



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Lawrence A. Martin, Executive Director *LAM*
RE: Summary of Pension Legislation Enacted by the 1988 Legislature
DATE: May 24, 1988

During the 1988 regular legislative session, the Legislature enacted several pieces of legislation related to or affecting pension coverage for Minnesota public employees and Minnesota volunteer firefighters, Minnesota public employee pension plans and the Minnesota State Board of Investment.

A. 1988 Legislation Related to the Minnesota State Retirement System

1. General State Employees Retirement Fund.

- a. Gillette Children's Hospital Employees. Employees of the nonprofit corporation that is the successor to the Gillette Children's Hospital Board are not state employees, but employees who were members of the general state employees retirement fund of the Minnesota State Retirement System (MSRS) at the time of incorporation remain MSRS members during the course of their future employment by the nonprofit corporation. Newly hired employees are members of any pension plan established by the nonprofit corporation. (Laws 1988, Chapter 599, Section 2, Subdivision 2.)
- b. Metropolitan Sports Facilities Commission Employee Buyback. Two Metropolitan Sports Facilities Commission employees with prior employment by the predecessor Metropolitan Sports Area Commission are authorized to purchase service credit for that prior employment upon payment of the full actuarial cost, with the employee share set at the employee contributions which would have been paid at the time of the service plus interest at the rate of six percent per year and the mandatory employer share set at the balance of the full actuarial cost. (Laws 1988, Chapter 709, Article 3, Section 1.)
- c. Special Military Affairs Department Retirement Plan Amendments. The qualifying mandatory retirement age requirement for eligibility to a retirement annuity or disability benefit under the special retirement program was clarified as the applicable pre-age 65 mandatory retirement age set by federal law or regulation. (Laws 1988, Chapter 709, Sections 1 and 2.)

2. MSRS Unclassified Employees Retirement Plan.

- a. Guaranteed Return Investment Account. A participant in the MSRS Unclassified Employees Retirement Plan is authorized to invest the person's account in the guaranteed return account of the Minnesota Supplemental Investment Fund administered by the State Board of Investment. A participant may also transfer all or a portion of the balance in the person's account to a guaranteed return account investment if done one month before a new contract and if in the case of a partial transfer a minimum of \$1,000 is transferred and \$1,000 remains in the prior investment. No withdrawal from the guaranteed return account is permitted before the expiration of the contract unless the participant qualifies for a benefit. (Laws 1988, Chapter 453, Section 10.)
- b. Participation by Assistant Carlton County Attorney. An assistant Carlton County attorney who previously retired from the Public Employees Retirement Association under the Rule of 85 and was reemployed retains entitlement to a PERA deferred annuity during the period of reemployment and is also entitled to participate in the MSRS Unclassified Employees Retirement Plan, with the required employee and county employer contributions deducted or made under Minnesota Statutes, Chapter 352D. (Laws 1988, Chapter 658, Section 2.)

3. Judges Retirement Fund.

- a. Exemption From Legal Process and Restriction on Assignment. Money in or benefits payable from the Judges Retirement Fund are not assignable in law or equity and are not subject to execution, levy, attachment, garnishment or other legal process other than the division of marital property in a marriage dissolution action or the withholding of dependent child support or spousal maintenance. (Laws 1988, Chapter 668, Section 10.)

- b. Five Year Vesting. The vesting requirement for a normal or early retirement annuity from the Judges Retirement Fund was reduced from ten years of service to five years of service. (Laws 1988, Chapter 709, Article 9, Section 4.)
- c. Coordinated Member Contribution Increase. The contribution by judges covered by the Social Security System (Old Age, Survivor, Disability and Health Insurance Program (OASDHI)) was increased by three quarters of one percent of salary to 8.76 percent of total salary, inclusive of the Social Security contribution amount, in connection with the change in the OASDHI benefit offset. (Laws 1988, Chapters 709, Article 10, Section 1.)
- d. Bounce Back Optional Annuity Form. In addition to other actuarial equivalent optional annuity forms, a retiring judge is entitled to elect a joint and survivor annuity form where the annuity amount is reinstated to the amount of the single life annuity in the event that the designated beneficiary predeceases the retired judge. (Laws 1988, Chapter 709, Article 10, Section 2).
- e. Reduced Social Security Benefit Offset. The amount of the retired judge's Social Security primary benefit that is offset from the retirement annuity or benefit payable from the Judges Retirement Fund was reduced from 75 percent to 50 percent. (Laws 1988, Chapter 709, Article 10, Section 3.)

