



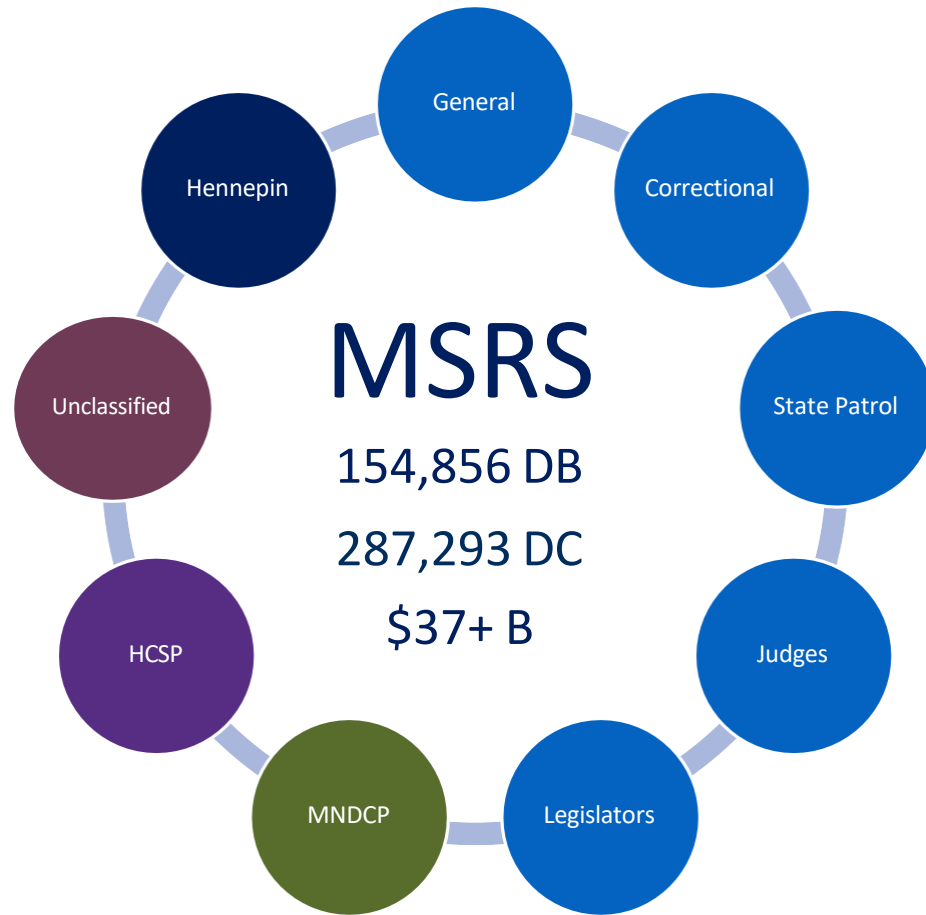
# Plan Funding Updates

Erin Leonard, Executive Director

Jenkins Vangehn, Legislative Liaison

- Summary of MSRS Plans & Governance
- Summary of Plan Funded Status
- Funded Status Details, by Plan
- 2026 Legislative Agenda

# Minnesota State Retirement System Governance Overview



As of June 30, 2025

Governed by an 11 member Board of Directors

- 3 Governor appointees
- 4 elected members from General or Unclassified Plan
- 1 elected member from Correctional Plan
- 1 elected member from State Patrol Plan
- 1 elected retiree
- 1 member representing Met Council transit operations

Responsibilities include:

- Set policies, approve the agency operating budget, hiring and advising the executive director
- Consider disability and other appeals
- Oversee the administration of plans administered by MSRS

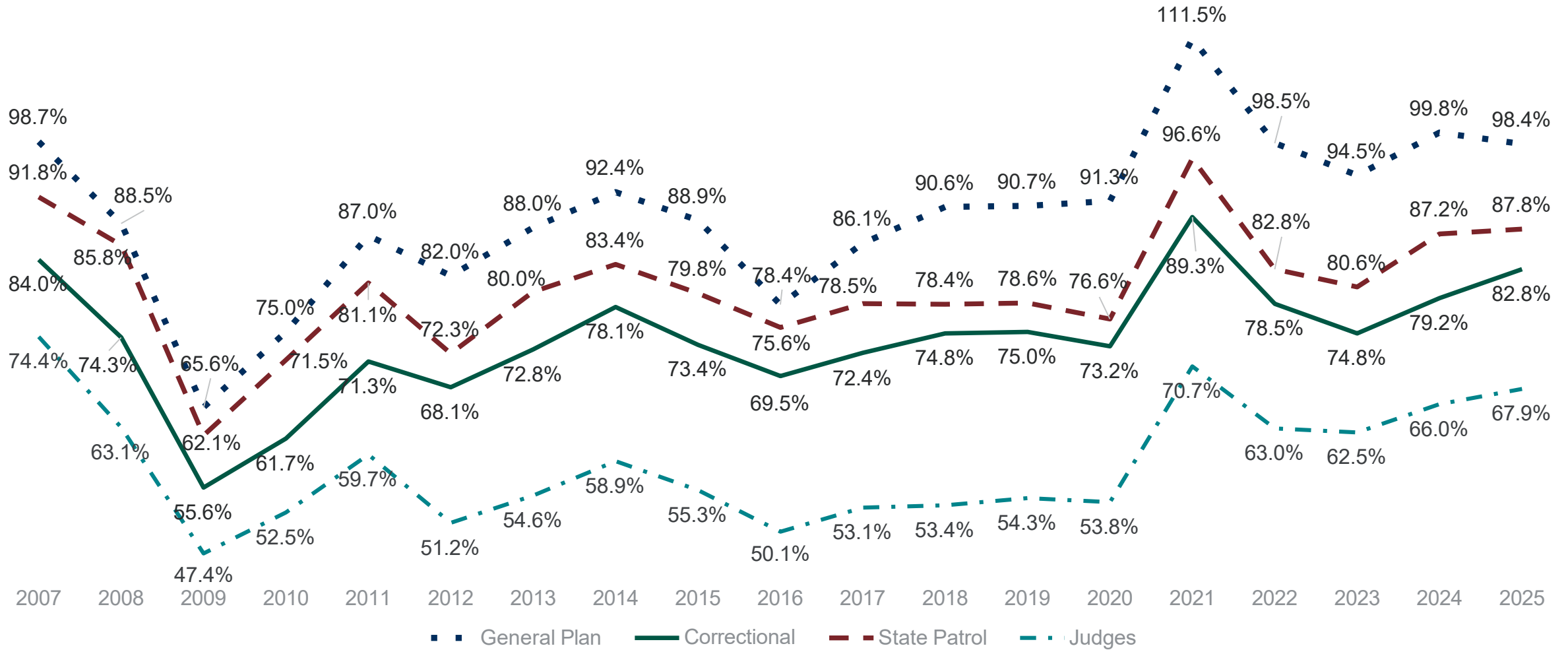
Defined Benefit (DB) plan and Unclassified Plan provisions are defined in Minnesota statutes

MNDCP and HCSP are governed by Plan Documents and federal laws and/or Internal Revenue Code

Minnesota State Board of Investment invests the DB assets and selects the options available in the DC plans

FY2025 Return was 10.9%

# MSRS Pension Plans: Funded Ratio History (Market Value Basis)



# Note About Actuarial Funding Results

- Includes the following that were adopted or made law in 2025
  - Assumption changes to public safety plans
  - Assumption changes related to Combined Service Annuity load
  - Change to layered amortization
  - Benefit improvements for General Plan
  - Benefit improvements for State Patrol Plan
  - Extension of state funding or supplemental contributions for public safety plans and Judges



# General Employees Retirement Plan Funding (July 1, 2025)

Includes State of Minnesota, Metropolitan Council, University of Minnesota civil service and some Minnesota State university system employees

## *Membership Information*

Total: 138,916

Active: 57,594  
Benefit Recipients: 49,825  
Deferred/Vested: 19,431  
Non-vested: 12,066

## *Current Funding Summary*

(Market Value)

98.4% Funded

\$19.5 Billion Assets  
\$313 Million Unfunded

Projected Full Funding Date: 2029

## *Contribution Requirements*

(Actuarial Value)

Statutory Contribution: 12.25%

Employee: 6.0% & Employer: 6.25%

Total Required Contribution: 11.64%

Contribution Sufficiency: 0.61%

## *Benefit Highlights*

Average Initial Benefit: \$1,832 per month

2026 Post-Retirement Increase: 1.75% fixed

# Correctional Employees Retirement Plan Funding (July 1, 2025)

Includes employees working with incarcerated people in the state correctional system or patients in security hospitals

