

Saint Paul Teachers' Retirement Fund Association

Serving the retirement needs of St. Paul Teachers since 1909



ANNUAL REPORT

Democracy depends on Education
Education depends on Teachers

FYE 2025

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**SAINT PAUL TEACHERS' RETIREMENT
FUND ASSOCIATION
ANNUAL REPORT**

for the fiscal year ended June 30, 2025

*Saint Paul Teachers' Retirement Fund Association
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Phillip Tencick

Executive Director / CIO

David Andrews

Controller

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Saint Paul Teachers' Retirement Fund Association

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INTRODUCTION

Mission

Provide our members and their beneficiaries with retirement, survivor, and disability benefits as specified in law and the Association Articles and Bylaws.

Assist our members in planning a secure retirement by providing friendly, high quality, consumer-oriented service, pre-retirement education and information in a professional and cost-effective manner.

Invest the assets of the fund to provide the optimum return while preserving principal by controlling portfolio risk.

Saint Paul Teachers' Retirement Fund Association

SPTRFA Board of Trustees

as of June 30, 2025

<i>Lori Borgeson</i>	<i>President</i>
<i>Stephanie Pignato</i>	<i>Vice President</i>
<i>Thomas Koreltz</i>	<i>Secretary</i>
<i>Margaret Schiller</i>	<i>Treasurer</i>
<i>Halla Henderson</i>	<i>Ex-Officio Trustee</i>
<i>W. Matt Bogenschultz</i>	<i>Trustee</i>
<i>Karen Martinsen</i>	<i>Trustee</i>
<i>Mike McCollor</i>	<i>Trustee</i>
<i>Michael McKay</i>	<i>Trustee</i>
<i>Karen A. Odegard</i>	<i>Trustee</i>

SPTRFA Staff

as of June 30, 2025

<i>Phillip Tencick</i>	<i>Executive Director / CIO</i>
<i>David Andrews</i>	<i>Controller</i>
<i>Cynthia Foster</i>	<i>Fund Accountant</i>
<i>Nancy Langer</i>	<i>Member Services Manager</i>
<i>Katie Dalzell</i>	<i>Member Services Manager</i>
<i>Tamera Zielinski</i>	<i>Administrative Assistant</i>

Saint Paul Teachers' Retirement Fund Association

Letter of Transmittal

SPTRFA Board of Trustees and Members of the Association:

The management and staff of the St. Paul Teachers' Retirement Fund Association (SPTRFA) are pleased to present the Annual Financial Report for the fiscal year ended June 30, 2025, in accordance with the provisions of Minnesota Statutes § 356.20.

Overview of SPTRFA

The SPTRFA was organized October 1, 1909, under authority granted by the Laws of Minnesota, 1909, Chapter 343. SPTRFA's provides teachers at the St. Paul School district with retirement, survivor, and disability benefits as specified in Minnesota law. SPTRFA benefits are provided via a Defined Benefit Plan into which teachers are automatically enrolled. Once eligibility requirements are met, a guaranteed a lifetime, monthly retirement benefit from the SPTRFA is available. Benefits are determined by use of a formula, in which allowable retirement service credit and salary are key factors. The SPTRFA Board and staff are responsible for ensuring that benefits are calculated properly and paid timely.

Report Contents and Structure

The annual report is intended to provide readers with sufficient information to make informed assessments about the organization's financial condition, fiscal activities, actuarial status, investment performance, and compliance with laws, regulations, bylaws, and policies. The report consists of the following sections:

- Introduction: Mission Statement, Board of Trustees, professional service relationships, and organizational structure.
- Benefit Section: Summary information regarding Plan benefit options, calculation methods, and a history of annual retirements.
- Financial Section: Includes various reports and statements that provide insights into the fund's financial health including Managements Analysis and Discussion (MD&A) and the two basic financial statements; Statement of Net Position and Changes of Statement in Net Position.
- Investment Section: Includes the Fund investment results, summary, allocation, fees paid, and Fund investment advisors under contract with the Association.
- Actuarial Section: Actuary's Certification Letter and various actuarial valuation tables that measure the Plan's long- term funded status and adequacy of revenues and describe relevant actuarial methods and assumptions.
- Appendix A – State Auditor's Report: The Office of the State Auditor (OSA) audits the financial statements of the SPTRFA. The report for the most recent fiscal year is publicly available on the website of the Minnesota Office of the State Auditor, <https://www.osa.state.mn.us>.

Saint Paul Teachers' Retirement Fund Association

Letter of Transmittal (Cont'd)

Investments

The SPTRFA Board and staff are responsible for the safekeeping of the Association's assets, the prudent investment of those assets, and to increase the assets available to provide benefits to plan participants and beneficiaries. SPTRFA has developed a strategic asset allocation and other investment policies based on the long-term investment horizon profile of SPTRFA members and benefit recipients.

The market value of the plan assets increased from \$1,335.0 million as of June 30, 2024, to \$1,433.9 million as of June 30, 2025. The expected return on assets using the valuation investment return rate assumption of 7.0 percent was \$91.9 million. The actual return on assets was approximately \$141.9 million. Twenty percent of the asset return above the expected \$91.9 million is recognized as an actuarial gain in the development of the actuarial value of assets. The recognized gain from the current year, along with the portion of prior gains and losses recognized this year, results in an overall gain of \$37.9 million on the actuarial value of assets.

The Board and staff of the SPTRFA serve as fiduciaries on behalf of the members and their survivors and beneficiaries. Assets managed are entrusted cared for in concert with the Prudent Person Standard in Minn. Stat. § 356A.04, subd. 2, and as specified under Minn. Stat. § 356A.06, subd. 7.

Funding

On an actuarial value of assets basis, the funding ratio increased, from 67.24% on July 1, 2024, to 69.68% on July 1, 2025. Another key measure to assess SPTRFA funding health is the adequacy of employee and employer contributions including direct aid. The contribution sufficiency increased from 2.15% of payroll as of July 1, 2024, to 4.50% of payroll as of July 1, 2025. On a market value of assets basis, statutory contributions are sufficient by 5.86% of payroll as of July 1, 2025.

Included in 2023 and recent legislation is an increase in contribution rates effective July 1, 2025. Employee contribution rates will be 8.75% and employer rates will be 13.59%. The 2025 Omnibus Pensions and Retirement Bill changed the amortization method for financing the System's Unfunded Actuarial Accrued Liability (UAAL) from a single base being amortized over the period ending June 30, 2048, to a "layered" amortization approach. Under the new method, the UAAL as of July 1, 2024, and the benefit increases enacted in 2025 will each be amortized over the period ending June 30, 2048, but other bases will be amortized over varying periods depending on the source the UAAL impacts.

With over 115 years of service to our members, the SPTRFA Board and staff remain committed to administering the affairs of the Association with the highest degree of diligence and efficiency. This is the complete Annual Report of the Association. This report is also available on the Fund's website at www.sptra.org, or by request from the SPTRFA office.

Respectfully submitted,



Saint Paul Teachers' Retirement Fund Association

Independent Professional Service Providers

as of June 30, 2025

Actuary

Gabriel Roeder Smith & Company

Auditor

Minnesota Office of the State Auditor

Investment Managers

ABS Investment Management, LLC
Ares Management, LLC
Barrow, Hanley, Mewhinney & Strauss, LLC
BlackRock Institutional Trust Company, N.A.
Dune Real Estate Partners, LP
Emerald Advisers, LLC
EnTrust Global Partners, LLC
SP/FP Private Equity Fund, LP
Guggenheim Partners Investment Management, LLC
JPMorgan Chase Bank, N.A.
Kimmeridge Energy Engagement Partners II, LP
Minnesota State Board of Investment
Morgan Stanley Investment Management, Inc.
Parametric Portfolio Associates, LLC
Payden Mutual Funds
Principal Global Investors, LLC
State Street Global Advisors Trust Co.
TCW Direct Lending, LLC.
UBS Trumbull Property Growth & Income Fund, LP
Venture Investment Associates Energy III, LP
Victory Capital Management Inc.

Investment Custodian

U.S. Bank National Association

Investment Consultant

Asset Consulting Group

IT Services

Sagitec Solutions, LLC
Corporate Technologies, LLC

Legal Counsel

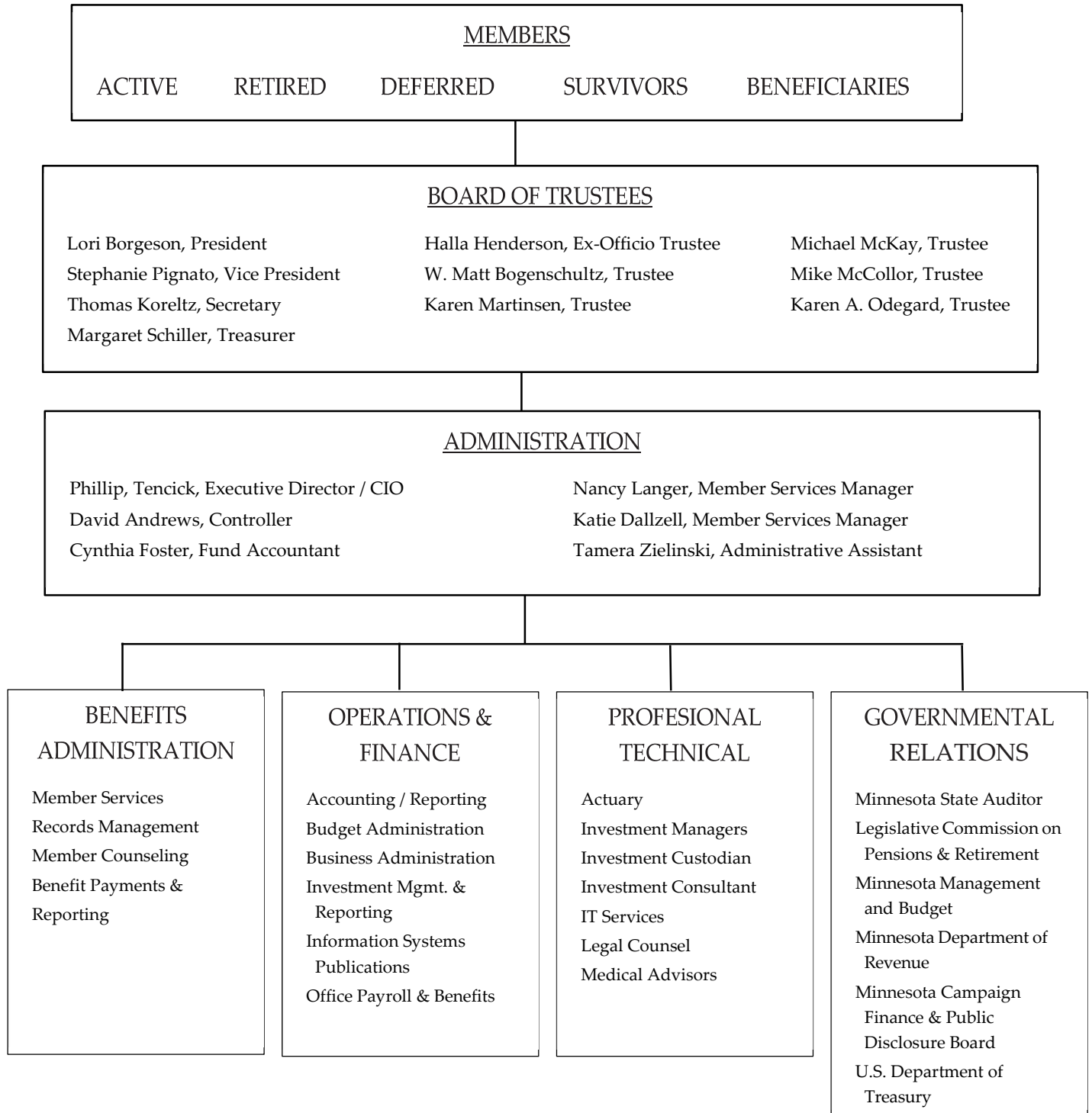
Fox Rothschild, LLP

Independent Medical examinations

ExamWorks, LLC

Saint Paul Teachers' Retirement Fund Association

Organizational Chart as of June 30, 2025



Saint Paul Teachers' Retirement Fund Association

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BENEFITS SECTION

Saint Paul Teachers' Retirement Fund Association

Pre-Retirement Topics

Allowable Retirement Service Credit	A full year of retirement service credit is earned after 170 days are worked during each fiscal year. Partial years are calculated based on the ratio of days worked to 170 days. No more than one year of retirement service credit is allowable during any fiscal year.
Definition of Salary	Minnesota Statutes Chapter 354A and the Association Articles and Bylaws define salary as the entire compensation upon which member contributions are required and made.
Refund of Contributions	Coordinated and Basic members who resign from St. Paul Schools may apply for a refund of employee contributions, plus applicable interest. Basic Plan members must be either under Age 55 or ineligible for a pension to receive a refund of contributions.
Repaying a Refund of Contributions	A member who received a refund may reinstate previous retirement service credit by repaying the amount refunded plus applicable interest. Such repayments may only be made after the member has accumulated at least two years of allowable retirement service credit since the last refund was taken.
Leaves of Absence	Subject to certain requirements, members may purchase retirement service credit for the following Saint Paul Schools approved leaves of absence: Sabbatical, Military, Parental, Mobility, Medical, and Family Medical.
Service Payments	Members may repay refunds or purchase SPTRFA retirement service credit by using personal savings or by transferring money from their Roth IRA or tax-sheltered retirement accounts, such as 403(b), 457, 401(k), IRAs, or from another plan qualified under 401(a).
Beneficiary	A beneficiary is the person or persons designated to receive a refund of employee contributions, plus applicable interest, upon the death of the member if no survivor or family benefit is payable. If no valid beneficiary designation form is on file for a member, a refund of contributions plus applicable interest will be paid to the member's estate.
Marriage Dissolution	Minnesota Statutes Chapter 518 covers marriage dissolutions and requires that SPTRFA receive a copy of the petition and summons, including a copy of the affidavit of service, before any information may be released. In the event that a court order requires a division of pension benefits, a certified judge signed copy of a decree or domestic relations order is required. All inquiries are kept confidential.
Disability Benefit	Subject to certain requirements, a disability benefit is available to vested members who become totally and permanently disabled.

Saint Paul Teachers' Retirement Fund Association

Retirement Topics

Basic Plan Retirement	Basic Plan members receive a formula benefit payable for life. An automatic spousal survivor benefit is also provided. This survivor benefit coverage does not cause a reduction in the member's benefit but does terminate at any dissolution of marriage.
Coordinated Plan Retirement Options	At the time of retirement, Coordinated Plan members select one of the five benefit annuity options below:
C1 Member Life Only	Monthly benefit payable for life to the member, with nothing payable after the member's death.
C2 Guaranteed Refund	Reduced monthly benefit payable for life to the member. In exchange for the member's benefit reduction, after the member's death, SPTRFA pays a refund to a designated beneficiary. The refund is equal to the difference between SPTRFA pre-retirement member contributions less cumulative SPTRFA post-retirement benefits paid to the member prior to death.
C3 15-Year Certain	Reduced monthly benefit payable for life to the member. In exchange for the member's benefit reduction, SPTRFA continues monthly payments to a beneficiary if the member's death occurs within 15 years after retirement. Beneficiary payments end after the balance of the 15 years of SPTRFA benefit payments (member and beneficiary combined) is fulfilled.
C4 100% Joint & Survivor	Reduced monthly benefit payable for life to the member. In exchange for the member's benefit reduction, after the member's death, the member's spouse receives the same monthly benefit for life. If the spouse predeceases the member, the member's benefit would bounceback to the full, unreduced benefit amount payable under the C1 option.
C5 50% Joint & Survivor	Reduced monthly benefit payable for life to the member. In exchange for the member's benefit reduction, after the member's death, the member's spouse receives 50% of the member's benefit as a monthly benefit for life. If the spouse predeceases the member, the member's benefit would bounceback to the full, unreduced benefit amount payable under the C1 option.

Saint Paul Teachers' Retirement Fund Association

Post-Retirement Topics

Post-Retirement SPPS Reemployment * If a retired member is reemployed by SPPS prior to Social Security Normal Retirement Age, their SPTRFA monthly benefits will be reduced if the retired member earns more than \$46,000 from SPPS in any calendar year. The following year's pension will be reduced by one dollar for every three dollars in SPPS earnings over \$46,000, with the amount of the reduction forfeited to SPTRFA. After Social Security Normal Retirement Age, retired members have no SPPS re-employment earnings limitation. Retired members can work for any other employer without a reduction in their SPTRFA pension benefits.

90 Day Period of Separation Newly retired members must have a complete and continuous 90-day separation from SPPS employment in any form. Importantly, "employment" for this purpose includes "any service provided to SPPS directly, as an independent contractor, or as an employee of an independent contractor."

Post-Retirement Adjustment Post-retirement adjustments are determined annually under Minnesota statutes, which may be amended from time to time. Post-retirement adjustments for members in retirement for at least a full year are currently 1.0%. The post-retirement benefit increase applies to each eligible member on January 1 of each year.

Members with an unreduced pension who are in retirement payment status for at least one full year will receive the full increase noted above. For members in retirement payment status after January 1st but on or before July 1st of the preceding year will receive one-half of the full increase.

For members with a reduced pension beginning July 1, 2024, the increase will be deferred until normal retirement age is reached.

* The \$46,000 earnings limitation is suspended temporarily and does not apply to retired educators' SPPS earnings in calendar years 2022-2027 that would otherwise affect annuity payments in CY 2023 - 2028.

Saint Paul Teachers' Retirement Fund Association

Basic Plan - Summary of Benefits

Vested members of the Basic Plan are eligible to receive a lifetime monthly pension based on the member's Final Average Salary (FAS), Years of Service (YOS) and a Percentage Multiplier. As of July 1, 2020, there are no remaining Basic Plan members in active status.

The following chart provides an overview of the Tier 1 and Tier 2 retirement benefits in effect for eligible Basic Plan members during FY2025.

Normal Benefit	Minimum		Computation of Annual Benefit
	Age	Service	
Tier 1			
Unreduced	Rule of 90		
	60	25	} FAS x YOS x 2.0%
65	5		
Reduced	55	5	Reduced for early retirement by 0.25% for each month a member's age is under 65.
	55	25	Reduced for early retirement by 0.25% for each month a member's age is under 60.
Tier 2			
Unreduced	65	5	FAS x YOS x 2.5%
Reduced	55	5	Formula reduced for early retirement using actuarial tables.
Deferred Retirement			
	55	5	Annual Benefit (see above) with augmentation.*
<p>*Augmented by 3% per year from date of resignation to January 1 after reaching Age 55, then 5% per year thereafter, if first hired prior to July 1, 2006. Augmented by 2.5% for all years if first hired on or after July 1, 2006. Augmentation for all members, regardless of hire date, changed to 2% as of July 1, 2012, for the portion of benefit deferral occurring after June 30, 2012. Augmentation was eliminated as of July 1, 2019, for the portion of benefit deferral occurring after June 30, 2019.</p>			

Saint Paul Teachers' Retirement Fund Association

Coordinated Plan - Summary of Benefits

Vested members of the Coordinated Plan are eligible to receive a monthly lifetime pension based on the member's Final Average Salary (FAS), Years of Service (YOS) and a Percentage Multiplier. Members first hired after June 30, 1989, are only eligible for Tier 2 benefits.

The following chart provides an overview of the Tier 1 and Tier 2 retirement benefits in effect for eligible Coordinated Plan members during FY2025.

Normal Benefit	Minimum		Computation of Annual Benefit									
	Age	Service										
Tier 1												
Unreduced												
	Rule of 90											
	62	30	$(FAS \times \text{First 10 YOS} \times \text{Multiplier}^*)$ $+$ $(FAS \times \text{YOS greater than 10} \times \text{Multiplier}^*)$									
	65	3										
Reduced												
	55	3	Reduced for early retirement by 0.25% for each month a member's age is under 65.									
	Any Age	30	Reduced for early retirement by 0.25% for each month a member's age is under 62.									
<table style="width: 100%; border: none;"> <tr> <td style="text-align: center;">*Tier 1 Multipliers</td> <td style="text-align: center;">First 10 YOS</td> <td style="text-align: center;">Over 10 YOS</td> </tr> <tr> <td>Service Prior to July 1, 2015</td> <td style="text-align: center;">1.2%</td> <td style="text-align: center;">1.7%</td> </tr> <tr> <td>Service Effective July 1, 2015</td> <td style="text-align: center;">1.4%</td> <td style="text-align: center;">1.9%</td> </tr> </table>				*Tier 1 Multipliers	First 10 YOS	Over 10 YOS	Service Prior to July 1, 2015	1.2%	1.7%	Service Effective July 1, 2015	1.4%	1.9%
*Tier 1 Multipliers	First 10 YOS	Over 10 YOS										
Service Prior to July 1, 2015	1.2%	1.7%										
Service Effective July 1, 2015	1.4%	1.9%										
Tier 2												
Unreduced												
	62	30	FAS x YOS x Multiplier**									
If first employed before July 1, 1989	65	3	FAS x YOS x Multiplier**									
If first employed after July 1, 1989	66	3	FAS x YOS x Multiplier**									
Reduced												
	55	3	Reduced for early retirement using actuarial tables.									
<table style="width: 100%; border: none;"> <tr> <td colspan="3">**Tier 2 Multipliers</td> </tr> <tr> <td>Service Prior to July 1, 2015</td> <td style="text-align: center;">1.7%</td> <td></td> </tr> <tr> <td>Service Effective July 1, 2015</td> <td style="text-align: center;">1.9%</td> <td></td> </tr> </table>				**Tier 2 Multipliers			Service Prior to July 1, 2015	1.7%		Service Effective July 1, 2015	1.9%	
**Tier 2 Multipliers												
Service Prior to July 1, 2015	1.7%											
Service Effective July 1, 2015	1.9%											
Deferred Retirement												
	55	3	Annual Benefit, Augmentation may apply.*									
<p>* Augmented by 3% per year from date of resignation to January 1 after reaching Age 55, then 5% per year thereafter, if first hired prior to July 1, 2006. Augmented by 2.5% for all years if first hired on or after July 1, 2006 Augmentation for all members, regardless of hire date, changed to 2% as of July 1, 2012, for the portion of benefit deferral occurring after June 30, 2012, until June 30, 2019. No augmentation after June 30, 2019.</p>												

Saint Paul Teachers' Retirement Fund Association

Retirement History Record

Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid (\$)	Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid (\$)
June 1910	15	13	\$ 4,860	December 1972	51	745	2,742,660
June 1931	8	125	69,024	December 1973	36	744	3,039,253
June 1932	8	130	72,961	December 1974	46	754	3,372,453
June 1933	2	126	74,190	December 1975	52	778	3,765,322
June 1934	6	127	74,120	December 1976	77	883	4,393,513
June 1935	9	131	74,001	December 1977	63	919	5,050,507
June 1936	14	135	75,864	December 1978	48	946	5,523,548
June 1937	19	151	80,747	December 1979	40	946	6,240,309
June 1938	17	160	89,709	December 1980	47	963	6,623,804
June 1939	11	161	93,184	December 1981	47	981	7,139,037
June 1939 to				December 1982	61	996	7,725,617
December 1939	0	158	23,870	December 1983	72	1,042	8,555,099
December 1940	71	222	170,685	December 1984	64	1,061	9,466,664
December 1941	35	246	210,257	January 1985 to			
December 1942	27	266	234,217	June 1985	59	1,103	5,324,727
December 1943	38	286	253,031	June 1986	66	1,134	11,267,144
December 1944	34	311	282,299	June 1987	117	1,191	12,478,180
December 1945	56	350	308,113	June 1988	70	1,210	14,690,455
December 1946	51	378	337,512	June 1989	67	1,236	15,506,957
December 1947	28	387	360,571	June 1990	67	1,270	17,382,410
December 1948	42	413	375,912	June 1991	80	1,309	18,811,677
December 1949	42	441	419,618	June 1992	83	1,357	20,509,335
December 1950	30	461	450,641	June 1993	120	1,426	22,763,806
December 1951	27	476	472,670	June 1994	92	1,469	25,044,494
December 1952	28	486	508,923	June 1995	113	1,539	26,792,534
December 1953	32	487	525,959	June 1996	119	1,595	29,446,215
December 1954	10	482	529,429	June 1997	179	1,720	32,056,967
December 1955	38	509	666,994	June 1998	129	1,789	37,852,099
December 1956	46	529	750,146	June 1999	114	1,861	41,724,751
December 1957	59	560	840,883	June 2000	144	1,964	47,121,179
December 1958	41	579	1,019,502	June 2001	130	2,050	53,851,893
December 1959	30	585	1,084,506	June 2002	127	2,136	58,738,724
December 1960	38	600	1,144,380	June 2003	126	2,248	63,357,052
December 1961	39	611	1,230,715	June 2004	141	2,361	67,941,921
December 1962	49	624	1,352,779	June 2005	192	2,505	72,448,201
December 1963	42	647	1,467,461	June 2006	146	2,624	78,420,222
December 1964	33	653	1,545,252	June 2007	138	2,744	82,809,201
December 1965	40	668	1,631,554	June 2008	122	2,851	88,273,233
December 1966	43	676	1,770,083	June 2009	114	2,933	92,137,480
December 1967	36	682	1,862,249	June 2010	166	3,044	95,299,300
December 1968	45	695	1,969,760	June 2011	233	3,212	97,264,937
December 1969	53	726	2,319,186	June 2012	141	3,292	101,989,143
December 1970	31	719	2,385,868	June 2013	166	3,404	103,237,869
December 1971	47	731	2,522,350	June 2014	177	3,529	105,742,221

Saint Paul Teachers' Retirement Fund Association

Fiscal Year Ending	Pensions Granted	Persons On Payroll	Benefits Paid (\$)
June 2015	178	3,633	108,877,858
June 2016	159	3,723	111,223,711
June 2017	190	3,851	112,750,820
June 2018	138	3,914	115,315,754
June 2019	154	4,007	116,389,114
June 2020	175	4,102	117,305,464
June 2021	156	4,172	118,664,956
June 2022	154	4,253	122,745,494
June 2023	160	4,310	123,858,409
June 2024	199	4,378	127,304,279
June 2025	172	4,411	125,475,909

FINANCIAL SECTION

Saint Paul Teachers' Retirement Fund Association

Management's Discussion and Analysis

The following Management Discussion and Analysis provides an overview of the financial performance and actuarial status of the St. Paul Teachers' Retirement Fund Association (hereinafter SPTRFA, Plan, System, or Fund) for fiscal year ended June 30, 2025. It is intended to assist the reader in understanding the Plan's financial statements and financial activities during the year. The financial report can be found in full in Appendix A.

Overview

SPTRFA is a nonprofit organization formed in 1909, incorporated under Minnesota Statutes chapter 317A. Under the oversight of a ten-member Board of Trustees, SPTRFA staff manages two tax-qualified, defined benefit pension programs, a Basic Plan and a Coordinated Plan. The plans cover licensed personnel, the majority of whom are employed by Independent School District No. 625 (SPPS), the central administrative body for public schools within the City of St. Paul.

Basic Plan members do not participate in Social Security through their employment with SPPS. The Coordinated Plan, which commenced in 1978, provides retirement benefits for members who simultaneously participate in Social Security. While there are annuitants receiving benefits under the Basic Plan provisions, there are no Basic Plan members remaining in active status.

Under State law, annual payroll contributions to the Fund are a direct operating obligation of the school district and members. While SPTRFA provides an employment-based benefit, the terms are not collectively negotiated, are not administered through SPPS, and SPTRFA is not a component unit of SPPS. Historically, the Fund's assets and liabilities were not included in the SPPS financial statements. However, Governmental Accounting Standards Board (GASB) statements now require SPPS to reflect their portion of the Fund's net pension liabilities beginning with their 2015 financial statements. Notwithstanding this reporting requirement, SPPS remains liable only for its statutorily mandated contributions and not the Fund's net pension liabilities.

The financial section of this report consists of four parts: (1) the Independent Auditor's Report; (2) the Management's Discussion and Analysis (this section); (3) the Basic Financial Statements, which include the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position, and their accompanying notes; and (4) the Required Supplementary Information, which consists of various schedules and accompanying notes.

Financial Section Overview

1. Independent Auditor's Report

The Independent Auditor's Report is an official opinion issued by the Office of the State Auditor (OSA) regarding the accuracy of SPTRFA's financial statements. It serves as a primary communication tool between the OSA and users of SPTRFA's financial statements, providing assurance to stakeholders about the reliability of the financial information presented.

2. Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) offers an objective and reader-friendly analysis of the Plan's financial activities, comparing the current and prior years. The report includes an overview of the financial statements, a financial summary, a detailed analysis of the financial

Saint Paul Teachers' Retirement Fund Association

activities, and identifies any known facts, decisions, or conditions that may significantly impact the plan, primarily through a summary of the actuarial and market valuation.

3. Basic Financial Statements

- a) The Statement of Fiduciary Net Position presents information about assets and liabilities, the difference of which is the net position restricted for pensions. The level of net position reflects the resources available to pay member benefits when due. Over time, increases and decreases in this metric assist in measuring SPTRFA's financial condition.
- b) The Statement of Changes in Fiduciary Net Position presents the results of Fund operations during the year and the additions or deductions from plan net position. It provides more detail to support the net change that has occurred to the prior year's net position value on the Statement of Fiduciary Net Position.
- c) The Notes to the Financial Statements provide additional information essential to gain a full understanding of SPTRFA's accounting policies, benefit plans, deposits and investments, securities lending, contributions, risk management, funded status/progress, and finally, a narrative description of the actuarial measurement process.

4. Required Supplementary Information

- a) The Required Supplementary Information schedules provide historical financial data to allow for a comparison of key data over time. These schedules contain results for the most recent ten fiscal years:
 - Schedule of Changes in Net Pension Liability and Related Ratios
 - Schedule of Employer and Non-Employer Contributions
 - Schedule of Investment Returns
- b) The Notes to the Required Supplementary Information provide actuarial assumptions and changes to significant plan provisions and actuarial methods/assumptions.

Other Pension Information Section Overview

The Other Pension Information Section follows the financial section. The Other Pension Information section consists of additional schedules and accompanying notes as prescribed by GASB Statement 67. These additional schedules are comprised of additional financial data such as net pension liability, deferred outflows and inflows of resources, and pension income or expenses for each contributing entity. Participating employer units are required to report this information in their financial statements.

Financial Summary

Statement of Net Position

The Statement of Net Position provides a snapshot of the financial position of the Plan at the end of fiscal year. The statement details the Plan's total assets, total liabilities, and resulting net position, the difference between total assets and total liabilities as of the last day of the fiscal year, June 30.

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The following table, Condensed Statement of Fiduciary Net Position, provides condensed information from the basic financial statements. The figure compares the asset, liability, and net position amounts from the current year to the previous year. The table shows the amount and percentage each category increased or decreased from the previous year.

Condensed Statement of Fiduciary Net Position				
As of June 30, 2025, and 2024				
(Dollars in thousands)				
	2025	2024	Change	Percentage Change
Assets				
Cash	\$ 5,808	13,085	(7,277)	(55.6%)
Receivables	15,347	16,792	(1,445)	(8.6%)
Investments at fair value	1,451,130	1,329,353	121,777	9.2%
Securities lending collateral	957	673	284	42.2%
Total Assets	1,473,242	1,359,903	113,339	8.3%
Liabilities				
Accounts payable	848	728	120	16.5%
Security purchases payable	37,501	23,465	14,036	59.8%
Securities lending collateral	957	673	284	42.2%
Total Liabilities	39,306	24,866	14,440	58.1%
Net Position Restricted for Pensions	\$ 1,433,936	1,335,037	98,899	7.4%

Total assets are generally comprised of cash, receivables, investments at fair value, and securities lending collateral. Total assets at the end of fiscal year 2025 were \$1,473.2 million, an increase of \$113.3 million or 8.3 percent. Total liabilities include accounts payable, security purchases payable, and securities lending collateral. Total liabilities at the end of fiscal year 2025 were \$39.3 million, an increase of \$14.4 million or 58.1 percent.

The security lending collateral represents cash on deposit to cover the value of securities loaned to brokerage firms for which they pay a fee to the Fund's custodian. These firms are obligated to return such securities at a future point in time. The Fund and custodian share the lending proceeds. This strategy, commonly employed by institutions, provides the Fund with a source of additional income to offset the Plan's annual cost of custodial bank services. The collateral is shown as both an asset and a liability.

The net position restricted for pensions (net position) is the difference between the total assets and total liabilities. The net position measures the amount of funds that are available, to pay current and future pension benefits, which is the only obligation these funds can be used to meet. The net position increased from \$1,335.0 million as of June 30, 2024, to \$1,433.9 million as of June 30, 2025. This was an increase \$98.9 million, or 7.4 percent.

Statement of Changes in Net Position

The Statement of Changes in Net Position provides a summary of the changes in the net position for the Plan over the course of the fiscal year. The statement highlights how the net position has been affected by various additions and deductions to the financial position of the agency.

The following table, Condensed Statement of Changes in Fiduciary Net Position, summarizes the additions and deductions to net position. The table reflects a fiscal year 2025 increase in the Plan's net position of \$98.9 million, or a 7.4 percent increase, in the Net Position from the previous year.

