# CHAPTER 356

# RETIREMENT SYSTEMS, GENERALLY



## 356.19 RETIREMENT BENEFIT FORMULA PERCENTAGES.

Subdivision 1. **Coordinated plan members.** The applicable benefit accrual rate is 1.2 percent.

Subd. 2. **Coordinated plan members.** The applicable benefit accrual rate is 1.7 percent.

Subd. 3. **Basic plan members.** The applicable benefit accrual rate is 2.2 percent.

Subd. 4. **Basic plan members.** The applicable benefit accrual rate is 2.7 percent.

Subd. 5. **Correctional plan members.** The applicable benefit accrual rate is 2.4 percent.

Subd. 6. **State troopers plan and police and fire plan members.** The applicable benefit accrual rate is 3.0 percent.

Subd. 7. **Judges plan.** The applicable benefit accrual rate is 2.7 percent.

Subd. 8. **Judges plan.** The applicable benefit accrual rate is 3.2 percent.

Subd. 9. **Future benefit accrual rate increases.** After January 2, 1998, benefit accrual rate increases under this section must apply only to allowable service or formula service rendered after the effective date of the benefit accrual rate increase.

**History:** *1997 c 233 art 1 s 55*

## 356.20 PUBLIC PENSION FUND FINANCIAL REPORTING REQUIREMENT.

*[For text of subd 1, see M.S.1996]*

Subd. 2. **Covered public pension funds.** This section applies to the following public pension plans:

(1) State employees retirement fund.

(2) Public employees retirement fund.

(3) Teachers retirement association.

(4) State patrol retirement fund.

(5) Minneapolis teachers retirement fund association.

(6) St. Paul teachers retirement fund association.

(7) Duluth teachers retirement fund association.

(8) Minneapolis employees retirement fund.

(9) University of Minnesota faculty retirement plan.

(10) University of Minnesota faculty supplemental retirement plan.

(11) Judges retirement fund.

(12) Any police or firefighter's relief association enumerated in section 69.77, subdivision 1a, or 69.771, subdivision 1.

(13) Public employees police and fire fund.

(14) Minnesota state retirement system correctional officers retirement fund.

*[For text of subds 3 to 4a, see M.S.1996]*

**History:** *1997 c 233 art 1 s 56*

## 356.215 ACTUARIAL VALUATIONS AND EXPERIENCE STUDIES.

*[For text of subd 1, see M.S.1996]*

Subd. 2. **Requirements.** (a) It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax supported retirement and pension plans for public employees. To achieve this goal, the legislative commission on pensions and retirement shall have prepared by the actuary retained by the commission annual actuarial valuations of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), quadrennial experience studies of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7), and, two years after each set of quadrennial experience studies, quadrennial projection valuations of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7), and of any other retirement plan enumerated in section 3.85, subdivision 11, paragraph (b), for which it determines that the analysis is beneficial. The governing or managing board or administrative officials of each public pension and retirement fund or plan enumerated in section 356.20, subdivision 2, clauses (9), (10), and (12), shall have prepared by an approved actuary annual actuarial valuations of their respective funds as provided in this section. This requirement also applies to any fund that is the successor to any organization enumerated in section 356.20, subdivision 2, or to the governing or managing board or administrative officials of any newly formed retirement fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire fund coming within the provisions of section 356.216.

(b) The quadrennial projection valuations required under paragraph (a) are intended to serve as an additional analytical tool with which policy makers may assess the future funding status of public plans through forecasting and testing various potential outcomes over time if certain plan assumptions or valuation methods were to be modified. In consultation with the executive director of the legislative commission on pensions and retirement, the retirement fund directors, the state economist, the state demographer, the commissioner of finance, and the commissioner of employee relations, the actuary retained by the legislative commission on pensions and retirement shall perform the quadrennial projection valuations, testing future implications for plan funding by modifying assumptions and methods currently in place. The commission–retained actuary shall provide advice to the commission as to the periods over which such projections should be made, the nature and scope of the scenarios to be analyzed, and the measures of funding status to be employed, and shall report the results of these analyses in the same manner as for quadrennial experience studies.

