

Committee of Thirteen Report

Spring Advocating for your Secure Retirement 2012

Pension Commission completes work on 2012 Omnibus Pension Bill

The Legislative Commission on Pensions and Retirement (LCPR) finished work on its 2012 Omnibus Pension Bill and approved it by a unanimous vote March 20.

The LCPR settled on an approach called “select and ultimate,” which would lower the investment return assumption to 8 percent for five years

before reverting to 8.5 percent.

This compromise approach was viewed by some LCPR members as a way to balance short-term market pessimism with long-term performance expectations.

The three statewide retirement systems use the investment assumption rate to determine funding level of the plans and manage liabilities.

The number reflects the assumed rate of

return on investment of pension fund assets managed by the Minnesota State Board of Investment (SBI).

This rate is presently 8.5 percent in Minnesota and set in statute. Minnesota is on the high end at 8.5 percent. Some states have gone to 8 percent and lower.

A lower investment assumption rate decreases projected revenue and funded ratio, and increases liabilities and projected benefit costs.

Although SBI has regularly bested 8.5 percent – logging 23.3 percent for fiscal year 2011 and 15.2 percent for 2010 – recent market volatility has raised concerns about the future outlook and whether 8.5 percent is too optimistic.

Some believe pension fund investment returns should be held to more of a “risk-free” rate of return – such as the long-term Treasury yield, which is about 4 percent.

The Legislative Commission on Pensions & Retirement

Rep. Morrie Lanning, (R), Moorhead, Chair

Sen. Ted Daley, (R), Eagan

Sen. Roger Chamberlain, (R), Lino Lakes

Sen. Scott Dibble, (D), Mpls.

Sen. Julie Rosen, (R), Fairmont

Sen. Sandy Pappas, (D), St. Paul

Sen. Phyllis Kahn, (D), Mpls.

Rep. Mary Kiffmeyer, (R), Big Lake

Rep. Mary Murphy, (D), Hermantown

Rep. Steve Smith, (R), Mound.

Senate Finance Committee sends Omnibus Pension Bill to floor; House bill awaits consideration

The Senate Finance Committee approved the original version of the 2012 Omnibus Pension Bill (SF 1808) crafted in the Legislative Commission on Pensions and Retirement (LCPR).

The bill next goes to the Senate floor. On the House side, its

companion measure (HF 2199) awaits consideration by the Ways and Means Committee before it goes to the House floor. Passage in the Senate Finance Committee meeting came after SF1808 author Sen. Julie Rosen, R-Fairmount, successfully argued to strike language

added in the Senate State Government Innovation Committee that would have permanently lowered Minnesota’s investment return assumption to 8 percent after a two-year step-down to 8.25 percent.

In debate on the bill, Sen. Terri Bonoff,

D-Minnetonka, spoke in favor of the original bill and noted that at a recent conference she attended in Washington, D.C., a national expert identified Minnesota as a model for other states to emulate because of the pension reform legislation passed in 2010.

**Committee of
Thirteen**

Advocating for your
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The Chair's column

by Jay Ritterson, Chair, Committee of Thirteen

One more time: back to the battle

Pondering what to write for this article, I was overwhelmed. Where to start? I can't pick up the newspaper without seeing the attacks on government services, public employees, teachers, our livelihoods now and in retirement.

Behind the attacks, powerful secretive organizations, such as the American Legislative Exchange Council (ALEC) (see alecexposed.org), are exploiting the fears of a damaged middle-class.

And on the horizon, the smoldering armies of an economic and political Mordor waiting to march.

United we can win

But wait... Mordor? The good guys won that one in Tolkien's Trilogy. The costs were high,

but they stood together and they won. It will cost us too to fight back, and there is no way to guarantee that we will win. But if we do not fight back, I assure you, we will lose.

The right wing has been demanding vouchers privatization, small government, deregulation for more than three decades.

They're not going to stop voluntarily. So we are calling on you to work--again.

We are in the right here.

We are free to organize to advocate for ourselves in the workplace.