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Condensed Statement of Changes in Fiduciary Net Position

For Fiscal Year Ended June 30, 2025, and 2024

(Dollars in thousands)

		2025	2024	Change	Percentage Change
Additions					
Employer and Employee Contributions	\$	67,577	67,645	(68)	(0.1%)
State of Minnesota Aid		17,203	31,412	(14,209)	(45.2%)
Net Investment Activity		141,807	147,279	(5,472)	(3.7%)
Net Security Lending Income		45	64	(19)	(29.7%)
Total Additions		226,632	246,400	(19,768)	(8.0%)
Deductions					
Benefits and Refunds		126,715	127,305	(590)	(0.5%)
Administrative Expenses		1,018	811	207	25.5%
Total Deductions		127,733	128,116	(383)	(0.3%)
Net Increase (Decrease) in Net Position Restricted for Pensions	\$	98,899	118,284	(19,385)	(16.4%)
Net Position Restricted for Pensions- Beginning of Year	\$	1,335,037	1,216,752	118,284	9.7%
Net Position Restricted for Pensions- End of Year	\$	1,433,936	1,335,037	98,899	7.4%

Additions to the plan are received from two primary sources, contributions and investment income. Deductions from the plan are due to benefit payments and refunds as well as administrative expenses. If Plan additions are more than deductions, there is an increase to the Net Position. If Plan deductions are more than additions, there will be a decrease to the Net Position.

Contributions into the Plan include total employer and employee contributions of \$67.6 million. Total employer and employee contributions decreased by \$68 thousand, or 0.1 percent. In addition to ongoing amortization aid of \$14.8 million, the State of Minnesota made a one-time supplemental contribution of \$17.2 million, which was \$13.3 million, or 89.6 percent, less than the one-time contribution received in the previous fiscal year.

Investment activity, which fluctuates based on market returns, experienced net gains of \$141.8 million. This was \$5.5 million, or 3.7 percent, less than was earned the previous year. This return did exceed the assumed rate of return of 7.0 percent. Investment returns provide a meaningful source of benefit funding over the long term but may be volatile from year to year.

Deductions primarily include annuity benefit payments. To a lesser extent, refund payments to members who terminated their employment with SPPS and elect to receive a refund of their contributions, with statutory interest. These payments together totaled \$126.7 million. Total benefit and refund payments decreased from \$127.3 million in fiscal year 2024 to \$126.7 million, or a 0.5 percent decrease.

Administrative expenses are the cost to administer the Plan. Administrative expenses consist of employee salary and benefits, professional services, and other expenses necessary to operate the Plan. These expenses increased by \$0.2 million or 25.5 percent.

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The net increase in net position restricted for pensions increased by \$98.9 million. This increase improved the net position of the Plan from \$1,335.0 million on June 30, 2024, to an ending net position on June 30, 2025, of \$1,433.9 million.

Detailed Analysis of the Basic Financial Statements

SPTRFA's financial condition is affected by four primary components: contributions, investments income, benefit payments, and administrative expenses. The formula $C + I = B + E$ is commonly used in pension fund accounting and actuarial calculations to describe this relationship, with the variables defined as:

C: Contributions – The money paid into the pension fund by employers, employees, and the State.

I: Investment Income – The returns generated from investing the pension fund's assets.

B: Benefit Payments – The payments made to retirees or beneficiaries from the pension fund.

E: Expenses – The administrative and operational costs of managing the pension fund.

Contributions and investment income are shown on the Changes in Fiduciary Position statement as additions. Benefit payments and expenses are shown as deductions. If there are more additions each year, there will be a Net Increase in the Net Position Restricted for Pensions and assets will be greater than the prior year. More deductions than additions result in a Net Decrease in the Net Position Restricted for Pensions and assets will be less than the prior year.

Contributions

Contributions that are received from employers and employees are a function of both the applicable statutory contribution rates in effect and the total amount of covered payroll subject to those rates. Consistent and adequate employer and employee contributions are critically important to the long-term health of the Plan. Pension rates are set by the Minnesota legislature. Additional information on contributions can be found in the Basic Financial Statements Note 4 – Contribution Requirements.

For fiscal year 2025, the coordinated plan contribution rates for members increased by 0.25 percent while the employer contribution rate remained unchanged. Union contracts conveyed a 4 percent increase in the 2024-25 school year for active teachers. The result was an increase in licensed teacher earnings of about \$3 million. The reduction in contribution rates and increased earnings resulted in a net reduction in employee and employer contributions of approximately \$68 thousand.

In addition to employer and employee contributions, the Plan has benefited from continued supplemental funding from the State of Minnesota that is intended to address, in part, historic underfunding of employer contributions. Minnesota Statutes 354A.12 provide for annual contributions in the amount of \$14.8 million until either the Plan is 100 percent funded or June 30, 2048, whichever occurs earlier. Minnesota Statutes 423A.02 provides for an annual supplemental contribution in the amount of \$838 thousand until either the Plan is 100 percent funded or June 30, 2048, whichever occurs earlier. Minnesota 2024 Session Laws also provided for an additional one-time state aid payment of \$1.5 million to be paid in October 2024, that was made to offset the decrease in employee contribution rates. This one-time contribution was less than a \$15.7 million one-time contribution authorized by Minnesota 2023 Session Laws resulting in a net reduction in total State aid received during the year of \$14.2 million.

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Although the current trend for SPTRFA contributions is positive, the adequacy of contributions as a source of funding is critically important and must be monitored closely. Changes in demographics or other factors that may result in a reduction in the number of active members contributing would have a negative impact on the financial stability of the Plan. At the same time, an increase in the number of contributing teachers or higher contribution rates would have a positive impact on the Plan.

Investment Income

Investment income is a historically significant contributor to the Plan's overall funding. A defined benefit plan accumulates assets in advance of benefit obligations, covering those obligations primarily through contributions and prudent investment growth. The level of supportable benefits and long-term financial health of the Fund depend on the efficient and prudent investment of contributions from members, employers, and certain funds received from the State.

Investment returns are dependent on market conditions and, therefore, are variable from year to year. In fiscal year 2025, SPTRFA's investment portfolio returned approximately 10.5 percent (net of fees). The plan assumes that long-term investment returns will be 7.0 percent. The portfolio's investment performance impacts the Fund's overall funded ratio in any given year – returns more than 7.0 percent contribute to an improvement in the plan's funding ratio, while returns below 7.0 percent contribute to a decline in the plan's funding ratio.

Cyclical, economic, market-driven, and tactical risks associated with investing plan assets in the capital markets are inherent. SPTRFA is a conservative, long-term investor, seeking attractive risk-adjusted returns over a full market cycle, with an emphasis on appropriate diversification and long-term capital preservation. The following chart reflects the Fund's current asset allocation model.

Asset Class	Target Allocation
Domestic Equity	30%
Fixed Income	30%
International Equity	20%
Real Assets	10%
Private Equity & Alternatives	10%
TOTAL	100%

Beginning in fiscal year 2023, the Plan's statutory investment return target was moved to 7.0 percent. Investment returns will vary over time and return targets may or may not be achieved in any given year, particularly in periods of market turmoil. Investment returns, both negative and positive, typically vary from the statutory investment return assumption each year. Maintaining a focus on the long-term is critical, as this is the relevant time frame in which pension systems operate for the benefit of their members. As such, the Plan's 3-year, 5-year, and 10-year rate of returns are indicators in the ability of the Plan to pay future benefits. Total portfolio returns (net of fees) for the 3-year, 5-year, and 10-year periods were 10.80 percent, 10.34 percent, and 8.05 percent respectively.

Loaned securities generate gross revenue as interest paid by the security borrower. The Plan holds collateral from the borrower while the security is on loan and incurs an interest cost payable to the

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borrower. The Changes in Fiduciary Net Position shows the net difference between the interest earned from the borrower and interest paid on the collateral, which resulted in securities lending income of \$45 thousand. As a risk control measure, the SPTRFA Board of Trustees affirmatively limits the amount of the Fund's securities that can be on loan at any given time to no more than 35 percent of Fund assets.

For additional information on investment activity, please refer to Basic Financial Statements Note 3.

Benefit Payments

Plan deductions primarily include annuity benefit payments, which make up 99.0 percent of all benefit payments. Total expenditures for annuity benefits (not including refunds) decreased from \$126.2 million to \$125.5 million during fiscal year 2025, or 0.6 percent.

The net decrease in annuity benefit payments was from three primary sources. First, the one-time post-retirement increase for annuitants paid on January 1, 2024, was not renewed for the current year. The one-time payment had resulted in an additional \$2.7 million payment for fiscal year 2024. Second, annuitants were granted a 1.0 percent post-retirement annual increase beginning January 2025. Finally, total participants receiving benefits under the Fund, including disabled retirees, beneficiaries, and alternate payees, increased 0.7 percent during fiscal year 2025 from 4,378 to 4,411.

For additional information on benefit provisions, please refer to Basic Financial Statements Note 1.

Administrative Expenses

Administrative expenses refer to the costs incurred that are not directly related to benefit payments. These expenses are necessary for the overall administration and smooth operation of the Plan. Common examples include professional services, salaries and benefits of administrative staff, and other expenses necessary to operate the Plan.

Administrative expenses are significantly less than benefit payments, making up 0.8 percent of all deductions. Administrative expenses increased by \$207 thousand, or 25.5 percent, over the previous year. Most of the increase was due to the increase in employee compensation paid during the year. Compensation costs increased as the result of one additional full-time staff bringing the total staff to 7 full-time employees. The remaining increase was the result of the purchase of new accounting software package to replace the older system that was no longer supported.

Other Known Facts, Decisions, or Conditions

Actuarial and Market Valuation Summary

The actuarial valuation results (which attempts to mitigate the impact of market volatility by smoothing results over five years) provide an important element in understanding the long-term health of the Plan. The table below provides metrics commonly used to assess the ability of the Fund to meet its obligations. A table reflecting results on a market value basis, which does not reflect any actuarial smoothing of results, is provided for comparative purposes as well.

The actuarial funded ratio of the Plan compares the actuarial value of assets (smoothed over a rolling five-year period) against the actuarially accrued liability. The actuarial funded ratio increased from

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67.2 percent as of June 30, 2024, to 69.7 percent as of June 30, 2025. The Plan's funded ratio on a market value basis, which does not involve any smoothing factor, increased from 69.1 percent as of June 30, 2024, to 72.2 percent as of June 30, 2025. Currently, the funded status of the Plan is expected to be 100 percent or greater within its statutory amortization period ending June 30, 2048.

Below are summary comparative statistics from July 1, 2025, and July 1, 2024, valuations

Summary of Actuarial Valuation Results	2025	2024
Covered payroll	\$ 321,336,000	\$ 319,667,000
Statutory contributions (ch. 354A)	26.98%	25.67%
Required (ch. 356)	22.48%	23.52%
Sufficiency/Deficiency	4.50%	2.15%
Market value of assets	\$ 1,433,936,000	\$ 1,335,037,000
Actuarial value of assets	\$ 1,384,185,000	\$ 1,299,643,000
Actuarial accrued liability	\$ 1,986,406,000	\$ 1,933,107,000
Unfunded liability	\$ 602,201,000	\$ 633,464,000
Funded ratio	69.68%	67.24%

Summary of Market Value Results	2025	2024
Covered payroll	\$ 321,336,000	\$ 319,667,000
Statutory contributions (ch. 354A)	26.98%	25.67%
Required (ch. 356)	21.12%	22.78%
Sufficiency/Deficiency	5.86%	2.89%
Market value of assets	\$ 1,433,936,000	\$ 1,335,037,000
Actuarial value of assets	\$ 1,384,185,000	\$ 1,299,643,000
Actuarial accrued liability	\$ 1,986,406,000	\$ 1,933,107,000
Unfunded liability	\$ 552,470,000	\$ 598,070,000
Funded ratio	72.19%	69.06%

An experience analysis provides a comparison of actual experience to projected experience based on the actuarial assumptions over the past year. Overall, the Fund had an experience gain of \$32.6 million.

The Fund had an experience gain due to investments. The investment return on a market value of assets basis was 10.5 percent (net of fees) for the year ended June 30, 2025, more than the 7.0 percent assumption. However, only one-fifth of this asset gain was recognized in the actuarial value of assets, due to smoothing. Investment gains and losses from previous years were also recognized this year. The net result is a gain of \$37.9 million on the actuarial value of assets. The investment return on an actuarial value of assets basis was 10.0 percent for the year ended June 30, 2025.

The actuarial accrued liability increased more than expected. Salaries increased more than expected for continuing actives, resulting in an actuarial loss of \$11.5 million. Other demographic experience produced an additional gain of \$10.5 million, and retirement experience produced an actuarial loss of \$4.3 million.

For additional information on the actuarial valuation, please refer to the actuarial section of the annual financial report.

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Statement of Fiduciary Net Position

As of June 30, 2025

Assets		
Cash	\$	5,808,008
Receivables		
Accounts Receivable		1,758,687
Investment Activity Receivables		13,588,197
Total Receivables		15,346,884
Investments At Fair Value		
Cash And Cash Equivalents		108,261,951
Domestic Equity		
Domestic Equity		161,350,890
Preferred Equity		152,222
Commingled		227,830,419
Mutual Fund		10,965,440
Fixed Income		
Us Govt Issues		115,421,399
Foreign Issues		12,786,050
Corporate Issues		92,161,698
Municipal Issues		1,980,902
Commingled		75,132,757
Mutual Fund		101,219,475
Global Equity		
Foreign		20,441,485
Commingled		188,866,343
Mutual Fund		93,835,925
Real Assets		73,073,182
Alternatives		167,650,268
Total Investments At Fair Value		1,451,130,406
Securities Lending Collateral		956,410
Total Assets		1,473,241,708
Liabilities		
Accounts Payable		375,149
Investment Fees Payable		472,688
Security Purchases Payable		37,501,057
Securities Lending Collateral		956,410
Total Liabilities		39,305,304
Net Position Restricted for Pensions	\$	1,433,936,404

The accompanying notes are an integral part of the financial statements. The audited financial statements can be found in appendix A.

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Statement of Change in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2025

<u>Additions</u>	
Contributions	
Employer	\$ 42,980,183
Members	24,596,788
State of Minnesota	17,202,607
Total Contributions	84,779,578
Investment Income	
From Investing Activity	
Net Appreciation (Depreciation) in Fair Value of Investments	127,558,986
Interest	11,851,445
Dividends	8,236,300
Less Investment Expense	(2,839,395)
Total Investing Activity Income (Loss)	141,807,336
From Securities Lending Activity	
Securities Lending Income	1,806,300
Borrower Rebates	(1,742,904)
Management Fee	(18,622)
Total Securities Lending Activity Income	44,774
Net Investment Income (Loss)	141,852,110
Total Additions	226,631,688
<u>Deductions</u>	
Benefits and Refunds	
Retirement	112,056,405
Survivor	12,911,964
Disability	507,540
Refunds	1,239,031
Total Benefits and Refunds	126,714,940
Administrative Expenses	
Staff Compensation	610,075
Professional Services	269,600
Other Administration	138,045
Total Administrative Expenses	1,017,720
Total Deductions	127,732,660
Net Increase (Decrease) in Net Position	98,899,028
Net Position Restricted for Pensions- Beginning of Year	1,335,037,376
Net Position Restricted for Pensions- End of Year	\$ 1,433,936,404

The accompanying notes are an integral part of the financial statements. The audited financial statements can be found in appendix A.

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INVESTMENT SECTION

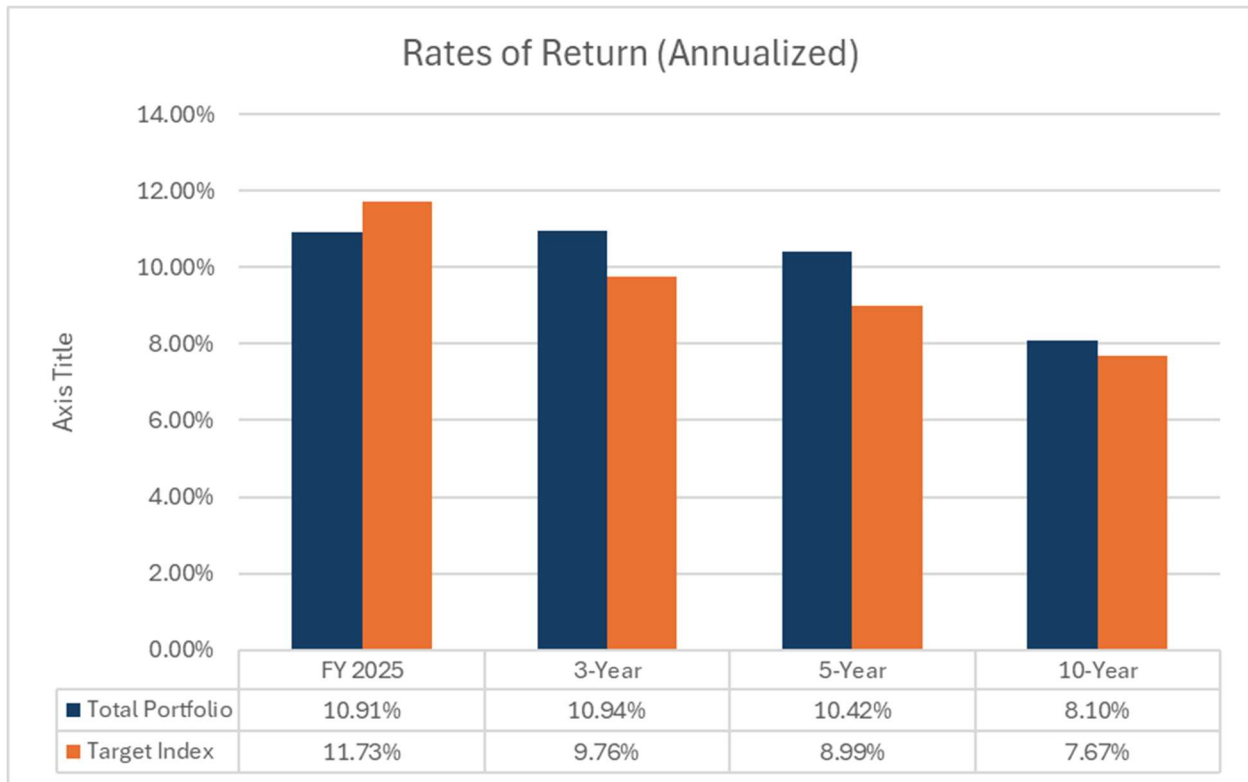
Saint Paul Teachers' Retirement Fund Association

Schedule of Investment Results

As of June 30, 2025

Asset Consulting Group (ACG) provides investment returns for the fund. The annualized one-, three-, five-, and ten-year net-of fees time-weighted rates of return based on fair value. The respective benchmarks for the total portfolio are below:

Total Portfolio



Total Portfolio Benchmark Indices

03/01/2012	06/30/2018	55.0% MSCI AC World ex USA (Net), 20.0% Bloomberg Global Aggregate Index, 11.0% NCREIF Fund Index-ODCE (EW) (Net), 9.0% Russell 3000 +3%, 5.0% HFRI FOF Composite Index
07/01/2018	06/30/2023	55.0% MSCI AC World ex USA (Net), 20.0% Bloomberg Global Aggregate Index, 11.0% NCREIF Fund Index-ODCE (EW) (Net), 9.0% Private Equity / Alternatives, 5.0% HFRI FOF Composite Index
07/01/2023	Present	50.0% MSCI AC World ex USA (Net), 30.0% Bloomberg Global Aggregate Index, 10.0% NCREIF Fund Index-ODCE (EW) (Net), 10.0% Private Equity Alternatives

Saint Paul Teachers' Retirement Fund Association

Investment Results by Asset Class

Portfolio Sector Benchmark	2025	3-Year	5-Year	10-Year
Total Portfolio¹	10.48%	10.80%	10.34%	8.05%
<i>Policy Index²</i>	11.35%	9.64%	8.91%	7.63%
Equity	14.05%	15.65%	13.40%	10.31%
<i>S&P 500 Index</i>	15.16%	19.71%	16.64%	13.65%
Domestic Equity	13.57%	16.94%	14.92%	11.33%
<i>S&P 500 Index</i>	15.16%	19.71%	16.64%	13.65%
Non-US Equity	15.54%	13.42%	10.16%	6.19%
<i>MSCI Emerging Markets Index</i>	15.97%	10.23%	7.26%	5.23%
Global Equity	13.66%	11.39%	9.19%	9.40%
<i>MSCI AC World IMI Index (Net)</i>	15.89%	16.80%	13.40%	9.69%
Fixed Income	7.96%	3.67%	0.94%	1.81%
<i>Bloomberg US Aggregate Index</i>	6.08%	2.55%	-0.73%	1.76%
Real Assets	5.42%	0.27%	4.17%	3.12%
<i>NCREIF ODCE (net)</i>	2.7%	-6.21%	2.54%	4.42%
Alternatives	2.39%	4.72%	13.04%	11.39%
<i>MSCI ACWI + 1.5%</i>	17.89%	19.09%	15.34%	11.63%
<i>Preqin Private Equity (1QTR Lag)</i>	6.71%	4.45%	16.33%	13.61%
Opportunistic	-10.83%	3.50%	8.97%	1.64%
<i>HFRI Event-Driven (Total) Index</i>	11.31%	9.10%	9.51%	5.70%
<i>HFRI Event-Driven Activist Index</i>	8.36%	10.43%	9.56%	4.96%
<i>S&P 500 Index</i>	15.16%	19.71%	16.64%	13.65%
Cash and Cash Equivalents	6.52%	5.42%	3.85%	2.62%
<i>US T-Bills 90 Day</i>	4.68%	4.56%	2.76%	1.96%

¹ Investment returns were calculated using a time-weighted rate of return method, based on fair value, net of investment management fees.

² Policy Index: Effective July 2023, the index consists of 50.0% MSCI ACWI NetDiv, 30.0% Bloomberg Global Aggregate, 10.0% NFI ODCE (Net), 10.0% Private Equity/Alternatives

Investment Summary

Asset Class	Fair Value per Financial Statements June 30, 2025	Reallocation of Investment Accounts ³	Fair Value per Investment Portfolio June 30, 2025	2025 Portfolio Allocation
Domestic Equity	\$ 400,298,971	\$ 53,809,592	\$ 454,108,563	32.7%
International Equity	303,143,753	0	303,143,753	19.6%
Fixed Income	398,702,282	30,065,730	428,768,012	29.5%
Real Assets	73,073,182	(187,584)	72,885,598	5.0%
Private Equity and Alternatives	167,650,268	1,058,465	168,708,733	11.2%
Cash and Cash Equivalents	108,261,950	(84,746,203)	23,515,747	2.0%
Total Investments	\$1,451,130,406	\$ 0	\$1,451,130,406	100.0%

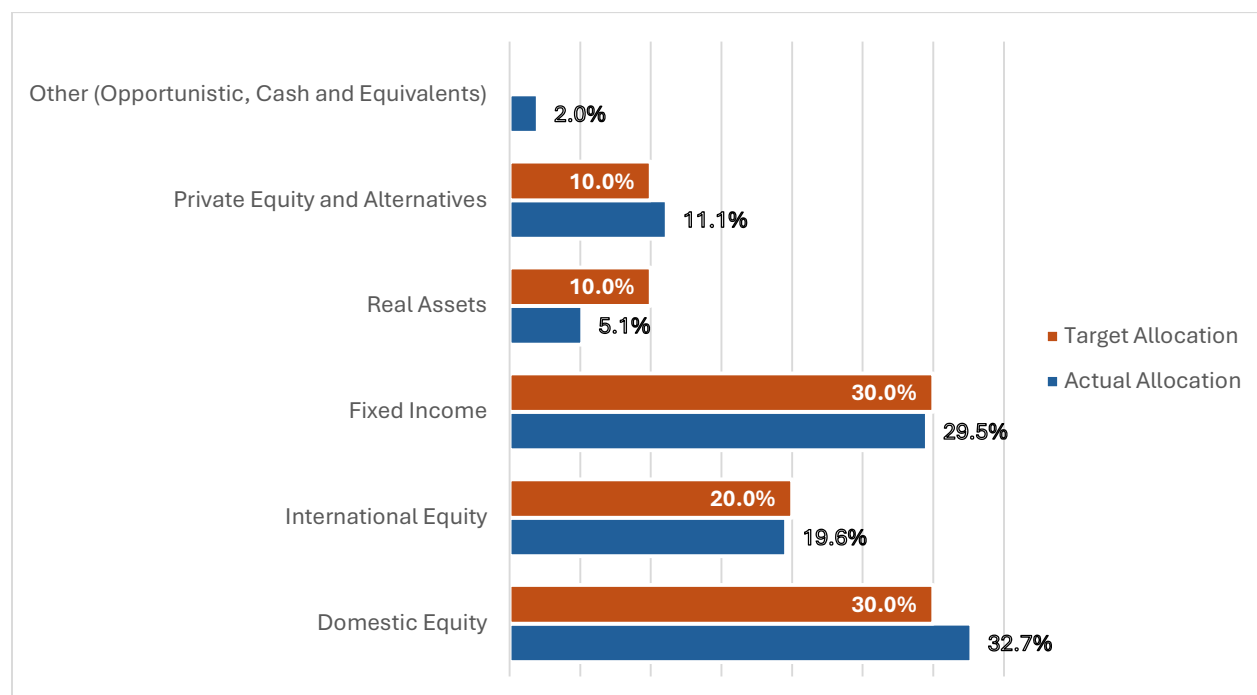
³ Investment cash and cash equivalents are allocated back to the investment portfolios that hold them.

Saint Paul Teachers' Retirement Fund Association

Asset Allocation

Actual Asset Allocation vs. Policy Benchmark Weight	Fair Market Value 30-Jun-25	Actual Asset Allocation	Policy Benchmark Weight	Over/Under
Equity	\$ 757,252,316	52.2%	50.0%	2.2%
US Large Cap Equity	336,328,236	23.2%	20.0%	
US Small Cap Equity	126,697,526	8.7%	10.0%	
Emerging Markets Equity	72,229,186	5.0%	5.0%	
International Developed Markets Equity	128,068,154	8.8%	15.0%	
Global Equity	93,929,214	6.5%	0.0%	
Fixed Income	\$ 428,768,012	29.6%	30.0%	-0.5%
Core Plus Bonds	227,415,741	15.7%	15.0%	
Liquid Absolute Return	101,219,514	7.0%	7.5%	
Multi-Sector Income	100,132,757	6.9%	7.5%	
Real Assets	\$ 72,885,598	5.0%	10.0%	-5.0%
Core Real Estate	17,966,340	1.2%	6.0%	
Opportunistic Real Estate	7,202,879	0.5%	4.0%	
Real Assets/Real Estate	47,716,379	3.3%	0.0%	
Private Equity/Alternatives	\$ 163,229,462	11.2%	10.0%	1.2%
Opportunistic	\$ 5,479,279	0.4%	0.0%	0.4%
Cash/Equivalents	\$ 23,515,747	1.6%	0.0%	1.6%
Total Investments, at Fair Value	\$ 1,451,130,406	100%	100%	

Actual Asset Allocation vs. Policy Benchmark Weight



Saint Paul Teachers' Retirement Fund Association

Schedule of Investment Fees and Commissions

As of June 30, 2025

Management fees are the total investment expenses as reported on the face of the financial statements. The fees include amounts from fees paid directly to external money managers, fees paid for other investment activities, and administrative expenses allocated to investment activities. Estimated expenses are the estimated fees that are netted from investment activities based on the fee schedule but not paid.

Investment Managers	Fee Schedule	Market Value (\$)	Management Fees Paid (\$)	Estimated Expense (\$)
Equity		\$ 757,252,316	\$ 979,339	\$ 1,395,882
Dimensional (closed in FY25)		0	216,686	0
Wellington (closed in FY25)		0	54,710	0
Barrow Hanley	0.75 % of First \$10 M 0.50 % of Next \$15 M 0.25 % Thereafter	58,497,817	369,159	0
SBI Equity Index	0.01 % of Assets	206,981,948	45,384	0
Blackrock S&P 500	0.03 % of Assets	20,848,470	7,122	0
SSIM Russell 1000 Growth	0.02 % of Assets	50,000,000	0	10,000
Emerald Diversified SCG	0.60 % of Assets	67,119,468	279,461	0
Victory Integrity SCV	0.75 % of Assets	59,578,058	6,818	0
Blackrock iShares Core MSCI	0.11 % of Assets	11,524,286	0	10,372
ABS Emerging Markets	0.35 % of Assets	60,704,900	0	212,467
SBI International Equity	0.30 % of Assets	128,068,154	0	384,204
Morgan Stanley Global	0.83 % of Assets	93,835,925	0	778,838
JP Morgan		93,289	0	0
Fixed Income		\$ 428,768,011	\$ 561,795	\$ 627,561
Guggenheim Core Plus	0.20 % of Assets	156,946,152	233,537	0
Payden & Rygel Core Bond	0.25 % of First \$50 M 0.20 % Thereafter	70,469,588	107,873	0
Blackrock Strategic Income	0.62 % of Assets	101,219,513	0	627,561
Brandywine		25,000,000	0	0
Ares SDL Fund		6,739,869	0	0
Victory Pioneer Multisector Fixed Income	0.35 % of First \$50 M 0.30 % of Next \$50 M 0.25 % of Next \$100 M 0.20 % Thereafter	68,392,888	220,385	0
Real Assets/Real Estate		\$ 72,885,598	\$ 477,120	\$ 0
UBS Trumbull Fund	0.96 % of First \$10 M 0.83 % of Next \$15 M 0.81 % Thereafter	17,966,340	235,454	0
Dune Real Estate		7,202,879	0	0
Principal US RE Securities	0.50 % of Assets	47,632,027	241,665	0
Edgewave		84,352	0	0

Saint Paul Teachers' Retirement Fund Association

Investment Managers	Fee Schedule	Market Value (\$)	Management Fees Paid (\$)	Estimated Expense (\$)
Private Equity / Alternatives		\$ 163,229,462	\$ 1,767	\$ 0
Opportunistic		\$ 5,479,271	\$ 0	\$ 68,491
EnTrust Special Opportunities	1.25 % of Assets	5,479,271	0	68,491
Cash and Equivalents		\$ 23,515,747	\$ 137,589	\$ 0
US Bank Checking Account	0.45 % of Assets	7,242,883	83,772	0
Parametric - Cash Overlay	0.20 % of Assets	16,272,864	53,817	0
Other Investment Expenses		\$ 0	\$ 681,786	\$ 0
Investment Consultant			278,563	
Custodian Services			13,066	
Internal Management Fees			390,156	
Total		\$ 1,451,130,406	\$ 2,839,395	\$ 2,091,934

Largest Equity Holdings by Fair Value

As of June 30, 2025	Shares	Fair Value (\$)
SBI Domestic Equity Fund	Commingled Funds	206,981,948
SBI International Equity Fund	Commingled Funds	128,068,154
BlackRock iShares Mutual Fund	Mutual Funds	10,965,440
Welltower Inc	28,872	4,438,493
Equinix Inc	5,358	4,262,128
Prologix Inc	33,950	3,568,824
VICI PPTYS Inc	100,947	3,290,872
Ventas Inc	43,450	2,743,868
Extra Space Storage Inc	17,635	2,600,104
Carnival Corp	88,900	2,499,868

Largest Fixed Income Holdings by Fair Value

As of June 30, 2025	Rate	Maturity	Fair Value (\$)
BlackRock Strategic Income			206,981,948
Pioneer Multi-Sector Fixed Income Portfolio			128,068,154
Ares Senior Direct Lending Fund III LP			101,219,475
FHLMC SD7432	5.000%	01/01/2055	10,965,440
FHLB Disc NTS		07/01/2025	4,438,493
U S Treasury NT	3.875%	05/31/2027	4,262,128
U S Treasury BD	4.625%	05/15/2055	3,568,824
U S Treasury NT	4.625%	02/15/2035	3,290,872
FNMA TBA 30 year	5.500%	08/15/2044	2,743,868
U S Treasury BD	4.375%	11/15/2039	2,600,104

Note: A complete list of holdings is available by contacting SPTRFA via info@sptrfa.org.

ACTUARIAL SECTION

Saint Paul Teachers' Retirement Fund Association



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November 5, 2025

Mr. Phillip Tencick, Executive Director
St. Paul Teachers' Retirement Fund Association
2550 University Avenue W, Suite 312N
St. Paul, Minnesota 55114

Dear Mr. Tencick:

We are pleased to present the report of the actuarial valuation of the St. Paul Teachers' Retirement Fund Association ("Fund") as of July 1, 2025. This report provides, among other things, the required annual contribution rate of the Fund for the Plan Year commencing July 1, 2025 and ending on June 30, 2026, according to prescribed assumptions. Note that the impact of GASB Statements No. 67 and No. 68 is provided in a separate report.

The valuation was based upon data and information through June 30, 2025 furnished by the Fund staff, concerning Retirement Fund benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. Their efforts in furnishing the materials needed are gratefully acknowledged. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Fund.

The report has been prepared at the request of the Fund's Board of Trustees in accordance with Section 356.215 of the Minnesota Statutes as well as the Standards for Actuarial Work established by the State of Minnesota Legislative Commission on Pensions and Retirement. To the best of our knowledge, this report is complete and accurate, and has been prepared in accordance with prescribed assumptions and generally accepted actuarial principles and practices. This report is intended for use by the Fund and those determined or approved by the Fund's Board of Trustees. This report may be provided to parties other than the Fund only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The contribution rate in this report is determined using the actuarial methods and assumptions disclosed in Section 4 of this report. This report includes risk metrics beginning on page 9, but does not include a robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

We have assessed that the contribution rate calculated under the current funding policy is a reasonable Actuarially Determined Employer Contribution (ADEC) and it is consistent with the plan accumulating adequate assets to make benefit payments when due.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

Mr. Phillip Tencick
St. Paul Teachers' Retirement Fund Association
November 5, 2025
Page 2

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

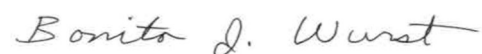
This report should not be relied on for any purpose other than the purpose described in this report. Determinations of financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

Actuarial assumptions, including discount rates, mortality tables and others identified in this report, are prescribed by Minnesota Statutes Section 356.215, the Legislative Commission on Pensions and Retirement (LCPR), and the Board of Trustees. These parties are responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The combined effect of the assumptions, excluding prescribed assumptions or methods set by law, is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). All actuarial assumptions and methods used in the valuation follow the guidance in the applicable Actuarial Standards of Practice. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in the Actuarial Basis of this report. The Fund is solely responsible for communicating to GRS any changes required thereto.

