a combined yield of 7.3% for the three basic retirement funds and 10.7% for the Minnesota Post Retirement Investment Fund for fiscal year 1983. When the gain on sale of stock is included, the yields increase to 11.2% and 13.6% respectively. (The MPRIF is explained further in this 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 to accrued liabilities and the greater the potential for investment income. This gives the participants a greater degree of security in their pension benefits. While the funding level of the General and Correctional plans increased during the year, the reduction of the contribution rates and temporary modification of the rates have impeded more substantial progress. The funding ratio of the State Trooper plan actually went down because the contribution being made to fund the deficit by the target date of 2009 is insufficient.

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 James M. Magalska, 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, 1983 and changes adopted by the Board of Directors will be reflected in the June 30, 1984 valuation.

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

The State Commissioner of Health or her 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 1983, 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, 1983 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.

With regret I report that Warren Dreyer, Assistant Director Finance Officer of MSRS, died in October of 1983. Mr. Dreyer was employed by MSRS for over ten years and was in the process of preparing this report when he died. He was chiefly responsible for its format and therefore this report is dedicated to his memory.

Respectfully submitted,



Paul L. Groschen
Executive Director

**MINNESOTA STATE RETIREMENT SYSTEM
ADMINISTRATIVE ORGANIZATION
JUNE 30, 1983**

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
Elected—Retired State Employee

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

Governor Appointee
Position Vacant
Term: Co-Terminous with Governor's
Appointed—Constitutional Officer

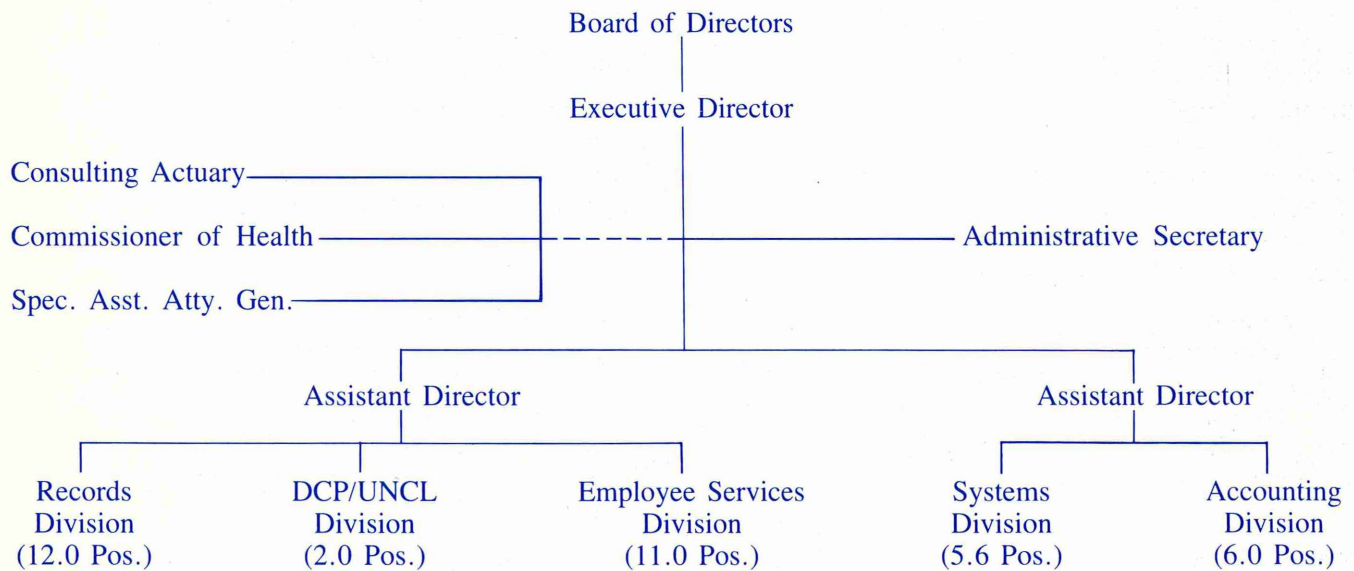
Bernard O. Weber
Department of Transportation
126 Riverside Drive N.E.
St. Cloud, Minnesota 56301
Telephone 612/255-4268 or 251-6766
Term: March 4, 1980-March 5, 1984
Elected—State Employee

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, 1983



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

OFFICERS

Paul L. Groschen, Executive Director

Assistant Directors
Douglas Mewhorter
Warren D. Dreyer**MINNESOTA STATE RETIREMENT SYSTEM**

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St. Paul, Minnesota 55101

Tel. (612) 296-2761

BOARD OF DIRECTORS
ElectedCarolyn Anderson, Chairwoman
University of MinnesotaKarl W. Christey, Vice Chairman
Department of Public SafetyJoseph J. Bright
RetiredAbigail P. Robles
Department of RevenueRichard G. Ryan
Metropolitan Transit Comm.Luther C. Thompson
Department of Public ServiceBernard 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 covers the period of the temporary budget crisis for the State of Minnesota. Adjusting to the emergency, the Legislature enacted changes in the contribution rate for both the employee and the employer. Reductions in the contribution rate have been only partially restored to date.

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 is especially pleased with the post retirement increase provision which, in recent years, has been able to keep retirement benefits ahead of inflation. Retirees received a 6.8% increase in January of this year and it is expected the January 1984 increase will be approximately 7.5%. A commendation goes to the State Board of Investment for obtaining superior investment returns which are the basis for these increases.

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 staff and the Board encourage employees to read the periodic MSRS Newsletters for current information on Legislation proposed, in progress, and accomplished.

Membership of the MSRS Board of Directors will be increased by an eleventh member to be elected by covered employees in the Correctional Plan, as enacted by the 1983 Legislature.

On behalf 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,

Carolyn Anderson, Chairwoman
Board of Directors

1983 LAW CHANGES

INVESTMENTS

The actual expenses incurred by the State Board of Investment for the investment of assets of the retirement plans are to be paid by the respective retirement funds based on the weighted average assets under management. (Laws 1983, Chapter 301, Section 14)

The membership of the Investment Advisory Council was increased from fifteen to seventeen members by adding two active members of plans whose assets are invested by the board. The two new members are to be appointed by the Governor. (Laws 1982, Third Special Session, Chapter 1, Article II, Section 3)

The restriction on the amount of corporate stock which could be invested for a plan was changed from 75 percent of market value to 75 percent of market or book value, whichever is less, less the aggregate value of venture capital, real estate interests, regional and mutual funds and resource investments. (Laws 1983, Chapter 324, Section 8)

POST RETIREMENT INVESTMENT FUND

If realized capital gains on the sale of debt securities is sufficient to reduce the balance of the Deferred Yield Adjustment Account of the fund to zero, any excess is to be used for increasing the post-retirement adjustment of annuities. (Laws 1983, Chapter 324, Section 4)

Interest, at the average short term rate of the fund, is to be charged or credited on transfers for mortality adjustments made after December 31 for the preceding fiscal year. (Laws 1983, Chapter 324, Section 6)

RETIREMENT SYSTEMS, GENERALLY

Employer contributions to public retirement plans were reduced by 4 percent for the first six months of 1983 and employee contributions were increased by 2 percent for the entire year of 1983. (Laws 1982, Third Special Session, Chapter 1, Article II, Section 2)

Employee contributions to public retirement plans were "picked up" by the employer effective January 1, 1983 by reducing the salary of the employee. Consequently, these contributions are tax sheltered for Federal income tax purposes but not for State income tax purposes. The total salary, including the picked up portion, is used for determining benefit payments. (Laws 1982, Third Special Session, Chapter 1, Article II, Section 10)

No retirement or disability benefit can exceed the lesser of the employees final salary or that amount permitted by section 415 of the Internal Revenue Service code with respect to a qualified plan under section 401 (a) of the code. In addition, covered members of a retirement plan are to receive a prorata share of the assets of the plan upon plan termination. The law further provides that all moneys of a plan are specifically for the exclusive benefit of the employees and their beneficiaries. These provisions were required to obtain "qualified status" by the IRS. (Laws 1983, Chapter 286, Sections 16 and 23)

The proration of benefits under the combined service annuity provision for persons with duplicate service credit was clarified and a provision was added to provide qualification for a disability benefit under combined service provisions if an employee transfers from one plan to another within a 30 day period. Consequently, the transfer is not considered a termination of employment. (Laws 1983, Chapter 286, Sections 14 and 15)

The extra two percent employee contribution required by Laws 1982, Third Special Session was eliminated effective with the last full payperiod before July 1, 1983. In addition, the two percent extra contribution is to be refunded, along with interest, upon retirement. The retirement fund is reimbursed by the State General Fund for the amount of the refund. (Laws 1983, Chapter 301, Sections 224-226)

Employees who took a voluntary unpaid leave of absence as authorized by Laws 1982, Third Special Session, Chapter 1, Article II, Section 8 are allowed until June 30, 1984 to purchase up to 160 hours of that service credit by paying the employee and employer contributions which were in effect at the time of the leave. Payment is based on the salary upon return to service. (Laws 1983, Chapter 286, Section 24)

STATE EMPLOYEES RETIREMENT FUND

Service credit for a part-time employee employed less than 80% of full time is to be prorated based upon the relationship of the salary earned to a full time salary. (Laws 1983, Chapter 128, Section 1)

An application for a disability benefit must be accompanied by medical evidence supporting the claim of disability. Prior to this change, the executive director had to have the employee examined by at least two physicians, the cost of which was borne by the retirement fund. This requirement was reduced to one additional examination. Also, annual follow-up examinations are now optional at the discretion of the executive director, rather than mandatory, thus eliminating the need for follow-up examinations for obviously and severely disabled employees. (Laws 1983, Chapter 128, Sections 6 and 7)

The dollar amount of an employees account that can be refunded to the next of kin or an estate in the absence of probate, or to natural guardians, in the absence of guardianship was raised from \$500 to \$1,500. (Laws 1983, Chapter 128, Sections 9-11)

The provision prohibiting the attachment of retirement moneys was changed to include actions for dissolution, legal separation or child support. (Laws 1983, Chapter 128, Section 12)

An eleventh member was added to the MSRS Board of Directors. The member has to be covered by the Correctional Employees Plan and is elected by the membership of that plan. (Laws 1983, Chapter 63)

