1.1   A bill for an act
1.2   relating to retirement; Minnesota State Retirement System; Public Employees
1.3   Retirement Association; Teachers Retirement Association; modifying various
1.4   economic actuarial assumptions; amending Minnesota Statutes 2015 Supplement,
1.5   section 356.215, subdivision 8.

1.6   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7   Section 1. Minnesota Statutes 2015 Supplement, section 356.215, subdivision 8,

1.8   is amended to read:

1.9   Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the

1.10   applicable following interest assumption:

1.11   (1) select and ultimate interest rate assumption

plan	ultimate interest rate assumption
teachers retirement plan	8.5%

1.15   The select preretirement interest rate assumption for the period through June 30,

1.16   2017, is eight percent.

1.17   (2) single rate interest rate assumption

plan	interest rate assumption
general state employees retirement plan	8%
correctional state employees retirement plan	8
State Patrol retirement plan	8
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0
judges retirement plan	8
general public employees retirement plan	8

2.1 public employees police and fire retirement plan	8
2.2 local government correctional service retirement 2.3 plan	8
2.4 teachers retirement plan	8
2.5 St. Paul teachers retirement plan	8
2.6 Bloomington Fire Department Relief Association	6
2.7 local monthly benefit volunteer firefighter relief 2.8 associations	5
2.9 monthly benefit retirement plans in the statewide 2.10 volunteer firefighter retirement plan	6

2.11   (b)(1) If funding stability has been attained, the valuation must use a postretirement

2.12 adjustment rate actuarial assumption equal to the postretirement adjustment rate specified

2.13 in section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1,

2.14 whichever applies.

2.15   (2) If funding stability has not been attained, the valuation must use a select

2.16 postretirement adjustment rate actuarial assumption equal to the postretirement adjustment

2.17 rate specified in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415,

2.18 subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the

2.19 approved actuary estimates that the plan will attain the defined funding stability measure,

2.20 and thereafter an ultimate postretirement adjustment rate actuarial assumption equal

2.21 to the postretirement adjustment rate under section 354A.27, subdivision 7; 354A.29,

2.22 subdivision 9; or 356.415, subdivision 1, for the applicable period or periods beginning

2.23 when funding stability is projected to be attained.

2.24   (c) The actuarial valuation must use the applicable following single rate future salary

2.25 increase assumption, the applicable following modified single rate future salary increase

2.26 assumption, or the applicable following graded rate future salary increase assumption:

2.27   (1) single rate future salary increase assumption

plan	future salary increase assumption
2.29 legislators retirement plan	5%
2.30 judges retirement plan	2.75
2.31 Bloomington Fire Department Relief 2.32 Association	4

2.33   (2) age-related future salary increase ~~age-related select and ultimate future salary~~

2.34 ~~increase assumption or graded rate future salary increase~~ assumption

plan	future salary increase assumption
2.36 local government correctional service retirement plan	assumption B
2.37 St. Paul teachers retirement plan	assumption A

3.1 For ~~plans other than~~ the St. Paul Teachers

3.2 Retirement ~~plan and the local government~~

3.3 ~~correctional service retirement plan, the~~

3.4 ~~select calculation is:~~ Fund Association,

3.5 during ~~the~~ a designated select period of 15

3.6 years, in addition to the age-based rates

3.7 shown below, a designated percentage rate

3.8 of 0.2 percent is multiplied by the result of

3.9 ~~the designated integer~~ 15 minus T, where T

3.10 is the number of completed years of service,

3.11 and is added to the applicable future salary

3.12 increase assumption. ~~The designated select~~

3.13 ~~period is ten years and the designated integer~~

3.14 ~~is ten for the local government correctional~~

3.15 ~~service retirement plan and 15 for the St.~~

3.16 ~~Paul Teachers Retirement Fund Association.~~

3.17 ~~The designated percentage rate is 0.2 percent~~

3.18 ~~for the St. Paul Teachers Retirement Fund~~

3.19 ~~Association.~~

3.20   The ultimate future salary increase assumption is:

	age	A	B
3.21	age	A	B
3.22	16	5.9%	8.75%
3.23	17	5.9	8.75
3.24	18	5.9	8.75
3.25	19	5.9	8.75
3.26	20	5.9	8.75
3.27	21	5.9	8.5
3.28	22	5.9	8.25
3.29	23	5.85	8
3.30	24	5.8	7.75
3.31	25	5.75	7.5
3.32	26	5.7	7.25
3.33	27	5.65	7
3.34	28	5.6	6.75
3.35	29	5.55	6.5
3.36	30	5.5	6.5
3.37	31	5.45	6.25
3.38	32	5.4	6.25
3.39	33	5.35	6.25

4.1	34	5.3	6
4.2	35	5.25	6
4.3	36	5.2	5.75
4.4	37	5.15	5.75
4.5	38	5.1	5.75
4.6	39	5.05	5.5
4.7	40	5	5.5
4.8	41	4.95	5.5
4.9	42	4.9	5.25
4.10	43	4.85	5
4.11	44	4.8	5
4.12	45	4.75	4.75
4.13	46	4.7	4.75
4.14	47	4.65	4.75
4.15	48	4.6	4.75
4.16	49	4.55	4.75
4.17	50	4.5	4.75
4.18	51	4.45	4.75
4.19	52	4.4	4.75
4.20	53	4.35	4.75
4.21	54	4.3	4.75
4.22	55	4.25	4.5
4.23	56	4.2	4.5
4.24	57	4.15	4.25
4.25	58	4.1	4
4.26	59	4.05	4
4.27	60	4	4
4.28	61	4	4
4.29	62	4	4
4.30	63	4	4
4.31	64	4	4
4.32	65	4	3.75
4.33	66	4	3.75
4.34	67	4	3.75
4.35	68	4	3.75
4.36	69	4	3.75
4.37	70	4	3.75

