

2021 Omnibus Pension and Retirement Bill Delete-Everything Amendment S1712-1A

Section-by-Section Summary

Article 1: Public Employees Retirement Association Provisions

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	1.6	SF1712-Rosen; HF1758-Nelson, M.	353.01, Subd. 16	PERA	Deletes a description of a "periodic, repetitive leave" that is moved to § 353.0162, and makes conforming changes.
2	2.31	SF1712-Rosen; HF1758-Nelson, M.	353.01, Subd. 28	PERA	Allows members who are eligible for a combined service annuity and who have entered into a phased retirement agreement administered by a non-PERA plan to receive a combined service annuity from PERA without a 30-day separation from public service, which is consistent with how MSRS and TRA administer both combined service annuities and phased retirement agreements.
3	3.23	SF1712-Rosen; HF1758-Nelson, M. SF1993-Howe; HF2163-O'Driscoll Amend. S1993-1A	353.014, Subd. 4	PERA	Extends the time period during which a member can pay to purchase service credit for a period of military service. The shortest period allowed to purchase military leave service credit is extended from one year to 3 years from date of discharge and members who terminate service before making payment have six months instead of 30 days after terminating service to make payment.
4	4.3	SF1712-Rosen; HF1758-Nelson, M.	353.0162	PERA	Inserts a description of a "periodic, repetitive leave" that was in § 353.01, Subd. 16; redefines the period of reduced salary as one occurring entirely within one calendar year or one school year, depending on the type of employee; extends the length of time after leaving public service or beginning to receive a disability benefit that a member can purchase service credit for a period of reduced salary from 30 days to six months (matching the six months permitted to purchase previously refunded service credit under § 353.35, Subd. 1); and makes conforming changes.

Article 1: Public Employees Retirement Association Provisions

Sec.	Pg.Ln	Source	Statute	Plan	Summary
5	5.30	SF1712-Rosen; HF1758-Nelson, M. Amend. H1758-1A	353.27, Subd. 12	PERA	Changes the interest rate paid by employers for omitted employee contributions, if unpaid for longer than 60 days, from 8% to 7.5%, in accordance with the rate changes made in 2018, consistent with other statewide plans.
6	7.8	SF1712-Rosen; HF1758-Nelson, M.	353.30, Subd. 1a	PERA Police & Fire Correctional	Clarifies that members of PERA's two public safety plans, who became public employees before July 1, 1989, are eligible to receive an unreduced early retirement benefit under the Rule of 90 provision, not just members of the PERA General Plan.
7	7.18	SF1712-Rosen; HF1758-Nelson, M.	353.30, Subd. 1b	PERA Police & Fire Correctional	Clarifies that members of PERA's two public safety plans, who became public employees before July 1, 1989, shall receive an early retirement benefit subject to the reduction under the "30 years of service" provision, not just members of the PERA General Plan.
8	7.29	SF1712-Rosen; HF1758-Nelson, M. Amend. H1758-1A	353.30, Subd. 1c	PERA General	Incorporates several of the changes made in Sections 6 and 7 to clarify language.
9	8.8	SF1712-Rosen; HF1758-Nelson, M. Amend. H1758-1A	353.335	PERA	Allows the PERA executive director to waive the requirement that a disability benefit recipient annually report reemployment earnings if the medical record indicates the recipient will not have earnings.
10	8.19	SF1712-Rosen; HF1758-Nelson, M.	353.34, Subd. 2	PERA	Clarifies that interest paid on employee contributions made in error is credited at the same rate or rates used for a refund of employee contributions.
11	9.6	SF1712-Rosen; HF1758-Nelson, M.	353D.071, Subd. 1	PERA Defined Contribution Plan	Revises the definition of "required beginning date" to refer to the definition of that term in § 356.635, Subd. 1, Para. (a), bringing the PERA Defined Contribution Plan into conformity with changes in federal law that revised the required beginning date from age 70½ to age 72 for participants whose 70 th birthday occurs after June 30, 2019.

Article 2: Federal Compliance Affecting MSRS and PERA Eligibility for Certain Visa Holders

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	10.5	SF1454-Pappas; HF1497-Feist	352.01, Subd. 2b	MSRS General & Unclassified	Revises Clause (14) to provide that foreign citizens are excluded for the first three years of employment, unless the foreign citizen is: (i) an H-1B, H-1B1, or E-3 status holder; (ii) an employee legally authorized to work in the U.S. for three years of more; or (iii) an employee otherwise required to participate under federal law.
2	13.27	SF1454-Pappas; HF1497-Feist	353.01, Subd. 2b	PERA General	Revises Clause (11) to clarify that foreign citizens are excluded for the first three years of employment, unless the foreign citizen is an H-1B, H-1B1, or E-3 status holder or is in any of the other categories currently listed in the paragraph.
3	18.7	SF1454-Pappas; HF1497-Feist	Session law	MSRS General	Authorizes a purchase of service credit for previously excluded employees who become included employees under Section 1 beginning with the employee's date of hire if the missed employee and employer contributions are paid to MSRS.

