



TO: Legislative Commission on Pensions and Retirement
FROM: Susan Lenczewski, Executive Director
RE: Actuarial Assumption Changes for MSRS, PERA and TRA
DATE: November 3, 2015

The Commission is being asked to approve actuarial assumption changes for the Minnesota State Retirement System (MSRS) General Employees Retirement Plan, the Public Employees Retirement Association (PERA) General Employees Retirement Plan and the Teachers Retirement Association. The requested assumption changes are consistent with the recommendations of the actuary for each pension plan, upon completion of a six-year experience study.

The Commission may (i) approve the assumption changes and thereby allow the pension plans to use the new assumptions in their next annual valuation, (ii) take no action and thereby allow the assumption changes to take effect approximately one year from now or (iii) reject or modify the assumption changes.

Pursuant to Minnesota Statutes § 356.215, Subd. 18(b), all actuarial assumptions used in the preparation of actuarial valuations for the pension funds, except the "interest rate" assumption, may be changed only with the approval of the Commission or, in the absence of Commission action, such changes automatically take effect one year after the changes are received by the Commission. The interest rate assumption, which is set forth at Minnesota Statutes § 256.215, Subd. 8, may be changed only by legislative action.

Attached for the Commission's consideration are the following:

- Letter dated September 3, 2015, from the MSRS Executive Director reporting that the MSRS Board of Directors had approved certain actuarial assumption changes upon the recommendation of MSRS' actuary in connection with the completion of an experience study for the period July 1, 2008, through June 30, 2014, and requesting the Commission's approval of the changes.
- Letter dated October 9, 2015, from the PERA Interim Executive Director reporting that the PERA Board of Trustees had approved certain actuarial assumption changes upon the recommendation of PERA's actuary in connection with the completion of an experience study for the period July 1, 2008, through June 30, 2014, and requesting the Commission's approval of the changes.
- Letter dated September 2, 2015, from the TRA Executive Director reporting that the TRA Board of Trustees had approved certain actuarial assumption changes upon the recommendation of TRA's actuary in connection with the completion of an experience study for the period July 1, 2008, through June 30, 2014, and requesting the Commission's approval of the changes.

- Chart entitled “Proposed 2015 Actuarial Assumption Changes” setting forth each Plan’s current and proposed actuarial assumptions for the following:
 - Price inflation
 - Payroll growth
 - Merit salary scale
 - Retiree mortality
 - Disabilitant mortality
 - Active member mortality
 - Retirement rates (for normal, Rule of 90 and early retirements)
 - Withdrawal rates following termination of employment
 - Disability rates
 - Marital status
 - Form of payment (optional annuity forms)

All proposed changes set forth in the chart were approved by the respective governing board, except use of mortality improvement scale MP-2015. The governing boards had approved the use of the “MP-2014 improvement scale” before the more up-to-date mortality improvement scale, MP-2015, was issued. MP-2015 is based on more current data than MP-2014 and use of MP-2015 is anticipated to have less of an impact on each plan’s liability than use of MP-2014 because the mortality improvement is slightly less with increasing age. For these reasons, each of the governing boards will be asked to approve the use of MP-2015 at its next meeting and is expected to approve this change. Accordingly, the Commission is being asked to approve the use of MP-2015, in place of MP-2014, along with all the other assumption changes, with the understanding that the Commission’s approval of MP-2015 will take effect with respect to each of MSRS, PERA and TRA, only if and when the respective governing board approves the use of MP-2015.

- Proposed resolution LCPR15-R1 for adoption by the Commission of the proposed actuarial assumption changes.

September 3, 2015

Susan Lenczewski, Executive Director
Legislative Commission on Pension and Retirement
55 State Office Building
100 Rev. Dr. Martin Luther King Jr. Boulevard
St. Paul, MN 55155-1201

Dear Ms. Lenczewski:

The MSRS Board of Directors met on July 16, 2015, to review the results of the General Employees Retirement Plan actuarial *Experience Study* completed by MSRS' actuarial firm, Gabriel Roeder Smith & Company. The *Experience Study* covered the period from July 1, 2008, through June 30, 2014. A copy of the study was already sent to the Legislative Commission on Pensions and Retirement (LCPR). The MSRS Board approved the recommendations presented at the meeting.

