

November 30, 1978 Meeting
Room 112, State Capitol
7:00 P.M.

MINUTES

The chairman, Sen. Eugene Stokowski opened the meeting.

PRESENT: Senators Stokowski, Strand, Collin Peterson
Representatives Patton, Biersdorf, Reding
Dr. Franklin Smith, Actuary

The minutes of the September 15, 16 and 18, 1978 meetings were approved.

PRESENT: Senators Stokowski, Strand, Collin Peterson
Representatives Patton, Biersdorf, Reding
Dr. Franklin Smith, Actuary

Rep. Patton moved approval of the minutes of the September 15, 16 and 17, 1978 meetings. Motion carried

Rep. Biersdorf moved, and Reding seconded, that Lawrence A. Martin be appointed Executive Secretary of the Commission. Motion carried.

Rep. Reding moved that Stephen Harrington be appointed as assistant to the Executive Secretary of the Commission. Motion carried.

Rep. Patton moved that Dr. Franklin Smith, independent consulting actuary, be retained as the consulting actuary for the commission to replace the commission's previous consulting actuary, the firm of Stennes and Associates, effective December 1, 1978 for a period of one year, open to renewal for additional one year periods, to provide those actuarial services which the commission requires at the rate currently in effect for the commission's consulting actuary which is \$55.00 per hour of actuarial services. Motion carried.

Dr. Smith: Minneapolis Municipal Employees Retirement Fund Actuarial Valuation as of December 31, 1977

Dr. Smith went over the valuation and discussion followed.

Harlan Johnson, MMER Executive Secretary, advised the commission that they are in the process of changing to valuations as of June 30 rather than as of each December 31; that there will be a June 30, 1978 valuation. Mr. Johnson also reported that approximately 90 employees went over to the coordinated plan as per the recent elections.

Staff Memo: Definition of a Year of Service Credit

L. Martin went over the memo and discussion followed.

The memo compared the various differing definitions of years of service credit by the pension funds; "there is a potential for the accrual of greater than one year's service credit during a calendar year or fiscal year if an employee engages in employment (any variation of part time or full time employments) with two different employers where retirement coverage is provided by two different public pension funds."

A resolution was presented by the MMER Board stating in effect that the Board will redefine the fund's definition of year of service credit.

Staff was directed to pursue this problem.

Legislative Proposals of the Retirement Funds:

MSRS-Paul Groschen, Executive Director, discussed the following MSRS Proposals:

- 1) Change in the early retirement reduction factor:- At the present time the reduction is 6%; they want 4.75%.

- 2) Change in the benefit formula:- 1% for the first 7 years; 1 1/2% thereafter;
- 3) Improvement in disability benefits for the correctional employees:- change in waiting period from 60 days to 30 days.

PERA 1979 Legislative Proposals:- Mr. Ousdigian, Executive Director, stated that the PERA funding ratio has increased to 69%; and the PERA P&F increased from 80% to 82%.

Mr. Donald Sandeen, PERA Legislative Chairman and business manager for the Austin public schools discussed the following PERA legislative proposals:

1. Employee and employer contribution increase;
2. Increase in the amount an annuitant can earn from \$3,000 to \$5,000 per year;
3. Increase in interest on refunds from 3 1/2% to 5%.

TRA Legislative Proposals:- Harvey Schmidt, Exec. Dir., discussed the following proposals:

1. Continuation of TRA financing problem solution;
2. Need an additional 1% to freeze the deficit; additional 1% would amount to \$11.6 Million annually.
3. Benefit increases;
4. Look at hearing loss disability problems.

MMER 1979 Legislative Proposals:- Harlan Johnson discussed the following proposals:

1. Clarification of the language re unfunded liability amortization;
2. Change in disability earnings restrictions;
3. Change in survivor benefit earnings restrictions;
4. Miscellaneous housekeeping changes.

Minneapolis Teachers Retirement Fund (St.PTRFA):- 1979 Legislative Proposals

Jim Heller, MTRFA Board discussed the following proposals:

1. Increase in benefits of retirees;
2. Recognition of military service time.

St. Paul Teachers Retirement Fund (St.PTRFA):- 1979 Legislative Proposals

Lyle Farmer, Sec/Treas, discussed the following proposals:

1. Pension increase for retirees;
2. Reduction in discount for retirement below age 60 from 1/2% to 1/4% for each month under age 60 to age 55 with 25 years of service;
3. Increase in employer contribution from the State;
4. Lower the age to 60 from 65 for conversion of disability benefit in the Basic Plan.
5. Augmentation for deferred pensions in both the Basic and Coordinated plans;
6. Provide retirement from age 55 to age 65 in Basic Plan with more than 10 but less than 25 years of service with a discount as in the Coordinated Plan.

