

Legislative Retirement Study Commission
October 18 and 19, 1973 Meetings
Room 107

MINUTES

The regular meeting of the LRSC was called to order by the chairman, Sen. Chenoweth.

PRESENT:	<u>Senators</u>	<u>Representatives</u>
	John Chenoweth	Donald M. Moe
	Eugene Stokowski	Robert Johnson
	<i>Hansen</i>	Richard Parish
		Al Patton

Also present: Dr. Franklin Smith, actuary; Frank V. Moulton, Exec. Sec.

Deferred Compensation Plan - Mr. Harry Groschel, Social Security Division:
Mr. Groschel reviewed the plan as it presently exists as follows:

The current deferred compensation plan was enacted in 1971 as a rider to the unclassified employees' pay bill--state employees were permitted to participate in a deferred compensation plan, subject to the IRS approval of this plan. Further liberalization requests were made of the IRS for the state plan. The IRS approved of two of the requests; a request to permit early withdrawals for real emergencies; and the request to allow the State at its sole discretion to make payments of amounts deferred upon termination of employment.

The following requests to appear were made. The commission listened to the statements of the following representatives.

Mr. Joseph Hamilton - Aetna
Mr. James Nowak - NW National Life
Mr. Herb Miske - Minnesota Association of Underwriters
Mr. Lynn Elling - CLU - representing the general agents and managers in the State

Mr. Groschel was instructed to clarify and request an answer to when an applicant may enter into the deferred plan--whether once a year or at other times?

Actuarial Valuation of Twin City Lines Employees' Retirement Plan as of 1/1/72:
Dr. Smith reviewed the valuation (No. 73-4).

Mr. Moulton was instructed to study the Transit Commission Plan; also, the Metro Maze memos previously researched by Mr. Testin will be studied.

Judicial Widows' Pension Plan - Judge Gilman Gandrud

Judge Gandrud discussed the situation relative to the widows' survivorship fund. The new retirement law states that there will not be compulsory payment to the widows' fund. There are widows dependent upon this fund. After 1/1/74 judges will not be required to contribute to the pension fund for widows.

Judge Gandrud advised that 8 judges will likely elect to retire under the old law and continue contribution to the fund.

Judge Melvin Peterson called the commission's attention to another problem which is not fully defined in the statutes and which is not being administered and interpreted as intended--part time buy-back.

Mr. Moulton was instructed to prepare calculations for presentation to the commission after January 1, when the retirements are in, on this part time buy-back problem.

Friday, October 19, 1973 - 9:00 A.M. Meeting

PRESENT: John Chenoweth, Mel Hansen, Eugene Stokowski, Don Moe, Richard Parish, Robert Johnson

Dr. Finkelstein Disability Report - Change in M S. 353.01, subd. 18 - definition of "disability".

Mr. Merwin Peterson, Asst. Attorney General, drew up a definition which was submitted to the commission.

The following definition was accepted by the commission:

"Total and permanent disability" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to be of long-continued and indefinite duration, which is a period of at least one year."

H.F. 2226 (Connors) State Police Aid

Mr. Moulton went over a memo re police state aid. The sum total of all of the normal cost of all of the police and fire funds is in the neighborhood of 20% to 22%.

Staff was instructed to draw up a comparison of all of the new actuarial surveys, noting the costs, state aid, member contribution, etc.

[Mr. Bolstad, Minnesota Police & Peace Officers Assn., stated that he has more information on this and will bring this information in for study.] *League Pub*

It was concluded that more information on the total picture is needed.

Sen. Mel Hansen suggested the following change on page 4, line 4 of H.F. 2226:

"which may ~~includes~~ include having a contract with the sheriff"

Rep. Moe brought up the question of using the whole premium of the police state aid.

Federal Pension Legislation - HR 4200:

Mr. Moulton reviewed some important portions of a resume of HR 4200 by Martin E. Segal Company and the NEA. Discussion followed.

Mr. Paul Groschen, MSRS, and Mr. O. M. Ousdigian, PERA, addressed the commission and urged that it be concerned about federal legislation which might involve public pensions--exemption from this type of federal coverage should be requested by the Minnesota pension funds.

It was concluded that the federal bill, if passed, should apply only to those states that do not have funding to "X" percentage, and any time any state falls below a certain percentage, they are then included under the federal legislation.

The staff was directed to write to the committee chairman of the House Ways and Means Committee in Washington--copies to the Minnesota Congressional Delegation--expressing concern re existing and pending pension legislation, requesting notification of existing and future pension legislation, and also restating the commission's request of two years ago to appear before the pension committees involved to discuss pension problems as they exist in Minnesota, etc.

The November meeting date was not scheduled.

Donald M. Moe, Secretary

E. Diebel, Steno.