

Minnesota Legislative Commission on Pensions and Retirement

Replication of July 1, 2024 St. Paul Teachers' Retirement
Fund Association Actuarial Valuation Report

July 10, 2025





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Minnesota Legislative Commission on Pensions and Retirement
Centennial Office Building, 1st floor
658 Cedar St.
St. Paul, MN 55155

Attn: Susan Lenczewski, Executive Director

Re: Replication of July 1, 2024 St. Paul Teachers' Retirement Fund Association Actuarial Valuation Report

This report presents our replication of the July 1, 2024 actuarial valuation report for the St. Paul Teachers' Retirement Fund Association (SPTRFA or Plan). It provides various exhibits illustrating the degree to which we were able to replicate both (1) the retained actuary's liability calculations and (2) their use of those liabilities to determine contribution rates and sufficiency.

In our professional opinion, we were able to reasonably match the retained actuary's data inputs, liability calculations, and contribution determinations. We did not find any meaningful differences or deficiencies in their calculations, and we provide commentary on the few areas where subsets of our results diverged from the retained actuary. In general, these instances were very limited.

Purpose of the Study

This study was prepared at the request of the Legislative Commission on Pensions and Retirement (LCPR). Its sole purpose is to replicate the July 1, 2024 SPTRFA actuarial valuation calculations for reasonability, accuracy, and compliance with applicable Minnesota Statutes; LCPR standards for actuarial work; and relevant Actuarial Standards of Practice (ASOPs).

The report is intended to comply with Minnesota Statute 356.214 Subd. 4(b) which states that the auditing actuary shall:

"audit the valuation reports submitted by the actuary retained by each governing or managing board or administrative official, and provide an assessment of the reasonableness, reliability, and areas of concern or potential improvement in the specific reports reviewed, the procedures utilized by any particular reporting actuary, or general modifications to standards, procedures, or assumptions that the commission may wish to consider."

This report may not be used for any other purpose, and VIA Actuarial Solutions is not responsible for the consequences of any unauthorized use. Its content may not be modified, incorporated into or used in other materials, or otherwise provided, in whole or in part, to any other person or entity, without our permission.

Data Used in the Analysis

The results in this report are based on the following data sources:

- July 1, 2024 actuarial valuation report prepared by SPTRFA's retained actuary;
- July 1, 2024 census data files provided by SPTRFA, and "scrubbed" census files provided by the retained actuary; and
- July 1, 2024 asset and financial data found in SPTRFA's financial statements.

Although we reviewed all data sources for reasonability, we have not audited the underlying data and are relying on its substantial accuracy. If any data supplied is not accurate and complete, then our conclusions in this actuarial valuation replication may differ significantly.

We wish to thank all the parties involved for providing information in a timely manner and for answering our questions. We are particularly grateful to the staff at GRS for their help answering questions about their valuation system's technical calculations.

Actuarial Certification

To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

Upon receipt of the report, the LCPR should notify us if you disagree with any information contained in the report or if you are aware of any information that would affect the results that has not been communicated to us. The report will be deemed final and acceptable to the LCPR unless you immediately notify us otherwise.

The undersigned credentialed actuaries are members of the American Academy of Actuaries and meet the Academy's Qualification Standards to render the actuarial opinion contained herein. We are available to answer questions on the material contained in the report or to provide explanations or further detail, as may be appropriate. We are not aware of any financial interest or relationship that could create a conflict of interest or impair the objectivity of our work.

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L/D/C/R:5/lml/mjc/emk/mws

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Executive Summary

This report summarizes our replication of the July 1, 2024 SPTRFA actuarial valuation report. We conclude that the retained actuary reasonably determined the Plan's July 1, 2024 actuarial liabilities and contribution sufficiency/(deficiency).

We did not find any meaningful differences or deficiencies in the retained actuary's data or calculations. Overall liabilities and contributions were matched with sufficient accuracy, and we provide commentary on the few areas where subsets of our results diverged from the retained actuary. In general, these instances were very limited.

There is one technical note on page 5 regarding the valuation of liabilities for former members with non-vested benefits. We believe the retained actuary's calculations are reasonable, but they are slightly different than the methods used to value similar benefits for non-vested members in the other statewide teacher pension system (TRA). Both methods are reasonable; we're just noting the distinction for informational purposes.