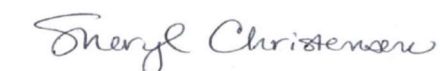
This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. Bonita J. Wurst and Sheryl L. Christensen are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

We will be pleased to review this report with you at your convenience.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Bonita J. Wurst, ASA, EA, FCA, MAAA



Sheryl L. Christensen, FSA, EA, FCA, MAAA

Saint Paul Teachers' Retirement Fund Association

Actuarial Section Discussion

SPTRFA actuaries prepare actuarial valuations for the Fund. There are two separate valuations completed: a valuation used for funding purposes, and a valuation used for financial reporting purposes. The schedules found in much of the Actuarial Section are compiled based on the funding actuarial valuations.

The valuations are based on actuarial assumptions and methods are prescribed by Minnesota Statutes Section 356.215, the Legislative Commission on Pensions and Retirement (LCPR), and the Board of Trustees. These parties are responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. SPTRFA uses these assumptions and methods, including discount rates, mortality tables and others identified in this report, to monitor the funding progress and sufficiency of the member and employer contribution rates.

While most of the actuarial methods and assumptions used for financial reporting purposes are the same as those used for funding purposes, there are a few differences. For example, following GASB standards, the fair value of assets is used when calculating the net pension liability for reporting purposes. For funding purposes, an actuarial basis smooths the gains and losses over a five-year period to calculate the asset value. The effect of the difference in asset value on the funding ratio and contribution sufficiency/deficiency over the past ten years is shown below.

Fair Value Basis vs. Actuarial Basis
Last 10 Years

Actuarial Valuation Date	Fair Value Basis			Actuarial Basis		
	Assets (in thousands)	Funded Ratio	Contribution Sufficiency/Deficiency	Assets (in thousands)	Funded Ratio	Contribution Sufficiency/Deficiency
7/1/2025	1,433,936	72.2%	5.86%	1,384,185	69.7%	4.50%
7/1/2024	1,335,037	69.1%	2.41%	1,299,916	67.2%	1.67%
7/1/2023	1,216,753	64.3%	0.83%	1,234,225	65.3%	1.21%
7/1/2022	1,154,427	66.0%	4.16%	1,203,096	68.7%	5.17%
7/1/2021	1,295,064	74.9%	7.47%	1,159,954	67.1%	4.62%
7/1/2020	1,037,613	61.4%	2.44%	1,090,243	64.5%	3.58%
7/1/2019	1,080,544	63.9%	3.24%	1,079,552	63.8%	3.22%
7/1/2018	1,070,572	63.9%	2.75%	1,067,675	63.7%	2.69%
7/1/2017	1,032,249	64.1%	0.66%	1,038,467	64.5%	0.52%
7/1/2016	959,666	60.3%	1.76%	1,007,360	63.3%	0.67%

Assumptions for financial reporting purposes can be found in the State Auditor's report found in Appendix A, *SPTRFA Annual Financial Report and Management and Compliance Report*, in the Notes to the Required Supplemental Information, pages 38-41.

Actuarial assumptions used in the funding valuations are found in the Gabriel Roeder Smith's report found in Appendix B, *SPTRFA Actuarial Valuation as of July 1, 2025*, Table 13, pages 27-35.

A summary of plan provision is available in the *Benefit Section* of this report on pages 18-19 as well as the State Auditor's report found in Appendix A, *SPTRFA Annual Financial Report and Management and Compliance Report*, in the Notes to the Financial Statements, pages 16-18.

Saint Paul Teachers' Retirement Fund Association

Actuarial Section Schedules

Summary of Valuation Results

(Dollars in Thousands)

	July 1, 2024 Valuation	July 1, 2025 Valuation
A. CONTRIBUTIONS % OF PAYROLL		
1. Statutory Contributions - Chapter 354A	25.67% **	26.98%
2. Required Contributions - Chapter 356	23.52%	22.48%
3. Sufficiency / (Deficiency)	2.15%	4.50%
B. FUNDING RATIOS		
1. Accrued Liability Funding Ratio		
a. Current Assets	\$ 1,299,916	\$ 1,384,185
b. Actuarial Accrued Liability	1,933,107	1,986,406
c. Funding Ratio	67.24%	69.68%
2. Projected Benefit Funding Ratio		
a. Current and Expected Future Assets	2,348,579	2,454,333
b. Current and Expected Future Benefit Obligations	2,213,884	2,280,186
c. Funding Ratio	106.08%	107.64%
C. PLAN PARTICIPANTS		
1. Active Members		
a. Number	3,366	3,366
b. Projected Annual Earnings*	\$ 323,288	\$ 337,575
c. Average Annual Earnings (Projected dollars)*	\$ 99,434	\$ 96,949
d. Average Age	45.3	45.7
e. Average Service	13.2	13.6
f. Members on Leave of Absence	106	140
2. Others		
a. Service Retirements	3,956	3,984
b. Disability Retirements	22	23
c. Survivors	400	404
d. Deferred Retirements	2,681	2,664
e. Terminated Other Non-Vested	3,106	3,138
f. Total – Others	10,165	10,213
3. Grand Total (1.a + 1.f + 2.f)	13,637	13,695

* Projected Annual Earnings includes expected payroll for teachers hired after the valuation date to replace retirements in May and June prior to the valuation date; Average Annual Earnings excludes this new teacher payroll. See page 35 for additional information.

** Statutory contribution includes one-time state aid (25.19% without one-time state aid as of July 1, 2024).

Saint Paul Teachers' Retirement Fund Association

Accounting Balance Sheet

As of June 30, 2025
(Dollars in Thousands)

	<u>Market Value</u>
A. ASSETS	
1. Cash, Equivalents, Short-Term Securities	\$ 5,808
2. Investments	
a. Fixed Income	398,702
b. Equity	703,443
c. Real Assets	73,073
d. Alternative	167,650
e. Cash and Cash Equivalents	108,262
3. Other Assets (see below)*	15,347
B. TOTAL ASSETS	\$ <u>1,472,285</u>
C. AMOUNTS CURRENTLY PAYABLE	\$ 38,349
D. ASSETS AVAILABLE FOR BENEFITS	
1. Member Reserves	\$ 278,997
2. Employer Reserves	1,154,939
3. Total Assets Available for Benefits	\$ <u>1,433,936</u>
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	\$ <u>1,472,285</u>
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS	
1. Market Value of Assets Available for Benefits (D.3)	1,433,936
2. Unrecognized Asset Returns (UAR)	
a. June 30, 2025	49,903
b. June 30, 2024	63,187
c. June 30, 2023	25,514
d. June 30, 2022	(191,444)
3. UAR Adjustment: $.80 * 2(a) + .60 * 2(b) + .40 * 2(c) + .20 * 2(d)$	49,751
4. Actuarial Value of Assets: (F.1 - F.3)	\$ <u>1,384,185</u>

DERIVATION OF OTHER ASSETS *	<u>Market Value</u>
Accounts Receivable	
Employer Contribution	\$ 521
Employee Contribution	315
Service Purchases Receivable	0
Pensions Receivable	77
State Contributions	838
Commission Recapture Receivable	0
Interest Receivable	92
Dividend Receivable	1,659
Miscellaneous Receivable	9
Sale of Securities	11,837
Total Accounts Receivable	<u>15,347</u>
Total Other Assets	\$ <u>15,347</u>

Numbers may not add due to rounding.

Saint Paul Teachers' Retirement Fund Association

Change in Assets Available for Benefits

Year Ended June 30, 2025
(Dollars in Thousands)

		<u>Market Value</u>
A. ASSETS AVAILABLE AT BEGINNING OR PERIOD	\$	1,335,037
B. OPERATING REVENUES		
1. Member Contributions	\$	24,597
2. Employer Contributions		41,744
3. Supplemental Contributions		18,003
4. Re-employed Annuitant Employer Contributions		436
5. Investment Income		19,744
6. Investment expense		(2,839)
7. Net Realized Gain/(Loss)		196,670
8. Other		0
9. Net Change in Unrealized Gain/(Loss)		(71,723)
10. Total Operating Revenue	\$	<u>226,632</u>
C. OPERATING EXPENSES		
1. Service Retirements	\$	112,056
2. Disability Benefits		508
3. Survivor Benefits		12,912
4. Refunds		1,239
5. Benefit Payment Adjustment		0
6. Administrative Expenses		1,018
7. Total Operating Expenses	\$	<u>127,733</u>
D. OTHER CHANGES IN RESERVES	\$	0
E. ASSETS AVAILABLE AT END OF PERIOD	\$	<u>1,433,936</u>
F. DETERMINATION OF CURRENT YEAR UNRECOGNIZED ASSET RETURN		
1. Average Balance		
a. Assets available at BOY	\$	1,335,037
b. Assets available at EOY		1,433,936
c. Average balance {[(a) + (b) – Net Investment Income] / 2}	\$	1,313,561
d. {Net Investment Income: B.5+B.6+B.7+B.8}		
2. Expected Return: 0.70 * F.1		91,949
3. Actual Return		141,852
4. Current Year Gross Asset Gain/(Loss): F3-F2	\$	49,903

Saint Paul Teachers' Retirement Fund Association

Determination of Actuarial Accrued Liability (AAL)

As of June 30, 2025
(Dollars in Thousands)

	Actuarial Present Value of Projected Benefits	Actuarial Present Value of Future Normal Costs	Actuarial Accrued Liability
DETERMINATION OF ACTUARIAL ACCRUED LIABILITY			
1. Active Members*			
a. Retirement Benefits	\$ 886,252	\$ 206,474	\$ 679,778
b. Disability Benefits	\$ 13,066	\$ 4,532	\$ 8,534
c. Surviving Spouse and Child Benefits	\$ 6,704	\$ 2,033	\$ 4,671
d. Vested Withdrawals	\$ 42,762	\$ 57,952	\$ (15,192)
e. Refund Liability Due to Death or Withdrawal	\$ 2,292	\$ 22,787	\$ (20,495)
f. Total	\$ 951,076	\$ 293,780	\$ 657,296
2. Deferred Retirements	\$ 144,450	\$ 0	\$ 144,450
3. Former Members with Vested Rights	\$ 5,580	\$ 0	\$ 5,580
4. Annuitants	\$ 1,179,080	\$ 0	\$ 1,179,080
5. Total Actuarial Accrued Liability	\$ 2,280,186	\$ 293,780	\$ 1,986,406

Determination of Unfunded Actuarial Accrued Liability (UAAL)

As of June 30, 2025
(Dollars in Thousands)

DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

1. Actuarial Accrued Liability	\$ 1,986,406
2. Current Assets	1,384,185
3. Unfunded Actuarial Accrued Liability	\$ 602,221

• Includes members on leave of absence.

Saint Paul Teachers' Retirement Fund Association

Schedule of Changes in Unfunded Actuarial Accrued Liability

Year Ended June 30, 2025

(Dollars in Thousands)

	Actuarial Accrued Liability	Current Assets	Unfunded Actuarial Accrued Liability
A. UAAL at BEGINNING OF YEAR	\$ 1,933,107	\$ 1,299,916	\$ 633,191
B. CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING			
1. Normal Cost and Expenses	32,231	(1,018)	33,249
2. Benefit Payments	(126,715)	(126,715)	0
3. Contributions	0	84,780	(84,780)
4. Interest on A, B.1., B.2., and B.3.	131,735	89,365	(9,161)
5. Total (B.1. + B.2. + B.3. + B.4.)	\$ 37,251	\$ 46,412	\$ (9,161)
C. EXPECTED VALUES AT END OF YEAR (A + B.5.)	\$ 1,970,358	\$ 1,346,328	\$ 624,030
D. INCREASE / (DECREASE) DUE TO ACTUARIAL LOSSES / (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED			
1. Age and Service Retirements			\$ 4,298
2. Disability Retirements			(56)
3. Death-Service Benefits			165
4. Withdrawals			(2,100)
5. Salary Increases			11,474
6. Investment Income			(37,857)
7. Mortality of Annuitants			(1,859)
8. Other Items			(6,632)
9. Total			\$ (32,567)
E. UAAL AT END OF YEAR BEFORE PLAN ADMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS (C + D.9.)			\$ 591,463
F. CHANGE IN UAAL DUE TO PLAN AMENDMENTS			10,758
G. CHANGE IN UAAL DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS			0
H. UAAL AT END OF YEAR (E + F + G)			\$ 602,221

Saint Paul Teachers' Retirement Fund Association

Determination of Contribution Sufficiency/(Deficiency)

Year Ended June 30, 2025

(Dollars in Thousands)

	Percent-of- Payroll	Dollar Amount
A. STATUTORY CONTRIBUTIONS – CHAPTER 354A		
1. Employee Contributions	8.75%	\$ 29,538
2. Employer Contributions		
a. Regular	9.75%	32,914
b. Additional	3.84%	12,963
3. Supplemental Contribution		
a. 1996 Legislation	0.25%	838
b. 1997 Legislation	0.84%	2,827
c. 2014 Legislation	2.07%	7,000
d. 2018 Legislation	1.48%	5,000
4. Total	26.98%	\$ 91,080
B. REQUIRED CONTRIBUTIONS – CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	7.19%	\$ 24,272
b. Disability Benefits	0.15%	506
c. Surviving Spouse and Child Benefits	0.07%	236
d. Vested Withdrawals	1.87%	6,313
e. Refund Liability Due to Death or Withdrawal	0.75%	2,532
f. Total	10.03%	\$ 33,859
2. Supplemental Contribution Amortization	12.14%	40,982
3. Allowance for Administrative Expenses	0.31%	1,046
4. Total	22.48%	\$ 75,887
C. CONTRIBUTION SUFFICIENCY/(DEFICIENCY) (A.4. – B.4)	4.50%	\$ 15,193
Project Annual Payroll for Fiscal Year Beginning on the Valuation Date (determined by increasing reported pay for each member by one full year of assumed pay increase, according to the actuarial salary scale, as prescribed by the LCPR Standards for Actuarial Work), plus replacement payroll (described in Table 13)		\$ 337,575

Saint Paul Teachers' Retirement Fund Association

Solvency Test

Last 10 years
(Dollars in Thousands)

Actuarial Valuation Date	Actuarial Accrued Liability For:			Portion of Accrued Liabilities Covered by Valuation Assets			
	Active Member Contribution (1)	Current Retiree & Beneficiaries (2)	Active Member (Employer Financed) Portion (3)	Valuation Assets	(1)	(2)	(3)
7/1/2025	278,997	1,179,080	528,329	1,384,185	100%	93.7%	n/a
7/1/2024	264,303	1,186,511	482,293	1,299,916	100%	87.3%	n/a
7/1/2023	252,145	1,173,727	465,745	1,234,225	100%	83.7%	n/a
7/1/2022	240,258	1,161,360	345,803	1,203,096	100%	82.9%	n/a
7/1/2021	228,685	1,151,345	349,591	1,159,954	100%	80.9%	n/a
7/1/2020	217,959	1,135,360	337,917	1,090,243	100%	76.8%	n/a
7/1/2019	210,364	1,133,369	347,988	1,079,552	100%	76.7%	n/a
7/1/2018	199,911	1,129,864	346,418	1,067,675	100%	76.8%	n/a
7/1/2017	187,955	1,068,690	354,563	1,038,467	100%	79.6%	n/a
7/1/2016	178,135	1,052,827	361,608	1,007,360	100%	78.8%	n/a

Schedule of Funding Progress

Last 10 years
(Dollars in Thousands)

Valuation Year Ended	Actuarial Value of Assets (a)"	Actuarial Accrued Liability (b)"	Unfunded Actuarial Accrued Liability (b-a)"	Funded Ratio (a/b)"	Covered Payroll (c)"	UAAL as Percentage of Covered Payroll [(b-a)/c]"
6/30/2025	1,384,185	1,986,406	602,211	69.68%	321,336	187.41%
6/30/2024	1,299,916	1,933,107	633,191	67.24%	319,667	198.08%
6/30/2023	1,234,225	1,891,617	657,392	65.25%	296,674	221.59%
6/30/2022	1,203,096	1,750,421	547,325	68.73%	304,227	179.91%
6/30/2021	1,159,954	1,729,621	569,667	67.06%	279,916	203.51%
6/30/2020	1,090,243	1,691,236	600,993	64.46%	274,667	218.81%
6/30/2019	1,079,552	1,691,721	612,169	63.81%	268,614	227.90%
6/30/2018	1,067,675	1,676,193	608,518	63.70%	263,122	231.27%
6/30/2017	1,038,467	1,611,208	572,741	64.45%	264,342	216.67%
6/30/2016	1,007,360	1,592,570	585,210	63.25%	258,787	226.14%

Saint Paul Teachers' Retirement Fund Association

Schedule of Active Members Valuation Data

Last 10 years

Valuation Year Ended	Number	Valuation Payroll	Annual Average Pay	% Increase in Average Pay
6/30/2025	3,342	321,336,000	96,151	1.2%
6/30/2024	3,366	319,667,000	94,969	7.0%
6/30/2023	3,360	296,674,000	88,296	-1.3%
6/30/2022	3,400	304,227,000	89,479	5.0%
6/30/2021	3,294	279,916,000	84,978	3.6%
6/30/2020	3,353	274,667,000	81,917	2.0%
6/30/2019	3,347	268,614,000	80,255	4.8%
6/30/2018	3,445	263,122,000	76,378	-1.5%
6/30/2017	3,409	264,342,000	77,542	3.4%
6/30/2016	3,455	258,787,000	74,902	2.1%

Schedule of Retirees and Beneficiaries

Last 10 years

Valuation Year Ended	Number Added	Annual Allowances Added	Number Removed	Annual Allowances Removed	Number at Year End	Allowances at Year End	Average Annual Allowances	Change from Prior Year
6/30/2025	172	4,952,236	139	4,010,181	4,411	125,209,000	28,386	(0.6%)
6/30/2024	199	5,797,924	131	3,775,772	4,378	125,018,000	28,556	0.3%
6/30/2023	160	4,634,698	103	3,005,224	4,310	122,720,000	28,473	(0.5%)
6/30/2022	183	5,296,286	103	2,998,486	4,253	121,763,000	28,630	(0.4%)
6/30/2021	194	5,642,324	123	3,602,262	4,173	119,934,000	28,740	(0.1%)
6/30/2020	211	6,101,572	113	3,211,992	4,102	118,057,000	28,780	(1.2%)
6/30/2019	191	5,623,332	101	3,025,688	4,004	116,692,000	29,144	(2.0%)
6/30/2018	165	4,897,690	102	3,048,897	3,914	116,379,000	29,734	(0.6%)
6/30/2017	220	7,315,136	92	3,048,868	3,851	115,146,000	29,900	(1.3%)
6/30/2016	192	5,859,588	102	3,124,644	3,723	112,747,000	30,284	(1.0%)

Saint Paul Teachers' Retirement Fund Association

Actuarial Methods and Assumptions

as of July 1, 2025

I. ACTUARIAL COST METHOD

An Actuarial Cost Method is a set of techniques used by the actuary to develop contribution levels under a retirement plan. The Method used in this valuation for all purposes is the Entry Age Actuarial Cost Method. Under this Method, Normal Cost is developed by amortizing the actuarial value of benefits expected to be received by each active participant (as a level percentage of pay) over the total working lifetime of that participant, from hire to termination. Years of Service for valuation purposes was provided by the Retirement Fund. Age as of the valuation date was calculated based on the dates of birth provided by the Retirement Fund. Entry Age for valuation purposes was calculated as the age on the valuation date minus the years of service on the valuation date.

Payments on the unfunded actuarial accrued liability (UAAL) are determined by source as a level percentage of payroll each year assuming payroll increases of 2.50% per annum, and amortized according to the following closed statutory amortization periods, beginning in the valuation year in which they arise:

Source of UAAL	Closed Period
Legacy UAAL as of July 1, 2024	Period ending June 30, 2048
Experience gain or loss	15 years
Assumption or method changes	20 years
Active member benefit changes	15 years
Long-term inactive member benefit changes	15 years
Short-term inactive member benefit changes	Period during which benefit change is in effect
Statutory Contributions (per Chapter 354A) that are more or less than the Total Required Contribution (per Chapter 356)	15 years

As required by the Standards for Actuarial Work, projected payroll is 1) determined by increasing reported payroll for each member by one full year's assumed pay increase according to the actuarial salary scale and 2) multiplied by 0.964 in the determination of the present value of future payroll to account for timing differences. This statutory method produces a required contribution that is like, but slightly below, the contribution that would be produced by more common actuarial methods.

II. CURRENT ACTUARIAL ASSUMPTIONS

Actuarial assumptions, including discount rates, mortality tables and others identified in this report, are prescribed by Minnesota Statutes Section 356.215, the Legislative Commission on Pensions and Retirement (LCPR), and the Board of Trustees. These parties are responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions.

Assumptions are based on an experience study for the five-year period of July 1, 2016 to June 30, 2021, as well as a legislated change to the investment return assumption effective July 1, 2023. Note that significant plan changes effective July 1, 2023 and July 1, 2025 may ultimately result in behavior changes not anticipated in the actuarial assumptions. The Allowance for Combined Service Annuity assumptions are based on an analysis completed by the LCPR actuary and documented in a report dated February 2025.

Saint Paul Teachers' Retirement Fund Association

A. Demographic Assumptions

1. Healthy and Disabled Annuitant Mortality:
 - a. Male: Pub-2010 Male Healthy Teacher Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010. Rates are multiplied by a factor of 1.03.
 - b. Female: Pub-2010 Female Healthy Teacher Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010. Rates are multiplied by a factor of 1.03.
2. Employee Mortality:
 - a. Male: Pub-2010 Male Healthy Teacher Employee Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - b. Female: Pub-2010 Female Healthy Teacher Employee Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010.
See table of sample rates in Appendix B, *SPTRFA Actuarial Valuation as of July 1, 2025*, Table 13, pages 29-30.
3. Rates of Disability for males and females:
Age-related rates based on experience. See table of sample rates in Appendix B, *SPTRFA Actuarial Valuation as of July 1, 2025*, Table 13, page 31.
4. Rates of Termination:
Service -related rates based on experience. See table of sample rates in Appendix B, *SPTRFA Actuarial Valuation as of July 1, 2025*, Table 13, page 32.
5. Rates of Retirement:
Age-related rates based on both eligibility for unreduced early retirement and those based on non-eligibility for unreduced early retirement. See table of sample rates in Appendix B, *SPTRFA Actuarial Valuation as of July 1, 2025*, Table 13, page 32.

B. Economic Assumptions

1. Assumed Rate of Return on Assets and Liabilities: 7.00%
2. Investment Rate of Return: 7.00%
3. Price Inflation: 2.50% per year
4. Payroll Growth (Wage Inflation): 2.50% per year
5. Future Salary Increases: Service -based rates decreasing from 8.00% to 2.50%.
See table of sample rates in Appendix B, *SPTRFA Actuarial Valuation as of July 1, 2025*, Table 13, page 33.
6. Asset Value:
The assets are valued based on a five-year moving average of expected and market values (five-year average actuarial value). At the end of each plan year, an average asset value is calculated as the average of the market asset value at the beginning and end of the fiscal year net of investment income for the fiscal year. The investment gain or (loss) is taken as the excess of actual investment income over the expected investment income based on the average asset value as calculated above. The investment gain or (loss) is recognized over five years at 20% per year. The asset value is the sum of the market asset value plus the scheduled recognition of investment gains or (losses) during the current and the preceding four fiscal years.
7. Benefit Increases: 1.00% per year on January 1

Saint Paul Teachers' Retirement Fund Association

C. Other Assumptions

Marital Status:	It is assumed that 75% of male members and 60% of female members have an eligible spouse. The male spouse is assumed to be two years older than the female spouse. Married members are assumed to have two dependent children.
Deferred Benefit Commencement:	Basic Plan members who terminate vested are assumed to commence benefits at age 61. Coordinated Plan members are assumed to commence benefits at age 63. If the member is already past the assumed deferral age, the member is assumed to commence benefits one year from the valuation date.
Administrative Expenses:	Prior year administrative expenses (excluding investment expenses) are expressed as a percentage-of-payroll and then applied to current projected payroll.
Refund of Contributions:	All employees withdrawing after becoming eligible for a deferred benefit take the larger of their contributions accumulated with interest or the value of their deferred benefit. Account balances for deferred members accumulate interest until the assumed benefit commencement date and are discounted back to the valuation date.
Allowance for Combined Service Annuity:	28.0% load on liabilities for former, vested members. 58.0% load on liabilities for former, non-vested members.
Missing Salary and Salary Minimums:	Active members with reported salaries of \$100 or less were assumed to have the average non-zero active salary. Active members with salaries less than those reported at the prior valuation date are valued using their prior salary amount. Active members who have been hired within one year of the valuation date have had their pay annualized by dividing by months of service credited, not to exceed the average non-zero active salary. For members on leave of absence at valuation date who were not on leave at the prior valuation date, the prior year's valuation pay was used.
Missing Data for Deferred Vested Members:	Deferred vested members without a reported benefit and without salary information were assumed to have a final average salary of \$40,000.
Decrement Timing:	Retirement and Termination: end of valuation year – consistent with retirements and terminations occurring at the end of the school year. Death and Disability: middle of valuation year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Service Credit Accruals:	It is assumed that members accrue one year of service credit per year. Exact fractional service is used to determine the amount of benefit payable.
Supplemental Contributions:	1996 legislation provides for a variable amortization aid contribution paid annually on July 15. We assumed the annual amortization aid contribution will equal \$838,000, which was the actual contribution for the most recent fiscal year. Additionally,

Saint Paul Teachers' Retirement Fund Association

annual supplemental contributions equal to \$14,827,000 are scheduled to be paid each October 1.

The contributions described herein will continue until the plan is 100% funded for three consecutive years or until June 30, 2048, whichever occurs earlier.

Projected Annual Payroll Calculation:

The census data as of July 1, 2025 reflects retirements and terminations occurring during the months of May and June; however, it does not necessarily reflect the replacements hired to fill their positions who may have hire dates in August and September. We assumed that May and June retirements are replaced by members coming in at the B.A. entry salary level of \$56,788; the Projected Annual Payroll for the fiscal year ending June 30, 2026 includes this replacement salary amount.

Changes in Actuarial Methods and Assumptions Since the Prior Valuation:

Layered amortization was implemented effective with the July 1, 2025 valuation, with the amortization periods as defined earlier in this report.

The Combined Service Annuity load was changed from 20% to 28% for vested terminated members, and from 9% to 58% for non-vested terminated members.

APPENDIX

APPENDIX A – State Auditor's Report

This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay] for assistance or visit the Office of the State Auditor's website: www.osa.state.mn.us.

Saint Paul Teachers' Retirement Fund Association Saint Paul, Minnesota

Annual Financial Report and Management and Compliance Report

Year Ended June 30, 2025

Audit Practice Division



STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR
State Auditor Julie Blaha

(651) 296-2551 | State.Auditor@osa.state.mn.us | www.osa.state.mn.us

Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

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Introductory Section

**Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota**

Board of Trustees

June 30, 2025

Name	Position
Lori J. Borgeson	President
Stephanie Pignato	Vice President
Thomas Koreltz	Secretary
Margaret Schiller	Treasurer
Matthew Bogenschultz	Trustee
Karen Martinsen	Trustee
Mike McCollor	Trustee
Michael McKay	Trustee
Karen Odegard	Trustee
Halla Henderson	Ex-Officio

Financial Section



Independent Auditor's Report

Board of Trustees
Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Saint Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Saint Paul Teachers' Retirement Fund Association as of June 30, 2025, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Saint Paul Teachers' Retirement Fund Association, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed;
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer and Non-Employer Contributions, Schedule of Investment Returns, and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the Introductory Section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

/s/Julie Blaha

Julie Blaha
State Auditor

February 24, 2026

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Management's Discussion and Analysis

Saint Paul Teachers' Retirement Fund Association

Saint Paul, Minnesota

Management's Discussion and Analysis June 30, 2025 (Unaudited)

The following Management's Discussion and Analysis provides an overview of the financial performance and actuarial status of the Saint Paul Teachers' Retirement Fund Association (hereinafter SPTRFA, Plan, System, or Fund) for the fiscal year ended June 30, 2025. It is intended to assist the reader in understanding the Plan's financial statements and financial activities during the year.

Overview

SPTRFA is a nonprofit organization formed in 1909, incorporated under Minn. Stat. ch. 317A. Under the oversight of a ten-member Board of Trustees, SPTRFA staff manages two tax-qualified, defined benefit pension programs, a Basic Plan and a Coordinated Plan. The plans cover licensed personnel, the majority of whom are employed by Independent School District No. 625 (SPPS), the central administrative body for public schools within the City of Saint Paul.

Basic Plan members do not participate in Social Security through their employment with SPPS. The Coordinated Plan, which commenced in 1978, provides retirement benefits for members who simultaneously participate in Social Security. While there are annuitants receiving benefits under the Basic Plan provisions, there are no Basic Plan members remaining in active status.

Under State law, annual payroll contributions to the Fund are a direct operating obligation of the school district and members. While SPTRFA provides an employment-based benefit, the terms are not collectively negotiated, are not administered through SPPS, and SPTRFA is not a component unit of SPPS. Historically, the Fund's assets and liabilities were not included in the SPPS financial statements. However, Governmental Accounting Standards Board (GASB) statements now require SPPS to reflect their portion of the Fund's net pension liabilities beginning with their 2015 financial statements. Notwithstanding this reporting requirement, SPPS remains liable only for its statutorily mandated contributions and not the Fund's net pension liabilities.

The financial section of this report consists of four parts: (1) the Independent Auditor's Report; (2) the Management's Discussion and Analysis (this section); (3) the Basic Financial Statements, which include the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position, and their accompanying notes; and (4) the Required Supplementary Information, which consists of various schedules and accompanying notes.

Financial Section Overview

1. Independent Auditor's Report

The Independent Auditor's Report is an official opinion issued by the Office of the State Auditor (OSA) regarding the accuracy of SPTRFA's financial statements. It serves as a primary communication tool between the OSA and users of SPTRFA's financial statements, providing assurance to stakeholders about the reliability of the financial information presented.

2. Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) offers an objective and reader-friendly analysis of the Plan's financial activities, comparing the current and prior years. The report includes an overview of the financial statements, a financial summary, a detailed analysis of the financial activities, and identifies any known facts, decisions, or conditions that may significantly impact the Plan, primarily through a summary of the actuarial and market valuation.

3. Basic Financial Statements

- a) The Statement of Fiduciary Net Position presents information about assets and liabilities, the difference of which being the net position restricted for pensions. The level of net position reflects the resources available to pay member benefits when due. Over time, increases and decreases in this metric assist in measuring SPTRFA's financial condition.
- b) The Statement of Changes in Fiduciary Net Position presents the results of Fund operations during the year and the additions or deductions from plan net position. It provides more detail to support the net change that has occurred to the prior year's net position value on the Statement of Fiduciary Net Position.
- c) The Notes to the Financial Statements provide additional information essential to gain a full understanding of SPTRFA's accounting policies, benefit plans, deposits and investments, securities lending, contributions, risk management, funded status/progress, and finally, a narrative description of the actuarial measurement process.

4. Required Supplementary Information

- a) The Required Supplementary Information schedules provide historic financial data to allow for a comparison of key data over time. These schedules contain results for the most recent ten fiscal years:
 - Schedule of Changes in Net Pension Liability and Related Ratios
 - Schedule of Employer and Non-Employer Contributions
 - Schedule of Investment Returns
- b) The Notes to the Required Supplementary Information provide actuarial assumptions and changes to significant plan provisions and actuarial methods/assumptions.

Other Pension Information Section Overview

The Other Pension Information Section follows the financial section. The Other Pension Information Section consists of additional schedules and accompanying notes as prescribed by GASB Statement 67. These additional schedules are comprised of additional financial data such as net pension liability, deferred outflows and inflows of resources, and pension income or expenses for each contributing entity. Participating employer units are required to report this information in their financial statements.

Financial Summary

Statement of Net Fiduciary Position

The Statement of Fiduciary Net Position provides a snapshot of the financial position of the Plan at the end of fiscal year. The statement details the Plan's total assets, total liabilities, and resulting net position, the difference between total assets and total liabilities as of the last day of the fiscal year, June 30.

The following table, Condensed Statement of Fiduciary Net Position, provides condensed information from the basic financial statements. The figure compares the asset, liability, and net position amounts from the current year to the previous year. The table shows the amount and percentage each category increased or decreased from the previous year.

Condensed Statement of Fiduciary Net Position
As of June 30, 2025, and 2024
(Dollars in thousands)

Condensed Statement of Fiduciary Net Position	2025	2024	Change	Percentage Change (%)
Assets				
Cash	\$ 5,808	\$ 13,085	\$ (7,277)	(55.6)
Receivables	15,347	16,792	(1,445)	(8.6)
Investments at fair value	1,451,130	1,329,353	121,777	9.2
Securities lending collateral	957	673	284	42.2
Total Assets	<u>\$ 1,473,242</u>	<u>\$ 1,359,903</u>	<u>\$ 113,339</u>	8.3
Liabilities				
Accounts payable	\$ 848	\$ 728	\$ 120	16.5
Security purchases payable	37,501	23,465	14,036	59.8
Securities lending collateral	957	673	284	42.2
Total Liabilities	<u>\$ 39,306</u>	<u>\$ 24,866</u>	<u>\$ 14,440</u>	58.1
Net Position Restricted for Pensions	<u>\$ 1,433,936</u>	<u>\$ 1,335,037</u>	<u>\$ 98,899</u>	7.4

Total assets are generally comprised of cash, receivables, investments at fair value, and securities lending collateral. Total assets at the end of fiscal year 2025 were \$1,473.2 million, an increase of \$113.3 million, or 8.3 percent. Total liabilities include accounts payable, security purchases payable, and securities lending collateral. Total liabilities at the end of fiscal year 2025 were \$39.3 million, an increase of \$14.4 million, or 58.1 percent.

