

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

Table of Contents

INTRODUCTION	7
Statement	8
SPTRFA Board of Trustees and Staff	9
Letter of Transmittal	10
Independent Professional Service Providers	12
Organizational Chart as of June 30, 2025	13
BENEFITS SECTION	15
Pre-Retirement Topics	16
Retirement Topics	17
Post-Retirement Topics	18
Basic Plan - Summary of Benefits	19
Coordinated Plan - Summary of Benefits	20
Retirement History Record	21
FINANCIAL SECTION	23
Management's Discussion and Analysis	24
Statement of Fiduciary Net Position	32
Statement of Change in Fiduciary Net Position	33
INVESTMENT SECTION	35
ACTUARIAL SECTION	41
Actuarial Certification Letter	42
Actuarial Section Discussion	44
Actuarial Section Schedules	45
APPENDIX	57
APPENDIX A – State Auditor's Report	58
APPENDIX B – GRS Actuarial Funding Report	117

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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

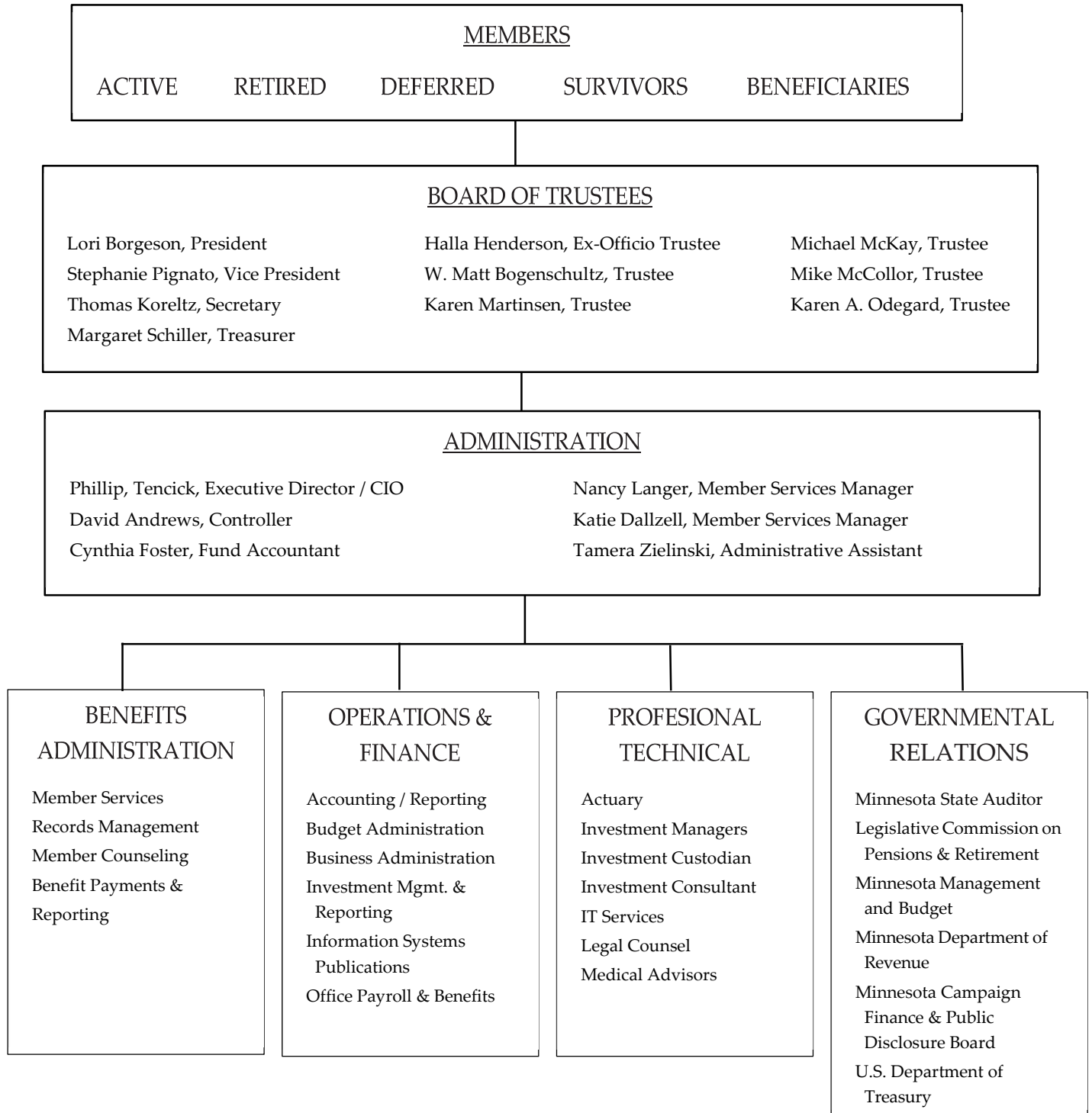
Fox Rothschild, LLP

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

* 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		} FAS x YOS x 2.0%
