



April 12, 1989  
Room 112  
Capitol

11th Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Senator Donald M. Moe, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 6:13 P.M.

Commission members present:

Senators Donald Moe, Steven Morse, Larry Pogemiller, Earl Renneke, and Gene Waldorf  
Representatives Robert A. Johnson, Gerald Knickerbocker, Leo Reding, and Wayne Simoneau

Commission members absent:

Representative Rich O'Connor

A quorum was present.

Senator Moe introduced the first item on the agenda, S.F. 1149 (Morse); H.F. 1317 (Reding): State University Supplemental Plan; Collective Bargaining and Additional Employer Contribution Amount. Mr. Edward Burek, Deputy Executive Director of the Commission, reviewed the staff memo on this bill. Discussion followed.

Elton Erdahl, Executive Director of TRA, noted some technical problems with the language in the bill that need attention.

Sen. Morse offered a technical amendment that would address the problems noted by Mr. Erdahl.

Members moved approval of S.F. 1149; H.F. 1317 as amended by SCS1149A-1. **MOTION PREVAILED.**

Sen. Moe introduced the eighth item on the agenda, S.F. 1148 (Morse); H.F. 1318 (Reding): TRA; State University and Community College Faculty Social Security Coverage. Mr. Lawrence A. Martin, Executive Director of the Commission, reviewed the staff memo and amendment, LCPR32, on this bill. Mr. Martin noted that the bill makes several changes in the Individual Retirement Account Plan established last session, such as delaying the implementation date for the plan from June 30, 1988 to June 30, 1989 and modifying the exclusion of faculty members from TRA coverage to allow for TRA membership solely for purposes of Social Security coverage. Mr. Martin went on to note two pension policy issues relating to the appropriateness of the transfer of prior member contributions and employer contributions plus interest from TRA to the Individual Retirement Account Plan. Discussion followed.

Russ Stanton, representing the State University and Community College faculty, reviewed the history of the defined contribution plan established last session. Mr. Stanton stated that the first intent of S.F. 1148 was to correct the problem of no provision for Social Security deductions for people placed in the new plan as it was not the intent of the bill passed last session to create new basic members. The second intent of S.F. 1148 was to allow current faculty to get into the plan on the same basis as new faculty by transferring assets as noted by Mr. Martin. Mr. Stanton noted that the result of the transfer would be to divide TRA into a K - 12 account and a higher education account and, according to studies he has, there would be no adverse effect on TRA from doing this transfer.

Sen. Morse offered an amendment, SCS1148A-3, excluding from eligibility for the defined contribution plan persons employed less than 35% of full time employment but permitting them to be members of TRA for all purposes. Discussion followed.

Members moved approval of S.F. 1148; H.F. 1318 with two amendments, LCPR32 and SCS1148A-3. **MOTION PREVAILED.**

Senator Moe noted that the second item on the agenda, S.F. \_\_\_\_ ( ); H.F. 1006 (Sviggum): TRA; Defined Contribution Plan for Extracurricular Compensation, has been requested to be laid over by the author.

Senator Moe laid over the third, fourth, and fifth items on the agenda temporarily.

Senator Moe introduced the sixth item on the agenda, S.F. 1091 (Pogemiller); H.F. 1250 (Rukavina): Major Plans; Partial Post Retirement Fund Increases for Short Period of Receipt Benefit Recipients. Mr. Burek reviewed the staff memo on this bill and noted that the bill provides benefit recipients who have received an annuity for less than a year to receive a proportional post retirement adjustment approximately seven months after receiving their first benefit check. Mr. Burek went on to note that this bill increases the number of individuals eligible to share in the excess earnings, thereby, slightly reducing the increase for all participants. Discussion followed.

Rep. Simoneau spoke in support of this bill.

James Hacking, Executive Director of PERA, testified in support of this bill on behalf of the PERA Board of Directors.

Elton Erdahl, Executive Director of TRA, testified in support of this bill.

Members moved approval of S.F. 1091; H.F. 1250. **MOTION PREVAILED.**

Senator Moe introduced the seventh item on the agenda, S.F. 828 (Freeman); H.F. 526 (Simoneau): PERA-P&F; Various Benefit Modifications. Representative Simoneau made a presentation on this bill and noted that he had an amendment, H526A2, to review. Rep. Simoneau referred Commission members to the handouts he had provided and noted that this bill provides employees in the Public Employees Police and Fire Fund (PERA-P&F) with a level formula of 2.5% for all years of service, increased survivor benefits, an automatic bounce back joint and survivor annuity, improved nonduty disability benefits, and early retirement with an actuarial reduction with augmentation feature. Rep. Simoneau went on to note that the cost of this package would be 3.06%. Discussion followed.

Tom Neil, representative of Minnesota Firefighters PERA Coalition, testified in support of this bill. Sen. Morse requested that Mr. Neil provide demographic background information on firefighters mortality.

Marie Prynski, Minneapolis Police Officer and on the board of the PERA Police and Fire Fund Association, testified in support of this bill and all of its benefit improvements.

Ken Collins, Legislative Chairman for the Minnesota Chiefs of Police Association, testified in support of this bill. Discussion followed.

Rep. Johnson noted that he will also be offering an amendment to this bill on behalf of the Correctional Plans.

Sen. Moe laid over S.F. 828; H.F. 526 for further review.

The meeting adjourned at 8:15 P.M.