Minnesota State Retirement System
Legislators Retirement Fund

GASB Statement No. 67 and No. 68

Accounting and Financial Reporting for Pensions

June 30, 2025

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November 24, 2025

Minnesota State Retirement System
Legislators Retirement Fund
St. Paul, Minnesota

Dear Board of Directors:

This report provides accounting and financial reporting information that is intended to comply with the Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68 for the Legislators Retirement Fund, as amended by GASB Statement No. 82. These calculations have been made on a basis that is consistent with our understanding of these accounting standards.

GASB Statement No. 67 is the accounting standard that applies to the financial reports issued by retirement systems. GASB Statement No. 68 establishes accounting and financial reporting for state and local government employers who provide their employees (including former employees) pension benefits through a trust. GASB Statement No. 82 is an amendment to GASB Statements No. 67, No. 68, and No. 73, intended to improve consistency in the application of the accounting standards.

Our calculation of the liability associated with the benefits described in this report was performed for the purpose of providing financial reporting and disclosure information that satisfies the requirements of GASB Statements No. 67 and No. 68. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligation. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. The calculation of the plan's liability for this report may not be applicable for purposes of funding the plan. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statements No. 67 and No. 68 may produce significantly different results. The information in this report is calculated on a total plan basis. The Minnesota State Retirement System (MSRS) is responsible for preparing the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer, as applicable. This report may be provided to parties other than MSRS only in its entirety and only with the permission of MSRS. GRS is not responsible for unauthorized use of this report.

This report is based upon information, furnished to us by MSRS, concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. If your understanding of this information is different, please let us know. This information was checked for internal consistency, but it was not audited.

This report complements the actuarial valuation report for funding purposes that was or will be provided to the System and should be considered in conjunction with that report. Please see the actuarial valuation report as of June 30, 2025 for additional discussion of the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

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To the best of our knowledge, the information contained within this report is accurate and fairly represents the actuarial position of the Legislators Retirement Fund as of the measurement date. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

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.

The signing actuaries are independent of the plan sponsor.

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.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Bonita J. Wurst

Bonita J. Wurst, ASA, EA, FCA, MAAA

Sheryl L. Christensen

Sheryl L. Christensen, FSA, EA, FCA, MAAA

BJW/SLC:sc

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SECTION A

EXECUTIVE SUMMARY

Executive Summary
as of June 30, 2025 (Dollars in Thousands)

	2025
Actuarial Valuation Date	June 30, 2025
Measurement Date of the Net Pension Liability	June 30, 2025
Membership	
Number of	
- Service Retirements	242
- Survivors	78
- Disability Retirements	-
- Deferred Retirements	12
- Terminated Other Non-Vested	-
- Active Members	6
- Total	338
Covered-employee Payroll (1)	$ 400
Net Pension Liability	
Total Pension Liability	$ 88,073
Plan Fiduciary Net Position	-
Net Pension Liability	$ 88,073
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	0.00%
Net Pension Liability as a Percentage of Covered-employee Payroll	22,018.25%
Development of the Single Discount Rate	
Single Discount Rate	5.20%
Long-Term Expected Rate of Investment Return	N/A
Long-Term Municipal Bond Rate (2)	5.20%
Last year ending June 30 in the 2026 to 2125 projection period for which projected benefit payments are fully funded	N/A
Total Pension Expense/(Income)	$ (4,024)

Deferred Outflows and Deferred Inflows by Source Arising from Current and Prior Periods to be Recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience in the measurement of the Total Pension Liability	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Totals	**$ -**	**$ -**

(1) *Assumed equal to actual member contributions divided by employee contribution rate.*

(2) *Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in The Bond Buyer's Index's '20-Bond GO Index' as of June 30, 2025*

Discussion

Accounting Standard

For pension plans that are administered through trusts or equivalent arrangements, Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans,* establishes standards of financial reporting for separately issued financial reports and specifies the required approach for measuring the pension liability. Similarly, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* establishes standards for state and local government employers (as well as non-employer contributing entities) to account for and disclose the net pension liability, pension expense, and other information associated with providing retirement benefits to their employees (and former employees) on their basic financial statements. GASB Statement No. 82, Pension Issues, is an amendment to GASB Statements No. 67, No. 68, and No. 73, intended to improve consistency in the application of the accounting standards.

The following discussion provides a summary of the information that is required to be disclosed under these accounting standards. A number of these disclosure items are provided in this report. However, certain information, such as notes regarding accounting policies and investments, is not included in this report and the retirement system and/or plan sponsor will be responsible for preparing and disclosing that information to comply with these accounting standards.

Financial Statements

GASB Statement No. 68 requires state and local governmental employers to recognize the net pension liability and the pension expense on their financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

Paragraph 57 of GASB Statement No. 68 states, "Contributions to the pension plan from the employer subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period should be reported as a deferred outflow of resources related to pensions." The information contained in this report does not incorporate any contributions made to the Legislators Retirement Fund subsequent to the measurement date of June 30, 2025.

The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the difference between expected and actual experience in the measurement of the Total Pension Liability, assumption changes and investment experience.

Pension plans that prepare their own, stand-alone financial statements are required to present two financial statements – a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position in accordance with GASB Statement No. 67. The *Statement of Fiduciary Net Position* presents the assets and liabilities of the pension plan at the end of the pension plan's reporting period. The *Statement of Changes in Fiduciary Net Position* presents the additions, such as contributions and investment income, and deductions, such as benefit payments and expenses, and net increase or decrease in the fiduciary net position.

Notes to Financial Statements

GASB Statement No. 68 requires the notes to the employer's financial statements to disclose the total pension expense, the pension plan's liabilities and assets, and deferred outflows and inflows of resources related to pensions.

Both GASB Statements No. 67 and No. 68 require the notes to the financial statements for the employers and pension plans to include certain descriptive information about the pension plans through which the pension benefits are provided. The list of disclosure items should include:

- A description of benefits provided by the plan;
- The classes of employees and number of members covered by the pension plan;
- A description of the plan's funding policy, which includes member and employer contribution requirements;
- The pension plan's investment policies;
- The pension plan's fiduciary net position, net pension liability, and the pension plan's fiduciary net position as a percentage of the total pension liability;
- The net pension liability using a discount rate that is 1% higher and 1% lower than the current discount rate used to calculate the total pension liability and net pension liability for financial reporting purposes;
- Significant assumptions and methods used to calculate the total pension liability;
- Inputs to the discount rates; and
- Certain information about mortality assumptions and the dates of experience studies.

Retirement systems that issue stand-alone financial statements are required to disclose additional information in accordance with GASB Statement No. 67. This information includes:

- The composition of the pension plan's Board and the authority under which benefit terms may be amended;
- A description of how fair value is determined;
- Information regarding certain reserves and investments, which include concentrations of investments greater than or equal to 5%, receivables, and insurance contracts excluded from plan assets; and
- Annual money-weighted rate of return.

