State of Minnesota \ LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Lawrence A. Martin, Executive Director LAM

RE: Designated Interim Commission Topic: Local Retirement Plan Consolidation Assistance Fund Creation – First Consideration

DATE: July 2, 2009

Introduction

As a topic for consideration by the Legislative Commission on Pensions and Retirement during the 2009-2010 interim, at the request of Representative Paul Thissen, Commission Chair Senator Don Betzold has designated a review of the policy considerations of creating a state-funded local retirement plan consolidation assistance fund.

The interim topic is an outgrowth of inconclusive Commission deliberations on S.F. 914 (Betzold); H.F. 1100 (Thissen), proposed legislation to consolidate the Minneapolis Employees Retirement Fund (MERF) into the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General). A major remaining issue from the deliberations over the MERF consolidation bill was to determine the amount of additional funding required to cover the actuarial cost of a potential MERF consolidation and to identify the financial resources to meet that cost.

This is the initial consideration of the topic by the Commission. The Commission staff believes that the topic will require at least three considerations by the Commission. This Commission staff memorandum will provide as background information relevant to the study a history of past retirement plan consolidations in Minnesota.

Subsequent Commission staff memoranda on the topic would be a summary of the various current state aid programs for Minnesota retirement programs, an identification of local Minnesota retirement plans currently with funding problems, and a review of the experiences of other states in establishing and operating relief funds for consolidating local retirement plans or retirement plans in fiscal distress as part of the second consideration and would be a review of options for the creation of the Minnesota local pension plan consolidation fund as part of the third consideration.

Past Minnesota Public Pension Plan Consolidations

Minnesota has experienced a large number of legislatively authorized or mandated consolidations of statewide or local public pension plans or similar legislative enactments over the past 42 years. The following summarizes those consolidations:

1. Replacement of the 1915 Law Teachers Insurance and Retirement Fund by the Teachers Retirement Association (1931).

   - In 1915 (Laws 1915, Chapter 199), the Teachers Insurance and Retirement Fund was established. The retirement plan operated until December 31, 1931, when the assets of the Teachers Insurance and Retirement Fund were transferred to the teachers retirement fund of the Teachers Retirement Association established in 1931 (Laws 1931, Chapter 460) pending the liquidation of that plan.
   - The teachers covered by the Teachers Insurance and Retirement Fund on December 31, 1931, who elected not to become members of the Teachers Retirement Association and opted for a refund of prior member contributions between January 1, 1932, until January 1, 1934, were paid a refund. Annuitants of the Teachers Insurance and Retirement Fund as of January 1, 1932, became members of the Teachers Retirement Association and continued to receive annuities subject to the proration in effect on December 31, 1931. The 50 percent proration for 1915 Law annuitants from 1931 was not eliminated until 1955 (Laws 1955, Chapter 549, Section 1). Laws 1915, Chapter 199, Section 12, authorized the board of trustees of the Teachers Insurance and Retirement Fund to "ratably reduce the annuities provided in this act whenever, in the judgment of the board, the condition of the fund shall require such reduction." The 1955 elimination of proration was prospective, not retroactive.

- No actuarial valuations were ever performed on the 1915 Law Teachers Insurance and Retirement Fund and the earliest valuation of the Teachers Retirement Association was not prepared until 1958, so the extent of the Teachers Insurance and Retirement Fund obligation assumed by the Teachers Retirement Association is unknown.

2. Consolidation of the Attorney General-State Auditor Plans into the Constitutional Officers Retirement Plan (1967).

   - In 1953 (Laws 1953, Chapter 455), a retirement plan for the State Attorney General was established. The Attorney General Plan paid a benefit of one-half of the 1949 salary of the attorney general upon reaching the mandatory retirement age of 70 with 25 years of state elective service, with at least 15 years of continuous service as the attorney general, payable semiannually from an open and standing appropriation from the state general fund, and was funded on a current disbursements basis. Joseph Alfred Arner Burnquist was the Minnesota Attorney General in 1953.
   - In 1955 (Laws 1955, Chapter 648), a retirement plan for the State Auditor was established. The State Auditor Plan paid a benefit of one-half of the 1955 salary of the state auditor upon reaching age 65, serving in state elective office for at least 25 years, and having been elected seven consecutive times as state auditor, payable semimonthly from an open and standing appropriation from the state general fund, and was funded on a current disbursements basis. Elective state officers were excluded from coverage by the State Employees Retirement Association, now the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), Minnesota Statutes 1953, Section 352.01, Subdivision 2, Paragraph 3. Stafford King was the Minnesota State Auditor in 1955.
   - Both plans were consolidated into the Constitutional Officers/Elective State Officers Retirement Plan when that plan was enacted in 1967 (Laws 1967, Chapter 700). No actuarial valuations were ever performed for the Attorney General Retirement Plan or the State Auditor Retirement Plan, so the extent of the obligation assumed by the Elective State Officers Retirement Plan in 1967 is unknown. The Elective State Officers Retirement Plan was not covered by regular actuarial valuations until 1985.

3. Consolidation of the Game Wardens Retirement Plan/State Police Retirement Plan into the Highway Patrolmen Retirement Plan/State Patrol Retirement Plan (1969).

   - In 1955 (Laws 1955, Chapter 679, Sections 1 to 12), a retirement plan for game wardens was established. The Game Wardens Retirement Association covered employees of the game and fish division of the State Conservation Department with police powers to serve warrants and arrest without a warrant when detecting an actual game or fish law violation. The plan was funded by a six percent member contribution and an employer contribution equal to one percent of all license fees and those contributions were deposited in the Game Wardens Retirement Fund in the state treasury. The Game Wardens Retirement Association paid a retirement annuity of one-half of the highest salary received for a period of five years at age 55 with at least 25 years of service, plus $3 per month per year in excess of 25 years of service up to 30 years of service. The plan applied to all game wardens employed as such after June 30, 1955. Before 1955, game wardens were covered by the State Employees Retirement Association (now the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General)).
   - In 1961 (Laws 1961, Chapter 736), the Game Wardens Retirement Association was replaced by the State Police Officers Retirement Plan and the plan was expanded beyond game wardens to include the bureau of criminal apprehension officers with the power to arrest by warrant, who were transferred out of the State Employees Retirement Association. The State Police Retirement Plan was funded by a six percent member contribution and by a nine percent employer contribution and these contributions were deposited in a separate retirement fund in the state treasury. The State Police Retirement Plan paid a retirement annuity at or after age 58 with at least ten years of service equal to two percent per year of service rendered before age 60 of average salary of the highest five years before July 1, 1961, and average salary after June 30, 1961, with a reduced benefit payable as early as age 55.
   - The most recent actuarial valuation results preceding the reformulation of the Game Wardens Retirement Association as the State Police Officers Retirement Plan, as of January 1, 1958, indicated the following:

| | Game Wardens Retirement Association 1/1/1958 | |
|---|---|---|
| Membership | | |
| Active Members | | 144 |
| Retired Members | | 12 |
| Total Membership | | 156 |
| Funded Status | | |
| Accrued Liability | | $2,345,662 |
| Assets | | $424,933 |
| Unfunded Accrued Liability | | $1,920,729 |
| Funding Ratio | 18.12% | |
| Financing Requirements | | |
| Covered Payroll | | $686,808 |
| Benefits Payable | | $13,653 |
| Normal Cost | 14.60% | $100,274 |
| UAAL Interest | 8.40% | $57,692 |
| Total Financial Requirements | 23.00% | $157,966 |
| Member Contributions | 7.00% | $48,077 |
| Employer Contributions | 6.00% | $41,208 |
| Total Support | 13.00% | $89,285 |
| Total Financial Requirements | 23.00% | $157,966 |
| Total Support | 13.00% | $89,285 |
| Deficiency/(Sufficiency) | 10.00% | $68,681 |

– In 1969 (Laws 1969, Chapter 693), the State Police Retirement Plan was consolidated into the Highway Patrolmen's Retirement Plan/ State Patrol Retirement Plan, effective July 2, 1969, with the State Patrol Retirement Plan assuming all of the liabilities and receiving all of the assets of the State Police Retirement Plan. The following sets forth the actuarial valuation results of the State Police Retirement Plan and of the State Patrol Retirement Plan immediately prior to the 1969 consolidation and of the State Patrol Retirement Plan following the consolidation:

| | State Police Retirement Plan 6/30/1968 | | State Patrol Retirement Plan 6/30/1968 | | State Patrol Retirement Plan 6/30/1969 | |
|---|---|---|---|---|---|---|
| Membership | | | | | | |
| Active Members | | 169 | | 397 | | 612 |
| Deferred Annuitants | | -- | | -- | | 16 |
| Retired Members | | -- | | -- | | 113 |
| Disabled Members | | -- | | -- | | 0 |
| Surviving Spouses | | -- | | -- | | 49 |
| Surviving Children | | -- | | -- | | 32 |
| Total Membership | | 169 | | 397 | | 822 |
| Funded Status | | | | | | |
| Accrued Liability | | $4,050,000 | | $8,840,000 | | $17,908,000 |
| Assets | | $1,607,000 | | $4,920,000 | | $7,503,000 |
| Unfunded Accrued Liability | | $2,443,000 | | $3,920,000 | | $10,405,000 |
| Funding Ratio | 39.68% | | 55.66% | | 41.90% | |
| Financing Requirements | | | | | | |
| Covered Payroll | | $1,487,000 | | $2,380,000 | | $5,261,000 |
| Annuity Payable | | | | | | $364,000 |
| Normal Cost | 11.90% | $176,953 | 17.00% | $404,600 | 14.35% | $754,954 |
| Administrative Expenses | | | | | 0.21% | $11,048 |
| Amortization | 15.97% | $237,456 | 8.30% | $197,540 | 10.58% | $556,614 |
| Total Financial Requirements | 27.87% | $414,409 | 25.30% | $602,140 | 25.14% | $1,322,616 |
| Member Contributions | 6.00% | $89,220 | 7.00% | $166,600 | 7.00% | $368,270 |
| Employer Contributions | 15.50% | $230,485 | 20.20% | $480,760 | 19.20% | $1,010,112 |
| Total Support | 21.50% | $319,705 | 27.20% | $647,360 | 26.20% | $1,378,382 |
| Total Financial Requirements | 27.87% | $414,409 | 25.30% | $602,140 | 25.14% | $1,322,616 |
| Total Support | 21.50% | $319,705 | 27.20% | $647,360 | 26.20% | $1,378,382 |
| Deficiency/(Sufficiency) | 6.37% | $94,704 | (1.90%) | ($45,220) | (1.06%) | ($55,766) |

4. Consolidation of the Various Judicial Retirement Plans into the Uniform Judges Retirement Plan (1973 and 1978).

– In 1913 (Laws 1913, Chapter 269), a retirement plan was established for Minnesota Supreme Court Justices and Minnesota district court judges. Initially, the plan paid an amount equal to the judge's salary to judges who became partially or physically incapacitated, applied to retire, and the governor determined that the judge was disabled and public service suffered as a result of the disability or to judges who were at least 85 years old and had served as a judge for at least 34 years continuously.

– In 1925 (Laws 1925, Chapter 281), provision was made for 25 freeholders and electors of the applicable judicial district to petition the governor to have the question of incapacity of a district court judge for more than six months to be judicially determined, with a continuation of salary for the balance of the remaining term if incapacity is found.