*[For text of subds 3 to 4c, see M.S.1996]*

Subd. 4d. **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% | 5.0% |
| correctional state employees retirement plan | 8.5 | 5.0 |
| state patrol retirement plan | 8.5 | 5.0 |
| legislators retirement plan | 8.5 | 5.0 |
| elective state officers retirement plan | 8.5 | 5.0 |
| judges retirement plan | 8.5 | 5.0 |
| general public employees retirement plan | 8.5 | 5.0 |
| public employees police and fire retirement plan | 8.5 | 5.0 |

| | | |
|---|---|---|
| local government correctional service retirement plan | 8.5 | 5.0 |
| teachers retirement plan | 8.5 | 5.0 |
| Minneapolis employees retirement plan | 6.0 | 5.0 |
| Duluth teachers retirement plan | 8.5 | 8.5 |
| Minneapolis teachers retirement plan | 8.5 | 8.5 |
| St. Paul teachers retirement plan | 8.5 | 7.5 |
| Minneapolis police relief association | 6.0 | 6.0 |
| other local police relief associations | 5.0 | 5.0 |
| Minneapolis fire department relief association | 6.0 | 6.0 |
| other local salaried firefighter relief associations | 5.0 | 5.0 |
| local monthly benefit volunteer firefighter relief associations | 5.0 | 5.0 |

(b) The actuarial valuation must use the applicable following 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% |
| elective state officers retirement plan | 5.0 |
| judges retirement plan | 5.0 |
| Minneapolis employees retirement plan | 4.0 |
| Minneapolis police relief association | 4.0 |
| other local police relief associations | 3.5 |
| Minneapolis fire department relief association | 4.0 |
| other local salaried firefighter relief associations | 3.5 |

(2) graded rate future salary increase assumption

| plan | future salary increase assumption |
|---|---|
| general state employees retirement plan | assumption A |
| correctional state employees retirement plan | assumption A |
| state patrol retirement plan | assumption A |
| general public employees retirement plan | assumption B |
| public employees police and fire fund retirement plan | assumption C |
| local government correctional service retirement plan | assumption C |
| teachers retirement plan | assumption D |
| Duluth teachers retirement plan | assumption E |
| Minneapolis teachers retirement plan | assumption F |
| St. Paul teachers retirement plan | assumption G |

