



TO: Members of the Legislative Commission on Pensions and Retirement  
FROM: Rachel Thurlow, Deputy Director  
RE: Summary of 2015 Legislative Session Pension Legislation  
DATE: October 1, 2015

This memo summarizes the 2015 legislative session pension provisions. Most were contained in the Omnibus Retirement Bill, which was passed as Laws 2015, Chapter 68. Other provisions appeared in a Revisor of Statutes technical corrections bill, a special session education bill, a public safety bill, and other miscellaneous legislation.

The memo is divided into three major sections:

- I. **General Pension Provisions** summarizes pension legislation applying to all public plans or to miscellaneous plan groupings.
- II. **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 retirement plans, local police and paid fire retirement plans, or volunteer firefighter retirement plans.
- III. **Miscellaneous Provisions** mentions legislation which is not related directly to pension plan law but which is of interest to Commission members and public sector retirees.

## I. GENERAL PENSION PROVISIONS

This portion of the memo summarizes provisions applying to all pension plans or to various plan groups.

1. Interest, Salary, and Payroll Growth Assumption Revisions. *Application: MSRS defined benefit plans, PERA defined benefit plans, and SPTRFA.* Effective July 1, 2015, the interest rate actuarial assumption for the affected retirement plans was revised from the current 8% select (Fiscal Year 2012 through Fiscal Year 2017) and 8.5% ultimate interest rate, to a single 8% interest rate assumption, the future salary increase actuarial assumption was reduced by 0.25% for all ages/years of service and the future payroll growth actuarial assumption was reduced by 0.25%.  
– *Laws 2015, Ch. 68, Art. 1, Sec. 1. HF 660 (O’Driscoll); SF 613 (Pappas)*
2. Conforming Changes in Leave and Prior Service Credit Purchase Provisions Related to Interest Assumption Change. The interest rate for various service and salary credit purchases, salary deductions and contributions, and refund repayments was revised by setting two rates, 8.5% interest must be paid on any purchases made before July 1, 2015, and 8% must be paid thereafter. The specific provisions are:
  - a. General service credit purchases (*all MSRS plans, all PERA plans, SPTRFA*);
  - b. Strike period service credit purchases (*all MSRS plans, all PERA plans, SPTRFA*);
  - c. Service/salary purchases from back pay awards (*all MSRS plans, all PERA plans, SPTRFA*);
  - d. Worker’s compensation salary credit purchases (*MSRS-General, MSRS-Correctional, SPTRFA*);
  - e. Erroneous employee or employer salary deductions/contributions (*MSRS-General, MSRS-Correctional, PERA defined benefit plans*);
  - f. Employer omitted salary deduction payments (*MSRS-General, MSRS-Correctional, PERA defined benefit plans*);
  - g. Employer interest rate on any amounts due (*PERA defined benefit plans*);

- h. Refund repayments (*all MSRS plans, all PERA plans, SPTRFA*);
  - i. Authorized leave of absence service credit purchases (*MSRS-General, MSRS-Correctional, Judges, State Patrol, PERA defined benefit plans*);
  - j. Military leave service credit purchases (*MSRS-General, MSRS-Correctional, Judges, State Patrol, PERA defined benefit plans, SPTRFA*);
  - k. Salary reduction credit purchases (*PERA defined benefit plans*);
  - l. Periodic, repetitive leave service credit purchases (*PERA defined benefit plans*);
  - m. Transfers of service credit from MSRS-General (*MSRS-Correctional*);
  - n. Authorized disability service credit purchases (*State Patrol Plan*);
  - o. Prior service credit purchases and service contribution transfers (*MSRS-Unclassified*); and
  - p. Authorized medical leave of absence service credit purchases (*SPTRFA*).
- *Laws 2015, Ch. 68, Art. 2, Sec. 1-15; Art. 3, Sec. 1-15. HF 660 (O’Driscoll); SF 613 (Pappas)*
3. Clarification of General Post-Retirement Adjustment Waiting Period. *Application: All statewide plans.* The post-retirement-adjustment waiting period was revised by clarifying the minimum benefit receipt periods to receive the initial post-retirement adjustment.
- *Laws 2015, Ch. 68, Art. 4, Sec. 4-6, 8-10. HF 565 (O’Driscoll); SF 519 (Pappas)*
4. Contribution Rate Stabilizer and Reporting Provisions Revisions.
- a. Contribution Rate Stabilizer Provisions Revisions. (*MSRS-General, MSRS-Correctional, State Patrol Plan, PERA-General*) The contribution rate stabilizer provisions were revised by making changes in contribution rates permissive rather than mandatory, giving the Board of Directors or the Board of Trustees, as applicable, the discretion to decide if a change is necessary, specifying criteria the Board should consider in making that decision, and removing specific increase or decrease increments.
  - b. Contribution Rate Stabilizer Provision Revisions. (*TRA*) The contribution adjustment provision was revised to provide the TRA Board of Trustees, not the executive director, discretion in determining when employee and employer contribution rates may be adjusted with revised guidelines. Specifically, rates may be decreased if there is a contribution sufficiency greater than 1% of covered payroll in one year, rather than two consecutive years, or increased if there is a contribution deficiency equal to or greater than .25% of covered payroll in one year, rather than two consecutive years. The revised language provides the Board of Trustees complete discretion in determining the contribution rate adjustment so long as any decrease in contributions is not less than normal costs plus administrative expenses. The Board of Trustees must consult with an actuary to determine if an adjustment should be made and must take into consideration specific factors.
  - c. Contribution Rate Stabilizer Reporting Provision Revision. (*TRA*) The contribution adjustment reporting requirements were revised to remove references to the TRA executive director now that the Board of Trustees has the discretion to change contribution rates.
- *Laws 2015, Ch. 68, Art. 5, Sec. 1-4. HF 566 (O’Driscoll); SF 518 (Pappas)*
5. Social Security Coverage Declaration of Policy Provision Revisions. *Application: All plans.* The declaration of policy provision to obtain Social Security coverage was revised by stating that the cost of any Social Security referendum must be covered by the affected governmental subdivision, a member who initially did not desire coverage may be transferred to the division that elected coverage by filing a written transfer request with the PERA executive director, and adding specific Social Security exclusion references to the PERA-P&F and State Patrol plans.
- *Laws 2015, Ch. 68, Art. 12, Sec. 37. HF 285 (O’Driscoll); SF 55 (Pappas)*
6. Proportionate Retirement Annuity Provision Revision. *Application: All plans other than those covering elected officials.* The proportionate retirement annuity provision was revised by adding a six-months of

allowable service vesting requirement, clarifying the age requirement, and requiring at least one year of service rather than at least one year but less than ten years of service.

– *Laws 2015, Ch. 68, Art. 12, Sec. 38. HF 285 (O’Driscoll); SF 55 (Pappas)*

7. Internal Revenue Code Compliance Provision Revisions. *Application: All plans.*

d. Military Service. The Internal Revenue Code military service subdivision compliance provision was revised by clarifying that survivor benefits rights for survivors of a member who died on active military service must be consistent with the Uniformed Services Employment and Reemployment Rights Act, including entitlement to any additional benefits the member would have received had they resumed employment and then died, and counting the member’s qualified military service for vesting purposes. The revisions apply to deaths occurring after December 31, 2007.

e. Benefit Limitations. The Internal Revenue Code Compliance provision was revised by adding a new subdivision on benefit limitations specifying how, for purposes of applying benefit limitations required by the IRC, any benefit is to be adjusted to its actuarially equivalent single life annuity amount for compliance determination purposes. Retroactively effective from January 1, 2005.

– *Laws 2015, Ch. 68, Art. 12, Sec. 40-41. HF 285 (O’Driscoll); SF 55 (Pappas)*

8. Actuarial Reporting Law Approved Actuary Definition Revision. *Application: All plans.* The definition of “approved actuary” in Minnesota Statutes, Section 356.215, Subd. 1, was revised to include both an individual actuary and actuarial firms.