A Transportation Department Pilots Plan was established for those pilots who are prohibited from performing the duties of a pilot by regulation after attaining the age of 62. The plan provides for full unreduced benefits at age 62 and requires additional employee and employer contributions of 1.6 percent. (Laws 1983, Chapter 293, Section 98)

Lump sum payments were provided for annuitants in an amount equal to \$16 during 1983 and \$17 during 1984 for each full year of credited service. The payments are to be made in December of 1983 and 1984. To be eligible, the annuitant must be receiving a benefit computed under the laws in effect prior to July 1, 1973. MTC/TOD annuitants whose benefits were computed under their prior plan document before December 31, 1977, are also included. These payments are funded by a State General Fund appropriation. (Laws 1983, Chapter 246)

STATE PATROL FUND

The definition of allowable service was changed to include periods of time state troopers receive temporary workers compensation. The definition of dependent child was also changed to include any child of the member conceived during the lifetime of the member and born after the members death. (Laws 1983, Chapter 128, Sections 17, 19)

The provision prohibiting the attachment of retirement moneys was changed to include actions for dissolution, legal separation or child support. (Laws 1983, Chapter 128, Section 24)

Applications are now required by statute for annuity, disability, refund and survivor benefits. In addition, a disability application must be accompanied by medical evidence to support the claim of disability. There were also established time frames in which the applications may be submitted and restrictions on retroactivity of benefits. (Laws 1983, Chapter 128, Sections 25, 26, 28, 29)

The average salary was changed back to the five high years from the five highest successive years. (Laws 1983, Chapter 49)

Lump sum payments were provided for annuitants in an amount equal to \$16 during 1983 and \$17 during 1984 for each full year of credited service. The payments are to be made in December of 1983 and 1984. To be eligible, the annuitant must be receiving a benefit computed under the laws in effect prior to June 1, 1973. These payments are funded by a State General Fund appropriation. (Laws 1983, Chapter 246)

JUDGES FUND

The period for which full salary is payable to a disabled judge was clarified to read "for a period of up to two full years, but in no event beyond the judges mandatory retirement date." (Laws 1983, Chapter 286, Section 22)

LEGISLATORS PLAN

A refund of contributions from the plan now provides for interest on those refunds at the rate of 3½ percent per annum compounded annually after the third year of service. (Laws 1983, Chapter 286, Section 1)

ELECTED OFFICERS PLAN

A refund of contributions from the plan now provides for interest on those refunds at the rate of 3½ percent per annum compounded annually after the third year of service. In addition, a former elected officer, who has taken a refund and is subsequently re-elected, may now purchase the refunded service by paying the amount refunded plus interest at six percent per annum compounded annually. (Laws 1983, Chapter 286, Section 5)

UNCLASSIFIED EMPLOYEES PLAN

When an eligible unclassified employee transfers from the unclassified plan to the general plan, the contributions paid to the unclassified plan in excess of that required by the general plan are to be refunded to the employee. In addition, the date for the annual election to change the investment option was changed from prior to July 1 to prior to December 31 of each year. (Laws 1983, Chapter 128, Sections 33 and 34)

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
 State 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, 1983 were as follows:

Transferred from the MPRIF to MSRS for mortality gains		Transferred from MSRS to the MPRIF for mortality losses	
<u>State Patrol</u>	<u>Judges</u>	<u>State Employees</u>	<u>Legislators</u>
\$95,598	\$324,263	\$301,703	\$51,630

MPRI FUND ASSETS

The book value of the assets of the MPRI Fund increased from \$1.35 billion at June 30, 1982 to \$1.62 billion at June 30, 1983.

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. Effective June 14, 1983, the restriction is 75% at market or book value, whichever is less.

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

	At Market Value			At Book Value	
	1983	1982	1981	1980	1979
Equities	39.11%	32.75%	37.52%	38.56%	43.44%
Fixed Income Securities	52.46%	59.34%	38.66%	46.44%	46.25%
Convertible Securities	.00%	.00%	.00%	.10%	.12%
U.S. Govt. Short Term Securities	7.74%	5.31%	18.23%	6.98%	3.90%
Commerical Paper	.69%	2.60%	5.59%	7.92%	6.29%
Total Portfolio (%)	100.00%	100.00%	100.00%	100.00%	100.00%
Total Portfolio (Millions \$)	\$1,743	\$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 1983 was \$178,345,134. Of the total income, \$1,890,334 was added to the FY 1982 deferred income of \$75,613,364 to provide the January 1, 1983 increase in benefits. The required earnings of 5% on the required reserves amounted to \$69,669,948 leaving a balance of excess investment income in the amount of \$104,470,183. Of the excess, \$5,223,509 was used to reduce the deficiency of the fund and the remaining \$99,246,674 increased by 2½% from FY 1984 income will be used to provide a permanent increase in benefits for those eligible, effective January 1, 1984.

The deficiency of the fund increased from \$22,084,889 to \$34,001,271. The increase is the result of the 5% of excess income, (\$5,223,509), and the increase in the Deferred Yield Adjustment Account of \$17,139,891.

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

	State Employees	State Patrol	Judges	Legislators
Fiscal 1983 Income				
Distributed To:				
Required Reserves	\$14,497,737	\$1,441,416	\$302,811	\$212,053
Deficiency	1,218,070	120,141	7,104	14,939
January 1983 Increase	389,570	34,184	7,812	5,926
Undistributed	20,694,916	1,885,687	372,175	297,740
Total	\$36,800,293	\$3,481,428	\$689,902	\$530,658

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, 1982 will receive a 7.499% increase in benefits beginning January 1, 1984. The MPRI Fund provided a 6.853% increase on January 1, 1983 for those participants whose benefit began to accrue prior to July 1, 1981.

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, 1983 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>State Patrol</u>	<u>Judges</u>	<u>Legislators</u>
Reserve Requirement	\$313,583,605	\$31,322,399	\$6,468,276	\$4,927,449
MPRIF Participation	305,654,887	30,540,476	6,422,031	4,830,322
Deficiency	\$ 7,928,718	\$ 781,923	\$ 46,245	\$ 97,127

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 1983, their contributions amounted to \$376,858 leaving a net balance of accumulated contributions of \$2,009,961. Their contributions are deposited and credited to the State General Fund.

During FY 1983, the state contributed \$1,099,353 to the plan. Eighteen legislators took refunds of their accumulated contributions amounting to \$99,324. Surviving spouse and children benefits totaled \$78,840 while administrative costs amounted to \$27,020. The present value of benefits which was transferred to the MPRIF for the legislators that retired during the year amounted to \$803,149 of which \$88,453 represented legislators contributions. The remaining \$90,377 was transferred to the MPRI Fund for the FY 1982 mortality loss.

There was \$521,886 paid in benefits to retired legislators from the MPRI Fund during FY 1983. Four retired legislators died and there were 12 new retirees during the year, leaving 101 retired legislators at June 30, 1983 receiving an average monthly benefit of \$474. There were 25 spouses and 14 children receiving an average monthly benefit of \$200 and \$100 respectively, at June 30, 1983. There are 111 former legislators eligible for a deferred benefit averaging \$613 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 1983, the elected officers contributed \$27,175 and took two refunds for \$43,648, leaving a net accumulated contributions of \$170,361 at June 30, 1983. Benefits paid to the retired elected officers totaled \$69,918 during FY 1983 while survivor benefits totaled \$18,827 and administrative expenses were \$1,429.

There were six retired elected officers at June 30, 1983 receiving an average monthly benefit of \$1,003. There were three spouses receiving benefits at June 30, 1983 for an average monthly benefit of \$540. There are five former elected officers eligible for a deferred benefit averaging \$600 per month.

MINNESOTA STATE RETIREMENT SYSTEM

SECTION II

FINANCIAL SECTION



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

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, 1983 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 \$1,167,124,433 for the State Employees Retirement Fund, \$132,174,955 for the Highway Patrol Retirement Fund, and \$40,556,310 for the Judges Retirement Fund at June 30, 1983, are presented in accordance with reports certified by the consulting actuary of the system.

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, 1983, 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, the aforementioned financial statements are in compliance with the reporting requirements of Minnesota Statute Section 356.20.

The Schedules of Operating Expenses and Changes in Investments for the year ended June 30, 1983 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,

A handwritten signature in blue ink, appearing to read "James R. Nobles".

James R. Nobles
Legislative Auditor

A handwritten signature in blue ink, appearing to read "John Asmussen".

John Asmussen, CPA
Deputy Legislative Auditor

November 4, 1983

COMBINING BALANCE SHEET **JUNE 30, 1983**

ASSETS	Total	Defined Benefit Plans			Defined Contribution Plans	
		State Employees	State Patrol	Judges	Unclassified	Deferred Compensation
Cash	\$ 50,935	\$ 28,599	\$ 12,333	\$ 290	\$ 5,741	\$ 3,972
Short term investments (at cost) ³	38,199,988	31,534,988	5,790,000	550,000		325,000
Accounts receivable						
a) Accrued employee contributions	1,954,266	1,787,196	99,250	7,203	60,617	
b) Accrued employer contributions	1,115,022	905,536	176,679		32,807	
c) Employee buybacks	113,949	113,949				
d) Security sales	1,266,519	1,170,620	90,050	5,849		
e) Other	27,403	14,977				12,426
Due from other plans	302,584	122,035			180,549	
Due from other funds	1,183,646		95,746	1,087,900		
Accrued interest on investments	5,734,287	5,375,811	338,261	20,180		35
Dividends receivable	1,126,866	1,045,540	74,586	6,740		
Debt securities (at amortized cost) ³	215,074,854	200,163,762	14,011,969	899,123		
Equities (at cost) ³	248,008,875	228,897,810	17,895,079	1,215,986		
Pooled investments (at cost)	117,370,433	108,536,064	8,273,554	560,815		
Equipment at depreciated cost ⁴	75,684	75,684				
Deferred Yield Adjustment Account	12,985,661	11,896,960	824,745	263,956		
Equity in investment funds	434,731,780	313,583,605	31,322,399	6,468,276	21,605,754	61,751,746
Total Assets	\$1,079,322,752	\$ 905,253,136	\$ 79,004,651	\$11,086,318	\$21,885,468	\$62,093,179

