



IN THE AGGREGATE, Minnesota does a very good job of keeping its pension funds well stocked. Its non-pension, retiree health obligations are minimal at the state level, although local governments are likely to face more of a problem. Minnesota is one of seven states that had not completed its actuarial valuation of non-pension benefits at the time of the Pew report. The liabilities are likely to be small because the state does not provide cash support for retiree health premiums, but only an “implicit subsidy” that comes from including retired and current employees in the same health plan. Minnesota has greater concerns about the cost of unfunded non-pension benefits at the local level, where some of its municipalities are going to face severe financial strain.

PENSIONS

TOTAL BILL COMING DUE: **\$31 billion**¹


FUNDS SET ASIDE: **\$29 billion**

PORTION UNFUNDED: **\$2 billion**

PERCENT FUNDED: **93 as of 2006**²

TEN YEAR FUNDING HIGH: **108% in 2001**

TEN YEAR FUNDING LOW: **93% in 2006**

HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

ASSUMPTIONS: Minnesota assumes an 8.5% rate of return on its pension investments, compared with a 50-state median of 8%, but its inflation assumptions (which vary somewhat from plan to plan) are relatively high—so the real rate of return that the state assumes it will get is lower than many other states. It uses a five-year smoothing period to calculate the actuarial value of assets, similar to the majority of states. The amortization period conforms to accounting standards.

¹ Pension funds include state, corrections and state patrol employees and teachers.

² 50-state mean was 82%.

KEY:  Top Performer  Needs Improvement  Below Par  Non-Pension Benefits are Minimal

This fact sheet stems from a 50-state analysis of states’ retiree benefit obligations by Pew’s Center on the States. The full report and 50 state fact sheets can be found at www.pewcenteronthestates.org.


OTHER BENEFITS

TOTAL BILL COMING DUE: **Not available**¹

FUNDS SET ASIDE: **\$0**

PORTION UNFUNDED: **Not available**

PERCENT FUNDED: **0 as of 2006**

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

¹ Minnesota’s actuarial valuation was not completed by the time of the Pew report, but the liability is likely to be small.

REFORMS: In 2005 and 2006, Minnesota increased employee and employer contributions to its pension plans, according to the National Conference of State Legislatures. The Minneapolis Teachers’ Retirement Fund, which has had financial troubles, was consolidated with the state Teachers’ Retirement Association in 2006.



The Pew Charitable Trusts applies the power of knowledge to solve today’s most challenging problems. Our Pew Center on the States identifies and advances effective policy approaches to critical issues facing states.
2005 Market Street, Suite 1700 | Philadelphia, PA 19103 | www.pewtrusts.org