– *Laws 2015, Ch. 68, Art. 13, Sec. 44. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

9. Definitions of "Approved Actuary" Replaced with Cross-References. *Application: All statewide plans.* The substantive definitions of “approved actuary” were replaced with cross-references to the definition of “approved actuary” in Minnesota Statutes, Section 356.215, Subdivision 1, Paragraph (c).

– *Laws 2015, Ch. 68, Art. 13, Sec. 2, 18, 26, 40. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

10. Local Elected Officials Deferred Compensation Provision Revisions. *Application: All plans.* The provision allowing local elected officials to participate in deferred compensation plans was revised by adding a cross-reference to the PERA Defined Contribution Plan and permitting them to participate in any approved deferred compensation plan under Minnesota Statutes, Section 356.24.

– *Laws 2015, Ch. 68, Art. 13, Sec. 46. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

11. Elimination of Obsolete References in Minnesota Statutes, Chapter 356. *Application: All plans.* The following statutes had obsolete references removed:

<u>Section</u>	<u>Provision</u>
356.215, Subd. 1	Actuarial assumption change; eliminates an obsolete pre-2010 assumption change procedure
356.40	Annuity payment date; eliminates an obsolete internal effective date
356.407, Subd. 1	Survivor benefit restoration; eliminates an obsolete 1975 provision
356.415, Subd. 1	Post-retirement adjustment rate; eliminates an initial effective date
356.431	Lump-sum conversion; eliminates an obsolete 2001 internal effective date and clarifies a cross-reference
356.62	Payment of employee contribution; eliminates obsolete 1982 and 1992 dates

– *Laws 2015, Ch. 68, Art. 13, Sec. 45, 47-49, 54-55. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

12. Instructions to the Revisor. *Application: MSRS, PERA, & TRA.* The Revisor of Statutes was directed to update section or subdivision headnotes in Minnesota Statutes, Chapters 352, 353, and 354.

– *Laws 2015, Ch. 68, Art. 13, Sec. 64. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

13. Repealer. Various obsolete provisions applicable to MSRS, PERA, TRA, the first class city retirement plans, Minnesota Statutes, Chapter 356, and volunteer firefighter relief associations were repealed.

– *Laws 2015, Ch. 68, Art. 13, Sec. 65. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

## II. FUND-SPECIFIC LEGISLATION

### B. Plans Governed by the Minnesota State Retirement System (MSRS)

#### Provisions Applicable to Multiple MSRS Plans

1. Post-Retirement Adjustment Provision Revisions and Clarifications.
  - a. MSRS-General, MSRS-Correctional, Legislators Plan, and MSRS-Unclassified. The post-retirement adjustment provision was revised to include an automatic trigger to reduce the post-retirement adjustment, if financial stability is restored, from 2.5% to 2% if the market value of assets funding ratio falls below 85% for two consecutive actuarial valuations or below 80% for the most recent actuarial valuation, to clarify the minimum benefit receipt periods to receive the initial post-retirement adjustment, to eliminate an obsolete initial effective date, and to clarify that the two prior consecutive actuarial valuation requirement to receive an adjustment applies to the Legislators Plan.  
– *Laws 2015, Ch. 68, Art. 4, Sec. 5; Art. 12, Sec. 39; Art. 13, Sec. 50. HF 565 (O’Driscoll); SF 519 (Pappas), HF 661 (O’Driscoll); SF 589 (Pappas), HF 1508 (O’Driscoll); SF 1398 (Pappas)*
  - b. State Patrol Plan. The post-retirement adjustment provision was revised by adding clarifying language regarding the minimum benefit receipt periods to receive the initial post-retirement adjustment and including an automatic trigger to reduce the post-retirement adjustment, if financial stability has been restored, to 1% if the market value of assets funding ratio falls below 80% for two consecutive actuarial valuations or below 75% for the most recent actuarial valuation, and the post-retirement adjustment rate provision was revised by eliminating a past initial effective date for adjustments in the post-retirement rates.  
– *Laws 2015, Ch. 68, Art. 4, Sec. 9. Source: HF 565 (O’Driscoll); SF 519 (Pappas)*
  - c. Judges Plan. The post-retirement adjustment provision was revised to provide clarifying language regarding the minimum benefit receipt periods to receive the initial post-retirement adjustment and by eliminating a past initial effective date for adjustments in the post-retirement rates.  
– *Laws 2015, Ch. 68, Art. 4, Sec. 10; Art. 13, Sec. 53. HF 565 (O’Driscoll); SF 519 (Pappas), HF 1508 (O’Driscoll); SF 1398 (Pappas)*

#### General State Employees Retirement Plan (MSRS-General)

1. MSRS-General Membership Inclusion Provision Revision. The definition of "state employee" was revised by including part-time employees who are not session-only employees and removing an obsolete reference to temporary investigation employees.  
– *Laws 2015, Ch. 68, Art. 11, Sec. 1. HF 1521 (Hoppe); SF 1373 (Pappas)*
2. Special Law: Seasonal Employee Service Credit Purchase. A person who was a seasonal employee for the Department of Revenue from 1988-1994 and was excluded from MSRS-General retirement plan coverage and unable to purchase this period of service credit under a 1997 law, was permitted to purchase service credit for the specified period. Since some of the service being purchased is for service before July 1, 1989, the employee has a right to retire under the Rule of 90. The service credit purchase amount is the full actuarial value amount.  
– *Laws 2015, Ch. 68, Art. 11, Sec. 6. HF 1114 (Hansen); SF 1342 (Metzen)*
3. Executive Branch Optional Exemption from Coverage Provision Clarification. The optional exemption from MSRS coverage for executive branch officials was revised by clarifying that the application for exemption must be in writing and by adding a cross-reference to MSRS-Unclassified.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 4. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

4. Return to Service After Refund Cross-Reference Addition. The return to service after refund provision was revised by replacing a general cross-reference to Chapter 352 with a specific cross-reference to Minnesota Statutes, Section 352.33.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 5. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
5. Limits on Refunds Provision Revisions. The limits on refunds provision was revised by separating the subdivisions for clarity and adding a cross-reference to Minnesota Statutes, Section 356.30, the combined service annuity provision.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 7. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
6. Repayment of Refunds after Termination of Rights Provision Revisions. The repayment of refunds after a member’s rights are terminated provision was revised by separating the subdivisions for clarity, adding clarifying language regarding instances when payments are made in lieu of salary deductions and the timing of interest on a refund repayment, and correcting a cross-reference to Minnesota Statutes, Section 352.01, Subdivision 11.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 9. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
7. Elimination of Obsolete References in Various MSRS-General statutes. The following MSRS-General statutes had obsolete references removed:

Section	Provision
352.01, Subd. 11	Allowable service credit provisions; eliminates pre-1957 and pre-1961 grandparenting
352.021, Subd. 1	Plan establishment and coverage; eliminates 1967 grandparenting membership provision
352.029, Subd. 2	Optional membership election provision; eliminates an obsolete internal effective date
352.22, Subd. 10	Other refunds; eliminates an obsolete past tense verb reference and corrects cross-reference to exclusion provision
352.75, Subd. 2	MTC-TOD plan consolidation; eliminates obsolete internal effective date

– *Laws 2015, Ch. 68, Art. 13, Sec. 1, 3, 6, 8, 10. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

### **Correctional State Employees Retirement Plan (MSRS-Correctional)**

1. Minnesota Specialty Health System-Cambridge Continued Coverage Clarification. The coverage provision for certain employees employed at the Minnesota Specialty Health System-Cambridge was revised by clarifying that to continue receiving coverage, the service must be in the direct care and treatment “of patients”, replacing the “service administration” language.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 1. HF 661 (O’Driscoll); SF 589 (Pappas)*

