

MINNEAPOLIS POLICE RELIEF ASSOCIATION

SPECIAL FUND

*December 31, 2008
Actuarial Valuation*

May, 2009

MINNEAPOLIS POLICE RELIEF ASSOCIATION
December 31, 2008 Actuarial Valuation

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MINNEAPOLIS POLICE RELIEF ASSOCIATION

December 31, 2008 Actuarial Valuation

Introduction

Purpose

This report presents the results of the December 31, 2008 valuation for the Minneapolis Police Relief Association. Its primary purposes are:

- to determine the funded status as of December 31, 2008,
- to determine the normal cost and the required amortization payment, and
- to present information required to be disclosed under Governmental Accounting Standards Board Statement No. 25 (GASB 25) as of December 31, 2008.

Sources of data

The Relief Association supplied December 31, 2008 data for all active and inactive members, including unit values and historical salary increase rates. The Relief Association has also provided asset information regarding the special fund including historical rates of return. We have relied on this data in preparing this report.

Changes from the previous valuation

The prior actuarial valuation of the plan was prepared as of December 31, 2007. The actuarial assumptions and methods used to prepare this report are the same as those used in the 2007 report, except for the mortality assumption. We have updated the mortality assumption from the UP-1984 Mortality Table set forward 2 years for males and set back 3 years for females to the 1983 GAM Mortality Table set back 2 years for males and set forward 1 year for females. This mortality table change has been approved by the Legislative Commission on Pensions and Retirement (LCPR).

The most recent union contract was through October 14, 2008. A unit value of 96.64 became effective January 1, 2008, and remains in effect as of the valuation date for this report - December 31, 2008.

For purposes of this valuation, we have used the 96.64 unit value as of the valuation date, with projected annual increases of 4% per year - the statutory salary increase assumption. For the December 31, 2007 valuation, we used the established unit value of 91.74. We projected this rate at 4% per year as required by statute, so that the estimated unit value as of December 31, 2008 would have been 95.41 - compared to the actual rate of 96.64 that has now been established.

Since the actual rate is more than what was projected in the previous year, and therefore benefit costs are more than expected, the plan liabilities have experienced an actuarial "loss" of \$5.5 million (see page 8, item A.3.b.)

MINNEAPOLIS POLICE RELIEF ASSOCIATION*December 31, 2008 Actuarial Valuation***Introduction (continued)****Summary of valuation results**

As of December 31, 2008, the funded status of the plan (actuarial value of assets divided by actuarial accrued liabilities) is 64.1% (see page 7). This is a decrease from last year's funded ratio of 87.9%. The drop in funded status is due to the change in mortality table, the actuarial loss described above, and to a decrease in the actuarial value of assets (see pages 4 and 8). The -29.8% return on the market value of assets produced a -5.5% return on the actuarial value that was less than the 6% statutory assumption. On a market value basis, the funded status has decreased from 90.8% to 49.2%.

Because the five-year average rate of return on investments as of the valuation date does not exceed the five-year average salary increase rate, a "13th Check" will not be payable in 2009.

Actuarial certification

We certify that the actuarial valuation has been prepared in accordance with Minnesota Statutes §§356.20-.23, §423B, and §69.77 as they relate to police department relief associations in cities of the first class in general and the Minneapolis Police Relief Association in particular.

We believe the results are reasonable and fairly represent the actuarial status of this plan.

