A bill for an act
relating to retirement; major general employee statewide retirement plans; revising statutory salary scale actuarial assumptions; revising payroll growth actuarial assumptions; amending Minnesota Statutes 2010, section 356.215, subdivision 8.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2010, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Minneapolis Police Relief Association	6.0	6.0
Fairmont Police Relief Association	5.0	5.0

Minneapolis Fire Department Relief Association	6.0	6.0
Virginia Fire Department Relief Association	5.0	5.0
Bloomington Fire Department Relief Association	6.0	6.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

(b) Before July 1, 2010, the actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
judges retirement plan	4.0
Minneapolis Police Relief Association	4.0
Fairmont Police Relief Association	3.5
Minneapolis Fire Department Relief Association	4.0
Virginia Fire Department Relief Association	3.5
Bloomington Fire Department Relief Association	4.0

(2) age-related select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
~~general state employees retirement plan~~	~~select calculation and assumption A~~
correctional state employees retirement plan	assumption ~~G~~ E
State Patrol retirement plan	assumption ~~F~~ D
public employees police and fire fund retirement plan	assumption ~~B~~ A
local government correctional service retirement plan	assumption ~~F~~ D
~~teachers retirement plan~~	~~assumption C~~
Duluth teachers retirement plan	assumption ~~D~~ B
St. Paul teachers retirement plan	assumption ~~E~~ C

The select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is five years and the designated integer is five for the general state employees retirement plan. The designated select period is ten years and the designated integer is ten for all other retirement plans covered by this clause. The designated percentage rate is: (1) 0.2 percent for the correctional state employees retirement plan, the State Patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan; (2) 0.6 percent for the general state employees retirement plan; and (3) 0.3 percent for the teachers retirement plan, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association. The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.

The ultimate future salary increase assumption is:

age	~~A~~	~~B~~ A	~~C~~	~~D~~ B	~~E~~ C	~~F~~ D	~~G~~ E
16	~~5.95%~~	11.00%	~~7.70%~~	8.00%	6.90%	7.7500%	7.2500%
17	~~5.90~~	11.00	~~7.65~~	8.00	6.90	7.7500	7.2500
18	~~5.85~~	11.00	~~7.60~~	8.00	6.90	7.7500	7.2500
19	~~5.80~~	11.00	~~7.55~~	8.00	6.90	7.7500	7.2500
20	~~5.75~~	11.00	~~5.50~~	6.90	6.90	7.7500	7.2500
21	~~5.75~~	11.00	~~5.50~~	6.90	6.90	7.1454	6.6454
22	~~5.75~~	10.50	~~5.50~~	6.90	6.90	7.0725	6.5725
23	~~5.75~~	10.00	~~5.50~~	6.85	6.85	7.0544	6.5544
24	~~5.75~~	9.50	~~5.50~~	6.80	6.80	7.0363	6.5363
25	~~5.75~~	9.00	~~5.50~~	6.75	6.75	7.0000	6.5000
26	~~5.75~~	8.70	~~5.50~~	6.70	6.70	7.0000	6.5000
27	~~5.75~~	8.40	~~5.50~~	6.65	6.65	7.0000	6.5000
28	~~5.75~~	8.10	~~5.50~~	6.60	6.60	7.0000	6.5000