	60	25	
	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.

Saint Paul Teachers' Retirement Fund Association

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.

Saint Paul Teachers' Retirement Fund Association

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.

Saint Paul Teachers' Retirement Fund Association

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.

Saint Paul Teachers' Retirement Fund Association

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

Saint Paul Teachers' Retirement Fund Association

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

Saint Paul Teachers' Retirement Fund Association

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.

Saint Paul Teachers' Retirement Fund Association

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.

Saint Paul Teachers' Retirement Fund Association

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.

Saint Paul Teachers' Retirement Fund Association

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INVESTMENT SECTION

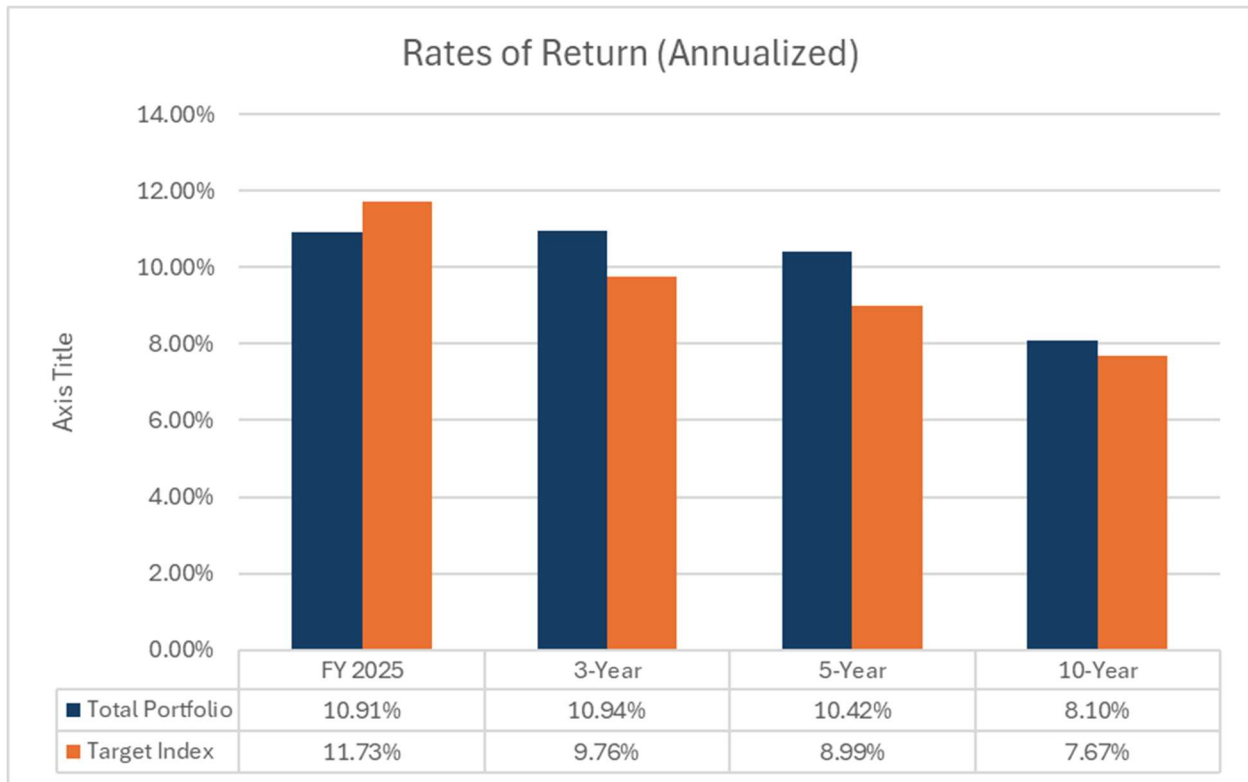
Saint Paul Teachers' Retirement Fund Association

