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COMPREHENSIVE ANNUAL REPORT

July 1, 1984 — June 30, 1985

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

July 1, 1984 — June 30, 1985

**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, 1985**

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MINNESOTA STATE RETIREMENT SYSTEM

529 JACKSON STREET AT 10th
ST. PAUL, MINNESOTA 55101
(612) 296-2761

OFFICERS

Executive Director
Paul L. Groschen
Assistant Directors
Douglas Mewhorter
Arvin Herman

No.

LETTER OF TRANSMITTAL

To the Board of Directors
Minnesota State Retirement System

The Minnesota State Retirement System is proud to submit the comprehensive annual report for the fiscal year ended June 30, 1985. This report includes a summary of the system, financial statements, actuarial reports and statistical data. The information should be useful in understanding the system and its current status.

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.

Our internal accounting controls are designed to provide reasonable assurance regarding the safekeeping and reliability of all financial records. Transactions are reported on the accrual basis of accounting.

Summary annual reports are sent to all active and retired members of the plans with a notice that they may receive a copy of this report on request.

Revenues

Employee, employer contributions and investment income provide the funding for the System. Contributions and investment income for fiscal year 1985 were \$235,530,000. This represents a 17% increase from fiscal year 1984.

Expenses

The expenses of the System consist of annuity benefits, refunds of contributions, interest on refunds and administrative expenses. Expenses for fiscal year 1985 were \$67,285,000, a decrease of 13.5% from fiscal year 1984. This was caused by one time expenses last year for the 2% refunds and the write off of deferred bond losses. Revenues exceeded expenses by \$168,245,000 during fiscal year 1985.

Investments

Investments contribute a substantial portion of the income to the System. Income from investments was \$136,098,000 or 62% of total revenue. Of the total investment income, 66% is from the basic retirement funds and the remaining 34% is from the participation in the Minnesota Post Retirement Investment Fund.

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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. Our actuary has determined that the current level of contributions is not sufficient for the State Employees Plan and is sufficient for the Correctional and State Patrol Plans. The actuarial section of this report has the detailed actuarial results.

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

Actuarial services are provided by James Magalski, FSA, and James Verlautz, FSA, of Touche Ross & Co. Legal counsel is provided by Merwin Peterson of the State Attorney General office. The Systems medical advisor is the State Commissioner of Health. The annual financial audit is conducted by the State Legislative Auditor.

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.

Acknowledgements

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

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

Respectfully submitted,



Paul L. Groschen
Executive Director

**MINNESOTA STATE RETIREMENT SYSTEM
ADMINISTRATIVE ORGANIZATION
JUNE 30, 1985**

BOARD OF DIRECTORS

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

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

Daniel Ernst
Department of Natural Resources
1666 Stillwater Avenue
St. Paul, Minnesota 55106
Telephone 612/296-0600
Term: March 5, 1984-March 7, 1988
Elected — 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

John Johnson
Metropolitan Transit Commission
12857 Polk Street NorthEast
Blaine, Minnesota 55434
Telephone 612/379-2914
Term: March 5, 1984-March 7, 1988
Appointed — MTC/TOD Designate

Marlene Johnson
Office of the Lieutenant Governor
24 South St. Albans Place
St. Paul, Minnesota 55105
Telephone 612/296-2374
Term: Co-Terminous with Governor's
Appointed — Constitutional Officer

Luther Thompson
Department of Public Service
6973 Collingwood Lane
Woodbury, Minnesota 55125
Telephone 612/296-1065
Term: March 2, 1982-March 3, 1986
Elected — State Employee

Bernard Weber
Department of Transportation
126 Riverside Drive NorthEast
St. Cloud, Minnesota 56301
Telephone 612/255-4268
Term: March 4, 1984-March 7, 1988
Elected — State Employee

Leo D. Wells
1755 Highland Parkway
St. Paul, Minnesota 55116
Telephone 612/690-4949
Term: January 2, 1984-January 5, 1987
Appointed — Public Member

Robert A. Whitaker
1303 Watson Avenue
St. Paul, Minnesota 55116
Telephone 612/698-3315
Term: October 19, 1984-March 3, 1986
Elected — Retired State Employee

Kenneth Yozamp
Department of Corrections
105 Shadowood Drive
Sauk Rapids, Minnesota 56379
Telephone 612/251-3510
Term: March 5, 1984-March 7, 1988
Elected — Correctional Plan Member

OFFICERS

Paul L. Groschen, Executive Director

Assistant Directors

Douglas Mewhorter, Employee Services and Records

Arvin L. Herman, Finance and Systems



MINNESOTA STATE RETIREMENT SYSTEM

529 JACKSON STREET AT 10th
ST. PAUL, MINNESOTA 55101
(612) 296-2761

OFFICERS

Executive Director
Paul L. Groschen
Assistant Directors
Douglas Mewhorter
Arvin Herman

No.

To All Minnesota State Retirement System Members:

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 6.9% increase in January 1985, and will receive a 7.884% increase in January 1986. A commendation goes to the State Board of Investment for obtaining outstanding 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.

One new member joined the Board in fiscal year 1985. Robert Whitaker was appointed by the Board to fill the remaining term of Joseph Bright, the retired employee representative, who died in September 1984. Mr. Bright served on the Board for many years and his presence is missed greatly.

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,

Karl W. Christey
Karl W. Christey, Chairman
Board of Directors

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SUMMARY OF RETIREMENT SYSTEM PLANS

PURPOSE

The Minnesota State Retirement System was established by the State Legislature in 1929 to provide retirement benefits to State employees. The System currently administers seven defined benefit plans and two defined contribution plans for most State employees and selected other public employees.

ADMINISTRATION

The administration of the System is governed by an eleven member Board of Directors. The Board includes four elected General Plan members, one elected State Patrol plan member, one elected Correctional Plan member, one elected retired member, one designated Metropolitan Transit Commission employee and three appointed by the Governor.

The management of the System is vested with the Executive Director who administers the plans in accordance with Minnesota Law and the policies of the Board. The following is a description of plans included in this report.

Defined Benefit Plans

State Employees Retirement Fund General Employees Plan

- (a) Coverage — Virtually all state employees, and selected metropolitan agency employees except those specified to other plans such as teachers.
- (b) Benefit Formula — 1 % of high five year average salary for first 10 years of service plus 1 ½ % for each year over 10.
- (c) Retirement age and years of service
 - Age 65 with one year service — no reduction.
 - Age 62 with 30 years service — no reduction.
 - Age 55 if age and length of service when added together totals 85 or more, and provided retirement occurs by 12/31/86 — no reduction.
 - Age 55 with 10 years service — reduced from age 65.
 - At any age with 30 years service — reduced from age 62.
- (d) 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.
- (e) Death While Eligible
 - If employee was eligible to retire at date of death, generally, the spouse is eligible for a 100% joint and survivor annuity or a refund of all contributions plus 5% interest compounded annually.
- (f) Refunds
 - All employee contributions plus interest at 5% compounded annually.
- (g) Annuity and Disability Options
 - 100% joint and survivor.
 - 50% joint and survivor.
 - 15 year period certain and life thereafter.

SUMMARY OF RETIREMENT SYSTEM PLANS (Continued)**(h) Contributions**

- 3.73% employee and 3.9% employer.

Correctional Officers Plan**Provisions different from General Plan****(a) Coverage**

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

(b) Benefit Formula

- 2½% of high five year average salary for first 25 years of service and 2% for each year over 25 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, or equal to 50% of high five average salary plus 2½% for each year in excess of 20 through 25 and thereafter at 2% if job related.

(e) Contributions

- 4.9% employee and 8.7% employer.

Military Affairs and Transportation Pilots Plans**Provisions different from General Plan****(a) Coverage**

- Employees required to retire from federal military status at age 60 and pilots.

(b) Retirement Age and Years of Service

- Age 60, 62 for pilots, with at least 10 years of service — no reduction.

(c) Disability

- Unable to perform the duties.
- Under age 60, 62 for pilots, with 10 years service — no reduction.
- Age 50 with 5 years service — no reduction.
- Formula as general plan with no reduction.
- Pilots get 75% of salary for maximum of 5 years.

(d) Contributions

- 5.33% employee and 5.5% employer.

State Patrol Retirement Plan**(a) Coverage**

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

(b) Benefit Formula

- 2½% of high five successive years salary for first 25 years of service plus 2% for each year over 25.

SUMMARY OF RETIREMENT SYSTEM PLANS (Continued)

- (g) Annuity and Disability Options
 - 100 % joint and survivor.
 - 50 % joint and survivor.
 - 10 year certain and life thereafter.
 - 15 year certain and life thereafter.
- (h) Contributions
 - Social Security rate plus 1/2 % employee.
 - Balance necessary from employer.
 - Social Security maximum paid first, then balance of contributions at the Social Security rate to the fund.
 - 1/2 % contribution paid entirely to the fund.

Legislators Retirement Plan

- (a) Coverage
 - All legislators.
- (b) Benefit Formula
 - 2½ % of high five year average salary with a maximum of 20 years.
- (c) Retirement age and years of service
 - Age 62 with 6 years of service — No reduction.
 - Age 60 with 6 years of service — Reduced from age 62.
- (d) Survivor Benefits
 - Spouse gets 50 % of benefit.
 - First child gets 25 % of benefit and next two children get 12.5 % for a family maximum of 100 % of member benefit.
- (e) Refunds
 - Refund of contributions with 5 % interest.
- (f) Contributions
 - 9 % employee and terminal funding of annuity by employer.

Elective Officers Plan

- (a) Coverage
 - Elected Constitutional Officers.
- (b) Benefit Formula
 - 2½ % of high five year average salary.
- (c) Retirement age and years of service
 - Age 62 with 8 years of service — No reduction.
 - Age 60 with 8 years of service — reduced from age 62.
- (d) Survivor Benefits
 - Spouse gets 50 % of benefit.
 - First child gets 25 % of benefit and next two children get 12.5 % for a family maximum of 100 % of member benefit.
 - Refund of contributions with 5 % interest if no survivor benefit payable.
- (e) Refunds
 - Refund of contributions with 5 % interest.
- (f) Contributions
 - 9 % employee and payment of annuity benefits as they occur from the employer.

SUMMARY OF RETIREMENT SYSTEM PLANS (Continued)

- (c) Retirement Age and Years of Service
 - Age 55 with 10 years of service — no reduction.
- (d) Disability
 - Same as Correctional Officers Plan.
- (e) 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.
 - Refund with 5% interest if no survivor benefit payable.
- (f) Refunds
 - Refund of contributions with 5% interest.
- (g) Annuity and Disability Option
 - 100% joint and survivor.
 - 50% joint and survivor.
 - 100% joint and survivor with reversion.
 - 50% joint and survivor with reversion.
- (h) Contributions
 - 8.5% employee and 18.9% employer. No Social Security coverage.