| age | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| 16 | 7.2500% | 8.71% | 11.50% | 7.25% | 8.00% | 7.50% | 7.25% |
| 17 | 7.2500 | 8.71 | 11.50 | 7.25 | 8.00 | 7.50 | 7.25 |
| 18 | 7.2500 | 8.70 | 11.50 | 7.25 | 8.00 | 7.50 | 7.25 |
| 19 | 7.2500 | 8.70 | 11.50 | 7.25 | 8.00 | 7.50 | 7.25 |
| 20 | 7.2500 | 7.70 | 11.50 | 7.25 | 8.00 | 7.50 | 7.25 |
| 21 | 7.1454 | 7.70 | 11.50 | 7.25 | 8.00 | 7.50 | 7.25 |
| 22 | 7.1094 | 7.70 | 11.00 | 7.25 | 8.00 | 7.50 | 7.25 |
| 23 | 7.0725 | 7.70 | 10.50 | 7.20 | 7.90 | 7.40 | 7.25 |
| 24 | 7.0363 | 7.70 | 10.00 | 7.15 | 7.80 | 7.30 | 7.20 |
| 25 | 7.0000 | 7.60 | 9.50 | 7.10 | 7.70 | 7.20 | 7.15 |
| 26 | 7.0000 | 7.51 | 9.20 | 7.05 | 7.60 | 7.10 | 7.10 |
| 27 | 7.0000 | 7.39 | 8.90 | 7.00 | 7.50 | 7.00 | 7.05 |
| 28 | 7.0000 | 7.30 | 8.60 | 7.00 | 7.40 | 6.90 | 7.00 |
| 29 | 7.0000 | 7.20 | 8.30 | 7.00 | 7.30 | 6.80 | 6.95 |
| 30 | 7.0000 | 7.20 | 8.00 | 7.00 | 7.20 | 6.70 | 6.90 |
| 31 | 7.0000 | 7.10 | 7.80 | 7.00 | 7.10 | 6.60 | 6.85 |
| 32 | 7.0000 | 7.10 | 7.60 | 7.00 | 7.00 | 6.50 | 6.80 |
| 33 | 7.0000 | 7.00 | 7.40 | 7.00 | 6.90 | 6.40 | 6.75 |
| 34 | 7.0000 | 7.00 | 7.20 | 7.00 | 6.80 | 6.30 | 6.70 |
| 35 | 7.0000 | 6.90 | 7.00 | 7.00 | 6.70 | 6.20 | 6.65 |
| 36 | 6.9019 | 6.80 | 6.80 | 7.00 | 6.60 | 6.10 | 6.60 |
| 37 | 6.8074 | 6.70 | 6.60 | 7.00 | 6.50 | 6.00 | 6.55 |
| 38 | 6.7125 | 6.60 | 6.40 | 6.90 | 6.40 | 5.90 | 6.50 |
| 39 | 6.6054 | 6.50 | 6.20 | 6.80 | 6.30 | 5.80 | 6.40 |
| 40 | 6.5000 | 6.40 | 6.00 | 6.70 | 6.20 | 5.70 | 6.30 |
| 41 | 6.3540 | 6.30 | 5.90 | 6.60 | 6.10 | 5.60 | 6.20 |
| 42 | 6.2087 | 6.30 | 5.80 | 6.50 | 6.00 | 5.50 | 6.10 |
| 43 | 6.0622 | 6.30 | 5.70 | 6.35 | 5.90 | 5.45 | 6.00 |
| 44 | 5.9048 | 6.20 | 5.60 | 6.20 | 5.80 | 5.40 | 5.90 |
| 45 | 5.7500 | 6.20 | 5.50 | 6.05 | 5.70 | 5.35 | 5.80 |
| 46 | 5.6940 | 6.09 | 5.45 | 5.90 | 5.60 | 5.30 | 5.70 |
| 47 | 5.6375 | 6.00 | 5.40 | 5.75 | 5.50 | 5.25 | 5.65 |
| 48 | 5.5822 | 5.90 | 5.35 | 5.70 | 5.45 | 5.20 | 5.60 |
| 49 | 5.5405 | 5.80 | 5.30 | 5.65 | 5.40 | 5.15 | 5.55 |
| 50 | 5.5000 | 5.70 | 5.25 | 5.60 | 5.35 | 5.10 | 5.50 |
| 51 | 5.4384 | 5.70 | 5.25 | 5.55 | 5.30 | 5.05 | 5.45 |
| 52 | 5.3776 | 5.70 | 5.25 | 5.50 | 5.25 | 5.00 | 5.40 |
| 53 | 5.3167 | 5.70 | 5.25 | 5.45 | 5.25 | 5.00 | 5.35 |
| 54 | 5.2826 | 5.70 | 5.25 | 5.40 | 5.25 | 5.00 | 5.30 |
| 55 | 5.2500 | 5.70 | 5.25 | 5.35 | 5.25 | 5.00 | 5.25 |
| 56 | 5.2500 | 5.70 | 5.25 | 5.30 | 5.25 | 5.00 | 5.25 |
| 57 | 5.2500 | 5.70 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |
| 58 | 5.2500 | 5.70 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |
| 59 | 5.2500 | 5.70 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |
| 60 | 5.2500 | 5.00 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |
| 61 | 5.2500 | 5.00 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |
| 62 | 5.2500 | 5.00 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |
| 63 | 5.2500 | 5.00 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |
| 64 | 5.2500 | 5.00 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |
| 65 | 5.2500 | 5.00 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |
| 66 | 5.2500 | 5.00 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |
| 67 | 5.2500 | 5.00 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |
| 68 | 5.2500 | 5.00 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |
| 69 | 5.2500 | 5.00 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |
| 70 | 5.2500 | 5.00 | 5.25 | 5.25 | 5.25 | 5.00 | 5.25 |

(c) 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 | 5.00% |
| correctional state employees retirement plan | 5.00 |
| state patrol retirement plan | 5.00 |
| legislators retirement plan | 5.00 |
| elective state officers retirement plan | 5.00 |
| judges retirement plan | 5.00 |
| general public employees retirement plan | 6.00 |
| public employees police and fire retirement plan | 6.00 |
| local government correctional service retirement plan | 6.00 |
| teachers retirement plan | 5.00 |
| Duluth teachers retirement plan | 5.00 |
| Minneapolis teachers retirement plan | 5.00 |
| St. Paul teachers retirement plan | 5.00 |

*[For text of subds 4e and 4f, see M.S.1996]*

Subd. 4g. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item

(i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 4d in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the public employees retirement association police and fire plan, the correctional employees retirement plan of the Minnesota state retirement system, and the state patrol retirement plan, an excess of valuation assets over actuarial accrued liability must be amortized in the same manner over the same period as an unfunded actuarial accrued liability but must serve to reduce the required contribution instead of increasing it.