We are free to contribute money to the larger pool so that we gain a louder voice when we speak for our interests in the public arena.

We are free to enter into agreements that protect us from unequal and unfair treatment.

In negotiating contracts, we are free to demand adequate compensation, including health care and pensions.

Such freedoms, however, are not free. They come at a cost. Only when we all stand together can we cover the costs, And like Tolkien's Hobbits, none of us is too small or insignificant to matter.

The Committee of Thirteen will continue to fight for our rights.

Now, we are fighting to prevent the chipping away at the integrity and health of our retirement funds.

We are joining forces in the Public Employ-

ees' Pension Coalition. Later we will add our efforts to resist Constitutional amendments that diminish Minnesota as a humane place to live and work, and we will do our part to help win back the House and Senate for the voices and ears of reasonable legislators. All the issues are our issues.

The 13 members of the committee cannot succeed without your help.

We can only speak for Minneapolis teachers, education support personnel, and principals active and retired, if those voices speak out as well.

We can only contribute to efforts as you contribute. We can only make calls, knock on doors or march according to your willingness to do so too. And we cannot cast your vote for you.

This only works if "we" and "you" are really the same. You all need the help of each of you.

Be informed;

Talk with your family members and neighbors.

Let your representative and senator know what you want; they must represent you.

And of course, contribute where and how you can.

Attend a briefing on the 'Right to Work' amendment

'Right to Work' briefings are offered EVERY TUESDAY evening at the
United Labor Centre in Minneapolis
312 Central Ave, Room 550
5-6 PM – Briefing
6-8 PM – Phonebank

Go to www.mrlf.org for a schedule of briefings in Chaska,
Minnetonka, Blaine, Litchfield, Maple Grove

Tell your state legislators that 'Right to Work' is wrong for the
middle class." Go to www.gis.leg.mn/OpenLayers/districts/ and enter
your home address for your legislators' contact information.

Pension fund directors: Minnesota not like other states

One of the most common mistakes made in the discussion about public employee pension plans is the

ing pension reform legislation in 2010 that was crafted in a bipartisan fashion; required significant

sion cost in Minnesota. Many of the states currently making headlines for pension problems have low

raising the normal retirement age. New York's new retirement age of 63 is still well behind Minnesota's.

In a column published on *twincities.com* March 23, the administrators of Minnesota's public pension funds outlined how Minnesota pension funds differ from those in other states. Their article is excerpted here. Read the entire column at www.twincities.com/opinion/ci_20239229

temptation to compare apples to oranges - or, in this case, Minnesota to New York. Or Rhode Island. Or California.

Minnesota differs from New York and other states in several key ways: Minnesota passed ground-break-

shared sacrifice from retirees, active public workers and public employers; and has since been cited as a model for other states. It also withstood a legal challenge.

Employees have always contributed roughly half the pen-

- or no - employee contribution.

In addition, the normal retirement age in Minnesota is 66, a reform enacted in 1989. About three-quarters of our members are subject to this higher retirement age. Many states are just now

The writers are pension system executive directors Mary Most Vanek, Public Employees Retirement Association; Dave Bergstrom, Minnesota State Retirement System; and Laurie Fiori Hacking, Teachers Retirement Association.

Social Security Q&A from the Economic Policy Institute

Are Social Security costs skyrocketing?

Nope. Costs are projected to rise from roughly five to six percent of GDP before leveling off.

Have Americans given up on Social Security?

No again. Americans across political and demographic lines support paying Social Security taxes. They also strongly prefer raising taxes over cutting benefits. **The most popular option is raising Social Security taxes on earnings above \$106,800 since they aren't currently taxed.**