LIABILITIES AND RESERVES

<i>Liabilities</i>						
Accounts Payable						
a) Annuityants	\$ 4,206	\$ 4,206	\$	\$	\$ 6,278	\$ 22,421
b) Accrued expenses	222,162	193,463				
c) Security purchases	2,247,083	2,047,738	188,411	10,934		
Due to Unclassified Retirement Plan	180,549	180,549				
Due to MPRI Fund	320,787	320,787				
Due to SER Fund	67,776		41,468	26,308		
Total Liabilities	\$ 3,042,563	\$ 2,746,743	\$ 229,879	\$ 37,242	\$ 6,278	\$ 22,421
<i>Reserves</i>						
Minnesota Post Retirement Investment Fund reserve ⁵	\$ 351,374,280	\$ 313,583,605	\$ 31,322,399	\$ 6,468,276	\$	\$
Survivor benefit reserve	333,944	211,232	122,712			
Disability reserve	547,131		547,131			
"Old law" Judges reserve	1,388,227			1,388,227		
Add'l Judges & Survivors reserve	9,116,839			9,116,839		
Employee reserve ⁶	291,687,226	192,707,448	12,172,335	2,857,495	21,879,190	62,070,758
State reserve	769,357,999	660,622,148	88,010,378	20,725,473		
Total Required Reserves⁷	\$1,423,805,646	\$1,167,124,433	\$132,174,955	\$40,556,310	\$21,879,190	\$62,070,758
Unfunded accrued liability ⁷	(347,525,457)	(264,618,040)	(53,400,183)	(29,507,234)		
Net Reserves	\$1,076,280,189	\$ 902,506,393	\$ 78,774,772	\$11,049,076	\$21,879,190	\$62,070,758
Total Liabilities and Reserves	\$1,079,322,752	\$ 905,253,136	\$ 79,004,651	\$11,086,318	\$21,885,468	\$62,093,179

The footnotes are an integral part of the financial statements.

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES
YEAR ENDED JUNE 30, 1983**

	Total	Defined Benefit Plans			Defined Contribution Plans	
		State Employees	State Patrol	Judges	Unclassified	Deferred Compensation
Operating Revenues						
Employee contributions	\$ 39,794,677	\$ 37,306,271	\$ 1,960,988	\$ 527,418	\$	\$
Employer contributions	19,280,289	14,689,327	2,054,225	2,536,737		
Employer add'l contributions	16,302,438	14,447,691	1,854,747			
General Fund appropriations	1,606,201	1,540,717	65,484			
Investment income ⁸	47,809,125	40,641,192	3,222,500	245,886	333,706	3,365,841
MPRI Fund income	33,936,219	30,470,119	2,842,961	623,139		
Realized and unrealized gain on investments	33,988,343	19,989,022	1,519,351	106,622	5,158,078	7,215,270
Other	761,330	411,325	4,988	87,544	50,252	207,221
Total Operating Revenues	\$ 193,478,622	\$159,495,664	\$13,525,244	\$ 4,127,346	\$ 5,542,036	\$10,788,332
Operating Expenses						
Benefits						
Service	\$ 35,624,148	\$ 31,614,252	\$ 2,654,275	\$ 1,355,621	\$	\$
Disability	1,837,416	1,783,501	37,068	16,847		
Spouse	524,715	22,078	106,289	396,348		
Surviving children	28,769		28,769			
Refunds						
Left service	5,295,224	5,239,946	35,184	20,094		
Employee death	437,171	424,164	13,007			
Annuitant death	44,619	44,619				
Erroneous deductions	46,263	45,366	486	411		
Interest on refunds	295,947	293,761		2,186		
Administrative expenses ⁹	1,285,324	932,521	41,468	26,008	50,252	235,075
Investment fees	245,884	227,376	17,333	1,175		
Other	230,959				230,959	
Total Operating Expenses	\$ 45,896,439	\$ 40,627,584	\$ 2,933,879	\$ 1,818,690	\$ 281,211	\$ 235,075
Other Changes in Reserves						
Prior period accounting change	\$ (11,293)	\$ (11,293)	\$	\$	\$	\$
Shares purchased:						
Employee contributions	10,431,424				1,369,635	9,061,789
Employer contributions	1,095,102				1,095,102	
Shares withdrawn:						
Refunds	(4,909,975)				(1,808,042)	(3,101,933)
Total Other Changes	\$ 6,605,258	\$ (11,293)	\$ 0	\$ 0	\$ 656,695	\$ 5,959,856
Net Reserve Balance Additions	\$ 154,187,441	\$118,856,787	\$10,591,365	\$ 2,308,656	\$ 5,917,520	\$16,513,113
Unrealized gain on equities	12,248,288	11,072,881	1,175,407			
Reserve Balance at June 30, 1982	909,844,460	772,576,725	67,008,000	8,740,420	15,961,670	45,557,645
Reserve Balance at June 30, 1983	\$1,076,280,189	\$902,506,393	\$78,774,772	\$11,049,076	\$21,879,190	\$62,070,758

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, 1983

	<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	\$ 37,306,271	\$ 37,306,271	\$	\$	\$	\$
Employer contributions	14,689,327				14,689,327	
Employer add'l contributions	14,447,691				14,447,691	
General Fund appropriation	1,540,717				1,540,717	
Investment income ⁸	40,641,192				40,641,192	
MPRI Fund income	30,470,119			30,470,119		
Gain on sale of stock	19,989,022				19,989,022	
Interest on buybacks	161,233				161,233	
Other	250,092	59,910		13,773	176,409	
Total Operating Revenues	<u>\$159,495,664</u>	<u>\$ 37,366,181</u>	<u>\$ 0</u>	<u>\$ 30,483,892</u>	<u>\$ 91,645,591</u>	<u>\$ 0</u>
Operating Expenses						
Benefits						
Service	\$ 31,614,252	\$	\$	\$ 30,073,517	\$ 1,540,735	\$
Disability	1,783,501			1,783,501		
Spouse	22,078		22,078			
Refunds						
Left service	5,239,946	5,239,946				
Employee death	424,164	424,164				
Annuitant death	44,619			44,619		
Erroneous deductions	45,366	45,366				
Interest on refunds	293,761				293,761	
Administrative expenses ⁹	932,521				932,521	
Investment fees	227,376				227,376	
Total Operating Expenses	<u>\$ 40,627,584</u>	<u>\$ 5,709,476</u>	<u>\$ 22,078</u>	<u>\$ 31,901,637</u>	<u>\$ 2,994,393</u>	<u>\$ 0</u>
Other Changes in Reserves						
Prior period accounting changes	\$ (11,293)	\$	\$	\$ (11,293)	\$	\$
Transfer inactive employee contributions to the fund	0	(4,985)			4,985	
Adjust reserves to actuarial requirement	0		39,612		(39,612)	
Actuarial value of benefits authorized	0	(4,744,693)		32,720,087	(27,975,394)	
Adjust for mortality (gain) or loss	0			301,703	(301,703)	
Total Other Changes	<u>\$ (11,293)</u>	<u>\$ (4,749,678)</u>	<u>\$ 39,612</u>	<u>\$ 33,010,497</u>	<u>\$(28,311,724)</u>	<u>\$ 0</u>
Net Reserve Balance Additions	\$118,856,787	\$ 26,907,027	\$ 17,534	\$ 31,592,752	\$ 60,339,474	\$ 0
Unrealized gain on equities	11,072,881					11,072,881
Increase in Actuarial Liability					9,360,293	(9,360,293)
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>
Reserve Balance at June 30, 1983	<u>\$902,506,393</u>	<u>\$192,707,448</u>	<u>\$ 211,232</u>	<u>\$313,583,605</u>	<u>\$660,622,148</u>	<u>\$(264,618,040)</u>

The footnotes are an integral part of the financial statements.

STATE PATROL RETIREMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES
YEAR ENDED JUNE 30, 1983

	<u>Total</u>	<u>Reserve for Employee Contributions</u>	<u>Reserve for Disabilitants and Children</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	\$ 1,960,988	\$ 1,960,988	\$	\$	\$	\$
Employer contributions	2,054,225				2,054,225	
Employer add'l contributions	1,854,747				1,854,747	
General Fund appropriation	65,484				65,484	
Investment income ⁸	3,222,500				3,222,500	
MPRI Fund income	2,842,961			2,842,961		
Gain on sale of stock	1,519,351				1,519,351	
Other	4,988			4,988		
Total Operating Revenues	<u>\$13,525,244</u>	<u>\$ 1,960,988</u>	<u>\$ 0</u>	<u>\$ 2,847,949</u>	<u>\$ 8,716,307</u>	<u>\$ 0</u>
Operating Expenses						
Benefits						
Service	\$ 2,654,275	\$	\$	\$ 2,553,927	\$ 100,348	\$
Disability	37,068		37,068			
Spouse	106,289			106,289		
Surviving children	28,769		28,769			
Refunds						
Left service	35,184	35,184				
Employee death	13,007	13,007				
Erroneous deduction	486	486				
Administrative expenses	41,468				41,468	
Investment fees	17,333				17,333	
Total Operating Expenses	<u>\$ 2,933,879</u>	<u>\$ 48,677</u>	<u>\$ 65,837</u>	<u>\$ 2,660,216</u>	<u>\$ 159,149</u>	<u>\$ 0</u>
Other Changes in Reserves						
Adjust reserves to actuarial requirement	\$ 0	\$	\$ 21,070	\$	\$ (21,070)	\$
Actuarial value of benefits authorized	0	(694,490)		6,440,928	(5,746,438)	
Adjust for mortality (gain) or loss				(95,598)	95,598	
Total Other Changes	<u>\$ 0</u>	<u>\$ (694,490)</u>	<u>\$ 21,070</u>	<u>\$ 6,345,330</u>	<u>\$(5,671,910)</u>	<u>\$ 0</u>
Net Reserve Balance Additions	\$10,591,365	\$ 1,217,821	\$ (44,767)	\$ 6,533,063	\$ 2,885,248	\$ 0
Unrealized gain on equities	1,175,407					1,175,407
Increase in Actuarial Liability	0				10,127,897	(10,127,897)
Reserve Balance at June 30, 1982	67,008,000	10,954,514	714,610	24,789,336	74,997,233	(44,447,693)
Reserve Balance at June 30, 1983	<u>\$78,774,772</u>	<u>\$12,172,335</u>	<u>\$ 669,843</u>	<u>\$31,322,399</u>	<u>\$88,010,378</u>	<u>\$(53,400,183)</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, 1983