- In 1927 (Laws 1927, Chapter 337), the retirement benefit of Supreme Court justices and district court judges was reduced to one-half of compensation for judges who were at least 70 years old, had at least 25 years of service, and elected to retire, while incapacitated judges remained entitled to full salary for the duration of their time in office.
- In 1931 (Laws 1931, Chapter 253), a retirement plan was established for probate court judges. The retirement plan provided a retirement benefit to a mentally or physically disabled probate court judge of full salary for the balance of the judge's term and, if age 70 and with at least 25 years of service of if age 65 with at least 24 years of service, a retirement annuity equal to one-half of the judge's salary at retirement. A retirement annuity of one-half of the judge's salary at retirement was also available for voluntary retirements at age 70, at any age with at least 20 years of continuous service as a probate court judge or as a probate referee, or at age 65 with at least 24 years of judicial service, but not to exceed the total retirement annuity of the district court in the same county. For probate court judges at the end of their judicial terms within three years of retirement eligibility, the governor shall extend the judge's term for the period necessary to gain retirement eligibility upon filing a written application and statement of intention to retire upon gaining eligibility.
- In 1943 (Laws 1943, Chapter 595), a retirement plan was created for Minnesota Supreme Court justices to replace the Supreme Court portion of the 1913 law. Under the retirement plan, a Supreme Court justice who retired at age 70 with at least one term in office or who becomes incapacitated from official duties and applies for a retirement benefit to the governor was entitled to full salary for the remainder of the judge's term in office and, if the judge had served for two full judicial terms or 15 years of combined service as a justice and a district court judge, the retired judge would receive one-half of salary, plus 2.5 percent of salary for each year in excess of two full terms or 15 years of combined justice and district court service, up to ten years.
- In 1949 (Laws 1949, Chapter 640), a separate retirement plan was created for district court judges to replace the 1913 Law plan. The 1949 Law district court judges retirement plan permitted retirement annuities at age 70 with at least 15 years of service as a judge of a court of record or at age 65 with at least 25 years of service as a district court judge and provided a disability benefit to a physically or mentally incapacitated judge, with a full benefit with at least 15 years of judicial service with a court of record or proportional if the judge has less than 15 years of service but more than six years of service. The full retirement annuity was one-half of the judicial salary at retirement or on July 1, 1967, whichever is greater. The administration of the Supreme Court justices' retirement plan and the district court justices' retirement plan was the same entity that pays salaries, with the payment of a portion of district court judicial pensions by counties.
- In 1953 (Laws 1953, Chapter 455, Section 2), a special retirement plan for the elected clerk of the Supreme Court was established, with a retirement annuity of one-half of the compensation of the office in 1949 payable when the clerk attained age 65, served at least 25 years in state elective office, and served as supreme court clerk for at least 25 years, of which at least 15 years must have been continuous.
- In 1971 (Laws 1971, Chapter 951), a retirement plan was established for probate court judges who also served as a judge of a court of record or as a probate referee or who did not seek election as a county judge and whose county combined with another county for a judicial district with at least 10 years of service, upon attaining at least age 65. The 1971 law retirement annuity was one-half of the 1970 salary for the judicial office, but is reduced by 4.17 percent for each year of service less than 24 years or reduced by five percent for each year under age 70 years.
- In 1959 (Laws 1959, Chapter 688), a Supreme Court justice and district court judge's survivor benefit plan was enacted, providing the surviving spouse of the judge, if married for at least five years and if the judge elected the coverage prior to retirement, with a benefit of one-half of the benefit paid or payable to the judge, with the judge entitled to a retirement annuity reduced by 25 percent if the survivor benefit coverage was elected. The survivor benefit was not payable until the survivor attains age 60 if the judge dies in active service and the survivor benefit terminates upon the remarriage of the survivor.
- In 1961 (Extra Session Laws 1961, Chapter 15, Section 3), the Supreme Court and district court survivors retirement plan was made applicable to all Supreme Court or district court survivors, without any reduction in the judge's retirement annuity amount, but funded from a two percent

member contribution by active judges, by deduction, payable to the state treasurer and deposited in a special retirement account, subject to review and adjustment to cover the benefit cost.

- In 1963 (Laws 1963, Chapter 844, Section 3), the Supreme Court and district court survivors retirement plan funding was further revised, requiring the state auditor to review its fiscal conditions each fiscal year to meet its annual disbursements obligation and to order any necessary adjustment in contribution rates, but no less than four percent of salary.
- In 1967 (Extra Session Laws 1967, Chapter 38, Sections 2 and 3), survivor benefit coverage was added to the probate judges retirement plan akin to the Supreme Court and district court judges retirement plan, including establishing a special survivor retirement account and requiring an annual review of the account by the state auditor and necessary adjustments to the member contributions by probate judges annually.
- In 1973 (Laws 1973, Chapter 744), a uniform retirement plan for all levels of judges was created, covering all judges appointed or elected after January 1, 1974, but not applying to any Supreme Court justices appointed or elected before January 1, 1974, who elected to retain coverage by the prior law. The administration of the Uniform Judicial Retirement Plan was shifted from the state auditor and state treasurer to the board of directors and the executive director of the Minnesota State Retirement System (MSRS). After 1973, various portions of the pre-1973 judicial plans were consolidated into or made part of the Uniform Judicial Retirement Plan.
- In 1975 (Laws 1975, Chapter 418), retired supreme court justices, district court judges, and their survivors who waived the post-retirement escalation awarded in Sylvestre v. State 298 Minn. 142, 214 NW2d 658 (1973) were transferred to the Judges Retirement Fund, as were all active supreme court justices and district court judges who waived Sylvestre rights, and the assets of the District and Supreme Court Survivors' Account were transferred.
- In 1978 (Laws 1978, Chapter 720, Section 18), the retired county and probate court judges were transferred to the Judges Retirement Fund. In 1979 (Laws 1979, Chapter 196, Section 4), the County and Probate Court Judges Survivors' Account was transferred into the Judges Retirement Fund.
- No actuarial work was prepared on the pre-1973 judicial retirement plans before their replacement by the Uniform Judicial Retirement Plan and Fund in 1973 and subsequently. The earliest actuarial valuations of the Uniform Judges Retirement Plan occurred on July 1, 1974, and July 1, 1975, with the following results:

| | Judges Retirement Plan 7/1/1974 | | 7/1/1975 | |
|---|---|---|---|---|
| Membership | | | | |
| Active Members | | -- | | 193 |
| Retired Members | | -- | | 15 |
| Disabilitants | | -- | | 0 |
| Survivors | | -- | | 6 |
| Total Membership | | -- | | 214 |
| Funded Status | | | | |
| Accrued Liability | | $14,661,628 | | $14,237,461 |
| Current Assets | | $879,628 | | $1,970,067 |
| Unfunded Accrued Liability | | $13,782,000 | | $12,267,394 |
| Funding Ratio | 5.36% | | 13.84% | |
| Financing Requirements | | | | |
| Covered Payroll | | $5,940,432 | | $5,645,004 |
| Benefits Payable | | $64,628 | | $224,164 |
| Normal Cost | 13.13% | $779,979 | 12.75% | $719,611 |
| Administrative Expenses | 0.15% | $9,008 | 0.17% | $9,601 |
| Amortization | 11.91% | $707,505 | 11.58% | $653,691 |
| Total Financial Requirements | 25.19% | $1,496,492 | 24.50% | $1,382,903 |
| Member Contributions* | 4.84% | $231,146 | 4.55% | $269,790 |
| Employer Contributions** | 10.22% | $488,218 | 20.25% | $1,143,059 |
| Total Support | 15.06% | $719,364 | 24.80% | $1,412,849 |
| Total Financial Requirements | 25.19% | $1,496,492 | 24.50% | $1,382,903 |
| Total Support | 15.06% | $719,364 | 24.80% | $1,412,849 |
| Deficiency/(Sufficiency) | 10.13% | $777,128 | (0.30%) | ($29,946) |

* *The member contribution is the federal Old Age, Disability and Survivors Insurance (OASDI) or Social Security contribution rate on total salary, less the OASDI contribution on the Social Security covered salary for judges covered by Social Security.*

** *The employer contribution is terminal actuarial funding, based on the required actuarial reserves for new retirements, rather than a specific percentage of covered salary.*

5. Consolidation of the St. Paul Bureau of Health Relief Association into the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General).

- In 1919 (Laws 1919, Chapter 430), a bureau or department of health pension fund was authorized for every first class city. Only the St. Paul Bureau of Health created a bureau of health pension fund, which generally resembled a typical Minnesota public safety employee relief association. The St. Paul Bureau of Health Relief Association paid a service pension at age 50 with at least 20 years of service of 40 units, where the asset value is one percent of the current maximum monthly salary of a city health sanitarian. Members of the St. Paul Bureau of Health Relief Association had a member contribution of six percent of the current maximum monthly salary of a city health sanitarian and the city had a dedicated property tax obligation not to exceed four-tenths of one mill.
- In 1969 (Laws 1969, Chapter 1102), the St. Paul Bureau of Health Relief Association was closed to new employees in favor of the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General), existing employees with less than 10 years of service were transferred to PERA-General, Social Security coverage was extended to Bureau of Health employees on a split plan basis, and St. Paul city employer contributions were obligated to be increased to cover, at a minimum, the current disbursements (pay-as-you-go) funding level of the retirement plan for the following year.
- In 1973 (laws 1973, Chapter 767), the St. Paul Bureau of Health Pension Fund was consolidated into PERA-General. The membership of the St. Paul Bureau of Health Pension Fund, the assets of the fund, and the liabilities of the fund were transferred to PERA-General, with the unfunded actuarial accrued liability of the St. Paul Bureau of Health Pension Fund determined by the PERA actuary, with mediation from the Minnesota State Retirement System (MSRS) or Teachers Retirement Association (TRA) actuary if the St. Paul Bureau of Health Pension Fund actuary does not concur in the calculated amount, to be amortized, with six percent interest, over a ten-year period or through the proceeds of 15-year municipal bonds issued by the City of St. Paul.
- The following summarizes the actuarial condition of the St. Paul Bureau of Health Pension Fund on December 31, 1969, December 31, 1970, and December 31, 1971, preceding the consolidation, and of PERA-General on July 1, 1970, July 1, 1971, July 1, 1972, and July 1, 1973, before and after the consolidation:

| | St. Paul Bureau of Health | | | | | |
|---|---|---|---|---|---|---|
| | 12/31/1969 | | 12/31/1970 | | 12/31/1971 | |
| Membership | | | | | | |
| Active Members | | 34 | | 33 | | 32 |
| Retirees | | 18 | | 18 | | 17 |
| Disabilitants | | 1 | | 1 | | 1 |
| Total Membership | | 53 | | 52 | | 50 |
| Funded Status | | | | | | |
| Actuarial Accrued Liability | | $1,864,025 | | $1,892,899 | | $2,055,732 |
| Assets | | $301,910 | | $266,816 | | $277,522 |
| Unfunded Accrued Liability | | $1,562,115 | | $1,626,083 | | $1,778,210 |
| Funding Ratio | 16.20% | | 14.10% | | 13.50% | |
| Financing Requirements | | | | | | |
| Covered Payroll | | $339,780 | | $335,112 | | $325,140 |
| Annuities Payable | | $94,917 | | $95,974 | | $90,338 |
| Normal Cost | 11.19% | $38,021 | 11.02% | $36,929 | 11.24% | $36,546 |
| Expenses | 0.21% | $714 | 0.21% | $704 | 0.22% | $715 |
| Amortization | 25.18% | $85,557 | 27.12% | $90,882 | 32.16% | $104,565 |
| Total Financial Requirements | 36.58% | $124,292 | 38.35% | $128,515 | 43.62% | $141,826 |
| Employee Contributions | 7.07% | $24,022 | 6.00% | $20,107 | 6.50% | $21,134 |
| Employer Contributions | 7.15% | $24,294 | 7.25% | $24,296 | 7.74% | $25,166 |
| Employer Add'l Cont. | 0.00% | $0 | 0.00% | $0 | 0.00% | $0 |
| Total Support | 14.22% | $48,316 | 13.25% | $44,403 | 14.24% | $46,300 |
| Total Financial Requirements | 36.58% | $124,292 | 38.35% | $128,515 | 43.62% | $141,826 |
| Total Support | 14.22% | $48,316 | 13.25% | $44,403 | 14.24% | $46,300 |
| Deficiency (Surplus) | 22.36% | $75,976 | 25.10% | $84,112 | 29.38% | $95,526 |

| | PERA | | | |
|---|---|---|---|---|
| | 7/1/1970 | 7/1/1971 | 7/1/1972 | 7/1/1973 |
| Membership | | | | |
| Active Members | 61,206 | 66,130 | 70,873 | 72,981 |
| Retirees | 5,663 | 6,019 | 6,379 | 6,836 |
| Disabilitants | 181 | 215 | 236 | 300 |
| Survivors | 3,245 | 3,328 | 3,534 | 3,599 |
| Deferred Retirees | 319 | 367 | 746 | 801 |
| Total Membership | 70,614 | 76,059 | 81,768 | 84,517 |

| | PERA | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 7/1/1970 | | 7/1/1971 | | 7/1/1972 | | 7/1/1973 | |
| Funded Status | | | | | | | | |
| Actuarial Accrued Liability | | $327,954,392 | | $365,882,167 | | $411,420,144 | | $610,959,698 |
| Assets | | $224,484,103 | | $261,422,831 | | $302,157,370 | | $349,259,698 |
| Unfunded Accrued Liability | | $103,470,289 | | $104,459,336 | | $109,262,774 | | $261,700,000 |
| Funding Ratio | 68.45% | | 71.45% | | 73.44% | | 57.17% | |
| Financing Requirements | | | | | | | | |
| Covered Payroll | | $326,503,596 | | $376,256,783 | | $431,228,970 | | $459,146,137 |
| Annuities Payable | | $10,807,318 | | $11,437,564 | | $12,298,554 | | $14,179,695 |
| Normal Cost | 8.64% | $28,209,911 | 8.50% | $31,981,827 | 8.24% | $35,533,267 | 8.64% | $39,670,226 |
| Expenses | 0.20% | $653,007 | 0.20% | $752,514 | 0.20% | $862,458 | 0.17% | $780,548 |
| Amortization | 1.84% | $6,007,666 | 1.63% | $6,132,986 | 1.54% | $6,640,926 | 4.13% | $18,962,735 |
| Total Financial Req. | 10.68% | $34,870,584 | 10.33% | $38,867,326 | 9.98% | $43,036,651 | 12.94% | $59,413,510 |
| Employee Contributions | 10.68% | $34,870,584 | 4.47% | $16,818,678 | 4.32% | $18,629,092 | 5.60% | $25,712,184 |
| Employer Contributions | 4.63% | $15,117,116 | 4.47% | $16,818,678 | 4.32% | $18,629,092 | 5.60% | $25,712,184 |
| Employer Add'l Cont. | 2.04% | $6,660,673 | 1.99% | $7,487,510 | 1.93% | $8,322,719 | 1.90% | $8,723,777 |
| Total Support | 11.30% | $36,894,906 | 10.93% | $41,124,866 | 10.57% | $45,580,902 | 13.10% | $60,148,144 |
| Total Financial Req. | 10.68% | $34,870,584 | 10.33% | $38,867,326 | 9.98% | $43,036,651 | 12.94% | $59,413,510 |
| Total Support | 11.30% | $36,894,906 | 10.93% | $41,124,866 | 10.57% | $45,580,902 | 13.10% | $60,148,144 |
| Deficiency (Surplus) | (0.62%) | ($2,024,322) | (0.60%) | ($2,257,541) | (0.59%) | ($2,544,251) | (0.16%) | ($734,634) |

6. Consolidation of the Fridley Paid Firefighters Relief Association Into the Public Employees Police and Fire Retirement Plan (PERA-P&F).

