

HF 1923 (Wolgamott); SF 2140 (Seeberger): Public Employees Police and Fire Retirement Plan; Retroactively transferring service credit for two Metropolitan Airport police officers for unreported service

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Introduction

- Affected Plans:** Public Employees Retirement Association (PERA) General Plan and Public Employees Police and Fire Retirement Plan (P&F Plan)
- Laws Amended:** Uncodified session law
- Brief Description:** The bill enables two employees of the Metropolitan Airports Commission to transfer service credit for several months of service in 2005 from the PERA General Plan to the PERA P&F Plan upon payment of an employee contribution amount.

Background

Two employees of the Metropolitan Airports Commission were erroneously credited with allowable service in the General Plan for several months in 2005 rather than in the P&F Plan. The bill rectifies this error by allowing their 2005 service to be transferred to the P&F Plan upon payment of the difference between the employee contributions that would have been made to the P&F Plan and the employee contributions that were made to the General Plan, plus interest from the date the additional contribution would have been made.

Summary

The bill consists of one section with six subdivisions.

Subdivision 1: Defines terms

Subdivision 1 defines terms used in the bill. Most notably, it defines “service credit” as PERA allowable service defined under Section 353.01, Subdivision 16.

Subdivision 2: Authorizes the transfer of service upon payment of employee contributions

Subdivision 2 specifies that the eligible persons under Subdivision 3 may choose to initiate the transfer of service credit described by the bill regardless of any state law to the contrary, for up to one year following its enactment.

Subdivision 3: Describes two eligible persons

Subdivision 3 describes two people to whom the bill applies. Both were hired by the Metropolitan Airports Commission on May 2, 2005, and between May 2 and October 28, 2005, were erroneously credited with allowable service in the PERA General Plan. One was born April 18, 1982; the other July 2, 1982.

Subdivision 4: Requires employee payments to begin the service transfer process

Subdivision 4 allows the eligible persons described in Subdivision 3 to make employee contributions to the P&F Plan if they choose to transfer their 2005 service credit. These contributions equal the difference between those that they made to the General Plan and what they would have paid into the P&F Plan in 2005, plus interest at rates specified in Section 354.49, Subdivision 2 (*6% for 2005-2011; 4% for 2011-2018, and 3% for the period after June 30, 2018*).

Subdivision 5: Requires employer payments

Subdivision 5 requires the Metropolitan Airports Commission to make employer contributions if the eligible persons choose to make the payments under Subdivision 4. In each case, the employer contribution is equal to the increased actuarial value of the pension when the transferred service credit is taken into account, minus the employee contribution payments under subdivision 4. This amount is due within 30 days of the date the employee payments are made under Subdivision 4.

Subdivision 6: Requires transfer of assets and service credit

Subdivision 6 requires that PERA transfer assets equal to the value of the pension earned during the 2005 period from the General Plan to the P&F Plan if the employer and employee payments under Subdivisions 4 and 5 are made. This transfer is to be made within 15 days of the payments under Subdivisions 4 and 5. Upon transfer of assets, each eligible person will have only service credit in the P&F Plan.

Effective Date

The bill is effective the day following final enactment.