	SPTRFA Actuarial Valuation	VIA Replication	Difference ¹
Participant data			
Active members	3,366	3,366	0.0%
Leave of absence	106	106	0.0%
Service retirements	3,956	3,956	0.0%
Survivors	400	400	0.0%
Disability retirements	22	22	0.0%
Deferred retirements	2,681	2,681	0.0%
Other non-vested terminations	3,106	3,106	0.0%
Total	13,637	13,637	0.0%
System assets (\$1,000's)			
Market value of assets	\$ 1,335,037	\$ 1,335,037	0.0%
Actuarial Value of Assets	1,299,916	1,299,916	0.0%
System liabilities (\$1,000's)			
Present Value of Future Benefits (PFVB)	2,213,884	2,222,786	0.4%
Present Value of Future Normal Costs (PVFNC)	280,777	273,083	-2.7%
Actuarial Accrued Liability (AAL)	1,933,107	1,949,703	0.9%
Normal Cost (NC)	32,231	31,162	-3.3%
System contributions (% of payroll)			
Normal cost rate	9.97%	9.60%	-0.37%
UAAL amortization payment	13.28%	13.57%	0.29%
Expenses	0.27%	0.27%	0.00%
Total required contribution (Chapter 356)	23.52%	23.44%	-0.08%
Statutory contribution rate (Chapter 354A)	25.67%	25.64%	-0.03%
Contribution sufficiency/(deficiency)	2.15%	2.20%	0.05%

¹ The SPTRFA contribution comparisons are absolute differences presented as a percent of payroll. All other comparisons are the relative differences between our replication results and the retained actuary.

Process Overview

The purpose of this report is to replicate (1) the technical calculation of the Plan's actuarial liabilities and (2) the contribution rates and sufficiency results based on those liabilities.

Our report focuses on replicating the following items:

1. Census data summaries;
2. Market asset data and Actuarial Value of Assets calculations;
3. Calculation of Plan liabilities;
4. Calculation of contribution sufficiency/(deficiency);
5. Confirmation of actuarial assumptions, methods, and plan provisions; and
6. Review of additional compliance items.

The table below summarizes how our valuation replication report incorporates each of these items.

Census data	<ul style="list-style-type: none">▪ Compare participant category counts and summary statistics for the retained actuary vs. system census data files▪ Compare detailed participant distributions for the retained actuary's census file vs. the valuation report summaries
Plan assets	<ul style="list-style-type: none">▪ Compare market asset values in the valuation report to those in SPTRFA's audited financial statements▪ Replicate retained actuary's Actuarial Value of Assets calculations
Plan liabilities	<ul style="list-style-type: none">▪ Replicate technical liability calculations, including Present Value of Future Benefits (PVFB), Present Value of Future Normal Costs (PVFNC), Actuarial Accrued Liability (AAL), and Normal Cost (NC)▪ Compare liability calculations for various member status groups
Contribution sufficiency/(deficiency)	<ul style="list-style-type: none">▪ Replicate the required normal cost and supplemental contribution rate calculations▪ Replicate retained actuary's contribution sufficiency/(deficiency) determination
Assumptions, methods, and plan provisions	Verify that the actuarial assumptions, methods, and plan provisions used in the July 1, 2024 actuarial valuation are consistent with applicable Minnesota Statutes and SPTRFA's recent actuarial experience studies.
Additional compliance requirements	Confirm that other aspects of the valuation report comply with applicable Minnesota Statutes, the LCPR's Standards for Actuarial Work, and relevant actuarial standards of practice (ASOPs).

Census Data

Census data is a foundational input for actuarial calculations. While it is not practical for data to be perfect, it should be reviewed for overall accuracy and reasonability.

Guidance on actuarial data is provided by Actuarial Standard of Practice No. 23, Data Quality (ASOP 23). It provides, in summary, that “The actuary should use available data that, in the actuary’s professional judgment, allow the actuary to perform the desired analysis. However, if material data limitations are known to the actuary, the actuary should disclose those limitations and their implications”.

To validate the census data used in the July 1, 2024 actuarial valuation report, we used the following process:

- Request separate census files from the retained actuary and SPTRFA;
- Compare overall census counts and summary statistics for various member classes (e.g., active members, service retirements, etc.); and
- Prepare detailed participant statistical distribution tables and compare them to those found in the retained actuary’s July 1, 2024 actuarial valuation report.

Overall, we found that the census data used by the retained actuary was consistent with the census data provided by SPTRFA. Our census data comparisons and tables can be found in **Appendix A**. These exhibits are described below, along with some brief commentary.

Summary of participant statistics: This table summarizes and compares participant counts and high-level participant category statistics for the retained actuary and SPTRFA census files. It shows that the two files were very closely aligned.

Distribution of active members: This table summarizes the retained actuary’s active member data by classifying them in various age/service categories, along with the average pay for each classification. We found that this data was consistent with a similar summary table on page 18 of the July 1, 2024 actuarial valuation report.

Distributions of service retirements, survivors, and disability retirements: These tables summarize the retained actuary’s inactive member data by classifying them by age and service since retirement/death/disability, along with the average annual benefit for each classification. We found that the data in each of these tables was consistent with similar tables found on pages 19-21 of the July 1, 2024 actuarial valuation report.

