

# **Statewide Pension Plans Funding Status Update**

Presentation to

**Legislative Commission on Pensions & Retirement**

December 18, 2008

# State Employees Retirement Fund

## Actuarial Status

### As of July 1, 2008

	July 1, 2007	July 1, 2008
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	\$ 723 million	\$ 981 million
<b>Funding Ratio</b>	92.49%	90.18%
<b>Normal Cost plus Expenses</b>	8.63% of pay	8.01% of pay
<b>Amortization of Unfunded Liability</b>	3.13% of pay	4.38% of pay
<b>Total Required Contribution</b>	11.76% of pay	12.39% of pay*
<b>Employee plus Employer Contributions**</b>	8.50% of pay	9.00% of pay
<b>Contribution Sufficiency/(Deficiency)</b>	(3.26%) of pay	(3.39%) of pay

\* Required contribution would fall to 10.36% of pay if a 30 year amortization period were used instead of the current 12 year amortization period.

\*\* Statutory Contribution will increase to 10.00% of pay effective July 1, 2010.

# State Patrol Retirement Fund

## Actuarial Status

### As of July 1, 2008

	July 1, 2007	July 1, 2008
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	\$ 56 million	\$ 99 million
<b>Funding Ratio</b>	91.75%	85.79%
<b>Normal Cost plus Expenses</b>	24.94% of pay	25.33% of pay
<b>Amortization of Unfunded Liability</b>	4.96% of pay	9.16% of pay
<b>Total Required Contribution</b>	29.90% of pay	34.49% of pay
<b>Employee plus Employer Contributions*</b>	22.70% of pay	24.40% of pay
<b>Contribution Sufficiency/(Deficiency)</b>	(7.20%) of pay	(10.09%) of pay

\* Statutory Contribution will increase to 26.00% of pay effective July 1, 2009.

# Correctional Employees Retirement Fund

## Actuarial Status

### As of July 1, 2008

	July 1, 2007	July 1, 2008
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	\$ 148 million	\$ 188 million
<b>Funding Ratio</b>	79.04%	75.32%
<b>Normal Cost plus Expenses</b>	17.90% of pay	18.46% of pay
<b>Amortization of Unfunded Liability</b>	6.54% of pay	5.20% of pay
<b>Total Required Contribution</b>	24.44% of pay	23.66% of pay
<b>Employee plus Employer Contributions*</b>	15.50% of pay	17.10% of pay
<b>Contribution Sufficiency/(Deficiency)</b>	(8.94%) of pay	(6.56%) of pay

\* Statutory Contribution will increase to 20.10% of pay effective July 1, 2010.

# Teachers Retirement Association Fund

## Actuarial Status

### As of July 1, 2008

	July 1, 2007	July 1, 2008
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	\$ 2.7 billion	\$ 4.0 billion
<b>Funding Ratio</b>	87.54%	81.99%
<b>Normal Cost plus Expenses</b>	9.66% of pay	9.04% of pay
<b>Amortization of Unfunded Liability</b>	3.78% of pay	6.04% of pay
<b>Total Required Contribution</b>	13.44% of pay	15.08% of pay
<b>Employee plus Employer Contributions</b>	11.79% of pay	11.75% of pay
<b>Contribution Sufficiency/(Deficiency)</b>	(1.65%) of pay	(3.33%) of pay

# Public Employees Retirement Fund

## Actuarial Status

### As of July 1, 2008

	<b>July 1, 2007</b>	<b>July 1, 2008</b>
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	\$ 4.7 billion	\$ 4.7 billion
<b>Funding Ratio</b>	73.34%	73.60%
<b>Normal Cost plus Expenses</b>	7.97% of pay	7.93% of pay
<b>Amortization of Unfunded Liability</b>	5.35% of pay	6.29% of pay
<b>Total Required Contribution</b>	13.32% of pay	14.22% of pay
<b>Employee plus Employer Contributions*</b>	12.26% of pay	12.63% of pay
<b>Contribution Sufficiency/(Deficiency)</b>	(1.06%) of pay	(1.59%) of pay

\* *Statutory contributions will increase to 13.00% of pay effective January 1, 2010.*

# Public Employees Police & Fire Fund Actuarial Status As of July 1, 2008

	July 1, 2007	July 1, 2008
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	\$ 470 million	\$ 685 million
<b>Funding Ratio</b>	91.70%	88.42%
<b>Normal Cost plus Expenses</b>	22.29% of pay	23.18% of pay
<b>Amortization of Unfunded Liability</b>	6.19% of pay	5.23% of pay
<b>Total Required Contribution</b>	28.48% of pay	28.41% of pay
<b>Employee plus Employer Contributions*</b>	20.50% of pay	22.50% of pay
<b>Contribution Sufficiency/(Deficiency)</b>	(7.98%) of pay	(5.91%) of pay

