

LEGISLATIVE RETIREMENT STUDY COMMISSION

Minutes

The regular monthly meeting of the Legislative Retirement Study Commission was called to order by Sen. J. A. Josefson on April 17, 1970, at 9:30 A.M., Room 118, State Capitol.

PRESENT:	<u>Senators</u>	<u>Representatives</u>
	Baldy Hansen	Don Forseth
	Mel Hansen	Joseph T. O'Neill
	J. A. Josefson	
	Harmon Ogdahl	

ALSO PRESENT: Dr. Franklin Smith, Stennes & Associates; Frank V. Moulton, Exec. Sec.; Blair Testin, Assistant; O. M. Ousdigian, PERA; Inga Cragg, Retired Teachers Association of Minnesota; Elton Erdahl, TRA; C. Meehan, PERA; Elenor C. Biebl, Retired Teachers Association, Mankato; Bernice Morrow, Retired Teachers, Mankato; Alberta Marshall, Retired Teachers, Mankato; Esther Benson, Retired Teachers, Mankato; James L. Jacobs, MSBA; Robert S. Reed, MEA; Gordon J. Williams; PERA; Arne Ulvi, MSRS; Paul Groschen, MSRS; Bert W. Johnson, Minnesota Highway Patrol; Roger L. Wells Dooley, Retired Teachers, Mankato; Richard M. Nelson, Minnesota Police Pension Council and Mpls. Police Relief Association; Harvey W. Schmidt, TRA; T. E. Campbell, MGEC; Donald Mattice, Austin Police Benefit Association; Marvin Iverson, Richfield Fire; Samuel Terry, Jr., Associated Fire Fighters of Minnesota; Leo Bernat, MFT; Louis Claeson, League of Minnesota Municipalities; Carl Gislason, MSCEU; Donald L. Peterson, Minnesota State Fire Department Association, Blooming Prairie.

MINUTES of the March 20 meeting were approved as mailed.

Stennes and Associates bill in the amount of \$390 for actuarial services from March 1 to March 31, 1970 was approved for payment.

STAFF MEMOS: Highlights from two publications of the Bureau of Census
Future Trends in Social Security
Deputy Registrars - Attorney General's Opinion.

Relative to the Deputy Registrar problem, Mr. Groschen, MSRS, stated they will not be paying interest on the refund. There will be some temporary adjustment until 1971.

TRA

The chairman's letter to the members of the House and Senate re retired teachers was approved for mailing. It was requested that a paragraph be added to the letter relative to the retired teachers' participation in the Minnesota Adjustable Fixed Benefit Fund.

DR. Franklin Smith, Stennes & Associates - Further Discussion of TRA Valuation as of June 30, 1969 - GVS No. 69-9

This memo discussed a "separate report which was received on the comparison of the turnover gain with the cost of the 20% augmentation plus the cost of the disability and survivors' benefits plus the administrative expenses."

A review of the calculation resulted in a correction which showed the loss had increased to \$589,039.

Mr. Harvey Schmidt, Exec. Sec. of TRA, stated that this was an area which should be watched.

STAFF MEMO - Contribution Collection for TRA Supplemental

This report comes from the Statewide Subcommittee for the full Commission's approval. The following possible approach was submitted for the Commission's approval:

1. "At the start of the fiscal year, divide the first \$6,000 of wages which are not considered for deductions by the number of payroll periods during the fiscal year.
2. Then, for each pay period, deductions for the supplementary fund will be made on all wages paid over and above the non-deductible portion (eg. - for 12 pay periods, all wages over \$500).
3. Retain present \$15,000 upper limit.
4. This change to be effective July 1, 1971.

Rep. O'Neill moved that the report of the subcommittee be adopted and that the staff be instructed to prepare a bill taking care of the provisions as outlined.

MOTION CARRIED

STAFF MEMO - Volunteer Firemen's Association - Guidelines (BT)

Memo was read and discussed.

Mr. Don Peterson, Executive Secretary of the Volunteer Firemen's Association, commented on the proposed legislation. This subject will be discussed at the Volunteer Firemen's Convention and also at the League of Minnesota Municipalities' Convention this month. They will report to the Commission on the action taken on this matter at the various conventions.

MR. ROBERT BLIXT, State Board of Investment - Progress Report:

Mr. Blixt spoke on the following points:

1. Will set up a reserve on the sale of bonds in the Adjustable Fixed Benefit Fund to work toward in the future.
2. The TRA bill could be implemented for the Unclassified State Employees - unclassified could take out their money and put it into either of the two funds. Problem is what to do with the turnover gain.
3. Over a period of months, the Minneapolis Municipal Employees Board were transferring a large percentage of bonds on a market value basis.
4. Minneapolis Fund is arranging a loan to pay the State Board of Investment -- short term papers.
5. Most of the supplemental retirement funds appear to be down about 35%. The Minnesota Adjustable Fixed Benefit Fund is down about 6%. The income fund is doing better than expected.
6. Re the large number of investment funds - should be more consistency in benefits for retirement funds.
7. Police and fire supplemental funds, including Albert Lea, Duluth, Winona, Minneapolis, etc. - investment to date is \$956,000.
8. Minnesota Adjustable Fixed Benefit Fund is doing alright. It totals \$220-1/2 million and is down only 2%.
9. Highway fund is doing very well - no loss.
10. Pressures to buy municipal bonds - trying to use every measure possible on State managed pension funds.

STAFF MEMO - Communications from the MSRS Retired State Employees.

This memo was prepared in answer to questions re retired state employees and in particular in answer to letter from Mr. Jim Clark, Legislative Chairman of the Minnesota Retired State Employees Association, Inc.

Meeting adjourned at 12:00 Noon.

Mel Hansen, Secretary

Eleanor Diebel, Steno

Next Commission meeting scheduled for Friday, May 22, Room 125 at 9:30 A.M.
Statewide Fund Subcommittee, Friday afternoon, May 22, Room 125, at 1:30 P.M.
PERA Subcommittee, Thursday afternoon, May 21, Room 125 at 2:00 P.M.