Plan Assets

Asset data is another of the foundational inputs for actuarial calculations. In addition to the Market Value of Assets, many public sector pension plans also use a smoothed Actuarial Value of Assets (AVA). The purpose of AVA methods is to stabilize contribution rates by smoothing investment returns – generally over a five-year period.

Guidance on asset smoothing methods is provided by Actuarial Standard of Practice No. 44, Selection and Use of Asset Valuation Methods for Pension Plans (ASOP 44). It provides considerations for selecting an actuarial asset method, including:

- Purpose of the measurement;
- Objectives of the employer and/or retirement system;
- Use of different methods/assumptions and adjustment for timing differences; and
- Other considerations such as the plan's expected future cash flows and liquidity needs.

Actuarial Standard of Practice No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions (ASOP 4) also provides guidance, but generally defers to ASOP 44. The specific methodology for determining the AVA is prescribed in Minnesota Statutes, Section 356.215, Subd.1(f).

To validate the asset data and AVA calculations used in the July 1, 2024 actuarial valuation report, we used the following process:

- Review audited financial data and compare it to the information disclosed in the actuarial valuation report; and
- Replicate the AVA calculations shown in the July 1, 2024 actuarial valuation report.

We found that the asset data used by the retained actuary was consistent with SPTRFA's audited asset information. We were also able to replicate the AVA calculation prepared by the retained actuary and confirm it follows the methods prescribed in Minnesota Statutes. Our asset data comparison can be found in Appendix B, and the AVA replication can be found in Appendix C.

Plan Liabilities

Actuarial liabilities are calculated by programming actuarial software with a retirement system's data, assumptions, methods, and plan provisions. This is a complex process which involves substantial effort and actuarial programming experience.

For the replication, we independently programmed our valuation software based on our understanding of the data, assumptions, methods, and plan provisions used in the July 1, 2024 actuarial valuation report, Minnesota Statutes, and the LCPR's standards for actuarial work. The primary results we replicated are:

- **Present Value of Future Benefits (PVFB):** plan liability equal to the discounted value of all projected future benefit payments (based on current participant group with projected compensation and service accruals).
- **Normal Cost (NC):** the portion of the PVFB attributed to the valuation year based on current compensation levels.
- **Present Value of Future Normal Costs (PVFNC):** the portion of the PVFB attributed to future years based on the present value of projected participant compensation.
- **Actuarial Accrued Liability (AAL):** the portion of the PVFB attributed to prior years based on each participant's historical and projected compensation.

We expect some liability calculation differences even if we used the exact same inputs as the retained actuary. This is because each actuarial software program may have slightly different ways of applying actuarial formulas. As a general rule, we would like to match the overall PVFB and AAL within 2% and PVFNC and Normal Cost within 5% of the retained actuary's results.

Results for member subgroups or split by benefit source may differ by larger magnitudes depending on how each actuary interprets and programs their actuarial software. We believe these differences are acceptable as long as they are small relative to the overall plan.

We matched the liability for former members without vested rights by using the same methodology as the retained actuary – the liability is equal to the present value of the projected account balance at retirement. We believe this approach is reasonable, but we note that it is different than method used by the other statewide teacher plan (TRA). That plan values the non-vested liability as the accumulated value of member contributions with interest as of the valuation date (i.e., no projecting and discounting). Both methods are reasonable; we're just noting the distinction for informational purposes.

The tables in **Appendix D** summarize and compare the liability measurements for different membership groups. **Our overall results are very close to those presented in the July 1, 2024 actuarial valuation, and we believe that the retained actuary is reasonably calculating plan liabilities.**

Contribution Sufficiency/(Deficiency)

SPTRFA's statutory pension contribution rates are defined in Chapter 354A of Minnesota Statutes, but the retained actuary is also required to calculate "required contributions" per Chapter 356.215 of Minnesota Statutes. The required contribution rates are those which are expected to fully fund the pension plan by the statutory full funding date.

We replicated the contribution sufficiency/(deficiency) calculations as follows:

- **Statutory contributions:** We calculated the estimated dollar value of the statutory normal cost contributions based on the retained actuary's blended statutory normal cost contribution rates applied to our replication of projected payroll. These amounts are added to the statutory supplemental contribution rates to determine the total statutory contribution rate.
- **Required contributions:** We calculated the estimated "percent of payroll" and dollar value of the contributions required to fully fund the plan based on the Chapter 356.215 required contribution rates. These consist of normal cost contributions plus the required supplemental contribution rate. The normal cost and supplemental components of the required contributions were based on our replication of SPTRFA's normal cost, Unfunded Actuarial Accrued Liability, and projected payroll through the statutory June 30, 2048 full funding date.
- **Contribution sufficiency/(deficiency):** We compare our contribution sufficiency calculation (i.e., difference between the statutory and required contributions) to those determined by the retained actuary in the July 1, 2024 actuarial valuation report.