### **State Patrol Retirement Plan**

1. State Patrol Member Definition Clarification. The definition of “member” under the State Patrol Plan was revised by adding “Minnesota Statutes 2009” to Section 299C.04 to clarify that powers of arrest granted under that section were still applicable despite it being repealed.  
– *Laws 2015, Ch. 65, Art. 3, Sec. 15. HF 849 (Cornish); SF 878 (Latz)*
2. Disability Optional Annuity Election Clarification. The optional annuity election for disabilitants was revised by clarifying that the disabilitant must apply for an optional annuity within 90 days before reaching age 55 or within 90 days before the five-year anniversary of the disability.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 2. HF 661 (O’Driscoll); SF 589 (Pappas)*
3. Disability Benefit Termination Provision Revision. The disability termination provision was revised for a member whose disability benefits began to accrue after June 30, 2015 by terminating the disability benefit and transitioning to retirement at age 55 or the five year anniversary of the disability benefit, whichever is later, rather than at age 65.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 3. HF 661 (O’Driscoll); SF 589 (Pappas)*

4. Removal of Obsolete Reference in Allowable Service Definition. The “allowable service” definition was revised by removing an obsolete reference to a grandparenting clause for service credit purchases made with the pre-1961 State Patrol Officers Retirement Plan.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 12. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
5. Actions By or Against MSRS Governing Board Provision Clarification. The actions by or against the MSRS governing board provision was revised by adding clarifying language regarding the 1973 transfer of administration from the Patrol board to the MSRS board.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 13. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
6. Removal of Obsolete Reference in Payment of Pension Funds Provision. The payment of pension funds provision was revised by removing obsolete references to the Minnesota Post Retirement Investment Fund (Post Fund), which was terminated in 2008.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 14. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

### **Unclassified State Employees Retirement Program (MSRS-Unclassified)**

1. Part-Time Legislative Employee Plan Coverage Eligibility. The MSRS-Unclassified program coverage eligibility provision was revised to include part-time legislative employees and applies to any such employee employed at the time of enactment.  
– *Laws 2015, Ch. 68, Art. 11, Sec. 2. HF 1521 (Hoppe); SF 1373 (Pappas)*

### **Arson Investigators Plan**

1. Removal of Obsolete Reference in Coverage Election Provision. The coverage election provision was revised by removing an obsolete internal effective date reference.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 11. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

## **C. Plans Governed by the Public Employees Retirement Association (PERA)**

### **Provisions Applicable to Multiple PERA Plans**

1. Revisions of Definitions. Various definition provisions were revised, as follows:
  - a. “Salary” was revised by generalizing authorized leaves of absence references.
  - b. “Termination of public service” was revised by requiring a 30-day separation of employment from any governmental subdivision rather than the same governmental subdivision and permitting independent contractor work for another governmental subdivision within 30 days without affecting the validity of the retirement.
  - c. “Allowable service” was revised by removing obsolete Community Corrections Act language, updating references to various leave of absence provisions, and removing a three-month return-to-work requirement that was moved to another provision.
  - d. “Retirement” was revised by removing erroneous Board of Trustees authority language and changing the “separation from service” language to be consistent with the new requirements in the “termination of public service” definition.
  - e. “Volunteer firefighter” was revised by adding that allowable service credit now includes service the individual receives in the Statewide Firefighter Plan under Chapter 353G.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 4-8. HF 285 (O’Driscoll); SF 55 (Pappas)*
2. Leave of Absence Service Credit Purchase Subdivision Addition. (*PERA-General, PERA-Correctional, PERA-P&F*) A new subdivision was added to the leave of absence service credit purchase provision that requires an individual to return to public service for a minimum of three

months in order to purchase service credit for an authorized leave of absence. It is the three-month requirement that was removed from the “allowable service” definition.

– *Laws 2015, Ch. 68, Art. 12, Sec. 9. HF 285 (O’Driscoll); SF 55 (Pappas)*

3. Salary Credit Purchase for Periods of Reduced Salary Provision Revision. (*PERA-General, PERA-Correctional, PERA-P&F*) The salary credit purchase provision was revised by applying the 12-month purchase period restriction to all authorized leaves of absence, not just medical leave periods.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 10. HF 285 (O’Driscoll); SF 55 (Pappas)*
4. Board of Trustees Provision Revision. The Board of Trustees provision was revised by authorizing the Board to allow electronic signatures on applications and forms required by PERA.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 11. HF 285 (O’Driscoll); SF 55 (Pappas)*
5. Disability Determination Provision Revision. The medical advisor subdivision of the disability determination provision was revised by enabling PERA to use accredited, independent providers of disability determination services other than the Department of Health.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 12. HF 285 (O’Driscoll); SF 55 (Pappas)*
6. Disabilitant Restoration of Service Credit Provision Revision. (*PERA defined benefit plans*) The provision to restore service credit to disabilitants was revised by dividing the provision into paragraphs, clarifying that a purchase would also restore salary credit, and stating that after a disability occurs, only salary credit purchases associated with a period of reduced salary while receiving temporary workers’ compensation benefits is allowed.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 13. HF 285 (O’Driscoll); SF 55 (Pappas)*
7. Employer Exclusion Report Provision Revision. (*PERA defined benefit plans*) The employer exclusion report provision was revised by permitting either the department head or a designated representative to submit exclusion reports and removing the requirement that the department head had to certify the accuracy and completeness of the exclusion report.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 14. HF 285 (O’Driscoll); SF 55 (Pappas)*
8. Annuity Accrual Subdivision Revisions. (*PERA defined benefit plans*) The annuity accrual subdivision was revised by dividing the subdivision into paragraphs and reorganizing the language.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 15. HF 285 (O’Driscoll); SF 55 (Pappas)*
9. Continuing Eligibility for Disability Benefits Subdivision Revision. (*PERA defined benefit plans*) The continuing eligibility for disability benefits subdivision was revised by changing a reference to “vocational rehabilitation evaluation” to “vocational assessment.”  
– *Laws 2015, Ch. 68, Art. 12, Sec. 16. HF 285 (O’Driscoll); SF 55 (Pappas)*
10. Disability Benefit Post-Retirement Adjustment Eligibility Provision Revision. (*PERA defined benefit plans*) The post-retirement adjustment eligibility for disability benefits provision was revised by clarifying that when a person's status changes from disability to retirement, the retirement benefit includes all prior adjustments that occurred while the person was receiving a disability benefit.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 17. HF 285 (O’Driscoll); SF 55 (Pappas)*
11. Reemployed Annuitant Salary Maximum Provision Revision. (*PERA defined benefit plans*) The reemployed annuitant salary maximum provision was revised by removing an erroneous clause.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 18. HF 285 (O’Driscoll); SF 55 (Pappas)*

12. **Repealer.** The following sections of PERA statutes were repealed:

Section	Provision
353.025	Extends PERA coverage to employees of the Range Association of Municipalities and Schools; duplicates coverage provided elsewhere in PERA law
353.83	Additional payments to certain annuitants; no eligible individuals remain
353.84	1973 post-retirement increase provision; no eligible individuals remain
353.85	Optional benefits to survivors of members who died after 1973; no remaining benefit recipients
353D.03	Obsolete payments by former eligible elected officials

– *Laws 2015, Ch. 68, Art. 12, Sec. 42. HF 285 (O’Driscoll); SF 55 (Pappas)*

13. **Membership Exclusion Provision Revision.** The membership exclusion provision was revised by completing a cross-reference to the monthly earnings threshold subdivision.