B. 1988 Legislation Related to the Public Employees Retirement Association

1. Public Employees Retirement Association.

- a. Refund Repayment by Former St. Paul School District Employee. A former employee of the St. Paul school district who terminated service in October 1987 and has taken a refund from the Public Employees Retirement Association (PERA) for service between October 1, 1954 and March 31, 1955 is entitled until October 30, 1988 to repay that refund to PERA. (Laws 1988, Chapter 599, Section 4.)
- b. Deferred Retirement Annuity for Assistant Carlton County Attorney. An assistant Carlton County attorney who previously retired from PERA under the Rule of 85 and was reemployed has that retirement annuity which is suspended during the period of reemployment converted to a PERA deferred retirement annuity during the course of that subsequent employment, with contemporaneous retirement coverage by the MSRS Unclassified Employees Retirement Plan. (Laws 1988, Chapter 658, Section 2.)
- c. Membership by County Historical Society Employees. Employees of a county historical society certified by the county in which the society is located under a uniformly applied certification process are members of PERA for the duration of county historical society employment. (Laws 1988, Chapter 709, Article 2, Section 1.)
- d. City of Hibbing Employee Buyback. An employee of the city of Hibbing who began employment in June, 1971, but for whom no salary deductions were taken until June, 1973, is authorized to purchase service credit for that period upon payment of the full actuarial cost, with the employer at its option authorized to pay any amount beyond the employee contributions which would have been paid at the time of the service plus interest. (Laws 1988, Chapter 709, Article 3, Section 1.)
- e. Fond du Lac Indian Reservation Employee Buyback. A current state employee who was a Fond du Lac Indian reservation employee from July 1, 1973 to December 29, 1980, is authorized to purchase service credit for that period upon payment of the full actuarial cost, with the employer at its option authorized to pay any amount beyond the employee contributions which would have been paid at the time of the service plus interest. (Laws 1988, Chapter 709, Article 3, Section 1.)
- f. Public Hospital Employee Buyback. A public hospital employee who terminated PERA coordinated program membership between July 1, 1963 and June 30, 1967 and who elected to resume PERA coordinated program membership is authorized to purchase service credit for the uncovered public hospital service upon payment of the full actuarial cost, with the employer at its option authorized to pay any amount beyond the employee contributions which would have been paid at the time of the service plus interest. (Laws 1988, Chapter 709, Article 3, Section 1.)
- g. Fillmore County Court Administrator Buyback. The former court administrator for Fillmore County who held that position from January 1977 to March 1988, but for whom no salary deductions were taken until 1985, is authorized to purchase service credit for calendar years 1979 to 1981 upon payment of the full actuarial cost, with the county at its

option authorized to pay any amount beyond the employee contributions which would have been paid at that time plus interest. (Laws 1988, Chapter 709, Article 3, Section 1.)

- h. Modified Membership Exclusion Provision. Employees in employment who are not expected to continue longer than six consecutive months are excluded from PERA membership, changed from an exclusion of temporary or seasonal characters not employed for more than 120 working days in any calendar year. Part-time employees and elected officials receiving less than \$425 monthly compensation or with annual compensation stipulated in advance in writing not to exceed \$5,100 are also excluded from PERA membership, changed from an exclusion of part-time employees with less than \$325 monthly compensation or \$3,900 stipulated annual compensation. A special membership exclusion provision for assessors hired by more than one employing unit is eliminated. Employees excluded from PERA membership due to the amount of compensation or length of service who return to employment within 30 days by the same employer in another position that is also excluded from PERA membership due to the amount of compensation or the length of service will not be excluded from membership unless the amount of compensation or the length of service provision for exclusion was met in the course of the total service. (Laws 1988, Chapter 709, Article 5, Sections 1 and 2.)
- i. Definition of Salary. Salary for PERA purposes includes compensation covered by a voluntary salary reduction program, excludes lump sum sick leave payments and excludes all payments in lieu of employer paid group insurance coverage, whether the difference between single and family rates or otherwise. (Laws 1988, Chapter 709, Article 5, Section 3.)
- j. Definition of Dependent Child. A dependent child who is a full time student is required to be a full time student in an accredited school, university or college or was a full time student in an accredited school, university or college and is medically unable to continue educational pursuits on a full time basis under a written procedure to be established by the PERA Board of Trustees, limited to a one year period. (Laws 1988, Chapter 709, Article 5, Section 4.)
- k. Definition of Surviving Spouse. A surviving spouse is required to have been legally married to a PERA member at the time of the death of the member, changed from the requirement of maintaining the same legal residence as the member. (Laws 1988, Chapter 709, Article 5, Section 6.)
- l. Definition of Designated Beneficiary. A designated beneficiary includes an organization as well as a person if designated by a former member, disabilitant or retired member in addition to a member and if designated before the death of the member, former member, disabilitant or retired member. (Laws 1988, Chapter 709, Article 5, Section 7.)
- m. City Manager Membership Exclusion Election Period. The election period for a city manager to exercise the option to be excluded from PERA membership was increased from 30 days to six months, with the addition of a provision for a refund of any member contributions made during the election period if the exclusion option is eventually exercised. (Laws 1988, Chapter 709, Article 5, Section 8.)
- n. Board of Trustees Election Filing Time Period. The period for filing for an elected board of trustee position is set as the first seven days of October, changed from the first seven days of November. (Laws 1988, Chapter 709, Article 5, Section 9.)
- o. Erroneous Deduction Adjustment. Erroneous deductions upon a refund include interest at five percent per annum compounded annually. An erroneous deduction is required to have been made within three years of the calendar year in which the erroneous deduction was received by PERA or the deduction will be considered to be valid, the appropriate service credit granted and membership status achieved with continuation to the termination of public service. For deductions or contributions erroneously transmitted to PERA but properly payable to another major or statewide Minnesota public employee pension plan, PERA is required to make the appropriate transfer without interest and without the application of any time limitations. (Laws 1988, Chapter 709 Article 5, Sections 10 and 11.)
- p. Employer Payroll Abstract Reporting. Employing units covered by PERA are required to furnish copies of payroll abstracts for May for school districts and December for other employing units, changed from March and October respectively. Alternatively, an employing unit may file an exception report. Upon request, every employing unit must file a duplicate copy of the payroll abstract. The PERA executive director can assign a PERA employee the responsibility to conduct a field audit of the payroll records of a governmental subdivision. (Laws 1988, Chapter 709, Article 5, Section 12.)