MSRS' comprehensive annual financial report, which contains the basic financial statements and related note disclosures for the Legislators Retirement Fund can be found online at https://www.mnretire.gov/annual-reports-fy-2025 or obtained from MSRS at 60 Empire Drive, Suite 300, St. Paul, Minnesota, 55103 or requested via email at info@mnretire.gov or telephone at 1.800.657.5757.

Required Supplementary Information

GASB Statement No. 67 requires a 10-year fiscal history of:

- Sources of changes in the net pension liability;
- Information about the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percent of covered-employee payroll; and
- A comparison of the actual employer contributions to the actuarially determined contributions based on the plan's funding policy.

Measurement of the Net Pension Liability

The net pension liability is to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's pay-as-you-go funding policy, if all actuarial assumptions are met, then the following outcomes are expected:

1. The employer normal cost is expected to remain approximately level as a percentage of payroll.
2. The unfunded actuarial accrued liabilities will increase and not be eliminated.
3. The funded status of the plan will remain at 0%.
4. The plan will be completely dependent upon current contributions to pay benefits.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the market value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

1. The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations; in other words, of transferring the obligations to an unrelated third party in an arm's length market value type transaction.
2. The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. The amounts of future contributions will most certainly differ from those assumed in this report due to future actual experience differing from assumed experience based upon the actuarial assumptions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).

Limitation of Project Scope

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed at least every two years. For employer reporting, the net pension liability and pension expense should be measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. If the actuarial valuation used to determine the total pension liability is not calculated as of the measurement date, the total pension liability is required to be rolled forward from the actuarial valuation date to the measurement date.

The total pension liability shown in this report is based on an actuarial valuation performed as of June 30, 2025 and a measurement date of June 30, 2025.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

A single discount rate of 5.20% was used to measure the total pension liability. This single discount rate was based on a municipal bond rate of 5.20% and the pay-as-you-go status of this plan. Since the plan's assets are $0, MSRS' long-term expected rate of investment return of 7.00% is not utilized in this valuation and no projection is done.

SECTION B

FINANCIAL STATEMENTS

Statement of Pension Expense Under GASB Statement No. 68
Fiscal Year Ended June 30, 2025 (Dollars in Thousands)

A. Expense		
1. Service Cost	$	197
2. Interest on the Total Pension Liability		3,826
3. Current-Period Benefit Changes		1,983
4. Employee Contributions		(36)
5. Projected Earnings on Plan Investments		-
6. Pension Plan Administrative Expense		37
7. Other Changes in Plan Fiduciary Net Position		-
8. Recognition of Outflow (Inflow) of Resources due to differences between expected and actual experience in the measurement of the Total Pension Liability		
Arising from Current Reporting Period		(1,053)
9. Recognition of Outflow (Inflow) of Resources due to assumption changes		
Arising from Current Reporting Period		(8,978)
10. Recognition of Outflow (Inflow) of Resources due to the difference between projected (7.50%) and actual earnings on Pension Plan Investments		
Arising from Current Reporting Period		-
11. Increases/(Decreases) from Experience in the Current Reporting Period	**$**	**(4,024)**
12. Recognition of Outflow (Inflow) of Resources due to differences between expected and actual experience in the measurement of the Total Pension Liability		
Arising from Prior Reporting Periods	$	-
13. Recognition of Outflow (Inflow) of Resources due to assumption changes		
Arising from Prior Reporting Periods		-
14. Recognition of Outflow (Inflow) of Resources due to the difference between projected and actual earnings on Pension Plan Investments		
Arising from Prior Reporting Periods		-
15. Total Pension Expense / (Income)	**$**	**(4,024)**

Differences between expected and actual experience and changes in assumptions are recognized in pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the expected remaining service lives of all active employees in the plan was approximately 12 years. Additionally, the total plan membership (active employees and inactive employees) was 357. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 1.0000 year (rounded).

Additionally, differences between projected and actual earnings on plan investments should be recognized in pension expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the pension expense as a level dollar amount over the closed period identified above.

Statement of Outflows and Inflows
Arising from Current Reporting Period
Fiscal Year Ended June 30, 2025 (Dollars in Thousands)

A. Outflows (Inflows) of Resources due to Liabilities		
1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	$	(1,053)
2. Assumption Changes (gains) or losses		(8,978)
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}		1
4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the difference between expected and actual experience of the Total Pension Liability		(1,053)
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes		(8,978)
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	$	(10,031)
7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the difference between expected and actual experience of the Total Pension Liability	$	-
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes		-
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	$	-
B. Outflows (Inflows) of Resources due to Assets		
1. Net difference between projected and actual earnings on pension plan investments (gains) or losses	$	-
2. Recognition period for Assets {in years}		5
3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets		-
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	$	-

Statement of Outflows and Inflows
Arising from Current and Prior Reporting Periods
Fiscal Year Ended June 30, 2025 (Dollars in Thousands)

A. Outflows and Inflows of Resources due to Liabilities and Assets to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows/(Inflows) of Resources
1. Due to Liabilities	$ -	$ 10,031	$ (10,031)
2. Due to Assets	-	-	-
3. Total	$ -	$ 10,031	$ (10,031)

B. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows/(Inflows) of Resources
1. Differences between expected and actual experience	$ -	$ 1,053	$ (1,053)
2. Assumption Changes	-	8,978	(8,978)
3. Net Difference between projected and actual earnings on pension plan investments	-	-	-
4. Total	$ -	$ 10,031	$ (10,031)

C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
1. Differences between expected and actual experience	$ -	$ -	$ -
2. Assumption Changes	-	-	-
3. Net Difference between projected and actual earnings on pension plan investments*	-	-	-
4. Total	$ -	$ -	$ -

D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

Year Ending June 30	Net Deferred Outflows/(Inflows) of Resources
2026	$ -
2027	-
2028	-
2029	-
2030	-
Thereafter	-
Total	$ -

** Paragraph 71(b) of GASB Statement No. 68 requires deferred outflows and inflows arising from differences between projected and actual earnings on pension plan investments to be aggregated and shown as a net amount. For purposes of this valuation, amounts are shown separately for calculation purposes.*

Recognition of Deferred Outflows and Inflows of Resources
Fiscal Year Ended June 30, 2025 (Dollars in Thousands)

Year Established	Initial Amount	Initial Recognition Period	Current Year Recognition	Remaining Recognition	Remaining Recognition Period
Deferred Outflow (Inflow) Due to Differences Between Expected and Actual Experience on Liabilities					
2025	$ (1,053)	1.0000	$ (1,053)	$ 0	0.0000
Total			**$ (1,053)**	**$ 0**	
Deferred Outflow (Inflow) Due to Assumption Changes					
2025	$ (8,978)	1.0000	$ (8,978)	$ 0	0.0000
Total			**$ (8,978)**	**$ 0**	
Deferred Outflow (Inflow) Due to Differences Between Projected and Actual Earnings on Plan Investments					
2025	$ 0	5.0000	$ 0	$ 0	4.0000
Total			**$ 0**	**$ 0**	
Deferred Outflow (Inflow) Due to All Sources					
Total			**$ (10,031)**	**$ 0**	

