



# **An Overview:**

## **The Legislative Commission on Pensions and Retirement (LCPR)**

**Presentation to the Commission**  
**Tuesday, February 16, 2021**

**Presenters:**  
**Susan Lenczewski, Executive Director**  
**Chad Burkitt, Analyst**

# Legislative Commission on Pensions & Retirement

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- Established by Minnesota Statutes, [Section 3.85](#), in 1967
- **Duties include:**
  - review of pension and retirement topics
  - legislation and oversight of the State's public pension plans
- **14 legislators appointed at the start of each biennium ([3.85, subd. 3](#)):**
  - 7 Representatives (limited to 5 from the majority)
  - 7 Senators (limited to 5 from the majority)
  - Members serve until their successors are appointed.
- **Commission has authority to request information from any state agency or pension fund, including any volunteer firefighter relief association, and the agency or fund must “promptly furnish any data requested.” ([3.85, subd. 6](#))**

# LCPR Rules

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- The Commission has adopted rules for its operation (*available from Lisa ([lisa.diesslin@lcpr.leg.mn](mailto:lisa.diesslin@lcpr.leg.mn)) or on the Commission website [www.lcpr.leg.mn](http://www.lcpr.leg.mn)*).
- Majority vote of Commission members needed to elect the executive committee: chair, vice chair, and secretary. ([LCPR Rules 3.0 and 4.0](#))
- Chair alternates every biennium between House and Senate. ([Rule 3.0](#))
- Quorum: 8 members ([Rule 5.0](#))
- To approve legislation: 4 Representatives + 4 Senators ([Rule 5.0](#))
- To approve anything else: Simple majority, 8 members ([Rule 5.0](#))

# LCPR Staff and Actuary

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- **Non-partisan staff**

- Susan Lenczewski, Executive Director: 5 years as Commission staff; previously, employee benefits and pension attorney and partner with Minneapolis law firm
- Chad Burkitt, Analyst: 2 years as Commission staff; previously, legislative liaison for MSRS; attorney
- Lisa Diesslin, Commission Assistant: 21 years as Commission staff

- **Actuary**

- Van Iwaarden Associates, Minneapolis-based consulting actuarial firm
- Three-year contract
- Reviews the pension plans' actuarial valuations and, on a rotating schedule, performs actuarial valuations of the largest pension plans
- Other projects, upon request

# The Role of LCPR Staff

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- **Assists the chair of the Commission with meeting agendas, scheduling, topics, testifiers**
- **Resource for legislators and legislative staff**
  - Answer questions on the state's pension and defined contributions plans for public employees and retirement topics
  - Provide non-partisan and confidential advice on technical and legal issues related to pensions or retirement legislation
  - Obtain answers and information from the pension funds and other agencies
  - Conduct work groups and studies on retirement and pension topics
- **Drafts bills on retirement and pension topics, upon request**
- **Prepares memos summarizing pension and retirement bills**

# Staff Memos – Bill Summaries

- Introduction
- Background
- Section by Section Summary
- Discussion of Issues
- Amendments (if any)

▲ HF 3870 (Nelson, M.); SF 3547 (Rosen):  
**Volunteer Firefighters; Allocation of Fire State Aid between  
Fire Relief Associations and Municipalities**

*Prepared by: Chad Burkitt, Analyst*

*Date: March 12, 2020*

## Introduction

<b>Affected Plan:</b>	Volunteer Fire Relief Associations
<b>Laws Amended:</b>	Minnesota Statutes, Section 477B.04; establishes New Section 477B.042
<b>Brief Description:</b>	The bill authorizes municipalities <sup>1</sup> with both career and volunteer firefighters to enter into an agreement with its fire relief association, which permits the municipality to use fire state aid to pay employer contributions. This is an updated version of the Fire State Aid Work Group's recommendation that was reviewed by the Commission during the 2019 session. The bill does not apply to municipalities with firefighters covered by the Statewide Volunteer Firefighter Plan (SVF Plan).
<b>Attachments:</b>	<a href="#">Amendment H3870-1A</a> , related to the City of Austin

# LCPR Meetings

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- **Commission meets during the session and occasionally during the interim.**
- **Consideration of bills**
  - Bill typically heard by the LCPR after introduction and informal referral from the House or Senate state government committee.
  - Authors should contact the LCPR chair to request consideration.
  - Testimony taken.
- **Omnibus pension and retirement bill**
  - Bills heard and approved by the LCPR are compiled into an omnibus bill, which moves back to the committee upon final approval by the LCPR.

