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**S**TATE  
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**COMPREHENSIVE ANNUAL REPORT**  
**July 1, 1988 — June 30, 1989**

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1988/89

Pursuant to Mn Stat 356.20

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

**July 1, 1988 — June 30, 1989**

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, 1989

## TABLE OF CONTENTS

### Introductory Section

#### PAGE

3	Letter of Transmittal
5	Board of Directors
6	Chair's Report
7	Summary of Plans

### Financial Section

13	Auditors Opinion
	Combined Financial Statements
14	Combined Balance Sheet
15	Combined Statement of Revenues, Expenses and Changes in Reserves
16	Combined Statement of Changes in Financial Position
17	Notes to the Financial Statements
26	Required Supplemental Information
	Combining and Individual Fund Statements
31	Combining Balance Sheet
32	Combining Statement of Revenues, Expenses and Changes in Reserves
33	Combining Statement of Changes in Financial Position
	Statement of Revenues, Expenses and Changes in Reserves
34	State Employees Retirement Fund
35	State Patrol Retirement Fund
36	Correctional Employees Retirement Fund
37	Judges Retirement Fund
38	Legislative Retirement Plan
39	Elective State Officers Retirement Plan
40	Statement of Changes in Assets, Liabilities and Reserves
41	Schedule of Administrative Expenses

### Actuarial Section

42	Actuary's Certification Letter
44	Summary of Actuarial Assumptions and Methods
45	Required Reserves and Rate Comparison
46	Solvency Test — Funding Ratio
48	Unfunded Accrued Liability

### Statistical Section

50	Investment Results and Distribution of Investments
51	Summary Data
52	Active Employee Data
53	Employees Eligible to an Immediate Annuity
54	Refund Statistics
55	Retired Members by Type of Benefit
58	Deferred Compensation Plan
59	Unclassified Employees Retirement Plan



# MINNESOTA STATE RETIREMENT SYSTEM

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

## OFFICERS

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

## 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, 1989. 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) as established by the Governmental Accounting Standards Board (GASB).

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.

A summary of this report is included in a newsletter sent to all active and retired members of the plans.

### Revenues

Employee contributions, employer contributions, and investment income provide the funding for the System. Contributions and investment income for fiscal year 1989 were \$356.9 million. This represents a 34.1% increase from fiscal year 1988 due to increased investment earnings.

### Expenses

The expenses of the System consist of annuity benefits, refunds of contributions, interest on refunds, and administrative expenses. Expenses for fiscal year 1989 were \$99.1 million, an increase of 9.7% from fiscal year 1988. Revenues exceeded expenses by \$257.8 million.

## BOARD OF DIRECTORS

### Elected Members

Abigail Robles, Chair  
General Plan  
Department of Revenue  
10 River Park Plaza  
St. Paul, MN 55146  
John Johnson  
MTC Representative  
312 Central Avenue, Room 438  
Minneapolis, MN 55414  
Francis C. Marshall  
General Plan  
Department of Transportation  
419 Transportation Building  
St. Paul, MN 55155

Peter A. Teigen  
State Patrol Plan  
Department of Public Safety  
MN State Patrol, Dist. 2600  
P.O. Box 370  
3725-12th Street No.  
St. Cloud, MN 56301

Luther Thompson  
General Plan  
Department of Public Service  
American Center Building  
160 E. Kellogg Blvd.  
St. Paul, MN 55101

Bernard O. Weber  
General Plan  
Department of Transportation  
P.O. Box 370  
St. Cloud, MN 56302

Robert Whitaker  
Retiree Representative  
1303 Watson Avenue  
St. Paul, MN 55116

Kenneth Yozamp  
Correctional Plan  
Minnesota Correctional Facility  
Box B  
St. Cloud, MN 56302

### Appointed Members

Mel Hansen  
Ells Personnel Systems  
1129 Plymouth Building  
Minneapolis, MN 55402

The Honorable Michael A. McGrath  
State Treasurer  
303 Administration Building  
St. Paul, MN 55155

Otto Bang  
American Agency, Inc.  
5851 Cedar Lake Road  
St. Louis Park, MN 55416

## Investments

Investments contribute a substantial portion of the income to the System. Income from investments was \$242.9 million or 68.1% of total revenue. Of the total investment income, 64% is from the basic retirement funds and the remaining 36% is from the participation in the Minnesota Post Retirement Investment Fund.

## Funding

Significant changes in benefits, actuarial assumptions and the contribution rates for the State Employees General Plan did not significantly change the funding status of the Plans. The actuarial valuation has determined that the current level of contributions is sufficient for the State Employees Plan, the Correctional Plan and State Patrol Plan. 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 totally funded.

## Professional Services

Actuarial services are provided for MSRS by Touche Ross & Co. The actuarial valuation data included in this report is provided by the Wyatt Company, under contract with the Legislative Commission on Pensions and Retirement. Legal counsel is provided by Merwin Peterson of the State Attorney General's Office. The System's medical advisor is the State Department 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.

## Acknowledgments

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, 1989**

**BOARD OF DIRECTORS**

Karl W. Christey, Chairman  
Minnesota State Highway Patrol  
565 Wheeler Drive  
Excelsior, Minnesota 55331  
Telephone 612/541-9411  
Term: March 3, 1986-March 5, 1990  
Elected — State Patrol Member

Abigail Robles, Vice-Chairwoman  
Department of Revenue  
1171 Kruse  
West St. Paul, Minnesota 55118  
Telephone 612/297-1835  
Term: March 3, 1986-March 5, 1990  
Elected — State Employee

Otto T. Bang  
5200 Duggan Plaza  
Edina, Minnesota 55435  
Telephone 612/941-4754  
Term: September 29, 1988-January 7,  
1991  
Appointed — Public Member

Mel Hansen  
4505 -28th Avenue South  
Minneapolis, Minnesota 55406  
Telephone 612/722-2182  
Term: January 2, 1989-January 4, 1993  
Appointed — Public Member

John Johnson  
Metropolitan Transit Commission  
12857 Polk Street Northeast  
Blaine, Minnesota 55434  
Telephone 612/379-2914  
Term: March 7, 1988-March 2, 1992  
Appointed — MTC/TOD Designate

Francis Marshall  
Department of Transportation  
6300 South Concord Avenue  
Edina, Minnesota 55424  
Telephone 612/296-3420  
Term: March 7, 1988-March 2, 1992  
Elected — State Employee

Michael McGrath  
State Treasurer  
4410 West 98th Street Circle  
Bloomington, Minnesota 55437  
Telephone 612/296-7091  
Term: January 19, 1987-January 7, 1991  
Appointed — Constitutional Officer

Luther Thompson  
Department of Public Service  
6148 Valley Creek Road  
Woodbury, Minnesota 55125  
Telephone 612/296-1065  
Term: March 3, 1986-March 5, 1990  
Elected — State Employee

Bernard Weber  
Department of Transportation  
126 Riverside Drive Northeast  
St. Cloud, Minnesota 56304  
Telephone 612/255-4268  
Term: March 7, 1988-March 2, 1992  
Elected — State Employee

Robert A. Whitaker  
1303 Watson Avenue  
St. Paul, Minnesota 55116  
Telephone 612/698-3315  
Term: March 7, 1988-March 2, 1992  
Elected — Retired State Employee

Kenneth Yozamp  
Department of Corrections  
4125 Shadowood Drive Northeast  
Sauk Rapids, Minnesota 56379  
Telephone 612/255-5000  
Term: March 7, 1988-March 2, 1992  
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

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OFFICERS

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

T0: Members and Annuitants of the
Minnesota State Retirement System

This has been a significant year for the retirement system.
The Legislature passed the most important pension legislation
in 15 years improving benefits for active employees and retirees.
To finance improvements, the interest assumption was increased
by 1/2% to 8 1/2%, the full funding requirement extended by nine
years to the year 2020, and the employee and employer contribution
rates were increased for the State Employees General Plan.

The financial condition of the Plans was not adversely affected
by the many benefit changes, but actually improved by some
measures such as the adequacy of contributions. This was
due to the change in actuarial assumptions, the better than
expected investment return and the contribution rate change.

Retirees received a 4.04% increase in January 1990 and a 6.918%
increase in January 1989. The five year average increase
is 7.3%. These increases are provided by investment earnings
in excess of the 5% required earnings of the Post Retirement
Investment Fund.

Our Board saw a change after the close of this past fiscal
year. Karl Christey, Chair and member of the Board for 15
years retired. Peter Teigen was appointed to complete his
term as State Patrol Plan representative. We welcome Peter
and thank Karl for his many excellent years of service. As
the current Chair, I look forward to working with the Board
and the System's participants. On behalf of the Board and
MSRS staff, I thank participants and advisors for their support
for continuing a sound and secure retirement future.

Sincerely,

[Handwritten signature of Abigail P. Robles]

Abigail P. Robles, Chair
MSRS Board of Directors

BOARD OF DIRECTORS

Elected Members

Abigail Robles, Chair
General Plan
Department of Revenue
10 River Park Plaza
St. Paul, MN 55146
John Johnson
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Minneapolis, MN 55414
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St. Paul, MN 55155

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MN State Patrol, Dist. 2600
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St. Paul, MN 55101

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Minnesota Correctional Facility
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St. Cloud, MN 56302

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Minneapolis, MN 55402

The Honorable Michael A. McGratt
State Treasurer
303 Administration Building
St. Paul, MN 55155

Otto Bang
American Agency, Inc.
5851 Cedar Lake Road
St. Louis Park, MN 55416

## SUMMARY OF RETIREMENT 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

#### General Employees Plan

- (a) Coverage and Contributions — Most state employees, and selected metropolitan agency employees. Contributions are 4.34% employee and 4.51% employer.
- (b) Benefit Formula
  - 1% of high five year salary for first 10 years plus 1½% for each year over 10 with subsidized early retirement adjustment.
  - or, 1½% for all years of service with actuarial equivalent early retirement reduction.
- (c) Retirement age and years of service
  - Age 65 with one year service — no reduction.
  - Age 62 with 30 years service — no reduction.
  - Rule of 90 — no reduction.
  - Age 55 with 5 years service — reduced from age 65.
  - At any age with 30 years service — reduced from age 62.
  - Total and permanent disability with 3 years service.
- (d) Surviving Spouse Benefit
  - If employee was at least age 50 with 3 years of service at date of death, generally, the spouse is eligible for a 100% joint and survivor annuity starting when the employee would have attained age 55, or a refund.
- (e) Refunds
  - Contributions with 6% interest.
- (f) Annuity and Disability Options
  - 100% joint and survivor with bounce back.
  - 50% joint and survivor with bounce back.
  - 15 year period certain and life thereafter.



## SUMMARY OF RETIREMENT PLANS (Continued)

## Military Affairs and Transportation Pilots Plans

Provisions different from General Plan.

- (a) Coverage and Contributions
  - Employees required to retire from federal military status at age 60 and pilots. Contributions are 5.94% employees and 6.11% employers.
- (b) Retirement Age and Years of Service
  - Age 60, 62 for pilots, with at least 5 years of service — no reduction.
- (c) Disability
  - Unable to perform job disability with 5 years service
  - Formula as general plan with no reduction.
  - Pilots get 75% of salary for maximum of 5 years.

## State Patrol Retirement Plan

- (a) Coverage and Contributions
  - State of Minnesota Highway Patrolmen, conservation officers and crime bureau officers. Contributions are 8.5% employee and 18.9% employer.
- (b) Benefit Formula
  - 2½% of high five successive years salary for each year of service.
- (c) Retirement Age and Years of Service
  - Age 55 with 5 years of service — no reduction.
  - Age 50 with 5 years service — reduced from age 55.
  - Disability same as Correctional Officers Plan.
- (d) Survivor Benefits
  - Death of member in service — spouse gets 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 get 10% of final average salary per child plus \$20 per month prorated equally to such children until age 18 or 22 if a student, or until married. Total benefit limited to 40% of final average salary.
  - Refund with 6% interest if no survivor benefit payable.
- (e) Refunds
  - Contributions with 6% interest.
- (f) Annuity and Disability Option
  - 100% joint and survivor with bounce back.
  - 50% joint and survivor with bounce back.

## SUMMARY OF RETIREMENT PLANS (Continued)

## Correctional Employees Plan

## Provisions different from General Plan

## (a) Coverage and Contributions

- State employees who have direct contact with inmates at Minnesota Correctional Facilities. Contributions are 4.9% employee and 8.7% employer.

## (b) Benefit Formula

- 2½% of high five year average salary for each year of service to a maximum of 75%, payable for 84 months or until age 65, then reverts to General Plan formula.

## (c) Retirement Age and Years of Service

- Age 55 with 5 years service
- Age 50 with 3 years service, reduced from age 55.
- Unable to perform job disability with 3 years service.
- If disability is job related, benefit is equal to 50% of high five average salary plus 2½% for each year in excess of 20.

## Judges Retirement Plan

## (a) Coverage and Contributions

- All Minnesota District, Appellate and Supreme Court Judges. Non-Social Security judges pay the Social Security rate plus .50%. Social Security judges pay 1.25% and the Social Security rate after the maximum is reached. Employer contributions are from a general fund appropriation as needed.

## (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 after June 30, 1980.
- Benefit is reduced by 50% 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 5 years service — no reduction.
- Age 62 with 5 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 salary. Benefit is reduced by 50% of primary amount payable from Social Security.

## (e) Survivor Benefits

- Spouse eligible for 60% of normal annuity subject to a minimum of 25% of final average salary. If covered by Social Security, normal annuity amount is reduced by 50% of judge's primary benefit amount from Social Security.

## (f) Refunds

- Contributions with 5% interest.

## (g) Annuity and Disability Options

- 100% joint and survivor, with or without bounce back.
- 50% joint and survivor, with or without bounce back.
- 10 year certain and life thereafter.
- 15 year certain and life thereafter.

**SUMMARY OF RETIREMENT SYSTEM PLANS (Continued)****General Fund**

## Legislators Retirement Plan

## (a) Coverage and Contributions

- All legislators. Contributions are 9% employee and as needed from general fund appropriation for employer.

## (b) Benefit Formula

- 2½% of high five year average salary.

## (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%, the next two children get 12.5% for a maximum of 100% of member benefit.

## (e) Refunds

- Contributions with 5% interest.

## Elective Officers Plan

## (a) Coverage and Contributions

- Elected Constitutional Officers. Contributions are 9% employee and as needed from general fund appropriation for employer.

## (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%, the next two children get 12.5% for a maximum of 100% of member benefit.

## (e) Refunds

- Contributions with 5% interest.

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

## Unclassified Employees Plan

- (a) Coverage and Contributions
  - Certain specified employees of the State of Minnesota in unclassified positions. Contributions are 4% employee and 6% employer.
- (b) Benefits
  - Withdrawal of account balance or annuity benefit based on age and 5% interest assumption.
- (c) Retirement Age and Years of Service
  - Age 55 with any length of service.
- (d) Refunds
  - Value of account.
- (e) Annuity and Disability Option
  - 100% joint and survivor with bounce back.
  - 50% joint and survivor with bounce back.
  - 15 year period certain.

