



**S.F. 2749**  
(Tomassoni)

**H.F. 3118**  
(Metsa)

### **Executive Summary of Commission Staff Materials**

Affected Pension Plan(s): MnSCU-IRAP, TRA  
Relevant Provisions of Law: Uncoded special law provision  
General Nature of Proposal: Permit an IRAP member to transfer coverage from IRAP to TRA;  
Provides comparable treatment for similarly situated individuals  
Date of Summary: March 20, 2014

### **Specific Proposed Changes**

- Due to claimed MnSCU failure to offer Peter Del Caro a TRA election in 1994, he will now be permitted to transfer past and prospective coverage to TRA, with his IRAP account assets being used to cover part of full actuarial value of the past service. Any portion of the full actuarial value not covered by the IRAP account value would be paid by MnSCU. (Sec. 1)
- Provides comparable treatment to any other individuals who should have been offered a TRA election in 1994, but due to MnSCU error were not. (Sec. 2)

### **Policy Issues Raised by the Proposed Legislation**

1. Alternate resolution: MnSCU could compensate Mr. Del Caro without need for legislation, or the matter could be handled in the courts.
2. Question of MnSCU harm, if any, and the person's personal responsibility to be aware of the 1994 election period.
3. Whether there is sufficient documentation on which to base determination of harm.
4. Cost to MnSCU and MnSCU's position on the bill.
5. Inconsistency of proposed treatment in this bill (MnSCU pays portion of full actuarial value) compared to treatment permitted under a similar 2006 case (MnSCU paid none of the full actuarial value).
6. Expansion to all individuals still employed at MnSCU who were improperly not offered a TRA election of coverage in 1994 could considerably increase MnSCU cost burden.
7. The provisions of Section 2 are inconsistent with usual Commission process of individual review of each case.
8. Possible windfalls related to Section 2. Some individuals would not have selected TRA if they had been offered an election in 1994, but may be very interested now because of the value of their IRAP account compared to the value of a TRA pension.

### **Potential Amendments**

S2749-1A provides the same treatment as was given to the affected individual under the 2006 bill; the eligible person is responsible for paying full actuarial value of past service with no assistance from MnSCU.