

**S.F. 998**

(Betzold, by request)

H.F. 1754

(Smith)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): State Patrol Retirement Plan
Relevant Provisions of Law: Minnesota Statutes, Section 352B.02, Subdivisions 1a and 1c
General Nature of Proposal: Increase in Employee and Employer Contribution Rates
Date of Summary: January 13, 2006

Specific Proposed Changes

- Increases the employee contribution rate in two steps from 8.4% of pay to 9.8% by July 1, 2006.
- Increases the employer contribution rate in two steps from 12.6% of pay to 14.6% by July 1, 2006.

Policy Issues Raised by the Proposed Legislation

1. Contribution increase/increase amount.
2. Phase-in issues.
3. Cost/additional amortization aid issues.
4. Position of employee groups.

Potential Amendments

Amendment LCPR05-127 implements only the first increase, but not the one that would occur a year later, to be effective on a date to be set.

Amendment LCPR05-128 includes total increase proposed by the bill, but with no phase-in, effective on a date to be set. Either LCPR05-127 or LCPR05-128 could be further modified by verbal amendment to revise the level of the new contribution rates.

Amendment LCPR05-129, an alternative to LCPR05-127 or LCPR05-128, keeps the bill's phase-in period and new rates, but delays them one year, with the first increase occurring on July 1, 2006, rather than 2005, and the final increase occurring on July 1, 2007.

