



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Ed Burek, Deputy Director *EB*
RE: Summary of 2006 Legislative Session Pension Provisions
DATE: August 22, 2006

This memo summarizes the 2006 Legislative Session pension provisions. Nearly all of the pension provisions passed in the two omnibus retirement bills, which were enacted as Laws 2006, Chapter 271 (S.F. 2239 (Pogemiller); H.F. 2362 (Smith), Omnibus Retirement Bill I) and Laws 2006, Chapter 277 (S.F. 1057 (Pogemiller); H.F. 1120 (Ozment), Omnibus Retirement Bill II).

The first major section, Fund-Specific Legislation, summarizes all pension-related legislation for individual plans and for plans of a specific category, such as the first class city teacher plans, local police and paid fire plans, or volunteer fire plans. The second major section, General Pension Provisions, summarizes pension legislation applying to all public plans or to miscellaneous plan groupings. An example of legislation summarized there is the five percent cap on post retirement increases applicable to retirees from all defined benefit plans in the Minnesota State Retirement System (MSRS), Public Employee Retirement Association (PERA), and Teachers Retirement Association (TRA) systems. The third major section, Miscellaneous Provisions, mentions legislation which in some cases is not related directly to pension plan law but which is of interest to Legislative Commission on Pensions and Retirement members and public sector retirees.

I. FUND-SPECIFIC LEGISLATION

A. Minnesota State Retirement System (MSRS)

General State Employees Retirement Plan (MSRS-General)

1. MSRS-General Employee Contribution Rate Increase. Starting on July 1, 2007, the current 4.0 percent of pay employee contribution rate is increased in quarter-percent annual increases to 5.0 percent on July 1, 2010, and thereafter. *Laws 2006, Ch. 271, Art. 1, Sec. 1. Source: S.F. 264 (Betzold-by request); H.F. 1757 (Smith)*
2. MSRS-General Employer Contribution Rate Increase. Starting on July 1, 2007, the current 4.0 percent of pay employer contribution rate is increased in quarter-percent annual increases to 5.0 percent on July 1, 2010, and thereafter. *Laws 2006, Ch. 271, Art. 1, Sec. 2. Source: S.F. 264 (Betzold-by request); H.F. 1757 (Smith)*
3. Reemployed Disabilitant Benefit Reduction Waiver Provision is Revised and Made Permanent. The MSRS reemployed disabilitant benefit reduction waiver provision, which was enacted in 2004 and set to expire in 2006, and which was intended to encourage disabilitants to return to work by waiving disability benefit reductions or benefit termination for six months after an individual returns to work, is made permanent, and the provision is restricted by allowing an individual to use this provision only once, and by clarifying that no service credit is earned during the six-month period covered by the provision unless the individual waives further disability payments. *Laws 2006, Ch. 271, Art. 3, Sec. 2 and 42. Source: Commission Amendment to S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
4. Bounce-Back Annuity Language Simplified. Bounce-back annuity language, applicable when the individual covered by the second-half of a joint-and-survivor annuity dies before the primary annuitant, is simplified and obsolete language is removed. *Laws 2006, Ch. 271, Art. 3, Sec. 3. Source: Commission Amendment to S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
5. Special Law Provision: Distribution to Certain Divorced Spouse. The provision allows the immediate commencement of a retirement annuity to a divorced spouse who was born on August 12, 1944, if a court finds the former state employee's decision not to commence receiving an MSRS annuity is due solely to an effort to frustrate the judgment awarded to the ex-spouse. *Laws 2006, Ch. 271, Art. 14, Sec. 13. Source: S.F. 2047 (Michel); H.F. 2230 (Peterson, N.)*

Legislators' Retirement Plan

The Legislators' Retirement Plan, which covers legislators first elected before July 1, 1997, unless they chose to be covered by the MSRS-Unclassified Program instead, was recodified. All sections described below are from that recodification, which appeared in Laws 2006, Ch. 271, Art. 10, unless otherwise indicated.

1. Definition of Actuarial Equivalent Added. A definition of actuarial equivalent is added to the Legislators' Retirement Plan. *Laws 2006, Ch. 271, Art. 10, Sec. 2. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
2. Numerous Definitions Moved. Several definitions are moved to alphabetical order within the plan's definition section, and in some cases are also clarified. These are the definition of "average monthly salary," "former legislator," "member of the legislature," "retirement," and "salary." *Laws 2006, Ch. 271, Art. 10, Sec. 3, 7-8, 10-11. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
3. Constitutional Officer Definition Added. A definition of "constitutional officer" is added to the plan. *Laws 2006, Ch. 271, Art. 10, Sec. 4. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
4. Dependent Child Definition Clarified. The dependent child definition is clarified and obsolete language is removed. *Laws 2006, Ch. 271, Art. 10, Sec. 5. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
5. Director Definition Clarified. The definition of "director" is clarified. *Laws 2006, Ch. 271, Art. 10, Sec. 6. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
6. Obsolete Language Removed from Normal Retirement Age Definition. The "normal retirement age" definition is revised by eliminating obsolete language relating to members who terminated before the 1981 legislative session. *Laws 2006, Ch. 271, Art. 10, Sec. 9. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
7. Plan Administration Provision Clarified. The plan administration provision is clarified by more clearly indicating that MSRS and its Executive Director are responsible for administering the plan according to the Legislators' Retirement Plan chapter, Minnesota Statutes, Chapter 3A, and other applicable law. *Laws 2006, Ch. 271, Art. 10, Sec. 12. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
8. Retirement Annuity Calculation and Reduced Retirement Allowance Provisions Updated. The plan's retirement annuity calculation provision and reduced annuity due to early retirement provisions are revised by removing obsolete language and references, and by adding clarifying language. *Laws 2006, Ch. 271, Art. 10, Sec. 13-14. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
9. Appropriation Provision Language Revised. The appropriation provision language is clarified. *Laws 2006, Ch. 271, Art. 10, Sec. 15. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
10. Deferred Annuities Augmentation Provision Revised. Obsolete dates are removed and the language of the deferred annuities augmentation provision is clarified. *Laws 2006, Ch. 271, Art. 10, Sec. 16. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
11. Optional Annuities Provision Clarified. The optional annuities provision is clarified. *Laws 2006, Ch. 271, Art. 10, Sec. 17. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
12. Employee Contribution Rate Provision Clarified. The employee contribution rate provision is clarified. *Laws 2006, Ch. 271, Art. 10, Sec. 18. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
13. Refund Provision Clarified. The refund provision, which includes terms for repaying a refund, is clarified. *Laws 2006, Ch. 271, Art. 10, Sec. 19. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
14. Surviving Spouse Benefit Provision Clarified. The language of the surviving spouse provision is clarified. *Laws 2006, Ch. 271, Art. 10, Sec. 20. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*

15. Dependent Children Provision Clarified. The dependent child provision is clarified. *Laws 2006, Ch. 271, Art. 10, Sec. 21. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
16. Surviving Spouse and Child Benefit Payment Provision Updated. The style and language of the survivor spouse/dependent child benefit payment provision is updated. *Laws 2006, Ch. 271, Art. 10, Sec. 22. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
17. Death Refund Provision Updated. The language of the death refund provision is clarified. *Laws 2006, Ch. 271, Art. 10, Sec. 23. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
18. Appropriation/Disbursement Subdivision Added. A new subdivision is added to clarify that the plan survivor benefits and death refunds are appropriated from the state's General Fund when they become payable. *Laws 2006, Ch. 271, Art. 10, Sec. 24. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
19. Survivor Benefit Application Provision Clarified. The survivor benefit application provision is clarified. *Laws 2006, Ch. 271, Art. 10, Sec. 25. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
20. Application, Referendum Provision Clarified. The provision is revised by clarifying that the second chance referendum authorized in 2002 is irrevocable. *Laws 2006, Ch. 271, Art. 10, Sec. 26. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
21. Service Credit for Legislative Term Provision Clarified. The language of the special legislative service credit provision is clarified. *Laws 2006, Ch. 271, Art. 10, Sec. 27. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
22. Service in More than One Fund Provision Clarified. The language of the Legislators' Retirement Plan service in more than one plan provision is clarified. *Laws 2006, Ch. 271, Art. 10, Sec. 28. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
23. Repealer. As part of the recodification of the Legislators' Retirement Plan chapter, various definitions are repealed because similar language is being added elsewhere in the definition section in an alphabetical order. These repealed definitions are Section 3A.01, Subdivisions 3,4,6a, and 7, which are the existing law definitions of "member of the legislature," "retirement," "salary," and "average monthly salary." Also repealed as obsolete provisions are a payment for past service before July 1, 1965 (Section 3A.02, Subdivision 2), a provision that provided a one-time increase in survivor benefits on June 3, 1977 (Section 3A.04, Subdivision 1a), and an optional legislator-PERA membership provision (Section 3A.09). *Laws 2006, Ch. 271, Art. 10, Sec. 33, Subd. 1. Source: S.F. 428 (Betzold); H.F. 2091 (Smith)*
24. Surviving Spouse Automatic Benefit Provision, Clarification. The automatic surviving spouse coverage provision, which provides a benefit of half the amount to which the member qualified on the date of death, is clarified by adding a statement that this coverage is an alternative to the optional joint-and-survivor annuity mentioned below. This provision was not part of the recodification. *Laws 2006, Ch. 271, Art. 12, Sec. 2. Source: Commission Amendment to S.F. 2462 (Pogemiller); H.F. 2852 (Smith)*
25. Optional Surviving Spouse Annuity, Resetting Minimal Age for Commencing Benefit. If a member of the Legislature dies in office, the surviving spouse may elect to commence receipt of a surviving spouse optional joint-and-survivor annuity as early as age 55, rather than at minimum age 60. This provision may have a slight benefit enhancement effect for surviving spouses of any member who dies while in office. (This treatment is consistent with the treatment common in other Minnesota public plans.) This provision was not part of the recodification. *Laws 2006, Ch. 271, Art. 12, Sec. 1. Source: Commission Amendment to S.F. 2462 (Pogemiller); H.F. 2852 (Smith)*

Elected State Officers Retirement Plan

1. Plan Application Provision Added. A section is added stating that this plan applies to constitutional officers first elected after July 1, 1967, and before July 1, 1997. *Laws 2006, Ch. 271, Art. 10, Sec. 29. Source: S.F. 427 (Betzold); H.F. 2092 (Smith)*