   – In 1957, Fridley incorporated as a city, was a city of the third class after the1960 federal census, and was a city of the second class after the 1970 federal census. Under Minnesota Statutes, Sections 424.01 to 424.29, enacted as Laws 1941, Chapter 267, cities of the second class were mandated to maintain a firefighters relief association with a specified level of benefits.

   – In 1969 (Laws 1969, Chapter 594), probably shortly after the city added salaried firefighters to its volunteer firefighter force, a benefit plan for salaried firefighters was enacted, with a service pension of 50 percent of the prior five years' average salary of a first class firefighter payable at age 55 with at least 20 years of service credit. Under Laws 1969, Chapter 594, Fridley volunteer firefighters had a monthly benefit service pension of $100 per month at age 55 with 20 years of service, plus $3 per month for each year of service over 20 years of service.

   – In 1973 (Laws 1973, Chapter 594), the full-time salaried firefighters in Fridley were transferred to the Public Employees Police and Fire Retirement Plan (PERA-P&F), received full PERA-P&F service credit for any past full-time Fridley firefighter service and half PERA-P&F service credit for any past volunteer firefighter service, transferred assets from the Fridley Firefighters Relief Association to PREA-P&F equal to the past service obligation for the transferred firefighters, increased Fridley volunteer firefighter relief association benefit levels, and retained Fridley Volunteer Firefighter Relief Association membership and past and future service credit for transferred full-time Fridley firefighters. The City of Fridley approved the local legislation on July 2, 1973, and filed that approval with the Minnesota Secretary of State on July 11, 1973. The Commission records on the Fridley Firefighters Relief Association do not include any information on the amount of assets transferred from the relief association to PERA-P&F.

   – The following summarizes the most recent (December 31, 1971) Fridley Firefighters Relief Association actuarial valuation results at the time of the consolidation (July 1, 1973):

| | Fridley Firefighters Relief Association 12/31/1971 | | | PERA-P&F 7/1/1973 | |
|---|---|---|---|---|---|
| Membership | | | Membership | | |
| Volunteer Firefighters | | 32 | Active Members | | 3,105 |
| Full-Time Firefighters | | 5 | -- | | -- |
| Retirees | | 4 | Retirees | | 251 |
| Disabilitants | | 1 | Disabilitants | | 6 |
| Surviving Spouses | | 1 | Survivors | | 201 |
| Surviving Children | | 2 | -- | | -- |
| Deferred Retirees | | 0 | Deferred Retirees | | 13 |
| -- | | -- | Nonvested Former Members | | 0 |
| Total Membership | | 45 | Total Membership | | 3,576 |
| Funded Status | | | Funded Status | | |
| Actuarial Accrued Liability | | $496,751 | Actuarial Accrued Liability | | $51,833,540 |
| Assets | | $377,104 | Assets | | $38,959,178 |
| Unfunded Accrued Liability | | $119,647 | Unfunded Accrued Liability | | $12,874,362 |
| Funding Ratio | 75.91% | | Funding Ratio | 75.16% | |
| Financing Requirements | | | Financing Requirements | | |
| Covered Payroll | | $56,100 | Covered Payroll | | $30,192,486 |
| Benefits Payable | | $3,802 | Benefits Payable | | $736,734 |

| | Fridley Firefighters Relief Association 12/31/1971 | | | PERA-P&F 7/1/1973 | |
|---|---|---|---|---|---|
| Normal Cost | 49.09% | $27,540 | Normal Cost | 16.07% | $4,851,933 |
| Expenses | -- | -- | Administrative Expenses | 0.11% | $33,212 |
| Amortization | 15.73% | $8,823 | Amortization | 3.06% | $923,890 |
| Total Financial Requirements | 64.82% | $36,363 | Total Financial Requirements | 19.24% | $5,809,034 |
| Member Contributions | 5.92% | $3,322 | Member Contributions | 8.00% | $2,415,399 |
| Employer Contributions | 47.01% | $26,371 | Employer Contributions | 12.00% | $3,623,098 |
| Fire State Aid | 37.35% | $20,952 | -- | -- | -- |
| Total Support | 90.28% | $50,645 | Total Support | 20.00% | $6,038,497 |
| Total Financial Requirements | 64.82% | $36,363 | Total Financial Requirements | 19.24% | $5,809,034 |
| Total Support | 90.28% | $50,645 | Total Support | 20.00% | $6,038,497 |
| Deficiency (Surplus) | (25.46%) | ($14,282) | Deficiency (Surplus) | (0.76%) | ($229,463) |

7. Consolidation of the Cloquet Firefighters Relief Association Into the Public Employees Police and Fire Retirement Plan (PERA-P&F). The City of Cloquet, as a fourth class city, established a firefighters relief association for its paid firefighters prior to 1941 under Minnesota Statutes, Sections 69.06, 424.30,and 424.31 (Revised Laws of 1905, Section 1655, and Laws 1909, Chapter 197, Sections 1-2).

   - In 1941, (Laws 1941, Chapter 196), special local legislation specifically covered the Cloquet Firefighters Relief Association, not named but identifiable based on population, assessed valuation, and acreage specifications in the legislation, with subsequent amendments in 1953 (Laws 1953, Chapter 253), 1955 (Laws 1955, Chapter 42), and 1961 (Laws 1961, Chapter 295).
   - In 1965 (Laws 1965, Chapter 594), the prior special local laws were repealed and replaced by a new special law, providing retired firefighters at age 50 with at least 20 years of service a service pension of $100 per month, plus $5 per month per year of service in excess of 20 years of service, up to $150 per month, with the relief association funded on a current disbursements (pay-as-you-go) basis. Amendatory special local legislation was enacted in 1967 (Laws 1967, Chapter 783) and 1969 (Laws 1969, Chapter 716), but neither enactment was approved by the Cloquet City Council.
   - In 1973 (Laws 1973, Chapter 563), retirement coverage for all active Cloquet firefighters was transferred to the Public Employees Police and Fire Retirement Plan (PERA-P&F), with full past service credit, and with a transfer of $199,558 in assets from the Cloquet Firefighters Relief Association to PERA-P&F, and the remaining assets of the Cloquet Firefighters Relief Association were transferred to a special fund of the City of Cloquet to be operated as a trust fund for the payment of benefits to retired Cloquet Firefighters Relief Association members. The 1973 legislation also provided the City of Cloquet authority to contract with PERA to assume the liabilities and assets of the retiree trust fund, without any benefit reduction. The 1973 special local legislation was approved by the Cloquet City Council on June 19, 1973, and was filed with the Minnesota Secretary of State on June 28, 1973.
   - The following sets forth the actuarial valuation results for the most recent report of the Cloquet Firefighters Relief Association prior to consolidation (December 31, 1970), for the special Cloquet Firefighters Relief Association consolidation study performed by the PERA actuary (November 30, 1972), and for PREA-P&F immediately before and after the consolidation (July 1, 1972, and July 1, 1973):

| | Cloquet Firefighters Relief Association Actuarial Valuation 12/31/1970 | Cloquet Firefighters Relief Association PERA Consol. Est. 11/30/1972 | PERA-P&F Actuarial Valuation 7/1/1972 | PERA-P&F Actuarial Valuation 7/1/1973 |
|---|---|---|---|---|
| Membership | | | | |
| Active Members | 14 | 13 | 3,027 | 3,105 |
| Retirees | 8 | -- | 216 | 251 |
| Disabilitants | 0 | -- | 5 | 6 |
| Surviving Spouses/Survivors | 3 | -- | 192 | 201 |
| Surviving Children | 0 | -- | -- | -- |
| Deferred Retirees | 0 | -- | 11 | 13 |
| Nonvested Former Members | -- | -- | 0 | 0 |
| Total Membership | 25 | 13 | 3,451 | 3,576 |
| Funded Status | | | | |
| Actuarial Accrued Liability | $296,516 | $228,881 | $34,094,783 | $51,833,540 |
| Assets | $230,961 | $199,558 | $31,648,753 | $38,959,178 |
| Unfunded Accrued Liability | $65,555 | $29,323 | $2,446,030 | $12,874,362 |
| Funding Ratio | 77.89% | 87.19% | 92.83% | 75.16% |
| Financing Requirements | | | | |
| Covered Payroll | $112,644 | $128,000 | $28,359,526 | $30,192,486 |
| Benefits Payable | $12,924 | -- | $555,687 | $736,734 |

| | Cloquet Firefighters Relief Association Actuarial Valuation 12/31/1970 | | Cloquet Firefighters Relief Association PERA Consol. Est. 11/30/1972 | | PERA-P&F Actuarial Valuation 7/1/1972 | | PERA-P&F Actuarial Valuation 7/1/1973 | |
|---|---|---|---|---|---|---|---|---|
| Normal Cost | 10.76% | $12,116 | -- | -- | 17.47% | $4,954,409 | 16.07% | $4,851,933 |
| Expenses | -- | -- | -- | -- | 0.12% | $34,031 | 0.11% | $33,212 |
| Amortization | 4.29% | $4,834 | -- | -- | 0.52% | $147,470 | 3.06% | $923,890 |
| Total Financial Requirements | 15.05% | $16,950 | -- | -- | 18.11% | $5,135,910 | 19.24% | $5,809,034 |
| Member Contributions | 4.94% | $5,564 | 7.21% | $9,235 | 7.00% | $1,985,167 | 8.00% | $2,415,399 |
| Employer Contributions | 7.96% | $8,963 | 12.00% | $15,360 | 12.00% | $3,403,143 | 12.00% | $3,623,098 |
| Fire State Aid | 12.91% | $14,546 | -- | -- | -- | -- | -- | -- |
| Total Support | 25.81% | $29,073 | 19.21% | $24,595 | 19.00% | $5,388,310 | 20.00% | $6,038,497 |
| Total Financial Requirements | 15.05% | $16,950 | -- | -- | 0.52% | $5,135,910 | 19.24% | $5,809,034 |
| Total Support | 25.81% | $29,073 | -- | -- | -- | $5,388,310 | 20.00% | $6,038,497 |
| Deficiency (Surplus) | (10.76%) | ($12,123) | -- | -- | 0.52% | ($252,400) | (0.76%) | ($229,463) |

- The Cloquet Retired Firefighters Trust Account, after a transfer of $199,558 from the Cloquet Firefighters Relief Association to PERA-P&F, and assuming the growth of relief association assets to July 1, 1973, to $300,000, would have left the trust account in the following financial condition:

| | |
|---|---|
| Actuarial Accrued Liability* | $174,822 |
| Remaining Assets | $63,892 |
| Unfunded Accrued Liability* | $110,930 |
| Annual Benefits Payable | $15,600 |

* *The calculated figure assumed $100 per month benefit and is based on annuity reserve transfer to the predecessor of the former Minnesota Post Retirement Investment Fund.*

8. Consolidation of the Active Memberships of the Eveleth Paid Firefighter and Police Relief Associations into the Public Employees Police and Fire Retirement Plan (PERA-P&F).