Article 3: PERA Statewide Volunteer Firefighter Plan (SVF) Provisions

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	18.27	SF2252-Howe; HF1107-Murphy	477B.04, Subd. 3	PERA Statewide Volunteer Firefighter Plan (PERA SVF)	Authorizes the PERA executive director to allocate fire state aid as provided in new § 477B.041, if the executive director has approved an aid allocation plan under such section, or, if no aid allocation plan has been approved, to credit fire state aid as required under current law.
2	19.27	SF2252-Howe; HF1107-Murphy	New § 477B.041	PERA SVF	Permits municipalities with both volunteer and career firefighters to submit an aid allocation plan to the PERA executive director, which will permit the executive director to deposit a portion of fire state aid with the municipality and credit the remainder to the account for the municipality's volunteer firefighter benefits under the SVF plan. The new section limits the amount that can be allocated to the municipality, requires notice to the volunteer firefighters, and allows the volunteer firefighters to file a petition with PERA to stop allocation of fire state aid.

Article 4: St. Paul Teachers Retirement Fund Association (SPTRFA) Provisions

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	23.19	SF1303-Pappas; HF1459-Nelson, M.	354A.12, Subd. 1	SPTRFA	Delays the effective date of an increase in the employee contribution rate, from 7.5% to 7.75%, by one year so the increased rate takes effect on July 1, 2023, instead of on July 1, 2022, consistent with the effective date of an increase in the employee contribution rate for TRA.
2	24.2	SF1303-Pappas; HF1459-Nelson, M.	354A.31, Subd. 7	SPTRFA	Corrects an error relating to early retirement factors, retroactively amending § 354A.31, Subd. 7, to provide for an age 59 "bend point" rather than an age 60 bend point. ("Bend point" is the dividing line between a 7% per year reduction and a 4% per year reduction for every year prior to normal retirement age a member begins to take an early retirement benefit.)

Article 5: Volunteer Firefighter Relief Association (VFRA) Provisions

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	26.3	SF2056-Rosen; HF2145-Nelson, M.	424A.001, New Subd. 2b	VFRAs	Adds a definition of "municipal clerk" to the definitions section of Chapter 424A.
2	26.11	SF2056-Rosen; HF2145-Nelson, M.	424A.014, Subd. 1	VFRAs	Clarifies the application of the \$500,000 threshold in determining whether a relief association must file an annual financial report and audited financial statements or may file such report and statement and that "financial report" and "audited financial statements" are two separate documents; and revises the provision for clarity and consistency.
3	27.22	SF2056-Rosen; HF2145-Nelson, M.	424A.014, Subd. 2	VFRAs	Makes minor language clarifications.
4	28.26	SF2056-Rosen; HF2145-Nelson, M.	424A.015, Subd. 7	VFRAs	Revises the combined service pension provision to no longer permit relief associations to credit service with subsequent relief associations in calculating a firefighter's vesting percentage in the first relief association; removes a 10-year vesting requirement; and changes the notice requirement regarding a firefighter's years of service to require the prior relief association provide notice to the subsequent relief association, rather than the firefighter having to provide notice to the prior relief association.

