

# 2018 PENSION BILL FACT SHEET

## MINNESOTA STATE RETIREMENT SYSTEM PLANS

### GENERAL PLAN

CONTRIBUTIONS						
	EMPLOYEE (PRE-7/2018 RATE: 5.5%)			EMPLOYER (PRE-7/2018 RATE: 5.5%)		
	FY19	FY20	TOTAL	FY19	FY20	TOTAL
% Increase	0.25%	0.25%	<b>0.5%</b>	0.375%	0.375%	<b>0.75%</b>
% of Pay	5.75%	6%		5.875%	6.25%	

FY19 = July 1, 2018-June 30, 2019    FY20 = July 1, 2019-June 30, 2020

#### COST-OF-LIVING ADJUSTMENT (COLA)

Reduces current 2% COLA to 1% for five years, then 1.5% thereafter. Eliminates the COLA "trigger" that automatically increases the COLA rate based on funded status.

For retirements on or after January 1, 2024, early retirees will not begin to receive a COLA until normal retirement age.

#### EARLY RETIREMENT

Phases out, over five years, the augmentation subsidy that is added back into the calculation used to reduce a retiree's benefit who retires before normal retirement age.

#### DEFERRED AUGMENTATION

The automatic annual increase of 2% made each

year to the pension benefit accrued by former employees ("augmentation") is prospectively eliminated, effective January 1, 2019.

#### FAIRVIEW

Phases out, over seven years, the enhanced augmentation rates (5.5% and 7.5%) applied to the benefits of former employees of the University of Minnesota Hospital and Clinics.

#### REFUNDS

Rate of interest on refunds of employee contributions is reduced from 4% to 3%, effective July 1, 2018.

#### INVESTMENT RETURN ASSUMPTION

Investment return assumption reduced from 8% to 7.5%.

### CORRECTIONAL PLAN

CONTRIBUTIONS							
	EMPLOYEE (CURRENT RATE: 9.1%)		EMPLOYER (PRE-7/2018 RATE: 12.85%)				
	FY20	TOTAL	FY19	FY20	FY21	FY22	TOTAL
% Increase – Regular	0.5%	<b>0.5%</b>	1.55%	-	-	-	<b>1.55%</b>
% Increase - Supplemental	NA		-	1.45%	1.5%	1.5%	<b>4.45%*</b>
% of Pay	9.6%		14.4%	15.85%	17.35%	18.85%	

FY19 = July 1, 2018-June 30, 2019    FY20 = July 1, 2019-June 30, 2020

\* The 4.45% supplemental contribution remains in effect until plan is 100% funded.

#### COST-OF-LIVING ADJUSTMENT (COLA)

Eliminates the COLA "trigger" that automatically increases the COLA rate based on funded status.

#### DEFERRED AUGMENTATION

The automatic annual increase of 2% made each year to the pension benefit accrued by former employees ("augmentation") is prospectively eliminated, effective January 1, 2019.

# MINNESOTA STATE RETIREMENT SYSTEM PLANS

## CORRECTIONAL PLAN (CONTINUED)

### REFUNDS

Rate of interest on refunds of employee contributions is reduced from 4% to 3%, effective July 1, 2018.

### INVESTMENT RETURN ASSUMPTION

Investment return assumption reduced from 8% to 7.5%.

## STATE PATROL PLAN

### CONTRIBUTIONS

	EMPLOYEE (PRE-7/2018 RATE: 14.4%)			EMPLOYER (PRE-7/2018 RATE: 21.6%)				
	FY19	FY21	TOTAL	FY19	FY20	FY21	FY22	TOTAL
	% Increase - Regular	0.5%	0.5%	1%	0.75%	0.75%	-	-
% Increase - Supplemental	NA	NA		1.75%	1.25%	2%	2%	7%*
% of Pay	14.9%	15.4%	15.4%	24.1%	26.1%	28.1%	30.1%	

FY19 = July 1, 2018-June 30, 2019 FY22 = July 1, 2021-June 30, 2022

\* The 7% supplemental contribution remains in effect until plan is 100% funded.

### COST-OF-LIVING ADJUSTMENT (COLA)

Eliminates the COLA "trigger" that automatically increases the COLA rate based on funded status.

### DEFERRED AUGMENTATION

The automatic annual increase of 2% made each year to the pension benefit accrued by former employees ("augmentation") is prospectively eliminated, effective January 1, 2019.

### REFUNDS

Rate of interest on refunds of employee contributions is reduced from 4% to 3%, effective July 1, 2018.

### INVESTMENT RETURN ASSUMPTION

Investment return assumption reduced from 8% to 7.5%.

## UNCLASSIFIED PLAN

### CONTRIBUTIONS

	EMPLOYEE (PRE-7/2018 RATE: 5.5%)			EMPLOYER (CURRENT RATE: 6%)	
	FY19	FY20	TOTAL	FY20	TOTAL
% Increase	0.25%	0.25%	0.5%	0.25%	0.25%
% of Pay	5.75%	6%		6.25%	

FY19 = July 1, 2018-June 30, 2019 FY20 = July 1, 2019-June 30, 2020

### COST-OF-LIVING ADJUSTMENT (COLA)

Reduces current 2% COLA to 1% for five years, then 1.5% thereafter. Eliminates the COLA "trigger" that automatically increases the COLA rate based on funded status.

For retirements on or after January 1, 2024, early

retirees will not begin to receive a COLA until normal retirement age.

### DEFERRED AUGMENTATION

The automatic annual increase made each year to the pension benefit accrued by former employees ("augmentation") is prospectively eliminated.