

State of Minnesota \ LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

March 25, 1980 Subcommittee Meeting
Room 118, State Capitol
5:00 P.M.

Buy-Back Subcommittee Meeting Minutes

Sen. Roger Strand, chairman, opened the meeting.

PRESENT: Senator Strand, Senator Renneke
Representative Kaley and Representative Al Patton.

Sen. Strand stated that he plans to have several meetings on the subject of buy-backs during the summer and early fall; that the subcommittee will then submit a report to the Legislative Commission on Pensions and Retirement after the organization of the 1981 Legislative Session.

Karen Dudley, Commission staff, went over a staff memo which set up three categories of buy-back requests; 1) bills that apply to a unique situation, 2) bills that are introduced to apply to a unique situation but upon analysis could apply to several persons, 3) bills which apply to a group of persons.

There was discussion as to how buy-backs were handled in the past and how employer contributions were handled; whether there was an employer contribution at the time the buy-back was made. It was pointed out that buy-backs were handled in different ways; that TRA never had a typical employer contribution and that the buy-back cost was added to the deficit of TRA. Typical pattern has been to allow the employer and employee to pay the buy-back costs.

It was noted that it is necessary to have the cost of the buy-back at the time the decisions are made to allow a buy back.

SF 2327 (Wegener); HF 2349 (Welch): PERA; Purchase of Prior Service by Mille Lac County Commissioner. Sen. Wegener explained that a mistake was made by the county auditor that went back to 1960 instead of 1957.

Mr. McBroom, the county commissioner for whom the bill is written, explained that there was an error amounting to 3 years in service credit time and would increase his pension by \$50 per month. Mr. Stubb, who served on the Mille Lac County Board with Mr. McBroom, testified that there was an error and that the error or mistake was in the auditor's office.

HF 2103 (Lehto); SF 2106 (Solon): TRA; Purchase of prior teaching service by a certain TRA member who previously agreed to purchase the prior service. This situation involves a professor at the University of Minnesota in Duluth requesting to pay \$763.34 in arrears payments. The deadline for making arrears payments was 6/30/73 and notifications to this effect were sent out to the places of employment with the request that the notification be posted. Rep. Lehto explained the reason for the request to pay arrears.

SF 537 (Lessard); HF 50 (Prah): PERA; Purchase of prior service for period 1947 to June 1951 by employee of Independent School District No. 316 (Coleraine). The buy-back amount in this situation is \$7,429, the total employer/employee cost. It covers the period 3/1/47 to 6/30/51. The person involved did not have the required money to pay the buy-back at the time. The school board will pay its employer share. It wants to retire this person and train a younger person. The school board will send a letter to the Commission stating that it would approve this. Action is needed before 1981.

HF 2124 (Sarna); SF (): MTRFA; Purchase of prior military service by MTRFA members.

St. Clair Beeman expressed the view that buy-back policy should become a matter of record, containing provisions to pay employer/employee contributions. These policies should be tied down before decisions are made.

HF 115 (Peterson); SF 250 (Davies); PERA; Purchase of prior service for one year of previously uncredited military service for period April 1945 to April 1946 by court reporter employed by Minneapolis and Hennepin County. Paul Ness, court reporter, wants to retire with 30 years of service at age 63 rather than at age 64. Requests legislation to buy back one year of military service from April 30, 1945 to April 30, 1946.

E. Diebel
Commission Staff Secretary