– *Laws 2015, Ch. 68, Art. 13, Sec. 15. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

### **General Employees Retirement Plan (PERA-General)**

1. **Former Regional Development Commission Employee Coverage Inclusion.** The coverage inclusion provision was revised to grandparent in employees formerly employed by a regional development commission before January 1, 2016, and are subsequently employed by the Minnesota River Area Agency on Aging.  
– *Laws 2015, Ch. 68, Art. 11, Sec. 3. HF 1717 (Johnson, C.); SF 1791 (Rosen)*
2. **Minneapolis Park and Recreation Board Employee Coverage Exclusion.** The coverage exclusion provision was revised to exclude current Minneapolis Park and Recreation Board temporary trades employees who have shifted to permanent employees in favor of union pension coverage.  
– *Laws 2015, Ch. 68, Art. 11, Sec. 4. HF 1803 (Thissen); SF 1684 (Hayden)*
3. **Special Law: Implementing Trades Employee Exclusion.** Consistent with the above provision, the Minneapolis Park and Recreation Board trades employee coverage exclusion was ratified.  
– *Laws 2015, Ch. 68, Art. 11, Sec. 5. HF 1803 (Thissen); SF 1684 (Hayden)*
4. **Special Law: Purchase of Prior Service Credit, St. Paul Public School System.** A non-teaching active PERA-General member is permitted to purchase 11 months of service credit from PERA-General at the member contribution rate in 1993-1994 school year and St. Paul Public Schools must pay the remaining balance of the full actuarial value.  
– *Laws 2015, Ch. 68, Art. 11, Sec. 7. HF 477 (Mahoney); SF 580 (Hawj)*
5. **Special Law: Purchase of Prior Service Credit, Nashville Township.** An active PERA-General member is permitted to purchase service credit from PERA-General for the period of July 1, 1998 to July 1, 2010 and is responsible for paying the necessary member contributions, plus interest, and the Nashville Township is required to pay the remainder of the full actuarial value.  
– *Laws 2015, Ch. 68, Art. 11, Sec. 8. HF 1997 (Gunther); SF 1877 (Rosen)*
6. **Elimination of Obsolete References in Various PERA-General Statutes.** The following PERA-General statutes had obsolete references removed:

Section	Provision
353.01, Subd. 2b	Eliminates outdated MERF employee coverage provision
353.01, Subd. 16	Community Corrections Act: eliminates an unused 1973-1985 service credit portability provision
353.017, Subd. 2	Coverage election; eliminates an obsolete effective date
353.46, Subd. 2	Deferred annuitant rights; eliminates obsolete 1973 provision

– *Laws 2015, Ch. 68, Art. 13, Sec. 16-17, 19-20. HF 1508 (O’Driscoll); SF 1398 (Pappas)*



## **Provisions Related to the Full Consolidation of the MERF Division into PERA-General**

1. Continuation of Benefits for Former MERF Members Provision Revision. The continuation of benefits provision was revised by updating the language to provide continued benefits and obligations to former MERF members merged into PERA-General.  
– *Laws 2015, Ch. 68, Art. 14, Sec. 1. HF 1203 (O’Driscoll); SF 1139 (Pappas)*
2. Mandatory PERA Coverage Provision Revision. The mandatory PERA-General coverage provision was revised by including former MERF members in mandatory coverage and removing references to the MERF Division.  
– *Laws 2015, Ch. 68, Art. 14, Sec. 2. HF 1203 (O’Driscoll); SF 1139 (Pappas)*
3. MERF Definition Revision. The definition of “MERF” was revised by removing references to the MERF division and stating that it is fully merged into PERA-General.  
– *Laws 2015, Ch. 68, Art. 14, Sec. 4. HF 1203 (O’Driscoll); SF 1139 (Pappas)*
4. PERA-General Fund Disbursement Provision Revision. The provision allowing certain disbursements from the PERA-General fund was revised by including appropriated payments authorized by Minnesota Statutes 2008, chapter 422A, on behalf of MERF.  
– *Laws 2015, Ch. 68, Art. 14, Sec. 7. HF 1203 (O’Driscoll); SF 1139 (Pappas)*
5. PERA-General Contribution Requirements Provision Revision. The employee and employer contribution requirement determination provision was revised to require employer and state contributions made on behalf of former MERF members to be included in determining PERA-General contribution requirements.  
– *Laws 2015, Ch. 68, Art. 14, Sec. 8. HF 1203 (O’Driscoll); SF 1139 (Pappas)*
6. Annual MERF Member and Employer Contribution Requirements Provision Added. A new provision was added that sets, from July 1, 2015 through December 31, 2031, the required former MERF member contribution to 9.75% of salary, the employer regulation contribution to 9.75% of salary, and for calendar years 2015 and 2016, the employer supplemental contribution is the employing unit’s share of \$31 million and \$21 million for calendar years 2017 through 2031. The previous annual employer additional contribution of \$3.9 million was eliminated.  
– *Laws 2015, Ch. 68, Art. 14, Sec. 9. House St. Govt. Finance Amendment*
7. Applicable Law for Former MERF Member Refunds. The PERA-General refund provision was revised by requiring that former MERF member refunds are to be governed by Minnesota Statutes 2008, Chapter 422A.  
– *Laws 2015, Ch. 68, Art. 14, Sec. 10. HF 1203 (O’Driscoll); SF 1139 (Pappas)*
8. Salary Maximums Exemption for Former MERF Members. The PERA-General salary maximums provision was revised by excluding former MERF members from PERA’s salary maximums.  
– *Laws 2015, Ch. 68, Art. 14, Sec. 11. HF 1203 (O’Driscoll); SF 1139 (Pappas)*
9. Applicable Law for Former MERF Deferred Annuitants. The PERA-General rights of deferred annuitants provision was revised by requiring that deferred annuities for former MERF members be governed by Minnesota Statutes 2008, Chapter 422A.  
– *Laws 2015, Ch. 68, Art. 14, Sec. 12. HF 1203 (O’Driscoll); SF 1139 (Pappas)*
10. Benefits Established for Former MERF Division Members. The MERF Division benefits provision was revised by establishing benefits for individuals who were members of the former MERF Division before the full merger.  
– *Laws 2015, Ch. 68, Art. 14, Sec. 14. HF 1203 (O’Driscoll); SF 1139 (Pappas)*
11. Annual State Contribution Requirements Provision Revision. The provision requiring an annual state contribution to PERA-General on behalf of former MERF members was revised by setting the

required contribution for September 2015 and 2016 to \$6 million each year and \$16 million for each year after 2016 through September 2031.

– *Laws 2015, Ch. 68, Art. 14, Sec. 15. House Ways & Means Amendment*

12. Former MERF Member Exclusion from Social Security. The PERA definition of “public employee” was revised to exclude former MERF members in order to continue their exclusion from Social Security coverage.

– *Laws 2015, Ch. 68, Art. 14, Sec. 16. HF 1203 (O’Driscoll); SF 1139 (Pappas)*

13. Elimination of Obsolete References to MERF Division in PERA-General Statutes. On January 1, 2015, the MERF Division was fully consolidated into PERA-General. As a result, all references to the separate MERF Division were eliminated from various PERA and general pension plan statutes. The following statutes had obsolete references removed:

Section	Provision
353.01, Subd. 6	Definition for “governmental subdivision”
353.05	Fund management provision
353.06	Investment management provision
353.46, Subd. 6	Coordinated benefits computation provision
356.214, Subd. 1	Actuary retention provision
356.215, Subd. 11	Amortization target dates provision
356.30, Subd. 3	Combined service annuities provision
356.302, Subd. 7	Combined service disability benefits provision
356.303, Subd. 4	Combined service survivor benefits provision
356.32, Subd. 2	Proportionate retirement annuities provision
356.401, Subd. 3	Exemptions in legal processes provision
356.407, Subd. 2	Restoration of survivor benefits provision
356.415, Subd. 2	Annual post-retirement adjustments provision
356.461, Subd. 2	Computation of joint and survivor annuities provision
356.465, Subd. 3	Qualified supplemental needs trust provision
480.181, Subd. 2	Election to retain insurance and benefits when PERA-General employee transfers to judicial branch employment.