The recommendations adopted by the Board are as follows:

- Decrease the current 8.0% select/8.5% ultimate investment return assumption (which was lowered to 8% during the 2015 Legislative Session) to an investment return assumption in the range of 7.00% to 8.00%.
- Decrease the price inflation assumption from 3.00% to 2.75%
- Decrease the wage inflation assumption from 3.75% to 3.50%
- Adjust rates of merit and seniority salary increases
- Adjust assumed retirement rates
- Change the assumed rates of withdrawal
- Lower rates of disability
- Change the base mortality table to the RP-2014 mortality table, white collar adjustment, with rates age-adjusted for some tables to better fit plan experience and with future improvement projected. The changes result in a decrease in assumed mortality rates at almost all ages.
- No change in actuarial funding method
- No change in amortization policy
- A change to the post-retirement benefit increase funding policy
- Change Minnesota Standard for Actuarial Work requirements related to projected payroll
- Change the assumed married percentage for male members from 85% to 80%, and from 70% to 65% for female members
- Minor change to the form of payment assumptions

More detail on each of the recommendations is included in the full *Experience Study*.

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The MSRS Board requests that the LCPR approve the recommendations adopted by the MSRS Board. The 8 percent investment assumption will be used in the July 1, 2015, *Actuarial Valuation*, and we hope to receive approval to use the remaining assumption changes for the July 1, 2016, *Actuarial Valuation*.

We would be happy to have our actuary present the results of the *Experience Study* to the LCPR if you would like. Please feel free to call me directly at 651-284-7888 if you have any questions or would like to set up a presentation.

Respectfully,

A handwritten signature in blue ink, appearing to read "Dave Bergstrom", with a stylized flourish extending to the right.

Dave Bergstrom
Executive Director

Public Employees Retirement Association of Minnesota

60 Empire Drive, Suite 200
Saint Paul, Minnesota 55103-2088
Member Information Services: 651-296-7460 or 1-800-652-9026
Employer Response Lines: 651-296-3636 or 1-888-892-73
PERA Fax Number: 651-297-2547 ◆ PERA Website: www.mnpera.org



October 9, 2015

Susan Lenczewski, Executive Director
Legislative Commission on Pensions and Retirement
55 State Office Building
100 Rev. Dr. Martin Luther King Jr. Boulevard
St. Paul, MN 55155-1201

Dear Ms. Lenczewski:

At the October 8, 2015 meeting of the PERA Board of Trustees, the results of the 2008 – 2014 Experience Study of the General Employees Retirement Fund were reviewed and discussed. A copy of the complete report was forwarded to you earlier. The corresponding page reference to the report discussion and recommendation is noted below. A copy of the experience study is enclosed again for your reference.

The Board approved the following with respect to the assumption changes recommended by Gabriel, Roeder, Smith & Co., PERA's consulting actuary, as a result of the study:

- Salary – adjust the merit/seniority pay increase assumption (pages C1 – C4)
- Retirement Rates – make minor changes to retirement rates for normal retirement, Rule of 90 (unreduced) retirement, and early retirement (reduced); provide distinct early retirement rates for Tier 1 and Tier 2 members (pages D1 – D8)
- Withdrawal Rates – change from the current select and ultimate table to a service-based table (pages E1 – E6)
- Disability Retirement – lower the rates of disability at every age (pages F1 – F3)
- Post-retirement, Disability and Pre-retirement Mortality – change to a more recent mortality (RP-2014) table to better anticipate current and future mortality patterns (pages G1 – G9)
- Optional Annuity Elections – change the assumed number of males who are married for purposes of projecting who may elect optional annuity forms, and modify the assumptions about which of the payment forms are selected (pages I1 – I4)

