

January 13, 2004

Representative Steve Smith
Chair, Legislative Commission on Pensions and Retirement
543 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Representative Jim Rhodes
Chair, House Governmental Operations and Veterans Affairs Policy Committee
443 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Senator Jim Vickerman
Chair, Senate State and Local Government Operations Committee
226 State Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

RE: Actuarial Study of Restructuring the Minnesota Teacher Retirement Plans

Ladies and Gentlemen:

As required by Minnesota Statutes, we have prepared the enclosed actuarial study of the Restructuring of the Minnesota Teacher Retirement Plans.

In preparing this study, we have relied without audit on the census data, revised plan provisions, and asset information as provided by the respective fund administrators for the July 1, 2003 actuarial valuations. In addition, we have relied on the proposed plan provisions for the restructuring of the Minnesota Teacher Retirement Plans as communicated to us by the respective fund administrators. To the extent that this information as summarized in this report is incomplete or inaccurate, the results contained in this report may be affected and may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with the requirements of Section 356.215, Minnesota Statutes, and the requirements of the Standards for Actuarial Work, adopted by the Commission.

We, Thomas K. Custis and William V. Hogan, are actuaries for Milliman USA. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

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The purpose of this report is to present to the identified recipients of this report the expected financial picture of the respective funds if the proposed restructuring of the Minnesota teachers' plans were to be enacted. It is not intended for any other purpose nor for any other audience. The results are based on data as of July 1, 2003 and all valuation assumptions as identified. To the extent that developing experience between July 1, 2003 and the date at which restructuring legislation may become effective is different from that which has been assumed, the funding status of the respective plans could be different than presented here.

If you have any questions, please let us know.

Sincerely,

Thomas K. Custis, F.S.A.
Consulting Actuary

William V. Hogan, F.S.A.
Consulting Actuary

TKC/bh

Enclosures

cc: Larry Martin
Karen Kilberg
Gary Austin
J. Michael Stoffel
Phil Kappler
Lance Burma

ACTUARIAL STUDY OF RESTRUCTURING THE MINNESOTA TEACHER RETIREMENT PLANS

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SECTION A

Description of Methodology

Currently, there are four teachers retirement funds that are overseen by the Minnesota Legislative Commission on Pensions and Retirement: Minnesota Teachers Retirement Association (MNTRA), Duluth Teachers Retirement Fund Association (DTRFA), Minneapolis Teachers Retirement Fund Association (MTRFA), and St. Paul Teachers Retirement Fund Association (StPTRFA). Under the Minnesota Teachers Restructuring Proposal, these funds are modified with a different benefit structure, membership coverage, and financing mechanisms. The following is a summary of the revisions that are analyzed in this actuarial study:

I. Liabilities

- A. Minnesota Restructured Teachers Retirement Fund
 - 1. Benefits
 - a. Benefits for those active at restructuring as summarized in Table 8C.
 - b. Benefits for those terminated or retired prior to restructuring in accordance with provisions of prior plan.
 - 2. Membership
 - a. Actives. All current TRA actives, all current DTRFA actives, all MTRFA coordinated actives, and all StPTRFA coordinated actives.
 - b. Inactives (benefit recipients, terminated deferred retirements, and terminated other non-vested). All current TRA inactives, all current DTRFA inactives, all MTRFA coordinated inactives, and all StPTRFA coordinated inactives.
- B. Closed MTRFA Basic Plan and Closed StPTRFA Basic Plan
 - 1. Benefits
 - a. Benefits for members active at restructuring as summarized in Tables 8E and 8F, respectively.
 - b. Benefits for those terminated or retired prior to restructuring in accordance with provisions of prior plan.
 - 2. Membership – Current Basic active or inactive (benefit recipients, terminated deferred retirements, and terminated other non-vested) members of respective plan.
- C. Assumptions – The proposal includes one-time options for many individual participants. For purposes of valuation, we will assume the following:
 - 1. Any retiree with a choice between the inflation component of the current First Class City teacher COLA structure and MPRIF will choose the MPRIF structure. Thereafter, the investment component will be based on the MPRIF structure.
 - 2. Any active Basic member with an option to choose old or new provisions will choose new provisions.

3. Fund-specific assumptions:

a. Minnesota Restructured Teachers Retirement Fund

<i>Description</i>	<i>Assumption</i>
Benefit Increases After Retirement	6% post-retirement interest rate for Members who retired prior to restructuring. 7.5% post-retirement interest rate for Members who retired after restructuring.
Asset Valuation Method	For purposes of determining initial contribution sufficiency, Actuarial Value of Assets is set equal to Market Value of Assets.
All Other Assumptions	As outlined in the July 1, 2003 actuarial valuation report for the Minnesota TRA.
Amortization of Unfunded Liability	30 years beginning July 1, 2003.

b. Minneapolis Teachers Retirement Fund Association Basic Plan After Restructuring

<i>Description</i>	<i>Assumption</i>
Benefit Increases After Retirement	2.0% per annum for Members who retired prior to restructuring. 1.0% per annum for Members who retired after restructuring.
Special Consideration	Additional post retirement benefit increase is accounted for by increasing the reserve value for all service retirements, disability retirements and survivors eligible for the increase by an amount that equals the excess of the five year time weighted total rate of return over the assumed interest rate of 8.50% multiplied by the quantity of one minus the rate of contribution deficiency. For members retiring after restructuring, the investment related increase will be limited so that the total increase does not exceed the increase in CPI.
Payment on the Unfunded Actuarial Accrued Liability	Level dollar amortization of the Unfunded Actuarial Accrued Liability over 30 years.
Supplemental Contributions	Continue until the revised required amortization date at the levels as specified in the July 1, 2003 actuarial valuation report for the Minneapolis Teachers Retirement Fund Association plus an additional supplemental contribution equal to the current employer additional contribution rate times the Coordinated MTRFA member payroll on the restructuring date.
Asset Valuation Method	For purposes of determining initial contribution sufficiency, Actuarial Value of Assets is set equal to Market Value of Assets.
All Other Assumptions	As outlined in the July 1, 2003 actuarial valuation report for the Minneapolis Teachers Retirement Fund Association.

c. St. Paul Teachers Retirement Fund Association Basic Plan After Restructuring

<i>Description</i>	<i>Assumption</i>
Benefit Increases After Retirement	2.0% per annum for Members who retired prior to restructuring. 1.0% per annum for Members who retired after restructuring.
Special Consideration	Additional post retirement benefit increase is accounted for by increasing the reserve value for all service retirements, disability retirements and survivors eligible for the increase by an amount that equals the excess of the five year time weighted total rate of return over the assumed interest rate of 8.50% multiplied by the quantity of one minus the rate of contribution deficiency. For members retiring after restructuring, the investment related increase will be limited so that the total increase does not exceed the increase in CPI.
Payment on the Unfunded Actuarial Accrued Liability	Level dollar amortization of the Unfunded Actuarial Accrued Liability over 30 years.
Supplemental Contributions	Continue until the revised required amortization date at the levels as specified in the July 1, 2003 actuarial valuation report for the St. Paul Teachers Retirement Fund Association plus an additional supplemental contribution equal to the current employer additional contribution rate times the Coordinated StPTRFA member payroll on the restructuring date.
Asset Valuation Method	For purposes of determining initial contribution sufficiency, Actuarial Value of Assets is set equal to Market Value of Assets.
All other assumptions	As outlined in the July 1, 2003 actuarial valuation report for the St. Paul Teachers Retirement Fund Association.

II. Asset Allocation/Transfer

- A. For purposes of valuation, all non-MPRIF assets are valued at market value.
- B. The required reserves of all retirees transferred into the Minnesota Restructured Teachers Retirement Fund are determined using the 6% interest assumption of the MPRIF. The required reserve transfers to the MPRIF are made at the lesser of the July 1, 2003 Accrued Liability Funded Ratio of the transferring plan or the ratio of the market value of MPRIF assets to total MPRIF required reserves. To the extent that the aggregate result of the of the asset allocation/transfer as described leaves the MPRIF in a funded position worse than it was prior to the merger calculations, then we have identified the resulting “shortfall” amount. This shortfall amount is the additional amount needed to bring the MPRIF back so that the ratio of Market Value of MPRIF assets to total MPRIF required reserves is the same as it was before the merger. For purposes of cost calculations discussed below, any such “shortfall” amount is assumed to be funded by a separate mechanism and not from active life funds or out of future contributions determined for on-going funding.
- C. After assets and liabilities are transferred to the MPRIF as outlined in (B) above, assets are allocated in priority order as follows:

1. Retirees and beneficiaries in pay (Minneapolis and St. Paul only).
2. Member contribution account for actives and inactives not yet in payment.
3. Actuarial accrued liability in excess of member contribution account for actives and inactives not yet in pay.

