



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Ed Burek, Deputy Director **EB**
RE: Summary of 2007 Legislative Session Pension Legislation
DATE: August 10, 2007

This memo summarizes the 2007 Legislative Session pension provisions. Nearly all of the pension provisions passed in the Omnibus Retirement Bill, S.F. 430 (Betzold); H.F. 1978 (Murphy, M.), enacted as Laws 2007, Ch. 134, but a few pension provisions appeared in other bills. The Legislature also passed a few provisions tangentially related to public pensions, such as lump sum payments to induce early retirement and retiree health care provisions.

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. This section includes several conforming changes relating to the merger of the Minneapolis Teachers Retirement Fund Association (MTRFA) into the Teachers Retirement Association (TRA). Since the MTRFA no longer exists, these changes are generally noted under the TRA portion of this section. The second major section, General Pension Provisions, summarizes pension legislation applying to all public plans or to miscellaneous plan groupings. The third major section, Miscellaneous Provisions, mentions legislation which 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. Included Employees Provision, Technical Changes. The MSRS included employee provision is revised by removing obsolete references and by clarifying that University of Minnesota employees are in the plan unless they are excluded by action of the Board of Regents. *Laws 2007, Ch. 134, Art. 2, Sec. 2. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*
2. Excluded Employees Provision Changes. The MSRS excluded employee provision is revised by more clearly excluding independent contractors regardless of the payment arrangement; by removing obsolete language; by excluding interns from coverage; and by allowing coverage for teachers for incidental employment as a state employee not covered by a teacher retirement association. *Laws 2007, Ch. 134, Art. 2, Sec. 3. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*
3. Allowable Service Provisions Changes: Revised Leave Service Credit Purchase Procedures. The MSRS allowable service credit provisions are revised by removing obsolete language relating to pre-1957 service and by creating new service credit payment procedures for leaves. If payment is made within one year, the payment is the sum of the employee and employer contribution amounts, plus monthly interest equivalent to 8.5 percent annual interest. If payment is made after one year, the individual must pay the full actuarial value. *Laws 2007, Ch. 134, Art. 2, Sec. 4-5. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*
4. Surviving Spouse Term-Certain Provision Changes. The term-certain annuity for survivors of deceased former employees is revised by eliminating the five-year, term-certain option and by eliminating the requirement that payments not exceed 75 percent of the deceased employee's high-five average salary. *Laws 2007, Ch. 134, Art. 2, Sec. 6. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*
5. Military Leave USERRA Provision Generalized. The USERRA (Uniformed Services Employment and Reemployment Rights Act of 1994)-compliant leave of absence provision is revised to clearly apply to all groups governed by Chapter 352 (MSRS-Correctional, MSRS-General, Military Affairs, Transportation Department Pilots, State Fire Marshals). *Laws 2007, Ch. 134, Art. 2, Sec. 7. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*

6. General Law Application Clarification. Section 352.951, Application of General Law, is clarified by stating that Chapter 352 (MSRS) applies to State Fire Marshal employees. *Laws 2007, Ch. 134, Art. 2, Sec. 8. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*
7. MSRS-General Membership Authorized for Middle Management Association Employees. Middle Management Association employees who are first employed after July 1, 2007, are MSRS-General members even if they are not former state employees. *Laws 2007, Ch. 134, Art. 11, Sec. 6. Source: H.F. 2078 (Murphy, M.); S.F. 1457 (Frederickson)*

Legislators Retirement Plan

1. Correction of Survivor Benefit Accrual Provision. Section 3A.05, the survivor benefit accrual provision, is revised to have the benefit accrue upon application or one year prior to the date of the application, whichever is later rather than whichever is earlier. This change ensures that the benefit can not accrue prior to the date of the qualifying death. *Laws 2007, Ch. 134, Art. 1, Sec. 1. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
2. Revision of Annuity Application Provision. The annuity application provision is revised by removing obsolete or redundant language and by clarifying that an unreduced retirement annuity requires that the annuity commence no earlier than normal retirement age (age 62). *Laws 2007, Ch. 134, Art. 2, Sec. 1. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*
3. Revision of Optional Annuity Provision. The optional annuity provision is revised to allow a surviving spouse of a former legislator who dies before age 55 to elect an optional annuity form, in lieu of the plan's automatic surviving spouse benefits, when the former legislator would have reached age 55. The provision is effective retroactively to include a former legislator who died on March 5, 2007. *Laws 2007, Ch. 134, Art. 2, Sec. 2. Source: Betzold Amendment*
4. Optional Division of Retirement Allowance. Notwithstanding a prohibition against payment of a pension benefit representing a division of marital property before the former public employee applies for a pension, a portion of a former legislator's benefit as specified in the decree can be paid to the ex-spouse when the former legislator reaches age 62 (the normal retirement age for the plan), even if the former legislator has not applied for a benefit. When the former legislator does begin drawing benefit, the present value of the benefit paid or payable to the ex-spouse must be deducted from the present value of the benefit payable to the former legislator. The present value calculations must include the impact of the combined service annuity provision, if applicable. The provision is retroactive to decrees rendered after September 2003. *Laws 2007, Ch. 134, Art. 2, Sec. 3. Source: H.F. xxx; S.F. 1762 (Betzold)*

Correctional State Employees Retirement Plan (MSRS-Correctional)

1. Correction of a 2006 Prior Coverage Transfer Provision. A 2006 prior coverage transfer provision is revised to correct a drafting error. *Laws 2007, Ch. 134, Art. 1, Sec. 14. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
2. Correction of a 2006 Payment Due Date Provision. The payment due date in a 2006 Omnibus Retirement Bill is revised. As contained in the original omnibus bill, the required payments would have had to be made prior to the date those payments were authorized. *Laws 2007, Ch. 134, Art. 1, Sec. 15. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
3. Revisions in Department of Corrections Covered Positions. Four Department of Corrections occupational titles (chemical dependency counselor supervisor, general maintenance worker, laundry coordinator, and water treatment plant operator) are removed from plan coverage and two Department of Corrections occupational titles (corrections program therapist 4 and plant maintenance engineer lead) are added to plan coverage. *Laws 2007, Ch. 134, Art. 3, Sec. 1. Source: Source: H.F. 1911 (Murphy, M.); S.F. 937 (Betzold)*
4. Correction of Department of Human Services Covered Position Title. An occupational title for the residential program lead position in the Department of Human Services, Minnesota Extended Treatment Options Program, is corrected. *Laws 2007, Ch. 134, Art. 3, Sec. 2. Source: H.F. 1912 (Murphy, M.); S.F. 423 (Betzold)*
5. Revision in Department of Human Services Covered Positions. One Department of Human Services Security Hospital or Sex Offender Program occupational position (office and

administrative specialist senior) is removed from plan coverage and nine Department of Human Services Security Hospital or Sex Offender Program occupational positions (certified occupational therapy assistant 1, certified occupational therapy assistant 2, customer services specialist principal, human services support specialist, licensed alcohol and drug counselor, management analyst 3, recreation therapist lead, security supervisor, and special education program assistant) are added to plan coverage. *Laws 2007, Ch. 134, Art. 3, Sec. 3. Source: H.F. 1912 (Murphy, M.); S.F. 423 (Betzold)*