- In 1935 (Laws 1935, Chapters 170 and 208), the Eveleth Police Relief Association and the Eveleth Firefighters Relief Association were authorized, although an Eveleth Firefighters Relief Association under Revised Laws of 1905, Section 1655, had been established in 1918 or 1919.

- The Eveleth Firefighters Relief Association local legislation was further amended in 1937 (Laws 1937, Chapters 1352 and 253), 1939 (Laws 1939, Chapter 124), 1941 (Laws 1941, Chapters 74 and 182), 1947 (Laws 1947, Chapter 329), 1951 (Laws 1951, Chapter 144, 1953 (Laws 1953, Chapter 391), 1955 (Laws 1955, Chapter 293), 1961 (Laws 1961, Chapter 620), 1963 (Laws 1963, Chapter 670), 1969 (Laws 1969, Chapter 552), 1975 (Laws 1975, Chapter 200), and 1976 (Laws 1976, Chapter 78, with most of the amendments relating to the service pension amounts, post-retirement adjustments, and tax levies.

- The Eveleth Police Relief Association local legislation was further amended in 1965 (Laws 1965, Chapter 636), 1969 (Laws 9169, Chapter 670), 1975 (Laws 1975, Chapters 186 and 200), and 1976 (Laws 1976, Chapters 78 and 99), with most of the amendments relating to the benefit amounts, post-retirement adjustments, and tax levies.

- As of December 31, 1976, the Eveleth Firefighters Relief Association provided a $2,100 annual service pension to a retiree at age 55 with at least 20 years of service, plus $120 annually per year of service in excess of 20 years to a maximum of 30 years of service, with an automatic status-based survivor benefit of $1,200 annually, and the Eveleth Police Relief Association provided a $2,400 annual service pension to a retiree at age 50 with at least 20 years of service, plus $120 annually per year of service in excess of 20 years to a maximum of 30 years of service, with an automatic status-based survivor benefit of $1,500 annually.

- In 1977 (Laws 1977, Chapter 61), the active memberships of the Eveleth Firefighters Relief Association and the Eveleth Police Relief Association were consolidated into the Public Employees Police and Fire Retirement Plan (PERA-P&F), with 1977 active members receiving PERA-P&F allowable service credit for 70 percent of pre-1977 service, with an opportunity to purchase at personal expense the balance of prior service credit at full actuarial value, with the retired members of the two retirement plans remaining in a joint local retirement fund operated by the City of Eveleth. The retirement trust fund within the city treasury initially was to be funded annually at an amount sufficient to cover the current disbursements (pay-as-you-go) obligation of the trust fund or an amount sufficient to amortize the unfunded actuarial accrued liability by 1991 (reset to 1998 in 1993), whichever is greater. The 1977 Eveleth police and fire active membership consolidation legislation was approved by the Eveleth City Council on December 6, 1977, and the approval was filed with the Minnesota Secretary of State on December 12, 1977. The trust fund had an initial balance as of January 1, 1979, of $123,600, with approximately $129,000 transferred to PERA-P&F to fund the partial prior service credit grant. The funding actually provided by the City of Eveleth covered the current disbursements obligation and the Eveleth local legislation was amended to ratify that practice in 1999 (Laws 1999, Chapter 222, Article 3, Section 3).

- The following sets forth the actuarial valuation results of the valuation reports of the Eveleth Firefighters Relief Association and the Eveleth Police Relief Association immediately prior to the active membership consolidation (December 31, 1976) and the valuation reports of PERA-P&F immediately prior to and immediately after the Eveleth police and fire active membership consolidation:

| | Eveleth Firefighters Relief Association 12/31/1976 | | Eveleth Police Relief Association 12/31/1976 | | PERA-P&F 7/1/1977 | | PERA-P&F 7/1/1978 | |
|---|---|---|---|---|---|---|---|---|
| Membership | | | | | | | | |
| Active Members | | 9 | | 9 | | 3,732 | | 3,971 |
| Retirees | | 8 | | 8 | | 395 | | 437 |
| Disabilitants | | 0 | | 0 | | 20 | | 29 |
| Survivors | | 4 | | 8 | | 242 | | 276 |
| Deferred Retirees | | 0 | | 0 | | 194 | | 200 |
| Total Membership | | 21 | | 25 | | 4,583 | | 4,913 |
| Funded Status | | | | | | | | |
| Accrued Liability | | $301,643 | | $360,740 | | $102,297,741 | | $119,929,854 |
| Current Assets | | $116,568 | | $124,011 | | $81,962,092 | | $98,804,037 |
| Unfunded Accrued Liability | | $185,075 | | $236,729 | | $20,335,649 | | $21,125,817 |
| Funding Ratio | 38.64% | | 34.38% | | 80.12% | | 82.38% | |
| Financing Requirements | | | | | | | | |
| Covered Payroll | | $99,720 | | $83,700 | | $52,889,851 | | $59,933,726 |
| Benefits Payable | | $27,540 | | $37,560 | | $1,833,314 | | $2,421,612 |
| Normal Cost | 5.22% | $5,201 | 4.28% | $3,580 | 16.20% | $8,568,156 | 15.87% | $9,511,482 |
| Administrative Expenses | -- | -- | -- | -- | 0.09% | $47,601 | 0.09% | $53,940 |
| Amortization | 11.23% | $11,200 | 17.12% | $14,326 | 3.09% | $1,634,296 | 2.92% | $1,750,065 |
| Total Requirements | 16.45% | $16,401 | 21.40% | $17,906 | 19.38% | $10,250,053 | 18.88% | $11,315,487 |
| Employee Contributions | 5.27% | $5,256 | 5.22% | $4,371 | 8.00% | $4,231,188 | 8.00% | $4,794,698 |
| Employer/City Contrib. | 15.20% | $15,161 | 45.10% | $37,751 | 12.00% | $6,346,782 | 12.00% | $7,192,047 |
| State Aid | 4.85% | $4,839 | -- | -- | -- | -- | -- | -- |
| Total Support | 25.33% | $25,256 | 50.32% | $42,122 | 20.00% | $10,577,970 | 20.00% | $11,986,745 |
| Total Requirements | 16.45% | $16,401 | 21.40% | $17,906 | 19.38% | $10,250,053 | 18.88% | $11,315,487 |
| Total Support | 25.33% | $25,256 | 50.32% | $42,122 | 20.00% | $10,577,970 | 20.00% | $11,986,745 |
| Deficiency (Surplus) | (8.88%) | ($8,855) | (28.92%) | ($24,216) | (0.62%) | ($327,917) | (1.12%) | ($671,258) |

9. Consolidation of the Metropolitan Transit Commission-Transit Operating Division Retirement Plan into the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General).

- In 1944, as a result of an arbitration award relating to the Twin City Rapid Transit Company and its operating subsidiaries (the Minneapolis Street Railway Company, the Minneapolis and St. Paul City Railway Company, the Minneapolis and St. Paul Suburban Railroad Company, and the Twin City Motor Bus Company) and the Amalgamated Transit Union (Amalgamated Association of Street Electric Railway and Motor Coach Employees of America), Local Division 1005, the Twin City Lines Employees Retirement Plan was established. The Twin City Lines Employees Retirement Plan was a Taft-Hartley Act jointly trusteed private sector retirement plan.
- In 1967 (Laws 1967, Chapter 892), the Metropolitan Transit Commission was established to improve transit operations within the Twin Cities metropolitan area.
- In 1969 (Laws 1969, Chapter 625) the Metropolitan Transit Commission was authorized to acquire existing public transit systems, acquired the Twin City Rapid Transit Company, and thereby acquired the Twin City Lines Employees Retirement Plan. The Twin City Lines Employees Retirement Plan was the sole collectively bargained public retirement plan in Minnesota after the enactment of Laws 1973, Chapter 635, Section 6, which redefined "terms and conditions of employment" to exclude retirement contributions or benefits from mandatory collective bargaining under the Public Employees Labor Relations Act.
- In 1974, the Metropolitan Transit Commission (MTC) negotiated a retirement plan contract with the Amalgamated Transit Union, Local 1005 (ATU) for the period January 1, 1975, to December 31, 1977. The Twin City Lines Employees Retirement Plan benefit plan immediately before consolidation provided a retirement annuity of the greater of a modified career average three-step formula of one percent of pre-1950 average compensation per year of service, of 1.25 percent of 1950-1964 average compensation per year of service, and of 1.5 percent of post-1964 average compensation or of a dollar-multiple formula of $10 per month per year of service for the initial 15 years of service, $12 per month per year of service for the next 15 years of service, and $13 per month per year of service for service in excess of 30 years of service, but not to exceed $7,500 per

year, payable at age 65 with ten years of service or at age 60 with 30 years of service. The pre-consolidation Twin City Lines Employees Retirement Plan member contribution was 4.9 percent of compensation and the employer contribution was 938 percent of compensation.

- In late 1977, a proposal was made to ATU Local 1005 and to the MTC to consolidate the Twin City Lines Employees Retirement Plan with the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General).
- In 1978 (Laws 1978, Chapter 538), the active and retired membership, liabilities, assets and records of the Twin City Lines Employees Retirement Plan were transferred to MSRS-General, the Twin City Lines Employees Retirement Plan was terminated, Twin City Lines Employees Retirement Plan active members were credited with MSRS-General allowable service credit for their pre-consolidation transit employment and received a refund of the amount by which their pre-consolidation member contributions exceeded the MSRS-General member contribution rate, current Twin City Lines Employees Retirement Plan retirees and benefit recipients received their benefits at pre-consolidation levels and were eligible for future post-retirement adjustments from the predecessor of the former Minnesota Post Retirement Investment Fund, a MTC-Transit Operating Division/ATU Local 1005 representative was added to the MSRS board of directors, and the MTC was obligated to make a special additional employer obligation of 3.8 percent of covered pay from July 1, 1978, until June 30, 1998, or until a funding differential of $9,248,319, plus interest on any remaining balance, was amortized.
- The following sets forth the actuarial valuation results for the Twin City Lines Employees Retirement Plan (TCLERP) on the eve of the consolidation (January 1, 1977), the special consolidation actuarial study results for the Twin City Lines Employees Retirement Plan membership under the MSRS-General Retirement Plan provisions and assumptions, and the actuarial valuation results for MSRS-General immediately before and immediately after the consolidation (June 30, 1977, and June 30, 1978):

| | TCLERP 1/1/1977 | | TCLERP Under MSRS-G Benefits & Assumptions 1/1/1977 | | MSRS-General 6/30/1977 | | MSRS-General 6/30/1978 | |
|---|---|---|---|---|---|---|---|---|
| Membership | | | | | | | | |
| Active Members | | 2,008 | | 2,008 | | 40,462 | | 42,772 |
| Retirees | | 561 | | 561 | | 6,836 | | 7,198 |
| Disabilitants | | 109 | | 109 | | 401 | | 436 |
| Survivors | | 0 | | 5 | | 272 | | 289 |
| Deferred Retirees | | 5 | | 0 | | 519 | | 580 |
| Total Membership | | 2,683 | | 2,683 | | 48,490 | | 51,275 |
| Funded Status | | | | | | | | |
| Accrued Liability | | $31,383,600 | | $41,131,467 | | $487,086,044 | | $560,718,470 |
| Current Assets | | $16,376,585 | | $16,376,585 | | $331,023,536 | | $382,200,101 |
| Unfunded Accrued Liability | | $15,007,015 | | $24,754,882 | | $156,062,508 | | $178,518,369 |
| Funding Ratio | 52.18% | | 39.82% | | 67.96% | | 68.16% | |
| Financing Requirements | | | | | | | | |
| Covered Payroll | | $29,156,000 | | $29,156,000 | | $470,814,459 | | $554,473,178 |
| Benefits Payable | | $1,547,000 | | $1,547,000 | | $14,661,839 | | $16,332,866 |
| Normal Cost | 5.70% | $1,661,900 | 7.39% | $2,154,600 | 7.09% | $33,380,745 | 7.06% | $39,145,806 |
| Administrative Expenses | 0.70% | 204,092 | 0.70% | $204,092 | 0.14% | $659,140 | 0.14% | $776,262 |
| Amortization | 3.93% | $1,145,800 | 6.49% | $1,892,200 | 2.53% | $11,911,606 | 2.62% | $14,527,197 |
| Total Requirements | 10.33% | $3,011,792 | 14.58% | $4,250,892 | 9.76% | $45,951,491 | 9.82% | $54,449,266 |
| Employee Contributions | 4.40% | $1,281,600 | 4.00% | $1,166,200 | 4.00% | $18,832,578 | 4.00% | $22,178,927 |
| Employer Contributions | 9.80% | $2,857,300 | 9.80% | $2,857,300 | 4.00% | $18,832,578 | 4.00% | $22,178,927 |
| Employer Add'l Cont. | 0.00% | $0 | 0.00% | $0 | 2.00% | $9,416,289 | 2.00% | $11,089,464 |
| Total Support | 14.20% | $4,138,900 | 13.80% | $4,023,500 | 10.00% | $47,081,446 | 10.00% | $55,447,318 |
| Total Requirements | 10.33% | $3,011,792 | 14.58% | $4,250,892 | 9.76% | $45,951,491 | 9.82% | $54,449,266 |
| Total Support | 14.20% | $4,138,900 | 13.80% | $4,023,500 | 10.00% | $47,081,446 | 10.00% | $55,447,318 |
| Deficiency (Surplus) | (3.87%) | ($1,127,108) | 0.78% | $227,392 | (0.24%) | ($1,129,955) | (0.18%) | ($998,052) |

10. Consolidation of the Thief River Falls Police Relief Association Active Membership with the Public Employees Police and Fire Retirement Plan (PERA-P&F).

