

_____ moves that the Legislative Commission on Pensions and Retirement (LCPR) approve a change to the actuarial assumption for retirement rates used in the actuarial valuations of the Brooklyn Center Firefighters' Relief Association, effective beginning with the actuarial valuations as of January 1, 2025.

Minnesota Statutes, Section 356.215, subdivision 18, governs Commission approval of changes in the actuarial assumptions for pension plans and relief associations:

Subd. 18. Establishment of actuarial assumptions.

(a) The actuarial assumptions used for the preparation of actuarial valuations under this section that are other than the interest rate may be changed only with the approval of the Legislative Commission on Pensions and Retirement or after a period of one year has elapsed since the date on which the proposed assumption change or changes were received by the Legislative Commission on Pensions and Retirement without commission action.

(b) A change in the applicable actuarial assumptions may be proposed by the governing board of the applicable pension fund or relief association, by an actuary retained under section 356.214 or by the actuary retained by a local relief association governed by sections 424A.091 to 424A.096 or by Laws 2013, chapter 111, article 5, sections 31 to 42, if one is retained.

The Treasurer of the Brooklyn Center Firefighters' Relief Association has submitted to the Commission an email and letter dated February 20, 2024, attached, requesting approval of the assumption change and explaining the need for the change. As explained in the letter, the assumption change is needed because of a recent amendment to the relief association's bylaws, which reduced the period for full vesting from 20 years to 15 years. The new assumption would reflect that members may now retire with 100% vesting earlier in their careers.

From: Matthew Edwards <medwards@brooklyncentermn.gov>

Sent: Tuesday, February 20, 2024 2:27 PM

To: Susan Lenczewski <Susan.Lenczewski@lcpr.mn.gov>

Cc: Emily Knutson <eknutson@VIAactuarial.com>; Sean Kelly <Sean.Kelly@lcpr.mn.gov>; Lisa Diesslin <lisa.diesslin@lcpr.mn.gov>

Subject: Re: Request for retirement assumption change – Brooklyn Center Firefighters' Relief Association

Susan,

Recently the Brooklyn Center Firefighters' Relief Association changed their full retirement eligibility from 20 years to 15 years. We would like to adjust the retirement assumptions to reflect this update. For fire reliefs that pay retirement benefits as life annuities such as ours, a funding valuation is required. Changes to assumptions for the funding valuation require LCPR approval. See the attached letter for more detail.

Matthew Edwards

BCFRA Treasurer

February 20, 2024

Minnesota Legislative Commission on Pensions and Retirement
600 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, MN 55155

Attn: Susan Lenczewski, Executive Director

Re: Brooklyn Center Firefighters' Relief Association – Request for Retirement Assumption Change

Dear Susan,

VIA Actuarial Solutions has been the retained actuary for the Brooklyn Center Firefighters' Relief Association for many years, and we'll be preparing the January 1, 2025 actuarial valuation for their defined benefit pension plan.

The current retirement assumption is based on full retirement eligibility at age 50 with 20 years of service, and the percent of members assumed to retire at each age is shown below.

Current assumed retirement rates

<u>Member Age</u>	<u>Less than 20 years of service</u>	<u>With 20-29 years of service</u>	<u>With 30+ years of service</u>
50-64	0%	50%	100%
65	100%	100%	100%

The plan's bylaws were recently amended to reduce full vesting from 20 years to 15 years. We believe the retirement assumption should be updated to reflect that participants may now retire with 100% vesting earlier in their career. We propose the retirement assumption be updated as shown below.

Proposed assumed retirement rates

<u>Age</u>	<u>Less than 15 years of service</u>	<u>With 15-25 years of service</u>	<u>With 25+ years of service</u>
50-64	0%	50%	100%
65	100%	100%	100%

Overall, we expect the total plan liability to change by less than 2% when switching to the new retirement assumption.

As required under Minnesota statute 356.215 Subd.18(b), we are requesting the approval of the Legislative Commission on Pensions and Retirement to make this change in the mortality assumption.

Please feel free to contact me with any questions you may have. Thank you for your prompt consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew Edwards', written in a cursive style.

Matthew Edwards

Brooklyn Center Firefighters' Relief Association