

March 2, 1992
Room 5 State Office Building

22nd 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 7:15 P.M.

Commission members present:

Representatives Richard Jefferson, Bob Johnson, Gerald Knickerbocker, and Leo Reding
Senators Lawrence Pogemiller, Earl Renneke, Leroy Stumpf and Gene Waldorf

Rep. Reding introduced Mr. Thomas Custis, the Commission retained actuary from Milliman and Robertson, to review the Summary of the 1991 Actuarial Valuations.

Mr. Custis made a presentation dealing with the highlights of the report. The first major section demonstrates the funding levels of the various plans, the second major section highlights the plan changes that were substantive enough to recognize as a change cost item in each of the plans, and section three summarizes all the actuarial assumptions by plan for comparison purposes.

Mr. Custis continued by an overhead presentation on the funding level of each plan for which Milliman and Robertson provides a valuation. Mr. Custis highlighted the recommendations Milliman and Robertson had reached after completing the valuations. The first recommendation was that priority attention should be paid to the severe deficiencies in the first class city teacher funds, particularly the Minneapolis Teachers Retirement Fund Association and the St. Paul Teachers Retirement Fund Association. The second recommendation was that the Legislator's Plan and the Elective State Officers Plan should be funded on a pre-funded basis.

Rep. Reding introduced the third item on the agenda, H.F. 2259 (Reding); MSRS; Austin Highway Employee Annuity Accrual Date.

Rep. Reding reviewed and spoke in support of the bill stating that this bill would change the accrual date for an Austin DOT employee whose annuity was delayed due to a processing error within the Department of Transportation. Discussion followed regarding the possibility of setting a precedent. It was agreed that the particular circumstances surrounding this incident were unique enough to prevent use as a general precedent.

Rep. Bob Johnson moved H.F. 2259 (Reding). **MOTION PREVAILED.**

Rep. Reding introduced the second item on the agenda, H.F. 1895 (Cooper); S.F. 1718 (Frederickson, D.J.): Ambulance Personnel; Establishing Longevity Award and Incentive Program. Rep. Roger Cooper reviewed the bill.

Rep. Cooper referred members to amendment LCPR92-21 lines 13 and 14 which placed the administrative responsibility for the program with the Department of Health. The department will be responsible for recordkeeping, award payment and award functions. Investment responsibility will be with the State Board of Investment.

Lawrence A. Martin, Executive Director of the LCPR, reviewed the staff memo on this bill. Mr. Martin noted that the appropriation and complement of people on page four have been left blank. Discussion followed.

Rep. Bob Johnson moved amendment LCPR92-21. **MOTION PREVAILED**

Rep. Bob Johnson moved H.F. 1895 (Cooper) as amended. **MOTION PREVAILED.**

Rep. Reding introduced the ninth item on the agenda, H.F. 1871 (Dorn); S.F. 1711 (Hottinger): TRA; Bounceback for Term Certain Annuitant.

Rep. Dorn reviewed and spoke in support of the bill.

Lawrence Martin reviewed the staff memo on this bill and stated that term certain retirement annuities were not highly utilized but this bill would set a precedent. Discussion followed.

Mr. Kenneth Mattsson spoke in support of the bill stating that he believed it was an equity issue and that annuitants who chose a term certain annuity should be provided a bounceback feature similar to that provided joint and survivor annuitants. Discussion followed.

Elton Erdahl, TRA Executive Director, spoke in opposition to the bill.

H.F. 1871 (Dorn); S.F. 1711 (Hottinger) was **LAI D O V E R**.

Rep. Reding introduced the seventh item on the agenda, H.F. 1744 (Dempsey); S.F. 1710 (Frederickson, D.R.); PERA; Optional annuity for Survivor of Deceased Disabilitant.

Edward Burek, LCPR Deputy Executive Director, reviewed the staff memo. Mr. Burek noted that the deceased member had applied for disability benefits under Social Security but died before completing PERA disability forms.

Ms. Diane Huiras, widow of the member, provided additional background information and spoke in support of this bill.

Rep. Dempsey spoke in support of this bill.

Ms. Laurie Hacking, PERA Executive Director, did not raise objections to this bill.

Rep. Knickerbocker moved H.F. 1744 (Dempsey). Discussion followed.

Sen. Waldorf raised questions regarding the precedent this bill would set and stated that he would be more comfortable with a bill that would address the problem of all survivors of members who died early and would like the solution to be made retroactive. Discussion followed.

Ms. Hacking stated that PERA has been working on proposed legislation that would provide protection for survivors of members who have not reached the age of 50 but the benefit from this plan would be considerably less than the joint and survivor benefit being proposed for Ms. Huiras.