St. Paul Firemen's Relief Association 1979 Proposals

Tom Gelbmann told the Commission that the fund wants greater latitude in the investment of funds.

Dr. Francis Boddy, Acting Executive Secretary, State Board of Investment:-

relative to the Minnesota Adjustable Fixed Benefit Fund, Dr. Boddy will not recommend an increase for the coming year; it is in a deficit position. (in response to a question)

Mr. Robert Wetherille, Minneapolis Fire, spoke about "inheritance tax for widows of fire and policemen only". This tax is paid by these widows on the value of their pensions. They have no proposals at this time but they are taking a look at this tax. Mr. Wetherille also spoke about the disability problems which are still awaiting a solution. The Minneapolis Firefighter's Relief Association have hired a new actuarial firm, Gabriel, Roeder and Smith.

December 1, 1978 Meeting
Room 112 - 9:00 A.M.
State Capitol

MINUTES

The chairman, Sen. Stokowski, opened the meeting.

PRESENT: Senators Stokowski, Collin Peterson, Strand, Renneke
Representatives Patton, Beauchamp, Reding, Biersdorf

Department of Personnel - Study on Overtime and Retirement

Donn H. Escher, Assistant Commissioner, Minnesota Department of Personnel, explained the cost of preparing the study and report, "Overtime Abuses and Retirement A Research Report" -- \$8,000.

Richard Cottrell, Project Director, advised the Commission that there are no conclusions as to whether there have been overtime abuses. A study was made of 275 cases of overtime during the 15 years preceding retirement; compared the last 5 years of overtime with the last 10 years. Report states that "it appears that employees tend to work more overtime during their last 5 years preceding retirement, and during the period from 15 to 10 years preceding retirement." "Other factors which may account for the overtime trend are changes in legislation. Especially noted are amendments adopted in accordance with the Federal and Minnesota Fair Labor Standards Act. Extraneous factors such as willingness to work overtime may also influence the overtime effect."

Bob Currie, State Employees Union, gave his views on overtime among state employees. He reported that his union covers 15,000 state employees; that it makes a deliberate effort to distribute overtime evenly among employees; that an overtime assignment is given to the least senior employee--the younger employees want the overtime/money and the older employees want time off.

The chairman directed staff to take a look at the 40 year employees.

Staff Memo - Comparison of Statutory and Related Provisions Governing Disability Benefits

L. Martin went over the memo and discussion followed.
Rep. Biersdorf moved that the staff conduct further study on disability. Carried.

Lyle Farmer, St. Paul Teachers, reported that they have a number of stress type disabilities; that there is need for further study relative to getting employees back into the work force; possibly a need for an independent agency to act on these disabilities to get them back to work.

Paul Groschen, Exec. Dir, MSRS, stated there is a problem with separating the truly disabled from the partially disabled; that there is a problem with the age 60 or 62 group in determining whether the person is disabled; also there is a problem with the medical examination costs; MSRS pays for the examinations.

Edward Blanck, Exec. Sec. Duluth Teachers Retirement Fund, stated there is a problem as to whether disability is job related or generally related.

Robert Wetherille, Minneapolis Fire, stated their problem is that there are no positions in the fire department for those partially disabled.

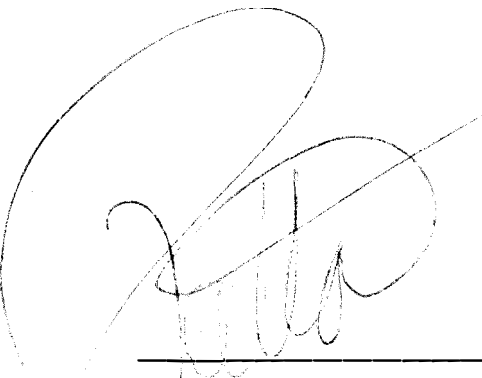
Stan Peskar, League of Minnesota Cities, advised that there is a program to begin in 1980 requiring those receiving federal aids to hire the handicapped for jobs they are able to perform--"ability to do any work that will support that person in a reasonable manner".

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Paul Groschen explained some of the changes in the Deferred Compensation Plan which will limit the amount which can be deferred to approximately 25% compensation.

Leo Reding, Secretary

E. Diebel, Steno



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