	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	\$ 527,418	\$ 513,687	\$ 13,731	\$	\$	\$	\$
Employer contributions	2,536,737					2,536,737	
Investment income ⁸	245,886					245,886	
MPRI Fund income	623,139				623,139		
Gain on sale of stock	106,622					106,622	
Other	87,544					87,544	
Total Operating Revenues	<u>\$ 4,127,346</u>	<u>\$ 513,687</u>	<u>\$ 13,731</u>	<u>\$ 0</u>	<u>\$ 623,139</u>	<u>\$2,976,789</u>	<u>\$</u>
Operating Expenses							
Benefits							
Service	\$ 1,355,621	\$	\$ 540,200	\$ 149,774	\$ 665,647	\$	\$
Disability	16,847				16,847		
Spouse	396,348		396,348				
Refunds							
Left service	20,094	20,094					
Erroneous deductions	411	411					
Interest on refunds	2,186					2,186	
Administrative expenses	26,008					26,008	
Investment fees	1,175					1,175	
Total Operating Expenses	<u>\$ 1,818,690</u>	<u>\$ 20,505</u>	<u>\$ 936,548</u>	<u>\$ 149,774</u>	<u>\$ 682,494</u>	<u>\$ 29,369</u>	<u>\$</u>
Other Changes in Reserves							
Adjust reserves to actuarial requirement	\$ 0	\$	\$1,092,489	\$ 197,216	\$	\$(1,289,705)	\$
Actuarial value of benefits authorized	0	(170,873)	1,006,357		1,316,396	(2,151,880)	
Adjust for mortality (gain) or loss					(324,263)	324,263	
Total Other Changes	<u>\$ 0</u>	<u>\$ (170,873)</u>	<u>\$2,098,846</u>	<u>\$ 197,216</u>	<u>\$ 992,133</u>	<u>\$(3,117,322)</u>	<u>\$ 0</u>
Net Reserve Balance Additions	<u>\$ 2,308,656</u>	<u>\$ 322,309</u>	<u>\$1,176,029</u>	<u>\$ 47,442</u>	<u>\$ 932,778</u>	<u>\$ (169,902)</u>	<u>\$ 0</u>
Increase in Actuarial Liability						3,030,508	(3,030,508)
Reserve Balance at June 30, 1982	<u>8,740,420</u>	<u>2,535,186</u>	<u>7,940,810</u>	<u>1,340,785</u>	<u>5,535,498</u>	<u>17,864,867</u>	<u>(26,476,726)</u>
Reserve Balance at June 30, 1983	<u><u>\$11,049,076</u></u>	<u><u>\$2,857,495</u></u>	<u><u>\$9,116,839</u></u>	<u><u>\$1,388,227</u></u>	<u><u>\$6,468,276</u></u>	<u><u>\$20,725,473</u></u>	<u><u>\$(29,507,234)</u></u>

The footnotes are an integral part of the financial statements.

**COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1983**

	<u>Total</u>	<u>Defined Benefit Plans</u>			<u>Defined Contribution Plans</u>	
		<u>State Employees</u>	<u>State Patrol</u>	<u>Judges</u>	<u>Unclassified</u>	<u>Deferred Compensation</u>
Resources Provided by:						
Net reserve balance additions	\$154,187,441	\$118,856,787	\$10,591,365	\$2,308,656	\$ 5,917,520	\$16,513,113
Items not requiring resources currently:						
Deferred yield amortization	1,449,646	1,321,174	109,987	18,485		
Unrealized gain on equities	12,248,288	11,072,881	1,175,407			
Depreciation	16,094	16,094				
Total resources provided	<u>\$167,901,469</u>	<u>\$131,266,936</u>	<u>\$11,876,759</u>	<u>\$2,327,141</u>	<u>\$ 5,917,520</u>	<u>\$16,513,113</u>
Resources Used by:						
Current acquisition of equipment	\$ 73,701	\$ 73,701	\$	\$	\$	\$
Capitalized bond losses	10,498,774	9,504,514	791,794	202,466		
Total resources used	<u>\$ 10,572,475</u>	<u>\$ 9,578,215</u>	<u>\$ 791,794</u>	<u>\$ 202,466</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Increase in Working Capital	<u>\$157,328,994</u>	<u>\$121,688,721</u>	<u>\$11,084,965</u>	<u>\$2,124,675</u>	<u>\$ 5,917,520</u>	<u>\$16,513,113</u>
Elements of Net Increase (Decrease) in Working Capital						
Current Assets						
Cash	\$ 5,361	\$ (2,823)	\$ 7,493	\$ (1,614)	\$ 1,376	\$ 929
Contributions receivable	(551,004)	(604,841)	61,498	3,924	(11,585)	
Accrued interest and dividends	(1,229,200)	(939,902)	(265,819)	(23,486)		7
Due from other funds	613,578	(503,548)	95,746	1,021,380		
Security Sales	1,266,519	1,170,620	90,050	5,849		
Other receivables	12,011	25,438			(23,582)	10,155
Investments						
Short term	(6,750,862)	(7,980,862)	1,011,000	193,000		26,000
Debt securities	(41,253,986)	(33,985,252)	(6,177,104)	(1,091,630)		
Equities	133,116,742	122,918,210	9,177,540	1,020,992		
Participation in Investment Funds	61,505,544	31,592,752	6,533,063	932,778	5,950,810	16,496,141
Total Current Assets Change	<u>\$146,734,703</u>	<u>\$111,689,792</u>	<u>\$10,533,467</u>	<u>\$2,061,193</u>	<u>\$ 5,917,019</u>	<u>\$16,533,232</u>
Current Liabilities						
Accrued expenses	\$ 103,313	\$ 83,205	\$ 638	\$ (148)	\$ (501)	\$ 20,119
Accounts payable	2,135,337	2,010,260	188,411	(63,334)		
Due to MPRIF	(12,832,941)	(12,092,394)	(740,547)			
Total current liability changes	<u>\$(10,594,291)</u>	<u>\$ (9,998,929)</u>	<u>\$ (551,498)</u>	<u>\$ (63,482)</u>	<u>\$ (501)</u>	<u>\$ 20,119</u>
Working Capital Change	<u>\$157,328,994</u>	<u>\$121,688,721</u>	<u>\$11,084,965</u>	<u>\$2,124,675</u>	<u>\$ 5,917,520</u>	<u>\$16,513,113</u>

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 in this report include the following:

Defined Benefit PlansStatutory 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 benefits, 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

—Employee, employer, employer additional for unfunded liability, plus Social Security.

	<u>Employee</u>	<u>Employer</u>	<u>Employer Additional</u>
July 1—December 27, 1982	3.46%	3.46%	1.58%
December 28, 1982—January 16, 1983	5.46%	0%	1.04%
January 17—June 28, 1983	5.73%	0%	1.6%
June 29, 1983	3.73%	3.73%	1.87%

NOTES TO FINANCIAL STATEMENTS

(Continued)

Correctional Officers Plan

- (a) Coverage
 - State employees who have direct contact with inmates at Minnesota Correctional Facilities.
- (b) 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.
- (c) Retirement Age and Years of Service
 - Age 55 with 10 years service.
- (d) 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.
- (e) Refunds
 - Same as General Plan.
- (f) Annuity and Disability Options
 - Same as General Plan.
- (g) Contributions
 - Employee, employer, employer additional for unfunded liability, plus Social Security.

	<u>Employee</u>	<u>Employer</u>	<u>Employer Additional</u>
July 1—December 27, 1982	4.5%	6.75%	1.32%
December 28, 1982—January 16, 1983	6.5%	2.75%	1.32%
January 17—June 28, 1983	6.89%	3.335%	4.08%
June 29, 1983	4.89%	7.335%	4.08%

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.

NOTES TO FINANCIAL STATEMENTS

(Continued)

(g) Refunds

—Same as General Plan.

(h) Annuity and Disability Options

—Same as General Plan.

(i) Contributions

—Employee, employer, employer additional for unfunded liability plus Social Security.

	<u>Employee</u>	<u>Employer</u>	<u>Employer Additional</u>
July 1—December 27, 1982	5.06%	5.06%	1.58%
December 28, 1982—January 16, 1983	7.06%	1.06%	1.58%
January 17—June 28, 1983	7.33%	1.33%	1.87%
June 29, 1983	5.33%	5.33%	1.87%

State Patrol Retirement Plan

M.S. 352B

(a) Coverage

—State of Minnesota Highway Patrolmen, conservation officers and crime bureau officers.

(b) Benefits

—Annuity or disability benefit, survivor benefit 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.

NOTES TO FINANCIAL STATEMENTS

(Continued)

(i) Contributions

—Employee, employer, employer additional for unfunded liability. No Social Security coverage.

	<u>Employee</u>	<u>Employer</u>	<u>Employer Additional</u>
July 1—December 27, 1982	8.5%	12%	9%
December 28, 1982—June 28, 1983	10.5%	8%	9%
June 29, 1983	8.5%	12%	9%

Judges Retirement Plan

(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.
- If covered by Social Security, benefit is reduced by 75% of primary benefit amount payable from Social Security.

(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. If covered by Social Security, benefit is reduced by 75% of primary amount payable from Social Security.

(f) Death Benefits

- Spouse eligible for 60% of normal annuity subject to a minimum of 25% of final average salary. If judge covered by Social Security, judges survivor payment reduced by 75% of judges primary benefit amount from Social Security.

(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.
- 10 year certain and life thereafter.
- 15 year certain and life thereafter.

(i) Contributions

- Social Security rate plus ½% (December 28, 1982—June 28, 1983 2½%) employee.
- Balance necessary from employer.
- Social Security maximum paid first, then balance of contributions to the fund. ½% contribution paid entirely to the fund.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Defined Contribution Plans

Statutory Reference

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

—Employee and employer credited to employees account, plus Social Security.