Statement of Fiduciary Net Position
as of June 30, 2025 (Dollars in Thousands)

Assets		**June 30, 2025**
Cash & Short-term Investments	$	256
Receivables		9
Investment Pools (at fair value)		-
Securities Lending Collateral		-
Capital Assets		-
Total Assets	**$**	**265**
Total Deferred Outflows of Resources	**$**	**-**
Total Liabilities	**$**	**(265)**
Total Deferred Inflows of Resources	**$**	**-**
Net Position Restricted for Pensions	**$**	**-**

Statement of Changes in Fiduciary Net Position
for the Fiscal Year Ended June 30, 2025 (Dollars in Thousands)

1.	**Net position at market value at beginning of year**	**$**	**-**
Additions			
2.	Contributions		
	a. Employee	$	36
	b. Employer		-
	c. State General Fund Appropriations		8,364
	d. Total contributions	$	8,400
3.	Investment income		
	a. Investment income/(loss)	$	-
	b. Investment expenses		-
	c. Net investment income/(loss)	$	-
4.	Other Additions		-
5.	**Total Additions** *(2.d.) + (3.c.) + (4.)*	**$**	**8,400**
Deductions			
6.	Benefits Paid		
	a. Annuity benefits	$	(8,363)
	b. Refunds		-
	c. Total benefits paid	$	(8,363)
7.	Expenses		
	a. Other deductions	$	-
	b. Administrative		(37)
	c. Total expenses	$	(37)
8.	**Total deductions** *(6.c.) + (7.c.)*	**$**	**(8,400)**
9.	**Net increase/(decrease) in fiduciary net position** *(5.) + (8.)*	**$**	**-**
10.	**Net position at market value at end of year** *(1.) + (9.)*	$	-
11.	State Board of Investment calculated annual investment return		N/A

SECTION C

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios
Current Period
Fiscal Year Ended June 30, 2025 (Dollars in Thousands)

A. Total Pension Liability		
1. Service Cost	$	197
2. Interest on the Total Pension Liability		3,826
3. Changes of benefit terms		1,983
4. Difference between expected and actual experience of the Total Pension Liability		(1,053)
5. Changes of assumptions		(8,978)
6. Benefit payments, including refunds of employee contributions		(8,363)
7. Net change in Total Pension Liability	$	(12,388)
8. Total Pension Liability – Beginning		100,461
9. Total Pension Liability – Ending	**$**	**88,073**
B. Plan Fiduciary Net Position		
1. Contributions – State General Fund Appropriations	$	8,364
2. Contributions – Employee		36
3. Net investment income		-
4. Benefit payments, including refunds of employee contributions		(8,363)
5. Pension Plan Administrative Expense		(37)
6. Other changes		-
7. Net change in Plan Fiduciary Net Position	$	-
8. Plan Fiduciary Net Position – Beginning		-
9. Plan Fiduciary Net Position – Ending	**$**	**-**
C. Net Pension Liability, *A.9.-B.9.*	**$**	**88,073**
D. Plan Fiduciary Net Position as a percentage of the Total Pension Liability, *B.9./A.9.*		**0.00%**
E. Covered-Employee Payroll	**$**	**400** [1]
F. Net Pension Liability as a percentage of Covered-Employee Payroll, *C./E.*		**22,018.25%**

[1] *Assumed equal to actual member contributions divided by employee contribution rate.*

Schedule of Changes in Net Pension Liability and Related Ratios Multiyear
(Dollars in Thousands)

Last 10 Fiscal Years

Fiscal year ending June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 197	$ 199	$ 340	$ 532	$ 657	$ 527	$ 496	$ 437	$ 546	$ 495
Interest on the Total Pension Liability	3,826	4,018	4,052	2,625	3,498	4,258	4,894	5,094	4,293	5,333
Benefit Changes	1,983	-	87	-	-	-	-	(9,839)	-	-
Difference between Expected and Actual Experience	(1,053)	(558)	230	(415)	(527)	645	(2,441)	6,119	1,517	(1,597)
Assumption Changes	(8,978)	(2,784)	(1,607)	(20,826)	(942)	9,986	6,722	(856)	(5,017)	14,653
Benefit Payments	(8,363)	(8,811)	(8,712)	(8,677)	(8,679)	(8,812)	(8,853)	(8,912)	(8,716)	(8,496)
Refunds	-	-	-	(28)	-	-	-	-	-	(40)
Net Change in Total Pension Liability	$ (12,388)	$ (7,936)	$ (5,610)	$ (26,789)	$ (5,993)	$ 6,604	$ 818	$ (7,957)	$ (7,377)	$ 10,348
Total Pension Liability - Beginning	100,461	108,397	114,007	140,796	146,789	140,185	139,367	147,324	154,701	144,353
Total Pension Liability - Ending (a)	**$ 88,073**	**$ 100,461**	**$ 108,397**	**$ 114,007**	**$ 140,796**	**$ 146,789**	**$ 140,185**	**$ 139,367**	**$ 147,324**	**$ 154,701**
Plan Fiduciary Net Position										
State General Fund Appropriation	$ 8,364	$ 8,813	$ 8,699	$ 8,682	$ 8,639	$ 8,764	$ 8,798	$ 8,856	$ 8,716	$ 5,087
Employee Contributions	36	38	49	62	77	87	91	93	80	89
Pension Plan Net Investment Income	-	-	-	-	-	-	-	-	-	(69)
Benefit Payments	(8,363)	(8,811)	(8,712)	(8,677)	(8,679)	(8,812)	(8,853)	(8,912)	(8,716)	(8,496)
Refunds	-	-	-	(28)	-	-	-	-	-	(40)
Pension Plan Administrative Expense	(37)	(40)	(36)	(39)	(37)	(39)	(36)	(37)	(39)	(42)
Other Changes	-	-	-	-	-	-	-	-	(41)	41
Net Change in Plan Fiduciary Net Position	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (3,430)
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-	-	3,430
Plan Fiduciary Net Position - Ending (b)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Pension Liability - Ending (a) - (b)	**$ 88,073**	**$ 100,461**	**$ 108,397**	**$ 114,007**	**$ 140,796**	**$ 146,789**	**$ 140,185**	**$ 139,367**	**$ 147,324**	**$ 154,701**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**	**0.00 %**
Covered-Employee Payroll [1]	**$ 400**	**$ 422**	**$ 544**	**$ 689**	**$ 856**	**$ 967**	**$ 1,011**	**$ 1,033**	**$ 889**	**$ 989**
Net Pension Liability as a Percentage of Covered-Employee Payroll	**22,018.25 %**	**23,805.92 %**	**19,925.92 %**	**16,546.73 %**	**16,448.13 %**	**15,179.83 %**	**13,865.97 %**	**13,491.48 %**	**16,571.88 %**	**15,642.16 %**

Notes to Schedule:

(1) *Assumed equal to plan member contributions divided by employee contribution rate.*

Schedule of Net Pension Liability Multiyear (Dollars in Thousands)

Fiscal Year Ending June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered-Employee Payroll	Net Pension Liability as a % of Covered-Employee Payroll
	(a)	(b)	(a)-(b)=(c)	(b)/(c)	(d)	(c)/(d)
2016	$ 154,701	$ -	$ 154,701	0.00%	$ 989	15,642.16%
2017	147,324	-	147,324	0.00	889	16,571.88
2018	139,367	-	139,367	0.00	1,033	13,491.48
2019	140,185	-	140,185	0.00	1,011	13,865.97
2020	146,789	-	146,789	0.00	967	15,179.83
2021	140,796	-	140,796	0.00	856	16,448.13
2022	114,007	-	114,007	0.00	689	16,546.73
2023	108,397	-	108,397	0.00	544	19,925.92
2024	100,461	-	100,461	0.00	422	23,805.92
2025	88,073	-	88,073	0.00	400	22,018.25

Schedule of Contributions Multiyear* (Dollars in Thousands)

Last 10 Fiscal Years

Fiscal Year Ending June 30,	Actuarially Determined Contribution (1)	Actual Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll (2)	Actual Contribution as a % of Covered-Employee Payroll
	(a)	(b)	(a)-(b)=(c)	(d)	(b)/(d)
2016	$ 21,711	$ 5,087	$ 16,624	$ 989	514.36%
2017	22,844	8,716	14,128	889	980.43
2018	33,560	8,856	24,704	1,033	857.31
2019	27,373	8,798	18,575	1,011	870.23
2020	30,274	8,764	21,510	967	906.31
2021	30,358	8,639	21,719	856	1009.23
2022	33,699	8,682	25,017	689	1260.09
2023	31,641	8,699	22,942	544	1599.08
2024	51,967	8,813	43,154	422	2088.39
2025	65,719	8,364	57,355	400	2091.00

* *Effective July 1, 2013, the Elective State Officers Retirement Fund was administratively consolidated with the Legislators Retirement Fund. All figures in the table above represent the combined total from both funds, as directed by MSRS.*

Notes to Schedule of Contributions

Methods and Assumptions Used to Determine Fiscal Year Ending June 30, 2025 Contribution Rates Reported in this Schedule:

Notes	(1) Actuarially determined contribution rates are calculated as of each June 30 and apply to the fiscal year beginning on the day after the measurement date.
	(2) Assumed equal to actual member contributions divided by employee contribution rate.
Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	2 years
Asset Valuation Method	Market value of assets
Salary Increases	4.25% including inflation
Investment Rate of Return	0.00% per annum
Inflation	2.25% per annum
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study prepared by a former actuary.
Healthy Post-Retirement Mortality	Pub-2010 Healthy Retired General Mortality Table, adjusted for mortality improvements using mortality improvement scale MP-2021. Rates are multiplied by a factor of 1.04 for males and 1.10 for females.
Other Information	
Benefit Increases After Retirement	The post-retirement increase is 1.5% per annum.
	See separate funding actuarial valuation report as of July 1, 2024 for additional detail. To obtain this report, contact MSRS as noted on page 3. This report is also available online at: https://www.mnretire.gov/annual-reports-fy-2024

Schedule of Investment Returns Multiyear

Last 10 Fiscal Years

Fiscal Year Ending June 30,	Annual Return[1]
2016	NA
2017	NA
2018	NA
2019	NA
2020	NA
2021	NA
2022	NA
2023	NA
2024	NA
2025	NA

[1] *Annual money-weighted rate of return, net of investment expenses.*

The Minnesota State Board of Investment (SBI) compiled this data and the related investment notes and provided it to MSRS for GASB compliance purposes. MSRS furnished this information to us for inclusion within this report. We did not audit this information. We are not responsible for its accuracy or completeness.

Rate of Return

Beginning with the year ended June 30, 2016, the Legislators Retirement Fund assets were depleted, and therefore, an annual money-weighted rate of return cannot be calculated. The money-weighted rate of return is a method of calculating period-by-period returns on pension plan investments that adjusts for the changing amounts actually invested. For purposes of this schedule, the money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense.

To request additional information about the computation of the annual money-weighted rate of return and the investments for the Minnesota Retirement Systems (including the investments for MSRS' defined benefit retirement funds), contact SBI at 60 Empire Drive, Suite 100, St. Paul, Minnesota, 55103, via email at minn.sbi@state.mn.us or telephone at 1.651.296.3328.

SECTION D

ADDITIONAL FINANCIAL STATEMENT DISCLOSURES

Asset Allocation

Long-Term Expected Return on Plan Assets

Since the plan's assets are $0, MSRS' long-term expected rate of investment return of 7.00% for the commingled funds is not utilized in this valuation. A single discount rate of 5.20% was used to measure the total pension liability as of June 30, 2025.

For the commingled funds, the long-term expected rate of return on pension plan investments was determined using a building-block method. Estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectation from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio. For each asset class that is included in the pension fund's target asset allocation as of June 30, 2025, these estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Private Markets	25.0%	5.90%
Fixed Income and Cash	25.0%	0.75%
Total	100.0%	

The Minnesota State Board of Investment (SBI) compiled this data and the related investment notes and provided it to MSRS for GASB compliance purposes. MSRS furnished this information to us for inclusion within this report. We did not audit this information. We are not responsible for its accuracy or completeness.

The long-term expected rate of return assumption is 7.00% for the commingled funds. This assumption is based on the State Employees Retirement Fund Experience study report dated June 29, 2023.

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

A single discount rate of 5.20% was used to measure the total pension liability. This single discount rate was based on a municipal bond rate of 5.20% and the pay-as-you-go status of this plan. Since the plan's assets are $0, MSRS' long-term expected rate of investment return of 7.00% is not utilized in this valuation.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the fund's net pension liability, calculated using a single discount rate of 5.20%, as well as what the fund's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (4.2%) or 1-percentage-point higher (6.2%) than the current rate:

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

(Dollars in Thousands)

	1% Decrease 4.20%	Current Single Discount Rate Assumption 5.20%	1% Increase 6.20%
Total Pension Liability	$ 95,251	$ 88,073	$ 81,820
Net Position Restricted for Pensions	-	-	-
Net Pension Liability	$ 95,251	$ 88,073	$ 81,820

For more information on the calculation of the single discount rate, refer to Section G of this report.