Judges Retirement Plan

- (a) Coverage
 - All Minnesota State, County and Supreme Court Judges.
- (b) Benefit 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.
- (c) 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.
- (d) 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.
- (e) 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 normal annuity amount is reduced by 75% of judge's primary benefit amount from Social Security.
- (f) Refunds
 - Refund of all contributions plus interest at the rate of 5% compounded annually.

SUMMARY OF RETIREMENT SYSTEM PLANS (Continued)**Defined Contribution Plans****Unclassified Employees Plan**

- (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 Option
 - 100% joint and survivor.
 - 50% joint and survivor.
 - 15 year period certain.
- (h) Contributions
 - 4% employee and 6% employer credited to employees account.

Deferred Compensation Plan

- (a) Coverage
 - Optional for all State employees and employees of political subdivisions.
- (b) Investment Selection
 - Minnesota Supplemental Investment Fund
 - Income Share Account.
 - Growth Share Account.
 - Fixed Return Account.
 - Minnesota Mutual Life Insurance Company
 - Fixed annuity contract.
 - Variable annuity contract.
 - Great West Life Assurance Company
 - Fixed annuity contract.
- (c) Withdrawal Events
 - Termination of service.
 - Death.
 - Unforeseeable emergency.
 - Delayed distribution after termination of service.

SUMMARY OF RETIREMENT SYSTEM PLANS (Continued)**(d) Withdrawal Options**

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

(e) Contributions

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

These summary plan descriptions are not intended to be all inclusive, they are provided for general information purposes only.

1985 LAW CHANGES

GENERAL

Laws 1985, First Special Session, Chapter 14, Article I, Section 9 made employee contributions to a qualified pension plan tax deductible for state income tax purposes. Public employees have been able to deduct employee contributions on federal taxes since 1983.

Laws 1985, Chapter 259, Sections 7 and 8 provide lump sum post retirement payments to "pre-73" retirees for the State Employees Plan and the State Patrol Plan.

Each retiree will receive on December 1, 1985, \$18 for each full year of allowable service credit and on December 1, 1986, \$19 for each full year of allowable service credit.

Laws 1985, First Special Session, Chapter 7, Section 29 clarifies the language of the Rule of 85, moves the responsibility of the Rule of 85 reports from the pension funds to the department of finance. The pension funds must cooperate with finance to help the department gather necessary data.

Laws 1985, Chapter 224 gives the State Board of Investment greater flexibility in investing the funds under its control and makes some technical changes in the language governing allowable investments.

STATE EMPLOYEES RETIREMENT PLAN

Laws 1985, First Special Session, Chapter 7, Sections 3 and 36 reverse the offset for workers compensation benefits so that the workers compensation benefit amount will be reduced by the amount of the disability benefit received from the retirement fund. Currently, MSRS must deduct workers compensation benefit amounts from disability benefit payments when workers compensation awards are made.

Section 4 makes the following changes in crediting of allowable service:

- a. Provides proration of service credit for part-time workers who work less than 50 per cent time rather than 80 percent time.
- b. The provisions of the Combined Service Annuity law will apply when part-time service is duplicated service with another pension fund.
- c. That part-time service is prorated for benefit calculation purposes, but not for vesting determination, is clarified.
- d. Allows an employee on a leave without pay, such as maternity leave or educational leave, to acquire credit for the leave by paying the required retirement contributions.

Section 5 allows state employees who are on leave of absence without pay and working for a labor organization representing state employees to retain MSRS coverage. Previously, only former state employees who had severed their employment relationship with the state to work for a state employees' union were eligible under this provision.

Section 6 eliminates a 30 day waiting period before a member may receive an optional form of deferred annuity.

CORRECTIONAL PLAN

Laws 1985, First Special Session, Chapter 7, Section 7 increases the in-line-of-duty disability formula to equal the non-duty disability formula.

STATE PATROL PLAN

Laws 1985, First Special Session, Chapter 7, Section 8 increases the in-line-of-duty disability formula to equal the non-duty disability formula.

1985 LAW CHANGES (Continued)**UNCLASSIFIED EMPLOYEES PLAN**

Section 9 allows an employee who is a participant in the Unclassified Plan to transfer prior service credit or repay a refund and transfer prior service credit from MSRS General Plan, TRA, PERA, first class city teachers funds, and MERF. The eligible employee may transfer employee contributions and equal employer contributions plus six percent interest.

Section 10 makes retroactive a provision adopted in Laws 1984, Chapter 574, that allowed legislative employees with prior state service to transfer employee and equal employer contributions to the Unclassified Plan. Section 10 applies retroactively for any employee who was employed with the legislature on April 26, 1984, which was the effective date of the 1984 provision.

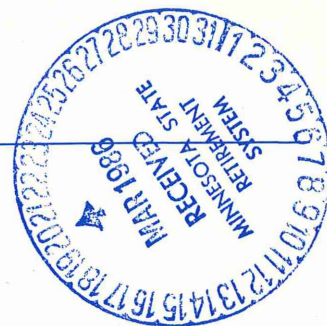
MINNESOTA STATE RETIREMENT SYSTEM

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, 1985 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.

As explained in Note 6, investments are valued at cost or amortized cost as required by generally accepted accounting principles. Minnesota Statutes require valuation of all securities at cost plus one-third of the unrealized capital gains or losses. Since the statutory provision deviates from generally accepted accounting principles, the basic statements are not in compliance with the statute. Note 6 contains the disclosures which must be considered together with the basic financial statements to achieve statutory reporting requirements.

In our opinion, 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, 1985, and the results of operations and changes in financial position of such funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. In addition, except for the valuation of securities, as discussed in the preceding paragraph, the aforementioned financial statements are in compliance with the reporting requirements of Minnesota Statute Section 356.20.

Our examination was made for the purpose of forming an opinion on the combining and individual fund financial statements. The Schedule of Administrative Expenses included in the financial section is presented for purposes of additional analysis and is not a required part of the financial statements of the Minnesota State Retirement System. The information has been subjected to the auditing procedures applied in the examination of the combining and individual fund financial statements and in our opinion, is fairly stated in all material respects in relation to the combining financial statements taken as a whole.

Sincerely,


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

November 27, 1985

COMBINING BALANCE SHEET
JUNE 30, 1985

ASSETS	Defined Benefit Plans				Defined Contribution Plans	
	Total	State Employees	State Patrol	Judges	Unclassified	Deferred Compensation
Cash	\$ 15,424	\$ 2,805	\$ 3,063	\$ 3,426	\$ 2,885	\$ 3,245
Short term investments (at cost)(3)	69,147,337	60,624,592	6,966,109	702,636	720,000	134,000
Accounts receivable:						
Member contributions	1,901,521	1,726,228	104,116	5,459	65,718	0
Employer contributions	2,071,764	1,752,872	218,296	0	100,596	0
Other	599,184	8,154	571,466	0	0	19,564
Accrued Interest	417,158	372,892	40,182	3,699	302	83
Due from other plans	203,914	203,914	0	0	0	0
Due from other funds	1,044,431	0	0	1,023,706	20,725	0
Fixed Investments (at cost) (3)	198,819,709	183,873,345	13,966,724	979,640	0	0
Equity Investments (at cost) (3)	501,978,759	466,692,729	32,981,803	2,304,227	0	0
Fixed Assets (4)	94,628	94,628	0	0	0	0
Restricted Assets	594,774,550	424,583,000	44,193,000	9,029,000	28,919,800	88,049,750
Total Assets	<u>\$1,371,068,379</u>	<u>\$1,139,935,159</u>	<u>\$ 99,044,759</u>	<u>\$14,051,793</u>	<u>\$29,830,026</u>	<u>\$88,206,642</u>
LIABILITIES						
Accounts Payable						
Annuitants	\$ 3,950	\$ 3,950	\$ 0	\$ 0	\$ 0	\$ 0
Accrued expenses	264,985	260,680	3,102	225	0	978
Deferred Revenue	78,850	0	0	78,850	0	0
Due to MPRI Fund	2,669,938	2,407,209	0	262,729	0	0
Due to Other Funds	169,290	0	52,415	29,360	71,670	15,845
Due to General Fund	9,083	9,083	0	0	0	0
Total Liabilities	<u>\$ 3,196,096</u>	<u>\$ 2,680,922</u>	<u>\$ 55,517</u>	<u>\$ 371,164</u>	<u>\$ 71,670</u>	<u>\$ 16,823</u>
RESERVES						
Post Retirement Fund reserve(5)	\$ 477,805,000	\$ 424,583,000	\$ 44,193,000	\$ 9,029,000	\$ 0	\$ 0
Member reserve	361,350,550	225,879,336	14,213,280	3,309,759	29,758,356	88,189,819
Disability reserve	1,031,093	0	1,031,093	0	0	0
Survivor reserve	308,819	215,385	93,434	0	0	0
"Old law" Judges reserve	1,935,038	0	0	1,935,038	0	0
Add'l Judges & Survivors reserve	9,253,857	0	0	9,253,857	0	0
State reserve	966,485,784	868,261,674	74,908,867	23,315,243	0	0
Total Required Reserves (6)	<u>\$1,818,170,141</u>	<u>\$1,518,939,395</u>	<u>\$134,439,674</u>	<u>\$46,842,897</u>	<u>\$29,758,356</u>	<u>\$88,189,819</u>
Unfunded accrued liability (at cost) (6)	<u>(450,297,858)</u>	<u>(381,685,158)</u>	<u>(35,450,432)</u>	<u>(33,162,268)</u>	<u>0</u>	<u>0</u>
Net Reserves	<u>\$1,367,872,283</u>	<u>\$1,137,254,237</u>	<u>\$ 98,989,242</u>	<u>\$13,680,629</u>	<u>\$29,758,356</u>	<u>\$88,189,819</u>
Total Liabilities and Reserves	<u>\$1,371,068,379</u>	<u>\$1,139,935,159</u>	<u>\$ 99,044,759</u>	<u>\$14,051,793</u>	<u>\$29,830,026</u>	<u>\$88,206,642</u>

See notes to Financial Statements.