2. Plan Administration Clarified. A plan administration provision is clarified by more clearly indicating that the plan is administered by the MSRS Board, including the MSRS Executive Director. *Laws 2006, Ch. 271, Art. 10, Sec. 30. Source: S.F. 427 (Betzold); H.F. 2092 (Smith)*
3. Post-Retirement Adjustment Provision: Removal of Repealed Cross-References. Repealed cross-references are removed from the plan's post-retirement adjustment provision. *Laws 2006, Ch. 271, Art. 10, Sec. 31. Source: S.F. 427 (Betzold); H.F. 2092 (Smith)*
4. Repealer. The following are repealed: the current legislative intent section (Section 352C.01); applicability section (Section 352C.011); definitions (Section 352C.021); retirement allowance section (Section 352C.031); deferred annuities augmentation (Section 352C.033); surviving spouse and children provision (Section 352C.04); coverage in more than one fund provision (Section 352C.051); contribution section (Section 352C.09); and most of the plan administration section (Section 352C.091). *Laws 2006, Ch. 271, Art. 10, Sec. 33, Subd. 2. Source: S.F. 427 (Betzold); H.F. 2092 (Smith)*

Correctional State Employees Retirement Plan (MSRS-Correctional)

1. MSRS-Correctional: Employee Contribution Rate Increase. The member contribution rate is increased from 5.69 percent to 8.6 percent in four installments from July 1, 2007, to July 1, 2010, and thereafter. *Laws 2006, Ch. 271, Art. 1, Sec. 4. Source: S.F. 997 (Betzold-by request); H.F. 1753 (Wardlow)*
2. MSRS-Correctional: Employer Contribution Rate Increase. The employer contribution rate is increased from 7.98 percent to 12.10 percent in four installments from July 1, 2007, to July 1, 2010, and thereafter. *Laws 2006, Ch. 271, Art. 1, Sec. 5. Source: S.F. 997 (Betzold-by request); H.F. 1753 (Wardlow)*
3. Updated Policy Statement. The plan policy provision is revised to correct references to the Minnesota Sex Offender Program. *Laws 2006, Ch. 271, Art. 2, Sec. 1. Source: Commission Amendment LCPR06-BA012*
4. Updated Corrections Officer Inclusion Provision. Updates the correctional officer inclusion provision to correct a reference to the Minnesota Sex Offender Program, updates the correctional lieutenant title, and adds corrections canine officer. *Laws 2006, Ch. 271, Art. 2, Sec. 2. Source: Commission Amendment LCPR06-BA012*
5. Revised Maintenance, Trades Provision. The correctional industry personnel covered by the plan are added to the provision, a plan qualification requirement that 75 percent of the employee's working time be spent in inmate/patient contact is added, and a Minnesota Sex Offender Program reference is corrected. *Laws 2006, Ch. 271, Art. 2, Sec. 3. Source: Commission Amendment LCPR06-BA012*
6. Updated Nursing Personnel Inclusion Provision. Corrects a Minnesota Sex Offender Program reference, eliminates an obsolete reference to a 1996 special transfer law, and updates the registered nurse advance practice title. *Laws 2006, Ch. 271, Art. 2, Sec. 4. Source: Commission Amendment LCPR06-BA012*
7. Updating of "Other Correctional Personnel" Provision, and Expansion of Plan Coverage. Eliminates an obsolete reference to a 1996 special law, corrects title references for central services administrative specialist, intermediate, central services administrative specialists, principal, corrections program therapists 1, 2, and 3, and work therapy technician; adds the positions of chaplain, corrections inmate program coordinator, corrections transition program coordinator, delivery van driver, general maintenance worker, laundry coordinator, library technician, psychologist 1, and sports medicine specialist, and eliminates references to the obsolete Phoenix/Pomiga program. *Laws 2006, Ch. 271, Art. 2, Sec. 5. Source: Commission Amendment LCPR06-BA012; S.F. 503 (Murphy); H.F. 441 (Fritz)*
8. Updating of Minnesota Extended Treatment Options Provision, and Expansion of Plan Coverage. Eliminates obsolete reference, eliminates references to the Cambridge Regional Human Services Center, clarifies behavior analyst 1 reference, and adds coverage for Minnesota Extended Treatment Options positions of behavior analysts 2 and 3, group supervisor, group supervisor assistant, social worker specialists, and speech pathology specialist. *Laws 2006, Ch. 271, Art. 2, Sec. 6. Source: Commission Amendment LCPR06-BA012*

9. Revised Additional Human Services Personnel Provision, and Expansion of Plan Coverage. Corrects a Minnesota Sex Offender Program reference, adds coverage at the Minnesota Security Hospital or the Minnesota Sex Offender Program for positions of behavior analyst 3, client advocate, dental assistant registered, group supervisor, group supervisor assistant, licensed practical nurse 1, occupational therapist, occupational therapist senior, skills development specialist, social worker specialist, social worker specialist senior, and speech pathology clinician, chemical dependency counselor senior, psychologist 1, psychologist 3, recreation program assistant, recreation therapist senior, rehabilitation counselor senior, work therapy assistant, and work therapy program coordinator. *Laws 2006, Ch. 271, Art. 2, Sec. 7. Source: Commission Amendment*
10. Additional Corrections Department Personnel Provision Revised to Cover Certain Job Classifications at All Facilities. The positions of correctional discipline unit supervisor, dental assistant registered, dental hygienist, psychologist 2, and sentencing-to-service crew leader involved with the inmate community work crew program are eligible for plan coverage (providing the 75 percent inmate contact is met) at all facilities, rather than at the subgroup of facilities list in prior law. *Laws 2006, Ch. 271, Art. 2, Sec. 8. Source: Commission Amendment LCPR06-BA012*
11. Procedure for Retaining Correctional Plan Coverage Following Occupation Name Change. If the occupational title of an MSRS-Correctional Plan member is changed, plan coverage ends as of the start of the next payroll period unless the Commissioner of Employee Relations certifies to the MSRS Executive Director and to the Commission Executive Director that the duties, requirements, and responsibilities of the new occupational title are substantially identical to those of the previous job title. If this certification is made, coverage continues until the following July 1. Coverage beyond July 1 will occur if the Legislature revises the applicable Correctional Plan coverage provision in the legislative session following the date of the title change. The Commissioner of Employee Relations shall submit the applicable draft legislation to the Commission. *Laws 2006, Ch. 271, Art. 2, Sec. 9. Source: Commission Amendment LCPR06-BA012*
12. Procedure for Retaining Correctional Plan Coverage Following Transfer to New Correctional Facility. If a new correctional facility is established, employees who transfer to that new facility remain eligible for Correctional Plan coverage until the following July 1, providing the individual retains the same occupational title. *Laws 2006, Ch. 271, Art. 2, Sec. 10. Source: Commission Amendment LCPR06-BA012*
13. Codification of Department of Corrections Procedure for Coverage Change Considerations. The Department of Corrections internal procedure for considering plan coverage changes is codified. A review committee appointed by the Commissioner of Corrections shall review and determine positions that should be recommended for plan inclusion, including whether past service should transfer to the plan. An employee may appeal a determination within 30 days of the determination. All positions approved for inclusion must be forwarded to the Commissioner of Corrections, who shall have legislation drafted to implement the coverage change. *Laws 2006, Ch. 271, Art. 2, Sec. 11. Source: Commission Amendment LCPR06-BA012*
14. Authorization to Transfer Past Service, Certain Newly Added Positions. Laundry coordinator and delivery van drivers at the Minnesota Correctional Facility-Faribault are authorized to have past service transferred to the Correctional Plan for service after June 30 1997 and before July 1, 2006, if the service was continuous and would have qualified for Correctional Plan coverage if the service were rendered after July 1, 2006. A similar transfer of prior service is authorized for certain positions at the Minnesota Correctional Facility-Rush City (corrections discipline unit supervisor, dental hygienist, and psychologist 2) which were added to the plan in 2004. To receive the treatment, the individual must make a lump sum contribution to the Correctional Plan by June 30, 2006, equal to the difference between the Correctional Plan employee contribution and the MSRS-General Plan employee contribution for the relevant period being transferred, with 8.5 percent interest. If payment is made, the funded portion of the present value of the benefits earned under the MSRS-General Plan will also transfer. *Laws 2006, Ch. 271, Art. 2, Sec. 12. Source: S.F. 503 (Murphy); H.F. 441 (Fritz), and S.F. 1676 (Nienow); H.F. 1928 (Nelson, P.)*
15. Conditional Authorization to Receive Correctional Plan Coverage for Correctional Program Director Service. An individual who was covered by MSRS-General for service as a Corrections Program Director from June 17, 1995, to June 5, 2001, and who served as a Corrections

Lieutenant with MSRS-Correctional Plan coverage both before and after the Corrections Program Director service, is authorized to have the past Corrections Program Director service transferred to the Correctional Plan if certain conditions are met. First, a Department of Corrections review procedure, to determine additional positions that should be added to the plan, would need to determine that the Corrections Program Director should have Correctional Plan coverage, and that recommendation would need to be forwarded to the Legislature for legislative action by the end of the 2007 Legislative Session. Second, the employee would need to pay to the Correctional Plan the difference between the employee and employer contributions that would have been made to the Correctional Plan and employee and employer contributions that were made to the MSRS-General Plan, payable in a lump sum with 8.5 percent interest. If the prior two conditions are satisfied, then assets equal to the present value of benefits earned in the MSRS-General Plan would transfer to the Correctional Plan. *Laws 2006, Art. 2, Sec. 13.*
Source: S.F. 2299 (Pogemiller); H.F. 1936 (Fritz)

Note: The above provision contains an error that may need legislative remedy. As drafted, the employee and employer equivalent payments specified in the provision are required to be paid by September 1, 2005, which is before the provision was enacted.

16. Bounce-Back Annuity Language Simplified. Bounce-back annuity language, applicable when the individual covered by the second half of a joint and survivor annuity dies before the primary annuitant, is simplified and obsolete language is removed. *Laws 2006, Ch. 271, Art. 3, Sec. 4.*
Source: Commission Amendment to S.F. 2379 (Pogemiller); H.F. 2701 (Smith)

MSRS-General, State Patrol Retirement Plan, and MSRS-Correctional.

