

LEGISLATIVE RETIREMENT STUDY COMMISSION MEETING
April 15, 1975
4:00 P.M., Room 112, State Capitol

Minutes

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

PRESENT:	<u>Senators</u>	<u>Representatives</u>
	Chenoweth	Parish
	McCutcheon	Moe
	Stokowski	Patton
	Mel Hansen	Beauchamp
	Ogdahl	St. Onge
	Gearty	

Also present: Dr. Franklin Smith, actuary.

JUDGES

Dr. Smith went over the Minnesota State Judge's Retirement Fund Actuarial Valuation as of June 30, 1974 (GVS No. 74-10); the Actuarial Valuation of Retirement Benefits of (1) Former District and Supreme Court Judges who Retired Under Pre-1973 Plans, (2) Future Retirement Benefits for Present Supreme Court Judges as of June 30, 1974; Actuarial Valuation of Minnesota Judges' Widows Benefit Plan (1) District and Supreme Court Judges, (2) County and Probate Judges as of June 30, 1974.

Dr. Smith stated that the majority of judges did not elect Social Security--the new judges did; the older judges did not.

Mr. Groschen, MSRS Executive Director, reviewed the history of the judges' plan: From 1920 to 1959 all judges received one-half of their pay for retirement without escalation. The 1961 legislature increased the salary of judges but did not intend that the salary increase would increase pension benefits. The bill had a broader interpretation than was intended.

The last payment the judges received was the December payment. The widows' fund will be depleted in August.

Mr. Stan Efron, chairman of the Judicial Compensation Committee of the Minnesota State Bar Association, explained some of the problems concerning judges' retirement plan. There are 73 judges and 15 widows.

The attorney for Judge Underhill, Mr. O'Brien of Duluth, testified in behalf of the judge.

7:30 P.M. Meeting - Room 123 State Capitol:

Judges Plan continued:

Sen. McCutcheon moved to amend S.F. 1313 by inserting the first two proposed sections of Exhibit A. Motion carried (See attachment)

Benefits will be based on the salary of the office as of 1/1/75, no future escalation of those benefits. The state is to transfer the liability and the payment of these benefits to the MAFB Fund and to pay these judges any increases provided by the MAFB Fund. In addition, for each judge who signs the agreement, the liability and payment of his spouse's benefit will be transferred to the MAFB Fund and she would be entitled to any increases as provided by the MAFB.

Those who do not agree, the widows will be paid out of the widows survivors' account which has no money in it.

Mr. O'Brien's comments on the proposal for the judges:

Mr. O'Brien's Comments -

Mr. O'Brien stated that he would advise his client to go along with the plan.

Sen. McCutcheon moved to amend the proposed language in Exhibit A in the 2nd section on the 4th line, after "subdivision 10," insert "agreement". Carried

The LRSC staff was directed to draft the necessary language to be included in this agreement.

Also, staff was directed to work out language to clearly and explain the intent of this legislation. Suggestion that this language could be a prelude to the bill.

Sen. Mel Hansen moved to amend S.F. 1313 on page 2, line 7, strike the new language on lines 7, 8, 9 and 10, and insert the following:

"A judge who shall retire on or, as permitted under sections 490.121 to 490.132, after mandatory retirement date, shall be entitled to a proportionate annuity based upon his service at date of retirement."

Mel Hansen moved to amend S.F. 1313 on pages 1 and 2, strike all of section 1.
Motion carried

Amend the title accordingly.

Sen. McCutcheon moved that S.F. 1313 as amended be recommended to pass. Motion carried.

S.F. 560 (Ashbach); H.F. 596 (Philbrook) Service credit for certain members of PERA. Sen. Ashbach explained that only one person is involved and that the City of St. Paul agreed to it.

Mr. McCutcheon moved to amend SF 560 (HF 596), the typewritten bill, as follows:

"Page 1, line 13, strike the period and insert the following:

"and the city of St. Paul may pay the public employees retirement association any amount required to be remitted to the association for service of such employee during the period from January 15, 1945 through September 15, 1947. This amount shall not exceed \$3100. and may be transmitted from available funds."

Rep. Moe moved that SF 560 (HF 596) be recommended to pass as amended. Motion carried

S.F. 373 (Kleinbaum); H.F. 521 (Patton) - Mandatory Retirement for Correctional Employees.

Mr. Patton moved to amend SF 373; HF 521 as follows:

"Page 1, line 25, after "age" and before the comma insert "for a period of one year not to extend beyond July 1, 1976"

Page 1, line 26, strike "65" and insert "62"

Page 1, line 26, after "subject to" strike the balance of the line and insert the following: "an annual medical examination and the written approval of the commissioner of corrections, whose decision upon consideration of the results of the medical examination shall be final."

Page 2, strike lines 1 through 3

Page 2, line 4, strike "the physical requirements of the positions."

Page 2, line 6, strike "at a place designated" and insert the following:

"and the results and findings of the medical examination shall be transmitted to the commissioner of corrections prior to the date the employee would otherwise have to retire pursuant to this subdivision."

Page 2, strike lines 7 through 11

Page 2, after line 11, insert a section to read as follows:

"Sec. 2. This act is effective the day following final enactment."

Rep. Moe moved to strike the following language in the proposed amendment:

On the 4th line of the amendment to line 26, strike "upon consideration of the results of the medical examination" Motion carried

Rep. Patton moved that SF 373, HF 521, as amended, be recommended to pass. Carried

Lawrence Bastian, business agent for the Teamsters Union 320 spoke in behalf of the Union. He stated that it was thought that there was an optional provision in the bill which passed.

Rep. Moe's motion not to take any action on SF 373, HF 521 failed.

Post Retirement Adjustments

The following spoke in behalf of the retired PERA members: Harry Schwabel, Curtis Johnson.

Staff was directed to prepare information and alternatives as to costs for providing increases for members retired prior to 7/1/73; what is the actuarial cost to the fund, etc.