## *Membership Information*

Total: 12,454

Active: 4,724

Benefit Recipients: 4,367

Deferred/Vested: 1,665

Non-vested: 1,698

## *Current Funding Summary*

(Market Value)

82.8% Funded

\$ 2.0 Billion Assets

\$411.6 Million Unfunded

Projected Full Funding Date: 2037

## *Contribution Requirements*

(Actuarial Value)

Statutory Contribution: 28.45%

Employee: 9.60%

Employer: 14.40%

Supplemental: 4.45%

Total Required Contribution: 25.48%

Contribution Sufficiency: 2.97%

## *Benefit Highlights*

Average Initial Benefit: \$2,564 per month

2026 Post-Retirement Increase: 1.5% fixed

# State Patrol Retirement Plan Funding (July 1, 2025)

Includes State Troopers, Conservation Officers, Crime Bureau officers & other peace officers

## *Membership Information*

Total: 2,358

Active: 1,008

Benefit Recipients: 1,200

Deferred/Vested: 81

Non-vested: 69

## *Current Funding Summary*

(Market Value)

87.8% Funded

\$1.2 Billion Assets

\$161 Million Unfunded

Projected Full Funding Date: 2032

## *Contribution Requirements*

(Actuarial Value)

Statutory Contribution: 47.90%

Employee: 15.40%

Employer: 23.10%

Supplemental: 7.00%

\$ Appropriations: 2.40%

Total Required Contribution: 37.40%

Contribution Sufficiency: 10.50%

## *Benefit Highlights*

Average Initial Benefit: \$6,106 per month

2026 Post-Retirement Increase: 1.25% fixed

# Judges Retirement Plan Funding (July 1, 2025)

Appointed and elected judges

## *Membership Information*

Total: 790

Active: 323

Benefit Recipients: 444

Deferred/Vested: 22

Non-vested: 1

## *Current Funding Summary*

(Market Value)

67.9% Funded

\$319.1 Million Assets

\$151 Million Unfunded

Projected Full Funding Date: 2042

## *Contribution Requirements*

(Actuarial Value)

Statutory Contribution: 39.00%

Employee: 7.37%

Employer: 22.50%

Supplemental: 9.13%

Total Required Contribution: 35.49%

Contribution Sufficiency: 3.51%

## *Benefit Highlights*

Average Initial Benefit: \$6,005 per month

2026 Post-Retirement Increase: 1.5% fixed

# Additional MSRS Plans

## Legislators Plan

338 Members  
6 Active

320 Benefit Recipients  
12 Deferred

Closed in 1997

## Unclassified Plan 401(a)

3,659

Participants with a  
balance

\$441.15 Million

## MN Deferred Compensation Plan (MNDCP)

457(b)

105,216 Participants  
with a balance

\$11.1 Billion

## Health Care Savings Plan (HCSP)

177,644 Participants  
with a balance

\$2.4 Billion

# Plan Funding Summary

## July 1, 2025



	General	Correctional	State Patrol
Funded Ratio (MVA)	98.4%	82.8%	87.8%
Market Value of Assets	\$19.5 B	\$2.0 B	\$1.2 B
Unfunded Liability (MVA)	\$313 M	\$411.6 M	\$161 M
Contribution Sufficiency	1.83% (MVA) 0.61% (AVA)	4.53% (MVA) 2.97% (AVA)	13.14% (MVA) 10.50% (AVA)
Projected Full Funding Date	2029	2037	2032

\*2048 amortization date, 356.215, subd. 11(c) extended the amortization date to 2053

\*\*Assuming 6% employee contribution & 2048 amortization date


# 2026 Legislative Agenda

- **Administrative Bill**
  - Includes a change to the Fire Marshal's subplan requiring coverage rather than an opt-in election
  - Provides coverage retroactively for two individuals that should have been included in the Fire Marshal's subplan and missed the election period
- **Adoption of Probation & 911 Telecommunicators Workgroup recommendations**
  - Creates a subplan under General Employee Retirement Plan for approximately 429 people
  - All benefit provisions are the same as the General Plan except for an age 60 Full Retirement Age
  - Cost is 4.71% of pay or approximately \$1.7 million per year



# Thank you!



 **Phone:** 1.800.657.5757 or 651.284.7730

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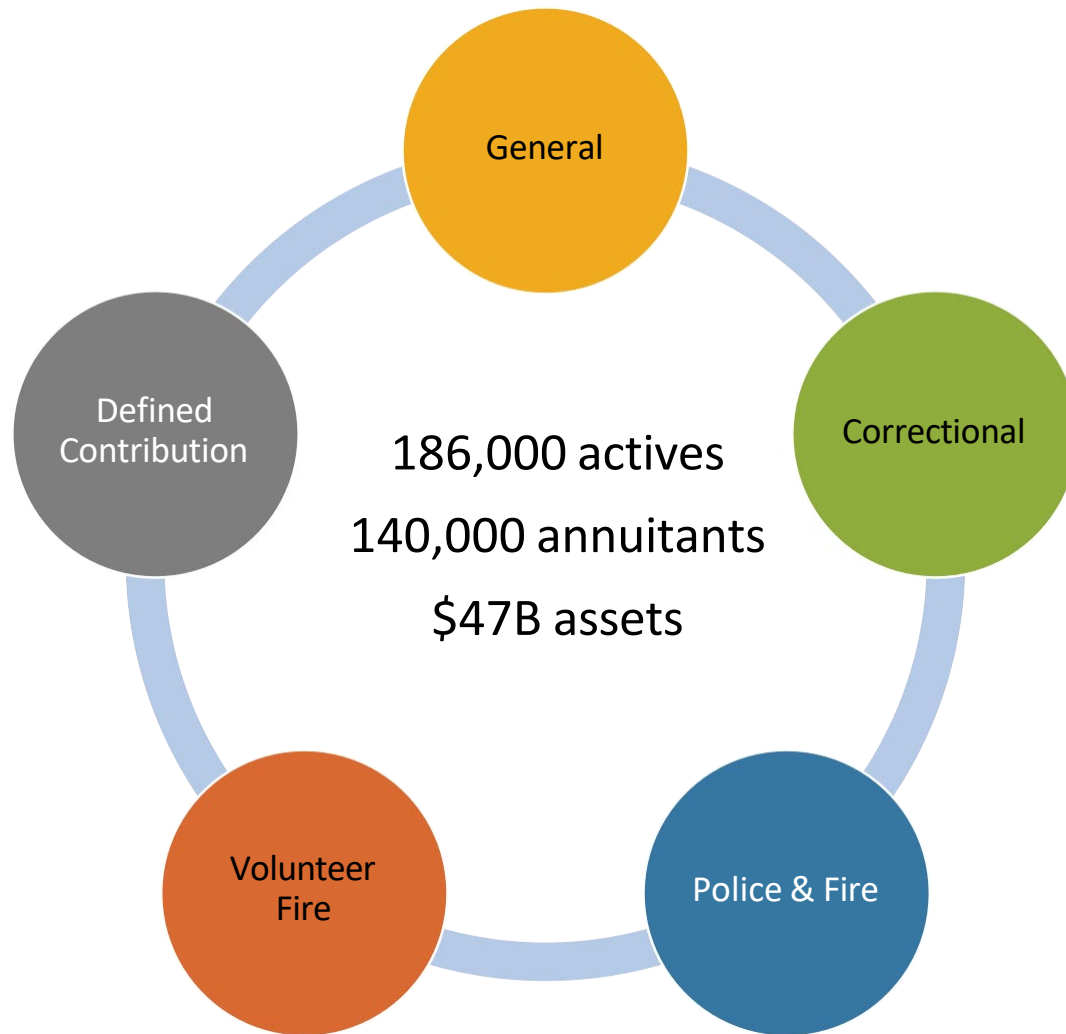
# PERA Update for LCPR

## February 24, 2026

Doug Anderson, ASA, MAAA, Executive Director

Amy Streng, Policy Coordinator





	Representing	Current Members
Appointed	General Public	<b>Open</b>
	School Boards	<b>Open</b>
	Cities	<b>Barbara Johnson</b>
	Counties	<b>David Minke</b>
	Retired Annuitants	<b>Thomas Thornberg</b>
Elected <b>(Elections in 2027)</b>	General Membership (may be a Correctional, P&F, or General Plan member)	<b>Paul Bourgeois</b>
		<b>Jenni Konigsburg</b>
		<b>Thomas Stanley</b>
	Police & Fire	<b>Paul Ford</b>
	Retired, Disabled, And Survivors	<b>Dennis Flaherty</b>
	State Auditor	<b>Julie Blaha</b>