Respectfully submitted,



Mark D. Meyer, FSA, MAAA
Consulting Actuary



Peter J. Cullen, EA
Consulting Actuary

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Summary of Results

<u>A. Plan participant data</u>	<u>December 31, 2007</u>	<u>December 31, 2008</u>
1. Number of participants		
a. Active employees	14	14
b. Terminated vested employees	0	0
c. Retirees	627	607
d. Disability	0	0
e. Surviving spouses	233	239
f. Surviving children	0	0
g. Total	874	860
<u>B. Normal costs</u>	<u>2007 Plan Year</u>	<u>2008 Plan Year</u>
1. Total normal cost		
a. Amount	\$187,403	\$219,890
b. Percentage of active payroll	15.81%	17.61%
2. Employer normal cost		
a. Amount	92,558	119,979
b. Percentage of active payroll	7.81%	9.61%
<u>C. Amortization payments</u>		
1. Unfunded actuarial accrued liability	\$51,814,909	\$182,225,698
2. Amortization payment	5,830,498	21,797,105
<u>D. Value of plan assets</u>	<u>December 31, 2007</u>	<u>December 31, 2008</u>
1. Market value	\$389,025,966	\$249,250,215
2. Actuarial value (for calculating contributions)	376,465,987	324,723,051
<u>E. Benefit liabilities</u>		
1. Present value of future benefits	\$428,468,299	\$507,168,639
2. Actuarial accrued liability	428,280,896	506,948,749
<u>F. Funded status</u>		
1. Market value of assets as a % of liabilities	90.8%	49.2%
2. Actuarial value of assets as a % of liabilities	87.9%	64.1%

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Funding Basis

Actuarial Value of Assets

A. Unrealized gain

Year Ending December 31:	Market Value	Book Value	Unrealized Gain (Market - Book)
2005	366,406,914	331,038,035	35,368,879
2006	390,831,714	340,010,710	50,821,004
2007	389,025,966	330,008,751	59,017,215
2008	249,250,215	307,540,360	(58,290,145)

B. Preliminary actuarial value of assets

	<u>December 31, 2007</u>	<u>December 31, 2008</u>
1. Book value of assets	\$330,008,751	\$307,540,360
2. Average unrealized gain for previous three years	48,402,366	17,182,691
3. Preliminary actuarial value	378,411,117	324,723,051

C. Excess investment income

1. Salary increases and time-weighted rate of return on assets

Year Ending December 31:	Salary Increase	Asset Return
2003	3.196%	22.7%
2004	3.525%	9.6%
2005	3.082%	5.9%
2006	1.932%	13.7%
2007	2.245%	7.2%
2008	7.635%	-29.8%

2. Determination of excess investment income

a. Arithmetic average of previous 5 years salary increases	2.796%	3.684%
b. Arithmetic average of previous 5 years of asset returns	11.820%	1.320%
c. Excess of asset return over salary increase	9.024%	0.000%
d. Excess minus 2%	7.024%	0.000%
e. Lesser of 0.5% or 2.d., times market value (not < 0)	\$1,945,130	\$0
f. December 2008 monthly benefits paid	2,850,354	3,208,120
g. Adjustment to assets (lesser of e. or f.)	1,945,130	0

D. Actuarial value of assets (B.3. - C.2.g.)

<u>\$376,465,987</u>	<u>\$324,723,051</u>
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MINNEAPOLIS POLICE RELIEF ASSOCIATION
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Summary of Member Data

	<u>December 31, 2007</u>	<u>December 31, 2008</u>
<u>A. Active members</u>		
1. Number		
a. Fully vested	14	14
b. Nonvested	0	0
c. Total	14	14
2. Average age	59.7	60.7
3. Average years of service	35.8	36.8
4. Total annual payroll for the year ending on valuation date	\$1,185,563	\$1,248,886
5. Average annual salary	\$84,683	\$89,206
<u>B. Vested terminated members</u>		
1. Number	0	0
2. Total annual deferred benefits	\$0	\$0
<u>C. Retirees</u>		
1. Age & service	627	607
2. Disability	0	0
3. Total	627	607
4. Total annual benefits	\$28,274,121	\$28,812,621
5. Average annual benefit	\$45,094	\$47,467
<u>D. Beneficiaries</u>		
1. Spouses	233	239
2. Children	0	0
3. Total	233	239
4. Total annual benefits	\$5,917,285	\$6,409,470
5. Average annual benefit	\$25,396	\$26,818
<u>E. Total number of members (A.1. + B.1. + C.3. + D.3.)</u>	874	860

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Summary of Changes in Membership

