



November 6-7, 2013

Room 123 Capitol

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

November 6, 2013

Call to order:

Senator Sandra Pappas, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 1:10 p.m.

Commission Members Present:

Representatives Kahn, Lesch, M. Murphy, Nelson, and O' Driscoll
Senators Goodwin, Hayden, Pappas, Rosen, Saxhaug, and Thompson

Commission Members Absent:

Representatives Benson and Morgan and Senator Johnson

Agenda Items

Minnesota defined benefit public employee retirement plan post-retirement adjustment mechanisms, third consideration

Edward Burek, Deputy Director, Legislative Commission on Pensions and Retirement, reviewed the third consideration staff memo.

Laurie Hacking, Executive Director, TRA, responded to questions from members regarding why benefit formula improvements are prospective and the effect of the various benefits on those who retire early.

Dennis Hoelscher, PERA-P&F retiree, provided handout materials and testified that retirees are paying their share of the funding burden and urged the commission to consider all proposals coming forward.

Alternative retirement plan design, first consideration.

Lawrence A. Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the first consideration staff memo on the topic.

David Bergstrom, Executive Director, MSRS, Mary Most Vanek, Executive Director, PERA, and Laurie Hacking, Executive Director, TRA, provided and reviewed handout materials on the 2011 Retirement Plan Design Study Report and responded to questions from members.

Local government correctional retirement plan expansion, first consideration:

S.F. 998 (Hayden); H.F. 884 (Nelson): PERA-Correctional; Adding probation officers, 911 dispatchers, and Hennepin County security guards to plan coverage.

Keith Carlson, Executive Director, Minnesota Inter-County Association, testified in opposition to the bill.

Bruce Kimlinger, Ramsey County Probation Officer from St. Paul, testified in support of the bill.

Kelly Callahan-Ennega, Scott County 911 Dispatcher, testified in support of the bill.

Elizabeth Roether, Minneapolis 911 Officer, testified in support of the bill.

Maurice Smith, Hennepin County Security Officer, testified in support of the bill.

Recess:

The meeting recessed at 3:40 p.m.

November 7, 2013

Call to order:

Senator Pappas called the meeting back to order at 9:05 a.m.

Commission Members Present:

Representatives Kahn, M. Murphy, Nelson, and O' Driscoll
Senators Goodwin, Hayden, Johnson, Pappas, Rosen, and Thompson

Commission Members Absent:

Representatives Benson, Lesch, and Morgan and Senator Saxhaug

Agenda Items, continued

Minnesota defined benefit public employee retirement plan post-retirement adjustment mechanisms, third consideration – continued

Mr. Burek continued his review of the third consideration staff memo.

John Fisher, President, Retired Educators Association of Minnesota (REAM), and Curt Hutchens, Past President, REAM, testified that the 2010 and 2013 pension reforms improve Minnesota plans' funding and provided handouts on Minnesota public employee pensions and on TRA employer contributions.

Approval of minutes

Rep. Murphy moved approval of the October 23, 2013, meeting minutes. **MOTION PREVAILED**

Non-Agenda Item

Statewide retirement plan administrators request for Actuarial Standards amendment relating to the recognition of future post-retirement adjustments – continued

Mr. Martin distributed and reviewed the staff memo summarizing the current actuarial reporting law and Standards For Actuarial Work, the fund directors' request, and the options available to the Commission.

Mary Most Vanek, Executive Director, PERA, testified that the PERA actuary reviewed the memo and recommended a combination of Options 2 and 3, and requested that the actuaries work with staff.

Agenda Items, continued

Minnesota defined benefit public employee retirement plan post-retirement adjustment mechanisms, third consideration – continued

Kim Crockett, COO, EVP and General Counsel, Minnesota Free Market Institute at Center of the American Experiment, testified on the topic and provided six handouts.

Mr. Bergstrom, MSRS, and Bonnie Wurst, Gabriel Roeder Smith & Co., responded to criticism of the Mercer findings in the 2011 Retirement Plan Design Study contained in one of Ms. Crockett's handouts.

Mr. Martin responded to members' questions regarding early retirement incentives and the historical funding levels of consolidating retirement plans.

Brian Rice, representing the Minnesota Professional Fire Fighters and the Minnesota Police and Peace Officers Association, testified to remind members when discussing defined benefit vs. defined contribution retirement coverage, that police officers and firefighters are not covered by Social Security.

Morgan Fleming testified on behalf of the Middle Management Association annuitants.

Local government correctional retirement plan expansion, first consideration: S.F. 998 (Hayden); H.F. 884 (Nelson): PERA-Correctional; Adding probation officers, 911 dispatchers, and Hennepin County security guards to plan coverage – continued

Beau Berentson, Policy Analyst, Association of Minnesota Counties, testified in opposition to the bill.

Anne Finn, Assistant Intergovernmental Relations Director, League of Minnesota Cities, testified in opposition to the bill.

Adjournment

The meeting adjourned at 11:02 a.m.