If assets run out within priority level 1, the allocation will reflect the proportion that is covered and the corresponding shortfall. If assets run out within priority levels 2 or 3, the allocation will reflect the proportion that is covered and this proportion will be used by MTRFA and SPTRFA to determine the active/inactive member assets to be retained for Basic members and transferred to the restructured plan for Coordinated members. The shortfalls of the amounts retained by MTRFA and SPTRFA necessary to achieve full funding have been identified as have the respective shortfalls in the amounts transferred that are needed to bring the restructured plan equal to TRA's July 1, 2003 Accrued Liability Funded Ratio. See Section B for additional detail on these calculations.

III. Determining Contributions/Reflecting Current Funding Sources

- A. Minnesota Restructured Teachers Retirement Fund – Once assets and liabilities have been determined as outlined above, total plan costs are determined. Member contributions are at 5.0%. Base employer contributions are assumed to equal member contributions. Any unfunded actuarial accrued liability on the restructuring date is amortized over 30 years.
- B. Minneapolis Teachers Basic Members Retirement Fund after Teacher Plans Restructuring and St. Paul Teachers Basic Members Retirement Fund after Teacher Plans Restructuring – These plans are valued as closed plans. The Unfunded Actuarial Accrued Liability is amortized via 30-year level annual payments. Current member and employer statutory rates are assumed to continue. All current Supplemental Contributions will be assumed to continue to the respective plan for the entire 30-year amortization period. Furthermore, an additional direct employer Supplement have been determined on the restructuring date equal to the present additional employer contribution for Coordinated members (3.64% for MTRFA, 3.84% for StPTRFA) multiplied by the active Coordinated payroll. For purposes of determining sufficiency/(deficiency), this additional direct employer Supplement is assumed to be paid as a constant level dollar amount for the entire 30-year amortization period.

SECTION B

Summary of Asset Transfers

As outlined in Section A, assets are transferred from MNTRA, DTRFA, MTRFA, and StPTRFA to the Minnesota Restructured Teachers Retirement Fund for annuitants whose benefits will be paid by the Minnesota Post-Retirement Investment Fund (MPRIF). The amount of assets transferred are the lesser of the July 1, 2003 Accrued Liability Funded Ratio of the transferring plan or the ratio of the market value of MPRIF assets to total MPRIF required reserves. As of July 1, 2003, the Market Value of Assets is \$7,407,222 and the Required Reserves is \$9,713,507 for the MN TRA account in the MPRIF. Thus, the MPRIF Funded Ratio is 76.26% as of July 1, 2003.

Table B1 below develops the asset transfer amount and the MPRIF Shortfall amount for annuitants whose benefits will be paid by the MPRIF:

TABLE B1
(dollars in thousands)

Fund	DTRFA	MTRFA	StPTRFA
(1) Accrued Liability Funded Ratio as of July 1, 2003	95.66%	57.23%	75.57%
(2) MPRIF Transfer Percentage [smaller of 76.26% or (1)]	76.26%	57.23%	75.57%
(3) MPRIF Required Reserve	\$187,183	\$27,139	\$58,962
(4) MPRIF Asset Transfer Amount: [(2) * (3)]	\$142,746	\$15,532	\$44,558
(5) MPRIF Shortfall Amount: [$\{76.26\% - (2)\} * (3)$]	\$ 0	\$ 5,164	\$ 406

For purposes of cost calculations, the MPRIF Shortfall Amount is assumed to be funded by a separate mechanism and not from active life funds or out of future contributions determined for on-going funding.

Table B2 below shows the amount of assets that are available after the transfer for annuitants whose benefits will be paid by the MPRIF:

TABLE B2
(dollars in thousands)

Fund	DTRFA	MTRFA	StPTRFA
(1) Market Value of Assets as of July 1, 2003	\$231,247	\$719,599	\$757,640
(2) MPRIF Asset Transfer Amount: [Item (4) in Table B1]	\$142,746	\$ 15,532	\$ 44,558
(3) Market Value of Assets after MPRIF Transfer: [(1) – (2)]	\$ 88,501	\$704,067	\$713,082

Since all DTRFA members are transferred to the Minnesota Restructured Teachers Retirement Fund, all remaining DTRFA assets are likewise transferred. After assets are transferred to the MPRIF for MTRFA and StPTRFA, assets are allocated in priority order as follows:

- Category 1: Retirees and beneficiaries in pay (Minneapolis and St. Paul only).
 Category 2: Member contribution account for actives and inactive not yet in payment.
 Category 3: Actuarial accrued liability in excess of member contribution account for actives and inactive not yet in pay.

Table B3 below shows the assets allocated in Categories 1-3:

TABLE B3
(dollars in thousands)

Fund	MTRFA	StPTRFA
(1) Market Value of Assets after MPRIF Transfer	\$ 704,067	\$713,082
(2) Retained Annuitant Liability	1,142,525	640,746
(3) Assets Allocated to Category 1: [smaller of (1) or (2)]	704,067	640,746
(4) Assets Available for Category 2: [(1) – (3)]	0	72,336
(5) Member Contribution Account for Basic Members	64,503	40,781
(6) Member Contribution Account for Coordinated Members	93,587	75,642
(7) Subtotal of Member Contribution Account: [(5) + (6)]	158,090	116,423
(8) Assets Allocated to Category 2 for Basic Members: [(5) * {(4) / (7)}]	0	25,340
(9) Assets Allocated to Category 2 for Coordinated Members: [(6) * {(4) / (7)}]	0	46,996
(10) Assets Available for Category 3: [(4) – (8) – (9)]	\$ 0	\$ 0

Table B4 below summarizes the assets transferred from the First Class City Teachers Retirement Fund and the assets retained by the closed funds for Minneapolis and St. Paul after restructuring:

Table B4
(dollars in thousands)

Fund	DTRFA	MTRFA	StPTRFA
(1) Market Value of Assets as of July 1, 2003	\$231,247	\$719,599	\$757,640
(2) MPRIF Asset Transfer Amount [Item 4 in Table B1]	142,746	15,532	44,558
(3) Non-MPRIF Asset Transfer Amount [(1) – (2) for DTRFA, Item 9 in Table B3 for MTRFA and StPTRFA]	88,501	0	46,996
(4) Total Assets Transferred to Minnesota Restructured Teachers Retirement Fund: [(2) + (3)]	231,247	15,532	91,554
(5) Market Value of Assets Retained by Closed Funds After Restructuring: [(1) – (4)]	\$ 0	\$704,067	\$666,086

Since assets were not sufficient to cover the Entry Age Normal Accrued Liability for the transfers, Table B5 below illustrates the shortfall.

TABLE B5
(dollars in thousands)

Fund	DTRFA	MTRFA	StPTRFA
(1) Accrued Liability for Non-MPRIF Transferred Members	\$123,696	\$272,316	\$264,810
(2) Allocated Assets	88,501	0	46,996
(3) Accrued Liability Shortfall: [(1) – (2)]	\$ 35,195	\$272,316	\$217,814

TABLE 1C

Minnesota Restructured Teachers Retirement Fund
Statement of Plan Net Assets

(dollars in thousands)

July 1, 2003

	Market Value
A. NET ASSETS IN TRUST FOR PENSION BENEFITS	
1. Receivable non-MPRIF asset transfer from MN TRA	\$6,194,385
2. Receivable MPRIF asset transfer from MN TRA*	\$9,713,507
3. Receivable non-MPRIF asset transfer from DTRFA	\$88,501
4. Receivable MPRIF asset transfer from DTRFA*	\$187,183
5. Receivable non-MPRIF asset transfer from MTRFA	\$0
6. Receivable MPRIF asset transfer from MTRFA*	\$27,139
7. Receivable non-MPRIF asset transfer from StPTRFA	\$46,996
8. Receivable MPRIF asset transfer from StPTRFA*	\$58,962
9. Total net assets available for benefits	\$16,316,673

* MPRIF assets are valued at MPRIF Required Reserve.