	<u>Employee</u>	<u>Employer</u>
July 1—December 27, 1982	4%	6%
December 28, 1982—June 28, 1983	6%	2%
June 29, 1983	4%	6%

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(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 33⅓% 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.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(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 3½% 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	State Patrol Fund	Judges Fund
3. At Cost	Total			
Short Terms	\$ 37,874,988	\$ 31,534,988	\$ 5,790,000	\$ 550,000
Debt Securities	215,074,854	200,163,762	14,011,969	899,123
Equities	365,379,308	337,433,874	26,168,633	1,776,801
Total	\$618,329,150	\$569,132,624	\$45,970,602	\$3,225,924
At Market				
Short Terms*	\$ 37,874,988	\$ 31,534,988	\$ 5,790,000	\$ 550,000
Debt Securities*	202,018,914	188,509,243	12,715,447	794,224
Equities	433,506,117	400,495,398	30,933,977	2,076,742
Total	\$673,400,019	\$620,539,629	\$49,439,424	\$3,420,966

*Some securities are loaned out to generate additional income of 0.5%. Securities on loan at June 30, totaled \$23,000,000 for the SER Fund and \$1,000,000 for the State 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Cost of Equipment and Fixtures	\$155,982
Less: Accumulated depreciation	<u>80,298</u>
Depreciated Cost	\$ 75,684

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 a portion of the earnings in excess of the 5% required.

	<u>Total</u>	<u>State Employees</u>	<u>State Patrol</u>	<u>Judges</u>
Participation	\$342,617,394	\$305,654,887	\$30,540,476	\$6,422,031
Deficiency	<u>8,756,886</u>	<u>7,928,718</u>	<u>781,923</u>	<u>46,245</u>
Reserves Required	\$351,374,280	\$313,583,605	\$31,322,399	\$6,468,276

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, 1983 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, 1983 were prepared by the Actuary, Touche Ross & Company.

(a) STATE EMPLOYEES RETIREMENT FUND	(1) <u>Present Value of Benefits</u>	(2) <u>Present Value of Applicable Portion of Normal Cost Contribution</u>	(3) <u>Accrued Liability Equals Reserves Required (1)-(2)</u>
A. DETERMINATION OF ACCRUED LIABILITY			
1. Active Members			
a. Retirement benefits	\$1,046,096,000	\$365,445,291	\$ 680,650,709
b. Disability benefits	77,434,774	27,954,252	49,480,522
c. Refundments due to death or withdrawal	130,389,630	124,884,634	5,504,996
d. Surviving spouse benefits	33,677,232	10,012,756	23,664,476
e. Deferred retirement benefits	<u>111,915,472</u>	<u>36,995,236</u>	<u>74,920,236</u>
f. Subtotal	\$1,399,513,108	\$565,292,169	\$ 834,220,939
2. Deferred annuitants	17,563,206		17,563,206
3. Former members without vested rights	1,545,451		1,545,451
4. Survivors	211,232		211,232
5. Participation in MPRI Fund	<u>313,583,605</u>		<u>313,583,605</u>
6. Total	\$1,732,416,602	\$565,292,169	\$1,167,124,433

B. DETERMINATION OF UNFUNDED ACCRUED LIABILITY—CHAPTER 356

1. Accrued Liability	—	—	\$1,167,124,433
2. Valuation assets	—	—	902,506,393
3. Unfunded accrued liability (1-2)	—	—	264,618,040

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

(b) STATE PATROL RETIREMENT FUND	(1)	(2)	(3)
	<u>Present Value of Benefits</u>	<u>Present Value of Applicable Portion of Normal Cost Contribution</u>	<u>Accrued Liability Equals Reserves Required (1)-(2)</u>
A. DETERMINATION OF ACCRUED LIABILITY			
1. Active Members			
a. Retirement benefits	\$124,184,848	\$ 36,630,064	\$ 87,554,784
b. Disability benefits	8,793,363	4,523,831	4,269,532
c. Refundments due to death or withdrawal	294,260	701,772	(407,512)
d. Survivor and children's benefits	3,978,077	2,436,372	1,541,705
e. Vested termination benefits	<u>3,655,865</u>	<u>2,683,786</u>	<u>972,079</u>
f. Total active	\$140,906,413	\$ 46,975,825	\$ 93,930,588
2. Deferred annuitants	2,126,914	—	2,126,914
3. Former members without vested rights	5,680	—	5,680
4. Survivors-children	122,712	—	122,712
5. Disabled members	547,131	—	547,131
6. Participation in MPRI Fund	31,322,399	—	31,322,399
7. 6% increase in retirement benefit fund for pre-73 retirees	<u>4,119,531</u>	<u>—</u>	<u>4,119,531</u>
8. Total	\$179,150,780	\$ 46,975,825	\$132,174,955
B. DETERMINATION OF UNFUNDED ACCRUED LIABILITY—CHAPTER 356			
1. Accrued Liability	—	—	\$132,174,955
2. Valuation assets	—	—	78,774,772
3. Unfunded accrued liability (1-2)	—	—	53,400,183

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

(c) JUDGES 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	\$36,109,905	\$15,888,541	\$20,221,364
b. Disability benefits	2,854,809	1,777,641	1,077,168
c. Refundments due to death or withdrawal	—	—	—
d. Surviving spouse benefits	5,850,859	3,924,351	1,926,508
e. Subtotal	\$44,815,573	\$21,590,533	\$23,225,040
2. Deferred annuitants	357,928	—	357,928
3. Former members without vested rights	—	—	—
4. Retirement and survivor benefits from Judge's Fund	10,505,066	—	10,505,066
5. Participation in MPRI Fund	6,468,276	—	6,468,276
6. Total	\$62,146,843	\$21,590,533	\$40,556,310

B. DETERMINATION OF UNFUNDED ACCRUED LIABILITY—CHAPTER 356

1. Accrued Liability	\$40,556,310
2. Valuation assets	11,049,076
3. Unfunded accrued liability (1-2)	29,507,234

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Investment Income

A. Defined Benefit Plans

From Basic Funds:

	<u>Total</u>	<u>State Employees</u>	<u>State Patrol</u>	<u>Judges</u>
Short Terms	\$ 7,385,041	\$ 6,661,837	\$ 667,796	\$ 55,408
Debt Securities	24,361,510	22,530,037	1,692,248	139,225
Dividends	12,363,027	11,449,318	862,456	51,253
Subtotal	<u>\$44,109,578</u>	<u>\$40,641,192</u>	<u>\$3,222,500</u>	<u>\$245,886</u>

From MPRI Fund:

Total income	\$40,971,623	\$36,800,293	\$3,481,428	\$ 689,902
Deferred from prior year	17,262,689	15,582,812	1,367,361	312,516
Total available	<u>\$58,234,312</u>	<u>\$52,383,105</u>	<u>\$4,848,789</u>	<u>\$1,002,418</u>
Used for Deficiency	1,345,315	1,218,070	120,141	7,104
Deferred to next F.Y.*	22,952,778	20,694,916	1,885,687	372,175
Recognized	<u>\$33,936,219</u>	<u>\$30,470,119</u>	<u>\$2,842,961</u>	<u>\$ 623,139</u>
Total Income	<u><u>\$78,045,797</u></u>	<u><u>\$71,111,311</u></u>	<u><u>\$6,065,461</u></u>	<u><u>\$ 869,025</u></u>

B. Defined Contribution Plans

		<u>Unclassified</u>	<u>Deferred Compensation</u>
Short Terms	\$ 50,671	\$ 0	\$ 50,671
Fixed Return Earnings	3,648,876	333,706	3,315,170
Total Income	<u>\$ 3,699,547</u>	<u>\$333,706</u>	<u>\$3,365,841</u>
Combined Total	<u><u>\$81,745,344</u></u>		

*The deferred income is used to fund a 7.499% benefit increase effective January 1, 1984 for those whose benefit began to accrue prior to July 1, 1982.

9. Leases

The office facilities and seventeen parking spaces are leased under a noncancellable lease agreement through August 31, 1985, requiring an annual rent payment of \$39,852.

**SCHEDULE OF OPERATING EXPENSES
YEAR ENDED JUNE 30, 1983**

Personal Services	
Staff salaries	\$ 802,474
Social Security	50,898
Retirement	26,482
Insurance	48,896
Tuition	<u>235</u>
Total Personal Services	\$ <u>928,985</u>
Professional Services	
Actuarial	\$ 42,000
Data processing	
System development	61,873
System operations	60,416
Audit	13,618
Disability examinations	22,042
Legal counsel	<u>8,544</u>
Total Professional Services	\$ <u>208,493</u>
Communication	
Printing	\$ 28,645
Telephone	7,236
Postage	45,652
Travel	7,603
Subscriptions and memberships	<u>1,295</u>
Total Communication	\$ <u>90,431</u>
Rentals	
Office space	\$ 34,682
Equipment leasing	<u>2,097</u>
Total Rentals	\$ <u>36,779</u>
Miscellaneous	
Utilities	\$ 6,560
Supplies	11,860
Repairs	2,789
Department Head and Board	
Member expense	1,850
Depreciation	16,094
Other purchased services	<u>4,405</u>
Total Miscellaneous	\$ <u>43,558</u>
Total Operating Expenses	\$ <u>1,308,246</u>
Expense attributable to other plans	
State Patrol Fund	\$ 41,468
Judges Retirement Fund	26,308
Legislators Retirement	27,020
Elected Officials	1,429
Deferred Compensation	229,248
Unclassified Employees	<u>50,252</u>
Total distribution to other plans	\$ <u>375,725</u>
Balance attributable to the SER Fund	\$ <u>932,521</u>