	<u>Actives</u>	<u>Vested Terminees</u>	<u>Retirees</u>	<u>Beneficiaries</u>	<u>Total</u>
<i><u>A. Number of members on December 31, 2007</u></i>	14	0	627	233	874
<i><u>B. Changes in membership</u></i>					
1. Retirements					0
2. Vested terminations					0
3. Active deaths					0
4. Retiree deaths			(20)	16	(4)
5. Beneficiary deaths				(10)	(10)
6. Expiration of surviving child benefits					0
7. Corrections					0
8. Total changes	0	0	(20)	6	(14)
<i><u>C. Number of members on December 31, 2008</u></i>	14	0	607	239	860

MINNEAPOLIS POLICE RELIEF ASSOCIATION
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Funding Basis

Actuarial Values Used to Determine Contribution

December 31, 2007 December 31, 2008

A. Actuarial present value of projected benefits (the value of all future benefits to be paid to the current group of members)

1. Active members	\$11,361,941	\$13,449,118
2. Vested terminated members	0	0
3. Retired members	365,853,398	432,662,536
4. Spouses and children receiving benefits	51,252,960	61,056,985
5. Disabled members receiving benefits	0	0
6. Total present value of projected benefits	428,468,299	507,168,639

B. Actuarial accrued liability (the cost allocated to all prior years)

1. Active members	\$11,174,538	\$13,229,228
2. Vested terminated members	0	0
3. Retired members	365,853,398	432,662,536
4. Spouses and children receiving benefits	51,252,960	61,056,985
5. Disabled members receiving benefits	0	0
6. Total actuarial accrued liability	428,280,896	506,948,749

C. Amortization of unfunded actuarial accrued liability

1. Total actuarial accrued liability (B.6.)	\$428,280,896	\$506,948,749
2. Actuarial value of assets	376,465,987	324,723,051
3. Unfunded actuarial accrued liability (1. - 2.)	51,814,909	182,225,698
4. Funded status (2. ÷ 1.)	87.9%	64.1%
5. Years left in amortization period	12	11
6. Amortization payment	5,830,498	21,797,105

D. Normal cost (the cost allocated to the current year)

1. Present value of future normal costs (A.6. - B.6.)	\$187,403	\$219,890
2. Normal cost as a dollar amount		
a. Total normal cost	187,403	219,890
b. Statutory adjustment for member contributions	94,845	99,911
c. Employer normal cost (a. - b.)	92,558	119,979
3. Payroll for year ending on valuation date	1,185,563	1,248,886
4. Normal cost as a percent of active payroll		
a. Total normal cost (2.a. ÷ 3.)	15.81%	17.61%
b. Statutory adjustment for member contributions (2.b. ÷ 3.)	8.00%	8.00%
c. Employer normal cost (2.c. ÷ 3.)	7.81%	9.61%

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Funding Basis

Changes in the Unfunded Actuarial Accrued Liability

A. Liability gain or loss for the year ending on December 31, 2008

1. Expected actuarial accrued liability (AAL)	
a. AAL as of December 31, 2007	\$428,280,896
b. Normal cost as of December 31, 2007 (excluding expenses)	187,403
c. Interest to December 31, 2008 on the AAL and normal cost	25,708,098
d. Benefit payments for the year (excluding post-retirement payments)	(35,666,049)
e. Interest on benefit payments (1/2 year)	(1,069,981)
f. Expected AAL on December 31, 2008 (sum of a. through e.)	417,440,367
2. Actual AAL on December 31, 2008	
a. Before any assumption or plan changes	424,206,345
b. After unit value changes	429,675,101
c. After assumption and unit value changes	506,948,749
d. After plan changes	506,948,749
3. Liability (gain) or loss	
a. Due to plan experience different from that expected (2a. - 1f.)	6,765,978
b. Due to change in unit value different from expected (2.b. - 2.a.)	5,468,756
c. Due to changes in actuarial assumptions (2c.- 2b.)	77,273,648
d. Due to plan changes (2d. - 2c.)	0
e. Total (a. + b. + c. + d.)	89,508,382

B. Asset gain or loss for the year ending on December 31, 2008

1. Expected actuarial value of assets	
a. Actuarial value of assets on December 31, 2007	376,465,987
b. Benefit payments and expenses (including post-retirement payments)	(38,186,021)
c. Contributions for the year	5,811,348
d. Expected return on assets	21,616,719
e. Expected actuarial value of assets on December 31, 2008 (sum of a. through d.)	365,708,033
2. Actual actuarial value of assets on December 31, 2008	324,723,051
3. Asset (gain) or loss (1e. - 2.)	40,984,982

