

Amortization Work Group Meeting

Friday, November 8, 2024, 10:00 a.m. (4th Meeting)

**Ladyslipper Conference Room, Ground Floor
Centennial Office Building, 658 Cedar Street, St. Paul**

Members are requested to participate in person if possible.
Participation via Zoom is available through the link in the Zoom meeting invitation.

AGENDA

Meeting will be led by Susan Lenczewski, Executive Director of the Legislative Commission on Pensions and Retirement (susan.lenczewski@lcpr.mn.gov; 651.296.1309)

1. Other states' amortization policies for public pension plans

- Maria Garnett and David Draine, Pew Charitable Trusts
 - [Pew Amortization Policy Memo](#), November 2024

2. Transition to layered amortization: do we have a consensus on this?

- Resources: see articles and presentations linked in previous meeting agendas
 - NASRA: [Presentation: Overview of Public Pension Plan Amortization Policies](#)
 - NASRA: [Overview of Public Pension Plan Amortization Policies, April 2022](#)

3. Do we need a funding policy?

- [GRS Layered Amortization article](#) states that amortization policy should be part of the funding policy.
- Revise the Standards to be the “funding policy”?
 - [GFOA: Core Elements of a Funding Policy for Governmental Pension and OPEB Plans](#)
 - [Milliman: Public pension plan funding policy: Effectiveness of amortization methods under deterministic projections](#)

PUBLIC ATTENDANCE AND TESTIMONY: Members of the public may attend meetings of this work group. Please contact Lisa Diesslin (lisa.diesslin@lcpr.mn.gov) at least 24 hours in advance of the meeting if you'd like to attend and note whether you will be attending in person or via Zoom. The work groups do not take testimony and time for public comment will be limited and only if time permits.

ACCESSIBILITY/ACCOMMODATION: To comment on digital accessibility to meeting information, please submit comments using the [Accessibility Comment Form](#). To request an accommodation, please visit [FAQs for Disability Access](#) or contact the Accessibility Coordinator at accessibility.coordinator@lcc.mn.gov.

4. Proposed legislation

- One option: replace the text in [Minn. Stat. section 356.215, subd. 11](#), with something like:

Beginning with the July 1, 2025, valuation, the unfunded actuarial liability (UAL) of each pension plan is amortized using a "layered" approach. The UAL in the July 1, 2024, valuation, which was projected to June 30, 2048, for each pension plan serves as the initial or "legacy" amortization base and continues to be amortized over the original period. Thereafter, changes in the UAL that result from each of the following must be amortized over the applicable period or as otherwise provided in Appendix C to the Standards:

(a) assumption changes--amortize over a closed ?-year period;

(b) actuarial experience--amortize over a closed ?-year period;

(c) benefit changes—amortize over a closed ?-year period;

(d) what else?

- Erin Leonard, Doug Anderson, Tim Maurer
Filling in the blanks, above
- Sample definition of layered amortization
 - [Illinois Definition of Layered Amortization](#)
- Will each pension plan have the same amortization periods for changes?
 - Safety nets? Actively manage bases by combining two or more offsetting gains or losses into a single base? See pages 5 and 6 of the [GRS Layered Amortization article](#).
 - Draft Appendix C: we need a sample or an outline of what this should look like

5. Communicating the details to the Commission, pension fund boards, stakeholders

- Doug Anderson
 - Outline

6. Do we need to study this more? What else do we need to know?

7. Schedule next meeting

8. Adjourn