B. DETERMINATION OF ACTUARIAL VALUE OF ASSETS

1. Market Value of Assets Available for Benefits (A9)	\$16,316,673
2. Actuarial Value of Assets (B1)	\$16,316,673
(Same as "Current Assets")	

TABLE 2C

Minnesota Restructured Teachers Retirement Fund
Reconciliation of Members

	<u>Actives</u>	<u>Terminated</u>		
		<u>Leave of Absence</u>	<u>Deferred Retirement</u>	<u>Other Non-Vested</u>
A. ON JUNE 30, 2003	0	0	0	0
B. ADDITIONS				
1. Transfer from MN TRA	71,916	0	9,304	19,256
2. Transfer from DTRFA	1,373	0	187	826
3. Transfer from MTRFA	4,978	45	871	3,056
4. Transfer from StPTRFA	3,901	179	830	1,855
C. TOTAL ON JULY 1, 2003	82,168	224	11,192	24,993

	<u>Recipients</u>			
	<u>Retirement Annuitants</u>	<u>Disabled</u>	<u>Survivors</u>	<u>Other Beneficiary</u>
A. ON JUNE 30, 2003	0	0	0	0
B. ADDITIONS				
1. Transfer from MN TRA	33,290	558	2,351	0
2. Transfer from DTRFA	1,019	14	74	0
3. Transfer from MTRFA	208	6	0	0
4. Transfer from StPTRFA	339	10	14	0
C. TOTAL ON JULY 1, 2003	34,856	588	2,439	0

TABLE 3C

Minnesota Restructured Teachers Retirement Fund
Active Members as of July 1, 2003

<u>Age</u>	<u>Years of Service</u>								<u>All</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
<25	1,463	944	0	0	0	0	0	0	2,407
25-29	1,763	7,104	1,284	0	0	0	0	0	10,151
30-34	774	3,742	5,326	716	0	0	0	0	10,558
35-39	711	2,178	2,939	3,264	424	0	0	0	9,516
40-44	922	2,044	1,921	2,214	2,533	339	0	0	9,973
45-49	815	1,837	1,919	1,742	1,821	2,324	742	0	11,200
50-54	658	1,604	1,677	1,911	1,803	1,792	3,538	1,496	14,479
55-59	593	852	920	1,082	1,188	1,056	1,557	3,026	10,274
60-64	291	432	351	317	373	382	339	405	2,890
65+	201	199	91	59	52	35	30	53	720
ALL	8,191	20,936	16,428	11,305	8,194	5,928	6,206	4,980	82,168

AVERAGE ANNUAL EARNINGS

<u>Age</u>	<u>Years of Service</u>								<u>All</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
<25	6,974	27,620	0	0	0	0	0	0	15,071
25-29	7,399	30,051	38,038	0	0	0	0	0	27,127
30-34	8,738	30,189	39,673	47,163	0	0	0	0	34,551
35-39	7,992	30,096	40,424	47,983	54,010	0	0	0	38,835
40-44	6,803	29,206	40,976	49,228	54,400	55,197	0	0	41,129
45-49	7,957	27,944	40,744	49,893	54,326	56,085	58,830	0	44,271
50-54	7,445	27,268	40,373	48,971	55,437	57,758	58,476	59,636	49,000
55-59	21,301	25,334	40,249	48,064	56,011	57,722	61,055	61,589	51,798
60-64	18,692	19,722	32,966	46,512	55,345	59,725	63,947	67,554	45,941
65+	8,020	9,205	22,812	39,181	54,253	60,886	62,321	73,460	25,759
ALL	8,916	28,886	39,824	48,556	54,867	57,094	59,482	61,613	40,708

Prior Fiscal Year Earnings (in 2002) by Years of Service

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	<u>ALL</u>
All	73	604	654	548	449	338	369	306	3,344

TABLE 4C

Minnesota Restructured Teachers Retirement Fund
Service Retirements as of July 1, 2003

<u>Age</u>	<u>Years Retired</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	1	0	0	0	0	1
50-54	22	5	1	0	0	0	0	28
55-59	1,866	1,915	35	1	0	0	0	3,817
60-64	1,244	4,475	2,271	30	0	0	0	8,020
65-69	378	1,686	3,961	1,634	20	1	3	7,683
70-74	44	193	1,901	2,775	1,009	5	1	5,928
75-79	6	28	239	1,432	1,887	428	1	4,021
80-84	3	2	20	192	1,275	926	157	2,575
85+	0	0	1	13	144	1,005	1,620	2,783
ALL	3,563	8,304	8,430	6,077	4,335	2,365	1,782	34,856

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Retired</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	6,290	0	0	0	0	6,290
50-54	20,875	19,221	13,244	0	0	0	0	20,308
55-59	29,188	31,471	24,632	19,642	0	0	0	30,289
60-64	24,825	32,233	30,729	26,436	0	0	0	30,636
65-69	17,028	21,797	28,821	26,910	23,670	8,821	4,469	26,267
70-74	11,398	20,774	26,317	28,731	27,047	21,087	9,267	27,273
75-79	7,125	18,595	26,907	27,898	32,283	20,754	26,667	29,040
80-84	10,419	33,774	15,991	27,275	29,161	26,729	14,599	27,137
85+	0	0	1,033	11,648	24,138	26,618	20,048	22,586
ALL	26,051	29,619	28,660	27,950	29,836	25,581	19,540	27,969

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS RETIRED

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	92,819	245,958	241,607	169,852	129,339	60,500	34,820	974,872

TABLE 5C

Minnesota Restructured Teachers Retirement Fund

Survivors as of July 1, 2003

Age	Years Since Death							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	23	40	28	3	6	1	0	101
50-54	19	34	20	7	1	0	0	81
55-59	35	59	47	6	1	0	0	148
60-64	54	81	98	30	3	2	3	271
65-69	58	108	123	74	15	5	2	385
70-74	77	117	128	84	50	23	9	488
75-79	63	102	118	88	66	14	11	462
80-84	27	48	80	51	30	25	22	283
85+	30	32	42	36	17	25	38	220
ALL	386	621	684	379	189	95	85	2,439

AVERAGE ANNUAL BENEFIT

Age	Years Since Death							ALL
	<1	1-4	5-9	10-14	15-19	20-24	25+	
<50	12,198	19,433	10,743	8,547	11,649	4,647	0	14,445
50-54	19,469	13,522	19,811	11,431	4,780	0	0	16,181
55-59	17,357	23,367	21,198	8,888	3,061	0	0	20,533
60-64	21,953	23,128	24,052	17,254	19,480	14,659	14,714	22,382
65-69	23,590	23,480	26,113	19,774	25,098	20,449	21,131	23,637
70-74	27,367	26,290	27,450	22,420	19,021	25,765	18,610	25,187
75-79	25,414	22,333	25,760	25,863	24,411	28,221	21,342	24,752
80-84	30,635	22,872	26,512	26,995	24,833	27,647	19,281	25,735
85+	25,790	26,266	22,606	22,897	29,129	23,202	17,080	23,238
ALL	23,629	23,055	24,687	22,428	22,831	25,212	18,376	23,410

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS SINCE DEATH

Age	<1	1-4	5-9	10-14	15-19	20-24	25+	ALL
All	9,121	14,317	16,886	8,500	4,315	2,395	1,562	57,097

TABLE 6C

**Minnesota Restructured Teachers Retirement Fund
Disability Retirements as of July 1, 2003**

<u>Age</u>	<u>Years Disabled</u>							<u>ALL</u>
	<u>≤1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	16	21	16	5	1	0	0	59
50-54	33	32	37	8	0	0	0	110
55-59	26	62	73	18	7	3	0	189
60-64	24	52	88	32	9	5	1	211
65-69	0	9	7	2	0	1	0	19
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	99	176	221	65	17	9	1	588

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Disabled</u>							<u>ALL</u>
	<u>≤1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	7,751	9,795	8,406	7,399	4,255	0	0	8,567
50-54	16,042	13,133	15,083	12,669	0	0	0	14,628
55-59	18,106	20,831	21,016	17,461	14,842	36,197	0	20,229
60-64	17,463	21,967	28,480	20,536	17,224	14,777	4,895	23,500
65-69	0	12,470	23,661	29,075	0	15,662	0	18,509
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	15,589	18,022	22,166	17,969	15,481	22,015	4,895	19,129

