

LEGISLATIVE RETIREMENT STUDY COMMISSION  
Minutes of May 13 and 14, 1974 meetings  
Room 112, State Capitol

Meeting called to order by the chairman, Rep. Richard Parish.

PRESENT: Senator Mel Hansen  
Representatives Richard Parish, Cal Larson, Robert Johnson, Don Moe

DEFERRED PENSION BILL (as previously drafted)

The intent of this bill had been previously approved by the commission but was drafted too late for introduction at the 1974 Session.

This bill extends to holders of deferred pension credit benefit due to adoption of the 5% interest assumption--the increase to be retroactive to 7/1/73.

The staff was directed to write a letter to each of the funds asking them what this 12% would do to their fund; also, how many people are involved.

STAFF MEMO - 1st Class Teachers' Retirement Funds (Moulton)

Mr. Moulton reviewed the summary. Staff will have more up to date figures on the first class city teacher retirement funds after the new valuations are submitted.

SUMMARY OF H.F. 3400

Mr. Paul Groschen, Exec. Dir. of MSRS, reviewed the contents of H.F. 3400 which had been vetoed. Mr. Groschen requested early passage in January of a MSRS bill without the various additions.

Mr. Groschen, in reviewing the contents of H.F. 3400, pointed out some problems with the various sections which may need further direction and study:

1. Date of augmentation change from 3 1/2 - 5% (bill reads 7/1/73)?
2. Date on which legislators' per diem deductions (not exceeding \$25 per day) should start. If the date is to be retroactive, need to know what period of time and how the legislator is going to pay it into the fund. A legislators retirement fund is set up providing that all contributions and income be credited into the fund.

Mr. Groschen was instructed to put the bill in correct sequence, including any additional provisions which MSRS wishes to have considered for passage in the 1975 Session. This will be on the June agenda.

STAFF MEMO - The Sylvestre Case - Implications for Public Pensions in Minnesota (Mandeville)

Mr. Mandeville reviewed the memo which analyzed the Sylvestre decision relating to contractual nature of judges' pension. Staff was directed to recheck other laws (MSRS, TRA, etc.) to ascertain whether they contained provisions similar to PERA's no contractual rights provision.

May 14, 1975 Meeting:

PRESENT: Senators Chenoweth, Mel Hansen, Ogdahl, Stokowski, Gearty;  
Representatives Parish, Moe, Robert Johnson

Dr. Smith was directed to have some figures as to what the unfunded liability would be with a 5% and 10% salary assumption as it relates to PERA.

Staff will check with Mr. Groschel, Soc. Sec. Division, as to the amount of Social Security collected from the subdivisions, etc.

Dr. Smith went over the Valuations of MSRS, PERA and TRA as of 6/30/73.

Sen. Chenoweth requested a review of the differences between the various funds due to the change in interest assumption, contribution rates, additional employer contributions, age and salary distribution, assets on hand, and employee contributions. Also, what are the acceptable standards for amortization. Commission wants to make comparisons to find out what the acceptable standards are. There is need for common grounds to draw valid comparisons.

Rep. Moe asked also that a profile of the characteristics of the various funds be drawn up, including average years of service, average tenure on the job, which would show how one fund is different from the other--as to age, salary distribution and period of service, etc. Dr. Smith and Mr. Moulton will work on this report.

STAFF MEMO - Volunteer Firemen's Relief Associations

Mr. Moulton reviewed memo which discussed various problems to be studied and resolved re volunteer firemen's relief associations. Staff was directed to make up an outline of the things which might be done. Commission would like information along these lines from other states.

There will be a discussion as to how the commission would react to<sup>a</sup> statewide volunteer fire fund plan at the next meeting.

A sample of a reporting form for fire associations will be procured for the next meeting.

FEDERAL LEGISLATION OF PRIVATE FUNDS AND RELATION TO PUBLIC FUNDS

Staff was directed to send letters to the Minnesota Delegation in Congress conveying the feelings of this commission that public funds be excluded from the current bill in congress re private pensions.

Next commission meetings scheduled for Monday evening, June 17 at 7:00 P.M. and Tuesday, June 18 at 9:00 A.M. (Meeting will be held in Room 112-Capitol)

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Donald M. Moe, Secretary

E. Diebel, Steno