- In 1941, the Thief River Falls Police Relief Association was established, presumably under Minnesota Statutes, Sections 423.21 to 423.36, a voluntary fourth class city police pension law, and sometime after 1946, became subject to Minnesota Statutes, Sections 423.41 to 423.62, the other voluntary fourth class city police pension law. A 1976 local law (Laws 1976, Chapter 85), relating to survivor benefits, was not approved by the Thief River Falls city council. The Thief River Falls Police Relief Association paid a service pension of one-half of a retiree's salary at retirement, with a minimum benefit of $900 per year at age 50 with at least 20 years of service, without any additional benefit for service in excess of 20 years, and without any post-retirement adjustments.

- In 1978 (Laws 1978, Chapter 689), the active membership of the Thief River Falls Police Relief Association was consolidated into the Public Employees Police and Fire Retirement Plan (PERA-P&F) and created a trust fund as a special account managed by the City of Thief River Falls for the payment of benefits to Thief River Falls Police Relief Association benefit recipients as of January 1, 1979. Active members of the Thief River Falls Police Relief Association on January 1, 1979, became members of PERA-P&F and past allowable service as a Thief River Falls police officer was credited by PERA-P&F, accompanied by a transfer of assets equal to the same percentage of the past service actuarial liability as the PERA-P&F funded ratio. The Thief River Falls Police Trust Fund was initially funded with an amount equal to two years of service pensions and benefits payable and was initially required to be funded on a current disbursements (pay-as-you-go) basis and, in 1981 (Laws 1981, Chapter 68, Section 5), was subsequently required to be fully amortized by December 31, 1996. The City of Thief River Falls was also permitted to sell municipal bonds to fund its unfunded pension obligations, with a 15-year maximum bond maturity. The 1978 consolidation law was approved by the Thief River Falls city council on October 10, 1978, and the approval was filed with the Minnesota Secretary of State on October 18, 1978. The consolidation involved 15 active Thief River Falls police and the Thief River Falls Police Trust Fund involved 9 pensioners and benefit recipients.
- The following sets forth the actuarial valuation results for the Thief River Falls Police Relief Association immediately prior to consolidation (as of December 31, 1976) and for PERA-P&F immediately prior to and immediately after the consolidation (July 1, 1977, and July 1, 1978):

| | Thief River Falls Police Relief Association 12/31/1976 | | PERA-P&F 7/01/1977 | | PERA-P&F 7/01/1978 | |
|---|---|---|---|---|---|---|
| Membership | | | | | | |
| Active Members | | 15 | | 3,732 | | 3,971 |
| Retirees | | 4 | | 395 | | 437 |
| Disabilitants | | 0 | | 20 | | 29 |
| Survivors | | 5 | | 242 | | 276 |
| Deferred Retirees | | 0 | | 194 | | 200 |
| Total Membership | | 24 | | 4,583 | | 4,913 |
| Funded Status | | | | | | |
| Accrued Liability | | $393,744 | | $102,297,741 | | $119,929,854 |
| Current Assets | | $166,486 | | $81,962,092 | | $98,804,037 |
| Unfunded Accrued Liability | | $227,258 | | $20,335,649 | | $21,125,817 |
| Funding Ratio | 42.28% | | 80.12% | | 82.38% | |
| Financing Requirements | | | | | | |
| Covered Payroll | | $176,064 | | $52,889,851 | | $59,933,726 |
| Benefits Payable | | -- | | $1,833,314 | | $2,421,612 |
| Normal Cost | 12.32% | $21,689 | 16.20% | $8,568,156 | 15.87% | $9,511,482 |
| Administrative Expenses | -- | -- | 0.09% | $47,601 | 0.09% | $53,940 |
| Amortization | 7.81% | $13,753 | 3.09% | $1,634,296 | 2.92% | $1,750,065 |
| Total Requirements | 20.13% | $35,442 | 19.38% | $10,250,053 | 18.88% | $11,315,487 |
| Employee Contributions | 5.74% | $10,099 | 8.00% | $4,231,188 | 8.00% | $4,794,698 |
| Employer/City Contrib. | 3.16% | $5,559 | 12.00% | $6,346,782 | 12.00% | $7,192,047 |
| State Aid | 4.69% | $8,249 | -- | -- | -- | -- |
| Total Support | 13.59% | $23,917 | 20.00% | $10,577,970 | 20.00% | $11,986,745 |
| Total Requirements | 20.13% | $35,442 | 19.38% | $10,250,053 | 18.88% | $11,315,487 |
| Total Support | 13.59% | $23,917 | 20.00% | $10,577,970 | 20.00% | $11,986,745 |
| Deficiency (Surplus) | 6.54% | $11,525 | (0.62%) | ($327,917) | (1.12%) | ($671,258) |

11. Consolidation of the Brooklyn Center Police Relief Association into the Public Employees Police and Fire Retirement Plan (PERA-P&F).

- In 1967 (Laws 1967, Chapter 736), the Brooklyn Center Police Relief Association was authorized to provide police pension coverage in lieu of the second class city police relief association law, Minnesota Statutes 1965, Sections 423.801 to 423.815. The Brooklyn Center Police Relief Association provided a service pension of one-half of the average top grade patrol officer's salary for the retiree's career or since 1960, whichever is shorter, at age 50 with 20 years of service credit, without any additional service pension amount for service in excess of 20 years of service, and with an automatic status-based survivor benefit of 25 percent of the career average top patrol officer's salary for an active member non-duty death, and one-half of the service pensioner's pension amount after retirement. Unlike many other local police relief associations, the Brooklyn Center Police Relief Association pensions and benefits were not eligible for any automatic post-retirement adjustments.
- In 1978 (Laws 1978, Chapter 563), the Brooklyn Center Police Relief Association was consolidated into the Public Employees Police and Fire Retirement Plan (PERA-P&F), with a transfer of the active and deferred retiree membership, actuarial liabilities, and assets as of March

26, 1978. The 1978 consolidation legislation provided that retirement coverage by the Brooklyn Center Police Relief Association for Brooklyn Center police officers ceased as of March 26, 1978, replaced by PERA-P&F retirement coverage, that past allowable service was credited by PERA-P&F to the initial date of Brooklyn Center police employment or June 16, 1967, whichever is later, that Brooklyn Center police officers with pre-June 16, 1967, employment covered by PERA-P&F were eligible to have that allowable service credit reinstated when the officer or the city repays the previously taken employee contribution refund, that the Brooklyn Center Police Relief Association asset transfer would be 80 percent of transferred actuarial liabilities as determined by the PERA actuary and 100 percent of the employee contribution refund and interest for Brooklyn Center Police Relief Association active and deferred members who purchased Brooklyn Center Police Relief Association allowable service credit for pre-June 16, 1967, Brooklyn Center police employment, and that the balance of assets in the Brooklyn Center Police Relief Association must be used to pay future Brooklyn Center Employees Retirement Fund. The transfer involved 31 active members and two deferred retirees. The 1978 consolidation law was approved by the Brooklyn Center city council on March 27, 1978, and was filed with the Minnesota Secretary of State on June 1, 1978.

- The following sets forth the actuarial valuation results for the Brooklyn Center Police Relief Association immediately prior to consolidation (as of December 31, 1974) and for PERA-P&F immediately prior to and immediately after the consolidation (July 1, 1977, and July 1, 1978):

| | Brooklyn Center Police Relief Association 12/31/1974 | | PERA-P&F 7/1/1977 | | PERA-P&F 7/1/1978 | |
|---|---|---|---|---|---|---|
| Membership | | | | | | |
| Active Members | | 30 | | 3,732 | | 3,971 |
| Retirees | | 0 | | 395 | | 437 |
| Disabilitants | | 0 | | 20 | | 29 |
| Survivors | | 0 | | 242 | | 276 |
| Deferred Retirees | | 1 | | 194 | | 200 |
| Total Membership | | 31 | | 4,583 | | 4,913 |
| Funded Status | | | | | | |
| Accrued Liability | | $615,123 | | $102,297,741 | | $119,929,854 |
| Current Assets | | $554,518 | | $81,962,092 | | $98,804,037 |
| Unfunded Accrued Liability | | $60,605 | | $20,335,649 | | $21,125,817 |
| Funding Ratio | 90.15% | | 80.12% | | 82.38% | |
| Financing Requirements | | | | | | |
| Covered Payroll | | $431,280 | | $52,889,851 | | $59,933,726 |
| Benefits Payable | | -- | | $1,833,314 | | $2,421,612 |
| Normal Cost | 14.53% | $62,663 | 16.20% | $8,568,156 | 15.87% | $9,511,482 |
| Administrative Expenses | -- | -- | 0.09% | $47,601 | 0.09% | $53,940 |
| Amortization | 0.84% | $3,607 | 3.09% | $1,634,296 | 2.92% | $1,750,065 |
| Total Requirements | 15.37% | $66,270 | 19.38% | $10,250,053 | 18.88% | $11,315,487 |
| Employee Contributions | 5.48% | $23,637 | 8.00% | $4,231,188 | 8.00% | $4,794,698 |
| Employer/City Contrib. | 11.84% | $51,076 | 12.00% | $6,346,782 | 12.00% | $7,192,047 |
| State Aid | 4.92% | $21,227 | -- | -- | -- | -- |
| Total Support | 22.25% | $95,940 | 20.00% | $10,577,970 | 20.00% | $11,986,745 |
| Total Requirements | 15.37% | $66,270 | 19.38% | $10,250,053 | 18.88% | $11,315,487 |
| Total Support | 22.25% | $95,940 | 20.00% | $10,577,970 | 20.00% | $11,986,745 |
| Deficiency (Surplus) | (6.88%) | ($29,670) | (0.62%) | ($327,917) | (1.12%) | ($671,258) |

- On the eve of the consolidation, the PERA actuary calculated the actuarial liability of the consolidation as of May 1, 1978, with an increase in the PERA-P&F actuarial accrued liability due to the consolidation of $1,066,323, with an increase in PERA-P&F assets from transferred assets of $853,059 (80 percent of transferred actuarial accrued liability), and with an actuarial cost of $76,570 for the repayment of pre-June 16, 1967, PERA-P&F member contribution refunds for ten Brooklyn Center police officers.

12. Consolidation of the University of Minnesota Police Retirement Plan into the Public Employees Police and Fire Retirement Plan (PERA-P&F).

- In 1969, the University of Minnesota Board of Regents established the University of Minnesota Police Retirement plan. Under Minnesota Statutes, Section 352.01, Subdivision 2b, Clause (3), the University of Minnesota Board of Regents are empowered to exclude University employees from the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General). Before 1969, university police officers were included in MSRS-General Retirement Plan coverage. Initially, in 1969, the University established a separate police retirement plan that was coordinated with Social Security, but upon determining that Social Security coverage for police officers in Minnesota is not provided for in Social Security law, the University revised its police pension plan as a basic (no supplement of Social Security coverage) retirement plan.

