## State of Minnesota \ LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

September 20, 1979 Meeting Room 118 State Capitol

MINUTES

Rep. Al Patton opened the meeting.

PRESENT: Senator

Senators Ogdahl

Strand

Representatives Al Patton

Biersdorf

Donald Moe

Kaley

Strand

Rep. Patton explained that the bills which are pending before the 1980 Legislature are on the agenda for consideration and review.

Rep. Patton also advised that in the future all amendments drafted during the 1980 Legislative Session will go through this Commission for review and consideration.

SF 960 (Strand); HF 915 (Patton): Major Retirement Funds; Modification in Vesting Period for the Proportionate Annuity at Age 65 Law
SF 960 became the omnibus retirement bill of the 1970 Session and includes all or part of five bills. Four bills have been heard by the Commission and one bill was heard but not acted upon by the Commission. The important changes are:

- reduction in the service requirement for a proportionate annuity at age 65 from 3 years to 1 year of service;
- 2) maximum allowable earnings for re-employed MSRS, PERA or TRA annuitants increased to match the current Social Security re-employment benefit earnings maximum amount;
- 3) introduction of an occupational inability definition of what constitutes a disability for correctional officers covered by the MSRS-Correctional Employees Retirement Plan;
- 4) clarification of various ambiguities in the consolidation of the MTC-Transit Operating Division Employees Retirement Fund;
- 5) exclusion of certain part-time teachers from membership in TRA is clarified.

## Discussion:

Relative to the exclusion of part-time Vo-Tec teachers who have IRS accounts under federal law from TRA coverage, Mr. Schmidt advised that this problem will be reviewed.

Sen. Collin Peterson will work with the Senate Education Committee on this subject. There is a bill relating to this subject in the Senate Education Committee.

Sec. 20, Limitation on Nonforfeitable Entitlement to Benefit Increase--current members and current benefit participants of MMER.

Mr. L. Martin advised that this provision does not apply to all public funds. Staff was directed to draft a general provision which would apply to all public pension funds in the state.

Sec. 21 refers to a provision of MMER law and specifies which elective officers of the city are excluded from and which are included in membership in the fund-shall not be interpreted as authorizing the payment of a retirement allowance to a former, present or future elective officer of the city who has not attained the age of at least 60 years or has at least 30 years of service.

Rep. Patton stated that this subject will be considered in a subcommittee on MMER problems to be appointed.

Rep. Kaley moved that advice be sought from the Attorney General. Staff was directed to draft a letter to the Attorney General requesting an interpretation of the current law.

Paul Groschen, Executive Director of MŚRS, spoke about the problems with crediting part-time service. He stated this was no problem under the career average plan.

Relative to maximum allowable earnings for re-employed MSRS, PERA or TRA annuitants to match the current Social Security re-employment benefit earnings maximum amount:

Paul Groschen, MSRS, stated he approved of raising the limits to correspond with the Social Security maximums;

Lyle Farmer, St. Paul Teachers, stated he approved of removing the limitation;

Gordon Williams, PERA, stated that PERA has no problem with this; that not more than 5 or 10 members go over the maximum earnings;

Harvey Schmidt, TRA, is of the opinion that some kind of a ceiling is good.

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PRESENT: Representatives Al Patton, John Biersdorf, Donald More, **J**ohn Sarns, Dick Kaley

Senators Renneke, Collin Peterson, Roger Strand

SF 1199 (Strand); HF 1221 (Moe): MSRS Administrative Bill
"The bill is essentially the same as it was when recommended by the
Legislative Commission on Pensions and Retirement, except for amendments
made by the Senate to include the substance of a bill which was not heard
or acted upon by the Commission and two other provisions not reviewed by
the Commission."

"The bill was not considered by the full House prior to the adjournment of the 1979 regular session." The bill passed the Senate.

Paul Groschen, MSRS, discussed some of the problems relative to lump sum payments. Mr. Groschen will give the Commission more information in this area.

SF 1128 (Stokowski, Ogdahl); HF 1192 (Patton): Local Police and Salaried Firefighters Relief Associations; Increase in Member Contributions
The major changes provided for in the bill are:

- a two percent of salary increase in the minimum required member contribution set in statute as a condition for further receipt of police or fire state aid;
- (2) various modifications applicable to the St. Cloud Police Relief association, an increase in the surviving spouse benefit amount, an increase in the required member and municipal contributions and a clarification of the administration of the relief association as it phases out into PERA-Police and Fire Fund;
- (3) membership for the current Bloomington police chief in PERA-P&F;
- (4) membership for certain part-time St. Anthony firefighters in PERA-P&F.

## Discussion:

Stan Kehl, City of Minneapolis, advised that an agreement had been reached with the Minneapolis police and fire:

- employee contributions to increase to 7% July 1, 1980;
- 2) contributions to increase to 8% January 1, 1981;
  - retirements and disability retirements; benefit increase to begin January 1, 1981
- 4) city to begin increased normal cost payments for increased benefit January 1, 1981.

Lloyd Berg, Minnesota Police Pension Council, stated they are not in agreement with the City of Minneapolis.

Bob Wetherille, Minneapolis Fire, stated that 96 1/2% support the increase proposal.

Chuck Anderson, St. Paul Police and Minnesota Police Pension Council, spoke about some type of cost of living increase.

Roger Strand Secretary

Eleanor Diebel Commission Secretary