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS DISABLED

<u>Age</u>	<u>≤1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	1,543	3,172	4,898	1,168	264	198	5	11,248

TABLE 7C

Minnesota Restructured Teachers Retirement Fund

Determination of Contribution Sufficiency

(dollars in thousands)

July 1, 2003

	Original MNTRA Valuation	After Restructuring
(1) Present Value of Benefits	19,258,017	22,644,503
(2) Present Value of Future Normal Costs	2,401,638	3,450,455
(3) Actuarial Accrued Liability [(1) - (2)]	16,856,379	19,194,048
(4) Assets	17,384,179	16,316,673
(5) UAAL [(3) - (4)]	(527,800)	2,877,375
(6) Amortization Period (in Years)	30	30
(7) PV Future Payrolls	58,749,696	67,508,054
(8) Payroll	3,163,057	3,634,603
(9) Raw NC	279,583	394,910
(10) Supplemental Contribution Rate [(5) / (7)]	(0.90%)	4.26%
(11) Normal Cost	8.84%	10.87%
(12) Administration Expenses	0.43%	0.43%
(13) Total Requirements [(10) + (11) + (12)]	8.37%	15.56%
(14) Statutory Contributions	10.00%	10.00%
(15) Sufficiency/(Deficiency) [(14) - (13)]	1.63%	(5.56%)

Minnesota Restructured Teachers Retirement Fund

Summary of Plan Provisions

This summary of provisions reflects the interpretation of the restructuring report for purposes of preparing this valuation. This interpretation is not intended to create or rescind any benefit rights in conflict with any Minnesota Statutes.

GENERAL

Eligibility: A public school licensed teacher or licensed administrator who is covered by the Social Security Act, or a MNSCU teacher or administrator who has elected or elects coverage under Chapter 354 or 354A.

Contributions:

Member: 5.0% of salary.

Employer: The member rate plus an amount sufficient to amortize the initial unfunded actuarial accrued liability in 30 years.

Allowable Service: A day of credit is earned if five hours are taught that day. A year is earned if 170 days of service are credited. Credit may also be provided for certain leaves if contributions are paid into the fund.

Salary: Compensation used for contribution purposes excluding lump-sum annual or sick leave payments, severance payments, any payments made in lieu of employer paid fringe benefits or expenses, and employer contributions to a Section 457 deferred compensation plan.

Average Salary: Average of the three highest successive years of salary. Average Salary is based on all Allowable Service if less than three years.

RETIREMENT

Normal Retirement:

Eligibility: Age 65 and three years of Allowable Service. Proportionate Retirement Annuity is available at age 65 and one year of Allowable Service.

TABLE 8C
(Continued)

Early Retirement:

<i>Eligibility:</i>	Age 55 and three years of Allowable Service. Any age with 30 years of Allowable Service. Rule of 90: Age plus Allowable Service totals 90.
<i>Retirement Amount:</i>	2.0% of Average Salary for each year of Allowable Service with reduction of 0.25% for each month the Member is under age 65 at time of retirement (age 62 if 30 years of Allowable Service.) No reduction if age plus years of Allowable Service totals 90.
<i>Form of Payment:</i>	Life annuity. Actuarially equivalent options are: 50%, 75% or 100% joint and survivor with bounce back feature without additional reduction. 15 year certain and life.
<i>Benefit Increases:</i>	For Members who retired from TRA prior to the Teacher Plans Restructuring (including those who retired from MTRFA, StPTRFA, or DTRFA and elected into the MPRIF), benefits may be increased each January 1 depending on the investment performance of the Minnesota Post Retirement Investment Fund (MPRIF). A Member who has been receiving a benefit for at least 12 full months as of the previous June 30 will receive a full increase. Members receiving benefits for at least one full month but less than 12 full months will receive a partial pro rata increase.

All Members who retired prior to the Teacher Plans Restructuring who are included in the MPRIF will receive benefit increases according to the current MPRIF increase formula. However, retired Members from DTRFA and retired Coordinated Members from MTRFA and StPTRFA may make a one-time election of the guaranteed portion of their increase at a flat 2% guarantee or CPI up to a maximum of 2.5%.

For Members who retire after the Teacher Plans Restructuring, benefits are increased 1.0% annually beginning on the January 1 following fiscal year end if the Member has been receiving benefits for at least 12 months at fiscal year end. In addition, if the rate of return exceeds 8.5%, the excess earnings are used to increase the total COLA up to the CPI increase, but not more than 4.0%. Investment returns in excess of the amounts necessary to pay for the COLA's are accumulated in an "excess earnings account." Beneficiaries are entitled to the increase the Member would have received.

TABLE 8C
(Continued)

DISABILITY

Disability Benefit:

<i>Eligibility:</i>	Total and permanent disability before normal retirement age with three years of Allowable Service.
<i>Amount:</i>	Normal Retirement Benefit based on Allowable Service and Average Salary at disability without reduction for commencement before normal retirement age unless an optional annuity plan is selected. Payments stop at normal retirement age. Payments stop earlier if disability ceases or death occurs. Benefits may be reduced on resumption of partial employment.
<i>Form of Payment:</i>	Same as for retirement.
<i>Benefit Increases:</i>	Adjusted by fund to provide same increase as service retirement.

Retirement After Disability:

<i>Eligibility:</i>	Normal retirement age.
<i>Amount:</i>	Any optional annuity continues. Otherwise, the larger of the disability benefit paid before normal retirement age or the normal retirement benefit available at normal retirement age, or an actuarially equivalent optional annuity.
<i>Benefit Increases:</i>	Same as for retirement.

DEATH

Surviving Spouse Optional Annuity:

<i>Eligibility:</i>	Member or former Member with three years of Allowable Service who dies before retirement benefits commence.
<i>Amount:</i>	Survivor's payment of the 100% joint and survivor benefit or an actuarial equivalent term certain annuity. If commencement is prior to age 65, the benefit is reduced same as early retirement with half the applicable reduction factor used from age 55 to the actual commencement age. If no surviving spouse, then an actuarial equivalent dependent child benefit is paid to age 20 or for five years if longer.
<i>Benefit Increases:</i>	Same as for retirement.

TABLE 8C
(Continued)

Refund of Contributions:

Eligibility: Member dies before receiving any retirement benefits and the surviving spouse optional annuity is not elected.

Amount: The excess of the Member's contributions over any disability benefits paid plus 6% interest compounded annually.

TERMINATION

Refund of Contributions:

Eligibility: Thirty days following termination of teaching service.

Amount: Member's contributions with 6% interest compounded annually. A deferred annuity may be elected in lieu of a refund.

Deferred Benefit:

Eligibility: Requirement is three years of Allowable Service.

Amount: The benefit computed under law in effect at termination and increased by the following percentages compounded annually: 3% per year until January 1 of the year following attainment of age 55 and 5% per year thereafter until the annuity begins. Amount is payable as a normal or early retirement.

TABLE 1D

Duluth Teachers Retirement Fund
Statement of Plan Net Assets
(dollars in thousands)

July 1, 2003

		Market Value
A. NET ASSETS IN TRUST FOR PENSION BENEFITS BEFORE RESTRUCTURING	\$	231,247
B. ASSET TRANSFER PAYABLE TO RESTRUCTURED FUND	\$	(231,247)
C. NET ASSETS IN TRUST FOR PENSION BENEFITS AFTER RESTRUCTURING		\$0
D. DETERMINATION OF ACTUARIAL VALUE OF ASSETS		
1. Market Value of Assets Available for Benefits (C)		\$0
2. Actuarial Value of Assets (D1) (Same as "Current Assets")		\$0

TABLE 2D

Duluth Teachers Retirement Fund
Reconciliation of Members

	Terminated		
	<u>Actives</u>	<u>Deferred</u>	<u>Other</u>
		<u>Retirement</u>	<u>Non-Vested</u>
A. ON JUNE 30, 2003	1,373	187	826
B. DELETIONS			
1. Transfer to restructured fund	<u>(1,373)</u>	<u>(187)</u>	<u>(826)</u>
C. TOTAL ON JULY 1, 2003	0	0	0