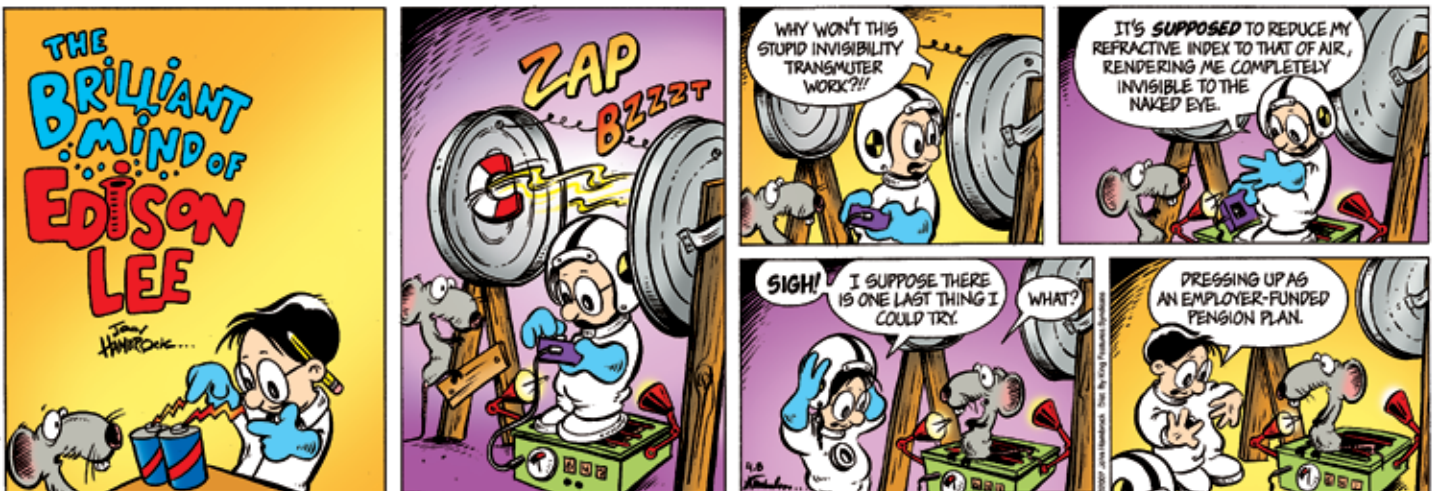
Tell Congress: Repeal GPO/WEP; make Social Security fair

Just before the U.S. Senate went on recess in mid-December John Kerry (D-Mass.) introduced a companion bill to the House Social Security Fairness Bill (HRThirteen32).

The new Senate bill, S2010, specifies repeal of both the GPO and the WEP. Sen. Kerry's bill was written to address serious flaws in the interface between Social Security and

other public employee pension funds. Now it's time to ask more Senators to support S2010 as cosponsors! Use the National Education Association's capwiz service

to e-mail both your Senators and your US Representative. Here's the link: <http://capwiz.com/nea/issues/>



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The Back Page

Beyond lobbying: How ALEC, corporate front- group, shapes state laws

Progressive organizations are spotlighting the impact of the shadowy American Legislative Exchange Council (ALEC). Nineteen Minnesota legislators participate in the organization, which is funded by corporate giants such as the Koch brothers and Wal-Mart. Wisconsin Governor Scott Walker's attacks on public employees were largely shaped by ALEC. The website, ALEC exposed, asserts that the group would crush teacher unions and privatize public education. For more information go to: www.commoncause.org/alecexposed

The Committee of Thirteen is working to stop the pension opponents in the Minnesota Legislature. We need your support to continue this work. Please support your Committee of Thirteen so that we can continue to protect your retirement security. Please use the enclosed contribution form and envelope inside this issue.

Lawmakers use constitutional amendments to avoid governor's vetoes

Republican legislators are proposing several amendments to the state Constitution. Their effort to legislate by amending the Constitution was designed to avoid certain vetoes by DFL Governor Mark Dayton. The list of proposed amendments include a Wisconsin style 'Right to Work' amendment, as well as several changes designed to create barriers to raising taxes and expanding state spending according to the Minnesota Budget Project.

The Committee of Thirteen is working with the Public Employee Pension Coalition to stop unneeded changes to Minnesota's public employee pension funds.

Please watch this video to see what's at stake:

<http://mediamill.clu.umn.edu/mediamill/display/152734>

Then, talk with your legislators. Find their contact information at:

www.gis.leg.mn/OpenLayers/districts/