Madam Chair, members of the Task Force and Task Force Staff. Thank you for the opportunity to speak with you today.

My name is Mike Landers. I served for 27 years as a finance specialist with the Minnesota Department of Education. I'm here today on behalf of The Minnesota Retired State Employee Association (MRSEA). MRSEA was established in the 1940's initially as a social organization, however, we expanded our focus in the early 1970's to include advocacy on behalf of our members, particularly in the areas of pensions and group insurance. We represent thousands of retired state employees from all levels of state government and from across the State of Minnesota and beyond.

Like all seniors, our goal is a dignified, fulfilling retirement. For everyone I've talked to, that means aging in place in their own homes. In order to accomplish this, they need to have the wherewithal **to** remain in their homes. Madam chair, when we spoke at the first meeting of the Task Force, you mentioned that the Task Force would include pensions among its concerns. We are very supportive of the accomplishment of the last session of the Legislature in passing the Secure Choice Act establishing an auto-IRA program for employees without any other retirement savings plan. Everyone deserves a dignified, fulfilling retirement. For retired state employees, a large component of their financial well-being is the pensions they were promised and to which they contributed throughout their entire careers.

I'm here today because our members are contacting our Board and officers expressing deep concern about the fact that inflation is eroding the value of their pensions.

The COLA study required by the 2018 pension bill showed inflation caused a **significant** loss in purchasing power over a retiree's lifetime-----and that was **before** the recent surge in inflation which doesn't seem to have a real end in sight.

Let me give you an example of someone covered by the MSRS General Plan who retired in 2015. When I add up the differences between their pension COLA and the Annual Rate of Inflation between 2017, the first year they were eligible for a COLA, and 2022 that difference is 15.2% over this 5-year period. As of this month, the annual rate of inflation is projected to be 3.2%. If this continues, it will add **ANOTHER** 2.2% for a **total loss** of over 17% over this brief 6-year period. And that's not even **compounded**, it's just straight addition.

But this doesn't only affect our members. It affects the economies of every county in Minnesota. Over 88% of public employee retirees are Minnesota residents. In fiscal year 2022, they spent their benefits in every county throughout the state from a low of 3.9 million in Traverse County to a high of 865.7 million in Hennepin County for a state total of 4.8 billion dollars. As the value of public employee pensions is eroded, it will definitely have an impact throughout the state.

According to a February 2023 National Association of State Retirement Administrators, (NASRA) Brief, MN ranked 46th in the nation for "government contributions to pensions as a percentage of all state and local government direct general spending." 2.39 percent while the national average was 5.29.

Our strong and immediate need is to offer some relief to our retirees who are seeing the value of their pensions eroding due to the ravages of inflation. And we propose that that relief should be in the form of additional state funding. If the State of Minnesota just met the national average government contribution to pensions as a percentage of all state and local government direct general spending AND if each plan met it's Actuarial Determined Contribution each year, then Minnesota could keep its promise to its retirees of a dignified, fulfilling retirement. And we ask for your support in this effort.

Thank you for your time and attention and I'll be happy to answer any questions you may have.