# Minnesota PERA Cost-Sharing Plan Membership

	General Plan	Police & Fire Plan	Correctional Plan
Membership	Employees of cities, counties, townships, schools, and other entities	Full-time and certain part-time police officers and firefighters, and certain paramedics	Employees expected to respond to incidents and who are directly responsible for security, custody, and control of confined persons
Active	169,427	12,326	4,059
Retirees & Survivors	121,429	10,863	1,822
Disability Retirements	3,100	2,257	252
Deferred	160,694	2,822	7,386
Total Members	454,650	28,268	13,519
Average Monthly Benefit	\$1,282	\$6,506	\$1,772



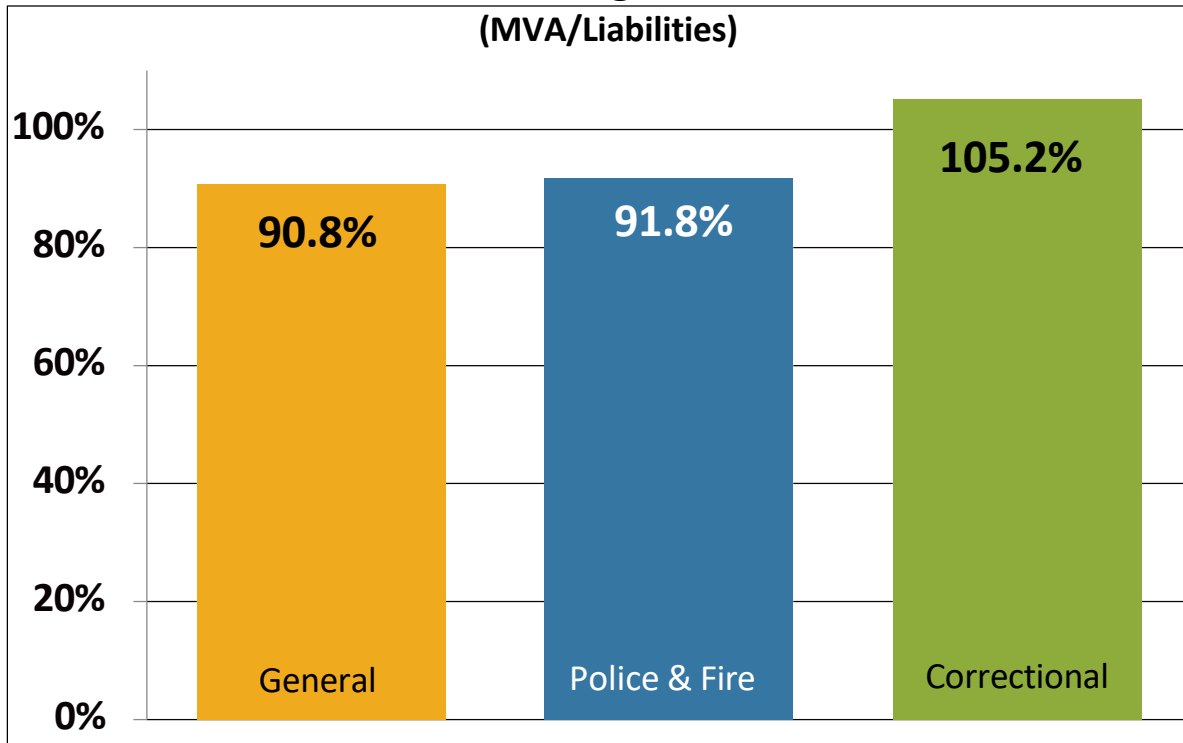
# Minnesota PERA Non-Cost Sharing Plans

<b>Statewide Volunteer Firefighter (SVF)</b> For volunteer firefighters who provide service to a municipal fire department or an independent nonprofit firefighting corporation.	6,256 Members	\$270 M Assets
<b>Defined Contribution Plan</b> Exclusively for physicians, elected local governmental officials, city managers, and governmental volunteer ambulance service personnel.	8,294 Members	\$107 M Assets
<b>Other Post-Employment Benefits (OPEB)</b> A public entity that creates an actuarial liability to pay OPEB to employees after termination of service may establish a trust used to pay the benefits.	22 Employers	\$992 M Assets
<b>Long-Term Investment Account</b> Certain cities and counties have the option to invest a portion of their funds with the State Board of Investment in an account managed by PERA.	4 Entities	\$17 M Assets

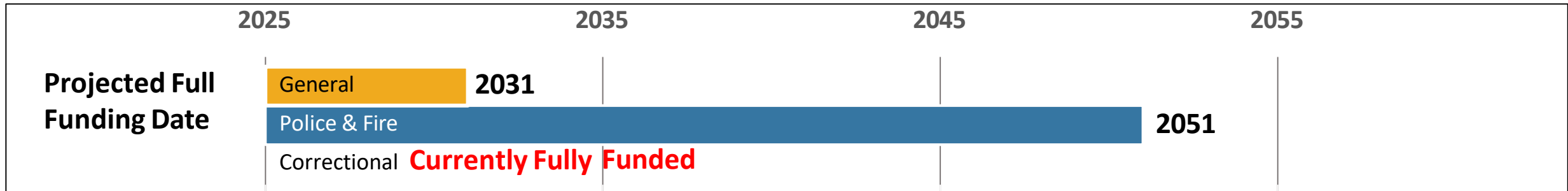
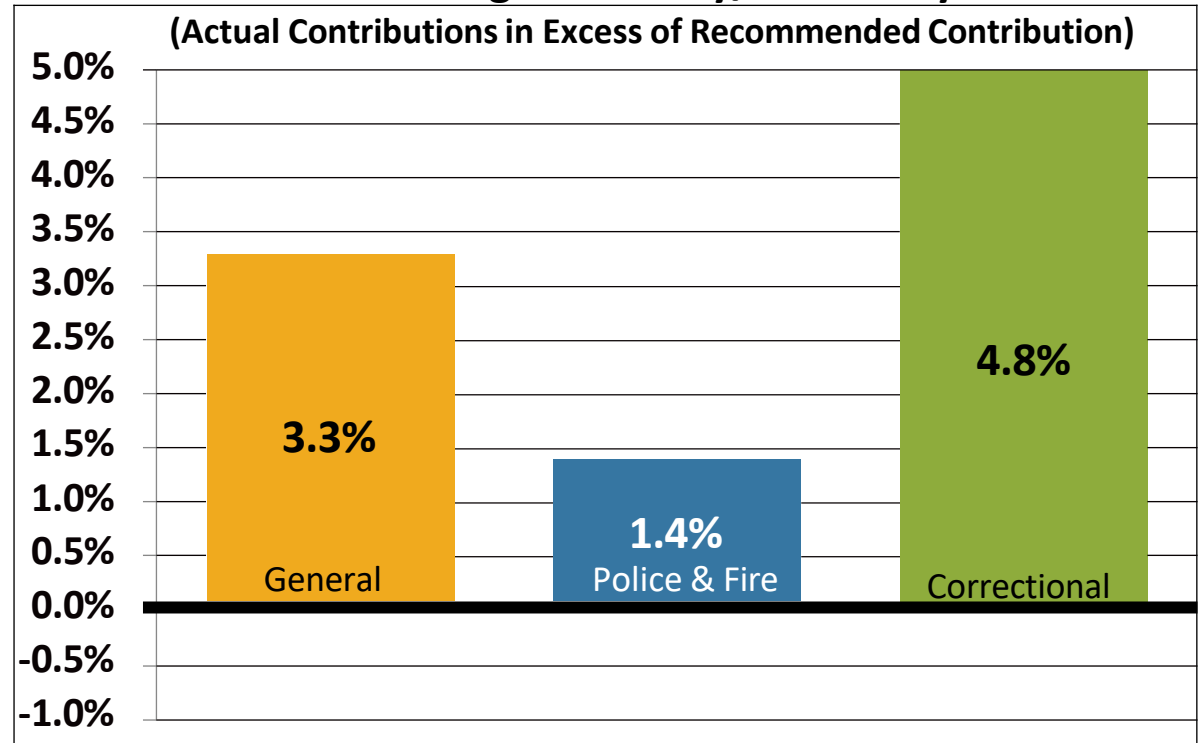


# Minnesota PERA Plans Financial Health - July 1, 2025

**Funding Ratio**  
(MVA/Liabilities)



**Funding Sufficiency/Deficiency**



# PERA General Plan Funding Ratio & Sufficiency

## Funded Status as of July 1, 2025

Actuarial Accrued Liability	\$36.0 B
Market Value of Assets	<u>\$32.6 B</u>
Unfunded Liability	\$ 3.4 B
<b>Funded Ratio (assets ÷ liabilities)</b>	<b>90.8%</b>

**Projected Full Funding Date**      **2031**

## FY25 Funding Sufficiency/Deficiency

Employee Contribution	6.5%
Employer Contribution*	7.5%
MERF Contribution**	<u>0.4%</u>
<b>Total Statutory Contributions</b>	<b>14.4%</b>
Normal Cost & Administrative Expense	8.7%
Amortization of Unfunded Liability	<u>2.4%</u>
<b>Total Required Contributions</b>	<b>11.1%</b>
<b>Funding Sufficiency/Deficiency</b>	<b>3.3%</b>

\*Employer Contribution is reduced 1.0% when the plan reaches 98% funding, or July 1, 2048 if earlier.