6. Department of Corrections Review Committee Must Identify Eligible Past Service. If the Department of Corrections position inclusion review committee recommends a position for the MSRS-Correctional, the committee must also identify eligible past service that should be allowed to transfer. *Laws 2007, Ch. 134, Art. 3, Sec. 4. Source: H.F. 1911 (Murphy, M.); S.F. 937 (Betzold)*
7. Past Service Transfer Requirements. This is a new section specifying procedures to be used when transferring past service from MSRS-General to MSRS-Correctional for positions identified for inclusion under MSRS-Correctional. These procedures will be used for employees transferred to MSRS-Correctional under 2006, 2007, or future legislation. *Laws 2007, Ch. 134, Art. 3, Sec. 5. Source: Amendment to H.F. 1911 (Murphy, M.); S.F. 937 (Betzold); and H.F. 2363 (Murphy, M., by request); S.F. 2020 (Prettner Solon)*
 - If the employee is transferred to MSRS-Correctional before July 1, 2007, the procedure to transfer past service keeps MSRS-General whole but may not fully compensate MSRS-Correctional for the added liabilities. For the applicable past service the member must pay the member contribution rate differential (the difference between the MSRS-General employee contribution that was paid and the employee contribution that would have been made to MSRS-Correctional if that plan had covered that past service), plus 8.5 percent compound interest. If that payment is made, the employer must pay the equivalent employer contribution rate differential, plus 8.5 percent compound interest. In addition to these employee and employer payments, assets will transfer from MSRS-General in an amount equal to the funded portion of the present value of benefits earned for that service in MSRS-General.
 - For transfers that occur on or after July 1, 2007, MSRS-General is left unharmed and MSRS-Correctional is made whole by requiring payment of the full actuarial value. To transfer the past service credit, MSRS will compute the full actuarial value of the service credit transfer in MSRS-Correctional. From this amount, MSRS will subtract the employee and employer payment, with interest, and the asset transfer from MSRS-General, as described above. The remainder, if positive, must be paid to MSRS-Correctional through additional payments to be shared on a 40 percent employee/60 percent employer basis.
8. Special Law Provision: Stores Clerk Past Service Credit Transfer. An individual with service as a stores clerk from 1990 to 1994 at the Minnesota Correctional Facility-St. Cloud is authorized to transfer that past service from MSRS-General to MSRS-Correctional using the process specified above. *Laws 2007, Ch. 134, Art. 3, Sec. 6. Source: H.F. 2279 (Doty); S.F. 2027 (Koering)*

Unclassified State Employees Retirement Program (MSRS-Unclassified)

1. Included Employee Provision Technical Changes. The MSRS-Unclassified included employee provision is revised by removing references to employing units that no longer exist and by listing in the provision groups that had been added to the plan by prior special or general law but which had not been listed in the included employee provision. These include employees of Minnesota Technology Incorporated (MTI); the Agricultural Utilization Research Institute (AURI); Minnesota State Colleges and Universities System (MnSCU) faculty or eligible MnSCU unclassified administrators who were employed by the former state university or community college system prior to May 1, 1995, and who elected MSRS-Unclassified coverage; and MnSCU employees employed in state service prior to July 1, 1995, and who were subsequently employed in an eligible MnSCU unclassified administrative position. *Laws 2007, Ch. 134, Art. 2, Sec. 10. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*
2. Limited Post-Termination Transfers to General Plan Authorized. Individuals eligible to transfer from MSRS-Unclassified to the MSRS-General (MSRS-Unclassified members with at least ten years of covered service) are permitted to transfer to MSRS-General up to one month after termination of service rather than prior to termination of service. *Laws 2007, Ch. 134, Art. 2, Sec. 11. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*

3. Retroactive Accrual Dates Prohibited. The plan's accrual date provision is revised to prohibit benefit accrual prior to the date of the application (current law permits up to six months of retroactive accrual). *Laws 2007, Ch. 134, Art. 2, Sec. 12. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*
4. Positions Added to MSRS-Unclassified Coverage Provision. The State Court Administrator and Judicial District Administrators are added as MSRS-Unclassified participants. This provision was included in the Omnibus Public Safety Finance Bill. *Laws 2007, Ch. 54, Art. 5, Sec. 7. Source: House Finance Committee Amendment to H.F. 829 (Paymar); S.F. 650 (Higgins)*

State Patrol Retirement Plan

1. Gang and Drug Oversight Council Coordinator Included in Plan Membership. The statewide coordinator of the Gang and Drug Oversight Council will be covered by the State Patrol Retirement Plan if the person is a licensed peace officer. The definition of "peace officer" in Minnesota Statutes, Section 626.84, Subd. 1, is revised to include the statewide coordinator of the Gang and Drug Oversight Council. *Laws 2007, Ch. 134, Art. 11, Sec. 7, 9. Source: H.F. 1010 (Hilstrom); S.F. 1042 (Neuville)*

Judges' Retirement Plan

1. Revised Early Retirement Date Definition. "Early retirement date" means the exact date (rather than the end of the month) on or after the judge attains age 60 and on which a judge retires under an early retirement provision. *Laws 2007, Ch. 134, Art. 2, Sec. 47. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*
2. Revised Normal Retirement Date Definition. "Normal retirement date" means the exact date (rather than the end of the month), on which a judge attains age 65. *Laws 2007, Ch. 134, Art. 2, Sec. 48. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*

B. Public Employees Retirement Association (PERA)

General Employee Retirement Plan (PERA-General)

1. Conforming Change: PERA Excluded Employee Provision. The excluded employee provision is revised by eliminating an obsolete MTRFA reference. *Laws 2007, Ch. 134, Art. 1, Sec. 4. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
2. Revised Included Employee Provision. The provision is revised by clarifying that salaries from all positions held by a person within a governmental unit will be totaled for purposes of meeting the \$425 salary threshold, and by adding language, moved from the excluded employee provision, stating that elected officials retain plan membership for the duration of the person's employment in that position or incumbency in elected office. *Laws 2007, Ch. 134, Art. 2, Sec. 13. Source: H.F. 889 (Murphy, M.); S.F. 296 (Betzold)*
3. Various Groups Added to Government Subdivision Definition. The definition of "governmental subdivision" (Minnesota Statutes, Section 353.01, Subd. 6) is updated by making technical corrections and by making the changes listed below. *Laws 2007, Ch. 134, Art. 2, Sec. 15 and 22. Source: H.F. 889 (Murphy, M.); S.F. 296 (Betzold)*

Note: One of the technical changes was to rename the "Metropolitan Intercounty Association" as the "Minnesota Intercounty Association." Another bill (Laws 2007, Ch. 6) also renamed that association, but the new name was written as "Minnesota Inter-county Association."

- Extends the definition to include units or instrumentalities of local governments.
- Clarifies that a public body is a government subdivision if it is established under state or local government authority that has a governmental purpose, is under public control, is responsible for the employment and payment of the salaries of the entity's employees, and which receives a major portion of its revenues from taxation, fee assessment, or from other public purposes, rather than whose revenues are derived from those sources.
- Includes charter schools; service cooperatives exercising retirement plan participation under 123A.21; various joint powers boards, family service collaboratives, and children's mental health collaboratives, if the creating entities are governmental units that otherwise qualify for retirement plan membership.

