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The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

A bill for an act

1.1 relating to retirement; actuarial and financial reporting, sunsetting statutory salary
1.2 increase and payroll increase actuarial assumptions; modifying postretirement
1.3 interest rate assumption for the Minnesota post retirement investment fund;
1.4 permitting annual financial reports to be made available to plan members
1.5 rather than provided to them; reducing specificity of annual financial reports;
1.6 eliminating transitional portions of actuarial value of assets definition;
1.7 modifying the select and ultimate salary increase actuarial assumptions for
1.8 various retirement plans; changing procedure for setting salary increase and
1.9 payroll increase actuarial assumptions after July 1, 2010; resetting amortization
1.10 target dates for various retirement plans; requiring an alternative amortization
1.11 contribution calculation; amending Minnesota Statutes 2006, sections 11A.18,
1.12 subdivision 9; 356.20, subdivisions 1, 2, 3, 4, 4a; 356.215, subdivisions 1, 2, 8,
1.13 11, 18; Minnesota Statutes 2007 Supplement, section 356.96, subdivision 1.
1.14

1.15 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:**

1.16 Section 1. Minnesota Statutes 2006, section 11A.18, subdivision 9, is amended to read:

1.17 **Subd. 9. Calculation of postretirement adjustment.** (a) Annually, following June
1.18 30, the state board shall use the procedures in paragraphs (b), (c), and (d) to determine
1.19 whether a postretirement adjustment is payable and to determine the amount of any
1.20 postretirement adjustment.

1.21 (b) If the Consumer Price Index for urban wage earners and clerical workers all
1.22 items index published by the Bureau of Labor Statistics of the United States Department
1.23 of Labor increases from June 30 of the preceding year to June 30 of the current year,
1.24 the state board shall certify the percentage increase. The amount certified must not
1.25 exceed ~~the lesser of the difference between the preretirement interest assumption and~~
1.26 ~~postretirement interest assumption in section 356.215, subdivision 8, paragraph (a), or~~
1.27 2.5 percent. For the Minneapolis Employees Retirement Fund, the amount certified must
1.28 not exceed 3.5 percent.

2.1 (c) In addition to any percentage increase certified under paragraph (b), the board
2.2 shall use the following procedures to determine if a postretirement adjustment is payable
2.3 under this paragraph:

2.4 (1) the state board shall determine the market value of the fund on June 30 of that
2.5 year;

2.6 (2) the amount of reserves required as of the current June 30 for the annuity or
2.7 benefit payable to an annuitant and benefit recipient of the participating public pension
2.8 plans or funds must be determined by the actuary retained under section 356.214. An
2.9 annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12
2.10 full months as of the current June 30 is eligible to receive a full postretirement adjustment.
2.11 An annuitant or benefit recipient who has been receiving an annuity or benefit for at
2.12 least one full month, but less than 12 full months as of the current June 30, is eligible to
2.13 receive a partial postretirement adjustment. Each fund shall report separately the amount
2.14 of the reserves for those annuitants and benefit recipients who are eligible to receive
2.15 a full postretirement benefit adjustment. This amount is known as "eligible reserves."
2.16 Each fund shall also report separately the amount of the reserves for those annuitants
2.17 and benefit recipients who are not eligible to receive a postretirement adjustment. This
2.18 amount is known as "noneligible reserves." For an annuitant or benefit recipient who is
2.19 eligible to receive a partial postretirement adjustment, each fund shall report separately
2.20 as additional "eligible reserves" an amount that bears the same ratio to the total reserves
2.21 required for the annuitant or benefit recipient as the number of full months of annuity
2.22 or benefit receipt as of the current June 30 bears to 12 full months. The remainder of
2.23 the annuitant's or benefit recipient's reserves must be separately reported as additional
2.24 "noneligible reserves." The amount of "eligible" and "noneligible" required reserves
2.25 must be certified to the board by the actuary retained under section 356.214 as soon as is
2.26 practical following the current June 30;

2.27 ~~(3) The state board shall determine the percentage increase certified under paragraph~~
2.28 ~~(b) multiplied by the eligible required reserves, as adjusted for mortality gains and losses~~
2.29 ~~under subdivision 11, determined under clause (2);~~

2.30 ~~(4)~~ (3) the state board shall ~~add~~ multiply the amount of reserves required for the
2.31 annuities or benefits payable to annuitants and benefit recipients of the participating public
2.32 pension plans or funds as of the current June 30 ~~to the amount determined under clause~~
2.33 ~~(3)~~ by the factor 1.085;

2.34 ~~(5)~~ (4) the state board shall subtract the amount determined under clause ~~(4)~~ (3) from
2.35 the market value of the fund determined under clause (1);

3.1 ~~(6)~~ (5) the state board shall adjust the amount determined under clause ~~(5)~~ (4) by
3.2 the cumulative current balance determined under clause ~~(8)~~ (7) and any negative balance
3.3 carried forward under clause ~~(9)~~ (8);

3.4 ~~(7)~~ (6) a positive amount resulting from the calculations in clauses (1) to ~~(6)~~ (5) is
3.5 the excess market value. A negative amount is the negative balance;

3.6 ~~(8)~~ (7) the state board shall allocate one-fifth of the excess market value or one-fifth
3.7 of the negative balance to each of five consecutive years, beginning with the fiscal year
3.8 ending the current June 30; and

3.9 ~~(9)~~ (8) to calculate the postretirement adjustment under this paragraph based on
3.10 investment performance for a fiscal year, the state board shall add together all excess
3.11 market value allocated to that year and subtract from the sum all negative balances
3.12 allocated to that year. If this calculation results in a negative number, the entire negative
3.13 balance must be carried forward and allocated to the next year. If the resulting amount is
3.14 positive, a postretirement adjustment is payable under this paragraph. The board shall
3.15 express a positive amount as a percentage of the total eligible required reserves certified to
3.16 the board under clause (2).

3.17 (d) The state board shall determine the amount of any postretirement adjustment
3.18 which is payable using the following procedure:

3.19 (1) the total "eligible" required reserves as of the first of January next following the
3.20 end of the fiscal year for the annuitants and benefit recipients eligible to receive a full or
3.21 partial postretirement adjustment as determined by clause (2) must be certified to the state
3.22 board by the actuary retained under section 356.214. The total "eligible" required reserves
3.23 must be determined by the actuary retained under section 356.214 on the assumption that
3.24 all annuitants and benefit recipients eligible to receive a full or partial postretirement
3.25 adjustment will be alive on the January 1 in question; and

3.26 (2) the state board shall add the percentage certified under paragraph (b) to any
3.27 positive percentage calculated under paragraph (c). The board shall not subtract from the
3.28 percentage certified under paragraph (b) any negative amount calculated under paragraph
3.29 (c). The sum of these percentages must be carried to five decimal places and must be
3.30 certified to each participating public pension fund or plan as the full postretirement
3.31 adjustment percentage. The full postretirement adjustment percentage certified to each
3.32 participating public pension plan or fund must not exceed five percent. For the Minneapolis
3.33 Employees Retirement Fund, no maximum percentage adjustment is applicable.

