

February 10, 1982 Meeting
Room 112, Capitol
10:00 A.M. to Noon

MINUTES

The chairman, Sen. Collin Peterson, opened the meeting.

PRESENT: Senators Collin Peterson, Allan Spear, Donald M. Moe
Dennis Frederickson, Earl Renneke
Representatives Sarna, Kaley, Rice, *Rodriguez, Peterson*

Arne Carlson, State Auditor was scheduled to appear. Mr. Clifford McCann substitutes--there were no comments from Mr. McCann.

HF 1624 (Sarna); SF 1549 (C. Peterson): PERA-P&F; Duty Disability Benefit Increase

L. Martin went over the memo and discussion followed.

The bill provides for a substantial increase in the disability benefit payable to a police officer or firefighter covered by PERA-P&F who becomes disabled in the line of duty. The benefit increase is particularly large for short service duty disabilitants, increasing from 50 percent to 66.67% of average salary. For long service disabilitants, there is also a benefit increase from 2% of average salary per year in excess of 20 years of service to 2.5% of average salary per year in excess of 26 years of service.

Mike McLaren, Exec. Dir. of PERA, in reference to the kind of disability covered under this bill, explained that "in line of duty disability only" is taken care of in the bill.

Sen. Peterson offered an amendment on line 22 of the bill, page 1, to strike "and one-half" passed.

Sen. Moe moved the staff amendment (copy attached). Passed

There was discussion re adding the MSRS Correctional and the Highway Patrol to the bill and the need for actuarial costs. Paul Groschen was requested to get some figures on the MSRS Correctional and Highway Patrol being added to the bill.

The bill was laid over.

SF 1548 (C. Peterson); HF 1625 (Reding): PERA; Early Retirement Provisions. The bill modifies two aspects of PERA law related to early retirement; the vesting requirements for an unreduced early retirement annuity and the amount of reduction imposed in the event of a reduced early retirement annuity. The benefit increase increases both the normal cost and the amortization contribution of the retirement fund.

Larry Martin went over the memo and discussion followed.

A number of policy questions were discussed; the actuarial cost of the benefit increase and the actuarial condition of the fund if the benefit increase is approved; the policy advisability of increasing incentives for early retirement; and the need for uniformity in early retirement provisions for the statewide general employee retirement plans which would result if the benefit increase is approved.

Mike McLaren, Executive Director of PERA, introduced the PERA actuary, Davis Roenisch. Mr. Roenisch explained the "rule of 85" proposal in the bill. He estimated that out of 8,361 Basic members, 6,824 Basic members would be able to retire immediately with full benefits--and thus an average of 72% would have immediate interest in this legislation; 434 Coordinated members would be able to retire immediately.

The "rule of 85" would increase pensions by 8 or 9%. It offers the opportunity for PERA Basic members to leave and then have a group which has very "prospective financial margins".

Stan Peskar, League of Minnesota Cities, advised that the League of Cities does not support this proposal.

Don Smith, Anoka County, have a resolution from the Hennepin County Board and also from the Ramsey and Dakota County Boards to the effect that they are interested in this proposal.

Rep. Leo Reding offered an amendment for the "rule of 90". Passed

Rep. Frank Rodriguez moved that the bill as amended be recommended to pass. Passed

Eleanor Diebel
Staff Secretary