\*\*MERF contribution continues until 2031



# PERA Police & Fire Plan Funding Ratio & Sufficiency

## Funded Status as of July 1, 2025

Actuarial Accrued Liability	\$14.2 B
Market Value of Assets	<u>\$13.1 B</u>
Unfunded Liability	\$ 1.1 B
<b>Funded Ratio (assets ÷ liabilities)</b>	<b>91.8%</b>

**Projected Full Funding Date**      **2051**

## FY25 Funding Sufficiency/Deficiency

Employee Contribution	11.8%
Employer Contribution	17.7%
Minneapolis P&F Contributions*	0.5%
State Contributions**	<u>2.5%</u>
<b>Total Statutory Contributions</b>	<b>32.5%</b>
Normal Cost & Administrative Expense	26.6%
Amortization of Unfunded Liability	<u>4.5%</u>
<b>Total Required Contributions</b>	<b>31.1%</b>
<b>Funding Sufficiency/Deficiency</b>	<b>1.4%</b>

\*Minneapolis contributions continue until 2031

\*\*State contributions are two separate \$9M amounts expiring 2048 or upon meeting funding ratio thresholds if earlier and \$17.7M until 2048



# PERA Correctional Plan Funding Ratio & Sufficiency

## Funded Status as of July 1, 2025

Actuarial Accrued Liability	\$1,278 M
Market Value of Assets	<u>\$1,344 M</u>
Unfunded Liability/(Surplus)	(\$ 66 M)
<b>Funded Ratio (assets ÷ liabilities)</b>	<b>105.2%</b>

## FY25 Funding Sufficiency/Deficiency

Employee Contribution	6.8%
Employer Contribution	<u>10.3%</u>
<b>Total Statutory Contributions</b>	<b>17.1%</b>
Normal Cost & Administrative Expense	14.3%
Amortization of Unfunded Liability	<u>( 2.0%)</u>
<b>Total Required Contributions</b>	<b>12.3%</b>
<b>Funding Sufficiency/Deficiency</b>	<b>4.8%</b>

Projected Full Funding Date 2025



# PERA P&F Plan Amortization Method Comparison

## Prior Method – Amortization of UAAL by 2048

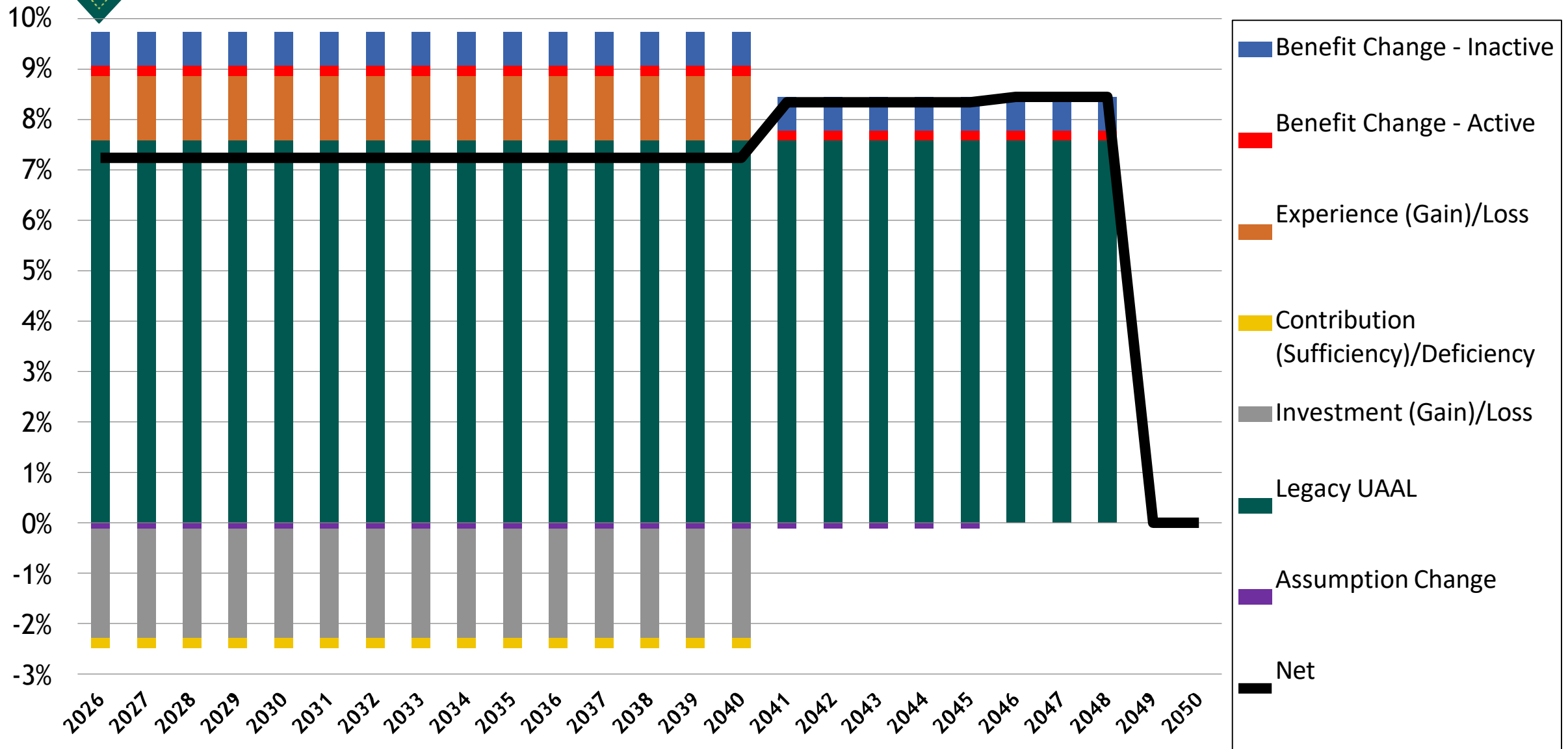
Sources of UAAL	Outstanding Balance	Period	FY26 Amortization - \$	FY26 Amortization - %
Combined	\$1,630,994	23 years	\$108,307	7.54%

## New Method – Applied Effective July 1, 2025

Sources of UAAL	Outstanding Balance	Remaining Period	FY26 Amortization - \$	FY26 Amortization - %
Legacy UAAL	\$1,642,044	23 years	\$109,041	7.59%
Experience (Gain)/Loss	207,133	15 years	18,389	1.28%
Investment (Gain)/Loss	(351,350)	15 years	(31,319)	(2.18)%
Assumption Change	(21,831)	20 years	(1,580)	(0.11)%
Benefit Changes - Active	43,903	23 years	2,873	0.20%
Benefit Changes - Inactive	143,229	23 years	9,482	0.66%
Contribution (Suff.)/Def	(32,134)	15 years	(2,873)	(0.20)%
<b>Total</b>	<b>\$1,630,994</b>		<b>\$104,013</b>	<b>7.24%</b>



# PERA P&F Plan Layered Amortization



# Minnesota PERA Scorecard

Success

Caution

Concern

Metrics Provided in 2025 Actuarial Valuation Reports

Metrics	Questions to Consider	General	Police & Fire	Correctional
Assumptions	Are the economic & demographic assumptions appropriate?	Yes	Yes	Yes
Financial Health	Is the plan expected to achieve and maintain fully funded status?	91% now, 100% by 2031	92% now, 100% by 2051	105% now, expected to improve
Benefit Amount & Retirement Age	Does the Plan provide a reasonable benefit at a reasonable retirement age for a career member?	68% of FAS @ 66 + SS	90% of FAS @ 55	66% of FAS @ 55 + SS
Contributions	Do employees and employers contribute the appropriate amount?	Contributions 157% of Normal Cost	Contributions 110% of Normal Cost	Contributions 119% of Normal Cost
Benefits	Do retirees have sufficient inflation protection?	100% CPI 1.0% Min 1.75% Max	1% fixed	100% CPI, 1.0% Min 2.5% Max