Article 5: Volunteer Firefighter Relief Association (VFRA) Provisions

<u>Sec.</u>	<u>Pg.Ln</u>	<u>Source</u>	<u>Statute</u>	<u>Plan</u>	<u>Summary</u>
5	30.2	SF2056-Rosen; HF2145-Nelson, M.	424A.016, Subd. 4	VFRAs	Permits the forfeiture of accounts prior to the end of the five-year waiting period that otherwise applies if the account is the account of a firefighter who dies during the five-year waiting period and no survivor benefit is payable from the relief association.
6	31.17	SF2056-Rosen; HF2145-Nelson, M.	424A.016, Subd. 6	VFRAs	Clarifies language requiring the crediting of "interest or additional investment performance" to deferred member accounts in defined contribution relief associations and permits the application of an amendment to the bylaws of a relief association relating to the crediting of interest and investment performance, if adopted by January 1, 2022, to apply to firefighters who separated from active service before January 1, 2021 (rather than having the bylaws in effect on the date the firefighter separated from active service apply, as under current law).
7	33.10	SF2056-Rosen; HF2145-Nelson, M.	424A.02, Subd. 3	VFRAs	Permits relief associations to eliminate service credit for a former firefighter who was not vested at the time the firefighter left active service and who does not return to active service within five years.
8	42.25	SF2056-Rosen; HF2145-Nelson, M.	424A.05, Subd. 3b	VFRAs	Clarifies that authorized expenses of a relief association include filing and application fees payable by the relief association to federal or other government entities, but only if the fees are "necessary to administer the special fund."
9	43.28	SF2056-Rosen; HF2145-Nelson, M.	424A.10, Subd. 2	VFRAs PERA SVF	Revises the supplemental benefits requirements to provide that a firefighter who receives more than one lump sum distribution must receive a supplemental benefit for each distribution, subject to a separate \$1,000 maximum for each distribution, and adds a provision to clarify that only one supplemental benefit is payable for a distribution in installments, based on the lump-sum value of the installments. These changes are retroactively effective to permit the Department of Revenue to reimburse relief associations and the PERA Statewide Plan for supplemental benefits paid in 2018 and thereafter.

Article 5: Volunteer Firefighter Relief Association (VFRA) Provisions

Sec.	Pg.Ln	Source	Statute	Plan	Summary
10	45.1	SF1925-Abeler; HF2192-Heinrich	Session law	Ramsey VFRA	<p>Modifies current law that would otherwise apply to require the Ramsey relief association to take the following actions with regard to the firefighters assigned to the Nowthen fire station whose employment with Ramsey is terminated in 2021:</p> <ul style="list-style-type: none"> • Consider each Nowthen firefighter to have worked all of 2021 for purposes of receiving an allocation of fire state aid, contributions, and investment earnings, and administrative expenses; • Fully vest each Nowthen firefighter in the firefighter's account on the date the firefighter's employment with Ramsey is terminated; • Give each Nowthen firefighter the option to take an immediate distribution of the firefighter's account, without regard to whether the firefighter is at least age 50, as a direct lump sum payment to the firefighter or as a direct rollover to another retirement plan or IRA.
11	46.1	SF1925-Abeler; HF2192-Heinrich	Session law	Ramsey VFRA	<p>Modifies requirements for fire state aid for Nowthen so Nowthen will be considered as having satisfied the calendar year requirement, if the Nowthen fire department is in operation by December 31, 2021, and provides documentation to that effect to the Commissioner of Revenue by February 1, 2022.</p>
12	46.9	SF1925-Abeler; HF2192-Heinrich	Session law	Ramsey VFRA PERA SVF	<p>Allows Nowthen to begin coverage of its firefighters by the PERA Statewide Plan (SVF) on the date the coverage election is approved by Nowthen's governing board or, if later, the date Nowthen satisfies all other requirements for coverage by the PERA Statewide Plan.</p>
13	46.18	SF1925-Abeler; HF2192-Heinrich	Session law	Ramsey VFRA	<p>Repeals the 2020 session law enacted for the benefit of the cities of Ramsey and Nowthen, the Ramsey relief association, and the Nowthen firefighters.</p>

Article 6: Deadline for Agency Requests to LCPR Staff to Draft Bills

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	46.23	LCPR21-023, oral amendment	New § 356B.01	Pension systems	Defines the terms "agency," "commission," "pension system," and "volunteer firefighter relief association," for purposes of Ch. 356B. The amendment, which removed the state auditor from the definition of "agency," is incorporated.
2	47.8	LCPR21-023	New § 356B.02	Pension systems	Imposes a November 1 deadline for submitting bill drafting requests to Legislative Commission on Pensions and Retirement staff.
3	47.19	LCPR21-023	356B.05	Repealer	Repeals § 356B.05, which is largely obsolete.
4	47.21	LCPR21-023	Effective Date	--	All sections are effective upon enactment.

Article 7: Session Laws for Individuals

Sec.	Pg.Ln	Source	Statute	Plan	Summary
1	47.25	SF950-Pappas; HF407-Nelson, M.	Special law	MSRS General	Increases an individual's retirement benefit because the individual was provided materially misleading information on the amount of his pension, on which he relied when deciding to retire.
2	49.1	SF2098-Pratt; HF2188-Mortensen	Special law	MSRS General & Correctional	Allows for the transfer of about nine years of past service credit from the General Plan to the Correctional Plan for a single Department of Human Services (DHS) employee, subject to payment by the employee of the difference between the employee contribution rates, plus interest.

Legislative Commission on Pensions and Retirement		
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