	Recipients		
	<u>Retirement</u>		
	<u>Annuitants</u>	<u>Disabled</u>	<u>Survivors</u>
A. ON JUNE 30, 2003	1,019	14	74
B. DELETIONS			
1. Transfer to restructured fund	<u>(1,019)</u>	<u>(14)</u>	<u>(74)</u>
C. TOTAL ON JULY 1, 2003	0	0	0

TABLE 1E

Minneapolis Teachers Basic Members Retirement Fund after Teacher Plans Restructuring
Statement of Plan Net Assets

(dollars in thousands)

July 1, 2003

	<u>Market Value</u>
A. NET ASSETS IN TRUST FOR PENSION BENEFITS BEFORE RESTRUCTURING	\$ 719,599
B. ASSET TRANSFER PAYABLE TO RESTRUCTURED FUND	\$ (15,532)
C. NET ASSETS IN TRUST FOR PENSION BENEFITS AFTER RESTRUCTURING	<u>\$704,067</u>
<hr/>	
D. DETERMINATION OF ACTUARIAL VALUE OF ASSETS	
1. Market Value of Assets Available for Benefits (C)	<u>\$704,067</u>
2. Actuarial Value of Assets (D1)	<u>\$704,067</u>
(Same as "Current Assets")	

TABLE 2E

Minneapolis Teachers Basic Members Retirement Fund After Teacher Plans Restructuring
Reconciliation of Members

	<u>Actives</u>	<u>Terminated</u>		
		<u>Leave of Absence</u>	<u>Deferred Retirement</u>	<u>Other Non-Vested</u>
A. ON JUNE 30, 2003	5,381	56	1,123	3,057
B. DELETIONS				
1. Transfer to restructured fund	(4,978)	(45)	(871)	(3,056)
C. TOTAL ON JULY 1, 2003	403	11	252	1

	<u>Recipients</u>			
	<u>Retirement Annuitants</u>	<u>Disabled</u>	<u>Survivors</u>	<u>Other Beneficiary</u>
A. ON JUNE 30, 2003	3,307	23	285	27
B. DELETIONS				
1. Transfer to restructured fund	(208)	(6)	0	0
C. TOTAL ON JULY 1, 2003	3,099	17	285	27

TABLE 3E

**Minneapolis Teachers Basic Members Retirement Fund
After Teacher Plans Restructuring
Active Members as of July 1, 2003**

<u>Age</u>	<u>Years of Service</u>								<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
<25	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	0	2	2	4	7	0	15
50-54	0	0	0	7	15	19	61	17	119
55-59	0	0	2	4	14	31	52	74	177
60-64	0	0	1	1	10	11	19	28	70
65+	0	0	0	0	1	4	3	14	22
ALL	0	0	3	14	42	69	142	133	403

AVERAGE ANNUAL EARNINGS

<u>Age</u>	<u>Years of Service</u>								<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
<25	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	0	65,853	29,634	58,717	67,422	0	59,853
50-54	0	0	0	67,895	68,089	64,702	75,289	71,895	71,771
55-59	0	0	38,560	66,185	59,582	70,444	67,320	75,550	70,345
60-64	0	0	74,831	100,564	64,021	72,022	73,220	73,350	72,183
65+	0	0	0	0	69,862	80,475	78,620	63,934	69,214
ALL	0	0	50,650	69,448	62,496	69,016	71,777	73,397	70,633

PRIOR FISCAL YEAR EARNINGS (IN THOUSANDS) BY YEARS OF SERVICE

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	<u>ALL</u>
All	0	0	152	972	2,625	4,762	10,192	9,762	28,465

TABLE 4E

**Minneapolis Teachers Basic Members Retirement Fund
After Teacher Plans Restructuring**

Service Retirements as of July 1, 2003

<u>Age</u>	<u>Years Retired</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	2	28	0	0	0	0	0	30
55-59	21	308	89	0	0	0	0	418
60-64	9	260	275	49	1	0	0	594
65-69	0	91	229	179	25	2	1	527
70-74	0	14	133	239	96	21	0	503
75-79	1	4	20	133	147	102	10	417
80-84	0	0	3	22	81	167	28	301
85+	0	0	0	1	23	88	224	336
ALL	33	705	749	623	373	380	263	3,126

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Retired</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	4,722	41,081	0	0	0	0	0	38,657
55-59	29,228	40,137	39,042	0	0	0	0	39,356
60-64	16,340	28,963	40,444	29,755	3,472	0	0	34,109
65-69	0	27,810	29,933	45,510	21,496	21,470	14,622	34,396
70-74	0	37,642	27,220	37,604	36,717	23,103	0	34,085
75-79	4,885	21,850	31,180	37,950	31,424	39,370	10,453	34,779
80-84	0	0	19,566	40,227	27,101	30,208	17,552	28,821
85+	0	0	0	1,097	32,932	26,496	19,174	21,980
ALL	23,491	34,309	34,385	39,366	31,200	31,369	18,652	33,175

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS RETIRED

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	775	24,188	25,754	24,525	11,638	11,920	4,906	103,706

TABLE 5E

**Minneapolis Teachers Basic Members Retirement Fund
After Teacher Plans Restructuring
Survivors as of July 1, 2003**

<u>Age</u>	<u>Years Since Death</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	3	29	20	10	0	3	0	65
50-54	1	3	4	1	1	1	0	11
55-59	2	3	2	1	0	0	0	8
60-64	3	8	6	0	0	0	0	17
65-69	3	8	7	8	0	0	1	27
70-74	4	11	13	5	6	4	1	44
75-79	2	11	14	7	6	1	0	41
80-84	3	6	11	3	0	5	5	33
85+	1	7	8	8	5	7	3	39
ALL	22	86	85	43	18	21	10	285

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Since Death</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	14,273	17,236	17,802	7,665	0	16,046	0	15,746
50-54	13,070	13,716	23,734	87,380	6,315	7,009	0	22,714
55-59	50,164	27,341	24,155	19,667	0	0	0	31,291
60-64	24,527	17,264	20,678	0	0	0	0	19,751
65-69	22,966	45,657	52,730	40,761	0	0	17,621	42,480
70-74	22,870	24,969	38,919	31,358	33,310	25,405	19,518	30,679
75-79	37,701	26,308	31,247	27,276	31,498	14,182	0	29,179
80-84	28,799	25,491	24,409	30,520	0	25,270	19,932	25,012
85+	43,791	30,677	21,966	24,238	19,745	18,972	14,284	23,142
ALL	27,080	23,932	28,001	26,581	27,438	20,481	17,965	25,546

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS SINCE DEATH

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	596	2,058	2,380	1,143	494	430	180	7,281

TABLE 6E

**Minneapolis Teachers Basic Members Retirement Fund
After Teacher Plans Restructuring**

Disability Retirements as of July 1, 2003

<u>Age</u>	<u>Years Disabled</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	1	0	0	0	0	0	1
50-54	0	1	1	1	0	0	0	3
55-59	0	1	4	1	1	0	0	7
60-64	0	1	2	2	1	0	0	6
65-69	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	0	4	7	4	2	0	0	17

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Disabled</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	44,202	0	0	0	0	0	44,202
50-54	0	1,792	52,971	40,963	0	0	0	31,909
55-59	0	60,191	52,244	63,526	36,469	0	0	52,738
60-64	0	7,464	69,592	44,366	32,433	0	0	44,635
65-69	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	0	28,413	57,304	48,305	34,451	0	0	45,700

TOTAL ANNUAL BENEFIT (IN THOUSANDS) BY YEARS DISABLED

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
All	0	114	401	193	69	0	0	777

TABLE 7E

Minneapolis Teachers Basic Members Retirement Fund after Teacher Plans Restructuring
Determination of Contribution Sufficiency

(dollars in thousands)

July 1, 2003

	Original MTRFA Valuation	Effect of Restructuring	After Restructuring
(1) Present Value of Benefits	1,924,098	(517,115)	1,406,983
(2) Present Value of Future Normal Costs	252,116	(231,934)	20,182
(3) Actuarial Accrued Liability [(1) - (2)]	1,671,982	(285,181)	1,386,801
(4) Assets	956,913	(252,846)	704,067
(5) UAAL [(3) - (4)]	715,069	(32,335)	682,734
(6) Amortization Period (in Years)	17		30
(7) PV Future Payrolls	3,356,513	n/a	
(8) Payroll	264,766	(234,823)	29,943
(9) Raw NC	27,426	(22,043)	5,383
(10) Supplemental Contribution Rate [(5) / (7)]	21.30%		58,552
(11) Normal Cost	10.36%		5,383
(12) Administration Expenses	0.30%		794
(13) Total Requirements [(10) + (11) + (12)]	31.96%		64,729
(14) Statutory Contributions			
Employee	5.84%		2,545
Employer	8.59%		3,635
Current Supplemental Contribution	8.06%		21,329
Additional Direct Employer Supplement	0.00%		8,548
Total Statutory Contributions	22.49%		36,057
(15) Sufficiency/(Deficiency) [(14) - (13)]	(9.47%)		(28,672)

**Minneapolis Teachers Basic Members Retirement Fund
After Teacher Plans Restructuring**

Summary of Plan Provisions

This summary of provisions reflects the interpretation of the restructuring report for purposes of preparing this valuation. This interpretation is not intended to create or rescind any benefit rights in conflict with any Minnesota Statutes.