C. Changes in the unfunded AAL

1. Expected unfunded AAL on December 31, 2008	51,732,334
2. Changes	
a. Actuarial (gain) or loss other than change in unit value	47,750,960
b. Change in unit value different from expected	5,468,756
c. Changes in actuarial methods and assumptions	77,273,648
d. Plan change	0
e. Total change	130,493,364
3. Unfunded AAL on December 31, 2008	182,225,698

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Accounting Basis

Statement of Plan Net Assets

	Market	Book
<u>A. Investment assets</u>		
Fixed income	21,784,576	23,174,552
State Board of Investment	139,832,761	171,544,601
Mutual funds	71,642,459	95,025,994
Cash equivalents and other investments	16,888,314	18,693,108
Total	<u>250,148,110</u>	<u>308,438,255</u>
<u>B. Checking account</u>	5,943	5,943
<u>C. Accrued/payable</u>		
Accrued investment income	222,000	222,000
Accrued contributions	82,354	82,354
Investment sales receivable	999,931	999,931
Investment purchase payable	0	0
Accounts payable	<u>(2,208,123)</u>	<u>(2,208,123)</u>
Total	<u>(903,838)</u>	<u>(903,838)</u>
<u>D. Total pension assets (A. + B. + C.)</u>	<u>\$249,250,215</u>	<u>\$307,540,360</u>

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Accounting Basis

Statement of Changes in Plan Net Assets

	<u>2007</u>	<u>2008</u>
<u>A. Additions</u>		
1. Contributions		
a. State	\$3,167,214	\$2,275,349
b. City	3,647,229	3,535,999
c. Other	0	0
d. Total	6,814,443	5,811,348
2. Investment income	27,537,102	(107,698,299)
3. Unclaimed property	405,498	297,221
4. Proceeds from litigation	0	0
5. Total additions	34,757,043	(101,589,730)
<u>B. Deductions</u>		
1. Benefits paid		
a. Regular benefit payments	\$34,081,838	\$35,666,049
b. Post-retirement payments	1,951,392	1,941,041
c. Total	36,033,230	37,607,090
2. Administrative expense	529,561	578,931
3. Total deductions	36,562,791	38,186,021
<u>C. Net increase (A.5. - B.3.)</u>	(1,805,748)	(139,775,751)
<u>D. Net assets held in special fund</u>		
1. Beginning of year	\$390,831,714	\$389,025,966
2. Post closing audit adjustments	0	0
3. End of year	\$389,025,966	\$249,250,215

MINNEAPOLIS POLICE RELIEF ASSOCIATION
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Accounting Basis

Schedule of Funding Progress
(Dollar amounts in thousands)

As of December 31:	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
1992	\$265,307	\$325,891	\$60,584	81.4%
1993	288,942	347,879	58,937	83.1%
1994	280,772	344,087	63,315	81.6%
1995	294,692	358,657	63,965	82.2%
1996	320,686	382,957	62,271	83.7%
1997	362,683	398,728	36,045	91.0%
1998	387,530	414,694	27,164	93.4%
1999	427,122	447,596	20,474	95.4%
2000	391,083	447,086	56,003	87.5%
2001	349,170	464,649	115,479	75.1%
2002	309,667	463,487	153,820	66.8%
2003	300,154	465,276	165,122	64.5%
2004*	322,278	469,557	147,279	68.6%
2005	359,032	464,222	105,190	77.3%
2006	377,013	439,992	62,979	85.7%
2007	376,466	428,281	51,815	87.9%
2008	324,723	506,949	182,226	64.1%

**After change in benefit and funding provisions, from restated report*

MINNEAPOLIS POLICE RELIEF ASSOCIATION
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Accounting Basis

