



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

### **\*\*\*PRESS RELEASE\*\*\***

## **State Auditor Otto Releases Report on Public Pensions** *~Report shows most plans matched or exceeded their benchmarks in 2006~*

**Contact:** Jeff Falk, Office of the State Auditor, (651) 297-3683, [jeff.falk@state.mn.us](mailto:jeff.falk@state.mn.us)

**ST. PAUL (01/15/2008)** – State Auditor Rebecca Otto today released a report on the investment performance for calendar year 2006 of Minnesota’s large public pension plans. These pension plans, plus the State Board of Investment (SBI), held over \$50 billion in assets at the end of 2006 and represent the retirement savings of nearly 450,000 public employees.

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.

A few of the report’s highlights include:

- During 2006, rates of return for the large plans were 12.5 percent (Minneapolis Fire), 13 percent (Bloomington Fire), 13.8 percent (Minneapolis Police), 14.7 percent (Duluth Teachers’), 14.8 percent (MERF), and 15.6 percent (St. Paul Teachers’). All of the plans matched or exceeded their benchmarks, except for Minneapolis Police and St. Paul Teachers’.
- Bloomington Fire is the only large plan that is fully funded, meaning the fund’s assets are sufficient to cover all accrued liabilities. Funding ratios for the other large plans were 69.1 percent (St. Paul Teachers’), 84.1 (Duluth Teachers’), 85.7 (Minneapolis Police), 87.5 (Minneapolis Fire), and 92 percent (MERF).

### **Ten-year trends**

Over the ten-year period ending in 2006, Minnesota’s public pension plans have been through a stock market boom, bust, and recovery.

**“Generally, Minnesota’s large public pension plans’ investment portfolios have performed well,”** State Auditor Otto said. **“All plans exceeded their actuarial assumed rate of return over the ten-year period. Most of the plans kept up with or exceeded market returns, with a few exceptions.”**

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The best performing plans over the ten-year period were St. Paul Teachers', Duluth Teachers', and Minneapolis Fire. These plans earned 9.4 percent, 9.1 percent, and 9.0 percent, respectively, and each beat the returns for the SBI's Basic and Post funds for the period.

**For the complete report, which includes tables and graphs, go to [http://www.auditor.state.mn.us/reports/pen/2006/investment/investment\\_06\\_report.pdf](http://www.auditor.state.mn.us/reports/pen/2006/investment/investment_06_report.pdf).**

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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 18<sup>th</sup> State Auditor. A high-resolution official photo is available for download at [http://www.auditor.state.mn.us/images/otto\\_hires.jpg](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>.*