– *Laws 2015, Ch. 68, Art. 14, Sec. 3, 5-6, 13, 17-28. HF 1203 (O’Driscoll); SF 1139 (Pappas)*

14. Special Law: MERF Division Fully Merged into PERA-General. An uncoded provision states that the MERF Division and account are fully merged into PERA-General, resulting in the transfer of all title and interest from the MERF Division to PERA-General.

– *Laws 2015, Ch. 68, Art. 14, Sec. 29. HF 1203 (O’Driscoll); SF 1139 (Pappas)*

15. Repealer. Numerous provisions applicable to the MERF Division were repealed:

Section	Provision
353.01, Subd. 49	Defined the separate MERF Division account within PERA-General
353.27, Subd. 1a	Established the separate MERF Division account within PERA-General
353.50, Subd. 1	Transferred the MERF Division administration PERA Board of Trustees
353.50, Subd. 2	Transferred all MERF members to MERF Division within PERA-General
353.50, Subd. 3	Transferred all MERF members service and salary credit to MERF Division within PERA-General
353.50, Subd. 4	Transferred all MERF records to MERF Division within PERA-General
353.50, Subd. 5	Transferred legal title to assets of MERF to SBI
353.50, Subd. 7	Established MERF Division account and contributions
353.50, Subd. 8	Allowed for dues for the Minneapolis Municipal Retirement Association to be deducted from former MERF member’s benefit
353.50, Subd. 9	Established the requirements for full consolidation of MERF Division in to PERA-General
353.50, Subd. 10	Allowed former MERF employers to transfer assets to PERA-General to cover anticipated actuarial accrued liability
354.71	Rededicated any excess state MERF Division account contribution to TRA

– *Laws 2015, Ch. 68, Art. 14, Sec. 30. HF 1203 (O’Driscoll); SF 1139 (Pappas)*

## Public Employees Defined Contribution Plan

1. Ambulance Service/Rescue Squad Personnel Contribution Provision Revision. The ambulance service/rescue squad contribution provision was revised by reformatting the subdivision into paragraphs and removing obsolete references to “privately operated ambulance service”, which are no longer eligible for coverage.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 24. HF 285 (O’Driscoll); SF 55 (Pappas)*
2. Removal of Obsolete Date in Required Distributions Provision. The required minimum distributions provision was revised by removing an obsolete 2003 date reference.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 25. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

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

1. Elimination of CPI-Based Post-Retirement Adjustment Mechanism. The unimplemented post-retirement adjustment mechanism based on the Consumer Price Index increase, up to 2.5% annually, was eliminated and replaced by a flat 2.5% adjustment rate.  
– *Laws 2015, Ch. 68, Art. 4, Sec. 7. HF 565 (O’Driscoll); SF 519 (Pappas)*
2. Total and Permanent Disability Optional Annuity Provision Revision. The total and permanent disability computation of benefits was revised by stating the disabilitant may elect an optional annuity at any time when the disabilitant’s status from total and permanent shifts to duty disability.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 19. HF 285 (O’Driscoll); SF 55 (Pappas)*
3. Disability Optional Annuity Provision Revision. The disability optional annuity election provision was revised by changing “disabilitant” to “disability benefit recipient” and stating that an optional annuity may be elected at the time a disability benefit recipient, previously classified as a total and permanent disabilitant, is reclassified as a duty disabilitant.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 20. HF 285 (O’Driscoll); SF 55 (Pappas)*
4. Disability and Workers’ Compensation Benefits Calculation Clarification. The disability and workers’ compensation benefits calculation provision was revised by clarifying that a disability benefit must be reduced if it is determined that the total combined amount of the workers’ compensation and disability benefit exceed the disabilitant’s equivalent salary.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 21. HF 285 (O’Driscoll); SF 55 (Pappas)*
5. Disability Benefit Payout Limitation Provision Clarification. The limitation on disability benefit payments provision was revised by clarifying that the limitation computation is to be based on monthly amounts.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 22. HF 285 (O’Driscoll); SF 55 (Pappas)*
6. Elimination of Obsolete References in Various PERA-P&F statutes. The following PERA-P&F statutes had obsolete references removed:

Section	Provision
353.656, Subd. 5a	Cessation of disability benefit; eliminates obsolete statute date references
353.64, Subd. 7a	Metro transit police inclusion; eliminates obsolete 1993 operational coverage provision
353.64, Subd. 8	Military affairs firefighters; eliminates obsolete 1987 date reference
353.64, Subd. 9	Sheriff’s Association employees, eliminates obsolete 1989 internal effective date
353.64, Subd. 10	Hennepin Healthcare paramedics; eliminates an obsolete 1994 internal effective date

– *Laws 2015, Ch. 68, Art. 12, Sec. 23; Art. 13, Sec. 21-24. HF 285 (O’Driscoll); SF 55 (Pappas), HF 1508 (O’Driscoll); SF 1398 (Pappas)*

## **Local Government Correctional Service Retirement Plan (PERA-Correctional)**

1. Disability Benefit Termination Provision Revision. The disability termination provision was revised for a member whose disability benefits began to accrue after June 30, 2015 by terminating the disability benefit and transitioning to retirement at age 55 or the five-year anniversary of the disability benefit, whichever is later, rather than at age 65. Clarifying language changed “normal” to “single life” in reference to a retirement annuity and was included to specify that the retirement benefit, following the termination of the disability benefit, must include all prior post-retirement adjustments.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 25. HF 285 (O’Driscoll); SF 55 (Pappas)*
2. Reemployed Disabled Employee Salary Provision Clarification. The resumption of employment of a disabled employee provision was revised by clarifying that the earnings limitations are based on monthly amounts.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 26. HF 285 (O’Driscoll); SF 55 (Pappas)*

## **Statewide Volunteer Firefighter Retirement Plan (PERA-SVFRP)**

1. Short Service Defined Contribution Plan Alternative Benefit Provision Clarification. The alternative pension eligibility calculation provision was revised by clarifying that for former members of a defined contribution volunteer firefighter relief association (VFRA), the alternative pension amount is to be the vested portion of the member’s prior defined contribution account amount rather than the full account amount.  
– *Laws 2015, Ch. 68, Art. 7, Sec. 1. HF 1204 (O’Driscoll); SF 1140 (Pappas)*
2. Expansion of Available Service Pension Levels. The available service pension levels provision was revised by expanding from the current 20 levels to 71 levels, set at \$100 increments between the minimum pension level of \$500 per year and the maximum pension level of \$7,500 per year.  
– *Laws 2015, Ch. 68, Art. 7, Sec. 2. HF 1204 (O’Driscoll); SF 1140 (Pappas)*
3. Continuation of Prior Service Pension Levels Provision Revision. The provision that allows the continuation of a prior service pension level was revised by permitting a VFRA to continue using a service pension level selected before January 1, 2015, which was discontinued by Laws 2015, Ch. 68, Art. 7, Sec. 2, until a different level is selected.  
– *Laws 2015, Ch. 68, Art. 7, Sec. 3. HF 1204 (O’Driscoll); SF 1140 (Pappas)*
4. Various Deadline Revisions for Service Pension Level Change Elections. Several deadlines to make a service pension level change election were revised, by eliminating the annual April 30 deadline for requesting a cost estimate for an increased level, extending the time period deadline for the governing entity to consider a service pension change from 90 to 120 days, setting a default effective date for such change to take effect the following January 1, unless the governing entity specifies a one-year delay, and requiring PERA to recalculate the funding requirements if the approval occurs after April 30.  
– *Laws 2015, Ch. 68, Art. 7, Sec. 4. HF 1204 (O’Driscoll); SF 1140 (Pappas)*
5. Ancillary Benefits Prohibition Exception. The prohibition on ancillary benefits provision was revised by adding an exception by cross-reference for disability coverage provided through insurance under Minnesota Statutes, Section 353G.115.  
– *Laws 2015, Ch. 68, Art. 7, Sec. 5. HF 1204 (O’Driscoll); SF 1140 (Pappas)*
6. Portable Service Pension Eligibility Clarification. The portable service pension eligibility provision was revised by clarifying that the vesting requirement for service credited by more than one account in PERA-SVFRP only applies to non-concurrent periods of service.  
– *Laws 2015, Ch. 68, Art. 7, Sec. 6. HF 1204 (O’Driscoll); SF 1140 (Pappas)*

