

April 6, 1983 Meeting
Room 14 S.O.B. - 6:00 P.M.

MINUTES

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

PRESENT: Senators Peterson, Spear, Renneke
Representatives Sarna, Rodriguez, Wigley, Clawson

HF 391 (Sarna); SF 336 (C.C. Peterson): TRA: Reduced Actuarial Reductions

The early retirement reduction factors and automatic death-while eligible spouse benefits equal to the second half of a joint and 100 percent survivor annuity included in a staff amendment. The amendment is an attempt to provide uniformity among the major state-wide funds.

There are four sections to the proposed amendment:
Section 1 amends MSRS law to reduce the early retirement reduction factors to one quarter percent for each month below age 65.

Section 2 amends MSRS law to provide that the automatic spouse benefit upon the death of a member who is eligible for retirement is the second half of a joint and 100 percent survivor benefit.

Section 3 amends PERA law to provide that the automatic spouse's benefit at the death of a member who is eligible for retirement is the second half of the joint and 100 percent survivor benefit.

Section 4 amends TRA law to reduce the early retirement reduction factors to one quarter percent for each month below age 65.

The bill was laid over.

HF 922 (St. Onge); SF (): TRA; Variable Annuity

The bill, as amended, would eliminate the variable annuity program. It would give all participants the option to transfer their coverage to the growth account of the supplemental retirement program offered through the college supplemental program.

The bill was laid over.

SF 1001 (C.C. Peterson); HF 1070 (Sarna): MERF Investment Policies, Benefit Increases to Survivors and New Members for MERF)

Jim Heidelberg went over the staff memo. The proposed bill makes several changes to Minnesota Statutes, Section 422A, which governs Minneapolis Employees Retirement Fund. The bill makes investment provision changes, administrative and accounting changes, benefit increases, allows new employees of MERF to be members of MERF rather than of PERA, and deletes language that there shall be no new members of MERF, deletes reference to other laws with respect to control and management of MERF assets, and repeals the provision that no survivor benefits be paid to a surviving spouse who makes more than \$2400 a year.

John Chenoweth, Executive Director of MERF, explained the bill. Mr. Chenoweth made the following statements: that 4 out of 9 employees of MERF do not belong to the MERF fund; it is 160% funded in the survivors' investment account, City of Minneapolis pays 2.5% of MERF payroll to amortize the deficit; the state pays 4 1/2 million; benefit increases come out of survivor and disability accounts; increases in benefits will not effect the state at all, the deposit accumulation fund has a big deficit; funding ratio going up from 73% funded on a total basis up from 67%. Under the law the fund must be amortized by the year 2017.

Rep. Rodrigues moved that SF 1001; HF 1070 be recommended to pass. Carried