1. MSRS-General, State Patrol Retirement Plan, and MSRS-Correctional: Establishment of procedure to adjust contribution rates, effective July 1, 2011. A procedure is established to automatically adjust contribution rates if, based on the official actuarial valuations for the plan, there is a half percent or greater contribution deficiency or sufficiency for at least two consecutive years. The MSRS Executive Director can recommend a change in the employee and employer contribution rates not to exceed 0.25 percent of payroll to eliminate a deficiency or to ensure that any sufficiency does not exceed 0.25 percent of pay. The Executive Director's recommendation must be reported to the Commission Chair and to the Commission Executive Director, and the proposed rates become effective on February 1 following the date of the proposal if the Commission does not recommend that the rates not become effective. *Laws 2006, Ch. 271, Art. 1, Sec. 3.* *Source: Commission Amendment to S.F. 1057 (Pogemiller)*

MSRS Privatized Employees Chapter (Chapter 352F)

1. Deferred Annuity Augmentation Rates Reduced for New Privatizations. The deferred annuity augmentation rates for any new privatization situation will be four percent (rather than 5.5 percent) until the first of the year following the year in which the individual turns age 55, and six percent (rather than 7.5 percent) thereafter. *Laws 2006, Ch. 271, Art. 5, Sec. 1.* *Source: Commission Amendment to S.F. 2378 (Pogemiller); H.F. 2708 (Smith)*

Unclassified State Employees Retirement Program (MSRS-Unclassified)

1. Retention of Current Law Four Percent Employee Contribution Rate. A cross-reference to the MSRS-General member contribution rate, which tied the contribution rate to the MSRS-General employee contribution rate, is replaced with a specified 4.0 percent member contribution rate. *Laws 2006, Ch. 271, Art. 1, Sec. 8.* *Source: S.F. 264 (Betzold-by request); H.F. 1757 (Smith)*
2. Possible Transfer of Assets from MSRS Deferred Compensation Plan, on Behalf of Certain Volunteer Firefighters. If contributions were made to the MSRS Deferred Compensation Plan on behalf of volunteer firefighters without any other coverage, and for whom the MSRS Deferred Compensation Plan contributions were made to avoid providing Social Security coverage, those contributions may be transferred to the PERA Defined Contribution Plan if allowed under federal law. *Laws 2006, Ch. 271, Art. 3, Sec. 45.* *Source: Commission Amendment LCPR06-BA032*
3. Removal of Repealed Cross-Reference. Obsolete language and cross-references to provisions that are being repealed are removed from the Unclassified Plan coverage provision. *Laws 2006, Ch. 271, Art. 10, Sec. 32.* *Source: 2005 Senate Floor Amendment*

State Patrol Retirement Plan

1. Employee Contribution Increase. The employee contribution rate is increased from 8.4 percent to 10.4 percent in three installments from July 1, 2007, to July 1, 2009, and thereafter. *Laws 2006, Ch. 271, Art. 1, Sec. 6. Source: S.F. 998 (Betzold-by request); H.F. 1754 (Smith)*
2. Employer Contribution Increase. The employer contribution rate is increased from 12.6 percent to 15.6 percent in three installments from July 1, 2007, to July 1, 2009, and thereafter. *Laws 2006, Ch. 271, Art. 1, Sec. 7. Source: S.F. 998 (Betzold-by request); H.F. 1754 (Smith)*
3. Bounce-Back Annuity Language Simplified. Bounce-back annuity language, applicable when the individual covered by the second-half of a joint-and-survivor annuity dies before the primary annuitant, is simplified and obsolete language is removed. *Laws 2006, Ch. 271, Art. 3, Sec. 4. Source: Commission Amendment to S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*

Judges' Retirement Plan

The Judges' Retirement Plan was recodified in Laws 2006, Chapter 271, Article 11. All of the sections described below are from that recodification unless otherwise indicated.

1. Scope Provision Updated. The language of the scope provision in the plan definition section is revised for style and clarity. *Laws 2006, Ch. 271, Art. 11, Sec. 1. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
2. Numerous Definitions Revised and Moved. Numerous definitions are moved to alphabetical order in the definition section, and some of these are revised for clarity. These are the definitions of "actuarial equivalency," "approved actuary," "court," "dependent surviving child," "early retirement date," "early retirement annuity," "judge," "judge's retirement fund," "mandatory retirement date," "normal retirement annuity," "normal retirement date," "surviving spouse," and "survivor's annuity." *Laws 2006, Ch. 271, Art. 11, Sec. 2, 6-8, 12-18, and 20-21. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
3. Allowable Service Definition Revised. The definition of "allowable service" is revised by clarifying that it applies to compensated service as a judge, and that service as a retired judge is excluded. *Laws 2006, Ch. 271, Art. 11, Sec. 3. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
4. Annuity Definition Clarified. The definition of "annuity" is revised for style and clarity. *Laws 2006, Ch. 271, Art. 11, Sec. 4. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
5. Annuitant Definition Clarified. The definition of "annuitant" is clarified by more clearly stating that it applies to former rather than active member judges. *Laws 2006, Ch. 271, Art. 11, Sec. 5. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
6. Definition of "Disability" Revised. The definition of "disability" is revised for clarity. *Laws 2006, Ch. 271, Art. 11, Sec. 9. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
7. Definition of "Disability Retirement Date" Revised. The definition of "disability retirement date" is revised for clarity. *Laws 2006, Ch. 271, Art. 11, Sec. 10. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
8. Definition of "Disability Retirement Annuity" Revised. The definition of "disability retirement annuity" is revised for clarity. *Laws 2006, Ch. 271, Art. 11, Sec. 11. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
9. "Service Credit Limit" Definition Revised. The definition of service credit limit is clarified. *Laws 2006, Ch. 271, Art. 11, Sec. 19. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
10. Plan Administration Provision Clarified. The language and style of the Judges' Retirement Plan administration provision is clarified, and the provision is divided into subdivisions. *Laws 2006, Ch. 271, Art. 11, Sec. 22. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
11. Fund Creation Provision Modified. The language and style of the provision creating a Judges' Retirement Fund is modified to make it more similar to fund creation language of other public

- pension funds. *Laws 2006, Ch. 271, Art. 11, Sec. 23. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
12. Employee Contribution Rate Provision Revised. The member contribution provision is revised by removing obsolete language and by adding a payroll deduction requirement. *Laws 2006, Ch. 271, Art. 11, Sec. 24. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
 13. Employer Contribution Rate Provision Revised. The employer contribution provision is revised for style and clarity. *Laws 2006, Ch. 271, Art. 11, Sec. 25. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
 14. Additional Employer Contribution Provision Modified. The backup additional employer contribution provision (to provide assets for transfer to the Post Fund if Judges' Retirement Fund assets are insufficient prior to July 1, 1993) is made more general, to apply to any future funding deficiency. *Laws 2006, Ch. 271, Art. 11, Sec. 26. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
 15. Fund Treasurer Provision Clarified. The fund treasurer provision is updated for style and obsolete requirements are deleted. *Laws 2006, Ch. 271, Art. 11, Sec. 27. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
 16. Fund Investment Provision Clarified. The pension fund investment provision is divided into paragraphs and references to MSRS are clarified. *Laws 2006, Ch. 271, Art. 11, Sec. 28. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
 17. Retirement Annuity Provision Clarified. The language and style of the retirement annuity provision is clarified and divided it into paragraphs. *Laws 2006, Ch. 271, Art. 11, Sec. 29. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
 18. Vesting Provision clarified. The language and style of the vesting provision is revised for clarity, a cross-reference to reduced vesting requirements under combined service annuity situations is added, and obsolete terminology is removed. *Laws 2006, Ch. 271, Art. 11, Sec. 30. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
 19. Early Retirement Provision Clarified. The language and style of the early reduced retirement provision is revised for clarity. *Laws 2006, Ch. 271, Art. 11, Sec. 31. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
 20. Disability Retirement Provision Clarified. The disability provision is clarified by more clearly stating that the disability benefit commences at the conclusion of the one year of salary continuation or upon mandatory retirement, whichever is earlier, and by specifying notification requirements following the Governor's determination that a judge is disabled. *Laws 2006, Ch. 271, Art. 11, Sec. 32. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
 21. Clarification of Deferred Benefits Provision. The deferred retirement annuity provision is clarified by indicating that entitlement for a deferred annuity continues after the normal retirement date, and by correcting a reference to the actuary. *Laws 2006, Ch. 271, Art. 11, Sec. 33. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
 22. Normal Retirement Benefits Savings Clause Revised. The normal retirement benefit savings clause is separated into paragraphs. *Laws 2006, Ch. 271, Art. 11, Sec. 34. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
 23. Survivor Benefit Provision Clarified. The language and style of the survivor benefit provision is clarified, divided into paragraphs, and an obsolete pre-1974 provision is removed. *Laws 2006, Ch. 271, Art. 11, Sec. 35. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
 24. Survivors of Pre-1974 Retirees Provision Clarified. A cross-reference is updated, the paragraphing is revised, and obsolete language removed. *Laws 2006, Ch. 271, Art. 11, Sec. 36. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
 25. Optional Survivor Benefit Provision Clarified. An optional survivor benefit provision is clarified and a reference to the actuary is corrected. *Laws 2006, Ch. 271, Art. 11, Sec. 37. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*

26. Refund Provision Revised. Eligibility for a member contribution refund, plus interest, is extended to vested terminating judges. *Laws 2006, Ch. 271, Art. 11, Sec. 38. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
27. Death Refund Clarified. The death refund provision is clarified. *Laws 2006, Ch. 271, Art. 11, Sec. 39. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
28. Mandatory Retirement Age Provision Clarified. The judges' mandatory retirement age provision is revised for clarity, and to indicate that a judge must terminate service on the mandatory retirement date, but is not forced to commence receipt of an annuity at that time. *Laws 2006, Ch. 271, Art. 11, Sec. 40. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
29. Mandatory Retirement Age Exception Provision Revised to Remove Obsolete References. Mandatory retirement age exception provision revised to remove obsolete references. *Laws 2006, Ch. 271, Art. 11, Sec. 41. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
30. Procedures Provision Revised. The provision is revised for style and to revise cross-references as needed, due to the recodification of other provisions. *Laws 2006, Ch. 271, Art. 11, Sec. 42. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
31. Court of Appeals Transition Provision. The Court of Appeals transition provision is clarified. *Laws 2006, Ch. 271, Art. 11, Sec. 43. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
32. Judicial Standards Provisions Moved to New Chapter. Three provisions applicable to the Board of Judicial Standards are moved to a new chapter, Chapter 490A. These are the Board of Judicial Standards powers provision, the application section, and establishment provision. *Laws 2006, Ch. 271, Art. 11, Sec. 44-46. Source: S.F. 433 (Betzold); H.F. 2112 (Smith) and Commission Amendment*
33. Probate Court Judge Disqualification Provision, Removal of Obsolete Cross-Reference. A cross-reference to repealed provisions is removed for a probate court judge disqualification provision. *Laws 2006, Ch. 271, Art. 11, Sec. 47. Source: Commission Amendment*
34. Instructions to the Revisor. The Revisor of Statutes is instructed to correct various references to Uniform Judges' Plan provisions. *Laws 2006, Ch. 271, Art. 11, Sec. 48. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
35. Statement of Recodification Intention. The previously described 34 provisions are intended as recodification and are not intended to revise benefits or annuities in any way. If the MSRS Executive Director determines that any of these provisions revise, increase, impair, or diminish a retirement or benefit entitlement in any manner, the MSRS Executive Director will certify that determination and make a recommendation regarding the necessary legislative correction. This shall be provided to the respective chairs of the Legislative Commission on Pensions and Retirement, the Senate State and Local Government Operations Committee, the House Government Operations and Veterans Affairs Policy Committee, and the Commission Executive Director on or before the next October 1. *Laws 2006, Ch. 271, Art. 11, Sec. 49, Subd. 3. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*
36. Repealer. Numerous Judges' Retirement Plan provisions are repealed as obsolete, as a part of an action to move appropriate language to new locations. Repealed provisions are 490.021 (a plan administration provision); 490.025 (a Supreme Court Justice retirement provision); 490.101 (a District Judge retirement provision); 490.102 (a compensation allowance provision); 490.103 (a district court retirement provision); 490.105 (a pre-July 1, 1967, retirement provision); 490.106 (a retirement procedure provision); 490.107 (an unnecessary provision stating that benefits shall be paid from the retirement fund); 490.108 (a provision which in 1979 transferred assets from various survivor and retirement accounts to the retirement fund); 490.109 (an obsolete survivor benefit contribution provision); 490.1091 (an obsolete survivor benefit amount provision); 490.12 (an obsolete provision which set Probate Judge retirement amounts); 490.121, subdivisions 2,3, 5,8, 9, 10,11, 12, 16, 17, 18, and 19 (these are all definitions, which are either removed as obsolete, or in most cases are repealed as part of action to create other comparable definition language in proper alphabetical order); 490.124, subdivision 6 (a part-time judge provision); and 490.132 (a pre-1974 Supreme Court Judge provision); and Minnesota Statutes, 2005 Supplement, Section 490.121, Subdivision 20 (a definition of "actuarial equivalent" which is repealed for purposes of creating another comparable provision in proper alphabetical order).