7. Portable Service Pension Computation Clarification. The portable service pension calculation provision was revised by clarifying the vesting percentage of the retirement plan for service less than 20 years applies in the event of a portable service pension based on the total service in all accounts in the plan in which the person has credit.  
– *Laws 2015, Ch. 68, Art. 7, Sec. 7. HF 1204 (O’Driscoll); SF 1140 (Pappas)*
8. Clarification of Good Time Service Credit Definition. The “good time service credit” definition was revised by clarifying that such service credit is based on “reported” rather than “recognized” service.  
– *Laws 2015, Ch. 68, Art. 8, Sec. 3. HF 599 (Murphy, M.); SF 537 (Johnson)*
9. Creating a Monthly Benefit Retirement Division in the Statewide Volunteer Fire Plan. The Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan (PERA-SVFRP) governed by Minnesota Statutes, Chapter 353G, was expanded from applying only to lump sum and defined contribution volunteer firefighter relief associations to apply to any of the current 22 monthly benefit or combination lump-sum/monthly benefit VFRA’s. The law created two divisions in the PERA-SVFRP plan, one for the original lump-sum retirement plan participants and a new one for monthly benefit retirement plan participants. The provisions were revised to:
  - Remove the term “lump-sum” from the plan name.
  - Add the definition of “lump-sum account” to refer to the portion of the fund related to lump-sum retirement plan assets.
  - Add the definition of “lump-sum retirement division” to refer to the division of the retirement plan for lump-sum plans.
  - Add the definition of “monthly benefit account” to refer to the portion of the fund relating to monthly benefit retirement plan assets.
  - Add the definition of “monthly benefit retirement division” to refer to the division of the retirement plan for monthly benefit plans.
  - Add the definition of “retirement benefit plan document” to refer to the articles of incorporation and bylaws in effect before transfer to statewide plan and post-transfer benefit modifications or any post-transfer modifications made to them under Section 353G.121.
  - Update definition of “retirement fund” by removing “lump-sum”.
  - Include the “lump-sum retirement division” and “monthly benefit division” in the definition of “retirement plan”.
  - Expand the retirement plan establishment provision by removing “lump-sum” from the plan’s name, adding the “monthly benefit division”, requiring actuarial valuations of the monthly benefit division, and requiring the initial monthly benefit plans that join PERA-SVFRP to pay for the administrative expenses related to transferring and expenses paid in excess of \$33,600 must be reimbursed to the initial transferees by the next nine monthly benefits plan to join the division.
  - Expand the PERA-SVFRP advisory board to include one representative from the lump-sum retirement division and one representative from the monthly benefit retirement division and an obsolete transitional period term provision was removed. Effective on July 1 of the year in which the first monthly benefit relief association transfers.
  - Update the plan name references in the fire department information mandate provision.
  - Divide the election of coverage provision to provide for separate processes for the lump-sum division and the monthly benefit division to initiate a coverage transfer, both of which are initiated by requesting that PERA perform a cost-analysis of the prospective retirement coverage.
  - Clarify that the disestablishment of the prior VFRA special fund occurs on the December 31 immediately before the effective date of the coverage change, that a retained relief association functions as a fraternal organization only, and updating the plan name references.
  - Expand the good time service credit certification provision to include the monthly benefit division.

- Divide the annual funding requirements provision to provide for separate processes for PERA to determine the financial state of the lump-sum division accounts and the monthly benefit division accounts. The monthly benefit division subdivision details the required actuarial assumptions, amortization process, and the calculation of the required contribution.
  - Revise the service pension eligibility provision by adding vesting requirements that monthly benefit division members have at least three years of good-time service to partially vest (40%) and 20 years to fully vest. The revisions also clarified that eligibility for an alternative service pension and the computation of such a pension applies only to lump-sum division members.
  - Expand the deferred service pension provision to include the monthly benefit division and clarifying that monthly benefit division members are not eligible for service pension increases during deferral.
  - Clarify that the listed service pension levels in Section 353G.11 apply only to the lump-sum division.
  - Add a monthly benefit division service pension levels provision that specifies that the pension level is the amount specified in the applicable retirement benefit plan document.
  - Retain the current disability provision for the lump-sum division and adding a subdivision that specifies the disability benefit coverage for the monthly benefit division is the benefit in the retirement benefit plan document at the time of entry into the statewide plan.
  - Retain the survivor benefit provision for the lump-sum division.
  - Add a survivor benefit provision for the monthly benefit division that specifies that the survivor benefit is the amount specified in the applicable retirement benefit plan document.
  - Add a provision to set forth a procedure for initiating modifications of a monthly benefit plan's retirement benefit plan document, the preparation of an actuarial cost estimate, the requirements for presenting the cost estimate, and the approval of the modification by applicable governing board.
  - Restrict the portability provisions to the lump-sum division only.
  - Restrict the annuity contract purchase provision to the lump-sum division only.
  - Restrict the individual retirement account transfer provision to the lump-sum division only.
  - Clarify that the no garnishment/no assignment provisions apply to the "voluntary statewide volunteer firefighter" retirement plan.
  - Implement an increase in the interest rate assumption from 5% to 6% for monthly benefit retirement plans in the statewide volunteer retirement plan.
- *Laws 2015, Ch. 68, Art. 8, Sec. 1, 2, 4-30. HF 599 (Murphy, M.); SF 537 (Johnson)*

10. Revisions in Annual Funding Requirements Provision. A subdivision of the annual funding requirements provision was revised by changing the computation of administrative expenses from increasing last year's expense by a factor of 1.035 to multiplying the most recent year's per person administrative expense by the number of active and deferred firefighters reported to PERA. The required municipal contribution subdivision was revised by subtracting any supplemental state aid under Section 423A.022 expected to be received from the required contribution.
- *Laws 2015, Ch. 68, Art. 12, Sec. 34. HF 285 (O'Driscoll); SF 55 (Pappas)*

### **PERA Privatized Employee Chapter**

1. Purpose and Intent Provision Revision. The purpose and intent section was revised by restricting the intent statement to apply only to privatized public medical facilities by removing its application to "other public employing units", which is consistent with the 2013 repeal of the "other public employing unit" definition.
- *Laws 2015, Ch. 68, Art. 12, Sec. 27. HF 285 (O'Driscoll); SF 55 (Pappas)*

2. Privatization Effective Date Subdivision Revision. The effective date of a privatization subdivision was revised by removing the reference to “other public employing units” to be consistent with the 2013 repeal of the “other public employing unit” definition.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 28. HF 285 (O’Driscoll); SF 55 (Pappas)*
3. Privatized Former Public Employer Definition Revision. The definition of “privatized former public employer” was revised by removing the reference to “other public employing units” to be consistent with the 2013 repeal of the “other public employing unit” definition.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 29. HF 285 (O’Driscoll); SF 55 (Pappas)*
4. Deferred Annuity Augmentation Exceptions Provision Revision. The deferred annuity augmentation exceptions provision was revised by terminating an augmented deferred annuity for a privatized individual the first of the month that the individual becomes employed in a position covered by PERA-General.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 30. HF 285 (O’Driscoll); SF 55 (Pappas)*
5. Continuation of Disability Coverage Eligibility Provision Revision. The provision allowing the continuation of disability coverage for privatized individuals was revised by removing the reference to the 1998 version of Minnesota Statutes, Section 353.01, to make the current statute the applicable version to use for determining total and permanent disability status.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 31. HF 285 (O’Driscoll); SF 55 (Pappas)*
6. Continuation of Disability Coverage Calculation Revision. The disability coverage calculation provision was revised by removing the references to the 1998 versions of Minnesota Statutes, Sections 353.33 and 353.71, to make the current statutes the applicable versions to use for computing disability benefits and benefit augmentation.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 32. HF 285 (O’Driscoll); SF 55 (Pappas)*
7. Applicability of General Law to Disability Coverage Provision Revision. The applicability of general law was revised by removing the reference to Minnesota Statutes 1998, Section 353.33, to make the current statute the applicable version to use for determining disability benefit eligibility.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 33. HF 285 (O’Driscoll); SF 55 (Pappas)*

