



January 28-29, 2014

Room 123 Capitol

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

January 28, 2014

Call to order:

Senator Sandra Pappas, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 1:12 p.m.

Commission Members Present:

Representatives Benson, Kahn, Lesch, M. Murphy, Nelson, and O' Driscoll
Senators Goodwin, Hayden, Johnson, Pappas, Saxhaug, and Thompson

Commission Members Absent:

Representative Morgan and Senator Rosen

Agenda Items

Approval of Minutes

Sen. Goodwin moved approval of the November 6-7, 2014, meeting minutes. **MOTION PREVAILED**

Commission interim project: Review of alternative retirement plan designs, second consideration

Luke Martel, Senior Policy Specialist, Fiscal Affairs Program, National Conference of State Legislatures, made a presentation to the Commission entitled "*State Retirement Reform Legislation*" and responded to questions from members.

Josh B. McGee, Ph. D., Vice President of Public Accountability, Laura and John Arnold Foundation, made a presentation to the Commission entitled "*Retirement Plan Design: Much of What You Think You Know is Wrong*" and responded to questions from members.

Diane Oakley, Executive Director, National Institute on Retirement Security, made a presentation to the Commission entitled "*Public Pensions Systems: Plan Designs and Efficiencies*" and responded to questions from members.

Kim Crockett, COO, EVP and General Counsel, Minnesota Free Market Institute at Center of the American Experiment, provided written testimony regarding alternative retirement plans and teacher consolidation issues and a handout entitled: "*Strengthening the Security of Public Sector Defined Benefit Plans.*"

Recess:

The meeting recessed at 4:00 p.m.

January 29, 2014

Call to order:

Senator Sandra Pappas, Chair of the Legislative Commission on Pensions and Retirement, called the meeting back to order at 1:12 p.m.

Commission Members Present:

Representatives Benson, Kahn, Lesch, M. Murphy, Nelson, and O' Driscoll
Senators Goodwin, Hayden, Johnson, Pappas, Saxhaug, and Thompson

Commission Members Absent:

Representative Morgan and Senator Rosen

Commission interim project: Review of alternative retirement plan designs, continued

Joan Beaver, Education Minnesota Retired, testified in support of continuing the current defined benefit system and urged Commission members to allow the 2010 financial sustainability measures to play out.

Tom Threinen, retired Duluth elementary school principal, testified in support of moving to a defined contribution system for new employees.

Commission interim project: Membership inclusions and exclusions, third consideration

Lawrence A. Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the third consideration staff memo.

Mary Most Vanek, Executive Director, PERA, reviewed the history surrounding the issue, reviewed the proposals from PERA's perspective, and testified in support of PERA's proposal, contained in Document LCPR14-020, and amendment LCPR14-020-1A, and responded to members' questions.

Rep. Benson suggested having defined contribution retirement plan coverage for low-paid employees.

Gary Carlson, Intergovernmental Relations Director, League of Minnesota Cities, testified that the \$425 salary minimum presents an administrative burden and that the League supported an annualized version in 2001 and continues to support that concept. Mr. Carlson stated that the League has no position on defined contribution coverage for low-salary employees, but that he will explore the subject.

Jan Alswager, Chief Lobbyist, Education Minnesota, testified in opposition to the proposals, urging the Commission to also consider issues related to rural vs. metro employees and PERA vs. TRA and MSRS.

Sarah Lewerenz, Legislative and Political Coordinator, AFSCME Council 65, testified in opposition to the proposals and in support of retaining the current membership threshold.

Statewide retirement plan contribution rate deficiency revision recommendations

Mr. Martin reviewed the contribution rate revisions recommended by MSRS and PERA.

David Bergstrom, Executive Director, MSRS, testified in support of LCPR14-016.

Mary Most Vanek, Executive Director, PERA, testified in support of LCPR14-019.

There was no action on the recommendations.

Chaska Volunteer Firefighter Relief Association; Requested Commission approval of proposed mortality actuarial assumption change

Mr. Martin reviewed Motion LCPR14-M1, to adopt actuarial assumption changes for the Chaska Volunteer Firefighter Relief Association.

Sen. Goodwin moved motion LCPR14-M1. **MOTION PREVAILED.**

Non-Agenda Item

Dan Hannan, Minnesota Pollution Control Agency deferred annuitant, testified in support of reinstating deferred annuitant benefits to their pre-2010 levels when the plans' funding levels are restored.

Agenda Items, continued

Mandated study on the feasibility and requirements necessary for the consolidation of the Duluth Teachers Retirement Fund Association and the St. Paul Teachers Retirement Fund Association into the Teachers Retirement Association

Laurie Hacking, Executive Director, TRA, presented a portion of the Minnesota Teacher Fund Consolidation Study report.

J. Michael Stoffel, former Executive Director, DTRFA, presented a portion of the Minnesota Teacher Fund Consolidation Study report. Mr. Stoffel testified that the DTRFA Board supports merging into TRA.

Paul Doane, Executive Director, SPTRFA, presented a portion of the Minnesota Teacher Fund Consolidation Study report. Mr. Doane testified that the SPTRFA Board has agreed to a transfer of assets to the Minnesota Supplemental Investment Fund, but is opposed to merging into TRA.

Dick Wasco, retired St. Paul teacher, testified in support of merging SPTRFA into TRA.

Jan Alswager, Chief Lobbyist, Education Minnesota, distributed a letter in support of merging the first class city teacher retirement fund associations only if they come in fully funded and the merger is not subsidized by TRA.

Commission Actuarial Services Subcommittee membership appointment

The following members were appointed to the subcommittee: Rep. Nelson, Chair, Sen. Goodwin, Rep. O'Driscoll, and Sen. Rosen.

Commission interim project: Actuarial assumptions, third consideration; Post-retirement adjustment actuarial assumption options

The topic was not heard and will be carried over to the next meeting.

Adjournment

The meeting adjourned at 11:55 a.m.

Lisa Diesslin, Commission Assistant