State of Minnesota \ LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT



Legislative Commission on Pensions and Retirement

An Overview

Susan Lenczewski, Executive Director Chad Burkitt, Analyst January 22, 2019

Legislative Commission on Pensions & Retirement

- Established in the 1960s to have bi-partisan, bi-cameral review of pension and retirement issues, including legislation dealing with the State's public pension plans
- Commission consists of 14 legislators appointed at the start of each biennium:
 - 7 Representatives (limited to 5 from the majority)
 - 7 Senators (limited to 5 from the majority)
- Executive Committee
 - Chair
 - Vice-Chair
 - Secretary

Legislative Commission on Pensions & Retirement

- Staff: full-time non-partisan
 - Executive Director
 - Analyst
 - 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 and drafts legislation and background, policy, and legal analyses of bills and topics.

Commission Agenda

- The Commission typically meets weekly during the session to consider proposed legislation
- Chair sets the agenda and decides which bills to hear
- Types of bills:
 - Amendments to the statutes to change benefits provided by the plans
 - Amendments for administrative or technical changes proposed by the pension funds
 - Amendments to the statutes to change contribution rates
 - Appropriations to help employers pay contribution rate increases
 - Amendments to statutes regarding volunteer firefighter relief associations

Statewide Public Pension Funds

- Minnesota State Retirement System ("MSRS")
 - Covers state employees
 - Administers 5 pension plans and 2 defined contribution plans
- Public Employees Retirement Association ("PERA")
 - Covers county and municipal employees
 - Administers 4 pension plans, including the statewide volunteer firefighter plan, and 1 defined contribution plan
- Teachers Retirement Association ("TRA")
 - K-12 teachers and administrators
 - MN State faculty

Other Public Employee Retirement Plans

- Saint Paul Teacher's Retirement Fund Association
 - K-12 teachers and administrators in the Saint Paul School District.
- Volunteer Firefighter Relief Associations
 - 610 independent relief associations providing retirement benefits to non-career firefighters around the state.

About Minnesota Pensions

- Employees and Employers both contribute to their pension funds.
- Most pension benefits are paid out as monthly lifetime annuities.
- Pension eligibility, benefits, and contribution rates are defined in statute.
- Each fund (MSRS, PERA, TRA, St. Paul) has its own governing board and executive director.
 - Board members and executive directors are fiduciaries.
- Pension assets cannot be intermingled with other state funds and are for the exclusive benefit of the plan members.

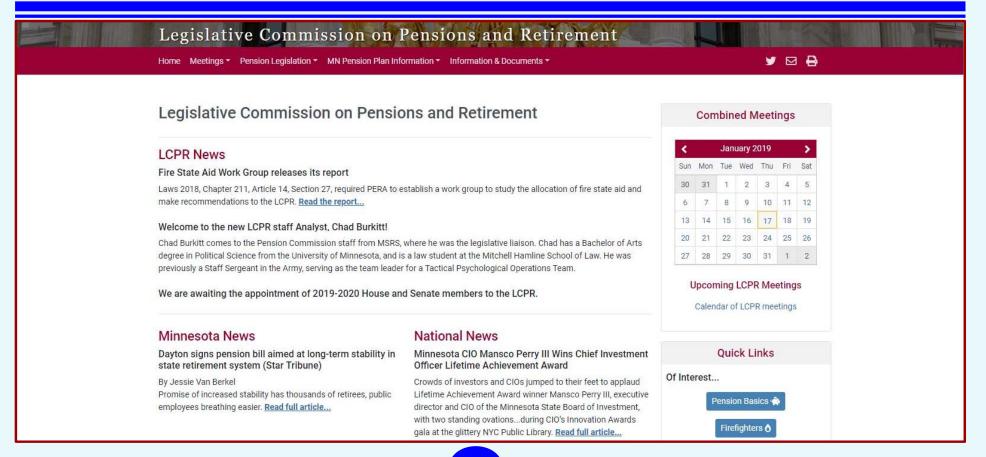
Investment of Assets: State Board of Investment

- Assets are invested by the State Board of Investment (SBI).
 - SBI members and executive director are fiduciaries.
- SBI consists of the Governor, State Auditor, Secretary of State, and Attorney General
- Is advised by the Investment Advisory Council, which consists of 10 public members, the three executive directors of the pension funds, the MMB commissioner, and one employee representative
- As of June 30, 2018, the market value of all SBI invested assets was \$96.2 billion, of which 82% are public retirement fund assets.

Recent Legislation

- 2018 Omnibus Pension Bill
- Stabilized plan funding
- Benefit reforms, including elimination of augmentation and changes to COLAs for retirees
- Increased contributions by employees and employers
- Reduced assumed rate of return on investments
- Appropriations for agencies, school districts and direct state aid to St. Paul Teachers and PERA Police and Fire

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



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