#### **D. Teachers Retirement Association (TRA)**

1. Post-Retirement Adjustment Provision Revisions. The post-retirement adjustment provision was revised to include an automatic trigger to reduce the post-retirement adjustment, if financial stability is restored, from 2.5% to 2% if the market value of assets funding ratio falls below 85% for two consecutive actuarial valuations or below 80% for the most recent actuarial valuation and clarifies the minimum benefit receipt periods to receive the initial post-retirement adjustment.  
– *Laws 2015, Ch. 68, Art. 4, Sec. 8. HF 565 (O’Driscoll); SF 519 (Pappas)*
2. Reemployed MnSCU Annuitants Earnings Exemption Revision. The TRA annuity reduction exemptions for reemployed MnSCU annuitants was revised to base the maximum excluded earnings limits on fiscal year rather than calendar year period, retroactively effective from January 1, 2015. The \$62,000 exempt income limit must be prorated for income earned from January 1, 2015, to June 30, 2015.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 35. HF 284 (O’Driscoll); SF 54 (Pappas)*

3. Leaves of Absence Service Credit Purchase Period Extension. The interest-free service credit purchase period for leaves of absence was extended by six months, specifically from June 30 of the year of the leave until the following December 31.  
– *Laws 2015, Ch. 68, Art. 12, Sec. 36. HF 284 (O’Driscoll); SF 54 (Pappas)*
4. Board of Trustees Recordkeeping Requirements Updates. The Board of Trustees recordkeeping requirements provision was revised by dividing it into separate paragraphs, updating the usage language, and eliminating an obsolete reference to the 1973 capital reserve account.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 29. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
5. Evidence of Annuity Payment Receipt Clarification. The evidence of annuity receipt provision was revised by dividing it into two paragraphs and clarifying instances when annuities are withheld if the evidence form is not properly filed.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 32. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
6. Determining Applicable Law Clarification. The provision was revised by replacing “an employee” with “former teacher” when identifying an individual returning to fund membership.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 33. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
7. Updates to Language Regarding Payments In Lieu of Deductions. The eligibility to make payments in lieu of deductions provision was revised by including updated terminology and correcting an erroneous cross-reference.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 36. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
8. Voluntary Benefit Reductions Provision Revisions. The voluntary benefit reduction provision was revised by requiring members to submit applications to the TRA executive director, rather than the Board of Trustees, updating provision language, and eliminating an obsolete reference to a 1971 internal effective date.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 39. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
9. Elimination of Obsolete References in Various TRA statutes. The following TRA statutes had obsolete references removed:

Section	Provision
354.05, Subd. 13	Allowable service; eliminates pre-1957 and pre-1961 grandparenting allowable service credit provisions
354.05, Subd. 25	Formula service; eliminates pre-1957 and pre-1961 grandparenting allowable service credit provisions
354.092, Subd. 4	Service credit purchase limit; eliminates reference to obsolete 1973 provision
354.42, Subd. 1a	Fund assets and permissible disbursements; eliminates reference to prior 1971 fund asset reference
354.45, Subd. 1a	Bounce-back annuity form; eliminates an unnecessary 1989 date reference
354.48, Subd. 3	Computation of benefits; eliminates pre-1974 old law disability benefit computation provision
354.51, Subd. 5	Payment of contribution shortages; eliminates pre-1957 and pre-1981 provisions and removes an obsolete 1986 internal effective date
354.52, Subd. 4c	MnSCU service credit reporting; eliminates an obsolete 2004 implementation date
354A.092	Sabbatical leave; eliminates an obsolete 1986 internal effective date

  
– *Laws 2015, Ch. 68, Art. 13, Sec. 27-28, 30-31, 34-35, 37-38, 41. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
10. TRA Post-Retirement Adjustment Effective Date Revisions. The post-retirement adjustment rate provision was revised by eliminating specific dates for when no post-retirement increase is payable and past initial effective dates for adjustments in the post-retirement rates.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 51. HF 1508 (O’Driscoll); SF 1398 (Pappas)*



**E. First Class City Teacher Retirement Fund Associations**

**Duluth Teachers Retirement Fund Association (DTRFA)**

**St. Paul Teachers Retirement Fund Association (SPTRFA)**

1. Reduction for Early Retirement Provision Language Update. The reduction for early retirement provision was revised with updated language to conform with current style and usage.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 43. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
2. SPTRFA Post-Retirement Adjustment Provisions.
  - a. Post-Retirement Adjustment Initial Benefit Receipt Period Revision. The post-retirement adjustment provision was revised to extend the minimum benefit receipt period from three to six months before an annuitant was eligible to receive the initial post-retirement adjustment.
  - b. Partial Post-Retirement Adjustment Calculation and Funding Trigger Revisions. The partial post-retirement adjustment calculation was revised to change the calculation from a proration on the basis of the number of calendar quarters of receipt to a flat 50% reduction. The revision added an automatic trigger to reduce the post-retirement adjustment, if financial stability has been restored, to 1% if the actuarial value of assets funding ratio falls below 80% for two consecutive actuarial valuations and removed the section that required the subdivision’s expiration if the actuarial value of assets funding ratio is at least 90% in two consecutive actuarial valuations.
  - c. Calculation of Post-Retirement Adjustments and Funding Trigger Provision Revisions. The post-retirement adjustment calculation and funding trigger provision that applies when SPTRFA reaches an 80% funding ratio was revised by removing the CPI-based adjustment calculation, establishing 2.5% as the full post-retirement adjustment, and setting an automatic trigger to reduce the post-retirement adjustment to the applicable percentage if the actuarial value of assets falls below 90% for two consecutive actuarial valuations.
  - d. Repealer: Annual Limit on Post-Retirement Adjustments. Minnesota Statutes, Section 354A.42, which imposed an increase limit on post-retirement adjustments of no more than 5% in any year, was repealed.  
– *Laws 2015, Ch. 68, Art. 4, Sec. 1-3, 11. HF 565 (O’Driscoll); SF 519 (Pappas)*
3. SPTRFA: State Aid Termination Asset Valuation Clarification. The state aid termination provision was revised by replacing “current assets” with “actuarial value of assets” to reflect a 2008 legislative change.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 42. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

**F. Volunteer Firefighters Relief Associations (VFRAs)**

1. Financial Statement Required Content Provision Revisions. The financial statement required content provision was revised by delegating the specification of the procedures for the certification of VFRA financial statements to the Office of the State Auditor.  
– *Laws 2015, Ch. 68, Art. 9, Sec. 1. HF 826 (Murphy, M.); SF 884 (Rosen)*
2. Authorized Administrative Expenses Paid by Special Fund Addition. The authorized administrative expenses provision was revised by allowing audit-related services, accounting, and accounting-related services expenses to be paid from a VFRA’s special fund.  
– *Laws 2015, Ch. 68, Art. 9, Sec. 2. HF 826 (Murphy, M.); SF 884 (Rosen)*
3. Membership Default Start Date Subdivision Addition. A subdivision was added to Minnesota Statutes, Section 424A.011, that provides default definition for a VFRA member’s start date as the date of hire, unless a start date is specified in the respective relief association’s bylaws.  
– *Laws 2015, Ch. 68, Art. 9, Sec. 3. HF 826 (Murphy, M.); SF 884 (Rosen)*

