

April 2, 2023

Legislative Commission on Pensions & Retirement

Support of 2023 Pension Budget Omnibus Bill

The Minnesota State Retirement System (MSRS) supports the funding allocation and benefit changes related to MSRS plans in the delete-all amendment to HF3100/SF3162. We appreciate the efforts of Chair Her, Vice Chair Frenz, commission members, and legislative staff to develop this legislation.

MSRS supports the reduction of the assumed rate of return. Reducing the return assumption to 7% is the position of the MSRS board based on the advice of our actuary. As the commission is aware, the MSRS actuary advised that the current assumption of 7.5% was outside of the reasonable range to value the liabilities of our pension plans in both 2021 and 2022.

Specifically, MSRS plan members will benefit from the following:

- One-time funding that provides elements of inflation relief for all plan retirees and a modest temporary reduction in contributions for the General Plan;
- Removing the delay on post-retirement increases for those who retire early;
- Extending the sunset dates for the supplemental funding for the Correctional, State Patrol, and Judge's plans;
- One-time appropriation to the State Patrol Plan to offset recent liabilities attributable to increased disabilities
- A reduced vesting schedule for the General Plan members.

The MSRS actuary confirmed the benefit modifications included in this bill are modest and costs associated with the changes can be absorbed by the plan.

Thank you again for your work and the opportunity to provide feedback on this legislation.



Erin Leonard
Executive Director
Minnesota State Retirement System