

## **MRSEA 73<sup>rd</sup> Annual Meeting, May 2011**

The MRSEA held its 73<sup>rd</sup> annual meeting with the membership on May 11, 2011 at Jimmy's Banquet Center, Vadnais Heights, Minnesota with a luncheon, a delightful and informative guest speaker, and concluding with a business meeting with a number of important items on the agenda for discussion among the members.

The guest speaker for our session was Dave Bergstrom, Executive Director, Minnesota State Retirement System (MSRS) who primarily focused on the report entitled Retirement Plan Design Study, the activities of the 2011 Legislative session related to our pension plans, and the status of the pension funds for retirees. The Retirement Plan Design Study, mandated by the 2010 legislature, is to examine the pros and cons of alternative pension plans (defined benefit plans, defined contribution plans, and combinations of these) for consideration by the legislature. Mr. Bergstrom pointed out that historically we have been fortunate to have strong bi-partisan, long-term, responsible support from legislators and governors for public pension plans in Minnesota. These public pension plans play a significant role not only to financially support former public employees in their retirement years but also play a significant role in the overall economy of the state. The report points out that America may be facing a retirement crisis due to dwindling pension coverage in the private sector and the failure of employees to anticipate and provide for their financial well-being in their retirement years; potentially requiring tax-payer support. Thus the importance of strong and well funded pension plans. The MSRS pension plan, after a few difficult years with the down-turn in the investment market, is recovering nicely due to a rebound in the investment market and excellent management of investments by the State Investment Board. The MSRS General Plan funding ratio, after hitting a low in 2009 of 65.6%, continues to rebound and as of the end of April, 2011 was somewhat above 85%. A part of that rebound was due to legislative action (proposed by the MSRS Board and supported by MRSEA) in the 2010 legislative session which temporarily lowered the cost of living increases for retirees. The Retirement Plan Design Study shows that terminating our current defined benefit pension plan and converting to some other plan will result in a higher cost for a similar benefit and the conversion would be extremely expensive for taxpayers. For further detail on the Retirement Plan Design Study, go to the MSRS web site ([www.msrs.state.mn.us](http://www.msrs.state.mn.us)) and see the entire report or an executive summary. For information on Mr. Bergstrom's presentation see "Update on MSRS Funding" which was a handout for all attendees at the annual meeting.

Elections were held for members of the Board of Directors for MRSEA. The 15 board members serve 3 year terms so 5 members terms expired in May. The MRSEA Nominating Committee reported and recommended one new member for the Board, Howard Ward. More were not recommended because the committee was unable to find more members willing to serve on the board and no further nominations were made from the floor at the meeting. Thus only one person, Howard Ward, we elected at the meeting. The Board and the Nominating Committee will continue to seek candidates for members of the Board.

The MRSEA Legislative Committee reported on legislative activities for the past year. The nearly concluded 2011 session was basically a bash public employees session. However, relatively few bills were actually enacted that directly affect public retirees. The Legislative Commission on Pensions and Retirement was fairly inactive during the session due to the lateness of appointing the house members to the commission. The MRSEA Insurance Committee related the highly successful and highly attended open enrollment insurance sessions conducted around the state specifically for retirees. These sessions were the result of the joint efforts of the Department of Minnesota Management and Budget (formerly housed in the Department of Employee Relations) and the MRSEA. We anticipate that even more sessions for retirees will be scheduled for this coming fall. Additionally, a number of insurance questions were responded to from questions from the floor. The MRSEA Finance Committee reported the difficult job of preparing a budget for 2011 because of the need to make substantial reductions in expenditures and relatively little flexibility in expenses. The resulting budget required the recommendation of 2 significant actions; 1) to increase membership dues from \$15 annually to \$20 starting the 2012, and 2) terminating our affiliation with AFSCME which can result in a budget of nearly \$20,000 annually. As we evaluated our affiliation with AFSCME, we could find virtually no financial benefit for our \$20,000 annual expenditure and felt that we must take this action. Additionally, we think that it is important that the organization be perceived to be one for all bargaining unit retirees as well as all levels of public service. The membership, at the meeting, approved the increase in the membership dues. The MRSEA Executive Committee presented proposed amendments to the MRSEA Constitution. These amendments were quite extensive because of the termination of the affiliation with AFSCME. Following discussion, the new constitution was adopted by the membership.

The 2011 annual meeting concluded with President Husom's report and the usual drawing for door prizes.