29	~~5.75~~	7.80	~~5.50~~	6.55	6.55	7.0000	6.5000
30	~~5.75~~	7.50	~~5.50~~	6.50	6.50	7.0000	6.5000
31	~~5.75~~	7.30	~~5.50~~	6.45	6.45	7.0000	6.5000
32	~~5.75~~	7.10	~~5.50~~	6.40	6.40	7.0000	6.5000
33	~~5.75~~	6.90	~~5.50~~	6.35	6.35	7.0000	6.5000
34	~~5.75~~	6.70	~~5.50~~	6.30	6.30	7.0000	6.5000
35	~~5.75~~	6.50	~~5.50~~	6.25	6.25	7.0000	6.5000
36	~~5.75~~	6.30	~~5.50~~	6.20	6.20	6.9019	6.4019
37	~~5.75~~	6.10	~~5.50~~	6.15	6.15	6.8074	6.3074
38	~~5.75~~	5.90	~~5.40~~	6.10	6.10	6.7125	6.2125
39	~~5.75~~	5.70	~~5.30~~	6.05	6.05	6.6054	6.1054
40	~~5.75~~	5.50	~~5.20~~	6.00	6.00	6.5000	6.0000
41	~~5.75~~	5.40	~~5.10~~	5.90	5.95	6.3540	5.8540
42	~~5.75~~	5.30	~~5.00~~	5.80	5.90	6.2087	5.7087
43	~~5.65~~	5.20	~~4.90~~	5.70	5.85	6.0622	5.5622
44	~~5.55~~	5.10	~~4.80~~	5.60	5.80	5.9048	5.4078
45	~~5.45~~	5.00	~~4.70~~	5.50	5.75	5.7500	5.2500
46	~~5.35~~	4.95	~~4.60~~	5.40	5.70	5.6940	5.1940
47	~~5.25~~	4.90	~~4.50~~	5.30	5.65	5.6375	5.1375
48	~~5.15~~	4.85	~~4.50~~	5.20	5.60	5.5822	5.0822
49	~~5.05~~	4.80	~~4.50~~	5.10	5.55	5.5404	5.0404
50	~~4.95~~	4.75	~~4.50~~	5.00	5.50	5.5000	5.0000
51	~~4.85~~	4.75	~~4.50~~	4.90	5.45	5.4384	4.9384
52	~~4.75~~	4.75	~~4.50~~	4.80	5.40	5.3776	4.8776
53	~~4.65~~	4.75	~~4.50~~	4.70	5.35	5.3167	4.8167
54	~~4.55~~	4.75	~~4.50~~	4.60	5.30	5.2826	4.7826
55	~~4.45~~	4.75	~~4.50~~	4.50	5.25	5.2500	4.7500
56	~~4.35~~	4.75	~~4.50~~	4.40	5.20	5.2500	4.7500
57	~~4.25~~	4.75	~~4.50~~	4.30	5.15	5.2500	4.7500
58	~~4.25~~	4.75	~~4.60~~	4.20	5.10	5.2500	4.7500
59	~~4.25~~	4.75	~~4.70~~	4.10	5.05	5.2500	4.7500
60	~~4.25~~	4.75	~~4.80~~	4.00	5.00	5.2500	4.7500
61	~~4.25~~	4.75	~~4.90~~	3.90	5.00	5.2500	4.7500
62	~~4.25~~	4.75	~~5.00~~	3.80	5.00	5.2500	4.7500
63	~~4.25~~	4.75	~~5.10~~	3.70	5.00	5.2500	4.7500
64	~~4.25~~	4.75	~~5.20~~	3.60	5.00	5.2500	4.7500
65	~~4.25~~	4.75	~~5.20~~	3.50	5.00	5.2500	4.7500
66	~~4.25~~	4.75	~~5.20~~	3.50	5.00	5.2500	4.7500
67	~~4.25~~	4.75	~~5.20~~	3.50	5.00	5.2500	4.7500
68	~~4.25~~	4.75	~~5.20~~	3.50	5.00	5.2500	4.7500
69	~~4.25~~	4.75	~~5.20~~	3.50	5.00	5.2500	4.7500
70	~~4.25~~	4.75	~~5.20~~	3.50	5.00	5.2500	4.7500
71	~~4.25~~		~~5.20~~				

(3) service-related ultimate future salary increase assumption

general state employees retirement plan of the Minnesota State Retirement System	assumption A
general employees retirement plan of the Public Employees Retirement Association	assumption B
Teachers Retirement Association	assumption C

service length	~~general employees retirement plan of the Public Employees Retirement Association~~ A	B	C
1	~~12.03%~~ 10.75%	12.25%	12.00%
2	~~8.90~~ 8.35	9.15	9.00
3	~~7.46~~ 7.15	7.75	8.00
4	~~6.58~~ 6.45	6.85	7.50
5	~~5.97~~ 5.95	6.25	7.25
6	~~5.52~~ 5.55	5.75	7.00
7	~~5.16~~ 5.25	5.45	6.85
8	~~4.87~~ 4.95	5.15	6.70
9	~~4.63~~ 4.75	4.85	6.55
10	~~4.42~~ 4.65	4.65	6.40
11	~~4.24~~ 1.45	4.45	6.25
12	~~4.08~~ 1.35	4.35	6.00
13	~~3.94~~ 4.25	4.15	5.75
14	~~3.82~~ 4.05	4.05	5.50
15	~~3.70~~ 3.95	3.95	5.25
16	~~3.60~~ 3.85	3.85	5.00
17	~~3.51~~ 3.75	3.75	4.75
18	~~3.50~~ 3.75	3.75	4.50
19	~~3.50~~ 3.75	3.75	4.25
20	~~3.50~~ 3.75	3.75	4.00
21	~~3.50~~ 3.75	3.75	3.90
22	~~3.50~~ 3.75	3.75	3.80
23	~~3.50~~ 3.75	3.75	3.70
24	~~3.50~~ 3.75	3.75	3.60
25	~~3.50~~ 3.75	3.75	3.50
26	~~3.50~~ 3.75	3.75	3.50
27	~~3.50~~ 3.75	3.75	3.50
28	~~3.50~~ 3.75	3.75	3.50
29	~~3.50~~ 3.75	3.75	3.50
30 or more	~~3.50~~ 3.75	3.75	3.50

(c) Before July 2, 2010, the actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan of the Minnesota State Retirement System	~~4.50%~~ 3.75%
correctional state employees retirement plan	4.50
State Patrol retirement plan	4.50
legislators retirement plan	4.50
judges retirement plan	4.00
general employees retirement plan of the Public Employees Retirement Association	~~4.00~~ 3.75
public employees police and fire retirement plan	4.50
local government correctional service retirement plan	4.50
teachers retirement plan	~~4.50~~ 3.75
Duluth teachers retirement plan	4.50
St. Paul teachers retirement plan	5.00

(d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

EFFECTIVE DATE. This section is effective retroactively from June 30, 2010.