4.38　　　　(3) service-related ~~ultimate~~ future salary increase assumption

4.39	general state employees retirement plan of the	assumption A
4.40	Minnesota State Retirement System	
4.41	general employees retirement plan of the Public	assumption B
4.42	Employees Retirement Association	
4.43	Teachers Retirement Association	assumption C

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public employees police and fire retirement plan			assumption D
State Patrol retirement plan			assumption E
correctional state employees retirement plan of the			assumption F
Minnesota State Retirement System			

service length	A	B	C	D	E	F
1	~~10.25~~ 14%	~~11.78~~ 11.5%	~~12~~ 9.5%	12.75%	7.75%	5.75%
2	~~7.85~~ 11.5	~~8.65~~ 8.5	~~9~~ 9.5	10.75	7.25	5.6
3	~~6.65~~ 6.25	~~7.21~~ 7	~~8~~ 7.75	8.75	6.75	5.45
4	~~5.95~~ 5.5	~~6.33~~ 6	~~7.5~~ 7.25	7.75	6.5	5.3
5	~~5.45~~ 5.25	~~5.72~~ 5.5	~~7.25~~ 7	6.25	6.25	5.15
6	~~5.05~~ 5.15	~~5.27~~ 5.2	7	5.85	6	5
7	~~4.75~~ 5	~~4.91~~ 4.9	6.85	5.55	5.75	4.85
8	~~4.45~~ 4.75	~~4.62~~ 4.8	6.7	5.35	5.6	4.7
9	~~4.25~~ 4.5	~~4.38~~ 4.7	6.55	5.15	5.45	4.55
10	~~4.15~~ 4.25	~~4.17~~ 4.5	6.4	5.05	5.3	4.4
11	~~3.95~~ 4.2	~~3.99~~ 4.25	6.25	4.95	5.15	4.3
12	~~3.85~~ 4.15	~~3.83~~ 4.1	6	4.85	5	4.2
13	~~3.75~~ 4.1	~~3.69~~ 4	5.75	4.75	4.85	4.1
14	~~3.55~~ 4.05	~~3.57~~ 3.9	5.5	4.65	4.7	4
15	~~3.45~~ 4	~~3.45~~ 3.9	5.25	4.55	4.55	3.9
16	~~3.35~~ 3.95	~~3.35~~ 3.85	5	4.55	4.4	3.8
17	~~3.25~~ 3.9	~~3.26~~ 3.8	4.75	4.55	4.25	3.7
18	~~3.25~~ 3.85	~~3.25~~ 3.75	4.5	4.55	4.1	3.6
19	~~3.25~~ 3.8	~~3.25~~ 3.75	~~4.25~~ 4.3	4.55	3.95	3.5
20	~~3.25~~ 3.75	~~3.25~~ 3.75	~~4~~ 4.2	4.55	3.8	3.5
21	~~3.25~~ 3.7	~~3.25~~ 3.75	~~3.9~~ 4.1	4.45	3.75	3.5
22	~~3.25~~ 3.65	~~3.25~~ 3.7	~~3.8~~ 4	4.35	3.75	3.5
23	~~3.25~~ 3.6	~~3.25~~ 3.6	~~3.7~~ 3.9	4.25	3.75	3.5
24	~~3.25~~ 3.55	~~3.25~~ 3.6	~~3.6~~ 3.8	4.25	3.75	3.5
25	~~3.25~~ 3.5	~~3.25~~ 3.6	~~3.5~~ 3.7	4.25	3.75	3.5
26	~~3.25~~ 3.5	~~3.25~~ 3.5	3.5 3.6	4.25	3.75	3.5
27	~~3.25~~ 3.5	~~3.25~~ 3.5	3.5	4.25	3.75	3.5
28	~~3.25~~ 3.5	~~3.25~~ 3.5	3.5	4.25	3.75	3.5
29	~~3.25~~ 3.5	~~3.25~~ 3.5	3.5	4.25	3.75	3.5
30 or more	~~3.25~~ 3.5	~~3.25~~ 3.5	3.5	4.25	3.75	3.5

(d) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

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plan	payroll growth assumption
6.2 general state employees retirement plan of the 6.3 Minnesota State Retirement System	3.5%
6.4 correctional state employees retirement plan	3.5
6.5 State Patrol retirement plan	3.5
6.6 judges retirement plan	2.75
6.7 general employees retirement plan of the Public 6.8 Employees Retirement Association	3.5
6.9 public employees police and fire retirement plan	3.5
6.10 local government correctional service retirement plan	3.5
6.11 teachers retirement plan	~~3.75~~ 3.5
6.12 St. Paul teachers retirement plan	4

6.13   (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a

6.14 different salary assumption or a different payroll increase assumption:

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

6.16   (2) is accompanied by the concurring recommendation of the actuary retained under

6.17 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the

6.18 most recent actuarial valuation report if section 356.214 does not apply; and

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

6.20   **EFFECTIVE DATE.** This section is effective July 1, 2016, and applies to actuarial

6.21 valuations prepared on or after that date.