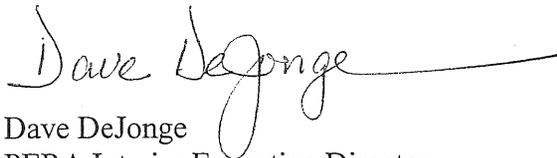
The PERA Board of Trustees respectfully requests that the Legislative Commission on Pensions and Retirement (LCPR) review the experience study recommendations and approve the changes adopted by the PERA Board. We hope the Commission will have sufficient time to review and approve the recommended changes so that the revised assumptions may be used in the July 1, 2016 actuarial valuations. We understand that in accordance with Minnesota Statutes Section 356.215, subd. 18(b), our recommended assumption changes will become effective one year from the date of receipt of this letter should the LCPR not take action on these recommendations.

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I am enclosing information from our actuarial consultant that shows the financial impact of adopting the assumption changes. In total, the assumption changes add \$1.2 billion to PERA's actuarial accrued liability. We would be more than happy to make arrangements for our actuarial consultants to be available to the LCPR to present and explain the results of their report at an upcoming hearing. If you have any questions, please do not hesitate to contact us.

By the way, the PERA Board has also directed staff to have a limited-scope experience study of the PERA Police and Fire Plan and the Local Government Correctional Service Retirement Plan conducted by the end of this fiscal year by PERA's actuarial consultant. Results will be provided to you at the end of the study.

Sincerely,

A handwritten signature in cursive script that reads "Dave DeJonge". The signature is written in black ink and includes a long horizontal line extending to the right from the end of the name.

Dave DeJonge
PERA Interim Executive Director



September 2, 2015

Susan Lenczewski, Executive Director
Legislative Commission on Pensions and Retirement
55 State Office Building
100 Rev. Dr. Martin Luther King Jr. Boulevard
St. Paul, MN 55155-1201

Dear Ms. Lenczewski:

At their August 18, 2015, meeting, the TRA Board of Trustees reviewed the results of the experience study completed by TRA's actuarial consultant, Cavanaugh Macdonald. The actuarial experience study covered the period July 1, 2008, through June 30, 2014, and was transmitted to you this past June. A copy of the experience study is enclosed again for your reference. For each assumption change we are recommending, we have included the corresponding page reference in the study.

In accordance with Minnesota Statutes Section 356.215, subd. 8 and 9, the TRA Board passed a motion to support implementation of the recommendations summarized on pages 1 through 5 of the Cavanaugh Macdonald's Experience Study Report 2008 – 2014, dated June 5, 2015. Further descriptions of the recommendations are contained in the report in Appendix B starting on page 69.

The key recommendations are to:

- **Reduce price inflation assumption from 3.00 percent to 2.75 percent** [see pages 15-17 of the experience study for this recommendation]
- **Reduce long-term investment return from the current "Select and Ultimate" return (8.00 percent until 2017 and 8.50 percent thereafter) to 8.00 percent for all years** [see pages 18-24 of the experience study for this recommendation]
- **Maintain the long-term assumed real wage inflation remain at 0.75 percent per year** [see pages 24-26 of the experience study for this recommendation]
- **Reduce payroll growth assumption from 3.75% to 3.50%** [see page 27 of study for this recommendation]
- **Modify the salary increase assumption by implementing minor changes to the merit scale at certain durations and a 0.25% increase in the merit scale at all service durations** [see page 27-28 of the experience study for this recommendation]

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- *Replace the current active, retiree and disabled mortality assumptions with newer life insurance industry tables, reflecting improved mortality experience and therefore longer life expectancy* [see pages 35-43 of the experience study for this recommendation]
- *Make adjustments to several other current demographic assumptions (retirement rates, annuity forms, and termination) as specified in the experience study so that they more closely match actual experience* [see pages 45-51 for proposed retirement rate assumption changes; see pages 52-54 for recommended changes to the annuity selection assumption; see page 55 for recommended changes in disability assumptions; and see page 57-60 for recommended changes in termination assumptions]

The TRA Board of Trustees respectfully requests that the Legislative Commission on Pensions and Retirement (LCPR) review these experience study recommendations and approve of the changes recommended by the TRA Board. We hope the Commission will have sufficient time to review and approve the recommended changes so that the revised assumptions may be used in the July 1, 2016, actuarial valuations. If that is not possible, we understand that, under Minnesota Statutes Section 356.215, subd 18(b), our recommended assumption changes would become effective for the July 1, 2016, valuation should the LCPR not take action on these recommendations by one year from the date of receipt of this letter.