*[For text of subds 4h to 7, see M.S.1996]*

**History:** *1997 c 233 art 1 s 57,59; 1997 c 241 art 4 s 1*

**NOTE:** Subdivision 4d was also amended by Laws 1997, chapter 233, article 1, section 58, to read as follows:

"Subd. 4d. **Interest and salary assumptions.** (a) For funds governed by chapter 352B, and by sections 352.90 through 352.951 and 353.63 through 353.68, the actuarial valuation must use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of six percent, and a future salary increase assumption of 6.5 percent.

(b) For funds governed by chapter 354A, the actuarial valuation must use preretirement and postretirement assumptions of 8.5 percent and a future salary increase assumption of 6.5 percent, but the actuarial valuation must reflect the payment of postretirement adjustments to retirees, based on the methods specified in the bylaws of the fund as approved by the legislature. For a fund governed by chapter 422A, the actuarial valuation shall use a preretirement interest assumption of six percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.04 multiplied by the salary for the preceding year.

(c) For all other funds not specified in paragraph (a), (b), (d), or (e), the actuarial valuation must use a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and a future salary increase assumption of 3.5 percent.

(d) For funds governed by chapters 3A, 352C, and 490, the actuarial valuation must use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of six percent, and a future salary increase assumption of 6.5 percent in each future year in which the salary amount payable is not determinable from section 3.099, 15A.081, subdivision 6, or 15A.083, subdivision 1, whichever applies, or from applicable compensation council recommendations under section 15A.082.

(e) For funds governed by sections 352.01 through 352.86, 353.01 through 353.46, and chapter 354, the actuarial valuation must use a preretirement interest assumption of 8.5, a postretirement interest assumption of six percent, and a graded rate future salary increase assumption as follows:

| Age | General state employees retirement plan | General public employees retirement plan | Teachers retirement plan |
|---|---|---|---|
| 16 | 7.2500% | 8.71% | 7.25% |
| 17 | 7.2500 | 8.71 | 7.25 |
| 18 | 7.2500 | 8.70 | 7.25 |
| 19 | 7.2500 | 8.70 | 7.25 |
| 20 | 7.2500 | 7.70 | 7.25 |
| 21 | 7.1454 | 7.70 | 7.25 |
| 22 | 7.1094 | 7.70 | 7.25 |
| 23 | 7.0725 | 7.70 | 7.20 |
| 24 | 7.0363 | 7.70 | 7.15 |
| 25 | 7.0000 | 7.60 | 7.10 |
| 26 | 7.0000 | 7.51 | 7.05 |
| 27 | 7.0000 | 7.39 | 7.00 |
| 28 | 7.0000 | 7.30 | 7.00 |
| 29 | 7.0000 | 7.20 | 7.00 |
| 30 | 7.0000 | 7.20 | 7.00 |
| 31 | 7.0000 | 7.10 | 7.00 |
| 32 | 7.0000 | 7.10 | 7.00 |
| 33 | 7.0000 | 7.00 | 7.00 |
| 34 | 7.0000 | 7.00 | 7.00 |
| 35 | 7.0000 | 6.90 | 7.00 |
| 36 | 6.9019 | 6.80 | 7.00 |
| 37 | 6.8074 | 6.70 | 7.00 |
| 38 | 6.7125 | 6.60 | 6.90 |
| 39 | 6.6054 | 6.50 | 6.80 |
| 40 | 6.5000 | 6.40 | 6.70 |
| 41 | 6.3540 | 6.30 | 6.60 |
| 42 | 6.2087 | 6.30 | 6.50 |
| 43 | 6.0622 | 6.30 | 6.35 |
| 44 | 5.9048 | 6.20 | 6.20 |
| 45 | 5.7500 | 6.20 | 6.05 |
| 46 | 5.6940 | 6.09 | 5.90 |
| 47 | 5.6375 | 6.00 | 5.75 |
| 48 | 5.5822 | 5.90 | 5.70 |
| 49 | 5.5405 | 5.80 | 5.65 |
| 50 | 5.5000 | 5.70 | 5.60 |
| 51 | 5.4384 | 5.70 | 5.55 |
| 52 | 5.3776 | 5.70 | 5.50 |
| 53 | 5.3167 | 5.70 | 5.45 |
| 54 | 5.2826 | 5.70 | 5.40 |
| 55 | 5.2500 | 5.70 | 5.35 |
| 56 | 5.2500 | 5.70 | 5.30 |
| 57 | 5.2500 | 5.70 | 5.25 |
| 58 | 5.2500 | 5.70 | 5.25 |
| 59 | 5.2500 | 5.70 | 5.25 |
| 60 | 5.2500 | 5.00 | 5.25 |
| 61 | 5.2500 | 5.00 | 5.25 |
| 62 | 5.2500 | 5.00 | 5.25 |
| 63 | 5.2500 | 5.00 | 5.25 |
| 64 | 5.2500 | 5.00 | 5.25 |
| 65 | 5.2500 | 5.00 | 5.25 |
| 66 | 5.2500 | 5.00 | 5.25 |
| 67 | 5.2500 | 5.00 | 5.25 |
| 68 | 5.2500 | 5.00 | 5.25 |
| 69 | 5.2500 | 5.00 | 5.25 |
| 70 | 5.2500 | 5.00 | 5.25" |

