State of Minnesota $\$ legislative commission on pensions and retirement



Legislative Commission on Pensions and Retirement

An Overview

Susan Lenczewski, Executive Director Rachel Barth, Deputy Director January 31, 2017

Legislative Commission on Pensions & Retirement

• Commission consists of 14 legislators:

- 7 Representatives (5 from majority, 2 from minority)
- 7 Senators (5 from majority, 2 from minority)

• Executive Committee

- Chair
- Vice-Chair
- Secretary
- Established to have bi-partisan, bi-cameral review of pension and retirement issues, including legislation dealing with the State's public pension plans



Legislative Commission on Pensions & Retirement

• Staff: full-time non-partisan

- executive director
- deputy director
- commission assistant
- Commission Actuary: Deloitte Consulting
- Commission office: 55 State Office Building
- Commission website: www.lcpr.leg.mn
- Staff works with the Commission on meeting preparation, drafts legislation and background/policy/legal analysis of bills and topics



Commission Agenda

- The Commission will meet weekly each Tuesday evening to consider proposed legislation
- Goal will be to consider similar bills as a group each week
- Types of bills:
 - Legislators' proposals for benefit or other changes
 - Pension plan administrative or technical changes
 - Pension plan funding proposals
 - Changes to statutes for volunteer firefighter relief associations (VFRAs)
 - Small group or individual bills ("special legislation")
- By motion: actuarial assumption changes, except investment return



Minnesota's Public Pension Plans

Minnesota State Retirement System (MSRS)

- Covers state employees
- Administers 5 pension plans

• Public Employees Retirement Association (PERA)

- Covers local government employees
- Administers 4 pension plans

• Teachers Retirement Association (TRA)

- Covers all teachers except St. Paul school district teachers
- St. Paul Teachers Retirement Association (SPTRFA)
- Volunteer Firefighter Relief Associations (VFRAs)
 - Over 700 locally run relief associations



Minnesota's Public Defined Contribution Plans

- MSRS Unclassified Plan
- Public Employees Defined Contribution Plan
- Minnesota Deferred Compensation Plan



Governance

- Each system has a governing board and executive director
 - Board members and executive director are fiduciaries

• Each system has its own actuary

• Performs an annual actuarial valuation

• Each plan is governed by statutes

• The statutes ARE the official plan documents

• Assets are invested by the State Board of Investment (SBI)

• SBI members and executive director are fiduciaries



Sources of Pension Plan Funding

- Employees and employers are statutorily required to contribute a specified percentage of pay to the respective pension plan
 - Employee contributions are deducted from paychecks immediately upon start of employment
- Supplemental employer contributions: TRA and SPTRFA
- Additional contributions from the State to fund liabilities assumed when smaller plans merged into the big plans
 - PERA from absorbing the Minneapolis Employees Retirement Fund
 - TRA from absorbing the Duluth and Minneapolis Teachers Retirement Fund Associations

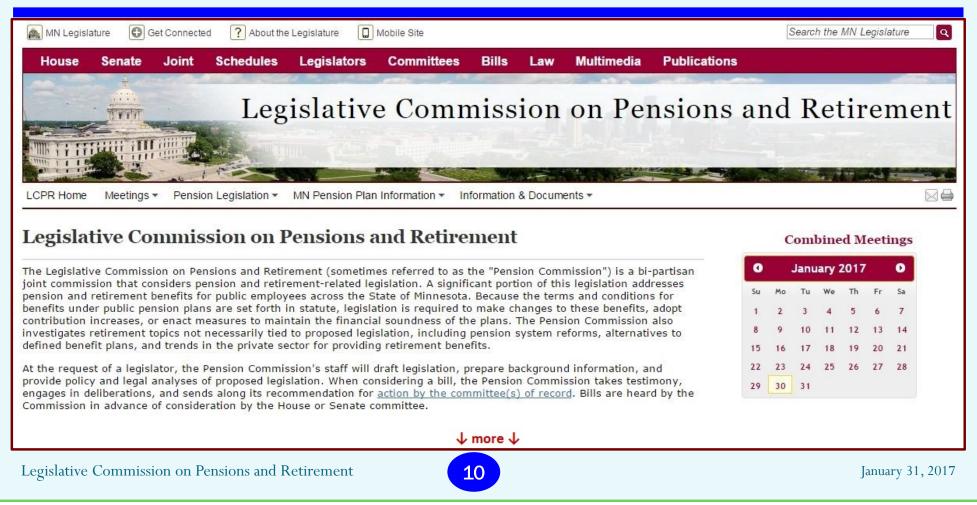


Stakeholders

- Employers (state agencies, cities, counties, school districts)
- Employees
- Former employees
- Retirees
- Unions
- Taxpayers



LCPR Website - Homepage (www.lcpr.leg.mn)



LCPR Website – Homepage (cont'd.)

↑ more ↑

Operation and Composition of the Commission

The Pension Commission was established as a permanent commission in 1967 under Minnesota Statutes, <u>Section 3.85</u>. Today, it consists of <u>seven members of the House</u> and <u>seven members of the Senate</u>, all of whom are appointed or re-appointed at the commencement of each biennium. A chair, vice-chair, and secretary are elected by the Commission members at the commencement of each biennium. The officer positions alternate between House and Senate members each biennium. The Commission typically meets weekly during the legislative session and may meet during the interim between sessions. Meeting agendas are determined by the chair.

Functions of the Commission

The Pension Commission:

- Considers proposed legislation and recommends whether the legislation, along with any approved amendments, should
 proceed to the next step in the legislative process;
- Provides legislative oversight of the approximately 700 pension and defined contribution plans covering public employees of the state, counties, cities and other governmental subdivisions, including volunteer firefighter relief associations;
- Reviews the annual <u>actuarial valuations</u> and periodic <u>experience studies</u> of the statewide and major local public pension plans;
- Assesses the sufficiency of current public pension plan funding and makes recommendations regarding adjustments to assumptions, contributions, funding, or benefits; and
- Studies and takes testimony on a wide range of pension and retirement-related topics, including developments nationally
 and under federal law that may impact public and private sector employees and retirees in the state.

↓ more ↓





- Jan. 31, 2017, 5:30 p.m.
- Previous Meetings

Employment

Employment opportunities

Quick Links

- NEW <u>Combined Service Annuity</u> Study Report
- Omnibus pension bill
- Pending pension bills
- Sign up for ListServe
- Valuations/Plan funding
- Contact us
- Legislative directories

January 31, 2017