3.34 (e) A retirement annuity payable in the event of retirement before becoming eligible
3.35 for Social Security benefits as provided in section 352.116, subdivision 3; 353.29,
3.36 subdivision 6; or 354.35 must be treated as the sum of a period certain retirement annuity

4.1 and a life retirement annuity for the purposes of any postretirement adjustment. The
 4.2 period certain retirement annuity plus the life retirement annuity must be the annuity
 4.3 amount payable until age 62 or 65, whichever applies. A postretirement adjustment
 4.4 granted on the period certain retirement annuity must terminate when the period certain
 4.5 retirement annuity terminates.

4.6 Sec. 2. Minnesota Statutes 2006, section 356.20, subdivision 1, is amended to read:

4.7 Subdivision 1. **Report required.** (a) The governing or managing board or the
 4.8 chief administrative ~~officials~~ officer of the each public pension and retirement funds plan
 4.9 enumerated in subdivision 2 shall annually prepare and file a financial report following the
 4.10 close of each fiscal year.

4.11 (b) This requirement also applies to any plan or fund which may be a successor to any
 4.12 organization so enumerated or to any newly formed retirement plan, fund or association
 4.13 operating under the control or supervision of any public employee group, governmental
 4.14 unit, or institution receiving a portion of its support through legislative appropriations.

4.15 (c) The report must be prepared under the supervision and at the direction of
 4.16 the management of each fund plan and must be signed by the presiding officer of the
 4.17 managing board of the fund plan and the chief administrative official of the fund plan.

4.18 Sec. 3. Minnesota Statutes 2006, section 356.20, subdivision 2, is amended to read:

4.19 Subd. 2. **Covered public pension plans and funds.** This section applies to the
 4.20 following public pension plans:

4.21 (1) the general state employees retirement plan of the Minnesota State Retirement
 4.22 System;

4.23 (2) the general employees retirement plan of the Public Employees Retirement
 4.24 Association;

4.25 (3) the Teachers Retirement Association;

4.26 (4) the State Patrol retirement plan;

4.27 (5) the St. Paul Teachers Retirement Fund Association;

4.28 (6) the Duluth Teachers Retirement Fund Association;

4.29 (7) the Minneapolis Employees Retirement Fund;

4.30 (8) the University of Minnesota faculty retirement plan;

4.31 (9) the University of Minnesota faculty supplemental retirement plan;

4.32 (10) the judges retirement fund;

4.33 (11) a police or firefighter's relief association specified or described in section 69.77,
 4.34 subdivision 1a, ~~or~~;

5.1 (12) a volunteer firefighter relief association governed by section 69.771, subdivision
5.2 1;
5.3 ~~(12)~~ (13) the public employees police and fire plan of the Public Employees
5.4 Retirement Association;
5.5 ~~(13)~~ (14) the correctional state employees retirement plan of the Minnesota State
5.6 Retirement System; and
5.7 ~~(14)~~ (15) the local government correctional service retirement plan of the Public
5.8 Employees Retirement Association.

5.9 Sec. 4. Minnesota Statutes 2006, section 356.20, subdivision 3, is amended to read:

5.10 Subd. 3. **Filing requirement.** The financial report is a public record. A copy of the
5.11 report or a synopsis of the report containing the information required by this section must
5.12 be ~~distributed~~ made available annually to each member of the fund and to the governing
5.13 body of each governmental subdivision of the state which makes employers contributions
5.14 thereto or in whose behalf taxes are levied for the employers' contribution. A signed copy
5.15 of the report must be delivered to the executive director of the Legislative Commission
5.16 on Pensions and Retirement and to the Legislative Reference Library not later than six
5.17 months after the close of each fiscal year or one month following the completion and
5.18 delivery to the retirement fund of the actuarial valuation report of the fund by the actuary
5.19 retained under section 356.214, if applicable, whichever is later.

5.20 Sec. 5. Minnesota Statutes 2006, section 356.20, subdivision 4, is amended to read:

5.21 Subd. 4. **Contents of financial report.** (a) The financial report required by
5.22 this section must contain financial statements and disclosures that indicate the financial
5.23 operations and position of the retirement plan and fund. The report must conform with
5.24 generally accepted governmental accounting principles, applied on a consistent basis. The
5.25 report must be audited.

5.26 (b) The report must include, as part of its exhibits or its footnotes, an actuarial
5.27 disclosure item based on the actuarial valuation calculations prepared by the actuary
5.28 retained under section 356.214 or by the actuary retained by the retirement fund or
5.29 plan, whichever applies, according to applicable actuarial requirements enumerated in
5.30 section 356.215, and specified in the most recent standards for actuarial work adopted
5.31 by the Legislative Commission on Pensions and Retirement. The ~~accrued~~ actuarial value
5.32 of assets, the actuarial accrued liabilities, including accrued reserves, and the unfunded
5.33 actuarial accrued liability of the fund or plan must be disclosed. The disclosure item
5.34 must contain a declaration by the actuary retained under section 356.214 or the actuary

6.1 retained by the fund or plan, whichever applies, specifying that the required reserves
 6.2 for any retirement, disability, or survivor benefits provided under a benefit formula are
 6.3 computed in accordance with the entry age actuarial cost method and in accordance
 6.4 with the most recent applicable standards for actuarial work adopted by the Legislative
 6.5 Commission on Pensions and Retirement.