**356.217 MODIFICATIONS IN ACTUARIAL SERVICES.**

(a) The cost of any requested benefit projections by the commission–retained actuary relating to the Minnesota postretirement investment fund for the state board of investment is payable by the state board of investment.

(b) Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to have an individual commentary section. The commentary section, if omitted from the individual plan actuarial valuation, must be included in an appropriate generalized format as part of the report to the legislature under section 3.85, subdivision 11.

(c) Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to contain separate actuarial valuation results for basic and coordinated programs unless each program has a membership of at least ten percent of the total membership of the fund. Actuarial valuations under section 356.215, for July 1, 1991, and thereafter, are not required to contain cash flow forecasts.

(d) Actuarial valuations of the public employees police and fire fund local consolidation accounts for July 1, 1991, and thereafter, are not required to contain separate tabulations or summaries of active member, service retirement, disability retirement, and survivor data for each local consolidation account.

(e) The commission–retained actuary is:

(1) required to publish experience findings for plans for which experience findings are required only on a quadrennial basis for the four–year period ending June 30, 1992, and every four years thereafter;

(2) not required to prepare a separate experience analysis or publish separate experience findings for basic and coordinated programs if separate actuarial valuation results for the programs are not required; and

(3) not required to calculate investment rate of return experience results on any basis other than current asset value as defined in section 356.215, subdivision 1, clause (6).

**History:** *1997 c 233 art 1 s 60*

**356.218** [Repealed, 1997 c 241 art 10 s 7]

**356.219 DISCLOSURE OF PUBLIC PENSION PLAN INVESTMENT INFORMATION.**

Subdivision 1. **Report required.** (a) Except as indicated in subdivision 4, the state board of investment on behalf of the public pension funds and programs for which it is the investment authority and any Minnesota public pension plan not fully invested through the state board of investment, including a local police or firefighters' relief association governed by sections 69.77 or 69.771 to 69.775, shall report the information specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or forms for the purposes of the reporting requirements contained in this section.

(b) A local police or firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of this section if all assets of the applicable pension plan beyond sufficient cash equivalent investments to cover six months expected expenses are invested under section 11A.17. The board of any fully invested public pension plan remains responsible for submitting investment policy statements and subsequent revisions as required by subdivision 3, paragraph (a).

(c) For purposes of this section, the state board of investment is considered to be the investment authority for any Minnesota public pension fund required to be invested by the state board of investment under section 11A.23, or for any Minnesota public pension fund authorized to invest in the supplemental investment fund under section 11A.17 and which is fully invested.

