To: Members of the 911 Telecommunicator Pension Benefits Working Group

From: Chad Burkitt, Analyst *Date: August 25, 2021*

Estimating the Cost of Possible Changes to 911 Telecommunicator Pension Benefits

If the Working Group recommends providing enhanced pension benefits to 911 telecommunicators, LCPR staff suggests that the working group consider two alternatives for providing the enhanced pension benefits. The first alternative is for 911 telecommunicators to be moved from the Public Employees Retirement Association (PERA) or Minnesota State Retirement System (MSRS) general plans and placed into another already existing plan, such as the PERA and MSRS Correctional plans. The second alternative is to recommend the creation of a new plan or plans covering 911 telecommunicators that provides the benefits described in Dar Pankonie's memo to the working group.

This memo describes the two options and what needs to be evaluated so cost estimates can be performed.

Option 1 – Transfer active 911 telecommunicators to the PERA and MSRS Correctional Plans.

Option 1 was discussed at the last meeting and is similar to the proposal contained in SF2198/HF2585. The cost estimate would assume that the provisions of SF2198/HF2585 become law, except that 911 telecommunicators covered by the MSRS General Plan would be transferred to the MSRS Correctional Plan in the same manner described in the bill for PERA-covered 911 telecommunicators. The cost estimate would provide the following information for each of the PERA General and Correctional plans and the MSRS General and Correctional plans:

- Any changes in the actuarial accrued liabilities, assets, and unfunded actuarial liabilities;
- Any changes to the required contribution; and
- The total amount that employers would be required to contribute under subdivision 6, paragraph (b), of SF2198/HF2585, assuming the change described above to address 911 telecommunicators in the MSRS plans.

Option 2 – Create new plans for 911 telecommunicators.

The provisions of the new plans are laid out below and are based on the provisions that Dar Pankonie identified in her memo to the Working Group. Each new plan would be a division of the MSRS General Plan or PERA General Plan, respectively, similar to the way in which the Fire Marshall Plan or Military

Affairs Plan are a part of the MSRS General Plan.[1] The Working Group should consider the following plan provisions carefully before having a cost estimate prepared.

Plan Benefit Provisions

1. Normal retirement age is 55.
2. Early retirement available is at age 50 with a benefit actuarially equivalent to an age 55 benefit.
3. The benefit formula is 1.9% times years of service times average salary.
4. The disability benefits are the same as those described in Minnesota Statutes, Section 353E.06.
5. The vesting schedule is the vesting schedule used by the PERA Correctional plan.
6. The COLA is the COLA provided by the MSRS General Plan for MSRS members and PERA General Plan for PERA members.

Description of the Estimate

For the MSRS and PERA plans described above, the cost estimates should provide the following information:

- Projected annual earnings;
- The normal cost of the new plans; and
- The amount of money that each plan would have to receive to keep the MSRS and PERA General funds whole if active 911 telecommunicators were required to transfer their past 911 telecommunicator service credit to the new plans.

Other considerations.

The options described above are provided as a starting point for discussion by the Working Group. The options are suggestions, not recommendations. The Working Group should modify the options, add additional options, or otherwise proceed as it sees fit.

The cost estimates described here can best be performed by the actuary retained by MSRS and PERA. However, the actuary can only be engaged to do this work by Erin Leonard and Doug Anderson and they should be consulted on whether and to what extent they are able to engage their actuary to perform cost estimates for the Working Group.

Legislative Commission on Pensions and Retirement

55 State Office Building | 100 Rev. Dr. Martin Luther King Jr. Blvd. | St. Paul, MN 55155-1201
Phone: 651-296-2750 | TDD: 651-296-9896; Fax: 651-297-3697 | www.lcpr.leg.mn

[1] *The Fire Marshal Plan and Military Affairs Plan are special groups within the MSRS General Plan. The members of the Fire Marshal Plan and Military Affairs Plan receive enhanced benefits. The members and their employers contribute at a higher contribution rate to cover the cost of their enhanced benefits. A description of the enhanced benefits and their cost can be found on pages 23 and 24 of the July 1, 2020, State Employees Retirement Fund Actuarial Valuation Report.*