

*Restoring the Past.
Preserving Our Traditions.*

Summarized Annual Financial Report

For Fiscal Year Ended
June 30, 2017



Public Employees Retirement Association
Pension Trust Funds of the State of Minnesota

Our Mission & Vision

PERA's mission is to administer and promote sustainable retirement plans and provide services that our members value. PERA's vision: PERA will be a recognized leader in efficient and excellent service delivery and plan management.

From Your Executive Director



Doug Anderson
Executive Director

Dear members and stakeholders:



We are pleased to present this Summarized Annual Financial Report of the Public Employees Retirement Association (PERA) for the fiscal year ended June 30, 2017 – our 86th year of operation. The information in this document captures only a fraction of the information contained in our Comprehensive Annual Financial Report (CAFR), which can be viewed on our website.

The fiscal year ended June 30, 2017 was exceptionally good for PERA. The Combined Funds, which hold the assets for our three largest plans, experienced a 15.1 percent return on assets. This result compared favorably to other pension funds over that period. The strong returns helped increase PERA's total assets by over \$3 billion. Collectively, PERA funds now have over \$28 billion available for future benefit payments.

Asset measurements are fairly straightforward and consistent between the CAFR and actuarial valuation reports. However, measurements of plan liabilities may differ between accounting reports and actuarial reports due to either differences in methodologies or assumptions. Each of the actuarial reports discloses all of those assumptions, but at times it may be difficult for many readers to interpret results. This summary report only briefly references liabilities to the extent they are used to determine historical actuarial funding ratios. We refer the reader to the CAFR, the actuarial valuation, or the news on our website to get a better sense of current and potential future funding levels. You may also reach out to our staff for any questions about this report or for any other information about PERA and the benefits we help administer.

Doug Anderson
Executive Director



Condensed Financial Statements

Fiduciary Net Position— Defined Benefit Plans (in thousands)

Assets	General Employees	Police and Fire	Correctional	Volunteer Firefighter
Cash & Receivables	\$47,605	\$20,848	\$1,223	\$189
Investments	20,058,774	7,903,603	601,732	75,432
Securities Lending Collateral	2,073,806	817,426	62,168	10,872
Capital Assets & Other	6,906	0	0	0
Total Assets	\$22,187,091	\$8,741,877	\$665,123	\$86,493
Liabilities				
Accounts Payable	\$6,408	\$5,572	\$495	\$17
Accrued Compensated Absences	970	0	0	0
Securities Lending Collateral	2,073,806	817,426	62,168	10,872
Bonds Payable	5,328	0	0	0
Total Liabilities	\$2,086,512	\$822,998	\$62,663	\$10,889
Total Net Position	\$20,100,579	\$7,918,879	\$602,460	\$75,604



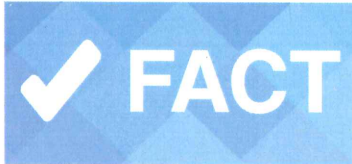
96% of the revenue PERA receives goes directly to member benefits, 3% is refunded to members, and less than 1% used for administrative costs.

Changes in Fiduciary Net Position— Defined Benefit Plans (in thousands)

Additions	General Employees	Police and Fire	Correctional	Volunteer Firefighter
Employer Contributions	\$477,888	\$166,329	\$17,489	\$716
State Contributions	6,000	9,000	0	2,659
Member Contributions	400,204	101,984	11,666	0
Investment Income (Loss)	2,682,901	1,058,942	78,363	6,409
Other Additions	411	24	0	14,206
Total Additions	\$3,567,404	\$1,336,279	\$107,518	\$23,990
Deductions				
Retirement Benefits	\$1,413,448	\$512,379	\$11,033	\$2,700
Refunds of Contributions	37,234	2,119	1,478	0
Administrative Expenses	11,292	992	330	61
Total Deductions	\$1,461,974	\$515,490	\$12,841	\$2,761
Increase (decrease) in Net Position	\$2,105,430	\$820,789	\$94,677	\$21,229

A Note About our Summarized Annual Financial Report

This Summary Annual Financial Report is derived from the information contained in PERA's Comprehensive Annual Financial Report but does not include all funds administered by PERA or certain other information required to be presented in accordance with Generally Accepted Accounting Principles. Unlike the Comprehensive Annual Financial Report, this report does not include information about PERA's Defined Contribution Fund or its Agency Fund, and presents funded status based on actuarial funding valuations (and not valuations required by accounting standards). Also, this report does not include footnotes which can be found in the more comprehensive report. Where noted, some information in this report does not include the Statewide Volunteer Firefighter Fund. To obtain a copy of PERA's Comprehensive Annual Financial Report visit PERA's website at www.mnpera.org



During fiscal year ended June 30, 2017, employees and employers contributed nearly \$1.2 billion to PERA. Together with investments that earned a return in excess of 15 percent, the total fund assets grew by over \$3 billion.

