

**S.F. 1457**

(Lourey)

H.F. 1558

(Hilty)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): MSRS-General
Relevant Provisions of Law: Uncoded
General Nature of Proposal: Service Credit Purchase for Independent Contractor Service
Date of Summary: January 23, 2006

Specific Proposed Changes

- Permits the purchase of prior service as a Dept. of Administration driver under contract at equivalent member contributions plus interest.
- The Dept. of Administration must pay the equivalent employer contributions plus interest.

Policy Issues Raised by the Proposed Legislation

1. Conflict with Commission's policy statement.
2. Appropriateness of allowing a service credit purchase for independent contractor service.
3. Precedent of permitting independent contractors to purchase service credit.
4. Equitable issues justifying the purchase.
5. Question of fault.
6. Cost of the payment.

Potential Amendments

- LCPR-S1457-A1 makes technical revisions, and, because this contributions-plus-interest approach is generally used only when the pension plan commits an error that harms the individual, language is added noting that harm.
- LCPR-S1457-A2 is a delete-all amendment requiring a full actuarial value payment, with the Department of Administration required to cover the bulk of the payment.
- LCPR-S1457-A3 is a delete-all amendment requiring a full actuarial value payment, with the individual covering the cost of the payment.