6.6 ~~(b) Assets of the fund or plan contained in the disclosure item must include the~~
 6.7 ~~following statement of the actuarial value of current assets as defined in section 356.215,~~
 6.8 ~~subdivision 1:~~

	Value at cost	Value at market
Cash, cash equivalents, and short-term securities
Accounts receivable
Accrued investment income
Fixed income investments
Equity investments other than real estate
Real estate investments
Equipment
Participation in the Minnesota postretirement investment fund or the retirement benefit fund
Other
Total assets		
Value at cost	
Value at market	
Actuarial value of current assets	

6.30 ~~(c) The unfunded actuarial accrued liability of the fund or plan contained in the~~
 6.31 ~~disclosure item must include the following measures of unfunded actuarial accrued~~
 6.32 ~~liability, using the actuarial value of current assets:~~

6.33 ~~(1) the unfunded actuarial accrued liability, determined by subtracting the current~~
 6.34 ~~assets and the present value of future normal costs from the total current and expected~~
 6.35 ~~future benefit obligations; and~~

6.36 ~~(2) the unfunded pension benefit obligation, determined by subtracting the current~~
 6.37 ~~assets from the actuarial present value of credited projected benefits.~~

6.38 ~~If the current assets of the fund or plan exceed the actuarial accrued liabilities, the~~
 6.39 ~~excess must be disclosed and indicated as a surplus.~~

6.40 ~~(d) The pension benefit obligations schedule included in the disclosure must contain~~
 6.41 ~~the following information on the benefit obligations:~~

7.1 ~~(1) the pension benefit obligation, determined as the actuarial present value of~~
 7.2 ~~credited projected benefits on account of service rendered to date, separately identified~~
 7.3 ~~as follows:~~

- 7.4 ~~(i) for annuitants,~~
- 7.5 ~~retirement annuities,~~
- 7.6 ~~disability benefits,~~
- 7.7 ~~surviving spouse and child benefits;~~
- 7.8 ~~(ii) for former members without vested~~
- 7.9 ~~rights;~~
- 7.10 ~~(iii) for deferred annuitants' benefits,~~
- 7.11 ~~including any augmentation;~~
- 7.12 ~~(iv) for active employees,~~
- 7.13 ~~accumulated employee contributions,~~
- 7.14 ~~including allocated investment income,~~
- 7.15 ~~employer-financed benefits vested,~~
- 7.16 ~~employer-financed benefits nonvested,~~
- 7.17 ~~total pension benefit obligation; and~~

7.18 ~~(2) if there are additional benefits not appropriately covered by the foregoing items~~
 7.19 ~~of benefit obligations, a separate identification of the obligation.~~

7.20 ~~(e)~~ (c) The report must contain an itemized exhibit describing the administrative
 7.21 expenses of the plan, including, but not limited to, the following items, classified on a
 7.22 consistent basis from year to year, and with any further meaningful detail:

- 7.23 (1) personnel expenses;
- 7.24 (2) communication-related expenses;
- 7.25 (3) office building and maintenance expenses;
- 7.26 (4) professional services fees; and
- 7.27 (5) other expenses.

7.28 ~~(f)~~ (d) The report must contain an itemized exhibit describing the investment
 7.29 expenses of the plan, including, but not limited to, the following items, classified on a
 7.30 consistent basis from year to year, and with any further meaningful detail:

- 7.31 (1) internal investment-related expenses; and
- 7.32 (2) external investment-related expenses.

7.33 ~~(g)~~ (e) Any additional statements or exhibits or more detailed or subdivided
 7.34 itemization of a disclosure item that will enable the management of the ~~fund~~ plan to
 7.35 portray a true interpretation of the ~~fund's~~ plan's financial condition must be included in the
 7.36 additional statements or exhibits.

7.37 Sec. 6. Minnesota Statutes 2006, section 356.20, subdivision 4a, is amended to read:

8.1 Subd. 4a. **Financial report for police or firefighters relief association.** For any
 8.2 police or firefighter's relief association referred to in subdivision 2, clause (11) or (12), a
 8.3 financial report that is duly filed and ~~meeting~~ that meets the requirements of section 69.051
 8.4 ~~must be~~ is deemed to have met the requirements of subdivision 4.

8.5 Sec. 7. Minnesota Statutes 2006, section 356.215, subdivision 1, is amended to read:

8.6 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to
 8.7 356.23, each of the terms in the following paragraphs has the meaning given.

8.8 (b) "Actuarial valuation" means a set of calculations prepared by the actuary
 8.9 retained under section 356.214 if so required under section 3.85, or otherwise, by an
 8.10 approved actuary, to determine the normal cost and the accrued actuarial liabilities of
 8.11 a benefit plan, according to the entry age actuarial cost method and based upon stated
 8.12 assumptions including, but not limited to rates of interest, mortality, salary increase,
 8.13 disability, withdrawal, and retirement and to determine the payment necessary to amortize
 8.14 over a stated period any unfunded accrued actuarial liability disclosed as a result of the
 8.15 actuarial valuation of the benefit plan.

8.16 (c) "Approved actuary" means a person who is regularly engaged in the business
 8.17 of providing actuarial services and who has at least 15 years of service to major public
 8.18 employee pension or retirement funds or who is a fellow in the Society of Actuaries.

8.19 (d) "Entry age actuarial cost method" means an actuarial cost method under which
 8.20 the actuarial present value of the projected benefits of each individual currently covered
 8.21 by the benefit plan and included in the actuarial valuation is allocated on a level basis over
 8.22 the service of the individual, if the benefit plan is governed by section 69.773, or over the
 8.23 earnings of the individual, if the benefit plan is governed by any other law, between the
 8.24 entry age and the assumed exit age, with the portion of the actuarial present value which is
 8.25 allocated to the valuation year to be the normal cost and the portion of the actuarial present
 8.26 value not provided for at the valuation date by the actuarial present value of future normal
 8.27 costs to be the actuarial accrued liability, with aggregation in the calculation process to be
 8.28 the sum of the calculated result for each covered individual and with recognition given to
 8.29 any different benefit formulas which may apply to various periods of service.

8.30 (e) "Experience study" means a report providing experience data and an actuarial
 8.31 analysis of the adequacy of the actuarial assumptions on which actuarial valuations are
 8.32 based.

8.33 (f) ~~Current~~ "Actuarial value of assets" means:

8.34 ~~(1) for the July 1, 2001, actuarial valuation, the market value of all assets as of~~
 8.35 ~~June 30, 2001, reduced by:~~

9.1 ~~(i) 30 percent of the difference between the market value of all assets as of June 30,~~
9.2 ~~1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;~~

9.3 ~~(ii) 60 percent of the difference between the actual net change in the market value of~~
9.4 ~~assets between June 30, 1999, and June 30, 2000, and the computed increase in the market~~
9.5 ~~value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at~~
9.6 ~~the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial~~
9.7 ~~valuation; and~~

9.8 ~~(iii) 80 percent of the difference between the actual net change in the market value~~
9.9 ~~of assets between June 30, 2000, and June 30, 2001, and the computed increase in~~
9.10 ~~the market value of assets between June 30, 2000, and June 30, 2001, if the assets had~~
9.11 ~~increased at the percentage preretirement interest rate assumption used in the July 1,~~
9.12 ~~2000, actuarial valuation;~~

9.13 ~~(2) for the July 1, 2002, actuarial valuation, the market value of all assets as of~~
9.14 ~~June 30, 2002, reduced by:~~

9.15 ~~(i) ten percent of the difference between the market value of all assets as of June 30,~~
9.16 ~~1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;~~

