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## Minneapolis vs. pensions: An accounting

Recently a Hennepin County district judge ruled that two of Minneapolis' closed pension funds have been miscalculating benefits. This means that the pension funds have been overpaying benefits to their members for years at taxpayer cost, by our estimates in excess of \$50 million.

If you read the Oct. 6 article in the Star Tribune about the lawsuit over this situation, you didn't get a clear picture of the facts. We want to set the record straight.

At issue are the Minneapolis Fire and Minneapolis Police relief associations, two pension funds that were closed to new members in 1980 when newly hired Minneapolis police and firefighters began joining a statewide pension fund. State law put control of these funds in the hands of their boards, not the city and its taxpayers.

The city first became aware of these overpayments when alerted by the state auditor in 2004. Our ongoing efforts with the fund boards to resolve these issues outside of court have been unsuccessful. We sued in 2006 because we have an obligation to protect the interests of both our retirees

and our taxpayers.

This point was not made clear in the Oct. 6 article: While the trial is not yet resolved, as a matter of law the judge has already ruled that the process these pension boards used to make costly changes to their plans violated state law and their own bylaws.

Bottom line: Because the city had to redirect millions of dollars to these funds, the people of Minneapolis have been paying higher property taxes than they should have. If the city had not filed suit, these overcharges would have continued. Moreover, the people have suffered more cuts to police, fire and other basic services than they should have. Finally, more jobs have been eliminated than should have been. The consequences of the boards' actions have been harmful to the people of Minneapolis.

It's unfortunate that the boards did not accept the state auditor's advice and work to resolve the issue. It's unfortunate that they refused to work with the city when we tried to solve this problem with them. Most of all, it's unfortunate that the boards of these pension funds have placed their members in this position. It never should have come to this.

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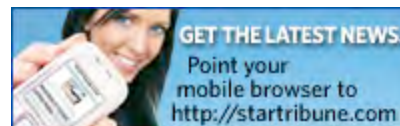
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There have been options on the table -- options we have been pursuing for years outside of court -- that would have made this situation right for pensioners and taxpayers long-term. Primary among them has been a proposal to merge these two funds with the state's major pension plan. Being part of a statewide plan would have provided stability for retirees' benefits as well as more time for the market to recover to help city taxpayers meet these large payments. Those efforts were also unsuccessful.

In the lawsuit, the city is not seeking to attack the retirees -- they were our hardworking police and fire employees and their families. The city, however, must act as a sound steward of taxpayer dollars. There are many in Minneapolis struggling to stay in their homes who can ill afford to pay additional property taxes. The issue in the case is not whether retirees should be paid the pension benefit they have earned. The city honors and respects that obligation. The issue is that the pension boards have paid out more than what was owed, despite the best efforts of the city to have them stop that practice.

Betsy Hodges and Paul Ostrow are members of the Minneapolis City Council.

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