

State of Minnesota \

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

June 11, 1985 Meeting
Room 118, State Capitol
9:00 A.M. to 11:30 A.M.

MINUTES OF MEETING TO REVIEW PERMANENT STANDARDS, conducted by
The Wyatt Company

PRESENT: Senators Donald Moe, Chair, Rogemiller, Spear, Renneke, Wegscheid
Representatives Knickerbocker, Gutknecht, Dempsey, Simoneau

Robert Perkins, actuary for The Wyatt Company, explained that the meeting was called to review and approve the actuarial standards for actuarial work for retirement plans subject to Section 356.215, Minnesota Statutes. All actuarial work after June 30, 1985 shall be prepared in accordance with these standards as drafted by Robert Perkins and Norm Losk, also of The Wyatt Company.

The purposes of the standards are:

1. "To ensure that sound actuarial procedures are utilized in developing actuarial assumptions, actuarial valuations, and cost estimates for proposed legislation for each retirement plan.
2. To establish sufficient uniformity of actuarial procedure that financial comparability of the retirement plans of the State of Minnesota is maximized.
3. To facilitate the development of sound public policy decision making in the pension area by the Legislature and the Legislative Commission on Pensions and Retirement."

The following comments were made by the funds relative to the approval of the Permanent Standards:

PERA - Dave Bergstrom - no major problems with the standards. Dave Bergstrom reported on a letter received from the PERA actuary, Dave Roensich, (copy attached) in which he questioned the actuarial future value of normal cost; also does not favor the level percent amortization.

TRA - Harvey Schmidt, Executive Director of TRA, explained that the actuarial information deadline has been January 1 for TRA. The January 1 date for TRA will stay as it is.

MSRS - Paul Groschen, Executive Director of MSRS - no problems

MTRFA - Willis Harris reported that MTRFA has no problems with the standards

DTRFA - Edward Blanck, Executive Secretary, stated that he has a problem with the two-year pay raise contracts.

StPTRFA - Lyle Farmer, Secretary/Treasurer, will work with The Wyatt Company and not retain a fund actuary.

Discussion relative to the funds' use of the Commission actuary, The Wyatt Company, and what work should be done by each fund's actuarial firm. It was established that The Wyatt Company works for the Commission and that the Commission actuary will do work at the request of the Commission.

Ron Hackett of the Department of Finance explained the need for information as soon as it is available for inclusion in the financial reports.

Two amendments to the Permanent Rules were discussed.

Rep. Simoneau moved the two amendments be adopted; also a technical amendment. (See attached amendments) Motion carried. (The Permanent Rules will be in need of technical amendments if HF 440 passes. The Wyatt Company may make the necessary technical corrections.)

Question arose as to whether the Standards may be amended. M.S. 3.85, subdivision 11, states that the Standards may be amended.

Rep. Simoneau moved that the Permanent Standards as amended be approved by the Commission. Motion adopted.

Sen. Moe, Rep. Simoneau and Rep. Gutknecht will discuss plans for future meetings.

Rep. Wayne Simoneau
Commission Secretary

E. Diebel
Staff Secretary

July 10, 1985