- q. Commencement of Omitted Contribution Recovery Action. An action for the recovery of omitted contributions begins five calendar days after the date of correspondence requesting information on potential omitted contributions for purposes of determining the three calendar year statute of limitations for this type of action. (Laws 1988, Chapter 709, Article 5, Section 13.)
- r. Special Omitted Employee Contribution Authorizations. Two classes of PERA members with past omitted employee contributions are authorized to pay the amount of the omitted employer contributions plus interest and obtain the applicable period of service credit. The classes are those PERA members who were employed and met PERA membership eligibility requirements before July 1, 1973, and have a period for which omitted employer contributions were made but full employee contributions were not paid or those PERA members who were previously PERA members, had omitted employer contributions made on their behalf, but terminated PERA service before the required omitted employee contributions were withheld from salary. (Laws 1988, Chapter 709, Article 5, Section 14.)
- s. Warrant Cancellation Period. The cancellation of uncashed PERA warrants in favor of PERA occurs after five years, reduced from six years. (Laws 1988, Chapter 709, Article 5, Section 15.)
- t. Increased Retirement Annuity Before Social Security Eligibility. Basic or coordinated PERA members retiring before becoming eligible for Social Security benefits may elect an actuarial equivalent optional annuity form that provides a retirement annuity in a greater amount than the single life annuity until age 62 and in a smaller amount thereafter without a limitation on the amount of the annuity for the earlier period. The prior requirement that the increased annuity amount for the earlier period equal the combined Social Security benefit and post-age 62 annuity amount based on broad Social Security average benefits was eliminated. (Laws 1988, Chapter 709, Article 5, Section 16.)
- u. Death While Eligible Surviving Spouse Benefit Eligibility Requirement. The surviving spouse of a PERA active member or former member with sufficient service and having attained sufficient age is entitled to a death while eligible surviving spouse benefit if the member or former member dies before an annuity or disability benefit under Minnesota Statutes, Sections 353.29, Subdivision 7, or 353.33, Subdivision 2, begins to accrue, rather than become payable as previously required. (Laws 1988, Chapter 709, Article 5, Section 17.)
- v. Refund Upon Death With Limited Account Balance. A refund is payable to a decedent's personal representative, or if none, to the decedent's estate if the member or former member dies without a designated beneficiary and has a limited member contribution account balance. The refund was previously required to be payable under the Minnesota laws of descent. (Laws 1988, Chapter 709, Article 5, Section 18.)
- w. Partial Reemployment of a Disabiltant. A partially reemployed disabiltant is entitled to continue to receive the disability benefit in the amount of the disability benefit originally payable plus any post-1988 post retirement adjustments or the amount when added to the earnings does not exceed the salary at the disability date or currently payable to similar positions, whichever is less. Post retirement adjustments were not previously factored into the reemployment disability benefit limit. (Laws 1988, Chapter 709, Article 5, Section 19.)
- x. Membership Requirement for Deferred Annuity Eligibility. Only members with sufficient service, rather than any person with sufficient service, qualify to defer a retirement annuity. (Laws 1988, Chapter 709, Article 5, Section 20.)
- y. Suspension of Annuity For Annuitant Reemployed in Public Service. The suspension of the annuity for a person reemployed by a PERA-covered employing unit occurs as of the first day of the month immediately after the month in which the Social Security indexed reemployment earnings limitation has been met, rather than the first day of the month in which the limitation has been met. (Laws 1988, Chapter 709, Article 5, Section 21.)
- z. Public Hospital Employee Resumption of Retirement Coverage. A public hospital employee who opted to terminate membership in the PERA Coordinated Program between July 1, 1963, and June 30, 1967, is authorized until October 1, 1988 to elect to resume PERA Coordinated Program membership on a form prescribed by the PERA Executive Director. (Laws 1988, Chapter 709, Article 5, Section 41.)