# PERA Scorecard – Goals to Achieve Success

Metrics	Questions to Consider	Goals to Achieve Success
Assumptions	Are the economic & demographic assumptions appropriate?	Economic assumptions should be reviewed annually and deemed reasonable by our consulting actuary. Demographic assumptions should be based on assumptions from an experience study completed with the past 4 years.
Financial Health	Is the plan expected to achieve and maintain fully funded status?	Either over 100% funded and not expected to decline below 100% within 10 years or if less than 100%, expected to improve to 100% funded within 5 years.
Benefit Amount & Retirement Age	Does the Plan provide a reasonable benefit at a reasonable retirement age for a career member?	Each Plan should provide a replacement ratio of at least 80% when combined with Social Security at the full retirement age to members participating for a full career. Full retirement ages and full career service are age 66 and 40 years (General) and age 55 and 30 years (Police & Fire and Correctional).
Contributions	Do employees and employers contribute the appropriate amount?	The ratio of actual member plus employer contributions (excluding State or other contributions) divided by normal cost plus expenses should be in the range of 95% to 105%.
Benefits	Do retirees have sufficient inflation protection?	The postretirement increase should be tied to inflation (100% of CPI) with a cap of no less than 2.5%.



# PERA 2026 Legislative Initiatives & Positions

Initiatives	Cost
<p><b>Pre-retirement Survivor Benefit Recodification</b>                      Recodifies and standardizes PERA’s pre-retirement survivor benefits.  <b>Board approved October 9, 2025</b></p>	None
<p><b>Statewide Volunteer Plan Changes</b>                      Various changes administrative deadlines and consequences, administrative changes, and policy changes.  <b>Board approved February 12, 2026</b></p>	None
<p><b>Eligible Salary for Authorized Leaves</b>                      Effective July 1, 2026, all supplemental pay will be considered eligible salary for the purposed of authorized leaves.  <b>Board approved December 10, 2025</b></p>	None
<p><b>Correctional Plan Contribution Reduction and Postretirement Formula Increase</b>                      PERA proposes to reduce member contributions from 6.83% to 6.0% and employer contributions from 10.25% to 9.0% and to increase the postretirement benefit formula from 100% of CPI, 1.0% minimum, 2.5% maximum to 100% of CPI, 1.0% minimum, 3.0% maximum.  <b>Board approved February 12, 2026</b></p>	Costs are absorbed by the Plan. The plan remains over 100% funded.





# TRA Pension Fund Update

Tim Maurer, Executive Director

Holly Dayton, Legislative Liaison

February 24, 2026



# Membership Overview

- **86,000** active fund members:
  - Educators, administrators, nurses, counselors, and others in public preK-12 schools (excluding the Saint Paul Public School District);
  - TRA staff; and
  - Certain faculty of Minnesota State.
- **70,000** benefit recipients
- **62,000** inactive individuals, 20,000 vested.



# Pension Benefits

- Median monthly benefit payment:  
**\$2,438**

## Fiscal Year 2025:

- Average starting benefit: **\$2,456**
- Average final monthly salary: **\$6,108**
- Income replacement ratio: **40%**



# 2025 Actuarial Valuation Results

## Actuarial Value of Assets (AVA)

\$ in Billions Note: numbers may not add due to rounding	July 1, 2024	July 1, 2025
Actuarial Accrued Liability	\$35.4	\$37.0
Asset Value	<u>\$28.3</u>	<u>\$30.2</u>
Unfunded Liability	\$ 7.1	\$ 6.8
Funded Ratio (assets ÷ liabilities)	<b>79.9%</b>	<b>81.6%</b>

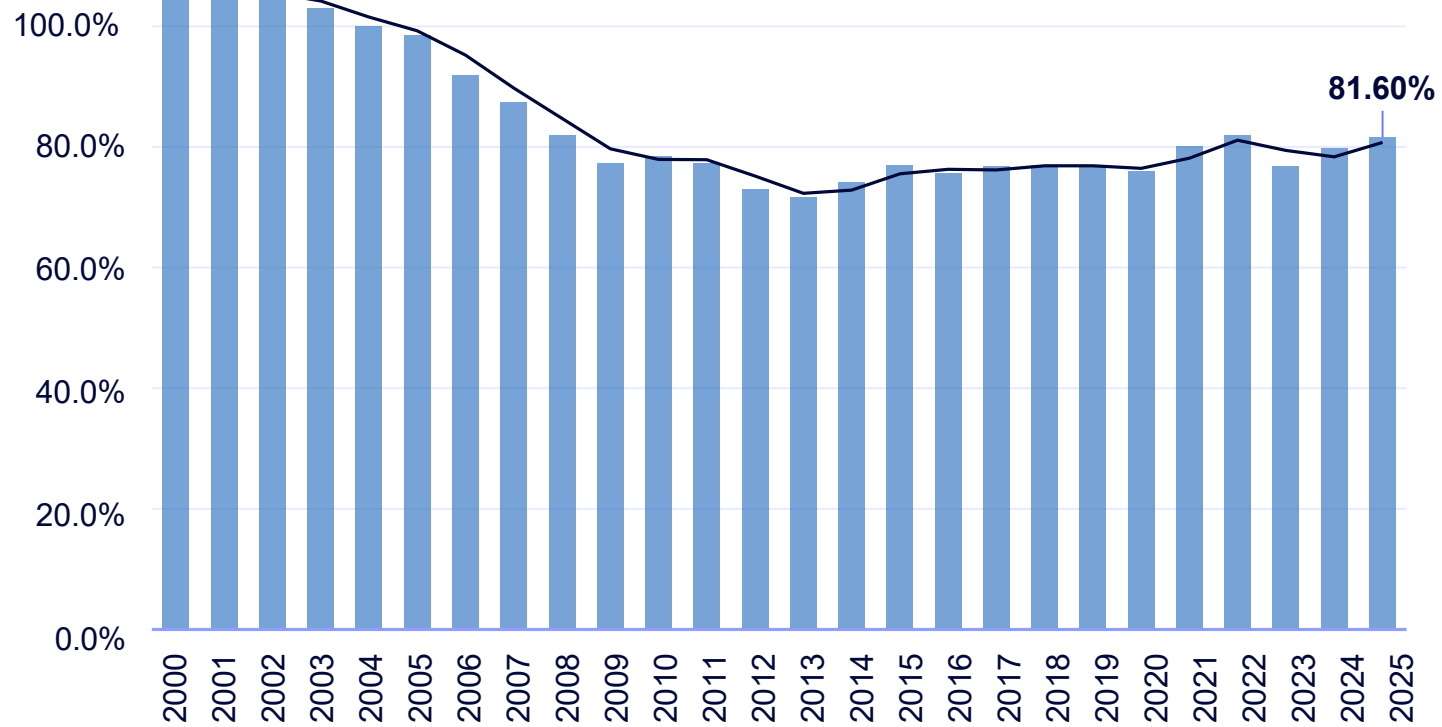
# 2025 Actuarial Valuation Results

## Market Value of Assets (MVA)

\$ in Billions Note: numbers may not add due to rounding	July 1, 2024	July 1, 2025
Actuarial Accrued Liability	\$35.4	\$37.0
Asset Value	<u>\$29.1</u>	<u>\$31.3</u>
Unfunded Liability	\$ 6.4	\$ 5.7
Funded Ratio (assets ÷ liabilities)	<b>82.1%</b>	<b>84.5%</b>