We would be glad to arrange for our actuarial consultants to be available to the LCPR to present and explain the results of their report at an upcoming hearing. If you have any questions, please do not hesitate to contact us.

Sincerely,



Laurie Fiori Hacking
TRA Executive Director

Attachments



2015 Proposed Actuarial Assumption Changes

MSRS-General, PERA-General, and TRA

Economic Assumptions p. 1
Demographic Assumptions p. 2-5
Miscellaneous and Technical Assumptions..... p. 5

Economic Assumptions			
	MSRS-General	PERA-General	TRA
Price inflation			
Current	2.75%	2.75%	3.00%
Proposed	No Change	No change	2.75%
Payroll growth			
Current	3.50%	3.50%	3.75%
Proposed	No change	No change	3.50%
Merit salary scale			
Current	Service-based scale, sample rates: Year 1 = 10.25% Year 5 = 5.45% Year 10 = 4.15% Year 15 = 3.45% Years 17+ = 3.25%	Service-based scale, sample rates: Year 1 = 11.78% Year 5 = 5.72% Year 10 = 4.17% Year 15 = 3.45% Years 18+ = 3.25%	Service-based scale, sample rates: Year 1 = 12.00% Year 5 = 7.25% Year 10 = 6.40% Year 15 = 5.25% Year 20 = 4.00% Years 25+ = 3.50%
Proposed	Service-based scale, sample rates: Year 1 = 14.00% Year 5 = 5.25% Year 10 = 4.25% Year 15 = 4.00% Year 20 = 3.75% Years 25+ = 3.50%	Service-based scale, sample rates: Year 1 = 11.50% Year 5 = 5.50% Year 10 = 4.50% Year 15 = 3.90% Year 20 = 3.75% Years 26+ = 3.50%	Service-based scale, sample rates: Year 1 = 9.50% Year 5 = 7.00% Year 10 = 6.25% Year 15 = 5.00% Year 20 = 4.10% Years 26+ = 3.50%

Proposed 2015 Actuarial Assumption Changes

Demographic Assumptions			
	MSRS-General	PERA-General	TRA
Mortality			
Retiree mortality			
Current			
Males	RP-2000 Annuitant Generational Mortality Table, white collar, mortality improvement scale AA	RP-2000 White Collar Male Annuitant Generational Mortality Table	RP-2000 White Collar Male Annuitant Generational Mortality Table, set back 2 years
Females	RP-2000 Annuitant Generational Mortality Table, white collar, mortality improvement scale AA	RP-2000 White Collar Female Annuitant Generational Mortality Table, set back 2 years	RP-2000 White Collar Female Annuitant Generational Mortality Table, set back 3 years
Proposed			
Males	RP-2014 White Collar Male Healthy Annuitant Mortality Table, set forward 2 years, MP-2015* improvement scale	RP-2014 White Collar Male Healthy Annuitant Generational Mortality Table, set forward 2 years MP-2015* improvement scale	RP-2014 White Collar Male Healthy Annuitant Mortality Table, set back 3 years, rates at ages before 70 multiplied by 0.80 and rates at ages over 70 multiplied by 1.478, with some blending of rates around age 70 MP-2015* improvement scale
Females	RP-2014 White Collar Female Healthy Annuitant Mortality Table, MP-2015* improvement scale	RP-2014 White Collar Female Healthy Annuitant Generational Mortality Table, multiplied by 0.9 at all ages, MP-2015* improvement scale	RP-2014 White Collar Female Healthy Annuitant Mortality Table, set back 3 years, rates at ages before 75 multiplied by 0.85 and rates at ages over 75 multiplied by 1.362, with some blending of rates around age 75 MP-2015* improvement scale
Disabilitant mortality			
Current			
Males	RP-2000 Disabled Mortality Table, no setback	RP-2000 Disabled Retiree Mortality Table, set back 4 years	Age-related rates, based on experience
Females	RP-2000 Disabled Mortality Table set forward 5 years	RP-2000 Disabled Retiree Mortality Table, set forward 7 years	Age-related rates, based on experience

