

March 8, 1994  
300S State Office Building

2nd Meeting



**Subcommittee to Review Proposed Special Legislation**

of the LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

**MINUTES**

Rep. Leo Reding, Chair of the Subcommittee to Review Proposed Special Legislation, called the meeting to order at 8:25 A.M.

Subcommittee members present:

Representatives Bob Johnson, and Leo Reding  
Senator Roy Terwilliger

**S.F. ( ); H.F. 1913 (Farrell): St. Paul Police; Retroactive Refund Eligibility.**

Rep. Farrell introduced Mike Schwab, President of the St. Paul Police Relief Association, to review the issue. Mr. Schwab introduced Officer Jeff Winger, whose deceased father is the subject of this legislation. Mr. Schwab testified that in 1991 the legislature passed legislation permitting relief associations that changed their bylaws to refund employee contributions plus 5% interest to the estates of members that did not have eligible survivors. Mr. Winger's father died in 1990 and this bill would permit the 1991 change to be retroactive in this case. Mr. Schwab testified that precedent for this action occurred in the 1993 Session and involved the estate of a St. Paul Firefighters Relief Association deceased member. This bill contains a local approval clause.

Rep. Johnson moved H.F. 1913. **MOTION PREVAILED.**

**S.F. 1818 (Stumpf); H.F. 1927 (Tunheim): Major Funds; Special Medicare Referendum.**

Rep. Tunheim reviewed the background on this bill. He testified that his original bill covered three constituents, however, when he heard that public safety members were not permitted to participate in the original referendum, he expanded the bill. Edward Burek, LCPR Deputy Executive Director, reviewed the staff memo and stated that this bill would permit basic members to elect Medicare Part A coverage. Discussion followed.

Laurie Hacking, PERA Executive Director, testified that most people who did not select Medicare Part A during the prior referendum were eligible for it through a spouse or were eligible through their own employment outside of public employment. Ms. Hacking further testified that this bill would extend the referendum to 7,000 PERA-P&F members and 1,000 MSRS members, it would require extensive counseling by PERA staff members prior to the referendum, and it would cost PERA \$10,000 to \$12,000 which would be billed back to DOER as was done for the previous referendum. Discussion followed.

Sen. Stumpf asked if this referendum might determine that only a handful of additional members might elect Medicare Part A coverage. Ms. Hacking responded that her estimate would be that only a small number of members would elect Medicare A. She requested that she be permitted to speak to the three Kittson County constituents to determine their situation and whether they would elect Medicare Part A coverage if they were fully counseled. She further stated that it may be preferable to conduct the Medicare referendum for just the Kittson County employer unit and she would like to explore that option.

Barb Conrad, DOER representative, testified that the Department of Employees Relations would work with PERA on the costs of conducting this referendum.

Rep. Johnson moved S.F. 1818; H.F. 1927. **MOTION PREVAILED.**

**S.F. 2028 (Stumpf); H.F. 2269 (Tunheim): TRA; Elwin Leverington Retirement Effective Date.**

Sen. Stumpf reviewed the background on this bill. He testified that Mr. Leverington's application for retirement was not postmarked until July 1, 1982, causing him to miss the 1984 post retirement adjustment and thereby the compounding of that adjustment

throughout his retirement. Sen. Stumpf further testified that in 1987 special legislation for Mr. Leverington allowed him to have an administrative hearing on this issue but this process intimidated Mr. Leverington and the ruling went against him. Sen. Stumpf testified that he would prefer to provide this benefit without the dispute resolution hearing. Discussion followed.

Gary Austin, TRA Executive Director, testified that Mr. Leverington's application was postmarked July 1st P.M. He testified that it would be helpful if fund directors had some flexibility in these circumstances.

Dave Bergstrom, MSRS Executive Director, and Laurie Hacking testified that if a grace period was established, some members would still fall outside the grace period and request special consideration. Rep. Johnson suggested language to provide some latitude for fund directors in extraordinary circumstances. Rep. Reding suggested language that would provide a diminishing return for filing applications late.

Rep. Johnson moved an amendment to permit Elwin Leverington to get retroactive coverage to June 30, 1982, without a dispute resolution hearing. **MOTION PREVAILED.**

Rep. Johnson moved S.F. 2028; H.F. 2269 as amended. **MOTION PREVAILED.**

**S.F. 2039 (Janezich); H.F. 1843 (Tomassoni): Major Funds; Partial Pre-1973 Retiree Bonus Payment.**

Lawrence Martin, LCPR Executive Director, reviewed the background and staff memo on this issue.

Rep. Tomassoni testified that his constituent's mother died November 4 and the estate, therefore, missed out on the pre-73 lump sum bonus payable December 1. The bill provides for a prorated partial bonus payment.

David Bergstrom reviewed the MSRS history since 1989 of pre-73 lump sum bonus payments. He testified that it is his understanding that the lump sum bonus is currently being paid in advance since retirees who elect to receive the bonus on a monthly basis receive their 12 monthly payments after December 1st. He opposes paying the lump sum bonus to an estate and testified in opposition to this bill.

Gary Austin testified in opposition to this bill for the same reasons expressed previously by Mr. Bergstrom.

Rep. Reding stated that he has a problem with the concept of providing the pre-73 bonus payment to an estate.

Rep. Tomassoni testified in support of prorating the pre-73 lump sum payments and stated that if his constituent's mother had died on December 1, the estate would have received the whole payment. Rep. Johnson asked if this was a statewide bill. The response was yes.

Dave Bergstrom stated that if a retiree dies on November 30 and the check has been sent, the estate must return the check. Discussion followed.

Rep. Johnson stated that this was a gift provided to pre-73 members not to their estates. Rep. Reding and Sen. Terwilliger agreed that they would not support providing the pre-73 bonus payment to an estate.

**NO ACTION** was taken on this issue.

The meeting adjourned at 9:30 A.M.

  
Jean Liebgott, Secretary