- States that family service or children's mental health collaboratives are not governmental subdivisions if the board is not totally composed of representatives of governmental units.
 - Adds a paragraph stating that a 501(c)(3) nonprofit corporation or a nonprofit under Minnesota Statutes, Section 317A, is not a government subdivision unless the entity has obtained a written advisory opinion from the federal Department of Labor or an Internal Revenue Service (IRS) ruling declaring the entity to be an instrumentality of the state, and if its inclusion in PERA would be consistent with government plan qualification requirements in federal code.
 - Adds a paragraph stating that if PERA determines that an organization is a government subdivision, it shall be subject to the PERA coverage for its eligible employees on a prospective basis. However, if the entity met the definition of a governmental subdivision prior to PERA's determination letter, PERA's omitted contribution provision would apply from the date that the organization first met the definition of a governmental subdivision. If the period exceeds three years, the individual could purchase that portion of the total period at full actuarial value. These procedures do not apply if the employment was covered by any public or private defined benefit or defined contribution plan, other than a volunteer fire plan.
4. Revised Leave of Absence Payment Terms. To receive service credit for an unpaid leave of absence, the individual must pay contributions plus 8.5 percent annual interest within one year of the end of the leave, or must pay full actuarial value thereafter. *Laws 2007, Ch. 134, Art. 2, Sec. 16, 18. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*
 5. Revised "Retirement" Requirements. The definition of "retirement" is revised by removing language prohibiting individuals from receiving a coordinated plan annuity if the individuals were PERA-General basic plan members or PERA-P&F members who, after a brief termination, commence PERA-General coordinated employment but provide less than six months of coordinated service before again terminating; by permitting a PERA defined benefit plan retirement annuity to commence even though an individual becomes an elected official within 30 days of separation from employment covered by a PERA defined benefit plan; and by permitting elected officials who were covered by PERA-General for that elected official employment to commence drawing an annuity if the individual resigns from office before filing for reelection and remains completely and continuously separated from that office for at least 30 days before the election date. *Laws 2007, Ch. 134, Art. 2, Sec. 17. Source: H.F. 889 (Murphy, M.); S.F. 296 (Betzold)*
 6. Revised Board Powers Provision. The PERA board powers provision is revised for style and to authorize PERA to adopt rules necessary to comply with Internal Revenue Service (IRS) and federal Department of Labor requirements. *Laws 2007, Ch. 134, Art. 2, Sec. 19. Source: Amendment to H.F. 126 (Murphy, M.); S.F. 7 (Betzold)*
 7. Revised Executive Director Standards Provision. The 1985 requirement of Senate confirmation of the PERA executive director is eliminated, and two unspecified PERA positions may, rather than must, be in the unclassified service. *Laws 2007, Ch. 134, Art. 2, Sec. 20. Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)*
 8. Revised Collection Procedures. Language is added specifying how to prorate any collected amounts if the amount is insufficient to meet the full obligation, and if the applicable government subdivision has been dissolved or closed, the 60-day waiting period in prior law is waived and amounts can be immediately certified for collection. *Laws 2007, Ch. 134, Art. 2, Sec. 23. Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)*
 9. Clarification of Retirement Annuity Provision. The PERA retirement annuity provision is revised by removing cross-references to a previously repealed subdivision. *Laws 2007, Ch. 134, Art. 2, Sec. 24. Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)*
 10. Clarification of "Rule of 90" Provision. The PERA "Rule of 90" provision is revised by correcting cross-references and by clarifying that an individual must terminate from service before a "Rule of 90" annuity can commence. *Laws 2007, Ch. 134, Art. 2, Sec. 25. Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)*
 11. Clarification of Pre-1989, 30 Years of Service Provision. Language in the PERA pre-1989, 30 years of service provision is clarified by stating that an individual must terminate from service before an annuity can commence, and by correcting cross-references. *Laws 2007, Ch. 134, Art. 2, Sec. 26. Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)*

12. Clarification of Pre-1989 Early Retirement Provision. PERA's pre-1989 early retirement provision is clarified by stating that an individual must terminate from service before an annuity can commence, by correcting cross-references, and by removing redundant language. *Laws 2007, Ch. 134, Art. 2, Sec. 27. Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)*
13. Clarification of Surviving Spouse Optional Annuity Provision. The provision is clarified regarding which benefit computation procedures apply to survivors of pre-July 1, 1989, hires rather than to survivors of employees hired on or after that date. *Laws 2007, Ch. 134, Art. 2, Sec. 28. Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)*
14. Clarification of Coordinated Program Term-Certain Survivor Annuity. The coordinated program term-certain annuity survivor coverage provision is clarified by stating that the benefit terminates at the end of the term-certain period. *Laws 2007, Ch. 134, Art. 2, Sec. 29. Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)*
15. Clarification of Deferred Annuity Provision. The law in effect upon termination of service or termination of membership, whichever is earlier, will apply to the deferred annuity computation, and cross-references are corrected or removed, as applicable. *Laws 2007, Ch. 134, Art. 2, Sec. 30. Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)*
16. Disabilitant Trial Work Period Provision Restricted to General Plan. The PERA disability trial work period provision, Section 353.33, Subd. 7a, is revised by restricting the provision's application to PERA-General rather than applying to all PERA plans. *Laws 2007, Ch. 134, Art. 4, Sec. 13. Source: H.F. 127 (Murphy, M.); S.F. 85 (Betzold)*
17. Special Law Provision: Service Credit Purchase for St. Paul City Employee. A St. Paul Public Works Department employee initially employed as a seasonal employee, who qualified for plan coverage in November 1988 but was not reported by the city for plan coverage until October 1989, is authorized to purchase service credit for the uncovered period. If the employee pays the employee contribution plus 8.5 percent annual compound interest, the city must pay the remainder of the full actuarial value payment. *Laws 2007, Ch. 134, Art. 12, Sec. 1. Source: H.F. 876 (Swails); S.F. 2016 (Saltzman)*
18. Special Law Provision: Service Credit Purchase for Rochester Community Education Teaching. A person born on March 4, 1939, who, due to employer error, failed to have contributions made to PERA for Rochester community education service, is authorized to purchase service and/or salary credit. To receive PERA credit, the individual will pay one-third of the full actuarial value payment, while the Independent School District No. 55, Rochester, will pay the remainder. *Laws 2007, Ch. 134, Art. 12, Sec. 5. Source: H.F. 1878 (Welti); S.F. 1853 (Senjem)*
19. Special Law Provision: Late Disability Benefit Application Authorized. A retired Benson School District employee who failed to apply for disability benefits within the required three-year time limit following termination of service is permitted to file a disability benefit application. *Laws 2007, Ch. 134, Art. 12, Sec. 6. Source: H.F. 2130 (Peterson, A.); S.F. 1779 (Kubly)*
20. Repealers. Section 353.30, Subd. 1, an obsolete PERA-General annuity provision; Section 353.34, Subd. 7, a provision requiring individuals who did not return to covered employment following a sick leave to wait 120 days after the end of the sick leave before filing for a refund; and Section 353.69, a provision allowing individuals to retain active PERA membership if they become elected officials not normally covered by PERA, or if they become municipal employees not normally covered by PERA, are repealed. *Laws 2007, Ch. 134, Art. 2, Sec. 50. Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)*

Local Government Correctional Employees Retirement Plan (PERA-Correctional)

1. Normal Retirement Age Definition Added. Language is added clarifying that age 55 is the normal retirement age for PERA-P&F and PERA-Correctional. *Laws 2007, Ch. 134, Art. 4, Sec. 1. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
2. Various Disability Definitions Added to Plan. Several disability definitions are added. *Laws 2007, Ch. 134, Art. 4, Sec. 31. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
 - "Duty disability" is defined as a physical or psychological disabling condition, expected to prevent the member from performing the normal duties of the position for a period of at least one year, caused by injury or disease incurred in performance of duties while protecting the

property and personal safety of others, that present inherent dangers specific to the position covered by PERA-Correctional.

- “Less frequent duties” are defined as job description tasks performed occasionally, which are not carried out as part of the normal routine of the applicant’s job.
 - “Normal duties” are the specific tasks designated in the applicant’s job description, not including less frequent duties performed occasionally.
 - “Regular disability” is defined as a physical or psychological condition expected to prevent the member from performing the normal duties of the position for a period of at least one year, caused by disease or injury incurred from activities while not at work, or while at work performing duties that do not present inherent danger specific to the occupations covered by PERA-Correctional.
3. Conforming Changes. The PERA-Correctional duty disability provision is revised by eliminating language moved to the new definition section, the non-duty disability provision is renamed the “regular disability” provision, and some language is moved to the new definition section. *Laws 2007, Ch. 134, Art. 4, Sec. 32-33. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request), and H.F. 127 (Murphy, M.); S.F. 85 (Betzold)*
 4. Clarification of Disability Application Provision. The disability benefit application provision is clarified by stating that disability benefits cannot commence while the individual continues to receive salary or payments from an employer-paid salary continuation program, and by eliminating elements moved to the new definition section. *Laws 2007, Ch. 134, Art. 4, Sec. 34. Source: H.F. 127 (Murphy, M.); S.F. 85 (Betzold)*

PERA Privatized Employees Chapter (Chapter 353F)

1. Various Privatized Healthcare Facilities Added to PERA Privatization Chapter. The Lakefield Nursing Home, the Lakeview Nursing Home in Gaylord, and the Oakland Park Nursing Home are added to the PERA privatization 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 2007, Ch. 134, Art. 5, Sec. 1. Source: H.F. 2098 (Morrow); S.F. 1773 (Sheran), H.F. 2386 (Olin); S.F. 2267 (Lynch), and H.F. 2393 (Hamilton); S.F. 2175 (Vickerman)*
2. Hutchinson Area Health Care Access to Pre-2007 Higher Deferred Annuity Augmentation Rates. Hutchinson Area Health Care, which was given an extension in 2006 to meet local approval requirements following a privatization, is given access to higher enhanced deferred annuity augmentation rates in effect for privatizations presumed to occur before January 2007. *Laws 2007, Ch. 134, Art. 5, Sec. 2. Source: H.F. 1667 (Shimanski); S.F. 1299 (Dille)*