GASB Statement No. 68 Reconciliation (Dollars in Thousands)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Deferred Outflows	Deferred Inflows	Total Pension Expense
Balance Beginning of Year	**$ 100,461**	**$ -**	**$ 100,461**	**$ -**	**$ -**	
Changes for the Year:						
Service Cost	$ 197		$ 197			$ 197
Interest on Total Pension Liability	3,826		3,826			3,826
Interest on Plan Fiduciary Net Position		$ -	-			-
Changes in Benefit Terms	1,983		1,983			1,983
Liability Experience Gains and Losses	(1,053)		(1,053)	$ -	$ -	(1,053)
Changes in Assumptions	(8,978)		(8,978)	-	-	(8,978)
Recognition of Deferred Outflows/(Inflows) of Resources Arising from Prior Reporting Periods						
Liability Experience Gains/(Losses)				-	-	-
Assumption Changes				-	-	-
Investment Gains/(Losses)				-	-	-
State General Fund Appropriations		8,364	(8,364)			
Contributions - Employees		36	(36)			(36)
Asset Gain/(Loss)		-	-	-	-	-
Benefit Payouts	(8,363)	(8,363)				
Administrative Expenses		(37)	37			37
Other Changes			-			-
Net Changes	**$ (12,388)**	**$ -**	**$ (12,388)**	**$ -**	**$ 0**	**$ (4,024)**
Balance End of Year	**$ 88,073**	**$ -**	**$ 88,073**	**$ -**	**$ 0**	

Summary of Population Statistics

		Terminated		Recipients			
	Actives	Deferred Retirement	Other Non-Vested	Service Retirement	Disability Retirement	Survivor	Total
Members on July 1, 2024	**7**	**16**	**0**	**249**	**0**	**85**	**357**
Additions	0	0	0	0	0	0	**0**
Return to active	0	0	0	0	0	0	**0**
Terminated non-vested	0	0	0	0	0	0	**0**
Service retirements	(1)	(4)	0	5	0	0	**0**
Terminated deferred	0	0	0	0	0	0	**0**
Terminated refund/transfer	0	0	0	0	0	0	**0**
Deaths	0	0	0	(12)	0	(10)	**(22)**
New beneficiary	0	0	0	0	0	3	**3**
Disabled	0	0	0	0	0	0	**0**
Unexpected status changes	0	0	0	0	0	0	**0**
Net change	(1)	(4)	0	(7)	0	(7)	**(19)**
Members on July 1, 2025	**6**	**12**	**0**	**242**	**0**	**78**	**338**

SECTION E

SUMMARY OF BENEFITS

Summary of Plan Provisions – Legislators Retirement Plan

Following is a summary of the major plan provisions used in the valuation of this report. MSRS is solely responsible for the validity, accuracy and comprehensiveness of this information. If any of the plan provisions shown below are not accurate and complete, the valuation results may differ significantly from those shown in this report and may require a revision of this report.

Plan year	July 1 through June 30.
Eligibility	Members of the State Legislature first elected to office before July 1, 1997, and who elect to retain coverage under this plan (i.e., do not elect Social Security coverage). Plan is closed to new members.
Contributions	
Member	9.00% of salary which must be paid to the State's General Fund.
Employer	Plan is funded by annual appropriations from the State's General Fund. Employee contributions are "picked up" according to the provisions of Internal Revenue Code 414(h).
Allowable service	Service while in an eligible position.
Salary	Compensation received for service as a member of the legislature. Salary includes the monthly compensation paid to a legislator and the per diem payments paid during a regular or special session. Salary does not include additional compensation attributable to a leadership position.
Average salary	Average of the five highest successive years of salary.
Retirement	
Normal retirement benefit	
Age/Service requirements	Age 62 and either six full years of service or service during all or part of four regular legislative sessions. For eligibility purposes, service does not include credit for time not served when a member does not serve a full term of office.
Amount	A percentage of Average Salary for each year of service as follows: First elected prior to January 1, 1979: (a) 5.00% for the first eight years of service prior to January 1, 1979; and (b) 2.50% for subsequent years. Elected after December 31, 1978: (a) 2.50%.

Summary of Plan Provisions – Legislators Retirement Plan (Continued)

Retirement (Concluded)	
Early retirement benefit	
Age/Service requirements	Age 55 and either six full years of service or service during all or part of four regular legislative sessions.
Amount	Normal retirement benefit based on service and Average Salary at retirement date and actuarially reduced for each month the member is under age 62 assuming augmentation to age 62 at 3.00% per year.
Form of payment	Paid as a 50% joint and survivor annuity to member, spouse and dependent children. Annuitants may elect 100% joint and survivor bounce back annuity, life annuity, or a term certain and life annuity on an actuarially equivalent basis.
Benefit increases	1.75% per year. A benefit recipient who has been receiving a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment will receive a pro rata increase.
Disability	No additional benefits provided beyond standard plan. Treated as retirement or termination, depending on age and service at termination.
Death	
Surviving spouse benefit	
Age/Service requirement	Death while active, or after termination if service requirements for a normal retirement benefit is met but payments have not begun.
Amount	Survivor payments of 50% of the retirement benefit of the member assuming the member had attained normal retirement age and had a minimum of eight years of service. Benefit is paid for life. A former member's benefit is augmented as a Deferred Annuity to date of death before determining the portion payable to the spouse. If the legislator was at least age 60 at death, the surviving spouse may elect an optional joint and survivor annuity. If a deferred benefit was not eligible to be in pay status before July 1, 1997, an actuarial increase shall be made for the change in the post-retirement interest rates from 5.00% to 6.00%.
Benefit increases	Same as for retirement.

Summary of Plan Provisions – Legislators Retirement Plan (Continued)

Death (Concluded)

<u>**Surviving dependent children's benefit**</u>

Age/Service requirement	Same as spouse's benefit.
Amount	Benefit for first child is 25.00% of the retirement benefit (computed as for surviving spouse) with 12.50% for each additional child. Maximum payable (including spouse) is 100.00% of the retirement benefit. Benefits cease when a child marries or attains age 18 (22 if a full-time student).
Benefit increases	Same as for retirement.

<u>**Refund of contributions**</u>

Age/Service requirement	Member dies before receiving any retirement benefits and survivor benefits are not payable.
Amount	Member's contributions with 6.00% interest through June 30, 2011. Beginning July 1, 2011, a member's contributions increase at 4.00% interest. Beginning July 1, 2018, a member's contributions increase at 3.00% interest.

Termination

<u>**Refund of contributions**</u>

Age/Service requirement	Termination of service.
Amount	Member's contributions with 6.00% interest through June 30, 2011. Beginning July 1, 2011, a member's contributions increase at 4.00% interest. Beginning July 1, 2018, a member's contributions increase at 3.00% interest. If a member is vested, a deferred annuity may be elected in lieu of a refund.

<u>**Deferred benefit**</u>

Age/Service requirement	Same service requirements as for normal retirement.
Amount	Benefit computed under law in effect at termination and increased by the following annual augmentation percentage: (a.) 0.00% before July 1, 1973; (b.) 5.00% from July 1, 1973, to January 1, 1981; (c.) 3.00% until the earlier of January 1 of the year following attainment of age 55 and January 1, 2012; (d.) 5.00% until the earlier of January 1, 2012, and when the annuity begins; (e.) 2.00% from January 1, 2012 through December 31, 2018; and (f.) 0.00% from January 1, 2019, thereafter.

