

**S.F. 2141**

(Pogemiller)

H.F. 2219

(Fritz)

Executive Summary of Commission Staff Materials

<i>Affected Pension Plan(s):</i>	PERA-P&F
<i>Relevant Provisions of Law:</i>	Proposed Special Law
<i>General Nature of Proposal:</i>	Service credit purchase for four months of firefighter service when first employed as a Faribault firefighter
<i>Date of Summary:</i>	April 18, 2005

Specific Proposed Changes

- Allow service credit purchase for four months of Faribault firefighting service when first employed in the early 1980s, at full actuarial value with the city paying most of the cost.

Policy Issues Raised by the Proposed Legislation

1. Equity concern. Uncovered period occurred in early 1980s; the long delay in seeking a remedy will greatly increase the city's cost.
2. City position. City acknowledges that city erred in not immediately reporting the individual for PERA-P&F coverage, and has expressed willingness to address the financial impact of the mistake, but city may not have received an estimate of the full cost.
3. Full actuarial cost. Hopefully, PERA has an estimate that it can provide.

Potential Amendments

Amendment LCPR05-253 makes technical corrections and adds requirements typically found in drafts which assume employer error, such as the requirement that the cost will be deducted from state aid if not promptly paid by the city.

Amendment LCPR05-254, an alternative to LCPR05-253, would make the individual responsible for paying the full actuarial value, if the Commission were to decide that the city should not be held responsible for the payment.