9.17 ~~(ii) 40 percent of the difference between the actual net change in the market value of~~
9.18 ~~assets between June 30, 1999, and June 30, 2000, and the computed increase in the market~~
9.19 ~~value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at~~
9.20 ~~the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial~~
9.21 ~~valuation;~~

9.22 ~~(iii) 60 percent of the difference between the actual net change in the market value~~
9.23 ~~of assets between June 30, 2000, and June 30, 2001, and the computed increase in~~
9.24 ~~the market value of assets between June 30, 2000, and June 30, 2001, if the assets had~~
9.25 ~~increased at the percentage preretirement interest rate assumption used in the July 1, 2000,~~
9.26 ~~actuarial valuation; and~~

9.27 ~~(iv) 80 percent of the difference between the actual net change in the market value of~~
9.28 ~~assets between June 30, 2001, and June 30, 2002, and the computed increase in the market~~
9.29 ~~value of assets between June 30, 2001, and June 30, 2002, if the assets had increased at~~
9.30 ~~the percentage preretirement interest rate assumption used in the July 1, 2001, actuarial~~
9.31 ~~valuation; or~~

9.32 ~~(3) for any actuarial valuation after July 1, 2002, the market value of all assets~~
9.33 ~~as of the preceding June 30, reduced by:~~

9.34 ~~(i) (1) 20 percent of the difference between the actual net change in the market value~~
9.35 ~~of assets between the June 30 that occurred three years earlier and the June 30 that occurred~~
9.36 ~~four years earlier and the computed increase in the market value of assets over that~~

10.1 fiscal year period if the assets had increased at the percentage preretirement interest rate
 10.2 assumption used in the actuarial valuation for the July 1 that occurred four years earlier;

10.3 ~~(ii)~~ (2) 40 percent of the difference between the actual net change in the market value
 10.4 of assets between the June 30 that occurred two years earlier and the June 30 that occurred
 10.5 three years earlier and the computed increase in the market value of assets over that
 10.6 fiscal year period if the assets had increased at the percentage preretirement interest rate
 10.7 assumption used in the actuarial valuation for the July 1 that occurred three years earlier;

10.8 ~~(iii)~~ (3) 60 percent of the difference between the actual net change in the market
 10.9 value of assets between the June 30 that occurred one year earlier and the June 30 that
 10.10 occurred two years earlier and the computed increase in the market value of assets over
 10.11 that fiscal year period if the assets had increased at the percentage preretirement interest
 10.12 rate assumption used in the actuarial valuation for the July 1 that occurred two years
 10.13 earlier; and

10.14 ~~(iv)~~ (4) 80 percent of the difference between the actual net change in the market
 10.15 value of assets between the immediately prior June 30 and the June 30 that occurred one
 10.16 year earlier and the computed increase in the market value of assets over that fiscal year
 10.17 period if the assets had increased at the percentage preretirement interest rate assumption
 10.18 used in the actuarial valuation for the July 1 that occurred one year earlier.

10.19 (g) "Unfunded actuarial accrued liability" means the total current and expected
 10.20 future benefit obligations, reduced by the sum of ~~current~~ the actuarial value of assets and
 10.21 the present value of future normal costs.

10.22 (h) "Pension benefit obligation" means the actuarial present value of credited
 10.23 projected benefits, determined as the actuarial present value of benefits estimated to be
 10.24 payable in the future as a result of employee service attributing an equal benefit amount,
 10.25 including the effect of projected salary increases and any step rate benefit accrual rate
 10.26 differences, to each year of credited and expected future employee service.

10.27 Sec. 8. Minnesota Statutes 2006, section 356.215, subdivision 2, is amended to read:

10.28 Subd. 2. **Requirements.** (a) It is the policy of the legislature that it is necessary
 10.29 and appropriate to determine annually the financial status of tax supported retirement and
 10.30 pension plans for public employees. To achieve this goal:

10.31 (1) the actuary retained under section 356.214 shall prepare annual actuarial
 10.32 valuations of the retirement plans enumerated in section 356.214, subdivision 1, paragraph
 10.33 (b), and quadrennial experience studies of the retirement plans enumerated in section
 10.34 356.214, subdivision 1, paragraph (b), clauses (1), (2), and (7); and

11.1 (2) the commissioner of finance may have prepared by the actuary retained by the
 11.2 commission, two years after each set of quadrennial experience studies, quadrennial
 11.3 projection valuations of at least one of the retirement plans enumerated in section 6,
 11.4 subdivision 1, paragraph (b), for which the commissioner determines that the analysis
 11.5 may be beneficial.

11.6 (b) The governing or managing board or administrative officials of each public
 11.7 pension and retirement ~~fund or~~ plan enumerated in section 356.20, subdivision 2, clauses
 11.8 (9), ~~(10)~~ (11), and (12), shall have prepared by an approved actuary annual actuarial
 11.9 valuations of their respective funds as provided in this section. This requirement also
 11.10 applies to any ~~fund or~~ plan that is the successor to any organization enumerated in section
 11.11 356.20, subdivision 2, or to the governing or managing board or administrative officials
 11.12 of any newly formed retirement fund, plan, or association operating under the control or
 11.13 supervision of any public employee group, governmental unit, or institution receiving a
 11.14 portion of its support through legislative appropriations, and any local police or fire ~~fund~~
 11.15 relief association to which section 356.216 applies.

11.16 Sec. 9. Minnesota Statutes 2006, section 356.215, subdivision 8, is amended to read:

11.17 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
 11.18 the applicable following preretirement interest assumption and the applicable following
 11.19 postretirement interest assumption:

11.20		preretirement	postretirement
11.21		interest rate	interest rate
11.22	plan	assumption	assumption
11.23	general state employees retirement plan	8.5%	6.0 <u>8.5%</u>
11.24	correctional state employees retirement		
11.25	plan	8.5	6.0 <u>8.5</u>
11.26	State Patrol retirement plan	8.5	6.0 <u>8.5</u>
11.27	legislators retirement plan	8.5	6.0 <u>8.5</u>
11.28	elective state officers retirement plan	8.5	6.0 <u>8.5</u>
11.29	judges retirement plan	8.5	6.0 <u>8.5</u>
11.30	general public employees retirement		
11.31	plan	8.5	6.0 <u>8.5</u>
11.32	public employees police and fire		
11.33	retirement plan	8.5	6.0 <u>8.5</u>
11.34	local government correctional service		
11.35	retirement plan	8.5	6.0 <u>8.5</u>
11.36	teachers retirement plan	8.5	6.0 <u>8.5</u>
11.37	Minneapolis employees retirement plan	6.0	5.0
11.38	Duluth teachers retirement plan	8.5	8.5
11.39	St. Paul teachers retirement plan	8.5	8.5

