

MINUTES Buyback Subcommittee Meeting

June 5, 1980
Room 15, State Capitol

Sen. Strand, the chairman, opened the meeting.

PRESENT: Sen. Strand, Sen. Renneke, Representatives Kaley, Biersdorf, Patton
Dr. Franklin Smith

The minutes of the March 25, 1980 were approved.

Karen Dudley went over the memo, "Cost of Purchases of Prior Service" memo and discussion followed.

Larry Martin went over the memo, "Additional Problems for Subcommittee Consideration" and discussion followed.

Harvey Schmidt, Exec. Dir. of TRA, discussed the problem of "arrears" payments. Mr. Schmidt will furnish the Subcommittee with additional data which will be further updated by the TRA actuary.

The fund directors and executive secretaries will be directed to request the following information from their fund actuaries:

1. What proportion of the current unfunded accrued liability of their particular fund can be attributed to past purchases of prior service authorized within the last 10 years and purchased by fund members. "These purchases of prior service would include any type of purchase of service credit other than that regularly deducted from salary, such as purchase of military service, purchase of out-of-state service, payment of arrears and repayment of refunds."
2. Also, the fund directors and executive secretaries are requested to give an account of the number of individuals who have taken advantage of purchases of prior service.

Staff will draw up a chart showing the following calculations:

1. Cost of buybacks based on actual salary and actual contribution rate;
2. Cost of buybacks based on current contribution rate and current salary.

The staff will also develop some policy alternatives for consideration by the subcommittee.

Mr. Chenoweth, Exec. Dir. of MMER, commented on the problem of the repurchase of refundments.

E. Diebel
Sec.