The tables in **Appendix E** summarize and compare our calculations. **Our overall results are close to those calculated by the retained actuary, and we believe that the retained actuary is reasonably calculating the contribution sufficiency/(deficiency).**

Assumptions, Methods, and Plan Provisions

The retained actuary's July 1, 2024 actuarial valuation report contains a detailed description of the actuarial assumptions, methods, and plan provisions used to prepare their results. These items are summarized in their report on pages 27 through 54. We do not reprint all the assumptions, methods, and plan provisions in this replication report, but we do provide a high-level commentary below.

Actuarial Methods

Actuarial Cost Method: Minnesota Statutes, Section 356.215 Subd.1(b) and (d) require that SPTRFA use the Entry Age Normal level percent of pay actuarial cost method. In this method, the actuarial Present Value of Future Benefits (PVFB) for each individual is allocated as a level percent of pay from entry age (hire age, for most employees) to decrement age (e.g., expected age at termination or retirement).

The portion of the PVFB allocated to the valuation year is called the Normal Cost (NC). The portion of the PVFB allocated to past years is called the Actuarial Accrued Liability (AAL). The retained actuary documents using this cost method in their report, and the closeness of our replication liabilities (Appendix D) indicate that it was applied appropriately.

Asset valuation method: The asset valuation method is used to smooth market fluctuations over time to create contribution stability. Minnesota Statutes, Section 356.215 Subd.1(f) requires using an Actuarial Value of Assets that smooths investment gains and losses over a five-year period. We confirmed that the retained actuary described and used the statutory asset smoothing method, and our replication calculations can be found in Appendix C of this report.

Contribution method: The contribution method specifies a process for funding the current year incurred liabilities (the Normal Cost) plus paying down/amortizing a portion of unfunded past liabilities (the Unfunded Actuarial Accrued Liability, or UAAL amortization).

These contribution parameters are defined in Minnesota Statutes, Section 356.215 Subd.5 and Subd.11. They specify that (1) the Normal Cost must be expressed as a level percent of payroll and (2) the required supplemental contribution must be calculated by amortizing the UAAL as a level percent of projected payroll over the closed period ending June 30, 2048.

Minnesota Statutes, Section 356.215 Subd. 11, paragraph (b) also contains a provision for adjusting the target amortization date if there has been a change in actuarial assumptions, methods, or plan provisions. As noted on page 25 of the July 1, 2024 valuation report, there were no assumption or benefit provision changes that affected the Plan's UAAL and Chapter 356 contribution calculations.

We confirmed that pages 23-26 of the July 1, 2024 actuarial valuation report describes the correct contribution calculation process, and our replication calculations (Appendix E of this report) indicate that the retained actuary applied the methods and assumptions appropriately.

Actuarial Assumptions

Demographic assumptions: We verified that the demographic assumptions described in the July 1, 2024 actuarial valuation report were based on those developed in the 2016-2021 actuarial experience study dated December 8, 2022. The allowance for Combined Service Annuity assumptions are based on the LCPR prior actuary's report dated October 2016.

Economic assumptions: We verified that the economic assumptions described in the July 1, 2024 actuarial valuation report were based on those developed in the 2016-2021 experience study, and an investment return assumption and discount rate per Minnesota Statute, Section 356.215 Subd.8(a). They also include the COLA, salary scale, payroll growth, and other assumptions described in 356.215 Subd.8(b)-(d) and Subd.9

We also confirmed that demographic and economic assumptions used in the valuation are consistent with those described in Appendix A (effective July 1, 2023) to the LCPR's Standards for Actuarial Work. These assumptions include 2.5% price inflation, 2.50% payroll growth, service-based salary increase table, and PUB-2010 mortality tables.

Plan Provisions

Minnesota Statutes, Chapter 354A describes the retirement benefits provided to SPTRFA members, and the primary service annuity formulas. We reviewed the plan provisions summarized in the July 1, 2024 actuarial valuation report and believe they are consistent with our understanding of the benefits described in Minnesota Statutes.

Additional Compliance Requirements

In addition to correctly summarizing and applying the assumptions, methods, and plan provisions, the actuarial valuation report must comply with other statutory requirements and professional standards. We reviewed the July 1, 2024 SPTRFA actuarial valuation report for compliance with applicable Minnesota Statutes, LCPR Actuarial Standards, and relevant Actuarial Standards of Practice. We found that the report complied with all major guidance in these sources. The primary items we reviewed, along with any relevant observations, are summarized in the tables below.

Minnesota Statute Compliance

The applicable Minnesota Statutes include Sections 356.214 (actuarial valuation preparation) and 356.215 (actuarial valuations and experience studies). We confirmed compliance with the following requirements as described below.