12.1	Minneapolis Police Relief Association	6.0	6.0
12.2	Fairmont Police Relief Association	5.0	5.0
12.3	Minneapolis Fire Department Relief		
12.4	Association	6.0	6.0
12.5	Virginia Fire Department Relief		
12.6	Association	5.0	5.0
12.7	Bloomington Fire Department Relief		
12.8	Association	6.0	6.0
12.9	local monthly benefit volunteer		5.0
12.10	firefighters relief associations	5.0	

12.11 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 12.12 single rate future salary increase assumption, the applicable following modified single
 12.13 rate future salary increase assumption, or the applicable following graded rate future
 12.14 salary increase assumption:

12.15 (1) single rate future salary increase assumption

12.16		future salary
12.17	plan	increase assumption
12.18	legislators retirement plan	5.0%
12.19	elective state officers retirement plan	5.0
12.20	judges retirement plan	5.0
12.21	Minneapolis Police Relief Association	4.0
12.22	Fairmont Police Relief Association	3.5
12.23	Minneapolis Fire Department Relief	
12.24	Association	4.0
12.25	Virginia Fire Department Relief Association	3.5
12.26	Bloomington Fire Department Relief	
12.27	Association	4.0

12.28 (2) modified single rate future salary increase assumption

12.29		future salary
12.30	plan	increase assumption
12.31	Minneapolis employees	the prior calendar year amount
12.32	retirement plan	increased first by 1.0198 percent to
12.33		prior fiscal year date and then increased
12.34		by 4.0 percent annually for each future
12.35		year

12.36 (3) select and ultimate future salary increase assumption or graded rate future salary
 12.37 increase assumption

12.38		future salary
12.39	plan	increase assumption
12.40	general state employees	select calculation and assumption A
12.41	retirement plan	

13.1	correctional state employees	assumption G <u>H</u>
13.2	retirement plan	
13.3	State Patrol retirement plan	assumption G
13.4	general public employees	select calculation and assumption B
13.5	retirement plan	
13.6	public employees police and fire	assumption C
13.7	fund retirement plan	
13.8	local government correctional	assumption G
13.9	service retirement plan	
13.10	teachers retirement plan	assumption D
13.11	Duluth teachers retirement plan	assumption E
13.12	St. Paul teachers retirement plan	assumption F

13.13 The select calculation is: during the ~~ten-year~~
13.14 designated select period, a designated
13.15 ~~percent~~ percentage rate is multiplied by the
13.16 result of ~~ten~~ the designated integer minus T,
13.17 where T is the number of completed years
13.18 of service, and is added to the applicable
13.19 future salary increase assumption. The
13.20 designated select period is five years and
13.21 the designated integer is five for the general
13.22 state employees retirement plan and the
13.23 general public employees retirement plan.
13.24 The designated select period is ten years and
13.25 the designated integer is ten for all other
13.26 retirement plans covered by this clause. The
13.27 designated ~~percent~~ percentage rate is 0.2
13.28 percent for the correctional state employees
13.29 retirement plan, the State Patrol retirement
13.30 plan, the public employees police and fire
13.31 plan, and the local government correctional
13.32 service plan; ~~and 0.3~~ is 0.6 percent for
13.33 the general state employees retirement
13.34 plan; and the general public employees
13.35 retirement plan; and is 0.3 percent for the
13.36 teachers retirement plan, the Duluth Teachers
13.37 Retirement Fund Association, and the St.
13.38 Paul Teachers Retirement Fund Association.

14.1 The select calculation for the Duluth Teachers
 14.2 Retirement Fund Association is 8.00 percent
 14.3 per year for service years one through seven,
 14.4 7.25 percent per year for service years seven
 14.5 through eight, and 6.50 percent per year for
 14.6 service years eight through nine.

14.7 The ultimate future salary increase assumption is:

14.8	age	A	B	C	D	E	F	G
14.9	16	6.95%	6.95%	11.50%	8.20%	8.00%	6.90%	7.7500%
14.10	17	6.90	6.90	11.50	8.15	8.00	6.90	7.7500
14.11	18	6.85	6.85	11.50	8.10	8.00	6.90	7.7500
14.12	19	6.80	6.80	11.50	8.05	8.00	6.90	7.7500
14.13	20	6.75	6.40	11.50	6.00	6.90	6.90	7.7500
14.14	21	6.75	6.40	11.50	6.00	6.90	6.90	7.1454
14.15	22	6.75	6.40	11.00	6.00	6.90	6.90	7.0725
14.16	23	6.75	6.40	10.50	6.00	6.85	6.85	7.0544
14.17	24	6.75	6.40	10.00	6.00	6.80	6.80	7.0363
14.18	25	6.75	6.40	9.50	6.00	6.75	6.75	7.0000
14.19	26	6.75	6.36	9.20	6.00	6.70	6.70	7.0000
14.20	27	6.75	6.32	8.90	6.00	6.65	6.65	7.0000
14.21	28	6.75	6.28	8.60	6.00	6.60	6.60	7.0000
14.22	29	6.75	6.24	8.30	6.00	6.55	6.55	7.0000
14.23	30	6.75	6.20	8.00	6.00	6.50	6.50	7.0000
14.24	31	6.75	6.16	7.80	6.00	6.45	6.45	7.0000
14.25	32	6.75	6.12	7.60	6.00	6.40	6.40	7.0000
14.26	33	6.75	6.08	7.40	6.00	6.35	6.35	7.0000
14.27	34	6.75	6.04	7.20	6.00	6.30	6.30	7.0000
14.28	35	6.75	6.00	7.00	6.00	6.25	6.25	7.0000
14.29	36	6.75	5.96	6.80	6.00	6.20	6.20	6.9019
14.30	37	6.75	5.92	6.60	6.00	6.15	6.15	6.8074
14.31	38	6.75	5.88	6.40	5.90	6.10	6.10	6.7125
14.32	39	6.75	5.84	6.20	5.80	6.05	6.05	6.6054
14.33	40	6.75	5.80	6.00	5.70	6.00	6.00	6.5000
14.34	41	6.75	5.76	5.90	5.60	5.90	5.95	6.3540
14.35	42	6.75	5.72	5.80	5.50	5.80	5.90	6.2087
14.36	43	6.65	5.68	5.70	5.40	5.70	5.85	6.0622
14.37	44	6.55	5.64	5.60	5.30	5.60	5.80	5.9048
14.38	45	6.45	5.60	5.50	5.20	5.50	5.75	5.7500
14.39	46	6.35	5.56	5.45	5.10	5.40	5.70	5.6940
14.40	47	6.25	5.52	5.40	5.00	5.30	5.65	5.6375
14.41	48	6.15	5.48	5.35	5.00	5.20	5.60	5.5822
14.42	49	6.05	5.44	5.30	5.00	5.10	5.55	5.5404