\* *Statutory Contributions will increase to 23.5% of pay effective January 1, 2009.*

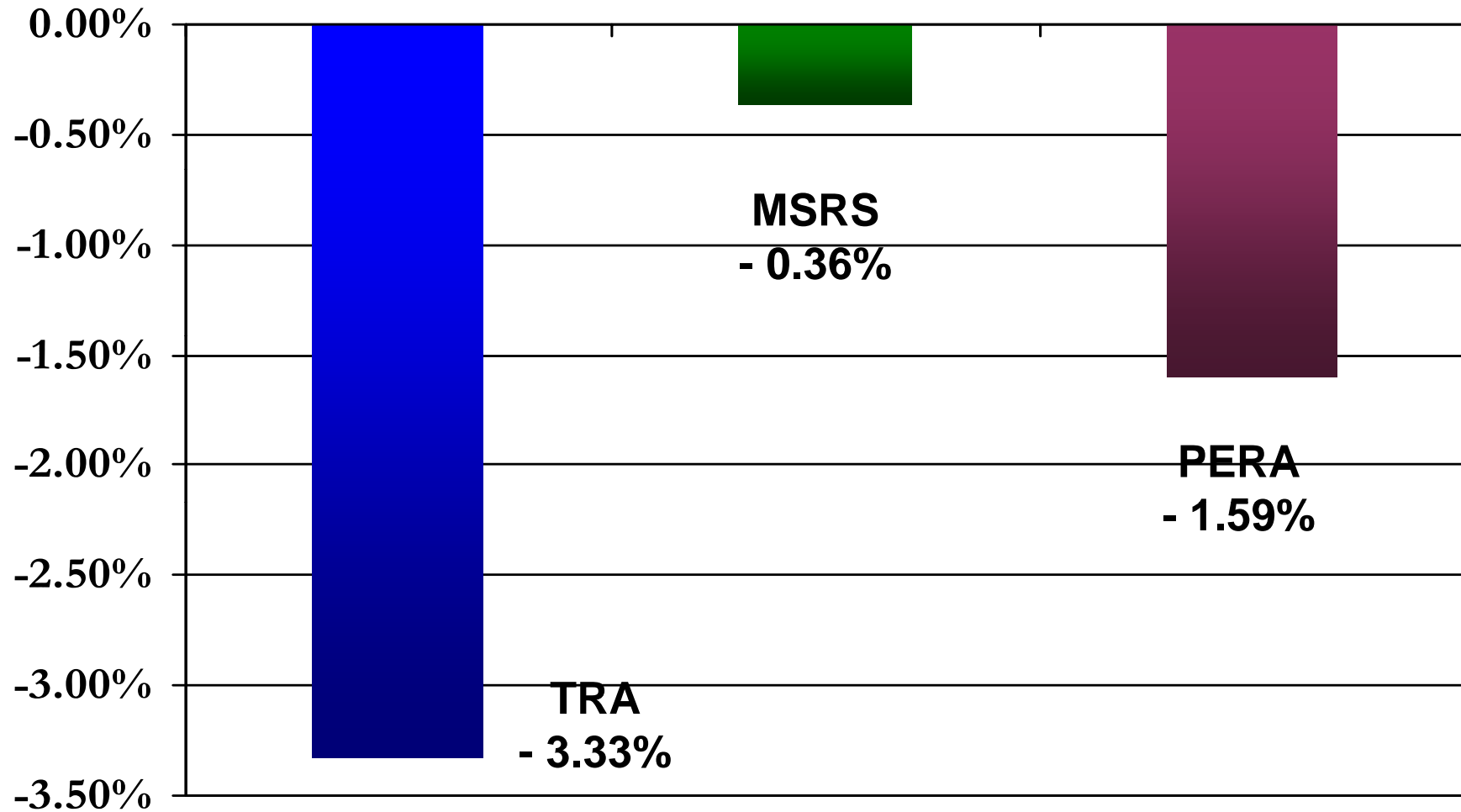
# Local Government Correctional Service Retirement Fund – Actuarial Status As of July 1, 2008

	July 1, 2007	July 1, 2008
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	\$ 2.62 million	\$ (0.37) million
<b>Funding Ratio</b>	98.38%	100.19%
<b>Normal Cost plus Expenses</b>	12.22% of pay	13.51% of pay
<b>Amortization of Unfunded Liability</b>	0.14% of pay	(0.01%) of pay
<b>Total Required Contribution</b>	12.36% of pay	13.50% of pay
<b>Employee plus Employer Contributions</b>	14.58% of pay	14.58% of pay
<b>Contribution Sufficiency/(Deficiency)</b>	2.22% of pay	1.08% of pay



# Deficiency/Sufficiency Comparisons \*

## MN Systems



*Assumes scheduled contribution rate increases are fully implemented and MSRS has 30-year amortization period.*

# *Funding Ratio Comparisons*

## **MN Systems – National Median**

