

Legislative Commission on Pensions and Retirement  
February 15, 1984 Meeting  
Room 81 - 2:00 P.M.

MINUTES

Rep. John Sarna, Chair, opened the meeting.

PRESENT: Senators Donald Moe, Earl Renneke, Allan Spear, Collin Peterson  
Representatives Sarna, Metzen, Clawson, *Sen Fredrickson*

Rep. Sarna introduced James Bordewick, Commission actuary. Mr. Bordewick gave comments on the cost of the proposed Department of Finance bill, the interest assumption, the salary scale assumption. He advised that the cost appeared to be reasonable. Mr. Bordewick agrees that the salary assumption and interest assumption changes to 8% and 6 1/2% respectively, should be changed. The change should not have much effect on the normal cost and accrued liability if the differential between the assumptions of 1 1/2% is kept. He also pointed out that these costs and figures are based on data now 1 1/2 years old and the presumption that everything would stay the same.

Mr. Bordewick spoke about level percentage amortization of the unfunded liability; that currently the unfunded accrued liability is amortized as a level dollar amount. He explained that under this method the contribution decreases as a percentage of payroll since payroll expands and amortization contribution remains the same. The proposal is to keep total pension contributions as a level percentage of payroll. With the level percentage amortization of unfunded accrued liability, the total amount of payments made over the amortization period will be much larger.

Mr. Bordewick approves of continuing the current method of amortizing increases in the unfunded accrued liability.

Relative to post-retirement benefit adjustments, Mr. Bordewick approves of providing an option for members on how benefit increases should be determined. It adds flexibility.

Karen Dudley went over a synopsis of the bill and discussion followed.

Ron Hackett, Department of Finance, and Commissioner Donhowe responded to questioning. Some estimates provided appeared to be in error and they will be corrected in regard to the alternative interest and salary assumption changes.

Ron Hackett was asked to pull out the changes requested and bring in this information for further explanation.

The Department of Finance will bring in information relative to fire insurance.

Eleanor Diebel  
Secretary