Three provisions are repealed as part of the action to move Board of Judicial Standards language out of the Judges Retirement chapter to a new Judicial Standards Board chapter. These are Sections 490.15 (the Board of Judicial Standards establishment, composition provision); 490.16 (the Board of Judicial Standards powers provision); and 490.18 (the Board of Judicial Standards coverage provision). *Laws 2006, Ch. 271, Art. 11, Sec. 49, Subd. 1-2. Source: S.F. 433 (Betzold); H.F. 2112 (Smith)*

37. Revised Death While Active Surviving Spouse Annuity Provision. A provision is added stating that if an active judge dies in office and would have been eligible to retire on the date of death, the surviving spouse can select a 100 percent joint and survivor optional annuity rather than automatic coverage that would otherwise apply. This general law change is retroactive to January 1, 2006, to extend that cover to the survivor of a judge who died in office on that date. This provision passed in another article, is not intended as recodification, and does have a modest impact on survivor benefits in cases where the judge dies in office. *Laws 2006, Ch. 271, Art. 12, Sec. 3. Source: S.F. 2462 (Pogemiller); H.F. 2852 (Smith)*

B. Public Employees Retirement Association (PERA)

General Employee Retirement Plan (PERA-General)

1. Clarification of Physician Coverage. The included employee provision is revised by clarifying that public employee physicians who do not elect PERA Defined Contribution Plan coverage are members of the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General). *Laws 2006, Ch. 271, Art. 3, Sec. 5. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
2. Clarification of St. Paul Port Authority Coverage Provision. The optional membership provision is clarified relating to January 1, 2003, employees of the St. Paul Port Authority. January 1, 2003. *Laws 2006, Ch. 271, Art. 3, Sec. 6. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
3. Revised Termination of Public Service Definition. The termination of public service definition is revised by stating that termination includes when the employee/employer relationship is severed due to expiration of an indefinite layoff, temporary layoff, or seasonal layoff, rather than when an individual is no longer considered to be on a temporary layoff. *Laws 2006, Ch. 271, Art. 3, Sec. 7. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
4. Revised Termination of Membership Provision. The termination of membership provision is revised by stating that the provision is applicable when an individual has terminated membership but not public service, including when a city manager elects to terminate from PERA coverage, and when a member transfers to a temporary position and becomes excluded from membership. *Laws 2006, Ch. 271, Art. 3, Sec. 8. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
5. Redrafting of Temporary Layoff Provision, Conforming Change in Allowable Service Credit Provision. Revises the authorized temporary layoff provision by including seasonal layoffs and by defining authorized temporary or seasonal layoffs to mean a suspension of service for a limited period during a year by an individual who is expected to return to the same position at the end of the layoff, rather than for a period not to exceed three months in any calendar year. The allowable service provision is revised to recognize seasonal layoffs. *Laws 2006, Ch. 271, Art. 3, Sec. 9 and 11. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
6. Addition of "Indefinite Layoff" Definition. Adds a definition of "indefinite layoff," defined as a layoff which is not a temporary or a seasonal layoff, for which no date has been specified for the employee's return, and where the individual has not resigned or been dismissed. *Laws 2006, Ch. 271, Art. 3, Sec. 10. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
7. Alternative Defined Contribution Coverage Option for City Managers. Permits city managers who desire to be excluded from PERA-General to participate in the PERA Defined Contribution Plan in lieu of other alternative defined contribution plan coverage. *Laws 2006, Ch. 271, Art. 3, Sec. 12 and 32. Source: Commission Amendment LCPR06-BA031*
8. Revised PERA Board Election Requirements. Revises the PERA board management, composition, and election provision by reorganizing the provision and by specifying that PERA must obtain Secretary of State review and approval for PERA procedures for conducting elections,

rather than having the Secretary of State supervise those elections. *Laws 2006, Ch. 271, Art. 3, Sec. 13. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*

9. Procedure for Filling PERA Board vacancies. Revises the provision for filling board vacancies by specifying that the board shall adopt policies and procedures governing how the vacancy of an elected trustee is to be filled. *Laws 2006, Ch. 271, Art. 3, Sec. 14. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
10. Statement of PERA Board Legal Authority. A PERA Board legal authority provision is created, stating that the board is authorized to take any legal actions necessary to properly and effectively administer its plans. *Laws 2006, Ch. 271, Art. 3, Sec. 15. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
11. Revised Procedures for Correcting Erroneous Receipts or Disbursements. Revises the adjustment for erroneous receipts or disbursements provision by providing interest on a refund to the individual only if the erroneous deduction began before January 1, 1990, and only after the individual terminates public service. In all other cases, the association will return the employee contributions without interest to the individual, and the employer contributions to the employer, if these actions are deemed consistent with federal plan qualification requirements. If not, the employer will receive a credit against future contributions and the employer will be responsible for refunding the erroneous contribution amount to the employee. *Laws 2006, Ch. 271, Art. 3, Sec. 16. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
12. Revised Deductions or Contributions Transmitted in Error Procedures. Revises the deductions or contributions transmitted by error provision to permit PERA to transmit assets to or from the PERA Defined Contribution Plan to correct an error, and a crediting procedure (comparable to that discussed above in item 11), is created to be used if needed for federal compliance. *Laws 2006, Ch. 271, Art. 3, Sec. 17. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
13. Recovery of Overpayments to Members Provision Clarified. The overpayment to members provision is clarified by explicitly stating that the provision includes overpayments to retirees, beneficiaries, or other benefit recipients. *Laws 2006, Ch. 271, Art. 3, Sec. 18. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
14. Collection of Unpaid Amounts Provision. The collection of unpaid amounts provision is clarified by stating that the Commissioner of Finance must transmit to PERA any amount the Department of Finance deducts from an organization's state aid or state appropriations to capture an amount due that is payable to PERA. *Laws 2006, Ch. 271, Art. 3, Sec. 19. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
15. Clarification of Annuity Payment Provision. The annuity payment provision is revised to recognize that benefit payments may be automatically deposited in a bank, rather than by issuing a warrant (check), and obsolete language is stricken. *Laws 2006, Ch. 271, Art. 3, Sec. 20. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
16. Bounce-Back Annuity Language Simplified. Bounce-back annuity language, applicable when the individual covered by the second-half of a joint-and-survivor annuity dies before the primary annuitant, is simplified and obsolete language is removed. *Laws 2006, Ch. 271, Art. 3, Sec. 21. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
17. Revised Death While Active or Deferred Surviving Spouse Provision Revised. The death while active or deferred surviving spouse benefit provision is revised by removing obsolete cross-references; by making any residual amount of the contributions in excess of the benefits paid to the surviving spouse prior to his or her death payable to the surviving spouse's estate rather than to the last beneficiary of the deceased member; and by clarifying that if a surviving spouse waives receipt of benefits, that action does not make a dependent child eligible to receive monthly benefits as though there were no surviving spouse. *Laws 2006, Ch. 271, Art. 3, Sec. 23. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
18. Removal of Five-Year Term-Certain Option. The term-certain surviving spouse annuity death while active or deferred provision is revised by striking the five-year term-certain option. *Laws 2006, Ch. 271, Art. 3, Sec. 24. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*

19. Disability Eligibility Provision is Clarified. A PERA-General disability eligibility provision is clarified and obsolete cross-references are stricken. *Laws 2006, Ch. 271, Art. 3, Sec. 25. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
20. Disabilitant Returning to Work Provision is Revised. The PERA returning disabilitant provision is revised by clarifying that PERA contributions will be deducted from pay if the individual resumes PERA-covered employment, and if the employment is not covered by PERA, the individual will be treated as a deferred annuitant if the individual has sufficient service, or the individual may request a refund. *Laws 2006, Ch. 271, Art. 3, Sec. 26. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
21. Disabilitant Earnings Reports. A new section is added specifying that disabilitants must report to PERA all earnings from reemployment and workers' compensation income by May 15. If the information is not submitted, the benefit is suspended on June 1. If the information is later submitted, the benefit can be continued retroactive to June 1. *Laws 2006, Ch. 271, Art. 3, Sec. 27. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
22. Revised Refund or Deferred Annuity Provision. The refund or deferred annuity provision is revised to conform to the addition of "seasonal layoff" language discussed above, and by stating that a refund will not be paid prior to termination of service, although an individual might terminate from plan coverage prior to that date. *Laws 2006, Ch. 271, Art. 3, Sec. 28. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
23. Special Law Provision: Purchase of Service Credit for Illinois Service. An individual who was a PERA-General member, became employed in a position covered by the Illinois Municipal Retirement Plan, and who returned to covered Minnesota employment may purchase service credit in PERA-General for the Illinois service, using a transfer of member assets from the Illinois plan and additional payment, as required, to purchase the service credit at full actuarial value. *Laws 2006, Ch. 271, Art. 3, Sec. 44. Source: Commission Amendment LCPR06-121-A6*
24. Special Law Provision: Purchase of Service Credit, Public Defender. A current public defender born in 1949 is authorized to purchase 21 months of prior part-time public defender service at full actuarial value. *Laws 2006, Ch. 271, Art. 14, Sec. 4. Source: House Governmental Operations Committee Amendment*
25. Special Law Provision: Purchase of Service Credit, Public Golf Course Employee. A former municipal golf course pro is authorized to purchase up to 14 and a fraction years of service credit for uncredited service at the Greenhaven Golf Course at Anoka, Minnesota, at full actuarial value. The individual must pay employee contributions plan interest, and the City of Anoka is responsible for paying the remainder. *Laws 2006, Ch. 271, Art. 14, Sec. 6. Source: S.F. 2626 (Jungbauer); H.F. 2968 (Abeler), and H.F. 2799 (Abeler-by request)*
26. Special Law Provision: Service Credit Purchase, Certain Bloomington Custodians. Up to nine Bloomington public school custodians with uncredited employment in their early careers are authorized to purchase the service credit at full actuarial value, with the employer payment of the bulk of the payment amount, above the employee contribution plus interest payment required from the employee. *Laws 2006, Ch. 271, Art. 14, Sec. 11. Source: H.F. 2523 (Ozment)*
27. Special Law Provision: Transfer of Coverage, Certain Elected Official. The former mayor of St. Paul is authorized to reverse a previous benefit coverage election of the PERA Defined Contribution Plan and elect PERA-General coverage, with a full actuarial value payment. The employer may pay up to 52 percent of the total payment required, with the eligible individual paying any remaining amount. Requires local approval. *Laws 2006, Ch. 271, Art. 14, Sec. 12. Source: S.F. xxxx (Pogemiller), LCPR05-383*
28. Special Law Provision: Coverage Election and Service Credit Purchase, Certain North St. Paul Elected Officials. Three North St. Paul elected officials, born on January 29, 1932, March 1, 1951, and December 7, 1951, respectively, who met minimum salary threshold for PERA-General coverage before June 30, 2002, when PERA-General was closed to elected officials, but who were not informed by the city of their right to join the plan prior to that date, are allowed to elect prospective PERA-General coverage, and to purchase service credit back to January 1, 2001, by paying past employee contributions plus interest, with the city paying the remainder of

