



April 10, 2024

Mr. Doug Anderson  
Executive Director  
Minnesota Public Employees Retirement Association  
60 Empire Drive, Suite 200  
St. Paul, Minnesota 55103

**Re: Project Quote – Analysis of New Plan**

Dear Mr. Anderson:

We are pleased to provide a fee quote in response to your request for consulting and analysis related to a potential new PERA pension plan. Please see the attached exhibit.

The fee quote is based on GRS' time and the hourly rates in the existing contract.

If this fee quote is acceptable, please confirm in writing (an email response is sufficient). Please contact us if you have any questions or require any additional or clarifying information.

Sincerely,  
Gabriel, Roeder, Smith & Company

A handwritten signature in cursive script that reads "Bonita J. Wurst".

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

BJW:ah

cc: Sheri Christensen, GRS

## Analysis of New Plan

**Background** – We will prepare a report evaluating the implications, including the actuarial cost impact, of creating a new PERA plan for prospective service for certain members identified by PERA. We understand that all or most of these members currently participate in the General Employees Retirement Plan (“GERP”) and eligibility will be decided by the legislature. We also understand the initial plan provisions of the new plan will be provided to us and may include features such as a Normal Retirement Date prior to age 66, enhanced early retirement and/or disability benefits, or a higher formula multiplier.

**Actuarial Analysis** – We propose the following phases for this project:

Phase 1 – Review all provided member data and plan details to ensure completeness and a thorough understanding. If possible, we request multiple (up to five) years of member data, including data for members who are no longer active but would have been eligible for this plan if active.

Phase 2 – Develop actuarial assumptions for baseline and alternate scenarios. Beginning with the actuarial assumptions for the GERP and other state pension plans covering public safety members, we will propose alternate assumptions where appropriate, considering:

- The plan provisions for the new plan;
- Analysis on how this group has behaved differently than members of the larger General plan membership (i.e., salary increases, retirement rates, etc.); and
- Analysis on how this group is expected to behave differently given the plan provisions of the new plan.

In addition, we will provide up to two alternate scenarios that utilize variations of the baseline assumptions (i.e., earlier retirements than the baseline, more disabled retirements, etc).

Phase 3 – Calculate the costs associated with the new plan under the baseline and up to two alternate scenarios. We will also include the impact on GERP because members will stop earning service in GERP once the new plan is established.

Phase 4 – Research and summarize examples of pension plan provisions in other states for members who are not police officers or firefighters, but whose job duties may entitle them to earlier retirement than a typical general employee. This phase will include surveying other GRS consultants to gather data on public plans across the country.

Phase 5 – Provide a detailed report documenting our analysis, including full disclosure of all relevant actuarial assumptions and methods, summary of plan provisions and participant data, examples of plan provisions in other states for similar employee groups, and costs associated with the proposed plan under baseline and up to two alternate scenarios, expressed in dollar amounts and as a percent of payroll.

Phase 6 – If desired, provide analysis of up to two alternate benefit structures.

**We estimate the fees associated with this project to be \$36,000 to \$48,000, with the upper end of the range applicable if multiple benefit structures are requested. The scope of work includes two meetings to discuss and/or present results.**