15.1	50	5.95	5.40	5.25	5.00	5.00	5.50	5.5000
15.2	51	5.85	5.36	5.25	5.00	5.00	5.45	5.4384
15.3	52	5.75	5.32	5.25	5.00	5.00	5.40	5.3776
15.4	53	5.65	5.28	5.25	5.00	5.00	5.35	5.3167
15.5	54	5.55	5.24	5.25	5.00	5.00	5.30	5.2826
15.6	55	5.45	5.20	5.25	5.00	5.00	5.25	5.2500
15.7	56	5.35	5.16	5.25	5.00	5.00	5.20	5.2500
15.8	57	5.25	5.12	5.25	5.00	5.00	5.15	5.2500
15.9	58	5.25	5.08	5.25	5.10	5.00	5.10	5.2500
15.10	59	5.25	5.04	5.25	5.20	5.00	5.05	5.2500
15.11	60	5.25	5.00	5.25	5.30	5.00	5.00	5.2500
15.12	61	5.25	5.00	5.25	5.40	5.00	5.00	5.2500
15.13	62	5.25	5.00	5.25	5.50	5.00	5.00	5.2500
15.14	63	5.25	5.00	5.25	5.60	5.00	5.00	5.2500
15.15	64	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
15.16	65	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
15.17	66	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
15.18	67	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
15.19	68	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
15.20	69	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
15.21	70	5.25	5.00	5.25	5.70	5.00	5.00	5.2500
15.22	71	5.25	5.00		5.70			

15.23	<u>age</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
15.24	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
15.25	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
15.26	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
15.27	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
15.28	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
15.29	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
15.30	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
15.31	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
15.32	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
15.33	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
15.34	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
15.35	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
15.36	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
15.37	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
15.38	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
15.39	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
15.40	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
15.41	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
15.42	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
15.43	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000

16.1	<u>36</u>	<u>5.75</u>	<u>4.96</u>	<u>6.30</u>	<u>5.50</u>	<u>6.20</u>	<u>6.20</u>	<u>6.9019</u>	<u>6.4019</u>
16.2	<u>37</u>	<u>5.75</u>	<u>4.92</u>	<u>6.10</u>	<u>5.50</u>	<u>6.15</u>	<u>6.15</u>	<u>6.8074</u>	<u>6.3074</u>
16.3	<u>38</u>	<u>5.75</u>	<u>4.88</u>	<u>5.90</u>	<u>5.40</u>	<u>6.10</u>	<u>6.10</u>	<u>6.7125</u>	<u>6.2125</u>
16.4	<u>39</u>	<u>5.75</u>	<u>4.84</u>	<u>5.70</u>	<u>5.30</u>	<u>6.05</u>	<u>6.05</u>	<u>6.6054</u>	<u>6.1054</u>
16.5	<u>40</u>	<u>5.75</u>	<u>4.80</u>	<u>5.50</u>	<u>5.20</u>	<u>6.00</u>	<u>6.00</u>	<u>6.5000</u>	<u>6.0000</u>
16.6	<u>41</u>	<u>5.75</u>	<u>4.76</u>	<u>5.40</u>	<u>5.10</u>	<u>5.90</u>	<u>5.95</u>	<u>6.3540</u>	<u>5.8540</u>
16.7	<u>42</u>	<u>5.75</u>	<u>4.72</u>	<u>5.30</u>	<u>5.00</u>	<u>5.80</u>	<u>5.90</u>	<u>6.2087</u>	<u>5.7087</u>
16.8	<u>43</u>	<u>5.65</u>	<u>4.68</u>	<u>5.20</u>	<u>4.90</u>	<u>5.70</u>	<u>5.85</u>	<u>6.0622</u>	<u>5.5622</u>
16.9	<u>44</u>	<u>5.55</u>	<u>4.64</u>	<u>5.10</u>	<u>4.80</u>	<u>5.60</u>	<u>5.80</u>	<u>5.9048</u>	<u>5.4078</u>
16.10	<u>45</u>	<u>5.45</u>	<u>4.60</u>	<u>5.00</u>	<u>4.70</u>	<u>5.50</u>	<u>5.75</u>	<u>5.7500</u>	<u>5.2500</u>
16.11	<u>46</u>	<u>5.35</u>	<u>4.56</u>	<u>4.95</u>	<u>4.60</u>	<u>5.40</u>	<u>5.70</u>	<u>5.6940</u>	<u>5.1940</u>
16.12	<u>47</u>	<u>5.25</u>	<u>4.52</u>	<u>4.90</u>	<u>4.50</u>	<u>5.30</u>	<u>5.65</u>	<u>5.6375</u>	<u>5.1375</u>
16.13	<u>48</u>	<u>5.15</u>	<u>4.48</u>	<u>4.85</u>	<u>4.50</u>	<u>5.20</u>	<u>5.60</u>	<u>5.5822</u>	<u>5.0822</u>
16.14	<u>49</u>	<u>5.05</u>	<u>4.44</u>	<u>4.80</u>	<u>4.50</u>	<u>5.10</u>	<u>5.55</u>	<u>5.5404</u>	<u>5.0404</u>
16.15	<u>50</u>	<u>4.95</u>	<u>4.40</u>	<u>4.75</u>	<u>4.50</u>	<u>5.00</u>	<u>5.50</u>	<u>5.5000</u>	<u>5.0000</u>
16.16	<u>51</u>	<u>4.85</u>	<u>4.36</u>	<u>4.75</u>	<u>4.50</u>	<u>4.90</u>	<u>5.45</u>	<u>5.4384</u>	<u>4.9384</u>
16.17	<u>52</u>	<u>4.75</u>	<u>4.32</u>	<u>4.75</u>	<u>4.50</u>	<u>4.80</u>	<u>5.40</u>	<u>5.3776</u>	<u>4.8776</u>
16.18	<u>53</u>	<u>4.65</u>	<u>4.28</u>	<u>4.75</u>	<u>4.50</u>	<u>4.70</u>	<u>5.35</u>	<u>5.3167</u>	<u>4.8167</u>
16.19	<u>54</u>	<u>4.55</u>	<u>4.24</u>	<u>4.75</u>	<u>4.50</u>	<u>4.60</u>	<u>5.30</u>	<u>5.2826</u>	<u>4.7826</u>
16.20	<u>55</u>	<u>4.45</u>	<u>4.20</u>	<u>4.75</u>	<u>4.50</u>	<u>4.50</u>	<u>5.25</u>	<u>5.2500</u>	<u>4.7500</u>
16.21	<u>56</u>	<u>4.35</u>	<u>4.16</u>	<u>4.75</u>	<u>4.50</u>	<u>4.40</u>	<u>5.20</u>	<u>5.2500</u>	<u>4.7500</u>
16.22	<u>57</u>	<u>4.25</u>	<u>4.12</u>	<u>4.75</u>	<u>4.50</u>	<u>4.30</u>	<u>5.15</u>	<u>5.2500</u>	<u>4.7500</u>
16.23	<u>58</u>	<u>4.25</u>	<u>4.08</u>	<u>4.75</u>	<u>4.60</u>	<u>4.20</u>	<u>5.10</u>	<u>5.2500</u>	<u>4.7500</u>
16.24	<u>59</u>	<u>4.25</u>	<u>4.04</u>	<u>4.75</u>	<u>4.70</u>	<u>4.10</u>	<u>5.05</u>	<u>5.2500</u>	<u>4.7500</u>
16.25	<u>60</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>4.80</u>	<u>4.00</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
16.26	<u>61</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>4.90</u>	<u>3.90</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
16.27	<u>62</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.00</u>	<u>3.80</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
16.28	<u>63</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.10</u>	<u>3.70</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
16.29	<u>64</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.60</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
16.30	<u>65</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.50</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
16.31	<u>66</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.50</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
16.32	<u>67</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.50</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
16.33	<u>68</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.50</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
16.34	<u>69</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.50</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
16.35	<u>70</u>	<u>4.25</u>	<u>4.00</u>	<u>4.75</u>	<u>5.20</u>	<u>3.50</u>	<u>5.00</u>	<u>5.2500</u>	<u>4.7500</u>
16.36	<u>71</u>	<u>4.25</u>	<u>4.00</u>		<u>5.20</u>				