Normal cost	Calculated as a level percentage of payroll per 356.215 Subd.5
Amortization of unfunded liabilities	Amortized as a level percent of payroll ending June 30, 2048 per 356.215 Subd.11
Measurement of actuarial gains and losses	Required gain/loss items measured per 356.215 Subd.12
Report contents	Consistent with the remaining requirements of 356.215 Subd.4 through 18. These include presentation of the accrued liability, membership tabulations, and summary of plan provisions.

LCPR Actuarial Standards Compliance

In addition to specific actuarial assumptions (described earlier in this report), the LCPR's Standards for Actuarial Work and its Appendix A specify actuarial cost methods and detailed report contents. We confirmed compliance with these requirements as described below.

Actuarial cost methods	Entry age cost method, benefits recognized, and contribution rates calculated per Standards, Section III
Report contents	All required elements included per Standards, Section IV

Actuarial Standards of Practice Compliance

Actuarial Standards of Practice (ASOPs) provide broad standards that all actuaries must follow as part of our professional standards. The relevant ASOPs for pension actuarial reports include:

- ASOP 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions
- ASOP 23, Data Quality
- ASOP 27, Selection of Economic Assumptions for Measuring Pension Obligations
- ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations²
- ASOP 41, Actuarial Communications
- ASOP 44, Selection and Use of Asset Valuation Methods for Pension Valuations
- ASOP 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions
- ASOP 56, Modeling

We reviewed the report and believe that it adequately complies with all relevant Actuarial Standards of Practice, including ASOPs 4, 23, 27, 35, 41, 44, 51, and 56.

We specifically note GRS' compliance with revised ASOP 4 which is effective for actuarial reports with measurement dates on or after February 15, 2023. ASOP 4 requires presentation and discussion of additional pension risk information. This includes disclosure of a Low-Default-Risk Obligation Measure (LDROM) and commentary about any concerns with the Actuarially Determined Contribution (ADC) or funding policy. The actuarial valuation report includes an LDROM analysis on page 13, while the transmittal letter addresses implications of the contribution allocation procedures and funding policy.

² Note that ASOP 35 was recently repealed and its guidance was combined with a revised ASOP 27. This change does not affect the conclusions of our review.

Appendix A – Census Data Comparisons

The exhibits below compare the participant counts and certain data statistics between the “raw” SPTRFA data and the “scrubbed” actuarial data.

Summary of Participant Statistics

	Retained Actuary	System Data	Difference
Active members	3,366	3,366	0
Average age	45.3	45.3	0.0%
Average service	13.2	13.2	0.0%
Average salary ³	\$ 87,897	\$ 85,910	-2.3%
Members on Leave of Absence	106	106	0
Service retirements	3,956	3,956	0
Average age	75.0	75.0	0.0%
Average annual annuity	\$ 28,242	\$ 28,242	0.0%
Survivors	400	400	0
Average age	78.9	78.9	0.0%
Average annual annuity	\$ 32,128	\$ 32,128	0.0%
Disability retirements	22	22	0
Average age	58.3	58.3	0.0%
Average annual annuity	\$ 20,140	\$ 20,140	0.0%
Deferred retirements	2,681	2,681	0
Average age	49.7	49.7	0.0%
Other non-vested terminations	3,106	3,106	0
Total	13,637	13,637	0

³ The average salary for active members in the system data does not include the adjustments in the valuation data described on page 33 in the assumption section of the 2024 valuation report.

Distribution of Active Member Data

The table below summarizes our review of the retained actuary's active member data by age and years of service, and it also includes the average earnings for each grouping. It can be compared to the similar summary table on page 18 from the July 1, 2024 actuarial report. We find that the entries compare well to those in the actuarial valuation report. Slight average pay differences between this table and the summary table from the July 1, 2024 actuarial report are due to pay adjustments for actives on leave.

Years of Service as of June 30, 2024									
Age	<5	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
<25	27								27
Avg pay	\$46,400								\$46,400
25-29	210	26							236
Avg pay	\$59,106	\$66,630							\$59,934
30-34	201	150	21						372
Avg pay	\$65,236	\$78,063	\$93,210						\$71,988
35-39	150	144	149	19					462
Avg pay	\$73,069	\$82,358	\$91,918	\$98,599					\$83,093
40-44	136	103	156	118	31				544
Avg pay	\$79,705	\$88,810	\$94,626	\$101,407	\$99,794				\$91,560
45-49	99	72	72	96	152	32			523
Avg pay	\$77,983	\$87,511	\$93,229	\$94,686	\$102,859	\$104,676			\$93,322
50-54	61	48	54	63	128	181	21		556
Avg pay	\$76,854	\$88,654	\$95,330	\$91,372	\$102,532	\$105,172	\$105,877		\$97,538
55-59	35	28	35	34	79	139	89	6	445
Avg pay	\$55,807	\$89,031	\$91,856	\$93,051	\$100,657	\$103,963	\$108,250	\$121,262	\$97,954
60-64	21	15	23	21	38	57	39	17	231
Avg pay	\$58,928	\$92,094	\$89,014	\$87,630	\$97,037	\$104,686	\$101,407	\$106,576	\$94,925
65+	16	9	10	4	10	18	4	5	76
Avg pay	\$42,227	\$67,170	\$96,764	\$76,480	\$97,835	\$105,292	\$82,993	\$97,553	\$82,198
Total	956	595	520	355	438	427	153	28	3,472
Avg pay	\$67,837	\$83,166	\$93,279	\$95,762	\$101,530	\$104,682	\$105,520	\$108,112	\$87,897

