

S.F. 1160
(Senjem)

H.F. 567
(Demmer)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): MSRS and PERA Plans
Relevant Provisions of Law: Minnesota Statutes, Sections 352.275, 352B.01, and 353.01, Subdivision 16a
General Nature of Proposal: Revises the Effective Date Provisions to Make the Various MSRS and PERA Military Service Full Actuarial Value Service Credit Purchase Provisions Permanent Rather Than Temporary
Date of Summary: April 4, 2005

Specific Proposed Changes

- Makes the MSRS-General (which also applies to MSRS-Correctional), State Patrol Retirement Plan, and the PERA full actuarial value military service credit purchase provisions permanent, rather than expiring on May 16, 2006.

Policy Issues Raised by the Proposed Legislation

1. Need for current consideration, given that the existing provisions are more than one year from expiring.
2. The provisions impose risk on the pension fund that the price of the service credit may ultimately prove to be less than the liabilities imposed on the plan.
3. The provisions conflict with the Commission's policy statement by not requiring individual Commission review and, in some cases, by lack of Minnesota connection.
4. The Legislature may wish to consider ways to honor military personnel in general, rather than through these provisions which have no application to veterans who are not Minnesota public employees covered by these plans.
5. Proper scope; various teacher plans also have these provisions but bill does not address these.
6. The Commission may wish to decide whether to make permanent (as proposed by the bill), to extend for a year or two, or to take no action and allow provisions to expire in May 2006.

Potential Amendments

Amendment LCPR05-069 would allow the provisions to expire at a date to be determined by the Commission.

Amendment LCPR05-070 would add the similar teacher plan provisions to the bill and would make all the provisions permanent.

Amendment LCPR05-071 would add the similar teacher plan provisions to the bill and would make all the provisions expire on a date to be set by the Commission.