

Minnesota Retirement Funds

Comparison of 30-year Employer and State Contributions to 30-year Member Contribution Increases and Benefit Reforms

For approximately \$2.1B of employer contributions and direct State funding over the next 30 years, the 2018 Omnibus Pension Bill includes approximately \$6.1B in additional employee contributions and cost savings.

System / Plan	Total Annual & Present Value of Savings Attributable to Member Contribution Increases and Benefit Reforms (in \$Millions)						Present Value of Savings Over 30 Year Period	
	Annualized Savings					Present Value of Savings Over 30 Year Period	Savings Attributable to Past Service (Actuarial Accrued Liability - AAL)	Savings Attributable to Future Service
	Employee Contribution Increases	Benefit Reforms (% of pay)*	Total Contributions & Reforms (% of pay)	Projected FY18 Payroll	Total Contributions & Reforms (\$ amount)			
TRA	0.25%	3.56%	3.81%	\$ 5,043	\$ 192	\$ 3,181	\$ 2,047	\$ 1,134
MSRS-General	0.50%	3.10%	3.60%	3,023	109	1,853	1,100	753
MSRS-Highway Patrol	1.00%	0.00%	1.00%	77	1	13	0	13
MSRS-Correctional	0.50%	3.00%	3.50%	258	9	154	76	78
St. Paul Teachers	0.25%	1.90%	2.15%	260	6	93	65	28
PERA-General	0.00%	0.60%	0.60%	6,202	37	634	70	564
PERA-P&F	1.00%	0.00%	1.00%	960	10	163	0	163
PERA-Correctional	0.00%	0.00%	0.00%	209	0	0	0	0
					\$ 363	\$ 6,091	\$ 3,358	\$ 2,733

* Savings attributable to resetting amortization periods is excluded from this calculation

	Total Annual & Present Value of Costs Attributable to Employer Contribution Increases and State Funding (in \$Millions)					
System / Plan	Annualized Savings					Present Value of Contributions Over 30 Year Period
	Employer Contribution Increases	Supplemental Contribution	Projected FY18 Payroll	Total Payroll Based Contributions (\$)	State Funding	
TRA	1.25%	0.00%	\$ 5,043	\$ 63	\$ -	\$ 933
MSRS-General	0.75%	0.00%	3,023	23	-	390
MSRS-Highway Patrol	1.50%	7.00%	77	7	-	84
MSRS-Correctional	1.55%	4.45%	258	15	-	208
St. Paul Teachers	2.50%	0.00%	260	7	5	161
PERA-General	0.00%	0.00%	6,202	0	0	0
PERA-P&F	1.50%	0.00%	960	14	9	319
PERA-Correctional	0.00%	0.00%	209	0	0	0
				\$ 129	\$ 14	\$ 2,095

Approximately \$3.4B of the \$6.1B in savings will be recognized immediately and will reduce the Plans' Unfunded Actuarial Accrued Liabilities and increase the Plans' funding ratios.

Attachment D
(prepared by the retirement plan administrators)

Projected payroll is from each plan's 2017 actuarial valuation report
 Total payroll is assumed to grow 3.25% for MSRS and PERA and 3.0% for TRA and SPT
 All present values are determined using a 7.5% discount rate
 Employer contributions are assumed to be phased-in according to the Omnibus bill

Attachment D

(prepared by the retirement plan administrators)

Minnesota Retirement Funds

For approximately \$2.1B of employer contributions and direct State funding over the next 30 years, the 2018 Omnibus Pension Bill includes approximately \$6.1B in additional employee contributions and cost savings.

Total 30 Year Present Value of Savings Attributable to Member Contribution Increases and Benefit Reforms (in \$Millions)

System / Plan	Employee Contribution Increases	COLA Reductions	COLA Delay to 66	Elimination of Early Retirement Augmentation	Elimination of Deferred Augmentation	Total From Benefit Reductions	Total from Employee Contribution Increases & Benefit Reforms
TRA	\$ 209	\$ 2,338	\$ 242	\$ 209	\$ 184	\$ 2,973	\$ 3,181
MSRS-General	257	1,184	103	103	206	1,595	1,853
MSRS-Highway Patrol	13	-	-	-	-	-	13
MSRS-Correctional	22	132	-	-	-	132	154
St. Paul Teachers	11	47	9	13	13	82	93
PERA-General	0	106	106	422	-	634	634
PERA-P&F	163	-	-	-	-	-	163
PERA-Correctional	0	-	-	-	-	-	0
	\$ 675	\$ 3,806	\$ 459	\$ 747	\$ 402	\$ 5,415	\$ 6,091

Savings attributable to resetting amortization periods is excluded from this calculation

Total payroll is assumed to grow 3.25% for MSRS and PERA and 3.0% for TRA and SPT

All present values are determined using a 7.5% discount rate

Employer contributions are assumed to be phased-in according to the Omnibus bill

The total \$6.1B 30 year present value of savings attributable to employee contribution increases & benefit reforms is \$363.1M when amortized on a level percent of payroll basis over a 30 year period.

Total Annual Amortized Savings Attributable to Member Contribution Increases and Benefit Reforms (in \$Millions)

System / Plan	Employee Contribution Increases	COLA Reductions	COLA Delay to 66	Elimination of Early Retirement Augmentation	Elimination of Deferred Augmentation	Total From Benefit Reductions	Total from Employee Contribution Increases & Benefit Reforms
TRA	\$ 12.6	\$ 141.2	\$ 14.6	\$ 12.6	\$ 11.1	\$ 179.5	\$ 192.1
MSRS-General	15.1	69.5	6.0	6.0	12.1	93.7	108.8
MSRS-Highway Patrol	0.8	-	-	-	-	-	0.8
MSRS-Correctional	1.3	7.7	-	-	-	7.7	9.0
St. Paul Teachers	0.7	2.9	0.5	0.8	0.8	4.9	5.6
PERA-General	0.0	6.2	6.2	24.8	-	37.2	37.2
PERA-P&F	9.6	-	-	-	-	-	9.6
PERA-Correctional	0.0	-	-	-	-	-	0.0
	\$ 40.0	\$ 227.5	\$ 27.4	\$ 44.2	\$ 24.0	\$ 323.1	\$ 363.1

Perpared by Minnesota Retirement Funds

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