The securities lending collateral represents cash on deposit to cover the value of securities loaned to brokerage firms for which they pay a fee to the Fund's custodian. These firms are obligated to return such securities at a future point in time. The Fund and custodian share the lending proceeds. This strategy, commonly employed by institutions, provides the Fund with a source of additional income to offset the Plan's annual cost of custodial bank services. The collateral is shown as both an asset and a liability.

The net position restricted for pensions (net position) is the difference between the total assets and total liabilities. The net position measures the amount of funds that are available, to pay current and future pension benefits, which is the only obligation these funds can be used to meet. The net position increased from \$1,335.0 million as of June 30, 2024, to \$1,433.9 million as of June 30, 2025. This was an increase of \$98.9 million, or 7.4 percent.

Statement of Changes in Fiduciary Net Position

The Statement of Changes in Fiduciary Net Position provides a summary of the changes in the net position for the Plan over the course of the fiscal year. The statement highlights how the net position has been affected by various additions and deductions to the financial position of the Association.

The following table, Condensed Statement of Changes in Fiduciary Net Position, summarizes the additions and deductions to net position. The table reflects a fiscal year 2025 increase in the Plan's net position of \$98.9 million, or a 7.4 percent increase, in the net position from the previous year.

Condensed Statement of Changes in Fiduciary Net Position
For Fiscal Year Ended June 30, 2025, and 2024
(Dollars in thousands)

Condensed Statement of Changes in Fiduciary Net Position	2025	2024	Change	Percentage Change (%)
Additions				
Employer and employee contributions	\$ 67,577	\$ 67,645	\$ (68)	(0.1)
State of Minnesota aid	17,203	31,412	(14,209)	(45.2)
Net investment activity	141,807	147,279	(5,472)	(3.7)
Net securities lending income	45	64	(19)	(29.7)
Total Additions	<u>\$ 226,632</u>	<u>\$ 246,400</u>	<u>\$ (19,768)</u>	(8.0)
Deductions				
Benefits and Refunds	\$ 126,715	\$ 127,305	\$ (590)	(0.5)
Administrative Expenses	1,018	811	207	25.5
Total Deductions	<u>\$ 127,733</u>	<u>\$ 128,116</u>	<u>\$ (383)</u>	(0.3)
Net Increase (Decrease) in Net Position Restricted for Pensions	\$ 98,899	\$ 118,284	\$ (19,385)	(16.4)
Net Position Restricted for Pensions – Beginning of Year	<u>1,335,037</u>	<u>1,216,753</u>	118,284	9.7
Net Position Restricted for Pensions – End of Year	<u>\$ 1,433,936</u>	<u>\$ 1,335,037</u>	<u>\$ 98,899</u>	7.4

Additions to the plan are received from two primary sources, contributions and investment income. Deductions from the plan are due to benefit payments and refunds as well as administrative expenses. If Plan additions are more than deductions, there is an increase to the net position. If Plan deductions are more than additions, there will be a decrease to the net position.

Contributions into the Plan include total employer and employee contributions of \$67.6 million. Total employer and employee contributions decreased by \$68 thousand, or 0.1 percent. In addition to ongoing amortization aid payments of \$15.7 million, the State of Minnesota made a one-time supplemental contribution of \$1.5 million, which was \$14.2 million, or 45.2 percent, less than the one-time contribution received in the previous fiscal year.

Investment activity, which fluctuates based on market returns, experienced net gains of \$141.8 million. This was \$5.5 million, or 3.7 percent, less than was earned the previous year. This return did exceed the assumed rate of return of 7.0 percent. Investment returns provide a meaningful source of benefit funding over the long term but may be volatile from year to year.

Deductions primarily include annuity benefit payments. To a lesser extent, refund payments are paid to members who terminated their employment with SPPS and elect to receive a refund of their contributions, with statutory interest. These payments together totaled \$126.7 million. Total benefit and refund payments decreased from \$127.3 million in fiscal year 2024 to \$126.7 million, or a 0.5 percent decrease.

Administrative expenses are the cost to administer the Plan. Administrative expenses consist of employee salary and benefits, professional services, and other expenses necessary to operate the Plan. These expenses increased by \$207 thousand, or 25.5 percent.

The net increase in net position restricted for pensions increased by \$98.9 million. This increase improved the net position of the Plan from \$1,335.0 million on June 30, 2024, to an ending net position on June 30, 2025, of \$1,433.9 million.

Detailed Analysis of the Basic Financial Statements

SPTRFA's financial condition is affected by four primary components: contributions, investments income, benefit payments, and administrative expenses. The formula $C + I = B + E$ is commonly used in pension fund accounting and actuarial calculations to describe this relationship, with the variables defined as:

C: Contributions – The money paid into the pension fund by employers, employees, and the State.

I: Investment Income – The returns generated from investing the pension fund's assets.

B: Benefit Payments – The payments made to retirees or beneficiaries from the pension fund.

E: Expenses – The administrative and operational costs of managing the pension fund.

Contributions and investment income are shown on the Changes in Fiduciary Net Position statement as additions. Benefit payments and expenses are shown as deductions. If there are more additions each year, there will be a Net Increase in the net position restricted for pensions, and assets will be greater than the prior year. More deductions than additions result in a net decrease in the net position restricted for pensions, and assets will be less than the prior year.

Contributions

Contributions that are received from employers and employees are a function of both the applicable statutory contribution rates in effect and the total amount of covered payroll subject to those rates. Consistent and adequate employer and employee contributions are critically important to the long-term health of the Plan. Pension rates are set by the Minnesota legislature. Additional information on contributions can be found in the Notes to the Financial Statements Note 4 – Contribution Requirements.

For fiscal year 2025, the Coordinated Plan contribution rates for members increased by 0.25 percent while the employer contribution rate remained unchanged. Union contracts conveyed a 4.0 percent increase in the 2024-25 school year for active teachers. The result was an increase in licensed teacher earnings of about \$3.0 million. The reduction in contribution rates and increased earnings resulted in a net reduction in employee and employer contributions of approximately \$68 thousand.

In addition to employer and employee contributions, the Plan has benefited from continued supplemental funding from the State of Minnesota that is intended to address, in part, historic underfunding of employer contributions. Minnesota Statutes, Section 354A.12, provide for annual contributions in the amount of \$14.8 million until either the Plan is 100 percent funded or June 30, 2048, whichever occurs earlier. Minnesota Statutes, Section 423A.02, provides for an annual supplemental contribution in the amount of \$838 thousand until either the Plan is 100 percent funded or June 30, 2048, whichever occurs earlier. Minnesota 2024 Session Laws also provided for an additional one-time state aid payment of \$1.5 million to be paid in October 2024, that was made to offset the decrease in employee contribution rates. This one-time contribution was less than a \$15.7 million one-time contribution authorized by Minnesota 2023 Session Laws resulting in a net reduction in total State aid received during the year of \$14.2 million.

Although the current trend for SPTRFA contributions is positive, the adequacy of contributions as a source of funding is critically important and must be monitored closely. Changes in demographics or other factors that may result in a reduction in the number of active members contributing would have a negative impact on the financial stability of the Plan. At the same time, an increase in the number of contributing teachers or higher contribution rates would have a positive impact on the Plan.

Investment Income

Investment income is a historically significant contributor to the Plan's overall funding. A defined benefit plan accumulates assets in advance of benefit obligations, covering those obligations primarily through contributions and prudent investment growth. The level of supportable benefits and long-term financial health of the Fund

depend on the efficient and prudent investment of contributions from members, employers, and certain funds received from the State.

Investment returns are dependent on market conditions and, therefore, are variable from year to year. In fiscal year 2025, SPTRFA's investment portfolio returned approximately 10.5 percent (net of fees). The plan assumes that long-term investment returns will be 7.0 percent. The portfolio's investment performance impacts the Fund's overall funded ratio in any given year – returns more than 7.0 percent contribute to an improvement in the Plan's funding ratio, while returns below 7.0 percent contribute to a decline in the Plan's funding ratio.

Cyclical, economic, market-driven, and tactical risks associated with investing plan assets in the capital markets are inherent. SPTRFA is a conservative, long-term investor, seeking attractive risk-adjusted returns over a full market cycle, with an emphasis on appropriate diversification and long-term capital preservation. The following chart reflects the Fund's current asset allocation model.

Current Asset Allocation Model

Asset Class	Target Allocation (%)
Domestic Equity	30
Fixed Income	30
International Equity	20
Real Assets	10
Private Equity & Alternatives	10
Total	100

Beginning in fiscal year 2023, the Plan's statutory investment return target was moved to 7.0 percent. Investment returns will vary over time and return targets may or may not be achieved in any given year, particularly in periods of market turmoil. Investment returns, both negative and positive, typically vary from the statutory investment return assumption in a given year. Maintaining a focus on the long-term is critical, as this is the relevant time frame in which pension systems operate for the benefit of their members. As such, the Plan's 3-year, 5-year, and 10-year rate of returns are indicators in the ability of the Plan to pay future benefits. Total portfolio returns (net of fees) for the 3-year, 5-year, and 10-year periods were 10.80 percent, 10.34 percent, and 8.05 percent respectively.

Loaned securities generate gross revenue as interest paid by the security borrower. The Plan holds collateral from the borrower while the security is on loan and incurs an interest cost payable to the borrower. The Changes in Fiduciary Net Position shows the net difference between the interest earned from the borrower and interest paid on the collateral, which resulted in securities lending income of \$45 thousand. As a risk control measure, the SPTRFA Board of Trustees affirmatively limits the amount of the Fund's securities that can be on loan at any given time to no more than 35 percent of Fund assets.

For additional information on investment activity, please refer to Notes to the Financial Statements Note 3 – Deposits and Investment Risk Disclosures.

Benefit Payments

Plan deductions primarily include annuity benefit payments, which make up 99.0 percent of all benefit payments. Total expenditures for annuity benefits (not including refunds) decreased from \$126.2 million to \$125.5 million during fiscal year 2025, or 0.6 percent.

The net decrease in annuity benefit payments was from three primary sources. First, the one-time post-retirement increase for annuitants paid on January 1, 2024, was not renewed for the current year. The one-time payment had resulted in an additional \$2.7 million payment for fiscal year 2024. Second, annuitants were granted

a 1.0 percent post-retirement annual increase beginning January 2025. Finally, total participants receiving benefits under the Fund, including disabled retirees, beneficiaries, and alternate payees, increased 0.7 percent during fiscal year 2025 from 4,378 to 4,411.

For additional information on benefit provisions, please refer to Notes to the Financial Statements Note 1 – Plan Description.

Administrative Expenses

Administrative expenses refer to the costs incurred that are not directly related to benefit payments. These expenses are necessary for the overall administration and smooth operation of the Plan. Common examples include professional services, salaries and benefits of administrative staff, and other expenses necessary to operate the Plan.

Administrative expenses are significantly less than benefit payments, making up 0.8 percent of all deductions. Administrative expenses increased by \$207 thousand, or 25.5 percent, over the previous year. Most of the increase was due to the increase in employee compensation paid during the year. Compensation costs increased as the result of one additional full-time staff bringing the total staff to seven full-time employees. The remaining increase was the result of the purchase of a new accounting software package to replace the older system that was no longer supported.

Other Known Facts, Decisions, or Conditions

Actuarial and Market Valuation Summary

The actuarial valuation results (which attempts to mitigate the impact of market volatility by smoothing results over five years) provide an important element in understanding the long-term health of the Plan. The table below provides metrics commonly used to assess the ability of the Fund to meet its obligations. A table reflecting results on a market value basis, which does not reflect any actuarial smoothing of results, is provided for comparative purposes as well.

The actuarial funded ratio of the Plan compares the actuarial value of assets (smoothed over a rolling five-year period) against the actuarially accrued liability. The actuarial funded ratio increased from 67.2 percent as of June 30, 2024, to 69.7 percent as of June 30, 2025. The Plan’s funded ratio on a market value basis, which does not involve any smoothing factor, increased from 69.1 percent as of June 30, 2024, to 72.2 percent as of June 30, 2025. Currently, the funded status of the Plan is expected to be 100 percent or greater within its statutory amortization period ending June 30, 2048.

Below are summary comparative statistics from July 1, 2025, and July 1, 2024, valuations:

Summary		
Actuarial Valuation Results	2025	2024
Covered payroll	\$ 321,336,000	\$ 319,667,000
Statutory contributions (ch. 354A)	26.98%	25.67%
Required (ch. 356)	22.48%	23.52%
Sufficiency/(Deficiency)	4.50%	2.15%
Market value of assets	1,433,936,000	1,335,037,000
Actuarial value of assets	1,384,185,000	1,299,643,000
Actuarial accrued liability	1,986,406,000	1,933,107,000
Unfunded liability	602,201,000	633,464,000
Funded ratio	69.68%	67.24%

Summary

Market Value Results	2025	2024
Covered payroll	\$ 321,336,000	\$ 319,667,000
Statutory contributions (ch. 354A)	26.98%	25.67%
Required (ch. 356)	21.12%	22.78%
Sufficiency/(Deficiency)	5.86%	2.89%
Market value of assets	1,433,936,000	1,335,037,000
Actuarial value of assets	1,384,185,000	1,299,643,000
Actuarial accrued liability	1,986,406,000	1,933,107,000
Unfunded liability	552,470,000	598,070,000
Funded ratio	72.19%	69.06%

An experience analysis provides a comparison of actual experience to projected experience based on the actuarial assumptions over the past year. Overall, the Fund had an experience gain of \$32.6 million.

The Fund had an experience gain due to investments. The investment return on a market value of assets basis was 10.5 percent (net of fees) for the year ended June 30, 2025, more than the 7.0 percent assumption. However, only one-fifth of this asset gain was recognized in the actuarial value of assets, due to smoothing. Investment gains and losses from previous years were also recognized this year. The net result is a gain of \$37.9 million on the actuarial value of assets. The investment return on an actuarial value of assets basis was 10.0 percent for the year ended June 30, 2025.

The actuarial accrued liability increased more than expected. Salaries increased more than expected for continuing active members, resulting in an actuarial loss of \$11.5 million. Other demographic experience produced an additional gain of \$10.5 million, and retirement experience produced an actuarial loss of \$4.3 million.

Basic Financial Statements

Exhibit 1**Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota****Statement of Fiduciary Net Position
June 30, 2025****Assets**

Cash	\$ 5,808,008
Receivables	
Accounts receivable	\$ 1,758,687
Investment activity receivables	13,588,197
Total receivables	\$ 15,346,884
Investments, at fair value	
Cash and cash equivalents	\$ 108,261,951
Domestic equity	
Domestic equity	161,350,890
Preferred equity	152,222
Commingled	227,830,419
Mutual fund	10,965,440
Fixed income	
U.S. Government issues	115,421,399
Foreign issues	12,786,050
Corporate issues	92,161,698
Municipal issues	1,980,902
Commingled	75,132,757
Mutual fund	101,219,475
Global equity	
Foreign	20,441,485
Commingled	188,866,343
Mutual fund	93,835,925
Real assets	73,073,182
Alternatives	167,650,268
Total investments, at fair value	\$ 1,451,130,406
Invested securities lending collateral	\$ 956,410
Total Assets	\$ 1,473,241,708
<u>Liabilities</u>	
Accounts payable	\$ 375,149
Investment fees payables	472,688
Security purchase payables	37,501,057
Securities lending collateral	956,410
Total Liabilities	\$ 39,305,304
Net Position Restricted for Pensions	\$ 1,433,936,404

Exhibit 2**Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota****Statement of Changes in Fiduciary Net Position
For the Years Ended June 30, 2025**

Additions		
Contributions		
Employer	\$	42,980,183
Members		24,596,788
State of Minnesota		17,202,607
		<hr/>
Total contributions	\$	84,779,578
Investment income (loss)		
From investing activity		
Net appreciation (depreciation) in fair value of investments	\$	127,558,986
Interest		11,851,445
Dividends		5,236,300
Less investment expense		(2,839,395)
		<hr/>
Total investing activity income (loss)	\$	141,807,336
From securities lending activity		
Securities lending income	\$	1,806,300
Less borrower rebates		(1,742,904)
Less management fees		(18,622)
		<hr/>
Total securities lending activity income (loss)	\$	44,774
Net investment income (loss)	\$	141,852,110
		<hr/>
Total Additions	\$	226,631,688
Deductions		
Benefits and refunds		
Retirement	\$	112,056,405
Survivor		12,911,964
Disability		507,540
Refunds		1,239,031
		<hr/>
Total benefits and refunds	\$	126,714,940
Administrative expenses		
Staff compensation	\$	610,075
Professional services		269,600
Office administrative expenses		138,045
		<hr/>
Total administrative expenses	\$	1,017,720
		<hr/>
Total Deductions	\$	127,732,660
		<hr/>
Net Increase (Decrease) in Net Position	\$	98,899,028
Net Position Restricted for Pensions – Beginning of Year		1,335,037,376
		<hr/>
Net Position Restricted for Pensions – End of Year	\$	1,433,936,404
		<hr/>

Saint Paul Teachers' Retirement Fund Association

Saint Paul, Minnesota

Notes to the Financial Statements

As of and for the Year Ended June 30, 2025

Note 1 – Plan Description

Organization

Plan Administration

The Saint Paul Teachers' Retirement Fund Association (SPTRFA or the Association) is the administrator of a multiple-employer, cost-sharing, defined benefit plan pension fund (the Fund), with two benefit structures known as the Basic Plan and the Coordinated Plan (the Plans). Originally established in 1909, the Association is a non-profit corporation organized pursuant to the provisions of Minn. Stat. ch. 317A and governed by Minn. Stat. chs. 354A, 356, and 356A, as well as the Association's bylaws.

Governance

Management of the SPTRFA is vested in a ten-member Board of Trustees (the Board). Nine trustees are elected by and from the Association's membership and serve rotating three-year terms. The Board of Independent School District Number 625, Saint Paul Public Schools (SPPS), annually appoints the tenth trustee, who serves as an ex-officio member of the Board.

Participating Members and Employers

The SPTRFA membership consists of licensed teachers employed by SPPS, certain licensed teachers employed by Saint Paul College (SPC), certain licensed teachers previously employed by charter schools within the City of Saint Paul, and the SPTRFA staff.

Figure 1. Plan Membership
As of June 30, 2025

Composition of Plan Membership	Number of Members
Retirees and beneficiaries currently receiving benefits	4,411
Terminated employees entitled to but not yet receiving benefits	2,664
Terminated, non-vested employees	3,138
Current active plan members (including members on leave)	3,482
Total Membership	13,695

Currently, SPPS and SPC are the two active participating employers who contribute to the Fund. In addition, the State of Minnesota makes statutorily required payments to the Fund and is, therefore, classified as a non-employer contributing entity.

Until its merger into the Minnesota State Colleges and Universities (MnSCU) system on July 1, 1995, all SPC teachers were contributing members of the Fund. As part of the merger process, the SPTRFA-covered SPC teachers were given the option to remain active members of the Fund or, if choosing other retirement coverage, converting to deferred status with the SPTRFA.

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Until July 1, 2002, teachers employed by charter schools within the City of Saint Paul were contributing members of the SPTRFA, after which time, all Minnesota charter schoolteachers converted to Minnesota Teachers' Retirement Association membership for future coverage. Contributions paid and service credits accrued with respect to charter schools prior to this transition remain with the SPTRFA. Presently in deferred status with the SPTRFA, these individuals may collect a benefit based on eligibility at retirement.

Description of the Plans

The following brief description of the Plans is provided for general information purposes only. More complete information can be found in the specific plan agreements. The SPTRFA's defined benefit plans are tax qualified under Section 401(a) of the Internal Revenue Code. Additionally, the Plans are not subject to the Employee Retirement Income Security Act of 1974 (ERISA).

The Association administers two defined benefit plan structures:

Basic Plan

Members hired prior to July 1, 1978, are participants in the SPTRFA's Basic Plan. These members do not participate in Social Security through their employment. As a result, members in the Basic Plan were subject to higher contribution rates and receive higher benefit payments than members in the Coordinated Plan. No Basic Plan members currently remain in active status.

Coordinated Plan

The Coordinated Plan provides retirement benefits to members who simultaneously participate in Social Security. Effective July 1, 1978, new members were covered by the Coordinated Plan, with contributions and benefits designed to supplement contributions to, and benefits from, the Social Security system. Currently, all active members are Coordinated Plan members.

Benefits Provisions

Pension Benefits Overview

The SPTRFA provides retirement and disability benefits to those members satisfying length-of-service and minimum age requirements. Depending on plan coverage, survivor benefits and family benefits may also be available.

The benefit paid to eligible members is formulaic. The formula components are final average salary, service credits earned, and accrual rate. If retiring prior to their Normal Retirement Age, a reduction for early retirement will apply, unless eligible for an unreduced benefit. Members qualify for an unreduced benefit with Rule of 90 (Tier I) or at age 62 with 30 years of service credit (Tier II). Service credit is determined by the number of days worked each fiscal year (July 1 through the following June 30).

Basic Plan

Basic Plan members must have five years of service credit to be vested for a future lifetime pension benefit with eligibility for a reduced benefit as early as age 55. The benefit that a member is entitled to receive is the greater of the pension amount computed using the applicable Tier I or Tier II formulas.

Saint Paul Teachers' Retirement Fund Association

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Under the Basic Plan, final average salary includes the highest five years of salary earned during the last ten years employed. The Tier I formula accrual rate is 2.0 percent of the final average salary for each year of service credit. The benefit is subject to a maximum of 40 years, with a 0.25 percent reduction for each month the member draws their benefit prior to their normal retirement age of 65. If the member has 25 service credit years, the reduction is applied only if the member is less than 60 years old. No reduction is applied if age plus service credit years total at least 90.

The Tier II formula accrual rate is 2.5 percent of the final average salary for each year of service credit. This benefit is subject to a maximum of 40 years, reduced for each month the member is under the normal retirement age of 65, using statutory early retirement reduction tables.

Coordinated Plan

Coordinated Plan members must have three years of service credit to be vested for a future lifetime pension benefit and are eligible to retire with a reduced benefit at age 55, or earlier with 30 years of service credit.

Under the Coordinated Plan, final average salary includes the average of the highest five successive years of salary earned during employment.

Members hired before July 1, 1989, are eligible for the greater of Tier I or Tier II benefits. Members hired on or after July 1, 1989, are eligible solely for Tier II benefits.

The Tier I formula multiplies the final average salary times the retirement service credit years earned at the following rates:

Tier I Formula Rates		
For Service Rendered	Prior to July 1, 2015	On or After July 1, 2015
First ten years	1.20 percent	1.40 percent
Subsequent years	1.70 percent	1.90 percent

A reduction of 0.25 percent is applied for each month the member draws their benefit prior to age 65, or prior to age 62 with 30 service years. No reduction applies if the age plus years of service totals at least 90.

The Tier II formula multiplies the final average salary times the retirement service credit years earned at 1.70 percent for service rendered before July 1, 2015, and 1.90 percent for each year of service rendered after June 30, 2015. This benefit is reduced for each month the member draws their benefit prior to their normal retirement age of 65 or 66, based on statutory early retirement tables. Members in enrolled status on or after May 23, 2023; had a retirement date on or after July 1, 2023; and were aged 62 with 30 or more years of retirement service credit, are eligible for an unreduced benefit.

Disability

Active members who become totally and permanently disabled and satisfy length-of-service requirements are entitled to receive monthly disability benefits as calculated under each Plan.

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Refund of Contributions

Vested members who terminate employment may receive a refund or a rollover of their contributions, with statutory accumulated interest in lieu of a lifetime benefit. Non-vested members who terminate employment may only receive a refund or a rollover of their contributions, with statutory accumulated interest.

Post-Retirement Adjustment

Post-retirement adjustments are provided under Minnesota statutes, which may be amended from time to time. SPTRFA provided a 1.0 percent post-retirement adjustment for all qualified members on January 1, 2025. Beginning July 1, 2024, reduced pensions do not receive a post-retirement adjustment until normal retirement age is reached.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements were prepared and presented to conform with the accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for fiduciary funds, including those set forth by the Governmental Accounting Standards Board (GASB).

The SPTRFA's financial statements are prepared using the full accrual basis of accounting. Under this method, and in accordance with Minn. Stat. § 354A.12, contributions are recognized as revenues when due, benefits and refunds are recognized when due and payable, and expenses are recorded when corresponding liabilities are incurred, regardless of the timing of cash flow.

Investment Policies and Valuation Methodology

Investment Policy

The Association is authorized to invest the assets of the Fund under Minn. Stat. ch. 356A and Association bylaws. The SPTRFA investments are governed by Minn. Stat. § 356A.06, subds. 6 and 7, as well as the Association's bylaws and investment policy. Under these rules, permissible investments include, but are not limited to, government and corporate bonds, non-U.S. and domestic common stock, real property, private equity investments, derivatives, options, and notes.

The SPTRFA Board of Trustees is responsible for the adoption, implementation, and monitoring of the investment policy. Pursuant to the Association's Investment Policy, the Fund seeks to achieve the preservation and long-term appreciation of the Fund's assets through appropriate diversification and risk management.

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Figure 2. SPTRFA's Target Asset Allocation vs. Actual Allocation

Asset Class	Target Allocation (%)	Actual Allocation (%)
Domestic Equity	30	32.39
International Equity	20	20.54
Fixed Income	30	28.28
Real Assets	10	5.12
Private Equity and Alternatives	10	10.82
Other (Cash and Equivalents)	-	2.85
Total	100	100

Method Used to Value Investments

SPTRFA investments are stated at fair value. SPTRFA categorizes the fair value measurements of its investments in accordance with generally accepted accounting principles. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is established for investments. The hierarchy is based on valuation inputs, categorized at three levels, dependent on whether the inputs to those valuations are observable or unobservable in the marketplace. Interest income is recognized when earned on an accrual basis. Dividend income is recorded on the date that the funds are earned, and a receivable is recorded for the dividend at the time of the dividend announcement.

Rate of Return

The Association's money-weighted rate of return for the year ending June 30, 2025, was 10.48 percent, net of fees. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the actual cash flow that took place during the performance period.

Note 3 – Deposits and Investment Risk Disclosures

Fair Value Reporting

Assets and liabilities measured at fair value and inputs relative to their fair value measurements are classified and reported in one of the following categories:

- Level 1 – Investments' fair values based on prices quoted in active markets for identical assets.
- Level 2 – Investments' fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.
- Level 3 – Investments are based on valuation methodologies including pricing models, discounted cash flow models, and similar techniques in which one or more significant inputs are unobservable. Level 3 valuations incorporate subjective judgments and consider assumptions including capitalization rates, discount rates, cash flow, and other factors that are not observable in the market.

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The categorization of investments within the hierarchy in Figure 3 is based solely upon the objectivity of the inputs used in the measurement of fair value of the investments and does not reflect the level of risk associated with the investments.

Investments classified in Level 1 of the fair value hierarchy are valued from predetermined external pricing vendors or primary dealers who source quoted prices in active markets which are readily attainable exit values of these securities. Investments classified in Level 2 are subject to alternative pricing sources, such as matrix pricing, and include a combination of price sources, descriptive data, and pricing models based on attributes such as spread data, sector, quality, duration, and prepayment characteristics.

Investment instruments classified as Level 2 are also valued using market approaches that consider benchmark interest rates or foreign exchange rates. The values are supplied by advisors or general partners who hold the investments or similar assets in investment vehicles that they oversee. These pricing sources may or may not be indicative of realizable exit value attainable for the assets.

Figure 3. SPTRFA's Investments Measured at Fair Value

Investments by Fair Value Level	As of June 30, 2025	Level 1	Level 2	Level 3
Equity securities				
Domestic equity	\$ 161,503,113	\$ 161,350,890	\$ 152,223	\$ -
International equity	20,441,485	20,441,485	-	-
Equity funds	104,801,365	-	104,801,365	-
Total equity securities	<u>\$ 286,745,963</u>	<u>\$ 181,792,375</u>	<u>\$ 104,953,588</u>	<u>\$ -</u>
Fixed income securities				
U.S. Government issues	\$ 115,421,399	\$ 37,520,775	\$ 77,900,624	\$ -
Municipal issues	1,980,902	-	1,980,902	-
Foreign issues	12,786,050	-	12,786,050	-
Corporate issues	43,334,136	-	43,334,136	-
Asset-backed securities	35,990,231	-	35,990,231	-
Mortgage-backed securities	12,297,805	-	12,297,805	-
Fixed income funds	101,219,475	-	101,219,475	-
Total fixed income securities	<u>\$ 323,029,998</u>	<u>\$ 37,520,775</u>	<u>\$ 285,509,223</u>	<u>\$ -</u>
Real estate securities				
Real estate	\$ 46,009,851	\$ 46,009,851	\$ -	\$ -
Total Investments by Fair Value Level	<u>\$ 655,785,812</u>	<u>\$ 265,323,001</u>	<u>\$ 390,462,811</u>	<u>\$ -</u>

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Investments Measured at NAV	As of June 30, 2025
Private equity	\$ 160,200,021
Private real asset funds	9,096,991
Alternative investments	7,450,247
Commingled domestic equity funds	20,848,470
Commingled global fixed income funds	75,132,757
Commingled global equity funds	60,798,189
Commingled real estate funds	17,966,340
Money market funds	108,261,950
Unsecured notes	539,527
Total Investments Measured at NAV	\$ 460,294,492

Net Asset Value (NAV): The fair value of investments in entities that calculate a net asset value per share are determined using that NAV in lieu of the leveling methodology previously described.

External Investment Pools

On June 30, 2025, the Fund holds \$335,050,102 with the Minnesota State Board of Investment (MNSBI), an external investment pool. Comprised of international and domestic equity, the portfolios are identified as MNSBI International Equity (\$128,068,154) and MNSBI Domestic Equity (\$206,981,948).

The Fund invests in this pool due to its cost-efficient fees for services provided. The fair value of the investment is the fair value per share of the underlying portfolio. Redemptions are available with five days notice.

Description of Significant Investment Strategies Using NAV

It is the Association's policy to optimize total return on the Fund's portfolio through a policy of diversified investments to achieve maximum rates of return for a given amount of risk. The Association invests in various types of securities described below to achieve this policy. The investments measured at NAV can be found in Figure 4.

Private equity consists of a broadly diversified private equity portfolio of investments that provide diversification by industry type, size, stage of corporate development, and location, through limited partnership structures. The fair values of the investments of this type have been determined using the NAV per share of the Plan's ownership interest in partners' capital. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which can occur following an investment period of five to ten years.

Private real asset funds consist of investments in commingled funds that invest primarily in U.S. commercial real estate using a limited partnership capital call structure and one limited partnership that invests primarily in energy infrastructure assets. The fair value of investments is determined by using the NAV per share of the Plan's ownership interest in partners' capital. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which can occur following an investment period of five to ten years.

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Alternative investments include a variety of investment strategies that are intended to provide attractive risk-adjusted returns and portfolio diversification. These investments are reflected in commingled investment vehicles and include equity co-investments and hedged equity structures. The fair value of investments is determined by using the NAV per share of the Plan's ownership interest in partners' capital.

Commingled domestic equity consists of commingled investment vehicles that invest primarily in publicly traded domestic equity securities. The funds are valued at the NAV of units held at the end of the period based upon the NAV per share of underlying investments.

Commingled global fixed income consists of commingled investment vehicles. One fund is a collective trust that invests primarily in publicly traded global fixed income securities. One fund is a limited partnership capital call structure that invests in privately issued credit instruments. Both investments are valued at the NAV of units held at the end of the period based upon the NAV per share of the underlying investments.

Commingled global equity consists of commingled investment vehicles that primarily invest in publicly traded global equity securities. The funds are valued at the NAV of units held at the end of the period based upon the NAV per share of underlying investments.

Commingled real estate consists of a commingled investment vehicle that invests primarily in U.S. commercial real estate, focused on a growth and income strategy. The fair value of investments is determined by using the NAV per share of the Plan's ownership interest in partners' capital.

Money market funds are short-term investment funds that include cash equivalents, bank notes, corporate notes, government bills, money market funds, and various short-term debt instruments. These types of funds are used to provide a temporary investment prior to expenditure or allocation to another investment opportunity.