PERA Membership — Defined Benefit Plans

	General Employees	Police and Fire	Correctional	Volunteer Firefighter	Total
Retirees and beneficiaries receiving benefits	98,201	10,579	1,085	75	109,940
Vested and non-vested terminated employees not yet receiving benefits	190,609	2,640	5,557	560	199,366
Current, active vested and non-vested employees	152,867	11,522	3,842	2,753	170,984
Total	441,677	24,741	10,484	3,388	480,290



Minnesota PERA serves over 480,000 members.

Contribution Rates (percentages applied to pensionable wages)

	General Fund Basic Plan	General Fund Coordinated Plan	General Fund MERF Plan	Police and Fire	Correctional
Member	9.10%	6.50%	9.75%	10.80%	5.83%
Employer	11.78%	7.50%	9.75%	16.20%	8.75%

Giving Back to Minnesota

Total annual benefit payments paid to Minnesota residents vs elsewhere



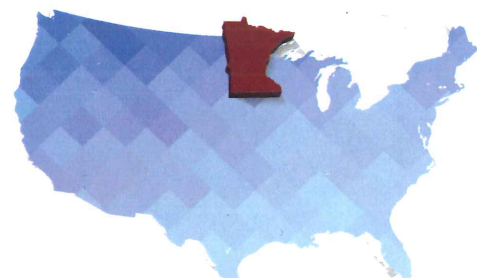
89% of benefit payments are made to Minnesota residents.*

*estimate based on June 2017 payments



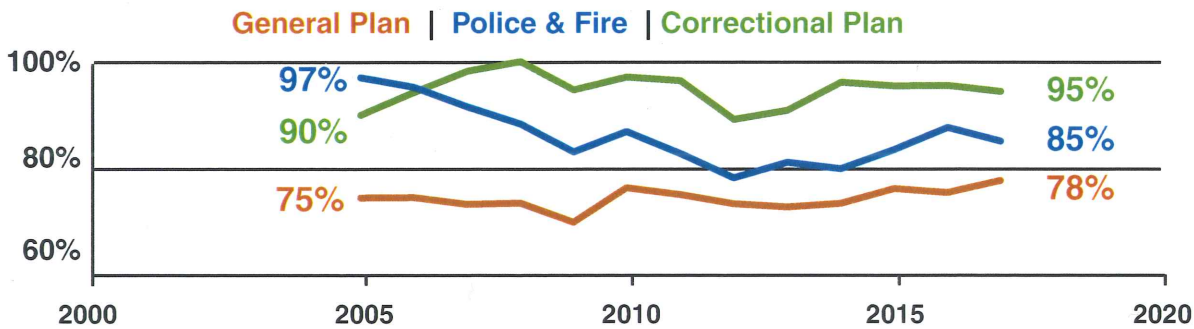
\$1,765,341,133

vs



\$1,975,380,313

Actuarial Funding Ratio (FY2005 - FY2017)



Funding ratios can be measured in different ways. The amounts on the left show historical funding ratios using smoothed asset values and liabilities determined under Minnesota Statutes.

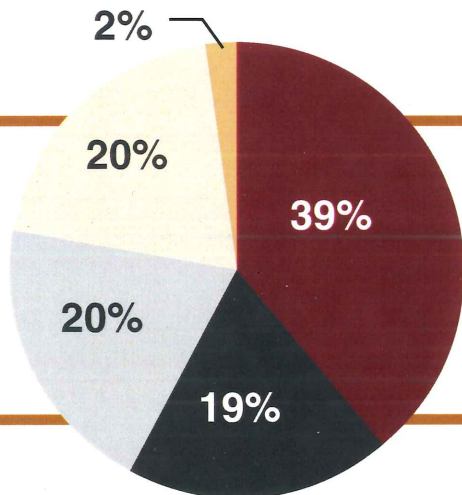
Revenues By Source (FY1998 - FY2017)*

15.8%
Member Contributions

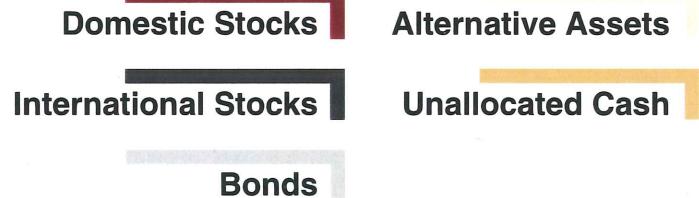
19.9%
Employer Contributions

64.3%
Investment Income

Combined Funds Target Asset Allocation*



About 65% of PERA's revenue in the past 20 years is attributed to investment earnings.



Combined Funds Performance*

Rates of Return (Annualized)

	FY 2017	3-Year	5-Year	10-Year	20-Year
Combined Funds (Active/Retiree)**	15.1%	6.3%	10.2%	6.2%	7.2%
Combined Composite Market Index	14.4%	6.3%	9.9%	6.0%	7.0%



In the past 20 years, the combined funds have earned 7.2% on average and have outperformed the composite index by .2%.

* Excludes Volunteer Firefighter Fund

** Percentages are net of all management fees.



60 Empire Drive, Suite 200, St. Paul, MN 55103
1-800-652-9026 or 651-296-7460 | mnpera.org

