



H.F. 876
(Swails)

S.F. 2016
(Saltzman)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): PERA-General
Relevant Provisions of Law: Special law
General Nature of Proposal: Service credit purchase
Date of Summary: March 26, 2007

Specific Proposed Changes

- Allow individual to purchase service credit in PERA-General for the period November 11, 1988, to September 30, 1989, to correct an employer failure to properly report the person for plan coverage. The City of St. Paul pays a considerable share of the full actuarial value payment.

Policy Issues Raised by the Proposed Legislation

1. Whether the City of St. Paul caused harm by not including the individual in PERA-General on November 11, 1988.
2. Whether PERA caused harm, justifying a departure from normal payment terms.

Potential Amendments

- H0876-1A Shifts the full actuarial value payment burden to the employee
- H0876-2A Employee and employer each pay one-third of the full cost of the purchase, with PERA absorbing the remaining one-third. This approach may be justified if PERA is partly to blame for coverage failure.