Distribution of Service Retirements

The table below summarizes our review of the retained actuary's service retirement data by age and years since retirement, and it also includes the average annual pension benefit for each grouping. It can be compared to the similar summary table on page 19 from the July 1, 2024 actuarial report. We find that the entries compare well to those in the actuarial valuation report.

Years Since Retirement as of June 30, 2024										
Age	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
55-59	50									50
Avg benefit	\$22,469									\$22,469
60-64	251	87								338
Avg benefit	\$33,385	\$22,970								\$30,704
65-69	331	263	105							699
Avg benefit	\$22,505	\$23,498	\$21,891							\$22,786
70-74	90	357	358	141	1					947
Avg benefit	\$17,766	\$19,188	\$25,953	\$29,701	\$65,785					\$23,225
75-79	16	85	298	347	162	1				909
Avg benefit	\$10,197	\$18,699	\$25,116	\$35,424	\$38,136	\$21,159				\$30,504
80-84	1	17	44	144	258	106	1			571
Avg benefit	\$444	\$25,971	\$18,025	\$27,408	\$33,485	\$32,933	\$30,423			\$30,372
85-89		5	5	12	83	146	35	1		287
Avg benefit		\$6,968	\$4,410	\$31,269	\$35,961	\$42,899	\$38,143	\$71,427		\$38,629
90+			1	3	6	60	51	31	3	155
Avg benefit			\$32,849	\$11,697	\$12,554	\$50,285	\$37,774	\$31,133	\$30,317	\$39,631
Total	739	814	811	647	510	313	87	32	3	3,956
Avg benefit	\$25,324	\$21,001	\$24,565	\$32,206	\$35,183	\$40,870	\$37,838	\$32,392	\$30,317	\$28,242

Distribution of Survivors

The table below summarizes our review of the retained actuary's survivor data by age and years since death, and it also includes the average annual pension benefit for each grouping. It can be compared to the similar summary table on page 21 of the July 1, 2024 actuarial report. We find that the entries compare well to those in the actuarial valuation report.

Years Since Member's Death as of June 30, 2024										
Age	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
<45	15	1	1							17
Avg benefit	\$11,224	\$5,352	\$8,919							\$10,743
45-49	3	1	2							6
Avg benefit	\$16,058	\$527	\$8,397							\$10,916
50-54	3	2	1							6
Avg benefit	\$34,598	\$1,563	\$7,875							\$19,133
55-59	6	3	1	1						11
Avg benefit	\$7,749	\$7,883	\$2,039	\$570						\$6,614
60-64	3	3	1							7
Avg benefit	\$7,775	\$19,601	\$311							\$11,777
65-69	9	8	2	1	1					21
Avg benefit	\$22,535	\$33,813	\$13,647	\$7,929	\$736					\$24,251
70-74	18	6	6	1	3					34
Avg benefit	\$28,812	\$15,479	\$26,316	\$14,873	\$7,109					\$23,694
75-79	24	14	10	7	4	3	1			63
Avg benefit	\$31,551	\$26,202	\$49,503	\$14,193	\$29,325	\$42,352	\$23,107			\$31,522
80-84	34	13	13	8	7	2	4	1		82
Avg benefit	\$38,015	\$37,888	\$29,852	\$41,834	\$52,997	\$27,840	\$25,384	\$16,401		\$37,225
85-89	28	21	11	12	3	3	4	1	2	85
Avg benefit	\$38,400	\$36,704	\$37,275	\$36,454	\$39,806	\$35,184	\$38,807	\$24,540	\$15,720	\$36,819
90+	18	14	13	6	8	3	2	3	1	68
Avg benefit	\$41,607	\$47,725	\$39,092	\$38,513	\$43,379	\$36,386	\$38,671	\$43,611	\$29,614	\$41,916
Total	161	86	61	36	26	11	11	5	3	400
Avg benefit	\$30,966	\$32,013	\$33,155	\$31,276	\$37,569	\$36,132	\$32,474	\$34,355	\$20,351	\$32,128

Distribution of Disability Retirements

The table below summarizes our review of the retained actuary's disability retirement data by age and years since disability retirement, and it also includes the average annual pension benefit for each grouping. It can be compared to the similar summary table on page 20 of the July 1, 2024 actuarial report. We find that the entries compare well to those in the actuarial valuation report.