* Refer to page 6 for important information regarding the mortality improvement scale (MP-2015 and MP-2015).

Proposed 2015 Actuarial Assumption Changes

Demographic Assumptions			
	MSRS-General	PERA-General	TRA
Mortality			
Disabilitant mortality, cont.			
Proposed			
Males	RP-2014 Male Disabled Retiree Mortality Table, set forward 2 years, MP-2015* improvement scale	RP-2014 Male Disabled Retiree Generational Mortality Table, set forward 1 year, MP-2015* improvement scale	RP-2014 Male Disabled Retiree Mortality Table, without generational improvement
Females	RP-2014 Female Disabled Retiree Mortality Table, set forward 4 years, MP-2015* projection scale	RP-2014 Female Disabled Retiree Generational Mortality Table, set forward 6 years, MP-2015* Improvement scale	RP-2014 Female Disabled Retiree Mortality Table, without generational improvement
Active member mortality			
Current			
Males	RP-2000 White Collar Employee Generational Mortality Table, set forward 3 years, mortality improvement scale AA	RP-2000 White Collar Male Employee Generational Mortality Table, set forward 5 years	RP-2000 White Collar Male Employee Generational Mortality Table, set back 5 years
Females	RP-2000 White Collar Employee Generational Mortality Table, set back 1 year, mortality improvement scale AA	RP-2000 White Collar Female Employee Generational Mortality Table, set back 3 years	RP-2000 White Collar Female Employee Generational Mortality Table, set back 7 years
Proposed			
Males	RP-2014 Employee White Collar Male Employee Mortality Table, set forward 1 year, MP-2015* improvement scale	RP-2014 White Collar Male Employee Generational Mortality Table, set forward 1 year, MP-2015* improvement scale	RP-2014 White Collar Male Employee Mortality Table, set back 6 years, MP-2015* improvement scale
Females	RP-2014 Employee White Collar Female Employee Mortality Table, MP-2015* improvement scale	RP-2014 White Collar Female Employee Generational Mortality Table, set back 1 year, MP-2015* improvement scale	RP-2014 White Collar Female Employee Mortality Table, set back 5 years, MP-2015* Improvement scale

* Refer to page 6 for important information regarding the mortality improvement scale (MP-2015 and MP-2015).

Proposed 2015 Actuarial Assumption Changes

Demographic Assumptions									
MSRS-General				PERA-General			TRA		
Retirement rates - current									
Age	Normal Unreduced	Early Rule of 90	Early Reduced	Normal Unreduced	Early Rule of 90	Early Reduced	Normal Unreduced	Early Rule of 90	Early Reduced
55	-	20%	5%	-	20%	6%	-	50%	7%
56	-	15%	5%	-	20%	6%	-	55%	7%
57	-	15%	5%	-	20%	6%	-	45%	7%
58	-	15%	5%	-	20%	7%	-	45%	8%
59	-	20%	6%	-	20%	8%	-	45%	10%
60	-	20%	7%	-	20%	8%	-	40%	12%
61	-	22%	12%	-	25%	12%	-	45%	16%
62	-	40%	22%	-	35%	20%	-	45%	20%
63	-	30%	22%	-	25%	16%	-	40%	18%
64	-	30%	16%	-	25%	18%	-	45%	20%
65	40%	-	18%	35%	-	35%	40%	-	40%
66	30%	-	-	25%	-	-	35%	-	-
67	25%	-	-	20%	-	-	30%	-	-
68	25%	-	-	20%	-	-	30%	-	-
69	25%	-	-	20%	-	-	30%	-	-
70	30%	-	-	20%	-	-	35%	-	-
71+*	100%	-	-	100%	-	-	100%	-	-