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

1. Correction of 2006 Faribault Firefighter Service Credit Purchase Provision. Language clarifying the terms of a service credit purchase for a Faribault firefighter is inserted in a 2006 provision. The language was inadvertently omitted when the provision was incorporated into a 2006 omnibus bill. *Laws 2007, Ch. 134, Art. 1, Sec. 16. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
2. Normal Retirement Age Definition Added. Language is added clarifying that age 55 is the normal retirement age for PERA-P&F and PERA-Correctional. *Laws 2007, Ch. 134, Art. 4, Sec. 1. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
3. Duty Disability Definition Revised. “Duty disability” is defined as a physical or psychological disabling condition, expected to prevent the member from performing the normal duties of the position for a period of at least one year, caused by injury or disease incurred in performance of duties while protecting the property and personal safety of others, that present inherent dangers specific to the position covered by PERA-P&F. *Laws 2007, Ch. 134, Art. 4, Sec. 2. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
4. Less Frequent Duties Defined. “Less frequent duties” are defined as job description tasks performed occasionally, which are not carried out as part of the normal routine of the applicant’s job. *Laws 2007, Ch. 134, Art. 4, Sec. 3. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*

5. Line of Duty Death Defined. “Line of duty death” is defined as a death that occurs while performing duties specific to protecting the property and personal safety of others and that present inherent dangers specific to the positions covered by PERA-P&F. *Laws 2007, Ch. 134, Art. 4, Sec. 4. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
6. Normal Duties Definition. “Normal duties” are defined as the specific tasks designated in the applicant’s job description, not including less frequent duties performed occasionally. *Laws 2007, Ch. 134, Art. 4, Sec. 5. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
7. Not Line of Duty Death Defined. “Not line of duty death” is defined as any death that is not a “line of duty death.” *Laws 2007, Ch. 134, Art. 4, Sec. 6. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
8. Regular Disability Definition. “Regular disability” is defined as a physical or psychological disabling condition, expected to prevent the member from performing the duties of the position for a period of at least one year, which results from a disease or injury incurred from activities while not at work, or while at work performing duties that do not present inherent danger specific to the occupations covered by PERA-P&F. *Laws 2007, Ch. 134, Art. 4, Sec. 7. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
9. Revised Early Retirement Reduction Provision. The PERA-P&F early retirement provision is revised for new members hired after June 30, 2007, or for any former member who is reinstated after that date, by requiring an early retirement reduction of two-tenths percent, rather than one-tenth percent, for each month that the individual is under age 55. *Laws 2007, Ch. 134, Art. 4, Sec. 14. Source: H.F. 127 (Murphy, M.); S.F. 85 (Betzold)*
10. Duty Disability Benefit Computation Revision, Position-Specific Qualification Standard. For those who become disabled after June 30, 2007, and for those who qualify under a position-specific standard, PERA-P&F duty disability benefits are capped at 60 percent of the high-five average salary, rather than 60 percent plus 3 percent for each year in excess of 20. *Laws 2007, Ch. 134, Art. 4, Sec. 15. Source: Senate Government Operations Committee Amendment*
11. Duty Disability Benefit Computation Revision, Total and Permanent Standard. For those who become disabled after June 30, 2007, and for those who qualify under a total and permanent standard usually used in general employee plans, PERA-P&F duty disability benefits are capped at 60 percent of the high-five average salary plus 3 percent for each year in excess of 20. *Laws 2007, Ch. 134, Art. 4, Sec. 16. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
12. Disabilitant Optional Annuity Elections. The PERA-P&F disabilitant optional annuity election provision is revised by specifying that an optional annuity may be elected upon application for a disability benefit, or within 90 days of attaining age 55, or upon application to convert to an early retirement annuity payment. If the disabilitant was at least 55 when the disability occurred but had less than 20 years of service, an election may be made 90 days prior to the five-year termination date of the disability benefit. If a joint and survivor annuity was elected and the disabilitant dies before the date the disability benefit is transformed into a retirement benefit, the beneficiary may elect to have the benefit recomputed whenever recalculation of the benefit as a retirement benefit would provide an increased monthly payment amount. *Laws 2007, Ch. 134, Art. 4, Sec. 17. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
13. Reformulation of the PERA-P&F Non-Duty Disability Benefit as the “Regular” Disability Benefit. The PERA-P&F non-duty disability benefit is reformulated as the “regular” disability benefit capped at 45 percent of the high-five average salary, rather than 45 percent of the high-five salary plus 3 percent of that salary for each year of service in excess of 15. If the individual was at least 55 when disability occurred but does not have 15 years of service credit, the benefit is payable for only five years, and is then subject to cessation of disability benefit requirements described below in #16. *Laws 2007, Ch. 134, Art. 4, Sec. 18. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
14. Reformulation of the PERA-P&F Non-Duty Disability Benefit as the “Regular” Disability Benefit, Total and Permanent Standard. The PERA-P&F regular disability benefit, if a total and permanent standard is met, is capped at 45 percent of the average salary plus 3 percent of average salary for each year of service in excess of 15 years. *Laws 2007, Ch. 134, Art. 4, Sec. 19. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*

15. Clarification of Limitation on Disability Benefit Provision. The PERA-P&F limitation on disability benefit provision is clarified by stating that a disability benefit cannot commence while the employee is on any form of employer-provided salary continuation plan or provision. *Laws 2007, Ch. 134, Art. 4, Sec. 20. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
16. Cessation of Disability Benefit Provision. The PERA-P&F cessation-of-disability-benefit provision is revised by requiring the benefit to end 1) when the individual reaches normal retirement age; or 2) if the disabled member chooses, the end of the month in which the disabilitant elects to convert to an early retirement annuity; or 3) if the disability benefit is required to terminate after five years (60 months), on the first of the month following the expiration of the five year period. If the individual remains disabled when the disability benefit terminates, the individual is deemed to be retired. The retirement annuity will be based on the number of years used in the disability benefit calculation or the actual years of service, whichever produces a higher benefit, and will include all prior benefit adjustments. Except as otherwise provided, the applicable law for computing the retirement annuity is the law in effect when the disability benefit was computed. *Laws 2007, Ch. 134, Art. 4, Sec. 21. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
17. Survivor Benefit Provision Restricted to Survivors of Pre-July 1, 2007, Disabilitants. The PERA-P&F disability survivor benefit provision is revised to provide survivor benefits only in cases where the disability benefit was granted prior to July 1, 2007. Post-June 30, 2007 disabilitants will need to elect a joint and survivor annuity to provide spousal coverage. *Laws 2007, Ch. 134, Art. 4, Sec. 22. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
18. PERA-P&F Disability Benefit Accrual Provision Revision. The PERA-P&F disability benefit accrual provision is revised to prohibit the commencement of a disability benefit while the individual is receiving salary or any salary-related form of compensation, except in cases of total and permanent disability. *Laws 2007, Ch. 134, Art. 4, Sec. 24. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
19. Prohibiting Disability Benefits in Chemical Dependency Cases. This new subdivision prohibits the payment of PERA-P&F disability benefits if the disability results from use of illegal drugs, unless the individual was in, or is currently in, a drug rehabilitation program and is no longer engaging in illegal drug use. *Laws 2007, Ch. 134, Art. 4, Sec. 25. Source: H.F. 127 (Murphy, M.); S.F. 85 (Betzold)*
20. Survivor Benefit Revisions: Eligibility and Benefit Amounts. The “death while active or disabled” survivor benefit eligibility provision is revised to apply only in active or deferred situations (and not in disabled situations); is revised to specify that if the death was not a “line of duty death” the member must have accrued three years of service, rather than one year, for the spouse to be eligible for any annuity; by specifying that an active military service death will be a “not line of duty death” for purposes of survivor benefits; and by revising surviving spouse benefit amounts to 60 percent of average salary for a “line of duty death,” or a 50 percent of average salary benefit in all other cases, including if the death occurred while receiving disability benefits that accrued prior to July 1, 2007, rather than 50 percent of average salary in all cases. *Laws 2007, Ch. 134, Art. 4, Sec. 26-27. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
21. Revised Family Benefit Amounts. The existing family maximum (70 percent of average salary) will apply if the member’s death is a “not line of duty death” or if death occurred while receiving a disability benefit that accrued before July 1, 2007. The family maximum and family minimum are increased to 80 percent and 60 percent, respectively, in “line of duty death” situations. *Laws 2007, Ch. 134, Art. 4, Sec. 28-29. Source: H.F. 125 (Murphy, M., by request); S.F. 84 (Betzold, by request)*
22. Special Law Provision: Certain Anoka County Field Investigators Exempted from Reemployed Earnings Annuity Deferral. Anoka County field investigators previously employed by the former Midwest Forensic Pathology, P.A., when the functions of that organization were taken over by the county, are exempt from reemployed annuitant earnings limitations. *Laws 2007, Ch. 134, Art. 12, Sec. 2. Source: H.F. 1329 (Thissen); S.F. 929 (Betzold)*