Age	Years Disabled as of June 30, 2024						Total
	<5	5-9	10-14	15-19	20-24	25-29	
45-49	1		1				2
Avg benefit	\$20,724		\$3,668				\$12,196
50-54	3	1	1				5
Avg benefit	\$11,078	\$7,796	\$35,751				\$15,356
55-59	1	1	1				3
Avg benefit	\$32,973	\$6,032	\$16,381				\$18,462
60-64	3	2	4	2			11
Avg benefit	\$25,340	\$36,847	\$21,836	\$13,818			\$24,063
65+	1						1
Avg benefit	\$21,820						\$21,820
Total	9	4	7	2			22
Avg benefit	\$20,530	\$21,881	\$20,449	\$13,818			\$20,140

Appendix B – Market Value of Assets Comparison

The exhibit below compares the market value of assets from the system’s annual financial report to the amounts used by the retained actuary (see pages 15 and 16 in the July 1, 2024 valuation report). We find that the entries compare well, which indicates that the market asset data used in the valuation report was correct. All amounts shown are in \$1,000’s.

	Retained Actuary	System Financials
Assets in Trust		
Cash, equivalents, short term securities	13,085	13,085
Fixed income	281,608	281,608
Equity and private equity	783,729	783,729
Other investments	264,017	264,016
Total Assets in Trust	1,342,439	1,342,438
Assets Receivable	16,791	16,792
Amounts Payable	(24,193)	(24,193)
Net Assets Held in Trust for Pension Benefits	1,335,037	1,335,037

Appendix C – Actuarial Value of Assets Replication

The exhibit below compares the retained actuary's July 1, 2024 AVA calculation (see page 15 in the July 1, 2024 valuation report) to our replication. The calculations match and are consistent with relevant Minnesota Statutes, Section 356.215, Subd.1(f) so we believe they were prepared correctly. All amounts shown are in \$1,000's.

	Retained Actuary	VIA Match
1. Market value of assets available for benefits	1,335,037	1,335,037
2. Determination of average asset balance		
a. Total assets at beginning of year	1,216,753	1,216,753
b. Total assets at end of year	1,335,037	1,335,037
c. Net investment income for fiscal year	147,343	147,343
d. Average balance (a. + b. - c.)/2	<u>1,202,224</u>	<u>1,202,224</u>
3. Expected return (7.0% x 2.d.)	84,156	84,156
4. Actual return	<u>147,343</u>	<u>147,343</u>
5. Current year asset gain/(loss) (4. - 3.)	63,187	63,187
6. Unrecognized asset returns:		
Original Amount x Unrecognized %		
a. FYE 2024: \$63,187 x 80%	50,550	50,550
b. FYE 2023: \$25,514 x 60%	15,308	15,308
c. FYE 2022: (\$191,444) x 40%	(76,578)	(76,578)
d. FYE 2021: \$229,203 x 20%	<u>45,841</u>	<u>45,841</u>
e. Total unrecognized amount	35,121	35,121
7. AVA at end of year (1. - 6.e.)	1,299,916	1,299,916

Appendix D – Plan Liability Replications

The exhibits below compare our replication of the plan liabilities to those calculated by the retained actuary. We believe that the overall closeness of the results indicates the July 1, 2024 actuarial valuation report liabilities are reasonable. There are a couple of small benefit subclasses with larger differences (e.g., deferred retirements and refunds for active members) but these are very small relative to the overall plan. All amounts shown are in \$1,000's.

Present Value of Benefits (PVB) Liability	Retained Actuary	VIA Replication	\$ Difference	% Difference
Active members				
Retirement annuities	\$ 825,963	\$ 832,764	\$ 6,801	0.8%
Disability benefits	12,396	13,155	759	6.1%
Survivor benefits	6,362	6,587	225	3.5%
Deferred retirements	41,513	41,666	153	0.4%
Refunds	2,500	1,390	(1,110)	-44.4%
Subtotal	\$ 888,734	\$ 895,562	\$ 6,828	0.8%
Deferred retirements	135,216	134,898	(318)	-0.2%
Former members without vested rights	3,423	3,315	(108)	-3.2%
Benefit recipients	1,186,511	1,189,011	2,500	0.2%
Total	\$ 2,213,884	\$ 2,222,786	\$ 8,902	0.4%
Present Value of Future Normal Costs (PVFNC)	Retained Actuary	VIA Replication	\$ Difference	% Difference
Active members				
Retirement annuities	\$ 196,690	\$ 209,647	\$ 12,957	6.6%
Disability benefits	4,344	4,741	397	9.1%
Survivor benefits	1,959	2,104	145	7.4%
Deferred retirements	55,603	43,065	(12,538)	-22.5%
Refunds	22,181	13,526	(8,655)	-39.0%
Total	\$ 280,777	\$ 273,083	\$ (7,694)	-2.7%
Actuarial Accrued Liability (AAL)	Retained Actuary	VIA Replication	\$ Difference	% Difference
Active members				
Retirement annuities	\$ 629,273	\$ 623,117	\$ (6,156)	-1.0%
Disability benefits	8,052	8,414	362	4.5%
Survivor benefits	4,403	4,483	80	1.8%
Deferred retirements	(14,090)	(1,399)	12,691	-90.1%
Refunds	(19,681)	(12,136)	7,545	-38.3%
Subtotal	\$ 607,957	\$ 622,479	\$ 14,522	2.4%
Deferred retirements	135,216	134,898	(318)	-0.2%
Former members without vested rights	3,423	3,315	(108)	-3.2%
Benefit recipients	1,186,511	1,189,011	2,500	0.2%
Total	\$ 1,933,107	\$ 1,949,703	\$ 16,596	0.9%