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES
YEAR ENDED JUNE 30, 1985

	Total	Defined Benefit Plans			Defined Contribution Plans	
		State Employees	State Patrol	Judges	Unclassified	Deferred Compensation
Operating Revenues						
Member contributions	\$ 37,684,415	\$ 35,219,979	\$ 1,963,882	\$ 500,554	\$ 0	\$ 0
Employer contributions	41,986,490	37,624,809	4,361,681	0	0	0
General Fund appropriation	3,666,286	1,330,837	62,883	2,225,706	46,860	0
Investment income (7)	73,778,221	62,858,610	4,726,776	401,320	515,946	5,275,569
MPRI Fund income	46,417,134	41,294,094	4,312,434	810,606	0	0
G/L on Investment	5,334,957	4,378,557	105,836	6,876	843,688	0
Realized and unrealized gains	10,567,579	0	0	0	4,041,186	6,526,393
Other income	490,927	194	0	83,819	109,500	297,414
Total Operating Revenues	\$ 219,926,009	\$ 182,707,080	\$15,533,492	\$ 4,028,881	\$ 5,557,180	\$12,099,376
Operating Expenses						
Annuity benefits	\$ 46,147,096	\$ 40,809,447	\$ 3,728,905	\$ 1,608,744	\$ 0	\$ 0
Disability benefits	2,236,304	2,121,929	69,398	44,977	0	0
Survivor benefits	701,561	25,241	172,141	504,179	0	0
Member refunds	6,362,308	6,344,186	4,689	0	13,433	0
Refunds upon death	340,584	340,584	0	0	0	0
Other refunds	80,298	40,942	1,025	634	1,443	36,254
Interest on refunds	774,477	774,383	9	0	85	0
Administrative expenses (10)	1,835,919	1,372,547	47,151	28,871	109,500	277,850
Investment fees	1,318,368	1,225,123	87,026	6,219	0	0
Total Operating Expenses	\$ 59,796,915	\$ 53,054,382	\$ 4,110,344	\$ 2,193,624	\$ 124,461	\$ 314,104
Other Changes in Reserves						
Member contributions	12,772,209	0	0	0	1,963,506	10,808,703
Employer contributions	2,832,120	0	0	0	2,832,120	0
Member withdrawals	(7,488,327)	0	0	0	(1,573,571)	(5,914,756)
Plan transfers	0	1,065,082	0	0	(1,065,082)	0
Total Other Changes	\$ 8,116,002	\$ 1,065,082	\$ 0	\$ 0	\$ 2,156,973	\$ 4,893,947
Net Reserve Additions	168,245,096	130,717,780	11,423,148	1,835,257	7,589,692	16,679,219
Recovery of Unrealized Loss	35,348,581	32,809,825	2,372,123	166,633	0	0
Reserve Balance at June 30, 1984	\$1,164,278,606	\$ 973,726,632	\$85,193,971	\$11,678,739	\$22,168,664	\$71,510,600
Reserve Balance at June 30, 1985	\$1,367,872,283	\$1,137,254,237	\$98,989,242	\$13,680,629	\$29,758,356	\$88,189,819

See notes to Financial Statements.

STATE EMPLOYEES RETIREMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES
YEAR ENDED JUNE 30, 1985

	<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>
Operating Revenues					
Member contributions	\$ 35,219,979	\$ 34,934,881	\$ 0	\$ 0	\$ 285,098
Employer contributions	37,624,809	0	0	0	37,624,809
General Fund appropriation	1,330,837	0	0	0	1,330,837
Investment income (7)	62,858,610	0	0	0	62,858,610
MPRI Fund income	41,294,094	0	0	41,294,094	0
Gain on sale of stock	4,378,557	0	0	0	4,378,557
Other	194	0	0	0	194
Total Operating Revenues	\$ 182,707,080	\$ 34,934,881	\$ 0	\$ 41,294,094	\$106,478,105
Operating Expenses					
Benefits					
Service	40,809,447	0	0	39,478,610	1,330,837
Disability	2,121,929	0	0	2,121,929	0
Spouse	25,241	0	25,241	0	0
Refunds					
Left service	6,344,186	6,344,186	0	0	0
Employee death	340,584	311,474	0	29,110	0
Other refunds	40,942	40,942	0	0	0
Interest on refunds	774,383	0	0	0	774,383
Administrative expenses (10)	2,597,670	0	0	0	2,597,670
Total Operating Expenses	\$ 53,054,382	\$ 6,696,602	\$ 25,241	\$ 41,629,649	\$ 4,702,890
Other Changes in Reserves					
Actuarial transfers	0	0	20,147	2,402,542	(2,422,689)
Inactive employee transfer	0	(71,222)	0	0	71,222
New annuity transfers	0	(8,321,170)	0	66,137,334	(57,816,164)
Plan transfers	1,065,082	322,468	0	0	742,614
Unrealized market gains	32,809,825	0	0	0	32,809,825
Total Other Changes	\$ 33,874,907	\$ (8,069,924)	\$ 20,147	\$ 68,539,876	\$(26,615,192)
Net Additions	\$ 163,527,605	\$ 20,168,355	\$ (5,094)	\$ 68,204,321	\$ 75,160,023
Net Reserves at June 30, 1984	\$ 973,726,632	\$205,710,981	\$220,479	\$356,378,679	\$411,416,493*
Net Reserves at June 30, 1985	\$1,137,254,237	\$225,879,336	\$215,385	\$424,583,000	\$486,576,516**

*Includes Unfunded Liabilities of \$305,013,844. FY 1984 increase was \$40,395,803.

**Includes Unfunded Liabilities of \$381,685,158. FY 1985 increase was \$76,671,314.

See notes to Financial Statements.

STATE PATROL RETIREMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES
YEAR ENDED JUNE 30, 1985

	Total	Reserve for Employee Contributions	Reserve for Survivor Benefits	Reserve for Disability Benefits	Reserve for Participation in the MPRIF	Reserve for State Contributions
Operating Revenues						
Member contributions	\$ 1,963,882	\$ 1,957,932	\$ 0	\$ 0	\$ 0	\$ 5,950
Employer contributions	4,361,681	0	0	0	0	4,361,681
General Fund appropriation	62,883	0	0	0	0	62,883
Investment income (7)	4,726,776	0	0	0	0	4,726,776
MPRI Fund income	4,312,434	0	0	0	4,312,434	0
Gain on sale of stock	105,836	0	0	0	0	105,836
Total Operating Revenues	\$15,533,492	\$ 1,957,932	\$ 0	\$ 0	\$ 4,312,434	\$ 9,263,126
Operating Expenses						
Benefits						
Service	3,728,905	0	0	0	3,554,723	174,182
Disability	69,398	0	0	69,398	0	0
Spouse	172,141	0	29,363	0	142,778	0
Refunds						
Left service	4,689	4,689	0	0	0	0
Other Refunds	1,025	1,025	0	0	0	0
Interest on Refunds	9	0	0	0	0	9
Administrative expenses	134,177	0	0	0	0	134,177
Total Operating Expenses	\$ 4,110,344	\$ 5,714	\$ 29,363	\$ 69,398	\$ 3,697,501	\$ 308,368
Other Changes in Reserves						
Actuarial Adjustments	0	0	13,295	32,504	(571,421)	525,622
Inactive Transfers	0	440	0	0	0	(440)
New Annuity Transfers	0	(501,724)	0	482,585	3,694,545	(3,675,406)
Plan Transfers	0	0	0	0	0	0
Unrealized Market Gains	2,372,123	0	0	0	0	2,372,123
Total Other Changes	\$ 2,372,123	\$ (501,284)	\$ 13,295	\$ 515,089	\$ 3,123,124	\$ (778,101)
Net Additions	\$13,795,271	\$ 1,450,934	\$ (16,068)	\$ 445,691	\$ 3,738,057	\$ 8,176,657
Net Reserves at June 30, 1984	\$85,193,971	\$12,762,346	\$109,502	\$ 585,402	\$40,454,943	\$31,281,778*
Net Reserves at June 30, 1985	\$98,989,242	\$14,213,280	\$ 93,434	\$1,031,093	\$44,193,000	\$39,458,435**

*Includes Unfunded Liabilities of \$32,116,125. FY 1984 decrease was \$21,284,060.

**Includes Unfunded Liabilities of \$35,450,432. FY 1985 increase was \$3,334,307.

See notes to Financial Statements.

JUDGES RETIREMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES
YEAR ENDED JUNE 30, 1985

	<u>Total</u>	<u>Reserve for Judges Contribution</u>	<u>Additional Reserve</u>	<u>Reserve for "Old Law" Judges</u>	<u>Reserve for Participation in the MPRIIF</u>	<u>Reserve for State Contribution</u>
Operating Revenues						
Member contributions	\$ 500,554	\$ 488,609	\$ 11,945	\$ 0	\$ 0	\$ 0
State Appropriation	2,225,706	0	0	0	0	2,225,706
Investment income (7)	401,320	0	0	0	0	401,320
MPRI Fund income	810,606	0	0	0	810,606	0
Loss on sale of stock	6,876	0	0	0	0	6,876
Other	83,819	0	0	0	0	83,819
Total Operating Revenues	\$ 4,028,881	\$ 488,609	\$ 11,945	\$ 0	\$ 810,606	\$ 2,717,721
Operating Expenses						
Benefits						
Service	1,608,744	0	506,939	207,043	894,762	0
Disability	44,977	0	0	0	44,977	0
Spouse	504,179	0	504,179	0	0	0
Refunds						
Other Refunds	634	634	0	0	0	0
Administrative expenses	35,090	0	0	0	0	35,090
Total Operating Expenses	\$ 2,193,624	\$ 634	\$1,011,118	\$ 207,043	\$ 939,739	\$ 35,090
Other Changes in Reserves						
Adjust reserves to actuarial requirement	0	0	721,727	330,381	262,729	(1,314,837)
Inactive transfers	0	(11,945)	0	0	0	11,945
New annuity transfers	0	(228,859)	0	0	2,057,103	(1,828,244)
Unrealized Market Gains	166,633	0	0	0	0	166,633
Total Other Changes	\$ 166,633	\$ (240,804)	\$ 721,727	\$ 330,381	\$2,319,832	\$ (2,964,503)
Net Additions	\$ 2,001,890	\$ 247,171	\$ (277,446)	\$ 123,338	\$2,190,699	\$ (281,872)
Net Reserves at June 30, 1984	<u>\$11,678,739</u>	<u>\$3,062,588</u>	<u>\$9,531,303</u>	<u>\$1,811,700</u>	<u>\$6,838,301</u>	<u>\$ (9,565,153)*</u>
Net Reserves at June 30, 1985	<u>\$13,680,629</u>	<u>\$3,309,759</u>	<u>\$9,253,857</u>	<u>\$1,935,038</u>	<u>\$9,029,000</u>	<u>\$ (9,847,025)**</u>

*Includes Unfunded Liabilities of \$30,532,517. FY 1984 Increase was \$1,025,285.

**Includes Unfunded Liabilities of \$33,162,268. FY 1985 Increase was \$2,629,751.

See note to Financial Statements.

**COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1985**

	Total	Defined Benefit Plans			Defined Contribution Plans	
		State Employees	State Patrol	Judges	Unclassified	Deferred Compensation
Resources Provided by:						
Net reserve balance additions	\$168,245,096	\$130,717,780	\$11,423,148	\$1,835,257	\$7,589,692	\$16,679,219
Items not requiring resources currently:						
Unrealized market change	35,348,581	32,809,825	2,372,123	166,633	0	0
Depreciation	17,301	17,301	0	0	0	0
Total resources provided	203,610,978	163,544,906	13,795,271	2,001,890	7,589,692	16,679,219
Resources Used by:						
Equipment purchased	(48,884)	(48,884)	0	0	0	0
Total resources used	\$ (48,884)	\$ (48,884)	\$ 0	\$ 0	\$ 0	\$ 0
Increase in Working Capital	<u>\$203,562,094</u>	<u>\$163,496,022</u>	<u>\$13,795,271</u>	<u>\$2,001,890</u>	<u>\$7,589,692</u>	<u>\$16,679,219</u>
Elements of Net Increase (Decrease) in Working Capital						
Current Assets						
Cash	\$ (34,265)	\$ (10,375)	\$ (3,020)	\$ (2,863)	\$ (2,497)	\$ (15,510)
Accounts receivable	56,203	(540,004)	578,837	197	13,241	3,932
Accrued interest and dividends	(62,948)	(57,528)	2,267	(7,888)	302	(101)
Due from other funds	(338,628)	(28,727)	0	108,847	(418,748)	0
Due from other plans	(108,551)	97,091	0	0	(205,642)	0
Short term investments	3,274,026	1,448,060	1,905,830	(682,864)	720,000	(117,000)
Fixed income investment	15,247,031	12,524,041	2,479,541	243,449	0	0
Equity investments	81,374,630	76,496,308	4,569,890	308,432	0	0
Restricted investments	98,283,274	68,204,321	3,738,057	2,190,699	7,334,795	16,815,402
Liabilities						
Accrued expenses	7,793,861	7,271,913	190,710	102,987	219,910	8,341
Due annuitants	81,621	(2,198)	0	83,819	0	0
Due Unclassified Plan	(78,850)	0	0	(78,850)	0	0
Due to Other Plans	111,279	205,642	(5,503)	(1,346)	(71,669)	(15,845)
Due MPRIF	(2,056,654)	(2,132,587)	338,662	(262,729)	0	0
Due State	20,065	20,065	0	0	0	0
Working Capital Change	<u>\$203,562,094</u>	<u>\$163,496,022</u>	<u>\$13,795,271</u>	<u>\$2,001,890</u>	<u>\$7,589,692</u>	<u>\$16,679,219</u>

See notes to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE SYSTEM

The Minnesota State Retirement System is composed of three defined benefit funds and two defined contribution funds administered in accordance with Minnesota Statutes, Chapters 352, 356, and 490.

Membership includes most State employees and metropolitan agency employees. Most Minnesota public employees are also eligible to voluntarily participate in the Deferred Compensation Fund.

In general, the system provides retirement benefits based on a member's high five years of salary and the total years of service. In addition, the system provides benefits to members upon disability and to survivors upon death of eligible members. The benefit due defined contribution plan members is their account balance either in lump sum payout or a monthly payout. For specific plan details see page 52.

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

(c) Benefit and Disability Reserves

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

(d) State Contribution Reserve

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

(e) Actuarial Valuations

Actuarial valuations are performed annually and experience studies are performed every four years. The last completed experience study was as of June 30, 1983. 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 6½ % and interest assumption of 8 % are prescribed by statute.

(f) Investments

Short term and long term debt security investments are reported at cost. Equities are reported at the lower of cost or market. Market value at June 30, 1985 was \$837,281,651. At June 30, 1984 the market value of all investments was \$669,441,532. Space restrictions make it impractical to print the entire investment portfolio in this report. However a portfolio list is available for review upon request.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(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 in accordance with the National Council of Governmental Accounting, Statement No. 1, "Governmental Accounting and Financial Reporting Principles."

3. Investments are comprised of:

	Total	State Employees Fund	State Patrol Fund	Judges Fund
At Cost				
Short Term	\$ 68,293,337	\$ 60,624,592	\$ 6,966,109	\$ 702,636
Debt Security	198,819,707	183,873,345	13,966,723	979,639
Pooled Equity	501,978,759	466,692,729	32,981,803	2,304,227
Total	\$769,091,803	\$711,190,666	\$53,914,635	\$3,986,502
At Market				
Short Term	\$ 68,293,337	\$ 60,624,592	\$ 6,966,109	\$ 702,636
Debt Security	203,489,604	188,202,561	14,291,373	995,670
Pooled Equity	565,498,710	525,750,792	37,148,404	2,599,514
Total	\$837,281,651	\$774,577,945	\$58,405,886	\$4,297,820

4. Capital Equipment

Cost of Equipment and Fixtures	\$205,862
Less: Accumulated depreciation	111,234
Depreciated Cost	\$ 94,628

5. Minnesota Post Retirement Investment Fund (MPRIF)

- MPRIF is a joint investment fund for retired members. When members retire, the money required to pay the annuity for the expected life is transferred to MPRIF. Participation in MPRIF is shown as the required reserves as determined by the actuary.
- MPRIF income represents the 5% earnings on required reserves for fiscal year 1985 plus the 1984 income used to pay the January 1985 benefit increase. Income in excess of 5% was distributed according to Minnesota Statutes, Section 11A.18, Subdivision 9, as follows:
 - Five percent to reduce the deficiency between asset book value and MPRIF required reserves. The deficiency was reduced to 0.00 as of June 30, 1985.
 - The remaining 95 percent is used to increase annuity benefits by 7.884% effective January 1, 1986. Benefits were increased 6.905% effective January 1, 1985.
- In determining the accrued liability and unfunded accrued liability as of June 30, 1985, Minnesota Statutes, Chapter 356 requires that equities be valued at cost plus one-third of the unrealized gain or loss on investments. GAAP requires that equities be valued at lower of cost or market. Therefore, the assets and unfunded liability are reported both ways for the three funds shown below. The balance sheet reflects the GAAP method only. These schedules were prepared by Touche Ross & Company, the actuary of MSRS.

NOTES TO FINANCIAL STATEMENTS (Continued)

In addition, the accrued liability and the unfunded accrued liability were calculated by Wyatt Company for the Legislative Commission on Pensions and Retirement. These are presented as supplemental information.

The actuarial valuations were made using the entry age normal actuarial cost method. A rate of return on investments was assumed to be 8% compounded annually.

**Determination of Accrued Liability and
Unfunded Accrued Liability as of June 30, 1985**

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	\$1,220,431,670	\$335,859,580	\$ 884,572,090
b. Disability benefits	83,196,414	27,111,438	56,084,976
c. Refundments due to death or withdrawal	160,410,267	171,009,158	(10,598,891)
d. Surviving spouse benefits	85,712,600	25,682,470	60,030,130
e. Deferred retirement benefits	124,603,838	43,645,120	80,958,718
f. Subtotal	\$1,674,354,789	\$603,307,766	\$1,071,047,023
2. Deferred annuitants	21,027,350	—	21,027,350
3. Former members without vested rights	2,066,637	—	2,066,637
4. Survivors	215,385	—	215,385
5. Participation in MPRI Fund	424,583,000	—	424,583,000
6. Total	\$2,122,247,161	\$603,307,766	\$1,518,939,395

B. DETERMINATION OF UNFUNDED ACCRUED LIABILITY

	<u>Touche Ross 33% Market Value</u>	<u>Wyatt Company 33% Market Value</u>	<u>Cost Basis</u>
Accrued Liability	\$1,518,939,395	\$1,542,559,000	\$1,518,939,395
Valuation assets	1,158,383,330	1,158,383,000	1,137,254,237
Unfunded accrued liability	\$ 360,556,065	\$ 384,176,000	\$ 381,685,158

NOTES TO THE FINANCIAL STATEMENTS (Continued)

STATE PATROL RETIREMENT FUND	(1)	(2)	(3)
	Present Value of Benefits	Present Value of Applicable Portion of Normal Cost Contribution	Accrued Liability Equals Reserves Required (1)-(2)
A. DETERMINATION OF ACCRUED LIABILITY			
1. Active Members			
a. Retirement benefits	\$110,934,000	\$40,230,960	\$ 70,703,040
b. Disability benefits	9,880,394	5,142,723	4,737,671
c. Refundments due to death or withdrawal	336,060	857,551	(521,491)
d. Survivors and children benefits	4,341,454	2,669,795	1,671,659
e. Vested termination benefits	11,380,590	6,499,699	4,880,891
f. Total active	\$136,872,498	\$55,400,728	\$81,471,770
2. Deferred annuitants	2,287,055	-	2,287,055
3. Former members without vested rights	23,642	-	23,642
4. Survivors-children	93,434	-	93,434
5. Disabled members	1,031,093	-	1,031,093
6. Participation in MPRI Fund	44,193,000	-	44,193,000
7. 6% increase in retirement benefit fund for pre-73 retirees	5,339,680	-	5,339,680
8. Total	\$189,840,402	\$55,400,728	\$134,439,674
B. DETERMINATION OF UNFUNDED ACCRUED LIABILITY			
	Touche Ross	Wyatt Company	
	33% Market Value	33% Market Value	Cost Basis
Accrued Liability	\$134,439,674	\$134,508,000	\$134,439,674
Valuation assets	100,486,325	100,486,000	98,989,242
Unfunded accrued liability	\$ 33,953,349	\$ 34,022,000	\$ 35,450,432

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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	\$35,938,394	\$13,949,459	\$21,988,935
b. Disability benefits	3,222,045	2,071,061	1,150,984
c. Refundments due to death or withdrawal	—	—	—
d. Surviving spouse benefits	7,109,061	4,785,693	2,323,368
e. Subtotal	\$46,269,500	\$20,806,213	\$25,463,287
2. Deferred annuitants	1,161,716	—	1,161,716
3. Former members without vested rights	—	—	—
4. Retirement and survivor benefits from Judge's Fund	11,188,895	—	11,188,895
5. Participation in MPRI Fund	9,029,000	—	9,029,000
6. Total	\$67,649,111	\$20,806,213	\$46,842,898

B. DETERMINATION OF UNFUNDED ACCRUED LIABILITY

	Touche Ross 33% Market Value	Wyatt Company 33% Market Value	Cost Basis
Accrued Liability	\$46,842,898	\$46,662,000	\$46,842,898
Valuation assets	13,784,402	13,785,000	13,680,630
Unfunded accrued liability	\$33,058,496	\$32,877,000	\$33,162,268

7. Investment Income

Total Investment Income for the year was \$120,195,355. Earnings by fund and type are shown below:

	State Employees	State Patrol	Judges	Unclassified	Deferred Compensation
Short Term	\$ 4,749,737	\$ 567,755	\$ 113,980	\$ 15,342	\$ 54,222
Debt Income	34,375,725	2,471,015	168,695		
Pooled Equity	23,733,148	1,688,006	118,645		
Mixed Return				500,604	5,221,347
MPRI Fund	41,294,094	4,312,434	810,606		
Total	\$104,152,704	\$9,039,210	\$1,211,926	\$515,946	\$5,275,569

8. Leases

The office facilities and twenty parking spaces are leased by an agreement through September 30, 1987, requiring an annual rent payment of \$74,347.