2. Public Employees Police and Fire Fund

Part Time Firefighter Salary Amount for Member Contribution Purposes. With the elimination of a specific exception provision, the salary of a part time firefighter eligible for Public Employees Police and Fire Fund (PERA-P&F) membership for contribution and benefit purposes will include reimbursement payments for fire calls. (Laws 1988, Chapter 709, Article 5, Section 22.)

3. Local Relief Association Voluntary Consolidation Option.

Municipal Bonding Authority Clarification. A municipality with a local police or salaried firefighters relief association that is consolidating with PERA-P&F may issue general obligation bonds rather than special obligation bonds to defray all or a portion of the accrued liability of the consolidating relief association, and may pledge the full faith, credit and taxing power of the municipality without the requirement of any special election. (Laws 1988, Chapter 709, Article 5, Section 23.)

4. Local Government Correctional Service Employees Retirement Plan

- a. Correctional Facility Stationing Requirement. Eligibility for membership in the retirement plan is a function in part upon being stationed at a correctional facility. (Laws 1988, Chapter 709, Article 5, Section 24.)
- b. Inclusion of St. Louis County Joint Powers Agency Employees. Employees of a joint powers correctional agency in St. Louis County are eligible for membership in the retirement plan if the agency governing body elects to participate. (Laws 1988, Chapter 709, Article 5, Sections 24 and 26.)
- c. Clarification of Effective Date for Coverage. Coverage by the plan for correctional facility employing units electing inclusion begins on the date on which the county elects to participate if that date is later than June 30, 1988 or the date of employment. (Laws 1988, Chapter 709, Article 5, Section 25.)
- d. Increased Correctional Service Plan Member and Employer Contributions. The member and employer contributions to the retirement plan are each 7.5 percent of salary, increased from five percent of salary. Adjustments in future member and employer contribution rates are based on the most recent actuarial valuation. (Laws 1988, Chapter 709, Article 5, Section 27.)
- e. Five Year Vesting Requirement. The vesting requirement for a retirement annuity is set at five years of service, reduced from ten years of service. (Laws 1988, Chapter 709, Article 5, Section 28.)
- f. Prorated Retirement Annuity Formula With Partial Year Service. For service less than a full year, the retirement annuity benefit accrual rate for a full year will be prorated on the basis of the number of completed months of service bears to a full year. (Laws 1988, Chapter 709, Article 5, Section 29.)
- g. Duration of Initial Annuity Amount Clarification. The retirement annuity initially payable to a retired local correctional service employee for up to 84 months is payable only for the life of the recipient if that is less than 84 months and is subject to any optional annuity form selected. The post-84 month minimum benefit calculation including the Social Security program benefit is clarified. (Laws 1988, Chapter 709, Article 5, Section 30.)
- h. Addition of Deferred Annuities Augmentation. A deferred local government correctional service employee retirement plan retirement annuity is eligible for augmentation during the period of deferral at the rate of three percent per year compounded annually. (Laws 1988, Chapter 709, Article 5, Section 31.)
- i. Disability Benefit Computation and Minimum Benefit Amount. A disability benefit computed based on regular PERA law will utilize the PERA Coordinated Program formula. The post 84 month minimum benefit amount applicable to a normal retirement annuity under the plan is also applicable to a disability benefit under the plan. (Laws 1988, Chapter 709, Article 5, Section 32.)
- j. Addition of Combined Service Disability Benefit. A special provision governing the computation of a disability benefit of a disabled local government correctional service retirement plan member who also has prior regular PERA credit is added to the plan. (Laws 1988, Chapter 709, Article 5, Section 33.)

5. Ambulance Service Personnel Retirement Plan

- a. Minimum Balances For Investment Option Changes. The minimum balance for transfer and the minimum balance to remain upon the change in a prior investment option was reduced to \$200 each, from \$500 each previously. (Laws 1988, Chapter 709, Article 5, Section 34.)
- b. Elimination of Minimum Retirement Age and Vesting Requirements. Immediate vesting with any length of service and retirement benefits payable at any age were added to the plan. The plan previously had an age 50 normal retirement age and a five years of service vesting requirement. (Laws 1988, Chapter 709, Article 5, Sections 36, 37 and 42.)
- c. Mandatory Plan Participation Upon Change of Ambulance Services. A plan participant who shifts from one participating ambulance service to another ambulance service within a 30 day period is required to continue participation in the plan. (Laws 1988, Chapter 709, Article 5, Section 38.)