GENERAL

<i>Eligibility:</i>	A teacher who is employed by the Board of Education of Special School District No. 1, other than a charter school, and who is not covered by the Social Security Act. Certain part-time licensed employees are covered as well as employees of the Minneapolis Teachers Retirement Fund.
<i>Contributions:</i>	Member: 8.50% of Salary. Employer: 12.14% of Salary.
<i>Teaching Service:</i>	A year is earned during a calendar year if the Member is employed in a covered position and employee contributions are deducted. Certain part-time service and military service is also included.
<i>Salary:</i>	Total compensation. Excludes lump sum payments for unused vacation leave or unused sick leave at separation.
<i>Average Salary:</i>	Average of the 3 highest consecutive years of Salary.

RETIREMENT

Normal Retirement Benefit:

<i>Eligibility:</i>	Age 60. Any age with 30 years of Teaching Service.
<i>Amount:</i>	2.80% of Average Salary for each year of Teaching Service, but not more than 100% of Average Salary.

TABLE 8E
(Continued)

Early Retirement Benefit:

<i>Eligibility:</i>	Age 55 with less than 30 years of Teaching Service.
<i>Amount:</i>	<p>The greater of:</p> <p>2.55% of Average Salary for each year of Teaching Service, but not more than 100% of Average Salary, with reduction of 0.25% for each month the Member is under age first eligible for a normal retirement benefit.</p> <p style="text-align: center;"><i>or</i></p> <p>2.80% of Average Salary for each year of Teaching Service assuming augmentation to the age first eligible for a normal retirement benefit at 3.00% per year, but not more than 100% of Average Salary, and actuarial reduction for each month the Member is under the age first eligible for a normal retirement benefit.</p> <p>An alternative benefit is available to Members who are at least age 50 and have 7 years of Teaching Service. The benefit is based on the accumulation of the 6.5% “city deposits” to the Retirement Fund. Other benefits are also provided under this alternative depending on the Member’s age and Teaching Service.</p>
<i>Form of Payment:</i>	<p>Life annuity.</p> <p>Actuarially equivalent options are:</p> <ul style="list-style-type: none">• 10 or 15 year certain and life• 50%, 75% or 100% joint and Survivor with bounce back feature without additional reduction (option is canceled if Member is predeceased by beneficiary).
<i>Benefit Increases:</i>	<p>For Members retired prior to the Teacher Plans Restructuring, benefits are increased 2.0% annually beginning on the January 1 or July 1 if the Member has been receiving benefits for at least 12 months. Beneficiaries are entitled to the same increase the Member would have received.</p> <p>In addition, if the time weighted rate of return over the last 5 years exceeds 8.5%, the Board of Trustees will increase benefits by the excess rate of return multiplied by the quantity of one minus the rate of contribution deficiency.</p>

TABLE 8E
(Continued)

Members retired under laws in effect before May 1, 1974 and before any adjustment under Laws 1987, Chapter 372, receive an additional lump sum payment each year. In 1989, this lump sum payment is the greater of \$25 times each full year of Teaching Service and the sum of the benefits paid from any Minnesota public pension plan plus cash payments from the Social Security Administration for the preceding fiscal year July 1, 1988 through June 30, 1989. In each following year the lump sum will increase by the same increase that is applied to regular annuities. Effective January 1, 2002, annual lump sum payment is divided by 12 and paid as monthly life annuity in the annuity form elected.

For Members retired after the Teacher Plans Restructuring who have been receiving benefits at least 12 months, benefits are increased annually by 1.0%. Additional amount based on trust earnings in excess of 8.5% but in no event greater than the annual inflation as measured by CPI-U less 1.0 percent will be payable if "excess" asset returns are sufficient to fund the additional increase.

DISABILITY

Disability Benefit:

Eligibility: Total and permanent disability with 3 years of Teaching Service.

Amount: An annuity based on the continued accumulation of Member and city contributions at the current rate for a period of 15 years (but not beyond age 65) plus an additional benefit equal to the smaller of 100% of the annuity provided by city contributions only or \$150 per month. A Member with 20 years of Teaching Service also receives an additional \$7.50 per month.

Payments stop if disability ceases or death occurs. Benefits may be reduced on resumption of partial employment.

Form of Payment: Same as for retirement.

Benefit Increases: Same as for retirement.

TABLE 8E
(Continued)

DEATH

A choice of Benefit A, Benefit B, or Benefit C.

Benefit A:

Eligibility: Death before retirement.

Amount: The accumulation of Member and city contributions plus 5% interest if death occurred before May 16, 1989, or 6% interest if death occurred on or after May 16, 1989. Paid as a life annuity, 15 year certain and life, or lump sum. If an annuity is chosen the beneficiary also receives additional benefits.

Benefit B:

Eligibility: An active Member with 7 years of Teaching Service. A former Member age 60 with 7 years of Teaching Service who dies before retirement or disability benefits begin.

Amount: The actuarial equivalent of any benefits the Member could have received if he had resigned on the date of death. Paid to the beneficiary in the form of a life annuity or a 15 year certain and life annuity.

Benefit C:

Eligibility: An active Member who dies and leaves surviving children.

Amount: A monthly benefit of \$248.30 to the surviving widow while caring for a child and an additional \$248.30 per month for each surviving dependent child. The maximum family benefit is \$579.30 per month. These benefits may be increased by the Board of Trustees.

Benefits to the widow cease upon death or when no longer caring for an eligible child. Benefits for dependent children cease upon marriage or age 18 (age 22 if a full time student).

Benefit Increases: Same as retirement.

TABLE 8E
(Continued)

TERMINATION

Deferred Annuity:

Eligibility: 7 years of Teaching Service.

Amount: Benefit computed under law in effect at termination and increased by the following annual percentage:

3.00% until January 1 of the year following the attainment of 55, and,

5.00% thereafter until the annuity begins.

In addition, the interest earned on the Member and city contributions between termination and age 60 can be applied to provide an additional annuity.

Refund of Contributions:

Eligibility: Termination of teaching service.

Amount: Member's contributions with 6.00% interest. A deferred annuity may be elected in lieu of a refund.