9. Subsequent Events:

At the October 2, 1985 meeting the Minnesota State Board of Investment adopted a resolution relating to companies doing business in South Africa. The resolution calls for the divestment of companies not meeting predetermined guidelines in a four-phased approach. The first three phases relate to individual companies signing and complying with the Sullivan Principles. The fourth phase, to be completed by August 1989, calls for the divestment of any company with operations in South Africa. The resolution also calls for the SBI to receive financial and legal advice at the completion of each phase to insure it is not violating its fiduciary responsibility. It can't be determined at this time what effect, if any, this resolution will have on the SBI's investment flexibility.

10.

SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 1985

Personal Services	
Staff salaries	\$1,002,484
Social Security	66,275
Retirement	40,308
Insurance	64,978
Unemployment Compensation	1,311
Total Personal Services	<u>\$1,175,356</u>
Professional Services	
Actuarial	\$ 78,650
Data processing	194,245
Audit	29,426
Disability examinations	10,188
Legal counsel	1,147
Other professional services	54,488
Total Professional Services	<u>\$ 368,144</u>
Communication	
Printing	\$ 20,215
Telephone	9,334
Postage	68,431
Travel	13,674
Subscriptions and memberships	1,942
Total Communication	<u>\$ 113,596</u>
Rentals	
Office Space	\$ 82,168
Equipment leasing	1,297
Total Rentals	<u>\$ 83,465</u>
Miscellaneous	
Utilities	\$ 11,613
Supplies	27,735
Repairs and maintenance agreements	17,884
Department head and board member expense	1,637
Depreciation	17,301
Other purchased services	53,814
Total Miscellaneous	<u>129,984</u>
Total Operating Expenses	<u>\$1,870,545</u>
Expenses distributed by Fund:	
State General Retirement	\$1,372,547
State Patrol Fund	47,151
Judges Retirement Fund	28,871
Unclassified Employees	109,500
Deferred Compensation	277,850
Legislators	30,845
Elected Officials	3,781
Total Distribution	<u>\$1,870,545</u>

MINNESOTA STATE RETIREMENT SYSTEM

SECTION III

ACTUARIAL SECTION

March 6, 1986

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

Ladies and Gentlemen:

We have performed an actuarial valuation as of June 30, 1985 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 Employees' 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 this valuation, contributions required from employees and the State under Minnesota Statutes (Chapter 352) represent 107.0% of the requirements set forth in Chapter 356 for the State Patrol Retirement Fund and 95.7% of the requirements set forth in Chapter 356 for the State Employees' Retirement Fund.

Board of Directors
Minnesota State Retirement System

March 6, 1986

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We further certify the following:

The actuarial valuation determines a contribution amount which includes the normal cost (computed as a level percentage of payroll and the Entry Age Normal actuarial cost method) and a level percentage 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, 1985 were less than the amount determined as of June 30, 1984 by the method described in the above paragraph.

State Patrol-

The contributions made in this year have been sufficient to equal the contribution amount calculated in the valuation.

State Employees-

The contributions made this year have not been sufficient to meet the objective.

Changes since prior valuation:

No changes in the actuarial assumptions or methods have been made since the previous valuation for any of the three funds.

Benefits paid to some retirees and beneficiaries of each of the three funds increased 6.905% on January 1, 1985 in accordance with Chapter 11A of the Minnesota Statutes.

Board of Directors
Minnesota State Retirement System

March 6, 1986

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Actuarial valuations are performed once a year. The most recent valuation was as of June 30, 1985.

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

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

In general, the actuarial assumptions were specified by the administrative board of the plan and on the basis of an experience study performed as of June 30, 1983. 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.


James M. Magalska, F.S.A.


James F. Verlautz, F.S.A.

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 55.	3. None. Adopted 1980.
4. Expenses:	4. Prior year's expense as a percentage of prior year's payroll.	4. Same	4. Same
5. Interest Rate:	5. Set by statute at 8% per-retirement and 5% post-retirement. Adopted 1984.	5. Same	5. Same
6. Salary Scale:	6. Set by statute at 6½% per annum. Adopted 1984.	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. 50% of those eligible for Rule of 85 assumed to do so and all members 65 and over assumed to retire in one year. Adopted 1984.	7. Age 58 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 1984.	7. Judges Plan: Later of Age 68 or one year hence. Adopted 1984. Supreme Court Justices Only: Latest of — — age 70 — 12 years of service, or — one year from valuation date. Adopted 1979.
8. Actuarial Method:	8. Entry age cost method, with normal cost determined as a level percentage of future covered payroll, on an individual basis. Prescribed by statute. Unfunded liability is amortized by level percent of payroll method.	8. Same	8. Same
9. Social Security:	9. Correctional Officers Plan Only: Based on the present law and 6½% salary scale applicable to current salaries. Three percent wage base and cost of living increases are projected. Adopted 1984.	9. N/A	9. a. Primary amount: \$717.20 per month, increasing with salary scale. Adopted 1974. b. Level contribution rate: 7.05% assumed for all future years. Adopted 1974. c. Covered annual wages: \$39,600 increasing with salary scale. Adopted 1974.
10. Assumed survivor status:	10. N/A	10. 100% assumed married, female spouse 3 years younger. Fifteen percent load on spouse benefits for children's benefits. Adopted 1979.	10. 100% assumed married, female spouse 3 years younger. Adopted 1979.
11. Contribution refund:	11. 60% of employees with a vested benefit withdrawing before retirement are assumed to elect return of contributions in lieu of a deferred benefit. Adopted 1982 (1).	11. All employees withdrawing after ten years of service were assumed to leave their contributions on deposit and receive a deferred annuitant benefit. Adopted 1979.	11. N/A

ANALYSIS OF CHANGE IN THE UNFUNDED ACCRUED LIABILITY
Fiscal Year Ending June 30, 1985

	STATE EMPLOYEES FUND	STATE PATROL FUND	JUDGES FUND
1. Unfunded accrued liability as of June 30, 1984	\$315,546,867	\$32,897,626	\$30,586,029
2. Change due to current rate of funding and interest requirements			
a. 1984-85 past service contribution	(14,173,639)	(2,032,359)	2,446,882
b. 5% interest requirement	25,243,749	2,631,810	(771,088)
3. Change due to actuarial gains or losses because of experience deviations from expected			
a. Salary increases	71,700,962	2,649,202	630,042
b. Investment income	(47,822,165)	(3,313,686)	(276,404)
c. MPRI Fund mortality	2,402,542	(571,421)	262,729
d. Withdrawals, death, disability	5,396,525	1,692,177	38,489
e. New entrants	2,261,224		
f. Social Security	N/A	N/A	140,467
g. Mortality on other retirees	N/A	N/A	1,350
Unfunded accrued liability as of June 30, 1985	<u>\$360,556,065</u>	<u>\$ 33,953,349</u>	<u>\$33,058,496</u>

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	80.4%
6-30-77	266,439,050	140,980,813	407,419,863	357,556,308	87.8
6-30-78	314,298,931	51,518,891	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
6-30-84	712,480,059	356,599,158	1,069,079,217	996,003,433	93.2
6-30-85	810,691,499	424,798,385	1,235,489,884	1,158,383,330	93.8

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
6-30-84	78,100,467	41,149,847	119,250,314	86,784,592	72.8
6-30-85	83,911,024	50,657,207	134,568,231	100,486,325	74.7

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	17,267,097	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
6-30-84	29,198,235	18,181,304	47,379,539	11,791,860	24.9
6-30-85	32,407,334	20,217,895	52,625,229	13,784,402	26.2

(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 fund's 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

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)	
6-30-76	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
6-30-84	205,710,981	356,599,158	749,240,161	966,003,433	100	100	57.9	75.9
6-30-85	225,879,336	424,798,385	868,261,674	1,158,383,330	100	100	58.5	76.3

STATE PATROL 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)	
6-30-76	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
6-30-84	12,762,346	41,149,847	65,770,025	86,784,592	100	100	50.0	72.5
6-30-85	14,213,280	50,657,207	69,569,187	100,486,325	100	100	51.2	74.7

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)	
6-30-76	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(1)
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
6-30-84	3,062,588	18,181,304	21,133,997	11,791,860	100	52.0	0	27.8
6-30-85	3,309,759	20,217,895	23,315,244	13,784,402	100	51.8	0	29.4

(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.

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

<u>Valuation Date</u>	<u>Aggregate Accrued Liabilities</u>	<u>Reported Assets</u>	<u>UAL</u>	<u>Active Member Payroll</u>	<u>UAL As A % of Active Member Payroll</u>
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
6-30-84	1,311,550,300	996,003,433	315,546,867	949,950,593	33.2
6-30-85	1,518,939,395	1,158,383,330	360,556,065	1,079,714,997	33.4

STATE PATROL RETIREMENT FUND

<u>Valuation Date</u>	<u>Aggregate Accrued Liabilities</u>	<u>Reported Assets</u>	<u>UAL</u>	<u>Active Member Payroll</u>	<u>UAL As A % of Active Member Payroll</u>
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
6-30-84	119,682,218	86,784,592	32,897,626	23,016,272	142.9
6-30-85	134,439,674	100,486,325	33,953,349	25,875,980	131.2

JUDGES RETIREMENT FUND

<u>Valuation Date</u>	<u>Aggregate Accrued Liabilities</u>	<u>Reported Assets</u>	<u>UAL</u>	<u>Active Member Payroll</u>	<u>UAL As A % of Active Member Payroll</u>
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(2)
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
6-30-84	42,377,889	11,791,860	30,586,029	14,083,111	217.2
6-30-85	46,842,898	13,784,402	33,058,496	15,145,615	218.3

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

(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.

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 Contributions</u>	<u>Total</u>
STATE EMPLOYEES RETIREMENT FUND			
General Employees Plan	3.73%	3.9%	7.63%
Military Affairs Plan	5.33%	5.5%	10.83%
Correctional Officers Plan	4.9%	8.7%	13.6%
STATE PATROL RETIREMENT FUND	8.5%	18.9%	27.4%

JUDGES RETIREMENT FUND

Judges pay the social security tax rate, applied to their entire salary, plus an additional 1/2% 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%
6-30-84	6.13%	(1)	9.49%	18.68%	13.85%
6-30-85	6.11%	(1)	9.43%	18.38%	13.47%

(1) Included in the General Employees Plan.