C. 1988 Legislation Affecting the Teachers Retirement Association

1. State University and Community College Supplemental Retirement Plan

- a. Guaranteed Return Investment Account. A participant in the Supplemental Plan is authorized to invest the person's account in the guaranteed return account of the Minnesota Supplemental Investment Fund administered by the State Board of Investment. A participant may also transfer all or a portion of the balance in the person's account to a guaranteed return account investment if done one month before a new contract and if in the case of a partial transfer a minimum of \$1,000 is transferred and \$1,000 remains in the prior investment. No withdrawal from the guaranteed return account is permitted before the expiration of the contract unless the participant qualifies for a benefit. The restriction requiring a transfer only to a single account expires January 1, 1989. (Laws 1988, Chapter 453, Section 9.)
- b. State University or Community College Board Designees. Discretion to permit greater one year withdrawals from the Supplemental Plan in any year is extended to a designee of the State University Board or the Community College Board. (Laws 1988, Chapter 709, Article 1, Section 1.)

2. Teachers Retirement Association

- a. Faculty Exchange Program. Temporary exchanges for the 1988-1989 academic year between school districts and post secondary institutions were authorized, without a negative effect on a participants' benefits as well as salary or seniority. (Laws 1988, Chapter 703, Article 1, Section 23.)
- b. Limited or Permanent Exempt Status Buyback. Teachers who rendered uncredited service before July 1, 1957, while on limited or permanent exempt status or on optional membership status are authorized to purchase service credit for that prior service upon payment of the full actuarial cost, with authorization for the employer at its option to pay the amount in excess of the employee contribution which would have been paid at the time of the service plus interest at the rate of six percent per year. (Laws 1988, Chapter 709, Article 3, Section 1.)
- c. University of Minnesota Southern School of Agriculture Buyback. A teacher who rendered teaching service at the University of Minnesota Southern School of Agriculture from October 1, 1957 to March 31, 1959 is authorized before January 1, 1989 to purchase service credit for that prior service upon payment of the full actuarial cost, with authorization for the employer at its option to pay the amount in excess of the employee contributions which would have been paid at the time of the service plus interest at the rate of six percent per year. (Laws 1988, Chapter 709, Article 3, Section 1.)
- d. State University and Community College Systems Defined Contribution Plan Coverage. Teachers first employed by the State University System or the State Community College System after June 30, 1988 participate in the individual retirement account plan rather than TRA, with coverage through one or more of a range of annuity contracts or investment accounts from up to three financial institutions designated by the applicable system. Member and employer contributions to the plan would be identical to the member and matching employer contributions payable to TRA, with the employer additional contribution continuing to be payable to TRA. Any investment program as part of the plan

must meet the requirements of either section 401(a) or 403(b) of the federal Internal Revenue Code. (Laws 1988, Chapter 709, Article 11, Sections 1 to 8.)

D. Minneapolis Teachers Retirement Fund Association

Extension of Participating Annuity to Certain Retirees. The Minneapolis Teachers Retirement Fund Association (MTRFA) is authorized to amend its articles of incorporation to extend its annual participating annuity post retirement adjustment mechanism, beginning January 1, 1989, to recipients of a minimum normal retirement annuity. (Laws 1988, Chapter 709, Article 8, Section 9.)

E. St. Paul Teachers Retirement Fund Association

Basic Division Five Year Vesting. The St. Paul Teachers Retirement Fund Association (StPTRFA) is authorized to amend its articles of incorporation relating to the Basic Program of the retirement fund association to reduce the service requirement for vesting for the program to five years of service, reduced from ten years of service. (Laws 1988, Chapter 709, Article 8, Section 8.)

F. Local Police Relief Associations

1. General

Marriage Dissolution Marital Property Division Exception to Legal Process Exemption. An exception for the division of marital property as part of a marriage dissolution was added to the exemption of local police relief association money or benefits from legal process. (Laws 1988, Chapter 668, Section 8.)

2. Eveleth Police Trust Fund

Ad Hoc Post Retirement Adjustment. Subject to local approval, the benefits payable to retirees and surviving spouses of the Eveleth Police and Fire Trust Fund are increased by \$50 per month, retroactive to January 1, 1988. (Laws 1988, Chapter 709, Article 8, Section 3.)