the full actuarial value. *Laws 2006, Ch. 271, Art. 14, Sec. 15. Source: House Governmental Operations Committee Amendment and Senate Finance Committee Amendment*

29. Repealer: Provision Providing Coverage for Certain Municipal Court Employees. This provision appeared in H.F. 2656 (Smith), a bill dealing with criminal sentencing and the courts. Section 353.027, which allowed PERA-General coverage for employees of municipal courts established in New Brighton, Roseville, Maplewood, North St. Paul, White Bear Lake, or St. Paul, and who were employed by that municipal court on or before January 1, 1975, is repealed. *Laws 2006, Chapter 260, Art. 5, Sec. 54. Source: House Floor Amendment to H.F. 2656 (Smith)*
30. Revisor's Bill Technical Correction: Appointed or Elected Official Contribution Rate Provision. Section 353.27, Subdivision 9, a provision covering contribution procedures for appointed or elected officials, is revised by removing an obsolete cross-reference. *Laws 2006, Ch. 212, Art. 3, Sec. 33. Source: H.F. 3488 (Nelson, P.)*
31. Revisor's Bill Technical Correction: Disability Application Procedure. PERA-General's disability benefit application provision is revised by removing an obsolete cross-reference. *Laws 2006, Ch. 212, Art. 3, Sec. 34. Source: H.F. 3488 (Nelson, P.)*

PERA Defined Contribution Plan

1. Membership Provision Revised, Elimination of Certain Private Ambulance Services. The PERA Defined Contribution Plan membership eligibility provision is revised by eliminating eligibility for emergency medical service personnel employed by privately operated ambulance services that receive a government subsidy. *Laws 2006, Ch. 271, Art. 3, Sec. 30-31. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
2. Alternative Defined Contribution Coverage Option for City Managers. Permits city managers who desire to be excluded from PERA-General to participate in the PERA Defined Contribution Plan in lieu of other alternative defined contribution plan coverage. If PERA Defined Contribution Plan coverage is selected, the employee and employer contribution rates match those of PERA-General. *Laws 2006, Ch. 271, Art. 3, Sec. 12, 32, and 33. Source: Commission Amendment LCPR06-BA031*
3. PERA Defined Contribution Plan Coverage, Certain Volunteer Firefighters. Volunteer firefighters who are not covered by the PERA Police and Fire Plan or by a volunteer fire relief association plan may elect PERA Defined Contribution Plan coverage for that service. The election is irrevocable. The individual may contribute a minimum of 7.5 percent of compensation to the plan, with no employer contribution. If the employer ratifies the individual's election, then the employee and employer together must contribute a combined total of at least 7.5 percent of compensation. *Laws 2006, Ch. 271, Art. 3, Sec. 33 and 35. Source: Commission Amendment LCPR06-BA032*
4. Possible Transfer of Assets from MSRS Deferred Compensation Plan, on Behalf of Certain Volunteer Firefighters. If contributions were made to the MSRS Deferred Compensation Plan on behalf of volunteer firefighters without any other coverage, and for whom the MSRS Deferred Compensation Plan contributions were made to avoid providing Social Security coverage, those contributions may be transferred to the PERA Defined Contribution Plan if allowed under federal law. *Laws 2006, Ch. 271, Art. 3, Sec. 45. Source: Commission Amendment LCPR06-BA032*

PERA Local Government Correctional Plan

1. Clarification of County Correctional Institution Definition. The definition of county correctional institution is revised by stating that the definition includes institutions housing juveniles. *Laws 2006, Ch. 271, Art. 3, Sec. 36. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*

PERA Privatized Employees Chapter (Chapter 353F)

1. Deferred Annuity Augmentation Rates Reduced for New Privatizations. The deferred annuity augmentation rates for any new privatization situation will be four percent (rather than 5.5 percent) until the first of the year following the year in which the individual turns age 55, and six percent (rather than 7.5 percent) thereafter. *Laws 2006, Ch. 271, Art. 5, Sec. 3. Source: S.F. 2378 (Pogemiller); H.F. 2708 (Smith)*

2. Various Privatized Healthcare Facilities Added to PERA Privatization Chapter. City of Cannon Falls Hospital, Clearwater Health Services in Bagley, and Dassel Lakeside Bridges Medical Services, are added to the PERA Privatized Employee chapter. Local approval is required. Also required is a finding that the privatization will not impose a loss on PERA. The cost of any actuarial work must be borne by the facility, the city, or the purchaser of the facility. *Laws 2006, Ch. 271, Art. 5, Sec. 2 and 5. Sources: S.F. 2387 (Murphy); H.F. 2667 (Dempsey), S.F. 2443 (Dille); H.F. 2658 (Urdahl), House Governmental Operations Committee Amendment, and Senate Finance Committee Amendment*
3. Extension of Time to File Local Approval Related to Privatization: Hutchinson Area Healthcare. Hutchinson Area Healthcare, for which PERA privatized employee legislation passed in 2005, is given an additional year (until January 1, 2008) to complete and properly file the local approval documents. *Laws 2006, Ch. 271, Art. 5, Sec. 4. Source: House Rules Committee Amendment*

Public Employees Police and Fire Retirement Plan (PERA-P&F)

1. Bounce-Back Annuity Language Simplified. Bounce-back annuity language, applicable when the individual covered by the second-half of a joint-and-survivor annuity dies before the primary annuitant, is simplified and obsolete language is removed. *Laws 2006, Ch. 271, Art. 3, Sec. 22. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
2. Disability Benefit Limitation Provision Clarified. The PERA-P&F disability benefit limit provision is revised by clarifying that the limit also applies to paramedics covered by the plan; by correcting the provision to apply to combined earnings that exceed the permissible limits rather than are less than those limits; and by specifying that the limit is based on 125 percent of base salary rather than 125 percent of salary. *Laws 2006, Ch. 271, Art. 3, Sec. 29. Source: S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
3. Changes in Disability Benefit Eligibility Maximum Age. Rather than terminating eligibility generally at age 65, eligibility for a disability benefit will generally terminate at age 55. Exceptions are made if the individual does not have 20 years of service credit and the disability is line of duty, or if the individual does not have 15 years of service credit and the disability is not line of duty. *Laws 2006, Ch. 271, Art. 4, Sec. 1-2. Source: S.F. 2461 (Pogemiller)*
4. Disability Survivor Benefit Provision Conforming Change. The reference to age 65 is changed to age 55 in the disability survivor benefit provision, to conform to the change in item #3 above. *Laws 2006, Ch. 271, Art. 4, Sec. 3. Source: S.F. 2461 (Pogemiller)*
5. Special Law Provision: Former St. Paul Firefighter Permitted to Receive PERA-P&F Pension. A former St. Paul firefighter who had been a member of the local St. Paul Fire Relief Association but who terminated service shortly before vesting is authorized to receive a PERA-P&F annuity based on his St. Paul firefighting service. The individual will pay any difference between the amount the individual would have contributed as employee contributions if PERA-P&F rather than the local plan had provided coverage. The city is mandated to pay the remainder of the full actuarial value. (The justification for this treatment is an apparent conclusion by the Commission that the individual should have been a member of PERA-P&F rather than the local plan, given the individual's first day of employment.) *Laws 2006, Ch. 271, Art. 14, Sec. 1. Source: S.F. 2104 (Foley); H.F. 2311 (Hortman)*
6. Special Law Provision: Purchase of Service Credit, Certain Faribault Firefighter. A Faribault firefighter is authorized to purchase service credit for a period from November 21, 1984, to March 16, 1985, when the individual was working as a firefighter for the city but was not in the plan, presumably due to a City of Faribault error. A full actuarial value payment or payments are required. *Laws 2006, Ch. 271, Art. 14, Sec. 2. Source: S.F. 2141 (Pogemiller); H.F. 2219 (Fritz)*

Note: The above provision seems misdrafted. The language could be interpreted as requiring the city to make a full actuarial value payment, and the individual to also make a full actuarial value payment. Presumably, the intention was to have PERA receive a single full actuarial value payment amount, with the city and the individual sharing responsibility so that the combined payments from the two parties equals the full actuarial value.

