

Legislative Retirement Study Commission
 Thursday evening - September 13, 1973
 Room 107 - State Capitol

MINUTES

The meeting opened by Rep. Don Moe.

PRESENT:	<u>Senators</u>	<u>Representatives</u>
	John Chenoweth	Cal Larson
	Eugene Stokowski	Don Moe
	Mel Hansen	Robert Johnson
	* Edward Gearty	

Also Present: Frank V. Moulton, Exec. Sec., Dr. Franklin Smith, actuary,
 John Lennis, Senate Council

The Minutes of the August 17 and 16 meetings were approved.

Statement of actuarial services for the period May 1, 1973 to July 31, 1973, was approved for payment to George V. Stennes and Associates.

Actuarial Valuations of the thre local funds as of December 31, 1972 were reviewed by Dr. Franklin Smith:

Minneapolis Teachers Retirement Fund - Valuation as of 12/31/72 (GVS 73-1)
 These valuations were based on a 3-1/2% and 4-1/2% interest assumption. (A valuation on a 5% interest assumption will be made as of 12/31/73).

	<u>3-1/2%</u>	<u>4-1/2%</u>
Unfunded Accrued Liability	\$90,579,000	\$68,591,961
Normal Cost	16.58%	12.90%
Amortization by 1997	10.37	8.64
Expenses	<u>0.45</u>	<u>0.45</u>
	27.40%	21.99%
Funding Ratio (1972)	46.3%	
Assets (1972)	\$78,073,338	

St. Paul Teachers Retirement Fund - Valuation as of 12/31/72 (GVS 73-2)

The valuation was made using the entry age normal cost method and assuming a 3-1/2% interest assumption; also a valuation was presented showing a 5% interest assumption:

	<u>3-1/2%</u>	<u>5%</u>
Accrued Liability	\$118,885,613	\$95,193,387
Assets	<u>27,554,138</u>	<u>27,554,138</u>
Unfunded Accrued Liability	\$ 91,331,475	\$67,639,249
Funding Ratio	23.2%	28.9%
Normal Cost	13.58%	9.25%
Amortization by 1997	15.82%	13.70%
Expenses	<u>0.25%</u>	<u>0.25%</u>
	29.65%	23.20%

St. Paul Teachers Retirement Fund (continued):

Support - 7% - employee contribution
12% - employer contribution

Mr. Lyle Farmer advised that the levy provided for increases granted to retired teachers is an additional levy of \$240,000--levy phases out as retired people die.

Budget: 1973 budget 4.4 Million (2.8M from the State; 1.6M from local levy
1974 budget 4.9 Million (9.4% from state; 2.6% from City of St. Paul)

New salary increases - 3.9 to 4.2% approximately

Minneapolis Municipal Employees - Valuation as of 12/31/72 (GVS 73-3)

Dr. Smith reviewed the valuation based on a 3-1/2% interest assumption.

	<u>12/31/71</u>	<u>12/31/72</u>
Unfunded Accrued Liability	\$104,804,228	\$105,562,873
Normal Cost	18.52%	18.53%
Amortization by 1997	11.39%	10.87%
Expenses	<u>0.30%</u>	<u>0.34%</u>
	30.21%	29.74%
Funding Ratio	47.9%	51.8%
Assets	\$ 96,396,065	\$113,535,582

Total contribution (Basic Group):

1972 - 26.63%

1973 - 27.01%

Staff Memo - Coverage Under Correctional Employees Retirement Plan

Mr. Moulton reviewed the memo and discussion followed.

It was concluded that there is need for more detail from the various institutions as to the nature and the type of hazards; also how many working days were lost by those injured. There is need for comparison of the number injured that were covered and the number injured that were not covered.

S.F. 76 - Private Pensions (Mel Hansen)

Sen. Hansen discussed the bill and explained that the bill provides a vehicle to find out how extensive the problem is.

It was concluded that there is need for further indepth study of private pensions. There might be need for supplementary action at the state level to guard against future private pension problems.

Reports:

- 1) Dr. Finkelstein Disability Matter - The secretaries of the funds will report on this matter at the October meeting.
- 2) Deferred Compensation Plans - The commission received two communications-- one from the League of Minnesota Municipalities and the other from Mr. Jim Jacobs, re this plan. This subject will be taken up at the October meeting of this commission.

Donald M. Moe, Secretary

E. Diebel, Steno.