4. Relief Association Authorization Revision. The VFRA authorization provision was revised by limiting a municipal fire department and independent nonprofit firefighting corporation to associating with only one relief association.  
– *Laws 2015, Ch. 68, Art. 9, Sec. 4. HF 826 (Murphy, M.); SF 884 (Rosen)*
5. 2013 Police and Fire Retirement Supplemental State Aid References Added to Various Provisions.
  - a. The individual account provision for members of a defined contribution VFRA was revised by including police and firefighter retirement supplemental state aid in member account allocations.
  - b. The flexible service pension maximum provision for lump sum VFRAs was revised to include police and firefighter retirement supplemental state aid in the calculation to determine available financing per active firefighter.
  - c. The special fund assets and revenues provision was revised to include police and firefighter retirement supplemental state aid in a VFRA’s special fund.
  - d. The calculation to determine the required municipal obligation provision for lump sum VFRAs was revised by including police and firefighter retirement supplemental state aid.
  - e. The required municipal ratification for certain benefit increases for monthly benefit and lump sum VFRAs was revised by including police and firefighter retirement supplemental state aid in the calculation of VFRA future financial requirements.
  - f. The calculation to determine the required municipal obligation provision for monthly benefit VFRAs was revised by including police and firefighter retirement supplemental state aid.
– *Laws 2015, Ch. 68, Art. 9, Sec. 5-6, 9, 11-13. HF 826 (Murphy, M.); SF 884 (Rosen)*
6. Waiver of Penalty for Paying Pension over Applicable Maximum. The penalty for paying a pension greater than the applicable maximum provision was revised by allowing the State Auditor to waive the penalty if the VFRA overpaid a service pension based on a calculation error and there is evidence the error was made in good faith and the VFRA has initiated recovery of any overpayment amount.  
– *Laws 2015, Ch. 68, Art. 9, Sec. 7. HF 826 (Murphy, M.); SF 884 (Rosen)*
7. Post-Retirement Eligibility Provision Clarification. The post-retirement eligibility provision was clarified to specify that only monthly benefit VFRAs are eligible for post-retirement increases.  
– *Laws 2015, Ch. 68, Art. 9, Sec. 8. HF 826 (Murphy, M.); SF 884 (Rosen)*
8. Authorized Special Fund Electronic Transfers Addition. The authorized disbursements from a VFRA special fund provision was revised by adding a subdivision permitting electronic fund transfers so long as the relief association treasurer and one other authorized trustee signs the check and the specific method of payment and internal control policies have been approved by the VFRA Board of Trustees.  
– *Laws 2015, Ch. 68, Art. 9, Sec. 10. HF 826 (Murphy, M.); SF 884 (Rosen)*
9. Special Law: Roseville VFRA Board of Trustee Membership Revision. The Roseville Volunteer Firefighters Relief Association, if approved by the City Council, is permitted to utilize one or both of two options: (1) immediately increasing the number of retired members on Board of Trustees to three, to four when active membership drops below 26, to five when active membership drops below 11, and to six when there is no longer any active membership, or (2) permitting the Board of Trustees to transfer the relief association administration to the Board of Trustees and executive director of PERA. Any remaining Roseville VFRA assets upon the death of the last beneficiary will be deposited in the Roseville city treasury. Local approval is required.  
– *Laws 2015, Ch. 68, Art. 10, Sec. 1. HF 41 (Hausman); SF 61 (Marty)*
10. Special Law: Centennial VFRA Dissolution Provisions. A Centennial Fire District firefighter who becomes a firefighter employed by a city or nonprofit firefighting corporation adjoining or within the service area of the Centennial Fire District may elect to transfer past retirement coverage, including service credit, applicable accrued liability, and a proportional share of assets, to a new

relief association and have prospective service treated as continuation of past service for vesting and benefit computation purposes. The election must be made between May 1, 2015, and December 31, 2017, and local approval is required.

– *Laws 2015, Ch. 68, Art. 10, Sec. 2. HF 41 (Hausman); SF 61 (Marty)*

11. Removal of Obsolete Reference in Volunteer Firefighter Definition. The definition of a volunteer firefighter was revised by removing an obsolete 2006 grandparenting reference.

– *Laws 2015, Ch. 68, Art. 13, Sec. 63. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

## **G. Local Police and Firefighter Retirement Plans**

1. Police and Firefighter Supplemental State Aid Made Permanent. The firefighter portion of the police and firefighter supplemental state aid was made permanent by excluding it from the termination subdivision.

– *Laws 2015, Ch. 68, Art. 6, Sec. 1. LCPR amendment H0826-3A to HF 826 (Murphy, M.); SF 884 (Rosen)*

2. Removal of Outdated Internal Effective Date. The additional amortization aid provision was revised by removing an outdated internal effective date.

– *Laws 2015, Ch. 68, Art. 13, Sec. 62. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

## **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. Correction of Erroneous Definition Cross-References. The Revisor’s technical correction bill corrected a labor statute regarding specific exclusions from PERA coverage and an MSRS statute regarding specific exclusions from MSRS coverage.

– *Laws 2015, Ch. 21, Art. 1, Sec. 109. HF 1972 (Schomacker); SF 1218 (Limmer)*

2. Continued MSRS-Correctional Employer Insurance Contribution. A public safety omnibus bill requires an employer to continue paying for insurance coverage for any former Department of Corrections or Department of Human Services employee covered by either the MSRS-Correctional or MSRS-General plan who was assaulted by an inmate and as a result, was determined to be totally and permanently disabled under MSRS laws.

– *Laws 2015, Ch. 65, Art. 5, Sec. 1. HF 849 (Cornish); SF 878 (Latz)*

3. PERA-SVFRP Name Change in SBI Statutes. Minnesota Statutes, Section 11A.17, State Board of Investment law pertaining to Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan assets, was revised by removing “lump-sum” from the references to the plan.

– *Laws 2015, Ch. 68, Art. 8, Sec. 1. HF 599 (Murphy, M.); SF 537 (Johnson)*

4. Removal of Obsolete Building Design Provisions. The retirement system building and related facilities subdivision was revised by removing obsolete provisions regarding building designs and plans.

– *Laws 2015, Ch. 68, Art. 13, Sec. 56. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

5. Removal of Obsolete Contracting Procedures Provisions. The retirement system facility contracting procedures subdivision was revised by removing obsolete provisions regarding entering into contracts with architects, engineers, and related services.

– *Laws 2015, Ch. 68, Art. 13, Sec. 57. HF 1508 (O’Driscoll); SF 1398 (Pappas)*

6. Removal of Initial Revenue Bond Issuances References. The retirement system facility issuance of revenue bonds subdivision was revised by removing the outdated initial revenue bond issuance references to fund the building of the retirement system building.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 58. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
7. Clarification of Bond Security Provision. The retirement system facility bonds security subdivision of the retirement system facility provision was revised by separating the provision into three paragraphs and clarifying that the retirement fund assets are to be used as security for the bonds.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 59. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
8. Cross-Reference Clarification in Debt Service Fund Provision. The retirement system facility bond debt service fund subdivision was revised by clarifying the cross-reference to Section 356B.10, Subdivision 4.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 60. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
9. Removal of Obsolete Covenant and Agreement Provisions. The retirement system facility covenant and agreements subdivision was revised by removing obsolete provisions regarding the construction of the retirement system building.  
– *Laws 2015, Ch. 68, Art. 13, Sec. 61. HF 1508 (O’Driscoll); SF 1398 (Pappas)*
10. Mandated Study on Minnesota Teacher Shortage. A special session education bill mandated the Commissioner of Education conduct a survey of the state’s school districts and report to the education committees of legislature by February 1 of each odd-numbered year on the status of teacher early retirement patterns and the teacher shortage. The report must include district progress in hiring and a five-year projection of teacher demand for each district.  
– *1st Special Session Laws 2015, Ch. 3, Art. 7, Sec. 4. 1<sup>st</sup> SS HF 1 (Loon); SF 3 (Wiger)*