7. Special Law Provision: Purchase of Service Credit, Former Business Agent. A current Minnetonka police officer and former union business agent is authorized to purchase 12 months

of PERA-P&F allowable service credit with the payment of the full actuarial value. *Laws 2006, Ch. 271, Art. 14, Sec. 5. Source: H.F. 2026 (Hoppe)*

8. Special Law Provision: Purchase of PERA-P&F Service Credit for Eveleth Police Service. A current Inver Grove Heights police officer with prior uncredited Eveleth city police service is authorized to purchase service credit for the uncovered period in PERA-P&F, by paying employee contributions plus interest, with the city paying the remainder of the full actuarial value amount. (The local Eveleth police plan, which existed at the time the applicable service was rendered, was consolidated into PERA-P&F in the late 1970s.) The service credit purchase can not include any period that was properly excluded from coverage by applicable law, bylaw, or ordinance. *Laws 2006, Ch. 271, Art. 14, Sec. 16. Source: S.F. 3264 (Metzen); H.F. 3616 (Atkins)*
9. Revisor's Bill Technical Correction: PERA-P&F Disability Application Provision. The PERA-P&F disability benefit application provision is revised by removing an obsolete cross-reference. *Laws 2006, Ch. 212, Art. 3, Sec. 35. Source: H.F. 3488 (Nelson, P.)*

C. Teachers Retirement Association (TRA)

1. Conforming Change: Definition of Teacher. Given the merger of the Minneapolis Teachers Retirement Fund Association (MTRFA) into the Teachers Retirement Association (TRA), the TRA definition of "teacher" for pension plan purposes is revised to include Minneapolis public school teachers. *Laws 2006, Ch. 277, Art. 3, Sec. 4. Source: H.F. 2847 (Ozment)*
2. Conforming Change: Definition of Allowable Service Credit. The TRA definition of allowable service credit is revised to include service provided by Minneapolis teachers which was credited as allowable MTRFA service prior to the merger of the MTRFA into TRA on July 1, 2006. *Laws 2006, Ch. 277, Art. 3, Sec. 5. Source: H.F. 2847 (Ozment)*
3. Employee Contribution Rate Increase, Coordinated and Basic Members. Starting July 1, 2006, the employee contribution rate for coordinated TRA members will be 5.5 percent of pay. Previously, the rate for Minneapolis teachers was 5.5 percent, while the rate for other TRA employing units was 5.0 percent of pay. The TRA basic member contribution rate remains at 9.0 percent, and this rate is made applicable to any basic members who enter TRA from the MTRFA, which previously had an 8.5 percent basic member employee contribution rate. *Laws 2006, Ch. 277, Art. 3, Sec. 6. Source: H.F. 2847 (Ozment)*
4. Employer Contribution Rate Changes. For Special School District No. 1, Minneapolis, prior to July 1, 2007, the employer contribution rate on behalf of coordinated members is 5.0 percent of pay and for basic members it is 9.0 percent of pay. After July 1, 2007, these rates increase to 5.5 percent for coordinated members and 9.5 percent for basic members. In addition, Special School District No. 1, Minneapolis, shall continue to pay an employer additional contribution of 3.64 percent of pay on behalf of both coordinated and basic members. For all other employing units after June 30, 2007, the employer contribution rate increases from 5.0 percent of pay to 5.5 percent of pay on behalf of coordinated members and from 9.0 to 9.5 percent on behalf of basic members. *Laws 2006, Ch. 277, Art. 3, Sec. 7. Source: H.F. 2847 (Ozment)*
5. Prospective Coordinated Member Benefit Increase and Clarification of Computation of MTRFA Benefit. For coordinated TRA members (including those transferred into TRA from MTRFA) the accrual rate used to compute the high-five annuity is increased for service provided after June 30, 2006, from 1.2 percent to 1.4 percent for each of the first ten years of service and from 1.7 to 1.9 percent for each year thereafter. If a level benefit computation is applicable for a coordinated member, the rate used for post June 30, 2006 service is increased from 1.7 percent to 1.9 percent. There is no change in the formula for computing basic member benefits. Any basic member who was an MTRFA basic member on June 30, 2006 will have the annuity computed under the annuity formula in the MTRFA Articles of Incorporation. *Laws 2006, Ch. 277, Art. 3, Sec. 8, 38, and 39. Source: H.F. 2847 (Ozment)*
6. Consolidation of MTRFA with TRA. All active, inactive, and retired MTRFA members are transferred to TRA as of July 1, 2006, along with all records, service credit, and liabilities. Any newly hired Minneapolis teacher after June 30, 2006, also becomes a TRA member. On or before June 30, 2006, all MTRFA retirement fund assets transfer to TRA and are to be invested by SBI, and the MTRFA ceases to exist. On behalf of MTRFA retired members or other benefit

recipients of that organization, the TRA shall transfer to the State Board of Investment Post Fund assets consistent with the funding ratio of the Post Fund, to cause the funding ratio of Post Fund assets to be unchanged by the transfer. The benefits of all retired, disabled, deferred or inactive members of the now dissolved MTRFA must be computed as specified under applicable law, bylaw, or articles of incorporation in effect when the former MTRFA member terminated service. All post-retirement adjustments after December 31, 2006, must be as generated by the SBI Post Fund rather than any prior MTRFA procedure. TRA is the successor in interest to all claims against the MTRFA, except that TRA is not liable for any breach of fiduciary duty where the acts constituting the claimed breach were not done in good faith. An audit of the MTRFA as of June 30, 2006, must be performed by either the State Auditor or Legislative Auditor, with the cost of the audit to be paid by TRA. *Laws 2006, Ch. 277, Art. 3, Sec. 9. Source: H.F. 2847 (Ozment)*

7. Revised TRA Full Funding Date. TRA's full funding date is reset to June 30, 2037. *Laws 2006, Ch. 277, Art. 3, Sec. 34. Source: H.F. 2847 (Ozment)*
8. MTRFA Employees Transfer to TRA. MTRFA employees become TRA employees until December 31, 2007, and are appointed without examination at their current hourly rate and have employment benefits comparable to other TRA employees. *Laws 2006, Ch. 277, Art. 3, Sec. 43. Source: H.F. 2847 (Ozment) and Commission Amendment*
9. Bounce-Back Annuity Language Simplified. Bounce-back annuity language, applicable when the individual covered by the second-half of a joint-and-survivor annuity dies before the primary annuitant, is simplified and obsolete language is removed. *Laws 2006, Ch. 271, Art. 3, Sec. 37. Source: Commission amendment to S.F. 2379 (Pogemiller); H.F. 2701 (Smith)*
10. Special Law Provision: Service Credit Purchase by Teacher with Prior Montana Service. A current TRA member with prior teaching service in Montana is authorized to purchase up to ten years of service credit at full actuarial value for the out-of-state teaching service. *Laws 2006, Ch. 271, Art. 14, Sec. 3. Source: S.F. 1736 (Day); H.F. 1978 (Ruth)*
11. Special Law Provision: Refund Repayment of Certain Transferred Amounts. A current teacher and TRA member is permitted to repay to TRA, as if it were a refund, an amount of member and employer contributions previously transferred to MSRS-Unclassified under Laws 1984, Ch. 614, Sec. 6, Subd. 3, plus interest on the principal amount at an annual compound rate of 8.5 percent from 1985 until repayment, and thereby to have ten years of TRA service credit reinstated. *Laws 2006, Ch. 271, Art. 14, Sec. 7. Source: S.F. 3029 (Gerlach); H.F. 3388 (Cybart)*
12. Special Law Provision: Coverage Transfer. A Minnesota State Colleges and Universities System (MnSCU) employee is authorized to transfer prospective retirement coverage from the MnSCU Individual Retirement Account Plan to TRA, and past coverage to TRA back to January 1, 1995, with the individual responsible for paying the full actuarial value of the pension plan coverage change. *Laws 2006, Ch. 271, Art. 14, Sec. 8. Source: S.F. 2248 (Skoglund); H.F. 2462 (Wagenius)*
13. Special Law Provision: Purchase of Uncredited Medical Leave. A West St. Paul public school teacher whose medical leave was not reported to TRA is authorized to purchase service credit for the leave period. TRA must receive the full actuarial value. The employee must pay employee contributions plus interest and employer must cover the remainder. *Laws 2006, Ch. 271, Art. 14, Sec. 9. Source: Commission Amendment LCPR06-BA011*
14. Special Law Provision: International Falls and Red Wing Strike Service Credit Provision. Teachers who had uncredited time due to the International Falls or Red Wing school strikes are authorized to purchase the service credit at full actuarial value. *Laws 2006, Ch. 271, Art. 14, Sec. 10. Source: Commission Amendment LCPR06-BA026*
15. Special Law Provision: Service Credit Purchase for Extended Leave, Certain Forest Lake Teacher. A Forest Lake teacher who lost service credit because of an unreported extended leave of absence, is authorized to purchase service credit for the leave period. The individual must pay the employee and employer contributions that would have been paid based on the person's salary in the year before the leave, plus 8.5 percent interest from July 1, 2001. The school district must pay the remainder of the full actuarial value. *Laws 2006, Ch. 271, Art. 14, Sec. 17. Source: Commission Amendment LCPR06-BA039*

16. Revisor's Bill Technical Correction: TRA Allowable Service for Strike Period Provision. TRA's allowable service provision for strike periods is revised by removing an obsolete cross-reference. *Laws 2006, Ch. 212, Art. 3, Sec. 36. Source: H.F. 3488 (Nelson, P.)*

D. First Class City Teacher Plans

Duluth Teachers Retirement Fund Association (DTRFA)

St. Paul Teachers Retirement Fund Association (SPTRFA)

Minneapolis Teachers Retirement Fund Association (MTRFA)

1. SPTRFA: Cap on Post-Retirement Increases. Effective July 1, 2010, SPTRFA post-retirement increases can not exceed five percent annually. *Laws 2006, Ch. 277, Art. 1, Sec. 2. Source: House State Government Finance Committee Amendment to H.F. 2847 (Ozment)*
2. Numerous Conforming Changes. Because of the merger of MTRFA into TRA, numerous provisions in the first class city teacher plan Chapter (Chapter 354A), and elsewhere, are revised to remove reference to the MTRFA. These changes are: normal retirement age definition, teacher definition, pension plan establishment provision, sabbatical leave provision, military leave/break in service, parental and maternity leave provision, medical leave, employee contribution rate provision, retirement contribution levy prohibition, employer contribution rate provision, supplemental administrative expense assessment, coordinated program establishment provision, coordinated program annuity computation provision, optional annuity forms provision, service in more than one fund provision, annuity computation for combined coordinated/basic service provision, coordinated program administration provision, financial reporting provision governing Minnesota public plans, joint actuary retention provision, economic actuarial assumption provision, combined service annuity provision, combined service disability provision, combined service survivor provision, pre-1973 provision, and supplemental needs trust provision. *Laws 2006, Ch. 277, Art. 3, Sec. 11-20, 24-33, 35-37, and 40-41. Source: H.F. 2847 (Ozment)*
3. MTRFA Employees Transfer to TRA. MTRFA employees become TRA employees until December 31, 2007, and are appointed without examination at their current hourly rate and have employment benefits comparable to other TRA employees. *Laws 2006, Ch. 277, Art. 3, Sec. 43. Source: H.F. 2847 (Ozment) and House State Government Finance Committee Amendment*
4. Repealer. The MTRFA by-laws are repealed, except that they may be used for computing the benefits applicable to basic MTRFA members. The MTRFA union business agent provision, purchase of out-of-state teaching service, MTRFA basic program establishment provision, and MTRFA post-retirement adjustment provision, are repealed. *Laws 2006, Ch. 277, Art. 3, Sec. 44. Source: H.F. 2847 (Ozment)*
5. Bounce-Back Annuity Language Simplified. Bounce-back annuity language, applicable when the individual covered by the second-half of a joint-and-survivor annuity dies before the primary annuitant, is simplified and obsolete language is removed. *Laws 2006, Ch. 271, Art. 3, Sec. 38. Source: H.F. 2847 (Ozment)*