16.37 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
16.38 payroll growth assumption for calculating the amortization requirement for the unfunded
16.39 actuarial accrued liability where the amortization retirement is calculated as a level
16.40 percentage of an increasing payroll:

16.41		payroll growth
16.42	plan	assumption

17.1	general state employees retirement plan	5.00 <u>4.50%</u>
17.2	correctional state employees retirement plan	5.00 <u>4.50</u>
17.3	State Patrol retirement plan	5.00
17.4	legislators retirement plan	5.00
17.5	elective state officers retirement plan	5.00
17.6	judges retirement plan	5.00
17.7	general public employees retirement plan	6.00 <u>4.50</u>
17.8	public employees police and fire retirement	
17.9	plan	6.00
17.10	local government correctional service	
17.11	retirement plan	6.00
17.12	teachers retirement plan	5.00 <u>4.50</u>
17.13	Duluth teachers retirement plan	5.00 <u>4.50</u>
17.14	St. Paul teachers retirement plan	5.00

17.15 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to
 17.16 apply, unless a different salary assumption or a different payroll increase assumption:

17.17 (1) has been proposed by the governing board of the applicable retirement plan;

17.18 (2) is accompanied by the concurring recommendation of the actuary retained under
 17.19 section 356.214, if applicable, or by the approved actuary preparing the most recent
 17.20 actuarial valuation report if section 356.214 does not apply; and

17.21 (3) has been approved or deemed approved under subdivision 18.

17.22 Sec. 10. Minnesota Statutes 2006, section 356.215, subdivision 11, is amended to read:

17.23 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the
 17.24 level normal cost, the actuarial valuation of the retirement plan must contain an exhibit
 17.25 for financial reporting purposes indicating the additional annual contribution sufficient
 17.26 to amortize the unfunded actuarial accrued liability and must contain an exhibit for
 17.27 contribution determination purposes indicating the additional contribution sufficient to
 17.28 amortize the unfunded actuarial accrued liability. For ~~funds governed by chapters 3A,~~
 17.29 ~~352, 352B, 352C, 353, 354, 354A, and 490~~ the retirement plans listed in subdivision 8,
 17.30 paragraph (c), the additional contribution must be calculated on a level percentage of
 17.31 covered payroll basis by the established date for full funding in effect when the valuation
 17.32 is prepared. ~~For funds governed by chapter 3A, sections 352.90 through 352.951, chapters~~
 17.33 ~~352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level~~
 17.34 ~~percent additional contribution must be calculated,~~ assuming annual payroll growth of 6.5
 17.35 ~~percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level~~
 17.36 ~~percent additional contribution must be calculated assuming an annual payroll growth of~~
 17.37 ~~five percent. For the fund governed by sections 353.01 through 353.46, the level percent~~
 17.38 ~~additional contribution must be calculated assuming an annual payroll growth of six~~

18.1 ~~percent~~ at the applicable percentage rate set forth in subdivision 8, paragraph (c). For all
18.2 other ~~funds~~ retirement plans, the additional annual contribution must be calculated on a
18.3 level annual dollar amount basis.

18.4 (b) For any ~~fund~~ retirement plan other than the Minneapolis Employees Retirement
18.5 Fund and the general employees retirement plan of the Public Employees Retirement
18.6 Association ~~general plan~~, if there has not been a change in the actuarial assumptions
18.7 used for calculating the actuarial accrued liability of the fund, a change in the benefit
18.8 plan governing annuities and benefits payable from the fund, a change in the actuarial
18.9 cost method used in calculating the actuarial accrued liability of all or a portion of the
18.10 fund, or a combination of the three, which change or changes by itself or by themselves
18.11 without inclusion of any other items of increase or decrease produce a net increase in the
18.12 unfunded actuarial accrued liability of the fund, the established date for full funding is the
18.13 first actuarial valuation date occurring after June 1, 2020.