**Agency Fund**

## Deferred Compensation Plan — IRS Code 457

- (a) Coverage and Contributions
  - Optional for all State employees and employees of political subdivisions. Contributions are tax deferred with a \$10 per pay period minimum and a 25% of gross compensation or \$7,500 maximum.
- (b) Investment Selection
  - Minnesota Supplemental Investment Fund
    - Income Share Account.
    - Growth Share Account.
    - Money Market Account.
    - Common Stock Index Account.
    - Guaranteed Return Account.
    - Bond Market Account
  - Minnesota Mutual Life Insurance Company
    - Fixed annuity contract.
    - Variable annuity contract.
  - Great West Life Assurance Company
    - Daily Interest Guarantee Fund.
    - Guaranteed Certificate Fund — 30, 60 and 84 month.
    - Growth Fund.
- (c) Withdrawal Events
  - Termination of service or death.
  - Unforeseeable emergency.

**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.
- 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.
  - Term certain payment.

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



STATE OF MINNESOTA  
**OFFICE OF THE LEGISLATIVE AUDITOR**  
 VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708  
 JAMES R. NOBLES, LEGISLATIVE AUDITOR

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board  
 and  
 Executive Director  
 Minnesota State Retirement System

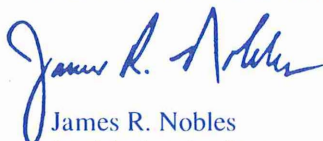
We have audited the combined financial statements of the Minnesota State Retirement System and the combining and individual fund financial statements of the system as of and for the year ended June 30, 1989, as presented in the financial section of this report. These financial statements are the responsibility of the system's management. Our responsibility is to express an opinion on these financial statements based on our audit.


We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As explained in Note 2, 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 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 8 contains the disclosures which must be considered together with the basic financial statements to achieve statutory reporting requirements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Minnesota State Retirement System at June 30, 1989, and the results of its operations and changes in its financial position for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the financial position of the individual funds of the Minnesota State Retirement System at June 30, 1989, 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. 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 Minn. Stat. Section 356.20.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole and on the combining and individual fund financial statements. The supplemental schedule of administrative expenses, which is the responsibility of the system's management, is presented for purposes of additional analysis and is not a required part of the combined financial statements of the Minnesota State Retirement System. The information has been subjected to the auditing procedures applied in the audit of the combined, combining, and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

  
 James R. Nobles  
 Legislative Auditor

  
 John Asmussen, CPA  
 Deputy Legislative Auditor

November 15, 1989

**COMBINED BALANCE SHEET  
JUNE 30, 1989  
(In Thousands)**

		<u>Defined Contribution Fund</u>	<u>Agency Fund</u>	<u>Memorandum Only</u>	
	<u>Defined Benefit Funds</u>	<u>Unclassified Retirement Fund</u>	<u>Deferred Compensation Fund</u>	<u>1989 Totals</u>	<u>1988 Totals</u>
<b>ASSETS</b>					
Cash	\$ (10)	\$ 11	\$ 19	\$ 20	\$ 36
Short-term investments (at cost)	26,795	644	1,365	28,804	60,894
Accounts receivable:					
Member contributions	1,485	78	1,188	2,751	4,966
Employer contributions	1,409	115	2	1,526	2,968
Other	11	0	57	68	41
Accrued Interest	132	0	0	132	242
Due from MPRI fund	69	0	0	69	0
Due from other plans	279	0	0	279	290
Due from other funds	3,997	0	0	3,997	3,942
Fixed Investments (at cost)	298,233	0	0	298,233	273,307
Equity Investments (at cost)	939,419	0	0	939,419	749,398
Deposits with Insurance Companies	0	0	265,258	265,258	201,266
Fixed Assets	58	0	0	58	78
Restricted Assets	837,730	61,111	138,960	1,037,801	946,975
	<u>\$2,109,607</u>	<u>\$ 61,959</u>	<u>\$ 406,849</u>	<u>\$2,578,415</u>	<u>\$2,244,403</u>
<b>LIABILITIES</b>					
Accounts Payable					
Accrued expenses	\$ 270	\$ 0	\$ 10	\$ 280	\$ 313
Deferred Revenue	32	0	0	32	42
Due to MPRI fund	1,458	0	0	1,458	4,490
Due to other plans	234	20	25	279	290
	<u>\$ 1,994</u>	<u>\$ 20</u>	<u>\$ 35</u>	<u>\$ 2,049</u>	<u>\$ 5,135</u>
<b>RESERVES</b>					
MPRI Fund reserve	\$ 837,730	\$ 0	\$ 0	\$ 837,730	\$ 773,546
Member reserve	356,350	61,939	406,814	825,103	701,596
NonMPRI Fund reserve	30,576	0	0	30,576	23,816
State reserve	1,614,924	0	0	1,614,924	1,338,015
Total Required Reserves	<u>\$2,839,580</u>	<u>\$ 61,939</u>	<u>\$ 406,814</u>	<u>\$3,308,333</u>	<u>\$2,836,973</u>
Unfunded accrued liability (at cost)	(731,967)	0	0	(731,967)	(597,705)
Net Reserves	<u>\$2,107,613</u>	<u>\$ 61,939</u>	<u>\$ 406,814</u>	<u>\$2,576,366</u>	<u>\$2,239,268</u>
Total Liabilities and Reserves	<u>\$2,109,607</u>	<u>\$ 61,959</u>	<u>\$ 406,849</u>	<u>\$2,578,415</u>	<u>\$2,244,403</u>

See notes to Financial Statements.

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RESERVES  
YEAR ENDED JUNE 30, 1989  
(In Thousands)**

	<b>Defined Benefit Funds</b>	<b>Defined Contribution Fund</b>	<b>Memorandum Only</b>	
		<b>Unclassified Retirement Fund</b>	<b>1989 Totals</b>	<b>1988 Totals</b>
<b>Operating Revenues:</b>				
Member contributions	\$ 49,271	\$ 0	\$ 49,271	\$ 46,625
Employer contributions	53,741	0	53,741	51,011
General Fund appropriations	5,031	0	5,031	4,968
Investment income	125,032	60	125,092	65,732
MPRI Fund income	87,289	0	87,289	83,322
Gain/Loss on Investments	23,282	0	23,282	9,032
Realized and unrealized gains	0	7,260	7,260	505
Other Income	47	0	47	58
<b>Total Operating Revenues</b>	<b>\$ 343,693</b>	<b>\$ 7,320</b>	<b>\$ 351,013</b>	<b>\$ 261,253</b>
<b>Operating Expenses:</b>				
Annuity benefits	\$ 80,507	\$ 0	\$ 80,507	\$ 73,254
Disability benefits	3,038	0	3,038	2,835
Survivor benefits	976	0	976	907
Refunds	7,072	0	7,072	6,694
Interest on refunds	1,266	0	1,266	1,032
Interest to MPRI Fund	566	0	566	741
Administrative expenses	1,647	194	1,841	1,910
Investment fees	1,408	0	1,408	1,461
<b>Total Operating Expenses</b>	<b>\$ 96,480</b>	<b>\$ 194</b>	<b>\$ 96,674</b>	<b>\$ 88,834</b>
<b>Other Changes in Reserves:</b>				
Member contributions	\$ 0	\$ 2,400	\$ 2,400	\$ 2,167
Employer contributions	0	3,465	3,465	2,746
Member withdrawals	0	(1,840)	(1,840)	(1,504)
Transfers to General Fund	(532)	0	(532)	0
Plan transfers	125	(125)	0	0
<b>Total Other Charges</b>	<b>\$ (407)</b>	<b>\$ 3,900</b>	<b>\$ 3,493</b>	<b>\$ 3,409</b>
<b>Net Reserve Additions</b>	<b>246,806</b>	<b>11,026</b>	<b>257,832</b>	<b>175,828</b>
<b>Reserve Balance at June 30, 1988</b>	<b>\$1,860,807</b>	<b>\$ 50,913</b>	<b>\$1,911,720</b>	<b>\$1,735,892</b>
<b>Reserve Balance at June 30, 1989</b>	<b>\$2,107,613</b>	<b>\$ 61,939</b>	<b>\$2,169,552</b>	<b>\$1,911,720</b>

See notes to Financial Statements.



**COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION  
YEAR ENDED JUNE 30, 1989  
(In Thousands)**

	<u>Defined Benefit Funds</u>	<u>Defined Contribution Fund</u>	<u>Memorandum Only</u>	
		<u>Unclassified Retirement Fund</u>	<u>1989 Totals</u>	<u>1988 Totals</u>
Resources Provided by:				
Net reserve additions	\$ 246,806	\$ 11,026	\$ 257,832	\$ 175,828
Items not requiring resources currently:				
Depreciation	22	0	22	26
Total resources provided	<u>\$ 246,828</u>	<u>11,026</u>	<u>257,854</u>	<u>175,854</u>
Resources Used by:				
Equipment purchased	(2)	0	(2)	(38)
Total resources used	<u>\$ (2)</u>	<u>\$ 0</u>	<u>\$ (2)</u>	<u>\$ (38)</u>
Net Increase in Working Capital	<u>\$ 246,826</u>	<u>\$ 11,026</u>	<u>\$ 257,852</u>	<u>\$ 175,816</u>
Elements of Net Increase (Decrease) in Working Capital				
Current Assets				
Cash	\$ (32)	\$ 9	\$ (23)	\$ (273)
Short-term investments	(32,751)	176	(32,575)	(13,928)
Accounts receivable	(2,631)	(66)	(2,697)	998
Accrued interest and dividends	(110)	0	(110)	(152)
Due from other funds	121	0	121	498
Due from other plans	(11)	0	(11)	127
Due from MPRIF	4	0	4	0
Fixed income investments	24,925	0	24,925	12,003
Equity investments	190,022	0	190,022	71,754
Restricted investments	64,112	10,914	75,026	107,799
Liabilities				
Accrued expenses	36	0	36	(4)
Deferred revenue	10	0	10	12
Due to Other Plans	27	(7)	20	(126)
Due to MPRIF	3,104	0	3,104	(2,892)
Working Capital Change	<u>\$ 246,826</u>	<u>\$ 11,026</u>	<u>\$ 257,852</u>	<u>\$ 175,816</u>

See notes to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE SYSTEM

The Minnesota State Retirement System is the administrator of a multiple-employer, cost-sharing public employee retirement system. It consists of five defined benefit funds, one defined contribution fund and one agency fund. The System is a part of the State of Minnesota's reporting entity and is included with their fiduciary funds. At June 30, 1989, the number of employers participating in the various funds was:

State of Minnesota	1
University of Minnesota	1
Counties	38
Cities	55
School Districts	67
Other Employers	55
	<u>217</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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 1, "Governmental Accounting and Financial Reporting Principles."

(b) Investments

Short-term and equity investments are reported at cost. Fixed income securities are reported at amortized cost. Market value at June 30, 1989 was \$1.60 billion. At June 30, 1988, the market value of all investments was \$1.30 billion. Space restrictions make it impractical to print the entire investment portfolio in this report. However a portfolio list is available upon request.

(c) Risk Categories

Investments are classified according to their level of risk into the following categories:

- 1 — Investments which are insured or registered, or for which the securities are held by the state or its agent in the state's name.
- 2 — Investments which are uninsured or unregistered, and for which the securities are held by a broker or dealer's trust department or agent in the state's name.
- 3 — Same as Category 2 but the securities are not held in the state's name.

(d) Restricted Assets

Restricted assets are the MSRS funds' participation in various investment trust funds administered by the State Board of Investment. For the defined benefit funds, these amounts are invested in the MPRI Fund. For the defined contribution and agency funds, these amounts are invested in the Minnesota Supplemental Investment (MSI) Fund.

(e) Fixed Assets

Fixed assets consist entirely of office equipment and fixtures which were capitalized at cost at the time of acquisition. Depreciation is computed on the straight-line method over estimated useful lives ranging from 3-20 years.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

## (f) Reserves

## (1) Employee Reserve

The Employee reserve is credited with the cumulative employee contributions. Upon retirement these contributions are combined with the necessary state reserve funds and transferred to the MPRI Fund to provide an annuity. Employees who terminate their employment prior to retirement may elect to receive a refund of their contributions plus interest or a deferred annuity.

## (2) State Reserve

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

## (3) MPRI Fund Reserve

The MPRI Fund reserve equals the corresponding assets invested in the MPRI Fund, the proceeds from which are used to pay the monthly pension benefits of eligible retirees. This amount is adjusted annually to fully fund the actuarial value of benefits remaining.

## (4) NonMPRI Fund Reserve

The NonMPRI Fund reserve is the unfunded actuarial value of future benefits to be paid to retirees and beneficiaries who are not eligible to participate in the MPRI Fund.

## (g) Deposits with Insurance Companies

Deposits with Insurance Companies is the Deferred Compensation Fund combined participant account balances and annuity contracts held by authorized insurance companies.

## (h) Actuarial Valuations

Actuarial valuations and experience studies are performed annually. 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 8½% are prescribed by statute.

**3. CASH AND INVESTMENTS**

## (a) Cash

MSRS cash is deposited into state treasury accounts. At June 30, 1989 and throughout the fiscal year then ended, these accounts were secured by pledged collateral and deposit insurance to the extent required by Minnesota statutes.

## (b) Investment Policies

Pursuant to Minnesota statutes, the assets of the MSRS funds are pooled with those of other funds and invested by the State Board of Investment. These investments are restricted to obligations and stocks of the United States and Canadian governments, their agencies and their registered corporations; short-term obligations of specific high quality; and various alternative investments prescribed in statute are limited to 35% of the fund pool.

## (c) Investment Risk

All MSRS investments were classified as Risk Category 1.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(d) Investment Values

Market values and costs of investments were as follows (In Thousands):

	<u>Total</u>	<u>State Employees Fund</u>	<u>State Patrol Fund</u>	<u>Correctional Employees Fund</u>	<u>Judges Fund</u>
At Market:					
Short-Term	\$ 26,796	\$ 22,395	\$ 2,498	\$ 1,669	\$ 234
Debt Security	302,496	268,723	20,131	12,947	695
Pooled Equity	<u>1,093,024</u>	<u>970,989</u>	<u>72,741</u>	<u>46,782</u>	<u>2,512</u>
Total	\$1,422,316	\$1,262,107	\$95,370	\$61,398	\$3,441
At Cost:					
Short-Term	\$ 26,795	\$ 22,395	\$ 2,498	\$ 1,668	\$ 234
Debt Security	298,233	264,885	19,883	12,756	709
Pooled Equity	<u>939,418</u>	<u>833,449</u>	<u>63,279</u>	<u>40,272</u>	<u>2,418</u>
Total	\$1,264,446	\$1,120,729	\$85,660	\$54,696	\$3,361

4. CAPITAL EQUIPMENT

Cost of Equipment and Fixtures	\$244,925
Less: Accumulated Depreciation	(186,636)
Undepreciated Cost	<u>\$ 58,289</u>

5. MINNESOTA POST RETIREMENT INVESTMENT FUND (MPRI Fund)

- (a) MPRI Fund 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 the MPRI Fund. Participation in the MPRI Fund is shown as the required reserves as determined by the actuary.
- (b) MPRI Fund income represents the 5% earnings on the required reserves for fiscal year 1989 plus the 1988 income used to pay the January, 1989 benefit increase. Income in excess of 5% was distributed according to Minnesota Statutes, Section 11A.18, Subdivision 9.