Saint Paul Teachers' Retirement Fund Association

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Figure 4. SPTRFA's Investments Measured at NAV

Investments Measured at NAV	As of June 30, 2025	Unfunded Commitments
Private equity		
GSEW Stock Holdings LLC	\$ 84,352	None
Guggenheim Partners	751,295	None
SP/FP Private Equity Fund, L.P.	156,570,662	\$ 63,121,118
Venture Investment Associates	2,793,712	800,000
Private real assets funds		
Dune Real Estate Partners L.P. Fund III	900,921	None
Dune Real Estate Partners L.P. 2022 Fund III	1,884,998	None
Dune Real Estate Partners L.P. Fund IV	4,416,960	None
Kimmeridge Energy Engagement Partners L.P.	1,894,112	3,706,668
Alternative investments		
Entrust Special Op Fund III, LTD.	5,479,271	None
TCW DL LLC	1,970,976	2,234,911
Commingled domestic equity funds		
Blackrock S&P 500 Equity Index	20,848,470	None
Commingled global fixed income funds		
Pioneer Multisector Fixed Income	68,392,888	None
Ares Senior Direct Lending III	6,739,869	18,934,401
Commingled global equity funds		
JPMCB Global Focus Fund	93,289	None
ABS Emerging Markets	60,704,900	None
Commingled real estate fund		
UBS Trumbull Property Fund	17,966,340	None
Money market funds and miscellaneous assets		
Money market funds	108,261,950	None
Unsecured notes	539,527	None
Total Investments Measured at NAV	<u>\$ 460,294,492</u>	

Investments Measured at NAV with Redemption Options Available	Redemption Frequency	Redemption Notice Period
Entrust Special Op Fund III, LTD.	Quarterly	95 days
JPMCB Global Focus Fund	Daily	None
Blackrock S&P 500 Equity Index	Daily	1 day
ABS Emerging Markets	Monthly	60 days
Pioneer Multisector Fixed Income	Daily	5 days
UBS Trumbull Property Fund	Quarterly, subject to available capital liquidity	60 days
Money market funds	Unlimited	None
Unsecured notes	Unlimited	None

Remaining funds are not eligible for redemption. Distributions are received as underlying investments are liquidated.

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Securities Lending

The Association participates in a securities lending program. The Association's custodian, U.S. Bank, is the Association's securities lending agent. In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, investment collateral under the program is listed as both an asset and a liability. On June 30, 2025, 11.8 percent of the Fund's securities available for lending were on loan.

The Association is permitted to enter in securities lending transactions under Minn. Stat. § 356A.06, subd. 7a, provided collateral with a market value of at least 100 percent of the value of the loaned securities is received at the time of the loan agreement. The Association's agreement with U.S. Bank requires all securities lending transactions to be collateralized with 102 percent of the market value of the loaned securities at loan inception, with a simultaneous agreement to return the collateral for the same securities in the future. Requiring collateral more than the value of loaned securities protects the Association from loss in the event of failure by the borrowing party to deliver the loaned securities. The Association's contract with U.S. Bank also specifies that U.S. Bank will indemnify the Association for any "fails," or loss of securities by failure of borrowers to return securities.

Such loans are permitted to be made solely to pre-approved borrowers. Qualifications of borrowers and the fiscal status of such entities are monitored by the securities lending agent on a continuing basis. Loaned investments are marked to market daily.

If the collateral provided by the borrower falls below 100 percent of the market value of the loaned investment, the borrower is required to provide additional collateral to bring the collateral value to 102 percent. Collateral may be provided in securities or cash. On June 30, 2025, the market value of collateral was 102.2 percent of the market value of loaned securities.

As of June 30, 2025, the fair value of cash collateral received was \$956,410, which is included in the Statement of Fiduciary Net Position both as an asset and offsetting liability. The cash collateral, with a weighted average maturity of three days on June 30, 2025, was invested entirely in the Mount Vernon Liquid Assets Portfolio. The Association has no credit risk exposure to borrowers because the amounts the Association owes borrowers exceeds amounts borrowers owe the Association. All securities loans may be terminated on demand by either the Association or the borrower.

As an additional step to mitigate risk, the Board of Trustees affirmatively limits the amount of the Fund's securities that may be on loan at any given time to 35 percent of Fund assets. As of June 30, 2025, 3.1 percent of the Fund's assets were on loan.

Custodial Credit Risk

Custodial credit risk for cash deposits and investments is generally the risk that, in the event of a bank or custodial failure, the SPTRFA would not be able to recover the value of its investments or collateral securities. Generally, all marketable securities purchased by the Association are held by a third-party custodian. The Association is also authorized by Minn. Stat. § 356A.06 to deposit its cash in financial institutions designated by the Board of Trustees. Cash on deposit at U.S. Bank was secured by a Letter of Credit from the Federal Home Loan Bank in Cincinnati.

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Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Association participates in fixed income markets, which are traditionally viewed as having the highest sensitivity to interest rate movements, through the external managers listed below.

**Figure 5. Interest Rate Risk
As of June 30, 2025**

Fixed Income Mandate	Account	Market Value
Active Core Plus Fixed Income	Guggenheim	\$ 153,083,861
Active Core Fixed Income	Payden & Rygel	69,266,188
Global Multi-Sector Fixed Income	Victory Pioneer Multisector	68,392,888
Global Unconstrained Fixed Income	Blackrock Strategic	101,219,475

In accordance with its investment policy, the Association has a 30 percent target allocation to fixed income assets. Each external manager that is hired by the Association monitors and manages the interest rate risk associated with its underlying portfolio. A key component of interest rate sensitivity is a debt instrument's weighted average of future cash flows, or duration. The following table shows weighted overall durations of each investment account and the associated benchmark as of June 30, 2025.

**Figure 6. Duration Risk
As of June 30, 2025**

Account	Average Duration in Years	Average Duration of Benchmark
Guggenheim	6.40	6.06
Payden & Rygel	6.29	6.06
Victory Pioneer Multisector	6.05	5.83
Blackrock Strategic	3.74	6.06
U.S Bank – Securities Lending Cash Collateral	0.01	None

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. The Fund's credit risk exposure is statutorily restricted, under Minn. Stat. § 356A.06, subd. 7. The statute codifies credit rating requirements and concentration limits. It is the Association's policy to follow this statute regarding credit risk.

The Association invests in debt securities through investment managers and through its custodian, U.S. Bank. For the investment manager Blackrock, amounts totaling \$101,219,475 were invested on June 30, 2025, in the Blackrock Strategic Income Fund. The quality distribution of the portfolio on June 30, 2025, had a weighted average Standard and Poor's or equivalent credit risk rate for the fund of A.

For the investment manager Victory Capital Management (formerly Amundi Asset Management), amounts totaling \$68,392,888 were invested on June 30, 2025, in the Victory Pioneer Multisector Fixed Income Fund. The

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quality distribution of the portfolio on June 30, 2025, had a weighted average Standard and Poor's or equivalent credit risk rate for the fund of A.

As of June 30, 2025, fixed income securities held in custody and managed by Guggenheim totaled \$153,083,861 and Payden & Rygel totaled \$69,266,188. The credit risk for the securities required to be presented is broken out in the following table:

**Figure 7. Credit Risk
As of June 30, 2025**

Debt Security Types	Credit Quality Ratings Standard and Poor's or Equivalent	Market Value	Percent of Total Investments (%)
U.S. Treasuries	AA	\$ 51,789,734	
U.S. Agencies	AA	63,554,286	
U.S. Agencies	A	77,379	
Total U.S. Government		\$ 115,421,399	7.95
Municipal bonds	AAA	\$ 350,497	
Municipal bonds	AA	1,405,405	
Municipal bonds	BBB	225,000	
Total municipal bonds		\$ 1,980,902	0.14
Foreign issues	AA	\$ 1,022,506	
Foreign issues	A	6,460,650	
Foreign issues	BBB	3,997,932	
Foreign issues	BB	1,122,192	
Foreign issues	B	182,770	
Total foreign issues		\$ 12,786,050	0.88
Corporate bonds	AAA	\$ 1,593,419	
Corporate bonds	AA	592,880	
Corporate bonds	A	11,459,876	
Corporate bonds	BBB	25,840,688	
Corporate bonds	BB	2,685,040	
Corporate bonds	B	1,021,131	
Corporate bonds	CCC	141,102	
Total corporate bonds		\$ 43,334,136	2.99
Asset-backed securities	AAA	\$ 15,111,633	
Asset-backed securities	AA	7,812,870	
Asset-backed securities	A	18,077,570	
Asset-backed securities	BBB	7,825,489	
Total asset-backed securities		\$ 48,827,562	3.36
Total Debt Securities		\$ 222,350,049	15.32%

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In the absence of a Standard and Poor's credit quality rating, other nationally recognized rating agencies were used. For reporting clarity, all ratings are displayed using comparable Standard and Poor's ratings.

Derivative Investments

As provided by Minn. Stat. § 356A.06, any agreement for put and call options and futures contracts may be entered into only with a fully offsetting amount of cash or securities. Upon entering a futures contract, each party is required to deposit with the broker an amount, referred to as the initial margin, equal to a percentage of the purchase price indicated by the futures contract. In lieu of a cash initial margin, certain investments are held for the broker as collateral. As of June 30, 2025, the Association had futures contracts through its cash overlay program with Parametric.

Subsequent deposits, referred to as variation margins, are received or paid each day by each party equal to the daily fluctuations in the fair value of the contract. These amounts are recorded by each party as unrealized gains or losses. When a contract is closed, each party records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

Futures contracts involve, to varying degrees, credit and market risks. The Association may enter contracts only on exchanges or boards of trade where the exchange or board of trade acts as the counterparty to the transactions. Thus, credit risk on such transactions is limited to the failure of the exchange or board of trade. Losses in value may arise from changes in the value of the underlying instruments or if there is an illiquid secondary market for the contracts.

The futures contracts held by the Association on June 30, 2025, had maturity dates of September 19, 2025, to September 30, 2025. As of June 30, 2025, the Fund's cash overlay account associated with the futures contracts had no money market funds. The futures contract change in fair value during the reporting period was a gain of \$1,428,377, which is not reported as an asset or liability because, upon maturity of the contract, an exchange does not take place, but instead the gain or loss is settled in cash.

The following are risks associated generally with futures contracts, which are mitigated by the practice of the money manager settling the futures contracts each business day:

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Losses in value may arise from changes in the value of the underlying instruments or if there is an illiquid secondary market for the contracts.

Interest Rate Risk – Interest rate risk for investments consists of assessing the potential for adverse effects on the fair value of debt securities held because of interest rate changes.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates of foreign currencies relative to the U.S. dollar adversely affect the fair value of an investment or a deposit.

Market Risk – Market risk is the possibility that a change in market prices or currency rates will cause the value of a financial instrument to decrease or become more costly to settle.

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Concentration Risk

Concentration risk relates to the adequacy of policy and practice in limiting the risk of loss due to insufficient diversification of holdings measured from several different aspects, such as asset class, region, sector, industry, or company size.

As specified in Minn. Stat. § 356A.06, subd. 7, equity investment holdings may not exceed 5.0 percent of any one corporation's outstanding shares. For June 30, 2025, the Fund's largest ownership of any one corporation's shares was 0.07 percent.

Association policy limits exposure to any one company's securities to no more than 1.5 percent of the total fund. As of June 30, 2025, the Fund's largest aggregate total in any one company was 0.31 percent.

Association policy further provides that no more than 15.00 percent of the Fund's assets may be invested in any one industry sector and that the maximum allocation to any single active investment manager is limited to no more than 15.00 percent of the total fund. As of June 30, 2025, the Fund met these requirements at 3.77 percent and 10.82 percent, respectively.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates of foreign currencies relative to the U.S. dollar may adversely affect the fair value of an investment or a deposit.

The Fund has exposure to certain foreign currency risks through its external investment managers who invest in global equity and fixed income markets. This exposure is detailed in the following chart:

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Figure 8. Foreign Currency Risk
Assets Held in Non-U.S. Securities by Currency
As of June 30, 2025

Country/Region	Currency	Value
Australia	Australian Dollar	\$ 4,990,851
Bahamas	Bahamian Dollar	484,731
Bermuda	Bermudian Dollar	2,539,239
Brazil	Brazilian Real	3,613,592
Canada	Canadian Dollar	10,825,535
Cayman Islands	Cayman Islands Dollar	3,158,206
Chile	Chilean Peso	90,178
China	Yuan Renminbi	16,188,349
Colombia	Colombian Peso	12,261
Czech Republic	Czech Koruna	52,855
Denmark	Danish Krone	1,876,599
Egypt	Egyptian Pound	7,600
European Union	Euro Currency	49,478,298
Great Britain	Pound Sterling	21,125,903
Hong Kong	Hong Kong Dollar	8,380,498
Hungary	Hungarian Forint	349,813
India	Indian Rupee	13,665,751
Indonesia	Indonesian Rupiah	409,738
Israel	New Israeli Sheqel	372,037
Japan	Japanese Yen	17,586,160
Jersey	Jersey Pound	1,596,041
Kuwait	Kuwaiti Dinar	81,589
Malaysia	Malaysian Ringgit	249,946
Mexico	Mexican Peso	2,124,431
New Zealand	New Zealand Dollar	117,394
Norway	Norwegian Krone	688,711
Philippines	Philippine Peso	48,510
Poland	Polish Zloty	364,646
Qatar	Qatari Riyal	83,587
Romania	Romanian Leu	31,647
Saudi Arabia	Saudi Riyal	727,321
Singapore	Singapore Dollar	1,823,859
South Africa	South African Rand	2,753,603
South Korea	South Korean Won	9,952,670
Sweden	Swedish Krona	2,303,515
Switzerland	Swiss Franc	7,300,047
Taiwan	New Taiwan Dollar	17,015,971
Thailand	Thailand Baht	405,642
Turkey	Turkish Lira	166,975
United Arab Emirates	UAE Dirham	235,851
Asia	Various Currencies	1,899,929
Southeast Asia	Various Currencies	2,174,235
Latin America	Various Currencies	882,406
Middle East	Various Currencies	4,715,029
Frontier Markets	Various Currencies	1,070,122
Totals		<u>\$ 214,021,871</u>

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Note 4 – Contribution Requirements

Funding and contribution provisions are established by state law and may be amended only by the State of Minnesota Legislature. Provisions regarding funding status and contribution rates are set forth in Minn. Stat. §§ 356.215 and 354A.12, subds. 1 and 2a, respectively.

Contribution Rates

Statutory contributions are defined in Section 356 of Minnesota statutes as a fixed percentage of payroll, plus any supplemental contributions, and represent the amount that is actually contributed to the fund. Required contributions represent the amount needed to fully fund the plan and are defined as: (a) normal costs based on entry age normal cost methods, (b) a supplemental contribution for amortizing any unfunded actuarial accrued liability by the full funding date, and (c) an allowance for administrative expenses, and represent the amount needed to fully fund the plan by the full funding date established under Minn. Stat. § 356.215 of June 30, 2048. Required contribution rates for employer and employee contributions are shown below.

Figure 9. Statutory Schedule of Contribution Rates

On or After July 1	Basic Plan Employee	Basic Plan Employer Base	Basic Plan Employer Additional	Coordinated Plan Employee	Coordinated Plan Employer Base	Coordinated Plan Employer Additional
2022	10.00%	12.30%	3.64%	7.50%	8.80%	3.84%
2023	10.25%	12.50%	3.64%	7.75%	9.00%	3.84%
2024	10.00%	12.50%	3.64%	7.50%	9.00%	3.84%
2025	11.25%	13.25%	3.64%	8.75%	9.75%	3.84%
2026	11.50%	13.25%	3.64%	9.00%	9.75%	3.84%

Pursuant to Minn. Stat. § 423A.02, the SPPS contributed an additional \$800,000 to the Fund in fiscal year 2025. The State of Minnesota contributed \$14,827,000 to the Fund in fiscal year 2025, pursuant to Minn. Stat. § 354A.12. These contributions are scheduled to terminate at the Fund's full funding target date or when full funding is achieved, whichever occurs first. The State of Minnesota also made an additional one-time contribution of \$1,538,000 pursuant to Minnesota 2024 Session Law Chapter 102, Article 13, Section 2(b).

The required contribution rate decreased, from 23.52 percent of payroll as of July 1, 2024, to 22.48 percent of payroll as of July 1, 2025, primarily due to the greater than expected investment return on plan assets.

The contribution sufficiency increased from 2.15 percent of payroll as of July 1, 2024, to 4.50 percent of payroll as of July 1, 2025. On a market value of assets basis, statutory contributions are sufficient by 5.86 percent of payroll as of July 1, 2025. Effective July 1, 2025, the member contribution rate increased from 7.50 percent to 8.75 percent of pay, and the employer base contribution rate increased from 9.00 percent to 9.75 percent of pay.

The contribution sufficiency referenced above is based on a current snapshot of statutory contributions as of July 1, 2025. Additional contribution increases are effective July 1, 2026, ultimately increasing the statutory contribution rate (and the contribution sufficiency) an additional 0.25 percent of pay.

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Note 5 – Net Pension Liability

The components of the Net Pension Liability (NPL) for the Fund's participating employers and the State of Minnesota (a non-employer contributing entity) as of June 30, 2025, as calculated in accordance with GASB Statement Number 67 are shown in Figure 10.

**Figure 10. Net Pension Liability Components
(Dollars in Thousands)**

Net Pension Liability Components	As of June 30, 2025
Total Pension Liability (a)	\$ 1,986,406
Plan Fiduciary Net Position (b)	1,433,936
Net Pension Liability (a - b)	\$ 552,470
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)	72.19%

Actuarial Methods and Assumptions

The actuarial valuation of the Fund involves estimates of the reported amounts and assumptions about the probability of the occurrence of events far into the future, including anticipated member mortality and salary increases. These assumptions are derived from the Fund's periodic experience study, performed by the Association's actuary.

Assumptions are based on an experience study for the five-year period of July 1, 2016, to June 30, 2021, as well as a legislated change to the investment return assumption effective July 1, 2023. Note that significant plan changes effective July 1, 2023, and July 1, 2025, may ultimately result in behavior changes not anticipated in the actuarial assumptions. The Allowance for Combined Service Annuity assumptions are based on an analysis completed by the Legislative Commission on Pensions and Retirement actuary and documented in a report dated February 2025. A brief summary of the assumptions is shown in Figure 11.

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Figure 11. Key Methods and Assumptions Used in Valuation of Total Pension Liability

Valuation date	June 30, 2025
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment Return Rate	7.00 percent per year
Salary Increases	2.50 percent to 8.00 percent; service based
Wage Inflation Rate	2.50 percent per year
Mortality	<ol style="list-style-type: none">1. Healthy and Disabled Annuitant Mortality:<ol style="list-style-type: none">a. Male: Pub-2010 Male Healthy Teacher Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010. Rates are multiplied by a factor of 1.03.b. Female: Pub-2010 Female Healthy Teacher Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010. Rates are multiplied by a factor of 1.03.2. Employee Mortality:<ol style="list-style-type: none">a. Male: Pub-2010 Male Healthy Teacher Employee Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010.b. Female: Pub-2010 Female Healthy Teacher Employee Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010.

Long-Term Expected Rate of Return

The assumed long-term expected rate of return on pension plan investments used in the determination of the contribution rate is 7.00 for June 30, 2025. The assumed long-term expected rate of return is established by the Minnesota State Legislature.

This rate was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Board of Trustees adopted estimated arithmetic real rates of returns after considering input from the Fund's investment consultant and actuary. The best estimates for each major asset class included in the target asset allocation as of June 30, 2025, are summarized in Figure 12.

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Figure 12. Long-Term Expected Real Rate of Return

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (Arithmetic) (%)
Domestic Equity	30	6.55
International Equity	20	6.98
Fixed Income	30	3.45
Real Assets	10	3.90
Private Equity and Alternatives	10	7.47
Total	<u>100</u>	

For purposes of these calculations, the Association's assumed inflation rate is 2.50 percent.

Single Discount Rate

The single discount rate used to measure the total pension liability was 7.00 percent for June 30, 2025. The projection of cash flows used to determine this single discount rate assumed that plan members, employer, and State of Minnesota contributions will be made in accordance with rates set by Minnesota statutes. Based on these assumptions, SPTRFA's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. As a result, the single discount rate of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

GASB Statement 67 requires the disclosure of the sensitivity of the net pension liability to changes in the current discount rate. Figure 13 presents the Fund's net pension liability, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower or 1.00 percent higher.

**Figure 13.
Sensitivity of Net Pension Liability to the Single Discount Rate Assumptions
(Dollars in Thousands)**

For the Year Ended	Net Pension Liability at a Discount Rate 1.00% Decrease to 6.00%	Net Pension Liability at the Current Discount Rate of 7.00%	Net Pension Liability at a Discount Rate 1.00% Increase to 8.00%
June 30, 2025	\$ 803,830	\$ 552,470	\$ 344,779

Note 6 – Risk Management

The Association is exposed to various other risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. To cover its liabilities, the Association purchases commercial insurance. There were no significant reductions in insurance coverage from the prior year. There were no claims filed on behalf of the Fund this year.

Required Supplementary Information

Exhibit A-1

**Saint Paul Teachers' Retirement Fund Association
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**Schedule of Changes in Net Pension Liability and Related Ratios
(Dollars in Thousands)**

Fiscal Year Ending June 30	2025	2024	2023
Total Pension Liability			
Service cost	\$ 32,231	\$ 30,174	\$ 28,846
Interest on the total pension liability	132,011	129,014	126,124
Benefit changes	-	-	50,908
Difference between expected and actual experience	5,013	9,607	(16,123)
Assumption changes	10,759	-	(23,547)
Benefit payments	(125,476)	(126,178)	(122,347)
Refunds	(1,239)	(1,127)	(1,539)
Net change in total pension liability	\$ 53,299	\$ 41,490	\$ 42,322
Total Pension Liability – Beginning	1,933,107	1,891,617	1,849,295
Total Pension Liability – Ending (a)	\$ 1,986,406	\$ 1,933,107	\$ 1,891,617
Plan Fiduciary Net Position			
Employer contributions	\$ 42,980	\$ 42,380	\$ 39,023
Employee contributions	24,597	25,265	22,420
Non-employer contributions	17,203	31,412	15,665
Pension plan net investment income	141,852	147,343	110,297
Benefit payments	(125,476)	(126,178)	(122,347)
Refunds	(1,239)	(1,127)	(1,539)
Pension plan administrative expense	(1,018)	(811)	(1,193)
Net change in plan fiduciary net position	\$ 98,899	\$ 118,284	\$ 62,326
Plan Fiduciary Net Position – Beginning	1,335,037	1,216,753	1,154,427
Plan Fiduciary Net Position – Ending (b)	\$ 1,433,936	\$ 1,335,037	\$ 1,216,753
Net Pension Liability – Ending (a) - (b)	\$ 552,470	\$ 598,070	\$ 674,864
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.19%	69.06%	64.32%
Covered Employee Payroll	\$ 321,336	\$ 319,667	\$ 296,674
Net Position Liability as a Percentage of Covered Employee Payroll	171.93%	187.09%	227.48%

As of July 1, 2015, the COLA is assumed to increase from 1 percent to 2 percent on January 1, 2041; and from 2 percent to 2.5 percent on January 1, 2051.

As of July 1, 2016, the COLA is assumed to increase from 1 percent to 2 percent on January 1, 2055; and from 2 percent to 2.5 percent on January 1, 2066.

As of July 1, 2017, the COLA is assumed to increase from 1 percent to 2 percent on January 1, 2042; and from 2 percent to 2.5 percent on January 1, 2052.

COLA is 0 percent for January 2019 and 2020; then 1 percent each January thereafter.

	2022	2021	2020	2019	2018	2017	2016
\$	24,863	\$ 23,777	\$ 23,120	\$ 23,279	\$ 25,087	\$ 24,098	\$ 25,596
	126,096	123,262	123,300	122,197	125,256	123,820	124,294
	-	-	-	-	(74,376)	-	-
	(11,734)	20,339	(22,742)	(9,831)	(13,445)	7,106	(42,295)
	102,005	(9,741)	(5,601)	(3,037)	118,561	(22,643)	-
	(120,672)	(118,665)	(117,306)	(116,379)	(115,298)	(112,771)	(111,167)
	(884)	(587)	(1,256)	(701)	(800)	(972)	(628)
\$	119,674	\$ 38,385	\$ (485)	\$ 15,528	\$ 64,985	\$ 18,638	\$ (4,200)
	1,729,621	1,691,236	1,691,721	1,676,193	1,611,208	1,592,570	1,596,770
\$	1,849,295	\$ 1,729,621	\$ 1,691,236	\$ 1,691,721	\$ 1,676,193	\$ 1,611,208	\$ 1,592,570
\$	39,070	\$ 35,251	\$ 34,139	\$ 31,316	\$ 28,544	\$ 27,685	\$ 26,563
	23,099	21,334	20,889	20,626	20,112	20,146	18,538
	15,665	15,665	15,665	15,665	10,665	10,665	10,665
	(95,988)	305,232	5,726	60,209	95,886	128,719	1,475
	(120,672)	(118,665)	(117,306)	(116,379)	(115,298)	(112,771)	(111,167)
	(884)	(587)	(1,256)	(701)	(800)	(972)	(628)
	(927)	(779)	(788)	(764)	(786)	(889)	(749)
\$	(140,637)	\$ 257,451	\$ (42,931)	\$ 9,972	\$ 38,323	\$ 72,583	\$ (55,303)
	1,295,064	1,037,613	1,080,544	1,070,572	1,032,249	959,666	1,014,969
\$	1,154,427	\$ 1,295,064	\$ 1,037,613	\$ 1,080,544	\$ 1,070,572	\$ 1,032,249	\$ 959,666
\$	694,868	\$ 434,557	\$ 653,623	\$ 611,177	\$ 605,621	\$ 578,959	\$ 632,904
	62.43%	74.88%	61.35%	63.87%	63.87%	64.07%	60.26%
\$	304,227	\$ 279,916	\$ 274,667	\$ 268,614	\$ 263,122	\$ 264,342	\$ 258,787
	228.40%	155.25%	237.97%	227.53%	230.17%	219.02%	244.57%

Exhibit A-2

**Saint Paul Teachers' Retirement Fund Association
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**Schedule of Employer and Non-Employer Contributions
(Dollars in Thousands)**

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Non-Employer Contributions	Actual Employer Contributions	Total Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percent of Covered- Employee Payroll (%)
2025	\$ 50,981	\$ 17,203	\$ 42,980	\$ 60,183	\$ (9,202)	\$ 321,336	18.73
2024	53,053	31,412	42,380	73,792	(20,739)	319,667	23.08
2023	36,796	15,665	39,023	54,688	(17,892)	296,674	18.43
2022	39,298	15,665	39,070	54,735	(15,437)	304,227	17.99
2021	39,072	15,665	35,251	50,916	(11,844)	279,916	18.19
2020	39,181	15,665	34,139	49,804	(10,623)	274,667	18.13
2019	37,233	15,665	31,316	46,981	(9,748)	268,614	17.49
2018	38,196	10,665	28,544	39,209	(1,013)	263,122	14.90
2017	39,172	10,665	27,685	38,350	822	264,342	14.51
2016	39,155	10,665	26,563	37,228	1,927	258,787	14.39

**Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota**

Schedule of Investment Returns

Fiscal Year Ending June 30	Annual Return (%)
2025	10.48
2024	12.04
2023	9.43
2022	(9.37)
2021	32.65
2020	0.10
2019	5.73
2018	9.75
2017	13.93
2016	0.34

Annual money-weighted rate of return net of investment expense.

Saint Paul Teachers' Retirement Fund Association

Saint Paul, Minnesota

Notes to the Required Supplementary Information

As of and for the Year Ended June 30, 2025

Note 1 – Actuarial Methods and Assumptions

The information presented in the required supplementary schedules was used in the actuarial valuation for the purpose of determining the actuarially determined contribution rate. The assumptions and methods used for this actuarial valuation were recommended by the actuary and adopted by the Board. Additional information as of the latest actuarial valuation follows.

For Fiscal Year 2025

Valuation Date	June 30, 2025
Notes	Actuarially determined contribution rates are calculated as of June 30 and apply to this fiscal year beginning July 1.

Methods and Assumptions Used to Determine Contribution Rates

Funding Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	24 years
Asset Valuation Method	5-year smoothed market; no corridor
Assumed Inflation	2.50 percent
Salary Increases	2.50 percent to 8.00 percent; service based
Investment Rate of Return	7.00 percent
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2023 valuation pursuant to an experience study of the period 2016 - 2021.
Mortality	Pub-2010 Teacher Generational Mortality Table, projected with scale MP-2021 from a base year of 2010, multiplied by a factor of 1.03 for annuitants (no adjustment for employees).

Other Information

Notes	For actuarially determined contribution rate purposes, the plan is assumed to pay a 1.00 percent post-retirement benefit increase each January.
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Note 2 – Changes in Actuarial Assumptions and Plan Provisions

2025 Actuarial Assumptions

- Layered amortization was implemented, effective with the July 1, 2025, valuation. This method change decreased the required contribution 0.28 percent of pay.

Saint Paul Teachers' Retirement Fund Association

Saint Paul, Minnesota

- The Combined Service Annuity (CSA) load was changed from 20.00 percent to 28.00 percent for vested terminated members, and from 9.00 percent to 58.00 percent for non-vested terminated members.

2025 Plan Provisions

- There were no plan provision changes since the prior valuation.

2024 Actuarial Assumptions

- There were no actuarial assumptions changes since the prior valuation.

2024 Plan Provisions

- Member contributions (Coordinated Plan) decreased from 7.75 percent of pay to 7.50 percent of pay effective July 1, 2024, and from 9.00 percent of pay to 8.75 percent of pay effective July 1, 2025. Effective July 1, 2026, the member contribution rate increases from 8.75 percent to 9.00 percent of pay.
- An additional one-time direct state aid contribution of \$1.5 million will be contributed to the Plan by October 1, 2024.
- Annual supplemental contributions of \$14,827,000 will continue until the earlier of the Plan achieving 100 percent funded ratio for three consecutive years, or June 30, 2048. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

2023

As a result of the 2022 experience study as well as the Omnibus Pension and Retirement Bill, the following assumption and method changes are reflected in the actuarial funding valuation report:

- Statutory contribution rates for members and their employers are shown as a percent of pay:

Plan Contribution Rates: Basic/Coordinated

Contributions After June 30	Member (%)	Employer Regular (%)	Employer Additional (%)
2023	10.25/7.75	12.50/9.00	3.64/3.84
2024	10.25/7.75	12.50/9.00	3.64/3.84
2025	11.50/9.00	13.25/9.75	3.64/3.84

- The assumed investment return was lowered from 7.50 percent to 7.00 percent.
- The assumed wage inflation decreased from 3.00 percent to 2.50 percent.
- Salary increase rate ranges were updated from a range of 3.00 percent to 9.00 percent to a 2.50 percent to 8.00 percent range.

Saint Paul Teachers' Retirement Fund Association

Saint Paul, Minnesota

- Retirement, withdrawal, and disability rates were adjusted to better fit observed experience.
- The mortality table used is the Pub-2010 Teacher Mortality Table, adjusted for mortality improvements using projection scale MP-2021.
- A one-time, non-compounding benefit increase of 1.50 percent for coordinated members and 3.00 percent for basic members will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

- The mortality improvement scale was updated from MP-2020 to MP-2021.

2021

- The mortality improvement scale was updated from MP-2019 to MP-2020.

2020

- The mortality improvement scale was updated from MP-2018 to MP-2019.

2019

- The mortality improvement scale was updated from MP-2017 to MP-2018.

2018

As a result of the 2018 experience study as well as the 2018 Omnibus Pension and Retirement Bill, the following assumption and method changes are reflected in the actuarial funding valuation report:

2018 Actuarial Assumptions

- The assumed investment return was lowered from 8.00 percent to 7.50 percent.
- The assumed wage inflation decreased from 4.00 percent to 3.00 percent.
- Salary increase rates were updated from an age-based table with a service-based component during the first 15 years, to a service-based table of rates.
- Retirement, withdrawal, and disability rates were adjusted to better fit observed experience.
- The mortality table was updated from the RP-2000 Mortality Table (with adjustments) projected with scale AA to 2020, to the RP-2014 Mortality Table, with white collar adjustment, set back two years for females, projected with scale MP-2017 from 2006.
- The statutory amortization period was changed from June 30, 2042, to June 30, 2048.

Saint Paul Teachers' Retirement Fund Association

Saint Paul, Minnesota

2018 Plan Provisions

- The annuity benefit increases changed to 0.00 percent for January 1, 2019 and 2020, with 1.00 percent payable thereafter. In addition, for retirements on or after July 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, Rule of 62/30 retirees, disability benefit recipients, or survivors).
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, prospectively, beginning July 1, 2018.
- Lower early retirement factors will be phased in over a 60-month period starting July 1, 2019.
- Deferred augmentation was changed to 0.00 percent, prospectively, effective July 1, 2019.
- Statutory contribution rates for members and their employers are shown as a percent of pay below:

Plan Contribution Rates: Basic/Coordinated

Contributions After June 30	Member (%)	Employer Regular (%)	Employer Additional (%)
2018	10.000/7.500	10.835/7.335	3.640/3.840
2019	10.000/7.500	11.670/8.170	3.640/3.840
2020	10.000/7.500	11.880/8.380	3.640/3.840
2021	10.000/7.500	12.090/8.590	3.640/3.840
2022	10.250/7.500	12.300/8.800	3.640/3.840
2023	10.250/7.750	12.500/9.000	3.640/3.840

- Additional supplemental contributions of \$5,000,000 will be made by the State of Minnesota annually beginning October 1, 2018.
- The plan's statutory amortization period was changed from June 30, 2042, to June 30, 2048.

2017

- The Combined Service Annuity (CSA) loads on liabilities were changed as follows:

Combined Service Annuity Loads

Time Frame	Active Pre-89 (%)	Active Post-89 (%)	Vested Terminated (%)	Non-Vested Terminated (%)
Prior	7.0	2.0	30.0	30.0
Current	0.0	0.0	20.0	9.0

2016

- No significant changes.