Summary of Plan Provisions – Legislators Retirement Plan (Concluded)

Deferred benefit - (Concluded)	
Amount (Concluded)	Amount is payable at normal or early retirement. For members who terminated prior to July 1, 1997, but were not eligible to commence their pensions before July 1, 1997, the benefit shall be increased to reflect the actuarial equivalent change in post-retirement interest rate from 5.00% to 6.00%.
Adjustments for benefits not in pay status	Benefits are adjusted on an actuarial equivalent basis to reflect the 1997 change in post-retirement interest rate assumption from 5.00% to 6.00%.
Actuarial equivalent factors	Actuarially equivalent factors based on Pub-2010 mortality for healthy annuitants, reflecting projected mortality improvements using mortality improvement scale MP-2021 from a base year of 2010, with male rates multiplied by a factor of 1.04 and female rates multiplied by a factor of 1.10, blended 50% males and 50% females, 5.42% post-retirement interest, and 7.0% pre-retirement interest. Based upon statutory requirements; Joint and Survivor factors are based on an interest assumption of 6.50%.
Combined service annuity	Members are eligible for combined service benefits if they: (a.) Have sufficient allowable service in total that equals or exceeds the applicable service credit vesting requirement of the retirement plan with the longest applicable service credit vesting requirement; (b.) Have at least six months of allowable service credit in each plan worked under; and (c.) Are not in receipt of a benefit from another plan, or have applied for benefits with an effective date within one year. Members who meet the above requirements must have their benefit based on the following: (a.) Allowable service in all covered plans are combined in order to determine eligibility for early retirement. (b.) Average salary is based on the high five consecutive years during their entire service in all covered plans.
Changes in plan provisions	The post-retirement benefit increase changed from 1.50% to 1.75%, effective January 1, 2026.

Summary of Plan Provisions – Elective State Officers Retirement Plan

Following is a summary of the major plan provisions used in the valuation of this report. MSRS is solely responsible for the validity, accuracy and comprehensiveness of this information. If any of the plan provisions shown below are not accurate and complete, the valuation results may differ significantly from those shown in this report and may require a revision of this report.

Plan year	July 1 through June 30.
Eligibility	Must be employed as a "Constitutional Officer" first elected prior to July 1, 1997, and must elect to retain coverage under this plan (i.e., does not elect Social Security coverage). Plan is closed to new members since July 1, 1997.
Contributions	Plan is funded by annual appropriations from the State's General Fund.
Allowable service	Service while in an eligible position as a constitution officer.
Salary	Salary upon which Elective State Officers Retirement Fund contributions have been made.
Average salary	Average of the five highest successive years of Salary.
Retirement	
<u>**Normal retirement benefit**</u>	
Age/Service requirements	Age 62 and eight years of Allowable Service.
Amount	2.50% of Average Salary for each year of Allowable Service. For members who terminated service after June 30, 1997, an actuarial increase shall be made for the change in the post-retirement interest rates from 5.00% to 6.00%.
<u>**Early retirement benefit**</u>	
Age/Service requirement	Age 60 and eight years of Allowable Service.
Amount	Normal retirement benefit based on Allowable Service and Average Salary at retirement date with reduction of 0.50% for each month the member is under age 62 at the time of retirement.
<u>**Form of payment**</u>	Life annuity.
<u>**Benefit increases**</u>	1.75% per year. A benefit recipient who has been receiving a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment will receive a pro rata increase.

Summary of Plan Provisions – Elective State Officers Retirement Plan (Continued)

Disability	No additional benefits provided beyond standard plan. Treated as retirement or termination, depending on age and Allowable Service as of disablement.
Death	
<u>**Surviving spouse benefit**</u>	
Age/Service requirement	Death while active, or after retirement, or after termination but prior to retirement with at least eight years of Allowable Service.
Amount	Survivor payments of 50% of the retirement benefit of the member assuming the member had attained age 62 and had a minimum of eight years of Allowable Service. A former member's benefit is augmented as a Deferred Annuity to date of death before determining the portion payable to the spouse. If a member dies prior to July 1, 1997, and the beneficiary was not eligible to commence a survivor benefit as of July 1, 1997, an actuarial increase shall be made for the change in the post-retirement interest rates from 5.00% to 6.00%.
Benefit increases	Same as for retirement.
<u>**Surviving dependent children's benefit**</u>	
Age/Service requirement	Same as spouse's benefit.
Amount	Benefit for first child is 25.00% of the retirement benefit (computed as for surviving spouse) with 12.50% for each additional eligible child. Maximum payable (including spouse) is 100.00% of the retirement benefit. Benefits cease when a child marries or attains age 18 (22 if a full-time student).
Benefit increases	Same as for retirement.
Termination	
<u>**Refund of contributions**</u>	
Age/Service requirement	Termination of service.
Amount	Member's contributions with 6.00% interest through June 30, 2011. Beginning July 1, 2011, a member's contributions increase at 4.00% interest. Beginning July 1, 2018, a member's contributions increase at 3.00% interest. If a member is vested, a deferred annuity may be elected in lieu of a refund.

Summary of Plan Provisions – Elective State Officers Retirement Plan (Continued)

Termination (Concluded)	
<u>**Deferred benefit**</u>	
Age/Service requirement	Eight years of Allowable Service.
Amount	Benefit computed under law in effect at termination and increased by the following annual augmentation percentage: (a.) 0.00% before July 1, 1979; (b.) 5.00% from July 1, 1979, to January 1, 1981; (c.) 3.00% until age 55, or until January 1, 2012, whichever is earlier; (d.) 5.00% thereafter until the annuity begins but prior to January 1, 2012; (e.) 2.00% from January 1, 2012 through December 31, 2018; and (f.) 0.00% from January 1, 2019, thereafter. Amount is payable at normal or early retirement. If a member terminated prior to July 1, 1997, but was not eligible to commence his or her pension before July 1, 1997, an actuarial increase shall be made for the change in the post-retirement interest rates from 5.00% to 6.00%.
Combined service annuity	Members are eligible for combined service benefits if they: (a.) Have sufficient allowable service in total that equals or exceeds the applicable service credit vesting requirement of the retirement plan with the longest applicable service credit vesting requirement; (b.) Have at least six months of allowable service credit in each plan worked under; and (c.) Are not in receipt of a benefit from another plan, or have applied for benefits with an effective date within one year. Members who meet the above requirements must have their benefit based on the following: (a.) Allowable service in all covered plans are combined in order to determine eligibility for early retirement. (b.) Average salary is based on the high five consecutive years during their entire service in all covered plans.

Summary of Plan Provisions – Elective State Officers Retirement Plan (Concluded)

Actuarial equivalent factors	Actuarially equivalent factors based on Pub-2010 mortality for healthy annuitants, reflecting projected mortality improvements using mortality improvement scale MP-2021 from a base year of 2010, with male rates multiplied by a factor of 1.04 and female rates multiplied by a factor of 1.10, blended 50% males and 50% females, 5.42% post-retirement interest, and 7.0% pre-retirement interest. Based upon statutory requirements; Joint and Survivor factors are based on an interest assumption of 6.50%.
Changes in plan provisions	The post-retirement benefit increase changed from 1.50% to 1.75%, effective January 1, 2026.

