



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Susan Lenczewski, Executive Director
RE: Amendments H2807-12A, -11A, -16A, -10A
DATE: May 16, 2016

The following amendments will be considered at the meeting of the Pension Commission on May 16, 2016:

H2807-12A: PERA Statewide Volunteer Firefighter Plan; delete requirement that the first relief association to join the monthly benefit division be reimbursed for PERA's administrative expenses by relief associations that join later.

Requested by Spring Lake Park-Blaine-Moundsview Firefighter Relief Association.

This amendment deletes MN Stat. §353G.02, subdivision 6, paragraph (b), from the Statewide Volunteer Firefighter Retirement Plan administered by PERA. Last session, monthly benefit volunteer firefighter relief associations were given the opportunity to join the Plan. Previously, only lump-sum relief associations could choose to join the Plan. The Spring Lake Park-Blaine-Moundsview Firefighter Relief Association (Spring Lake Park) approached PERA and asked to join the Plan. PERA estimated the cost of administering such plans at \$150,000-\$200,000. To cover these costs, the legislation enacted last session required Spring Lake Park, as the first monthly benefit plan to join PERA, to pay all the administrative costs and then any relief association that joined afterwards would have to reimburse Spring Lake Park a portion of the costs until Spring Lake Park was reimbursed for all money it paid in excess of \$33,600. However, PERA recently reported that the actual administrative costs of adding administration of monthly benefit plans amounted to \$52,000.

The board of directors of Spring Lake Park Fire Relief Association adopted a motion to support of repeal of the requirement at MN Stat. §353G.02, subdivision 6, paragraph (b), that it be reimbursed by relief associations who join PERA in the future for the \$52,000 that it has paid PERA. The Pension Commission received a letter dated April 19, 2016, from Nyle Zikmund, Fire Chief and Trustee of the SBM Fire Department, in support of the amendment. PERA does not oppose the repeal because PERA has received full reimbursement from Spring Lake Park for its administrative costs.

H2807-11A: Technical corrections.

Recommended by Pension Commission Staff and by the Revisor.

This amendment makes clarifying changes and deletes or corrects cross-references as recommended by Commission staff, Revisor's staff, and retirement plan administrators.

H2807-16A: MSRS, TRA, SPTRFA; Reduction of COLA for one year, elimination of COLA triggers and, for SPTRFA, increase in employer contribution.

This amendment makes the following changes:

1. Provides for an increase in the employer contribution of 0.5% of salary, for both the basic and coordinated plans of St. Paul Teachers Retirement Fund Association, effective July 1, 2018;
2. Removes the COLA trigger for MSRS-General, MSRS-Correctional, TRA, and SPTRFA so there will be no automatic increase in the COLA for each of these plans if specific funding thresholds are reached;
3. Extends the amortization period for reaching full funding for TRA to June 30, 2046, from the current June 30, 2037; and
4. Reduces the COLA for MSRS Plans (other than State Patrol and Judges) and TRA for one year, effective January 1, 2017, by 0.25% for MSRS and by 1% for TRA, resulting in a calendar year 2017 COLA adjustment of 1.75% for MSRS and 1% for TRA.

Section-by-Section Summary:

- Section 1. SPTRFA: Provides for an increase in the employer contribution, commencing July 1, 2018, of 0.5% of salary, which is to be contributed by the St. Paul Public School District. This will set the employer contribution rate at 7% as of July 1, 2018, up from 6.5%.
- Section 2. SPTRFA: Removes the COLA trigger provisions and makes conforming changes.
- Section 3. MSRS-General, MSRS-Correctional and TRA: Removes the COLA trigger provisions and makes conforming changes.
- Section 4. TRA: Extends the amortization period for reaching full funding from June 30, 2037, to June 30, 2046 (30 years).
- Section 5. All MSRS plans except the State Patrol and Judges Plans: Reduces the COLA for one year, beginning January 1, 2017, from 2% to 1.75% and removes the COLA trigger provisions.
- Section 6. TRA: Reduces the COLA for one year, beginning January 1, 2017, from 2% to 1% and removes the COLA trigger provisions.
- Section 7. MSRS State Patrol: Inserts COLA trigger provisions that had been included in the provisions for MSRS plans generally, but are removed by Section 4 of the amendment.
- Section 8. MSRS Judges: Inserts COLA trigger provisions that had been included in the provisions for MSRS plans generally, but are removed by Section 4 of the amendment.
- Section 9. MSRS Judges: revises the cross references in the Judges plan provisions (tier I and tier II) to the COLA trigger provisions added by Section 7 of the amendment.
- Section 10. Repeals unnecessary general COLA trigger provisions that have been incorporated into plan specific provisions and unnecessary COLA trigger and COLA provisions for SPTRFA.

H2807-10A: 2016 Omnibus Retirement Bill in the form of a delete-all amendment.

This amendment is a compilation of the legislation previously approved by the Pension Commission (*see separate summary*).