Schedule of Employer Contributions

Year Ended <u>December 31:</u>	City <u>Contributions</u>	State <u>Contributions</u>	Total Employer <u>Contributions</u>
1992	\$5,926,443	\$2,975,695	\$8,902,138
1993	5,664,620	2,550,138	8,214,758
1994	4,437,124	2,354,380	6,791,504
1995	4,583,006	3,776,109	8,359,115
1996	4,144,998	4,317,908	8,462,906
1997	3,907,944	3,630,557	7,538,501
1998	2,698,561	3,431,684	6,130,245
1999	698,080	3,021,373	3,719,453
2000	1,295,071	3,268,063	4,563,134
2001	10,812	3,448,383	3,459,195
2002	2,912,060	5,413,835	8,325,895
2003	13,540,305	5,879,854	19,420,159
2004	20,800,530	7,089,022	27,889,552
2005	24,976,747	6,573,582	31,550,329
2006	5,366,224	5,200,521	10,566,745
2007	3,647,229	3,167,214	6,814,443
2008	3,535,999	2,275,349	5,811,348

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Historical Unit Values

	Effective Date	Contract Unit Values	Months Paid	Historical Salary Rates for PRB		
				Annualized Unit Values	Annualized Return	5-Year Average
2000	01/01/2000	68.36	9.5	68.7350		
	10/15/2000	70.16	2.5			
2001	01/01/2001	73.16	9.5	73.6850	7.202%	
	10/15/2001	75.68	2.5			
2002	01/01/2002	77.74	9.5	78.2275	6.165%	
	10/15/2002	80.08	2.5			
2003	01/01/2003	80.08	9.5	80.7279	3.196%	
	10/15/2003	83.19	2.5			
2004	01/01/2004	83.19	9.5	83.5733	3.525%	
	10/15/2004	85.03	2.5			
2005	01/01/2005	85.03	2.0	86.1488	3.082%	4.634%
	03/01/2005	86.02	7.5			
	10/15/2005	87.43	2.5			
2006	01/01/2006	87.43	9.5	87.8133	1.932%	3.580%
	10/15/2006	89.27	2.5			
2007	01/01/2007	89.27	9.5	89.7846	2.245%	2.796%
	10/15/2007	91.74	2.5			
2008	01/01/2008	96.64	9.5	96.6400	7.635%	3.684%
	10/15/2008	96.64	2.5			
2009	01/01/2009	96.64	9.5	96.6400	0.000%	2.979%
	10/15/2009	96.64	2.5			

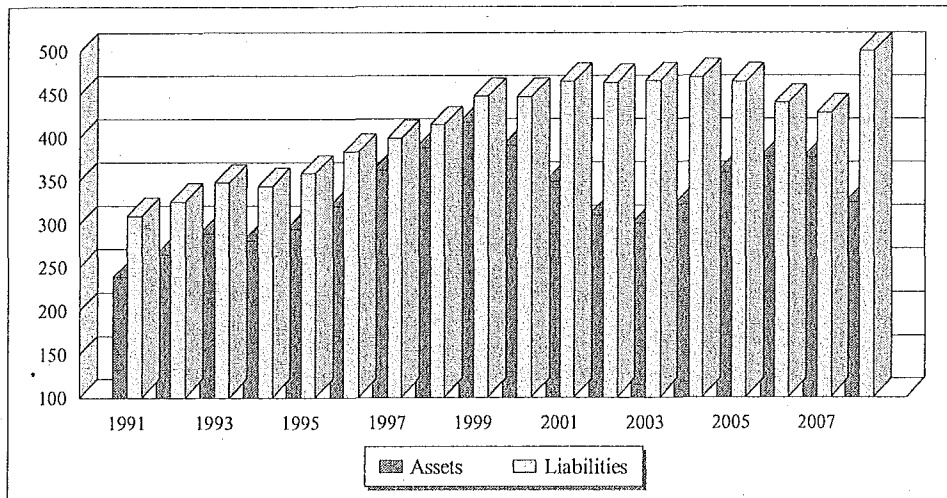
Contract Unit Values: The most recent contract as of the date of this report expired October 14, 2008. The last unit value determined under that contract was 96.64 effective as of January 1, 2008.

