

March 21 Meeting - 1983
Room 81, S.O.B.
6:00 - 8:00 P.M.

MINUTES

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

PRESENT: Senators C. C. Peterson, Spear, Rennke, Donald Moe, Frederickson
Representatives F. Rodriguez, Sarna, Metzen, Clawson, Wigley

HF 546 (Sviggum); SF Purchase of Military Service Credit

Rep. Sviggum explained the bill. Members of MSRS, PERA, PERA-P&F and the Highway Patrol are permitted to buy back military service credit. Payment is to be the full actuarial value of the additional service pension obtained. Expiration date is July 1, 1984.

Rep. Sarna moved the Subdivision 4 be stricken from the bill. This amendment strikes the expiration date of July 1, 1984. Motion carried.

The bill was laid over.

SF 719 (Renneke); HF 760 (F. Rodriguez): Making various administrative and clarifying amendments to MSRS law

Jim Heidelberg went over the staff memo and also the MSRS summary of proposals. The proposed bill makes various administrative and clarifying changes in Minnesota Statutes, Chapters 352, 352B, 352D, and 490.

Sen. Renneke moved that SF 719, HF 760 be recommended to pass. Motion carried.

SF 509 (C.C. Peterson); HF 624 (Sarna): Restating the Definition of Salary for Highway Patrol

The proposed bill reinstates language in the Highway Patrol bill that defines the meaning of salary used in calculating retirement benefits. This would allow a patrol officer to base his retirement benefit on his highest five earnings years regardless of whether those five salary years are consecutive.

Jim Heidelberg went over the staff memo.

Rep. Sarna moved that SF 509, HF 624 be recommended to pass. Motion carried.

HF 785 (Clawson); SF 606 (Spear): Increasing the interest rate paid on refunds and on rates required for repayment of refunds and other payments to the funds.

The bill increases the interest rates paid on refunds of employee contributions and on various payments made by the funds and made to the funds. It amends sections of laws governing MSRS, PERA, TRA, First Class City Teachers' Funds and MERF.

Minutes of March ²¹~~25~~, 1983 LCP&R meeting continued:

Rep. Sarna moved staff amendment No. 1, which amends the section of TRA law to correct an inconsistency. Motion carried.

Sen. Spear moved staff amendment No. 2 which sets the statutory refund rate in MERF at 6 percent and the rate for paying back a refund at 8 percent. Motion carried.

Rep. Sarna moved staff amendment No. 3 which raises the refund rate for judges from 5 percent to 6 percent.

Rep. Sarna moved staff amendment No. 4 which allows a vested legislator to take a refund on his or her contributions.

Rep. Rodriguez moved staff amendment No. 5 which sets the effective date of bill, if enacted, at July 1, 1983 which gives the funds needed time to make the changes contained in the bill.

Lyle Farmer, Sec/Treas of the STPTRFA requested that these provisions be applied to the Basic plan also. Staff will get language drafted to include the Basic people.

Sen. Spear moved that HF 785, SF 606 be recommended to pass as amended. Motion carried.

Rule of 85/Rule of 90 Proposals

HF 467 (Sarna); SF 315 (C.C. Peterson): MSRS; Rule of 85
HF 479 (Piepho); SF ____ (): MSRS; Rule of 90
HF 391 (Sarna); SF 336 (C.C. Peterson): TRA; Rule of 90
HF 480 (Piepho); SF ____ (): TRA; Rule of 90
HF 286 (Fjoslien); SF ____ (): PERA; Rule of 85
HF 703 (F. Rodriguez); SF 435 (C.C. Peterson): PERA; Rule of 85
HF ____ (); SF 230 (D. Moe): PERA; Repealing Rule of 90

The subject of these bills is the early retirement incentives.

HF 467; SF 315: MSRS; adopts a rule of 85 for MSRS general plan members and changes the early retirement reduction factor from an actuarial equivalent factor to three percent for each year under age 65. It also provides an automatic joint and 100 percent survivor annuity to the surviving spouse of a member who dies while eligible for retirement.

HF 479: MSRS; adopts a rule of 90 for MSRS general employees.

HF 391; SF 336: TRA; adopts a rule of 90 for TRA members and reduces the early retirement reduction factor from six percent for each year under age 65 and three percent for each year under age 60 to a three percent factor for each year under age 65.

HF 480: TRA; adopts a rule of 90 for TRA members.

HF 286: PERA; Changes the rule of 90 to a rule of 85 for PERA members.

HF 703; SF 435: PERA; Changes the rule of 90 to a rule of 85 for PERA members.

SF 230: PERA; Reinstates the previous age 62 and 30 years of service requirements for unreduced early retirement.

These bills do provide a benefit increase and also provide a way to reduce the work force by encouraging older employees to retire.

Karen Dudley went over the memo and discussion followed.

A staff amendment is necessary, if the commission retains the rule of 90 to reinstate a subdivision mistakenly repealed when the rule of 85 proposal was amended to the rule of 90. The amendment would reinstate the reduction factors for persons not eligible for the rule of 90.

Continuation of March ²¹~~18~~, 1983 Minutes:

Testimony was given by the various fund directors as to how many of those members who would be eligible would take the rule of 85, the costs involved, the rule of 90 and how many of those members eligible retired under it last year.

The subject was laid over for another meeting.

Eleanor Diebel
Secretary