SECTION F

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

Actuarial Methods Used for the Determination of Total Pension Liability and Related Values

Actuarial Cost Method

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

(i) The annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and

(ii) Each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Total Pension Liability.

Asset Valuation Method

Fair value of assets.

Summary of Actuarial Assumptions Used in the Determination of Total Pension Liability and Related Values

The following assumptions were used in valuing the liabilities and benefits under the plan. The assumptions prescribed are based on the most recent review of actuarial assumptions, dated July 20, 2023. 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.

Investment return	0.00% per annum.
Single Discount Rate	5.20% per annum.
Salary increases	4.25% annually.
Inflation	2.25% annually.
Mortality rates	
Pre-retirement	Pub-2010 General Employee Mortality Table adjusted for mortality improvements using mortality improvement scale MP-2021.
Post-retirement	Pub-2010 General Healthy Retiree Mortality Table, adjusted for mortality improvements using mortality improvement scale MP-2021. Rates are multiplied by a factor of 1.04 for males and 1.10 for females.
Notes	The Pub-2010 employee mortality table as published by the Society of Actuaries (SOA) contains mortality rates for ages 18 to 80 and the annuitant mortality table contains mortality rates for ages 50 to 120. We have extended the annuitant mortality table as needed for members younger than age 50 who are receiving a benefit by deriving rates based on the employee table and the juvenile table. Similarly, we have extended the employee table as needed for members older than age 80 by deriving rates based on the annuitant table.
Retirement	Members retiring from active status are assumed to retire according to the age related rates shown in the rate table. Members who have attained the highest assumed retirement age are assumed to retire in one year.
Withdrawal	Ultimate rates based on actual experience. Rates are shown in the rate table.
Disability	None.
Allowance for combined service annuity	None.

Summary of Actuarial Assumptions (Continued)

Administrative expenses	In the valuation year, equal to prior year administrative expenses expressed as percentage of prior year projected payroll. In each subsequent year, equal to the initial administrative expense percentage applied to payroll for the closed group.
Refund of contributions	For non-vested members, account balances accumulate interest until the assumed commencement date and are discounted back to the valuation date. Active members decrementing after becoming eligible for a benefit are assumed to take the contributions accumulated with interest if larger than the value of the benefit.
Commencement of deferred benefits	Members receiving deferred annuities (including current terminated deferred members) are assumed to begin receiving benefits at age 62.
Percentage married	85% of active members are assumed to be married. Legislators in payment status are assumed to be 100% married for purposes of a death benefit, except if reported with a joint & survivor benefit. 100% of Elective State Officers members are assumed to be eligible for the automatic survivor benefit.
Age of spouse	Male members are assumed to have a female beneficiary three years younger and female members are assumed to have a male beneficiary three years older.
Eligible children	Each member may have two dependent children depending on member's age. Assumed first born child born at member's age 28 and second born child at member's age 31.
Form of payment	Active married members are assumed to elect a 50% joint and survivor annuity. Active single members and deferred members are assumed to elect a life annuity. Unless reported with a joint and survivor option, retired members are assumed to have a spouse that is eligible for the automatic survivor benefit. Deferred Elective State Officers Retirement Fund members are assumed to elect a life annuity with automatic survivor benefits.
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.
Decrement operation	Withdrawal decrements do not operate during retirement eligibility. Decrements are assumed to occur mid-fiscal year.
Service credit accruals	It is assumed that members accrue one year of service credit per year.
Benefit service	Exact fractional service is used to determine the amount of benefit payable.
Pay increases	Pay increases are assumed to happen at the beginning of the fiscal year. This is equivalent to assuming that reported earnings are pensionable earnings for the year ending on the valuation date.
Final average salary	For present value of future benefit purposes, final average salary was calculated in accordance with pay increase assumptions, but was not permitted to fall below the final average salary reported in the data.

Summary of Actuarial Assumptions (Continued)

Unknown data for certain members

To prepare this report, GRS has used and relied on participant data supplied by the Fund. Although GRS has reviewed the data in accordance with Actuarial Standards of Practice No. 23, GRS has not verified or audited any of the data or information provided.

In cases where submitted data was missing or incomplete, the following assumptions were applied:

Legislators Retirement Plan

Data for active members:

There were no members reported with zero or invalid salary.

There were no members reported with missing service.

There were no members reported with missing or invalid gender or birth dates.

Data for terminated members:

There were 2 members reported without a benefit. If available, we calculated benefits for these members using the reported Average Salary and credited service. If Average Salary was also not reported (2 members), we assumed a value of $30,000. There were no members reported without credited service or a termination date.

There were no members reported with missing or invalid gender or birth dates.

Data for members receiving benefits:

There were no members reported with missing or invalid gender, birth dates or benefits.

There were 236 retired members reported:

- 93 members were reported with the 100% joint and survivor option. These members were valued as indicated by the option elected.
- 142 members were reported with the life annuity option and 1 member was reported with the 50% joint and survivor option. All of these members were valued as a 50% joint & survivor annuity per MSRS' direction.

Of the 236 retired members, 102 members had an invalid or missing survivor gender and 93 members had a missing or invalid survivor date of birth. We used the valuation assumptions if the survivor gender or date of birth was missing or invalid.

There were no retirees reported with a bounceback annuity and an unreasonable reduction factor.

There were no survivors reported on the data file with an expired benefit.

Summary of Actuarial Assumptions (Continued)

Unknown data for certain members – (Concluded)	**Elective State Officers Retirement Plan** <u>Data for members receiving benefits:</u> There were no members reported with missing or invalid birth dates, genders or benefits. All retired members were reported with a life annuity option. Members were assumed to have a spouse that is eligible for the automatic survivor benefits. Valuation assumptions were used if the survivor gender (3 members) or date of birth (3 members) were missing or invalid.
Changes in actuarial assumptions	The Single Discount Rate changed from 3.97% to 5.20%

Summary of Actuarial Assumptions (Concluded)

Age in 2025	Percent of Members Dying Each Year*			
	Post-Retirement Mortality**		Pre-Retirement Mortality**	
	Male	Female	Male	Female
20	0.04%	0.02%	0.04%	0.01%
25	0.03%	0.01%	0.03%	0.01%
30	0.05%	0.02%	0.05%	0.02%
35	0.08%	0.04%	0.07%	0.03%
40	0.10%	0.05%	0.09%	0.04%
45	0.13%	0.07%	0.11%	0.05%
50	0.29%	0.22%	0.14%	0.07%
55	0.42%	0.30%	0.21%	0.12%
60	0.64%	0.43%	0.32%	0.19%
65	0.94%	0.63%	0.46%	0.28%
70	1.45%	1.01%	0.64%	0.42%
75	2.42%	1.77%	0.96%	0.69%
80	4.34%	3.29%	1.51%	1.18%
85	8.04%	6.31%	6.50%	4.93%
90	14.09%	11.91%	13.55%	10.83%