Historical Tables

Historical Funding Ratio Schedule
 (Dollar amounts in thousands)

As of December 31:	Actuarial Accrued Liability	Actuarial Value of Assets	Percent Funded
1989	\$290,537	\$211,081	72.7%
1990*	299,151	223,919	74.9%
1991	309,429	238,975	77.2%
1992*	325,891	265,307	81.4%
1993*	347,879	288,942	83.1%
1994*	344,087	280,772	81.6%
1995	358,657	294,692	82.2%
1996	382,957	320,686	83.7%
1997	398,728	362,683	91.0%
1998*	414,694	387,531	93.4%
1999	447,596	418,122	95.4%
2000	447,086	391,083	87.5%
2001	464,649	349,170	75.1%
2002	463,487	309,667	66.8%
2003	465,276	300,154	64.5%
2004*	469,557	322,278	68.6%
2005	464,222	359,032	77.3%
2006	439,992	377,013	85.7%
2007	428,281	376,466	87.9%
2008	506,949	324,723	64.1%

*After change in benefit and funding provisions, from restated report



MINNEAPOLIS POLICE RELIEF ASSOCIATION

December 31, 2008 Actuarial Valuation

Historical Tables

History of Actuarially Determined Employer Contributions

<u>Valuation December 31:</u>	<u>Normal Cost as a Percent of Payroll</u>	<u>Amortization of Unfunded Actuarial Liability</u>
1989	24.53%	\$6,727,495
1990	25.61%	6,547,850
1991	25.58%	6,319,193
1992	25.62%	5,615,587
1993	25.57%	5,663,676
1994	25.43%	6,331,000
1995	24.91%	6,683,106
1996	24.83%	6,831,165
1997	24.66%	4,175,261
1998	26.53%	3,344,809
1999	26.50%	2,624,238
2000	24.03%	7,767,618
2001	23.10%	17,543,533
2002	21.56%	25,994,756
2003	19.78%	31,678,807
2004*	18.96%	14,305,932
2005	17.93%	10,676,247
2006	16.87%	6,711,413
2007	15.81%	5,830,498
2008	17.61%	21,797,105

The required municipal normal cost contribution is the total normal cost shown less an 8% adjustment for member payroll contributions.

**After change in benefit and funding provisions, from restated report*

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Historical Tables

Comparative Schedule of Active Members

Valuation December 31:	Number of Active Members	Projected Payroll	Averages		
			Age	Service	Pay
1989	460	\$18,421,160	46.6	21.0	\$40,046
1990	433	17,859,951	47.3	21.8	41,247
1991	410	17,658,290	48.0	22.5	43,069
1992	381	16,913,352	48.5	23.2	44,392
1993	349	16,576,802	49.2	24.0	47,498
1994	307	14,799,242	49.8	24.6	48,206
1995	278	13,937,530	50.3	25.3	50,135
1996	239	13,002,556	50.9	25.9	54,404
1997	188	10,817,520	51.1	26.3	57,540
1998	148	8,856,616	51.5	26.8	59,842
1999*	123	7,804,036	51.3	26.6	63,447
2000	97	6,583,342	51.7	27.2	67,870
2001	73	5,238,480	52.6	28.4	71,760
2002	53	3,955,411	53.7	29.4	74,630
2003	24	1,860,356	55.0	30.4	77,515
2004	18	1,429,255	55.2	31.1	79,403
2005	17	1,403,846	57.4	33.3	82,579
2006	15	1,236,046	58.8	34.5	82,403
2007	14	1,185,563	59.7	35.8	84,683
2008	14	1,248,886	60.7	36.8	89,206

**Payroll used to calculate normal cost for calendar year 1999 is \$7,503,881.*

MINNEAPOLIS POLICE RELIEF ASSOCIATION
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Historical Tables