Subd. 2. **Asset class definition.** (a) For purposes of this section, "asset class" means any of the following asset groupings as authorized in applicable law, bylaws, or articles of incorporation:

(1) cash and any cash equivalent investments with maturities of one year or less when issued;

(2) debt securities with maturities greater than one year when issued, including but not limited to mortgage participation certificates and pools, asset backed securities, guaranteed investment contracts, and authorized government and corporate obligations of corporations organized under laws of the United States or any state, or the Dominion of Canada or its provinces;

(3) stocks or convertible issues of any corporation organized under laws of the United States or any state, or the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock Exchange;

(4) international stocks or convertible issues;

(5) international debt securities; and

(6) real estate and venture capital.

(b) If the pension plan is investing under section 69.77, subdivision 2g, section 69.775, or other applicable law, in open–end investment companies registered under the federal Investment Company Act of 1940, or in the Minnesota supplemental investment fund under section 11A.17, this investment must be included under an asset class indicated in paragraph (a), clauses (1) through (6), as appropriate. If the investment vehicle includes underlying securities from more than one asset class as indicated by paragraph (a), clauses (1) through (6), the investment may be treated as a separate asset class.

Subd. 3. **Content of reports.** (a) The report required by subdivision 1 must include a written statement of the investment policy in effect on June 30, 1997, if that statement has not been previously submitted. Following that date, subsequent reports must include investment policy changes and the effective date of each policy change rather than a complete statement of investment policy, unless the state auditor requests submission of a complete current statement. The report must also include the information required by the following paragraphs, as applicable.

(b) If a public pension plan has a total market value of $10,000,000 or more as of the beginning of the calendar year, the report required by subdivision 1 must include the market value of the total portfolio and the market value of each investment account, investment portfolio, or asset class included in the pension fund as of the beginning of the calendar year and for each month, and the amount and date of each injection and withdrawal to the total portfolio and to each investment account, investment portfolio, or asset class. If a public pension plan once files a report under this paragraph, it must continue reporting under this paragraph for any year in which the public pension plan is not fully invested as specified in subdivision 1, paragraph (b), even if asset values drop below $10,000,000 in market value in a subsequent year.

(c) For public pension plans to which paragraph (b) applies, the report required by subdivision 1 must also include a calculation of the total time–weighted rate of return available from index–matching investments assuming the asset class performance targets and target asset mix indicated in the written statement of investment policy. The provided information must include a description of indices used in the analyses and an explanation of why those indices are appropriate. This paragraph does not apply to any fully invested plan, as defined by subdivision 1, paragraph (b). Reporting by the state board of investment under this paragraph is limited to information on the Minnesota public pension plans required to be invested by the state board of investment under section 11A.23.

(d) If a public pension plan has a total market value of less than $10,000,000 as of the beginning of the calendar year and was never required to file under paragraph (b), the report required by subdivision 1 must include the amount and date of each total portfolio injection and withdrawal. In addition, the report must include the market value of the total portfolio as of the beginning of the calendar year and for each quarter.

(e) Any public pension plan reporting under paragraph (b) or (d) may include computed time–weighted rates of return with the report, in addition to all other required information, as applicable. If returns are supplied, the individual who computed the returns must certify that the returns are net of all costs and fees, including investment management fees, and that the procedures used to compute the returns are consistent with bank administration institute studies of investment performance measurement and association of investment management and research presentation standards.

(f) For public pension plans reporting under paragraph (d), the public pension plan must retain information specifying the date and amount of each injection and withdrawal to each investment account and investment portfolio. The public pension plan must also retain the market value of each investment account and investment portfolio at the beginning of the calendar year and for each quarter. Information that is required to be collected and retained for any given year or years under this paragraph must be submitted to the office of the state auditor if the office of the state auditor requests in writing that the information be submitted by a public pension plan or plans, or be submitted by the state board of investment for any plan or plans for which the state board of investment is the investment authority under this section. If the state auditor requests information under this subdivision, and the public plan fails to comply, the pension plan will be subject to penalties under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