TABLE 1F

St. Paul Teachers Basic Members Retirement Fund after Teacher Plans Restructuring

Statement of Plan Net Assets*(dollars in thousands)*

July 1, 2003

	Market Value
A. NET ASSETS IN TRUST FOR PENSION BENEFITS BEFORE RESTRUCTURING	\$ 757,640
B. ASSET TRANSFER PAYABLE TO RESTRUCTURED FUND	\$ (91,554)
C. NET ASSETS IN TRUST FOR PENSION BENEFITS AFTER RESTRUCTURING	<u>\$666,086</u>
<hr/>	
D. DETERMINATION OF ACTUARIAL VALUE OF ASSETS	
1. Market Value of Assets Available for Benefits (C)	<u>\$666,086</u>
2. Actuarial Value of Assets (D1) (Same as "Current Assets")	<u>\$666,086</u>

TABLE 2F

St. Paul Teachers Basic Members Retirement Fund after Teacher Plans Restructuring
Reconciliation of Members

	<u>Actives</u>	<u>Terminated</u>		
		<u>Leave of Absence</u>	<u>Deferred Retirement</u>	<u>Other Non-Vested</u>
A. ON JUNE 30, 2003	4,331	184	858	1,966
B. DELETIONS				
1. Transfer to restructured fund	(3,901)	(179)	(830)	(1,855)
C. TOTAL ON JULY 1, 2003	430	5	28	111

	<u>Recipients</u>			
	<u>Retirement Annuitants</u>	<u>Disabled</u>	<u>Survivors</u>	<u>Other Beneficiary</u>
A. ON JUNE 30, 2003	1,982	21	239	6
B. DELETIONS				
1. Transfer to restructured fund	(339)	(10)	(14)	0
C. TOTAL ON JULY 1, 2003	1,643	11	225	6

TABLE 3F

**St. Paul Teachers Basic Members Retirement Fund
After Teacher Plans Restructuring**

Active Members as of July 1, 2003

<u>Age</u>	<u>Years of Service</u>								
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	<u>ALL</u>
<25	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	2	2	9	0	13
50-54	0	0	0	0	6	17	74	39	136
55-59	0	0	0	0	1	10	53	166	230
60-64	0	0	0	0	0	0	17	30	47
65+	0	0	0	0	0	0	2	2	4
ALL	0	0	0	0	9	29	155	237	430

AVERAGE ANNUAL EARNINGS

<u>Age</u>	<u>Years of Service</u>								
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	<u>ALL</u>
<25	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	40,915	67,026	71,365	0	66,013
50-54	0	0	0	0	57,690	60,239	71,293	70,153	68,984
55-59	0	0	0	0	65,628	70,858	71,849	72,682	72,380
60-64	0	0	0	0	0	0	72,065	74,594	73,679
65+	0	0	0	0	0	0	68,369	84,572	76,471
ALL	0	0	0	0	54,844	64,369	71,534	72,608	71,293

Prior Fiscal Year Earnings (in Thousands) by Years of Service

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	<u>ALL</u>
ALL	0	0	0	0	494	1,867	11,088	17,208	30,656

TABLE 4F

**St. Paul Teachers Basic Members Retirement Fund
After Teacher Plans Restructuring**

Service Retirements as of July 1, 2003

<u>Age</u>	<u>Years Retired</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0
55-59	43	70	1	0	0	0	0	114
60-64	18	196	82	1	0	0	0	297
65-69	9	77	215	61	1	0	0	363
70-74	0	1	123	138	69	2	1	334
75-79	0	1	13	76	114	31	1	236
80-84	0	0	1	8	62	74	7	152
85+	0	1	0	3	10	40	99	153
ALL	70	346	435	287	256	147	108	1,649

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Retired</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0
55-59	39,998	29,426	10,375	0	0	0	0	33,247
60-64	40,954	33,395	31,887	8,282	0	0	0	33,352
65-69	48,554	39,748	39,806	26,146	63,420	0	0	37,780
70-74	0	83,660	48,729	36,826	28,632	51,824	50,019	39,786
75-79	0	33,624	30,192	40,284	28,102	23,777	55,245	31,710
80-84	0	0	51,825	29,728	29,019	26,799	24,753	27,929
85+	0	48,929	0	60,045	27,950	20,352	20,756	22,075
ALL	41,344	34,197	40,509	35,417	28,599	24,748	21,606	33,842

Total Annual Benefit (in Thousands) by Years RETIRED

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
ALL	2,894	11,832	17,621	10,165	7,321	3,638	2,333	55,805

TABLE 5F

**St. Paul Teachers Basic Members Retirement Fund
After Teacher Plans Restructuring**

Survivors as of July 1, 2003

<u>Age</u>	<u>Years Since Death</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	1	3	1	0	0	0	0	5
50-54	0	0	0	0	1	0	1	2
55-59	1	1	3	2	0	1	0	8
60-64	0	3	6	7	3	1	0	20
65-69	0	3	4	11	5	4	1	28
70-74	0	1	1	9	17	2	3	33
75-79	0	1	0	3	24	15	3	46
80-84	0	0	0	2	7	19	12	40
85+	0	0	0	0	6	9	28	43
ALL	2	12	15	34	63	51	48	225

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Since Death</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	11,731	10,737	9,625	0	0	0	0	10,713
50-54	0	0	0	0	23,152	0	3,350	13,251
55-59	24,196	18,844	38,008	26,477	0	17,083	0	28,388
60-64	0	39,386	36,238	22,687	16,454	20,416	0	28,209
65-69	0	40,630	31,026	30,861	21,971	17,042	12,102	27,699
70-74	0	28,935	87,466	37,378	25,060	16,916	20,215	29,494
75-79	0	50,482	0	38,562	27,888	19,380	27,862	26,299
80-84	0	0	0	63,954	20,690	17,690	18,799	20,861
85+	0	0	0	0	13,808	20,841	19,479	18,972
ALL	17,964	30,877	36,843	33,271	23,895	18,704	19,389	24,357

Total Annual Benefit (in Thousands) by Years Since Death

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
ALL	36	371	553	1,131	1,505	954	931	5,480

TABLE 6F

**St. Paul Teachers Basic Members Retirement Fund
After Teacher Plans Restructuring
Disability Retirements as of July 1, 2003**

<u>Age</u>	<u>Years Disabled</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	0	1	0	0	0	0	0	1
55-59	0	2	4	1	0	0	0	7
60-64	0	0	2	0	0	0	1	3
65-69	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	0	3	6	1	0	0	1	11

AVERAGE ANNUAL BENEFIT

<u>Age</u>	<u>Years Disabled</u>							<u>ALL</u>
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	
<50	0	0	0	0	0	0	0	0
50-54	0	37,365	0	0	0	0	0	37,365
55-59	0	41,589	50,333	54,119	0	0	0	48,376
60-64	0	0	56,765	0	0	0	17,027	43,519
65-69	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0
85+	0	0	0	0	0	0	0	0
ALL	0	40,181	52,477	54,119	0	0	17,027	46,050

Total Annual Benefit (in Thousands) by Years Disabled

<u>Age</u>	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25+</u>	<u>ALL</u>
ALL	0	121	315	54	0	0	17	507

TABLE 7F

St. Paul Teachers Basic Members Retirement Fund after Teacher Plans Restructuring
Determination of Contribution Sufficiency

(dollars in thousands)

July 1, 2003

	Original MNTRA Valuation	Effect of Restructuring	After Restructuring
(1) Present Value of Benefits	1,401,096	(498,526)	902,570
(2) Present Value of Future Normal Costs	211,735	(196,550)	15,185
(3) Actuarial Accrued Liability [(1) - (2)]	1,189,361	(301,976)	887,385
(4) Assets	898,760	(232,674)	666,086
(5) UAAL [(3) - (4)]	290,601	(69,302)	221,299
(6) Amortization Period (in Years)	18		30
(7) PV Future Payrolls	2,895,000	n/a	
(8) Payroll	218,898	(186,621)	32,277
(9) Raw NC	22,076	(17,421)	4,655
(10) Supplemental Contribution Rate [(5) / (7)]	10.04%		18,979
(11) Normal Cost	10.09%		4,655
(12) Administration Expenses	0.23%		503
(13) Total Requirements [(10) + (11) + (12)]	20.36%		24,137
(14) Statutory Contributions			
Employee	5.87%		2,582
Employer	8.83%		3,757
Current Supplemental Contribution	2.20%		4,803
Additional Direct Employer Supplement	0.00%		7,166
Total Statutory Contributions	16.90%		18,308
(15) Sufficiency/(Deficiency) [(14) - (13)]	(3.46%)		(5,829)

**St. Paul Teachers Basic Members Retirement Fund
After Teacher Plans Restructuring**

Summary of Plan Provisions

*This summary of provisions reflects the interpretation of the restructuring report for purposes of preparing this valuation.
This interpretation is not intended to create or rescind any benefit rights in conflict with any Minnesota Statutes.*

GENERAL

<i>Eligibility:</i>	A teacher who is employed in a public school district, other than a charter school, located in the corporate limits of the City of St. Paul and who is not covered by the Social Security Act. Also includes employees of the St. Paul Teachers Retirement Fund.
<i>Contributions:</i>	Member: 8.00% of Salary. Employer: 11.64% of Salary.
<i>Allowable Service:</i>	All periods of service for which salary deductions were made and service during sabbatical leave. After June 30, 1974, St. Paul service for part-time teachers is granted on a proportional basis using actual duty days vs. the agreed number of annual duty days. Years of service credited prior to May 31, 1976 are not recomputed.
<i>Salary:</i>	Total compensation. Excludes lump sum payments for unused vacation leave or unused sick leave at separation.
<i>Average Salary:</i>	Average of the 3 highest years of Salary during the last 10 years while making contributions or while disabled.