3. Minneapolis Police Relief Association

Investment Related Annual Post Retirement Adjustment Mechanism. Subject to local approval, retirees, disabilitants and surviving spouses of the Minneapolis Police Relief Association are entitled to receive annual post retirement increases based on the investment earnings on a total rate of return basis that produces an investment gain. The increase is based on one third of the investment gain, not to exceed 1.5 percent of the assets of the relief association and not to exceed one month's benefit payment. The balance of the applicable investment gain is used in equal parts as a credit against the following year's employer obligation and to reduce the amortization aid payable to the City of Minneapolis under Minnesota Statutes, Section 423A.02. An investment gain occurs if investment income on a total rate of return basis exceeds the five percent actuarial investment assumption and exceeds the actuarial salary increase rate by at least 1.5 percent. (Laws 1988, Chapters 572, Sections 3 and 5; and 574, Sections 2 and 4.)

4. St. Paul Police Relief Association

Non-Duty Disability Benefit Vesting Requirement. Subject to local approval, the service vesting requirement for eligibility of an active St. Paul police officer to a disability benefit for a sickness or injury occurring while not on duty is reduced from ten years of service to five years of service, with a proportional adjustment in the minimum non-duty disability benefit. (Laws 1988, Chapter 709, Article 8, Section 5.)

5. Winona Police Relief Association

Payment of Withheld 1985 Police State Aid Amounts. Police state aid, amortization state aid and supplemental amortization state aid amounts for the City of Winona related to the Winona Police Relief Association withheld between August 26, 1984 and August 26, 1985 are released, with interest. (Laws 1988, Chapter 709, Article 9, Section 5.)

G. Local Salaried Firefighters Relief Associations

1. General

Marriage Dissolution Marital Property Division Exception to Legal Process Exemption. An exception for the division of marital property as part of a marriage dissolution was added to the exemption of local salaried firefighters relief association money or benefits from legal process. (Laws 1988, Chapter 668, Section 8.)

2. First Class City Firefighters Relief Associations

Marriage Dissolution Marital Property Division Exception to Legal Process Exemption. An exception for the division of marital property as part of a marriage dissolution was added to the exemption of first class city firefighters relief association money or benefits from legal process. (Laws 1988, Chapter 668, Section 1.)

3. Eveleth Fire Trust Fund

Ad Hoc Post Retirement Adjustment. Subject to local approval, the benefits payable to retirees and surviving spouses of the Eveleth Police and Fire Trust Fund are increased by \$50 per month, retroactive to January 1, 1988. (Laws 1988, Chapter 709, Article 8, Section 3.)

4. Minneapolis Fire Department Relief Association

Investment Related Annual Post Retirement Adjustment Mechanism. Subject to local approval, retirees, disabilitants and surviving spouses of the Minneapolis Fire Department Relief Association are entitled to receive annual post retirement increases based on the investment earnings on a total rate of return basis that produces an investment gain. The increase is based on one third of the investment gain, not to exceed 1.5 percent of the assets of the relief association and not to exceed one month's benefit payment. The balance of the applicable investment gain is used in equal parts as a credit against the following year's employer obligation and to reduce the amortization aid payable to the City of Minneapolis under Minnesota Statutes, Section 423A.02. An investment gain occurs if investment income on a total rate of return basis exceeds the five percent actuarial investment assumption and exceeds the actuarial salary increase rate by at least 1.5 percent. (Laws 1988, Chapters 572, Section 4 and 5; and 574, Sections 3 and 4.)

5. Virginia Firefighters Relief Association

Retroactive Benefit Increase and Payment of Certain Survivor Benefits. Subject to local approval, 1987 special legislation increasing the benefits of survivors of the Virginia Firefighters Relief Association is retroactive to January 1, 1987 and any survivor benefits accrued but unpaid to the date of death of the survivor are payable to the surviving children. (Laws 1988, Chapter 709, Article 8, Sections 1 and 2.)

H. Volunteer Firefighters Relief Associations

1. General

- a. Marriage Dissolution Marital Property Division Exception to Legal Process Exemption. An exception for the division of marital property as part of a marriage dissolution was added to the exemption of volunteer firefighters relief association money or benefits from legal process. (Laws 1988, Chapter 668, Section 9.)
- b. Relief Association Purchase of Annuity Contracts for Retiring Members. Volunteer firefighters relief associations providing lump sum benefits are authorized if their bylaws so permit to purchase an annuity contract from an insurance carrier approved by the Commerce Commissioner equal to the amount of the lump sum service pension in lieu of a direct payment of the service pension to the retiring firefighter. (Laws 1988, Chapter 709, Article 7, Sections 1 and 2.)
- c. Volunteer Firefighters Combined Service Pensions. If their bylaws or articles of incorporation so provide, volunteer firefighters relief associations may pay a prorated service pension to a volunteer firefighter retiring with prior or subsequent service of at least two years duration in another volunteer firefighters relief association and with service in all volunteer firefighters relief associations totalling ten years of service credit. Volunteer firefighters with subsequent service in another volunteer firefighters relief association are required to notify the prior relief association within two years of their termination of service with the prior relief association. (Laws 1988, Chapter 709, Article 7, Section 3.)
- d. State Volunteer Firefighters Supplemental Benefit. Volunteer firefighters relief associations are authorized to pay from the special fund of the relief association a supplemental benefit equal to ten percent of the lump sum service pension payable to a retiring volunteer firefighter, to a maximum of \$1,000 per volunteer firefighter. The Commissioner of Revenue will reimburse any volunteer firefighters relief association paying the supplemental benefit upon application for the amount of the supplemental benefit, to be deposited in the special fund of the relief association. A volunteer firefighter taking a supplemental benefit takes the benefit in lieu of the state income tax exclusion for

involuntary lump sum retirement benefit distribution. (Laws 1988, Chapter 719, Article 19, Section 22.)