# Funding History (AVA)

Fiscal Years 2000 - 2025

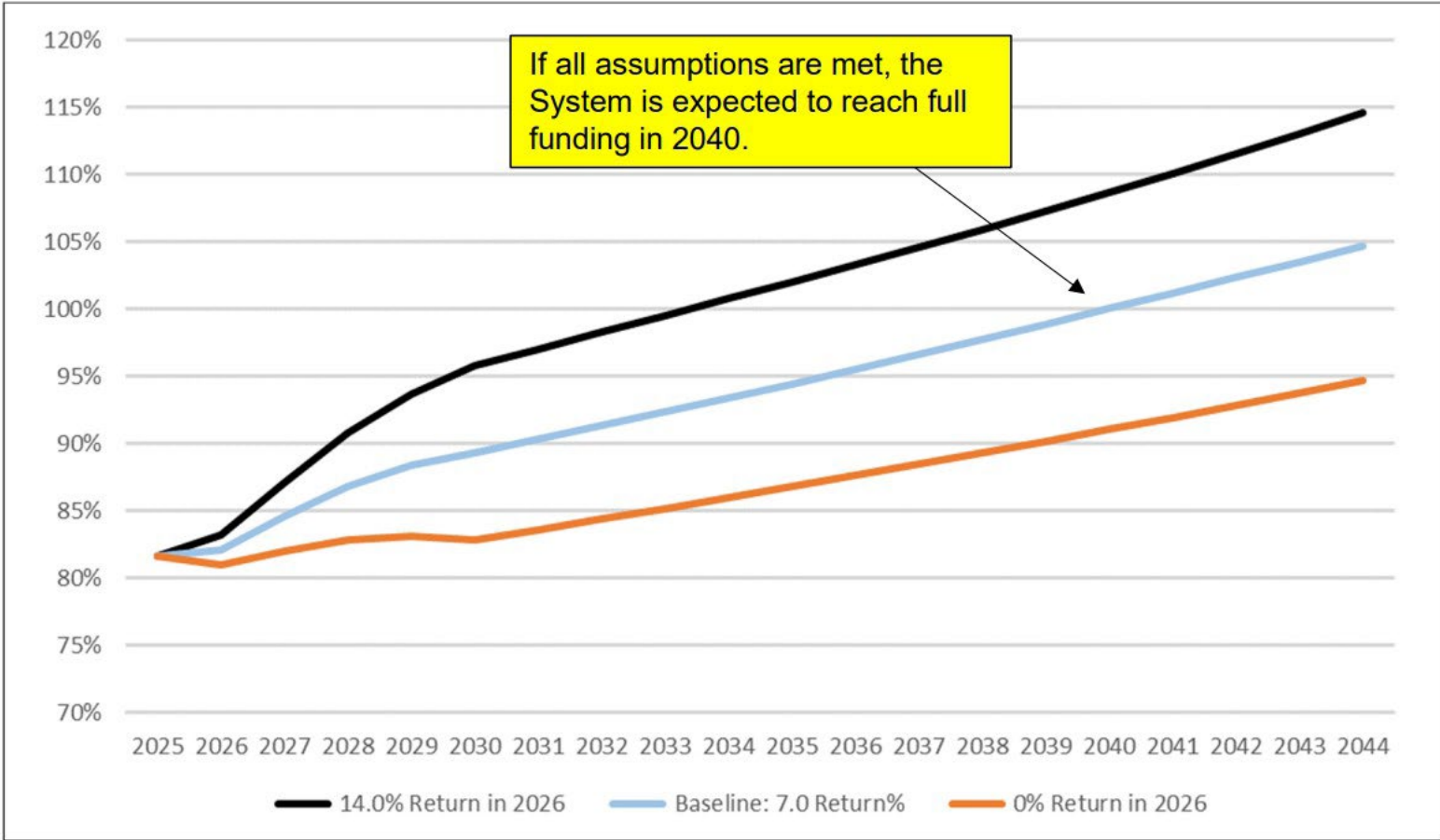


# 2025 Actuarial Valuation Results

## Contribution Sufficiency/(Deficiency)

	2025 AVA	2025 MVA
Normal Cost (with expenses)	11.64%	11.64%
Amortization of UAAL	<u>6.41%</u>	<u>5.26%</u>
Total Required Contribution	18.05%	16.90%
Member plus Employer Contributions	18.49%	18.49%
Contribution Sufficiency/(Deficiency)	<b>0.44%</b>	<b>1.59%</b>

# Funding Sensitivity



# Layered Amortization

## July 1, 2025 Actuarial Valuation

(\$ in Thousands) Amortization Bases	Original Amount	July 1, 2025 Remaining Payments	Outstanding Balance as of July 1, 2025	Annual Contribution
2024 UAAL Base (Legacy)	\$ 7,145,803	23	\$ 7,145,803	\$ 473,419
2025 Benefit Change (60-and-30 with 5% Augmented Factors)	413,417	23	413,417	27,389
2025 Contributions Below Actuarial Rate	84,059	15	84,059	7,467
2025 Experience	(843,174)	15	(843,174)	(74,899)
2025 Assumption Change	4,629	20	4,629	336
<b>Total</b>			<b>\$ 6,804,734</b>	<b>\$ 433,712</b>

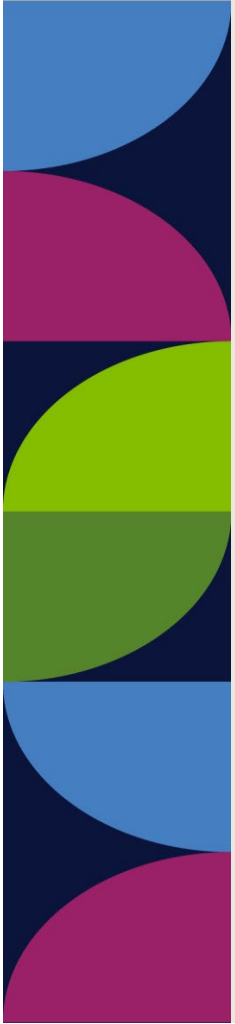
# 2026 TRA Board Legislative Agenda

- Permit Physician Assistants to submit medical documentation for disability applications.
- Return-to-Work changes:
  - Suspend the reemployed annuitants' earnings limitation through 2030; and
  - Lower the age a retiring teacher can enter into a return-to-work agreement with their employer, from 62 to 59-1/2.
- Clarify ineligibility of Minnesota Paid Leave payments for pension salary purposes.
- Move the joint-and-survivor interest rate assumption from statute to the LCPR's appendix.



Questions?





60 Empire Drive, Suite 400, St. Paul, MN 55103  
info@minnesotatra.org  
800-657-3669 | 651-296-2409 | Fax 651-297-5999  
**minnesotatra.org**

# St. Paul Teachers' Retirement Fund Association

Serving the retirement needs of St. Paul Teachers since 1909



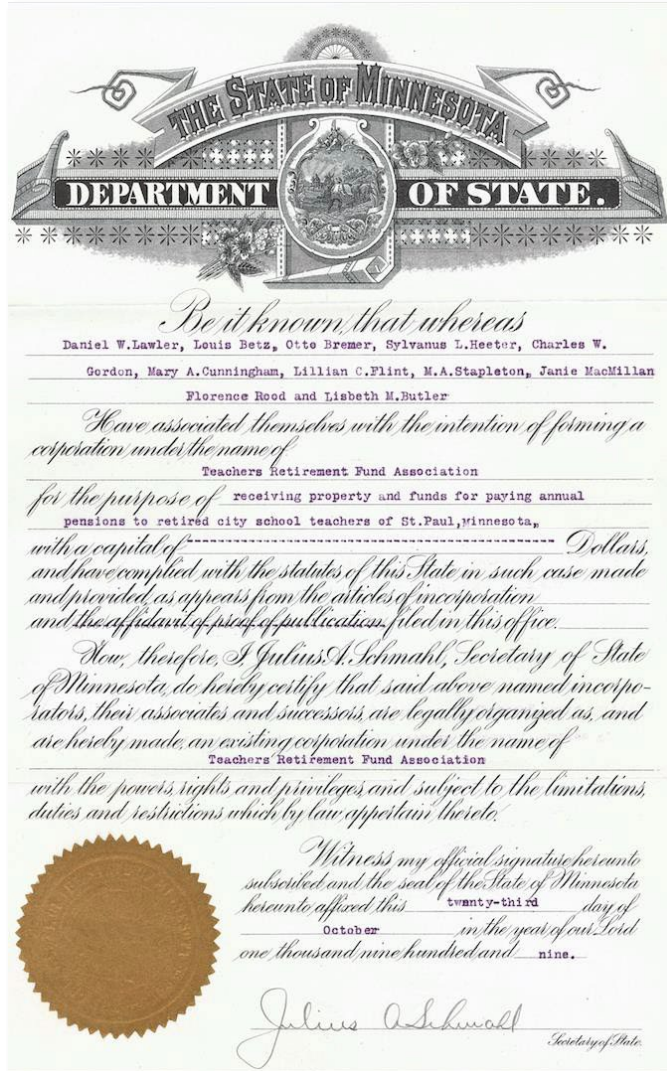
The Radio Operators – Horace Mann 1922

Aeronautics Training – Johnson Sr. High 2014

## 2026 Plan Overview

Philip Tencick  
Executive Director/CIO

## Organization, Governance and Oversight



The St. Paul Teachers' Retirement Fund has been providing pension benefits to the teachers of St. Paul since 1909.