Minnesota State Retirement System

SECTION IV

STATISTICAL SECTION

INVESTMENT RESULTS COMPARED TO SELECTED PERFORMANCE STANDARDS

	FISCAL YEAR					ANNUALIZED	
	1981	1982	1983	1984	1985	3 YR.	5 YR.
Rate of Return — Time Weighted							
Basic Retirement Funds							
Including alternative assets ¹	7.1	2.0	40.5	(5.5)	26.8	19.0	13.0
Excluding alternative assets	7.1	1.8	42.1	(6.3)	28.4	19.6	13.3
Comparison Standards							
Median Balance Fund ²	12.0	(0.5)	41.7	(2.3)	26.2	20.3	14.3
Stock/Bond Composite ³	10.3	(7.2)	54.5	(5.6)	30.6	23.9	14.3
Inflation	9.6	7.1	2.5	4.3	3.7	3.5	5.4

The time weighted total rate of return measures earned income and realized and unrealized market value changes.

¹ Alternative equity assets include real estate, venture capital and resource funds.

² Wilshire Associates Trust Universe Comparison Service median tax-exempt balance portfolio.

³ 50/50 Wilshire 5000/Merrill Lynch Master Bond Index composite through 6-30-81, 70/30 Wilshire 5000/Merrill Lynch Master Bond Index composite 7-01-81 through 6-30-85.

DISTRIBUTION OF INVESTMENTS

Minnesota Statutes provide that the total of equity investments which include stocks, convertible issues, commingled funds and limited partnerships cannot exceed 75 % of the total market value.

The distribution of investments at market value is shown below:

	1981	1982	1983	1984	1985
STATE EMPLOYEES RETIREMENT FUND					
Debt Security	40.1 %	40.6 %	30.4 %	28.4 %	24.3 %
Short Term	18.8 %	9.2 %	5.1 %	6.7 %	7.8 %
Pooled Equity	41.1 %	50.2 %	64.5 %	64.9 %	67.9 %
Total Portfolio (%)	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Total Portfolio (Millions \$)	\$403.3	\$438.5	\$620.5	\$653.5	\$774.6
STATE PATROL RETIREMENT FUND					
Debt. Security	38.4 %	40.6 %	25.7 %	27.1 %	24.5 %
Short Term	15.2 %	13.1 %	11.7 %	5.7 %	11.9 %
Pooled Equity	46.4 %	46.3 %	62.6 %	67.2 %	63.6 %
Total Portfolio (%)	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Total Portfolio (Millions \$)	\$35.8	\$36.7	\$45.9	\$47.3	\$58.4
JUDGES RETIREMENT FUND					
Debt. Security	42.1 %	54.5 %	23.2 %	24.8 %	23.2 %
Short Term	31.1 %	14.5 %	16.1 %	7.7 %	16.3 %
Pooled Equity	26.8 %	31.0 %	60.7 %	67.5 %	60.5 %
Total Portfolio (%)	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Total Portfolio (Millions \$)	\$3.3	\$2.5	\$3.4	\$4.3	\$4.3

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>
6-30-76	\$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	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(1)	110,780,756
6-30-80	25,442,110	40,650,797	40,424,477	2,745,965	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	147,517,662
6-30-83	37,306,271	29,137,018	91,100,333	1,952,042	159,495,664
6-30-84	33,342,707	50,640,088	83,321,919	1,354,510	168,659,224
6-30-85	35,219,979	37,624,809	108,531,261	1,331,031	182,707,080

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>
6-30-76	\$ 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	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	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	11,672,588
6-30-83	1,960,988	3,908,972	7,584,812	70,472	13,525,244
6-30-84	1,877,412	4,637,670	6,775,861	59,282	13,350,225
6-30-85	1,963,882	4,361,681	9,145,046	62,883	15,533,492

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>
6-30-76	\$ 313,898	\$ 1,690,994	\$ 109,346	\$ 0	\$ 2,114,238
6-30-77	311,528	1,198,078	328,050	0	1,837,656
6-30-78	423,812	1,319,305	319,324	0	2,062,441
6-30-79	403,497	2,040,717	449,883	0	2,894,097
6-30-80	415,914	1,181,152	496,332	7,143	2,100,541
6-30-81	489,714	1,164,361	742,207	443	2,396,725
6-30-82	468,659	525,044	858,150	0	1,851,853
6-30-83	527,418	2,624,281	975,647	0	4,127,346
6-30-84	465,758	1,670,894	950,690	85,544	3,172,886
6-30-85	500,554	2,225,706	1,218,802	83,819	4,028,881

(1) Transfer of assets and liabilities from the Metropolitan Transit Commission retirement plan to the General Plan.

REVENUE RATIOS 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>
6-30-76	29.7%	45.7%	24.6%	0.0%	100.0%
6-30-77	25.3	38.9	32.7	3.1	100.0
6-30-78	27.6	42.4	30.1	0.0	100.0
6-30-79	21.0	33.4	26.5	19.2	100.0
6-30-80	23.3	37.2	37.0	2.5	100.0
6-30-81	20.3	32.3	47.3	0.2	100.0
6-30-82	19.2	30.7	48.8	1.2	100.0
6-30-83	23.4	18.3	57.1	1.2	100.0
6-30-84	19.8	30.0	49.4	0.8	100.0
6-30-85	19.3	20.6	59.4	0.7	100.0

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>
6-30-76	19.7%	54.0%	26.3%	0.0%	100.0%
6-30-77	16.7	45.8	33.7	3.8	100.0
6-30-78	18.4	50.4	31.2	0.0	100.0
6-30-79	15.6	46.3	38.1	0.0	100.0
6-30-80	13.9	41.6	43.2	1.4	100.0
6-30-81	11.7	35.2	53.1	0.0	100.0
6-30-82	11.5	34.3	53.6	0.5	100.0
6-30-83	14.5	28.9	56.1	0.5	100.0
6-30-84	14.1	34.7	50.8	0.4	100.0
6-30-85	12.6	28.1	58.9	0.4	100.0

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>
6-30-76	14.8%	80.0%	5.2%	0.0%	100.0%
6-30-77	17.0	65.2	17.9	0.0	100.0
6-30-78	20.5	64.0	15.5	0.0	100.0
6-30-79	13.9	70.5	15.5	0.0	100.0
6-30-80	19.8	56.2	23.6	0.3	100.0
6-30-81	20.4	48.6	31.0	0.0	100.0
6-30-82	25.3	28.4	46.3	0.0	100.0
6-30-83	12.8	63.6	23.6	0.0	100.0
6-30-84	14.7	52.7	30.0	2.7	100.0
6-30-85	12.4	55.2	30.3	2.1	100.0

SCHEDULE OF EXPENSES BY TYPE

STATE EMPLOYEES RETIREMENT FUND

Year Ending	Aggregate Benefit Payments			Admin. Expense	Miscellaneous	Total
	Annuities	Disabilities	Refunds			
6-30-76	\$13,279,774	\$ 510,946	\$3,080,043	\$ 676,331	\$ 0	\$17,547,094
6-30-77	14,523,069	642,792	4,176,801	721,493	0	20,064,155
6-30-78	15,942,445	746,625	4,434,702	910,926	0	22,034,698
6-30-79	19,143,247	1,201,406	6,098,473	1,041,312	0	27,484,438
6-30-80	21,797,465	1,286,141	7,272,535	1,063,439	20,131	31,439,711
6-30-81	23,648,844	1,450,559	6,885,658	1,335,426	125,671	33,446,158
6-30-82	27,114,262	1,668,970	9,309,820	955,110	797	39,048,959
6-30-83	31,636,330	1,783,501	6,047,856	932,521	227,376	40,627,584
6-30-84	35,210,035	1,956,514	14,799,721	1,405,816	11,562,673(1)	64,934,759
6-30-85	40,834,688	2,121,929	7,500,095	1,371,738	1,225,931	53,054,381

STATE PATROL RETIREMENT FUND

Year Ending	Aggregate Benefit Payments			Admin. Expense	Miscellaneous	Total
	Annuities	Disabilities	Refunds			
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	1,655,498
6-30-81	1,666,388	58,432	41,146	52,646	5,231	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
6-30-84	3,373,000	58,061	279,120	46,912	801,809(1)	4,558,902
6-30-85	3,901,046	69,398	5,723	53,899	80,278	4,110,344

JUDGES RETIREMENT FUND

Year Ending	Aggregate Benefit Payments			Admin. Expense	Miscellaneous	Total
	Annuities	Disabilities	Refunds			
6-30-76	\$ 1,076,510	\$ 0	\$ 7,075	\$ 11,500	\$ 0	\$ 1,095,085
6-30-77	996,092	3,239	2,827	15,775	0	1,017,933
6-30-78	1,019,706	11,727	1,726	13,694	0	1,046,853
6-30-79	1,253,320	25,761	4,371	15,437	0	1,298,889
6-30-80	1,322,073	16,560	7,135	11,037	0	1,356,805
6-30-81	1,426,434	16,825	46,508	34,078	0	1,523,845
6-30-82	1,555,592	17,726	25,900	26,156	0	1,625,374
6-30-83	1,751,969	16,847	22,691	26,008	1,175	1,818,690
6-30-84	1,967,505	11,457	107,762	27,713	262,154(1)	2,376,591
6-30-85	2,112,923	44,977	634	29,463	5,627	2,193,624

(1) Write-off of Deferred Yield Account (deferred bond losses).

**SUMMARY DATA
FOR THE
FISCAL YEAR ENDED JUNE 30, 1985**

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	44158	5327	3014	720	40	1066	62	(185)	44398	15963	28435	\$4749
Correctional Plan	1174	156	76	24	1	24	2	(11)	1192	288	904	6071
Mil. Aff. Plan	6	0	0	0	0	0	0	1	7	1	6	7212
Total	45338	5483	3090	744	41	1090	64	(195)	45597	16252	29345	\$4784

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-Veted	
General Plan	6345	1077	189	221	85	861	657		5787	910	4877	\$ 986
Correctional Plan	120	24	(20)	3	1	2	10		108	29	79	3396
Mil. Aff. Plan	2	0	(1)	0	0	0	0		1	0	1	5324
Total	6467	1101	168	224	86	863	667		5896	939	4957	\$1227

ANNUITANTS	Number Beg. of Yr.	Increases New	Decreases Deaths	Net Transfers	Number End of Yr.	Averages					
						All Annuitants on June 30			New in Fiscal Year 1985		
						Age	Service	Monthly Benefit	Age	Service	Monthly Benefit
General Plan	10150	963	445	1	10669	72.9	20.1	\$318	63.6	21.7	\$ 442
Correctional Plan	314	14	12	1	317	65.4	20.1	534	57.0	22.5	1027
Mil. Aff. Plan	3	0	0	0	3	65.9	26.4	-	-	-	-
Total	10467	977	457	2	10989	72.7	20.1	\$324	63.5	21.4	\$ 461