2. Fridley Volunteer Firefighters Relief Association

Conversion to Defined Contribution Plan. The Fridley Volunteer Firefighters Relief Association is authorized to amend its articles of incorporation or bylaws to convert its current defined benefit plan to a defined contribution plan with the allocation of relief association special fund assets to established individual accounts and to purchase annuity contracts for retired firefighters and similarly situated active members. (Laws 1988, Chapter 709, Article 8, Section 4.)

3. Minnetonka Volunteer Firefighters Relief Association

Exclusion of Volunteer Firefighters from PERA Coverage. Volunteer firefighters serving with the Minnetonka fire department are excluded from membership in the Public Employees Retirement Association (PERA) or the Public Employees Police and Fire Fund (PERA-P&F) for any volunteer firefighting duties and any volunteer firefighter who previously had been a PERA or PERA-P&F member and is excluded is entitled to a refund of member contributions based on their volunteer firefighters' compensation. (Laws 1988, Chapter 709, Article 8, Section 6.)

4. Thief River Falls Volunteer Firefighters Relief Association

Validation of Certain Prior Service Pension Payments. Payments of service pensions to previously retired volunteer firefighters with at least 20 years of service before reaching at least age 50 were validated. (Laws 1988, Chapter 709, Article 8, Section 7.)

I. State Board of Investment

1. Elimination of the Supplemental Investment Fund Bond Account. The number of accounts in the Minnesota Supplemental Investment Fund was reduced to six from seven with the elimination of the prior bond account. (Laws 1988, Chapter 453, Sections 1, 3, 5 and 12.)
2. Broadened Supplemental Investment Fund Money Market Account Debt Maturity Limit. The three year maturity requirement for the Minnesota Supplemental Investment Fund money market account debt obligations was eliminated, with the account open for debt obligations of any maturity. (Laws 1988, Chapter 453, Section 2.)
3. Supplemental Investment Fund Prospectus Requirements. The separate exhibits for each account included in the prospectus for the Minnesota Supplemental Investment Fund are required to include information on the investment objectives of the account, the asset allocation of the account and the past investment performance of the account. The prior requirement that the prospectus set forth the statutory provisions governing the Minnesota Supplemental Investment Fund was eliminated. (Laws 1988, Chapter 453, Section 4.)
4. Variable Annuity Investment Fund Nonconforming Stock Investment Authority Elimination. The prior authority for the Variable Annuity Investment Fund to include up to ten percent of book value in corporate stocks not meeting the general dividend standard for State Board of Investment corporate stock investments was eliminated. (Laws 1988, Chapter 453, Section 6.)
5. Bank Issued Guaranteed Investment Contract Authority. The general debt obligation investment authority of the State Board of Investment was expanded to include guaranteed investment contracts issued by banks in addition to previously authorized insurance company issued guaranteed investment contracts. (Laws 1988, Chapter 453, Section 7.)
6. International Securities Authority. The general miscellaneous investment authority of the State Board of Investment was expanded to include international securities. (Laws 1988, Chapter 453, Section 8.)
7. Report on Northern Ireland Investments and Affirmative Action Policy. The State Board of Investment is required annually to compile a list of corporations in which the State Board invests that do business in Northern Ireland and to determine whether each corporation has taken affirmative action to eliminate Northern Ireland religious or ethnic discrimination. The State Board of Investment is also required, where feasible, to be involved in shareholder actions encouraging corporations in which the State Board invests to pursue a policy of affirmative action in Northern Ireland. (Laws 1988, Chapter 687, Section 1.)

J. General Provisions

1. Statewide Public Employees Insurance Plan

Elimination of Employer Contribution Restriction. A restriction on employer contributions to the Statewide Public Employees Insurance Plan after a retiree reaches age 65 was eliminated. (Laws 1988, Chapter 605, Section 2.)

