

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 3462

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DATE	D-PG	OFFICIAL STATUS
03/15/2018	6522	Introduction and first reading
		Referred to State Government Finance and Policy and Elections
05/09/2018	8799	Author added Nelson

1.1 A bill for an act
1.2 relating to retirement; retirement systems generally; requiring annual stress testing;
1.3 proposing coding for new law in Minnesota Statutes, chapter 356.

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

1.5 Section 1. 356.231 **STRESS TESTING.**

1.6 (a) The board of directors of the Minnesota State Retirement System, the board of trustees
1.7 of the Public Employees Retirement System, the board of trustees of the Teachers Retirement
1.8 Association, and the board of trustees of the St. Paul Teachers Retirement Fund Association
1.9 shall adopt a uniform method to conduct and report annual sensitivity and stress test analyses
1.10 of the pension plans they administer.

1.11 (b) The uniform method adopted shall be a method recommended by an organization
1.12 of actuaries in accordance with generally accepted and nationally recognized actuarial
1.13 standards.

1.14 (c) The stress test analyses shall include:

1.15 (1) projections that consider the effects of long-term conditions and patterns of behavior
1.16 of the investment market to assess the impact on each pension plan in periods when market
1.17 returns are significantly above or below baseline assumed returns;

1.18 (2) projections of assets, liabilities, pension debt, service costs, employee contributions,
1.19 employer contributions, net amortization, benefit payments, payroll, and funded ratio for
1.20 each pension plan for each of the next thirty years based upon the then-current actuarial
1.21 assumptions, including the assumed investment rate of return;

2.1 (3) projections for the items listed in clause (2), assuming that investment returns are
2.2 two percentage points lower than the assumed rate of return; and

2.3 (4) projections of the items listed in clause (2), if there is a one-year loss on investments
2.4 of twenty percent followed by a twenty-year period of investment returns two percentage
2.5 points below the assumed rate of return.

2.6 (d) The board of directors and boards of trustees shall deliver the stress test analyses for
2.7 each pension plan they administer to the executive director of the Legislative Commission
2.8 on Pensions and Retirement no later than March 1 each year.

2.9 (e) The Legislative Commission on Pensions and Retirement shall post, on its Web site
2.10 and in the same location as other actuarial valuation reports, the stress test analyses required
2.11 pursuant to this section.

2.12 **EFFECTIVE DATE.** This section is effective July 1, 2018.