Subd. 4. **Alternative reporting; certain plans.** In lieu of requirements in subdivision 3, the applicable administration for the individual retirement account plans under chapters 354B and 354D and for the University of Minnesota faculty retirement plan shall submit computed time-weighted rates of return to the office of the state auditor. These time-weighted rates of return must cover the most recent complete calendar year, and must be computed for each investment option available to plan members. To the extent feasible, the returns must be computed net of all costs, fees, and charges, so that the computed return reflects the net time-weighted return available to the investor. If this is not practical, the existence of any remaining cost, fee, or charge which could further lower the net return must be disclosed. The procedures used to compute the returns must be consistent with bank administration institute studies of investment performance measurement and association of investment management and research presentation standards, or, if applicable, securities exchange commission requirements. The individual who computes the returns must certify that the supplied returns comply with this subdivision. The applicable plan administrator must also submit, with the return information, the total amounts invested by the plan members, in aggregate, in each investment option as of the last day of the calendar year.

Subd. 5. **Penalty for noncompliance.** Failure to comply with the reporting requirements of this section shall result in a withholding of all state aid or state appropriation to which the pension plan may otherwise be directly or indirectly entitled until the pension plan has complied with the reporting requirements. The state auditor shall instruct the commissioners of revenue and finance to withhold state aid or state appropriation from any pension plan that fails to comply with the reporting requirements contained in this section, until the pension plan has complied with the reporting requirements. The state auditor may waive the withholding of state aid or state appropriations if the state auditor determines in writing that compliance would create an excessive hardship.

Subd. 6. **Investment disclosure report.** (a) The state auditor shall prepare an annual report to the legislature on the investment performance of the various public pension plans subject to this section. The content of the report is specified in paragraphs (b) to (e).

(b) For each public pension plan reporting under subdivision 3, paragraph (b), the state auditor shall compute and report total portfolio and asset class time-weighted rates of return, net of all costs and fees.

(c) For each public pension plan reporting under subdivision 3, paragraph (d), the state auditor shall compute and report total portfolio time-weighted rates of return, net of all costs and fees. If the state auditor has requested data for a plan under subdivision 3, paragraph (f), the state auditor may also compute and report asset class time-weighted rates of return, net of all costs and fees.

(d) The report by the state auditor must include the information submitted by the pension plans under subdivision 3, paragraph (c), or a synopsis of that information.

(e) The report by the state auditor may also include a presentation of multiyear performance, information collected under subdivision 4, and any other information or analysis deemed appropriate by the state auditor.

Subd. 7. **Expense of report.** All expenses incurred relating to the investment report by the state auditor described in subdivision 6 must be borne by the office of the state auditor and may not be charged back to the entities described in subdivisions 1 or 4.

Subd. 8. **Timing of reports.** (a) For salaried firefighter relief associations, police relief associations, and volunteer firefighter relief associations, the information required under this section must be submitted by the due date for reports required under section 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of the covered pension plan shall certify compliance on a form prescribed by the state auditor. The state auditor shall transmit annually to the state board of investment a list or lists of covered pension plans which submitted certifications, in order to facilitate reporting by the state board of investment under paragraph (c) of this subdivision.

(b) For the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, the Duluth teachers retirement fund association, the Minneapolis employees retirement fund, the University of Minnesota faculty supplemental retirement plan, and the applicable administrators for the University of Minnesota faculty retirement plan and the individual retirement account plans under chapters 354B and 354D, the information required under this section must be submitted to the state auditor by June 1 of each year.

(c) The state board of investment, on behalf of pension funds specified in subdivision 1, paragraph (c), must report information required under this section by September 1 of each year.

**History:** *1997 c 241 art 10 s 4*

**356.30 COMBINED SERVICE ANNUITY.**

Subdivision 1. **Eligibility; computation of annuity.** (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement a retirement annuity from each fund in which the person has at least six months allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(a) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated funds; and

(b) the person has not begun to receive an annuity from any enumerated fund or the person has made application for benefits from all funds and the effective dates of the retirement annuity with each fund under which the person chooses to receive an annuity are within a one–year period.

(3) The retirement annuity from each fund must be based upon the allowable service in each fund, except that:

(a) The laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered fund with which the person earned a minimum of one–half year of allowable service credit during that employment.

(b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered funds.

(c) The formula percentages to be used by each fund must be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds.

