

Benefit Adequacy Subcommittee
February 2, 1984
Room 83, State Office Bldg.

MINUTES

The Benefit Adequacy Subcommittee chairman opened the meeting, Senator Collin Peterson.

PRESENT: Senators Peterson, Frederickson, Renneke, Spear
Representatives Spear and Sarna

Staff prepared 65 charts on the following subjects:
Jim Heidelberg, Asst. Exec. Sec., presented slides on the subjects.
Further Comments About Social Security
Negotiated Pensions
Contributions Per Participant
Minnesota and Other States
Private Plans Versus Public Plans
Benefits Paid
Costs
Funding Status
Minnesota Plan Benefits
Compared to Pre Retirement Net Income
Compared to Final Salary
Compared with Other States to Final Salary
Compared with Local Private Plans

SOCIAL SECURITY PRESENTATION: Some areas were emphasized as follows:

1. Relative of Offset against spousal Social Security, it is by two-thirds not by 100 percent of Basic Member's pension.
2. A person who does not qualify for Social Security may purchase Medicare Parts A and B. Part A costs \$155 per month. \$1860 per year.
3. A person 65 who qualifies for Social Security is automatically signed up by Social Security Administration for Part B unless the person does not want it. Part B costs \$14.60 per month.

Private Plans and Public Plans, Other States:

1. Using a funding ratio, the private plans are better funded.
2. Difference between other states and the Minnesota levels is that other states have full retirement at age 60.

Further Research:

1. Need to look at take home pensions with tax deductions coming out of them.
2. Need to look at other benefits--health insurance.
3. Vesting. Check with Mr. Bordewick as to the cost of 40% after 4 years; 10% for a year.
4. Check with Mr. Bordewick re changing from 1% per year of service credit to 1.25%. How expensive?
5. Need for more discussion on the rule of 85 and 90. Need an update on the rule of 90 as to how many persons took it.
6. Check Wisconsin experience as to having the local units of government pick up the cost of early retirement plans.

Eleanor Diebel
Staff Secretary