

**S.F. 1562**

(Ourada)

H.F. 1395

(Anderson, B.)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): MERF
Relevant Provisions of Law: Uncoded
General Nature of Proposal: Service Credit Purchase for Disability Period
Date of Summary: January 23, 2006

Specific Proposed Changes

- Permits the purchase of up to 7.5 years of service and to have the City of Minneapolis finance a significant portion of the full actuarial value service credit purchase payment price.

Policy Issues Raised by the Proposed Legislation

1. Equitable Considerations Regarding the Individual.
2. Cost of the Service Credit Purchase.
3. Potential Allocation of the Purchase Cost to the City of Minneapolis.
4. Appropriateness of Encouraging Early Retirement through a Service Credit Purchase.
5. Precedent.

Potential Amendments

LCPR-S1562-A1 clarifies that the salary rate to be used in the computation of the employee's portion of the cost is his salary during 1992 (technical).

LCPR-S1562-A2 is a delete-all amendment that requires the individual to pay the full actuarial value of the purchase and allows (but does not mandate) the city to pay a portion of the full actuarial value, providing the individual pays at least the value of the employee contributions plus interest, based on his 1992 salary (substantive).