H.F. 1744 (Dempsey); S.F. 1710 (Frederickson, D.R.) was **LAI D O V E R**.

Rep. Reding introduced the sixth item on the agenda, H.F. 1350 (Jaros); S.F. 1139 (Solon): Statewide Funds; Service Credit for Wrongful Discharge Periods. Senator Solon reviewed the bill.

Lawrence Martin reviewed the staff memo, policy issues and three amendments to this bill.

Sen. Waldorf moved LCPR92-33. **MOTION PREVAILED**. Sen. Waldorf moved LCPR92-34. **MOTION PREVAILED**.

Ms. Hacking stated that PERA supports the amendments if the amendments require the person to make contributions on the person's gross income and any unemployment benefit, workers compensation benefit, etc. Discussion followed.

Sen. Waldorf moved LCPR92-35. **MOTION PREVAILED**.

Rep. Reding moved H.F. 1350 (Jaros) as amended. **MOTION PREVAILED**.

Rep. Reding introduced the eighth item on the agenda, H.F. 1794 (Munger); S.F. 1665 (Solon): State Patrol; Age limit on Service Credit for Conservation Officers Eliminated. Senator Solon reviewed the bill.

Edward Burek reviewed the staff memo noting that State Patrol, gambling enforcement personnel, conservation officers, and crime bureau officers employed after July 1, 1973 have a mandatory age 60 retirement age and this bill would remove that cap.

Dennis Olson, President of the Troopers Association, spoke in opposition to this bill.

Bob Bushman, Secretary/Treasurer of the BCA Agents Association, spoke in opposition to this bill.

Richard Hull, State Patrol member on the MSRS Board, spoke in opposition to this bill.

Discussion followed.

H.F. 1794 (Munger); S.F. 1665 (Solon) was **LAI D OVER**.

Rep. Reding introduced the eleventh item on the agenda, S.F. 1630 (Belanger): PERA; Authorize Individual to Repay Refund and Purchase Prior Service. Senator Belanger briefly reviewed the bill. Edward Burek reviewed the staff memo, policy issues and amendment LCPR92-28. He noted that the individual involved is currently a MERF member

Laurie Hacking stated that the period for which the individual wants to repay a refund is for service for which the individual was ineligible for PERA membership and the bill does not require full actuarial value for that period. Discussion followed.

S.F. 1630 (Belanger) was **LAI D OVER**.

Rep. Reding introduced the thirteenth item on the agenda, H.F. 1567 (McGuire); Falcon Heights Volunteer Firefighter Relief Association; Five Year Vesting.

Rep. McGuire stated that this bill would permit the Falcon Heights Volunteer Firefighter Relief Association to amend their bylaws and pay a reduced benefit to members who have served less than five years and a full benefit to members who have served five years or longer.

Sen. Marty referred members to amendment LCPR92-26, stated that the Falcon Heights Volunteer Firefighters Plan is a defined contribution plan, and that the city of Falcon Heights does not object to this bill.

Joe Olson, member of the Falcon Heights Volunteer Firefighters, stated that due to changing demographics, Falcon Heights has difficulty in keeping firefighters for 20 years and in order to recruit new firefighters they need this bill.

Sen. Waldorf moved the amendment, LCPR92-26. **MOTION PREVAILED**.

Sen. Waldorf moved H.F 1567 (McGuire) as amended. **MOTION PREVAILED**.

Rep. Reding introduced the tenth item on the agenda, H.F. 1979 (Jefferson): PERA; Buyback for Heavy Equipment Operator. Rep. Jefferson reviewed the bill.

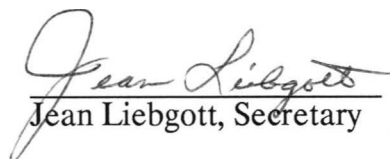
Rep. Jefferson stated that the bill is again before the Commission because it did not get local approval after it was passed previously. He further noted that the employee has already made the employee's contribution.

Lawrence Martin stated that the new bill does not make specific local employing unit references therefore it does not require local approval.

Duke Addicks, representative of the City of Minneapolis, spoke in opposition to this bill. He stated that the statute of limitations had run out on this person. He believes that PERA has some liability in this matter since they did not catch the omission. He further stated that the Commission should establish a policy on this issue to cover anyone who is affected by omitted contributions. Discussion followed.

Rep. Jefferson moved H.F. 1979 (Jefferson). **MOTION PREVAILED**.

The meeting adjourned at 10:25 P.M.


Jean Liebgott, Secretary