RETIREMENT

Normal Retirement Benefit:

<i>Eligibility:</i>	Age 65 and 5 years of Allowable Service. Proportionate Retirement Annuity is available at age 65 and 1 year of Allowable Service.
<i>Amount:</i>	2.80% of Average Salary for each year of Allowable Service, but not more than 100% of Average Salary.

TABLE 8F
(Continued)

Early Retirement Benefit:

Eligibility: An unreduced benefit is available upon the attainment of age 60 and 25 years of Allowable Service, or Rule of 90 (Age plus Allowable Service totals 90).

A reduced benefit is available upon the attainment of age 55 and 5 years of Allowable Service.

Amount: The greater of:

2.30% of Average Salary for each year of Allowable Service not to exceed 40 years with reduction of 0.25% for each month the Member is under age 65 (age 60 if 25 years of Allowable Service). No reduction if age plus years of Allowable Service totals 90.

or

2.80% of Average Salary for each year of Allowable Service assuming augmentation to age 65 at 3.00% per year, but not more than 100% of Average Salary, and actuarial reduction for each month the Member is under age 65.

Form of Payment: Life annuity.

Benefit Increases: For Members retired prior to the Teacher Plans Restructuring, benefits are increased 2.0% annually beginning on the January 1 following fiscal year end if the Member has been receiving benefits for at least 12 months at fiscal year end. Beneficiaries are entitled to the increase the Member would have received.

In addition, if the time weighted rate of return over the last 5 years exceeds 8.5%, the Board of Trustees will increase benefits by the excess rate of return multiplied by the quantity of one minus the rate of contribution deficiency.

For Members retired after the Teacher Plans Restructuring, benefits are increased by 1.0% annually beginning on the January 1 or July 1 if the Member has been receiving benefits for at least 12 months. An additional amount based on trust earnings in excess of 8.5% but in no event greater than the annual inflation as measured by CPI-U less 1.0 percent will be payable if "excess" asset returns are sufficient to fund the additional increase.

TABLE 8F
(Continued)

DISABILITY

Disability Benefit:

<i>Eligibility:</i>	Totally and permanently disabled before the age of 65 with 5 years of St. Paul service.
<i>Amount:</i>	An annuity of 75% of the annual contract salary for the last full year of service reduced by any Social Security and Workers' Compensation benefits. Payments are recomputed as a retirement at age 65. Payments stop if disability ceases or death occurs.
<i>Form of Payment:</i>	Life annuity.
<i>Benefit Increases:</i>	Same as for retirement.

Retirement After Disability:

<i>Eligibility:</i>	Age 65 with continued disability.
<i>Amount:</i>	Normal Retirement Benefit based on Average Salary and Allowable Service as if Member had continued in his latest position during the period of his disability.
<i>Form of Payment:</i>	Life annuity.
<i>Benefit Increases:</i>	Same as for retirement.

DEATH

Family Benefits:

<i>Eligibility:</i>	Active Member with 3 years of St. Paul service.
<i>Amount:</i>	Benefit of 15% of B.A. salary to spouse plus 25% of B.A. salary to each eligible child (maximum of 2). B.A. salary is the maximum salary payable to a teacher holding a B.A. degree.

TABLE 8F
(Continued)

Spouse's benefits cease upon death or when the spouse elects to receive survivor's benefits. Such election does not affect benefits paid to children but total benefits may not exceed 90% of the Member's final salary. Children's benefits cease upon marriage or age 18 (22 if full time student).

Survivor's Benefits:

Eligibility: Active or retired Member with 5 years of St. Paul service. A surviving spouse must have been married to the Member for 3 years at the time of his death or retirement, whichever occurs first.

Amount: Survivor's payment of the 100% joint and survivor benefit earned by the Member to the date of his death or his retirement, whichever occurs first.

Benefit Increases: Same as for a retired person if payments have been made over one year. The allocation is based on the years of Allowable Service of the person on whose behalf the annuity is paid and the years receiving the payment.

Refund of Contributions:

Eligibility: Death of a Member or former Member when Family Benefits and Survivor's Benefits are not payable.

Amount: The excess of the Member's contributions with 6.00% interest (unless the Member was disabled) over total benefits paid.

TERMINATION

Deferred Annuity:

Eligibility: 5 years of Allowable Service.

Amount: Benefit computed under law in effect at termination and increased by the following annual percentage:

3.00% until January 1 of the year following the attainment of 55, and

5.00% thereafter until the annuity begins.

Amount is payable as a normal or early retirement benefit.

TABLE 8F
(Continued)

Refund of Contributions:

Eligibility:

Termination of teaching service.

Amount:

Member's contributions with 5.00% interest if termination occurred before May 16, 1989 and 6.00% interest if termination occurred after May 16, 1989. A deferred annuity may be elected in lieu of a refund.

SECTION G

CHANGES IN UNFUNDED ACTUARIAL ACCRUED LIABILITY DUE TO TEACHER FUNDS RESTRUCTURING

This Section G reconciles the Unfunded Actuarial Accrued Liability (UAAL) as of July 1, 2003 as shown in the official valuation reports for the respective fund to the UAAL shown in Tables 7C, 7E, and 7F after the teacher funds restructuring.

Table G1 below reconciles the Unfunded Actuarial Accrued Liability (UAAL) as of July 1, 2003 as shown in the official valuation report for the respective fund to the UAAL shown in Table 7C after the teacher funds restructuring:

Table G1
(dollars in thousands)

Fund	MN TRA	DTRFA	MTRFA	StPTRFA	New Restructured Fund
(1) Unfunded Actuarial Accrued Liability as of July 1, 2003 Transferred From MN TRA and DTRFA to New Restructured Fund	\$ (527,800)	\$12,642	\$ 0	\$ 0	\$ (515,158)
(2) Unrecognized Asset Losses as of July 1, 2003 Transferred From MN TRA and DTRFA to New Restructured Fund: [(2) – (3)]	1,476,287	22,553	0	0	1,498,840
(3) Non-MPRIF Asset Transfers on Market Value Basis [Item 9 in Table B3]	0	0	0	(46,996)	(46,996)
(4) Accrued Liability for Other Transferred Members	0	0	272,316	264,810	537,126
(5) Change in Accrued Liability Due to Changes in Benefits and Assumptions in New Restructured Fund	1,263,684	27,537	61,909	50,433	1,403,563
(6) 7/1/03 Unfunded Accrued Liability After Restructuring: [(1) + (2) + (3) + (4) + (5)]	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$2,877,375

Table G2 below reconciles the Unfunded Actuarial Accrued Liability (UAAL) as of July 1, 2003 as shown in the official valuation reports for the respective fund to the UAAL shown in Tables 7E and 7F after the teacher funds restructuring:

Table G2
(dollars in thousands)

Fund	MTRFA	StPTRFA
(1) Unfunded Actuarial Accrued Liability as of July 1, 2003	\$715,069	\$290,601
(2) Actuarial Value of Assets as Shown in Actuarial Valuation Report	956,913	898,760
(3) Market Value of Assets as of July 1, 2003	719,599	757,640
(4) Unrecognized Asset Losses as of July 1, 2003: [(2) – (3)]	237,314	141,120
(5) Actuarial Accrued Liability as Measured in Transferring Fund for Annuitants Transferred to Restructured Fund	(25,094)	(54,012)
(6) Assets Transferred for Annuitants Transferred to Restructured Fund [Item 4 in Table B1]	15,532	44,558
(7) Actuarial Accrued Liability as Measured in Transferring Fund for non-MPRIF Members Transferred to Restructured Fund	(272,316)	(264,810)
(8) Assets Transferred to Restructured Fund for Non-MPRIF Members [Item 9 in Table B3]	0	46,996
(9) Increase in Actuarial Liability Due to Benefit Changes	12,229	16,846
(10) Unfunded Actuarial Accrued Liability After Restructuring: [(1) + (4) + (5) + (6) + (7) + (8) + (9)]	\$682,734	\$221,299