

August 22 and 23 LCP&R Meetings
Room 15
State Capitol

MINUTES of the August 22, 1985 Meeting:

The Chair, Senator Donald Moe, opened the meeting.

PRESENT: Senators Donald Moe, Allan Spear, Earl Renneke, Darril Wegscheid, Lawrence Pogemiller
Representatives Gil Gutknecht, Terry Dempsey, Gerald Knickerbocker, Wayne Simoneau, Steve Sviggum

Rule of 85 Report - Ron Hackett, Dept. of Finance:

Laws of Minnesota, 1985, First Special Session, Chapter 7, Section 29, requires the Department of Finance to perform an evaluation of the rule-of-85, particularly the costs and benefits of that provision.

Mr. Hackett outlined an evaluation plan for the rule-of-85. He stated that there are two categories of questions to be answered through this evaluation: one, "how do the governmental units from which employees retire adjust levels of employment or types of employment after the retiree leaves?" Two, why do people retire early? (Copy of "Evaluation Outline for Rule-of-85" attached).

NCSL - PUBLIC PENSIONS - A Legislator's Guide

Copies of the PUBLIC PENSIONS publication were placed in the commission members' folders. Sen. Donald Moe talked about the publication of which he is the author, and urged the members to review it.

The Wyatt Company Projects:

Robert Perkins, actuary of the Wyatt Company, told the commission members that all the information had been received from the funds and that the programming has been started on the information which is being put into computer language.

Request for Valuation of Constitutional Officers Plan

Jim Heidelberg, Commission staff, discussed the request from Finance Commissioner Jay Kiedrowski for an actuarial valuation for the Elected Officials' Pension Plan. The exclusion of the Constitutional Officers Plan to have an evaluation was an oversight by the drafters of the pension revision bill in 1984. Mr. Perkins of The Wyatt company will be requested to proceed with the valuation of the Constitutional Officers Plan as a special study.

Sen. Wegscheid moved that The Wyatt Company be allowed to do the valuation for the Constitutional Officers. Motion carried.

It was established that at the September meeting of the Commission a policy will be decided upon to take care of any problem that might arise relative to special assignments.

Consolidation of Moorhead Police and Fire Relief Associations into PERA-P&F.

The completion of the consolidation transaction presents a problem. There is a conflict between what the Commission intended and what the statute appears to require. The two groups (police and fire) have different characteristics--different benefits and different assumptions. The police fund is in a surplus position; the fire fund is in a deficit position. When the two funds are consolidated the result will be an unfunded liability of \$227,020 with a 25 year amortization requirement of \$20,464. The Moorhead Consolidation problem will be discussed again at the Commission's September meeting.

MERF Experience Study

The assumptions as to mortality tables for MERF were reviewed. The retired lives assumption increased life expectancy too much. The Board of Trustees of MERF have adopted mortality tables with a shorter life span.

8/22/85 Minutes continued:

MERF Experience Study continued:

The 1985 Wyatt Valuation of MERF will reflect the updated mortality information. Also, there will be a quadrennial experience study in two years.

Willis Harris, MERF, reported on a letter dated August 13, 1985 from the MERF actuary, Brown and Flott, which states that Mr. Flott does agree with the Commission's actuary's findings.

Actuarial Valuations of PERA, MSRS, TRA:

James Bordewick, actuary, reviewed the 1984 Valuations of PERA, MSRS, TRA. Mr. Bordewick reported that the 1984 valuations incorporated changes, such as pre-retirement interest assumption was changed to 8% and the salary increase assumption was changed to 6 1/2%; also the salary age assumption was revised, in some instances, and conformed with the Temporary Rules and statutes.

The Commission will wait for The Wyatt report findings for the 1985 valuations before taking any action.

Harvey Schmidt, Executive Director of TRA, personally thanked Mr. Bordewick for his cooperation and work.

Wayne Simoneau
Commission Secretary
Eleanor Diebel
Staff Secretary