

House Research Act Summary

CHAPTER: 223

SESSION: 2004 Regular Session

TOPIC: Actuarial Services for Public Pension Funds

Date: May 20, 2004

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Overview

This bill changes the method for providing certain actuarial services for public pension funds and for the Legislative Commission on Pensions and Retirement (LCPR). Under current law the LCPR contracts with an actuary. Under the bill, the actuary would be hired by the major public pension systems, acting jointly.

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- 1 **MSRS.** In laws governing MSRS, references services of an actuary retained under proposed new section 356.214 (instead of an actuary retained by the LCPR).
- 2 **MSRS; state troopers.** In laws governing MSRS state trooper plan, references services of an actuary retained under proposed new section 356.214 (instead of an actuary retained by the LCPR).
- 3 **PERA.** In laws governing PERA, references services of an actuary retained under proposed new section 356.214 (instead of an actuary retained by the LCPR).
- 4 **TRA.** In laws governing TRA, references services of an actuary retained under proposed new section 356.214 (instead of an actuary retained by the LCPR).
- 5 **First-class city teachers.** In laws governing first-class city teacher funds, references services of an actuary retained under proposed new section 356.214 (instead of an actuary retained by the LCPR).
- 6 **Consulting actuary.**

Subd. 1. Joint retention. Provides for the chief administrative officers of MSRS, PERA, TRA, first-class city teacher funds and MERF to jointly contract with an actuarial consulting firm to conduct annual actuarial valuations and related services for

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the major Minnesota public pension plans listed in this subdivision. Provides that the contract with the actuary is subject to approval of the LCPR. Requires the contract with the actuary to require completion of specified actuarial valuations, experience data collection, and cost analyses for certain proposed legislation. Requires an annual report to the legislature summarizing the annual actuarial valuations. Requires the actuary to prepare special experience studies as directed by the joint retirement systems or by the chair of the LCPR.

Provides that the term of the contract between the joint retirement systems and the actuary may not exceed five years. Requires the joint retirement systems to establish procedures for consideration and selection of bidders and for contract requirements. Provides for LCPR review and comment. Provides that the contract is subject to chapter 16C. Provides that the consideration of bids and the selection of an actuary must occur at a meeting that is open to the public. Provides that the contract may not limit the ability of the legislature and its committees and commissions to rely on the actuarial work.

Subd. 2. Costs. Provides for assessing retirement plans for all costs of actuarial valuation calculations, annual experience data collection and processing, and quadrennial experience studies. The amount charged to each retirement plan is based on each plan's proportion of the actuarial services required.

Provides for assessing each retirement plan or each interest group requesting preparation of a costs analysis for proposed legislation the cost of actuarial services related to the legislation. Provides for obtaining a written commitment from interest groups before incurring costs and authorizes requiring advance payments or deposits

Provides for assessing the LCPR the cost of actuarial cost analysis for proposed legislation requested by the chair of the LCPR or by the LCPR executive director.

- 7 **Actuary.** In general statute dealing with actuarial services for public pension plans, references services of an actuary retained under proposed new section 356.214 (instead of an actuary retained by the LCPR).
- 8 **Actuarial assumptions.** In statute dealing with proposed changes in actuarial assumptions, references services of an actuary retained under proposed new section 356.214 (instead of an actuary retained by the LCPR).
- 9 **MERF.** In statute dealing with MERF, references services of an actuary retained under proposed new section 356.214 (instead of an actuary retained by the LCPR).
- 10 **Appropriation reduction.** Reduces the general fund appropriation to the LCC that relates to Pension Commission purchase of actuarial services.
- 11 **Repealer.** Repeals:
- 3.85, subd. 11 and 12: Duty of LCPR to contract with an actuary and allocation of costs related to this actuary.
 - 356.217: allocation of costs of various actuarial services.

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12 **Effective date.** Effective immediately.