# LCPR Meetings

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- **Other business**

- Oversight of pension plans' actuarial work
  - Consider and approve changes in actuarial assumptions proposed by the pension plans' actuaries
  - Reports by the LCPR actuary on pension plans' valuations and experience studies
  - Standards on Actuarial Work
- Informational presentations
  - by the pension fund directors on funding status
  - by the State Board of Investment on investment of plan assets
  - on interim projects and work groups, such as the COLA study



# LCPR Website ([www.lcpr.leg.mn](http://www.lcpr.leg.mn))

## Legislative Commission on Pensions and Retirement

[Home](#) [Meetings](#) [Pension Legislation](#) [Actuarial & Financial Reporting](#) [Plans & Other Links](#) [Information & Documents](#)

### Legislative Commission on Pensions and Retirement

**NEW** First meeting scheduled, [February 16 at 5:00 PM](#)

**Notice!** LCPR staff are currently working remotely. Please contact them via email using the addresses available at: [www.lcpr.leg.mn/staff.html](http://www.lcpr.leg.mn/staff.html).

#### LCPR News and Developments

##### 2021-2022 Pension Commission Members.

We have [members](#)! All 2021-2022 Pension Commission members have now been appointed.

##### COLA (*Cost of Living Adjustments*) Study.

[COLA Study Report](#). The report will be presented to the Commission at an upcoming meeting (we are awaiting the appointment of House members) for review and adoption of the report.

- COLA Study Public Comment Forum: December 8, 2020, at 10:30 a.m. - [Agenda](#) [Video](#) [Audio only](#)
- [Addendum to the first draft](#)
- [First draft of the COLA study report](#)
- COLA Study Presentation: [Overview](#), [Timelines](#), [Feedback](#)

Commission staff is continuing to work during the interim between legislative sessions to produce a report on cost-of-living adjustments (COLAs), called "postretirement adjustments" in the statutes, for the statewide pension plans and St. Paul Teachers. The Commission is required to conduct a study of COLAs and report on its conclusions during the 2021 legislative session (see [Laws 2018, Ch. 211, Art. 5, Sec. 14](#)). For more information about COLAs in public pension plans, see the recently published [Issue Brief on COLAs](#) from the National Association of State Retirement Administrators (NASRA).

#### Legislative Meetings

< February 2021 >

Sun	Mon	Tue	Wed	Thu	Fri	Sat
31	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	1	2	3	4	5	6

#### Upcoming LCPR meetings

February 16, 2021, 5:00 PM

#### Quick Links

[MN Public Pension Plan Statistics](#)

[Of Interest to Firefighters](#)

#### Who we are

[What is the LCPR?](#)

[2021-2022 Members](#)

# Pension Plans for MN Public Employees

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- [MN Public Pension Plan Statistics](#)
- **Two statewide pension systems administer public safety plans and plans for all other employees**
  - [Minnesota State Retirement System](#) (MSRS): covers state employees, state patrol, employees at state correctional facilities, judges, legislators
  - [Public Employees Retirement Association](#) (PERA): covers county and city employees, police and fire, employees at local correctional facilities
- **Two pension plans for teachers**
  - [Teachers Retirement Association](#) (TRA)
  - [St. Paul Teachers Retirement Fund Association](#) (SPTRFA)
- **Retirement benefits for volunteer firefighters**
  - About 550 relief associations affiliated with fire departments or firefighting corporations
  - PERA Statewide Volunteer Firefighter Plan: about 185 fire departments

# Defined Contribution Plans for MN Public Employees

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- **MSRS Unclassified Plan**
  - Covers legislators, legislative employees, elected officials, certain state management employees
- **Minnesota Deferred Compensation Plan**
  - Administered by MSRS
  - Available to all public employees
- **PERA Defined Contribution Plan**
  - For elected county officials and certain other groups
- **Of the 550 volunteer firefighter relief associations, about 85 are defined contribution plans**

# Fun(d) Facts

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- **Features of the pension plans:**
  - Both employees and employers contribute to the plans; contributions are mandatory.
  - Pension plans distribute benefits as monthly lifetime annuities; defined contribution plans as lump sums.
  - Eligibility, vesting, benefit formulas, and contribution rates are defined in statute.
- **Plans (pension and defined contribution) are intended to be tax-qualified under the federal Internal Revenue Code.**
- **Each retirement system (MSRS, PERA, TRA, St. Paul Teachers) has its own governing board and executive director; board members and executive directors are fiduciaries.**
- **Pension assets cannot be intermingled with other state funds and are held in trust for the exclusive benefit of the plan members.**