

# Legislative Commission on Pensions and Retirement

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St. Paul, MN 55155-1201

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## HOUSE MEMBERS

Michael V. Nelson, Vice Chair  
Tim O'Driscoll, Secretary  
Kaela Berg  
Luke Frederick  
Kaohly Her  
Mary Murphy  
Jordan Rasmusson

## SENATE MEMBERS

Julie A. Rosen, Chair  
Nick A. Frentz  
Jeff R. Howe  
John R. Jasinski  
Sandra L. Pappas  
Jason Rarick  
David H. Senjem

## COMMISSION STAFF

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**January 26, 2022**

REMOTE MEETING

## MINUTES

### Call to order:

Senator Julie Rosen called the meeting to order at 1:00 p.m. The meeting was conducted remotely via Zoom and broadcast on YouTube.

### Commission Members Present:

Representatives Berg, Frederick, Her, Murphy, Nelson, O'Driscoll, and Rasmusson  
Senators Frentz, Howe, Jasinski, Pappas, Rarick, Rosen, and Senjem

## Agenda Items

### Approval of meeting minutes

Sen. Jasinski moved approval of the January 5, 2022, meeting minutes. **MOTION PREVAILED.**

### Approval of Appendix A to the Commission's Standards for Actuarial Work

Susan Lenczewski, Executive Director, Legislative Commission on Pensions and Retirement, reviewed Appendix A.

Rep. Nelson moved approval of Appendix A. **MOTION PREVAILED.**

### Guidance from the Commission's actuary on the investment rate of return assumption

Mark Schulte, Consulting Actuary and President, Van Iwaarden Associates, reviewed his presentation titled "*Investment Return Assumption Considerations.*"

### Update from TRA and St. Paul Teachers

Jay Stoffel, Executive Director, Teachers Retirement Association (TRA), reviewed his presentation on the funding status, the January 12, 2022, the failure of Board of Trustees' motion to lower the investment rate of return assumption, the advice of their actuarial consultant, and projected funded ratios.

Jill Schurtz, Executive Director, St. Paul Teachers Retirement Fund Association (SPTRFA), informed members that the Board of Trustees decided not to reach a definitive conclusion on the investment rate of return assumption other than being open to continued discussions and, in particular, to pursue a package of potential changes that include reducing the investment return assumption to 7%, modifying the cost of living adjustment, the payroll growth assumption, and reconsidering the contribution rate increase that is due to go into effect for active teachers.

## **Minnesota Management and Budget (MMB) on investment rate of return assumption and credit rating agencies**

Jennifer Hassemer, Assistant Commissioner for Debt Management, Minnesota Management and Budget, reviewed her presentation titled *"Rating Agency Perspectives on Pension Discount Rates."*

## **Public testimony on proposals to reduce the investment rate of return assumption**

Joan Beaver, Legislative Action Chair, Education Minnesota Retired, testified in opposition to reducing the investment rate of return assumption without also reconsidering the 2018 benefit reductions.

Michael J. Landers, Board of Directors, Minnesota Retired State Employees Association, testified in opposition to reducing the investment rate of return assumption without also considering all of the variables affecting pension plan sustainability, and testified in support of providing relief for inflation.

Adam Janiak, Education Minnesota, testified in opposition to reducing the investment rate of return assumption before a full experience study is completed, and that inflation is harming retirees.

Louise Sundin, Committee of Thirteen, testified in opposition to reducing the investment rate of return assumption, and asked the Commission to consider providing relief to retirees to offset inflation.

Mark Haveman, Executive Director, Minnesota Center for Fiscal Excellence, testified in support of reducing the investment rate of return assumption, and in support of examining the investment rate of return and discount rate assumptions independently of each other.

Brian Rice, testified on behalf of the Minnesota Professional Fire Fighters, the Minnesota Police Fraternal Association, and the St. Paul Teachers pension plan, in opposition to reducing the investment rate of return assumption, and urged members to consider increasing cost of living adjustments (COLAs), especially for basic plan members, to help offset the impact of the recent high inflation.

Edward Reynoso, Political and Legislative Affairs Director, Teamsters Local #320, testified in opposition to reducing the investment rate of return assumption, and in support of providing help for members.

Timothy Moynihan, Vice-President and Legislative Committee Co-Chair, Retired Educators Association of Minnesota (REAM), testified in opposition to reducing the investment rate of return assumption without also considering addressing COLAs and member contribution rates.

Ethan Vogel, Legislative Director, AFSCME Council 5, testified in opposition to reducing the investment rate of return assumption without considering the 2018 benefit reductions, and in support of a one-time funding supplement and a one-time increased COLA payment to address the immediate inflation issue.

## **PERA Police & Fire Plan disability update**

Doug Anderson, Executive Director, Public Employees Retirement Association (PERA), reviewed his presentation titled "*PERA Police & Fire Plan Disability Application Update.*"

## **Adjournment**

The meeting adjourned at 3:10 p.m.