



Date: June 13, 2023
To: PERA Board of Trustees
From: Doug Anderson, Executive Director
Subject: Police & Fire Plan and Local Government Correctional Service Retirement Plan
Experience Studies

The Police & Fire Plan (P&F Plan) and the Local Government Correctional Service Retirement Plan (Correctional Plan) draft experience studies were completed by PERA's retained actuary, GRS. The studies covered the four-year period from July 1, 2019 through June 30, 2023. The reports are available at <https://mnpera.org/about/board/agenda/>.

The experience studies include evaluation of both economic and demographic assumptions and consist of a blend of objective analysis and subjective judgment. The reports are very thorough. Areas deserving your more close attention are Section C Retirement Experience and Section E Disability Experience of the P&F Plan. These two assumptions were discussed with the Board over the past two legislative sessions when considering legislative changes.

Minnesota Statute Section 356.215, states that actuarial assumptions used for the preparation of actuarial valuations, other than the assumed rate of return, may only be changed with the approval of the Legislative Commission on Pensions and Retirement (LCPR) or after a period of one year has elapsed since the date on which the proposed assumption change or changes were received by the LCPR without commission action. The request for changes in actuarial assumptions is typically proposed by PERA's Board and sent to the LCPR for approval after each experience study.

GRS will present drafts of their experience study findings at the Board meeting. GRS will include an estimate of the cost impact of the recommended changes. In August, after GRS issues final reports, staff will request that the Board accept the actuarial assumption changes recommended by GRS. Staff will then forward a request to the LCPR for their formal approval.