- **Governed by a Board of Trustees** consisting of nine elected active and retired members, and one *ex-officio* member appointed by the Board of the Saint Paul Public Schools.
- **Subject to oversight by the MN Legislature** and the **LCPR**.
- **Audited** annually by the **Office of the State Auditor**.
- **Actuarial and funding calculations** performed by a **nationally recognized, independent firm**, *Gabriel Roeder Smith*.
- **Investment performance and diligence** evaluated by a **nationally recognized investment consultant**, *Asset Consulting Group*.
- **Professionally managed** by an experienced leadership team and staff.

Includes licensed teachers and staff of Independent School District No. 625 and some Saint Paul College faculty.

	<b>FY 2025</b>	<b>FY 2024</b>	<b>FY 2023</b>
<b>Total Members</b>	13,695	13,637	13,384
<b>Active</b>	3,482	3,472	3,456
<b>Retirees &amp; Survivors</b>	4,388	4,356	4,286
<b>Disability Retirements</b>	23	22	24
<b>Deferred</b>	5,802	5,787	5,618

\$2,322 FY2024 Average New Retiree Initial Monthly Benefit

# Plan Financials

(June 30, 2025)

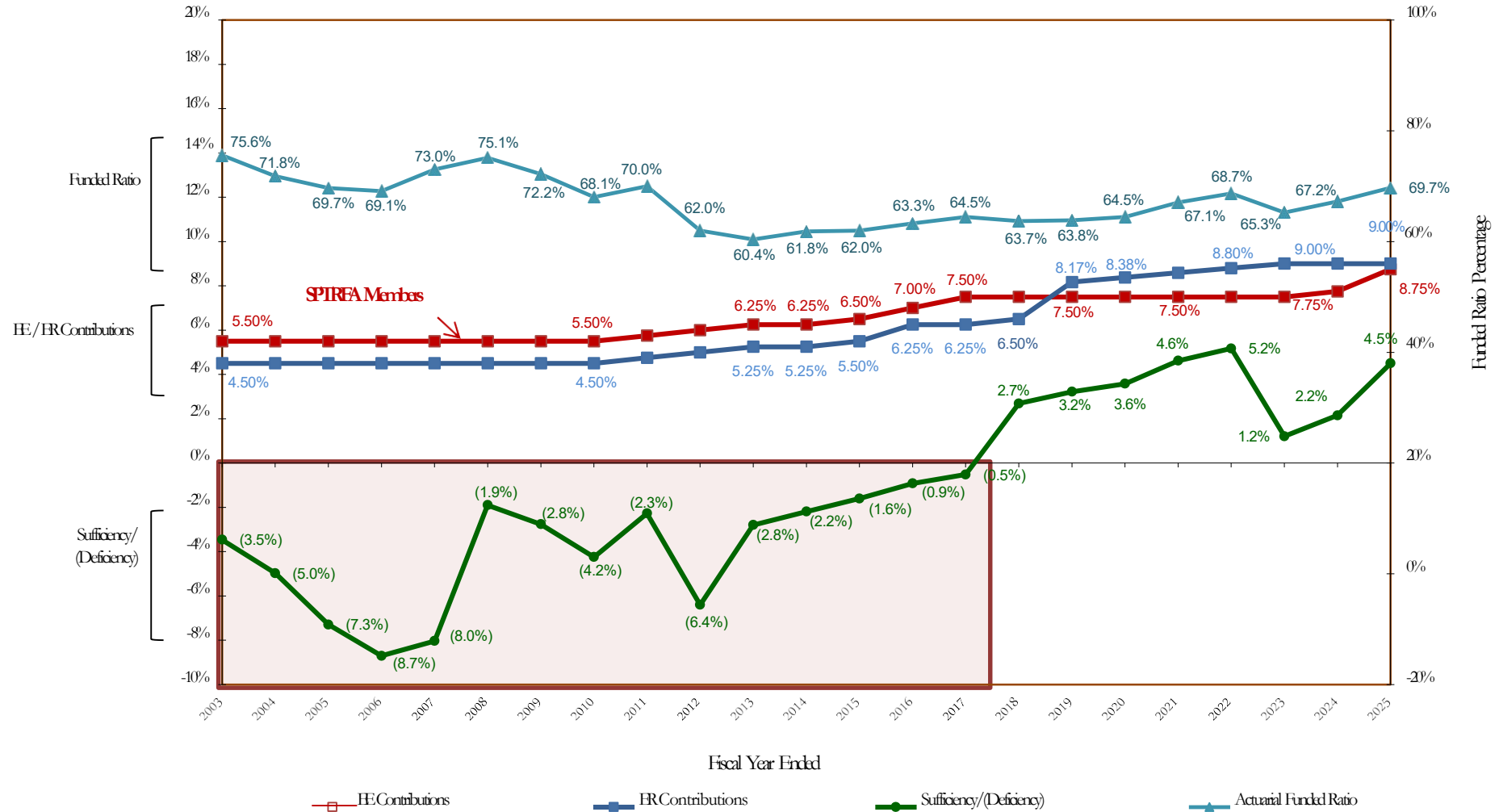
## Funding Status

69.7% Funded (actuarial value)  
 \$ 1.434 Billion Assets  
\$ 1.986 Actuarial Accrued Liability  
 (\$ 0.602) Billion Unfunded Liability

Contribution Requirements (% Pay)	
Employee Contribution	8.75%
Employer Contribution	9.75%
Employer Additional	3.84%
State Supplemental	4.64%
<b>Total Contributions</b>	<b>26.98%</b>
Total Required Contributions	22.48%
<b>Contribution Sufficiency</b>	<b>4.50%</b>

Cash Flow Requirements (\$M's)	
Employee Contributions	\$24.2
Employer Contribution	\$29.1
Employer Additional	\$12.4
State Supplemental	\$15.7
One-Time Direct State Aid	\$1.5
<b>Total Contributions</b>	<b>\$83.0</b>
Benefit Payments	(\$127.3)
<b>Net Cash Flow Requirement</b>	<b>(\$44.3)</b>
Required Return for CF's	3.6%

	FY 25	FY 26	FY 27
Employee	7.50%	8.75%	9.00%
Employer	9.00%	9.75%	9.75%



\* The Employer also pays a Supplemental Amount of 3.84% and \$800,000 annually to address certain past underfunding.

St. Paul Teachers' Retirement Fund Association

## Rates of Return Summary & Universe Rankings

For the Periods Ending June 30, 2025

	Market Value (\$000s)	Actual Allocation (%)	3 Months (%)	Rank	YTD (%)	Rank	FYTD (%)	Rank	3 Years (%)	Rank	5 Years (%)	Rank	10 Years (%)
<b>Total Portfolio * (07/12)</b>	1,435,848	100.00	6.33		5.50		10.91		10.94		10.42		8.10
<b>Total Portfolio (01/03)</b>			6.41	34 / 88	5.64	58 / 87	11.20	31 / 78	11.20	21 / 68	10.70	5 / 5	8.44
Target Index <sup>1</sup>			7.52		7.89		11.73		9.76		8.99		7.67
IM All DB			5.57		5.85		10.11		9.31		8.20		7.03
IM TF Between 60 - 70% Equity			7.28		7.27		12.07		11.73		9.28		7.61