Applicable to Various/Multiple PERA Plans

1. New Section 353.031, Disability Determination Procedures, collects existing disability application, determination, and review procedures into a single provision, and generally will apply to disability determinations for all PERA defined benefit plans. *Laws 2007, Ch. 134, Art. 4, Sec. 8. Source: H.F. 127 (Murphy, M.); S.F. 85 (Betzold)*

Subd. 1. Application. The procedures of this section govern all PERA-General, PERA-Correctional, and PERA-P&F disability applications/determinations.

Subd. 2. Policy Statement. The disability standards applicable to each plan are noted: total and permanent for PERA-General Plan, and less stringent for PERA-P&F and PERA-Correctional.

Subd. 3. Procedure to Determine Eligibility. Disability applications must be in writing on forms provided by the Executive Director. The application must be made no later than 18 months after termination of service and all medical reports must support a finding that the disability occurred while the individual was an active plan member and not on leave or after termination of service occurred. The applicant shall provide a medical report signed by a licensed medical doctor and at least one other medical doctor, psychologist, or chiropractor and the applicant must authorize release of all medical records. If medical improvement is possible, the medical report must contain an opinion regarding when the individual is expected to improve to the point of no longer meeting disability standards. The employer must provide a report specifying actions taken to find available work for the individual and accommodations made to provide continued employment. A disability applicant may simultaneously file a disability and retirement application. If the disability application is denied, a retirement annuity would commence.

Subd. 4. Additional Requirements Specific to PERA-P&F and PERA-Correctional. If the application is filed within two years of the date of the injury, the application must be supported by evidence that the applicant is unable to perform the duties of the position held by the applicant on the date of the injury or illness and must be accompanied by an employer report noting any duties that the individual cannot perform. If the application is filed more than two years after the date of the disabling injury or illness, the report must focus on the individual's ability to perform the duties assigned within the most recent 90 days prior to the application. Any claim for a duty-related disability must specify whether the disabling event occurred while the individual performing an act specific to the inherent dangers of positions eligible for PERA-P&F or PERA-Correctional coverage. Any application must be supported by a first report of injury. If an applicant continues in employment following the application for more than 45 days without being placed in an authorized leave, the application will be cancelled and the applicant cannot reapply, based on that same cause, for at least one year.

Subd. 5. Medical Advisor. PERA may contract with the Department of Health to provide medical advisors to PERA.

Subd. 6. Independent Medical Evaluation. The applicant must submit to an independent medical evaluation, paid for by PERA, if requested by the executive director.

Subd. 7. Refusal of Medical Examination or to Provide Medical Evidence. If medical evidence is not provided, PERA will not consider the application, or in the case of an existing disability benefit recipient, PERA will terminate the benefit.

Subd. 8. Proof of Continuing Disability. PERA is authorized to require, at any reasonable time, that a disability recipient submit proof of continued eligibility.

Subd. 9. Application Approval or Denial. The individual can appeal the Executive Director's decision to the PERA board within 60 days. The Executive Director can require the participant to take part in a fact-finding session conducted by an administrative law judge and/or a vocational assessment conducted by a qualified rehabilitation counselor.

Subd. 10. Restoring Forfeited Service. Individuals are permitted to repay refunds to restore service credit within six months after the effective date of the disability benefit or within six months after filing, whichever is later.

2. Various PERA Repealers. Given language moved from other sections to the new Section 353.031, various PERA provisions applicable to PERA-General, PERA-P&F, or PERA-Correctional are repealed. *Laws 2007, Ch. 134, Art. 4, Sec. 36. Source: H.F. 127 (Murphy, M.); S.F. 85 (Betzold)*
 - Section 353.33, Subd. 6a, specifying PERA medical advisor authority.
 - Section 353.33, Subd. 6b, specifying duties of the medical advisor.
 - Section 353.33, Subd. 8, specifying consequences of refusal to submit to medical examination or to provide medical evidence.
 - Section 353.656, Subd. 5, a PERA-P&F proof of disability provision.
 - Section 353.656, Subd. 9, a PERA-P&F provision specifying consequences of refusal to submit to medical examination or to provide medical evidence.
 - Section 353.656, Subd. 11, a PERA-P&F provision dealing with the duties of medical advisors.
 - Section 353.656, Subd. 12, a PERA-P&F disability benefit approval provision.

C. Teachers Retirement Association (TRA)

1. Conforming Change: Beneficiary and Survivor Data Provision. A reference to the former Minneapolis Teachers Retirement Fund Association (MTRFA) in a data privacy provision (Section 13.632) is removed. *Laws 2007, Ch. 134, Art. 1, Sec. 2. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
2. Conforming Change: Special School District No. 1, Minneapolis, Property Tax Levy Provision. A Special School District No. 1, Minneapolis, property tax levy provision, which permits the district to levy amounts to help cover certain retired MTRFA basic member healthcare costs, is revised to clarify that these individuals are now retired members of TRA rather than of MTRFA. *Laws 2007, Ch. 134, Art. 1, Sec. 3. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
3. Technical Correction, TRA Formula Annuity Provision. Entitlement under the TRA formula annuity provision for post-July 1, 2006; service is clarified by inserting the word “entitled.” *Laws 2007, Ch. 134, Art. 1, Sec. 5. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
4. Technical Correction, Special Direct State Matching Aid to TRA. The City of Minneapolis/Special School District No.1 mandatory employer matching contribution to TRA (which had been paid to MTRFA prior to the MTRFA merger into TRA), is corrected from \$1.125 million each annually to \$1.25 million each annually to match the \$2.5 million annual state contribution. *Laws 2007, Ch. 134, Art. 1, Sec. 6. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
5. Technical Correction, Reference to “Minneapolis Teacher” in Social Security Coverage Provision. The definition of “Minneapolis teacher” for Social Security coverage purposes is corrected by replacing an MTRFA reference with a reference to TRA. *Laws 2007, Ch. 134, Art. 1, Sec. 10. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
6. Technical Correction, Reference to MTRFA in Amortization Aid Provision. A local police and fire amortization aid provision that redirected aid to MTRFA is revised to direct that aid to TRA. *Laws 2007, Ch. 134, Art. 1, Sec. 12. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
7. Technical Correction, Reference to MTRFA in Amortization Aid Termination Provision. An MTRFA reference in an amortization aid provision is eliminated. *Laws 2007, Ch. 134, Art. 1, Sec. 13. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
8. Revised Strike Period/Leave of Absence Payment Procedures. TRA members who go on strike or on an authorized leave of absence without pay can purchase service credit for the leave or strike period by paying contributions plus interest within one year of the end of the leave or strike, or by paying full actuarial value thereafter. The allowable service, parental leave, extended leave, medical leave, and family leave provisions are revised to reference this procedure. With the addition of this procedure Chapter 354 (TRA), the service credit purchase for strike periods provision in Chapter 356 is revised to no longer apply to TRA. *Laws 2007, Ch. 134, Art. 2, Sec. 31-35, and 41-42. Source: H.F. 79 (Thissen); S.F. 56 (Betzold), and amendment to H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*
9. Payment Procedure Using Pre-Tax Transfers. If a payment is made to TRA to receive service credit under a TRA general or special law, or under a combined service annuity refund repayment, and if the payment is made with a pre-tax asset transfer, payment can be received by TRA up to 90 days beyond the due date provided that the authorization for the transfer has been

received by the third party administrator by the due date, and if the payment includes interest at 0.708 percent per month (equivalent to 8.5 percent interest per year) from the due date through the end of the month in which TRA receives payment. Under prior TRA law, this process only applied to payments made under extended leaves of absence. *Laws 2007, Ch. 134, Art. 2, Sec. 36. Source: H.F. 79 (Thissen); S.F. 56 (Betzold)*