**MINNESOTA STATE RETIREMENT SYSTEM
CHANGES IN INVESTMENTS—THREE FUNDS
FISCAL YEAR ENDED JUNE 30, 1983**

EQUITIES (At Cost)	SER FUND	S. PAT. FUND	JUDGES FUND
Balances at June 30, 1982	\$ 225,588,545	\$ 18,166,500	\$ 755,809
Add: Purchases	289,631,128	22,237,221	1,690,544
	\$ 515,219,673	\$ 40,403,721	\$2,446,353
Deduct: Frac. and Stk. Divd. Sold	59	34	42
Stock sold	179,878,804	14,394,608	680,325
Balances at June 30, 1983	\$ 335,340,810	\$ 26,009,039	\$1,765,986
Yield on Current Portfolio	2.6%	2.6%	4.0%
Market Value at June 30, 1983	\$ 401,289,211	\$ 30,994,489	\$ 2,080,843
DEBT SECURITIES (Par Value)			
Balances at June 30, 1982	\$ 255,652,354	\$ 22,604,608	\$ 2,018,929
Add: Purchases	67,501,000	1,900,000	100,000
	\$ 323,153,354	\$ 24,504,608	\$ 2,118,929
Deduct: Maturities and Calls	18,607,897	1,818,949	124,076
Debt Securities Sold	95,119,442	7,697,608	1,092,840
Balances at June 30, 1983**	\$ 209,426,015	\$14,988,051	\$ 902,013
Avg. Yield to Maturity(MKT)	11.35%	11.68%	11.21%
Book Value	\$ 200,163,762	\$ 14,011,969	\$ 899,121
Estimated Market Value	\$ 188,509,243	\$ 12,715,447	\$ 794,224
SHORT TERM INVESTMENTS (At Cost)			
Balances at June 30, 1982	\$ 39,515,850	\$ 4,779,000	\$ 357,000
Add: Purchases	2,219,690,235	309,296,028	19,379,000
	\$2,259,206,085	\$314,075,028	\$19,736,000
Deduct: Redemptions	2,227,671,097	308,285,028	19,186,000
Balances at June 30, 1983	\$ 31,534,988	\$ 5,790,000	\$ 550,000
Current Average Yield	9.6%	9.3%	9.3%
**Distribution of Debt Securities			
Municipals	\$ 213,000	\$ 14,000	\$ 0
U.S. Govt. Agency & Govt. Guar.	96,612,705	3,250,254	236,357
Canadian Govt. & Govt. Guar.	17,955,000	1,523,500	100,000
Corporate Obligations	94,645,310	10,200,297	565,656
	\$ 209,426,015	\$ 14,988,051	\$ 902,013

MINNESOTA STATE RETIREMENT SYSTEM

SECTION III

ACTUARIAL SECTION

March 9, 1984

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, 1983
for the following three funds:

Minnesota State Retirement System,
Judges Retirement Fund

Minnesota State Retirement System,
State Patrol 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 85.2% of the requirements set
forth in Chapter 356 for the State Patrol Retirement Fund and 103%
of the requirements set forth in Chapter 356 for the State
Employee's Retirement Fund.

Board of Directors

March 9, 1984

- 2 -

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 State Patrol 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, 1983 were less than the amount determined as of June 30, 1982 by the method described in the above paragraph.

State Patrol -

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

State Employees -

The contributions made this year has been sufficient to meet the objective.

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 6.853% on January 1, 1983 in accordance with Chapter 11A of the Minnesota Statutes.

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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 the June 30, 1983 valuation. Accordingly, the changes were reflected in this valuation, as follows:

1. State Troopers who retired before 1973 will receive a 6% per year increase beginning July 1, 1982 payable from the State Patrol Retirement Fund. The 6% applies to the benefit being received by the retiree on any June 30, and is in addition to any increase payable from the Post Retirement Investment Fund.
2. The surviving spouse of a State Trooper who terminates with a deferred benefit, but who dies before the benefit commences, will now receive the accumulated contributions paid to the Fund by the deceased Trooper.
3. Survivor benefits are now payable to the spouse and children of a former member of the State Patrol who dies while receiving a non-line of duty disability based on from five to twenty years of service. Formerly, this group was excluded from such benefits, while all other disabilities were included.
4. The formula for a State Trooper's retirement benefit was increased from 2.5% per year for the first twenty years and 2% thereafter, to 2.5% per year for the first 25 years and 2% thereafter. The improved formula applies to retirement benefits and non-line of duty disability benefits, but does not apply to disabilities incurred in the line of duty.
5. The contribution rate for members of the State Patrol Retirement Fund was increased as of July 1, 1982 from 7% of salary to 8.5%. There were no changes in employer contributions.

Benefits paid to some retirees and beneficiaries were increased 6.853% on January 1, 1983 in accordance with Chapter 11A of the Minnesota Statute.

Board of Directors

March 9, 1984

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State Employees -

The one change to Chapter 352 since the June 30, 1982 valuation involves the contribution rates, which were amended as follows:

General Plan

	Rate Beginning <u>7/1/82</u>	Rate Beginning <u>7/1/83</u>
Employee	3.46	3.73
Employer	<u>3.46</u>	<u>3.73</u>
	6.92	7.46
Additional	<u>1.58</u>	<u>1.87</u>
TOTAL	8.50	9.33

Correctional Plan

Employee	4.50	4.89
Employer	<u>6.75</u>	<u>7.335</u>
	11.25	12.225
Additional	<u>1.32</u>	<u>4.08</u>
TOTAL	12.57	16.305

The actuarial assumptions used were unchanged from the June 30, 1982 valuation.

Benefits paid to some retirees and beneficiaries were increased 6.853% on January 1, 1983 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, 1983.

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.

Board of Directors

March 9, 1984

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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.


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.

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.



James M. Magalska, F.S.A.

JMM:llf

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

	State Employees Retirement Fund	State 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 State 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: \$782.00 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: \$35,700 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	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

ANALYSIS OF CHANGE IN THE UNFUNDED ACCRUED LIABILITY
Fiscal Year Ending June 30, 1983

	<u>STATE EMPLOYEES FUND</u>	<u>STATE PATROL FUND</u>	<u>JUDGES FUND</u>
1. Unfunded accrued liability as of June 30, 1982	\$255,257,747	\$43,272,286	\$26,476,726
2. Change due to current rate of funding and interest requirements			
a. 1982-83 past service contribution	(18,300,300)	(2,824,487)	(1,537,489)
b. 5% interest requirement	12,762,887	2,163,614	1,323,836
c. Unpaid additional 2% employee contribution	8,082,836	209,020	N/A
3. Change due to actuarial gains or losses because of experience deviations from expected			
a. Salary increases	36,722,759	5,671,105	2,995,786
b. Investment income	(23,989,746)	(1,405,838)	(60,991)
c. MPRI Fund mortality	(301,703)	(95,598)	(324,263)
d. Withdrawals, death, disability	(2,347,373)	(964,005)	416,197
e. Social Security	N/A	N/A	(127,299)
f. Mortality on other retirees	N/A	N/A	239,915
g. Delayed retirement	N/A	N/A	104,816
4. Unfunded accrued liability as of June 30, 1983 before non-recurring items	\$267,887,107	\$46,026,097	\$29,507,234
5. Increase due to 6% benefit increase for pre-1973 retirees	N/A	4,119,531	N/A
6. Decrease due to increase in contribution rates	(3,269,067)	N/A	N/A
7. Increase due to allowing contribution refunds to surviving spouse of deferred annuitants	N/A	55,023	N/A
8. Increase due to removal of 20 year service requirement for certain disabled death benefits	N/A	124,355	N/A
9. Increase due to retirement benefit change	N/A	3,182,633	N/A
10. Decrease for return of employee contri- butions due to increase in employee contribution rate from 7% to 8.5%	N/A	(107,456)	N/A
11. Unfunded accrued liability as of June 30, 1983	<u>\$264,618,040</u>	<u>\$53,400,183</u>	<u>\$29,507,234</u>

Note: Gains are indicated by parentheses ().

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
6-30-83	660,127,016	313,794,837	973,921,853	902,506,393	92.7

STATE 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
6-30-83	84,049,002	36,111,773	120,160,775	78,774,772	65.6

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	13,422,248	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
6-30-83	27,811,530	16,973,342	44,784,872	11,049,076	24.7

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				Portion of Accrued Liabilities Covered By Reported Assets			Funding Ratio
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Reported Assets			(1) + (2) + (3)
					(1)	(2)	(3)	
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
6-30-83	192,707,448	313,794,837	660,622,148	902,506,393	100	100	59.9	77.3

STATE PATROL RETIREMENT FUND

Aggregate Accrued Liabilities For					Portion of Accrued Liabilities Covered By Reported Assets			Funding Ratio
Valuation Date	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	(1)	(2)	(3)	(1) + (2) + (3)
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
6-30-83	12,172,335	31,992,242	88,010,378	78,774,772	100	100	39.3	59.6

JUDGES RETIREMENT FUND

Aggregate Accrued Liabilities For								
Valuation Date	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered By Reported Assets			Funding Ratio (1) + (2) + (3)
					(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
6-30-83	2,857,495	16,973,342	20,725,473	11,049,076	100	48.3	0	27.2

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
6-30-74	\$ 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
6-30-83	1,167,124,433	902,506,393	264,618,040	893,430,208	29.6

STATE PATROL RETIREMENT FUND

Valuation Date	Aggregate Accrued Liabilities	Reported Assets	UAL	Active Member Payroll	UAL As A % of Active Member Payroll
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
6-30-83	132,174,955	78,774,772	53,400,183	23,066,558	231.5

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
6-30-83	40,556,310	11,049,076	29,507,234	12,685,000	232.6

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	3.73%	3.73%	1.87%	9.33%
Military Affairs Plan	5.33%	5.33%	1.87%	12.53%
Correctional Officers Plan	4.89%	7.335%	4.08%	16.305%
STATE PATROL RETIREMENT FUND	8.5% ¹	12%	9%	29.5%
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.

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>	<u>STATE EMPLOYEES RETIREMENT FUND</u>			<u>STATE PATROL FUND</u>	<u>JUDGES FUND</u>
	<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%
6-30-83	7.14%	¹	10.80%	17.83%	15.25%

¹ Included in the General Employees Plan.

MINNESOTA STATE RETIREMENT SYSTEM

SECTION IV

STATISTICAL SECTION

EARNINGS 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 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.

Earnings	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>
STATE EMPLOYEES RETIREMENT FUND					
Excluding gain on stock sales	7.38%	9.13%	8.58%	7.76%	6.86%
Including gain on stock sales	11.23%	9.91%	12.90%	9.49%	7.10%
STATE PATROL RETIREMENT FUND					
Excluding gain on stock sales	7.02%	9.18%	8.61%	7.95%	7.01%
Including gain on stock sales	10.53%	10.17%	12.70%	9.93%	7.18%
JUDGES RETIREMENT FUND					
Excluding gain on stock sales	7.24%	9.19%	8.67%	8.61%	8.95%
Including gain on stock sales	10.58%	9.77%	11.53%	8.54%	9.12%

ANNUALIZED TIME WEIGHTED TOTAL RATE OF RETURN

The time weighted rate of return measures total return to the fund which includes cash yield as well as realized and unrealized market value changes in assets.