18.14 (c) For any ~~fund or~~ retirement plan other than the Minneapolis Employees
18.15 Retirement Fund and the general employees retirement plan of the Public Employees
18.16 Retirement Association ~~general plan~~, if there has been a change in any or all of the
18.17 actuarial assumptions used for calculating the actuarial accrued liability of the fund, a
18.18 change in the benefit plan governing annuities and benefits payable from the fund, a
18.19 change in the actuarial cost method used in calculating the actuarial accrued liability of all
18.20 or a portion of the fund, or a combination of the three, and the change or changes, by itself
18.21 or by themselves and without inclusion of any other items of increase or decrease, produce
18.22 a net increase in the unfunded actuarial accrued liability in the fund, the established date
18.23 for full funding must be determined using the following procedure:

18.24 (i) the unfunded actuarial accrued liability of the fund must be determined in
18.25 accordance with the plan provisions governing annuities and retirement benefits and the
18.26 actuarial assumptions in effect before an applicable change;

18.27 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
18.28 needed to amortize the unfunded actuarial accrued liability amount determined under item
18.29 (i) by the established date for full funding in effect before the change must be calculated
18.30 using the interest assumption specified in subdivision 8 in effect before the change;

18.31 (iii) the unfunded actuarial accrued liability of the fund must be determined in
18.32 accordance with any new plan provisions governing annuities and benefits payable from
18.33 the fund and any new actuarial assumptions and the remaining plan provisions governing
18.34 annuities and benefits payable from the fund and actuarial assumptions in effect before
18.35 the change;

19.1 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
19.2 needed to amortize the difference between the unfunded actuarial accrued liability amount
19.3 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
19.4 under item (iii) over a period of 30 years from the end of the plan year in which the
19.5 applicable change is effective must be calculated using the applicable interest assumption
19.6 specified in subdivision 8 in effect after any applicable change;

19.7 (v) the level annual dollar or level percentage amortization contribution under item
19.8 (iv) must be added to the level annual dollar amortization contribution or level percentage
19.9 calculated under item (ii);

19.10 (vi) the period in which the unfunded actuarial accrued liability amount determined
19.11 in item (iii) is amortized by the total level annual dollar or level percentage amortization
19.12 contribution computed under item (v) must be calculated using the interest assumption
19.13 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
19.14 integral number of years, but not to exceed 30 years from the end of the plan year in
19.15 which the determination of the established date for full funding using the procedure set
19.16 forth in this clause is made and not to be less than the period of years beginning in the
19.17 plan year in which the determination of the established date for full funding using the
19.18 procedure set forth in this clause is made and ending by the date for full funding in effect
19.19 before the change; and

19.20 (vii) the period determined under item (vi) must be added to the date as of which
19.21 the actuarial valuation was prepared and the date obtained is the new established date
19.22 for full funding.

19.23 (d) For the Minneapolis Employees Retirement Fund, the established date for full
19.24 funding is June 30, 2020.

19.25 (e) For the general employees retirement plan of the Public Employees Retirement
19.26 Association, the established date for full funding is June 30, 2031.

19.27 (f) For the Teachers Retirement Association, the established date for full funding is
19.28 June 30, 2037.

19.29 (g) For the correctional state employees retirement plan of the Minnesota State
19.30 Retirement System, the established date for full funding is June 30, 2038.

19.31 (h) For the judges retirement plan, the established date for full funding is June
19.32 30, 2038.

19.33 (i) For the public employees police and fire retirement plan, the established date
19.34 for full funding is June 30, 2038.

19.35 ~~(g)~~ (j) For the retirement plans for which the annual actuarial valuation indicates
19.36 an excess of valuation assets over the actuarial accrued liability, the valuation assets in

20.1 excess of the actuarial accrued liability must be recognized as a reduction in the current
20.2 contribution requirements by an amount equal to the amortization of the excess expressed
20.3 as a level percentage of pay over a 30-year period beginning anew with each annual
20.4 actuarial valuation of the plan.

20.5 (k) In addition to calculating the unfunded actuarial accrued liability of the
20.6 retirement plan for financial reporting purposes under paragraphs (a) to (j), the actuarial
20.7 valuation of the retirement plan must also include a calculation of the unfunded actuarial
20.8 accrued liability of the retirement plan for purposes of determining the amortization
20.9 contribution sufficient to amortize the unfunded actuarial liability of the Minnesota Post
20.10 Retirement Investment Fund. For this exhibit, the calculation must be the unfunded
20.11 actuarial accrued liability net of the postretirement adjustment liability funded from
20.12 the investment performance of the Minnesota Post Retirement Investment Fund or the
20.13 retirement benefit fund.

20.14 Sec. 11. Minnesota Statutes 2006, section 356.215, subdivision 18, is amended to read:

20.15 Subd. 18. **Establishment of actuarial assumptions.** (a) Before July 2, 2010, the
20.16 actuarial assumptions used for the preparation of actuarial valuations under this section
20.17 that are other than ~~those set forth in this section~~ preretirement interest, postretirement
20.18 interest, salary increase, and payroll increase may be changed only with the approval of the
20.19 Legislative Commission on Pensions and Retirement or after a period of six months have
20.20 elapsed since the date on which the proposed assumption change or changes were received
20.21 by the Legislative Commission on Pensions and Retirement without commission action.

20.22 (b) After July 1, 2010, the actuarial assumptions used for the preparation of actuarial
20.23 valuations under this section that are other than postretirement interest and preretirement
20.24 interest may be changed only with the approval of the Legislative Commission on
20.25 Pensions and Retirement or after a period of six months have elapsed since the date on
20.26 which the proposed assumption change or changes were received by the Legislative
20.27 Commission on Pensions and Retirement without commission action.

20.28 ~~(b)~~ (c) A change in the applicable actuarial assumptions may be proposed by the
20.29 governing board of the applicable pension fund or relief association, by the actuary
20.30 retained by the joint retirement systems under section 356.214, by the actuarial advisor to
20.31 a pension fund governed by chapter 352, 353, 354, or 354A, or by the actuary retained by
20.32 a local police or firefighters relief association governed by sections 69.77 or 69.771 to
20.33 69.776, if one is retained.

21.1 Sec. 12. Minnesota Statutes 2007 Supplement, section 356.96, subdivision 1, is
21.2 amended to read:

21.3 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that
21.4 a different meaning is intended, for the purpose of this section, the terms in paragraphs
21.5 (b) to (e) have the meanings given them.

21.6 (b) "Chief administrative officer" means the executive director of a covered pension
21.7 plan or the executive director's designee or representative.

21.8 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision
21.9 2, clauses (1) to (4), (10), and ~~(12) to (14)~~ (13) to (15), but does not mean the deferred
21.10 compensation plan administered under sections 352.96 and 352.97 or to the postretirement
21.11 health care savings plan administered under section 352.98.

21.12 (d) "Governing board" means the Board of Trustees of the Public Employees
21.13 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or
21.14 the Board of Directors of the Minnesota State Retirement System.

21.15 (e) "Person" includes an active, retired, deferred, or nonvested inactive participant in
21.16 a covered pension plan or a beneficiary of a participant, or an individual who has applied
21.17 to be a participant or who is or may be a survivor of a participant, or a state agency or
21.18 other governmental unit that employs active participants in a covered pension plan.

21.19 Sec. 13. **EFFECTIVE DATE.**

21.20 (a) Section 1 is effective June 30, 2008.

21.21 (b) Sections 2 to 12 are effective June 30, 2008, and apply to annual financial reports
21.22 and actuarial valuations prepared after June 1, 2008.