- In the mid-1970s, University of Minnesota officials indicated interest to the Legislative Commission on Pensions and Retirement in consolidating the University of Minnesota Police Retirement Plan into the Public Employees Police and Fire Retirement Plan (PERA-P&F). The University of Minnesota Police Retirement Plan on the eve of consolidation with PERA-P&F provided a retirement annuity of 2.0 percent of the final four years of service average salary per year of service credit at age 55 with at least ten years of service credit, to a maximum of 50 percent of the final four years average salary, with an automatic status-based survivor benefit of 22.5 percent of the final four years average salary for the surviving spouse. The member contribution for the University of Minnesota Police Retirement Plan was 9.2 percent of covered salary and the employer contribution was 21.2 percent of covered salary.
- In 1978 (Laws 1978, Chapter 774), the active and retired membership, liabilities, assets, and records of the University of Minnesota Police Retirement Plan were transferred to the Public Employees Police and Fire Retirement Plan (PERA-P&F), the University of Minnesota Police Retirement Plan was terminated, active members were credited with PERA-P&F allowable service credit for their pre-consolidation University police employment, current retirees continued receipt of benefits at their pre-consolidation levels and were eligible for future post-retirement adjustments from the predecessor of the former Minnesota Post Retirement Investment Fund, the University of Minnesota was obligated to make an additional employer contribution of $82,904 for ten years to amortize the asset transfer deficiency resulting from the consolidation, and the University of Minnesota was made eligible for the receipt of police state aid under Minnesota Statutes, Sections 69.011 to 69.051.
- The following sets forth the actuarial valuation results for the University of Minnesota Police Retirement Plan immediately prior to consolidation (as of June 30, 1977) and for PERA-P&F immediately prior to and immediately after the consolidation (July 1, 1977, and July 1, 1978):

| | Univ. of Minn. Police Retirement Plan 6/30/1977 | | PERA-P&F 7/1/1978 | | PERA-P&F 7/1/1979 | |
|---|---|---|---|---|---|---|
| Membership | | | | | | |
| Active Members | | 72 | | 3,971 | | 4,092 |
| Service Retirees | | 3 | | 437 | | 515 |
| Disabilitants | | 0 | | 29 | | 30 |
| Survivors | | 4 | | 276 | | 268 |
| Deferred Retirees | | 0 | | 200 | | 210 |
| Nonvested Former Members | | 0 | | 0 | | 0 |
| Total Membership | | 79 | | 4,913 | | 5,115 |
| Funded Status | | | | | | |
| Accrued Liability | | $3,646,000 | | $119,929,854 | | $139,339,808 |
| Current Assets | | $1,877,300 | | $98,804,037 | | $120,427,888 |
| Unfunded Accrued Liability | | $1,768,700 | | $21,125,817 | | $18,911,920 |
| Funding Ratio | 51.49% | | 82.38% | | 86.43% | |
| Financing Requirements | | | | | | |
| Covered Payroll | | $1,178,952 | | $59,933,726 | | $68,125,873 |
| Benefits Payable | | $23,429 | | $2,421,612 | | $2,931,102 |
| Normal Cost | 20.40% | $240,500 | 15.87% | $9,511,482 | 15.68% | $10,682,137 |
| Administrative Expenses | 0.61% | $7,200 | 0.09% | $53,940 | 0.09% | $61,313 |
| Amortization | 8.57% | $101,000 | 2.92% | $1,750,065 | 1.81% | $1,233,078 |
| Total Requirements | 29.58% | $348,700 | 18.88% | $11,315,487 | 17.58% | $11,976,528 |
| Employee Contributions | 9.20% | $108,500 | 8.00% | $4,794,698 | 8.00% | $5,450,070 |
| Employer Contributions | 21.20% | $249,900 | 12.00% | $7,192,047 | 12.00% | $8,175,105 |
| Total Contributions | 30.40% | $358,400 | 20.00% | $11,986,745 | 20.00% | $13,625,175 |
| Total Requirements | 29.58% | $348,700 | 18.88% | $11,315,487 | 17.58% | $11,976,528 |
| Total Contributions | 30.40% | $358,400 | 20.00% | $11,986,745 | 20.00% | $13,625,175 |
| Deficiency (Surplus) | (0.82%) | ($9,700) | (1.12%) | ($671,258) | (2.42%) | ($1,648,646) |

13. Consolidation of the Coordinated Program of the Minneapolis Employees Retirement Fund (MERF) with the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General).

- In 1919 (Laws 1919, Chapter 522), every city with a population in excess of 50,000 was authorized to establish a retirement plan for its employees. Only the City of Minneapolis utilized the authority, creating the Minneapolis Municipal Employees Retirement Plan (MMER), subsequently renamed in the late 1970s or early 1980s as the Minneapolis Employees Retirement Fund (MERF).
- In 1977 (Laws 1977, Chapter 399, Sections 20 to 26), Minneapolis Municipal Employees Retirement Fund Basic Program was closed to new entrants, a Social Security coverage referendum was held, and a coordinated program, replicating the Coordinated Program of the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General), was created.

- In 1979 (Laws 1979, Chapter 293, Section 4), a second Social Security referendum for the Minneapolis Municipal Employees Retirement Plan was held for any MERF members who did not elect coverage by the federal Old Age, Disability and Survivors Insurance program in 1978 and desired to do so. Also in 1979 (Laws 1979, Chapter 303, Article VI, Sections 5-11), in return for Minneapolis not receiving an increase in local government aid (see Laws 1979, Chapter 303, Article VI, Section 3, Paragraph (a), Clause (2)), the Coordinated Program of the Minneapolis Municipal Employees Retirement Plan was coordinated into PERA-General, newly hired employees of the City of Minneapolis and Special School District No. 1 were included in retirement coverage by PERA-General, a second Social Security coverage referendum for MERF-Basic Program members was authorized, City of Minneapolis contributions to MERF were capped, and the State of Minnesota obligated the State General Fund to pay any MERF financial requirements in excess of the City of Minneapolis contribution cap.
- The following sets forth the actuarial valuation results for the MMER/MERF as of December 31, 1977, December 31, 1978, and December 31, 1979, and of PERA-General as of July 1, 1978, and July 1, 1979:

| | MMER/MERF 12/31/1977 | | MMER/MERF Basic Program 12/31/1978 | | MMER/MERF Coordinated Program 12/31/1978 | |
|---|---|---|---|---|---|---|
| Membership | | | | | | |
| Active Members | | 6,524 | | 6,343 | | 233 |
| Service Retirees | | 2,767 | | 2,869 | | 0 |
| Disabilitants | | 223 | | 250 | | 0 |
| Survivors | | 862 | | 776 | | 0 |
| Deferred Retirees | | 135 | | 139 | | 0 |
| Nonvested Former Members | | 0 | | 0 | | 0 |
| Total Membership | | 10,511 | | 10,377 | | 233 |
| Funded Status | | | | | | |
| Accrued Liability | | $392,701,603 | | $423,049,486 | | $104,097 |
| Current Assets | | $217,914,111 | | $245,251,971 | | $104,097 |
| Unfunded Accrued Liability | | $174,787,492 | | $177,797,515 | | $0 |
| Funding Ratio | 55.49% | | 57.97% | | 100.00% | |
| Financing Requirements | | | | | | |
| Covered Payroll | | $84,800,000 | | $90,763,689 | | $1,817,789 |
| Benefits Payable | | $15,300,000 | | $16,672,152 | | -- |
| Normal Cost | 22.07% | $18,715,000 | 21.74% | $19,732,000 | 9.46% | $172,000 |
| Administrative Expenses | 0.48% | $407,000 | 0.56% | $508,000 | 0.56% | $10,200 |
| Amortization | 16.60% | $14,077,000 | 11.92% | $10,819,000 | -- | -- |
| Total Requirements | 39.15% | $33,199,000 | 34.22% | $31,059,000 | 10.02% | $182,200 |
| Employee Contributions | 8.00% | $6,784,000 | 8.00% | $7,261,100 | 4.00% | $72,700 |
| Employer Contributions | 26.30% | $22,302,000 | 25.17% | $22,845,200 | 5.50% | $100,000 |
| Employer Add'l Contributions | -- | -- | -- | -- | -- | -- |
| Total Contributions | 34.30% | $29,086,000 | 33.17% | $30,106,300 | 9.50% | $172,700 |
| Total Requirements | 39.15% | $33,199,000 | 34.22% | $31,059,000 | 10.02% | $182,200 |
| Total Contributions | 34.30% | $29,086,000 | 33.17% | $30,106,300 | 9.50% | $172,700 |
| Deficiency (Surplus) | 4.85% | $4,113,000 | 1.05% | $952,700 | 0.52% | $9,500 |

| | MMER/MERF 12/31/1979 | | PERA-General 7/1/1978 | | PERA-General 7/1/1979 | |
|---|---|---|---|---|---|---|
| Membership | | | | | | |
| Active Members | | 8,515 | | 81,328 | | 81,665 |
| Service Retirees | | 2,993 | | 9,753 | | 10,422 |
| Disabilitants | | 280 | | 582 | | 628 |
| Survivors | | 798 | | 3,531 | | 3,542 |
| Deferred Retirees | | 353 | | 1,232 | | 1,394 |
| Nonvested Former Members | | 0 | | 0 | | 0 |
| Total Membership | | 12,939 | | 96,426 | | 97,651 |
| Funded Status | | | | | | |
| Accrued Liability | | $456,812,477 | | $1,023,270,439 | | $1,137,905,498 |
| Current Assets | | $272,727,906 | | $702,543,189 | | $812,971,819 |
| Unfunded Accrued Liability | | $184,084,571 | | $320,727,250 | | $324,933,679 |
| Funding Ratio | 59.70% | | 68.66% | | 71.44% | |
| Financing Requirements | | | | | | |
| Covered Payroll | | $93,307,004 | | $763,483,570 | | $817,578,613 |
| Benefits Payable | | $18,382,696 | | $33,180,101 | | $36,163,202 |
| Normal Cost | 21.70% | $20,247,600 | 8.22% | $62,758,349 | 8.28% | $67,695,509 |
| Administrative Expenses | 0.38% | $354,600 | 0.15% | $1,145,225 | 0.15% | $1,226,368 |
| Amortization | 11.97% | $11,168,800 | 3.48% | $26,569,228 | 2.59% | $21,175,286 |
| Total Requirements | 34.05% | $31,771,000 | 11.85% | $90,472,803 | 11.02% | $90,097,163 |
| Employee Contributions | 8.00% | $7,464,600 | 4.91% | $37,487,043 | 4.87% | $39,816,078 |
| Employer Contributions | 24.18% | $22,561,600 | 4.91% | $37,487,043 | 4.87% | $39,816,078 |
| Employer Add'l Contributions | -- | -- | 1.73% | $13,208,266 | 1.72% | $14,062,352 |
| Total Contributions | 32.18% | $30,026,200 | 11.55% | $88,182,352 | 11.46% | $93,694,509 |
| Total Requirements | 34.05% | $31,771,000 | 11.85% | $90,472,803 | 11.02% | $90,097,163 |
| Total Contributions | 32.18% | $30,026,200 | 11.55% | $88,182,352 | 11.46% | $93,694,509 |
| Deficiency (Surplus) | 1.87% | $1,744,800 | 0.30% | $2,290,451 | (0.44%) | ($3,597,346) |

14. Consolidation of the Moorhead Firefighters Relief Association and the Moorhead Police Relief Association into the Public Employees Police and Fire Retirement Plan (PERA-P&F).

- In 1945 (Laws 1945, Chapter 277), the Moorhead Police Relief Association was authorized in general legislation for certain municipalities of the fourth class. In 1951 (Laws 1951, Chapter 499), the Moorhead Firefighters Relief Association was authorized in general legislation for certain municipalities of the third class.
- When the City of Moorhead became a third class city in 1950, the Moorhead Police Relief Association became governed by the general third class city police pension law, Minnesota Statutes, Sections 423.37 to 423.392, with the application of the third class city police pension law further adapted under Laws 1967, Chapter 775. The 1951 Moorhead Firefighters Relief Association was superseded in 1955 (Laws 1955, Chapter 75), was entirely amended by Laws 1965, Chapter 190, was entirely revised by Laws 1969, Chapter 138, and was further substantively amended in 1975 (Laws 1975, Chapter 120) and in 1979 (Laws 1979, Chapter 216, Sections 34-44).
- The Moorhead Police Relief Association provided a service pension to retiring members with at least ten years of service at age 55 in an amount equal to 50 percent of the person's final five years' average salary, plus 2.0 percent of that salary base for each year of service in excess of 20 years up to 80 percent of that salary base, subject to annual post-retirement increases equal to the lesser of 3.5 percent or the percentage increase in the salary of a first grade patrol officer in the preceding year.
- The Moorhead Firefighters Relief Association provided retiring paid firefighters with at least 20 years of service at age 55 with a service pension of 50 percent of the person's final five years' average salary, plus 2.0 percent of that salary base for each year of service credit in excess of 20 years up to 80 percent of that salary base, plus three percent of that salary base for each year of service credit in excess of 35 years of service, subject to annual post-retirement increases equal to the lesser of 3.5 percent or the percentage increase in the salary of a first grade firefighter.
- In 1985 (Laws 1985, Chapter 261, Sections 25-31), the Moorhead Firefighters Relief Association and the Moorhead Police Relief Association consolidated into the Public Employees Police and Fire Retirement Plan (PERA-P&F) with all active and retired members transferred to PERA-P&F on August 1, 1985, with all prior service credit of transferred active members credited as allowable service credit by PERA-P&F, with all assets of the Moorhead Firefighters Relief Association and the Moorhead Police Relief Association special funds transferred at market value, after review by the State Board of Investment and any required investment security liquidations, to PERA-P&F, plus any amount necessary to bring those assets up to the same funded percentage as PERA-P&F of the transferred actuarial accrued liability as calculated by the relief association actuary, with the calculation reviewed by the consulting actuary retained by the Legislative Commission on Pensions and Retirement, and with the calculation approved by the Legislative Commission on Pensions and Retirement, and with all records of the prior relief associations transferred to PERA-P&F. The City of Moorhead was obligated to make the regular PERA-P&F employer contribution plus a special amortization contribution necessary to amortize any unfunded actuarial accrued liability in PERA-P&F attributable to the consolidation by December 31, 2010, using an 8.5 percent interest rate actuarial assumption. The Moorhead Firefighters Relief Association and the Moorhead Police Relief Association both terminated upon the membership, liabilities, assets, and records transfer. The City of Moorhead approved the special law consolidation on September 16, 1985, and that approval was filed with the Minnesota Secretary of State on October 3, 1985.
- The following sets forth the actuarial valuation results for the Moorhead Firefighters Relief Association and the Moorhead Police Relief Association as of December 31, 1984, on the eve of the consolidation, and for PERA-General on July 1, 1985, on the eve of the consolidation, and on July 1, 1986, following the consolidation:

| | Moorhead Firefighters Relief Association 12/31/1984 | Moorhead Police Relief Association 12/31/1984 | PERA-P&F 7/1/1985 | PERA-P&F 7/1/1986 |
|---|---|---|---|---|
| Membership | | | | |
| Active Members | 26 | 19 | 4,928 | 5,127 |
| Service Retirees | 11 | 8 | 765 | 838 |
| Disabilitants | 0 | 2 | 54 | 58 |
| Survivors | 5 | 6 | 279 | 302 |
| Deferred Retirees | 0 | 1 | 163 | 555 |
| Nonvested Former Memb. | 0 | 0 | 350 | 461 |
| Total Membership | 42 | 36 | 6,539 | 7,341 |

| | Moorhead Firefighters Relief Association 12/31/1984 | | Moorhead Police Relief Association 12/31/1984 | | PERA-P&F 7/1/1985 | | PERA-P&F 7/1/1986 | |
|---|---|---|---|---|---|---|---|---|
| Funded Status | | | | | | | | |
| Accrued Liability | | $5,088,101 | | $3,248,423 | | $382,998,000 | | $447,742,000 |
| Current Assets | | $2,779,000 | | $2,706,451 | | $338,400,000 | | $424,936,000 |
| Unfunded Accr. Liability | | $2,309,101 | | $541,972 | | $44,598,000 | | $22,806,000 |
| Funding Ratio | 54.62% | | 83.32% | | 88.36% | | 94.91% | |
| Financing Requirements | | | | | | | | |
| Covered Payroll | | $674,521 | | $539,687 | | $139,222,000 | | $153,714,000 |
| Benefits Payable | | $102,227 | | $118,818 | | $7,899,000 | | $9,555,000 |
| Normal Cost | 26.63% | $179,625 | 19.32% | $104,268 | 16.22% | $22,581,808 | 15.84% | $24,348,298 |
| Administrative Expenses | 0.00% | $0 | 6.95% | $37,524 | 0.47% | $654,343 | 0.48% | $737,827 |
| Amortization | 23.70% | $159,872 | 0.00% | $0 | 1.63% | $2,269,319 | 0.78% | $1,198,969 |
| Total Requirements | 50.33% | $339,497 | 26.27% | $141,792 | 18.32% | $25,505,470 | 17.10% | $26,285,094 |
| Employee Contributions | 8.00% | $53,962 | 8.00% | $43,175 | 8.00% | $11,137,760 | 8.00% | $12,297,120 |
| Employer Contributions | 42.33% | $285,535 | 18.27% | $98,617 | 12.00% | $16,706,640 | 12.00% | $18,445,680 |
| Total Contributions | 50.33% | $339,497 | 26.27% | $141,792 | 20.00% | $27,844,400 | 20.00% | $30,742,800 |
| Total Requirements | 50.33% | $339,497 | 26.27% | $141,792 | 18.32% | $25,505,470 | 17.10% | $26,285,094 |
| Total Contributions | 50.33% | $339,497 | 26.27% | $141,792 | 20.00% | $27,844,400 | 20.00% | $30,742,800 |
| Deficiency (Surplus) | 0.00% | $0 | 0.00% | $0 | (1.68%) | ($2,338,930) | (2.90%) | ($4,457,706) |

15. Consolidation of 44 Local Police and Paid Firefighters Relief Associations with the Public Employees Police and Fire Retirement Plan (PERA-P&F).

- In Minnesota, there once were 59 local police and paid firefighter relief associations. Of that number, two (the Gilbert Police Relief Association and the Nashwauk Police Relief Association) phased out when closed to new entrants, three (the Eveleth Firefighters Relief Association, the Eveleth Police Relief Association, and the Thief River Falls Police Relief Association) partially consolidated with the Public Employees Police and Fire Retirement Plan (PERA-P&F), and four (the Brooklyn Center Police Relief Association, the Fridley Firefighters Relief Association, the Moorhead Firefighters Relief Association, and the Moorhead Police Relief Association) consolidated with the PERA-P&F by special laws before 1987.
- In 1987 (Laws 1987, Chapter 296), the remaining 48 local police and paid firefighter relief associations were authorized to make an administrative, investment, and partial benefit plan consolidation with the Public Employees Retirement Association (PERA), with 44 local police and paid firefighter relief associations consolidating under that law between 1987 and 1998. The 1987 legislation authorized a local police or paid fire relief association to undertake an administrative consolidation of the relief association with the Public Employees Police and Fire Fund (PERA-P&F) and authorized the membership of a consolidated local relief association to elect between the benefit plan coverage of the local relief association and of PERA-P&F. A local relief association consolidation with PERA-P&F was a voluntary action on the part of the relief association membership and the applicable municipality. The consolidation action was initiated by a petition signed by a minimum proportion of the relief association membership. If the petition was sufficient in the number of signatures and verified, the consolidation question was subject to a membership referendum requiring a majority vote. If the referendum prevailed, the governing body of the applicable city was required to act twice upon the proposed consolidation, with preliminary approval of the consolidation as a policy matter leading to the preparation of an actuarial assessment of the possible liability impact of the benefit plan coverage option and with final approval of the consolidation after receipt of that actuarial work and a review of relief association investments by the State Board of Investment. If the consolidation was given final municipal approval, the local relief association ceased to exist as a pension fund and all administrative duties relating to the local plan shifted to PERA-P&F. Following consolidation, individual members could elect to retain their current benefit coverage or elect the PERA-P&F benefit plan. For retired members, the election was limited to the manner in which post-retirement adjustments are calculated. For active members, the election was a choice between all aspects of the respective plan. The benefit coverage election was exercised by retired members in the period following consolidation, and by active members within six months of consolidation, between the ages of 49.5 and 50, or upon employment termination.
- With consolidation, the actuarial accrued liabilities and assets of the special fund of the relief association were transferred to a separate account within PERA, with the municipality responsible for amortizing the account unfunded actuarial accrued liability (UAAL) by December 31, 2010, and remaining liable for any subsequent actuarial losses that occur. The initial funded condition and initial funding requirements (percentage of covered pay and dollar amount) of the 44 local

police and paid firefighter consolidation accounts varied considerably when the consolidation occurred, as follows:

| Consolidation Account | Consolidation Year | Initial Funding Ratio | Initial Consolidation Account UAAL | Financial Requirements | |
|---|---|---|---|---|---|
| Buhl Police | 1987 | 86.7% | $104,213 | 57.56% | $15,193 |
| Duluth Police | 1987 | 63.8% | $12,469,006 | 51.96% | $1,313,120 |
| West St. Paul Police | 1988 | 88.0% | $589,256 | 27.87% | $115,819 |
| Anoka Police | 1989 | 87.2% | $326,936 | 66.29% | $28,539 |
| Hibbing Fire | 1989 | 65.5% | $1,885,819 | 37.92% | $231,116 |
| Hibbing Police | 1989 | 54.1% | $2,065,969 | 51.06% | $275,023 |
| Red Wing Fire | 1989 | 80.7% | $1,039,130 | 36.23% | $203,896 |
| Rochester Police | 1989 | 72.0% | $6,446,738 | 44.05% | $913,384 |
| St. Cloud Fire | 1989 | 59.2% | $4,408,018 | 106.60% | $782,428 |
| St. Louis Park Fire | 1989 | 71.1% | $2,712,173 | 68.22% | $461,081 |
| Winona Fire | 1989 | 67.8% | $3,214,123 | 113.40% | $849,775 |
| Chisholm Fire | 1990 | 57.5% | $732,913 | 64.01% | $65,868 |
| Chisholm Police | 1990 | 78.8% | $244,506 | 39.63% | $15,002 |
| Crookston Fire | 1990 | 73.2% | $273,872 | 26.57% | $53,204 |
| Mankato Fire | 1990 | 73.4% | $2,013,916 | 338.73% | $761,160 |
| Red Wing Police | 1990 | 67.5% | $2,470,185 | 111.09% | $354,199 |
| Rochester Fire | 1990 | 62.1% | $10,596,591 | 77.64% | $1,263,979 |
| St. Louis Park Police | 1990 | 95.3% | $683,034 | 30.05% | $251,480 |
| Winona Police | 1990 | 67.0% | $2,968,527 | 56.64% | $474,004 |
| Albert Lea Police | 1991 | 115.2% | ($1,001,328) | 63.54% | $302,274 |
| Faribault Fire | 1991 | 69.9% | $2,055,044 | 96.43% | $271,177 |
| Richfield Police | 1991 | 100.6% | ($67,597) | 82.29% | $565,471 |
| Crystal Police | 1992 | 120.2% | ($1,289,865) | 20.00% | $88,389 |
| Duluth Fire | 1992 | 50.1% | $23,675,861 | 114.52% | $4,096,380 |
| St. Paul Fire | 1992 | 86.7% | $19,913,591 | 77.29% | $9,420,878 |
| Albert Lea Fire | 1993 | 117.4% | ($1,588,732) | 23.84% | $138,807 |
| Austin Police | 1993 | 105.0% | ($445,861) | 112.54% | $355,014 |
| Bloomington Police | 1993 | 129.5% | ($9,110,848) | 20.00% | $451,000 |
| Fridley Police | 1993 | 114.5% | ($922,689) | 58.26% | $182,163 |
| West St. Paul Police | 1993 | 118.1% | ($1,017,905) | 20.05% | $118,007 |
| Columbia Heights Fire | 1994 | 85.1% | $304,356 | 95.51% | $47,952 |
| Columbia Heights Police | 1994 | 86.6% | $520,330 | 115.32% | $234,072 |
| New Ulm Police | 1994 | 114.3% | ($512,125) | 49.46% | $124,441 |
| St. Paul Police | 1994 | 95.0% | $8,820,721 | 63.78% | $10,623,197 |
| South St. Paul Fire | 1994 | 81.0% | $1,204,620 | 107.36% | $536,050 |
| Brainerd Police | 1996 | 90.8% | $399,925 | 69.77% | $244,072 |
| Faribault Police | 1996 | 79.2% | $1,120,593 | 111.65% | $490,981 |
| Virginia Police | 1996 | 167.6% | ($3,285,909) | 20.00% | $6,187 |
| Mankato Police | 1997 | 104.9% | ($423,155) | 293.66% | $310,211 |
| Richfield Fire | 1997 | 88.5% | $1,016,737 | 93.37% | $240,564 |
| South St. Paul Police | 1997 | 82.1% | $1,771,938 | 172.58% | $693,758 |
| Austin Fire | 1998 | 109.7% | ($765,060) | -- | $292,440 |
| Crookston Police | 1998 | 91.1% | $194,836 | 44.35% | $57,728 |
| St. Cloud Police | 1998 | 129.8% | ($3,383,884) | 127.76% | $182,943 |

16. Merger of the 44 Local Police and Fire Consolidation Accounts with the Public Employees Police and Fire Retirement Plan (PERA-P&F).

