

Legislative Retirement Study Commission
February 27, 1973 Meeting
Room 125, State Capitol
7:00 P.M.

Minutes

The chairman, Sen. Chenoweth opened the meeting.

PRESENT:	<u>Senators</u>	<u>Representatives</u>
	John Chenoweth	Donald M. Moe
	Mel Hansen	Robert Johnson
	Eugene Stokowski	Richard Parish
		Al Patton

S.F. 26 (Chmielewski) - A Special MSRS Bill

This bill will be rescheduled after the proper language has been inserted to make the bill apply to anyone in a similar situation.

Dr. Franklin Smith - PERA Valuation as of June 30, 1972 - GVS No. 72-10-

The valuation included reports on the Basic Group, the Coordinated Group and the consolidated report. Dr. Smith furnished copies of these reports.

The chairman suggested that the funds ask their actuaries when their fund would be amortized--assuming a 5% interest assumption.

TRA Valuation as of June 30, 1972 - GVS No. 72-13. Dr. Smith went over this valuation and discussion followed.

MSRS Valuation as of June 30, 1972 - Dr. Smith went over this memo and discussion followed. GVS 72-8.

PERA Police and Fire Fund Valuation as of June 30, 1972 - GVS No. 72-11. Dr. Smith went over the fire and police valuation and discussion followed.

Sen. Gearty stated that he would like to see a comparison of the benefits--what does the employee get when he retired?

Discussion on "Interest Assumption"

Mr. Lyle Farmer, St. Paul Teachers Retirement Fund made some comments relative to interest assumption and asked some questions:

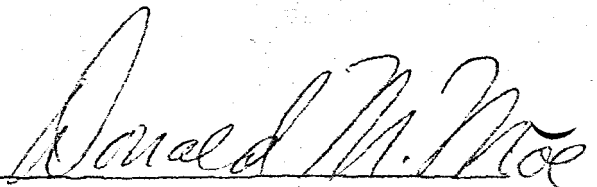
1. What do you do with interest assumptions once you have them?
2. Is it advisable to put a statutory rate by which you require the actuary to make computations?
3. Rather than put a percent figure in the law you may want a rolling average - may want to revalue your assumptions.

Dr. Smith made the following comments:

1. It must be kept in mind that actuarial assumptions do not determine cost.
2. Costs are determined by the amount of benefit paid and not the investment yield of the fund alone.
3. The larger the benefits paid, the larger portion paid by investment yield, the smaller the costs (to employer and employee).

The chairman advised that Mr. Blixt of the State Board of Investment would be asked to have some answers to the interest assumption and investment items at the next meeting.

E. Diebel, Steno.



Donald M. Moe, Secretary