	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>
State Employes Retirement fund	41.3%	1.7%	7.4%	8.5%	10.4%
State Patrol Retirement fund	45.4%	.3%	7.8%	8.0%	9.9%
Judges Retirement Fund	43.1%	5.4%	2.9%	5.6%	9.6%

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>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>
STATE EMPLOYEES RETIREMENT FUND					
Bonds	30.4%	40.6%	40.1%	40.0%	44.2%
Short Term Investments	5.1%	9.2%	18.8%	17.5%	8.2%
Equities	45.4%	50.2%	41.1%	42.5%	47.6%
Outside Managed Pooled Fund	19.1%	0	0	0	0
Total Portfolio (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Total Portfolio (Millions \$)	\$620.5	\$438.5	\$403.3	\$360.5	\$300.0
STATE PATROL RETIREMENT FUND					
Bonds	25.7%	40.6%	38.4%	40.9%	44.8%
Short Term Investments	11.7%	13.1%	15.2%	17.4%	8.1%
Equities	44.3%	46.3%	46.4%	41.7%	47.1%
Outside Managed Pooled Fund	18.3%	0	0	0	0
Total Portfolio (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Total Portfolio (Millions \$)	\$49.4	\$36.7	\$35.8	\$34.1	\$28.7
JUDGES RETIREMENT FUND					
Bonds	23.2%	54.5%	42.1%	55.3%	60.6%
Short Term Investments	16.1%	14.5%	31.1%	14.5%	17.6%
Equities	42.8%	31.0%	26.8%	30.2%	21.8%
Outside Managed Pooled Fund	17.9%	0	0	0	0
Total Portfolio (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Total Portfolio (Millions \$)	\$3.4	\$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>
6-30-74	\$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
6-30-83	37,306,271	29,137,018	91,100,333	1,952,042 ³	159,495,664

STATE 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>
6-30-74	\$ 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
6-30-83	1,960,988	3,908,972	7,584,812	70,472 ³	13,525,244

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	1,834,656
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
6-30-83	527,418	2,624,281	975,647	0	4,127,346

¹ State General Fund appropriation to fund a 4% benefit increase effective 1-1-78² 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			
6-30-74	\$ 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
6-30-83	31,636,330	1,783,501	5,754,095	293,761	932,521	227,376	40,627,584

STATE PATROL RETIREMENT FUND

Year Ending	Aggregate Benefit Payments			Admin. Expense	Miscellaneous	Total
	Annuities	Disabilities	Refunds			
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
6-30-83	2,789,333	37,068	48,677	41,468	17,333	2,933,879

JUDGES RETIREMENT FUND

Year Ending	Aggregate Benefit Payments				Admin. Expense	Miscellaneous	Total
	Annuities	Disabilities	Refunds	Interest			
6-30-74	\$ 12,503	\$ 0	\$ 74	\$ 0	\$ 9,008	\$ 0	\$ 21,585 ³
6-30-75	1,021,258	0	8,350	0	11,972	0	1,041,580
6-30-76	1,076,510	0	7,075	0	11,500	0	1,095,085
6-30-77	996,092	3,239	2,827	0	15,775	0	1,071,933 ⁴
6-30-78	1,019,706	11,727	1,726	0	13,694	0	1,046,853
6-30-79	1,253,320	25,761	4,371	0	15,437	0	1,298,889 ⁵
6-30-80	1,322,073	16,560	6,937	198	11,037	0	1,356,805
6-30-81	1,426,434	16,825	36,622	9,886	34,078	0	1,523,845
6-30-82	1,555,592	17,726	22,336	3,564	26,156	0	1,625,374
6-30-83	1,751,969	16,847	20,505	2,186	26,008	1,175	1,818,690

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, 1983**

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	43,621	6,407	4,390	497	48	1,778	79	(45)	43,191	13,885	29,306	\$4,165
Correctional Plan	1,010	221	71	11	1	7	0	(17)	1,124	248	876	5,269
Mil. Aff. Plan	7	0	1	0	0	0	0	(1)	5	1	4	8,331
Total	44,638	6,628	4,462	508	49	1,785	79	(63)	44,320	14,134	30,186	\$4,193

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	5,758	1,778	1,027	60	105	1,869	665	5,864	983	4,881	\$ 862
Correctional Plan	49	7	5	7	1	14	0	39	12	27	3,036
Mil. Aff. Plan	0	0	0	0	0	0	0	0	0	0	—
Total	5,807	1,785	1,032	67	106	1,883	665	5,903	995	4,908	\$ 876

Averages

ANNUITANTS	Number Beg. of Yr.	Increases		Decreases		Net Transfers	Number End of Yr.	Averages					
		New	Re-instate	Deaths	Rescinded			All Annuitants On June 30			New In Fiscal Year 1983		
								Monthly			Monthly		
								Age	Service	Benefit	Age	Service	Benefit
General Plan	9,526	679	0	408	0	2	9,799	72.9	21.5	\$249	64.5	19.4	\$320
Correctional Plan	283	8	0	6	0	0	285	64.6	19.6	452	55.6	19.7	701
Mil. Aff. Plan	3	0	0	0	0	0	3	63.9	26.4	840	—	—	—
Total	9,812	687	0	414	0	2	10,087	72.5	21.4	\$252	64.4	19.4	\$324

Averages

DISABILITANTS	Number Beg. of Yr.	Increases		Decreases		Net Transfers	Number End of Yr.	Averages					
		New	Re-instate	Deaths	Rescinded			All Disabilitants On June 30			New In Fiscal Year 1983		
								Monthly			Monthly		
								Age	Service	Benefit	Age	Service	Benefit
General Plan	681	50	0	57	0	0	674	59.2	18.1	\$248	57.0	17.2	\$240
Correctional Plan	10	0	0	0	0	0	10	54.4	17.9	309	—	—	—
Mil. Aff. Plan	0	0	0	0	0	0	0	—	—	—	—	—	—
Total	691	50	0	57	0	0	684	59.2	18.1	\$253	57.0	17.2	\$240

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	2,184	3,755	5,939	36.5	33.4	1.8	2.0	1,245	145
Correctional Plan	67	12	79	32.5	34.4	2.6	1.6	23	1
Mil. Aff. Plan	1	0	1	57.2	—	3.3	—	1	0
Total	2,252	3,767	6,019	36.4	33.5	1.8	2.0	1,269	146

STATE 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	
	763	53	8	31	0	2	1	0	774	406	368	\$15,270	
INACTIVE EMPLOYEES	Number	Increases		Decreases			Number At End Of Year			Average			
	Beg. of Yr.	From Active	To Active	To Annuity	To Refunds	Total	Vested	Non-Vested	Contributions				
	37	2	0	4	3	32	22	10	\$7,946				
ANNUITANTS	Number Beg. of Yr.	Increases New Re-instate		Decreases Deaths Rescinded		Net Transfers	Number End of Yr.	Averages					
								All Annuitants On June 30			New In Fiscal Year 1983		
								Age	Service	Monthly Benefit	Age	Service	Monthly Benefit
	313	44	0	15	0	(3)	339	67.6	25.9	\$667	60.6	27.8	\$1,023
DISABILITANTS	Number Beg. of Yr.	Increases New Re-instate		Decreases Deaths Rescinded		Net Transfers	Number End of Yr.	Averages					
								All Disabilitants On June 30			New In Fiscal Year 1983		
								Age	Service	Monthly Benefit	Age	Service	Monthly Benefit
	5	0	0	0	0	0	5	51.0	19.8	\$650	—	—	—
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						
	11	0	11	31.8	—	2.0	—	1					

**SUMMARY DATA
FOR THE
FISCAL YEAR ENDED JUNE 30, 1983**

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	216	22	3	7	0	0	2	0	226	114	112	\$12,494
Supreme Court	4	0	0	1	0	0	0	0	3	3	0	0*
Total	220	22	3	8	0	0	2	0	229	117	112	\$12,494
INACTIVE JUDGES	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			
Judges Plan	5	0	0	0	0	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	8	0	3	0	82	\$1,449.72	\$1,974.80				
Disability	3	0	0	1	0	2	1,062.52	0.00				
Survivors	48	4	0	1	0	51	695.01	971.46				
Total	128	12	0	5	0	135	\$1,158.87	\$1,640.35				
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	3	0	3	49.7	—	5.7	—	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
6/30/83	28.7	27.4	27.9	29.2	28.3	28.7	40.9	36.9	38.8	10.5	6.8	8.5
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
6/30/83	26.5	28.3	26.7	27.7	28.8	27.8	35.4	36.5	35.5	6.7	6.4	6.7
STATE 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
6/30/83	26.4	23.0	26.2	26.1	24.3	26.0	40.7	31.2	40.4	13.8	6.0	13.6
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
6/30/83	41.7	37.8	41.0	41.2	40.4	41.2	53.6	44.4	53.0	11.9	4.1	11.5

EMPLOYEES ELIGIBLE TO AN IMMEDIATE ANNUITY ON JUNE 30, 1983**STATE EMPLOYEES RETIREMENT FUND****General Employees Retirement Plan**

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Full Benefit	219	200	419
Reduced Benefit Due To Early Retirement	980	539	1519
Full Benefit (MTC/TOD Savings Clause)	28	0	28
Reduced Benefit Due To Service Less Than 30 Years (MTC/TOD Savings Clause)	140	11	151
Proportional Benefit (Age Equal To Or Greater Than 65, Service Less Than 10 Years)	58	78	136
Subtotals	<u>1,425</u>	<u>828</u>	<u>2,253</u>
Employees Not Eligible to Immediate Benefit	19,175	21,763	40,983
Totals	<u>20,600</u>	<u>22,591</u>	<u>43,191</u>

Correctional Officers Retirement Plan

Full Benefit	33	8	41
Employees Not Eligible to Immediate Benefit	<u>966</u>	<u>117</u>	<u>1083</u>
Totals	<u>999</u>	<u>125</u>	<u>1124</u>

Military Affairs Retirement Plan

Full Benefit	0	0	0
Employees Not Eligible to Immediate Benefit	<u>5</u>	<u>0</u>	<u>5</u>
Totals	<u>5</u>	<u>0</u>	<u>5</u>

STATE PATROL RETIREMENT FUND

Full Benefit	73	0	73
Employees Not Eligible to Immediate Benefit	<u>677</u>	<u>24</u>	<u>701</u>
Totals	<u>750</u>	<u>24</u>	<u>774</u>

JUDGES RETIREMENT FUND**Judges Plan**

Full Benefit	22	0	22
Judges Not Eligible to Immediate Benefit	<u>191</u>	<u>13</u>	<u>204</u>
Totals	<u>213</u>	<u>13</u>	<u>226</u>

Supreme Court Judges

Full Benefit	3	0	3
Judges Not Eligible to Immediate Benefit	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>3</u>	<u>0</u>	<u>3</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		
6-30-74	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
6-30-83	2,184	3,755	5,939	36.5	33.4	1.8	2.0	1,245	145

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
6-30-83	67	12	79	32.5	34.4	2.6	1.6	23	1

*Interest (3½% Compounded Annually) is paid on deductions taken after the third year of coverage.