DISABILITANTS	Number Beg. of Yr.	Increases New	Decreases		Net Adjustments	Number End of Yr.	Averages					
			Deaths	Rescinded			All Annuitants on June 30			New in Fiscal Year 1985		
							Age	Service	Monthly Benefit	Age	Service	Monthly Benefit
General Plan	687	45	53	1	2	680	54.7	17.4	\$240	65.5	15.0	\$245
Correctional Plan	12	1	1	0	0	12	65.5	17.7	490	45.7	17.8	837
Total	699	46	54	1	2	692	65.3	17.6	\$243	65.3	17.7	\$258

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		
General Plan	1663	3007	4670	34.3	32.8	2.9	2.8	200	
Correctional Plan	68	16	84	31.6	31.9	2.6	3.5	2	
Total	1731	3023	4754	34.2	32.8	2.9	2.8	202	

**SUMMARY DATA
FOR THE
FISCAL YEAR ENDED JUNE 30, 1985**

STATE PATROL RETIREMENT FUND

ACTIVE EMPLOYEES	Number Beg. of Yr.	Increases New	Decreases					Number At End Of Year			Average Accumulated Contributions
			Refunds	Annuities	Disabilities	Inactive	Death	Total	Vested	Non-Vested	
	741	47	4	15	2	3	0	764	478	286	\$19,326

INACTIVE EMPLOYEES	Number Beg. of Yr.	Increases From Active	Decreases			Number At End Of Year			Average Accumulated Contributions
			To Active	To Annuity	To Refunds	Total	Vested	Non-Vested	
	31	3	0	2	2	30	21	9	\$9,901

ANNUITANTS	Number Beg. of Yr.	Increases New	Decreases Deaths	Net Transfers	Number End of Yr.	Averages					
						All Annuitants on June 30			New in Fiscal Year 1985		
						Age	Service	Monthly Benefit	Age	Service	Monthly Benefit
	376	20	9	(6)	381	67.8	25.9	\$833	58.3	24.6	\$1209

DISABILITANTS	Number Beg. of Yr.	Increases New	Decreases Deaths	Net Transfers	Number End of Yr.	Averages					
						All Disabilitants on June 30			New in Fiscal Year 1985		
						Age	Service	Monthly Benefit	Age	Service	Monthly Benefit
	5	3	2	7	13	45.6	22.9	\$866	53.2	20.9	\$988

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	
	5	2	7	29.6	28.7	0.4	0.4	0

JUDGES RETIREMENT FUND

ACTIVE JUDGES	Number Beg. of Yr.	Increases New	Decreases						Number At End Of Year			Average Accumulated Contributions
			Refunds	Annuities	Inactive	Death	Other	Dis.	Total	Vested	Non-Vested	
Judges Plan	241	9	0	6	3	2	0	2	237	126	111	\$13,520
Supreme Court	3	0	0	0	0	0	1	0	2	2	0	0*
Total	244	9	0	6	3	2	1	2	239	128	111	\$13,520

INACTIVE JUDGES	Number Beg. of Yr.	Increases From Active	Decreases		Number At End of Year			Average Accumulated Contributions
			To Active	To Annuity	Total	Vested	Non-Vested	
Judges Plan	5	3	1	0	7	7	0	\$15,993

ANNUITANTS	Number Beg. of Yr.	Increases New	Decreases Deaths	Number End of Yr.	Average Monthly Benefit	Average Monthly Benefit For Fiscal Year New Annuitants
Service	79	6	2	83	\$1,657	\$1,923
Disability	2	2	0	4	1,639	2,057
Survivors	55	0	3	52	824	0
Total	136	8	5	139	\$1,347	\$1,957

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	0	0	0	-	-	-	-	0

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

ACTIVE EMPLOYEES

Year Ending	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
6/30/84	29.7	29.4	29.6	30.4	30.1	30.3	41.6	37.7	39.5	10.8	7.0	8.8
6/30/85	31.6	31.0	31.2	30.5	30.3	30.4	41.7	38.0	39.7	10.9	7.3	9.0

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
6/30/84	28.7	32.4	29.3	28.8	31.1	29.1	35.6	36.2	35.7	6.7	4.4	6.4
6/30/85	29.2	28.6	29.0	28.9	30.4	29.1	35.2	36.2	36.1	7.2	4.8	6.9

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
6/30/84	28.0	31.7	28.3	27.1	26.0	27.0	41.0	32.9	40.7	14.0	6.9	13.8
6/30/85	27.8	23.3	27.4	27.0	25.3	26.9	40.8	32.4	40.5	13.9	7.1	13.7

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
6/30/84	43.6	44.0	43.7	41.7	41.8	41.7	54.0	45.5	53.3	12.1	3.7	11.4
6/30/85	38.0	25.4	34.2	41.5	41.5	41.5	53.8	45.7	53.1	12.2	4.2	11.5

EMPLOYEES ELIGIBLE TO AN IMMEDIATE ANNUITY ON JUNE 30, 1985**STATE EMPLOYEES RETIREMENT FUND****General Employees Retirement Plan**

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Full Benefit	415	301	716
Reduced Benefit Due To Early Retirement	2,089	1,535	3,624
Full Benefit (MTC/TOD Savings Clause)	0	0	0
Reduced Benefit Due To Service Less Than 30 Years (MTC/TOD Savings Clause)	0	0	0
Proportional Benefit (Age Equal To Or Greater Than 65, Service Less Than 10 Years)	86	102	188
Rule of 85	690	210	900
Subtotals	3,280	2,148	5,428
Employees Not Eligible to Immediate Benefit	17,680	21,287	38,967
Totals	20,960	23,435	44,395

Correctional Officers Retirement Plan

Full Benefit	35	5	40
Employees Not Eligible to Immediate Benefit	1,006	147	1,153
Totals	1,041	152	1,193

Military Affairs Retirement Plan

Full Benefit	0	0	0
Employees Not Eligible to Immediate Benefit	7	0	7
Totals	7	0	7

STATE PATROL RETIREMENT FUND

Full Benefit	80	1	81
Employees Not Eligible to Immediate Benefit	657	26	683
Totals	737	27	764

JUDGES RETIREMENT FUND**Judges Plan**

Reduced Benefit	18	0	18
Full Benefit	18	0	18
Judges Not Eligible to Immediate Benefit	180	21	201
Totals	216	21	237

Supreme Court Judges

Full Benefit	2	0	2
Judges Not Eligible to Immediate Benefit	0	0	0
Totals	2	0	2

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 Members Forfeiting Vested Rights
	Male	Female	Total	Male	Female	Male	Female	
6-30-76	1,745	3,552	5,297	32.4	29.7	2.2	1.7	57
6-30-77	1,882	3,837	5,719	31.7	30.7	2.0	1.8	82
6-30-78	2,091	3,849	5,940	32.0	30.0	1.6	1.6	78
6-30-79	2,145	4,036	6,181	32.5	30.9	2.3	2.3	110
6-30-80	2,151	4,240	6,391	35.6	30.5	2.3	2.4	138
6-30-81	1,960	4,259	6,219	32.3	30.7	1.8	1.8	150
6-30-82	2,633	4,967	7,600	32.7	31.0	2.5	2.3	273
6-30-83	2,184	3,755	5,939	36.5	33.4	1.8	2.0	145
6-30-84	1,814	3,201	5,015	35.0	33.0	2.7	2.9	217
6-30-85	1,663	3,007	4,670	34.3	32.8	2.9	2.8	200

Correctional Officers Retirement Plan

6-30-77	133	18	151	31.3	31.4	1.8	1.9	1
6-30-78	97	15	112	32.4	30.2	2.0	1.3	0
6-30-79	117	15	132	31.1	34.9	2.3	2.8	2
6-30-80	112	23	135	30.6	30.6	3.6	2.8	1
6-30-81	82	19	101	31.7	32.5	2.1	2.1	3
6-30-82	86	11	97	31.8	34.3	2.9	3.1	3
6-30-83	67	12	79	32.5	34.4	2.6	1.6	1
6-30-84	69	10	79	32.6	29.7	3.6	2.5	3
6-30-85	68	16	84	31.6	31.9	2.6	3.5	2

STATE PATROL RETIREMENT FUND

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
6-30-84	6	2	8	36.7	27.7	9.5	0.5	2
6-30-85	5	2	7	29.6	28.7	0.4	0.4	0

JUDGES RETIREMENT FUND

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
6-30-84	1	0	1	42.2	-	1.4	-	0
6-30-85	0	0	0	-	-	-	-	0

**SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT
JUNE 30, 1985**

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	257	2005	982	564	399	47	13	0	0	0	1726	263	16	0
101- 200	165	3255	1728	1265	96	109	43	0	0	14	2731	467	53	4
201- 300	143	2145	1094	918	2	83	46	1	0	1	1763	355	25	2
301- 400	105	1313	708	514	0	47	44	0	0	0	1069	230	10	4
401- 500	76	835	485	275	0	29	43	3	0	0	645	173	6	11
501- 600	52	606	397	165	0	12	32	0	0	0	428	165	4	9
601- 700	45	437	296	106	0	9	24	2	0	0	293	141	1	2
701- 800	38	314	202	93	0	5	13	0	1	0	191	122	0	1
901- 900	20	231	168	47	0	4	12	0	0	0	129	102	0	0
901-1000	13	179	128	41	0	1	8	0	1	0	106	72	1	0
Over 1000	25	367	251	68	0	2	45	0	1	0	193	174	0	0
Totals	939	11687	6439	4056	497	348	323	6	3	15	9274	2264	116	33
Average Benefit(\$)	307	310	340	280	72	265	534	498	966	137	311	431	211	432

Type of Retirement*# Option Selected**

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)

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-\$200	2	6	6	0	0	2	4	0
201- 400	3	90	70	0	20	6	64	20
401- 600	3	53	50	1	2	15	36	2
601- 800	4	44	39	2	3	15	26	3
801-1000	5	52	46	3	3	18	31	3
1001-1200	2	55	51	3	1	20	34	1
1201-1400	0	39	37	0	2	12	25	2
1401-1600	0	35	34	1	0	20	15	0
1601-1800	1	16	15	1	0	9	7	0
1801-2000	1	4	4	0	0	4	0	0
Over 2000	0	3	3	0	0	3	0	0
Totals	21	397	355	11	31	124	242	31
Average Benefit(\$)	749	836	861	896	463	1069	760	463

*Type of Retirement

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

Option Selected

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

Not included in this table are average benefits of \$167 for each of 13 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
\$ - \$ 200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
201 - 400	0	7	0	0	1	0	0	0	6	0	0	0	0	7	0
401 - 600	2	10	2	0	1	0	0	5	1	0	1	0	1	9	0
601 - 800	1	12	2	0	4	0	0	0	1	0	5	0	1	11	0
801 - 1000	0	32	7	0	2	0	0	22	0	0	1	1	3	28	0
1001 - 1200	0	10	4	1	3	0	0	1	0	0	1	0	3	7	0
1201 - 1400	0	10	4	1	1	0	1	1	1	1	0	0	3	7	0
1401 - 1600	1	15	10	0	0	0	0	0	0	2	3	1	3	10	1
1601 - 1800	0	7	4	0	1	1	0	1	0	0	0	0	3	4	0
1801 - 2000	1	16	8	0	0	6	0	0	0	2	0	1	3	11	1
Over 2000	2	20	11	1	0	4	0	0	0	4	0	5	2	12	1
	7	139	52	3	13	11	1	30	9	9	11	8	22	106	3
Average Benefit(\$)	1364	1345	1753	1723	888	2522	1385	908	453	1970	932	1917	1433	1271	1559

Deferred — Former member with deferred future benefit.