E. Minneapolis Employees Retirement Fund (MERF)

1. Special Law Provision: Purchase of Service Credit for Portion of Disability Period. A certain individual is permitted the purchase of up to two years of service at full actuarial value, with the City of Minneapolis required to finance half of that cost, for a period when the eligible individual appears to have been disabled failed to apply for a disability benefit. Requires local approval. *Laws 2006, Ch. 271, Art. 14, Sec. 14. Source: S.F. 1562 (Ourada); H.F. 1395 (Anderson, B.)*

F. Minnesota State Colleges and Universities System (MnSCU) Higher Education Individual Retirement Account Plan (IRAP)

1. Revision of 403(b) Vendor Contract Requirements. Language is stricken from a MnSCU 403(b) vendor contract provision that had required MnSCU to include at least five insurance annuity providers and a few low cost and no load mutual fund providers. *Laws 2006, Ch. 271, Art. 3, Sec. 1. Source: S.F. 2359 (Pogemiller); H.F. 2711 (Smith)*
2. Special Law: Coverage Transfer. A MnSCU employee is authorized to transfer prospective retirement coverage from IRAP to TRA, and past coverage to TRA back to January 1, 1995, with

the individual responsible for paying the full actuarial value of the pension plan coverage change. *Laws 2006, Ch. 271, Art. 14, Sec. 8. Source: S.F. 2248 (Skoglund); H.F. 2462 (Wagenius)*

G. Arts Board, Historical Society Individual Retirement Account Plan (IRAP)

1. Contribution Rates Revised to Match MnSCU Higher Education IRAP Rates. The employee and employer contribution rates for Arts Board and Humanities Commission employees who are IRAP members are revised to equal the rates applicable for the higher education IRAP plan. *Laws 2006, Ch. 271, Art. 3, Sec. 39. Source: S.F. 2359 (Pogemiller); H.F. 2711 (Smith)*

H. Local Police and Paid Fire Relief Associations

Minneapolis Police Relief Association (MPRA)

1. Increase in Board Member Salary. Subject to separate local approval, the salary of the board president is increased from three units to seven units, and the salary of other elected board members is increased from three units to five. *Laws 2006, Ch. 271, Art. 9, Sec. 1 and 4. Source: H.F. 2577 (Mullery)*
2. Benefit Increase, Members with Less than 20 Years of Service. Subject to separate local approval, members with less than 20 years of service will have their pension increased by one unit, consistent with a 2005 benefit increase to members with 20 or more years of service credit. *Laws 2006, Ch. 271, Art. 9, Sec. 2 and 4. Source: H.F. 2577 (Mullery)*
3. Prohibition on Re-Computation of Duty-Related Disability Benefit. Subject to separate local approval, a new provision prohibits the re-computation of duty-related disability benefits as service pensions at normal retirement age. Duty-related disability benefits that were recomputed as service pensions in the past may be revoked at the individual's request. *Laws 2006, Ch. 271, Art. 9, Sec. 3 and 4. Source: House State Government Finance Committee Amendment*

I. Volunteer Fire Relief Associations

1. State Auditor Legislative Report Requirements Modified. A State Auditor report on volunteer fire relief association financial condition will be produced annually rather than biennially, and the State Auditor is given considerably more discretion to organize the report's information. *Laws 2006, Ch. 271, Art. 13, Sec. 1. Source: Commission Amendment LCPR06-015*
2. Definition of Volunteer Firefighter Added. "Volunteer firefighter" is defined as fire department members who are eligible for relief association membership, who are engaged in emergency response services or fire prevention activities, who are trained in fire suppression or fire prevention, and who meet any other conditions set by the fire department or volunteer firefighter relief association bylaws. Individuals who were relief association members on July 1, 2006, are grand fathered in. Effective January 1, 2008. *Laws 2006, Ch. 271, Art. 13, Sec. 2. Source: Commission Amendment LCPR06-015*
3. Transfer to IRA Account Expansion. The existing authority for service pensioners to approve an institution-to-institution transfer of a lump sum pension to an individual retirement account is expanded to include transfers of lump sum survivor benefits by survivors. *Laws 2006, Ch. 271, Art. 13, Sec. 3. Source: Commission Amendment LCPR06-015*
4. Revision in Authorized Special Fund Disbursements Provision. Expands the current authorized disbursements from the special fund to permit death benefits to a deceased firefighter's estate if there are no survivors or designated beneficiaries. *Laws 2006, Ch. 271, Art. 13, Sec. 4. Source: Commission Amendment LCPR06-015*
5. Supplemental Benefit Increase, Certain Survivor Benefits. The state-funded supplemental lump sum benefit payable to survivors of deceased active or deferred members is doubled to a maximum of \$2,000. The provision is retroactive to August 1, 2005. *Laws 2006, Ch. 271, Art. 13, Sec. 5. Source: S.F. 2831 (Tomassoni); H.F. 2784 (Rukavina)*
6. Special Law Provision: Additional Death Benefit Authorized Retroactively, Certain Deceased Randall Firefighter. The Randall Fire Relief Association is authorized to provide an additional \$1,500 in death benefits to the surviving spouse of a Randall firefighter killed in a construction accident on October 28, 2005, to provide the total death benefit that would have been made if the city

and relief association had authorized a bylaw change permitted by general law in a more timely manner. Requires local approval. *Laws 2006, Ch. 271, Art. 13, Sec. 6. Source: S.F. 2360 (Koering); H.F. 2747 (Blaine)*

II. GENERAL PENSION PROVISIONS

This portion of the memo summarizes provisions applying to all pension plans or to miscellaneous plan groupings.

1. Five Percent Annual Cap on Post-Retirement Increases: MSRS, PERA, and TRA plans. Effective July 1, 2010, total post-retirement increases applicable to all plans invested through the SBI Post Retirement Fund can not exceed five percent annually. (A comparable cap on post-retirement adjustments under the SPTRFA was discussed in the first class city teacher fund section.) *Laws 2006, Ch. 277, Art. 1, Sec. 1 and 3. Source: S.F. 70 (Betzold); H.F. 40 (Smith)*
2. All Plans with Deferred Annuity Augmentation Provisions: Reduced Augmentation for Post-June 30, 2006, Hires. The deferred annuity augmentation rate for post June 30, 2006, hires is 2.5 percent compounded annually, rather than three percent annually to age 55 and five percent per year thereafter. This change applies to the MSRS-General, MSRS-Correctional, the State Patrol Retirement Plan, PERA-General, PERA-P&F, PERA-Correctional, TRA, and the first class city teacher plans. *Laws 2006, Ch. 277, Art. 2. Source: Commission Amendment derived from S.F. 620 (Betzold-by request); H.F. 1758 (Smith)*
3. Mandated Commission Study: Larger Minnesota Public Pension Funds Post-Retirement Procedures; and Comparison of Teacher Plans across States. The Legislative Commission on Pensions and Retirement must study post-retirement adjustment procedures used by the SBI Post Fund (which generate increases for MSRS, PERA, and TRA retirees) and post-retirement adjustment procedures used by first class city teacher plans and the Minneapolis police and fire plans. The study must consider the ability of these systems to offset inflation, and the cost and aid implications of these procedures. The study must also compare Minnesota teacher plans with teacher pension plans in other states, including comparisons of normal retirement age, penalties for early retirement, benefit taxation, formula multipliers, final average salary periods, and coordination with Social Security. The report is due by December 1, 2006, and shall include draft proposed legislation needed to implement any recommendations included in the report. The report must be filed with the chairs of the Senate State Government Operations Committee, the Senate Finance Committee, the House Government Operations and Veterans Affairs Committee, the House State Government Finance Committee, and the House Ways and Means Committee. *Laws 2006, Ch. 277, Art. 7. Source: House Rules Committee Amendment*
4. Mandated Commission Study: Structure of the Minnesota Combined Investment Fund and Post Fund, Including Transfer Requirements. The Legislative Commission on Pensions and Retirement must study the structure of the Minnesota Combined Investment Fund and the Minnesota Post Retirement Investment Fund, including transfer requirements to the Post Fund. The report is due by December 1, 2006, and shall include draft proposed legislation needed to implement any recommendations included in the report. The report must be filed with the chairs of the Senate State Government Operations Committee, the Senate Finance Committee, the House Government Operations and Veterans Affairs Committee, the House State Government Finance Committee, and the House Ways and Means Committee. *Laws 2006, Ch. 277, Art. 8. Source: House Rules Committee Amendment*
5. Exception to Prohibition on Employer Contributions to Supplemental Plans: City Managers. City managers with primary coverage by the PERA Defined Contribution Plan or any other defined contribution plan will be permitted to have a local government employer match, not to exceed \$2,000, to a local thrift plan. *Laws 2006, Ch. 271, Art. 3, Sec. 40. Source: Commission Amendment LCPR06-BA031*
6. Exception to Prohibition on Employer Contributions to Supplemental Plans, Certain Labor Union Plans and Increase in Permitted Maximum. Employer contributions to a laborer's local pension fund and to the International Association of Machinists national pension fund are authorized; and the maximum employer contribution for union supplemental plans is increased from \$2,000 to \$5,000 annually. *Laws 2006, Ch. 271, Art. 7, Sec. 1. Source: S.F. 2394 (Pogemiller) and Commission Amendment*
7. Revised Wrongful Discharge Procedures. This provision applies to all plans which provide service annuities based on high-five average salary (the defined benefit plans of MSRS, PERA, TRA, first

class city teachers, and MERF). If a terminated employee starts drawing an annuity from the plan, and it is later determined that the individual was wrongfully terminated, the individual can return the annuity payments within 60 days of the wrongful discharge determination and return to status as an active plan member. If the annuity is not repaid, the individual is not entitled to active member status, is not authorized to receive service credit for the wrongful discharge period, and will be treated as a reemployed annuitant for purposes of the reemployment. If an individual is wrongfully discharged and before reinstatement the individual takes a refund and does not repay that refund, then if there is a subsequent disability determination the disability benefit must be computed based on service provided after the refund is taken, and the individual is not eligible for any minimum disability benefit determination otherwise stated in the plan law. *Laws 2006, Ch. 271, Art. 3, Sec. 41. Source: Commission Amendment LCPR06-BA009*

