



## LCPR26-009 (Frentz): Moving the investment return assumption for calculating joint and survivor annuities to the Standards' Appendix

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### Introduction

**Affected Plans:** All pension plans administered by the Minnesota State Retirement System (MSRS), Public Employees Retirement Association (PERA), and Teachers Retirement Association (TRA)

**Laws Amended:** Minnesota Statutes, section [356.461](#)

**Brief Description:** Currently, the investment return assumption for computing joint and survivor annuities is set in section 356.461 at 6.5%. The bill amends the statute to state that the assumption is 6.5% unless a different percentage has been approved or deemed approved and is thereby included in the Appendix to the Standards for Actuarial Work.

### Background

As part of TRA's legislative agenda, TRA requested that the investment return assumption for computing joint and survivor annuities be moved from statute to the Appendix. This request came after TRA's actuary recommended that this rate of return be adjusted, so this change in the statute will allow TRA to propose a change to the assumption that, if approved by the Legislative Commission on Pensions and Retirement (LCPR), TRA can then use in its valuation as of July 1, 2026.

### Section- by- Section Summary

**LCPR26-009** is one section that amends section 356.461, subdivision 1, by amending the first paragraph of the subdivision and adding two additional paragraphs to the subdivision.

**Paragraph (a)** states the investment return assumption for computing joint and survivor annuities is 6.5% unless a different percentage has been approved or deemed approved under paragraph (b).

**Paragraph (b)** allows the governing board of a covered retirement plan to propose a change in the investment return assumption for computing joint and survivor annuities. Paragraph (b) goes on to state the assumption may be changed only with the approval of the LCPR or after a period of one year has elapsed since the date on which the proposed assumption change was received by the LCPR without

Commission action. This is a similar process to how other assumptions that are in the Appendix can be changed.

**Paragraph (c)** states that the executive director of the LCPR must update the Appendix whenever a change in the assumption is approved or deemed approved.

The bill is effective July 1, 2026, or, if earlier, the effective date of the approval by the LCPR of a change in the investment return assumption for computing joint and survivor annuities for a retirement plan.