* Type of Retirement

Benefits provided under laws effective January 1, 1975

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

Option Selected

Life

Option I — Joint & Survivor

Option II — Life plus 50% Survivor

Option III — Period Certain

Benefits provided under laws in effect prior to January 1, 1975

- 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

LEGISLATIVE AND CONSTITUTIONAL OFFICERS PLAN

Amount of Monthly Benefit	Deferred		Type of Retirement*			
	Cons.	Legi.	1	2	3	4
\$ 1-\$100	0	6	0	0	3	3
101- 200	1	9	0	0	11	13
201- 300	1	9	0	0	16	7
301- 400	1	9	0	0	15	6
401- 500	0	16	1	2	17	1
501- 600	0	18	0	0	10	1
601- 700	0	6	0	0	5	1
701- 800	1	7	0	0	7	0
801- 900	0	4	1	0	6	0
901- 900	0	5	0	1	4	0
Over 1000	1	22	4	0	14	0
Totals	5	111	6	3	108	32
Average Benefit(\$)	674	615	1153	621	547	230

***Type of Retirement**

- 1 — Constitutional Officers
- 2 — Survivors of Constitutional Officers
- 3 — Legislative Members (Participate in he MPRIF)
- 4 — Survivors of Legislative Members

Not included in this table
are benefits averaging \$108
for each of 9 children
surviving 5 former leigslators.

ANNUITY & DISABILITY DEATHS

STATE EMPLOYEES RETIREMENT FUND

General Employees Retirement Plan

Year Ending	Average										Percent of Members Who Received More in Annuity Payments Than They Had Contributed		Ratio of Annuity Payments/ Contributions For Deceased Service Annuitants*
	Average Age at Death				Years of Retirement				Number of Deaths				
	Annuity		Disability		Annuity		Disability						
	Male	Female	Male	Female	Male	Female	Male	Female	Annuity	Disability	Annuity	Disability	
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
6-30-84	77.5	80.0	57.3	58.5	12.5	14.0	3.0	2.9	410	17	95.8	52.9	7.4
6-30-85	77.5	79.4	63.0	69.4	13.1	14.1	6.8	10.7	444	55	95.7	69.1	8.0

Correctional Officers Retirement Plan

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
6-30-84	61.5	64.5	-	-	5.2	8.3	-	-	6	1	71	N/A	4.4
6-30-85	66.4	-	53.0	-	7.8	-	3.5	-	13	1	100	100	5.9

STATE PATROL RETIREMENT FUND

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
6-30-84	76.7	70.4	-	-	16.0	8.6	-	-	8	0	93.9	N/A	9.1
6-30-85	70.3	88.1	-	-	9.7	18.8	-	-	9	0	100	N/A	6.1

JUDGES RETIREMENT FUND

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			
6-30-84	80.6	75.1	-	-	11.2	6.5	-	-	9	0			
6-30-85	89.5	77.7	-	-	19.7	11.1	-	-	5	0			

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

STATE EMPLOYEES RETIREMENT FUND

General Employees Retirement Plan

Retirement Effective Dates	YEARS OF CREDITED SERVICE									Totals
	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40 +	
Period 7/1/80 - 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	744
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
Period 7/1/83 - 6/30/84										
Average Monthly Benefit	35.08	107.49	168.97	295.57	384.95	536.13	758.63	932.83	1056.30	359.34
Average Final Salary	1019.72	1132.08	1098.44	1190.00	1283.36	1186.44	1562.22	1588.21	1986.21	1235.84
Average Age At Retirement	65.0	63.7	63.1	62.9	63.0	62.9	62.1	62.3	63.2	63.0
Number Retired	42	64	193	167	94	66	83	40	10	759
Period 7/1/84 - 6/30/85										
Average Monthly Benefit	40.20	117.02	177.66	298.02	402.93	592.39	771.34	996.00	1092.85	442.89
Average Final Salary	1740.52	1532.58	1290.82	1464.23	1523.61	1658.93	1936.92	2103.57	1876.94	1613.32
Average Age At Retirement	61.7	63.4	63.0	63.3	62.8	62.2	61.1	61.4	64.0	62.5
Number Retired	51	58	169	169	130	122	125	80	16	920

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 7/1/80 — 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	0.00	0.00	55.0	56.25	55.0	0.00	55.0	0.00	55.6
Number Retired	0	0	1	4	5	0	2	0	8
Period 7/1/83 — 5/30/84									
Average Monthly Benefit	0.00	267.30	536.45	697.57	925.68	966.72	1569.73	0.00	833.42
Average Final Salary	0.00	1483.11	1547.72	1773.24	1823.92	1666.90	2254.10	0.00	1763.65
Average Age At Retirement	0.00	58.5	54.4	58.6	57.2	57.6	57.8	0.00	57.5
Number Retired	0	2	5	12	4	7	4	0	34
Period 7/1/84 — 6/30/85									
Average Monthly Benefit	0.00	0.00	469.16	727.58	1016.58	1336.35	1530.44	0.00	1013.80
Average Final Salary	0.00	0.00	1328.42	1869.28	1813.99	2197.70	2239.38	0.00	1937.75
Average Age At Retirement	0.00	0.00	58.0	56.3	55.0	55.0	55.0	0.00	55.9
Number Retired	0	0	2	5	1	3	3	0	14

SCHEDULE OF AVERAGE ANNUITY AND DISABILITY BENEFIT 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 +	
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
Period 7/1/83 - 6/30/84									
Average Monthly Benefit	0.00	0.00	495.25	0.00	980.05	1246.66	1542.75	1425.95	1236.33
Average Final Salary	0.00	0.00	1980.98	0.00	1789.43	2149.03	2218.99	2215.50	2082.89
Average Age At Retirement	0.0	0.0	64.9	0.0	55.8	58.3	58.6	62.4	58.2
Number Retired	0	0	1	0	9	21	8	2	41
Period 7/1/84 - 6/30/85									
Average Monthly Benefit	114.96	0.00	372.44	1237.81	0.00	1510.21	1693.10	0.00	1250.93
Average Final Salary	1894.73	0.00	1270.05	2285.73	0.00	2077.22	2246.92	0.00	2054.17
Average Age At Retirement	58.7	0.00	59.4	56.3	0.0	56.1	55.4	0.0	56.6
Number Retired	1	0	2	5	0	8	2	0	18

JUDGES RETIREMENT FUND

Retirement Effective Dates	YEARS OF CREDITED SERVICE					Totals
	10-15	15-20	20-25	25-30	30-35	
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
Period 7/1/83 - 6/30/84						
Average Monthly Benefit	415.26	1897.28	1766.17	0.00	2600.00	1715.20
Average Final Salary	4000.00	4000.00	4000.00	0.00	4000.00	4000.00
Average Age At Retirement	62.2	72.7	70.0	0.0	70.0	69.5
Number Retired	1	2	1	0	1	5
Period 7/1/84 - 6/30/85						
Average Monthly Benefit	0.00	1624.12	1961.62	2407.17	0.00	1923.38
Average Final Salary	0.00	4377.82	4465.46	4148.78	0.00	4383.46
Average Age At Retirement	0.00	67.6	67.7	65.6	0.0	67.3
Number Retired	0	2	3	1	0	6

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, 1985.

CURRENT PARTICIPANTS

On June 30, 1985, there were 1,503 participants in the Unclassified Employees Retirement Plan with shares to their credit, 1156 were active and 347 were inactive. The distribution of participants selecting the various investment options follows:

	June 30, 1982	June 30, 1983	June 30, 1984	June 30, 1985
100% Income shares	36.6%	37.0%	39.6%	35.1%
75% Income shares, 25% Growth shares	11.7%	9.6%	8.9%	9.9%
50% Income shares, 50% Growth shares	28.8%	26.5%	29.8%	26.4%
100% Fixed return	16.1%	19.4%	15.3%	19.9%
75% Fixed return, 25% Growth shares	6.8%	7.5%	6.4%	8.7%

WITHDRAWALS

During fiscal year 1985, there were 132 participants who withdrew employee and employer shares to their credit in the Unclassified Employees Retirement Plan, compared to 120 in fiscal 1984.

ANNUITANTS

Nine former participants are receiving monthly benefits from the Unclassified Employees Retirement Plan as of June 30, 1985. Their average service credit at retirement was 6.2 years, their average age at retirement was 63.0, their average age is 67.6 years, and their average monthly benefit is \$170.36. One of the nine elected a 15 year period certain annuity, eight 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, 1985 there were 3,862 active contributing participants in the Deferred Compensation Plan and 468 in withdrawal status.

Distribution of Amounts Deferred in the Month of June 1985

Dollars Deferred Per Month	Growth & Fix-RT	Income & Fix-RT	Income & Growth	Fixed Return	Growth Shares	Income Shares	Income, Growth & Fixed Return	Totals
\$10-\$99	46	54	60	944	110	176	18	1408
100-199	80	75	83	456	48	106	20	868
200-299	57	57	60	276	35	58	16	559
300-399	27	33	42	131	0	14	15	262
400-499	27	27	25	120	3	18	13	233
500-599	38	31	40	132	5	21	18	285
Over 600	22	22	29	149	1	14	10	247
	297	299	339	2208	202	407	110	3862

Distribution by Age Group of Members in Withdrawal Status at June 30, 1985

Ages	Number of Members	Average Monthly Dollar Value Withdrawn			
		Income	Growth	Fixed	Total
Over 75	5	168.39	322.83	47.00	538.22
74-75	6	606.98	127.91	0.00	734.89
72-73	11	217.16	54.57	98.64	370.37
70-71	22	274.12	52.75	11.82	338.69
68-69	70	115.52	75.47	156.29	347.28
66-67	73	118.28	51.07	191.70	361.05
64-65	79	62.21	31.41	256.52	350.14
62-63	65	77.72	29.76	216.23	323.71
60-61	51	132.84	29.30	325.83	487.97
55-59	71	63.98	39.46	418.03	521.47
50-54	9	30.46	62.25	271.11	396.43
Under 50	6	55.48	93.38	295.00	443.86
	468	\$110.07	\$49.74	\$237.91	\$397.72