10. Modification of Accelerated Annuity Provision. TRA's accelerated annuity provision is modified to recognize that normal retirement age for Social Security purposes will differ from age 65 for teachers first hired after June 30, 1989. *Laws 2007, Ch. 134, Art. 2, Sec. 37. Source: H.F. 79 (Thissen); S.F. 56 (Betzold)*
11. Correction of Bounce-Back Annuity Provision. A 2006 revision made to TRA's bounce-back provision is corrected by reinstating language requiring that if the death occurred more than one year ago, the bounce-back will not occur earlier than the first of the month following one year before the date on which TRA received notice of the death. *Laws 2007, Ch. 134, Art. 2, Sec. 38. Source: H.F. 79 (Thissen); S.F. 56 (Betzold)*
12. Account Termination/Restoration Procedures. A section is created specifying that if an active or a deferred TRA member dies and there is no surviving spouse or other beneficiary, or these individuals cannot be located within five years after the death, any assets relating to the deceased employee belong to the TRA fund. However, if a surviving spouse or other beneficiary later contacts TRA and establishes a right to a survivor annuity, death refund, or other benefit, assets will be restored to pay the benefit. *Laws 2007, Ch. 134, Art. 2, Sec. 39. Source: H.F. 79 (Thissen); S.F. 56 (Betzold)*
13. Disability Benefit Computation Procedure Clarification. The disability benefit computation provision is clarified by stating that the annuity will be computed under the laws in effect on the last day for which salary is paid, rather than the date on which the disability application is received. *Laws 2007, Ch. 134, Art. 2, Sec. 40. Source: H.F. 79 (Thissen); S.F. 56 (Betzold)*
14. Revised Chapter 356 Spousal Notification Requirements. TRA can send notice to a retiring member's spouse regarding optional annuities "before or upon" the member's election of an annuity form, rather than before that election. *Laws 2007, Ch. 134, Art. 2, Sec. 44. Source: H.F. 79 (Thissen); S.F. 56 (Betzold)*
15. Special Law Provision: Sabbatical Leave Service Credit Purchase for a Minneapolis Teacher. A Minneapolis teacher with salary during the 2005-2006 school year (prior to the MTRFA/TRA consolidation) which is less than full-time equivalent salary due to reduced salary related to a sabbatical leave arrangement, is authorized to make an additional contribution equal the sum of the MTRFA employee, employer, and employer additional contributions (totaling 13.64 percent) applied to the difference between the actual salary and the full-time equivalent salary, with 8.5 percent interest. Authority to make the purchase expires on June 30, 2008. *Laws 2007, Ch. 134, Art. 12, Sec. 4. Source: H.F. 1783 (Faust); S.F. 948 (Lourey)*
16. Repealer. Section 354.49, Subd.5, a TRA provision which allowed forfeiture to the fund if a teacher has stopped providing teaching service and fails to apply for a refund within five years and the amount contributed to the fund is under \$500, but if the teacher returns to service and the forfeited amount exceeds \$5, the amount would be restored, is repealed. *Laws 2007, Ch. 134, Art. 2, Sec. 50. Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)*

D. First Class City Teacher Plans

Duluth Teachers Retirement Fund Association (DTRFA)

St. Paul Teachers Retirement Fund Association (SPTRFA)

1. SPTRFA Termination of Supplemental Contribution Provision Clarification. The MTRFA/SPTRFA termination of supplemental contribution provision is clarified. *Laws 2007, Ch. 134, Art. 1, Sec. 7. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
2. Temporary Revision in SPTRFA Post-Retirement Adjustment Determination: Demonstration Project, Supplemental Actuarial Report, and Commission Study. Notwithstanding existing law, for a two-year period the SPTRFA post-retirement adjustment will match inflation up to 2.5 percent, or up to 5 percent if both the annual and the five-year average investment returns are at least 8.5 percent. No further increase based on investment performance is payable. The STRFA

is required to have a supplemental actuarial valuation prepared as if the temporary post-retirement adjustment mechanism were permanent. The Legislative Commission on Pensions and Retirement is mandated to study and report by January 15, 2009, on the SPTRFA experience under the pilot program and any post-retirement adjustment proposals from other retirement plans. *Laws 2007, Ch. 134, Art. 7, Sec 1-2. Source: Senate floor amendment related to H.F. 2341 (Thissen, by request); S.F. 1892 (Pappas)*

3. Repealer: SPTRFA Administrative Expense Assessment and Obsolete Benefit Transition Provision. Section 354A.12, Subd. 3d, the SPTRFA administrative expense assessment which required the SPTRFA to assess its members if SPTRFA administrative expenses exceeded TRA administrative expenses as a percentage of pay, and Section 354A.29, Subd. 6, an obsolete SPTRFA post-retirement benefit transition provision, are repealed. *Laws 2007, Ch. 134, Art. 7, Sec. 3. Source: H.F. 2341 (Thissen, by request); S.F. 1892 (Pappas)*

E. Minneapolis Employees Retirement Fund (MERF)

1. Definition of Salary. A salary definition is added that includes amounts withheld from an employee's wages as a contribution to a union pension plan. *Laws 2007, Ch. 134, Art. 8, Sec. 1. Source: H.F. 1313 (Thissen); S.F. 1141 (Betzold)*
2. Investment Authority Expanded to Permit Investing Through SBI. MERF is allowed to invest assets with the State Board of Investment under the Minnesota Combined Investment Fund under Section 11A.14, or in fixed income pools or in a separately managed account at the discretion of SBI in the Minnesota Supplemental Investment Fund under Section 11A.17. *Laws 2007, Ch. 134, Art. 8, Sec. 2. Source: H.F. 1313 (Thissen); S.F. 1141 (Betzold)*
3. Use of Interest-Bearing Promissory Notes Permitted. If the MERF Deposit Accumulation Fund has insufficient assets to cover a required transfer to the Retirement Benefit Fund or Disability Benefit Fund upon the disability or retirement of a MERF member, the city may give the Retirement Benefit Fund of Disability Fund, as applicable, an interest-bearing promissory note rather than contributing sufficient additional assets to cover the transfer. The interest on the notes will be five percent plus the inflation rate (i.e., a real interest rate of five percent). Any revenue the Deposit Accumulation Fund subsequently receives must be transferred to the Retirement Benefit Fund or Disability Fund and applied against any interest due and then to outstanding principal. Section 422A.101, Subd. 4, requiring Minneapolis to immediately provide sufficient cash to cover transfers, is repealed. Effective July 1, 2006, but requires local approval. *Laws 2007, Ch. 134, Art. 8, Sec. 3-8. Source: H.F. 1313 (Thissen); S.F. 1141 (Betzold)*
4. State Contribution to MERF Provision Revised. The state contribution to MERF language is revised by requiring contribution amounts in excess of the maximum annual state contribution, \$9 million, to be covered by MERF employing units, rather than requiring MERF employing units to cover those amounts only if the required contribution exceeded \$11,910,000. *Laws 2007, Ch. 134, Art. 8, Sec. 7. Source: H.F. 1313 (Thissen); S.F. 1141 (Betzold)*
5. Coverage Continuation: MERF Members in Library Merger. This provision was in a Minneapolis Public Library/Hennepin County Public Library merger bill. Minneapolis employees with MERF coverage who are transferred from city employment to Hennepin County employment due to the merger of Minneapolis and Hennepin County libraries may continue in MERF if the city agrees to "indemnify Hennepin County for any and all unfunded liabilities of the Minneapolis Employees Retirement Fund related to these transferring participants." *Laws 2007, Ch. 121, Art. 1, Sec. 6. Source: H.F. 1973 (Carlson); S.F. 1812 (Rest)*

