Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

**General Employees Fund**

**2024 Changes**

***Changes in Actuarial Assumptions***

The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023):

* Rates of merit and seniority were adjusted, resulting in slightly higher rates.
* Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
* Minor increase in assumed withdrawals for males and females.
* Lower rates of disability.
* Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
* Minor changes to form of payment assumptions for male and female retirees.
* Minor changes to assumptions made with respect to missing participant data.

***Changes in Plan Provisions***

The workers’ compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

**2023 Changes**

***Changes in Actuarial Assumptions***

The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

***Changes in Plan Provisions***

An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.

The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.

The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.

A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**2022 Changes**

***Changes in Actuarial Assumptions***

The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

***Changes in Plan Provisions***

There were no changes in plan provisions since the previous valuation.

**2021 Changes**

***Changes in Actuarial Assumptions***

The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

***Changes in Plan Provisions***

There were no changes in plan provisions since the previous valuation.

**2020 Changes**

***Changes in Actuarial Assumptions***

The price inflation assumption was decreased from 2.50 percent to 2.25 percent.

The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.

Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.

Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.

Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

The assumed spouse age difference was changed from two years older for females to one year older.

The assumed number of married male new retirees electing the 100 percent Joint & Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

***Changes in Plan Provisions***

Augmentation for current privatized members was reduced to 2.0 percent for the period July 1, 2020, through December 31, 2023, and 0.0 percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**2019 Changes**

***Changes in Actuarial Assumptions***

The mortality projection scale was changed from MP-2017 to MP-2018.

***Changes in Plan Provisions***

The employer supplemental contribution was changed prospectively, decreasing from $31 million to $21 million per year. The State’s special funding contribution was changed prospectively, requiring $16 million due per year through 2031.

**2018 Changes**

***Changes in Actuarial Assumptions***

The mortality projection scale was changed from MP-2015 to MP-2017.

The assumed benefit increase was changed from 1 percent per year through 2044 and 2.5 percent per year thereafter to 1.25 percent per year.

***Changes in Plan Provisions***

The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

Interest credited on member contributions decreased from 4 percent to 3 percent, beginning July 1, 2018.

Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Contribution stabilizer provisions were repealed.

Annual increases were changed from 1 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost-of Living Adjustment, not less than 1 percent and not more than 1.5 percent, beginning January 1, 2019.

For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

***Changes in Actuarial Assumptions***

The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA load are now 0 percent for active member liability, 15 percent for vested deferred member liability, and 3 percent for non-vested deferred member liability.

The assumed annual increase rate was changed for 1 percent per year for all years to 1 percent per year through 2044 and 2.50 percent per year thereafter.

***Changes in Plan Provisions***

The State’s contribution for the Minneapolis Employees Retirement Fund equals $16.0 million in 2017 and 2018 and $6.0 million thereafter.

The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The State’s contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

**2016 Changes:**

***Changes in Actuarial Assumptions***

The assumed annual increase rate was changed from 1 percent per year through 2035 and 2.50 percent per year thereafter to 1 percent per year for all years.

The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.

Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

***Changes in Plan Provisions***

There have been no changes since the prior valuation.

**2015 Changes:**

***Changes in Actuarial Assumptions***

The assumed annual increase rate was changed from 1 percent per year through 2030 and 2.5 percent per year thereafter to 1 percent per year through 2035 and 2.5 percent per year thereafter.

***Changes in Plan Provisions:***

On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increase the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised; the State’s contribution of $6 million, which meets the special funding situation definition, was due September 2015.

**Police and Fire Plan**

**2024 Changes**

***Changes in Plan Provisions***

The State contribution of $9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.

The additional $9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

**2023 Changes**

***Changes in Actuarial Assumptions***

The investment return assumption was changed from 6.5 percent to 7.00 percent.

The single discount rate changed from 5.4 percent to 7.0 percent.

***Changes in Plan Provisions***

Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.

Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100% after 10 years.

A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member’s occupation.

The total and permanent duty disability benefit was increased, effective July 1, 2023.

**2022 Changes**

***Changes in Actuarial Assumptions***

The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

The single discount rate changed from 6.5 percent to 5.4 percent.

***Changes in Plan Provisions***

There were no changes in plan provisions since the previous valuation.

**2021 Changes**

***Changes in Actuarial Assumptions***

The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

The inflation assumption was changed from 2.50 percent to 2.25 percent.

The payroll growth assumption was changed from 3.25 percent to 3.00 percent.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.

The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.

Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.

Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

***Changes in Plan Provisions***

There were no changes in plan provisions since the previous valuation.

**2020 Changes**

***Changes in Actuarial Assumptions***

The mortality projection scale was changed from MP-2018 to MP-2019.

***Changes in Plan Provisions***

There have been no changes since the prior valuation.

**2019 Changes**

***Changes in Actuarial Assumptions***

The mortality projection scale was changed from MP-2017 to MP-2018.

***Changes in Plan Provisions***

There have been no changes since the prior valuation.

**2018 Changes**

***Changes in Actuarial Assumptions***

The mortality projection scale was changed from MP-2016 to MP-2017.

***Changes in Plan Provisions***

Annual increases were changed to 1.00 percent for all years, with no trigger.

An end date of July 1, 2048, was added to the existing $9 million state contribution.

New annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

Member contributions were changed from 10.8 percent to 11.3 percent of pay, effective January 1, 2019, and 11.8 percent of pay, effective January 1, 2020.

Employer contributions were changed from 16.2 percent to 16.95 percent of pay, effective January 1, 2019, and 17.7 percent of pay, effective January 1, 2020.

Interest credited on member contributions decreased from 4 percent to 3 percent, beginning July 1, 2018.

Deferred augmentation was changed to 0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

***Changes in Actuarial Assumptions***

Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

Assumed rates of retirement were changed, resulting in fewer retirements.

The combined service annuity (CSA) load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for nonvested members.

The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

Assumed termination rates were decreased to 3 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

Assumed percentage of married female members was decreased from 65 percent to 60 percent.

Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

The assumed percentage of female members electing joint and survivor annuities was increased.

The assumed annual benefit increase rate was changed from 1 percent for all years to 1 percent per year through 2064 and 2.5 percent thereafter.

The single discount rate was changed from 5.6 percent per annum to 7.5 percent per annum.

***Changes in Plan Provisions***

There have been no changes since the prior valuation.

**2016 Changes:**

***Changes in Actuarial Assumptions***

The assumed annual benefit increase rate was changed from 1 percent per year through 2037 and 2.5 percent per year thereafter to 1 percent per year for all future years.

The assumed investment return was changed from 7.9 percent to 7.5 percent.

The single discount rate changed from 7.9 percent to 5.6 percent.

The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.5 percent for inflation.

***Changes in Plan Provisions***

There have been no changes since the prior valuation.

**2015 Changes:**

***Changes in Actuarial Assumptions***

The assumed annual increase rate was changed from 1 percent per year through 2030 and 2.5 percent per year thereafter to 1 percent per year through 2037 and 2.5 percent per year thereafter.

***Changes in Plan Provisions:***

The annual increase to be paid after the attainment of the 90 percent funding threshold was changed from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

**Correctional Plan**

**2024 Changes**

***Changes in Plan Provisions***

Employee contribution rates will increase from 5.83% of pay to 6.83% of pay, effective July 1, 2025.

Employer contribution rates will increase from 8.75% of pay to 10.25% of pay, effective July 1, 2025.

The benefit multiplier changed from 1.9% to 2.2% for service earned after June 30, 2025.

**2023 Changes**

***Changes in Actuarial Assumptions***

The investment return rate was changed from 6.5 percent to 7.00 percent.

The single discount rate changed from 5.42 percent to 7.0 percent.

***Changes in Plan Provisions***

Additional one-time direct state aid contribution of $5.3 million will be contributed to the Plan on October 1, 2023.

A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum calendar year 2024 by March 31, 2024.

The maximum benefit increase will revert back to 2.5 percent. The maximum increase is 1.5 percent and the Plan’s funding ratio improves to 85 percent for two consecutive years on a market value of assets basis.

**2022 Changes**

***Changes in Actuarial Assumptions***

The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

The single discount rate changed from 6.50 percent to 5.42 percent.

The benefit increase assumption was changed from 2.00 percent per annum to 2.00 percent per annum through December 31, 2054, and 1.50 percent per annum thereafter.

***Changes in Plan Provisions***

There were no changes in plan provisions since the previous valuation.

**2021 Changes**

***Changes in Actuarial Assumptions***

The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

The inflation assumption was changed from 2.50 percent to 2.25 percent.

The payroll growth assumption was changed from 3.25 percent to 3.00 percent.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.

The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

Assumed rates of salary increase were modified as recommended in the July 10, 2020, experience study. The overall impact is a decrease in gross salary increase rates.

Assumed rates of retirement were changed as recommended in the July 10, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

Assumed rates of withdrawal were changed as recommended in the July 10, 2020, experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).

Assumed rates of disability lowered.

Assumed percent married for active members was lowered from 85 percent to 75 percent.

Minor changes to form of payment assumptions were applied.

***Changes in Plan Provisions***

There have been no changes since the prior valuation.

**2020 Changes**

***Changes in Actuarial Assumptions***

The mortality projection scale was changed from MP-2018 to MP-2019.

***Changes in Plan Provisions***

There have been no changes since the prior valuation.

**2019 Changes**

***Changes in Actuarial Assumptions***

The mortality projection scale was changed from MP-2017 to MP-2018.

***Changes in Plan Provisions***

There have been no changes since the prior valuation.

**2018 Changes**

***Changes in Actuarial Assumptions***

The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.

The mortality projection scale was changed from MP-2016 to MP-2017.

The assumed annual increase was changed from 2.50 percent per year to 2.00 percent per year.

***Changes in Plan Provisions***

The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Annual increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85.00 percent for two consecutive years or 80.00 percent for one year, the maximum increase will be lowered to 1.50 percent.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

***Changes in Actuarial Assumptions***

The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabledannuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).

The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 35.00 percent for vested members and 1.00 percent for non-vested members.

The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

***Changes in Plan Provisions***

There have been no changes since the prior valuation.

**2016 Changes:**

***Changes in Actuarial Assumptions***

The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 5.31 percent.

The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.5 percent for inflation.

***Changes in Plan Provisions***

There have been no changes since the prior valuation.

**2015 Changes:**

***Changes in Actuarial Assumptions***

There have been no changes since the prior valuation.

***Changes in Plan Provisions***

There have been no changes since the prior valuation.