Other Pension Information Section – Pension Schedules



Independent Auditor's Report

Board of Trustees
Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Report on the Audit of the Schedules

Opinions

We have audited the accompanying Schedule of Employer and Non-Employer Allocations of the Saint Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 2025, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the accompanying Schedule of Pension Amounts by Entity of the Saint Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 2025, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer and non-employer allocations and the net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities of the Saint Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Saint Paul Teachers' Retirement Fund Association, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the Schedule of Employer and Non-Employer Allocations and the specified column totals included in the Schedule of Pension Amounts by Entity are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule of Employer and Non-Employer Allocations and the specified column totals included in the Schedule of Pension Amounts by Entity.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the Schedule of Employer and Non-Employer Allocations and the specified totals included in the Schedule of Pension Amounts by Entity, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule of Employer and Non-Employer Allocations and the specified totals included in the Schedule of Pension Amounts by Entity and the related disclosures;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed; and
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule of Employer and Non-Employer Allocations and the specified totals included in the Schedule of Pension Amounts by Entity.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Saint Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 2025, and our report thereon dated February 24, 2026, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of Saint Paul Teachers' Retirement Fund Association management, the Board of Trustees, Saint Paul Teachers' Retirement Fund Association employers and non-employer entities, and their auditors, and is not intended to be and should not be used by anyone other than those specified parties.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

February 24, 2026

Exhibit B-1

**Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota**

**Schedule of Employer and Non-Employer Allocations
As of the Measurement Date of June 30, 2025**

Entity	Actual Contributions	Allocation Percentage (%)
State of Minnesota	\$ 15,664,607	26.946
Saint Paul College	20,150	0.035
Saint Paul Public Schools	42,447,078	73.019
Total	\$ 58,131,835	100.000

**Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota**

**Schedule of Pension Amounts by Entity
As of and for the Year Ended June 30, 2025**

Deferred Outflows of Resources

Entity	Allocation Percentage (%)	Net Pension Liability	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes in Proportion and Differences Between Entity Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
State of Minnesota	26.946	\$ 148,868,566	\$ 1,763,616	\$ 1,932,837	\$ -	\$ -	\$ 3,696,453
Saint Paul College	0.035	193,365	2,291	2,511	-	35,884	40,686
Saint Paul Public Schools	73.019	403,408,069	4,779,093	5,237,652	-	5,136,447	15,153,192
Total	100.000	\$ 552,470,000	\$ 6,545,000	\$ 7,173,000	\$ -	\$ 5,172,331	\$ 18,890,331

Deferred Inflows of Resources					Pension Expense			
Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes in Proportion and Differences Between Entity Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Entity Contributions and Proportionate Share of Contributions		Total Pension Expense
						Proportionate Share of	Total Pension Expense	
\$ -	\$ -	\$ 14,015,692	\$ 5,147,586	\$ 19,163,278	\$ 2,033,345	\$ (4,178,720)	\$ (2,145,375)	
-	-	18,205	24,745	42,950	2,641	(1,244)	1,397	
-	-	37,980,103	-	37,980,103	5,510,014	4,179,964	9,689,978	
\$ -	\$ -	\$ 52,014,000	\$ 5,172,331	\$ 57,186,331	\$ 7,546,000	\$ -	\$ 7,546,000	

Saint Paul Teachers' Retirement Fund Association

Saint Paul, Minnesota

Notes to the Pension Schedules

As of and for the Year Ended June 30, 2025

Note 1 – Summary

The Saint Paul Teachers' Retirement Fund Association (SPTRFA) is a cost-sharing multiple-employer defined benefit pension plan. As specified in Governmental Accounting Standards Board (GASB) Statement 68, employers that participate in the SPTRFA are required to recognize their proportionate share of the collective pension amounts for all benefits provided through the Fund. Pension amounts to be recognized by employers include the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense. In addition, the effects of (1) a change in the employer's proportion of the collective net pension liability and (2) differences during the measurement period between the employer's contributions and its proportionate share of the total contributions from employers included in the collective net pension liability are required to be determined and recognized. The State of Minnesota is statutorily required to make contributions to the Fund; therefore, the State is classified as a non-employer contributor who will share in the liabilities and will also be required to recognize its share of the employer costs.

The basis of the allocation of collective pension amounts should be consistent with the manner in which contributions are paid to the plan. Since contributions to SPTRFA are collected as a percentage of payroll, covered employee payroll for the fiscal year ending June 30, 2025, is used as the proportionate share of allocation basis.

The State of Minnesota is required to contribute an annual contribution of \$14,827,000 plus an annual amortization aid payment of \$837,607. The required annual contributions made by the State of Minnesota were used to calculate its proportionate share. In addition, the State was required to contribute a one-time payment in October 2024 in the amount of \$1,538,000. Since this is a one-time contribution, it was not included in the allocation. SPTRFA employees are covered by the plan and make contributions, however, they are excluded from the allocation of pension amounts.

Note 2 – Reconciliation of Financial Statement Employer Contributions to Total Employer Contributions Reported on the Schedule of Employer and Non-Employer Allocations

While GASB 68 allows the employer's proportionate share of the collective pension amounts to be based on historical employer contributions, it encourages the use of the employer's projected long-term contributions effort to the retirement plan. The following is a reconciliation of employer contributions presented in SPTRFA's Statement of Changes in Fiduciary Net Position to the employer contributions presented in the Schedule of Employer and Non-Employer Allocations.

Saint Paul Teachers' Retirement Fund Association

Saint Paul, Minnesota

Reconciliation of Employer Contributions June 30, 2025

Contribution Components	Amount
Employer contributions reported in the Statement of Changes in Fiduciary Net Position	\$ 42,980,183
Deduct employer contributions not related to future contribution efforts	(436,439)
Deduct SPTRFA's contributions not included in allocation	(76,516)
Total employer contributions	\$ 42,467,228
Non-employer contributions	\$ 17,202,607
Deduct non-employer one-time contributions	(1,538,000)
Total non-employer contributions	\$ 15,664,607
Total Contributions Reported in Schedule of Employer and Non-Employer Allocations	\$ 58,131,835

Note 3 – Actuarial Methods and Assumptions

The information presented in the Schedule of Employer and Non-Employer Allocations and the Schedule of Pension Amounts by Entity was based on the actuarial valuation for purposes of determining the net pension liability. The assumptions and methods used for this actuarial valuation were recommended by the actuary and adopted by the Board. Additional information as of the latest actuarial valuation follows.

Valuation Date	June 30, 2025
Measurement Date of the Net Pension Liability	June 30, 2025

Methods and Assumptions Used to Determine Net Pension Liability

Actuarial Cost Method	Entry Age Normal
Price Inflation	2.50 percent per annum
Wage Inflation	2.50 percent per annum
Salary Increases	2.50 percent to 8.00 percent; service based
Investment Rate of Return	7.00 percent per year
Annuitant Mortality	Pub-2010 Teacher Generational Mortality Table, projected with scale MP-2021 from a base year of 2010, multiplied by a factor of 1.03 for annuitants.
Changes in Actuarial Assumptions since the prior valuation	The Combined Service Annuity (CSA) load was changed from 20.00 percent to 28.00 percent for vested terminated members, and from 9.00 percent to 58.00 percent for non-vested terminated members.

Management and Compliance Section



Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

Independent Auditor's Report on Minnesota Legal Compliance

Board of Trustees
Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements of the Saint Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated February 24, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the Saint Paul Teachers' Retirement Fund Association failed to comply with the provisions of the depositories of public funds and public investments and relief associations sections, to the extent applicable to all public pension plans in the state, of the *Minnesota Legal Compliance Audit Guide for Relief Associations*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Association's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Trustees and management of the Saint Paul Teachers' Retirement Fund Association and the State Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties.

/s/Julie Blaha

Julie Blaha
State Auditor

February 24, 2026

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

APPENDIX B – GRS Actuarial Funding Report

St. Paul Teachers'
Retirement Fund Association
Actuarial Valuation as of July 1, 2025





November 5, 2025

Mr. Phillip Tencick, Executive Director
St. Paul Teachers' Retirement Fund Association
2550 University Avenue W, Suite 312N
St. Paul, Minnesota 55114

Dear Mr. Tencick:

We are pleased to present the report of the actuarial valuation of the St. Paul Teachers' Retirement Fund Association ("Fund") as of July 1, 2025. This report provides, among other things, the required annual contribution rate of the Fund for the Plan Year commencing July 1, 2025 and ending on June 30, 2026, according to prescribed assumptions. Note that the impact of GASB Statements No. 67 and No. 68 is provided in a separate report.

The valuation was based upon data and information through June 30, 2025 furnished by the Fund staff, concerning Retirement Fund benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. Their efforts in furnishing the materials needed are gratefully acknowledged. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Fund.

The report has been prepared at the request of the Fund's Board of Trustees in accordance with Section 356.215 of the Minnesota Statutes as well as the Standards for Actuarial Work established by the State of Minnesota Legislative Commission on Pensions and Retirement. To the best of our knowledge, this report is complete and accurate, and has been prepared in accordance with prescribed assumptions and generally accepted actuarial principles and practices. This report is intended for use by the Fund and those determined or approved by the Fund's Board of Trustees. This report may be provided to parties other than the Fund only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The contribution rate in this report is determined using the actuarial methods and assumptions disclosed in Section 4 of this report. This report includes risk metrics beginning on page 9, but does not include a robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

We have assessed that the contribution rate calculated under the current funding policy is a reasonable Actuarially Determined Employer Contribution (ADEC) and it is consistent with the plan accumulating adequate assets to make benefit payments when due.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report should not be relied on for any purpose other than the purpose described in this report. Determinations of financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

Actuarial assumptions, including discount rates, mortality tables and others identified in this report, are prescribed by Minnesota Statutes Section 356.215, the Legislative Commission on Pensions and Retirement (LCPR), and the Board of Trustees. These parties are responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The combined effect of the assumptions, excluding prescribed assumptions or methods set by law, is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). All actuarial assumptions and methods used in the valuation follow the guidance in the applicable Actuarial Standards of Practice. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in the Actuarial Basis of this report. The Fund is solely responsible for communicating to GRS any changes required thereto.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. Bonita J. Wurst and Sheryl L. Christensen are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

We will be pleased to review this report with you at your convenience.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Bonita J. Wurst, ASA, EA, FCA, MAAA



Sheryl L. Christensen, FSA, EA, FCA, MAAA



Other Observations

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if there are no changes in benefits, Chapter 356 required contributions are made, and all actuarial assumptions are met (including the assumption of the plan earning 7.00% on an actuarial value of assets basis, as prescribed by statutes), it is expected that:

- (1) The normal cost of the plan is expected to remain approximately level as a percent of pay;
- (2) The funded status of the plan is expected to gradually improve and is expected to be 100% funded within the next 23 years; and
- (3) The unfunded liability will begin to decline.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the actuarial value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

- (1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations; in other words, of transferring the obligations to an unrelated third party in an arm's length market value type transaction.
- (2) The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. The amounts of future contributions will most certainly differ from those assumed in this report due to future actual experience differing from assumed experience based upon the actuarial assumptions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).
- (3) The measurement would produce a different result if the market value of assets were used instead of the actuarial value of assets.



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Summary of Valuation Results

This report sets forth the results of the actuarial valuation of the St. Paul Teachers' Retirement Fund Association ("Fund") as of July 1, 2025. The purposes of this valuation are:

1. To develop the Actuarially Determined Contribution (ADC) rates.
2. To compare the ADC rates with the current funding policy in place.
3. To review the funding status of the Fund.

The funding status, in basic terms, is a comparison of the Fund's liabilities to assets expressed as either an unfunded liability (i.e., the difference between the assets and liabilities) or as a ratio of assets to liabilities. This comparison can be measured in various ways. Fund liabilities are dependent on the actuarial assumptions and actuarial cost method. Fund assets can be measured at market value, book value, or some variation to smooth the fluctuations that invariably occur from year to year. The Actuarial Value of Assets is determined from market value with investment gains and losses smoothed over a five-year period.

Contribution Sufficiency/(Deficiency)

Statutory contributions are defined in Section 356 of Minnesota Statutes as a fixed percentage of payroll, plus any supplemental contributions, and represent the amount that is actually contributed to the fund. Required contributions are defined in statutes and the LCPR Standards for Actuarial Work, and represent the amount needed to fully fund the plan within 23 years (normal cost, expenses, and a payment to amortize the unfunded liability).

The required contribution rate decreased, from 23.52% of payroll as of July 1, 2024 to 22.48% of payroll as of July 1, 2025, primarily due to the greater than expected investment return on plan assets.

Effective July 1, 2025, the member contribution rate increased from 7.50% to 8.75% of pay, and the employer regular contribution rate increased from 9.00% to 9.75% of pay. The contribution sufficiency increased from 2.15% of payroll as of July 1, 2024 to 4.50% of payroll as of July 1, 2025. On a market value of assets basis, statutory contributions are sufficient by 5.86% of payroll as of July 1, 2025.

The contribution sufficiency referenced above is based on a current snapshot of statutory contributions as of July 1, 2025. Additional contribution increases are effective July 1, 2026, ultimately increasing the statutory contribution rate (and the contribution sufficiency) an additional 0.25% of pay.

Assets and Liabilities

On an actuarial value of assets basis, the funding ratio increased, from 67.24% at July 1, 2024 to 69.68% at July 1, 2025. The Actuarial Accrued Liability increased approximately 0.8% more than expected, due to assumption changes and demographic experience described later in this section.

On a market value of assets basis, the funding ratio increased from 69.06% at July 1, 2024 to 72.19% at July 1, 2025.



Summary of Valuation Results

Market Value Compared to Actuarial Value of Assets

A 5-year smoothed value of assets (actuarial value of assets), used to determine both the funded status and required contribution level, reduces the volatility of the valuation results. As of July 1, 2025, the actuarial value of assets is 96.53% of market value.

The following table shows the July 1, 2025 valuation results, on both a market value and smoothed actuarial value basis:

Results as of July 1, 2025		
	Market Value of Assets	Actuarial Value of Assets
Actuarial Accrued Liability	\$1,986.4 million	\$1,986.4 million
Value of Assets	\$1,433.9 million	\$1,384.2 million
Unfunded Actuarial Accrued Liability	\$ 552.5 million	\$ 602.2 million
Funded Ratio	72.19%	69.68%
Statutory Contribution Rate	26.98% of pay	26.98% of pay
Required Contribution Rate	21.12% of pay	22.48% of pay
Sufficiency	5.86% of pay	4.50% of pay

Changes Reflected in the Valuation

Assumption and Method Changes

Layered amortization was implemented, effective with the July 1, 2025 valuation, with the amortization periods as defined in the Assumptions and Methods section of this report. This method change decreased the required contribution 0.28% of pay.

The Combined Service Annuity load was changed from 20% to 28% for vested terminated members, and from 9% to 58% for non-vested terminated members. These assumption changes increased the actuarial accrued liability \$10.8 million and increased the required contribution 0.24% of pay.

See the Assumptions and Methods section of this report for a full description of these changes and page 3 for the impact of these changes.

Plan Provision Changes

There were no changes in plan provisions since the prior valuation.



Summary of Valuation Results

Effects of Changes (Actuarial Value of Assets Basis)

Additional detail regarding the impact of the changes in methods and assumptions are summarized in the following table.

	Results as of July 1, 2025 (\$000s)		
	Prior to Changes	Reflecting Method Changes	Reflecting Method and Assumption Changes
A. FUNDING RATIOS			
1. Accrued Liability Funding Ratio			
a. Current Assets	\$ 1,384,185	\$ 1,384,185	\$ 1,384,185
b. Actuarial Accrued Liability	1,975,648	1,975,648	1,986,406
c. Funding Ratio	70.06%	70.06%	69.68%
2. Projected Benefit Funding Ratio			
a. Current and Expected Future Assets	\$ 2,454,333	\$ 2,454,333	\$ 2,454,333
b. Current and Expected Future Benefit Obligations	2,269,428	2,269,428	2,280,186
c. Funding Ratio	108.15%	108.15%	107.64%
B. REQUIRED CONTRIBUTIONS - CHAPTER 356			
1. Normal Cost	10.03%	10.03%	10.03%
2. Supplemental Contribution Amortization	12.18%	11.90%	12.14%
3. Allowance for Administrative Expenses	0.31%	0.31%	0.31%
4. Total	22.52%	22.24%	22.48%

Participants

Active membership decreased 0.7% during fiscal year 2025, from 3,366 to 3,342 (figures exclude members on leave of absence). When members on leave of absence are included, active membership increased 0.3%, from 3,472 to 3,482. Total participants receiving benefits under the Fund, including disabled retirees, beneficiaries, and alternate payees, increased 0.7% during fiscal year 2025 from 4,378 to 4,411. Total annuity expenditures for these benefits decreased from \$126.2 million to \$125.5 million during fiscal year 2025, or 0.6%.

Covered payroll increased 0.5%, during fiscal year 2025, from \$319.7 million to \$321.3 million. Projected payroll for fiscal year 2025 is \$337.6 million.

Asset Valuation Method

The method used to develop the Fund's Actuarial Value of Assets, as set out in the LCPR Standards for Actuarial Work, is as follows: In years when Fund assets earn above the assumed rate (i.e., experience gain) or below the assumed rate (i.e., experience loss) the gain (or loss) will be recognized over five years. This approach both removes volatility of the Fund's level of required contributions and ensures the Fund's assets will track the market value of assets.



Summary of Valuation Results

Experience Analysis

The experience analysis provides a comparison of actual experience to projected experience based on the actuarial assumptions over the past year. Overall, the Fund had an experience gain of \$32.6 million.

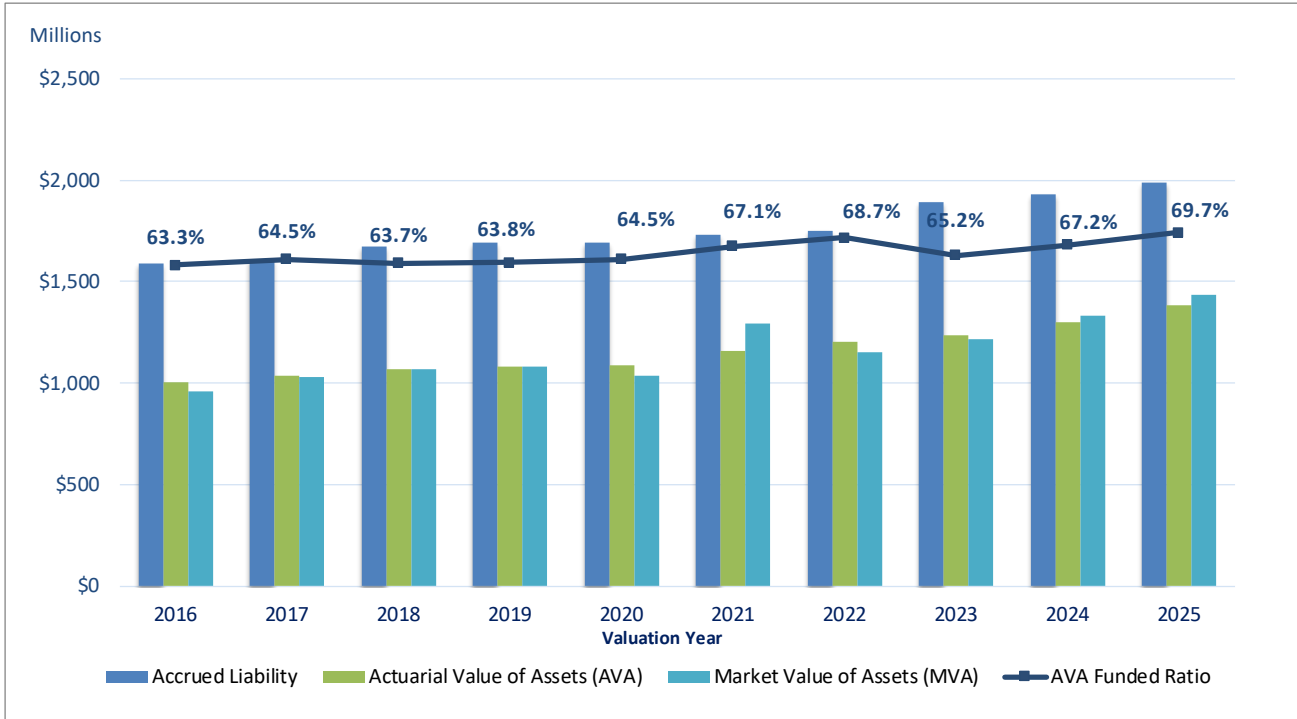
The Fund had an experience gain due to investments. The investment return on a market value of assets basis was 10.48% (net of fees) for the year ended June 30, 2025, more than the 7.00% assumption. However, only 20% of this asset gain was recognized in the actuarial value of assets. Investment gains and losses from previous years were also recognized this year. The net result is a gain of \$37.9 million on the actuarial value of assets. The investment return on an actuarial value of assets basis was 9.97% for the year ended June 30, 2025.

The actuarial accrued liability increased more than expected. Salaries increased more than expected for continuing actives, resulting in an actuarial loss of \$11.5 million. Other demographic experience produced an additional gain of \$10.5 million, and retirement experience produced an actuarial loss of \$4.3 million.

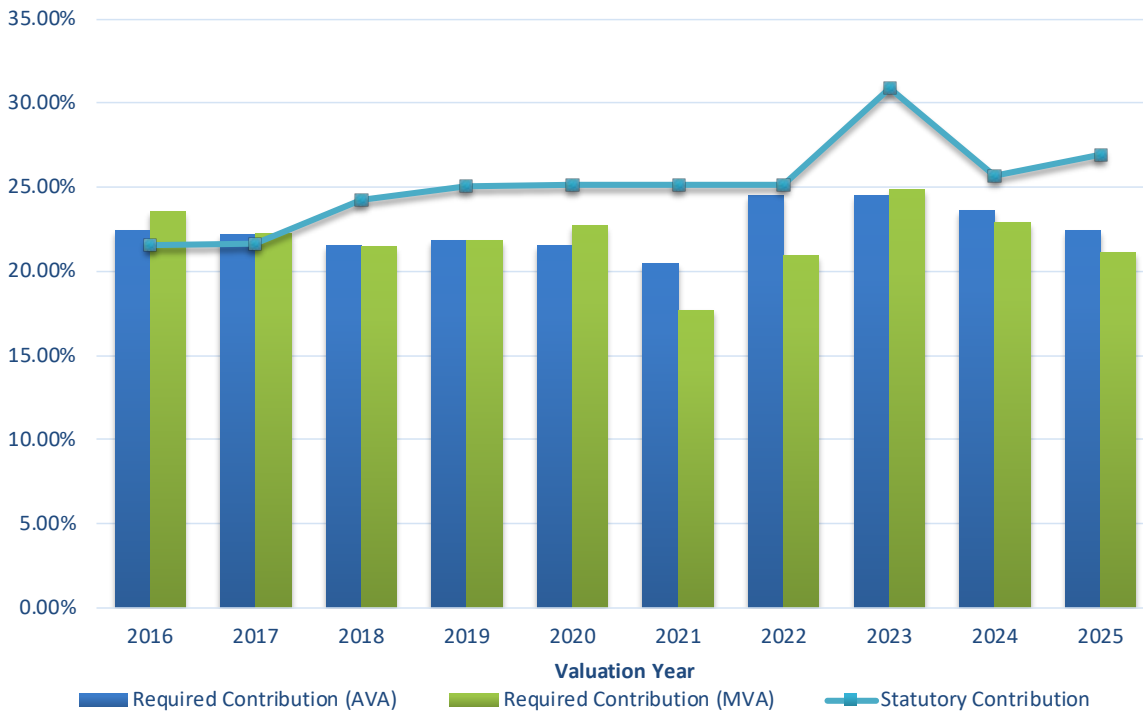
The changes in unfunded actuarial accrued liabilities are shown in Table 10 in Section 3.

Summary of Valuation Results

Funded Ratio History



Contribution Rate History (% of pay)



Note: 2023 and 2024 statutory contributions include one-time state aid of 5.15% and 0.48% of pay, respectively; statutory contributions without one-time state aid are 25.71% and 25.19% of pay, respectively.



Summary of Valuation Results

Sensitivity Tests

During the 2017 legislative session, the Legislative Commission on Pensions and Retirement (LCPR) enacted a new sensitivity disclosure requirement for the Fund's valuations. Per the LCPR's requirement, we have calculated the liabilities associated with the following scenarios:

- 1) 6.0% interest rate assumption
- 2) 8.0% interest rate assumption

In each case, all other assumptions were unchanged from those used to develop the final valuation results in this report. Note that we believe the 8.0% interest rate assumption does not comply with Actuarial Standards of Practice.

Interest rate:	(Statutory) 7.00%	6.00%	8.00%
Normal Cost Rate, % of Pay	10.03%	12.37%	8.34%
Amortization of Unfunded Accrued Liability, % of Pay	12.14%	17.44%	7.27%
Expenses (% of Pay)	0.31%	0.31%	0.31%
Total Required Contribution, % of Pay	22.48%	30.12%	15.92%
Contribution Sufficiency/(Deficiency), % of Pay	4.50%	-3.14%	11.06%
Accrued Liability Funding Ratio (AVA basis)	69.7%	61.9%	77.8%
Actuarial Accrued Liability (in millions)	\$1,986.4	\$2,237.8	\$1,778.9
Unfunded Accrued Liability (in millions)	\$ 602.2	\$ 853.6	\$ 394.7



Summary of Valuation Results

(Dollars in Thousands)

	July 1, 2024	July 1, 2025
	<u>Valuation</u>	<u>Valuation</u>
A. CONTRIBUTIONS % OF PAYROLL (Table 12)		
1. Statutory Contributions - Chapter 354A	25.67% **	26.98%
2. Required Contributions - Chapter 356	<u>23.52%</u>	<u>22.48%</u>
3. Sufficiency / (Deficiency)	<u>2.15%</u>	<u>4.50%</u>
B. FUNDING RATIOS		
1. Accrued Liability Funding Ratio		
a. Current Assets (Table 1)	\$ 1,299,916	\$ 1,384,185
b. Actuarial Accrued Liability (Table 9)	<u>1,933,107</u>	<u>1,986,406</u>
c. Funding Ratio	67.24%	69.68%
2. Projected Benefit Funding Ratio (Table 8)		
a. Current and Expected Future Assets	\$ 2,348,579	\$ 2,454,333
b. Current and Expected Future Benefit Obligations	<u>2,213,884</u>	<u>2,280,186</u>
c. Funding Ratio	106.08%	107.64%
C. PLAN PARTICIPANTS		
1. Active Members		
a. Number (Table 3)	3,366	3,342
b. Projected Annual Earnings*	\$ 323,288	\$ 337,575
c. Average Annual Earnings (Projected dollars)*	\$ 92,434	\$ 96,949
d. Average Age	45.3	45.7
e. Average Service	13.2	13.6
f. Members on Leave of Absence	106	140
2. Others		
a. Service Retirements (Table 4)	3,956	3,984
b. Disability Retirements (Table 5)	22	23
c. Survivors (Table 6)	400	404
d. Deferred Retirements (Table 7)	2,681	2,664
e. Terminated Other Non-Vested (Table 7)	<u>3,106</u>	<u>3,138</u>
f. Total - Others	10,165	10,213
3. Grand Total (1.a + 1.f + 2.f)	13,637	13,695

* Projected Annual Earnings includes expected payroll for teachers hired after the valuation date to replace retirements in May and June prior to the valuation date; Average Annual Earnings excludes this new teacher payroll. See page 35 for additional information.

** Statutory contribution includes one-time state aid (25.19% without one-time state aid as of July 1, 2024).



Summary of Valuation Results

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. **Investment Risk** – actual investment returns may differ from the expected returns;
2. **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. **Contribution Risk** – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
6. **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.



Summary of Valuation Results

The Required Contribution rate shown on page 7 may be considered as a minimum contribution rate that complies with Minnesota Statutes and the requirements of the Standards for Actuarial work published by the LCPR. The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

PLAN MATURITY MEASURES

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following. Additional maturity measures are shown on page 11.

	<u>2024</u>	<u>2025</u>
Ratio of market value of assets to total payroll	4.18	4.46
Ratio of actuarial accrued liability to total payroll	6.05	6.18
Ratio of actives to retirees and beneficiaries	0.8	0.8
Ratio of non-investment cash flow to market value of assets*	-2.2%	-3.0%

* Cash flow ratio does not reflect contribution increases to be phased in over future years.

RATIO OF MARKET VALUE OF ASSETS TO PAYROLL

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

RATIO OF ACTUARIAL ACCRUED LIABILITY TO PAYROLL

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time. The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 2.5 times the payroll, a change in liability 2% other than assumed would equal 5% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

Summary of Valuation Results

RATIO OF ACTIVES TO RETIREES AND BENEFICIARIES

A young plan with many active members and few retirees will have a high ratio of actives to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A very mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

RATIO OF NON-INVESTMENT CASH FLOW TO MARKET VALUE OF ASSETS

A positive non-investment cash flow means contributions exceed benefits and expenses. A negative non-investment cash flow means benefits and expenses exceed contributions, and existing funds may be used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a very mature plan or a need for additional contributions. The cash flow ratio for this fund will improve as future contribution increases are phased in.

ADDITIONAL RISK ASSESSMENT

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

Summary of Valuation Results

Risk Measures Summary (Dollars in Thousands)

Valuation Date (July 1)	(1) Accrued Liabilities (AAL)	(2) Market Value of Assets	(3) Market Value Unfunded AAL (1) - (2)	(4) Valuation Payroll	(5) Market Value Funded Ratio (2) / (1)	(6) Retiree Liabilities	(7) RetLiab/ AAL (6) / (1)	(8) AAL/ Payroll (1) / (4)	(9) Assets/ Payroll (2) / (4)
2016	\$ 1,592,570	\$ 959,666	\$ 632,904	\$ 258,787	60.3%	\$ 1,052,827	66.1%	615.4%	370.8%
2017	1,611,208	1,032,249	578,959	264,342	64.1%	1,068,690	66.3%	609.5%	390.5%
2018	1,676,193	1,070,572	605,621	263,122	63.9%	1,129,864	67.4%	637.0%	406.9%
2019	1,691,721	1,080,544	611,177	268,614	63.9%	1,133,369	67.0%	629.8%	402.3%
2020	1,691,236	1,037,613	653,623	274,667	61.4%	1,135,360	67.1%	615.7%	377.8%
2021	1,729,621	1,295,064	434,557	279,916	74.9%	1,151,345	66.6%	617.9%	462.7%
2022	1,750,421	1,154,427	595,994	304,227	66.0%	1,161,360	66.3%	575.4%	379.5%
2023	1,891,617	1,216,753	674,864	296,674	64.3%	1,176,538	62.2%	637.6%	410.1%
2024	1,933,107	1,335,037	598,070	319,667	69.1%	1,186,511	61.4%	604.7%	417.6%
2025	1,986,406	1,433,936	552,470	321,336	72.2%	1,179,080	59.4%	618.2%	446.2%

Valuation Date (July 1)	(10) Portfolio StdDev	(11) Std Dev % of Pay (9) x (10)	(12) Unfunded / Payroll (3) / (4)	(13) Non-Investment Cash Flow (NICF)	(14) NICF/ Assets (13) / (2)	(15) Market Rate of Return	(16) 5-Year Average
2016	13.4%	49.7%	244.6%	(56,778)	(5.9%)	0.3%	6.7%
2017	13.4%	52.3%	219.0%	(56,136)	(5.4%)	13.9%	9.5%
2018	13.7%	55.7%	230.2%	(57,563)	(5.4%)	9.8%	8.8%
2019	13.7%	55.1%	227.5%	(50,237)	(4.6%)	5.7%	6.4%
2020	13.7%	51.8%	238.0%	(48,657)	(4.7%)	0.1%	5.8%
2021	13.7%	63.4%	155.2%	(47,781)	(3.7%)	32.7%	11.9%
2022	13.8%	52.4%	195.9%	(44,649)	(3.9%)	(9.4%)	6.9%
2023	13.8%	56.6%	227.5%	(47,971)	(3.9%)	9.4%	6.8%
2024	13.8%	57.6%	187.1%	(29,059)	(2.2%)	12.0%	8.1%
2025	13.8%	61.6%	171.9%	(42,953)	(3.0%)	10.5%	10.2%

Notes pertaining to numbered columns:

- (5) The Funded ratio is the most widely known measure of a plan's financial strength, but the trend in the funded ratio is much more important than the absolute ratio. The funded ratio should trend to 100%. As it approaches 100%, it is important to re-evaluate the level of investment risk in the portfolio and potentially to re-evaluate the assumed rate of return.
- (6) and (7) The ratio of Retiree liabilities to total accrued liabilities gives an indication of the maturity of the system. As the ratio increases, cash flow needs increase, and the liquidity needs of the portfolio change. A ratio on the order of 50% indicates a maturing system.
- (8) and (9) The ratios of liabilities and assets to payroll gives an indication of both maturity and volatility. Many systems have ratios between 500% and 700%. Ratios significantly above that range may indicate difficulty in supporting the benefit level as a level % of payroll.
- (10) and (11) The portfolio standard deviation measures the volatility of investment return. When multiplied by the ratio of assets to payroll it gives the effect of a one standard deviation asset move as a percent of payroll. This figure helps users understand the difficulty of dealing with investment volatility and the challenges volatility brings to sustainability.
- (12) The ratio of unfunded liability to payroll gives an indication of the plan sponsor's ability to actually pay off the unfunded liability. A ratio above approximately 300% or 400% may indicate difficulty in discharging the unfunded liability within a reasonable time frame.
- (13) and (14) The ratio of non-investment cash flow to assets is an important measure of sustainability. Negative ratios are common and expected for a maturing system. In the longer term, this ratio should be on the order of approximately (4)%. A ratio that is significantly more negative than that for an extended period could be a leading indicator of potential exhaustion of assets.
- (15) and (16) Investment return is probably the largest single risk that most systems face. The year by year return and the 5-year geometric average give an indicator of past performance. Of course, past performance is not a guarantee of future results, may not even be reflective of potential future results, and historical averages are very sensitive to the time period chosen.