Comparative Schedule of Inactive Members

As of December 31:	Number of Retirees and Beneficiaries			Actual Annual Benefits	Projected Annual Benefits	Present Value of Benefits
	Added to Rolls	Removed from Rolls	On Valuation Date			
1989	40	31	752	\$12,988,156	\$12,007,149	\$163,236,324
1990	33	33	752	13,179,656	12,579,039	169,649,676
1991	30	25	757	12,726,042	13,152,752	175,237,680
1992	55	28	784	14,764,375	14,352,332	192,504,840
1993	45	33	796	15,646,456	15,690,269	212,051,856
1994	56	40	812	18,040,942	17,238,698	226,104,506
1995	35	39	808	17,597,704	17,375,347	235,698,327
1996	51	28	831	20,240,597	19,435,342	263,685,600
1997	82	35	878	25,513,260	21,662,581	298,497,984
1998	65	23	920	24,511,366	24,020,183	330,745,536
1999	34	37	917	26,213,944	26,701,339	368,568,524
2000	34	37	924	30,697,541	28,043,660	385,062,755
2001	41	34	933	30,503,691	30,398,324	413,026,264
2002	35	40	928	30,724,261	31,446,287	423,583,483
2003	40	31	935	31,855,476	33,194,254	447,163,590
2004*	40	31	921	32,797,952	34,479,242	455,208,169
2005	10	27	904	33,789,746	34,157,890	450,360,551
2006	19	39	884	34,121,401	34,216,563	428,105,651
2007	14	38	860	36,033,230	34,191,406	417,106,358
2008	16	30	846	37,607,090	35,222,091	493,719,521

*After change in benefit and funding provisions, from restated report

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Actuarial Methods and Assumptions

1. Mortality
- The 1983 GAM Mortality Table set back 2 years for males and set forward 1 year for females.
- Changed from the UP-1984 Mortality Table set forward 2 years for males and set back 3 years for females as of December 31, 2007*
2. Withdrawal
- The rate of withdrawal is 0% after age 50. The plan is frozen, and all remaining active members are over age 50.
3. Disability
- Rates varying by age. Sample disability rates are as follows:
- | <u>Age</u> | <u>Rate</u> |
|------------|-------------|
| 25 | 0.08% |
| 30 | 0.08 |
| 35 | 0.08 |
| 40 | 0.20 |
| 45 | 0.26 |
| 50 | 0.49 |
| 55 | 0.89 |
4. Retirement age
- Members are assumed to retire at age 54, or attained age if older.
5. Interest rate
- 6% compounded annually.
6. Unit value/Salary scale
- The unit value as of December 31, 2008, based on the most recent union contract (which expired October 14, 2008) is 96.64. All future unit values for actives and inactive are assumed to increase 4% per year from the valuation date.
7. Actuarial cost method
- The Entry Age Normal Cost Method. Under this method, the normal cost for an individual member is the level percentage of pay required, beginning on the date of joining the association, to accumulate the funds needed to pay the member's accrued benefits by their assumed retirement age. The actuarial accrued liability is the accumulated value of these annual normal costs on a given date. The normal cost and accrued liability for the plan is the total of these values for

MINNEAPOLIS POLICE RELIEF ASSOCIATION
December 31, 2008 Actuarial Valuation

Summary of Plan Provisions

1. Normal retirement benefit
Annual benefit of 30.40/80 of base pay for first 19 years of service. An additional 4.60/80 units are awarded for the 20th year of service. For service years in excess of 20, an additional 1.60/80 is granted; to a maximum of 25 years of service and 43/80 of base pay. "Base pay" for this purpose means the maximum monthly salary of a first class patrolman. Members must be at least age 50 with 5 years of service to receive this benefit.
2. Deferred vested benefit
The plan is frozen. All remaining active members are eligible for an immediate benefit upon retirement.
3. Disability benefit
Annual benefit of 34/80 of base pay for members no longer able to perform the duties of a policeman due to disability.
4. Surviving spouse's benefit
Annual benefit of 23/80 of base pay for the surviving spouse of an active or retired member.
5. Surviving children's benefit
Annual benefit of 8/80 of base pay for each surviving child of an active or retired member. Benefits continue to age 18, or to age 22 if the child is a full-time student. The total benefit for surviving children and spouse combined is limited to 41/80 of base pay.
6. Member contributions
Members are required to contribute 8% of base pay. After 25 years of service, member contributions are paid to a separate health insurance account. In the event of death without survivorship, member contributions are refundable including 5% interest from the month the contribution is made.