* *Generally, mortality rates are expected to increase as age increases (with the exception of young ages, where expected mortality may decrease as age increases). In cases where the application of the projection scale would reverse the nature of this trend, standard mortality rates have been adjusted slightly. The adjustment has no material effect on results.*

** *Rates are adjusted for mortality improvements using mortality improvement scale MP-2021 from a base year of 2010.*

Age	Percent Retiring
60	0.00%
61	0.00
62	40.00
63	30.00
64	30.00
65	40.00
66	30.00
67	25.00
68	25.00
69	25.00
70	30.00
71+	100.00

Service	Percent Terminating (Withdrawing)	
	House	Senate
1	0.0%	0.0%
2	30.0	0.0
3	0.0	0.0
4	20.0	25.0
5	0.0	0.0
6	10.0	0.0
7	0.0	0.0
8	5.0	10.0
9+	0.0	0.0

SECTION G

CALCULATION OF THE SINGLE DISCOUNT RATE

Calculation of the Single Discount Rate

GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Fiduciary Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the long-term expected rate of return is used as the discount rate. In years where assets are not projected to be sufficient to meet benefit payments, the use of a municipal bond rate is required, as described in the following paragraph.

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the plan fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

This plan is currently funded on a pay-as-you-go basis by annual appropriations from the state’s General Fund. For the fiscal year ending June 30, 2025, total contributions (plan member contributions and State General Fund appropriations) were $8.4 million and total benefit payments and administrative expenses were $8.4 million.

For the purpose of this valuation, we have recognized that the assets are not sufficient to pay benefits in any future year regardless of future investment income. The municipal bond rate is 5.20%*; and the resulting single discount rate is 5.20%.

** Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in The Bond Buyer's Index's '20-Bond GO Index' as of June 30, 2025.*

SECTION H

GLOSSARY OF TERMS

Glossary of Terms

Accrued Service	Service credited under the system which was rendered before the date of the actuarial valuation.
Actuarial Accrued Liability (AAL)	The AAL is the difference between the actuarial present value of all benefits and the actuarial value of future normal costs. The definition comes from the fundamental equation of funding which states that the present value of all benefits is the sum of the Actuarial Accrued Liability and the present value of future normal costs. The AAL may also be referred to as "accrued liability" or "actuarial liability."
Actuarial Assumptions	These assumptions are estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of the pension trust benefits between future normal cost and actuarial accrued liability. The actuarial cost method may also be referred to as the actuarial funding method.
Actuarial Equivalent	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.
Actuarial Gain (Loss)	The difference in liabilities between actual experience and expected experience during the period between two actuarial valuations is the gain (loss) on the accrued liabilities.
Actuarial Present Value (APV)	The amount of funds currently required to provide a payment or series of payments in the future. The present value is determined by discounting future benefit payments at predetermined rates of interest to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation	The actuarial valuation report determines, as of the actuarial valuation date, the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial Valuation Date	The date as of which an actuarial valuation is performed.
Actuarially Determined Contribution (ADC)	A calculated contribution into a defined benefit pension plan for the reporting period, most often determined based on the funding policy of the plan. Typically, the Actuarially Determined Contribution has a normal cost payment and an amortization payment.

Glossary of Terms

Amortization Method	The method used to determine the periodic amortization payment may be a level dollar amount, or a level percent of pay amount. The period will typically be expressed in years, and the method will either be "open" (meaning, reset each year) or "closed" (the number of years remaining will decline each year).
Amortization Payment	The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.
Cost-of-Living Adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (cost-sharing pension plan)	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered-Employee Payroll	The payroll of covered employees, which is typically only the pensionable pay (meets the statutory salary definition) and does not include pay above any pay cap.
Deferred Inflows and Outflows of Resources	The deferred inflows and outflows of pension resources are amounts used under GASB Statement No. 68 in developing the annual pension expense. Deferred inflows and outflows arise with differences between expected and actual experiences; changes of assumptions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.
Discount Rate or Single Discount Rate	For GASB purposes, the discount rate is the single rate of return that results in the present value of all projected benefit payments to be equal to the sum of the funded and unfunded projected benefit payments, specifically: 1. The benefit payments to be made while the pension plans' fiduciary net position is projected to be greater than the benefit payments that are projected to be made in the period; and 2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.
Entry Age Actuarial Cost Method or Entry Age Normal (EAN)	The EAN is a funding method for allocating the costs of the plan between the normal cost and the accrued liability. The actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and assumed exit ages(s). The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability. The sum of the accrued liability plus the present value of all future normal costs is the present value of all benefits.

Glossary of Terms

Fiduciary Net Position	The fiduciary net position is the value of the net assets of the trust restricted for pension benefits.
GASB	The Governmental Accounting Standards Board is an organization that exists with authority to promulgate accounting standards for state and local governmental entities.
Long-Term Expected Rate of Return	The long-term rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio.
Money-Weighted Rate of Return	The money-weighted rate of return is a method of calculating the returns that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 67, money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense.
Multiple-Employer Defined Benefit Pension Plan	A multiple-employer plan is a defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Municipal Bond Rate	The Municipal Bond Rate is the discount rate to be used for those benefit payments that occur after the assets of the trust have been depleted.
Net Pension Liability (NPL)	The NPL is the liability of employers and non-employer contributing entities to plan members for benefits provided through a defined benefit pension plan.
Non-Employer Contributing Entities	Non-employer contributing entities are entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of the GASB Accounting Statements No. 67 and No. 68 plan members are not considered non-employer contributing entities.
Normal Cost	The actuarial present value of the pension trust benefits allocated to the current year by the actuarial cost method.
Other Postemployment Benefits (OPEB)	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Real Rate of Return	The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.
Service Cost	The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.

Glossary of Terms

Total Pension Expense — The total pension expense is the sum of the following items that are recognized at the end of the employer's fiscal year:

1. Service Cost
2. Interest on the Total Pension Liability
3. Current-Period Changes in Benefit Terms
4. Employee Contributions
5. Projected Earnings on Plan Investments
6. Pension Plan Administrative Expense
7. Other Changes in Plan Fiduciary Net Position
8. Recognition of Outflow (Inflow) of Resources due to the difference between expected and actual in measurement of the Total Pension Liability
9. Recognition of Outflow (Inflow) of Resources due to Assumption Changes
10. Recognition of Outflow (Inflow) of Resources due to the difference between projected and actual earnings on pension plan investments

Total Pension Liability (TPL) — The TPL is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.

Unfunded Actuarial Accrued Liability (UAAL) — The UAAL is the difference between actuarial accrued liability and valuation assets.

Valuation Assets — The valuation assets are the plan fiduciary net position used in determining the net position liability of the fund. For purposes of the GASB Statement No. 67, the asset valuation method is equal to the market value of assets.