Summary of Valuation Results

Low-Default-Risk Obligation Measure

Actuarial Standards of Practice No. 4 (ASOP No. 4) was revised and reissued in December 2021 by the Actuarial Standards Board (ASB). It includes a new calculation called a Low-Default-Risk Obligation Measure (LDRM) to be prepared and issued annually for defined benefit pension plans. The transmittal memorandum for ASOP No. 4 includes the following explanation:

“The ASB believes that the calculation and disclosure of this measure provides appropriate, useful information for the intended user regarding the funded status of a pension plan. The calculation and disclosure of this additional measure is not intended to suggest that this is the “right” liability measure for a pension plan. However, the ASB does believe that this additional disclosure provides a more complete assessment of a plan’s funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date.”

The following information has been prepared in compliance with this new requirement. Unless otherwise noted, the measurement date, actuarial cost methods, and assumptions used are the same as for the funding valuation covered in this actuarial valuation report.

- A. Low-Default-Risk Obligation Measure of benefits earned as of the measurement date:
\$ 2,358,933,000
- B. Discount rate used to calculate the LDRM: 5.58%
(Based on the FTSE Pension Liability Index as of the valuation date)
- C. Other significant assumptions that differ from those used for the funding valuation: none
- D. Actuarial cost method used to calculate the LDRM: Entry Age Actuarial Cost Method
- E. Valuation procedures to value any significant plan provisions that are difficult to measure using traditional valuation procedures, and that differ from the procedures used in the funding valuation: none
- F. The LDRM is a market-based measurement of the pension obligation. It estimates the amount the plan would need to invest in low risk securities to provide the benefits with greater certainty. This measure may not be appropriate for assessing the need for or amount of future contributions. This measure may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan’s benefit obligation.

The difference between the two measures (Valuation and LDRM) is one illustration of the savings the sponsor anticipates by taking on the risk in a diversified portfolio.

Valuation Actuarial Accrued Liability	\$ 1,986,406,000
LDRM Actuarial Accrued Liability	\$ 2,358,933,000
Difference	\$ (372,527,000)



SECTION 1

ASSET INFORMATION

Assets of the Plan

The market value of the plan assets increased from \$1,335.0 million as of June 30, 2024 to \$1,433.9 million as of June 30, 2025. The expected return on assets using the valuation investment return rate assumption of 7.0 percent was \$91.9 million. The actual return on assets was approximately \$141.9 million. Twenty percent of the asset return above the expected \$91.9 million is recognized as an actuarial gain in the development of the actuarial value of assets. The recognized gain from the current year, along with the portion of prior gains and losses recognized this year, results in an overall gain of \$37.9 million on the actuarial value of assets as shown in Table 10.

The 2022 asset loss as well as the 2025, 2024, and 2023 asset gains (investment returns that fell above (gain) or below (loss) the expected return – amounts shown on the next page) will be recognized incrementally over the next four years. As of July 1, 2025, there are more unrecognized asset gains than losses, and the Actuarial Value of Assets (AVA) is lower than the Market Value of Assets (MVA) by \$49.8 million, or 3.5%.

Table 1 shows the composition of assets as of June 30, 2025 and the development of the actuarial value of assets as of June 30, 2025. Table 2 details the development of asset values during fiscal year 2025.

Table 1

Accounting Balance Sheet

as of June 30, 2025

(Dollars in Thousands)

	Market Value
A. ASSETS	
1. Cash, Equivalents, Short-Term Securities	\$ 5,808
2. Investments	
a. Fixed Income	398,702
b. Equity	703,443
c. Real Assets	73,073
d. Alternative	167,650
e. Cash and Cash Equivalents	108,262
3. Other Assets	15,347
B. TOTAL ASSETS	\$ 1,472,285
C. AMOUNTS CURRENTLY PAYABLE	\$ 38,349
D. ASSETS AVAILABLE FOR BENEFITS	
1. Member Reserves	\$ 278,997
2. Employer Reserves	1,154,939
3. Total Assets Available for Benefits	\$ 1,433,936
E. TOTAL AMOUNTS CURRENTLY PAYABLE AND ASSETS AVAILABLE FOR BENEFITS	\$ 1,472,285
F. DETERMINATION OF ACTUARIAL VALUE OF ASSETS	
1. Market Value of Assets Available for Benefits (D.3)	\$ 1,433,936
2. Unrecognized Asset Returns (UAR)	
a. June 30, 2025	\$ 49,903
b. June 30, 2024	63,187
c. June 30, 2023	25,514
d. June 30, 2022	(191,444)
3. UAR Adjustment: $.80 * 2(a) + .60 * 2(b) + .40 * 2(c) + .20 * 2(d)$	49,751
4. Actuarial Value of Assets: (F.1 - F.3)	\$ 1,384,185

DERIVATION OF OTHER ASSETS *	Market Value
Accounts Receivable	
Employer Contribution	\$ 521
Employee Contribution	315
Service Purchases Receivable	-
Pensions Receivable	77
State Contributions	838
Real Estate Income Receivable	-
Commission Recapture Receivable	-
Interest Receivable	92
Dividend Receivable	1,659
Misc. Receivable	9
Sale of Securities	11,837
Total Accounts Receivable	\$15,347
Fixed Assets	0
Total Other Assets	\$15,347

**Numbers may not add due to rounding.*



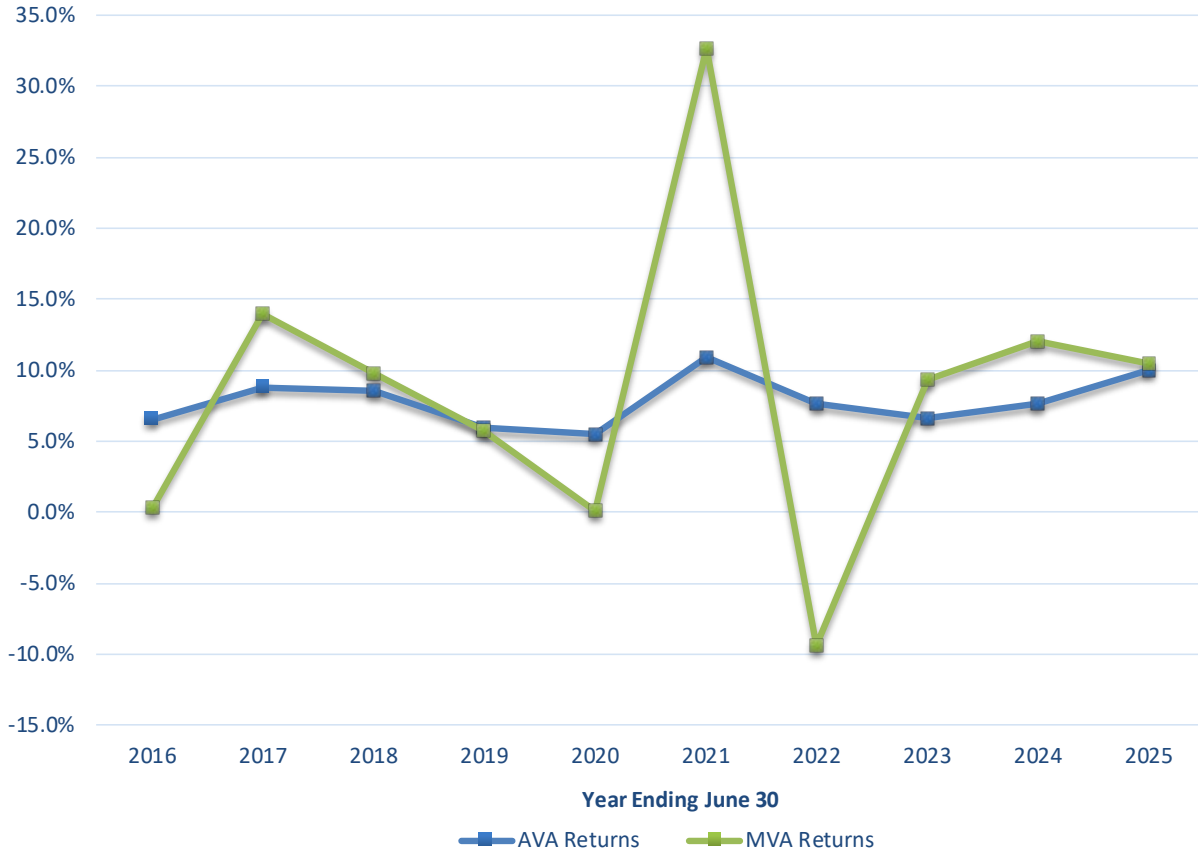
Table 2
Plan Assets
as of June 30, 2025
(Dollars in Thousands)

	<u>Market Value</u>
A. ASSETS AVAILABLE AT BEGINNING OF PERIOD	\$ 1,335,037
B. OPERATING REVENUES	
1. Member Contributions	\$ 24,597
2. Employer Contributions	41,744
3. Supplemental Contributions	18,003
4. Re-employed Annuitant Employer Contributions	436
5. Investment Income	19,744
6. Investment Expenses	(2,839)
7. Net Realized Gain / (Loss)	196,670
8. Other	0
9. Net Change in Unrealized Gain / (Loss)	<u>(71,723)</u>
10. Total Operating Revenue	\$ 226,632
C. OPERATING EXPENSES	
1. Service Retirements	\$ 112,056
2. Disability Benefits	508
3. Survivor Benefits	12,912
4. Refunds	1,239
5. Benefit Payment Adjustment	0
6. Administrative Expenses	<u>1,018</u>
7. Total Operating Expenses	<u>\$ 127,733</u>
D. OTHER CHANGES IN RESERVES	\$ 0
E. ASSETS AVAILABLE AT END OF PERIOD	<u>\$ 1,433,936</u>
F. DETERMINATION OF CURRENT YEAR UNRECOGNIZED ASSET RETURN	
1. Average Balance	
(a) Assets available at BOY	\$ 1,335,037
(b) Assets available at EOY	1,433,936
(c) Average balance $\{[(a) + (b) - \text{Net Investment Income}] / 2\}$	\$ 1,313,561
{Net investment income: B.5+B.6+B.7+B.9}	
2. Expected Return: $.070 * F.1$	91,949
3. Actual Return	141,852
4. Current Year Gross Asset Gain/(Loss): $F.3 - F.2$	\$ 49,903



Historical Asset Returns

History of AVA and MVA Asset Returns



Valuation Year	AVA	MVA
2016	6.6%	0.3%
2017	8.8%	13.9%
2018	8.5%	9.8%
2019	6.0%	5.7%
2020	5.6%	0.1%
2021	10.9%	32.7%
2022	7.6%	-9.4%
2023	6.6%	9.4%
2024	7.7%	12.0%
2025	10.0%	10.5%

SECTION 2

TOTAL MEMBERSHIP DATA

Table 3

Active Members as of June 30, 2025*

Age	Years of Service								ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35+	
< 25	25	0	0	0	0	0	0	0	25
25-29	194	19	0	0	0	0	0	0	213
30-34	195	135	17	0	0	0	0	0	347
35-39	136	154	150	13	0	0	0	0	453
40-44	150	99	162	113	26	0	0	0	550
45-49	104	74	89	93	140	27	0	0	527
50-54	57	54	52	69	114	200	16	0	562
55-59	36	31	37	35	73	146	107	6	471
60-64	22	16	18	28	45	60	52	15	256
65+	21	6	6	2	14	15	10	4	78
ALL	940	588	531	353	412	448	185	25	3,482

AVERAGE ANNUAL EARNINGS

Age	Years of Service								ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35+	
< 25	55,245	0	0	0	0	0	0	0	55,245
25-29	64,806	72,879	0	0	0	0	0	0	65,526
30-34	68,578	79,485	94,624	0	0	0	0	0	74,097
35-39	75,457	86,809	96,057	97,870	0	0	0	0	86,781
40-44	81,869	92,845	99,080	107,143	104,359	0	0	0	95,170
45-49	80,359	90,995	101,492	101,233	107,396	109,374	0	0	97,774
50-54	75,882	92,142	100,617	94,353	107,705	110,165	113,913	0	101,739
55-59	75,018	91,509	92,050	95,685	104,185	107,648	111,505	142,385	102,759
60-64	64,135	98,325	99,237	93,298	104,267	107,044	110,541	109,702	101,137
65+	42,844	61,946	96,316	97,386	95,275	104,998	101,830	84,814	80,903
ALL	71,875	87,018	98,123	100,455	105,967	108,706	110,919	113,564	92,479

Total Earnings (IN THOUSANDS) by Years of Service

	<5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	ALL
ALL	67,563	51,166	52,104	35,461	43,659	48,700	20,520	2,839	322,011

* Including those on leave of absence; pay annualized for new hires.

Numbers may not add due to rounding.



Table 4

Service Retirements as of June 30, 2025

Member Age	Years Retired									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0	0	0
55-59	43	0	0	0	0	0	0	0	0	43
60-64	230	108	0	0	0	0	0	0	0	338
65-69	320	262	89	0	0	0	0	0	0	671
70-74	78	355	354	130	0	0	0	0	0	917
75-79	20	86	312	335	215	0	0	0	0	968
80-84	3	16	48	149	237	125	2	0	0	580
85-89	0	3	5	19	85	162	38	1	0	313
90+	0	1	2	3	8	47	65	25	3	154
ALL	694	831	810	636	545	334	105	26	3	3,984

AVERAGE ANNUAL BENEFIT

Member Age	Years Retired									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0	0	0
55-59	19,037	0	0	0	0	0	0	0	0	19,037
60-64	33,061	27,984	0	0	0	0	0	0	0	31,439
65-69	22,330	23,188	21,710	0	0	0	0	0	0	22,583
70-74	13,823	21,475	23,947	28,454	0	0	0	0	0	22,768
75-79	10,729	14,579	25,901	32,403	41,396	0	0	0	0	30,274
80-84	2,328	21,998	18,332	25,938	34,044	30,836	26,424	0	0	29,447
85-89	0	47,949	3,970	26,859	36,563	39,129	42,349	72,141	0	37,707
90+	0	1,395	15,963	21,277	24,840	47,238	42,513	34,452	29,869	40,456
ALL	24,305	22,229	23,978	29,863	37,202	37,167	42,147	35,901	29,869	28,086

Total Annual Benefit (IN THOUSANDS) by Years RETIRED

	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	ALL
ALL	16,868	18,472	19,422	18,993	20,275	12,414	4,425	933	90	111,893

Numbers may not add due to rounding.



Table 5 Disability Retirements as of June 30, 2025*

Member Age	Years Disabled									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	1	0	1	0	0	0	0	0	0	2
50-54	3	0	0	0	0	0	0	0	0	3
55-59	4	2	2	0	0	0	0	0	0	8
60-64	2	2	4	2	0	0	0	0	0	10
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85-89	0	0	0	0	0	0	0	0	0	0
90+	0	0	0	0	0	0	0	0	0	0
ALL	10	4	7	2	0	0	0	0	0	23

AVERAGE ANNUAL BENEFIT

Member Age	Years Disabled									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	1,292	0	3,705	0	0	0	0	0	0	2,499
50-54	28,897	0	0	0	0	0	0	0	0	28,897
55-59	29,152	4,339	26,327	0	0	0	0	0	0	22,242
60-64	15,147	37,216	22,055	13,957	0	0	0	0	0	22,086
65-69	0	0	0	0	0	0	0	0	0	0
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80-84	0	0	0	0	0	0	0	0	0	0
85-89	0	0	0	0	0	0	0	0	0	0
90+	0	0	0	0	0	0	0	0	0	0
ALL	23,488	20,777	20,654	13,957	0	0	0	0	0	21,325

Total Annual Benefit (IN THOUSANDS) by Years DISABLED

	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	ALL
ALL	234	83	145	28	0	0	0	0	0	490

* Disability benefits convert to normal retirement benefits at normal retirement age (which occurs at age 65).

Numbers may not add due to rounding.



Table 6 Survivors as of June 30, 2025

Age	Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	11	4	1	0	0	0	0	0	0	16
45-49	5	0	3	0	0	0	0	0	0	8
50-54	2	4	1	0	0	0	0	0	0	7
55-59	6	2	2	1	0	0	0	0	0	11
60-64	4	0	3	0	0	0	0	0	0	7
65-69	10	6	2	3	1	0	0	0	0	22
70-74	19	7	8	2	1	0	0	0	1	38
75-79	24	13	8	4	6	2	2	0	2	61
80-84	24	16	13	5	4	2	2	0	4	70
85-89	39	20	12	14	1	4	1	1	4	96
90+	18	13	10	6	6	7	3	2	3	68
ALL	162	85	63	35	19	15	8	3	14	404

AVERAGE ANNUAL BENEFIT

Age	Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	17,247	7,109	5,406	0	0	0	0	0	0	13,973
45-49	13,514	0	8,656	0	0	0	0	0	0	11,692
50-54	43,915	5,151	7,954	0	0	0	0	0	0	16,627
55-59	7,827	9,513	3,459	575	0	0	0	0	0	6,680
60-64	21,576	0	19,797	0	0	0	0	0	0	20,814
65-69	21,948	26,795	34,688	3,425	744	0	0	0	0	20,938
70-74	29,400	22,871	24,960	17,846	3,350	0	0	0	1,108	25,224
75-79	26,800	24,513	48,134	17,553	19,951	31,911	33,863	0	29,808	28,328
80-84	36,794	38,522	30,130	39,410	44,721	28,119	21,103	0	29,870	35,499
85-89	38,025	34,647	35,609	36,857	31,005	57,788	30,991	16,566	21,437	36,611
90+	43,953	47,470	62,055	32,368	46,277	35,462	30,510	39,751	35,778	44,519
ALL	31,215	30,988	34,910	29,257	32,176	39,963	29,057	32,022	26,663	31,749

Total Annual Benefit (IN THOUSANDS) by Years Since Member Death

	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	ALL
ALL	5,057	2,634	2,199	1,024	611	599	232	96	373	12,826

Numbers may not add due to rounding.



Table 7 Reconciliation of Members as of June 30, 2025

	Active Participants	Leave of Absence	Vested Terminated	Other Non-Vested	Retired Participants	Disabled	Survivors and Beneficiaries	Alternate Payees ²	Total
A. Number as of June 30, 2024	3,366	106	2,681	3,106	3,906	21	393	58	13,637
B. Additions	211	82	143	84	136	1	33	2	692
C. Deletions									
1. Retirements	(41)	(1)	(92)						(134)
2. Disability	(1)								(1)
3. Died with Beneficiary	(1)				(33)				(34)
4. Died without Beneficiary	(3)				(77)	(1)	(28)		(109)
5. Terminated - Deferred	(127)	(16)							(143)
6. Terminated - Not Vested	(83)	(1)							(84)
7. Refunds	(5)		(41)	(74)					(120)
8. Rehired as Active	108	(33)	(23)	(52)					-
9. Leave of Absence	(82)								(82)
10. Repayment of Refund									-
11. Expired Benefits									-
12. Disability to Retirement						(2)			(2)
D. Data Adjustments ¹		3	(4)	74		3	(1)		75
E. Total on June 30, 2025	3,342	140	2,664	3,138	3,932	22	397	60	13,695

¹ May include members not valued in prior valuation who repaid refunds or otherwise restored prior service.

² Includes alternate payees of retired participants (52), disabled participants (1), and survivors (7).



SECTION 3

FUNDING STATUS

Table 8 Actuarial Balance Sheet as of July 1, 2025 (Dollars in Thousands)

A. CURRENT ASSETS (TABLE 1; Line F.4)	\$	1,384,185
B. EXPECTED FUTURE ASSETS		
1. Present Value of Expected Future Statutory Supplemental Contributions*	\$	776,368
2. Present Value of Future Normal Costs		293,780
3. Total Expected Future Assets	\$	<u>1,070,148</u>
C. TOTAL CURRENT AND EXPECTED FUTURE ASSETS	\$	<u>2,454,333</u>
D. TOTAL CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS	\$	<u>2,280,186</u>
E. CURRENT AND FUTURE UNFUNDED ACTUARIAL LIABILITY (D - C)	\$	(174,147)

* Includes the effect of scheduled employee and employer contribution increases and supplemental state contributions.

Table 9

Determination of Unfunded Actuarial Accrued Liability (UAAL) as of July 1, 2025

	Actuarial Present Value of Projected Benefits	Actuarial Present Value of Future Normal Costs	Actuarial Accrued Liability
A. DETERMINATION OF ACTUARIAL ACCRUED LIABILITY (AAL)			
1. Active Members*			
a. Retirement Benefits	\$ 886,252	\$ 206,474	\$ 679,778
b. Disability Benefits	\$ 13,066	\$ 4,532	\$ 8,534
c. Surviving Spouse and Child Benefits	\$ 6,704	\$ 2,033	\$ 4,671
d. Vested Withdrawals	\$ 42,762	\$ 57,954	\$ (15,192)
e. Refund Liability Due to Death or Withdrawal	\$ 2,292	\$ 22,787	\$ (20,495)
f. Total	<u>\$ 951,076</u>	<u>\$ 293,780</u>	<u>\$ 657,296</u>
2. Deferred Retirements	\$ 144,450	\$ 0	\$ 144,450
3. Former Members without Vested Rights	\$ 5,580	\$ 0	\$ 5,580
4. Annuitants	\$ 1,179,080	\$ 0	\$ 1,179,080
5. Total	<u>\$ 2,280,186</u>	<u>\$ 293,780</u>	<u>\$ 1,986,406</u>
B. DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)			
1. Actuarial Accrued Liability (A.5)			\$ 1,986,406
2. Current Assets (Table 1; Line F.4)			<u>\$ 1,384,185</u>
3. Unfunded Actuarial Accrued Liability (B.1 - B.2)			<u>\$ 602,221</u>

* Includes members on leave of absence.

Table 10

Changes in Unfunded Actuarial Accrued Liability (UAAL) as of July 1, 2025

	Year Ending June 30, 2025		
	Actuarial Accrued Liability	Current Assets	Unfunded Actuarial Accrued Liability
A. UAAL AT BEGINNING OF YEAR	\$ 1,933,107	\$ 1,299,916	\$ 633,191
B. CHANGE DUE TO INTEREST REQUIREMENTS AND CURRENT RATE OF FUNDING			
1. Normal Cost and Expenses	32,231	(1,018)	33,249
2. Benefit Payments	(126,715)	(126,715)	-
3. Contributions	-	84,780	(84,780)
4. Interest on A., B.1., B.2. and B.3.	131,735	89,365	42,370
5. Total (B.1. + B.2. + B.3. + B.4.)	<u>\$ 37,251</u>	<u>\$ 46,412</u>	<u>\$ (9,161)</u>
C. EXPECTED VALUES AT END OF YEAR (A + B.5)	\$ 1,970,358	\$ 1,346,328	\$ 624,030
D. INCREASE / (DECREASE) DUE TO ACTUARIAL LOSSES / (GAINS) BECAUSE OF EXPERIENCE DEVIATIONS FROM EXPECTED			
1. Age and Service Retirements			\$ 4,298
2. Disability Retirements			(56)
3. Death-in-Service Benefits			165
4. Withdrawals			(2,100)
5. Salary Increases			11,474
6. Investment Income			(37,857)
7. Mortality of Annuitants			(1,859)
8. Other Items			(6,632)
9. Total			<u>\$ (32,567)</u>
E. UAAL AT END OF YEAR BEFORE PLAN AMENDMENTS AND CHANGES IN ACTUARIAL ASSUMPTIONS (C + D.9)			\$ 591,463
F. CHANGE IN UAAL DUE TO PLAN AMENDMENTS			10,758
G. CHANGE IN UAAL DUE TO CHANGES IN ACTUARIAL ASSUMPTIONS			-
H. UAAL AT END OF YEAR (E + F + G)			<u><u>\$ 602,221</u></u>

Table 11 Amortization Layers as of July 1, 2025

Unfunded Actuarial Accrued Liability					Remaining	Payroll	Contribution
Source of Unfunded Liability	Date Established	Initial Amount	Initial Period	Current Amount	Period 6/30/2025	through Amortization Period*	(% of Payroll)**
Initial unfunded actuarial accrued liability	6/30/2024	\$ 633,191	24 yrs.	\$ 633,229	23 yrs.	\$4,857,500	13.04%
Experience (Gain)/Loss	6/30/2025	\$ 5,290	15 yrs.	\$ 5,290	15 yrs.	\$3,676,006	0.14%
Asset (Gain)/Loss	6/30/2025	\$ (37,857)	15 yrs.	\$ (37,857)	15 yrs.	\$3,676,006	(1.03)%
Assumption or Method Change	6/30/2025	\$ 10,758	20 yrs.	\$ 10,758	20 yrs.	\$4,461,243	0.24%
Benefit Changes - Active	6/30/2025	\$ -	15 yrs.	\$ -	15 yrs.	\$3,676,006	0.00%
Benefit Changes - Inactive, Long Term	6/30/2025	\$ -	15 yrs.	\$ -	15 yrs.	\$3,676,006	0.00%
Benefit Changes - Inactive, Short Term	6/30/2025	\$ -	1* yrs.	\$ -	1 yrs.	\$ 325,422	0.00%
Contribution (Sufficiency)/Deficiency	6/30/2025	\$ (9,199)	15 yrs.	\$ (9,199)	15 yrs.	\$3,676,006	(0.25)%
Total				\$ 602,221			12.14%

* Calculated using 7.0% annual investment return rate.

** The amortization of the Unfunded Actuarial Accrued Liability (UAAL) using the current amortization method would result in initial payments less than the "interest only" payment on the UAAL; however, expected contributions to the plan are projected to reduce the UAAL due to the current contribution sufficiency. Payments less than the interest only amount would result in the UAAL increasing for an initial period of time.

Table 12

Determination of Contribution Sufficiency as of July 1, 2025

	<u>Percent-of- Payroll</u>	<u>Dollar Amount</u>
A. STATUTORY CONTRIBUTIONS - CHAPTER 354A		
1. Employee Contributions	8.75%	\$ 29,538
2. Employer Contributions		
a. Regular	9.75%	32,914
b. Additional	3.84%	12,963
3. Supplemental Contribution		
a. 1996 Legislation	0.25%	838
b. 1997 Legislation	0.84%	2,827
c. 2014 Legislation	2.07%	7,000
d. 2018 Legislation	1.48%	5,000
4. Total	<u>26.98%</u>	<u>\$ 91,080</u>
B. REQUIRED CONTRIBUTIONS - CHAPTER 356		
1. Normal Cost		
a. Retirement Benefits	7.19%	\$ 24,272
b. Disability Benefits	0.15%	506
c. Surviving Spouse and Child Benefits	0.07%	236
d. Vested Withdrawals	1.87%	6,313
e. Refund Liability Due to Death or Withdrawal	0.75%	2,532
f. Total	<u>10.03%</u>	<u>\$ 33,859</u>
2. Supplemental Contribution Amortization	12.14%	40,982
3. Allowance for Administrative Expenses	0.31%	1,046
4. Total	<u>22.48%</u>	<u>\$ 75,887</u>
C. CONTRIBUTION SUFFICIENCY / (DEFICIENCY) (A.4 - B.4)	4.50%	\$ 15,193

Projected Annual Payroll for Fiscal Year Beginning on the Valuation Date (determined by increasing reported pay for each member by one full year of assumed pay increase, according to the actuarial salary scale, as prescribed by the LCPR Standards for Actuarial Work), plus replacement payroll (described in Table 13)

\$ 337,575

SECTION 4

ACTUARIAL METHODS AND ASSUMPTIONS

Table 13

Actuarial Methods and Assumptions as of July 1, 2025

I. ACTUARIAL COST METHOD

An Actuarial Cost Method is a set of techniques used by the actuary to develop contribution levels under a retirement plan. The Actuarial Cost Method used in this valuation for all purposes is the Entry Age Actuarial Cost Method. Under this Method, a Normal Cost is developed by amortizing the actuarial value of benefits expected to be received by each active participant (as a level percentage of pay) over the total working lifetime of that participant, from hire to termination. Years of Service for valuation purposes was provided by the Retirement Fund. Age as of the valuation date was calculated based on the dates of birth provided by the Retirement Fund. Entry Age for valuation purposes was calculated as the age on the valuation date minus the years of service on the valuation date.

Payments on the unfunded actuarial accrued liability (UAAL) are determined by source as a level percentage of payroll each year assuming payroll increases of 2.50% per annum, and amortized according to the following closed statutory amortization periods, beginning in the valuation year in which they arise:

Source of UAAL	Closed Period
Legacy UAAL as of July 1, 2024	Period ending June 30, 2048
Experience gain or loss	15 years
Assumption or method changes	20 years
Active member benefit changes	15 years
Long-term inactive member benefit changes	15 years
Short-term inactive member benefit changes	Period during which benefit change is in effect
Statutory Contributions (per Chapter 354A) that are more or less than the Total Required Contribution (per Chapter 356)	15 years

As required by the Standards for Actuarial Work, projected payroll is 1) determined by increasing reported payroll for each member by one full year's assumed pay increase according to the actuarial salary scale and 2) multiplied by 0.964 in the determination of the present value of future payroll to account for timing differences. This statutory method produces a required contribution that is similar to, but slightly below, the contribution that would be produced by more common actuarial methods.

SPTRFA may consider synchronizing or accelerating bases with fewer than three years remaining in order to minimize potential volatility.

Table 13

Actuarial Methods and Assumptions as of July 1, 2025

II. CURRENT ACTUARIAL ASSUMPTIONS

Assumptions are based on an experience study for the five-year period of July 1, 2016 to June 30, 2021, as well as a legislated change to the investment return assumption effective July 1, 2023. Note that significant plan changes effective July 1, 2023 and July 1, 2025 may ultimately result in behavior changes not anticipated in the actuarial assumptions. The Allowance for Combined Service Annuity assumptions are based on an analysis completed by the LCPR actuary and documented in a report dated February 2025.

A. Demographic Assumptions

Mortality:

1. Healthy and Disabled Annuitant Mortality:

- a. Male: Pub-2010 Male Healthy Teacher Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010. Rates are multiplied by a factor of 1.03.
- b. Female: Pub-2010 Female Healthy Teacher Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010. Rates are multiplied by a factor of 1.03.

2. Employee Mortality:

- a. Male: Pub-2010 Male Healthy Teacher Employee Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010.
- b. Female: Pub-2010 Female Healthy Teacher Employee Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010.

Table 13

Actuarial Methods and Assumptions as of July 1, 2025

Mortality Expressed as Number of Occurrences per 10,000:

Age in <u>2025</u>	Post-Retirement Mortality	
	<u>Male</u>	<u>Female</u>
55	22	19
56	24	21
57	27	23
58	30	25
59	33	28
60	37	30
61	41	32
62	45	35
63	50	37
64	55	40
65	60	43
66	67	47
67	74	51
68	81	55
69	90	61
70	101	68
71	113	77
72	126	87
73	142	99
74	161	113
75	182	129
76	207	148
77	235	170
78	267	196
79	304	225
80	346	258
81	395	297
82	451	341
83	514	391
84	587	448
85	671	513
86	764	586
87	869	668
88	987	760
89	1,117	864
90	1,261	980
91	1,418	1,110
92	1,586	1,254
93	1,763	1,410
94	1,947	1,577

Table 13

Actuarial Methods and Assumptions as of July 1, 2025

Mortality Expressed as Number of Occurrences per 10,000:

Age in <u>2025</u>	Pre-Retirement Mortality	
	<u>Male</u>	<u>Female</u>
25	2	1
26	2	1
27	2	1
28	3	1
29	3	2
30	3	2
31	3	2
32	4	2
33	4	2
34	4	3
35	5	3
36	5	3
37	5	3
38	5	3
39	6	4
40	6	4
41	6	4
42	6	4
43	7	4
44	7	4
45	7	5
46	8	5
47	8	5
48	9	6
49	10	6
50	10	7
51	11	7
52	12	8
53	14	9
54	15	9
55	16	10
56	18	11
57	20	12
58	22	14
59	24	15
60	27	16
61	29	18
62	33	19
63	36	21
64	39	23

Table 13 Actuarial Methods and Assumptions as of July 1, 2025

Rates of Disability for males and females:

Disability Expressed as the Number of Occurrences per 10,000:

Age	Disability	Age	Disability
20	1	45	4
21	1	46	4
22	1	47	4
23	1	48	4
24	1	49	4
25	1	50	6
26	1	51	6
27	1	52	6
28	1	53	6
29	1	54	6
30	2	55	12
31	2	56	12
32	2	57	12
33	2	58	12
34	2	59	12
35	2	60	20
36	2	61	20
37	2	62	20
38	2	63	20
39	2	64	20
40	2		
41	2		
42	2		
43	2		
44	2		

Table 13 Actuarial Methods and Assumptions as of July 1, 2025

Rates of Termination:

Year	Number of Terminations per 1,000 Active Members	
	Male	Female
1	450	450
2	235	200
3	160	120
4	75	95
5	65	75
6	55	70
7	40	60
8	35	50
9	30	50
10	30	50
11	30	40
12	30	30
13	30	25
14	25	20
15	25	20
16	25	20
17	20	20
18	10	18
19	10	15
20 & Over	10	10

Rates of Retirement:

Assumed Retirements Expressed as the Number of Occurrences per 10,000:

Age	Male Coordinated Members Eligible for Unreduced Early Retirement	Female Coordinated Members Eligible for Unreduced Early Retirement	Male Coordinated Members Not Eligible for Unreduced Early	Female Coordinated Members Not Eligible for Unreduced Early
55	2,500	3,500	500	500
56	3,500	3,000	500	500
57	3,000	2,000	500	500
58	2,500	2,500	700	500
59	2,500	3,000	700	700
60	2,500	3,000	1,200	900
61	3,000	3,000	800	1,000
62	5,000	3,500	2,000	1,800
63	3,000	3,000	2,500	2,100
64	2,500	2,500	2,500	2,100
65	10,000	10,000	3,000*	4,500*
66	10,000	10,000	3,500	5,000
67	10,000	10,000	4,000	4,500
68	10,000	10,000	3,500	3,000
69	10,000	10,000	3,500	2,500
70 & Over	10,000	10,000	10,000	10,000

* 2,800 for male members and 3,200 for female members hired after June 30, 1989 with a Normal Retirement Age equal to 66.