## Asset Allocation Study Results



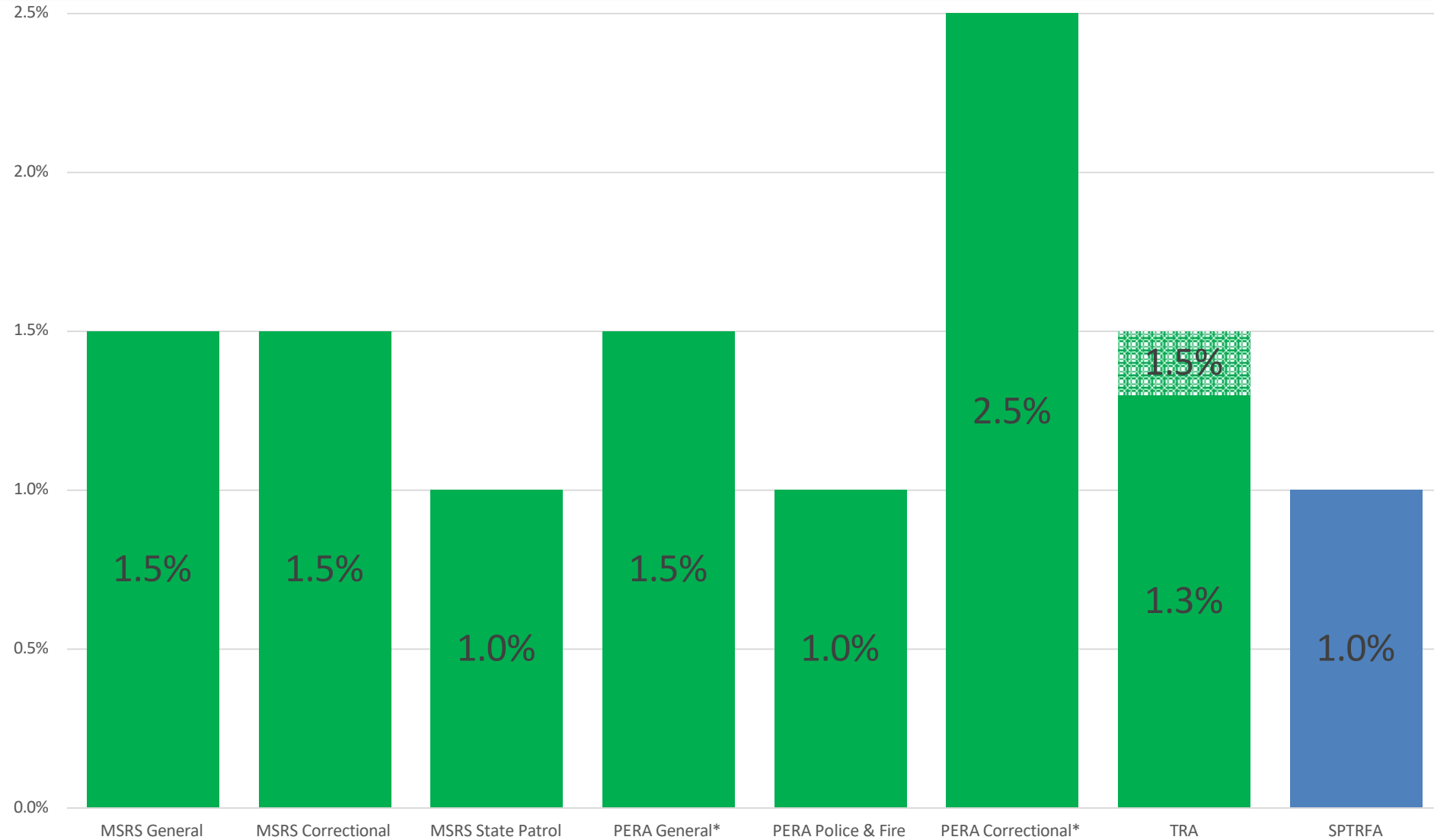
Asset Allocation	2024	2023
Assumed Return	7.0%	7.5%
Standard Deviation	11.3%	13.5%
Stress Test	-20.2%	-25.5%

## Adherence to Minnesota State Statutes

*For the Period Ending June 30, 2025*

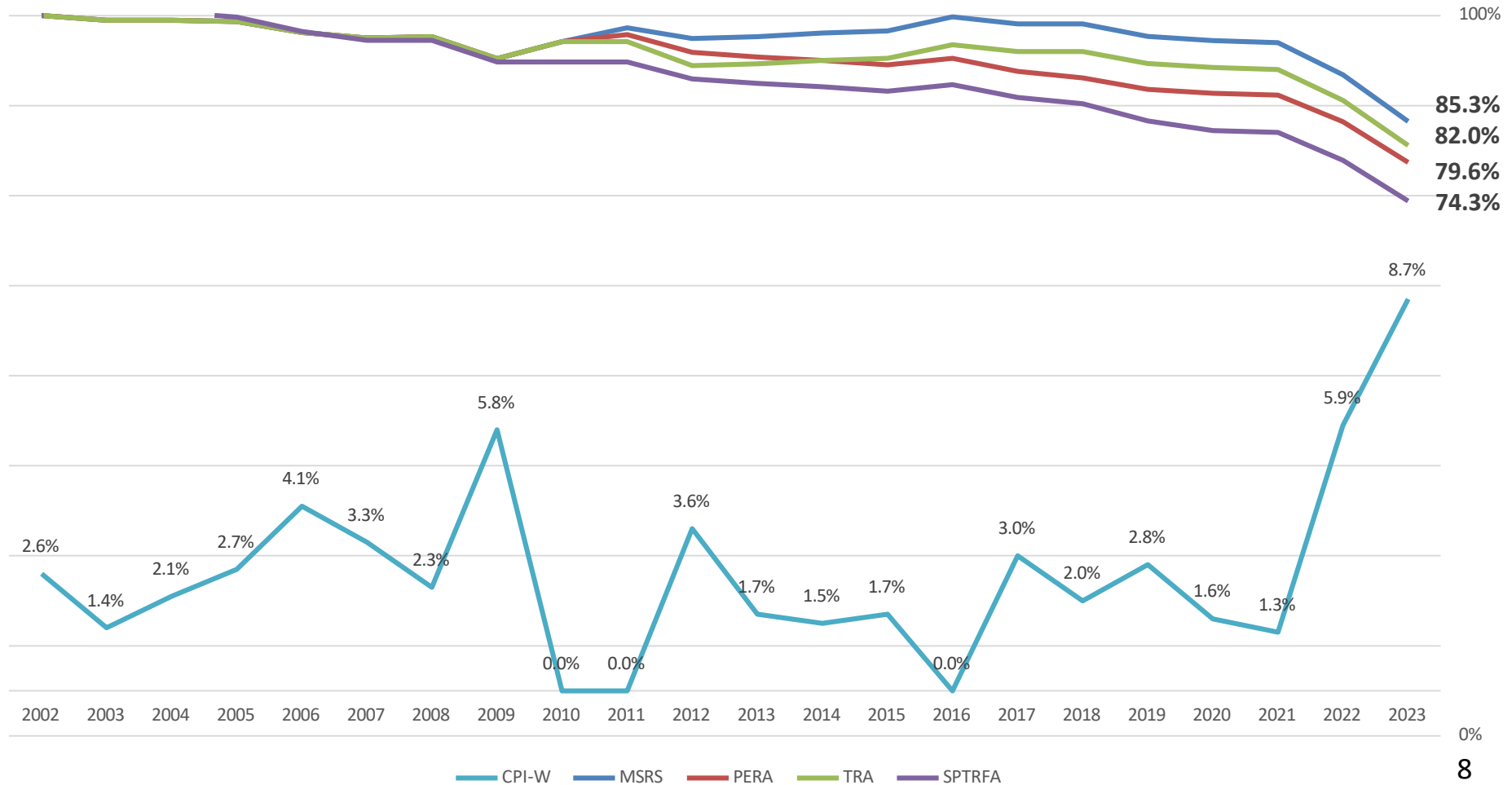
Guidelines	In Compliance	
	Yes	No
Per MN 356A.06, Subd 7 List of authorized investments:		
<ul style="list-style-type: none"> <li>■ Maximum of 5% Below Investment Grade Fixed Income</li> </ul>	X	
<ul style="list-style-type: none"> <li>■ Corporate Stock limitations                             <ul style="list-style-type: none"> <li>- Maximum of 5% of a single corporation</li> <li>- Maximum of 20% of Real Estate Investment Trust (REIT)</li> <li>- Maximum of 20% of closed Mutual Fund (e.g. CIT)</li> </ul> </li> </ul>	X	
<ul style="list-style-type: none"> <li>■ Maximum of 85% invested in Stocks and Other investments                             <ul style="list-style-type: none"> <li>- E.g. minimum of 15% invested in Cash or US Fixed Income</li> </ul> </li> </ul>	X	
<ul style="list-style-type: none"> <li>■ Maximum of 35% invested in Other Investments (i.e. Real Estate, Private Equity, Venture Capital, Natural Resources, etc.)</li> </ul>	X	
<ul style="list-style-type: none"> <li>■ Maximum of 20% interest in any investment strategy</li> </ul>	X	

# Plan Annual Increase Comparison



# Annual Increase vs. Inflation

A SPTRFA Retiree's pension is only worth 74.3% of its 2003 value, less than any other plan



- 1) Maintain Benefit Security
- 2) Parity with other Minnesota Pension Plans
- 3) Funded Benefit Improvements

## Pension Parity Act

Equalize SPTRFA and TRA benefits and contributions

1.5% Annual Increase → 2.7% of Pay = \$8.8M per year

Reduce Employee Contributions → 1.0% of Pay = \$3.4M per year

	SPTRFA		TRA	
	Normal Cost	<u>Employee</u> Contribution Rate	Normal Cost	<u>Employee</u> Contribution Rate
<b>Base Benefit</b>	9.08%	8.00%	11.07%	8.00%
<b>Career Benefit</b>	0.95%	1.00%	0.57%	0.00%
<b>Total Benefit</b>	<b>10.03%</b>	<b>9.00%</b>	<b>11.64%</b>	<b>8.00%</b>

*Note: Cost estimates use 15-year layered amortization*