2. Collectively Bargained Employer Contribution to State Deferred Compensation Plan

Authorization of State Deferred Compensation Plan Employer Contribution. Collective bargaining under the Public Employees Labor Relations Act is authorized regarding employer payment or contributions to premiums for retired employee group insurance coverage or severance pay. Collective bargaining is authorized over employer contributions to the State Deferred Compensation Plan to match employee contributions on a dollar for dollar basis and not to exceed \$2,000 per year per employee, but is not subject to arbitration in the event of impasse. A collectively bargained contract is not allowed to obligate the employer to fund health care benefits for former employees beyond the length of the contract and a personnel policy may not include a similar obligation beyond the employer's longest collectively bargained contract or its budgetary cycle. Retiree health insurance benefit costs must be identified under generally accepted accounting principles. (Laws 1988, Chapter 605, Sections 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14; Laws 1988, Chapter 709, Article 9, Section 3.)

3. Marriage Dissolution Pension Benefit Marital Property Division Change in Division Procedures.

Information on pension benefits for the division of marital property in a pending marriage dissolution is obtainable without a signed authorization of the plan member. The request is required to cite Minnesota Statutes, Section 356.80. The valuation of pension benefits and related information is to be provided by the pension plan administrator and is limited to the date as of the first of the month following the request and the date specified by the court. Private sector pension plans are included in the procedure. Court appointed expert witnesses on the valuation of pension benefits in connection with a marriage dissolution may include any person qualified to value pension benefits and rights. (Laws 1988, Chapter 619, Section 1; Laws 1988, Chapter 668, Sections 6, 15, 16, 20 and 21.)

4. Combined Service Disability Benefit Portability Provision

Combined Service Disability Benefit Eligibility Change. The average salary used in the calculation of a combined service disability benefit is required to be from a period of successive years of covered salary. The minimum service requirement was reduced to five years of allowable service in all instances to conform with the 1987 shift to five year vesting for disability benefits. (Laws 1988, Chapter 709, Article 5, Sections 39 and 40.)

5. Pre-1986 Public Employee Medicare Coverage Referendum

Authorization of Referendum. A referendum is authorized for members not covered by the federal Medicare Program of the Legislator's Retirement Plan, the Elective State Officers Retirement Plan, the Public Employees Retirement Association Basic Program, the Teachers Retirement Association Basic Program, the Minneapolis Employees Retirement Fund, the Minneapolis Teachers Retirement Fund Association Basic Program and the St. Paul Teachers Retirement Fund Association Basic Program. If a majority vote in the referendum favors the addition of Medicare coverage, all participants in that retirement plan or program will gain Medicare coverage following the amendment of the State's agreement with the Secretary of Health and Human Services, with identical 1.45 percent of covered salary employee contributions and employer contributions under the Federal Insurance Contribution Act. (Laws 1988, Chapter 709, Article 6, Section 1.)

K. Other Provisions

1. State Employees Insurance Benefits

Expansion of Insurance Benefits to Certain Retirees. State employees who are eligible to retire before age 65 and who are identified as employees in positions in programs being permanently eliminated were made eligible for state paid health and other insurance benefits other than life insurance during the course of the receipt of a retirement benefit or until eligibility for insurance coverage by a new employer. (Laws 1988, Chapter 605, Section 1.)

2. Retired School District Personnel Medical Insurance

Authorization of Post Age 65 Employer Paid Coverage. The premiums for medical insurance coverage for retired school district person retiring before age 65 are payable by the employer, removing an earlier restriction to the pre-age 65 period. (Laws 1988, Chapter 605, Section 3.)

3. Hennepin County Supplemental Retirement Plan

Marriage Dissolution Marital Property Division Exception to Legal Process Exemption. An exception for the division of marital property as part of a marriage dissolution was added to the exemption of Hennepin County Supplemental Retirement Plan money or benefits from legal process. (Laws 1988, Chapter 668, Section 7.)

4. County Historical Society Employees

Expansion of Government Subdivision Insurance Benefits to Employees. Employees of county historical societies that receive funding from the county may be included in the various insurance benefit coverage provided by the county to its employees. (Laws 1988, Chapter 709, Article 2, Section 2.)

5. Metropolitan Transit Commission Transit Operating Division

Restriction on Eligibility for Certain Disability and Survivorship Benefit Coverage. The eligibility for special pre-1978 MTC-TOD pension plan disability and survivorship benefit coverage was restricted to MTC-TOD employees hired before January 1, 1978. (Laws 1988, Chapter 709, Article 4, Section 1.)

6. Fire and Police State Aid Programs

Clarifications. Provisions related to the amount of fire state aid for apportionment were simplified and clarified. (Laws 1988, Chapter 719, Article 2, Sections 4 and 5.)

7. First Class City Fire Insurance Premium Tax Surcharge Program.

Change in Date Surcharge is Payable. The dates on which the surcharge on fire insurance premium taxes in the first class cities are payable are set at March 31, May 31 and November 30 annually, shifted from March 15, May 15 and November 15. (Laws 1988, Chapter 719, Article 19, Section 1.)