Retirement rates - proposed												
Age	Unreduced		Reduced		Unreduced		Reduced		Tier I [†]		Tier II [‡]	
	Normal	Rule of 90	Tier I [†]	Tier II [‡]	Normal	Rule of 90	Tier I [†]	Tier II [‡]	Early	Unreduced	Early	Unreduced
55	-	15%	4%	4%	-	20%	5%	5%	5%	35%	5%	-
56	-	15%	4%	4%	-	15%	5%	5%	10%	35%	5%	-
57	-	12.5%	4%	4%	-	15%	5%	5%	10%	35%	5%	-
58	-	12.5%	4%	4%	-	15%	6%	5%	10%	35%	5%	-
59	-	15%	6%	5%	-	15%	7%	6%	14%	35%	5%	-
60	-	15%	8%	5%	-	15%	8%	7%	17%	35%	6%	-
61	-	20%	10%	10%	-	18%	10%	9%	20%	35%	15%	-
62	-	30%	20%	15%	-	35%	20%	15%	25%	35%	15%	-
63	-	25%	18%	15%	-	25%	20%	15%	25%	35%	15%	-
64	-	25%	18%	15%	-	25%	25%	15%	25%	35%	20%	-
65	35%	-	-	20%	32.5%	-	-	25%	-	35%	30%	-
66	30%	-	-	-	25.0%	-	-	-	-	40%	-	35% [§]
67	25%	-	-	-	20.0%	-	-	-	-	35%	-	30% [§]
68	25%	-	-	-	17.5%	-	-	-	-	30%	-	25% [§]
69	22%	-	-	-	15.0%	-	-	-	-	30%	-	25% [§]
70	30%	-	-	-	17.5%	-	-	-	-	35%	-	35%
71+*	100%	-	-	-	100%	-	-	-	-	100%	-	100%

* Members reaching 100% retirement eligibility will delay retirement one year

† Tier 1: Pre-7/1/1989 hires

‡ Tier 2: Post-6/30/1989 hires

§ Coordinated Tier 2 members age 62 with 30 or more years of service have 5% added to their early retirement rates

Proposed 2015 Actuarial Assumption Changes

Demographic Assumptions								
MSRS-General			PERA-General		TRA			
Termination of employment (withdrawal)								
Current	Select rates, first 3 years:			Select rates, service-based:		Select rates, first 3 years:		
		<u>Males</u>	<u>Females</u>			<u>Males</u>	<u>Females</u>	
	1st year	45%	48%	1st year =	40%	1st year	45%	40%
	2nd year	14%	15%	2nd year =	15%	2nd year	12%	10%
	3rd year	9%	10%	3rd year =	10%	3rd year	6%	8%
	Ultimate rates based on age, beginning at 6.90% (males)/8.55% (females) at age 20, gradually declining to 0% at age 55.			Ultimate rates based on age, beginning at 8.4% at age 20, gradually declining to 0% at age 55.		Ultimate rates based on age, beginning at 3.70% (males)/4.5% (females) at age 20, gradually declining to 0% at age 55.		
Proposed	Service-based table. Withdrawal rates begin at 20% (males)/24% (females) in Year 1 and gradually decline to 1% for both after 30 years of service.			Service-based table. Withdrawal rates begin at 25% in Year 1 and gradually decline to 1% (males) and 1.5% (females) after 30 years of service.		Service-based table. Withdrawal rates begin at 32% (males)/29% (females) in Year 1 and gradually decline to 0.5% for both after 25 years of service.		
	Disability rates							
Current	Age-related rates.			Age-based table.		Age-related rates.		
Proposed	Lower rates, adopt same table for males/females.			Rates lowered to approximately 60-75% of current.		No change		

