

Email from Emily Knutson, VIA, actuary for the Pension Commission:

From: Emily Knutson <eknutson@VIAactuarial.com>
Sent: Thursday, March 5, 2026 7:02 AM
To: Susan Lenczewski <Susan.Lenczewski@lcpr.mn.gov>
Cc: Mark Schulte <mschulte@VIAactuarial.com>
Subject: Present Value Calculation for Firefighters

Susan,

As requested, I have calculated the present value of accrued benefits for a Firefighter who is age 43, has 16 years of service, and a benefit level of \$4,300 per year of service. We calculated the present value using two different interest rates.

1. Using 3% interest and no pre-retirement mortality (assumptions used on the SC form and described in the attached Appendix B), the present value is approximately \$56,000. As noted in the memo accompanying Appendix B, the 3.0% interest assumption is intended to be a universal, conservative assumption that can be used by all independent VFRA's for purposes of completing the SC form.
2. Using 6% interest and no pre-retirement mortality (assumptions used in the SVF Plan annual actuarial valuation report), the present value is approximately \$46,000. It should be confirmed with Doug that these are the assumptions he is using in his present value calculations.

While we agree that a present value calculation is the "actuarially correct" way to adjust benefits for payment prior to Normal Retirement Age, we also understand that this may not be how VFRA's want to administer their pension plans since it can produce unexpected results that don't align with benefits that are usually based solely on service. The proposed legislation is one possible practical solution to this problem, and there may be others.

Let me know if you would like to discuss. Thank you!

Emily