6. DEFERRED COMPENSATION FUND

All member contributions to the Deferred Compensation Fund remain the property and responsibility of the participating employers. MSRS is responsible for exercising due care in the administration of the fund.

7. LEASES

The office facilities and twenty parking spaces are leased by an agreement through September 30, 1990, requiring an annual rent payment of \$94,395.

8. ACTUARIAL VALUATIONS

Minnesota Statutes require annual actuarial valuations using the entry age normal cost method with an 8½% interest rate assumption and a 6½% salary increase assumption.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Minnesota Statutes also provide that actuarial valuations include one third of unrealized market value gains or losses. The lower of cost or market is required on the balance sheet. The following shows the unfunded liability with each method.

	Unfunded Liability (In Thousands)			
	Cost Basis		Actuarial Basis	
	1989	1988	1989	1988
State Employees Retirement Fund	\$632,270	\$506,095	\$585,144	\$471,331
State Patrol Retirement Fund	30,400	28,994	27,163	26,707
Correctional Employees Retirement Fund	9,477	9,008	7,243	7,389
Judges Retirement Fund	41,529	38,935	41,502	38,948
Legislative Retirement Fund	16,504	13,025	16,504	13,025
Elective State Officers Retirement Fund	1,786	1,648	1,786	1,648

9. PENSION BENEFIT OBLIGATION

The pension benefit obligation is a standardized measure of the actuarial present value of credited projected benefits. It is intended to help statement users to assess the funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The assumptions are the same as those of the statutory method, however the method of computation is different.

	(In Thousands)					
	State Employees Retirement Fund	State Patrol Retirement Fund	Correctional Employees Retirement Fund	Judges Retirement Fund	Legislative Retirement Fund	Elective State Officers Retirement Fund
Retirees and beneficiaries receiving benefits and terminated employees not receiving benefits	\$ 738,283	\$ 89,239	\$31,492	\$33,014	\$16,762	\$1,067
Current Employees:						
Accumulated employee contributions including allocated investment income	454,132	29,854	15,706	5,930	3,264	291
Employee financed-vested	785,507	52,924	28,846	18,076	4,823	472
Employer financed-nonvested	<u>131,350</u>	<u>12,233</u>	<u>3,099</u>	<u>7,086</u>	<u>2,149</u>	<u>108</u>
Total Pension Benefit Obligation	2,109,272	184,250	79,143	64,106	26,998	1,938
Net assets available for benefits (Cost Basis)	<u>1,824,416</u>	<u>164,033</u>	<u>83,207</u>	<u>23,325</u>	<u>12,317</u>	<u>315</u>
Unfunded (Assets in Excess of) Pension Benefit	\$ 284,856	\$ 20,217	\$(4,064)	\$40,781	\$14,681	\$1,623

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. COMPARISON OF CONTRIBUTIONS

The contribution rates for each of the defined benefit funds are not actuarilly determined but rather are set by statute. These rates are intended to be sufficient to fully fund the actuarial liabilities by the year 2020. Annual reviews are made by the actuary to determine their sufficiency. Comparisons of the actual to the actuarially required contributions are as follows:

Year Ended June 30, 1989:	(In Thousands)					
	State Employees Retirement Fund	State Patrol Retirement Fund	Correctional Employees Retirement Fund	Judges Retirement Fund	Legislative Retirement Plan	Elective State Officers Retirement Plan
Employee Contributions	\$43,957	\$2,367	\$1,748	\$ 733	\$ 432	\$ 33
Employer Contributions	<u>45,401</u>	<u>5,256</u>	<u>3,084</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Contributions Made	\$89,358	\$7,623	\$4,832	\$ 733	\$ 432	\$ 33
Required Contributions (as determined by actuary)	<u>88,565</u>	<u>6,627</u>	<u>3,679</u>	<u>5,085</u>	<u>1,568</u>	<u>153</u>
Funding Surplus (Deficit)	<u>\$ 793</u>	<u>\$ 996</u>	<u>\$1,153</u>	<u>\$(4,352)</u>	<u>\$(1,136)</u>	<u>\$(120)</u>

11. DESCRIPTIONS OF INDIVIDUAL DEFINED BENEFIT FUNDS

(a) State Employees Retirement Fund

The State Employees Retirement Fund includes the General Employees Plan, a multiple-employer, cost-sharing plan, and the Military Affairs and Transportation Pilots Plan, a single-employer plan. Only certain employees of the Departments of Military Affairs and Transportation are eligible to be members of the Military Affairs and Transportation Pilots Plan, but all state employees who are not members of another plan are members of the General Employees Plan.

Membership statistics at June 30, 1989 were as follows:

Members receiving benefits:	
Retirees	12,229
Beneficiaries	850
Terminated members:	
Vested, not receiving benefits	1,355
Nonvested	3,924
Active members:	
Vested	29,698
Nonvested	18,955
Total	67,011
Annualized Payroll (06/30/89)	\$1,418,160,000

Minnesota Statutes, Section 352.04 require that eligible employees contribute 3.73% of their total compensation with a matching employer contribution of 3.90% through June 30, 1989. Effective July 1, 1989. Those rates are 4.34% and 4.51% respectively. Retirement benefits may be computed by two methods: the step formula and the level formula. Step formula benefits are 1% of the high five year average salary plus 1½% for each year over ten. It also includes full benefits under the "Rule of 90." In contrast, the level formula does not include the "Rule of 90," benefits are 1½% of the high five year average salary for all years of service and full benefits are available at the "normal retirement age."

At the time of retirement, members first employed prior to July 1, 1989 will have their benefit computed under the method providing the higher amount. Those employed July 1 or later are only eligible for the level formula method.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(b) State Patrol Retirement Fund

The State Patrol Retirement Fund includes only the State Patrol Retirement Plan, a single-employer plan. Membership is limited to only those state employees who are state troopers, conservation officers, or crime bureau officers.

Membership statistics at June 30, 1989 were as follows:

Members receiving benefits:	
Retirees	354
Beneficiaries	101
Terminated members:	
Vested, not receiving benefits	19
Nonvested	7
Active members:	
Vested	644
Nonvested	121
Total	1,246
Annualized Payroll (06/30/89)	\$32,591,000

Minnesota Statutes, Section 352.91 requires that eligible employees contribute 8.50% of their total compensation; the matching employer contribution is 18.90%. Members become eligible for normal retirement benefits upon reaching the age of 55 with a minimum of three years of service. The benefit is 2½% of the high five year average salary for each year of service.

(c) Correctional Employees Retirement Fund

The Correctional Employees Retirement Fund includes only the Correctional Plan, a single-employer plan. Membership is limited to only those state employees who have direct responsibility for inmates at Minnesota correctional facilities.

Membership statistics at June 30, 1989 were as follows:

Members receiving benefits:	
Retirees	349
Beneficiaries	8
Terminated members:	
Vested, not receiving benefits	58
Nonvested	57
Active members:	
Vested	864
Nonvested	453
Total	1,789
Annualized Payroll (06/30/89)	\$41,976,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Minnesota Statutes, Section 352.91 requires that eligible employees contribute 4.90% of their total compensation; the matching employer contribution is 8.70%.

Members become eligible for normal retirement benefits at age 55 with a minimum of three years of service. The benefit is 2½% of the high five year average salary for each year of service for 84 months or until age 65. At age 65 or after 84 months, benefits revert to those of the General Employees Plan.

(d) Judges Retirement Fund

The Judges Retirement Fund includes only the Judges Retirement Plan, a single-employer plan. Active membership is limited to Minnesota district, appellate and Supreme Court judges. Retirees also include municipal and county court judges.

Membership statistics at June 30, 1989 were as follows:

Members receiving benefits:	
Retirees	103
Beneficiaries	63
Terminated members:	
Vested, not receiving benefits	4
Nonvested	0
Active members:	
Vested	189
Nonvested	68
Total	427
Annualized Payroll (06/30/89)	\$18,759,000

Minnesota Statutes, Section 490.123 specifies that member salary deductions are equal to the Social Security rate plus 1¼% of salary if they are covered by Social Security. The Social Security contribution is first satisfied by the deductions paid to the Social Security Administration. Once the FICA-taxable wage maximum is reached the full deductions are credited to the Judges Plan. Members not covered by Social Security contribute the Social Security amount plus an additional one-half percent.

This single-employer plan is terminally funded. Employer contributions are made only at the time of retirement.

Members become eligible for retirement benefits upon reaching the age of 65 with five years of service, 62 with 5 years of service and a reduced benefit, or mandatory retirement at age 70 and one year of service. The benefit is 2½% of the high five year average salary within the last 10 years for each year of service prior to July 1, 1980 plus 3% of same average salary for service after June 30, 1980.

(e) General Fund Plans

The General Fund Plans include the Legislative Retirement Plan and the Elective State Officers Plan, both of which are single-employer plans. Members of the Minnesota House of Representatives and Senate are included in the Legislative Retirement Plan; the Elective State Officers Plan includes only the elected constitutional officers.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Membership statistics at June 30, 1989 were as follows:

	<u>Legislative Retirement Plan</u>	<u>Elective State Officers Plan</u>
Members receiving benefits:		
Retirees	125	3
Beneficiaries	36	5
Terminated members:		
Vested, not receiving benefits	95	6
Nonvested	16	0
Active members:		
Vested	99	3
Nonvested	102	3
Totals	473	20
Annualized Payroll (06/30/89)	\$5,179,000	\$406,000

Minnesota Statutes, Sections 3A.03 and 352C.09 require that legislators contribute 9.00% of their regular salary and elected officers contribute 9.00% of their salary. These plans are funded by annual appropriations from the state's General Fund.

Legislators become eligible for retirement benefits upon reaching the age of 62 with 6 years of service or for a reduced benefit at age 60 with the same service. The benefit is 2½% of the high five year average salary but not to exceed their final salary. The Elective State Officers Plan has the same benefit eligibility requirements except 8 years of service is required.

**12. DEFINED CONTRIBUTION PLAN**

The Unclassified Fund includes only the Unclassified Employees Retirement Plan, a multiple-employer defined contribution plan. Membership is limited to certain specified employees of the State of Minnesota and various other statutorily specified entities. Membership statistics at June 30, 1989 were as follows:

Active members	1,425
Inactive members	416
Annualized Payroll (06/30/89)	\$58,623,000

Minnesota Statutes, Section 352D.01-.12 authorize creation of this plan and specify contribution rates of 4% for the employee and 6% for the employer. Member benefits vest only to the extent of the value of their accounts; i.e., cumulative employee contributions and employer contributions plus investment income less administrative expenses. Retirement and disability benefits are available through conversion, at the member's option, to the General Employee Plan provided they have at least 10 years of service.

**13. OPTIONAL RETIREMENT ANNUITIES**

In the defined benefit funds, two joint and survivor annuity options are available. Either 50% or 100% joint and survivor options may be elected. Annuities take the form of joint and survivor options with reversion to the single-life amount if the beneficiary predeceases. A fifteen year certain and life thereafter option is available, and for the Judges Plan a 10 year certain option is provided. Legislative and Elective State Officer plans have no options but automatically provide a 50% continuance to a surviving spouse.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**14. REQUIRED SUPPLEMENTAL INFORMATION**

Ten-year historical trend information designed to provide information about progress in accumulating sufficient assets to pay benefits when due is presented on the pages which follow. Certain information was not available for all funds.

**SUPPLEMENTAL INFORMATION  
ANALYSIS OF FUNDING PROGRESS  
(IN THOUSANDS)  
Unaudited**

<u>Fiscal Year</u>	<u>Net Assets Available for Benefits (Cost)</u>	<u>Pension Benefit Obligation</u>	<u>Percentage Funded</u>	<u>Unfunded Pension Benefit Obligation</u>	<u>Annual Covered Payroll (Historical)</u>	<u>Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll</u>
<b>STATE EMPLOYEES RETIREMENT FUND:</b>						
1985*	\$1,158,383	\$1,285,197	90.1	\$126,814	\$1,010,726	12.5
1986*	1,370,049	1,439,134	95.2	69,085	998,258	6.9
1987*	1,585,971	1,650,993	96.1	65,022	1,058,471	6.1
1988	1,609,381	1,775,445	90.6	166,064	1,091,511	15.2
1989	1,824,416	2,109,272	86.5	284,856	1,163,800	24.5
*Note: Includes the Correctional Employees Retirement Fund.						
<b>STATE PATROL RETIREMENT FUND:</b>						
1985	\$100,486	\$128,874	78.0	\$28,388	\$24,268	117.0
1986	118,175	142,626	82.9	24,451	24,163	101.2
1987	136,397	153,107	89.1	16,710	25,132	66.5
1988	146,068	167,349	87.3	21,281	26,085	81.6
1989	164,033	184,250	89.0	20,217	27,765	72.8
<b>CORRECTIONAL EMPLOYEES RETIREMENT FUND:</b>						
1988*	\$72,446	\$69,142	104.8	\$(3,304)	\$33,155	(10.0)
1989	83,206	79,143	105.1	(4,063)	35,475	(11.5)
**Note: Prior years were included in the State Employees Retirement Fund until July 1, 1987.						
<b>JUDGES RETIREMENT FUND:</b>						
1985	\$13,784	\$40,074	29.3	\$33,290	\$15,016	221.7
1986	15,983	51,178	31.2	35,195	14,913	236.0
1987	18,781	53,677	35.0	34,896	15,644	223.1
1988	20,774	59,389	35.0	38,615	16,102	239.8
1989	23,325	64,106	36.4	40,781	18,006	226.5
<b>LEGISLATIVE RETIREMENT PLAN:</b>						
1985	\$ 8,398	\$18,066	46.5	\$ 9,668	\$4,416	218.9
1986	9,535	20,532	46.4	10,997	4,366	251.9
1987	11,158	21,950	50.8	10,792	4,786	225.5
1988	11,857	23,758	49.9	11,901	4,386	271.3
1989	12,317	26,998	45.6	14,629	4,668	313.4
<b>ELECTED STATE OFFICERS RETIREMENT PLAN:</b>						
1985	\$197	\$1,595	12.4	\$1,398	\$359	389.4
1986	230	1,555	14.8	1,325	344	385.2
1987	246	1,619	15.2	1,373	355	386.8
1988	281	1,757	16.0	1,476	365	404.4
1989	314	1,938	16.2	1,624	387	419.6

**SUPPLEMENTAL INFORMATION  
REVENUES BY SOURCES  
(IN THOUSANDS)**

**STATE EMPLOYEES RETIREMENT FUND:**

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Other</u>	<u>Total</u>
1980*	\$25,442	\$40,651	\$ 40,424	\$2,746	\$198,263
1981*	28,317	45,027	65,934	220	139,498
1982*	28,388	45,335	91,972	1,823	159,518
1983*	37,306	29,137	91,100	1,952	159,495
1984*	33,343	50,640	83,322	1,355	168,660
1985*	35,220	37,625	108,531	1,331	182,707
1986*	38,356	40,565	161,728	1,299	241,948
1987*	40,625	42,911	192,178	1,245	276,959
1988	41,632	42,951	136,396	1,201	222,180
1989	43,957	45,401	205,180	1,099	295,637

\*Note: Includes the Correctional Employees Retirement Fund.