Appendix D – Plan Liability Replications

Normal Cost	Retained Actuary	VIA Replication	\$ Difference	% Difference
Active members				
Retirement annuities	\$ 23,018	\$ 24,312	\$ 1,294	5.6%
Disability benefits	485	512	27	5.6%
Survivor benefits	226	239	13	5.8%
Deferred retirements	6,045	4,622	(1,423)	-23.5%
Refunds	2,457	1,477	(980)	-39.9%
Total	\$ 32,231	\$ 31,162	\$ (1,069)	-3.3%

Appendix E – Contribution Sufficiency/(Deficiency) Replication

The exhibit below compares our replication of the contribution calculations to the retained actuary's results. We begin by replicating the Supplemental Contribution Rate and then determine the Contribution Sufficiency/(Deficiency). We believe that the overall closeness of the results indicates the July 1, 2024 actuarial valuation report calculations are reasonable. All amounts shown are in \$1,000's.

Supplemental Contribution Rate	Retained Actuary	VIA Replication	\$ Difference	% Difference
1. Determination of Unfunded Actuarial Accrued Liability (UAAL)				
a. Actuarial accrued liability	\$ 1,933,107	\$ 1,949,703	\$ 16,596	0.9%
b. Current assets (AVA)	1,299,916	1,299,916	-	0.0%
c. Unfunded actuarial accrued liability	\$ 633,191	\$ 649,787	\$ 16,596	2.6%
2. Determination of Supplemental Contribution Rate				
a. Present value of future payrolls through the amortization date of June 30, 2048	\$ 4,767,928	\$ 4,787,092	\$19,164	0.4%
b. Supplemental contribution rate: (1.c. / 2.a.)	13.28%	13.57%		

Appendix E – Contribution Sufficiency/(Deficiency) Replication

	Retained Actuary		VIA Replication		\$ Difference
Projected annual payroll for FY2024-2025	\$	323,288	\$	324,587	\$ 1,299

	Retained Actuary % of Payroll	Retained Actuary \$ Amount	VIA Replication % of Payroll	VIA Replication \$ Amount	% of Payroll Difference
1. Statutory Contributions - Chapter 354A					
a. Employee contributions	7.50%	\$ 24,247	7.50%	\$ 24,344	0.00%
b. Employer contributions					
i. Regular	9.00%	29,096	9.00%	29,213	0.00%
ii. Additional	3.84%	12,414	3.84%	12,464	0.00%
c. Supplemental Contribution					
i. 1996	0.26%	838	0.26%	838	0.00%
ii. 1997	0.87%	2,827	0.87%	2,827	0.00%
iii. 2014	2.17%	7,000	2.16%	7,000	-0.01%
iv. 2018	1.55%	5,000	1.54%	5,000	-0.01%
d. One-Time, Direct State Aid	0.48%	1,538	0.47%	1,538	-0.01%
e. Total	25.67%	\$ 82,960	25.64%	\$ 83,224	-0.03%
2. Required Contributions - Chapter 356					
a. Normal cost					
i. Retirement	7.12%	\$ 23,018	7.49%	\$ 24,312	0.37%
ii. Disability	0.15%	485	0.16%	512	0.01%
iii. Survivors	0.07%	226	0.07%	239	0.00%
iv. Deferred retirement	1.87%	6,045	1.42%	4,622	-0.45%
v. Refunds	0.76%	2,457	0.46%	1,477	-0.30%
vi. Total	9.97%	\$ 32,231	9.60%	\$ 31,162	-0.37%
b. Supplemental Contribution Amortization of UAAL	13.28%	\$ 42,933	13.57%	\$ 44,047	0.29%
c. Allowance for Expenses	0.27%	873	0.27%	876	0.00%
d. Total	23.52%	\$ 76,037	23.44%	\$ 76,085	-0.08%
3. Contribution Sufficiency/(Deficiency)	2.15%	\$ 6,923	2.20%	\$ 7,139	0.05%