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

Removal of MTRFA Reference. The defined benefit plan coverage option for MnSCU technical college faculty members is corrected by eliminating a reference to the former Minneapolis Teachers Retirement Fund Association (MTRFA). *Laws 2007, Ch. 134, Art. 1, Sec. 9. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*

G. Local Police and Paid Fire Relief Associations

Minneapolis Police Relief Association

Clarification/Ratification of Past Surviving Spouse Benefit Payments. For surviving spouses of retired or deferred pensioners, the benefit is eight units per month, rather than six, plus an additional unit for each year of service in excess of five years, to a maximum of 23 units. Past overpayments in excess of amounts stated in law at the time, but which are consistent with the revised provision, are ratified.

Laws 2007, Ch. 134, Art. 9, Sec. 1. Source: H.F. 1941 (Kahn); S.F. 2036 (Larson)

Minneapolis Fire Relief Association

Increased 13th Check Distribution. The asset value available for distribution as a thirteenth check is increased from one-half of one percent to one percent of relief association assets. Requires local approval. *Laws 2007, Ch. 134, Art. 9, Sec. 2. Source: H.F. 2453 (Thissen); S.F. 2258 (Larson)*

Thief River Falls Police Trust Fund

Post Retirement Increase for Surviving Spouses. Surviving spouses shall receive a 3.5 percent increase on January 1, 2008, with the total monthly benefit not to exceed \$640 per month. Requires local approval. *Laws 2007, Ch. 134, Art. 11, Sec. 10. Source: Nelson Amendment*

H. Volunteer Fire Relief Associations

1. Definition of Qualified Recipient Clarified. "Qualified recipient" for a supplemental volunteer fire pension benefit is clarified to be a retiring volunteer firefighter, not a surviving spouse. *Laws 2007, Ch. 134, Art. 10, Sec. 1. Source: H.F. 1976 (Murphy, M.); S.F. 425 (Betzold)*
2. Clarification of Payment of Supplemental Survivor Benefit Provision. The supplemental benefit payment provision is revised by clarifying that survivors of deceased active or deferred volunteer fire fighters are eligible for a survivor supplemental benefit but not a qualified recipient supplemental benefit. *Laws 2007, Ch. 134, Art. 10, Sec. 2. Source: H.F. 1976 (Murphy, M.); S.F. 425 (Betzold)*
3. Expansion of State Reimbursement Provision. The Department of Revenue requirement to reimburse volunteer fire special relief association for payment of supplemental benefits is expanded to include reimbursement of supplemental benefits paid to survivors of deceased active or deferred volunteer firefighters. *Laws 2007, Ch. 134, Art. 10, Sec. 3. Source: H.F. 1976 (Murphy, M.); S.F. 425 (Betzold)*

II. GENERAL PENSION PROVISIONS

This section summarizes provisions applying to all pension plans or to miscellaneous plan groupings.

1. Correction of Cross-Reference in Limited List Investment Authority Provision. A cross-reference to registration of investment advisors is corrected in the limited list authorized investment provision, Section 356.A.06, Subd. 6. *Laws 2007, Ch. 134, Art. 1, Sec. 11. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
2. Revision of MSRS/PERA Combined Payment of Retirement Annuities Provision. Section 356.405, the MSRS/PERA combined payment of annuities provision, is modified by requiring that the separate payment from one of the plans would have been under \$250 per month to qualify for this treatment and by requiring that the individual select either an identical joint-and-survivor annuity from each plan or a single-life annuity from each plan to receive this treatment. The existing law requirements that each fund must be compensated for future mortality gains or losses, that there be no net liability realized by either plan, and that the retiree must agree in writing for this treatment, are removed. *Laws 2007, Ch. 134, Art. 2, Sec. 43. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*
3. Comprehensive Employment Training Act (CETA) Service Credit Purchase. Members of any defined benefit plans included under the combined service annuity provision who were in subsidized CETA programs without pension coverage and who later became employed in unsubsidized employment covered by one of the included public pension plans are authorized to purchase service credit at full actuarial value for the CETA time in the plan that provided that later coverage, but the purchased service credit cannot be used to entitle the individual to benefit provisions applicable only to pre-

July 1, 1989, hires. The provision expires on June 30, 2009. *Laws 2007, Ch. 134, Art. 2, Sec. 45.*
Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)

4. New Section 356.98: Allocation of Receivables. This new section provides a way to allocate amounts owed to pension funds from closed or dissolved employing units when more than one pension fund has amounts owed to it and the available assets are insufficient to cover the full amounts due. Available amounts will be applied first to employee contributions, second to employer contributions, and third to interest due. If at any stage in the allocation process the available amount is insufficient to fully cover the obligations, the remaining available payment amount must be prorated among the applicable plans based on each plan's share of combined covered payroll. *Laws 2007, Ch. 134, Art. 2, Sec. 46.* *Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)*
5. Repealer. Section 356.90, a provision identical to Section 356.405, an MSRS/PERA combined payment of retirement annuity provision, is repealed. *Laws 2007, Ch. 134, Art. 2, Sec. 50.* *Source: H.F. 889 (Murphy, M., by request); S.F. 296 (Betzold)*
6. Recodification of MSRS and TRA Appeals Process, and Extension to PERA. The current MSRS and TRA pension plan appeal provisions are recodified as a uniform provision, and the new provision will also apply to PERA. The existing MSRS appeals provision (Section 352.031) and similar TRA provision (Section 354.071) are repealed. *Laws 2007, Ch. 134, Art. 6, Sec. 2.* *Source: H.F. 126 (Murphy, M.); S.F. 7 (Betzold)*

The process has the following elements:

- Right of Review. An opportunity to have plan administrative decisions reviewed by the governing body of the plan;
 - Notice of Adverse Determination. The provision of a notice of the reasons for an adverse determination and of the appeals process whenever there is a benefit denial, modification, or termination;
 - Submission of Relevant Materials. An opportunity for a plan member to submit relevant materials in connection with a review;
 - Hearing Appearance. An opportunity to appear at the board review hearing;
 - Decision on the Record. A board decision on the review request based on the record; and
 - Right of Subsequent Court of Appeals Review. Board review determination appeal to the State Court of Appeals.
7. Standards for Actuarial Work Requirement. The Commission's Standards for Actuarial Work document, which has application for nearly all public defined benefit pension plans, must not contain a valuation requirement inconsistent with generally accepted accounting principles applicable to government plans. *Laws 2007, Ch. 134, Art. 11, Sec. 1.* *Source: Senate Government Operations Committee Amendment*
 8. PERA Staff Added to State Post-Retirement Option. PERA is added as an employing unit covered by the state post-retirement option. That option, specified in Minnesota Statutes, Section 43A.346, allows state and Metropolitan Council employees who retire with an unreduced annuity to return to work with their employer at half-time or less, under an agreement with one-year duration, which is renewable for no more than five years. While in the program, the individual is exempt from any annuity reduction or redirection due to reemployment that might otherwise apply. *Laws 2007, Ch. 134, Art. 11, Sec. 4.* *Source: H.F. 2128 (Murphy, M., by request); S.F. 1760 (Betzold)*
 9. "Rule-of-90" Clarification for Post-Retirement Option Program. Language is added to the state post-retirement option program specifying that a "Rule of 90" retirement is an unreduced retirement annuity for purposes of qualifying for the state post-retirement option program. *Laws 2007, Ch. 134, Art. 11, Sec. 5.* *Source: H.F. 2128 (Murphy, M.); S.F. 1760 (Betzold)*
 10. Special Law Provision: Annuity Back Payments for Delayed PERA-General/MSRS-General Combined Service Annuitant. A retired individual with Clearwater County employment covered by PERA-General in 1968, 1969, and 1970, and state employment covered by MSRS-General from 1970-2004 is authorized to have annuities recomputed due to the combined service annuity provision (Section 356.30), with back payments, to correct the consequences of any negligence or error by the plan administrations in failing to promptly implement a combined service annuity. *Laws 2007, Ch. 134, Art. 12, Sec. 3.* *Source: H.F. 1779 (Sailer); S.F. 1626 (Skoe)*