- In 1999 (Laws 1999, Chapter 222, Article 4), the 44 local police and paid fire consolidation accounts of the Public Employees Retirement Association (PERA) in existence on March 1, 1999, merged into the Public Employees Police and Fire Retirement Plan (PERA-P&F) on July 1, 1999, unless the applicable municipality elected otherwise, which none did.
    - Consolidation account assets, except for amounts to be distributed back to the municipality were transferred to PERA-P&F or the Minnesota Post Retirement Investment Fund, as applicable. For consolidation accounts where additional municipal contributions were necessary to cover existing liabilities, the amortizable base amount was added to PERA-P&F assets as a receivable.
    - Active members of consolidation accounts were authorized to elect PERA-P&F coverage in an election before September 1, 1999. If no election was made, the individual retained the right to elect that coverage in lieu of local plan benefit provisions within 90 days of termination of service. Any active member electing PERA-P&F benefits received full PERA-P&F benefits as specified in the most recent version of PERA-P&F law. Consolidation account service pensioners, disabilitants, and survivors who previously had chosen to retain local plan post-retirement adjustments were authorized to rescind that irrevocable election and elect PERA-P&F benefit plan post-retirement adjustments.
    - The actuary retained by the Legislative Commission on Pensions and Retirement was required to compute the final funded status of each consolidation account that would merge into the PERA-P&F fund. If an account was more than fully funded, half of the assets reflecting

amounts above full funding up to the June 30, 1999, PERA-P&F funding ratio and all assets reflecting amounts in excess of that PERA-P&F funding ratio were remitted to the municipality with interest, to be used by the municipality for fire- or police-related expenditures, as applicable, after the municipality held a public hearing and adopted a plan for the expenditure of these assets. If a municipality had two consolidation accounts and one was over-funded while the other had unfunded liabilities, 75 percent of the amounts that would otherwise be refunded to the municipality were required to be credited to the consolidation account which had unfunded liabilities. After July 1, 1999, the employee and regular employer contribution rates for the merging consolidation accounts were those applicable to PERA-P&F. If the account had unfunded liabilities at the time of merger, the amount was to be amortized on a level-dollar basis, ending December 31, 2009. Annual payments were due by December 31 and late payment required 8.5 percent interest. Upon the transfer of liabilities and assets, the merging consolidation accounts were terminated.

- The following sets forth the actuarial condition of the PERA local police and paid fire consolidation accounts in aggregate as of June 30, 1998 (with the addition of the late actuarial work for the Crookston Police Relief Association), on the eve of the 1999 merger and the actuarial valuation results of PERA-P&F as of July 1, 1998, on the eve of the 1999 merger, and as of July 1, 1999, after the 1999 merger:

| | **PERA Local Police & Fire Consolidation Accts. 7/1/1998*** | | **PERA-P&F 7/1/1999** | | **PERA-P&F 7/1/1998** | |
|---|---|---|---|---|---|---|
| Membership | | | | | | |
| Active Members | | 797 | | 9,477 | | 8,499 |
| Service Retirees | | 1,663 | | 3,674 | | 1,781 |
| Disabilitants | | 88 | | 412 | | 251 |
| Survivors | | 666 | | 1,173 | | 492 |
| Deferred Retirees | | 32 | | 368 | | 292 |
| Nonvested Former Members | | 0 | | 195 | | 201 |
| Total Membership | | 3,246 | | 15,299 | | 11,516 |
| Funded Status | | | | | | |
| Accrued Liability | | $971,994,629 | | $3,004,637,000 | | $1,741,344,000 |
| Current Assets | | $1,013,355,694 | | $3,679,551,000 | | $2,337,313,000 |
| Unfunded Accrued Liability | | ($41,361,065) | | ($674,914,000) | | ($595,969,000) |
| Funding Ratio | 104.26% | | 122.46% | | 134.22% | |
| Financing Requirements | | | | | | |
| Covered Payroll | | $45,027,000 | | $474,245,000 | | $399,499,000 |
| Benefits Payable | | $65,775,506 | | $68,672,000 | | $56,034,000 |
| Normal Cost | 18.00% | $8,104,860 | 20.30% | $96,225,000 | 20.21% | $80,719,000 |
| Administrative Expenses | 0.00% | $0 | 0.23% | $1,091,000 | 0.14% | $559,000 |
| Amortization | (15.60%) | ($7,023,535) | (8.85%) | ($41,971,000) | (8.95%) | ($35,755,000) |
| Total Requirements | 2.40% | $1,081,325 | 11.68% | $55,345,000 | 11.40% | $45,523,000 |
| Employee Contributions | 7.60% | $3,422,052 | 6.20% | $29,403,000 | 7.60% | $30,362,000 |
| Employer Contributions | 34.73% | $15,636,365 | 9.30% | $44,105,000 | 11.40% | $45,543,000 |
| Total Contributions | 42.33% | $19,058,417 | 15.50% | $73,508,000 | 19.00% | $75,905,000 |
| Total Requirements | 2.40% | $1,081,325 | 11.68% | $55,345,000 | 11.40% | $45,523,000 |
| Total Contributions | 42.33% | $19,058,417 | 15.50% | $73,508,000 | 19.00% | $75,905,000 |
| Deficiency (Surplus) | (39.93%) | ($17,977,092) | (3.82%) | ($18,163,000) | (7.60%) | ($30,382,000) |

**Adjusted for a late 1998 Crookston Police Relief Association consolidation*

17. Consolidation of the Minneapolis Teachers Retirement Fund Association (MTRFA) into the Teachers Retirement Association (TRA).

- In 1910, under Laws 1909, Chapter 343, the Minneapolis Teachers Retirement Fund Association (MTRFA) was created with the approval of the Minneapolis city council. The 1909 law provided that up to 0.1 of a mill property tax could be levied in the City of Minneapolis to pay for the pension fund.

- In 1924, the MTRFA was restructured to address major pension funding problems. Under the restructuring, the defined benefit plan for existing retirees remained unchanged. However, teachers with 20 or more years of service were able to elect between the old defined benefit plan or elect the new defined contribution plan, and teachers with less than 20 years were moved into a defined contribution plan for all future service. In addition, all senior teachers were now required to become members of the pension plan. The Legislature increased the property tax levy limit from 0.2 of one mill to 1.5 mills.

- In 1952, the pension benefit formula changed from a defined contribution plan to a defined benefit plan. The defined benefit plan provided a formula annuity equal to 1.667% of average salary for the teacher's high five consecutive salary, payable at any age with 30 years of service or at age 60. The funding for the pension plan continued through the property tax. The amount levied was based on a percentage of payroll plus an amount to cover administrative and a portion of unfunded annuity payments, as certified by the retirement fund board. The school district, as a legal entity separate from the city, was established in 1953.

- In 1967, state aid for teacher retirement plans was enacted. The MTRFA received state aid equivalent to the funding provided to the statewide TRA. The local property tax levy otherwise to be certified for the MTRFA was reduced by the amount of the state teacher retirement aid.
- In 1975, the local property tax levy authority was eliminated and the employer contribution was based on a percentage of payroll. The MTRFA was funded by the State of Minnesota, with payment made directly to the retirement fund from the State's general fund, initially based on the state aid provided to the statewide TRA and eventually based on a specified percentage of covered pay. The 1975 legislation also interrupted a pending proposed benefit increase and the Legislative Commission on Pensions and Retirement was directed to study teacher retirement benefit levels. The 1975 proposed benefit increase was ultimately approved by the Legislature in 1976 (Laws 1976, Chapter 238).
- The MTRFA coordinated program for teachers with Social Security coverage was created for new members hired after July 1, 1978, and any existing members who elected the program. The MTRFA coordinated program substantially replicated the coordinated program of the Teachers Retirement Association (TRA). All newly hired Minneapolis teachers after July 1, 1978, automatically were covered by Social Security and the MTRFA coordinated program.
- Since the mid-1990s, the Legislature made a considerable effort to address the MTRFA contribution deficiency by creating new state aid programs, which has resulted in many millions of state dollars paid directly to the MTRFA. In 1993, a supplemental $2.5 million annual state contribution to the MTRFA was enacted, to match additional contributions by Special School District No. 1 and by the City of Minneapolis. In 1996, some state funding from local police and paid firefighter relief associations was redirected to MTRFA if Special School District No. 1 and the City of Minneapolis make additional contributions to MTRFA ($1 million each in 2003 and thereafter). In 1997, an additional annual state contribution to MTRFA was also enacted, which provided $13.3 million in 2003.
- In 2006 (Laws 2006, Chapter 277, Article 3), all active, inactive, and retired MTRFA members were transferred to TRA as of July 1, 2006, along with all records, service credit, and liabilities. Any newly hired Minneapolis teacher after June 30, 2006, also became a TRA member. All MTRFA retirement fund assets were transferred to TRA and were invested by the State Board of Investment, and the MTRFA ceased to exist as of June 30, 2006. On behalf of MTRFA retired members or other benefit recipients of that organization, TRA transferred to the Minnesota Post Retirement Investment Fund (Post Fund) assets consistent with the funding ratio of the Post Fund, to cause the funding ratio of Post Fund assets to be unchanged by the transfer. The benefits of all retired, disabled, deferred or inactive members of the former MTRFA were required to be computed as specified under applicable law, bylaw, or articles of incorporation in effect when the former MTRFA member terminated service. All post-retirement adjustments after December 31, 2006, were to be as generated by the Minnesota Post Retirement Investment Fund rather than any prior MTRFA procedure. TRA is the successor in interest to all claims against the MTRFA, except that TRA is not liable for any breach of fiduciary duty where the acts constituting the claimed breach were not done in good faith. An audit of the MTRFA as of June 30, 2006, was required to be performed by either the State Auditor or Legislative Auditor, with the cost of the audit to be paid by TRA.
- The following summarizes the actuarial condition of MTRFA as of July 1, 2005, on the eve of the 2006 consolidation with TRA, and summarizes the actuarial condition of TRA as of July 1, 2005, on the eve of consolidation, and as of July 1, 2006, immediately following the MTRFA consolidation:

| | MTRFA 7/1/2005 | TRA 7/1/2005 | TRA 7/1/2006 |
|---|---|---|---|
| Membership | | | |
| Active Members | 4,756 | 74,552 | 79,164 |
| Service Retirees | 3,537 | 35,779 | 41,009 |
| Disabilitants | 25 | 581 | 630 |
| Survivors | 277 | 2,597 | 3,044 |
| Deferred Retirees | 1,377 | 9,880 | 11,773 |
| Nonvested Former Members | 3,604 | 19,151 | 21,956 |
| Total Membership | 13,576 | 142,540 | 157,576 |
| Funded Status | | | |
| Accrued Liability | $1,755,912,975 | $18,021,410,061 | $20,679,110,879 |
| Current Assets | $783,354,138 | $17,752,917,313 | $19,035,611,839 |
| Unfunded Accrued Liability | $972,558,837 | $268,492,748 | $1,643,499,040 |
| Funding Ratio | 44.61% | 98.51% | 92.05% |

| | MTRFA 7/1/2005 | | TRA 7/1/2005 | | TRA 7/1/2006 | |
|---|---|---|---|---|---|---|
| Financing Requirements | | | | | | |
| Covered Payroll | | $231,208,456 | | $3,389,066,754 | | $3,707,900,584 |
| Benefits Payable | | $123,031,355 | | $1,048,440,524 | | $1,224,212,024 |
| Normal Cost | 9.51% | $21,981,273 | 8.02% | $271,801,325 | 9.43% | $349,678,399 |
| Administrative Expenses | 0.29% | $670,505 | 0.34% | $11,522,827 | 0.33% | $12,236,072 |
| Amortization | 36.50% | $84,391,086 | 0.69% | $23,384,561 | 2.34% | $86,764,874 |
| Total Requirements | 46.29% | $107,042,864 | 9.05% | $306,708,713 | 12.11% | $448,679,345 |
| Employee Contributions | 5.74% | $13,266,140 | 5.00% | $169,453,338 | 5.51% | $204,456,479 |
| Employer Contributions | 8.46% | $19,553,269 | 5.00% | $169,453,338 | 5.23% | $193,832,020 |
| Direct State Funding | 7.70% | $17,814,000 | 0.00% | $0 | 0.51% | $18,819,110 |
| Other Govt. Funding | 1.08% | $2,500,000 | 0.00% | $0 | 0.07% | $2,500,000 |
| Total Contributions | 22.99% | $53,133,409 | 10.00% | $338,906,676 | 11.31% | $419,607,609 |
| Total Requirements | 46.29% | $107,042,864 | 9.05% | $306,708,713 | 12.11% | $448,679,345 |
| Total Contributions | 22.99% | $53,133,409 | 10.00% | $338,906,676 | 11.31% | $419,607,609 |
| Deficiency (Surplus) | 23.30% | $53,909,455 | (0.95%) | ($32,197,963) | 0.80% | $29,071,736 |

## Summary

This memorandum summarizes Minnesota's past experience in consolidating public employee retirement plans into other public employee retirement plans as a basis for the Legislative Commission on Pensions and Retirement then considering the options and advantages and disadvantages of creating a special state fund to assist financially troubled public retirement plans in consolidating with other public retirement plans in order to solve some of that financial difficulty.