(d) Allowable service in all the funds must be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the annuity amount for retirement prior to normal retirement.

(e) The annuity amount payable for any allowable service under a nonformula plan of a covered fund must not be affected but such service and covered salary must be used in the above calculation.

(f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.

(g) For the purpose of computing annuities under this section the formula percentages used by any covered fund, except the public employees police and fire fund and the state patrol retirement fund, must not exceed the percent specified in section 356.19, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the public employees police and fire fund and the state patrol retirement fund must not exceed the percent specified in section 356.19, subdivision 6, per year of service for any year of service or fraction thereof. The formula percentage used by the legislators retirement plan and the elective state officers retirement must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).

(h) Any period of time for which a person has credit in more than one of the covered funds must be used only once for the purpose of determining total allowable service.

(i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.

(j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

*[For text of subds 2 and 2a, see M.S.1996]*

Subd. 3. **Covered funds.** This section applies to the following retirement funds:

(1) state employees retirement fund, established pursuant to chapter 352;

(2) correctional employees retirement program, established pursuant to chapter 352;

(3) unclassified employees retirement plan, established pursuant to chapter 352D;

(4) state patrol retirement fund, established pursuant to chapter 352B;

(5) legislators retirement plan, established pursuant to chapter 3A;

(6) elective state officers' retirement plan, established pursuant to chapter 352C;

(7) public employees retirement association, established pursuant to chapter 353;

(8) public employees police and fire fund, established pursuant to chapter 353;

(9) teachers retirement association, established pursuant to chapter 354;

(10) Minneapolis employees retirement fund, established pursuant to chapter 422A;

(11) Minneapolis teachers retirement fund association, established pursuant to chapter 354A;

(12) St. Paul teachers retirement fund association, established pursuant to chapter 354A;

(13) Duluth teachers retirement fund association, established pursuant to chapter 354A; and

(14) judges' retirement fund, established by sections 490.121 to 490.132.

**History:** *1997 c 233 art 1 s 61,62*

## 356.32 PROPORTIONATE ANNUITY AT AGE 65.

*[For text of subd 1, see M.S.1996]*

Subd. 2. **Covered funds.** The provisions of this section shall apply to the following retirement funds:

(1) state employees retirement fund, established pursuant to chapter 352;

(2) correctional employees retirement program, established pursuant to chapter 352;

(3) state patrol retirement fund, established pursuant to chapter 352B;

(4) public employees retirement fund, established pursuant to chapter 353;

(5) public employees police and fire fund, established pursuant to chapter 353;

(6) teachers retirement association, established pursuant to chapter 354;

(7) Minneapolis employees retirement fund, established pursuant to chapter 422A;

(8) Duluth teachers retirement fund association, established pursuant to chapter 354A;

(9) Minneapolis teachers retirement fund association, established pursuant to chapter 354A; and

(10) St. Paul teachers retirement fund association, established pursuant to chapter 354A.

**History:** *1997 c 233 art 1 s 63*

**356.70** [Repealed, 1997 c 233 art 1 s 78]

## 356.865 SUPPLEMENTAL BENEFIT; LUMP SUM PAYMENTS; MINNEAPOLIS EMPLOYEES RETIREMENT FUND.

*[For text of subds 1 and 2, see M.S.1996]*

Subd. 3. **State appropriation.** Payments under this section are the responsibility of the Minneapolis employees retirement fund. A separate state aid is provided toward the level dollar amortized cost of the payments. For state fiscal years 1992 to 2001 inclusive, there is appropriated annually $550,000 from the general fund to the commissioner of finance to be added, in quarterly installments, to the annual state contribution amount determined under section 422A.101, subdivision 3. After fiscal year 2001, any difference between the cumulative benefit amounts actually paid under this section after fiscal year 1991 and the amounts paid to the retirement fund by the state under this subdivision plus investment earnings on the aid shall be included by the retirement fund board and the actuary retained by the legislative commission on pensions and retirement in determining financial requirements of the fund and contributions under section 422A.101.

**History:** *1997 c 202 art 2 s 46*

## 356.88 PUBLIC PENSION ADMINISTRATION LEGISLATION.

*[For text of subd 1, see M.S.1996]*

Subd. 2. [Repealed, 1997 c 233 art 1 s 78]