8. Early Retirement Incentive. An early retirement incentive is provided to certain employees covered by the executive or legislative branch, any school district, MnSCU, Board of Public Defense, or Minnesota Historical Society, if their employer is facing budget shortfalls. The employee must have at least 15 years of service in defined benefit plans or the Unclassified Program, or have at least 5 years of MnSCU-IRAP coverage, and be immediately eligible for an annuity. The incentive is an employer paid amount, not to exceed \$17,000. This incentive can be deposited in a health care account if the individual terminates from service on or before July 15, 2006. If the individual terminates service after July 15, 2006, and before September 1, 2006, the incentive payment can be used to purchase service credit toward the "Rule of 90," or used to create an annuity amount under MSRS-Unclassified. The money can be used to purchase service credit toward a "Rule of 90" benefit only if the employee also contributes toward that purchase from a deferred compensation account. Service credit purchases are at full actuarial value. The employer must be experiencing layoffs due to budget shortfalls or reorganization. The applicable employer must designate job classifications or positions eligible for this treatment and must document that the incentive payment is less than the cost of a layoff. The provision is inoperative after September 1, 2006. *Laws 2006, Ch. 271, Art. 3, Sec. 43. Source: House Governmental Operations Committee Amendment and Senate Floor Amendment*
9. Repealer: Obsolete Age 70 Retirement Mandatory Retirement Age Cap. A provision which required certain higher education teachers to retire at age 70 is repealed. *Laws 2006, Ch. 271, Art. 3, Sec. 46. Source: S.F. 2359 (Pogemiller); H.F. 2711 (Smith)*
10. Revised Investment Authority: Local Paid Fire and Police Plans. The investment authority of local police and paid fire plans is revised to permit junk bond investing not to exceed 5 percent of total assets or 15 percent of debt-related assets, whichever is less, and by placing other restrictions on those investments, and by explicitly authorizing up to 75 percent of the total portfolio to be invested in mutual funds with investments which conform with the authorized investment provisions. *Laws 2006, Ch. 271, Art. 8, Sec. 1. Source: House Governmental Operations Committee Amendment*
11. Revised Investment Authority: First Class City Teacher Plans. An authorized investment provision specific to the first class city teacher plans is revised to permit investments through the SBI-administered Minnesota Supplemental Investment Fund, and authorizing junk bond investing not to exceed 5 percent of total assets or 15 percent of debt-related assets, and placing other restrictions on those investments. *Laws 2006, Ch. 271, Art. 8, Sec. 2. Source: Commission Amendment to S.F. 2239 (Pogemiller); H.F. 2362 (Smith) and House Governmental Operations Committee Amendment*
12. Potential Revised Investment Reporting, Certain Large Pension Funds Audited by the State Auditor. If a pension fund's asset value is at least \$25 million, if the fund is audited annually by the State Auditor, and if for four consecutive years the total portfolio returns reported by the fund match the returns computed for the fund by the State Auditor, then the fund would not need to report the periodic values of each asset class or manager. The State Auditor retains the right to request more extensive information periodically. The State Auditor will continue reporting the investment performance of the various pension funds, with revisions as necessary given the revised data reporting. *Laws 2006, Ch. 271, Art. 8, Sec. 4-5. Source: S.F. 2428 (Pappas); H.F. 2736 (Thissen)*
13. Revised Investment Authority: All Expanded List Plans. This provision applies to all expanded list plans. An expanded list plan is any plan other than SBI which has \$1 million or more in assets. Some plans with assets under \$1 million are also expanded list plans if they invest a considerable majority of their assets through a registered investment advisor, or through SBI, or through some combination of the two. The expanded list investment authority provision is revised by explicitly authorizing investments in foreign developed markets (countries included in the Europe, Australia, and Far East Index), commingled or mutual fund investments, and real estate investment trusts (REITs), and by

resetting limits for remaining miscellaneous investment securities. *Laws 2006, Ch. 271, Art. 8, Sec. 6.*
Source: S.F. 2239 (Pogemiller); H.F. 2362 (Smith)

14. Revised Limited List Provision. Section 356A.06, Subdivision 6, the limited list authorized investment provision, is revised in an effort to be consistent with revised investment advisor registration law. The provision has application to limited list plans as described under Minnesota Statutes, Section 356A.06. These are small volunteer fire plans, and possibly some other plans, which have less than \$1 million in assets and do not use the services of a registered investment advisor or SBI to invest a significant portion of plan assets. The provision appeared in Laws 2006, Chapter 196, a bill enacting and modifying the 2002 Uniformed Securities Act of the National Conference of Commissioners on Uniformed State Laws. The applicable change is found in Art. 2 of the chapter, an Article labeled as conforming changes, consistent with substantive changes found in Article 1 of Laws 2006, Chapter 196. However, the drafting was flawed – one of the revised cross-references is wrong; it refers to a Section 80A.59, which is a non-existent provision. *Laws 2006, Ch. 196, Art. 2, Sec. 12.*
Source: H.F. 2514 (Atkins)

III. MISCELLANEOUS PROVISIONS

This section covers miscellaneous legislation, including the various revisions in aid programs due to the merger of MTRFA into TRA, and revised procedures for financing State Board of Investment expenses.

1. Additional State Aid to School Districts. Beginning in fiscal year 2008, state aid to school districts is increased by one-half of one percent of the salaries paid to each district's TRA members. The aid increase includes the Minneapolis school district. *Laws 2006, Ch. 277, Art. 3, Sec. 1.* *Source: House Education Finance Committee Amendment*
2. Redirection of Direct Aids from MTRFA to TRA. Any direct state aid (including \$12.954 million under Section 354A.12, Subdivision 3a) which previously went to the MTRFA is redirected to TRA; give the merger of MTRFA into TRA. The special direct state matching aid under Section 354A.12 is made mandatory rather than permissive, with Special School district No. 1 and the City of Minneapolis each contributing \$1.125 million annually, and the state contributing \$2.5 million. Minneapolis and the school district must each make an annual \$1 million contribution to TRA under Section 423A.02, Subdivision 3, until 2037. *Laws 2006, Ch. 277, Art. 3, Sec. 3, 21-23.* *Source: H.F. 2847 (Ozment)*
3. Redirection of MERF Aid to TRA. Any excess between the actual state aid to MERF as required by the MERF funding procedures in law and \$8.056 million annually is appropriated to TRA to offset all or a portion of the current unfunded actuarial accrued liability of the MTRFA. *Laws 2006, Ch. 277, Art. 3, Sec. 10.* *Source: H.F. 2847 (Ozment)*
4. Conforming Amendment: Additional Amortization State Aid Provision. Any redirection of additional amortization state aid that would have gone to the MTRFA is redirected to TRA. *Laws 2006, Ch. 277, Art. 3, Sec. 42.* *Source: H.F. 2847 (Ozment)*
5. Revised Appropriation Procedures: Financing SBI Expenses. The SBI fiscal year 2007 appropriation is revised from \$2.167 million to \$151,000, with this revised appropriation representing the expected cost of SBI investment services to the state's General Fund. The Department of Finance will create an SBI operating account, to receive all amounts appropriated to SBI and amounts charged by SBI to pension plan administrations to invest and administer the assets of the applicable plan. For MSRS, PERA, and TRA, the annual SBI estimated expenses to administer the assets of these plans will be assessed against those plan administrations and must be deposited in the SBI operating account at the beginning of each fiscal year. A reconciliation of actual expenses compared to estimated expenses must occur at the end of each fiscal year, with any surplus or deficit being credited or debited to each of the respective funds. For various other funds administered by SBI, the cost of administration must be billed on a quarterly basis. *Laws 2006, Ch. 277, Art. 4.* *Source: House Rules Committee Amendment*
6. Revised State Government Employee Compensation Reporting Requirement. A Department of Employee Relations (DOER) provision in current law that requires an annual report to the Legislature and the Governor on executive branch employee salary and benefits (which includes an existing law requirement that the report be available to the public in an electronic format), is revised to include a requirement that the report provide detail on the number of employees by agency or department separated by retirement plan membership, and for each plan, the total compensation of the covered

employee group, the total employee retirement plan contribution, and the total employer retirement plan contributions. *Laws 2006, Ch. 277, Art. 5. Source: House Rules Committee Amendment*

7. State Auditor Investment Performance Reporting Changes. Minnesota Statutes, Section 356.219, the section which requires nearly all Minnesota public pensions plans to report investment performance information to the State Auditor, is revised by adding a requirement stating that if the data are public, the State auditor must make the data available to individuals or organizations upon request. The State Auditor is authorized to charge fees sufficient to cover the cost of providing the requested information in usable formats. Also, in the report which the State Auditor produces from the data submitted by the pension plan administrations, the State Auditor must provide for each plan the one-year and five-year returns, compared to a benchmark return. *Laws 2006, Ch. 277, Art. 6. Source: House Rules Committee Amendment*
8. Social Security Coverage, Revised Definition of Local Governmental Subdivision. The reference to the League of Minnesota Cities is removed from the Social Security coverage definition of "local government subdivision." *Laws 2006, Ch. 271, Art. 6, Sec. 1. Source: S.F. 2463 (Pogemiller)*
9. Social Security Coverage, General Authority Clarification. The general authority provision is clarified by explicitly authorizing the state to enter into Social Security coverage agreements on behalf of its political subdivisions. *Laws 2006, Ch. 271, Art. 6, Sec. 2. Source: S.F. 2463 (Pogemiller)*
10. Social Security Referendum Procedures Revision, Certain Local Governmental Employees. Allows Social Security coverage referenda for local elected officials who are members of the PERA Defined Contribution Plan on a government unit by government unit basis, and requires local government districts or special authorities wanting Social Security coverage for their PERA Defined Contribution Plan covered employees to submit a formal resolution to the PERA Executive Director. The PERA Executive Director must then provide a referendum for applicable employees in that local governmental subdivision to elect Social Security coverage on an individual basis. Individuals electing Social Security coverage are also authorized to have retroactive Social Security coverage to the extent permitted under federal law. If the individual wants retroactive coverage, the employee makes to applicable past employee Social Security contributions and the employer must then make the applicable past employer Social Security contributions. *Laws 2006, Ch. 271, Art. 6, Sec. 3-5. Source: S.F. 2463 (Pogemiller)*
11. Medicare Referendum. Public employees hired since 1986 who are not required under federal law to have Medicare coverage and who have not previously elected Medicare coverage are authorized to elect Medicare coverage if the applicable governmental unit decides to permit the referendum. An individual choosing Medicare coverage may also choose to have that coverage be retroactive to the extent permitted under federal law. The individual would pay the retroactive employee contributions and the employer would then be required to pay the retroactive employer contributions. *Laws 2006, Ch. 271, Art. 6, Sec. 6. Source: S.F. 2463 (Pogemiller)*

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