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*****PRESS RELEASE*****

State Auditor Otto Releases Large Public Pension Plan Investment Report

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ST. PAUL (1/14/2010) – State Auditor Rebecca Otto today released the Large Public Pension Plan Investment Report, which reviews the investment performance of Minnesota’s large public pension plans for the 2008 calendar year.

The six individual large public pension plans included in the report are the Bloomington Fire Department Relief Association, the Duluth Teachers’ Retirement Fund Association, the Minneapolis Employees Retirement Fund (MERF), the Minneapolis Firefighters’ Relief Association, the Minneapolis Police Relief Association, and the St. Paul Teachers’ Retirement Fund Association.

Large pension plans represent the retirement savings of hundreds of thousands of public employees. As of December 31, 2008, these plans, together with the State Board of Investment (SBI), held over \$38 billion in assets.

Highlights from the report include:

- The ten-year period from January 1999 through December 2008 began and ended during economic downturns. None of the large plans were able to meet their actuarial assumed rates of return over this period, although most of the plans were able to keep up with or exceed market returns. The best-performing plans over the ten-year period were Duluth Teachers' and St. Paul Teachers'.
- During 2008, rates of return for the large plans ranged from negative 35.1 percent (Duluth Teachers’) to negative 25.2 percent (Bloomington Fire). None of the plans were able to meet their respective benchmarks.

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- All of the large plans ended 2008 with funding ratios below 100 percent. Saint Paul Teachers' is the only plan that experienced an increase in its funding ratio, which may be due to several statutory assumption changes enacted in recent years. Bloomington Fire dropped below full funding for the first time since 2002. Funding ratios for the large plans range from 64.1 percent (Minneapolis Police) to 91.3 percent (Bloomington Fire).
- The plans with the lowest rates of return for the ten-year period were Bloomington Fire and Minneapolis Police, with returns of 0.6 percent and 1.4 percent, respectively. Bloomington Fire had the highest large plan rate of return for 2008, however, and had invested a significant portion of its portfolio in SBI funds with a long-term record of good performance.

To view the complete report, which includes an Executive Summary, graphs and tables, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20100114.002>.

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The Office of the State Auditor is a constitutional office that is charged with overseeing more than \$20 billion spent annually by local governments in Minnesota. The Office of the State Auditor does this by performing audits of local government financial statements, and by reviewing documents, data, reports, and complaints reported to the Office. The financial information collected from local governments is analyzed and is the basis of statutory reports issued by the Office of the State Auditor.

Rebecca Otto is Minnesota's 18th State Auditor. A high-resolution official photo is available for download at http://www.auditor.state.mn.us/images/otto_hires.jpg. To learn more about State Auditor Otto, see <http://www.auditor.state.mn.us/default.aspx?page=bio>.