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

State Auditor Otto Releases Large Public Pension Plan Investment Report

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ST. PAUL (1/14/2009) – 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 2007 calendar year. These pension plans, plus the State Board of Investment (SBI), held nearly \$54 billion in assets as of December 31, 2007, and represent the retirement savings of hundreds of thousands of public employees.

The 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.

Highlights from the report include:

- The ten-year period beginning in January of 1998 and ending in December of 2007 began on the tail end of a market boom and ended just prior to a major economic downturn. Most of the plans were able to keep up with or exceed market returns over this ten-year period. The best performing plans over the ten-year period were Duluth Teachers', Minneapolis Fire, and St. Paul Teachers'.
- During 2007, rates of return for the large plans ranged from 6.6 percent (Duluth Teachers’) to 11.5 percent (Minneapolis Fire). Only half of the plans matched or exceeded their benchmarks. Rates of return for MERF, Minneapolis Police, and St. Paul Teachers’ were below their benchmark returns. The SBI’s Basic and Post Funds also missed their benchmark.

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- Bloomington Fire is the only large plan that is fully funded. Funding ratios for the other large plans range from 73.0 percent (St. Paul Teachers') to 92.8 percent (Minneapolis Fire). Funding ratios increased for all of the plans during 2007, except for Bloomington Fire and MERF, whose funding ratios fell by 3.0 and 6.0 percent, respectively.
- The poorest-performing plans for the ten-year period were Bloomington Fire and Minneapolis Police, with returns of 4.9 percent and 6.2 percent, respectively. During the past five years both plans have invested large shares of their portfolios in SBI funds with a long-term record of good performance, which should help them to keep pace with market returns in the future.

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

http://www.auditor.state.mn.us/reports/pen/2007/investment/investment_07_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 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>