Table 13

Actuarial Methods and Assumptions as of July 1, 2025

Note: Members reaching age 62 with 30 years of service prior to age 65 are assumed to retire at the same rate as Rule of 90 retirements.

B. Economic Assumptions

Investment Return Rate:	7.00%
Price Inflation:	2.50% per year
Payroll Growth (Wage Inflation):	2.50% per year
Future Salary Increases:	Service-based rates shown below:

Annual Salary Increases

Year	Ultimate Rate of Annual Salary Increases	Year	Ultimate Rate of Annual Salary Increases
1	8.00%	21	2.70%
2	6.75%	22	2.50%
3	6.50%	23 & Over	2.50%
4	6.25%		
5	6.00%		
6	5.75%		
7	5.50%		
8	5.25%		
9	5.00%		
10	4.75%		
11	4.50%		
12	4.25%		
13	4.00%		
14	3.75%		
15	3.50%		
16	3.40%		
17	3.30%		
18	3.20%		
19	3.10%		
20	2.90%		

Asset Value: The assets are valued based on a five-year moving average of expected and market values (five-year average actuarial value). At the end of each plan year, an average asset value is calculated as the average of the market asset value at the beginning and end of the fiscal year net of investment income for the fiscal year. The investment gain or (loss) is taken as the excess of actual investment income over the expected investment income based on the average asset value as calculated above. The investment gain or (loss) is recognized over five years at 20% per year. The asset value is the sum of the market asset value plus the scheduled recognition of investment gains or (losses) during the current and the preceding four fiscal years.



Table 13

Actuarial Methods and Assumptions as of July 1, 2025

C. Other Assumptions

Marital Status:	It is assumed that 75% of male members and 60% of female members have an eligible spouse. The male spouse is assumed to be two years older than the female spouse. Married members are assumed to have two dependent children.
Deferred Benefit Commencement:	Basic Plan members who terminate vested are assumed to commence benefits at age 61. Coordinated Plan members are assumed to commence benefits at age 63. If the member is already past the assumed deferral age, the member is assumed to commence benefits one year from the valuation date.
Administrative Expenses:	Prior year administrative expenses (excluding investment expenses) are expressed as a percentage-of-payroll and then applied to current projected payroll.
Refund of Contributions:	All employees withdrawing after becoming eligible for a deferred benefit take the larger of their contributions accumulated with interest or the value of their deferred benefit. Account balances for deferred members accumulate interest until the assumed benefit commencement date and are discounted back to the valuation date.
Allowance for Combined Service Annuity:	28.0% load on liabilities for former, vested members. 58.0% load on liabilities for former, non-vested members.
Missing Salary and Salary Minimums:	Active members with reported salaries of \$100 or less were assumed to have the average non-zero active salary. Active members with salaries less than those reported at the prior valuation date are valued using their prior salary amount. Active members who have been hired within one year of the valuation date have had their pay annualized by dividing by months of service credited, not to exceed the average non-zero active salary. For members on leave of absence at valuation date who were not on leave at the prior valuation date, the prior year's valuation pay was used.
Missing Data for Deferred Vested Members:	Deferred vested members without a reported benefit and without salary information were assumed to have a final average salary of \$40,000.
Decrement Timing:	Retirement and Termination: end of valuation year – consistent with retirements and terminations occurring at the end of the school year. Death and Disability: middle of valuation year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Service Credit Accruals:	It is assumed that members accrue one year of service credit per year. Exact fractional service is used to determine the amount of benefit payable.

Table 13

Actuarial Methods and Assumptions as of July 1, 2025

Supplemental Contributions:	<p>1996 legislation provides for a variable amortization aid contribution paid annually on July 15. We assumed the annual amortization aid contribution will equal \$838,000, which was the actual contribution for the most recent fiscal year. Additionally, annual supplemental contributions equal to \$14,827,000 are scheduled to be paid each October 1.</p> <p>The contributions described herein will continue until the plan is 100% funded for three consecutive years or until June 30, 2048, whichever occurs earlier.</p>
Projected Annual Payroll Calculation:	<p>The census data as of July 1, 2025 reflects retirements and terminations occurring during the months of May and June; however, it does not necessarily reflect the replacements hired to fill their positions who may have hire dates in August and September. We assumed that May and June retirements are replaced by members coming in at the B.A. entry salary level of \$56,788; the Projected Annual Payroll for the fiscal year ending June 30, 2026 includes this replacement salary amount.</p>
Changes in Actuarial Methods and Assumptions Since the Prior Valuation:	<p>Layered amortization was implemented, effective with the July 1, 2025 valuation, with the amortization periods as defined earlier in this report.</p> <p>The Combined Service Annuity load was changed from 20% to 28% for vested terminated members, and from 9% to 58% for non-vested terminated members.</p>

SECTION 5

BASIC PLAN

Table 3A

Basic Active Members as of June 30, 2025

There are no remaining Basic Active Members.

Table 4A

Basic Service Retirements as of June 30, 2025

Member Age	Years Retired									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0	0	0
55-59	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0
65-69	1	0	2	0	0	0	0	0	0	3
70-74	0	4	50	45	0	0	0	0	0	99
75-79	0	6	46	147	165	0	0	0	0	364
80-84	0	3	6	34	151	98	1	0	0	293
85-89	0	1	1	2	43	125	32	1	0	205
90+	0	0	0	0	2	36	53	24	3	118
ALL	1	14	105	228	361	259	86	25	3	1,082

AVERAGE ANNUAL BENEFIT

Member Age	Years Retired									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0	0	0
55-59	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0
65-69	11,267	0	34,009	0	0	0	0	0	0	26,428
70-74	0	20,500	41,716	48,486	0	0	0	0	0	43,936
75-79	0	44,622	52,914	48,526	48,047	0	0	0	0	48,799
80-84	0	72,277	28,353	46,482	44,118	36,570	30,727	0	0	41,788
85-89	0	140,403	5,810	91,135	56,142	46,353	48,374	72,141	0	49,545
90+	0	0	0	0	58,937	56,887	47,479	35,624	29,869	47,685
ALL	11,267	50,498	45,369	48,587	47,428	44,115	47,617	37,085	29,869	46,413

Total Annual Benefit (IN THOUSANDS) by Years RETIRED

	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	ALL
ALL	11	707	4,764	11,078	17,122	11,426	4,095	927	90	50,219

Numbers may not add due to rounding.



Table 5A

Basic Disability Retirements as of June 30, 2025

There are no remaining Basic Disability Retirees.

Table 6A

Basic Survivors as of June 30, 2025

Age	Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	1	0	0	0	0	0	0	0	0	1
55-59	0	0	1	0	0	0	0	0	0	1
60-64	0	0	3	0	0	0	0	0	0	3
65-69	3	2	2	0	0	0	0	0	0	7
70-74	8	2	4	1	1	0	0	0	1	17
75-79	16	3	6	4	2	2	2	0	1	36
80-84	19	13	7	3	4	2	2	0	4	54
85-89	34	18	12	12	1	4	1	1	4	87
90+	17	13	10	5	5	7	3	2	3	65
ALL	98	51	45	25	13	15	8	3	13	271

AVERAGE ANNUAL BENEFIT

Age	Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	70,083	0	0	0	0	0	0	0	0	70,083
55-59	0	0	4,859	0	0	0	0	0	0	4,859
60-64	0	0	19,797	0	0	0	0	0	0	19,797
65-69	27,100	22,059	34,688	0	0	0	0	0	0	27,828
70-74	39,128	31,392	31,175	15,021	3,350	0	0	0	1,108	30,588
75-79	33,439	57,051	54,280	17,553	31,679	31,911	33,863	0	24,101	36,697
80-84	43,185	43,636	41,527	54,679	44,721	28,119	21,103	0	29,870	41,469
85-89	42,534	37,979	35,609	40,427	31,005	57,788	30,991	16,566	21,437	39,513
90+	46,443	47,470	62,055	35,703	49,826	35,462	30,510	39,751	35,778	45,868
ALL	41,384	42,079	42,723	36,516	40,441	39,963	29,057	32,022	25,982	39,958

Total Annual Benefit (IN THOUSANDS) by Years Since Member Death

	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	ALL
ALL	4,056	2,146	1,923	913	526	599	232	96	338	10,829

Numbers may not add due to rounding.



Table 12A
Basic Determination of Contribution Sufficiency
as of July 1, 2025
(Dollars in Thousands)

There are no remaining Basic Active Members.



Summary of Benefit Provisions for Basic Members as of July 1, 2025

PARTICIPANTS

Licensed Educators first employed prior to July 1, 1978 by schools in the City of St. Paul or St. Paul College whose position requires a license from the Minnesota Professional Educator Licensing and Standards Board, who are not covered under the Social Security Act.

There are no remaining active Basic Members.

ACCREDITED SERVICE

Service which has been verified and accredited by the Association for the purpose of determining contributions and benefits (may include service earned while working outside of St. Paul Public Schools, previous St. Paul service, military service and governmental service).

ALLOWABLE ST. PAUL SERVICE

Service earned as a licensed educator in the St. Paul Public Schools, in the St. Paul College, or as an employee of the Association. Also includes service credited after receipt of payment as required, for licensed educators on leave.

SALARY

Total compensation earned during a school year (July 1 to June 30) excluding lump sum payments for unused leave at termination and employer-paid insurance coverage.

Summary of Benefit Provisions for Basic Members as of July 1, 2025

AVERAGE SALARY

Average of the highest 5 years of salary during the last 10 years of St. Paul service while making contributions.

NORMAL RETIREMENT BENEFIT

Eligibility

Attainment of age 65 and 5 years of Accredited Service.

Benefit

2.50 percent of Average Salary for each year of Accredited Service.

EARLY RETIREMENT BENEFIT

Eligibility

Attainment of age 55 and 5 years of Accredited Service.

Benefit

The greater of the following benefits:

- 2.00 percent of Average Salary per year of Accredited Service, subject to a maximum of 40 years with a 0.25 percent reduction for each month the member is under age 65. If the member has 25 years of Accredited Service, the reduction is taken from age 60, therefore no reduction is required if the member is age 60 or older. No reduction is taken if age plus years of Accredited Service totals at least 90.
- 2.50 percent of Average Salary per year of Accredited Service, subject to a maximum of 40 years, reduced for each month the member is under age 65 using linear interpolation of the table listed below.

<u>Age at Retirement</u>	<u>Reduction Factor</u>
55	0.4200
56	0.4600
57	0.5000
58	0.5400
59	0.5800
60	0.6500
61	0.7200
62	0.7900
63	0.8600
64	0.9300
65	1.0000



Summary of Benefit Provisions for Basic Members as of July 1, 2025

DISABILITY RETIREMENT BENEFIT

Eligibility

Total and permanent disablement before attaining age 65 and 5 years of Accredited Service.

Benefit

If the member is under age 65, 75 percent of the member's annual contract salary less any Social Security and Workers' Compensation benefits payable until age 65. At age 65, a normal retirement benefit is calculated using the projected service and average salary as if the member had continued to teach in their position held at the time of disability. Members age 65 or older at time of disability receive a normal retirement benefit.

DEFERRED RETIREMENT BENEFIT

Eligibility

5 years of Accredited Service.

Benefit

Benefit computed under law in effect at termination and payable as a normal or early retirement benefit. For members hired on or before June 30, 2006, the benefit is augmented at 3.00 percent compounded annually from the 1st of the month following termination until the January 1st after turning age 55 and then augmented at 5.00 percent compounded annually from that date to July 1, 2012. For members hired after June 30, 2006, the benefit is augmented at 2.50 percent compounded annually from the 1st of the month following termination to July 1, 2012. Augmentation for all members, regardless of hire date, changed to 2.00 percent as of July 1, 2012 for the portion of benefit deferral which occurs after June 30, 2012 to June 30, 2019. After June 30, 2019, benefits are not augmented.

PRE-RETIREMENT SURVIVOR BENEFIT (Family Benefit)

Eligibility

Active member with five years of Accredited Service.

Benefit

- Children's Benefit: 25 percent of the maximum Bachelor of Arts salary for the year in which the member died for each eligible child up to a maximum of two. Benefits are paid until the child attains age 18, or 22 for full-time students.
- Spousal Benefit: 15 percent of the maximum Bachelor of Arts salary for an eligible spouse who has legal custody of an eligible child. Spousal benefits cease when the spouse remarries, dies, or elects the regular survivor benefit. Electing the regular survivor benefit does not disqualify the child from receiving the family benefit.



Summary of Benefit Provisions for Basic Members as of July 1, 2025

SURVIVOR BENEFIT (Active or Retired Member)

Eligibility

Active member or retired member with five years of Accredited Service. A surviving spouse must have been married to the member for three years at the earlier of death or retirement.

Benefit

Retirement benefit earned at the time of death or retirement, whichever is earlier, reduced by the use of 100 percent joint survivorship tables, based on the ages of the member and survivor at the time of retirement.

REFUND OF CONTRIBUTIONS

Eligibility

Termination or death where no annuity is payable.

Benefit

Member contributions with 6.00 percent interest accrued through June 30, 2011, 4.00 percent interest accrued through June 30, 2018, and 3.00 percent interest thereafter.

REEMPLOYED ANNUITANTS

The School District shall make the regular employer contribution and additional employer contribution, plus a supplemental contribution equal to 2.5 percent of salary, on behalf of any retired member who is reemployed by the School District. Reemployed annuitants do not accrue additional benefits.

NORMAL FORM OF RETIREMENT BENEFITS

Unreduced annuity payments made until the death of the member, with a 100 percent Joint and Survivor adjusted pension payable to the surviving beneficiary.

BENEFIT INCREASES

1.0 percent per year on January 1.

For retirements on and after July 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, Rule of 62/30 retirees, disability benefit recipients, or survivors).



Summary of Benefit Provisions for Basic Members as of July 1, 2025

CHANGES IN PLAN PROVISIONS

There were no changes in plan provisions since the prior valuation.



SECTION 6

COORDINATED PLAN

Table 3B

Coordinated Active Members as of June 30, 2025

All remaining active members are Coordinated. Please refer to Table 3 for active member statistics.

Table 4B

Coordinated Service Retirements as of June 30, 2025

Age	Years Retired									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0	0	0
55-59	43	0	0	0	0	0	0	0	0	43
60-64	230	108	0	0	0	0	0	0	0	338
65-69	319	262	87	0	0	0	0	0	0	668
70-74	78	351	304	85	0	0	0	0	0	818
75-79	20	80	266	188	50	0	0	0	0	604
80-84	3	13	42	115	86	27	1	0	0	287
85-89	0	2	4	17	42	37	6	0	0	108
90+	0	1	2	3	6	11	12	1	0	36
ALL	693	817	705	408	184	75	19	1	0	2,902

AVERAGE ANNUAL BENEFIT

Age	Years Retired									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0	0	0
55-59	19,037	0	0	0	0	0	0	0	0	19,037
60-64	33,061	27,984	0	0	0	0	0	0	0	31,439
65-69	22,365	23,188	21,427	0	0	0	0	0	0	22,566
70-74	13,823	21,486	21,025	17,849	0	0	0	0	0	20,206
75-79	10,729	12,326	21,230	19,797	19,450	0	0	0	0	19,109
80-84	2,328	10,396	16,900	19,864	16,355	10,023	22,120	0	0	16,849
85-89	0	1,723	3,509	19,298	16,517	14,725	10,216	0	0	15,235
90+	0	1,395	15,963	21,277	13,474	15,659	20,580	6,318	0	16,764
ALL	24,324	21,744	20,792	19,400	17,139	13,170	17,388	6,318	0	21,252

Total Annual Benefit (IN THOUSANDS) by Years RETIRED

	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	ALL
ALL	16,857	17,765	14,659	7,914	3,154	988	330	6	0	61,674

Numbers may not add due to rounding.



Table 5B

Coordinated Disability Retirements as of June 30, 2025

All remaining disability retirements are Coordinated. Please refer to Table 5 for disability retirement statistics.

Table 6B Coordinated Survivors as of June 30, 2025

Age	Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	11	4	1	0	0	0	0	0	0	16
45-49	5	0	3	0	0	0	0	0	0	8
50-54	1	4	1	0	0	0	0	0	0	6
55-59	6	2	1	1	0	0	0	0	0	10
60-64	4	0	0	0	0	0	0	0	0	4
65-69	7	4	0	3	1	0	0	0	0	15
70-74	11	5	4	1	0	0	0	0	0	21
75-79	8	10	2	0	4	0	0	0	1	25
80-84	5	3	6	2	0	0	0	0	0	16
85-89	5	2	0	2	0	0	0	0	0	9
90+	1	0	0	1	1	0	0	0	0	3
ALL	64	34	18	10	6	0	0	0	1	133

AVERAGE ANNUAL BENEFIT

Age	Years Since Member Death									ALL
	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
<45	17,247	7,109	5,406	0	0	0	0	0	0	13,973
45-49	13,514	0	8,656	0	0	0	0	0	0	11,692
50-54	17,747	5,151	7,954	0	0	0	0	0	0	7,718
55-59	7,827	9,513	2,059	575	0	0	0	0	0	6,862
60-64	21,576	0	0	0	0	0	0	0	0	21,576
65-69	19,740	29,162	0	3,425	744	0	0	0	0	17,723
70-74	22,325	19,463	18,746	20,671	0	0	0	0	0	20,883
75-79	13,521	14,752	29,697	0	14,087	0	0	0	35,515	16,278
80-84	12,506	16,364	16,834	16,506	0	0	0	0	0	15,352
85-89	7,363	4,661	0	15,435	0	0	0	0	0	8,556
90+	1,634	0	0	15,692	28,530	0	0	0	0	15,285
ALL	15,644	14,352	15,377	11,110	14,270	0	0	0	35,515	15,024

Total Annual Benefit (IN THOUSANDS) by Years Since Member Death

	<5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	ALL
ALL	1,001	488	276	111	86	0	0	0	36	1,998

Numbers may not add due to rounding.



Table 12B
Coordinated Determination of Contribution Sufficiency
as of July 1, 2025
(Dollars in Thousands)

All remaining active members are Coordinated. Please refer to Table 12 for Normal Cost and payroll of active members.

Summary of Benefit Provisions for Coordinated Members as of July 1, 2025

STATUTORY CONTRIBUTIONS

Statutory contribution rates for members and their employers are shown as a percent-of-pay below.

<u>Contribution after June 30,</u>	<u>Member</u>	<u>Employer Regular</u>	<u>Employer Additional</u>
2023	7.75%	9.00%	3.84%
2024	7.50%	9.00%	3.84%
2025	8.75%	9.75%	3.84%
2026	9.00%	9.75%	3.84%

SUPPLEMENTAL CONTRIBUTIONS

1996 legislation provides for a variable amortization aid contribution paid annually on July 15. The actual contribution during the past fiscal year was \$838,000.

Annual supplemental contributions of \$14,827,000 will be contributed by the State of Minnesota each October 1. The contributions will continue until the earlier of the Plan achieving 100% funded ratio for three consecutive years, or June 30, 2048.

PARTICIPANTS

Licensed educators in the public schools of the City of St. Paul, excluding charter schools, whose position requires a license from the Minnesota Professional Educator Licensing and Standards Board, and who are covered under the Social Security Act and make contributions to the St. Paul Teachers' Retirement Fund Association, are covered under the Coordinated Plan.

ALLOWABLE SERVICE

Service earned as a licensed educator in the St. Paul Public Schools, in the St. Paul College, or in certain charter schools, or as an employee of the Association. Also includes service credited after receipt of payment as required, for licensed educators on leave. Service is granted on a proportional basis for part-time teachers.



Summary of Benefit Provisions for Coordinated Members as of July 1, 2025

SALARY

Total compensation excluding lump sum payments for unused leave at termination and employer-paid insurance coverage.

AVERAGE SALARY

Average of the highest five successive years of salary while making contributions. In cases where the Allowable Service is less than five years, Average Salary is based on the Allowable Service years.

NORMAL RETIREMENT BENEFIT

Eligibility

Three years of Allowable Service. The eligibility age is 65 for those hired before July 1, 1989. The eligibility age is the earlier of eligibility for full Social Security retirement benefits to a maximum of age 66 for those hired on or after July 1, 1989 and retired prior to July 1, 2025. Beginning July 1, 2025, the eligibility age is 65 for all members. A Proportionate Retirement Annuity is available at Normal Retirement Age with one year of Allowable Service.

Benefit

1.70 percent of Average Salary for each year of Allowable Service rendered before July 1, 2015 and 1.90 percent of Average Salary for each year of Allowable Service rendered after June 30, 2015.



Summary of Benefit Provisions for Coordinated Members as of July 1, 2025

EARLY RETIREMENT BENEFIT

Eligibility

Attainment of age 55 and 3 years of Allowable Service.

Benefit

Members hired before July 1, 1989 are eligible for the greater of the following benefits. Members hired after July 1, 1989 are eligible for the benefits shown in item (b):

- a) For the first 10 years of Allowable Service, 1.20 percent of Average Salary for each year of Allowable Service rendered prior to July 1, 2015, plus 1.40 percent of Average Salary for each year of Allowable Service rendered after June 30, 2015. Additionally, for each subsequent year of Allowable Service in excess of 10 years, 1.70 percent of Average Salary for each year rendered prior to July 1, 2015, plus 1.90 percent of Average Salary for each year rendered after June 30, 2015. There is a reduction of 0.25 percent for each month the member is under age 65, or under age 62 with 30 years of Allowable Service. No reduction applies if the age plus years of service totals at least 90.

- b) 1.70 percent of Average Salary per year of Allowable Service rendered before July 1, 2015 and 1.90 percent of Average Salary for each year of service rendered after June 30, 2015 reduced for each month the member is under the Normal Retirement Age using linear interpolation of the factors in the tables listed below.

Normal Retirement Age: Age at Retirement	Reduction Factor than 30 Years of Service	
	65	66
55	0.4200	0.3500
56	0.4600	0.3900
57	0.5000	0.4300
58	0.5400	0.4700
59	0.5800	0.5100
60	0.6500	0.5800
61	0.7200	0.6500
62	0.7900	0.7200
63	0.8600	0.7900
64	0.9300	0.8600
65	1.0000	0.9300
66		1.0000



Summary of Benefit Provisions for Coordinated Members as of July 1, 2025

DISABILITY RETIREMENT BENEFIT

Eligibility

Total and permanent disablement and three years of Allowable Service with service earned within the current fiscal year and at least two years of Allowable Service since the last interruption in service.

Benefit

Calculated as a normal retirement benefit payable for life without reduction for early commencement. At normal retirement age, the benefit converts from a disability benefit to a retirement benefit. The disability benefit is reduced by any Workers' Compensation benefits payable.

DEFERRED RETIREMENT BENEFIT

Eligibility

Three years of Allowable Service.

Benefit

Benefit computed under law in effect at termination and payable as a normal or early retirement benefit. For members hired on or before June 30, 2006, the benefit is augmented at 3.00 percent compounded annually from the 1st of the month following termination until the January 1st after turning age 55 and then augmented at 5.00 percent compounded annually from that date to July 1, 2012. For members hired after June 30, 2006, the benefit is augmented at 2.50 percent compounded annually from the 1st of the month following termination to July 1, 2012. Augmentation for all members, regardless of hire date, changed to 2.00 percent as of July 1, 2012 for the portion of benefit deferral which occurs after June 30, 2012 to June 30, 2019. After June 30, 2019, benefits are not augmented.

SURVIVOR BENEFIT (Active Members)

Eligibility

Active member with three years of Allowable service. A surviving spouse is defined as the person legally married to the member at the time of death. If none, a dependent child who is the legal child of the member, who is less than 20 years of age and unmarried.

Benefit

Retirement benefit earned at the time of death with choices for either a reduced for 100 percent joint survivorship, or 5-, 10-, 15-, or 20-year term certain. The benefit is available immediately upon application. Actuarial reductions assuming 2.5 percent augmentation for the calculation of the survivorship portion of a 100 percent joint and survivor benefit are actuarially determined based on the member's and survivor's ages at the death of the member.

Early retirement reductions apply to the survivor benefit based on the member's age when deceased. If the deceased member had not yet attained age 55 at time of death, the additional early retirement reduction from age 55 to the age of the member at death applies at only one-half of the actuarial rate.



Summary of Benefit Provisions for Coordinated Members as of July 1, 2025

REFUND OF CONTRIBUTIONS

Eligibility

Termination or death where no annuity is payable or a refund of contributions is chosen in lieu of an annuity.

Benefit

Member contributions with 6.00 percent interest accrued through June 30, 2011, 4.00 percent interest accrued through June 30, 2018, and 3.00 percent interest thereafter.

REEMPLOYED ANNUITANTS

The School District shall make the regular employer contribution and additional employer contribution, plus a supplemental contribution equal to 2.5 percent of salary, on behalf of any retired member who is reemployed by the School District. Reemployed annuitants do not accrue additional benefits.

NORMAL FORM OF RETIREMENT BENEFITS

Straight life annuity. Actuarially equivalent options are available to provide post-retirement beneficiary or survivor benefits.

BENEFIT INCREASES

1.0 percent per year on January 1.

For retirements on and after July 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, Rule of 62/30 retirees, disability benefit recipients, or survivors).

CHANGES IN PLAN PROVISIONS

There were no changes in plan provisions since the prior valuation.



SECTION 7

ADDITIONAL DISCLOSURES

Table 14
Additional Disclosures – Schedule of Funding Progress
(Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Unfunded AAL (UAAL) (B)-(A)	Funded Ratio (A)/(B)	Actual Covered Payroll (Previous FY) (C)	UAAL as % of Covered Payroll ((B)-(A))/(C)
07/01/98	\$ 625,053	\$ 861,584	\$ 236,531	72.55%	\$ 168,564	140.32%
07/01/99	704,233	938,847	234,614	75.01%	178,254	131.62%
07/01/00	801,823	998,253	196,430	80.32%	187,950	104.51%
07/01/01	869,045	1,060,931	191,886	81.91%	202,915	94.56%
07/01/02	899,572	1,141,300	241,728	78.82%	201,456	119.99%
07/01/03	898,760	1,189,361	290,601	75.57%	205,655	141.31%
07/01/04	898,860	1,251,460	352,600	71.82%	221,685	159.05%
07/01/05	905,292	1,299,832	394,540	69.65%	223,762	176.32%
07/01/06	938,919	1,346,072	407,153	69.75%	226,351	179.88%
07/01/07	1,015,722	1,380,151	364,429	73.59%	229,172	159.02%
07/01/08	1,075,951	1,432,040	356,089	75.13%	235,993	150.89%
07/01/09	1,049,954	1,454,314	404,360	72.20%	243,166	166.29%
07/01/10	1,001,444	1,471,630	470,185	68.05%	239,996	195.91%
07/01/11	972,718	1,389,875	417,157	69.99%	239,738	174.01%
07/01/12	911,930	1,471,216	559,286	61.98%	239,053	233.96%
07/01/13	886,296	1,467,350	581,054	60.40%	247,432	234.83%
07/01/14	947,972	1,533,603	585,631	61.81%	259,740	225.47%
07/01/15	999,736	1,596,770	597,034	62.61%	263,844	226.28%
07/01/16	1,007,360	1,592,570	585,210	63.25%	258,787	226.14%
07/01/17	1,038,467	1,611,208	572,741	64.45%	264,342	216.67%
07/01/18	1,067,675	1,676,193	608,518	63.70%	263,122	231.27%
07/01/19	1,079,552	1,691,721	612,169	63.81%	268,614	227.90%
07/01/20	1,090,243	1,691,236	600,993	64.46%	274,667	218.81%
07/01/21	1,159,954	1,729,621	569,667	67.06%	279,916	203.51%
07/01/22	1,203,096	1,750,421	547,325	68.73%	304,227	179.91%
07/01/23	1,234,225	1,891,617	657,392	65.25%	296,674	221.59%
07/01/24	1,299,916	1,933,107	633,191	67.24%	319,667	198.08%
07/01/25	1,384,185	1,986,406	602,221	69.68%	321,336	187.41%

Table 15

Additional Disclosures – Schedule of Employer Contributions (Dollars in Thousands)

Year Ended June 30	Total Actuarially Required Contribution (ARC) Rate (A)	Actual Covered Payroll (B)	Actual Member Contributions (C)	Total ARC Net of Member Contributions (D) = [(A)*(B)]-(C)	Actual Employer Contributions ⁽¹⁾ (E)	Percentage Contributed (E) / (D)
1999	18.82%	\$ 178,254	\$ 11,649	\$ 21,898	\$ 21,066	96.20%
2000	18.09%	187,950	13,184	20,816	22,622	108.68
2001	16.57%	202,915	13,170	20,453	23,569	115.23
2002	15.81%	201,456	14,468	17,382	24,216	139.32
2003	18.56% ⁽²⁾	205,655	14,222	23,948	23,370	97.59
2004	20.36%	221,685	14,308	30,827	23,771	77.11
2005	21.59%	223,762	13,587	34,723	23,833	68.64
2006	23.78%	226,351	13,453	40,373	24,015	59.48
2007	24.55%	229,172	13,438	42,823	24,117	56.32
2008	23.40%	235,993	13,642	41,580	24,285	58.40
2009	17.63%	243,166	13,864	29,007	24,844	85.65
2010	18.40%	239,996	13,832	30,328	25,126	82.85
2011	19.84%	239,738	13,745	33,819	25,090	74.19
2012	18.37%	239,053	14,117	29,797	25,109	84.27
2013	22.87%	247,432	15,164	41,424	26,445	63.84
2014	22.13%	259,740	16,564	40,916	35,197	86.02
2015	21.94%	263,844	17,567	40,320	36,711	91.05
2016	22.26%	258,787	18,538	39,068	37,228	95.29
2017	22.44%	264,342	20,146	39,172	38,350	97.90
2018	22.16%	263,122	20,112	38,196	39,209	102.65
2019	21.54%	268,614	20,626	37,233	46,981	126.18
2020	21.87%	274,667	20,889	39,181	49,804	127.11
2021	21.58%	279,916	21,334	39,072	50,916	130.31
2022	20.51%	304,227	23,099	39,298	54,735	139.28
2023	19.96%	296,674	22,420	36,796	54,688	148.62
2024	24.50%	319,667	25,265	53,053	73,792	139.09
2025	23.52%	321,336	24,597	50,981	60,183	118.05

⁽¹⁾ Includes contributions from other sources (if applicable).

⁽²⁾ Actuarially Required Contribution Rate prior to change in Actuarial Assumptions is 16.19%.

Table 16

Additional Disclosures – Development of the Fund (Dollars in Thousands)

Year Ended June 30	Employer Contributions	Employee Contributions	Supplemental Contributions*	Actuarial Net Investment Return	Administrative Expenses	Benefit Payments	Actuarial Value of Assets EOY
2008	\$ 20,775	\$ 13,642	\$ 3,509	\$ 112,804	\$ 691	\$ 89,810	\$ 1,075,951
2009	21,501	13,864	3,343	28,924	605	93,024	1,049,954
2010	21,018	13,832	4,108	9,496	602	96,362	1,001,444
2011	21,013	13,745	4,077	31,391	722	98,230	972,718
2012	21,452	14,117	3,658	3,447	736	102,726	911,930
2013	22,780	15,164	3,665	37,919	751	104,411	886,296
2014	24,532	16,564	10,665	117,499	739	106,845	947,972
2015	25,505	17,567	11,206	107,987	748	109,753	999,736
2016	26,433	18,538	10,795	64,402	749	111,795	1,007,360
2017	27,543	20,146	10,807	87,243	889	113,743	1,038,467
2018	28,199	20,112	11,010	86,771	786	116,098	1,067,675
2019	30,919	20,626	16,062	62,114	764	117,080	1,079,552
2020	33,861	20,889	15,943	59,348	788	118,562	1,090,243
2021	35,111	21,334	15,805	117,492	779	119,252	1,159,954
2022	38,731	23,099	16,004	87,791	927	121,556	1,203,096
2023	38,586	22,420	16,102	79,100	1,193	123,886	1,234,225
2024	41,954	25,265	31,838	94,750	811	127,305	1,299,916
2025	41,744	24,597	18,439	127,222	1,018	126,715	1,384,185

* Includes employer contributions for re-employed annuitants.

Table 17

Additional Disclosures – Supplementary Information

Valuation Date	July 1, 2025
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed, Assuming 2.50 Percent Payroll Growth
Amortization Period	Layered Amortization

Source of UAAL	Closed Period
Legacy UAAL as of July 1, 2024	Period ending June 30, 2048
Experience gain or loss	15 years
Assumption or method changes	20 years
Active member benefit changes	15 years
Long-term inactive member benefit changes	15 years
Short-term inactive member benefit changes	Period during which benefit change is in effect
Statutory Contributions (per Chapter 354A) that are more or less than the Total Required Contribution (per Chapter 356)	15 years

Asset Valuation Method 5-Year Smoothed Market

Actuarial Assumptions:

Investment rate of return	7.00 percent
Projected salary increases	2.50 percent - 8.00 percent; service based

Plan Membership:

Active Members	3,482
Retirees and Beneficiaries	4,411
Terminated Vested Members	2,664
Other Non-Vested Terminated Members	<u>3,138</u>
Total	13,695