Miscellaneous and Technical Assumptions										
MSRS-General			PERA-General			TRA				
Marital status										
Current	Males	85% are married			Males	75% are married		Males	85% are married	
	Females	70% are married			Females	70% are married		Females	65% are married	
Proposed	Males	80% are married			Males	80% are married		No change		
	Females	65% are married			Females	70% are married				
Form of payment (optional annuity forms)										
Current		<u>Males</u>	<u>Females</u>		<u>Males</u>	<u>Females</u>		<u>Males</u>	<u>Females</u>	
	25% J&S	--	--	25% J&S	5%	5%	25% J&S	--	--	
	50% J&S	15%	15%	50% J&S	15%	5%	50% J&S	8.50%	13.0%	
	75% J&S	10%	0%	75% J&S	10%	5%	75% J&S	12.75%	6.5%	
	100% J&S	50%	25%	100% J&S	30%	15%	100% J&S	59.50%	32.5%	
	Single Life	remaining		Single Life	40%	70%	Single Life	19.25%	48.0%	
Proposed		<u>Males</u>	<u>Females</u>		<u>Males</u>	<u>Females</u>		<u>Males</u>	<u>Females</u>	
	25% J&S	--	--	25% J&S	10%	10%	25% J&S	--	--	
	50% J&S	15%	15%	50% J&S	15%	10%	50% J&S	10%	13.5%	
	75% J&S	15%	10%	75% J&S	10%	5%	75% J&S	10%	6.5%	
	100% J&S	50%	30%	100% J&S	35%	15%	100% J&S	60%	35.0%	
	Single Life	remaining		Single Life	30%	60%	Single Life	20%	45.0%	

Proposed 2015 Actuarial Assumption Changes

Mortality Improvement Scale (MP-2014 and MP-2015)

The Board of Directors of the Minnesota State Retirement System (MSRS), the Board of Trustees of the Public Employees Retirement Association (PERA) and the Board of Trustees of the Teachers Retirement Association (TRA) approved the use of the “MP-2014 improvement scale” before the more up-to-date mortality improvement scale, MP-2015, was issued. MP-2015 is based on more current data than MP-2014 and use of MP-2015 is anticipated to have less of an impact on each plan’s liability than use of MP-2014 because the mortality improvement is slightly less with increasing age. Because of this, the executive directors of MSRS, PERA and TRA will be seeking their respective Board’s approval of the use of MP-2015, in place of MP-2014, and expect to receive this approval. The Commission is being asked to approve the use of MP-2015 now, as part of all the other assumption changes, with the understanding that the Commission’s approval of MP-2015 will take effect with respect to each of MSRS, PERA and TRA, only if and when the respective Board approves the use of MP-2015.

PROPOSED RESOLUTION

For adoption by the Legislative Commission on Pensions and Retirement At its Meeting on November 3, 2015

*General State Employees Retirement Plan of the
Minnesota State Retirement System*

*General Employees Retirement Plan of the
Public Employees Retirement Association (PERA-General)*

Teachers Retirement Association (TRA)

WHEREAS:

1. The Legislative Commission on Pensions and Retirement (“Commission”) has the authority, pursuant to Minnesota Statutes § 356.215, subd. 18, to approve changes to actuarial assumptions, other than postretirement interest and preretirement interest, proposed by the governing board of a pension fund, or allow such changes to go into effect one year after receipt of the changes, without action by the Commission;

2. The governing boards of the Minnesota State Retirement System, the Public Employees Retirement Association and the Teachers Retirement Association, have requested that the Commission approve changes to the actuarial assumptions used in the preparation of actuarial valuations of their respective pension fund, as presented to the Commission in the document entitled “2015 Proposed Actuarial Assumption Changes;”

NOW, THEREFORE, BE IT RESOLVED that the Commission hereby approves the changes to the actuarial assumptions, as set forth in the “2015 Proposed Actuarial Assumption Changes,” effective beginning with July 1, 2016, actuarial valuation, except that the assumption change relating to use of the mortality improvement scale MP-2015 shall not take effect with respect to each pension fund unless and until approved by the governing board of the pension fund.