**STATE PATROL RETIREMENT FUND:**

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Other</u>	<u>Total</u>
1980	\$1,203	\$3,608	\$ 3,752	\$188	\$ 8,751
1981	1,283	3,842	5,795	4	10,924
1982	1,341	4,009	6,260	63	11,673
1983	1,961	3,909	7,585	70	13,525
1984	1,877	4,638	6,776	59	13,350
1985	1,964	4,362	9,145	63	15,534
1986	2,062	4,598	13,686	62	20,408
1987	2,164	4,778	16,462	63	23,467
1988	2,244	4,971	12,976	62	20,253
1989	2,367	5,256	17,746	59	25,428

**CORRECTIONAL EMPLOYEES RETIREMENT FUND:**

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Other</u>	<u>Total</u>
1988*	\$1,753	\$3,089	\$5,721	\$0	\$10,563
1989	1,748	3,084	9,254	0	14,086

\*Note: Prior years were included in the State Employees Retirement Fund until July 1, 1987.

**SUPPLEMENTAL INFORMATION  
REVENUES BY SOURCES  
(IN THOUSANDS)**

**JUDGES RETIREMENT FUND:**

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Other</u>	<u>Total</u>
1980	416	1,181	496	7	2,100
1981	490	1,164	742	0	2,396
1982	469	525	858	0	1,852
1983	527	2,624	976	0	4,127
1984	466	1,671	951	86	3,174
1985	501	2,226	1,219	84	4,030
1986	562	2,173	1,661	81	4,477
1987	563	2,405	2,699	62	5,729
1988	565	2,650	1,980	57	5,252
1989	733	2,875	2,443	44	6,095

**LEGISLATIVE RETIREMENT PLAN:**

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Other</u>	<u>Total</u>
1980	\$312	\$0	\$ 0	\$ 259	\$ 571
1981	340	0	67	1,745	2,152
1982	263	0	167	769	1,199
1983	377	0	243	1,681	2,301
1984	331	0	305	794	1,430
1985	357	0	620	604	1,581
1986	387	0	749	981	2,117
1987	430	0	979	1,847	3,256
1988	397	0	976	925	2,298
1989	431	0	980	860	2,271

**ELECTIVE STATE OFFICERS RETIREMENT PLAN:**

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Other</u>	<u>Total</u>
1980	\$25	\$0	\$0	\$ 94	\$119
1981	24	0	0	87	111
1982	24	0	0	86	110
1983	26	0	0	135	161
1984	27	0	0	101	128
1985	29	0	0	95	124
1986	31	0	0	101	132
1987	32	0	0	132	164
1988	34	0	0	132	166
1989	35	0	0	141	176

**SUPPLEMENTAL INFORMATION  
EXPENSES BY TYPE  
(IN THOUSANDS)**

**STATE EMPLOYEES RETIREMENT FUND:**

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds</u>	<u>Other</u>	<u>Total</u>
1980*	\$23,083	\$1,063	\$ 7,273	\$ 20	\$31,439
1981*	25,100	1,335	6,886	126	33,447
1982*	28,783	955	9,310	1	39,049
1983*	33,420	933	6,048	227	40,628
1984*	37,137	1,406	14,800	11,563	64,906
1985*	42,957	1,372	7,500	1,266	53,095
1986*	49,432	1,357	7,724	1,374	59,887
1987*	57,057	1,449	7,996	1,475	67,977
1988	63,697	1,550	7,490	1,958	74,695
1989	69,603	1,166	7,898	1,969	80,636

\*Note: Includes the Correctional Employees Retirement Fund.

**STATE PATROL RETIREMENT FUND:**

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds</u>	<u>Other</u>	<u>Total</u>
1980	\$1,553	\$32	\$ 54	\$ 16	\$1,655
1981	1,724	53	41	5	1,823
1982	2,082	41	87	0	2,210
1983	2,826	41	49	17	2,933
1984	3,431	47	279	802	4,559
1985	3,970	54	6	80	4,110
1986	4,646	59	52	88	4,845
1987	5,431	74	99	93	5,697
1988	6,263	58	9	178	6,508
1989	7,186	66	78	137	7,467

**CORRECTIONAL EMPLOYEES RETIREMENT FUND:**

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds</u>	<u>Other</u>	<u>Total</u>
1988*	\$2,678	\$82	\$196	\$50	\$3,006
1989	2,964	87	270	91	3,412

\*Note: Prior years were included in the State Employees Retirement Fund.

**SUPPLEMENTAL INFORMATION  
EXPENSES BY TYPE  
(IN THOUSANDS)**

**JUDGES RETIREMENT FUND:**

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds</u>	<u>Other</u>	<u>Total</u>
1980	\$1,339	\$11	\$ 7	\$ 0	\$1,357
1981	1,443	34	47	0	1,524
1982	1,574	26	26	0	1,626
1983	1,769	26	23	1	1,819
1984	1,979	28	108	262	2,377
1985	2,158	29	1	6	2,194
1986	2,391	32	0	6	2,429
1987	2,726	34	0	7	2,767
1988	3,110	0	0	0	3,110
1989	3,451	47	24	21	3,543

**LEGISLATIVE RETIREMENT PLAN:**

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds</u>	<u>Other</u>	<u>Total</u>
1980	\$ 332	\$10	\$ 16	\$ 0	\$ 358
1981	419	9	49	0	477
1982	526	15	12	0	553
1983	601	21	96	0	718
1984	696	27	53	0	776
1985	784	31	119	0	934
1986	885	29	3	63	980
1987	1,038	34	130	0	1,202
1988	1,149	31	19	2	1,201
1989	1,211	36	15	1	1,263

**ELECTIVE STATE OFFICERS RETIREMENT PLAN:**

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds</u>	<u>Other</u>	<u>Total</u>
1980	\$ 89	\$ 0	\$ 0	\$0	\$ 89
1981	86	0	0	0	86
1982	86	0	0	0	86
1983	89	1	44	0	134
1984	95	3	3	0	101
1985	102	4	17	0	123
1986	99	2	0	2	103
1987	97	2	17	0	116
1988	97	2	0	0	99
1989	105	1	0	0	106

**COMBINING BALANCE SHEET  
DEFINED BENEFIT FUNDS  
JUNE 30, 1989  
(In Thousands)**

	<u>State Employees</u>	<u>State Patrol</u>	<u>Correctional Employees</u>	<u>Judges</u>	<u>Legislators</u>	<u>Elected State Officers</u>	<u>Memorandum Only</u>  <u>1989 Totals</u>
<b>ASSETS</b>							
Cash	\$ (18)	\$ 1	\$ 3	\$ 4	\$ 0	\$ 0	\$ (10)
Short-term investments (cost)	22,395	2,498	1,668	234	0	0	26,795
Accounts receivable							
Member contributions	1,343	78	63	0	0	1	1,485
Employer contributions	1,141	174	94	0	0	0	1,409
Other	9	2	0	0	0	0	11
Accrued Interest	117	9	6	0	0	0	132
Due from MPRI fund	0	0	69	0	0	0	69
Due from other plans	279	0	0	0	0	0	279
Due from other funds	24	0	0	0	3,658	315	3,997
Fixed investments (at cost)	264,885	19,883	12,756	709	0	0	298,233
Equity Investments (at cost)	833,450	63,279	40,272	2,418	0	0	939,419
Fixed Assets	58	0	0	0	0	0	58
Restricted Assets	701,965	78,465	28,364	20,169	8,767	0	837,730
	<u>\$1,825,648</u>	<u>\$164,389</u>	<u>\$83,295</u>	<u>\$23,534</u>	<u>\$12,425</u>	<u>\$ 316</u>	<u>\$2,109,607</u>
<b>LIABILITIES</b>							
Accounts Payable							
Accrued expenses	\$ 265	\$ 3	\$ 2	\$ 0	\$ 0	\$ 0	\$ 270
Deferred Revenue	0	0	0	32	0	0	32
Due to MPRI fund	967	289	0	130	72	0	1,458
Due to other plans	0	64	86	47	36	1	234
	<u>\$ 1,232</u>	<u>\$ 356</u>	<u>\$ 88</u>	<u>\$ 209</u>	<u>\$ 108</u>	<u>\$ 1</u>	<u>\$ 1,994</u>
<b>RESERVES</b>							
MRPI Fund reserve	\$ 701,965	\$ 78,465	\$28,364	\$20,169	\$ 8,767	\$ 0	\$ 837,730
Member reserve	316,302	19,583	12,053	4,477	3,622	313	356,350
NonMPRI Fund reserve	5,572	8,256	0	12,395	3,643	710	30,576
State reserve	1,432,847	88,130	52,267	27,813	12,789	1,078	1,614,924
Total Required Reserves	\$2,456,686	\$194,434	\$92,684	\$64,854	\$28,821	\$2,101	\$2,839,580
Unfunded accrued liability (cost)	(632,270)	(30,401)	(9,477)	(41,529)	(16,504)	(1,786)	(731,967)
Net Reserves	<u>\$1,824,416</u>	<u>\$164,033</u>	<u>\$83,207</u>	<u>\$23,325</u>	<u>\$12,317</u>	<u>\$ 315</u>	<u>\$2,107,613</u>
Total Liabilities and Reserves	<u>\$1,825,648</u>	<u>\$164,389</u>	<u>\$83,295</u>	<u>\$23,534</u>	<u>\$12,425</u>	<u>\$ 316</u>	<u>\$2,109,607</u>

See notes to Financial Statements.



**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RESERVES  
DEFINED BENEFIT FUNDS  
YEAR ENDED JUNE 30, 1989  
(In Thousands)**

	<u>State Employees</u>	<u>State Patrol</u>	<u>Correctional Employees</u>	<u>Judges</u>	<u>Legislators</u>	<u>Elected State Officers</u>	<u>Memorandum Only 1989 Totals</u>
Operating Revenues:							
Member contributions	\$ 43,957	\$ 2,367	\$ 1,748	\$ 733	\$ 431	\$ 35	\$ 49,271
Employer contributions	45,401	5,256	3,084	0	0	0	53,741
General Fund appropriations	1,096	59	0	2,875	860	141	5,031
Investment income	110,861	8,316	5,387	468	0	0	125,032
MPRI Fund income	73,477	8,021	2,897	1,914	980	0	87,289
Gain/Loss in Investments	20,842	1,409	970	61	0	0	23,282
Other income	<u>3</u>	<u>0</u>	<u>0</u>	<u>44</u>	<u>0</u>	<u>0</u>	<u>47</u>
Total Operating Revenues	<u>\$ 295,637</u>	<u>\$ 25,428</u>	<u>\$14,086</u>	<u>\$ 6,095</u>	<u>\$ 2,271</u>	<u>\$ 176</u>	<u>\$ 343,693</u>
Operating Expenses:							
Annuity benefits	\$ 66,942	\$ 6,999	\$ 2,876	\$ 2,575	\$ 1,056	\$ 59	\$ 80,507
Disability benefits	2,662	163	88	125	0	0	3,038
Survivor benefits	0	24	0	751	155	46	976
Refunds	6,706	62	229	18	57	0	7,072
Interest on refunds	1,192	16	41	7	10	0	1,266
Interest on MPRI Fund	473	44	31	17	1	0	566
Administrative expenses	1,410	66	87	47	36	1	1,647
Investment fees	<u>1,251</u>	<u>93</u>	<u>60</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>1,408</u>
Total Operating Expenses	<u>\$ 80,636</u>	<u>\$ 7,467</u>	<u>\$ 3,412</u>	<u>\$ 3,544</u>	<u>\$1,315</u>	<u>\$ 106</u>	<u>\$ 96,480</u>
Other Changes in Reserves:							
Employer contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers to General Fund	0	0	0	0	(496)	(36)	(532)
Plan transfers	<u>34</u>	<u>4</u>	<u>87</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>125</u>
Total Other Changes	<u>\$ 34</u>	<u>\$ 4</u>	<u>\$ 87</u>	<u>\$ 0</u>	<u>\$ (496)</u>	<u>\$ (36)</u>	<u>\$ (407)</u>
Net Reserve Additions	\$ 215,035	\$ 17,965	\$10,761	\$ 2,551	\$ 460	\$ 34	\$ 246,806
Reserve Balance at June 30, 1988	<u>\$1,609,381</u>	<u>\$146,068</u>	<u>\$72,446</u>	<u>\$20,774</u>	<u>\$11,858</u>	<u>\$ 280</u>	<u>\$1,860,807</u>
Reserve Balance at June 30, 1989	<u>\$1,824,416</u>	<u>\$164,033</u>	<u>\$83,207</u>	<u>\$23,325</u>	<u>\$12,318</u>	<u>\$ 314</u>	<u>\$2,107,613</u>

See notes to Financial Statements.

**COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION  
DEFINED BENEFIT FUNDS  
YEAR ENDED JUNE 30, 1989  
(In Thousands)**

	<u>State Employees</u>	<u>State Patrol</u>	<u>Correctional Employees</u>	<u>Judges</u>	<u>Legislators</u>	<u>Elected State Officers</u>	<u>Memorandum Only 1989 Totals</u>
Resources Provided by:							
Net reserve additions	\$ 215,035	\$ 17,965	\$10,761	\$ 2,551	\$ 460	\$ 34	\$246,806
Items not requiring resources currently:							
Depreciation	<u>22</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22</u>
Total resources provided	\$ 215,057	\$ 17,965	\$10,761	\$ 2,551	\$ 460	\$ 34	\$246,828
Resources Used by:							
Equipment purchased	<u>(2)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2)</u>
Total resources used	<u>\$ (2)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2)</u>
Net Increase in Working Capital	<u>\$ 215,055</u>	<u>\$ 17,965</u>	<u>\$10,761</u>	<u>\$ 2,551</u>	<u>\$ 460</u>	<u>\$ 34</u>	<u>\$246,826</u>
Elements of Net Increase (Decrease) in Working Capital							
Current Assets							
Cash	\$ (33)	\$ 0	\$ 1	\$ 0	\$ 0	\$ 0	\$ (32)
Short-term investments	(28,267)	(1,754)	(2,769)	39	0	0	(32,751)
Accounts receivable	(2,244)	(207)	(159)	(20)	0	(1)	(2,631)
Accrued interest and dividends	(97)	(7)	(5)	(1)	0	0	(110)
Due from other funds	24	0	(269)	0	331	35	121
Due from other plans	(11)	0	0	0	0	0	(11)
Due from MPRIF	0	0	69	0	(65)	0	4
Fixed income investments	22,020	1,646	1,486	(227)	0	0	24,925
Equity investments	167,844	12,674	9,428	76	0	0	190,022
Restricted investments	52,901	5,726	2,929	2,357	199	0	64,112
Liabilities							
Accrued expenses	36	0	0	0	0	0	36
Deferred revenue	0	0	0	10	0	0	10
Due to Other Plans	0	(8)	50	(10)	(5)	0	27
Due to MPRIF	<u>2,882</u>	<u>(105)</u>	<u>0</u>	<u>327</u>	<u>0</u>	<u>0</u>	<u>3,104</u>
Working Capital Change	<u>\$ 215,055</u>	<u>\$ 17,965</u>	<u>\$10,761</u>	<u>\$ 2,551</u>	<u>\$ 460</u>	<u>\$ 34</u>	<u>\$246,826</u>

See notes to Financial Statements.

**STATE EMPLOYEES RETIREMENT FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES**  
**YEAR ENDED JUNE 30, 1989**  
**(In Thousands)**

	<u>Total</u>	<u>Member Reserve</u>	<u>Non-MPRIF Reserve</u>	<u>MPRIF Reserve</u>	<u>State Reserve</u>
Operating Revenues:					
Member Contributions	\$ 43,957	\$ 43,615	\$ 0	\$ 0	\$ 342
Employer Contributions	45,401	0	0	0	45,401
General Fund Appropriations	1,096	0	0	0	1,096
Investment Income	110,861	0	0	0	110,861
MPRI Fund Income	73,477	0	0	73,477	0
Gain (Loss) in Investments	20,842	0	0	0	20,842
Other income	3	0	0	0	3
	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Total Operating Revenues	<u>\$ 295,637</u>	<u>\$ 43,615</u>	<u>\$ 0</u>	<u>\$ 73,477</u>	<u>\$ 178,545</u>
Operating Expenses:					
Annuity Benefits	\$ 66,942	\$ 0	\$ 0	\$ 65,845	\$ 1,097
Disability Benefits	2,662	0	0	2,662	0
Refunds	6,706	6,706	0	0	0
Interest on Refunds	1,192	0	0	0	1,192
Interest to MPRI Fund	473	0	0	0	473
Administrative Expenses	1,410	0	0	0	1,410
Investment Fees	1,251	0	0	0	1,251
	<u>1,251</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,251</u>
Total Operating Expenses	<u>\$ 80,636</u>	<u>\$ 6,706</u>	<u>\$ 0</u>	<u>\$ 68,507</u>	<u>\$ 5,423</u>
Other Changes in Reserves:					
Actuarial Transfers	\$ 0	\$ 0	\$ 5,572	\$ 968	\$ (6,540)
Inactive Employee Transfers	0	(131)	0	0	131
New Annuity Transfers	0	(7,073)	0	46,963	(39,890)
Plan Transfers	34	(117)	0	0	151
	<u>34</u>	<u>(117)</u>	<u>0</u>	<u>0</u>	<u>151</u>
Total Other Changes	<u>\$ 34</u>	<u>\$ (7,321)</u>	<u>\$ 5,572</u>	<u>\$ 47,931</u>	<u>\$ (46,148)</u>
Net Reserve Additions	\$ 215,035	\$ 29,588	\$ 5,572	\$ 52,901	\$ 126,974
Balance June 30, 1988*	<u>\$1,609,381</u>	<u>\$286,714</u>	<u>\$ 0</u>	<u>\$649,064</u>	<u>\$ 673,603</u>
Balance June 30, 1989**	<u>\$1,824,416</u>	<u>\$316,302</u>	<u>\$ 5,572</u>	<u>\$701,965</u>	<u>\$ 800,577</u>

\*Includes a reduction for Unfunded Liabilities of \$506,095,000. FY 1988 Unfunded Liability increase was \$85,592,000.

\*\*Includes a reduction for Unfunded Liabilities of \$632,270,000. FY 1989 Unfunded Liability increase was \$126,175,000.

See notes to Financial Statements.

**STATE PATROL RETIREMENT FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES**  
**YEAR ENDED JUNE 30, 1989**  
**(In Thousands)**

	<u>Total</u>	<u>Member Reserve</u>	<u>Non-MPRIF Reserve</u>	<u>MPRIF Reserve</u>	<u>State Reserve</u>
Operating Revenues:					
Member Contributions	\$ 2,367	\$ 2,365	\$ 0	\$ 0	\$ 2
Employer Contributions	5,256	0	0	0	5,256
General Fund Appropriations	59	0	0	0	59
Investment Income	8,316	0	0	0	8,316
MPRI Fund Income	8,021	0	0	8,021	0
Gain (Loss) on Investments	1,409	0	0	0	1,409
<b>Total Operating Revenues</b>	<u>\$ 25,428</u>	<u>\$ 2,365</u>	<u>\$0</u>	<u>\$ 8,021</u>	<u>\$15,042</u>
Operating Expenses:					
Annuity Benefits	\$ 7,000	\$ 0	\$ 260	\$ 6,682	\$ 58
Disability Benefits	163	0	32	131	0
Survivor Benefits	24	0	24	0	0
Refunds	62	62	0	0	0
Interest on Refunds	16	0	0	0	16
Interest to MPRI Fund	44	0	0	0	44
Administrative Expenses	65	0	0	0	65
Investment Fees	93	0	0	0	93
<b>Total Operating Expenses</b>	<u>\$ 7,467</u>	<u>\$ 62</u>	<u>\$ 316</u>	<u>\$ 6,813</u>	<u>\$ 276</u>
Other Changes in Reserves:					
Actuarial Adjustments	\$ 0	\$ 0	\$ 840	287	\$(1,127)
New Annuity Transfers	0	(585)	286	4,231	(3,932)
Plan Transfers	4	2	0	0	2
<b>Total Other Changes</b>	<u>\$ 4</u>	<u>\$(583)</u>	<u>\$ 1,126</u>	<u>\$ 4,518</u>	<u>\$(5,057)</u>
<b>Net Reserve Additions</b>	<u>\$ 17,965</u>	<u>\$ 1,720</u>	<u>\$ 810</u>	<u>\$ 5,726</u>	<u>\$ 9,709</u>
Balance June 30, 1988*	<u>\$146,068</u>	<u>\$17,863</u>	<u>\$7,446</u>	<u>\$72,739</u>	<u>\$48,020</u>
Balance June 30, 1989**	<u>\$164,033</u>	<u>\$19,583</u>	<u>\$8,256</u>	<u>\$78,465</u>	<u>\$57,729</u>

\*Includes a reduction for Unfunded Liabilities of \$28,994,000. FY 1988 Unfunded Liability increase was \$4,976,000.

\*\*Includes a reduction for Unfunded Liabilities of \$30,400,000. FY 1989 Unfunded Liability decrease was \$1,406,000.

See notes to Financial Statements.

**CORRECTIONAL EMPLOYEES RETIREMENT PLAN  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES  
YEAR ENDED JUNE 30, 1989  
(In Thousands)**

	<u>Total</u>	<u>Member Reserve</u>	<u>MPRI Fund Reserve</u>	<u>State Reserve</u>
Operating Revenues:				
Member Contributions	\$ 1,748	\$ 1,744	\$ 0	\$ 4
Employer Contributions	3,084	0	0	3,084
Investment Income	5,387	0	0	5,387
MPRI Fund Income	2,897	0	2,897	0
Gain (Loss) on Investments	970	0	0	970
<b>Total Operating Revenues</b>	<u>\$14,086</u>	<u>\$ 1,744</u>	<u>\$ 2,897</u>	<u>\$ 9,445</u>
Operating Expenses:				
Annuity Benefits	\$ 2,876	\$ 0	\$ 2,876	\$ 0
Disability Benefits	88	0	88	0
Refunds	229	229	0	0
Interest on Refunds	41	0	0	41
Interest to MPRI Fund	31	0	0	31
Administrative Expense	87	0	0	87
Investment Fees	60	0	0	60
<b>Total Operating Expenses</b>	<u>\$ 3,412</u>	<u>\$ 229</u>	<u>\$ 2,964</u>	<u>\$ 219</u>
Other Changes in Reserves:				
Actuarial Transfers	\$ 0	\$ 0	\$ (69)	\$ 69
Inactive Employee Transfers	0	(74)	0	74
New Annuity Transfers	0	(375)	3,065	(2,690)
Plan Transfers	87	22	0	65
<b>Total Other Changes</b>	<u>\$ 87</u>	<u>\$ (427)</u>	<u>\$ 2,996</u>	<u>\$ (2,482)</u>
Net Reserve Additions	\$10,761	\$ 1,088	\$ 2,929	\$ 6,744
Balance June 30, 1988*	\$72,446	\$10,965	\$25,435	\$36,046
Balance June 30, 1989**	<u>\$83,207</u>	<u>\$12,053</u>	<u>\$28,364</u>	<u>\$42,790</u>

\*Includes a reduction for Unfunded Liabilities of \$9,008,000. FY 1988 Unfunded Liability increase was \$1,907,000.  
\*\*Includes a reduction for Unfunded Liabilities of \$9,477,000. FY 1989 Unfunded Liability increase was \$ 469,000.

See notes to Financial Statements.

**JUDGES RETIREMENT FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES**  
**YEAR ENDED JUNE 30, 1989**  
**(In Thousands)**

	<u>Total</u>	<u>Member Reserve</u>	<u>Non-MPRIF Reserve</u>	<u>MPRIF Reserve</u>	<u>State Reserve</u>
Operating Revenues:					
Member Contributions	\$ 733	\$ 732	\$ 0	\$ 0	\$ 1
General Fund Appropriations	2,875	0	0	0	2,875
Investment Income	468	0	0	0	468
MPRI Fund Income	1,914	0	0	1,914	0
Gain (Loss) on Investments	61	0	0	0	61
Other Income	44	0	0	0	44
	<u>6,095</u>	<u>732</u>	<u>0</u>	<u>1,914</u>	<u>3,449</u>
Total Operating Revenues	\$ 6,095	\$ 732	\$ 0	\$ 1,914	\$ 3,449
Operating Expenses:					
Annuity Benefits	2,575	0	602	1,973	0
Disability Benefits	125	0	22	103	0
Survivor Benefits	751	0	751	0	0
Refunds	18	18	0	0	0
Interest on Refunds	7	0	0	0	7
Interest to MPRI Fund	17	0	0	0	17
Administrative Expenses	47	0	0	0	47
Investment Fees	4	0	0	0	4
	<u>3,544</u>	<u>18</u>	<u>1,375</u>	<u>2,076</u>	<u>75</u>
Total Operating Expenses	\$ 3,544	\$ 18	\$ 1,375	\$ 2,076	\$ 75
Other Changes in Reserves:					
Actuarial Adjustments	0	0	1,633	130	(1,763)
Survivor Contribution					
Transfers	0	(3)	0	0	3
New Annuity Transfers	0	(251)	0	2,389	(2,138)
	<u>0</u>	<u>(254)</u>	<u>1,633</u>	<u>2,519</u>	<u>(3,898)</u>
Total Other Changes	\$ 0	\$ (254)	\$ 1,633	\$ 2,519	\$ (3,898)
Net Reserve Additions	\$ 2,551	\$ 460	\$ 258	\$ 2,357	\$ (524)
Balance June 30, 1988*	<u>\$ 20,774</u>	<u>\$ 4,017</u>	<u>\$ 12,137</u>	<u>\$ 17,812</u>	<u>\$(13,192)</u>
Balance June 30, 1989**	<u>\$ 23,325</u>	<u>\$ 4,477</u>	<u>\$ 12,395</u>	<u>\$ 20,169</u>	<u>\$(13,716)</u>

\*Includes a reduction for Unfunded Liabilities of \$35,373,000. FY 1988 Unfunded Liability increase was \$2,211,000.

\*\*Includes a reduction for Unfunded Liabilities of \$38,935,000. FY 1989 Unfunded Liability increase was \$3,562,000.

See notes to Financial Statements.

**LEGISLATIVE RETIREMENT PLAN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES**  
**YEAR ENDED JUNE 30, 1989**  
**(In Thousands)**

	<u>Total</u>	<u>Member Reserve</u>	<u>Non-MPRIF Reserve</u>	<u>MPRIF Reserve</u>	<u>State Reserve</u>
Operating Revenues:					
Member Contributions	\$ 431	\$ 431	\$ 0	\$ 0	\$ 0
General Fund Appropriations	860	0	0	0	860
MPRI Fund Income	980	0	0	980	0
Total Revenues	<u>\$ 2,271</u>	<u>\$ 431</u>	<u>\$ 0</u>	<u>\$ 980</u>	<u>\$ 860</u>
Operating Expenses:					
Annuity Benefits	\$ 1,056	\$ 0	\$ 0	\$ 1,056	\$ 0
Survivor Benefits	155	0	155	0	0
Refunds	57	57	0	0	0
Interest on Refunds	10	0	0	0	10
Interest to MPRI Fund	1	0	0	0	1
Administrative Expenses	36	0	0	0	36
Total Expenses	<u>\$ 1,315</u>	<u>\$ 57</u>	<u>\$ 155</u>	<u>\$ 1,056</u>	<u>\$ 47</u>
Other Changes in Reserves:					
Actuarial Transfers	0	0	218	72	(290)
New Annuity Transfers	0	(49)	67	275	(293)
Transfers to General Fund	(496)	0	0	0	(496)
Total Other Changes	<u>\$ (496)</u>	<u>\$ (49)</u>	<u>\$ 285</u>	<u>\$ 347</u>	<u>\$ (1,079)</u>
Net Reserve Additions	\$ 460	\$ 325	\$ 130	\$ 271	\$ (266)
Balance June 30, 1988*	\$ 11,858	\$ 3,297	\$ 3,513	\$ 8,496	\$ (3,448)
Balance June 30, 1989**	<u>\$ 12,318</u>	<u>\$ 3,622</u>	<u>\$ 3,643</u>	<u>\$ 8,767</u>	<u>\$ (3,714)</u>

\*Includes a reduction for Unfunded Liabilities of \$13,025,000. FY 1988 Unfunded Liability decrease was \$1,100,000.

\*\*Includes a reduction for Unfunded Liabilities of \$16,504,000. FY 1989 Unfunded Liability increase was \$3,479,000.