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

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%

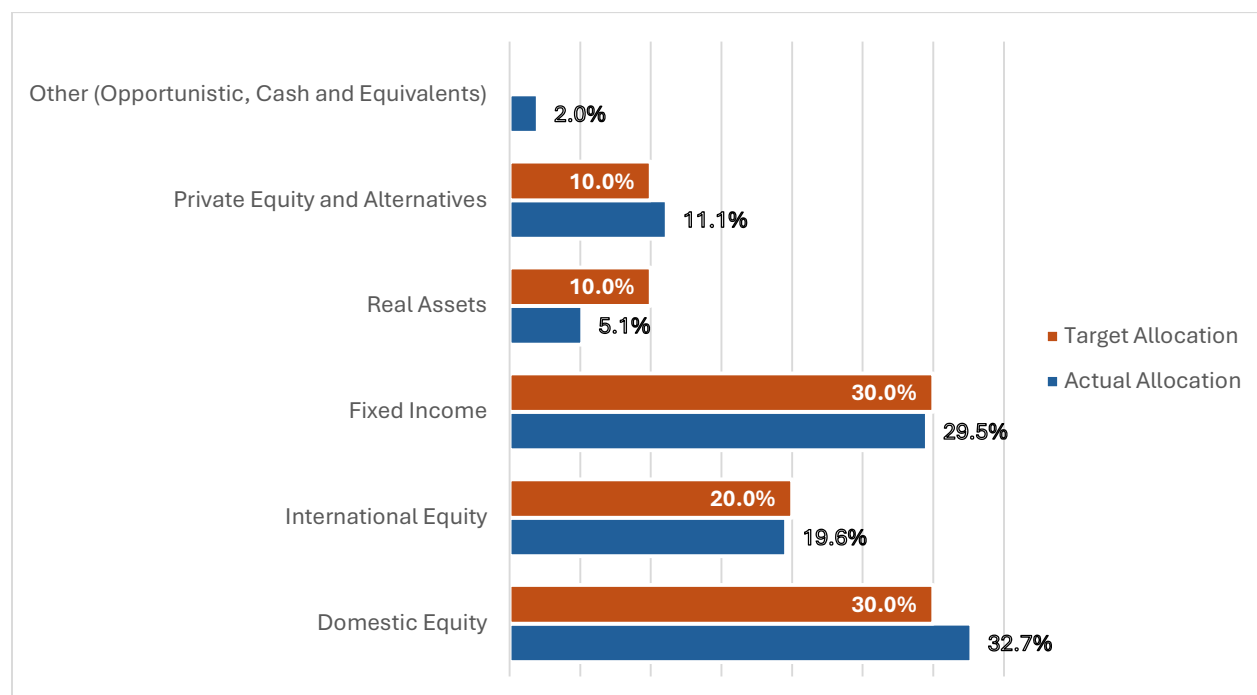
³ Investment cash and cash equivalents are allocated back to the investment portfolios that hold them.

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



800.521.0498 | P: 248.799.9000 | www.grsconsulting.com

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.

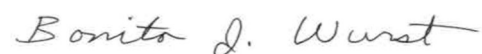
This report should not be relied on for any purpose other than the purpose described in this report. Determinations of financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

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.

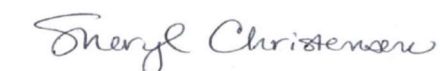
This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. Bonita J. Wurst and Sheryl L. Christensen are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render 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

APPENDIX B – GRS Actuarial Funding Report