

September 16, 1991
Room 10 State Office Building

16th Meeting



LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Representative Leo Reding, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 7:30 P.M.

Commission members present:

Representatives Richard Jefferson, Bob Johnson, Rich O'Connor and Leo Reding
Senators Lawrence Pogemiller and Leroy Stumpf

Rep. Reding introduced the first item on the agenda, a Review of the 1991 Session Pension Legislation.

Edward Burek, LCPR Deputy Executive Director, reviewed the summary of 1991 pension legislation.

Sen. Pogemiller questioned the implementation and benefits of the Ambulance Service Personnel Incentive Program. Mr. Burek responded stating that the money acquired through the \$2 surtax on drivers licenses would be divided among the qualified retirees. He further stated that PERA had not yet obtained tax qualification from the IRS for the program.

Sen. Stumpf questioned the \$2 bill and annuity provision referred to in the MERF funding changes segment of the summary. Mr. Burek responded that an individual would receive an annuity based on the employee and employer contributions plus \$2 for each year of service.

James Hacking, MERF Executive Director, stated that he concurred with Mr. Burek's response to Sen. Stumpf's question. He further stated that the \$2 bill and annuity provision is seldom used now.

Sen. Stumpf questioned the modification in the police and fire state aid distribution. Rep. Reding responded that this change was a fix over the previous method.

Rep. Reding postponed the second item on the agenda, a Continuation of the Review of Tax Deferred Voluntary Retirement Savings Programs - Solvency of Insurance Carriers Involved in Various Programs, to a future meeting.

Rep. Reding introduced the third item on the agenda, a Continuation of Consideration of Potential Restructuring of the Legislators and Elective State Officers Retirement Programs - Specific Alternative Revisions in Benefit Plans and Specific Alternative Revisions in Funding.

Lawrence A. Martin, LCPR Executive Director, reviewed the first staff memo regarding alternative potential revisions in the Legislators and Elective State Officers benefit plans. Mr. Martin noted that the proposal for the Legislators Plan would continue the plan as a basic plan and would not provide Social Security coverage for legislators since many legislators have full time employment outside of the Legislature. For Elective State Officers under the proposal, however, Social Security coverage would be provided.

Mr. Martin stated that all members of the Legislature do not take per diem and members who do take per diem will receive larger pension benefits than members that do not take per diem. To equalize pension benefits for members with the same number of years of service, the Commission may want to consider a proposal that would eliminate per diem as part of a legislator's salary for pension purposes and increase the benefit formula to 3.5%. Rep. Reding questioned how the increase would be funded. Mr. Martin stated that one method would be to increase member contributions from 9% to 11%. Discussion followed.

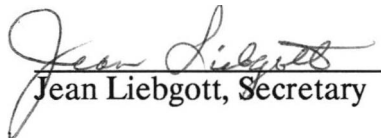
Mr. Martin next reviewed the proposed disability coverage for the Legislators and Elective State Officers Plans and noted that under the proposal the definition of disability would be the same as the definition used by Social Security.

Mr. Martin reviewed a proposed deferred annuity augmentation rate increase for the Elective State Officer's Plan. He stated that legislation passed in 1989 increased the augmentation rate for all other plans but neglected to include the Elective State Officer's Plan in the augmentation rate increase.

Mr. Martin reviewed a second staff memo regarding proposed funding of the Legislators and Elective State Officers plans. He stated that currently contributions made to the legislator's fund go directly into the General Fund and when a legislator retires, the full actuarial value of the legislator's pension is transferred from the General Fund to the post retirement fund. He further stated that the Elective State Officer's Plan is a pay-as-you-go plan and when an elective state officer retires, the monthly annuity is paid directly from the General Fund. Discussion followed.

Rep. Reding updated Commission members on the Pension Subcommittee meeting at the Mini-session meetings. He provided members with a letter from a Brainerd firefighter requesting improvements in benefits as the Brainerd Volunteer Firefighter Relief Association was close to being fully funded. Rep. Reding would like to appoint a Subcommittee of the Commission to review the volunteer firefighter plans.

The meeting adjourned at 9:15 P.M.


Jean Lieb Gott, Secretary