See notes to Financial Statements.

**ELECTIVE STATE OFFICERS RETIREMENT PLAN  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RESERVES  
YEAR ENDED JUNE 30, 1989  
(In Thousands)**

	<u>Total</u>	<u>Member Reserve</u>	<u>Non- MPRIF Reserve</u>	<u>State Reserve</u>
Operating Revenues:				
Member Contributions	\$ 35	\$ 35	\$ 0	\$ 0
General Fund Appropriations	141	0	0	141
Total Revenues	<u>\$ 176</u>	<u>\$ 35</u>	<u>\$ 0</u>	<u>\$ 141</u>
Operating Expenses:				
Annuity Benefits	\$ 59	\$ 0	\$ 59	\$ 0
Survivor Benefits	46	0	46	0
Refunds	0	0	0	0
Interest on Refunds	0	0	0	0
Administrative Expenses	1	0	0	1
Total Expenses	<u>\$ 106</u>	<u>\$ 0</u>	<u>\$ 105</u>	<u>\$ 1</u>
Other Changes in Reserves:				
Actuarial Adjustments	\$ 0	\$ 0	\$ 95	\$ (95)
Transfers to General Fund	(36)	0	0	(36)
Total Other Changes	<u>\$ (36)</u>	<u>\$ 0</u>	<u>\$ 95</u>	<u>\$ (131)</u>
Net Reserve Additions	\$ 34	\$ 35	\$ (10)	\$ 9
Balance June 30, 1988*	<u>\$ 280</u>	<u>\$ 279</u>	<u>\$ 720</u>	<u>\$ (719)</u>
Balance June 30, 1989**	<u><u>\$ 314</u></u>	<u><u>\$ 314</u></u>	<u><u>\$ 710</u></u>	<u><u>\$ (710)</u></u>

\*Includes a reduction for Unfunded Liabilities of \$1,648,000. FY 1988 Unfunded Liability increase was \$94,000.

\*\*Includes a reduction for Unfunded Liabilities of \$1,787,000. FY 1989 Unfunded Liability increase was \$139,000.

See Notes to Financial Statements.



**DEFERRED COMPENSATION FUND  
STATEMENT OF CHANGES IN ASSETS, LIABILITIES AND RESERVES  
YEAR ENDED JUNE 30, 1989  
(In Thousands)**

	<u>Balance</u> <u>July 1, 1988</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 1989</u>
<b>ASSETS</b>				
Cash	\$ 14	\$ 37,415	\$ 37,410	\$ 19
Short-term investments (at cost)	880	13,009	12,524	1,365
Accounts Receivable:				
Member contributions	2,143	1,201	2,143	1,201
Other	36	45	36	45
Deposits With Insurance Companies	201,266	81,143	17,150	265,259
Restricted Assets	<u>123,232</u>	<u>36,245</u>	<u>20,517</u>	<u>138,960</u>
<b>TOTAL ASSETS</b>	<u>\$327,571</u>	<u>\$169,058</u>	<u>\$89,780</u>	<u>\$406,849</u>
<b>LIABILITIES AND RESERVES</b>				
Accounts Payable — Accrued Expenses	\$ 8	\$ 10	\$ 8	\$ 10
Due to Other Funds	15	24	15	24
Member Reserves	<u>327,548</u>	<u>98,556</u>	<u>19,289</u>	<u>406,815</u>
<b>TOTAL LIABILITIES AND RESERVES</b>	<u>\$327,571</u>	<u>\$ 98,590</u>	<u>\$ 19,312</u>	<u>\$406,849</u>

See notes to Financial Statements

**MINNESOTA STATE RETIREMENT SYSTEM  
SCHEDULE OF ADMINISTRATIVE EXPENSES  
YEAR ENDED JUNE 30, 1989  
(In Thousands)**

	<u>1989</u>	<u>1988</u>
Personal Services:		
Staff salaries	\$1,129	\$1,115
Social Security	84	77
Retirement	47	44
Insurance	80	92
Total	<u>\$1,340</u>	<u>\$1,328</u>
Professional Services:		
Actuarial	\$ 136	\$110
Data processing	201	266
Disability examinations	10	9
Legal counsel	8	9
Other professional services	118	111
Total	<u>\$ 473</u>	<u>\$ 505</u>
Communication:		
Printing	\$ 35	\$ 49
Telephone	6	5
Postage	91	87
Travel	4	3
Subscriptions and memberships	3	3
Total	<u>\$ 139</u>	<u>\$ 147</u>
Rentals:		
Office space	\$ 94	\$ 92
Total	<u>\$ 94</u>	<u>\$ 92</u>
Miscellaneous:		
Utilities	\$ 14	\$ 14
Supplies	24	22
Repairs and maintenance agreements	19	19
Department head and board member expense	16	8
Statewide indirect cost	27	31
Depreciation	22	26
Other purchased services	5	4
Total	<u>\$ 127</u>	<u>\$ 124</u>
Total Operating Expenses	<u>\$2,173</u>	<u>\$2,196</u>
Expenses Distributed by Fund:		
State Employees	\$1,410	\$1,550
State Patrol	66	58
Correctional	87	82
Judges Retirement	47	38
Unclassified Employees	194	150
Deferred Compensation	332	286
Legislators	36	31
Elected Officials	1	1
Total Distribution	<u>\$2,173</u>	<u>\$2,196</u>

March 6, 1990

**PERSONAL AND CONFIDENTIAL**

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

Members of the Board:

We have completed our annual actuarial valuation as of July 1, 1989 for the following six plans:

- . State Employees Retirement Fund
- . Correctional Employees Retirement Fund
- . State Patrol Retirement Fund
- . Judges Retirement Fund
- . Legislators Retirement Plan
- . Elective State Officers Retirement Plan

The valuation of each plan provides a comparison of the Statutory contribution to the required contribution. The Statutory contribution consists of employee and employer contributions. The required contribution under Chapter 356 consists of the normal cost, a supplemental contribution which will amortize the unfunded liability as a level percentage of pay by 2020 and an allowance for expenses.

A plan has a contribution sufficiency if the Statutory contribution exceeds the required contribution, or a contribution deficiency if the required contribution is larger than the Statutory contribution. These valuations recognize for the first time estimated employer Statutory contributions for the Judges, Legislators and Elective State Officers plan. This change produced a much smaller contribution deficiency for the Legislators plan than in previous years. The remaining five MSRS plans had a contribution sufficiency.

Significant changes in benefits became effective this past year for the State Employees, Correctional Employees, State Patrol and Legislators plans. At the same time, actuarial assumptions were changed for all six plans. The pre-retirement interest rate was increased from 8.0% to 8.5% and the amortization date was extended to 2020. As a result of these changes, the actuarial accrued liability changed as follows:

	<u>Change In Plan Provisions</u>	<u>Change In Actuarial Assumptions</u>
State Employees	\$231,167,000	\$(73,627,000)
Correctional Employees	6,390,000	(2,901,000)
State Patrol	6,045,000	(3,356,000)
Judges	N/A	(738,000)
Legislators	2,731,000	(530,000)
Elective State Officers	N/A	(29,000)

The current funding level based on the actuarial accrued liability determined by the entry age normal cost method and the asset value used for valuation purposes is as follows:

State Employees	76%
Correctional Employees	92
State Patrol	86
Judges	36
Legislators	43
Elective State Officers	15

The low percentages for Judges, Legislators and Elective State Officers reflect the deferral of employer contributions to the time of retirement.

The valuations were performed by using the actuarial cost methods and actuarial assumptions that are described in a separate table of this report.

We certify that to the best of our knowledge and belief, this actuarial valuation was performed in accordance with the requirements of Section 356.215 Minnesota Statutes and the requirements of the Standards for Actuarial Work. The financial information and employee data used in the actuarial valuation are those submitted to us by the Minnesota State Retirement System.

Very truly yours,

*Robert E. Perkins*

Robert E. Perkins  
Fellow, Society of Actuaries

REP:na

## COST METHOD AND ASSUMPTIONS

## Actuarial Cost Method

Entry Age Normal with costs allocated as level percentage of payroll.

## Assumptions

- |                        |   |
|------------------------|---|
| 1. Retirement          | State Employees Plan, Graded rates from age 58 with 25% of those eligible for Rule of 90 retiring each year; Correctional Plan, age 58; State Patrol, age 58 if hired after June 30, 1961, age 63 if hired before July 1, 1961; Judges Plan, age 68; Elective Officers and Legislators, age 62. |
| 2. Mortality           | 1971 Group Annuity Mortality Table with a 8 year set back for females. The Combined Annuity Table for disabilitants.  |
| 3. Separation          | Graded rates based on actual experiences.   |
| 4. Expense             | State Employees Plan (.23% of payroll); Correctional Plan (.41%); State Patrol (.57%); Judges (.31%); Elective Officers (.36%); Legislative (.75%).   |
| 5. Interest            | 8.5% pre-retirement — 5% post-retirement  |
| 6. Salary increases    | 6.5% per year   |
| 7. Contribution Refund | Employees withdrawing are assumed to take the larger of a refund or a deferred benefit.   |
| 8. Social Security     | Correctional Plan, based on the present law and 6.5% salary scale. Only state service earning used. Judges Plan, \$899 per month primary amount, 7.51% contribution rate for 1989 and 7.65% for 1990 with \$48,000 covered salary.  |
| 9. Asset Valuation     | Cost plus $\frac{1}{3}$ unrealized gains or losses.   |

**REQUIRED RESERVES  
JULY 1, 1989  
(In Thousands)**

	<u>State Employees Fund</u>	<u>Correctional Fund</u>	<u>State Patrol Fund</u>	<u>Judges Fund</u>	<u>Elective Officers Plan</u>	<u>Legislative Plan</u>
Active Members						
Retirement Annuities	\$1,310,139	\$46,661	\$ 88,787	\$27,890	\$1,027	\$ 11,777
Disability Benefits	62,755	1,092	6,904	1,326	0	0
Survivors Benefits	76,166	1,791	2,742	2,492	19	440
Deferred Retirements	294,431	12,288	6,872	0	0	5
Refunds	(25,088)	(640)	(110)	132	(12)	(163)
<b>Total</b>	<u>\$1,718,403</u>	<u>\$61,192</u>	<u>\$105,195</u>	<u>\$31,840</u>	<u>\$1,034</u>	<u>\$12,059</u>
Deferred Retirements	\$ 21,836	\$ 2,828	\$ 1,795	\$ 450	\$ 357	\$ 4,274
Former Members Not Vested	2,178	172	59	0	0	78
Annuitants in MPRIF	708,697	28,492	79,129	20,169	0	8,767
Annuitants Not in MPRIF	<u>5,572</u>	<u>0</u>	<u>8,256</u>	<u>12,395</u>	<u>710</u>	<u>3,643</u>
<b>Total Required Reserves</b>	<u><u>\$2,456,686</u></u>	<u><u>\$92,684</u></u>	<u><u>\$194,434</u></u>	<u><u>\$64,854</u></u>	<u><u>\$2,101</u></u>	<u><u>\$28,821</u></u>

**ACTUAL COMPARED TO RECOMMENDED RATES**

	<u>Actual Contribution Rates</u>			<u>Recommended Rate</u>
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>	
State Employees Fund	4.34%	4.51%	8.85%	8.14%
Correctional Fund	4.90	8.7	13.60	10.87
State Patrol Fund	8.50	18.9	27.40	21.84
Judges Fund	4.30 (1)	0.0 (2)	4.30	24.30
Elected Officers Plan	9.00	0.0 (2)	9.00	33.75
Legislative Plan	9.00	0.0 (2)	9.00	31.52

(1) Represents average rate of receipts.

(2) Employer contributions are appropriated directly from State General Fund as needed.

**SOLVENCY TEST — FUNDING RATIO**

(In Thousands)

Valuation Date	(1)	(2)	(3)	Reported Assets	Portion Covered By Reported Assets			Funding Ratio
	Active Member Contributions	Retirees and Beneficiaries	Employer Financed Portion		(1)	(2)	(3)	
<b>STATE EMPLOYEES RETIREMENT FUND</b>								
<u>Aggregate Accrued Liabilities</u>								
6-30-80	\$136,370	\$205,333	\$ 425,544	\$ 569,166	100	100	53.5	74.2
6-30-81	153,318	230,625	477,716	675,227	100	100	61.0	78.4
6-30-82	165,800	282,185	590,922	783,650	100	100	56.8	75.4
6-30-83	192,707	313,795	660,622	902,506	100	100	59.9	77.3
6-30-84	205,711	356,599	749,240	966,003	100	100	57.9	75.9
6-30-85	225,879	424,798	868,262	1,158,383	100	100	58.5	76.3
6-30-86	24,006	497,345	993,546	1,370,049	100	100	62.9	78.8
6-30-87	271,658	586,695	1,107,870	1,585,971	100	100	65.7	80.7
6-30-88*	286,714	649,064	1,179,698	1,644,145	100	100	60.0	77.7
6-30-89	316,302	714,269	1,426,115	1,871,542	100	100	58.9	76.2
<b>CORRECTIONAL PLAN</b>								
6-30-88*	\$10,965	\$25,435	\$45,054	\$74,065	100	100	83.6	90.9
6-30-89	12,053	28,492	52,139	85,441	100	100	86.1	92.2
<b>STATE PATROL RETIREMENT FUND</b>								
6-30-80	\$ 9,433	\$17,210	\$59,188	\$ 49,620	100	100	38.8	57.8
6-30-81	10,252	20,256	70,010	58,720	100	100	40.3	58.4
6-30-82	10,955	25,504	74,997	68,183	100	100	42.3	61.2
6-30-83	12,172	31,992	88,010	78,775	100	100	39.3	59.6
6-30-84	12,762	41,150	65,770	86,785	100	100	50.0	72.5
6-30-85	14,213	50,657	69,569	100,486	100	100	51.2	74.7
6-30-86	15,361	61,006	72,157	118,175	100	100	57.9	79.6
6-30-87	16,856	68,457	75,315	136,397	100	100	67.8	84.9
6-30-88	17,863	80,185	77,014	148,355	100	100	65.3	84.7
6-30-89	19,583	87,385	87,466	167,271	100	100	68.9	86.0
<b>JUDGES RETIREMENT FUND</b>								
6-30-80	\$1,868	\$11,925	\$17,574	\$ 7,641	100	48.4	0	24.4
6-30-81	2,178	13,156	17,282	8,514	100	48.2	0	26.1
6-30-82	2,535	14,817	17,875	8,740	100	41.9	0	24.8
6-30-83	2,858	16,973	20,725	11,049	100	48.3	0	27.2
6-30-84	3,063	18,181	21,134	11,792	100	52.0	0	27.8
6-30-85	3,310	20,218	23,315	13,784	100	51.8	0	29.4
6-30-86	3,670	21,786	25,645	15,983	100	56.5	0	31.3
6-30-87	3,829	26,595	23,610	18,781	100	56.2	0	34.8
6-30-88	4,018	29,949	25,741	20,670	100	55.9	0	34.8
6-30-89	4,477	32,564	27,813	23,352	100	70.3	0	36.0

\*The Correctional Plan was included with the State Employees Retirement Plan until July 1, 1987.