11. Advisory Council Expiration. Laws governing advisory councils or committees are revised. Under Minnesota Statutes, Section 15.059, Subd. 5, a provision governing advisory councils and committees, an advisory council or committee expires on the date specified in law establishing the group, or on June 30, 2009 (rather than 2003), whichever is sooner. This provision “applies whether or not the law establishing the group provides that the group is governed by this section.” This chapter of 2007 law removes or repeals PERA authority to create an advisory committee to assist in governing the Public Employees Defined Contribution Plan, an advisory group for the MSRS Health Care Savings Plan, and an advisory committee to advise SBI and MnSCU on the operation of the Higher Education IRAP program and Supplemental Retirement Plan. In 2009, presumably this section would cause the SBI Investment Advisory Committee to expire unless action is taken to ensure it remains in law. *Laws 2007, Ch. 133, Art. 1; Art.2, Sec. 12-13, and Art.3, Sec. 2-3. Source: H.F. 1340 (Tingelstad); S.F. 1377(Rest)*

III. MISCELLANEOUS PROVISIONS

This section covers miscellaneous legislation which may impact plan active members or retirees, but which does not clearly fall into the domain of pension plan legislation.

1. MSRS Health Care Savings Plan Revised by Adding Non-Garnishment Provision. The MSRS Health Care Savings Plan provision, Section 352.98, is revised by adding a non-garnishment provision. *Laws 2007, Ch. 134, Art. 2, Sec. 9. Source: H.F. 1139 (Murphy, M., by request); S.F. 629 (Betzold)*
2. Public Safety Insurance Withholding. Any Minnesota public plan with public safety employees is authorized to withhold health, accident, and long-term care insurance premiums from the individual’s monthly annuity for direct transmission to an insurance provider. Eligible employees are public safety officers who are disabled or who retired at or after the plan’s normal retirement age without any deferral period. Having the premiums withheld and transmitted to the insurance provider by the pension fund permits the retired or disabled officer to have the premiums excluded from income for federal tax purposes. *Laws 2007, Ch. 134, Art. 11, Sec. 8. Source: H.F. 31 (Mullery); S.F. 31 (Metzen)*
3. Early Retirement Incentive Codified and Extended to 2009. The 2006 early retirement incentive (Laws 2006, Ch. 271, Art. 3, Sec. 43) is codified as Section 356.351 and extended to 2009, with certain eligibility and other provision changes. Rather than being limited to executive and legislative branch state employees, MnSCU and school districts, the program is expanded to include employers with employees (other than elected officials) covered by any plan included in the combined service annuity provision (the MSRS-Unclassified Program, plus all Minnesota public defined benefit plans that base benefits on the high-five average salary). An eligible employing unit is one that is experiencing layoffs or reorganization. Approval to provide an incentive, which is an amount not to exceed \$17,000, must be obtained from the Department of Finance or applicable governing board. If offered, the incentive amounts must be used in a manner authorized by the employer, which may include making a deposit in the MSRS Health Care Savings Plan account or purchasing service credit in the plan that provides coverage for the eligible individual. Individuals who accept an incentive and retire under this program are prohibited from being rehired as an employee or consultant for three years, although service as a substitute teacher is exempted. The Commissioner of Employee Relations, the Commissioner of Education, and the Chancellor of MnSCU must report by August 1, 2008, and annually thereafter, to the Legislative Commission on Pensions and Retirement and various legislative committees on program utilization and salary savings. *Laws 2007, Ch. 134, Art. 11, Sec. 11. Source: H.F. 2079 (Murphy, M.); S.F. 1841 (Pogemiller)*
4. Ambulance Service Personnel Longevity Award and Incentive Program Renamed. The Ambulance Service Personnel Longevity Award and Incentive Program is renamed the Cooper/Sams Volunteer Ambulance Award Program. *Laws 2007, Ch. 11, Sec. 1. Source: H.F. 736 (Huntley); S.F. 636 (Metzen)*
5. Ambulance Service Personnel Longevity Award and Incentive Program Funding Revisions. The Ambulance Service Personnel Longevity Award and Incentive Program open and standing appropriation, \$900,000 annually from the excess police state aid holding account, is removed. For fiscal years 2008 and 2009, annual appropriations of \$700,000 per year will be made from the State General Fund to that program, but in fiscal year 2008, \$800,000 will be transferred from the ambulance service personnel longevity award and incentive trust to the general fund, creating a net negative \$100,000 appropriation for that year. *Laws 2007, Ch. 147, Art. 19, Sec. 7, 13. Source: H.F. 1078 (Huntley); S.F. 967 (Berglin)*
6. Duluth Accounts Established for Post Employment Benefits and Other Purposes. The City of Duluth and the State Board of Investment are authorized to create an account or accounts in the SBI Combined Investment Funds for the City of Duluth. The account’s assets can be used for debt service

payments for city street improvements and for other uses to be determined by the city. PERA is authorized to administer an irrevocable trust account for the city to cover health care costs of retired Duluth employees. *Laws 2007, Ch. 14. Source: H.F. 163 (Huntley); S.F. 60 (Prettner Solon)*

7. Voluntary Unpaid Leave Provision Extended. Minnesota Statutes, Section 43A.49 (which allowed state employees take voluntary unpaid leaves while continuing to accrue vacation and sick leave, retain insurance benefits, and accrue service and salary credit in the applicable pension plan, for leaves occurring between June 2005 and 2007), is revised to apply to leaves between June 1, 2007, and June 30, 2009. *Laws 2007, Ch. 35, Sec. 3. Source: H.F. 1267 (Morgan); S.F. 1236 (Michel)*
8. Joint Powers "Government Unit" Definition Revised to Include Non-Profit Firefighting Corporations. A municipal joint exercise of powers provision, Minnesota Statutes, Section 471.59, which allows governmental units to enter into cooperative agreements, is revised by expanding the definition of "governmental unit," for purposes of this section, to include independent nonprofit firefighting corporations. *Laws 2007, Ch.43, Sec. 1. Source: H.F. 465 (Kranz); S.F. 321 (Betzold)*
9. Salary Increase for MSRS, PERA, and TRA Executive Directors. The salary increases proposed by the Legislative Coordinating Commission Subcommittee on Employee Relations for the MSRS, PERA, and TRA Executive Directors, are ratified. *Laws 2007, Ch. 63. Source: H.F. 1598 (Lillie); S.F. 1073 (Scheid)*
10. Open Meeting Law Revision Regarding Medical Records. The open meeting law is revised by explicitly authorizing meetings to be closed when medical records are discussed. *Laws 2007, Ch. 110, Sec. 2. Source: H.F. 1303 (Wolti); S.F. 1165 (Olseen)*
11. SBI Report on Investment Consultant Activities and Deliverables. Annually on or before November 1, the State Board of Investment must file a report with the Legislative Reference Library on the work product of consultants used by SBI. The report must include the total contract fee, description of projects on which the consultant worked, and examples of the written consultant work product. *Laws 2007, Ch. 148, Art. 2, Sec. 7. Source: H.F. 548 (Simon); S.F. 471 (Betzold)*
12. Sudan Investments: SBI. The State Board of Investment is required to identify companies doing business with the government of Sudan. Those that have any active connection with harming marginalized populations of Sudan are to be notified that SBI may divest of the company after 90 days if harmful activities do not cease. *Laws 2007, Ch. 117. Source: H.F. 1332 (Clark); S.F. 1075 (Pappas)*

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