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(xxx)

H.F. 2208
(Lenczewski)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): Minneapolis Employees Retirement Fund (MERF)
Relevant Provisions of Law:
General Nature of Proposal: Prior Service Credit Purchase for Permit Employment Period
Date of Summary: January 24, 2006

Specific Proposed Changes

- Authorizes a current Minneapolis Employees Retirement Fund (MERF) member to purchase up to two years of service credit in MERF by paying the full actuarial value of the service credit purchase for a period of Minneapolis city employment during 1975 and 1976 during which the individual was a "permit employee."

Policy Issues Raised by the Proposed Legislation

1. Need or justification for change.
2. Long delay in seeking resolution.
3. Determining employee status.
4. Possible undermining of statute.
5. Consistency with city actions; city support.
6. Scope, number of individuals in this category.
7. Consistency with Commission policy.
8. Cost issues.
9. Employer/plan liability issue.

Potential Amendments

LCPR-H2208-A1 provides technical cleanup.

LCPR-H2208-A2 can be used if it is determined that the individual is more appropriately classified as a temporary employee rather than a permit employee. It revises all references in the bill from "permit employee" to "temporary employee."

LCPR-H2208-A3 amends the bill by adding a local approval clause. This could be used if the Commission is concerned about the city's need to obtain additional funds, through bond issues or taxation, to cover asset transfer requirements to MERF's Retired Account related to the subsequent retirement of this individual.

LCPR-H2208-A4 is a delete-everything amendment that can be used if the Commission concludes that the eligible permit employee should have had retirement coverage under then existing law for the period of permit employment, and the city harmed the employee by not providing that coverage. The individual would pay the employee contributions that would have been required at that time plus 8.5 percent interest, while the city is mandated to pay the remainder of the full actuarial value.