**SOLVENCY TEST — FUNDING RATIO**

(In Thousands)

<u>Valuation Date</u>	<u>(1) Active Member Contributions</u>	<u>(2) Retirees and Beneficiaries</u>	<u>(3) Employer Financed Portion</u>	<u>Reported Assets</u>	<u>Portion Covered By Reported Assets</u>			<u>Funding Ratio</u>
					<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	
<b>ELECTIVE OFFICERS PLAN</b>								
6-30-85	\$197	\$917	\$ 631	\$197	100	0	0	11.3
6-30-86	228	741	737	230	100	0	0	13.5
6-30-87	245	718	837	246	100	0	0	13.7
6-30-88	278	720	931	281	100	0	0	14.6
6-30-89	313	710	1,078	315	100	0	0	15.0
<b>LEGISLATIVE PLAN</b>								
6-30-85	\$2,417	\$ 8,384	\$ 7,344	\$ 8,398	100	71.3	0	46.3
6-30-86	2,742	9,593	9,256	9,535	100	70.8	0	44.2
6-30-87	2,937	11,354	8,792	11,158	100	72.4	0	48.3
6-30-88	3,296	12,009	9,577	11,857	100	71.3	0	47.7
6-30-89	3,622	12,410	12,789	12,317	100	70.0	0	42.7



**UNFUNDED ACCRUED LIABILITY (UAL)**  
(In Thousands)

<u>Valuation Date</u>	<u>Aggregate Accrued Liabilities</u>	<u>Reported Assets</u>	<u>UAL</u>	<u>Member Payroll</u>	<u>UAL As a % Payroll</u>
<b>STATE EMPLOYEES RETIREMENT FUND</b>					
6-30-80	\$ 767,247	\$ 569,166	\$198,081	\$ 703,475	28.2
6-30-81	861,658	675,227	186,431	796,297	23.4
6-30-82	1,038,907	783,650	255,258	830,395	30.7
6-30-83	1,167,124	902,506	264,618	893,430	29.6
6-30-84	1,311,550	996,003	315,547	949,9511	33.2
6-30-85	1,518,939	1,158,383	360,556	1,079,715	33.4
6-30-86	1,738,897	1,370,049	368,848	1,169,240	31.5
6-30-87	1,966,223	1,585,971	380,252	1,243,198	30.6
6-30-88	2,115,476	1,644,145	471,331	1,316,671	35.8
6-30-89	2,456,686	1,871,542	585,144	1,418,160	41.3
<b>CORRECTIONAL PLAN</b>					
6-30-88*	\$ 81,454	\$ 74,065	\$ 7,389	\$ 38,807	19.0
6-30-89	92,684	85,441	7,243	41,976	17.3
<b>STATE PATROL RETIREMENT FUND</b>					
6-30-80	\$ 85,830	\$ 49,620	\$ 36,210	\$ 18,004	201.1
6-30-81	100,518	58,720	41,798	19,967	209.3
6-30-82	111,456	68,183	43,272	20,923	206.8
6-30-83	132,175	78,775	53,400	23,067	231.5
6-30-84	119,682	86,785	32,898	23,016	142.9
6-30-85	134,440	100,486	33,953	25,876	131.2
6-30-86	148,524	118,175	30,349	27,474	110.5
6-30-87	160,628	136,397	24,231	28,583	84.8
6-30-88	175,062	148,355	26,707	29,267	91.3
6-30-89	194,434	167,271	27,163	32,591	83.3
<b>JUDGES RETIREMENT FUND</b>					
6-30-80	\$ 31,367	\$ 7,651	\$ 23,726	\$ 10,278	230.8
6-30-81	32,615	8,514	23,101	10,619	227.0
6-30-82	35,217	8,740	26,477	10,616	249.4
6-30-83	40,556	11,049	29,507	12,685	232.6
6-30-84	42,478	11,792	300,586	14,083	217.2
6-30-85	46,843	13,784	33,058	15,146	218.3
6-30-86	51,102	15,983	35,119	16,616	211.4
6-30-87	54,034	18,781	35,253	15,999	220.3
6-30-88	59,708	20,760	38,948	17,109	227.6
6-30-89	64,854	23,352	41,502	18,759	221.2

\*The Correctional Plan was included with the State Employees Retirement Fund until July 1, 1987.

**UNFUNDED ACCRUED LIABILITY (UAL)**  
(In Thousands)

<u>Valuation Date</u>	<u>Aggregate Accrued Liabilities</u>	<u>Reported Assets</u>	<u>UAL</u>	<u>Member Payroll</u>	<u>UAL As a % Payroll</u>
<b>ELECTIVE OFFICERS PLAN</b>					
6-30-85	\$ 1,745	\$ 197	\$ 1,548	\$ 366	423.0
6-30-86	1,706	230	1,476	392	376.5
6-30-87	1,800	246	1,554	373	416.6
6-30-88	1,929	281	1,648	386	426.9
6-30-89	2,101	315	1,786	406	439.9
<b>LEGISLATIVE PLAN</b>					
6-30-85	\$ 18,145	\$ 8,398	\$ 9,747	\$ 4,507	216.3
6-30-86	21,591	9,535	12,056	4,880	247.0
6-30-87	23,083	11,158	11,925	4,765	250.3
6-30-88	24,882	11,857	13,025	4,932	264.1
6-30-89	28,821	12,317	16,504	5,179	318.7

**INVESTMENT RESULTS  
COMPARED TO SELECTED PERFORMANCE STANDARDS**

	<u>FISCAL YEAR</u>					<u>ANNUALIZED</u>	
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>3 YR.</u>	<u>5 YR.</u>
Rate of Return — Time Weighted							
Basic Retirement Funds							
Including alternative assets <sup>1</sup>	26.8	26.2	14.5	(0.3)	15.5	9.7	16.1
Excluding alternative assets	28.4	29.0	15.8	(0.8)	15.9	10.0	17.1
Comparison Standards							
Median Balance Fund <sup>2</sup>	26.3	25.1	13.1	1.1	14.3	9.6	16.6
Stock/Bond Composite <sup>3</sup>	29.8	29.2	15.4	(0.2)	16.2	10.3	16.3
Inflation	3.7	1.7	3.7	3.9	5.2	4.3	3.7

The time and 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 balanced portfolio.
- 3) 65/30/5 Wilshire 5000/Salomon Broad Investment Grade Bond Index/91 Day T-Bills composite.

**DISTRIBUTION OF INVESTMENTS**

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Basic Retirement Funds					
Common Stocks	61.9%	64.1%	62.1%	60.6%	65.7%
Bonds	25.0	23.7	21.2	22.5	20.8
Real Estate	5.6	7.3	7.9	8.9	7.9
Venture Capital	1.1	1.4	1.8	2.6	2.9
Resource Funds	0.7	0.9	1.3	1.5	1.5
Cash Equivalents	<u>5.7</u>	<u>2.6</u>	<u>5.7</u>	<u>3.9</u>	<u>1.2</u>
	100.0	100.00	100.0	100.0	100.0

**SUMMARY DATA  
FOR THE  
FISCAL YEAR ENDED JUNE 30, 1989**

ACTIVE EMPLOYEES	Number Beg. of Yr.	Increases New	Decreases				Transfers	Number At End Of Year			Average Contributions
			Refunds	Annuities	Inactive	Death		Total	Vested	Non-Vested	
General Plan	47,043	5,857	2,631	605	902	95	(23)	48,644	35,095	13,549	\$ 6,283
Correctional Plan	1,268	130	48	23	22	3	15	1,317	997	320	8,711
Mil. Aff. Plan	5	6	1	0	0	0	0	10	6	4	9,337
State Patrol	741	49	7	15	4	0	0	765	686	79	25,010
Judges Plan	245	13	0	13	0	3	1	256	209	45	17,290
Legislative Plan	201	18	3	1	13	1	0	201	99	102	13,370
Elective Office	6	0	0	0	0	0	0	6	3	3	39,450

INACTIVE EMPLOYEES	Number Beg. of Yr.	Increases	Decreases To				Number At End Of Year			Average Contributions
			Active	Annuity	Refunds	Retirement Fund	Total	Vested	Non-Vested	
General Plan	5,270	1,533	516	91	526	392	5,278	1,354	3,924	\$ 1,719
Correctional Plan	127	32	8	2	5	29	115	58	57	4,291
Mil. Aff. Plan	3	0	0	0	2	0	1	0	1	1
State Patrol	25	4	3	0	0	0	26	19	7	14,340
Judges Plan	5	0	0	1	1	0	3	3	0	17,183
Legislative Plan	114	14	0	4	5	0	119	102	17	7,857
Elective Office	6	0	0	0	0	0	6	6	0	12,552

ANNUITANTS	Number Beg. of Yr.	Increases	Decreases		Number End of Year			All Annuitants			New in Fiscal Year		
			Deaths	Transfers	Members	Survivor	Total	Age	Service	Benefit	Age	Service	Benefit
General Plan	12,199	723	531	(1)	11,580	811	12,391	72.9	20.9	\$ 465	62.9	18.7	\$ 437
Correctional Plan	340	19	14	0	336	9	345	67.1	19.8	709	57.2	20.4	1,145
Mil. Aff. Plan	3	0	0	(3)	2	1	3	70.6	26.6	1,440	—	—	—
State Patrol	437	25	15	(3)	340	104	444	66.3	26.2	1,536	56.7	26.4	1,765
Judges Plan	156	14	4	(10)	99	64	163	75.0	21.9	2,183	64.5	23.0	2,143
Legislative Plan	169	14	10	0	125	38	163	71.0	13.6	722	60.4	7.6	404
Elective Office	8	0	0	0	5	3	8	75.8	14.9	1,683	—	—	—
Unclassified	15	6	0	0	21	0	21	68.9	6.7	252	63.0	7.0	288

DISABILITANTS	Number Beg. of Yr.	Increases New	Decreases Deaths	Adjustments	Number End of Yr.	All Annuitants			New in Fiscal Year		
						Age	Service	Benefit	Age	Service	Benefit
General Plan	660	64	33	0	691	67.0	17.3	325	55.1	16.4	\$ 305
Correctional Plan	6	4	0	2	12	55.2	16.4	651	45.8	14.6	739
State Patrol	13	1	0	0	14	58.2	20.9	1,136	45.0	20.5	769
Judges Plan	5	0	0	0	5	70.3	17.3	2,151	—	—	—
Unclassified	0	1	0	0	1	56.0	1.9	38	55.0	1.9	38

REFUNDS	Number of Refunds			Average Age		Average Service		Vested Refunds
	Male	Female	Total	Male	Female	Male	Female	
General Plan	1,256	2,595	385	33.9	33.4	3.0	2.7	652
Correctional Plan	42	20	62	32.7	34.6	4.3	2.9	19
State Patrol Plan	6	1	7	32.2	36.1	5.0	1.5	2
Judges Plan	1	0	1	63.5	—	14.4	—	1
Legislative Plan	7	1	8	43.8	50.0	4.7	2.0	3

**ACTIVE EMPLOYEES**

Year Ending	Average Entry Age For New Members			Averages For All Members								
	Male	Female	Total	Entry Age			Attained Age			Service Credit		
				Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>STATE EMPLOYEES RETIREMENT FUND</b>												
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
6/30/86	32.0	31.2	31.5	30.5	30.4	30.5	41.8	38.2	39.9	11.0	7.4	9.1
6/30/87	32.4	31.9	32.1	30.5	30.5	30.5	41.9	38.5	40.1	11.2	7.6	9.3
6/30/88	33.6	33.6	33.6	30.7	30.8	30.8	42.1	39.0	40.4	11.2	7.7	9.3
6/30/89	33.0	32.7	32.8	30.6	30.7	30.7	42.2	39.1	40.5	11.3	7.8	9.4
<b>CORRECTIONAL OFFICERS RETIREMENT FUND</b>												
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
6/30/86	29.8	32.1	30.4	29.0	31.1	29.3	36.8	36.2	36.7	7.7	5.2	7.4
6/30/87	30.0	30.0	30.0	29.1	30.8	29.3	37.3	35.9	37.1	8.2	5.2	7.8
6/30/88	29.8	31.5	30.3	29.1	31.0	29.4	37.7	36.2	37.5	8.6	5.2	8.1
6/30/89	29.6	29.3	29.5	29.1	30.2	29.3	38.0	35.5	37.7	8.8	5.2	8.2
<b>STATE PATROL RETIREMENT FUND</b>												
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
6/30/86	26.5	22.8	26.4	26.9	25.1	26.8	40.5	33.0	40.3	13.7	7.9	13.5
6/30/87	26.0	36.7	26.4	26.8	25.5	26.7	40.7	34.1	40.5	14.0	8.6	13.8
6/30/88	32.5	34.2	32.7	26.8	25.5	26.7	40.9	35.1	40.6	14.2	9.6	14.0
6/30/89	28.2	24.3	27.9	26.8	24.8	26.8	41.0	34.0	40.7	14.2	9.1	14.0
<b>JUDGES RETIREMENT FUND</b>												
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
6/30/86	48.1	38.7	47.2	41.7	41.4	41.7	54.3	46.4	53.5	12.4	5.0	11.8
6/30/87	45.6	48.6	46.4	41.7	42.8	41.8	54.0	48.1	53.4	12.2	5.2	11.5
6/30/88	44.9	43.2	44.6	41.8	43.0	42.0	53.9	48.0	53.2	11.9	5.0	11.1
6/30/89	47.7	—	44.7	42.1	43.0	42.2	54.1	49.0	53.6	11.9	6.0	11.3

**EMPLOYEES ELIGIBLE TO AN IMMEDIATE ANNUITY ON JUNE 30, 1989**

**STATE EMPLOYEES RETIREMENT FUND**

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Full Benefit	504	430	934
Reduced Benefit Due To Early Retirement	2,876	2,308	5,184
Proportional Benefit (Age Equal To Or Greater Than 65, Service Less Than 10 Years)	22	28	50
Rule of 90	321	68	389
Employees Not Eligible To Immediate Benefit	<u>18,406</u>	<u>23,681</u>	<u>42,087</u>
Totals	22,129	26,515	48,644

**CORRECTIONAL OFFICERS RETIREMENT FUND**

Full Benefit	47	5	52
Employees Not Eligible To Immediate Benefit	<u>1,061</u>	<u>204</u>	<u>1,265</u>
Totals	1,108	209	1,377

**STATE PATROL RETIREMENT FUND**

Full Benefit	53	0	53
Employees Not Eligible To Immediate Benefit	<u>681</u>	<u>31</u>	<u>712</u>
Totals	734	31	765