STATE 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
6-30-83	12	0	12	31.8	—	2.0	—	1

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
6-30-83	3	0	3	49.7	—	5.7	—	0

**SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT
JUNE 30, 1983**

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	294	2574	1427	644	417	63	23	0	0	0	2281	271	18	4
101- 200	207	3210	1770	1227	48	111	38	1	0	15	2733	423	50	4
201- 300	161	1977	1119	731	1	79	45	1	0	1	1694	271	9	3
301- 400	106	1018	602	332	0	35	49	0	0	0	828	170	11	9
401- 500	86	666	464	146	0	26	28	2	0	0	514	137	2	13
501- 600	58	454	333	77	0	12	31	1	0	0	322	124	1	7
601- 700	32	295	196	65	0	11	22	0	1	0	194	99	0	2
701- 800	29	208	161	29	0	4	14	0	0	0	128	80	0	0
801- 900	14	141	108	17	0	1	14	0	1	0	91	50	0	0
901-1000	8	96	75	9	0	4	7	0	1	0	62	34	0	0
Over 1000	0	133	101	12	0	1	19	0	0	0	75	58	0	0
Totals	995	10772	6356	3289	466	347	290	5	3	16	8922	1717	91	42
Average Benefit (\$)	270	255	277	220	62	248	453	348	841	119	236	353	170	374

***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

STATE PATROL RETIREMENT FUND

Amount of Monthly Benefit	Deferred	Number of Retirees	Type of Retirement*			Option Selected [#]		
			1	2	3	Life	I	II
\$ 1-\$100	2	0	0	0	0	0	0	0
101- 200	0	8	6	0	2	2	4	2
201- 300	1	74	56	0	18	3	53	18
301- 400	3	37	37	0	0	5	32	0
401- 500	1	27	25	1	1	10	16	1
501- 600	3	27	24	2	1	10	16	1
601- 700	3	17	15	1	1	8	8	1
701- 800	2	27	24	1	2	10	15	2
801- 900	2	25	22	1	2	8	15	2
901-1000	5	30	29	1	0	12	18	0
Over 1000	0	72	69	1	2	32	38	2
Totals	22	344	307	8	29	100	215	29
Average Benefit (\$)	738	667	690	740	394	862	612	394

***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 \$141 for each of 15 children surviving 10 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	0
201– 400	0	14	1	0	1	0	0	5	7	0	0	0	0	14	0	0
401– 600	1	12	1	0	4	0	0	0	2	0	5	0	0	12	0	0
601– 800	3	15	7	1	3	0	0	1	0	0	3	2	3	10	0	0
801–1000	1	24	2	0	2	0	0	20	0	0	0	1	1	22	0	0
1001–1200	0	19	10	0	2	0	0	2	1	0	4	1	5	13	0	0
1201–1400	0	9	7	0	0	0	1	0	0	1	0	2	3	3	1	1
1401–1600	0	7	4	0	0	1	0	1	0	1	0	0	1	6	0	0
1601–1800	0	19	7	0	0	11	0	0	0	1	0	1	3	15	0	0
1801–2000	0	4	4	0	0	0	0	0	0	0	0	1	0	2	1	1
Over 2000	0	12	3	0	0	5	0	0	0	4	0	0	1	11	0	0
	5	135	46	1	12	17	1	29	10	7	12	8	17	108	2	2
Average Benefit (\$)	842	1159	1322	708	708	2104	1205	789	407	1842	783	1181	1249	1134	1549	

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							
	Male	Female	Male	Female	Male	Female	Male	Female	Annuity	Disability	Annuity	Disability		
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	
6-30-83	77.7	79.4	67.6	67.8	13.0	13.6	9.7	8.3	417	44	93.5	93.2	5.8	

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*	
	Average Age At Death				Years of Retirement								
	Annuity		Disability		Annuity		Disability		Annuity	Disability			
	Male	Female	Male	Female	Male	Female	Male	Female	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
6-30-83	65.7	—	—	—	7.3	—	—	—	6	0	100	N/A	6.8

STATE 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*	
	Average Age At Death				Years of Retirement								
	Annuity		Disability		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
6-30-83	73.6	80.0	—	—	11.5	12.1	—	—	15	0	86.6	N/A	4.8

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
6-30-83	75.7	71.6	80.3	—	3.8	5.7	6.0	—	4	1

*i.e. In 1974, the average annuitant who died had received annuity payments in excess of his contributions equal to 4.4 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									
	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40+	Totals
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
Period 7/1/82—6/30/83										
Average Monthly Benefit	37.46	100.44	153.14	249.59	335.38	488.57	696.60	804.96	1052.96	320.46
Average Final Salary	1390.00	1302.95	1228.35	1371.51	1352.89	1576.29	1773.13	1788.84	1811.07	1415.66
Average Age At Retirement	64.0	64.2	63.3	63.6	62.4	62.9	62.0	62.9	65.4	63.3
Number Retired	41	57	164	148	85	64	53	41	14	667

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 7/1/78—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

Period 7/1/82—6/30/83

Average Monthly Benefit	0.00	0.00	464.08	602.30	790.19	0.00	971.02	0.00	700.69
Average Final Salary	0.00	0.00	1343.88	1581.20	1563.65	0.00	1530.64	0.00	1536.70
Average Age At Retirement	0.0	0.0	55.0	56.25	55.0	0.0	55.0	0.0	55.6
Number Retired	0	0	1	4	5	0	2	0	8

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

STATE 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 7/1/78—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
Period 7/1/82—6/30/83									
Average Monthly Benefit	0.00	0.00	366.73	0.00	946.54	1091.24	1403.01	1392.86	1148.22
Average Final Salary	0.00	0.00	1164.30	0.00	1570.66	1863.57	2038.02	2006.31	1808.84
Average Age At Retirement	0.0	0.0	58.2	0.0	56.7	58.9	58.3	57.8	57.9
Number Retired	0	0	2	0	11	5	15	1	34

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
Period 7/1/82—6/30/83						
Average Monthly Benefit	391.34	1514.23	1605.71	2423.38	2600.00	1974.81
Average Final Salary	4000.00	4000.00	4000.00	4333.33	4000.00	4083.33
Average Age At Retirement	72.7	68.3	66.6	66.2	70.8	68.0
Number Retired	1	1	3	2	1	8

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, 1983.

CURRENT PARTICIPANTS

On June 30, 1983, there were 1,226 participants in the Unclassified Employees Retirement Plan with shares to their credit, 902 were active and 324 were inactive.

The distribution of participants selecting the various investment options follows:

	June 30, 1980	June 30, 1981	June 30, 1982	June 30, 1983
100% Income shares	36.4%	34.4%	36.6%	37.0%
75% Income shares, 25% Growth shares	12.8%	14.4%	11.7%	9.6%
50% Income shares, 50% Growth shares	28.5%	29.2%	28.8%	26.5%
100% Fixed return	15.0%	15.0%	16.1%	19.4%
75% Fixed return, 25% Growth shares	7.3%	7.0%	6.8%	7.5%

WITHDRAWALS

During fiscal year 1983, there were 191 participants who withdrew employee and employer shares to their credit in the Unclassified Employees Retirement Plan compared to 157 in fiscal 1982.

ANNUITANTS

Five former participants are receiving monthly benefits from the Unclassified Employees Retirement Plan as of June 30, 1983. Their average service credit at retirement was 6.0 years, their average age at retirement was 62.5 and their average age is 68.0 years, and their monthly benefit is \$95.34. One of the five elected a 15 year period certain annuity, four 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, 1983 there were 3,433 active contributing participants in the Deferred Compensation Plan and 381 in withdrawal status.

Distribution of Amounts Deferred in the Month of June 1983

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	42	23	63	825	92	154	11	1210
100-199	69	57	99	376	50	91	19	761
200-299	50	35	51	252	21	24	15	448
300-399	39	30	42	141	0	19	14	285
400-499	26	15	18	142	11	13	7	232
500-599	33	23	33	131	5	17	12	254
Over 600	25	18	17	154	11	12	6	243
	284	201	323	2021	190	330	84	3433

Distribution by Age Group of Members in Withdrawal Status at June 30, 1983

Ages	Number of Members	Average Monthly Dollar Value Withdrawn			
		Income	Growth	Fixed	Total
Over 75	10	198.03	43.14	23.50	364.50
74-75	12	434.70	86.75	60.42	581.87
72-73	20	132.02	53.83	63.75	246.60
70-71	51	151.21	37.81	45.49	234.51
68-69	80	118.54	51.16	91.35	261.05
66-67	78	80.50	68.55	161.99	311.04
64-65	56	130.12	57.87	217.05	405.04
62-63	30	132.02	65.85	167.50	365.37
60-61	17	73.87	109.25	200.00	383.12
55-59	18	39.36	46.00	245.56	330.92
50-54	1	0.00	686.14	0.00	686.14
Under 50	8	40.25	164.18	242.50	466.93
	381	\$122.95	\$ 65.14	\$135.01	\$323.10