**JUDGES RETIREMENT FUND**

Full Benefit	30	1	31
Reduced Benefit	23	2	25
Judges Not Eligible To Immediate Benefit	<u>175</u>	<u>25</u>	<u>200</u>
Totals	228	28	256

**LEGISLATIVE PLAN**

Full Benefit	10	1	11
Reduced Benefit	7	0	7
Members Not Eligible For Immediate Benefit	<u>146</u>	<u>37</u>	<u>183</u>
Totals	163	38	201

**ELECTIVE OFFICERS PLAN**

Full Benefit	1	0	1
Members Not Eligible For Immediate Benefit	<u>3</u>	<u>2</u>	<u>5</u>
Totals	4	2	6

REFUND STATISTICS

Year Ending	Number of Refunds			Age		Years Forfeited		Number Forfeiting Vested Rights
	Male	Female	Total	Male	Female	Male	Female	
<b>STATE EMPLOYEES RETIREMENT FUND</b>								
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
6-30-86	1,330	2,604	3,934	34.3	32.5	3.3	3.0	175
6-30-87	1,230	2,584	3,814	35.1	33.4	3.3	2.9	184
6-30-88	1,540	2,607	4,147	33.3	33.1	2.5	2.7	177
6-30-89	1,256	2,595	3,851	33.9	33.4	3.0	2.7	652
<b>CORRECTIONAL OFFICERS RETIREMENT FUND</b>								
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
6-30-86	66	20	86	31.5	31.6	3.5	2.2	2
6-30-87	56	15	71	32.3	31.6	3.8	2.4	2
6-30-88	48	10	58	31.1	29.4	3.2	2.7	2
6-30-89	42	20	62	32.7	34.6	4.3	2.9	19
<b>STATE PATROL RETIREMENT FUND</b>								
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
6-30-86	5	1	6	32.6	33.8	4.5	5.1	1
6-30-87	8	0	8	34.0	—	5.8	—	1
6-30-88	1	0	1	34.5	—	3.8	—	0
6-30-89	6	1	7	32.2	36.1	5.0	1.5	1
<b>JUDGES RETIREMENT FUND</b>								
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
6-30-86	0	0	0	—	—	—	—	0
6-30-87	0	0	0	—	—	—	—	0
6-30-88	0	1	1	—	37.9	—	3.5	0
6-30-89	1	0	1	63.5	—	14.4	—	1
<b>LEGISLATIVE RETIREMENT PLAN</b>								
6-30-88	1	0	1	43.5	—	1.0	—	0
6-30-89	7	1	8	43.8	50.0	4.7	2.0	—

**STATE EMPLOYEES RETIREMENT FUND  
SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT**

Amount of Monthly Benefit	Deferred	Number of Retirees	Type of Retirement					Option Selected			
			1	2	3	4	5	Life	I	II	III
\$ 0- 199	436	3,869	3,334	223	300	0	12	3,050	729	72	19
200- 399	345	3,794	3,257	275	254	0	6	2,844	877	56	16
400- 599	265	2,135	1,890	123	119	0	3	1,566	532	28	9
600- 799	135	1,211	1,099	48	64	0	0	809	372	12	18
800- 999	63	799	753	12	33	0	0	476	307	5	11
1000-1199	38	525	502	5	17	1	0	264	256	2	3
1200-1399	32	355	337	4	13	1	0	184	166	3	2
1400-1599	12	195	186	1	7	1	0	88	103	0	4
1600-1799	7	99	98	0	1	0	0	47	51	1	0
1800-1999	7	71	69	0	2	0	0	18	53	0	0
Over 2000	14	54	54	0	0	0	0	26	28	0	0
Totals	1,354	13,105	11,579	691	810	3	22	9,372	3,474	177	82

Types

- 1 General Plan Annuitants
- 2 General Plan Disabilitants
- 3 General Plan Survivors
- 4 Military Affairs Plan
- 5 Unclassified Plan

Options:

- Life Straight Life Annuity
- I Joint & Survivor
- II Death While Eligible
- III Period Certain

**STATE PATROL RETIREMENT FUND  
SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT**

Amount of Monthly Benefit	Deferred	Number of Retirees	Type of Retirement				Option Selected		
			1	2	3	4	Life	I	II
\$ 0- 199	2	2	2	0	0	0	2	0	0
200- 399	1	11	7	0	0	4	3	5	3
400- 599	1	66	10	0	0	56	16	38	12
600- 799	4	23	11	1	1	10	7	15	1
800- 999	3	39	24	5	1	9	16	21	2
1000-1199	1	40	35	1	0	4	15	24	1
1200-1399	1	47	36	1	1	9	13	31	3
1400-1599	2	66	61	1	0	4	24	42	0
1600-1799	1	45	43	0	0	2	15	29	1
1800-1999	2	52	47	2	0	3	35	16	1
Over 2000	1	64	64	0	0	0	44	20	0
Totals	19	455	340	11	3	101	190	241	24

Types

- 1 Retired Members
- 2 Disabilitants That Participate in the MPRIF
- 3 Disabilitants Not Participating in MPRIF
- 4 Survivors

Options:

- Life Full Life Annuity
- I Joint & Survivor
- II Death While Eligible



**JUDGES RETIREMENT FUND  
SCHEDULE OF RETIRED JUDGES BY TYPE OF BENEFIT**

Amount of Monthly Benefit	Deferred	Number of Retirees	Type of Retirement						Option Selected			
			<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>Life</u>	<u>I</u>	<u>II</u>	<u>III</u>
\$ 0- 199	0	0	0	0	0	0	0	0	0	0	0	0
200- 399	0	3	0	0	0	0	0	3	3	0	0	0
400- 599	1	11	3	0	0	0	0	8	8	1	2	0
600- 799	1	5	1	1	0	0	0	3	4	0	1	0
800- 999	0	14	3	2	0	0	0	9	12	1	1	0
1000-1199	0	10	4	2	0	0	1	3	5	3	2	0
1200-1399	0	27	4	3	0	0	3	17	21	5	1	0
1400-1599	0	13	6	0	1	0	3	3	8	3	2	0
1600-1799	0	14	6	2	1	0	0	5	8	3	3	0
1800-1999	1	8	5	0	1	1	0	1	2	3	3	0
Over 2000	<u>0</u>	<u>62</u>	<u>45</u>	<u>12</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>3</u>	<u>15</u>	<u>25</u>	<u>17</u>	<u>5</u>
Totals	3	167	77	22	4	1	8	55	86	44	32	5

**Types**

- 1 Retired Members
- 2 Disabilitants That Participate in MPRIF
- 3 Disabilitants Not Participating in MPRIF
- 4 Survivors Who Participate in MPRIF
- 5 Survivors Who Do Not Participate in MPRIF

**Options:**

- Life Full Life Annuity
- I Joint & Survivor
- II Life + 50% Survivor
- III Period Certain

**CORRECTIONAL RETIREMENT FUND  
SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT**

Amount of Monthly Benefit	Deferred	Number of Retirees	Type of Retirement			Option Selected		
			<u>1</u>	<u>2</u>	<u>3</u>	<u>Life</u>	<u>I</u>	<u>III</u>
\$ 0- 199	8	34	32	2	0	31	3	0
200- 399	12	63	58	1	4	55	8	0
400- 599	9	90	86	1	3	75	14	1
600- 799	5	57	52	4	1	49	8	0
800- 999	12	35	33	2	0	25	10	0
1000-1199	3	26	24	2	0	18	8	0
1200-1399	3	15	15	0	0	6	9	0
1400-1599	2	15	15	0	0	8	7	0
1600-1799	0	9	8	0	1	6	3	0
1800-1999	0	5	5	0	0	1	4	0
Over 2000	<u>4</u>	<u>8</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>5</u>	<u>0</u>
Totals	58	357	336	12	9	277	79	1

**Types**

- 1 Retired Members
- 2 Disabilitants
- 3 Survivors

**Options:**

- Life Full Life Annuity
- I Joint & Survivor
- III Period Certain

**LEGISLATORS AND ELECTED STATE OFFICERS  
SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT**

<u>Amount of Monthly Benefit</u>	<u>Deferred</u>		<u>Type of Retirement</u>			
	<u>Elected State Officers</u>	<u>Legislators</u>	<u>Elected State Officers</u>		<u>Legislative</u>	
			<u>Members</u>	<u>Survivor</u>	<u>Members</u>	<u>Survivor</u>
\$ 0- 199	1	4	0	0	5	10
200- 399	2	12	0	1	31	17
400- 599	0	24	0	0	27	7
600- 799	2	16	0	2	21	2
800- 999	0	10	0	0	12	0
1000-1199	0	16	1	1	10	0
1200-1399	0	10	1	1	6	0
1400-1599	0	7	0	0	4	1
1600-1799	1	1	0	0	5	0
1800-1999	0	1	0	0	2	0
Over 2000	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>0</u>
Totals	6	102	3	5	125	37

**DEFERRED COMPENSATION PLAN**

These statistics include only participants in the Minnesota Supplemental Investment Fund and not the insurance company participants. On June 30, 1989, there were 5,290 active participants, 2,685 inactive participants and 656 in withdrawal status for a total of 8,631.

**INVESTMENT PERFORMANCE**

	<u>PER SHARE VALUES</u>		<u>RATE OF RETURN</u>	
	<u>June 30, 1988</u>	<u>June 30, 1989</u>	<u>FY 1989</u>	<u>5 Year Average</u>
Income Shares	\$26.31	\$30.67	16.6%	15.1%
Growth Shares	18.35	20.87	13.7%	13.9%
Common Stock Index	12.04	14.37	19.4%	19.1%*
Bond Market	11.52	12.91	12.1%	15.3%
	<u>Average Interest Rates</u>			
	<u>FY 1988</u>	<u>FY 1989</u>	<u>5 Year Average</u>	
Money market	7.3%	9.2%	7.9%	
	<u>November 3-Year Contract Interest Rates</u>			
	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Guaranteed Investment	7.72%	8.45%	9.01%	8.4%

\*Wilshire 5000 Index (July 1984 — June 1986)

**INVESTMENT DISTRIBUTION**

	<u>Current Investments for June 1989</u>			<u>Total Investments as of June 30, 1989</u>		
	<u>% of Participants</u>	<u>% of Dollars</u>	<u>Average Invested</u>	<u>% of Participants</u>	<u>% of Dollars</u>	<u>Average Invested</u>
Income Shares	34.4%	24.5%	\$108	40.8%	20.3%	\$ 8,020
Growth Shares	20.1	11.1	84	28.9	12.6	6,973
Money Market	34.0	28.1	126	58.1	36.6	10,196
Stock Index	14.5	7.0	73	12.7	2.5	3,030
Guaranteed Investment	27.0	28.3	159	48.2	27.7	9,280
Bond Market	2.6	1.0	56	2.0	0.3	2,798

**PARTICIPANT DISTRIBUTION**

	<u>Monthly Investment Per Option</u>							
	<u>Under \$50</u>	<u>\$50-\$99</u>	<u>\$100-\$199</u>	<u>\$200-\$299</u>	<u>\$300-\$399</u>	<u>\$400-\$499</u>	<u>\$500-\$599</u>	<u>Over \$600</u>
Age 24 and under	38	15	5	2	1	0	0	0
Age 25 thru 34	408	360	210	55	37	15	18	16
Age 35 thru 44	655	670	534	275	110	69	59	79
Age 45 thru 54	301	488	450	272	125	88	103	122
Age 55 thru 64	109	175	216	195	95	85	75	178
Age 65 and over	7	8	22	10	7	5	6	14

**PARTICIPANT WITHDRAWALS**

	<u>FY 1989 Number</u>	<u>Average Dollar</u>
Lump sum withdrawals:		
Partial Withdrawal	80	\$ 5,795
Full Withdrawal	155	\$ 5,982
Transfer to Insurance Co.	151	\$34,567
Survivor's Refund	20	\$10,271
Ongoing Withdrawals — June 30, 1989	656	\$ 557 per month

**UNCLASSIFIED EMPLOYEES RETIREMENT PLAN**

On June 30, 1989, there were 1,514 active participants and 480 inactive participants for a total of 1,994.

**INVESTMENT PERFORMANCE**

	<u>SHARE VALUES</u>		<u>RATE OF RETURN</u>	
	<u>June 30, 1988</u>	<u>June 30, 1989</u>	<u>FY 1989</u>	<u>5 Year Average</u>
Income Shares	\$26.31	\$30.67	16.6%	15.1%
Growth Shares	18.35	20.87	13.7%	13.9%
Common Stock Index	12.04	14.37	19.4%	19.1%*
Bond Market	11.52	12.91	12.1%	15.3%**

	<u>Average Interest Rates</u>		
	<u>FY 1988</u>	<u>FY 1989</u>	<u>5 Year Average</u>
Money Market	7.3%	9.2%	7.9%

	<u>November 3-Contract Interest Rates</u>			
	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Guaranteed Investment	7.72%	8.45%	9.01%	8.4%

\*Wilshire 5000 Index (July 1984 — June 1986)  
 \*\*Salomon Brothers Broad Bond Index (July 1984 — June 1986)

**INVESTMENT DISTRIBUTION**

	<u>Current Investments for June 1989</u>			<u>Total Investments as of June 30, 1989</u>		
	<u>% of Participants</u>	<u>% of Dollars</u>	<u>Average Invested</u>	<u>% of Participants</u>	<u>% of Dollars</u>	<u>Average Invested</u>
Income Shares	69.3%	54.5%	\$333	83.6%	52.3%	\$19,281
Growth Shares	29.5%	12.0%	184	40.1%	15.0%	11,554
Money Market	27.1%	20.1%	342	34.2%	20.1%	18,054
Bond Market	11.3%	4.4%	165	12.4%	2.0%	4,938
Stock Index	10.0%	4.3%	231	9.9%	2.3%	6,980
Guaranteed Invest	6.8%	4.7%	494	12.0%	8.3%	21,354

**PARTICIPANT DISTRIBUTION**

	<u>Monthly Investment Per Option</u>							
	<u>Under \$50</u>	<u>\$50-\$99</u>	<u>\$100-\$199</u>	<u>\$200-\$299</u>	<u>\$300-\$399</u>	<u>\$400-\$499</u>	<u>\$500-\$599</u>	<u>Over \$600</u>
Age 24 and under	36	36	23	16	3	2	0	0
Age 25 thru 34	102	145	182	83	69	39	14	10
Age 35 thru 44	79	102	201	132	131	74	73	101
Age 45 thru 54	37	54	81	64	61	27	32	61
Age 55 thru 64	6	15	39	31	40	6	11	26
Age 65 and over	0	6	3	0	0	0	1	0

**PARTICIPANT WITHDRAWALS**

	<u>FY 1989 Number</u>	<u>Average Dollar</u>
Lump sum withdrawals:		
From active status	109	\$16,764
Survivors refund	1	\$ 5,692
Annuitants — June 30, 1989	22	\$ 242 per month